



**illimity**

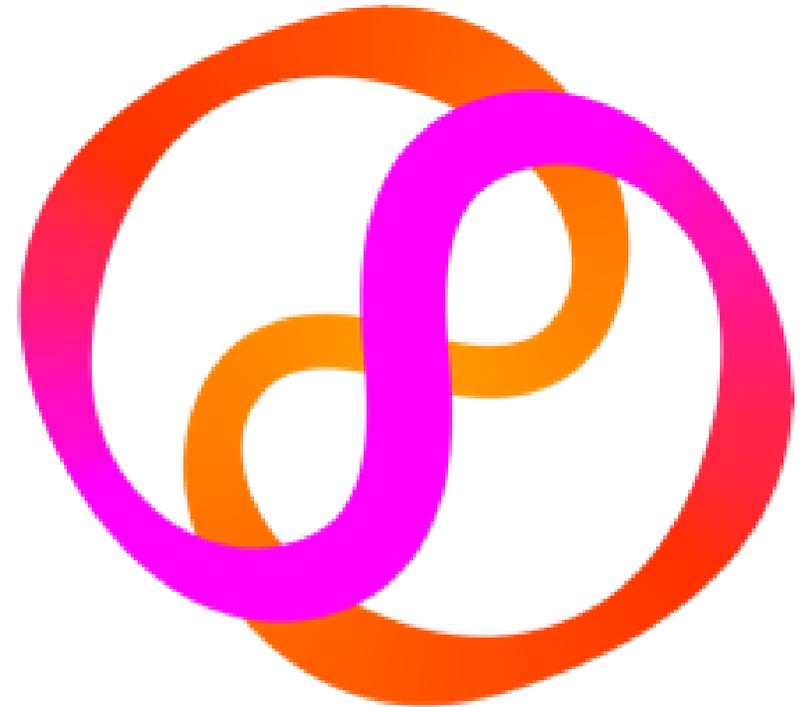
BANCA OLTRE LA FORMA

 **illimity Remuneration Policy**  
(update)

Shareholder's Meeting, 15th December 2021

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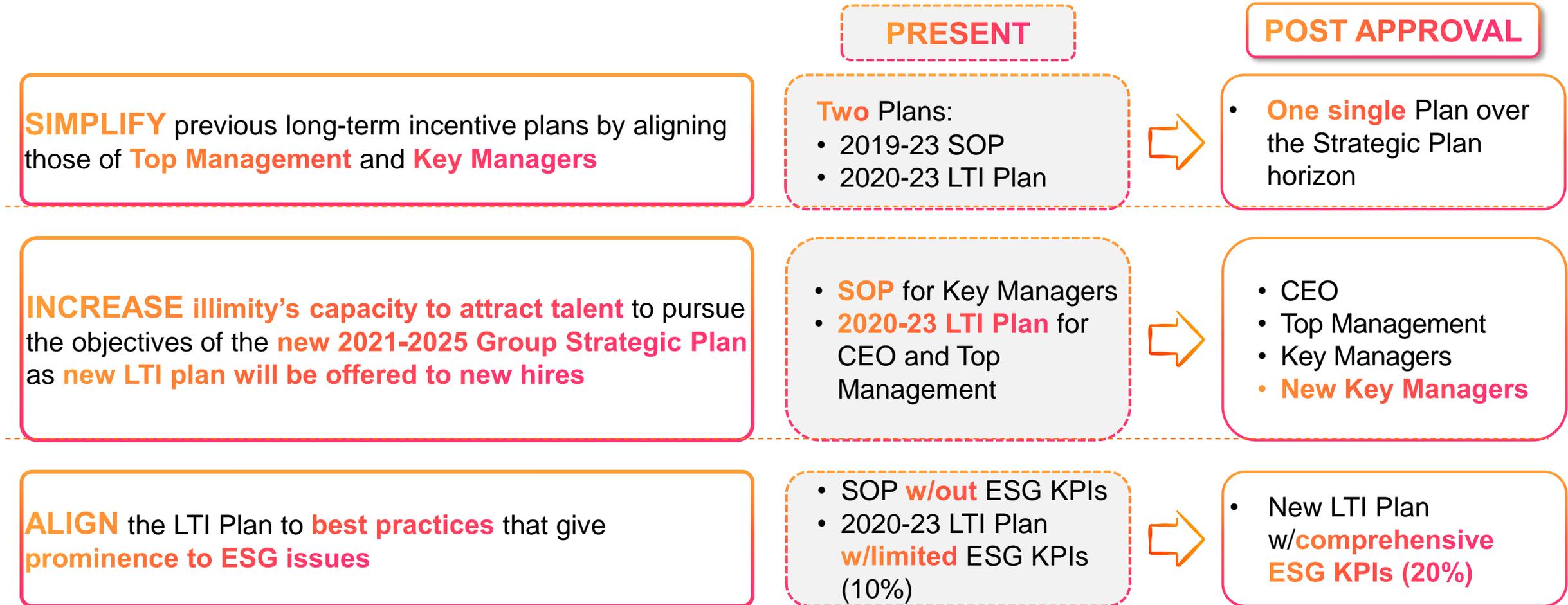


# *NEW 2021-2025 LTI PLAN*



# illimity - Alignment to Strategic Plan

The new 2021-2025 LTI Plan REPLACES the previous plans<sup>(1)</sup>



1) The Employee Stock Ownership Plan (ESOP) for the broader illimity population remains unchanged and operational till 2023

# illimity - LTI Plan Key Features



LTI Plan aligned with the **NEW STRATEGIC PLAN TIMEFRAME** and **KEY TARGETS**



**SHARE PLAN** also foreseeing share ownership guidelines, to align Management and Shareholders' long-term interests



1-year **DEFERRAL** for **20%** of the shares awarded for each performance cycle for the **MATERIAL RISK TAKERS (MRT)**



**ROLLING**  
3 **separate non-cumulative** performance measurement cycles: 2021-2023, 2022-2024, 2023-2025 to maximise retention over time



The Board can **REVIEW THE TARGETS** at the beginning of each cycle, to be approved within the Remuneration Policy at the AGM



State-of-the-Art incentive scheme: **ESG TARGETS** representing **20%** of LTI Goal Card and...



...relative **TSR** accounting for another **20%** to compare illimity with vis-à-vis Financial Services players in Italy

# illimity - Key Numbers

**Beneficiaries**

**~ 50**  
*(initial grant)*

**Max. # of shares**

**~2mln\***  
*\*2,031,094*

**Max. dilution**

**2.5%<sup>(1)</sup>**

**Max. Plan cost**

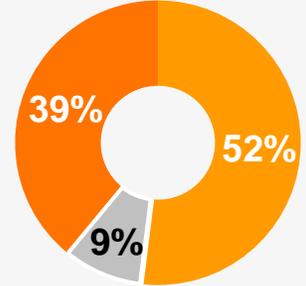
**~22mln€**

1) The dilutive effect on the capital is estimated at around 2.5% or 2.2%, calculated respectively on the basis of the number of shares as per the Articles of Association updated on September 30, 2021, in the two scenarios of conversion of special shares (1:1 and 1:8) and therefore equal to 80,740,100 and 90,820,100. Shares allocated to Top Management are not considered in the calculation, as they come from the purchase of treasury shares on the market or allocation of shares already held by the company.

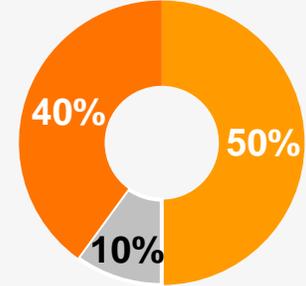
# illimity - CEO and Top Mgmt Targets Pay-Mix

## PRESENT LTI PLAN

CEO

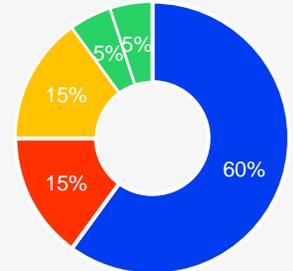


Top Mgmt



Fixed Comp    2020-2023 LTIP    2021 MBO

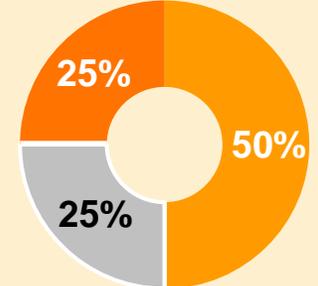
### 2020-23 LTI Plan Goal Card



ROE (60%)  
 Cost income (15%)  
 Gross organic NPE Ratio (15%)  
 Customer Experience (5%)  
 People Engagement (5%)

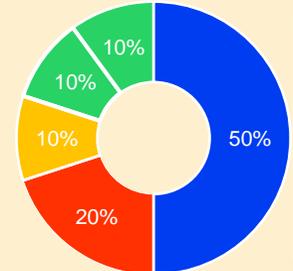
## NEW 2021-2025 LTI PLAN<sup>(1)</sup>

CEO and Top Mgmt



Fixed Comp    2021-2025 LTIP    2021 MBO

### 2021-2025 LTI Plan Goal Card



ROAE (50%)  
 TSR relative illimity vs. Financial Services Italy (20%)  
 Gross Organic NPE Ratio (10%)  
 Diversity, Equity & Inclusion (10%)  
 Top ESG Rating (10%)

Change in the remuneration mix by rebalancing MBO and LTIP component.  
 LTI Plan includes:  
 ★ TSR metrics<sup>(2)</sup>  
 ★ Increased weight of ESG targets to 20% of LTI Goal Card

Note: (1) MBO incentive scheme structure remains the same, it only changes its weight over the pay-mix; (2) TSR calculation based on one month's average.

# illimity - LTI Plan Goal Card – First Cycle 2021-23

STRATEGIC PILLAR	KPI	TARGET (END OF CYCLE)	LEVEL OF ACHIEVEMENT	% INCENTIVE	WEIGHT
Profitability	ROAE	15%	> 15%	100%	50%
			$\geq 12\%$ and $\leq 15\%$	60%-100%	
			< 12%	0	
Creation of Shareholder Value	Relative TSR of illimity vs. Financial Services Italy	Third Quarter	>Terzo Quartile	100%	20%
			$\geq$ Mediana and $\leq$ Terzo Quartile	60%-100%	
			< Mediana	0	
Asset Quality	Gross Organic NPE ratio	RAF Appetite	< RAF appetite	100%	10%
			$\geq$ RAF appetite and $\leq$ tolerance	60%-100%	
			> RAF tolerance	0%	
ESG	Diversity, Equity & Inclusion	4 points	$\geq 4$ points	100%	10%
			$\geq 3$ points and <4 points	60%-100%	
			< 3 points	0%	
	Top ESG Rating (Climate & Ethics)	4 points	$\geq 4$ points	100%	10%
			$\geq 3$ points and <4 points	60%-100%	
			< 3 points	0%	

The Remuneration Policy for the year 2022 and 2023 will include the targets for 2024 and 2025 respectively

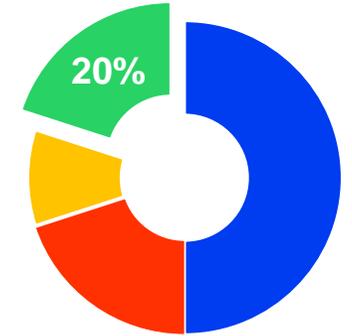
Focus in the next slide

# illimity - ESG Framework

Introduction of **ESG metrics** which drive 20% of LTI award



- Diversity, Equity & Inclusion **10%**
- Improve rating with top ESG Raters<sup>(1)</sup> **10%**



## Governance

We are at the leading edge of promoting a **culture of rules, integrity, diversity and competence** as core values fully integrated into our corporate governance system



## People

We are strongly committed to the continuous reinforcement of a **talent ecosystem, skills and inclusion**, both inside and outside the company through initiatives aimed at **unleashing potential**



## Prosperity

We contribute through business activities for the **sustained and sustainable growth** of our country and its territories



## Planet & Society

We contribute to **social and environmental well-being** by combining **business sustainability** with a **positive impact on our Planet & Society**



## Innovation

We innovate first and foremost the way we do banking by integrating **state-of-the-art technology** and a human touch, creating a **sustainable and resilient digital ecosystem**

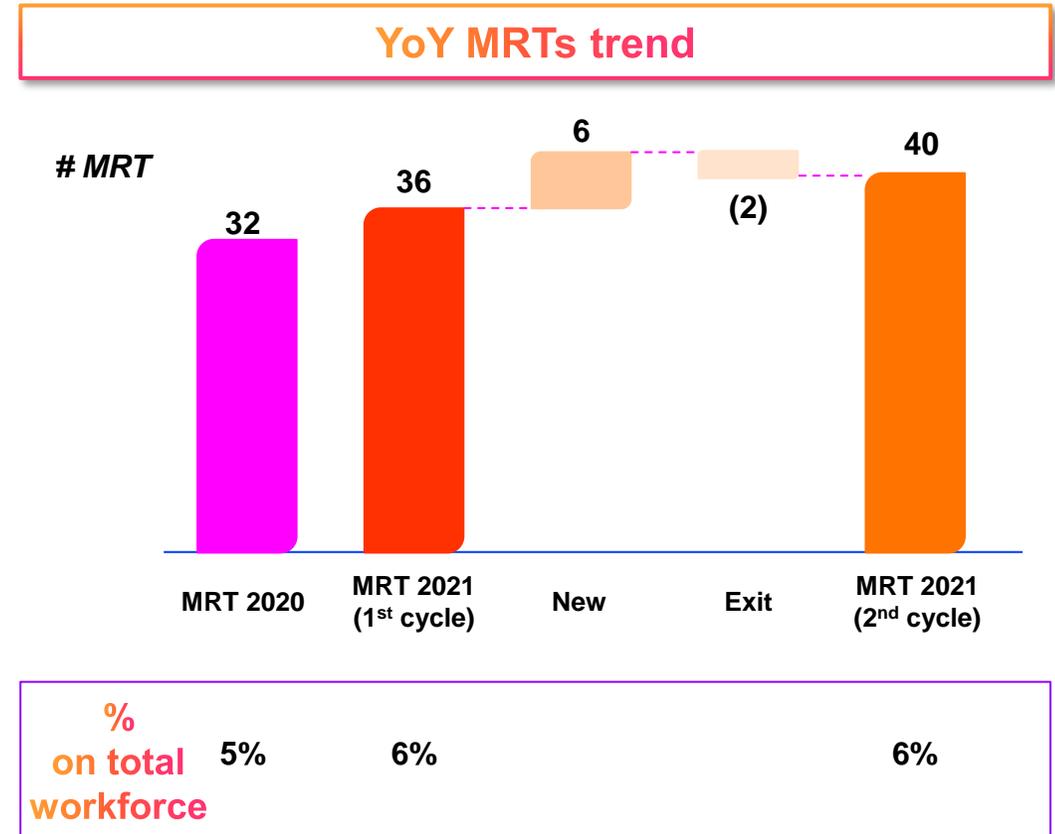


*MATERIAL RISK  
TAKERS UPDATE  
(CRD V)*



# illimity - Material Risk Takers Update (CRD V)

- ✓ The **perimeter of the 2021 MRTs has been revised** based on the new regulatory framework, i.e. **CRD V** and Delegated **Regulation (EU) 2021/923**
- ✓ illimity additional criteria were also reviewed by **Risk Management and HR** to be more prudent in the MRT identification process
- ✓ The process identified **40 MRTs** for 2021 based on qualitative, quantitative and additional criteria
- ✓ The process identified **4 additional MRTs** compared to the beginning of the year and 8 compared to the 2020
- ✓ The resources identified represent approximately **6% of illimity's total workforce** as of September 30, 2021



# *ADDITIONAL CHANGES*



# illimity - Additional Changes

## Broad-based bonus (*premio di produttività*)

- To be defined as a **Company Performance Bonus** based on **2021 Bank performance**

## Bonus spot

- To be awarded for **extraordinary performance and contribution to value creation** by employees
- **Not** to be attributed to the **CEO and Top Management**

## Remuneration Committee

- To update the Committee **Composition and Responsibilities**

## Termination clauses

- To enhance transparency, the Policy describes the "**bad leaver**" and "**good leaver**" clauses already existing and formalized in the MBO and LTIP Regulations

## Regulatory Framework

- To include **regulatory updates** e.g. in relation to the EBA "Guidelines on sound remuneration policies under Directive 2013/36/EU"
- To include "**Relevant Subjects**" provided for by the Banking Transparency regulation

# *KEY DEFINITIONS*



<b>Key word</b>	<b>Definition</b>
<b>Key Managers</b>	Managers of the organisation eligible to receive the Long-Term Incentive Plan (as an example it includes the beneficiaries of previous SOP)
<b>LTI</b>	Long Term Incentive
<b>Material Risk Takers (MRT)</b>	Employees identified by relevant CRD V regulation, as integrated by Delegated Regulation (EU) 2021/923 and internal criteria
<b>Relevant Subjects</b>	Employees identified as "relevant" by Bank of Italy regulation on Transparency, offering product to retail clients
<b>Rolling Plan</b>	A Plan which foresees a review of targets at the beginning of each performance cycle of an LTI Plan
<b>Share Ownership Guidelines</b>	Guidelines for CEO and executives with strategic responsibilities to hold shares deriving from the LTIP until a certain target of shares is reached
<b>SOP</b>	Stock Option Plan
<b>Top Management</b>	The following managers who report directly to illimity's Chief Executive Officer: Head of Distressed Credit; Head of Growth Credit; Head of Direct Banking; Chief Financial Officer and Head of Central Functions; Chief Lending Officer.