

ANNEX 2  
**TO 2018  
COMPENSATION  
POLICY  
FINECOBANK**

2018 COMPENSATION SYSTEMS  
BASED ON FINANCIAL INSTRUMENTS



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# 1. Introduction

Pursuant to the provision set forth in Article 114-bis of legislative decree no. 58 of February 24<sup>th</sup>, 1998 as well as to the provisions of the issuer adopted by Consob with resolution no. 11971 of May 14<sup>th</sup>, 1999 (the “Issuers Regulations”) regarding the information to be disclosed to the market in relation to the granting of awarding plans based on financial instruments, the Board of Directors of FinecoBank (the “Board of Directors”) prepared this information memorandum which will be reported to the Ordinary General Shareholders’ Meeting of FinecoBank on April 11<sup>th</sup>, 2018 which is called to resolve, *inter alia*, upon the approval for 2018 of the following new incentives plans:

- **“2018 Incentive System”** defined in order to reward employees, belonging to *Identified Staff*, with an incentive payable in cash and/or free Fineco ordinary shares over a multi-year period, according to the modalities described below and subject to the achievement of specific performance objectives;
- **“2018 – 2020 Long Term Incentive Plan” for FinecoBank Employees** defined in order to reward a selected group of Company employees, with an incentive payable in free Fineco ordinary shares according to the modalities described below and subject to the achievement of specific performance objectives defined for the 2020, over a multi-year period (2021-2025);
- **“2018 Incentive System for Financial Advisors belonging to *Identified Staff*”** defined in order to reward Financial Advisors, belonging to *Identified Staff*, with an incentive payable in cash and/or Fineco ordinary shares over a multi-year period, according to the modalities described below and subject to the achievement of specific performance objectives;
- **2018 – 2020 Long Term Incentive Plan for Personal Financial Advisors “Identified Staff”** defined in order to reward Personal Financial Advisors that will be identified as “Identified Staff” in the 2020 performance year, with an incentive payable in cash and/or Fineco ordinary shares over a multi-year period (2021-2025), according to the modalities described below and subject to the achievement of specific performance objectives.

This Information Memorandum – prepared in compliance with Scheme 7 of Annex 3A to the Issuers Regulation – was also prepared for the purpose of giving information concerning the execution of the following **“FinecoBank Compensation Systems”** already approved by the Shareholders’ Meetings of April 11<sup>th</sup>, 2017, of April 12<sup>th</sup>, 2016, of April 23<sup>rd</sup>, 2015 and of June 5<sup>th</sup>, 2014, and defined in order to assign free shares to selected resources of FinecoBank, according to the modalities described below and subject to the achievement of specific performance objectives:

- **2017 Incentive System for Financial Advisors**
- **2017 Incentive System**
- **2016 Incentive System for Financial Advisors**
- **2016 Incentive System**
- **2015 Incentive System for Financial Advisors**
- **2015 Incentive System**
- **2014 Incentive System**
- **“2014-2017 Multi-year Plan Top Management”**
- **“2015-2017 Plan PFA”**

Pursuant to the definition set forth in article 84-bis of the issuer regulations, the above mentioned incentive plans, in consideration of their beneficiaries, have the nature of “relevant plans”.

## 2. 2018 Incentive system

In compliance with the Bank of Italy provisions set forth in Circular 285, December 17<sup>th</sup>, 2013 (Section “*Regulations on remuneration and incentive policies and practices of Banks and Banking groups*”) – VII Update of November 18<sup>th</sup>, 2014, First Part, Title IV, Chapter 2, implementing the *Capital Requirements Directive* 2013/36/EU (CRD IV) and in line with the guidelines issued by *European Banking Authority* (EBA), FinecoBank defined compensation systems based on financial instruments in order to align shareholders and management interests, reward long-term value creation, share price appreciation and motivate and retain key resources of FinecoBank. For this purpose it was proposed the adoption of the Plan “**2018 Incentive System**” (hereinafter also “**2018 System**”), which provides for the allocation of an incentive – in cash and/or free Fineco ordinary shares – to be granted in a multi-year period, subject to the achievement of specific performance objectives.

### 2.1 BENEFICIARIES OF THE PLAN

The employees of FinecoBank that benefit from the 2018 Incentive System are 16 *Identified Staff* whose activities have impacts on Bank's risks as specified in section 2.1.2.

On the basis of the criteria established by Shareholders' Meeting, the Board of Directors will be delegated to identify the actual beneficiaries belonging to the categories described in this section 2.1.

#### 2.1.1 Indication of the name of beneficiaries who are members of the Board of Directors of FinecoBank and of the companies directly or indirectly controlled by FinecoBank

Mr. Alessandro Foti, Chief Executive Officer and General Manager of FinecoBank, is among the beneficiaries of 2018 Incentive System.

#### 2.1.2 The categories of employees or collaborators of FinecoBank and companies controlling or controlled by this issuer

The employees of FinecoBank that are defined as *Identified Staff* and benefit from the 2018 Incentive System are defined based on criteria provided by *European Banking Authority* (EBA) *Regulatory Technical Standards* issued on December 16<sup>th</sup>, 2013, as follows:

- Chief Executive Officer (CEO) and General Manager (GM), Deputy General Managers (DGM), Executive Vice Presidents (EVP), Senior Vice Presidents (SVP), direct reports to strategic supervisory, management and control bodies;
- Employees with total remuneration greater than € 500,000 in the last year;
- Employees included within 0,3% of staff with the highest remuneration at local level;
- Other selected roles (including new hires).

#### 2.1.3 Individuals who benefit from the Plan belonging to the following groups:

##### a) General Manager of FinecoBank

Mr. Alessandro Foti, Chief Executive Officer and General Manager of FinecoBank, is among the beneficiaries of 2018 Incentive System.

##### b) other Executives with strategic responsibilities of FinecoBank not classed as “small”, in accordance with Article 3, paragraph 1, letter f) of Regulation no. 17221 of 12 March 2010, if they have, during the course of the year, received total compensation (obtained by adding the monetary compensation to the financial instrument-based compensation) in excess of the highest total compensation assigned to the members of the Board of Directors or Management Board, and to the General Manager of FinecoBank

None of FinecoBank Executives with strategic responsibilities meet the description; therefore no information is provided in connection thereto.

##### c) natural persons controlling FinecoBank, who are employee or collaborator of FinecoBank

No individual controls FinecoBank and, therefore, no information is provided in connection thereto.

## 2. 2018 Incentive system (CONTINUED)

### **2.1.4 Description and numerical indication, broken down according to category:**

#### **a) Executives with strategic responsibilities other than those specified under lett. b) of paragraph 2.1.3**

Amongst the beneficiaries of the 2018 Incentive System, along with the Chief Executive Officer and General Manager, there are n. 5 executives of FinecoBank who have regular access to privileged information and are authorized to take resolutions capable of influencing the development and prospects of FinecoBank:

1. the Deputy General Manager and Head of Global Banking Services, Mr. Fabio Milanese
2. the Deputy General Manager and Head of Global Business, Mr. Paolo Di Grazia
3. the Head of Commercial PFA Network, Mr. Mauro Albanese
4. the Head of Investment Services and Private Banking, Mr. Carlo Giauxa
5. the Chief Financial Officer, Mrs. Lorena Pelliciarì

#### **b) in the case of “small” companies, in accordance with Article 3, paragraph 1, letter f) of Regulation no. 17221 of 12 March 2010, the indication for the aggregate of all Executives with strategic responsibilities of the financial instrument issuer**

This provision is not applicable.

#### **c) other categories of employees or collaborators for which different characteristics are envisaged for the plan (e.g. executives, middle management, employees etc.)**

There are no classes of employees to which different characteristics of the 2018 Incentive System apply.

## **2.2 THE REASONS FOR THE ADOPTION OF THE PLAN**

### **2.2.1 The targets which the parties intend to reach through the adoption of the plan**

The 2018 Incentive System aims to attract, retain and motivate FinecoBank beneficiaries in compliance with the most recent national and international regulatory requirements with the aim to define – in the interest of all stakeholders – incentive systems in line with long-term Company strategies and goals, linked to Bank results, adjusted in order to consider all risks, in coherence with capital and liquidity levels needed to cover the activities in place and, in any case, able to avoid misleading incentives that could drive to regulatory breaches or to assume excessive risks for the Bank and the system in its whole.

The 2018 Incentive System is compliant with FinecoBank Compensation Policy and with the national and international regulatory requirements providing for:

- allocation of a variable incentive defined based on available bonus pool, individual performance evaluation, internal benchmark for specific roles and bonus cap as set by the Ordinary Shareholder’s meeting;
- definition of a balanced structure of “upfront” (done at the moment of performance evaluation) and “deferred payments”, in cash and in shares;
- distribution of share payments, coherently with the applicable regulatory requirements regarding the application of share retention periods. In fact the payment structure defined requires a retention period on shares (of 2 years for upfront shares and of 1 year for deferred shares);
- risk-adjusted metrics in order to guarantee long-term sustainability with respect to Company’s financial position and to ensure compliance with regulatory expectations;
- entry and malus condition of capital, liquidity and profitability at FinecoBank level and at Group level, specific individual compliance and clawback clauses are also provided.

### **2.2.2 Principal factors of variation and performance indexes taken into account for the assignment of plans based on financial instruments.**

Individual bonuses will be allocated on the basis of available bonus pool, individual performance evaluation and internal benchmarking for specific roles.

Individual performance appraisal is based on specific goals, linked to the 5 fundamentals of UniCredit Group competency model: “*Customer First*”; “*Execution and Discipline*”; “*Cooperation and Synergies*”; “*Risk Management*”; “*People Development*”.

Incentive pay-outs shall be made over a multi-year period (2019-2024) subject to continuous employment at each date of payment and as follows:

- in 2019 the first instalment of the overall incentive (“1st instalment”) will be paid in cash, in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Bank of Italy, Consob and/or other local authorities);
- over the period 2012-2024 the remaining amount of the overall incentive will be paid in several instalments in cash and/or Fineco free ordinary shares; each subsequent tranche will be subject to the application of the *Zero Factor* for the year of allocation and in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Bank of Italy, Consob and/or other local authorities);
- distribution of share payments takes into account the applicable regulatory requirements regarding the application of share retention periods.

### **2.2.3 The factors assumed as basis for the determination of the compensation based upon financial instruments, or the criteria for the determination of the aforesaid compensation.**

In 2018 Incentive System the link between profitability, risk and reward is assured by linking directly bonus pool with Company results (at Group and local level), cost of capital and risk profiles relevant for the Bank as stated in the *Risk Appetite Framework*.

At this stage, the 2018 Incentive System does not contain an exact indication of the value of free shares to be actually allocated to the beneficiaries, rather it merely fixes the maximum number of the free shares to be issued with reference to the Plan. In any case, are already established the criteria that the Board of Directors should follow, in the resolutions that after the Shareholders’ Meeting approval will execute the Plan, to define the actual number of beneficiaries and the number of free shares to be granted.

The 2018 Incentive System provides that in 2019 will be formulated the promise to pay the incentive in cash and shares. The percentages of the payments in cash and shares are linked to the beneficiaries’ categories as described in the following points of this document.

The final evaluation of sustainable performance parameters of the Group and of the Bank (entry and malus condition) and risk-reward alignment are reviewed by the Remuneration Committee, by the Risk and Related Parties and defined by the Board of Directors of FinecoBank.

### **2.2.4 The reasons justifying the decision to assign compensation plans based on financial instruments not issued by FinecoBank, such as financial instruments issued by its subsidiaries, its parent companies or third parties; in the event the aforesaid financial instruments are not negotiated on regulated markets, the issuer shall provide information as to the criteria adopted for the calculation of the value attributable to such financial instruments**

At this stage, the 2018 Incentive System does not contemplate the allocation of similar financial instruments.

### **2.2.5 The evaluations, with respect to the relevant tax and accounting implications, taken into account in the definition of the plans**

The 2018 Incentive System definition was not influenced by significant tax or accounting consideration.

### **2.2.6 The indication as to whether the plan enjoys any support from the special fund for encouraging worker participation in the companies, as provided for under Article 4, paragraph 112, of Law December, 24 2003 n. 350**

The 2018 Incentive System is not currently supported by the special fund for encouraging worker participation in the companies, as provided for under sect. 4, paragraph 112, of Law December 24, 2003 n. 350.

## 2. 2018 Incentive system (CONTINUED)

### 2.3 THE PROCEDURE FOR THE ADOPTION OF THE PLAN AND TIMEFRAME FOR THE ASSIGNMENT

#### 2.3.1 Powers delegated to the Board of Directors by the Shareholders' Meeting for the implementation of the plan

The Board of Directors, on January 10<sup>th</sup>, 2018, approved the proposal related to the 2018 Incentive System to be submitted to the General Shareholder's Meeting called on April 11<sup>th</sup>, 2018. Furthermore, the Board of Directors, in the same meeting, formulated the proposal to provide to the Board of Directors the delegation of power to carry out a free capital increase for the 2018 Incentive System, to be executed by 2023, with the possibility to submit to a future Shareholders' Meeting approval the proposal aimed at integrating this power to carry out a further capital increase for the 2018 Incentive System, in order to assign the last share instalment foreseen for 2024.

#### 2.3.2 Indication of the individuals in charge of the management of the plan, their powers authority

"Human Resources" function of FinecoBank is in charge for the management of the 2018 Incentive System, as well as of the definition of the FinecoBank Compensation Policy.

#### 2.3.3 Procedures for the amendment of the plans, if any, also in connection with potential variation of the original targets

No specific procedures for the amendment of the 2018 Incentive System are provided for, other than the power of attorney that is provided by the Shareholders' Meeting to the Chairman and the Chief Executive Officer and General Manager, also separately, to possibly make changes to the 2018 System.

#### 2.3.4 Description of the modalities for the determination of the availability and assignment of the financial instruments contemplated by the plan

The best solution identified to execute the 2018 Incentive System is to delegate the Board of Directors, pursuant to sect. 2443 of the Civil Code, the faculty to increase share capital as described in the Director's Report presented to the Extraordinary Shareholders' Meeting called for on April 11<sup>th</sup>, 2018 (in single call).

In force of this delegation, the Board of Directors could resolve:

- on one or more occasions for a maximum period of five years starting from the date of the Shareholders' resolution, to carry out a free capital increase, pursuant to Article 2349 of the Italian Civil Code, for a maximum amount of Euro 136,031.94 (to be allocated in full to share capital at Euro 0.33 per share, corresponding to the nominal value per share), corresponding to up to 412,218 FinecoBank ordinary shares, to be granted to employees of FinecoBank. Such an increase in capital shall be carried out using the special reserve known as "*Provisions Linked to the Medium-Term Incentive System for the staff of FinecoBank*" set up for this purpose, which, if case, may be restored or increased via allocation of profits or a portion of available statutory reserves, formed from the distribution of company profits that shall be identified by the Board of Directors at the moment of share issuance;
- Related to section 2443 of Civil Code that provides that the Directors can exercise the right to carry out a free capital increase for a maximum period of five years starting from the date when the Shareholders' Meeting resolution providing the delegation of power was registered and therefore, until 2023, in order to assign the last share instalment provided for 2024 it will be necessary to submit to a future Shareholders' Meeting approval a proposal aimed at integrating the delegation of power already provided to the Board of Directors so that the implementation of 2018 System can be completed.

The number of shares to be allocated in the respective instalments (as described at paragraph 2.4.1.) shall be defined in 2019, on the basis of the arithmetic mean of the official market closing prices of Fineco ordinary shares during the month preceding the Board resolution that evaluates 2018 performance achievements. The allocation of a maximum number of 505.345 Fineco free ordinary shares is proposed, representing about 0,08% of FinecoBank share capital, of which a maximum n° of 50.535 Fineco ordinary shares for the possible hiring of *Identified Staff* from external market.

Over the period 2020-2024 the remaining amount of the overall incentive will be paid in several instalments in cash and/or Fineco free ordinary shares; each subsequent tranche will be subject to the application of the *Zero Factor* for the year of allocation and in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Bank of Italy, Consob).

Distribution of share payments takes into account the applicable regulatory requirements regarding the application of share retention periods.



### **2.3.5 The influence exercised by each director in the determination of the characteristics of the plans; the potential conflict of interest which may trigger the obligation for the relevant director to abstain from exercising his vote in the relevant resolution**

In the determination of the proposal submitted to the Shareholders' Meeting, the Board of Directors identified the essential characteristics of the 2018 Incentive System, unanimously approved, following the guidelines and criteria elaborated by the Remuneration Committee of FinecoBank.

Since the Chief Executive Officer and General Manager of FinecoBank is among the potential beneficiaries of the 2018 Incentive System, he did not participated in the definition of the 2018 Incentive System.

### **2.3.6 The date on which the Board of Directors of FinecoBank resolved upon the assignment of the financial instruments contemplated by the plan**

The Board of Directors, on January 10<sup>th</sup>, 2018 approved the proposal related to the 2018 Incentive System to be submitted to FinecoBank Shareholders' Meeting.

Furthermore, in exercising the delegation received by the Shareholders' Meeting, as described in point 2.3.1, the Board of Directors will resolve in one or more occasions to allocate the financial instruments related to the 2018 Incentive System.

### **2.3.7 The date on which the Remuneration Committee resolved upon the Plan of FinecoBank**

The Remuneration Committee on January 9<sup>th</sup>, 2018 positively resolved upon the criteria and the methodology elaborated for the definition of the 2018 Incentive System, sharing the reasons and motivations.

### **2.3.8 The market price of Fineco ordinary shares, on the dates mentioned in points 2.3.6 and 2.3.7**

The market price of Fineco ordinary shares, registered on the date of Board of Directors approval of 2018 Incentive System proposal (January 10<sup>th</sup>, 2018) and on the date of the positive opinion released by the Remuneration Committee of FinecoBank (January 9<sup>th</sup>, 2018), resulted equal to € 9,43 and equal to € 9,34.

### **2.3.9 In which terms and modalities FinecoBank takes into account, in the determination of the timeframe for the assignment of the plans, of the possible time-coincidence between:**

- i) such assignment or the decision, if any, adopted thereon by the Remuneration Committee, and**
- ii) the dissemination of relevant information, if any, pursuant to sect. 114, paragraph 1 of Legislative Decree 58/98; for instance, in cases in which such information is:**
  - a. not already public and capable to positively affect the market quotation, or**
  - b. already published and capable to negatively affect the market quotation**

In relation to the foregoing it is clarified that the resolution of the Board of Directors which approved the proposal to be submitted to the Shareholders' Meeting, was communicated to the markets, in compliance with the current regulations. It is also clarified that analogous information to the market, if required, will be made available upon any other following resolution adopted by the Board of Directors of the 2018 Incentive System.

The resolutions related to the incentive plans based on financial instruments are examined by the Remuneration Committee of FinecoBank in advance to provide for the positive opinion to the Corporate Bodies, the information to the market is given, if needed, after the relevant resolution of the Board of Directors.

## 2. 2018 Incentive system (CONTINUED)

### 2.4. THE CHARACTERISTICS OF THE FINANCIAL INSTRUMENTS ASSIGNED

#### 2.4.1 Description of the compensation plan

Individual bonuses will be allocated on the basis of available bonus pool, individual performance evaluation and internal benchmarking for specific roles.

Individual performance appraisal is based on specific goals, linked to the 5 fundamentals of UniCredit Group competency model: “*Customer First*”; “*Execution and Discipline*”; “*Cooperation and Synergies*”; “*Risk Management*”; “*People Development*”.

The final evaluation of sustainable performance parameters and risk-reward alignment will be reviewed by the Remuneration Committee and defined under the responsibility and governance of the Board of Directors.

The 2018 Incentive System provides that in 2019 the Board of Directors – once verified the achievement of the goals defined for 2018 – will define the percentage of payments in cash and shares established for each category of beneficiaries, as illustrated in the table below:

	2019	2020	2021	2022	2023	2024
CEO/GM and 1 <sup>st</sup> reporting line	20% cash	10%cash	20% shares	10% shares	10% shares	20% cash + 10% shares
Other Identified Staff	30% cash	10%cash	30% shares	10% cash + 10% shares	10% shares	-

The number of shares to be allocated in the respective instalments shall be defined in 2019, on the basis of the arithmetic mean of the official market closing prices of Fineco ordinary shares during the month preceding the Board resolution that evaluates 2018 performance achievements. The maximum number of Fineco free ordinary shares to service the 2018 System is estimated at 505.345 representing about 0,08% of FinecoBank share capital, of which maximum n° of 50.535 Fineco ordinary shares for the possible hiring of *Identified Staff* from external market.

Pay-outs in shares comply with the applicable regulatory provisions in terms of holding period.

#### 2.4.2 Indication of the time period for the implementation of the plan also indicating different cycles, if any, of its implementation

Incentive pay-outs shall be made over a multi-year period (2019-2024) in a balanced structure of upfront (following the moment of performance evaluation) and deferred payments, in cash and in shares, subject to what mentioned above and continuous employment at each date of payment. The free shares related to the 2018 Incentive System will be allocated by FinecoBank in multiple instalments (as shown in the table above) subject to the Board assessment in 2019 of the goal achievement set for 2018.

#### 2.4.3 The termination date of the plan

The 2018 Incentive System will lapse by July 2024.

#### 2.4.4 The overall maximum number of financial instruments, also in the form of options, assigned over any fiscal years with respect to the beneficiaries namely identified or identified by categories, as the case may be

The maximum number of Fineco free ordinary shares is estimated at 505.345, representing about 0,08% of FinecoBank share capital, of which maximum n° of 50.535 Fineco ordinary shares for the possible hiring of *Identified Staff* from external market.

For the assignment of the last instalment of shares planned for 2024 it will be submitted to one of the future Shareholders' Meetings the proposed integration of the power of attorney, already provided to the Board of Directors, for capital increase to service the above mentioned 2018 System.

At this stage it is not possible to indicate the maximum number of free shares allocated in each fiscal year during the life of the 2018 Incentive System, since the actual definition will be done by the Board of Directors on the basis of the criteria approved by the Shareholders' Meeting.

#### **2.4.5 The procedures and clauses for the implementation of the plan, specifying whether the assignment of the financial instruments is subject to the satisfaction of certain specific conditions and, in particular, to the achievement of specific results, including performance targets; a description of the aforesaid conditions and results**

Bonus pool is defined as a percentage of the specific funding KPI (*Net Operating Profit*, net of *Provisions for Risk and Charges*, corresponding to *Profit Before Tax*) at local level, taking into consideration the “Entry Conditions” criteria assessment (based on forecasted results – risk-adjusted – both at Group and local level) and local risk assessment.

The Entry Conditions are the mechanism that determines the possible application of *malus* clause (*Zero Factor*) on the basis of performance indicators in terms of profitability, capital and liquidity defined at both Group and local level. In particular the bonus pool of 2018 will be zeroed, while previous systems deferrals could be reduced from 50% to 100% of their value, based on final effective results.

In order to align to regulatory requirements, in case both at Group and local level set KPIs are not met, a *Zero Factor* will apply to the *Identified Staff* population whereas for the rest of the population, a significant reduction will be applied. In case *Zero Factor* is not activated, bonus pool adjustments will be applied within respective ranges based on the assessment of local and Group performance and risk factors.

In case the Entry Conditions are not met at local level, but at Group level they are, a floor might be defined for retention purposes and in order to maintain the minimum pay levels needed to play in the market.

#### **2.4.6 Indication of the restrictions on the availability of the financial instruments allocated under the plan or of the financial instruments relating to the exercise of the options, with particular reference to the time limits within which the subsequent transfer of the stocks to the issuer or third parties is permitted or prohibited**

The 2018 Incentive System provides that the free Fineco ordinary shares that will be allocated will be freely transferable, considering the applicable regulatory requirements regarding the application of share retention periods, as described in section 2.2.1.

#### **2.4.7 Description of any condition subsequent to the plan in connection with the execution, by the beneficiaries, of hedging transactions aimed at preventing the effects of potential limits to the transfer of the financial instruments assigned there under, also in the form of options, as well as to the transfer of the financial instruments relating to the exercise of the aforesaid options**

In accordance with national regulatory guidelines and the 2018 Compensation Policy, beneficiaries are required to undertake not to use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements. Involvement in any form of hedging transaction shall be considered in breach of the Bank compliance policies and therefore the relevant rights under the plan shall automatically expire.

#### **2.4.8 Description of the consequences deriving from the termination of the employment or working relationship**

The 2018 Incentive System provides that the Board of Directors will have the faculty to identify, in the resolution that will execute the 2018 System, the termination of the beneficiary with the Bank, as cause for the expiring of the right to receive the free shares, coherently with the Plan rules.

#### **2.4.9 The indication of any other provisions which may trigger the cancellation of the plan**

The 2018 Incentive System does not provide for any provision which may trigger its cancellation.

#### **2.4.10 The reasons justifying the redemption, pursuant to sect. 2357 and followings of the Italian Civil Code, by FinecoBank, of the financial instruments contemplated by the plan; the beneficiaries of such redemption, indicating whether the same is limited only to certain categories of employees; the consequences of the termination of the employment relationship with respect to such redemption rights**

The 2018 Incentive System does not provide for the redemption by FinecoBank with reference to the free shares.

## 2. 2018 Incentive system (CONTINUED)

### **2.4.11 The loans or other special terms that may be granted for the purchase of stocks pursuant to sect. 2358, paragraph 3, of the Italian Civil Code**

The 2018 Incentive System does not provide for a loan or other special terms for the purchase of the shares.

### **2.4.12 The evaluation of the economic burden for FinecoBank at date of the assignment of the plan, as determined on the basis of the terms and conditions already defined, with respect to the aggregate overall amount as well as with respect to each financial instrument contemplated by the plan**

The estimation of the overall cost expected by FinecoBank in relation to the 2018 Incentive System at the grant date of the free shares, was made on the basis of the IAS principles, considering the accounting assumptions on the probability to achieve the performance targets related to the allocation of the free shares.

On the basis of these estimations, the overall expected cost for FinecoBank (IAS cost) on the basis of the effective performance conditions met, could be equal to € 4.489.911 to be split in 6 years. Nevertheless, at this stage it is not possible to define the exact cost in each year of life of the 2018 Incentive System, since the definition of the actual incentive to be allocated is subject to the Board of Directors resolution.

### **2.4.13 The indication of any dilution on the corporate capital of the issuer resulting from the compensation plan, if any**

The maximum impact of the 2018 Incentive System on FinecoBank share capital shall be approx. 0,08% in case of the potential allocation of all free shares to employees.

### **2.4.14 Any limitation to the voting and to the economic rights**

At this stage, the 2018 Incentive System does not provide for any limitation to the voting or economic rights for the shares allocated.

### **2.4.15 In the event the stocks are not negotiated on a regulated market, any and all information necessary for a complete evaluation of the value attributable to them**

The 2018 Incentive System provides only for the use of shares negotiated on regulated markets.

### **2.4.16 The number of financial instruments belonging to each option**

The 2018 Incentive System does not provide for options.

### **2.4.17 The termination date of the options**

The 2018 Incentive System does not provide for options.

### **2.4.18 The modalities, time limits and clauses for the exercise of the options**

The 2018 Incentive System does not provide for options.

### **2.4.19 The strike price of the options or the criteria and modalities for its determination, with respect in particular to:**

- a) the formula for the calculation of the exercise price in connection with the fair market value; and to**
- b) the modalities for the calculation of the market price assumed as basis for the calculation of the exercise price**

The 2018 Incentive System does not provide for options.

### **2.4.20 In case the strike price is different from the fair market value as determined pursuant to point 2.4.19.b, the indication of the reasons for such difference**

The 2018 Incentive System does not provide for options.

**2.4.21 The criteria justifying differences in the exercise prices between the relevant beneficiaries or class of beneficiaries**

The 2018 Incentive System does not provide for options.

**2.4.22 In the event the financial instruments underlying granted options are not negotiated on a regulated market, the indication of the value attributable to the same or of the criteria for its determination**

The 2018 Incentive System does not provide for options.

**2.4.23 The criteria for the adjustments required in connection with any extraordinary transaction involving the corporate capital of the issuer as well as in connection with transaction triggering a variation in the number of the financial instruments underlying granted options**

The 2018 Incentive System does not provide for adjustments applicable in connection with extraordinary transactions involving FinecoBank corporate capital (saving the provisions that the Board of Directors may define in the resolution in which the Board will exercise the delegation received from the Shareholders' Meeting).

## 3. 2018 – 2020 Long term incentive plan for FinecoBank employees

In compliance with the last Bank of Italy provisions set forth in Circular 285, December 17<sup>th</sup>, 2013 (Section “*Regulations on remuneration and incentive policies and practices of Banks and Banking groups*”) – VII Update of November 18<sup>th</sup>, 2014, First Part, Title IV, Chapter 2, implementing the *Capital Requirements Directive 2013/36/EU (CRD IV)* and in line with the guidelines issued by *European Banking Authority (EBA)*, FinecoBank defined compensation systems based on financial instruments in order to align shareholders and management interests, reward long-term value creation, share price appreciation and motivate and retain key resources of FinecoBank. For this purpose it was proposed the adoption of the Plan “**2018-2020 Long term incentive Plan for FinecoBank employees**” which provides for the allocation of an incentive in free Fineco ordinary shares – to be granted in a multi-year period, subject to the achievement of specific performance objectives.

### 3.1 BENEFICIARIES OF THE PLAN

The employees of FinecoBank that benefit from the 2018-2020 Plan, at the date of January, 10<sup>th</sup> 2018, are ca. 65 beneficiaries with “key” roles in the Bank’s organization, including the Managers with Strategic Responsibilities. The Heads of Control Functions are excluded from the 2018-2020 Plan as since 2016 their variable remuneration cannot exceed the 33% of fixed pay, by law.

#### 3.1.1 Indication of the name of beneficiaries who are members of the Board of Directors of FinecoBank and of the companies directly or indirectly controlled by FinecoBank

Mr. Alessandro Foti, Chief Executive Officer and General Manager of FinecoBank, is among the beneficiaries of 2018-2020 Plan.

#### 3.1.2 The categories of employees or collaborators of FinecoBank and companies controlling or controlled by this issuer

The employees of FinecoBank that benefit from the 2018-2020 Plan are ca. 65 beneficiaries with “key” roles in the Bank’s organization, including the Managers with Strategic Responsibilities. The Heads of Control Functions are excluded from the 2018-2020 Plan as since 2016 their variable remuneration cannot exceed the 33% of fixed pay, by law.

#### 3.1.3 Individuals who benefit from the Plan belonging to the following groups:

##### a) General Manager of FinecoBank

Mr. Alessandro Foti, Chief Executive Officer and General Manager of FinecoBank, is among the beneficiaries of 2018-2020 Plan.

##### b) other Executives with strategic responsibilities of FinecoBank not classed as “small”, in accordance with Article 3, paragraph 1, letter f) of Regulation no. 17221 of 12 March 2010, if they have, during the course of the year, received total compensation (obtained by adding the monetary compensation to the financial instrument-based compensation) in excess of the highest total compensation assigned to the members of the Board of Directors or Management Board, and to the General Manager of FinecoBank

None of FinecoBank Executives with strategic responsibilities meet the description; therefore no information is provided in connection thereto.

##### c) natural persons controlling FinecoBank, who are employee or collaborator of FinecoBank

No individual controls FinecoBank and, therefore, no information is provided in connection thereto.

#### 3.1.4 Description and numerical indication, broken down according to category:

##### d) Executives with strategic responsibilities other than those specified under lett. b) of paragraph 3.1.3

Among the beneficiaries of the 2018-2020 Plan, along with the Chief Executive Officer and General Manager, there are n. 5 executives of FinecoBank who have regular access to privileged information and are authorized to take resolutions capable of influencing the development and prospects of FinecoBank:

6. the Deputy General Manager and Head of Global Banking Services, Mr. Fabio Milanesi
7. the Deputy General Manager and Head of Global Business, Mr. Paolo Di Grazia
8. the Head of Commercial PFA Network, Mr. Mauro Albanese
9. the Head of Investment Services and Private Banking, Mr. Carlo Giausa
10. the Chief Financial Officer, Mrs. Lorena Pellicciari

**e) in the case of “small” companies, in accordance with Article 3, paragraph 1, letter f) of Regulation no. 17221 of 12 March 2010, the indication for the aggregate of all Executives with strategic responsibilities of the financial instrument issuer**

This provision is not applicable.

**f) other categories of employees or collaborators for which different characteristics are envisaged for the plan (e.g. executives, middle management, employees etc.)**

There are no classes of employees to which different characteristics of the 2018-2020 Plan apply.

## **3.2 THE REASONS FOR THE ADOPTION OF THE PLAN**

### **3.2.1 The targets which the parties intend to reach through the adoption of the plan**

The 2018-2020 Plan aims to attract, retain and motivate FinecoBank beneficiaries in compliance with the most recent national and international regulatory requirements with the aim to define – in the interest of all stakeholders – incentive systems in line with long-term Company strategies and goals, linked to Bank results, adjusted in order to consider all risks, in coherence with capital and liquidity levels needed to cover the activities in place and, in any case, able to avoid misleading incentives that could drive to regulatory breaches or to assume excessive risks for the Bank and the system in its whole.

The 2018-2020 Plan is compliant with FinecoBank Compensation Policy and with the national and international regulatory requirements providing for:

- Performance goals at Bank level set at 2020 considering specific targets and thresholds for EVA (Economic Value Added), C/I (Cost/Income Ratio) and CoR (Cost of Risk on commercial loans) indicators. The performance targets, will be assessed in relation to specific targets and will have a specific percentage weight on the total bonus and their valuation (with the exception of the Cost of Risk for which an “on-off” threshold is envisaged) will be based on progressive thresholds, which will correspond to increasing percentages of bonuses from 0 to 100% with a linear progression;
- entry and malus condition of capital, liquidity and profitability at FinecoBank level and at Group level, specific individual compliance and clawback clauses are also provided;
- a payment structure over a multi-year period defined according to the categories of beneficiaries, in line with the regulatory provisions;
- risk-adjusted metrics in order to guarantee long-term sustainability with respect to Company’s financial position and to ensure compliance with regulatory expectations;
- individual bonuses defined taking into account the roles of the beneficiaries.

### **3.2.2 Principal factors of variation and performance indexes taken into account for the assignment of plans based on financial instruments.**

The individual bonuses will be assigned in relation to Performance goals at Bank level set at 2020 considering specific targets and thresholds for EVA (Economic Value Added), C/I (Cost/Income Ratio) and CoR (Cost of Risk on commercial loans) indicators. The performance targets, will be assessed in relation to specific targets and will have a specific percentage weight on the total bonus and their valuation (with the exception of the Cost of Risk for which an “on-off” threshold is envisaged) will be based on progressive thresholds, which will correspond to increasing percentages of bonuses from 0 to 100% with a linear progression.

### **3.2.3 The factors assumed as basis for the determination of the compensation based upon financial instruments, or the criteria for the determination of the aforesaid compensation.**

At this stage, the 2018-2020 Plan does not contain an exact indication of the value of free shares to be actually allocated to the beneficiaries, rather it merely fixes the maximum number of the free shares to be issued with reference to the Plan. In any case, are already established the criteria that the Board of Directors should follow, in the resolutions that after the Shareholders’ Meeting approval will execute the Plan, to define the actual number of beneficiaries and the number of free shares to be granted.

The 2018-2020 Plan provides that the maximum number of the free shares will be defined in 2018. The percentages of the payments in shares are linked to the beneficiaries’ categories as described in the following points of this document.

The final evaluation of sustainable performance parameters of the Group and of the Bank (entry and malus condition) and risk-reward alignment are reviewed by the Remuneration Committee, by the Risk and Related Parties and defined by the Board of Directors of FinecoBank.

## 3. 2018 – 2020 Long term incentive plan for FinecoBank employees (CONTINUED)

### **3.2.4 The reasons justifying the decision to assign compensation plans based on financial instruments not issued by FinecoBank, such as financial instruments issued by its subsidiaries, its parent companies or third parties; in the event the aforesaid financial instruments are not negotiated on regulated markets, the issuer shall provide information as to the criteria adopted for the calculation of the value attributable to such financial instruments**

The 2018-2020 Plan does not contemplate the allocation of similar financial instruments.

### **3.2.5 The evaluations, with respect to the relevant tax and accounting implications, taken into account in the definition of the plans**

The 2018-2020 Plan definition was not influenced by significant tax or accounting consideration.

### **3.2.6 The indication as to whether the plan enjoys any support from the special fund for encouraging worker participation in the companies, as provided for under Article 4, paragraph 112, of Law December, 24 2003 n. 350**

The 2018-2020 Plan is not currently supported by the special fund for encouraging worker participation in the companies, as provided for under sect. 4, paragraph 112, of Law December 24, 2003 n. 350.

## **3.3 THE PROCEDURE FOR THE ADOPTION OF THE PLAN AND TIMEFRAME FOR THE ASSIGNMENT**

### **3.3.1 Powers delegated to the Board of Directors by the Shareholders' Meeting for the implementation of the plan**

The Board of Directors, on January 10<sup>th</sup>, 2018, approved the proposal related to the 2018-2020 Plan to be submitted to the General Shareholder's Meeting called on April 11<sup>th</sup>, 2018. Furthermore, the Board of Directors, in the same meeting, formulated the proposal to provide to the Board of Directors the delegation of power to carry out a free capital increase for the 2018-2020 Plan, to be executed by 2023, with the possibility to submit to a future Shareholders' Meeting approval the proposal aimed at integrating this power to carry out a further capital increase for the 2018-2020 Plan, in order to assign the last two share instalments foreseen for 2024 and for 2025.

### **3.3.2 Indication of the individuals in charge of the management of the plan, their powers authority**

"Human Resources" function of FinecoBank is in charge for the management of the 2018-2020 Plan, as well as of the definition of the FinecoBank Compensation Policy.

### **3.3.3 Procedures for the amendment of the plans, if any, also in connection with potential variation of the original targets**

No specific procedures for the amendment of the 2018-2020 Plan are provided for, other than the power of attorney that is provided by the Shareholders' Meeting to the Chairman and the Chief Executive Officer and General Manager, also separately, to possibly make changes to the 2018-2020 Plan.

### **3.3.4 Description of the modalities for the determination of the availability and assignment of the financial instruments contemplated by the plan**

The best solution identified to execute the 2018-2020 Plan is to delegate the Board of Directors, pursuant to sect. 2443 of the Civil Code, the faculty to increase share capital as described in the Director's Report presented to the Extraordinary Shareholders' Meeting called for on April 11<sup>th</sup>, 2018 (in single call).

In force of this delegation, the Board of Directors could resolve:

- on one or more occasions for a maximum period of five years from the date of Shareholders' resolution, to carry out a free capital increase, as allowed by section 2349 of the Italian civil Code, for a maximum amount of Eur 324,743.10 (attributable entirely to capital), corresponding to up to 984,070 Fineco ordinary shares with a nominal value of Eur 0.33 each, to be granted to the beneficiaries of the 2018-2020 Long Term Incentive Plan approved by today's Ordinary Shareholders' Meeting. Such an increase in capital shall be carried out using the special reserve known as "Provisions Linked to the Medium-Term Incentive System for the staff of FinecoBank" set up for this purpose which, if case, may be increased via allocation of a portion of profits or available statutory reserves, formed from the distribution of company profits that shall be identified by the Board of Directors at the moment of share issuance;
- Related to section 2443 of Civil Code that provides that the Directors can exercise the right to carry out a free capital increase for a maximum period of five years starting from the date when the Shareholders' Meeting resolution providing the delegation of power was registered and therefore, until 2023, in order to assign the last two tranches of shares provided for 2024 and 2025, it will be necessary to submit to a future Shareholders' Meeting approval a proposal aimed at integrating the delegation of power already provided to the Board of Directors to complete the execution of the 2018-2020 Plan



The number of shares to be allocated in the respective instalments to be assigned pursuant to the verification of the performance targets achievement shall be defined in 2018, on the basis of the arithmetic mean of the official closing market price of FinecoBank ordinary shares during the month preceding the FinecoBank Board resolution that executes the Shareholder's Meeting resolution related to the 2018 – 2020 Plan. It is estimated the assignment of maximum n. 1.600.000 FinecoBank free ordinary shares, representing an overall 0,3% of existing share capital.

The maximum amount of shares will be defined in 2021.

### **3.3.5 The influence exercised by each director in the determination of the characteristics of the plans; the potential conflict of interest which may trigger the obligation for the relevant director to abstain from exercising his vote in the relevant resolution**

In the determination of the proposal submitted to the Shareholders' Meeting, the Board of Directors identified the essential characteristics of the 2018-2020 Plan, unanimously approved, following the guidelines and criteria elaborated by the Remuneration Committee of FinecoBank.

Since the Chief Executive Officer and General Manager of FinecoBank is among the potential beneficiaries of the 2018-2020 Plan, he did not participated in the definition of the 2018-2020 Plan.

### **3.3.6 The date on which the Board of Directors of FinecoBank resolved upon the assignment of the financial instruments contemplated by the plan**

The Board of Directors, on January 10<sup>th</sup>, 2018 approved the proposal related to the 2018-2020 Plan to be submitted to FinecoBank Shareholders' Meeting.

Furthermore, in exercising the delegation received by the Shareholders' Meeting, as described in point 3.3.1, the Board of Directors will resolve in one or more occasions to allocate the financial instruments related to the 2018-2020 Plan.

### **3.3.7 The date on which the Remuneration Committee resolved upon the Plan of FinecoBank**

The Remuneration Committee on January 9<sup>th</sup>, 2018 positively resolved upon the criteria and the methodology elaborated for the definition of the 2018-2020 Plan, sharing the reasons and motivations thereof.

### **3.3.8 The market price of Fineco ordinary shares, on the dates mentioned in points 3.3.6 and 3.3.7**

The market price of Fineco ordinary shares, registered on the date of Board of Directors approval of 2018-2020 Plan proposal (January 10<sup>th</sup>, 2018) and on the date of the positive opinion released by the Remuneration Committee of FinecoBank (January 9<sup>th</sup>, 2018), resulted equal to € 9,43 and equal to € 9,34.

### **3.3.9 In which terms and modalities FinecoBank takes into account, in the determination of the timeframe for the assignment of the plans, of the possible time-coincidence between:**

- iii) such assignment or the decision, if any, adopted thereon by the Remuneration Committee, and
- iv) the dissemination of relevant information, if any, pursuant to sect. 114, paragraph 1 of Legislative Decree 58/98; for instance, in cases in which such information is:
  - a. not already public and capable to positively affect the market quotation, or
  - b. already published and capable to negatively affect the market quotation

In relation to the foregoing it is clarified that the resolution of the Board of Directors which approved the proposal to be submitted to the Shareholders' Meeting, was communicated to the markets, in compliance with the current regulations. It is also clarified that analogous information to the market, if required, will be made available upon any other following resolution adopted by the Board of Directors of the 2018-2020 Plan.

The resolutions related to the incentive plans based on financial instruments are examined by the Remuneration Committee of FinecoBank in advance to provide for the positive opinion to the Corporate Bodies, the information to the market is given, if needed, after the relevant resolution of the Board of Directors.

## 3. 2018 – 2020 Long term incentive plan for FinecoBank employees (CONTINUED)

**3.4. THE CHARACTERISTICS OF THE FINANCIAL INSTRUMENTS ASSIGNED****3.4.1 Description of the compensation plan**

The final evaluation of sustainable performance parameters of the Group and of the Bank (entry and malus condition) and risk-reward alignment are reviewed by the Remuneration Committee, by the Risk and Related Parties and defined by the Board of Directors of FinecoBank.

The 2018-2020 Plan provides individual bonuses will be assigned with a multi-year payout scheme, defined taking into account the categories of beneficiaries and in line with the regulatory provisions, as shown in the following table:

	2021	2022	2023	2024	2025
CEO and GM			40% shares		60% shares
Other Identified Staff			60% shares	20% shares	20% shares
Other Beneficiaries	40% shares	20% shares	20% shares	20% shares	

The number of shares to be allocated in the respective instalments to be assigned pursuant to the verification of the performance targets achievement shall be defined in 2018, on the basis of the arithmetic mean of the official closing market price of FinecoBank ordinary shares during the month preceding the FinecoBank Board resolution that executes the Shareholder's Meeting resolution related to the 2018 – 2020 Plan. It is estimated the assignment of maximum n. 1.600.000 FinecoBank free ordinary shares, representing an overall 0,3% of existing share capital. Pay-outs in shares comply with the applicable regulatory provisions in terms of holding period.

**3.4.2 Indication of the time period for the implementation of the plan also indicating different cycles, if any, of its implementation**

Incentive pay-outs shall be made over a multi-year period (2021-2025) in a balanced structure of upfront (following the moment of performance evaluation) and deferred payments, in shares, subject to what mentioned above and continuous employment at each date of payment. The free shares related to the 2018-2020 Plan will be allocated by FinecoBank in multiple instalments (as shown in the table above) subject to the Board assessment in 2019 of the goal achievement set for 2018.

**3.4.3 The termination date of the plan**

The 2018-2020 Plan will lapse by July 2025.

**3.4.4 The overall maximum number of financial instruments, also in the form of options, assigned over any fiscal years with respect to the beneficiaries namely identified or identified by categories, as the case may be**

It is estimated the assignment of maximum n. 1.600.000 FinecoBank free ordinary shares, representing an overall 0,3% of existing share capital.

For the assignment of the last two instalment of shares planned for 2024 and for 2025 it will be submitted to one of the future Shareholders' Meetings the proposed integration of the power of attorney, already provided to the Board of Directors, for capital increase to service the above mentioned 2018-2020 Plan.

At this stage it is not possible to indicate the maximum number of free shares allocated in each fiscal year during the life of the 2018-2020 Plan, since the actual definition will be done by the Board of Directors on the basis of the criteria approved by the Shareholders' Meeting.

**3.4.5 The procedures and clauses for the implementation of the plan, specifying whether the assignment of the financial instruments is subject to the satisfaction of certain specific conditions and, in particular, to the achievement of specific results, including performance targets; a description of the aforesaid conditions and results**

The Entry Conditions are the mechanism that determines the possible application of *malus* clause (*Zero Factor*) on the basis of performance indicators in terms of profitability, capital and liquidity defined at both Group and local level.

In order to align to regulatory requirements, appropriate entry conditions are defined at Fineco and Group level that will to be measured in the performance period of the Plan and can confirmed reduce or cancel the individual bonuses.

Furthermore appropriate malus clauses are provided with the same indicators at Fineco and Group level in the deferral period that can confirmed, reduce, or cancel the deferred portion.

### **3.4.6 Indication of the restrictions on the availability of the financial instruments allocated under the plan or of the financial instruments relating to the exercise of the options, with particular reference to the time limits within which the subsequent transfer of the stocks to the issuer or third parties is permitted or prohibited**

The 2018-2020 Plan provides that the free Fineco ordinary shares that will be allocated will be freely transferable, considering the applicable regulatory requirements regarding the application of share retention periods, as described in section 3.2.1.

### **3.4.7 Description of any condition subsequent to the plan in connection with the execution, by the beneficiaries, of hedging transactions aimed at preventing the effects of potential limits to the transfer of the financial instruments assigned there under, also in the form of options, as well as to the transfer of the financial instruments relating to the exercise of the aforesaid options**

In accordance with national regulatory guidelines and the 2018 Compensation Policy, beneficiaries are required to undertake not to use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements. Involvement in any form of hedging transaction shall be considered in breach of the Bank compliance policies and therefore the relevant rights under the plan shall automatically expire.

### **3.4.8 Description of the consequences deriving from the termination of the employment or working relationship**

The 2018-2020 Plan provides that the Board of Directors will have the faculty to identify, in the resolution that will execute the 2018 System, the termination of the beneficiary with the Bank, as cause for the expiring of the right to receive the free shares, coherently with the Plan rules.

### **3.4.9 The indication of any other provisions which may trigger the cancellation of the plan**

The 2018-2020 Plan does not provide for any provision which may trigger its cancellation.

### **3.4.10 The reasons justifying the redemption, pursuant to sect. 2357 and followings of the Italian Civil Code, by FinecoBank, of the financial instruments contemplated by the plan; the beneficiaries of such redemption, indicating whether the same is limited only to certain categories of employees; the consequences of the termination of the employment relationship with respect to such redemption rights**

The 2018-2020 Plan does not provide for the redemption by FinecoBank with reference to the free shares.

### **3.4.11 The loans or other special terms that may be granted for the purchase of stocks pursuant to sect. 2358, paragraph 3, of the Italian Civil Code**

The 2018-2020 Plan does not provide for a loan or other special terms for the purchase of the shares.

### **3.4.12 The evaluation of the economic burden for FinecoBank at date of the assignment of the plan, as determined on the basis of the terms and conditions already defined, with respect to the aggregate overall amount as well as with respect to each financial instrument contemplated by the plan**

The estimation of the overall cost expected by FinecoBank in relation to the 2018-2020 Plan at the grant date of the free shares, was made on the basis of the IAS principles, considering the accounting assumptions on the probability to achieve the performance targets related to the allocation of the free shares.

On the basis of these estimations, the overall expected cost for FinecoBank (IAS cost) on the basis of the effective performance conditions met, could be equal to € 7.991.831 to be split in 6 years. Nevertheless, at this stage it is not possible to define the exact cost in each year of life of the 2018-2020 Plan, since the definition of the actual incentive to be allocated is subject to the Board of Directors resolution.

### **3.4.13 The indication of any dilution on the corporate capital of the issuer resulting from the compensation plan, if any**

The maximum impact of the 2018-2020 Plan on FinecoBank share capital shall be approx. 0,3% in case of the potential allocation of all free shares to employees.

### **3.4.14 Any limitation to the voting and to the economic rights**

At this stage, the 2018-2020 Plan does not provide for any limitation to the voting or economic rights for the shares allocated.

### 3. 2018 – 2020 Long term incentive plan for FinecoBank employees (CONTINUED)

**3.4.15 In the event the stocks are not negotiated on a regulated market, any and all information necessary for a complete evaluation of the value attributable to them**

The 2018-2020 Plan provides only for the use of shares negotiated on regulated markets.

**3.4.16 The number of financial instruments belonging to each option**

The 2018-2020 Plan does not provide for options.

**3.4.17 The termination date of the options**

The 2018-2020 Plan does not provide for options.

**3.4.18 The modalities, time limits and clauses for the exercise of the options**

The 2018-2020 Plan does not provide for options.

**3.4.19 The strike price of the options or the criteria and modalities for its determination, with respect in particular to:**

**c) the formula for the calculation of the exercise price in connection with the fair market value; and to**

**d) the modalities for the calculation of the market price assumed as basis for the calculation of the exercise price**

The 2018-2020 Plan does not provide for options.

**3.4.20 In case the strike price is different from the fair market value as determined pursuant to point 3.4.19.b, the indication of the reasons for such difference**

The 2018-2020 Plan does not provide for options.

**3.4.21 The criteria justifying differences in the exercise prices between the relevant beneficiaries or class of beneficiaries**

The 2018-2020 Plan does not provide for options.

**3.4.22 In the event the financial instruments underlying granted options are not negotiated on a regulated market, the indication of the value attributable to the same or of the criteria for its determination**

The 2018-2020 Plan does not provide for options.

**3.4.23 The criteria for the adjustments required in connection with any extraordinary transaction involving the corporate capital of the issuer as well as in connection with transaction triggering a variation in the number of the financial instruments underlying granted options**

The 2018-2020 Plan does not provide for adjustments applicable in connection with extraordinary transactions involving FinecoBank corporate capital (saving the provisions that the Board of Directors may define in the resolution in which the Board will exercise the delegation received from the Shareholders' Meeting).

## 4. 2018 Incentive system for financial advisors belonging to identified staff (hereafter also “2018 INCENTIVE SYSTEM PFA”)

In compliance with the Bank of Italy provisions set forth in Circular 285, December 17<sup>th</sup>, 2013 (Section “*Regulations on remuneration and incentive policies and practices of Banks and Banking groups*”) – VII Update of November 18<sup>th</sup>, 2014, First Part, Title IV, Chapter 2, implementing the *Capital Requirements Directive 2013/36/EU (CRD IV)*, FinecoBank defined compensation systems based on financial instruments in order to align shareholders and management interests, reward long-term value creation, share price appreciation and motivate and retain key resources of FinecoBank. For this purpose it was proposed the adoption of the Plan “**2018 Incentive System for Financial Advisors belonging to Identified Staff**”, which provides for, to selected Financial Advisors belonging to *Identified Staff*, the allocation of an incentive – in cash and Fineco ordinary shares – to be granted in a multi-year period, subject to the achievement of specific objectives.

### 4.1 BENEFICIARIES OF THE PLAN

The total estimated number of beneficiaries of Financial Advisors of FinecoBank that benefit from the 2018 Incentive System PFA, as on the date of January 10<sup>th</sup>, 2018, is 10 *Identified Staff* whose activities have impacts on Bank’s risks based on criteria provided by *European Banking Authority (EBA) Regulatory Technical Standards* issued on December 16<sup>th</sup>, 2013. In particular the following criteria were applied:

- Personal Financial Advisors with a total remuneration (“recurring” and “non-recurring”) more than Euro 750,000 in the last year and with an impact on Bank risk profiles;
- Personal Financial Advisors Area Manager who coordinate a structure which is linked an overall portfolio equal to or more than 5% of total network assets and with an impact on Bank risk profiles.

#### 4.1.1 Indication of the name of beneficiaries who are members of the Board of Directors of FinecoBank and of the companies directly or indirectly controlled by FinecoBank

There are no members of the Board of Directors that benefit from the 2018 Incentive System PFA; therefore this provision is not applicable.

#### 4.1.2 The categories of employees or collaborators of FinecoBank and companies controlling or controlled by this issuer

There are no employees of FinecoBank that benefit from the 2018 Incentive System PFA; therefore this provision is not applicable.

#### 4.1.3 Individuals who benefit from the Plan belonging to the following groups:

##### a) General Manager of FinecoBank

Mr. Alessandro Foti, Chief Executive Officer and General Manager of FinecoBank, is not among the beneficiaries of 2018 Incentive System PFA.

##### b) other Executives with strategic responsibilities of FinecoBank not classed as “small”, in accordance with Article 3, paragraph 1, letter f) of Regulation no. 17221 of 12 March 2010, if they have, during the course of the year, received total compensation (obtained by adding the monetary compensation to the financial instrument-based compensation) in excess of the highest total compensation assigned to the members of the Board of Directors or Management Board, and to the General Manager of FinecoBank

None of FinecoBank Executives meet the description; therefore this provision is not applicable.

##### c) natural persons controlling FinecoBank, who are employee or collaborator of FinecoBank

No individual controls FinecoBank and meet the description; therefore this provision is not applicable.

#### 4.1.4 Description and numerical indication, broken down according to category:

##### a) Executives with strategic responsibilities other than those specified under lett. b) of paragraph 4.1.3

None of FinecoBank Executives meet the description; therefore this provision is not applicable.

##### b) in the case of “small” companies, in accordance with Article 3, paragraph 1, letter f) of Regulation no. 17221 of 12 March 2010, the indication for the aggregate of all Executives with strategic responsibilities of the financial instrument issuer

This provision is not applicable.

##### c) other categories of employees or collaborators for which different characteristics are envisaged for the plan (e.g. executives, middle management, employees etc.)

No classes of employees meet the description; therefore this provision is not applicable.

## 4. 2018 Incentive system for financial advisors belonging to identified staff (hereafter also “2018 INCENTIVE SYSTEM PFA”) (CONTINUED)

### 4.2 THE REASONS FOR THE ADOPTION OF THE PLAN

#### 4.2.1 The targets which the parties intend to reach through the adoption of the plan

The 2018 Incentive System PFA aims to retain and motivate beneficiary Advisors in compliance with the most recent national and international regulatory requirements with the aim to define – in the interest of all stakeholders – incentive systems in line with long-term Company strategies and goals, linked to Bank results, adjusted in order to consider all risks, in coherence with capital and liquidity levels needed to cover the activities in place and, in any case, able to avoid misleading incentives that could drive to regulatory breaches or to assume excessive risks for the Bank and the system in its whole.

The 2018 Incentive System PFA is compliant with FinecoBank Compensation Policy and with the national and international regulatory requirements providing for:

- allocation of a variable incentive defined based on available bonus pool, individual performance evaluation and bonus cap as set by the Ordinary Shareholder's meeting;
- definition of a balanced structure of “upfront” (done at the moment of performance evaluation) and “deferred payments”, in cash and in Fineco ordinary shares;
- distribution of Fineco share payments, coherently with the applicable regulatory requirements regarding the application of share retention periods. In fact the payment structure defined requires a retention period on Fineco shares (of 2 years for upfront shares and of 1 year for deferred shares);
- risk-adjusted metrics in order to guarantee long-term sustainability with respect to Company's financial position and to ensure compliance with regulatory expectations;
- *malus* clause (*Zero Factor*) applies in case specific thresholds (capital and liquidity) are not met at both Group and local level (at local level also profitability will be considered). In particular, the bonus pool of 2018 will be zeroed.

#### 4.2.2 Principal factors of variation and performance indexes taken into account for the assignment of plans based on financial instruments

Individual bonuses will be allocated based on available bonus pool, individual performance evaluation and internal benchmarking for specific roles.

Total incentive pay-out as defined will be made over a multi-year period (2019-2023), as indicated below and provided that the agency relationship of the beneficiaries is in place at the time of each payment:

- in 2019 the first instalment of the overall incentive (“1st instalment”) will be paid in cash, in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Consob and/or analogous local authorities);
- over the period 2020-2023 the remaining amount of the overall incentive will be paid in several instalments in cash and/or Fineco ordinary shares; each subsequent tranche will be subject to the application of the *Zero Factor* for the year of allocation and in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Consob and/or analogous local authorities);
- distribution of share payments takes into account the applicable regulatory requirements regarding the application of share retention periods.

#### 4.2.3 The factors assumed as basis for the determination of the compensation based upon financial instruments, or the criteria for the determination of the aforesaid compensation

In 2018 Incentive System PFA the link between profitability, risk and reward is assured by linking directly bonus pool with Company results (at Group and local level), cost of capital and risk profiles relevant for the Bank as stated in the *Risk Appetite Framework*.

At this stage, the 2018 Incentive System PFA does not contain an exact indication of the value of free shares to be actually allocated to the beneficiaries, rather it merely fixes the maximum number of the free shares to be issued with reference to the Plan. In any case, are already established the criteria that the Board of Directors should follow, in the resolutions that after the Shareholders' Meeting approval will execute the Plan, to define the actual number of beneficiaries and the number of free shares to be granted.

The 2018 Incentive System PFA provides that in 2019 will be formulated the promise to pay the incentive in cash and shares.

The final evaluation of sustainable performance parameters of the Group and of the Bank (entry and malus condition) and risk-reward alignment are reviewed by the Remuneration Committee, by the Risk and Related Parties and defined by the Board of Directors of FinecoBank.

**4.2.4 The reasons justifying the decision to assign compensation plans based on financial instruments not issued by FinecoBank, such as financial instruments issued by its subsidiaries, its parent companies or third parties; in the event the aforesaid financial instruments are not negotiated on regulated markets, the issuer shall provide information as to the criteria adopted for the calculation of the value attributable to such financial instruments**

The 2018 Incentive System PFA does not contemplate the allocation of similar financial instruments.

**4.2.5 The evaluations, with respect to the relevant tax and accounting implications, taken into account in the definition of the plans**

The 2018 Incentive System PFA definition was not influenced by significant tax or accounting consideration.

**4.2.6 The indication as to whether the plan enjoys any support from the special fund for encouraging worker participation in the companies, as provided for under Article 4, paragraph 112, of Law December, 24 2003 n. 350**

The 2018 Incentive System PFA is not currently supported by the special fund for encouraging worker participation in the companies, as provided for under sect. 4, paragraph 112, of Law December 24, 2003 n. 350.

### **4.3 THE PROCEDURE FOR THE ADOPTION OF THE PLAN AND TIMEFRAME FOR THE ASSIGNMENT**

**4.3.1 Powers delegated to the Board of Directors by the Shareholders' Meeting for the implementation of the plan**

The Board of Directors, on January 10<sup>th</sup>, 2018, approved the proposal related to the 2018 Incentive System PFA to be submitted to the General Shareholder's Meeting called on April 11<sup>th</sup>, 2018. Furthermore, the Board of Directors, in the same meeting, formulated the proposal to provide the delegation of power to purchase and to dispose of treasury shares, after having received the necessary authorization of the Regulator.

**4.3.2 Indication of the individuals in charge of the management of the plan, their powers authority**

"Human Resources" function and "Network Controls, Monitoring and Service Department" function of FinecoBank are in charge for the management of the 2018 Incentive System PFA, as well as of the definition of the FinecoBank Compensation Policy for Financial Advisors.

**4.3.3 Procedures for the amendment of the plans, if any, also in connection with potential variation of the original targets**

No specific procedures for the amendment of the 2018 Incentive System PFA are provided for, other than the power of attorney that is provided by the Shareholders' Meeting to the Chairman and the Chief Executive Officer and General Manager, also separately, to possibly make changes to the 2018 Incentive System PFA.

**4.3.4 Description of the modalities for the determination of the availability and assignment of the financial instruments contemplated by the plan**

To execute the 2018 Incentive System PFA, in 2018 the Board of Directors will define the number of shares to assign for the 3rd, 4th and 5th instalments (as described in paragraph 4.4.1), taking into consideration the arithmetic mean of the official closing price of the shares on each trading day at the electronic stock market organised and managed by Borsa Italiana S.p.A. on the basis of the arithmetic mean of the official closing price of FinecoBank ordinary shares during the month following the Board resolution that verifies 2018 performance achievements.

The maximum number of Fineco free ordinary shares is estimated at 297.620, representing about 0,05% of FinecoBank share capital that will be purchased from the market, after having received the necessary authorization of the Regulator.

Over the period 2020-2023 each instalments of shares assigned will be subject to the application of the *Zero Factor* for the year of allocation and in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Consob and/or analogous local authorities).

Distribution of shares payments takes into account the applicable regulatory requirements regarding the application of retention periods.

## 4. 2018 Incentive system for financial advisors belonging to identified staff (hereafter also “2018 INCENTIVE SYSTEM PFA”) (CONTINUED)

### **4.3.5 The influence exercised by each director in the determination of the characteristics of the plans; the potential conflict of interest which may trigger the obligation for the relevant director to abstain from exercising his vote in the relevant resolution**

In the determination of the proposal submitted to the Shareholders' Meeting, the Board of Directors identified the essential characteristics of the 2018 Incentive System PFA, unanimously approved, following the guidelines and criteria elaborated by the Remuneration Committee of FinecoBank.

Since the Chief Executive Officer and General Manager of FinecoBank is not among the potential beneficiaries of the 2018 Incentive System PFA, he participated in the definition of the 2018 Incentive System PFA.

### **4.3.6 The date on which the Board of Directors of FinecoBank resolved upon the assignment of the financial instruments contemplated by the plan**

The Board of Directors, on January 10<sup>th</sup>, 2018 approved the proposal related to the 2018 Incentive System PFA to be submitted to FinecoBank Shareholders' Meeting.

### **4.3.7 The date on which the Remuneration Committee resolved upon the Plan of FinecoBank**

The Remuneration Committee on January 9<sup>th</sup>, 2018 positively resolved upon the criteria and the methodology elaborated for the definition of the 2018 Incentive System PFA, sharing the reasons and motivations thereof.

### **4.3.8 The market price of Fineco ordinary shares, on the dates mentioned in points 4.3.6 e 4.3.7**

The market price of Fineco ordinary shares, registered on the date of Board of Directors approval of 2018 Incentive System PFA proposal (January 10<sup>th</sup>, 2018) and on the date of the decision made by the Remuneration Committee of FinecoBank (January 9<sup>th</sup>, 2018), resulted equal to € 9,43 and equal to € 9,34.

### **4.3.9 In which terms and modalities FinecoBank takes into account, in the determination of the timeframe for the assignment of the plans, of the possible time-coincidence between:**

- i) such assignment or the decision, if any, adopted thereon by the Remuneration Committee, and**
- ii) the dissemination of relevant information, if any, pursuant to sect. 114, paragraph 1 of Legislative Decree 58/98; for instance, in cases in which such information is:**
  - a. not already public and capable to positively affect the market quotation, or**
  - b. already published and capable to negatively affect the market quotation**

In relation to the foregoing it is clarified that the resolution of the Board of Directors which approved the proposal to be submitted to the Shareholders' Meeting, was communicated to the markets, in compliance with the current regulations. It is also clarified that analogous information to the market, if required, will be made available upon any other following resolution adopted by the Board of Directors of the 2018 Incentive System PFA.

The resolutions related to the incentive plans based on financial instruments are examined by the Remuneration Committee of FinecoBank in advance to provide for the positive opinion to the Corporate Bodies, the information to the market is given, if needed, after the relevant resolution of the Board of Directors.



## 4.4. THE CHARACTERISTICS OF THE FINANCIAL INSTRUMENTS ASSIGNED

### 4.4.1 Description of the compensation plan

Individual bonuses will be allocated based on available bonus pool and individual performance evaluation.

The final evaluation of sustainable performance parameters and risk-reward alignment will be reviewed by the Remuneration Committee and defined under the responsibility and governance of the Board of Directors.

The 2018 Incentive System PFA provides that in 2019 the Board of Directors – once verified the achievement of the goals defined for 2018 – will define the payments in cash and shares, as illustrated in the table below:

	2019	2020	2021	2022	2023
Financial Advisors belonging to <i>Identified Staff</i>	30% cash	10% cash	30% shares	10% cash + 10% shares	10% shares

The number of ordinary shares to be allocated with the third, fourth and fifth instalments will be defined in 2019, on the basis of the arithmetic mean of the official closing price of FinecoBank ordinary shares during the month following the Board resolution that verifies 2018 performance achievements.

The maximum number of Fineco free ordinary shares is estimated at 297.620, representing about 0,05% of FinecoBank share capital.

Pay-outs in shares comply with the applicable regulatory provisions in terms of holding period.

### 4.4.2 Indication of the time period for the implementation of the plan also indicating different cycles, if any, of its implementation

Incentive pay-outs shall be made over a multi-year period (2019-2023) in a balanced structure of upfront (following the moment of performance evaluation) and deferred payments, in cash and in shares, subject to what mentioned above and continuous employment at each date of payment. Shares related to the 2018 Incentive System PFA will be allocated by FinecoBank in multiple instalments (as shown in the table above) subject to the Board assessment in 2019 of the goal achievement set for 2018.

### 4.4.3 The termination date of the plan

The 2018 Incentive System PFA will lapse by July 2023.

### 4.4.4 The overall maximum number of financial instruments, also in the form of options, assigned over any fiscal years with respect to the beneficiaries namely identified or identified by categories, as the case may be

The maximum number of Fineco free ordinary shares is estimated at 297.620, representing about 0,05% of FinecoBank share capital.

At this stage it is not possible to indicate the maximum number of shares allocated in each fiscal year during the life of the 2018 Incentive System PFA, since the actual definition will be done by the Board of Directors on the basis of the criteria approved by the Shareholders' Meeting.

### 4.4.5 The procedures and clauses for the implementation of the plan, specifying whether the assignment of the financial instruments is subject to the satisfaction of certain specific conditions and, in particular, to the achievement of specific results, including performance targets; a description of the aforesaid conditions and results

Bonus pool is defined as a percentage of the specific funding KPI (*Net Operating Profit*, net of *Provisions for Risk and Charges*, corresponding to *Profit Before Tax*) at local level, taking into consideration the "Entry Conditions" criteria assessment (based on forecasted results – risk-adjusted – both at Group and local level) e and local risk and performance assessment.

The Entry Conditions are the mechanism that determines the possible application of *malus* clause (*Zero Factor*) on the basis of performance indicators in terms of capital and liquidity defined at both Group and local level (at local level also profitability will be considered). In particular the bonus pool of 2018 will be zeroed.

## 4. 2018 Incentive system for financial advisors belonging to identified staff (hereafter also “2018 INCENTIVE SYSTEM PFA”) (CONTINUED)

In order to align to regulatory requirements, in case both at Group and local level set KPIs are not met, a *Zero Factor* will apply to the *Identified Staff* population whereas for the rest of the population, a significant reduction will be applied. In case *Zero Factor* is not activated, bonus pool adjustments will be applied within respective ranges based on the assessment of local and Group performance and risk factors.

In case the Entry Conditions are not met at local level, but at Group level they are, a floor might be defined for retention purposes and in order to maintain the minimum pay levels needed to play in the market.

### **4.4.6 Indication of the restrictions on the availability of the financial instruments allocated under the plan or of the financial instruments relating to the exercise of the options, with particular reference to the time limits within which the subsequent transfer of the stocks to the issuer or third parties is permitted or prohibited**

The 2018 Incentive System PFA provides that the Fineco ordinary shares that will be allocated will be freely transferable, considering the applicable regulatory requirements regarding the application of share retention periods, as described in section 4.2.1.

### **4.4.7 Description of any condition subsequent to the plan in connection with the execution, by the beneficiaries, of hedging transactions aimed at preventing the effects of potential limits to the transfer of the financial instruments assigned there under, also in the form of options, as well as to the transfer of the financial instruments relating to the exercise of the aforesaid options**

In accordance with national regulatory guidelines and the 2018 Compensation Policy, beneficiaries are required to undertake not to use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

### **4.4.8 Description of the consequences deriving from the termination of the employment or working relationship**

The 2018 Incentive System PFA provides that the Board of Directors will have the faculty to identify, in the resolution that will execute the 2018 plan, the termination of the agency relationship of beneficiary with the Bank, as cause for the expiring of the right to receive the Phantom shares, coherently with the Plan rules.

### **4.4.9 The indication of any other provisions which may trigger the cancellation of the plan**

The 2018 Incentive System PFA does not provide for any provision which may trigger its cancellation.

### **4.4.10 The reasons justifying the redemption, pursuant to sect. 2357 and followings of the Italian Civil Code, by FinecoBank, of the financial instruments contemplated by the plan; the beneficiaries of such redemption, indicating whether the same is limited only to certain categories of employees; the consequences of the termination of the employment relationship with respect to such redemption rights**

The 2018 Incentive System PFA does not provide for the redemption by FinecoBank.

### **4.4.11 The loans or other special terms that may be granted for the purchase of stocks pursuant to sect. 2358, paragraph 3, of the Italian Civil Code**

The 2018 Incentive System PFA does not provide for a loan or other special terms for the purchase of the shares.

### **4.4.12 The evaluation of the economic burden for FinecoBank at date of the assignment of the plan, as determined on the basis of the terms and conditions already defined, with respect to the aggregate overall amount as well as with respect to each financial instrument contemplated by the plan**

The estimation of the overall cost expected by FinecoBank in relation to the 2018 Incentive System PFA at the grant date of the shares, was made on the basis of the IAS principles, considering the accounting assumptions on the probability to achieve the performance targets related to the allocation of the shares.

On the basis of these estimations, the overall expected cost for FinecoBank (IAS cost) on the basis of the effective performance conditions met, could be equal to € 2.500.000 to be split in 4 years. Nevertheless, at this stage it is not possible to define the exact cost in each year of life of the 2018 Incentive System PFA, since the definition of the actual incentive to be allocated is subject to the Board of Directors resolution.

#### **4.4.13 The indication of any dilution on the corporate capital of the issuer resulting from the compensation plan, if any**

Considering that the shares for 2018 Incentive System PFA will be purchased from the market, impact on FinecoBank share capital is not foreseen.

#### **4.4.14 Any limitation to the voting and to the economic rights**

At this stage, the 2018 Incentive System PFA does not provide for any limitation to the voting or economic rights for the shares allocated.

#### **4.4.15 In the event the stocks are not negotiated on a regulated market, any and all information necessary for a complete evaluation of the value attributable to them**

The 2018 Incentive System PFA provides only for the use of Fineco ordinary shares negotiated on regulated markets.

#### **4.4.16 The number of financial instruments belonging to each option**

The 2018 Incentive System PFA does not provide for options.

#### **4.4.17 The termination date of the options**

The 2018 Incentive System PFA does not provide for options.

#### **4.4.18 The modalities, time limits and clauses for the exercise of the options**

The 2018 Incentive System PFA does not provide for options.

#### **4.4.19 The strike price of the options or the criteria and modalities for its determination, with respect in particular to: a) the formula for the calculation of the exercise price in connection with the fair market value, and to b) the modalities for the calculation of the market price assumed as basis for the calculation of the exercise price**

The 2018 Incentive System PFA does not provide for options.

#### **4.4.20 In case the strike price is different from the fair market value as determined pursuant to point 4.4.19.b, the indication of the reasons for such difference**

The 2018 Incentive System PFA does not provide for options.

#### **4.4.21 The criteria justifying differences in the exercise prices between the relevant beneficiaries or class of beneficiaries**

The 2018 Incentive System PFA does not provide for options.

#### **4.4.22 In the event the financial instruments underlying granted options are not negotiated on a regulated market, the indication of the value attributable to the same or of the criteria for its determination**

The 2018 Incentive System PFA does not provide for options.

#### **4.4.23 The criteria for the adjustments required in connection with any extraordinary transaction involving the corporate capital of the issuer as well as in connection with transaction triggering a variation in the number of the financial instruments underlying granted options**

The 2018 Incentive System PFA does not provide for adjustments applicable in connection with extraordinary transactions involving FinecoBank corporate capital (saving the provisions that the Board of Directors may define in the resolution in which the Board will exercise the delegation received from the Shareholders' Meeting).

## 5. 2018 – 2020 Long term incentive plan for personal financial advisors “identified staff”

In compliance with the Bank of Italy provisions set forth in Circular 285, December 17<sup>th</sup>, 2013 (Section “*Regulations on remuneration and incentive policies and practices of Banks and Banking groups*”) – VII Update of November 18<sup>th</sup>, 2014, First Part, Title IV, Chapter 2, implementing the *Capital Requirements Directive 2013/36/EU (CRD IV)*, FinecoBank defined compensation systems based on financial instruments in order to align shareholders and management interests, reward long-term value creation, share price appreciation and motivate and retain key resources of FinecoBank. For this purpose it was proposed the adoption of the Plan “**2018-2020 Long Term Incentive Plan for Personal Financial Advisors belonging to Identified Staff**”, which provides for Personal Financial Advisors that will be identified as “Identified Staff” in the 2020 performance year, the allocation of an incentive – in cash and Fineco ordinary shares – to be granted in a multi-year period, subject to the achievement of specific performance objectives.

### 5.1 BENEFICIARIES OF THE PLAN

The Financial Advisors of FinecoBank that benefit from the 2018-2020 PFA Plan are PFA that will be identified as “Identified Staff” in the 2020 performance year whose activities have impacts on Bank’s risks based on criteria. In particular the following criteria were applied:

- Personal Financial Advisors with a total remuneration (“recurring” and “non-recurring”) more than Euro 750,000 in the last year and with an impact on Bank risk profiles;
- Personal Financial Advisors Area Manager who coordinate a structure which is linked an overall portfolio equal to or more than 5% of total network assets and with an impact on Bank risk profiles.

The total estimated number of beneficiaries, as on the date of January 10<sup>th</sup>, 2018, is 15.

#### 5.1.1 Indication of the name of beneficiaries who are members of the Board of Directors of FinecoBank and of the companies directly or indirectly controlled by FinecoBank

There are no members of the Board of Directors that benefit from the 2018-2020 PFA Plan; therefore this provision is not applicable.

#### 5.1.2 The categories of employees or collaborators of FinecoBank and companies controlling or controlled by this issuer

There are no employees of FinecoBank that benefit from the 2018-2020 PFA Plan, therefore this provision is not applicable.

#### 5.1.3 Individuals who benefit from the Plan belonging to the following groups:

##### a) General Manager of FinecoBank

Mr. Alessandro Foti, Chief Executive Officer and General Manager of FinecoBank, is not among the beneficiaries of 2018-2020 PFA Plan .

##### b) other Executives with strategic responsibilities of FinecoBank not classed as “small”, in accordance with Article 3, paragraph 1, letter f) of Regulation no. 17221 of 12 March 2010, if they have, during the course of the year, received total compensation (obtained by adding the monetary compensation to the financial instrument-based compensation) in excess of the highest total compensation assigned to the members of the Board of Directors or Management Board, and to the General Manager of FinecoBank

None of FinecoBank Executives meet the description; therefore this provision is not applicable.

##### c) natural persons controlling FinecoBank, who are employee or collaborator of FinecoBank

No individual controls FinecoBank and meet the description; therefore this provision is not applicable.

#### 5.1.4 Description and numerical indication, broken down according to category:

##### a) Executives with strategic responsibilities other than those specified under lett. b) of paragraph 5.1.3

None of FinecoBank Executives meet the description; therefore this provision is not applicable.

##### b) in the case of “small” companies, in accordance with Article 3, paragraph 1, letter f) of Regulation no. 17221 of 12 March 2010, the indication for the aggregate of all Executives with strategic responsibilities of the financial instrument issuer

This provision is not applicable.

##### c) other categories of employees or collaborators for which different characteristics are envisaged for the plan (e.g. executives, middle management, employees etc.)

No classes of employees meet the description; therefore this provision is not applicable.

## 5.2 THE REASONS FOR THE ADOPTION OF THE PLAN

### 5.2.1 The targets which the parties intend to reach through the adoption of the plan

The 2018-2020 PFA Plan for Personal Financial Advisors aims to incentive, retain and motivate beneficiary Advisors in compliance with the most recent national and international regulatory requirements with the aim to define – in the interest of all stakeholders – incentive systems in line with long-term Company strategies and goals, linked to Bank results, adjusted in order to consider all risks, in coherence with capital and liquidity levels needed to cover the activities in place and, in any case, able to avoid misleading incentives that could drive to regulatory breaches or to assume excessive risks for the Bank and the system in its whole.

The 2018-2020 PFA Plan is compliant with FinecoBank Compensation Policy and with the national and international regulatory requirements providing for:

- individual performance targets in the 2018-2020 period, linked to Net Sales (NS), Net Sales of Guided Product (NSGP) and, for PFAs and Group Managers, also to the ratio between Guided Products (GD) as at 31 December 2020 on Total Financial Asset (TFA) as of 31 December 2019;
- entry conditions based on individual, FinecoBank and Group performance;
- specific malus conditions of capital, liquidity and profitability at FinecoBank level and of capital and liquidity at Group level;
- specific individual compliance conditions and a clawback clause;
- a balanced structure of “upfront” and “deferred” payments, over a multi-year period, in the form of cash and / or FinecoBank ordinary shares

### 5.2.2 Principal factors of variation and performance indexes taken into account for the assignment of plans based on financial instruments

Total incentive pay-out as defined will be made over a multi-year period (2021-2025), as indicated below and provided that the agency relationship of the beneficiaries is in place at the time of each payment:

- in 2021 the first instalment of the overall incentive (“1st instalment”) will be paid in cash, in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Consob and/or analogous local authorities);
- over the period 2022-2025 the remaining amount of the overall incentive will be paid in several instalments in cash and/or Fineco ordinary shares; each subsequent tranche will be subject to the application of the *Zero Factor* for the year of allocation and in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Consob and/or analogous local authorities);

The distribution of share payments takes into account the applicable regulatory requirements regarding the application of share retention periods.

### 5.2.3 The factors assumed as basis for the determination of the compensation based upon financial instruments, or the criteria for the determination of the aforesaid compensation

At this stage, the 2018-2020 PFA Plan does not contain an exact indication of the value of free shares to be actually allocated to the beneficiaries, rather it merely fixes the maximum number of the free shares to be issued with reference to the Plan. In any case, are already established the criteria that the Board of Directors should follow, in the resolutions that after the Shareholders’ Meeting approval will execute the Plan, to define the actual number of beneficiaries and the number of free shares to be granted.

The 2018-2020 PFA Plan provides the maximum number of shares to be allocated in the respective instalments – at the conditions stated above - shall be defined in 2021.

The final evaluation of sustainable performance parameters and risk-reward alignment will be reviewed by the Remuneration Committee and defined under the responsibility and governance of the Board of Directors.

### 5.2.4 The reasons justifying the decision to assign compensation plans based on financial instruments not issued by FinecoBank, such as financial instruments issued by its subsidiaries, its parent companies or third parties; in the event the aforesaid financial instruments are not negotiated on regulated markets, the issuer shall provide information as to the criteria adopted for the calculation of the value attributable to such financial instruments

The 2018-2020 PFA Plan does not contemplate the allocation of similar financial instruments.

## 5. 2018 – 2020 Long term incentive plan for personal financial advisors “identified staff” (CONTINUED)

### **5.2.5 The evaluations, with respect to the relevant tax and accounting implications, taken into account in the definition of the plans**

The 2018-2020 PFA Plan definition was not influenced by significant tax or accounting consideration.

### **5.2.6 The indication as to whether the plan enjoys any support from the special fund for encouraging worker participation in the companies, as provided for under Article 4, paragraph 112, of Law December, 24 2003 n. 350**

The 2018-2020 PFA Plan is not currently supported by the special fund for encouraging worker participation in the companies, as provided for under sect. 4, paragraph 112, of Law December 24, 2003 n. 350.

## **5.3 THE PROCEDURE FOR THE ADOPTION OF THE PLAN AND TIMEFRAME FOR THE ASSIGNMENT**

### **5.3.1 Powers delegated to the Board of Directors by the Shareholders' Meeting for the implementation of the plan**

The Board of Directors, on January 10<sup>th</sup>, 2018, approved the proposal related to the 2018 Incentive System PFA to be submitted to the General Shareholder's Meeting called on April 11<sup>th</sup>, 2018. Furthermore, the Board of Directors, in the same meeting, formulated the proposal to provide the delegation of power to purchase and to dispose of treasury shares, after having received the necessary authorization of the Regulator.

### **5.3.2 Indication of the individuals in charge of the management of the plan, their powers authority**

“Human Resources” function and “Network Controls, Monitoring and Service Department” function of FinecoBank are in charge for the management of the 2018-2020 PFA Plan, as well as of the definition of the FinecoBank Compensation Policy for Financial Advisors.

### **5.3.3 Procedures for the amendment of the plans, if any, also in connection with potential variation of the original targets**

No specific procedures for the amendment of the 2018-2020 PFA Plan are provided for, other than the power of attorney that is provided by the Shareholders' Meeting to the Chairman and the Chief Executive Officer and General Manager, also separately, to possibly make changes to the 2018-2020 PFA Plan.

### **5.3.4 Description of the modalities for the determination of the availability and assignment of the financial instruments contemplated by the plan**

To execute the 2018-2020 PFA Plan, in 2021 the Board of Directors will define the number of shares to assign for the 3rd, 4th and 5th instalments (as described in paragraph 5.4.1), taking into consideration the arithmetic mean of the official closing price of the shares on each trading day at the electronic stock market organised and managed by Borsa Italiana S.p.A. during the month following the Board resolution that verifies 2020 performance achievements.

The maximum number of Fineco free ordinary shares is estimated at 423.767, representing about 0,08% of FinecoBank share capital that will be purchased from the market, after having received the necessary authorization of the Regulator.

Over the period 2023-2025 each instalments of shares assigned will be subject to the application of the *Zero Factor* for the year of allocation and in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Consob and/or analogous local authorities).

Distribution of shares payments takes into account the applicable regulatory requirements regarding the application of retention periods.

### **5.3.5 The influence exercised by each director in the determination of the characteristics of the plans; the potential conflict of interest which may trigger the obligation for the relevant director to abstain from exercising his vote in the relevant resolution**

In the determination of the proposal submitted to the Shareholders' Meeting, the Board of Directors identified the essential characteristics of the 2018-2020 PFA Plan, unanimously approved, following the guidelines and criteria elaborated by the Remuneration Committee of FinecoBank.

Since the Chief Executive Officer and General Manager of FinecoBank is not among the potential beneficiaries of the 2018-2020 PFA Plan, he participated in the definition of the 2018-2020 PFA Plan.

### **5.3.6 The date on which the Board of Directors of FinecoBank resolved upon the assignment of the financial instruments contemplated by the plan**

The Board of Directors, on January 10<sup>th</sup>, 2018 approved the proposal related to the 2018-2020 PFA Plan to be submitted to FinecoBank Shareholders' Meeting.

### **5.3.7 The date on which the Remuneration Committee resolved upon the Plan of FinecoBank**

The Remuneration Committee on January 9<sup>th</sup>, 2018 positively resolved upon the criteria and the methodology elaborated for the definition of the the 2018-2020 PFA Plan , sharing the reasons and motivations thereof.

### **5.3.8 The market price of Fineco ordinary shares, on the dates mentioned in points 5.3.6 e 5.3.7**

The market price of Fineco ordinary shares, registered on the date of Board of Directors approval of 2018 2020 PFA Plan proposal (January 10<sup>th</sup>, 2018) and on the date of the decision made by the Remuneration Committee of FinecoBank (January 9<sup>th</sup>, 2018), resulted equal to € 9,43 and equal to € 9,34.

### **5.3.9 In which terms and modalities FinecoBank takes into account, in the determination of the timeframe for the assignment of the plans, of the possible time-coincidence between:**

- i) such assignment or the decision, if any, adopted thereon by the Remuneration Committee, and**
- ii) the dissemination of relevant information, if any, pursuant to sect. 114, paragraph 1 of Legislative Decree 58/98; for instance, in cases in which such information is:**
  - a. not already public and capable to positively affect the market quotation, or**
  - b. already published and capable to negatively affect the market quotation**

In relation to the foregoing it is clarified that the resolution of the Board of Directors which approved the proposal to be submitted to the Shareholders' Meeting, was communicated to the markets, in compliance with the current regulations. It is also clarified that analogous information to the market, if required, will be made available upon any other following resolution adopted by the Board of Directors of the 2018-2020 PFA Plan.

The resolutions related to the incentive plans based on financial instruments are examined by the Remuneration Committee of FinecoBank in advance to provide for the positive opinion to the Corporate Bodies, the information to the market is given, if needed, after the relevant resolution of the Board of Directors.

## 5. 2018 – 2020 Long term incentive plan for personal financial advisors “identified staff” (CONTINUED)

### 5.4. THE CHARACTERISTICS OF THE FINANCIAL INSTRUMENTS ASSIGNED

#### 5.4.1 Description of the compensation plan

The final evaluation of sustainable performance parameters of the Group and of the Bank (entry and malus condition) and risk-reward alignment are reviewed by the Remuneration Committee, by the Risk and Related Parties and defined by the Board of Directors of FinecoBank.

The percentages of payments in cash and shares are defined as described in the following table:

	2021	2022	2023	2024	2025
Financial Advisors belonging to <i>Identified Staff</i>	20% cash	20% cash	20% shares	20% shares	20% shares

The estimated allocation is maximum number of 432,767 FinecoBank ordinary shares, representing about 0.08% of FinecoBank share capital.

#### 5.4.2 Indication of the time period for the implementation of the plan also indicating different cycles, if any, of its implementation

The 2018-2020 PFA Plan provide a balanced structure of upfront and deferred payments, in cash and in shares, over a multi-year period (2019-2023).

#### 5.4.3 The termination date of the plan

The 2018-2020 PFA Plan will lapse by July 2025.

#### 5.4.4 The overall maximum number of financial instruments, also in the form of options, assigned over any fiscal years with respect to the beneficiaries namely identified or identified by categories, as the case may be

The maximum number of Fineco free ordinary shares is estimated at 423,767, representing about 0,08% of FinecoBank share capital.

At this stage it is not possible to indicate the maximum number of shares allocated in each fiscal year during the life of the 2018-2020 PFA Plan, since the actual definition will be done by the Board of Directors on the basis of the criteria approved by the Shareholders' Meeting.

#### 5.4.5 The procedures and clauses for the implementation of the plan, specifying whether the assignment of the financial instruments is subject to the satisfaction of certain specific conditions and, in particular, to the achievement of specific results, including performance targets; a description of the aforesaid conditions and results

The Entry Conditions are the mechanism that determines the possible application of *malus* clause (*Zero Factor*) on the basis of performance indicators in terms of capital and liquidity defined at both Group and local level (at local level also profitability will be considered).

In order to align to regulatory requirements, appropriate entry conditions are defined at Fineco and Group level that will to be measured in the performance period of the Plan and can confirmed reduce or cancel the individual bonuses.

Furthermore appropriate malus clauses are provided with the same indicators at Fineco and Group level in the deferral period that can confirmed, reduce, or cancel the deferred portion.

#### 5.4.6 Indication of the restrictions on the availability of the financial instruments allocated under the plan or of the financial instruments relating to the exercise of the options, with particular reference to the time limits within which the subsequent transfer of the stocks to the issuer or third parties is permitted or prohibited

The 2018-2020 PFA Plan provides that the Fineco ordinary shares that will be allocated will be freely transferable, considering the applicable regulatory requirements regarding the application of share retention periods, as described in section 5.2.1.

#### 5.4.7 Description of any condition subsequent to the plan in connection with the execution, by the beneficiaries, of hedging transactions aimed at preventing the effects of potential limits to the transfer of the financial instruments assigned there under, also in the form of options, as well as to the transfer of the financial instruments relating to the exercise of the aforesaid options

In accordance with national regulatory guidelines and the 2018 Compensation Policy, beneficiaries are required to undertake not to use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.



#### **5.4.8 Description of the consequences deriving from the termination of the employment or working relationship**

The 2018-2020 PFA Plan provides that the Board of Directors will have the faculty to identify, in the resolution that will execute the plan, the termination of the agency relationship of beneficiary with the Bank, as cause for the expiring of the right to receive the Phantom shares, coherently with the Plan rules.

#### **5.4.9 The indication of any other provisions which may trigger the cancellation of the plan**

The 2018-2020 PFA Plan does not provide for any provision which may trigger its cancellation.

#### **5.4.10 The reasons justifying the redemption, pursuant to sect. 2357 and followings of the Italian Civil Code, by FinecoBank, of the financial instruments contemplated by the plan; the beneficiaries of such redemption, indicating whether the same is limited only to certain categories of employees; the consequences of the termination of the employment relationship with respect to such redemption rights**

The 2018-2020 PFA Plan does not provide for the redemption by FinecoBank.

#### **5.4.11 The loans or other special terms that may be granted for the purchase of stocks pursuant to sect. 2358, paragraph 3, of the Italian Civil Code**

The 2018-2020 PFA Plan does not provide for a loan or other special terms for the purchase of the shares.

#### **5.4.12 The evaluation of the economic burden for FinecoBank at date of the assignment of the plan, as determined on the basis of the terms and conditions already defined, with respect to the aggregate overall amount as well as with respect to each financial instrument contemplated by the plan**

The estimation of the overall cost expected by FinecoBank in relation to the 2018-2020 PFA Plan at the grant date of the shares, was made on the basis of the IAS principles, considering the accounting assumptions on the probability to achieve the performance targets related to the allocation of the shares.

On the basis of these estimations, the overall expected cost for FinecoBank (IAS cost) on the basis of the effective performance conditions met, could be equal to € 1.008.000 to be split in 6 years.

Nevertheless, at this stage it is not possible to define the exact cost in each year of life of 2018-2020 PFA Plan, since the definition of the actual incentive to be allocated is subject to the Board of Directors resolution.

#### **5.4.13 The indication of any dilution on the corporate capital of the issuer resulting from the compensation plan, if any**

Considering that the shares for the 2018-2020 PFA Plan will be purchased from the market, impact on FinecoBank share capital is not foreseen.

#### **5.4.14 Any limitation to the voting and to the economic rights**

At this stage, the 2018-2020 PFA Plan does not provide for any limitation to the voting or economic rights for the shares allocated.

#### **5.4.15 In the event the stocks are not negotiated on a regulated market, any and all information necessary for a complete evaluation of the value attributable to them**

The 2018-2020 PFA Plan provides only for the use of Fineco ordinary shares negotiated on regulated markets.

#### **5.4.16 The number of financial instruments belonging to each option**

The 2018-2020 PFA Plan does not provide for options.

#### **5.4.17 The termination date of the options**

The 2018-2020 PFA Plan does not provide for options.

#### **5.4.18 The modalities, time limits and clauses for the exercise of the options**

The 2018-2020 PFA Plan does not provide for options.

## 5. 2018 – 2020 Long term incentive plan for personal financial advisors “identified staff” (CONTINUED)

**5.4.19 The strike price of the options or the criteria and modalities for its determination, with respect in particular to:  
a) the formula for the calculation of the exercise price in connection with the fair market value, and to  
b) the modalities for the calculation of the market price assumed as basis for the calculation of the exercise price**

The 2018-2020 PFA Plan does not provide for options.

**5.4.20 In case the strike price is different from the fair market value as determined pursuant to point 3.4.19.b, the indication of the reasons for such difference**

The 2018-2020 PFA Plan does not provide for options.

**5.4.21 The criteria justifying differences in the exercise prices between the relevant beneficiaries or class of beneficiaries**

The 2018-2020 PFA Plan does not provide for options.

**5.4.22 In the event the financial instruments underlying granted options are not negotiated on a regulated market, the indication of the value attributable to the same or of the criteria for its determination**

The 2018-2020 PFA Plan does not provide for options.

**5.4.23 The criteria for the adjustments required in connection with any extraordinary transaction involving the corporate capital of the issuer as well as in connection with transaction triggering a variation in the number of the financial instruments underlying granted options**

The 2018-2020 PFA Plan does not provide for adjustments applicable in connection with extraordinary transactions involving FinecoBank corporate capital (saving the provisions that the Board of Directors may define in the resolution in which the Board will exercise the delegation received from the Shareholders' Meeting).

# 6. Execution of “FinecoBank compensation systems”

## 6.1 BENEFICIARIES OF THE PLAN

With reference to the Board of Directors' resolutions of:

- February 6<sup>th</sup>, 2018
- February 7<sup>th</sup>, 2017
- February 8<sup>th</sup>, 2016
- February 9<sup>th</sup>, 2015

for the execution of **2017 Incentive System PFA**, of **2017 Incentive System**, of **2016 Incentive System PFA**, of **2016 Incentive System**, **2015 Incentive System PFA**, of **2015 Incentive System**, of **2014 Incentive System**, of **“2014-2017 Multi-year Plan Top Management”** and of **“2015-2017 Plan PFA”** (hereinafter **“FinecoBank Compensation Systems”**), approved by the Shareholders' Meetings of April 11<sup>th</sup>, 2017, of April 12<sup>th</sup>, 2016, of April 23<sup>rd</sup>, 2015 and of June 5<sup>th</sup>, 2014, were identified the following beneficiaries for the respective plans:

- **2017 Incentive System PFA**, foresees an incentive – payable in cash and/or Phantom shares – for the Financial Advisors *Identified Staff* of FinecoBank over a multi-year period of maximum 5 years (2018-2022), after the verification of the achievement of specific performance goals, of entry conditions and of those individual (continuous employment and no compliance breach);
- **2017 Incentive System**, distinguished in two different plans depending on the category of beneficiaries, foresees an incentive – payable in cash and/or free Fineco ordinary shares – for the employees *Identified Staff* of FinecoBank over a multi-year period of maximum 6 years (2018-2023), after the verification of the achievement of specific performance goals, of entry conditions and of those individual (continuous employment and no compliance breach);
- **2016 Incentive System PFA**, foresees an incentive – payable in cash and/or Phantom shares – for the Financial Advisors *Identified Staff* of FinecoBank over a multi-year period of maximum 5 years (2017-2021), after the verification of the achievement of specific performance goals, of entry conditions and of those individual (continuous employment and no compliance breach);
- **2016 Incentive System**, distinguished in two different plans depending on the category of beneficiaries, foresees an incentive – payable in cash and/or free Fineco ordinary shares – for the employees *Identified Staff* of FinecoBank over a multi-year period of maximum 6 years (2017-2022), after the verification of the achievement of specific performance goals, of entry conditions and of those individual (continuous employment and no compliance breach);
- **2015 Incentive System PFA**, foresees an incentive – payable in cash and/or Phantom shares – for the Financial Advisors *Identified Staff* of FinecoBank over a multi-year period of maximum 5 years (2016-2020), after the verification of the achievement of specific performance goals, of entry conditions and of those individual (continuous employment and no compliance breach);
- **2015 Incentive System**, distinguished in two different plans depending on the category of beneficiaries, foresees an incentive – payable in cash and/or free Fineco ordinary shares – for the employees *Identified Staff* of FinecoBank over a multi-year period of maximum 6 years (2016-2021), after the verification of the achievement of specific performance goals, of entry conditions and of those individual (continuous employment and no compliance breach);
- **2014 Incentive System**, distinguished in two different plans depending on the category of beneficiaries, foresees an incentive – payable in cash and/or free Fineco ordinary shares – for the employees *Identified Staff* of FinecoBank over a multi-year period of maximum 6 years (2015-2020), after the verification of the achievement of specific performance goals, of entry conditions and of those individual (continuous employment and no compliance breach);
- **“2014-2017 Multi-year Plan Top Management”**, foresees an incentive – linked to FinecoBank IPO – payable in free Fineco ordinary shares, for the Chief Executive Officer and General Manager and for the Executives with strategic responsibilities of FinecoBank over a multi-year period (2017-2020) subject to the achievement of specific entry conditions. This plan foresees, *inter alia*, that the assignment of the 1st instalment of shares promised in 2014 will be done in 2017, the other instalments will be done in 2018, in 2019 and in 2020 respectively, after the verification of the achievement of entry conditions and of those individual (continuous employment and no compliance breach);

## 6. Execution of “FinecoBank compensation systems” (CONTINUED)

- **“2015-2017 Plan PFA**, foresees to determine an amount to be granted over a multi-year period (2018-2020) through the assignment of ordinary shares to Managers of the Network and Financial Advisors of FinecoBank that, during the performance years of the Plan, met specific performance goals. This plan foresees, inter alia, that the amount and the shares' calculation will be done in 2018 and that the assignment of the bonus will be done in three instalments in 2018, 2019 and 2020, after the verification of the achievement of specific performance goal, of the entry conditions and of those individual (continuous employment and no compliance breach).

### 6.1.1 Indication of the name of beneficiaries who are members of the Board of Directors of FinecoBank and of the companies directly or indirectly controlled by FinecoBank

Mr. Alessandro Foti, Chief Executive Officer and General Manager of FinecoBank, is among the beneficiaries of 2017 Incentive System, of 2016 Incentive System, of 2015 Incentive System, of 2014 Incentive System and of “2014-2017 Multi-year Plan Top Management”.

### 6.1.2 The categories of employees or collaborators of FinecoBank and companies controlling or controlled by this issuer

The employees of FinecoBank that benefit from FinecoBank Compensation Systems (along with the Chief Executive Officer and General Manager of FinecoBank) are:

For the **2017 Incentive System**:

- the Deputy General Managers, the other Executives with strategic responsibilities and the other *Identified Staff* 2017 of FinecoBank

for the **2016 Incentive System**:

- the Deputy General Managers, the other Executives with strategic responsibilities and the other *Identified Staff* 2016 of FinecoBank

for the **2015 Incentive System**:

- the Deputy General Managers, the other Executives with strategic responsibilities and the other *Identified Staff* 2015 of FinecoBank

for the **2014 Incentive System**:

- the Deputy General Managers, the other Executives with strategic responsibilities and the other *Identified Staff* 2014 of FinecoBank

for the plan **“2014-2017 Multi-year Plan Top Management”**:

- the Deputy General Managers and the other Executives with strategic responsibilities of FinecoBank;

for **2017 Incentive System PFA** there are no employees of FinecoBank that benefit from the plan. It is highlighted that the beneficiaries are 1 Financial Advisor, 1 Group Manager and 5 Area Managers belonging to Financial Advisors *Identified Staff* 2017 of FinecoBank;

for **2016 Incentive System PFA** there are no employees of FinecoBank that benefit from the plan. It is highlighted that the beneficiaries are 4 Financial Advisors, 2 Group Manager and 4 Area Managers belonging to Financial Advisors *Identified Staff* 2016 of FinecoBank;

for **2015 Incentive System PFA** there are no employees of FinecoBank that benefit from the plan. It is highlighted that the beneficiaries are 1 Group Manager and 4 Area Managers belonging to Financial Advisors *Identified Staff* 2015 of FinecoBank;

for the plan **“2015-2017 Plan PFA”** there are no employees of FinecoBank that benefit from the plan. It is highlighted that the beneficiaries are 834 Financial Advisors, 68 Group Manager and 19 Area Managers.

### 6.1.3 Individuals who benefit from the Plan belonging to the following groups:

#### a) General Manager of FinecoBank

Mr. Alessandro Foti, Chief Executive Officer and General Manager of FinecoBank, is among the beneficiaries of 2017 Incentive System, of 2016 Incentive System, of 2015 Incentive System, of 2014 Incentive System and of the plan “2014-2017 Multi-year Plan Top Management”.

**b) other Executives with strategic responsibilities of FinecoBank not classed as “small”, in accordance with Article 3, paragraph 1, letter f) of Regulation no. 17221 of 12 March 2010, if they have, during the course of the year, received total compensation (obtained by adding the monetary compensation to the financial instrument-based compensation) in excess of the highest total compensation assigned to the members of the Board of Directors or Management Board, and to the General Manager of FinecoBank**

None of FinecoBank Executives meet the description; therefore this provision is not applicable.

**c) natural persons controlling FinecoBank, who are employee or collaborator of FinecoBank**

No individual controls FinecoBank and, therefore, this provision is not applicable.

#### **6.1.4 Description and numerical indication, broken down according to category:**

**a) Executives with strategic responsibilities other than those specified under lett. B) of paragraph 6.1.3**

Amongst the beneficiaries of FinecoBank Compensation Systems, along with the Chief Executive Officer and General Manager, there are n. 5 executives of FinecoBank who have regular access to privileged information and are authorized to take resolutions capable of influencing the development and prospects of FinecoBank.

Benefit from the **2017 Incentive System**, from the **2016 Incentive System**, from the **2015 Incentive System**, from the **2014 Incentive System** and from the plan **“2014-2017 Multi-year Plan Top Management”**:

1. the Deputy General Manager and Head of Global Banking Services, Mr. Fabio Milanesei
2. the Deputy General Manager and Head of Global Business, Mr. Paolo Di Grazia
3. the Head of Commercial PFA Network, Mr. Mauro Albanese
4. the Head of Investment Services and Private Banking, Mr. Carlo Giausa
5. the Chief Financial Officer, Mrs. Lorena Pellicciari

Regarding the **2017 Incentive System PFA**, the **2016 Incentive System PFA**, the **2015 Incentive System PFA** and the **“2015-2017 Plan PFA”** there are no beneficiaries among the Executives with strategic responsibilities.

**b) in the case of “small” companies, in accordance with Article 3, paragraph 1, letter f) of Regulation no. 17221 of 12 March 2010, the indication for the aggregate of all Executives with strategic responsibilities of the financial instrument issuer**

This provision is not applicable.

**c) other categories of employees or collaborators for which different characteristics are envisaged for the plan (e.g. executives, middle management, employees etc.)**

This provision is not applicable.

## **6.2 THE REASONS FOR THE ADOPTION OF THE PLAN**

**6.2.1 The targets which the parties intend to reach through the adoption of the “FinecoBank Compensation Systems”**

The **2017 Incentive System PFA** aims to retain and motivate beneficiary Advisors, taking into account the objectives of growth in the medium and long term, in a general framework of overall sustainability.

The 2017 Incentive System PFA is compliant with FinecoBank Compensation Policy and with the most recent national and international regulatory requirements.

The **2017 Incentive System** aims to attract, retain and motivate FinecoBank beneficiaries in compliance with the most recent national and international regulatory requirements with the aim to define – in the interest of all stakeholders – incentive systems in line with long-term Company strategies and goals, linked to Bank results, adjusted in order to consider all risks, in coherence with capital and liquidity levels needed to cover the activities in place and, in any case, able to avoid misleading incentives that could drive to regulatory breaches or to assume excessive risks for the Bank and the system in its whole.

The 2017 Incentive System is compliant with FinecoBank Compensation Policy and with the most recent national and international regulatory requirements.

## 6. Execution of “FinecoBank compensation systems” (CONTINUED)

The **2016 Incentive System PFA** aims to retain and motivate beneficiary Advisors, taking into account the objectives of growth in the medium and long term, in a general framework of overall sustainability.

The 2016 Incentive System PFA is compliant with FinecoBank Compensation Policy and with the most recent national and international regulatory requirements.

The **2016 Incentive System** aims to attract, retain and motivate FinecoBank beneficiaries in compliance with the most recent national and international regulatory requirements with the aim to define – in the interest of all stakeholders – incentive systems in line with long-term Company strategies and goals, linked to Bank results, adjusted in order to consider all risks, in coherence with capital and liquidity levels needed to cover the activities in place and, in any case, able to avoid misleading incentives that could drive to regulatory breaches or to assume excessive risks for the Bank and the system in its whole.

The 2016 Incentive System is compliant with FinecoBank Compensation Policy and with the most recent national and international regulatory requirements.

The **2015 Incentive System PFA** aims to retain and motivate beneficiary Advisors, taking into account the objectives of growth in the medium and long term, in a general framework of overall sustainability.

The 2015 Incentive System PFA is compliant with FinecoBank Compensation Policy and with the most recent national and international regulatory requirements.

The **2015 Incentive System** aims to attract, retain and motivate FinecoBank beneficiaries in compliance with the most recent national and international regulatory requirements with the aim to define – in the interest of all stakeholders – incentive systems in line with long-term Company strategies and goals, linked to Bank results, adjusted in order to consider all risks, in coherence with capital and liquidity levels needed to cover the activities in place and, in any case, able to avoid misleading incentives that could drive to regulatory breaches or to assume excessive risks for the Bank and the system in its whole.

The 2015 Incentive System is compliant with FinecoBank Compensation Policy and with the most recent national and international regulatory requirements.

The **2014 Incentive System** aims to attract, retain and motivate FinecoBank beneficiaries in compliance with the most recent national and international regulatory requirements with the aim to define – in the interest of all stakeholders – incentive systems in line with long-term Company strategies and goals, linked to Bank results, adjusted in order to consider all risks, in coherence with capital and liquidity levels needed to cover the activities in place and, in any case, able to avoid misleading incentives that could drive to regulatory breaches or to assume excessive risks for the Bank and the system in its whole.

The 2014 Incentive System is compliant with FinecoBank Compensation Policy and with the most recent national and international regulatory requirements.

The plan “**2014-2017 Multi-year Plan Top Management**” is a special award for Top Management of FinecoBank, linked to the Initial Public Offering. It aims to build retention of the Top Management, taking into account the objectives of growth in the medium and long term.

The plan “**2015-2017 Plan PFA**” is a special award for Managers of the Network and Financial Advisors of FinecoBank, with the aim to retain and incentive them, taking into account the objectives of growth in the medium and long term.

### 6.2.2 Principal factors of variation and performance indexes taken into account for the assignment of plans based on financial instruments

The **2017 Incentive System PFA** foresees that individual bonuses will be allocated based on individual performance evaluation.

Total incentive pay-out as defined will be made over a multi-year period (2018-2022), as indicated below and provided that the agency relationship of the beneficiaries is in place at the time of each payment:

- in 2018 the first instalment of the overall incentive (“1st instalment”) will be paid in cash, in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Consob and/or analogous local authorities);
- over the period 2019-2022 the remaining amount of the overall incentive will be paid in several instalments in cash and/or Phantom shares; each subsequent tranche will be subject to the application of the *Zero Factor* for the year of allocation and in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Consob and/or analogous local authorities).

The **2017 Incentive System** foresees that individual bonuses will be allocated on the internal basis of available bonus pool, individual performance evaluation and internal benchmarking for specific roles.

Individual performance appraisal is based on specific goals, linked to the 5 fundamentals of UniCredit Group competency model: “*Customer First*”; “*Execution and Discipline*”; “*Cooperation and Synergies*”; “*Risk Management*”; “*People Development*”.

Incentive pay-outs shall be made over a multi-year period (2018-2023) subject to continuous employment at each date of payment and as follows:

- in 2018 the first instalment of the overall incentive (“1st instalment”) will be paid in cash, in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Bank of Italy, Consob);
- over the period 2019-2023 the remaining amount of the overall incentive will be paid in several instalments in cash and/or Fineco free ordinary shares; each subsequent tranche will be subject to the application of the *Zero Factor* for the year of allocation and in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Bank of Italy, Consob);
- distribution of share payments takes into account the applicable regulatory requirements regarding the application of share retention periods.

The **2016 Incentive System PFA** foresees that individual bonuses will be allocated based on individual performance evaluation.

Total incentive pay-out as defined will be made over a multi-year period (2017-2021), as indicated below and provided that the agency relationship of the beneficiaries is in place at the time of each payment:

- in 2017 the first instalment of the overall incentive (“1st instalment”) will be paid in cash, in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Consob and/or analogous local authorities);
- over the period 2018-2021 the remaining amount of the overall incentive will be paid in several instalments in cash and/or Phantom shares; each subsequent tranche will be subject to the application of the *Zero Factor* for the year of allocation and in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Consob and/or analogous local authorities).

The **2016 Incentive System** foresees that individual bonuses will be allocated on the internal basis of available bonus pool, individual performance evaluation and internal benchmarking for specific roles.

Individual performance appraisal is based on specific goals, linked to the 5 fundamentals of UniCredit Group competency model: “*Customer First*”; “*Execution and Discipline*”; “*Cooperation and Synergies*”; “*Risk Management*”; “*People Development*”.

Incentive pay-outs shall be made over a multi-year period (2017-2022) subject to continuous employment at each date of payment and as follows:

- in 2017 the first instalment of the overall incentive (“1st instalment”) will be paid in cash, in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Bank of Italy, Consob);
- over the period 2018-2022 the remaining amount of the overall incentive will be paid in several instalments in cash and/or Fineco free ordinary shares; each subsequent tranche will be subject to the application of the *Zero Factor* for the year of allocation and in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Bank of Italy, Consob);
- distribution of share payments takes into account the applicable regulatory requirements regarding the application of share retention periods.

The **2015 Incentive System PFA** foresees that individual bonuses will be allocated based on individual performance evaluation.

Total incentive pay-out as defined will be made over a multi-year period (2016-2020), as indicated below and provided that the agency relationship of the beneficiaries is in place at the time of each payment:

- in 2016 the first instalment of the overall incentive (“instalment”) is paid in cash, in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Consob and/or analogous local authorities);
- over the period 2017-2020 the remaining amount of the overall incentive will be paid in several instalments in cash and/or Phantom shares; each subsequent tranche will be subject to the application of the *Zero Factor* for the year of allocation and in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Consob and/or analogous local authorities).

The **2015 Incentive System** foresees that individual bonuses will be allocated on the internal basis of available bonus pool, individual performance evaluation and internal benchmarking for specific roles.

## 6. Execution of “FinecoBank compensation systems” (CONTINUED)

Individual performance appraisal is based on specific goals, linked to the 5 fundamentals of UniCredit Group competency model: “*Customer First*”; “*Execution and Discipline*”; “*Cooperation and Synergies*”; “*Risk Management*”; “*People Development*”.

Incentive pay-outs shall be made over a multi-year period (2016-2021) subject to continuous employment at each date of payment and as follows:

- in 2016 the first instalment of the overall incentive (“1st instalment”) is paid in cash, in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Bank of Italy, Consob);
- over the period 2017-2021 the remaining amount of the overall incentive will be paid in several instalments in cash and/or Fineco free ordinary shares; each subsequent tranche will be subject to the application of the *Zero Factor* for the year of allocation and in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Bank of Italy, Consob);
- distribution of share payments takes into account the applicable regulatory requirements regarding the application of share retention periods.

The **2014 Incentive System** foresees that individual bonuses will be allocated on the basis of available bonus pool, individual performance evaluation and internal benchmarking for specific roles.

Individual performance appraisal is based on specific goals, linked to the 5 fundamentals of UniCredit Group competency model: “*Customer First*”; “*Execution and Discipline*”; “*Cooperation and Synergies*”; “*Risk Management*”; “*People Development*”.

Incentive pay-outs shall be made over a multi-year period (2015-2020) subject to continuous employment at each date of payment and as follows:

- in 2015 the first instalment of the overall incentive (“1st instalment”) is paid in cash, in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Bank of Italy, Consob);
- over the period 2016-2020 the remaining amount of the overall incentive will be paid in several instalments in cash and/or Fineco free ordinary shares; each subsequent tranche will be subject to the application of the *Zero Factor* for the year of allocation and in absence of any individual / values compliance breach, considering also the gravity of any internal / external findings (e.g. Audit, Bank of Italy, Consob);
- distribution of share payments takes into account the applicable regulatory requirements regarding the application of share retention periods.

The plan “**2014-2017 Multi-year Plan Top Management**” foresees that the assignment of the 1st instalment of shares promised in 2014 will be done in 2017 for the 6 beneficiaries of FinecoBank, the other instalments will be done in 2018, in 2019 and in 2020 respectively, after the verification of the achievement of entry conditions and of those individual (continuous employment and no compliance breach).

The “**2015-2017 PFA Plan**” foresees that the assignment of the 1st instalment of shares promised in 2015 will be done in 2018 and the other instalments will be done in 2019 and in 2020, after the verification of net inflows goal for the entire Advisors’ Network, of the entry conditions and of those individual (continuous employment and no compliance breach).

### **6.2.3 The factors assumed as basis for the determination of the compensation based upon financial instruments, or the criteria for the determination of the aforesaid compensation**

Here below the general criteria that the Board of Directors followed, in the resolutions that after the Shareholders’ Meeting approval executed the Plans, to define the actual number of beneficiaries and the number of free shares to be granted.

The **2017 Incentive System PFA** provides that in 2018 the Board of Directors – once verified the achievement of the entry conditions, of the individual performance conditions and of the goals defined for 2017 – will define the number of shares to be paid in the 3rd, 4th and 5th instalments.

The **2017 Incentive System** provides that in 2018 the Board of Directors – once verified the achievement of the entry conditions, of the individual performance conditions and of the goals defined for 2017 – will define the number of shares to be paid in the respective instalments for each category of beneficiaries.

The **2016 Incentive System PFA** provides that in 2017 the Board of Directors – once verified the achievement of the entry conditions, of the individual performance conditions and of the goals defined for 2016 – will define the number of shares to be paid in the 3rd, 4th and 5th instalments.



The **2016 Incentive System** provides that in 2017 the Board of Directors – once verified the achievement of the entry conditions, of the individual performance conditions and of the goals defined for 2016 – will define the number of shares to be paid in the respective instalments for each category of beneficiaries.

The **2015 Incentive System PFA** provides that in 2016 the Board of Directors – once verified the achievement of the entry conditions, of the individual performance conditions and of the goals defined for 2015 – will define the number of Phantom shares to be paid in the 3rd, 4th and 5<sup>th</sup> instalments.

The **2015 Incentive System** provides that in 2016 the Board of Directors – once verified the achievement of the entry conditions, of the individual performance conditions and of the goals defined for 2015 – will define the number of shares to be paid in the respective instalments for each category of beneficiaries.

The **2014 Incentive System** provides that in 2015 the Board of Directors – once verified the achievement of the entry conditions, of the individual performance conditions and of the goals defined for 2014 – will define the number of shares to be paid in the respective instalments for each category of beneficiaries.

The plan **“2014-2017 Multi-year Plan Top Management”** provides that in 2017 the Board of Directors – once verified the achievement of the entry conditions and of those individual – will authorize the assignment of the 1st instalment of shares allocated in 2014 and will define the individual assignments of the 4rd instalment of shares to be granted in 2020, adjusting the shares promised in 2017 respect the ratio between fixed and variable remuneration.

The plan **“2015-2017 Plan PFA”** provides that in 2018 the Board of Directors – once verified the achievement of net inflows goal for the entire Advisors' Network, of the entry conditions and of those individual – will authorize the assignment of the 1st instalment of shares allocated in 2015.

**6.2.4 The reasons justifying the decision to assign compensation plans based on financial instruments not issued by FinecoBank, such as financial instruments issued by its subsidiaries, its parent companies or third parties; in the event the aforesaid financial instruments are not negotiated on regulated markets, the issuer shall provide information as to the criteria adopted for the calculation of the value attributable to such financial instruments**

FinecoBank Compensation Systems do not contemplate the allocation of similar financial instruments.

**6.2.5 The evaluations, with respect to the relevant tax and accounting implications, taken into account in the definition of the plans**

The FinecoBank Compensation Systems definition was not influenced by significant tax or accounting consideration.

**6.2.6 The indication as to whether the plan enjoys any support from the special fund for encouraging worker participation in the companies, as provided for under Article 4, paragraph 112, of Law December, 24 2003 n. 350**

FinecoBank Compensation Systems are not currently supported by the special fund for encouraging worker participation in the companies, as provided for under sect. 4, paragraph 112, of Law December 24, 2003 n. 350.

## 6. Execution of “FinecoBank compensation systems” (CONTINUED)

### 6.3 THE PROCEDURE FOR THE ADOPTION OF THE PLAN AND TIMEFRAME FOR THE ASSIGNMENT OF THE FINANCIAL INSTRUMENTS

#### 6.3.1 Powers delegated to the Board of Directors by the Shareholders' Meeting for the implementation of the plan

The General Shareholder's Meetings of April 11th, 2017, of April 12th, 2016, of April 23rd, 2015 and of June 5th, 2014 provided to the Board of Directors the delegation of power:

- for the **Compensation Systems for the employees *Identified Staff* (2017 Incentive System, 2016 Incentive System, 2015 Incentive System, 2014 Incentive System** and “**2014-2017 Multi-year Plan Top Management**”), on one or more occasions, to carry out a free capital increase, as allowed by section 2349 of the Italian Civil Code;
- for the **Compensation Systems for the Financial Advisors:**
  - (i) for the for the **2017 Incentive System PFA** pursuant to sect. 2357 of the Civil Code, to purchase and dispose of Fineco ordinary shares
  - (ii) for the for the **2016 Incentive System PFA** pursuant to sect. 2357 of the Civil Code, to purchase and dispose of Fineco ordinary shares
  - (iii) **2015 Incentive System PFA** to allocate Phantom shares
  - (iv) for the plan “**2015-2017 Plan PFA**”, pursuant to sect. 2357 of the Civil Code, to purchase and dispose of Fineco ordinary shares

#### 6.3.2 Indication of the individuals in charge of the management of the plan, their powers authority

“*Human Resources*” function and “*Network Controls, Monitoring and Service Department*” function, of FinecoBank are in charge for the management of FinecoBank Compensation Systems.

#### 6.3.3 Procedures for the amendment of the plans, if any, also in connection with potential variation of the original targets

No specific procedures for the amendment of FinecoBank Compensation Systems are provided for.

#### 6.3.4 Description of the modalities for the determination of the availability and assignment of the financial instruments contemplated by the plan

The best solution identified to execute FinecoBank Compensation Systems for the employees is to delegate the Board of Directors, pursuant to sect. 2443 of the Civil Code, the faculty to increase share capital as described in the Director's Reports presented to the Extraordinary Shareholders' Meetings of April 12th, 2016, of April 23rd, 2015 and of June 5th, 2014.

In force of this delegation, the Board of Directors could resolve:

- for the **2017 Incentive System**, on one or more occasions, a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum amount of 390.000 Fineco ordinary shares;
- for the **2016 Incentive System**, on one or more occasions, a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum amount of 268.000 Fineco ordinary shares;
- for the **2015 Incentive System**, on one or more occasions, a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum amount of 496.816 Fineco ordinary shares;
- for the **2014 Incentive System**, on one or more occasions, a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum amount of 420.000 Fineco ordinary shares;
- for the plan “**2014-2017 Multi-year Plan Top Management**”, on one or more occasions, a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum amount of 2.900.000 Fineco ordinary shares;

Regarding the execution of **2017 Incentive System PFA**, the best solution identified is to delegate the Board of Directors, pursuant to sect. 2357 of the Civil Code, the faculty to buy and carry out disposals for maximum no. 346.000 ordinary shares.

Regarding the execution of **2016 Incentive System PFA**, the best solution identified is to delegate the Board of Directors, pursuant to sect. 2357 of the Civil Code, the faculty to buy and carry out disposals for maximum no. 250.000 ordinary shares.

Regarding the execution of **2015 Incentive System PFA**, the best solution identified is to delegate the Board of Directors the faculty to authorize the assignment of 45.171 Phantom shares.

Moreover, regarding the execution of the plan “**2015-2017 Plan PFA**”, the best solution identified is to delegate the Board of Directors, pursuant to sect. 2357 of the Civil Code, the faculty to buy and carry out disposals for maximum no. 5.520.000 ordinary shares.

### **6.3.5 The influence exercised by each director in the determination of the characteristics of the plans; the potential conflict of interest which may trigger the obligation for the relevant director to abstain from exercising his vote in the relevant resolution**

The Board of Directors verified the entry conditions to FinecoBank Compensation Systems as well as the criteria related to the financial instruments assignment to FinecoBank staff, on the basis of the positive opinion of the Remuneration Committee.

Since the Chief Executive Officer and General Manager of FinecoBank is among the beneficiaries of the 2017 Incentive System, of the 2016 Incentive System, of the 2015 Incentive System, of the 2014 Incentive System and of “*2014-2017 Multi-year Plan Top Management*”, he abstained from participating in the decision on the granting of the mentioned plans.

### **6.3.6 The date on which the Board of Directors of FinecoBank resolved upon the assignment of the financial instruments contemplated by the plan**

To execute the **2017 Incentive System PFA**, in exercising the delegation received by the Shareholders' Meeting, as described in point 6.3.1, the Board of Directors on February 6<sup>th</sup>, 2018 approved the promise to grant no. 27.644 Fineco ordinary shares to Financial Advisors *Identified Staff* of FinecoBank, after the verification of the achievement of the Entry Conditions foreseen for the beneficiaries, ad described in point 6.2.3

To execute the **2017 Incentive System**, in exercising the delegation received by the Shareholders' Meeting, as described in point 6.3.1, the Board of Directors on February 6<sup>th</sup>, 2018 approved the promise to grant no. 142.290 Fineco ordinary shares to employees *Identified Staff* of FinecoBank, after the verification of the achievement of the Entry Conditions foreseen for the beneficiaries, ad described in point 6.2.3

To execute the **2016 Incentive System PFA**, in exercising the delegation received by the Shareholders' Meeting, as described in point 6.3.1, the Board of Directors on February 7<sup>th</sup>, 2017 approved the promise to grant no. 57.740 Fineco ordinary shares to Financial Advisors *Identified Staff* of FinecoBank, after the verification of the achievement of the Entry Conditions foreseen for the beneficiaries, ad described in point 6.2.3

To execute the **2016 Incentive System**, in exercising the delegation received by the Shareholders' Meeting, as described in point 6.3.1, the Board of Directors on February 7<sup>th</sup>, 2017 approved the promise to grant no. 152.034 Fineco ordinary shares to employees *Identified Staff* of FinecoBank, after the verification of the achievement of the Entry Conditions foreseen for the beneficiaries, ad described in point 6.2.3

To execute the **2015 Incentive System PFA**, in exercising the delegation received by the Shareholders' Meeting, as described in point 6.3.1, the Board of Directors on February 8<sup>th</sup>, 2016 approved the promise to grant no. 45.171 Phantom shares to Financial Advisors *Identified Staff* of FinecoBank, after the verification of the achievement of the Entry Conditions foreseen for the beneficiaries, ad described in point 6.2.3

To execute the **2015 Incentive System**, in exercising the delegation received by the Shareholders' Meeting, as described in point 6.3.1, the Board of Directors on February 8<sup>th</sup>, 2016 approved the promise to grant no. 210.288 Fineco ordinary shares to employees *Identified Staff* of FinecoBank, after the verification of the achievement of the Entry Conditions foreseen for the beneficiaries, ad described in point 6.2.3

To execute the **2014 Incentive System**, in exercising the delegation received by the Shareholders' Meeting, as described in point 6.3.1, the Board of Directors on February 9<sup>th</sup>, 2015 approved the assignment of no. 269.728 Fineco ordinary shares to employees *Identified Staff* of FinecoBank, after the verification of the achievement of the Entry Conditions foreseen for the beneficiaries, ad described in point 6.2.3.

To execute the “**2014-2017 Multi-year Plan Top Management**” plan, in exercising the delegation received by the Shareholders' Meeting, as described in point 6.3.1, the Board of Directors on February 9<sup>th</sup>, 2015, on February 8<sup>th</sup>, 2016, on February 7<sup>th</sup>, 2017 and on February 6<sup>th</sup>, 2018 approved the assignment of no. 630.850; 494.493; 335.624; 422.779 Fineco ordinary shares to the 6 beneficiaries of FinecoBank, after the verification of the achievement of the Entry Conditions foreseen for the beneficiaries, ad described in point 6.2.3

To execute the “**2015-2017 Plan PFA**” plan, in exercising the delegation received by the Shareholders' Meeting, as described in point 6.3.1, the Board of Directors on February 6<sup>th</sup>, 2018 approved the assignment of number of Fineco shares, equal to Eur 19.968.999,99 determined on the basis of the market value of FinecoBank shares, considering the arithmetic mean of the official closing price of FinecoBank ordinary shares during the month preceding the Board resolution to execute the actual grant; considering the date of the assignment the 31<sup>st</sup> July 2018 and after the verification of the achievement of the Entry Conditions foreseen for the beneficiaries, ad described in point 6.2.3.

## 6. Execution of “FinecoBank compensation systems” (CONTINUED)

### **6.3.7 The date on which the Remuneration Committee resolved upon the Plan of FinecoBank**

The Remuneration Committee on February 5<sup>th</sup>, 2018 positively resolved upon the criteria to be applied for the execution of FinecoBank Compensation Systems, sharing the reasons and motivations thereof.

### **6.3.8 The market price of Fineco ordinary shares, on the dates mentioned in points 6.3.6 e 6.3.7**

The market price of Fineco ordinary shares, registered on the date of Board of Directors' approval of FinecoBank Compensation Systems' execution (February 6<sup>th</sup>, 2018) and on the date of the decision made by the Remuneration Committee of FinecoBank (February 5<sup>th</sup>, 2018), resulted equal to € 9,32 and to € 9,75 respectively.

### **6.3.9 In which terms and modalities FinecoBank takes into account, in the determination of the timeframe for the assignment of the plans, of the possible time-coincidence between:**

- i) such assignment or the decision, if any, adopted thereon by the Remuneration Committee, and**
- ii) the dissemination of relevant information, if any, pursuant to sect. 114, paragraph 1 of Legislative Decree 58/98; for instance, in cases in which such information is:**
  - a. not already public and capable to positively affect the market quotation, or**
  - b. already published and capable to negatively affect the market quotation**

In relation to the foregoing it is clarified that the resolution of the Board of Directors which approved the execution of FinecoBank Compensation Systems was communicated to the markets, in compliance with the current regulations.

The resolutions related to the incentive plans based on financial instruments are examined by the Remuneration Committee of FinecoBank in advance to provide for the positive opinion to the Corporate Bodies, the information to the market is given, if needed, after the relevant resolution of the Board of Directors.

## 6.4. THE CHARACTERISTICS OF THE FINANCIAL INSTRUMENTS ASSIGNED

### 6.4.1 Description of the compensation plan

The **2017 Incentive System PFA** foresees an incentive – payable in cash and/or ordinary shares – over a multi-year period (2018-2022), subject to the achievement of specific entry conditions.

The **2017 Incentive System** foresees an incentive – payable in cash and/or free Fineco ordinary shares – over a multi-year period (2018-2023), subject to the achievement of specific entry conditions

The **2016 Incentive System PFA** foresees an incentive – payable in cash and/or ordinary shares – over a multi-year period (2017-2021), subject to the achievement of specific entry conditions.

The **2016 Incentive System** foresees an incentive – payable in cash and/or free Fineco ordinary shares – over a multi-year period (2017-2022), subject to the achievement of specific entry conditions

The **2015 Incentive System PFA** foresees an incentive – payable in cash and/or Phantom shares – over a multi-year period (2016-2020), subject to the achievement of specific entry conditions.

The **2015 Incentive System** foresees an incentive – payable in cash and/or free Fineco ordinary shares – over a multi-year period (2016-2021), subject to the achievement of specific entry conditions.

The **2014 Incentive System** foresees an incentive – payable in cash and/or free Fineco ordinary shares – over a multi-year period (2015-2020), subject to the achievement of specific entry conditions.

The plan **“2014-2017 Multi-year Plan Top Management”** foresees an incentive – payable in free Fineco ordinary shares – over a multi-year period (2017-2020), subject to the achievement of specific entry conditions.

The plan **“2015-2017 Plan PFA”** foresees an incentive – payable in free Fineco ordinary shares – over a multi-year period (2018-2020), subject to the achievement of specific entry conditions.

### 6.4.2 Indication of the time period for the implementation of the plan also indicating different cycles, if any, of its implementation

The free shares for the **2017 Incentive System PFA** will be assigned by FinecoBank in multiple instalments (in the period 2020-2022) subject to the Board assessment of specific entry conditions, as described in point 6.2.3.

The free shares for the **2017 Incentive System** will be assigned by FinecoBank in multiple instalments (in the period 2020-2023) subject to the Board assessment of specific entry conditions, as described in point 6.2.3.

The free shares for the **2016 Incentive System PFA** will be assigned by FinecoBank in multiple instalments (in the period 2019-2021) subject to the Board assessment of specific entry conditions, as described in point 6.2.3.

The free shares for the **2016 Incentive System** will be assigned by FinecoBank in multiple instalments (in the period 2020-2022) subject to the Board assessment of specific entry conditions, as described in point 6.2.3.

The Phantom shares for the **2015 Incentive System PFA** will be assigned by FinecoBank in multiple instalments (in the period 2018-2020) subject to the Board assessment of specific entry conditions, as described in point 6.2.3.

The free shares for the **2015 Incentive System** will be assigned by FinecoBank in multiple instalments (in the period 2018-2021) subject to the Board assessment of specific entry conditions, as described in point 6.2.3.

The free shares for the **2014 Incentive System** will be assigned by FinecoBank in multiple instalments (in the period 2017-2020) subject to the Board assessment of specific entry conditions, as described in point 6.2.3.

## 6. Execution of “FinecoBank compensation systems” (CONTINUED)

The free shares for the “**2014-2017 Multi-year Plan Top Management**” plan will be assigned by FinecoBank in multiple instalments (in the period 2017-2020) subject to the Board assessment of specific entry conditions, as described in point 6.2.3.

The free shares for the “**2014 Key People Plan**” plan will be assigned by FinecoBank in multiple instalments (in the period 2015-2017) subject to the Board assessment of specific entry conditions, as described in point 6.2.3.

The shares for the “**2015-2017 Plan PFA**” plan will be assigned by FinecoBank in multiple instalments (in the period 2018-2020) subject to the Board assessment of specific entry conditions, as described in point 6.2.3.

### 6.4.3 The termination date of the plan

The **2017 Incentive System PFA** will lapse by July 2022.

The **2017 Incentive System** will lapse by July 2023.

The **2016 Incentive System PFA** will lapse by July 2021.

The **2016 Incentive System** will lapse by July 2022.

The **2015 Incentive System PFA** will lapse by July 2020.

The **2015 Incentive System** will lapse by July 2021.

The **2014 Incentive System** will lapse by July 2020.

The plan “**2014-2017 Multi-year Plan Top Management**” will lapse by July 2020.

The plan “**2015-2017 Plan PFA**” will lapse by July 2020.

### 6.4.4 The overall maximum number of financial instruments, also in the form of options, assigned over any fiscal years with respect to the beneficiaries namely identified or identified by categories, as the case may be

The maximum number of shares that the Board of Directors is authorized to allocate within the power of the delegation received by Shareholders' Meeting of FinecoBank for the **2017 Incentive System PFA** is equal to no. 346.000 shares.

The maximum number of free shares that the Board of Directors is authorized to allocate within the power of the delegation received by Shareholders' Meeting of FinecoBank for the **2017 Incentive System** is equal to no. 390.000 shares.

The maximum number of shares that the Board of Directors is authorized to allocate within the power of the delegation received by Shareholders' Meeting of FinecoBank for the **2016 Incentive System PFA** is equal to no. 250.000 shares.

The maximum number of free shares that the Board of Directors is authorized to allocate within the power of the delegation received by Shareholders' Meeting of FinecoBank for the **2016 Incentive System** is equal to no. 335.000 shares.

The maximum number of Phantom shares that the Board of Directors is authorized to allocate for the **2015 Incentive System PFA** is equal to no. 45.171 Phantom shares.

The maximum number of free shares that the Board of Directors is authorized to allocate within the power of the delegation received by Shareholders' Meeting of FinecoBank for the **2015 Incentive System** is equal to no. 496.816 shares.

The maximum number of free shares that the Board of Directors is authorized to allocate within the power of the delegation received by Shareholders' Meeting of FinecoBank for the **2014 Incentive System** is equal to no. 420.000 shares.

The maximum number of free shares that the Board of Directors is authorized to allocate within the power of the delegation received by Shareholders' Meeting of FinecoBank for the “**2014-2017 Multi-year Plan Top Management**” is equal to no. 2.900.000 shares.

Regarding the execution of “**2015-2017 Plan PFA**”, the Board of Directors is authorized to buy and carry out disposals for maximum no. 5.520.000 ordinary shares.

At this stage it is not possible to indicate the maximum number of free shares allocated in each fiscal year during the life of FinecoBank Compensation Systems, since the actual definition will be done by the Board of Directors on the basis of the criteria approved by the Shareholders' Meeting.

**6.4.5 The procedures and clauses for the implementation of the plan, specifying whether the assignment of the financial instruments is subject to the satisfaction of certain specific conditions and, in particular, to the achievement of specific results, including performance targets; a description of the aforesaid conditions and results**

Considering the criteria described in the point 6.2.2, the allocation and the exercise of the free shares is subject to the achievement of the performance targets set by the Board of Directors. The assessment of the goals achievement should be done by the Board of Directors at the end of the performance period described in point 6.4.2.

**6.4.6 Indication of the restrictions on the availability of the financial instruments allocated under the plan or of the financial instruments relating to the exercise of the options, with particular reference to the time limits within which the subsequent transfer of the stocks to the issuer or third parties is permitted or prohibited**

FinecoBank Compensation Systems provides that the free Fineco ordinary shares that will be allocated will be freely transferable, considering the applicable regulatory requirements regarding the application of share retention periods.

**6.4.7 Description of any condition subsequent to the plan in connection with the execution, by the beneficiaries, of hedging transactions aimed at preventing the effects of potential limits to the transfer of the financial instruments assigned there under, also in the form of options, as well as to the transfer of the financial instruments relating to the exercise of the aforesaid options**

In accordance with national regulatory guidelines and the 2018 Compensation Policy, beneficiaries are required to undertake not to use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements. For employees, Involvement in any form of hedging transaction shall be considered in breach of the Bank compliance policies and therefore the relevant rights under the plan shall automatically expire.

**6.4.8 Description of the consequences deriving from the termination of the employment or working relationship**

FinecoBank Compensation Systems provides that the Board of Directors will have the faculty to identify, in the resolutions that will execute each plan, the termination of the beneficiary with the Bank, as cause for the expiring of the right to receive the free shares, coherently with the Plans rules.

**6.4.9 The indication of any other provisions which may trigger the cancellation of the plan**

FinecoBank Compensation Systems do not provide for any provision which may trigger their cancellation.

**6.4.10 The reasons justifying the redemption, pursuant to sect. 2357 and followings of the Italian Civil Code, by FinecoBank, of the financial instruments contemplated by the plan; the beneficiaries of such redemption, indicating whether the same is limited only to certain categories of employees; the consequences of the termination of the employment relationship with respect to such redemption rights**

FinecoBank Compensation Systems do not provide for the redemption by FinecoBank or other Legal Entities of the Group with reference to the free shares.

**6.4.11 The loans or other special terms that may be granted for the purchase of stocks pursuant to sect. 2358, paragraph 3, of the Italian Civil Code**

FinecoBank Compensation Systems do not provide for a loan or other special terms for the purchase of the shares.

**6.4.12 The evaluation of the economic burden for FinecoBank at date of the assignment of the plan, as determined on the basis of the terms and conditions already defined, with respect to the aggregate overall amount as well as with respect to each financial instrument contemplated by the plan**

The estimation of the overall cost expected by FinecoBank in relation to the adoption of FinecoBank Compensation Systems at the grant date of the free shares, was made on the basis of the IAS principles, considering the accounting assumptions on the foreseeable beneficiaries exits before the allocation of the free shares and on the probability to achieve the performance targets related to the allocation of the free shares.

On the basis of these estimations, the overall expected cost for FinecoBank at the grant date of the target number of free shares is equal to a total amount of € 50.270.989, split in:

- Euro 2.500.000, split in 4 years, for the **2017 Incentive System PFA**
- Euro 3.700.000, split in 6 years, for the **2017 Incentive System**
- Euro 3.000.000, split in 4 years, for the **2016 Incentive System PFA**

## 6. Execution of “FinecoBank compensation systems” (CONTINUED)

- Euro 4.000.000, split in 6 years, for the **2016 Incentive System**
- Euro 1.500.000, split in 5 years, for the **2015 Incentive System PFA**
- Euro 3.666.500, split in 6 years, for the **2015 Incentive System**
- Euro 2.598.909, split in 6 years, for the **2014 Incentive System**
- Euro 9.336.580, split in 6 years, for the plan **“2014-2017 Multi-year Plan Top Management”**
- Euro 19.968.999,99, split in 6 years, for the plan **“2015-2017 Plan PFA”**

### **6.4.13 The indication of any dilution on the corporate capital of the issuer resulting from the compensation plan, if any**

The maximum impact of FinecoBank Compensation Systems on FinecoBank share capital shall be approx. 1,14%.

### **6.4.14 Any limitation to the voting and to the economic rights**

At this stage, FinecoBank Compensation Systems do not provide for any limitation to the voting or economic rights for the shares allocated.

### **6.4.15 In the event the stocks are not negotiated on a regulated market, any and all information necessary for a complete evaluation of the value attributable to them**

FinecoBank Compensation Systems provide only for the use of shares negotiated on regulated markets.

### **6.4.16 The number of financial instruments belonging to each option**

FinecoBank Compensation Systems do not provide for options.

### **6.4.17 The termination date of the options**

FinecoBank Compensation Systems do not provide for options.

### **6.4.18 The modalities, time limits and clauses for the exercise of the options**

FinecoBank Compensation Systems do not provide for options.

### **6.4.19 The strike price of the options or the criteria and modalities for its determination, with respect in particular to:**

**a) the formula for the calculation of the exercise price in connection with the fair market value, and to**

**b) the modalities for the calculation of the market price assumed as basis for the calculation of the exercise price**

FinecoBank Compensation Systems do not provide for options.

### **6.4.20 In case the strike price is different from the fair market value as determined pursuant to point 6.4.19.b, the indication of the reasons for such difference**

FinecoBank Compensation Systems do not provide for options.

### **6.4.21 The criteria justifying differences in the exercise prices between the relevant beneficiaries or class of beneficiaries**

FinecoBank Compensation Systems do not provide for options.

### **6.4.22 In the event the financial instruments underlying granted options are not negotiated on a regulated market, the indication of the value attributable to the same or of the criteria for its determination**

FinecoBank Compensation Systems do not provide for options.

### **6.4.23 The criteria for the adjustments required in connection with any extraordinary transaction involving the corporate capital of the issuer as well as in connection with transaction triggering a variation in the number of the financial instruments underlying granted options**

FinecoBank Compensation Systems do not provide for adjustments applicable in connection with extraordinary transactions involving FinecoBank corporate capital (saving the provisions that the Board of Directors may define in the resolution in which the Board will exercise the delegation received from the Shareholders' Meeting).



## INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS

Table no. 1 of scheme 7 of Annex 3A Regulation no. 11971/1999 Date: March 1/03/2018

Name or category (1)	Capacity	Box 1 Financial Instruments other than Stock Option (8)						
		Section 1 related to outstanding plans, approved by previous shareholders meetings' resolutions						Instruments
		Date of Shareholders' Meeting resolution	Type of financial Instruments (12)	Number of financial Instruments (11)	Assignment date (10)	Purchase price of financial Instruments, if any	Market price at the assignment date	Vesting period (14)
Alessandro Foti	CEO/GM	11/05/2013	Unicredit	2.401*	11/03/2014 cpr 11/03/2014 cda/oc	0	5,862	11/03/2014 31/12/2017
Alessandro Foti	CEO/GM	05/06/2014	FinecoBank	89.946	05/02/2015 cpr 09/02/2015 cda/oc	0	4,725	09/02/2015 31/12/2019
Alessandro Foti	CEO/GM	23/04/2015	FinecoBank	61.010	29/01/2016 cpr 08/02/2016 cda/oc	0	6,966	08/02/2016 31/12/2019
Alessandro Foti	CEO/GM	12/04/2016	FinecoBank	50.721	02/02/2017 cpr 07/02/2017 cda/oc	0	5,530	07/02/2017 31/12/2020
Alessandro Foti	CEO/GM	05/06/2014	FinecoBank	455.622 **	27/05/2014 cpr 15/07/2014 cda/oc	0	3,700	15/07/2014 31/12/2019
5 Executives with strategic responsibilities		05/06/2014	FinecoBank	155.445	05/02/2015 cpr 09/02/2015 cda/oc	0	4,725	09/02/2015 31/12/2019
5 Executives with strategic responsibilities		23/04/2015	FinecoBank	106.577	29/01/2016 cpr 08/02/2016 cda/oc	0	6,966	08/02/2016 31/12/2019
5 Executives with strategic responsibilities		12/04/2016	FinecoBank	88.783	02/02/2017 cpr 07/02/2017 cda/oc	0	5,530	07/02/2017 31/12/2020
5 Executives with strategic responsibilities		05/06/2014	FinecoBank	797.274**	27/05/2014 cpr 15/07/2014 cda/oc	0	3,700	15/07/2014 31/12/2019
Category of other employees: Executives		13/05/2014	Unicredit	2.226*	09/04/2015 cpr 09/04/2015 cda/oc	0	6,269	09/04/2015 31/12/2019
Category of other employees: Executives		05/06/2014	FinecoBank	8.465	05/02/2015 cpr 09/02/2015 cda/oc	0	4,725	09/02/2015 31/12/2017
Category of other employees: Executives		23/04/2015	FinecoBank	42.701	29/01/2016 cpr 08/02/2016 cda/oc	0	6,966	08/02/2016 31/12/2019
Category of other employees: Executives, Middle Management		12/04/2016	FinecoBank	12.530	02/02/2017 cpr 07/02/2017 cda/oc	0	5,530	07/02/2017 31/12/2020
Category of non-employees collaborators: Financial Advisors		23/04/2015	FinecoBank	45.171***	29/01/2016 cpr 08/02/2016 cda/oc	0	6,966	08/02/2016 31/12/2018
Category of non-employees collaborators: Financial Advisors		12/04/2016	FinecoBank	57.740	02/02/2017 cpr 07/02/2017 cda/oc	0	5,530	07/02/2017 31/12/2019

\* The shares amounts are expressed with conversion rate and after Capital increase resolved on March, 13th 2017

\*\*The Board of Directors of 07/02/2017 approved the number of shares related to the fourth instalment adjusted to respect the ratio between fixed and variable remuneration in line with current regulations, on the basis of the arithmetic mean of the official prices of Fineco ordinary shares on each trading day at the electronic stock market organised and managed by Borsa Italiana S.p.A. in the period from the day preceding the date of resolution by the Board of Directors that evaluated entry conditions achievements to the same day in the previous month (€ 5,53).

\*\*\*Phantom Share

# 6. Execution of “FinecoBank compensation systems” (CONTINUED)

Box 1 Financial Instruments other than Stock Option (8)		Section 2 Financial Instruments to be assigned on the basis of the decision of: BoD, as to be proposed to shareholders meeting X competent Body to implement Shareholders Meeting resolution (9)						
Name or category (1)	Capacity	Date of Shareholders' Meeting resolution	Type of financial Instruments (12)	Number of financial Instruments (11)	Assignment date (10)	Purchase price of financial Instruments, if any	Market price at the assignment date	Vesting period (14)
Alessandro Foli	CEO/GM	11/04/2017	FinecoBank	43.856	05/02/2018 cpr 06/02/2018 cda/oc	0	9,690	06/02/2018 31/12/2021
5 Executives with strategic responsibilities		11/04/2017	FinecoBank	76.767	05/02/2018 cpr 06/02/2018 cda/oc	0	9,690	06/02/2018 31/12/2021
Category of other employees: Executives		11/04/2017	FinecoBank	21.667	05/02/2018 cpr 06/02/2018 cda/oc	0	9,690	06/02/2018 31/12/2021
Category of non-employees collaborators: Financial Advisors		11/04/2017	FinecoBank	27.644	05/02/2018 cpr 06/02/2018 cda/oc	0	9,690	06/02/2018 31/12/2020
Category of non-employees collaborators: Financial Advisors		05/06/2014	FinecoBank	19.968.999,99 *	05/02/2018 cpr 06/02/2018 cda/oc	0	n.d.	06/02/2018 30/06/2020

\* total amount assigned to the beneficiaries. Total number of ordinary shares will be defined by the "2015-2017 PFA Plan" rules

Box 2 Stock Option		Sezione 1 Options relating to outstanding plans approved on the basis of previous shareholders meetings' resolutions(8)							
Name or category (1)	Capacity	Date of Shareholders' Meeting resolution	Type of financial Instruments (12)	Number of financial Instruments (11) *	Financial instruments underlying the options exercised(13)	Assignment date (10)	Exercise price **	Market price of underlying shares at the assignment date ***	Period of possible exercise (from - to)
2 Executives with strategic responsibilities		04/05/2004	Unicredit	857	0	22/07/2004 cda/oc	112.349	3.945	03/09/2008 31/12/2017
2 Executives with strategic responsibilities		04/05/2004	Unicredit	1.626	0	10/11/2005 cpr 18/11/2005 cda/oc	134.691	5.266	26/11/2009 31/12/2018
2 Executives with strategic responsibilities		12/05/2006	Unicredit	1.229	0	07/06/2006 cpr 13/06/2006 cda/oc	166.399	5.626	28/06/2010 31/12/2019
5 Executives with strategic responsibilities		08/05/2008	Unicredit	6.961	0	17/06/2008 cpr 25/06/2008 cda/oc	117.019	22.893	09/07/2012 09/07/2018
Category of other employees: Executives		08/05/2008	Unicredit	5.036	0	17/06/2008 cpr 25/06/2008 cda/oc	117.019	22.893	09/07/2012 09/07/2018

\* The data is referred to the number of Financial Instruments underlying the options assigned and not forfeited accordingly to the long term incentive plans and have been adjusted because of the capital operation resolved by UniCredit General Meeting on 29. April 2009 (script dividend), on 15. November 2009, on 16. December 2011 and on 12. January 2017.

\*\*The exercise price has been modified after Capital Increase resolved on March, 13th 2017

\*\*\* The market price of the financial Instruments at the assignment date for plan 2004, 2005 and 2006 has not been adjusted because of the capital operation. The 2008 Plan has not been adjusted because of the 2017 capital operation

# 6. Execution of “FinecoBank compensation systems” (CONTINUED)

Box 2 Stock Option		Section 2 Options to be assigned on the basis of the decision of: <input type="checkbox"/> BoD as to proposed to shareholders meeting <input type="checkbox"/> competent Body to implement shareholders meeting resolution (9)						
Name or category (1)	Capacity	Date of Shareholders' Meeting resolution	Instrument description (12)	Number of options	Assignment date (10)	Exercise price	Market price of underlying shares at the assignment date	Period of possible exercise (from - to)
		Alessandro Foti Executives with strategic responsibilities Category of other employees: Executives, Middle Management	CEO/GM	-	-	-	-	-

#### FOOTNOTES TO THE TABLE:

- (1) The issuer shall fill-in a line for each beneficiary namely identified as well as for each category contemplated by the plan; for each individual or category shall be indicated a specific line for: i) each type of financial instrument or option granted (e.g., different exercise prices and/or exercise dates imply different type of options); ii) each plan approved by different shareholders' meetings.
- (2) Indicate the name of the members of the board of directors or management body of the issuer and of its subsidiaries or parent companies.
- (3) Indicate the name of the General Manager of the shares issuer.
- (4) Indicate the name of the individuals controlling the issuer of stocks, who are employee or who render their services to the issuer of stock without being employee of the same.
- (5) Indicate the name of other executives with strategic responsibilities of the shares issuer not classed as "small", in accordance with Article 3, paragraph 1, letter f) of Regulation no. 17221 of 12 March 2010, if they have, during the course of the year, received total compensation (obtained by adding the monetary compensation to the financial instrument-based compensation) in excess of the highest total compensation assigned to the members of the board of directors or management board, and to the general managers of the financial instrument issuer.
- (6) Indicate the category of executives with strategic responsibilities for whom there is an indication by category is.
- (7) Indicate the category of other employees and the category of collaborators not employed by the issuer. The issuer shall fill-in different lines in connection with the categories of employees or collaborators for which the plan provides for different characteristics (e.g., managers, officers, employees).
- (8) The relevant data shall refer to financial instruments relating to plans approved by means of:
  - i. shareholders' resolutions adopted prior to the date on which the competent corporate body approves the proposal to the shareholders' meeting and/or
  - ii. shareholders' resolutions adopted prior to the date on which the competent corporate body implements the shareholders' resolution; therefore the table shall indicate:
    - in the event under i) above, data adjourned as at the date of the competent body's proposal to the shareholders' meeting (in which case the table is attached to the information document prepared for the shareholders' meeting called to approve the plan);
    - in the event under ii) above, data adjourned as at the date of the competent body's resolution implementing the plan, (in which case the table is attached to the information documents to be published following the competent body's resolution implementing the plan);
- (9) The data may refer to:
  - a. the resolution of the board of directors preceding the shareholders' meeting, as to the table attached to the information document submitted to the same; in such event the table shall indicate only the characteristics already defined by the board of directors;
  - b. the resolution of the corporate body which resolves upon the implementation of the plan following the approval by the shareholders' meeting, in the event the table is attached to the press release to be issued following such last resolution implementing the plan.In both the aforesaid cases the issuer shall cross out the corresponding box relating to this footnote No. 9. For the data not available the issuer shall indicate in the corresponding box the code "N.A." (Not available).
- (10) In case the date of the assignment is different from the date on which the remuneration body (comitato per la remunerazione), if any, makes the proposal relating to such assignment, the issuer shall indicate also the date of such proposal highlighting the date of the board of directors or the competent corporate body's resolution with the code "cda/oc" (for the board of directors/competent body) and the date of the proposal of the remuneration body (comitato per la remunerazione) with the code "cpr" (for the remuneration body)."
- (11) The number of options held at the end year, preceding the date in which the shareholder's meeting is called resolve the new allocation.
- (12) Indicate for example, in box 1: i) stock of issuer X, ii) financial instrument indexed to issuer Y stock value, and in box 2: iii) option on issuer W stock with physical settlement; iv) option on issuer Z stock with cash settlement, etc.
- (13) The number of option exercised from the beginning of the plan until the end year, preceding the date in which the shareholder's meeting is called to resolve a new stock option plan.
- (14) Vesting period means the period between the moment in which the right to participate to the incentive system is granted and the moment in which the right may be exercised.





