



**ILLIMITY BANK S.p.A.
REPORT ON CORPORATE GOVERNANCE
AND OWNERSHIP STRUCTURE
FOR 2023**

Prepared pursuant to article 123-bis of Legislative Decree no. 58 of 24 February 1998 and the “Supervisory Provisions on the organisation and corporate governance of banks” issued by the Bank of Italy by way of Circular no. 285 of 17 December 2013 as amended.

Approved by the Board of Directors on 8 March 2024

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GLOSSARY

The following tables set out the main terms and definitions used in this Report, in addition to those indicated in the text. Unless otherwise stated, these terms and/or definitions have the meaning given below. Terms and/or definitions stated in the singular shall also be understood to hold in the plural and vice versa, if called for by the context.

Abbreviations	
Audit and Internal Control Committee (AICC)	Audit and Internal Control Committee
BoD/Board	Board of Directors
Circular 285	The Bank of Italy's Circular no. 285 of 17 December 2013 as amended
Civil Code	The Italian civil code (Royal Decree no. 262 of 16 March 1942) as amended
EXM	Euronext Milan
Lgs. Dec.	Legislative Decree
MD 169/2020	Decree no. 169 of the Ministry of Economy and Finance of 23 November 2020 effective from 30 December 2020
RAF	Risk Appetite Framework
STAR	Segment of the EXM
TUB	Consolidated Banking Law
TUF	Consolidated Finance Law

Definitions	
Board of Directors/Board	The Board of Directors of illimity Bank S.p.A.
Bylaws	The Bylaws of illimity Bank S.p.A. in force, as per the latest version of 30 June 2023
Consob Issuers' Regulation	The issuers' regulation issued by Consob by way of Resolution no. 11971 of 1999 (as subsequently amended)

Consolidated Banking Law/TUB	Legislative Decree no. 385 of 1 September 1993
Consolidated Finance Law/TUF	Legislative Decree no. 58 of 24 February 1998
Corporate Governance Code/CG Code	The Corporate Governance Code approved by the Corporate Governance Committee (promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria) in January 2020, effective – replacing the Self-Governance Code – for the first fiscal year beginning after 31 December 2020
Euronext Milan/EXM	The Electronic Stock Market managed by Borsa Italiana took the name Euronext Milan on 25 October 2021
Group	The illimity Bank Group
Report	The report on corporate governance and ownership structure which companies are required to prepare pursuant to article 123- <i>bis</i> of the TUF
Year	The fiscal year 2023 to which the Report relates

INTRODUCTION

The purpose of this Report, approved by the Board of illimity Bank S.p.A. on 8 March 2024, is to provide a general and complete overview of the corporate governance system adopted by illimity Bank S.p.A. (“illimity”, the “Company”, the “Bank” or the “Issuer”).

The Report relates to Financial Year 2023 but, where considered appropriate, and where stated, more recent information, through to the date of approval, has been included.

illimity, an issuer listed on Euronext Milan, was formed on 5 March 2019 from the merger of SPAXS S.p.A. into Banca Interprovinciale S.p.A.. By way of Provision no. 8688 of Borsa Italiana of 2 September 2020, on 10 September 2020 the ordinary shares of illimity were admitted for trading on the STAR segment (“High-Requirement Securities Segment”) of Borsa Italiana’s Electronic Stock Market (now Euronext Milan) dedicated to companies meeting top-quality requirements in terms of transparency and communication, liquidity and corporate governance.

Corporate governance consists of a set of relationships between the Bank’s senior management, its Board, its Shareholders and the other parties concerned (stakeholders).

It is the structure by which (i) the company’s objectives are set, (ii) the means for achieving these objectives are established, (iii) supervision is created to ensure that taken overall these are capable of achieving the corporate purpose and satisfying legal and regulatory requirements, (iv) detailed *ex ante* and *ex post* control procedures are performed to ensure practical compliance with strategies and laws and regulations.

Effective organisational and corporate governance structures represent an essential condition for pursuing a business’s objectives; these assume special relevance for banks, given the specific features of banking activities and the fact that the public interest involved is the subject of particular consideration by the law. As well as responding to a business’s own interests, the ownership structures and corporate governance of banks must ensure sound and prudent management, an essential objective of regulations and supervisory controls.

Consistent with the evolution of the rules, the principles and guidelines drawn up at an international and European level and the provisions of the chapter on “Corporate Governance” found in Part One, Title IV of the Bank of Italy’s Circular no. 285 govern the role and functioning of the management and control bodies and the relations these have with the corporate structure. They form an integral part of a wider legislative system dealing with other important aspects of the organisation and corporate governance, such as controls on ownership structures and amendments to the Bylaws, the internal control system, risk management, the requisites needed by corporate officers, related party operations and more generally conflicts of interest, combatting money-laundering and the requirements for disclosures to investors and the market and the special rules and regulations to be followed by listed companies.

The Issuer’s corporate governance system is substantially in line with the recommendations contained in the Corporate Governance Code, definitively approved by the Corporate Governance Committee and published on 31 January 2020 and formally adopted by the Board of Directors on 22 December 2020.

Reference should be made to paragraph 5 for further details about the Issuer’s corporate governance system.

1. GENERAL PROFILES AND METHODS OF APPLICATION

The provisions of the above-mentioned chapter on “Corporate Governance” to be found in Part One, Title IV of the Bank of Italy’s Circular no. 285 are set out as general principles and methods of application. The former, by way of rules of a general nature, set the objectives of the discipline, remitting to intermediaries the practical identification of the most suitable solutions for achieving these, in accordance with proportionality criteria that take into account the size or complexity of the Bank.

The latter facilitate the implementation of the general rules on certain specific aspects of the subject, without removing the substantive content which must be calibrated on the basis of the organisational and operational features of individual banks.

With the aim of strengthening the minimum standards of organisation and corporate governance of all the intermediaries, the principles indicated regard: a clear distinction between roles and responsibilities, a suitable balancing of powers, a balanced composition of the corporate bodies, the effectiveness of controls, supervision of all business risks and the adequacy of information flows.

1.1 Legislative sources

The matters covered by this Report are regulated, *inter alia*, by the following provisions of the TUB:

- article 53, paragraph 1d), which in accordance with the resolutions of the CICR (Interministerial Committee for Credit and Savings) assigns responsibility to the Bank of Italy for issuing provisions of a general nature with administrative and accounting organisation and internal controls as their subject;
- article 67, which, for the purpose of achieving consolidated supervision, assigns the possibility to the Bank of Italy, in accordance with the resolutions of the CICR, of issuing provisions to the parent company of a general or specific nature concerning the banking group as a whole or its members, with administrative and accounting organisation and internal controls as their subject;
- article 56, which requires the Bank of Italy to ensure that the provisions of the bylaws of banks do not contrast with the principles of sound and prudent management;

and in addition:

- the emergency decree of 5 August 2004, no. 1419, issued by the Minister of Economy and Finance as chair of the CICR.

The following amongst others are also of importance:

- CRD IV – Directive 2013/36/EU;
- the guidelines of the European Banking Authority “EBA Guidelines on Internal Governance” (EBA/GL/2017/11);
- the guidelines issued by the Basel Committee on Banking Supervision regarding “Principles for Enhancing Corporate Governance”, October 2010; “Core Principles for Effective Banking Supervision”, September 2012;
- the Bank of Italy’s Circular no. 285 of 17 December 2013 as amended (hereinafter also “Circular 285”);
- the “Bank of Italy’s Guidelines on the composition and functioning of Boards of Directors of LSIs” issued by the Bank of Italy on 29 November 2022;

- *“Guidelines on assessing the requirements and fit and proper criteria for corporate officers of LSI banks, financial intermediaries, trusts, electronic money institutions, payment institutions and deposit guarantee systems to hold office”* issued by the Bank of Italy on 13 November 2023; and
- Decree no. 169/2020 of the Ministry of Economy and Finance (MEF).

To these legislative sources should also be added the Consolidated Finance Law, the Consob Issuers’ Regulation and the Corporate Governance Code as defined in the Glossary.

1.2 The proportionality principle

On the basis of the proportionality principle, banks apply the provisions on corporate governance by means suited to their features, size and operating complexity, to ensure that there is full compliance with the provisions themselves and that the objectives they intend to achieve are reached.

The following definitions apply for the purpose of applying these provisions:

- a) larger banks or those with a greater operational complexity:
 - banks considered significant within the meaning of article 6 of Regulation (EU) no. 1024/2013, which assigns specific responsibilities to the European Central Bank on matters of the prudent supervision of credit institutions;
 - listed banks;
- b) medium-sized banks: banks with assets of between EUR 3.5 and EUR 30 billion;
- c) smaller banks or those with a lesser operating complexity: banks with total assets equal to or less than EUR 3.5 billion.

Circular 285 provides further specifics for identifying the reference class, if those given in the above sub-paragraphs a), b) and c) are not sufficient.

Given that its shares are listed on the EXM, illimity qualifies under the requirements listed at sub-paragraph a).

1.3 Mission

illimity was formed with the mission of recognising and enhancing the potential of people, families and businesses, fostering a style of growth attentive to the sustainability of results over time and the creation of a virtuous circle based on the trust that arises from customer and shareholder satisfaction, a sense of belonging by staff and a closeness to the needs of society.

Through a prudent management of savings, the Bank undertakes to extend access to credit and financial instruments for the benefit of everyone, as well as for the sustainable growth of the entrepreneurial system, aware of both the direct and indirect effects on the natural environment and society brought about by the decisions it takes.

Its growth strategy, inspired by the values expressed in its Code of Ethics and Code of Conduct, has as its aim the creation of solid and sustainable value from an economic, financial, social and environmental standpoint, built on the trust of all its interlocutors and based on the following principles:

Identity and values

illimity is a new paradigm company created by listening to the real need of businesses and people whose desire is to discover and enhance the various forms of potential hidden in our economy and our society. It acts responsibly towards shareholders, customers, employees, partners, companies and the environment.

Commitment

illimity is committed to understanding the real needs of customers so that it can work alongside them in their everyday challenges, these ranging from entrepreneurial ideas to solutions for investing savings and making payments. It is also committed to adopting a sustainable growth approach and puts transparency at the basis of its action, communication and the preparation of contracts to enable all its interlocutors to take autonomous and informed decisions.

People

illimity develops human potential in every direction, following a leadership model that reflects mission and values and directs the conduct of each illimiter, giving particular emphasis to continuous training as the driver of individual and collective development. illimity is committed to the elimination of all discrimination arising from conduct and respect for differences in gender, age, race, religion, political belief, membership of trade unions, sexual orientation and identity, language and ability or disability.

Resources

illimity sets itself the goal of using its resources carefully and considerately, encouraging conduct based on optimisation and the avoidance of waste and ostentation, privileging choices directed towards sustainability over time.

Integrity

illimity ensures activities based on the maximum transparency. It is actively committed to combating any form of corruption and preventing money-laundering risks and terrorist financing.

Action

illimity has adopted the illimity Way (of which more below) which is applicable to all the companies of the Group subject to the management and coordination of the parent company. Group companies are accordingly required to adapt their internal regulations, where necessary, to the principles and contents of illimity Way. In contractual relations with third parties, counterparties are required to acknowledge that they have reviewed illimity Way so that they can be informed on a timely basis about the commitments and obligations underlying the relationship or partnership with the Group. Training and informative events are organised on a regular basis with the aim of making people at all levels in the Company aware of the contents of illimity Way.

Code of Ethics, Code of Conduct and the evolution of the governance of the system of values and behaviour: approval of illimity Way

By way of a resolution of the Board of Directors of 14 September 2017, the Issuer adopted the Code of Conduct designed to inspire, regulate and control the conduct and behaviour of its recipients (i.e. board members, executives, senior management and all those subject to the management or control of these persons and external collaborators). By way of a resolution of the Board of Directors of 26 July 2018, the Bank introduced a Code of Ethics which includes a statement of the rights, duties and responsibilities of the various business divisions/functions; this is extended to all the parties with whom the Bank comes into contact in

achieving its corporate purpose (customers, debtors, suppliers, employees and/or external collaborators, shareholders, supervisory bodies and institutions).

Effective 9 June 2021, the Code of Ethics and the Code of Conduct were combined into a single document entitled “**illimity Way**”, which has the aim of simplifying and making the communication of the Bank’s system of values and conduct more immediate, with the commitment to foster this approach and disseminate it on a continuous basis to all levels of the organisation. This document represents the Group’s commitment to customers, shareholders, suppliers and commercial partners and the Supervisory Authorities and the Public Administration and towards the media and the country as a whole, expressing the Group’s values and commitment and describing the business culture of responsibility, legality, transparency and value creation that it has undertaken to promote and disseminate at all levels of the organisation, pursuing sustainable success in order to create long-term value, to the benefit of shareholders, and taking into account the interests of key stakeholders. Being the foundation of the principles and rules that crystallise the values in which the Group recognises itself, it additionally expresses the Group’s commitment towards respect for the environment and care for its human capital and business assets, also safeguarding the Bank and the reputation of the Group as a whole.

Addressed to the members of the Group’s corporate bodies, managers, employees and collaborators whose services it uses and who contribute in any way at all to illimity’s activities - also through a graphic, captivating and immediate rendering – it is a daily tool for guidance, also for the purpose of distinguishing acceptable and unacceptable behaviour.

illimity Way gives increasing emphasis to the Bank’s commitment to full achievement of the human rights and fundamental freedoms proclaimed in the Universal Declaration of Human Rights approved by the General Assembly of the United Nations in 1948.

Where it prevents criminal offences, illimity Way is an integral part of the Organisation, Management and Control Model drawn up in accordance with Legislative Decree no. 231/01 and is therefore brought to the attention of all illimiters, who must comply with its principles and provide an active contribution to its dissemination.

2. PROFILE OF THE ISSUER

The Bank is organised under the one-tier management and control model pursuant to articles 2409 *sexiesdecies* et seq., in which, without prejudice to the duties of the Shareholders' Meeting, the management and control functions are performed by the Board of Directors and by the Audit and Internal Control Committee, set up within the board.

illimity is a “*sustainable native*” bank that has built ESG issues into its business and decision-making processes, these acting as a guide and representing one of the main objectives of the 2021-2025 Strategic Plan. In addition, at its meeting of 9 February 2023, the Board of Directors approved the 2023-2025 Sustainability Plan. Further details about seeking sustainable success can be found in the specific chapters of this Report.

For matters not included in this Report and for more detailed information on ESG issues, reference should be made to the Non-Financial Statement prepared pursuant to Legislative Decree no. 254/2016 and published by illimity and this can be consulted on the Bank's website (www.illimity.com).

As announced to the market on 5 January 2023, from 1 January 2023 the Bank no longer qualifies as an “SME” pursuant to article 1, paragraph 1w quater.1) of the TUF.

Lastly, it is noted that illimity does not fall under the definitions of “large company” or “company with concentrated ownership” set out in the Corporate Governance Code.

3. INFORMATION ON OWNERSHIP STRUCTURE AT 31 DECEMBER 2023

3.1 Share capital structure

At 31 December 2023 illimity had a share capital of EUR 54,690,661.10 (fully subscribed and paid), consisting of 83,916,330 Ordinary Shares, all of which without nominal value.

In this respect it is noted that as announced to the market on 21 September 2022, on 20 September 2022 the 1,440,000 special shares were automatically converted to Ordinary Shares in the ratio of one Ordinary Share for each special share (1:1), pursuant to article 6, paragraph 4(f) of illimity's Bylaws in force on 20 September 2022, given the passing of the deadline for the conversion of these special shares set for that date.

The Issuer's Ordinary Shares (code ISIN IT0005359192), listed on the EXM market since 5 March 2019 and on the STAR segment ("High-Requirement Securities Segment") since 10 September 2020, are registered, freely transferable shares with no nominal value, having regular dividend rights. The assignment rights lie with the bearer and are admitted to the centralised administration system managed by Monte Titoli under the dematerialisation regime pursuant to articles 83-*bis* and following of the TUF and the relative implementation regulations.

All the Ordinary Shares have the same features and assign the same rights. Each Ordinary Share entitles the holder to one vote at the Company's ordinary and extraordinary Shareholders' Meetings, as well as all the other ownership and administrative rights to which the holder is entitled under the applicable provisions of law and the Bylaws. Assignment rights include the right to receive a number of converted shares free of charge determined on the basis of the assignment right under the terms and conditions established by the relative Regulation.

STRUCTURE OF SHARE CAPITAL AT 31 DECEMBER 2022			
	Number of shares	Listed (state markets) / unlisted	Rights and obligations
Ordinary Shares	83,916,330	EXM – STAR	As per the Bylaws, these are ordinary shares with full voting and administrative rights
Other	N/A	N/A	N/A

At the date of this Report, the Issuer has not issued any participating financial instruments not representative of share capital.

In addition, it is recalled that on 10 August 2020, illimity completed the own share repurchase plan ("**Buyback**") announced by way of a press release on 5 August 2020. The maximum total of 87,951 of illimity's own shares envisaged by the Buyback was purchased through the broker appointed by law exclusively on the EXM market under the terms authorised by the Shareholders' Meeting of the Bank on 22 April 2020 and in compliance with the law, at a total price of EUR 736,322.97. The shares purchased as part of the Buyback

have been set aside to service the Long-Term Incentive Plan created for the Bank's Top Management and approved by the above-mentioned Shareholders' Meeting of 22 April 2020. As the result of these purchases, and given that it already has 10,554 shares in its portfolio, at 31 December 2021 the Bank held 98,505 treasury shares, equal to 0.12% of its share capital. The Bank's subsidiaries do not hold any of its shares. As envisaged by the relative resolution of the Shareholders' Meeting, during 2022 a total of 10,060 treasury shares were granted to Top Management to service the 2021 MBO. Taking this into account, as of today's date the Bank holds 88,445 treasury shares equal to approximately 0.11% of share capital.

The Bank's subsidiaries do not hold any of its shares.

Reference should be made to the Report on Remuneration prepared pursuant to article 123-ter of the TUF and available on the Bank's website for details of the stock-based incentive plans that lead to increases, also free of charge, in share capital.

3.2 Restriction on the transfer of securities

There are no restrictions on the free transfer of the Ordinary Shares and the assignment rights circulate separately from the shares and are freely transferable. The restrictions on the transfer of the Special Shares are stated in the previous paragraph.

3.3 Material holdings in illimity's capital

As stated in paragraph 2, as of 1 January 2023 the Issuer is no longer classified as an SME and accordingly, pursuant to article 120, paragraph 2 of the TUF, the relevant threshold for the requirement to disclose significant holdings is 3%, starting from that date.

On the basis of the entries in the Shareholders' Register and taking into consideration the communications received pursuant to law as well as all the other information at the Bank's disposal, such as the notification of significant holdings in shares and the statement of intentions pursuant, respectively, to articles 117 and 122-ter of the Consob Issuers' Regulation, as of 8 March 2024 the shareholders that directly or indirectly held significant investments in illimity's share capital are those indicated in the following table:

MATERIAL HOLDINGS IN ILLIMITY'S CAPITAL	
Declarant	% of voting capital
Maurizio Sella S.A.p.A. (through Banca Sella Holding S.p.A.)	10.0%
Pignataro Andrea (through FermION Investment Group Limited)	9.4%
LR Trust ⁽ⁱ⁾ – FIDIM S.r.l. ⁽ⁱⁱ⁾	7.7%
Tensile Capital Management LLC (through Tensile-Metis Holdings S.à r.l.)	7.0%
Atlas Merchant Capital Fund LP (through AMC Metis S.à r.l.)	6.3%
Corrado Passera (directly and through Tetis S.p.A.)	4.0%

Notes:

(i) Through Spafid Trust S.r.l. as trustee

(ii) Company controlled by LR Trust

3.4 Securities that assign special rights

No securities have been issued that assign special control rights.

There are no special powers (those pursuant to Law no. 474/94) and there are no shares assigning several or increased numbers of votes.

3.5 Employee shareholdings: means of exercising voting rights

At the date of this Report no employee holds a significant number of illimity shares. Further details can be found in the above-mentioned Report on Remuneration.

3.6 Restrictions on voting rights

There are no restrictions on voting rights.

3.7 Shareholders' agreements

At the present date there is one single agreement between shareholders pursuant to article 122 of the TUF, which was registered in Milan on 18 March 2019 and entered into by AMC Metis S.a.r.l. ("**Atlas**"), Metis S.p.A. (which is controlled by Corrado Passera and in turn controls Tetis S.p.A. ("**Tetis**")) and Corrado Passera to govern the terms and conditions of the investment in participating financial instruments ("**PFI**") of Tetis S.p.A. by the investor AMC Metis S.a.r.l. and certain rights and obligations connected with the direct and indirect holdings in illimity (PRA/99096/2019).

On 23 January 2024 the parties to that agreement announced an update in the essential information relating to such agreement (as per the document published on the Bank's website). More specifically, through the conversion of illimity's special shares on 20 September 2022 pursuant to its Bylaws, in implementation of the above agreement on 10 January 2024 illimity's ordinary shares were assigned by Tetis to Atlas as contemplated by the PFI and following the assignment such agreement was in substance terminated due to completion of its purpose.

The agreement expires formally on 19 March 2024.

3.8 Change of control clauses and provisions of the Bylaws on public tender offerings

There are no relevant change of control clauses pursuant to article 123- *bis*, paragraph 1h) of the TUF, nor do any provisions of the Bylaws relate to public tender offerings that derogate from the passivity rule envisaged by article 104, paragraphs 1 and 1-*bis* of the TUF or that contemplate the application of the neutralisation rules set forth in article 104-*bis*, paragraphs 2 and 3 of the TUF.

3.9 Delegated powers to increase share capital and authorisations to purchase treasury shares (pursuant to article 123-*bis*, paragraph 1m) of the TUF)

On 15 December 2021 the Extraordinary Shareholders' Meeting resolved to revoke the indivisible capital increase for consideration in an amount of up to nominal Euro 1,496,671.34 (one million four hundred and ninety six thousand six hundred and seventy one/34) with the exclusion of option rights pursuant to article 2441, paragraph 8 of the Italian civil code through the issue of up to 2,100,000 (two million one hundred

thousand) new ordinary illimity shares, resolved by the Shareholders' Meeting of 18 January 2019 and intended to service the "Stock Option Plan" reserved to the employees of the Bank and its direct and indirect subsidiaries, this too approved by the Shareholders' Meeting of 18 January 2019, and to delegate the Board of Directors, pursuant to article 2443 of the Italian civil code, for the maximum period of five years from the date on which the resolution of the Shareholders' Meeting becomes effective, to increase share capital free of charge, in one or more tranches and indivisibly, by an amount of up to nominal EUR 1,323,663.96 (one million three hundred and twenty three thousand six hundred and sixty three/96) through the issue of up to 2,031,094 (two million thirty one thousand and ninety four) new ordinary shares without nominal value, having the same features as those outstanding at the date of issue of the new ordinary shares and regular dividend rights, at a price equal to the implicit nominal value of the shares at the date of execution of the delegated powers, through the assignment of a corresponding amount of profits and/or retained earnings or distributable reserves, pursuant to article 2349 of the Italian civil code, to be assigned free of charge to the beneficiaries of the "Long-Term Incentive Plan" approved by the Ordinary Shareholders' Meeting of 15 December 2021 following the approval of the Report on the 2021 Remuneration Policy and the above-mentioned plan.

It is recalled that illimity's Extraordinary Shareholders' Meeting of 22 December 2020 unanimously resolved, *inter alia*, to increase share capital – an increase then carried out - by a total amount of EUR 44,670,596.42 (forty four million six hundred and seventy thousand five hundred and ninety six/42) through the issue of up to 5,358,114 (five million three hundred and fifty eight thousand one hundred and fourteen) new ordinary shares with regular dividend rights and the same features as those outstanding at the date of issue, settled through the contribution in kind of the investments representing 37.66% of the share capital of Hype S.p.A. (with the effective date of the contribution being 1 January 2021), with the possibility of conditional issues of a further (i) 1,034,170 (one million thirty four thousand one hundred and seventy) ordinary shares, settled by way of the same contribution, and/or (ii) 1,063,717 (one million sixty three thousand seven hundred and seventeen) ordinary shares, settled by way of the same contribution, subject to the need for Hype S.p.A. to reach the long-term objectives approved by the Bank's Shareholders' Meeting of 22 December 2020 by way of an earn out.

On 30 May 2023 the Board of Directors of illimity Bank S.p.A. approved, *inter alia*, an increase in share capital to service the "Employee Stock Ownership Plan – ESOP" (for 2023) for a total of EUR 156,724.73 Euro, corresponding to 240,486 ordinary shares, as partial implementation of the delegation as per article 5.3 of the Bylaws assigned to the Board by the Shareholders' Meeting of 18 January 2019.

At the same date, the Board of Directors resolved to implement in full the delegated powers assigned to it by the Shareholders' Meeting of 18 January 2019 to increase share capital free of charge, in one or more tranches and indivisibly, by an amount of up to nominal EUR 85,524.08 (eighty five thousand five hundred and twenty four/08), but residual EUR 53,872.32 (fifty three thousand eight hundred and seventy two/32) through the issue of up to 120,000 (one hundred and twenty thousand) but residual 71,432 (seventy one thousand four hundred and thirty two) new ordinary illimity shares without nominal value having the same features as the ordinary illimity shares outstanding at the date of issue of such new ordinary shares, with regular dividend rights, at a price equal to the implicit nominal value of the illimity shares at the date of execution of the delegated powers, to be attributed wholly to capital, through the assignment of a corresponding amount of profits and/or retained earnings, pursuant to article 2349 of the Italian civil code, to be assigned free of charge to the employees of illimity and its direct and/or indirect subsidiaries who are beneficiaries, *inter alia*, of any compensation recognised on the early termination of the employment relationship in line with the requirements of the remuneration policies. The Board of Directors mandated the

Chief Executive Officer (i) to implement the capital increase on a detailed basis, identifying the number of shares to be issued to service the compensation recognised on the early termination of the employment relationship in line with the requirements of the remuneration policies on the basis of the price of the shares calculated as the arithmetic average of the official quoted prices of the ordinary shares of illimity Bank S.p.A. on Euronext Milan, organised and managed by Borsa Italiana S.p.A., on the trading days in the period between the day preceding the cessation of the employment relationship and the day of the previous calendar month having the same date as the day of cessation (or, if Borsa Italiana S.p.A. is closed on that date, the first open day preceding that date) as well as (ii) the assignment, in one or more tranches, of the shares. With a directive of 30 June 2023, the Chief Executive Officer partially implemented the delegated powers to increase share capital pursuant to article 2443 of the civil code and article 5, paragraph 5 of the corporate bylaws, intended for the beneficiaries of the MBO Plans or any compensation recognised on the early termination of the employment relationship, by increasing share capital by EUR 20,030.65 through the issue of a total of 30,736 new ordinary shares to service such increase.

3.10 Management and control

No party exercises management and control over the Issuer pursuant to article 2497 of the Italian civil code.

4. COMPLIANCE (pursuant to article 123-bis, paragraph 2a) of the TUF)

The Issuer adheres to the Corporate Governance Code approved by the Corporate Governance Committee of Borsa Italiana in January 2020. The Corporate Governance Code is available to the public on the website of the Corporate Governance Committee at the following URL: <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>.

The corporate governance structure of illimity and its subsidiaries of strategic importance is not affected by the provisions of non-Italian laws.

5. BOARD OF DIRECTORS

5.1 Role of the Board of Directors

It is above all recalled that the passage to a one-tier governance model became fully effective following the Shareholders' Meeting of 28 April 2022, which, *inter alia*, approved the appointment of the new corporate bodies (the Board of Directors and the Audit and Internal Control Committee) as further described in paragraph 5.3.

The Board of Directors has a central role in the Company's organisation. The functions all report to the Board and the Board is responsible for strategic and organisational guidelines as well as for ensuring the existence of the controls required to monitor the operations of the Issuer and the Group companies it heads.

Members of the Board are required to come to their decisions knowledgeably and autonomously, with the objective of creating shareholder value by fostering sustainable success, and are committed to dedicating the necessary time to the position they hold in the Company to ensure that they perform their duties diligently and independently of any positions they may hold outside the Group, being aware of the responsibilities inherent in the position they hold.

The Board is convened at the Company's registered office, or elsewhere in Italy or abroad, by the Chair or by his/her representative, as a rule once a month and, in any case, whenever the Chair deems it necessary or whenever at least 2 (two) directors request a meeting in writing. The Chair shall draw up the agenda.

Pursuant to article 22 of the Bylaws, for resolutions of the Board of Directors to be valid, a majority of the members currently in office must be in attendance. Resolutions are approved by a majority of those voting excluding abstentions. In case of a tied vote, the Chairman shall have the casting vote. Votes shall be cast openly.

Pursuant to article 19 of the Bylaws, the Board of Directors is vested with all the powers for the ordinary and extraordinary management of the Company, with the exception of the matters expressly reserved by law and the Bylaws to the Shareholders' Meeting. Pursuant to article 2365, paragraph 2 of the Italian civil code, the Board of Directors may by resolution approve mergers in the cases envisaged by articles 2505 and 2505-*bis* of the Italian civil code, the opening and closing of secondary offices, amendments to the Bylaws to align them to laws and regulations and transfers of the Company's registered office within Italy.

In addition to the duties and powers that cannot be delegated under applicable *pro tempore* laws and regulations, including those of a supervisory nature, the Board of Directors shall have exclusive authority for adopting resolutions concerning:

- (a) the determination of strategic guidelines and operations, general guidelines and risk governance and management policies, and their periodic review, as well as the adoption and amendment of the business and financial plans of the Company and of the Group;
- (b) the assessment of overall business performance, pursuant to article 2381 of the Italian civil code;
- (c) an assessment, at least on an annual basis, of the adequacy of the organisational, administrative and accounting structure of the Company and the Banking Group and, in particular, of the functionality, efficiency and effectiveness of the internal control system;
- (d) the establishment of criteria to ensure that the Company carries out the instructions of the Supervisory Authority;

- (e) the drafting and approval of the draft annual financial statements (and consolidated statements where envisaged) and interim reports;
- (f) the purchase and sale of treasury shares and the purchase and sale of investments that are strategic and/or lead to changes in the Banking Group, as well as the purchase and disposal of businesses;
- (g) delegated increases in share capital pursuant to article 2443 of the Italian civil code and delegated issues of convertible bonds pursuant to article 2420-ter of the Italian civil code, including the faculty to adopt resolutions with the exclusion or limitation of the option right as per the fourth and fifth paragraphs of article 2441 of the Italian civil code;
- (h) the appointment and dismissal of the General Manager, as applicable, the possible suspension, removal and termination of the appointment and the establishment or modification of the powers, functions and duties of the General Manager as well as the determination of his/her remuneration. The appointment of one or more Deputy General Managers pursuant to paragraph 5 of article 21 of the Bylaws;
- (i) on the proposal of the risk management committee, which for this purpose avails itself of the Nomination committee, the appointment and dismissal of the Internal Audit Manager, the Chief Risk Officer (CRO), the Compliance Manager and the Anti-Money Laundering Manager (AML Manager) after consulting with the Audit and Internal Control Committee, ensuring an open and effective discussion with the heads of the control functions;
- (j) subject to the mandatory but non-binding opinion of the Audit and Internal Control Committee, the appointment and dismissal of the Financial Reporting Officer pursuant to article 154-bis of the TUF and the provisions laid down in article 27 of the Bylaws;
- (k) the approval and amendment of internal regulations, which are not deemed by these Bylaws or by law to be the competence of another corporate body;
- (l) the approval and amendment of the regulation governing the limits on the maximum number of directorships that members of corporate bodies may hold;
- (m) the establishment of the internal committees envisaged by applicable *pro tempore* laws and regulations, including those of a supervisory nature, and the Corporate Governance Code (including committees in charge of related and associated party transactions, remuneration, risk management, and appointments) and any other committees, determining, also by adopting specific regulations, the composition, powers and the functioning of these committees and any remuneration due to their members;
- (n) the opening, transfer and closing of branches, agencies, sub-branches, business addresses and representative offices in Italy and abroad;
- (o) transactions with related parties of greater importance or transactions of lesser importance falling within the competence of the Board, including transactions of greater importance with related parties, where the committee in charge of transactions with related and associated parties expresses a negative opinion, and submits to the Shareholders' Meeting the transactions of greater importance with related parties when the committee in charge of transactions with related and associated parties has expressed a negative opinion, for the purpose of adopting the shareholders' resolutions referred to in article 9, paragraph 2, point (d) of the Bylaws;
- (p) the appointment and dismissal of the person responsible for the health and safety function, who assumes the position of Employer pursuant to Legislative Decree no. 81 of 9 April 2008 and is vested with the

broadest decision-making, organisational and disposition powers to fully and comprehensively manage all the obligations concerning the protection of health and safety in the workplace, establishing the relative budget for the purpose of carrying out the duties assigned to him/her;

- (q) a periodic assessment, performed at least once a year, of the performance of the Board and its internal committees as well as their size and composition;
- (r) the determination of the general guidelines for the structure and working of the Group, establishing the criteria for coordinating and managing the companies of the Group, as well as for implementing the instructions issued by the Supervisory Authority.

The Board, with the support of the Sustainability Committee and the Risks Committee, performs an active role of a directional and governance nature in building sustainability risks (inclusive of technological innovation and artificial intelligence), including climate and environmental risks, into the business culture and strategy, as well as into the Company's risk appetite framework and within the risk limits of the managed portfolios, detailing in a consistent manner the main business policies and the adaptation of the organisational and operational systems, as well as explicitly assigning roles and responsibilities. In this respect, the Board has established a system of reporting on sustainability risks which the Chief Risk Officer receives on a quarterly basis.

The Board is also responsible for the duties contemplated by Circular 285 as the body with the function of strategic supervision.

Pursuant to article 19, paragraph 4 and following of the Bylaws, in compliance with the provisions of such Bylaws and the law the Board may delegate part of its responsibilities to one or more of its members, who are not members of the Audit and Internal Control Committee, determining the powers and related remuneration, within the limits and in execution of the resolutions adopted by the Shareholders' Meeting. The delegated bodies are required to report to the Board of Directors within the terms and under the procedures established by the Board of Directors, in compliance with the Bylaws and the law.

More precisely, the delegated bodies report to the Board of Directors and accordingly also to the Audit and Internal Control Committee on the activities it has performed and on the major transactions of an economic, financial and capital nature carried out by the Company and its subsidiaries, also by way of their delegated bodies; in particular, they report on the transactions in which their members have an interest, either personally or on the behalf of third parties. This report is made, at least on a quarterly basis, either verbally at Board meetings or in writing. Besides compliance with provisions under article 136 of the TUB, each director is also required to report on any personal interest or interest on behalf of third parties in a particular transaction of the Company, specifying the nature, terms, origin and size, and to refrain from decisions on issues where he/she may have a conflict of interest, either directly or on behalf of third parties, within the meaning of applicable laws and regulations. In the case of a Chief Executive Officer, he/she shall refrain from carrying out the transaction and assign this to the Board of Directors.

The Board may also delegate powers, within the limits set out in the Bylaws and the law, to the General Manager, where appointed, to managers and to other members of the Company's staff, establishing the means by which these shall be exercised, including the possibility to subdelegate as appropriate. More specifically, the Board of Directors may delegate decision-making powers on credit disbursement to the General Manager, where appointed, and employees holding specific positions, within pre-set limits based on the functions and positions held.

On 30 November 2018, the Issuer's Board of Directors appointed Sergio Fagioli as the Financial Reporting Officer pursuant to article 154-*bis* of the TUF, with effect from the date on which trading began in the Company's Shares on the Electronic Stock Market (now the EXM) operated by Borsa Italiana S.p.A., namely 5 March 2019, and with the favourable opinion of the Board of Statutory Auditors, granting him the powers and functions as per such legislation and the applicable provisions of other laws and regulations.

The Board has assessed the adequacy of the Issuer's organisational, administrative and accounting structure with particular reference to the internal control and risk management system.

In addition, during 2021 the Board approved the 2021-2025 Strategic Plan, consistent with seeking sustainable success. As stated, on 9 February 2023 the Board of Directors also approved the 2023-2025 Sustainability Plan. For a more detailed description of the initiatives taken to seek sustainable success, reference should be made to the Non-Financial Statement (NFS) prepared pursuant to Legislative Decree no. 254/2016 which may be consulted on the Bank's website (www.illimity.com).

Lastly, it is noted that the Board has adopted a policy for managing dialogue with shareholders for which details can be found in paragraph 5.5.

5.2 Appointment and replacement

Pursuant to article 14 of the Bylaws, the Board of Directors is elected on the basis of the lists submitted in accordance with the requirements of that article, according to which candidates may not exceed 15 (fifteen) in number and are listed by means of a sequential number. Candidates' names may only be included on one single list, on penalty of ineligibility. The means of voting ensure that the Shareholders' Meeting appoints, from among the members of the Board of Directors, those persons who will be members of the Audit and Internal Control Committee. Candidates' names may only be included on one single list, on penalty of ineligibility. The names included on the lists must be divided into two separate sections. The first section consists of candidates, in a number not to exceed 14 (fourteen), standing to become members of the Board of Directors who are not standing to become members of the Audit and Internal Control Committee. The second section consists solely of those candidates, in a number not to exceed 5 (five), standing to become members of the Board of Directors and also members of the Audit and Internal Control Committee.

The following persons are entitled to submit lists: (i) shareholders who, alone or together with other shareholders, in total hold shares representing at least the minimum interest in the share capital entitled to vote at the Company's Shareholders' Meeting set by Consob, (this was 2.5% in 2023 in accordance with Consob Determination no. 76 of 30 January 2023)⁽¹⁾; (ii) the Board of Directors of the Company, subject to the favourable non-binding opinion of the Board's Nomination Committee which has competence as far as appointments are concerned. The ownership of the minimum shareholding entitled to vote at an ordinary Shareholders' Meeting of the Company is determined with respect to the shares that are recorded in the name of the individual shareholder, or in the names of several shareholders jointly, on the day on which the lists are filed at the Company's registered office. The ownership of the number of shares required for filing lists must be certified pursuant to applicable *pro tempore* laws and regulations; such certification may also be received by the Company after the filing of lists, provided that this is within the deadline set by applicable *pro tempore* laws and regulations.

⁽¹⁾ Consob Determination no. 92 of 31 January 2024 confirmed the figure of 2.5%.

In accordance with article 14 of the Bylaws, no entitled person may submit or participate in submitting more than one list, including by way of third parties or trust companies, or vote for more than one list. Shareholders belonging to the same group of companies – this being construed as the parent company, subsidiaries and companies under joint control – and parties to a shareholders' agreement as per article 122 of the TUF regarding the Company's shares, may not submit, nor may those with voting rights vote for, more than one list, not even by way of third parties or trust companies; in case of non-compliance their signatures shall not count for any of the lists.

Lists must be filed by persons entitled thereto at the Company's registered office – also by way of the remote means of communication established by the Board of Directors in accordance with the methods stated in the notice of call, so as to enable the persons making the filing of lists to be identified – at least 25 (twenty five) days before the date set for the Shareholders' Meeting and shall be made available to the public in accordance with the terms and conditions provided by applicable *pro tempore* laws and regulations. Any list submitted by the Board of Directors must be filed at the Company's registered office and published in accordance with the above methods at least 30 (thirty) days before the date set for the Shareholders' Meeting.

Article 14 of the Bylaws requires the following documentation, where applicable, to be filed together with each list at the Company's registered office within the relevant term of filing:

- information on the identity of the shareholders submitting the list, stating the total percentage shareholding having voting rights at ordinary Shareholders' Meetings;
- declarations of shareholders who submit, or jointly submit, a list, other than those that hold, also jointly, a controlling or relative majority holding, attesting the absence of connections with the latter qualified as relevant by *pro tempore* laws and regulations applicable to the Company;
- a comprehensive description of the personal and professional characteristics of each candidate, including information on offices held as director or statutory auditor in other companies, and a statement in which individual candidates accept their nomination and represent, under their own responsibility, that there are no causes for ineligibility or incompatibility, and that they meet the directorship requirements (and if it be the case also the requirements to be a member of the Audit and Internal Control Committee) established by laws, regulations and the Bylaws, and the independence requirements provided for in article 16, paragraph 2 of the Bylaws; as well as
- any further documentation and declaration required by applicable *pro tempore* laws and regulations, also of a supervisory nature or that may be useful for an overall assessment of suitability for the office, also in accordance with any information that may be publicly disclosed in advance by the Bank in the notice of call.

Submitted lists that do not meet the above requirements will be treated as not having been submitted. Nevertheless, the absence of documentation regarding individual candidates on a list does not automatically lead to the exclusion of the whole list but only to that of the candidates to whom the irregularity refers.

If more than one list is filed, members shall be elected to the Board of Directors as follows:

- (i) the maximum number of directors to be appointed, other than those who are members of the Audit and Internal Control Committee, less 2 (two) shall be drawn from the first section of the list obtaining the majority of votes cast, in the sequential order in which they are listed (the "Majority List for the Board of Directors");

- (ii) 2 (two) directors who are also members of the Audit and Internal Control Committee shall be drawn from the second section of the Majority List for the Board of Directors;
- (iii) the remaining 2 (two) directors, who are not also members of the Audit and Internal Control Committee, shall be elected from the first section of the minority list, which is in no way linked, even indirectly, through connections qualified as relevant by applicable *pro tempore* laws and regulations, with persons who submitted or voted in favour of the list under point (i), and which obtained the second highest number of votes, being the first 2 (two) candidates in the sequential order in which they are listed in the first section of this list (the “Minority List for the Board of Directors”);
- (iv) the remaining director, who is also a member of the Audit and Internal Control Committee, shall be elected from the second section of the Minority List for the Board of Directors and shall take the position as Chair of the Audit and Internal Control Committee.

If the Minority List for the Board of Directors fails to obtain a percentage of votes equal to at least half of the minimum portion of share capital with voting rights in an Ordinary Shareholders’ Meeting required for the submission of lists, which is set by National Commission for Companies and the Stock Exchange (Consob) and which will in any case be stated in the notice of call, all the directors to be elected shall be drawn from the Majority List for the Board of Directors. If the Minority List for the Board of Directors fails to have a sufficient number of candidates to complete the Board of Directors and/or the Audit and Internal Control Committee, candidates for election shall be taken, as necessary, from the list that arrived third in terms of the number of votes received or, in the absence of other lists for which votes were cast, shall be taken from the Majority List for the Board of Directors; all of which following the sequential order stated in each of the two sections.

If several lists obtain the same number of votes, the Majority List for the Board of Directors is, for all purposes, the list submitted by shareholders holding the largest interest or, in second instance, the list voted by the highest number of shareholders (one vote per person). This applies also to the case whereby several minority lists obtain the same number of votes.

The Bylaws additionally provides that in the case where:

- (a) only one list is submitted, or if the minority lists do not get a percentage of votes of at least half of those required for the submission of lists, the Shareholders’ Meeting shall express its opinion on such list by legal majority, without following the above procedure;
- (b) no list is submitted, the Shareholders’ Meeting shall resolve by legal majority, without following the above procedure;

in any case without prejudice to the need to comply with *pro tempore* laws and regulations on the minimum number of directors, the minimum number of independent directors stated in article 16, paragraph 2 and gender balance.

The directors making up the Audit and Control Committee and at least 4 (four) of the directors who are not also members of the Audit and Control Committee must hold the independence requirements established by *pro tempore* laws and regulations and the Bylaws.

In order to comply with the minimum number of independent directors, if the first section of each list:

- contains only 1 (one) candidate there are no restrictions;
- contains 2 (two) or 3 (three) candidates, a minimum number of candidates holding the independence

requirements per article 16, paragraph 2 of the Bylaws must be explicitly stated therein, namely at least 1 (one);

- contains 4 (four) or 5 (five) candidates, a minimum number of candidates holding the independence requirements per article 16, paragraph 2 of the Bylaws must be explicitly stated therein, namely at least 3 (three);
- contains 6 (six) or more candidates, a minimum number of candidates holding the independence requirements per article 16, paragraph 2 of the Bylaws must be explicitly stated therein, namely at least 4 (four);

in any case, the minimum number of independent directors required for the above purposes for the submission of lists, may not be stated in the last sequential numbers of the first section of said lists.

Should the appointment of the minimum number of independent directors as per article 16, paragraph 2 of the Bylaws, not be ensured by the candidates elected by the above means, the non-independent candidate elected as last in the sequential order on the Majority List for the Board of Directors shall be replaced by the independent candidate not elected on such list on the basis of the sequential order or, in the absence of such, by the first independent candidate in sequential order not elected on the other lists, depending on the number of votes obtained by each list, but always in each case separately for each of the two sections into which the lists are divided. This replacement procedure shall be used until the Board of Directors contains the minimum number of independent directors required under article 16, paragraph 2 of the Bylaws. Finally, if this procedure fails to produce the required result, replacement will be carried out by means of a resolution adopted by a relative majority at a Shareholders' Meeting, following the presentation of candidates meeting the above-mentioned requirements.

The removal of members of the Board of Directors is resolved by the Shareholders' Meeting by the means established by law.

If during the year, for whatsoever reason, one or more directors ceases to hold office, the other directors shall replace them with the first candidate not elected on the list (and section) to which the outgoing director or directors belonged, or with the subsequent candidates on the basis of the sequential order of the list (and section) if the first or subsequent persons do not accept the appointment or do not meet the independence requirements which may have been met by the director to be replaced or if the composition of the Board of Directors is not such as to comply with applicable *pro tempore* laws and regulations on gender balance.

If for any reason it is not possible to effect the replacement of a member of the Board of Directors on the basis of the procedure described in the above paragraph, the directors remaining in office shall co-opt a director, selecting the replacement or replacements from persons not included in the first section of any list, ensuring, if such is the case, that the independence requirements for the director to be replaced and the *pro tempore* laws and regulations on gender balance are complied with; this latter provision – without prejudice to the previous paragraph – shall not be applicable in the case of the replacement of a member of the Audit and Internal Control Committee, for whom the Shareholders' Meeting shall provide in the absence of an unelected candidate in the second section of each list. The directors co-opted on the basis of the above paragraphs shall remain in office until the first Shareholders' Meeting, which will ratify their appointment or elect other persons holding the requirements set forth in applicable *pro tempore* laws and regulations.

Account shall not be taken of the list-based voting system at Shareholders' Meetings called to confirm or replace co-opted directors, who only remain in office though until the Shareholders' Meeting appoints board members with the list-based voting system.

In any event, the Board of Directors and the Shareholders' Meeting shall appoint board members so as to ensure (i) the presence of independent directors in the minimum number required by the following article 16, paragraph 2 of the Bylaws and (ii) compliance with applicable *pro tempore* laws and regulations on gender balance.

If the majority of directors appointed by the Shareholders' Meeting ceases to hold office due to resignation or other reasons, the whole Board of Directors falls and the remaining directors shall urgently call a Shareholders' Meeting to appoint a new Board of Directors.

Further details on the self-evaluation processes and appointment and succession of directors may be found in paragraph 8 below.

5.3 Composition

Pursuant to article 16 of the applicable Bylaws, the Company is managed by a Board of Directors consisting of an odd number of members that is not less than 9 (nine) and not greater than 15 (fifteen), 3 (three) of whom comprise the Audit and Internal Control Committee, who – as already stated – must meet the applicable *pro tempore* independence requirements of primary and secondary legislation and may be re-elected. At the date of approval of this Report, the Issuer's Board of Directors has 13 (thirteen) members and, on the basis of the relative resolution of the Shareholders' Meeting, holds office for three financial years, and therefore through the date of the Shareholders' Meeting approving the financial statements for the year ending 31 December 2024.

As announced to the market on 22 February 2024, the independent director Patrizia Canziani has handed in her resignation as a member of the Board of Directors and the Bank's Board committees with effect from 31 March 2024 (inclusive). At the same date, the Board of Directors, with the support of the Nomination Committee, noting the impossibility of replacing the resigning director pursuant to the current Bylaws and given the timing of the upcoming annual Shareholders' Meeting, resolved not to co-opt a new member onto the Board, accordingly remitting the decision to replace the director to the wishes of the Shareholders, who will therefore be called to put forward the names of candidates for submission to the annual Shareholders' Meeting (scheduled for 24 April 2024).

The current Board of Directors was appointed by the Shareholders' Meeting of 28 April 2022, following the adoption of the new one-tier governance model.

The current members of the Board of Directors are as follows:

First and last name	Office held	Place and date of birth
Rosalba Casiraghi (*)	Chair	Milan, 17 June 1950
Corrado Passera	Chief Executive Officer	Como, 30 December 1954
Filippo Claudio Annunziata (*)	Director	Milan, 20 August 1963

Marco Bozzola (*)	Director and member of the AICC	Bolzano, 30 August 1960
Massimo Brambilla	Director	Milan, 9 January 1970
Patrizia Canziani (*)^(a)	Director	Trieste, 1 February 1967
Stefano Caringi (*)	Director and member of the AICC	Rome, 13 July 1944
Elena Cialliè (*)	Director	Turin, 7 September 1967
Nadia Fontana (*)	Director and member of the AICC	Rome, 15 November 1961
Paola Elisabetta Galbiati (*)	Director	Milan, 12 January 1958
Francesca Lanza (*)	Director	Milan, 13 June 1976
Giovanni Majnoni d'Intignano (*)	Director	Rome, 18 January 1954
Marcello Valenti (*)	Director	Sassari, 1 July 1968

(*) Independent directors pursuant to the TUF and the Corporate Governance Code, as well as pursuant to the laws and regulations applicable to banks.

^(a) Director who on 22 February 2024 resigned from the positions she holds with effect from 31 March 2024 (inclusive).

More specific details of the current structure of the Board of Directors can be found in Table 1 in the appendix to this Report.

All board members must satisfy the personal requirements (professionalism, integrity, competence and propriety, having sufficient time available to perform their duties in an effective manner, the maximum number of positions held, absence of reasons for which they may not be elected, absence of impediments), in compliance with the provisions of article 26 of the TUB and Ministerial Decree no. 169/2020. All members of the Board of Directors are domiciled at the Company's registered office.

Set out in the following is a brief *curriculum vitae* for each of the members of the Company's Board of Directors, from which, in the Bank's opinion, it emerges that all the members of the Board of Directors hold appropriate skills and professional competence and that, with specific regard to the non-executive directors, by virtue of their broad working and administrative/managerial experience such persons are able to bring the specific skills, suitable by sphere and professional competence, that are required to enable them to arrive at an attentive and precise opinion when assuming board decisions.

Rosalba Casiraghi

Rosalba Casiraghi graduated with a degree in economics from the Bocconi University in Milan in 1974. Her professional career began as a management controller, with responsibility for reporting and budgeting, at the Italian subsidiary of the Carrier Corporation, a member of the multinational UTC listed on the New York

Stock Exchange, where in a short time she was promoted to a management position. She subsequently moved on to become head of finance of the Italian distribution company of Yamaha Motors Co..

In 1985, together with 5 other partners, she set up the financial company Miraquota, of which she became chair, and following this in 1986 founded Rating, a company specialising in financial analysis, in which she began working with the economic press. In particular, for several years she produced well-known editorial content and provided technical advice on economic and financial matters to Il Mondo, l'Espresso and Il Corriere della Sera.

In 1994 she was appointed member of the Privatisation Committee (the Draghi Committee), remaining in this position until 2001, enabling her to follow the sale of major state-owned companies such as Eni, Enel and Telecom.

In 1999 she began taking positions as director and statutory auditor in industrial and financial companies, mainly elected on the lists submitted by institutional investors. She firstly became a member of Pirelli's Board of Statutory Auditors, followed by that of Telecom in 2003, and then took a position on the Supervisory Board of Intesa Sanpaolo in 2007 where she remained for nine years.

In 2007 she was elected president of Nedcommunity, the association of non-executive and independent directors.

Amongst her main current roles she is Chair of the Board of Statutory Auditors of ENI S.p.A..

In recent years she has contributed to the publication of various books on control systems and corporate governance.

Corrado Passera

In 1977, Corrado Passera graduated from the Business Economics faculty of the Bocconi University in Milan. Between 1978 and 1980 he took a Master of Business Administration degree at the Wharton School in Philadelphia. His professional career began in 1980 when he joined the consultancy firm McKinsey & Co, being involved inside and outside Italy with the restructuring and revival of banking, insurance and service companies. In 1985 he joined CIR and in 1988 became its general manager. In 1992 he was appointed joint chief executive officer of the Olivetti Group, while in 1996 he managed Banco Ambroveneto.

In 1998 he was appointed chief executive officer of Poste Italiane S.p.A.. He returned to the banking world in 2002 as managing director and chief executive officer of IntesaBci, the banking group resulting from the merger between Banca Intesa and Banca Commerciale Italiana. In the summer of 2006 he contributed to the merger between Banca Intesa and San Paolo IMI, which led to the creation of Intesa Sanpaolo, of which he later became executive director and CEO. In November 2011 he was invited to become a member of the Monti government as Minister for Economic Development, Infrastructure and Transport, a position he held until the end of the legislature in 2013. Since 2015 he has dedicated himself to a project involving the revival of Milan having the aim of enabling the city to compete with the other dynamic European metropolises, although he did not stand in the local elections.

Awarded the Order of Merit for Labour by the President of the Italian Republic in 2006, he is a member of various advisory boards, such as the McKinsey Advisory Council, and has been on the board of various listed companies (including Finmeccanica and Credit Agricole in Paris) and non-profit bodies (Bocconi University, Scuola Normale Superiore di Pisa, La Scala Foundation, the Cini Foundation, the International Business Council of the World Economic Forum in Geneva, the Wharton School in Philadelphia and the International

Institute of Finance in Washington).

In 2010, working with Umberto Eco, he set up Encyclomedia Publishers, a publishing project for the production of the first top-quality “History of European Civilisation”.

In 2017, together with Andrea Clamer, he founded SPAXS, the first SPAC (Special Purpose Acquisition Company), set up to create an operator working in the banking and financial sector, for which he was Chair of the Board of Directors.

Currently, among his main positions, he is Chief Executive Officer of Tetis S.p.A. and Sole Director of Metis S.p.A..

Filippo Claudio Annunziata

After being awarded a degree (*cum laude*) in Business Economics by the Bocconi University, Filippo obtained a doctorate in commercial law and became a tenured researcher in commercial law, moving on to take the position as a lecturer in Law in various universities, including the Carlo Cattaneo University in Castellanza, Bologna University and Bocconi University.

He is the founder and general partner of the Annunziata e Conso network and, over the years, has acted as head and special liquidator for a number of companies such as Nuova Breda Fucine S.p.A., Borgonuovo Sim S.p.A., Oto Breda Finanziaria S.p.A. and Bregliano SIM S.p.A., as well as being a member of the management bodies of banks, financial intermediaries and asset management companies.

Filippo is associate professor of Financial Markets Law at Bocconi University and co-director of the Baffi-Carefin centre for applied research at Bocconi University. He is Academic Board Member of the European Banking Institute in Frankfurt as well as being the author of numerous monographs and articles, published in leading international journals, on financial markets law. He is also a lecturer of Musicology at the Milan State University and the author of numerous papers on Law and Humanities.

Currently, among his main positions, he is a director of Amundi SGR S.p.A. and of Savillis I.M. SGR S.p.A., as well as Chair of the Board of Statutory Auditors of Italian Design Brands S.p.A..

Marco Bozzola

After graduating in Business Economics at Verona University, Marco began his professional career in EY, where he gained over 37 years of experience and rose to become the Head of Financial Services for the firm’s north-east area. Specialising in auditing, he was the head of various audit engagements, working with both listed banking groups (such as Banca Generali, Banco Popolare and Gruppo Banca IFIS) and large national unlisted banking groups (such as the cooperative credit banks of the north-east of the ICCREA Group), and still continues to follow the audit of a number of key Italian industrial groups.

As part of his wealth of professional experience in the financial sector, he is also involved in projects for accounting change, securitisation operations, IPOs, due diligence, mergers, capital increases and bond issues.

He is additionally the author of numerous publications on IAS/IFRS, lectures at seminars on accounting and auditing issues and is contract professor at Verona University for the teaching of corporate auditing and control systems.

He is currently a member of the Board of Statutory Auditors of Masi Agricola S.p.A..

Massimo Brambilla

Massimo Brambilla graduated with a degree in Business Economics from the Luigi Bocconi Business University.

Between 1996 and 1997 he worked as an analyst with the firm Tamburi & Associati. In 1997 he joined Reconta Ernst & Young as an auditor. Between 1997 and 2002, he held the position as vice president of mergers and acquisitions as well as head of the transaction team at Société Générale Investment Banking. From 2002 to 2004 he had a managerial role at Euromobiliare Corporate Finance and from 2004 to 2006 at Abaxbank.

Since 2006, Massimo works as Managing Director Europe for Fredericks Michael & Co, based at its New York and London offices.

He has also sat on the Board of Directors of SPAXS.

Currently, among his main positions, he is Chair of the Board of Directors of Tetis S.p.A..

Patrizia Canziani

Patrizia Canziani graduated (*cum laude*) in Monetary and Financial Economics at the Bocconi University in Milan and was subsequently awarded a Ph.D. in economics at the Massachusetts Institute of Technology, Boston.

Her professional career as an economist began at the International Monetary Fund, followed by a position held as lecturer and researcher at the London School of Economics. In 1998 she moved to the banking sector and gained a wealth of experience of over twenty years in international investment banks in London in the field of capital markets, credit and structured finance, working in J.P. Morgan, Deutsche Bank, Merrill Lynch, Nomura and MUFG.

In 2019 she specialised in Sustainable Finance at the University of Oxford and in 2021 obtained the CFA Certificate in ESG Investing.

Since 2020 she has been working as a lecturer at the European University Institute in Florence, where she currently holds the position as Co-Director of the executive Green Bonds and Securitisation courses.

She is Chair of the Board of Directors and a member of the Audit and Risk Committee of Kexim Bank (UK) Limited.

Stefano Caringì

Stefano graduated in Business Economics at the University of Rome in 1971, writing his dissertation on Banking Technique-Credit Management.

He began his career at Cassa di Risparmio di Roma, moving on to work in the Bank of Italy for many years, holding increasingly important positions and becoming its representative in work-groups at the European Monetary Institute.

A qualified auditor, he has performed consulting activities at banks and financial institutes and has been Chair of the Board of Statutory Auditors of numerous Italian banks. He has been a standing auditor of illimity since 2019.

Stefano has been awarded the “Order of Merit of the Republic” by the President of the Republic of Italy.

Elena Cialliè

Elena Cialliè graduated (*cum laude*) from the Bocconi University in Milan in 1991 with a degree in Business Economics. Since 1994 she has been a professional accountant and an auditor. In 1994 she began her professional path in investment banking at the Milan branch of Citibank, after which she moved to the London branch, where she worked on the structuring of acquisition and leveraged finance transactions and in the management of credit portfolios.

In 1998 Elena joined Goldman Sachs, where, over a ten-year period, she held various positions in the Leveraged Finance and Advisory and Financing departments, initiating and successfully completing risk capital and debt funding operations and M&A transactions for both corporate and private equity clients. In 2009 she took part, as partner, in the establishment of the advisory company Ondra Partners, which grew in size, thanks to her support, to the stage of having 50 employees and revenues of around one million dollars per head, with offices in London, Paris, Milan and New York.

From 2017 to 2020 she sat on the Board of Directors of GEDI Gruppo Editoriale S.p.A..

She is currently an Executive Director of UK Government Investments, the British government's centre of excellence in corporate government and corporate finance, and is the Permanent Representative of the Director (the UK Secretary of State for Science, Innovation and Technology) in Eutelsat Communications S.A..

Nadia Fontana

Nadia graduated (*cum laude*) in Business Economics at the Rome La Sapienza University and was a researcher at the university's law faculty from 1986 to 1988. She began her professional career in 1989 as a junior tax consultant in Arthur Andersen, with periods of work also carried out at the auditing firm's foreign offices, becoming a partner in 2003 following the merger with Deloitte & Touche. She works as an Italian chartered accountant (*dottore commercialista*) with a focus on advice and assistance given to leading Italian and international groups, having experience in the corporate, fiscal and financial accounting fields, mergers and acquisitions, stock market listings, corporate reorganisations and financial restructuring.

Between 2017 and 2022 she was a member of the "Banking and Insurance Companies" Commission within the ambit of the Rome branch of the Italian Chartered Accountants' Institute (*Dottori Commercialisti ed Esperti Contabili di Roma*). Since 2022 she has been deputy chair of the "Board of Statutory Auditors" Commission of the Rome branch of the Italian Chartered Accountants' Institute and since 2023 a member of the "Update and revision of the code of conduct of the board of statutory auditors of listed companies" Commission of the CNDCEC, the National Council of Italian Chartered Accountants.

She has held positions in Supervisory Bodies and Boards of Statutory Auditors in, amongst others, Poste Italiane S.p.A., Cassa Depositi e Prestiti Immobiliare S.p.A., AXA Assicurazioni S.p.A., Moncler S.p.A., Terna Reti S.p.A and Invitalia Global Investment.

Currently, among her main positions, she is a statutory auditor of Moncler S.p.A. and Terna Rete Italia S.p.A., and Chair of the Board of Statutory Auditors of Gruppo Belmond Italia S.p.A..

Paola Elisabetta Galbiati

Professor Paola Elisabetta Galbiati was awarded a degree in Business Economics (*cum laude*) at the Bocconi University in Milan in 1982, subsequently participating in the International Teachers' Program at the London Business School in 1984. Since 1994 she has been a qualified chartered accountant (*Dottore Commercialista*) and registered auditor (*Revisore Legale dei Conti*) in Milan.

From 1987 to 1993 she was a lecturer in Corporate Finance for the MBA course at the Bocconi University in Milan, where, since 1996, she is a tenured lecturer of Corporate Finance and head of masters' degree courses in "Strategic Analyses and Financial Valuations" and "Business Crises and Restructuring Processes".

From 1982 to 2005 she carried out her professional activities in Brugger & Associati (formerly Finlexis) as project head and team leader in the fields of business restructuring, debt restructuring, the determination of the economic damage resulting from unfair competition/contractual non-fulfilment, business valuations, the valuation of intangible assets and the development of achievable business plans, working alongside the senior management of industrial companies (on occasions also taking temporary management positions – for example, she was Chief Executive Officer of Dianos S.p.A. between 2003 and 2005).

From January 2006 to December 2012 she worked as an independent consultant for AlixPartners in the financial advisory services sector (economic and financial expert in judicial and extra-judicial disputes, technical advisor in relation to sanction inflicted by the European Commission Competition Authority, appraiser of intangible assets) and in corporate turnarounds (the development of realisable plans for businesses in situations of temporary difficulty, working alongside companies renegotiating their debt or seeking an improvement in their economic performance).

She has also held management and control positions in numerous industrial companies, including those listed on regulated markets, such as independent director in Fullsix S.p.A. (2013-2014), Silver Fir SGR (2016-2017), Servizi Italia S.p.A. (2012-2018), Teze Mechatronics (2013-2018) and Banco BPM S.p.A. (2017-2020) and standing statutory auditor in Tamburi Investment Partners S.p.A. (2015-2018).

She is the author of numerous scientific publications, and is on the Board of Directors of Unieuro S.p.A., Arnoldo Mondadori Editore S.p.A. and illimity SGR S.p.A..

Francesca Lanza

After completing a master's degree in engineering at Milan Polytechnic, Francesca Lanza began her investment banking career at JPMorgan in M&A and Structured Finance.

She began working in Goldman Sachs in 2005, where she held several senior management positions across Europe, Asia, the Middle East and Africa in both the Investment Banking and Securities divisions, focusing mainly on structured financing strategies.

Since 2013 she has dedicated her career to executive coaching and is currently a senior partner of the Alexander Partnership. She coaches the C-suite, partners, boards and executives across many industries, with a particular focus on professional and financial services, technological companies, the luxury sector, entertainment and the media, spanning all geographies.

Giovanni Majnoni d'Intignano

Giovanni Majnoni d'Intignano graduated with a degree in economics and commerce from the Sapienza University in Rome and continued his studies at Columbia University and Princeton University. He began his career as an economist at the Bank of Italy where he dealt with monetary policy and financial markets and intermediaries.

In 1998 he joined the World Bank where he remained for 12 years, holding increasingly important positions over the years until appointed Executive Director with representation for Italy, Portugal, Greece, Albania, Malta, East Timor and San Marino.

He returned to the Bank of Italy in 2010 as a Senior Manager in the Risk Management Department.

From 2014 to 2015 he worked at the Italian Ministry of Economy and Finance as a Member of the Scientific Technical Council of Experts and of the Minister's cabinet for the organisation and management of the Italian EU Council Presidency. Following this he returned to the United States as Head of the Bank of Italy's Delegation in New York with responsibility for the North American Economies.

Concurrent with his policy making activities he has published books and articles on monetary policy, financial regulation and risk management of both a scientific and informative nature and is also an occasional contributor to the Italian economic newspaper *Il Sole 24 Ore*.

Marcello Valenti

Marcello Valenti graduated from Cagliari University in 1991 and joined the tax and legal firm Tremonti e Associati in 1993, becoming partner in 2000. He is enrolled in the Milan register of lawyers and is also a registered auditor.

Tax questions relating to finance are a key aspect of his work as a lawyer, which consists mostly of providing assistance in connection with banking operations, these including acquisitions, structured finance and capital markets.

He is also known for his work as transaction partner in various complex LBOs, as well as operations in the oil and energy sectors.

Marcello Valenti has additionally expressed opinions on a number of securitisations, IPOs and property transactions.

He is currently a member of the Board of Directors of several Italian industrial and financial companies.

In addition, he has been court-appointed administrator and receiver for preliminary investigations carried out by the Bari Court and for preliminary investigations carried out by the Milan Court in relation to various companies, and currently maintains this role in certain cases.

Marcello Valenti also has vast experience in the judicial field, having personally represented his clients in discussions before the EU Court of Justice, the Italian Supreme Court, Tax Commissions of first and second instance and criminal courts in various cases relating to fiscal and bankruptcy offences.

Currently, among his main positions, he is a director of Xenia Hotellerie Solution S.p.A., a benefit corporation.

Diversity criteria and policies in the composition of the Board and in corporate organisation

In connection with the Company's diversity policies pursuant to article 14 of its current Bylaws, in order to ensure gender balance in accordance with applicable *pro tempore* laws and regulations each section of each list must contain 3 (three) or more candidates and include candidates of both genders, so that at least 2/5 (two fifths) of the candidates stated in such list - rounded up in the case of fractions - belong to the lesser represented gender, or any other composition required to comply with applicable *pro tempore* laws and regulations, as stated in the notice of call to the Shareholders' Meeting.

Furthermore if with the candidates elected by the means stated in paragraph 5.2 above the resulting composition of the Board of Directors should fail to comply with the applicable *pro tempore* laws and regulations on gender balance, the candidate belonging to the more represented gender who is elected with

the lowest number of votes in terms of the sequential order on the Majority List for the Board of Directors shall be replaced by the first not elected candidate of the lesser represented gender on such list on the basis of the sequential order or, in the absence of such, by the first not elected candidate of the lesser represented gender on the other lists on the basis of sequential order, depending on the number of votes obtained by each list; all of which always separately for each of the two sections into which the lists are divided. This replacement procedure shall be used until the composition of the Board of Directors complies with applicable *pro tempore* laws and regulations on gender balance. Finally, if this procedure fails to produce the required result, replacement is carried out by means of a resolution adopted by a relative majority at a Shareholders' Meeting, following the presentation of candidates belonging to the lesser represented gender.

At the date of this Report the Bank complies with applicable *pro tempore* laws and regulations on gender balance.

In addition, the composition of the management body reflects a suitable degree of diversification in terms of skills, experience, age, gender and educational and professional career.

On the appointment of the corporate bodies, and taking into account the results of the self-evaluation process, on 25 February 2022 the Board of Directors approved a report, namely the *Orientation of the Board of Directors of illimity Bank S.p.A. on the Optimum Qualitative and Quantitative Composition of the Corporate Bodies* (the "**Orientation**"), which discusses its orientation on the optimum qualitative and quantitative composition for the new corporate bodies. Reference should be made to this document which is in the public domain⁽²⁾. In the Orientation, the Board of Directors establishes diversity policy with regard, in particular, to an optimum composition for the Board to enable it to perform its duties in the most effective manner and ensure sufficient diversity from the standpoint of age, the educational and professional career of the directors and their personal qualities and skills, gender, diversity and seniority in office – in order to:

- foster exchanges of view and discussions within the body;
- encourage the emergence of a multiplicity of approaches and views when analysing issues and taking decisions;
- effectively support the business processes for drawing up strategies, managing activities and risk and controlling top management's work;
- take account of the many interests that contribute to ensuring sound and prudent management of the Bank.

In addition to its indications on the overall composition and the requirements for professional competence, independence, expertise and propriety, the Board also formulates recommendations on age and seniority in office, as well as geographical origin and experience gained in an international context.

Further, as announced to the market, given the matters established in the above-mentioned Orientation, at its meeting of 10 March 2022 the Board of Directors resolved to submit its own list of candidates for appointment to the board (List no. 1) and in this respect complete documentation on the candidates, together with a representation of the expertise held by the proposed Board as a whole, was made available to shareholders and the public on 18 March 2022.

⁽²⁾ On 22 February 2024 the Board of Directors updated the Orientation, which is published on the Bank's website.

As announced to the market on 4 April 2022, a series of asset management companies and investment fund manager companies, representing approximately 9.1% of the Bank's share capital, submitted a list of candidates (List no. 2) for the appointment of the new Board of Directors, and in this respect full disclosures on the personal and professional characteristics of the candidates and the relative documentation have been made available to shareholders and the public in accordance with the procedures and time limits laid down by law.

As required by laws and regulations established for the sector (and further described below), at its meeting of 27 May 2022 the Board ensured that the "fit and proper" requirements for its members were met, including gender balance and an ex-post analysis of the overall composition of the management body, with the aim – amongst other things – of checking to ensure that there was compliance with the principles of the Orientation and that the suitable diversification objectives had been satisfied. This check had a positive outcome.

In addition, at its meeting on 2 December 2021 the Board adopted the Diversity, Equity & Inclusion Policy ("**DEI Policy**"), most recently updated on 18 July 2023, as contemplated in the sustainability objectives included in the 2021-2025 Business Plan (which may be consulted on the website www.illimity.com).

In accordance with illimity Way (as described above), the DEI Policy describes the Group's commitment to diversity, equity and inclusion, determining the application of this approach in the "People Value Proposition" (our way of selecting and developing illimiters) by way of practical and measurable commitments. The DEI Policy acts as a diversity, equity and inclusion guide for all illimiters in all Group companies.

This Policy moreover establishes fundamental pillars for pursuing the Group's mission that are in line with leading diversity, equity and inclusion standards at an international level (i.e. the "Sustainable Development Goals – SDGs" of the United Nations 2030 Agenda and the "Universal Declaration of Human Rights" of the United Nations General Assembly).

In this respect it is recalled that on 11 November 2022 the illimity Group obtained Gender Equality Certification as contemplated by the National Recovery and Resilience Plan (NRRP).

It is further noted that in line with the DEA Policy and the objectives identified in the Action Plan drawn up to maintain Gender Equality Certification, on 27 October 2023 the Board approved a specific Anti-harassment Policy whose aim is to prevent and identify on a timely basis any forms of harassment, inappropriate sexual conduct or bullying and to protect reporters from possible retaliation.

Maximum number of positions that may be held in other companies

The Board of Directors complies with the general criteria on the maximum number of positions that may be held in other companies, established by applicable *pro tempore* prescriptions of supervisory and regulatory legislation.

On accepting office as director in the Company and regardless of the limits established by any laws and regulations applicable to the maximum number of positions that may be held, each candidate for the position assesses in advance his/her ability to perform the assigned duties with due attention and care, taking into particular consideration the overall commitment required for any positions held outside the Bank.

Each member of the Board of Directors is additionally required to notify the Board when assuming any positions as director or statutory auditor in other companies to enable the disclosure requirements pursuant to the provisions of applicable laws and regulations to be properly fulfilled.

In this respect, reference is also made to such laws and regulations in the above-mentioned Orientation and explicit reference is made to the provisions of Ministerial Decree no. 169/2020. Further details may be found in paragraph 5.4.

In addition, article 17 of Decree no. 169 of the Ministry for the Economy and Finance of 23 November 2020 (DM no. 169/2020), in force since 30 December 2020, introduced a more stringent approach to the question of limits on the number of positions in office that may be held.

More specifically, officers of banks of larger size or major operating complexity (as a listed bank, illimity falls within the scope of DM no. 169/2020 as far as the provisions applicable to banks with “major operating complexity” are concerned, pursuant to Circular 285) may not hold a total number of positions in office in banks or other companies that is greater than one of the following two alternatives: i) one executive position and two non-executive positions; ii) four non-executive positions. The position held in the Bank is included in determining these limits.

In this respect, the directors comply with the above limits of DM no. 169/2020, as verified by the Board of Directors subsequent to their appointment.

5.4 Functioning of the Board of Directors

illimity’s Board of Directors has drawn up a regulation defining working procedures, whose aim amongst other things is to ensure the effective management of board information.

This regulation, most recently updated on 13 July 2023, determines information flows by requiring that directors must receive documentation on the projects and plans presented to them that is suitable for enabling them to express an informed opinion on the matters under discussion.

Pursuant to this regulation, the Board’s resolutions must be recorded in minutes transcribed in the specific register (or archived in accordance with legal requirements by means of “substitute conservation”) and be signed by the Chair and Secretary to the meeting. If not drawn up by a notary, copies of and extracts from the minutes are certified as true by the Chair of the Board of Directors or whoever takes his/her place; the minutes book and the extracts are full proof of the meetings of the Board and its resolutions.

As reported to the Board on 21 December 2023, a process of digitally conserving the corporate books and records will be initiated through the use of the “CDA on board” document platform, and the Secretary and General Counsel has been appointed head of conservation in accordance with legal requirements.

The Board of Directors met on 24 occasions during the year, with meetings seeing the regular and steadfast participation of the directors (the number of meetings at which every single member of the Board participated is reported in Table 1 for consultation). Board meetings each lasted an average of 3 hours and 25 minutes, with an average participation of 91%. For the current year, 4 meetings had already been held by the date of approval of this Report.

In view of the Shareholders’ Meeting of 28 April 2022 which among other things resolved on the renewal of the management body, as recommended by the CG Code, the Board, as stated, approved the above-mentioned Orientation, in which the management body established (and announced to the market) the amount of time needed for acting as a director given the nature, quality and complexity of such position. More specifically, after obtaining the opinion of the Nomination Committee, the Board has estimated 45/75 working days a year as being the average considered suitable (on the basis of 250 working days a year) and 360/600 working hours a year, this also depending on participation in board committees.

The substance of the Orientation was (i) confirmed by illimity's Board of Directors on 24 February 2023 (regarding the self-evaluation of the corporate bodies for 2022) and (ii) updated on 22 February 2024 (regarding the self-evaluation of the corporate bodies for 2023), as described below.

The members of the Board of Directors have stated and guaranteed that they will perform their duties effectively, dedicating all the time required to perform such. This is confirmed by the high level of participation by the directors despite the significant number of meetings of the Board of Directors held in 2023.

Lastly, at its meeting of 27 May 2022, the Board ensured that the personal requirements of the directors (professional competence, integrity, independence, the absence of reasons for which a person may not be elected as a director or those preventing him or her from holding the position, the maximum number of positions, availability of time and independence of judgement) have been complied with, pursuant to the provisions of article 26 of the TUB, DM 169/2020, Circular 285 and article 36 of Decree Law no. 201/2011, converted by Law no. 214/2011, as well as the regulations applicable to issuers listed on regulated markets, and in particular pursuant to the TUF and the new Corporate Governance Code.

On updating the Orientation approved on 22 February 2024, the Board of Directors resolved to provide for a new paragraph relating to the description of the Policy for assessing the requirements and fit and proper criteria for corporate officers, thereby giving effect to the publication of the *"Guidelines on assessing the requirements and fit and proper criteria for corporate officers of LSI banks, financial intermediaries, trusts, electronic money institutions, payment institutions and deposit guarantee systems to hold office"* issued by the Bank of Italy on 13 November 2023. Reference should be made to the Orientation published on the Bank's website on 22 February 2024 for a detailed description of the procedures followed by the Board, as well as the documentation used and the assessment criteria applied, for verifying that corporate officers hold the legal and regulatory requirements.

The Bank's managers are invited to attend Board meetings, as well as the heads of the functions in charge of the specific matters stated on the agenda, in order to provide suitably detailed information on the issues under discussion.

5.5 Role of the Chair of the Board of Directors

The Chair of the Board of Directors plays a fundamental role in ensuring the smooth running of board meetings, fostering internal dialectic and assuring a balance of powers.

The Chair keeps in constant touch with the Secretary to the Board of Directors so that documents can be made available to directors reasonably in advance of meetings, consistent with the planned timing for the publication of the notice of call in accordance with article 18 of the Bylaws. In this regard, most of the documentation is published simultaneously with the notice of call (within 3 days).

As emerged from the board's annual self-evaluation process, while not appearing to require specific attention – given the comprehensive and generalised timeliness with which the documents are made available by the corporate bodies – this area will be further analysed to understand and resolve any inefficiencies and, in particular, to improve the awareness of all contributors, with the aim of achieving a continuous improvement in the contents, format and, in general, timing with which the business functions, with the support of the corporate secretariat, finalise the documents.

The Chair directs the debate during meetings of the Board of Directors, granting the floor to the Chief

Executive Officer and to the members of management present, in order that they may provide detailed information on the specific matters on each item of the agenda; to this end, the whole of the first line and the control functions are always invited to attend meetings. The Chair also constantly encourages debate within the board, ensuring that any directors may ask questions and express his/her point of view on the matters submitted for analysis.

In addition, the Chair coordinates the activity of the board committees, ensuring that the annual plan for the meetings containing the matters to be discussed is consistent with the planning of the activities of the Board of Directors.

On the initiative of the Chair, meetings are organised with the aim of providing suitable knowledge of the business sectors in which the Issuer operates. More specifically, 8 induction meetings were held on matters relating to the budget, corporate governance, the 40th update of Circular 285, segment reporting, ESG risk management and the evolution of reporting in light of the requirements of the CSRD (Corporate Sustainability Reporting Directive), technological innovations, the evolution of the Bank's business and banking transparency.

In the current year, at the date of this Report, one induction meeting has already been held on multi-year and annual strategic planning activities, with particular reference to the assessments for the preparation of the 2024 budget.

In addition to this, the Chair, with the support of the Nomination Committee, oversees the Board's annual self-evaluation process to ensure that it is adequate and transparent.

Lastly, in December 2021 the Bank adopted a "Policy for Managing Dialogue with Shareholders" (further details can be found in paragraph 14.2 below). Accordingly, as of February 2022, the Issuer complies with Recommendation 3 of the Corporate Governance Code by reporting discussions held with its shareholders.

Secretary to the Board

Given the Ordinary Shareholders' Meeting of 28 April 2022 called to appoint the Company's new managing body pursuant to article 17, paragraph 3 of the Bylaws, at the same date the Board of Directors elected a Secretary external to the Board, confirming Giovanni Lombardi, the Bank's General Counsel.

Giovanni Lombardi, who acted as Secretary to the Bank's board between 15 October 2018 and the Shareholders' Meeting of 28 April 2022, holds the applicable professional competence requirements given the long-term experience he has gained as a professional lawyer both in leading law firms and, in-house, in Prelios SGR, the MPS Bank group and, as stated, the Group.

Pursuant to the Bylaws, the Secretary deals with the drafting, transcription in the specific register and preservation of the minutes of each board meeting.

In accordance with the recommendations of the Corporate Governance Code, in its latest version of July 2023 the Board of Directors' Regulation specifies the skills, role and duties of the Secretary to the Board.

More specifically, the Secretary, who need not be a member of the Board, is appointed, and may also be dismissed, by the Board of Directors on the proposal of the Chair, after consulting with the Chief Executive Officer, from persons with professional and curricular profiles who have acquired suitable experience in similar roles or in a consultancy field, also in relation to the complexity of the business of the Bank and the Group and its evolution, in a corporate governance and company law sphere, and in general have previous experience in managing company secretarial activities and/or general affairs in comparable structures.

The Secretary is responsible for drafting the minutes of each meeting, transcribing these in the appropriate register and maintaining such. In case of absence or impediment of the Secretary (for one or more meetings) the Board designates a substitute.

Consistent with the provisions of the Corporate Governance Code, the Secretary to the Board of Directors works as an aid to the Chair, supporting the Chair's activity, and provides impartial assistance and advice to the Board and, in general, the Corporate Bodies, on any matter regarding the functioning of the corporate governance system.

More specifically, the Secretary assists the Chair and the Board (as well as the other Corporate Bodies, also with the assistance of the departments specifically in charge of a matter) in performing their respective duties, providing support and coordination to the extent necessary for the overall functioning of Board activities, also providing advice on the functioning of the overall corporate governance system.

With the support of the business structures, the Secretary is in charge of the following areas in particular: (i) drawing up a schedule of meetings, consistent with the annual financial calendar and corporate events, (ii) preparing documentation and information prior to Board meetings and during meetings, including those relating to governance procedures and the legal and compliance analyses performed by the proposing functions, as well as being responsible for their timeliness and completeness, (iii) coordinating the agendas and meetings of Board committees, in conjunction with the respective Chairs and secretaries, (iv) ensuring the well-ordered conduct of meetings, also with the participation of the managers involved from time to time, (v) providing support and assistance in ensuring that members abide by the fit and proper requirements, as well as ensuring that interlocking prohibitions are met, (vi) providing support in board induction programmes and members' training, (vii) providing support in the performance of the annual Corporate Body self-evaluation process, (viii) determining the means in operating terms (usually by computer through a platform dedicated to members) by which the Corporate Bodies may gain access to documents, data and information and maintaining privacy, confidentiality and integrity in this respect, (ix) certifying, by way of joint signature with the Chair or the sole signature of the Secretary, compliance with the original of copies and extracts of minutes, deeds and corporate documents and, in general (x) providing advice to the Corporate Bodies on corporate governance questions or company law matters.

For the above activities and areas, the Secretary is granted permission to access corporate data and information that may be useful and/or appropriate, as well as consult the other business functions of the Bank and Group, each of which shall collaborate to the extent of their responsibility.

5.6 Executive Directors

Chief Executive Officer

Following the appointment of the new management body by the Ordinary Shareholders' Meeting of 28 April 2022, the Board meeting held on the same day appointed (confirming) Corrado Passera as the Bank's Chief Executive Officer, granting the following powers and authorisations:

- Deposit sums in current accounts held in correspondent banks;
- Withdraw cash at correspondent banks;
- Issue current account cheques on correspondent banks;
- Make transfers on correspondent banks;

- Make wire transfers to correspondent banks from the available funds in the accounts managed;
- Make wire transfers in favour of third parties from the available funds in the accounts managed;
- Open, modify and terminate contracts and agreements with banking and financial intermediaries regarding deposits, current accounts, the opening of credit facilities, etc.;
- Collect post, parcels, registered letters, etc.;
- Issue sureties, pledges, security deposits and letters of guarantee in favour of public and private bodies;
- Submit the reports on ownership structures (A.P.E.) and corporate bodies (GIAVA);
- Use the Tax Revenue Office's Entratel service to give instructions to pay the taxes due;
- Report market abuse;
- Prepare documents for filing with the Companies Registry;
- Make communications and notifications to the Italian Data Protection Authority;
- Report matters of a supervisory nature;
- Provide feedback on banking and/or financial complaints and counter-deductions to the ABI-ACF.

The following sections describe the powers, as sole signatory, assigned to the Chief Executive Officer, Corrado Passera, with the possibility of subdelegation:

General administrative powers

- Implement the resolutions of the Board of Directors and managerial committees through instructions sent to the competent offices.
- Draw up proposals for submission to the Board of Directors on any matter relating to business operations.
- Hold signatory powers for all acts of ordinary administration and for those envisaged by a specific resolution of the Board of Directors and managerial committees.
- Oversee the preparation of the financial statements.
- Outline and update the strategic plan, the annual operating plan and the budget for the year, proposing reasoned alternatives to the Board of Directors in terms of scenarios and growth prospects.
- Update risk policies in respect of existing and potential risks, proposing reasoned alternatives to the Board of Directors in terms of risk/return combinations.
- Foster the dissemination of a business culture (i) designed to pursue sustainable success for the purpose of creating long-term shareholder value, taking into account the Bank's leading stakeholders, as well as (ii) based on an informed assumption of the risks typical of banking operations.
- Foster and activate the business organisation conditions for setting up, consolidating and developing the business risk measurement and control process, also establishing the duties of the control function to the extent of their responsibilities.

- Determine the information flows designed to ensure that the Board of Directors, or the bodies it delegates, has full knowledge of facts about the business and the way these may be governed.
- Approve and issue the Bank's internal rules and regulations, looking after the dissemination to the functions concerned to the extent of their responsibility.
- Make proposals to the Board of Directors on the options relating to the propensity to accept the various types of risk as well as the relative methods of measuring them.
- Grant specific signatory powers to collaborators and employees of the Banking Group appointed for particular assignments, in application of resolutions of the Board of Directors and the managerial committees.
- Make proposals to the Board of Directors for outsourcing certain operating processes of the business or carrying out individual projects or planned initiatives.

Except for the matters stated below with respect to the head of the health and safety (pursuant to the current Bylaws) control the alarm and security systems.

- Maintain relations with bodies and companies in the credit sector, with Supervisory Bodies and with bodies and associations in the industry.
- In accordance with the Group's business plan, as approved from time to time, contribute equity to subsidiaries or investees in the various forms (by way of example, capital increases exercising or not exercising option rights, capital contributions, contributions of additional paid-in capital, contributions for future capital increases, revenue grants), for amounts of up to EUR 2,000,000.00 (two million/00) for each transaction.
- Incorporate, or participate in the incorporation of, companies, associations, consortia and European economic interest groups, in accordance with *pro tempore* laws and regulations applicable to the Bank as parent company of the Banking Group with the same name.

Corporate signature

- Sign correspondence and any other documents that require the Bank's signature and regard affairs included in the powers delegated herein.
- Collect ordinary, registered and insured letters, postal and telegraphic orders, packages and parcels, documents, goods, money, items of any nature from postal and telegraphic offices.

Relations with the Public Administration and other public bodies

- Represent the Bank at any public or private body and in all relations and relationships with the fiscal, financial, administrative and judicial offices of all the administrative departments of the State, including by way of example, but not limited to, State companies and administrations with an autonomous or special regulatory structure, ministries, prefectures, the regions, the provinces, the municipalities, the mountain municipalities and their consortia and associations, chambers of commerce and their associations, all national, regional and local non-economic public bodies, the administrations, the companies and entities of the national health service, quasi-governmental organisations and welfare bodies, trade union associations and employers, including pension and insurance bodies (INPS, INAIL etc.), Labour Offices, Labour Inspectorates, trade union and business

associations, the State Railways, Postal and Telegraphic Offices, Transportation and Navigation Companies, by sea or by air, and also carry out transactions at these offices, for any affair or matter, signing declarations and issuing all the documents required to obtain from the above-mentioned bodies any licence, authorisation or provision of services that may be necessary for the Bank in accordance with its corporate purpose and the resolutions of the Board of Directors.

- Represent the Bank in relations with post offices and public and private shippers with the faculty to receive and send packages, parcels and registered letters.
- Sign applications, appeals and deeds falling within the scope of the powers bestowed herein.
- Set up and withdraw security deposits at/from the Ministries, the Offices of the Public Debt, the State investment bank *Cassa Depositi e Prestiti*, local tax offices, customs offices, the municipalities, the provinces, the regions and any other office, public body and/or public authority.

Employment and organisation agreements

- Manage personnel in accordance with the Bylaws, exercising the right to establish and amend duties and powers.
- Plan development and training programmes for personnel.
- Establish personnel policies and implement the guidelines approved by the Board of Directors on staff remuneration matters.
- Maintain relationships with the trade union organisations.
- Hire and promote, with no restrictions on amount, office employees and clerks, middle managers and managers of the Bank (including heads of chiefs, heads of division and heads of department), apart from the positions subject to specific procedures for approval by the corporate bodies; establish the chief structures and the operating divisions and departments into which business activities will be divided and appoint the relative persons in charge, determine the contractually-provided disciplinary measures, establishing and amending the relative powers and compensation.
- Suspend and dismiss office employees and clerks, middle managers and managers of the Bank; determine the contractually-provided disciplinary measures, establishing or amending the relative powers and compensation.
- Appoint and dismiss representatives, depositaries or agents, establishing or amending the relative powers and compensation.
- Stipulate collective labour contracts and company agreements. Stipulate, report and amend agreements with the workers' union organisations both inside and outside the company. Establish and conclude any act or agreement with national or local bodies and vis-à-vis EU bodies on matters regarding welfare, social insurance and in general issues concerning the administration of the Bank's personnel.
- Issue extracts from payroll journals and attestations regarding the personnel for welfare, insurance and social insurance bodies and for other bodies or private bodies.
- Grant loans to employees, restricted to their specific family needs, and stipulate the respective agreements.

- Pay wages and salaries and any other indemnity relating to employment relationships, issuing, where applicable, certificates and related documents, also for fiscal purposes.
- The Chief Executive Officer is not responsible for the health and safety function, pursuant to article 19, paragraph 3b) of the Bylaws. Pursuant to article 2, paragraph 1b) of Legislative Decree no. 81 of 9 April 2008, the employer has in fact been identified as another corporate officer, in accordance with said provision of the Bylaws.

Insurance

- Stipulate and renew private or mandatory insurance contracts, signing the relative policies without limit to the amount.
- Amend contracts, withdraw from them, agree the damages due from the insurer in the event of loss, issuing a receipt for the amount received.

Operations, contracts, tenders, supply agreements, bids, licences and agreements in general

- Stipulate, amend or terminate any contract, agreement or understanding forming part of the corporate purpose with the aim of raising funding and providing credit in its various forms, in Italy and abroad, and required for the Bank's operations; in particular, stipulate, amend or terminate any contract, understanding or agreement relating to all the permitted banking and financial operations and services, including the provision of investment services and the relative accessory services, as well as any other activity or operation instrumental to or in any case connected with achieving the corporate purpose.
- Stipulate, amend or terminate any agency or distribution agreement, with the power to determine the amount of the commissions payable as well as the other terms and conditions.
- Stipulate, amend or terminate any agreement for the provision of intellectual, consultancy and collaboration services, including by way of example, but not limited to, confidentiality agreements, the appointment and engagement of legal consultants and advisors, agreements for financial restructuring consultancy services and services of an administrative and accounting nature and of a legal nature for appraisals, master and/or special servicer agreements as part of securitisations, agreements with providers of services in general forming part of the corporate purpose and functional to the management of the Bank, with no restriction on duration or amount.
- Stipulate, amend or terminate contracts for the lease of property, motor vehicles or other registered moveable property with no restriction on duration or amount.
- Stipulate, and terminate finance lease agreements relating to the acquisition of moveable property used in the Bank's operations, with no restriction on duration or amount.
- Sign, in both foreign and national markets, offers relating to the Bank's commercial and banking activity, stipulating the related agreements, with no restriction on duration or amount.
- Compete and/or take part in any tender, auction or bid called by private companies or bodies or by regional or local public governmental companies or bodies and any other public administration, also abroad, with no restriction on duration or amount, submitting or preparing all the relative documentation; negotiate, sign, amend, terminate, annul or rescind contracts, bids and acts connected with the tender procedure and the related award.

- With no restriction on amount, set up and withdraw security and guarantee deposits with any authority, submit, amend or withdraw offers and, in general, perform any relative transaction or formality.
- Submit applications, sign documentation and perform all the actions connected with and consequent to facilitated finance initiatives and projects, with no restriction on duration or amount.

Finance, Treasury, Investment Banking and Capital Markets

- Treasury management and funding / investment transactions regarding the Bank's liquidity.
- Medium- and long-term funding operations if involving senior issues of up to 3 (three) years and for a total amount of EUR 100,000,000, and funding with the State investment bank *Cassa Depositi e Prestiti*.
- Perform the following: (i) the purchase of debt securities, including subordinated debt securities, in connection with treasury activities and the management of owned securities; (ii) ordinary treasury management activities and liquidity funding / investment transactions within and beyond 12 (twelve) months; and (iii) the negotiation, stipulation, signing, amendment and execution of any deed, agreement and/or document relating to and/or connected with treasury activities and the management of owned securities also having notarial form, including as an example, but not limited to, confidentiality agreements, the appointment and engagement of legal consultants and advisors, contracts for the management of own account/third party derivatives, contracts for the subscription to mutual fund units, GMRA / GMSLA / ISDA / CSA contracts and relative agreements / confirmations / appendages.
- For investment banking, capital markets and advisory activities for customers, negotiate and sign Euronext Growth Advisor mandates (formerly Nomad), Global Coordinator, Arranger, advisory and consultancy and placement mandates and any other connected or related mandate or agreement, confidentiality agreements, agreements for the appointment and engagement of consultants (legal, advisors, etc.).

Taxation

- Represent the Bank in relations with any government and local tax office, also abroad, with the faculty to appoint and revoke special powers of attorney and delegate powers to qualified professionals, with the requirement to inform the Board of Directors about the powers granted at the first meeting that follows.
- Use the Tax Revenue Office's Entratel service to give instructions to pay the taxes due.
- Sign, on the Bank's behalf, the returns and certificates prescribed by articles 1, 5, 7, 7-bis and 8 of Presidential Decree no. 600 of 29 September 1973 as amended, this list being merely provided by way of example and not necessarily being comprehensive.
- Attend tax audits and inspections performed by the Tax Police and any other authority and sign the relative formal notices, with the requirement to inform the Board of Directors at the first meeting that follows; sign statements relating to direct or indirect taxes, forms and questionnaires, accept or reject assessments, reach settlements and agree resolutions, challenge assessments, submit demands, appeals, complaints, briefs and documents before any tax office or commission, including

the Central Tax Commission, with the requirement to inform the Board of Directors about the powers granted at the first meeting that follows; collect refunds and interest, issuing receipts and in general carry out all the procedures relating to any kind of direct or indirect tax, duty or contribution.

Relations with the Supervisory Authority

- Carry out all communications with the Italian and foreign Supervisory Authorities (Bank of Italy, Consob, Borsa Italiana S.p.A., European Central Bank, etc.), including those regarding reports on ownership structures (A.P.E.), corporate bodies (GIAVA), changes in the Banking Group, etc..

Legal representation and representation at court proceedings

- Act as the Bank's legal representative, also in court proceedings.
- Represent the Company before any court in Italy or abroad, as well as any political, administrative, trade union and fiscal authority, in any court case, trial, procedure or proceeding, at whatever status or level, in terms of both a substantial and formal nature, including, by way of example and not limited to, before the following authorities: Justices of the Peace, Ordinary Courts, Appeals Courts, Supreme Courts, Regional Administrative Courts, the Council of State, Provincial Tax Commissions, Regional Tax Commissions, the Banking and Financial Ombudsman (ABF), the Financial Disputes Ombudsman (ACF), etc.; initiate and introduce any civil, criminal, administrative or fiscal proceeding, process and procedure before any ordinary or special judicial, administrative and fiscal authority; conduct an examination, draft reports, appeals and challenges against any proceeding of the above-mentioned offices, signing every relative document and any statement of a fiscal nature; propose, revoke and remit applications, petitions, reports and/or complaints.
- Engage and revoke the engagement of lawyers, attorneys and technical consultants, granting them suitable powers, including that of subdelegation.
- Accept, submit and swear oaths, also decisory oaths; issue a statement as garnishee pursuant to article 547 of the Italian code of civil procedure.
- Request precautionary and judicial property attachment and seizure orders from debtors or third parties.
- Represent the company in the bankruptcy, compulsory administrative liquidation, voluntary arrangement and administrative receivership procedures of third parties, collecting sums on account and as final balance and issuing receipts; lodge petitions and appeals in these procedures.
- Represent the Bank before all labour courts and tribunals, also in out-of-court disputes, disputes with the trade unions and arbitrations and at any other competent venue in labour disputes, with all the widest powers, including those to appoint and dismiss counsel, special attorneys, defenders and appraisers, deal with the execution of judgements and take any other measure required and opportune to settle such litigation fully and in the best manner possible.
- Entrust any litigation to arbitrators also as amicable settlers both on the basis of arbitration clauses and on the basis of separate settlement deeds, appointing arbitrators and arranging all the related formalities and relative consequences in arbitration proceedings.
-

Settlements

- Negotiate and settle disputes and issue letters of discharge, for this purpose signing settlement agreements whose subject is disputes with customers, suppliers, employees and third parties in general, with no restriction on duration or amount, with the requirement to inform the Board of Directors of this at the first meeting that follows.

Power to subdelegate

- Grant general and/or special powers of attorney to carry out specific acts or categories of act, as part of those granted herein, to both employees and third parties.
- Appoint heads of function (chiefs, division heads, department heads, etc.) of the Bank (excluding positions subject to specific procedures of approval by the corporate bodies) and subdelegate to such the additional powers that may be required for the proper fulfilment of the duties assigned to them, also by way of specifically designated special powers of attorney.
- Subdelegate the acts, powers and authorisations granted herein, not only through a specific indication of the name of the person involved, but also by indicating positions regarding the Bank's business functions, by way of special and/or general powers of attorney, detailing them, specifying them and/or listing them, and in particular proceed with the formal revocation, revision, finalisation and assignment of all the necessary powers of attorney and subdelegations for exercising and performing acts and signing documents on behalf of the Bank, as well as through the relative formal obligations.
- Elect domicile to satisfy any operating need of the Bank.

It is additionally noted that the Board of Directors' Regulation, as per the latest version updated at the meeting of 13 July 2023, lists the responsibilities and duties of the Chief Executive Officer as the body with the management function pursuant to Circular 285.

The Chief Executive Officer has no interlocking directorates.

Chair of the Board of Directors

Pursuant to article 17 of the Bylaws, the Board of Directors elects a Chair from among its members and may elect a Deputy Chair. In case of absence or impediment of the Chair, his/her functions shall be performed by the Deputy Chair (if appointed) or by the most senior non-executive director in office.

At the date of this Report, Rosalba Casiraghi is the Chair of the Board of Directors.

Pursuant to article 25 of the Bylaws, the powers of corporate signature and representation, also during court proceedings, lie with the Chair of the Board of Directors and/or the Chief Executive Officer (where appointed), as determined by the resolution adopted by the relevant Shareholders' Meeting, and accordingly legal representation can be dissociated from the position of Chair of the Board of Directors.

More specifically, on 28 April 2022, the Shareholders' Meeting resolved to confer representation of the Company, also in court proceedings, and the use of the corporate signature, to the Chief Executive Officer, in accordance with article 25 of the Bylaws.

The Chair has a non-executive role and performs no operational functions, not even of a de facto nature.

Reference should be made to article 12 of the Bylaws for the responsibilities of the Shareholders' Meeting.

As far as the responsibilities of the Board are concerned, the Chair performs a fundamental role in ensuring the proper functioning of the management body, fostering internal discussion and ensuring the balance of power, in accordance with the responsibilities assigned to the Chair by the civil code for the organisation of the Board's proceedings and the distribution of information.

Executive committee

Article 20 of the Bylaws provides that the Board of Directors may appoint an Executive Committee, establishing the related operating procedures, the frequency of meetings and the duration which, in any case, shall not be greater than the remaining term of office of the Board, although this Committee has not been set up.

Reporting to the board by directors/delegated bodies

In 2023 the delegated bodies reported quarterly to the Board on the work performed in exercising their duties in accordance with the requirements of the Bylaws.

More generally, information flows must be arranged on the basis of the specific requirements dictated by current laws and regulations or by specific internal regulations as identified by the Board of Directors in implementation of Circular 285.

Specifically, the Board receives the following from the competent structures on a quarterly basis: (i) as stated, the reports on the exercising of delegated powers by the Board – directly or through the approval of corporate regulations, (ii) progress reports on business performance and the relative second level controls and (iii) the scorecards of the control functions.

The Board's detailed information flows are established within the framework of the internal regulations applicable from time to time and are not explicitly listed here.

Other executive directors

The Chief Executive Officer is the only Executive Director.

5.7 Independent Directors and Lead Independent Director

The Non-executive Directors and Independent Directors are by number and authoritativeness such as to ensure that their opinion may have a significant weight in decisions taken by the Issuer's Board. The Non-executive Directors and Independent Directors take their specific expertise to Board discussions, contributing to decisions taken in line with the corporate interest.

In addition to the provisions of applicable laws and regulations, and as a requirement of the Corporate Governance Code, the Board has established (and announced to the market in the Orientation discussed in paragraph 5.4) the criteria and the related quantification as far as the following are concerned: (i) the materiality level to be used when assessing commercial relationships as per paragraph c) of Recommendation 7 of the Corporate Governance Code, and (ii) the materiality level to be used when assessing additional remuneration as per paragraph d) of Recommendation 7 of the Corporate Governance Code.

The Board believes that directors for whom the following materiality parameters are exceeded may not be considered independent within the meaning of the Corporate Governance Code:

- (a) for commercial relationships as per paragraph c) of Recommendation 7 of the Corporate Governance Code: (a) in case of consultancy or personal and direct commercial relationships with the director in question, fees exceeding EUR 50 thousand per annum in the three years preceding that of the

appointment as Independent Director or in the current year, or (b) in the case of commercial relationships with the professional firm and/or the consulting, financial, strategic or commercial firm (of which the director in question is a partner or has been in such years), fees per annum in favour of said firm exceeding 5% (five per cent) of the total annual turnover or revenue of such firm (as declared by the director himself) and in any case exceeding EUR 250 thousand per annum; and

- (b) for additional remuneration as per paragraph d) of Recommendation 7 of the Corporate Governance Code: additional remuneration for the person concerned of at least EUR 50 thousand per annum in addition to the remuneration due for the position as director of the Bank.

The Board of Directors assesses the independence of its non-executive members on appointment, as well as on a regular basis during their term, and the results of such assessment are disclosed to the market by way of the “Report on corporate governance and ownership structure” prepared pursuant to and for the purposes of article 123-*bis* of the TUF and the Corporate Governance Code. The Board’s assessment is verified by the Board of Statutory Auditors pursuant to the same Corporate Governance Code.

The list voting system set forth in the Bylaws – as stated in paragraph 5.2 - ensures the appointment of a number of directors holding the independence requirements prescribed by article 148, paragraph 3 of the TUF, as well as by current law and regulations applicable to banks, equal to the minimum established by law in relation to the total number of directors.

Reference should also be made to the above-mentioned Orientation (updated on 22 February 2024) which lists the “indirect relationships” pursuant to article 13, paragraph 1(h) of Ministerial Decree no. 169/2020, for an assessment as to whether the independent requirements (formal and subjective) of corporate officers are met.

There are 12 (twelve) non-executive directors on the Board of Directors in office at the date of this Report, of whom 11 (eleven) hold the independence requirements pursuant to article 148, paragraph 3 of the TUF and article 2 (Principle 8 and Recommendations 6 and 7) of the Corporate Governance Code, these being Rosalba Casiraghi, Filippo Annunziata, Marco Bozzola, Patrizia Canziani, Stefano Caringi, Elena Ciallié, Nadia Fontana, Paola Elisabetta Galbiati, Francesca Lanza, Giovanni Majnoni d’Intignano and Marcello Valenti. The Board of Directors verified that these directors hold the independence requirements pursuant to said provisions on 27 May 2022.

The Chair, Rosalba Casiraghi, was elected from the list submitted by the Board, which ensured that she holds the fit and proper requirements for the position, including the independence requirement. For this purpose the Chair signed a self-declaration pursuant to articles 46 and 47 of Presidential Decree no. 45 of 28 December 2000. In this respect, at the Board meeting of 27 May 2022, with particular reference to the assessment of the independence requirements held by the Chair of the Board of Directors, the Board, after reviewing the statements made by such, concluded that she does indeed hold these requirements, also in consideration of the fact that the Bylaws provide that legal representation may be dissociated from the position as Chair of the Board of Directors.

No need arose during 2023 to organise regular meetings of independent directors due to the fact that these persons sit on the Board as a majority and have constant opportunity for discussion de facto through active participation and presence at all meetings, whether formal or informal.

Lead Independent Director

On the basis of the recommendations of the Corporate Governance Code, the Issuer has decided not to create the figure of Lead Independent Director, given that the governance structure of its management body envisages the separation of the figure of Chair from that of Chief Executive Officer, and taking account of the fact that the Chair does not control, nor will control, the Issuer.

6. THE MANAGEMENT OF CORPORATE INFORMATION

6.1 Treatment of insider information

At its meeting of 12 November 2018, the Board of Directors resolved to approve the “Procedure for the Disclosure of Insider Information to the Public” (the “**Insider Information Procedure**”) as per article 17 of the Market Abuse Regulation, with effect from the date on which the Company filed its application with Borsa Italiana for admission to the trading of its financial instruments on the EXM. On 6 June 2019, the Board of Directors updated this procedure in light of the changes in applicable legislation and the revision to the Bank’s organisational and business structure. The same Board meeting combined the Insider Information Procedure with the Procedure for Managing the List of Persons Having Access to Insider Information. The most recent revision of the Insider Information Procedure, effective from 27 January 2023, was made to fine-tune certain processes.

6.2 Insider List

At its meeting of 12 November 2018, the Board of Directors resolved to approve the “Procedure for Managing the List of Persons Having Access to Insider Information” (the “**Procedure for Managing the Group List**”) on the drawing up and management of a list of persons having access to insider information as per article 18 of the Market Abuse Regulation, with effect from the date on which the Company filed its application for admission to the trading of its financial instruments on the EXM. As stated above, following the resolution adopted by the Board of Directors on 6 June 2019, the Procedure for Managing the Group List (the “**Insider List**”) was fully incorporated into the Insider Information Procedure.

The Insider List is held and updated by the Bank’s Legal & Corporate Affairs structure which, following the outcome of the process to assess insider information described in chapter 5 of the Insider Information Procedure, enters the names of all the persons who have gained possession of the relative insider information on illimity.

More specifically, in the second quarter of 2023 the Bank implemented specific «InsiderLog» software for the operational management of the Relevant Information List and the Insider List. This was supplied by Euronext (Borsa Italiana) and is administered by the Legal & Corporate Affairs structure.

The Legal & Corporate Affairs structure prepares a periodic report to the Board of Directors containing summarised details of the activities performed during period in question to manage the Relevant Information List and the Insider List.

6.3 Managers’ Transactions / Internal Dealing

At its meeting of 12 November 2018, the Board of Directors resolved to approve the “*Procedure for Implementing the Managers’ Transactions Requirements*” regarding the management of the disclosure requirements resulting from the insider dealing provisions included in article 19 of the Market Abuse Regulation, with effect from the date on which the Company filed the application for admission to the trading of its financial instruments on the EXM. This procedure, then called the “Internal Dealing Procedure”, underwent two significant revisions in 2019. The first, by way of the resolution approved by the Board of Directors on 6 June 2019, took into consideration changes in the relevant legislative framework and the Bank’s revised organisational and business structure. The latest and current version, approved by the Chief Executive Officer on 15 November 2019, incorporated the new Group perimeter.

7. INTERNAL BOARD COMMITTEES

illimity's governance structure envisages six committees, including the Audit and Internal Control Committee appointed by the Shareholders' Meeting (see paragraph 13) as well as the committees appointed by the Board of Directors, described in detail in the following.

The Board of Directors currently in office has approved the creation of the Nomination Committee, the Remuneration Committee, the Related Party Transactions Committee, the Sustainability Committee and the Risks Committee, in accordance with the rules and regulations for listed companies and the Bank of Italy's Supervisory Provisions.

The composition of the Committees was most recently established at the board meeting of 28 April 2022, following the appointment of the new management body by the Shareholders' Meeting. In establishing the composition of the Committees, the Board took into consideration the acquired experience and skills of each director, in all cases avoiding a concentration of positions.

At the date of this Report, these Committees have been allocated a budget for performing the duties assigned to them. In general, it is envisaged that these Committees will usually use the Bank's means and corporate structures for discharging their duties. Committees may use the services of consultants and advisors when they believe it appropriate, proposing a supplement to their respective budgets to the Board.

No committee has been set up that performs the role of two or more committees provided in the Corporate Governance Code nor have the functions of the Committees set up been distributed in a way that differs from that recommended by such Code.

The regulations of such committees were approved by the Board of Directors at its meeting of 28 April 2022 and further updated at the end of 2022 and the beginning of 2023 with the aim of including certain refinements arising from the new governance structure created on the adoption of the one-tier model.

8. SELF-EVALUATION AND SUCCESSION OF THE DIRECTORS – NOMINATION COMMITTEE

8.1 Self-evaluation and succession of the directors

In accordance with the supervisory provisions for banks on corporate governance contained in Title IV, Chapter 1 of Circular 285, the requirements of the Board of Directors' Regulation and the Code of Corporate Governance (article 4, Recommendation 19a), the Bank carries out an annual self-evaluation process on the composition and functioning of the Board, the committees appointed by the Board and the Audit and Internal Control Committee.

The evaluation process for 2023 was carried out between the end of 2023 and the beginning of 2024 and was conducted, without the use of third party advisors, on the basis of a questionnaire drawn up by the Legal & Corporate Affairs structure under the supervision of the Chair. The questionnaire was sent online to all the directors and was carefully structured to ensure the receipt of both qualitative and quantitative assessments on the composition of the Board of Directors. The results were firstly reviewed by the Nomination Committee and then approved by the Board of Directors at its meeting of 22 February 2024.

Taken overall the evaluation indicates the adequacy of the Board of Directors in terms of qualitative and quantitative composition and the way the body functions. In the same way, the organisation of the board committees was considered adequate in terms of composition and the way they work.

There are few areas where there is a margin for improvement and these relate to the timing for making the documentation supporting Board discussions available, a matter that would also facilitate the organisation and conduct of the meetings of the Corporate Bodies.

As already extensively noted, at its meeting of 24 February 2023, the Board of Directors also agreed to confirm in substance the contents of the Orientation of February 2022 (as confirmed in February 2023), integrating the matrix of the professional skills the management body must possess as a whole with specific ESG expertise, in order to further stress the importance that this matter holds in the governance of the Bank and the Group, also following the approval of the 2023-2025 Sustainability Plan.

Lastly, it is noted that the Board of Directors has formalised a succession plan by approving, at its meeting on 22 December 2021, a "Corporate Officer Succession Planning Policy". Taking into consideration the specific fit and proper requirements set forth in applicable laws and regulations, this policy establishes the emergency plan for the renewal of top management in the event of a theoretical and unplanned need for replacement. With reference to the termination of office at the end of the natural term of Board members, the policy sets out a process for determining and submitting a list of candidates involving the Chair, the Chief Executive Officer and the Nomination Committee, pursuant to the applicable *pro tempore* Bylaws (only for Group entities for which the mechanism for appointing members by way of the list vote applies, as governed by the TUF). The policy provides that the process for determining the candidates must also take into account the requirements of the *pro tempore* document on the above-mentioned "*Orientation of the Board of Directors of illimity Bank S.p.A. on the optimum qualitative and quantitative composition of the Board*".

The Bylaws provide for the possibility for the Board of Directors to determine and approve a list of candidates for the position as director with the preliminary support of the Nomination Committee, as well as that of the Chair and the Chief Executive Officer, to the extent of their competence, in accordance with applicable *pro tempore* primary, regulatory and supervisory legislation, to which the Bank's bodies make reference. In

respect of the latter, it is recalled that in view of the adoption of the new governance model and the resulting appointment of the corporate bodies, at its meeting of 25 February 2022 the Board of Directors approved, and made available to the public at the same date, a specific *“Procedure for the submission by the Board of Directors of a list of candidates for the renewal of the corporate bodies”*, in line with the requirements of Consob in its Matters for Attention no. 1/22 of 21 January 2022.

In addition, in compliance with the requirements of the *“Policy for Managing Dialogue with Shareholders”*, as part of the process for drawing up a list of candidates discussions may also be held between the Chair of the Board of Directors, the Chair of the Nomination Committee and/or the Chief Executive Officer and the major shareholders on the renewal of the corporate bodies (both in the case of co-opting a director and in the case of proposals for appointment by the Shareholders’ Meeting), in accordance with best market practice and applicable laws and regulations.

For the purpose of drawing up the list of candidates, the Nomination Committee and/or the Board may, if considered appropriate, request the support of independent third party advisors.

The process, which is initiated on a timely basis by the Chair on the approach of the end of the natural term of the directors’ terms in office, or whenever the conditions exist, must be completed within a time period sufficient to enable suitable publicity of the list of candidates for the Board, in view of the Shareholders’ Meeting called to elect its members and as also required by the applicable *pro tempore* Bylaws.

8.2 Nomination Committee

Following the appointment of the management body by the Shareholders’ Meeting of 28 April 2022, at the same date the Board meeting appointed the members of the Nomination Committee, which consists of 3 members, all independent, pursuant to the laws and regulations applicable to the Bank and the Corporate Governance Code.

First and last name	Position	Independent\Non-executive
Marcello Valenti	Chair	Independent and non-executive
Rosalba Casiraghi	Member	Independent and non-executive
Giovanni Majnoni d’Intignano	Member	Independent and non-executive

Reference should be made to Table 2 for further details on the composition of the Nomination Committee throughout the year.

The Nomination Committee met on 2 occasions during the year, duly minuted (the number of meetings attended by each individual member can be found in Table 2). The average duration of meetings of the Nomination Committee was approximately 1 hour and 5 minutes with an average attendance of 100%.

Pursuant to article 5 of the Regulation of the Nomination Committee, the Chair of the Audit and Internal Control Committee or another member of the AICC that he or she delegates is invited to attend meetings

In addition, the Chair of the Board of Directors – who is already a member of the Nomination Committee – the Chief Executive Officer and the Secretary to the Board are always invited to attend Committee meetings.

Pursuant to the Regulation, the Chief Executive Officer and the Company's managers, as well as other persons, may also be invited to attend meetings of the Nomination Committee, for all or only some of the matters on the agenda, for the purpose of providing, at the request of the Chair of the Committee (on behalf of the Committee as a whole), the information and/or assessments of their competence referring to single matters on the agenda.

The Nomination Committee provides support to the Board of Directors, in accordance with current supervisory legislation and with the applicable provisions of laws, regulations, the self-regulations of the Bylaws and corporate governance self-regulations, on the following activities, governed by the above-mentioned set of rules and regulations, as well as on corporate governance matters to the extent of its responsibility (also coordinating with the Sustainability Committee):

- appointment and co-optation of directors, also consistent with the applicable *“Succession Planning Policy and the Procedure for the submission by the Board of Directors of a list of candidates for the renewal of the corporate bodies”*;
- appointment of the members of the board committees;
- establishment of the optimum composition of the corporate bodies and the board committees;
- self-evaluation of the corporate bodies, also providing opinions on the qualitative and quantitative composition of the Board of Directors as well as on the characteristics of the professional figures whose presence on the Board is considered appropriate and on the expertise, experience, know-how and skills in relation, amongst other things, to the areas relative to risk management, internal controls and compliance, strategic planning and remuneration policies with which the directors must be equipped to be able to assess the Bank's activities with respect to the main connected risks;
- verification of the conditions and requirements set forth in article 26 of the TUB and the relative implementation regulations, in particular Decree no. 169/2020 of the Ministry for the Economy and Finance (*“DM 169/2020”*), and interlocking matters;
- establishment of guidelines and criteria concerning the maximum number of positions that may be held as directors and statutory auditors in other companies, without prejudice to the limits set out in Directive 2013/36/EU (*“CRD IV”*) and DM 169/2020;
- establishment of succession plans for the senior positions in the executive;
- designation of the members of the corporate bodies and of top management by the Bank in *“major”* subsidiaries and significant joint ventures.

In the performance of its duties, the Nomination Committee has the right to access the necessary company information and functions for performing its duties, as well as to avail itself of external advisers.

9. DIRECTORS' REMUNERATION – REMUNERATION COMMITTEE

9.1 Directors' Remuneration

Reference should be made to the Remuneration Report prepared pursuant to article 123-ter of the TUF and article 84-quater of the Issuers' Regulation and made available to the public within the time period and by the means required by law.

9.2 Remuneration Committee

Following the appointment of the management body by the Shareholders' Meeting of 28 April 2022, at the same date the Board meeting appointed the members of the Remuneration Committee, which consists of 3 members, the majority of whom Independent Directors, pursuant to the laws and regulations applicable to the Bank and the Corporate Governance Code.

The Board also stated its belief that at least one member of the Remuneration Committee has suitable knowledge and experience on financial matters or remuneration policies, as contemplated by Recommendation 26 of the Corporate Governance Code.

The following table sets out the composition of the Remuneration Committee.

First and last name	Position	Independent\Non-executive
Paola Elisabetta Galbiati	Chair	Independent and non-executive
Francesca Lanza	Member	Independent and non-executive
Marcello Valenti	Member	Independent and non-executive

Reference should be made to Table 2 for further details on the composition of the Remuneration Committee throughout 2023.

The Remuneration Committee met on 7 occasions in 2022, duly minuted (the number of meetings attended by each individual member can be found in Table 2). The average duration of meetings of the Remuneration Committee was approximately 1 hour and 30 minutes with an average attendance of 95%.

The Chair of the AICC or another member of the AICC that he or she delegates is invited to attend meetings, apart from the case in which coordination between the two bodies is ensured, *inter alia*, by the fact that another member of the AICC has been appointed as a member of the Remuneration Committee.

The Chair of the Board of Directors, the Secretary to the Board and the Chief Risk Officer are always invited to attend Committee meetings.

Pursuant to the Regulation, the Chief Executive Officer and the Company's managers, as well as other persons, including members of the Board of Directors, may also be invited to attend meetings of the Remuneration Committee, for all or only some of the matters on the agenda, for the purpose of providing, at the request of the Chair of the Committee (on behalf of the Committee as a whole), the information and/or assessments for which they are competent referring to single matters on the agenda.

The Chief Human Resources & Organization Officer participates actively in committee meetings.

The Remuneration Committee is a propositional and advisory body with its main duty being to draw up proposals on compensation and remuneration policies and submit these to the Board of Directors.

More specifically, in accordance with Circular 285, as well as the above-mentioned regulation, the Remuneration Committee:

- a) draws up proposals for the Board of Directors on the remuneration policy of the Bank, including the remuneration of the members of the corporate bodies (in compliance with the provisions of applicable law), and of the Group;
- b) draws up proposals for the Board of Directors on the fixed remuneration of the Chief Executive Officer and other directors vested with specific duties in compliance with the Bylaws and provisions of law;
- c) draws up proposals for the Board of Directors on the short- and long-term variable remuneration of the Chief Executive Officer as well as the performance objectives to which such variable remuneration is linked;
- d) draws up proposals or expresses opinions for the Board of Directors on the process of identifying Material Risk Takers (including any exclusions) and the fixed remuneration and variable remuneration (by way of example severance, goal setting & appraisal, bonus pool, etc.) of Executives with Strategic Responsibilities, meaning by this the heads of the main business lines, business functions or geographical areas who report directly to the bodies with strategic supervision, management and control functions, as well as the heads of business control functions and the Financial Reporting Officer, with the support, where envisaged, of the Risks Committee, the Audit and Internal Control Committee and the Related Party Transactions Committee, pursuant to the applicable internal rules on decision-making governance for remuneration processes;
- e) draws up proposals for the Board of Directors on the Bank's incentive plans, in particular those based on financial instruments;
- f) directly oversees the proper application of the rules on the remuneration of the heads of business control functions, in close collaboration with the AICC;
- g) also availing itself of the information received from the competent business functions, monitors the application of the remuneration policy in practice and expresses its opinion on whether the performance objectives to which the incentive plans are linked have been met, and if so to what extent, and on an assessment of the other conditions set for paying compensation;
- h) assesses on a periodic basis the suitability and overall consistency of the remuneration policy for the directors, control body and Executives with Strategic Responsibilities;
- i) deals with the preparation of the documentation to be submitted to the Board of Directors for the relative decisions with reference to matters for which it has proposing functions;
- j) collaborates with other Committees, in particular with the Sustainability Committee, on integrating ESG objectives into the incentive systems, and with the Risks Committee on verifying that the incentives underlying the remuneration and incentive systems are consistent with the Risk Appetite Framework (RAF);

- k) ensures the involvement of the competent business functions in the process of drafting and checking the remuneration and incentive policies and practices;
- l) supports the Board of Directors, in collaboration with the Sustainability Committee, in analysing the gender neutrality of remuneration policies and in checking the gender pay gap and its evolution over time;
- m) provides suitable feedback on its work to the Board of Directors, the Audit and Internal Control Committee and the Shareholders' Meeting.

In performing its duties, the Remuneration Committee has the right to access the information and the business functions required in this respect as well as to avail itself of the services of external consultants.

It is also noted that pursuant to article 123-ter of the TUF and article 84-quater of the Issuers' Regulation, the Company prepares a Remuneration Report on an annual basis. In this regard, it is recalled that the Board, with the support of the Remuneration Committee, has performed a series of considerations and detailed analyses on the incentive strategy, and at its meeting of 21 June 2021 resolved to submit a proposal to the Shareholders' Meeting for the adoption of a new Long-Term Incentive Plan (the "**LTI Plan**") for the period 2021-2025, linked to the objectives set out in the new Strategic Plan and designed to strengthen the alignment of the interests of Top Management with those of the stakeholders of the Bank and the Group, incentivising them to achieve the Bank's long-term objectives and additionally fostering retention. The LTI Plan was, therefore, approved by the Shareholders' Meeting on 15 December 2021. Further details of this can be found in the documentation on the Bank's website.

10. RELATED PARTY TRANSACTIONS COMMITTEE

On 28 April 2022 illimity's Board of Directors appointed the members of the Related Party Transactions Committee, which consists of 3 Independent Directors, pursuant to the laws and regulations applicable to the Bank.

The following table sets out the composition of the Related Party Transactions Committee.

First and last name	Position	Independent\Non-executive
Giovanni Majnoni d'Intignano	Chair	Independent and non-executive
Nadia Fontana	Member	Independent and non-executive
Paola Elisabetta Galbiati	Member	Independent and non-executive

Reference should be made to Table 2 for further details on the composition of the Related Party Transactions Committee throughout the year.

The Related Party Transactions Committee met on 7 occasions in the year ended 31 December 2023, duly minuted (the number of meetings attended by each individual member can be found in Table 2). The average duration of meetings of the Related Party Transactions Committee was 50 minutes with an average attendance of 100%.

Pursuant to the Regulation, the Chair of the AICC or other member of the AICC that he or she delegates, is invited to attend meetings of the Committee apart from the case - which occurs in the situation in question - in which coordination between the two bodies is ensured, *inter alia*, by the fact that another member of the AICC has been appointed as a member of the Related Party Transactions Committee.

The Chair of the Board of Directors and the Secretary to the Board are always invited to attend Committee meetings.

Pursuant to the Regulation, the Chief Executive Officer and the Company's managers, as well as other persons, including members of the Board of Directors, may also be invited to attend meetings of the Related Party Transactions Committee, for all or only some of the matters on the agenda, for the purpose of providing, at the request of the Chair of the Committee (on behalf of the Committee as a whole) the information and/or assessments for which they are competent referring to single matters on the agenda.

The Chief Compliance & AFC Officer and General Counsel participate actively at committee meetings.

The Related Party Transactions Committee performs the activities and duties assigned to it by the "*Regulation for the management of transactions with parties within the Bank's Combined Perimeter and operations of personal interest*" (the "**OPC Procedure**"), revised in May 2021 (and renamed the "*Policy on Transactions with parties within the illimity Bank Group's Combined Perimeter*") to formally incorporate the new provisions introduced into the regulations of the Bank of Italy and Consob. The OPC Procedure was most recently revised in March 2022.

More specifically, the Related Party Transactions Committee:

- assesses the transactions of greater and lesser importance – as defined by the OPC Policy applicable from time to time - carried out by the Bank and not forming part of the exempted cases established by the

OPC Policy, issuing a reasoned opinion in writing (which is then attached to the minutes of the Committee meeting) on the Bank's interest in performing the transaction as well as on the economic convenience of the transaction and the substantial correctness of the conditions applied;

- issues one of the following opinions on completion of its verification as to whether the transaction is in the company's interest and is economically convenient and as to whether its conditions are substantially correct (binding only in case of material transactions):
 - a) "favourable", if the above requirements hold and accordingly the transaction is agreed;
 - b) "subject to findings", if it is agreed to proceed with the transaction as a whole but the above-mentioned requirements are dependent on certain conditions described in detail in the opinion; or
 - c) "negative", if it is not agreed to proceed with the transaction as the mentioned requirements are not satisfied,

without prejudice to the fact that in the situations described at point c), in case of a material transaction as defined in the OPC Policy, the transaction, if approved by the Bank's Board of Directors, may only proceed with the prior authorisation of the Bank's Shareholders' Meeting, which, pursuant to the Bylaws, adopts resolutions with the majorities envisaged by the law and the OPC Policy;

- assesses the operations of greatest importance – as defined pursuant to the applicable OPC Policy – carried out by subsidiaries – other than framework resolutions, without prejudice to the application of the cases of exemption envisaged by the OPC Policy;
- on a quarterly basis monitors the transactions carried out, including those of an ordinary, non-material nature that are concluded at arm's length or standard conditions, which are subject to periodic reporting;
- on at least a six-monthly basis monitors the transactions carried out on the basis of framework resolutions to ensure that these have been undertaken on the basis of rules complying with applicable supervisory provisions;
- on at least a quarterly basis receives, as part of periodic reporting, a list of the exempted transactions, with an indications of the assumptions on the basis of which one of the exemptions permitted by the OPC Policy is considered applicable;
- assesses, supports and proposes – also in coordination with the Risks Committee – on matters regarding the organisation and performance of internal controls on the overall activity of assuming and managing risks vis-à-vis third parties and associated persons, ensuring the consistency of the activity carried out with strategic and operational guidelines;
- on matters concerning the remuneration of directors and directors vested with specific duties as well as other Executives with Strategic Responsibilities, becomes involved within the meaning of the OPC Policy in relative resolutions – other than resolutions of the Shareholders' Meeting regarding the compensation due to members of the Board of Directors and resolutions on the remuneration of directors vested with specific duties forming part of the overall total determined in advance by the Shareholders' Meeting pursuant to article 2389, paragraph 3 of the Italian civil code – in case of non-compliance with the requirements of article 13, paragraph 3b) of the Consob Regulation (and namely that (i) the Bank has adopted a remuneration policy approved by the Shareholders' Meeting; (ii) in drawing up the remuneration policy a committee consisting solely of non-executive directors of whom the majority

independent has been involved; (iii) the remuneration awarded is identified in accordance with such policy and quantified on the basis of criteria that do not involve discretionary assessments).

Without prejudice to the Board of Directors' responsibility for adopting resolutions, in case of transactions with relevant persons pursuant to article 136 of Legislative Decree no. 385/1993, the Committee issues a non-binding opinion on such transactions, additionally reporting any shortcomings or inadequacies found in the information transmitted by the competent functions.

11. SUSTAINABILITY COMMITTEE

On 28 April 2022 illimity's Board of Directors appointed the members of the Sustainability Committee, which consists of 4 directors, the majority of whom Independent Directors, pursuant to the laws and regulations applicable to the Bank and the Corporate Governance Code.

The following table sets out the composition of the Sustainability Committee.

First and last name	Position	Independent\Non-executive
Rosalba Casiraghi	Chair	Independent and non-executive
Massimo Brambilla	Member	Independent and non-executive
Patrizia Canziani	Member	Independent and non-executive
Elena Cialliè	Member	Independent and non-executive

Reference should be made to Table 2 for further details on the composition of the Sustainability Committee throughout 2023.

The Sustainability Committee met on 9 occasions during the year, duly minuted (the number of meetings attended by each individual member can be found in Table 2). The average duration of meetings of the Sustainability Committee was approximately 1 hour and 50 minutes with an average attendance of 100%.

The Chair of the AICC, or another member that he or she delegates, is invited to attend meetings of the Committee.

The Chair of the Board of Directors – who already is a member of the Sustainability Committee – the Chief Executive Officer, the Secretary to the Board, the CFO and the head of the structure dealing with sustainability are invited to attend all the meetings of the Committee, and for all the matters on the agenda are always invited to attend Committee meetings.

Pursuant to the Regulation, the Company's managers, as well as other persons, including members of the Board of Directors, may also be invited to attend meetings of the Sustainability Committee, for all or only some of the matters on the agenda, for the purpose of providing, at the request of the Chair of the Committee (on behalf of the Committee as a whole) the information and/or assessments for which they are competent referring to single matters on the agenda.

The Board of Directors has assigned the main duty to the Sustainability Committee of assisting the Board with investigatory functions of a propositional and advisory nature in assessing decisions relating to sustainability (ESG - Environmental, Social and Governance) and technological and artificial intelligence matters and, for the purpose of seeking sustainable success, the business plan of the Bank and the Group, as well as on corporate governance matters to the extent of its responsibility:

- a) to draw up proposals for the annual objectives and goals that need to be reached in order to build sustainability into the activity of the Bank and the Banking Group, and monitor their implementation over time, for the purpose of seeking sustainable success, providing support to the Board of Directors in preparing and/or revising the strategic plan;

- b) to foster a sustainability culture in the Bank and the companies of the Banking Group;
- c) to draw up, as support to the Board of Directors, coordinating with the Nomination Committee, any proposals on corporate governance matters, to the extent of its competence – including diversity, equity and inclusion policies also for the purpose of guidelines on the collegiate composition of the corporate bodies – seeking to determine the corporate governance system most functional to performing Group activities and pursuing its strategies;
- d) to examine and assess the Group’s sustainability initiatives, also in relation to single projects;
- e) to examine the general layout of the main documents on information required by applicable laws and regulations that represent and communicate the Bank’s commitment on sustainability issues;
- f) to examine and assess, coordinating with the Risks Committee, technological innovation initiatives and artificial intelligence applications in business processes;
- g) to express an opinion on remuneration matters where envisaged by the applicable “Governance Matrix on Remuneration Processes”;
- h) for the Bank and the Group companies involved, to express an opinion, coordinating with the Risks Committee, on the integration of climate and environmental risks and their assessment and management in the culture and in the business strategy, as well as in the processes and in the propensity and in the limits of risk, and in the information provided to the Supervisory Authorities and the market regarding exposure to climate and environmental risks, which reports the Group’s positioning in the transition to a more sustainable economy to all the stakeholders. To additionally assess, again coordinating with the Risks Committee, trends in the exposure to climate and environmental risks and their management;
- i) to examine and assess the management of the social effects of the Group’s internal and external activities;
- j) to examine internal rules and regulations of the Bank and of the Group that have importance for environmental, governance and social issues and/or with respect to the shareholders and key stakeholders and draw up suggestions and observations in this regard for the Board of Directors and the company/companies concerned;
- k) to follow the evolution of sustainability issues, also in light of international guidelines and principles on the matter, as well as legislative and regulatory changes, reporting to the Board of Directors at least on an annual basis.

12. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM – RISKS COMMITTEE

12.2 Chief Executive Officer

As stated in paragraph 5.6, the Chief Executive Officer, Corrado Passera, is in charge of setting up and maintaining the internal and risk management system (Recommendation 32b) of the Corporate Governance Code).

In addition, the Bank's Board of Directors has confirmed the appointment of the Chief Executive Officer as the director entrusted with the internal control and risk management system. The following duties are assigned in this respect. The Chief Executive Officer:

- identifies the main business risks, taking into account the characteristics of the activities performed by the Issuer and its subsidiaries, and submits them on a periodic basis for the review of the Board of Directors;
- implements the guidelines established by the Board of Directors, dealing with the design, creation and management of the internal control and risk management system and constantly ensuring its adequacy and efficacy;
- deals with the adaptation of such system to the dynamics of operating conditions and the legislative and regulatory framework;
- can request the Internal Audit function to perform audit procedures on specific operating areas and compliance with internal rules and procedures in the performance of business operations, at the same time notifying the Chair of the Board of Directors, the Chair of the Risks Committee and the Chair of the Audit and Internal Control Committee of this;
- reports on a timely basis to the Risks Committee and the Board of Directors on any issues and critical matters that may have emerged in performing his/her duties, or of which he or she may in any case have had news, so that the Committee and the Board may take the appropriate initiatives;
- establishes the organisational structure of the ICT function in line with the strategic guideline, guaranteeing its quantitative and qualitative sizing; establishes the organisational, methodological and procedural framework for the process of analysing ICT risk and approves the design of the management processes of the information system; in addition, he or she assesses at least on an annual basis (A) the performance of the ICT function compared to the strategies and objectives set, taking the appropriate measures and initiatives to improve it, and (B) the risk of critical items (including residual resource risk, control implementation, evolution of recorded threats and incidents) as well as the report on the adequacy and costs of the ICT services, informing the delegated bodies as to the adequacy and costs of services at least on an annual basis;
- approves the data governance standards and the procedures for the management of changes and incidents; and additionally approves the operating plan for ICT initiatives.

12.3 Risks Committee

Following the appointment of the management body by the Shareholders' Meeting of 28 April 2022, the meeting of the Board of Directors held at the same date appointed the members of the Risks Committee,

which consists of 4 Independent Directors pursuant to the laws and regulations applicable to the Bank and the Corporate Governance Code.

In accordance with Recommendation 35 of the Corporate Governance Code, the Board also ensured that at least one member of the Risks Committee has suitable accounting and financial or risk management experience

The following table sets out the composition of the Risks Committee.

First and last name	Position	Independent\Non- executive
Elena Ciallié	Chair	Independent and non-executive
Filippo Annunziata	Member	Independent and non-executive
Patrizia Canziani	Member	Independent and non-executive
Stefano Caringi	Member	Independent and non-executive

Reference should be made to Table 2 for further details on the composition of the Risks Committee throughout 2023.

The Risks Committee met on 22 occasions during the year, duly minuted (the number of meetings attended by each individual member can be found in Table 2). The average duration of meetings of the Risks Committee was approximately 3 hour and 30 minutes with an average attendance of 94%.

The Chair of the AICC or another member of the AICC that he or she delegates is invited to attend meetings and for all the matters on the agenda, apart from the case - which occurs in the situation in question – in which coordination between the two bodies is ensured, *inter alia*, by the fact that another member of the AICC has been appointed as a member of the Risks Committee.

The Chair of the Board of Directors, the Chief Executive Officer and the Secretary to the Board are always invited to attend Committee meetings.

Pursuant to the Regulation, the Chief Executive Officer and the Company's managers, as well as other persons, including members of the Board of Directors, may also be invited to attend meetings of the Risks Committee, for all or only some of the matters on the agenda, for the purpose of providing, at the request of the Chair of the Committee (on behalf of the Committee as a whole), the information and/or assessments of their competence referring to single matters on the agenda.

The Chief Risk Officer, the Chief Compliance & AFC Officer and the Head of Internal Audit participate actively at Committee meetings, and in accordance with the Regulation may also propose specific matters for inclusion on agenda and/or the provision of information which they believe appropriate for submission to the Committee for examination.

The Committee performs support functions for the Board of Directors on matters regarding risks and the internal control system so that the Board may arrive at a precise and effective determination of the RAF ("Risk Appetite Framework") and risk management policies. In order to perform its duties the Risks Committee may also avail itself of the information shared with it by the AICC and the other Board

committees, in order to maximise the efficiency of the internal control and management system and reduce any duplication. The Risks Committee and the AICC exchange information of mutual interest on a timely basis and, where appropriate, work in conjunction to perform their respective duties.

The Board additionally assigned to the Risks Committee, in collaboration with the Sustainability Committee, the task of examining and assessing the use of technological innovation initiatives and artificial intelligence applications in business processes.

In particular, in accordance with the provisions of Circular 285, the Committee:

- identifies and proposes to the Board, in coordination with the AICC, also availing itself of the contribution of the Nomination Committee, the heads of the business control functions to be appointed and expresses its opinion, again in coordination with the AICC, on the possible removal of such;
- examines in advance the work programmes (including audit plans in coordination with the AICC) and the periodic reports of the business control functions addressed to the Board;
- in coordination with the AICC draws up valuations and issues opinions for the Board as to the extent of compliance of the principles to which the internal control and business organisation system must be aligned and the requirements that must be met by the business control functions, bringing to the attention of the Board any profiles subject to possible corrective steps or improvements and the resulting recommended action; to this end it assesses the proposals of the Chief Executive Officer;
- contributes, by means of valuations and opinions, to the determination of the Company's policy on outsourcing the business control functions;
- performs a preliminary examination of the measures with a significant impact added to internal regulations that lead to an increase in the nature or level of the risks to which the illimity Bank S.p.A. Group is exposed;
- ensures that the business control functions properly comply with the recommendations and guidelines of the Board of Directors and assists the latter in drawing up the coordination document required by Title IV, Chapter 3 of Circular 285.

With particular reference to risk management and control duties, the Committee also performs the following functions:

A. provides support functions to the Board of Directors:

- in determining and approving the strategic guidelines and risk management policies. As part of the RAF, the Committee performs activities of an evaluation and propositional nature required by the Board of Directors for establishing and approving risk appetite and risk tolerance;
- in ensuring the proper implementation of strategies, risk management policies and the RAF;
- in establishing policies and processes for evaluating the risk levels of business activities (products, services and processes), including checks that the price and conditions of transactions performed with customers are consistent with the business model and risk strategies;

B. ensures, without prejudice to the matters for which the Remuneration Committee is responsible, that the incentives underlying the remuneration and incentive system are consistent with the RAF, considering in particular risks, capital and liquidity;

- C. expresses opinions to the Board of Directors on remuneration matters regarding the heads of business control functions in line with the applicable internal rules on the governance of remuneration processes;
- D. for the Bank and the Group companies involved, expresses an opinion, coordinating with the Sustainability Committee, on the integration of climate and environmental risks and their assessment and management in the culture, in the business strategy and in technological and artificial intelligence applications, as well as in the processes and in the propensity to and limits of risk, and in the information provided to the Supervisory Authorities and the market regarding exposure to climate and environmental risks. In addition, it assesses trends, again coordinating with the Sustainability Committee, in the exposure to climate and environmental risks and their management;

In performing its duties, the Risks Committee has the right to access the necessary business information and functions for carrying out such duties, as well as to avail itself of external advisers.

12.4 Internal control and risk management system

The Bank has a detailed Risk Management Process that operates as a model of reference in organisational and process development and in the systematic performance of all the operating and business activities that have been put in place – be these of an ordinary nature or a non-systematic or contingent character. The latter, consistent with the assigned mission and with the strategies and objectives pursued, lead to the assumption and respective management on a constant basis of the risks, so as to contribute to a sustainable value creation process, at the same time ensuring regulatory compliance and envisaging, among other things, a coordinated deployment of human resources, technologies and methodologies on the basis of a complex internal system of rules and regulations that establishes the structure of management controls, the policies (rules, authorisations, objectives and limits of risk management for the various operating and business areas) and the processes into which the activity is detailed, including control activities.

In turn, in accordance with *pro tempore* applicable laws and regulations, the internal control system is structured on various levels to which the Bank's corporate bodies and personnel contribute. As far as concerns the involvement of the corporate bodies, these have the primary responsibility for ensuring the completeness, the suitability, the functionality and the reliability of the system of controls. The objectives of the internal controls have been designed to ensure full compliance with applicable regulatory provisions, with particular reference to Circular 285 and the latest orientations and guidelines of a European nature (e.g. the EBA Guidelines on Internal Governance).

As far as concerns the adequacy and efficiency of the internal control and risk management system, after obtaining the opinion of the Director in charge and reviewing the contents of the half-yearly reports, to the extent of their responsibility, of the Risks Committee and of the Audit and Internal Control Committee meeting jointly on 20 February 2024, as well as acknowledging the assessments of the Internal Audit function expressed in its annual report as of 31 December 2023 (submitted to the Board on 8 February 2024), in which it concluded there is adequate control of the risks underlying business processes, with the existence of marginal room for improvement that does not jeopardise the illimity Group's operations, the Board of Directors confirmed that there is adequate and effective oversight of the internal control and risk management system.

The internal control system as a whole, is therefore subdivided into:

- **line controls** ("**first level controls**"), whose aim is to ensure that operations are properly performed.

These are carried out by the operating structures themselves (e.g. hierarchical and systematic controls and controls by sampling), also by way of units dedicated exclusively to control tasks, which report to the heads of operating structures, or are performed exclusively in the back office environment; to the extent possible, they are built into ICT procedures. The operating structures have the prime responsibility for the risk management process: in day-to-day operations these structures must identify, measure or evaluate, monitor, implement and report the risks deriving from ordinary business activities in accordance with the risk management process; and they must comply with the operating limits assigned to them, consistent with the risk objectives and with the procedures into which the risk management process is detailed;

- **risk and compliance controls (“second level controls”)**, which have the objective of ensuring, among other things, that:
 - a) the risk management process is being properly implemented
 - b) the operating limits assigned to the various functions are complied with;
 - c) business operations comply with laws and regulations, including self-regulation rules.

The functions in charge of these controls are segregated from the production functions; they contribute to the determination of risk management policies and the risk management process;

- **internal audit (“third level controls”)**, which aim to identify breaches of the procedures and rules and regulations as well as to regularly assess the completeness, adequacy, functionality (in terms of efficiency and effectiveness) and reliability of the internal control system and the ICT system (ICT audit), with a frequency set on the basis of the nature and intensity of the risks.

Internal Audit informs the Chief Risk Officer and the Chief Compliance & AFC Officer as to any inefficiencies, weaknesses or irregularities emerging from the procedures for which they are responsible. In addition, a coordinating meeting of illimity’s control functions is held on a quarterly basis at which the respective activity plans are agreed and the corresponding matters regarding the entities of the Group are shared.

As parent company, the Bank’s **Board of Directors** has the fundamental role in managing and controlling risks, this being the body that establishes the strategic guidelines and risk objectives and limits, approves and revised risk management policies and assesses the degree of efficiency and adequacy of the Internal Control System. The Board uses the services of the Risks Committee, the Audit and Internal Control Committee and the Steering Committee for carrying out enquiries and providing advice regarding the monitoring of the management of business risks. In collaboration with the Chief Executive Officer, it additionally looks after the implementation of strategic direction and the implementation of the Risk Appetite Framework (“RAF”) and the risk management policies. On a preventive basis, it is required to approve the action plans of the Business Control Functions (Risk Management, Compliance and Internal Audit) and Anti Money-Laundering Function.

Consistent with best national and international corporate governance practice, the parent company annually recommends the performance of a self-evaluation looked after by the management of the various entities with the coordination of a facilitator (Internal Audit Department). The heads of Area/Unit of each Group entity, with the assistance of collaborators directly involved in performing their respective duties in business operations, express their perception by assessing certain areas of the internal control system such as: i) the completeness and clarity of the set of internal rules and regulations, ii) the adequacy of the ICT tools available to support operations, iii) the suitability of the control activities aiming to foster the effective and efficient

performance of operations, the reliability of the information produced and the compliance of the operations performed with applicable laws and regulations. The results arising from this self-evaluation process are then submitted to the corporate bodies and to the management of each Group entity.

The **Audit and Internal Control Committee** supervises the adequacy and practical functioning of the Company's organisational structure and internal control system, and supports the Board in establishing the directional lines of the internal control and risk management system, consistent with the Bank's strategies, and in assessing, on at least an annual basis, the adequacy of this system for the Bank's characteristics and assumed risk profile, as well as its effectiveness.

The **Chief Risk Officer** supervises "second level" control activities (excluding the areas for which the Chief Compliance & AFC Officer is responsible) as the risk management function, ensuring, through the support of the technical functions concerned, constant control over the risks assumed by the Group, governing the process of identification, analysis, modelling, assessment and measurement, control and reporting.

The **Chief Compliance & AFC Officer**, as the "second level" control function, oversees compliance with laws and regulations, with a view to preventing, managing and mitigating the risk of incurring judicial or administrative penalties, significant financial losses or reputational damage arising from breaches of imperative laws and regulations or self-regulation requirements as well as with a view to prevent money-laundering risk, terrorist financing and breaches of financial sanctions. In addition, the Chief Compliance & AFC Officer discharges the Group's controls on matters regarding the processing of personal data in support of the Data Protection Officer, identified in compliance with applicable laws and regulations in the person of the Chief Compliance & AFC Officer.

The **Internal Audit** Department oversees "third level" control activities as the internal audit function. More specifically, it controls the proper performance of operations and the evolution of risks and assesses the completeness, adequacy, functionality and reliability of the organisational structure and the internal control system, bringing possible improvements to the attention of the corporate bodies, with particular reference to the RAF, the risk management process and the tools for measuring and controlling such.

The **operating structures** that carry out the various activities and provide the Bank's services oversee "first level" control activities. To the extent possible, the controls are built into the ICT structure, as the existence of automatic controls ensures a considerable reduction in risk, at least as far as operations are concerned. The internal rules and regulations, then, provide for a series of controls which each office must perform. The effective performance of these controls is then verified by the functions to which the higher level controls are assigned.

The activities for which the control functions are responsible are organised internally so as to:

- ensure the necessary segregation between the operating and control functions;
- avoid conflicts of interest in the assignment of duties;
- perform control procedures at every operating level;
- enable the identification of duties and responsibilities;
- ensure that information systems and procedures are correct and reliable;
- enable every event and transaction to be recorded with the right degree of detail;

- ensure that every anomaly is properly and swiftly reported, managed and corrected.

To this end,

- considerable importance is given to the production of detailed internal manuals in order to facilitate, regulate and foster the proper activity of the operators;
- the reliability of the operating system is kept under constant control;
- a business culture is developed based on the assistance of customers in fully complying with the rules;
- the provision of information to customers is ensured by membership of the Banking and Financial Ombudsman scheme (“Arbitro Bancario Finanziario – A.B.F.”), as per the specific Regulation, making staff aware of internal Bank claimant procedures in order to ensure that customers are provided with proper guidance in the use of such services.

The functioning of the structures involved in the various control processes is closely governed by internal rules and regulations that regard the system as a whole, as detailed below.

To contribute to the efficient and effective functioning of the risk management process with reference to all significant current and future risks, the Group has implemented, also in compliance with supervisory laws and regulations:

- a system of the objectives and limits of risk, RAF, which has an organic and structured approach with implications on the governance and operating processes integrated by the risks producing widespread effects on all the business functions. The RAF is detailed at an operating level by Company, business division and area of activity and envisages escalation processes, metrics and limits of a quantitative nature as well as qualitative guidelines, all of which set out on an annual basis within the Risk Appetite Statement (RAS). The formalisation of the risk management process is fundamental for ensuring sound and prudent business management;
- self-evaluation processes on the adequacy of capital (ICAAP) and liquidity profile (ILAAP), which have the aim of providing an internal assessment of capital compared to the exposure to the risks that characterise operations and the operating and structural liquidity profile, in ordinary and stress conditions, and also from the standpoint of the future for achieving the objectives of the Strategic Plan and Budget;
- an ex ante assessment process for Material Transactions with a preventive opinion on their sustainability at a credit and earnings level and their consistency with the RAF.

Alongside these processes for the management and control of risks in ordinary operating conditions is the process connected with the preparation of the Recovery Plan, a tool that governs crisis situations and the strategies and options for reinstating normal working conditions, and the Contingency Funding Plan.

In line with the provisions for prudent supervision, the Group has additionally established the means by which the information on capital adequacy, risk exposure and the general features of the systems set up to identify, measure, manage and control such risks is provided to the public (Basel 2 – Pillar 3), separate information additional to that already found in the financial statement documents. This information is published in accordance with the rules dictated by the Bank of Italy on the Company’s website: www.illimity.com (“Investor Relations”).

It is noted that in addition, the Group has established and codified an operational risk mapping process and applies this on a continuous basis. On the basis of qualitative and quantitative metrics and rules agreed within the business structure, this enables the identification of the single types of risk to which the Group is or could be exposed, as well as an assessment of these on the basis of specific drivers representing the significance and materiality of the risk concerned.

The results of the identification process are reported in a risk map (“Risk Radar”), whose aim is to present in relative terms the risks inherent in the Group’s current and future operations and analyse these into the lines of business that generate them, all of which as a functional assumption to determining the overall risk exposure.

The Chief Risk Officer carries out the process for identifying the Group’s significant risks, in conjunction with the Chief Financial Officer and with the support the other organisational units of the parent company and its subsidiaries.

The results arising from this process represent the assessments and measures of input needed to develop the processes correlated with the ICAAP (assessment of capital adequacy) and accordingly are validated by Top Management, discussed and analysed by the Risks Committee and submitted for approval by the Board of directors of the parent company.

12.5 Chief Risk Officer

The risk control function is carried out by specific organisational units of the Chief Risk Officer (CRO).

The mission of the structures under the responsibility of the Chief Risk Officer (CRO) is to guarantee the strategic direction and establishment of the Bank’s risk management policies, minimising the costs of the risks consistent with the risk/profitability objectives assigned to the business areas and in line with the Bank’s strategies, Business Plan and budget, as well as to carry out the measurement of risks and second level controls. It is in charge of supporting the Chief Executive Officer in determining the proposal for the Risk Appetite Framework to be submitted to the Board of Directors. In addition, it is responsible for establishing the directive guidelines for the Group’s main risks for the purpose of supporting the annual and multi-year budget process for which the CFO’s Areas/Departments are responsible. Being a second level control function, a direct relationship with the corporate bodies is ensured and, in particular, with the Board of Directors and the Audit and Internal Control Committee.

The risk control function therefore has in particular the aim of collaborating in the establishment and implementation of the Risk Appetite Framework (hereinafter also the RAF) and the relative risk government policies, by way of an adequate risk management process. The CRO, therefore, is the owner of the process by which risk is measured or estimated and, subsequently, the strategies for managing/mitigating such risk are developed. More specifically:

- it supports the Chief Executive Officer and Top Management in the overall management approach, in order to ensure an integrated approach to the process of identifying, assuming and managing the Bank’s risks, consistent with the business model and corporate strategy, with the business plan and the budget and with the determined risk policies, all in accordance with applicable internal and external rules and regulations;
- as part of the Risk Appetite Framework, it establishes the underlying process and proposes quantitative and qualitative parameters for its determination, both in the normal course of business and in stress

situations, ensuring its adequacy over time in relation to changes in the internal and external situation;

- it proposes the measurable and non-measurable risk management policies that do not form part of the responsibilities of other control functions (restricted to the sections relating to risk management and exposure and operating limits) and collaborates in the implementation of such, ensuring consistency with the Risk Appetite Framework for the various phases of the risk management process;
- it develops and ensures the updating of the methodologies, the processes and the tools required for managing the risks of its competence (through the processes of identification, measurement/valuation, monitoring, control and reporting), ensuring their adequacy over time also by developing and applying indicators having the aim of identifying anomalies and inefficiencies. More specifically:
 - it establishes common metrics for measuring operating risks (including ICT risks) consistent with the RAF, coordinating with the Chief Compliance & AFC Officer and the ICT function;
 - it establishes the means of measuring and controlling reputational risks, coordinating with the Chief Compliance & AFC Officer and the business functions that are most exposed;
 - it assists the corporate bodies in measuring strategic risk, monitoring the significant variables;
- it develops and maintains internal risk measurement and control systems, ensuring compliance with laws and regulations and consistency with the business's operating needs and with the evolution of the reference market;
- it adopts development and validation methodologies for the models in line with legislative and regulatory principles based on two levels of control;
- it monitors the effective risk profile assumed in relation to the risk objectives defined as part of the Risk Appetite Framework, establishing the operating limits regarding the assumption of the various types of risk, ensuring their continuous adequacy and compliance and reporting to the corporate bodies if these have been exceeded;
- it supports the Chief Executive Officer in implementing the ICAAP/ILAAP, preparing the report to be sent to the Supervisory Authority, coordinating the various phases of the process and carrying out those of its responsibility;
- it ensures the adequacy and efficacy of the measures adopted in order to remedy any deficiencies encountered in the risk management process;
- it provides preventative opinions on the consistency of Material Transactions with the Risk Appetite Framework, acquiring as necessary the opinion of other functions involved in the risk management process, depending on the nature of the transaction;
- it analyses the risks deriving from new products and services and those arising as a result of entry into new operating segments of the market;
- it is involved in establishing and updating the criteria for classifying outsourcing, dealing with the risk evaluation activities of its responsibility;
- it is involved in establishing and managing staff remuneration and incentive policies;
- it performs second level controls on the credit department, ensuring that controls for monitoring credit

exposures (in particular those arising from non-performing loans) are effective, that the classification is correct, that provisioning is reasonable and that taken as a whole the credit recovery process is adequate;

- it coordinates preliminary activities in the preparation and revision of the Resolution Plan drawn up by the Resolution Authority, directly performing the phases of its responsibility;
- it contributes to the updating of internal business rules and regulations for its sphere of competence;
- it oversees the public disclosure process (financial statements, notes to the financial statements, Pillar 3, etc.) for its sphere of competence;
- it supports the establishment and implementation of training courses for the specialist spheres of its competence;
- it contributes to the upkeep of the Business Continuity Plan to the extent of its competence.

As far as ESG risks are concerned, reference should be made to the Consolidated Non-Financial Statement for 2023, published on the Bank's website.

The position as CRO is held by Claudio Nordio, who was appointed by a Board resolution on 20 September 2018.

12.6 Chief Compliance & AFC Officer

The Chief Compliance & AFC Officer has responsibility for managing the risk of non-compliance with laws and regulations, overseeing the risk of money-laundering and terrorist financing (as Head of Anti-Money Laundering) as well as overseeing the risk of the breach of sanctions (as Sanction Compliance Officer), combining the various responsibilities identified in the pertinent laws and regulations. The Chief Compliance & AFC Officer also has responsibility for monitoring and controlling ICT and security risks, to the extent of his/her competence, consistent with the allocation of duties and control activities that burden on both Compliance & AFC and Risk, in compliance with legislation and internal and external regulations.

In line with the requirements of applicable laws and regulations, given the nature of the control function, the Chief Compliance & AFC Officer must hold the requirement for autonomy and independence in order to perform his duties, being able to count on functional reporting to the Board of Directors as well as unconditional access to all of the Bank's activities, central and peripheral, and any important information.

The Chief Compliance & AFC Officer works in compliance with the mandate given by the Board of Directors, which establishes his/her organisational positioning, mission, duties and respective responsibilities.

As part of his/her mandate, the Chief Compliance & AFC Officer draws up the plan of activities and controls for his/her various legislative and regulatory areas of competence, ensures these are carried out and analyses the results, determining and monitoring the suitable recommended action, in close collaboration with the structures concerned. The Chief Compliance & AFC Officer also arranges for the required information flows towards the other control functions and the corporate bodies through the timely communication of any significant violations or anomalies encountered while exercising his/her duties and the periodic reporting on the results of the verifications performed.

In addition, with the aim of fostering a suitable business culture of the risk of non-compliance, the Chief Compliance & AFC Officer undertakes specific training initiatives, also in the form of on-the-job training, and looks after the updating of staff for the matters of their competence, in collaboration with the HR & Organization Competence Line.

More specifically, the Chief Compliance & AFC Officer, is responsible for:

- overseeing the risk of non-compliance with the main laws and regulations applicable to the Bank at any time;
- discharging anti-money laundering legislative requirements for the Bank in accordance with the Regulator's requirements on the implementation provisions on organisation, procedures and internal controls in the anti-money laundering sphere, with the duty of fostering and operationally implementing overall guidance on the matter;
- discharging personal data processing legislative requirements for the Bank by appointing a Data Protection Officer (identified in the person of the Chief Compliance & AFC Officer) in accordance with the Regulator's requirements on provisions regarding organisation, procedures and assessment of the effect of data protection;
- identifying on a continuous basis, analysing and interpreting any laws and regulations applicable to the Bank and the Group and if necessary issuing information memoranda/interpretations as well as opinions to confirm that the Bank's activity is moving in the right direction;
- establishing and carrying out the control plan for the legislative and regulatory areas for which he or she is responsible, analysing the results of the controls, determining the corrective action and monitoring the relative implementation plan, in close collaboration with the structures concerned;
- supporting and providing advice to all the Bank's structures on the performance of their respective activities in accordance with laws, regulations, internal rules and codes of ethics/conduct to which the Bank adheres;
- assessing *ex ante* compliance with the applicable regulations regarding all the innovative projects (including effectiveness of new products and services) that the Bank intends to undertake as well as assisting in the prevention and management of conflicts of interest between the various activities the Bank performs, with reference to employees and corporate officers, from the standpoint of compliance by design;
- supporting the Bank's structures in verifying the effectiveness of the organisational changes (structures, processes, procedures, including operating and commercial procedures) recommended for preventing compliance risk;
- ensuring, by way of analysis and opinions, that there is compliance with internal and external laws and regulations and that employees receive updates and training on compliance matters, also in coordination with the HR & Organization Competence Line;
- analysing and setting up the administration of complaints in close collaboration with the Business and Legal & Corporate Affairs structures, when necessary;
- supporting the structures responsible for identifying and managing the Bank's outsourcing agreements, maintaining relations and holding discussions with the Supervisory Authority on outsourcing, in conjunction with the Legal & Corporate Affairs structure;
- overseeing, with the support of the Legal & Corporate Affairs structure, issues relating to market abuse, the management of confidential and price sensitive information and information regarding the Bank's related parties and associated persons;

- ensuring on a constant basis (i) the ability of the information system to record, store and correctly represent operations and events required to meet legislative and internal and external regulatory requirements and (ii) the proper determination and transmission of suitable and timely information flows regarding any activity or event that may significantly affect the Bank's risk profile, including major operational or security incidents as well as any substantial change to ICT systems and processes;
- supporting, where required, the management of relations with the Authorities (Supervisory Authority, Industry Associations, the legislator, etc.) together with other competent functions, fostering constant dialogue with such Authorities for the areas of competence.

The position as Chief Compliance & AFC Officer is held by Francesco Martiniello, who was appointed by a Board resolution on 18 January 2019.

12.7 Head of the Internal Audit Department

Consistent with the Bank of Italy's Circular no. 285/2013, the Internal Audit Department has the aim of ensuring the propriety of operations and trends in risks and to assess the adequacy of the organisational structure and in particular of the functionality of the overall internal control system, with the purpose of bringing to the attention of the corporate bodies and top management any improvements to be made to the risk management policies, the measuring instruments and the procedures.

In this respect, the Head of Internal Audit, who reports hierarchically to the Board of Directors:

- ensures compliance – in the various operating sectors – with the limits prescribed by the delegation mechanisms and ensures that there has been a complete and proper use of the information available in the various activities;
- performs regular tests on the functioning of the operating and internal control procedures;
- carries out assessment procedures, also with regard to specific irregularities, when requested by the Board of Directors, Top Management or the Audit and Internal Control Committee;
- checks the reliability of the information systems, including the automatic data processing systems, and the systems capturing information for accounting purposes, verifying the levels of logical security, integrity and confidentiality of the automatic data processing procedures as well as their technical and functional requisites;
- ensures that any anomalies found in the operating and the functioning of controls have been eliminated;
- provides fact-finding contributions on the levels of reliability, functionality and consistency of the organisational components by way of analyses and factual findings designed to appraise the suitability of the internal control system and the systematic monitoring of the various types of risk;
- checks the business operations continuity plan, reviewing the verification programme, attending the testing and checking the results.

The above activities, carried out in compliance with international standards, are planned on an annual basis following a risk assessment that establishes the priorities for intervention on the single business processes, depending on the importance and coverage of such (ensured by previous audits) as well as additional elements of information of a qualitative nature (i.e. indications of external laws and regulations and the findings of the Supervisory Authorities and other Internal Control functions).

In 2023, the Board of Directors approved the work programme prepared by the Head of the Internal Audit Department after consulting with the Risks Committee and the control body.

The Head of Internal Audit prepares a scorecard on a quarterly basis and submits it to the corporate bodies. This provides a summarised presentation of the following:

- assessment of the adequacy of the internal control system;
- audit activities completed in the quarter, with a summary of the results emerging and the relative recommendations;
- audit activities in progress in the quarter, with an indication of the relative status and the expected date of conclusion;
- audit activities that will be started up in the year;
- recommendations existing at the end of the quarter, with evidence of the stage of implementation of the mitigating action, the deadline and the related assessments of the Internal Audit Department;
- recommendations concluded in the quarter, with evidence of the relative assessments of the action taken.

In accordance with Regulation 33.b of the Corporate Governance Code and consistent with corporate policies, on the proposal made by the Audit and Internal Control Committee and the Risks Committee the Board of Directors determined the salary of the Head of Internal Audit, Fabio Marchesi. In addition, on an annual basis it ensures that he has adequate resources to perform his duties.

12.8 Organisational model as per Legislative Decree no. 231/2001

In July 2018 the Issuer's Board of Directors adopted an Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001 (the "**231 Model**"), which describes the prevention and control procedures designed to mitigate the risk of committing significant criminal offences pursuant to Legislative Decree no. 231/2001, in order to ensure propriety and transparency in performing business activities and protect the position and image of the Bank, the expectations of its shareholders and the work of its employees.

The 231 Model is based on the specific requirements of Legislative Decree no. 231/2001 which governs the criminal responsibilities of entities and is divided into a General Part and a Special Part as described below.

The General Part describes the Company, describes the function and principles of the document, its distribution and the system of penalties, and dedicates an ad hoc section to the identification of the role of the Supervisory Body, discussing in addition the information flows that the competent functions are required to send to the Supervisory Authority and whistleblowing systems.

The Special Part on the other hand describes the Bank's operations and controls adopted to prevent and contain the risk of occurrence of the types of offence considered to be material (i.e. those "actually" or "theoretically" applicable) in the Identification Matrix relating to activities at risk, attached to the 231 Model. In particular, the Special Part dedicates a section to each family of alleged offence, going into further detail, for the circumstances considered to be the most sensitive, with regard to (i) the individual offences and the main laws and regulations relating to these; (ii) the processes identified as «sensitive» in the mapping of the risk areas carried out following risk assessment; (iii) the general principles of conduct designed to prevent offences occurring; and (iv) the internal regulations applicable.

An extract of the 231 Model adopted by the Bank is published on the Company's website at the address <https://www.illimity.com/it/governance/dlgs-231-2001-e-anticorruzione>.

Consistent with the recommendations of the Bank of Italy, at its meeting of 15 June 2022 the Board resolved to assign the functions of Supervisory Body (the "OdV" or the "Body") – required by article 6, paragraph 1b) of Legislative Decree 231/2001, namely the duty to oversee the functioning of and compliance with the 231 Model, as well as to deal with any required updates – to the members of the Audit and Internal Control Committee. In particular, given also the characteristics of the Group – constantly expanding, also in terms of assets managed – a solution was adopted that sees the overlapping of members – but not as a body – between the Supervisory Body and the AICC with the appointment of a different Chair, whose matured professional skills are assessed in the specific case. As stated, this decision, although not formally envisaging the overlapping of the bodies, could satisfy the view (i) of the Supervisory Authority, which, with particular reference to small-sized banks, suggests the overlapping of the bodies to ensure the awareness by the Body of information emerging in the control body and (ii) of a large part of the doctrine, which believes that the Body must be made up of persons other than those on the control body, also because the Supervisory Body is not a "corporate body" as such.

It is noted that by way of a resolution adopted on 20 July 2022, the Board approved the updated version of the Organisation, Management and Control Model adopted pursuant to Legislative Decree no. 231/2001 as proposed by the Supervisory Body.

12.9 Auditing firm

On 17 December 2018 the Ordinary Shareholders' Meeting approved the mutual termination of the legal audit engagement that had been bestowed on the auditing firm Deloitte & Touche S.p.A. for the years from 2012 to 2020, and pursuant to Legislative Decree no. 39 of 27 January 2010 appointed the auditing firm KPMG S.p.A., with registered office in Via Vittor Pisani 25, Milan and registered in the roll of legal auditors held at the Ministry of Economy and Finance, in respect of the following for the years from 2018 to 2026:

- to perform the legal audit of the separate annual financial statements, including procedures during the year to ensure that the corporate accounting books have been properly kept and that transactions have been properly recorded;
- to perform a review of the financial statements prepared to determine the half-year result for the purpose of calculating Tier 1 capital;
- to issue a compliance attestation on the aggregate figures of reference for the calculation of the contribution to the National Guarantee Fund;
- to sign the tax returns.

It is lastly noted that given the admission of the Company's financial instruments to trading on the Euronext Milan market managed by Borsa Italiana S.p.A., the scope of the auditing firm's engagement has been updated as far as the object is concerned, in relation to the Company's activities and to those of its direct and/or indirect subsidiaries.

During 2023, after consulting with the Audit and Internal Control Committee, the Board of Directors assessed the results included by the legal auditor in its additional report (relating to 2022) addressed to the Audit and Internal Control Committee.

12.10 Financial Reporting Officer and other business roles and functions

The Financial Reporting Officer must hold the requirements of professional competence required by the Bylaws, the latter consisting in having specific expertise in matters regarding accounting and financial information and the management and control of the relative administrative procedures. The Financial Reporting Officer must additionally hold the integrity requirements established by applicable laws and regulations for the members of the control bodies of listed companies.

The Financial Reporting Officer performs second level controls designed to enable attestations and declarations to be drawn up on corporate accounting disclosures in accordance with the requirements of law and has been granted suitable powers and means to perform his duties in this position.

For this purpose, he avails himself of the structures of the Administration & Accounting Department, the business control functions and in particular the Internal Audit Function, from which, in relation to any repercussions on the financial reporting process and the reliability of corporate information, he obtains the results of the procedures it has performed.

The Financial Reporting Officer oversees the reliability of the corporate accounting documents and of the financial reporting process in accordance with the provisions of article 154-*bis* of the TUF and the relative implementation orders, as well as the rules on the administrative and accounting system which enterprises that control companies governed by the law of countries not belonging to the European Union are required to follow pursuant to article 15 of Consob Market Regulation no. 20249/2017 (effective from 3 January 2018, formerly article 36 of Consob Market Regulation no. 16191/2007).

Supervision of the accounting and financial reporting process by the Financial Reporting Officer is based on an examination of the financial reporting system and, in particular, a verification of the adequacy of the procedures and processes used to prepare the corporate accounting documents and all other financial communications of importance pursuant to article 154-*bis* of the TUF. The subject of the analysis is the activities that lead primarily to the processing, the recording and the presentation of the information and the data, as well as the controlling rules of the architectures and ICT applications, with special focus on the systems underlying the financial reporting.

The Financial Reporting Officer also performs checks, to the extent considered necessary, to ensure that the documents and reports envisaged by the financial reporting system are actually prepared and with the frequency, timing and recipients stated in the internal regulations.

For the sake of completeness it is noted that as recalled earlier, on 30 November 2018, in view of the admission of the Company's shares to trading, the Bank's Board of Directors appointed Sergio Fagioli as the Financial Reporting Officer pursuant to article 154-*bis* of the TUF.

Further details on the role of the Chief Risk Officer and the Chief Compliance & AFC Officer can be found in paragraphs 12.5 and 12.6 above.

12.11 Coordination between the parties involved in the internal control and risk management system

Coordination between the various parties involved in the internal control and risk management system consists of a series of interacting mechanisms and methods, such as: (i) the scheduling of meetings between different corporate bodies and functions with responsibility for internal control and risk management matters (as also described in the previous paragraph); (ii) the composition of the Risks Committee, which has as one of its members Stefano Caringi, who is also a member of the AICC; and (iii) the attendance of the Chair of the control body at meetings of the Risks Committee.

In accordance with the development of the Group's business, the definition and adaptation of internal governance during 2023 envisaged supervision designed to ensure the coordination of all the parties involved in the internal control system, seeking to avoid any duplication of the work performed by the bodies (as also recommended by the Corporate Governance Code).

12.12 Managerial committees: Credit and Investment Committee, Steering Committee, Finance Committee, Products Committee and Project Management and ICT Changes Committee

On 20 September 2018 the Bank's Board of Directors approved the setting up of a Credit and Investment Committee. The Chief Executive Officer subsequently informed the Board on 30 November 2018 as to the setting up of a Steering Committee.

The Finance Committee was set up on 11 February 2019, while the Products Committee was formed on 1 August 2019.

In addition, during the year, on 13 July 2023, the Bank set up a Project Management and ICT Changes Committee for the purpose of monitoring and controlling ICT and security risks and ensuring that ICT operations comply with the system of managing such risks.

These committees, which have a specifically managerial nature, have been created for the purpose of providing further support to the Company's activities.

13. AUDIT AND INTERNAL CONTROL COMMITTEE

13.1 Appointment and replacement

As a result of the adoption of the one-tier governance model (for further details see paragraph 5.1 above), on 28 April 2022, on the renewal of the corporate bodies, the Shareholders' Meeting appointed an Audit and Internal Control Committee.

Pursuant to article 16 of the Bylaws, the Audit and Internal Control Committee consists of 3 (three) members who must satisfy the independence requirements established by applicable *pro tempore* laws and regulations and the Bylaws.

The members of the Audit and Internal Control Committee must satisfy the requirements of integrity and professional competence and ensure compliance with the limits to interlocking engagements provided by *pro tempore* laws and regulations for the members of the control body of a bank issuing listed shares on regulated markets. In addition, the members of the Audit and Internal Control Committee must satisfy the independence requirements required for Independent Directors.

As far as the professional competence requirement is concerned, at least one member of the Audit and Internal Control Committee must: (i) be listed in the register of legal auditors and (ii) for a period of at least 3 (three) years have practiced as a legal auditor. The other members of the Audit and Internal Control Committee must have practiced, also alternatively for a period of at least 3 (three) years, as a legal auditor or have gained proven experience in matters of internal, administrative and financial controls; in particular, the following circumstances are taken into consideration: (i) to have performed administrative or control activities or managerial duties in the credit, financial, stocks and shares or insurance companies; (ii) to have performed administrative or control activities or managerial duties in listed companies or those having a larger size and complexity or a size and complexity similar to that of the Company; (iii) to have performed professional activities (meaning those of suitable levels of complexity and performed on a continuous basis) on matters regarding credit, financial, securities or insurance companies or in any case matters functional to

the Company's activity; (iv) to have performed university teaching, as a first or second grade lecturer, on legal or economic matters or in any case on subjects functional to the credit, financial, securities or insurance sectors; (v) to have performed managerial or top management functions, whatever they may be called, in public entities or public administrations regarding the credit, financial, securities or insurance sectors, on condition that the entity at which such work was performed has a size and complexity comparable to that of the Company.

With regard to the independence requirement, among other things the members of the Audit and Internal Control Committee may not hold positions in bodies other than those with a control function in other entities of the Banking Group, nor in companies in which the Bank holds, also indirectly, a strategic interest (for this purpose a strategic interest means at least 10% (ten per cent) of the share capital or voting rights at an Ordinary Shareholders' Meeting of the investee company and 5% (five per cent) of the consolidated regulatory capital of the Banking Group). The members of the Audit and Internal Control Committee may not be members of other board committees other than those having competence in matters concerning risk management, related party transactions or remuneration.

The members of the Audit and Internal Control Committee are appointed (or removed) by the Shareholders' Meeting, as required by the Supervisory Provisions (Part One, Title IV, Chapter 1, Section III, Paragraph 3.2).

The proposal to remove one or more members of the Audit and Internal Control Committee must contain a description of the reasons, and if submitted by the Board of Directors must be approved with the vote in favour of an absolute majority of all the directors in office and is subject to the opinion of the board committee having responsibility for appointments (with the unanimous vote of those present); if the proposal is submitted by the Audit and Internal Control Committee, it must be approved by the unanimous vote of the other members of that Committee. The removal of a member of the Audit and Internal Control Committee must be duly motivated and the removal of a member of the Audit and Internal Control Committee implies removal as a member of the Board of Directors. The loss of the requirements by a member of the Audit and Internal Control Committee leads to the loss of that member's position on the Audit and Internal Control Committee and also on the Board of Directors.

As directors, the provisions of the Bylaws governing the term and method of appointment of the Board of Directors stated in paragraph 5.2 also apply to members of the Audit and Internal Control Committee.

13.2 Composition and functioning

The functioning of the Audit and Internal Control Committee is established, as well as by the Bylaws, by a regulation approved by the AICC on 24 May 2022, most recently updated on 13 December 2022.

Pursuant to article 7 of the regulation, the AICC:

- oversees compliance with the provisions of laws, regulations and the requirements of the Bylaws and compliance with the principle of proper administration;
- oversees the adequacy and practical functioning of the Company's organisational structure and the internal control system, also those regarding the quality of the non-financial information, as well as the administrative and accounting system and its suitability to represent operations in an accurate manner, all of which also in relation to the Banking Group;
- on the proposal of the structures, examines the proposals for updating and revising the internal regulations of its competence, as well as the adoption of new internal sets of regulations of its

competence;

- verifies the effectiveness of all the structures and functions involved in the control system and the existence of an adequate coordination thereof, encouraging corrective action in case of any weaknesses and irregularities found;
- is specifically involved, as well as in the decisions regarding the appointment and removal of the Financial Reporting Officer and the appointment and removal of the heads of business control functions envisaged by applicable laws and regulations, also in the establishment of the essential items of the overall architecture of the control system (powers, responsibilities, resources and information flows);
- oversees the means by which the corporate governance rules set out in codes of conduct prepared by companies managing regulated markets or by trade associations, to which the Company states it abides in public disclosures, are actually implemented;
- oversees the suitability of the instructions issued by the Company to its subsidiaries pursuant to article 114, paragraph 2 of Legislative Decree no. 58 of 24 February 1998. It also ensures that the strategic and operational control activity performed by the Company over the Banking Group is properly exercised, in coordination with its business control functions, as well as with the corresponding bodies with control functions of the entities making up the Banking Group;
- proposes the means of selecting the auditing company for engagement as legal auditor and the fees for the relative services, as well as prepares the proposal to the Shareholders' Meeting for engaging such company;
- performs the duties assigned by article 19 of Legislative Decree no. 39 of 27 January 2010 to the Audit and Internal Control Committee and proceeds with the regular exchange of information with the engaged auditing company;
- expresses opinions in the cases required by applicable laws and regulations on the control body;
- consistent with its control function, it performs the additional duties assigned to it by the Board of Directors, or the activities requested of it by the Chair of the Board of Directors, for the purposes and within the sphere of its obligations;
- draws up proposals or expresses opinions to the Board of Directors on remuneration matters, where contemplated by the applicable "Governance Matrix on Remuneration Processes";

In all the cases where it is appropriate or necessary, the AICC:

- reports on a timely basis to the competent Supervisory Authority on any operating irregularities or breaches of laws or regulations, pursuant to article 52, paragraph 1 of Legislative Decree no. 385 of 1 September 1993 and article 149, paragraphs 3 and 4-ter of Legislative Decree no. 58 of 24 February 1998;
- submits the report to the Bank of Italy prepared pursuant to article 70, paragraph 7 of Legislative Decree no. 385 of 1 September 1993;
- reports on the supervisory activity performed, and on any omissions or reprehensible actions identified, to the Shareholders' Meeting called to approve the annual financial statements;
- following communication to the Board of Directors, convenes a Shareholders' Meeting if in performing its duties it becomes aware of reprehensible actions of significant gravity and there is the urgent need to

take action and in the other cases set forth in article 10.3 of the Bylaws.

In addition, in performing its duties and exercising the control functions it has been assigned, the Committee:

- checks and analyses the causes and remedies of any operational irregularities, anomalies in trends or shortcomings in the organisational and accounting structures. The controls performed go across the board in the Company's organisation and include checks on the information systems and the procedures and the relative controls envisaged (e.g. administrative and accounting controls), the various branches of activity (credit, finance, etc.) and operations (introduction of new products, entry into new business or geographical areas, business continuity, outsourcing). Particular attention is given to compliance with conflict of interest legislation and regulations;
- on a periodic basis it checks its own adequacy in terms of powers, functioning and composition, taking into account the size and complexity of the Company and the Banking Group and the activities they perform, in compliance with applicable *pro tempore* laws and regulations.

In performing its duties and functions, the AICC carries out the following, by way of example:

- coordinates with the Financial Reporting Officer, with the Risks Committee, with the Remuneration Committee and with the Sustainability Committee on the work performed and any information of common interest;
- avails itself of the information flows arriving from the internal control functions and structures, whose reports are sent directly to the Audit and Internal Control Committee. In addition, the heads of the internal control functions and structures also report important information to the AICC, on its own initiative or at the request of even just one of its members;
- oversees the work performed by the auditing company engaged to perform the legal audit, also with respect to compliance with legal and professional regulations on independence issues, and on a timely basis exchanges with such company, on a mutual basis, significant data and information for each to perform its respective duties, establishing suitable forms of coordination;
- exchanges information with the Executive Committee or the Chief Executive Officer, where in place, who are required to report to the AICC, at least on a quarterly basis, also on the occasion of board meetings, on the following matters:
 - the work performed;
 - transactions of a material economic or financial importance or having relevance for the Company's assets, carried out by the Company or the entities of the Banking Group, as well as
 - the revision of the business plan or the drafting of a new plan.

In particular, in any case they report on the transactions in which they have an interest, on their own behalf or on behalf of third parties, or which may be influenced by the party that exercises management and coordination activities;

- works in close collaboration with the corresponding control function bodies of the entities making up the Banking Group, also fostering the timely exchange of useful information.

In accordance with article 151-ter of the TUF, members of the Committee may, by way of example:

- (i) request information, also on an individual basis, from the other directors, including with regard

to subsidiaries, on trends in corporate operations or specific affairs for matters not already discussed at meetings of the Board of Directors, or where considered appropriate, may make the same requests for information directly to the management and control bodies of subsidiaries. The information is in all cases provided to all members of the Audit and Internal Control Committee;

- (ii) request, also on an individual basis, the Chair to convene a meeting of the Committee, stating the matters to be discussed. The meeting must be called without delay, unless reasons exist to prevent this, to be communicated on a timely basis to the person making the request and described at the next board meeting;
- (iii) following communication to the Chair of the Board of Directors, call a meeting of the Board of Directors or the Executive Committee (where appointed) and avail themselves of the services of the Company's employees to carry out their duties. The powers of convening a meeting and requesting collaboration may also be exercised on an individual basis by each member of the Committee, receiving relevant information from the heads of the Company's internal control functions and structures;
- (iv) perform, also by way of a member of such suitably delegated, inspections and controls, at any time whatsoever, as well as exchange information with the corresponding bodies of subsidiaries on the administration and control systems and general trends in corporate activity.

In accordance with the provisions of the Corporate Governance Code concerning control and risk committees and in order to avoid any overlapping of the specific duties of the two committees, in the one-tier model the functions of such committee are assigned to the AICC. The Board of Directors accordingly avails itself of the support of the Committee in the following areas:

- a) establishes the directives of the internal control and risk management systems, consistent with the Bank's strategies, and assesses, at least on an annual basis, the adequacy of this system with respect to the characteristics of the Bank and profile of risk assumed, as well as its efficacy;
- b) appoints and removes heads of the business control functions, identified and proposed by the Risks Committee which avails itself of the assistance of the Nomination Committee, and establishes remuneration consistent with corporate policies, in accordance with the matters described above, ensuring that such is provided with resources suitable for performing its duties;
- c) approves, at least on an annual basis, the work plan prepared by the head of the Internal Audit function, after consulting with the Chief Executive Officer. This plan is in any case reviewed in advance by the Risks Committee pursuant to Circular 285;
- d) assesses the possibility of adopting measures to ensure the efficacy and impartiality of the other business functions involved in the controls (such as the risk management functions and those presiding over legal and non-compliance risk), ensuring, in coordination with the Risks Committee, that they are provided with suitable professionalism and resources;
- e) assesses the results obtained by the legal auditor or contained in any management letter or in the additional report addressed to the Audit and Internal Control Committee;
- f) describes, in the corporate governance report, the main features of the internal control and risk management system and the means of coordination between the parties involved therein,

indicating the models and best national and international practice of reference, expressing its overall evaluation on the adequacy of the system and giving account of the decisions taken (by the Committee itself) on the composition of the Supervisory Body (ODV).

In addition, again pursuant to the Corporate Governance Code, taking into account the specific provisions of Circular 285, *inter alia*, on the basis of the matters communicated by the business functions, the AICC:

- a) assesses, with a timing consistent with the main corporate events for the approval of the results, the suitability of the periodic, financial and non-financial information for properly representing the business model, the Company's strategies, the impact on its activity and the performance achieved, as appropriate coordinating with the committee envisaged by Recommendation 1a) of the Corporate Governance Code;
- b) assesses the correct use of the accounting principles for the preparation of the annual separate and consolidated (if prepared) financial statements and to this end coordinates with the Financial Reporting Officer and the legal auditor;
- c) examines the content of periodic non-financial information relating to the internal control and risk management system;
- d) supports, in coordination with the Risks Committee, the assessments and decisions of the Board of Directors on the management of risks deriving from prejudicial acts of which such has become aware;
- e) examines the periodic reports and those of particular importance prepared by the Internal Audit function;
- f) monitors the autonomy, adequacy, efficacy and efficiency of the Internal Audit function;
- g) may instruct the Internal Audit function to perform checks on specific operating areas.

Pursuant to article 4 of the Regulation, the Committee, which meets on a periodic basis, is convened by the Chair by way of a notice of call, to be communicated by any means of communication ensuring certainty of receipt, indicating the date, the time and the place of the meeting and the matters to be discussed, at least 3 (three) days before the date set for the meeting, or at least 24 (twenty four) hours before in case of urgency. Committee meetings are duly constituted if the majority of members in office are present and adopt resolutions on a majority of those present. Minutes of each meeting must be drawn up and these must be approved by the AICC, if possible at its next meeting, except in cases of urgency which call for approval on a shorter time scale. Once approved, the minutes of each of the Committee's meetings are transcribed in a register held by the Secretary and signed by all those who were in attendance.

Participants at AICC meetings may attend remotely via audio or video conference systems, on condition it can be ensured that:

- (a) the Chair is able to confirm the identity of all participants;
- (b) each participant is able to take part in the discussion in real time, verbally express their opinion and examine, receive and transmit all documentation;
- (c) the Committee's proposals and resolutions can be examined at the same time.

The Issuer's Audit and Internal Control Committee consists of the following members:

First and last name	Office held	Place and date of birth
Marco Bozzola	Chair	Bolzano, 30 August 1960
Stefano Caringi	Member	Rome, 13 July 1944
Nadia Fontana	Member	Rome, 15 November 1961

Reference should be made to Table 3 for further details on the composition of the Audit and Internal Control Committee throughout the year.

The Audit and Internal Control Committee met on 42 occasions in 2023 (including those held jointly with other Board committees on matters of common interest), duly minuted (the number of meetings attended by each individual member can be found in Table 2). The average duration of meetings of the Sustainability Committee was 2 hours and 35 minutes with an average attendance of 98%.

Verification and confirmation of the requirements for corporate officers (the “fit and proper” requirements)

The requirements for the members of the Audit and Control Committee were checked by the AICC itself, following appointment, on 24 May 2022.

In this respect it is recalled that Ministerial Decree no. 169/2020 – on the regulation on the requirements and fit and proper criteria for the corporate officers of banks, financial intermediaries, trusts, electronic money institutions, payment institutions and deposit guarantee systems to hold office – establishes that the competent body must assess the fit and proper requirements for corporate officers, meaning by this the body of which the person is a member. These requirements are accordingly ensured by the AICC even if its members are also members of the Board of Directors.

At its meeting of 24 May 2022, the AICC filed in its records a copy of the declarations– prepared also as a result of the introduction of MD 169/2020 - signed by all the members of the Audit and Internal Control Committee relating to:

- the possession of the requirements and compliance with the criteria set out in MD 169/2020;
- the possession of the independence requirements set out in article 16, paragraphs 3 and 4 of the Company’s Bylaws, article 148, paragraph 3 of the TUF, article 26 of the TUB and article 2 of the Corporate Governance Code.

There are no grounds for the incompatibility of the members in office at the date of this Report, as provided by applicable law, and such members hold the necessary requirements of eligibility, integrity and professional competence at such date.

At its meeting of 27 May 2022, the Board, for its part, acknowledged the result of the checks carried out directly by the AICC.

During the year, the AICC additionally carried out its annual verification as to the presence or absence of any relevant situations for the purpose of interlocking laws and regulations, pursuant to article 36 of Decree Law

no. 201 of 6 December 2011, converted as amended by Law no. 214 of 22 December 2011 (the “**Save Italy Decree**”), which had a positive result.

Self-evaluation of the composition and functioning of the Audit and Internal Control Committee

In accordance with the supervisory provisions for banks on corporate governance contained in Title IV, Chapter 1 of Circular 285, the Bank is required on an annual basis to perform a self-evaluation of the composition and functioning of the Audit and Internal Control Committee.

Consistent with this requirement, illimity’s Audit and Internal Control Committee has performed a self-evaluation with reference to 2023.

The evaluation for 2023 was carried out between the end of 2023 and the beginning of 2024 and was conducted, without the use of third party advisors, on the basis of an online questionnaire that was carefully structured to ensure the receipt of both qualitative and quantitative assessments about the composition of the Audit and Internal Control Committee. The results were reviewed by the Audit and Internal Control Committee at its meeting of 19 February 2024.

Taken overall the evaluation indicates the suitability of the Audit and Internal Control Committee in terms of its composition and functioning, also taking into account the duration so far of the body’s mandate (as stated, it was appointed by the Shareholder’s Meeting of 28 April 2022).

Points for improvements emerged relating to the timescale with which the business functions finalise the documents, with the assistance of the company secretary. While being aware of the completeness and generalised timeliness with which the documents are made available by the corporate bodies, it emerged that in certain cases increased timeliness would also assist discussions at the meeting.

Lastly, the members of the Committee agreed about the possibility of improving information flows between the members of the Committee itself.

14. RELATIONS WITH SHAREHOLDERS

14.1 Access to information

The Company recognises that it is in its interest, as well as being a duty towards the market, to establish a continuous dialogue with shareholders as a whole, based on a mutual understanding of the roles, as well as with institutional investors; all in compliance with the provisions of law applicable to listed companies for the external communication of corporate documents and information.

In this respect, on 12 and 30 November 2018, with effect from the listing date, namely 5 March 2019, the Issuer’s Board of Directors resolved to appoint Silvia Benzi as Investor Relations Manager (a position confirmed on admission to trading on the STAR segment of Borsa Italiana’s EXM market, pursuant to applicable laws and regulations). Fabio Pelati took over this position on 28 November, following the appointment of Silvia Benzi as the Bank’s Chief Financial Officer.

Fabio Pelati was further assigned the position as Information Referent in relations with Borsa Italiana pursuant to and for the purposes of article 2.6.1, paragraph 4 of the Regulation of Borsa Italiana, following the resignation from the illimity Group of Francesco Mele (the Bank’s CFO until 19 September 2022). Giovanni Lombardi continues to act as substitute.

The Issuer has created a specific section of its website (www.illimity.com) where all the information that has importance for its shareholders, as well as that required by laws and regulations and is applicable to companies listed on a regulated market, is made available to the public.

14.2 Dialogue with Shareholders

Dialogue is a basic tool for improving the extent to which shareholders and the market in general understand the Bank's strategy, also with regard to its mission, the financial and non-financial results it achieves and all the aspects important for making investment decisions and exercising corporate rights in an informed manner. At the same time this dialogue enables the Board of Directors to comprehend the expectations, opinions and subjects of interest of shareholders as a whole and institutional investors, information that is useful in performing its strategic and control functions.

In order to improve this dialogue, at its meeting of 10 November 2021 the Board approved the "Policy for Managing Dialogue with Shareholders" (the "**Policy**"), aligning itself to best national and international market practice on corporate governance and stewardship, incorporating in addition the latest guidelines of Assonime, Assogestioni and the Bank of Italy and the recommendations of the Corporate Governance Code, in accordance with the Bank's internal rules and regulations on the management of insider information and the widest provisions of applicable laws and regulations.

The Policy specifies the interlocutors involved in the dialogue and the variety of channels and tools used to ensure that dialogue with the financial community is constant, regular and transparent, determines the means by which this dialogue is conducted and sets out the main, relevant matters that are the subject of discussion as part of the dialogue, the controls created to ensure confidentiality and equality of treatment and lastly the means by which the Policy is approved, supervised and revised.

In accordance with the requirements of the Policy, regular information was provided during the year to the Board of Directors on engagement with investors and shareholders, this regarding:

main economic, financial and business matters

- ✓ trends in credit quality and effect on the expected economic slowdown in terms of: (i) potential lower collection from the distressed business, (ii) the default rate of the performing portfolio and (iii) the evolution of the cost of risk;
- ✓ impact on the income statement arising from the increase in interest rates and relative sensitivity;
- ✓ expected evolution of operating costs and the effects of inflation;
- ✓ funding strategy and the evolution of the cost of funding;
- ✓ expected evolution of business origination;
- ✓ expected profitability of the three tech initiatives: b-ilty, Quimmo and Hype;
- ✓ trends and prospects in the NPL market;
- ✓ expected evolution of the CET1 ratio;
- ✓ trend of liquidity indicators in the banking sector;
- ✓ performance of the share;

main ESG (Environmental, Social and Governance) matters

- ✓ progress in the execution of the new 2021-2025 Sustainability Plan, which builds in the ESG objectives found in the 2021-2025 Strategic Plan ;
- ✓ main trends in the 2023 shareholders' meeting season on remuneration matters;
- ✓ details on the ESG metrics and targets built into the Bank's remuneration policy, with specific reference to the MBO, long-term incentives and the equity pay gap;
- ✓ status of the process for measuring, disclosing and directing funded emissions (Scope 3 – category 15);
- ✓ illimity's operations in the renewable energy field;
- ✓ means of managing the annual shareholders' meeting;
- ✓ EGS training for employees; updates on the general improvement in all ESG ratings, with a principal focus on the MSCI, Standard Ethics, Sustainalytics and CDP ratings.

15. GENERAL SHAREHOLDERS' MEETING AND SHAREHOLDERS' RIGHTS

As already described in this Report, the Bylaws incorporate the provisions of Legislative Decree no. 27/2010 implementing Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies.

Pursuant to article 2437, paragraphs 1 and 2 of the Italian civil code, shareholders who did not contribute to the approval of resolutions regarding the following matters are entitled to exercise their withdrawal right for all or part of their shares:

- (a) amendments to the corporate purpose clause when these permit a significant change in the company's activity;
- (b) the transformation of the company;
- (c) the transfer abroad of the company's registered office;
- (d) the revocation of the state of liquidation;
- (e) the cancellation of one or more of the reasons for withdrawal provided by article 2437, paragraph 2 of the Italian civil code or by the post-merger Bylaws;
- (f) a change in the criterion for determining the value of shares in case of withdrawal;
- (g) amendments to the Bylaws concerning voting and participation rights;
- (h) an extension of the duration;
- (i) the introduction or removal of restrictions on the circulation of equity securities.

Any agreement designed to exclude the exercise of the withdrawal right or make this more onerous in the cases set forth in points a) to g) shall be null and void.

In addition, pursuant to article 2437-*quinques* of the Italian civil code, shareholders who did not contribute to the approval of resolutions that lead to the delisting of the shares shall be entitled to exercise the withdrawal right.

Pursuant to article 31 of the Bylaws, net profits resulting from the financial statements, net of the amount to be allocated to the legal reserve, are allocated in accordance with resolutions of the Shareholders' Meeting.

Dividends are distributed in accordance with the terms and conditions set by the resolution of the Shareholders' Meeting providing for the distribution of profits to shareholders. Any dividends unclaimed within 5 years from the date on which they become payable are forfeited and revert to the Company, and are allocated to reserves.

On proposal of the Board of Directors, the Shareholders' Meeting may allocate an overall annual amount – not exceeding 5% (five percent) of the net profit for the year – to social, welfare and cultural initiatives.

The main provisions of the Issuer's Bylaws containing the regulations regarding the Issuer's Ordinary and Extraordinary Shareholders' Meetings are as follows.

Pursuant to article 11 of the Bylaws, Shareholders' Meetings may be attended by holders of voting rights, for whom the Company has received the authorised intermediary's notification within the time limit prescribed by applicable *pro tempore* laws and regulations attesting their right to attend the Shareholders' Meeting and exercise their right to vote. Anyone entitled to vote may be represented by a proxy at the Shareholders' Meeting in compliance with applicable *pro tempore* laws and regulations. The proxy form may be sent electronically via the dedicated section of the Company's website or by certified electronic mail, as stated in the notice of call, or by any other means provided for by applicable *pro tempore* laws and regulations. The Chair of the Shareholders' Meeting is responsible for verifying the propriety of single proxies and, in general, the entitlement to attend the Meeting.

For each Shareholders' Meeting, the Board of Directors may designate, giving notice thereof in the notice of call, one or more representatives on whom the holders of voting rights may bestow a proxy, with voting instructions for some or all of the proposals on the agenda, as provided for by applicable *pro tempore* laws and regulations. A proxy given to the representative designated by the Board of Directors shall only be effective for proposals for which voting instructions have been given.

Pursuant to article 10 of the Bylaws, the Shareholders' Meeting is called, in ordinary session or extraordinary session, by the Board of Directors whenever it deems it appropriate, or, as established by article 2367 of the Italian civil code, upon request of shareholders representing at least 20% (twenty percent) of the share capital, or other percentage provided for by applicable *pro tempore* laws and regulations. The Shareholders' Meeting, in ordinary and extraordinary session, is as a rule held on a single call, pursuant to and for the purposes of article 2369, paragraph 1 of the Italian civil code. Nevertheless, the Board of Directors may determine that an Ordinary or Extraordinary Shareholders' Meeting may be held in more than one call, indicating a date for a second call. Notice of this decision is provided in the notice of call.

Again pursuant to article 10 of the Bylaws, shareholders who, separately or jointly, represent at least 1/40 (one fortieth) of the share capital, or any other percentage provided for by applicable *pro tempore* laws and regulations, may submit a written request to add items to those on the agenda specified in the notice of call, setting out the additional items they propose and preparing a report on the topics to be discussed, as well as submit resolution proposals on items already on the agenda. Shareholders cannot call meetings or add items to the agenda for issues on which the Shareholders' Meeting resolves, by law, on proposals of the Board of Directors or on the basis of a project or report prepared by the Board, other than those referred to in article 125-ter, paragraph 1 of the TUF. Entitlement to the right is proven by filing the copy of the notification or certification issued by the intermediary pursuant to applicable *pro tempore* laws and regulations.

Pursuant to article 12 of the Bylaws, the Shareholders' Meeting is chaired by the Chair of the Board of Directors or, in case of absence or impediment, by the Deputy Chair (where appointed) or, in case of absence or impediment of both parties, by a person appointed by the Shareholders' Meeting pursuant to article 2371 of the Italian civil code.

It is the responsibility of the Chair of the Shareholders' Meeting to:

- (a) verify the valid composition of the meeting and ensure there is a quorum for adopting resolutions;
- (b) ascertain - also by parties appointed by the Chair - the identity of those present and their eligibility to participate and vote at the meeting as well as the validity of the proxies;
- (c) direct and govern the proceedings at the meeting; and
- (d) establish the voting procedures (which in any case must allow for identification in relation to each vote cast) and ascertain and announce the results of such, all in compliance with the Regulation for the proceedings of Shareholders' Meetings where adopted.

In any case, an ordinary Shareholders' Meeting must be called at least once a year within 120 days from the end of the financial year, or within 180 days from the end of the financial year in the cases envisaged by law.

The Shareholders' Meeting is called by notice having contents established by law; such notice is published within the time limits established by law on the Bank's website, as well as in any other manner provided by applicable *pro tempore* laws and regulations.

Pursuant to article 11 of the Bylaws, the Board of Directors may arrange for one or more remote connections to be made to the venue where the meeting is held, to enable shareholders who do not wish to participate in the discussion at this venue to follow the proceedings of the meeting in any case, and upon voting to cast their vote, provided that shareholders can be identified and that the possibility to exercise such right is stated in the notice of call to the Shareholders' Meeting.

The Shareholders' Meeting, in ordinary session or extraordinary session, resolves on the matters assigned by the Bylaws, laws and applicable regulations. Unless otherwise envisaged by article 13 or by other provisions of the Bylaws, resolutions of the Shareholders' Meeting, in ordinary session or extraordinary session, are adopted by legal majority.

16. CHANGES SINCE THE END OF THE YEAR UNDER REVIEW

There have been no changes in the corporate governance structure since the balance sheet date.

17. CONSIDERATIONS ON THE LETTER OF THE CHAIR OF THE CORPORATE GOVERNANCE COMMITTEE

The recommendations set forth in the letter of the Chair of the Corporate Governance Committee of 14 December 2023 were brought to the attention of the body with the function of strategic supervision by the Chair of the Board of Directors at the Board meeting of 21 December 2023, at which the recommendations of the Corporate Governance Committee for 2023 were acknowledged.

In this respect and, in general, with regard to an assessment as to whether the new government model is working in practice, at its meeting of 27 October 2023, the Board, taking into consideration the exercise carried out – also in view of a specific request of the Bank of Italy submitted on the authorisation of the modifications to the Bylaws for the passage to the one-tier governance model in 2022 – as the result of the preliminary support of the Risks Committee and the Audit and Internal Control Committee, each for its respective competence, confirmed the adequacy of the current organisational and operational set-up of the governance structure (in accordance with the “one-tier” model), which is considered to be consistent with the business model and functional for putting this into practice.

TABLES

Set out on the following pages are tables that summarise the way in which the Company has adopted the principal aspects of corporate governance set forth in the Corporate Governance Code.

The first table summarises the structure of the Board of Directors. The directors are listed with their classification as either executive, non-executive or independent.

The second table summarises the characteristics of the various board committees.

The third table summarises the characteristics of the Audit and Internal Control Committee, indicating its members and whether or not they have been designated by minority lists.

The tables include captions indicating the number of meetings held by the Board of Directors and by the Committees and the number of times individual members attended meetings; a caption is also provided to indicate the number of relevant positions held in other companies.



TABLE 1

Structure of the Board of Directors at the end of the year

Board of Directors													
Position	Members	Year of birth	Date of first appointment (*)	In office since	In office until	List (presented by) (**)	List (M/m) (***)	Exec.	Non-exec.	Indep. Code	Indep. TUF	No. of other offices held (****)	Attendance (*****)
Chair	Casiragli Rosalba	1950	20/09/2018	28/04/2022	(a)	BoD	M		X	Yes	Yes	1	24/24
• Chief Executive Officer	Passera Corrado	1954	20/09/2018	28/04/2022	(a)	BoD	M	X		No	No	2	24/24
Director	Annunziata Filippo	1963	28/04/2022	28/04/2022	(a)	BoD	M		X	Yes	Yes	3	20/24
Director	Bozzola Marco	1960	28/04/2022	28/04/2022	(a)	Shareholders	m		X	Yes	Yes	1	24/24
Director	Brambilla Massimo	1970	20/09/2018	28/04/2022	(a)	BoD	M		X	No	No	1	24/24
Director	Canziani Patrizia	1967	22/04/2021	28/04/2022	(a)	Shareholders	m		X	Yes	Yes	1	21/24
Director	Caringi Stefano	1944	28/04/2022	28/04/2022	(a)	BoD	M		X	Yes	Yes	-	24/24
Director	Ciallié Elena	1967	20/09/2018	28/04/2022	(a)	BoD	M		X	Yes	Yes	1	20/24
Director	Fontana Nadia	1961	28/04/2022	28/04/2022	(a)	BoD	M		X	Yes	Yes	3(b)	21/24
Director	Galbiati Paola Elisabetta	1958	10/02/2021	28/04/2022	(a)	BoD	M		X	Yes	Yes	3	23/24
Director	Lanza Francesca	1976	15/12/2021	28/04/2022	(a)	Shareholders	M M		X	Yes	Yes	-	18/24

Director	Majnoni d'Intignano Giovanni	1954	22/04/2021	28/04/2022	(a)	Shareholders	m		X	Yes	Yes	-	19/24
Director	Valenti Marcello	1968	10/02/2021	28/04/2022	(a)	BoD	M		X	Yes	Yes	1	23/24

Number of meetings held during the year: 24

Quorum required by the minority to submit lists for the election of one or more members (as per article 147-ter TUF): 1% of shareholdings

NOTES

The following symbols are stated in the column "Position":

- This symbol indicates the director in charge of the internal control and risk management system.

(*) The date of first appointment for each director means the date on which the director was appointed for the first time (ever) to the Issuer's Board of Directors.

(**) This column indicates whether the list from which each director's name was taken was submitted by shareholders ("Shareholders") or by the Board of Directors ("BoD").

(***) This column indicates whether the list from which each director's name was taken was the "majority list" (stating "M") or a "minority list" (stating "m").

(****) This column indicates the number of offices held as director or statutory auditor by the person concerned in other listed companies or companies of a material size. The offices held are stated in full in the Report on Corporate Governance.

(*****) This column indicates the attendance of directors at meetings of the Board of Directors (the number of meetings which the director attended compared to the number of meetings he or she could have attended, e.g. 6/8; 8/8 etc.).

(a) Date of approval of the 2024 financial statements.

(b) For the purposes of determining the number of other offices held, positions held by the person in accordance with article 18 of Ministerial Decree no. 169/2020 are not included.

TABLE 2

Structure of the Board Committees at the end of the year (a)

Board of Directors		Related Party Transactions Committee		Risks Committee		Remuneration Committee		Nomination Committee (f)		Sustainability Committee	
Position/Qualification	Members	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chair of the BoD non- executive – independent as per TUF and as per Code	Casiraghi Rosalba							2/2	M	9/9	C
CEO	Passera Corrado										
Non- executive director – independent as per TUF and as per Code	Annunziata Filippo Claudio			19/22	M						
Non- executive director – independent as per TUF and as per Code	Bozzola Marco										
Non-executive director – not independent	Brambilla Massimo									9/9	M

In case of any inconsistencies the Italian version shall prevail

Non- executive director – independent as per TUF and as per Code	Canziani Patrizia			20/22	M					9/9	M
Non- executive director – independent as per TUF and as per Code	Caringi Stefano			22/22	M						
Non- executive director – independent as per TUF and as per Code	Ciallié Elena			22/22	C					9/9	M
Non- executive director – independent as per TUF and as per Code	Fontana Nadia	6/7	M								
Non- executive director – independent as per TUF and as per Code	Galbiati Paola Elisabetta	7/7	M			7/7	C				
Non- executive director – independent as per TUF and as per Code	Lanza Francesca					6/7	M				

Non- executive director – independent as per TUF and as per Code	Mainoni d’Intignano Giovanni	7/7	C					2/2	M		
Non- executive director – independent as per TUF and as per Code	Valenti Marcello					7/7	M	2/2	C		
Non- executive director – independent as per TUF and as per Code	Casiraghi Rosalba										
Non- executive director – independent as per TUF and as per Code	Brambilla Massimo										
Non- executive director – independent as per TUF and as per Code	Valenti Marcello										

-----**DIRECTORS LEAVING OFFICE DURING THE YEAR**-----

NOTES

(*) This column indicates the attendance of directors at meetings at committee meetings (stating the number of meetings attended compared to the total number of meetings he or she could have attended, e.g. 6/8; 8/8 etc.)

(**) States the qualification held on the committee: "C": chair; "M": member.

(a) The changes in the composition of the board committees took place after the Shareholders' Meeting of 28 April 2022 called to approve the 2021 financial statements, which appointed the members of the new Board of Directors.

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



TABLE 3

Structure of the Audit and Internal Control Committee at the end of the year

Audit and Internal Control Committee									
Position	Members	Year of birth	Date of first appointment*	In office since	In office until	List**	Indep. Code / TUF	Attendance at meetings of the AICC ***	No. of other offices held ****
Chair	Bozzola Marco	30/08/1960	28 April 2022	28 April 2022	(c)	m	Yes	42/42	-
Member	Caringi Stefano (a)	13/07/1944	28 April 2022	28 April 2022	(c)	M	Yes	42/42	-
Member	Fontana Nadia (b)	15/11/1961	28 April 2022	28 April 2022	(c)	M	Yes	39/42	3
Number of meetings held during the year: 42									

Number of meetings held during the year: 42

Quorum required by the minority to submit lists for the election of one or more members (as per article 148 of the TUF): 1% of shareholdings

NOTES

(*) The date of first appointment for each member means the date on which the member was appointed for the first time (ever) to the Issuer's Audit and Internal Control Committee.

(**) This column indicates whether the list from which each member's name was taken was the "majority list" (stating "M") or a "minority list" (stating "m").

(***) This column indicates the attendance of the Committee's members at meetings of the AICC (stating the number of meetings which he or she attended compared to the number of meetings he or she could have attended, e.g. 6/8; 8/8 etc.).

(****) This column indicates the number of positions held as director or statutory auditor by the person concerned pursuant to article 148-bis of the TUF and the relative implementation provisions contained in the Consob Issuers' Regulation. A complete list of positions held is published by Consob on its website pursuant to article 144-quinquiesdecies of the Consob Issuers' Regulation.

- (a) Member of the Board of Statutory Auditors from 2018 until the date of the approval of the 2021 financial statements.
- (b) Member of the Board of Statutory Auditors from 2019 until the date of the approval of the 2021 financial statements.
- (c) Date of approval of the 2024 financial statements.