

QUALITATIVE AND QUANTITATIVE COMPOSITION

OF THE STATUTORY AUDITORS
OF FINECOBANK S.P.A.

This is an English translation of the original Italian document.
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FINECO

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INTRODUCTION

This document entitled '*Qualitative and quantitative composition of the Board of Statutory Auditors of FinecoBank SpA*' (the '**Qualitative-Quantitative Profile of the Board of Statutory Auditors**') seeks to identify the qualitative and quantitative composition deemed optimal for the effective performance of the tasks and responsibilities assigned by law, by the supervisory provisions and the Articles of Association to the Statutory Auditors of FinecoBank SpA ('**FinecoBank**' or the '**Bank**' or the '**Company**').

In particular, taking into account the provisions of the Ministerial Decree 169/2020⁽¹⁾, also the Board of Statutory Auditors is required to identify in advance its optimal qualitative and quantitative composition in order to achieve the objectives set out by the said decree, subsequently verifying its compliance with the actual composition resulting from the appointment process of the auditors..

The following is a summary of the applicable national and European regulations governing the requirements of corporate officers, including soft law, as it was considered essential that the principles contained therein be reflected in the candidate selection process:

- Art. 148 of Italian Legislative Decree 58/1998 ('**TUF**');
- 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 "*Regulations on suitability requirements and criteria for the roles of corporate officers of banks, financial intermediaries, credit unions ("confidi"), electronic money institutions, payment institutions and depositor guarantee schemes*" ("**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 of corporate bodies) of Bank of Italy Circular No. 285 of 17 December 2013, (the "**Supervisory Provisions for Banks**");
- the Corporate Governance Code for listed companies approved on January 31, 2020 by the Corporate Governance Committee and promoted by Italian Stock Exchange (*Borsa Italiana*) , Italian Banking Association (*ABI*) , Italian Association of Insurers (*ANIA*), Italian Association of the Investments Management Industry (*Assogestioni*)(, Association of Italian Joint Stock Companies (*Assonime*), and General Confederation of Italian Industry (*Confindustria*), in force as of January 1, 2021 (the "**Corporate Governance Code**");

(¹) See art. 12, paragraph 1 of Ministerial Decree 169/2020.

- Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the “**CRD IV**”) 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 for assessing the suitability of members of strategic supervisory and management bodies and key function holders, most recently published on 21 March 2018 and which entered into force on 30 June 2018, as most recently amended 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 management bodies of significant credit institutions and to specify the ECB's main expectations (the “**ECB Guide**”)²;
- April 2018 Standards of Conduct for the Board of Statutory Auditors of Listed Companies.

The provisions of the Bank's Articles of Association, the provisions of internal regulations and the corporate governance structure adopted by FinecoBank have also been taken into consideration in the preparation of this Qualitative-Quantitative Profile of the Board of Statutory Auditors. In particular, the Board of Statutory Auditors has the functions provided for by art. 24 of the Articles of Association, in accordance with the traditional governance system adopted by the Bank..

1. ASSESSMENT OF THE BOARD OF STATUTORY AUDITORS OF FINECOBANK SPA OF THE QUALITATIVE AND QUANTITATIVE COMPOSITION OF ITS SUPERVISORY BODY

Upon the approval of the financial statements for the year ended 31 December 2022, the term of office of FinecoBank's Board of Statutory Auditors, appointed on 28 April 2020 (as subsequently integrated) together with the Board of Directors, has expired. Therefore, at the Shareholders' Meeting of April 27, 2023 Shareholders are called upon to resolve on the appointment of the new Statutory Auditors.

In view of this, and in consideration of the law provisions given in the Introduction , the Board of Statutory Auditors of FinecoBank has been called upon to identify the theoretical profile (including the professionalism and independence) of the candidates. It is aware that their

² It should be noted that, although the ECB Guide expressly refers to members of the administrative body, from the perspective of Italian law, the provisions contained therein should also be extended to members of the control body.

professionalism must be adequate for the tasks performed by the Statutory Auditors as part of the body, also considering the Company's size and operational complexity. The preparation of this profile also takes into account the experience gained during the previous term of office regarding the Board's activities and operating procedures and, specifically, the results of the past self-assessment processes.

This document is made available to 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 of Statutory Auditors, giving reasons for any deviations from the analysis carried out by the latter.

1.1. The quantitative composition of the supervisory body

Article 23 of the Articles of Association provides that the Board of Statutory Auditors shall comprise three Statutory Auditors, including the Chairman, and two Alternate Auditors.

1.2. The qualitative composition of the supervisory body

Given the reference framework outlined above, the Auditors formulate the recommendation, addressed to the Shareholders who will present the lists of candidates, to evaluate the necessary requirements for the optimal composition of the Bank's Board of Statutory Auditors, as described by art. 23 of the Articles of Association. More specifically, the Auditors must be suitable for carrying out their office, in compliance with the provisions set out in the legislation in force at that time and in the Articles of Association and, in particular, they must meet the requirements of professionalism, integrity and independence as well as comply with the criteria of competence and fairness.

Furthermore, the Board of Statutory Auditors wishes to reiterate the importance of:

- ensuring a balanced combination of profiles and experience in the supervisory body for the future as well;
- enhancing the aptitude profiles to ensure that the Statutory Auditors carry out their duties in the best possible way;
- recognising the availability of time and resources as a key factor in the effective performance of the role of Statutory Auditor, taking into account their participation in the same supervisory body as well as in other corporate bodies (including internal board committees) in which they must take part or may be invited in accordance with internal regulations;
- promoting the already existing diversity requirements, taking into account the professional experience, the gender diversity and the spread of seniority among the Statutory Auditors,

and also assessing the value of a wide age range.

1.2.1. Professionalism requirements and competence criteria

As a preliminary reminder, the Board of Statutory Auditors, reiterating the indications of the ECB Guide – the provisions of which, although they expressly refer to members of the board of directors, must also be extended to members of the control body from the perspective of Italian law – expects all candidates proposed for election as members of a bank's Board of Statutory Auditors to possess a basic knowledge of the banking sector, on which to develop their role and their tenure on the control body. In particular, in accordance with the requirements of the aforementioned ECB Guide, the Board of Statutory Auditors expects each candidate to possess a basic level of 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.

Without prejudice to the above professionalism requirements and competence criteria, the Board of Statutory Auditors also recommends that the Shareholders' appointment proposals should include a sufficient number of candidates from each list with adequate experience in regulation, risk and control in banking and financial sector companies. The purpose of this is to contribute effectively to the performance of the supervisory functions assigned to the banks' supervisory bodies under the applicable statutory and regulatory provisions

With regard to the professionalism requirements, pursuant to current laws and the Articles of Association, at least two of the standing statutory auditors and at least one of the substitute statutory auditors must have been on the national register of auditors for at least three years. They must have practised the statutory auditing of accounts for at least three years.

Auditors who are not on the Register of Auditors must meet the professionalism requirements set out in art. 9 of Ministerial Decree 169/2020 (which in turn recalls art. 7 of such Decree) and art. 1 of Ministerial Decree 162/2000. Specific professionalism requirements are required with regard to the Chairman of the Board of Statutory Auditors.

In addition to the professionalism requirements, the Auditors must also meet the competence criteria set out in art. 10 of Ministerial Decree 169/2020. More specifically, for the purposes of satisfying the competence criteria, without prejudice to the provisions of Article 10(4) of Ministerial Decree 169/2020, theoretical knowledge and practical experience possessed in more than one of the following areas are taken into account:

- a. financial markets;
- b. regulation in the banking and financial industry;
- c. strategic guidelines and planning;
- d. organisational and corporate governance arrangements;
- e. 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);
- f. internal control systems and other operational mechanisms;
- g. banking and financial products and activities;
- h. accounting and financial reporting;
- i. information technology.

For any further details, please refer to the cited article in Annex B to this document.

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

Without prejudice to the professionalism requirements and competence criteria, the Board of Statutory Auditors 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.Dedication and time commitment

In light of the Supervisory Provisions and Ministerial Decree 169/2020⁽³⁾, the availability of time and resources to devote to the performance of the position, due to its nature and quality, is an essential requirement that the Statutory Auditors candidates must ensure.

Regarding the Company's specific situation, please note - for information purposes - that in each financial year of the previous three years 2020-2022 term of office about 34 meetings of the Board of Statutory Auditors were held on average per year, lasting an average of about 3.17 hours, along with about 13 meetings of the Board of Directors, lasting an average of about 3.58 hours.

The Board of Statutory Auditors notes its total participation in the meetings of the Risk and Related Parties Committee (about 21 meetings with an average duration of 3.20 hours over the previous three-year period), as well as the participation of the Chairman and/or another Standing Auditor in the meetings of the Remuneration Committee (about 13 meetings with an average duration of 1.19 hours over the previous three-year period), in the meetings of the Appointments Committee (about 14 meetings with an average duration of 1.16 hours over the previous three-year period) and in the meetings of the Corporate Governance and Environmental and Social Sustainability (about 10 meetings with an average duration of 1.58 hours over the previous three-year period).

Moreover, we should also consider the relevant time required to analyse the documentation sent before each Board meeting (of the Board of Statutory Auditors and further corporate bodies), as well as the commitment required for participation in induction sessions, organised by the Bank for the members of the Board of Directors and in which one or more Auditors have always taken part, in external training events as well as the commitment required for the ongoing and necessary professional development.

In light of the above and taking into consideration the growth of the Bank in the near future, the outgoing Board of Statutory Auditors has estimated the minimum time commitment required to the members of the Board, which is approximately equal to 60/70 days for the Chairman and 50/60 for the Statutory Auditor.

In relation to the above, the Board of Statutory Auditors recommends that candidates accept the position if they believe that they can devote the necessary time to it, taking into account their other work or professional activities, as well as to the performance of positions held in other companies.

⁽³⁾ The requirement for availability of time (already referred to in the EBA/ESMA Guidelines) is now 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.

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

1.2.4.Limit to the number of positions

The Statutory Auditors must also comply with the regulatory and statutory provisions governing the assumption of positions in companies other than the Bank.

In accordance with art. 17 of Ministerial Decree 169/2020⁽⁴⁾, members of the Board of Directors may not hold a total number of positions in banks or other commercial companies⁽⁵⁾ that exceeds one of the following alternative combinations:

- one executive position and two non-executive positions, including the position in FinecoBank;
- four non-executive positions, including the position in FinecoBank;

it should also be noted that the following positions are considered as a single directorship: (a) executive or non-executive directorships held within the same group; (b) executive or non-executive directorships held in banks belonging to the same institutional protection system; and (c) executive or non-executive directorships held within companies, not belonging to the group, in which the entity holds a qualified equity interest as defined by Regulation (EU) no. 575/2013, art.4(1), point 36.

The members of the Board of Statutory Auditors must also respect the limits on the number of positions held as prescribed by art. 148-*bis* TUF and the relevant implementing regulations for members of the supervisory body of listed companies.

1.2.5. Incompatibility, ineligibility, disqualification

In recalling the content of the various causes of incompatibility, ineligibility and disqualification that may affect the candidacy and/or the assumption/retention of office - such as, for example, those referred to in Articles 2399 of the Italian Civil Code Article 187-quater of the TUF and

⁽⁴⁾ The provisions of Ministerial Decree 169/2020 reflect what is already contained in art. 91 of the CRD IV Directive as also referred to in art. 23, paragraph 2, of the Articles of Association, as well as in the ECB Guide.

⁽⁵⁾ The term "commercial company" refers to a company with registered office in Italy, established in accordance with one of the forms provided for in Book V of the Civil Code, Title V, Chapters III, IV, V, VI and VII, and Title VI, whose purpose is to carry out one of the activities envisaged by Article 2195, paragraph 1, of the Civil Code, or a company with registered office in a foreign country and qualifying as a commercial company pursuant to the provisions of the relevant legislation of the country in which it has its registered office or general management.

Article 17 of Italian Legislative Decree no. 39/2010 - shareholders are advised to pay particular attention to the so-called ban on interlocking concerning any crossover of positions in the credit and financial markets.

More specifically, pursuant to Article 36 of Italian Legislative Decree no. 201 of 6 December 2011 converted with amendments by Law no. 214 of 22 December 2011, containing provisions on '*personal cross-holdings in credit and financial markets*' and the prescribed ban on '*holders of positions in management, supervisory and control bodies and top management officials of companies or groups of companies operating in the credit, insurance and financial markets to take on or exercise similar positions in competing companies or groups of companies*', the Statutory Auditors recommend that shareholders submit candidates whose compatibility with the aforementioned provision has already been verified.

Please note that the regulations on incompatibilities for civil servants and holders of public offices pursuant to Italian Legislative Decree no. 165/2001, as subsequently amended and supplemented, must be respected.

1.2.6. Statutory independence

In addition to the independence requirements set forth in the current regulations, the Statutory Auditors must also meet the independence requirements set forth in Article 13, paragraph 3, of the Articles of Association, i.e., they must meet the independence requirements set forth in the Corporate Governance Code for members of the Board of Directors.

The Auditors must also meet the independence requirements set out in art. 148 TUF, in addition to the requirements set out in art. 14 of Ministerial Decree 169/2020.

1.2.7. Independence of judgement

All Statutory Auditors must be able to reach well-founded, objective and independent decisions and judgements (i.e. act with independence of judgement). To this end, any conflicts of interest may be relevant.

Specifically, the Board of Statutory Auditors believes that to fully preserve the independence of judgement of the members of the Company's supervisory body, candidates must provide the Company with any information concerning the situations of potential conflict of interest referred to in art. 15, paragraph 2, of Ministerial Decree 169/2020, as well as the information referred to in the EBA/ESMA Guidelines and the ECB Guide.

1.2.8. Gender quotas

Article 148, paragraph 1-bis, TUF, as last amended by Law no. 160 of 27 December 2019, requires compliance with a gender composition criterion for the administrative body under which at least two-fifths of the elected members must belong to the less represented gender.

In this regard, it should be noted that with resolution no. 21359 of 13 May 2020, art. 144-*undecies*.1 of the Issuers' Regulation was amended, whose paragraph 3, in its current wording, provides that *"if the application of the gender distribution criterion does not result in a whole number of members of the management or control bodies belonging to the less represented gender, this number shall be rounded up to the nearest whole number, except for corporate bodies made up of three members, for which the rounding shall be rounded down to the nearest whole"*.

The Board of Statutory Auditors reiterates the need for each list submitted by the Shareholders to be composed of candidates belonging to the less represented gender, to ensure that the gender balance is respected at least to the minimum extent required by current legislation and the regulations.

1.2.9. Integrity and fairness requirements

Given the importance of good repute, the Board of Statutory Auditors recommends that candidates for the appointment of the Bank's Statutory Auditor, in addition to fulfilling the requirements of good repute set forth in Ministerial Decree 169/2020 and Ministerial Decree 162/2000:

- 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;
- have not behaved in a manner which, while not constituting a crime, does not appear compatible with the position of Statutory Auditor of a Bank or may have serious reputational consequences for the Bank.

Without affecting the above requirements, any lack of which will in itself result in forfeiture of office, the Board of Statutory Auditors recommends that the candidates must fulfil specific integrity 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 integrity 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 of Statutory Auditors also recommends compliance with the integrity requirements set out in the EBA/ESMA Guidelines and the ECB Guide.

2. INDUCTION AND TRAINING

Lastly, following the Bank of Italy's recommendations that Banks adopt suitable training plans to provide members of the Corporate Bodies with adequate technical skills, the Board of Statutory Auditors recommends that future Statutory Auditors will benefit from an appropriate Induction path, in line with what the Company has done.

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 9 – Professionalism requirements for Board of Statutory Auditors' members

1. At least one of the standing auditors, if there are three, or at least two of the standing auditors, if there are more than three, and, in both cases, at least one of the alternate auditors shall be chosen from among the members of the register of statutory auditors who have exercised the activity of statutory auditor for a period of not less than three years.

2. The other members of the Board of Statutory Auditors shall be chosen from persons who have exercised for at least three years, also alternatively, the activity of statutory audit or one of the activities referred to in Article 7(2).

3. The chairman of the board of auditors shall be chosen from among the persons referred to in subsection 1 or subsection 2 who have at least two years' more professional experience than that required by the same subsections.

4. For the purposes of meeting the requirements set forth in the preceding paragraphs, for auditors who are not enrolled in the register of statutory auditors, the experience accrued during the twenty years preceding their appointment shall be taken into account; experience accrued in several functions at the same time shall be counted only for the period of time during which they were performed, without cumulating 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 14 - Independence requirements of board of statutory auditors' members

1. Persons who: a) find themselves in one of the situations indicated in Article 13, paragraph 1, letters b), g) and h); b) are the spouse, unless legally separated, a person bound by civil union or cohabitation in fact, a relative or a relative by marriage up to the fourth degree 1) of the heads of the main corporate functions of the bank; 2) of persons who are in the situations indicated in Article 13, paragraph 1, letters b), g) and h), or in letter c) of this paragraph; c) holds or has held in the last five years positions as a member of the board of directors or management board as well as management positions at a participant in the bank, the bank or companies controlled by the bank.

2. This is without prejudice to the possibility for a member of the Board of Statutory Auditors to hold the office of auditor, or supervisory board member, simultaneously in one or more companies of the same banking group.

3. Article 13(2) and (3) shall apply.

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 subparagraph (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.

