

**ILLIMITY BANK S.P.A.**

**ILLUSTRATIVE REPORT OF THE BOARD OF DIRECTORS OF ILLIMITY BANK S.P.A.  
ON ITEMS 5.1, 5.2, 5.3, 5.4 AND 5.5 OF THE AGENDA  
OF THE ANNUAL GENERAL MEETING OF THE  
SHAREHOLDERS OF ILLIMITY BANK S.P.A. OF 28 APRIL 2022, IN SINGLE CALL**

*Prepared pursuant to article 125-ter of Legislative Decree no. 58 of 24 February 1998 as amended and article 84-ter of Consob Regulation no. 11071/1999 as amended*

*Approved by the Board of Directors on 10 March 2022*

*This report can also be consulted on the Bank's website [www.illimity.com](http://www.illimity.com)*

Shareholders,

You are called to attend the Annual General Meeting at 1:00 p.m. CET on 28 April 2022 in single call, to discuss and adopt resolutions on the following agenda:

1. [OMISSIS].
2. [OMISSIS].
3. [OMISSIS].
4. [OMISSIS].
5. **Appointment of the corporate bodies:**
  - 5.1. **Determination of the total number of members of the Board of Directors for the period 2022-2024. Resolutions pertaining thereto and resulting therefrom.**
  - 5.2. **Appointment of the members of the Board of Directors who are not also members of the Audit and Internal Control Committee. Resolutions pertaining thereto and resulting therefrom.**
  - 5.3. **Appointment of the members of the Audit and Internal Control Committee. Resolutions pertaining thereto and resulting therefrom.**
  - 5.4. **Determination of the compensation of the members of the Board of Directors who are not also members of the Audit and Internal Control Committee. Resolutions pertaining thereto and resulting therefrom.**
  - 5.5. **Determination of the compensation of the members of the Audit and Internal Control Committee. Resolutions pertaining thereto and resulting therefrom.**
6. [OMISSIS].

This illustrative report has accordingly been prepared pursuant to article 123-ter of Legislative Decree no. 58 of 24 February 1998 as amended (the “TUF”) and article 84-ter of Consob Regulation no. 11071/1999 as amended (the “Issuers’ Regulation”) and provides a description of items 5.1, 5.2, 5.3, 5.4 and 5.5 on the agenda of the Shareholders’ Meeting, as well as the relative draft resolutions that you are called to adopt.

Shareholders,

As known, on 21 February 2022 the General Meeting of the Shareholders of illimity Bank S.p.A. (“illimity”, the “Bank” or the “Company”) approved the introduction of the “one-tier” corporate governance model, characterised by having a Board of Directors on which members of the Audit and Internal Control Committee (as the body with a control function) also sit, with the adoption of a new version of the Bylaws that is put into practice on the renewal of the corporate bodies by the annual Shareholders’ Meeting approving the 2021 financial statements.

You are therefore called to a Shareholders’ Meeting of illimity to discuss and adopt resolutions on, amongst other things – in compliance with currently applicable laws and regulations, including the provisions of the Bylaws<sup>(1)</sup> – the appointment of the Board of Directors and the Audit and Internal Control Committee for financial years 2022, 2023 and 2024, and accordingly until the Shareholders’ Meeting approving the financial statements for the year ending 31 December 2024; and that is, by the means and conditions stated in article 14 of the Bylaws, which envisages a list vote mechanism, as well as taking into consideration CONSOB Determination no. 60 of 28 January 2022 that establishes the minimum percentage shareholding required to submit lists.

In this respect we remind you that article 16 of the Bylaws establishes that the Board of Directors must consist in total of an odd number of members between 9 (nine) and 15 (fifteen), three of whom make up the Audit and Internal Control Committee.

Members of the corporate bodies are elected on the basis of lists submitted by shareholders who at the time of submitting a list have voting rights in the relative resolutions discussed at a Shareholders’ Meeting. Listed candidates are assigned a sequential number.

It is recalled that details of the means and timing for the appointment of the corporate bodies are set out in article 14 of the Bylaws, to which reference should be made for any matters not specified in this report. It is however noted that the names stated on the lists must be divided into two separate sections. The first section consists of candidates, whose number may not exceed 14 (fourteen), who are standing for the position as member of the Board of Directors but are not standing to become a member of the Audit and Internal Control Committee. The second section consists solely of candidates, whose number may not exceed 5 (five), who are standing for both the Board of Directors and the Audit and Internal Control Committee.

In addition, we note– referring for matters not specified to the notice of call and the Bylaws – that:

- lists must be filed by persons entitled thereto at the Company’s registered office – also by way of the remote means of communication established by the Board of Directors in accordance with the methods stated in the notice of call, so as to enable the persons making the filing of lists to be identified – at least 25 (twenty five) days before the date set for the Shareholders’ Meeting and must be made available to the public in accordance with the terms and conditions provided by applicable *pro tempore* laws and regulations at least 21 (twenty one) days before the date set for the Shareholders’ Meeting;

---

<sup>(1)</sup> Pursuant to article 33 of the Bylaws approved by the Shareholders’ Meeting of 21 February 2022, the new articles 14, 16 and 24 apply to the appointment of the corporate bodies and are applicable from the date of call of the Shareholders’ Meeting convened to appoint such bodies.

- in accordance with the provisions of the above-mentioned Consob Determination no. 60 of 28 January 2022, only shareholders who, alone or together with other shareholders, in total hold at least 1% of the share capital are entitled to submit lists; ownership of the shareholding required to submit lists is determined with respect to the shares that are recorded in the name of the individual shareholder, or as applicable in the names of several shareholders, on the day on which the lists are filed at the Company's registered office;
- shareholders, parties to a shareholders' agreement as per article 122 of the TUF, the controlling company, subsidiaries and companies under common control pursuant to article 93 of the TUF may not submit lists, or submit lists together with others, not even by way of third parties or trust companies, other than the one they submitted or submitted together with others. In case of non-compliance their signatures and their votes shall not count for any of the lists;
- no candidate may be included in more than one list, failing which he or she will be ineligible.

Pursuant to the combined provisions of article 14 of the Bylaw and applicable laws and regulations, shareholders who would like to submit a list must file the following at the same time and together with each list:

- 1) information on the identity of the shareholders submitting the list, stating the total percentage shareholding held having voting rights at ordinary Shareholders' Meetings;
- 2) declarations of shareholders who submit, or jointly submit, a list, other than those that hold, also jointly, a controlling or relative majority holding, attesting the absence with the latter of connections qualified as relevant by *pro tempore* laws and regulations applicable to the Company;
- 3) a comprehensive description of the personal and professional characteristics of each candidate, including information on offices held as director or statutory auditor in other companies, and a statement in which individual candidates accept their nomination and represent, under their own responsibility, that there are no causes for ineligibility or incompatibility, and that they meet the directorship requirements established by laws, regulations and the Bylaws (and if necessary those required to be a member of the Audit and Internal Control Committee) and the independence requirements as applicable provided for hereunder; as well as
- 4) any further documentation and declaration required by applicable *pro tempore* laws and regulations or that is useful for an overall assessment of suitability for the office, also in accordance with the Orientations on the composition of the corporate bodies (as defined below) for the composition of the corporate bodies;
- 5) any other information required by applicable laws and regulations that may be stated in the notice of call for the Shareholders' Meeting.

The certification issued by a qualified intermediary attesting ownership of the number of shares needed to submit lists may be produced on filing the list or also subsequently, provided this is at least 21 (twenty one) days before the day set for the Shareholders' Meeting.

Submitted lists that do not comply with the above requirements shall be considered as not having been submitted.

Shareholders submitting a “minority list” are in addition addressed by the recommendations formulated by Consob in its Communication no. DEM/9017893 of 26 February 2009. More specifically, shareholders intending to submit a “minority list” must submit, together with the list, a declaration that certifies the absence of any connections, also indirect, pursuant to article 147-ter, paragraph 3 of the TUF and article 144-quinquies of Consob Regulation no. 11971 of 14 May 1999 as amended (the “Issuers’ Regulation”), where these may be identified on the basis of notifications of significant shareholdings pursuant to article 120 of the TUF or the publication of shareholders’ agreements pursuant to article 122 of the TUF, with the majority shareholders or with shareholders party to relevant shareholders’ agreements.

Corporate bodies must be renewed in compliance with gender balance provisions (article 147-ter of the TUF as amended by Law no. 160/2019). Lists must contain a number of candidates belonging to the lesser represented gender able to ensure, within each list, compliance with such balance. More specifically, as far as this renewal is concerned, at least 2/5 (two fifths) of the members of the Board of Directors must belong to the lesser represented gender, rounded up in the case of a fractional number; accordingly lists having a number of candidates equal to or greater than 3 (three) must ensure the presence of both genders, on penalty of invalidation, so that the number of candidates of the lesser represented gender is at least equal to the above-stated minimum.

It is further recalled that pursuant to the second paragraph of article 16 of the Bylaws, at least 4 (four) of the Directors other than members of the Audit and Internal Control Committee must meet the independence requirements established by article 26 of Legislative Decree no. 385 of 1 September 1993 (the Consolidated Law on Banking or “TUB”) and Decree no. 169 of the Ministry of the Economy and Finance of 23 November 2020, (“DM 169/2020”), as well as by article 16, paragraph 3 of the Bylaws (the “Independence Requirements”). In order to comply with this minimum, the first section of each list:

- if it contains just 1 (one) candidate shall have no restrictions;
- if it contains either 2 (two) or 3 (three) candidates shall identify a minimum number of candidates from within the list, expressly indicated, meeting the Independence Requirements, which must be equal to at least 1 (one);
- if it contains either 4 (four) or 5 (five) candidates shall identify a minimum number of candidates from within the list, expressly indicated, meeting the Independence Requirements, which must be equal to at least 3 (three);
- if it contains a number candidates equal to or greater than 6 (six) shall identify a minimum number of candidates from within the list, expressly indicated, meeting the Independence Requirements, which must be equal to at least 4 (four).

In any case, the minimum number of Independent Directors required for the above purposes for the submission of lists may not be stated as one of the final sequential numbers on such lists.

The members of the Audit and Internal Control Committee must hold the requirements of integrity and professional competence and comply with the limits contemplated by applicable *pro tempore*

laws and regulations for the number of positions held as a member of control bodies in a listed bank issuing shares on regulated markets. In addition, they must hold the Independence Requirements.

Regarding the requirement for professional competence, at least one of the members of the Audit and Internal Control Committee: (i) must be enrolled in the register of legal auditors and (ii) for a period of at least 3 (three) years must have practiced as a legal auditor. The other members of the Audit and Internal Control Committee must have practiced, also alternatively and for a period of at least 3 (three) years, as a legal auditor or have gained proven experience in the matter of internal controls, administration and finance; in particular, the following are taken into consideration: (i) having performed administration and control activities or managerial duties in the banking, financial, securities or insurance sector; (ii) having performed administration and control activities or managerial duties in listed companies or those of a greater size or of a complexity similar to that of the Company; (iii) having performed professional activities (characterised by suitable levels of complexity and carried out on a continuous basis) concerning matters regarding the banking, financial, securities or insurance sector or in any case relating to the Company's activities; (iv) having taught subjects of a legal or economic nature, or those in any case regarding the banking, financial, securities or insurance sector, as a first or second level lecturer at a university; or (v) having performed managerial or senior managerial duties, whatever they may be called, in public entities or in the public administration regarding the banking, financial, securities or insurance sector, provided that the body in which the person involved carried out such functions has a size and complexity comparable to that of the Company.

Regarding the independence requirement, inter alia the members of the Audit and Internal Control Committee may not hold positions in bodies other than those with a control function in other entities of the Banking Group, or in companies in which the Bank holds, directly or indirectly, a strategic shareholding (for this purpose, a strategic shareholding shall mean at least 10% (ten per cent) of the share capital and voting rights at an ordinary Shareholders' Meeting of the investee company and 5% (five per cent) of the consolidated regulatory capital of the Banking Group). The members of the Audit and Internal Control Committee may not be members of other board committees other than those with competence in risk management, related party transactions or remuneration.

\*\*\*\*\*

In accordance with the supervisory provisions of the Bank of Italy on corporate governance and the provisions of the Corporate Governance Code, given the results of the annual evaluation process carried out on the size, composition and functioning of the board and its committees, as well as the self-evaluation process performed by the Board of Statutory Auditors, the Bank's Board of Directors, assisted by the Appointments Committee, has determined the optimum quantitative and qualitative profile of the corporate bodies in the document "*Orientation of the Board of Directors of illimity Bank S.p.A. on the optimum qualitative and quantitative composition of the corporate bodies*" approved by the Company's Board of Directors on 25 February 2022 and available on the website [www.illimity.com](http://www.illimity.com), "*Governance / Governance System*" section ("**Orientations on the composition of the corporate bodies**"), to which reference should be made for further details and matters not specified in this Illustrative Report.

The Bank informed the market – and in particular its own shareholders - about the "Orientations on the composition of the corporate bodies" – on 25 February 2022.

## LEGISLATIVE AND REGULATORY REQUIREMENTS

In terms of legislative and regulatory requirements, in addition to the matters discussed above, consideration should also be given, *inter alia*, to the provisions set forth in DM 169/2020 on the governance of the fit and proper requirements and criteria for the corporate officers and directors of banks, financial intermediaries, guarantee consortia (*confidi*), electronic money institutions, payment institutions and deposit guarantee systems. DM 169/2020 became effective on 30 December 2020.

In particular, as far as the present renewal is concerned, the **requirements for professionalism and competence** set forth in articles 7 and 10 of DM 169/2020 are applicable, to which reference should be made. A person failing to hold the requirements set forth in article 7 may not take the position, or if they already hold office they shall automatically forfeit office. The Board of Directors assesses whether the expertise criteria required by article 10 are satisfied, with reference to a person's theoretical knowledge, acquired through studies and training, and practical experience, gained through previous or current work experience.

In accordance with the requirements of paragraph 2d-*bis* of article 123-*bis* of the Consolidated Finance Law (TUF) and article 2, Principle VII and Recommendation 8 of the Corporate Governance Code, the Company applies **diversity criteria** for the composition of the administration, management and control bodies, these regarding aspects such as age, gender balance and a person's formative and professional career.

The provisions of article 3 of DM 169/2020 are applicable as far as **integrity** requirements are concerned, and reference should be made to such legislation in this case. Persons not having these requirements cannot take office, while those that have already done so fall from office.

The **reasons for the suspension** of a Director from office set forth in article 6 of DM 169/2020 are also noted.

In addition to the integrity requirements, members must also have met **propriety criteria** in their past personal and professional conduct. A comprehensive list of the circumstances that are taken into consideration for assessing whether the propriety criteria have been met can be found in articles 4 and 5 of DM 169/2020, as well as a description of the ways of performing this assessment.

As far as **independence** requirements are concerned, in addition to the provisions on Independence Requirements set forth in article 16, paragraphs 2 and 3, of the Company's Bylaws, article 147-*ter*, paragraph 4, of the TUF (which refers to article 2409-*septiesdecies*, paragraph 2, of the Civil Code), article 148, paragraph 4-*ter*, of the TUF and article 2, Recommendation 7 of the Corporate Governance Code.

In this latter respect, it is noted that Recommendation 7, to which reference should be made, lists a series of circumstances that jeopardise, or appear to jeopardise, the independence of a Director. As required by the Corporate Governance Code, the Board has established the criteria and the related quantification as far as the following are concerned: (i) the materiality level to be used when assessing commercial relationships as per paragraph c) of Recommendation 7 of the Corporate Governance Code, and (ii) the materiality level to be used when assessing additional remuneration as per paragraph d) of Recommendation 7 of the Corporate Governance Code.



The Board believes that Directors for whom the following materiality parameters are exceeded may not be considered independent within the meaning of the Corporate Governance Code:

- (i) for commercial relationships as per paragraph c) of Recommendation 7 of the Corporate Governance Code: (a) in case of consultancy or personal and direct commercial relationships with the Director in question, fees exceeding EUR 50 thousand per annum in the three years preceding that of the appointment as Independent Director or in the current year, or (b) in the case of commercial relationships with the professional firm and/or the consulting, financial, strategic or commercial firm (of which the Director in question is a partner or has been in such years), fees per annum in favour of said firm exceeding 5% (five per cent) of the total annual turnover or revenue of such firm (as declared by the Director himself) and in any case exceeding EUR 250 thousand per annum; and
- (ii) for additional remuneration as per paragraph d) of Recommendation 7 of the Corporate Governance Code: additional remuneration for the person concerned of at least EUR 50 thousand per annum in addition to the remuneration due for the position as Director of the Bank.

The provisions of article 15 of DM 169/2020, to which reference should be made, apply as far as concerns the requirement for an **independence of judgement** (which all Directors must hold). More specifically, it is recalled that all members must act with full independence of judgement and with the awareness of the duties and rights inherent in the position, in the interest of the sound and prudent management of the Bank and in accordance with the law and any other applicable regulations.

In light of applicable provisions of laws and regulations, the **amount of time** to be dedicated to the position, given its nature, quality and complexity, is a fundamental requirement that candidates for the position as Director must be able to guarantee, also in relation to the work required for participation at the meetings of the Board Committees, in case they are members. Consideration should also be given to the commitment required for participation at induction meetings.

In its Orientations on the composition of the corporate bodies, having also regard to the obligations of the different bodies over the past three years and the total number and duration of corporate events, with the aim of ensuring the good working practice of the bodies and the contribution of every member of each body, the Board of Directors has estimated the amount of time considered adequate (to be understood as steps taken to assess the minimum time considered necessary for effective participation at meetings) to be as follows:

<b>Chair of the Board</b>	<b>60 days/year</b>
<b>Chief Executive Officer</b>	<b>Full time</b>
<b>Non-executive/Independent Director</b>	<b>30 days/year</b>

Additional days for specific positions:

<b>Audit and Internal Control Committee (Chair/Member)</b>	<b>50/40 days/year</b>
<b>Appointments Committee (Chair/Member)</b>	<b>26/13 days/year</b>



<b>Related Party Transactions Committee (Chair/Member)</b>	<b>18/9 days/year</b>
<b>Remuneration Committee (Chair/Member)</b>	<b>28/14 days/year</b>
<b>Risks Committee (Chair/Member)</b>	<b>50/40 days/year</b>
<b>Sustainability Committee (Chair/Member)</b>	<b>24/18 days/year</b>

The ***limits on the number of positions*** set forth in articles 17 and 18 of DM 169/2020, to which reference should be made, are also applicable.

Lastly, article 36 of Decree Law no. 201/2011 (the “***interlocking prohibition***”), converted as amended into Law no. 214/2011, on provisions concerning “interlocking personal participation in the credit and financial markets” and the prescribed requirement that “*holders of positions in management, supervisory and control bodies and senior officers of companies or groups of companies operating in the credit, insurance or financial market shall not assume or exercise similar positions in competing companies or groups of companies*”, is also applicable.

#### **COMPENSATION PAYABLE TO MEMBERS OF THE BOARD OF DIRECTORS**

Pursuant to applicable legal and regulatory requirements, the Shareholders’ Meeting shall also determine the compensation payable to the members of the Board of Directors and the Audit and Internal Control Committee.

\* \* \* \* \*

**POINT 5.1 DETERMINATION OF THE TOTAL NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS FOR THE THREE-YEAR PERIOD 2022-2024. RESOLUTIONS PERTAINING THERETO AND RESULTING THEREFROM.**

As stated above, article 16, paragraph 1 of the Company's bylaws establishes that the Board of Directors shall consist of an odd number of members in a range between 9 (nine) and 15 (fifteen), three of whom make up the Audit and Internal Control Committee.

Furthermore, article 16, paragraph 5 of the Bylaws provides that the Board of Directors shall remain in office for the period established on appointment, and in any case not longer than 3 (three) years, and that the term of office shall expire on the date of the Shareholders' Meeting called to approve the financial statements relating to its last year of office.

It is recalled that, as resolved by the Shareholders' Meeting of 22 April 2021, the Board of Directors currently in office consists of 9 (nine) members while, as resolved by the Shareholders' Meeting of 18 January 2019, the Board of Statutory Auditors is composed of 3 (three) members.

It is further recalled that in the Orientations on the composition of the corporate bodies, the **Board of Directors expressed its belief that a total number of 13 (thirteen) Directors is appropriate**, this due to the complexity of illimity's organisational structure, also for the purpose of an adequate oversight of operations, the results of the board evaluation process (for financial 2021), the need for a committee structure within the management body and the creation of an Audit and Internal Control Committee following the passage to a "one-tier" corporate governance system.

The Board believes that such orientation ensures an appropriate balancing of the skills and experience called for by the complexity of the Bank's business, considering in addition that such size enables each of the Directors to have sufficient involvement in, and obtain a high level of detail on, any subject matter, also in the Committees, thereby increasing the effectiveness of the Bank's governance.

This recommendation also appears consistent with the need for a numerical composition of the Committees that is suitable for taking into account the extent and importance of their operations and ensuring an efficient balancing of skills in such Committees, in line with the requirements of the Supervisory Provisions and the Corporate Governance Code.

Shareholders are accordingly invited to adopt the most appropriate resolutions in this respect.

\* \* \*

The Board of Directors therefore submits the following proposed resolution to the Shareholders' Meeting.

**PROPOSAL**

*"The Ordinary General Meeting of the Shareholders of illimity Bank S.p.A.,*

- *given the need to adopt a resolution on the appointment of the Board of Directors (within which the members of the Audit and Internal Control Committee are identified);*
- *given the provisions of article 16 of the Company's Bylaws;*
- *having examined the Orientation of the Board of Directors of illimity Bank S.p.A. on the*

*optimum qualitative and quantitative composition of the corporate bodies”;*

- *having examined the Report of the Board of Directors,*

***resolves***

- *to set at 13 (thirteen) the total number of members of the Board of Directors;*
- *that the Board of Directors should have a term of three years, hence until the Shareholders’ Meeting called to approve the financial statements for the year ending 31 December 2024”.*

Milan, 10 March 2022

*On behalf of the Board of Directors*

*The Chair*

**POINT 5.2 APPOINTMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS WHO ARE NOT ALSO MEMBERS OF THE AUDIT AND INTERNAL CONTROL COMMITTEE. RESOLUTIONS PERTAINING THERETO AND RESULTING THEREFROM.**

The appointment process follows applicable legislative and regulatory provisions. As stated, the new Board of Directors is appointed on the basis of the lists submitted by the shareholders in accordance with the procedures and means set forth in article 14 of the Company's Bylaws approved by the Extraordinary Shareholders' Meeting of 21 February 2022.

We remind you that the Board has approved and announced its Orientations on the composition of the corporate bodies to the market and to shareholders, identifying and justifying the theoretical and practical profile of the candidates considered suitable for these purposes, so that the selection of the candidates to be submitted may take into account the necessary professionalism.

This enables shareholders to select the candidates for submission in good time by taking into consideration the results of the prior identification process conducted by the Board on what it considers to be its optimum qualitative and quantitative composition for discharging its duties and responsibilities in an effective manner, then justifying any differences from the outcome of the analyses performed by the Board.

Lists containing a number of candidates equal to or greater than 5 (five) provide adequate information, in the documentation submitted for filing the list, that the list corresponds to the Orientations for the composition of the corporate bodies and indicate their candidate for the position as Chair of the Board of Directors, appointed by the Board itself as set forth in the Company's Bylaws.

Reference should therefore be made to the matters discussed above and the Orientations for the composition of the corporate bodies for details of the applicable laws and regulations.

\*\*\*

As regards the procedure for appointment by the Shareholders' Meeting using the list vote process, the Board of Directors (for members who are not also members of the Audit and Internal Control Committee) shall be elected in the following way:

- (i) all the members of the Board of Directors who are not members of the Audit and Internal Control Committee except 2 (two) shall be drawn from the first section of the list that obtains the majority of votes cast, in the sequential order in which they are listed (the "**Majority List for the Board of Directors**");
- (ii) the remaining 2 (two) Directors, who are not members of the Audit and Internal Control Committee, shall be drawn, being the first 2 (two) in the sequential order in which they are stated in the first section of the list, from the first section of the minority list which obtained the second highest number of votes and is not in any way linked, even indirectly, through connections qualified as relevant by applicable *pro tempore* laws and regulations, with persons who submitted or voted in favour of the list under point (i) (the "**Minority List for the Board of Directors**");
- (iii) if the Minority List for the Board of Directors fails to obtain a percentage of votes equal to at least half of the minimum portion of that required pursuant to the preceding, then for the

submission of this list (meaning the one that has not obtained 0.50% of the votes), all the Directors to be elected will be taken from the Majority List for the Board of Directors;

- (iv) if the Minority List for the Board of Directors contains only one candidate, the missing candidate to be elected shall be taken from the list that arrived third in terms of the number of votes received or, in the absence of other lists for which votes were cast, shall be taken from the Majority List for the Board of Directors in the person of the first candidate excluded;
- (v) if several lists obtain the same number of votes, the Majority List for the Board of Directors is, for all purposes, the list submitted by shareholders holding the largest interest or, in second instance, the list voted by the highest number of shareholders (one vote per person). This applies also to the case whereby two or more minority lists obtain the same number of votes.

If only one list is submitted, or if the minority lists submitted do not obtain a percentage of votes equal to at least half the minimum required for the submission of lists (meaning that they have failed to obtain 0.5% of the votes), the Shareholders' Meeting shall express its opinion on such list by legal majority, without following the above procedure.

Shareholders, you are accordingly invited to proceed with the appointment of the members of the Board of Directors in accordance with the above-mentioned provisions of law and the Bylaws.

\* \* \*

The Board of Directors therefore submits the following proposed resolution to the Shareholders' Meeting.

#### **PROPOSAL**

*"The Ordinary General Meeting of the Shareholders of illimity Bank S.p.A.,*

- *given the need to adopt a resolution on the appointment of the Board of Directors;*
- *given the provisions of the Company's Bylaws;*
- *having examined the Orientation of the Board of Directors of illimity Bank S.p.A. on the optimum qualitative and quantitative composition of the corporate bodies;*
- *having examined the Report of the Board of Directors,*

#### **resolves**

- *to appoint as Directors of illimity Bank S.p.A. the candidates elected by the Shareholders' Meeting under the voting process set forth in article 14 of the Bylaws, confirming that the candidate who will take the position as Chief Executive Officer will be the legal representative in accordance with article 25 of the Bylaws";*
- *to authorise, within the limits of law, the members of the Board of Directors to perform any competing activities, pursuant to article 2390 of the Italian Civil Code".*

Milan, 10 March 2022

*On behalf of the Board of Directors*

*The Chair*

**POINT 5.3 APPOINTMENT OF THE MEMBERS OF THE AUDIT AND INTERNAL CONTROL COMMITTEE. RESOLUTIONS PERTAINING THERETO AND RESULTING THEREFROM.**

The appointment process follows applicable legislative and regulatory provisions. As stated, the new Audit and Internal Control Committee is appointed on the basis of the lists submitted by the shareholders in accordance with the procedures and means set forth in article 14 of the Company's Bylaws approved by the Extraordinary Shareholders' Meeting of 21 February 2022.

We remind you that the Board has approved and announced its Orientations on the composition of the corporate bodies to the market and to shareholders, identifying and justifying the theoretical and practical profile of the candidates considered suitable for these purposes, so that the selection of the candidates to be submitted may take into account the necessary professionalism.

This enables shareholders to select the candidates for submission in good time by taking into consideration the results of the prior identification process conducted by the Board on what it considers to be its optimum qualitative and quantitative composition for discharging its duties and responsibilities in an effective manner, then justifying any differences from the outcome of the analyses performed by the Board.

Reference should therefore be made to the matters discussed above and the Orientations for the composition of the corporate bodies for details of the applicable laws and regulations.

\* \* \*

As regards the procedure for appointment by the Shareholders' Meeting using the list vote process, the Audit and Internal Control Committee (with members therefore drawn from the second section of the list) will be elected in the following way:

- (i) 2 (two) Directors who are members of the Audit and Internal Control Committee shall be drawn from the second section of the list that obtains the majority of votes cast (the "**Majority List for the Board of Directors**");
- (ii) the remaining Director who is a member of the Audit and Internal Control Committee is elected from the second section of the list which obtained the second highest number of votes (the "**Minority List for the Board of Directors**") and shall assume the position as Chair of the Audit and Internal Control Committee;
- (iii) if the Minority List for the Board of Directors fails to obtain a percentage of votes equal to at least half of the minimum portion of that required pursuant to the preceding, then for the submission of this list (meaning the one that has not obtained 0.50% of the votes), all the members of the Audit and Internal Control Committee to be elected will be drawn from the Majority List for the Board of Directors;
- (iv) if several lists obtain the same number of votes, the Majority List for the Board of Directors is, for all purposes, the list submitted by shareholders holding the largest interest or, in second instance, the list voted by the highest number of shareholders (one vote per person). This applies also to the case whereby two or more minority lists obtain the same number of votes.

If only one list is submitted, or if the minority lists submitted do not obtain a percentage of votes equal to at least half the minimum required for the submission of lists (meaning that they have failed to obtain 0.5% of the votes), the Shareholders' Meeting shall express its opinion on such list by legal majority, without following the above procedure.

Shareholders, you are accordingly invited to proceed with the appointment of the members of the Audit and Internal Control Committee in accordance with the above-mentioned provisions of law and the Bylaws.

\* \* \*

II The Board of Directors therefore submits the following proposed resolution to the Shareholders' Meeting.

**PROPOSAL**

*"The Ordinary General Meeting of the Shareholders of illimity Bank S.p.A.,*

- *given the need to adopt a resolution on the appointment of the Audit and Internal Control Committee;*
- *given the provisions of the Company's Bylaws;*
- *having examined the Orientation of the Board of Directors of illimity Bank S.p.A. on the optimum qualitative and quantitative composition of the corporate bodies;*
- *having examined the Report of the Board of Directors,*

**resolves**

- *appoint as members of the Audit and Internal Control Committee of illimity Bank S.p.A. the candidates elected by the Shareholders' Meeting under the voting process set forth in article 14 of the Bylaws".*

Milan, 10 March 2022

*On behalf of the Board of Directors*

*The Chair*



**POINT 5.4 DETERMINATION OF THE COMPENSATION OF THE MEMBERS OF THE BOARD OF DIRECTORS WHO ARE NOT ALSO MEMBERS OF THE AUDIT AND INTERNAL CONTROL COMMITTEE. RESOLUTIONS PERTAINING THERETO AND RESULTING THEREFROM.**

The appointment of the new Board of Directors leads to the need to determine the compensation payable to its members (who are not also members of the Audit and Internal Control Committee) for their years of office. Pursuant to article 2389 of the Italian Civil Code and article 24 of the current Bylaws, the Shareholders' Meeting must establish the compensation payable to the members of the Board of Directors.

In this respect you will remember that on 22 April 2021 the Ordinary Shareholders' Meeting resolved to grant the Board of Directors the following compensation for 2021, 2022 and 2023 *pro rata temporis* in addition to reimbursing Directors for the expenses incurred in the performance of duties connected to the office:

- Chair of the Board of Directors: EUR 180,000/annum gross;
- Chief Executive Officer: EUR 680,000/annum gross;
- Director: EUR 40,000/annum gross;
- Chair of the Risks Committee: EUR 25,000/annum gross;
- Chair of other Board Committees: EUR 15,000/annum gross;
- Member of the Risks Committee: EUR 15,000/annum gross;
- Member of other Board Committees: EUR 10,000/annum gross.

Given the number and composition of the Board Committees, plus the fact that such compensation is effective from 22 April 2021, total compensation amounted to EUR 1,232,000 in 2021, plus the expenses incurred by members in carrying out their duties.

In addition, outgoing Directors received the benefit of insurance cover against the risks arising from civil responsibility to third parties deriving from the legal and contractual obligations inherent in the position as Director and the related judicial protection (D&O liability insurance), with the associated cost borne by the Company.

In this respect, we inform you that in the Orientations for the composition of the corporate bodies, the outgoing management body also proposes to today's Shareholders' Meeting that the total annual compensation payable to the members of the new Board (not considering the members of the Audit and Internal Control Committee) and the relative Committees should be at least EUR 1,470,000 (one million four hundred and seventy thousand).

Furthermore, in consideration of the following:

- the commitment required for the positions as Chair, Chief Executive Officer, Director, Chair of the Board Committees and member of the various Board Committees;
- the different commitment required in relation to the work performed in the various Committees in terms of time (number and average duration of meetings) and the sphere of activity for which each is responsible;
- the benchmarks – provided by Willis Towers Watson, a leading independent consultant – for

the remuneration of members of the management bodies and board committees of the market peer group, from which it emerges, among other things, that the positioning of the compensation proposed for the members of the Board, consistent with the Report on the 2022 Remuneration Policy which will be published in relation to item 3 on the agenda of today's Ordinary Annual General Meeting, is in line with the market median,

the Board additionally recommends shareholders to provide for the above compensation to be subdivided in the following way (substantially unchanged compared to the resolution adopted by the Shareholders' Meeting held on 22 April 2021):

- Chair of the Board of Directors: EUR 180,000/annum gross;
- Chief Executive Officer: EUR 680,000/annum gross;
- Director: EUR 50,000/annum gross;
- Chair of the Risks Committee: EUR 25,000/annum gross;
- Chair of other Board Committees: EUR 15,000/annum gross;
- Member of the Risks Committee: EUR 15,000/annum gross;
- Member of other Board Committees: EUR 10,000/annum gross.

Shareholders, you are accordingly invited to determine the compensation payable, for each year of office, to the Directors for the activities they perform as members of the Board of Directors and the Board Committees.

\* \* \*

The Board of Directors therefore submits the following proposed resolution to the Shareholders' Meeting.

#### **PROPOSAL**

*"The Ordinary General Meeting of the Shareholders of illimity Bank S.p.A.,*

- *given the need to adopt a resolution on the compensation payable to the members of the Board of Directors (who are not also members of the Audit and Internal Control Committee) and the Board Committees;*
- *given the provisions of article 24 of the Company's Bylaws;*
- *having examined the Orientation of the Board of Directors of illimity Bank S.p.A. on the optimum qualitative and quantitative composition of the corporate bodies;*
- *having examined the Report of the Board of Directors,*

#### **resolves**

- *to grant the members of the Board of Directors, pro rata temporis, for the duration of their term of office, the following compensation, plus the expenses incurred in carrying out their duties:*

- *Chair of the Board of Directors: EUR 180,000/annum gross;*
  - *Chief Executive Officer: EUR 680,000/annum gross;*
  - *Director: EUR 50,000/annum gross;*
  - *Chair of the Risks Committee: EUR 25,000/annum gross;*
  - *Chair of another Board Committee: EUR 15,000/annum gross;*
  - *Member of the Risks Committee: EUR 15,000/annum gross;*
  - *Member of another Board Committee: EUR 10,000/annum gross;*
- *to authorise insurance cover against the risks arising from civil responsibility to third parties deriving from the legal and contractual obligations inherent in the position as Director and the related judicial protection, with the cost to be borne by the Company, granting the Board of Directors, and the Chair on its behalf, powers to the fullest extent to implement this resolution, including the power to add any changes to the current insurance policy that may be appropriate in relation to terms and conditions, provided these are line with those of the market;*
- *to grant to the Board of Directors, and on its behalf to the Chair of the Board of Directors and the Chief Executive Officer, severally, the broadest possible powers, with no exclusion, to implement the resolutions at the preceding points, taking all the necessary and/or suitable steps for this to be done”.*

Milan, 10 March 2022

*On behalf of the Board of Directors*

*The Chair*

**POINT 5.5 DETERMINATION OF THE COMPENSATION OF THE MEMBERS OF THE AUDIT AND INTERNAL CONTROL COMMITTEE. RESOLUTIONS PERTAINING THERETO AND RESULTING THEREFROM.**

The appointment of the new Audit and Internal Control Committee leads to the need to determine the compensation payable to its members for their years of office. Pursuant to article 24 of the Bylaws, the Shareholders' Meeting must establish the compensation payable to the members of the Audit and Internal Control Committee.

In this respect you will remember that on 18 January 2019 the Ordinary Shareholders' Meeting resolved to grant the Board of Statutory Auditors the following compensation for 2019, 2020 and 2021 *pro rata temporis* in addition to reimbursing board members for the expenses incurred in the performance of duties connected to the office:

- Chair of the Board of Statutory Auditors: EUR 70,000/annum gross;
- Standing auditor: EUR 50,000/annum gross.

In addition, outgoing statutory auditors received the benefit of insurance cover against the risks arising from civil responsibility to third parties deriving from the legal and contractual obligations inherent in their position and the related judicial protection (D&O liability insurance), with the associated cost borne by the Company.

In this respect, we inform you that in the Orientations for the composition of the corporate bodies, the outgoing management body also proposes to today's Shareholders' Meeting that the total annual compensation payable to the members of the Audit and Internal Control Committee should be at least EUR 205,000 (two hundred and five thousand).

Furthermore, in consideration of the following:

- the commitment required for the positions as Chair and member of the Audit and Internal Control Committee;
- the benchmarks – provided by Willis Towers Watson, a leading independent consultant – for the remuneration of members of the control bodies of the market peer group, from which it emerges, among other things, that the positioning of the compensation proposed for the members of the Audit and Internal Control Committee, consistent with the Report on the 2022 Remuneration Policy which will be published in relation to item 3 on the agenda of today's Ordinary Annual General Meeting, is in line with the market median,

the Board additionally recommends shareholders to provide for the above compensation to be subdivided in the following way:

- Chair of the Audit and Internal Control Committee: EUR 85,000/annum gross;
- Member of the Audit and Internal Control Committee: EUR 60,000/annum gross.

Shareholders, you are accordingly invited to determine the compensation payable, for each year of office, to the members of the Audit and Internal Control Committee.

\* \* \*

The Board of Directors therefore submits the following proposed resolution to the Shareholders' Meeting.

**PROPOSAL**

*"The Ordinary General Meeting of the Shareholders of illimity Bank S.p.A.,*

- *given the need to adopt a resolution on the compensation payable to the members of the Audit and Internal Control Committee;*
- *given the provisions of article 24 of the Company's Bylaws;*
- *having examined the Orientation of the Board of Directors of illimity Bank S.p.A. on the optimum qualitative and quantitative composition of the corporate bodies*
- *having examined the Report of the Board of Directors,*

**resolves**

- *to grant the members of the Audit and Internal Control Committee, pro rata temporis, for the duration of their term of office, the following compensation, plus the expenses incurred in carrying out their duties:*
  - *Chair of the Audit and Internal Control Committee: EUR 85,000/annum gross;*
  - *Member of the Audit and Internal Control Committee: EUR 60,000/annum gross;;*
- *to authorise insurance cover against the risks arising from civil responsibility to third parties deriving from the legal and contractual obligations inherent in the position as a Director who is also a member of the Audit and Internal Control Committee and the related judicial protection, with the cost to be borne by the Company, granting the Board of Directors, and the Chair on its behalf, powers to the fullest extent to implement this resolution, including the power to add any changes to the current insurance policy that may be appropriate in relation to terms and conditions, provided these are line with those of the market;*
- *to grant to the Board of Directors, and on its behalf to the Chair of the Board of Directors and the Chief Executive Officer, severally, the broadest possible powers, with no exclusion, to implement the resolutions at the preceding points, taking all the necessary and/or suitable steps for this to be done".*

Milan, 10 March 2022

*On behalf of the Board of Directors*

*The Chair*