



ORDINARY SHAREHOLDERS' MEETING

DIRECTORS' REPORT

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The original version in Italian takes precedence.

FINECO. SIMPLIFYING BANKING.

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DISTRIBUTION OF A DIVIDEND FROM PROFIT RESERVE

Dear Shareholders,

We have called this Ordinary meeting to resolve on the distribution of a dividend from profit reserve of FinecoBank S.p.A (the “**Company**” or “**FinecoBank**”).

In connection with the above, the proposal submitted for your approval is described below.

1. APPROVAL OF DISTRIBUTION OF A DIVIDEND FROM PROFIT RESERVES

On 23 July 2021, the European Central Bank decided not to extend beyond September 2021 its recommendation to all banks to limit dividends. Instead, supervisors will resume assessing each bank's capital and dividend plans as part of the regular supervisory process.

The European Central Bank reported that the latest macroeconomic projections confirm the recovery of the economy and signal less uncertainty, which improves the reliability of banks' capital trajectory. Supervisors have reviewed banks' credit risk practices during the pandemic and therefore consider it appropriate to reinstate the previous supervisory practice of capital trajectories and dividend or share buy-back plans with each bank in the context of the normal supervisory cycle.

However, banks should remain prudent when deciding on dividends and share buy-backs, carefully considering the sustainability of their business model. In addition, they should also not underestimate the risk that additional losses may later have an impact on their capital trajectory as support measures expire.

The European Central Bank clarified that the recommendation on dividends remains applicable until 30 September 2021; therefore, the next decisions on dividend payouts should be taken in the fourth quarter of 2021.

In this context, on 27 July 2021 Bank of Italy also published a new recommendation on dividend distribution and variable remuneration policies of banks, which repeals the Recommendation of 16 December 2020. In line with the decision taken by the European Central Bank, considering that the latest macroeconomic projections show signs of improvement in the economy, Bank of Italy will return to adopt the criteria part of the ordinary SREP process for capital assessment and dividend distribution and share buy-backs plans by banks. However, less significant banks will need to maintain a prudent approach when deciding on distribution and share repurchase policies, carefully considering the sustainability of their business model. They should also not underestimate the risk that, as the support measures introduced in response to the Covid-19 pandemic expire, further losses may impact their capital trajectories. Finally, the Bank of Italy has clarified that the previous Recommendation on dividends and remuneration policies remains in force until 30 September 2021: with reference to dividends, the next decisions will therefore have to be taken in the fourth quarter of 2021.

Based on the aforementioned communications, the proposal in question requires a dialogue with the Supervisor, which - in conducting its assessments - will adopt a forward-looking approach, also taking into consideration the adequacy of the banks' provisioning policies for credit risk, which can impact on the ability to grow assets.

Without prejudice to the ongoing dialogue with Bank of Italy, taking into account the Shareholders' equity resulting from the financial statements for the year ended on 31 December 2020, the sustainability of the business model and the regulatory constraints to which FinecoBank is subject, also in its capacity as Parent Company of the Banking Group, we propose to approve the distribution of a dividend of €0.53 for each of 609,899,770 shares, to be distributed to the Shareholders holding of ordinary shares and entitled to receive dividend at payment date, for a total amount of €323,246,878.10, using the profit reserves.

For the payment of the dividend, the Board of Directors proposes to use a portion of the profit reserve called "Extraordinary reserve", which includes the profits relating to the financial years 2019 and 2020 that the Shareholders' Meeting, respectively, of 28 April 2020 and April 28, 2021 had allocated to reserve.

The dividend approved by the Shareholders' meeting shall be paid, in accordance with applicable laws and regulations, on November 24, 2021 with "ex-dividend" date on November 22, 2021. Pursuant to Art. 83- *terdecies* of Legislative Decree no. 58 of February 24, 1998 ("Consolidated Law on Finance"), therefore, those who appear as shareholders on the basis of the accounting records at the end of the accounting day of November 23, 2021, shall be entitled to receive the dividend ("record date").

The Board of Directors clarifies that the portion of undistributed dividends with respect to the treasury shares held by the Bank at the abovementioned record date, shall be transferred to the Extraordinary Reserve.

2. RESOLUTIONS PROPOSED TO THE ORDINARY SHAREHOLDERS' MEETING

Dear Shareholders,

if you agree with the content shown in this Report, we ask you to adopt the following resolution:

1. to approve the distribution of a dividend of €0.53 for each share outstanding to Shareholders holders of ordinary shares and entitled to receive dividend at payment date, for a total amount of €323,246,878.10 according to the terms of this Report, using a portion of the profit reserve called "Extraordinary reserve".

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