FINECO
THE NEW BANK

Member of UniCredit

REPORT ON THE CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURES

REPORT APPROVED ON FEBRUARY 8, 2016

REPORT ON THE CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURES

pursuant to Art. 123-*bis* Legislative Decree no. 58/1998

Issuer: "FinecoBank S.p.A."

Website: www.fineco.it

Date of approval: February 8, 2016

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GLOSSARY

Articles of Association	the articles of association of the Company in effect at the date of this Report.
Audit and Related Parties Committee	the internal committee of the Board of Directors, established in accordance with Articles 4 and 7 of the Corporate Governance Code.
Remuneration and Appointments Committee	the committee on the Board of Directors established in compliance with Articles 4, 5 and 6 of the Corporate Governance Code for Listed Companies.
Bank of Italy Circular	Bank of Italy Circular 263/2006 ("New regulations for the prudential supervision of banks") as amended.
Bank of Italy Regulations on Corporate Governance	The supervisory regulations on the organisation and corporate governance of banks issued by the Bank of Italy on May 6, 2014.
Board of Directors	the board of directors of the Issuer.
Board of Statutory Auditors	the board of statutory auditors of the Issuer.
Borsa Italiana	Borsa Italiana S.p.A.
Civil Code	the Civil Code.
Consob	Commissione Nazionale per le Società e la Borsa (National Commission for Companies and the Stock Exchange) with headquarters in Rome, Via G.B. Martini n. 3.
Corporate Governance Code for Listed Companies, Code	the Corporate Governance Code for Listed companies Code for Listed approved in July 2014 by the Corporate Governance Companies Committee and endorsed by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria.
External Auditors Firm	the external auditors firm registered in the Register of Auditors, appointed to audit the accounts of the Issuer.
Group or UniCredit Group	UniCredit and its subsidiary companies pursuant to group Article 2359 of the Civil Code and Article 93 of the Legislative Decree no. 58/1998.
Issuer Regulation	the Regulations issued by Consob with ruling no. 11971 of 1999 on issuers, as subsequently amended.
Issuer, FinecoBank or Banca or Company	FinecoBank S.p.A..
Markets Regulations	the Regulations issued by Consob with ruling no. 16191 of 2007 on markets, as subsequently amended.

MTA	the Mercato Telematico Azionario (electronic stock market) organised and managed by Borsa Italiana.
Related Parties Regulations	the Regulations issued by Consob with ruling no. 17221 of 2010 on related parties transactions, as subsequently amended.
Report	this report on the corporate governance system and the Ownership structures of the Issuer, pursuant to Art. 123-*bis* Legislative Decree no. 58/1998.
Shareholders' meeting	meeting of the shareholders of the Issuer.
Stock Exchange Instructions	Instructions accompanying the Rules of the Markets organised and managed by Borsa Italiana in effect at the Date of the Report.
Stock Exchange Regulations	the Regulations of Markets organised and managed by Borsa Italiana, in effect at the Date of the Report.
TUB	Legislative Decree no. 385 of 1 September 1993 (Legislative Decree no. 385/1993), as amended.
TUF	Legislative Decree no. 58 of 24 February 1998 (Legislative Decree no. 58/1998), as amended.
UniCredit	UniCredit S.p.A., with registered office in Rome, Via Specchi n. 16.

INTRODUCTION

FinecoBank S.p.A., direct multichannel bank of the UniCredit Group, obtained the listing of its shares on the MTA (Mercato Telematico Azionario - electronic stock market) organized and managed by Borsa Italiana S.p.A., on July 2, 2014

This document was drawn up pursuant to Article 123-bis of the TUF (Consolidated Law on Finance), in accordance with the "Format for the report on corporate governance and ownership structures", V edition, January 2015.

It has to be pointed out that the information contained in the Report refers to the closure date of 2015 financial year, unless otherwise specified.

The Report, approved by the Company's Board of Directors, on February 8, 2016 , is published at the same time as the Report on Operations on the Issuer website.

1. COMPANY BACKGROUND

The Company's corporate governance system is based on principles recognised by international best practices as fundamental for good governance: the central role of the Board of Directors, the correct management of conflicts of interest, an efficient internal control system and transparency in relations with the market, with particular reference to reporting corporate management decisions.

FinecoBank is part of the UniCredit group and it is managed and coordinated by the UniCredit parent company pursuant to and for the purposes of Article 2497 et seq. of the Civil Code.

FinecoBank's overall corporate governance structure has been defined taking into account applicable laws and recommendations in the Corporate Governance Code. The Company must also meet the requirements of Supervisory Regulations issued by the Bank of Italy and, in particular, as regards corporate governance, the Regulations on Corporate Governance issued by the Bank of Italy(Circular no. 285/2013, Part I, Title IV, Chapter 1). Pursuant to the aforementioned provisions, FinecoBank, as listed bank and under the European Central Bank (ECB) prudential supervision qualifies as a Bank of significant size or operational complexity and, therefore, complies with the provisions applicable to such banks.

FinecoBank adopts a traditional administration and control system based on two bodies appointed by the Shareholders' Meeting: the Board of Directors, with strategic oversight and business management functions, and the Board of Statutory Auditors, with administration control functions. The legal accounting supervision is entrusted to an external auditors firm, in compliance with applicable laws.

FinecoBank's governance system also comprises:

- the Audit and Related Parties Committee
- the Remuneration and Appointments Committee:

The **Shareholders' Meeting** represents the interests of shareholders as a whole, and through its decisions - of the company.

The Shareholders' Meeting passes resolutions in ordinary or extraordinary sessions, with the quorums required by law for the Meeting to be duly established and pass resolutions, in view of specific issues on the agenda.

The Ordinary Shareholders' Meeting approves, inter alia, the financial statements and decides on the distribution of dividends, the appointment of directors and statutory auditors and appoints the external auditors, determining their fees. It also resolves on remuneration and incentive policies and practices established by current regulations.

The Extraordinary Shareholders' Meeting resolves on amendments to the articles of associations, capital increases and mergers and demergers.

Holders of voting rights and in respect of whom the Company has received, from the broker holding the relevant account, notification within the deadline set forth by applicable law (record date, the seventh open market day prior to the date established for the Meeting).

For further information on the Shareholders' Meeting, see Section 16

The **Board of Directors**, pursuant to the Articles of Association, is the body, within the framework of the company object, given all powers according to law or the Articles of Association, that are not expressly conferred on the Shareholders' Meeting, and that

exclusively oversees business management, and to this end, is given full powers for the ordinary and extraordinary administration of the Company.

In compliance with current regulations, when nominating directors, shareholders should consider the qualitative and quantitative composition identified by the Board as optimal in order to achieve the objective of correctly fulfilling ifs functions, as well as guidance issued by the Board on the maximum number of administration, management and control positions that may be held by Board directors in external companies, in compliance with current and statutory regulations.

Board members meet the professional competence, integrity and independence requirements of current and statutory regulations.

As established in the Articles of Association, members of the Board of Directors are appointed by the Shareholders' Meeting for a three-year term of office, save for a shorter term established by the Meeting when making appointments, based on a slate voting system, to guarantee an adequate number of board directors elected by the minority.

The Board of Directors elects a **Chairman** from amongst its members and - where appropriate - one or two **Vice Chairmen**, one of whom will act as a stand-in. The Chairman and Vice Chairmen remain in office for the entire duration of the Board. The Board of Directors also appoints a **Secretary**, who is not necessarily a board member. The Board may establish committees or commissions with advisory, decision-making or coordination functions, in compliance with applicable current and statutory regulations.

The Board of Directors may also appoint a **Managing Director**, determining the term of office and relative duties and powers, and one or more Deputy General Managers, who form the Head Office. In line with the Articles of Association, the Board of Directors of the Company had appointed Alessandro Foti as Managing Director and General Manager of the Bank.

For further information on the Board of Directors, see Section 4

The **Audit and Related Parties Committee** is a Board Committee which, pursuant to Article 7.P.4 of the Corporate Governance Code and Article 3 of the Related Parties Regulations, and as provided for by the Control and Risk Committee Regulations, comprises three independent directors, with adequate professional expertise of corporate governance and internal controls, capable of independent unbiased judgement in the duties assigned to them. This Committee (i) has advisory functions concerning internal control and company risk management (ii) issues preliminary and reasoned opinions, also in the interest of carrying out transactions with related parties and/or associated persons completed by the Bank and on the appropriateness and fairness of the relative terms and conditions, if the Bank internal procedures on the topic settle it.

For further information on the Audit and Related Parties Committee, see Section 6.1

The **Remuneration and Appointments Committee** is a Board Committee which, pursuant to Articles 5.P.1 and 6.P.3 of the Corporate Governance Code, comprises three independent directors, with advisory functions concerning the remuneration of directors and senior managers and the appointment of directors, the General Manager and key management personnel.

For further information on the Remuneration and Appointments Committee, see Sections 7 and 8

Pursuant to the Articles of Association, the **Board of Statutory Auditors** comprises three standing and two stand-in auditors. Auditors are appointed by the Shareholders' Meeting based on a slate voting system to guarantee an auditor elected by the minority, as well as compliance with regulations on gender balance.

Auditors remain in office for three years, they may be re-elected and their term ends on the date of the Shareholders' Meeting called to approve the financial statements relating to the third year of their appointment. The Board of Statutory Auditors performs the functions assigned to it by law and other applicable regulations. For the entire period while the Company's shares are admitted to trading on a regulated Italian market, the Board of Statutory Auditors also exercises all powers and carries out all duties provided for by special laws; with particular reference to disclosure, directors are required to report on a quarterly basis, pursuant to Article 150 of the TUF, according to the procedures in Article 15 of the Articles of Association. The Board of Statutory Auditors, acting as the "internal control and auditing committee", pursuant to Legislative Decree 39/2010, carries out all other activities provided for by this decree.

Members of the Board of Statutory Auditors are registered in the Register of Auditors and meet the professional competence, integrity and independence requirements of current and statutory regulations.

For further information on the Board of Statutory Auditors, see Section 14

As established in the Articles of Association, the accounts are audited, pursuant to applicable legal provisions, by an entity that meets the requirements of current regulations.

The **External Auditors Firm** represent the external control body auditing the accounts. In particular, the External Auditors are required, during the year, to verify the accounts of the company, and to give an opinion on the financial statements and consolidated financial statements, in a relative report.

For further information on the External Auditors, see Section 11.4

The powers and duties and operating procedures of corporate bodies are governed by law, by the Articles of Association and by decisions taken by competent bodies.

For further information on each body and/or entity comprising the Company's governance system, reference is made to specific sections in this Report.

2. INFORMATION ON OWNERSHIP STRUCTURES

A) STRUCTURE OF SHARE CAPITAL

The share capital as at December 31, 2015 amounted to € 200,150,191.89 divided into 606,515,733 ordinary shares with a nominal value of €0.33 (thirty-three cents) each.

Following the free share capital increase resolved by the Board of Directors on February 8, 2016, amounting to € 95,601.99 and corresponding to 289,703 ordinary shares, FinecoBank's share capital is €200,245,793.88 (two hundred million, two hundred and forty-five thousand, seven hundred and ninety-three euros, eighty-eight cents) divided into 606,805,436 (six hundred and six million, eight hundred and five thousand, four hundred and thirty-six) ordinary shares with a nominal value of €0.33 (thirty-three cents) each.

The ordinary shares are registered.

The shares are indivisible, with cases of joint ownership governed by law.

The shares are not subject to any rights, privileges or constraints; there are no shares reserved for issue under option and sales contracts.

For equity-based incentive plans, which involve free share capital increases approved by the Shareholders' Meeting, see the relative prospectuses drawn up pursuant to Article 84-bis of the Consob Issuer Regulations, as well as the Remuneration Report prepared pursuant to Art. 84-quater of the Consob Issuer Regulations.

B) RESTRICTIONS ON THE TRANSFER OF SECURITIES

As at the date of approval of this Report, there were no restrictions on the transfer of securities.

C) MAJOR SHAREHOLDINGS IN CAPITAL

Based on the entries in the Shareholders' Register, integrated with the disclosures received pursuant to Art. 120 of the Consolidated Law on Finance, and on other information available to the Company, the major stakes in share capital as at December 31, 2015 - both direct and indirect - are summarised below.
The table does not include entities that are exempt from the disclosure requirements pursuant to Art. 119-*bis* of the CONSOB Issuer Regulations.

Declarer	Direct shareholder	% share of ordinary capital	% share of voting capital
UniCredit S.p.A.	UniCredit S.p.A.	65.474%	65.474%

D) SECURITIES CONFERRING SPECIAL RIGHTS

As at February 8, 2016, FinecoBank has not issued any shares that grant special control rights and it has not adopted Articles of Association provisions which allow increased voting rights.

E) EMPLOYEE SHAREHOLDINGS: MECHANISM TO EXERCISE VOTING RIGHTS (PURSUANT TO ART. 123-BIS, PARAGRAPH 1, LETTER E), TUF)

There is no employee share ownership system in which the voting right is exercised by representatives of the employees.

F) RESTRICTIONS ON VOTING RIGHT (PURSUANT TO ART. 123-BIS, PARAGRAPH 1, LETTER F), TUF)

There are no restrictions on voting rights.

G) SHAREHOLDER AGREEMENTS (PURSUANT TO ART. 123-BIS, PARAGRAPH 1, LETTER G), TUF)

The issuer is not aware of any shareholder agreements pursuant to Art. 122 of the TUF.

H) CHANGE OF CONTROL CLAUSES (PURSUANT TO ART. 123-BIS, PARAGRAPH 1, LETTER H), TUF) AND STATUTORY PROVISIONS ON TAKEOVER BIDS (PURSUANT TO ARTICLES 104, PARAGRAPH 1-TER, AND 104-BIS, PARAGRAPH 1)

FinecoBank has not stipulated any significant agreements that become effective, are modified or are terminated in the event of a change in control of the contracting company.

The Bank's Articles of Association do not envisage any exceptions to the provisions on the passivity rule pursuant to Art. 104, paragraphs 1 and 2 of the TUF, nor do they envisage application of the neutralisation provisions contemplated by Art. 104-*bis*, paragraphs 2 and 3 of the TUF.

I) AUTHORISATIONS TO INCREASE SHARE CAPITAL AND PURCHASE TREASURY SHARES

The Board of Directors has been authorised by the Extraordinary Shareholders' Meeting to carry out free increases in share capital, aimed at implementing the incentive plans for Bank personnel as "identified staff". The Board of Directors was not assigned the power to issue equity-based financial instruments.

The Board of Directors, held on January 12, 2016 resolved on the proposal, to the Shareholders' Meeting called for approving the 2015 financial statements, on granting the authorization to purchase and dispose of 250,000 treasury shares to give to Personal Financial Advisor and Personal Financial Advisors Area Manager identified as relevant staff.

As at December 31, 2015, the Company held 1,408,834 own shares equal to 0.23% of the share capital.

L) MANAGEMENT AND COORDINATION ACTIVITIES

UniCredit carries out management and coordination activities in conformity to and within the limits of the Consolidated Banking Law and Supervisory Instructions, based, among others, on the following: (i) proposing members of the board of directors and control bodies, and managerial positions, of Group companies, to the shareholders' meetings; (ii) disseminating best practices, methodologies, procedures and IT systems in order to standardise operating procedures within the Group; (iii) defining and implementing a managerial/functional system that defines mechanisms for managerial coordination at group level, assigning the managers of parent company functions specific responsibilities and powers vis-à-vis corresponding functions of subsidiaries, in order to ensure the overall consistency of the group's corporate governance system, through adequate coordination among bodies, structures and company functions of different entities comprising the group; and (iv) defining, disseminating and implementing group regulations for activities which are significant in terms of legal compliance and/or risk management, concerning, for example: (a) the reporting of inside information; (b) the preparation of periodic financial information; (c) the drafting of the strategic budget; (d) management control and the notification of management information; (e) the structure, composition and remuneration of the Board of Directors; (f) transactions with related parties and associated persons; (g) choice of suppliers; and (h) personnel and personnel training.

3. COMPLIANCE

FinecoBnak is compliant with the "Corporate Governance Code for Listed Companies" endorsed by Borsa Italiana, bringing its own conduct in line with the principles therein, where applicable.

The Code is available to the public on the website of the Corporate Governance Committee, at: http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015clean.pdf

For additional information on the corporate governance structure of FinecoBank, in addition to the specific sections of this Report, see the Company's website, where it is available together with economic-financial information, data and documents of interest to shareholders.

4. BOARD OF DIRECTORS

4.1 Appointment and replacement

In compliance with the laws and regulations applicable to listed companies, Article 13 of the Articles of Association requires that the Board of Directors be appointed by the Shareholders' Meeting based on the lists submitted by shareholders, according to the procedure described below.

Shareholders can submit a list for the appointment of Directors, provided that when they submit the list they hold, alone or together with others presenting shareholders, at least the minimum investment established by Consob pursuant to Article 147-*ter*, subsection 1, of the Consolidated Law on Finance (TUF) and in accordance with the relevant issues established by CONSOB Issuers Rules. Ownership of the minimum shareholding required is calculated based on the shares registered to each shareholder on the day when the lists are filed at the Company; the related certification may be submitted after the lists have been filed, provided that it is within the deadline for publication of the lists.

Each party entitled to vote (as well as (i) entitled persons belonging to the same group, intended as a party, which need not be a corporation, exercising control pursuant to Article 2359 of the Civil Code and any subsidiary controlled by, or under the control of the said party, or (ii) shareholders who are party to a shareholders' agreement as per Article 122 of the TUF, or (iii) entitled persons who are otherwise associated with each other in a material relationship pursuant to current and applicable statutory or regulatory provisions) may submit individually or with others only one list, just like each candidate can be included in only one list, or otherwise be considered ineligible.

Both genders must be represented on each list, so as to ensure compliance with at least the minimum requirements of current laws and regulations on gender equality.

The lists shall be filed at the Registered Office or Head Office - also by means of remote communication and in accordance with the procedures stated in the notice of call, so as to allow the identification of the parties submitting the list - at least twenty-five days before the date of the Shareholders' Meeting called to appoint members of the board of directors, in one session. Furthermore, the Company shall ensure that the lists are made public on the Company's website and by the other means established by current provisions, at least twenty-one days prior to the above shareholders' meeting, in one session or on first call.

The lists also contain, in attachments, any additional documentation and declarations required by the laws and regulations in force at the time, as well as:

- information pertaining to those who submitted the lists, with information on the total percentage of interest held;

- information on the personal and professional characteristics of the candidates included in the list;

- a statement whereby the individual candidates irrevocably accept the position (subject to their appointment) and attest, under their responsibility, that there are no grounds for their ineligibility or incompatibility to stand as candidate, and that they meet the professional competence and integrity requirements prescribed by current laws and regulations;

- a statement that the independence requirements set out in the Articles of Association have been met.

Each eligible voter may vote for one list only.

After the vote, candidates are elected from lists that have obtained the largest number of votes, with the following criteria:

a) a number of Directors equal to the number of board members, decreased by 1 (one), shall be drawn - in the order in which they appear on the list - from the list receiving the most

votes. The remaining Director shall be drawn- in numerical order-from the minority list that received the most votes among the minority lists;

b) if the majority list does not reach a sufficient number of candidates for the election of the number of Directors to be appointed, according to the mechanism indicated in letter a) above, all the candidates from the majority list shall be appointed and the remaining Directors shall be drawn from the minority list, in the order in which they appear on the list, receiving the highest number of votes; if necessary, directors shall also be drawn from the second most voted minority list, always in the order in which the appear on the list, until the number of Directors to elect has been reached;

c) if the number of candidates in the majority as well as minorities lists submitted is less than the number of the Directors to be elected, the remaining Directors shall be elected through a resolution made by the Shareholders' Meeting by relative majority, ensuring compliance with the principles of independence and gender equality prescribed by current law and regulations. If there is a tie vote between two or more candidates, a run-off will be held between these candidates by means of another vote at the Shareholders' Meeting;

d) if only one list or no list is filed, the Shareholders' Meeting shall act in accordance with the procedures set forth in letter c) above;

e) if the required minimum number of Independent Directors and/or Directors belonging to the least represented gender is not elected, the Directors of the most voted list who have the highest consecutive number and do not meet the requirements in question shall be replaced by the next candidates on the same list, who meet the necessary requirements. Should it prove impossible, even after applying this criterion, to identify the Directors who meet the above requirements, the above substitution criterion shall apply to the minorities lists receiving the highest votes from which the candidates elected have been drawn;

f) if even after applying the substitution criteria referred to in letter e) above, suitable substitutions have not been found, the Shareholders' Meeting shall resolve by a relative majority. In this case, the substitutions shall be effected starting from the most voted lists and from the candidates bearing the highest number in consecutive order.

In the event of death, resignation, withdrawal or removal from office for any other reason of a Director, or where a Director no longer meets the professional competence and integrity requirements, the Board of Directors can take steps to co-opt a Director, in compliance with the principles of minority representation and gender equality. If, in the above cases, the minimum number of independent Directors falls below the level required by the laws and regulations in force at the time and/or the number of Directors belonging to the least represented gender falls below the level prescribed by law, the Board of Directors shall replace them.

For the appointment of Directors needed to fill vacancies on the Board of Directors, the Shareholders' Meeting shall resolve by relative majority, ensuring that the principles of independence and gender equality established by current law and regulations are met.

The Board of Directors shall elect a Chairman from among its members and - where appropriate - one or more Vice Chairmen, one of which will act as a stand-in.

Succession plans

The Board of Directors, on July 30, 2015, approved the Succession plan for the Chief Executive Office and General Manager and for the other Key Managers, in which the professional skills and expertise required for the possible candidates have been established.

4.2 COMPOSITION

Pursuant to Article 13 of the Articles of Association, the company is managed by a Board of Directors composed of a minimum of 5 (five) and a maximum of 13 (thirteen) Directors, elected by the Shareholders' Meeting. The Shareholders' Meeting shall also determine the term of office, on the understanding that said term may not be less than one year or more

than three years from acceptance of office and shall expire on the date of the Shareholders' Meeting called to approve the financial statements relating to the last year of their appointment. The members of the Board of Directors may be re-elected.

All directors must meet the eligibility and professional requirements provided for by law and any other applicable regulations.

As regards integrity requirements, given the important role played by directors in terms of reputation, the Board of Directors' Rules and Regulations requires that, in addition to meeting the integrity requirements set out in Ministerial Decree no. 161 of 18/03/1998 and Ministerial Decree no.162 of 30/03/2000, the Directors should avoid any situation that could be cause for suspension from their duties as Director pursuant to Article 6 of Ministerial Decree no. 161 of 18/03/1998 and must refrain from engaging in conduct which, while not constituting an offence, appears to be inconsistent with the role of a bank director or that could seriously damage the bank's reputation.

The Board shall verify that its members meet the above requirements:

(i) following appointment, the outcome of which shall be disclosed to the market by means of a press release;

(ii) the respective results shall be reported on an annual basis in the annual corporate governance report.

Pursuant to Article 147-*ter*, of the TUF and Article 37 of the Market Regulations, as well as the Bank of Italy Rules on Corporate Governance, the majority of the members of FinecoBank's Board of Directors must meet the independence requirements provided in Article 3 of the Corporate Governance Code, as the Company is subject to the management and coordination of UniCredit ("Independent Directors").
The Board shall assess whether the independence requirements have been met with regard to the prevalence of substance over form. This assessment shall be performed:

(i) following appointment of a new Director who qualifies himself/herself as independent,

(ii) once a year for all Directors.

For this purpose, the Board of Directors shall, based on the statements provided and any other information available, examine the Director's direct or indirect commercial, financial or professional relationships with the Company, assessing their significance both in absolute terms and with regard to the economic and financial position of the individual concerned. The results of the Board's assessment shall be disclosed to the market. The Board of Statutory Auditors shall ascertain the correct application of the criteria and procedures adopted by the Board of Directors for the above-mentioned assessment. The results of this assessment shall be disclosed to the market.

In accordance with the Bank of Italy Rules on Corporate Governance, on the date the Board of Directors determined and approved qualitative and quantitative composition (the "Qualitative and Quantitative Profile"), considered optimal in order to achieve the goal of correctly fulfilling the functions under the Board of Directors responsibility (for more information on the contents of this document see Section 4.3 "Role of the Board of Directors").

In line with the Qualitative and Quantitative Profile, the Board of Directors' Rules and Regulations requires that the number of Board members must be commensurate with the size and complexity of the bank's organizational structure, and allow for the supervision of all corporate operations, as far as management and controls are concerned.

Furthermore, this number should ensure the presence on the Board of (i) various representatives of the shareholder base, (ii) the professional skills necessary to foster internal dialogue and (iii) a sufficient number of independent members in accordance with the Corporate Governance Code.

Furthermore, pursuant to the Board of Directors' Rules and Regulations, in order for the Board of Directors to perform its duties properly, it must be composed of members who (i)

are fully aware of the powers and obligations relating to the functions that each member is called upon to perform, (ii) possess the professional skills required for the position held and suited to the bank's operational characteristics and size, (iii) possess, among them, a variety of diversified competencies so that each member can effectively help to identify and pursue the Bank's strategies and ensure effective risk management in all areas of the bank, (iv) dedicate adequate time and resources to the overall nature of their offices, and (v) direct their efforts towards the pursuit of the Company's interests on the whole, acting with independent judgement and regardless of the shareholders who voted for them or the relevant list.

In particular, to ensure that the Board of Directors functions smoothly, the Directors of the Company must have, in addition to the requirements of applicable statutory and regulatory provisions (professional requirements), a good understanding of and experience in preferably two or more of the following areas of competency:

- FAMILIARITY WITH THE BANKING BUSINESS and risk assessment and management techniques for assessing and managing the risks associated with the banking business: gained through several years of experience in administrative, management or supervisory positions in the financial services sector;
- EXPERIENCE IN BUSINESS MANAGEMENT AND ORGANISATION: gained through several years of experience in administration, management and control at large scale corporations or groups;
- THE ABILITY TO READ AND INTERPRET THE FINANCIAL STATEMENTS OF A FINANCIAL INSTITUTION: gained through several years of experience in the administration and control of companies in the financial services sector or in performing professional activities or teaching at the university level;
- CORPORATE SKILLS (*audits, compliance*, legal, corporate, etc.): gained through several years of experience in auditing or management control at large scale companies or in performing professional activities or teaching at the university level;
- AN UNDERSTANDING OF THE REGULATION OF FINANCIAL ACTIVITIES: gained through several years of specific experience in financial services companies or supervisory bodies, or in performing professional activities or teaching at the university level;
- AN UNDERSTANDING OF GLOBAL TRENDS IN THE ECONOMIC-FINANCIAL SYSTEM: gained through significant experience acquired in research bodies, corporate or international think tanks or supervisory authorities;
- EXPERIENCE AND KNOWLEDGE OF MARKETS: gained through research or studies conducted at research centers or through carrying out business or professional activities for a number of years at institutions or entities, corporations or groups (public or private), also of an international nature.

The Company's Board of Directors was appointed by the 'Shareholders' Meeting held on April 15, 2014 and will remain in office until approval of the financial statements for the year ending on December 31, 2016.

In the light of the foregoing, the slate voting system (described in section 4.1 of this report) shall be used to appoint the new Board of Directors to be carried out during the Shareholders' Meeting for approval of the financial statements for the year ending on December 31, 2016.

The table below provides relevant information about each member of the Board of Directors in office as of the date of this report.

NAME AND SURNAME	POSITION	DATE OF BIRTH	DATE OF APPOINTMENT	DATE OF FIRST APPOINTMENT	% BOARD MEETINGS ATTENDANCE	NUMBER OF OTHER POSITIONS[5]
Enrico Cotta Ramusino[2]	Chairman	1959	15.04.2014	December 2001	100	1
Francesco Saita[1-2]	Vice Chairman	1967	15.04.2014	April 2014	91	0
Alessandro Foti[3]	Managing Director and General Manager	1960	15.04.2014	October 1999	100	0
Gianluigi Bertolli[1-2]	Director	1951	15.04.2014	April 2014	100	0
Mariangela Grosoli[1-2]	Director	1960	15.04.2014	April 2011	91	0
Pietro Angelo Guindani[1-2]	Director	1958	15.04.2014	April 2014	91	3
Girolamo Ielo[1-2]	Director	1947	15.04.2014	April 2008	100	0
Marina Natale[3]	Director	1962	15.04.2014	April 2014[4]	55	0
Laura Stefania Penna	Director	1965	15.04.2014	April 2012	82	2

[1] Independent Director pursuant to art. 3 Corporate Governance Code.
[2] Independent Director pursuant to art. 148, par. 3, TUF.
[3] Independent Director according to Corporate Governance Code.
[4] She held the position of Director also from September 18, 2008 to May 21, 2009.
[5] Number of offices as Director or Statutory Auditor in other companies listed in regulated markets, in financial, banking, insurance or large companies (See Attachment 1).

For the personal and professional characteristics of each Director, see the information published on the FinecoBank website (www.fineco.it).

4.2.1. Maximum number of board mandates in other companies

Pursuant to the recommendations contained in Criteria 1.C.3 of the Corporate Governance Code, the Board of Directors' Rules and Regulations determines the maximum number of mandates as Director or Statutory Auditor normally considered compatible with the effective performance of the role of Director at FinecoBank.

The table below provides an overview of these limits.

FinecoBank	Listed companies and/or banks, financial, insurance companies and/or large companies		Total positions
	Executive positions	Non-executive positions	
Managing Director and General Manager	**NO**	**2**	**5**
Chairman	**NO**	**3**	**8**
Non-executive Directors	**3** **0**	**5** **7**	**10**

Executive positions are considered as: Managing Director, Member of the Management Board, Chairman of the Board of Directors or of the Supervisory Board, General Manager.

Non- executive positions are considered as: Member of the Board of Directors without delegated powers, Member of the Supervisory Board, Member of the Board of Statutory Auditors.

The Managing Director and the Chairman are not allowed to accept positions as members of a Board of Statutory Auditors.

In addition to any other incompatibility prescribed by law, the rule of incompatibility with positions of a political or trade union nature shall apply.

Companies within the same Group as FinecoBank are not included in the calculation of the total number of companies in which Directors hold a position as Director or Statutory Auditor.

Up to 4 positions may be held as director or member of controlling bodies within the same Group (outside of FinecoBank). Each position shall be counted as 1 executive position in listed companies, banks, financial and insurance companies or large companies; over 4 offices shall be counted as 2 executive positions in listed companies, banks, financial and insurance companies or large companies.

Director candidates for FinecoBank must provide the Board with an updated list of any directorships, management and audit positions they hold. Following their appointment and before accepting a directorship, directors must notify the Board about any management or audit positions held in other companies that have a limit on the number of board mandates.

If the limit is exceeded, the Board of Directors will assess the situation in the interest of the company, and then call upon the director to take appropriate (as decided by the Board) action.

Based on information received from the Directors, the Board shall disclose on an annual basis the Directorships or positions as Statutory Auditors held by the Directors in the above-mentioned companies.

The Board of Directors' Rules and Regulations establishes that Directors accept the directorship when they deem that they can devote the necessary time to the diligent performance their duties, also taking into account the number of positions held as Director or Statutory Auditor in other listed and unlisted companies, banks, finance, insurance or large companies, as well as any other professional activities they may be engaged in, within the limits referred to above.

Moreover, Directors must take into account the provisions of Article 36 of Law no. 214/2011 according to which holders of a seat in managerial, supervisory and controlling bodies, as well as top management officers in companies or groups of companies active in banking, insurance and financial markets are forbidden to hold similar offices, or to exercise similar duties, in competing companies or groups of companies.

4.3 ROLE OF THE BOARD OF DIRECTORS

4.3.1 Duties

Pursuant to current regulations for companies with shares listed on regulated markets and in accordance with the recommendations of the Corporate Governance Code, the Board of Directors plays a central role in the Company's governance system.

Article 17 of the Articles of Association requires that the Board of Directors be vested with the broadest powers for the ordinary and extraordinary management of the Company, without any exception whatsoever, and the power to carry out all the activities that it deems necessary to achieve the corporate purposes, except for those powers that are reserved by law to the Shareholders' Meetings.

In particular, in addition to those duties and powers that cannot be delegated under law, the Board of Directors shall have exclusive jurisdiction over the following issues:

- the general guidelines, as well as the adoption and amendment of the Company's industrial, strategic and financial plans, within the framework of the directives imparted by the Parent Company, in line with the recommendations provided in Criteria 1.C.1, letter a);
- the appointment and dismissal of the General Manager/s and Deputy General Managers;
- the assessment of the overall business performance, as provided by Criteria 1.C.1, letter d);
- adjustments to the Articles of Association to bring them in line with legal requirements;
- corporate mergers and demergers in the cases provided under Articles 2505 and 2505 bis and 2506 of the Civil Code;
- the reduction of capital in the event of shareholder withdrawal;
- guidelines on which Directors, in addition to those indicated in these Articles of Association, may represent the Company;
- the establishment of committees or commissions with advisory, deliberative or coordination functions;
- the risk management policies, as well as the evaluation of the functionality, efficiency and effectiveness of the internal control system and the adequacy of the organizational, administrative and accounting structure under the directives issued by the Parent Company, as recommended by the Criteria 1.C.1, letter b) and c);
- the purchase and sale of equity investments, companies and/or company divisions, without prejudice to the provisions set out in Article 2361, paragraph 2, of the Civil Code;
- the purchase and sale of property;
- the approval and amendment of internal regulations;
- the appointment and dismissal of the heads of the internal audit, conformity and risk control functions;
- the opening and establishment, also for the purpose of structuring the signing authority, in Italy and abroad, of, in Italy and abroad, of secondary offices, branches, agencies, counters and representation offices, however named, as well as closing them.

The Board also has exclusive jurisdiction over activities related to:

- approving processes related to the provision of investment services and periodically checking the adequacy of these services;
- deciding the remuneration/ incentive methods for Top Management as well as verifying that they do not increase corporate risks and that they are in line with the long-term strategies;
- defining the criteria to identify the major transactions to be examined beforehand by the Audit and Related Parties Committee.

Pursuant to the Bank of Italy regulations on internal control systems, and in compliance with the Board of Directors' Rules and Regulations, the Board, among other things:

- approves:
  a) the policies and processes for the assessment of corporate activities and, in particular, the financial instruments, ensuring the ongoing appropriateness; they also establish the bank's maximum exposure limits for financial instruments or products that are uncertain or difficult to measure;
  b) the process for the development and validation of the internal risk measurement systems not intended for regulatory purposes, periodically assessing its correct functioning;
  c) the approval process for new products and services, the start-up of new activities, entry into new markets;
  d) the company policy on outsourcing corporate functions;
  e) in order to mitigate the bank's operational and reputational risks and encourage the dissemination of a culture based on internal controls, a code of ethics which must be complied with by all members of the corporate bodies and employees. The code defines the principles of conduct (e.g. rules of professional conduct and rules to follow in dealings with clients) of which company activities must be based on;
- ensures that:
  a) the bank's structure is consistent with the activities carried out and with the business model adopted, avoiding the creation of complex structures which are not justified by an operational aim;
  b) the implementation of the relevant framework for determining the Risk Appetite Framework ("RAF") is consistent with the approved risk objectives and tolerance thresholds (where identified); they periodically assess the suitability and effectiveness of the RAF and the compatibility between the actual risk and the risk objectives;
  c) the strategic plan, RAF, ICAAP, the budget and internal control system are consistent, also bearing in mind the changing internal and external conditions within which the bank operates;
  d) the quantity and allocation of capital and liquidity held is consistent with the risk appetite, the risk governance policies and the risk management process;
- in the case where the bank operates in jurisdictions lacking transparency or through especially complex structures, the Board assesses the related operational risks, especially those of a legal, reputational and financial nature, identifying oversight measures to mitigate them and ensure that they are effectively monitored;
- approves, at least once a year, the plan of activities, including the audit plan prepared by the internal audit function and reviews the annual reports prepared by the corporate control functions. The Board also approves the multi-year audit plan.

The Board of Directors:
- performs ongoing assessment of overall business performance – also through analysis of information received from the delegated bodies and by periodically comparing the results

achieved with those planned – and adequacy of the organisation, administrative and accounting structure, with specific reference to the internal control system and to management of conflicts of interest;
- ensures that the main company risks are properly identified and adequately measured, managed and monitored, determining the criteria for compatibility of said risks with healthy and proper management of the Company.

Furthermore, the Board of Directors shall ensure the adoption of the directives issued by UniCredit in exercising the powers attributed to the Parent Company - by the relevant laws and regulations – to give instructions to the various legal entities of the Group.

Pursuant to Article 136 of the TUB (Consolidated Law on Banking), obligations of any nature or purchase and sale agreements stipulated by the Bank, directly or indirectly, with its company officers are under the exclusive responsibility of the Board of Directors.

Lastly, it is the exclusive task of the Board to report to the shareholders at the Shareholders' Meeting.

Certain Board members are given special duties within the Board for specific matters. In designating these Directors, who meet in specific committees and whose functions include providing advice and recommendations, particular importance is attributed to non–executive and/or independent directors recognized as such – also formally by the Board- based on the provisions contained in the Articles of Association and the criteria of the Corporate Governance Code.

Pursuant to the Board of Directors' Rules and Regulations, non-executive Directors, an appropriate number of which sit on the Board of Directors, shall:
- acquire, also through the input of internal committees, information on corporate administration and organization, from management as well as the internal audit and other control functions;
- not be involved, not even de facto, in the executive management of the company, and avoid situations where conflicts of interest may exist;
- be pro-actively involved in the tasks entrusted to them, also in terms of the time that they dedicate to these tasks;
- participate in decision-making processes for the appointment or dismissal of heads of internal control or risk management functions.

These rules and regulations also establishes that Independent Directors are responsible for independently overseeing corporate management, helping to ensure that it is conducted in the interest of the Company and in accordance with the principles of sound and prudent business management.

The Independent Directors shall meet at least once a year in a closed session (Independent Directors only).

The Board of Directors may appoint a General Manager, establishing the functions and powers, for the implementation of the Board of Directors resolutions and for the day-to-day management of corporate affairs.

The Board of Directors shall, subject to the mandatory opinion of the Board of Statutory Auditors, appoint a Nominated Official in charge of drawing up Company Accounts pursuant to Article 154-*bis* TUF, granting them the appropriate powers and means to perform their appointed duties.

Induction initiatives and ongoing training

During the second half of 2015, six initiatives on Company's organization, its activity with regard to knowledge and awareness of the risk profile adopted by the Bank (such as "Adequacy and calculation of capital" and "Risk Appetite Framework") were launched, also upon collecting suggestions by the Directors.

4.3.2 Meetings and functioning

The Board of Directors held 11 meetings during the course of 2015, each with an average duration of 2 hours and thirty minutes. For 2016, 11 meetings have been scheduled, of which 2 have been already held as of February 8, 2016.

The Chairman shall be responsible for planning the Board's schedule with regard to the agenda, based on input from the Managing Director and General Manager. The Chairman shall also ensure that enough time is dedicated to the topics in the agenda in order to permit an effective discussion, encouraging directors to actively contribute to the meetings.

Article 16 of the Articles of Association requires that the Company's Board of Directors be convened, also using telecommunication facilities, at the Registered Office or elsewhere, provided that it is in Italy by the Chairman (or his/her representative), usually at least once every three months and however any time the Chairman feels it necessary, or if requested in writing by the Managing Director or by least two Directors of the Board of Directors. A Board meeting may also be convened on the initiative of one Statutory Auditor.

If no meeting is convened, the Board of Directors is considered to be validly constituted if all Directors and Standing Auditors are present.

Article 16 of the Articles of Association envisages the possibility for participants of the Board of Directors' meetings to attend remotely, through audio-visual communication systems (video conference or conference call) where the conditions are in place to identify the attendees, allow their real-time participation in discussing the topics examined and receive, transmit and examine any documents not previously seen.

Pursuant to the Board of Directors' Rules and Regulations, notice of meetings must be given to all Directors and Standing Auditors within a reasonable period of time, except in the case of emergency. The notice should include, except in cases where this is not possible due to confidentiality issues, the items on the agenda so that the attendees can read the issues ahead of time and come prepared to the meeting. The Regulation also provides that documentation in support of proposals and any information needed is provided to the Directors at least 3 (three) business days prior to the meeting (with the exception of the financial documents, that must be provided at least one business day before the meeting), so that the Directors are able to express an informed opinion on the issues being decided.

The Chairman shall be responsible for planning of the Board's workload, in relation to the relevant items on the agenda, based on input from the Managing Director and General Manager. Furthermore, the Chairman shall ensure that adequate information – both in terms of quality and quantity – on the items placed on the agenda are provided to all Board members, so as to allow the Board to make informed decisions on the business to be discussed and approved and shall endeavour to ensure that the necessary time is devoted to an effective discussion of the items on the agenda during the meetings, encouraging directors to actively contribute to the meetings.

The Chairman of the Board of Directors, also at the request of one or more Directors, may request the Managing Director and General Manager that the senior managers of the issuer and those of group companies, in charge of the pertinent management areas related to the Board agenda, attend the meetings of the Board, in order to provide appropriate supplemental information on the items on the agenda.

Pursuant to Article 15 of the Articles of Association, the General Manager, if appointed, may take part, without voting rights, at the meetings of the Board of Directors. If a Managing Director has not been appointed, the General Manager shall take part in Board meetings with the power to make proposals.

In addition, pursuant to Article 16 of the Articles of Association, the Chairman may invite Deputy General Managers and other employees from the management team to take part in Board meetings.

4.3.3 Self-assessment

With regard to 2015 financial year, the process of self-assessment with regard to the size, composition and functioning of the Board and its Committee was launched, as required by the Code and by the Regulations on the organisation and corporate governance of Banks, issued by the Bank of Italy (Bank of Italy Circular no. 285 of December 17, 2013 and subsequent updates), with the support of external consultant Egon Zehnder International S.p.A., as independent expert.

In 2015, with regard to 2014 financial year, the Board of Directors carried out the self-assessment process with an external consultant, which acted through a questionnaire and drafted a document illustrating the results and the changing proposals of improvement which have been implemented.

4.3.4 Competing activities

The Company has not authorised any exceptions to the non-competition clause pursuant to Article 2390 of the Civil Code.

4.4 EXECUTIVE BODIES AND OFFICERS

The Board of Directors' Rules and Regulations establish that powers be delegated in such a way that does not deprive the Board of its fundamental rights and prerogatives.

The Board establishes the content of the delegated powers analytically, in a clear and precise manner, also indicating the limits in terms of quantity and value, as well as the means of performance of the delegated powers; this will also allow the Board of Directors to accurately check that the delegated powers have been correctly complied with, as well the possibility to exercise its overriding executive and evocation rights.

4.4.1 Managing Director and General Manager

Pursuant to Article 15 of the Articles of Association, the Board of Directors may appoint a Managing Director, determining the term of office and the respective duties and powers, a General Manager and one or more Deputy General Managers, who form the Head Office, together with the other employees of this office.

The Managing Director or – where not appointed – the General Manager shall oversee the Head Office.

The Managing Director shall take up the powers and duties of the General Manager if the latter has not been appointed.

If a Managing Director and General Manager are appointed, both positions must be held by the same person.

The Managing Director, or where not appointed, the General Manager shall be responsible for implementing the resolutions passed by the Board of Directors, with the assistance of the Head Office.

If a Managing Director has not been appointed, the General Manager shall take part in Board meetings with the power to make proposals and without voting rights.

The Managing Director and other Directors vested with particular responsibilities, as well as the General Manager, where no Managing Director has been appointed, shall report to the Board of Directors on their activities, according to the procedures and time limits established by the Board, in accordance with law.

The Managing Director or, where not appointed, the General Manager at the request of the Managing Director, shall be responsible for the implementation of the resolutions passed by the Board of Directors, with the assistance of the Head Office.

Effective July 1, 2014, the Board of Directors confirmed Alessandro Foti as Managing Director, also assigning him the role of General Manager, effective from the same date.

The Managing Director and General Manager is responsible for managing the company and does not fall within the interlocking directorates scenario envisaged by the Corporate Governance Code (Criterion 2.C.5., Code).

4.4.2 Chairman of the Board of Directors

Pursuant to Article 14 of the Articles of Association, the Board of Directors shall elect a Chairman from amongst its members and – where appropriate – one or two Vice Chairmen, one of which will act as a stand-in. Board of Directors shall elect the Chairman and Vice Chairman from amongst its members, who shall remain in office for the entire duration of the Board.

The Board of Directors appointed, by resolution on April 15, 2014, Mr. Enrico Cotta Ramusino as Chairman of the Board of Directors.

Article 10 of the Articles of Association, provides that the Chairman of the Board of Directors is responsible for presiding over the Shareholders' Meeting, as well as directing and moderating the discussions, establishing the voting procedures and confirming the results, in compliance with the provisions of current regulations and the procedures for Shareholders' meetings.

The Chairman of the Board of Directors has not been granted any management powers and therefore does not have any executive role.

The Chairman does not hold, directly or indirectly, relevant shares in the Company's capital share.

4.4.3. Reporting to the Board of Directors

The Board of Directors' Rules and Regulations requires that the flow of information amongst and within Corporate Bodies is an essential condition for ensuring that the objectives of efficient management and effective control of the company are actually achieved.

In order to ensure the continuous and comprehensive flow of information amongst and within the corporate bodies, the Board is called on to approve and oversee the maintenance and update of a structured information flow system over time that regulates the circulation of information and ensures the correct flow in a timely and comprehensive manner, whilst respecting the responsibilities of the various bodies with supervisory and control functions.

Furthermore, in order to implement the necessary organisational controls for the proper management of information flows and to provide the necessary information on other aspects (forms, tasks and duties and other content), not covered in the Regulation, the Board approves specific organisational procedures that accurately describe the activities and controls related to the "Management of the Board of Directors" as well as the "Management of inside information", in relation to the complexity of the information processed.

Article 21 of the Articles of Association provides that the decisions made by those with delegated powers must be disclosed to the Board according to the procedures and frequency (at least quarterly) established by the Board. In particular, the executive bodies and officers shall report to the Board of Directors and the Board of Statutory Auditors, at least on a quarterly basis, on the general performance of the company, the business outlook, and transactions that have a significant effect on the results of operations and financial position – with particular regard to those that could potentially give rise to conflict of interest – carried out by the Company and its subsidiaries.

4.5 OTHER EXECUTIVE DIRECTORS

At the time of writing this Report, in addition to the Managing Director and General Manager, no other Directors have been granted management powers besides the Managing Director. Furthermore, the Issuer, on the basis of a particularly strict application of the Criteria 2.C.1 of the Corporate Governance Code, has qualified Ms. Marina Natale as executive director, in view of her leadership role held at the parent company UniCredit.

4.6 INDEPENDENT DIRECTORS

On February 8, 2016 the Board of Directors, with the input of the Remuneration and Appointments Committee of January 29, 2016, conducted an assessment of the independence requirements for Directors, based on declarations made by the interested parties, pursuant to Article 3 of the Corporate Governance Code and Articles 147-*ter* and 148, par. 3, TUF.

At the time of writing this report, the Board of Directors has five independent Directors in accordance with Article 3 of the Corporate Governance Code: Francesco Saita, Gianluigi Bertolli, Mariangela Grosoli, Pietro Guindani and Girolamo Ielo.

The Board of Statutory Auditors ascertained the correct application of the assessment criteria and procedures adopted by the Board of Directors for evaluating the independence of its members.

According to the Criteria 3.C.6 of the Listed Companies Corporate Governance Code, the Independent Directors meeting took place on March 30, 2015.

The Independent Directors met to discuss corporate governance issues without the presence of the other directors.

4.7 LEAD INDEPENDENT DIRECTOR

As the conditions envisaged by the Code for such an office do not exist, the Board of Directors has not appointed any independent Director as lead independent director.

5. PROCESSING OF COMPANY INFORMATION

In compliance with Stock Exchange Regulations and relative Instructions, as well as relevant provisions of the TUF and Issuer Regulations, which require directors and statutory auditors to keep documents and information acquired in performing their duties confidential, the Board of Directors' Rules and Regulations require the Board to define procedures for the internal management and disclosure of documents and information on the Company, also with reference to inside information.

In the meeting of 15 April 2014, the Board of Directors approved the Procedure for processing Inside Information.

The aim of the Procedure is to prevent the processing of Inside Information (defined below) in a manner which is not prompt, is incomplete or inadequate and in any case may result in inconsistent disclosure.

In particular, the disclosure of Inside Information, as regulated by this Procedure, makes it possible to protect the market and investors, giving them adequate knowledge of matters concerning the Issuer, on the basis of which they may make investment decisions.

The Procedure for processing Inside Information also aims to prevent some persons or categories of persons from acquiring information which is not in the public domain in order to carry out speculative transactions on markets to the detriment of investors, that are not aware of this information.

The Procedure explains:

- with reference to FinecoBank as the entity controlled by the listed issuer UniCredit, the process to assess inside information concerning UniCredit, as well as requirements for managing the List of Persons who have access to the inside information ("UCI List");

- with reference to FinecoBank as a listed issuer, the process to assess and disclose inside information concerning Fineco, as well as requirements for managing the List of Persons who have access to this information ("Fineco List").

The Procedure regulates the management of company information (meaning all information and data concerning Fineco, UniCredit and/or other Group companies, which is not in the public domain, acquired by persons required to comply with the Procedure, in performing their duties), with particular reference to "Inside Information" as defined in Article 181 TUF.

It establishes, firstly, the obligation for all persons that perform activities within the Group to keep company information acquired in performing their duties confidential and to use this information exclusively for carrying out their duties.

The procedure also establishes the following:

a) responsibility for assessing whether information is classified as inside information, also for the purpose of disclosure to the public, shall be assigned,

- as regards information relative to UniCredit, to the Planning, Finance and Administration Department ("UCI CFO"), assisted as necessary by the Group Investor Relation Department and the Legal & Compliance Department, for areas in their responsibility;

- as regards information relative to the Company, to the Chief Financial Officer of FinecoBank ("FinecoBank CFO") assisted, as required by heads of Investor Relations, Legal and Compliance, for areas in their responsibility. In any case, the FinecoBank CFO shall notify the UCI CFO of its assessments, to verify whether inside information relative to the Issuer may also have an impact on UniCredit.

In particular, the procedure establishes that anyone who has inside information relative to UniCredit and/or Fineco and/or the Group shall promptly report the circumstance - as necessary - to the FinecoBank CFO and/or UCI CFO to allow for an assessment of the inside nature of the information disclosed and to take the necessary measures to correctly manage the information, including its prompt disclosure to the market, as applicable;

b) appropriate, effective measures to ensure the confidentiality of information until it is disclosed to the public shall be adopted.

To this end, FinecoBank has established a "List of persons who have access to inside information" which is price sensitive, as regards the Company's shares, in compliance with applicable regulations. It has also established a process to add data to, update and maintain the List, identifying the Compliance Officer of the Company as the entity responsible for the management of the Fineco List.

With reference to price sensitive information about UniCredit shares, the Issuer has assigned UniCredit to keep the UCI List, that shall add data to the list, notified as and when necessary by the Compliance Officer of the Issuer;

c) the FinecoBank CFO shall be responsible for assessing disclosure to the public of information about the Company, and - in agreement with the UCI CFO- the opportunity to delay disclosure to the public of Inside Information, in cases specifically indicated by the Procedure;

d) the FinecoBank CFO and the Head of Investor Relations shall be responsible for preparing press releases in which Inside Information is disclosed, assisted by Company units involved and with the equivalent units at UniCredit (if UniCredit is also required to disclose the same information);

e) the FinecoBank CFO shall be responsible for sending the prepared press release to the UCI CFO, so that he/she, if the Inside Information is also relevant for UniCredit shares, may submit it to the Board of Directors of the Parent Company for approval or, when relative to delegated transactions, to the Chairman, Managing Director, General Manager or one of the Deputy General Managers, for areas in their responsibility;

f) the press release shall be disclosed, subject to approval from the Managing Director of the issuer, via the S.D.I.R.-N.I.S. system, to Borsa Italiana and Consob.

As established by the procedure, if the press release concerns particularly significant events, the Head of Media Relations and Executive Communications, assisted by the Legal & Compliance Unit, informs Consob and Borsa Italiana before sending the press release.

Press releases are published on the Company's website before the opening of the market on the day after disclosure and are available on the site for at least five years from publication.

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In compliance with provisions in Article 114, paragraph 7 of the TUF and Articles 152-*sexies* et seq. of the Issuer Regulations, on 13 May 2013 the Board of Directors approved the code of conduct on internal dealing, which regulates the management, processing and disclosure of information relative to transactions on shares or other financial instruments related to them undertaken by insiders and by persons strictly related to them ("Internal Dealing Code"). This procedure regulates disclosure obligations to be complied with and conduct to be observed by the above persons and by FinecoBank in order to ensure maximum transparency in disclosure to the market.

The main aim of the Code is to improve transparency and uniformity in disclosure relative to financial transactions undertaken by the above persons, to give investors an idea of how these persons perceive the prospects of the company and/or the group it belongs to. Thus the Code does not directly address whether significant persons have acquired confidential information and used said information unlawfully (a conduct which instead constitutes the offence of insider trading), assuming that the undertaking of certain financial transactions by particular persons considered "significant" (*i.e.* by persons that, due to their position, are able to acquire information on matters of the company and the group it belongs to), is, per se, price sensitive.

The Internal Dealing Code identifies "Significant Persons" and "Closely-Related Persons" to the Significant Persons in compliance with the Issuer Regulations and establishes that "Material Transactions" (and thus which are subject to the disclosure obligations of the Code), are transactions concerning the purchase, sale, underwriting or exchange of FinecoBank shares (or of related Financial Instruments, as defined therein), by the above persons, directly or through intermediaries, trusts or subsidiaries. The Internal Dealing Code also identifies some types of transactions which are exempt from disclosure obligations.

The Code also contains regulations on the management, processing and disclosure of information relative to these transactions. To this aim, it regulates:

(a) disclosure obligations of Significant Persons *vis-à-vis* the Company;

(b) disclosure obligations of Significant Persons and the Company vis-à-vis Consob;

(c) cases in which the undertaking of transactions on financial instruments by Significant Persons is prohibited or limited.

In compliance with the Internal Dealing Code, the Investor Relator acts as Body charged with delivering information to the public and to Consob with regard to the Declaration given by the Relevant People.

6. INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS

In accordance with Articles 4, 5, 6 and 7 of the Corporate Governance Code, which recommends listed companies establish committees within the Board of Directors, with responsibilities for specific issues, Article 17 of the Articles of Association recognises to the Board of Directors the right to establish internal committees tasked with proposal making, advisory and coordination functions.

For reasons of efficiency and simplification of the governance structure, the Company considered it appropriate to make use of the option allowed by the Corporate Governance Code to combine the functions of its Appointments Committee and Remuneration Committee into one committee, as described in further detail below.

In the performance of their duties, the committees set up within the Board of Directors have the right to access the company's information and functions required for the performance of their respective tasks. Furthermore, the committees may avail themselves of external advisers at the Company's expense, within the budget limits approved by the Board of Directors. The committees established within the Board of Directors are described below.

6.1 AUDIT AND RELATED-PARTIES COMMITTEE

FinecoBank's Board of Directors, by resolution of June 17, 2008, established the Audit Committee (now the Audit and Related Parties Committee) to provide support with information, advisory, recommendation and investigation functions, using a risk-oriented approach to identify the guidelines for the entire internal control system and assess its effectiveness and efficiency, so that key risks are correctly identified, as well as adequately measured, managed and monitored, with the Board of Directors responsible for making any decisions on the matter.

The Committee's mission includes assessing the proper use of the accounting principles for drawing up the financial statements and supervising the efficacy of the audit process and the activities of the auditors.

The above Committee is also responsible for related-party transactions in accordance with the Regulation on transactions with Related Parties and with associated persons pursuant to the Bank of Italy Circular.

6.1.1. Composition

The Board of Directors appointed new members of the Audit and Related-Parties Committee on 15 April 2014, in application of the provisions referred to in Article 37 of the Market Regulations , according to which - since FinecoBank is subject to the management and coordination of UniCredit - all members of this Committee must be independent directors.

Furthermore, in accordance with Principle 7.P.4 of the Corporate Governance Code, under which at least one member of the committee is required to have an adequate experience in the area of accounting and finance or risk management, all members of the Committee meet the requirements indicated above.

The members of the Committee shall remain in office for as long as they are their appointment. They may resign as member of the Committee, without this necessarily entailing members of the Board of Directors, unless a shorter term is decided on at the time resignation from the Board of Directors.

If, for any reason whatsoever, a member no longer holds the position, the Board of Directors will replace the member. The expiry of the new member's term of office coincides with that of the outgoing member. If the Chairman of the Committee ceases to hold office, the Board of Directors will appoint a new Chairman with the decision to appoint the replacement member.

As of the date of this Report, the Audit and Related-Parties Committee is composed of the following Directors, who are non-executive and independent pursuant to Article 3 of the

Corporate Governance Code and also Article 148 par. 3 TUF: Francesco Saita (Chairman), Pietro Guindani and Mariangela Grosoli.

6.1.2.Functioning

In compliance with the provisions set forth in Criterion 4.C.1 of the Corporate Governance Code, the composition, functioning, organization and activities of the Audit and Related Parties Committee are regulated by the specific section of the Board of Directors' Rules and Regulations.

The Committee shall meet as often as necessary to perform its functions, as well as at the request of any of its members or the Chairman of the Board of Statutory Auditors, through a notice of call sent by the Chairman of the Committee, also through the Secretary of the Committee, usually at least three days before the scheduled date of the meeting. In case of an emergency, determined to be so by the Chairman of the Committee, meetings may be convened with one day notice.

The notice shall state the date, time and venue of the meeting, together with the list of items to be discussed. The meeting shall be considered held at the venue where the Chairman and Secretary of the Committee are located.

The Committee shall be considered valid with the presence of the majority of its members in office and with the absolute majority vote of those present for resolutions; in case of a tie, the vote cast by the Chairman shall prevail.

In the event the Chairman is absent or incapacitated, the oldest member of the Committee shall act as Chairman.

Should the Chairman of the Committee so decide, their meetings may be held using telecommunication means, provided that each attendee can be identified by all the other attendees, and that each attendee is able to intervene in real time during discussions, and is able to receive, transmit and view the documents.

The minutes of the Committee meetings shall be transcribed briefly by the Secretary, who need not be a member of the Committee. The minutes contain, amongst other things, the reasons for any disagreements expressed by the Committee members. The Secretary shall retain the minutes of the meeting for consultation by Committee members who did not attend the meeting, as well as Directors and Statutory Auditors.

The Nominated Official in charge of drawing up Company Accounts, the head of the Internal audit function and the Chairman of the Board of Statutory Auditors, or other statutory auditor by him designated, shall participate in the Committee meetings; executive directors and senior managers of the Company may be invited to participate at the meetings for specific issues.

The Chairman of the Board of Directors and the Managing Director of the Company are invited to take part in the meetings on a permanent basis.

In carrying out their duties, the Committee may rely on adequate financial resources for the performance of their duties, within the limits of the budget approved annually by the Board of Directors.

The Shareholders' Meeting resolves the annual remuneration for the members and/or an attendance fee for participating in the Audit and Related Parties Committee.

The Board of Directors' Rules and Regulations also lay down the rules for temporary replacement of a Committee member with reference to, in particular, cases where the Committee is called on to express an opinion on transactions with related parties and/or associated persons.

In this regard, the Regulation, after making it clear that, for each transaction considered, the members of the Audit Committee must be different from the counterparty and parties related

thereto, establishes that, in the event a member of the Committee is a counterparty of the transaction (or a person associated to the counterparty), they must promptly inform the Chairman of the Board of Directors and the Chairman of the Committee about this situation, and refrain from taking part in any further work of the Committee concerning the relevant transaction.

In this event, the Chairman of the Board of Directors, having consulted with the Chairman of the Audit Committee, immediately replaces the member who is in conflict of interest by appointing, after having contacted him/her, another independent and unconnected member of the Board of Directors.

In case of transactions with related parties and/or associated persons whose completion is urgent and for which the Committee is involved in the negotiation and diligence phases and/or when issuing an opinion, the Chairman of the Audit and Related-Parties Committee, after having acknowledged the urgency of the transaction and having established that the majority or all members are unavailable to meet or to carry out the required activities in time for the transaction to be concluded, shall promptly notify the Chairman of the Board of Directors of this situation.

This communication must be sent no later than the day after the Chairman of the Committee learns that the majority or all of the members are unavailable.

The Chairman of the Board of Directors, having consulted with the Managing Director to assess the actual urgency of the transaction, shall immediately reform the Audit and Related-Parties Committee by appointing the required number of Independent Directors, following the same procedure followed for temporary replacement of a member in case of a conflict of interest (appointment of the replacement(s) from amongst the independent members of the Board of Directors).

The above shall also apply if the unavailability of the majority is due to the resignation of a member of the Committee.

6.1.3 Duties and Responsibilities

In accordance with the recommendations contained in Criteria 7.C.1 and 7.C.2 of the Corporate Governance Code, the role of the Audit and Related-Parties Committee is to provide information, advice, make proposals and enquiries, in defining, based on a risk-oriented approach, the guidelines for the entire internal control system, and to assess its effectiveness and efficiency, so that the main risks are properly identified, as well as appropriately measured, managed and monitored, without prejudice to the Board of Director's power to make all decisions on the issue at hand.

The Committee helps to promote a corporate culture that values the control function, steering it towards a risk-oriented approach.

The Committee's mission also includes evaluating the proper use of the accounting standards for preparing the financial statements, and overseeing the effectiveness of the audits and the activities of external auditors.

The Audit and Related-Parties Committee is also responsible for related-party transactions pursuant to Consob Resolution no. 17221 of 12 March 2010, and with associated persons pursuant to the applicable Supervisory Regulations of the Bank of Italy.

The Audit and Related-Parties Committee is called upon to perform the following activities:

a) as regards the model for outsourcing audit activities adopted by the Bank (see Section 8.1.4 below):
    - acting as a liaison between the Bank and the Group's Independent Auditors, in line with the instructions provided by the Appointed Director and the Regulatory Authority;
    - verifying that the service levels covered by outsourcing contracts for audit activities are complied with at all times, providing support to the Board of

Directors and Appointed Director in evaluating the adequacy of the services received, and verifying that the audits conducted by the internal audit function are primarily based on the constantly updated risk assessment analyses;

- monitoring compliance with Group Audit Standards and the Group Audit Policies;

b) helping to identify internal control system guidelines, based on a risk-oriented approach, so that main risks concerning the Company are correctly identified and adequately measured, managed and monitored;

c) reporting to the Board of Directors, at least every six months, when the financial statements and interim financial statements are approved, on activities carried out, and also describing the essential elements of the internal control system, rating its adequacy, effectiveness and actual functioning;

d) assessing the guidelines and annual audit plan prepared by the internal audit function, checking compliance and monitoring the adequacy, effectiveness and efficiency of the above-mentioned Internal audit function;

e) examining the periodic reports and audit reports produced by the internal audit function, and evaluating any findings, following actions taken to remedy deficiencies/anomalies identified, as well as the implementation of corrective measures proposed and adoption of suggested recommendations;

f) evaluating the proper use of accounting standards and their uniformity for preparing the financial statements, in conjunction with the company financial reporting officer and external auditors;

g) examining the process for preparing the quarterly and half-year financial reports as well as the annual financial statements, on the basis of the reports by the heads of the relevant function;

h) evaluating the proposals made by external auditors seeking to obtain appointment, including the amount of remuneration;

i) overseeing the audit process, reviewing the audit work plans and the findings contained in the audit report and any letter of recommendations;

j) meeting with the external auditors at least once a year;

k) examining the reports received by the Board of Statutory Auditors, by the Supervisory Body pursuant to Law 231/01, and by the Regulatory Authorities, to assess the findings and ensure that action is taken to remedy any abnormal situation or shortcomings reported;

l) where deemed appropriate, requesting the internal audit function to conduct audits on specific operational areas, at the same time informing the Chairman of the Board of Statutory Auditors, the Chairman of the Board of Directors and the Appointed Director;

m) expressing its opinion on the Corporate Governance Report to the Board of Directors, for the purposes of describing the main features of the internal control and risk management system, and its evaluation on its adequacy;

n) formulating preliminary opinions (binding, where appropriate) on procedures for the identification and management of transactions with related parties and/or associated persons carried out by the Company as well as on the relevant changes thereof;

o) formulating preliminary, reasoned opinions, when explicitly required, also in the interest of carrying out transaction with related parties and/or associated persons to be completed by the Bank, and on the appropriateness and fairness of the relative terms and conditions;

p) in case of material transactions with related parties and/or associated persons, the Committee is involved – if considered necessary by the Committee, through one or more of its members – in the negotiation and the diligence phase by being sent a complete and prompt stream of information, with the right to request information and make observations to the appointed bodies and persons in charge of conducting the negotiations or diligence phases.

6.1.4 Activities performed

During 2015, the Audit and Related Parties Committee carried out the duties assigned to it by the Board of Directors, operating with advisory and recommendation functions with regard to the topics concerning the internal control system and management of risk.

In this respect, it met 16 times, with an average duration of three hours, examining the results of the activities performed by the control functions (audit, compliance and risk management) through an in-depth analysis of the quarterly reports prepared by said functions; it also examined the process used to determine the periodic accounting situations and evaluated the proper use of the accounting principles, in addition to their uniformity for preparation of the financial statements.

With regard to transactions with related and/or associated parties, it drew up, in the cases expressly envisaged by the internal procedures, preventive and justified opinions on the Bank's interest in carrying out said transactions and on the advantage and substantial fairness of the relative conditions.

Particular attention was paid to examining the risk and governance aspects connected to the use of funds from customer deposits, as well as analysis of outsourced services contracts.

The Committee also performed ongoing supervision of the project for adaptation of the Bank to the provisions of the "New regulations for the prudential supervision of banks" (already provided by Bank of Italy Circular no. 263 of July 2, 2013 - 15th amendment).

7. REMUNERATION AND APPOINTMENTS COMMITTEE

For the information requested with regards to the set-up, tasks and functioning of the Remuneration Committee, please refer to the Chapter "*Remuneration Committee*" of the "*Annual Compensation Report*" published, within the context of "*2016 FinecoBank Compensation Policy*", according to Section 123-*ter* of TUF, Section 84-*quater* of Issuer Regulation and the provisions set forth in Title IV, Chapter 1, Table 15 of Bank of Italy Circular 263.

8. REMUNERATION COMMITTEE

As a single Remuneration and Appointments Committee has been established, see Section 7.

9. REMUNERATION OF DIRECTORS

For the information requested with regard to the compensation for the Executive Directors, the Non-Executive Directors and the Key Management Personnel and for that concerning the Indemnities to Directors in the event of resignation, dismissal or termination of employment following a public purchase offer (as per Section 123-*bis*, paragraph 1, letter i), of TUF), please refer to the Chapters "Non-Executive Directors Compensation" and "Compensation of Executives with Strategic Responsibilities" of the "Annual Compensation Report" published – within the context of "2016 FinecoBank Compensation Policy" – according to Section 123-*ter* of TUF, to Section 84-*quater* of Issuer Regulation and the provisions set forth in Title IV, Chapter 1, Table 15 of Bank of Italy Circular 263.

10. CONTROL AND RISKS COMMITTEE

The functions that the Corporate Governance Code assigns to the Control and Risks Committee have been assigned to the Audit and Related Parties Committee.

11. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

The internal control system is a fundamental part of the overall governance system of banks. It has a central role in the organization and ensures the effective monitoring of risk, so as to guarantee that operations are in line with company strategies and policies and based on principles of sound and prudent management.

A efficient and effective internal control system forms the basis for creating value in the medium and long term, for safeguarding the quality of operations and for a correct perception of risk and appropriate allocation of capital.

The Company's internal control system is on the principles of the Corporate Governance Code for Listed Companies, applicable regulations and best practices, and:

- concerns control function and positions, involving within their area of responsibility, the Board of Directors, the Audit and Related-Parties Committee, the Internal Control System and Risk Management System Director, the Board of Statutory Auditors, as well as company functions with specific internal control duties;

- establishes procedures for entities involved in the internal control and risk management system to work together.

On 15 April 2014, the Board of Directors, in compliance with Stock Exchange Regulations and relative Instructions, approved the Memorandum describing the management control system adopted by FinecoBank and certified that the Company had adopted a management control system that could promptly and periodically give managers sufficiently in-depth information on the economic and financial situation of the company and main group subsidiaries, and provided for the following: (i) the monitoring of main key performance indicators and risk factors of companies and main group subsidiaries; (ii) the production of data and information with particular reference to financial information, according to analysis profiles that are adequate for the type of business, organizational complexity and specific information needs of management; (iii) the processing of forward-looking financial data for the industrial plan and budget, as well as the monitoring of company objectives being achieved, based on deviation analysis.

Board of Directors and Audit and Related Parties Committee

The guidelines of the internal control and risk management system (the "Internal Control and Risk System") are established by the Board of Directors. Accordingly, the Board ensures that the main risks to which the Bank is exposed are adequately identified, measured, managed and monitored.
In this context, the Board of Directors revises and updates the Risk Appetite Framework on an annual basis, and in line with schedules for the budget process and definition of the financial plan, in order to guarantee a business development that has a correct risk profile and complies with national and international regulations.

During 2015, the Board approved the "*Group Risk Appetite Framework*" Global Policy and new "*2015 FinecoBank Risk Appetite*" (replacing the same document for 2014), which sets out the risk profile in relation to three areas (capital adequacy, profitability and risk, monitoring of specific risks such as credit risk, operational risk, market risk and funding and liquidity), defining reference metrics for each one.

The definition process, revised from the previous version, is structured so as to guarantee consistency with the budget, while KPIs (Key Performance Indicators) were revised to include simple, comprehensible metrics.

The Risk Appetite Framework of FinecoBank not only includes the list of relevant metrics, but also the targets, triggers and reference limits: i) targets represent the extent of risk the Bank is prepared to undertake to achieve its budget objectives and defines the constraints for development of the business, ii) triggers represent alarm thresholds which activate the analysis of possible mitigation actions and require reporting to the CEO; iii)

limits are the values that must not be exceeded; if exceeded, the Board of Directors must be informed.

As regards competencies, the Board of Directors' Rules and Regulations establish that the Board is responsible for the Internal Control and Risk System, and provides guidelines for and assesses the adequacy of the system; from its members the Board appoints:

- the director for establishing and maintaining an effective internal control and risk management system (the "Internal Control and Risk Management System Director");
- an Audit and Related-Parties Committee (hereinafter also abbreviated to the "Audit Committee") consisting entirely of independent directors. This Committee assists the Board of Directors, based on adequate preliminary activities, in its assessments and decisions concerning the internal control and risk management system, as well as the approval of periodical financial reports.

The Board of Directors, with the prior approval of the Audit Committee:

a. establishes the guidelines of the Internal Control and Risk System, assesses, at least annually, the system's adequacy in relation to the business and risk profile undertaken, as well as its effectiveness, assigning the Internal Control and Risk Management System Director to establish and maintain an effective Internal Control and Risk System;
b. appoints, after consulting with the Board of Statutory Auditors, an Internal Audit Manager (the "Head of Internal Audit"), who ensures that the Internal Control and Risk system is functioning and adequate and that internal audit activities are carried out independently and in such a way as to guarantee their effectiveness and efficiency;
c. approves, at least annually, the work plan prepared by the Head of Internal Audit, after consulting with the Board of Statutory Auditors and obtaining approval from the Audit Committee and Director;
d. assesses, after consulting with the Board of Statutory Auditors, the results of the external auditors in the opinion letter and report on fundamental issues identified during auditing.

The Board of Directors assesses, among others and at least annually, the adequacy, functioning and effectiveness of the Internal Control and Risk System, assisted by the Audit Committee, based on :

- reports from the Managers of: the Compliance function, the Risk Management function and Internal Audit function;
- reporting from the Financial Reporting Officer on the proper use of accounting standards and their consistency for preparing consolidated financial statements;
- all useful information on the monitoring of overall company risk which is provided by relevant units and/or the External Auditors.

The Board globally monitors main company risks, assisted by the Audit Committee (see Section 6.1 above).

The Board of Directors also determines the objectives and strategies to guarantee the operating continuity of the service, ensuring adequate resources to achieve established objectives. It approves the operating continuity plan and subsequent amendments, accepting residual risks not managed by the operating continuity plan.
It is informed, at least annually, of the results of controls on the plan's adequacy and on operating continuity measures. It appoints an operating continuity plan manager.

With specific reference to non-compliance risk[1], the Board of Directors, after consulting with the Board of Statutory Auditors, approves risk management policies, evaluates, at least once a year and with the technical support of the Audit Committee, the adequacy of the organizational unit, the quality and amount of resources of the Compliance function and analyses periodic reports on its controls on non-compliance risk management.

Moreover, the Board of Directors accepts general responsibility for direction and control of the information system, with optimal use of the technological resources supporting the company strategies (ICT governance). In this respect, it:

- approves the IT development strategies and architectural reference model, the sourcing strategies and the IT risk propensity, in accordance with the risk objectives and the reference framework for determination of risk propensity at company level;
- approves the IT security policy;
- approves the guidelines on recruitment of personnel with technical functions and on the acquisition of systems, software and services, including the use of external suppliers;
- promotes development, sharing and updating of ICT knowledge in the company.

With specific regard to exercising its supervisory responsibility in the analysis of ICT risk, the Board:

- approves the organisational and methodological reference framework for analysis of ICT risk, promoting the appropriate enhancement of information on technological risk within the ICT function and integration with the risk measurement and management systems (in particular, operational, reputational and strategic risks);
- approves the ICT risk propensity, having considered internal services and those offered to clientele, in accordance with the risk objectives and the reference framework to define risk propensity at the company level.

With regard to the aforementioned responsibility, it is informed at least annually on the adequacy of services offered in relation to costs sustained and on the ICT risk situation with regard to risk propensity.

The Board of Statutory Auditors

The Board of Statutory Auditors of FinecoBank monitor the effectiveness, completeness, adequacy, functioning and reliability of the internal control and risk management system, and of the Risk Appetite Framework, in line with requirements of the Corporate Governance Code for Listed Companies and New Regulations for the Prudential Supervision of Banks, already provided in Circular no. 263 of 27 December 2006 – 15th edition of 2 July 2013.

It also monitors compliance with the Internal Capital Adequacy Assessment Process (ICAAP) and the completeness, adequacy, functioning and reliability of the operating continuity plan.

With specific reference to the possibility of the Board of Statutory Auditors to undertake Supervisory Body functions pursuant to Legislative Decree 231/2001, the Company considered it appropriate to assign these functions to a specifically established Body (see below).

The Board of Statutory Auditors establishes appropriate working relations with the Audit Committee to carry out joint activities, in compliance with individual areas of responsibility.

To carry out its duties, the Board of Statutory Auditors receives adequate information flows from other company bodies and control functions.

[1] Non-compliance risk may be defined as the risk of incurring legal or administrative sanctions, financial losses or sustaining reputational damage, as a result of non-compliance with financial and banking laws, regulations, codes of conduct and good practices.

Control functions

FinecoBank's internal control system is based on four types of controls:

(i) *level one controls* ("line controls"): these are controls relative to individual activities and are carried out according to specific operational procedures based on a specific internal regulation. "Process supervisors" monitor and continually update these processes, establishing appropriate controls to ensure the proper performance of daily activities by personnel concerned, as well as compliance with delegated powers. Formalised processes concern units that have contacts with customers and Company units that are exclusively internal;

(ii) *level two controls*: these are controls related to daily operations connected with the process to measure quantifiable risks and are carried out by units other than operating units, on an ongoing basis. the Risk Management function controls market, credit and operational risks, as regards compliance with limits assigned to operating functions and the consistency of operations of individual production areas with established risk/yield objectives; the Compliance function controls non-compliance risks;

(iii) *level three controls*: these controls are typical of internal auditing, based on analysis of information obtained from databases or company reports, as well as on-site controls. The purpose of these controls is to check the functioning of the overall internal control system and identify any anomalous trends, or infringements of procedures or regulations. These controls are assigned to the Internal Audit function, which operates at a central level, at UniCredit, based on a specific service agreement;

(iv) *institutional supervisory controls:* these refer to controls by Company bodies, including in particular the Board of Statutory Auditors and Supervisory Body pursuant to Legislative Decree no. 231 of 8 June 2001.

The Risk Management function

The Risk Management function prevents and monitors different components of Bank risks. In particular the Risk Management Function controls credit, market and operational risk to which the Bank is exposed. Risk Management also involves monitoring business, reputational and liquidity risk.

The risk control function:

(i) is involved in defining the RAF, risk governance policies and various stages comprising the risk management process, as well as establishing operating limits for various types of risk. In this context, it proposes quantitative and qualitative parameters necessary to define the RA, which refer to stress scenarios and, in the case of changes the bank's internal and external operating context, modifications to these parameters;
(ii) checks the adequacy of the RAF and on an ongoing basis the adequacy of the risk management process and operating limits;
(iii) is responsible for developing, validating and maintaining the independence of risk measurement and control systems in order to report periodically to Control Bodies, the Board of Directors and the Parent Company;
(iv) it defines the metrics to use to assess operational risk in line with the RAF, coordinating with the compliance function, ICT function and operating continuity function;
(v) defines procedures for assessing and controlling reputational risk, coordinating with the compliance function and with company functions that are most exposed;
(vi) assists company bodies in assessing strategic risk, monitoring significant variables;
(vii) ensures the consistency of risk control and measurement systems with processes and methodologies to assess company activities, coordinating with company units concerned; (vii) develops and adopts indicators that can identify anomalies and inefficiencies in risk control and measurement systems;

(viii) analyses the risks of new products and services and risks from entering new operating and market segments;
(ix) gives prior opinions on the consistency of material transactions with the RAF, and obtains the opinion of other functions involved in the risk management process, depending on the nature of the transaction;
(x) monitors actual risk undertaken by the bank, on an ongoing basis, and consistency with risk objectives, as well as compliance with operating limits assigned to operating units in relation to the undertaking of different types of risk;
(xi) checks the adequacy and effectiveness of measures taken to remedy inefficiencies identified in the risk management process.

The Risk Management function also develops the ICAAP - Internal Capital Adequacy Assessment Process - in compliance with Basel II requirements, updates to Basel III requirements and indications from the Parent Company UniCredit.

The function also carries out monitoring and reports to company bodies (Managing Director and General Manager, Board of Directors, Audit Committee and Board of Statutory Auditors) and to the Risk Committee.

Reporting to corporate bodies consists of the quarterly report on the Bank's risk exposure; specific reporting is also prepared for the Risk Committee, with operating information in relation to key risk indicator performance and consequent corrective measures.

The Compliance Function

The Compliance function monitors non-compliance risk management[2] with a risk-based approach, referring to all company operations and ensuring that internal procedures are appropriate for preventing this type of risk.

The Compliance function assists/supports Management and Company employees in managing non-compliance risk and monitoring the correct performance of business operations so as to ensure compliance with current regulations, internal procedures and applicable best practices.
For an effective management of non-compliance risk, the Company shall have a Compliance function. This function must be independent, with a sufficient number and quality of human and technical resources for duties to perform, and may deal freely with Senior Management and company bodies; it shall have access to all resources and company information and may report any matter directly to higher hierarchical levels.

The role and requirements of the Compliance function are regulated in specific Global Rules issued by UniCredit and implemented by the Company.
Compliance activities at FinecoBank are based on the Group model which centralises activities with the Parent Company, through a specific outsourcing agreement, and establishes a Compliance Officer Unit at the Company, to implement methodologies to assess and monitor non-compliance risk.

The mission of the Compliance reference unit is to support the Company, the Company Bodies and personnel in managing the risks of non-compliance with regulations with regard to all company operations, verifying that internal procedures are adequate in preventing this risk.
The above is in compliance with the provisions of Bank of Italy Circular no. 285 and with the Global Compliance Rules and Group methods.

[2]Non-compliance risk may be defined as the risk of incurring legal or administrative sanctions, financial losses or sustaining reputational damage, as a result of non-compliance with financial and banking laws, regulations, codes of conduct and good practices.

In particular, management of the risk of non-compliance with regulations is carried out through:

- Pro-active consulting, as well as on request
  - ongoing identification of the laws applicable to the bank and of the consequent risks of non-compliance; definition of the impact on company processes and procedures, including the information system (ICT Compliance);
  - ex ante assessment of compliance with regulations applicable to products, processes, organisational structures, incentive system, training modules and, in particular, innovative projects (including operations in new business lines and geographical areas) that the bank intends to undertake, as well as prevention and management of conflicts of interest among the various activities carried out by the bank, with regard to employees and collaborators;
  - participation, where required, in Group projects and work groups according to area of responsibility.
- Communication
  - promotion of a culture based on compliance with internal and external regulations and international best practices, through adoption (upon the appropriate adjustments in order to incorporate the specific characteristics of Fineco) of the Global Compliance Rules (Policies and Operational Instructions) issued by the Parent Company, drawing up of Circulars and Service Orders, notes, memoranda, opinions and communications, as well as through personnel training activities;
  - collaboration with the other Bank functions and, in particular, with those that oversee management and control of risks (starting with Internal Audit and Risk Management), in order to improve overall consistency and ensure mutually adequate and ongoing flows of information.
- Interaction with the Authorities
  - management of the relationship with the Authorities together with other relevant functions (such as participation in discussions on significant legislative and regulatory news, assistance in the preparation of comments on bills, monitoring of requests and inspections by the Authorities and the relative corrective measures).
- Monitoring, surveillance and reporting
  - assessment of the non-compliance risks identified (so-called compliance risk assessment), also through level two controls, definition of corrective measures to mitigate said risks, monitoring of the measures, and initiation of procedures to involve the relevant higher hierarchical levels by topic (escalation) to resolve the critical issues identified;
  - verification of the effectiveness of organisational adjustments (structures, processes and procedures, operational and commercial) recommended to prevent the risk of non-compliance with regulations.

The function is directly responsible for non-compliance risk management in the case of regulations that are more significant as regards non-compliance risk, *i.e.* on banking and the provision of investment services, the management of conflicts of interest, transparency in customer relations and, more in general, on consumer protection and regulations for which strategic oversight at the bank is not already provided for.

With reference to other regulations for which specific types of strategic oversight (e.g. occupational safety, tax laws, etc.) are provided, the Bank, based on an assessment of the adequacy of specialist controls for managing non-compliance risk profiles, adopted the indirect coverage model:

- the specialist unit to adopt the risk assessment methodologies and second level controls defined by the Compliance function;
- the Compliance function ensures the units operate in compliance with the methodologies and procedures provided.

In performing its duties, the Compliance function has access to all bank operations, both central and peripheral, and to all information considered significant in this regard, also through direct interviews with personnel.

The Anti-Money Laundering Service, charged with managing the proper application of regulations with regard to fighting money laundering and the financing of terrorism, was established within the Compliance Reference Unit.

11.1 Director in charge of the Internal Control System and Risk Management

To comply with the recommendation in Principle 7.P.3 of the Corporate Governance Code for Listed Companies, and with Regulations on the Prudential Supervision of Banks issued by the Bank of Italy, the Managing Director and General Manager Mr Alessandro Foti has been appointed Internal Control and Risk System Director.

As part of the internal control system, the Managing Director and General Manager, acting as Internal Control and Risk System Director, is tasked with and is responsible for the following:

i. identifying main company risks, to be examined by the Board of Directors;
ii. defining the means and methods for implementing the control and risk system, using guidelines from the Board of Directors, undertaking the design, management and monitoring of the internal control and risk management system, establishing operating limits for different types of risk and facilitating the development and dissemination of a culture of risk, assisted by relevant functions;
iii. ensuring the overall adequacy of the Control and Risk System, its actual functioning, amendments to take into account changes in operating conditions and the legal and regulatory framework;
iv. establishing and overseeing the implementation of process to approve investments in new products, the distribution of new products or services or start of new activities or entry on new markets, or the implementation of processes and methods to evaluate company operations, in particular financial instruments, overseeing ongoing updates;
v. defining and overseeing the implementation of company policy on the outsourcing of company functions;
vi. defining internal information flows to ensure that company control bodies are fully aware of and can govern risk factors and compliance with the Risk Appetite Framework;
vii. authorizing, within the Risk Appetite Framework and where a tolerance threshold has been defined, the risk appetite being exceeded - within the tolerance threshold limit, reporting to the Board of Directors and identifying the management actions necessary to return the risk to within the established limit;
viii. implementing follow-up measures for the control and risk system after controls have been carried out, adopting necessary corrective measures or actions if inefficiencies or anomalies are identified, or after the introduction of new products, activities, services or processes that are significant;
ix. submitting proposals to the Chairman of the Board of Directors to appoint or remove from office the Head of Internal Audit, ensuring that the Manager has adequate resources to carry out his/her responsibilities;
x. promoting the development, periodic control of the operating continuity plan and its updating, approving the annul plan to control operating continuity measures and examining results of tests documented in a written form;
xi. ensuring completeness, adequacy, functionality (in terms of efficacy and efficiency) and reliability of the Bank's information system.

The Managing Director and General Manager implements the ICAAP (Internal Capital Adequacy Assessment Process), ensuring it conforms to the strategic guidelines and RAF and meets the following requirements: it considers all relevant risks; it includes forward-looking valuations; it uses appropriate methodologies; it is distributed to internal units; it is adequately formalized and documented; it identifies the roles and responsibilities assigned

to company functions and units; it is managed by an adequate number of competent resources, in a hierarchical position appropriate for complying with planning; it is an integral part of management activities.

As regards credit and counterparty risk in particular, the Managing Director and General Manager, in line with strategic guidelines, approves specific guidance to guarantee the effectiveness of the system to manage risk mitigation techniques and compliance with the general and specific requirements of these techniques.

With specific reference to internal risk measurement systems to define capital requirements, the Managing Director and General Manager has the following duties:

- responsibility for the structure and functioning of the selected system; to perform this duty, members shall have an adequate knowledge of relevant aspects;
- issuing instructions so that the selected system is developed based on identified guidelines, assigning duties and responsibilities to company functions and ensuring the formalization and documentation of risk management process stages;
- ensuring that risk measurement systems are part of decision-making processes and use tests;
- considering observations made following the validation process and internal audits.

With regard to non-compliance risk in particular, they ensure the effective management of this risk, also establishing suitable policies and procedures for compliance for with the applicable regulations to be adhered to within the Bank, verifying, in cases of violations, whether the appropriate remedies have been implementing and establishing the reporting flows aimed at ensuring that the Bank's corporate bodies are fully informed about the for the management of non-compliance risk. Assisted by the Compliance function, the Managing Director and General Manager identifies and evaluates at least once a year, the main non-compliance risks to which the Bank is exposed, and plans relative management measures, as well as reporting at least once a year to the Board of Directors on the adequacy of non-compliance risk management.

Pursuant to the Board of Directors' Rules and Regulations, the Managing Director and General Manager promptly reports to the Audit and Related Parties Committee (or Board of Directors) on problems and critical aspects identified or notified while carrying out his/her activities, also reporting to the Chairman of the Board of Directors, so that the Audit ND Related Parties Committee (or Board of Directors) may take appropriate measures.

The Managing Director and General Manager takes part in meetings of the Risk Committee, which is an internal committee with advisory functions concerning strategic guidelines and policies referred to any type of risk.

11.2 Head of the Internal Audit Function

The Internal Audit function, pursuant to supervisory regulations for banks, is independent of other company functions and reports on its activities directly to the Board of Directors (also through the Audit Committee) and to the Board of Statutory Auditors on a quarterly basis; it also attends Audit Committee meetings, which are usually held monthly. As already indicated, FinecoBank's Internal Audit function is outsourced to UniCredit based on a specific service agreement which governs procedures for performing activities.

The Internal Audit Function operates in accordance with the Audit Mandate, most recently approved by the Board of Directors on January 27, 2014. This document defines its mission, responsibilities, organisational positioning, independence, duties and authority.

The purpose of audits is to provide an independent assessment of the adequacy and functionality of the Bank's internal control systems (line or operating controls, or risk management controls), by evaluating the efficiency and effectiveness of information

systems, organizational processes and company procedures, as well as the models and mechanisms for controlling and managing risks, including compliance risk.

The methodology used is based on the following main stages: (i) definition of the "Audit Universe", i.e. organizational and process analysis to identify elements involved in audit activities; (ii) risk assessment, i.e. identifying, assessing and measuring risks to which elements of the "Audit Universe" are exposed; (iii) definition of the annual and long-term audit plan, which establishes the objectives, types and frequency of audits and resources to use based on risk assessment results. Planning for the Financial Advisors Network is based on a combined assessment using a risk-based approach while also considering the frequency of audits.

The audit measures carried out on the Bank as well as on the network of financial advisors may include: (i) **audit processes** aimed at verifying the effective and efficient performance of activities and proper monitoring of risks implicit in the subject audit process; (ii) **audit of Financial Advisors**, conducted within the operational financial advisor network, with the objective of verifying the definition and functioning of level 1 and 2 controls on the main company processes impacting the financial advisor network. Remote audit activities are carried out predominantly with the support of anomaly indicators, together with subsequent on-site analysis to complete the activity; (iii) **specific assessments** referring to individual behaviours or types of behaviours that aim to identify the causes and responsibilities for specific events, accidents or conduct (e.g., measures for cases of fraud and disloyalty belong to this type).

After completing audits and based on findings, the Internal Audit function makes suggestions to relevant company structures. It also informs other company control functions of any inefficiencies, weaknesses and irregularities identified during audits of specific areas or matters within their remit. Actions to remedy identified anomalies and inefficiencies are monitored by a systematic audit tracking process, and if particular risk situations and/or weaknesses in the internal control system are noted, by specific follow up.

Internal Audit may also carry out advisory services which, while not compromising its independence, aim to provide added value and support to the Bank in achieving its objectives, by offering advisory support on the design, functioning and improvement of the internal control system.

Internal Audit achieves its mission and conducts activities in accordance with the Internal Audit Group Standards, which include the Code of Ethics, approved by the Company's relevant Governing Bodies and which are based on International Standards for the Professional Practice of Internal Audit.

The Company has outsourced the Internal Audit function to UniCredit, through a services contract, the last version of which was signed on December 19, 2014. Under this agreement, the Chief Audit Executive manages the agreement and this position is assigned to the Company's Internal Audit Manager, with the same duties and responsibilities as those in Application Criterion 7.C.5 of the Corporate Governance Code for Listed Companies.

In particular, the agreement gives the Chief Audit Executive the task of assessing the Bank's Internal Control and Risk System on an ongoing basis, making observations, proposals and suggestions and providing advice, in order to contribute to improving the effectiveness and efficiency of the system and correcting relative vulnerability factors. The Chief Audit Executive also assists Company bodies in planning audit activities.

With regard to the tasks required of the Head of the Internal Audit Function, the Audit Mandate specifies that said individual shall provide an annual evaluation of the adequacy and effectiveness of the Company's risk management and control processes in the areas covered by the mission and with respect to the relative scope of responsibility, with the objective of assessing, providing added value and contributing to improving the Company's internal control system.

In this scenario, the Head of the Internal Audit Function:

- develops a flexible, annual and long-term Audit plan, through an appropriate evaluation of risks, submitted to the Board of Directors for approval;
- implements the annual Audit plan, as approved, including the tasks or special projects requested by Management and/or by the Audit Committee;
- conducts special investigations on operational events;
- informs the corporate bodies, summarising the results of the Audit activities and the implementation status of Management's action plans.

Moreover, under the agreement, FinecoBank's Board of Statutory Auditors may request the Chief Audit Executive to report in full on activities carried out. In particular, in order to provide the corporate bodies and Senior Management with an overall evaluation of the internal control system, the Chief Executive Officers prepares the quarterly report entitled "Internal Audit Activities and Results (IAAR)". In addition to an assessment of the internal control system, the IAAR contains summary information on the Audit activities performed, on the main risks identified and on the implementation status of Management's action plans. An update on the progress of the annual plan is also provided on a periodic basis. The Chief Audit Executive also submits Audit Reports with a "critical" or "unsatisfactory" assessment directly to the Board of Statutory Auditors and to the Audit Committee; in any case, it may send additional Audit Reports to the Audit Committee and the Board of Statutory Auditors which, regardless of the overall assessment, contain significant shortcomings.

With specific reference to the planning of activities, the Head of the Internal Audit Function has drawn up:

- the Audit Plan, based on the results of the Risk Assessment, in accordance with the Group's Audit Guidelines. FinecoBank's Audit Plan also takes into consideration the requirements of the Supervisory Authorities and corporate bodies;
- FinecoBank's Audit Plan as part of the 5-year long-term Audit Plan based on mandatory Audits and on the risk assessment of FinecoBank's Audit Universe (AU). The long-term audit plan, revised annually based on the risk assessment, permits efficient and effective coverage of the AU, in line with the Bank's risks. IT auditing activities are included within the aforementioned plans.

The Internal Audit function is authorised by the Board of Directors to have unlimited access to all company functions, entries, property and personnel.

On 13 May 2014, the Board of Directors of the Company confirmed Mr Alessandro Carè as Internal Audit Manager of FinecoBank, pursuant to Article 7 of the Code.

The Internal Audit Manager, in compliance with Application Criterion 7.C.5 of the Corporate Governance Code for Listed Companies, is not responsible for any operating area and does not report hierarchically to any operating area manager. He also has direct access to all information useful for carrying out his duties.

11.3 Compliance programme pursuant to Legislative Decree no. 231 of 2001

On 15 March 2010, the Board of Directors approved the Compliance Program of FinecoBank ("Compliance Program"), following the issue of Legislative Decree no. 231 of 8 June 2001, on "Provisions for the administrative liability of corporate bodies, Companies and associations also without legal status" ("Legislative Decree 231/2001"). This document was amended to take into account subsequent regulations and the current version was approved by the Board on August 1, 2014.

Furthermore, on May 11, 2012 the Board of Directors resolved to adopt the Integrity Charter and Code of Conduct of the UniCredit Group, along with the supplementary Fineco regulations. The document combining these (the "Code"), last amended with resolution of January 27, 2014, integrates the current regulations on banking, investment services and employment, identifying the fundamental principles of conduct for those working for the

company. The Regulations therefore concern all persons performing activities on behalf of the Company: members of supervisory, management and control bodies of the Company, employees, financial advisors, outsourcers.

In compliance with Article 6, paragraph 1 of Legislative Decree 231/2001, the Company has also established a "Supervisory Body") to monitor the functioning of and compliance with the Model, and its continual updating.

To this aim, the Supervisory Body (i) has independent powers to act and carry out controls, and independent spending powers, (ii) periodically reports to the Audit and Related Parties Committee on the Programme's functioning, and (iii) gives the Board of Directors, on an annual basis, a written report on the implementation status of the Programme, and in particular, on controls carried out and on critical aspects and anomalies identified.

The Supervisory Body was appointed by the Board of Directors on 15 April 2014, and subsequently the composition has been modified by the February 8, 2016, Board of Directors resolution, which appointed two "external members" replacing the Independent Director who acted as Chairman of the Supervisory Body, according to the previous Model. Therefore, the Supervisory Body will be, as indicated below, with effect from the date of the Shareholders Meeting called for approving the 2015 financial statement.

NAME AND SURNAME	POSITION
Marianna Li Calzi	(Chairman)
Giancarlo Noris Gaccioli	
Fabio Milanesi	GBS Division Manager
Marco Longobardi	Human ResourcesManager
Alessandro Carè	Head of internal Audit
Silvio Puchar	ComplianceOfficer

Compliance Program adopted by the Company, as above described is available on the Issuer web site: www.fineco.it.

11.4 External Auditors Firm

The Shareholders' Meeting of April 16, 2013 appointed Deloitte & Touche S.p.A. as External Auditors, pursuant to Article 16, paragraph 1 of Legislative Decree no. 39 of 27 January 2010, (i) to audit the financial statements of the Issuer for the years from December 31, 2013 to December 31, 2021 (included), including the auditing of the company's accounts, and (ii) the limited auditing of interim reports from 30 June 2013 to 30 June 2021 (included).

The External Auditors' Report also contains the opinion of the External Auditors pursuant to Article 123-*bis* TUF.

11.5 Financial Reporting Officer

As established by Article 28 of the Articles of Association and subject to the mandatory opinion of the Board of Statutory Auditors, the Board of Directors appoints the Officer responsible for preparing the financial reports (the Financial Reporting Officer), who is given the powers in Article 154-*bis* of the TUF.

The above article also establishes that the Financial Reporting Officer is selected by the Board of Directors from Company executives with an appropriate professional profile, i.e. with specific expertise, in administrative and accounting terms, of lending, finance, securities or insurance. This expertise, verified by the Board of Directors, shall be gained from professional experience in a position of adequate responsibility for a suitable period of time and in like-for-like companies. The Financial Reporting Officer shall also meet the good

standing requirements of laws in force for positions indicated in the articles of association. If the Officer no longer meets the good standing requirements, he/she shall be removed from office.

As provided for by Article 154-*bis* of the TUF, the Financial Reporting Officer is responsible for the following: (i) preparing adequate administrative and accounting procedures for preparing financial statements and as well as any other kind of financial disclosure; (ii) including a written statement with the documents and notices required by law or disclosed to the market, containing information and data on the financial position and performance of the Company, that said information and data is truthful; (iii) arranging for the preparation of the financial statements, interim reporting and (iv) within relative areas of responsibility, representing the Bank in relations with the international financial community.

In the meeting of 13 May 2014, subject to approval from the Board of Statutory Auditors and in compliance with Article 154-*bis*, paragraph one of the TUF and Article 28 of the Articles of Association, the Board of Directors of the Company appointed Lorena Pelliciari as Financial Reporting Officer of the Company, assigning her the duties established in Article 154-*bis* of the TUF. This appointment became effective from July 2, 2014 (Listing Date).

Ms. Pelliciari has gained considerable experience as Chief Financial Officer of FinecoBank and therefore has an excellent knowledge of processes for preparing the Company's accounting and financial documents. She therefore meets the professional requirements established in Article 28 of the Articles of Association.

The Board of Directors also gave Ms. Pelliciari the following powers, in order for her carry out her duties as Financial Reporting Officer:

(i) having free access to all information considered relevant for her duties, within the Company;

(ii) taking part in Board Meetings dealing with issues in her area of responsibility;

(iii) engaging with the Company's administrative and control bodies;

(iv) approving company procedures, when they have an impact on the financial statements or other documents which are certified;

(v) being involved in the design of information systems that have an impact on the financial position and performance of the Company;

(vi) using the internal auditing, organization and compliance function to map and analyze processes within her area of responsibility and carry out specific controls;

(vii) using information systems;

(viii) updating, amending and supplementing, also with the assistance of external advisors, procedures on (a) the standardization of information flows to the Financial Reporting Officer and (b) the preparation of financial statements and all other types of financial disclosure.

Lastly, the Board of Directors, in exercising its supervisory powers, established that the Financial Reporting Officer shall report at least quarterly to the Board of Directors on activities carried out, as well as on any critical aspects identified.

Financial reporting process

As regards the main characteristics of the internal control and risk system in relation to financial reporting, including the reporting of consolidated information, under article 154-*bis* TUF, the Financial Reporting officer of FinecoBank is responsible for preparing and adopting adequate administrative and accounting procedures for the preparation of the financial statements, as well as all other forms of financial reporting to the market.

The Financial Reporting Officer, along with the Managing Director and General Manager, in a report on the financial statements and interim abbreviated financial statements shall also certify:

- the adequacy and actual adoption of administrative and accounting procedures;
- compliance with applicable international accounting standards endorsed by the European Community pursuant to regulation (EC) no. 1606/2002;
- the consistency of accounting records;
- the accurate representation of the financial position and performance of the Company;
- the inclusion in the Directors' report on operations of reliable analysis of the company's performance, operations and situation, along with a description of main risks and uncertainties to which it is exposed.

As established by Article 28 of the Articles of Association, the Board of Directors ensures that the Financial Reporting Officer has adequate powers and resources to carry out the duties established by current regulations, and to comply with administrative and accounting procedures. In carrying out his/her duties, the Financial Reporting Officer may be assisted by all Bank units.

11.6 Procedures for the coordination of entities involved in the internal control and risk management system

Procedures for interaction among company functions and entities involved in the risk management and control system have been designed to prevent as far as possible overlapping or gaps, or to alter, even in essence, the main responsibilities of company bodies as concerns the risk management and control system.

Specifically, the Company has significantly consolidated cooperation among control functions, through specific formalized information flows on internal regulations and through managerial committees dedicated to control issues.

Interaction among level two and level three control functions is part of a more general framework of ongoing, proactive cooperation, which is mainly formalized in specific regulations/internal regulations and includes:

- involvement in the process to define and/or update internal regulations on risks and controls;

- the exchange of information flows, documents or data, as well as access to all resources or company information in line with the control requirements of functions;

- involvement in Board and Managerial Committees, systematically or on request;

- involvement in working parties, which are set up from time to time for risk and control issues.

The purpose of improved interaction between control functions and their continual reporting to company bodies is to ultimately establish a corporate governance system that guarantees sound and prudent management, also through a more effective monitoring of risk, at all company levels.

To ensure coordination and interaction among the various functions and bodies with control duties (envisaged by company, accounting or supervisory regulations), after the meeting of the Audit and Related Parties Committee, the Board of Directors has approved a specific document "Document on Bodies and functions with supervisory tasks" – sent to all the areas involved – outlining duties, responsibilities of the various Bodies and functions with supervisory tasks and methods of coordination/collaboration and the information flows transferred among them pursuant to Bank of Italy Circular no. 285 of December 17, 2013 (Title IV, Chapter 3).

12. DIRECTORS' INTERESTS AND RELATED PARTIES TRANSACTIONS

On September 22, 2015, the Board of Directors approved the adoption of the new procedures to manage transactions with related parties and associated persons ("Procedures for Related Parties and Associated Persons" or "Procedures").

The New Procedures were previously reviewed and approved by the Audit and Related Parties Committee.

The Procedures for Related Parties and Associated Persons address governance issues, the scope of the procedures and the procedural and organizational profiles relative to managing transactions with related parties, associated persons and corporate officers pursuant to Applicable Regulations, as regards the operations of the Issuer.

The Procedures cover the following:

- the identification, updating and ongoing monitoring of persons in conflict of interest (previously identified);

- the management of transactions with persons in conflict of interest, with reference to, among others:

- identification of transactions (including exemptions and exclusions);
- management of the deliberative process;
- reporting and transparency obligations to company bodies, the Supervisory Authorities and the market.

They also define:

- procedures for activities to manage transactions with persons in conflict of interest;
- organizational structures involved and their relative role;
- internal and external information flows;
- monitoring and control activities;
- methods for updating the procedures.

The Procedures, in line with the Global Policy issued by the Parent Company UniCredit, are adopted for transactions undertaken by FinecoBank with parties in the "Combined Perimeter" which means the Related Parties and Associated Persons of UniCredit ("UniCredit Perimeter"), of Fineco ("FinecoBank Perimeter") and of other Banks and Intermediaries supervised by UniCredit ("Banks and Supervised Intermediaries Perimeter") combined.

The FinecoBank perimeter includes persons defined as "Consob Related Parties", pursuant to the Related-Parties Regulations, and "Associated Persons ", or Related Parties identified as such pursuant to the Bank of Italy Circular, as well as persons connected to them, in addition to persons who are included in the Perimeter on a voluntary and discretionary basis and not on the basis of the current regulations.

In compliance with Related-Parties Regulations, the New Procedures identify, as regards the materiality threshold, material transactions, non-material transactions and minor transactions.

As regards Transactions with the members of the Combined Perimeter, the Procedures require specific information flows to:

- the Board of Directors and Board of Statutory Auditors
- the Audit and Related Parties Committee
- the Compliance Manager Department
- the CFO
- the Parent Company Central Oversight Unit

The full text of the New Procedures, to which reference is made for further details, is available on the Issuer's website, www.fineco.it.

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Under the principle set out in Article 2391 of the Civil Code concerning the interests of company Directors and the Procedures for Related Parties and Associated Persons, considering that FinecoBank is a banking company also has to comply with Article 136, TUB, according to which officers cannot take on any obligation, directly or indirectly, with the bank they manage, direct or control, unless it is approved unanimously by the supervisory body and with the favorable vote of the members of the controlling body, without prejudice of the requirements of the Civil Code regarding the interests of company Directors.
Accordingly, corporate officers are required to report the names of individuals or companies with whom their entering into relations might constitute an indirect obligation substantially related to the corporate officers.

13. APPOINTMENT OF STATUTORY AUDITORS

In accordance with the recommendations contained in Criterion 8.C.1 of the Corporate Governance Code, statutory auditors shall be chosen among people who may be qualified as independent also on the basis of the criteria provided by the above Code with reference to directors.

In compliance with the laws and regulations applicable to listed companies, Article 23 of the Articles of Association requires that the Board of Statutory Auditors be appointed by the Shareholders' Meeting based on the lists presented by the shareholders, according to the procedure described below.

Shareholders can submit a list for the appointment of Auditors, provided that when they submit the list they hold, alone or in conjunction with other presenting shareholders, at least the minimum percentage of share capital established by the laws and regulations in force at the time. Ownership of the minimum shareholding required is calculated based on the shares registered to each shareholder on the day when the lists are filed at the Company; the related certification may be submitted after the lists have been filed, provided that it is done within the deadline for publication of the lists.

Each party entitled to vote (as well as (i) entitled persons belonging to the same group, intended as a party, which need not be a corporation, exercising control pursuant to Article 2359 of the Civil Code and any subsidiary controlled by or under the control of the said party, or (ii) shareholders who are party to a shareholders' agreement as per Article 122 of Legislative Decree no. 58 of 24 February 1998, or (iii) entitled persons who are otherwise associated with each other in a material relationship pursuant to current and applicable statutory or regulatory provisions) may submit individually or with others only one list, just like each candidate can be included in only one list, or shall otherwise be considered ineligible.

Lists shall be divided in two sections, containing respectively up to three candidates for the position of Statutory Auditor and up to two candidates for the position of Stand-in Statutory Auditor.

At least the first two candidates for the position of Statutory Auditor and the first candidate for the position of Stand-in Statutory Auditor in the respective lists must be entered in the Register of Auditors and have experience as statutory auditors.

Each list for the appointment of Statutory Auditor and Stand-in Statutory Auditor must have a certain number of candidates belonging to the least represented gender, so as to ensure compliance with at least the minimum requirements for gender equality prescribed by current law and regulations.
In order to be valid, the lists must be filed at the Registered Office or the Head Office, also by means of remote communication and in accordance with the procedures stated in the notice of call which allows the identification of the parties filing the lists, no later than

twenty-five days before the date of the Shareholders' Meeting (or within a different period of time according to applicable laws in force at the time) and must be made available to the public at the Registered Office, on the Company's website and through other channels provided for under current laws at least twenty-one days prior to the date of the Shareholders' Meeting (or within a different deadline as per applicable regulations).

Minority shareholders who are not affiliated with the shareholders concerned shall be entitled to extend the deadline for presenting lists in the circumstances and according to the procedures set forth in current laws and regulations.

Each eligible voter may vote for one list only.

The members of the Board of Statutory Auditors shall be elected as follows:

a) 2 (two) Standing Auditors and 1 (one) Stand-in Statutory Auditor are drawn from the list obtaining the largest number of votes cast by the Shareholders, in the order in which they appear on the list;

b) the remaining Statutory Auditor and the remaining Stand-in Statutory Auditor are drawn from the list that obtained the most votes after the list referred to in letter a). The first candidates of the related section are thus elected Statutory Auditor and Stand-in Statutory Auditor.

The Chairmanship of the Board of Statutory Auditors will go to the first candidate of the minority list of Standing Auditors receiving the most votes.

If, in accordance with the deadlines and procedures set forth above, only one list or no list has been presented, or the lists do not contain the required number of candidates to be elected, the Shareholders' Meeting shall pass a resolution for the appointment or completion of the Board of Statutory Auditors by relative majority. If there is a tie vote among several candidates, a run-off election shall be held among them with a further vote of the Shareholders' Meeting. The Shareholders' Meeting shall be required to ensure compliance with the provisions of applicable laws and regulations concerning gender balance.

In the event the death, resignation, withdrawal or removal from office for any other reason of a Statutory Auditor, he/she shall be replaced by the Stand-in Statutory Auditor, from the same list as the outgoing Auditor, in the order in which they appear on the list, complying with the minimum number of members entered in the Register of Auditors who have been engaged in auditing activities, and in compliance with gender equality principles. If this is not possible, the outgoing Auditor shall be replaced by the Stand-in Statutory Auditor meeting the specified requirements, drawn from the minority list which obtained the most votes, following the order in which they appear on the list. Where the appointment of Auditors is not carried out using the slate voting system, the Stand-in Statutory Auditor shall take over pursuant to statutory provisions. Should it be necessary to replace the Chairman, the Stand-in Statutory Auditor taking over shall also serve as Chairman. The Shareholders shall appoint or replace Auditors in meetings called in accordance with article 2401, paragraph 1, of the Civil Code in compliance with the principle of adequate representation of minority shareholders and gender equality. Where the appointment of the Stand-in Statutory Auditor in lieu of the Statutory Auditor is not confirmed by the Shareholders' Meeting, he/she shall return to his/her position as Stand-in Auditor.

14. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS

Pursuant to Article 23 of the Articles of Association and in compliance with current rules and regulations, at least two Standing Auditors and one Stand-in Auditor must have been entered in the Register of Auditors for at least three years and have not less than three years of experience as a statutory auditor. The Auditors who are not entered in the Register of Auditors must have gained at least three years of experience in:

a) professional activities as a certified public accountant or lawyer, rendered primarily to the banking, insurance and financial sectors;

b) teaching, at University level, subjects concerning - in the legal field - banking, commercial and/or fiscal law, as well as financial markets and - in the business/finance field - banking operations, business economics, accountancy, the running of the securities markets, the running of the financial and international markets, and corporate finance;

c) management functions at public entities governmental authorities operating in the credit, financial or insurance sector, as well as in the provision of investment services sector or collective portfolio management sector, both of which are defined in Legislative Decree no. 58 of 24 February 1998.

All Auditors must meet the eligibility, professional competence and integrity requirements provided for by law and any other applicable regulations.

Furthermore, in application of the recommendations contained in Criterion 8.C.1 of the Corporate Governance Code, the Auditors of FinecoBank must meet the independence requirements set forth in Article 3 of the Corporate Governance Code, as well as the requirements provided in Article 148, par. 3, TUF.

In application of Article 144-*novies* of the Issuer Regulations and the above Criterion, the Board of Directors and the Board of Statutory Auditors are responsible for evaluating whether the members of the Board of Statutory Auditors meet the requirements specified above:

(i) following appointment, the outcome of which shall be disclosed to the market by means of a press release;

(ii) on an annual basis, reporting the results thereof in the annual corporate governance report.

The Company's Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting held on April 15, 2014. It shall remain in office until approval of the financial statements for the year ending on December 31, 2016.

In the light of the foregoing, the slate voting system (described in Section 13 of this report) shall be used to appoint the new Board of Statutory Auditors to be carried out during the Shareholders' Meeting for approval of the financial statements for the year ending on December 31, 2016.

The table below provides relevant information about each member of the Board of Statutory Auditors in office as of the date of this Report.

Name and Surname	Position	Year of birth	Date of appointment	Date of first appointment	% Meetings' Attendance	Number of other Positions[1]
Gian-Carlo Noris Gaccioli	Chairman	1951	15.04.2014	14.04.2008	100	0
Barbara Aloisi	Statutory Auditor	1967	15.04.2014	17.04.2012	97	2
Marziano Viozzi	Statutory Auditor	1946	15.04.2014	16.04.2013	86	0
Federica Bonato	Stand-in Statutory Auditor	1955	15.04.2014	15.04.2014	=	1
Marzio Duilio Rubagotti	Stand-in Statutory Auditor	1965	15.04.2014	8.05.2012	=	0

[1] Number of offices as Director or Statutory Auditor in other companies listed in regulated markets, in financial, banking, insurance or large companies (See Attachment 1).

A brief *curriculum vitae* of each member of the Board of Statutory Auditors, highlighting their professional and personal details along with their expertise and experience, is available on the FinecoBank website (www.fineco.it).

The members of the Board of Statutory Auditors have not provided advisory services to the Issuer.

During the last year, the Board of Statutory Auditors met 36 times. The average duration of the meetings was approximately three hours and thirty minutes.

For the current year, 24 meetings of the Board of Statutory Auditors have been planned. As of February 8, 2016 a total of 4 meetings have been held.

All members of the Board of Statutory Auditors meet the professional competence and integrity requirements provided for Article 148 of the TUF and the Regulation adopted with decree no. 162/2000 of the Ministry of Justice.

To the best of the Company's knowledge, none of the members of the Board of Statutory Auditors exceeds the limits on the number of board mandates referred to in Article 144-*terdecies* of the Issuer Regulations, at the time of writing.

During the meeting held on February 3, 2016, the Board of Statutory Auditors has verified the independence of its members in accordance with the Corporate Governance Code and Article 144-*novies* of the Issuers Regulations.

Article 24 of the Articles of Association provides that, in order to properly perform its tasks, and in particular to fulfil its obligation to promptly inform the Bank of Italy, and other Supervisory Authorities if required, on management irregularities or violations of the law, the Board of Statutory Auditors is vested with the broadest powers provided for by current laws and regulations.

The Board of Statutory Auditors, without prejudice to any other or more specific duty and power assigned to it by primary and secondary laws and regulations in force, monitors compliance with laws, regulations and the Articles of Association, as well as the correct administration, adequacy of organisational and accounting arrangements of the Bank, of the risk management and control system, as well as the functioning of the overall internal control system, of the external auditing of the accounts, of the independence of external

auditors and on the financial reporting process. The Board of Statutory Auditors works in close cooperation with the corresponding body of the Parent Company.

The Board of Statutory Auditors takes part in periodic meetings with the Chairman of the Board and with the Managing Director and General Manager, during which they exchange information.

In performing its duties, the Board of Statutory Auditors liaises with the Internal Audit function and the Audit and Related Parties Committee, through ongoing communication and the exchange of information, as well as by taking part in the meetings of the above mentioned Committee.

The special authorization procedure set out in Section 136 of TUB applies to obligations of any kind or to purchase/sale agreements executed, directly or indirectly, by the Board of Statutory Auditors members with the bank for which they perform their duties.

15. RELATIONS WITH SHAREHOLDERS

The Company considers it fitting in its own interests and a duty for the market to forge an ongoing dialogue with its shareholders and institutional investors, in compliance with the procedure for disclosing company documents and information to the market, and in general in compliance with laws and regulations applicable to listed companies.

With particular reference to shareholders, the Company, in compliance with Application Criterion 9.C.3 of the Code, considers the Shareholders' Meeting as an important opportunity for shareholders and directors to engage, and consequently adopts measures that encourage shareholders to take part in the Shareholders' Meeting and exercise their right to vote. In this respect, Article 7 of the Articles of Association (pursuant to Article 2369 of the Italian Civil Code) envisages that the meetings be held in a single session, unless the Board of Directors establishes that they be held in more than one session. Pursuant to Article 135-*undecies* of the TUF, the Company may appoint, for each Shareholders' Meeting, with information given in the notice of meeting, a person (company-appointed representative), that shareholders may appoint to act as proxy with instructions to vote on all or some items on the agenda, according to terms and procedures established by law.

Pursuant to Application Criterion 9.C.1 of the Corporate Governance Code for Listed Companies, relations with institutional investors are instead overseen by the Investor Relator. In this regard, the Board of Directors assigned UniCredit, in a specific services agreement, investor relations activities, based on the expertise and experience developed over the years by the Parent Company. The Board also appointed Ms. Stefania Mantegazza as contract manager for the Investor Relations services that will be provided by UniCredit for the Company, based on the above agreement, assigning her the position of Investor Relator of the Company.

The Investor Relator reports continually to the Company's Senior Management on requirements concerning disclosure to the financial market and in particular to investors.

The Investor Relator is therefore the point of contact between the Issuer and the market and works with the entire company to maintain and promote compliance with regulations on corporate reporting. To this end, the Investor Relator will work in conjunction with the finance, administration, planning and control, legal and corporate affairs of external relations departments.

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The Company has a section on its website www.fineco.it where updated information on the Company and Group, and services offered, providing the key documents on corporate governance, as well as all press releases on the main company events, in addition to financial and accounting data. Information on the website is updated as promptly as possible, to guarantee the transparency and effectiveness of disclosure to the public.

16. SHAREHOLDERS' MEETINGS

In compliance with laws in force, the Ordinary Shareholders' Meeting, pursuant to the Articles of Association, is convened at least once a year, within 120 days from the end of the financial year, to resolve on items in its remit as established by laws in force and the Articles of Association. The Extraordinary Shareholders' Meeting is convened whenever there is a need to resolve on items in its remit as established by the applicable regulations.

The Shareholders' Meeting is convened as one session in compliance with laws in force, however in order to maintain adequate organisational flexibility, the Articles of Association establish that the Board may convene several sessions for individual Shareholders' Meetings.

Meetings are convened according to law, by notice published on the Company's Internet Site, as well as by other procedures required by law. The Agenda is established according to law and the Articles of Association by the person with powers to convene Shareholders' Meetings.

Before the deadline for publishing the notice convening the meeting, based on each item on the agenda – or another term established by law – the Board of Directors shall make available to the public a report on each item on the Agenda.

The Agenda may be supplemented - according to the circumstances, procedures and terms established by laws in force - by shareholders that, even jointly, represent at least 2.50% of the share capital. Shareholders that request an item on the agenda to be added shall prepare a report stating the reasons for proposals to resolve on new items. Shareholders may also submit further proposals for resolutions on items already on the Agenda, giving relative reasons.

The Shareholders' Meeting meets at the Registered Office of the company or at another venue in Italy, indicated in the notice of meeting, and resolves with the majorities established by laws in force.

Quorums are not established in the Articles of Association, therefore in order for the Shareholders' Meeting to be duly established and for resolutions to be passed, laws in force shall be observed.

Pursuant to the Articles of Association, and in line with laws in force on remuneration and incentive policies and practices issued by Consob, and, for banks and banking groups, issued by the Bank of Italy, the Ordinary Shareholders' Meeting establishes the fees of the bodies it appoints, and also approves: (i) remuneration policies for Board Directors, employees and persons working for the company on a self-employed basis; (ii) remuneration plans based on financial instruments; (iii) payments agreed on in the event of the early termination of employment or early termination of an appointment, including the limits established for said fees in terms of annual fixed remuneration.

When approving remuneration policies, the Shareholders' Meeting may increase the limit of the ratio between variable and fixed remuneration up to a maximum of 2:1 or, if lower, to the maximum allowed by applicable laws in force. The Shareholders' Meeting votes on the Company's policy on the remuneration of Board Directors, the General Manager and Key Management Personnel, and the procedures used to adopt and implement this policy.

16.1 Legitimation, procedures for taking the floor and voting

According to applicable regulations, referred to in Article 8 of the Articles of Association, persons may take part in the shareholders' meeting and exercise their voting rights following notification sent to the Company, within the legal established time limits, by the intermediary authorized by law to keep the accounts, based on the entries in the accounting records relative to the end of the accounting day of the seventh open market day prior to

the date established for the shareholders' meeting convened as a single session, or as a first session if the Board of Directors has planned for further sessions to take place.

The Articles of Association enable shareholders to take part in the Shareholders' Meeting using telecommunication means and to exercise voting rights digitally. The decision to activate these means is to be taken by the Board of Directors for each Shareholders' Meeting.

Article 8 of the Articles of Associations that will come into effect when trading of shares commences also establishes that shareholders who may take part in Shareholders' Meetings can be represented by written proxy by another person, who is not necessarily a shareholder, provided this complies with legal provisions. Voting by proxy may also be authorized by a document signed digitally pursuant to laws in force and notified to the Company at the email address and according to procedures indicated in the notice of meeting, or by another procedure established by current laws in force.

In compliance with Application Criterion 9.C.2 of the Corporate Governance Code for Listed Companies, which recommends the involvement of directors in Shareholders' Meetings as an important opportunity for director/shareholder engagement, all directors usually take part in the Shareholders' Meetings of the Company. On these occasions, the Board of Directors, in particular, reports on past and planned activities and ensures shareholders are given sufficient information on items necessary for them to make informed decisions during shareholders' meetings.

The Board reports to the Shareholders' Meeting on past and planned activities within the context of the Directors' Report on Operations. It also gives shareholders sufficient information on items necessary for them to make informed decisions during shareholders' meetings, ensuring that Directors' reports and additional documents are made available within the times established by regulations and laws.

16.2 Proceedings of shareholdings' meetings

The Shareholders' Meeting adopted regulations for the orderly and functional proceedings of shareholders' meetings. The Regulations for Shareholders' Meetings, is available on the Company's Internet Site.

Under Article 8 of the Regulations for Shareholders' Meetings, persons who are entitled to take part in shareholders' meetings may take the floor as regards each item to discuss. Persons intending to take the floor shall request permission from the Chairman, submitting a written request with details of the issue the request refers to, after the Chairman has read the items on the Agenda and before he declares discussions the request to take the floor refers to as closed. The Chairman may authorize requests to take the floor to be made with a show of hands, and in this case persons take the floor in the alphabetical order of their surnames.

17. CHANGES AFTER THE END OF THE YEAR

Concerning the events occurred after December 31, 2015, it has to be pointed out that, on February 8, 2016, the Board of Directors resolved that, from April 1, 2016, an internal Compliance function must be responsible for the management of non-compliance risk.

FINECO
THE NEW BANK

ATTACHMENT 1

OFFICES HELD BY DIRECTORS OF FINECOBANK IN OTHER COMPANIES LISTED IN REGULATED MARKETS, IN FINANCIAL, BANKING, INSURANCE OR LARGE COMPANIES

	List of offices	**Company belongs to UniCredit Group**	
		YES	**NO**
Enrico Cotta Ramusino *Chairman*	Director, Salvatore Maugeri Foundation		x
Francesco Saita *Vice Chairman*	-	-	-
Alessandro Foti *Managing Director and General Manager*	-	-	-
Gianluigi Bertolli *Director*		-	-
Mariangela Grosoli *Director*	-	-	-
Pietro Angelo Guindani *Director*	Chairman, Vodafone Italia S.p.A. Director, ENI S.p.A. Director, Salini-Impregilo S.p.A.	- - -	x x x
Girolamo Ielo *Director*	-	-	-
Marina Natale *Director*	-	-	-
Laura Stefania Penna *Director*	Director, BANK PEKAO Director, UBIS	x x	- -

OFFICES HELD BY STATUTORY AUDITORS OF FINECOBANK IN OTHER COMPANIES LISTED IN REGULATED MARKETS, IN FINANCIAL, BANKING, INSURANCE OR LARGE COMPANIES

	List of offices	Company belongs to UniCredit Group	
		YES	NO
Giancarlo Noris Gaccioli *Chairman*	-	-	-
Marziano Viozzi *Statutory Auditor*	-	-	-
Barbara Aloisi *Statutory Auditor*	Statutory Auditor, SIAD S.p.A. Statutory Auditor, N&W GLOBAL VENDING S.p.A.	-	x x
Federica Bonato *Stand-in Statutory Auditor*	Statutory Auditor, Cattolica Assicurazione	-	x
Marzio Duilio Rubagotti *Stand-in Statutory Auditor*	-	-	-

Translation in English of the document originally issued in Italian. In the event of any discrepancy, the Italian language version prevails.

Piazza Durante, 11
20131 Milan MI
freephone 800.52.52.52
From a mobile phone or from abroad
02.2899.2899
e-mail helpdesk@fineco.it

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