

## **ILLIMITY BANK S.P.A.**

### **ILLUSTRATIVE REPORT OF THE BOARD OF DIRECTORS ON ITEM 4 ON THE AGENDA OF THE ORDINARY GENERAL MEETING OF THE SHAREHOLDERS OF ILLIMITY BANK S.P.A. OF 24 APRIL 2024 IN SINGLE CALL**

*Prepared pursuant to article 123-ter of Legislative Decree no. 58 of 24 February 1998 as amended and article 84-quater of Consob Regulation no. 11071/1999 as amended*

*Approved by the Board of Directors on 8 March 2024*

*This report can also be consulted on the Bank's website [www.illimity.com](http://www.illimity.com)*

Shareholders,

You are called to attend an Ordinary General Meeting to be held at 09:00 CET on 24 April 2024, in single call, to discuss and adopt resolutions on the following agenda:

1. *[omissis]*.
2. *[omissis]*.
3. *[omissis]*.
4. **Report on remuneration policy, also pursuant to article 123-ter of Italian Legislative Decree no. 58/1998. Resolutions pertaining thereto and resulting therefrom.**
5. *[omissis]*.
6. *[omissis]*.
7. *[omissis]*.

This Illustrative Report has accordingly been prepared pursuant to article 123-ter of Legislative Decree no. 58 of 24 February 1998 as amended (the “**TUF**”) and article 84-*quater* of Consob Regulation no. 11071/1999 as amended (the “**Issuers’ Regulation**”) and provides a description of item 4 on the agenda of the Ordinary Shareholders’ Meeting, as well as the relative draft resolutions that you are called to adopt.

Shareholders,

You are called to attend an Ordinary General Shareholders' Meeting held to approve, among other things, the proposal to approve the *"Report on the 2024 Remuneration Policy and compensation paid in 2023"* included in the attached document that forms an integral part of the Illustrative Report to the Shareholders' Meeting, prepared in accordance with Legislative Decree no. 58/1998 (the **"TUF"**), as revised by the amendments made by Legislative Decree no. 49 of 10 May 2019 (articles 114-*bis* and 123-*ter*), and with article 84-*quater* of Consob Regulation no. 11971/1999 (the *"Issuers' Regulation"*), as well as in accordance with the Supervisory Provisions for Banks pursuant to Circular no. 285 of the Bank of Italy of 17 December 2013, as amended, on remuneration matters.

The Report on the 2024 Remuneration Policy and compensation paid in 2023 consists of two Sections.

Section I (the *"2024 Remuneration Policy"*), which provides a clear description of:

- a) the Company's Remuneration Policy with reference to 2024, for members of the management bodies and control bodies (without prejudice to the requirements of article 2402 of the Italian Civil Code), general managers and Executives with Strategic Responsibilities, Material Risk Takers and the remaining personnel;
- b) the procedures used to adopt and implement such policy.

Section II (the *"Report on compensation paid in 2023"*), which provides clearly and by individual name for members of the management and control bodies and general managers and in aggregate form for Executives with Strategic Responsibilities:

- a) an adequate representation of each of the items of which remuneration consists, including compensation in case of termination of office or of the employment relationship, describing the consistency of this with the company's Remuneration Policy for 2023;
- b) details of the compensation paid for any reason and by any means by the Bank and its subsidiaries and associates for 2023, noting any components of this compensation that relate to activities performed in years before 2023 and also disclosing any compensation to be paid in one or more subsequent years for activities performed in 2023.

Again in 2024, the overall Remuneration strategy (which among other things envisages a variable component of remuneration proportionate to the maintenance of capital and liquidity ratios and to the achievement of performance objectives) continues to be arranged so as to provide a remuneration structure able to attract and retain the staff required to develop the business and achieve the expected results, compatible with the capital and economic and financial sustainability of the Bank. The key principles of the incentive system envisaged for 2023 continue to hold, these being founded on a strong alignment with shareholders, investors and in general all stakeholders and ensuring:

- the participation of the Chief Executive Officer and the other members of Top Management in the annual variable incentive scheme (MBO Plan) and the Long-Term Incentive Plan (2021-2025 LTI Plan), in order to align the remuneration structure and management's interests to those of the shareholders and stakeholders;
- manager remuneration suitably balanced in the variable component, in line with the profitability expectations set out in the Strategic Plan and without prejudice to the gradual consolidation of the results themselves;

- the engagement of all the employees through the opportunity to become shareholders of the Bank.

In general, emphasis is given to the substantial continuity of the 2024 Remuneration Plan with that approved by the Shareholders' Meeting of 20 April 2023, the main changes for 2024 being the following:

- In accordance with the provisions of the relevant current regulations, revision of the mechanism and timing of payment of the Group's Incentive Schemes (i.e. MBO 2024 and second and third LTIP cycles) considering that from 2024 illimity is considered a large or complex bank. In fact, the payment of the Bonus if it exceeds the so-called "materiality threshold" will be subject to immediate and deferred payment tranches, in cash and/or illimity ordinary shares, depending on the category of Beneficiary personnel;
- With regard to the Annual Variable Incentive 2024 MBO Plan, integration of additional risk-adjusted profitability metrics for determining the size of the Divisional Bonus Pool in accordance with current regulations and to further strengthen the correlation between Bonus and the Risk Appetite Framework;
- Termination of the 2019-2023 Employee Stock Ownership Plan and increase of the Broad- Based Bonus aimed at recognising the contribution of each illimiter to the achievement of Group objectives and the value building.

Lastly, it is recalled that in addition to the above topic referring to the Chief Executive Officer and the other members of Top Management, the total maximum cap for the ratio of variable remuneration to fixed remuneration is as follows:

- Chief Executive Officer: 200%;
- Group Material Risk Takers belonging to the business functions: 200%;
- Group Material Risk Takers belonging to the support functions: 150%;
- Material Risk Takers belonging to the corporate control functions: 33%;
- Other members of staff: variable remuneration is in all cases limited to 200% for the business functions and 100% for the remaining functions.

It should also be noted that - in line with the regulatory provisions - the variable remuneration of the staff of the company's control functions, the HR & Organization function and the Manager in charge of drafting the Financial Statements remains contained in any case; for this reason, it is provided that, for these roles, the fixed remuneration is higher than the variable remuneration.

The Shareholders' Meeting is accordingly invited to adopt the most appropriate resolutions on the Report on the 2024 Remuneration Policy and compensation paid in 2023.

\* \* \*

The Board of Directors accordingly submits the following proposed resolution to the Shareholders' Meeting.

#### **PROPOSAL**

*"The Ordinary Shareholders' Meeting of illimity Bank S.p.A. ("**illimity**" or the "**Bank**"),*

- *having examined the "Report on the 2024 Remuneration Policy and compensation paid in 2023" (the "Report") prepared by the Board of Directors pursuant to article 123-ter of Legislative*

Decree no. 58 of 24 February 1998 (the “TUF”), article 84-quater of Consob Regulation no. 11971/1999 (the “Issuers’ Regulation”) and the provisions of Circular no. 285/2013 of the Bank of Italy on remuneration matters;

- *having examined and discussed, in particular, Section I of the aforementioned Report, prepared pursuant to article 123-ter, paragraph 3 of the TUF and article 84-quater of the Issuers’ Regulation and relating to: (i) the company’s 2024 Policy on the Remuneration of all its personnel (including the members of management bodies and, without prejudice to the provisions of article 2402 of the Italian Civil Code, the members of the control bodies) and (ii) the procedures used to adopt and implement such Policy;*
- *given that, pursuant to article 123-ter, paragraph 3-ter of the TUF, the Shareholders’ Meeting is called to express a binding vote on Section I of the aforementioned Report;*
- *given that, pursuant to the provisions of the Bank of Italy’s Circular no. 285/2013 and article 9, paragraph 2 of the corporate Bylaws, the Shareholders’ Meeting is called to approve the remuneration and incentive policies in favour of the members of the bodies with a strategic supervision, management and control function and the remaining personnel, as stated in Section I of the aforementioned Report;*

#### RESOLVES

1. *to approve the Report which describes the Remuneration and Incentive Policy of illimity Bank S.p.A. for 2024 in favour of the members of the bodies with a strategic supervision, management and control function and the remaining personnel, including Material Risk Takers, of illimity Bank S.p.A. and its direct and indirect subsidiaries;*
2. *to give mandate to the Board of Directors and, on its behalf, to the Chair and Chief Executive Officer, severally and with the power of sub-delegation, to implement the 2024 Policy referred to at the previous point”.*

Milan, 8 March 2024

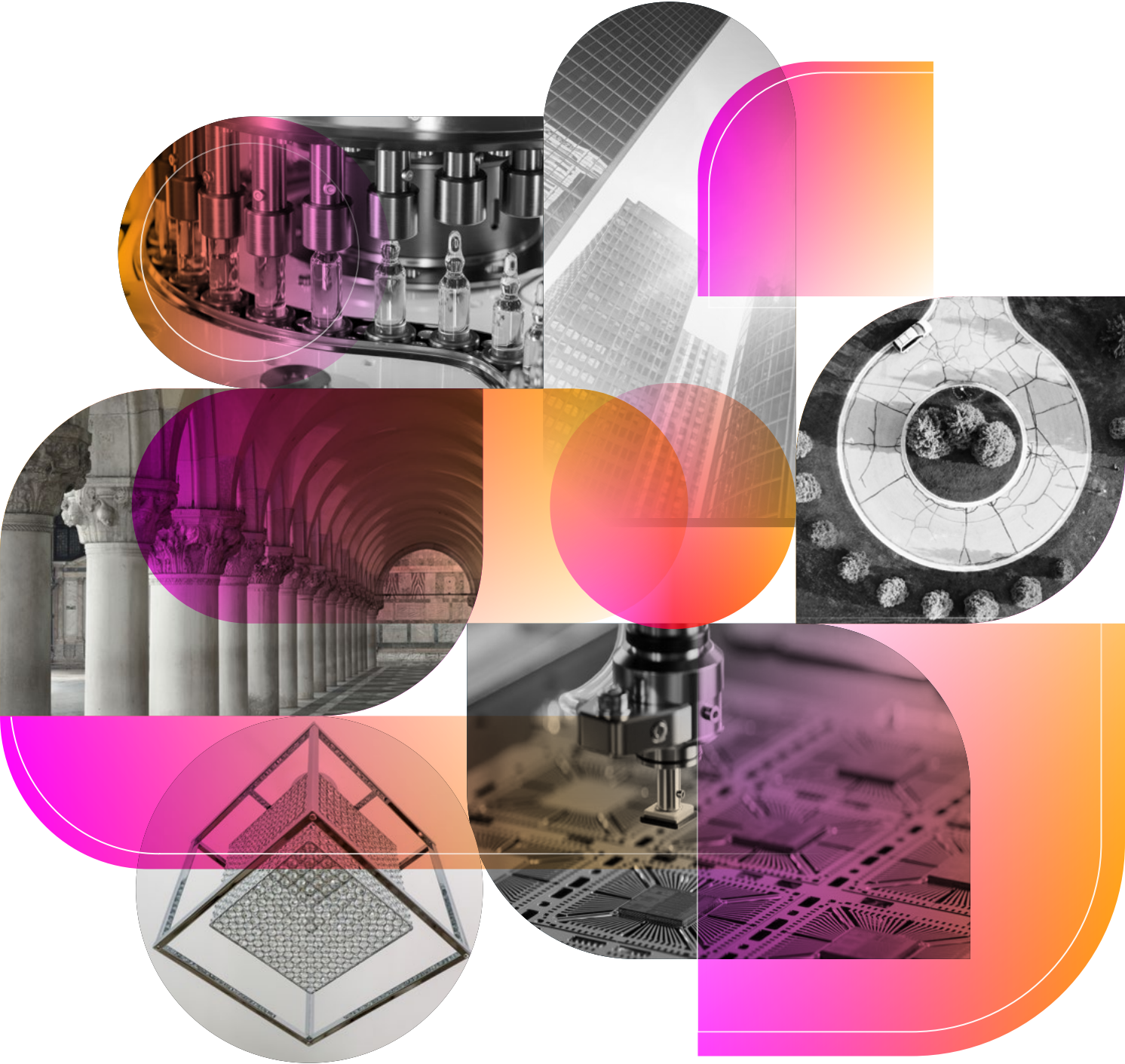
*On behalf of the Board of Directors*

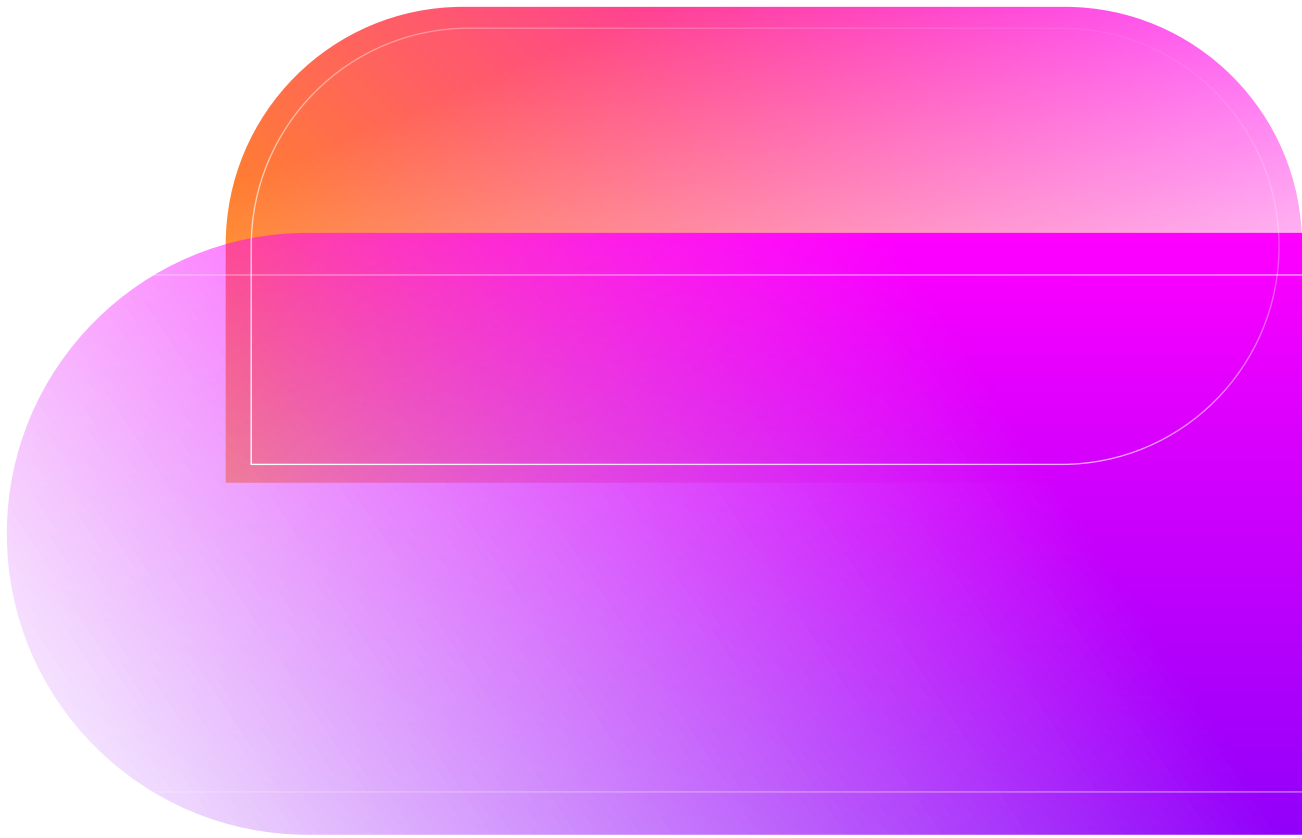
*The Chair*

Attached annex:

1. Report on the 2024 Remuneration Policy and compensation paid in 2023.

# Report on the 2024 Remuneration Policy and the compensation paid in 2023





# Report on the 2024 Remuneration Policy and the compensation paid in 2023

Subject to approval by the Shareholders' Meeting of illimity Bank S.p.A. on 24 April 2024

Prepared pursuant to article 3 of Legislative Decree no. 49 of 10 May 2019, which revised article 123-ter of Legislative Decree no. 58/1998, to the Issuers' Regulation revised on 11 December 2020 and to the 37<sup>th</sup> revision of Bank of Italy Circular no. 285.

Courtesy translation. In case of any inconsistencies the Italian version shall prevail



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# Letter from the Chair of the Remuneration Committee



## Ladies and Gentlemen Shareholders,

I am pleased to present illimity's 2024 Remuneration Policy Report, which outlines the Group's remuneration and incentive strategy based on the strategic and sustainability objectives promoted by the 2021-2025 Strategic Plan. A plan that defines a development path characterised by growth in profitability and business with an increasing focus on sustainability.

In this context, illimity's remuneration policy is a key tool for contributing to the pursuit of the ambitious goals outlined, ensuring consistency with strategic business and sustainability objectives and ensuring the attraction and engagement of people.

With this in mind, the Remuneration Committee worked with Management to draw up the 2024 Remuneration Policy, inspired by the need to pursue sustainability and effectiveness, obviously in addition to compliance with the regulatory framework, taking into account the strategy to incentivise illimiters, the evolution of the Business Model and the results expected in the Strategic Plan.

illimity is the Bank for individuals and families, as well as, thanks to b-ilty, the digital direct Bank for small and medium-sized enterprises. Given the current delicate macro-economic environment, all illimiters have made a significant contribution to the success of this Group with their commitment and dedication.

This is why the remuneration strategy for all illimiters continues to be strongly focused on the achievement of short and medium-long term objectives, in compliance with the Group's values and contributing to the alignment of the interests of investors and all stakeholders. In support of this model:

- All illimiters are incentivised to maintain excellent performance.
- Management and key resources are incentivised to create long-term value.
- Our innovative and customised welfare and flexible benefits system was further strengthened, aiming to respond even better to the needs and requirements of each illimiter with a focus on parenting and family care issues. In particular, as of 2024 the management of the flexible benefits plan is entrusted to a Benefit Company


and B-Corp®, a certification issued by the non-profit organisation B Lab, which assesses the entire social and environmental performance of a company from its business model to its business ethics and its impact on the environment and people. The choice demonstrates the Group's constant focus on the well-being of illimiters, with solutions that increase employee well-being and engagement, generating a positive impact.

Sustainability remains integrated into every aspect of our activities. Qualitative and quantitative ESG (Environmental, Social, Governance) indicators and targets are an integral part of both short-term and long-term Incentive schemes and are an important component in the Bank's assessment of risk exposure.

illimity's commitment to sustainability issues is increasingly strong and shared by the entire organisation, starting from the Board of Directors and Management through to each individual illimiter. We are truly proud that this is reflected in the constant significant upgrades to our ESG ratings.

In fact illimity has always paid special attention to environmental and social issues since the start of its operations in 2019, and has continued along these lines by setting new challenging goals that further strengthen the ESG initiatives of the 2021-2025 Strategic Plan. Therefore, once again in 2024 new ESG KPIs have been integrated into the Remuneration Policy in keeping with the 2023-2025 Sustainability Plan, approved by the Board of Directors in February 2023, in order to align ourselves even better with the best practices of the domestic and international banking sector, also in response to the growing expectations of the supervisory authorities, the financial market and the ESG rating agencies with which we are in constant dialogue.

For a more comprehensive view of illimity's commitment and contribution to sustainability, we invite you to consult our Sustainability Report, which presents the Group's character as a Sustainable Native Company in a comprehensive manner.



I would also like to inform you that, in accordance with the 37<sup>th</sup> update of Circular no. 285/2013 issued by the Bank of Italy, in view of the characteristics of the loans, the Group's organisational structure and the regulatory provisions currently in force, illimity is now considered a large or complex banking group. This implies a more elaborate structuring of the Incentive Plans in terms of the instruments used and the timing of deferral of their payment.

I would like to remind you that, with regard to the short-term Incentive System, illimity has developed a calculation mechanism that directly links the awarding of bonuses to the generation of divisional results, thus promoting not only the Group's results but also those of its individual Divisions, thus strengthening the link between profitability, risk exposure and individual remuneration.

As a further relevant element of the 2024 Remuneration Policy, with regard to the Long-Term Incentive Plan (2021-2025), I would like to inform you that the first performance cycle referring to the three-year period of 2021-2023 has been completed, about which you will be able to read all the details in the Report on compensation paid in 2023.

In order to support the creation of value for all stakeholders and corporate social responsibility in the long term, but also to confirm the will to continue with a transparent and constructive dialogue with investors and proxy advisors, in the 2024 Remuneration Policy you will find a clear presentation of the objectives and related incentive criteria for the Chief Executive Officer and Executives with Strategic Responsibilities.

Let me remind you that illimity's commitment to people is one of the founding pillars of the Bank. The Group's long-standing focus on issues and policies related to inclusion and diversity allowed it to be among the first banks in Italy to obtain Gender Equality Certification in 2022 and to confirm it again in 2023, demonstrating a constant attention to Gender Equality issues and the ability to implement them in a working model that firmly focuses on inclusiveness. The journey of integrating sustainability into strategies, processes

and governance continues and achieves concrete results in employee diversity, equity and inclusion with a strong commitment to pay equity regardless of gender.

I would also like to emphasise that, in keeping with the significant developments and numerous opportunities that artificial intelligence offers, illimity is tackling this challenge with a focused commitment, investing in research, training and the development of specific skills. The goal is to integrate and responsibly apply artificial intelligence within the organisation, helping to create an increasingly reliable and inclusive environment. In this regard, illimiters have the opportunity to actively participate in cross-cutting projects and specialised working groups, including the Artificial Intelligence Task Force, which was created with the aim of imagining and developing concrete cases of application in our daily operational context.

I would like to take this opportunity to thank you in advance for your attention in reading and analysing the 2024 Remuneration Policy Report. We trust that you will appreciate the work we have done, the elements that make up the Remuneration Policy we are presenting to you, and the transparent approach we have always taken in representing them to you and all stakeholders.

With best wishes,

**Paola Galbiati**  
Chair of the Remuneration Committee,  
illimity Bank S.p.A.

# Introduction

This document containing the **Report on the 2024 Remuneration Policy** was prepared by illimity Bank S.p.A. (hereinafter also “illimity” or the “Issuer” or also the “Bank”) pursuant to Italian Legislative Decree no. 58/1998 (“TUF”), updated with the amendments made by Legislative Decree no. 49 of 10 May 2019 - articles 114-bis and 123-ter of the “Issuers’ Regulation” - article 84-quarter, and as updated on 11 December 2020, as well as in accordance with the Supervisory provisions for banks, as per the 37<sup>th</sup> revision of Bank of Italy Circular no. 285 of 17 December 2013 on remuneration (“Circular no. 285/2013”). It consists of two sections.

**Section I** (“Report on the 2024 Remuneration Policy”) clearly explains:

- a) The Company’s policy on the remuneration of members of the Board of Directors, Control Bodies (without prejudice to the provisions of article 2402 of the Italian Civil Code), General Managers and Executives with Strategic Responsibilities, Material Risk Takers and the remaining staff with regard to 2024.
- b) The procedures adopted for the implementation and enforcement of this Policy.

The purpose of this section is to illustrate how the Remuneration Policy contributes to corporate strategy, the pursuit of long-term interests and the Company’s sustainability.

Note that, as envisaged in Consob Regulation no. 17221 of 12 March 2010, as amended, on the subject of transactions with related parties (the “Consob Regulation”), as transposed in the Policy “*Transactions with parties falling within the illimity Bank Group’s Single Perimeter*”, approved on 10 May 2021, the approval of the Policy by the Shareholders’ Meeting exempts the Company from applying said Policy in the resolutions of the Board of Directors regarding the remuneration of Directors, of Directors holding special offices and of Executives with

Strategic Responsibilities when the remuneration assigned is identified in compliance with said Policy and quantified on the basis of criteria that do not involve discretionary assessments. Furthermore, pursuant to article 13, paragraph 1, of the Consob Regulation, the aforementioned procedure does not apply to shareholders’ meeting resolutions pursuant to article 2389, paragraph 1, of the Italian Civil Code concerning the remuneration due to the members of the Board of Directors, nor to resolutions concerning the remuneration of Directors holding special offices falling within the total amount determined in advance by the Shareholders’ Meeting pursuant to article 2389(3)(2) of the Italian Civil Code. The aforementioned Group Policy is available on the Issuer’s website [www.illimity.com](http://www.illimity.com), [Governance/ Related party transactions](#) section.

The Bank has adopted a Remuneration and Incentive Policy for the year 2024 for the members of the bodies with strategic supervision, management and control functions and the other personnel, including Key Personnel, of the Bank and the Companies it controls (the “Policy” or the “Remuneration Policy” or the “Remuneration and Incentive Policy”) drafted in compliance with the provisions of the aforementioned Circular no. 285/2013 as well as in light of the recommendations set forth in the Corporate Governance Code promoted by Borsa Italiana S.p.A. (the “Corporate Governance Code”).

This Policy is subject to approval by the Shareholders’ Meeting convened on 24 April 2024, as proposed by the Board of Directors on 8 March 2024, following the proposal formulated by the Remuneration Committee, having heard the opinion of the Risks Committee for the issues within its purview.

Finally, it should be noted that this Policy concerns the Issuer and the banking group it heads (the “Group”). For Subsidiaries subject to sector regulations, such as illimity SGR S.p.A., specific

Remuneration Policies consistent with this Policy are adopted subject to the specificities of the sector regulations.

The text of this document is made available to the public at the Company's registered office and in the Remuneration section of the Company's website no later than the twenty-first day prior to the date of the Shareholders' Meeting, in accordance with current regulations.

This is followed by **Section II** of the Remuneration Policy (the "Report on compensation paid in 2023"), submitted for approval by the same Ordinary Shareholders' Meeting on 24 April 2024 and available on the Issuer's website [www.illimity.com](http://www.illimity.com), [Governance/Remuneration](#) section.

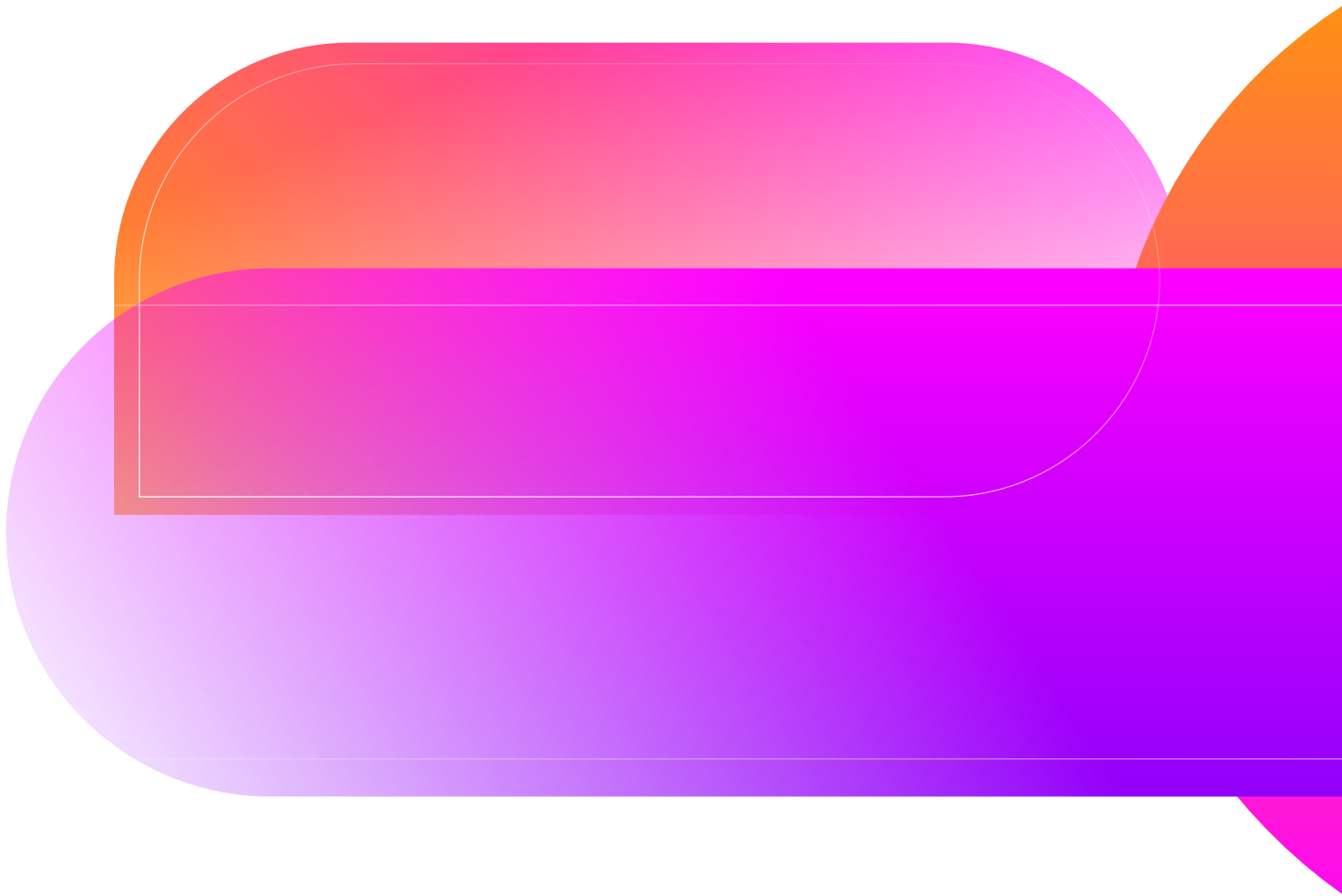


# Glossary

<b>Chief Executive Officer</b>	The Chief Executive Officer of illimity Bank S.p.A. and “Corporate body with management functions”.
<b>Shareholders’ Meeting</b>	The general meeting of the Issuer’s shareholders.
<b>Borsa Italiana</b>	Borsa Italiana S.p.A., with registered office at Piazza degli Affari 6, Milan.
<b>Bonus Pool</b>	The total amount of the variable remuneration deriving from the MBO Incentive Scheme, the estimate of which is based on the actual and long-term results taking into consideration quantitative and qualitative objectives and financial and non-financial objectives, depending on the Group’s capital and liquidity targets.
<b>Circular no. 285/2013</b>	Circular no. 285 of the Bank of Italy dated 17 December 2013, as amended, which among other things governs the remuneration and incentive policies and practices of banks.
<b>Remuneration Committee</b>	The Bank’s Remuneration Committee set up pursuant to Circular no. 285/2013 and the Corporate Governance Code.
<b>Risks Committee</b>	illimity’s Risks Committee set up pursuant to Circular no. 285/2013 and the Corporate Governance Code.
<b>Executives with Strategic Responsibilities</b>	Those persons who, pursuant to IAS 24 and the Corporate Governance Code for listed companies, have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.
<b>Group</b>	The illimity Bank S.p.A. Group, registration no. 245 in the roll of Banking Groups.
<b>illimiters</b>	The staff of the illimity Group.

<b>illimity or the “Company” or the “Issuer”</b>	illimity Bank S.p.A., with registered office at Via Soperga 9, Milan, parent company of the illimity Bank S.p.A. Group.
<b>illimity Way</b>	The illimity Way of the illimity Banking Group, approved on 9 June 2021.
<b>Business Plan, Strategic Plan or Plan</b>	The Issuer’s Strategic Plan for the years 2021-2025.
<b>RAF or Risk Appetite Framework</b>	The framework that - consistent with the maximum risk that may be assumed, the business model and the strategic plan - defines risk propensity, tolerance thresholds, risk limits, risk management policies and the processes needed to define and implement them.
<b>Material Risk Takers or MRTs</b>	Those persons whose professional activity has, or could have, a material effect on the Group’s risk profile, identified in accordance with the criteria and by the means provided in Circular no. 285/2013, in CRD V and in Commission Delegated Regulation (EU) 2021/923.
<b>Relevant Persons</b>	Pursuant to the Provisions of the Bank of Italy on the Transparency of Transactions and Banking and Financial Services – Propriety of Relations between Intermediaries and Customers, the members of the intermediary’s staff who offer products to customers, interacting with such, as well as those persons to whom these staff members report hierarchically.
<b>Consolidated Banking Law or TUB</b>	Legislative Decree no. 385 of 1 September 1993 as amended.
<b>Total Reward</b>	The total remuneration package, consisting of skill development and training in addition to the fixed or variable components of remuneration governed by this Policy.





# Section I

## Report on the 2024 Remuneration and Incentive Policy

# Section I - Report on the 2024 Remuneration and Incentive Policy

## 1. The Remuneration Policy to support the creation of long-term value for all stakeholders

illimity is a new paradigm bank characterised by a highly innovative, high-tech business model with a clear focus on the Italian small and medium-sized enterprise (SME) market. A large and growing market, with attractive risk/return prospects. Specifically, the Bank:

- Provides credit to SMEs through its Corporate Banking and b-ilty divisions. Specifically, the Corporate Banking division finances businesses, usually medium-sized, with a credit standing that is not necessarily high, but that have a good industrial potential and which, due to the complex nature of operations to finance, or their financial difficulties, require a specialist approach to supporting business development programmes or plans to rebalance and relaunch activities. The b-ilty division offers digital banking and digital lending products and services to small and medium-sized enterprises with turnover of EUR 2 million to EUR 10 million, with the goal of improving their financial management of industrial operations.
- Through its Specialised Credit division, it is engaged in asset-based financing transactions to corporate performing/sub-performing counterparties, as well as in the purchase and development of corporate NPE credits (Non-performing and Unlikely to Pay) and public procurement claims. It also provides management and servicing services for distressed corporate receivables, together with the development of the underlying assets through its company Arc neprix. Finally, through Abilio it manages and sells property and capital goods originating from insolvency proceedings and foreclosures.
- It offers innovative services for retail customers through its own digital platform *illimitybank.com* and supports companies in restructuring market and private operations, to meet capital, loan and strategic growth needs, including through advisory services provided by its Investment Banking division for operations such as corporate mergers, spin-offs, incorporations, acquisitions and restructuring.
- Through its SGR it promotes and manages reserved closed-end Alternative Investment Funds (specialised in corporate loans) established with its own funds and those of third-party institutional investors.

illimity was added to the FTSE Italia STAR index just two years after its listing<sup>1</sup>, also in view of its alignment with the highest standards of corporate governance right from the start-up phase. This demonstrates the flexibility, agility and speed of response that distinguishes illimity's business model, necessary to support highly dynamic customer segments.

As set out in Section I of this Report, the 2024 Remuneration and Incentive Policy outlines the objectives of the remuneration and incentive systems and puts in place the incentives to align management with the strategic objectives defined over the Plan period.

The overall remuneration strategy is designed to offer a remuneration structure capable of attracting, retaining and exploiting the key skills functional to the development of the business and the achievement of the expected results, consistent with the Bank's capital and economic-financial sustainability. To this end, among other things there is a variable remuneration component geared to the maintenance of capital and liquidity ratios as well as the achievement of performance targets, which is served in part by the Bank's shares, either from capital increases or from treasury shares.

In this context, the following pivotal principles of the incentive systems are relevant, confirmed also for 2024 and based on a strong alignment with shareholders, investors and with all stakeholders in general:

- Participation of the Chief Executive Officer and the Group's top management in the Annual Variable Incentive Plan (MBO) and Long-Term Incentive Plan (LTI) in order to align the respective remuneration structure with shareholders, investors and the rest of management, taking into account applicable regulatory provisions;

<sup>1</sup> The Company's ordinary shares were admitted to trading on the STAR segment - "High-Requirement Securities Segment" - of the Electronic Stock Market ("MTA"), now Euronext Milan ("EXM"), organised and managed by Borsa Italiana under Borsa Italiana's Provision no. 8688 of 2 September 2020.

- Managers' remuneration appropriately balanced in the variable component, in keeping with profitability expectations, taking into account the level of risk assumed, outlined in the Plan and without prejudice to the progressive consolidation of the results themselves.
- Variable remuneration of all illimiters linked to the performance of the Group, the Division they belong to and individual performance.

The Remuneration Policy is set out in accordance with the business context, the objectives described as well as the applicable regulatory provisions, the growth expectations defined in the Strategic Plan and that which is set forth in the 2023-2025 Sustainability Plan approved by the Board of Directors on 9 February 2023. Specifically, consistent with the environmental objectives to support the energy transition, the social objectives on diversity and inclusion, and the governance consolidation objectives on the integration of sustainability into business strategies, processes and internal policies, the ESG KPIs for the MBO scheme of the organisation's top management have been reviewed.

The Policy also identifies and recognises the actions that guide all people towards illimity's very purpose, which is to support the "national economy" through the development of the market segment served, confirming its responsibility towards investors, shareholders, employees and the overall economic system as a key driver of illimity's strategy.

## 2. Description of the proportionality principle and legislative framework of reference

In view of the characteristics of its loans, the Group's structure and the regulations currently in force, from 2024 onwards illimity will be considered a large or complex bank as it has balance sheet assets on an individual basis of more than EUR 5 billion, calculated as the average of the four years immediately preceding the current financial year.

In this context, this Remuneration Policy outlines the rules and criteria relating to the recognition and disbursement of the variable component of remuneration in a manner consistent with the regulatory provisions for large or complex banks and supporting the alignment with investors through the 2021-2025 LTI Plan, awarded entirely in shares.

The rules and criteria defined are consistent with the aims of alignment, company objectives and values (including corporate social responsibility), the strategic path undertaken and the prudent risk management policies pursued by the Bank in accordance with current regulations.

More specifically, the Remuneration Policy is defined within the reference regulatory framework, outlined by the following sources:

### – At the European Union level:

- Directive no. 2019/878/EU of the European Parliament and of the Council of 20 May 2019, which amended the previous Directive no. 2013/36/EU, on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (so-called CRD V).
- Technical implementing rules of Regulation 876 of the European Parliament and of the Council of 20 May 2019 on prudential requirements for credit institutions and investment firms (so-called CRR II) regarding disclosure requirements including on Remuneration Policies to the market and reporting to competent authorities published by the European Banking Authority (EBA) on 24 June 2020 and applicable from 30 June 2021.
- European Commission Delegated Regulation (EU) no. 2021/923 of 25 March 2021, published in the EU Official Journal on 9 June 2021 and directly applicable in each Member State, supplementing CRD V with regard to regulatory technical standards on qualitative and quantitative criteria for identifying categories of personnel whose professional work have a material impact on an institution's risk profile (so-called "Material Risk Takers"). These criteria transpose the Regulatory Technical Standards defined by the EBA on 18 June 2020 and in force from January 2021 in application of the new Capital Requirements Directive (CRD V).
- European Commission Delegated Regulation 527 of 12 March 2014 supplementing CRD IV with regard to regulatory technical standards on the specification of categories of instruments that adequately reflect the credit quality of the institution on an ongoing basis and are suitable to be used for variable remuneration purposes.

- Directive (EU) no. 2023/970 of the European Parliament and of the Council of 10 May 2023, published in the Official Journal of the European Union Law 132 on 17 May 2023, aiming to strengthen the application of the principle of equal pay for men and women for equal work or work of equal value through pay transparency and its enforcement mechanisms. Member States are required to bring into force the laws, regulations and administrative provisions necessary to comply with the Directive by 17 June 2026.
- **At the national level:**
- Articles 123-ter, as updated by Italian Legislative Decree no. 49/2019, and 114-bis of the Consolidated Law on Finance, which respectively regulate the contents of the “Report on remuneration policy and compensation paid” and the “Disclosure to the market on the allocation of financial instruments to corporate officers, employees and contractors”.
  - Title IV, Chapter 2, from the 37<sup>th</sup> update of Circular no. 285/2013 concerning provisions on remuneration and incentive policies and practices in banks and banking groups.
  - The Bank of Italy Provision of 19 March 2019 on the transparency of banking and financial transactions and services, with particular regard to the propriety of relations between intermediaries and customers.
  - The Issuers Regulation, as updated by Consob on 11 December 2020.
  - With regard to the collective asset management sector, the provisions of the Bank of Italy Regulation implementing articles 4-undecies and 6, paragraph 1, letters b) and c-bis) of the Consolidated Law on Finance.

The following complete the above provisions:

- the “*Guidelines on sound remuneration policies under Directive 2013/36/EU*”, published by the EBA on 2 July 2021 and effective from 31 December 2021, designed to harmonise the way in which the European directive is effected in the various countries;
- the “*Guidelines on sound remuneration policies under the UCITS Directive and AIFMD*”, designed to harmonise transcription into national laws on remuneration and incentives in companies managing AIFs and UCITS funds;
- the “*Guidelines on loan origination and monitoring*”, that govern the criteria for the remuneration of staff, in particular with reference to the assumption of risks regarding the granting, administration and monitoring of the loan;
- the ECB’s guidance on non-performing loans (“NPLs”) published on 20 March 2017;
- Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (“Mifid II”), on the requirements for proper conduct with customers, in effect since January 2018;
- the ECB’s papers of November 2020 (“*Guide on climate-related and environmental risks. Supervisory expectations relating to risk management and disclosure*”) and those of the EBA of June 2021 (“*EBA Report on management and supervision of ESG risks for credit institutions and investment firms*”), which provide for the inclusion of ESG parameters in personnel remuneration and incentive mechanisms;
- the “*Supervisory expectations for climate and environmental risks*” issued by the Bank of Italy in April 2022, which indicate that remuneration policies and practices should stimulate conduct consistent with the adopted approach to climate and environmental risk and that variable remuneration should be linked to the achievement of the established objectives, using measurable and quantifiable indicators.

In view of the broad consensus received, the 2024 Remuneration Policy is substantially consistent with the Remuneration Policy approved by the Shareholders’ Meeting of 20 April 2023, with certain improvements implemented within the Group’s governance, performance and reward system.

The following changes are of particular note:

- In accordance with the provisions of the relevant current regulations, revision of the mechanism and timing of payment of the Group’s Incentive Schemes (i.e. MBO 2024 and second and third LTIP cycles) considering that from 2024 illimity is considered a large or complex bank. In fact, the payment of the Bonus if it exceeds the so-called “materiality threshold” will be subject to immediate and deferred payment tranches, in cash and/or illimity ordinary shares, depending on the category of Beneficiary personnel as detailed in the following paragraphs.

- With regard to the Annual Variable Incentive 2024 MBO Plan, integration of additional risk-adjusted profitability metrics for determining the size of the Division Bonus Pool in accordance with current regulations and to further strengthen the correlation between Bonus and the Risk Appetite Framework.
- In the report on compensation paid, highlighting of the allocations deriving from the conclusion of the first performance cycle (2021-2023) of the 2021-2025 Long-Term Incentive Plan, with consequent vesting of rights to receive shares, without prejudice to the six-month lock-up period and share ownership restrictions for the Chief Executive Officer and Executives with Strategic Responsibilities. The vesting of these rights took place after the Board of Directors, upon the proposal of the Remuneration Committee and after consulting the Risks Committee, verified the access conditions and the degree of achievement of the targets set.
- Termination of the 2019-2023 Employee Stock Ownership Plan and increase of the Broad-Based Bonus aimed at recognising the contribution of each illimiter to the achievement of Group objectives and the building of value.

### 3. Objectives of the Remuneration Policy

illimity's Remuneration Policy incentivises the achievement of short and medium-long term objectives in accordance with the values and levers identified in the Strategic Plan, contributing to:

- Aligning the interests of management and all employees, who are fully involved in the process of "building value", with those of investors and all stakeholders.
- Creating sustainable value over time for all stakeholders and the eco-system in which the Group operates, linking short- and long-term Incentive Plans to measurable and quantifiable ESG objectives, using appropriate qualitative criteria to stimulate behaviour consistent with the climate and environmental risk approach adopted.
- Maintaining a high focus on gender equity and employee engagement.
- Supporting the gradual consolidation of growth vectors consistent with the dynamics of the Strategic Plan presented to investors.
- Attracting, retaining and motivating illimiters, with a focus on resources with distinctive expertise for the pursuit of the company's development and business objectives in an increasingly challenging competitive environment through an inclusive corporate culture focused on Human Touch.

In compliance with the regulatory provisions of the 37<sup>th</sup> update of Bank of Italy Circular no. 285/2013, the remuneration systems of illimity are defined in accordance with the company's objectives and values, including sustainable finance objectives that among other things take into account environmental, social and governance (ESG) factors, and with the Bank's long-term strategies and prudent risk management policies, including strategies for monitoring and managing impaired loans, consistent with what is defined within the provisions on the prudential control process.

The Remuneration and Incentive Policy is therefore developed within a clear, transparent governance framework taking into account an overall principle of orientation towards sound and prudent risk management and compliance with regulations and principles of good professional conduct and propriety in relations with customers.

#### 3.1 Gender neutrality of the Remuneration Policy

illimity is committed to offering remuneration packages in keeping with the market median that reflect the principles of neutrality, ensuring substantial equality of treatment, irrespective of discriminatory elements such as gender and age. Specifically, illimity pays great attention to the issues of "Diversity, Equity & Inclusion" and undertakes to appropriately remunerate the position held, the specific skills and experience of each illimiter, the contribution to the company's performance assessed through the Performance Management system, thus ensuring the application of the principle of equal opportunities to all illimiters.

Indeed, as also regulated within the Diversity, Equity & Inclusion Policy, remuneration is defined based on the "equal pay for equal work" principle, guaranteed through controls aimed at ensuring that remuneration decisions are diversity neutral. In particular, this oversight takes place during the systematic analysis of internal and external remuneration benchmarks when defining salary packages, during the annual salary review process and in the commitment to basically eliminate the equity pay gap, monitored through controls during recruitment, as well as in the individual salary review stage and during the periodic review of Remuneration Policies.

With the goal of facilitating the application of gender-neutral policies, evaluating their relative effectiveness and monitoring the application of gender-neutral criteria in remuneration, illimity has equipped itself with a model for analysing remuneration data related to the positions held that takes into account the responsibilities and complexity managed by the various roles.

The system adopted by the Group is based on the international WTW *Global Grading System* method for weighing roles within the organisation. This system allows for the assignment of grades depending on the role held which allow for the constant assessment of the remuneration of resources in equal roles or roles of equal value in terms of both internal equity and competitiveness with respect to the market through internal and external benchmarking.

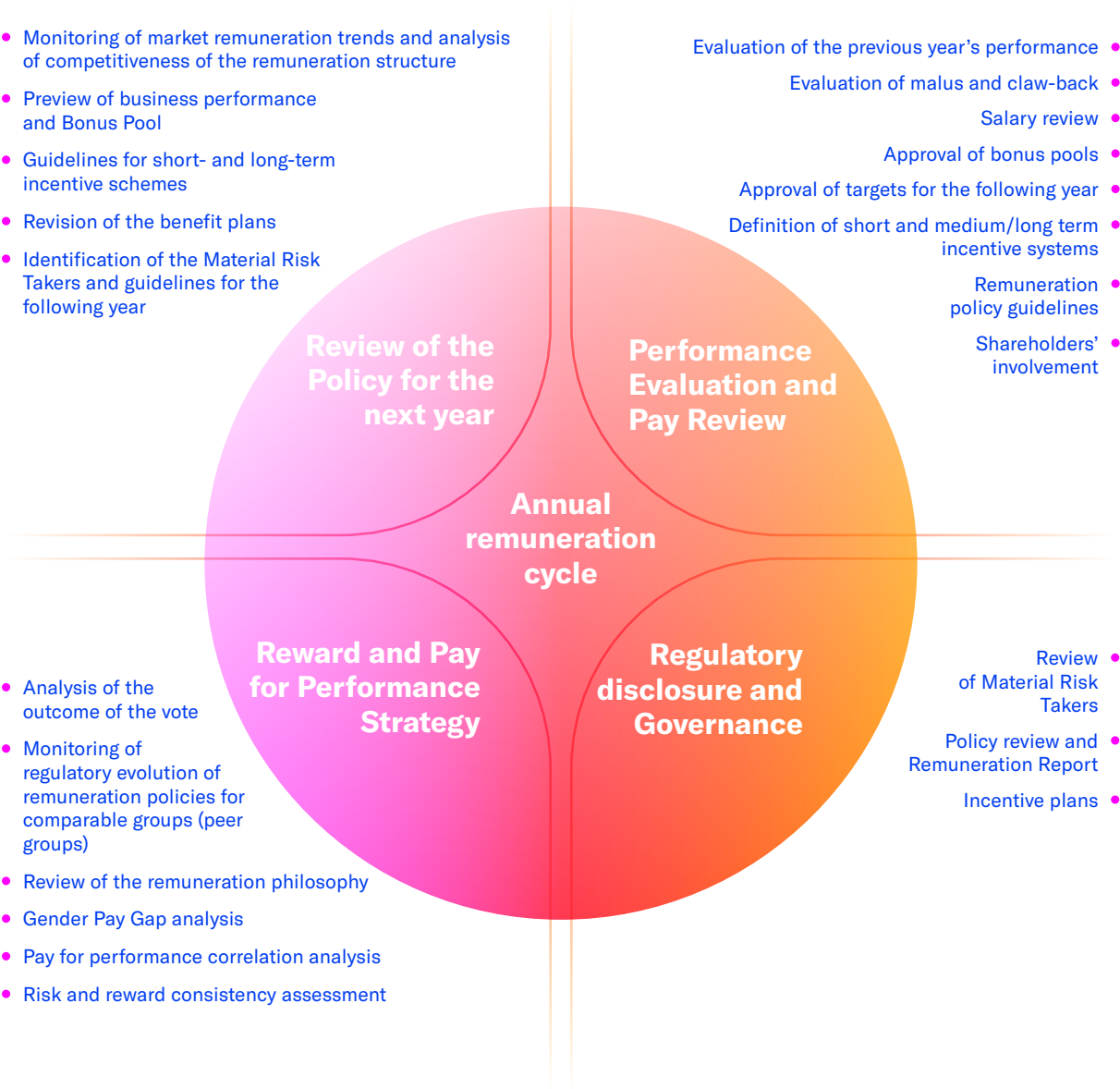
Furthermore, illimity:

- Has a Sustainability Committee where strategic decisions on ESG issues affecting the Group are discussed and approved.
- On 9 June 2021 adopted the *illimity Way* as the integrity handbook of the illimity Group, which among other things emphasises the guiding principles and corporate values.
- Published a Diversity, Equity & Inclusion (DEI) Policy with the aim of outlining the Group's DEI guidelines and practices, as foundational pillars for the organisation and business strategy. In this context, the Equity is understood as "a commitment to guarantee equal opportunities for all illimiters, whether in terms of hiring and working conditions, remuneration, training, development or corporate welfare".
- Has introduced the annual involvement of the Board of Directors, with the support of the Remuneration Committee, for the analysis of the gender neutrality of the Remuneration Policies and to check the Gender Pay Gap and its evolution over time. Note also that the Bank monitors Gender and Equity Pay Gap data on a quarterly basis, paying particular attention to implementing actions to mitigate any gaps identified.
- Earned Gender Equality Certification again for 2023, whose criteria for achievement are governed by the Decree of the Presidency of the Council of Ministers of 29 April 2022. In fact, in the scopes under analysis the Bank stood out not only for its culture, strategy and excellent HR processes, but also for its strong commitment to maintaining gender pay equity within the organisation.

The documents mentioned above are public and available together with the Company's Non-Financial Statement on illimity's website.

## 4. Governance of the Remuneration Policy

In accordance with the provisions of law and regulatory and corporate governance requirements, the Remuneration and Incentive Policy is established as part of the annual cycle for the planning, management and control of remuneration in order to ensure that decisions are taken independently, thereby avoiding the risk of possible conflicts of interest and guaranteeing accurate disclosure.

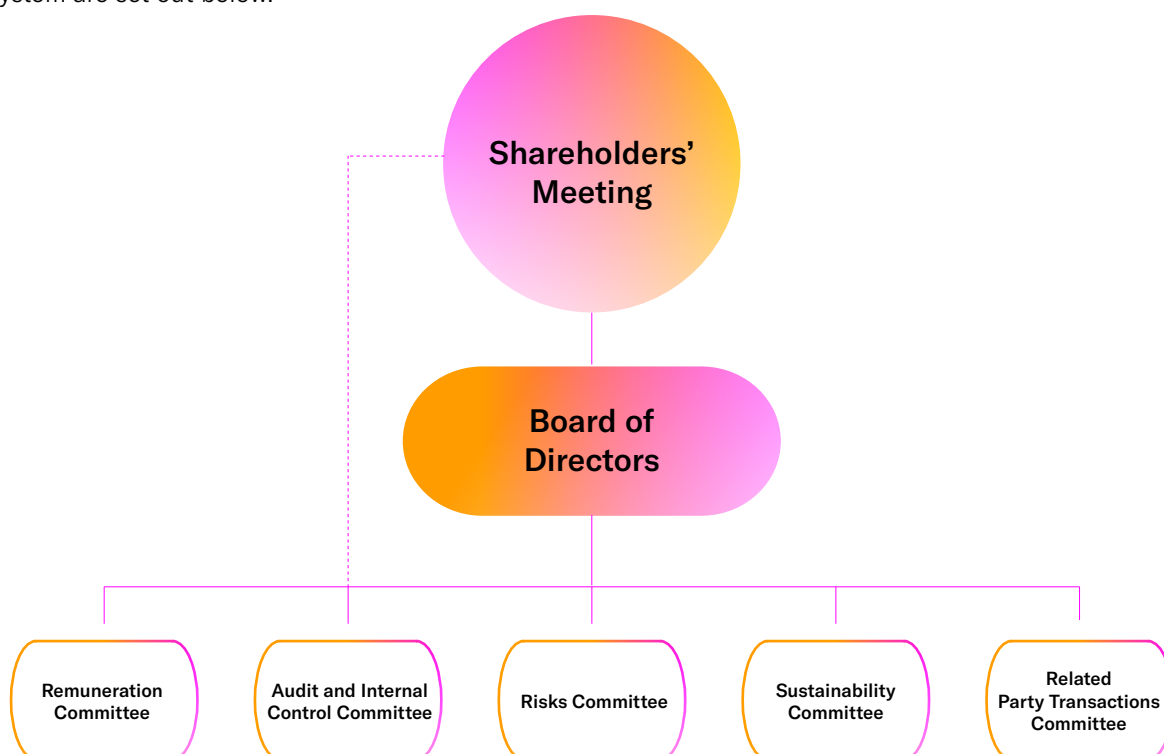




Indeed, the annual cycle of revision of the Remuneration Policy calls for the involvement of the company's bodies and functions, in line with the provisions of regulations and the by-laws, the organisational structure and the responsibilities assigned to the various functions, ensuring that each decision is taken by the bodies and functions specifically assigned.

In order to adopt remuneration practices that are effective and able to appropriately support the business and resource management strategies, together with regulatory developments illimity monitors the general market trends and practices regarding Remuneration and Incentive Policies adopted by others in illimity's industry. In fact, for the purposes of drawing up the Remuneration and Incentive Policy described in this Report the Bank used analyses and support from independent experts with specific experience in remuneration policies and practices identified in the company WTW.

The bodies and persons involved in the definition and implementation of the remuneration and incentive system are set out below.



#### 4.1 Shareholders' Meeting

Approval of the Remuneration and Incentive Policy is the responsibility of the Shareholders' Meeting.

More specifically, in addition to establishing the remuneration due to the bodies appointed by it, the Shareholders' Meeting:

- Expresses a binding vote on the Remuneration and Incentive Policy for members of bodies with strategic supervision, management and control functions and the remaining personnel.
- Expresses a non-binding vote on the approval of the Report on compensation paid pursuant to article 3 of Italian Legislative Decree no. 49/2019.
- Approves remuneration plans based on financial instruments.
- Approves the criteria for determining any amounts to be granted in the event of early termination of employment or early departure from office, including the limits set on such remuneration in terms of annual fixed remuneration and the maximum amount resulting from their application.
- In compliance with the strengthened quorums envisaged by the reference regulations and by the By-laws of illimity in force from time to time, approves any proposal by the body with strategic supervisory function to set a limit on the ratio between the variable and fixed component of individual remuneration higher than 1:1 (in any case not exceeding 2:1).

The Shareholders' Meeting is provided with a precise, exhaustive report on the Remuneration Policy that the Board of Directors proposes to adopt upon the proposal of the Remuneration Committee and having heard the opinion expressed by the Risks Committee for the matters within their respective purviews, as well as a detailed report on the actual and accurate implementation of such policy during the previous year.

Note that illimity's 2023 Remuneration Policy was unanimously approved at the Shareholders' Meeting held on 20 April 2023 with the favourable vote of the Shareholders present (for comparison the average percentage of favourable votes on the 2023 Remuneration Policy of SmallCap and MidCap banks was 91%, and the average percentage for the MidCap Index was 90%), confirming the alignment of illimity's Remuneration Policy with the Investor and Proxy Advisor Guidelines and the current regulatory framework.

## 4.2 Board of Directors

Relying on the advisory and proposal function of the Remuneration Committee, the Board of Directors of illimity Bank S.p.A. ensures that the remuneration and incentive systems adopted are consistent with the Bank's overall choices in terms of risk-taking, strategies, long-term objectives, corporate governance structure and internal controls.

Within this framework, and without prejudice to the powers attributed to the Shareholders' Meeting, the Board of Directors:

- Submits the Remuneration and Incentive Policy to the Shareholders' Meeting and reviews it at least once a year, and at the same time is responsible for its proper implementation, for which it ensures that the appropriate report is prepared and submitted to the Shareholders' Meeting.
- Ensures that the Remuneration and Incentive Policy is adequately documented and accessible within the corporate structure.
- Defines the remuneration and incentive systems for at least the following persons: the Executive Directors; the General Manager (where appointed); the Top Management; the Manager in charge of drafting the Financial Statements; the heads of company control functions.
- Ensures that remuneration and incentive systems are consistent with the Group's overall choices in terms of risk-taking, strategies, long-term objectives, corporate governance structure and internal controls.
- Participates in and is ultimately responsible for the self-assessment conducted in order to identify the Group's Material Risk Takers, and approves/supervises any exclusion of personnel who, although meeting the quantitative requirements, do not meet the qualitative criteria outlined in the relevant regulations.

Note that as of 2022 and at least once a year the Board of Directors is called upon to analyse the gender neutrality of the Remuneration Policies and check the Gender Pay Gap and its evolution over time.

Moreover, in application of article 123-ter, paragraph 3-bis of the Consolidated Law on Finance, in exceptional circumstances illimity may temporarily waive its Remuneration and Incentive Policies, subject to compliance with legal and regulatory constraints and consistent with the rules governing the management of transactions with Related Parties and of self-interest transactions.

Exceptional circumstances are defined as situations in which a deviation from the Remuneration Policy is necessary in order to pursue the long-term interests and sustainability of the Bank as a whole or to ensure its ability to operate in the market.

Any proposal for a waiver must be drawn up by the Chief Executive Officer and describe, with justifications, the exceptional circumstances for which the waiver is deemed necessary, the elements that are intended to be waived among those qualified below as "waivable" and the capital impacts resulting from the application of the waiver, in compliance with the prudential rules in force and the capitalisation constraints the Bank is bound to.

The proposal is approved by the Board of Directors, subject to the favourable opinion of the Remuneration Committee, after consulting the corporate bodies for the matters within their respective purviews and consistent with the Procedure for Transactions with Related Parties.

The waivable elements of the Remuneration and Incentive Policy concern the provisions contained in this Report, **Section I, Chapters 10 and 11** with respect to the variable components described therein.

### 4.3 Chief Executive Officer

As the Body with management functions of the Bank, the Chief Executive Officer:

- Defines and approves the operational process for defining the criteria underlying the remuneration and incentive system, in compliance with the provisions of this Policy.
- Is responsible for the application of this Policy and the implementation of its objectives, including in particular the definition of the Bonus Pool serving the incentive schemes and its distribution.

### 4.4 Remuneration Committee

The Board of Directors avails itself of the proposing and advisory function of the Remuneration Committee composed of three Directors, all non-executive and independent.

In accordance with the provisions of Circular no. 285/2013 as well as the Corporate Governance Code, the Remuneration Committee:

- Submits proposals to the Board of Directors on the Bank's Remuneration Policy, including the remuneration of the members of the Corporate Bodies (in accordance with applicable legal provisions), and of the Group.
- Submits proposals to the Board of Directors on the fixed remuneration of the Chief Executive Officer and of the other Directors holding special offices in accordance with the By-laws and the law.
- Submits proposals to the Board regarding the short- and long-term variable remuneration of the Chief Executive Officer, as well as the performance targets such variable remuneration is linked to.
- Submits proposals or opinions to the Board of Directors with regard to the process of identifying Material Risk Takers (including possible exclusions) and to the fixed and variable remuneration (e.g. Severance, Goal Setting & Appraisal, Bonus Pool) of the Executives with Strategic Responsibilities, meaning the heads of the main business lines, corporate functions or geographical areas and those who report directly to the bodies with strategic supervisory functions, management and control functions, as well as the heads of corporate control functions and the Manager in charge of drafting the Financial Statements, with the support where envisaged of the Risks Committee, the Audit and Internal Control Committee and the Related Party Transactions Committee pursuant to the internal rules on governance decision-making processes on remuneration in force from time to time.
- Submits proposals to the Board regarding the Bank's Incentive Plans, especially those based on financial instruments.
- Directly supervises the proper application of the rules on the remuneration of the heads of corporate control functions, in close collaboration with the Audit and Internal Control Committee.
- Also availing itself of the information received from the relevant corporate functions, monitors the application of the Remuneration Policy and expresses opinions on the achievement of the performance targets the Incentive Plans are linked to and on the verification of the other conditions established for the payment of compensation.
- Periodically assesses the adequacy and overall consistency of the Remuneration Policy for Directors, the Board of Statutory Auditors and Executives with Strategic Responsibilities.
- Prepares the documentation to be submitted to the Board of Directors for the relevant decisions regard the matters for which it has proposal functions.
- Works with the other Committees, especially the Sustainability Committee, on the integration of ESG objectives in the incentive systems and with the Risks Committee to ascertain that the incentives underlying the remuneration and incentive system are consistent with the Risk Appetite Framework (RAF).
- Ensures the involvement of the relevant corporate functions in the process of developing and monitoring remuneration and incentive policies and practices.
- In cooperation with the Sustainability Committee, supports the Board of Directors in analysing the gender neutrality of the Remuneration Policies and in checking the Gender Pay Gap and its evolution over time.
- Provides feedback on its work to the Board of Directors, the Audit and Internal Control Committee and the Shareholders' Meeting.

At the time of writing, the Committee consists of:

- Paola Elisabetta Galbiati - Chair of the Committee.
- Francesca Lanza Tans - Member.
- Marcello Valenti - Member.

#### **4.5 Audit and Internal Control Committee**

The Audit and Internal Control Committee plays a proactive and/or advisory role in remuneration matters where envisaged by the internal rules on governance remuneration decision-making processes.

#### **4.6 Risks Committee**

The Risks Committee plays an advisory role in the approval of the Remuneration Policies in order to make sure that the incentives underlying the remuneration and incentive system are consistent with the RAF, in particular taking into account risks, capital and liquidity. Moreover, it plays a proactive and/or advisory role in remuneration matters where envisaged by the internal rules on governance remuneration decision-making processes.

#### **4.7 Sustainability Committee**

The Sustainability Committee plays an advisory role with regard to the ESG targets assigned in the annual and long-term Incentive Plans, coordinating with both the Remuneration Committee and the Risks Committee.

#### **4.8 Chief HR & Organization Officer**

In consultation with the Remuneration Committee and the Chief Executive Officer, illimity's Chief HR & Organization Officer contributes to the drafting of the Remuneration Policy and oversees its implementation consistent with the need to attract and retain the professional expertise required to achieve long-term objectives and at the same time ensure sound and prudent risk management.

In this context, the Chief HR & Organization Officer:

- Prepares and submits the revision of the Remuneration Policy and the Report on compensation paid to the Remuneration Committee.
- With the contribution of the Corporate Control Functions, ensures the compliance of these Policies with applicable regulations and their proper application.
- Coordinates the process of identifying and defining the Material Risk Takers, taking into account the regulatory provisions and the criteria set out in these Policies, with the contribution of the Corporate Control Functions, in particular the Chief Risk Officer (CRO) and the Chief Compliance & AFC Officer.
- Proposes the performance appraisal system, remuneration criteria and career paths in keeping with the Remuneration Policy. In this respect it also coordinates the definition and assignment of performance targets within the incentive systems.
- With the contribution of the Chief Financial Officer (CFO) and the CRO, verifies the achievement of objectives and the satisfaction of the conditions for payment of variable remuneration.
- Monitors the relevant labour market trends and practices in order to:
  - Develop proposals for the revision of the Policy.
  - Propose solutions for revising the remuneration and incentive system in terms of tools, methods, operating mechanisms and parameters adopted by the Group.

#### 4.9 Chief Compliance & AFC Officer

The Chief Compliance & AFC Officer of illimity performs a preventive review and monitoring of the Remuneration Policy - including with respect to any changes and/or updates that may occur during the year - in order to ensure its compliance with the current regulatory framework. He also makes sure that the company's incentive systems are consistent with the objectives of compliance with the regulations, the By-laws, the Group's illimity Way as well as the standards of conduct applicable to the Bank itself, so as to appropriately mitigate the legal and reputational risks mainly inherent in customer relations.

The Chief Compliance & AFC Officer:

- In cooperation with the other Corporate Control Functions, ensures the adequacy and regulatory relevance of this Policy and its proper functioning.
- Makes sure that the company's incentive system is consistent with the objectives of compliance with the law, the By-laws and the Group's illimity Way, ensuring that legal and reputational risks are duly addressed, with particular regard to customer relations.
- Checks on the consistency between this Policy and internal regulations and procedures, reporting any risks of compliance to the relevant bodies.
- Checks the consistency of the process conducted for the identification of Material Risk Takers with current regulations.

#### 4.10 Chief Risk Officer

The Chief Risk Officer supports the Risks Committee and the Remuneration Committee in assessing that the remuneration systems are consistent with prudent risk management policies and that the incentives underlying the remuneration and incentive system are consistent with the RAF and the management of risk, capital and liquidity. It also contributes to the process of identifying Material Risk Takers for aspects related to the verification of the materiality of the contribution of risk by the holders of delegation powers.

Specifically, the CRO:

- Supports the Chief HR & Organization Officer in ensuring that the Policies are consistent with the risk appetite orientation defined in the Risk Appetite Framework and in identifying any targets aimed at mitigating the relevant risks.
- Assesses the consistency of the prior proposal of the Bonus Pool and of the Gates to variable remuneration with the Risk Appetite Framework, checking the levels subsequently achieved with respect to risk management.
- Ensures the adequacy of the qualitative and quantitative assessments to be adopted for the identification of the Material Risk Takers with respect to the Group's risk profile, consistent with the guidance of the Risk Appetite Framework.

#### 4.11 Internal Audit

At least once a year illimity Internal Audit verifies the compliance of the remuneration practices with the Bank's Remuneration and Incentive Policy as approved from time to time with the relevant regulations in order to guard against risks and to safeguard the company's assets. The results of the audits conducted are brought to the attention of the Shareholders' Meeting, and where deemed necessary are also reported to the Supervisory Authorities.

## 5. Identification of the Group's Material Risk Takers for 2024

The process for identifying illimity's Group Material Risk Takers is carried out in accordance with the requirements of legislation on the matter and in particular Commission Delegated Regulation (EU) 2021/923 of 25 March 2021 - which supplements Directive 2013/36/EU of the European Parliament and of the Council (CRD IV), as amended by Directive (EU) 2019/878 (CRD V) - which establishes the qualitative and quantitative criteria for identifying which categories of staff have a material impact on the institution's risk profile.

illimity has identified Group Material Risk Takers based on a structured process and criteria in line with the Risk Appetite Framework and with the delegation system, all declined within the "Guidelines for identifying the Material Risk Takers of the Banking Group", which, pursuant to the relevant regulations, are an integral part of this Report and are set out in Annex 1.

The identification of the Group's Material Risk Takers, i.e. the category of persons whose professional activities has or may have a significant impact on the Group's risk profile, is based on the Bank's operational and organisational characteristics, taking into account qualitative criteria, i.e. responsibilities and/or delegations of risk-taking powers, and quantitative criteria.

Consistent with the possibility envisaged in the supervisory provisions, the CRO and the Chief HR & Organization Officer have defined the following additional criteria with respect to those in the Delegated Regulation for the purpose of identifying personnel who assume or may assume significant risks for the Bank or the Group:

1. Holders of positions in the organisation who, at the date of the conclusion of the process for identifying the Material Risk Takers, are found to have direct responsibility in the governance of material business risks, subject to identification during the ICAAP process, not already included in the list of risks specifically identified by the prudential regulations (CRR) and which are not identified according to the regulatory qualitative criteria.
2. Holders of positions in the organisation who, at the date of the conclusion of the process for identifying Material Risk Takers, are found to have contributed to the Risk of Concentration of credit exposures with one or more transactions included in the TOP 20.
3. Holders of positions in the organisation who, at the date of the conclusion of the process for identifying the Material Risk Takers, appear to have contributed the most to significant Operational Losses, understood as the first 20 significant Operational Losses (amount equal to or greater than EUR 50,000) recorded in the Loss Data Collection (LDC) process during the last two-year period 2022-2023 and the first two months of 2024, or to "near miss" having a potentially equivalent economic-financial-reputational impact in that same period.
4. Personnel not identified through the application of the previous criteria and/or without a formal organisational role who, based on the analyses and assessments carried out by the CRO, are believed to be able to exercise a significant prospective influence - in strategic and operational terms - on the Bank's management processes and decisions.

At the beginning of 2024 this process led to the identification of **50 individuals** qualifying as Material Risk Takers:

- **Executive and non-executive members of the Board of Directors**, including the **Chief Executive Officer, and Senior Management** (and in particular the Chief Financial Officer, Head of b-ilty, Head of Specialised Credit, Head of Corporate Banking, Head of Investment Banking, Chief Information Officer).
- **The heads of the Corporate Control Functions**, and in particular: Chief Risk Officer, Chief Compliance & AFC Officer, Head of Internal Audit **and the staff who have originated Credit, Market and Operational Risk Weighted Assets** (regulatory RWAs) **equal to at least 2% of the Group's total RWAs** measured as at 31 December 2023 and estimated for 2024 based on Budget data (Head of Turnaround & Special Situations Finance, Head of Structured Finance, Head of Factoring, Head of Investments, Head of Energy, Head of Structuring, Head of Investment & Hedging Solutions, Head of ALM & Treasury, Head of Combined Credit Solutions, Head of Business Monitoring & Optimization).
- **The heads of other business functions** (Chief Lending Officer, General Counsel, Head of Administration, Accounting & Control, Chief Communication & Marketing Officer, Chief HR & Organization Officer, Head of Strategy & Planning, Head of Reward & Development, Head of Digital Lending & Special Projects, Head of ICT Platform & Data Monetization, Head of Alternative Investments, Head of IR & Sustainability, Chief Executive Officer of Arec neprix S.p.A., General Manager of Arec neprix S.p.A., Chief Executive Officer of Abilio S.p.A., Head of ICT Enterprises & CLO Solutions, Head of Business Development of Abilio S.p.A., Head of Pricing & Data, Head of ICT Security, Head of ICT Channels Solutions).

Note that the analysis of the purely quantitative criteria led to the identification of five persons as Material Risk Takers who had already been identified based on qualitative criteria.

The aforementioned identification process was concluded in March 2024 with the involvement of the Remuneration Committee and the Risks Committee for the matters within their respective purviews, and consequently of the Board of Directors on 8 March 2024 after verification by the relevant control functions, in particular the Chief Compliance & AFC Officer with respect to the verification of the alignment of the

criteria applied with the regulatory provisions and the CRO with respect to the possibility of materially impacting the Bank's various risk categories.

As previously mentioned, the update of the process led to the identification of 50 individuals, substantially in line with the process carried out at the end of 2023, the composition of which changed as a result of organisational and personnel changes in the Group. Specifically, five persons were identified for the first time<sup>2</sup>.

The resources identified represent approximately 5% of the total number of employees of the Group as at 26 February 2024.

Note that all Executives with Strategic Responsibilities fall within the scope of the Group's Material Risk Takers.

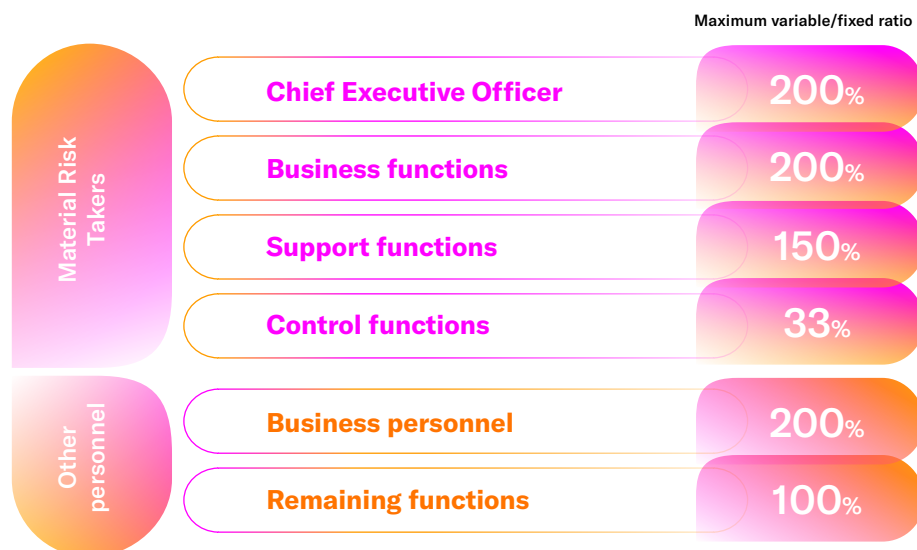
## 6. The remuneration framework and the variable to fixed remuneration ratio

"Remuneration" means any form of compensation - whether in cash, financial instruments, goods in kind (fringe benefits) or in the form of other benefits (e.g. pension benefits on an individual and discretionary basis and Golden Parachutes) - paid directly or indirectly as consideration for work or professional services rendered to the Bank.

Consistent with the regulatory provisions of Circular no. 285/2013, total remuneration is split between fixed and variable components, ensuring that the various components are clearly identified.

The ratio between the fixed and variable components is appropriately balanced, accurately determined and carefully assessed with respect to the characteristics of the Bank and of the different categories of personnel, in particular those falling within the category of Material Risk Takers.

In this regard, illimity has defined maximum ratios<sup>3</sup> for the various categories of personnel, as follows:

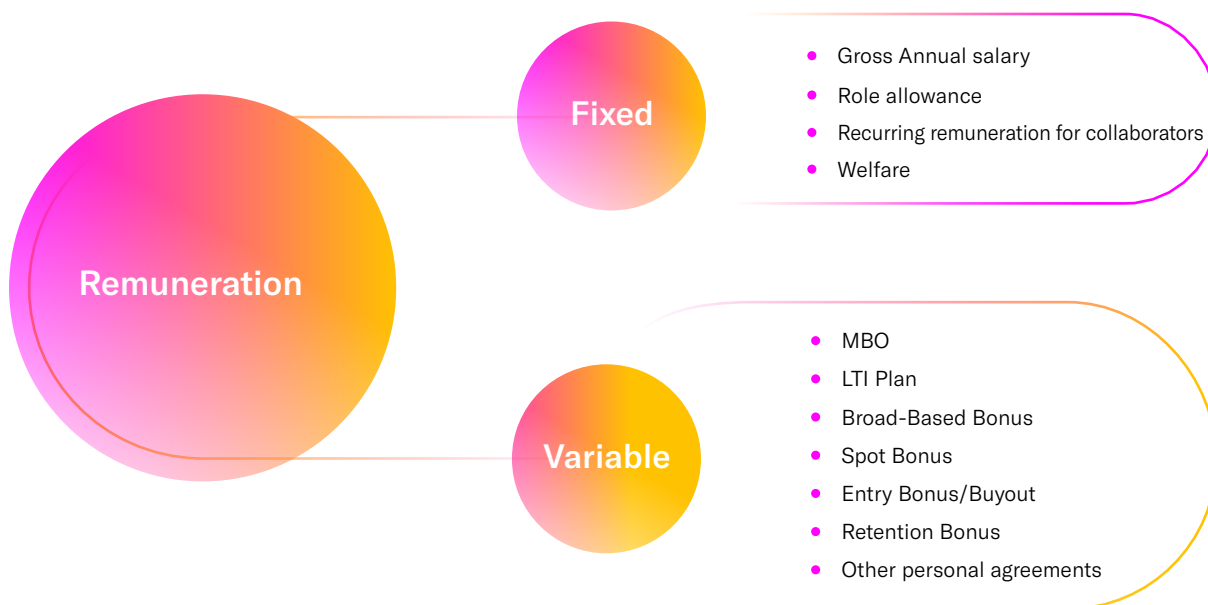


2 Head of Combined Credit Solutions, Head of Business Monitoring & Optimization, Head of ICT Security, Head of ICT Channels Solutions, Head of Business Development of Abilio S.p.A..

3 Note that the Ordinary Shareholders' Meeting held on 20 April 2023 voted in favour of the resolution to raise the ratio limit to a maximum of 2:1 for the Chief Executive Officer and the Group's remaining top management. With regard to the increase of the limit to 2:1 for additional categories of personnel approved by the Ordinary Shareholders' Meeting of 22 April 2020, no new resolution on this matter was submitted as the assumptions based on which the increase was approved at the time have not changed, not even with respect to the personnel it refers to and the level of the limit itself, consistent with current supervisory provisions.

Furthermore, note that - in accordance with regulatory provisions - the variable remuneration of the personnel of the Corporate Control functions, the HR & Organization function and the Manager in charge of drafting the Financial Statements remains in any case limited. For this reason it is envisaged that for these persons the fixed remuneration will prevail over the variable remuneration.

Following is an illustration of the remuneration components adopted by the Group.



### Fixed remuneration

Fixed remuneration is designed to attract and retain key professionals to execute the Bank's strategic directions.

The fixed component of personnel remuneration consists of the following items:

- Gross Annual Remuneration related to the dimensions and complexity managed.
- Possible allowances related to the position/function aimed at recognising the professional expertise contributed, correlated to continued maintenance of the position and calculated in a manner consistent with the applicable regulatory provisions.
- Possible remuneration of a recurring nature for non-employee contractors.
- Welfare and benefits, the value of which is broken down by categories of beneficiaries and allocated on the basis of predetermined criteria unrelated to performance, aimed at increasing the attractiveness of the remuneration package and therefore employee motivation and retention. The benefits are allocated based on a flexible policy that, given a predefined amount, allows the beneficiary to tailor the use of the benefits additional to the basic components according to their individual needs and requirements. The relative methods of allocation and use are governed by specific regulations. Some examples are offered below:
  - Assignment of cars for personal and work use.
  - Assignment of lodgings.
  - Supplementary contributions to the Supplementary Pension Fund.
  - Health insurance policy.
  - Life and occupational and non-occupational accident policies (supplementing the basic covers already guaranteed by the company).

Moreover, there is a Director and Officers insurance policy ("D&O") for all corporate officers (i.e. members of the Board of Directors and Statutory Auditors) also extended to Executives and Heads of functions of the Parent Company and Subsidiaries that may be exposed to risks, with the exclusion of any fraudulent conduct or gross negligence.



## Variable remuneration

Variable remuneration represents the component of remuneration related to performance and/or other factors not included in fixed or recurrent remuneration, and as such allocated and paid in accordance with the relevant regulatory provisions.

As set out in the Remuneration Policy, the components classifiable under variable remuneration include the following items:

- The **Annual Variable Incentive Plan** (MBO) based on the evaluation of the Issuer's and/or Group's individual performance with respect to the objectives assigned, contained in each Beneficiary's individual Goal Card, intended for:
  - Chief Executive Officer.
  - The remaining Material Risk Takers of the Issuer and/or the Group.
  - The remaining personnel of the Group.
- The **2021-2025 Long-Term Incentive Plan** (LTI Plan), which ensures the alignment of management's interests with those of the Shareholders. The aforementioned LTI Plan is intended for the Chief Executive Officer, Executives with Strategic Responsibilities (with the exception of Heads of Corporate Control Functions) and additional beneficiaries identified among the Group's "key resources".
- The **Broad-Based Bonus** aimed at encouraging and rewarding the active contribution of each individual with the objective of promoting the achievement of Group objectives and fostering the creation of an inclusive working environment. This Bonus is intended for employees that are "Impiegati" and "Quadri Direttivi" at all companies of the illimity Group.
- **Spot bonus** of an exceptional nature related to contributions of an extraordinary nature to the creation of value by Group employees and subject to a specific decision-making process are recognised in accordance with regulatory provisions for variable remuneration. This award aims to emphasise constructive behaviour and role models within the organisation (type of bonus not envisaged for the Chief Executive Officer).
- Possible **Entry Bonus or Buyout**, payable according to the applicable regulations only once and only within one year of hiring. Any **Entry Bonuses** paid at the time of hiring are not counted for the purposes of calculating the ratio of variable to fixed remuneration since in accordance with Circular no. 285/2013 they are paid in a lump sum at the time of hiring.
- **Retention Bonus** of an exceptional nature subject to a specific decision-making and approval process aimed at retaining targeted skills and paid in accordance with the regulatory provisions for variable remuneration (type of Bonus not envisaged for the Chief Executive Officer).
- Possible **specific components of remuneration** aimed at preserving the value of commercial know-how and/or specialised skills (notice extension covenants paid during employment). Consistent with the regulatory provisions on remuneration, these covenants are not counted for the purposes of the ratio of variable to fixed remuneration with respect to the defined compensation, for the part not exceeding the last year of fixed remuneration.

Generally the variable component is subject to the verification of entry/activation conditions (Gates) that, for all the components described with the exception of possible Entry Bonuses recognised at the time of hiring or non-competition and/or notice extension agreements whose remuneration does not exceed the last year of fixed remuneration, envisage the maintenance of capital stability and liquidity ratios at least equal to the tolerance level set in the RAF, in addition to specific conditions and objectives defined for each of the Incentive Plans.

The entire variable remuneration (with the exception of any entry bonuses granted at the time of hiring or non-competition and/or notice extension agreements, whose remuneration does not exceed the last year's fixed remuneration) is subject to the following conditions, in addition to the Gate check:

- Compliance with the maximum ratio with respect to the fixed remuneration approved by the Shareholders' Meeting for the relevant category.
- Claw-back clauses that can be activated in the case of remuneration already paid in accordance with the cases and methods governed by the relevant regulations.
- Deferral and Malus mechanisms in accordance with the more stringent regulatory provisions for Material Risk Takers.
- Periods of retention of the variable remuneration paid in financial instruments for Material Risk Takers.

## 7. Remuneration of the Board of Directors

The remuneration system of the corporate bodies is based on compliance with the regulations in force and compliance with policies aimed at ensuring the sound and prudent management of the Bank, taking into account its long-term strategies.

Non-Executive Directors receive a fixed remuneration in addition to the reimbursement of expenses incurred in the performance of their duties.

Further details on the remuneration of the Parent Company’s Board of Directors are made available in the document on the Parent Company’s qualitative and quantitative guidelines and in the Reports on the proposals submitted to the Shareholders’ Meeting in the past (and made available to the public within the terms of the law and in the relevant Shareholders’ Meeting minutes).

### Board of Directors of Subsidiary Companies

After consulting the Parent Company’s Remuneration Committee, the Parent Company’s Board of Directors proposes the remuneration for the members of the Boards of Directors of the Subsidiaries considered to be of greater operational complexity, in accordance with the internal governance decision rules. With regard to non-executive members, these fees are established in a fixed amount.

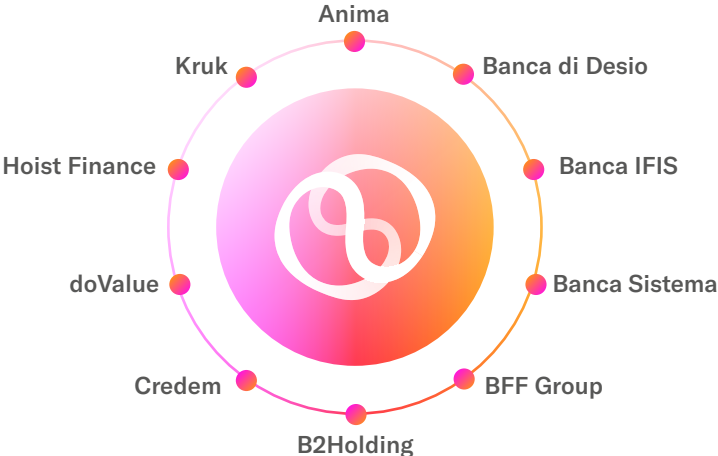
Any members with executive powers are recipients of variable remuneration defined consistently with the provisions governed by these Remuneration Policies.

## 8. Market practice and benchmarking

illimity regularly monitors market practices on remuneration and incentives, also using market benchmarks, consulting with the external independent advisor WTW in order to verify the competitiveness of its Reward strategy.

The Peer Group used to monitor market practices for the role of Chief Executive Officer was selected from a panel of European and Italian companies having operations in the Specialty Finance sector and/or geographical proximity and/or companies operating in the financial sector listed in the FTSE MidCap index of the Italian Stock Exchange.

The analysis of comparability with the specificities of illimity led to the identification of a Peer Group consisting of the following companies in 2024: Anima; B2Holding; Banca IFIS; Banca Sistema; Banca di Desio; BFF Group; Credem; doValue; Hoist Finance and Kruk.

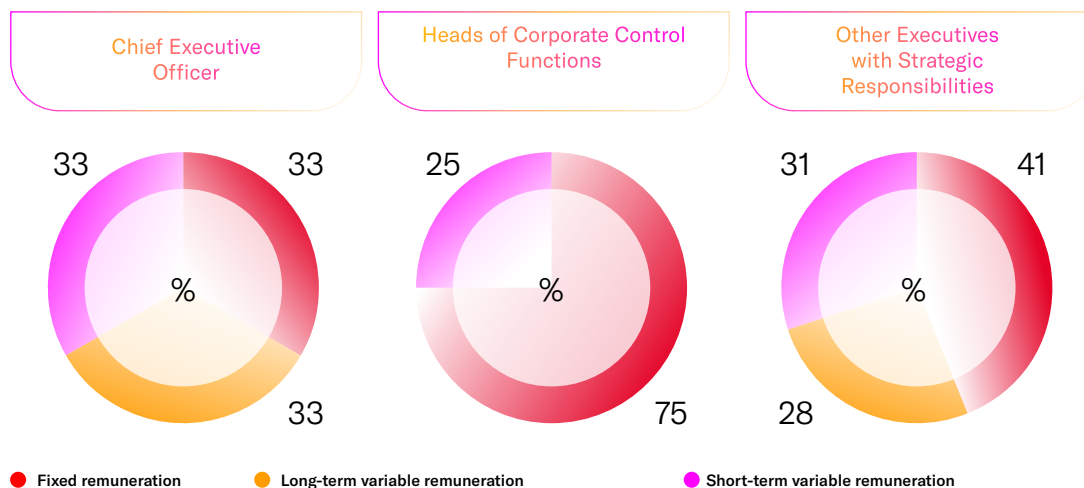


In light of changes in governance structure, mergers or acquisitions and/or de-listing, the Peer Group is updated as necessary in order to ensure its appropriate size as well as the representativeness of the remuneration specificities of the ecosystem illimity operates in.

## 9. Pay-mix of the Chief Executive Officer and other Executives with Strategic Responsibilities

The pay-mix consists of the combination of fixed and variable (short- and long-term) remuneration elements expressed as a percentage of the total remuneration of an individual or group of personnel.

In fact illimity is committed to adopting and guaranteeing fair and balanced pay-mix strategies, establishing precise limits on the variable component for all the various clusters. Below is a graphical representation of the **pay-mix target**<sup>4</sup> set for 2024 and intended for the Chief Executive Officer, the Heads of the Control Functions<sup>5</sup> and the additional Executives with Strategic Responsibilities.<sup>6</sup>



Like last year, and taking into account the Long-Term Incentive Plan, for the Chief Executive Officer and the other beneficiary Executives with Strategic Responsibilities, a balancing of the short-term and long-term variable component has been envisaged in order to incentivise the alignment of the interests of top management with the interests of Shareholders, increasing the focus on long-term value creation.

Accordingly, the remuneration of the Chief Executive Officer of illimity and the other Executives with Strategic Responsibilities consists of the following elements:

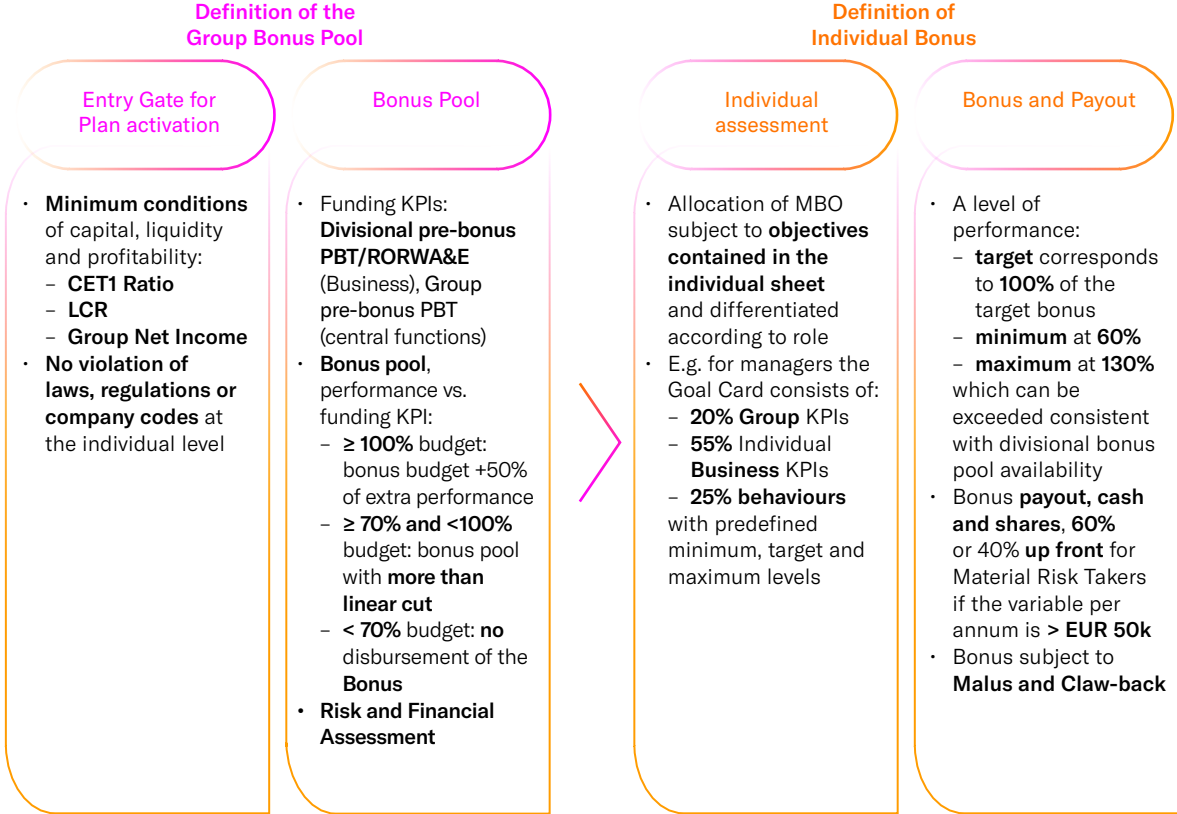
- Fixed remuneration, including the benefits policy defined for the relevant category.
- Short-term variable remuneration: MBO Annual Variable Incentive Plan.
- Long-term variable remuneration: Long-Term Incentive Plan 2021-2025.

4 The remuneration package also includes benefits allocated on the basis of a generalised policy.

5 Chief Compliance & AFC Officer, Chief Risk Officer and Head of Internal Audit.

6 Chief Communications & Marketing Officer, CFO, Chief HR & Organization Officer, Chief Information Officer, Chief Lending Officer, General Counsel, Head of Administration, Accounting & Control, Head of Retail, Head of Corporate Banking, Head of Investment Banking and Head of Specialised Credit.

# 10. 2024 MBO Variable Annual Incentive Plan



## Definition of the Group Bonus Pool

### Entry Gate for Plan activation

The disbursement of the MBO variable remuneration is subject to the actual availability of the Bonus Pool as well as the passing of the following gates, which also ensure compliance with the capital stability and liquidity ratios defined within the framework of the Company’s risk appetite assessment procedures:

- CET1 Ratio  $\geq$  tolerance threshold defined within the RAF as at 31/12/2024.
- LCR  $\geq$  tolerance threshold defined within the RAF as at 31/12/2024.
- Group Net Income  $>$  0 as at 31/12/2024.
- No violation of laws, regulations or company codes at the individual level.

### Bonus Pool

Consistent with the Supervisory Provisions, the total amount of variable remuneration payable at the Group level (Bonus Pool) is determined taking into account the profitability achieved in the year in question, the risk parameters in relation to the Risk Appetite Framework or "RAF" and the level of achievement of the Plan’s objectives.

For 2024 the connection between profitability, risk and remuneration is ensured through the direct link between the Bonus Pool and the performance of the company and each business/support division, adjusted for risk and measured through the use of the Funding KPIs Profit Before Tax (PBT) pre-bonus - weighted at 80% - and the Return on Risk Weighted Assets & RWA-Equivalent (RORWA&E)<sup>7</sup> - weighted at 20% - for each Division, in accordance with the following mechanism approved by the Board of Directors on 8 February 2024, having obtained the favourable opinion of the Remuneration Committee and the Risks Committee for the matters within their respective purviews.

Specifically, if the budgeted Funding KPI is exceeded, the Bonus Pool is given by the sum of the target Bonus Pool and 50% of the extra performance of the actual Funding KPI compared to the budget (Additional Bonus Pool) up to a maximum level (with respect to gross remuneration) of 100% for personnel pertaining to business functions, 50% for personnel of support functions (also within the business) and for control functions - in full compliance with regulatory constraints for Material Risk Takers of control functions - and, with reference to Executives with Strategic Responsibilities, CEOs and General Managers of Subsidiaries, up to the maximum limit set forth in this Remuneration Policy with regard to the ratio between variable and fixed remuneration.

Subject to the reasoned opinion of the Remuneration Committee and having consulted with the Risks Committee for the matters within their respective purviews, the Board of Directors may confirm, increase the Bonus Pool up to a maximum of 20% or reduce it to zero, taking into consideration the results of the Risk and Financial Assessment carried out separately by the CRO and the CFO, as governed in detail within the Regulation of the 2024 MBO Annual Variable Incentive Plan approved by the Board of Directors.

### **Definition of Individual Bonus**

#### **Individual assessment**

The 2024 MBO Plan, intended for all Group employees, recognises the achievement of annual objectives and conduct consistent with long-term planning, while supporting the dissemination of a culture geared towards "building value" in keeping with the risk management objectives set out in the Bank's Risk Appetite Framework and with applicable regulatory requirements.

The allocation of the MBO-related variable remuneration for the 2024 financial year is subject to the achievement of the objectives and conduct contained in the individual Goal Card assigned to each Beneficiary, with differentiation based on role and organisational position.

The Goal Card can therefore include different weightings:

- Group targets (Financial & Risk) in line with the targets defined in the 2024 budget.
- Business objectives/strategic initiatives linked to the business results of the area of reference and/or the implementation of strategic initiatives (assigned according to individual responsibilities with respect to the implementation of the Plan guidelines).
- ESG objectives (with a specific focus on Executives with Strategic Responsibilities and CEOs of the Subsidiaries) in keeping with an active contribution to illimity's progress in environmental and social sustainability issues, as per the Strategic, Sustainability and Digital Mindset Plans in order to promote and disseminate the ESG risk management and digital culture within the Group.
- Conduct consistent with illimity's responsibility and leadership model.

Note also that the illimity Group's leadership model also explicitly and in detail calls for the adoption of ESG and "digital-oriented" behaviour at all levels of the organisation, specifically the management team, other managers and all employees.

In general the individual objectives are consistent with the type of business of the Group company the beneficiaries operate in and with any specificity of the applicable sector regulations.

<sup>7</sup> The Divisional RORWA&E is calculated as the ratio of the Divisional PBT to the Average RWA-Equivalent (RWA for segment-specific credit, operational and market risks + RWA equivalent resulting from the conversion of goodwill and negative valuation reserves into RWA). Specifically, RWA equivalent allows the allocation to the Group's various segments/businesses of the total capital consumed by them, including the impact of any acquisitions.

In accordance with the relevant regulations, for Material Risk Takers working in the company’s control functions, as well as for the Chief HR & Organization Officer and the Manager in charge of drafting the Financial Statements of illimity Bank S.p.A., the objectives are solely related to the specific responsibilities and leadership model of illimity.

The verification of the absence of conduct in breach of internal and external regulations remains unchanged for all.

In order to calculate the bonus, the overall assessment of performance is thus defined by taking into account the results achieved for each objective in the Goal Card of all illimiters, subject to verification of the availability of the Bonus Pool.

Below (Figure 1) is the **2024 Goal Card for the Chief Executive Officer** (maximum bonus equal to 100% of the fixed remuneration) with the related evaluation scale:

#	Area	Cluster	KPI	Weight	Evaluation scale
1	Financials	Profitability	Return on Risk Adjusted Capital (RORAC)	30%	Min: 80% budget <b>Target: 100% budget</b> Max: 120% budget
2			Cost/Income Ratio	10%	Min: 110% budget <b>Target: 100% budget</b> Max: 90% budget
3		Risk	Gross Organic NPE Ratio	10%	Min: 110% budget <b>Target: 100% budget</b> Max: 90% budget
4	Strategy	Strategic actions of continuous innovation	<ul style="list-style-type: none"> <li>Achievement of breakeven in b-ilty</li> <li>Achievement of breakeven in Abilio/Quimmo</li> <li>Execution of initiatives to value the Group’s assets</li> </ul>	25%	Min: 80% <b>Target: 100%</b> Max: 120%
5		ESG	<ul style="list-style-type: none"> <li>Development of environmental policy</li> <li>Determination of a climate change strategy at a Group level, including the development of sustainable finance</li> <li>Maintaining UNI_PdR 125-2022 Gender Equality Certification</li> <li>Maintaining the Equity Pay Gap in the range of +/- 3%</li> <li>Fostering a sustainability culture through the identification of specific contacts (ESG ambassadors) in the main structures equal to approximately 10% of the illimiters</li> </ul>	15%	Min: 80% <b>Target: 100%</b> Max: 120%
6	Behaviour	Behaviour	Evaluation of behaviour based on the illimity leadership model	10%	0-120%

Figure 1 - 2024 MBO Goal Card of the Chief Executive Officer

### Bonus and Pay-out

There are two parameters within the incentive system by virtue of which the limits of the incentive are defined. A first parameter is a maximum level of performance, beyond which the incentive remains constant. The second parameter consists of a threshold level, below which the system is not triggered, and consequently does not generate any disbursement.

Below (Figure 2) is a chart of the incentive curve for the MBO Plan, linking the overall weighted level of achievement of performance targets included within the individual Goal Card to the pay-out level (no bonus is awarded for performance below the minimum threshold of 80%).

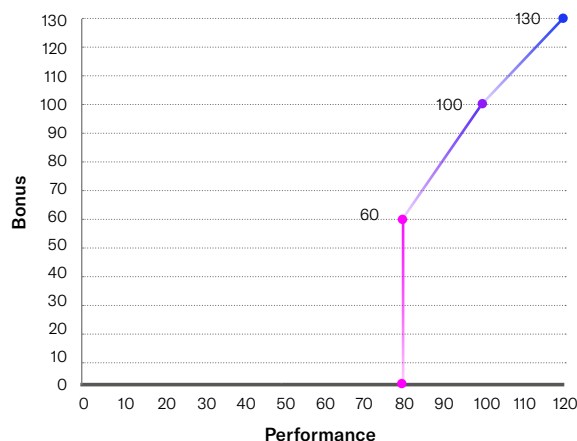


Figure 2 - 2024 MBO Incentive Curve

Any accrued Bonus is paid after the meeting of the Board of Directors that approves the accrued Bonus Pool.

In continuity with what was stated above, pursuant to the 37<sup>th</sup> update of Bank of Italy Circular no. 285/2013, from 2024 illimity falls into the category of large or complex banks. This positioning entails specific regulatory obligations in the way the Bonus is designed and paid, envisaged in terms of (i) balancing at least 50% of the variable portion in financial instruments (shares) for both the up-front and deferred portions; (ii) if the portion in shares is more than 50% of the total variable remuneration, the portion in shares to be deferred is greater than the portion in shares up-front; (iii) the retention period is not less than 1 year and (iv) specific characteristics on deferral.

With particular regard to the latter aspect, larger banks are required to defer part of the variable remuneration for a portion of at least 40% for a period of not less than four to five years in order to take into account the development of the risks assumed by the bank over time. Where the variable component represents a particularly large amount<sup>8</sup>, the percentage to be deferred may not be less than 60% and may be paid on a pro-rata basis provided that the frequency of payments is at least annual.

Consistent with the relevant regulations, as illustrated below the payment structure of the 2024 Incentive System is based on immediate and deferred tranches of payment in cash and/or illimity ordinary shares, depending on the category of beneficiary personnel, the position held and their strategic nature.

8 A particularly high amount of variable remuneration is defined as the lower of: i) 25% of the average total remuneration of Italian high earners, as per the most recent report published by the EBA (EUR 424,000); ii) 10 times the average total remuneration of the Bank's employees (EUR 724,000). For the illimity Group, this value is consequently EUR 424,000, resulting from the aforementioned point i).

For Material Risk Takers with an annual variable remuneration value above the regulatory threshold (i.e. EUR 50,000 or equal to at least one-third of the total annual remuneration), the first tranche of the total incentive will be paid in cash in 2025 and shares in 2026, subject among other things to the assessment of individual adherence to principles of compliance and conduct. The remaining amount will be paid in several tranches in cash and/or illimity ordinary shares in the following period:

- 2027-2030 for Executives with Strategic Responsibilities ("ESRs") with a particularly high amount of variable remuneration, exceeding EUR 424,000.
- 2027-2029, in general, for Material Risk Takers ("MRTs").

In detail, with regard to Executives with Strategic Responsibilities whose annual variable component represents a particularly high amount (greater than EUR 424,000), the Bonus is paid as follows (see Figure 3):

- 40% up front, of which 50% in cash and 50% in financial instruments.
- 60% deferred, of which 40% in cash and 60% in financial instruments, over a time horizon of five years, to be disbursed in the absence of Malus conditions.

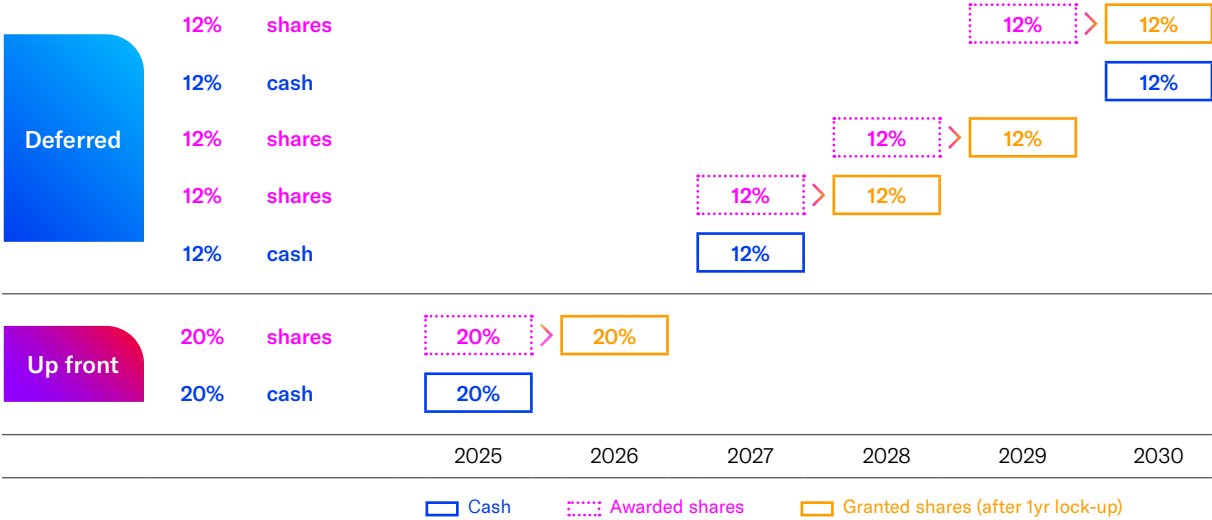


Figure 3 - ESR Bonus pay-out scheme in case of variable remuneration > EUR 424K

With regard to the remaining Material Risk Takers (non-ESRs) whose annual variable component represents a particularly high amount (greater than EUR 424,000), the Bonus is paid as follows (see Figure 4):

- 40% up front, of which 50% in cash and 50% in financial instruments.
- 60% deferred, of which 50% in cash and 50% in financial instruments, over a time horizon of four years, to be disbursed in the absence of Malus conditions.

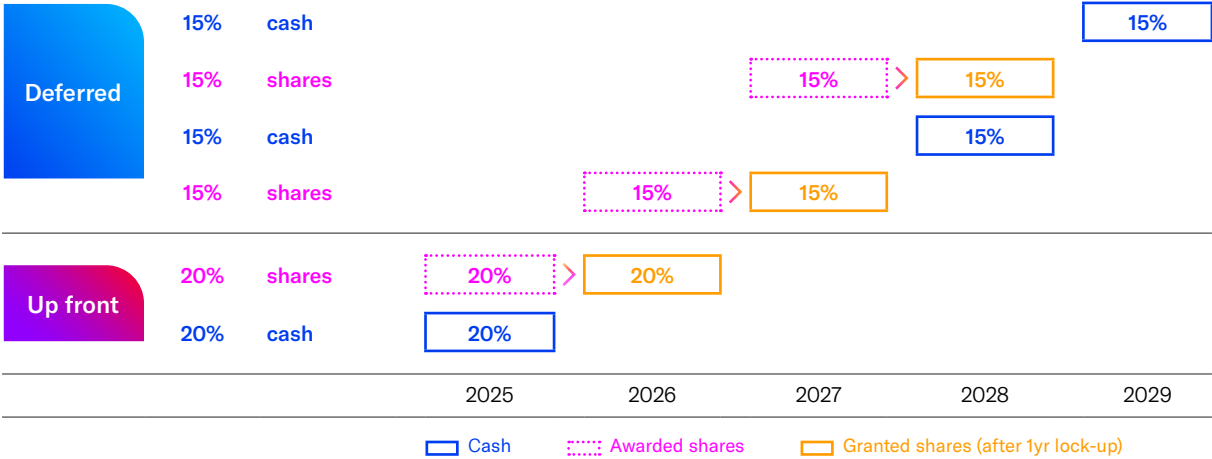


Figure 4 - MRT Bonus pay-out scheme in case of variable remuneration > EUR 424K



For Material Risk Takers, including Executives with Strategic Responsibilities, whose annual variable remuneration is higher than the regulatory threshold but less than or equal to EUR 424,000, the Bonus is paid as follows (see Figure 5):

- 60% up front, of which 50% in cash and 50% in financial instruments.
- 40% deferred, of which 50% in cash and 50% in financial instruments, over a time horizon of four years, to be disbursed in the absence of Malus conditions.

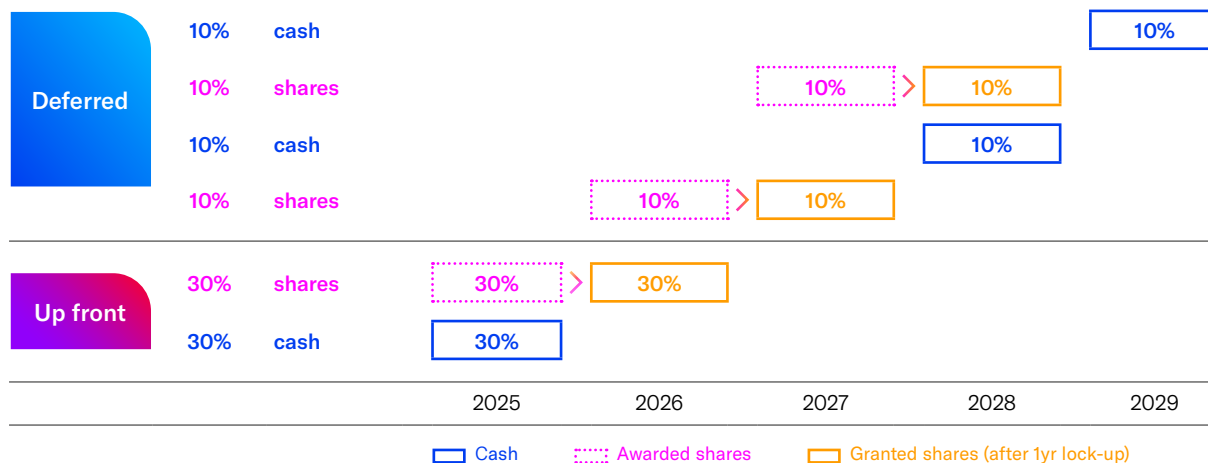


Figure 5 - MRT Bonus pay-out scheme in case of variable remuneration ≤ EUR 424K

Note that for Material Risk Takers the Bonus is paid in cash entirely up front if the annual variable remuneration<sup>9</sup> does not exceed EUR 50,000 and does not represent more than one third of the total annual remuneration (the regulatory threshold).

It should be noted that in all of the cases described above, the component in illimity ordinary shares is subject to a period of unavailability (Lock-up Period) equal to 12 months, both for the up-front and the deferred part, as governed by the regulations.

The number of shares to be granted for both the up-front and the deferred portion is determined by dividing the value of the variable remuneration to be paid in shares by the share price at the time of the grant.

Recognition of deferred shares is also subject to the vesting period, and therefore to compliance with the capital and liquidity requirements verified as of 31 December of the year prior to the disbursement, at least in line with the Gates defined in the Remuneration and Incentive Policies in force at the time and ensuring that the Group's RORAC is positive.

For the remaining personnel of the illimity Group Companies, any bonus accrued upon achievement of the assigned targets and having verified that the conditions for access are met is paid in cash and up front.

In the event of termination of the Employment Relationship or in the case of employees who have given notice during the deferral period, as envisaged in the Regulation of the 2024 MBO Plan and in this Policy the Beneficiary forfeits any right to receive the Bonus. Finally, subsequent correction mechanisms are envisaged (Malus and Claw-back) set out in detail in the Regulation of the 2024 MBO Plan and the Procedure on the Process for the application of Malus and Claw-back mechanisms related to individual conduct.

The entire incentive allocated may be subject to a request for full or partial revocation or restitution in the event of an assessment within five years from the allocation of:

- A violation of legal, regulatory or by-law provisions or of any applicable code of ethics or conduct, resulting in a significant loss for the Bank or the individual Subsidiary or their respective customers.
- A breach of specific legal, regulatory or by-law provisions or of any applicable code of ethics or conduct, regardless of any resulting loss.

<sup>9</sup> Taking into account all forms of variable remuneration, possibly on a pro-rata basis. For example, the MBO Annual Variable Incentive Plan and the Long-Term Incentive Plan (LTI).

- A breach of the obligations concerning company representatives in relation to their suitability to hold office, their satisfaction of the requirements of professionalism, honourableness and independence as well as the fulfilment of the criteria of expertise and propriety;
- A violation of the rules defined in the Policy on “Transactions with entities covered by the Single Perimeter of the illimity Banking Group”.
- A breach of remuneration and incentive obligations.
- Fraudulent actions to the detriment of the Bank.
- Work done with negligence or malpractice ("gross negligence") to the detriment of the Bank.

For more information on the details of the 2024 MBO Plan, including the possible effects of the termination of the relationship on the rights granted under Incentive Plans based on financial instruments, see the relevant Information Document prepared and published by the Bank pursuant to **Schedule 7 of Annex 3A** of the Issuers' Regulation available on the Bank's website at [www.illimity.com](http://www.illimity.com), [Governance/Remuneration section](#).

## 11. The 2021-2025 Long-Term Incentive Plan

The 2021-2025 Long-Term Incentive Plan (hereinafter the "LTI Plan") approved by the Shareholders' Meeting of 15 December 2021 and which replaced the previous Stock Option Plan "SOP" and the Long-Term Incentive Plan 2020-2023, now null and void, has the following purposes:

- Ensure that a close alignment between the interests of the company, the shareholders and the Beneficiaries is maintained, incentivising the achievement of the objectives of the 2021-2025 Strategic Plan.
- Ensure alignment with the timing of the Plan's horizon while providing for three payout cycles starting from the analysis of the 2021 results.
- Allow the actual contribution (in terms of organisational relevance and quality of performance) of the management of the illimity Group to be valued, including beneficiaries who have experienced significant managerial growth.
- Support the creation of value for all stakeholders and corporate social responsibility in the long term through commitment to the achievement of ESG (Environmental, Social & Governance) objectives in addition to business and financial objectives.

### Beneficiaries and details of the Plan

The LTI Plan is addressed to the Chief Executive Officer, the remaining members of Top Management, the personnel benefiting from the previous "SOP" Stock Option Plan (approximately 40 employees) and any additional Beneficiaries identified from year to year by 31 December of the first year of each performance cycle (respectively 31 December 2021 for the 2021-2023 cycle, 31 December 2022 for the 2022-2024 cycle and 31 December 2023 for the 2023-2025 cycle) among the Group's key resources.

The LTI Plan provides for the individual allocation of rights to receive shares. This LTI Plan is divided into three cycles for the measurement of Performance Objectives for the three-year periods of 2021-2023, 2022-2024 and 2023-2025 covering the entire plan horizon (a rolling plan), resulting in the actual free assignment of illimity shares.

For the CEO, the annual incidence of the long-term variable remuneration for each year in relation to the fixed remuneration is expressed as a percentage in the amount of 50% for the first two cycles and 100% for the third performance cycle.

The assignments of the Rights to receive shares were made:

- At the launch of the LTI Plan with respect to the three three-year performance measurement cycles (2021-2023, 2022-2024, 2023-2025) for resources already benefiting from the SOP Plan and the 2020-2023 Long Term Incentive Plan.
- At the start of each vesting cycle for any additional Beneficiaries identified from year to year among the Group's key resources.

Following the lock-up period of each cycle, the relevant shares are allotted and the Rights will be converted into shares in the ratio of one Share for each one Right allotted.

At the end of 2023 and without considering the expected level of performance achieved in the various cycles of the LTI Plan, a dilution of the maximum capital of approximately 2.1% is estimated, calculated on the basis of the number of shares as per the By-laws of 83,916,330.

## Entry Gate and Performance Targets

The vesting of Rights is subject to the fulfilment of access conditions defined as Gates, measured at the end of each three-year performance cycle (31 December 2023, 31 December 2024 and 31 December 2025). These conditions include:

- **CET1 Ratio:** greater than or equal to the tolerance threshold defined within the Risk Appetite Framework.
- **Liquidity Coverage Ratio (LCR):** greater than or equal to the tolerance threshold defined within the Risk Appetite Framework.
- **Net Profit:** greater than zero. Moreover, the average net profit over the three-year cycle must be positive.
- **No violation of laws, regulations or company codes** at the individual level.

The vesting of Rights depends on the degree of achievement of the objectives and their relative weight, established in a manner consistent with the Strategic Plan and communicated at the start of each cycle, and related to the four pillars: **Profitability, Shareholder Value Creation, Asset Quality** and **ESG**.

Following is the Goal Card relating to the LTIP Plan of the third performance cycle (2023-2025), approved by the Shareholders' Meeting on 20 April 2023:

### LTI PLAN GOAL CARD

Strategic Pillar	KPI	Target (end of cycle)	Level of achievement	% Incentive	Weight
Profitability	ROAE	18%	> 18%	100%	50%
			≥ 14% and ≤ 18%	60%-100%	
			< 14%	0%	
Creation of shareholder value	illimity relative TSR vs. Financial Services Italy	Third Quartile	> Third Quartile	100%	20%
			≥ Median and ≤ Third Quartile	60%-100%	
			< Median	0%	
Asset quality	Gross Organic NPE ratio	RAF Appetite	< RAF appetite	100%	10%
			≥ RAF appetite and ≤ tolerance	60%-100%	
			> RAF tolerance	0%	
ESG	Diversity, Equity & Inclusion	4 points	≥ 4 points	100%	10%
			≥ 3 points and < 4 points	60%-100%	
			< 3 points	0%	
	Top ESG Rating & Sustainable Finance	4 points	≥ 4 points	100%	10%
			≥ 3 points and < 4 points	60%-100%	
			< 3 points	0%	

Note that the ESG objectives of the LTI Plan are based on the sustainability commitments included in the 2021-2025 Strategic Plan and the 2023-2025 Sustainability Plan, with particular reference to environmental, social and governance issues.

For the Manager in charge of drafting the Financial Statements and the Chief HR & Organization Officer, in lieu of the relative ROAE and TSR and with the same weight, a qualitative evaluation of performance over the three-year period will be made by the Chief Executive Officer, also based on the results achieved in the annual Performance Management process.

Within 30 days from the date of the Company's Shareholders' Meeting approving the illimity Financial Statements at the end of each three-year cycle (2023-2024-2025), the Board of Directors will verify the fulfilment of the conditions defined as Gates, the degree of achievement of the Performance Targets, and then determine the number of Rights actually vested and the number of shares granted.

For a detailed review of the objectives defined for the LTI Plan of the first performance cycle for 2021-2023, the second cycle for 2022-2024 and the third cycle for 2023-2025, see the 2021 Remuneration Policy (approved by the Shareholders' Meeting of 15 December 2021), the 2022 Remuneration Policy (approved by the Shareholders' Meeting of 28 April 2022) and the 2023 Remuneration Policy (approved by the Shareholders' Meeting of 20 April 2023), respectively.

## Method of allocation of shares and deferral

In accordance with the 37<sup>th</sup> update of Bank of Italy Circular no. 285/13, the reclassification of illimity as a large or complex bank also implies a revision of the pay-out structure and deferral of the Long Term Incentive Plan.

Specifically, with regard to the second LTIP cycle (2022-2024) and the third LTIP cycle (2023-2025), the allocation structure as illustrated below is based on tranches of immediate and deferred illimity ordinary shares, differentiated according to the category of beneficiary personnel, the position held and their strategic nature.

With regard to the personnel identified as Executives with Strategic Responsibilities at the end of each performance cycle whose variable component represents a particularly high amount (greater than EUR 424,000), the allocation of shares will be made as follows:

- 40% up front
- 60% deferred, over a time horizon of 5 years, to be disbursed in the absence of malus conditions (see Figure 6):

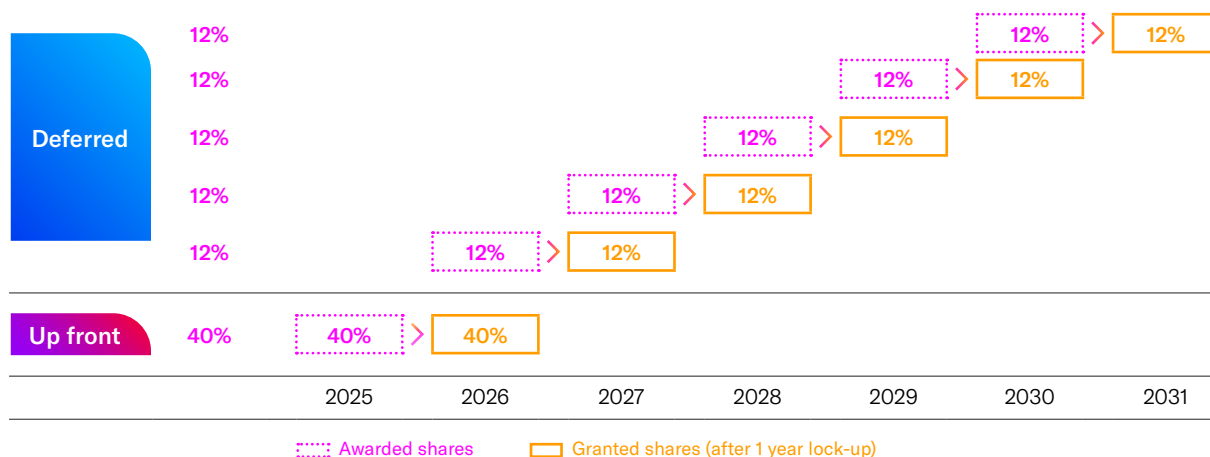


Figure 6 - ESR pay-out scheme in case of variable remuneration > EUR 424K

With regard to the remaining Material Risk Takers (non-ESRs) whose variable component represents a particularly high amount, the allocation of shares will take place:

- 40% up front
- 60% deferred, over a time horizon of 4 years, to be disbursed in the absence of malus conditions (see Figure 7):

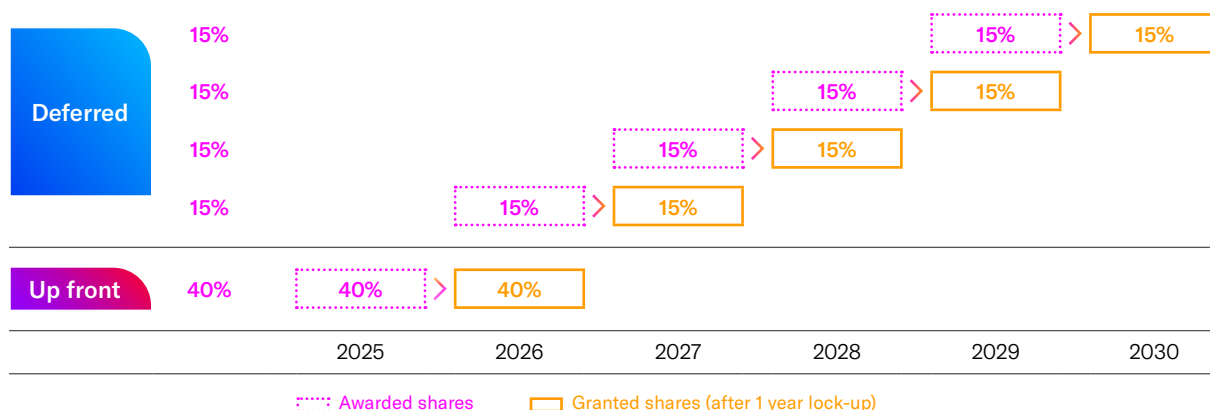


Figure 7 - MRT pay-out scheme in case of variable remuneration > EUR 424K

For Material Risk Takers ("MRT"), including Executives with Strategic Responsibilities, whose variable remuneration is less than or equal to EUR 424,000, but above the "regulatory threshold":

- 60% up front
- 40% deferred, over a time horizon of 4 years, to be disbursed in the absence of malus conditions (see Figure 8):

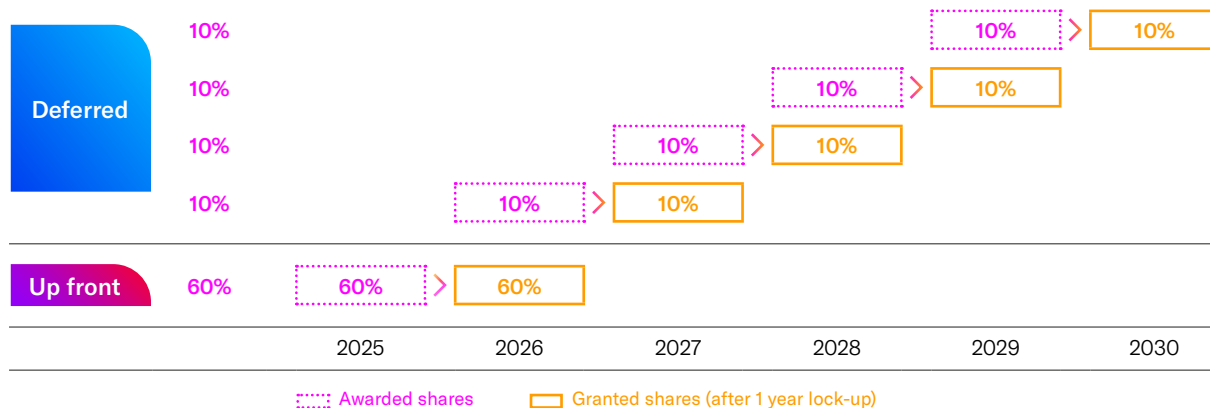


Figure 8 - MRT share pay-out scheme in case of variable remuneration ≤ EUR 424K

Note that for the remaining beneficiaries of the Plan, 100% of the shares envisaged for each cycle are allocated/paid at the end of each cycle, following the lock-up period.

### Lock-up period

With specific regard to the second and third performance cycles, the shares granted are subject to a lock-up period of 12 months for Executives with Strategic Responsibilities and other Material Risk Takers and six months for the remaining beneficiaries from the Delivery Date (for the first performance cycle the lock-up period is six months for all beneficiaries). During that time they are not available to the Beneficiary and therefore cannot be assigned to third parties or pledged. Consistent with regulatory provisions, the Beneficiaries accrue the right to the payment of dividends distributed during the lock-up period.

### Share Ownership Guidelines

In order to emphasise the alignment with long-term shareholder interests, share ownership guidelines are provided for the Chief Executive Officer and Executives with Strategic Responsibilities.

The recipients of these Guidelines agree to maintain a percentage of the available shares allotted according to the Incentive Plan until a certain target level is reached. The share ownership guidelines specifically envisage:

- For the Chief Executive Officer, until the end of their term of office, the ownership in shares of 100% of the fixed remuneration, accumulated for at least 75% from the shares allocated through the Plan (net of tax impacts), until the target amount is reached.
- For Executives with Strategic Responsibilities, for the duration of their office within the scope of the ESRs, the ownership in shares of 75% of the fixed remuneration, accumulated for at least 50% from the shares allocated through the Plan (net of tax impacts) until the target amount is reached.

Measurements of the level of share ownership are made at the end of 2024 using the share price on the grant date.

### Malus and Claw-back

Finally, the Rights vested are subject to Malus and Claw-back conditions, i.e. contractual clauses that allow for the reduction - down to zero - of the variable remuneration still to be paid to the employee (Malus) and/or to request the partial or full return of the variable remuneration already paid (or variable emolument already paid) in the event of negative subsequent assessments of company performance (including the analysis that the RORAC risk-adjusted performance indicator is positive at the end of each year) or individual performance, or in the event of fraudulent conduct or serious misconduct of the employee (Claw-back).

These conditions are expressly governed within the internal procedure “Process for the application of Malus and Claw-back mechanisms related to individual conduct”.

For more information on the details of the LTI Plan, including the possible effects of the termination of the relationship on the rights granted under Incentive Plans based on financial instruments, see the relevant Information Document prepared and published by the Bank pursuant to **Schedule 7 of Annex 3A** of the Issuers’ Regulation available on the Bank’s website at [www.illimity.com](http://www.illimity.com), [Governance/Remuneration](#) section.

## 12. Risk alignment (Malus and Claw-back)

The variable remuneration paid under the Incentive Systems described above may be reduced to zero in the event of:

- Evidence of individual compliance breaches in negative findings of control functions or Supervisory Authorities. Indeed, upon learning of such findings the Chief Executive Officer, having heard the opinion of the Chief HR & Organization Officer for the matters within their respective purviews, may assess the application of possible reductions of the Bonus, even down to zero. If the aforementioned findings relate to personnel belonging to control functions or to the Group’s Material Risk Takers, the relevant decisions are taken after consulting the Remuneration Committee.
- Failure to reach the gates envisaged in the Policy of reference at the time of vesting of the deferred quotas.

In accordance with the provisions in force, for all employees the entire variable remuneration awarded is also subject to an obligation to repay both the up-front and deferred components disbursed in the event of an assessment within five years of payment of:

- A violation of legal, regulatory or by-law provisions or of any applicable code of ethics or conduct, resulting in a significant loss for the Bank or the individual Subsidiary or their respective customers.
- A breach of specific legal, regulatory or by-law provisions or of any applicable code of ethics or conduct, regardless of any resulting loss.
- A breach of the obligations concerning company representatives in relation to their suitability to hold office, their satisfaction of the requirements of professionalism, honourableness and independence as well as the fulfilment of the criteria of expertise and propriety;
- A violation of the rules defined in the Policy on “Transactions with entities covered by the Single Perimeter of the illimity Banking Group”.
- A breach of remuneration and incentive obligations.
- Fraudulent actions to the detriment of the bank.
- Work done with negligence or malpractice ("gross negligence") to the detriment of the Bank.

## 13. Prohibition of hedging strategies

Staff are required not to use personal hedging strategies or remuneration insurance that may alter or undermine the risk alignment effects inherent in the remuneration mechanisms governed by this Policy.

Consistent with the provisions of Title IV, chapter 2, section I, paragraph 5 of Circular no. 285/2013, illimity requires Material Risk Takers to disclose any financial investments made that could affect the risk alignment mechanisms, and more generally the pursuit of prudent risk management in order to take them into account in the articulation of the risk alignment mechanisms of the incentive systems, as well as the existence or opening of custody and administration accounts with other intermediaries.

The Chief Compliance & AFC Officer conducts sample checks on compliance with this prohibition and informs the Chief HR & Organization Officer of the findings.

## 14. Collaborations and professional assignments

The criteria for awarding professional and collaborative assignments are inspired by the principles of expertise, cost-effectiveness, transparency and propriety.

All remuneration and/or sums paid for any reason to the aforementioned persons must be adequately documented and proportionate to the activity performed, also in consideration of the market conditions and applicable laws.

Specifically, with regard to professionals listed in special registers, fees are agreed to in advance with respect to the most favourable terms for the Bank taking into account the assignment and market conditions.

The relationship with contractors is governed by a “standard contract” specifying the activities to be performed and the agreed remuneration.

Consistent with the regulatory framework in force, employees are also analysed as part of the process for identifying Material Risk Takers, and if identified as such are subject to the relevant provisions.

## 15. Specific requirements for the remuneration of personnel in Factoring, b-ilty and Digital Customer Operations: protection of retail customers

In carrying out its banking and payment product placement activities, as governed by the rules of the Consolidated Banking Act and the Consolidated Finance Act, illimity pays constant attention to the interests and needs of its customers, and therefore makes the transparency of contractual conditions and propriety of conduct the overriding values of its employees, considering reputation to be an integral part of illimity’s business model. The Total Reward, including the variable remuneration component and the offer of training and development, places customer satisfaction and loyalty among the Bank’s top priorities. The organisational or procedural setup is also designed to prevent legal and reputational risks associated with customer relations.

In keeping with the Transparency Provisions on the policies and practices that intermediaries adopt for the remuneration of personnel and third parties working in the sales network (for retail customers), with specific reference to the personnel of the Factoring Area, the b-ilty Division and the Digital Customer Operations Area<sup>10</sup>, incentive systems are defined that are based on the Performance Management process characterised by the following objectives:

- Group targets (Financial & Risk) in line with the targets defined in the 2024 budget.
- Business objectives/strategic initiatives linked to the business results of the area of reference and/or the implementation of strategic initiatives (assigned according to individual responsibilities with respect to the implementation of the Plan guidelines) that take into account customer satisfaction and customer interests.
- ESG objectives.
- illimity’s responsibility and leadership model.

The objectives related to individual contributions are in accordance with the following principles:

- Consistency with corporate values and long-term strategies.
- Inspired by criteria of diligence, transparency and propriety in relations with customers, the containment of legal and reputational risks, and the protection and loyalty of customers.
- Not based solely on commercial results and do not constitute an incentive to place products that are not suited to the needs and financial requirements of customers.
- The remuneration does not create incentives for personnel to pursue their own interests or those of the intermediary to the detriment of customers.
- Account is taken of any risk that may cause harm to customers, and appropriate precautions are taken.
- Any variable remuneration component:
  - Is anchored to quantitative and qualitative criteria.
  - Does not constitute an inducement to offer a specific product or a specific category or combination of products when this may result in a detriment to the customer.

<sup>10</sup> While not tasked with the direct offer of banking products and services to retail customers (which is carried out through digital channels), the staff of the Digital Customer Operations Area has been included in the perimeter of relevant persons for the purposes of the Transparency Provisions due to their telephone contacts with retail customers, also aimed at providing clarification on the characteristics and conditions of the Bank’s products and services.

- Is adequately balanced against the fixed component of remuneration.
- Is subject to correction mechanisms that allow it to be reduced (even significantly) or eliminated.

Specifically, the recipients of this Guideline (hereinafter referred to as “relevant persons”) are identified as the intermediary’s staff offering products to customers and interacting with them, as well as those to whom such staff reports hierarchically.

Area/Division	Subjects that offer products to customers	Subjects to whom they report hierarchically
Factoring	24	2
Business Development (Sales and Account Management)	13	2
Digital Customer Operations	9	2

Data as of 31/01/2024

## 16. Bank staff providing investment services

With regard to the Bank’s staff tasked with providing investment services, particular attention is paid to ensuring adequate professionalism, including in terms of Remuneration Policies, with specific regard to customer relations.

In accordance with the relevant regulations in force (i.e. EU Delegated Regulation no. 2017/565, supplementing MiFID II), the Remuneration and Incentive Policies adopted by illimity ensure the protection of the interests of the customers to whom the Bank provides investment services, with the aim of avoiding conflicts of interest and/or incentives that may prioritise the interests of staff or the Bank to the detriment of customers.

In this context, the incentive criteria adopted for the Material Risk Takers of the Investment Banking Division involved in the provision of investment services take into account specific individual qualitative objectives that reflect the fair treatment of customers and the quality of the services provided to them by linking individual performance objectives with the degree of customer satisfaction based on proxies aimed at verifying among others the absence of inappropriate transactions or transactions concluded in violation of conflict of interest management measures, as well as the relevance of any complaints made by the customers served.

## 17. Agents, brokers and financial advisors

At present, with regard to agents in financial activities, financial advisors and any brokers other than employees of the Bank, remuneration is normally "recurring", related to the typical operations of the agent/broker/financial advisor, and therefore does not include incentive mechanisms (by way of example, recurring remuneration includes remuneration paid on the basis of a "fixed" percentage of the volumes brought in and/or the profitability generated by the business).

Furthermore, consistent with the regulatory framework, consultants, financial agents and/or intermediaries are also included in the process for identifying Material Risk Takers, and if included in this category are subject to the relevant framework.

If the activity performed by the agents/brokers/financial advisors qualifies as the placement of banking or investment products and services, any non-recurring payments are governed by the provisions of Chapters 15 and 16, respectively.



## 18. Remuneration of Illimity SGR personnel

Within the Banking Group, the authorisation process for the establishment of an Asset Management Company (AMC) was completed in 2020.

The Company is subject to the sector regulations deriving from the transposition in Italy of the AIFMD Directive as transposed in the Bank of Italy Regulation issued on 5 December 2019 in implementation of articles 4-undecies and 6, paragraph 1, letters b and c-bis, of the Consolidated Law on Finance and subsequent updates, as well as the transitional and final rules of the provisions of Circular no. 285/2013 on remuneration and incentive policies and practices, taking into account the peculiarities envisaged in the case of belonging to a Banking Group.

The AMC prepares the Remuneration and Incentive Policy for its personnel in accordance with the principles and purposes of the Group's Remuneration Policy, including the principle of gender neutrality, and taking into account the applicable regulatory provisions, with particular reference to:

- The role of the Shareholders' Meeting and corporate bodies, providing for governance processes consistent with the size and complexity of the AMC, as part of the Parent Company's role of coordination and control<sup>11</sup>.
- Identification of the Material Risk Takers in the AMC and contribution to the process of identifying the Group's Material Risk Takers.
- Gender neutrality of the remuneration and incentive policy and systems.
- Clear distinction between fixed and variable remuneration, the latter including incentive schemes based on "Carried Interest".
- Definition of the upper limit for variable remuneration, kept within a 2:1 ratio with fixed remuneration.
- Incentive systems based on performance indicators of the AMC and of the AIFs managed and measured net of the risks related to their operations, and which, through the definition of AMC "Entry Gates" in addition to the conditions defined at the Group level and mechanisms for defining the "Bonus Pool", take into account the level of capital resources and liquidity required to take on the activities and investments undertaken in the AMC and in the Funds set up.
- Specific provisions of malus conditions at the AMC level (in addition to the conditions defined at the Group level) and claw-back mechanisms.
- Specific provisions for the termination of employment or termination of office.
- Remuneration disclosure obligations.

The Company may adopt incentive schemes embedded in the performance of the funds, such as Performance Fees or Carried Interest in accordance with the regulations applicable to the specific form of incentive.

With its "Guidelines for identifying the Material Risk Takers of the Banking Group" (Annex 1), the Group also includes members of the staff of the Asset Management Company in the process of identifying Material Risk Takers. For the relative analysis the qualitative criteria envisaged by the technical standards of the European Banking Authority (EBA) are also adopted, with particular regard to the possibility of significantly affecting the Group's risks within relevant operating units and/or taking into account the possible impact on the economic, financial or reputational risk the Group could be exposed to. For inclusion in the scope, the quantitative criteria laid down in the regulations are also adopted, which also regulate the mechanisms and procedures for possible exclusion.

For the AMC personnel included in the "Group Material Risk Takers", the deferral rules (deferral percentages and time horizon) established at the Group level are activated, without prejudice to the provisions of the relevant sector regulations regarding financial instruments, taking into account the significance of the AMC.

More details are included in the Remuneration Policy of illimity SGR S.p.A.

11 The Parent Company draws up the document on the Remuneration and Incentive Policies of the entire banking group, ensures its overall consistency, provides the necessary guidelines for its implementation and verifies its proper application, without prejudice to the responsibility of the Asset Management Company for compliance with directly applicable regulations and the correct implementation of the guidelines provided by the Parent Company.

## 19. Compensation for early termination of employment and/or early termination of office

Upon termination of the employment relationship, illimity may provide economic benefits to individual Group employees in addition to those due in accordance with applicable provisions of law and national and company collective bargaining agreements (including severance pay, indemnity in lieu of notice, any indemnity in lieu of accrued and untaken holidays, amounts recognised under a non-competition agreement, amounts recognised within the framework of an agreement for the settlement of an actual or potential dispute, etc.).

Such compensation qualifies as Golden Parachutes within the meaning of Circular no. 285/2013 for the personnel it applies to.

The Golden Parachutes are forms of incentives that may be agreed to by the Bank or other Group companies and individual employees or contractors, with a view to or on the occasion of the early termination of employment (in the case of fixed-term contracts, before the natural expiry of the contract) or for the early termination of the office, provided that there is an initiative and/or interest on the part of the Bank in this regard.

Consequently, in the event of voluntary resignation or in any other circumstance in which the payment is not in accordance with the interests of the Group, there is no basis for the parties to agree on such treatments.

In any event, the amount resulting from the application of the aforesaid clauses/agreements may not exceed a maximum of 24 months' fixed remuneration, defined at the time the agreement is triggered, taking into account the Group's overall results, individual performance and the duration of the employment relationship.

This amount is in any case maintained within the upper limit of EUR 1,100,000.

These limits include any amounts allocated under non-competition agreements.

With regard to professionals with particularly important characteristics such that the termination of the relationship may entail risks, the Bank reserves the right to define non-competition agreements on a case-by-case basis providing for the payment of a consideration commensurate with the duration and extent of the obligation arising from the agreement after the termination of the employment relationship and/or of the office. Consistent with the regulatory provisions, if the relevant remuneration is defined within the limit of one year's fixed remuneration, it is not subject to the verification of alignment with the Bank's overall results, individual performance or length of employment, nor to the rules relating to the articulation of payment, with particular reference to deferral, malus or articulation between cash and financial instruments.

The Golden Parachutes are included in the calculation of the ratio of variable to fixed remuneration in the last year of employment or office, with the exception of:

- Amounts agreed to and recognised by way of a non-competition agreement for the portion that for each year of the duration of the agreement does not exceed the last year's fixed remuneration.
- Amounts agreed to and recognised within the framework of an agreement between the Bank and the personnel, wherever reached, for the settlement of an actual or potential dispute defined by multiplying three months of the annual global remuneration (gross annual remuneration of the last year plus the average of the amounts recognised under the annual variable incentive plan whether up front or deferred in subsequent years, in the previous two years) by the number of years in the company, or, with regard to the Material Risk Takers identified in the corporate control functions, 12 monthly payments of the annual global remuneration defined in the same manner, in any case within the maximum amount defined by the Shareholders' Meeting.

Any remuneration paid by way of Golden Parachutes will normally be disbursed in cash within one year from the termination of the employment relationship and/or office, or, with regard to any components relating to non-competition agreements, within the time frame defined in the agreement.

Where such remuneration is paid to Material Risk Takers, the payments comply with the requirements for the payment of the variable remuneration of such persons.

The manner in which the remuneration is defined and disbursed is adjusted over time in consideration of the evolution of the Bank's characteristics and complexity and taking into account the evolution of the applicable regulatory framework.

Any remuneration paid is subject to the same Malus and Claw-back rules envisaged for the variable remuneration. More specifically, the Bank will take steps to get back the amounts paid in the event of a negative assessment within 5 years from the payment of the immediate component or the deferred component based on the provisions detailed in the chapter "Risk Alignment (Malus and Claw-back)".

The amounts as determined above are in lieu of what is envisaged by collective bargaining in the event of dismissal and will be recognised only upon the signing of an agreement with the Executive regarding the employment relationship and any positions held, as part of a general and superseding settlement. Furthermore, these agreements are defined taking into account all applicable regulations, for which the payments and disbursements due under legal provisions remain unaffected.

Note that there are no agreements in place that bind the Bank to the payment of compensation for the early termination of the term of office of Directors of the Board of Directors.

The rules described do not apply to the amounts agreed to in view of or on the occasion of the early termination of employment or office of both Material Risk Takers and other personnel as part of extraordinary operations (e.g. mergers) or corporate restructuring processes in cases where they relate exclusively to the logic of corporate cost containment and streamlining of the workforce and do not exceed EUR 100,000.

Similarly, with the exception of compliance with the maximum amount in absolute terms or as a number of monthly payments approved by the Shareholders' Meeting, the provisions described above do not apply to incentives for redundancies, including those related to extraordinary operations (e.g. mergers) or corporate restructuring processes, and granted to non-Relevant Personnel, provided that they relate exclusively to the logic of corporate cost containment and streamlining of the workforce, in addition to favouring adherence to support measures envisaged by law or collective bargaining provided for employees in general and without producing distortions on the conduct of personnel.

Any amounts recognised in either case are subject to claw-back mechanisms in the event of fraudulent or grossly negligent conduct to the detriment of the Bank.

## 20. Procedure in the event of termination of employment or collaboration

The allocation of the accrued quotas linked to the Short-Term and Long-Term Incentive Schemes envisaged within this Policy are intrinsically and functionally linked to and conditioned on the continuation of the Employment or Collaboration Relationship as well as to that of the Beneficiary's mandate/assignment.

Any termination of Employment during the vesting period for each three-year cycle with respect to the LTI Plan and annual cycle with regard to the MBO Plan, due to:

- i. voluntary resignation of the Beneficiary;
- ii. termination of the Employment Relationship at the initiative of the Company for just cause or justified reason;

will result in the status of "Bad Leaver" and the automatic, definitive and irrevocable forfeiture of the Beneficiary from the long-term variable opportunity granted up to that moment but not yet vested - with reference to the LTI Plan<sup>12</sup> - and of any deferred portion - with reference to the MBO Plan.

The termination of Employment or Collaboration due to:

- i. death;
- ii. invalidating event such as to make it impossible for the Beneficiary to continue the Relationship in a useful manner;
- iii. retirement;
- iv. resignation for just cause, unjustified dismissal, consensual termination of employment or collaboration;

will result in the status of "Good Leaver", and the Beneficiary (or their heirs) will maintain:

- With regard to the LTI Plan, the rights accrued for the individual vesting cycles if the termination of the Employment or Collaboration occurred after the end of the individual vesting Periods, and/or the portion of the long-term variable opportunity calculated pro-rata in the event of termination during a specific vesting cycle. The remaining variable portion not yet accrued will lapse.
- With regard to the MBO Plan, the right to receive accrued but deferred bonuses.

If prior to the Vesting Date the Employment Relationship or the Collaboration is terminated and the Beneficiary qualifies as a "Good Leaver", the vesting of the variable opportunity shall occur at the natural expiry of the relevant vesting and lock-up period established for each cycle, without prejudice to the assessment of the Gates, the achievement of the Performance Objectives and the Malus conditions envisaged.

<sup>12</sup> During the lock-up period the Beneficiary will maintain the Rights relative to the cycle accrued and attributed, whatever the cause of termination of the Employment Relationship, except if Claw-back procedures are initiated and in accordance with the relevant provisions of the illimity Remuneration and Incentive Policy in force from time to time.

# Annex 1 - Guidelines for identifying the Material Risk Takers of the Banking Group

## 1. Introduction

The current regulatory framework on remuneration and incentives at a European Union and national level - respectively Directive (EU) 2019/878 (CRD V) and Circular no. 285 of the Bank of Italy of 17 December 2013 - provides that banks and banking groups must carry out an annual process to identify the staff whose activity has, or may have, a material impact on the risk profile of the bank or banking group ("Material Risk Takers" - MRTs). Banks are also required to establish a policy for the process of identifying Material Risk Takers which forms an integral part of the remuneration and incentive policy approved annually by the Shareholders' Meeting.

The 37<sup>th</sup> revision of the Bank of Italy's Circular no. 285 of 17 December 2013, containing supervisory provisions on the remuneration and incentive policies and practices of banks and banking groups, incorporated the changes introduced by Directive (EU) 2019/878 (CRD V) - which amends Directive 2013/36/EU (CRD IV) - and the European Banking Authority's Guidelines on Remuneration Policies and Practices<sup>13</sup>.

Commission Delegated Regulation (EU) 2021/923 of 25 March 2021, which was published on 9 June 2021 - and supplements Directive 2013/36/EU (CRD IV) as amended by Directive (EU) 2019/878 (CRD V) and incorporates the Regulatory Technical Standards ("RTS") issued by the EBA - establishes the qualitative and quantitative criteria for identifying categories of persons whose professional activities have a material impact on an institution's risk profile.

All this said and considered, illimity has prepared the present Guidelines (drawn up to determine roles and responsibilities as part of the process to identify illimity's Material Risk Takers) and consequently identified the Material Risk Takers for 2024 in accordance with the criteria envisaged by the current regulatory framework.

At the EU level:

- Directive (EU) no. 2013/36 (CRD IV), as amended by Directive (EU) no. 2019/878 (CRD V) governing the qualitative and quantitative criteria for identifying categories of staff whose professional activities have a material impact on the institution's risk profile.
- Commission Delegated Regulation (EU) 2021/923 (hereinafter also "Delegated Regulation") supplementing CRD V, regulating:
  - **Qualitative criteria** as they relate to the role, decision-making power and managerial responsibilities of personnel, also taking into account the internal organisation of the Group, the nature, scope and complexity of the activities performed.
  - **Quantitative criteria**, as they relate to thresholds concerning the level of total remuneration awarded. In any case, it is possible to exclude certain personnel identified only in application of the quantitative criteria based on objective conditions and consistent with specific limitations set out in the Regulation.

At the national level:

- Bank of Italy Circular no. 285 of 17 December 2013 (hereinafter referred to as "Circular 285") which refers to the criteria envisaged in the Delegated Regulation for the identification of the Material Risk Takers, also offering the opportunity to identify and apply additional criteria to identify additional persons who assume significant risks. The Circular specifies that the parent company of a Banking Group is responsible for identifying the Material Risk Takers for the whole Group, taking into account all the companies therein, regardless of whether they are subject to banking regulations on an individual basis. The parent company also ensures the overall consistency of the identification process for the entire Group, as well as the coordination between the provisions contained in the Circular and any other rules applicable to each company, also on the basis of the sector it belongs to, taking into account the results of the assessments performed by the individual Group members, which are required to perform them on an individual basis.

<sup>13</sup> In fact, the latter was called upon to update the Guidelines on Remuneration Policies and Practices, which were issued in implementation of article 74, paragraph 3 of CRD IV (EBA/GL/2015/22) to bring these Guidelines into line with the amendments made by CRD V. The final version of the EBA's Guidelines on sound Remuneration Policies was published on 2 July 2021.

These Guidelines govern the roles and responsibilities of the functions and corporate bodies involved in the process of identifying the Group's Material Risk Takers and the regulatory and additional criteria established for the identification of the Group's Material Risk Takers.

## 2. Scope of application

This document defines the Guidelines applicable to the entire illimity Banking Group.

In accordance with supervisory regulations, as the Parent Company of the illimity Banking Group, illimity is responsible for identifying personnel who have a substantial impact on the Group's risk profile with regard to all Group companies, whether or not they are subject to prudential supervision on an individual basis.

Using these Guidelines the Parent Company ensures the overall consistency of the identification process for the entire Group as well as the coordination between the provisions relating to the banking scope and any other rules applicable to each company of the same Group, also on account of the specific sector it belongs to.

Group Companies actively participate in the process of identifying Material Risk Takers for the Group conducted by the Parent Company, providing the latter with the necessary information and following the instructions received.

The Parent Company is responsible for implementing the process of identifying Material Risk Takers for all Group Companies, even if they belong to jurisdictions other than Italy.

If these companies are required to identify Material Risk Takers on an individual basis, they adopt criteria similar to those in this document consistent with local or sector regulations, coordinating with the Parent Company, which takes care of the overall consistency of the process at the Group level.

In any case, the individual companies remain responsible for compliance with the regulations directly applicable to them.

## 3. Roles and Responsibilities

### Shareholders' Meeting

On the proposal of the Board of Directors, the Shareholders' Meeting approves the Remuneration Policy, including the criteria for identifying personnel having a significant impact on the Group's risk profile, as part of the Report on Remuneration Policies and compensation paid.

### Board of Directors

The Board of Directors is responsible for the process of identifying personnel who have or may have a material impact on the Banking Group's risk profile. Therefore:

- i. It approves the criteria for the identification of Group Material Risk Takers and ensures their periodic review.
- ii. It is responsible for the proper implementation of the process.
- iii. It approves the results of the process of identifying Material Risk Takers, including any exclusions.

### Remuneration Committee

The Remuneration Committee provides its opinion to the Board of Directors concerning the definition of the Guidelines for identifying the Material Risk Takers, also making use of the information received from the relevant corporate functions.

Furthermore, the Remuneration Committee expresses its opinion on the results of the process for identifying Material Risk Takers carried out each year based on these Guidelines, including any exclusions.

## Risks Committee

The Risks Committee provides its opinion to the Board of Directors on the definition of the criteria for identifying the Material Risk Takers, with particular reference to the additional criteria.

## Chief HR & Organization Officer

The Chief HR & Organization Officer of illimity Bank, responsible for all Group Companies, coordinates the implementation of the process for identifying Material Risk Takers at the Group level, in accordance with the criteria and time frame set out in this document. Therefore:

- i. It prepares and periodically revises the Guidelines on the process for identifying Material Risk Takers and periodically submits them to the Remuneration Committee and to the Board of Directors for approval after hearing the opinion of the corporate control functions.
- ii. During the definition of the Group's Remuneration and Incentive Policies (or at the time of their infra-annual update), it coordinates the implementation of the identification process at the Group level, acquiring the necessary information from the other functions involved, also checking the consistency of the identifications at the level of individual companies subject to specific regulations.
- iii. It ensures the continuous identification of those in roles explicitly identified by the quality criteria at the beginning of the year or at the mid-year update.
- iv. It submits the outcome of the implementation of the process and evidence of any proposed exclusions to the CRO and the Chief Compliance & AFC Officer for their consideration.
- v. It submits the results of the process for identifying Material Risk Takers and any proposals for exclusion to the Remuneration Committee and the Board of Directors.
- vi. It coordinates and supervises the Group-wide identification process with respect to the Group companies. With regard to companies that belong to specific sectors, such as the asset management sector, the Chief HR & Organization Officer coordinates and supervises the identification of Material Risk Takers, making sure that it is done in compliance with sector regulations and consistently throughout the Group as a whole.

## General Counsel

With regard to relations with the Supervisory Authorities, the General Counsel makes the request for authorisation for the exclusion of the Material Risk Takers identified in accordance with the criteria set forth in Delegated Regulation (EU) 2021/923.

## CRO

The CRO of illimity Bank contributes to periodically providing the Chief HR & Organization Officer with the necessary information for the Material Risk Taker identification process.

With regard to the outcome of the process, the CRO expresses an opinion on the consistency between the roles identified, any proposed exclusions and the Group's Risk Appetite Framework.

The results of the consistency checks performed are formalised in the opinion submitted to the Remuneration Committee and the Board of Directors when defining the Remuneration and Incentive Policies, or when updating the perimeter of Material Risk Takers on an infra-annual basis.

## Chief Compliance & AFC Officer

The Chief Compliance & AFC Officer of illimity Bank verifies the alignment with the internal and external regulatory framework of these Guidelines, as well as the outcome of the identification process, and therefore the rationale behind any proposals for exclusion.

The results of such verifications are formalised in the opinion submitted to the Remuneration Committee and the Board of Directors when defining the Remuneration and Incentive Policies, or when updating the perimeter of Material Risk Takers on an infra-annual basis.

## 4. Process for identifying Material Risk Takers

The identification and updating of the perimeter of Material Risk Takers takes place according to the criteria adopted by the Banking Group at the following intervals:

1. At the beginning of each year, for the purpose of defining the perimeter of Material Risk Takers to be submitted to the Shareholders' Meeting for approval as part of the annual definition of Remuneration and Incentive Policies.
2. During the course of the year and formalised in the last quarter of each year in the event of the assignment of new personnel to the positions uniquely identified by the qualitative criteria for all those who have held the position for at least three months during the year in question.

When updating the perimeter, the Chief HR & Organization Officer, with the contribution of the CRO, verifies the consistency of the rationale underlying the adopted criteria with the Risk Appetite Framework, updated from time to time.

The outcome of the identification process is formalised by the Chief HR & Organization Officer in a document comprising:

- i. The positions identified through the application of quality criteria and their rationale.
- ii. The names identified through the quantitative criteria, the evidence of those who have already been identified under the qualitative criteria, and therefore the rationale for any proposed exclusions.
- iii. The names of the Material Risk Takers identified, their roles and responsibilities, and the differences with respect to the previously defined list (including the number of personnel identified as Material Risk Takers, noting the number of persons identified for the first time).

## 5. The identification criteria

The criteria used for the process of identifying/updating the Material Risk Takers are those of a qualitative and quantitative nature present in article 92, paragraph 3, letters a), b) and c) of Directive (EU) 2013/36, in articles 5 and 6 of Delegated Regulation (EU) 2021/923 and the additional criteria defined by illimity.

In accordance with the possibility provided by the supervisory provisions, illimity has identified the following criteria in addition to those in the aforementioned Delegated Regulation:

- Holders of positions in the organisation who, at the date of the conclusion of the process for identifying the Material Risk Takers, are found to have direct responsibility in the governance of material business risks, subject to identification during the ICAAP process, not already included in the list of risks specifically identified by the prudential regulations (CRR).
- Holders of positions in the organisation who, at the date of the conclusion of the process for identifying Material Risk Takers, are found to have contributed to the Risk of Concentration of credit exposures with one or more transactions included in the TOP 20.
- Holders of positions in the organisation who, at the date of the conclusion of the process for identifying the Material Risk Takers, appear to have contributed the most to significant Operational Losses, understood as the first 20 significant Operational Losses (amount equal to or greater than EUR 50,000) recorded in the Loss Data Collection (LDC) process during the last two-year period 2022-2023 and the first two months of 2024, or to "near miss" having a potentially equivalent economic-financial-reputational impact in that same period.
- Personnel not identified through the application of the previous criteria and/or without a formal organisational role who, based on the analyses and assessments carried out by the CRO, are believed to be able to exercise a significant prospective influence - in strategic and operational terms - on the Bank's management processes and decisions.



## Revision of additional criteria

During the periodic preparation of the Remuneration and Incentive Policies, the Chief HR & Organization Officer, with the contribution of the CRO, assesses the need to update the criteria for identifying personnel who have a substantial impact on the Group's risk profile in order to ensure their continued consistency with the Group's ownership structure, organisational structure, business model and related operating mechanisms.

## 6. Exclusion procedure

If after receiving the opinion of the Remuneration Committee the Board of Directors intends to activate the procedure for excluding Material Risk Takers from the scope of the quantitative criteria, the Bank must promptly, and in any event within six months from the end of the previous financial year, submit the request for prior authorisation to the Bank of Italy through the General Counsel pursuant to article 6 of the Delegated Regulation, for personnel whose total remuneration is equal to or greater than EUR 750,000.

The Bank of Italy will make its decision within three months of receiving the complete documentation.

The authorisation is valid for one year and covers the year following the year in which the application is submitted, with the exception of exclusions authorised for the first time, which also cover the year in which it is submitted.

The application for authorisation may cumulatively concern several staff members or several categories of personnel whose exclusion is based on the same assumptions, provided that the persons for whom exclusion is sought are clearly identifiable and that the same level of information is ensured as envisaged by the regulations in force.

Requests for authorisations for exclusions concerning personnel paid a total remuneration of EUR 1,000,000 or more must in all cases be submitted individually for each person. Exclusion may only be authorised in exceptional circumstances, by which is meant unusual and infrequent situations that lead to the staff member not being considered a Material Risk Taker. The existence of exceptional circumstances must be demonstrated by the Bank in its application for authorisation.

## 7. Application of the Regulation at the Group Company level

If there are Companies that are individually subject to prudential supervision, they are required to apply these Guidelines on an individual basis and promptly notify the Parent Company of their findings, in any case when identifying the Group's Material Risk Takers.

On the other hand, in the case of Companies subject to specific sector regulations, such as the asset management sector in the scope of the illimity Group, the identification of the Material Risk Takers is done in accordance with the provisions of the Bank of Italy Regulation implementing articles 4-undecies and 6, paragraph 1, letters b) and c-bis) of the Consolidated Finance Act, without prejudice to the obligation of the Group Company to promptly notify the Parent Company of the results, in any case when identifying the Group's Material Risk Takers.

## 8. Outcome of the process for identifying the Group’s Material Risk Takers for 2024

### Changes from the previous MRT identification (of 23 November 2023)

Positions no longer in the MRT perimeter	Positions added to the MRT perimeter
<ul style="list-style-type: none"> <li>• Patrizia Canziani - Director</li> <li>• Carlo Panella - Former Head of b-ilty</li> <li>• Andrea Montana - Former Head of Portfolios</li> <li>• Paola Tondelli - Head of UTP &amp; Turnaround Funds di illimity SGR</li> <li>• Francesco Piovanelli - Head of Private Capital Funds di illimity SGR</li> </ul>	<ul style="list-style-type: none"> <li>• Francesco Carlesi - Head of Combined Credit Solutions</li> <li>• Elena Perriello - Head of Business Monitoring &amp; Optimization</li> <li>• Luca Dozio - Head of ICT Security</li> <li>• Daniele Weisz - Head of Pricing &amp; Data</li> <li>• Angelo Marri - Head of Business Development of Abilio</li> <li>• Gabriele Negro - Head of ICT Channels Solutions</li> </ul>

### Outcome of the review of the identification process for 2024

ID	Article 92, paragraph 3, letters a), b) and c) - Directive (EU) 2013/36	Outcome
a)	All members of the management body and senior management	<ul style="list-style-type: none"> <li>• Corrado Passera - CEO of illimity Bank</li> <li>• Rosalba Casiraghi - Board Chair</li> <li>• Massimo Brambilla - Director</li> <li>• Marcello Valenti - Director</li> <li>• Elena Cialliè - Director</li> <li>• Francesca Lanza Tans - Director</li> <li>• Giovanni Majnoni D’Intignano - Director</li> <li>• Paola Elisabetta Galbiati - Director</li> <li>• Filippo Annunziata - Director</li> <li>• Marco Bozzola - Director</li> <li>• Stefano Caringi - Director</li> <li>• Nadia Fontana - Director</li> <li>• Silvia Benzi - Chief Financial Officer</li> <li>• Fabio Bianchini - Head of b-ilty</li> <li>• Andrea Clamer - Head of Specialised Credit</li> <li>• Enrico Fagioli - Head of Corporate Banking</li> <li>• Fabiano Lionetti - Head of Investment Banking</li> <li>• Filipe Ferreira Teixeira - Chief Information Officer</li> </ul>

ID	Article 92, paragraph 3, letters a), b) and c) - Directive (EU) 2013/36	Outcome
b)	<p>Members of the staff with managerial responsibility for control functions or important business/operational units of the organisation</p>	<ul style="list-style-type: none"> <li>• Claudio Nordio - Chief Risk Officer</li> <li>• Francesco Martiniello - Chief Compliance &amp; AFC Officer</li> <li>• Fabio Marchesi - Head of Internal Audit</li> </ul> <p>Considering the definition of “relevant business/operating unit”, understood as a business unit as defined in article 142, paragraph 1, point 3, of Regulation (EU) no. 575/2013 which meets one of the following criteria:</p> <p>a) It has been allocated internal capital of at least 2% of the institution’s internal capital referred to in article 73 of Directive no. 2013/36/EU, or is otherwise assessed by the institution as having a material impact on the institution’s internal capital.</p> <p>b) It is a core business line as defined in article 2, paragraph 1, point 36, of Directive no. 2014/59/EU of the European Parliament and of the Council.</p> <p>According to this criterion the following persons are to be considered Material Risk Takers as they are found to have originated Credit, Market and Operational Risk Weighted Assets (regulatory RWAs) equal to at least 2% of the Group’s total RWAs, measured as at 31 December 2023 and estimated for 2024 based on Budget data as resulting from the CRO’s opinion issued on 23/02/2024:</p> <ul style="list-style-type: none"> <li>• Silvia Benzi - Chief Financial Officer</li> <li>• Enrico Fagioli - Head of Corporate Banking</li> <li>• Andrea Clamer - Head of Specialised Credit</li> <li>• Fabiano Lionetti - Head of Investment Banking</li> <li>• Umberto Moretti - Head of Turnaround &amp; Special Situations Finance</li> <li>• Stefano Ortolano - Head of Structured Finance</li> <li>• Franco Marcarini - Head of Factoring</li> <li>• Massimo Bianchi - Head of Investments</li> <li>• Elena Maspoli - Head of Energy</li> <li>• Luca Preziosi - Head of Structuring</li> <li>• Maurizio Spadaccino - Head of Investment &amp; Hedging Solutions</li> <li>• Lorenzo De Novellis - Head of ALM &amp; Treasury</li> <li>• Fabio Bianchini - Head of b-ilty</li> <li>• Filipe Ferreira Teixeira - Chief Information Officer</li> <li>• Francesco Carlesi - Head of Combined Credit Solutions</li> <li>• Elena Perriello - Head of Business Monitoring &amp; Optimization</li> </ul>

ID	Article 92, paragraph 3, letters a), b) and c) - Directive (EU) 2013/36	Outcome
c)	<p>Members of staff who were entitled to significant remuneration in the previous financial year, provided that the following conditions are met:</p> <p>i. The remuneration of the staff member is equal to or higher than EUR 500,000 and equal to or higher than the average remuneration paid to the members of the management body and senior management of the institution referred to in a).</p> <p>ii. The staff member performs professional work within a relevant business unit/company and the activity is such that it has a significant impact on the risk profile of the relevant business unit/company.</p>	<ul style="list-style-type: none"> <li>• Corrado Passera - CEO of illimity Bank</li> <li>• Enrico Fagioli - Head of Corporate Banking</li> <li>• Andrea Clamer - Head of Specialised Credit</li> <li>• Silvia Benzi - Chief Financial Officer</li> <li>• Fabiano Lionetti - Head of Investment Banking</li> </ul> <p>With regard to the variable remuneration, the year preceding the financial year it is awarded for is taken into account (variable remuneration awarded in 2023 with reference to the performance in 2022).</p> <p>Note that the calculation of the average remuneration paid to the members of the management body and senior management of the entity referred to in a) resulted in an average of EUR 310,237, and consequently - as required by law - the higher threshold of EUR 500,000 was taken.</p>

ID	Article 5 – Qualitative criteria – Commission Delegated Regulation (EU) 2021/923 of 25 March 2021	Outcome
a)	<p>The staff member has managerial responsibilities with regard to:</p> <p>i. Legal affairs</p> <p>ii. The soundness of accounting policies and procedures</p> <p>iii. Finances, including taxation and budgeting</p> <p>iv. The performing economic analysis</p> <p>v. The prevention of money laundering and terrorist financing</p> <p>vi. Human resources</p> <p>vii. The development or implementation of the remuneration policy</p> <p>viii. Information technology</p> <p>ix. Information security</p> <p>x. The managing outsourcing arrangements of critical or important functions as</p> <p>xi. set out in Article 30 (1) of the Commission Delegated Regulation (EU) 2017/565</p>	<ul style="list-style-type: none"> <li>• Giovanni Lombardi - General Counsel</li> <li>• Sergio Fagioli - Head of Administration, Accounting &amp; Control</li> <li>• Fabiano Lionetti - Head of Investment Banking</li> <li>• Iacopo Zucchi - Head of Strategy &amp; Planning</li> <li>• Silvia Benzi - Chief Financial Officer</li> <li>• Francesco Martiniello - Chief Compliance &amp; AFC Officer</li> <li>• Marco Russomando - Chief HR &amp; Organization Officer</li> <li>• Antonio Alessio Gallo - Head of Reward &amp; Development</li> <li>• Filipe Ferreira Teixeira - Chief Information Officer</li> <li>• Luca Dozio - Head of ICT Security</li> </ul>

ID	Article 5 – Qualitative criteria – Commission Delegated Regulation (EU) 2021/923 of 25 March 2021	Outcome	
b)	Is responsible for or is a member of a committee responsible for the management of a risk category referred to in articles 79 to 87 of Directive no. 2013/36/EU other than credit risk and market risk.	<p>Article 79 – Credit and counterparty risk</p>	<p>The permanent voting members of the Finance Committee:</p> <ul style="list-style-type: none"> <li>• Silvia Benzi - Chief Financial Officer</li> <li>• Lorenzo De Novellis - Head of ALM &amp; Treasury</li> <li>• Fabio Bianchini - Head of b-ilty</li> <li>• Andrea Clamer - Head of Specialised Credit</li> <li>• Enrico Fagioli - Head of Corporate Banking</li> <li>• Fabiano Lionetti - Head of Investment Banking</li> <li>• Filipe Ferreira Teixeira - Chief Information Officer</li> <li>• Paolo Piovini - Chief Lending Officer</li> <li>• Giovanni Lombardi - General Counsel</li> </ul> <p>The permanent voting members of the Credit and Investment Committee:</p> <ul style="list-style-type: none"> <li>• Corrado Passera - CEO of illimity Bank</li> <li>• Enrico Fagioli - Head of Corporate Banking</li> <li>• Andrea Clamer - Head of Specialised Credit</li> <li>• Fabiano Lionetti - Head of Investment Banking</li> <li>• Fabio Bianchini - Head of b-ilty</li> <li>• Silvia Benzi - Chief Financial Officer</li> <li>• Paolo Piovini - Chief Lending Officer</li> </ul> <p>Credit and counterparty risk also includes migration risk and real estate risk, which were identified as material in the 2024 ICAAP.</p>
		Article 80 – Residual risk	The permanent voting members of the Credit and Investment Committee - already identified.
		Article 81 – Concentration risk	
		Article 82 – Risks from securitisations	<p>The permanent voting members of the Finance Committee - already identified.</p> <p>Market risk also includes sovereign risk, which was identified as material in the 2024 ICAAP.</p>
		Article 83 – Market risk	
		Article 84 – Interest rate risk arising from non-trading assets	

ID	Article 5 – Qualitative criteria – Commission Delegated Regulation (EU) 2021/923 of 25 March 2021	Outcome	
b)	Is responsible for or is a member of a committee responsible for the management of a risk category referred to in articles 79 to 87 of Directive no. 2013/36/EU other than credit risk and market risk.	Article 85 – Operational risk	<ul style="list-style-type: none"> <li>• Paolo Piovini - Chief Lending Officer</li> <li>• Andrea Clamer - Head of Specialised Credit</li> <li>• Fabio Bianchini - Head of b-ilty</li> <li>• Enrico Fagioli - Head of Corporate Banking</li> <li>• Silvia Benzi - Chief Financial Officer</li> <li>• Andrea Battisti - Chief Executive Officer of Arec neprix</li> <li>• Renato Ciccarelli - Chief Executive Officer of Abilio</li> <li>• Filipe Ferreira Teixeira - Chief Information Officer</li> <li>• Marco Sion Raccah - General Manager of Arec neprix</li> </ul>
	Article 86 – Liquidity risk	The permanent voting members of the Finance Committee - already identified.	
	Article 87 – Risk of over-leverage		
c)	<p>With regard to credit risk exposures of a nominal amount per transaction, representing 0.5% of the institution's Common Equity Tier 1 capital and is at least EUR 5 million, the staff member meets one of the following criteria:</p> <p>a) the staff member has the authority to take, approve or veto decisions on such credit risk exposures;</p> <p>b) the staff members is a voting member of a committee which has the authority to take the decisions mentioned in point (a)</p>	The permanent voting members of the Credit and Investment Committee - already identified.	

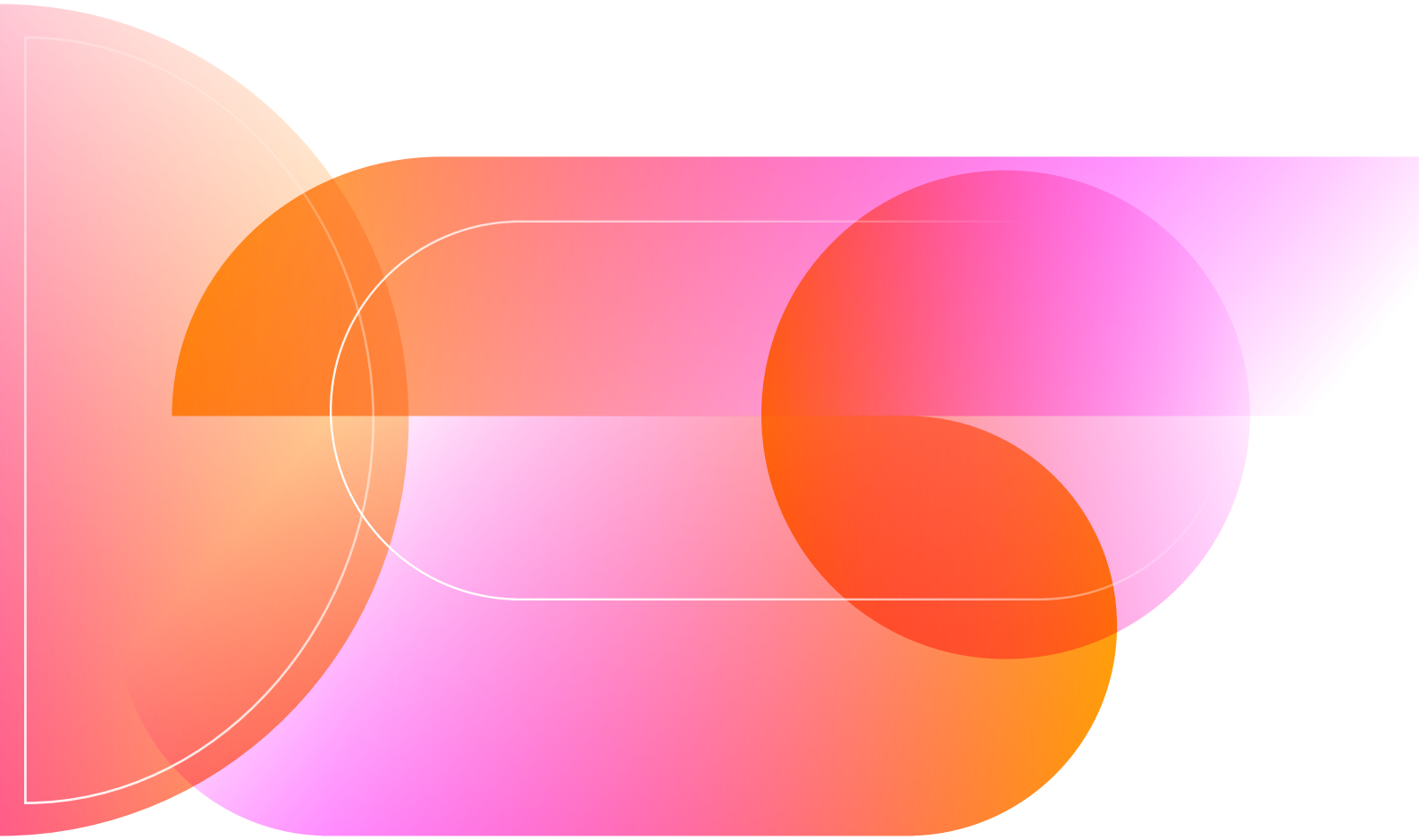
ID	Article 5 – Qualitative criteria – Commission Delegated Regulation (EU) 2021/923 of 25 March 2021	Outcome
d)	<p>In relation to an institution to which the derogation for small trading book business under Article 94 of Regulation (EU) No 575/2013 does not apply, the staff member meets one of the following criteria:</p> <p>the staff member has the authority to take, approve or veto decisions on transactions on the trading book that in aggregate represent one of the following thresholds:</p> <p>i. where the standardised approach is used, an own funds requirement for market risks that represents 0.5% or more of the institution’s Common Equity Tier 1 capital;</p> <p>ii. where an internal model-based approach is approved for regulatory purposes, 5% or more of the institution’s internal value-at-risk limit for trading book exposures at a 99th percentile (one-tailed confidence interval level);</p> <p>the staff member is a voting member of a committee that has the authority to take the decisions mentioned in point (a);</p>	<ul style="list-style-type: none"> <li>• Silvia Benzi - Chief Financial Officer</li> <li>• Fabiano Lionetti - Head of Investment Banking</li> </ul>
e)	<p>the staff member heads a group of staff members who have individual authorities to commit the institution to transactions and either of the following conditions is met:</p> <p>a) the sum of those authorities equals or exceeds the threshold set out in point 3(a) or point 4(a)(i);</p> <p>b) where an internal model-based approach is approved for regulatory purposes, those authorities amount to 5% or more of the institution’s internal value-at-risk limit for trading book exposures at a 99th percentile (one-tailed confidence interval level); where the institution does not calculate a value-at-risk at the level of that staff member, the value-at-risk limits of staff under the management of this staff member shall be added up;</p>	<ul style="list-style-type: none"> <li>• Corrado Passera - CEO of illimity Bank</li> <li>• Paolo Piovini - Chief Lending Officer</li> <li>• Andrea Clamer - Head of Specialised Credit</li> <li>• Fabio Bianchini - Head of b-ilty</li> <li>• Enrico Fagioli - Head of Corporate Banking</li> <li>• Silvia Benzi - Chief Financial Officer</li> </ul>

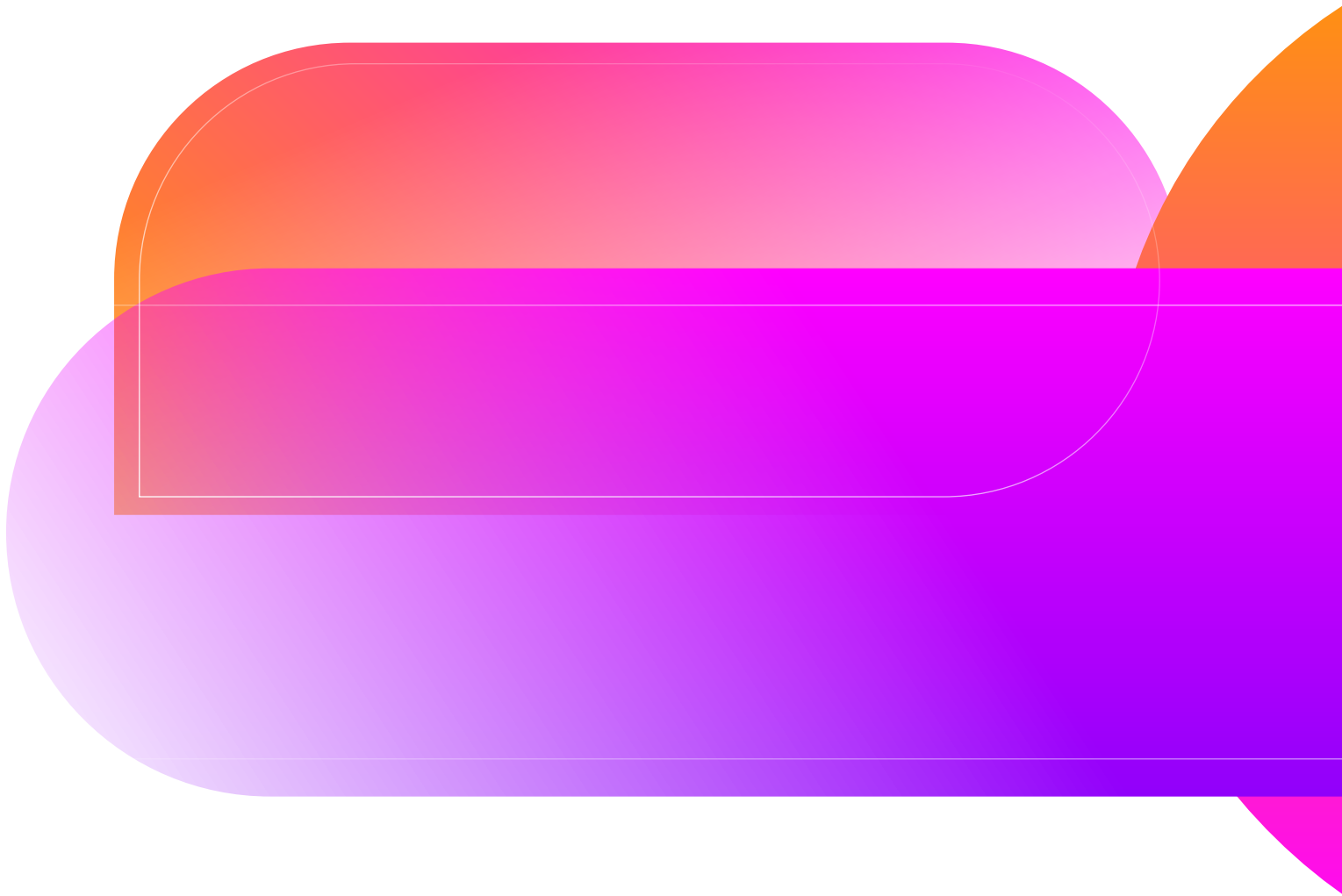
ID	Article 5 – Qualitative criteria – Commission Delegated Regulation (EU) 2021/923 of 25 March 2021	Outcome
f)	<p>The staff member meets either of the following criteria with regard to decisions on approving or vetoing the introduction of new products:</p> <p>a) the staff member has authority to take such decisions;</p> <p>b) the staff member is a voting member of a committee that has authority to take such decisions.</p>	<p>The voting members of the Products Committee:</p> <ul style="list-style-type: none"> <li>• Silvia Benzi - Chief Financial Officer</li> <li>• Filipe Ferreira Teixeira - Chief Information Officer</li> <li>• Enrico Fagioli - Head of Corporate Banking</li> <li>• Andrea Clamer - Head of Specialised Credit</li> <li>• Fabio Bianchini - Head of b-ilty</li> <li>• Fabiano Lionetti - Head of Investment Banking</li> <li>• Francesco Martiniello - Chief Compliance &amp; AFC Officer</li> <li>• Giovanni Lombardi - General Counsel</li> <li>• Fabio Pelati - Head of IR &amp; Sustainability</li> </ul>

ID	Article 6 - Quantitative criteria - Commission Delegated Regulation (EU) 2021/923 of 25 March 2021	Outcome
1	<p>In addition to the staff members identified in accordance with the criteria set out in article 92, paragraph 3, letters a) and b) of Directive no. 2013/36/EU, staff members with a material impact on the institution's risk profile are those for whom one of the following quantitative criteria is met:</p>	<p>the staff member, including those expressly referred to in point (c) of paragraph 3 of Article 92 of Directive 2013/36/EU, has been awarded in or for the preceding financial year total remuneration that is equal to or greater than EUR 750 000;</p> <p>in case the institution has over 1 000 members of staff, the staff member is within the 0.3% of staff, rounded to the next higher integral figure, who have been awarded the highest total remuneration in or for the preceding financial year within the institution on an individual basis.</p> <ul style="list-style-type: none"> <li>• Corrado Passera - CEO of illimity Bank</li> <li>• Enrico Fagioli - Head of Corporate Banking</li> <li>• Andrea Clamer - Head of Specialised Credit</li> </ul> <p>Not applicable as the illimity Group has less than 1,000 people in its workforce.</p>



ID	Additional criteria defined on the basis of the CRO opinion issued on 26/02/2024	Outcome	
1	<p>Holders of positions in the organisation who, at the date of the conclusion of the process for identifying the Material Risk Takers, are found to have direct responsibility in the governance of material business risks, subject to identification during the ICAAP process, not already included in the list of risks specifically identified by the prudential regulations (CRR) and which are not identified according to the regulatory qualitative criteria</p>	<p>Reputational and Strategic Risk</p>	<ul style="list-style-type: none"> <li>Vittoria La Porta - Chief Communications &amp; Marketing Officer</li> </ul>
2	<p>Holders of positions in the organisation who, at the date of the conclusion of the process for identifying Material Risk Takers, are found to have contributed to the Risk of Concentration of credit exposures with one or more transactions included in the TOP 20</p>	<p>Based on this criterion, the heads of the organisational units that contributed most to the Concentration Risk were identified:</p> <ul style="list-style-type: none"> <li>Umberto Moretti - Head of Turnaround &amp; Special Situations Finance</li> <li>Stefano Ortolano - Head of Structured Finance</li> <li>Franco Marcarini - Head of Factoring</li> <li>Massimo Bianchi - Head of Investments</li> <li>Luka Stanisljevic - Head of Alternative Investments</li> <li>Francesco Carlesi - Head of Combined Credit Solutions</li> </ul>	
3	<p>Holders of positions in the organisation who, at the date of the conclusion of the process for identifying the Material Risk Takers, appear to have contributed the most to significant Operational Losses, understood as the first 20 significant Operational Losses (amount equal to or greater than EUR 50,000) recorded in the Loss Data Collection (LDC) process during the last two-year period 2022-2023 and the first two months of 2024</p>	<p>Based on this criterion, the heads of the organisational units that contributed the most to the top 20 losses (only actual losses of EUR 50,000 or more) were identified:</p> <ul style="list-style-type: none"> <li>Daniele Weisz - Head of Pricing &amp; Data</li> <li>Stefano Spinelli - Head of ICT Enterprises &amp; CLO Solutions</li> <li>Angelo Marri - Head of Business Development of Abilio</li> <li>Elena Maspoli - Head of Energy</li> <li>Amiran Tsintsadze - Head of Digital Lending Product &amp; Management</li> </ul>	
4	<p>Personnel not identified through the application of the previous criteria and/or without a formal organisational role who, based on the analyses and assessments carried out by the CRO, are believed to be able to exercise a significant prospective influence - in strategic and operational terms - on the Bank's management processes and decisions</p>	<ul style="list-style-type: none"> <li>Francesco Noventa - Head of ICT Platforms &amp; Data Monetization</li> <li>Gabriele Negro - Head of ICT Channels Solutions</li> </ul>	





# Section II

## Report on compensation paid in 2023

## Section II - Report on compensation paid in 2023

### Introduction

In accordance with applicable regulatory provisions on listed companies, this Section provides information on compensation for 2023 on an individual name basis for Directors and on an aggregate basis for Executives with Strategic Responsibilities.

In addition, this Section sets out the qualitative and quantitative information required by article 450 of the Capital Requirements Regulation (CRR), with particular reference to the Group's Material Risk Takers analyzed by category.

More specifically:

- the first part provides a summary of the Company's results for 2023 together with an appropriate representation of each of the items making up remuneration, including the compensation due on termination of office or the Employment Relationship, noting the consistency of this with the remuneration policy of illimity approved in the previous year;
- the second part provides analytical details of the compensation paid during the year of reference for whatsoever reason and in whatsoever form by the Company and its subsidiaries and associates, using the tables as per Annex 3 - Schedule 7-bis of the Issuers' Regulation and the additional information required by article 450 of the CRR;
- the third part sets out, as required by article 84-quarter, paragraph 4 of the Issuers' Regulation - using the criteria established in Annex 3A, Schedule 7-ter of that Regulation - the holdings in illimity held by members of the management and control bodies, as well as by their non-legally separated spouses and minor children, directly or by way of a controlled company, a trust company or intermediary, that are recorded in the shareholders' register or arise from information that has been received in communications or from the members of the management and control bodies themselves.

### First Part

#### 1. 2023 Results

The Board of Directors of illimity Bank S.p.A., which met on 8 February 2024, approved the illimity Group's results for the year ended 31 December 2023, which show a net profit of Euro 104 million, up 39% compared to 31 December 2022.

Main dynamics of the 2023 financial year:

- Q4 Net profit rose to 29.4 million euro (+29% q/q), taking FY23 net profit to 104.4 million euro (+39% y/y), driven by the core business growth and the valorisation of one of the Bank's distinguishing features, its technology, thanks to the partnership with the Engineering Group about the illimity's IT platform.
- Revenue increased to 358.9 million euro (+11% y/y), benefiting from both the rise in net interest income (+19% y/y) underpinned by the growth in volumes and the uplift in net fees and commissions (+25% y/y), driven by business origination and the increase in third-party servicing activities. The item "Net other income/expenses" amounting to 59.9 million euro includes the income of 54.0 million euro resulting from the finalisation of the above-mentioned partnership (booked in 2Q 2023). In this respect, taking into account the decrease in revenue of 17 million euro arising from the mutual termination of the previous agreement on the IT platform, there was a net benefit of 37 million euro on revenue for the year compared to the previous year. Profits from closed positions in the Distressed Credit Division totalled 27 million euro. When taken together with the Division's positive value adjustments of 42 million euro arising from NPE portfolio operations, the total arrives at 69 million euro, representing an increase over 2022 (50 million euro).
- Operating costs totalled 227 million euro. More specifically, the combined aggregate of Staff costs and Other operating expenses amounted to 204.4 million euro. Excluding the effects of the change in the Group's perimeter that took place during the period and non-recurring staff costs, the figure rose by 10% y/y, mostly due to the completion of the staff sizing in the operating structures at the end of 2022, the renewal of the national collective labour contract for the credit sector, the integration of the incentive scheme and expenses arising from specific initiatives (such as, among others, the above-mentioned

technology partnership and the direct bank marketing campaigns). Depreciation and amortisation totalled 22.6 million euro, up over the figure of 16.8 million euro for 2022, following the IT investments made during the previous year for the launch of the tech initiatives.

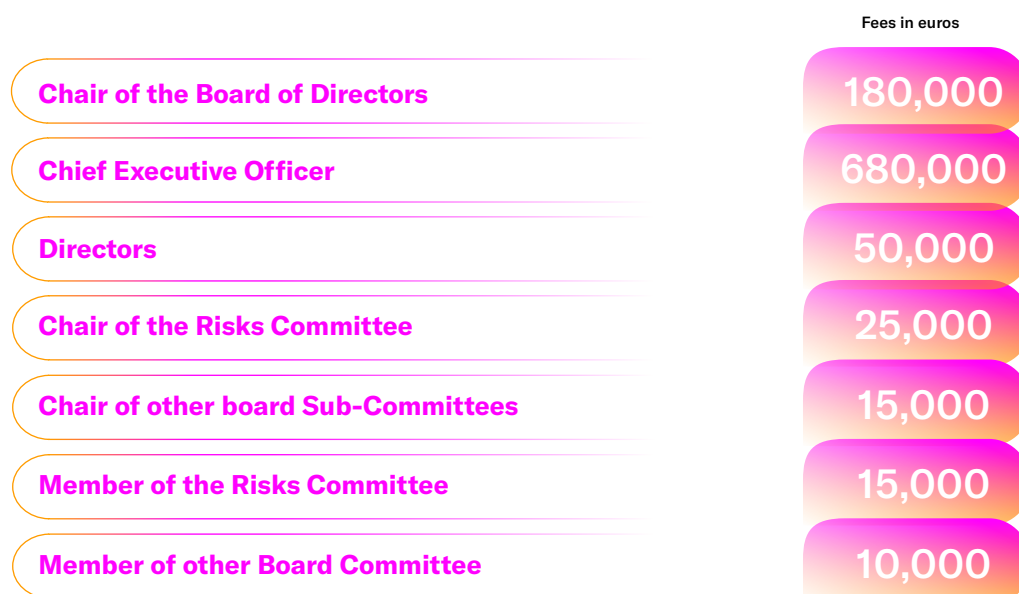
- The Corporate & Investment Banking segment represented by the Growth Credit and Investment Banking Divisions had a record year, with pre-tax profit reaching 90.1 million euro (+47% y/y), driven by an increase in customer loans which rose to 2.7 billion euro (+24% y/y) and an operating leverage that remained at excellent levels with a cost/income ratio of 24%.
- The Distressed Credit Division also had a very positive year, with a pre-tax profit of 109 million euro thanks to the acceleration given to the valorisation of its existing investments, pursued through the strategic repositioning launched in the second half of 2023. In this respect, in light of an NPE market that had become much less attractive, it was decided to evolve the Division's business model towards operations that are increasingly focused on specialised asset-based loans, mostly performing, leveraging on the significant internal skills gained in these fields. At the same time, direct investments in NPLs, which had already declined significantly in 4Q23 (-30% q/q) will continue to decrease; as of today, direct investments in NPL portfolios account for only around 4% of the Group's total assets. As a consequence, as of 1 January 2024 the Division was renamed Specialised Credit.
- Profitability of the subsidiary Arec neprix increased, despite a more challenging servicing market. EBIT-DA rose by 38% y/y to 16 million euro, thanks to growth in the non-captive business which represents 68% of managed assets, up from 29% in 2022. In 2023, in fact, Arec neprix further consolidated its positioning as the third operator in the UTP corporate credit servicing and management market in Italy. More specifically, it is recalled that in October 2023 the company assumed the role of sole arranger, advisor, asset manager and special servicer in the new contribution fund Olympus.
- Credit quality was in line with expectations, with a cost of risk of 43 basis points and an organic NPE ratio, excluding positions backed by public guarantees, remaining at a contained level of 1.3%.
- Total funding, characterised by a broad diversification of funding sources, increased to 6 billion euro, rising by 15% y/y, driven in particular by a retail component which is increasingly made-up of high-end customers. Retail funding stood at 3.9 billion euro, up by 1.3 billion euro since the beginning of the year (+53% y/y), underpinned by the significant contribution of illimitybank.com platform (2.8 billion euro).
- A very solid capital base with a phased-in CET1 ratio of 14.7% representing a large buffer over the new 2024 SREP requirement (9.6%). The Total Capital Ratio stood at 18.7%.
- Progress of the tech initiatives continues. HYPE posted a further increase in both its customer base (+6% y/y) and number of transactions (+29% y/y), with positive effects on profitability, more than halving the previous year loss with prospects of further significant progress towards breakeven in 2024. b-ilty's customer loans reached 309 million euro (+43% q/q and +524% y/y), constantly increasing since the beginning of the year, with profitability progressively rising and a pre-tax result expected to reach breakeven in 2024. Quimmo consolidated its leadership position in the judicial real estate brokerage sector with market shares constantly rising. In addition, the development strategy in the non judicial market also continues through the strategic partnership in real estate brokerage signed with COIMA.

## 2. Remuneration of the members of the illimity Board of Directors

### Estimates for the compensation of the Board of Directors for 2023

On 28 April 2022 the Shareholders' Meeting of illimity Bank S.p.A. approved the proposal under item 5 of the agenda regarding the appointment of the Corporate Bodies and their remuneration, consistent with the adoption of the so-called "one-tier" governance model it approved on 21 February 2022.

Specifically, the remuneration of the Board of Directors, which is in the market median based on benchmark data provided by WTW (independent consultant), provides for the following gross annual values to be allocated pro-rata based on the duration thereof.



It also provides for the reimbursement of expenses incurred in the performance of the assignment.

There are no attendance fees for participation in committees or board meetings.

### The activities of the illimity Board of Directors in 2023<sup>14</sup>

In 2023 the illimity Board of Directors met 24 times, with an average annual attendance rate of its members of 91%.

With regard to the activities of the Board Committees, a total of 89 meetings were held (including meetings of the Audit and Internal Control Committee) with an average annual attendance rate of its members of 98%.

### Compensation paid to members of the Board of Directors in 2023

With regard to the Board of Directors, the respective remuneration paid for 2023 is in accordance with the resolution passed by the Shareholders' Meeting on 28 April 2022, for an annual total of Euro 807,589, including reimbursement of out-of-pocket expenses. This amount does not include the remuneration for the members of the Audit and Internal Control Committee described in the next chapter.

Consistent with the provisions of the 2023 Remuneration Policies, no variable remuneration component was allocated during the year, and no severance payment was granted in the event of early termination of office to any member of the Board of Directors.

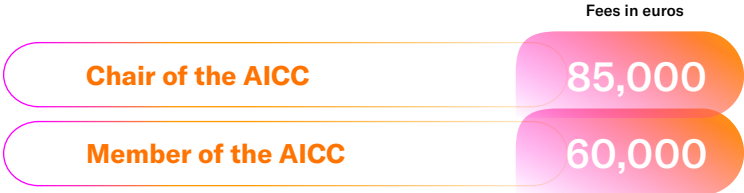
See the Table in the Second Part of this Section for details of the remuneration paid to each member of the Board of Directors in 2023, in accordance with the provisions of the Issuers' Regulation.

14 For details of the activities carried out by the Remuneration Committee, see Annex 2.

### 3. Remuneration of the members of the Audit and Internal Control Committee

#### The provisions of the 2023 Remuneration Policy

On 28 April 2022 the Shareholders' Meeting appointed the Audit and Internal Control Committee (AICC) and the remuneration due to its members following the adoption of the so-called "one-tier" governance model approved on 21 February 2022. Specifically, the gross annual remuneration due to AICC members for the three-year period is as follows:



There were no attendance fees for participation in the Committee, while expenses incurred in the exercise of the office were reimbursed.

#### The activities of the Audit and Internal Control Committee in 2023

In 2023 the Audit and Internal Control Committee met 42 times (also counting joint meetings with other Board Committees for topics of common interest) with an average attendance rate of its members of 98%.

#### Compensation paid to the members of the Parent Company's Audit and Internal Control Committee in 2023

The remuneration paid in 2023, which is exclusively fixed, is in accordance with the resolution passed by the Shareholders' Meeting of 28 April 2022, with an annual total of Euro 238,397, including reimbursement of out-of-pocket expenses and net of remuneration received for participation in the Supervisory Body.

See Table 1 of Annex 3A, Schedule 7-bis of Second Part of this Section for details of the remuneration paid to each member in 2023.

### 4. 2023 Bonus Pool

The 2023 MBO Plan, intended for all Group employees, recognises the achievement of annual objectives and conduct consistent with long-term planning, while supporting the dissemination of a culture of "building value" consistent with the risk management objectives set out in the Bank's Risk Appetite Framework and in accordance with applicable regulatory requirements.

On 8 February 2024 the Parent Company's Board of Directors, having verified compliance with the capital and liquidity requirements set forth in the 2023 Remuneration Policy (Table 1 below), and having heard the opinion of the Remuneration Committee and the Risks Committee for the matters within their respective purviews, approved the overall size of the 2023 Bonus Pool for a total of Euro 20.7 million including social security and contribution charges for the Group's workforce (with the exception of illimity SGR S.p.A. for which a separate Bonus Pool was established in accordance with the provisions of the AMC's 2023 Remuneration Policy).



### SECTION II - TABLE 1 - VERIFICATION OF THE GATES FOR THE 2023 MBO

Indicator	Target at 31/12/2023 (Gates)	Results as at 31/12/2023
Group CET1 Ratio	≥ RAF tolerance = 14.25%	14.73%
Group LCR	≥ RAF tolerance = 160%	297.9%
Group Net Income (net of extraordinary items)	> 70% budget = EUR 70.07 mn	EUR 71.1 mn

The total amount of the 2023 Bonus Pool corresponds to an average coverage of about 112% of the target MBO of the entire Group workforce, divided among the various Group structures in consideration of their respective divisional and individual performances.

Note that as expressly defined by the Group's 2023 Remuneration Policy, in the absence of Malus conditions the bonus is paid to Material Risk Takers, including the Chief Executive Officer and the remaining Executives with Strategic Responsibilities, 80% in up-front cash and 20% in deferred cash over two years.

Moreover, the recognition of the deferred portion is subject to compliance with the verified capital and liquidity requirements as at 31 December 2025, at least in line with the gates defined in the Remuneration and Incentive Policies in force from time to time and also ensuring that the Group's Return On Risk Adjusted Capital (RORAC), a risk-adjusted performance indicator, is positive.

For the remaining staff the bonus was paid entirely in cash and up-front.

## 5. 2021-2025 Long-Term Incentive Plan - first cycle

As described above, the 2021-2025 Long-Term Incentive Plan provides for the individual assignment of rights to receive shares. This LTI Plan is divided into three cycles for the measurement of Performance Objectives for the three-year periods of 2021-2023, 2022-2024 and 2023-2025 covering the entire plan horizon (a rolling plan), resulting in the actual free assignment of illimity shares.

With particular regard to the conclusion of the first performance cycle (2021-2023) of the LTI Plan, the outcomes of the evaluation are presented below.

In accordance with the provisions of the Regulations of the 2021-2025 LTI Plan Rules, on 8 February 2024 the Parent Company's Board of Directors, having verified the satisfaction of the condition for access to the System (Table 2 below), and having heard the opinion of the Remuneration Committee, the Risks Committee and the Sustainability Committee for the matters within their respective purviews, assessed the level of achievement of the objectives pertaining to the first performance cycle.

### SECTION II - TABLE 2 - VERIFICATION OF THE GATES FOR THE LTIP FIRST CYCLE 2021-2023

Indicator	Target at 31/12/2023 (Gates)	Results as at 31/12/2023
Group CET1 Ratio	≥ RAF tolerance = 14.25%	14.73%
Group LCR	≥ RAF tolerance = 160%	297.9%
Group Net Income	> 0	EUR 104.4 mn
Net Income (average for the three-year period 21-23)	> 0	EUR 81.8 mn

Below is a representation of the 2021-2023 first cycle Goal Card, with details of the indicators, how they are calculated and their level of achievement:

### FIRST CYCLE 2021-2023

Strategic Pillar	KPI	Target (up to 2023)	Level of achievement	% Incentive	Target Weight
Profitability	ROAE	15%	> 15%	100%	50%
			≥ 12% and ≤ 15%	60%-100%	
			< 12%	0%	
Creation of shareholder value	illimity relative TSR vs. Financial Services Italia	Third Quartile	> Third Quartile	100%	20%
			≥ Median and ≤ Third Quartile	60%-100%	
			< Median	0%	
Asset quality	Gross Organic NPE ratio	RAF Appetite	< RAF appetite	100%	10%
			≥ RAF appetite and ≤ tolerance	60%-100%	
			> RAF tolerance	0%	
ESG	Diversity, Equity & Inclusion	4 points	≥ 4 points	100%	10%
			≥ 3 points and < 4 points	60%-100%	
			< 3 points	0%	
	Top ESG Rating & (Climate & Ethics)	4 points	≥ 4 points	100%	10%
			≥ 3 points and < 4 points	60%-100%	
			< 3 points	0%	

After a careful analysis of the degree of achievement of the KPIs in the Goal Card, it was certified that the level of achievement of the first performance cycle of the LTI Plan for the three-year period 2021-2023 was **27.14%**, as detailed below:

- **ROAE<sup>15</sup> (Return on Average Equity)**, 50% of the Goal Card, calculated as the ratio of net profit in 2023 (at the end of the three-year cycle) to the average between Equity at the end of the three-year cycle (2023) and at the end of the previous year (2022), equal to 11.7%, which is lower than the threshold of 12% and therefore this indicator was not achieved.
- **Total Shareholder Return (TSR)** for illimity with respect to the issuers of the "Financial Services Italia" index of the Italian Stock Exchange present for the entire duration of the 2021-2023 cycle, 20% of the Goal Card, below the median of the comparables (i.e. median = 47%, illimity = -37%), this in consideration of the performance of the stock in the stock market during 2022 and 2023, and consequently the indicator was not achieved.
- **Gross Organic NPE (Non-Performing Exposure) ratio**, 10% of the Goal Card, calculated as the ratio between Total Organic NPE and Total Organic Loans, equal to 5.8% (RAF appetite 2023 = 4.3%, RAF tolerance 2023 = 6.4%), and consequently positioned between the threshold and the target levels. This results in the weighted indicator reaching 7.14%.
- **ESG (Environment, Social & Governance)** calculated based on the following indicators:
  - **Diversity, Equity & Inclusion**, 10% of the Goal Card, average score calculated by weighting the following factors related to employee engagement and gender inclusion and diversity:
    - *Satisfaction Index*: each year higher than the target level of 70% (annual survey by Great Place to Work), in 2021 equal to 82%, in 2022 80% and in 2023 77%.
    - *Trust Index*: each year higher than the target level of 70% (annual survey by Great Place to Work), in 2021 equal to 80%, in 2022 77% and in 2023 74%.

15 In accordance with the provisions of Bank of Italy Circular 285, bonuses linked to economic results are to be avoided for personnel belonging to the Corporate Control Functions, for the Chief HR & Organization Officer and for the Manager in charge of drafting the Financial Statements. Consequently the LTI Goal Card for these positions were based on the remaining KPIs, and in lieu of the relative ROAE and TSR and with the same weight a qualitative evaluation of the performance achieved over the three-year period was made by the Chief Executive Officer, also based on the results achieved in the annual Performance Management process. This resulted in an LTIP achievement level of 97.14% or lower for the above-mentioned persons (six beneficiaries) in the case of reaching the maximum regulatory variable level in consideration of the 2023 Bonus.

- *Increase in women executives*: target as at 31/12/2023 of +25% in the first three years, with an effective increase of 111% (19 female managers at the end of 2023 vs. 9 women at the beginning of the Plan).
- *Balanced Talent Pool*: balance between women and men - 5% tolerance - in the talent pool constant over the Plan years, in 2021 the ratio of women:men in the talent pool equal to 22:23, in 2022 equal to 15:14 and in 2023 equal to 27:27, thus always equally balanced.

In summary, 100% of this indicator was achieved.

- **Top ESG rating**, 10% of the Goal Card, score calculated through the following measurement for 2023:
  - Score 4: improvement of Standard Ethics and CDP ratings in line with Investment Grade level<sup>16</sup> and achievement of the three "Environment" targets as set out in illimity's Strategic Plan: maintaining Group Carbon Neutrality (Scope 1 and Scope 2), assessing and addressing financed emissions, exploiting the energy desk by re-activating renewable energy plants.
  - Score 3.5: achieve the three "Environment" targets as set out in the illimity Strategic Plan.
  - Score 3: achieve at least two "Environment" targets as set out in the illimity Strategic Plan.

In summary, with respect to the aforementioned KPIs:

- illimity improved its Standard Ethics (score EE-) and CDP (score B) ratings.
- Carbon neutrality was achieved in the 2<sup>nd</sup> quarter of 2021 and was maintained in subsequent years.
- "Assess" financed emissions: in 2022 illimity calculated its financed emissions (Scope 3 - Category 15: "Investments" of the GHG Protocol) in accordance with the standard promoted by the PCAF (Partnership for Carbon Accounting Financials) "The Global GHG Accounting and Reporting Standard Part A: Financed Emissions Second Edition" published in December 2022. The result of this analysis was included in the NFS as from the 2022 financial year.
- "Address" financed emissions: the timing of this target is in line with the planning of the Sustainability Plan updated in February 2023. Last year illimity launched a process to develop a strategy to address its financed emissions with the aim of supporting the energy transition of SMEs<sup>17</sup>.
- EUR 127 million in cumulative investments from 2021 to the end of 2023 for the re-commissioning of renewable energy plants.

Consequently, this KPI was fully achieved.

### **Total amount of shares accrued and pay-out mechanism of the first performance cycle**

Against the percentage of achievement of the Goal Card as described above, and pertaining to the first performance cycle (2021-2023) of the LTI Plan, the total amount of shares due to the beneficiaries is shown below (Table 3).

16 "Investment Grade" for Standard Ethics starts at "EE-". illimity defines its "Investment Grade" for the CDP rating at "B-".

17 In this respect, the Bank has planned: i) the development of the offer and framework of sustainable finance products (green and sustainability-linked loans). The latter was approved in July 2023 together with an update of the Single Credit Policy that saw the introduction of a model for measuring the ESG risks of the company to be financed (at the "customer level"), with a focus on environmental risks and the impact on climate change, through the acquisition of granular information and ESG scores related to the counterparty obtained through a third-party, primary and reliable national provider; ii) the development of ESG support/advisory services to SMEs. In 2023 an agreement was stipulated with Deloitte to govern this activity for SME customers; iii) the achievement of 15% sustainable finance (Sustainability-linked loans, Green Loans/Investments, Taxonomy-eligible) on cumulative origination volumes for 2023-2025.

## SECTION II - TABLE 3 - SHARES OF THE LTI PLAN

Type of beneficiaries (number)	Maximum amount of shares 1 <sup>st</sup> cycle (2021-2023)	Amount of shares 1 <sup>st</sup> cycle after the performance evaluation	Maximum amount of shares 2 <sup>nd</sup> cycle (2022-2024)	Maximum amount of shares 3 <sup>rd</sup> cycle (2023-2025)	Maximum amount of shares over the Plan horizon
Chief Executive Officer (1)	31,054	8,428	31,054	62,108	<b>124,216</b>
Other Executives with Strategic Responsibilities (12)	186,074	56,815	203,995	255,852	<b>516,662</b>
Other Material Risk Takers (15)	150,198	40,761	156,198	177,706	<b>374,665</b>
Other personnel (48)	149,405	53,054	164,460	184,051	<b>401,565</b>
<b>Total (76)</b>	<b>516,731</b>	<b>159,058</b>	<b>555,707</b>	<b>679,717</b>	<b>1,394,482</b>

Note: the number of beneficiaries in the 1<sup>st</sup> cycle (2021-2023) was 60 compared to the 76 shown in the table, the difference being beneficiaries from later cycles.

Accordingly, the total number of shares in the first performance cycle due to 60 beneficiaries was 159,058, representing 0.2% of the total shares of the Group, consistent with the characteristics of the share capital increase to service the LTI Plan approved by the Ordinary Shareholders' Meeting on 15 December 2021<sup>18</sup>.

Note that as expressly defined in the Rules of the aforesaid Plan, for the beneficiaries identified among the Material Risk Takers ("MRT") at the end of each cycle 80% of the shares envisaged are allocated/paid at the end of each cycle (up-front portion) and 20% in the following year (deferred portion), without prejudice to the need to satisfy the Gate criteria also in the year of deferral. Note that both the up-front and the deferred tranches are subject to a lock up-period of six months.

For the remaining beneficiaries of the Plan, on the other hand, 100% of the shares envisaged are allocated/paid at the end of each cycle with the same lock-up period.

See Table 3A of the Second Part of this Section for an aggregate indication of the rights assigned, consistent with the provisions of the Issuers' Regulation.

### 6. Remuneration of the illimity Chief Executive Officer

In line with the Group's 2023 Remuneration and Incentive Policy, for 2023 the illimity Chief Executive Officer received:

- A fixed gross emolument of Euro 680,000 based on the resolution passed by the Shareholders' Meeting of illimity Bank S.p.A. on 28 April 2022.
- A variable remuneration approved by the Board of Directors on 8 February 2024:
  - MBO: equal to Euro 600,000 gross, following the definition of the final size of the 2023 Bonus Pool (as described above) and the individual performance evaluation (as illustrated in the figure below). The Bonus is in cash, 80% up-front and 20% deferred two years, as per the 2023 MBO Annual Variable Incentive Plan. This is in line with the documentation approved by the illimity Shareholders' Meeting held on 20 April 2023.

<sup>18</sup> To service the LTI Plan the Shareholders' Meeting resolved to approve a share capital increase for a maximum nominal amount of EUR 1,323,663.96 through the issue of a maximum of 2,031,094 new ordinary illimity shares with no indication of par value, having the same characteristics as the ordinary illimity shares already outstanding on the date of issue of these new ordinary shares, regular dividend rights, at an issue value equal to the implied par value of the illimity shares on the date of execution of the capital increase power granted to the Board of Directors.

Macro Area	Area	Weights	KPI	Target	Result	Level of achievement		
						Min	Target	Max
Financials	Profitability	30%	Return on Risk Adjusted Capital (RORAC)	14.0%	14.6%			
		10%	Cost/Income Ratio	54%	63%			
	Risk	10%	Gross Organic NPE Ratio	4.0%	5.8%			
Strategy	Action	25%	<ul style="list-style-type: none"> <li>Implementation of b-ility and achievement of budgeted objectives</li> <li>Achievement of profitability for Ourimmo</li> <li>Development of initiatives to promote illimity's open banking</li> <li>Strengthening of HYPE's strategic design and push for the achievement of related Plan objectives</li> </ul>	100%	110%			
	ESG	15%	<ul style="list-style-type: none"> <li>Integration of ESG/climate/environmental risks into the illimity Group's 2023 Risk Appetite Framework, with the definition of a set of KPIs and related Risk Appetite and Tolerance levels</li> <li>Maintain the UNI_PdR 125-2022 gender equality certification</li> <li>Maintain the Equity Pay Gap (EPG) in the region of +/-3%</li> <li>Compliance with PRBs (Principles for Responsible Banking)</li> <li>Issuance of the responsible portfolio investment policy</li> </ul>	100% (= 4 pts)	120% (= 5 pts)			
Behaviour	Behaviour	10%	Evaluation of behaviour based on the illimity leadership model	100%	120%			
<b>Total</b>				<b>100%</b>	<b>90%</b>			

- 2021-2025 LTI Plan 1<sup>st</sup> cycle, equal to 8,428 shares, based on the overall level of achievement of the LTIP Goal Card (as described above). The LTIP is paid entirely in shares, and for the first performance cycle 80% up front and 20% deferred one year, as set out in the Plan Rules and subject to Malus and Claw-back clauses. The shares are also subject to a six-month lock-up period and the Share Ownership Guidelines.

The assessment of conduct was carried out by the Board of Directors with reference to the leadership model adopted by the illimity Group, also taking into consideration the average value of the cross evaluation carried out by the Chief Executive Officer's subordinates on positive conduct during 2023.

It should also be noted that in accordance with the provisions of the Group's 2023 Remuneration Policy and in view of the Shareholders' Meeting's approval on 20 April 2023 of the increase in the ratio of variable to fixed remuneration up to a maximum of 2:1, the third performance cycle only (2023-2025) of the CEO's LTI Plan was increased from 50% to 100% of the fixed emolument. Specifically, with regard to the remaining two performance cycles of the Plan, the maximum total amount remaining for the CEO is 93,162 rights (31,054 rights for the second cycle and 62,108 for the third cycle).

Recall that the LTI Plan envisages the assignment of an incentive, based on three-year performance cycles, the allocation of which is conditional upon the achievement of specific entry gates and the attainment of the targets set forth in the 2021, 2022 and 2023 Remuneration Policies, in line with strategic planning. Consequently, the definition of any incentive accrued only takes place at the end of the performance period, depending on the level of achievement of the relative targets (for more details see Section I of the aforementioned Policies).

As part of the company's benefits policy, the Chief Executive Officer enjoyed the standard benefits provided for the relevant category.

Furthermore, since the Gate conditions were met as at 31 December 2023, which represent the malus conditions for the vesting of the deferred tranches payable in 2024 as defined in the Group's Remuneration Policy, the Chief Executive Officer became eligible for the effective vesting and payment of the deferred tranche of shares of the 2021 MBO Plan amounting to 3,354 shares, subject to a lock-up period of six months after the actual allotment expected by June 2024.

In accordance with the disclosure requirements of the Issuers' Regulation, the following comparative information is provided:

		2023	2022	2021	2020	2019	Change 23 vs 22	Change 22 vs 21	Change 21 vs 20	Change 20 vs 19
		EUR 000								
<b>CEO</b>	C. Passera	1,417	905	879	555	555	57%	3%	58%	0%
<b>BoD Chair</b>	R. Casiraghi	190	195	172	140	140	-2%	14%	23%	0%
	M. Brambilla	60	57	50	50	50	6%	14%	0%	0%
	E. Cialliè	85	82	75	75	65	4%	9%	0%	15%
	M. Valenti	75	75	66	-	-	0%	14%	-	-
<b>BoD members</b>	P. Galbiati	75	72	58	-	-	5%	24%	-	-
	G. Majnoni d'Intignano	75	72	45	-	-	5%	60%	-	-
	P. Canziani	75	72	45	-	-	5%	60%	-	-
	F. Lanza Tans	60	54	2	-	-	12%	2796%	-	-
	F. Annunziata	65	44	-	-	-	48%	-	-	-
<b>Chair AICC</b>	M. Bozzola	85	57	-	-	-	48%	-	-	-
<b>AICC Members</b>	S. Caringi	75	67	50	50	58	12%	34%	0%	-14%
	N. Fontana	70	64	50	50	52	10%	27%	0%	-5%
<b>Employees</b>	Average gross annual salary	59	56	56	55	55	5%	0%	2%	-1%
	Average total salary	76	72	69	62	55	5%	6%	11%	11%
<b>Performance</b>	Profit Before Taxes (000 mn)	151.7	100.9	80.8	38.7	-28.5	50%	25%	109%	236%

Note: the figures for the Chief Executive Officer (CEO), the Board of Directors (BoD), and the Audit and Internal Control Committee (AICC) - net of remuneration received for participation in the Supervisory Body - refer to the data in the Tables in the Second Part of this Report. The 2023 valuation of the 8,428 shares deriving from the LTI Plan for the CEO was carried out at grant value (Euro 10.9486) and not market value. The increase in the compensation received in 2022 by the Director Lanza Tans compared to 2021 is not significant, as she first took her seat on the Board at the end of 2021. The data concerning employees refer to the average fixed remuneration of the relevant year and the variable remuneration of the year preceding the year in question (as the process of allocating bonuses to the entire workforce was still being defined when the Remuneration Policy was being drafted).

## 7. Remuneration of other Executives with Strategic Responsibilities

The Executives with Strategic Responsibilities<sup>19</sup> or ESRs, all included in the 2023 perimeter of Material Risk Takers, received a remuneration during the year that was balanced between fixed and variable components in a manner consistent with the provisions of the 2023 Remuneration Policy.

<sup>19</sup> This category includes Executives with Strategic Responsibilities, with the exclusion of the Chief Executive Officer and the Directors of the Parent Company, whose remuneration is discussed separately in this Report. In accordance with the provisions of Annex 3 - Schedule 7-bis of the Issuers' Regulation, for this residual category of Executives with Strategic Responsibilities information on remuneration is provided at an aggregate level.

Note that the 2023 bonuses awarded to Executives with Strategic Responsibilities are linked to the achievement of specific performance targets measured at the Group/Division/Area level<sup>20</sup>. These assessments are summarised below in an aggregated and simplified view:

KPI	Level of achievement		
	Min	Target	Max
RORAC			
Cost/Income			
Gross Organic NPE Ratio			
Divisional PBT			
Strategic and Control Initiatives			
ESG			
Behaviour			
<b>Total</b>			

As a result of the performance evaluation, the variable remuneration attributed to 14 Executives with Strategic Responsibilities (with the exception of the LTI Plan, ESOP and benefits described below) totalled Euro 3,210,000 for 2023.

With regard to the long-term incentive component, it should be noted that 11 Executives with Strategic Responsibilities are recipients of the 1<sup>st</sup> cycle of the 2021-2025 Long-Term Incentive Plan. Specifically, 56,815 shares were allocated for these ESRs and a maximum of 459,847 rights to receive shares remained for the second and third performance cycles, the payment of which is subject to the achievement of predetermined performance targets (see Section I for further details).

As expressly defined by the Rules of the aforesaid Plan, with regard to the first performance cycle (2021-2023) for the beneficiaries identified among the Material Risk Takers (“MRTs”), 80% of the shares envisaged are awarded/paid at the end of such cycle (up-front portion) and 20% in the following year (deferred portion) if the Gate conditions are also met in the year of deferral. Note that both the up-front and the deferred tranches are subject to a lock up-period of six months.

As noted in Section I, in accordance with the 37<sup>th</sup> update of Bank of Italy Circular no. 285/13, the reclassification of illimity as a large or complex bank implies a revision of the pay-out structure and deferral of both the Annual MBO System and the Long-Term Incentive Plan.

Furthermore, in 2023 and in accordance with the provisions of the 2023 Remuneration Policy, an agreement was entered into with respect to the early termination of the employment of an Executive with Strategic Responsibilities. The agreement provides for the payment of an amount equal to 24 months' fixed remuneration, taking into account the Group's overall results, individual performance and the duration of the employment relationship with the ESR. More in detail, the agreement provides for a cash payment of Euro 300,000 (paid 50% in 2023 and the remaining 50% in 2024) and in shares for a market value of around Euro 590,000 (paid 1/3 in 2023, 1/3 in 2024 and 1/3 in 2025). The deferred part of this remuneration is subject to malus and Claw-back clauses.

<sup>20</sup> Within this category, the Group's Material Risk Takers pertaining to Corporate Control Functions and the Manager in charge of drafting the Financial Statements of illimity Bank S.p.A. were assigned objectives solely related to their specific responsibilities and to illimity's leadership model.

Furthermore, as part of the company's benefits policy, the aforementioned Executives enjoyed the standard benefits envisaged for the respective category.

Finally, since the Gate conditions were met as at 31 December 2023, which represent the malus conditions for the vesting of the deferred tranches payable in 2024, five ESRs became eligible for the effective vesting and payment of the deferred tranche of shares of the 2021 MBO Plan cumulatively amounting to 12,578 shares, subject to a lock-up period of six months after the actual allotment expected by June 2024.

See Tables 3A and 3B of the Second Part of this Section for more details in aggregate of the remuneration allotted in 2023, consistent with the provisions of the Issuers' Regulation.

## 8. Remuneration of Material Risk Takers and the remaining personnel of illimity

This section of the Report summarises the variable remuneration paid during 2023 to the following personnel:

- Remaining Material Risk Takers of 2023, not included in the Executives with Strategic Responsibilities referred to in the previous section.
- Remaining personnel of the Group.

In accordance with current regulatory provisions, see the relevant Table in the Second Part of this Section for the aggregate quantitative information concerning Material Risk Takers.

Furthermore, note that in 2023 no benefits were granted upon the early termination of employment or office to any Material Risk Taker, except as discussed in the previous section.

### Employee Stock Ownership Plan ("ESOP")

Consistent with the resolution passed by the Shareholders' Meeting of 18 January 2019 and in accordance with the regulatory and supervisory provisions applicable to the Bank, the implementing regulation of the ESOP<sup>21</sup> approved by the Board of Directors of Banca Interprovinciale S.p.A. on 18 January 2019 provides for the allocation of a maximum number of ordinary shares of illimity Bank S.p.A. for each annual cycle to all employees of the Bank and/or the Group.

In accordance with the Board resolution of 18 January 2019<sup>22</sup>, on 30 May 2023, having ascertained the maintenance of the Gate values referred to in paragraph 6 of the Regulation, the Board of Directors approved the free allocation to 855 Beneficiaries identified according to the criteria set forth in paragraph 3 of the Regulation 23 of a total of 240,486 ordinary shares of the Bank, issued in execution of the authorisation of a free share capital increase pursuant to article 2443 of the Italian Civil Code - pursuant to article 5, paragraph 5, of the By-laws - by the Board of Directors at its meeting on 15 June 2019.

21 For further information on the characteristics of the ESOP, see the Information Document on the ESOP prepared and published by the Bank pursuant to Schedule 7 of Annex 3A of the Issuers' Regulation and available on the Bank's website at [www.illimity.com](http://www.illimity.com), Governance/Remuneration Section.

22 On 18 January 2019 the Extraordinary Shareholders' Meeting of Banca Interprovinciale S.p.A. approved the proposal of the Board of Directors regarding the establishment of the Employee Stock Ownership Plan ("ESOP") reserved for employees of illimity Bank S.p.A. and companies directly and/or indirectly controlled thereby. Furthermore, the same Shareholders' Meeting granted the Board of Directors all powers necessary and/or appropriate to implement the aforementioned ESOP (including the definition and issuance of the related rules) with the power to delegate its powers, duties and responsibilities for the implementation and application of the plan to the Chair of the Board of Directors and the Chief Executive Officer, even severally and with the power to sub-delegate. Based on the aforementioned authorisation of the shareholders' meeting, in the same meeting of 18 January 2019 the Board of Directors: i) approved the Rules of the ESOP plan, ii) authorised the Chief Executive Officer to implement the plans in accordance with the terms and conditions approved in the shareholders' meeting of 18 January 2019.

23 According to the provisions of Paragraph 3 of the Regulation, all persons who on the share Award Date are deemed to be Beneficiaries of the ESOP Plan are to be (i) employed on a permanent basis or (ii) on a fixed-term basis with at least six months in the company at the date of the allocation and with a residual duration of at least six months, and in any case in accordance with the provisions of the tax regulations for the purposes of tax and social security benefits, with the Company or any subsidiary at the share Award Date. As of the award date the Beneficiaries must not be in a notice period due to resignation or dismissal.



In accordance with the provisions of the Plan Rules and the related Information Document, the number of shares allocated to each Beneficiary was differentiated based on their contractual classification. More specifically, such number was determined so as to correspond to a value equivalent to: (i) Euro 2,000 for all Beneficiaries who are not Executives and (ii) Euro 100 for Beneficiaries who are Executives of the Company (Table 4).

**SECTION II - TABLE 4 - 2023 ESOP**

Category of personnel	No. of beneficiaries	Total shares allocated in 2023
Material Risk Takers 2023	32	1,652
Other personnel	823	238,834
<b>Total</b>	<b>855</b>	<b>240,486</b>

## Annex 2 - Summary of the Remuneration Committee's activities in 2023

Date	Activities under discussion	% presence of members
13/01/2023	<ul style="list-style-type: none"> <li>2023 MBO incentive scheme and its Rules</li> <li>Update on the progress of the first cycle of the 2021-2025 LTI Plan</li> <li>2023 MBO incentive scheme of illimity SGR S.p.A. and its Rules</li> <li>Agreement on Carried Interest related to the illimity Selective Credit Fund</li> </ul>	100%
06/02/2023	<ul style="list-style-type: none"> <li>2022 Group Bonus Pool</li> <li>2022 Appraisal and Bonus of the Chief Executive Officer, the Heads of Control Functions and the Manager in charge of drafting the Financial Statements</li> <li>2023 Goal Setting of the Heads of Control Functions and the Manager in charge of drafting the Financial Statements</li> <li>Raising the ratio of variable to fixed remuneration for the CEO and top management to a maximum of 2:1</li> <li>2022 Bonus Pool of illimity SGR S.p.A.</li> <li>2022 Appraisal and Bonus of the Business Area Managers of illimity SGR S.p.A.</li> </ul>	100%
06/03/2023	<ul style="list-style-type: none"> <li>2023 Goal Setting of the Chief Executive Officer</li> <li>2023 Guidelines for identifying the Material Risk Takers and their outcomes</li> <li>Report on the 2023 Remuneration Policy and compensation paid in 2022 and Reports of the Board of Directors to the Shareholders' Meeting</li> <li>Goal Setting of the Business Area Managers of illimity SGR S.p.A.</li> <li>Identification of the Material Risk Takers of illimity SGR S.p.A.</li> <li>2023 Remuneration and Incentive Policy for the personnel of illimity SGR S.p.A.</li> <li>Review of the remuneration of the Board of Statutory Auditors of illimity SGR S.p.A.</li> <li>Salary Review of the Chief Executive Officer of Arc neprix S.p.A.</li> </ul>	100%
13/04/2023	<ul style="list-style-type: none"> <li>Reports of the Internal Audit Department</li> <li>LTI Plan 2021-2025: estimated value and impact of the Share Ownership Guidelines</li> </ul>	100%
17/05/2023	<ul style="list-style-type: none"> <li>Remuneration profiles related to organisational changes in the Bank</li> </ul>	100%
14/06/2023	<ul style="list-style-type: none"> <li>Analysis of the gender neutrality of the Remuneration Policies and verification of the 2023 Gender Pay Gap of the Group and illimity SGR</li> </ul>	100%
21/11/2023	<ul style="list-style-type: none"> <li>Update of the 2023 perimeter of Group Material Risk Takers</li> <li>Remuneration positioning of Executives with Strategic Responsibilities</li> <li>Agreement on the performance-related incentive scheme of the reserved closed-end "illimity Real Estate Credit Fund" Alternative Investment Fund</li> <li>Update on emerging trends in remuneration</li> </ul>	100%

## EU REMA - Remuneration Policy table

Institutions shall describe the main elements of their remuneration policies and how they implement these policies. In particular, the following elements, where relevant, shall be described:

### Qualitative information

#### a) Information relating to the bodies that oversee remuneration. Disclosures shall include:

<p>1. Name, composition and mandate of the main body (management body or remuneration committee, as the case may be) overseeing the remuneration policy and number of meetings held by that main body during the year.</p>	<p>In order to foster an efficient information and advisory system that allows the Board of Directors to better assess the issues within its purview, in compliance with the provisions of the Supervisory Provisions on Corporate Governance issued by the Bank of Italy and with the provisions of the Corporate Governance Code for Listed Companies ("Corporate Governance Code"), the Board established the Remuneration Committee, endowed with investigative, advisory and propositional powers. Specifically, the role of the Remuneration Committee is to provide advice, opinions and proposals to the Board of Directors with respect to the Group's remuneration strategy.</p> <p>At the end of 2023 the Remuneration Committee was composed of Directors Paola Elisabetta Maria Galbiati (Chair), Francesca Lanza Tans and Marcello Valenti.</p> <p>As stipulated in the Regulation of Corporate Bodies and Committees regarding the composition of Board Committees, the members of the Committee are non-executive.</p> <p>The Remuneration Committee met seven times in 2023.</p>
<p>2. External consultants whose advice has been sought, the body by which they were commissioned, and on which areas of the remuneration framework.</p>	<p>In 2023 the Remuneration Committee availed itself of the services of WTW, an independent external consultant, which provides advice on practices and trends, as well as up-to-date benchmarking analyses on remuneration. WTW has been working with the Committee since the Group's founding. WTW representatives were invited to attend Committee meetings to discuss specific topics and provide an independent perspective on the Committee's agenda.</p>
<p>3. A description of the scope of application of the institution's remuneration policy (e.g. by region, business line), including the extent to which it is applicable to subsidiaries and branches located in third countries.</p>	<p>In accordance with the regulatory framework of reference, illimity's Remuneration Policy is applied to all Group companies, governing the various remuneration policies applied to different categories of persons (e.g. sales network personnel, agents and brokers).</p> <p>Taking into account the registration of illimity SGR S.p.A. in the section of the Register relating to managers of AIFs, authorised in accordance with the AIFMD Directive, the Remuneration Policy of illimity SGR S.p.A. was prepared, which, in compliance with the relevant regulatory framework and the Group's Remuneration Policies, governs the objectives of the staff remuneration and incentive systems, with particular reference to the Material Risk Takers of illimity SGR S.p.A.</p>

## Qualitative information

4. A description of the staff or categories of staff whose professional activities have a material impact on institution's risk profile.	<p>In view of the relevant regulatory framework, in particular Commission Delegated Regulation (EU) 2021/923 of 25 March 2021 supplementing Directive no. 2013/36/EU of the European Parliament and of the Council (CRD IV), as amended by Directive (EU) no. 2019/878 (CRD V) and which establishes qualitative and quantitative criteria for identifying which categories of personnel have a substantial impact on the institution's risk profile as a result of their professional work, illimity has updated the perimeter of the Group's Material Risk Takers. This also taking into account the regulatory provisions that also stipulate that the self-assessment by the organisations must be periodically updated during the financial year in order to identify new assignments within the roles identified by the qualitative criteria.</p> <p>Following the analysis of the perimeter of the Group's Material Risk Takers and as approved by the Board of Directors, at the proposal of the Remuneration Committee the following categories of employees were identified as Group Material Risk Takers for 2023: (i) executive and non-executive members of the Board of Directors, including the Chief Executive Officer and remaining Senior Management; (ii) the heads of the Corporate Control Functions and individuals found to have originated Credit and Market Risk Weighted Assets (RWA) equal to at least 2% of the Group's total RWA, measured as of 30 September 2023; (iii) the heads of other corporate functions that assume or may assume a material impact on the entity's risk profile as a result of their professional work.</p> <p>As Parent Company, illimity also includes the staff of the Asset Management Company in the process of identifying Material Risk Takers. For the relative analysis the qualitative criteria envisaged by the technical standards of the EBA are adopted, with particular regard to the possibility of significantly affecting the Group's risks within relevant operating units and/or taking into account the impact on the economic, financial or reputational risk they may expose the Group to. For inclusion in the scope, the quantitative criteria laid down in the regulations are also adopted, which also govern any exclusion mechanisms and procedures.</p>
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### **b) Information relating to the design and structure of the remuneration system for identified staff.**

#### **Disclosures shall include:**

1. An overview of the main characteristics and objectives of the remuneration policy, and information on the decision-making process used to determine the remuneration policy and the role of stakeholders.	<p>The illimity remuneration strategy is designed to offer a remuneration structure capable of attracting and retaining the key skills functional to the development of the business and the achievement of the expected results, consistent with the Bank's capital and economic-financial sustainability. The Remuneration Policy incentivises the achievement of short and medium-long term objectives in compliance with the values of illimity and the levers identified in the Strategic Plan, contributing to aligning the interests of management and all employees, creating sustainable value over time for all stakeholders and supporting the progressive consolidation of the Group's growth.</p>
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Qualitative information	
	<p>The Policy is developed within a clear, transparent governance framework taking into account an overall principle of orientation towards sound and prudent risk management and compliance with regulations and principles of good professional conduct and propriety in relations with customers. In this context, the Group's Chief HR &amp; Organization Officer produces the Remuneration Policy Report each year working with the corporate bodies and functions within their respective purviews (specifically the CRO, the Chief Compliance &amp; AFC Officer and the General Counsel). The document is submitted to the Board of Directors and presented to the General Meeting of Shareholders for approval, in accordance with the current regulatory framework.</p> <p>In consideration of the incorporation of illimity SGR S.p.A. within the Group, the Company prepares its own Remuneration and Incentive Policy document for its personnel, taking into account the applicable regulatory provisions and consistent with the principles and purposes of the Group's Remuneration Policy.</p>
<p>2. Information on the criteria used for performance measurement and ex ante and ex post risk adjustment.</p>	<p>Consistent with the relevant Supervisory Provisions, the total amount of variable remuneration payable at the Group level (Bonus Pool) is determined taking into account the profitability achieved in the year in question, the risk parameters in relation to the Risk Appetite Framework and the level of achievement of the Plan objectives. The link between profitability, risk and remuneration is ensured through the direct link between the Bonus Pool and the company's performance measured through the use of Profit Before Tax at a consolidated level, which allows the available Bonus Pool to be recalibrated based on actual company performance. Moreover, the allocation of the overall Bonus Pool to the various Divisions/Departments of the Group allows for a fair distribution of the available financial resources based on the contribution of each illimiter and the performance of the relevant Division/Department.</p> <p>In order to comply with regulatory requirements, specific indicators measuring profitability, soundness and liquidity have been defined to serve as entry conditions. Furthermore, subject to the reasoned opinion of the Remuneration Committee and having consulted the Risks Committee, the Board of Directors may confirm the Bonus Pool or increase it up to a maximum of 20% or reduce it to zero, taking into consideration the results of the Assessments performed separately by the CRO and the CFO (Risk and Financial Assessment), which allow the revision of the final size of the Bonus Pool through the application of criteria pertaining to risk and financial assessment.</p> <p>For Material Risk Takers earning a Bonus of a significant amount, an individual Risk Assessment is performed by the CRO aimed at verifying any inconsistencies between the results achieved and their sustainability with respect to the RAF that may lead to the reduction of the Bonus.</p>

**Qualitative information**

More generally, illimity reserves the right to activate malus and claw-back mechanisms, i.e. the respective reduction/cancellation and restitution of any form of variable remuneration in the event of employee misconduct.

For more details on the criteria for measuring performance, see points e) and f)1. of this table.

3. Whether the management body or the remuneration committee, if established, has reviewed the institution’s remuneration policy during the past year, and if so an overview of any changes made, the reasons for such changes and their impact on remuneration.

On 9 March 2023, at the proposal of the Remuneration Committee which met on 6 March 2023, the Board of Directors resolved on the 2023 Report on the Remuneration Policy and compensation paid in 2022, submitted for approval to the Shareholders’ Meeting on 20 April 2023. More specifically, the following important elements of the 2023 Policy were underscored:

- The proposal to raise the limit on the ratio between the variable and the fixed components of remuneration also for the Chief Executive Officer and the remaining Top Management up to a maximum of 2:1, consistent with what had already been approved in past years for the remaining categories of Material Risk Takers and in accordance with regulatory provisions, market practices and the suggestions received from institutional investors in the framework of the annual engagement to incentivise the entire management team to achieve higher than expected company performance.
- The revision of the Bonus Pool funding mechanism with respect to the 2023 MBO Annual Incentive Plan, in order to achieve greater consistency and a stronger alignment with the actual performance of each division/company structure and at the same time confirm the link between profitability, risk and remuneration at the Group level with a strengthening of the conditions for accessing the System.
- The updating of the targets for the third performance cycle of the rolling Long-Term Incentive (LTI) Share Plan, and therefore with reference to the period 2023-2025.
- The inclusion of ESG objectives, both for the annual 2023 MBO incentive plan for the organisation’s top management and within the LTI Plan, in keeping with the commitments made in the 2023-2025 Sustainability Plan approved by the Board of Directors on 9 February 2023.

4. Information on how the institution ensures that the staff of internal control functions are remunerated independent of the business they oversee.

The illimity’s performance management process involves all illimiters and is based on a top-down model, i.e. with direct “Manager-worker” goal setting and assignment (with the possible assistance of the Data Owners) and subsequent performance reporting by the Manager. In accordance with the Supervisory Provisions, the control functions are not assigned targets linked to the Bank’s and/or the Group’s economic results, but rather individual targets that primarily reflect their performance and are independent of the results of the areas controlled in order to minimise potential conflicts of interest. Specifically, the approval of the Goal Setting of the heads of the control functions is resolved on by the Board of Directors.

## Qualitative information

5. Policies and criteria applied for the award of guaranteed variable remuneration and severance payments.

Guaranteed variable remuneration, being a non-standard form of remuneration, is considered exceptional and limited exclusively to specific situations such as entry bonuses to attract resources from outside. Exceptional components of variable remuneration are governed in the Remuneration Policy in terms of type and characteristics.

With regard to termination payments, upon termination of employment illimity may pay individual Group employees additional benefits over and above what is due under applicable statutory provisions and applicable national and company collective bargaining agreements. For further details, see paragraph 20 of the 2023 Report on Remuneration Policy and compensation paid in 2022.

### **c) Description of the ways in which current and future risks are taken into account in remuneration processes. Disclosures shall include an overview of the main risks, their measurement and how these affect remuneration.**

In general, the variable component is subject to the verification of entry/activation conditions (Gates) that require the maintenance of capital stability and liquidity ratios at least equal to the tolerance level set in the RAF, in addition to specific conditions and objectives defined for individual incentive plans.

The MBO short-term incentive scheme is based on a bonus pool approach. The link between profitability, risk and remuneration is ensured through the direct link between the Bonus Pool and the company's performance measured through the use of Profit Before Tax at a consolidated level, which allows for a recalibration of the available Bonus Pool based on actual company performance. Moreover, the allocation of the overall Bonus Pool to the various Divisions/Departments of the Group allows for a fair distribution of the available financial resources based on the contribution of each illimitier and the performance of the relevant Division/Department.

Furthermore, the Board of Directors may confirm the Bonus Pool or increase it up to a maximum of 20% or reduce it to zero, taking into consideration the results of the Assessments performed separately by the CRO and the CFO (Risk and Financial Assessment), which allow the revision of the final size of the Bonus Pool through the application of criteria pertaining to risk and financial assessment.

With regard to risk assessment, the overall Bonus Pool can be increased, confirmed or reduced based on the evaluation of the development of the relevant risk profiles conducted by the CRO as part of the Group's Risk Appetite Framework at the end of the period. To this end, the relevant risks the Group is exposed to (including credit, market and liquidity risk) are identified, the reference indicators included in the RAF and the relevant quarterly measures recorded on the basis of the RAF Tableau De Bord reported periodically to the Bank's corporate bodies. If one or more indicators show quarterly readings with breaches of Risk Appetite or Risk Tolerance or Risk Capacity levels, the Bonus Pool may be reduced according to a predefined formula. In the absence of violations of the RAF, the Bonus Pool may be increased by up to 10%.

With regard to the financial assessment, the overall Bonus Pool may be increased, confirmed or reduced based on the assessment made by the CFO through an analysis of three indicators: (i) Return on Average Equity; (ii) Cost/Income ratio; (iii) Gross Organic NPE ratio, and which could lead to an increase in the pool of up to 10% or reduce it by up to 10%.

The maximum increase following the two Assessments conducted by the CRO and CFO is 20% of the size of the Bonus Pool.

## Qualitative information

### d) The ratios between fixed and variable remuneration set in accordance with article 94, paragraph 1, letter g) of the CRD.

In compliance with the regulatory provisions in force, for 2023 illimity has defined the maximum ratios between the variable and fixed components of remuneration for the various categories of personnel, as shown below:

- For the Chief Executive Officer and the Group's remaining top management: 200%.
- For the Group's Material Risk Takers belonging to Business Functions: 200%.
- For the Group's Material Risk Takers belonging to Support Functions: 150%.
- For Material Risk Takers belonging to Corporate Control Functions: 33%.
- For the remaining personnel: variable remuneration is in any case limited to 200% for business functions and 100% for the remaining functions.

Furthermore, note that - in accordance with regulatory provisions - the variable remuneration of the personnel of the Corporate Control Functions, the Human Resources & Organization function and the Manager in charge of drafting the Financial Statements remains in any case limited. For this reason it is envisaged that for these persons the fixed remuneration will prevail over the variable remuneration.

### e) Description of the ways in which the institution seeks to link performance during a performance measurement period with levels of remuneration. Disclosures shall include:

1. An overview of key performance criteria and metrics for the institution, business lines and individuals.

The MBO Annual Variable Incentive Plan is based on a Bonus Pool approach aligned with the latest national and international regulations. The link between profitability, risk and remuneration is ensured through the direct link between the Bonus Pool and the company's performance measured through the use of Profit Before Tax at a consolidated level, which allows the available Bonus Pool to be recalibrated based on actual company performance. Moreover, the allocation of the overall Bonus Pool to the various Divisions/Departments of the Group pursues a fair distribution of the available financial resources based on the contribution of each illimiter and the performance of the relevant Division/Department based on the degree to which the respective Profit Before Tax ("PBT") was achieved at the Divisional level. Individual bonuses, calculated on the basis of individual performance results, are awarded after verification of compatibility with the above-mentioned total amount. If the sum of the theoretical individual bonuses is greater than the available Bonus Pool, the individual bonuses will be reduced proportionally in order to fall within the overall Bonus Pool availability.

The attribution of MBO-related variable remuneration is subject to the achievement of objectives and conduct contained in the individual sheet assigned to each Beneficiary. The individual performance appraisal is differentiated according to role and organisational position and may therefore include, with different weighting for 2023, Group objectives, individual structure objectives, ESG and/or Digital Mindset objectives, as well as behavioural objectives aligned with illimity's responsibility and leadership model. In accordance with the Supervisory Provisions, for the Group's Material Risk Takers in the company's control functions, as well as for the Chief HR & Organization Officer and the Manager in charge of drafting the Financial Statements, the objectives are related to the specific responsibilities of the position (including ESG objectives) and to illimity's leadership model.



Qualitative information	
	<p>The individual objectives are consistent with the type of business of the Group company the beneficiaries operate in and with any specificity of the applicable sector regulations. The verification of the absence of conduct in breach of internal and external regulations remains unchanged for all.</p>
<p>2. An overview of how individual variable remuneration amounts are linked to institutional and individual performance.</p>	<p>Individual variable remuneration is driven first by institutional performance in order to determine the size of the available Bonus Pool (the higher the institution's profitability level, the higher the available Bonus Pool), and second by individual performance (the higher the individual performance rating, the higher the variable remuneration awarded to individuals). The Bonus Pool can be revised up/down based on the overall "quality of performance", in order to ensure consistency with the Group's Risk Appetite Framework and the economic sustainability of results, as described above.</p>
<p>3. Information on the criteria used to determine the balance between different types of allocated instruments, including shares, equivalent ownership interests, options and other instruments.</p>	<p>In accordance with the relevant supervisory provisions, illimity incentivises the achievement of short and medium-long term objectives in compliance with the values of illimity and the levers identified in the Strategic Plan through:</p> <ul style="list-style-type: none"> <li>• The 2023 MBO Annual Variable Incentive Plan, whose Bonus is paid entirely in cash. Specifically, with regard to the Material Risk Takers, including the Chief Executive Officer and the remaining Top Management, in the event of annual variable remuneration exceeding Euro 50,000 or greater than one third of the total remuneration, the Bonus is paid for 80% up front in cash and for 20% in deferred cash over two years, to be paid in the absence of Malus. Note that the Bonus is paid entirely up front if the annual variable remuneration is less than Euro 50,000 and does not represent more than one third of the total annual remuneration. With regard to the remaining staff, the Bonus is paid entirely in cash and up front.</li> <li>• The 2021-2025 Long-Term Incentive Share Plan, whose payout mechanism envisages that for beneficiaries identified as Material Risk Takers at the end of each performance cycle 80% of the shares for each cycle are allocated/paid out at the end of each cycle (up-front portion) and 20% in the following year (deferred portion), where the conditions defined as "Entry Gate" are also met in the year of deferral. Both the up-front and the deferred tranches are subject to a lock-up period. For the remaining beneficiaries, 100% of the shares envisaged for each cycle are allocated/paid at the end of each cycle, following the lock-up period.</li> </ul>

**Qualitative information**

4. Information on the measures the institution will implement to adjust variable remuneration in the event of weak performance indicators, including the institution's criteria for determining "weak" performance indicators.

The 2023 MBO Annual Variable Incentive Plan provides for specific entry conditions defined at the Group level that impact the size of the Bonus Pool. The actual payment of variable remuneration is therefore subject to the following Gates being passed:

- CET1 Ratio  $\geq$  tolerance threshold defined within the RAF as at 31/12/2023.
- LCR  $\geq$  tolerance threshold defined within the RAF as at 31/12/2023.
- Net Income net of extraordinary items (defined by the CFO and approved by the Board of Directors)  $>$  70% budget as at 31/12/2023.
- No violation of laws, regulations or company codes at the individual level.

Moreover, with regard to the Material Risk Takers, an "Individual Risk Assessment" is envisaged in addition to the Risk Assessment during the approval of the Bonus Pool "accrued" at an overall level, with reference to the business areas, in the event of any individual Bonuses of a significant amount, aimed at assessing any potential inconsistency between the results achieved, their sustainability with respect to the RAF and the remuneration levels achieved. The access conditions for each year act as a prior malus for the payment of deferrals in the year, and if the access conditions are not met the deferrals are cancelled.

Moreover, the recognition of the deferred portion of variable incentive schemes is subject to compliance with the Return On Risk Adjusted Capital (RORAC), a risk-adjusted performance indicator.

**f) Description of the ways in which the institution seeks to adjust remuneration to take account of long-term performance. Disclosures shall include:**

1. An overview of the institution's policy on deferral, payment in instruments, retention periods and vesting of variable remuneration, including where it differs between staff or categories of staff.

The pay-out mechanism of the MBO Plan for the year 2023 is structured as shown below:

- With regard to the Material Risk Takers, including the Chief Executive Officer and the remaining Top Management, in the event of annual variable remuneration exceeding Euro 50,000 or greater than one third of the total remuneration: 80% up front in cash and for 20% in deferred cash over two years, to be paid in the absence of Malus. Note that the Bonus is paid entirely up front if the annual variable remuneration is less than Euro 50,000 and does not represent more than one third of the total annual remuneration. Moreover, the recognition of the deferred portion is subject to compliance with the verified capital and liquidity requirements as at 31 December 2025, at least in line with the gates defined in the Remuneration and Incentive Policies in force from time to time and also ensuring that the Group's RORAC, a risk-adjusted performance indicator, is positive.
- With regard to the remaining staff, the Bonus is paid entirely in cash and up front.

All tranches are also subject to the application of legally applicable malus and claw-back conditions.

### Qualitative information

The 2021-2025 Long-Term Incentive Share Plan (for the Chief Executive Officer, the remaining members of Top Management and other key resources of the Group identified from year to year) envisages that for beneficiaries identified as Material Risk Takers at the end of each performance cycle 80% of the shares for each cycle are allocated/paid out at the end of each cycle (up-front portion) and 20% in the following year (deferred portion), where the conditions defined as "Entry Gate" are also met in the year of deferral. Both the up-front and the deferred tranches are subject to a lock-up period. For the remaining beneficiaries, 100% of the shares envisaged for each cycle are allocated/paid at the end of each cycle, following the lock-up period.

The Rights vested are subject to Malus and Claw-back conditions, i.e. contractual clauses that allow for the reduction - down to zero - of the variable remuneration still to be paid to the employee (Malus) and/or to request the partial or full return of the variable remuneration already paid (or variable emolument already paid) in the event of negative subsequent assessments of company or individual performance, or in the event of fraudulent conduct or serious misconduct of the employee (Claw-back). These conditions are expressly governed within the internal procedure "Process for the application of Malus and Claw-back mechanisms related to individual conduct".

## Qualitative information

### 2. Information on the institution's criteria for subsequent adjustments (malus during deferral and claw-back after vesting, if allowed by national law).

The variable remuneration paid may be reduced to zero in the event of:

- Evidence of individual compliance breaches in negative findings of control functions or Supervisory Authorities. Specifically, upon learning of such findings the Chief Executive Officer, having heard the Chief HR & Organization Officer, may assess the application of possible reductions of the Bonus, even down to zero. If such findings relate to personnel belonging to control functions or to the Group's Material Risk Takers, the relevant decisions are taken after consulting the Remuneration Committee.
- Failure to reach the gates envisaged in the Policy of reference at the time of vesting of the deferred quotas.

In accordance with the provisions in force, for all employees the entire variable remuneration awarded is also subject to an obligation to repay both the up-front and deferred components disbursed in the event of an assessment within five years of payment of:

- A violation of legal, regulatory or by-law provisions or of any applicable code of ethics or conduct, resulting in a significant loss for the Bank or the individual Subsidiary or their respective customers.
- A breach of specific legal, regulatory or by-law provisions or of any applicable code of ethics or conduct, regardless of any resulting loss.
- A breach of the obligations concerning company representatives in relation to their suitability to hold office, their satisfaction of the requirements of professionalism, honourableness and independence as well as the fulfilment of the criteria of expertise and propriety;
- A violation of the rules defined in the Policy on "Transactions with entities covered by the single perimeter of the illimity Banking Group".
- A breach of remuneration and incentive obligations.
- Fraudulent actions to the detriment of the Company.
- Work done with negligence or malpractice ("gross negligence") to the detriment of the Bank.

### Qualitative information

<p>3. Where applicable, shareholding requirements that may be imposed on identified staff.</p>	<p>In order to emphasise the alignment with the long-term interests of shareholders, share ownership guidelines for the Chief Executive Officer and the Executives with Strategic Responsibilities (ESRs) were introduced alongside the launch of the share-based LTI Plan. The recipients of these Guidelines agree to maintain a percentage of the available shares allotted according to the LTI Plan until a certain target level is reached. The Share Ownership Guidelines specifically provide for the following characteristics per category of recipients:</p> <ul style="list-style-type: none"> <li>• For the Chief Executive Officer, until the end of their term of office, the ownership in shares of 100% of the fixed remuneration, accumulated for at least 75% from the shares allocated through the Plan (net of tax impacts), until the target amount is reached.</li> <li>• For Executives with Strategic Responsibilities, for the duration of their office within the scope of the ESRs, the ownership in shares of 75% of the fixed remuneration, accumulated for at least 50% from the shares allocated through the Plan (net of tax impacts) until the target amount is reached.</li> </ul> <p>Measurements of the level of share ownership are made at the end of 2024 using the share price on the grant date.</p>
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**g) The description of the main parameters and rationale of any variable component schemes and any other non-cash benefits in accordance with article 450, paragraph 1, letter f), of the CRR. The information includes:**

<p>1. Information on the specific performance indicators used to determine variable remuneration components and the criteria used to determine the balance between the different types of instruments awarded, including shares, equivalent ownership interests, share-linked instruments, non-cash equivalents, options and other instruments.</p>	<p>The variable remuneration component is mainly determined by company performance based on Profit Before Taxes at the consolidated and Divisional levels. In accordance with the regulatory framework of reference, the 2023 MBO Plan envisages the definition of a balanced structure of "immediate" payments (i.e. made at the time of the performance appraisal) and "deferred" payments, entirely in cash, for Material Risk Takers.</p> <p>For the Group's Material Risk Takers, for 2023 the Bonus is deferred in the event of annual variable remuneration exceeding Euro 50,000 or more than one-third of the total remuneration. Below this threshold no deferral mechanisms will be applied, in accordance with relevant regulatory guidance. For Material Risk Takers, including the Chief Executive Officer and the remaining Top Management, the Individual Bonus consists of 80% in cash and 20%, also in cash, deferred for two years.</p>
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**(h) Upn demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management.**

See Section II, Second Part of the Report on the 2024 Remuneration Policy and the compensation paid in 2023.

## Qualitative information

### (i) Information on whether the institution benefits from an exemption under article 94, paragraph 3, of the CRD, in accordance with article 450, paragraph 1, letter k), of the CRR.

1. For the purposes of this point, organisations benefiting from this exemption indicate whether this is done based on article 94, paragraph 3, letter a) and/or b) of the CRD. They also indicate which of the remuneration principles they apply the exemption(s) to, the number of staff members benefiting from the exemption(s) and their total remuneration, divided into fixed and variable remuneration.	Exemption based on letter a) as illimity, in application of the principle of proportionality, in 2023 is to be considered a small or less complex entity, and therefore applies to all Material Risk Takers of the Group (for quantitative information see table REM1). Exemption based on letter b), with reference to the materiality threshold of illimity for 2023: <ul style="list-style-type: none"><li>• No. of Material Risk Takers benefiting from the exemption: 4</li><li>• Total remuneration: EUR 0.7 million:<ul style="list-style-type: none"><li>- of which fixed remuneration: EUR 0.5 million</li><li>- of which variable remuneration: EUR 0.2 million</li></ul></li></ul> The sum of fixed and variable pay (above with rounded values) equals total pay.
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### (j) Large institutions disclose quantitative information on the remuneration of their collective management body, differentiating between executive and non-executive members, in accordance with article 450, paragraph 2, of the CRR.

N/A

## Second part

**Table EU REM1 - Remuneration awarded for the 2023 financial year**

			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	12	1	3	33
2		Total fixed remuneration	990,000	725,000	1,765,000	7,996,000
3		Of which: cash-based	990,000	725,000	1,765,000	7,996,000
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests				
5		Of which: share-linked instruments or equivalent non-cash instruments				
EU-5x		Of which: other instruments				
6		(Not applicable in the EU)				
7		Of which: other forms				
8	(Not applicable in the EU)					
9	Variable remuneration	Number of identified staff	-	1	3	33
10		Total variable remuneration		692,275	2,317,000	5,475,475
11		Of which: cash-based		600,000	1,560,000	4,491,500
12		Of which: deferred		120,000	402,000	846,200
EU-13a		Of which: shares or equivalent ownership interests		92,275	757,000	912,020
EU-14a		Of which: deferred		18,455	426,647	180,284
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments		-	-	-
EU-14b		Of which: deferred				
EU-14x		Of which: other instruments		-	-	-
EU-14y	Of which: deferred					
15	Of which: other forms		-	-	71,955	
16	Of which: deferred					
17	<b>Total remuneration (2 + 10)</b>		<b>990,000</b>	<b>1,417,275</b>	<b>4,082,000</b>	<b>13,471,475</b>

The remuneration is shown based on annualised figures as at 31.12.2023.

The table includes the vested compensation attributed to the beneficiaries of the 2021-2025 LTI Plan with respect to the first performance cycle, taking into account the share value at granting of Euro 10.9486 (and not market value).

**Table EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (*identified staff*)**

		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
<b>Guaranteed variable remuneration awards</b>					
1	Guaranteed variable remuneration awards - Number of identified staff	-	-	-	-
2	Guaranteed variable remuneration awards - Total amount	-	-	-	-
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				
<b>Severance payments awarded in previous periods, that have been paid out during the financial year</b>					
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	-
<b>Severance payments awarded during the financial year</b>					
6	Severance payments awarded during the financial year - Number of identified staff	-	1	-	-
7	Severance payments awarded during the financial year - Total amount	-	889,900	-	-
8	Of which paid during the financial year		346,633		
9	Of which deferred		543,267		
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap		-		
11	Of which highest payment that has been awarded to a single person		889,900		



**Table EU REM3 - Deferred remuneration**

	Deferred and retained remuneration	a	b	c	d	e	f	EU-g	EU-h
		Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to es post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	-	-	-	-	-	-	-	-
2	Cash-based								
3	Shares or equivalent ownership interests								
4	Share-linked instruments or equivalent non-cash instruments								
5	Other instruments								
6	Other forms								
7	MB Management function	1	1	1	-	-	-	-	1
8	Cash-based	62,000	-	62,000					-
9	Shares or equivalent ownership interests	44,000	44,000	-					44,000
10	Share-linked instruments or equivalent non-cash instruments								
11	Other instruments								
12	Other forms								
13	Other senior management	3	3	3	-	-	-	-	3
14	Cash-based	139,000	-	139,000					-
15	Shares or equivalent ownership interests	118,000	118,000	-					118,000
16	Share-linked instruments or equivalent non-cash instruments								
17	Other instruments								
18	Other forms								
19	Other identified staff	21	3	21	-	-	-	-	3
20	Cash-based	373,800		373,800					-
21	Shares or equivalent ownership interests	-	63,000	-					63,000
22	Share-linked instruments or equivalent non-cash instruments								
23	Other instruments								
24	Other forms								
25	<b>Total amount</b>	<b>736,800</b>	<b>225,000</b>	<b>574,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>225,000</b>

**Table EU REM4 - Annual Remuneration of Euro 1 million or more**

EUR	a	
	Identified staff that are high earners as set out in article 450(i) CRR	
1	1.000.000 to below 1.500.000	4
2	1.500.000 to below 2.000.000	-
3	2.000.000 to below 2.500.000	-
4	2.500.000 to below 3.000.000	-
5	3.000.000 to below 3.500.000	-
6	3.500.000 to below 4.000.000	-
7	4.000.000 to below 4.500.000	-
8	4.500.000 to below 5.000.000	-
9	5.000.000 to below 6.000.000	-
10	6.000.000 to below 7.000.000	-
11	7.000.000 to below 8.000.000	-

**Table EU REM5 - Information on personnel whose professional activities have a significant impact on the organisation's risk profile (Material Risk Takers)**

	a			b		c			d		e		f		g		h		i		j Total
	Management body remuneration								Investment banking		Retail banking		Asset management		Corporate functions		Independent Internal control functions		All other		
	MB Supervisory function	MB Management function	Total MB																		
<b>1 Total number of identified staff</b>																					<b>49</b>
2 Of which: members of the MB	12	1	13																		
3 Of which: other s.enior management										2										1	
4 Of which: other identified staff									2	5	2	13	3	8							
<b>5 Total remuneration of identified staff</b>	<b>990,000</b>	<b>1,417,275</b>	<b>2,407,275</b>	<b>776,253</b>	<b>4,690,601</b>	<b>660,100</b>	<b>5,280,655</b>	<b>1,095,300</b>	<b>5,050,566</b>												
6 Of which: variable remuneration	-	692,275	692,275	286,253	2,340,601	190,100	2,242,655	270,300	2,462,566												
7 Of which: fixed remuneration	990,000	725,000	1,715,000	490,000	2,350,000	470,000	3,038,000	825,000	2,588,000												

## Issuers' Regulation - Annex 3A - SCHEDULE No. 7A: Remuneration Report

TABLE 1<sup>1</sup>

Remuneration paid to members of management and supervisory bodies, general managers and other executives with strategic responsibilities (in euros)

A Forename and Surname	B Office	C Period for which the office was held	D Expiry of the office	1 Fixed fees	2 Fees for participation in committees	3 Variable non-equity fees		4 Non- monetary benefits	5 Other fees	6 Total	7 Fair Value of equity compensation	8 Allowances on termination of office or employment
						Bonuses and other incentives	Profit-sharing					
<b>Rosalba Casiraghi</b>	Chair of the Board of Directors	01/01/2023 - 31/12/2023	2024									
				(I) Remuneration in the reporting company	180,000	10,000				190,000		
				(II) Remuneration from subsidiaries and affiliates								
				<b>(III) Total</b>	<b>180,000</b>	<b>10,000</b>	-	-		<b>190,000</b>		
<b>Massimo Brambilla</b>	Member of the Board of Directors	01/01/2023 - 31/12/2023	2024									
				(I) Remuneration in the reporting company	50,000	10,000				60,000		
				(II) Remuneration from subsidiaries and affiliates								
				<b>(III) Total</b>	<b>50,000</b>	<b>10,000</b>	-	-		<b>60,000</b>		
<b>Filippo Annunziata</b>	Member of the Board of Directors	01/01/2023 - 31/12/2023	2024									
				(I) Remuneration in the reporting company	50,000	15,000				65,000		
				(II) Remuneration from subsidiaries and affiliates								
				<b>(III) Total</b>	<b>50,000</b>	<b>15,000</b>	-	-		<b>65,000</b>		
<b>Elena Cialliè (*)</b>	Member of the Board of Directors	01/01/2023 - 31/12/2023	2024									
				(I) Remuneration in the reporting company	50,000	35,000				85,000		
				(II) Remuneration from subsidiaries and affiliates								
				<b>(III) Total</b>	<b>50,000</b>	<b>35,000</b>	-	-		<b>85,000</b>		

(\*) Euro 6,478.00 of reimbursement of out-of-pocket expenses

<sup>1</sup> The table fulfils the disclosure requirements set forth in Bank of Italy Circular no. 285/2013 - Section VI - Reporting and Disclosure Requirements - Par. 1 Public Disclosure Requirements: Information on the total remuneration of the chair of the body with strategic supervisory functions and each member of the body with management functions, the general manager, the co-general managers and the deputy general managers.

TABLE 1 CONT'D

## Remuneration paid to members of management and supervisory bodies, general managers and other executives with strategic responsibilities (in euros)

A	B	C	D	1	2	3		4	5	6	7	8
Forename and Surname	Office	Period for which the office was held	Expiry of the office	Fixed fees	Fees for participation in committees	Variable non-equity fees		Non-monetary benefits	Other fees	Total	Fair Value of equity compensation	Allowances on termination of office or employment
						Bonuses and other incentives	Profit-sharing					
<b>Marcello Valenti</b>	Member of the Board of Directors	01/01/2023 - 31/12/2023	2024									
				(I) Remuneration in the reporting company	50,000	25,000				75,000		
				(II) Remuneration from subsidiaries and affiliates								
				<b>(III) Total</b>	<b>50,000</b>	<b>25,000</b>	-	-		<b>75,000</b>		
<b>Paola Galbiati</b>	Member of the Board of Directors	01/01/2023 - 31/12/2023	2024									
				(I) Remuneration in the reporting company	50,000	25,000				75,000		
				(II) Remuneration from subsidiaries and affiliates	30,000					30,000		
				<b>(III) Total</b>	<b>80,000</b>	<b>25,000</b>	-	-		<b>105,000</b>		

TABLE 1 CONT'D

Remuneration paid to members of management and supervisory bodies, general managers and other executives with strategic responsibilities (in euros)

A Forename and Surname	B Office	C Period for which the office was held	D Expiry of the office	1 Fixed fees	2 Fees for participation in committees	3 Variable non-equity fees		4 Non- monetary benefits	5 Other fees	6 Total	7 Fair Value of equity compensation	8 Allowances on termination of office or employment
						Bonuses and other incentives	Profit-sharing					
<b>Giovanni Majnoni d'Intignano (*)</b>	Member of the Board of Directors	01/01/2023 - 31/12/2023	2024									
(I) Remuneration in the reporting company				50,000	25,000			-	-	75,000		
(II) Remuneration from subsidiaries and affiliates												
<b>(III) Total</b>				<b>50,000</b>	<b>25,000</b>	-	-	-	-	<b>75,000</b>	-	
<i>(*) Euro 885.72 of reimbursement of out-of-pocket expenses</i>												
<b>Patrizia Canziani (*)</b>	Member of the Board of Directors	01/01/2023 - 31/12/2023	2024									
(I) Remuneration in the reporting company				50,000	25,000			-	-	75,000		
(II) Remuneration from subsidiaries and affiliates												
<b>(III) Total</b>				<b>50,000</b>	<b>25,000</b>	-	-	-	-	<b>75,000</b>	-	
<i>(*) Euro 4,592.92 of reimbursemesnt of out-of-pocket expenses</i>												
<b>Francesca Lanza Tans (*)</b>	Member of the Board of Directors	01/01/2023 - 31/12/2023	2024									
(I) Remuneration in the reporting company				50,000	10,000			-	-	60,000		
(II) Remuneration from subsidiaries and affiliates												
<b>(III) Total</b>				<b>50,000</b>	<b>10,000</b>	-	-	-	-	<b>60,000</b>	-	
<i>(*) Euro 5,632.13 of reimbursemesnt of out-of-pocket expenses</i>												
<b>Corrado Passera (*)</b>	Chief Executive Officer	01/01/2023 - 31/12/2023	2024									
(I) Remuneration in the reporting company				680,000		600,000		-	45,000 (**)	1,325,000	741,995 (***)	
(II) Remuneration from subsidiaries and affiliates												
<b>(III) Total</b>				<b>680,000</b>	-	<b>600,000</b>	-	-	<b>45,000 (**)</b>	<b>1,325,000</b>	<b>741,995 (***)</b>	

(\*) Euro 6,590.93 for reimbursement of out-of-pocket expenses; (\*\*) amount of the Welfare Plan; (\*\*\*) Fairvalue of the 2021-2025 LTIP along the Strategic Plan horizon of which EUR 105,450 vested in 2023.

SCHEDULE NO. 7A: Remuneration report - TABLE 1

Remuneration paid to members of management and supervisory bodies, general managers and other executives with strategic responsibilities (in euros)

A	B	C	D	1	2	3		4	5	6	7	8
Forename and Surname	Office	Period for which the office was held	Expiry of the office	Fixed fees	Fees for participation in committees	Variable non-equity fees		Non-monetary benefits	Other fees	Total	Fair Value of equity compensation	Allowances on termination of office or employment
						Bonuses and other incentives	Profit-sharing					
<b>Marco Bozzola (*)</b>	Director and Chair of the Audit and Internal Control Committee (AICC)	01/01/2023 - 31/12/2023	2024									
	(I) Remuneration in the reporting company			85,000					5,000 (**)	90,000		
	(II) Remuneration from subsidiaries and affiliates											
	<b>(III) Total</b>			<b>85,000</b>					<b>5,000 (**)</b>	<b>90,000</b>		
	<i>(*) Euro 2,657.75 reimbursement of out-of-pocket expenses; (**) remuneration as member of the Supervisory Body</i>											
<b>Stefano Caringi</b>	Director and AICC member	01/01/2023 - 31/12/2023	2024									
	(I) Remuneration in the reporting company			60,000	15,000				5,000 (**)	80,000		
	(II) Remuneration from subsidiaries and affiliates											
	<b>(III) Total</b>			<b>60,000</b>	<b>15,000</b>	-	-	-	<b>5,000 (**)</b>	<b>80,000</b>		
	<i>(*) Euro 1,989.96 reimbursement of out-of-pocket expenses; (**) remuneration as member of the Supervisory Body</i>											
<b>Nadia Fontana (*)</b>	Director and AICC member	01/01/2023 - 31/12/2023	2024									
	(I) Remuneration in the reporting company			60,000	10,000				10,000 (**)	80,000		
	(II) Remuneration from subsidiaries and affiliates											
	<b>(III) Total</b>			<b>60,000</b>	<b>10,000</b>	-	-	-	<b>10,000 (**)</b>	<b>80,000</b>		
	<i>(*) Euro 3,748.90 reimbursement of out-of-pocket expenses; (**) remuneration as Chair of the Supervisory Body</i>											

SCHEDULE NO. 7A: Remuneration report - TABLE 1

Remuneration paid to members of management and supervisory bodies, general managers and other executives with strategic responsibilities (in euros)

A	B	C	D	1	2	3		4	5	6	7	8
Forename and Surname	Office	Period for which the office was held	Expiry of the office	Fixed fees	Fees for participation in committees	Variable non-equity fees		Non-monetary benefits (fringe)	Other fees	Total	Fair Value of equity compensation	Allowances on termination of office or employment
						Bonuses and other incentives	Profit-sharing					
<b>Other Executives with Strategic Responsibilities (15)</b>												
(I) Remuneration in the reporting company				4.920.000		3.210.000		42.000	575.000 (*)	8.747.000	4.546.251 (**)	889.900
(II) Remuneration from subsidiaries and affiliates				26.000						26.000		
<b>(III) Total</b>				<b>4.946.000</b>	<b>-</b>	<b>3.210.000</b>	<b>-</b>	<b>42.000</b>	<b>575.000 (*)</b>	<b>8.773.000</b>	<b>4.546.251 (**)</b>	<b>889.900</b>

(\*) Amount of the Welfare Plan; (\*\*) Fairvalue of the 2021-2025 LTIP along the Strategic Plan horizon of which EUR 933,729 vested in 2023.

SCHEDULE NO. 7A: Remuneration report - TABLE 2

Stock options granted to members of the board of directors, general managers and other executives with strategic responsibilities

A	B	Options held at the beginning of the year			Options granted during the year						Options exercised during the year			Options expired during the year	Options held at the end of the year	Options for the year	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 = 2+5-11-14	16
Forename and Surname	Office	Plan	Number of options	Exercise price	Possible period of exercise (from - to)	Number of options	Exercise price (euros)	Possible period of exercise (from - to)	Fair value at date of allocation (euros)	Date of allocation	Market price of the shares underlying the allocated options	Number of options	Exercise price	Market price of the underlying shares on the exercise date	Number of options	Number of options	Fair value
(I) Remuneration in the reporting company																	
(II) Remuneration from subsidiaries and affiliates																	
<b>(III) Total</b>																	



**SCHEDULE 7-BIS: Remuneration report – TABLE 3A**

**Incentive plans based on financial instruments other than stock options, in favour of the members of management body, general managers and other Executives with Strategic Responsibilities**

A	B	1	Financial instruments allocated in previous years not vested during the financial year		Financial instruments granted during the year				Financial instruments vested during the year and not attributable	Financial instruments vested during the year and attributable		Financial instruments pertaining to the year	
			2	3	4	5	6	7	8	9	10	11	12
Forename and Surname	Office	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at grant date	Vesting period	Allocation date	Market price at allocation	Number and type of financial instruments	Number and type of financial instruments	Value at the vesting date and	Fair value
<b>Chief Executive Officer</b>													
(i) Remuneration in the reporting company		LTIP Plan - illimity ordinary share rights	62,108	2024-2025	31,054	167,350	2025	06/12/2023	5.375		8,428	42,730	105,450
		2021 MBO (BoD resolution of 10/02/2022)									3,354	17,005	44,000
(ii) Remuneration from subsidiaries and affiliates													
<b>(III) Total</b>			<b>62,108</b>	<b>2024-2025</b>	<b>31,054</b>	<b>167,350</b>					<b>11,782</b>	<b>59,735</b>	<b>149,450</b>
<b>Other ESRs</b>													
(i) Remuneration in the reporting company		12 ESR LTIP Plan - ordinary share rights	403,677	2024-2025	56,170	302,700	2025	28/11/2023	5.26		56,815	288,062	933,729
		13 ESR ESOP Plan - ordinary shares			195	1,300	-	05/06/2023	6.39		195	1,300	1,300
		5 ESR MBO 2021 (BoD of 10/02/2022)									12,578	63,770	165,000
		1 ESR Golden Parachute			92,209	589,900	2023-2025	25/07/2023	6.115		30,736	196,633	196,633
(ii) Remuneration from subsidiaries and affiliates													
<b>(III) Total</b>			<b>403,677</b>	<b>2024-2025</b>	<b>148,574</b>	<b>893,900</b>					<b>100,324</b>	<b>549,755</b>	<b>1,296,662</b>

SCHEDULE NO. 7A: Remuneration Report

TABLE 3B

Monetary incentive plans in favour of members of the governing body, general managers and other executives with strategic responsibilities

A Surname and First Name	B Office	1 Plan	2			3			4 Other bonuses
			Bonus for the year			Bonus of previous years			
			(A)	(B)	(C)	(A)	(B)	(C)	
<b>Corrado Passera</b>	<b>CEO</b>		<b>Payable/Paid</b>	<b>Deferred</b>	<b>Deferment period</b>	<b>No longer payable</b>	<b>Payable/Paid</b>	<b>Still deferred</b>	
		2023 MBO (BoD resolution of 08/02/2024)	480,000	120,000	2024-2025				
(I) Remuneration in the reporting company		2022 MBO (BoD resolution of 09/02/2023)						40,000	
		2021 MBO (BoD resolution of 10/02/2022)						22,000	
(II) Remuneration from subsidiaries and affiliates									
<b>(III) Total</b>			<b>480,000</b>	<b>120,000</b>	<b>2024-2025</b>	<b>-</b>		<b>62,000</b>	
<b>15 Executives with Strategic Responsibilities</b>			<b>Payable/Paid</b>	<b>Deferred</b>	<b>Deferment period</b>	<b>No longer payable</b>	<b>Payable/Paid</b>	<b>Still deferred</b>	
		2023 MBO (BoD resolution of 08/02/2024)	2,288,000	572,000	2024-2025			350,000	
(I) Remuneration in the reporting company		2022 MBO (BoD resolution of 09/02/2023)						296,000	
		2021 MBO (BoD resolution of 10/02/2022)						59,000	
		Golden Parachute	150,000	150,000	2023-2024				
(II) Remuneration from subsidiaries and affiliates									
<b>(III) Total</b>			<b>2,438,000</b>	<b>722,000</b>	<b>2023-2025</b>	<b>-</b>		<b>355,000</b>	

## Third Part

### SCHEDULE NO. 7-ter information on the shareholdings of members of management and supervisory bodies, general managers and other executives with strategic responsibilities

**TABLE 1: SHARES HELD BY MEMBERS OF MANAGEMENT AND CONTROL BODIES AND GENERAL MANAGERS**

Forename and Surname	Office	Investee company	Number of shares held at the end of the previous year 2022	Number of ordinary shares purchased	Number of ordinary shares sold	Number of shares held at the end of 2023
Rosalba Casiraghi	Chair	.	0	0	0	0
Corrado Passera	Chief Executive Officer	illimity Bank S.p.A. (also through Tetis S.p.A. and Metis S.p.A.)	3,425,757 (*)	0	0	3,425,757
Filippo Annunziata	Director		0	0	0	0
Massimo Brambilla	Director		0	0	0	0
Patrizia Canziani	Director		0	0	0	0
Elena Cialliè	Director		0	0	0	0
Paola Elisabetta Galbiati	Director		0	0	0	0
Francesca Lanza Tans	Director		0	0	0	0
Giovanni Majnoni D'Intignano	Director		626	0	0	626
Marcello Valenti	Director		8,650	0	0	8,650
Marco Bozzola	Director and Chair of the Audit and Internal Control Committee		0	0	0	0
Stefano Caringi	Director and Member of the Audit and Internal Control Committee		1,500	0	0	1,500
Nadia Fontana	Director and Member of the Audit and Internal Control Committee		0	0	0	0

(\*) As per communication to Consob and illimity Bank S.p.A. pursuant to Form 120 dated 11.01.2023.

**TABLE 2: HOLDINGS OF OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES**

Executives with Strategic Responsibilities (ESRs)(*)	Investee company	Number of shares held at the end of the previous year (31.12.2022)	Number of shares purchased	Number of shares sold	Number of shares held at the end of the current year (31.12.2023)
15 ESR	illimity Bank S.p.A. (also through AC Value Creation S.r.l. for one ESR)	58,682	30,931 (1)	13,391 (1)	76,222 (1)

(\*) Excluding the Chief Executive Officer.

(1) Shares also derived from the ESOP Plan and from the Golden Parachute for 1 ESR.

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**illimity Bank S.p.A.**

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A registered bank no. 5710 - A Parent Company of the Gruppo illimity Bank S.p.A. A registered Banking Group no. 245

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