



illimity

BANCA OLTRE LA FORMA



illimity

Annual General Meeting

24th April 2024

Key items & ESG highlights

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1. Shareholders' Meeting Agenda



illimity - Shareholders' Meeting Agenda

24 April 2024

- 1 Integration of the composition of the Board of Directors: appointment of a Director

Director election
- 2 The annual accounts of illimity Bank S.p.A., consolidated financial statements and consolidated non-financial statement as at 31 December 2023

Financial Statement
- 3 Allocation of net profit for the year ended 31 December 2023

Allocation of net profit
- 4 Report on remuneration policy, pursuant to article 123-ter of Legislative Decree no. 58/1998

Rem. Policy
- 5 Report on compensation paid, pursuant to article 123-ter of Legislative Decree no. 58/1998

Rem. Report
- 6 Approve Short-term Incentive Plan 2024 "MBO Plan" pursuant to article 11-bis of Legislative Decree no. 58/1998

MBO 2024
- 7 Authorization to purchase and dispose of treasury shares pursuant to the combined provisions of art. 2357-2357-ter of the Italian Civil Code, and art. 132 of Legislative Decree no. 58/1998

Purchase own shares

2. Integration of the Board



illimity - Integration of the Board of Directors



- **List-voting procedure will not apply** for the appointment of a single director
- Shareholders are invited to put forward the name of a candidate belonging to the **lesser-represented gender**
- Requirements, including **independence**, called by primary and regulatory legislation to be followed
- Entitled shareholders to submit their proposals **by April 1, 2024**, and published on the Company's website by April 9, 2024

3. Dividend distribution



illimity - Dividend distribution

- Each outstanding ordinary share to receive a dividend of **0.2488 euro**, or 24.88 cents
- Total dividend amount is 20,878,382.90 euro
- **20% dividend payout** on consolidated net profit
- Payment date: **22 May 2024**
- Coupon no. 2 detachment date: 20 May 2024
- Record date: 21 May 2024



4. *Remuneration items*



illimity - **Remuneration Policy: Main changes**

Classification of illimity as a large bank since 01/01/2024:
implications on both short- and long-term incentive schemes

MBO

1. Extension of deferral period
2. 2024 Bonus disbursed in cash and shares vs. cash only in 2023
3. New risk-adjusted metric for Bonus Pool funding

LTIP

Extension of deferral period from 1 to 4-5 years and increase of deferred portion

Review of KPIs related to the CEO Goal Card:

CEO Goal Card

1. New KPI related to the realization of strategic initiatives
2. Review of ESG KPIs in line with sustainability plan
3. Alignment to market practice on the evaluation scale of a KPI

illimity - MBO 2024 & pay-out mechanism¹

Executives with Strategic Resp. (ESR) w/annual variable comp. > 424K€²

- **5-year** deferral scheme
- **40% up-front** and 60% deferred

		2025	2026	2027	2028	2029	2030
Deferred	12% shares				12%	12%	
	12% cash						12%
	12% shares			12%	12%		
	12% cash		12%				
Upfront	20% shares	20%	20%				
	20% cash	20%					

■ Cash
 ■ Awarded shares
 ■ Granted shares (after 1yr lock-up)

Other Material Risk Takers w/annual variable comp. > 424K€

- **4-year** deferral scheme
- **40% up-front** and 60% deferred

		2025	2026	2027	2028	2029
Deferred	15% cash					15%
	15% shares			15%	15%	
	15% cash					15%
	15% shares		15%	15%		
Upfront	20% shares	20%	20%			
	20% cash	20%				

■ Cash
 ■ Awarded shares
 ■ Granted shares (after 1yr lock-up)

Material Risk Takers (inc. ESR) w/annual variable comp. ≤ 424K€

- **4-year** deferral scheme
- **60% up-front** and 40% deferred

		2025	2026	2027	2028	2029
Deferred	10% cash					10%
	10% shares			10%	10%	
	10% cash					10%
	10% shares		10%	10%		
Upfront	30% shares	30%	30%			
	30% cash	30%				

■ Cash
 ■ Awarded shares
 ■ Granted shares (after 1yr lock-up)

- In addition to Profit Before Taxes, a **new risk-adjusted metric (RORWA&E)** is introduced for **Bonus Pool funding**
- To service the **MBO Plan** (and also future ones), a request to **purchase 1,000,000 own shares** is separately submitted to AGM for voting

1. For Materials Risk Takers with annual variable compensation above 50 thousands euro.
 2. Particularly large amount for illimity Group

illimity - KPIs in the remuneration scorecard

CEO Goal Card 2024

#	Area	Cluster	KPI	Weight
1	Financials	Profitability	• Return on Risk Adjusted Capital (RORAC)	30%
2			• Cost/Income Ratio	10%
3		Risk	• Gross Organic NPE Ratio	10%
4	Strategy	Strategic actions of continuous innovation	<ul style="list-style-type: none"> • Achievement of breakeven in b-ilty • Achievement of breakeven in Abilio/Quimmo • Execution of initiatives to value the Group's assets 	25%
5		ESG	<ul style="list-style-type: none"> • Development of environmental policy • Development of a climate strategy at a Group level, including the development of sustainable finance • Maintaining UNI_PdR 125-2022 Gender Equality Certification • Maintaining the Equity Pay Gap in the range of +/- 3% • Fostering a sustainability culture through the identification of specific roles (ESG ambassadors) in the main central functions, equal to approximately 10% of the employees 	15%
6	Behaviours	Behaviours	Evaluation of behaviors based on illimity leadership model	10%

Third Cycle LTI Plan (2023-2025)



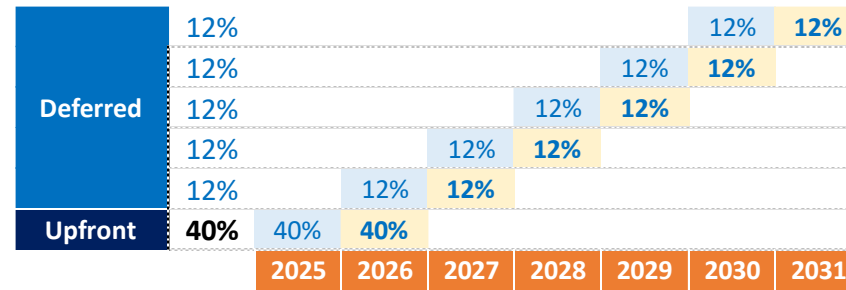
Strategic Pillar	KPI	Target (end of cycle)	Level of achievement	Weight
Profitability	ROAE	18%	> 18%	50%
			≥ 14% e ≤ 18%	
			< 14%	
Creation of shareholder value	Relative TSR illimity vs. Financial Services Italy	Third Quartile	>Third Quartile	20%
			≥ Median and ≤ Third Quartile	
			< Median	
Asset quality	Gross Organic NPE ratio	RAF appetite	< RAF appetite	10%
			≥ RAF appetite and ≤ tolerance	
			> RAF tolerance	
ESG	Diversity, Equity & Inclusion	4 points	≥ 4 points	10%
			≥ 3 points and <4 points	
			< 3 points	
ESG	Top ESG Rating & Sustainable Finance ¹	4 points	≥ 4 points	10%
			≥ 3 points and <4 points	
			< 3 points	

Updates from the previous cycle

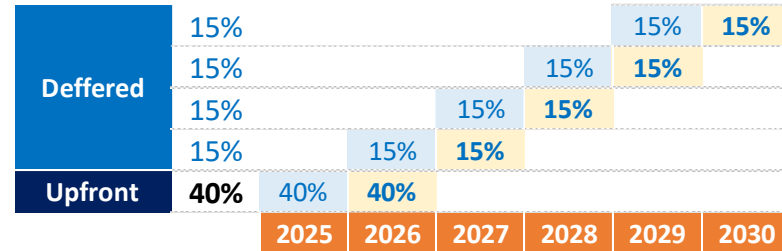
illimity - Pay-out LTIP: second and third cycle

Restrictive deferral schemes for **MRT** for the **second and third cycle** of LTIP (over a 4/5-year horizon)

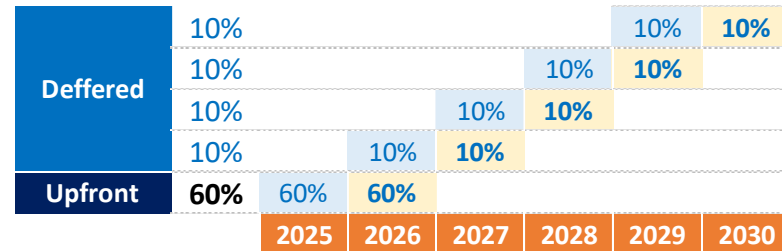
**Executives with Strategic Resp. (ESR)
w/annual variable comp. > 424K€**



**Other Material Risk Takers w/annual
variable comp. > 424K€**



**Material Risk Takers (inc. ESR)
w/annual variable comp. ≤ 424K€**



illimity - Conclusion first cycle 2021-2023 LTIP

The level of the Scorecard of the LTIP first performance cycle was **27.14%** driven by full ESG KPI and partial Gross Organic NPE ratio achievements

	Amount shares	Payout	
		Upfront ¹	Deferred ¹ (1 yr)
Chief Executive Officer (1)	8.428		
Executives with Strategic Responsibilities (11)	56.815	80%	20%
Material Risk Taker (10)	40.761		
Other personnel (38)	53.054	100%	
	159.058		

1. The shares are subject to a 6-month lock-up period and, for the CEO and the remaining ESR, the Share Ownership Guidelines.

illimity - 2023 CEO and Executive Team Comp

The overall Bonus Pool size at Group level leads to an average coverage of ca. 112% of target MBO¹

	Base Salary	Welfare & Benefits	2023 MBO	2023 Total Comp	Max 2021-25 LTIP shares ²
 CEO	680	45	600	1,325	124,216
 15 Executive Team ³	4,946	617	3,210	8,773	516,662

In thousands of euros

2023 CEO pay ratio to the rest of the organization is 16.9x (benchmark of peers: 55.5x⁴)

1. The average target MBO amounts to approx. 21% of fixed remuneration, across the organization
 2. Maximum number of shares across the whole 2021-2025 Plan horizon, for the first cycle only 8.428 shares were awarded to CEO and 56.815 shares to the Executive Team
 3. Individuals who have the power and responsibility, directly or indirectly, for the planning, management and control of the entity's activities. A golden parachute of 890k Euro for 1 member is not shown in the table above
 4. Source: Calculation based on 2023 Remuneration Report of the following peers: Intesa Sanpaolo, UniCredit, Fineco, Mediobanca, BPER, BancoBPM, Banca Generali, Banca Mediolanum

ESG Highlights



illimity - 2023 main achievements

Environmental



Green, Social & Sustainability-linked Loans Framework embedded in the credit offer



Carbon Neutrality Scope 1&2 & disclosure of Scope 3 cat. 15 "Investments" according to PCAF & GHG Protocol



100% of electricity used from renewable sources at the Group's main locations



Art. 8 SFDR "Selective Credit Fund" launched by illimity SGR

Social



3 consecutive years in Europe and 5 in Italy, as a Great Place to Work



Adoption of an internal Anti-harassment Policy inspired by ILO & UN principles



Confirmation of Gender equality certification UNI PdR 125:2022



Doubled the number of women in managerial roles

Governance



"AA" by MSCI moving from "Average" to "Leader" in its industry



Signatory of PRINCIPLES FOR RESPONSIBLE BANKING



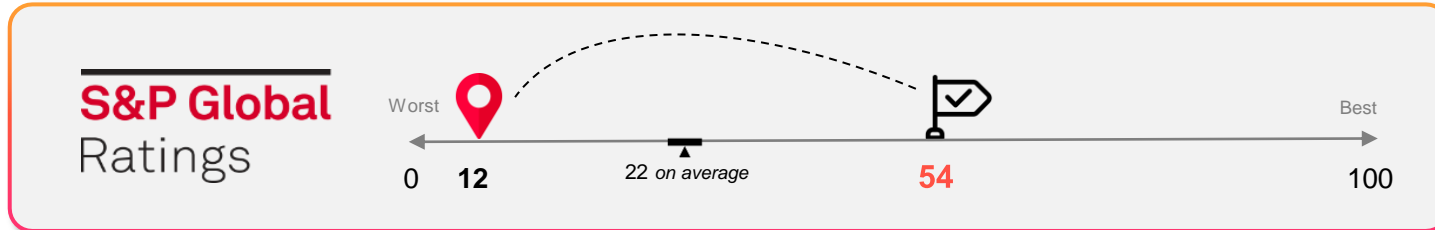
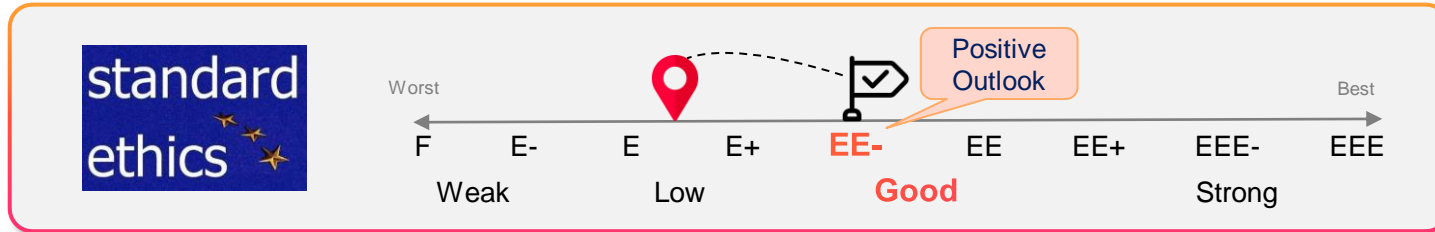
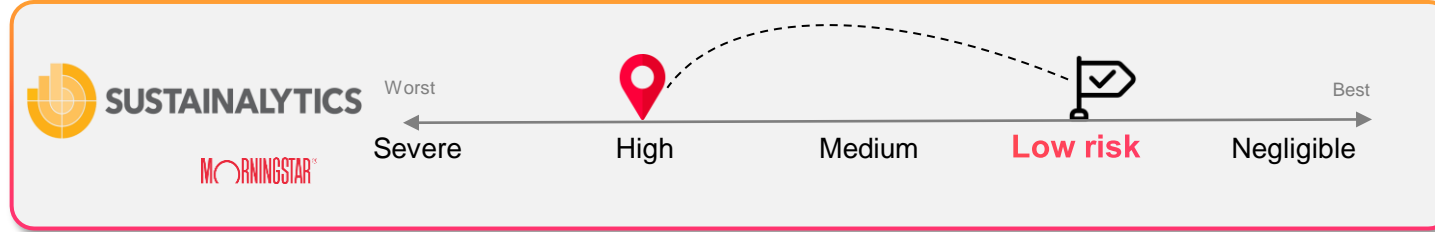
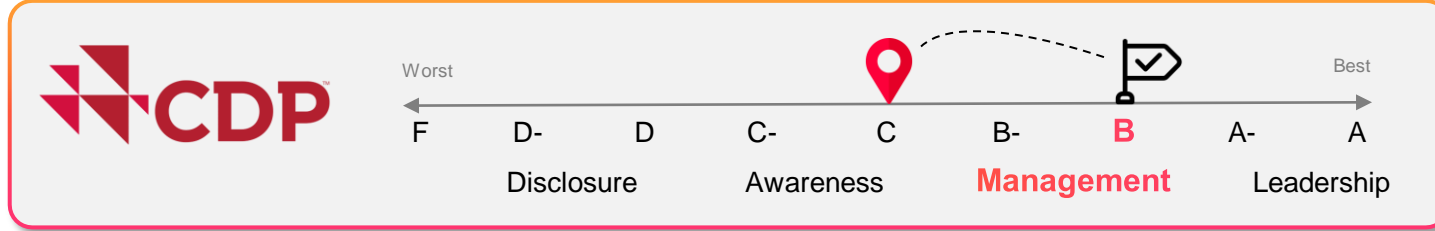
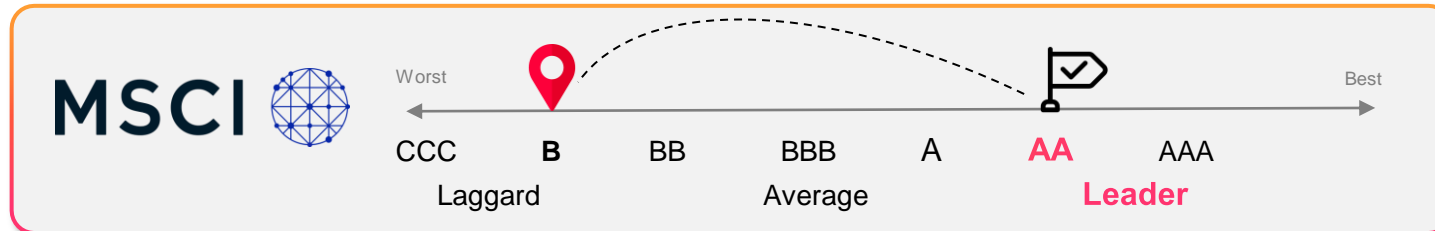
Adoption of an ESG Investment Policy for corporate finance



Signatory of Principles for Responsible Investment by illimity SGR

illimity - ESG ratings main improvements

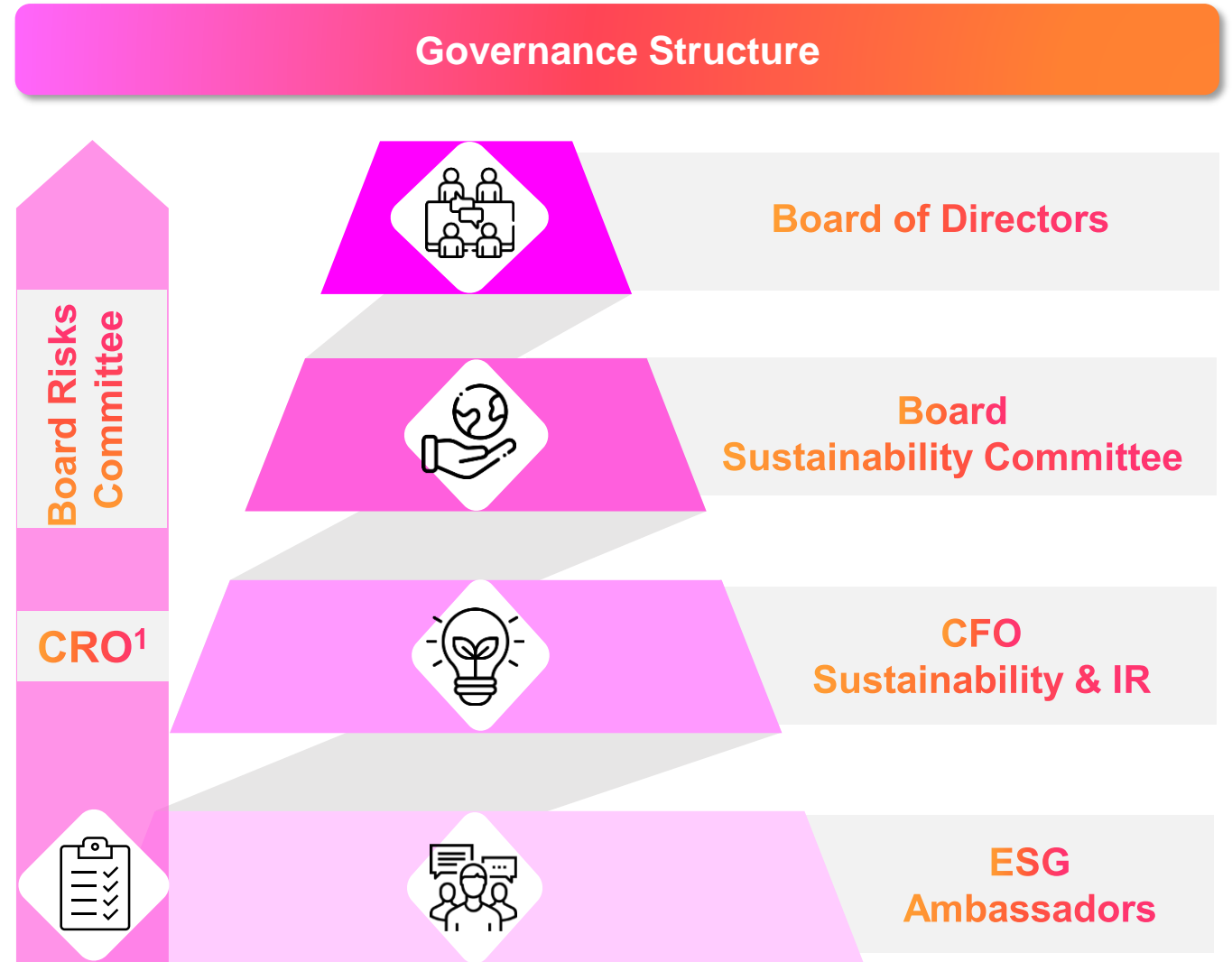
Improved ESG ratings



illimity - Sustainability embedded in our governance system

Key governance takeaways

- Adoption of the “**one-tier system**”
- **85%** board independence
- **46%** female board members (6 women out of 13 members)
- **Independent Chairperson**
- **62 years old** average age on the board
- **3 years** board average **tenure**
- **91%** average participation to board meetings in 2023
- **Diversity** in terms of gender, age, skills & background
- Explicit inclusion of “**sustainable success**” in the **bylaws**
- **Enforcement of ESG Ambassadors’ role**
Including *Climate Risk Prevention*



1. ESG risks constantly monitored by CRO (Chief Risk Officer) structure.