



B A N K

## 2021 Remuneration policy and 2020 remuneration report

---

Side presentation

LA BANCA CHE SEMPLIFICA LA BANCA.

March, 2021

# Contents

---



Key principles and  
Governance



Main contents –  
Focus on new  
features



2021 short term  
Incentive Systems



2021-2023 LTI



Implementation of  
short and long  
term incentive  
systems



# Key principles and Governance

---

Remuneration policy and report



# Key principles



## ALIGNMENT BETWEEN MANAGEMENT'S AND SHAREHOLDERS' LONG-TERM INTERESTS

launching a new long-term equity plan to align the long-term interests of Fineco's Management with the long-term value creation for shareholders



## CHALLENGING TARGETS AND ENTRY CONDITIONS THAT ENSURES FULL SUSTAINABILITY OF THE VARIABLE REMUNERATION

a strategy oriented towards a stable and comprehensive growth is supported by a balanced mix of economic-financial and non-economic factors



## CLEAR COMPENSATION GOVERNANCE

through efficient corporate and organizational governance structures, as well as clear and rigorous governance rules



## COMPLIANCE WITH REGULATORY REQUIREMENTS AND CONTINUOUS MONITORING OF MARKET TRENDS

by protecting and enhancing the company reputation, as well as avoiding or managing conflicts of interest between roles within the Bank or towards customers



## SUSTAINABLE PAY FOR SUSTAINABLE PERFORMANCE

by maintaining consistency between remuneration and performance, and between rewards and value creation, as well as enhancing both the actual results achieved and how they are achieved



## ATTRACTION & RETENTION OF EMPLOYEES

the aim is to attract, motivate and retain the best resources capable of achieving our company mission according to established values



# Governance



**Systematic involvement of the Remuneration Committee** in all matters concerning remuneration, with particular reference to the CEO and General Manager and the Bank's Identified Staff. In 2020, the Committee met 15 times (average meeting duration is one hour and half), providing about 30 opinions to the Board of Directors.

→ for further details see paragraph 2.1 of **Section II – 2020 Remuneration report**



Regular involvement of **Compliance, CRO and CFO** functions towards the various phases of Incentive Systems design and implementation, guaranteeing consistency with regulatory framework and sustainability of remuneration .

→ see paragraphs 2.4, 2.5 **Section I – 2021 Remuneration policy** and 2.2 of **Section II – 2020 Remuneration report** as examples



Overall remuneration processes are subject to the **annual Internal Audit scrutiny**, thus guaranteeing the overall consistency of remuneration and incentive processes. The excerpt of the annual Audit (rated "Good") is reported in the Remuneration report.

→ see paragraph 2.2. of **Section II – 2020 Remuneration report**



# Main contents

---

Remuneration policy and report



# Introduction and structure

The implementation of the principles defined in FinecoBank Group **Remuneration policy and report** creates the basis for the definition of our compensation system. Fineco's approach to remuneration, in coherence with regulatory provisions and market practice, guarantees the link with performance, market environment, business strategies and shareholders' long-term interests.



## Structure

- The document consists of an **Executive Summary** that summarizes the key elements of the 2021 remuneration approach, in continuity with the previous years, and provides the main results for the year 2020. It also highlights variable and fixed compensation data for the CEO and General Manager, and the goals set for 2021, all in order to support the understanding of the key information of the document. Given the market practice, this year, and like every year, the summary follows the **Letter from the Chairman of the Remuneration Committee** to the shareholders.
- Two separated sections follow, in line with European Directive 828/2017 (Shareholder Rights Directive II), implemented in Italy with the Legislative Decree n. 49 of May 10, 2019. A separate vote will be hold on each section:
  - **Section I** - 2021 Remuneration policy (**binding vote**)
  - **Section II** - 2020 Remuneration report (**advisory non-binding vote**)
- Data required by **Bank of Italy provisions** are contained in 2020 Remuneration report, while data required by **CONSOB's 'Regolamento Emittenti'** and by **TUF** are contained in the apposite Annexes to document.



# Main features - 2021 (vs 2020)

CONFIRMED

NEW

NOTES

## Maximum variable/fixed pay ratio:

- 2:1 for all employees and the business functions' Identified Staff;
- 1:1 for all the other roles
- 1:3 for Company Control Functions
- For the Head of Human Resources and the Manager in charge of preparing financial statements, the fixed remuneration is predominant on the total compensation
- 2:1 for the Personal Financial Advisors (PFA) Identified Staff



Full **disclosure of the market peer group**, used for trends analysis and benchmarking



**Share Ownership Guidelines** for Executives with strategic responsibility



Full description of **2021 short term Incentive Systems** for Employees and PFA Identified Staff, and of the implementation in 2021 of the 2020 and prior years' short term Incentive Systems as well as of the 2018-2020 LTI Plan



**Confirmation of the payout scheme for the CEO/GM** and other roles with relevant variable remuneration (>430,000 €). For all other Employees and PFA Identified Staff the payout schemes have been updated increasing the deferral period and providing a bigger amount of shares than cash.

Compensation strategy aligned with the sustainable principles set out in FinecoBank Group Strategic Plan 2020-2023



- Inclusion of ESG targets also in long term incentive plans
- Continuous monitoring of **Gender Pay Gap**, as confirmation of the **Group Remuneration policy's gender neutrality**

Introducing the new 2021-2023 Long Term Incentive Plan, aimed at incentivizing, motivating and retaining selected employees of the Group



The Plan provides goals in line with 2021-2023 FinecoBank targets in terms of Value Creation, Industrial Sustainability, Risk and Stakeholder Value

The Remuneration policy and report includes the **CRD V regulatory updates**, as well as the update of **Consob Regulation n. 11971 (11 dicembre 2020)**



For example, we mention that the compared information between the annual variation of compensation data and company results are now disclosed in paragraph 6.1 Section II





# Payment scheme for Employees Identified Staff

The deferral schemes introduced following Bank of Italy provisions are based on the corresponding population cluster, as well as on the variable compensation amount.

- For the **CEO and GM and other roles provided by law** (i.e. Executives responding to the CEO) **with a ‘significant’ amount of total variable pay, the 2021 Incentive System is confirmed without changes from the 2020**, with the deferral of 60% of the short-term variable remuneration and a greater quota in shares rather than cash
- For the **other roles provided by law** (i.e. Executives responding to the CEO) **with no “significant” amount of total variable remuneration**, 50% of the bonus will be deferred. Moreover, for this cluster **the deferral period will be increased from 4 to 5 years with a greater quota in shares rather than cash**, in line with the Supervisory Authority’s recommendations.
- For **other identified staff with no “significant” amount of total variable remuneration**, the deferral quota remains 40% of the bonus (60% upfront), with a 50/50 mix of shares and cash. **The deferral period is increased from 3 to 4 years**, in line with the prudential recommendations of the Supervisory Authority.
- A **1-year retention period** still applies to both upfront and deferred shares.

|  |        |        |         |     |     |     |     |       |       |
|--|--------|--------|---------|-----|-----|-----|-----|-------|-------|
| CEO and GM and other roles provided by law with a significant amount of variable remuneration (>430k€) | PAYOUT |        | Upfront | N+1 | N+2 | N+3 | N+4 | N+5   | Total |
|  |        | Cash   | 20%     |     | 12% |     |     | 12%   | 44%   |
|  |        | Shares |         | 20% |     | 12% | 12% | 12%   | 56%   |
| Roles provided by law with no significant amount of variable remuneration (≤430k€)                     | PAYOUT |        | Upfront | N+1 | N+2 | N+3 | N+4 | N+5   | Total |
|  |        | Cash   | 25%     |     | 10% |     |     | 10%   | 45%   |
|  |        | Shares |         | 25% |     | 10% | 10% | 10%   | 55%   |
| Other identified staff with no significant amount of total variable remuneration (≤430k€)              | PAYOUT |        | Upfront | N+1 | N+2 | N+3 | N+4 | Total |       |
|  |        | Cash   | 30%     |     |     | 10% | 10% | 50%   |       |
|  |        | Shares |         | 30% | 10% | 10% |     | 50%   |       |





# Payment scheme for PFA Identified Staff

- For **Identified Staff with a significant amount (>430k€) of total variable remuneration\***, a stricter payout scheme is provided with 60% of the bonus being deferred
- For **other Identified Staff with no significant amount of total variable remuneration**, a stricter payout scheme is provided with 40% of the bonus being deferred
- A 50/50 mix of cash and shares (unchanged from 2020)
- See below the 2021 Incentive System payout schemes. In line with the prudential recommendations of the Supervisory Authorities and the approach towards the Employees' Incentive System, **the deferral period is increased from 3 to 4 years for both the categories.**

| Identified Staff with a significant amount of variable remuneration | PAYOUT |        | Upfront | N+1 | N+2 | N+3 | N+4 | Total | NEW |
|---|--------|--------|---------|-----|-----|-----|-----|-------|-----|
|   |        | Cash   | 20%     | 5%  | 5%  | 10% | 10% | 50%   |     |
|   |        | Shares |         | 20% | 15% | 15% |     | 50%   |     |

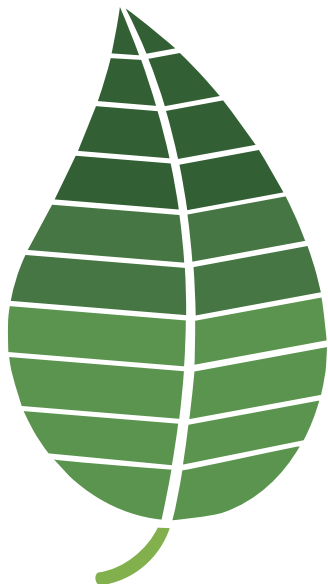
| Other Identified Staff with no significant amount of variable remuneration | PAYOUT |        | Upfront | N+1 | N+2 | N+3 | N+4 | Total | NEW |
|--|--------|--------|---------|-----|-----|-----|-----|-------|-----|
|  |        | Cash   | 30%     |     |     |     | 10% | 10%   |     |
|  |        | Shares |         | 30% | 10% | 10% |     | 50%   |     |

\* Equal to 25% of the total remuneration of the Italian High Earners according to the EBA report (Benchmarking and High Eainers Report). The threshold includes both the short-term variable remuneration and the annual tranche of the long-term variable remuneration, and it is equal to less than 10x the overall average remuneration of the Bank's employees. As required by the regulatory provisions (Circular 285/2013), the threshold has been defined for the three-year period 2019-2021



# Focus on sustainable goals

Fineco is aware that a strategy oriented towards a stable and comprehensive growth needs to be progressively supported by the integration of environmental and social sustainability, and sustainable governance principles in its business choices and managerial operations.



## ▪ SUSTAINABLE GOALS IN THE SHORT-TERM INCENTIVE SYSTEM

The **2021 Scorecard of the CEO and General Manager** and that of the Identified Staff, with reference to the short-term incentive system and in line with 2020, include sustainable goals related to the capacity of generating medium-long term value for all the stakeholders. In particular, the goal “**Stakeholder Value**” declines ESG targets that are **included and represented in the FinecoBank Group ESG Goals Plan**, in alignment with the Group 2020-2023 Multi Year Plan.



## ▪ SUSTAINABLE GOALS IN THE LONG TERM INCENTIVE PLAN (2021-2023 LTI)

With regards to the new **2021-2023 LTI Plan** for the employees a benchmarking analysis has been conducted on applicable goals and parameters, which led to the introduction of ESG parameters among the performance targets. Therefore, the **Plan's alignment with the Multi Year Plan has been ensured, representing a further step in the integration of sustainable principles within Fineco remuneration policy.**

## ▪ GENDER NEUTRALITY IN THE REMUNERATION SYSTEM

FinecoBank issued a specific **Global Policy on Gender Equality** and the HR function monitors and pays attention to the **Gender Pay Gap**, aiming to ensure the equal gender representation through the promotion of women in managerial roles. **Since 2017, the Identified Staff individual scorecards include the Gender Pay Gap parameter** as one of the elements for their performance evaluation.

➔ More details can be found at paragraph 4.1 of **Section I – 2021 Remuneration policy**



# 2021 short term Incentive Systems

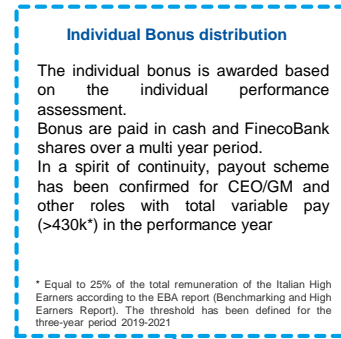
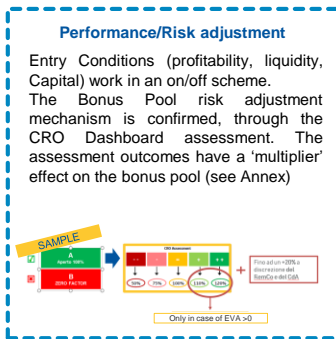
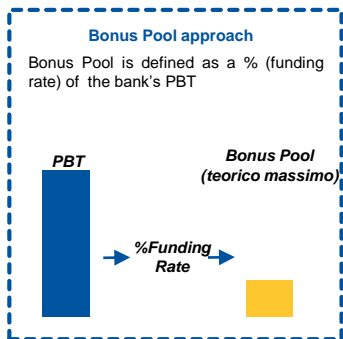
---

Remuneration policy and report



# 2021 short term Incentive Systems

- In continuity with 2020, **specific Incentive Systems for Employees and Financial Advisors Identified Staff** have been put in place in 2021
  - The 2021 Incentive Systems follow the **Bonus Pool** logic, providing **entry and malus conditions** linked to **profitability, capital and liquidity indicators**
  - The Systems provide for a **specific risk adjustment mechanism**
  - Bonus is paid in **cash and FinecoBank shares**, over a multi-year period
- ➔ *This Systems are described in details in paragraphs 5.2 and 5.3 of the **Section I – 2021 Remuneration policy***





# 2021 short term Incentive Systems

## 2021 CEO and GM Scorecard

| GOAL NAME   | REFERENCE TARGET   | CATEGORY        |
|---|--|-----------------|
| ROAC  | vs.budget  | VALUE CREATION  |
| Cost income   | vs.budget  | COST EFFICIENCY |
| EL stock (%)  | vs. target   | RISK-BASED      |
| OPEX  | vs. budget:<br>Operating costs as reported in reclassified P&L, i.e.:<br>Staff expenses + Other Administrative Expenses (direct + indirect) - Expenses Recovery + Depreciations.   | COST EFFICIENCY |
| AUM net sales                                       | vs. budget   | VALUE CREATION  |
| Stakeholder Value                                   | vs. qualitative assessment based on: <ul style="list-style-type: none"> <li>• Broaden the range of ESG products, e.g. lending and investments products (Y/Y);</li> <li>• Delta on Gender Pay Gap and Gender Balance (Y/Y);</li> <li>• ESG rating for the new funds (Y/Y) *;</li> <li>• Improve Fineco's environmental performance (e.g. environmental Statement, reduction of energy consumption);</li> <li>• Promotions of specific initiatives related to: Financial Education; training activities on ESG topics for Financial advisors.</li> </ul> | SUSTAINABILITY  |
| Tone from the top on conduct and compliance culture | vs. qualitative assessment based on:<br>Promotion of initiatives aimed at fostering staff integrity, customer protection, trustworthiness by enhancing risk & control culture.<br>The overall status of audit, compliance and External Authorities findings considering the type, severity and the timely completion of the related remedial actions.  | SUSTAINABILITY  |

QUANTITATIVE / STRATEGIC  
Peso 70%

QUALITATIVE/ SUSTAINABLE  
Peso 30%

\* Excluding UK representing for Fineco a new opening market



# 2021-2023 LTI





---

Remuneration policy and report



# Performance goals

With the aim of rewarding, retaining and motivating selected Bank Employees in the long term, in line with FinecoBank Group **2020-2023 Strategic Plan**, a share/based **long-term incentive plan** has been defined. The Plan sets goals linked to the **2021-2023 targets** in terms of **value creation, industrial sustainability, risk and stakeholder value**, also in order to align the long-term interests of the Bank's Management with the long-term value creation for shareholders

| GOALS   | KPIs                                | WEIGHT | TARGET               | ASSESSMENT CRITERIA                 |                         |
|---|-------------------------------------|--------|----------------------|-------------------------------------|-------------------------|
|   |                                     |        |                      | Threshold                           | Payout                  |
|  <b>VALUE CREATION</b><br>50%            | ROAC                                | 35%    | Average<br>2021-2023 | ≥ 38%<br>33% - 38%<br>≤ 33%         | 100%<br>0% - 100%<br>0% |
|   | Net Sales<br>Asset Under Management | 15%    | Sum<br>2021-2023     | ≥ 13 bn<br>11 bn - 13 bn<br>≤ 11 bn | 100%<br>0% - 100%<br>0% |
|  <b>INDUSTRIAL SUSTAINABILITY</b><br>20% | Cost Income Ratio                   | 20%    | Average<br>2021-2023 | ≤ 37,5%<br>40% - 37,5%<br>≥ 40%     | 100%<br>0% - 100%<br>0% |
|  <b>RISK</b><br>15%                      | Cost of Risk                        | 15%    | Average<br>2021-2023 | ≤ 18 bps<br>18 - 22 bps<br>≥ 22 bps | 100%<br>0% - 100%<br>0% |
|  <b>STAKEHOLDER VALUE</b><br>15%         | Customer satisfaction               | 5%     | Average<br>2021-2023 | ≥ 90 pt<br>85 pt - 90 pt<br>≤ 85 pt | 100%<br>0% - 100%<br>0% |
|   | People engagement                   | 5%     | Average<br>2021-2023 | ≥ 76%<br>75% - 71%<br>≤ 71%         | 100%<br>0% - 100%<br>0% |
|   | ESG rating for all new funds*       | 5%     | EOY 2023             | 100%<br>80% - 100%<br>≤ 80%         | 100%<br>0% - 100%<br>0% |



# Focus Stakeholder Value goal

In light of the benchmarking analysis' results carried out with the support of the External Advisor, with regards to the materiality matrix and Fineco sustainability goals as intended in the strategic plan, **specific ESG parameters** have been identified within the **macro-goal Stakeholder Value**:

## CUSTOMER SATISFACTION

- ✓ Customer Satisfaction monitors the strength of the relationship with our customers, defined by performance and preference.

## PEOPLE ENGAGEMENT

- ✓ People Engagement is based on the monitoring of the employees involvement with respect to business strategy and positioning, and it will be measured through the People Survey results, which reflects the engagement level and the alignment with respect to the company strategy.

## ESG RATING FOR ALL NEW FUNDS

- ✓ The goal focuses on the introduction of an ESG rating for all new funds, measuring environmental, social and governance risks from a financial point of view, compared with a peers' benchmark.



# Entry Conditions and Risk adjustment

As shown below, the Plan provides appropriate **Entry Conditions** that - in case they are not met – can zero or reduce the bonus. Capital (CET 1) and liquidity (Liquidity Coverage Ratio and Net Stable Funding Ratio) parameters are assessed annually, while profitability parameters (Net Operating Profit Adjusted and Net Profit) are assessed cumulatively over the performance years

| GOALS         | PARAMETERS                    | 2021 THRESHOLDS            |
|---------------|-------------------------------|----------------------------|
| PROFITABILITY | Net Operating Profit Adjusted | > 0                        |
|               | Net Profit                    | > 0                        |
| CAPITAL       | CET 1 Ratio                   | > 8,8% (2021 RAF Capacity) |
| LIQUIDITY     | Liquidity Coverage Ratio      | > 101% (2021 RAF Capacity) |
|               | Net Stable Funding Ratio      | > 101% (2021 RAF Capacity) |

- Malus Conditions follow the same logic, but they have an impact on deferrals
- For the purposes of the appropriate Plan **correction for the Bank's Risk**, the results of the annual **CRO Dashboard assessments will be taken into consideration for each year of the Plan's performance**. The presence of any negative assessments will result in a proportional reduction of individual bonuses:

| CRO DB ASSESSMENT | 0<br>negative assessments | 1<br>negative<br>assessment | 2<br>negative<br>assessments | 3<br>negative<br>assessments |
|-------------------|---------------------------|-----------------------------|------------------------------|------------------------------|
| % BONUS           | 100%                      | 75%                         | 50%                          | 0%                           |



# Implementation of short and long term incentive systems

---

Remuneration policy and report



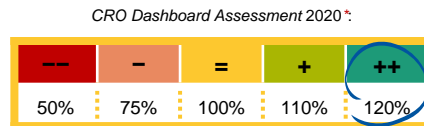
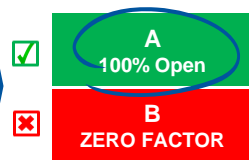
# Implementation of 2020 Incentive Systems

According to the schemes provided by the *2020 Incentive System* (paragraphs 4.1.1 and 4.1.3 of [Section II – 2020 Remuneration report](#)) the combination of:

- the **results in the “entry conditions matrix”** and
- the **CRO evaluation** (CRO dashboard) of the Bank’s results

have confirmed the bonus pools for Employees and PFA populations as summarized below. The achievement of all the Entry Conditions, and the subsequent Bonus Pool confirmation, is the prerequisite for the payment of the annual instalments of bonuses related to previous years’ incentive systems.

| Entry Conditions                                   | Results      |
|--|--------------|
| Net Operating Profit adjusted $\geq 0$             | € 501,432k ✓ |
| Net Profit $\geq 0$                                | € 323,571k ✓ |
| Common Equity Tier 1 Ratio $>9,77\%$ (RAF Trigger) | 28.56% ✓     |
| Liquidity Coverage Ratio $>101\%$ (RAF Limit)      | 926.00% ✓    |
| Net Stable Funding Ratio $>101\%$ (RAF Limit)      | 308.50% ✓    |



\* The CRO Dashboard assessment used for PFA’s Incentive Systems provide a correction range of 125% (instead of 120%) in correspondence of ++ sign.



# CEO and GM 2020 performance evaluation

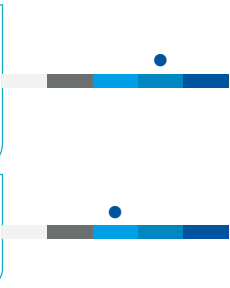
QUANTITATIVE/  
STRATEGIC  
Weight 70%

| GOAL NAME                                  | RESULTS                                      |
|--|--|
| ROAC<br>vs. budget                         | Budget: 36.27%<br>Results: 63.27%            |
| EVA<br>vs. budget                          | Budget: 216,136 k€<br>Results: 277,447 k€    |
| EL stock (%)<br>vs. target                 | Target: 0.28%<br>Result: 0.14%               |
| OPEX<br>vs. budget                         | Budget: 275,420 k€<br>Result: 269,587 k€     |
| Net New Clients *<br>vs. budget            | Budget: net 53,561 #<br>Result: net 11,981 # |
| Net Sales of Guided Products<br>vs. budget | Budget: 4,399 k€<br>Result: 4,209 k€         |



QUALITATIVE/  
SUSTAINABLE  
Weight 30%

|  |   |
|--|---|
| Stakeholder Value<br>vs. qualitative assessment based on several initiatives                                   | <ul style="list-style-type: none"> <li>In 2020 investments and lending ESG product offering (e.g. Core Pension ESG, FAM Sustainable Targets Boost, Superbonus 110%) have been successfully diversified the number of funds with ESG ratings have been increased as well as the percentage of green mortgages compared to total mortgages granted</li> <li>No significant gender pay gap for 2020; with regards to gender balance, we report a slight improvement compared to 2019 for executive positions</li> <li>Our welfare solutions focusing on health and safety and work-life balance (both home working &amp; safe work in office) have been successfully expanded</li> <li>The Global Policy on environmental performance have been approved and the implementation of the Environmental Management System has started in line with the EMAS regulation; the #BikeToFineco initiative (reimbursement of their annual subscription to bike-sharing services) was successfully launched</li> </ul> |
| Tone from the top on conduct and compliance culture<br>vs. qualitative assessment based on several initiatives | <ul style="list-style-type: none"> <li>Tone from the top activities have been carried out through the promotion of the compliance culture with specific communication and training sessions</li> <li>Overall internal compliance and audit findings as at 4Q 2020 show neither open critical aspects nor major overdue items</li> <li>All requests from external authorities have been promptly and successfully managed by involving the relevant functions of the Bank</li> </ul>   |



\* The Net New Clients goal, considering the budget approved in January 2020, resulted to be higher than the later estimate, taking into account circumstances and events such as the "repricing maneuver", further affected by the pandemic. In any case, both the fewer openings and the more closures registered during the year were limited to accounts of irrelevant value, in line with the Bank's commercial strategic decision of favoring the quality of the customers base.

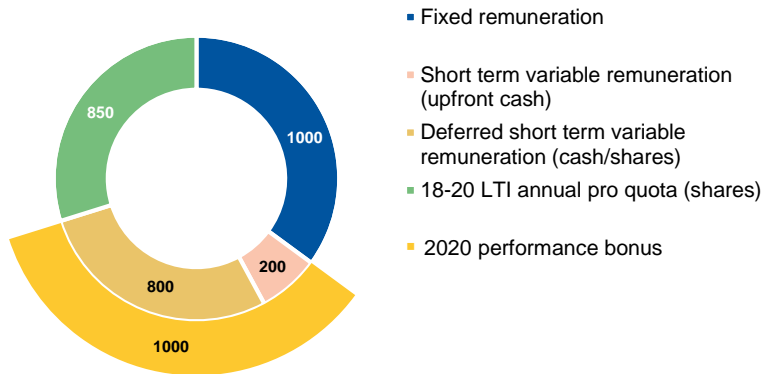


# Focus on CEO and GM compensation

- According to the overall performance assessment showed in the previous slide (resulting in **Exceeds Expectations**), **the short term bonus proposal for the CEO/GM amounts to € 1,000,000**.
- In light of the performance evaluation results and of the excellent business results overall achieved by the Company, it would have been possible to award the CEO and General Manager with a bonus higher than the one defined.

However, the sensitivity towards the contemporary social and economic context and the Supervisory Authority's recommendations on prudence towards remuneration led the Company to the decision of reducing the CEO and GM's short term variable remuneration component by approximately 12%. In any case, competitiveness of the overall compensation has been maintained, taking into account the good results achieved and confirming the alignment of the payout criteria with the Pay for Sustainable Performance principle, as required by investors and proxy advisors as well as by the Supervisory Authorities.

- Following, the details on **the remuneration structure of FinecoBank CEO and General Manager for 2020**





# Implementation of 2018-2020 LTI Plan

With the aim of rewarding, motivating and retaining selected Bank Employees, in line with the 2020 objectives of FinecoBank Group in terms of value creation, sustainability and risk, a long-term share-based plan was approved by the Board of Directors on January 10, 2018 and the by the Shareholders' Meeting on April 11, 2018, also in order to align the long-term interests of the Bank's Management with the long-term value creation for shareholders



## Plan's outcomes

### Entry Conditions

The capital and liquidity parameters (Common Equity Tier 1 Ratio, Liquidity Coverage Ratio and Net Stable Funding Ratio) have been calculated annually, while the profitability parameters (Net Operating Profit adjusted and Net Profit adjusted) have been assessed cumulatively throughout the performance years. Below, **the assessment shows that all the Entry Conditions are fully met:**

| Performance                   |                      |                      |                      |
|-------------------------------|----------------------|----------------------|----------------------|
| Entry Conditions              |                      |                      |                      |
| KPIs                          | VALUES               |                      |                      |
| Net Operating Profit adjusted | Σ 2018-2020          |                      |                      |
|                               | >0                   |                      |                      |
| Net Profit adjusted           | Σ 2018-2020          |                      |                      |
|                               | >0                   |                      |                      |
| CET1 Ratio                    | 2018 Fully Loaded    | 2019 Fully Loaded    | 2020                 |
|                               | >10.4% (RAF Trigger) | >11.1% (RAF Trigger) | >9.77% (RAF Trigger) |
|                               | 2020                 | 2020                 | 2020                 |
| Liquidity Coverage Ratio      | >101% (RAF Limit)    |                      |                      |
| Net Stable Funding Ratio      | 2020                 | 2020                 | 2020                 |
|                               | >101% (RAF Limit)    |                      |                      |

| RESULTS   |          |         |   |
|-----------|----------|---------|---|
| 2018      | 2019     | 2020    |   |
| 1,279,840 |          |         | ✓ |
| 853,155   |          |         | ✓ |
| 21.16%    | 24.19%   | 28.56%  | ✓ |
| 1321.38%  | 1066.49% | 926.00% | ✓ |
| 216.15%   | 261.46%  | 308.50% | ✓ |



# Implementation of 2018-2020 LTI Plan

## Performance goals

The performance goals have been assessed in relation to specific targets. Each KPI, defined for each goal, is weighted in terms of percentage with respect to the final bonus. All KPIs have been assessed in relation to specific 2020 targets. The maximum bonus can be awarded upon reaching the established thresholds. For the EVA and Cost/Income parameters, lower thresholds have been set, within which the bonus will be defined with a linear progression, while for the CoR an on/off threshold has been set.

Following, the performance results show that **all the goals have been fully achieved**:

|                           | KPI               | ASSESSMENT CRITERIA |          | RESULTS    |
|---------------------------|-------------------|---------------------|----------|------------|
|                           |                   | Threshold           | Payout   |            |
| Value Creation            | EVA               | ≥200 M              | 100%     | 277.447k ✓ |
|                           |                   | 180 M – 200 M       | 0 – 100% |            |
|                           |                   | ≤180 M              | 0%       |            |
| Industrial Sustainability | COST/INCOME RATIO | ≤39%                | 100%     | 34,8% ✓    |
|                           |                   | 42% - 39%           | 0 – 100% |            |
|                           |                   | ≥42%                | 0%       |            |
| Risk                      | COR*              | ≤40 bps             | 100%     | 10 bps ✓   |

\*Calculated on commercial loans





# Implementation of 2018-2020 LTI Plan

## Risk Adjustment

For the purposes of the appropriate Plan correction for the Bank's risk, according to regulatory provisions (Bank of Italy, Circular n. 285) a risk adjustment mechanism is provided, in coherence with Fineco Group RAF and based on the CRO Dashboard annual assessment throughout the Plan's performance years. The presence of 'neutral' or negative annual assessment would result in a proportional reduction of individual bonuses, as shown below:

| % BONUS           | 100%  | 75%                      | 50%                   | 25%                    | 0%                     |
|-------------------|---|--------------------------|-----------------------|------------------------|------------------------|
| CRO DB ASSESSMENT | 1 'neutral' assessment and 2 positive assessments (or 3 positive assessments) | ≥2 'neutral' assessments | 1 negative assessment | 2 negative assessments | 3 negative assessments |

The adjustment results show **a positive assessment in each performance year:**

| PERFORMANCE YEAR | ASSESSMENT      | % BONUS |
|------------------|-----------------|---------|
| 2018             | ++ ✓            |         |
| 2019             | ++ ✓ 3 POSITIVE | 100%    |
| 2020             | ++ ✓            |         |

# Annex

---

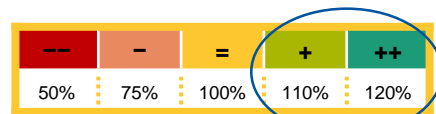
Remuneration policy and report

# CRO Dashboard assessment mechanism

- FinecoBank Incentive Systems are 'risk adjusted', in coherence with the Bank's Risk Appetite Framework.
- For the purposes of Short Term Incentive Systems, FinecoBank implements this principle through the use of the so called 'CRO Dashboard'
- The CRO dashboard (defined in coherence with Fineco Risk Appetite Framework) includes **KPIs taken from the Risk Appetite Framework**, measured with reference to the respective relevant thresholds (Risk Appetite, Risk Tolerance and Risk Capacity). Here below a sample of the content of the dashboard for 2021:

| DIMENSION                          | 2021                               |               |                |               |
|------------------------------------|------------------------------------|---------------|----------------|---------------|
|                                    | KPIs                               | Risk Appetite | Risk Tolerance | Risk Capacity |
| Capital                            | CET1 Ratio (%)                     | --%           | --%            | --%           |
| Liquidity                          | LCR (%)                            |               | --%            | --%           |
|                                    | NSFR (%)                           |               | --%            | --%           |
| Credit                             | EL stock (%)                       | --%           | --%            | --%           |
|                                    | Coverage on Impaired (%)           | --%           | --%            | --%           |
| Interest Rate Risk on Banking Book | EV Sensitivity (%)                 |               | --%            | --%           |
| Risk & Return                      | ROAC (%)                           | --%           | --%            | --%           |
| Operational Risk                   | Operational Risk Losses / Revenues | --%           | --%            | --%           |

CRO Dashboard Assessment and corresponding Bonus Pool correction ranges\*:



Only with EVA > 0

\* The CRO Dashboard assessment used for PFA's Incentive Systems provide a correction range of 125% (instead of 120%) in correspondence of ++ sign

**Thanks!**

---

