

ILLIMITY BANK S.P.A.

**ILLUSTRATIVE REPORT OF THE BOARD OF DIRECTORS
ON ITEM 7 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 125-ter of Legislative Decree no. 58 of 24 February 1998 as amended and article 73 of Consob Regulation no. 11071/1999 as amended

Approved by the Board of Directors on 18 January 2024

This report can also be consulted on the Bank's website 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. *[omissis]*.
5. *[omissis]*.
6. *[omissis]*.
7. **Authorization to purchase and disposal of treasury shares pursuant to the combined provisions of articles 2357 - 2357-ter of the Italian Civil Code, and in accordance with article 132 of Legislative Decree no. 58/1998 and relative enactment provisions. Resolutions pertaining thereto and arising therefrom.**

This Illustrative Report has accordingly been prepared pursuant to article 125-ter of Legislative Decree no. 58 of 24 February 1998 as amended (the “**TUF**”) and article 73 of Consob Regulation no. 11071/1999 as amended (the “**Issuers’ Regulation**”) and provides a description of item 7 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 of illimity Bank S.p.A. (hereinafter also "illimity" or the "Bank") to deliberate, inter alia, on the authorization of the Board of Director to purchase and dispose of own shares, pursuant to the combined provisions of Articles 2357 and 2357-ter of the Civil Code, as well as Article 132 of Legislative Decree no. 58/1998 and related implementing provisions, for a duration of 18 months from the shareholders' resolution.

This purchase program will be executed in accordance with the procedures and within the operational limits provided for by art. 5 of Regulation (EU) No. 596/2014 (Market Abuse Regulation), Delegated regulation (EU) 2016/1052 of the European Commission of 8 March 2016 and the applicable general and sector regulations.

The reasons and characteristics of the proposal are set out below, in accordance with the requirements art. 73 and Annex 3A, Scheme 4, of Consob Regulation No. 11971 of 14 May 1999 as amended (the "Issuers Regulation").

1. Rationale for the proposal

The Remuneration Policy of illimity Bank S.p.A. Group, in accordance with the provisions of the 37th update of Circular 285/13 of the Bank of Italy, establishes, from 2024, the transition to the cluster of banks with larger dimensions or operational complexity⁽¹⁾ due to the characteristics of assets, the articulation of the Group and the current legislation. This reclassification implies a more elaborate structuring of the Incentive Plans in terms of the instruments to be adopted and deferral mechanism in the incentive payout.

Therefore, based on the above, to implement the Incentive Systems of 2024 and future Plans and taking into account the 88,445 own shares already held in the portfolio, insufficient to cover the estimated amount, it is necessary to request authorization for the purchase of a maximum no. 1,000,000 own shares in the terms of the law.

Assuming a positive resolution of the above-mentioned proposals, the Board of Directors submits to your resolution the authorization to purchase and dispose the Bank's own shares that will be put at the service of both the Incentive System Management By Objectives (the "MBO") 2024 and future Plans as well as other Incentive Systems, such as, by way of example, compensation agreed in view of or at the time of the early termination of the employment relationship or for the early termination of the office.

Please note, moreover, that any purchase made pursuant to this proposal of authorization will be made in compliance with the purposes established by current and applicable pro tempore legislation and any information received from the Supervisory Authorities; in particular, the execution of the repurchase transactions is subject to authorization by the Bank of Italy.

2. Maximum number of shares subject to the proposal and methods of purchasing own shares

At the date of this report, illimity has a share capital amounts to 54,690,661.10 EUR (subscribed and paid in), divided into 83,916,330 ordinary shares, all without indication of their nominal value. On the same date, the Bank holds 88,445 own shares in its portfolio, representing 0.11% of the share capital.

⁽¹⁾ Balance sheet assets, on an individual basis, exceeding EUR 5 billion, calculated as average over the four years immediately preceding the current financial year.

The Companies controlled by the Bank shall not hold shares in the Bank.

It is proposed that, the purchase and disposal of own shares may be made for the following quantities and arrangements:

- a) as regards the purchase, for the maximum number of 1,000,000 own shares, even in one or more tranches, in the manner provided for by art. 132 of the TUF and art. 144-bis, paragraph 1, lett. a), b), c) and d)-ter of Consob Regulation No. 11971 of 14 May 1999 and subsequent amendments and additions (Issuers Regulation), as well as any other applicable regulatory provisions;
- b) with respect to the disposal, for the maximum number of 1,000,000 own shares to be purchased in the manner permitted by current legislation.

3. Duration of the authorization

The authorization for the purchase is required for the maximum period allowed by law, that is 18 (eighteen) months from the date of the Shareholders' Meeting resolution approving the authorization itself. It is specified, however, that the operations of repurchase of own shares, for which the authorization of the shareholders' meeting is requested, can be activated only after the release of the planned authorization by the Bank of Italy.

The authorization to dispose of own shares is requested without time limits, in view of the lack of regulatory constraints in this regard and the opportunity to have maximum flexibility, including in terms of time, to implement the MBO Plan 2024 and future Systems as well as further Incentive Systems as described above.

4. Corresponding minimum and maximum value on the basis of which the prices will be determined, suitable to allow unambiguous identification of the minimum and maximum prices of the operations of purchase and disposal of own shares

The purchases of own shares will be made at a price not higher and not lower than 10% compared to the official price recorded by the illimity stock in the session of the Telematic Stock Market, organized and managed by Borsa Italiana S.p.A., the day before the completion of each individual purchase transaction. These parameters are considered adequate to identify the range of values within which the purchase of shares is of interest to the Company.

For the purpose of executing the purchase of the own shares referred to in this Report, it is proposed to authorize the allocation of an amount equal to the total estimated maximum disbursement of 5,500,000 EUR and in any case not exceeding no. 1,000,000 illimity ordinary shares, proposing this allocation to the "*Unavailable reserve for the purchase of own shares*", by drawing from available reserves.

Please note that pursuant to art. 2357, paragraph 1, of the Civil Code, the purchase transactions will be carried out within the limits of distributable profits and available reserves resulting from the last approved balance sheet, provided that any purchases will also be made within the limits and in accordance with the authorizations issued by the Bank of Italy. Against purchases made pursuant to the resolution authorizing the Shareholders' Meeting, an amount equal to the equivalent of the purchases actually made will be charged to specific negative component of equity (item "Treasury shares") as long as the own shares are in the portfolio.

Regarding to the use of own shares, please note that the same will be at the service of both the Incentive System Management By Objectives (the "MBO") 2024 and future Systems as well as additional Incentive Systems as stated above.

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The Board of Directors, that approved the report on 18 January 2024, delegating its finalization to the Chair on 8 March 2024, 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"),

- examined the Illustrative Report prepared by the Board of Directors;*
- reviewed the financial statements closed on 31 December 2023;*
- noted that the Company holds a total of 88,445 own ordinary shares,*

RESOLVES

- to authorize, for a period of 18 months from this resolution, the purchase, pursuant to articles 2357 and 2357-ter of the Civil Code - in compliance with current legislation and, where applicable, with accepted market practices - for the maximum number of 1,000,000 own shares, also in one or more tranches, in the manner provided for by art. 132 of the TUF and art. 144-bis, paragraph 1, letters. a), b), c) and d)-ter of the Issuers Regulation, as well as any other legislation (including regulations and other rules of the European Union), in force and applicable from time to time;*
- to authorize the disposal of own shares, pursuant to art. 2357 and 2357-ter of the Civil Code - in compliance with current legislation and, where applicable, with accepted market practices - for the maximum number of 1,000,000 treasury shares to be purchased;*
- the purchase of own shares may be carried out at a price not higher than and not lower than 10% compared to the official price recorded by illimity stock in the session of the Telematic Stock Market, organized and managed by Borsa Italiana S.p.A., the day before the completion of each individual purchase transaction;*
- to authorize the allocation of an amount equal to the maximum planned total disbursement of 5,500,000 EUR to the establishment of "Unavailable Reserve for the Purchase of Own Shares", by drawing from the available reserves, for the execution of the purchase of the treasury shares referred to in this resolution;*
- to confer to the Board of Directors - and for it to the Chairman and the Chief Executive Officer, in a separate way and also with the power of sub-delegation by way of prosecutors - any wider power to carry out the operations of purchase and/or disposition of own shares and any necessary or simply appropriate accounting record consequent or relating to the aforementioned resolutions and to the purchases made in execution of this authorization, in any event, in full compliance with the pro tempore rules in force and the limits of this authorization, as well as any necessary powers, none excluded, to carry out any other formalities in order to obtain the necessary authorizations for the above deliberations and, in*

general, any other authorization for the full execution of the deliberations, including the power to make amendments or additions to the deliberations (not substantially modifying the content of the resolutions) deemed necessary and/ or appropriate for the implementation of laws and regulations or that may be required by the competent Supervisory Authorities."

Milan, 8 March 2024

*On behalf of the Board of Directors
The Chair*