



**2024 REMUNERATION POLICY AND
2023 REMUNERATION REPORT**

Side Presentation



Contents



KEY PRINCIPLES AND
GOVERNANCE



MAIN CONTENTS -
FOCUS ON NEW
FEATURES



2024 SHORT TERM
INCENTIVE SYSTEMS



2024-2026 LONG
TERM INCENTIVE
PLAN



IMPLEMENTATION OF
SHORT AND 21-23
LONG TERM
INCENTIVE SYSTEMS



Key principles and Governance

Remuneration policy and report



Key principles

Clear and transparent governance, through efficient corporate and organizational governance structures, as well as clear and rigorous systems and governance rules.



Alignment with the Group's ESG strategy, aimed at sustainable and organic growth, with an integration of the principles of environmental and social sustainability within business and operational management choices.



Pay for sustainable performance, by maintaining consistency between remuneration and performance, and between rewards and value creation, as well as enhancing both the actual result achieved and the way by which they are achieved.



Continuous monitoring of national and international market trends and practices, aimed at sound formulation of competitive compensation ensuring transparency and internal equity and **motivation and retention of all staff** to attract, motivate and retain the best resources capable of achieving the company mission according to Bank's values.



Compliance with regulatory requirements and principles of good professional conduct, by protecting and enhancing the company reputation, as well as avoiding or managing conflicts of interest.





Governance



REMUNERATION COMMITTEE

Systematic involvement of the Remuneration Committee in all matters concerning remuneration, with particular reference to the CEO and General Manager and Identified Staff.

The other internal Board Committees are involved in their respective areas of competence.



CORPORATE FUNCTIONS

The **Human Resources function** involves the **Compliance, Risk Management and CFO functions** in the definition and implementation of the Incentive Systems in order to ensure compliance with legislation and with a prudent risk management policy and the sustainability of remuneration.



INTERNAL AUDIT

The **Internal Audit function annually verifies the compliance of the remuneration practices** with the approved policies and the reference legislation, thus guaranteeing the general consistency of the remuneration and incentive processes.

The outcome of the annual audit was positive.

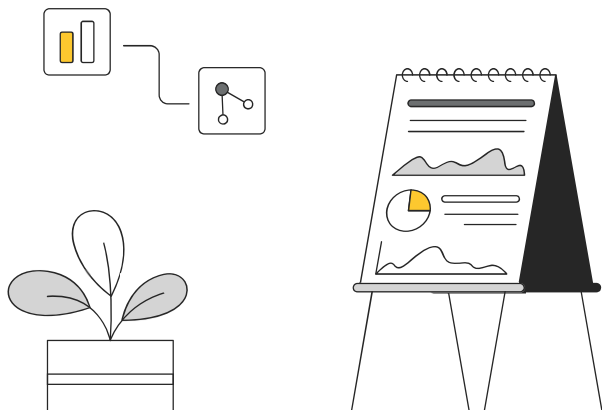


Main contents

Remuneration policy and report



Introduction and structure



Executive summary

The document consists of an **Executive Summary** that summarizes the key elements of the 2024 remuneration approach and provides the main results for the year 2023. It also highlights variable and fixed compensation data for the CEO and General Manager, and the goals set for 2024, all in order to support the understanding of the key information of the document. Given the market practice, this year, and like every year, the summary follows the **Letter from the Chairman of the Remuneration Committee to the shareholders**.

Sections I and II

Two separated sections follow as provided by art. 123-ter. A separate vote will be hold on each section:

- **Section I** - 2024 Remuneration policy (**binding vote**)
- **Section II** - 2023 Remuneration report (**advisory non-binding vote**)

Annexes

Data required pursuant to article 450 of the Regulation (EU) no. 575/2013 and in compliance with art. 114-bis TUF are contained in the Annexes.



Main features - 2024 (vs 2023)

	CONFIRMED	NEW	NOTES
MAXIMUM VARIABLE/FIXED PAY RATIO	✓		<ul style="list-style-type: none"> Business functions and Personal Financial Advisors (PFA) Identified Staff = 2:1 Company Control Functions Identified Staff = 1:3 Head of Human Resources and Manager in charge of financial statements = Fixed>Variable
PEER GROUP	✓		Full disclosure of the market peer group, used for trends analysis and benchmarking
SHARE OWNERSHIP GUIDELINES	✓		The share ownership requirements for the Chief Executive Officer and General represent 200% of the fixed remuneration and for Executives with strategic responsibilities 100% of the fixed remuneration
SHORT TERM INCENTIVE SYSTEM	✓	✓	<ul style="list-style-type: none"> Full description of 2024 short term Incentive Systems for Employees and PFA Identified Staff, in continuity with the 2023 In the 2024 scorecard of the CEO/DG: <ul style="list-style-type: none"> - disclosure for all financial and non-financial objectives of the relative weight of within the overall scorecard - ex-ante disclosure of the quantitative targets for the new sustainability objectives related to the inclusion in the platform of new funds with an ESG Fineco rating, Customer Satisfaction and Renewal of the EMAS Registration
2024-2026 LTI PLAN		✓	Introduction of the new 2024-2026 LTI Plan aimed at incentivizing, motivating and retaining selected employees of the Group. The Plan is aligned with the objectives of the MYP 2024-2026.
GENDER NEUTRALITY OF THE REMUNERATION POLICY	✓	✓	<p>Introduction of the objectives related to Gender Equity Pay Gap and Gender Balance envisaged in the new LTI Plan in line with the MYP ESG 2024-2026 and with the commitments undertaken as part of the Certification for gender equality.</p> <p>Furthermore, with reference to the 2023 financial year, the results of the analysis of the Gender Equity Pay Gap detected overall on all categories of workers who carry out the same job or work of equal value within the organization is reported.</p>



2024 short term Incentive Systems

Remuneration policy and report

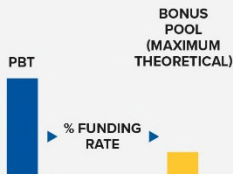


2024 short term Incentive Systems

- In continuity with 2023, **specific Incentive Systems for Employees and Financial Advisors Identified Staff** have been put in place in 2024
- The Incentive Systems follow a **Bonus Pool logic**, providing **entry and malus conditions** linked to **profitability, capital and liquidity indicators**
- The Systems provide for a **specific risk adjustment mechanism**
- Bonus is paid in **cash and FinecoBank shares**, over a multi-year period

BONUS POOL APPROACH

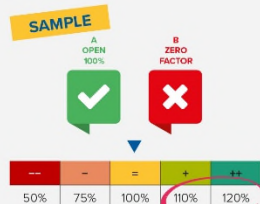
Bonus Pool is defined as a % (funding rate) of the bank's PBT.



PERFORMANCE/ RISK ADJUSTMENT

Entry Conditions (profitability, liquidity, Capital) work in an on/off scheme.

The Bonus Pool risk adjustment mechanism is confirmed, through the CRO Dashboard assessment. The assessment outcome has a 'multiplier' effect on the bonus pool (see Annex).



+

The Remuneration Committee and the Board of Directors may apply a further adjustment up to +20%

Only in case of EVA > 0

INDIVIDUAL BONUS DISTRIBUTION

The individual bonus is awarded based on the individual performance assessment.

Bonus are paid in cash and FinecoBank shares over a multi year period.

In continuity with 2023, the payment of bonuses follows the deferral schemes defined based on each cluster of beneficiaries and the amount of variable remuneration.



Payment scheme for Employees Identified Staff

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

- For the **CEO and GM and other roles provided by law** with a 'significant' amount of total variable remuneration (> 435,000 €)*, **the payout schedule is confirmed without changes from the 2023**, with the deferral of 60% of the short-term variable remuneration and a greater quota in shares rather than cash.
- For the **other roles provided by law** with no "significant" amount of total variable remuneration (≤ 435,000€), **in continuity with 2023, 50% of the bonus will be deferred with a greater quota in shares rather than cash.**
- For **other identified staff with no "significant" amount of total variable remuneration**, the deferral quota remains 40% of the bonus (60% upfront), with a 50/50 mix of shares and cash.
- A 1-year retention period still applies to both upfront and deferred shares.

Description	PAYOUT		Upfront	N+1	N+2	N+3	N+4	N+5	Total
			Cash	20%		12%			12%
		Shares		20%		12%	12%	12%	56%
Other roles provided by law with no "significant" amount of total variable remuneration	PAYOUT		Upfront	N+1	N+2	N+3	N+4	N+5	Total
			Cash	25%		10%			10%
		Shares		25%		10%	10%	10%	55%
Other identified staff with no "significant" amount of total variable remuneration	PAYOUT		Upfront	N+1	N+2	N+3	N+4	Total	
			Cash	30%			10%	10%	50%
		Shares		30%	10%	10%		50%	

* Equal to 25% of the total remuneration of the Italian High Earners according to the EBA report (Benchmarking and High Earners Report). The threshold has been defined for the three-year period 2022-2024.





Payment scheme for PFA Identified Staff

- For **Identified Staff with a significant amount of total variable remuneration (> 435.000 €)**, 60% of the bonus is deferred (no changes compared to 2023).
- For **other Identified Staff with no significant amount of total variable remuneration**, 40% of the bonus is deferred (no changes compared to 2023).
- A 50/50 mix of cash and shares (unchanged).

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

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

2024 CEO and GM Scorecard

	WEIGHT	#	GOAL	TARGET	CATEGORY
 <p>FINANCIAL</p> <p>80%</p>	30%	1	ROE	vs. budget	Value Creation
	15%	2	AUM net sales	vs. budget	
	15%	3	Total Net Sales	vs. budget	
	10%	4	OPEX	vs. budget Operating costs as reported in reclassified P&L, i.e.: Staff expenses + Other Administrative Expenses (direct + indirect) - Expenses Recovery + Depreciations.	Cost Efficiency
	10%	5	Operational Losses on Revenues	vs. target-1.85*	Risk-Based
 <p>SUSTAINABILITY</p> <p>20%</p>	15%	6	Stakeholder Value	assessment based on: <ul style="list-style-type: none"> At least 50% of new funds with a Fineco ESG rating ≥ 6 entered in the platform in 2024 on total new funds entered (ISIN) Customer satisfaction ≥ 90 points EMAS Registration Renewal, which includes the achievement of the Environmental Program goals 	Sustainability
	5%	7	Tone from the top on conduct and sustainability and compliance culture	vs. qualitative assessment based on: <ul style="list-style-type: none"> Promotion of initiatives aimed at fostering staff integrity, sustainable behaviours, customer protection and trustworthiness by enhancing risk & control culture The overall status of audit, compliance and External Authorities findings considering the type, severity and the timely completion of the related remedial actions 	

* 2024 RAF tolerance



2024-2026 LTI

Remuneration policy and report



Performance goals

FINANCIAL KPIs

	WEIGHT	METRIC	THRESHOLD	PAYOUT
ROAC	35%	Avg 2024-2026	≥ 74% 54%-74% ≤ 54%	100% 0%-100% 0%
Net sales AuM	10%	Σ 2024-2026	≥ 14bn 10bn-14bn ≤ 10bn	100% 0%-100% 0%
Total Net Sales	10%	Σ 2024-2026	≥ 34.7bn 25bn-34.7bn ≤ 25bn	100% 0%-100% 0%
Cost Income Ratio	15%	Avg 2024-2026	≤ 29.4% 35%-29.4% ≥ 35%	100% 0%-100% 0%
Operational Losses on Revenues	15%	Avg 2024-2026	≤ 0.9% 1.85%-0.9% ≥ 1.85%	100% 0%-100% 0%

SUSTAINABILITY KPIs

Scope 1 and Scope 2 emission reduction (market-based)	5%	EOY 2026	≥ 55% < 55%	100% 0%
Achievement of Diversity, Equity & Inclusion goals	5%	EOY 2026	all sub-goals need to be achieved	
KPI 1	Definition of an awareness plan on D&I for external and internal stakeholders and initiatives to support parenting.		Implementation of at least 13 contents and a supplementary allowance for parental leave by 2026.	
KPI 2	Increase in the percentage of the least represented gender in managerial roles.		5% minimum increase over the three-year period.	
KPI 3	Gender Equity pay gap between the least and most represented gender.		The gender equity pay gap for all categories of employees with equal work is below 5%.	
Enlargement of the ESG product offer. % new funds ex artt. 8 and 9 SFDR:	5%	EOY 2026	≥ 50 < 50	100% 0%

With the aim of **rewarding, retaining and motivating selected Employees** in the long term, **in line with MYP 2024-2026, a share-based long-term incentive plan has been established.**

The Plan sets goals **linked to the 2024-2026 targets** in order to align the interests of the Bank's Management with the long-term value creation for shareholders.



Focus on sustainable goals

The sustainability objectives were defined in line with the KPIs and related targets set out in the Group's MYP ESG for the three-year period 2024-2026, also taking into consideration the evidence from the benchmark analysis, the materiality matrix and the input from investors and proxy advisors.



ENVIRONMENT

The goal consists of **reducing Scope 1 and Scope 2 (market-based) emissions from operations by at least 55% by 2026** (compared to 2021).

This indicator is part of the Net-Zero Emission commitment to 2050.



SOCIAL

The objective includes **the achievement of selected KPIs in Diversity, Equity & Inclusion**, which were approved by the Board of Directors as part of the Gender Equality Certification, achieved by Fineco in 2023 in accordance with the UNI:125/2022 Reference Practice.



RESPONSIBLE FINANCE

The Goal envisages **the enlargement of the ESG product offer by introducing at least 50% of new funds articles 8 and 9 SFDR compared to total new funds (ISIN) entered in the platform in the period 2024-26.**



Implementation of short term and long term incentive systems

Remuneration policy and report



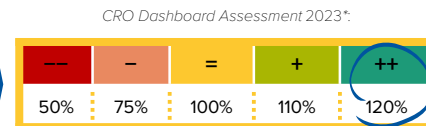
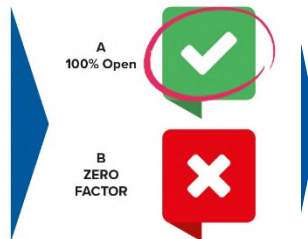
Implementation of 2023 Incentive Systems

According to the schemes provided by the 2023 Incentive System, the Bonus Pool for Employees and Financial Advisors has been defined in consideration of:

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

The achievement of all Entry Conditions is the prerequisite for the payment of the annual instalments of bonuses related to previous years' incentive systems.

ENTRY CONDITIONS	RESULTS	
Net Operating Profit adjusted ≥ 0	935,714 k€	✓
Net Profit ≥ 0	609,101 k€	✓
CET 1 ratio > 9% (2023 RAF Capacity)	24.34%	✓
Liquidity Coverage Ratio > 101% (2023 RAF Capacity)	903.17%*	✓
Net Stable Funding Ratio > 101% (2023 RAF Capacity)	377.54%*	✓



* Actual data

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



CEO and GM 2023 performance evaluation

WEIGHT	GOAL NAME	RESULTS	ASSESSMENT						
			Below	Around Metric	Metric	Exceeds	Clearly Exceeds		
<p>Quantitative/ Strategic Weight 70%</p>	14%	ROAC vs. budget	Budget: 88% Results: 95.9%						
	14%	AUM net sales vs. budget	Budget: 5,000 k€ Result: 2,662 k€						
	14%	EL stock (%) vs. target	Target: 0.19% Results: 0.12%						
	14%	OPEX vs. budget	Budget: 304,731 k€ Result: 298,320 k€						
	14%	Cost Income vs. budget	Budget: 24.3% Results: 24.1%						
<p>Qualitative/ sustainable Weight 30%</p>	15%	Stakeholder Value vs. qualitative assessment based on several initiatives	<ul style="list-style-type: none"> In 2023 Fineco maintained the scores assigned by the main ESG rating agencies, such as S&P Global ESG Score, which is the result of combining the CSA Score assessment used to date with an additional assessment based on public disclosure of information; CDP Climate Change which assigned a rating equal to "B" indicating a good environmental management; Sustainalytics for which Fineco is classified as "Low ESG Risk" company; MSCI assigning an "AA" (leader) ESG rating in the "diversified financials" sector; Moody's ESG Solutions allowing Fineco to maintain its inclusion in Euronext's MIB ESG Index; Standard Ethics confirming "EE+" ESG rating with an Outlook improvement to "Positive". In 2023, 100% of the funds launched on FinecoBank platform have an ESG rating. The gender analysis shows a positive Y/Y trend, without significant gaps. In 2023, the Environmental Management System was verified by an independent Environmental Auditor to confirm its adherence to the EMAS Regulation, which resulted in the successful outcome of the verification without highlighting any non-conformity. The targets set within the 2021-2024 Environmental Programme proceed as planned, with (i) the increase of the coverage of funds with ESG rating, (ii) the increase of the exposure to ESG bonds as a % of the total FinecoBank portfolio, (iii) the development and launch of the "Prestito Green" (Green Loan). 						
	15%	Tone from the top on conduct and compliance culture vs. qualitative assessment based on several initiatives	<ul style="list-style-type: none"> Tone from the top activities have been carried out through the promotion of the compliance and risk culture with specific policies, communications and training sessions. Overall internal compliance and audit findings as at the end of 2023 show neither critical nor major open findings not timely managed. All requests/evidence from external authorities have been promptly and successfully managed by involving the relevant functions of the Bank. 						



Implementation of 2021-2023 LTI Plan

With the aim of rewarding, motivating and retaining selected Bank Employees, in line with the Strategic Plan 2020-2023 of FinecoBank Group in terms of value creation, sustainability and risk, a long-term share-based plan was approved by the Board of Directors on January 19, 2021 and the by the Shareholders' Meeting on April 28, 2021, also in order to align the interests of the Management with the long-term value creation for shareholders.

Entry Conditions

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

KPI	TARGET	THRESHOLD	RESULTS 2021-2023	
Net Operating Profit adjusted	Sum 2021-2023	≥ 0	2,142,652	✓
Net Profit	Sum 2021-2023	≥ 0	1,418,318	✓
CET 1 ratio	Each year	> RAF Capacity	100%	✓
Liquidity Coverage Ratio	Each year	> RAF Capacity		
Net Stable Funding Ratio	Each year	> RAF Capacity		

Risk Adjustment

For the purpose of the appropriate risk adjustment, the results of the CRO Dashboard annual assessment throughout the Plan's performance years are taken into account. The results show a **positive assessment in each performance year:**

PERFORMANCE YEAR	ASSESSMENT	% BONUS
2021	++	100%
2022	++	
2023	++	

3 POSITIVE



Implementation of 2021-2023 LTI Plan

Performance goals

The performance goals have been assessed in relation to specific targets. Each KPI, defined for each goal, is weighted in terms of percentage with respect to the final bonus. The maximum bonus can be awarded upon reaching the established thresholds.

The performance results show that all the goals have been fully achieved:

GOAL	KPI	WEIGHT	TARGET			RESULTS		PAYOUT
VALUE CREATION	ROAC	35%	Avg 2021-2023	≥	38%	77%	✓	100%
	Net Sales AUM	15%	Sum 2021-2023	≥	13	13.5	✓	100%
INDUSTRIAL SUSTAINABILITY	Cost income	20%	Avg 2021-2023	≤	37.5%	29%	✓	100%
RISK	Cost of risk	15%	Avg 2021-2023	≤	18	4,6	✓	100%
STAKEHOLDER VALUE	Customer satisfaction	5%	Avg 2021-2023	≥	90	97	✓	100%
	People Engagement*	5%	Avg 2021-2023	≥	76%	80%	✓	100%
	ESG rating for all new funds**	5%	EOY 2023	=	100%	100%	✓	100%

* In order to measure this performance indicator, the Plan provided for the survey to be conducted twice during the performance years (2021-2023) with the purpose to elaborate a data average that reflects the employee experience over time.

** Excluding UK representing for Fineco a new opening market.



Focus on CEO and GM compensation



- According to the overall performance assessment (resulting in Exceeds Expectations) and the overall business results achieved by the Company, **the Chief Executive Officer and General Manager was awarded a short-term variable bonus for the performance year 2023 equal to € 860,000**, in line with the principle of Pay for Sustainable Performance.
- For the purpose of applying this ratio, it should be noted that the **Chief Executive Officer and General Manager received a fixed remuneration of € 1,000,000** and that an **annual pro rata amount of € 1,000,000 related to the long-term variable remuneration (LTI 2021-2023)** is also included as variable remuneration, in line with the applicable legislation.
- The **€ 860,000 bonus linked to the short-term incentive system awarded for the 2023 performance** will be paid in cash and in shares, with an upfront portion equal to 40% and a deferred portion equal to 60%, which considers the period of unavailability of the shares both upfront and deferred, as required by law.

Annex

Remuneration policy and report

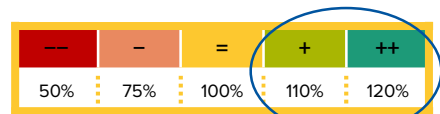
CRO Dashboard assessment mechanism - STI

- FinecoBank Incentive Systems are risk-adjusted, consistently with the Risk Appetite Framework
- For the purposes of Short Term Incentive Systems, FinecoBank implements this principle through the use of the so called ‘CRO Dashboard’
- The CRO dashboard (defined in coherence with Fineco Risk Appetite Framework) includes **KPIs included in the Risk Appetite Framework**, measured with reference to the respective relevant thresholds (Risk Appetite, Risk Tolerance and Risk Capacity). Here below a sample of the content of the 2024 dashboard:

SAMPLE

DIMENSIONE	2024			
	KPIs	Risk Appetite	Risk Tolerance	Risk Capacity
Capital	CET1 Ratio (%)	--%	--%	--%
	MREL-LRE (%)	--%	--%	--%
Liquidity	LCR (%)	--%	--%	--%
	NSFR (%)	--%	--%	--%
Risk & Return	ROAC (%) based on regulatory capital	--%	--%	--%
Credit	Expected Loss stock (%)	--%	--%	--%
	Coverage on Impaired (%)	--%	--%	--%
Interest Rate Risk on Banking Book	EV Sensitivity (%)	--%	--%	--%
Operational Risk	Operational Risk Losses / Revenues	--%	--%	--%

CRO Dashboard Assessment and corresponding Bonus Pool adjustment ranges*:



Only with EVA >0

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

Thanks!

