

ADDENDUM
TO
REPORT ON THE REMUNERATION POLICY AND
REMUNERATION PAID 2021
OF BANCA IFIS S.P.A.

approved by the Board of Directors of Banca Ifis S.p.A.
on 24 June 2021

INTRODUCTION

Following the approval on 22 April 2021 by the Shareholders' Meeting of the 2021 Report on the remuneration policy and remuneration paid (the "**Policy**"), the Bank offered insight and reflections on the introduction of a new variable remuneration tool which - also in compliance with the principles of regulatory legislation, where medium-long term orientation is one of the fundamental objectives of the regulation - is aimed at strengthening the alignment of interests between top management and all stakeholders of the Bank and the Group, also encouraging them to achieve the long-term objectives of the Bank ((as reflected in the strategic plan, which is currently being defined) and also promoting their retention.

In this regard, the Board of Directors, on the proposal of the Remuneration Committee, on 24 June 2021, resolved to submit for the approval of the Shareholders' Meeting, pursuant to the provisions of the Bank of Italy Circular no. 285/2013 (as updated) and art. 123-ter of the TUF, this addendum to the Policy, in order to provide, in the same, the possibility for the Bank to adopt and initiate a long-term incentive plan for the three-year period 2021-2023 for the Chief Executive Officer as well as for any other top managers of the Bank (the "**2021-2023 LTI Plan**"), described below and in the information document prepared pursuant to art. 114-bis of the TUF.

Since this is a plan based on financial instruments, its approval was also submitted by the Board of Directors, on the proposal of the Remuneration Committee (which, for this purpose, received the favourable opinion of the Competent Functions of the Bank and availed itself of the assistance of independent external consultants¹) and subject to the favourable opinion of the Board of Statutory Auditors, for approval by the Shareholders' Meeting, pursuant to the provisions of art. 114-bis of the TUF.

For every other aspect of the Bank's remuneration policy, the provisions of the First Section of the Report on the remuneration policy and remuneration paid in 2021 approved by the Bank's Shareholders' Meeting on 22 April 2021 continue to be fully applied, and is attached here.

THE 2021-2023 LTI PLAN

1. SUBJECT AND DURATION

¹ In particular, of the consulting firm Willis Towers Watson (as regards the analysis of market practices and the related, consequent, reflections), of Studio BonelliErede (as regards the technical-legal profiles) and Studio WePartners (as regards the determination of the fair value of the financial instruments underlying the plan).

The 2021-2023 LTI Plan is a stock option plan that provides for the assignment to the Chief Executive Officer (and to other beneficiaries who may be subsequently identified), free of charge, of a certain number of options that will give the right to purchase, at a specific strike price, a corresponding number of shares of Banca Ifis S.p.A.

These options will become exercisable after a three-year vesting period (2021, 2022 and 2023), subject to the fact that, at that date, the relationship between the Bank and the Chief Executive Officer (and any other beneficiaries) is still in place (except as provided below in the case of a good leaver), as well as the achievement of predetermined quantitative and qualitative, financial and non-financial objectives linked to the Bank's long-term strategies.

2. OBJECTIVES

The objectives have been identified (and parameterized in the relative weights) in light of the situation of the Bank and the dynamics and practices recorded on the reference market, as represented, in a nutshell, in the following table:

Type	Objective	Weight
Market indicators	Relative TSR vs Peer Group ²	25%
Economic-financial indicators	Pre-tax profit ³	25%
	Cost/Income Ratio ⁴	20%
	Gross NPE Ratio ⁵	15%
ESG indicators	In line with the provisions of the strategic plan	15%

As regards the Relative TSR objective, the same will be measured, in the three reference years of the Plan, with respect to a peer group that includes the following subjects (comparable with Banca Ifis in terms of the business model and share performance):

Peer Group	
Banca Farmafactoring	Credem
Banca Sistema	Illimity
Banco BPM	Intesa San Paolo

² By this we mean the Total Shareholders Return relating to the peer group indicated below.

³ As represented in the consolidated financial statements of the Group under the item "Pre-tax profit from continuing operations".

⁴ As represented in the consolidated financial statements as the reclassified Cost/Income Ratio, where the net impairment losses/reversals on receivables of the "acquired" NPL segment were entirely reclassified to Interest receivable and similar income to present more fairly this particular business for which net impairment losses represent an integral part of the return on the investment.

⁵ Calculated as the ratio of gross impaired credit to total gross lending. Indicator calculated at the level of the Banking Group, excluding the "acquired" NPL segment. The indicator includes Ifis Rental Srl and does not include government securities which are classified in the financial statements as loans to customers. The indicators are calculated net of the Purchasing Price Allocation (PPA) effect.

Banco di Desio	Mediobanca
BPER	Unicredit

The number of options accrued on the basis of this indicator will be calculated on the basis of the Bank's ranking with respect to the peer group mentioned above according to the following incentive curve:

Ranking	Options accrued
Banca Ifis position higher than or equal to 9th decile	Maximum level of options assigned (100%)
Banca Ifis position lower than 9th decile but greater than/equal to 3 rd quartile	Options assigned target level (75%)
Banca Ifis position lower than 3 rd quartile but higher/equal to the median	Minimum level of options assigned (50%)
Banca Ifis position below the median	No accrued options

As regards the economic-financial indicators and ESG indicators, given that the 2021-2023 LTI Plan represents a tool to incentivize the CEO (and any other beneficiaries) to achieve long-term objectives for the Bank, as will be reflected in the strategic plan (currently being drawn up), the specific targets underlying these indicators will be defined in greater detail and adjusted if necessary following the definition of the strategic plan, to always ensure maximum consistency and interconnection between the two. Furthermore, despite the overall weight assumed for the economic-financial indicators (equal to 60%), the specific weight of each sub-indicator may also be subject to adjustments also to take into account the weight that each of them will have in the strategic plan.

As for ESG indicators, it is currently assumed that they may include targets linked to environmental indicators (so-called Environmental), on the so-called Social (including, for example, the development of social impact hub programs, in compliance with the Code of Ethics related to customer assistance, development of cultural and artistic heritage, etc.) and so-called Governance (including, for example, objectives on gender diversity, the reduction of the gender pay-gap, participation in ESG indices, etc.), subject to confirmation based on what will be definitively indicated in the strategic plan. All indicators will also be linked to objectively measurable objectives.

The specific targets – within the limits of the confidentiality requirements relating to highly sensitive data - will therefore be disclosed in the next Remuneration Report (following the approval of the new strategic plan).

The final assessment of the degree of achievement of the objectives with respect to the targets set will be carried out after the end of the performance period of the Plan (and therefore at the beginning of 2024).

3. NUMBER OF OPTIONS, DETERMINATION OF FAIR VALUE AND STRIKE PRICE AND FINANCIAL

INSTRUMENTS SERVING THE 2021-2023 LTI PLAN

As regards the number of options to be assigned to the Chief Executive Officer, this was determined in compliance with the limit on the ratio between variable and fixed remuneration envisaged by the applicable regulations and the Bank's remuneration policies (currently equal to 1:1).

Taking into account that the Chief Executive Officer already participates, for 2021, in the annual incentive system with a target amount equal to 60% of the fixed remuneration, the remuneration amount that, for the current year, can be allocated to the 2021-2023 LTI Plan (and on which to calculate, therefore, the value of the options underlying the Plan; see next paragraph) is equal to up to 40% of the fixed remuneration⁶. As regards, instead, the subsequent years (2022 and 2023) - assuming to proceed with an increase in the maximum ratio between variable and fixed remuneration from 1:1 to 1.5:1 (to be submitted, once the applicable procedures have been completed, for approval by a subsequent shareholders' meeting to that called for 28 July 2021), the amount available to serve the 2021-2023 LTI Plan would be increased up to 70% of the fixed remuneration on an annual basis⁷. Therefore, as regards the position of the Chief Executive Officer, the 2021-2023 LTI Plan will weigh, in the first financial year (2021), up to 40% of the fixed remuneration while, for the following financial years (subject to approval by the shareholders' meeting raising the ratio from 1:1 to 1.5:1 and confirming the stability agreement also in subsequent years), up to 70% of the fixed remuneration⁸.

As for any additional beneficiaries (which will be identified later on), the related pay-ratio will also be determined within the limits of the ratio between fixed and variable remuneration in force at the time and, within these limits, indicatively within a ratio consistent with the provisions of the Chief Executive Officer.

In order to determine the options potentially attributable within the fixed/variable ratio limit and pay-ratio indicated above, the value of the options was assessed with the help of independent experts. This assessment was carried out according to the ordinary models of valuation of optional instruments used in practice that appreciate the financial value of time (in this case, the binomial model), regardless of the consideration of any effects on the value of the setting, as part of the 2021-2023 LTI

⁶ The Chief Executive Officer has, in fact, also entered into a stability agreement (backed by penalties) with the Bank, under which, in April 2022, he will be paid an amount equal to €162,000 gross. This amount, in line with the provisions of regulatory legislation, will be calculated for the purposes of the fixed/variable ratio entirely in 2022.

⁷ Which, added to the annual variable remuneration (equal to up to 60% of the fixed remuneration), would bring the fixed/variable ratio of the Chief Executive Officer to approximately a total of 130%, so as to leave an amount available, within the limit of 150%. (where appropriate for any further stability agreements for financial years after 2022).

⁸ Similarly, if the increase in the fixed/variable ratio to 1.5:1 is not approved, the amount of variable compensation to be allocated to the Plan also for the financial years 2022 and 2023 could be equal to a maximum of up to 40% of fixed compensation on an annual basis.

Plan, of quantitative and qualitative objectives and constraints for exercise of the options⁹.

The unit value of the options to be considered for the purposes of the plan was equal to €2.00 for each Option, assuming that the strike price is commensurate with the average of the official stock market prices of the 30-day period prior to the assessment and approval of the Plan to be submitted to the meeting by the competent bodies¹⁰ and that the economic value of the Bank is determined on the basis of this same indicator.

In light of this value, the maximum number of options that can potentially be assigned to the Chief Executive Officer for the entire three-year period of reference (in the hypothesis of a 1:1 ratio for the first year and a 1.5:1 ratio for the following two years and confirmation, also for subsequent years, of the stability agreement and relative consideration) is currently equal to approximately 696,000 options, each of which would give the right to a single share of Banca Ifis S.p.A.

As for the "strike price" - that is, the price at which the beneficiaries, upon the occurrence of the conditions of the 2021-2023 LTI Plan, will be able to purchase the shares on the various dates of assignment of the stock options - the same, determined as indicated above, is equal to €12.92.

Finally, with particular reference to the financial instruments serving the Plan, it was resolved¹¹ to use, subject to the approval of the Shareholders' Meeting, shares of the Bank deriving from the purchase of treasury shares, without prejudice, in any case, to the Bank's right to use even phantom stock options, also should this be necessary in order to be able to include in the Plan beneficiaries other than just the Chief Executive Officer.

4. VESTING OF OPTIONS

The options will vest on the basis of the degree of achievement of the objectives, according to the incentive curve defined according to the following configuration:

- a) upon reaching the **minimum** level of performance, a number of options equal to 50% of the maximum number of options assigned will be assigned; below this minimum level no option will be assigned;
- b) upon reaching the **target** level of performance, a number of options equal to 75% of the maximum number of options assigned will be assigned;

⁹ This choice was made from a prudential point of view in determining the number of optional instruments to be assigned, due to the fact that the consideration of the exercise restrictions would probably have led to an even significantly lower estimate of the *fair value* of the options (and therefore could have led to a greater number of options potentially attributable to the beneficiaries).

¹⁰ In particular, the 30 days prior to June 18, 2021.

¹¹ As regards the number of shares subject to the request for authorization to purchase treasury shares, given the need to obtain a provision that can also be used for any additional beneficiaries, it was resolved to set a number equal to those hypothesized in favour of the Chief Executive Officer, increased by a further 50% (without prejudice to the possibility of also using phantom stock options should this number prove insufficient).

- c) upon reaching the **maximum** level of performance, a number of options equal to the number of the maximum number of options assigned will be assigned (100%); upon reaching a higher performance level, no additional option will be assigned;
- d) for intermediate performances between the minimum level and the target, and between the target and the maximum, the number of options to be assigned will be calculated by linear interpolation, as shown in the following graph.



Any options accrued on the basis of the degree of achievement of the objectives will be assigned and will become exercisable according to the terms and conditions established at the time, in compliance with the regulations, by the Bank's remuneration policies (in terms of access gates, periods of deferral, minimum holding periods, malus and clawback mechanisms, etc.).

In particular:

- a) pursuant to the provisions of the regulations and the remuneration policies in force at the time, the options accrued must be assigned only in part up-front and the rest over a deferred timeframe, as envisaged for "particularly high amounts"; on this point, based on the provisions of the Circular No. 285/2013 currently being consulted (and subject to subsequent changes in the final version), for these amounts, even in "intermediate" banks, a five-year deferral of 60% of the incentive accrued is envisaged, so that, in this case, 40% of the options accrued would be exercised at the end of the Vesting Period, while the remaining 60% would be exercised over a deferred time frame of 5 years;
- b) the shares purchased following the exercise of the options (at the above deadlines) will, in turn, be subject to lock-up periods (during which they cannot be sold or transferred for any reason);
- c) at the time of accrual and at the expiry of the subsequent deferral terms, the exceeding of the minimum access gates must be verified (and therefore, in essence, the exceeding of the minimum levels of liquidity, capitalization and profitability adjusted for the risks established at the time by remuneration policies in compliance with regulatory legislation);

- d) the incentive covered by the 2021-2023 LTI Plan will also be subject to the ex post correction mechanisms (malus and clawback) upon the occurrence of the cases envisaged by the remuneration policies.

In this regard, given the particularly long reference period of the 2021-2023 LTI Plan, with specific reference to the 2021-2023 LTI Plan:

- a) the deferred instalments would be attributed, in compliance with the applicable regulations, instead of all, at the end of the five-year deferral period, in equal instalments during the reference period; and
- b) in order to further favour retention, any termination of the relationship with the Chief Executive Officer (and with any other beneficiaries of the Plan) in cases of a bad leaver during the deferral period will imply the loss of all rights in relation to the instalments still subject to deferral.

5. REGULATION OF TERMINATION OF THE RELATIONSHIP

Finally, the 2021-2023 LTI Plan provides for the usual clauses of good and bad leavers¹², in the hypothetical case of termination of the relationship between the beneficiary and the Bank before the end of the vesting period and during the subsequent deferral period.

In particular, the 2021-2023 LTI Plan provides for:

- a) the right of the beneficiaries, in the event of early termination of the relationship in cases of revocation/dismissal/non-renewal in the absence of just cause or in cases of resignation for just cause (including in cases of substantial and unshared change of powers/duties) or, again, of consensual termination of the relationship, to maintain all rights in relation to the 2021-2023 LTI Plan in a proportionate measure pro rata temporis; and
- b) the loss of all rights to the 2021-2023 LTI Plan in all other cases of early termination of the relationship (and, therefore, in the case of a bad leaver).

Furthermore, as specified above, in order to further favour retention, it was assumed that any termination of the relationship with the Chief Executive Officer (and with any other beneficiaries of the 2021-2023 LTI Plan) in cases of bad leavers during the deferral period will imply the loss of all rights in relation to the instalments still subject to deferral (with maintenance, however, of all rights to the deferred instalments in the event of termination in the case of a good leaver).

6. PROCEDURAL ASPECTS

¹² In which further cases of good leavers may be included, such as death cases, permanent disability, etc.

Following the approval by the Shareholders' Meeting of the 2021-2023 LTI Plan, the Board of Directors will (again on the proposal of the Remuneration Committee and subject to the favourable opinion of the Board of Statutory Auditors) approve the regulation of the 2021-2023 LTI Plan, identification of any beneficiaries (additional to the Chief Executive Officer) and the definition of the target benefit for each, by granting a mandate to a member of the Board of Directors and/or to a specific Company Function in order to implement the 2021-2023 LTI Plan, with delivery, among other things, to the beneficiaries, of the letters of assignment and adhesion to the Plan.

Report on the remuneration policy and remuneration paid

2021

Letter from the President to Shareholders



Dear Shareholders,

pursuant to Article 123-ter of Italian Legislative Decree no. 58 of 24 February 1998 (TUF [Italian Consolidated Finance Act], hereafter “**TUF**”), you are called to decide for or against Section I of this report.

With this report, Banca IFIS S.p.A.’s Board of Directors aims to comply with the requirements of Article 123-ter of TUF, banking industry regulations and the corporate governance rules contained in the Corporate Governance Code, as specified below.

In light of the opportunity provided by Appendix 3A, Template no. 7-bis of the “**Issuer Regulations**”, to comply, in a single document, with the requirements of Article 123-ter of CFA/TUF and with the Bank of Italy’s Supervisory Provisions on remuneration, this report includes additional information, in aggregate form, on so-called “Risk Takers” not included within the scope of the above article of TUF.

Detailed information is also supplied regarding the contents of the “Information Document on Remuneration Plans Based on Financial Instruments” (pursuant to Article 114-bis of CFA/TUF and Article 84-bis of Consob’s [Italian Financial Market Regulatory Authority] Issuer Regulations). The Report on the Remuneration Policy and Remuneration Paid and the Information Document on Remuneration Plans Based on Financial Instruments are available at: <http://www.bancaifis.it/Corporate-Governance/Assemblea-degli-Azionisti>.

Information on the requirements of reporting to the public pursuant to the Supervisory Provisions for banks – Bank of Italy Circular no. 285 of 17 December 2013 – on corporate governance, can be found in the Report on corporate governance and shareholding structures which can be found at <http://www.bancaifis.it/Corporate-Governance/Documenti-Societari>

Sebastien Egon Fürstenberg
Chairman Banca Ifis

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Report on the remuneration policy and remuneration paid 2021

Introduction

1.1. Applicable Provisions

The Remuneration Report (hereinafter the “Report”) was prepared for the Banca Ifis Group (the “**Group**”) in accordance with:

- Article 123 ter of the TUF, rubric “Report on remuneration policy and remuneration paid”;
- Article 114-bis of CFA/TUF, entitled “Disclosure of information to the market on awards of financial instruments to corporate officers, employees or contractors”;
- the Consob Regulation no. 11971/1999 as updated with the change made by resolution no. 21623 of 10 December 2020 (Issuer Regulations), with particular reference to Articles 84-quater, entitled “Remuneration Report”, and 84-bis, entitled “Information on awards of financial instruments to corporate officers, employees or contractors”, as well as to Appendix 3A, Template no. 7 bis “Report on the Remuneration Policy and Remuneration Paid” of the Issuer Regulation and Template no. 7 “Information Document which is the subject of a management body explanatory report to the Shareholders’ Meeting convened to approve compensation plans based on financial instruments”;
- the provisions relating to 'Remuneration and incentive policies and practices' in force issued by the Bank of Italy and contained in Circular no. 285 of 17 December 2013 (**Supervisory Provisions**);
- the Bank of Italy – Correctness in relations between intermediaries and customers, published by the Bank of Italy with Provision of 19th March 2019 implementing the Guidelines of the European Banking Authority on remuneration policies and practices for personnel offered bank products and for third party sales network operators;
- the European regulations that apply and, in particular, Delegated Regulation (EU) of 4th March 2014 no. 604 that establishes the regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on the risk profile of an institution’s risk profile (Key Personnel or Risk Takers), and Regulation (EU) no. 575 of 26 June 2013, with reference to the provisions concerning remuneration policies.

The provisions of the “**Corporate Governance Code**” and the format of Borsa Italiana S.p.A. were also considered for the Report on Corporate Governance and Shareholding Structure in accordance with art. 123 bis of the TUF.

1.2. Report Structure

Based on the current provisions, as mentioned above, this Report is divided into the following sections:

- Section I: aimed at illustrating the Group’s remuneration policy for members of the management bodies, general managers and executives with strategic responsibilities and, without prejudice to the provisions of Article 2402 of the Italian Civil Code for the members of the supervisory bodies, as well as for “*Risk Takers*” not falling within the scope of Article 123-ter of CFA/TUF, and the procedures used to adopt and implement this policy; this section describes the policy envisaged for the year 2021;
- Section II: organised in two parts:
 - the first is aimed at showing each remuneration item with name for the members of the management and control bodies, the general managers and, in aggregate form, for executives with strategic responsibilities, as well as for “*Risk Takers*” not included within the scope of Article

123-ter of TUF (in addition to the illustration of how Banca Ifis took into account the vote expressed in 2020 on Section II of the report on the remuneration policy and on the remuneration paid in 2020);

- in the second part there is an analytical report, in tabular form, as indicated in Annex 3A, Template no. 7 bis of the Issuers' Regulations (updated with the amendments made by resolution no. 21623 of 10 December 2020), of the remuneration paid during the year 2020, for any reason and in any form, by the company and by subsidiaries or associates; the additional information required pursuant to Article 450 of Regulation (EU) of 26 June 2013, no. 575 is also given in tabular form for Banca Ifis and for the other companies of the Group.

For incentive plans based on financial instruments, detailed information is contained in the Information Document on Remuneration Plans Based on Financial Instruments.

SECTION I - Remuneration and incentive policies

1. Bodies and subjects involved in the preparation, approval and possible revision of the remuneration policy and responsible for its correct implementation

The main Parent Company bodies and personnel involved in the preparation, approval and possible review of the remuneration and incentive policy are:

- the Shareholders' Meeting;
- the Board of Directors;
- the Remuneration Committee;
- the Chief Executive Officer;
- the General Manager;
- the Control Functions;
- Human Resources; and
- the Business Plan Governance, Planning and Management Control Division.

The role of these members of personnel is described in the Articles of Association and/or in the corporate regulations as specified below.

No independent experts were involved in the preparation of the remuneration policy.

1.1 The Shareholders' Meeting

The ordinary Shareholders' Meeting, in accordance with the provisions of Article 10 of the Articles of Association, in addition to establishing the remuneration due to the bodies appointed by the same, approves:

- the remuneration and incentive policies for the Board of Directors, the CEO, the Board of Statutory Auditors, the General Manager and the remaining personnel;
- any remuneration plans based on financial instruments;
- the criteria for calculating the remuneration to be agreed in the event of early termination of the employment relationship or early termination of office, including the limits established for remuneration in terms of annual instalments of fixed remuneration and the maximum amount that may result from their application.

Pursuant to the same article, the Shareholders' Meeting may also:

- decide, when approving the remuneration policies, the ratio between the variable and the fixed component of individual remuneration of personnel that exceeds 100%, (1:1 ratio), but which, in any way, may not exceed the limit set forth by the applicable legal and regulatory provisions pro tempore (currently equal to 200%, a ratio of 2:1);
- establish, pursuant to Article 2389 of the Italian Civil Code, remuneration for members of the Board of Directors;
- determine a total amount of remuneration for all Directors, including those assigned specific tasks.

1.2 The Board of Directors

The Board of Directors, in accordance with the provisions of Article 14 of the Articles of Association, has exclusive competence in the resolutions concerning:

- appointing, dismissing and remunerating the General Manager;
- the remuneration and incentive policies to be submitted to the Shareholders' Meeting;
- reviewing these policies, at least annually, and being responsible for their correct implementation, with the task of ensuring that the remuneration policy is adequately documented and accessible within the corporate structure.

According to the provisions of Article 14 of the Articles of Association, the Board is vested with all the powers of ordinary and extraordinary administration, excluding only those that the law strictly reserves for the Shareholders' Meeting. Furthermore, the Board of Directors is solely responsible for the resolutions concerning, among other things:

- the business model, the strategic lines and operations, as well as business and financial plans;
- the internal control system guidelines, ensuring that the system is in line with established strategic and risk appetite measures as well as being able to stay up to date with the company's risks as they evolve and the interaction between them;
- the compliance of the Articles of Association with the provisions of the regulatory framework;
- the merger by incorporation of companies in the cases set forth by Articles 2505 and 2505 bis of the (It.) Civil Code;
- an indication of which directors, in addition to those indicated in these Articles of Association, are the company's representatives;
- the formation of internal committees within the Board of Directors;
- the Risk Appetite Framework and the risk management policies as well as, after having heard the opinion of the Board of Statutory Auditors, assessing the completeness, suitability, functionality and reliability of the risk management and internal control system as well as the suitability of the organisational, administrative and accounting structure;
- determining the Bank's general organisational structure and the subsequent internal regulations;
- determining the criteria for carrying out the Bank of Italy's instructions;
- the formation of the company control bodies, their tasks and responsibilities, the methods of administration and collaboration, information flows between these departments and between them and management; the appointment of the heads of control departments, after having heard the opinion of the Board of Statutory Auditors;
- the risk management process and assessing its compatibility with the strategic guidelines and risk management policies;
- the policies and the processes for assessing company activities, and, particularly, financial instruments, ensuring that they are always suitable and also establishing the Bank's maximum exposure limits to financial instruments or products that are uncertain or difficult to value;

In addition, pursuant to Article 10 of the Articles of Association, the Board of Directors, with the favourable opinion of the Board of Statutory Auditors, may determine the remuneration of Directors assigned special tasks.

The Board of Directors is also involved in the key personnel self-assessment process and in the possible procedure to exclude personnel, as specified in Annex 1 of this Report ("Policy related to the key personnel identification process") and periodically reviews the relative criteria.

1.3 The Remuneration Committee

The Remuneration Committee is an internal committee within the Parent Company's Board of Directors and provides support to the Board of Directors in defining the Group's remuneration and incentive policies. Specifically, the Committee:

- provides advice and formulates proposals to the Parent Company's Board of Directors on the remuneration and incentive plans of corporate officers (including executive Directors and other Directors assigned specific tasks), of executives with strategic responsibilities and of the heads of the Parent Company's internal control departments and of other Group companies, and establishes performance targets related to the variable component of remuneration;
- provides advice on determining the remuneration criteria for the remaining "key personnel" identified within the Parent Company and other Group companies in compliance with current supervisory provisions;
- expressing oneself, also using the information received from the competent corporate functions, on the results of the identification process of key personnel, including any exclusions, in compliance with supervisory provisions;
- periodically assess the adequacy, overall consistency and concrete application of the Group's remuneration policies, using the information provided by the Chief Executive Officer, where appropriate, making proposals on the matter to the Board of Directors;
- directly oversees the correct application of the remuneration rules for managers of the Parent Company's and other Group companies' internal control functions, in close collaboration with the Board of Statutory Auditors;
- prepares documentation to be submitted to the Parent Company's Board of Directors for its decisions;
- collaborates with the other committees within the Board of Directors, in particular with the Risk Management and Internal Control Committee, when the two committees are not already made up of a large number of the same members guaranteeing ipso facto that collaboration;
- ensures the Parent Company's Internal Audit, Human Resources Division, the Business Plan Governance, Planning and Management Control Division, and the Risk Management and Compliance units are involved in the process of preparing and monitoring the Group's remuneration policies and practices;
- monitors implementation of the decisions adopted by the Parent Company's Board of Directors and those of other Group companies regarding remuneration and, in particular, voicing opinion, using information received from corporate facilities, on reaching performance targets linked to incentive plans and on verifying the other remuneration payment conditions envisaged;
- formulates proposals to the Parent Company's Board of Directors regarding the criteria for allocating stock options or shares to Directors and Group employees;
- regarding the last point, if possible, provides interpretation on controversial cases and rectifies the allocation conditions of each tranche, as well as regulates the exercise of emerging rights for any transactions of an extraordinary nature on the Parent Company's capital (mergers, increases in capital for free or against payment, fractioning or grouping of shares, etc.).

The President of the Committee reports to the Board of Directors on the activities carried out, at the Board's next meeting. The Committee also assesses, at least annually, the adequacy, overall consistency and effective application of the Group's remuneration policies, and reports to the Parent Company's Shareholders' Meeting on the activities carried out.

The Remuneration Committee is made up of three members chosen from among the non-executive members of the Parent Company's Board of Directors, the majority of whom are independent. As approved by the Board of Directors at its meeting of 19 April 2019, the members of the Committee are:

- Antonella Malinconico (Non-executive and Independent Director)¹;
- Beatrice Colleoni (Non-Executive and Independent Director);
- Luca Lo Giudice (Non-Executive and Non-Independent Director).

The Remuneration Committee is chaired by the director Antonella Malinconico².

The term of office of the members of the Remuneration Committee is equivalent to that of the Board of Directors which appointed it, whose early termination, for any reason, determines the simultaneous termination of the Remuneration Committee.

The Remuneration Committee is appointed for three years and meets periodically, including by video link/telephone, whenever the need arises in relation to the tasks assigned to it.

If one or more members of the Committee are no longer in office, the Board of Directors may appoint new ones and/or replace these members.

As established by current Regulations, the President of the Parent Company's Board of Statutory Auditors, or another Standing Auditor delegated by them on a case by case basis, attends Committee meetings. Other members of the Board of Statutory Auditors may attend, as may, where issues affecting them are not on the agenda, the Parent Company's CEO and General Manager.

As a way of avoiding and managing conflicts of interest, it is also established that no Director may attend meetings of the Committee in which proposals are formulated for submission to the Board of Directors regarding their own remuneration.

The President of the Committee assesses, in relation to the matters to be discussed, the need to involve the Head of Risk Management to ensure that the incentive schemes are properly adjusted to take account of all the risks assumed by the Group, according to methods that are consistent with those adopted for risk management for regulatory and internal purposes.

The Committee may avail itself and/or request the presence of:

- external consultants, who have expert knowledge of remuneration policies, who may also be chosen from among the members of the Parent Company's Board of Directors, provided that these experts do not, at the same time, provide Human Resources, Executive Directors or executives with strategic responsibilities of the Parent Company and/or of the other companies of the Group with services of such significance as to compromise the consultants' independent judgement;
- any corporate officer or employee of the Parent Company or of another Group company.

The Committee may access all company information deemed relevant for the performance of its tasks and may have autonomous use of a set of financial resources to the limit established by the Board and with the requirement of reporting on the use of funds, at least once a year, usually during the review of the Report on Corporate Governance and Shareholding Structures.

Summary minutes of Committee meetings are prepared, which are to be signed by the Members.

In 2020, the Committee met a total of eleven times.

¹ Prof. Malinconico took over from Prof. Arduini as President of the Remuneration Committee with effect from 15 October 2020.

² The chairmanship of the Remuneration Committee lasts eighteen months from the date of appointment, unless the office of director or member of the Remuneration Committee is forfeited, revoked or the person resigns. When the presidency expires, the Board of Directors confers the office of President to a different member of the Remuneration Committee holding the aforementioned requirements.

The meetings were preceded by discussion among the members and/or by prior individual examination of documentation.

The average duration of the meetings was around an hour.

The Committee did not use external consultancy services.

In 2020, the members of the Committee took part in all eleven meetings held.

The CEO attended two meetings where in any case issues not pertaining to him were due to be discussed. The President of the Board of Statutory Auditors also attended more than half the meetings and, on several occasions, other Standing Auditors also attended.

During these meetings, the Committee gave its opinion in relation to the following topics:

- the key personnel self-assessment process;
- identification of the perimeter on the remuneration of key management personnel;
- incentive schemes applied to various business units of the Bank and the Group;
- remuneration and incentive policies of the group: Report on the remuneration policy and remuneration paid 2021;
- Information document pursuant to Articles 114 bis of the CFA/TUF and 84 bis of the Issuer's Regulation;
- implementation of the remuneration policies approved by the Shareholders' Meeting and impacts of Covid 19;
- incentive systems to be used in 2020;
- allocation of variable remuneration deriving from 2020 results to the CEO and General Manager;
- remuneration for executives with strategic responsibility and heads of internal control functions;
- audits on the absence of conditions for applying corrective mechanisms (malus and clawback) to the calculation of the variable remuneration of the CEO and the General Manager;
- report on the application of the 2019 remuneration policies to personnel not included in the category of key personnel;
- agreement scenarios with the Trade Union Organisations regarding Group personnel treatment harmonisation, Variable Result Bonus, and the Welfare Plan.

During 2020, there was no need to use the financial resources available to the Committee for the performance of its duties.

1.4 The Chief Executive Officer and General Manager

The CEO, as defined pursuant to Article 15 of the Articles of Association, is responsible for implementing strategic directions and business management, and makes use of General Management.

Regarding personnel management, the CEO is responsible for:

- defining and implementing the Group's employee management process;
- approving the employee budget, in line with the organisational structure approved by the Board of Directors; in this regard, the CEO ensures that current and future professional/profile needs are measured and are consistent with strategic choices.

As per Article 17 of the Articles of Association, the General Manager implements the CEO's management directives and assists the CEO in carrying out the Board of Directors' resolutions.

Therefore, the General Manager also has the task of making proposals to the CEO regarding the contents of the employee management process.

1.5 The Control Functions and the other structures involved

The control functions work together, each within their scope of responsibility, to ensure the remuneration and incentive policies are adequate and comply with current legislation and that they operate correctly.

For that purpose, the Parent Company's control functions and those of subsidiaries work together and exchange important information, in particular:

- **Compliance** verifies, among other aspects, that the company bonus system meets the objectives of complying with regulations, the Articles of Association, as well as any codes of ethics and/or other standards of conduct applicable to the Group, so that the related legal and reputational risks are properly contained especially in relationships with customers;
- **Internal Audit** checks, at least annually, that remuneration practices comply with the approved policies and with legislation and regulatory context. The results and any abnormalities identified are brought to the attention of the bodies and functions responsible for possible corrective measures and assessment of significance with a view to prompt disclosure to the Bank of Italy. Every year, the results of the checks carried out are brought before the Shareholders' Meeting;
- **Risk Management** works with the Remuneration Committee to ensure that the forms of incentive remuneration are consistent with the risk appetite (for example with the Risk Appetite Framework - RAF) and with governance and risk management policies, and that they take into account the level of capital and liquidity necessary to carry out activities under way, even through the definition of risk indicators to use for corrective mechanisms (ex ante and ex post), and gives its opinion on their proper activation. It also supports Financial Department to determine, after approval of the financial statements by the Shareholders' Meeting, the amount of variable remuneration attributable to the CEO, the General Manager and additional potential beneficiaries of compensation plans based on financial instruments, and to check the conditions for the allocation of variable remuneration.

Other Parent Company facilities involved in the preparation and implementation of the remuneration policy, also with reference to Subsidiaries, are:

- **Human Resources**, which, among other things, provides the support for the compliance function, ensuring consistency between the human resources management procedures and policies and the bank's remuneration and incentive systems of the Group;
- **Business Plan Governance, Planning and Management Control Division**: together with Human Resources Planning of the Human Resources Department, it contributes to the identification and finalisation of the economic and financial objectives underlying the incentive systems.

2. Principles and purposes of the remuneration and incentive policies and gender neutrality

The Parent Company, on exercising its management and administration powers, defines this Group remuneration and incentive policy in accordance with the characteristics of the Group and each of its subsidiaries, and in compliance with current legislation and regulatory provisions.

The remuneration policy has an annual duration.

The remuneration and incentive policy is defined by the Parent Company with the aim of attracting, motivating and retaining people possessing the professional qualities required to profitably pursue, in accordance with corporate values and according to a policy of prudent risk management (in line with the defined as part of the provisions on the prudential control process), the short and/or medium-long term objectives related to the strategic objectives of the Group, thus contributing to the achievement of results aimed at strengthening the operational and economic solidity and financial position of the Company in the long term and to safeguard the sustainability of the Banca Ifis Group.

The remuneration and incentive policy was defined taking into account the remuneration and working conditions of its employees, the provisions of collective bargaining (applicable from time to time), without referring to the remuneration policies of other companies.

Banca Ifis Group's remuneration and incentive system is based on the following principles:

- promoting sound, effective risk management, not encouraging risk-taking that exceeds the level of tolerated risk;
- Foster competitiveness and sound management within the Group;
- attracting and retaining within the company employees with the professionalism and skills that are appropriate to the needs of the Group, particularly where they hold key roles within the organisation;
- promoting compliance with all legislation and regulations, as well as transparency and fairness in dealings with customers, discouraging any infringement and/or unfair business practice;
- make company objectives consistent with the Group's objectives of sustainable growth;
- Search for the best alignment between the interests of different stakeholders;
- focusing attention on risk containment policies;
- Avoid altering or undermining alignment of remuneration arrangements in terms of risk;
- avoid creation of conflicts of interest.

Starting in year 2019, the Bank launched a remuneration control and benchmarking project to identify its market position in terms of being able to attract talent and competitiveness.

In this context, the Bank also activated a process to correctly assess gender parity. That project will be developed further in the current year and will focus on gender neutrality for which control of the following elements will also be considered:

- remuneration (fixed and variable), considering salary paid, working hours, annual holiday periods and other financial and non-financial benefits;
- remuneration made up of financial instruments;
- benefits;
- employment policies, career development, succession plans, access to training and ability to submit candidacy for internal vacant posts in order to show that the remuneration policy is gender neutral;
- mapping positions based on job descriptions useful (starting from the highest positions) to be able to calculate the value of single positions and understand which ones can be considered the same or of the same value.

The overall salary gap for gender and its development will then be monitored when reviewing remuneration policies. In particular, by monitoring the ratio and its development over time between average salary of male and female personnel.

3. Results of the vote of the 2020 Shareholders' Meeting and main changes compared to the previous financial year

Below are the results of the Shareholders' Meeting vote of 23 April 2020 in relation to Section I of the 2020 remuneration policy:

For	Against	Abstained	Not voting
36,334,843	433,012	0	0
98.822%	1.178%	0	0

In light of the positive results of the shareholders' meeting, Banca Ifis decided to submit for the meeting vote a remuneration policy for year 2021 that is essentially consistent with the past, except for adjustments needed, to adopt novelties established by the new Issuers' Regulation and the Corporate Governance Code, as specified below.

- The indication that the Board of Directors is involved in the key personnel self-assessment process and in the possible procedure to exclude key personnel, as specified in Annex 1 of the Report ("Policy related to the key personnel identification process") and periodically reviews the relative criteria.
- The reference to the results of meeting votes for both Report Sections on the remuneration policy of the previous year.
- Introduction of the so-called "gender neutrality". Banca Ifis intends to ensure remuneration levels that are consistent with reference markets, pursuing its intention to attract, motivate and withhold resources with the best performance and the highest value and potential. For that purpose, through benchmarking activities, the Group wants to constantly monitor its remuneration fairness and competitiveness. In this context, in 2019 the Banca Ifis Group launched, and wants to continue pursuing, the principle that remuneration policies must be gender neutral for all personnel (not just key personnel)³.
- It is specified that the Role Based Allowance is linked to staying in the role and not to specific times.
- Introduction, pursuant to the new wording of Article 123-ter of the Consolidated Law on Finance, the identification of the "exceptional circumstances" that allow for derogations from the remuneration policy last approved by the shareholders, the procedural conditions under which the derogation can be applied and the specification of the elements of the policy from which it can be derogated; the exceptional circumstances refer to situations in which the derogation is necessary for the purpose of "pursuing long-term interests and sustainability as a whole or to ensure its ability to stay on the market" (Article 123-ter, paragraph 3-bis)
- The introduction, to calculate the variable remuneration of the CEO and the GM, of a further cost income ratio in order to make the relative discipline more challenging and aligned with what is foreseen for other members of the key personnel category, with more specific, complex performance measurement criteria.

³ The paragraph is added consistent with the provision of Directive (EU) 2019/878 of the European Parliament and Council of 20 May 2019 (art. 92, paragraph 2, letter aa) according to which remuneration policies must be gender neutral.

- Also with reference to the “one-off” payment, on the occasion of the annual assessment, the prior resolution of the Board of Directors is envisaged, subject to the favourable opinion of the Remuneration Committee.
- The provision of other “one-off” acknowledgements (besides those foreseen at the time of the annual assessment) and/or contexts linked to extraordinary, unpredictable circumstances and/or extraordinary planning initiatives, for personnel not belonging to the “key personnel” category and for limited amounts (however, no higher than one monthly salary for each subject); based on predefined criteria, determined in a Regulation also containing controls and exclusion clauses with inadequate individual conduct. The above “one-off” acknowledgements foresee a Board of Directors’ resolution, after favourable opinion by the Remuneration Committee, and will only be allocated if that is compatible with capital levels and with sufficient liquidity to cover Bank activities.
- For the sake of transparency and completeness, the Report makes the functioning of incentive system mechanisms foreseen for the Bank sales network more explicit, indicating their essential elements.
- Related to the golden parachutes system, the maximum amount resulting from application was indicated specifically (and not just the limit fixed in terms of fixed remuneration years).
- The Report has suffered changes needed and/or opportune based on the Issuers’ Regulation (Art 84-quater and Annex 3° SCHEME No. 7–bis of the Issuers’ Regulation adopted with resolution no. 11971 of 14 May 1999 and updated with the amendments made by resolution no. 21623 of 10 December 2020).

4. Recipients and policy related to the key personnel identification process

Remuneration and incentive policies are defined for all Group⁴ personnel, without prejudice to more detailed requirements for members of staff that have a material impact on the Group’s risk profile (so-called key personnel). These individuals are periodically identified by the Parent Company for all companies in the Group, whether or not they are subject to the policy on an individual basis, based on the criteria established in the “Policy related to the key personnel identification process” which forms an integral part of the remuneration and incentive policy; further information is given in Annex 1 of this Report.

Pursuant to the Supervisory Provisions, the Parent Company is required to adopt a policy relating to the process of identifying key personnel.

The policy on the key personnel identification process defines the criteria and procedures used to identify key personnel as well as those for possible exclusion; the evaluation methods, the role performed by the corporate bodies and related company functions for the preparation, monitoring, and review of the identification process.

From the self-assessment process for Group’s key personnel, led by Human Resources with the support of Compliance and approved by the Board of Directors of the Parent Company on 25th February 2021 following the favourable opinion of the Remuneration Committee, 66 individuals are identified as key personnel for the Group⁵.

The aforementioned subjects are connected to specific categories with specific remuneration criteria, applicable based on a specific company Regulation for management of the key personnel incentive systems.

⁴ This means members of strategic supervision, management and control bodies, the Parent Company’s employees and contract workers and those of its Subsidiaries.

⁵ It should be noted that the procedure for requesting prior authorisation from the competent authority for the exclusion of one employee (agent in financial activities) falls within the perimeter of key personnel based on the quantitative criteria.

Besides members of the Board of Directors, the CEO, the General Manager and the members of the Boards of Directors of some subsidiaries, the following categories are identified for those purposes:

- Executives with strategic responsibilities in key business units;
- Executives with strategic responsibilities for control functions;
- Executives with strategic responsibilities (not for control functions);
- Heads of control functions and Head of Human Resources;
- Heads of business units;
- Heads of risk management facilities;
- Relevant operational unit managers;
- Heads of service, consultancy and support facilities.

The Group's key personnel accounts for 3.73% of the total workforce.

5. Contents of the 2021 Policy

5.1 Remuneration structure

Pursuant to the Supervisory Provisions, **remuneration** is any form of payment or benefit, including any ancillary components (so-called allowances) paid, directly or indirectly, in cash, financial instruments or services or goods in kind (fringe benefits), in exchange for the performance of work or professional services rendered by personnel to the bank or other companies of the banking group. Payments or marginal benefits, granted to staff on a non-discretionary basis, which are part of a general bank policy and which do not produce any effect on the incentive plan for taking on or controlling risks, may not apply.

Fixed remuneration is intended as stable remuneration, calculated and paid based on pre-set, non-discretionary criteria - such as levels of professional experience and responsibility – that do not create incentives to take on risks and do not depend on the bank's performance.

On this point, please note that:

- a base fixed remuneration is set out for all employees that reflects their professional experience and their role, in line with the provisions of collective bargaining applicable from time to time and with market benchmarks;
- For key personnel, it is also envisaged that any interventions on the fixed remuneration may not exceed an increase of 20% compared to the previous year's all inclusive annual salary;
- the Board of Directors, subject to the favourable opinion of the Remuneration Committee, has the possibility of recognising role-based allowances determined as a predefined sum, of a stable nature, not linked to performance, which does not create incentives for assumption of risks and which is functionally linked to the role held.

Variable remuneration is intended as:

- remuneration where recognition and payment can be modified related to performance however measured, excluding severance indemnity and indemnity replacing notice, when the amount is calculated as established by law and within its limits;
- any other form of remuneration that cannot be univocally classified as fixed remuneration.

Variable remuneration includes:

- the variable remuneration system envisaged for key personnel as described below;
- the “company productivity bonus” or “performance bonus”, as defined by the national collective bargaining agreement, the conditions and criteria of which are established annually as part of the company supplementary bargaining;
- “one-off” acknowledgements (in any case not exceeding three months for each person), to be recognised by the Chief Executive Officer and/or the General Manager on the occasion of the annual assessment, to reward excellent performance and/or performance of particular and evident qualitative value of personnel not belonging to the category of “key personnel”⁶.
- other “one-off” acknowledgements and/or contexts linked to extraordinary, unpredictable circumstances and/or extraordinary planning initiatives, for personnel not belonging to the “key personnel” category and for limited amounts (however, no higher than one monthly salary for each subject); based on predefined criteria, determined in a Regulation also containing controls and exclusion clauses with inadequate individual conduct⁷.

Moreover, if there are motivated and documented reasons, remuneration may be linked to key resources staying in the company, and, as such, not linked to performance objectives. Any such sums paid as a **stability agreement** or **retention bonus** in compliance with the Supervisory Provisions are a form of variable remuneration and as such subject to all applicable rules.

If amounts acknowledged as remuneration linked to the key resources remaining in the company concern key personnel, the Remuneration Committee is suitably notified in advance in order to control and duly motivate that acknowledgement.

Lastly, in exceptional situations the Bank may allocate instruments as an **entry bonus**, only assigned for the first year of employment and only when prudential requirements have been complied with, when the individual is hired and for attraction purposes, not subjected to the variable remuneration rules and not included in the variable/fixed ratio limit of first year remuneration only when paid in a single solution when the person is hired, pursuant to paragraph 2.1 of Section III of the Supervisory Provisions.

The remuneration offer is completed by various types of **benefits**, having different gradation in relation to the corporate role and/or to the service reasons. The attribution is summarised as follows: healthcare policy, professional and extra-professional personal accident insurance, life insurance, permanent disability insurance, luncheon vouchers with amounts ranging from €5.16 to €7.00, company contributions to supplementary social security/pension plans (recognised for all employees with permanent employment contracts, with percentages that vary from 1.5% to 5% calculated on all inclusive annual salary (RAL) or based on remuneration for post-employment benefit purposes, except for some previously acquired contracts). In addition to the above, some individuals are assigned a company car, based on internal Policies in force each time. Furthermore, within the Group there is the possibility of assigning short-stay accommodation for service reasons.

All employees can have access to the aforementioned benefits on the basis of internal reference practices and regulations and therefore are not considered as benefits of a discretionary nature.

⁶ These acknowledgements are in any case paid upon the occurrence of the conditions envisaged for access to the variable (gate), it being understood that, for these “one-off” acknowledgements, mentioned above, the prior resolution of the Board of Directors is envisaged, subject to the favourable opinion of the Remuneration Committee.

⁷ These acknowledgements are not subject to the conditions set out in paragraph 5.2 “Variable remuneration system: access conditions” it being understood that the above “one-off” acknowledgements foresee a Board of Directors’ resolution, after favourable opinion by the Remunerations Committee, and will only be allocated if that is compatible with capital levels and with sufficient liquidity to cover Bank activities.

5.2 Variable remuneration system: access conditions.

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 segment⁸.

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.

The variable component is also awarded 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 director mandates. 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 for just cause.

⁸ "NPL segment" means the NPLs acquired from outside by IFIS NPL Investing and managed in IFIS NPL Servicing

5.3 (continues): malus and clawback clauses and prohibition of hedging strategies

5.3.1. Clausole di *malus*

The variable component is subject to the following **malus mechanisms** which reduce the previously determined amount until it reaches zero before payment, according to the criteria listed in the table below:

		Consolidated Own Funds ratio [2]			
		<=12,50%	12,50%< <=13,00%	13,00%< =13,50%	>13,50%
Group RORAC	≥ 12%	<u>-100%</u>	<u>-20%</u>	<u>-10%</u>	---
	8%< < 12%	<u>-100%</u>	<u>-30%</u>	<u>-20%</u>	---
	< 8%	<u>-100%</u>	<u>-40%</u>	<u>-30%</u>	<u>-20%</u>

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 Group⁹ or for customers¹⁰;
- 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 where,

- 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.

⁹ Loss equal to or exceeding 5% of net equity.

¹⁰ 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..

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.

The above criteria are checked in each of the three financial years¹¹ 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 above criteria are checked in each of the three financial years¹² 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. Therefore, merely as an example, the *malus* condition referred to the *variable bonus* of 2021 will be checked in each of the three years closed after calculation of the variable component (that is 2022, 2023 and 2024) and will be applied if those conditions occur in at least one of the three years observed.

5.3.2. Claw back clauses

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 Group reserves the right to take appropriate actions for the return (**clawback**) of the variable component recognised and/or paid to personnel when the individual has caused or contributed to causing:

- violations of the obligations imposed under Article 26 CBA/TUB or, when the individual is an interested party, under Article 53, paragraphs 4 et seq. of the CBA/TUB or 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 Group¹³ or for customers¹⁴;
- 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 or equal to 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).

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 claw back. Those criteria are also checked in each of the three financial years¹⁵ closed after calculation of the variable component

¹¹ If these conditions are met in at least one of the three years observed (accrual period), the corrective mechanisms will be applied.

¹² Condizione sufficiente all'applicazione dei meccanismi correttivi è il verificarsi delle condizioni citate, in almeno uno dei tre anni di osservazione (*accrual period*).

¹³ 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.

¹⁴ 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.

¹⁵ If these conditions are met in at least one of the three years observed (accrual period), the corrective mechanisms will be applied.

(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.

5.3.3. Ban on hedging strategy

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:

- 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.

5.4 (cont.): structure of variable component for key personnel

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/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”¹⁶ 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)¹⁷.

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 envisaged regulations only to the key personnel, 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.

¹⁶ 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.

¹⁷ 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 variable remuneration of a particularly high amount to those already envisaged were aligned with what is set for the other subjects included amongst key personnel. The variable component may not exceed a 1:1 ratio compared to the fixed component and is determined when the financial statements closed as at 31st December of the previous year are approved.

- 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 expires¹⁸ and exercisable at the end of the further one-year retention period¹⁹ 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.
- 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 available at the end of the three-year retention period 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.

In line with market practices, it is appropriate to apply the same rules for deferral and partial payment in Bank treasury shares where the variable remuneration is greater than €70,000 (materiality threshold).

5.5 Remuneration for the Directors and Statutory Auditors of the Parent Company

Directors are entitled (in addition to the reimbursement of expenses incurred due to their office) a remuneration determined by the Shareholders' Meeting at the time of appointment, in light of the required commitment, the relevant responsibilities and practices in force for the members of the boards of directors of comparable companies.

The directors who participate in the internal committees of the Board of Directors are granted a further and additional fixed remuneration on the basis of this participation, taking into account the greater commitment required of them and the role (of Chairman or member of the Committee) held by them.

The Board of Directors, on the proposal of the Remuneration Committee and having heard the opinion of the Board of Statutory Auditors, is responsible for determining further remuneration for directors vested with particular offices (or special duties) pursuant to Article 2389, paragraph 3 of the Italian Civil Code also having regard, where appropriate, to corporate results.

¹⁸ Period after which the shares may be assigned.

¹⁹ Period in which the sale of shares is prohibited.

There are no incentive mechanisms for Non-Executive Directors, including the President.

The members of the Board of Statutory Auditors are entitled (in addition to the reimbursement of expenses incurred due to their office) a fixed annual remuneration determined by the Shareholders' Meeting at the time of appointment in the light of the expertise, professional requirements and commitment required for the significance of the role held (of chairman or member of the Board) and the Company's size and structure and its situation.

Any form of variable remuneration is precluded for the members of the Board of Statutory Auditors.

5.6 (cont.): remuneration of the Directors and Statutory Auditors of the Subsidiaries

Without prejudice to the principle that the members of the Board of Directors who perform other roles within the Group as employees of the Parent Company do not normally receive any compensation or, if received, it is transferred to the Parent Company, the Shareholders' Meeting of the individual subsidiary company determines the remuneration of its directors in respect of an overall maximum limit not exceeding 50% of the total amount of compensation that can be assigned to the members of the Board of Directors of the Parent Company.

The Shareholders' Meeting of the individual Subsidiary determines the remuneration of its Board of Statutory Auditors in respect of an overall maximum limit not greater than 50% of the total amount of compensation assigned to the Board of Statutory Auditors of the Parent Company. No incentive mechanisms are available for members of the Board of Auditors and there is no form of variable remuneration.

5.7 Parent Company's Chief Executive Officer and General Manager's remuneration

The remuneration of the Chief Executive Officer and the General Manager is currently made up of (and without prejudice to the possibility for the Bank to attribute specific remuneration treatment to them in line with what is set forth in this policy) the following elements:

- a fixed remuneration of a stable, irrevocable nature that does not create risk taking incentives and does not depend on the Bank's performance, calculated based on responsibilities connected to the job and the commitment required to perform it;
- benefits;
- a variable remuneration, linked to achieving specific quantitative performance targets.

With specific reference to variable remuneration, the Chief Executive Officer and the General Manager can be acknowledged an annual variable amount of up to 60% the gross annual fixed remuneration identified as at 31 December of the year prior to the one of reference, subordinate to controls, by the Board of Directors that the following targets have been achieved, each with its own weight as shown in the table:

Executives	RORAC/RORAC*	COST INCOME*/COST INCOME	Variable fee limit on RAL measured as at 31 December of the year prior to the one of reference
CEO	60%	40%	60%
GM	60%	40%	60%

and therefore:

- the portion of the variable remuneration referred to the RORAC is recognised starting from a threshold value of the indicator $[RORAC / RORAC^*]^{20}$ of 80% and the relative amount is determined according to the degree of exceeding of the threshold value according to a linear progression as exemplified by the following table:

actual value of the indicator [RORAC/RORAC*]	RORAC component value	RORAC component value on annual variable remuneration
80%	60%	21.6%
85%	70%	25.2%
90%	80%	28.8%
95%	90%	32.4%
100%	100%	36.0%

- the portion of the variable remuneration referred to the COST INCOME is recognised starting from a threshold value of the indicator $COST INCOME^* / COST INCOME$ of 90% and the relative amount is determined according to the degree of exceeding of the threshold value according to a linear progression as exemplified by the following table:

final value of the indicator [COST INCOME*/COST INCOME]	COST INCOME component value	COST INCOME component value on annual variable remuneration
90%	60%	14.4%
92.5%	70%	16.8%
95%	80%	19.2%
97.5%	90%	21.6%
100%	100%	24.0%

²⁰ Dove RORAC* è il RORAC derivante dall'obiettivo prospettico approvato dal Consiglio di Amministrazione per l'esercizio di riferimento.

²¹ Where COST INCOME * is the COST INCOME resulting from the prospective objective approved by the Board of Directors for the reference year.

The variable remuneration share referred to COST INCOME is however zeroed if the final COST INCOME should be higher than the tolerance threshold established in the RAF in force.

5.8 Remuneration of other key personnel at Group level

Remuneration for remaining key personnel is made up of an all inclusive annual salary (RAL) and a variable component defined in advance for each individual, in relation to their role (without prejudice, in any case, to the limit on the variable/fixed ratio equal 1:1)²², based on predefined criteria and on three pillars:

- a qualitative performance assessment carried out jointly by the CEO and the General Manager;
- reaching a determined level of corporate cost/income ratio;
- reaching specific economic, commercial and operating objectives and satisfying internal and external customers inclusive of corrective risk measures (MBO – Management by Objectives) as specified in the table below.

Executives	Senior Management Qualitative Assessment	Cost/income ratio	Economic, commercial and operating objectives and satisfying customers (MBO)
Executives with strategic responsibilities for key business units	20%	20%	60%
Executives with strategic responsibilities	20-30%	20%	50-60%
Heads of business units	20%	20%	60%
Heads of risk management units	30%	20%	50%
Heads of key operating units	40%	20%	40%
Heads of service, consultancy and support units	50%	20%	30%

The MBO System is structured in such a way as to make transparent the link between economic recognition and the degree of achievement of annual objectives.

The assessment method applied for the first two pillars (Top Management Assessment and Cost/Income Ratio) uses the same criteria for all subject categories, even if weighted differently.

Allocation of the variable component is subject to quality evaluation that can be expressed on a scale of five levels of judgement and includes information on the following objectives:

- managing assigned projects and quality of service provided;
- management and development of assigned resources;
- care and prevention of the risks inherent in their own areas of responsibility;
- management and administration of assigned tasks.

Each grading equates to a percentage of variable component to be allocated according to the following scale:

²² Without prejudice to the limit of the variable / fixed ratio with reference to the control functions as explained below and equal to 1: 1/3 of the fixed remuneration.

Excellent	Good	Average	Almost Average/Insufficient
100%	80%	50%	0%

The Remuneration Committee has a consultative role in determining the remuneration criteria that are subject to annual examination by the Board of Directors.

Subsequent work on fixed and/or variable remuneration is defined by the CEO and the General Manager under the criteria specified below. At least annually, the CEO informs the Remuneration Committee on the decisions taken.

5.9 Remuneration of the Control Functions and of the Human Resources function

The remuneration package for key personnel belonging to the control functions (Risk Management, Compliance, Internal Audit, Anti-Money Laundering, and Financial Reporting Officer) and to Human Resources is made up of a main fixed component and a small variable part which is attributed annually based on quality and efficiency criteria and in accordance with the Supervisory Provisions.

During recruitment, subject to consultation with and proposal by the Remuneration Committee, determination of remuneration is the responsibility of:

- the Board of Directors, for the key personnel of the control functions in the same staff or the Chief Executive Officer; for operational fluidity requirements, the Board of Directors, when analysing possible candidates, in consultation with the Remuneration Committee, may delegate negotiation to the CEO, indicating the reference parameters. Following formalisation, the CEO informs the Remuneration Committee and the Board;
- of the CEO for the key personnel of the Human Resources function. Following definition, the CEO informs the Remuneration Committee and the Board.

At least annually, the Remuneration Committee analyses individual positions and, in consultation with the CEO and the General Manager, regarding the Heads of control functions and of Human Resources function, expresses its opinion and formulates proposals to the Board of Directors.

Allocation of the variable component is subject to prior quality evaluation that can be expressed on a scale of five levels of judgement and includes information on the following objectives:

- managing assigned projects and quality of service provided;
- management and development of assigned resources;
- care and prevention of the risks inherent in their own areas of responsibility;
- management and administration of assigned tasks.

Each grading equates to a percentage of variable component to be allocated according to the following scale:

Excellent	Good	Average	Almost Average/Insufficient
100%	80%	50%	0%

without prejudice to limit between the fixed and variable components which, for key personnel belonging to business control functions cannot in any case exceed the ratio of 1:3.

As was said above, to decide the compensation of key personnel belonging to control functions and Human Resources, incentive mechanisms connected to the economic results of both Banca Ifis and the Group as a whole are excluded, as is shown in the following table:

Executives	Senior Management Qualitative Assessment	Cost/income ratio	MBO	% max variable remuneration payable on previous year's RAL
Executives with strategic responsibilities for control functions	100%	-	-	33%
Heads of control functions and Head of Human Resources	100%	-	-	33%

For Executives with strategic responsibilities for Control Functions, for the Heads of Control Functions and for the Head of Human Resources, Qualitative Assessment is the only pillar applied.

5.10 Implementation methods for the Bank of Italy Provisions on transparency of the banking and financial transactions and services - the Group's sales network

This paragraph would like to give specific evidence of implementation of the Bank of Italy Provisions on transparency in transactions and bank and financial services - Correctness of relations between intermediaries and customers (hereinafter Transparency Provisions), published by the Bank of Italy through its Provisions of 19th March 2019 which adopted the Guidelines of the European Banking Authority concerning remuneration policies and practices related to the sale and supply of retail banking services. For that purpose, a new notion has been introduced, that of "key personnel", including personnel offering products to customers, interacting with them, as well as those the personnel report to hierarchically.

On this assumption, as required by the regulation, here below please find indication of the number of key personnel and credit brokers²³ forming the Group's sales network to which the remuneration policies described in this Report shall apply.

²³ "Financial Agents, credit brokers as well those other than the lender who, when exercising their commercial or professional activities, finalise the lender's loan contracts or present or propose loan contracts or other preparatory activities in view of those contracts being finalised."

Personnel belonging to this key personnel category total 199, of which 165 are those offering products to customers and 34²⁴ are those to whom the former report hierarchically. The internal sales network includes the following products /Business areas:

- Factoring product;
- Filo Diretto phone selling;
- Leasing product;
- Pharmacies;
- Tax Receivables;
- CQS.

For what concerns credit brokers, the agent network counts a total of about 165 agents supporting the Lease and CQS products.

The Bank also has a total of 34 agreements with credit brokers as part of its factoring product and/or mortgages. Having said that, for what concerns the remuneration policies and practices for key personnel and credit brokers, they do not cause incentives that can induce the sales network to pursue its own interests or those of the Bank or to cause prejudice for customers in product offer terms. Above all, that is ensured by how the Bank's commercial units are structured. They, in turn, mirror an organisation establishing segregation and separation of the single Bank businesses. For that purpose, it also foresees structures designed and dedicated to assessing transactions, that guarantee downstream control of the sales process for what concerns the evaluation of creditworthiness and the approval of transactions, consistent with the delegation system for taking on the credit risk.

The variable remuneration system for the internal sales network is defined by the CEO, illustrated to the Remuneration Committee and communicated to the Board of Directors of the Parent Company and the Subsidiaries where present. These are diversified systems of variable remuneration for people who actively create income or acquire new customers and their managers/coordinators. They must be financially sustainable and reward merit in the creation of long-lasting economic value.

The variable component of key personnel is suitably balanced compared to the fixed remuneration component and is also anchored to both qualitative and quantitative criteria, to the extent that the performance assessment can have an impact on the bonus amount and even zero it. Please also note that the relative bonus systems are subject to corrective mechanisms for the variable (malus/claw back clauses) that can consent to their reduction (even significant) or them even being zeroed²⁵.

The incentive systems for the sales network (commercial network) are established annually identifying quantitative Key Performance Indicators (such as: net banking income, the number of customers started, new business volumes, customer sizes in turnover terms, *retention of portfolio*, credit quality in impaired loan rectification terms, accounts notified and started referred to different Business Units). The objective achievement level determines the variable remuneration share due which will be subjected to corrections (qualitative) to the performance assessment (based on the performance assessment system valid for all personnel and in force each time) and complaints. Referred specifically to complaints, the bonus can be cut by 10% for each complaint that is attributable solely to the not perfect conduct of the commercial network member.

However, there are no bonus plans foreseen for credit brokers with whom the Bank stipulates agreements. Please refer to the following paragraph for remuneration policies intended for financial agents.

²⁴ Of which 4 belonging to the key personnel category.

²⁵ For example with behaviour that has caused or helped cause significant damage for customers, or a significant breach of codes of ethics or conduct protecting customers applicable to the broker (measurable through any complaints received).

5.11 Remuneration of Financial Agents

Within the category of contract workers not subject to employment contracts, particular importance is attached to Financial Agents. The Group avails itself or an external distribution network for the out-of-court collection of distressed credits, an agent network to promote leases and an agent network to promote and place contracts granting loans against delegation of payment and against salary or pension-backed loans.

Therefore, the remuneration of those individuals is defined as comprising a non-recurring component determined ex-ante with an incentivising value, and a recurring component. The variable component of remuneration is suitably balanced compared to its fixed component.

Furthermore, in accordance with the Bank of Italy's Supervisory Provisions:

- the total amount of the “non-recurring” component paid to the Agents is also subordinate to checking the Group's liquidity and financial circumstances identified annually in the Remuneration report (see gate);
- criteria for the ex post correction of the “non-recurring” remuneration of each individual have been identified; they are based on indicators that reflect compliance for activities assigned contractually, correct behaviour, especially in relations with customers; containing legal and reputation risks that can affect the Group or Group companies and favour compliance with regulations and protect customers keeping them loyal.

The variable remuneration system for the agent network is defined by the CEO, illustrated to the Remuneration Committee and communicated to the Board of Directors of the Parent Company and the Subsidiaries where present.

5.12 Remuneration of non-employee contract workers

The Group may also use non-employee contract workers whose relationships can essentially be grouped into two contractual forms:

- consultancy contracts;
- continuous and coordinated collaboration contracts.

For consultancy contracts, appointments can be awarded individually outlining the type of consultancy activity, the fee (or the criteria for determining it), and its method of payment.

The remuneration for these types of contract is determined in close connection with the profit derived from the work done by the contract workers, considering their professionalism, the complexity of the service provided and any target market rates.

6. Treatment for termination of office or of employment and the non-competition agreement

6.1 Treatment for termination of office or of employment for key personnel.

Amounts paid when the work relationship is terminated, additional to severance pay established by general employment and notice regulations (by law and collective contracts) and not determined by a third party competent to do so, such as a legal and/or arbitration authority (the “Golden Parachutes”), are quantified and paid by the Bank in line with the regulatory framework in force at the time, applying the following criteria, and always in accordance with and pursuing the best company interests. When recognising those payments, due consideration will be given to: the employee’s performance and conduct in previous years, the reasons that lead to the termination of the employment relationship, length of service, age, the financial impact that this compensation may have on the Banking Group’s asset situation and liquidity

In no case may the gross total amount to be paid exceed 24 months of de facto gross total salary²⁶ (including fixed remuneration and the average variable remuneration of the last three years - which as such in fact also incorporates the individual’s performance, even involving a significant reduction in treatment if the performance is negative), including notice period (if applicable).

In compliance with the Bank of Italy Provisions, Golden Parachutes, when decided based on pre-set formulas, as part of an agreement to settle an ongoing or potential dispute, are not included in the calculation of the maximum ratio between variable and fixed remuneration established for key personnel. On this point, in line with reference regulations in force at the time and within the aforementioned criteria and limits, the Bank has drafted the following pre-defined formula referred to key personnel (without prejudice to the specifications below):

BASIC AMOUNT +/- CORRECTIVE FACTORS

The basic amount²⁷ calculation is based on company seniority, as follows:

- Up to 2 years: 7 months recurrent salary;
- Over 2 and up to 6 years: 11 months of recurrent salary;
- Over 6 and up to 10 years: 15 months of recurrent salary;
- Over 10 and up to 15 years: 19 months of recurrent salary;
- Over 15 years: 22 months of recurrent salary.

The basic amount, if the employee is of pensionable age, cannot exceed six months of current salary.

Solely for the position of Chief Executive Office, the basic amount is calculated applying the following formula: $24 * (\text{recurrent salary}/12)$.

The basic amount can be decreased (up to a maximum of -100%) or increased (up to a maximum of +50% and without prejudice to the maximum limit indicated above) by a certain percentage resulting from application of specific “corrective factors to each individually acknowledged Golden Parachute.

In a specific internal document, the Bank analytically regulates the application criteria of the aforementioned corrective factors, attributing a percentage weight that decreases or increases the basic amount.

The aforementioned payments are made in compliance with Bank of Italy Provisions in force at the time and are also subject to the malus and claw back conditions mentioned above.

With reference to the Executives identified as key personnel and the remaining other key personnel, the amounts to be paid are defined based on the prior favourable opinion of the Remuneration Committee and subsequent Board of Directors approval.

²⁶ In order to satisfy the regulatory provision that requires the indication of a maximum limit to severance also in terms of the number of annuities of fixed remuneration and in absolute value, it should be noted that 24 months of recurring remuneration could correspond to a maximum of all theoretical (in the case of personnel who in the three years prior to termination always received a bonus equal to 100% of his fixed remuneration), of 3.2 years of fixed remuneration. The severance value thus determined cannot, in any case, exceed a total of € 2,496,000 million.

²⁷ In any case, without prejudice to the maximum limit of 24 months total de facto gross salary, including prior notice (if applicable).

* * *

As a rule, consultancy contracts are not stipulated for a period following the termination of the relationship. However, this possibility is without prejudice, where this meets proven needs to continue to make use, in the interest of the company, for a limited period of time after the termination of the relationship, of the skills and contribution of the director and/or the Executive with strategic responsibility and for the performance of specific and predetermined activities (against a remuneration appropriately parameterised to the object and scope of the requested activity).

Furthermore, no agreements are currently in place - and normally are not stipulated - providing for the assignment or maintenance of monetary benefits for the period following the termination of the relationship (except for the possibility of granting the maintenance of assets such as cars or accommodation for limited periods of time subsequent to termination, and without prejudice to the overall maximum limit indicated above, compliance with which is verified by also calculating the value of any maintenance of these benefits).

6.2 Treatment for termination of office or of employment for personnel that are not key personnel.

The provisions for key personnel, referred to in the previous paragraph, do not apply to redundancy incentives, also connected with extraordinary operations (e.g. mergers) or corporate restructuring processes, and recognised to non-key personnel, provided that they jointly comply with the following conditions:

- they respond exclusively to the logic of containment of company costs and rationalisation of the personnel structure;
- they promote adherence to support measures provided for by law or collective bargaining for all employees;
- they do not produce ex ante distorting effects on the behaviour of personnel;
- they provide for claw back mechanisms, which at least cover cases of fraudulent behaviour or gross negligence to the detriment of the bank.

Incentives to leave will therefore be established pursuant to laws in force and collective negotiations applicable.

6.3 Non-competition agreements

The company stipulates non-competition agreements in compliance with provisions set forth in the Supervisory Provisions. Those agreements are limited in time and space and to tasks performed by the beneficiary and foresee compensation commensurate to the commitment assigned.

If amounts acknowledged as non-competition agreements concern key personnel, the Remuneration Committee is suitably notified in advance in order to control and duly motivate that acknowledgement.

7. Implementation of Policies in Subsidiaries

This document on the remuneration and incentive policies drawn up by the Parent Company is valid for all subsidiaries, which, with the exception of Farbanca S.p.A., whose majority stake was acquired by Banca Ifis S.p.A. with effect from 27 November 2020, they are not required to draw up their own document in this regard. Having said this, it is expected that Farbanca S.p.A. will implement this policy by means of its own shareholders' resolution.

Each Subsidiary, in line with guidelines supplied periodically by the Parent Company, submits this document or an extract from it to its own strategic supervisory body. That body is responsible for its implementation in the subsidiary and will ensure that the remuneration and incentive policy is adequately documented and accessible within the corporate structure.

8. Exemptions

When exceptional circumstances occur - by that meaning specific situations where derogation to the remuneration policy is needed to pursue the long-term and sustainability interests of the company as a whole or to ensure its ability to remain on the market -, the Bank, with, in any case, no prejudice to Supervisory Provision limits, may derogate to the following elements of the Remuneration Policy approved by the shareholders to pursue the long-term and sustainability interests of the company as a whole, or to guarantee its capacity to stay on the market:

- ratio between fixed and variable remuneration without prejudice to the 1:1 limit established by these policies;
- the amount of the variable component, weights attributed to single pillars that the variable component itself is based on and/or the economic and commercial objectives of the variable remuneration system (including the MBO);
- to maximum limits established if the assignment ceases or the work relationship is terminated.

Any temporary exceptions will be resolved on by the Company's Board of Directors with the favourable opinion of the Remunerations Committee and Appointments Committee, in compliance with the transactions with related parties and connected subjects.

SECTION II

Section II of the Report is aimed at representing the application of the 2020 remuneration and incentive policies, approved by the Shareholders' Meeting on 23 April 2020, as required by the reference regulatory framework, in particular:

- Article 450 of Regulation (EU) 575/2013 of 26 June 2013 (Capital Requirements Regulation);
- Bank of Italy Circular no. 285 of 17 December 2013 - First Part, Title IV, Chapter 2, Remuneration and incentive policies and practices;
- Article 123-ter of Italian Legislative Decree of 24 February 1998, no. 58 (Consolidated Financial Act);
- Article 84-quater of the Issuers' Regulation approved with resolution no. 11971 of 14 May 1999 as subsequently amended and supplemented;
- the Corporate Governance Code for listed companies, updated in July 2018.

The Second Section of the Remuneration Policy consists of two parts:

Part I	Descriptive in nature, it describes and represents the items that make up the remuneration of the members of the Board of Directors and control bodies, the General Managers and the Senior Managers with Strategic Responsibilities and the procedures used for the adoption and implementation of this policy
Part II	Tabular in nature, in order (i) to the data referring to the year 2020, represented in accordance with the requirements of the Bank of Italy Circular 285/2013 relating to the fixed cost and variable component of the Group's personnel broken down by business remuneration of those who fall within the category of "Key Personnel" of the Group as at 31 December 2020 and (ii) the data on remuneration referring to the year 2020, represented according to Scheme 7-BIS of Annex 3A to the Issuers' Regulation, relating to Directors, Statutory Auditors and other Executives with Strategic Responsibilities of the Group

Part One

The Bank prepared and implemented, during the 2020 financial year, Section I of the remuneration policy approved by the Shareholders' Meeting on 23 April 2020, also in light of the favourable vote expressed by the Shareholders' Meeting on Section II of the remuneration for 2020, as specified and illustrated below.

For	Against	Abstained	Not voting
36,339,534	300,292	128,029	0
98.835%	0.817%	0.348%	0%

In a logic of consistency with the reporting provided to the Shareholders' Meeting of 23 April 2020 regarding the implementation of the remuneration policies approved the previous year (the related documentation is available on the Bank's website in the "Corporate governance" section, path > Shareholders' Meeting > where the minutes of the Shareholders' Meeting of 23 December 2020 can be consulted, pursuant to Article 125 quater of the TUF), we provide - in addition to what has already been said in other parts of this Report - some additional summary information on the implementation, during 2020, of the policies approved a year ago.

The data shown below refer to all the companies of the Banca Ifis Group as at 31/12/2020 which are the following: Ifis Npl Investing S.p.A., Ifis Npl Servicing S.p.A., Ifis Rental Services Srl, Credifarma S.p.A., Cap.Ital.Fin. S.p.A., Ifis Real Estate S.p.A., Farbanca S.p.A. (whose majority stake was acquired with effect from 11/27/2020), Ifis Finance Sp.zo.o, the latter based in Poland. For details on quantitative data referred to **personnel salaries** please refer to the following tables (as it is not possible to consider personnel classification homogeneously with that of the Subsidiaries, for Ifis Finance Sp.zo.o please see the Ifis Finance Sp.zo.o table in “Other Tables”).

* * *

For details on quantitative data related to remuneration paid to **Board members and Statutory Auditors, and the Chairman of the Supervisory Body**, please refer to Table 1 (compensation paid to members of the administration and control bodies, general managers and other executives with strategic responsibilities (figures in thousands of euros)).

For what concerns **Directors, Statutory Auditors, members of the Risks Committee, Appointments Committee, Remuneration Committee and Supervisory Body of the Parent Company Banca Ifis** we are providing entries forming remuneration; for financial year 2020, they are summed up in Table 1 below to be referred to. It also includes the remuneration received by directors leaving and that of new Board members receiving the mandate through Shareholders Meeting resolution of 19th April 2019.

For **Employees**, the Group's overall expenses amounted to approximately € 123.36 million, thus recording an overall expenditure for employees of approximately € 6.4 million lower than in the 2019 financial year.²⁸

As part of the periodic remuneration review process, in 2020 merit-based interventions were carried out, with the exclusion of the provisions of the contractual automatism in force, for approximately 11.4% of the personnel, with an overall impact of approximately 1.2% on the amount of the salaries.

With specific reference to **Financial Advisors** not linked by an employment relationship, the total amount of costs is approximately € 6.30 million.

* * *

Based on the available evidence, the access conditions (so-called “gate”) are met and the *performance* of the Group's Return On Risk Adjusted Capital (“RORAC”) indicator is positive.

That said, in consideration of the impact that the Covid 19 health emergency had on the 2020 financial year, in-depth analyses were conducted before proceeding with the implementation of the Bank's remuneration and incentive policies. In particular, upon the outcome of all the analyses carried out, without prejudice to the applicability of the Bank's current remuneration policies, the decision was made to:

- identify, at the basis of the individual objectives of the incentive plans, simplified KPIs that are more consistent and sustainable with respect to the new market scenarios;
- establish significantly reduced *target bonuses* that are also more consistent and sustainable with respect to the new scenarios.

In particular, with reference to the **variable remuneration of the Chief Executive Officer and the General Manager** represented in the table below, it should be noted that in both cases the respective objectives have been achieved and consequently:

Role	Number of resources as of 31/12/2020	Achievement of 2020 goals	Variable remuneration	Variable remuneration	Fixed remuneration percentage 2020	Percentage of variable

²⁸ These data do not include Farbanca S.p.A.

			theoretically accrued	2020 actually accrued		remuneration 2020
CEO	1	100%	468,000	0 ²⁹	100%	0
GM	1	100%	185,039	46,260 ³⁰	85%	15%

In this regard, it should be noted that the Chief Executive Officer has waived the entire variable remuneration due to him for the 2020 financial year as part of the agreement relating to the termination of his relationships. This agreement, in line with the 2020 remuneration policy approved by the Bank, provides that the Chief Executive Officer is paid the remuneration for the office up to the date of effective termination, as well as the deferred components of the bonus already accrued and recognised for the year 2019. On the date of termination of office, the Chief Executive Officer will receive an end-of-mandate indemnity equal to the fixed and variable remuneration, provided for the residual duration of the three-year mandate originally conferred on him (12 months of recurring remuneration), to be paid within the timescales and according to the methods envisaged in the 2020 remuneration policy (and, therefore, for 50% in financial instruments, with a deferral period of a share equal to 40% of the treatment, of 3 years, without prejudice, in any case, to the application of malus and clawback clauses). The agreement also provides that Dr. Colombini will continue to hold, until the date of approval of the financial statements as at 31 December 2021, certain offices within the Group, receiving, from time to time, the relative remuneration. There are no non-competition obligations.

Furthermore, as part of an agreement for the consensual termination of the employment relationship with an Executive with Strategic Responsibilities, provision was made for payment of an indemnity equal to the indemnity in lieu of notice, a non-competition agreement lasting two months with the obligation for the manager not to hold positions with subjects operating in the direct financial intermediation sector (art. 106 of the Consolidated Law on Banking) and with reference to the territory of the so-called Triveneto (i.e. in the regions of Veneto, Trentino Alto-Adige and Friuli Venezia-Giulia), as well as with the obligation of non-solicitation and non-cancellation.

* * *

Financial year 2020 also established a **Variable Results Bonus** (to be paid during 2021 referred to the results of financial year 2020) for employees who do not already receive other bonus system payments (as a non exhaustive example, sales and key personnel) and of a Welfare Plan (to be paid during financial year 2021 to all personnel included in the same scope as the Variable Results Bonus recipients) for financial year 2020. Both Plans are established through a Trade Union Agreement that regulates terms and conditions, including the one related to being able to convert even 20% of the VRB into Welfare (which would then be added to the Standard Welfare Credit foreseen in that agreement).

* * *

As part of the audits carried out on the ex post correction mechanisms (malus and claw back), on 25 March 2021, the Board of Directors, in response to achieving a RORAC level of less than 10.5%, ascertained that the malus condition envisaged by the Bank's 2020 remuneration policies had occurred and, consequently, resolved to reduce the deferred variable remuneration for 2017, 2018 and 2019 by 20%.

* * *

Finally, a comparative table of the changes that have occurred, for the years 2019 and 2020, of the following information is provided below:

²⁹ The CEO waived the variable remuneration due for the 2020 financial year

³⁰ The variable remuneration of the General Manager has been subjected to a 75% reduction in consideration of the impact that the Covid 19 health emergency had on the 2020 financial year

- total remuneration of each of the members of the management body and the control body of the Company.

Total remuneration of each of the members of the management body and the control body of the Bank (*)	2019		2020		Variation
					%
Furstenberg Sebastien Egon	692.5		700.0		1.08%
Furstenberg Fassio Ernesto	210.0		469.1		123.38%
Colombini Luciano	993.8		834.2		-16.06%
Arduini Simona	93.7		125.8		34.26%
Gronchi Divo	68.4		81.6		19.30%
Malinconico Antonella	111.8		108.0		-3.40%
Santosuosso Daniele	144.3		140.7		-2.49%
Billio Monica	83.3		105.8		27.01%
Lo Giudice Luca	57.8		72.0		24.57%
Colleoni Beatrice	65.8		82.8		25.84%
Csillaghy de Pacser Alessandro	210.8		220.8		4.74%
Diacetti Roberto	71.3		117.4		64.66%
Preve Riccardo	16.8		39.9		137.50%
Bugna Giacomo	125.0		118.0		-5.60%
Olivetti Franco	64.0		82.0		28.13%
Monterumisi Marinella	69.5		90.0		29.50%

(*) For the offices that took effect during the year, the remuneration is re-proportioned to the period

- of the Company's results (in terms of intermediation margin, net result from financial management and net profit attributable to the parent company, expressed in thousands of Euro);

Contents	Results of the Group		Variation
	2019	2020	%
Net banking income ³¹	€558,333	€467,800	(16.2)%
Net profit (loss) from financial activities	€471,150	€376,441	(20.1)%
Net profit attributable to the Parent	€123,097	€68,804	(44.1)%

- of the average annual gross remuneration, based on full-time employees.

Average annual gross remuneration based on full-time employees		Variation
2019	2020	%
€ 40,359	€ 44,332	9.84 %

Average ratio between the variable component and fixed remuneration for fiscal year 2020 for the Executive category

³¹ In the following statements, net impairment losses/reversals on receivables of the NPL segment were entirely reclassified to Interest receivable and similar income to present more fairly this particular business and because they represent an integral part of the return on the investment.

Executives not included in the definition of Executives with strategic responsibilities	
Banca Ifis S.p.A.	11.61%
Ifis Npl S.p.A.	39.49%
Ifis Rental Services Srl*	-
Credifarma S.p.A.	11.75%
Cap.Ital.Fin. S.p.A.*	-
Ifis Npl Servicing S.p.A. e Ifis Real Estate S.p.A.	15.25%
Farbanca S.p.A.*	-

* these companies do not have Executives

Average ratio between the variable component and fixed remuneration for fiscal year 2020 for the Middle Management and Professional Areas with commercial roles categories

Middle Management and Professional Areas that hold commercial roles	
Banca Ifis S.p.A.	18.67%
Ifis Npl S.p.A.	-
Ifis Rental Services Srl	12.89%
Credifarma S.p.A.	28.92%
Cap.Ital.Fin. S.p.A.	8.41%
Ifis Npl Servicing S.p.A. e Ifis Real Estate S.p.A.	-
Farbanca S.p.A.	8.96%
Ifis Finance SP. Z.O O	1.47%

Bonuses paid to the Middle Management and Professional Areas categories in 2020

Middle Management and Professional Areas	% employees involved in the payment compared to the average number of current employees	% average bonus incidence compared to the RAL (annual salary) of employees involved
Banca Ifis S.p.A.	9.71%	7.43%
Ifis Npl S.p.A.	7.74%	7.28%
Ifis Rental Services Srl	15.79%	8.65%
Credifarma S.p.A.	10.13%	7.42%
Cap.Ital.Fin. S.p.A.	2.39%	7.42%
Ifis Npl Servicing S.p.A. e Ifis Real Estate S.p.A.	1.90%	11.41%
Farbanca S.p.A.	-	-

Salary increases attributed during fiscal year 2020

With reference to all Group employees	% employees involved in the salary increase compared to the average number of current employees	% average increase
Banca Ifis S.p.A.	1.67%	12.12%
Ifis Npl S.p.A.	0.97%	12.60%

Ifis Rental Services Srl	-	-
Credifarma S.p.A.	-	-
Cap.Ital.Fin. S.p.A.	-	-
Ifis Npl Servicing S.p.A. e Ifis Real Estate S.p.A.	1.90%	14.85%
Farbanca S.p.A.	-	-

Employees Promoted during fiscal year 2020

With reference to all Group employees	% employees promoted compared to the average number of current employees	% average increase
Banca Ifis S.p.A.	11.46%	8.41%
Ifis Npl S.p.A.	9.36%	9.55%
Ifis Rental Services Srl	15.79%	4.16%
Credifarma S.p.A.	7.59%	5.98%
Cap.Ital.Fin. S.p.A.	-	-
Ifis Npl Servicing S.p.A. e Ifis Real Estate S.p.A.	11.40%	8.91%
Farbanca S.p.A.	16.66%	0.24%

RAL increase during fiscal year 2020 (including contractual increases)

With reference to all Group employees	
Banca Ifis S.p.A.	4.02%
Ifis Npl S.p.A.	8.82%
Ifis Rental Services Srl	4.18%
Credifarma S.p.A.	3.38%
Cap.Ital.Fin. S.p.A.	0.20%
Ifis Npl Servicing S.p.A. e Ifis Real Estate S.p.A.	0.91%
Farbanca S.p.A.	0.79%

Retention bonuses and/or non-competition agreements

With reference to all Group employees	Stability agreements*	Non-competition agreements*	Retention agreements*	Of which activated in 2020
Banca Ifis S.p.A.	96	-	-	75
Ifis Npl S.p.A.	13	1	-	2**
Ifis Rental Services S.r.l.	-	-	-	-

Credifarma S.p.A.	-	-	-	-
Cap.Ital.Fin. S.p.A.	-	-	1	-
Ifis Npl Servicing S.p.A. e Ifis Real Estate S.p.A.	-	1	3	-
Farbanca S.p.A.	-	-	-	-

*data as at 31/12/2020

** of which 1 is a non-compete agreement

Coordinated collaboration contract relationships

Company	Co.Co.Co.*
Banca Ifis S.p.A.	1
Ifis Npl S.p.A.	-
Ifis Rental Services Srl	-
Credifarma S.p.A.	1
Cap.Ital.Fin. S.p.A.	-
Ifis Npl Servicing S.p.A. e Ifis Real Estate S.p.A.	1
Farbanca S.p.A.	2

*data as at 31/12/2020

Part Two: remuneration paid in 2020

Table 1: remuneration paid to members of the administration and control bodies, general managers and other executives with strategic responsibilities (figures in thousands of euros)

Name and surname	Role	Period for which the office was held	Role expiry date	Fixed Remuneration				Remuneration for participation in committees	Variable non equity Remuneration		Non-monetary benefits	Other fees	Total	Fair Value of equity Remuneration	Termination of office indemnity or of employment
				Office indemnity decided by the Shareholders' Meeting	Attendance fees	Remuneration for special roles under Art. 2389 of the Italian Civil Code	Fixed salary as an employee		Bonuses and other incentives	Profit sharing					
Sebastien Egon Fürstenberg	Chairman of the Board of Directors	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/21	50.0		650.0						700.0			
Remuneration in Banca IFIS S.p.A.				50.0	-	650.0	-	-	-	-	-	700.0			
Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-		
Total				50.0	-	650.0	-	-	-	-	-	700.0			
Ernesto Fürstenberg Fassio	Deputy Chairman of the Board of Directors	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/21	50.0		250.0					169.1	469.1			
Remuneration in Banca IFIS S.p.A.				50.0	-	250.0	-	-	-	-	169.1	469.1			
Ernesto Fürstenberg Fassio	Chairman of the Board of Directors IFIS NPL Servicing S.p.A.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/21	50.0								50.0			
	Chairman of the Board of Directors Gemini S.p.A.	from 14/12/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22												
Remuneration from subsidiaries of Banca IFIS S.p.A.				50.0	-	-	-	-	-	-	-	50.0			
Total				100.0	-	250.0	-	-	-	-	169.1	519.1			
Luciano Colombini	The Chief Executive Officer	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	50.0		780.0				4.2		834.2			
Remuneration in Banca IFIS S.p.A.				50.0	-	780.0	-	-	-	-	4.2	834.2			
Luciano Colombini	Chief Executive Officer IFIS NPL Servicing S.p.A.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/21												
	Chief Executive Officer of IFIS NPL S.p.A.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20												
	Chief Executive Officer Gemini S.p.A.	from 14/12/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22												
	Chairman of the Board of Directors Farbanca S.p.A. **	from 09/12/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22												
Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-		
Total				50.0	-	780.0	-	-	-	-	4.2	834.2			
Simona Arduini	Board Member	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/21	50.0	15.0							65.0			
	Member of the Risks Control Committee	from 01/01/2020 to 14/10/2020	End of office 14/10/2020					35.4				35.4			
	President of the Risks Control Committee	from 15/10/2020 to 31/12/2020	Approval of the financial statements as at 31/12/21					15.9				15.9			
	President of the Remuneration Committee	from 01/01/2020 to 14/10/2020	End of office 14/10/2020					9.5				9.5			
	Lead Independent Director	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/21												
Remuneration in Banca IFIS S.p.A.				50.0	15.0	-	-	-	-	-	-	125.8			
Simona Arduini	Director of Gemini S.p.A.	from 14/12/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22												
Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-		
Total				50.0	15.0	-	-	-	-	-	-	125.8			

Name and surname	Role	Period for which the office was held	Role expiry date	Fixed Remuneration					Remuneration for participation in committees	Variable non equity Remuneration		Non-monetary benefits	Other fees	Total	Fair Value of equity Remuneration	Indemnity for termination of office or termination of the employment relationship
				Office indemnity decided by the Shareholders' Meeting	Attendance fees	Remuneration for special roles under Art. 2389 of the Italian Civil Code	Fixed salary as an employee	Remuneration Supervisory Body		Bonuses and other incentives	Participation in profits					
Monica Billio	Member of the Board of Directors	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	50.0	10.8									60.8		
	Member of the Risks Control Committee	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21						45.0					45.0		
Remuneration in Banca IFIS S.p.A.				50.0	10.8	-	-	-	45.0	-	-	-	-	105.8		-
Monica Billio	Director of Farbanca S.p.A. **	from 09/12/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22	20.0										20.0		
Remuneration from subsidiaries of Banca IFIS S.p.A.				20.0	-	-	-	-	-	-	-	-	-	20.0		-
Total				70.0	10.8	-	-	-	45.0	-	-	-	-	125.8		-
Beatrice Colleoni	Member of the Board of Directors	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	50.0	12.8									62.8		
	Member of Appointments Committee	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21						10.0					10.0		
	Member of Remuneration Committee	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21						10.0					10.0		
Remuneration in Banca IFIS S.p.A.				50.0	12.8	-	-	-	20.0	-	-	-	-	82.8		-
Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-	-		-
Total				50.0	12.8	-	-	-	20.0	-	-	-	-	82.8		-
Alessandro Csillaghy De Pacser	Member of the Board of Directors	from 01/01/2020 to 31/03/2020	End of office 31/03/2020	12.5	3.3							5.0	200.0	220.8		
Remuneration in Banca IFIS S.p.A.				12.5	3.3	-	-	-	-	-	-	5.0	200.0	220.8		-
Alessandro Csillaghy De Pacser	Chairman of the Board of Directors IFIS FINANCE Z.O.O.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22													
	Chief Executive Officer of IFIS FINANCE z.o.o.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22	275.0										275.0		
	Chairman of the Board of Directors of IFIS FINANCE I.F.N. S.A.	from 07/09/2020 to 31/12/2020	End of office 07/09/2022													
Remuneration from subsidiaries of Banca IFIS S.p.A.				275.0	-	-	-	-	-	-	-	-	-	275.0		-
Total				287.5	3.3	-	-	-	-	-	-	5.0	200.0	495.8		-

Roberto Diacetti	Member of the Board of Directors	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	50.0	12.0									62.0		
	Member of the Risks Control Committee	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21						45.0					45.0		
	Member of Appointments Committee	from 01/01/2020 to 14/10/2020	End of office 14/10/2020						7.9					7.9		
	President of Appointments Committee	from 15/10/2020 to 31/12/2020	Approval of financial statements as at 31/12/21						2.5					2.5		
Remuneration in Banca IFIS S.p.A.				50.0	12.0	-	-	-	55.4	-	-	-	-	117.4		-
Roberto Diacetti	Deputy Chairman of the Board of Directors IFIS NPL Servicing S.p.A.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	30.0										30.0		
	Deputy Chairman of the Board of Directors Gemini S.p.A.	from 14/12/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22													
	Deputy Chairman of the Board of Directors Farbanca S.p.A. **	from 09/12/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22	30.0										30.0		
Remuneration from subsidiaries of Banca IFIS S.p.A.				60.0	-	-	-	-	-	-	-	-	-	60.0		-
Total				110.0	12.0	-	-	-	55.4	-	-	-	-	177.4		-
Divo Gronchi	Member of the Board of Directors	from 01/01/2020 to 31/12/2020	End of office 14/01/2021	50.0	10.0									60.0		
	President of Appointments Committee	from 01/01/2020 to 14/10/2020	End of office 14/10/2020						9.5					9.5		
	Member of Appointments Committee	from 15/10/2020 to 31/12/2020	End of office 14/01/2021						2.1					2.1		
	Member of Supervisory Body	from 01/01/2020 to 31/12/2020	End of office 14/01/2021					10.0						10.0		
Remuneration in Banca IFIS S.p.A.				50.0	10.0	-	-	-	10.0	11.6	-	-	-	81.6		-
Divo Gronchi	Director of IFIS NPL S.p.A.	from 01/01/2020 to 31/12/2020	End of office 14/01/2021	20.0	8.3									28.3		
Remuneration from subsidiaries of Banca IFIS S.p.A.				20.0	8.3	-	-	-	-	-	-	-	-	28.3		-
Total				70.0	18.3	-	-	-	10.0	11.6	-	-	-	109.9		-



Name and surname	Canea	Period for which the role was held	Role expiry date	Fixed Remuneration					Remuneration for taking part in committees	Variable non equity Remuneration		Non-monetary benefits	Other fees	Total	Fair Value of equity Remuneration	Termination of office indemnity or of employment
				Office indemnity decided by the Shareholders' Meeting	Attendance fees	Remuneration for particular offices pursuant to Article 2389 of the Italian Civil Code	Fixed salary as an employee	Remuneration Supervisory Body		Bonuses and other incentives	Participation in profits					
Luca Lo Giudice	Member of the Board of Directors	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	50.0	12.0									62.0		
	Member of Remuneration Committee	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21						10.0					10.0		
Remuneration in Banca IFIS S.p.A.				50.0	12.0				10.0					72.0		
Luca Lo Giudice	Chairman of the Board of Directors of IFIS NFL S.p.A.	from 12/11/2020 to 31/12/2020	Approval of financial statements as at 31/12/21													
	Director of IFIS NPL Servicing S.p.A.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	20.0										20.0		
	Chairman of the Board of Directors of IFIS Real Estate S.p.A.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	20.0										20.0		
Remuneration from subsidiaries of Banca IFIS S.p.A.				40.0										40.0		
Total				90.0	12.0				10.0					112.0		
Antonella Malinconico	Member of the Board of Directors	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	50.0	10.5									60.5		
	Member of the Risks Control Committee	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21						45.0					45.0		
	President of the Remuneration Committee	from 15/10/2020 to 31/12/2020	Approval of financial statements as at 31/12/21						2.5					2.5		
Remuneration in Banca IFIS S.p.A.				50.0	10.5				47.5					108.0		
Antonella Malinconico	Member of the Board of Directors of IFIS NPL S.p.A.	from 01/01/2020 to 31/12/2020	End of office 31/12/2020	20.0	7.5									27.5		
Remuneration from subsidiaries of Banca IFIS S.p.A.				20.0	7.5									27.5		
Total				70.0	18.0				47.5					135.5		
Riccardo Preve	Member of the Board of Directors	from 23/04/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	34.4	5.5									39.9		
Remuneration in Banca IFIS S.p.A.				34.4	5.5									39.9		
Riccardo Preve	Chairman of the Board of Directors of Ifis Rental Services S.r.l.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	50.0										50.0		
Remuneration from subsidiaries of Banca IFIS S.p.A.				50.0										50.0		
Total				84.4	5.5									89.9		
Daniele Santosuosso	Member of the Board of Directors	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	50.0	12.0									62.0		
	President of the Risks Control Committee	from 01/01/2020 to 14/10/2020	End of office 14/10/2020						59.1					59.1		
	Member of the Risks Control Committee	from 15/10/2020 to 31/12/2020	Approval of financial statements as at 31/12/21						9.6					9.6		
	President of the Supervisory Body	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21					10.0						10.0		
Remuneration in Banca IFIS S.p.A.				50.0	12.0			10.0	68.7					140.7		
Remuneration from subsidiaries of Banca IFIS S.p.A.																
Total				50.0	12.0			10.0	68.7					140.7		
Giacomo Bugna	President of the Board of Statutory Auditors	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	105.0	13.0									118.0		
Remuneration in Banca IFIS S.p.A.				105.0	13.0									118.0		
Giacomo Bugna	President of the Board of Statutory Auditors of IFIS NPL S.p.A.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20	30.0										30.0		
	President of the Supervisory Body of IFIS NPL S.p.A.	from 03/08/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20					2.1						2.1		
	President of the Board of Statutory Auditors of IFIS Rental Services S.r.l.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	30.0										30.0		
	President of the Board of Statutory Auditors of Capitalfin S.p.A.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20	20.0										20.0		
	Standing Auditor of IFIS NPL Servicing S.p.A.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	15.0										15.0		
	Standing Auditor of IFIS Reai Estate S.p.A.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	3.5										3.5		
Remuneration from subsidiaries of Banca IFIS S.p.A.				98.5				2.1						100.6		
Total				203.5	130			2.1						218.6		



Name and surname	Role	Period for which the role was held	Role expiry date	Fixed Remuneration					Remuneration for taking part in committees	Variable non equity Remuneration		Non-monetary benefits	Other fees	Total	Fair Value of equity Remuneration	Termination of office indemnity or of employment
				Office indemnity decided by the Shareholders' Meeting	Attendance fees	Remuneration for special roles under Art. 2389 of the Italian Civil Code	Fixed salary as an employee	Supervisory Body fees		Bonuses and other incentives	Participation in profits					
Marinella Monterumisi	Standing Auditor	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	70.0	10.0									80.0		
	Member of Supervisory Body	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21					10.0						10.0		
Remuneration in Banca IFIS S.p.A.				70.0	10.0			10.0						90.0		
Marinella Monterumisi	Standing Auditor of Gemini S.p.A.	from 19/03/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22	15.7										15.7		
	Standing Auditor of Farbanca S.p.A.**	from 09/12/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22	10.0										10.0		
Remuneration from subsidiaries of Banca IFIS S.p.A.				25.7										25.7		
Total				95.7	10.0			10.0						115.7		
Franco Olivetti	Standing Auditor	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	70.0	12.0									82.0		
Remuneration in Banca IFIS S.p.A.				70.0	12.0									82.0		
Franco Olivetti	Standing Auditor of IFIS Real Estate S.p.A.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	3,5										3,5		
	Standing Auditor of Farbanca S.p.A.**	from 09/12/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22	10.0										10.0		
	President of the Supervisory Body Farbanca S.p.A. **	from 09/12/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22					5.0						5.0		
Remuneration from subsidiaries of Banca IFIS S.p.A.				13.5				5.0						18.5		
Total				83.5	12.0			5.0						100.5		
Giuseppe Benini	Member of the Board of Directors of Credifarma S.p.A.	from 01/01/2020 to 01/10/2020	End of office 01/10/2020	5.0	1.1									6.1		
Remuneration from subsidiaries of Banca IFIS S.p.A.				5.0	1.1									6.1		
Giampiero Bernardelle	Chief Executive Officer of Farbanca S.p.A. **	from 09/12/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22			250.0								250.0		
Remuneration from subsidiaries of Banca IFIS S.p.A.														250.0		
Paolo Giosuè Bifulco	Standing auditor of IFIS NPL S.p.A.	from 28/06/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20	10.2										10.2		
Remuneration from subsidiaries of Banca IFIS S.p.A.				10.2										10.2		
Federica Cantagalli	Director of Farbanca S.p.A. **	from 09/12/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22	20.0										20.0		
Remuneration from subsidiaries of Banca IFIS S.p.A.				20.0										20.0		
Filippo Contadini	Chief Executive Officer of IFIS Real Estate S.p.A.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	70.0										70.0		
Remuneration from subsidiaries of Banca IFIS S.p.A.				70.0										70.0		
Ferruccio Di Lenardo	Standing auditor of IFIS Rental Services S.r.l.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	20.0										20.0		
	President of the Supervisory Body of IFIS Rental Services S.r.l.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21					5.0						5.0		
	President of the Board of Statutory Auditors of IFIS NPL Servicing S.p.A.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	20.0										20.0		
	President of the Supervisory Body of IFIS NPL Servicing S.p.A.	From 10/02/2020 to 31/12/2020	Approval of financial statements as at 31/12/21					4.5						4.5		
	President of the Board of Statutory Auditors of IFIS Real Estate S.p.A.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	4.8										4.8		
Remuneration from subsidiaries of Banca IFIS S.p.A.				44.8				9.5						54.3		
Alfredo Enria	Director of IFIS NPL Servicing S.p.A.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	20.0										20.0		
	Director of Gemini S.p.A.	from 14/12/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22													
Remuneration from subsidiaries of Banca IFIS S.p.A.				20.0										20.0		
Raffaella Ferrai	Standing Auditor of Gemini S.p.A.	from 19/03/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22	15.7										15.7		
Remuneration from subsidiaries of Banca IFIS S.p.A.				15.7										15.7		

Name and surname	Role	Period for which the role was held	Role expiry date	Fixed Remuneration				Remuneration for taking part in committees	Variable non equity Remuneration		Non-monetary benefits	Other fees	Total	Fair Value of equity Remuneration	Termination of office indemnity or of employment
				Office indemnity decided by the Shareholders' Meeting	Attendance fees	Remuneration for special roles under Art. 2389 of the Italian Civil Code	Fixed salary as an employee		Remuneration Supervisory Body	Bonuses and other incentives					
Andrea Giacomelli	Member of the Credifarma S.p.A. Development Committee	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20						4.0				4.0		
Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	4.0	-	-	-	4.0	-	-
Antonio Guerricchio	Member of the Board of Directors of Credifarma S.p.A.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20	6.6	0.8								7.4		
Remuneration from subsidiaries of Banca IFIS S.p.A.				6.6	0.8	-	-	-	-	-	-	-	7.4	-	-
Francesco Lupo	Member of the Development Committee of Credifarma S.p.A.	from 26/06/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20						2.1				2.1		
Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	2.1	-	-	-	2.1	-	-
Maurizio Manna	Chairman of the Board of Directors of Credifarma S.p.A.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20	6.6	0.9	30.4							37.9		
Remuneration from subsidiaries of Banca IFIS S.p.A.				6.6	0.9	30.4	-	-	-	-	-	-	37.9	-	-
Valentina Martina	Standing auditor of IFIS NPL S.p.A.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20	20.0									20.0		
Remuneration from subsidiaries of Banca IFIS S.p.A.				20.0	-	-	-	-	-	-	-	-	20.0	-	-
Massimo Miani	Standing auditor of IFIS NPL S.p.A.	from 01/01/2020 to 27/06/2020	End of office 27/06/2020	9.8									9.8		
	President of the Supervisory Body of IFIS NPL S.p.A.	from 01/01/2020 to 27/06/2020	End of office 27/06/2020					2.5					2.5		
Remuneration from subsidiaries of Banca IFIS S.p.A.				9.8	-	-	-	-	-	-	-	-	9.8	-	-
Massimo Moncelli	Director of IFIS Real Estate S.p.A.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	15.0									15.0		
Remuneration from subsidiaries of Banca IFIS S.p.A.				15.0	-	-	-	-	-	-	-	-	15.0	-	-
Francesco Natale	Standing auditor of Capitalfin S.p.A.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	15.0									15.0		
	President of the Board of Statutory Auditors of Credifarma S.p.A.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20	20.0									20.0		
	President of the Supervisory Body of Credifarma S.p.A.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20					5.0					5.0		
Remuneration from subsidiaries of Banca IFIS S.p.A.				35.0	-	-	-	5.0	-	-	-	-	40.0	-	-
Victor Patrusca	Director of IFIS FINANCE LF.N. S.A.	from 07/09/2020 to 31/12/2020	End of office 07/09/2022												
	Componente Audit Committee IFIS FINANCE LF.N. S.A.	from 15/09/2020 to 31/12/2020	End of office 07/09/2022												
* Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-	-	-
Antonello Pirri	Standing auditor of Credifarma S.p.A.	from 02/07/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20	7.5									7.5		
Remuneration from subsidiaries of Banca IFIS S.p.A.				7.5	-	-	-	-	-	-	-	-	7.5	-	-
Marco Poggi	Chairman of the Board of Statutory Auditors of Farbanca S.p.A.**	from 09/12/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22	20.0									20.0		
Remuneration from subsidiaries of Banca IFIS S.p.A.				20.0	-	-	-	-	-	-	-	-	20.0	-	-
Marilena Segnana	Standing auditor of IFIS Rental Services S.r.l.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	20.0									20.0		
	Standing Auditor of IFIS NPL Servicing S.p.A.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21	15.0									15.0		
	President of the Board of Statutory Auditors of Gemini S.p.A.	from 19/03/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22	23.5									23.5		
Remuneration from subsidiaries of Banca IFIS S.p.A.				58.5	-	-	-	-	-	-	-	-	58.5	-	-
Giancarlo Visiani	Member of the Development Committee of Credifarma S.p.A.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20						4.0				4.0		
Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	4.0	-	-	-	4.0	-	-
Piera Vitali	Standing auditor of Capitalfin S.p.A.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20	15.0									15.0		
	Chairman of the Supervisory Body Capitalfin S.p.A.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20					5.0					5.0		
Remuneration from subsidiaries of Banca IFIS S.p.A.				15.0	-	-	-	5.0	-	-	-	-	20.0	-	-
Carlo Zuccarini	Standing auditor of Credifarma S.p.A.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20	15.0									15.0		
Remuneration from subsidiaries of Banca IFIS S.p.A.				15.0	-	-	-	-	-	-	-	-	15.0	-	-
Marco Alessandrini	Chief Executive Officer of Credifarma S.p.A. (with reversibility of fees)	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20												
	Member of the Development Committee of Credifarma S.p.A. (with reversibility of fees)	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20												
* Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-	-	-

Name and surname	Role	Period for which the role was held	Role expiry date	Fixed Remuneration					Remuneration for taking part in committees	Variable non equity Remuneration		Non-monetary benefits	Other fees	Total	Fair Value of equity Remuneration	Indemnity for termination of office or termination of the employment relationship
				Office indemnity decided by the Shareholders' Meeting	Attendance fees	Remuneration for special roles under Art. 2389 of the Italian Civil Code	Fixed salary as an employee	Supervisory Body fees		Bonuses and other incentives	Participation in profits					
Andrea Berna	Director of IFIS Rental Services S.r.l.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21													
	Director of Capitalfin S.p.A	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21													
* Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-	-	-	-
Daniela Bonzanini	Director of IFIS FINANCE z.o.o.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22													
	Director of IFIS FINANCE I.F.N. S.A.	from 07/09/2020 to 31/12/2020	End of office 07/09/2022													
* Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-	-	-	-
Francesco De Marco	Director of Gemini S.p.A.	from 19/03/2020 to 13/12/2020	End of office on 13/12/2020													
* Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-	-	-	-
Angelo Ferracchiati	Member of the Supervisory Body of Banca IFIS S.p.A.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20													
	Member of the Supervisory Body of IFIS NPL S.p.A.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20													
	Member of the Supervisory Body of IFIS Rental Services S.r.l.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21													
	Member of the Supervisory Body of IFIS NPL Servicing S.r.l.	From 10/02/2020 to 31/12/2020	Approval of financial statements as at 31/12/21													
	Member of the Supervisory Body of Capitalfin S.p.A.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20													
	Member of the Supervisory Body of Credifarma S.p.A.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20													
* Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-	-	-	-
Gian Franco Marco Fonrer	Director of IFIS FINANCE I.F.N. S.A.	from 07/09/2020 to 31/12/2020	End of office 07/09/2022													
* Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-	-	-	-
Massimo Macciocchi	Director of Credifarma S.p.A. (with reversibility of fees)	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20													
	Member of the Credifarma S.p.A. Development Committee (with reversibility of fees)	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20													
	Chief Executive Officer of IFIS Renai Services S.r.l.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21													
* Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-	-	-	-
Silvia Magliocchetti	Director of Credifarma S.p.A. (with reversibility of fees)	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20													
* Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-	-	-	-
Katia Mariotti	Member of the Board of Directors of IFIS NPL S.p.A.	from 12/11/2020 to 31/12/2020	Approval of financial statements as at 31/12/21													
	Director of Gemini S.p.A.	from 14/12/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22													
* Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-	-	-	-
Lucia Martinoli	Director of Credifarma S.p.A. (with reversibility of fees)	from 03/11/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20													
	Chairman of the Board of Directors of Gemini S.p.A.	from 19/03/2020 to 13/12/2020	End of office on 13/12/2020													
* Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-	-	-	-
Emanuel Nalli	Member of the Board of Directors of IFIS NPL S.p.A.	from 01/01/2020 to 17/09/2020	End of office on 17/09/2020													
	Member of the Board of Directors of Capitalfin S.p.A.	from 01/01/2020 to 17/09/2020	End of office on 17/09/2020													
	Director of IFIS NPL Servicing S.p.A.	from 01/01/2020 to 17/09/2020	End of office on 17/09/2020													
	Director of Gemini S.p.A.	from 19/03/2020 to 17/09/2020	End of office on 17/09/2020													
* Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-	-	-	-

Name and surname	Role	Period for which the role was held	Role expiry date	Fixed Remuneration				Remuneration for taking part in committees	Variable non equity Remuneration		Non-monetary benefits	Other fees	Total	Fair Value of equity Remuneration	Termination of office indemnity or of employment
				Office indemnity decided by the Shareholders' Meeting	Attendance fees	Remuneration for special roles under Art. 2389 of the Italian Civil Code	Fixed salary as an employee		Bonuses and other incentives	Participation in profits					
Francesco Peluso	Member of the Supervisory Body of Banca IFIS S.p.A.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21												
	Member of the Supervisory Body of IFIS NPL S.p.A.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20												
	Member of the Supervisory Body of IFIS Rental Services S.r.l.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21												
	Member of the Supervisory Body of IFIS NPL Servicing S.r.l.	From 10/02/2020 to 31/12/2020	Approval of financial statements as at 31/12/21												
	Member of the Supervisory Body of Capitalfin S.p.A.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20												
	Member of the Supervisory Body of Credifarma S.p.A.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20												
* Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-	-	
Alberto Staccione	Chairman of the Board of Directors of IFIS NFL S.p.A.	from 01/01/2020 to 11/11/2020	Approval of financial statements as at 31/12/21												
	Member of the Board of Directors of IFIS NPL S.p.A.	from 12/11/2020 to 31/12/2020	Approval of financial statements as at 31/12/21												
	Director of IFIS Rental Services S.r.l.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21												
	Director of IFIS NPL Servicing S.p.A.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21												
	Director of Credifarma S.p.A. (with reversibility of fees)	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20												
	Member of the Credifarma S.p.A. Development Committee (with reversibility of fees)	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20												
Director of Farbanca S.p.A.*	from 09/12/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22													
* Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-	-	
Maria Cristina Taormina	Member of the Board of Directors of Capitalfin S.p.A.	from 03/11/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20												
* Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-	-	
Nicola Zanirato	General Manager of Capitalfin S.p.A.	from 01/01/2020 to 31/12/2020	Approval of the financial statements as at 31/12/20												
* Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-	-	
Raffaele Zingone	Director of IFIS Rental Services S.r.l.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21												
	Chairman of the Board of Directors of Capitalfin S.p.A.	from 01/01/2020 to 31/12/2020	Approval of financial statements as at 31/12/21												
	Director of IFIS FINANCE I.F.N. S.A.	from 07/09/2020 to 31/12/2020	End of office 07/09/2022												
	Member of the Audit Committee of IFIS FINANCE I.F.N. S.A.	from 15/09/2020 to 31/12/2020	End of office 07/09/2022												
Director of Farbanca S.p.A.*	from 09/12/2020 to 31/12/2020	Approval of the financial statements as at 31/12/22													
* Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-	-	
Alberto Staccione	General Manager	from 01/01/2020 to 31/12/2020	n.a.	-	-	-	308.4	-	-	46.3	-	25.2	-	379.9	-
Remuneration in Banca IFIS S.p.A.				-	-	-	308.4	-	-	46.3	-	25.2	-	379.9	-
Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-	-	-
Total				-	-	-	308.4	-	-	46.3	-	25.2	-	379.9	-
Other executives with strategic responsibilities (12 executives during the 2020 financial year)				-	-	-	2,059.9	-	-	228.5	-	183.3	-	2,471.7	198.0
Remuneration in Banca IFIS S.p.A.				-	-	-	2,059.9	-	-	228.5	-	183.3	-	2,471.7	198.0
Remuneration from subsidiaries of Banca IFIS S.p.A.				-	-	-	-	-	-	-	-	-	-	-	-
Total				-	-	-	2,059.9	-	-	228.5	-	183.3	-	2,471.7	198.0

*Eventuali compensi ricevuti da membri di organi societari del Gruppo, che risultano anche dipendenti della Capogruppo, sono soggetti a reversibilità.

**La società Farbanca S.p.A. è entrata nel Gruppo Banca Ifis come società controllata in seguito all'acquisizione del 70,77% delle quote societarie in data 27/11/2020.

Con riferimento al Regolamento Emittenti CONSOB, essendo la società Farbanca presente all'interno Gruppo alla data del 31/12/2020 è stato riportato liniero compenso annuale deliberato.

Executives with strategic responsibilities identified at 31st December 2020 (including the General Manager) are 11. Information is provided at an aggregate level indicating the number of individuals referred to.

Other tables: monetary incentive plans for members of the administration bodies, general managers and other executives with strategic responsibilities

The tables established by Appendix 3A, Template 7 bis, of the “Issuers’ Regulation” currently applicable to the Banca Ifis Group are Tables 3A and 3B reported below with the participation in profits data established for the Chief Executive Officer and the General Manager.

TABLE 3A: Incentive plans based on financial instruments, not stock options, for members of the administration bodies, general managers and other executives with strategic responsibilities

TABELLA 3A: Piani di incentivazione basati su strumenti finanziari, diversi dalle stock option, a favore dei componenti dell'organo di amministrazione, dei direttori generali e degli altri dirigenti con responsabilità strategiche

(A)	(B)	(1)	Financial instruments assigned in previous years not vested during the year		Financial instruments assigned during the year					Financial instruments vested during the year and not assigned	Financial instruments vested during the year and attributable		Financial instruments pertaining to the year	
			(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)	(10)		(11)
Name and Surname	Role	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at the assignment date	Vesting period	Assignment date	Market price at the time of assignment	Number and type of financial instruments	Number and type of financial instruments	Value at the accrual date	Fair value	
Luciano Colombini	Chief Executive Officer Banca IFIS S.p.A since 19/04/2019													
		2019 Plan Resolution of 19/04/2019	9,226	3	-	-	-	-	-	-	-	-	-	-
		2020 Plan Resolution of 23/04/2020	-	-	-	-	-	-	-	-	-	-	-	-
		2019 Plan	-	-	-	-	-	-	-	-	-	-	-	-
		2020 Plan	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Staccione Alberto	General Manager Bank IFIS S.p.A.													
		2016 Plan Resolution of 22/03/2016	1,018	3	-	-	-	-	-	-	-	1,710	15,267	-
		2017 Plan Resolution of 21/04/2017	1,137	3	-	-	-	-	-	-	-	-	-	-
		2018 Plan Resolution of 06/03/2018	2,414	3	-	-	-	-	-	-	-	-	-	-
		2019 Plan Resolution of 19/04/2019	4145	3	-	-	-	-	-	-	-	-	-	-
		2020 Plan Resolution of 23/04/2020	-	-	-	-	-	-	-	-	-	-	-	-
		2016 Plan	-	-	-	-	-	-	-	-	-	-	-	-
		2017 Plan	-	-	-	-	-	-	-	-	-	-	-	-
		2018 Plan	-	-	-	-	-	-	-	-	-	-	-	-
		2019 Plan	-	-	-	-	-	-	-	-	-	-	-	-
Total												15,267		

TABLE 3B: monetary incentive plans for members of the administration bodies, general managers and other executives with strategic responsibilities.

TABELLA 3B: Piani di incentivazione monetari a favore dei componenti dell'organo di amministrazione, dei direttori generali e degli altri dirigenti con responsabilità strategiche

(A) Name and Cogome	(B) Role	(1) Plan	(2) Bonus of the year			(3) Bonus of previous years			(4) Other Bonuses
			(A)	(B)	(c)	(A)	(B)	(C)	
			Payable/paid	Deferred	Deferment period	No longer payable	Payable/paid	Still deferred	
Luciano Colombini	Chief Executive Office Banca IFIS S.p.A. from 19/04/2019								
Remuneration in Banca IFIS S.p.A.	2019 Plan Resolution of 19/04/2019	-	-	-	-	123,552	82,368	-	
	2020 Plan Resolution of 23/04/2020	-	-	-	-	-	-	-	
Remuneration from subsidiaries of Banca IFIS S.p.A.	2019 Plan	-	-	-	-	-	-	-	
	2020 Plan	-	-	-	-	-	-	-	
Total						123,552	82,368		
Staccione Alberto	General Manager								
Remuneration in Banca IFIS S.p.A.	2016-2017 plans 2018-2019	-	-	-	-	92,958	111,012	-	
	2020 Plan Resolution of 23/04/2020	46,260	-	-	-	-	-	-	
Remuneration from subsidiaries of Banca IFIS S.p.A.	2016 Plan	-	-	-	-	-	-	-	
	2017 Plan	-	-	-	-	-	-	-	
	2018 Plan	-	-	-	-	-	-	-	
	2019 Plan	-	-	-	-	-	-	-	
	2020 Plan	-	-	-	-	-	-	-	
Total		46,260				92,958	111,012		

Schedule relating to the shareholdings of directors, statutory auditors, the general manager and other executives with strategic responsibilities

Table 1: shareholdings of members of the administration and control bodies and the general managers

Name and Surname	Role	Investee company	No. of shares owned at the end of the previous fin. year	No. of shares purchased / received	No. of shares sold	No. of shares owned at the end of the current fin. year
Sebastien Egon Fürstenberg (including shares held indirectly through La Scogliera S.p.A. until 23 May 2020)	President	Banca Ifis S.p.A.	27,125,847	100,500	27,174,347	52,000
Ernesto Fürstenberg Fassio (through La Scogliera S.p.A.)	Vice-President			27,174,347		27,174,347
Luciano Colombini	Chief Executive Officer	Banca Ifis S.p.A.	6,200	11,200		17,400
Alessandro Csillaghy de Pacser (i)	Director					
Daniele Umberto Santosuosso	Director					
Simona Arduini	Director (LID)					
Monica Billio	Director					
Antonella Malinconico	Director					
Roberto Diacetti	Director					
Divo Gronchi	Director					
Beatrice Colleoni	Director					
Luca Lo Giudice	Director					
Riccardo Preve (including shares held indirectly through Preve Costruzioni S.p.A.) (ii)	Director	Banca Ifis S.p.A.	n.a.			1,234,500

Name and Surname	Role	Investee company	No. of shares owned at the end of the previous fin. year	No. of shares purchased / received	No. of shares sold	No. of shares owned at the end of the current fin. year
Giacomo Bugna	President					
Franco Olivetti	Standing Auditor					
Marinella Monterumisi	Standing Auditor					
Giuseppina Manzo	Alternate Auditor					
Alessandro Carducci Artenisio	Alternate Auditor					

Alberto Staccione (iii)	General Manager	Banca Ifis S.p.A.	148,074	1,710		149,784
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(i) Dr. Alessandro Csillaghy De Pacser has resigned with effect from 31 March 2020

(ii) Mr. Riccardo Preve was appointed Director by the Shareholders' Meeting of 23 April 2020

(iii) assignment of Banca Ifis treasury stock to the General Manager as part of variable remuneration applying remuneration and bonus policies approved from time to time by the Shareholders' Meeting

Table 2: shareholdings of the executives with strategic responsibilities

Number of executives with strategic responsibilities	Investee company	Number of shares owned at the end of the previous fin. year	Number of shares purchased	Number of shares sold	Number of shares owned at the end of the current fin. year
11* people as at 31/12/2020*	Banca Ifis S.p.A.	---	10,500	-	10,500

* Excluding the General Manager

Other tables

QUANTITATIVE INFORMATION AGGREGATED BY BUSINESS LINES of Banca IFIS S.p.A.			
BUSINESS LINES	Number	ANNUAL GROSS REMUNERATION	ANNUAL GROSS VARIABLE REMUNERATION
COMPANY FUNCTIONS	486	22,503,979	1,460,141
COMPANY CONTROL FUNCTIONS	73	3,862,517	302,964
INVESTMENT BANKING	33	2,513,885	393,642
RETAIL BANKING	596	25,979,112	3,226,744
TOTAL	1,188	54,859,493	5,383,491

Notes:

- The information refers to employees of Banca Ifis S.p.A. in force as of 31/12/2020
 ** The "Corporate Functions" include 4 employees seconded to other Group companies

AGGREGATE QUANTITATIVE INFORMATION of Ifis Rental Services Srl*		
Number	Annual Gross Remuneration	Annual Gross Variable Remuneration
19	715,281	58,267

Notes:

* The table considers the personnel in force as of 31/12/2020.

AGGREGATE QUANTITATIVE INFORMATION of Ifis Npl S.p.A.*

Number	Annual Gross Remuneration	Annual Gross Variable Remuneration
313	10,105,847	863,177

Notes:

* The table considers the personnel in force as of 31/12/2020. Included are 5 employees seconded to other Group companies

AGGREGATE QUANTITATIVE INFORMATION of Credifarma S.p.A.*

Number	Annual Gross Remuneration	Annual Gross Variable Remuneration
39	1,562,246	123,985

Notes:

* The table considers the personnel in force as of 31/12/2020.

AGGREGATE QUANTITATIVE INFORMATION of Cap.Ital.Fin. S.p.A.*

Number	Annual Gross Remuneration	Annual Gross Variable Remuneration
41	1,183,830	75,548

Notes:

* The table considers the personnel in force as of 31/12/2020.

AGGREGATE QUANTITATIVE INFORMATION of the Companies Ifis Npl Servicing S.p.A. and Ifis Real Estate S.p.A.*

Company	Number	ANNUAL GROSS REMUNERATION	ANNUAL GROSS VARIABLE REMUNERATION
Ifis Npl Servicing S.p.A.	107	3,600,246	229,182
Ifis Real Estate S.p.A.	2	87,597	5,307
TOTAL	109	3,687,843	234,488

Notes:

* The table considers the personnel in force as of 31/12/2020.

AGGREGATE QUANTITATIVE INFORMATION of the Company Farbanca S.p.A. *

Number	Annual Gross Remuneration	Annual Gross Variable Remuneration
31	1,564,058	148,541

Notes:

* The table considers the personnel in force as of 31/12/2020.

AGGREGATE QUANTITATIVE INFORMATION of Ifis Finance Sp. Z.O.O.*

Number	Annual Gross Remuneration	Annual Gross Variable Remuneration
18	481,865	4,906

Notes:

* The table considers the personnel in force as of 31/12/2020.

AGGREGATE QUANTITATIVE INFORMATION REPRESENTING “KEY PERSONNEL” (ONLY EMPLOYEES) OF THE BANCA IFIS GROUP (SELF- ASSESSMENT CONDUCTED ON 27/02/2020)

Banca Ifis Group	No.	Fixed	Variable	% Average variable on fixed	Cash up front	Equity up front	Cash deferred	Equity deferred
Key personnel	44	6,643,780	980,584	15.06%	22,500	67,500	60,241	45,000

Results of the audits conducted by the Internal Audit Department

In compliance with the requirements of Bank of Italy Circular 285 and the internal regulations of the Banca Ifis Group, the Internal Audit Department carried out a specific audit on the remuneration and incentive policies and practices to assess their effective compliance with the relevant legislation.

In particular, audits concerned the following areas:

- definition of remuneration policies in order to check compliance with the regulatory framework and adequacy over favouring balanced Group governance and development mechanisms, identifying elements better qualifying the ex post correction mechanisms of the variable component;*
- application of the remuneration and incentive policies in order to i) assess, based on random audits, the Group's action with respect to the reference principles also related to the payment stage; ii) to ensure the accuracy of the "key personnel" identification process and the correct definition of the relative scope;*
- compliance with Supervisory Authority indications, and developments compared to previous areas of improvement suggested by the Internal Audit Department, to orient Banca IFIS Group actions towards sector best practices.*

After the audits conducted, Internal Audit expressed an essentially positive opinion on the remuneration and incentive policies and practices of the Banca IFIS Group.

The main results of the audit were presented to the Remuneration Committee on 24 March 2021



Policy relating to the key personnel identification process

**Annex 1 to the Report on the remuneration policy and on
remuneration paid 2021**

MARCH 2021

1. Version history

Version	Approval date	Brief description of changes
1	07 March 2019	<i>First issuance</i>

2. Document objectives and management

2.1. Document Objectives

This Policy, which forms an integral part of the Remuneration Report, describes the principles and guidelines for defining the process for identifying key personnel by the Parent Company and its subsidiaries. In particular, it regulates:

- the criteria and procedures used for the identification of key personnel, including those for possible exclusion;
- the procedures for evaluating personnel;
- the role played by the corporate bodies and the competent corporate functions for the preparation, monitoring and review of the identification process.

2.2. Intended Audience

This policy is applicable and disseminated, to the extent applicable, to all the organisational units of the Parent and its subsidiaries.

2.3. Document Management

The document is managed according to the same procedure envisaged for the Remuneration Report of which this policy forms an integral part.

Responsibility for the document management process is broken down as follows:

Drafting	Parent Company			Subsidiaries
	Discussion	Approval	Publication	Approval
<u>Manager</u> Human Resources of the Parent Company <u>Support</u> Parent Company Compliance Parent Company's Organisational Office	General Manager and Remuneration Committee	Board of Directors Shareholders' Meeting	Parent Company's Organisational Office	Board of Directors

This policy has been shared with Compliance.

3. Introduction

Pursuant to Directive 2013/36/EU of the European Parliament and of the Council, implemented in Italy in the Supervisory Provisions for Banks (Circular No. 285 of 17 December 2013, 25th update, on Remuneration and Incentive Policies and Practices, hereinafter Circular or Provisions of the Bank of Italy), and the information to be given pursuant to Article 450 of EU Regulation No. 575/2013 (so-called CRR), the Bank is required to identify annually the categories of personnel whose professional activities have a substantial impact on the Bank's risk profile.

To this end, the European legislator, with Delegated Regulation (EU) No. 604/2014 (hereinafter also the "Regulation"), established technical regulatory standards by identifying qualitative and quantitative criteria, each of which, if satisfied, denotes the ability of an entity to have a material impact on the institution's risk profile.

These criteria are also referred to in the Circular of the Bank of Italy, in which all banks are required to identify the key personnel by applying the Regulation, "in order to graduate the application of the entire discipline according to the effective capacity of individual company figures to affect the Bank's risk profile" and to identify and apply "additional criteria to those established in the aforementioned Delegated Regulation, if necessary to identify additional persons who assume significant risks for the bank" (see Circular no. 285 of 2013, first part, Title IV, Chapter 2, section 1, par. 6).

To identify the key personnel, the Bank therefore applies the Delegated Regulation (EU) of 4 March 2014, no. 604. The Bank, in its capacity as Parent Company, applies the aforementioned Regulation to identify the key personnel for the group having regard to all the companies of the group, whether or not they are subject to the discipline on an individual basis. The Bank, if necessary, identifies and applies criteria in addition to those established in the aforementioned Delegated Regulation, in order to identify additional personnel who take on risks relevant to the group.

The function responsible for preparing the policy relating to the identification process of key personnel, which forms an integral part of the Bank's remuneration and incentive policy, is the Human Resources function of the Parent Company.

The Compliance function of the Parent Company, as a control function, expresses itself on the compliance with the regulatory framework of the policies for the identification of key personnel.

The Risk Management function, as a control function, supports the Human Resources function, as far as it is concerned, in verifying the existence of the quality requirements referred to in art. 3 of the Delegated Regulation. The Internal Audit function of the Parent Company, as a control function, on the other hand verifies ex post the compliance of the identification process of key personnel with this policy.

As part of the identification process of key personnel, the companies of the Group actively participate by providing the Human Resources function of the Parent Company with the documentation and information necessary for the purpose and abide by the indications received.

The identification process of the key personnel is composed of the following sub-processes:

- identification of the scope of analysis;
- verification of correspondence with the qualitative criteria referred to in Article 3 of the Regulation;
- verification of correspondence with the quantitative criteria referred to in Article 4 of the Regulation;
- drafting of the self-assessment document and related monitoring;
- submission of the self-assessment document to the Remuneration Committee and approval of the Board of Directors.

3.1. Corporate bodies involved in the approval of policies relating to the identification process of the Key Personnel

The Remuneration Committee submits this Policy for subsequent approval by the Board of Directors of the Parent Company and the Shareholders' Meeting.

It is also specified that the Remuneration Committee:

(i) expresses itself, also making use of the information received from the competent corporate functions, on the results of the identification process of the most important personnel, including any exclusions, pursuant to Section II paragraph 6.1 of the Supervisory Provisions; (ii) provides advice and submits proposals to the Board of Directors of the Parent Company for the remuneration of the remaining “key” personnel identified within the Parent Company and other Group companies in compliance with current supervisory provisions.

As regards the activities of the Board of Directors, please refer to what is specified below in paragraph 3.6 of this document.

For more detail on the additional roles of the Remuneration Committee, the Board of Directors and the Shareholders' Meeting, in the context of remuneration policies, please refer to the Remuneration Report (Section I, paragraphs 1.1 to 1.3).

3.2. Identification of the scope of analysis

For the purpose of identifying the key personnel, the Parent Company's Human Resources considers all the Group's personnel as a whole and therefore the members of the bodies with strategic supervision, management and control functions, the Group's employees and collaborators.

Human Resources of the Parent Company then proceeds with the collection and verification of all internal regulatory legislation, in order to identify the roles of greater responsibility within the entire organisational structure of the Group.

Therefore, the scope of analysis takes particular account of the following roles:

- executive and non-executive members of the Boards of Directors;
- the General Managers;
- the Heads of the Control Functions;
- the Heads of the functions reporting directly to the Chief Executive Officer and/or the General Manager (including the Heads of the main business lines and the Heads of the relevant operating/company units);
- the managers of the second level organisational units;
- the collaborators of the Group.

3.3. verification of correspondence with the qualitative criteria referred to in Article 3 of the Regulation

Once the perimeter of analysis has been defined, all the aforementioned roles are classified by the Human Resources of the Parent Company, if the conditions are met, within the categories referred to in Article 3 of the Delegated Regulation.

The Bank also identifies criteria in addition to those established in the aforementioned Delegated Regulation, in order to make the attention reserved by the Supervisory Provisions of the Bank of Italy to “*the executive directors; the general managers; the co-general managers; the deputy general managers and similar figures; the heads of the main lines of business, company functions or geographical areas; those who report directly to the bodies with strategic supervision, management and control functions; managers and higher-level personnel of the corporate*”

control functions” as well as particular categories of personnel such as “*agents in financial and insurance activities and financial consultants qualified for out-of-office canvassing employed in external distribution networks.*” In particular, Human Resources identifies the additional personnel who, due to the professional activities carried out and the risks monitored, can have a substantial impact on the Group's risk profile, taking into account the responsibilities entrusted and the activities carried out, the hierarchical levels, the delegations and the ability to affect, individually and/or collectively, the risk profile of the Group. The presence or absence of these requirements is identified based on the analysis of internal regulations.

The outcomes of the identification process are appropriately motivated and formalised by Human Resources in the Self-Assessment document, with the support, as far as is within the remit of Compliance and Risk Management.

3.4. Verification of correspondence with the quantitative criteria referred to in Article 4 of the Regulation

Once the most relevant personnel have been defined on the basis of the qualitative criteria referred to in Article 3 of the Delegated Regulations, Human Resources verifies the existence of the quantitative criteria referred to in Article 4 of the same Delegated Regulation, letters a), b) and c). The outcomes of the identification process are appropriately motivated and formalised by Human Resources in the Self-Assessment document.

3.4.1 Exclusion of key personnel

If the Bank considers that the personnel identified in implementation of Article 4, paragraph 1, of the Delegated Regulation (EU) no. 604/2014 may not be considered as key personnel, in accordance with the provisions of paragraphs 2 and following of the same article, the same through Corporate Affairs and on the recommendation of Human Resources:

i) promptly, and in any case within six months of the end of the previous year, sends the notification referred to in Article 4, paragraph 4 of the Delegated Regulation (EU) no. 604/2014 (i.e., notification of exclusions concerning personnel with an amount of total remuneration equal to or greater than 500,000 euros and less than 750,000 euros). The notification is accompanied by the information identified in Annex A referred to in Part One, Title IV, Chapter 2, Section I of the Supervisory Provisions. In it, the Bank explains the reasons for the exclusions, providing clear evidence of the assumptions on which they are based and clearly distinguishing between the situations referred to in letter a) and those referred to in letter b) of Article 4, paragraph 2, of the Delegated Regulation (EU) no. 604/2014. The exclusion lasts one year and concerns the year following the one in which the notification is transmitted, with the exception of the exclusions notified for the first time, which also extend to the year in which the notification is submitted. However, a new notification is not required for personnel already excluded in the previous year, provided that the bank has ascertained that the conditions on the basis of which the exclusion was made have not changed;

ii) promptly, and in any case within six months of the end of the previous year, submit to the Bank of Italy the request for prior authorisation referred to in Article 4, paragraph 5, of the Delegated Regulation (EU) no. 604/2014 (i.e., authorisation for exclusions concerning personnel with an overall remuneration equal to or greater than 750,000 euros or personnel falling within the 0.3% of the personnel to whom the highest overall remuneration was attributed in the previous financial year).

The request for prior authorisation is accompanied by the information identified in Annex A referred to in Part One, Title IV, Chapter 2, Section I of the Supervisory Provisions. The Bank of Italy makes a decision within 3 months of receiving the complete documentation. The authorisation lasts one year and concerns the year following the one in which the request is submitted, with the exception of the exclusions authorised for the first time, which also extend to the year in which the request is submitted.

The notification under i) and the application for authorisation under ii) may cumulatively concern several employees or categories of personnel whose exclusion is based on the same conditions, provided that the personnel for which the exclusion is requested are clearly identifiable and the same level of information required under this

paragraph is guaranteed. Applications for authorisation for exclusions concerning personnel to whom an amount of total remuneration equal to or greater than 1 million euro is recognised (see Article 4, paragraph 5, third sentence, of Delegated Regulation (EU) no. 604/2014) are in any case submitted individually for each employee.

3.5. Drafting of the self-assessment document and related monitoring

The Self-assessment document is drawn up annually by the Human Resources function of the Parent Company, which constitutes the preparatory phase for the preparation of the remuneration and incentive policies for the Group's personnel and which contains:

- the internal regulations of reference;
- qualitative and quantitative analysis pursuant to Articles 3 and 4 of the Delegated Regulations;
- the number of personnel identified as key personnel;
- the number of individuals identified for the first time;
- individual names or identifiers;
- the description of the roles and responsibilities of the personnel;
- a comparison with the results of the previous identification process.

The same information concerns any personnel excluded and those for whom a notification or request for exclusion has been submitted or is intended to be submitted, as regulated in paragraph 3.4.1.

The Human Resources function of the Parent Company, with the support of the Parent Company's Compliance, monitors the consistency of the contents of the Self-Assessment document with respect to any organisational changes that have occurred in order to assess the need for revision of the document itself in order to make it consistent with the organisational changes made.

3.6. Submission of the self-assessment document to the Remuneration Committee and approval of the Board of Directors

The self-assessment document is submitted for evaluation by the Parent Company's Remuneration Committee and, in the event of a favourable opinion from the latter, for the approval of the Board of Directors of the Parent Company.

Following the aforementioned decisions, the subsidiaries then abide by the indications received and remain in any case responsible for compliance with the legislation directly applicable to them and for the correct implementation of the guidelines provided by the Parent Company.

