



Banca Ifis S.p.A.

SHAREHOLDERS' MEETING

**EXPLANATORY REPORT BY THE BOARD OF DIRECTORS ON THE ITEMS ON THE
AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING
CONVENED FOR 28 APRIL 2022, IN A SINGLE CALL**

(drafted pursuant to Art. 125-ter of Italian Legislative Decree no. 58 of 24 February 1998, as amended and supplemented)

Item 1) on the Agenda of the Shareholders' Meeting**Financial statements at 31 December 2021:**

- 1.1) approval of the financial statements at 31 December 2021, presentation of the consolidated financial statements at 31 December 2021 and the consolidated non-financial statement pursuant to Italian Legislative Decree no. 254 of 30/12/2016 - Sustainability Report;**
- 1.2) allocation of the period result;**
- related and consequent resolutions.**

Dear Shareholders,

The draft financial statements at 31 December 2021¹, which we submit for your approval, show a profit for the year of 56.467.710 Euro.

The cash dividend (before tax withholdings required by law) of 0,95 Euro for each ordinary share would be paid with ex-dividend date (coupon no. 25) on 23 May 2022 and includes the portion attributable to treasury shares held by the Company.

As per Article 83-*terdecies* of Italian Legislative Decree no. 58 of 24 February 1998 (the "Consolidated Law on Finance"), eligibility for the dividend is determined based on the shareholders of record on the intermediary's books as per Article 83-*quater*, paragraph 3 of the Consolidated Law on Finance at the end of 24 May 2022 (the "record date").

The aforementioned dividend, gross of withholding taxes, is scheduled to be paid on 25 May 2022.

The total disbursement, calculated gross of the portion related to treasury shares, pursuant to Art. 2357-*ter* of the Italian Civil Code, amounts to a maximum of 51.120.540,25 Euro.

The proposal is in line with the dividend policy already communicated to the market on 10 February, at the time of the release of the preliminary 2021 results.

We also submit for your attention the consolidated financial statements at 31 December 2021 which, although not subject to approval by the Shareholders' Meeting, supplement the information provided with the financial statements of Banca Ifis S.p.A..

¹ The draft financial statements and consolidated financial statements for the year ended 31 December 2021 were approved by the Board of Directors at its meeting on 10 March 2022.

For more information regarding the financial statements, reference should be made to the contents of the reports and deeds filed at the Company's registered office pursuant to Art. 2429, paragraph 3, of the Italian Civil Code and the authorised storage mechanism www.emarketstorage.com, as well as published on the website www.bancaifis.it.

In light of the above, the Board of Directors intends to submit the following for your approval

PROPOSED RESOLUTION

"The Shareholders' Meeting of Banca Ifis S.p.A., having examined the explanatory report of the Board of Directors under item no. 1 on the agenda, the figures of the financial statements of Banca Ifis S.p.A. at 31 December 2021 and the report of the Board of Directors, having acknowledged the report of the Board of Statutory Auditors and the report of the Independent Auditors,

resolved

- a) **to approve** the financial statements for the year ended 31 December 2021, with the report on operations presented by the Board of Directors;
- b) **to allocate** net profit for the year of 56.467.710 Euro (fifty-six million four hundred sixty-seven thousand seven hundred and ten Euro) as follows:
 - distributing to shareholders a cash dividend (before tax withholdings required by law) of 0,95 Euro per ordinary share with ex-dividend date (coupon no. 25) on 23 May 2022. This dividend includes the portion attributable to the Company's treasury shares. As per Article 83-terdecies of Italian Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance), eligibility for the dividend is determined based on the shareholders of record on the intermediary's books as per Article 83-quater, paragraph 3 of the Consolidated Law on Finance at the end of 24 May 2022 (the record date);
 - allocating the remainder to other reserves.
- c) **to pay** said dividend from 25 May 2022. Payment will be made through the authorised intermediaries with which the shares are registered on the Monte Titoli System.

Item 2) on the Agenda of the Shareholders' Meeting

Remuneration:

2.1) Report on the remuneration policy and fees paid pursuant to Art. 123-ter of Italian Legislative Decree no. 58/1998: approval of Section I - 2022 Ifis Group Remuneration and Incentive Policy;

2.2) Report on the remuneration policy and fees paid pursuant to Art. 123-ter of Italian Legislative Decree no. 58/1998: non-binding resolution on Section II - Information on fees paid in FY 2021;

2.3) Remuneration plan based on the assignment of Banca Ifis shares for certain corporate figures described in the information document drawn up pursuant to Art. 114-bis of the Consolidated Law on Finance and related implementing rules (Art. 84-bis of the Issuers' Regulation);

related and consequent resolutions.

Dear Shareholders,

We hereby present you with the document "Report on the remuneration policy and fees paid" approved by the Board of Directors of Banca Ifis S.p.A. in its meeting of 10 March 2022 (the "**Report**").

With the above-mentioned document, the Board aimed at implementing the provisions set out in Art. 123-ter of the Consolidated Law on Finance, as well as the regulations governing the banking sector and the self-regulation rules contained in the Corporate Governance Code.

The Report therefore also contains additional information, in aggregate form, on the so-called "Risk Takers"² not included in the scope of application of the cited Article of the Consolidated Law on Finance.

² Pursuant to Delegated Regulation (EU) no. 604 of 4 March 2014.

With regard to the regulatory framework, reference should be made in particular to the following:

- a) with reference to primary and secondary legislation applicable to listed companies:
 - Art. 123-*ter* of the Consolidated Law on Finance containing the provision to make available to the public at least twenty-one days prior to the date of the Ordinary Shareholders' Meeting held to approve the financial statements a report on the remuneration policy and fees paid;
 - Art. 84-*quater* of Consob Regulation no. 11971 of 14 May 1999, as updated with the amendments made by resolution no. 21623 of 10 December 2020 (hereinafter also "**Issuers' Regulation**") setting out the obligation to make available to the public the aforementioned report on the remuneration policy and fees paid drawn up in compliance with "Schedule 7 bis" of Annex 3 A of the Issuers' Regulation;
- b) with reference to the secondary legislation applicable to Banks and Banking Groups:
 - Circular no. 285 of 17 December 2013 - "Supervisory Provisions for Banks" containing provisions on remuneration and incentive policies and practices in banks and groups;
- c) with reference to the self-regulation rules of listed companies:
 - the most recent "Format for the report on corporate governance and shareholding structure" of listed companies made available by Borsa Italiana S.p.A.;
 - the Corporate Governance Code approved by the Corporate Governance Committee of Borsa Italiana S.p.A.

The text of the Report, approved by the Board of Directors, has been examined by the Remuneration Committee with a view to carrying out preliminary work on the matters for which it is responsible.

In short, the "Report on remuneration policy and fees paid" consists of:

- a Section I aimed at illustrating, for the members of the management bodies, general managers, key managers and members of the control bodies, as well as for the "Risk Takers" not included in the scope of application of Art. 123-*ter* of the Consolidated Law on Finance,

the Company's remuneration policy and the procedures used for the adoption and implementation of such policy. This section describes the planned policy for FY 2022.

The Shareholders' Meeting is called upon to pass a binding resolution for or against this Section I of the Report;

- a Section II divided into two parts: (i) the first part is aimed at representing, by name, for the members of the management and control bodies and the general managers and, in aggregate form, for the key managers as well as for the "Risk Takers", each of the items that make up the remuneration, highlighting their consistency with the reference policy and providing information on how the Company took into account the vote expressed by the Shareholders' Meeting on Section II of the report for the previous year; (ii) the second part shows analytically in tabular form, as indicated in Annex 3A, Schedule no. 7 bis of the Issuers' Regulation, the remuneration paid during FY 2021 or related to it, for any reason and in any form, by the Company and its subsidiaries and associates. The additional information required pursuant to Article 450 of Regulation (EU) no. 575 of 26 June 2013 is then included in tabular form for Banca IFIS S.p.A. and the other Group companies.

The Shareholders' Meeting is called upon to pass a non-binding resolution for or against this Section II of the Report.

With regard to the main changes made to the remuneration policy compared to FY 2021, it should be underlined that, in the light of the positive outcome of the meeting's vote on Section I of the policies related to FY 2021, the Board decided to submit to the meeting's vote a remuneration policy for FY 2022 that is substantively in line with the past, except for the appropriate adjustments, also aimed at implementing the changes introduced by the Issuers' Regulation and the Corporate Governance Code.

In light of the positive results of the shareholders' meeting vote, Banca Ifis decided to submit to the shareholders' meeting vote a remuneration policy for FY 2022 substantially in line with the past, subject to the regulatory changes provided for in particular by the 37th update of Circular 285/2013 in transposition of the CRDV (Directive 2019/878/EU).

The following are the main regulatory changes with respect to the remuneration policy defined for FY 2021:

- introduction - in the reference perimeter of the corporate objectives and values with which the Group's 2022 remuneration policy must comply - of sustainable finance objectives that take into account, among other things, environmental, social and governance (ESG) factors, and clarification of the "gender neutrality of remuneration policies", to be verified through annual monitoring of the gender pay gap and the activation, if necessary, of the related corrective actions;
- provision, in line with the provisions of the 37th update of Circular 285, for the role of the Remuneration Committee to support the Board of Directors in the review of policies at least once a year, in the analysis of the gender neutrality of remuneration policies and in the verification of the gender pay gap and its evolution over time;
- alignment to the CRDV (see Art. 94, new para. 3) for the purposes of the application of the remuneration regulations, regarding the classification between: Banks of smaller size or operational complexity and Other Banks; the Banca Ifis Group cannot be classified as a "bank of smaller size or operational complexity" and is therefore required to apply the entire discipline "proportionally", i.e. taking into account the characteristics and size as well as the riskiness and complexity of the activity carried out. However, the Group is not required to apply the above more detailed rules of Section III of the Supervisory Provisions to key personnel whose annual variable remuneration meets two conditions:
 - does not exceed 50.000 Euro;
 - does not represent more than one third of the total annual remuneration;
- increasing the deferral period for variable remuneration above the materiality threshold to 4 years for key personnel;
- exclusion of the possibility of recognising more than one retention bonus for the same event or justification at the same time, to the same staff member, except in exceptional and duly justified cases;
- with reference to the policy relating to the process of identifying key personnel, alignment with Circular 285/2013, 37th update and Commission Delegated Regulation (EU) 2021/923 of 25 March 2021 (which transposes the EBA RTS of June 2020) regarding qualitative and quantitative criteria for identifying the key personnel, without prejudice to the possibility of introducing additional criteria to the regulatory ones;

In addition to the above, the Group intends to introduce the following major changes to its 2022 remuneration policy:

- review of short term incentive plans (STI) with the following characteristics:
 - introduction of a performance scorecard, containing qualitative and quantitative KPIs, including specific ESG objectives;
 - attribution, to each KPI, of a weight equal to at least 10%, to ensure the significance of the objective, and no more than 30%, to ensure an adequate weighting of the multiple objectives;
 - possibility of deferment of the short-term incentive system, in order to retain the most deserving staff;
- for key personnel who are recipients of variable remuneration subject to deferral pursuant to supervisory provisions:
 - provision, for both up-front and deferred shares, of a retention period of 1 year;
 - calculation of the fair value of the equity component on the basis of the average stock market price with reference to the month prior to the date of approval of the financial statements by the Shareholders' Meeting (or, in case of allocation of variable remuneration for any reason after the Shareholders' Meeting, from the date of the event, meaning any dates of signing of agreements or, failing this, the dates of approval by the competent bodies of the related awards);
 - review of the "clusters" of recipients of the incentive systems with reference to which the limits of the variable component on the fixed component are to be defined (within the limits approved by the Shareholders' Meeting);
 - raising the variable component to a maximum of 1,5:1 for the Chief Executive Officer, in line with the resolutions of the Shareholders' Meeting of 21 December 2021;
 - application of the principle of "particularly high remuneration", in accordance with the provisions of the Supervisory Measures, as a limit on variable remuneration beyond which deferment periods of 5 years and deferred portions of 60% are applied; more than 50% of the deferred portion must also be made up of financial instruments;

- simplification of gate and *malus* conditions in line with regulatory provisions;
- explanation, within the Report, of the operating criteria of the 2021-2023 Long Term Incentive Plan, approved by the Shareholders' Meeting in 2021;
- provision for the possibility of recognising agreements to extend notice, in order to ensure continuity of service for highly specialised professionals;
- clarification in the Report of the minimum permanence in the company/role in order to accrue the variable component;
- provision for possible reductions in the variable component on the basis of adverse scenarios, or in the event of a 20% lower-than-expected consolidated gross profit figure

* * *

Below are some insights into the most significant issues.

One of the most significant innovations concerns the methods of payment of the variable remuneration of the key personnel, as regulated by the new Supervisory Provisions, with particular reference to the deferment obligations, the type of payment instruments and the retention period envisaged for any portion paid in financial instruments.

In this respect, it is noted that the Banca Ifis Group cannot be classified as a "bank of smaller size or operational complexity" and is therefore required to apply the entire discipline "proportionally", i.e. taking into account the characteristics and size as well as the riskiness and complexity of the activity carried out.

According to the new Supervisory Provisions (Bank of Italy Circular 285/2013, 37th update), the Group is not required to apply the aforementioned more detailed rules of Section III of the Supervisory Provisions only to the key personnel whose annual variable remuneration complies with the following two conditions of (i) not exceeding 50.000 Euro, which then becomes the new materiality threshold combined with the other condition that (ii) the variable remuneration must not represent more than one third of the total annual remuneration.

For the purpose of the correct application of the reference period and the share to be deferred of the variable remuneration, reference should also be made to the amount of "particularly high" variable remuneration for which different and higher deferral periods and shares of variable remuneration are provided. "Particularly high" variable remuneration is defined as the lesser of: (i) 25% of the average total remuneration of Italian high earners, as resulting from the most recent report published by the EBA; and (ii) 10 times the average total remuneration of

the Ifis Group's employees. In the light of the above, the particularly high amount of variable remuneration with reference to the Group was identified as 435.000 Euro (equal to 25% of the average total remuneration of Italian high earners³). This particularly high amount of remuneration includes, as things stand and subject to possible changes, only the variable remuneration of the Parent Company's CEO.

In the light of the above, the methods of payment of variable remuneration for key personnel adopted by the Banca Ifis Group are set out below:

	Upfront	Deferment
equal to or less than the materiality threshold	100% cash	
higher than the materiality threshold and not of particularly high amount	60% upfront , of which: <ul style="list-style-type: none"> - 50% (i.e. 30% of the total variable remuneration) in Banca Ifis shares, which may be exercised at the end of the retention period of 1 year - 50% (i.e. 30% of total variable remuneration) paid in cash 	40% deferred over 4 years starting in the year following the year in which the up-front portion accrues , of which: <ul style="list-style-type: none"> - 50% (i.e. 20% of the total variable remuneration) in Banca Ifis shares, which may be exercised at the end of the further retention period of 1 year - 50% (i.e. 20% of the total variable remuneration) in cash, subject to annual revaluation at the legal rate in force over time.
of particularly high amount	40% upfront , of which: <ul style="list-style-type: none"> - 50% (i.e. 20% of the total variable remuneration) in Banca Ifis shares, which may be exercised at the end of the retention period of 1 year - 50% (i.e. 20% of total variable remuneration) paid in cash 	60% deferred over 5 years starting in the year following the year in which the up-front portion accrues , of which: <ul style="list-style-type: none"> - 55% (i.e. 33% of the total variable remuneration) in Banca Ifis shares, which may be exercised at the end of the further retention period of 1 year - 45% (i.e. 27% of the total variable remuneration) in cash, subject to annual revaluation at the legal rate in force over time.

The short-term plan, linked to the results for the period from 1 January 2022 to 31 December 2022, will end during FY 2027, with the end of the retention period provided for the deferred variable component.

The remuneration of the CEO is made up of the following elements: (i) a fixed remuneration of a stable and irrevocable nature, which does not create incentives to take risks and does not depend on the Bank's performance, determined on the basis of the responsibilities connected with the position and the commitment required to carry it out (ii) a variable remuneration linked to the achievement of specific qualitative and quantitative performance objectives.

In this regard, the CEO is the beneficiary:

- of a **Short-Term Incentive ("STI") System**, referred to the year 2022;

³ EBA Report on High Earners (EBA/REP/2021/23).

- of a **2021-2023 Long Term Incentive Plan** (the "LTI Plan").

With reference to the **Short-term Incentive (STI) System**, the objectives assigned to the CEO for 2022 represent a combination of quantitative and qualitative criteria, referring to the Group's results, as well as qualitative aspects relating to strategic action. In particular, the performance scorecard provides for the declination of (i) **economic and financial KPIs** with a weight of 65%, based on three specific drivers (profitability, cost of credit and efficiency), consistent with the Group's 2022 objectives, and (ii) **strategy and sustainability KPIs** with a weight of 35%, which aim at assessing the achievement of strategic directives, as well as the achievement of corporate objectives in the ESG area.

The short-term variable remuneration cap payable to the CEO is set at 60% of fixed remuneration; variable remuneration will accrue on the basis of the degree of achievement of objectives, with variable remuneration being paid on a linear progression between 60% and 100%.

Performance scorecard						
KPI	Economic-financial KPIs		65%	Minimum level	Medium level	Maximum level
	Profitability	ROE: Profit attributable to the Parent Company divided by the average of shareholders' equity attributable to the Parent Company for the quarters 4Q21 to 4Q22	25%	-5,5%	Progression Linear	Target level
	Cost of credit	Impairment losses/reversals for risk (credit excluding those of the NPL area) divided by the average balance of Group loans (excluding those of the NPL area)	20%	+11%		Target level
	Efficiency	Cost/income ratio: Total Group costs divided by the Group's net banking income	20%	+ 3%		Target level
	Strategy and sustainability KPIs		35%	Minimum level	Medium level	Maximum level
	ESG (*)	1. Maintenance of the A rating issued by MSCI 2. Maintenance of gender equity commitments 3. Implementation of the first step of the conversion of the company car fleet into a hybrid one	10%	1 out of 3 targets	2 out of 3 targets	3 out of 3 targets
	Strategic action	Qualitative assessment of the Chief Executive Officer's achievement of strategic directives by the Board of Directors.	25%	In line with expectations	Above expectations	Excellent

(*) company-wide target for all key personnel

The CEO is also the beneficiary of an **LTI Plan**, with the assignment of the right to receive, at the end of the vesting period (2021-2023) up to a maximum of 696.000 options, calculated, for the purposes of calculating the ratio between fixed and variable remuneration, as follows: (i) 156.000 Options for FY 2021; (ii) 270.000 Options for FY 2022; and (iii) 270.000 Options for FY 2023.

In this regard, it should be noted that the ratio between fixed and variable remuneration for the CEO, with effect from 2022, is 1,5:1.

The Report also identifies the short-term objectives assigned to the **Joint General Managers** who, according to the General Regulations in force have replaced the figure of the General Manager, for 2022. These objectives represent a combination of quantitative and qualitative criteria, referring to the Group's results, as well as to qualitative aspects relating to the achievement of strategic directives and corporate objectives in the ESG field.

The performance scorecard provides for the declination of (i) economic and financial KPIs with a weight of 65%, based on three specific drivers (profitability, cost of credit and efficiency), consistent with the Group's 2022 objectives, and (ii) strategy and sustainability KPIs with a weight of 35%, which aim at assessing the achievement of strategic directives as well as of corporate objectives in the ESG area.

In this case too, variable remuneration will accrue on the basis of the degree of achievement of objectives, with variable remuneration being paid on a linear progression between 60% and 100%.

Performance scorecard		COO	CCO				
KPI	Economic-financial KPIs	65%	65%	Minimum level	Medium level	Maximum level	
	Profitability	ROE: Profit attributable to the Parent Company divided by the average of shareholders' equity attributable to the Parent Company for the quarters 4Q21 to 4Q22	20%	20%	-5,5%	Progression Linear	Target level
	Cost of credit	Impairment losses/reversals for risk (credit excluding those of the NPL area) divided by the average balance of Group loans (excluding those of the NPL area)	20%	25%	+11%		Target level
	Efficiency	Cost/income ratio: Total Group costs divided by the Group's net banking income	25%	20%	+ 3%		Target level
	Strategy and sustainability KPIs		35%	35%	Minimum level	Medium level	Maximum level
	ESG (*)	1. Maintenance of the A rating issued by MSCI 2. Maintenance of gender equity commitments 3. Implementation of the first step of the conversion of the company car fleet into a hybrid one	10%	10%	1 out of 3 targets	2 out of 3 targets	3 out of 3 targets
	Strategic action	Qualitative assessment of the achievement of strategic directives, formulated by the CEO	25%	25%	In line with expectations	Above expectations	Excellent

(*) company-wide target for all key personnel

The Report will be made available to the public, at the Company's registered office and at the authorised storage facility www.emarketstorage.com, as well as on the website www.bancaifis.it (section Corporate Governance/Remuneration/Ordinary Shareholders' Meeting of 28 April 2022) by 31 March 2022 together with the Report on Corporate Governance and Shareholding Structure.

The contents of Section I of the Report also entailed, pursuant to Art. 114-*bis* of the Consolidated Law on Finance and the related implementing rules (Art. 84-*bis* of the Issuers' Regulation), the need to make available to the public - at the same time as the Report - at the registered office, on the website and with the other methods established by Consob, an information document on the consequent remuneration plan based on the assignment of Banca Ifis shares to certain corporate figures falling within the perimeter of key personnel who are recipients of variable remuneration exceeding the new limits defined by Circular 285/2013, 37th update, as described above and as such subject to the rules of deferment and the recognition of a portion thereof (equal to 50%) in shares of the Parent Company.

It should also be noted that Internal Audit has verified the methods by which the compliance of remuneration practices with the regulatory framework is ensured, as provided for by the cited supervisory provisions of the Bank of Italy.

In light of all of the foregoing, we submit the following for your approval:

PROPOSED RESOLUTION

"The Shareholders' Meeting of Banca Ifis S.p.A., having examined the explanatory report of the Board of Directors under item 2 on the agenda and the document entitled "Report on the remuneration policy and fees paid" approved by the Board of Directors,

a) **resolved to approve** the contents of Section I of the document entitled "Report on the remuneration policy and fees paid" drafted pursuant to Article 123-*ter* of the Consolidated Law on Finance, also for the purpose of adjusting the remuneration policies of the Banca Ifis Banking Group for 2022 and, specifically, also the sub-sections (19.1 and 19.2) set forth in paragraph no.

19 of Section I of the document entitled "Report on the remuneration policy and fees paid", respectively entitled "Treatment in the event of termination of office or termination of employment for key personnel" and "Treatment in the event of termination of office or termination of employment for non-key personnel", as well as Annex no. 1 of said Report setting out the Policy on the process of identifying key personnel;

b) taking note of the report on the implementation of the remuneration policies during FY 2021 provided, in compliance with Art. 10 of the Articles of Association as well as with the relevant regulations in force, within the document entitled "Report on the remuneration policy and fees paid" drawn up pursuant to Art. 123-ter of the Consolidated Law on Finance, **resolved in favour of Section II** of the document entitled "Report on the remuneration policy and fees paid" prepared pursuant to Art. 123-ter of the Consolidated Law on Finance.

c) **resolved to approve** the remuneration plan based on the assignment of Banca Ifis shares for certain corporate figures described in the information document drawn up pursuant to Art. 114-bis of the Consolidated Law on Finance and related implementing rules (Art. 84-bis of the Issuers' Regulation) and made available to the shareholders by the legal deadline".

Item 3) on the Agenda of the Shareholders' Meeting

Board of Directors:

- 3.1) determination of the number of members of the Board of Directors;**
- 3.2) appointment of the members of the Board of Directors;**
- 3.3) determination of term of office;**
- 3.4) determination of the remuneration of the members of the Board of Directors; related and consequent resolutions.**

Dear Shareholders,

With the approval of the financial statements for the year ended 31 December 2021, the

three-year term of office of the Board of Directors currently in office, expires. In thanking you for the trust you have placed in us, we would now invite you, pursuant to Art. 2364, paragraph 1, point 2) of the Italian Civil Code, to appoint the new Administrative Body, after having determined the number of members.

In this respect, we would remind you that Art. 11 of the Articles of Association, to which you are referred, establishes that the Board of Directors is appointed by list voting and consists of between 5 and 15 members.

Pursuant to Art. 11 of the Articles of Association, only those shareholders who, at the time of submitting their list, either alone or jointly with others, own a shareholding equal to at least 1% of the ordinary shares, or any other lower shareholding threshold that - pursuant to current legislation - is indicated in the notice of call of the Shareholders' Meeting convened to resolve on the appointment of the members of the Board of Directors, are entitled to submit a list.

A shareholder may not submit or vote for more than one list, even if through a third party or trust company. Shareholders belonging to the same group and shareholders who are party to a shareholders' agreement concerning the Company's shares cannot submit or vote for more than one list, not even through a third party or trust company. A candidate may only be on one list under penalty of ineligibility.

The lists must be submitted by the shareholders at the registered office no later than the twenty-fifth day prior to the date of the Shareholders' Meeting and made available to the public at the registered office, on the Company's website and according to the other procedures provided for by current legislation, at least twenty-one days prior to the date of the Shareholders' Meeting.

The ownership of the minimum shareholding required in order to submit lists is determined by taking into account the shares that are registered in favour of each single shareholder, or jointly by several shareholders, on the day when the lists are filed with the Company. In order to prove the ownership of the number of shares necessary to submit the lists, the shareholders

may produce the related certification also after the filing, provided that it is within the deadline for the publication of the lists by the Company.

Lists must be supplied complete with:

- information regarding the identity of the shareholders who submitted the lists, indicating the percentage of shares held;
- a declaration by the shareholders other than those who hold, also jointly, a controlling or relative majority interest, certifying the absence of relationships with the latter, pursuant to Art. 147-*ter* of Italian Legislative Decree no. 58/1998 and Art. 144-*quinquies* of the Regulation adopted by CONSOB with Resolution no. 11971/1999 with the latter;
- a complete report on the personal and professional characteristics of the candidates as well as a declaration by the same candidates stating that they meet the requirements and criteria set out in the legislation and regulations in force and applicable over time, and that they accept the candidature.

Candidates who do not comply with the requirements and criteria set out in Art. 26 of Italian Legislative Decree no. 385/1993 and the related implementing provisions, including those of a regulatory nature, in force from time to time, may not be included in the lists.

In drawing up the lists for the election of the Board of Directors, the shareholders must take into account the current legal and regulatory framework (Civil Code, Italian Legislative Decree no. 58/1998, Italian Legislative Decree no. 385/1993 and "Supervisory Instructions for Banks", Decree Law no. 201 of 6 December 2011, converted into Law no. 214 of 22 December 2011), also partly referred to in the Articles of Association, and the fact that Banca IFIS is an issuer listed on the Euronext STAR Milan segment.

This regulatory framework is referred to, for the sake of full disclosure, in the Document on the "Optimal Qualitative and Quantitative Composition of the Board of Directors of Banca Ifis" approved by the Board of Directors on 10 March 2022 and available on the corporate website www.bancaifis.it (Corporate Governance/Shareholders' Meeting Section). In particular, reference is made to the following national and European regulations:

- Articles 147-*ter*, 147-*quinquies* and 148 of Italian Legislative Decree no. 58 of 24 February

1998 (the "**Consolidated Law on Finance**");

- Art. 26 of Italian Legislative Decree no. 385 of 1 September 1993 (the "**Consolidated Law on Banking**");
- Art. 36 of D.L. no. 201 of 6 December 2011 "*Urgent provisions for growth, equity and the consolidation of public accounts*", converted, with amendments, by Law no. 214 of 22 December 2011, known as the. "*Interlocking Directorship*" (the "**Salva Italia Decree**") and the "*Criteria for the application of Art. 36 of the "Salva Italia" Decree Law, the "prohibition of interlocking"*")" published by the Bank of Italy, CONSOB and IVASS on 20 April 2012, as subsequently updated and supplemented;
- Decree no. 169 of the Minister of Economy and Finance of 23 November 2020, effective as of 30 December 2020, setting forth the "*Regulation on the requirements and eligibility criteria for the performance of the duties of corporate officers of banks, financial intermediaries, credit consortia, electronic money institutions, payment institutions and depositor guarantee schemes*" (the "**MEF Decree**");
- Bank of Italy, Supervisory Provisions for Banks, Circular no. 285 of 17 December 2013 on Corporate Governance (Part I, Title IV, Chapter 1, Section IV *Composition of Corporate Bodies*) ("**Supervisory Provisions**");
- Corporate Governance Code for Listed Companies approved on 31 January 2020 by the Corporate Governance Committee and promoted by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria (the "**Corporate Governance Code**");
- Art. 144-*undecies*.1 of the Regulation adopted by CONSOB with Resolution no. 11971 of 14 May 1999, as amended (the "**Issuers' Regulation**");
- Regulation adopted by CONSOB with resolution no. 20249 of 28 December 2017, as amended ("**Market Regulation**");
- Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as amended and supplemented (the "CRD");
- Regulation (EU) no. 575 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended and supplemented (the "**CRR**");
- EBA Guidelines on internal governance of 2 July 2021;

- EBA/ESMA Guidelines on the assessment of the suitability of members of strategic supervision and management bodies and key function holders under

Directive 2016/36/EU and Directive 2014/65/EU of 2 July 2011;

- "Guide to fit and proper assessments" of the European Central Bank dated 15 May 2017 and last updated in December 2021.

In the presentation of the lists we remind you in particular of the need to take into account:

- the provisions of Article 11 of Banca Ifis's Articles of Association, according to which:
 - at least one quarter of the candidates (if this ratio is not a whole number, it is rounded down to the lower whole number if the first decimal place is less than or equal to 5; otherwise it is rounded up to the higher whole number) they must meet the independence requirements laid down in the Code of Corporate Governance for Listed Companies and by Art. 148, paragraph 3 of the **Consolidated Law on Finance**. These candidates must be placed on the list in the first four places in the sequential order;
 - each list shall contain a number of candidates belonging to the less represented gender equal to at least two fifths, except for the lists that present a number of candidates lower than three;
- the provisions of the "Instructions to the Rules of Markets organised and managed by Borsa Italiana S.p.A." at Art. IA.2.10.6 - Provisions concerning STAR Issuers - Independence of Directors - according to which at least 3 independent directors must be present in Boards of Directors composed of 9 to 14 members;
- the provisions of Art. 36 of Decree Law no. 201 of 6 December 2011, converted into Law no. 214 of 22 December 2011, which prohibits holders of positions on management, supervisory and control bodies from taking on or exercising similar positions in competing companies or groups of companies, under penalty of disqualification from holding office (the "interlocking ban"). Therefore, together with the documents required for the presentation of the lists, candidates shall provide a declaration of absence of any incompatibility, i.e. the commitment to exercise the option provided for by the said law within 90 days from any appointment;
- the provisions of Art. 26 of the **Consolidated Law on Banking**, according to which *"the*

candidates must meet the requirements of professionalism, integrity and independence, satisfy criteria of competence and correctness, devote the necessary time to the effective performance of their duties, so as to ensure the sound and prudent management of the bank", as well as the MEF Decree.

We would also remind you of the opportunity to examine in advance, possibly through contact with the competent structures of the Bank, the "Regulation on the accumulation of offices held by corporate officers" approved by the Board of Directors of Banca Ifis on 21 October 2021 and to verify that candidates do not hold offices in other companies in excess of the provisions of this Regulation, the contents of which are summarised in the Reports on Corporate Governance and Shareholding Structure prepared and published every year pursuant to Article 123-*bis* of the Consolidated Law on Finance.

The lists and the related documents are made public by the legal deadline at the company's registered office, at Borsa Italiana S.p.A. and at the authorised storage mechanism www.emarketstorage.com, as well as on the website www.bancaifis.it, Corporate Governance/Shareholders' Meeting section. For information on the deadlines for submitting and publishing lists, please refer to the notice of call.

Lists that do not comply with the requirements outlined in Article 11 of the current Articles of Association shall be deemed not to have been submitted.

We would also like to remind you that, in compliance with the "*Supervisory Provisions concerning the organisation and corporate governance of banks*" issued by the Bank of Italy and in the light of the provisions of the Corporate Governance Code for Listed Companies, the current Board of Directors carried out a "self-assessment" on the size, composition and functioning of the Board itself, as well as on the suitability of its members to carry out their functions in terms of professionalism, time availability and independence.

For the purpose of submitting the lists, Shareholders are invited to consider what is explained in the above-mentioned "Document on the Optimal Qualitative and Quantitative Composition of the Board of Directors of Banca Ifis" approved by the Board of Directors on 10

March 2022 and available on the corporate website (www.bancaifis.it, Corporate Governance/Shareholders' Meeting section).

Members of the Board of Directors shall be elected as follows:

- 1) all the Directors except one are elected from the list that obtained the highest number of votes at the Meeting, according to the sequential order in which they are listed;
- 2) one director is taken from the list that obtained the highest number of votes at the Meeting and that, pursuant to Art. 147-ter, paragraph 3 of Italian Legislative Decree no. 58/1998, is not connected in any way, not even indirectly, with the shareholders who submitted or voted the list that obtained the highest number of votes.

If these drawing criteria do not guarantee the balance between genders to the extent established by the laws and regulations in force from time to time, a scrolling mechanism shall be applied to the drawing from the list that obtained the highest number of votes at the Shareholders' Meeting, based on the sequential order in which the candidates are indicated, that excludes the candidate or candidates of the gender most represented and draws the candidate or candidates of the missing gender.

If only one list of candidates is submitted, the names indicated in this list will be elected as members of the Board of Directors, up to the number of directors to be elected minus one, which shall be appointed by the Shareholders' Meeting at its meeting, by simple majority but excluding the shareholders who submitted the single list from voting, upon proposal of the same shareholders entitled to vote.

In any case, at least one quarter of the members of the Board of Directors must comply with the independence requirements set out both by the Corporate Governance Code for Listed Companies issued by Borsa Italiana S.p.A. and by Art. 148, paragraph 3 of Italian Legislative Decree no. 58/1998.

We would also invite you to resolve on the duration of the Board's term of office and - pursuant to Article 2364, paragraph 1, point 3) of the Italian Civil Code - on the Directors'

remuneration.

In this regard, we would remind you that Art. 11 of the Articles of Association, to which you are referred, establishes that the Board of Directors remains in office for the period - not exceeding three financial years - established upon appointment, and ends on the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of office.

We would also remind you that, with respect to the Board of Directors currently in office, the Shareholders' Meeting of 19 April 2019 had:

- resolved to allocate to the individual members of the Board of Directors, for the office of director 50.000,00 Euro for each of the financial years 2019, 2020 and 2021, in addition to the reimbursement of expenses incurred by reason of their office;
- resolved to grant all Directors - except for the Chairman, Deputy Chairman and CEO - 1.250,00 Euro for each participation in person at the Board of Directors' meetings held at the registered office or at a different place and 500,00 Euro for each participation in the Board of Directors' meetings by means of audio/video conference call;
- delegated the Board of Directors to establish the remuneration of directors vested with special offices pursuant to Article 2389, paragraph 3, of the Italian Civil Code - also taking into account, where appropriate, the company's results, in any event in compliance with the Remuneration Policies in favour of the representatives, employees and collaborators of the Banca Ifis Banking Group approved by the Shareholders' Meeting and having also consulted the Remuneration Committee, with the favourable opinion of the Board of Statutory Auditors.

In this regard, we would finally refer to what has been reported on the previous item on the agenda (item no. 2), in which the Shareholders' Meeting will be informed on the implementation of the remuneration policies during FY 2021, in compliance with Art. 10 of the Articles of Association as well as with the current legislation in force, and will be called upon to

resolve on the adjustment of said policies.

We do not believe, however, that we are making any proposals regarding directors' fees.

Please note that the Articles of Association and the notice of call of the Shareholders' Meeting are available on the website www.bancaifis.it.

Item 4) on the Agenda of the Shareholders' Meeting

Board of Statutory Auditors:

4.1) appointment of the members of the Board of Statutory Auditors for the three-year period 2022-2024;

4.2) determination of the remuneration of the members of the Board of Statutory Auditors; related and consequent resolutions.

Dear Shareholders,

With the approval of the financial statements for the year ended 31 December 2021, the three-year term of office of the Board of Statutory Auditors currently in office, expires. Therefore, pursuant to Article 2364, paragraph 1, point 2) of the Italian Civil Code, we invite you to appoint, for the three-year period ending with the approval of the financial statements at 31 December 2024, three Standing Auditors and two Alternate Auditors, as well as to appoint the Chairman of the Board of Statutory Auditors and determine their annual fees.

In this regard, we remind you that the appointment of the Board of Statutory Auditors takes place according to the list voting criterion, pursuant to Art. 21 of the current Articles of Association, to which you are referred, and in compliance with the applicable regulatory provisions.

Pursuant to Art. 21 of the Articles of Association, the Board of Statutory Auditors is appointed on the basis of lists submitted by the shareholders, in which the candidates are listed in sequential order and in a number not exceeding the members of the body to be elected. The list shall include two sections: one for the candidates to the office of standing auditor, and one for the alternate auditor candidates.

A list can be submitted by the shareholder(s) who, at the time of submission of the list, own a shareholding equal to at least 1% of the ordinary shares or any other lower shareholding threshold that - pursuant to current legislation - is indicated in the notice of call of the Shareholders' Meeting convened to resolve on the appointment of the members of the Board of Statutory Auditors.

A shareholder may not submit or vote for more than one list, even if through a third party or trust company. Shareholders belonging to the same group and shareholders who are party to a shareholders' agreement concerning the Company's shares cannot submit or vote for more than one list, not even through a third party or trust company. A candidate may only be on one list under penalty of ineligibility.

The lists must be filed at the Company's registered office no later than the twenty-fifth day prior to the date of the Shareholders' Meeting and made available to the public at the registered office, on the Company's website and according to the other procedures provided for by current legislation, at least twenty-one days prior to the date of the Shareholders' Meeting. If no list has been submitted by the above-mentioned deadline, or if only one list has been submitted (or if more than one list has been submitted, but the lists can be traced back to Shareholders who are connected with each other pursuant to the current legislation), the Company shall notify in compliance with the applicable legal and regulatory provisions; in this case, lists can be submitted until the deadline set out by the current legislation. In the latter case, the above-mentioned shareholding threshold for the presentation of lists is reduced by half.

The ownership of the minimum shareholding required in order to submit lists is determined by taking into account the shares registered in favour of each single shareholder or of several shareholders jointly on the day when the lists are filed with the Company. In order to prove the ownership of the number of shares necessary to submit the lists, the shareholders may produce the related certification also after the filing, provided that it is within the deadline for the publication of the lists by the Company.

Lists must be supplied complete with:

- information regarding the identity of the shareholders who submitted the lists, indicating the percentage of shares held;
- a statement by the shareholders other than those who hold, even jointly, a controlling interest or a relative majority, certifying the absence of relationships with the latter as set out in Art. 144-*quinquies* of the Regulation adopted by CONSOB with Resolution no. 11971/1999, as well as other significant relationships;
- a complete report on the personal and professional characteristics of the candidates as well as a declaration by the same candidates stating that they meet the requirements set out by the law and that they accept the candidature.

Candidates who already hold positions as auditor in five other listed companies or who do not comply with the requirements and criteria set out in Art. 26 of Italian Legislative Decree no. 385/1993 and the related implementation rules, including those of a regulatory nature, in force from time to time, or who fall within the cases set out in Art. 148, paragraph 3 of Italian Legislative Decree no. 58/1998, cannot be included in the lists.

Each list shall contain at least one candidate for the office of Standing Auditor and at least one candidate for the office of Alternate Auditor belonging to the less represented gender. This requirement does not apply to lists with fewer than three candidates.

Outgoing auditors may be re-elected.

In drawing up the lists for the election of the Board of Statutory Auditors, the shareholders must take into account the current legal and regulatory framework (Civil Code, Italian Legislative Decree no. 58/1998, Italian Legislative Decree no. 385/1993 and "Supervisory Instructions for Banks", Decree Law no. 201 of 6 December 2011, converted into Law no. 214 of 22 December 2011 (the "**Salva Italia Decree**"), in addition to the specific national and European legislation, as applicable, mentioned in the part of this report dedicated to the fourth item on the agenda of the Shareholders' Meeting), partly referred to in the Articles of Association.

We would remind you in particular of the need to take into account:

- the provisions of Art. 36 of the Salva Italia Decree, which prohibits holders of positions on management, supervisory and control bodies from taking on or exercising similar positions in competing companies or groups of companies, under penalty of disqualification from holding office (the “interlocking ban”). Therefore, the candidates shall provide, together with the documents required for the presentation of the lists, a declaration of non-existence of this incompatibility as well;
- the provisions of Art. 21 of the Articles of Association, according to which each list shall contain at least one candidate for the office of Standing Auditor and at least one candidate for the office of Alternate Auditor belonging to the less represented gender. This requirement does not apply to lists with fewer than three candidates;
- the provisions of Art. 26 of Italian Legislative Decree no. 385/1993, according to which *“the candidates must meet the requirements of professionalism, integrity and independence, satisfy criteria of competence and fairness, devote the necessary time to the effective performance of the assignment, so as to ensure the sound and prudent management of the bank”*, as well as the Decree of the Ministry of Economy and Finance no. 169 of 23 November 2020, in force as of 30 December 2020, setting forth the *“Regulation on the requirements and eligibility criteria for the performance of the office of corporate officers of banks, financial intermediaries, credit consortia, electronic money institutions, payment institutions and depositor guarantee schemes”*.

We would also remind you of the opportunity to examine in advance, possibly through contact with the structures of the Bank, the “Regulation on the accumulation of offices held by corporate officers” approved by the Board of Directors of Banca Ifis on 21 October 2021 and to verify that candidates do not hold offices in other companies in excess of the provisions of this Regulation, the contents of which are summarised in the Reports on Corporate Governance and Shareholding Structures prepared and published every year pursuant to Article 123-bis of Italian Legislative Decree no. 58/1998.

The lists and the related documents will be made public by the legal deadline at the company's registered office, at Borsa Italiana S.p.A. and at the authorised storage mechanism www.emarketstorage.com, as well as on the website www.bancaifis.it, Corporate

Governance/Shareholders' Meeting section. For information on the deadlines for submitting and publishing lists, please refer to the notice of call.

Auditors shall be elected as follows:

- 1) two standing auditors and one alternate auditor are elected from the list that obtained the highest number of votes, according to the sequential order in which they are listed;
- 2) from the list that obtained the highest number of votes among the lists submitted and voted by shareholders who are not connected with the reference shareholders pursuant to Art. 148, paragraph 2 of Italian Legislative Decree no. 58/1998, the candidate indicated in the first position of the related section of the list is elected as Standing Auditor; from the same list, the candidate indicated in the first position of the related section of the list is elected as Alternate Auditor.

In the event of a tie between two or more lists, the most elderly candidates shall be elected as Auditors.

If the above-mentioned drawing criteria do not ensure the presence on the Board of at least one Standing Auditor and one Alternate Auditor belonging to the less represented gender, a scrolling mechanism shall be applied to the drawing from the list that obtained the highest number of votes at the Shareholders' Meeting, based on the sequential order in which the candidates are indicated, that excludes the candidate or candidates of the most represented gender and draws the candidate or candidates of the missing gender.

The standing auditor elected from the minority list is declared Chairman of the Board of Statutory Auditors.

If only lists with a number of candidates fewer than three have been submitted and there is no candidate of the less represented gender, the presence of an alternate auditor of the less represented gender shall not be compulsory, while the effective members of the Board shall be appointed as follows:

- 1) the Chairman by drawing from the list that obtained the highest number of votes among the minority lists;

- 2) one Standing Auditor by drawing from the majority list;
- 3) one Standing Auditor by majority vote at the Shareholders' Meeting that, without any list constraint, shall appoint a member belonging to the less represented gender.

If only one list is submitted or only one list receives votes, three Standing Auditors and two Alternate Auditors shall be elected - provided that this list receives the majority of votes at the Meeting - in the order in which they are indicated for their office in that list, and the candidate for Standing Auditor indicated in first place in that list shall be appointed Chairman of the Board of Statutory Auditors.

Thus said, we would invite you to appoint - until approval of the financial statements at 31 December 2024 - the Board of Statutory Auditors, composed of three Standing Auditors, including the Chairman, and two Alternate Auditors, and to determine their remuneration.

We remind you that, with regard to the Board of Statutory Auditors in office, the Shareholders' Meeting of 19 April 2019 had set a gross annual remuneration of 105.000,00 Euro for the Chairman (in addition to the reimbursement of expenses incurred by reason of his office) and 70.000,00 Euro for each of the two Standing Auditors (in addition to the reimbursement of expenses incurred by reason of their office). Moreover, it had resolved to pay all Standing Auditors 1.000,00 Euro for each participation in person at the Board of Directors' meetings held at the registered office or at a different place and 500,00 Euro for each participation in the Board of Directors' meetings by means of audio/video conference call.

Please note that the Articles of Association and the notice of call of the Shareholders' Meeting are available on the website www.bancaifis.it.

Item 5) on the Agenda of the Shareholders' Meeting
Directors and Officers (D&O) third party liability insurance policy; related and consequent resolutions

Dear Shareholders,

With reference to item no. 5 on the agenda of the Shareholders' Meeting, the last discussion of the topic is recalled, held during the Board meeting of 16 December 2021 as well as the main elements of the resolution passed by the Shareholders' Meeting of 17 April 2014.

At that time the Shareholders' Meeting had, *inter alia*, resolved to grant the former CEO and former General Manager, each individually, all the most extensive powers to define at the natural expiry dates of the policy the subsequent renewals of the same at the best market conditions, it being understood that the increase in the annual cost should not exceed as a result of revaluations, adjustments and market situations of the same coverage that might be necessary, an amount equal to 20% of the cost established at that time by the same Shareholders' Meeting and therefore an "*annual cost in line with the market trend and in any case not exceeding 110 (one hundred and ten) thousand Euro including tax charges*").

It should also be noted that for the year 2022, within the limits of the Shareholders' delegation, the renewal of the (D&O) insurance cover was confirmed to Generali Italia S.p.A., through the Mestre Riviera XX Settembre Agency, which, also following an assessment conducted with leading brokers and companies present on the insurance market, was found to be the one with the best conditions.

The conditions below are effective 01/01/2022:

- ✓ company Generali Italia S.p.A.;
- ✓ maximum annual compensation 15M Euro;
- ✓ annual cost of 120.000 Euro, including tax charges (up on the 100.000 Euro of the previous year due to the considerable increase in the cost of this type of risk on the insurance market and the extension of coverage to new Italian and foreign subsidiaries);
- ✓ annual expiry on 31 December 2022;
- ✓ sub-limit for legal fees from pollution 500.000 Euro;
- ✓ extension of the claim reporting period from 5 to 6 years;
- ✓ cover for all Group companies, Italian and foreign subsidiaries;
- ✓ automatically including any acquisitions to be formalised in 2022, the assets of which do not exceed 30% of the Bank's consolidated assets.

In view of the changed level of risk for the entire financial sector, the growth of the Group in terms of size and complexity and the constant increase in the cost of this type of risk in the insurance market, the Shareholders' Meeting of Banca Ifis is therefore asked to review and update the delegation limits provided for by the shareholders' resolution of 17 April 2014, in order to ensure the possibility for the Group to maintain an adequate level of coverage for this type of risk, possibly increasing the policy ceiling, in line with market and sector benchmarks.

Accordingly, the Shareholders' Meeting is requested to update the delegation limits originally set forth in the Shareholders' Resolution of 17 April 2014, for the annual renewal or renegotiation of the D&O policy, as proposed below.

Therefore, the Shareholders' Meeting is called upon to resolve on the following

PROPOSED RESOLUTION

"The Ordinary Shareholders' Meeting, having heard and approved the proposal of the Board of Directors under item no. 5 on the agenda

resolved:

a) to authorise the renewal or renegotiation of the Directors and Officers (D&O) insurance cover, upon its expiry, by subscribing with the same counterparties or with another leading insurance company or brokerage firm, even jointly, a policy in line with the best practices in force on the international market, taking into account the specific nature of the Bank's and the Group's activities and within the scope of the most significant conditions indicated below:

- maximum annual compensation of not less than 15 million Euro;*
- annual cost in line with market trends and in any event not exceeding 160 thousand Euro, including tax charges;*
- annual expiry date (i.e. 31 December of each year)*

b) to grant the CEO and the Joint General Managers, jointly and severally, all the most extensive powers to define, on the natural expiry dates of the policy, the renewals of the same at the best market conditions, without prejudice to the fact that the annual cost pertaining to the policy

shall not exceed, as a consequence of revaluations, adjustments and market situations of the same coverage that might be necessary, an amount equal to 20% of the cost established by today's Meeting.

Item 6) on the Agenda of the Shareholders' Meeting

Proposal of the Board of Statutory Auditors pursuant to Art. 13 of Italian Legislative Decree no. 39/2010 for the assignment of the statutory audit engagement for financial years 2023-2031; related and consequent resolutions.

Dear Shareholders,

With the approval of the financial statements for FY 2022, the audit mandate conferred on EY S.p.A. by the Shareholders' Meeting of 17 April 2014 for FYs 2014-2022 will expire.

Note that the Banca Ifis Board of Statutory Auditors, acting as Internal Control and Audit Committee, has deemed it appropriate to bring the start of the selection procedure forward for the assignment of the statutory audit engagement for the period 2023-2031, in view of the prohibition set out in Art. 5 of the European Regulation which, in order to protect the independence of the auditor, requires the latter to refrain from providing certain types of services other than the statutory audit of the accounts already starting from the financial year immediately preceding the first year of the audit (the "cooling-in period").

Article 17 of Italian Legislative Decree no. 39/2010 envisages that, for companies issuing securities admitted to trading on regulated markets in Italy and in the European Union, the audit engagement shall last for nine financial years, with the exclusion of the possibility of renewal if at least three financial years have not elapsed since the date of termination of the previous engagement.

The engagement entrusted to EY S.p.A. cannot be renewed, since the nine years provided for by the above-mentioned Article will be completed by 2022.

The proposal regarding the assignment of the statutory audit of the individual and consolidated financial statements of Banca Ifis Spa for each of the nine financial years ending 31 December 2023 to 31 December 2031 and for additional assignments strictly related to the statutory audit activity for the nine-year period 2023-2031 is therefore submitted for your examination.

In this regard, it should be noted that Art. 13 of Italian Legislative Decree 39/2010 states that the Ordinary Shareholders' Meeting is called, following a reasoned proposal made by the control body, to confer the statutory audit engagement and to determine the relevant fee due to the independent auditing firm, for the entire term of office, as well as any criteria on which basis to adjust said fees during the term of the engagement.

In the light of the above, the Board of Directors hereby submits for the examination and approval of the Shareholders' Meeting the reasoned proposal of the Board of Statutory Auditors concerning the engagement for the statutory audit of the accounts for FYs 2023-2031, which is attached to this Report.

Item 7) on the Agenda of the Shareholders' Meeting

Engagement for the statutory audit of the accounts: integration of the fees; related and consequent resolutions.

Dear Shareholders,

The Board of Directors of the Bank hereby submits to the Shareholders' Meeting for its examination and approval, the reasoned proposal of the Board of Statutory Auditors regarding the integration of the time and the fee to be paid to the independent auditing firm EY S.p.A., entrusted with the statutory audit of the accounts for FYs 2014-2022 for the increased activities carried out on the audit of the 2021 financial statements.

The proposal formulated by the Board of Statutory Auditors will be made available within the terms and conditions established by the law, by 7th April 2022.

Venice - Mestre, 18 March 2022

REASONED PROPOSAL OF THE BOARD OF STATUTORY AUDITORS OF BANCA
IFIS S.P.A. IN ACCORDANCE WITH AND PURSUANT TO ITALIAN LEGISLATIVE
DECREE NO. 39/2010 ON THE CONFERRAL OF THE AUDIT ASSIGNMENT FOR
THE PERIOD 2023-2031 AND DETERMINATION OF REMUNERATION

Dear Shareholders,

With the approval of the financial statements as at 31 December 2022, the mandate for the statutory audit of the accounts conferred on Ernst & Young SpA will expire.

In accordance with current legislation, defined by European Regulation no. 537/2014 (hereinafter the “Regulation”) implemented in Italy by Legislative Decree no. 135/2016, this mandate is no longer renewable and a new statutory audit appointment must be made by the Shareholders' Meeting on the reasoned proposal of the Board of Statutory Auditors in its capacity as the Internal Control and Audit Committee, pursuant to Art. 19 of Italian Legislative Decree no. 135/2016, following a special selection procedure in accordance with the criteria and methods set out in Art. 16 of the said Regulation.

The Board of Statutory Auditors of Banca Ifis, acting in its capacity as the Internal Control and Audit Committee pursuant to Art. 19, paragraph 2, letter c) of Italian Legislative Decree no. 39/2010 (the “Committee”), has deemed it appropriate to bring the start of the selection procedure forward for the assignment of the statutory audit for the period 2023 - 2031, in view of the prohibition set out in Art. 5 of said European Regulation which, in order to protect the independence of the auditor, requires the latter to refrain from providing certain types of services other than the statutory audit of the accounts already starting from the financial year immediately preceding the first year of the audit.

In light of the foregoing, it was deemed appropriate to envisage that the Shareholders' Meeting, called to approve the financial statements of Banca Ifis S.p.A. as at 31 December 2021, should also be called upon to resolve on the choice of Banca Ifis S.p.A.'s new independent auditor, as well as to approve the latter's remuneration and related adjustment criteria, based on the Board's reasoned proposal.

In compliance with the provisions of Art. 16 of the European Regulation, as it is an assignment of statutory audit of a Public Interest Entity (“PIE”) as defined in Art. 16 of Italian Legislative Decree no. 39/2010 (“Decree”), the proposal formulated and submitted by the Board of Statutory Auditors provides for two possible alternatives for the assignment and indicates the reasoned preference for one of the two.

The process of assessing the offers was guided by the Board of Statutory Auditors

and supported by the Corporate Accounting Reporting Officer (the “Reporting Officer”) and his team (together referred to as the “Working Party”), which the Board met 7 times in order to constantly monitor the progress of the whole process. In addition, the Board of Statutory Auditors held 5 meetings and a number of conference calls to discuss the matter at hand and met with the candidate audit firms with the support of the structure of the Reporting Officer.

In continuity with the approach already adopted for some time, the Parent company has chosen the figure of the Group's sole auditor, also in order to increase the efficiency of the Banca Ifis Group's auditing process, since the company appointed to audit the consolidated financial statements is entirely responsible for expressing the related opinion (European Directive 2006/43/EC and, for Italy, Legislative Decree no. 39/2010). However, the procedure ensured the decision-making autonomy of the competent bodies of the Group companies.

In line with the aforementioned approach, the offer request was made by Banca Ifis S.p.A. also in the name and on behalf of the other Entities of the Group, including the other Entities of the Group qualified as Public Interest Entities - PIEs - and/or Entities subject to Intermediate Regime - ESIR -, both Italian and foreign or otherwise falling within the scope of consolidation. The Board of Statutory Auditors of the Parent company and the Corporate Accounting Reporting Officer (the “Reporting Officer”) exchanged information regularly with the Control Bodies of the Subsidiary Entities.

At the same time as awarding the audit mandate for the Parent company, the latter will also sign an Audit Framework Agreement with the designated auditor containing the economic conditions applicable to all Group companies, binding for the entire nine-year period. Consequently, if a Group company decides to assign its mandate to the Auditor, or to a company in its network, it may do so under the terms set out in this Framework Agreement.

These quotations shall be considered binding for the offering Audit Firm, but shall, if used, be transformed into specific proposals to be approved by the competent bodies of each company, based on the applicable legal regulations.

The tender process was officially launched in September 2021, requiring six companies to submit their bids and supporting documentation no later than 5 November 2021.

Subject of the tender

The Request for Quotation, defined on the basis of market benchmarks, is characterised by a high degree of granularity of the information requested, both at an overall Group level and for the companies included in the consolidation area. This approach made it possible to define in advance the contractual conditions for each individual company at Group level to be incorporated, if necessary, in the individual

contracts following the appointment.

The Request for Quotation included:

- the terms and conditions of the offer, with particular reference to legal and economic aspects
- the list of information required with reference to the governance of the audit firm, the relative coordination mechanisms, independence and incompatibilities, the technical competence of the team, the market presence in terms of geographical coverage of the countries where Banca Ifis operates and the economic offer
- in particular, audit firms were asked to draw up a summary statement containing the main quantitative information (such as turnover, presence in the countries where the company operates, number of professionals, main bank clients, and for each company, fees and hours)
- a description of the audit or voluntary services to be listed
- the scope of the tender, including Banca Ifis S.p.A., its Italian and foreign subsidiaries and the securitisation vehicles being consolidated.

The services included in the scope of the tender are listed below:

- Statutory audit of the Group's consolidated financial statements and expression of an opinion on the consistency of the Report on Operations with the contents of the financial statements
- Statutory audit of the Financial Statements and expression of an opinion on the consistency of the Report on Operations with the contents of the financial statements
- Verification of proper bookkeeping
- Audits related to the signing of tax returns
- Limited audit of the consolidated half-year financial report
- Limited audit of the reporting packages prepared as at 30 June by the subsidiaries (excluding foreign companies and securitisation vehicles) included in the scope of consolidation for the sole purpose of inclusion in the Parent company's consolidated half-year report, with issue of a specific report
- Audit of the reporting packages prepared as at 31 December for foreign subsidiaries and securitisation vehicles solely for inclusion in the consolidated financial statements of the Parent company, with issue of a specific report
- Issuance of attestation for the purpose of including the consolidated net profit for the year before adopting a formal decision of the consolidated final result for the year, in the calculation of the consolidated primary tier 1 capital, pursuant to Article 26, paragraph 2 letter a) of Regulation (EU) no. 575/2013 of 26 June 2013
- Checks relating to the calculation of the contribution to the National Guarantee Fund

- Limited audit of the consolidated non-financial statement - NFS

Procedure for selecting companies to be invited to tender

The selection procedure was defined and carried out in full compliance with Art. 16 of the European Regulation with the aim of guaranteeing a high quality of the statutory audit service, adequate to the size and structure of the Group.

As a preliminary step, the Board of Statutory Auditors shared with the competent corporate structures the criteria taken into account for the identification of the audit firms to be invited to participate in the tender, the structure of the offer request, the criteria for the assessment of the proposals received, as well as the procedures for the assignment of the related score.

In order to identify the audit firms to be invited to tender, it was determined that they should meet the following standards:

- they must have held audit appointments with PIEs in the banking sector in recent years
- they must belong to an international network covering the geographic areas in which the Group is present
- they must have the legal form of a joint-stock company under Italian law.

Six companies were identified (BDO Italia S.p.A., KPMG S.p.A., Deloitte & Touche S.p.A., Mazars Italia S.p.A., PricewaterhouseCoopers S.p.A. and Ria Grant Thornton S.p.A.), which were deemed to comply with the above-mentioned standards.

Five of the six companies invited produced the required documentation, while Grant Thornton S.p.A. decided not to submit any offer.

Moreover, following the meetings between the working party and the Bank's Management, the latter came to focus on the greater strategic importance of the Deloitte & Touche network in its capacity as consultant and this condition was also officially recognised by Deloitte & Touche which consequently proceeded to withdraw its Offer. Therefore, the Bank's Management invited the working party not to consider Deloitte & Touche among the possible candidates for statutory audit services in order to avoid conditions of incompatibility between the audit itself and the consulting activities being carried out.

Measurement criteria

The Board first identified the evaluation parameters to be used in analysing the proposals received. Each identified item was assigned a specific relevance.

The quality parameters were traceable to three macro areas:

- Presence/organisation/experience in relevant sectors and countries with a focus on governance and organisational mechanisms, presence in relevant local markets in terms of revenue, and expertise in the banking sector
- Combination of the professional profiles together with the competence and technical experience of the team (focus on the teams in Italy, Poland and Romania with particular reference to the experience and involvement in the audit process of Partners, Managers and Technicians in terms of risk management, IT audit, tax and legal issues, compliance and internal control system)
- Adequacy of the Audit Strategy and Plan, with a focus on the main risks to which the Group is exposed.

The quantitative criterion used, on the other hand, concerned the economic value of the services offered in the tender (both mandatory and voluntary), the cost of expenses and any methods of adjusting fees.

Each of the identified drivers was analysed and evaluated, assigning a score between 1 and 3 (where the score of 3 was attributed to the offer judged best for that specific parameter).

The 4 macro areas were then assigned a weighting level.

Assessment of the offers

As specified above, five of the six companies invited produced the required documentation, while Grant Thornton S.p.A. decided not to submit any offer.

In addition, the Board of Statutory Auditors took note of the decisions taken by the Bank's Management regarding the predominant consulting role configured for Deloitte & Touche S.p.A. and therefore did not proceed to analyse and evaluate this offer.

Following the preliminary analysis of the offers received, it was decided to limit the subsequent comparative evaluation to three offers as the working party considered Mazars Italia S.p.A. not fully responsive to the needs of the Banca Ifis group mainly in light of the limitation in the eventual assumption of the position following the previous position held in Farbanca S.p.A. and also for the dimensional characteristics of the same.

The Board of Statutory Auditors and the Reporting Officer, on the basis of the Working

Party's analyses, then analysed the offers received from PWC, KPMG and BDO Italia S.p.A. and discussed the related assessments (which, with regard to the technical expertise of the teams, involved an analysis of the technical expertise of the team members, also accrued within the Group, in order to arrive at an overall qualitative assessment of the teams intended as a result of the experience of the individuals), meeting separately with the representatives of these companies on 22 November 2021 in order to acquire further assessment elements in addition to those already included in the offers' sets of documents.

The documentation gathered, the meetings held and the analyses conducted have highlighted the high quality of the bids received and the professionalism of the audit teams presented.

With regard to the audit firm BDO, despite the quality of the documentation received, it was felt that the size element of the firm and of the team dedicated to financial institutions was a discriminating factor with respect to the other two offers examined. Therefore, the table below shows the main economic components in terms of cost and quantification of the dedicated hours of the two selected companies:

Banca Ifis	KPMG		PWC			
	Hours	Fees	Hours	Fees	Hours	Fees
	<i>From the 1st year of the assignment onwards</i>		<i>1st year of assignment</i>		<i>From the 2nd year onwards</i>	
Audit of the financial statements	2.225	160.462	1.660	93.000	1.381	93.000
Verification of regular bookkeeping	116	7.726	150	8.500	124	8.500
Opinion on the consistency of the Report on Operations with the contents of the financial statements	29	1.931	121	6.980	100	6.980
Checks relating to the calculation of the contribution to the National Guarantee Fund	29	1.931	31	1.900	24	1.900
Signing tax returns	44	2.897	90	5.700	75	5.700
Audit of the consolidated financial statements	232	16.750	634	35.000	527	35.000
Audit of the consolidated half-year financial report	363	26.173	332	18.000	276	18.000
Certification for the purposes of inclusion in primary tier 1 capital of profit being made at the end of the financial year	120	8.664	611	34.000	500	34.000

Limited review of the Consolidated Non-Financial Statement	500	36.100	430	26.000	379	26.000
Total Banca Ifis	3.658	262.634	4.059	229.080	3.386	229.080
Total subsidiaries	5.836	397.366	7.169	439.520	6.541	439.520
Total Banca Ifis Group	9.494	660.000	11.227	668.600	9.927	668.600

It is deemed appropriate to point out that in its proposal PWC communicates that, with regard to the entity resulting from the merger by incorporation between Credifarma S.p.A. and Farbanca S.p.A., the Audit Firm foresees a reduction impact of approximately 50% of the estimated hours and related fees for the incorporated company Credifarma.

With regard to further aspects of the economic component of the two offers, it should be noted that:

- the expenses incurred in carrying out the work, such as secretarial expenses, out-of-pocket expenses, travel expenses relating to Banca Ifis S.p.A. were quantified with a cap of 8% of the fees for PWC and 10% for KPMG;
- the annual adjustment of fees has been envisaged, in both offers, on the basis of the change in the ISTAT index;
- both offers have foreseen that there will be no adjustments to the fee except in the event of “exceptional circumstances” such as to entail a significant increase in audit activities and times such as, for example, changes in the structure and size of the Bank and/or the Group, changes in regulations, accounting and/or auditing standards, the performance of complex operations, identifying a 10% excess charge on fees for PWC and 5% for KPMG.

The results of the qualitative and quantitative assessment and the final ranking of the two offers, grouped by macro-category, approved by the Board of Statutory Auditors during the meeting held on 12 January 2022, are shown below.

	Maximum score of the macro-category	Scores awarded	
		PWC	KPMG
Organisation and experience - S	10,50	8,75	9,00

Technical expertise of the team and mix of professional figures - T	17,25	11,50	12,25
Adequacy of the Audit Strategy and Plan, total hours - F	20,25	19,50	12,50
Total cost of services - E	4,50	3,75	3,75
TOTAL	52,50	43,50	37,50

The individual macro-categories of evaluation parameters were then weighted for relevance as described in the table below, which sets out the final score assigned.

	Weighting of scores awarded	Final scores	
		PWC	KPMG
Organisation and experience - S	10%	0,9	0,9
Technical expertise of the team and mix of professional figures - T	40%	4,6	4,9
Adequacy of the Audit Strategy and Plan, total hours - F	40%	7,8	5,0
Total cost of services - E	10%	0,4	0,4
TOTAL		13,7	11,2

Thus said, the Board of Statutory Auditors, in relation to the assignment of the engagement for the statutory audit of the accounts of Banca Ifis S.p.A. for the nine-year period 2023 - 2031, on the basis of the selection procedure, the offers received, the evaluations carried out and the results of the same, considering that Article 16 of European Regulation no. 537/2014 provides that the reasoned proposal to the Shareholders' Meeting must contain at least two possible alternatives for the assignment and requires the expression of a duly justified preference for one of them, hereby

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to the Shareholders' Meeting of Banca Ifis S.p.A., pursuant to Art. 16, paragraph 2, of European Regulation no. 537/2014 as well as Art. 13 and 17 of Italian Legislative Decree no. 39/2010, the two proposals concerning the mandate for the statutory audit of the accounts of Banca Ifis S.p.A. for the nine-year period 2023-2031, formulated by PricewaterhouseCoopers S.p.A. and KPMG S.p.A., whose economic components have been summarised above,

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a unanimous preference for the company PriceWaterhouseCoopers S.p.A., since it scored higher in terms of quality and essentially equal economic conditions at Group level. The main elements of the offer considered qualifying and such as to motivate the preference expressed in favour of this tenderer were as follows:

- the company's experience with Italian and European banking and financial clients of comparable size and complexity was an important element in assessing its ability to carry out the audit of an articulated group such as is Banca Ifis today
- the audit team dedicated to Banca Ifis is made up of Partners, Managers and technicians, who have gained significant experience in financial institutions comparable to Banca Ifis Group
- the audit approach is carefully and in detail explained and characterised by materiality thresholds that also take into account the relevance of Shareholders' Funds
- the expectation of a larger number of hours with a high-level professional mix.

In compliance with Article 16, paragraph 2 of EU Regulation 537/2014, the Board of Statutory Auditors declares that this recommendation has not been influenced by third parties and that none of the type clauses referred to in paragraph 6 of the aforementioned Article 16 of the Regulation have been applied.

Dear Shareholders,

You are therefore invited to approve the proposal concerning the assignment to PriceWaterhouseCoopers S.p.A. of the tasks relating to the provision of “statutory audit services”, as defined above, in favour of Banca Ifis S.p.A. for the financial years 2023-2031 according to the contents, terms including the criteria for the adjustment of the fees, and methods proposed by the Board of Statutory Auditors, for an annual fee

(net of ISTAT increases, out-of-pocket expenses, VAT and supervisory fee) equal to 229.080 Euro, as follows:

- 150.080 Euro for the financial statements corresponding to 2.663 hours of work for the first year of the assignment and 2.204 hours from the second year of the assignment onwards (fees and hours include activities relating to the verification of the regular bookkeeping, assessment of consistency of the Report on Operations with respect to the contents of the financial statements, checks relating to the calculation of the contribution to the National Guarantee Fund, signing of tax declarations and certification for the purposes of inclusion in primary tier 1 capital of the profit being made at the end of the year);
- 35.000 Euro for the consolidated budget corresponding to 634 hours of work for the first year of assignment and 527 hours from the 2nd year of assignment onwards;
- 18.000 Euro for the consolidated half-year financial report corresponding to 332 hours of work for the first year of assignment and 276 hours from the 2nd year of assignment onwards;
- 26.000 Euro for the non-financial statement, corresponding to 430 hours of work for the first year of assignment and 379 hours from the 2nd year of assignment onward.

Venice, 12 January 2022

For the Board of Statutory Auditors

The Chairman