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SULLA TECNOLOGIA
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UN CONSULENTE PER I TUOI INVESTIMENTI E TANTI SERVIZI IN UN UNICO CONTO.

2017 COMPENSATION POLICY

FINECO. SIMPLIFYING BANKING.

Contents

SECTION I - EXECUTIVE SUMMARY	3
SECTION II - COMPENSATION POLICY	8
1. Introduction	10
2. Governance	11
3. Fundamentals	13
4. Compensation Structure	19
SECTION III - ANNUAL COMPENSATION REPORT	24
1. Introduction	26
2. Governance & Compliance	27
3. Continuous Monitoring of Market Trends and Practices	31
4. Compensation paid to Members of the Administrative and Auditing Bodies, to General Managers and to other Executives with strategic responsibilities	32
5. FinecoBank Compensation Systems	34
6. Compensation Data	54

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SECTIONS

EXECUTIVE SUMMARY

FINECO. SIMPLIFYING BANKING.

Executive Summary

Our Compensation Policy

The implementation of the principles set in our Compensation Policy provides the framework for the design of reward programs across the Bank.

FinecoBank compensation approach, coherent with UniCredit Group one, is compliant with the most recent national and international regulatory requirements and guarantees the link to the performance, the market framework, the alignment with business strategy and the long-term shareholders' interest.

The key pillars of our Compensation Policy (Section II) reflect the most recent regulations in terms of remuneration and incentive policies and practices, in order to build, year-by-year – in the interest of all stakeholders – remuneration systems aligned with long-term strategies and goals. These are linked with company results and adequately adjusted in order to take into account all risks consistent with capital and liquidity levels needed to support all activities and to avoid distorted incentives that could lead to a breach of law or to excessive risk taking.

Elements of our compensation approach and key results of 2016:

Key elements of 2017 Compensation Policy	Description
1. Key pillars <ul style="list-style-type: none"> • Clear and transparent governance • Compliance with regulatory requirements and principles of good professional conduct • Continuous monitoring of market trends and practices • Sustainable pay for sustainable performance • Motivation and retention of all staff, with particular focus on talents and mission-critical resources 	Details - Section II <ul style="list-style-type: none"> • The key pillars of our Compensation Policy ensure a correct definition of competitive compensation levels, internal equity and transparency • Compensation Policy is aligned to the latest national and international regulatory requirements. Full compliance of compensation policies and processes is assured through involvement of Company Control Functions: such as Compliance and Risk Management, that also guarantee the coherence with the Risk Appetite Framework, in line with sector regulation¹
2. Compensation Benchmarking <ul style="list-style-type: none"> • Update of the peer group for compensation benchmarking, performed by the independent advisor of the Remuneration and Appointments Committee 	Details - Section III paragraph 3 <ul style="list-style-type: none"> • With specific reference to Identified Staff population of FinecoBank, the Remuneration and Appointments Committee identifies, supported by the independent external advisor, the peer group, considering our main Italian and European peers on which compensation benchmarking analysis are performed
3. Identified Staff definition <ul style="list-style-type: none"> • Application of qualitative and quantitative criteria which are common at European level defined by EBA Regulatory Technical Standards 	Details - Section III paragraph 5.1 <ul style="list-style-type: none"> • As per Bank of Italy request, also for 2017 the identification of the Identified Staff has followed a structured assessment process both at Group and local level, involving Compliance and Risk Management functions of FinecoBank. The self-evaluation, supported also by the independent external advisor who ensured the compliance, brought to a total number of Identified Staff for 2017 equal to 14 employees and 7 Financial Advisors
4. Ratio between variable and fixed remuneration <ul style="list-style-type: none"> • In compliance with the regulatory requirements, the 2:1 ratio represents the maximum limit to the ratio between variable and fixed components of the remuneration for all employees belonging to business functions, including Identified Staff 	Details - Section II paragraph 3.1 <ul style="list-style-type: none"> • In compliance with applicable regulations, the adoption of a maximum ratio between variable and fixed remuneration of 2:1 has not changed for the employees belonging to the business functions. For the rest of the employees, a maximum ratio between the components of remuneration equal to 1:1 is usually adopted, except for the staff of the Company Control Functions², for which it is provided that the variable remuneration could not exceed 33% of the fixed remuneration and that incentive mechanisms are consistent with the assigned tasks as well as independent of results from areas under their control • With reference to applicable regulations, regarding the Financial Advisors belonging to Identified Staff, the 2:1 ratio will be adopted between the non-recurring and the recurring component of the remuneration • The adoption of a ratio of 2:1 between variable and fixed compensation don't have any implication on bank's capacity to continue to respect all prudential rules, in particular capital requirements • This approach allows FinecoBank to maintain a strong link between pay and performance, as well as to avoid the rigidity of the cost structure derived from a possible increase of fixed costs and to guarantee the alignment with multi-year performance, avoiding the decrease of deferred compensation

1 i.e. Capital Requirement Directive IV (CRD IV); EBA Regulatory Technical Standards (RTS); Bank of Italy "Disposizioni di vigilanza per le Banche", 7th update to the Circular n. 285 of 17th December 2013.

2 Meaning Risk Management, Compliance and Human Resources functions. Human Resources function is considered Company Control Function, as far as remuneration and incentive policies and practices are concerned, pursuant to Bank of Italy Circular nr. 285 of 17 December 2013. Audit function is outsourced in Holding.

<p>5. Incentive system linked to the annual performance for the employees belonging to Identified Staff</p> <ul style="list-style-type: none"> • The FinecoBank 2017 Incentive System, that confirms the “bonus pool” approach, provides for a strong link between remuneration, risk and sustainable profitability • Such system provides for an overall performance assessment both at individual level and at Group and local level 	<p><i>Details – Section III paragraph 5.3</i></p> <ul style="list-style-type: none"> • Bonus pool whose size is linked to the Bank profitability; bonus pool adjustments driven by the evaluation of the economy and risk sustainability (alignment to Risk Appetite Framework) • Entry conditions: a 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 • Bonus allocation: incentives are allocated taking into consideration the managerial evaluation, the available bonus pool, the individual performance evaluation based on risk-adjusted indicators and a specific reference value for each position • Pay-out: individual bonuses composed of 50% cash and 50% shares; pay-out over a period up to maximum 6 years, ensuring alignment with shareholders’ interests and subject to malus and claw-back conditions, as legally enforceable
<p>6. Performance measurement</p> <ul style="list-style-type: none"> • Review of the “KPI (Key Performance Indicators), Bluebook”, that supports manager and incumbent to define the Performance Screen that refers to the annual Incentive System for the employees Identified Staff 	<p><i>Details – Section III paragraph 5.3.1</i></p> <ul style="list-style-type: none"> • The KPI Bluebook supports the definition of Performance Screens providing a set of performance indicators and guidelines. The categories of the main indicators of financial and non-financial Group performance, annually defined within the KPI Bluebook, are certified with the involvement of Group functions Human Resources, Finance, Risk Management, Compliance, Group Sustainability, Group Stakeholder and Service Intelligence and Audit, which reflect the Bank’s core operating profitability and risk profile. Also this year the KPI Bluebook has been structured and clustered on the basis of the different Group’s business
<p>NEW 7. Termination payments</p> <ul style="list-style-type: none"> • Continuous alignment with regulations / contract timely in force • Severance pay-outs take into consideration long-term performance, in terms of shareholder added-value, do not reward failures or abuses and shall not exceed in general 24 months of total compensation (including the indemnity in lieu of notice) 	<p><i>Details – Section II paragraph 3.3</i></p> <ul style="list-style-type: none"> • An update of the Termination Payments Policy - approved by the 2015 Annual General Meeting (so called severance) - is submitted for approval to the 2017 Annual General Meeting, according to the regulatory requirements issued by Bank of Italy in “Disposizioni di vigilanza per le banche” (Circular no. 285 of 17th December 2013, 7th update of 18th November 2014). For details on criteria, limits and authorization processes, reference is made in the above mentioned Policy
<p>NEW 8. Linee Guida per il possesso azionario</p> <p>Specific share ownership guidelines are introduced for the Chief Executive Officer and the other Executives with strategic responsibilities in order to align the management and the shareholders’ interests</p>	<p><i>Details – Section II paragraph 3.5</i></p> <ul style="list-style-type: none"> • The Chief Executive Officer and the other Executives with strategic responsibility, should ensure appropriate levels of personal investment in FinecoBank shares (equal to 100% of fixed remuneration for the Chief Executive Officer and to 50% for the other Executives with strategic responsibility)
<p>9. Incentive system linked to the annual performance for the Financial Advisors belonging to Identified Staff</p> <ul style="list-style-type: none"> • The provisions of FinecoBank Compensation Policy also apply to the members of the Financial Advisors’ Network, in line with the Advisors’ specific remuneration • In line with the incentive model provided for the employees Identified Staff, the 2017 PFA³ Incentive System provides for a strong link between remuneration, risk and sustainable profitability • Such system provides for an overall performance assessment both at individual level and at Group and local level 	<p><i>Dettagli – Sezione III paragrafo 5.4</i></p> <ul style="list-style-type: none"> • Bonus pool whose size is linked to the Bank profitability; bonus pool adjustments driven by the evaluation of the economy and risk sustainability (alignment to the Risk Appetite Framework) • Entry conditions: a 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 taken into account) • Bonus allocation: incentives are allocated taking into consideration the available bonus pool and the individual performance evaluation based on risk-adjusted indicators • Pay-out: individual bonuses composed of 50% cash and 50% shares; pay-out over a period up to maximum 5 years, ensuring alignment with shareholders’ interests and subject to malus and claw-back conditions, as legally enforceable

Executive Summary (CONTINUED)

Our compensation disclosure

The **Annual Compensation Report** (Section III) provides the description of our compensation practices and the implementation outcomes of FinecoBank Incentive Systems, as well as remuneration data, with a focus on the Identified Staff, defined in line with regulatory requirements. Full disclosure on compensation payout amounts, deferrals and ratio between variable and fixed components of remuneration for the Identified staff is provided in the Annual Compensation Report (Section III - paragraph 6.1), including data regarding Directors, General Managers and other Executives with strategic responsibility.

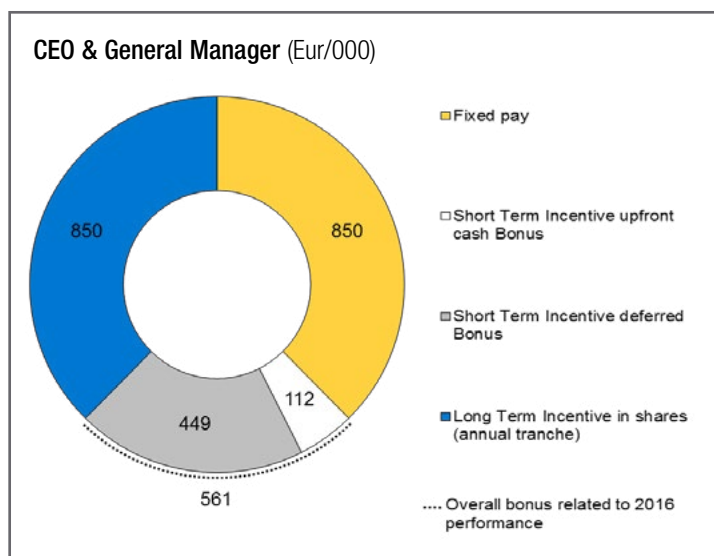
Data pursuant sect. 84-quarter Consob Issuers Regulation Nr. 11971, Compensation report – Section II, as well as the information on incentive systems under 114-bis of legislative decree 58/1998 (“Testo Unico della Finanza” – “TUF”) are included in this document as well as in the annex (“2017 compensation systems based on financial instruments”) of the 2017 FinecoBank Compensation Policy.

Chief Executive Officer and General Manager variable and fixed compensation data











2016 Performance evaluation of the Chief Executive Officer and General Manager’s individual goals has exceeded expectations, on the basis of elements reported in section III – paragraph 5.2.1 and evaluated by the Remuneration and Appointment Committee of February 2nd and the Board of Directors of February 7th, 2017.

In 2016, the effect of the variable remuneration on the total remuneration of the Chief Executive Officer decreased versus the 2015. As a matter of fact, Considering 2015 performance, it has been granted a short term variable remuneration equal to Eur 850,000, while with reference to the 2016 performance it is granted a short term variable remuneration equal to Eur 561,000. The reasons explaining such difference are related to the reduction of the available bonus pool for 2016, due to the Group failure to achieve the Entry Conditions (as detailed described in the paragraph 5.2.1).

The 2016 compensation structure of Finecobank’s Chief Executive Officer and General Manager is:



Looking forward to 2017, the goals for the Chief Executive Officer and General Manager defined and approved by the Board of Directors are:

#	CORE GOALS	PERIMETER	REFERENCE TARGET	LINK TO 5 FUNDAMENTALS	RISK ADJUSTMENT / SUSTAINABILITY GOAL
1	ROAC	FinecoBank	vs. budget	Execution & Discipline	 
2	EVA	FinecoBank	vs. budget	Risk Management	 
3	Operating Costs	FinecoBank	vs. budget	Execution & Discipline	
4	Net new clients	FinecoBank	vs. target	Customers first	
5	Net Sales of guided products	FinecoBank	vs. budget	Execution & Discipline	
6	New business EL	FinecoBank	vs. budget	Risk Management	 
7	Sustain value through people	FinecoBank	Qualitative assessment based on: <ul style="list-style-type: none"> • Y/Y delta on Pay for Performance metrics on variable and fix pay • Y/Y delta on Gender Pay Gap / Gender Balance dashboard / Gender Diversity Initiatives • Succession Planning / Building up a sustainable Talent Management Support • People Engagement Index 	People Development	
8	Tone from the top on Compliance Culture	FinecoBank	Qualitative assessment based on: <ul style="list-style-type: none"> • Scope, kind and numbers of documented initiatives - pre-committed with CEO Office / Country's CEO, aimed at promoting staff integrity / customer protection / trustworthiness • The overall status of findings or proceedings in place (internal or external) considering the trend, type, severity and the timely completion of the related remediation actions 	Risk Management	 

 KPI di sostenibilità
Legenda
 KPI risk adjusted



SECTION II

COMPENSATION POLICY

FINECO. SIMPLIFYING BANKING.

Contents

SECTION II - COMPENSATION POLICY	
1. Introduction	10
2. Governance	11
2.1 Role of the Remuneration and Appointments Committee	
2.2 Market Benchmark	
2.3 Definition of the FinecoBank Compensation Policy	
2.4 Role of the Compliance function	
2.5 Role of the Risk Management function	
3. Fundamentals	13
3.1 Ratio between variable and fixed compensation	
3.2 Sustainability of the variable compensation	
3.2.1 Definition of performance targets	
3.2.2 Performance appraisal	
3.2.3 Payment of the variable compensation	
3.3 Termination payments	
3.4 Non-standard compensation	
3.5 Share ownership guidelines	
3.6 Compliance Drivers	
4. Compensation Structure	19
4.1 Employees	
4.1.1 Fixed compensation	
4.1.2 Variable compensation	
4.1.3 Benefits	
4.2 Financial Advisors	
4.2.1 Recurring remuneration	
4.2.2 Non-recurring remuneration	

1. Introduction

Our set of values is based on integrity as a condition to transform profit into value for our stakeholders.

By upholding the standards of sustainability behaviours and values which drive our mission, our compensation strategy represents a key enabler to enhance and protect our reputation and to create long-term value for all stakeholders.

Also through appropriate compensation mechanism, we aim to create a work environment which is comprehensive of any form of diversity and which foster and unlock individual potential, to attract, retain and motivate highly qualified employees, capable of creating a competitive advantage and to reward those who reflect our standards of consistently ethical behaviour in conducting sustainable business.

Relying on our governance model, our Compensation Policy sets the framework for a common and coherent design, implementation and monitoring of compensation practices across our Company that reinforce sound risk management policies and our long-term business strategy. In so doing, we most effectively meet the specific and evolving needs of our different businesses and populations, and ensure that business and people strategies are always appropriately aligned with our remuneration approach.

To ensure the competitiveness and effectiveness of remuneration as well as transparency and internal equity, the **key pillars** of our Compensation Policy were confirmed:

- **Clear and transparent governance**, through efficient corporate and organizational governance structures, as well as clear and rigorous systems and governance rules.
- **Compliance with regulatory requirements and principles of good professional conduct**, by protecting and enhancing our company reputation, as well as avoiding or managing conflicts of interest between roles within the Bank or vis-à-vis customers.
- **Continuous monitoring of market trends and practices** and awareness of international practices, aimed at sound formulation of competitive compensation as well as at transparency and internal equity.
- **Sustainable pay for sustainable performance**, by maintaining consistency between remuneration and performance, and between rewards and value creation, as well as enhancing both the actual result achieved and the way by which they are achieved.
- **Motivation and retention of all staff, with particular focus on talents and key players**, with the aim to attract, motivate and retain the best resources capable of achieving our company mission according to Bank's values.

2. Governance

Our compensation governance model aims to assure clearness and reliability in the governance processes related to remuneration through a right control of Company's remuneration practices by ensuring that decisions are made in an independent, informed and timely manner at appropriate levels, avoiding conflicts of interest and guaranteeing appropriate disclosure in full respect of the general principles defined by regulators.

2.1 Role of the Remuneration and Appointments Committee

The Board of Directors established a Delegation of Powers system to appropriately regulate effective decision-making processes throughout the organization.

In particular, the Remuneration and Appointments Committee is vested with the role of providing advice and opinions submitted to the Board of Directors with regard to FinecoBank Remuneration Strategy, also with the support of Risk and Compliance functions, as well as of an independent external advisor, if required and needed.

The main topics discussed by the Committee are also submitted to the attention of the Board of Statutory Auditors, in advance over their submission to the Board of Directors. The Remuneration and Appointments Committee, instituted in 2014, consists of 3 non-executive members all independent.

As per regulatory requirements, at least one of the Committee's member has an adequate knowledge and experience in finance or remuneration policies.

2.2 Market benchmark

With specific reference to *Identified Staff*, an independent external advisor supports the Remuneration and Appointments Committee on the definition of a list of selected competitors that represent our peer group with regards to whom compensation benchmarking analysis is performed, considering our main national and European competitors in terms of market capitalization, total assets, business scope and dimension, to assure a competitive alignment with the market of reference.

The results of this analysis will be at FinecoBank Remuneration and Appointments Committee's disposal, in order to support the formulation of opinions to the Bodies of the Bank responsible for taking such decisions.

On the basis of constant benchmarking, we aim to adopt a competitive compensation structure for effective retention and motivation of our critical resources, as well as payments consistent with long-term value for stakeholders.

FinecoBank salary and compensation structures defined on the basis of business or market-specific benchmarking must, in any case, be fully aligned with the general principles of the Group Compensation Policy, with particular reference to the pillars of compliance and sustainability.

2. Governance (CONTINUED)

2.3 Definition of FinecoBank Compensation Policy

The FinecoBank Compensation Policy, as drawn up by the *Human Resources* function, with the involvement of *Risk Management, Finance* and *Network Controls, Monitoring and Service Department* functions for all related aspects, is validated by the *Compliance* function for all compliance-related aspects, before being submitted to the Remuneration and Appointments Committee. On annual basis the Compensation Policy, as proposed by the Remuneration and Appointments Committee, is submitted to the Board of Directors for approval and then presented to the Shareholders' Meeting for approval, in line with the regulatory requirements.

The principles of FinecoBank Compensation Policy, coherently with the Group's ones, are applicable to the entire organization and includes:

- all categories of employees, considering that the Group Compensation Policy, with specific reference to *Identified Staff* defined according to the regulatory requirements of the *European Banking Authority (EBA)*, provides for a centralized, and homogeneous compensation and incentive system guidelines defined at Group level;
- members of the Company's Financial Advisors' Network, in line with the specific pay conditions applicable to them.

2.4 Role of Compliance function

Compliance function operates in close co-ordination with the *Human Resources* function, in order to support the design and the definition of compensation policy and processes and to evaluate them for the profiles in scope.

In this framework, *Compliance* function verifies the consistency with "the goal of complying with regulations, articles of association and any other code of ethics or other standards of conduct applicable to the bank, so that legal and reputational risks mostly embedded in the relationship with customers are duly contained" (ref. Bank of Italy).

In particular, *Compliance* function, evaluates, for all aspects that fall within its perimeter, the FinecoBank Compensation Policy and – referring to applicable regulations – the incentive systems for Bank staff as drawn up by *Human Resources* function for the employees and by *Network PFA Department / Network Controls, Monitoring and Service Department* for the Financial Advisors, providing input – as far as it is concerned – for the design of compliant incentive systems. Furthermore, *Compliance* function, for all aspects that fall within its perimeter, is involved in the process for the identification of Bank's risk takers.

In accordance with the regulatory framework and our governance, the guidelines for the definition of the incentive systems for *non-Identified Staff* population are arranged, in collaboration with *Compliance* function:

- by *Human Resources* function for the employees
- by *Network PFA Department / Network Controls, Monitoring and Service Department* for the Financial Advisors

2.5 Role of Risk Management function

FinecoBank ensure consistency between remuneration and accountable and sustainable risk assumption. This policy is ensured through rigorous governance processes based on informed decisions taken by Corporate Bodies. Compensation plans include the strategic risk appetite defined through the evaluation of the consistency with the results achieved and the FinecoBank *Risk Appetite Framework*, which is consistent with Group *Risk Appetite Framework*.

The *Risk Management* function is constantly involved in the definition of the remuneration policy, the incentive system and compensation processes as well as in the identification of objectives, in the performance appraisal and in the identification of Bank's Identified Staff. This involvement implies explicit link between the Bank incentive mechanisms, selected metrics of the *Risk Appetite Framework*, the validation of performance and pay, so that the incentives are consistent with the risk assumption identified and approved by the Board of Directors.

3. Fundamentals

3.1 Ratio between variable and fixed remuneration

- Compensation levels and ratio between fix and variable component of overall remuneration for Identified Staff are managed and monitored based on our business strategy and also aligned with FinecoBank relative performance over time.
- In compliance with applicable regulations, the adoption of a maximum ratio between variable and fixed remuneration of 2:1 has not changed for the employees belonging to the business functions.
- For the rest of the employees, a maximum ratio between the components of remuneration equal to 1:1 is usually adopted, except for the staff of the Company Control Functions⁴, for which it is provided that the variable remuneration could not exceed 33% of the fixed remuneration and that incentive mechanisms are consistent with the assigned tasks as well as independent of results from areas under their control.
- With reference to applicable regulations, regarding the Financial Advisors belonging to Identified Staff, the 2:1 ratio will be adopted between the non-recurring and the recurring component of the remuneration.
- The adoption of a ratio of 2:1 between variable and fixed compensation don't have any implication on bank's capacity to continue to respect all prudential rules, in particular capital requirements.

3.2 Sustainability of the variable compensation

- Performance is evaluated in terms of risk-adjusted profitability and provide for risk-weighted systems and mechanisms.
- Incentive systems must not in any way induce risk-taking behaviours in excess of strategic risk appetite; in particular they should be coherent to the Risk Appetite Framework ("RAF").

3.2.1 Definition of performance targets

- Consider the customer as the central focus of our mission, placing customer satisfaction in the forefront of all incentive systems, at all levels, both internally and externally;
- design forward-looking incentive plans which balance internal key value driver achievement with external measures of value creation relative to the market;
- consider performance on basis of annual achievements and on their impact over time;
- include reflection of the impact of individual's / business units' return on the overall value creation of related business groups and organization as a whole;
- individual performance appraisal cannot be based only on financial criteria¹, but should be also based on non-financial criteria⁵, considering the specificity of the various roles;
- consider also performance indicators such as risk management, adherence with Company values or other behaviours;
- it is crucial to avoid measures linked to economic results for Company Control Functions (*Risk Management*⁶, *Compliance* and *Human Resources*⁷);
- the approach for Company Control Functions is also recommended where possible conflicts may arise due to the function's activities. In particular, this is the case of functions (if any) performing control activities pursuant to internal / external regulations such as some structures that perform accounting / tax activities⁸;
- assure independence between front and back office functions in order to guarantee the effectiveness of cross-checks and avoid conflict of interest, with a particular focus on trading activities, as well as ensuring the appropriate independence levels for the functions performing control activities;
- set an appropriate mix between short and long-term variable compensation, coherently with the Company strategy, as relevant on the basis of market and business specifics, and in line with long-term interests of the Bank.

⁴ Meaning Risk Management, Compliance and Human Resources functions. Human Resources function is considered Company Control Function, as far as remuneration and incentive policies and practices are concerned, pursuant to Bank of Italy Circular nr. 285 of 17 December 2013. Audit function is externalized in Holding.

⁵ As provided by the CRDIV art 94, 1 a), financial criteria includes performance indicators reported in the annual financial report and in particular linked with the profit and loss report, the balance sheet and relevant components or indicators.

⁶ Where CRO roles cover both *Underwriting* and *Risk Management* functions, goals assigned must not represent a source of conflict of interest between Risk Management and Underwriting activities

⁷ *Human Resources* function is considered Company Control Function only pursuant to Bank of Italy Circular nr. 285 of 17 December 2013

⁸ Where CFO roles cover also Financial Statements preparation, possible economic measures have to be chosen in a conflict-avoidance perspective.

3. Fundamentals (CONTINUED)

3.2 Sustainability of the variable compensation (Continued)

3.2.2 Performance evaluation

- Base performance evaluation upon profitability, financial strength and other drivers of sustainable business with particular reference to risk, cost of capital and efficiency;
- design flexible incentive systems such as to manage pay-out levels in consideration of Group and FinecoBank performance results and individual achievements, adopting a meritocratic approach to selective performance-based reward;
- design incentive systems to set minimum performance thresholds below which zero bonus will be paid. With regard to the Company Control Functions and in order to maintain the adequate independence level and provide a maximum threshold for the progressive reduction of the bonus pool, which can be phased out to zero only in presence of an exceptionally negative situation⁹ within an approval process including a governance step in the Board of Directors;
- guarantee that evaluations and appraisals linked to compensation are, as far as possible, available for the scrutiny of independent checks and controls;
- assess all incentive systems, programs and plans against in order to avoid the risk that our Company reputation may be jeopardized.

3.2.3 Payment of the variable compensation

- phase, as foreseen by regulatory requirements, performance-based incentive pay-out to coincide with the risk timeframe of such performance by subjecting the pay-out of any deferred component of performance-based compensation to the actual sustainable performance demonstrated and maintained over the deferral timeframe, so that the variable remuneration takes into account the time trend of the risks assumed by the Bank (e.g. *malus* mechanisms);
- consider claw-back actions as legally enforceable on any performance-based incentive paid out on the basis of a pretext subsequently proven to be erroneous;
- include clauses for zero bonus in circumstances of non-compliant behaviour or qualified disciplinary action, subjecting pay-out to the absence of any proceeding undertaken by the company for irregular activities or misconduct of the employee with particular reference to risk underwriting, sales processes of banking and financial products and services, internal code of conduct or values breach;
- employees 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. Such obligation is also reported in the detailed rules of Incentive Systems.

Focus on claw-back

The Company reserves the right to activate claw-back mechanisms, namely the return of any form of variable compensation already paid (both the immediate and deferred element, to the extent of 100% of the amount awarded) within, as a rule, the deferral and retention period applied to the payment structure of the variable award. This applies in the case of verification of behaviours adopted in the reference period, for which the employee¹⁰:

- contributed with fraudulent behaviour or gross negligence to incurring significant financial losses, or by his conduct had a negative impact on the risk profile or on other regulatory requirements at Group or local level;
- engaged in misconduct and/or fails to take expected actions which contributed to significant reputational harm to the Group or the Bank, or which were subject to disciplinary measures by the Authority;
- is the subject of disciplinary measures and initiatives envisaged in respect of fraudulent behaviour or characterized by gross negligence during the reference period;
- infringed the requirements set out by articles 26 TUB and 53 TUB, where applicable, or the obligations regarding the remuneration and incentive system.

For the executive directors and the executives with strategic responsibilities, are provided contractual clauses that consent to the company to claim the claw-back, fully or partially, of variable remuneration paid (or to retain the deferrals), defined on the basis of data that subsequently proven to be erroneous;

The claw-back mechanisms can be activated also after the employee's contract termination and/or the end of the appointment and take into account the relative legal, contribution and fiscal profiles and the time limits prescribed by regulations.

⁹ E.g. *Common Equity Tier 1 Ratio Transitional* dropping under the minimum regulatory requirement, in a persistent "recession" scenario.

¹⁰ Employees and Personal Financial Advisors

3.3 Termination payments

- According to the regulatory requirements issued by Bank of Italy in “*Disposizioni di vigilanza per le banche*” (Circolare no. 285 of December 17th, 2013, 7th update of November 18th, 2014), a specific policy (“*Termination Payments Policy*”) on payments to be agreed in case of early termination of a contract (so called *severance*) was approved by 2015 Shareholders’ Meeting. An update of this Policy, with stricter provisions, is submitted for approval to the 2017 Shareholders’ Meeting. For details on criteria, limits and authorization processes, reference is made in the above mentioned Policy.
- Generally speaking, the calculation of any severance pay-outs prescribed or suggested by the specific market of reference takes into consideration the long-term performance in terms of shareholder added-value, as well as any local legal requirements, collective / individual contractual provisions, and any individual circumstances, including the reason for termination.
- According to the Severance Policy review proposed to the 2017 Shareholders’ Meeting, it is provided that the maximum limit of termination payments - inclusive of the indemnity in lieu of notice – is equal to 24 months of total compensation, calculated considering the average of the incentives actually received in the 3 years preceding the termination, after the application of the malus and claw-back clauses. In any cases, the termination payments do not exceeds the limits foreseen by the laws and collective labour agreements.
- As a rule, discretionary pension benefits are not granted and, in any case, even if they may be provided in the context of local practices and/or, exceptionally, within individual agreements, they are paid consistently with the specific and applicable laws and regulations.
- The individual contracts must not contain clauses envisaging the payment of indemnities, or the right to keep post-retirement benefits, in the event of resignations or dismissal / revocation without just cause or if the employment relationship is terminated following a public purchase offer. In case of early termination of the mandate, the ordinary law provisions would therefore apply.

3.4 Non-standard compensation

- Non-standard compensation are those compensation elements not usually provided under our Compensation Policy and are considered exceptions (for instance welcome bonus, guaranteed bonus, special award, retention bonus).
- These awards are limited only to specific situations related to hiring phases, launch of special projects, achievement of extraordinary results, high risk of leaving for critical / strategic people / roles.
- Moreover, these awards must in any case be in accordance with regulations time to time in force (e.g. cap on the ratio between variable and fix remuneration, technical features fixed by regulation where applicable for bonus pay-out) and subject to Group and FinecoBank governance processes, periodically monitored and disclosed and must be subject to *malus* conditions and claw-back actions, as legally enforceable.

3. Fundamentals (CONTINUED)

3.5 Share ownership guidelines

Share ownership guidelines set minimum levels for company share ownership by covered Executives, aiming to align managerial interests to those of shareholders by assuring appropriate levels of personal investment in FinecoBank shares over time. As part of our total compensation approach, we offer equity incentives that provide for opportunities of share ownership, in compliancy with the applicable laws.

The ownership of shares by our Company leaders is a meaningful and visible way to show our investors, clients and employees that we believe in our Company.

FinecoBank's Board of Directors approved in March 2017 specific share ownership guidelines, as shown in the following table, for the Chief Executive Officer and General Manager and for the other Executives with strategic responsibilities, in order to reinforce the alignment between managerial and shareholders' interests.

<i>Population</i>	<i>Share ownership</i>
CEO/General Manager	<i>1 x annual fixed pay</i>
Executives with strategic responsibilities	<i>0,5 x annual fixed pay</i>

The established levels described in the above table, should be reached, as a rule, within 5 years from first appointment in the covered role and they should be maintained for the entire duration of the role covered.

The established levels should be reached through a linear pro-rata approach during the 5-year period, providing for a minimum portion every year. Involved Executives are also expected to refrain from entering into schemes or arrangements that specifically protect the unvested value of equity granted under incentive plans ("*hedging*").

Any violation of the share ownership guidelines and any form of hedging, shall be considered in breach of compliance rules with such consequences as provided for under enforceable rules, provisions and procedures.

3.6 Compliance Drivers

TO SUPPORT THE DESIGN OF REMUNERATION AND INCENTIVE SYSTEMS, AND WITH PARTICULAR REFERENCE TO COMPANY CONTROL FUNCTIONS, THE FOLLOWING “COMPLIANCE DRIVERS” WERE DEFINED:	
<ul style="list-style-type: none"> • maintenance of an adequate ratio between economic and non-economic goals, depending on the role (in general, at least one goal should be non-economic) 	<ul style="list-style-type: none"> • qualitative measures must be accompanied by an ex-ante indication of objective parameters to be considered in the evaluation, the descriptions of expected performance and the person in charge for the evaluation
<ul style="list-style-type: none"> • non-economic quantitative measures should be related to an area for which the employee perceives a direct link between her/his performance and the trend of the indicator 	<ul style="list-style-type: none"> • among the non-financial goals (quantitative and qualitative), include, where relevant, goals related to Risk as well as to Compliance (e.g. credit quality, operational risks, application of MIFID principles, products sale quality, respect of the customer, Anti Money Laundering requirements fulfillment)
<ul style="list-style-type: none"> • set and communicate <i>ex-ante</i> clear and pre-defined parameters as drivers of individual performance 	<ul style="list-style-type: none"> • avoidance of incentives with excessively short timeframes (e.g. less than three months)
<ul style="list-style-type: none"> • promotion of a customer-centric approach which places customer needs and satisfaction at the forefront and which will not constitute an incentive to sell unsuitable products to clients 	<ul style="list-style-type: none"> • take into account, even in remuneration systems of the external networks (Financial Advisors), the principles of fairness in relation with customers, management of legal and reputational risks, protection and loyalty of customers, compliance with the provisions of law, regulatory requirements, and applicable self-regulations
<ul style="list-style-type: none"> • create incentives that are appropriate in avoiding potential conflicts of interest with customers, considering fairness in dealing with customers and the endorsement of appropriate business conduct 	<ul style="list-style-type: none"> • economic goals must be avoided for Company Control Functions¹¹ and individual goals set for employees in these functions shall reflect primarily the performance of their own function and be independent of results of monitored areas, in order to avoid conflict of interest
<ul style="list-style-type: none"> • define – for personnel providing investment services and activities – incentives that are not only based on financial parameters, but also take into account the qualitative aspects of the performance; this in order to avoid potential conflicts of interest in the relationship with customers¹² 	<ul style="list-style-type: none"> • the approach for Company Control Functions¹³ is also recommended where possible conflicts may arise due to function’s activities. This is the case in particular of functions of the Company (if any) performing control activities pursuant to internal / external regulations
<ul style="list-style-type: none"> • avoidance of incentives on a single product / financial instrument or specific categories of financial instruments, as well as single banking product 	<ul style="list-style-type: none"> • for the purpose of granting incentive, take also into account any disciplinary sanctions and/or sanctions by regulatory authorities imposed on the resource. In the presence of these measures, the possible allocation of the incentive will require a written explanation, which will make possible a case-by-case verification of the managerial decisions
<ul style="list-style-type: none"> • for Commercial Network Roles, goals shall be defined including drivers on quality / riskiness / sustainability of the products sold, in line with client risk profiles. Particular attention shall be paid to the provision of non-economics goals for customer facing roles selling products covered by MiFID Directive; for those roles, incentives must be set in order to avoid potential conflict of interest with customers 	<ul style="list-style-type: none"> • all rewarding system communication and reporting phases shall clearly indicate that the final evaluation of the employee achievements will also rely, according to local requirements on qualitative criteria such as: <ul style="list-style-type: none"> - compliance to external (i.e. laws / regulations) and internal rules (i.e. policies) - mandatory training completion - existence of disciplinary procedures officially activated and/or disciplinary sanctions actually applied
<ul style="list-style-type: none"> • maintenance of adequate balance of fixed and variable compensation elements also with due regard to the role and the nature of the business performed. The fix portion is maintained sufficiently high in order to allow the variable part to decrease, and in some extreme cases to drop down to zero 	<ul style="list-style-type: none"> • the entire evaluation process must be conveniently put in writing and documented
<ul style="list-style-type: none"> • in case of individual performance evaluation systems are fully or partially focused on a managerial discretionary approach, the evaluation parameters should be defined <i>ex-ante</i>, should be clear and documented to the manager at the beginning of the evaluation period. Such parameters should reflect all applicable regulation requirements¹⁴. The results of managerial discretionary evaluation should be formalized for the adequate and predefined monitoring process by the proper functions 	

¹¹ Meaning Risk Management, Compliance and Human Resources functions. Human Resources function is considered Company Control Function, as far as remuneration and incentive policies and practices are concerned, pursuant to Bank of Italy Circular nr. 285 of 17 December 2013. Where CRO roles cover both Underwriting and Risk Management functions, goals assigned must not represent a source of conflict of interest between Risk Management and Underwriting activities.

¹² See as example:

- ESMA requirements, with reference to MIFID remuneration policies and practices;
- Technical Advice ESMA on MiFid II (Final Report 2014/1569);
- MiFid II specific articles regarding remuneration / incentives for relevant subjects.

¹³ Where CFO roles cover also Financial Statements preparation, possible economic measures have to be chosen in a conflict-avoidance perspective..

¹⁴ Also in line with the regulation references reported in the note above.

3. Fundamentals (CONTINUED)

3.6 Compliance Drivers (CONTINUED)

Within network roles incentive systems, particular attention is put on all commercial initiatives that involve the Personal Financial Advisor network¹⁵.

Such initiatives may be organized after the evaluation and authorization of the competent Company's Bodies. They represent business actions aimed at providing guidance to the sales network towards the achievement of the period's commercial targets (also intermediate) and with a direct impact on the budget and related incentive systems.

Among the distinctive features of the initiatives, there is the expectation of an award - in cash or non-monetary reward. The initiatives can also have the function to accelerate the achievement of certain objectives of the incentive system. The grant of awards related to the initiatives will be subordinated to behaviours compliant with the external and internal regulations.

Under no circumstances may the system of remuneration and evaluation of the sales network employees constitute an incentive to sell products unsuitable to the financial needs of the clients.

In particular the following "*compliance drivers*" have been defined:

- setting-up of the incentive mechanisms using criteria which are consistent with the best interest of the client and which avoid in any case conditions of potential conflicts of interest with customers, and coherently with relevant regulatory provisions (e.g. MiFID)
- ensuring consistency between an initiative's objectives with the objectives set when defining the budget and when assigning targets to the sales network
- avoidance of initiatives on a single product / financial instrument, or on a single Banking product
- inclusion of clauses for zero bonus payment in case of relevant non-compliant behaviour or qualified disciplinary actions
- avoidance of initiatives which – not being grounded on an objective and customer interests related basis – may directly or indirectly lead to breaching the rules of conduct regarding clients
- avoidance of initiatives lacking a clear indication of the targets and of the maximum level of incentive to be granted for achieving those targets
- avoidance – in general – of initiatives that link incentives not only to the targets assigned to specific roles / structures but also to higher hierarchical levels or to the budget of the higher territorial structure.

¹⁵ As described in paragraph 4.2.2.

4. Compensation Structure

4.1 Employees

Within the framework provided by the “FinecoBank Compensation Policy”, FinecoBank is committed to ensure fair treatment in terms of compensation and benefits regardless of age, race, culture, gender, disability, sexual orientation, religion, political belief and marital status.

Our total compensation approach provides for a balanced package of fix and variable, monetary and non-monetary elements, each designed to impact in a specific manner the motivation and retention of employees.

In line with the applicable regulations, particular attention is paid to avoid incentive elements in variable compensation which may induce behaviours not aligned with the company’s sustainable business results and risk appetite.

As policy target, fix compensation for *Identified Staff* consider as a reference the market median, with individual positioning being defined on the basis of specific performance, potential and people strategy decisions.

With particular reference to *Identified Staff* – within the governance defined according to the applicable laws and regulations - the Board of Directors, upon proposal of the Remuneration and Appointments Committee, establishes the compensation structure for top positions, defining the mix of fix and variable compensation elements, consistently with market trends and internal analyses performed.

Moreover, the Board of Directors annually approves the criteria and features of *Identified Staff* incentive plans, ensuring the appropriate balance of variable reward opportunities within the pay-mix structure.

TYPE OF REMUNERATION	PURPOSES	FEATURES
<p>4.1.1 FIXED COMPENSATION</p> <p>The fixed salary remunerates the role covered and the scope of responsibilities, reflecting the experience and skills required for each position, as well as the level of excellence demonstrated and the overall quality of the contribution to business results</p>	<p>Fixed salary is appropriately defined for the specific business in which an individual works and for the talents, skills and competencies that the individual brings to the Bank.</p> <p>The relevance of fixed compensation weight is sufficient to reward the activity rendered even if the variable part of the remuneration package were not paid due to non-achievement of performance goals such as to reduce the risk of excessively risk-oriented behaviours, to discourage initiatives focused on short-term results and to allow a flexible bonus approach.</p>	<p>Specific pay-mix guidelines for the weight of fix versus variable compensation are defined with respect to each target of employee population.</p> <p>With particular reference to Identified Staff, the Remuneration and Appointments Committee proposes to the Board of Directors:</p> <ul style="list-style-type: none"> • the criteria and guidelines to perform market benchmarking analysis for each position in terms of compensation levels and pay-mix structure, including the definition of a specific peer group at local level and the identification of an external consultant to provide “executive compensation” services; • the positioning in terms of compensation, in line with relevant market’s competitive levels, defining operational guidelines to perform single compensation reviews as necessary.

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4. Compensation Structure (CONTINUED)

4.1 Employees (CONTINUED)

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TYPE OF REMUNERATION	PURPOSES	FEATURES
<p>4.1.2 VARIABLE COMPENSATION</p> <p>The variable compensation includes payments depending on performance, independently from how it is measured (profitability goals, volumes, etc.) or on other parameters (e.g. length of service)</p>	<p>Variable compensation aims to remunerate achievements by directly linking pay to performance outcomes in the short, medium and long-term, and risk adjusted.</p> <p>To strengthen the alignment of shareholders' interest and the interests of management and employees, performance measurement reflects the actual results of the Company overall, the business unit of reference and the individual. As such, variable compensation constitutes a mechanism of meritocratic differentiation and selectivity.</p>	<ul style="list-style-type: none"> • Adequate range and managerial flexibility in performance-based pay-outs are an inherent characteristic of well-managed, accountable and sustainable variable compensation, which may be awarded via mechanisms differing by time horizon and typology of reward. • Incentives remunerate the achievement of performance objectives, both quantitative and qualitative, by providing for a variable bonus payment . • An appropriately balanced performance-based compensation element is encouraged for all employee categories as a key driver of motivation and alignment with organizational goals, and is set as a policy requirement for all business roles. • The design features, including performance measures and pay mechanisms, must avoid an excessive short-term focus by reflecting the principles of this policy, focusing on parameters linked to profitability and sound risk management, in order to guarantee sustainable performance in the medium and long-term. • Group common guidelines on the key elements of contracts for <i>Identified Staff</i> ensure alignment with regulatory requirements and also with Audit recommendations, in particular regarding contract elements with specific regulatory provisions, such as variable compensation and severance provisions. • Group common guidelines provide for the specification in the <i>Identified Staff</i> contracts only the "eligibility" to the variable compensation. The amounts related to the variable compensation and all the technical details of the payout (instruments, payout structure, timing) are included in a specific communication not included in the <i>Identified Staff</i> contract and are managed in strict coherence with the governance and the rules of the delegation of authorities. • More details on the design of remuneration and incentive systems, with particular reference to Control Functions, are reported in the section "<i>Compliance Drivers</i>".
<p>Incentive Systems linked to yearly performance</p>	<p>Aim to attract, motivate and retain strategic resources and maintain full alignment with the latest national and international regulatory requirements and with best market's practices.</p>	<ul style="list-style-type: none"> • Pay-out is based on a "bonus pool" approach providing for a comprehensive performance measurement at individual and at Group and local level . • Reward is directly linked to performance, which is evaluated on the basis of results achieved and on the alignment with our leadership model and values. • The Executive Development Plan (EDP) as the Group-wide framework for <i>Identified Staff</i> performance management is a cornerstone of fair and coherent appraisal across the organization. • For the remaining employees – within the bonus pool logic as described above - annual incentives are determined on a discretionary basis according to the individual performance appraisal (e.g. Performance Management) that foresees a yearly, written, and documented process for the goals setting, self-assessment, managerial assessment and the definition of an individual development plan. • Where foreseen by regulations, the pay-out is phased to coincide with an appropriate risk time horizon. The design features of incentive plans for <i>Identified Staff</i> are aligned with shareholder interests and long-term, firm-wide profitability, providing for an appropriate allocation of a performance related incentive in cash and in shares, upfront and deferred • Each year, detailed information about our compensation governance, key figures and the features of our incentive systems, is fully disclosed in the Annual Compensation Report. • The individuals' behaviours (compliance with internal and external rules and regulations, absence of disciplinary actions and completion of mandatory training) are also evaluation elements to assign individual incentives.

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TYPE OF REMUNERATION	PURPOSES	FEATURES
Long-term loyalty plans	The aim of these plans is the allocation of free shares, in order to build retention, subject to the fulfilment of specific sustainability conditions	<p>In 2014, FinecoBank's Shareholder's Meeting approved, when applied for listing on the Italian Stock Exchange and subject to the favourable outcome of it, the "2014-2017 Multi-year plan Top Management" for the Chief Executive Officer and General Manager and for the Executives with strategic responsibilities (6 Bank's employees). The plan provides the allocation of FinecoBank shares for each of the 4 years, with a 3-year vesting period for the assignment of each tranche. For the allocation of each annual tranche, it is provided the verification of continuous employment, no compliance breach and entry conditions (for 2017 Net Profit \geq 0 and Common Equity Tier 1 \geq 10,25%).</p> <p>On the basis of the same assumptions, the Shareholders' Meeting approved also the "2014 Plan Key People" that provides for the allocation – in 2014 – of FinecoBank shares to 79 selected employees of the Bank. The assignment of the shares is scheduled in 3 tranches in the years 2015-2016 and 2017, upon verification of the individual performance as described above and of the general entry conditions (for the last assignment - in 2017 the following indicators related to 2016 performance have been considered: Net Profit \geq 0 and Common Equity Tier 1 \geq 10%).</p>
4.1.3 BENEFIT		
<p>Benefits include welfare benefits that are supplementary to social security plans and are intended to provide substantial guarantees for the well-being of staff and their family members during their active career as well as their retirement. In addition, special terms and conditions of access to various FinecoBank and UniCredit Banking products and other services may be offered to employees in order to support them during different stages of their lives</p>	Benefits aim to reflect internal equity and overall coherence of our remuneration systems, catering to the needs of different categories as appropriate and relevant.	<ul style="list-style-type: none"> • In coherence with Group governance framework and Global Job Model, benefits are aligned against general common criteria for each employee category, while benefits plans are established on the basis of FinecoBank practices. FinecoBank employees can also join the Group Employee Share Ownership Plan, named "Let's Share" which was launched for the first time in 2008. The plan offers to the participants the opportunity to buy ordinary UniCredit shares and to receive a 25% discount in the form of free shares allocated by the Company with a one-year restriction period.

4. Compensation Structure (CONTINUED)

4.2 Financial Advisors

Financial Advisors are tied to the Company by an agency agreement, under which the Advisor is engaged on a permanent basis (without representation) to provide independent services, exclusively for the Bank, for the promotion and placement of financial instruments and Banking / financial services in Italy, as well as insurance and welfare products or any other products indicated in the contract. Advisors are also responsible for diligently monitoring the assistance to the existing and/or allocated customers in order to fulfil the Company's objectives.

In accordance with existing regulations, contractual relationships with customers acquired by the Financial Advisor, and any other that is subsequently allocated, are conducted exclusively between the customer and the Bank.

FinecoBank's Network of Financial Advisors is composed by:

- Financial Advisors
- Group Managers
- Area Managers

Area Managers are responsible for coordinating Advisors in their geographic area, for growing the business and for reaching the targets set by Commercial Department, and are supported by Group Managers.

The Commercial Department uses Company's internal structures, to provide support to the network. Their tasks are to control the local activities and provide support for commercial activity.

As mentioned in the preamble, the provisions of this Compensation Policy also apply to the members of the Financial Advisors' Network, in line with the Advisors' specific remuneration.

Financial Advisors are freelancers and their remuneration is entirely variable. Therefore regulatory requirements, in order to adapt the same employees' rules on compensation structure, based on a fixed and on a variable component, established for Financial Advisors a distinction between a "recurring" and a "non-recurring" pay component.

TYPE OF REMUNERATION	PURPOSES	FEATURES
4.2.1 RECURRING REMUNERATION		
<p>This is the most stable and ordinary part of the total remuneration, equivalent to the fixed salary of employees</p>	<p>Recurring remuneration is sufficient to reward the activity rendered even if the variable part of the remuneration package were not paid due to non-achievement of performance goals such as to reduce the risk of excessively risk-oriented behaviours, to discourage initiatives focused on short-term results and to allow a flexible bonus approach.</p>	<ul style="list-style-type: none"> • Sales commission, in other words the payment to the Financial Advisor of a percentage of the sales charge, paid by the customer at the time of purchase of investment instruments. It is paid on an individual basis or as a supplement if the Advisor has been given coordination tasks. • Management and maintenance commission, in other words the Financial Advisor monthly remuneration for assistance provided to customers during the contract, commensurate with the average value of the investments and the type of product, paid on an individual basis or as a supplement if the Advisor has coordination tasks.

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TYPE OF REMUNERATION	PURPOSES	FEATURES
4.2.2 NON-RECURRING REMUNERATION		
<p>Incentive Systems linked to yearly performance. This is the incentive element, in other words it is tied to reach certain goals, equivalent to the variable compensation of employees</p>	<p>Aim to motivate, retain and incentive Financial Advisors and Managers of the Network, maintain full alignment with the regulatory requirements.</p>	<ul style="list-style-type: none"> • Pay-out is based on a "bonus pool" approach providing for a comprehensive performance measurement at individual and at Group and local level. • Reward is directly linked to performance, which is evaluated on the basis of results achieved. • For the Financial Advisors belonging to <i>Identified Staff</i>, a dedicated incentive system ("<i>PFA Incentive System</i>") was defined, whose pay-out, as foreseen by regulations, is phased to coincide with an appropriate risk time horizon. The design features of the plan is aligned with shareholder interests and long-term, firm-wide profitability of the Bank, providing for an appropriate allocation of a performance related incentive in cash and in shares, upfront and deferred. • For all the Financial Advisors not belonging to <i>Identified Staff</i>, specific incentive systems were defined, as, for example, "<i>Incentive Plans for PFA-Area Managers-Group Managers</i>", and specific retention initiatives such as the "Additional Future Program". This plan, in particular, is dedicated to the PFA and the network Managers not Identified Staff and provides the accrual of annual awards (subject to the achievement of specific performance conditions and the compliance of individual behaviours) in specific insurance policies. The release of those awards is provided at the reach of the retirement age. • All the incentive systems provide for ex-ante ("entry conditions") and ex-post (<i>malus</i> on any deferred components) adjustment mechanisms and claw-back clauses. • The individuals' behaviours (compliance with internal and external rules and regulations and absence of disciplinary actions) are also evaluation elements to assign individual incentives.
<p>Long-term loyalty plans</p>	<p>The aim is to retain and motivate Financial Advisors and Managers of the Network.</p>	<p>In 2014, FinecoBank's Shareholders' Meeting approved, when applied for listing on the Italian Stock Exchange and subject to the favourable outcome of it, the "<i>2015-2017 Plan PFA</i>". This plan provides the allocation in 2018 of a number of FinecoBank shares to be assigned in 3 tranches in 2018, 2019 and 2020 subject to the fulfilment of:</p> <ul style="list-style-type: none"> • annual entry conditions (for 2017 Net Profit ≥ 0 and Common Equity Tier 1 $\geq 10,25\%$); • individual compliance conditions and the existence of the agency agreement; • beneficiaries performance results achieved during the 3-year Plan. <p>On the basis of the same assumptions, the Shareholders' Meeting approved also the "<i>2014 Plan PFA</i>" that provides for the allocation to the beneficiaries of a number of FinecoBank shares, which assignment is scheduled in 3 tranches in the years 2015, 2016 and 2017, upon verification of the individual performance as described above and of the general entry conditions (for the last assignment - in 2017 the following indicators related to 2016 performance have been considered: Net Profit ≥ 0 and Common Equity Tier 1 $\geq 10\%$).</p>



SECTION III

ANNUAL COMPENSATION REPORT

FINECO. SIMPLIFYING BANKING.

Contents

SECTION III - ANNUAL COMPENSATION REPORT	
1. Introduction	26
2. Governance & Compliance	27
2.1 Remuneration and Appointments Committee	
2.2 The Role of the Company Control Functions: Compliance, Risk Management and Audit	
3. Continuous Monitoring of Markets Trends and Practices	31
4. Compensation paid to Members of the Administrative and Auditing Bodies, to General Managers and to other Executives with strategic responsibilities	
5. FinecoBank Compensation Systems	34
5.1 Target population	
5.2 2016 Systems Implementation and Outcomes	
5.2.1 2016 Incentive System for employees belonging to <i>Identified Staff</i>	
5.2.2 2016 Incentive System for Financial Advisors belonging to <i>Identified Staff</i>	
5.3 2017 Incentive System for employees belonging to <i>Identified Staff</i>	
5.3.1 Comprehensive Performance Measurement	
5.4 2017 Incentive System for Financial Advisors belonging to <i>Identified Staff</i>	
5.4.1 Comprehensive Performance Measurement	
6. Compensation Data	54
6.1 2016 Compensation Outcomes	
6.2 2017 Compensation Policy	
6.3 Benefits Data	

1. Introduction

The *Annual Compensation Report* (hereinafter, the "Annual Report") discloses all relevant FinecoBank compensation-related information and methodologies with the aim of increasing Stakeholders' awareness of our compensation policies, practices and outcomes, demonstrating their coherence with business strategy and performance, responsible remuneration and sound risk management.

The Report provides *ex-post* information on 2016 outcomes, as well as *ex-ante* disclosure for 2017 approach, covering our *Identified Staff* population (both employees and Financial Advisors) and Corporate Bodies' members.

Remuneration solutions implemented in 2016 provided for:

- compliance of incentive strategies with all relevant regulations, including deferred pay-outs and incentives based on financial instruments;
- comprehensive performance measurement to foster sound behaviours aligned with different types of risk.

Over the year 2016 we constantly kept abreast of ongoing changes in national and international regulations. (see for instance, the ongoing procedure for the implementation at national level of the "*Guidelines on sound remuneration policy*"¹⁶).

In 2016 we gave our contribution to the *European Banking Authority's* ("EBA") remuneration benchmarking exercise and data collection of high earners. In particular our contribution was related to information regarding the remuneration for 2015 of all staff and of *Identified Staff*, including the number of individuals in pay brackets of at least 1 mln Euros.

The Annual Report, a unique document providing complete and comprehensive information on compensation, includes details referring to Members of Administrative and Auditing bodies, General Manager and Executives with strategic responsibilities.

Data pursuant section 84-*quater* approved with resolution of the Italian National Commission for Listed Companies (Consob) no.11971, dated May 14th 1999 (as subsequently modified), providing the rules for Issuers (so called "Issuers Regulation"), as well as the information on incentive systems pursuant to section 114-bis of the Legislative Decree issued on February 24th n. 58 (the Consolidated Text on Finance – "TUF"), and to the provisions of the Issuers Regulation on information that have to be communicated to the market on compensation plans based on financial instruments, are included in this document, further to be included in the annex to the 2017 FinecoBank Compensation Policy, named "*2017 Compensation Systems based on Financial Instruments*".

To this regard it is highlighted that the aforesaid information on provided for the purpose of the report on corporate governance (pursuant to section 123-bis TUF)

¹⁶ Guidelines on sound remuneration policies under Article 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013.

2. Governance & Compliance

2.1 Remuneration and Appointments Committee

The Remuneration and Appointments Committee, established by the Board of Directors' resolution on May 13th, 2014, performs a strategic role in supporting Board of Directors' oversight of FinecoBank Compensation Policy and plans design.

According to the internal provisions approved by the Board of Directors, ruling the functioning and competencies of corporate bodies and related information flows (hereinafter the "Corporate Governance Rules"), this Committee is composed by 3 non-executive members, Mr. Gianluigi Bertolli, Mrs. Mariangela Grosoli and Mr. Girolamo Ielo, who met the independence requirements set out in Article 3.C.1 of the Corporate Governance Code and also Article 147 (4) and 148 (3) of the TUF and have adequate knowledge and experience in finance or accounting topics.

The Chairman, Mr. Gianluigi Bertolli, has presided the Committee's meetings during 2016.

In performing its duties and if important and suitable, also availing itself with the support of an external consultant, The Remuneration and Appointments Committee:

A. provides opinions to the Board of Directors - on the proposals formulated, as appropriate, by the Chairman of the Board or by the Chief Executive Officer and General Manager - concerning:

- the definition of Policies for appointing the Company's directors (including the qualitative- quantitative characteristics required by the Supervisory Regulations of the Bank of Italy);
- the appointment of the Chief Executive Officer and/or the General Manager and the other Executives with strategic responsibilities;
- the definition of any succession plans for the Chief Executive Officer, for the General Manager and for the other Executives with strategic responsibilities;
- the identification of FinecoBank Director candidates in the event of co-optation, and of independent Director candidates to be submitted for approval by the Company Shareholders' Meeting, taking into account any reports received from Shareholders;
- the appointment of members of the Committees established within the Board of Directors, upon the proposal of the Chairman;
- the various phases of self-evaluation process of the Board of Directors.

B. presents proposals to the Board for the definition of a general remuneration policy for the Chief Executive Officer and General Manager, for the other Executives with strategic responsibilities, and for the other *Identified Staff* – also so that the Board is able to prepare the Annual Compensation Report to be presented to the Shareholders' Meeting on an annual basis, and to periodically assess the suitability, overall consistency and effective application of the general remuneration policy approved by the Board;

C. presents proposals to the Board relating to the total remuneration of the Chief Executive Officer, of the General Manager, of the other Executives with strategic responsibilities, and of the other *Identified Staff* and for the determination of criteria for the remuneration of Company top Management, including the relevant performance targets related to the variable component of the remuneration;

D. monitors the implementation of the decisions adopted by the Board and verifies, in particular, the achievement of the performance targets;

E. examines any share-based or cash incentive plans for employees and PFAs of the Company, and strategic staff development policies;

F. supports the Audit and Related Parties Committee in the process of identification and proposal for the Heads of Company Control Functions to be appointed;

G. supports the Board in verifying the conditions provided by section 26 (requirements of company Directors) of the Legislative Decree dated September 1st 1993 n. 385 and subsequent amendments and integration (providing the TUB).

In 2016 the Remuneration and Appointments Committee met 13 times. The meetings had an average duration of two hours. From the beginning of 2017 and until the approval of the present 2017 Compensation Policy, 3 meetings of the Committee have been held this year. Minutes are taken of each meeting and placed on record by the Secretary designated by Committee itself.

From the approval of "Corporate Governance Rules" , the Chairman of the Committee provided time by time the information on the Committee meetings to the subsequent Board meeting.

From December 2014 on the Committee, by means of its budget assigned for the year (amounting to 25.000€ for 2016) , has started a collaboration with an external advisor - whose independence has been previously verified - who is invited to the Committee's meeting when required.

The Committee may, when it deems it appropriate, invite other individuals from within the Company to attend the meetings, in relation to the corporate functions and organizations concerned by the issues at hand, including members of other committees within the Board of Directors, or external parties. The Committee shall meet when convened by its Chairman, whenever he/she deems necessary, or upon the request of one of its members. In any case the Committee has always been able to access the information and the Company Functions necessary to perform its activities.

2. Governance & Compliance (CONTINUED)

2.1 Remuneration and Appointments Committee (CONTINUED)

In 2016 the Head of *Human Resources* has been always invited to Committee's meetings. The Chairman has also invited the Head of *Legal & Corporate Affairs* to introduce Corporate Governance topics (see for instance the results of the Board of Directors' self-evaluation process or the appointment of a new Director) and the Head of *Network Controls, Monitoring and Service Department* for topics related to PFA network (see for instance the Incentive Systems and related rules for the PFA population).

In addition to the aforementioned Functions, the Chairman invited - to specific Committee's meetings and for topics in the respective competence perimeters – the CRO, CFO and Compliance Officer of FinecoBank. In particular the CRO and CFO participated in the meetings regarding the 2016 Incentive Systems evaluation while the Compliance Officer has been invited, among the others, to participate in the discussions related to the Identified Staff definition.

The Chairman has also invited the *Internal Audit*¹⁷ function to the meeting related to the annual audit performed on FinecoBank remuneration policies and practices.

During 2016 the key activities of the Remuneration and Appointments Committee included:

KEY ACTIVITIES OF THE COMMITTEE IN 2016	
January	<ul style="list-style-type: none"> • 2016 Identified Staff and 2016 Incentive System for Employees Identified Staff and 2016 Incentive System for PFA Identified Staff • FinecoBank Compliance Officer appointment • Evaluation of regulatory requirements for Directors • "Annual Corporate Governance Report" (for the topic within Committee's competence) • 2015 Bonus Pool • Execution of 2015 Incentive System and 2015 individual bonus for Employees Identified Staff • Stock granting plan "2014-2017 Top Management Plan" and "2014 Key People Plan" execution for the Employees and update of related Rules • "2015 Incentive Plans" and "Additional Future Program" execution for the PFA and Managers of the Network and update of related Rules • 2016 Incentive Systems for the Managers and PFA of the Network and related new Rules
March	<ul style="list-style-type: none"> • 2016 Compensation Policy, including the Annual Report and the Audit Report • 2016 Incentive System Rules for the Employees Identified Staff • 2016 Incentive System Rules for the PFA Identified Staff • Integration to the execution of "Additional Future Program" plan for PFA and Managers of the Network
April	<ul style="list-style-type: none"> • Prorogation of the plan "Iniziativa Riqualificazione Prodotti Risparmio Gestito" for the PFA and Managers of the Network
June	<ul style="list-style-type: none"> • Development and succession plans
July	<ul style="list-style-type: none"> • New initiative "Riqualificazione Amministrato e Liquidità in Guided Products" • Board self evaluation
September	<ul style="list-style-type: none"> • Prorogation of "Nuova Iniziativa Riqualificazione Amministrato e Liquidità in Guided Products"
November	<ul style="list-style-type: none"> • Appointment of Ms. Manuela D'Onofrio to Director • Initiative "Riqualificazione Amministrato e Liquidità in Guided Products". New edition • Verification of regulatory requirement of the new Director Ms. Manuela D'Onofrio

¹⁷ Internal Audit function is centralized in UniCredit and works based on a specific service contract.

The main topics discussed by the Committee are also submitted to the attention of the Board of Statutory Auditors, in advance over their submission to the Board of Directors.

Moreover, at least a member of the Board of Statutory Auditors, attended to the meetings of the Committee in 2016

We highlight that the Directors do not participate in the Committee meetings in which are made the proposals to the Board concerning their remuneration.

The following table summarizes the composition of the Committee in 2016 and, in addition to the information on the independency of the members, provides details regarding their attendance to the meetings that have been called during the year.

REMUNERATION AND APPOINTMENTS COMMITTEE – (YEAR 01/01/2016 – 31/12/2016)

OFFICE	NAME	INDIPENDENCY ACCORDING TO		*	**	***
		CODE	TUF			
Members currently in office						
Chairman	Gianluigi Bertolli	YES	YES	C	13	100%
Director	Mariangela Grosoli	YES	YES	M	13	92%
Director	Girolamo Ielo	YES	YES	M	13	100%

Notes

(*) In this column is pointed out the office covered in the Committee (C=Chairman; M=Member)

(**) In this column is pointed out the number of meetings attended during the period when the office has been covered

(***) In this column is pointed out the percentage of attending to Committee's meetings (no. of participation / no. of meetings taken during the effective period when the office has been covered)

2.2 The Role of Company Control Functions: Compliance, Risk Management and Audit

Key contributions in 2016 of FinecoBank *Compliance* function, for all aspects that fall within its perimeter and in collaboration with *Group Compliance*, included:

- validation of the 2016 Compensation Policy submitted to the Board of Directors for subsequent approval of the Shareholders' Meeting on April 12th, 2016;
- validation of the 2016 Incentive System for employees of FinecoBank belonging to *Identified Staff*;
- validation of the 2016 Incentive System for Financial Advisors of FinecoBank belonging to *Identified Staff*;
- preparation – in collaboration with the *Human Resources* function – and distribution of FinecoBank guidelines for the development and management of incentive systems for the population not belonging to *Identified Staff* (ref. *FinecoBank Internal Regulation 07/2016*);
- participation in specific initiatives of *Human Resources* function (e.g.: review of definition of *Identified Staff* for the application of Incentive System).

As per Board decision in April 2016, the Compliance Function - previously outsourced in UniCredit – has been internalized in FinecoBank.

In 2017, the *Compliance* function will continue to operate in close co-ordination with the *Human Resources* function to support not only in the validation but also in the design and definition of compensation policy and processes.

The link between compensation and risk has been maintained in 2016 with the involvement of the *Risk Management* function in compensation design and the definition of an explicit framework to base remuneration within an overarching FinecoBank *Risk Appetite Framework*, which is consistent with *Group Risk Appetite Framework*, so that incentives to take risk are appropriately constrained by incentives to manage risk. In particular, the Board of Directors and Remuneration and Appointments Committee draw upon the input of involved functions to define the link between profitability, risk and reward within FinecoBank incentive systems.

2. Governance & Compliance (CONTINUED)

2.2 The Role of Company Control Functions: Compliance, Risk Management and Audit (CONTINUED)

Internal Audit Report on the 2016 FinecoBank remuneration policies and practices

Internal Audit Function has carried out the annual assessment on the Bank's compensation system pursuant to Bank of Italy regulation. Besides, the evaluation process for the definition of Identified Staff was verified with the aim to check its compliance with the requirements provided for by Delegated Regulation (EU) No 604/2014.

The annual audit results have been submitted to the attention of the Remuneration and Appointments Committee on March 1st 2017.

The audit tests have been performed on a sample of population which includes the following groups within FinecoBank compensation policy:

1. all the Identified Staff;
2. a sample of 211 employees non-Identified Staff (the so called "below executives"), selected considering the roles to whom a bonus higher than € 5.000 has been granted in 2016 (20% ca of the overall population as on 31/12/2016);
3. Members of Corporate Bodies;
4. Bank's Financial Advisors, with specific focus on categories of "non recurring" remuneration named "bonus raccolta netta" and "additional future program", equal to the 67% ca of 2016 total incentives.

The annual audit scrutiny outcome was satisfactory, on the basis of the correct application of bonus definition mechanisms, as provided by the Bank's Compensation Policy, with particular reference to the 2:1 limit for the ratio between variable and fixed pay (1/3 of fixed pay for the Company Control Functions).

As regards the Network, the process provided the inclusion in the Identified Staff of the Financial Advisors with a total remuneration, recurring and non-recurring, higher than Euro 750.000, as well as of the Managers coordinating Financial Advisors managing assets equal or higher than 5% of overall network assets, on the basis of quantitative criteria defined in the UE Regulation and of a qualitative criterion based on business risk (reduction of Bank's profitability as a consequence of Advisors leaving and the subsequent loss of customers' portfolios).

The Bank evaluation performed with the aim of excluding from the Identified Staff category roles with total compensation between Euro 500.000 and 750.000, subject to communication to ECB, is consistent with the internal accounting figures and with the risk profiles of Personal Financial Advisors activities.

3. Continuous Monitoring of Market Trends and Practices

Key highlights of the Compensation Policy defined this year with the support of external benchmarking and trends analysis provided by the independent external advisor to the Remuneration and Appointments Committee include:

- the definition of Compensation Policy for the *Identified Staff*, both employees and Financial Advisors, with particular reference to the design of the 2017 incentive systems;
- the pay recommendations based on specific benchmarking analysis versus our defined peer group to inform any decision.

The peer group used to benchmark compensation policy and practice with particular reference to employees *Identified Staff* has been defined by the Remuneration and Appointments Committee upon proposal of the independent external advisor on the basis of criteria including: comparability of size, complexity and business model, presence in customer, talent and capital markets, risk and legal-socio-economic environment.

The peer group is subject to annual review to assure its continuing relevance. For 2017 it has been defined a national peer group that includes:

- Banca Generali and Generali Investments Europe SGR
- Mediolanum Group
- Azimut
- Banca Popolare Vicenza (to be considered in case of merge with Veneto Banca)
- BNL
- BPER
- Credem
- Banco BPM
- Generali Group
- Mediobanca Group (CheBanca and Banca Esperia)
- Monte Paschi di Siena
- Intesa San Paolo
- UBI Banca
- Veneto Banca (to be considered in case of merge with Banca Popolare di Vicenza)
- Carige

In addition to what mentioned above, for the Chief Executive Officer and General Manager and for the Executives with strategic responsibilities it will be realized a benchmark also with European market, based on a sample of European Banks.

4. Compensation paid to Members of the Administrative and Auditing Bodies, to General Managers and to other Executives with strategic responsibilities

The remuneration for members of the administrative and auditing Bodies of FinecoBank is represented only by a fix component, determined on the basis of the importance of the position and the time required for the performance of the tasks assigned.

This policy applies to non-Executive Directors and to the Supervisory Body members that are not employees of FinecoBank or other Legal Entities of UniCredit Group, as well as to Statutory Auditors.

The compensation paid to non-Executive Directors, to the Supervisory Body members and to the Statutory Auditors is not linked to the economic results achieved by FinecoBank and none of them take part in any incentive plans based on stock options or, generally, based on financial instruments.

BENEFICIARY	REMUNERATION COMPONENT	APPROVED BY	AMOUNT (€)	REMARKS
Non-Executive Directors	Only fixed compensation	Shareholders' Meeting and Board of Directors of April 15 th , 2014	Compensation for each year of activity: <ul style="list-style-type: none"> • € 330.000 for the Board of Directors¹ • € 50.000 for Board Committees • € 20.000 for the Chairman of the Supervisory Board² • € 300 as attendance fee for participating to each meeting of: <ul style="list-style-type: none"> - Board of Directors - Board Committees 	The compensation is determined on the basis of the importance of the position and the time required for the performance of the tasks assigned
		Board of Directors of April 15 th , 2014, pursuant to sect. 2389 of the Civil Code par. 3 and Articles of Association, heard the opinion of Statutory Auditors	<ul style="list-style-type: none"> • € 200.000 for each year of activity, split between: <ul style="list-style-type: none"> - Board Chairman - Board Vice Chairman 	
Statutory Auditors	Only fixed compensation	Shareholders' Meeting of April 15 th , 2014	Compensation for each year of activity ⁴ : <ul style="list-style-type: none"> • € 50.000 for the Chairman of Board of Statutory Auditors • € 40.000 for each Standing Auditor • € 300 as attendance fee for participating to each meeting of the Board of Directors³ 	
Executives with strategic responsibilities ⁵	Fixed and variable compensation	Board of Directors	2016 Compensation level: <ul style="list-style-type: none"> • € 850.000 fixed + € 561.000 variable for the CEO and GM • € 1.648.000 fixed + € 982.060 bonuses for the other 5 Executives with strategic responsibilities 	Fixed and variable remuneration components of the CEO/GM and of the other Executives with strategic responsibilities are balanced, through the ex-ante definition of the maximum ratio between variable and fixed remuneration component.

1 Total compensation for the entire Board of Directors (Executive Directors included) approved by the Shareholders' Meeting is equal to Eur 370.000. On November 8, 2016 Board of Directors approved the Office of a non executive member of the Board of Directors instead of an executive one.

2 With the resolution of the Board of Directors on February 8, has been nominated as Chairman Corporate Governance 231/2001 an external member pursuant of the new Unicredit guidelines related to the update "modello di organizzazione, gestione e controllo ex D. Lgs. 231/2001".

3 Even if these meetings held in the same day.

4 Alternate Auditors do not receive any compensation unless they are actually asked to join the Board of Statutory Auditors in substitution of a standing member.

5 The Board of Directors has identified as "Executives with strategic responsibilities" – to the ends of the application of all statutory and regulatory instructions – the Chief Executive Officer and General Manager, the Deputy General Manager and Head of Global Banking Services, the Deputy General Manager and Head of Global Business, the Head of Commercial PFA Network, the Head of Investment Services and Private Banking as well as the Chief Financial Officer.

Further details on compensation of Executives with strategic responsibilities

For 2016, according to our Compensation Policy, in line with regulatory provisions, it has been defined *ex-ante* the maximum ratio between variable and fix component of the compensation both for the Chief Executive Officer and General Manager (the sole executive director sitting on the Board of Directors and employee of the Company) and for the other Executives with strategic responsibilities.

The balance between variable and fixed components has been defined considering also the Company's strategic goals, risk management policies and other elements influencing firm's business.

With reference to the above table, for Executives with strategic responsibilities it is specified that:

- the fix component is defined taking into opportune consideration market information and in such a way to be sufficient to reward the activity rendered even if the variable part of the remuneration package were not paid due to non-achievement of performance goals;
- in line with the latest regulatory requirements, the Chief Executive Officer and General Manager – as well as the Executives with strategic responsibilities – have a balanced part of their remuneration linked to the overall profitability of FinecoBank and the Group, weighted by risk and cost of capital, as well as sustainability goals (based on capital and liquidity ratios) of FinecoBank and the Group.

The variable compensation considers the achievement of specific goals which are previously approved by the Board of Directors upon proposal of the Remuneration and Appointments Committee and having informed the Board of the Statutory Auditors.

In particular, *ex-ante* defined specific metrics that reflect categories of our FinecoBank *Risk Appetite Framework*, which is consistent with *Group Risk Appetite Framework*, align the remuneration of the Chief Executive Officer and General Manager and of the others Executives with strategic responsibilities to sustainable performance and value creation for the shareholders in a medium / long term perspective. Specific individual goals are set out taking into consideration the market practices and the role assigned within the Bank, through the systematic use of specific indicators aimed at strengthening the sustainability of business, such as, for example, risk and financial sustainability indicators and profitability measures¹⁸.

• *More information regarding our performance management and evaluation are provided further in chapter 5.3.1.*

It is also foreseen the deferral in cash and shares of minimum 60% of the incentive. All the instalments are subject to the application of *malus* and/or claw-back conditions, if legally enforceable. 2016 Incentive System provides for 50% of the annual incentive to be deferred and paid in the five following years through the granting of Fineco shares. The number of such shares is set at the beginning of the deferring period, thus creating a link between the evolution of the share price and the actual value of the incentive. *à More information regarding the 2016 incentive plan implementation and outcomes are provided further in chapter 5.2.*

The Chief Executive Officer and General Manager, on top of 2015 Incentive System, benefits also from:

- “2012 Group Incentive System – Executive Vice President”
- “2013 Group Incentive System – Executive Vice President & Above”
- “2014 Group Incentive System – Executive Vice President & Above”
- “2015 Group Incentive System – Executive Vice President & Above”
- “2014-2017 Multi-year Plan Top Management”

• *More information regarding the plans above mentioned are provided further in chapters 6 and 7.*

The measure and duration of the deferral are aligned with the provisions set by regulators and are consistent with the characteristics of the business and with the Company's risk profiles.

For the Heads of the Company Control Functions the goals, pursuant to the provisions of Bank of Italy, are established by the Board of Directors in line with the tasks assigned to them and avoiding, unless good reasons exist, goals connected to the Bank's performance.

Indemnities to directors in the event of resignations, dismissal or termination of employment following a public purchase offer (as per section 123/bis, paragraph 1, letter i), of TUF):

None of the Directors have contracts containing clauses envisaging the payment of indemnities, or the right to keep post-retirement benefits, in the event of resignations or dismissal / revocation without just cause or if the employment relationship is terminated following a public purchase offer. In case of early termination of the mandate, the ordinary law provisions would therefore apply.

The individual employment, as Executive, of the Chief Executive Officer and General Manager, Mr. Alessandro Foti, is today governed - also with regards to the event of resignations, dismissal / revocation or termination - by the ordinary provisions of the law and National Labor Agreement for Banking Industry Executives dated July 13, 2015. In such context, the annual remuneration used to define the possible indemnity due in the above mentioned instances would include the fix remuneration, any other continuative compensation and the average of the variable pay (inclusive of the components paid in equity - such as for example free shares, restricted shares, performance shares - with the only exclusion of the valorisation of the stock options potentially assigned within long-term incentive plans) received in the last three years prior to the termination. The actual amount of such indemnity – in terms of months of compensation considered – is then bound to vary depending on the events which led to the termination and on the relationship's duration and is anyway subjected to provisions of the “Termination Payments Policy” of FinecoBank approved by Shareholders' Meeting.

Non-executive Directors do not receive, within incentive plans, stock options or others equities. For the Chief Executive Officer and General Manager no specific provisions are provided with reference to the right to keep, in case of termination, the options received and the plans' provisions apply.

For none of the Directors currently in office, provisions exist regarding the establishment of advisory contracts for a term following the termination of the directorship, nor the right to keep post retirement perks. No agreements exist either providing compensation for non-competition undertakings.

18 Since the CFO- included in the Executives with Strategic Responsibilities - cover also the activities related to the Financial Statements – the individual goals are defined in coherence with the assigned tasks

5. Compensation Systems

5.1 Target population

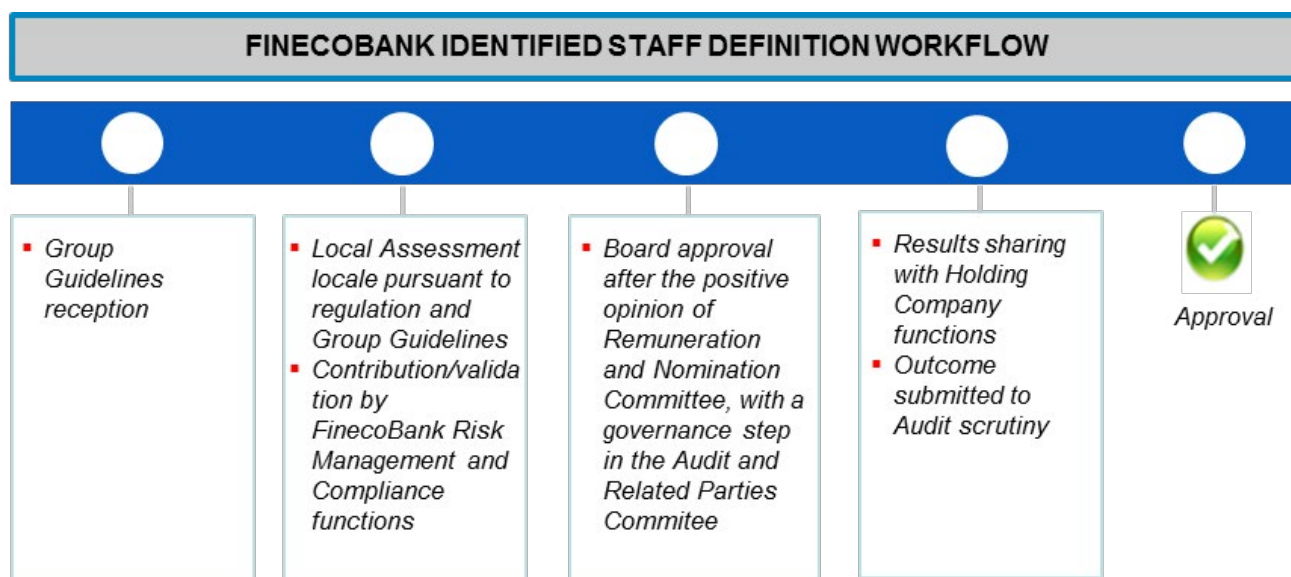
FinecoBank, starting from 2014 conducted, in alignment with specific regulation, the annual self-evaluation process to define *Identified Staff* population, both employees and Financial Advisors, to whom, according to regulators, specific remuneration rules apply.

The identification of 2017 *Identified Staff*, pursuant to the European criteria foreseen in the *European Banking Authority Regulatory Technical Standard (RTS)*¹⁹, followed a structured and formalized assessment process both at Group and local level, based on the guidelines provided by the Group functions *Human Resources* with the contribution of *Risk Management* and *Compliance*, to guarantee a unique and common approach at Group level.

The recognition of subjects with significant impact on risk, further to be finalized to the definition of Bank's Identified Staff, is subject to the consolidation activity performed By the Holding Company, for the definition of Group Identified Staff.

This is valid, in particular for the Employees, while the PFAs are not included in the consolidation perimeter, as considered Identified Staff just at a Bank level²⁰.

As every year, the assessment performed took into account the role, the decision-making power, the effective responsibilities of the employees and of the Financial Advisors and, in addition, the total compensation level.



The result of the assessment process, submitted to Internal Audit scrutiny and documented into FinecoBank Compensation Policy, brought to the identification of a total number of 14 employees and 7 Financial Advisors for 2017²¹.

Regarding the employees, as a result of the analysis and as approved by the Board of Directors upon Remuneration and Appointments Committee proposal, the following categories of employees have been defined for 2017 as *Identified Staff*: Chief Executive Officer and General Manager, Executives with strategic responsibilities, executive positions in Company Control Functions (*Compliance*, *Risk Management* and *Human Resources*) and other positions that are responsible at local level for strategic decisions which may have a relevant impact on the Bank's risk profile.

- [Compensation data and vehicles used for the target population in 2016 are disclosed in chapters 6 and 7.](#)

¹⁹ European Banking Authority (EBA) Regulatory Technical Standards on criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile under Article 94 (2) of Directive 2013/36/EU.

²⁰ The qualification of Group Identified Staff or local Identified Staff does not prejudice the application of all the criteria defined by the regulation for the Identified Staff remuneration.

²¹ Identified Staff data refers to the population at the date of February 2017, providing for an ex-ante definition, in line with regulatory requirements.

Regarding the Financial Advisors, FinecoBank has applied a qualitative criteria to select those belonging to Identified Staff, on the basis of their impact on business risk (represented by the risk that the Bank's profitability decreases consequently to the exit of Advisors from the Network and the related loss of customers and assets), the only type of risk that the Bank considers attributable to PFA, due to the absence of power of attorney they have to assume any other kind of risks.

As a result of the analysis and as approved by the Board of Directors upon Remuneration and Appointments Committee proposal, the following categories of employees have been identified for 2017 as Identified Staff:

- for the single PFA the criteria above mentioned has been applied selecting those Advisors who have a total yearly compensation higher/equal to Euro 750,000;
- for PFA who have a managerial role have been selected Managers that coordinate Advisors with a total asset higher/equal to 5% of the total asset of the PFA Network.

Pursuant to the regulatory requirement and the process defined at EU level²² the exclusion from Identified Staff of 8 PFA whose total remuneration in 2016 is equal or exceeds € 500.000 has been submitted to the European Central Bank and to Bank of Italy.

5.2 Implementation and Outcomes of 2016 Incentive Systems

5.2.1 2016 Incentive System for employees belonging to *Identified Staff*

The 2016 Incentive System, approved by FinecoBank Board of Directors on January 12th, 2016, provides - in total continuity with 2015 System - for a "bonus pool" approach which directly links bonuses with Company results at Group and local level, ensuring the link between profitability, risk and reward.

The System, implemented within the framework of our policy and governance, provides for the allocation of a performance related bonus in cash and/or free ordinary shares over maximum 6 years.

Bonus pool sizing

The bonus pool dimension is related to the actual profitability measure multiplied for the percentage of the bonus pool funding rate defined in the budgeting phase.

This calculation determines the so called "theoretical bonus pool", that, during the year of performance, has been adjusted based on the effective performance trend.

2016 Entry conditions at Group and local level

In order to align to regulatory requirements, specific indicators measuring annual profitability, solidity and liquidity results had been set both local and Group level as Entry Conditions. In particular, risk metrics and thresholds for 2016 Incentive System as defined within the Entry Conditions that confirm, reduce or cancel upfront and deferred pay-outs include:

GROUP LEVEL	LOCAL LEVEL
Net Operating Profit adjusted ≥ 0 and	Net Operating Profit adjusted ≥ 0 and
Net Profit ≥ 0 and	Net Profit ≥ 0
Common Equity Tier 1 ratio transitional $\geq 10\%$	
Liquidity Coverage Ratio $\geq 75\%$	

²² ECB Decision (EU) 2015/2218 dated November 20th 2015; EBA RTS chapter 4, §4

5. Compensation Systems (CONTINUED)

5.2 Implementation and Outcomes of 2016 Incentive Systems (Continued)

- **Net Operating Profit adjusted** to measure the profitability, is the NOP excluding income from buy-back of own debt and from the fair value accounting of own liabilities.
- **Net Profit** to measure profitability considering the results stated in the balance sheet excluding any extraordinary item as considered appropriate by the Board of Directors upon Remuneration and Appointments Committee proposal.
- **Common Equity Tier 1 Ratio Transitional** to measure the bank's solidity in terms of highest quality common equity introduced by Basel 3, consistent with regulatory limits and conservation buffers.
- **Liquidity Coverage Ratio:** guarantees the maintenance of an adequate level of "high quality liquid assets" non binding in appropriate amount to cover the "net cash outflows" within 30 calendar days in a high stress scenario defined by the Authorities.

According to the actual results, verified and approved by the Board of Directors of FinecoBank on February 7th, 2017, the relevant entry conditions have been achieved only at a local level, while at Group Level not all the relevant thresholds for the relevant KPIs have been achieved. In the "matrix" scheme – as provided by the Group Incentive System and shown below – the theoretical²³ FinecoBank bonus pool for Employees has been initially reduced by 50%.

	ENTRY CONDITIONS	RESULT
GROUP	Net Profit ≥ 0 €/mln	- € 11.790 mln
	NOP Adjusted ≥ 0 €/mln	- € 5.858 mln
	CET 1 Ratio Transitional $\geq 10\%$	✓
	Liquidity Coverage Ratio $\geq 75\%$	✓
FINECO	Net Profit ≥ 0 €/mln	✓
	NOP Adjusted ≥ 0 €/mln	✓

* In the 2016 Financial Statement is reported a CET1 Ratio Transitional equal to 8,15%. Including the capital increase effects, the value at December 2016 would be 11,49%. If CET 1 fully loaded would be 11,15%.

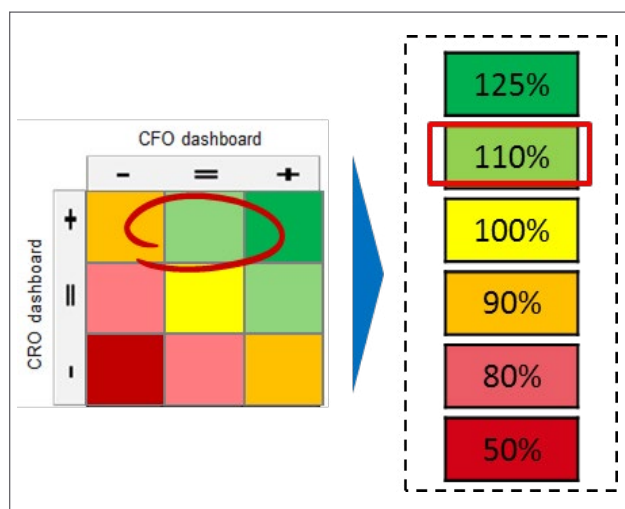
Risk & Financial sustainability and additional discretion of Remuneration and Appointments Committee and Board of Directors

After the verification of the Entry Conditions, the actual bonus pool for FinecoBank Employees had been adjusted within respective ranges, based on the assessment of the overall financial and risk sustainability evaluated by CRO & CFO dashboards including respectively:

- risk indicators linked to local *RAF (Risk Appetite Framework)*, to evaluate risk sustainability
- performance indicators connected with the Multi-Year Strategic Plan, to evaluate the financial sustainability.

²³ Calculated applying the funding rate percentage to the profitability results

The results of CRO and CFO dashboard for the 2016 performance period are shown below.



As provided by the Incentive System, to the theoretical Bonus Pool, initially reduced by 50%, has been applied the “multiplier” effect of CRO and CFO dashboard by 110%.

In the Remuneration and Appointments Committee and Board of Directors meetings, has been requested to apply the further discretion of 20% - as provided by the Incentive System Rules – considering the actual business results achieved by Fineco in 2016²⁴. The final Bonus Pool resulted in the 66% of the theoretical Bonus Pool.

$$(50\% * 110\%) + 20\% = 66\%$$

Evaluation and pay-out for Identified Staff

In line with FinecoBank governance, 2016 evaluations and pay-outs for Chief Executive Officer and General Manager, Deputy General Managers, other Executives with strategic responsibilities and other *Identified Staff* have been approved by the Board of Directors, based on the positive opinion of Remuneration and Appointments Committee.

The Board of Directors of FinecoBank on February 7th, 2017, has approved the allocation of a total number of shares equal to 152.034 to be assigned in 2019, 2020, 2021 and 2022.

Focus on the performance evaluation of the CEO and General Manager

The Board of Directors, upon positive opinion of Remuneration and Appointments committee, assessed the 2016 performance of FinecoBank CEO and General Manager as *Exceeds Expectations*. Below the details of the individual scorecard assessment.

²⁴ PBT +8% ca. vs budget; Net Profit + 13% ca. vs. budget; Net Sales + 31% ca. vs budget

5. Compensation Systems (CONTINUED)

5.2 Implementation and Outcomes of 2016 Incentive Systems (Continued)

GOAL	RESULT	ASSESSMENT				
		Below	Almost meets	Meets	Exceeds	Greatly exceeds
Net Sales <i>vs. budget</i>	Net Sales above budget (Bdg € 3,85 bln / Act: € 5 bln)					
Net Profit <i>vs. budget</i>	Net Profit above budget (Bdg € 188,2 mln / Act € 211,8 mln)					
Net growth of number of clients <i>vs. budget</i>	More than 11.800 new clients <i>vs. budget</i> (+13% y/y) (Bdg: 1.106.033 / Act: 1.117.876)					
Stakeholder Value: Customer satisfaction (TRI*M external); People Engagement, Reputation <i>vs target</i>	1) TRI*M and People Engagement Indexes remain within the excellence range (TRI*M index at 94% / People Engagement Index at 83%) 2) Reputation: Best website of 2016; Global Finance Award 2016 (Best digital bank, Best online deposit); Global Brands Magazine 2016 (Most innovative financial brand in Italy, best financial brand in Italy, Most innovative financial Advisory brand in Italy)					
Operational Risk Management <i>vs qualitative assessment considering:</i> •# Incidents •Losses •Launch of mitigation actions	1) Successful prevention and management of ICT incidents (small number of incidents, the largest part with low severity level) 2) The operational losses significantly decrease comparing with 2015 3) System of Fraud Identification & Analysis (SoFIA) has been object of further improvements and Operational Risk culture has been strengthened through governance initiatives and Permanent Work Groups ongoing oversight.					
Execution of Strategic Plan <i>vs qualitative assessment with a specific focus on:</i> •Loan business volume increase •Net sales of guided products	Net Sales of Guided Products in line with the budget, while Loan Business Volume is almost in line with target and increasing in respect of 2015.					
Tone from the top on conduct and compliance culture, also coherent with FSB guidelines <i>vs qualitative assessment considering:</i> •Initiatives aimed at promoting staff integrity towards internal/external conduct principles •The overall status of findings or proceedings in place (internal or external) considering the trend, typology, severity and the timely completion of the related remediation actions	1) Tone from the top initiatives have been launched in order to strengthen compliance culture within the bank, such as discussions in Bank's Committees and direct communications to the employees via intranet website highlighting the importance of compliance culture. 2) Decreasing trend of the overall internal Audit findings and no critical findings in place. Overall evaluation of Internal Control System confirmed satisfactory.					

Considering the performance assessment and the results of the KPIs in the Entry Conditions, the Board of Directors approved for the CEO and General Manager a bonus amounting to Euro 561.000 related to 2016 performance, towards a “cap” for the short term variable pay amounting to Euro 850.000²⁵, thus with an actual reduction by 34%, fully representative of the reduction at pool level.

5.2.2 2016 Incentive System for Financial Advisors belonging to *Identified Staff*

The 2016 Incentive System PFA, approved by FincoBank Board of Directors on January 12th 2016, takes into consideration all the national and international regulatory requirements for the sales networks incentives and directly links bonuses with the objectives of growth in the medium and long term, in a general framework of overall sustainability. In the same way as for the Employees, the 2016 PFA System is based on a Bonus Pool approach which directly links bonuses with Company results at Group and local level, ensuring the link between profitability, risk and reward.

The System, implemented within the framework of our policy and governance, provides for the allocation of a performance related bonus in cash and/or shares over 5 years.

²⁵ For the picture presenting the total remuneration package of CEO and General Manager, see p. 6.

Bonus pool sizing

The bonus pool dimension is related to the actual profitability measure multiplied for the percentage of the bonus pool funding rate defined in the budgeting phase.

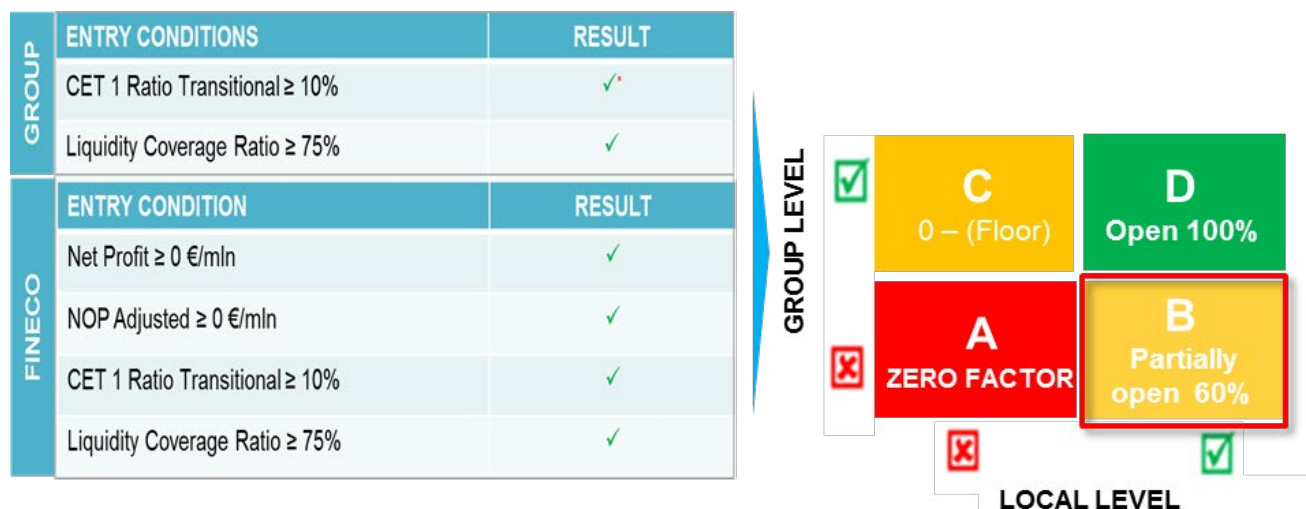
This calculation determines the so called “theoretical bonus pool”, that, during the year of performance, has been adjusted based on the effective performance trend.

2016 Entry conditions at Group and local level

In order to align to regulatory requirements, specific indicators measuring annual profitability, solidity and liquidity results had been set both local and Group level as Entry Conditions. In particular, risk metrics²⁶ and thresholds for 2016 PFA Incentive System as defined within the Entry Conditions that confirm, reduce or cancel upfront and deferred pay-outs include:

GROUP LEVEL	LOCAL LEVEL
	Net Operating Profit adjusted ≥ 0 and
	Net Profit ≥ 0 and
Common Equity Tier 1 ratio transitional $\geq 10\%$ and	Common Equity Tier 1 ratio transitional $\geq 10\%$ and
Liquidity Coverage Ratio $\geq 75\%$	Liquidity Coverage Ratio $\geq 75\%$

According to the actual results, verified and approved by the Board of Directors of FinecoBank on February 7th, 2017, the relevant entry conditions have been achieved only at a local level, while at Group Level not all the relevant thresholds for the relevant KPIs have been achieved. In the “matrix” scheme – as provided by 2016 PFA Incentive System and shown below – the theoretical²⁷ FinecoBank PFA bonus pool has been initially reduced by 40%.



* In the 2016 Financial Statement is reported a CET1 Ratio Transitional equal to 8,15%. Including the capital increase effects, the value at December 2016 would be 11,49%. If CET 1 fully loaded would be 11,15%.

26 For the KPIs definition see chapter 5.2.1

27 Calculated applying the funding rate percentage to the profitability results

5. Compensation Systems (CONTINUED)

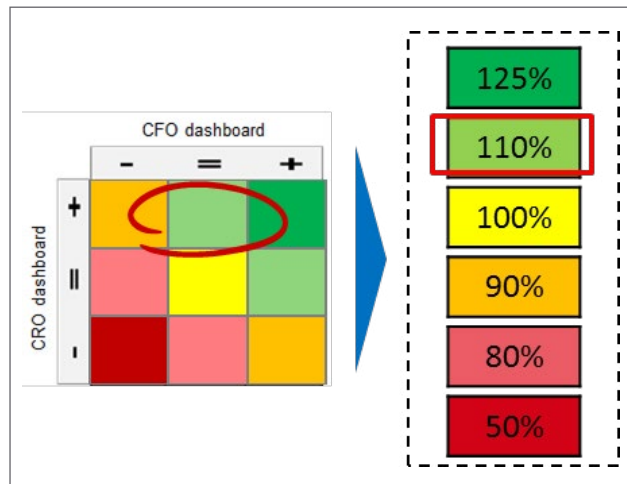
5.2 Implementation and Outcomes of 2016 Incentive Systems (Continued)

Risk & Financial sustainability and additional discretion of Remuneration and Appointments Committee and Board of Directors

After the verification of the Entry Conditions, the actual bonus pool for FinecoBank Employees had been adjusted within respective ranges, based on the assessment of the overall financial and risk sustainability evaluated by CRO & CFO dashboards including respectively:

- risk indicators linked to local *RAF (Risk Appetite Framework)*, to evaluate risk sustainability
- performance indicators connected with the Multi-Year Strategic Plan, to evaluate the financial sustainability.

The results of CRO and CFO dashboard for the 2016 performance period are shown below.



As provided by the Incentive System, to the theoretical Bonus Pool, initially reduced by 40%, has been applied the “multiplier” effect of CRO and CFO dashboard by 110%.

In the Remuneration and Appointments Committee and Board of Directors meetings, has been requested to apply the further discretion of 20% - as provided by the Incentive System Rules – considering the actual business results achieved by Fineco in 2016²⁸. The final Bonus Pool for FinecoBank PFA resulted in the 79% of the theoretical Bonus Pool.

$$(60\% * 110\%) + 20\% = 79\%$$

Evaluation and pay-out for Identified Staff

In line with FinecoBank governance, 2016 evaluations and pay-outs for PFA *Identified Staff* have been approved by the Board of Directors, based on the positive opinion of Remuneration and Appointments Committee.

The Board of Directors of FinecoBank on February 7th, 2017, has approved the allocation of a total number of shares equal to 57.740 to be assigned in 2019, 2020 and 2021.

28 PBT +8% ca. vs budget; Net Profit + 13% ca. vs. budget; Net Sales + 31% ca. vs budget.

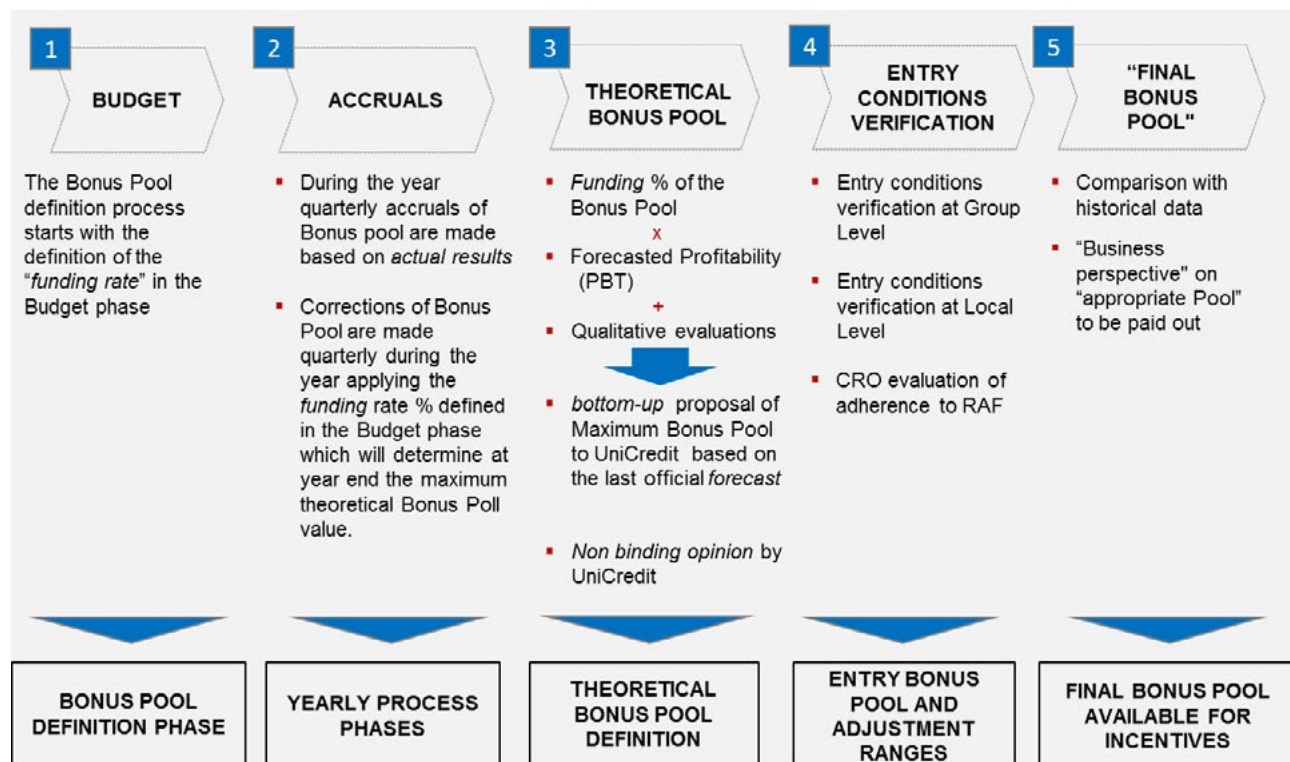
5.3 2017 Incentive System for employees belonging to *Identified Staff*

As in the past years, the 2017 Incentive System, as approved by the Board of Directors of FinecoBank on January 9th, 2017, is based on a “*bonus pool*” approach which takes into consideration the national and international regulatory requirements and directly links bonuses with Company results at Group and local level, ensuring the link between profitability, risk and reward.

In particular, the system provides for:

- allocation of a variable incentive defined on the basis of the determined bonus pool, of the individual performance appraisal and of the internal benchmarking on similar roles as well as compliant with the ratio between fixed and variable remuneration approved by the Shareholder’s Meeting;
- definition of a balanced structure of “upfront” (following the moment of performance evaluation) and “deferred” payments, in cash and/or in shares, to be paid over a period of up to maximum 6 years;
- distributions of share payments which take into account 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 measures in order to guarantee long-term sustainability, regarding Company financial position and to ensure compliance with regulations;
- a *malus* clause (Zero Factor) which applies in case specific thresholds (profitability, capital and liquidity) are not met at both Group and local level. In particular, the bonus pool of 2017 will be zeroed, while previous systems deferrals could be reduced from 50% to 100% of their value, based on final effective results.

The bonus pool process includes the following steps:



BUDGET

- Bonus pool process starts with the definition of the “funding rate” during budgeting phase. The funding rate for FinecoBank is a percentage of the Net Operating Profit (net of Provisions for Risk and Charges, corresponding to Profit Before Tax) considering: historical data analysis, expected profitability, business strategy and previous year pool. The bonus pool is submitted for approval to the Board of Directors of FinecoBank.

5. Compensation Systems (CONTINUED)

5.3 2017 Incentive System for employees belonging to Identified Staff (CONTINUED)

ACCRUALS

- During the year of performance, quarterly accruals are based on the actual results;
- on a quarterly basis bonus pool is adjusted applying the % of *funding rate* fixed during budgeting phase that set by the end of the year the maximum theoretical bonus pool.

THEORETICAL BONUS POOL, ENTRY CONDITIONS VERIFICATION AND RISK ADJUSTMENT

- Consistency with FinecoBank performance and sustainability is ensured through specific "Entry Conditions" set at both Group and local level;
- application of a *malus* clause in case specific profitability, liquidity and capital thresholds are not reached at Group and local level;
- the distribution is risk adjusted in order to guarantee sustainability with respect to FinecoBank *Risk Appetite Framework*;
- the bonus pool is proposed by FinecoBank on the basis of the year forecast – risk-adjusted – both at Group and local level.

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. The entry conditions provided for 2017 are:

In particular, KPIs (or related thresholds) that have been subject to modification or added in respect of 2016 System.

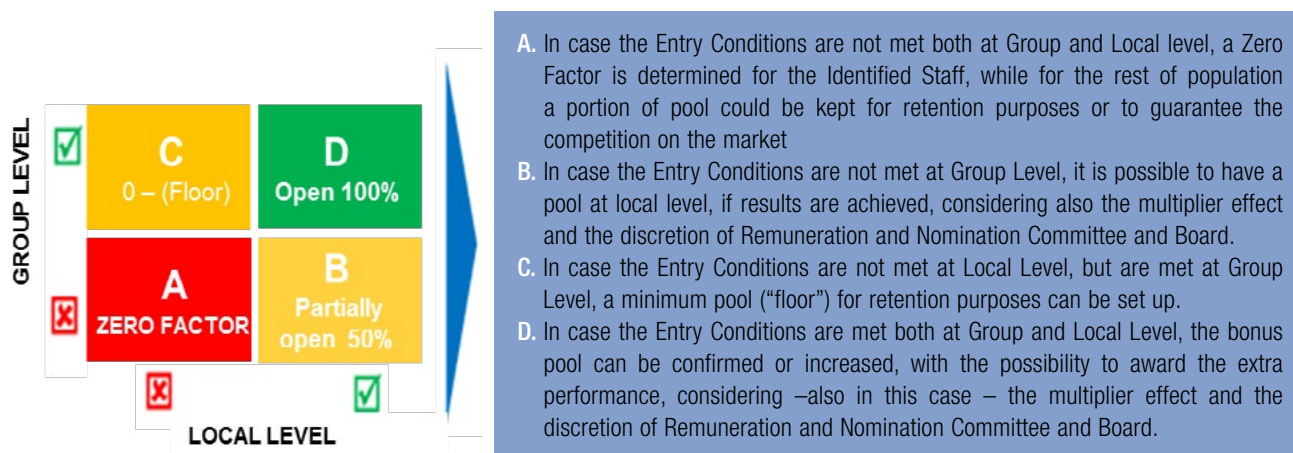
To this regard - at FinecoBank level – have been added Capital and Liquidity indicators, mirroring those at Group Level.

The thresholds for said indicators have been increased in respect of last year (the CET 1 is brought from a threshold of 10% to a threshold of 10,25%, while the Liquidity Coverage Ratio is brought from 75% to a threshold of 100%).

Group level	Local level
<i>Net Operating Profit adjusted ≥ 0 and</i>	<i>Net Operating Profit adjusted ≥ 0 and</i>
<i>Net Profit ≥ 0 and</i>	<i>Net Profit ≥ 0 and</i>
<i>Common Equity Tier 1 Ratio Transitional $\geq 10,25\%$ and</i>	<i>Common Equity Tier 1 Ratio Transitional $\geq 10,25\%$ and</i>
<i>Liquidity Coverage Ratio $\geq 100\%$ and</i>	<i>Liquidity Coverage Ratio $\geq 100\%$</i>
<i>Net Stable Funding Ratio $\geq 100\%$</i>	

At Group Level a further liquidity KPI has been added – the Net Stable Funding Ratio – representing the ratio between the available amount of stable funding and the required amount of stable funding.

The Entry Conditions matrix and related effects on Fineco Bonus Pool follows the same logics provided in 2016, as shown below.



In the “matrix” logic, in the hypotheses described in the boxes A and B (Entry Conditions not met at Group Level) the bonus for the CEO and General Manager of FinecoBank is zeroed.

To activate the “multiplier” the crossed outcome of CRO and CFO dashboard are not considered anymore, but only the CRO dashboard is taken into account.

This choice for 2017, made also at Group Level, has the aim to avoid overlappings and to simplify the process, and takes also into account the fact that the Risk Appetite Framework already includes sustainability indicators.

The CRO dashboard (defined incoherence with the FinecoBank and Group Risk Appetite Framework) includes KPIs related to all relevant risks, among which the cost of capital and several risks such as credit, market and liquidity, measured with reference to the respective relevant thresholds (*limit*, *trigger* and *target*). Here below a sample of the content of the dashboard.

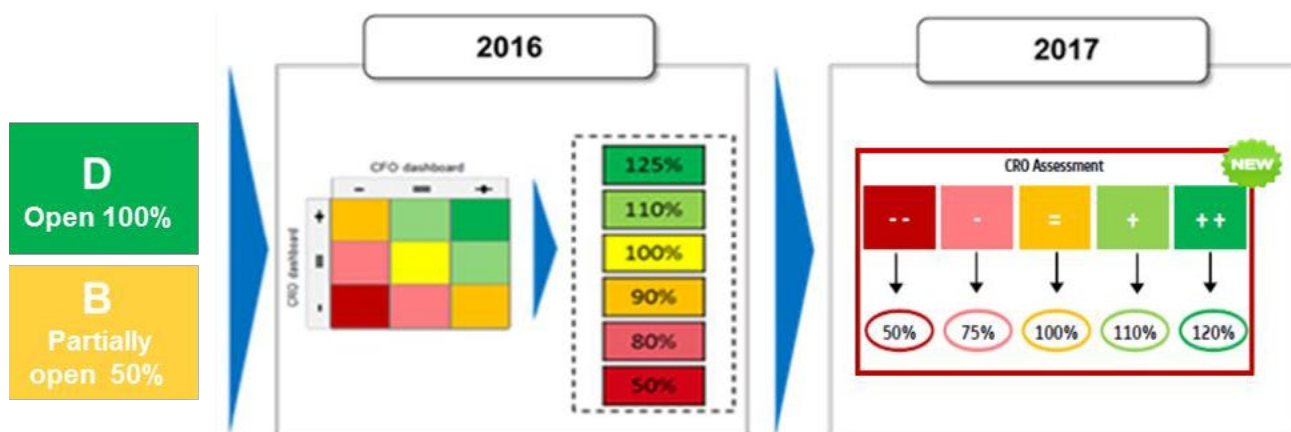
Pillar 1 KPIs		KPI	RAF Thresholds SAMPLE		
			Target	Trigger	Limit
Pillar 1 KPIs	Capital	<i>CET1 Ratio (%)</i>	...	...	...
	Liquidity	<i>LCR (%)</i>	...	...	...
		<i>NSFR (%)</i>	...	...	...
Managerial KPIs	Risk & Return	<i>ROAC (%)</i>	...	...	...
		<i>EL stock (%)</i>	...	...	...
	Credit	<i>EL new business (%)</i>	...	...	...
		<i>Coverage on Impaired (%)</i>	...	...	...
Specific Risks KPIs	Financial Risks	<i>EV Sensitivity (%)</i>	...	...	...
	Operational	<i>Op. Losses/ Operating Income (%)</i>	...	...	...

5. Compensation Systems (CONTINUED)

5.3 2017 Incentive System for employees belonging to Identified Staff (CONTINUED)

The “multiplier” effect deriving from the evaluation of overall CRO dashboard outcome made by the FinecoBank CRO – and verified by the FinecoBank Remuneration and Appointments Committee and by the FinecoBank Board – applies to the bonus pool in the cases described in the boxes D and B.

Compared to 2016 Incentive System, the multiplier ranges are slightly different, as shown below.



As provided in the 2016 System, a further range of discretion up to +20% is in the faculty of Remuneration and Appointments Committee and Board of Directors, while no limits to downward discretionally the bonus pool with respect to theoretical value is foreseen.

In any case, as requested by regulations as per Bank of Italy provisions, the final evaluation of sustainable performance parameters and the alignment between risk and remuneration will be assessed by Remuneration and Appointments Committee and defined under the governance and accountability of the Board of Directors.

The Board of Directors does not take into account, when deciding bonus, balance sheet extraordinary items which do not impact operational performance, regulatory capital and liquidity (e.g. goodwill impairment, extraordinary contributions to deposit guarantee schemes, etc.).

Moreover, following potential changes in current regulations and/or in relation to potential extraordinary and/or unpredictable contingencies which can impact the Group, the Company or the market in which it operates, the Board of Directors, having heard the opinion of Remuneration and Nomination Committee, maintains the right to amend the system and relevant rules.

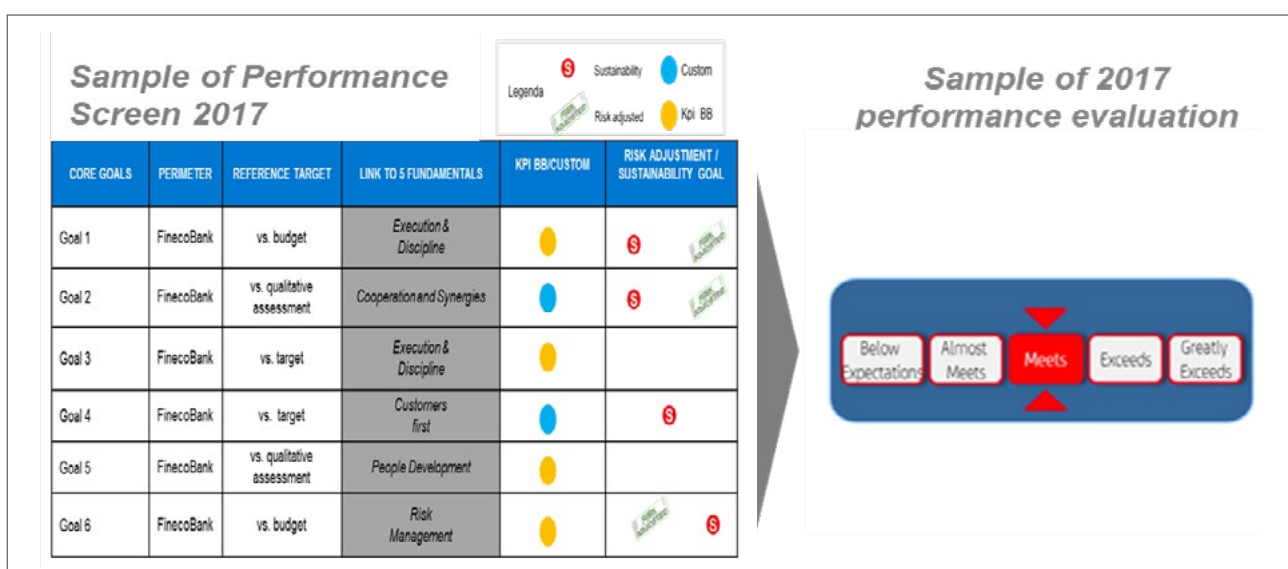
INDIVIDUAL BONUS ALLOCATION

- Individual bonus will be allocated to beneficiaries considering bonus pool, the individual performance appraisal, the internal benchmarking analysis on similar roles and the maximum ratio between variable and fix compensation as approved by Shareholder's Meeting;
- individual performance appraisal is based on 2017 performance screen: a minimum of 5 and maximum 8 individual goals assigned during the performance year, selected from the catalogue of main key performance indicators ("KPI Bluebook") and linked to the 5 Fundamentals²⁹ of Group Competency Model³⁰ of which at least 4.

Competencies and behaviours considered as relevant can be taken into account by the manager for the overall performance appraisal;

- Further details in chapter 5.3.1.

- the goals appraisal system is based on a 1-5 values scale with a descriptive outcome (from "Below Expectations" to "Greatly Exceeds Expectations").



BONUS PAYOUT

- As approved by the Board of Directors of January 9th, 2017, with reference to pay-out structure, the *Identified Staff* population will be differentiated into two clusters, using a combined approach of banding and compensation:

- CEO/GM and 1st reporting line: 5 years deferral scheme
- Other identified Staff: 3 years deferral scheme.

REGULATORY REQUIREMENTS

In line with regulatory requirements:

- 5-year deferral period maintained only for Top Management and selected key senior roles. In general a deferral period from 3 to 5 years is required, and the request for 5 years is limited to «high earners», Top Management and Head of key business lines as well as the direct reports to strategic supervisory, management and control bodies
- minimum 50% of bonus to be allocated in shares or other financial instruments
- minimum 40% of bonus to be paid out under a deferral period (minimum 60% for specific positions and particularly high amounts)
- 2 years minimum retention period for the upfront shares and shorter retention period (1 year) for the deferred shares

²⁹ See also chapter 5.3.1

5. Compensation Systems (CONTINUED)

5.3 2017 Incentive System for employees belonging to Identified Staff (CONTINUED)

- The pay-out of incentives will be done through upfront and deferred instalments, in cash or in Fineco ordinary shares, up to a maximum 6-year period:

	2017	2018	2019	2020	2021	2022	2023
CEO/GM AND 1ST REPORTING LINE	PERFORMANCE YEAR	20% UPFRONT CASH	10% DEFERRED CASH	20% UPFRONT SHARES	10% DEFERRED SHARES	10% DEFERRED SHARES	20% DEFERRED CASH 10% DEFERRED SHARES
OTHER IDENTIFIED STAFF	PERFORMANCE YEAR	30% UPFRONT CASH	10% DEFERRED CASH	30% UPFRONT SHARES	10% DEFERRED CASH 10% DEFERRED SHARES	10% DEFERRED SHARES	

- in 2018 the first instalment (1st tranche) of the total incentive will be paid in cash in absence of any individual values /compliance breach³¹;
- over the period 2019-2023 the remaining part of the overall incentive will be paid in cash and/or Fineco ordinary shares; each further tranche will be subject to the application of the Zero Factor for the year of allocation and in absence of any individual / values compliance breach³¹;
- all the instalments are subject to the application of claw-back conditions, as legally enforceable;
- in coherence with 2016, a minimum threshold³² will be introduced, below which no deferral mechanisms will be apply;
- the number of shares to be allocated in the respective instalments shall be defined in 2018, on the basis of the arithmetic mean of the official closing market price of Fineco ordinary shares during the month preceding the Board resolution that evaluates 2017 performance achievements;
- free Fineco ordinary shares that will be allocated will be freely transferable;
- the payment structure has been defined in line with Bank of Italy provisions requiring a share retention period for upfront and deferred shares. In particular, the implementation of the share retention periods may be carried out in line with the fiscal framework, either via the allocation of restricted shares or the promise of shares that shall subsequently be allocated at the end of the intended retention period;
- the 2017 Incentive System provides for an expected impact on FinecoBank share capital of approximately 0,08%, assuming that all free shares for employees have been distributed. The overall dilution for all other current outstanding FinecoBank equity-based plans equals 0,52%;
- the beneficiaries cannot activate programs or agreements that specifically protect the value of unavailable financial instruments assigned within the incentive plans. Any form of coverage will be considered a violation of compliance rules and imply the consequences set out in the regulations, rules and procedures.

5.3.1 Comprehensive Performance Measurement

The 2017 Incentive System, described in the chapter 5.3, is supported by an annual performance measurement framework assuring coherence, consistency and clarity of performance objectives with business strategy, and encouraging and rewarding desired behaviours and risk orientation. Our performance management process ensures that to all *Identified Staff* are assigned at the beginning of the year their own individuals goals and includes a rigorous review of their goals achievements.

A specific process is performed annually at Group level with the involvement of key relevant functions (*Human Resources, Finance, Risk Management, Compliance, Group Sustainability, Audit, Group Stakeholder and Service Intelligence*) to review the so-called *KPI Bluebook*.

The *KPI Bluebook* serves as the framework for the definition of performance goals coherent, high quality based, aligned to business strategy, compliant with regulatory requirements and consistent with our corporate values and Group Competency model. Therefore it supports the employees and their managers in the definition of individual Performance Screen.

³⁰ Group Competency Model represents the framework in which the Executives are assessed within the *Executive Development Plan* process. The 5 Fundamental are: *Customers First, Execution & Discipline, Cooperation and Synergies, Risk management, People Development*.

³¹ Considering also the seriousness of any internal/external findings (e.g. Audit, Bank of Italy, Consob and/or analogous local authorities).

³² Equal to Euro 75.000 that will be paid in cash.

KPI Bluebook includes a list of indicators certified at Group level, as well as specific guidelines related to:

- the selection of goals based on yearly priorities and customizable goals for Business Division
- the use of risk-adjusted goal (e.g. select at least one KPI belonging to “Risk category” or related to risk management / risk-adjusted profitability)
- the use of sustainability objectives (e.g. at least half of the goals should be related to sustainability)
- the definition of the target of reference, in case objectives not included in certified list are selected(e.g. use clear and pre-defined parameters for future evaluation of performance)
- the selection of goals for the Company Control Functions, in order to ensure their independence (e.g. avoid KPI linked to economic measure).

The KPI Bluebook maps 11 categories of drivers that include a list of goals (KPI Dashboard):



The 11 categories represent financial and non-financial performance and are mapped into the different clusters of business of the Group (Asset Gathering included) to help identifying the most relevant standardized KPIs (all certified by relevant Group functions) for each role assigned, with specific focus on risk-adjusted, sustainability-driven metrics and economic measures. For each KPI included in the catalogue a link to one of the “5 fundamentals” of the *Group Competency Model*³³ (as shown above) is pre-set, conferring a specific qualitative connotation to the goal itself.





³³ Group Competency Model represents the framework in which the Executives are assessed within the Executive Development Plan process. The 5 Fundamental are: Customers First, Execution & Discipline, Cooperation and Synergies, Risk management, People Development.

5. Compensation Systems (CONTINUED)

5.3 2017 Incentive System for employees belonging to Identified Staff (CONTINUED)

2017 Chief Executive Officer and General Manager Performance Screen

2017 KPIs defined and approved by FinecoBank Board of Directors as the core drivers of performance for FinecoBank Chief Executive Officer and General Manager include goals related to Bank profitability, with particular focus on risk, consistency with *Risk Appetite Framework* and sustainability. In continuity with 2016, also for 2017 a specific KPI has been provided, with reference to "*Tone from the top*" related to integrity towards conduct principles and spread of compliance culture among the organization.

#	CORE GOALS	PERIMETER	REFERENCE TARGET	LINK TO 5 FUNDAMENTALS	KPI BB/CUSTOM	RISK ADJUSTMENT / SUSTAINABILITY GOAL
1	ROAC	FinecoBank	vs. budget	Execution & Discipline	●	Ⓢ 
2	EVA	FinecoBank	vs. budget	Risk Management	●	Ⓢ 
3	Operating Costs	FinecoBank	vs. budget	Execution & Discipline	●	
4	Net new clients	FinecoBank	vs. target	Customers first	●	Ⓢ
5	Net Sales of guided products	FinecoBank	vs. budget	Execution & Discipline	●	
6	New business EL	FinecoBank	vs. budget	Risk Management	●	 Ⓢ
7	Sustain value through people	FinecoBank	Qualitative assessment based on: <ul style="list-style-type: none"> • Y/Y delta on Pay for Performance metrics on variable and fix pay • Y/Y delta on Gender Pay Gap / Gender Balance dashboard / Gender Diversity Initiatives • Succession Planning / Building up a sustainable Talent Management Support • People Engagement Index 	People Development	●	Ⓢ
8	Tone from the top on Compliance Culture	FinecoBank	Qualitative assessment based on: <ul style="list-style-type: none"> • Scope, kind and numbers of documented initiatives - pre-committed with CEO Office / Country's CEO, aimed at promoting staff integrity / customer protection / trustworthiness • The overall status of findings or proceedings in place (internal or external) considering the trend, type, severity and the timely completion of the related remediation actions 	Risk Management	●	Ⓢ 

Legenda	
Ⓢ	Sustainability
●	Custom
	Risk adjusted
●	Kpi BB

For the other *Identified Staff* of FinecoBank KPIs that include profitability and risk management are reflected also in their Performance Screens, with differences given by the relevant activities. It is understood in any case the rule pursuant to which no economic goals must be provided for the Company Control Functions.

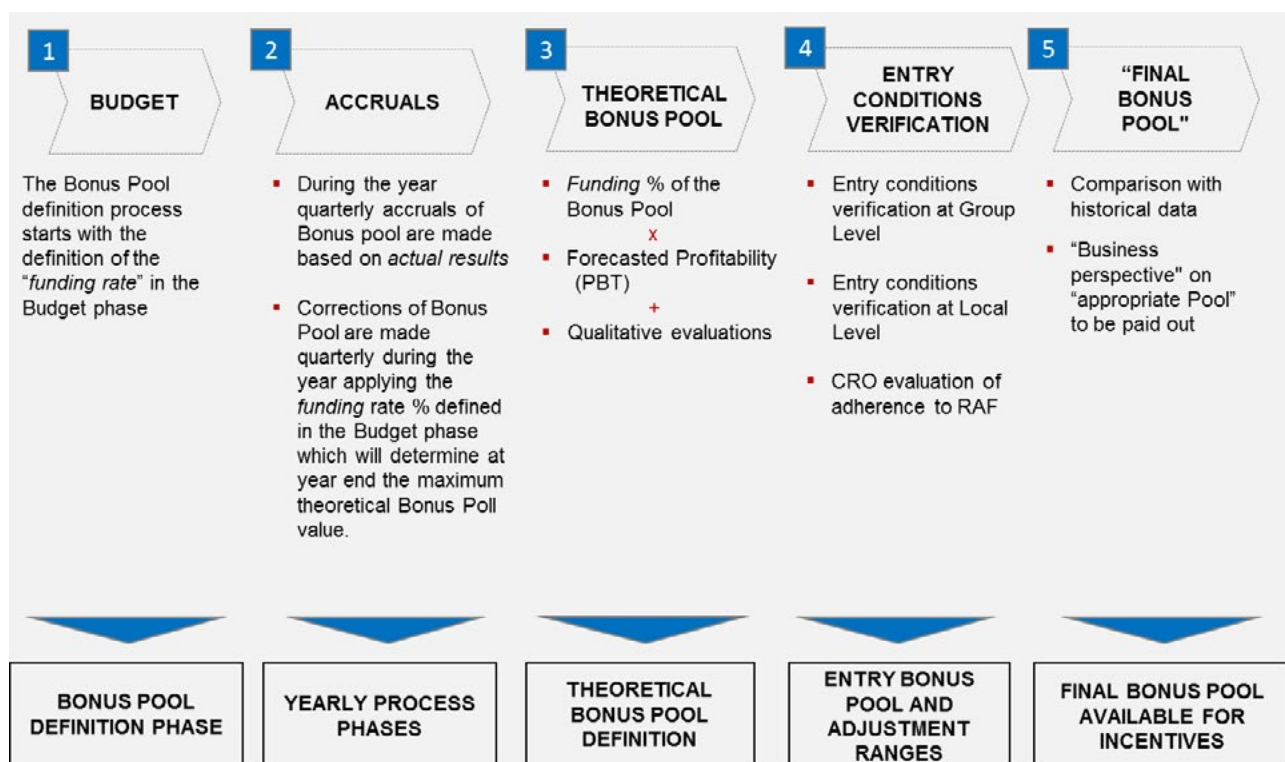
5.4 2017 Incentive System for Financial Advisors belonging to *Identified Staff*

Given the differences in the forms of remuneration and in the modalities of its generation (see paragraph 4.2, Section II), also for the PFA population in FinecoBank, mirroring what is designed for the Employees, is provided a specific Incentive System based on a bonus pool approach, which takes into account the national and international regulatory requirements and directly links bonuses with Company results at Group and local level, ensuring the link between profitability, risk and reward.

In particular, the 2017 System for PFA Identified Staff – as approved by the Board on January 9th 2017 - provides for:

- allocation of a variable incentive defined on the basis of the determined bonus pool, of the individual performance appraisal as well as compliant with the ratio between fixed and variable remuneration approved by the Shareholder's Meeting;
- definition of a balanced structure of “upfront” (following the moment of performance evaluation) and “deferred” payments, in cash and/or in shares, to be paid over a period of up to maximum 5 years;
- distribution of share³⁴ payments which take into account 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 measures in order to guarantee long-term sustainability, regarding Company financial position and to ensure compliance with regulations;
- a *malus* clause (Zero Factor) which applies in case specific thresholds (profitability, capital and liquidity) are not met at both Group and local level. In particular, the bonus pool of 2017 will be zeroed, while previous systems deferrals could be reduced from 50% to 100% of their value, based on final effective results.

In coherence with what previously described for the Employees, also for the PFA the process of bonus pool definition includes the following steps:



³⁴ Unlike what happens in the Incentive System for Employees, the FinecoBank shares used for the purposes of payments to the PFA, are not generated by a free capital increase, but are purchased directly on the market, pursuant to section 2357 of Italian Civil Code.

5. Compensation Systems (CONTINUED)

5.4 2017 Incentive System for Financial Advisors belonging to Identified Staff (CONTINUED)

BUDGET

- Bonus pool process starts with the definition of the “funding rate” during budgeting phase. The funding rate for FinecoBank is a percentage of the Net Operating Profit (net of Provisions for Risk and Charges, corresponding to Profit Before Tax) considering: historical data analysis, expected profitability, business strategy and previous year pool. The bonus pool is submitted for approval to the Board of Directors of FinecoBank.

ACCRUALS

- During the year of performance, quarterly accruals are based on the actual results;
 - on a quarterly basis bonus pool is adjusted applying the % of *funding rate* fixed during budgeting phase that set by the end of the year the maximum theoretical bonus pool.

THEORETICAL BONUS POOL, ENTRY CONDITIONS VERIFICATION AND RISK ADJUSTMENT

- Consistency with FinecoBank performance and sustainability is ensured through specific “Entry Conditions” set at both Group and local level;
 - application of a *malus* clause in case specific profitability, liquidity and capital thresholds are not reached at Group and local level;
 - the distribution is risk adjusted in order to guarantee sustainability with respect to FinecoBank *Risk Appetite Framework*;
 - the bonus pool is proposed by FinecoBank on the basis of the year forecast – risk-adjusted – both at Group and local level.

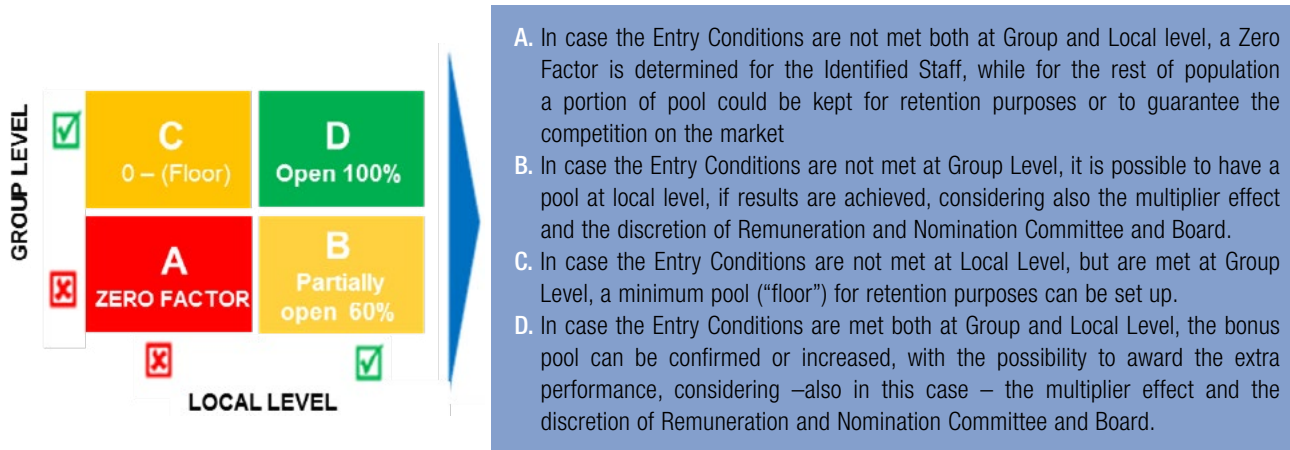
The Entry Conditions are the mechanism that determines the possible application of *malus* clause (Zero Factor) on the basis of performance indicators in terms of profitability, capital and liquidity defined at both Group and local level (at local level is considered also the profitability). The entry conditions provided for 2017 are reported in the subsequent table, showing the differences in respect to 2016.

2016		2017	
GROUP	LOCAL	GROUP	LOCAL
	Net Operating Profit adjusted ≥ 0 and		Net Operating Profit adjusted ≥ 0 and
	Net Profit ≥ 0 and		Net Profit ≥ 0 and
Common Equity Tier 1 Ratio Transitional $\geq 10\%$ and	Common Equity Tier 1 Ratio Transitional $\geq 10\%$ and	Common Equity Tier 1 Ratio Transitional $\geq 10,25\%$ and NEW	Common Equity Tier 1 Ratio Transitional $\geq 10,25\%$ and NEW
Liquidity Coverage Ratio $\geq 75\%$	Liquidity Coverage Ratio $\geq 75\%$	Liquidity Coverage Ratio $\geq 100\%$ and NEW	Liquidity Coverage Ratio $\geq 100\%$ NEW
		Net Stable Funding Ratio $\geq 100\%$ NEW	

It is highlighted, in particular, that the thresholds for Common Equity Tier 1 and for Liquidity Coverage Ratio have been increased in respect of last year (the CET 1 is brought from a threshold of 10% to a threshold of 10,25%, while the Liquidity Coverage Ratio is brought from 75% to a threshold of 100%).

At Group Level a further liquidity KPI has been added – the Net Stable Funding Ratio – representing the ratio between the available amount of stable funding and the required amount of stable funding.

The Entry Conditions matrix and related effects on Fineco Bonus Pool follows the same logics provided in 2016, as shown below.



In continuity with the 2016 System, in case the pool is in the box “B” the starting percentage of bonus pool is higher than the one provided for the Employee’s System³⁵.

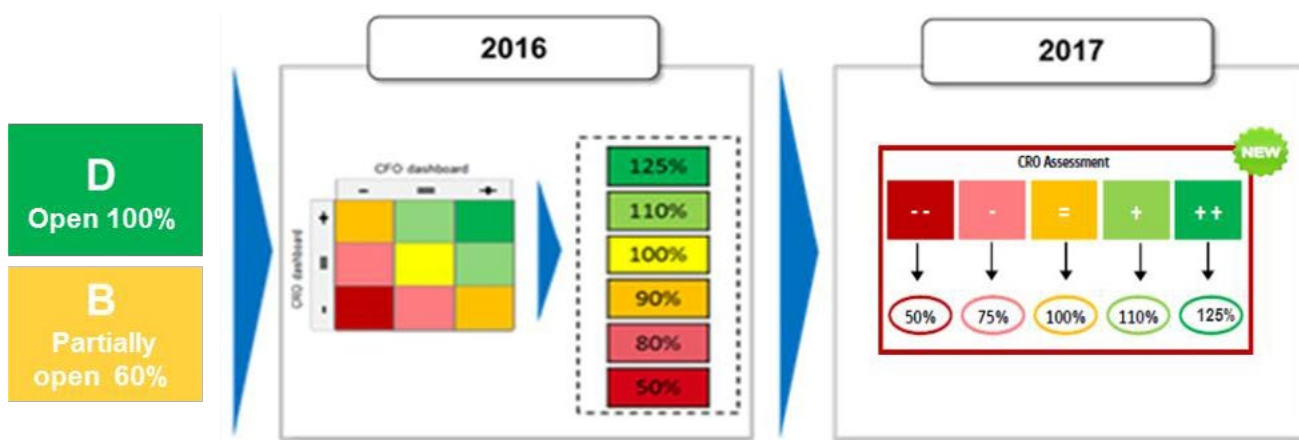
To activate the “multiplier” the crossed outcome of CRO and CFO dashboard are not considered anymore, but only the CRO dashboard is taken into account.

This choice for 2017, made also at Group Level, has the aim to avoid overlapping and to simplify the process, and takes also into account the fact that the Risk Appetite Framework already includes sustainability indicators.

The “multiplier” effect deriving from the evaluation of overall CRO dashboard outcome made by the FinecoBank CRO – and verified by the FinecoBank Remuneration and Appointments Committee and by the FinecoBank Board – applies to the bonus pool in the cases described in the boxes D and B.

The CRO dashboard (defined incoherence with the FinecoBank and Group Risk Appetite Framework) includes KPIs related to all relevant risks, among which the cost of capital and several risks such as credit, market and liquidity, measured with reference to the respective relevant thresholds (*limit, trigger and target*)³⁶.

Compared to 2016 Incentive System, the multiplier ranges are slightly different, as shown below.



³⁵ The choice is due to the necessity of retention for Financial Advisors (tied to FinecoBank by an agency agreement) and consequently to safeguard a Company asset.

³⁶ See page 43.

5. Compensation Systems (CONTINUED)

5.4 2017 Incentive System for Financial Advisors belonging to Identified Staff (CONTINUED)

As provided in the 2016 System, a further range of discretion up to +20% is in the faculty of Remuneration and Appointments Committee and Board of Directors, while no limits to downward discretionally the bonus pool with respect to theoretical value is foreseen.

In any case, as requested by regulations as per Bank of Italy provisions, the final evaluation of sustainable performance parameters and the alignment between risk and remuneration will be assessed by Remuneration and Appointments Committee and defined under the governance and accountability of the Board of Directors.

The Board of Directors does not take into account, when deciding bonus, balance sheet extraordinary items which do not impact operational performance, regulatory capital and liquidity (e.g. goodwill impairment, extraordinary contributions to deposit guarantee schemes, etc.).

Moreover, following potential changes in current regulations and/or in relation to potential extraordinary and/or unpredictable contingencies which can impact the Group, the Company or the market in which it operates, the Board of Directors, having heard the opinion of Remuneration and Nomination Committee, maintains the right to amend the system and relevant rules.

BONUS PAYOUT

For the Financial Advisors included in the Identified Staff, a payout mechanism with a 3 years deferral is provided. The possible 2017 bonus will be paid up to a maximum 5 years period. In particular:

- in 2018 will be paid in cash the 1st tranche of the overall bonus, in absence of any individual values /compliance breach;
- in the period 2019–2022 the remaining part of the overall incentive will be paid in cash and/or Fineco ordinary shares; each further tranche will be subject to the application of the Zero Factor for the year of allocation and in absence of any individual / values compliance breach³⁷;

	2017	2018	2019	2020	2021	2022
PERFORMANCE YEAR		30% UPFRONT CASH	10% DEFERRED CASH	30% UPFRONT SHARES	10% DEFERRED CASH 10% DEFERRED SHARES	10% DEFERRED SHARES

- all the instalments are subject to the application of claw-back conditions, as legally enforceable;
- in coherence with 2016, a minimum threshold³⁸ will be introduced, below which no deferral mechanisms will be apply;
- the number of shares to be allocated in the respective instalments shall be defined in 2018, on the basis of the arithmetic mean of the official closing market price of Fineco ordinary shares during the month preceding the Board resolution that evaluates 2017 performance achievements;
- free Fineco ordinary shares that will be allocated will be freely transferable;
- the 2017 Incentive System provides for an expected impact on FinecoBank share capital of approximately 0,06%, assuming that all free shares for employees have been distributed. The 2017 PFA Incentive System does not have a dilution impact as the FinecoBank shares awarded are purchased on the market and are not generated through a free capital increase.

The beneficiaries cannot activate programs or agreements that specifically protect the value of unavailable financial instruments assigned within the incentive plans. Any form of coverage will be considered a violation of compliance rules and imply the consequences set out in the regulations, rules and procedures.

³⁷ Considering also the seriousness of any internal/external findings (e.g. Audit, Bank of Italy, Consob and/or analogous local authorities).

³⁸ Equal to Euro 75.000 that will be paid in cash.

5.4.1 Comprehensive performance measurement

Taking into account the specificities of the PFA business, and in continuity with the previous years Incentive Plans in terms of business objectives, for the purposes of the 2017 Incentive System for PFA³⁹ the performance assessment of Financial Advisors included in the Identified Staff will be based on the following indicators:

- total net sales goal (difference between the invested and disinvested assets by FinecoBank customers);
- net sales of asset under management goal;
- development activities (for instance planned and structured meeting with customers);
- percentage of achievement of the overall group goal by the managed Financial Advisors and percentage of sales in Guided Products⁴⁰ in comparison with the group overall goal⁴¹;
- percentage of achievement of individual net sales goal and percentage of net sales of asset under management in comparison with the individual goal⁴²;
- value generated by the requalification of assets in liquidity and asset under custody in *Guided Products*.

³⁹ Always taking into account the individual compliance condition, as described above

⁴⁰ Guided products and services, as SICAV Core/Advice/Core Unit and all the products identified as such by the Company at the time

⁴¹ For the Financial Advisors with managerial positions with more than 5 PFA coordinated

⁴² For the Financial Advisors and Financial Advisors with managerial position and less than 5 PFA coordinated

6. Compensation Data

6.1 2016 Compensation Outcomes

Employees

Euro/ 000

Population as of 31/12/2016	No.	Fix	2016 Short Term Variable				Deferred variable from previous exercises***				Variable paid in 2016 from previous exercises	
			Upfront		Deferred		Vested in 2016		Unvested		€	Shares
			€	Share s	€	Share s	€	Shares	€	Shares		
			€	Share s	€	Share s	€	Shares	€	Shares	€	Shares
Chief Executive Officer and General Manager (CEO) *	1	850	112	0	168	281	283	1.408	170	3.385	404	279
Non-executives Directors**	8	604	0	0	0	0	0	0	0	0	0	0
Executives with strategic responsibilities	5	1.648	196	0	295	491	355	2.300	297	5.854	504	272
Other Identified staff	7	1.206	347	0	42	69	67	350	119	311	358	554

* 10 % of the amount has been paid by UniCredit S.p.A.

** Including employees of UniCredit Group. In compliance with has been defined at Group level in the " Policy in materia di struttura, composizione e remunerazione degli Organi Sociali delle Società di Gruppo", the Board of Directors' members who are employees of Unicredit Group renounce of the total amount of their appointment as Board members.

*** Monetary and shares amounts of the UniCredit Group Incentive System Plans included in the table are subject to the approval of the Unicredit Board of Directors on March 13, 2017. The shares amounts are expressed with conversion rate and after Capital increase.

Euro/ 000

Population as of 31/12/2016	No.	Fix	2016 Short Term Variable				Deferred variable from previous exercises**				Variable paid in 2016 from previous exercises	
			Upfront		Deferred		Vested in 2016		Unvested		€	Shares
			€	Share s	€	Share s	€	Shares	€	Shares		
			€	Share s	€	Share s	€	Shares	€	Shares	€	Shares
Identified Staff belonging to business functions *	5	2.178	287	0	431	719	601	3.459	435	8.617	854	521
Identified Staff belonging to support functions	5	1.003	254	0	73	122	56	474	69	716	316	327
Identified Staff belonging to control functions	3	523	115	0	0		48	125	82	217	96	257

* 10 % of the amount of the CEO has been paid by UniCredit S.p.A.

** Monetary and shares amounts of the UniCredit Group Incentive System Plans included in the table are subject to the approval of the Unicredit Board of Directors in 13th March 2017.

The vested component refers to cash and equity awards to which the right matured in 2016 as the performance conditions were achieved:

- vested cash payments refer to 2013, 2014 and 2015 Group Incentive System;
- vested equity payments refer to 2012, 2013, 2014 Group Incentive System, to "2014 Plan Key People" and to "2014-2017 Multi-year Plan Top Management".

The unvested component refer to cash and equity awards for which the right did not matured in 2016 and for which any potential future gain has not been yet realized and remains subject to future performance:

- unvested cash payments refer to 2015 Group Incentive System;
- unvested equity payments refer to 2013, 2014, 2015 and "2014-2017 Multi-year Plan Top Management".

The value of the shares shown as 2016 short term variable and deferred variable from previous exercises is calculated considering:

- for 2014, 2015 and 2016 Group Incentive System the arithmetic mean of the official closing prices of Fineco ordinary shares from January 6th to February 6th, 2017;
- for "2014-2017 Multi-year Plan Top Management" the listing price of Fineco ordinary shares for the 4th instalments' number of shares, while the arithmetic mean of the official closing prices of Fineco ordinary shares from January 6th to February 6th, 2017 for the 1st, the 2nd and the 3rd instalments' number of shares;

- for "2014 Plan Key People" the arithmetic mean of the official closing prices of Fineco ordinary shares from January 6th to February 6th, 2017;
- for 2014, 2013 and 2012 Group Incentive System based on UniCredit shares, the arithmetic mean of the official closing prices of UniCredit ordinary shares from January 28th to February 28th, 2017.

Variable paid in 2016 from previous exercises includes pay-outs based on demonstrated multi-year performance achievements related to Group Incentive Systems plans based on Fineco and UniCredit shares, to the "2014 Plan Key People".

All stock options granted under existing Group LTI plans represent zero gain for the beneficiaries as long as the entry conditions will not allow the exercise.

The Chief Executive Officer and General Manager for 2016 is the only one employee that have been rewarded with more than 1 mln Euros.

It is underlined that in 2016 no non standard compensation⁴³ has been paid to or agreed with employees belonging to Identified Staff.

It is underlined that in 2016 no Severance⁴⁴ has been paid to or agreed with Identified Staff.

Financial Advisors

Euro/ 000

Population as of 31/12/2016	No.	Fix*	2016 Short Term Variable **				Deferred variable from previous exercises **				Variable paid in 2016 from previous exercises **	
			Upfront		Deferred		Vested in 2016		Unvested			
			€	Shares	€	Shares	€	Shares	€	Shares ***	€	Shares
Personal Financial Advisors belonging to Identified Staff	11	5.403	341	0	128	319	63	95	63	250	250	132

* Recurring remuneration

** Non-recurring remuneration

*** Phantom Share

The vested component refers to cash and equity awards to which the right matured in 2016 as the performance conditions were achieved. In particular:

- vested cash payments refer to "2015 Group Incentive System PFA" for Financial Advisors and Managers of the Network;
- vested equity payments refer to "2014 Plan PFA" for Financial Advisors and Managers of the Network;

The unvested component refer to cash and to Phantom shares to which the right did not matured in 2016 and for which any potential future gain has not been yet realized and remains subject to future performance. In particular:

- the unvested cash payment refer to "2015 Group Incentive System PFA" for Financial Advisors and Managers of the Network.
- the unvested phantom shares refer to "2015 Group Incentive System PFA" for Financial Advisors and Managers of the Network.

The value of the shares / Phantom shares shown as 2016 short term variable and deferred variable from previous exercises is calculated considering the arithmetic mean of the official closing prices of Fineco ordinary shares from January 6th to February 6th, 2017.

Variable paid in 2016 from previous exercises includes pay-outs based on actual performance achievements related to "2014 Plan PFA", to "2015 Group Incentive System PFA" for Financial Advisors and Managers of the Network.

43 See paragraph 3.4.

44 See paragraph 3.3.

6. Compensation Data (CONTINUED)

6.2 2017 Compensation Policy

- Total compensation policy for non-Executive Directors, *Identified Staff* and for the overall employee population demonstrates in particular how:
- remuneration of the non-Executive Directors, as approved by the Shareholders' Meeting, does not include variable performance-related pay;
 - *Identified Staff* are offered opportunities for variable compensation in line with their strategic role, regulatory requirements and our pay for performance culture;
 - the general employee population is offered a balanced pay-mix in line with the role, scope and business or market context of reference.

COMPENSATION PAY-MIX		
	FIX AND OTHER NON - PERFORMANCE RELATED PAY	VARIABLE PERFORMANCE - RELATED PAY
NON-EXECUTIVE DIRECTORS		
Chairman and Vice Chairman	100%	0%
Directors	100%	0%
Statutory Auditors	100%	0%
OVERALL EMPLOYEE POPULATION		
Business areas	81%	19%
Support function	92%	8%
Overall Company	90%	10%

6.3. Benefits Data

Our employees enjoy welfare, healthcare and life balance benefits that supplement social security plans and minimum contractual requirements. These benefits are intended to provide substantial guarantees for the well-being of staff and their family members during their active careers as well as in retirement.

In Italy, among the complementary pension plans, there are both defined performance funds (whose performances, which come to fruition once the retirement requirements are reached, are known in advance as they are set by the fund statute) and defined contribution plans (whose performances depend on the results of the asset management).

Complementary pension plans can also be classified as external or internal pension funds, where external funds are legally autonomous from the Group, while internal funds are accounting items entered into UniCredit S.p.A.'s balance sheet, whose creditor counterparts are the employees enrolled (both active and retired).

Both these categories are closed and, as such, they do not allow new subscriptions. The only exception is represented by the individual capitalization section of the "Fondo Pensione per il Personale delle Aziende del Gruppo UniCredit". Within this section subscribers can distribute their contribution – depending on their own risk appetite – among four investment lines (Insurance, Short, Medium and Long Term) characterized by different risk / yield ratios. In addition, always in this section, the enrolled employees may open complementary pension plan positions in favour of their family members dependent for tax purposes.

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