

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

SUBMITS

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,

EXPRESSING

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