INCENTIVE PLAN BASED ON FINANCIAL INSTRUMENTS

INFORMATION DOCUMENT PREPARED UNDER
ARTICLE 114-BIS OF THE ITALIAN LEGISLATIVE DECREE NO. 58/98
AND ARTICLE 84-BIS OF REGULATION NO. 11971 APPROVED BY CONSOB
(THE ITALIAN NATIONAL COMPANIES AND STOCK EXCHANGE COMMISSION)
IN ITS RESOLUTION OF 14 MAY 1999, AS AMENDED

This is a courtesy English translation of the Italian version. In case of any discrepancy between the English translation and the Italian version, the latter shall prevail.

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INTRODUCTION

This prospectus (the "**Prospectus**") has been prepared in accordance with the combined provisions of Article 114-bis of Legislative Decree No. 58/98, as amended (the "**TUF**", also known as the Italian Consolidated Law on Finance) and Article 84-*bis* of Consob Regulation No. 11971/99, as amended (the "**Issuers' Regulations**") and in line with Schedule 7 of Annex 3A of the Issuers' Regulations, regarding information that must be communicated to the market in relation to payment plans based on financial instruments.

On 13 March 2019, the Board of Directors' of Equita Group S.p.A. (the "**Company**"), on the proposal of the Remuneration Committee, resolved to submit to the Shareholders' Meeting, called on 30 April 2019, under Article 114-bis of the TUF, the "2019-2021 Equita Group Plan based on financial instruments" (the "**Plan**").

Under the Company's normal incentive cycle provided for by the Remuneration Policies from time to time in force, as provided for by the Plan the deferred part of the Variable Component may be determined under the form of financial instruments; therefore, in exchange for achieving predetermined performance objectives at both the corporate and individual levels, the Company, under the terms and conditions set out in the Regulation will assign free of charge:

(i) the right to receive ordinary shares of the Company (the "**Performance Shares**"), which will be granted on the Granting Date upon the occurrence of certain conditions (described in points 4.5 and 4.8 below), and/or

(ii) Stock Options, each of which will give the right to purchase one (1) Share at the end of the Vesting Period and upon the occurrence of certain conditions (described in points 4.5 and 4.8 below).

Considering that the number of Performance Shares and/or Stock Options granted will be determined by the level of achievement and/or exceeding the performance objectives (set by the Remuneration Policies from time to time in force), the maximum number of Performance Shares and Stock Options available for the Plan during the 2019-2021 period amounts to 3,000,000.

The Plan is to be considered "of special importance" under Article 114-*bis* of the TUF and under Article 84-*bis*, point 2, of the Italian Issuers' Regulations. This Prospectus is intended to provide shareholders with the information needed to exercise their right to vote in an informed manner at meetings.

As better specified in this Prospectus, certain aspects relating to the implementation of the Plan will be established by the Board of Directors on the basis of powers that may be bestowed on the same by the Shareholders' Meeting. The information related to the resolutions to be adopted by the Board of Directors, dependent on the Shareholders' Meetings approval of the Plan and in accordance with the general criteria laid down thereby, will be provided in the manner and within the time limits specified in Article 84-bis, point 5, letter A), of the Issuers' Regulations.

The Plan represents the first incentive plan based on financial instruments adopted by the Company.

This Prospectus is made available to the public at the registered office and on the website of the Company www.equita.eu/it/corporate-governance/assemblee-degli-azionisti/index.html, and on the storage mechanism on the website www.emarketstorage.com.

GLOSSARY

Unless otherwise stated, the following terms shall have the meaning indicated below, on the understanding that the expressions and terms that are defined in the singular are also defined in the plural:

"Meeting" or "Shareholders' Meeting"	The Shareholders' Meeting of the Company convened, in single call, on 30 April 2019 to approve, *inter alia*, the Plan.
Shares	The ordinary shares of the Company, without nominal value, granting regular dividend rights and in digitised/paperless form.
Addressees	All employees of the Group and, specifically, those covering strategic roles in achieving the objectives of the Group, including: (i) the managing director and the managers of the business lines; (ii) employees who can take significant risks (i.e., the risk takers) and; (iii) other employees identified as significant by the Company. The Addressees will be expressly identified by the Board of Directors, on the Remuneration Committee's proposal.
Bonus Pool	The total amount of the Variable Component (as defined below) determined annually by the Company's Board of Directors, on the proposal of Equity Group's Chief Executive Officer with the contribution of the Group's Risk Management Department and on the advice of the Remuneration Committee.
Assignment	Any type of transfer, including, but not limited to, the transfer as a result of sale, donation, granting a pledge, creating a life tenancy, contribution, swap, transfer of property in lieu of payment and forced sale, or as a result of any other acts of disposal (whether gratuitous or onerous) that directly or indirectly causes the transfer of ownership of the ordinary shares of Equita Group or any other rights related thereto.
Corporate Governance Code	The Corporate Governance Code of listed companies promoted by the corporate governance Committee of listed companies and sponsored by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria, as amended.
Remuneration Committee	The remuneration committee of the Company.
Board of Directors	The Board of Directors of the Company.
Granting Date	With reference to the Performance Shares, the date, as determined by the Board of Directors in the Regulation, on which the Shares will be credited to the securities' account

of the Addressee.

Award Date	The date on which the Board of Directors (or the proxies) identifies Addressees and determines the number of Performance Shares and/or Stock Options to be awarded to each of them.
Exercise Date	The date, commencing from when the Addressee may exercise the Stock Options, in whole or in part, coinciding with the expiry of twenty-four (24) months from the Award Date.
Managers with Strategic Responsibilities	Persons who have the power and responsibility for, directly or indirectly, planning, managing and controlling the activities of the Company or of other companies of the Group, including the directors (executives) thereof.
Equita, Equita Group or the Company	Equita Group S.p.A., Company's registered office in Milan, Via Filippo Turati No. 9, Company No. and VAT Code No. 09204170964.
Equita Group or the Group	The Company and the companies that are currently or will be in the future directly or indirectly controlled, under Article 2359 of the Italian Civil Code and Article 93 of the TUF.
Award Letter	The letter sent to each Addressee with which they are notified, *inter alia*, of their inclusion in the Plan and the number of Performance Shares and/or Stock Options awarded.
Performance Shares	Ordinary shares granting regular dividend rights of the Company to be awarded free of charge to the Addressees under the terms and conditions set out in the Regulation.
Exercise Period	The time period, commencing from the Exercise Date and ending on the date established by the Board of Directors in the Regulation, within which the Stock Options may be exercised.
Lock-up Period	With exclusive reference to the Performance Shares, the period, amounting to twelve (12) months from the Granting Date, during which the Addressee is not entitled to carry out Assignment transactions involving the Performance Shares.
More Relevant Personnel	The persons whose professional work has or can have a significant impact on the risk profile of the Group as a whole.
Remuneration Policies	The Remuneration Policies approved by the Board of Directors of the Company on 12 February 2019.

Plan	The Equita Group's remuneration plan based on the award of the Company's financial instruments, addressed to the Addressees, as governed by the Regulation and entitled "2019-2021 Equita Group Plan based on financial instruments", prepared by the Board of Directors, on the advice of the Remuneration Committee, and submitted for the approval of the General Shareholders' Meeting of the Company.
Exercise Price	The unit price to purchase the Shares resulting from the exercise of the Stock Options, as determined by the Board of Directors and indicated in the Award Letter, equal to the greater of: (i) the book value at which the own shares of the Company, in order to exercise the Stock Options, are recorded by the Company on the Award Date; and (ii) the arithmetic average of the official prices recorded by the Equita security on the Mercato Telematico Azionario (Italian Electronic Stock Exchange or "MTA") – STAR segment, organised and managed by the Borsa Italiana S.p.A. in the last three months before the Award Date.
Variable Component	The variable component of the remuneration for personnel of Equita Group and of the companies of the Group for the reporting period, as provided for in the Remuneration Policies.
Regulation	The rules of the Plan that will be approved by the Board of Directors on the basis of a proposal submitted by the Remuneration Committee.
Stock Option	The right to receive one (1) Share at terms and conditions provided by the Regulation.
Vesting Period	With respect to the Stock Options, the period of twenty-four (24) months commencing from the Award Date thereof, after which the Stock Options may be exercised by the Addressee.

1. ADDRESSEES

1.1. Indication of the name of the Addressees who are members of the Board of Directors of the Company, of the companies controlling the Company and the companies directly or indirectly controlled by it

The Plan includes all employees of the Group among its Addressees and, specifically, those covering strategic roles in achieving the objectives of the Group, including: (i) the managing director and the managers of the business lines; (ii) employees who can take significant risks (i.e., the risk takers); and (iii) other employees identified as significant by the Company. In any case, the Plan's Addressees are only those to whom an annual bonus of at least more than EUR 20,000 has been given.

The Plan is to be considered "of special importance" under Article 114-*bis* of the TUF and under Article 84-*bis*, point 2, of the Issuers' Regulations in as much as the members of the Board of Directors with roles that are vital to achieving the strategic objectives of the Group, including the Chief Executive Officer (where also an employee), are included among the Addressees.

The Board of Directors, on the Remuneration Committee's proposal, will expressly identify the Addressees. The Board of Directors, if so resolved by the Shareholders' Meeting, may delegate its powers, duties and responsibilities for the implementation of the abovementioned Plan to one or more of its members. Specifically, the Remuneration Committee may be vested with determining the allocations to the individual Addressees rather than the allocation at the time of hiring key resources.

The indication of the name of the Plan's Addressees and other information provided for in point 1.1 of Schedule 7 in Annex 3A to the Issuers' Regulations will be given in the manner and within the time limits specified in Article 84-*bis*, point 5, letter a), of the Issuers' Regulations.

1.2 Indication of the categories of employees addressees of the Plan or collaborators of the Company and companies controlling or controlled by it

As indicated in the preceding point 1.1, all employees of the Group and, specifically, those covering strategic roles in achieving the objectives of the Group are included among the Addressees, including: (i) the managing director and the managers of the business lines; (ii) employees who may take significant risks (i.e., the risk takers); and (iii) other employees identified as significant by the Company. In any case, the Plan's Addressees are only those to whom an annual bonus of at least more than EUR 20,000 has been given.

The characteristics of the Plan are the same for all Addressees.

As regards the procedures for identifying the Addressees, refer to point 1.1 above.

1.3 Indication of the name of the parties benefiting from the Plan belonging to the groups indicated by point 1.3, letter a), b) and c) of Annex 3A, Schedule No. 7, of the Issuers' Regulations

As indicated in points 1.1 and 1.2 above, all employees of the Group and, specifically, those covering strategic roles in achieving the objectives of the Group are included among the Addressees, including: (i) the managing director and the managers of the business lines; (ii) the Risk Takers; and (iii) other employees identified as significant by the Company. In any case, the Plan's Addressees are only those to whom an annual bonus of at least more than EUR 20,000 has been given.

As regards the procedures for identifying the Addressees, refer to point 1.1 above.

The indication of the name of the Plan's Addressees and other information provided for in point 1.3 of Schedule 7 in Annex 3A to the Issuers' Regulations will be given in the manner and within the time limits specified in Article 84-*bis*, point 5, letter a), of the Issuers' Regulations.

1.4 Description and numerical indication of the parties benefitting from the Plan, broken down according to the categories indicated by point 1.4, letter a), b) and c) of Annex 3A, Schedule No. 7, of the Issuers' Regulations

The Plan does not describe and/or numerically identify the Addressees who belong to the category specified in point 1.4, letters a) and c) of Annex 3A, of Schedule 7 of the Issuers' Regulations.

The Company falls under the category of "smaller-sized" companies under Article 3, point 1, letter f) of Regulation No. 17221 of 12 March 2010 and, therefore, with reference to the persons referred to in the abovementioned point 1.4, letter b) of Annex 3A, of Schedule 7 of the Issuers' Regulations, an aggregate indication thereof will be given.

As regards the procedures for identifying the Addressees, refer to point 1.1 above.

The description and numerical indication of the Plan's Addressees and other information provided for in point 1.4 of Schedule 7 in Annex 3A to the Issuers' Regulations will be given in the manner and within the time limits specified in Article 84-*bis*, point 5, letter a), of the Issuers' Regulations.

2. REASONS BEHIND THE ADOPTION OF THE PLAN

2.1. Objectives of the Plan

Through the implementation of the Plan, Equita intends to promote and pursue the following objectives:

- steer employee conduct towards the priorities of the Company and of the Group, which seeks to create value in the medium and long term;
- attract and retain highly qualified personnel, encouraging the retention of key resources in the Company;
- motivate personnel by acknowledging their merits and reinforcing their professional development;
- tie remuneration to increased value for all shareholders.
- ensure behaviour consistent with the Group's code of conduct, internal regulations and laws and regulations applicable to the Group, as well as conduct that upholds social, environmental and ESG issues in general.

Under the Company's normal incentive cycle provided for by the Remuneration Policies from time to time in force, as provided for by the Plan, the deferred part of the Variable Component may be determined under the form of financial instruments. Specifically, on the basis of the Remuneration Policies, between 60% and 80% of the Variable Component may be paid as cash up front and the remainder (between 20% and 40%) as financial instruments and/or cash in the proportions from time to time evaluated by the Remuneration Committee and approved by the Board of Directors.

The Plan is part of the category of instruments used by the Company to incorporate the fixed component of the remuneration package for strategic resources through variable components based on certain performance objectives at both the corporate and individual levels, according to the best market practices approach. The Board of Directors believes that an incentive plan based on the award, free of charge, of the right to receive Performance Shares and/or Stock Options based on performance objectives, is the fair mix of incentive instruments that best meets Equita Group's interests.

2.2. Key variables, including in the form of performance indicators considered in order to attribute the financial instrument-based plans

Stock Options and Performance Shares are awarded annually, as part of the normal incentive cycle governed by the Remuneration Policies from time to time in force, after quantifying the Variable Component and after verifying the achievement of the performance objectives at both corporate (i.e., gate) and individual levels.

Specifically, with respect to each annual instalment, the award of Performance Shares or Stock Options depends on exceeding certain gates. The gates, both at the Group level and at the level of the individual companies of the Group, are established taking into account the value of the following amounts:

- balance sheet: the Common Equity Tier 1 Ratio (CET1) is used and the stability threshold must be at least equal to the crisis threshold established in the restructuring plan;
- liquidity position: Available Net Liquidity (LCN) is used and must be at least equal to the crisis threshold established in the restructuring plan;

- income position: ROE is used and must be at least greater than zero (after payment of the Variable Component).

In addition to corporate performance objectives (i.e., gates), the award of the right to receive Performance Shares and/or Stock Options is linked to the achievement of individual performance objectives. As regards More Relevant Personnel (i.e., risk takers), these performances are evaluated on the basis of qualitative and quantitative performance indicators, related to the specific content of the work carried out. For example:

Quantitative objectives

- Generated income: objectives connected to achieving revenues for each business line that can be objectively quantified
- Reduction of Costs: objectives connected to reducing the costs and/or increasing the efficiency of processes that can be objectively quantified
- Customer Service: objectives connected to improving customer service that can be measured, for example in terms of the number of customer visits, road shows carried out, etc.

Qualitative objectives

- *Customer Satisfaction*: to be evaluated based on the relationship with the customer, the lack of complaints, etc.
- *People Engagement*: the quality of the environment created in the context of the arrangements inside the company
- *Talent Management and Human Capital*: development of the allocated resources, and participation in training courses
- *Tone on the top of Compliance Culture*: absence of comments from the control bodies, adherence to the principles of corporate compliance, etc.

The Board of Directors in line with the Remuneration Policies of the Company and of the Group from time to time in force determines the performance objectives, the achievement of which produces the award of the right to receive Performance Shares and/or Stock Options under the Plan.

The Company's Board of Directors, on the advice of the remuneration Committee, verifies the actual achievement of performance objectives.

Therefore, in exchange for achieving performance objectives, the Company, under the terms and conditions set out in the Regulation, will award, free of charge:

(i) the right to receive Performance Shares, which will be allocated at the Granting Date on the occurrence of certain conditions (described in points 4.5 and 4.8 below), and/or

(ii) Stock Options, each of which will give the right to purchase one (1) Share at the end of the Vesting Period and on the occurrence of certain conditions (described in points 4.5 and 4.8 below).

This, on the understanding that:

(a) the number of Performance Shares and/or Stock Options will be established on the basis of the level of performance objectives achieved and/or exceeded; and

(b) for the three-year 2019-2021 period, the maximum number of Performance Shares and/or Stock Options that may be considered awarded under the Plan is set at 3,000,000.

2.3 Criteria to determine the number of Performance Shares and Stock Options to assign

The Remuneration Committee, on the Managing Director's proposal will submit annually to the Board of Directors, the breakdown of the number of Stock Options and Performance Shares to be awarded to each Addressee, in line with the Remuneration Policies of the Company and the Group from time to time in force. Specifically, before the Award Date, the Board of Directors will verify the achievement, or lack thereof, of corporate (i.e., gates) and individual performance objectives, resulting in the award of the right to receive Performance Shares and/or Stock Options where certain conditions are fulfilled. The number of instruments to be awarded will be determined on the basis of the Bonus Pool, which is the total amount of the Variable Component determined annually by the Company's Board of Directors, on the proposal of the Chief Executive Officer and with the contribution of the Group's Risk Management Department and the advice of the Remuneration Committee.

The Bonus Pool, whose financial instruments comprise the deferred part, is determined on the basis of the ratio between "total (fixed plus variable) cost of employees" and the consolidated "trading income" of the Group (i.e., "comp to revenues"), and the ratio between "total costs" and "trading income "(i.e., "cost-income ratio"), determined from year to year. In determining the Bonus Pool, the Board of Directors also takes into account (i) the risk-based performance indicator devised as the ratio between net profit and absorbed capital, and (ii) the number of times that the crisis indicators established in the recovery plan were exceeded.

2.4 Reasons underlying any decision to assign financial instrument-based compensation plans not issued by the Company

Not applicable since the Plan is only based on financial instruments issued or to be issued by the Company.

2.5 Evaluations with regards to significant tax and accounting implications that have affected the definition of the Plan

The Plan's preparation was not conditioned by applicable tax law or by accounting implications.

2.6 Any support of the Plan by the Special Fund to encourage workers to participate in businesses, under Article 4, point 112 of Italian Law No. 350 of 24 December 2003

The Plan did not receive any support from the Special Fund to encourage workers' participation in companies, under Article 4, point 112, of Law No. 350 of 24 December 2003.

3. APPROVAL PROCEDURE AND TIMING FOR THE ASSIGNMENT OF INSTRUMENTS

3.1 Scope of powers and functions delegated by the Shareholders' Meeting to the Board of Directors in order to implement the Plan

On 13 March 2019, the Board of Directors of the Company, in collaboration with various corporate departments and taking into account the proposals from the Remuneration Committee, resolved to submit the Plan to the approval of the Shareholders' Meeting, to be held in ordinary session on 30 April 2019, in single call.

After the Shareholders' Meeting's approval, the Board of Directors, in execution of the delegated power that will be granted by the Shareholders' Meeting, may implement the Plan and, on the Remuneration Committee's proposal: (i) will approve the Regulation; (ii) will verify the achievement of the corporate (i.e., gates) and individual performance objectives; (iii) will identify the Addressees on the basis of the established criteria; (iv) will determine annually, on the Remuneration Committee's approval, the apportioning of the number of Stock Options and Performance Shares to be awarded to each Addressee, in line with the Remuneration Policies of the Company and of the Group from time to time in force; (v) will make, where appropriate, the necessary or appropriate changes to the Plan, also taking into account any changes to the law (as well as to Corporate Governance); and (vi) will establish any other time limit and condition to implement the Plan.

3.2 Indication of the persons appointed to administrate the Plan and their function and competence

Without prejudice to the powers of the Shareholders' Meeting, the Board of Directors, on the Remuneration Committee's proposal, approves the Plan and its Regulation and resolves on issues relating to the Plan.

Every decision of the Board of Directors regarding the interpretation and application of the Plan shall be final and binding on the persons concerned, in accordance with the Plan itself.

The Board of Directors is the body responsible for managing the Plan and it will be vested with all operational powers for management.

The Board of Directors, when exercising the powers with which the Shareholders' Meeting vested it in connection with the Plan, may delegate its powers, duties and responsibilities to implement the abovementioned Plan to one or more of its members.

3.3 Procedures in place for the review of the Plan, including in relation to any alteration to the basic objectives

As explained above, the Board of Directors may at any time make the changes considered most appropriate, also to make the same compliant with the legislation in force from time to time.

Furthermore, the Board of Directors is vested with all powers necessary and/or appropriate to fully and completely implement the Plan and to make any changes to its Regulation in respect of the fundamental content, objectives and purposes of the Plan approved by the Shareholders' Meeting and without prejudice to its compliance with applicable laws and regulations (and specifically, Departmental Memorandum No. 285 of Banca d'Italia).

3.4 Description of the methods by which to determine the availability and assign the Performance Shares and Stock Options

Under Company's normal incentive cycle provided for by the Remuneration Policies from time to time in force, as provided for by the Plan the deferred part of the Variable Component may be established in the form of financial instruments. Therefore, in exchange for achieving corporate (i.e., gates) and individual performance objectives, under the terms and conditions set out in the Regulation, the Company will award, free of charge:

(iii) the right to receive Performance Shares, which will be allocated on the Granting Date on the occurrence of certain conditions (described in points 4.5 and 4.8 below), and/or

(iv) Stock Options, each of which will give the right to purchase one (1) Share at the end of the Vesting Period and on the occurrence of certain conditions (described in points 4.5 and 4.8 below).

This, on the understanding that:

(c) the number of Performance Shares and/or Stock Options will be established on the basis of the level of performance objectives achieved and/or exceeded; and

(d) for the three-year 2019-2021 period, the maximum number of Performance Shares and/or Stock Options that, considered overall, may be awarded under the Plan is set at 3,000,000.

The Performance Shares will be allocated on the Granting Date, on the occurrence of certain conditions (described in points 4.5 and 4.8 below). Once allocated, the Performance Shares are subject to a Lock-up Period, as indicated in the Award Letter. Once the Lock-up Period has ended, the Addressee may freely dispose of the Performance Shares, without prejudice to any constraints to which the Addressee is subject (for example, due to shareholders' agreements).

Stock Options accrue at the end of the Vesting Period (commencing from the Award Date), subject to the occurrence of certain conditions (described in points 4.5 and 4.8 below). Therefore, Stock Options may be exercised at the Exercise Price, during the Exercise Period, as indicated in the Award Letter. Once the Shares arising from exercising the Stock Options are acquired, the Addressee may dispose of them freely, without prejudice to any constraints to which the Addressee is subject (for example, due to shareholders' agreements).

The following may be used in implementation of the Plan:

A) with reference to the Performance Shares, the shares originating:

i) from the resolution of the Shareholders' Meeting held on 16 April 2018, which resolved *inter alia*, to vest the Board of Directors under Article 2443 of the Italian Civil Code with the power to increase the share capital free of charge, in one or more tranches, for the purpose of allocating profit and/or revenue reserves to employees of the Company or companies of the Group under one or more incentive plans, in accordance with Article 2349 of the Italian Civil Code (the "**Free Capital Increase**"); and/or, at the discretion of the Company;

ii) from the resolution of the Shareholders' Meeting held on 31 October 2017 that vested the Board of Directors, *inter alia*, with the power to dispose of the Company's own shares also for the purposes of the incentive plans (the "**Resolution on the disposal of own shares**").

Specifically, it is noteworthy that:

- The Free Capital Increase provided for, *inter alia*: (a) the issuance of up to a maximum total of 2,500,000 ordinary shares, equal to 5% of the total number of shares outstanding at the date of the abovementioned Shareholders' Meeting held on 16 April 2018; (b) the amount of the capital increase, for each new share issued, equal to or greater than the implicit nominal value of the shares outstanding at the time of exercising the delegated power; (c) the establishment, by way of ascribing to the capital (and possibly in part to the share premium reserve, where permitted), of an amount corresponding to the "reserve for issuing shares under Article 2349 of the Italian Civil Code" specifically constituted or increased with a provision of profits – understood in a broad sense – in compliance with applicable laws and regulations, from each financial year or earmarking to other revenue reserves, where permitted;

- a separate equity reserve, tied up to assist the abovementioned Free Capital Increase, may be established, where the conditions under the laws and regulations in force in relation to the financial statements ended on 31 December 2019 are present;

- the Resolution on the disposal of own shares envisaged, inter alia, that the consideration for the assignment in the context of the offer to employees of the Group must not be less than the book value of the shares resulting from the last approved financial statements.

B) with reference to exercising the Stock Options, the shares originating from the Resolution on the disposal of own shares.

3.5 Role played by each Director in determining the characteristics of the Plan; any situation of conflict of interest arising

In line with the recommendations of the Corporate Governance Code, the Board of Directors laid out the plan on the Remuneration Committee's proposal.

Mr Andrea Vismara, Managing Director of the Company as well as shareholder and employee of the Group, and Mr Stefano Lustig, board member of the Company as well as shareholder and employee of the Company, at the Board of Directors' Meeting held on 13 March 2019 in which the Plan was approved, informed the Board of Directors and the Board of Statutory Auditors of the existence of their own conflict of interest under Article 2391 of the Italian Civil Code, as they are potential Addressees of the Plan itself.

Under Article 114-*bis* of the TUF, the Board of Directors submitted the Plan to the Shareholders' Meeting called on 30 April 2019.

The Plan, in relation to its Addressees (specifically, the members of the Board of Directors and Managers with Strategic Responsibilities "mapped" as parties connected to the Company), is a related party transaction subject to the approval of the Shareholders' Meeting under Article 114-*bis* of the TUF. Therefore, the specific provisions provided by the procedure for related party transactions and by applicable laws and regulations do not apply.

3.6 Date of the decision taken by the competent body to propose the approval of the Plan to the Shareholders' Meeting and any proposal of the Remuneration Committee

At its meetings held on 7 February 2019 and on 13 March 2019, the Remuneration Committee drew up the proposal on the Plan. On 13 March 2019, the Board of Directors, after receiving the Remuneration Committee's favourable opinion, approved the Plan and the relevant documentation and resolved to submit the adoption of the Plan for approval to the Shareholders' Meeting called to approve the financial statements as at 31 December 2018.

3.7 Date of the decision taken by the competent body with regards to the assignment of instruments and the potential proposal to said body by the Remuneration Committee

The Board of Directors will evaluate the Remuneration Committee's proposal for establishing the number of Performance Shares and Stock Options to award each Addressee under the normal annual incentive cycle.

The award of the right to receive Performance Shares and Stock Options will be communicated to each Addressee with the Award Letter, drawn up in duplicate copy and signed by the Company, no later than 30 days from the abovementioned date of the Board of Directors' meeting.

The Award Letter will indicate:

- that the Addressee is included in the Plan;
- the amount of the Variable Component paid in cash, subject to achieving the performance objectives and, in general, on the occurrence of all conditions;
- the number of Performance Shares or Stock Options awarded as a result of achieving the performance objectives and, in general, on the occurrence of all conditions;
- as regards the Performance Shares: the Granting Date, the request for information on the securities account of the Addressee on which to credit the Performance Shares on the Granting Date, and the Lock-up Period of the Performance Shares once they are allocated;
- as regards the Stock Options: the Vesting Period, the Exercise Date, the Exercise Period and the Exercise Price.

The Award Date of the abovementioned financial instruments will be communicated in the manner and within the time limits specified in Article 84-*bis*, point 5, letter a), of the Issuers' Regulations.

3.8 Market price of the Performance Shares and Stock Options

Not applicable, as the Plan had not yet been approved by the Shareholders' Meeting on the date of this Prospectus.

3.9 In the case of plans based on financial instruments traded on regulated markets, in what terms and how the issuer considers, when identifying the timing of the assignment of instruments in implementation of the plan, of the possible timing coincidence of: i) said assignment or any decisions taken in this regard by the Remuneration Committee, and ii) the diffusion of any significant information in accordance with article 17 of Regulation (EU) No 596/2014; for example, if such information is: a. not already public and able to positively affect market listings, or b. already public and able to negatively affect market listings

The structure of the Plan as well as the conditions and methods for awarding Stock Options and Performance Shares do not at present suggest that the award thereof may be affected by the potential public disclosure of inside information under Article 17 of Regulation (EU) No. 596/2014, on the understanding that the award procedure for Stock Options and Performance Shares will take place, in any event, in full compliance with the reporting obligations imposed on the Company to ensure transparency and equal information to the market, and in compliance with internal procedures adopted by the Company.

The Addressees are required to comply with the provisions relating to the abuse of inside information provided for by applicable legislation and regulations, specifically with reference to the prohibition to conduct transactions relating to the Performance Shares and to the Shares acquired after exercising the Stock Options in the closed periods under Article 19, point 11, of the abovementioned Regulation (EU) No. 596/2014.

Specifically, the Plan will include a Lock-up Period of 12 months from the Granting Date, during which the Addressee will not be entitled to conduct Assignment transactions involving the Performance Shares.

The Board of Directors, on the advice of the Remuneration Committee, may also provide for additional lock-up periods on the disposal of the Shares with regard to all or only to certain Addressees. Finally, potential further constraints on the Addressee shall remain in force, for example, those established through shareholders' agreements.

4. CHARACTERISTICS OF THE INSTRUMENTS ASSIGNED

4.1 Description of the way in which the Plan is structured

As illustrated earlier, under the Company's normal incentive cycle provided for by the Remuneration Policies from time to time in force, as provided for by the Plan, the deferred part of the Variable Component may be established under the form of financial instruments. Therefore, in exchange for achieving performance objectives at both the corporate (i.e., gates) and individual levels, the Company, under the terms and conditions set out in the Regulation will award free of charge:

(i) the right to receive Performance Shares, which will be granted on the Granting Date on the occurrence of certain conditions (described in points 4.5 and 4.8 below), and/or

(ii) Stock Options, each of which will give the right to purchase one (1) Share at the end of the Vesting Period and on the occurrence of certain conditions (described in points 4.5 and 4.8 below).

Considering that the number of Performance Shares and/or Stock Options awarded will be established on the basis of the level of performance objectives achieved and/or exceeded (as set by the Remuneration Policies from time to time in force), during the 2019-2021 period, the maximum number of Performance Shares and Stock Options available for the Plan amounts to 3,000,000.

4.2 Indication of the period of effective implementation of the Plan, also with reference to any different cycles envisaged

Stock Options and Performance Shares are awarded annually, as part of the normal incentive cycle governed by the Remuneration Policies from time to time in force, after quantifying the Variable Component and after verifying the achievement of the performance objectives at both the corporate (i.e., gates) and individual levels.

Specifically, with respect to each annual instalment, the award of Performance Shares or Stock Options is conditional upon the achievement of certain gates. The gates, both at the Group level and at the level of the individual companies of the Group, are established taking into account the value of the following amounts:

- balance sheet: the Common Equity Tier 1 Ratio (CET1) is used and the stability threshold must be at least equal to the crisis threshold established in the restructuring plan;
- liquidity position: Available Net Liquidity (LCN) is used and must be at least equal to the crisis threshold established in the restructuring plan;
- income position: ROE is used and must be at least greater than zero (after payment of the Variable Component).

Verification of compliance with the gates is conducted on the values as at 31 December of the financial year being assessed.

The first annual instalment corresponds to the period from 01 January 2019 to 31 December 2019.

The award of Stock Options and/or Performance Shares will be communicated to each Addressee with the Award Letter.

4.3 Terms of the Plan

As illustrated earlier, Stock Options and/or the rights to receive Performance Shares are awarded annually as part of the normal incentive cycle governed by the Remuneration Policies from time to time in force, after quantifying the Variable Component and after verifying the achievement of corporate (i.e. gates) and individual performance objectives.

The Performance Shares are granted on the Granting Date, subject to the occurrence of certain conditions (described in points 4.5 and 4.8 below). Once granted, the Performance Shares are subject to a Lock-up Period, as indicated in the Award Letter. Once the Lock-up Period has ended, the Addressee may freely dispose of the Performance Shares, without prejudice to any constraints to which the Addressee is subject (for example, due to shareholders' agreements). The Shares at the service of the Performance Shares are both own shares of the Company and Shares arising from the Free Capital Increase.

Stock Options accrue at the end of the Vesting Period (commencing from the Award Date), subject to the occurrence of certain conditions (described in points 4.5 and 4.8 below). Therefore, Stock Options may be exercised at the Exercise Price, during the Exercise Period, as indicated in the Award Letter. Each Stock Option gives the right to acquire, subject to the occurrence of certain conditions (described in points 4.5 and 4.8 below), one (1) Share, under the terms and conditions set forth in the Regulation, at the Exercise Price. Once the Shares arising from exercising the Stock Options are acquired, the Addressee may dispose of them freely, without prejudice to any constraints to which the Addressee is subject (for example, due to shareholders' agreements). The Shares used to exercise the Stock Options are own shares of the Company.

4.4 Maximum number of Shares involved by the Plan

For the three-year 2019-2021 period, the maximum number of Performance Shares and Stock Options that, taken as a whole, may be awarded under the Plan amounts to 3,000,000.

4.5 Methods and clauses for the implementation of the Plan, specifying if the effective attribution of the instruments is subject to conditions being met or given results being achieved, including performance-related; description of said conditions and results

The right of Addressees to receive the Performance Shares and to receive and exercise the Stock Options under the Plan are ontologically and functionally connected and conditional upon the continued existence of the relationship with the Company or the companies controlled by the Company itself on the Granting Date of the Performance Shares and, where applicable, on the Exercise Date of the Stock Options.

Under the Remuneration Policies of the Group, the Company reserves the right to commence actions to recover the Variable Component already paid out ("clawback") for (i) conduct that results in a significant loss for the Company and/or the Group; (ii) violations of the obligations imposed under Article 13 of the TUF or, when the person is an interested party, under Article 53, points 4 et seq., of the TUB (i.e., *Testo Unico Bancario* or the 1993 Banking Law) (if applicable) or under remuneration and incentive obligations; and (c) further conduct that does not comply with legal, regulatory or statutory provisions or with any codes of ethics or conduct applicable to the Company and/or to the Group, as the case may be.

<u>*Corporate performance objectives*</u> (i.e., gates)

Specifically, with respect to each annual instalment, the award of the Performance Shares or Stock Options is conditional to the achievement of certain gates. The gates, both at the Group level and at the level of the individual companies of the Group, are established taking into account the value of the following amounts:

- balance sheet: the Common Equity Tier 1 Ratio (CET1) is used and the stability threshold must be at least equal to the crisis threshold established in the restructuring plan;
- liquidity position: Available Net Liquidity (LCN) is used and must be at least equal to the crisis threshold established in the restructuring plan;
- income position: ROE is used and must be at least greater than zero (after payment of the Variable Component).

Verification of compliance with the gates is conducted on the values as at 31 December of the financial year being assessed.

Individual performance objectives:

In addition to the abovementioned corporate performance requirements (i.e., gates), the granting of Performance Shares and/or Stock Options is conditional upon the achievement of individual quantitative and qualitative performance objectives as established in the Remuneration Policies from time to time in force and as exemplified in point 2.2.

4.6 Indication of any restrictions of availability affecting the Performance Shares and the Stock Options, with specific reference to the terms within which the subsequent transfer to the company or third parties is permitted or prohibited

The Stock Options are personal, registered, non-transferable and not available *inter vivos* and cannot be constituted in the form of a pledge or guarantee in favour of the Company or any third party (except for the transfer to heirs *mortis causa*). Any attempted or implemented Assignment will be invalid and, in any event, unenforceable against the Company.

The Stock Options that were not exercised at the end of the Exercise Period automatically expire and, consequently, are without any effect or validity for the Addressee, as they no longer vest him/her with any right. Instead, once the Shares arising from exercising the Stock Options are acquired, the Addressee may dispose of them freely, without prejudice to any constraints to which the Addressee is subject (for example, due to shareholders' agreements).

The right to receive Performance Shares is a personal, registered and non-transferable right that is not available *inter vivos* and cannot be constituted as a pledge or guarantee in favour of the Company or any third party (except for the transfer to heirs *mortis causa*). Any attempted or implemented Assignment will be invalid and, in any event, unenforceable against the Company (except for the transfer to heirs *mortis causa*).

Furthermore, in accordance with Departmental Memorandum No. 285 of Banca d'Italia and the Corporate Governance Code, once granted, the Performance Shares are subject to a Lock-up Period (a period during which the Addressee will not be entitled to execute any Assignment transactions involving those Performance Shares), equivalent to 12 months from the Granting Date. Any Assignment attempted or implemented during the Lock-up Period will be invalid and, in any event, unenforceable against the Company (except for the transfer to heirs *mortis causa*).

The Performance Shares are contingent on the abovementioned Lock-up Period also in the event of termination of employment, except for the Addressee's death, in which case such Lock-up Period no longer applies.

The Performance Shares granted and contingent on the abovementioned Lock-up Period are, for the duration of that time period, in escrow with the authorised intermediary designated by the Company.

Once the corresponding Lock-up Period has ended, the Performance Shares may be freely transferred and may be freely Assigned, without prejudice to any constraints to which the Addressee is subject (for example, due to shareholders' agreements).

4.7 Description of any termination conditions in relation to the attribution of the Plan in the event that the addressees should carry out hedging operations that enable the neutralisation of any prohibitions of the sale of the financial instruments assigned, also in the form of options, or financial instruments arising from the exercise of these options

The Plan does not envisage any of the abovementioned termination conditions.

4.8 Description of the effects determined by the termination of the employment

As explained above, except in cases of death of the Addressee, the right of Addressees to receive the Performance Shares and to receive and exercise the Stock Options under the Plan are ontologically and functionally connected and conditional upon the continued existence of the relationship with the Company or the companies controlled by the Company itself on the Granting Date of the Performance Shares and, where applicable, on the Exercise Date of the Stock Options. Consequently, the Regulation provides for specific provisions relating to good leavers and bad leavers.

The Board of Directors, at its sole discretion, shall have the power to allow Addressees to receive the Performance Shares and the total or partial exercise of the Stock Options, under the terms and conditions from time to time established by the Board of Directors itself, even if the Addressee is deprived of his/her right to receive the Performance Shares and to exercise the Stock Options assigned to him/her. The foregoing is also without prejudice to the power of the Company's Board of Directors or of the delegated directors to enter into special agreements with the Addressees that provide for receiving all or part of the Performance Shares and entirely or partially exercising the Stock Options, even in the abovementioned circumstances.

In the event of termination of employment (for reasons other than death of the Addressee), the Performance Shares, where in whatever way allocated under the Plan, are in any event subject to the Lock-up Period.

The award of the right to receive the Performance Shares and/or the Stock Options in one of the years of validity of the Plan does not give any right or expectation to be awarded the right to receive the Performance Shares and/or the Stock Options in subsequent years, nor to maintaining the employment, collaboration or consultancy relationship, which will continue to be governed solely by the rules applicable to it under the laws in force.

4.9 Indication of any other causes for the cancellation of the Plan

There are no cancellation clauses for the Plan.

4.10 Reasons in relation to the potential provision for "redemption" by the Company of the financial instruments concerned by the Plan, arranged in accordance with Article 2357 et seq. of the Italian Civil Code; the beneficiaries of the redemption, specifying if it is only intended for specific categories of employees; the effects of the termination of employment on said redemption

Under the Remuneration Policies of the Group, the Company reserves the right to commence actions to recover the Variable Component already paid out ("clawback") for: (i) a conduct that results in a significant loss for the Company and/or the Group; (ii) violations of the obligations imposed under Article 13 of the

TUF or, when the person is in an interested party, under Article 53, points 4 et seq., of the TUB (i.e., *Testo Unico Bancario* or the 1993 Banking Law) (if applicable) or under remuneration and incentive obligations; and (c) further conduct that does not comply with legal, regulatory or statutory provisions or with any codes of ethics or conduct applicable to the Company and/or to the Group, in the cases potentially provided thereby.

4.11 Any loans or other benefits intended to be granted for the purchase of Shares in accordance with Art. 2358 of the Italian Civil Code

The exercise of the Stock Options may be assisted by a temporary loan granted to the Addressee by the Company, or of a company of the Group, under the terms and conditions set out in Article 2358 of the Italian Civil Code.

4.12 Indication of assessments of the forecast burden for the Company on the date of the related assignment, as can be determined on the basis of the terms and conditions already defined, for the total amount and in relation to the Plan

Not applicable on the date of this Prospectus as the Shareholders' Meeting of the Company has not yet approved the Plan and, consequently, neither the Beneficiaries nor the number of Shares to award to the same have been identified.

The information on the total cost of the Plan will be provided in the manner and within the time limits specified in Article 84-*bis*, point 5, letter a) of the Issuers' Regulations.

4.13 Indication of any dilution effects on the capital determined by the Plan

The maximum dilution effect of the Plan is 6.62%.

4.14 Any limits envisaged for the exercise of voting rights and the attribution of equity rights

The Performance Shares and the Shares acquired as a result of exercising the Stock Options are granted regular dividend rights and, therefore, each Addressee is vested with the rights related thereto from the moment when that Addressee becomes the holder of the Shares.

There is no limit to the exercise of the right to vote.

4.15 If shares are not traded on regulated markets, all information that will help fully assess the value that can be assigned to them.

Not applicable. The Shares of Equita are listed on the Italian Stock Exchange (STAR segment) organised and managed by Borsa Italiana S.p.A..

4.16 Number of financial instruments underlying each option

Each Stock Option gives the right to acquire one Share.

4.17 Option maturity

The Stock Options must be exercised within the Exercise Period, in accordance with the Regulation. In any case, the Stock Options must be exercised (and any transactions on the Shares must be made) in full compliance with the operating procedures implemented by the Company from time to time, especially regarding "insider dealing" and "close periods". In the event of public tender offers for Shares, mergers and/or de-mergers of the Company with/in other entities, the Board of Directors shall be entitled to anticipate or otherwise change, the Exercise Date and the Exercise Period, in accordance with the provisions of the Regulation.

4.18 Method (American/European), timing (e.g. periods valid for exercise) and exercise clauses (e.g. knock-in and knock-out clauses

This provision shall not apply to the Performance Shares since the Plan involves, on the achievement of corporate (i.e., gates) and individual performance objectives, the award of a right to obtain Performance Shares free of charge and, therefore, the automatic allocation of the same on the Granting Date, on the occurrence of certain conditions (described in points 4.5 and 4.8 above).

As regards, however, the Stock Options, these may be exercised using the American method, starting from the Exercise Date (i.e., after the accrual) and up to the expiry of the Exercise Period. The Addressee may therefore exercise the Stock Options during the Exercise Period, deciding whether or not to acquire the Shares at the Exercise Price.

4.19 Price for the exercise of the option or method and criteria for its determination, with specific regards: a) to the formula for calculating the exercise price in relation to a given market price (the "fair market value") (e.g. exercise price equal to 90%, 100% or 110% of market price) and b) to the method used to determine the market price taken as reference for the determination of the exercise price (e.g. last price of the day prior to assignment, day average, average of the last 30 days, etc.)

Performance Shares and Stock Options are assigned for free.

In exchange for exercising the Stock Options, the Addressee must pay a price, amounting to the Exercise Price, to purchase one (1) Share by virtue of each Stock Option exercised.

4.20 If the exercise price is not the same as the market price determined as specified in point 4.19.b ("fair market value"), reasons for the difference

The Company's own shares will be used for the exercise of the Stock Options.

The Resolution on the disposal of own shares envisaged, *inter alia*, that the consideration for the assignment in the context of the offer to employees of the Group must not be less than the book value of the shares resulting from the last approved financial statements.

4.21 Criteria on which basis different exercise prices are envisaged for different entities or different categories of addressee entities

Not applicable.

4.22 If the financial instruments underlying the options are not traded on regulated markets, indication of the value that can be assigned to the underlying instruments or criteria used to determine said value

Not applicable. The Shares of Equita are listed on the Italian Stock Exchange (STAR segment) organised and managed by Borsa Italiana S.p.A..

4.23 Criteria for the adjustments necessary following extraordinary capital operations and other operations entailing the change in the number of underlying instruments (capital increases, extraordinary dividends, groupings and splitting of the underlying shares, mergers and spin-offs, conversions into other share categories, etc.).

As a result of the following transactions, the Board of Directors, where the conditions are met, shall be entitled to proceed to adjust, according to the rules commonly accepted by financial market practices, the number of Performance Shares awarded but not yet accrued and/or the Shares (or to fix the number of other companies' share swaps resulting from any merger and/or de-merger transaction) due in relation to the Stock Options already awarded but not yet accrued:

(a) operations to divide up or group together the Shares;

(b) free share capital increase operations of the Company;

(c) paid capital increase operations with the issue of the Shares and/or other financial instruments;

(d) merger and de-merger operations of the Company;

(e) distribution of Shares with extraordinary dividends through the use of the Company's reserves;

(f) awarding assets in the Company's portfolio to shareholders;

(g) operations to reduce the Company's share capital.

It is in any case understood that, in the event of extraordinary transactions occurring between the Award Date and the Granting Date of the Performance Shares, or between the Award Date and the Exercise Date of the Stock Options, which, in the Board of Directors' opinion, may have significant impacts on the financial position and cash flows of the Company (in view of its terms and conditions), the Award Date of the Performance Shares or the Exercise Date of the Stock Options, as the case may be, may be anticipated in order to allow the Shares to be purchased during that extraordinary transaction (and, therefore, before the original Award Date of the Performance Shares or the Exercise Date of the Stock Options).

In the event of public tender offerings for the Shares, the Board of Directors shall also have full right to anticipate or at least change the Exercise Date or the Granting Date, whichever is applicable.

The Addressees will receive written notice of these adjustments.

4.24 Table

Table No. 1 provided for in point 4.24 of Schedule 7 of Annex 3A of the Issuers' Regulations, will be provided in the manner and within the time limits specified in Article 84-*bis*, point 5, letter a), of the Issuers' Regulations.