



Information Document  
on the remuneration plan based  
on financial instruments

2021



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## 2021

[GRI 102-1] [GRI 102-2] [GRI 102-5]

Banca IFIS S.p.A - Registered office in Via Terraglio 63  
30174, Venice-Mestre - Entry number in the Venice  
Business Register and Tax Code no. 02505630109  
VAT number 04570150278- REA number: VE – 0247118  
Share Capital Euro 53,811,095 fully paid in - Registered in  
the Bank Register under no. 5508 Parent Company of the  
Banca IFIS Banking Group S.p.A, registered in the Banking  
Group Registry – Member of the National Guarantee Fund  
and the Interbank Deposit Protection Fund, of the Italian  
Bank Association, the Italian Association for Factoring and  
Factors Chain International.

## Definitions

Shareholders' Meeting	Ordinary shareholders' meeting of Banca IFIS
Shares	Ordinary shares of Banca IFIS, traded on the market regulated by the Italian Stock Exchange
Clawback	Contractual clause that requires beneficiaries to return part of or all of the variable remuneration if certain circumstances should occur
CONSOB	National Commission for Companies and the Stock Exchange
Recipients Beneficiaries	or Individuals who are entitled to payment of variable remuneration in accordance with what is defined in this document
Supervisory Provisions	Supervisory Provisions of the Bank of Italy on remuneration and incentive policies and practices ( <i>refer to Bank of Italy Circular no. 285 of 17 December 2013 – Supervisory provisions for banks – First Part, Title IV, Chapter 2, "Remuneration and incentive policies and practices", in force</i> )
Issuer or Bank or Parent Company	Banca IFIS S.p.A.
Key personnel	Group personnel whose professional activity has or may have a significant impact on the Group's risk profile
Vesting period	The period between the time when the right to participate in the Plan is assigned and the moment when this right matures
Retention period	Period in which the sale of shares is prohibited
Malus	Mechanism that operates during the deferral period, before actual payment of the remuneration, as a result of which the variable remuneration matured can be reduced to zero in relation to the results
Remuneration Policies	The Banca IFIS S.p.A.Group remuneration policies in force from time to time
Issuers' Regulations	Indicates Consob Regulation no. 11971/99 as subsequently amended and supplemented
Report	Remuneration report pursuant to Article 123-ter, Italian Consolidated Finance Act (TUF)
TUF	Indicates Legislative Decree no. 58 of 24 February 1998

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*Up-front*Portion of variable remuneration that is paid without a deferral period

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## Introduction

The remuneration policies of the Banca IFIS S.p.A. Group – to be presented in the Remuneration Report for 2021 to be submitted for Shareholders' Meeting approval needed – foresee, in dutiful application of what is specified in regulations applicable to remuneration, that part of the variable remuneration of “key personnel” – both the bonus component and the other forms foreseen by the Supervisory Provisions of the Bank of Italy on remuneration and incentive policies and practices (including, as an example, severance indemnities) – must be paid in financial instruments.

For that reason, in accordance with the requirements of Articles 114-bis, Italian Consolidated Finance Act (TUF) and 84-bis of the Issuers' Regulations, and more specifically in accordance with Template 7 of Annex 3A of the Issuers' Regulations regarding information that must be communicated to the market concerning the attribution of compensation plans based on financial instruments, the Bank has prepared this document to provide comprehensive information on the plan based on financial instruments for year 2021, reserved for Banca IFIS S.p.A. Group's “Key Personnel” (2021 Plan), to be submitted for approval at the next Shareholders' Meeting.

The 2021 Plan, submitted by the Remuneration Committee to the Board of Directors and approved by the Board of Directors on 10 March 2021, is subject to the approval of the Ordinary Shareholders' Meeting convened for 22 April 2021.

This document also contains information regarding implementation of compensation plans currently in use that are based on financial instruments (the “2016 Plan”, “2017 Plan”, “2018 Plan”, “2019 Plan” and “2020 Plan”).

## 2021 PLAN

### 1. Recipients

Plan recipients are those belonging to the “key personnel” of the Banca IFIS S.p.A. Group that, pursuant to the Supervisory Provisions and Remuneration Policies, can be the beneficiaries of variable remuneration to be partly paid in financial instruments.

*1.1. The names of recipients who are members of the issuer’s Board of Directors, of the companies controlling the issuer, and of companies that are directly or indirectly controlled by the issuer.*

Today (and if no changes should occur) the potential beneficiaries include the Chief Executive Officer to be appointed by the Board of Directors of 22 April 2021.

*1.2. Categories of employees or contract workers who work for the issuer and for the issuer’s parent companies or subsidiaries.*

Any additional beneficiaries included in the 2021 Plan are identified among personnel who have a significant impact on Banca IFIS Group’s risk profile (so-called “key personnel”). In accordance with the conditions set out in the 2021 Plan, any further beneficiaries of the 2021 Plan belong to, now and if no changes should occur, the following categories:

- General Manager of Parent Company;
- Executives with strategic responsibilities for key business units;
- Executives with strategic responsibilities for control functions;
- Other executives with strategic responsibilities;
- Heads of business units;
- Heads of risk management units
- Heads of key operating units.

*1.3. The names of plan beneficiaries belonging to the following groups:*

*a) The issuer’s General Managers*

Today (if no changes should occur) potential Beneficiaries include the General Manager of the issuer, Alberto Staccione.

*b) other executives with strategic responsibilities of the issuer that is not of “small in size”, pursuant to article 3, paragraph 1, letter f), of Regulation no. 17221 of 12 March 2010, who, during the year, have received total remuneration (calculated by summing monetary remuneration and remuneration*

*based on financial instruments) greater than the highest total remuneration paid to members of the Board of Directors or the management body, and to the issuer's General Managers.*

Not applicable. No individuals falling under this category are beneficiaries of the 2021 Plan.

*c) Natural persons who control the issuer, who are employees or who work as contract workers for the issuer.*

Not applicable. No individuals falling under this category are beneficiaries of the 2021 Plan.

#### *1.4. Description and numerical indication, separated by category:*

*a) of executives with strategic responsibilities other than those indicated in letter b) of paragraph 1.3.*

The other potential beneficiaries of the 2021 Plan falling under the category of executives with strategic responsibilities, besides the General Manager already indicated in point 1.3, letter a) are currently and unless changes occur: 11 executives with strategic responsibilities<sup>1</sup>.

*b) in the case of the "small" companies, pursuant to article 3, paragraph 1, letter f), of Regulation no. 17221 of 12 March 2010, the indication in aggregated form of all executives with strategic responsibilities of the issuer of financial instruments.*

Not applicable. Banca IFIS S.p.A. does not fall under the category of "small" companies.

*c) of any other categories of employee or contract worker for whom different characteristics of the plan are envisaged (for example, executives, middle managers, office staff, etc.)*

Not applicable. There are no further categories beyond those indicated above in point 1.2.

## **2. The reasons for adopting the plan**

### *2.1. Targets to be achieved by attribution of plans*

The Plan aims to enable the Banca Ifis S.p.A. Group to comply with the Supervisory Provisions where they impose that the remuneration package paid to "key personnel", in the different parts forming variable remuneration, be partly in financial instruments, subject to performance conditions.

At the same time, payment of a part of remuneration in shares, in the Plan, is functional to better alignment of the interests of Banca IFIS S.p.A. Group management to those of shareholders, through careful management of company risks and pursuing long term strategies. Suitable remuneration and incentive mechanisms applied to directors and management of the Banca IFIS S.p.A. Group can, in fact, facilitate company competitiveness and governance. Moreover, remuneration, especially of those holding key roles in the company, tends to attract and retain employees with the professionalism and skills that are appropriate to the needs of the company.

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<sup>1</sup> They are also included in the categories listed in point 1.2 above

For that purpose, the Plan establishes that variable remuneration linked to short-term targets, and the other variable remuneration components, be paid based on a deferral mechanism and for 50% in shares.

*2.2. Key variables, also as performance indicators, considered for attribution of the plans based on financial instruments*

Remuneration Policies establish that a part of variable remuneration be paid to “key personnel” in shares with the conditions set forth in the Remuneration Policies based on the mechanism described in par. 2.3 below.

Related to short-term variable remuneration, the relative amount is linked to the level of achievement of targets set for single specific objectives, clearly identified and attributed a weight (for further details please see the Remuneration Policy in par. 5.8).

The assigning of variable remuneration (therefore also shares) is further subordinate to compliance with access gates and possible application of malus and clawback clauses (as specified in the Remuneration Policy in paragraphs 5.2 and 5.3).

*2.3. Elements for calculation of the amount of compensation based on financial instruments, that is their criteria*

Pursuant to the Supervisory Provisions and the Remuneration Policies, the variable remuneration will be paid to Beneficiaries based on the assignment mechanism described in paragraphs 4.5 and 4.6.

The number of shares to be assigned is calculated by considering the average share price for the three months before calculation of the variable pay for the period - which shall occur at the date of the Shareholders’ Meeting called for approval of the financial statements - as the fair value of the share. The number of shares is determined by rounding to the nearest integer.

*2.4. Reasons for any decision to attribute compensation plans based on financial instruments not issued by the issuer, such as those issued by subsidiaries, parent companies or third parties not in the group belonged to; if those instruments are not traded on regulated markets information on criteria applied to calculate their value*

Not applicable: the Incentive System foresees use of Banca IFIS S.p.A. shares.

*2.5. Assessment of the significant tax and accounting implications that affected defining the plan*

There were no significant tax and accounting implications that affected defining the Plan.

Please also note that accounting principles establish that assigning shares connected to the variable remuneration of “key personnel” be recognised in the income statement as a cost for the single companies that the Beneficiary works for.

The Plan establishes using treasury shares held or that will be held by Banca IFIS S.p.A.

The Shares will be subjected to taxes and contributions consistent with laws in force in the Beneficiary’s tax residence Country.

*2.6. Any support for the plan by the special Fund for boosting the participation of workers in companies, pursuant to article 4, paragraph 112, of Law no. 350 of 24 December 2003 .*

The Plan does not receive any support from the special Fund for boosting the participation of workers in companies, pursuant to article 4, paragraph 112, of Law no. 350 of 24 December 2003 .

### **3. Approval process and timescale for assigning the financial instruments**

*3.1. Scope of the powers and functions that the Shareholders' Meeting delegates to the Board of Directors in order to implement the plan.*

In accordance with the Articles of Association, the Ordinary Shareholders' Meeting is responsible for approving remuneration plans based on financial instruments, while the Board of Directors is responsible for reviewing these policies, at least annually, and ensuring that remuneration and incentive policies are implemented correctly.

*3.2. Names of the individuals tasked with administering the plan, and their functions and responsibilities.*

The Human Resources and Central Finance Departments have been tasked, for their respective responsibilities, with the administration and operational management of the 2021 Plan.

Once the financial statement has been approved by the Shareholders' Meeting, Risk Management, supporting the Remuneration Committee, collaborates with Management to determine the amount of variable remuneration to be paid to the Chief Executive Officer and the General Manager, as well as to any further beneficiaries of the plan, and to verify that the conditions established for assigning the variable remuneration have been met.

*3.3. Any existing procedures to review the plans, including related to any variations to basic targets.*

No specific procedures are planned for revision of the 2021 Plan except those established in the Remuneration Report for the same year

*3.4. Description of the methods used to determine the availability and assignment of financial instruments on which plans are based (e.g. free allocation of shares, increases in capital with exclusion of option rights, purchase and sale of treasury shares).*

The 2021 Plan provides for the assignment of a number of treasury shares held by the Issuer.

The number of shares to be assigned is calculated by considering the average share price for the three months before calculation of the variable pay for the period - which shall occur at the date of the Shareholders' Meeting called for approval of the financial statements - as the fair value of the share. The number of shares is determined by rounding to the nearest integer.

*3.5. Role played by each director in determining the characteristics of the above plans; potential conflicts of interest arising concerning the directors involved.*



To determine the characteristics of the 2021 Plan, the Board of Directors was advised by the Remuneration Committee, made up of three non-executive Directors, the majority of whom are independent. Based on the current remuneration and incentive policies, it is envisaged that the remuneration provided for non-executive Directors should not be tied to the Bank's economic results and that the Directors should not be beneficiaries of share-based incentive plans, thus no conflicts of interest arose concerning the Directors involved. These situations are also excluded pursuant to the Remuneration Committee's internal rules and regulations, which state that no Director may take part in Committee meetings in which proposals submitted to the Board of Directors regarding their own remuneration are formulated.

*3.6. Date of the decision taken by the competent body to propose approval of the plans to the Shareholders' Meeting and any proposals from the remuneration committee, if established.*

On 10 March 2021, the Remunerations Committee expressed a favourable opinion on the Remuneration Report pursuant to Art. 123 ter of the TUF and on this document. Both documents were approved by the Board of Directors on 11 March 2021, to propose approval of the plans to the Shareholders' Meeting of 22 April 2021.

*3.7 As per the requirements of Art. 84-bis, paragraph 5, letter a), the date of the decision taken by the competent body to assign financial instruments and any proposals put forward to this body that were formulated by a Remuneration Committee, if established.*

For details on information requested, see Chapter 5 and Table 1, attached to this document.

*3.8 The market price, recorded on the above dates, for the financial instruments that the plans are based on, if traded on regulated markets.*

For details on information requested, see Chapter 5 and Table 1, attached to this document.

*3.9 For plans based on financial instruments traded on regulated markets, the terms and methods with which the issuer, when determining the timescale for assigning the instruments under the plan, takes into account a possible timing coincidence between:*

*i) the assignment of instruments and any decisions taken on the matter by the Remuneration Committee; and*

*ii) the dissemination of any relevant information pursuant to Art. 114, paragraph 1; for example, if that information:*

*a. is not already in the public domain and is likely to have a positive impact on the market price, or*

*b. is already in the public domain and is likely to have a negative impact on the market price.*

The timescale for assigning shares is established as part of the Remuneration and Incentive Policies authorised in advance every year, and in a manner that is neutral as regards possible events that could affect the market value of the Parent Company's shares. When implementing the 2021 Plan, information will be given to the market, where provided for by legislation and regulations in force.

## 4. Characteristics of the assigned instruments

### 4.1. *Description of the ways in which compensation plans based on financial instruments are structured.*

The 2021 Plan is based on the assignment of the Issuer's treasury shares.

### 4.2. *Indication of the actual plan implementation period, specifying any other cycles involved.*

The actual implementation period of the 2021 Plan starts in 2022 (this being the period in which the results of the 2021 financial year are recognised) and finishes in 2025 (last assignment period). The deferred component is subject to a retention period of one additional year.

### 4.3. *The end of the plan.*

The 2021 Plan, linked to the results for the period from 1 January 2021 to 31 December 2021, will end during the 2026 financial year with the end of the retention period provided for the deferred variable component.

### 4.4. *The maximum number of financial instruments, also as options, assigned in each tax year to the individuals identified by name or the categories specified.*

At present, it is not possible to indicate the number of shares that will be assigned under the 2021 Plan, insofar as the precise number is conditional on set performance targets being achieved and is connected to the share's market price performance. This information will be provided in the times and by the methods set out in current legislation and regulatory provisions.

### 4.5. *The methods and clauses for implementing the plan, specifying whether the actual assignment of financial instruments is subject to the occurrence of certain conditions or achieving certain results, including performance results.*

Implementation of the 2021 Plan depends on the following access conditions (gates):

For all Personnel, access to the variable part is subject to meeting the access conditions (so-called "gates") set by the following indicators recorded at the year end date:

- based on a correct profitability measurement for the risk, such as the RORAC (return on risk-adjusted capital) established as the ratio between Net Profit and Capital absorbed by first pillar risks (i.e. 8% Risk Weighted Asset (RWA) of Pillar 1, the [RORAC/RORAC\*] indicator, where RORAC\* is the RORAC established by the Board of Directors for the year of reference, must not be lower than 80%. This indicator enables weighting profits for the underlying risks in terms of regulatory capital absorbed.
- related to the tolerance level, greater than the regulatory minimum equal to 100%, of the Group's short term liquidity indicator -Liquidity Coverage Ratio (LCR), recorded quarterly in the year of reference. The tolerance level is established every year in the Banca IFIS Group's Risk Appetite

Framework (RAF) at consolidated level, in accordance with prudential supervisory regulations in force.

- related to the tolerance level, greater than the regulatory minimum equal 100%, for the Group’s medium-long term liquidity indicator - Net Stable Funding Ratio (NSFR). The tolerance level is established every year in the Banca IFIS Group’s Risk Appetite Framework (RAF) at consolidated level, in accordance with prudential supervisory regulations in force.
- The consolidated Total Own Funds Ratio greater than the tolerance level set in the RAF in force, therefore, greater than the Overall Capital Requirement communicated by the Supervisory Body as part of the “Decisions on capital” at the conclusion of the supervisory review process (SREP).
- NPL gross ratio and NPL net ratio lower than the alarm level set for the RAF in force. These indicators are calculated excluding the NPL segment.

Not achieving more than one of the aforementioned parameters in two different areas, excluding the capital solvency one (i.e. consolidated Total Own Funds Ratio) and not complying with the regulatory minimums, which must be complied with all the time, will block payment of the variable component.

It is, however, explicit that, in line with best market practices, the rules for deferment and partial payment in the Parent Company’s treasury shares are applied if the variable component of remuneration is greater than €70,000.

Notwithstanding what is set out above, the potential beneficiaries of the 2021 Plan mentioned, with the exception of the Chief Executive Officer and the General Manager, are also subject to assessment with regard to meeting the assigned targets, as described in detail in the Remuneration Report approved for 2021, concerning targets assigned for the year.

The variable component is subject to ex post corrections (malus/claw back) which reduce, up to zero, the amount previously calculated before it is paid.

The malus mechanisms are applied based on the criteria in the following table:

		Consolidated Own Funds ratio <sup>[2]</sup>			
		<=12.50%	12.50%< <=13.00%	13.00%< =13.50%	>13.50%
RORAC of Group	TBD	<a href="#">TBD</a>	<a href="#">TBD</a>	<a href="#">TBD</a>	---
	<a href="#">TBD</a>	<a href="#">TBD</a>	<a href="#">TBD</a>	<a href="#">TBD</a>	<a href="#">TBD</a>
	<a href="#">TBD</a>	<a href="#">TBD</a>	<a href="#">TBD</a>	<a href="#">TBD</a>	<a href="#">TBD</a>

Notwithstanding what is set out in the reference national collective bargaining agreement regarding the rights and obligations of employees and in the Disciplinary Code and Code of Ethics in force, the variable component will also be cancelled if the individual has caused or is involved in causing:

- violations of the obligations imposed under article 26, or when the subject is an affected party, of article 53, paragraphs 4 et seq., of the Italian Consolidated Banking Law (TUB/CBA) or of the obligations regarding remuneration and incentive schemes;

- behaviour contrary to laws, regulatory provisions, the Articles of Association or any Code of Ethics or Code of Conduct applicable to the Bank which results in a significant loss for the Group<sup>2</sup> or for customers<sup>3</sup>.
- further behaviour contrary to legislation, regulatory provisions, the Articles of Association or any Code of Ethics or Code of Conduct applicable to the Bank in any cases set out by it;
- fraudulent behaviour or serious negligence causing damage to the Group

or, also, if:

- the consolidated Total Own Funds Ratio is greater than the Overall Capital Requirement communicated by the Supervisory Body as part of the "Decisions on capital" at the conclusion of the periodical prudential supervisory review process (SREP);
- the Shareholders' Meeting has decided to revoke an office for just cause, or the Board of Directors has decided to terminate an employment contract for just cause.

The above criteria are checked in each of the three financial years<sup>4</sup> closed following calculation of the variable component (accrual period) and applied when the above-mentioned conditions occur, taking the worst result recorded in the reference period into consideration.

The ex post correction mechanisms cannot lead to an increase in the initially recognized variable remuneration or to the variable remuneration previously reduced or made null following the application of malus or clawback.

Notwithstanding what is set out in the reference National Collective Bargaining Agreement on the rights and obligations of employees and by the Disciplinary Code and by the Code of Ethics in force, the Group reserves the right to take appropriate action for the return of the variable component recognised and/or paid to personnel where the individual has caused or is involved in causing:

- violations of the obligations imposed under article 26, or when the subject is an affected party, of article 53, paragraphs 4 et seq., of the Italian Consolidated Banking Law (TUB/CBA) or of the obligations regarding remuneration and incentive schemes;
- behaviour contrary to laws, regulatory provisions, the Articles of Association or any Code of Ethics or Code of Conduct applicable to the Bank which results in a significant loss for the Group<sup>5</sup> or for customers<sup>6</sup>.

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<sup>2</sup> Loss equal to or exceeding 5% of net equity.

<sup>3</sup> The Parent Company identifies as a "significant loss" for customers any loss deriving from deviant or non-compliant behaviour with respect to the legal, regulatory, statutory or ethical standards applicable to the Group. In particular, reference is made to cases of internal fraud, complaints accepted due to incorrect behaviour, intentional failure to comply with the delegation system, if these cases have effects on customers. It is understood that if these events occur, all investigations required by the disciplinary procedures provided for by the law and by the National Collective Labour Contract of reference applicable to these cases will be carried out and, should the conditions be satisfied, the more appropriate disciplinary measures will be applied depending on the severity found and the extent of the loss suffered.

<sup>4</sup> If these conditions are met in at least one of the three years observed (accrual period), the corrective mechanisms will be applied.

<sup>5</sup> Loss equal or exceeding 5% of net equity, to be calculated net of elements deriving from extraordinary operations such as: capital increases, company mergers, de-mergers, acquisitions or any other non-recurring transaction that the Board of Directors should deliberate and that could change the value of the indicator.

<sup>6</sup> The Parent Company identifies as a "significant loss" for customers any loss deriving from deviant or non-compliant behaviour with respect to the legal, regulatory, statutory or ethical standards applicable to the Group. In particular, reference is made to

- further behaviour contrary to legislation, regulatory provisions, the Articles of Association or any Code of Ethics or Code of Conduct applicable to the Bank in any cases set out by it;
- fraudulent behaviour or negligence damaging the Group or if the consolidated Total Own Funds Ratio is lower than the Overall Capital Requirement communicated by the Supervisory Body as part of the “Decisions on Capital” at the conclusion of the periodical prudential review process (SREP).

Those criteria are also checked in each of the three financial years<sup>7</sup> closed after calculation of the variable component (accrual period) and are applied when the above conditions are met, except for key personnel for whom that audit must be carried out in each of the following five financial years closed.

The ex post correction mechanisms cannot lead to an increase in the initially recognized variable remuneration or to the variable remuneration previously reduced or made null following the application of malus or clawback.

*4.6. Indication of any restrictions on the availability of the assigned financial instruments, or on the instruments arising from options being exercised, with particular reference to the deadlines by which the subsequent transfer to the Company itself or to third parties is allowed or forbidden.*

The structure of the variable component of remuneration must be compatible with the risk analysis undertaken by the Banking Group and, to be sustainable, it must be compatible with the levels of capital and liquidity in the medium-and long-term.

The regulations contained in Supervisory Provisions introduce, related to the balancing the deferred component of variable remuneration, the concept of “particularly high variable remuneration amount”<sup>8</sup> with which, at least for top management figures, (i) duration of the deferral period is not less than 5 years, (ii) more than 50% of the deferred part is made up of financial instruments and iii) the percentage to be deferred is not less than 60%.

In compliance with that regulation, the particularly high variable remuneration referred to the Group was identified as € 437,421.25 (equal to 25% of the average total remuneration of Italian high earners, as reported in the most recent report published by EBA)<sup>9</sup>.

The Banca IFIS Group is included, on the basis of the size of its assets, of the structure, of the risk and complexity of the activity carried out, in the definition of intermediate-sized banks. This classification requires application of regulations only to the key personnel, at the same time allowing the application of percentages, deferral and retention periods at least equal to half of those indicated for larger banks and growing according to the characteristics of the banking group .

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cases of internal fraud, complaints accepted due to incorrect behaviour, intentional failure to comply with the delegation system, if these cases have effects on customers. It is understood that if these events occur, all investigations required by the disciplinary procedures provided for by the law and by the National Collective Labour Contract of reference applicable to these cases will be carried out and, should the conditions be satisfied, the more appropriate disciplinary measures will be applied depending on the severity found and the extent of the loss suffered.

<sup>7</sup>If these conditions are met in at least one of the three years observed (accrual period), the corrective mechanisms will be applied.

<sup>8</sup> High variable remuneration amount means the lowest between: (i) the 25% of the average total remuneration of Italian high earners, as reported in the most recent report published by EBA; ii) 10 times the total average remuneration of the personnel of the bank.

<sup>9</sup> BENCHMARKING OF REMUNERATION PRACTICES AT THE EUROPEAN UNION LEVEL (2017 AND 2018 DATA) AND DATA ON HIGH EARNERS (2018 DATA) EBA/REP/2020/20

Given the above, the Banca IFIS Group maintains a variable remuneration structure which is stricter than the minimum regulatory limit set for intermediate banks. Among other things, the deferred portion, the deferral period and the balancing portion of the variable remuneration for persons with a particularly high variable remuneration is aligned with those already envisaged with regard to all key personnel. The variable component may not exceed a 1:1 ratio compared to the fixed component and is determined when the financial statements as at 31 December of the previous year are approved.

A) The portion of variable remuneration to be deferred is 40% and is paid as follows:

- 50% in Banca IFIS S.p.A. shares, to be allocated after the three-year vesting period expires<sup>10</sup> and exercisable at the end of the further one-year retention period<sup>11</sup> the shares are subjected to;
- the remaining 50% of deferred variable remuneration will instead be paid in cash at the end of the three-year period and is subject to annual revaluation at the current legal rate.

B) The variable component of remuneration not subject to deferral (the remaining 60% - up front) will instead be paid:

- 50% in cash;
- the remaining 50% in Parent Company shares which will be exercisable at the end of the three-year retention period<sup>12</sup> affecting them, in line with the strategic planning horizon.

The number of shares to be assigned is calculated by considering the average share price for the three months before calculation of the variable pay for the period - which shall occur at the date of the Shareholders' Meeting called for approval of the financial statements - as the fair value of the share. The number of shares is determined by rounding to the nearest integer.

*4.7. The description of any decisive actions related to assigning plans if recipients perform hedging transactions enabling them to neutralise any prohibitions to sell the financial instruments, even as options, or the financial instruments resulting from exercising those options.*

The 2021 Plan does not include any termination clauses as described above. Individual employees are strictly forbidden to carry out hedging or insurance strategies on remuneration or on other aspects that may alter or influence the effects of business risk alignment inherent in the remuneration mechanisms applied.

In particular, to ensure that its key personnel are not remunerated or do not receive payments or other benefits via methods that are contrary to the supervisory provisions regarding remuneration and incentive policies and practices, the Parent Company prepares specific individual agreements through which beneficiaries agree:

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<sup>10</sup> Period after which the shares may be assigned

<sup>11</sup> Period in which the sale of shares is prohibited

<sup>12</sup> Period in which the sale of shares is forbidden

- not to use personal hedging strategies and/or take out insurance on remuneration or undertake any other initiative that may alter and/or affect and/or influence the effects of business risk alignment inherent in the remuneration mechanisms;
- to notify the presence or opening of custodial and administration accounts with other intermediaries and information regarding transactions carried out each time.

The types of financial transaction and financial investment carried out by key personnel that could impact the risk alignment mechanisms and, more generally, could prevent the bank from following the supervisory provisions regarding remuneration and incentive policies and practices are only those transactions and investments in financial instruments issued by the bank including derivatives that are underpinned by these instruments.

#### *4.8. Description of the effects resulting from termination of an employment contract.*

Access to the variable component is also recognised as long as the beneficiary is still in office/employed by the Group and not in his/her notice period for voluntary resignation or dismissal, at the time of payment, except for retirements and the natural expiration of the chief executive officer mandate. Payment of a variable component will also be suspended in case of ongoing disciplinary proceedings for fraud or gross negligence against the Bank or for behaviour that may lead to the individual's dismissal by just cause.

#### *4.9. Indication of other possible causes for cancelling the plans.*

There are no additional cancellation clauses in the 2021 Plan other than those already set out in the previous paragraphs.

#### *4.10. Motives related to any "repurchase" foreseen by the company of the financial instruments in the plans, ordered pursuant to article 2357 et seq. Italian Civil Code; repurchase beneficiaries indicate whether it is only intended for certain employee categories; the effects of employment termination on that repurchase.*

The Bank does not intend to repurchase shares covered by the 2021 Plan.

#### *4.11. Any loans or other concessions to be granted to purchase shares pursuant to art. 2358, Italian Civil Code .*

Pursuant to Article 2358, Italian Civil Code, no loans or other concessions will be granted to purchase shares covered by the 2021 Plan .

#### *4.12. Indications of the expected costs for the company on the date of the related assignment, calculated on the basis of the terms and conditions already defined, by total amount and in relation to each instrument in the plan.*

At present, it is not possible to quantify the expected costs, insofar as the calculation is conditional upon the occurrence of certain conditions and set performance targets being reached.

*4.13. Indication of any dilutive effects on capital caused by compensation plans.*

The share component of variable remuneration, paid with the Parent Company's treasury shares, will not result in any significant dilutive effects on the Parent Company's capital.

*4.14. Any limits set out for exercising voting rights and assigning ownership rights.*

Ownership and full availability of shares will be assigned to beneficiaries at the end of the retention period, except where the malus and claw-back mechanisms set out above and detailed in the Remuneration Report approved for 2021 are applied.

*4.15. In the event that shares are not traded on a regulated market, all necessary information regarding a full assessment of their actual value.*

This condition does not apply insofar as Banca IFIS S.p.A. shares are traded on regulated markets.

*(With specific reference to the stock options)*

Not applicable.



## 5. Update on the status of implementation of current Plans

### 2016 Plan

In relation to the 2016 Plan, approved by the Board of Directors on 2 February 2016 and by the Ordinary Shareholders' Meeting on 22 March 2016, the Bank prepared a document that provides complete information about the valuation of a portion of the variable component of remuneration for Banca IFIS S.p.A. Group's "key personnel", through a programme of assigning ordinary shares in Banca IFIS. This document is available at [www.bancaifis.it](http://www.bancaifis.it) under "Corporate Governance", "Shareholders' Meeting" for 2016.

Following approval of the financial statements for the year, and since the conditions for assigning variable remuneration occurred, the Plan beneficiaries (the Chief Executive Officer and the General Manager) were identified, for whom the Company recorded total payments (cash + shares) of EUR 835,038.93.

This amount is to be paid as follows:

- as up front variable remuneration, a total of 6,891 shares equivalent to the gross amount accrued of Euro 250,511.00;
- as deferred variable remuneration, a total of 4,594 shares equivalent to the gross amount accrued of Euro 167,008.00.

The shares relating to up-front variable remuneration will be made available at the end of the three-year retention period and are subject to a claw-back mechanism which is itself the subject of audits carried out in each of the three closed financial years following the determination of the variable component.

The shares relating to deferred variable remuneration will be made available at the end of the three-year vesting period and a further one-year retention period.

The variable up front remuneration (6891 shares), together with shares equivalent to dividends distributed by the Bank in the retention period (826 shares) for a total of 7,717 shares was paid in 2020 after the three year retention period had been completed.

### 2017 Plan

In relation to the 2017 Plan, approved by the Board of Directors on 2 March 2017 and by the Ordinary Shareholders' Meeting on 21 April 2017, the Bank prepared a document that provides complete information about the valuation of a portion of the variable component of remuneration for Banca IFIS S.p.A. Group's "key personnel", through a programme of assigning ordinary shares in Banca IFIS. This document is available at [www.bancaifis.it](http://www.bancaifis.it) under "Corporate Governance", "Shareholders' Meeting" for 2017.

Following approval of the financial statements for the year, and since the conditions for assigning variable remuneration occurred, the Plan beneficiaries (the Chief Executive Officer and the General Manager) were identified, for whom the Company recorded total payments (cash + shares) of Euro 835,038.00.

This amount is to be paid as follows:

- as up front variable remuneration, a total of 7,694 shares equivalent to the gross amount accrued of Euro 250,511.00;
- as deferred variable remuneration, a total of 5,130 shares equivalent to the gross amount accrued of Euro 167,008.00.

The shares relating to up-front variable remuneration will be made available at the end of the three-year retention period and are subject to a claw-back mechanism which is itself the subject of audits carried out in each of the three closed financial years following determination of the variable component.

The shares relating to the deferred variable remuneration will be made available at the end of the three-year vesting period and a further one year retention period; they are also subject to malus mechanisms which are audited in each of the three financial years closed following calculation of the variable component.

A process is currently in progress to check variable remuneration for any application of the ex post correction mechanisms related to year 2020. The Second Section of the Bank's 2021 Remuneration Report will provide information on the results of that control process.

## 2018 Plan

In relation to the 2018 Plan, approved by the Board of Directors on 6 March 2018 and by the Ordinary Shareholders' Meeting on 19 April 2018, the Bank prepared a document that provides complete information about the valuation of a portion of the variable component of remuneration for Banca IFIS S.p.A. Group's "key personnel", through a programme of assigning ordinary shares in Banca IFIS. This document is available at [www.bancaifis.it](http://www.bancaifis.it) under "Corporate Governance", "Shareholders' Meeting" for 2018.

Following approval of the financial statements, and since the conditions for assigning variable remuneration occurred, the beneficiaries of the Plan (the Chief Executive Officer and the General Manager) were identified, for whom the Company recorded total payments (cash + shares) of Euro 835,038.

This amount is to be paid as follows:

- as up front variable remuneration, a total of 16,341 shares equivalent to the gross amount accrued of Euro 250,511;
- as deferred variable remuneration, a total of 10,984 shares equivalent to the gross amount accrued of Euro 167,008.

The shares relating to up-front variable remuneration will be made available at the end of the three-year retention period and are subject to a claw-back mechanism which is itself the subject of audits carried out in each of the three closed financial years following the determination of the variable component.

The shares relating to the deferred variable remuneration will be made available at the end of the three-year vesting period and a further one year retention period; they are also subject to malus mechanisms which are audited in each of the three financial years closed following calculation of the variable component.

A process is currently in progress to check variable remuneration for any application of the ex post correction mechanisms related to year 2020. The Second Section of the Bank's 2021 Remuneration Report will provide information on the results of that control process.

## 2019 Plan

In relation to the 2019 Plan, approved by the Board of Directors on 7 March 2019 and by the Ordinary Shareholders' Meeting on 19 April 2019, the Bank prepared a document that provides complete information on the valuation of a portion of the variable component of remuneration for Banca IFIS S.p.A. Group's "key personnel", through a programme assigning ordinary shares in Banca IFIS. This document is available at [www.bancaifis.it](http://www.bancaifis.it) under "Corporate Governance", "Shareholders' Meeting" for 2019.

After the financial statements for the year had been approved, and having checked that conditions for assigning the variable remuneration applied, the Plan beneficiaries were identified (CEO of Banca IFIS SpA, General Manager of Banca IFIS SpA, two Executives belonging to the key personnel category of Banca IFIS SpA identified as key personnel and the former CEO of FBS SpA) and the Company recorded a total outlay of Euro 930,212.

This amount is to be paid as follows:

- as up front variable remuneration, a total of 31,257 shares equivalent to the gross amount accrued of Euro 279,064;
- as deferred variable remuneration, a total of 20,838 shares equivalent to the gross amount accrued of Euro 186,042. The shares relating to up-front variable remuneration will be made available at the end of the three-year retention period and are subject to a claw-back mechanism which is itself the subject of audits carried out in each of the five financial years closed following calculation of the variable component.

A process is currently in progress to check variable remuneration for any application of the ex post correction mechanisms related to year 2020. The Second Section of the Bank's 2021 Remuneration Report will provide information on the results of that control process.

## 2020 Plan

In relation to the 2020 Plan, approved by the Board of Directors on 24 March 2020 and by the Ordinary Shareholders' Meeting on 23 April 2020, the Bank prepared a document that provides complete information on the calculation of a portion of the variable component of remuneration for Banca IFIS S.p.A. Group's "key personnel", through a programme assigning ordinary shares in Banca IFIS. This document is available at [www.bancaifis.it](http://www.bancaifis.it) under "Corporate Governance", "Shareholders' Meeting" for 2020.

Please note that on the date this document was drafted, the official elements needed to check conditions for distributing the variable remuneration component related to the 2020 Plan were not yet available and will be known following approval of the financial statements by the ordinary Shareholders' Meeting. Therefore, information regarding the status of implementation of the 2020 Plan will be made available within the timescales and under the methods provided for by current legislation and regulatory provisions.

TABLE 1

PLANS FOR COMPENSATION BASED ON FINANCIAL INSTRUMENTS								
Table 1 of template 78 of Appendix 3A of Regulation 11971/1999								
Name and surname or category	Role (to be indicated only for subjects named)	FRAME 1						
		Financial instruments that are not stock options (8)						
		Section 1 Instruments related to plans, still valid, approved based on previous shareholders' meeting resolutions						
		Date of the shareholders' meeting resolution	Type of financial instruments (12)	Number of financial instruments	Assignment date (10)	Any instrument purchase price	Market price at the time of assignment	Vesting period (14)
Notes								
Giovanni Bossi	Chief Executive Officer Banca Ifis S.p.A with office ending on 19/04/2019	22/03/2016	Banca Ifis Shares (Up Front)	5364	24/04/2017	36,35335	36,35335	-
		22/03/2016	Banca Ifis Shares (deferred)	3576	24/04/2017	36,35335	36,35335	3
Notes								
Alberto Staccione	General Manager Banca Ifis S.p.A	22/03/2016	Banca Ifis Shares (Up Front)	1527	24/04/2017	36,35335	36,35335	-
		22/03/2016	Banca Ifis Shares (deferred)	1018	24/04/2017	36,35335	36,35335	3
Notes								
Giovanni Bossi	Chief Executive Officer Banca Ifis S.p.A with office ending on 19/04/2019	21/04/2017	Banca Ifis Shares (Up Front)	5989	23/04/2018	32,55873	32,55873	-
		21/04/2017	Banca Ifis Shares (deferred)	3993	23/04/2018	32,55873	32,55873	3
Notes								
Alberto Staccione	General Manager Banca Ifis S.p.A	21/04/2017	Banca Ifis Shares (Up Front)	1705	23/04/2018	32,55873	32,55873	-
		21/04/2017	Banca Ifis Shares (deferred)	1137	23/04/2018	32,55873	32,55873	3
Notes								
Giovanni Bossi	Chief Executive Officer Banca Ifis S.p.A with office ending on 19/04/2019	19/04/2018	Banca Ifis Shares (Up Front)	12720	29/04/2019	15,33063	15,33063	-
		19/04/2018	Banca Ifis Shares (deferred)	8480	29/04/2019	15,33063	15,33063	3
Notes								
Alberto Staccione	General Manager Banca Ifis S.p.A	19/04/2018	Banca Ifis Shares (Up Front)	3621	29/04/2019	15,33063	15,33063	-
		19/04/2018	Banca Ifis Shares (deferred)	2414	29/04/2019	15,33063	15,33063	3
Alberto Staccione	General Manager Banca Ifis S.p.A	19/04/2019	Banca Ifis Shares (Up Front)	6218	24/04/2020	8,92811	8,92811	-
		19/04/2019	Banca Ifis Shares (deferred)	4145	24/04/2020	8,92811	8,92811	3
Luciano Colombini	Chief Executive Officer Banca Ifis since 19/04/2019	19/04/2019	Banca Ifis Shares (Up Front)	13839	24/04/2020	8,92811	8,92811	-
		19/04/2019	Banca Ifis Shares (deferred)	9226	24/04/2020	8,92811	8,92811	3
Paolo Strocchi	Chief Executive Officer Banca FBS SpA with office ending on 29/11/2019	19/04/2019	Banca Ifis Shares (Up Front)	6160	24/04/2020	8,92811	8,92811	-
		19/04/2019	Banca Ifis Shares (deferred)	4107	24/04/2020	8,92811	8,92811	3
Senior Managers of Banca Ifis	Key personnel above materiality threshold	19/04/2019	Banca Ifis Shares (Up Front)	5040	27/04/2020	8,92811	8,92811	-
Senior Managers of Banca Ifis	Key personnel above materiality threshold	19/04/2019	Banca Ifis Shares (deferred)	3360	27/04/2020	8,92811	8,92811	3
Alberto Staccione	General Manager Banca Ifis S.p.A	23/04/2020	Banca Ifis Shares (Up Front)	*				-
		23/04/2020	Banca Ifis Shares (deferred)	*				3
Luciano Colombini	Chief Executive Officer Banca Ifis since 19/04/2019	23/04/2020	Banca Ifis Shares (Up Front)	*				-
		23/04/2020	Banca Ifis Shares (deferred)	*				3
Notes								
(*) Cf. 1.1. and 1.3., letter a) of the document								

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