

**Banca Ifis S.p.A.**

**SHAREHOLDERS' MEETING**

**THE BOARD OF DIRECTORS' EXPLANATORY REPORT TO THE SHAREHOLDERS'  
MEETING ON POINT 1) OF THE AGENDA OF THE ORDINARY SESSION OF THE  
SHAREHOLDERS' MEETING  
CALLED FOR 28 JULY 2021 IN A SINGLE CALL**

*(drafted pursuant to art. 125-ter of Legislative Decree no. 58 of 24 February 1998, as  
subsequently amended)*

**Point 1) on the Meeting Agenda – Ordinary session**

**Updates to the remuneration policies and therefore also to the Report on the remuneration policies and remuneration paid approved by the Shareholders' meeting of 22 April 2021. Related and ensuing resolutions.**

Dear Shareholders,

this report (the "Report") has been prepared pursuant to art. 125-ter of Legislative Decree no. 58 of February 24, 1998, as subsequently amended and integrated (the "**TUF**") and art. 84-ter of the Regulation adopted with CONSOB Resolution no. 11971 of May 14, 1999, as subsequently amended and supplemented (the "**Issuer Regulations**"), in order to outline to the Shareholders' Meeting of Banca Ifis S.p.A. ("**Banca Ifis**" or the "**Bank**") convened in extraordinary and ordinary session on July 28, 2021 in a single call (the "**Shareholders' Meeting**") the proposed resolution referred to in point 1 of the agenda of the ordinary session and concerning the approval of an *addendum* ("**Addendum**") referred to in Section I of Banca Ifis' "Report on the remuneration policy and remuneration paid" - drafted pursuant to art. 123-ter of the TUF and the Bank of Italy Circular no. 285 of 17 December 2013 – Supervisory Provisions for Banks – Title IV, Chapter 2, "*Remuneration and Incentive Policies and Practices*," last updated on 23 October 2018 - as most recently approved by the Annual General Shareholders' Meeting on 22 April 2021 (the "**2021 Remuneration Report**") and attached to the Addendum.

The Addendum is aimed at adjusting the remuneration policies of the Banca Ifis banking group to incentivize the *retention* of the Chief Executive Officer, Frederik Herman Geertman, and any other *top managers* of the Bank through the provision of a *long-term incentive* plan for the three-year period 2021-2023 entirely based on financial instruments, the adoption of which is proposed under item 2 of the ordinary session of the agenda (for information on this incentive plan, please refer to the related explanatory report of the Board of Directors).

In this way it is intended to improve the alignment of interests between the *top management* and all the *stakeholders* of the Ifis Group, encouraging achievement of the Bank's long term objectives (which will be reflected in the strategic plan currently under development), and also promoting *retention*.

In this regard, the Board of Directors, on the proposal of the Remuneration Committee, on 24 June 2021, resolved to submit the Addendum to the Shareholders' Meeting for approval, pursuant to the provisions of Bank of Italy Circular no. 285/2013 (as updated) and art. 123-ter 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 consultants) 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 all other aspects of the Bank's remuneration policy, the provisions of Section I of the 2021 Remuneration Report continue to apply in full.

In the light of the above, the Board of Directors is submitting for your approval the following

#### RESOLUTION PROPOSAL

*“The Shareholders’ Meeting of Banca Ifis S.p.A., having examined the explanatory report of the Board of Directors in item no. 1 of the Ordinary session of the Agenda and the addendum attached to it,*

#### ***resolves***

*to approve the proposed additions to Section I of the "Report on the remuneration policy and remuneration paid" of Banca Ifis S.p.A. - drawn up pursuant to art. 123-ter of Legislative Decree no. 58/1998 and the Bank of Italy Circular no. 285 of 17 December 2013 – Supervisory provisions for banks – Title IV, Chapter 2, “Remuneration and incentive policies and practices”, last updated on 23 October 2018 - as explained in the explanatory report of the Board of Directors on item no. 1 of the Ordinary session of the Agenda and set out in the addendum, approved by the Board of Directors on 24 June 2021, attached to the same explanatory report, also for the purpose of adjusting the remuneration policies of the Banca Ifis banking group for 2021.*

Venice - Mestre, 7 July 2021