



**illimity**

BANCA OLTRE LA FORMA



**illimity**

**AGM Key Topics**

Annual General Meeting, 28 April 2022

# illimity - Contents

- 1 Shareholders' Meeting Agenda
- 2 Remuneration
- 3 Board Election



# *1. Shareholders' Meeting Agenda*



# illimity - Shareholders' Meeting Agenda



illimity Bank S.p.A.'s Separate **Financial Statements** as of 31 December 2021



**Allocation of profits** of the year closed on 31 December 2021



Report on **Remuneration Policy**



Report on **compensation paid**



**Appointment of the corporate bodies**



Determination of the total number of members of the Board of Directors for the period 2022-2024



Appointment of directors not members of the Audit and Internal Control Committee



Appointment of the members of the Audit and Internal Control Committee



Determination of the compensation of directors not members of the Audit and Internal Control Committee



Determination of the compensation of the members of the Audit and Internal Control Committee



Amendments to the **Regulations governing general meetings**

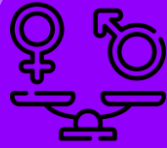
## *2. Remuneration*



# illimity - Remuneration Policy

## New Key Elements of 2022 Remuneration Policy

### Gender Neutrality



Reinforcement of the principle of “equal pay for equal work” to all illimiters already embedded in the Diversity, Equity and Inclusion Policy

### Performance Management & MBO 2022



Starting from 2022 more emphasis is given to ESG issues and innovation, with the introduction of two new KPIs in the annual performance management system

### Second Cycle LTI Plan (2022-2024)



Disclosure of 2024 Strategic Plan Targets (ROAE 2024 target 19%) as part of the second rolling cycle of the LTI Plan

### CEO 2022 Goal Card

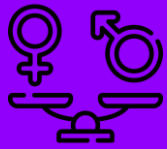


Disclosure of the 2022 Goal Card for the Group CEO

# illimity - Gender Neutrality

illimity is committed to offer remuneration packages in line with the market median ensuring substantial equal treatment, regardless of discriminating elements, such as gender and age

## Gender Neutrality of the Policy



- Commitment to a substantial **elimination of the Equity Pay Gap**.
- Systematic **analysis** of internal and external remuneration **benchmarks** at the time of **definition and review** of the economic **package** of all illimiters.
- Annual **involvement** of the Board of Directors, supported by the Remuneration Committee, in the analysis of the Gender Neutrality of the Remuneration Policy and the verification of the Gender Pay Gap for all the workforce and its evolution over time.

# illimity - Performance Management & MBO 2022

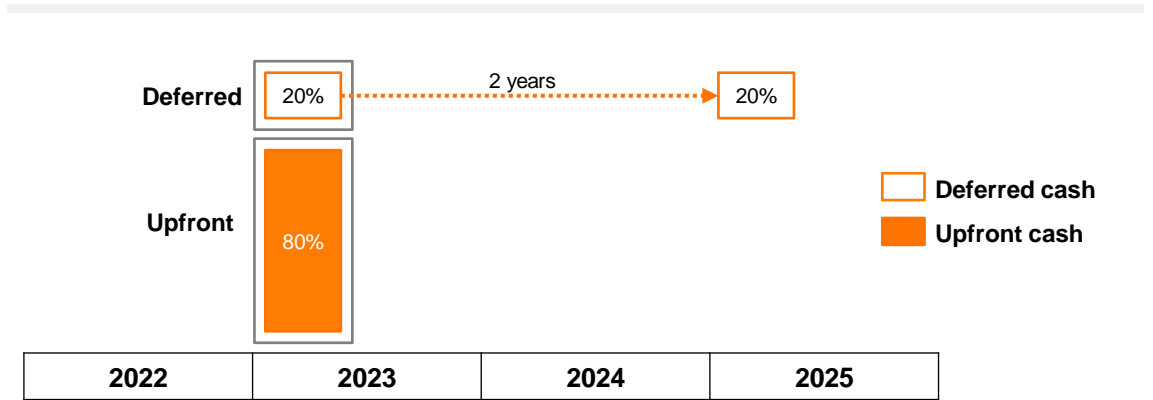


## Performance Management

Introduction of **new KPIs** in the individual performance goal cards and update of **illimity competency and leadership model**. More in details:

- 1 ESG KPI:** attributed to all managers of the group (previously only limited to CEO and Top Management).
- 2 Digital Mindset KPI:** assigned to all illimiters, with the aim of stimulating and spreading the digital culture.
- 3 Competency and leadership model:** integrated by providing for the adoption of ESG and "digital-oriented" behaviors at all levels of the organization.

*More details are provided in the next slide with the CEO goal card*



**Group Material Risk Takers bonus payout scheme** in case of variable remuneration > 50K Euro or > 1/3 total remuneration

MBO 2022





# illimity - CEO 2022 Goal Card

ESG weight increased (from 12.5% to 15%) vs. 2021 and Digital Mindset introduced as new KPI for 2022

#	Area	Cluster	KPI	Weight	Evaluation
1	Financials	Profitability	Return on Average Equity	20%	Min: 90% budget <b>Target: 100% budget</b> Max: 110% budget
2			Cost/Income Ratio	10%	Min: 110% budget <b>Target: 100% budget</b> Max: 90% budget
3		Risk	Gross Organic NPE Ratio	10%	Min: 110% budget <b>Target: 100% budget</b> Max: 90% budget
4	Strategy	Strategic Actions	<ul style="list-style-type: none"> <li>B-ilty launch;</li> <li>neprix evolution (e.g., proptech project);</li> <li>Launch of strategic projects with ION eco-system (e.g., Cedacri, Cerved, digital capital markets);</li> <li>Extension of the SGR's operations to new areas and fundraising;</li> <li>Development of activities generating commissions (e.g., Investment Banking);</li> <li>Strengthening of HYPE strategic design and support to Plan goals achievement</li> </ul>	10%	Min: 80% <b>Target: 100%</b> Max: 120%
5		Continuous innovation strategic actions (Digital Mindset)	<ul style="list-style-type: none"> <li>Definition and implementation, in partnership with CIO, of Group wide initiatives aimed at rethinking/redesigning activities and processes through digital innovation (e.g., development of ION partnership, B-ilty digital evolution, HYPE joint-venture)</li> </ul>	10%	Min: 80% <b>Target: 100%</b> Max: 120%
6		ESG	Contribution to illimity consolidation on ESG, as foreseen by the Industrial Plan, on: <ul style="list-style-type: none"> <li>Annual employee engagement with a Satisfaction Index and Trust Index &gt; 70%;</li> <li>YoY increase of women in managerial roles and gender balance in the company "talent pool";</li> <li>YoY improvement on Standard Ethics e CDP ratings;</li> <li>Yearly progression on Strategic Plan "Environment" targets</li> </ul>	15%	Min: 80% <b>Target: 100%</b> Max: 120%
7	Behaviors	Behaviors	Assessment of acted behaviors based on illimity leadership model	25%	<b>Scala: 0-120%</b>

# illimity - 2021 CEO and Executive Team Comp

2021 CEO pay ratio to the rest of the organization is 13.6x (benchmark of peers shows a CEO pay ratio of 48.2x<sup>1</sup>)

	Base Salary	Welfare & Benefits	2021 MBO	2021 Total Comp	2021-25 LTIP shares <sup>3</sup>
 CEO	634 <sup>2</sup>	25	220	879	93,162
 Executive Team <sup>4</sup> (11 members)	3,918	287	1,167	5,372	488,196

*In thousands of euros*

<sup>1</sup> Latest average benchmark value available calculated among 8 FTSE Bank banks in 2020.

<sup>2</sup> Considering his fixed compensation 530K Euro till April 21, 2021 and 680K Euro from April 22, 2021 till year end

<sup>3</sup> Number of shares across the whole 2021-2025 Plan horizon; only 8 members of the Executive Team is eligible to the LTIP since 3 members are Head of Control Functions


<sup>4</sup> Individuals who have the power and responsibility, directly or indirectly, for the planning, management and control of the entity's activities

# illimity - Second Cycle LTI Plan 2022-2024

The table shows the LTI Second Cycle and a comparison vis-à-vis the previous one

Second Cycle LTI Plan (2022-2024)						First Cycle LTI Plan (2021-2023)	
Strategic Pillar	KPI	Target (end 2024)	Level of achievement	% Incentive	Weight	Target (end 2023)	Level of achievement
Profitability	ROAE	19%	> 19%	100%	50%	15%	> 15%
			≥ 15% and ≤ 19%	60%-100%			≥ 12% and ≤ 15%
			< 15%	0			< 12%
Creation of shareholder value	Relative TSR illimity vs. Financial Services Italy	Third Quartile	>Third Quartile	100%	20%	Third Quartile	>Third Quartile
			≥ Median and ≤ Third Quartile	60%-100%			≥ Median and ≤ Third Quartile
			< Median	0			< Median
Asset quality	Gross Organic NPE ratio	RAF appetite	< RAF appetite	100%	10%	RAF appetite	< RAF appetite
			≥ RAF appetite and ≤ tolerance	60%-100%			≥ RAF appetite and ≤ tolerance
			> RAF tolerance	0%			> RAF tolerance
ESG	Diversity, Equity & Inclusion	4 points	≥ 4 points	100%	10%	4 points	≥ 4 points
			≥ 3 points and <4 points	60%-100%			≥ 3 points and <4 points
	Top ESG Rating (Climate & Ethics)	4 points <sup>1</sup>	< 3 points	0%	10%	4 points <sup>1</sup>	< 3 points
			≥ 4 points	100%			≥ 4 points
			≥ 3 points and <4 points	60%-100%			≥ 3 points and <4 points
			< 3 points	0%			< 3 points

<sup>1</sup> As part of the Top ESG Rating target, the commitment to reach Investment Grade on Standard Ethics (EE-) and CDP (B-) at the end of 2024 is confirmed in continuity with the target at the end of 2023

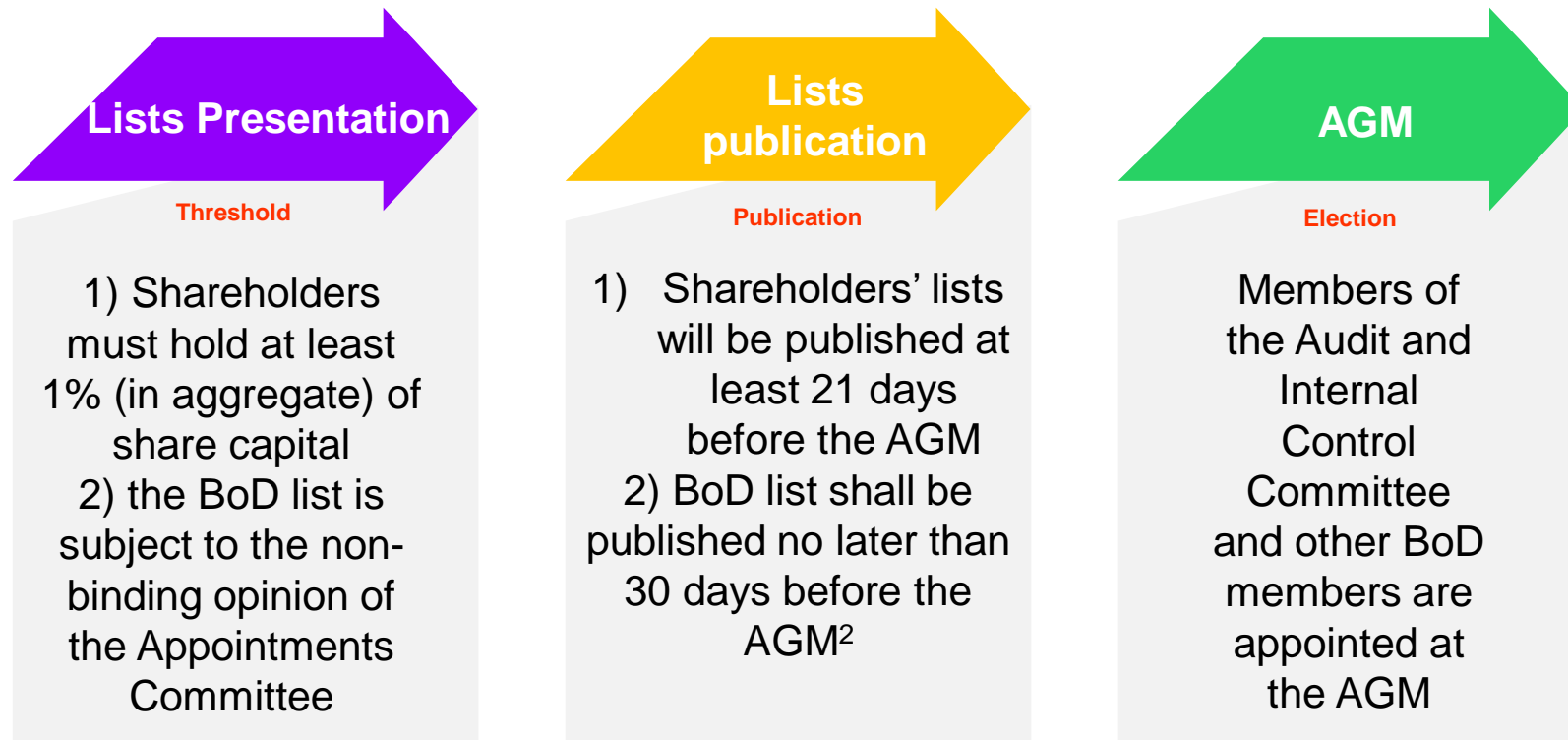
 Updates from the previous cycle

# 3. *Board Election*



# illimity - List presentation process

The transition to the one-tier model of governance has not modified the procedure<sup>1</sup> for the presentation of a list of candidates

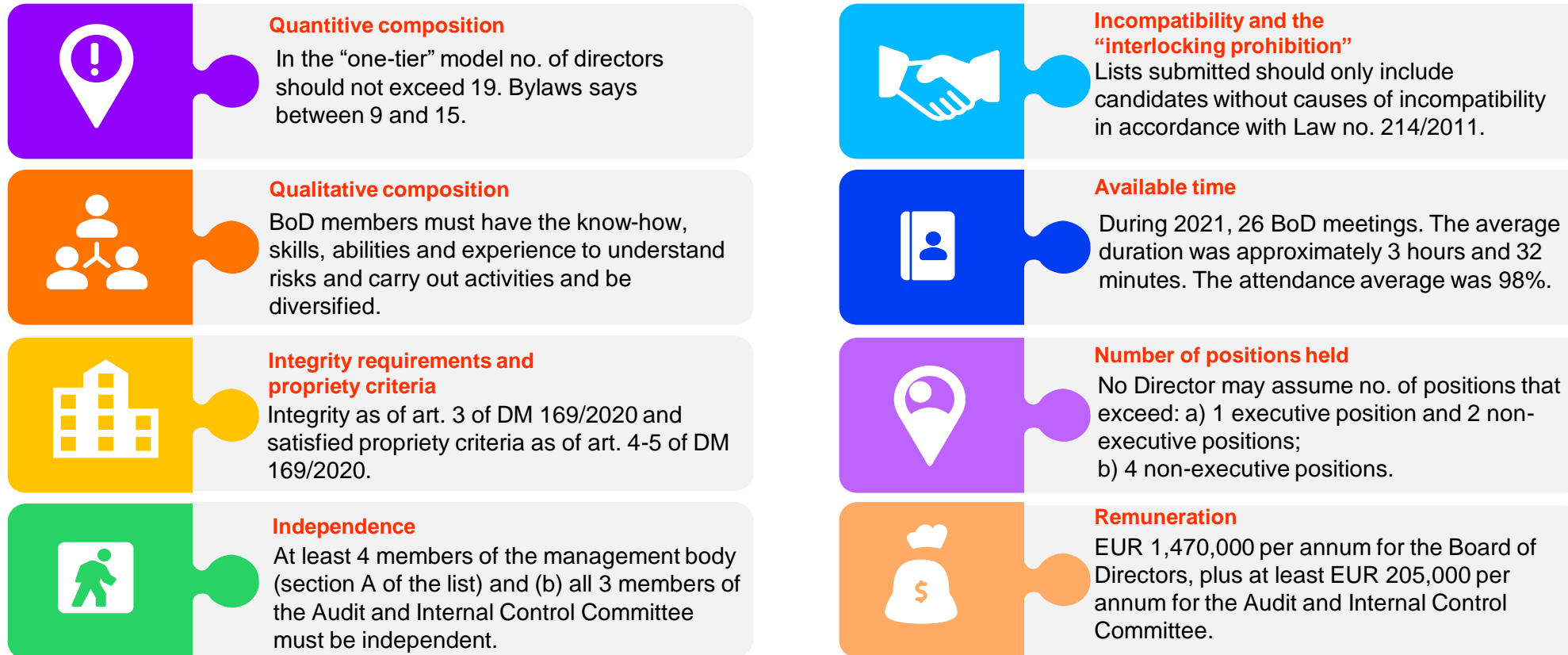


<sup>1</sup> [Procedure for the presentation by the Board of Directors of a list of candidates for the renewal of the corporate bodies](#)

<sup>2</sup> All the documentation regarding the Board's list for 28 April AGM was published on 18 March 2022

# illimity - Quali-Quantitative Composition

With the one-tier model, the composition of the corporate bodies assumes even more importance. The self-evaluation process in place identifies the optimum qualitative and quantitative composition of the Board<sup>1</sup>



<sup>1</sup> Report of the Board of Directors on the Quali-Quantitative Composition of the illimity Bank S.p.A. Corporate Bodies, February 2022

## First section of the Board of Directors list

Skills	Rosalba Casiraghi	Corrado Passera	Elena Cialli�	Marcello Valenti	Paola Galbiati	Massimo Brambilla	Francesca Lanza	Filippo Annunziata	Paola Schwizer	Valter Lazzari	Lidia Caldarola
Banking business and activity and banking and financial products	X	X	X	X	X	X	X	X	X	X	X
Dynamics of the economic and financial system	X	X	X	X	X	X	X	X	X	X	X
Competitive context and banking and financial markets	X	X	X	X		X	X	X	X	X	X
Planning and strategic vision	X	X	X		X	X	X	X	X		
Legal and corporate affairs and banking and financial regulations	X	X	X	X <sup>(2)</sup>			X <sup>(3)</sup>	X	X	X	X
Knowledge of internal control systems and risk management and control methodologies	X	X	X		X	X	X	X	X	X	
Banking governance and management systems	X	X	X	X	X		X <sup>(3)</sup>	X	X	X	X
Business management and organisation and information technology (IT) processes	X	X			X <sup>(1)</sup>		X <sup>(1)</sup>	X		X <sup>(1)</sup>	
Accounting and financial disclosures	X	X	X	X	X	X	X	X <sup>(4)</sup>	X	X	X
Managerial/entrepreneurial skills possibly in an industrial environment	X	X	X	X	X	X	X	X			X
Skills in the sphere of turnaround financing not only in terms of the financial technicalities but also of an awareness of the implications for business operations		X	X	X	X	X					
Technological innovation skills in general		X				X		X			

<sup>1</sup> Excluding IT skills

<sup>2</sup> Specific tax competences

<sup>3</sup> Referring to the period 2000-2013 (as CV experience in JPMorgan and Goldman Sachs)

<sup>4</sup> Registered as Statutory Auditors since 1995


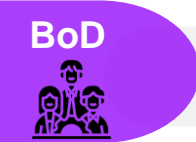




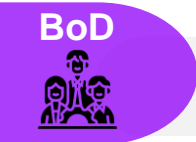


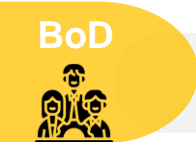



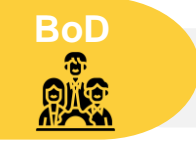

## Second section of the Board of Directors list

Skills	<i>Stefano Caringi</i>	<i>Nadia Fontana</i>	<i>Laura Grassi</i>	<i>Paolo Prandi</i>
Banking business and activity and banking and financial products	X	X	X	X
Dynamics of the economic and financial system	X	X	X	X
Competitive context and banking and financial markets	X		X	X
Planning and strategic vision	X	X	X	X
Legal and corporate affairs and banking and financial regulations	X	X	X	X
Knowledge of internal control systems and risk management and control methodologies	X	X		X
Banking governance and management systems	X	X	X	X
Business management and organisation and information technology (IT) processes	X	X	X	X
Accounting and financial disclosures	X	X		X
Managerial/entrepreneurial skills possibly in an industrial environment	X	X		X
Skills in the sphere of turnaround financing not only in terms of the financial technicalities but also of an awareness of the implications for business operations				X
Technological innovation skills in general			X	
Registration in the register of auditors	X	X		X



# illimity - Board of Directors list

According to the list presented by the Board, the candidates are gender-balanced (47% is composed with the less represented gender) and 87% independent

 <b>BoD</b>	<b>1. Rosalba Casiraghi</b> Independent Director	 <b>BoD</b>	<b>6. Massimo Brambilla</b> Director	 <b>BoD</b>	<b>11. Lidia Caldarola</b> Independent Director
 <b>BoD</b>	<b>2. Corrado Passera</b> CEO	 <b>BoD</b>	<b>7. Francesca Lanza</b> Independent Director	 <b>Audit and Internal Control Committee</b>	<b>1. Stefano Caringi</b> Independent Director
 <b>BoD</b>	<b>3. Elena Cialliè</b> Independent Director	 <b>BoD</b>	<b>8. Filippo Annunziata</b> Independent Director	 <b>Audit and Internal Control Committee</b>	<b>2. Nadia Fontana</b> Independent Director
 <b>BoD</b>	<b>4. Marcello Valenti</b> Independent Director	 <b>BoD</b>	<b>9. Paola Schwizer</b> Independent Director	 <b>Audit and Internal Control Committee</b>	<b>3. Laura Grassi</b> Independent Director
 <b>BoD</b>	<b>5. Paola Elisabetta M. Galbiati</b> Independent Director	 <b>BoD</b>	<b>10. Valter Lazzari</b> Independent Director	 <b>Audit and Internal Control Committee</b>	<b>4. Paolo Prandi</b> Independent Director

# illimity - Focus on independence requirements

A Director will be considered “independent” in the following cases<sup>1</sup>



Not be a **significant shareholder** of the Company: do not control the Company or be able to exercise a considerable influence over it.



Not have been in the previous three years an **executive director or employee**: of the Company, of one of its or of a company under common control; of a significant shareholder of the Company.



Not have directly or indirectly, or in the three previous years have had, a **significant commercial, financial or professional relationship**:

- with the Company or its subsidiaries, or with the respective executive directors or senior management;
- with a person who, also together with others through a shareholders' agreement, controls the Company; or, if the holding company is a company or entity, with the respective executive directors or senior management.



Not have been a **director of the Company** for more than **nine fiscal years**, consecutive or non-consecutive, during the previous twelve fiscal years.



Not be **director or shareholder of a company or entity belonging to the network of the company** engaged to perform the legal audit of the Company.



Not hold the **position of executive director in another company** in which an executive director of the Company holds the position of director.



Not receive, or in previous three years not have received from the Company significant **remuneration in addition to the fixed remuneration** due for the position and that envisaged for participation in the committees.



Not be a **close relative** of a person in one of the situations in the above points.

<sup>1</sup> [illimity Bank S.p.A. – By-laws – courtesy translation, 21 February 2022 \(transitional\)](#): Article n.16 “Board of Directors” of illimity bylaws has been modified following the adaptation of the One-Tier governance model on 21 February 2022. Criteria for the independence of directors have been integrated.