

**FINECO**

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**ORDINARY SHAREHOLDERS' MEETING  
AND EXTRAORDINARY MEETING**

# **DIRECTORS' REPORT**

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**FINECO. SIMPLIFYING BANKING.**

FinecoBank S.p.A. - Member of UniCredit

**ORDINARY SHAREHOLDERS' MEETING**

**DIRECTORS' REPORT**

**APPROVAL OF THE FINECOBANK S.P.A. FINANCIAL STATEMENTS AS AT DECEMBER 31<sup>ST</sup>, 2018 AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS.**

**ALLOCATION OF FINECOBANK S.P.A. 2018 NET PROFIT OF THE YEAR.**

Dear Shareholders,

We have called this Ordinary Meeting to resolve, *inter alia*, on the approval of the Financial Statements as at December 31, 2018 and the allocation of the net profit for the year 2018 of FinecoBank S.p.A (the "**Company**" or "**FinecoBank**").

In connection with the above, the proposals submitted for your approval are described below.

**1. APPROVAL OF THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018 AND ALLOCATION OF FINECOBANK S.P.A. 2018 NET PROFIT OF THE YEAR 2018**

The Financial Statements for the year ended December 31, 2018 show a profit of Eur 227,922,325.69. While reference is made to the Board of Directors' report, which will be published in the manner and within the deadline set out by law as later explained, we hereby propose to approve the financial statements as at December 31, 2018, in its entirety and to allocate the aforesaid profit as follows:

- (i) Eur 33,607.46, equal to 0,015% of the net profit for the year, to the legal reserve, one fifth of the share capital having been reached;
- (ii) Eur 43,387,897.43 to the Extraordinary Reserve;
- (iii) to distribute a dividend of Eur 0,303, amounting to a total of Eur 184,500,820.80, to the 608,913,600 ordinary shares, having a par value of Eur 0.33 each, making up the share capital as at the Shareholders' Meeting date and, therefore, inclusive of the 509,205 shares resulting from the share capital increase approved by the Board of Directors of February 5, 2019.

The dividend approved by the Shareholders' meeting shall be paid, in accordance with applicable laws and regulations, on April 25, 2019 with "ex-dividend" date on April 23, 2019. Pursuant to Art. 83-*terdecies* of Legislative Decree no. 58 of February 24, 1998 ("**Consolidated Law on Finance**"), therefore, those who appear as shareholders on the basis of the accounting records at the end of the accounting day of April 24, 2019, shall be entitled to receive the dividend.

The Board of Directors clarifies that the portion of undistributed dividends with respect to the treasury shares held by the Bank at the abovementioned accounting date, shall be transferred to the extraordinary reserve.

ORDINARY SHAREHOLDERS' MEETING  
ITEMS 1 AND 2 ON THE AGENDA

The documentation envisaged by art. 154-ter of the Consolidated Law on Finance shall be made available to the public at least twenty-one days prior to the date of the shareholders' meeting in single call. (i.e. by March 19, 2019).

**2. RESOLUTIONS PROPOSED TO THE ORDINARY SHAREHOLDERS' MEETING**

Dear Shareholders, if you agree with the content shown in this report, we ask you to pass the following resolution:

1. to approve the Financial Statements as at December 31, 2018, in their entirety;
2. to approve the allocation of the net profit for the year of Eur 227,922,325.69, as follows: (i) to the Legal Reserve Eur 33,607.46 equal to 0.015% of the profit for the year, one fifth of the share capital having been reached; (ii) to the Extraordinary Reserve Eur 43.387.897,43; (iii) to the 608,913,600 ordinary shares having a par value Euro 0.33 each, making up the share capital – and, therefore, inclusive of the 509,205 shares resulting from the share capital increase approved by the Board of Directors on February 5, 2019 - a dividend per share of Eur 0.303, corresponding to total Eur 184,500,820.80 .

**ORDINARY SHAREHOLDER'S MEETING**

**DIRECTORS' REPORT  
ON  
2019 COMPENSATION POLICY**

Dear Shareholders,

We called you at the Ordinary Shareholders' Meeting to submit to you the proposal for approval of the "2019 FinecoBank Compensation Policy" (hereafter also the "**2019 Compensation Policy**"), reported in the attached document which forms an integral part of this Report, prepared in compliance with the provisions of in the Bank of Italy Circular no. 285 of 17 December 2013 on the "Supervisory Provisions for Banks" (hereafter, the "**Supervisory Provisions**"<sup>1</sup>) which provide that the ordinary Shareholders' Meeting approve, among other things, the remuneration policy for the members of the Board of Directors, employees and collaborators not linked to the company by subordinated employment relationships (that in FinecoBank are the financial advisors authorized to offer off-site services). Approval of the compensation policy and incentive systems must be consistent with respect to prudent risk management and long-term strategies, also providing for a correct balance between the fixed and variable components of the remuneration as required by the applicable regulations; with regard to the latter, risk weighting systems and mechanisms aimed at ensuring the connection of the remuneration with actual and lasting results.

Furthermore, again in compliance with the Supervisory Provisions, the 2019 Compensation Policy provides information on the implementation of the 2018 FinecoBank compensation policy, approved by the Shareholders' Meeting on 11 April 2018 (see Section III of the 2019 Compensation Policy, containing the "Annual Report on Remuneration").

It is therefore proposed that this Shareholders' Meeting approve the 2019 Compensation Policy which defines the principles and standards that FinecoBank applies and which are used to define, implement and monitor the compensation policy and systems. The proposal was formulated by the Human Resources function, with the contribution of the Compliance, Risk Management, Finance and Network Control, Monitoring and Network Services functions, with regard to the topics whose description falls within their competence. Shareholders are invited to consult information regarding the implementation of the FinecoBank 2018 Compensation Policy approved by the Shareholders' Meeting on 11 April 2018.

The document is also prepared in fulfillment of the obligations prescribed by Article 123-ter of Legislative Decree 58/98 (also "TUF").

**2019 Compensation Policy**

The relevant pillars of the 2019 Remuneration Policy, which are confirmed with respect to those approved by the Shareholders' Meeting on 11 April 2018, are summarized below:

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<sup>1</sup> 25th update of Circular 285 of 26 October 2018

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ORDINARY SHAREHOLDERS' MEETING  
ITEM 3 ON THE AGENDA

- (a) clear and transparent governance;
- (b) compliance with regulatory requirements and principles of good professional conduct;
- (c) continuous monitoring of market trends and practices;
- (d) sustainable pay for sustainable performance;
- (e) motivation and retention of all staff, with particular focus on talents and key players;

Furthermore, in line with national and international regulations, the main contents of the 2019 Compensation Policy are:

- (a) compensation structure and performance of the Chief Executive Officer and General Manager
- (b) updates on the regulatory framework as well as on the reference peer group for remuneration benchmarking
- (c) the ratio between variable remuneration and fixed remuneration. In particular, for employees who belong to the business functions, the maximum level - approved by the Fineco Shareholders' Meeting of 5 June 2014 - equal to 2:1 has not been changed; for the remaining part of employees, a maximum ratio of 1:1 is generally adopted, with the exception of the Corporate Control Functions Identified Staff, for which the variable remuneration is expected to not exceed one third of the fixed remuneration. For the Head of Human Resources and the Financial Reporting Manager in charge for preparing financial statements, fixed remuneration is expected to be a predominant component of total remuneration. With regard to the Financial Advisors Identified Staff, the ratio 2:1 applies between the so-called non-recurring remuneration and the recurring remuneration. The adoption of the 2:1 ratio between variable and fixed remuneration has no implications on the Bank's ability to continue to comply with prudential rules and in particular with regard to own funds requirements;
- (d) information on the role and activities of the Remuneration Committee, as well as the role of the Compliance, Audit and Risk Management functions;
- (e) the definition of Identified Staff 2019 for both employees and Financial Advisors;
- (f) a complete description of the implementation of the FinecoBank 2018 Incentive Systems reserved for the Identified Staff (employees and Financial Advisors);
- (g) a complete description of the new 2019 Short-Term Incentive Systems reserved for the Identified Staff (employees and Financial Advisors);
- (h) a complete description of the new 2018-2020 Long-Term Incentive Systems reserved for selected employees and for Financial Advisors Identified Staff;
- (i) complete information on the data requested by national and international regulators.

\* \* \*

Dear Shareholders,

if you share the contents and the arguments presented in this Report, we invite you to take the following resolutions:

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ORDINARY SHAREHOLDERS' MEETING  
ITEM 3 ON THE AGENDA

1. to approve - also pursuant to art. 123-ter of the TUF - the "2019 Compensation Policy" of FinecoBank, in the text of the attached document that forms an integral part of this Report, in order to define the principles and standards that FinecoBank applies in determining, implementing and monitoring the policy and remuneration plans for members of the Board of Directors, employees and Financial Advisors authorized to offer off-site services;
2. to confer to the Chief Executive Officer and General Manager, all the most appropriate powers to make all the additions and amendments to the aforesaid 2019 Compensation Policy that may be required by the competent supervisory authorities or that may become necessary against changes in the relevant legal and / or regulatory framework or in the event that, in the light of changes to the Group Policy by the UniCredit Shareholders' Meeting, which will be called to approve the 2018 financial statements, the 2019 Compensation Policy of FinecoBank was no longer consistent with the Group one.

**ORDINARY SHAREHOLDER'S MEETING**

**DIRECTORS' REPORT  
ON  
TERMINATION PAYMENTS POLICY**

Dear Shareholders,

We have called this ordinary Shareholders' Meeting to request your approval of the renewal of the "FinecoBank Termination Payments Policy" (hereinafter "Severance Policy" or the "Policy"), set out in the attached document which forms an integral part of the present Report, in compliance with the requirements set forth in the Part I, Title IV Chapter 2, "Remuneration policies and practices" of the Bank of Italy's Circular n. 285 ("Supervisory Provisions concerning Banks") which provide that the Ordinary Shareholder's Meeting has to approve, amongst other items, the criteria to determine the compensation to be granted in case of early termination of the employment or office, including the limits to such compensation in terms of annual fixed remuneration and the maximum amount deriving from their application.

It is recalled that on 11 April 2017 the Ordinary Shareholder's Meeting approved the Severance Policy currently in force that – amongst other items – provides that the termination payments, represented by the Severance Payments and by the possible indemnity in lieu of notice (or equivalent amount) do not exceed twenty-four months of total compensation<sup>1</sup> and that the portion additional to notice does not in any case exceed 18 months of remuneration and that the absolute maximum limit for severance pay remains at € 5.1 million. These provisions had been revised restrictively with respect to the past in order to ensure alignment with market practices and the conservative approach to remuneration.

On 23<sup>rd</sup> October 2018 the Bank of Italy published the 25th update of Circular 285, in order to incorporate into Italian law the provisions contained in the Guidelines on remuneration policies issued in June 2016 by the European Banking Authority. Some of the changes introduced impact the Severance Policy, among which the most relevant are:

1. categorization of the amounts defined in view of or upon conclusion of the employment relationship as variable remuneration, subject to the relevant provisions;
2. obligation for the Bank, while granting possible Severance Payments, to assess and to document the consistency of the amounts with:
  - a) the performance, net of risks, and behaviors at the individual level;
  - b) the performance, net of risks, and capital and liquidity levels of the bank;
3. inclusion of the severances in the calculation of the limit of the variable to fixed ratio of the last year, with the exception of the amounts agreed and paid:

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<sup>1</sup> The value of the yearly compensation used to calculate the Severance is set, unless more restrictive practices are locally in place, considering the current fixed remuneration plus the average of the incentives actually received – on a cash basis – during the last three years prior to the termination, inclusive of the value of those parts disbursed in equity

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- a) on the basis of a non-competition agreement, for the portion that, for each year of duration of the agreement, does not exceed the last year of fixed remuneration;
- b) as part of an agreement between the bank and the personnel, wherever reached, for the settlement of a current or potential dispute related to employment termination, if calculated on the basis of a specific predefined formula, indicated in the Policy.

In consideration of the changes introduced by the legislation, Fineco Severance Policy is updated - in line with the similar Policy defined at Group level and with market practices - providing, in particular:

- confirmation of all the main terms of the current Policy and in particular that termination payments, including notice, do not exceed 24 months of total remuneration, and that the portion additional to notice does not in any case exceed 18 months of total remuneration. The absolute maximum limit for severance pay, including notice, is confirmed
- introduction of a predefined formula for the calculation of the severance that provides – without prejudice to the aforementioned 24 and 18 month limits - a monthly salary for each year of service, with a minimum of 5 years and a maximum of 18 years, with the provision of a corrective factor that takes into account the following elements: Performance, Risks, Behaviors, Social impacts (family and age), Possession of pension requirements, Minimum contractual commitments, Assumption of non-standard / additional commitments, Specific circumstances and corporate interests. The corrective factor thus determined can reduce the severance until completely zeroed it or increased it up to a maximum of + 50%
- without prejudice to the overall limit of 24 months - possibility of entering into, to be excluded from the limit of variable remuneration, pacts limiting the employee's activities after employment termination (providing, as an example only, for the commitment of the former employee not to establish, for a certain period after termination, employment relationships and / or collaboration in any form with competitors and / or avoid the distraction of employees, customers, relationships or assets under management to the advantage of competitors) – which provide for compensation of up to one year's fixed remuneration

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Dear Shareholders,

If you agree with the above, you are invited to approve the proposal on the agenda and, as a result, to adopt the following resolutions:

1. to approve the renewal of “FinecoBank Termination Payments Policy”, as per the attached document and which form an integral part of this Report, in order to define the general principles, the limits, the criteria and procedures for payment of compensation to be granted in the case of early termination of the employment relationship or early termination of the position.
2. to confer to the Chief Executive Officer and General Manager, every opportune power of attorney to make any additions and/or modifications to the above Policy that will be eventually required by the regulators or changes of the Group Policy made by the Shareholders' Meeting of UniCredit that will be called to approve the 2018 Financial Report, which would render 2019 Termination Payments Policy of FinecoBank no longer consistent with that of the Group.



**ORDINARY SHAREHOLDER'S MEETING**

**DIRECTORS' REPORT  
ON  
2019 INCENTIVE SYSTEM FOR EMPLOYEES IDENTIFIED STAFF**

Dear Shareholders,

We have called you to the Ordinary Shareholders' Meeting to submit the proposal for the approval of the 2019 Incentive System aimed at assigning an incentive, in cash and / or in free ordinary shares, to be paid over a multi-year period to FinecoBank employees Identified Staff, according to the methods described below and subject to the achievement of specific performance targets (hereafter, the "**2019 System**" or "**2019 Incentive System**").

This proposal is prepared in compliance with the provisions of art. 114-bis of Legislative Decree no. 24 February 1998, n. 58 and also taking into account the implementing rules issued by Consob regarding the allocation of compensation plans based on financial instruments to corporate officers, employees or collaborators; moreover, in compliance with the aforementioned provisions, the information document pursuant to art. 84-bis of Consob Regulation 11971/99 and subsequent amendments that was made available to the public within the terms of the law and to which reference should be made for the detailed description of the Incentive System illustrated in this Report.

The proposal is also in line with FinecoBank's Compensation Policy, with the new provisions issued by the Bank of Italy on remuneration and incentive policies and practices<sup>1</sup>, with the provisions contained in Directive 2013/36 / EU (Capital Requirements Directive or CRD IV), as well as the guidelines issued by the EBA (European Banking Authority). In this regard, it should be noted that, in compliance with the aforementioned provisions, FinecoBank has established the adoption, for employees belonging to the business functions, of a ratio between the variable component and the fixed component equal to 2:1, except of course the application a lower limit according to the provisions of current legislation.

**1. 2019 INCENTIVE SYSTEM FOR EMPLOYEES IDENTIFIED STAFF**

**GOALS**

The 2019 System is aimed at incentivizing, retaining and motivating the beneficiaries, in compliance with the provisions issued by national and international authorities with the aim of reaching - in the interest of all stakeholders - remuneration systems aligned with Company's long-term strategies and objectives, linked with company results, adjusted in order to consider all kind of risks, in coherence with capital and liquidity levels needed to cover the activities in place and, in any case, able to avoid misleading incentives that could drive excessive risk taking for the bank and the system in its whole.

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<sup>1</sup> 25th update to the Circular n. 285 of 23<sup>rd</sup> October 2018

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## **BENEFICIARIES**

The following potential beneficiaries of the 2019 System are identified - in line with the criteria set out in the European Commission Regulation no. 604/2014 of 4 March 2014 - as "**Identified Staff**":

- the Chief Executive Officer and General Manager (CEO/GM), the Deputy General Managers (DGM), the Executive Vice President (EVP), the Senior Vice President;
- employees with total remuneration more than € 500,000 in the last year;
- employees included within 0.3% of staff with the highest remuneration at local level;
- other selected roles (including new hires).

The total number of beneficiaries, as of 10 January 2019, is 13<sup>2</sup>.

## **ELEMENTS OF THE 2019 SYSTEM**

Below, the main elements of the 2019 system. In particular:

- (a) In line with the approach adopted in 2018, the 2019 System is based on the concept of "bonus pool" for determining the variable remuneration that will be paid in 2020. The link between profitability, risk and remuneration is guaranteed by directly linking the bonus pool with the company results (at Group and local level), the cost of capital and the relevant risk profiles as defined in the relevant framework for determining the risk appetite;
- (b) the bonus pool will be defined on the basis of the performance of FinecoBank and the Group and assigned to the Identified Staff according to the individual performance;
- (c) the 2019 System - in addition to attracting, retaining and motivating the beneficiaries - confirms the alignment with national and international regulatory requirements, providing for:
  - the assignment of a variable incentive defined on the basis of the established bonus pool, the valuation of the individual performance and the internal benchmark for specific roles, as well as consistent with the ratio between the fixed and variable components defined by the ordinary Shareholders' Meeting;
  - the definition of a balanced structure of "upfront" (made at the time of performance evaluation) and "deferred" payments, in cash and shares;
  - payments in shares consistent with the applicable regulatory provisions, which require periods of unavailability on them. In fact, the defined payment structure provides for the deferred allocation of shares (one year for "upfront" and "deferred" payments)
  - risk-weighted measures, in order to guarantee long-term sustainability with reference to the Bank's financial position and to ensure compliance with the Authority's expectations;
  - entry and malus conditions of capital, liquidity and profitability of FinecoBank and of the Group, specific individual compliance conditions and a specific clawback clause;
- (d) the individual performance assessment is based on the achievement of specific goals linked to the five fundamental elements of the UniCredit Group's competency model: "Customers First"; "People Development"; "Cooperation and Synergies"; "Risk Management"; "Execution & Discipline";

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<sup>2</sup> the overall number of Identified Staff of FinecoBank is 14, including the CEO of Fineco Asset Management DAC, beneficiary of the FAM Incentive System 2019

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- (e) the payment of the total incentive so defined will be executed over a multi-year period (2020 - 2025), as indicated below and on condition that the beneficiaries are in service at the time of each payment:
- in 2020 the first installment of the overall incentive ("1st tranche"), as well as the first tranche in shares (without prejudice to the retention period) in absence of any individual values/compliance breach, considering also the gravity of any internal/external findings by the competent Functions or Authorities (i.e. Audit, Consob and/or analogous local authorities);
  - in the period 2021-2025 the residual amount of the total incentive will be paid in several installments in cash and / or FinecoBank free ordinary shares; each individual tranche will be subject to the application of the Zero Factor related to the year of competence and to the verification of compliance by each beneficiary with the compliance rules and with the principles of conduct and behavior, also considering the seriousness of any internal / external inspections by the competent Functions or Authorities (i.e. Audit, Bank of Italy, Consob and / or similar local authorities);
- (f) the assessment of the Group and local "sustainable performance" parameters (entry and malus conditions) and the alignment between risk and remuneration are examined by the Remuneration Committee, as well as by the Risk and Related Parties Committee and defined by the Board of Directors;
- (g) the percentages of cash and shares payments are established according to the category of beneficiaries, as shown in the following table:

	2020	2021	2022	2023	2024	2025
CEO/GM and other roles provided by law with "significant amount" <sup>3</sup> of total variable	20% cash	20% shares	12% cash	12% shares	12% shares	12% cash 10% shares
Other roles provided by law <sup>4</sup> with not significant amount of total variable	25% cash	25% shares	10% cash	10% shares	10% shares	10% cash 10% shares
Other identified staff with significant amount <sup>5</sup> of total variable remuneration	20% cash	5% cash 20% shares	5% cash 15% shares	20% cash 15% shares	-	-
Other identified staff with non significant amount of total variable	30% cash	30% shares	10% shares	20% cash 10% shares	-	-

<sup>3</sup> Threshold of € 430,000 defined at Group level according to the provisions of the law, equal to 25% of the total remuneration of the Italian High Earners according to the latest EBA report available (Benchmarking and High Eaners Report). The threshold is adopted at UniCredit Group level and includes both short and long term yearly pro-quota variable pay. Said threshold has been chosen since – as provided by law – is less than 10 times the average 2017 total remuneration of Group employees.

<sup>4</sup> For instance the first reporting line of Management Body (CEO) and responsible of main business areas.

<sup>5</sup> See note 3

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- (h) in line with 2018, there is a minimum threshold below which no deferral will be applied (i.e. € 75,000.00 which will be paid in cash);
- (i) the 2019 System may be offered also during the recruitment of Identified Staff from the external market. In the event that new hires are already holders of deferred incentive plans ("buy-out" bonus), the payment scheme offered will reflect the deferment methods defined by the previous employer, in any case in compliance with current legislation;
- (j) the number of shares to be paid in the respective tranches will be defined in 2020 on the basis of the arithmetic mean of the official closing prices of the FinecoBank ordinary shares recorded in the month prior to the Board resolution that evaluates the results achieved in 2019. The maximum estimated shares assignment is equal to n. 360,772 FinecoBank free ordinary shares, representing approximately the 0.06% of FinecoBank's share capital, of which a maximum of no. 36,077 FinecoBank ordinary shares will eventually be allocated to hiring Identified Staff from the external market;
- (k) the FinecoBank free ordinary shares assigned will be freely transferable.

#### **CHANGES TO THE 2019 SYSTEM**

In order to ensure compliance with the current legal and regulatory provisions (including fiscal matter), during the implementation of the 2019 System, it deems appropriate to propose delegation of powers to the Chief Executive Officer and General Manager, to make any changes to the 2019 System that do not alter the substance of the resolutions of the Board of Directors and the Shareholders' Meeting, also by resorting to different solutions, which in full compliance with the 2019 System principles, enable the same results to be achieved (i.e. a different percentage distribution of the payments of the different tranches, a different deferral period, a period of restriction on the sale of the shares, the extension of the 2019 System to other beneficiaries considered equivalent to the Identified Staff, also using trust companies; of instruments other than FinecoBank's shares where required by the regulations, the payment of an equivalent amount in cash instead of the allocation of shares, to be determined on the basis of the market value of FinecoBank shares, taking into account the arithmetic mean of the official market prices of the ordinary shares recorded in the month preceding each board resolution related to the actual allocations).

It is understood that the aforementioned changes will in any case be adopted in compliance with the applicable legal and regulatory provisions pro tempore in force.

#### **2. SHARES REQUESTED FOR THE 2019 INCENTIVE SYSTEM FOR EMPLOYEES IDENTIFIED STAFF**

The issue of free ordinary shares necessary for the implementation of the 2019 System, as in the past, will be carried out in compliance with the provisions of art. 2349 of the Italian Civil Code on the basis of the delegation granted to the Board of Directors, pursuant to art. 2443 of the Italian Civil Code.

For this reason, Shareholders' Meeting in extraordinary session will be called to approve the proposal to assign such delegation to the Board of Directors.

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In particular, for the purpose of issuing FinecoBank ordinary shares for the 2019 System, the proposal to grant a delegation to the Board of Directors pursuant to art. 2443 of the Civil Code to proceed with the increase in share capital, in compliance with the provisions of art. 2349 of the Italian Civil Code, for a maximum amount of Euro 95,021.85 (to be allocated entirely to capital), by issuing a maximum number of 287,945 new ordinary shares with a nominal value of Euro 0.33 each, with the same characteristics as those in circulation with regular dividend entitlement.

Pursuant to the provisions of art. 2443 of the Italian Civil Code, pursuant to which the Directors may exercise the right to increase the capital for a maximum period of five years from the date of registration of the Shareholders' Meeting resolution granting the delegation (and therefore with respect to the date of the Shareholders' Meeting resolution up to 2024), for the allocation of the last tranche of shares envisaged for 2025, the proposal to integrate the delegation already conferred on the Board of Directors must be submitted to a future Shareholders' Meeting, so as to complete the execution of the 2019 System.

The issue of free ordinary shares necessary for the implementation of the 2019 System will be made through the use of the special reserve called "Provisions Linked to the Medium-Term Incentive System for the staff of FinecoBank" which, if necessary, may be reconstituted or increased by allocating a portion of available statutory profits or reserves created as a result of the allocation of Company profits which will be identified by the Board of Directors upon exercise of the delegation.

In the event that it is not possible to proceed with the issue (full or partial) of the shares serving the 2019 System (including the case in which the "Provisions Linked to the Medium-Term Incentive System for the staff of FinecoBank" is not enough), the beneficiaries will receive an equivalent amount in cash to be determined on the basis of the arithmetic mean of the official market prices of the FinecoBank ordinary shares recorded in the month preceding every Board resolution regarding the bonus payment.

Dear Shareholders,

if you agree with the above, we invite you to approve the proposal on the agenda and, therefore, to take the following resolution:

‘The Ordinary Shareholders' Meeting of FinecoBank S.p.A., having heard the proposal of the Board of Directors,

#### **RESOLVES**

1. to adopt the 2019 Incentive System, which provides for the allocation of an incentive, in cash and / or FinecoBank ordinary shares, to be carried out within the month of April 2025, to selected beneficiaries Identified Staff, within the terms and with the methods illustrated above;
2. to confer to the Chief Executive Officer and General Manager, every opportune power of attorney to implement the present resolution and the documents which represent part of it, also rendering any amendments and/or integrations which should be necessary to enact the present deliberations of today's Shareholders' Meeting (not changing substantially the content of the resolutions)".

**ORDINARY SHAREHOLDER'S MEETING**

**DIRECTORS' REPORT**

**ON**

**2019 INCENTIVE SYSTEM FOR PERSONAL FINANCIAL ADVISORS (PFA)  
IDENTIFIED STAFF**

**AND ON**

**AUTHORIZATION TO PURCHASE AND DISPOSE OF TREASURY SHARES.  
RELATED AND CONSEQUENT RESOLUTIONS**

**(prepared pursuant article 73, Consob Regulation)**

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**2019 INCENTIVE SYSTEM FOR PERSONAL FINANCIAL ADVISORS (PFA)  
IDENTIFIED STAFF**

Dear Shareholders,

We have called this ordinary Meeting to request your approval of the 2019 Incentive System for Personal Financial Advisors (hereinafter **“Personal Financial Advisors”** or **“PFA”**), aimed at allocating an incentive in cash and/or in FinecoBank free ordinary shares, to be granted over a multi-year period to a selected group of FinecoBank Personal Financial Advisors Identified Staff, according to the conditions described below.

This proposal has been formulated in compliance with the provisions of section 114-bis of Decree 58 dated February 24<sup>th</sup>, 1998, and in accordance with the provisions set forth by Consob with reference to incentive plans based on financial instruments assigned to corporate officers, employees and collaborators; for this purpose, a document describing the details of the incentive systems has been prepared pursuant to Section 84-bis of the Consob Regulation no. 11971/99 and subsequent amendments, and has been made available to the public under the terms of law and reference is made to detailed description of the 2019 Incentive System described in this report.

The proposal is also in line with FinecoBank Compensation Policy, the new regulation issued by Bank of Italy<sup>1</sup> on remuneration policies and practices and the direction set by the European Directive 2013/36/UE (Capital Requirements Directive or CRD IV) and by EBA (European Banking Authority) guidelines. With this regards, it should be recalled that FinecoBank, in respect to these provisions, has defined the adoption of a ratio between the variable and the fixed remuneration equal to 2:1 for the Personal Financial Advisors Identified Staff, within the regulatory limit.

**GOALS**

The 2019 Incentive System for Personal Financial Advisors Identified Staff (hereinafter also the **“2019 PFA System”**) aims to retain and motivate the Personal Financial Advisors, in compliance with

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<sup>1</sup> Circular nr. 285 of December, 17th, 2013. 25th update of October 23<sup>rd</sup> 2018

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national and international regulatory requirements and with the aim to define – in the interest of all stakeholders – incentive systems aligned with long term company strategies and goals, linked to Company results, adjusted in order to consider all kind of risks, in coherence with capital and liquidity levels needed to cover the activities in place and, in any case, able to avoid misleading incentives that could drive excessive risk taking for the Bank and the system in its whole.

## **BENEFICIARIES**

The potential beneficiaries of the 2019 PFA System, as provided by the criteria issued by Commission Delegated Regulation (EU) No 604/2014 of March 4<sup>th</sup>, 2014, are:

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

The total estimated number of beneficiaries, as on the date of January 10<sup>th</sup>, 2019, is 10.

## **ELEMENTS OF 2019 PFA SYSTEM**

- (l) The 2019 PFA System is based on the “bonus pool approach” to define variable remuneration to be paid in 2020. The link between profitability, risk and reward is assured by linking directly bonus pool with company results (at Group and local level), cost of capital and relevant risk profiles as stated in the Risk Appetite Framework;
- (m) the Bonus pool will be defined based on FinecoBank and Group performance and assigned to beneficiaries according to individual performance;
- (n) the 2019 PFA System - besides its aims to retain and motivate beneficiaries - confirm the alignment of FinecoBank to the national and international regulatory requirements providing for:
  - the allocation of a variable incentive defined on the basis of the available bonus pool, of the individual performance evaluation as well as in coherency with the bonus cap set by the ordinary Shareholder’s meeting;
  - the definition of a balanced structure of upfront (done at the moment of performance evaluation) and deferred payments, in cash and in FinecoBank ordinary shares (also “shares”);
  - the distribution of share payments, coherently with the applicable regulatory requirements regarding the application of share retention periods. The payment structure defined requires one year retention period on upfront and deferred shares;
  - risk adjusted metrics in order to guarantee long-term sustainability with respect to company’s financial position and to ensure compliance with regulatory expectations; entry and malus condition of capital, liquidity and profitability at FinecoBank level and of capital & liquidity at Group level, specific individual compliance and clawback clauses are also provided;
- (o) incentive payouts will be made over a multi-year period (2020-2023), as indicated below and provided that the agency relationship of the beneficiaries is in place at the time of each payment:
  - in 2020 the first instalment of the overall incentive will be provided in cash (“1st instalment”) as well as the first tranche in shares (without prejudice to the retention period) in absence of any individual

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- values/compliance breach, considering also the gravity of any internal/external findings by the competent Functions or Authorities (i.e. Audit, Consob and/or analogous local authorities);
- over the period 2021-2023 the remaining amount of the overall incentive will be paid in several instalments in cash and/or FinecoBank ordinary shares; each further instalments will be subject to the application of the Zero Factor for the year of allocation and in absence of any individual /values compliance breach, considering also the gravity of any internal/external findings by the competent Functions or Authorities (i.e. Audit, Consob and/or analogous local authorities);
  - (p) the final evaluation of sustainable performance parameters of the Group and of the Bank (entry and malus condition) and risk-reward alignment are reviewed by the Remuneration Committee, by the Risk and Related Parties and defined by the Board of Directors of FinecoBank;
  - (q) the percentages of payments in cash and shares are defined as described in the following tables:

	2020	2021	2022	2023
Personal Financial Advisors Identified Staff with ‘“relevant”’ <sup>2</sup> amount of non recurring remuneration	20% cash	5% cash 20% Shares	5% cash 15% Shares	20% cash 15% Shares

	2020	2021	2022	2023
Personal Financial Advisors Identified Staff with ‘“non relevant”’ amount of non recurring remuneration	30% cash	30% Shares	10% Shares	20% Cash 10% Shares

- (r) in coherence with the 2018 PFA System, it is foreseen a specific minimum threshold below which deferral mechanism will not be applied (Eur 75,000 that will be paid in cash);
- (s) the number of ordinary shares to be allocated with the second, third and fourth instalments will be defined in 2020, on the basis of the arithmetic mean of the official closing price of FinecoBank ordinary shares during the month following the Board resolution that verifies 2019 performance achievements;
- (t) the estimated allocation is maximum number of 179,534 FinecoBank ordinary shares, representing about 0.03% of FinecoBank share capital, therefore, well below the maximum limit of 20% provided by the applicable regulation, also taking into consideration the number of 1,401,288 treasury shares owned by the Company at the date of the present report, equal to 0.2% of share capital, and also the maximum number of treasury shares that at the moment is estimated to be assigned to support Incentive Systems already approved or that will be approved in the future, or other needs not foreseeable at the moment;

<sup>2</sup> I.e. € 430,000, equal to 25% of total remuneration of Italian High Earner pursuant to the last EBA report (Benchmarking and High Earners Report). The threshold is adopted at UniCredit Group level and includes both short and long term yearly pro-quota variable pay. Said threshold has been chosen since – as provided by law – is less than 10 times the average 2017 total remuneration of Group employees.



- (u) the FinecoBank ordinary shares to be allocated will be freely transferable.

#### CHANGES TO THE 2019 PFA SYSTEM

In order to guarantee the compliance with regulatory and legal dispositions (also in fiscal matter), during the implementation of 2019 PFA System, it deems appropriate to empower the Chief Executive Officer and General Manager, with every opportune power to implement any eventual change to the 2019 PFA System that do not change substantially the content of resolutions of Board and today's General Shareholders' Meeting, also through alternative solutions that fully comply with the principles of 2019 PFA System and allow achievement of the same results (e.g.: a different percentage distribution of the various instalments of payments; a different period of deferral; the payment of an equivalent amount in cash in lieu of granting shares, to be determined on the basis of the market value of FinecoBank shares, considering the arithmetic mean of the official closing price of FinecoBank ordinary shares during the month following each Board resolution to execute the actual grant; extension of 2019 PFA System application to other beneficiaries considered as equivalent to identified staff).

It is understood that these amendments will be adopted in any case in accordance with the applicable regulatory provisions.

Dear Shareholders,

If you agree with the above proposal, you are invited to approve it by adopting the following resolution:

*"FinecoBank's ordinary shareholders' meeting, having heard the Board of Directors proposal,*

#### RESOLVES

3. *to adopt the 2019 Incentive System for Personal Financial Advisors (PFA) Identified Staff which provides for the allocation of an incentive in cash and/or FinecoBank ordinary shares, to be performed by July 2023, to selected PFA beneficiaries in the manner and terms described above;*
4. *to confer to the Chief Executive Officer and General Manager every opportune power of attorney to implement the present resolution and the documents which represent part of it, also rendering any amendments and/or integrations which should be necessary to enact the present deliberations of today's Shareholders' Meeting (not changing substantially the content of the resolutions)."*

**AUTHORIZATION TO PURCHASE AND DISPOSE OF TREASURY SHARES.  
RELATED AND CONSEQUENT RESOLUTIONS**

Dear Shareholders,

We have called this ordinary Meeting to request your approval of the authorization to purchase and to dispose of treasury shares. Related and consequent resolutions.

**SUPPLY RELATED TO THE 2019 PFA SYSTEM**

In order to acquire the financial instruments needed to carry out the 2019 PFA System for the Personal Financial Advisors, it is needed to propose to the Shareholders' Meeting the authorization, pursuant article 2357 civil Code, to purchase and to dispose of treasury shares. In this way the Company will have, by purchasing them on the market, the shares needed to support the 2019 Incentive System for PFA through the assignment of those shares to the beneficiaries who have the right to receive them.

The proposal foresees to confer to the Board of Directors the faculty to carry out repeated and subsequent transactions to buy and sell (or other kind of disposals) treasury shares on a revolving base, also for fractions of the maximum amount authorized, so that, at any time, the number of shares of the purchase proposed and in the Company's ownership does not exceed the limits set by the law and by the authorization provided by the Shareholders' Meeting.

- (a) The authorization request is for maximum number of 179,534 ordinary shares, equal to 0.03% of share capital and, therefore, well below the maximum limit of 20% provided by the applicable regulation, also taking into consideration the nr. 1,401,288 treasury shares owned by the Company at the date of the present report, equal to 0.2% of share capital, and also the maximum number of treasury shares that at the moment is estimated to be assigned to support Incentive Systems already approved or that will be approved in the future, or other needs not foreseeable at the moment.

The purchase of treasury shares will be executed within the limits of the distributable earnings and of available supply consequent to the last annual report approved at the moment of the disposal of purchasing operations.

The purchasing of treasury shares reduces the net worth of an equal amount, through the inclusion in the balance sheet of a specific passive item, with negative sign.

The proposal foresees that purchasing and disposition orders of treasury shares have to be made on regulated capital markets, according to art. 132 of the Consolidated Finance Act (TUF) and to art. 144-*bis* (1) (b) of Consob regulation, with the same operational procedures described in the guidelines of organization and management of such markets in order to guarantee equality in treatment between Shareholders and which do not allow the direct matching of purchase orders against pre-determined sell orders; in particular, these purchases will have to be made:

- (i) by public offering for purchase or trade;

ORDINARY SHAREHOLDERS' MEETING  
ITEMS 6 AND 7 ON THE AGENDA

- (ii) on regulated capital markets, according to the operational procedures described in the guidelines of organization and management of such markets, which do not allow the direct matching of purchase orders against pre-determined sell orders;
- (iii) by allocating to Shareholders, proportionally to their own shares, a put option to be exercised during the period of the authorization granted by the Shareholders' Meeting to purchase treasury shares.

Sell operations of treasury shares in portfolio instead will be executed in the manner deemed recommendable for the Company's interest, including transfer and/or the assignment to execute stock granting incentive plans.

With reference to the amount of the purchasing operations, it is proposed that it should not be below the nominal per share value, equal to a nominal value of Eur 0.33 and not above, as a maximum, to the official closing price of FinecoBank ordinary shares registered in the MTA ("Mercato Telematico Azionario" – Milan Stock Exchange) in the day preceding the purchase, increased by 5%.

Regarding the disposal of the treasury shares, the Board of Directors will establish from time to time criteria for the definition of the corresponding fees and/or modalities, terms and conditions of purpose of treasury shares in portfolio, taking into consideration the procedure followed, the share price trend in the period prior to transactions and the best interest of the Company.

Finally it is proposed that the authorization to purchase is released for a period of eighteen months from the date of the Shareholders' Meeting that passed the resolution for authorization.

Dear Shareholders,

If you agree with the above proposal, you are invited to approve it by adopting the following resolution:

'FinecoBank's ordinary shareholders' meeting, having heard the Board of Directors proposal, according to the provisions of articles 2357 and 2357-ter of the Civ. Cod., 132 D, Lgs. D. n. 58/1998 and 114-bis of Consob Regulation

## RESOLVES

1. to authorize the purchase and the dispose of a maximum of number 179,534 treasury shares, equal to a nominal value of Eur 0.33 each, for the purposes of "2019 PFA System" under the terms and conditions described above, considering that buy back operations of treasury shares could be executed after having received the necessary authorization of the Regulator, according to articles 77-78 Reg. UE n°575/2013 (CRR) dated June 26<sup>th</sup>, 2013;
2. to confer to the Board of Directors and consequently to the Chief Executive Officer and General Manager, every opportune power of attorney to implement the present resolution and to communicate to the market, in accordance with applicable regulations.

**EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING**

**DIRECTORS' REPORT**

- 1. Delegation to the Board of Directors, under the provisions of section 2443 of the Italian civil Code, of the authority to resolve, on one or more occasions for a maximum period of five years starting from the date of the Shareholders' resolution, to carry out a free capital increase, as allowed by section 2349 of the Italian civil Code, for a maximum amount of Eur 95,021.85 (to be allocated in full to share capital) with the emission of up to 287,945 FinecoBank ordinary shares with a nominal value of Eur 0.33 each, with the same characteristics as those in circulation and with regular dividend entitlement, to be granted to the Identified Staff 2019 of FinecoBank in execution of the 2019 Incentive System; corresponding updates of the Articles of Association.**
- 2. Delegation to the Board of Directors, under the provisions of section 2443 of the Italian civil Code, of the authority to resolve in 2024 to carry out a free capital increase, as allowed by section 2349 of the Italian civil Code, for a maximum amount of Eur 30,731.91 corresponding to up to 93,127 FinecoBank ordinary shares with a nominal value of Eur 0.33 each, with the same characteristics as those in circulation and with regular dividend entitlement, to be granted to the Identified Staff 2018 of FinecoBank to complete the execution of the 2018 Incentive System; corresponding updates of the Articles of Association.**
- 3. Delegation to the Board of Directors, under the provisions of section 2443 of the Italian civil Code, of the authority to resolve in 2020 to carry out a free capital increase, as allowed by section 2349 of the Italian civil Code, for a maximum amount of Eur 23,333.64 corresponding to up to 70,708 FinecoBank ordinary shares with a nominal value of Eur 0.33 each, with the same characteristics as those in circulation and with regular dividend entitlement, to be granted to the Identified Staff 2014 of FinecoBank to complete the execution of the 2014 Incentive System; corresponding updates of the Articles of Association.**
- 4. Delegation to the Board of Directors, under the provisions of section 2443 of the Italian civil Code, of the authority to resolve in 2020 to carry out a free capital increase, as allowed by section 2349 of the Italian civil Code, for a maximum amount of Eur 139,517.07 corresponding to up to 422,779 FinecoBank ordinary shares with a nominal value of Eur 0.33 each, with the same characteristics as those in circulation and with regular dividend entitlement, to be granted to the Beneficiaries of the 2014-2017 Multi Year Plan Top Management to complete the execution of the Plan; corresponding updates of the Articles of Association.**

Dear Shareholders,

We have called this Extraordinary Shareholders' Meeting to submit for your approval the proposal to delegate authority to the Board of Directors, pursuant to section 2443 of the civil Code, to increase the share capital pursuant under section 2349 of the civil Code (granting of free ordinary shares to employees of FinecoBank) in order to:

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1. execute the “2019 Incentive System” (hereinafter the “**2019 System**”) submitted to the approval of ordinary session of the Shareholders’ Meeting
2. complete the execution of the “2018 Incentive System” (hereinafter the “**2018 System**”) as per the approval of the Shareholders’ Meeting of April 11<sup>th</sup>, 2018, as well as to
3. complete the execution of the “2014 Incentive System” (hereinafter the “**2014 System**”) as per the approval of the Shareholders’ Meeting of June 5<sup>th</sup>, 2014, as well as to
4. complete the execution of the “2014- 2017 Multi Year Plan Top Management” (hereinafter the “**2014 -2017 Plan**”) as per the approval of the Shareholders’ Meeting of June 5<sup>th</sup>, 2014

We also submit for your approval the consequent amendments required to the Articles of Association.

## **1. DELEGATION FOR CAPITAL INCREASE TO SUPPORT THE 2019 INCENTIVE SYSTEM**

It has been submitted to the approval Ordinary Shareholders’ Meeting the 2019 System based on financial instruments, in order to align shareholders’ and Management interests, reward long term value creation and motivate and retain key resources of FinecoBank.

The 2018 System aims to incentive in a multi-year period the following employees: Chief Executive Officer and General Manager (CEO/GM), Deputy General Managers (DGM), Executive Vice President (EVP), Senior Vice President (SVP), employees with total remuneration greater than € 500,000 in the last year, employees included within 0.3% of staff with the highest remuneration, employees whose remuneration is within the remuneration ranges of senior management and/or other Identified Staff and other selected roles (including new hires). The overall number of beneficiaries as at January 10<sup>th</sup>, 2019 is equal to 13<sup>(1)</sup>.

Individual bonuses will be allocated to the beneficiaries of 2019 System based on available bonus pool, individual performance evaluation, internal benchmarking for specific roles and bonus cap as defined by the Ordinary Shareholders’ Meeting.

Overall incentive pay-out shall be done over a multi-year period (2020-2025) in a balanced structure of “upfront” (following the moment of performance evaluation) and deferred payments, in cash and in shares, providing that the beneficiaries will be still employees at the moment of each payout pursuant to the schemes below:

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<sup>(1)</sup> The overall number of FinecoBank *Identified Staff* is 14, including the Fineco Asset Management DAC CEO, to whom a 2019 Fineco Asset Management DAC Incentive System will be assigned.

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	2020	2021	2022	2023	2024	2025
CEO/GM and other roles provided by law with 'significant amount' <sup>(1)</sup> of variable pay	20% cash	20% Shares	12% cash	12% Shares	12% Shares	12% cash 12% Shares
other roles provided by law with non 'significant amount' <sup>(2)</sup> of variable pay	25% cash	25% Shares	10% cash	10% Shares	10% Shares	10% cash 10% Shares
Other Identified Staff with 'significant amount' <sup>(3)</sup> of variable pay	20% cash	5% cash 20% Shares	5% cash 15% Shares	20% cash 15% Shares	-	-
Other Identified Staff with non 'significant amount of variable pay	30% cash	30% Shares	10% Shares	20% cash 10% Shares	-	-

The number of shares to be allocated in the respective instalments shall be defined in 2020, 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 2019 performance achievements (the maximum number of shares to support the 2019 System is estimated equal to 360,722).

Considering the number of beneficiaries and the total number of financial instruments to be allocated, the optimal method identified to execute the 2019 System is the resolution – on one or more occasions - by the Board of Directors upon power of attorney delegated by this Shareholders' Meeting under section 2443 of the Italian civil Code, of a free capital increase, as allowed by section 2349 of the Italian civil Code, within five years of the date of the Shareholders' resolution, for a maximum amount of Eur 95,021.85 (attributable entirely to capital), with the issuance of up to 287,945 new FinecoBank ordinary shares with a nominal value of €0.33 each, with the same characteristics as those in circulation, with regular dividend entitlement, to be granted to the Identified Staff of FinecoBank. In compliance with section 2349 of the civil Code, the consequent amendments to the Articles of Association are submitted to today's Shareholders' Meeting.

Being understood that, under the provision of section 2443 of the Italian civil Code, the power of attorney to the Board of Directors for capital increase can't have a duration higher than five years from the date of the registration of relevant Shareholders' resolution, in order to complete the execution of 2019 System - having a 6-years duration - it will be submitted to one of the future Shareholders' Meetings approval the proposed assignment of a further power of attorney to the Board of Directors for capital increase to service the above mentioned 2019 System through the allocation of

<sup>(1)</sup> I.e. € 430,000, equal to 25% of total remuneration of Italian High Earner pursuant to the last EBA report (Benchmarking and High Earners Report). The threshold is adopted at UniCredit Group level and includes both short and long term yearly pro-quota variable pay. Said threshold has been chosen since – as provided by law – is less than 10 times the average 2017 total remuneration of Group employees.

<sup>(2)</sup> Eg. CEO/GM 1st reporting line.

<sup>(3)</sup> See footnote 2 above..

a maximum overall number of 72,827 Fineco ordinary shares, corresponding to a capital increase of a maximum of € 24,032.91.

It is highlighted that a maximum number of Fineco ordinary shares equal to 36,077 will be devoted to possible new hiring of Identified Staff from external market also in reference to the so called “*bonus buy-out*” to be paid to possible new hires who are entitled to receive previous incentive plans assigned by previous Employer. The pay-out scheme offered in such cases will mirror the one as defined by the previous Employer and regardless in compliance with actual regulations.

The capital increase would be carried out using the special reserve known as “Provisions Linked to the Medium-Term Incentive System for the staff of FinecoBank” set up for this purpose which, if case, may be increased via allocation of profits or a portion of available statutory reserves, formed from the distribution of company profits that shall be identified by the Board of Directors at the moment of share issuance.

In case it would not be possible to proceed with the issuance (full or partial) of the Fineco ordinary shares to support the 2019 System (including the case in which the amount of the “*Provisions Linked to the Medium-Term Incentive System for the staff of FinecoBank*” would not be sufficient), an equivalent amount in cash will be allocated to the beneficiaries, determined on base of arithmetic mean of the official closing market price of Fineco ordinary shares during the month preceding every Board resolution concerning the payout.

Should the aforementioned delegation of power of attorney be exercised to its maximum amount, the newly issued shares would represent an overall 0.05% of existing share capital (0.06% considering the maximum number of shares equal to 360,772 which include also the 72,827 shares for the allocation of the last instalments in shares in 2025).

## **2. DELEGATION FOR CAPITAL INCREASE TO SUPPORT THE 2018 INCENTIVE SYSTEM**

As known, on April 11<sup>th</sup>, 2018 the Ordinary Shareholders' Meeting approved the 2018 Incentive System aimed to incentivize the Identified Staff of FinecoBank, over a multi-year period (2019-2024), through a balanced structure of “upfront” (following the moment of performance evaluation) and deferred payments, in cash and/or in Fineco ordinary shares.

In the same date, the ExtraOrdinary Shareholders' Meeting approved to give to the Board of Directors the power of attorney to issue the necessary free ordinary shares to execute the 2018 System.

Considering that, pursuant to Article 2443 of the civil Code, the power of attorney to the Directors for capital increase can't have a duration higher than five years from the date of the registration of relevant Shareholders' resolution, during the above mentioned meeting it was anticipated to Shareholders the need to submit to a future Shareholders' Meeting approval the proposed assignment of a further power of attorney to allocate the last share instalment to be executed in 2024, as foreseen by 2018 System.

Having said that, it is submitted for the approval of today's meeting, the proposal to give to the Board of Directors the power of attorney, that will be executed in 2024, to resolve a free capital increase for a maximum number of 93,127 ordinary shares, corresponding to up to Eur 30,731,91 calculated on the basis of the par value of Fineco ordinary share equal to € 0.33, consequently amending the Articles of Association.

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The above mentioned capital increase would be carried out using the special reserve known as “Provisions Linked to the Medium-Term Incentive System for the staff of FinecoBank” set up for this purpose which, if case, may be increased via allocation of profits or a portion of available statutory reserves, formed from the distribution of company profits that shall be identified by the Board of Directors at the moment of share issuance.

### **3. DELEGATION FOR CAPITAL INCREASE TO SUPPORT THE 2014 INCENTIVE SYSTEM**

As known, on June 5<sup>h</sup>, 2014 the Ordinary Shareholders' Meeting approved the 2014 Incentive System aimed to incentivize the Identified Staff of FinecoBank, over a multi-year period (2015-2020), through a balanced structure of “upfront” (following the moment of performance evaluation) and deferred payments, in cash and/or in Fineco ordinary shares.

In the same date, the ExtraOrdinary Shareholders' Meeting approved to give to the Board of Directors the power of attorney to issue the necessary free ordinary shares to execute the 2014 System.

Considering that, pursuant to Article 2443 of the civil Code, the power of attorney to the Directors for capital increase can't have a duration higher than five years from the date of the registration of relevant Shareholders' resolution, during the above mentioned meeting it was anticipated to Shareholders – “upon the expiring of the power of attorney” - the need to submit to the Shareholders' Meeting approval the proposed assignment of a further power of attorney to allocate the last share instalment to be executed in 2020, as foreseen by 2014 System.

Having said that, it is submitted for the approval of today's meeting, the proposal to give to the Board of Directors the power of attorney, that will be executed in 2024, to resolve a free capital increase for a maximum number of 70,708 ordinary shares, corresponding to up to Eur 23,333.64 calculated on the basis of the par value of Fineco ordinary share equal to € 0.33, consequently amending the Articles of Association.

The above mentioned capital increase would be carried out using the special reserve known as “Provisions Linked to the Medium-Term Incentive System for the staff of FinecoBank” set up for this purpose which, if case, may be increased via allocation of profits or a portion of available statutory reserves, formed from the distribution of company profits that shall be identified by the Board of Directors at the moment of share issuance.

### **4. DELEGATION FOR CAPITAL INCREASE TO SUPPORT THE 2014 – 2017 MULTI YEAR PLAN TOP MANAGEMENT**

As known, on June 5<sup>h</sup>, 2014 the Ordinary Shareholders' Meeting approved the 2014 - 2017 Multi Year Plan Top Management aimed to provide the Beneficiaries with an incentive in Fineco free ordinary shares in 4 yearly tranches in the 2014-2017 period. Each tranche is paid after a three year vesting period (the last tranche awarded in 2017 will be paid to the Beneficiaries of the 2014-2017 Plan in 2020).

In the same date, the ExtraOrdinary Shareholders' Meeting approved to give to the Board of Directors the power of attorney to issue the necessary free ordinary shares to execute the 2014 -2017 Plan.



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Considering that, pursuant to Article 2443 of the civil Code, the power of attorney to the Directors for capital increase can't have a duration higher than five years from the date of the registration of relevant Shareholders' resolution, during the above mentioned meeting it was anticipated to Shareholders – “upon the expiring of the power of attorney” - the need to submit to the Shareholders' Meeting approval the proposed assignment of a further power of attorney to allocate the last share instalment to be executed in 2020, as foreseen by the 2014 – 2017 Plan.

Having said that, it is submitted for the approval of today's meeting, the proposal to give to the Board of Directors the power of attorney, that will be executed in 2020, to resolve a free capital increase for a maximum number of 442,779 ordinary shares, corresponding to up to Eur 139,517.07 calculated on the basis of the par value of Fineco ordinary share equal to € 0.33, consequently amending the Articles of Association.

The above mentioned capital increase would be carried out using the special reserve known as “Provisions Linked to the Medium-Term Incentive System for the staff of FinecoBank” set up for this purpose which, if case, may be increased via allocation of profits or a portion of available statutory reserves, formed from the distribution of company profits that shall be identified by the Board of Directors at the moment of share issuance.

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In light of the above, it is proposed to amend Art. 5 of the Articles of Association, through the amendment of the paragraph n. 12 and the insertion of three additional paragraph (n. 14, 15 and 16). Changes submitted to Shareholders' approval are shown in the synoptic table below.

CURRENT TEXT	PROPOSED AMENDMENT
<b>TITLE II – SHARE CAPITAL - SHARES - BONDS</b>	
<p>Article 5</p> <p>1. The share capital, fully subscribed and paid up, is equal to Euro 200,773,450.35 represented by n. 608,404,395 ordinary shares with a par value of Euro 0.33.</p> <p>2. The share capital may be increased by way of a shareholders' resolution, through the issuance of shares, also bearing various rights, in compliance with legal requirements. In the event of an increase in share capital through a rights issue, the pre-emptive rights of shareholders may be excluded, limited to ten percent of the pre-existing share capital, provided that the issue price of the new shares corresponds to the market value of those already outstanding and that this is confirmed by a special report prepared by the appointed independent auditors.</p>	<p>Article 5</p> <p>(unchanged)</p> <p>(unchanged)</p>

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<p>3. Ordinary shares are registered shares.</p>	<p>(unchanged)</p>
<p>4. The shares are indivisible and in the event of joint ownership they shall be regulated according to law.</p>	<p>(unchanged)</p>
<p>5. The extraordinary Shareholders' Meeting may resolve upon the allocation of profits to the employees of the Company in accordance with current regulations.</p>	<p>(unchanged)</p>
<p>6. The Shareholders' service address for their dealings with the Company shall be the address stated in the Shareholders' registry.</p>	<p>(unchanged)</p>
<p>7. The status of shareholder implies unconditional acceptance of the deed of incorporation and of the articles of association.</p>	<p>(unchanged)</p>
<p>8. The Board of Directors, shall be empowered, pursuant to Article 2443 of the Civil Code, for a period of five years starting from the beginning of the negotiation on the Italian regulated market, to increase the share capital, free of charge – in one or more tranches – to implement the employee incentive schemes approved by the ordinary Shareholders' Meeting held on June 5, 2014, for a maximum amount of Euro 1,155,000.00 (entirely attributable to capital for Euro 0.33 per share, equal to the nominal unit value), issuing a maximum number of 3,500,000 new ordinary shares having a nominal value of Euro 0.33 each, with the same characteristics as those outstanding, with regular dividend rights, by assigning the corresponding maximum amount of profit and/or profit reserves resulting from the last financial statements in question approved pursuant to Article 2349 of the Civil Code, according to the terms, conditions and methods provided for in the incentive schemes.</p>	<p>(unchanged)</p>
<p>The Board of Directors, in partial execution of the authority granted in accordance with Article 2443 of the Civil Code by the Extraordinary Shareholders' Meeting of 5 June 2014, resolved on 9 February 2015 to increase the share capital by a nominal Euro</p>	

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79,761 corresponding to 241,700 ordinary shares with a nominal value of Euro 0.33 each, to service the implementation of employee incentive plans. The Board of Directors, in partial exercise of the powers conferred on the same pursuant to Article 2443 of the Civil Code by the Extraordinary Shareholders' Meeting of June 5, 2014, decided, on February 8, 2016, to increase the share capital by the nominal amount of Euro 95,601.99, corresponding to 289,703 ordinary shares with par value of Euro 0.33 each, to service the implementation of employee incentive plans.

The Board of Directors, in partial execution of the authority granted pursuant to Article 2443 of the Italian Civil Code by the Extraordinary Shareholders' Meeting of June 5, 2014, resolved on February 7, 2017 to increase the share capital by a nominal amount of Euro 294,372.21, corresponding to 892,037 ordinary shares with a par value of Euro 0.33 each, to service the implementation of the employee incentive plans.

The Board of Directors, in partial execution of the authority granted pursuant to Article 2443 of the Italian Civil Code by the Extraordinary Shareholders' Meeting of June 5, 2014, resolved on February 7, 2017 to increase the share capital by a nominal amount of Euro 5,237.76, corresponding to 15,872 ordinary shares with a par value of Euro 0.33 each, to service the implementation of the employee incentive plans.

The Board of Directors, in partial execution of the authority granted pursuant to Article 2443 of the Italian Civil Code by the Extraordinary Shareholders' Meeting of June 5, 2014, resolved on February 6, 2018 to increase the share capital by a nominal amount of Euro 163,182.69, corresponding to 494,493 ordinary shares with a par value of Euro 0.33 each, to service the

<p>implementation of the employee incentive plans</p> <p>The Board of Directors, in partial execution of the authority granted pursuant to Article 2443 of the Italian Civil Code by the Extraordinary Shareholders' Meeting of June 5, 2014, resolved on February 6, 2018 to increase the share capital by a nominal amount of Euro 37.105,20, corresponding to overall 112,440 ordinary shares with a par value of Euro 0.33 each, to service the implementation of the employee incentive plans.</p> <p>9. The Board of Directors has the right, pursuant to Article 2443 of the Civil Code, to resolve a free increase in share capital, pursuant to Article 2349 of the Civil Code, one or more times and for a maximum period of five years (i) from the date of the shareholders' resolution dated April 23, 2015, for a maximum amount of Euro 131,159.49, with the issue of up to 397,453 new FinecoBank ordinary shares, as well as (ii) from the date of the shareholders' resolution dated April 12, 2016, for a maximum amount of Euro 32,789.79 with the issue of up to 99,363 new FinecoBank ordinary shares; attributable entirely to capital at Euro 0.33 per share, equal to the par value of each, with the same characteristics as those in circulation, with regular dividend entitlement, to be granted to the Staff of FinecoBank, which covers key positions for the achievement of the overall objectives in execution of the 2015 System.</p> <p>The Board of Directors, in partial execution of the authority granted pursuant to Article 2443 of the Italian Civil Code by the Extraordinary Shareholders' Meeting of April 23, 2015, resolved on February 6, 2018 to increase the share capital by a nominal amount of Euro 27,758.61, corresponding to 84,117 ordinary shares with a par value of Euro 0.33 each, to service the implementation of the employee incentive plans</p>	<p>(unchanged)</p>
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<p>10. The Board of Directors has the right, pursuant to Article 2443 of the civil Code, to resolve a free increase in share capital, pursuant to Article 2349 of the civil Code, one or more times and for a maximum period of five years (i) from the date of the shareholders' resolution dated April 12, 2016, for a maximum amount of Eur 88,440,00 (to be allocated in full to share capital at Eur 0.33 per share, corresponding to the nominal value per share) with the issue of up to 268,000 new FinecoBank ordinary shares, as well as (ii) from the date of the shareholders' resolution dated April 11, 2017, for a maximum amount of Eur 22,110 with the issue of up to 67,000 new FinecoBank ordinary shares; attributable entirely to capital at Eur 0.33 per share, equal to the par value of each, with the same characteristics as those in circulation, with regular dividend entitlement, to be granted to the Staff of FinecoBank, which covers key positions for the achievement of the overall objectives in execution of the 2016 System.</p>	<p>(unchanged)</p>
<p>11. The Board of Directors has the right, pursuant to Article 2443 of the civil Code, to carry out a free share capital increase, pursuant to Article 2349 of the civil Code, one or more times and for a maximum period of five years (i) from the date of the shareholders' resolution dated April 11, 2017, for a maximum amount of Eur 128,700.00 (attributable entirely to capital) with the issue of up to 390,000 new FinecoBank ordinary shares as well as (ii) from the date of the shareholders' resolution dated April 11, 2018, for a maximum amount of Eur 29,700.00 (attributable entirely to capital) with the issue of up to 90,000 new FinecoBank ordinary shares with a nominal value of Eur 0.33 each, with the same characteristics as those in circulation, with regular dividend entitlement, to be granted to the Identified Staff of FinecoBank in execution of the 2017 System.</p>	<p>(unchanged)</p>

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<p>12. The Board of Directors has the right, pursuant to Article 2443 of the civil Code, to resolve, one or more times and for a maximum period of five years from the date of the shareholders' resolution dated April 11, 2018, a free increase in share capital, pursuant to Article 2349 of the civil Code, for a maximum amount of Eur 136,031.94 (attributable entirely to capital) with the issue of up to 412,218 new FinecoBank ordinary shares with a nominal value of Eur 0.33 each, with the same characteristics as those in circulation, with regular dividend entitlement, to be granted to the Identified Staff of FinecoBank in execution of the 2018 System.</p> <p>13. The Board of Directors has the right, pursuant to Article 2443 of the civil Code, to resolve, one or more times and for a maximum period of five years from the date of the shareholders' resolution dated April 11, 2018, a free increase in share capital, pursuant to Article 2349 of the civil Code, for a maximum amount of Eur 324,743.10 (attributable entirely to capital) with the issue of up to 984,070 new FinecoBank ordinary shares with a nominal value of €0.33 each, with the same characteristics as those in circulation, with regular dividend entitlement, to be granted to the FinecoBank Employees in execution of the 2018 -2020 Long Term Incentive Plan.</p>	<p>12. The Board of Directors has the right, pursuant to Article 2443 of the civil Code to carry out a free share capital increase, pursuant to Article 2349 of the civil Code, <del>to resolve, one or more times and for a maximum period of five years (i) from the date of the shareholders' resolution dated April 11, 2018, a free increase in share capital, pursuant to Article 2349 of the civil Code,</del> for a maximum amount of Eur 136,031.94 (attributable entirely to capital) with the issue of up to 412,218 new FinecoBank ordinary shares <del>with a nominal value of €0.33 each, with the same characteristics as those in circulation, with regular dividend entitlement, to be granted to the Identified Staff of FinecoBank in execution of the 2018 System</del> as well as (ii) from the date of the shareholders' resolution dated April 10, 2019, for a maximum amount of Eur 30,731.91 (attributable entirely to capital) with the issue of up to 93,127 new FinecoBank ordinary shares with a nominal value of Eur 0.33 each, with the same characteristics as those in circulation, with regular dividend entitlement, to be granted to the Identified Staff of FinecoBank in execution of the 2018 System.</p> <p>(unchanged)</p> <p>14. The Board of Directors has the right, pursuant to Article 2443 of the civil Code, to resolve, in 2020, a free increase in share capital, pursuant to Article 2349 of the civil Code, for a maximum amount of Eur 23,333,64 (attributable entirely to capital) with the issuance of up to 70,708 new FinecoBank</p>
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	<p>ordinary shares with a nominal value of €0.33 each, with the same characteristics as those in circulation, with regular dividend entitlement, to be granted to the FinecoBank Identified Staff to complete the execution of the 2014 Incentive System</p> <p>15. The Board of Directors has the right, pursuant to Article 2443 of the civil Code, to resolve, in 2020, a free increase in share capital, pursuant to Article 2349 of the civil Code, for a maximum amount of Eur 139,517.07 (attributable entirely to capital) with the issuance of up to 422,779 new FinecoBank ordinary shares with a nominal value of €0.33 each, with the same characteristics as those in circulation, with regular dividend entitlement, to be granted to the Beneficiaries of the “2014-2017 Multi Year Plan Top Management” FinecoBank Employees to complete the execution of the 2014-2017 Plan.</p> <p>16. The Board of Directors has the right, pursuant to Article 2443 of the civil Code, to resolve, one or more times and for a maximum period of five years from the date of the shareholders' resolution dated April 10, 2019, a free increase in share capital, pursuant to Article 2349 of the civil Code, for a maximum amount of Eur 95,021.85 (attributable entirely to capital) with the issuance of up to 287,945 new FinecoBank ordinary shares with a nominal value of €0.33 each, with the same characteristics as those in circulation, with regular dividend entitlement, to be granted to the FinecoBank Identified Staff in execution of the 2019 Incentive System.</p>
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It should be noted that the amendments to the Articles of Association of FinecoBank submitted to the approval of today Shareholders' Meeting are subject to the measure of examination by the Supervisory Authorities pursuant to the provisions of Article 56 of Legislative Decree September 1<sup>st</sup> 1993 no. 385/93.

The aforementioned amendments will be effective starting from the registration of the Extraordinary Shareholders' Meeting resolution at the relevant “Registro delle Imprese”.

Dear Shareholders,

in relation to the above, considering as approved by today's ordinary Shareholders' Meeting the adoption of the 2019 Incentive System, you are invited to approve the following resolution:

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*“The Extraordinary Shareholders’ Meeting of FinecoBank S.p.A., having heard the Board of Directors’ proposal,*

**RESOLVES**

1. *to grant the Board of Directors, under the provisions of section 2443 of the Italian civil Code, the authority to resolve – in 2024 – a free capital increase, as allowed by section 2349 of the Italian civil Code, for a maximum amount of € 30,731.91 corresponding to up to 93,127 Fineco ordinary shares, to be granted to FinecoBank Identified Staff, in order to complete the execution of the 2018 System approved by the Ordinary Shareholders’ Meeting on April 11, 2018. Such an increase in capital shall be carried out using the special reserve known as “Provisions Linked to the Medium-Term Incentive System for the staff of FinecoBank” set up for this purpose which, if case, may be increased via allocation of a portion of profits or available statutory reserves, formed from the distribution of company profits that shall be identified by the Board of Directors at the moment of share issuance;*
2. *further to the resolution passed in point 1, to amend the paragraph no. 12 in clause 5 of the Articles of Association with the following new text:*

*“The Board of Directors has the right, pursuant to Article 2443 of the civil Code to carry out a free share capital increase, pursuant to Article 2349 of the civil Code, one or more times and for a maximum period of five years (i) from the date of the shareholders’ resolution dated April 11, 2018, for a maximum amount of Eur 136,031.94 (attributable entirely to capital) with the issue of up to 412,218 new FinecoBank ordinary shares as well as (ii) from the date of the shareholders’ resolution dated April 10, 2019, for a maximum amount of Eur 30,731.91 (attributable entirely to capital) with the issue of up to 93,127 new FinecoBank ordinary shares with a nominal value of Eur 0.33 each, with the same characteristics as those in circulation, with regular dividend entitlement, to be granted to the Identified Staff of FinecoBank in execution of the 2018 System”;*

3. *to grant the Board of Directors, under the provisions of section 2443 of the Italian civil Code, the authority to resolve - in 2020 - to carry out a free capital increase, as allowed by section 2349 of the Italian civil Code, for a maximum amount of Eur 23,333.64 (attributable entirely to capital), corresponding to up to 70,708 Fineco ordinary shares with a nominal value of € 0.33 each, with the same characteristics as those outstanding, with regular dividend entitlement, to be granted to Identified Staff of FinecoBank, in order to complete the execution of the 2014 System approved by the Ordinary Shareholders’ Meeting on June 5<sup>th</sup> 2014. Such an increase in capital shall be carried out using the special reserve known as “Provisions Linked to the Medium-Term Incentive System for the staff of FinecoBank” set up for this purpose which, if case, may be increased via allocation of a portion of profits or available statutory reserves, formed from the distribution of company profits that shall be identified by the Board of Directors at the moment of share issuance;*

4. *to insert a new paragraph (no. 14) in clause 5 of the Articles of Association with the following text:*

*“The Board of Directors has the right, pursuant to Article 2443 of the civil Code, to resolve, in 2020, a free increase in share capital, pursuant to Article 2349 of the civil Code, for a maximum amount of Eur 23,333,64 (attributable entirely to capital) with the issuance of up to 70,708 new FinecoBank ordinary shares with a nominal value of €0.33 each, with the same characteristics as those in circulation, with regular dividend entitlement, to be granted to the FinecoBank Identified Staff to complete the execution of the 2014 Incentive System”;*

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5. *to grant the Board of Directors, under the provisions of section 2443 of the Italian civil Code, the authority to resolve - in 2020 - to carry out a free capital increase, as allowed by section 2349 of the Italian civil Code, for a maximum amount of Eur 139,517.07 (attributable entirely to capital), corresponding to up to 422,779 Fineco ordinary shares with a nominal value of € 0.33 each, with the same characteristics as those outstanding, with regular dividend entitlement, to be granted to the Beneficiaries of the "2014-2017 Multi Year Plan Top Management" by the Ordinary Shareholders' Meeting on June 5<sup>th</sup> 2014. Such an increase in capital shall be carried out using the special reserve known as "Provisions Linked to the Medium-Term Incentive System for the staff of FinecoBank" set up for this purpose which, if case, may be increased via allocation of a portion of profits or available statutory reserves, formed from the distribution of company profits that shall be identified by the Board of Directors at the moment of share issuance;*
6. *to insert a new paragraph (no. 15) in clause 5 of the Articles of Association with the following text:*

*"The Board of Directors has the right, pursuant to Article 2443 of the civil Code, to resolve, in 2020, a free increase in share capital, pursuant to Article 2349 of the civil Code, for a maximum amount of Eur 139,517.07 (attributable entirely to capital) with the issuance of up to 422,779 new FinecoBank ordinary shares with a nominal value of €0.33 each, with the same characteristics as those in circulation, with regular dividend entitlement, to be granted to the Beneficiaries of the "2014-2017 Multi Year Plan Top Management" to complete the execution of the 2014-2017 Plan";*
7. *to grant the Board of Directors, under the provisions of section 2443 of the Italian civil Code, the authority to resolve, on one or more occasions for a maximum period of five years from the date of Shareholders' resolution, to carry out a free capital increase, as allowed by section 2349 of the Italian civil Code, for a maximum amount of Eur 95,021.85 (attributable entirely to capital), corresponding to up to 287,945 Fineco ordinary shares with a nominal value of Eur 0.33 each, with the same characteristics as those outstanding, with regular dividend entitlement, to be granted to the FinecoBank Identified Staff in execution of the 2019 Incentive System approved by today's Ordinary Shareholders' Meeting. Such an increase in capital shall be carried out using the special reserve known as "Provisions Linked to the Medium-Term Incentive System for the staff of FinecoBank" set up for this purpose which, if case, may be increased via allocation of a portion of profits or available statutory reserves, formed from the distribution of company profits that shall be identified by the Board of Directors at the moment of share issuance;*
8. *to insert a new paragraph (no. 16) in clause 5 of the Articles of Association with the following text:*

*"The Board of Directors has the right, pursuant to Article 2443 of the civil Code, to resolve, one or more times and for a maximum period of five years from the date of the shareholders' resolution dated April 10, 2019, a free increase in share capital, pursuant to Article 2349 of the civil Code, for a maximum amount of Eur 95,021.85 (attributable entirely to capital) with the issuance of up to 287,945 new FinecoBank ordinary shares with a nominal value of €0.33 each, with the same characteristics as those in circulation, with regular dividend entitlement, to be granted to the FinecoBank Identified Staff in execution of the 2019 Incentive System";*
9. *to delegate to the Board of Directors all the necessary powers for issuing the new shares;*
10. *to give to the Chief Executive Officer and General Manager all necessary power of attorney to:*
  - (i) *provide for implementing the above resolutions under the terms of the law;*

EXTRAORDINARY SHAREHOLDERS' MEETING  
ITEMS 1, 2, 3 AND 4 ON THE AGENDA

- (ii) *accept or adopt all amendments and additions (not changing substantially the content of the resolutions) which should be necessary for registration at the "Registro delle Imprese";*
- (iii) *proceed with the deposit and registration, under the terms of the law, with explicit and advanced approval and ratification;*
- (iv) *make the consequent amendments to clause 5 of the Articles of Association, as described in the resolution above.*

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