

QUALITATIVE AND QUANTITATIVE COMPOSITION

OF THE BOARD OF DIRECTORS
OF FINECOBANK S.P.A.

This is an English translation of the original Italian document.
The original version in Italian takes precedence.

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INTRODUCTION

In accordance with the contents of the Regulatory Provisions for Banks on Corporate Governance – Bank of Italy Circular No. 285 of 17 December 2013 (hereinafter the “**Regulatory Provisions**”), for the purposes of appointing (or co-opting) directors, banks’ boards are required to identify their qualitative and quantitative composition considered optimal for the effective fulfilment of their duties and their legal, regulatory and statutory responsibilities.

In line with the general principles of the Regulatory Provisions:

- A) in quantitative terms, the number of members of the Corporate Bodies must be sufficient in relation to the size, characteristics and complexity of the bank, in order to ensure the effective coverage of all company operations, in terms of management and control;
- B) from a qualitative perspective, the proper fulfilment of the functions that fall under the responsibility of the strategic bodies requires the presence on the board of persons who:
 - are fully aware of the powers and obligations linked to the functions that each of them is required to perform (supervision or management; executive and non-executive functions; independent members etc.);
 - have professional characteristics which are adequate for their role and their position on any board committees, and are appropriate considering the operational profile and size of the bank;
 - have diverse expertise, appropriately distributed among all the members, to allow each member to make an effective contribution both as a member of board committees and when taking board decisions, in order to identify and pursue strategies to assure the effective governance of risks in every area of the bank;
 - who devote adequate time and resources to the complexity of their role, subject to the limits on the number of directorships as provided for in Ministerial Decree 169/2020 (as defined below), in accordance with what is already provided for in the implementation of the Directive 2013/36/EU of the Parliament and Council of 26 June 2013 on access to the activities of credit institutions and the prudential supervision of credit institutions and investment companies, amending Directive 2002/87/EC and repealing directives 2006/48/EC and 2006/49/EC (the “**CRD IV Directive**” or “**CRD IV**”);
 - direct their actions towards the pursuit of the bank’s general interest, regardless of the shareholder that voted for them or the list they were drawn from, and who exercise their independent judgement.

The Regulatory Provisions require attention to be paid to all the members, including the non-executive directors: the non-executive directors participate in the decisions taken by the board as a

whole, and are asked to perform an important role in terms of communicating, and monitoring the decisions taken by the executive members. The authority and professionalism of the non-executive directors must be adequate to the effective exercise of these functions, which are decisive for the sound, prudent management of the bank: it is therefore essential that the body of non-executive directors must have, and express, adequate knowledge of the banking business, the dynamics of the economic and financial system, banking and financial regulation and, in particular, knowledge of risk control and management methods, as this type of knowledge is vital, if they are to perform their duties effectively.

The Regulatory Provisions also require that the members of the body performing strategic supervision must include independent individuals who oversee the management of the company using their own independent judgement, helping to ensure that the company is managed in the interests of the bank, and in accordance with the objectives of sound and prudent management. For larger or more complex banks, the presence within the specialised board committees (with investigative, positive or advisory functions) of this type of independent individual facilitates the taking of decisions, with particular reference to more complex areas, or areas in which there is a higher risk of a conflict of interest situation arising.

The objective of the Regulatory Provisions is to ensure that – both after the appointment process, which involves multiple bodies and functions (the Appointments Committee, if present; Board; Shareholders' Meeting), and on an ongoing basis – the top management bodies includes persons who can ensure that their designated roles are performed efficiently. To this end, the professional skills necessary to achieve this result must be clearly defined *ex ante*, and possibly reviewed over time to take account of any emerging issues, and the selection of candidates must take into account these recommendations.

The Regulator requires that the outgoing members of the executive body must decide, in advance, the qualitative and quantitative composition of the new board, which they consider to be optimal based on the regulatory objectives. In particular, hypothetical candidate profiles must be outlined and justified, with details of the characteristics considered most appropriate for the duties to be performed on the Board of Directors (and on any internal board committees).

The same provisions are contained in Ministerial Decree No. 169/2020 which requires each body to identify in advance its optimal qualitative and quantitative composition in view of achieving the objectives set forth in Article 11 of the same decree and to subsequently verify that this composition matches the actual composition resulting from the appointment process.

The guidelines for shareholders concerning the optimal composition and qualitative characteristics of the executive body will be proposed also in accordance with the Code of Corporate Governance for Listed Companies ⁽¹⁾.

(¹) See Art. 4. Recommendation 23, according to which the governing body expresses, in view of its upcoming renewal, a guideline on its optimal composition and number of board members, taking into account the results of the self-assessment.

The applicable national and European laws and regulations, including *soft law*, are summarised below, as it was considered essential that the relevant regulatory principles be reflected in the candidate selection process:

- Articles 147-ter, 147-quinquies and 148 of Legislative Decree 58/1998 (“**TUF**”);
- Article 26 of Italian Legislative Decree 385/26 (“**TUB**”);
- Article 36 of Italian Legislative Decree no. 201 of 6 December 2011, “*Urgent provisions for growth, fairness and the consolidation of public accounts*” (so-called “Save Italy Decree”) converted, with amendments, by Law no. 214 of 22 December 2011 (so-called “Interlocking Directorship”);
- Ministerial Decree No. 169/2020 “*Regulation on the requirements and eligibility criteria for corporate officers of banks, financial intermediaries, credit guarantee consortia, electronic money institutions, payment institutions and depositor guarantee schemes*” (the “**Ministerial Decree 169/2020**”);
- Ministerial Decree no. 162/2000 “*Regulations containing rules for setting the professionalism and integrity requirements of the members of the Board of Statutory Auditors of listed companies to be issued based on Article 148 of Italian Legislative Decree no. 58 of 24 February 1998*” (the “**Ministerial Decree 162/2000**”);
- Part I, Title IV, Chapter 1, Section IV (Composition and appointment of corporate bodies) of Bank of Italy Circular No. 285 of 17 December 2013, (the “**Regulatory Provisions for Banks**”);
- the *Corporate Governance Code* for Listed Companies approved on 31 January 2020 by the *Corporate Governance Committee* and promoted by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria, in force as of 1 January 2021 (the “**Corporate Governance Code**”);
- CRD IV, as amended from time to time, and Regulation EU No. 575 of the European Parliament and Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the “**CRR**”);
- *EBA Guidelines on Internal Governance* (2017) entered into force on 30 June 2018, as most recently amended on 2 July 2021;
- *EBA/ESMA Joint Guidelines* on the assessment of the suitability of members of Strategic Supervisory and Management Bodies and Key Function Holders, last updated on 2 July 2021 (the “**EBA/ESMA Guidelines**”);
- the European Central Bank’s “*Guide to fit and proper assessment*” published in December 2021, which revises and replaces the previous version updated in May 2018. The purpose of the Guide is to explain in more detail the *policy* guidelines, supervisory practices and processes applied by the European Central Bank in assessing the suitability of members of the

This guideline identifies the managerial and professional profiles and skills that are deemed necessary, also in light of the company's sectoral characteristics, and having regard to the diversity criteria specified by the same *Corporate Governance Code* and the guidelines issued on the maximum number of positions in application of the recommendations therein contained.

management bodies of significant credit institutions and to specify the ECB's main expectations (the “**ECB Guide**”).

1. ASSESSMENT BY THE BOARD OF DIRECTORS OF FINECOBANK S.p.A. ON THE QUALI-QUANTITATIVE COMPOSITION OF ITS OWN ADMINISTRATIVE BODY

The mandate of the Board of Directors of FinecoBank S.p.A. (the “**Company**” or “**FinecoBank**” or the “**Bank**”) appointed on 28 April 2020 ends with the approval of the financial statements to 31 December 2022. The Shareholders will thus be asked to elect new directors at the next shareholders’ meeting on 27 April 2023.

In view of this, and in consideration of the information given in the Introduction, the Board of Directors of FinecoBank has thus been asked to identify the hypothetical profiles (including the characteristics of professionalism and independence) of the candidates, taking into account that their level of authority and professionalism must be adequate for the duties that the directors are asked to perform on the Board (and on any board committees), also considering the size and complex nature of the Company’s operations. The results of the self-assessment and peer review processes conducted over the past three years were also taken into account when preparing these profiles, as well as the experience gained during the previous mandate, in terms of the activities and mode of operation of the Board and of its committees.

This document is made available to the Shareholders in good time so that they can bear it in mind when selecting candidates. This should nevertheless be without prejudice to the right for Shareholders to express different assessments regarding the optimal composition of the Board, giving reasons for any deviations from the analysis carried out by the latter.

1.1. Quantitative composition of the Board of Directors

As mentioned above, the Regulatory Provisions, along with the general considerations on the quantitative aspect of the board of directors, have introduced more specific provisions in this regard, which have been summarised below:

- for larger and more complex banks, the maximum number of directors is 15, except in exceptional cases which must be assessed and justified in detail;
- for larger or more complex banks, the strategic supervision body requires three committees specialising in “appointments”, “risks”, and “remuneration”;
- each of these board committees must usually be formed of between three and five members, all of whom are non-executive and the majority must be independent. The committees must be differentiated by at least one member and, if a director was elected by minority shareholders, he must be part of at least one committee.

With regard to the Company, Art. 13 of the Articles of Association provides that the Board be constituted by a minimum of nine to a maximum of thirteen members.

The self-assessment process resulted in a positive assessment as regards the size of the Board. Therefore, it is **recommended that the optimal size of the future Board of Directors be confirmed in the number of 11 directors**. This takes into account the complexities of the Bank's organisation, operations and governance, its business model, and the assessments of how the Board itself functions.

Furthermore, as regards the setting up of Board committees, the Board, in view of the experience gained over the last three years, recommends that the future Board of Directors confirm the current organisational structure and, therefore, the following committees: (i) a Corporate Governance and Environmental and Social Sustainability Committee of three members, (ii) an Appointments Committee of three members, (iii) a Remuneration Committee of three directors and (iv) a Risk and Related Parties Committee of five members. In line with the previous mandate and taking into account the Regulatory Provisions for Banks, all members of the aforementioned committees must be independent directors pursuant to the TUF and the Corporate Governance Code. The aforementioned Regulatory Provisions must also be assessed when defining the actual composition of the committees⁽²⁾.

1.2. Qualitative composition of the Board of Directors

In view of the framework outlined above, although the current Board composition is considered suitable, when formulating its recommendation to the Shareholders who will be submitting the lists of candidates, with regard to the professionalism and expertise considered to be necessary for the optimal composition of the Company's Board of Directors, the Board has reiterated the importance of:

- ensuring that a balanced mix of profiles and experience is represented within the governing body also in the future, encouraging, in view of the challenges the Bank will face, increasing expertise in terms of knowledge not only of the banking sector, of strategies, risks and controls, but also in the field of information technology, digitalisation, cybersecurity, operations and ESG;
- encouraging aptitudes that will optimise the directors' fulfilment of their mandates. In particular, the following soft skills and key expertise are prioritised for the composition of the future Board: independence of thought and integrity; appropriate availability of time and

⁽²⁾ Pursuant to the Regulatory Provisions for Banks (para. 2.1(c)), it is good practice that in board committees, including committees other than mandatory committees in application of the guidelines laid down in paragraph 2.3.1 of the Provisions, at least one member is of the lesser represented gender. For further details, please refer to the "*Corporate Bodies Regulation of FinecoBank S.p.A.*", which is published on the Bank's *website*, and which contains guidelines for the composition and functioning of the committees within the Board of Directors.

efforts; ability to stand up; ability to integrate sustainability issues into the strategic and business vision; ability to collaborate, ability to interact with the top management; ability to handle conflicts constructively; result-oriented approach; decision-making ability;

- confirm a system of powers and authorities that qualifies the CEO as the only executive member of the board of directors, while assuring that the Board can verify the exercise of the powers granted;
- guarantee the communication aspect assured by the independent directors, based on the inclusion of an appropriate number of independents in the Board and in the Committee;
- recognise that the availability of time and resources is a key aspect of the effective fulfilment of the directors' role on the Board and on the Committees;
- promoting the diversity requirements that already characterise the Board, including international outlook (regardless of nationality) and gender diversity. Distinctive diversification in terms of skills, professionalism, training and managerial experience is also desired.

1.2.1. Professionalism requirements and competence criteria

As a preliminary reminder, the Board of Directors notes that the ECB, as stated in the ECB Guide, expects all candidates proposed for election as members of a bank's Board of Directors to possess a basic knowledge of the banking sector, on which to develop their role and their tenure on the Board. In particular, the ECB Guide requires each candidate to have a basic technical knowledge in the following areas (although any deficiencies can be mitigated through appropriate training):

1. banking and financial markets;
2. regulatory framework and legal requirements;
3. strategic planning, the understanding of an institution's business strategy or business plan and accomplishment thereof;
4. risk management (identifying, assessing, monitoring, controlling and mitigating the main types of risk of a credit institution);
5. accounting and auditing;
6. the assessment of the effectiveness of a credit institution's arrangements, ensuring effective governance, oversight and controls;
7. the interpretation of an institution's financial information, the identification of key issues based on this information, and appropriate controls and measures.

Subject to the above and to compliance with the legal requirements, the Board, also following the

Self-assessment process, has outlined the optimal composition that will assure the most appropriate balance of experience and skills. Furthermore, in order to achieve an adequate qualitative composition of the Board of Directors, it is expected that the theoretical knowledge and practical experience, specifically gained and contributed to the overall composition of the Board by each Board Member candidate be achieved, in more than one of the areas specified by the applicable legislation and/or the additional areas of professionalism indicated by the Board, at a “very high”/“high” level⁽³⁾ in addition to the “medium”/“basic” level in other knowledge areas.

The Board has defined an indicative list which illustrates the collective experience, knowledge and expertise it considers appropriate in order to obtain the optimal qualitative composition. In particular, also as a result of the outcomes of the self-assessment and peer-review processes conducted in the previous three-year period, the Board felt that the experience and knowledge envisaged in the “table of skills” should be represented in the lists submitted for renewal of the board to the following extent:

- very broadly, i.e. possessed at a very high/high level by at least three (3) candidates, with regard to the first skill group (from 1 to 9);
- broadly, i.e. possessed at a very high/high level by at least two (2) candidates, with regard to the second skill group (from 10 to 12).

INDICATIVE LIST OF EXTENT AND IDEAL BALANCE OF SKILLS AND PROFESSIONAL BACKGROUND FOR MEMBERS OF THE BOARD OF DIRECTORS

	Very broad	Broad
1. BANKING SECTOR AND ASSESSMENT AND MANAGEMENT TECHNIQUES FOR RISKS RELATED TO THE EXERCISE OF THE BANKING ACTIVITY.	X	

Skills gained through several years of experience in administration, management or control positions in the financial services sector or in university teaching;

³ It should be noted that a “Very High”/“High” level is understood as having been acquired through (i) experience in a position at an executive level and over a significant period of time; or (ii) knowledge and skills acquired through specific and in-depth training courses and represented by recognised cultural background and/or acquired through experience (naturally also in Boards and Committees, if for more than one term) in professional *curriculum*, which led to, and explain and demonstrate how they have been gained. In general, very good and distinctive knowledge and skills are knowledge and skills of which one is an expert, which are adequate in relation to the task undertaken and/or of which one is able to explain/teach the contents.

2. STRATEGIC PLANNING, AWARENESS OF A CREDIT INSTITUTION'S CORPORATE STRATEGIC DIRECTION OR BUSINESS PLAN AND ITS IMPLEMENTATION.

Skills gained through several years of experience in administration, management or control positions in enterprises within the financial sector or in carrying out professional activities or in university teaching; X

3. BUSINESS MANAGEMENT AND ORGANISATION.

Skills gained through several years of experience in administration, management and control at large scale corporations or groups; X

4. UNDERSTANDING THE FINANCIAL AND ACCOUNTING DATA OF A FINANCIAL INSTITUTION.

Skills gained through several years of experience in administration, management or control positions in enterprises within the financial sector or in carrying out professional activities or in university teaching; X

5. GOVERNANCE (audit, legal, corporate, remuneration systems, etc.).

Skills gained through several years of experience in administration, management or control positions in large companies, particularly those from the financial services industry, or in carrying out professional activities or university teaching; X

6. REGULATIONS PERTAINING TO THE BANKING AND FINANCIAL INDUSTRY.

Skills gained through several years of experience within financial companies or supervisory bodies, or in carrying out professional activities or university teaching; X

7. GLOBAL DYNAMICS OF THE ECONOMIC AND FINANCIAL SYSTEM.

Skills gained through university education/studies or significant experience within research institutions, research divisions of companies or international bodies, regulatory X

bodies or in financial firms;

8. BANKING AND FINANCIAL MARKETS IN WHICH FINECOBANK OPERATES AND BANKING AND FINANCIAL PRODUCTS.

Skills gained through experience in financial companies, studies or at research bodies or by carrying out entrepreneurial activities or professional activities for several years at institutions or bodies, groups or companies (public or private) also active internationally; X

9. COMPLIANCE AND PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING.

Skills gained through many years of experience in administration (in board committees), management and control positions in the financial sector or in university teaching, or through experience in professional firms or supervisory authorities; X

10. FINECOBANK'S FOREIGN MARKETS.

Skills gained through previous research or academic or professional experience or in international financial companies; X

11. INFORMATION TECHNOLOGY.

Skills acquired through studies or practical professional experience gained from previous positions; X

12. SUSTAINABILITY with specific reference to strategic aspects and the management of relevant risks with a view to medium- and long-term sustainability, including climate and environmental risks. X

Skills acquired through studies or practical professional experience gained from previous positions.

While each director must have a “very high/high” level of knowledge and experience, preferably in two or more of the indicated areas, the Board recommends that all the areas of expertise indicated above should be represented on the administrative body, as the simultaneous presence of diverse experiences ensures the complementarity of the directors’ profiles and favours dialogue and the efficient functioning of the Board. In general, the directors should have an up to date knowledge of

the business in which the Bank operates, and of its risks, at a level that gives them a sufficient understanding of the various areas.

To enable Shareholders to understand the skills of each candidate more easily, the Board requires all candidacies to be accompanied by CVs and declarations signed by the candidates themselves, containing detailed evidence of their expertise in the various areas listed above.

Furthermore, the director candidates – subject to the provisions of this paragraph 1.2.1. – must also meet the professionalism requirements and skills criteria set out in Articles 7 and 10 of Ministerial Decree 169/2020.

Similarly, by virtue of the reference to the EBA/ESMA Guidelines and the ECB Guide and the related questionnaire for the assessment of suitability requirements by the Bank of Italy, candidate directors are also required to meet the requirements of professional experience and technical knowledge set forth in the aforementioned provisions.

1.2.2. Aptitudes

The Board also recommends that the following aptitudes be kept into consideration as they constitute the requirements for the role of member of the Company's Board of Directors:

- goal orientation, collaboration and guidance skills, namely:
 - ability to collaborate effectively in order to establish positive relations for the optimal performance of one's duties as a director;
 - ability to analyse various issues from different perspectives and, therefore, to actively promote sharing and argumentation (premise of a collective and well-informed decision) by encouraging comparison and exchange of views and, to that effect, valuing all the skills and professionalism within the administrative body;
 - ability to enrich the Board's discussions with goal-oriented interventions aiming, in general, at pursuing the Company's development and business interests and at creating value for its Shareholders;
- decision-making ability, namely: ability to identify and pursue the issuer's strategic and business objectives, and to encourage such conduct.

In general, the Board favours those candidates who not only have high levels of professional ability in the areas listed, but also have soft skills such as authenticity, the ability to “stand up”, communicate and be influential, leadership, a spirit of collaboration, good judgement and in general, the other soft skills indicated in the EBA/ESMA guidelines (cfr. Annex A).

1.2.3. Significant roles

The Board of Directors of the Bank, being aware of the high importance of certain roles, deems it appropriate to make specific suggestions in relation to the type of individuals that are deemed most appropriate.

Chair of the Board of Directors

The Chair should, preferably:

- be an individual of high professional standing and integrity, recognised as authoritative, balanced and credible, such as to ensure proper and transparent management of the Board, favouring internal dialogue and ensuring the balance of powers with respect to the Chief Executive Officer, and to objectively act as guarantor vis-à-vis all the Shareholders, the Bank's stakeholders and in institutional relations;
- have experience in corporate governance and in supervising induction activities, as well as self-assessment of the Board of Directors;
- have comprehensive knowledge of the banking business and of financial and credit regulations;
- be recognised as having independence of judgement and intellectual honesty, leadership, conciseness, mediation and communication;
- have ideally gained, in large listed companies or international groups or bodies comparable in size or governance or business complexity to FinecoBank, experience in leading Boards of Directors and, consequently, in engaging in constructive dialogue with Chairmen of Committees and Directors, including the Chief Executive Officer, as well as with the Shareholders.

Chief Executive Officer

The Chief Executive Officer should have, preferably:

- gained managerial experience in top management positions at large listed companies, in business areas related to the banking sector or financial intermediaries, in which he or she has had verifiable professional successes and achievements;
- a recognised strategic vision, high strategic orientation and sound business judgement;
- a transparent approach, be open to dialogue with the Board and willing to share strategic decisions and propositions with the Board members;
- authority, high leadership and executive skills, openness to others' contributions and constructive criticism;
- great interpersonal skills.

1.2.4. Dedication and time commitment

In light of the Regulatory Provisions and Ministerial Decree 169/2020⁽⁴⁾, the availability of time and resources to devote to the performance of the office, owing to its nature and quality, is a fundamental requirement for candidate directors, also in respect of activities related to participation in the work of board committees, where applicable.

With reference to the Company's specific context, for the purposes of information, please note that in each year of the three-year period 2020-2022, an average of 13 Board of Directors' meetings were held per year, as well as 21 meetings of the Risks & Related Parties Committee, 13 meetings of the Remuneration Committee, 14 meetings of the Appointment Committee and approximately 10 meetings of the Corporate Governance and Environmental and Social Sustainability Committee. On average, each Board of Directors' meeting lasted 3.58 hours, 3.20 hours for the meetings of the Risks & Related Parties Committee, 1.19 hours for the Remuneration Committee, 1.16 hours for Appointment Committee and, finally, 1.58 hours for the Corporate Governance and Environmental and Social Sustainability Committee.

The time necessary to examine the documents sent ahead of each Board or Committee meeting must also be considered, as well as the commitment required to attend events off-site, as well as informal and/or induction sessions.

The Board recommends that candidates accept a position if they consider that they will be able to dedicate the necessary time to it, taking into account the time allocated to other professional or working activities, as well as other positions held at other companies.

The Board of Directors of FinecoBank has carried out an estimate, to be used as a benchmark to assess the minimum time considered necessary for effective attendance at meetings, in order to guarantee the proper functioning of the Board and the contribution of each member to Board discussions. This information is summarised below:

Chairman of the Board of Directors	50/60 days per year
Deputy Chairman of the Board	10 days per year ⁽⁵⁾
Chief Executive Officer	<i>full time</i>
Non-executive Director	20 days per year

⁽⁴⁾ The time availability requirement (already mentioned in the EBA/ESMA Guidelines) is expressly provided for in Art. 16 of Ministerial Decree 169/2020. The recommendations of the ECB Guide in this respect are also taken into account.

⁽⁵⁾ In addition to the time required to cover the role of non-executive director.

Member of the Risks and Related Parties Committee	12 days per year (6 days more per year, for the Chairman) ⁽⁶⁾
Member of the Appointment Committee	6 days per year (3 days more per year, for the Chairman) ⁽⁷⁾
Member of the Corporate Governance, Environmental and Social Sustainability Committee	9 days per year (3 days more per year, for the Chairman) ⁽⁸⁾
Member of the Remuneration Committee	9 days per year (4/ 5 days more per year, for the Chairman) ⁽⁹⁾

Lastly, in this respect, with a view to active and constant participation, the Board deems it appropriate to set, on a voluntary basis, an indicative minimum attendance at Board of Directors' meetings, thus introducing a minimum threshold of 80% applicable to each corporate officer, unless there are proven needs preventing attendance.

1.2.5. Limit to the number of positions

The directors are also required to comply with regulatory and statutory provisions governing the holding of positions within companies other than the Bank.

Pursuant to Article 17 of Ministerial Decree 169/2020⁽¹⁰⁾, the members of the Board of Directors may not hold a total number of positions in banks or other business undertakings ⁽¹¹⁾ greater than one of the following alternative combinations:

- 1 executive position and 2 non-executive positions, including the position in FinecoBank;
- 4 non-executive offices, including their position at FinecoBank.

⁽⁶⁾ In addition to the time required to cover the role of non-executive director.

⁽⁷⁾ In addition to the time required to cover the role of non-executive director.

⁽⁸⁾ In addition to the time required to cover the role of non-executive director.

⁽⁹⁾ In addition to the time required to cover the role of non-executive director.

⁽¹⁰⁾ The provisions of Ministerial Decree 169/2020 reflect the provisions already laid down in Article 91 of the CRD IV Directive as also referred to in Article 13(2) of the Articles of Association, as well as in the ECB Guide.

⁽¹¹⁾ “Business undertaking” means a company having its registered office in Italy, incorporated under one of the forms provided for in Book V of the Italian Civil Code, Title V, Chapters III, IV, V, VI and VII, and Title VI, having as its object the pursuit of one of the activities provided for in Article 2195(1) of the Italian Civil Code, or a company having its registered office in a foreign country and qualifying as a business under the provisions of the relevant law of the State in which it has its registered office or general management.

In addition, the following positions are also considered to be a single directorship: (a) executive or non-executive directorships held within the same group; (b) in banks belonging to the same institutional protection scheme; and (c) executive or non-executive directorships held in companies, not included within the group, in which the entity holds a qualifying holding as defined in Regulation (EU) No 575/2013, Article 4(1), point 36.

1.2.6. Incompatibility, ineligibility, forfeiture

Regarding the numerous causes of incompatibility, ineligibility or forfeiture that may affect a candidacy and/or the holding or maintaining of a position – including but not limited to the circumstances referred to in Articles 2382 civil code and 187-*quater* TUF – Shareholders are asked to pay particular attention to the prohibition on interlocking, which relates to interlocking positions in the credit and financial markets.

Specifically, in accordance with Article 36 of Decree Law 201 of 6 December 2011 converted with amendments by Law no. 214 of 22 December 2011 containing provisions on “*interlocking personal interests in the credit and financial markets*” and the prohibition on “*holders of positions on management, supervisory or control bodies and the top management of companies or groups operating on the credit, insurance and financial markets from holding or exercising similar positions in competing companies or groups*”, the Board of Directors recommends that the shareholders indicate candidates for whom it has already been verified that there are no grounds for incompatibility provided for in the above-mentioned law.

Finally, it should be noted that the laws on incompatibility for public employees and the holders of public offices (Legislative Decree 165/2001 as amended) must also be respected.

1.2.7. Independence pursuant to the Articles of Association and statutory independence

Pursuant to Article 13, paragraph 3 of the Articles of Association, the majority of the Board members must meet the independence requirements established in the Corporate Governance Code.

The independent directors must also meet the independence requirements set forth in Article 148 of the TUF (by virtue of the reference made by Article 147-*ter*, paragraph 3, of the TUF), as well as the requirements set forth in Article 13 of Ministerial Decree 169/2020.

In view of the foregoing, the Board recommends that the Shareholders’ appointment proposals be defined in such a way as to ensure that the majority of the members of the governing body meet the independence requirement set forth in Article 2, Recommendation 7 of the Corporate Governance Code, Article 148 of the TUF and Article 13 of Ministerial Decree 169/2020.

1.2.8. Independence of judgement

All the Board members must be able to reach well-founded, objective independent decisions (they must be able to act with independence of judgement). To this end, any conflicts of interest may be relevant.

Specifically, the Board believes that in order to fully preserve the autonomy of judgement of the Company's board members, candidates must disclose to the Company information concerning any potential conflict of interest pursuant to Article 15(2) of Ministerial Decree 169/2020, as well as the information referred to in the EBA/ESMA Guidelines and the ECB Guide.

1.2.9. Gender quotas

Art. 147-*ter*, para. 1-*ter*, TUF, as last amended by Law no. 160 of 27 December 2019, requires compliance with the principle of gender balance, whereby the less represented gender must be reserved at least two-fifths of the number of the elected members.

1.2.10. Integrity and fairness requirements

Considering the importance that integrity requirements have, in terms of reputation, in accordance with the provisions of the Corporate Bodies Regulation of FinecoBank S.p.A., the Board recommends that in addition to the integrity requirements envisaged by Ministerial Decree 162/2000 (by virtue of the reference made in Art. 147-*quinquies* TUF) and Ministerial Decree 169/2020, candidates for the position of Director of the Bank:

- Do not find themselves – and have not previously found themselves – in situations which, concerning the economic activities and financial conditions of the candidates themselves (or of the companies controlled, significantly owned or directed by them), are or have been potentially capable of affecting their reputation or have entailed significant losses for the Bank;
- they have not acted in a way that, even if no criminal offence was committed, is not compatible with the position of director of the Bank or which may lead to seriously adverse consequences for the Bank in terms of its reputation.

Without affecting the above requirements, any lack of which will in itself result in forfeiture of office, the Board recommends that the candidates must fulfil specific fairness criteria in terms of their personal and professional conduct, in line with Art. 4 of Ministerial Decree 169/2020. In particular, all the factors pertaining to reputation and fairness must be borne in mind, including but not limited to: criminal proceedings, criminal convictions, administrative penalties for violation of corporate, banking, financial, insurance, anti-money laundering laws, or regulations on markets and payment instruments, disqualification or precautionary measures ordered by the banking, financial

and insurance regulators.

The Board also recommends compliance with the integrity requirements set out in the EBA/ESMA Guidelines and the ECB Guide.

2. *INDUCTION AND TRAINING*

Finally, following up on the Bank of Italy's recommendations on the need for banks to adopt training programmes that guarantee an appropriate level of technical knowledge for the members of their corporate bodies, the Board hopes that newly appointed directors will benefit from an adequate induction programme, in continuity with what has been done in the past..

Please note that, for each year of its three-year term of office, which is now nearing completion, the Company has offered a series of continuous training initiatives, including those relating to regulatory frameworks, as well as issues of corporate and strategic relevance and on sustainability matters.

With this spirit, it is considered that in the future, the growing investment in training will be a decisive step towards a full understanding of scenarios which are now becoming increasingly complex. It will also be a valuable opportunity to promote a sense of belonging to the Board, encouraging the Directors to become increasingly aware of their roles.

Annex A

Soft skills

This is a non-exhaustive list of the relevant skills referred to in paragraph 59 of the EBA/ESMA guidelines, which entities are required to consider when carrying out their assessments:

a. **Authenticity:** is consistent in word and deed and behaves in accordance with own stated values and beliefs. Openly communicates his or her intentions, ideas and feelings, encourages an environment of openness and honesty, and correctly informs the supervisor about the actual situation, at the same time acknowledging risks and problems.

B. **Language:** is able to communicate orally in a structured and conventional way and write in the national language or the working language of the institution's location.

c. **Decisiveness:** takes timely and well-informed decisions by acting promptly or by committing to a particular course of action, for example by expressing his or her views and not procrastinating.

D. **Communication:** is capable of conveying a message in an understandable and acceptable manner, and in an appropriate form. Focuses on providing and obtaining clarity and transparency and encourages active feedback.

e. **Judgement:** is capable of weighing up data and different courses of action and coming to a logical conclusion. Examines, recognises and understands the essential elements and issues. Has the breadth of vision to look beyond his or her own area of responsibility, especially when dealing with problems that may jeopardise the continuity of the undertaking.

f. **Customer and quality oriented:** focuses on providing quality and, wherever possible, finding ways of improving this. Specifically, this means withholding consent from the development and marketing of products and services and to capital expenditure, e.g. on products, office buildings or holdings, in circumstances where he or she is unable to gauge the risks properly owing to a lack of understanding of the architecture, principles or basic assumptions. Identifies and studies the wishes and needs of customers, ensures that customers run no unnecessary risks and arranges for the provision of correct, complete and balanced information to customers.

g. **Leadership:** provides direction and guidance to a group, develops and maintains teamwork, motivates and encourages the available human resources and ensures that members of staff have the professional competence to achieve a particular goal. Is receptive to criticism and provides scope for critical debate.

h. **Loyalty:** identifies with the undertaking and has a sense of involvement. Shows that he or she can devote sufficient time to the job and can discharge his or her duties properly, defends the interests of the undertaking and operates objectively and critically. Recognises and anticipates potential conflicts of personal and business interest.

- i. **External awareness:** monitors developments, power bases and attitudes within the undertaking. Is well informed on relevant financial, economic, social and other developments at national and international level that may affect the undertaking and also on the interests of stakeholders and is able to put this information to effective use.
- j. **Negotiating:** identifies and reveals common interests in a manner designed to build consensus, while pursuing the negotiation objectives.
- k. **Persuasive:** is capable of influencing the views of others by exercising persuasive powers and using natural authority and tact. Is a strong personality and capable of standing firm.
- l. **Teamwork:** is aware of the group interest and makes a contribution to the common result; able to function as part of a team.
- m. **Strategic acumen:** is capable of developing a realistic vision of future developments and translating this into long-term objectives, for example by applying scenario analysis. In doing so, takes proper account of risks that the undertaking is exposed to and takes appropriate measures to control them.
- n. **Stress resistance:** is resilient and able to perform consistently even when under great pressure and in times of uncertainty.
- o. **Sense of responsibility:** understands internal and external interests, evaluates them carefully and renders account for them. Has the capacity to learn and realises that his or her actions affect the interests of stakeholders.
- p. **Chairing meetings:** is capable of chairing meetings efficiently and effectively and creating an open atmosphere that encourages everyone to participate on an equal footing; is aware of other people's duties and responsibilities.

Annex B

The main applicable statutory and regulatory provisions are set forth below, with the clarification that this annex is made available to the Shareholders for information purposes only and as such is not intended to provide a complete and exhaustive list of the statutory and regulatory provisions issued on the composition of corporate bodies which the Shareholders are required to comply with.

Ministerial Decree No. 169/2020

Art. 3 - Integrity requirements for corporate officers

1. A person may not hold the position of director if he/she:

- a) is legally disqualified or is in any other of the situations provided for in Article 2382 of the Italian Civil Code;
- b) has been convicted by a final judgment, subject to the effects of rehabilitation and annulment of the judgment if the offence is repealed pursuant to Article 673(1) of the Italian Code of Criminal Procedure:
 - 1) to a sentence of imprisonment for an offence under the laws on corporate and bankruptcy matters, on banking, finance, insurance, payment services, anti-money laundering, on intermediaries authorised to provide investment services and collective asset management, on markets and centralised financial instruments management, on attracting public savings, on issuers, as well as for one of the offences envisaged by Articles 270-bis, 270-ter, 270-quater, 270-quater.1, 270-quinquies, 270-quinquies.1, 270-quinquies.2, 270-sexies, 416, 416-bis, 416-ter, 418 and 640 of the Italian Criminal Code;
 - 2) to imprisonment, for a term of not less than one year, for an offence against the public administration, against public faith, against property, or a tax offence;
 - 3) to imprisonment for a term of not less than two years for any offence committed with criminal intent;
- c) has been the subject of prevention measures ordered by the judicial authorities pursuant to Legislative Decree no. 159 of 6 September 2011, as amended, subject to the effects of rehabilitation and annulment of the judgment if the offence is repealed pursuant to Article 673(1) of the Italian Code of Criminal Procedure;
- d) at the time of taking office, was in a state of temporary disqualification from holding

management positions in legal entities and companies or in a state of temporary or permanent disqualification from performing administration, management and control functions pursuant to Article 144-ter(3), of the Consolidated Banking Act and Article 190-bis(3) and (3-bis), of the Consolidated Law on Finance, or in one of the situations referred to in Article 187-quater of the Consolidated Law on Finance.

2. Furthermore, a person cannot hold a position as director if he/she has been convicted to one of the following sentences agreed by plea bargaining in a final judgment or as a result of a summary trial - subject to the effects of rehabilitation and annulment of the judgment if the offence is repealed pursuant to Article 673(1) of the Italian Code of Criminal Procedure:

- a) a sentence envisaged by the laws on corporate and bankruptcy matters, on banking, finance, insurance, payment services, anti-money laundering, on intermediaries authorised to provide investment services and collective asset management, on markets and centralised financial instruments management, on attracting public savings, on issuers, as well as for one of the offences envisaged by Articles 270-bis, 270-ter, 270-quater, 270-quater.1, 270-quinquies, 270-quinquies.1, 270-quinquies.2, 270-sexies, 416, 416-bis, 416-ter, 418 and 640 of the Italian Criminal Code, unless the offence is repealed pursuant to Article 445(2) of the Italian Code of Criminal Procedure;
- b) to imprisonment, for a term of not less than one year, for an offence against the public administration, against public faith, against property, or a tax offence; and/or to imprisonment, for a term of not less than two years for any offence committed with criminal intent, unless the offence is repealed pursuant to Article 445(2) of the Italian Code of Criminal Procedure;

3. With regard to cases governed in whole or in part by foreign laws, the assessment that the above conditions are not met is carried out on a substantial equivalence basis.

Article 4 - Fairness criteria for corporate officers

1. The corporate officers meet fairness criteria in their past personal and professional conduct. To this end, the following elements are taken into account:

- a) criminal convictions imposed by final or non-final judgment, convictions, including non-final, which apply a sentence established by plea bargaining or as a result of a summary trial, criminal conviction decrees, although not yet irrevocable, and personal precautionary measures for an offence under the laws on corporate and bankruptcy matters, on banking, finance, insurance, payment services, usury, anti-money laundering, taxation, on intermediaries authorised to provide investment services and collective asset management, on markets and centralised financial instruments management, on attracting public savings, on issuers, as well as for one of the offences envisaged by Articles 270-bis, 270-ter, 270-quater, 270-quater.1, 270-quinquies, 270-quinquies.1, 270-quinquies.2, 270-sexies, 416, 416-bis, 416-ter, 418 and 640 of the Italian Criminal Code;

- b) criminal convictions imposed by final or non-final judgment, convictions, including non-final, which apply a sentence established by plea bargaining or as a result of a summary trial, criminal conviction decrees, although not yet irrevocable, and personal precautionary measures for offences other than those in a); application, even provisionally, of one of the prevention measures ordered by the judicial authorities pursuant to Legislative Decree No. 159 of 6 September 2011;
- c) final sentences to pay damages for acts committed in the performance of duties in entities operating in the banking, financial, securities markets, insurance and payment services sectors; final sentences to pay damages for administrative and accounting liability;
- d) administrative sanctions imposed against the corporate officer for infringements of corporate, banking, financial, securities, insurance, anti-money laundering laws and of regulations on markets and payment instruments;
- e) disqualification or precautionary measures ordered by or at the request of the supervisory authorities; removal orders issued pursuant to Articles 53-bis (1) (e), 67-ter (1) (e), 108 (3) (d-bis), 114-quinquies (3) (d-bis), 114-quaterdecies (3) (d-bis) of the TUB, and Articles 7 (2-bis) and 12 (5-ter) of the TUF;
- f) performing duties in entities operating in the banking, financial, securities markets, insurance and payment services sectors that have been imposed an administrative sanction or a sanction under Legislative Decree no. 231 of 8 June 2001;
- g) performing duties in companies that have been put under extraordinary administration, or involved in resolution, insolvency or compulsory winding-up proceedings, collective removal of members of management and control bodies, withdrawal of authorisation pursuant to Article 113-ter of the TUB, cancellation pursuant to Article 112-bis(4)(b) of the TUB or similar proceedings;
- h) suspension or disbarment from registers, cancellation (adopted as a disciplinary measure) from professional lists and associations imposed by the relevant authorities over those associations; removal for just cause from positions in management, administration and control bodies; similar measures taken by bodies entrusted by law with the management of registers and lists;
- i) negative assessment by an administrative authority as to the suitability of the corporate officer as part of authorisation proceedings pursuant to corporate, banking, financial, securities, insurance and market and payment services laws;
- j) ongoing investigations and criminal proceedings relating to the offences referred to in (a) and (b);
- k) negative information on the corporate officer contained in the Central Credit Register set up pursuant to Article 53 of the TUB; negative information means information, relating to the

corporate officer, even when he is not acting as a consumer, which is relevant for the purposes of discharging the obligations under Article 125(3) of the mentioned TUB.

2. With regard to cases governed in whole or in part by foreign laws, the assessment as to the occurrence of the above situations is carried out on a substantial equivalence basis.
3. The occurrence of one or more of the above situations does not automatically lead to the unsuitability of the corporate officer, but requires an assessment by the Board of Directors. The assessment is carried out bearing in mind the principles of sound and prudent management as well as the safeguard of the Bank's reputation and public confidence.
4. In any event, the fairness criterion is not met when one or more of the above-mentioned situations outline a serious, precise and concordant framework of conduct that runs counter to the objectives of sound and prudent management as well as the safeguarding of the Bank's reputation and public confidence.

Article 7 - Professional requirements for individuals performing administrative and management functions

1. Corporate officers with executive tasks must be chosen from among persons who have carried out, for at least three years, also alternatively:
 - a) administration or control activities or management tasks in the credit, financial, securities or insurance sector;
 - b) administration or control activities or management tasks in listed companies or companies of a size and complexity greater than or comparable (in terms of turnover, nature and complexity of the organisation or activity carried out) to that of the Bank.
2. Corporate officers with non-executive tasks are chosen from among persons who meet the above requirements or who have carried out, for at least three years, also alternatively:
 - a) professional activities pertaining to the credit, finance, securities, insurance sectors or otherwise related to the Bank's business; the professional activity must be characterised by adequate levels of complexity also in respect of the recipients of the services provided and must be carried out on a continuous and relevant basis in the above-mentioned sectors;
 - b) university teaching, as a first or second level lecturer, in legal or economic subjects or in other subjects related to activities in the credit, financial, securities or insurance sector;
 - c) managerial, executive or senior management functions, regardless of their denomination, in public entities or public administrations related to the credit, financial, securities or insurance sector and provided that the entity at which the corporate officer performed such functions is of a size and complexity comparable to that of the Bank.
3. The Chairman of the Board of Directors is a non-executive board member who has at least two

years' experience in addition to the above requirements.

4. The Chief Executive Officer and the General Manager are chosen from among persons with specific experience in the credit, financial, securities or insurance sectors, gained through administrative or supervisory activities or managerial duties for a period of not less than five years in the credit, financial, securities or insurance sector, or in listed companies or companies of a size and complexity greater than or comparable (in terms of turnover, nature and complexity of the organisation or activity carried out) to that of the Bank.

5. For the purposes of meeting the above requirements, experience gained during the 20 years preceding the appointment shall be taken into account; experience gained in several functions at the same time is counted only for the period in which they were carried out, without combining them.

Article 10 - Skills criteria for corporate officers and relevant assessment

1. The corporate officers shall meet skills criteria intended to prove their suitability for the position, taking into account the tasks inherent in the role held and the Bank's size and operational characteristics. Theoretical knowledge - acquired through studies and training - and practical experience, gained in the course of previous or ongoing work activities, are taken into account for these purposes.

2. To this end, it is necessary that:

a) the theoretical knowledge and practical experience in more than one of the following areas be taken into account:

- financial markets;
- regulation in the banking and financial industry;
- strategic guidelines and planning;
- organisational and corporate governance arrangements;
- risk management (identification, assessment, monitoring, control and mitigation of the main types of risk a bank is exposed to, including the corporate officer's responsibility in such processes);
- internal control systems and other operational mechanisms;
- banking and financial products and activities;
- accounting and financial reporting;
- information technology;

b) an assessment be made of whether theoretical knowledge and practical experience are

suitable with respect to:

- the tasks inherent in the role held by the corporate officer and in any specific delegated powers, including participation in committees;
- the characteristics of the Bank, in terms of, inter alia, size, complexity, type of activities carried out and related risks, reference markets, countries in which it carries on business.

3. In addition, for the position of Chairman of the Board of Directors, experience in coordinating, guiding and managing human resources is also assessed, such as to ensure the effective performance of his/her functions to coordinate and guide the Board of Directors' work, and to promote its proper functioning, also in terms of circulation of information, effective dialogue and encouraging internal discussions, as well as the adequate overall composition of the body.

4. The skills criterion is not fulfilled when the information acquired with regard to the theoretical knowledge and practical experience shows a serious, precise and concordant framework of the unsuitability of the corporate officer to hold the position. In the event of specific and limited deficiencies, the Board of Directors may take measures to remedy them.

Art. 11 - Criteria for appropriate collective composition of corporate bodies

1. In addition to the requirements of professionalism and the skills criteria for individual corporate officers laid down in Articles 7 to 10, the composition of the management and supervisory bodies must be suitably diversified so as to: nurture dialogue and encourage discussion within the bodies; encourage multiple approaches and perspectives in the analysis of issues and decision-making; effectively support the company's processes of strategy formulation, business and risk management, and control over senior management work; take into account the multiple interests that contribute to the sound and prudent management of the bank.

2. To this end, consideration is given to the presence of members in the management and control bodies:

- a) who are diversified in terms of age, gender, length of tenure and, limited to banks with significant operations in international markets, geographical origin of the corporate officers;
- b) whose skills, taken collectively, are appropriate to achieve the objectives set out in paragraph 1;
- c) who are adequate in number to ensure the body functions properly and is not oversized.

3. In ensuring compliance with the objectives set out in paragraph 1, account shall be taken, inter alia, of the legal form of the bank, the type of business carried out, the ownership structure, membership in a banking group, and the constraints arising from statutory and regulatory provisions on the composition of corporate bodies.

Art. 12 - Criteria for appropriate collective composition of corporate bodies

1. Each body identifies in advance its optimal composition and number of members in view of achieving the objectives set forth in Article 11 and subsequently verifies that this composition matches the actual composition resulting from the appointment process.
2. In the event of deficiencies, the relevant body takes measures to remedy them, including: a) amending the specific tasks and roles attributed to corporate officers, including any delegated authority, in a manner consistent with the objectives set out in Article 11; b) defining and implementing appropriate training plans.
3. If the measures referred to in paragraph 2 are not suitable for restoring a body's adequate collective composition, such body shall make recommendations to the shareholders' meeting (or to such other body that is responsible for the appointment of corporate officers) in order to overcome the shortcomings identified.

Article 13 - Independence requirements of some board members

1. When the presence on the board of directors of members meeting the requirements of independence is required by law or regulations, a non-executive director shall be considered independent if none of the following situations apply:

a) he/she is a spouse who is not legally separated, is in a civil partnership or de facto cohabitation, is a relative or a relative-in-law up to the fourth degree: 1) of the chairman of the board of directors, management board or supervisory board or of an executive officer of the bank; 2) of a head of the bank's main corporate functions; 3) of a person who is in the conditions referred to in (b) to (i);

(b) is a participant in the bank;

(c) holds or has held within the past two years at a participant in the bank or in companies controlled by the bank the position as chairman of the board of directors, management or supervisory board or as executive officer, or has held, for more than nine years within the past twelve years, the position as member of the board of directors, management or supervisory board or management position at a participant in the bank or in companies controlled by the bank;

(d) has been an executive officer in the bank for the last two years;

(e) is an independent director in another bank of the same banking group, unless there is full, direct or indirect, control between the banks in question;

(f) has been a member of the board of directors, supervisory board or management board or has held management positions in the bank for more than nine years in the last twelve years;

(g) is an executive officer in a company in which an executive officer of the bank holds the office of director or managing director;

h) has, directly or indirectly, or has had in the two years before taking office, self-employment or employment relationships or other relationships of a financial, asset or professional nature,

including not on a continuous basis, with the bank or its executive officers or its chairman, with companies controlled by the bank or their executive officers or their chairmen, or with a participant in the bank or its executive officers or its chairman, such as to compromise his or her independence;

(i) holds or has held in the last two years one or more of the following positions: 1) Member of the national and European Parliament, Government or European Commission; 2) regional, provincial or municipal councillor or executive councillor, president of a regional council, president of a provincial council, mayor, president or member of a district council, president or member of the board of directors of consortia of local authorities, president or member of the boards or councils of unions of municipalities, board member or president of special companies or institutions referred to in Article 114 of Legislative Decree No 267 of 18 August 2000, mayor or councillor of metropolitan cities, president or member of the bodies of mountain or island communities, when the overlap or contiguity between the geographical scope of the entity in which the aforesaid positions are held and the territorial organisation of the relevant bank or banking group is such as to compromise his/her independence.

2. [...]

3. For positions held in non-corporate bodies, the provisions of the preceding paragraphs shall apply to persons who perform in such bodies functions equivalent to those referred to in the same paragraphs.

4. Failure to meet the requirements laid down in this Article shall entail forfeiture of the office of independent director. If, following forfeiture of the office, the remaining number of independent directors on the body is sufficient to ensure compliance with the provisions on corporate governance for banks implementing the Consolidated Banking Act or other legal provisions establishing a minimum number of independent directors, the director who does not meet the requirements set forth in this Article shall, unless otherwise provided for in the Articles of Association, remain a non-independent director.

Article 15 - Independence of judgement and its assessment

1. All corporate officers shall act with full independence of judgement and awareness of the duties and rights inherent in their position, in the interest of sound and prudent management of the bank and in compliance with the law and any other applicable regulations.

2. All corporate officers shall disclose to the relevant body information concerning the situations referred to in Article 13(1)(a), (b), (c), (h) and (i) and the reasons why, in their opinion, those situations do not materially impair their independence of judgement.

3. The body in charge shall assess the independence of judgement of the officer in light of the information and reasons provided by the latter and shall verify whether the safeguards envisaged by legal and regulatory provisions, as well as any additional organisational or procedural measures taken by the bank or the officer, are effective to address the risk that the situations referred to in

paragraph 2 may impair the independence of judgement of the officer or the decisions of the body. The safeguards envisaged by the following articles are especially relevant: 2391 and 2391-bis of the Italian Civil Code and their implementing provisions; Book V, Title V, Chapter IX of the Italian Civil Code; 53(4) and (4-quater), and 136 of the Consolidated Banking Act and its implementing provisions; 6(2-novies) of the Consolidated Law on Finance; 36 of Decree-Law No. 201 of 6 December 2011, converted with amendments by Law No. 214 of 22 December 2011.

4. If the safeguards in place are not deemed sufficient, the relevant body may: a) identify additional and more effective ones; b) amend the specific tasks and roles attributed to the corporate officer, including any delegated authority, in a manner consistent with the objective set out in Article 1. If the measures specified in this paragraph are not taken or are insufficient to eliminate the deficiencies found, the relevant body shall declare the disqualification of the officer pursuant to Article 23.

5. The relevant body shall verify the effectiveness of the safeguards and measures adopted to preserve the independence of judgement of the officer, also in light of his/her conduct in the performance of his/her duties.

Art. 16 - Availability of time to carry out the assignments

1. Each corporate officer shall devote adequate time to the performance of his/her duties. Upon appointment and in a timely manner in the event of intervening facts, he/she shall inform the relevant body of the positions held in other companies, undertakings or entities, other work and professional activities performed and other situations or facts pertaining to the professional sphere that may affect his/her time availability, specifying the time required by these positions, activities, facts or situations.

2. The bank shall ensure that the corporate officer is aware of the time it has estimated as necessary for the effective performance of the assignment.

3. On the basis of the information obtained pursuant to para. 1, the relevant body shall assess whether the time each officer can devote is appropriate for the effective performance of their assignment.

4. If the officer declares in writing that he/she will be able to devote to the assignment at least the necessary time estimated by the bank, the assessment under paragraph (3) may be omitted provided that all of the following conditions are met: a) the positions held by the corporate officer do not exceed the limits provided for in Article 17; b) condition (a) is met without benefiting from the provisions of Articles 18 and 19; (c) the corporate officer does not hold the office of managing director or general manager, nor is he/she the chairman of a body or committee.

5. The relevant body verifies the appropriateness of the time actually devoted by the corporate officers, also in light of their attendance at bodies' or committees' meetings.

6. If the time availability is insufficient, the relevant body shall request that the officer give up one or more assignments or activities or that he/she undertake specific commitments to ensure greater time availability, or shall take measures including the revocation of proxies or specific tasks or the exclusion of the officer from committees. Compliance with the commitments made by the corporate officer shall be verified pursuant to paragraph 5. The assessment as to the availability of time shall not independently determine a corporate officer's disqualification but shall contribute to the assessment of his/her suitability pursuant to Article 23.

Article 17 - Limits on the number of positions held by corporate officers of larger or more complex banks

1. Except as provided in Article 19, each corporate officer of a larger or more complex bank may not hold a total number of positions in banks or other business undertakings that exceeds one of the following alternative combinations:

a) 1 executive position and 2 non-executive positions;

b) 4 non-executive positions.

2. For the purpose of calculating the limits referred to in paragraph 1, the position held in the bank is included.

3. The relevant body shall determine the disqualification of an officer if it ascertains that the limit on the number of positions has been exceeded and the officer concerned does not give up the position or positions causing the limit to be exceeded in due time with respect to the time limit specified in Article 23(7).

Legislative Decree No. 58/1998 (TUF)

Article 148 - Composition (by virtue of the reference made by Article 147-ter(4))

3. The following persons may not be appointed as statutory auditors and, if appointed, shall forfeit the position: a) those in the conditions provided for in Article 2382 of the Italian Civil Code; b) the spouse, relatives and relatives by marriage within the fourth degree of the directors of the Company, the directors, spouse, relatives and relatives by marriage within the fourth degree of the directors of the subsidiaries, parents and companies under common control of the Company; c) those related to the company or to the subsidiaries or parents or companies under common control thereof, or to the directors of the company and to the entities referred to in sub-paragraph (b) by way of employment of self-employment relationships or through other financial or professional relationships that might compromise their independence.

Code of Corporate Governance Code for listed companies

(January 2020 Edition)

Art. 2, Recommendation 7 - Composition of Corporate Bodies

The circumstances that compromise, or appear to compromise, the independence of a director are at least the following:

- a) he/she is a significant shareholder of the company;
- b) he/she is, or has been in the previous three financial years, an executive director or employee:
 - of the company, a strategically important subsidiary of the company or a company under common control;
 - of a significant shareholder of the company;
- c) directly or indirectly (for example through subsidiaries or through companies of which he/she is an executive director, or as a partner of a professional firm or a consultancy company), he/she has, or has had in the previous year, a significant commercial, financial or professional relationship:
 - with the company or its subsidiaries, or its/their executive directors or top management;
 - with a person who, also together with others through a shareholders' agreement, controls the company; or, if the parent company is a company or entity, with its executive directors or top management;
- d) he/she receives, or has received in the previous three financial years, from the company, one of its subsidiaries or the parent company, significant remuneration in addition to the fixed remuneration for the office and to the remuneration for participation in the committees recommended by the Code or provided for by the regulations in force;
- e) he/she has been a director of the Company for more than nine years, not necessarily consecutive, out of the past twelve years;
- f) he/she holds the position of executive director in another company where an executive director of the Company holds the office of director;
- g) he/she is a shareholder or director of a company or entity belonging to the network of the company entrusted with the statutory audit of the Company;
- h) he/she is a close family member of a person who is in one of the situations referred to in the previous points.

The board of directors shall, at least at the beginning of its term of office, determine in advance the quantitative and qualitative criteria for assessing the significance referred to in (c) and (d) above.

If a director is also a partner in a professional firm or consulting company, the board of directors assesses the significance of the professional relationships that may have an effect on his/her position and role within the firm or consulting company or that otherwise pertain to important transactions of the company and its group, also irrespective of the quantitative parameters.

The chairman of the board of directors, who has been nominated as a candidate for this role in accordance with Recommendation 23, may be assessed as independent if none of the above circumstances apply. If the chairman assessed as independent participates in the committees recommended by the Code, the majority of the committee members shall be other independent directors. The chairman assessed as independent does not chair the remuneration committee and the control and risk committee.

Art. 4, Recommendation 23 - Appointment of directors and self-assessment of the governing body

In companies other than those with closely held ownership the board of directors:

- expresses, in view of its upcoming renewal, a guideline on its optimal composition and number of board members, taking into account the results of the self-assessment;
- requires those who submit a list containing a number of candidates exceeding half of the members to be elected to provide adequate information, in the documentation submitted for the filing of the list, on the conformity of the list with the guideline expressed by the board of directors, also in respect of the diversity criteria set forth in Principle VII and Recommendation 8, and to indicate their candidate for the office of chairman of the board of directors, whose appointment shall be made according to the procedures set forth in the articles of association.

The guideline of the outgoing board of directors is published on the company's website well in advance of the publication of the notice of the shareholders' meeting convened for its renewal. The guideline identifies the managerial and professional profiles and skills that are deemed necessary, also in light of the company's sectoral characteristics, and having regard to the diversity criteria specified by principle VII and Recommendation 8 and the guidelines issued on the maximum number of positions in application of recommendation 5.

