



Information Document on  
Remuneration Plans based on  
Financial Instruments

2023



# Information Document concerning the incentive scheme and other variable remuneration based on financial instruments

## 2023

[GRI 102-1] [GRI 102-2] [GRI 102-5]

Banca IFIS S.p.A - Registered office in Via Terraglio 63  
30174 Venice - Mestre - Venice Companies Register  
Number and Tax Code 02505630109

VAT No. 04570150278 - Economic and Administrative  
Index (REA) number: VE - 0247118

Fully paid-up share capital: 53.811.095 Euro - Registered  
with the Official List of banks under no. 5508 Parent  
company of the Banca IFIS S.p.A. banking group - Member  
of the National Guarantee Fund, the National Deposit  
Protection Fund, the Italian Factoring Association and  
Factors Chain International.

## Definitions

Shareholders' Meeting	Meeting of the Shareholders of Banca Ifis S.p.A.
Shares	Ordinary shares of Banca Ifis, traded on the market regulated by the Italian Stock Exchange
Clawback	Contractual clause that requires beneficiaries to return part of or all of the variable remuneration if certain circumstances should occur
CONSOB	National Commission for Companies and the Stock Exchange
Recipients Beneficiaries	or Individuals who are entitled to payment of variable remuneration in accordance with what is defined in this document
Supervisory Provisions	Supervisory Provisions of the Bank of Italy on remuneration and incentive policies and practices (see Bank of Italy Circular no. 285 of 17 December 2013 – Supervisory provisions for banks – First Part, Title IV, Chapter 2, “ <i>Remuneration and incentive policies and practices</i> ”, in force)
Issuer or Bank or Parent company	Banca Ifis S.p.A.
Key personnel	Group personnel whose professional activity has or may have a significant impact on the Group’s risk profile
Vesting period	The period between the time when the right to participate in the Plan is assigned and the moment when this right matures
Retention period	Period in which the sale of shares is prohibited
<i>Malus</i>	Mechanism that operates during the deferral period, before actual payment of the remuneration, as a result of which the deferred variable remuneration accrued can be reduced to zero in relation to the results
Remuneration Policies	The remuneration policies of the Banca Ifis S.p.A. Group as in force over time
Issuers' Regulation	Indicates Consob Regulation no. 11971/99, as subsequently amended and supplemented
Report	Remuneration report pursuant to Article 123-ter of the Consolidated Law on Finance (“TUF”)
TUF or Consolidated Law on Finance	Indicates Legislative Decree no. 58 of 24 February 1998

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<i>Up-front</i>	Portion of variable remuneration that is paid without a deferral period
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## Background

The remuneration policies of the Banca Ifis S.p.A. Group – to be presented in the Remuneration Report for 2023 to be submitted to the Shareholders' Meeting for approval – foresee, in dutiful application of what is specified in regulations applicable to remuneration, that part of the variable remuneration of “key personnel” – both the bonus component and the other forms foreseen by the Supervisory Provisions of the Bank of Italy on remuneration and incentive policies and practices (including, as an example, severance indemnities) – must be paid in financial instruments.

For that reason, in accordance with the requirements of Articles 114-*bis* of the Consolidated Law on Finance (TUF) and 84-*bis* of the Issuers' Regulation, and more specifically in accordance with Schedule 7 of Annex 3A of the Issuers' Regulation regarding information that must be communicated to the market concerning the attribution of compensation plans based on financial instruments, the Bank has prepared this document to provide comprehensive information on the plan based on financial instruments for year 2023, reserved for the “key personnel” of the Banca Ifis Group (the “2023 Plan”), to be submitted to the forthcoming Shareholders' Meeting.

The 2023 Plan, proposed by the Remuneration Committee to the Board of Directors and approved by the Board of Directors on 9 March 2023, is submitted for approval to the Ordinary Shareholders' Meeting called for 20 April 2023.

For the 2021-2023 Long-Term Incentive Plan, please refer to the “Information Document on Remuneration Plans based on Financial Instruments” (prepared pursuant to Article 84-*bis* of Consob Regulation no. 11971 of 14 May 1999, as amended) approved by the Board of Directors at today's meeting on 9 March 2023, upon the proposal of the Remuneration Committee, and which will subsequently be submitted for approval to the Shareholders' Meeting convened on 20 April 2023. *The document is available on the Banca Ifis website at <https://www.bancaifis.it/corporate-governance/assemblea-degli-azionisti/archivio-documenti-assemblee/>.*

## 2023 PLAN

### 1. Recipients

The Recipients of the Plan are the staff members of the Banca Ifis S.p.A. Group (including financial advisors) who belong to the “key personnel” of the Banca Ifis S.p.A. Group and who, pursuant to the Supervisory Provisions and the Remuneration Policies, may be beneficiaries (on an ongoing basis, as well as upon termination of the relationship) of variable remuneration (as defined in the Supervisory Provisions) to be paid, in part, in financial instruments.

*1.1. Names of recipients who are members of the issuer’s Board of Directors, of the companies controlling the issuer, and of companies that are directly or indirectly controlled by the issuer.*

To date, the Beneficiaries include the Chief Executive Officer of the Parent company.

*1.2. Categories of employees or contract workers who work for the issuer and for the issuer’s parent companies or subsidiaries.*

Any additional recipients included in the 2023 Plan are identified among personnel (including financial advisors) who have a significant impact on Banca Ifis Group’s risk profile. In accordance with the conditions set out in the 2023 Plan, any further beneficiaries of the 2023 Plan belong to, now and if no changes should occur, the following categories:

- Joint General Managers of the Parent Company;
- Other Key Managers and Key Personnel

The names of the actual Beneficiaries and the other information required by paragraph 1 of Schedule 7 of Annex 3A to the Issuers' Regulation shall be provided in accordance with the terms and conditions set forth in Article 84-bis, paragraph 5, letter a) of the Issuers' Regulation.

*1.3. Names of plan beneficiaries belonging to the following groups:*

*a) The issuer’s General Managers*

Not applicable. No individuals falling under this category are beneficiaries of the 2023 Plan.

*b) other key managers of the issuer that is not of “small in size”, pursuant to article 3, paragraph 1, letter f), of Regulation no. 17221 of 12 March 2010, who, during the year, have received total remuneration (calculated by summing monetary remuneration and remuneration based on financial instruments) greater than the highest total remuneration paid to members of the Board of Directors or the management body, and to the issuer’s General Managers.*

Not applicable. No individuals falling under this category are beneficiaries of the 2023 Plan.

*c) natural persons who control the issuer, who are employees or who work as contract workers for the issuer.*

Not applicable. No individuals falling under this category are beneficiaries of the 2023 Plan.

*1.4. Description and numerical indication, separated by category:*

*a) of key managers other than those indicated in letter b) of paragraph 1.3.*

The possible additional beneficiaries of the 2023 Plan include, as of today and barring subsequent changes, 16 key managers<sup>1</sup>.

*b) in the case of the "small" companies, pursuant to article 3, paragraph 1, letter f), of Regulation no. 17221 of 12 March 2010, the indication in aggregated form of all key managers of the issuer of financial instruments.*

Not applicable. Banca Ifis S.p.A. does not fall under the category of "small" companies.

*c) of any other categories of employee or contract worker for whom different characteristics of the plan are envisaged (for example, executives, middle managers, office staff, etc.)*

Not applicable. There are no further categories beyond those indicated above in point 1.2.

## 2. The reasons for adopting the plan

*2.1. Targets to be achieved by attribution of plans*

The Plan aims to enable the Banca Ifis S.p.A. Group to comply with the Supervisory Provisions where they impose that the remuneration package paid to "key personnel", in the different parts forming variable remuneration, be partly in financial instruments.

At the same time, payment of a part of remuneration in shares, in the Plan, is functional to better alignment of the interests of Banca Ifis S.p.A. Group personnel to those of shareholders, through careful management of company risks and pursuing long term strategies. Suitable remuneration and incentive mechanisms applied to personnel of the Banca Ifis S.p.A. Group can, in fact, facilitate company competitiveness and governance. Moreover, remuneration, especially of those holding key roles in the company, tends to attract and retain employees with the professionalism and skills that are appropriate to the needs of the company.

For that purpose, the Plan establishes that variable remuneration linked to short-term targets, and the other variable remuneration components, be paid based on a deferral mechanism and for 50% in shares. In the case of particularly large amounts of variable remuneration, the deferral of the equity portion is provided for in accordance with a 5-year deferral mechanism and for 55% in shares.

*2.2. Key variables, also as performance indicators, considered for attribution of the plans based on financial instruments*

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<sup>1</sup> Also included under the categories listed in point 1.2 above

Remuneration Policies establish that a part of variable remuneration be paid to “key personnel” in shares with the conditions set forth in the Remuneration Policies based on the mechanism described in par. 2.3 below<sup>2</sup>.

Related to variable remuneration, the relative amount is linked to the level of achievement of single specific objectives, clearly identified and attributed a weight (for further details please see the Remuneration Policy).

The assignment of the variable remuneration (and, therefore, also of the shares), is subject to compliance with the access gates, without prejudice to the application of malus clauses (with reference to the deferred component) of clawback, as specified in the Remuneration Policy.

*2.3. Elements for calculation of the amount of compensation based on financial instruments, that is their criteria*

Pursuant to the Supervisory Provisions and the Remuneration Policies, the variable remuneration will be paid to Beneficiaries based on the assignment mechanism described in paragraphs 4.5 and 4.6 below.

The number of shares to be awarded is calculated by relying on the average share price for the month before the variable pay for the period is determined as the fair value of the share. The number of shares is determined by rounding to the nearest integer.

*2.4. Reasons for any decision to attribute compensation plans based on financial instruments not issued by the issuer, such as those issued by subsidiaries, parent companies or third parties not in the group belonged to; if those instruments are not traded on regulated markets information on criteria applied to calculate their value*

Not applicable: the Incentive System foresees use of Banca Ifis S.p.A. shares.

*2.5. Assessment of the significant tax and accounting implications that affected defining the plan*

There were no significant tax and accounting implications that affected defining the Plan.

Please also note that accounting principles establish that assigning shares connected to the variable remuneration of “key personnel” be recognised in the income statement as a cost for the single companies that the Beneficiary works for.

The Plan establishes using treasury shares held or that will be held by Banca Ifis S.p.A.

The Shares will be subjected to taxes and contributions consistent with laws in force in the Beneficiary’s tax residence Country.

*2.6. Any support for the plan by the special Fund for boosting the participation of workers in companies, pursuant to article 4, paragraph 112, of Law no. 350 of 24 December 2003 .*

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<sup>2</sup> Similarly, with regard to any so-called "severance" (also to be paid in part in financial instruments pursuant to applicable regulations), the criteria for their quantification are those provided for in the Remuneration Policies (to which reference should be made for further details).

The Plan does not receive any support from the special Fund for boosting the participation of workers in companies, pursuant to article 4, paragraph 112, of Law no. 350 of 24 December 2003 .

### 3. Approval process and timescale for assigning the instruments

#### *3.1. Scope of the powers and functions that the Shareholders' Meeting delegates to the Board of Directors in order to implement the plan.*

In accordance with the Articles of Association and Bank of Italy, the Ordinary Shareholders' Meeting is responsible for approving remuneration plans based on financial instruments, while the Board of Directors is responsible for reviewing these policies, at least annually, and ensuring that remuneration and incentive policies are implemented correctly.

#### *3.2. Names of the individuals tasked with administering the plan, and their functions and responsibilities.*

The Human Resources Department and the Finance Department have been tasked, for their respective responsibilities, with the administration and operational management of the 2023 Plan.

Risk Management contributes to ensuring the consistency of the remuneration and incentive system with the reference framework for determining the bank's risk appetite ("RAF"), including by defining the risk indicators to be used for correction mechanisms (ex ante and ex post), and expresses its opinion on the correct activation of the latter.

#### *3.3. Procedures, if any, to review the plans, including related to any variations to basic targets.*

In this regard, what is provided - for each form of variable remuneration - in the Report on Remuneration Policy and Remuneration Paid for the same financial year (which includes forecasts on possible changes and adjustments in relation to incentive plans) applies.

#### *3.4. Description of the methods used to determine the availability and assignment of financial instruments on which plans are based (e.g. free allocation of shares, increases in capital with exclusion of option rights, purchase and sale of treasury shares).*

The 2023 Plan provides for the assignment of a number of treasury shares held by the Issuer.

The number of shares to be awarded is calculated by relying on the average share price for the month before the variable pay for the period is determined - which shall occur at the date of the Meeting convened for the approval of the Financial Statements - as the fair value of the share. The number of shares is determined by rounding to the nearest integer.

#### *3.5. Role played by each director in determining the characteristics of the above plans; potential conflicts of interest arising concerning the directors involved.*

To determine the characteristics of the 2023 Plan, the Board of Directors was advised by the Remuneration Committee, made up of three non-executive Directors, the majority of whom are independent. Based on the current remuneration and incentive policies, it is envisaged that the remuneration provided for non-executive Directors should not be tied to the Bank's economic results and that the Directors should not be beneficiaries of share-based incentive plans, thus no conflicts of



interest arose concerning the Directors involved. These situations are also excluded pursuant to the Remuneration Committee's internal rules and regulations, which state that no Director may take part in Committee meetings in which proposals submitted to the Board of Directors regarding their own remuneration are formulated.

*3.6. Date of the decision taken by the competent body to propose approval of the plans to the Shareholders' Meeting and any proposals from the remuneration committee, if established.*

On 8 March 2023, the Remuneration Committee expressed a favourable opinion on the Report on Remuneration Policy and Remuneration Paid pursuant to Art. 123-ter of the Consolidated Law on Finance as well as on this document; both documents were approved by the Board of Directors on 9 March 2023 to propose approval of the plans to the Shareholders' Meeting of 20 April 2023.

*3.7 As per the requirements of Art. 84-bis, paragraph 5, letter a), the date of the decision taken by the competent body to assign financial instruments and any proposals put forward to this body that were formulated by a Remuneration Committee, if established.*

The notice of the Shareholders' Meeting to approve the Plan is scheduled to be published on 16 March 2023. Subsequently, if the Shareholders' Meeting approves the Plan, the Board of Directors will meet to take the relevant decisions for its implementation.

The information required in this regard by Article 84-bis, paragraph 5, letter a) of the Issuers' Regulation (or in any case pursuant to the provisions of the law and regulations applicable from time to time) and currently not available will be provided in accordance with the applicable regulations.

*3.8 The market price, recorded on the above dates, for the financial instruments that the plans are based on, if traded on regulated markets.*

The reference price of the Bank's Shares on the electronic market organised and managed by Borsa Italiana S.p.A., at the end of the stock exchange session on the date of approval of the proposal by the Board of Directors on 9 March 2023, was Euro 15,46.

*3.9 For plans based on financial instruments traded on regulated markets, the terms and methods with which the issuer, when determining the timescale for assigning the instruments under the plan, takes into account a possible timing coincidence between:*

*i) the assignment of instruments and any decisions taken on the matter by the Remuneration Committee; and*

*ii) the dissemination of any relevant information pursuant to Art. 114, paragraph 1; for example, if that information:*

*a. is not already in the public domain and is likely to have a positive impact on the market price, or*

*b. is already in the public domain and is likely to have a negative impact on the market price.*

The time-scale for assigning shares is established as part of the Remuneration and Incentive Policies authorised in advance every year, and in a manner that is neutral as regards possible events that could affect the market value of the Parent company's shares. When implementing the 2023 Plan, information will be given to the market, where provided for by legislation and regulations in force.

## 4. Characteristics of the assigned instruments

### 4.1. *Description of the ways in which compensation plans based on financial instruments are structured.*

The 2023 Plan is based on the assignment of the Issuer's treasury shares.

### 4.2. *Indication of the actual plan implementation period, specifying any other cycles involved.*

The actual implementation period of the 2023 Plan starts in 2024 (this being the period in which the results of the 2023 financial year are recognised) and finishes in 2027.

The up front and deferred share component is subject to a retention period of one year.

### 4.3. *The end of the plan.*

The 2023 Plan, linked to the results for the period from 1 January 2023 to 31 December 2023, will end during the 2028 financial year (as the year of last assignment) with the end of the retention period provided for the last deferred variable component.

### 4.4. *The maximum number of financial instruments, also as options, assigned in each tax year to the individuals identified by name or the categories specified.*

With reference to the 2023 Plan, at present, it is not possible to indicate the number of shares that will be assigned under the 2023 Plan, insofar as the precise number is conditional on set performance targets being achieved and is connected to the share's market price performance<sup>3</sup>. This information will be provided in the times and by the methods set out in current legislation and regulatory provisions.

### 4.5. *The methods and clauses for implementing the plan, specifying whether the actual assignment of financial instruments is subject to the occurrence of certain conditions or achieving certain results, including performance results.*

Access to the variable portion for all personnel is subject to compliance with the conditions for access (the "gate") provided for by the following indicators measured at year-end:

- on the basis of a measure of risk-adjusted profitability, such as **RORAC** (return on risk-adjusted capital) defined as the ratio between Net Income and Capital absorbed by pillar one risks (i.e. 8% Pillar 1 Risk Weighted Asset (RWA)), the [RORAC/RORAC\*] indicator, where RORAC\* is the RORAC approved by the Board of Directors for the reporting year concurrent with the submitted annual business plan/budget, must be no less 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 (satisfied by the "capacity") equal to 100%, of the short term liquidity indicator - **Liquidity Coverage Ratio (LCR) of the Group**, recorded quarterly in the year of reference. The tolerance level is established every year in the

<sup>3</sup> As may also depend on the possible allocation in the exercise of Severance to be partly disbursed in financial instruments.

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 medium-long term liquidity indicator - **Net Stable Funding Ratio (NSFR) of the Group**. 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).

Failure to meet one of these conditions will result in variable pay not being awarded.

The methods of payment of variable remuneration are governed by precise indications in the Supervisory Provisions on the variable remuneration of the key personnel, with particular reference to deferment obligations, the type of payment instruments and the retention period envisaged for any portion paid in financial instruments.

In line with the Supervisory Provisions, the Banca Ifis Group cannot be classified as a "bank of smaller size or operational complexity"<sup>4</sup> and is therefore required to apply the entire discipline "proportionally", i.e. taking into account the characteristics and size as well as the riskiness and complexity of the activity carried out.

However, the Group is not required to apply the above more detailed rules of Section III of the Supervisory Provisions to key personnel whose annual variable remuneration meets the following two conditions:

- does not exceed 50.000 Euro and
- does not represent more than one third of the total annual remuneration

Notwithstanding what is set out above, the potential beneficiaries of the 2023 Plan are also subject to assessment with regard to meeting the assigned targets, as described in detail in the Remuneration Report approved for 2023, concerning targets assigned for the year.

The deferred variable component is subject to *malus* conditions, which, when verified, result in the amount previously determined being reduced to zero.

In the Banca Ifis Group, these conditions are as follows:

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<sup>4</sup> Banks whose balance sheet assets are, on an individual basis, equal to or less than 5 billion Euro, calculated as the average of the four years immediately preceding the current financial year, provided that they do not belong to a group with consolidated balance sheet assets equal to or greater than 30 billion Euro.

Banks identified in this way are not required to apply the more detailed rules set out in Section III of the Supervisory Provisions for Key Personnel, namely:

par. 2.1, point 3: use of financial instruments

par. 2.1, point 4: deferral

par. 2.2.1: Discretionary retirement benefits



Failure to meet one of these conditions will result in deferred variable pay not being awarded.

It should be noted that for those Legal Entities that calculate their own capital soundness and liquidity limits, failure to comply with these limits constitutes a condition for non-disbursement of the deferred variable component for which the resources operating in the Legal Entity are intended, even when those of the Banca Ifis Group should be verified positively.

Equally, 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 deferred variable component is 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 Law on Banking ("TUB") or of the obligations regarding remuneration and incentive schemes;
- conduct that does not comply with legal, regulatory, or statutory provisions or any Codes of Ethics or Conduct applicable to the Bank resulting in a significant loss to the Group<sup>5</sup> or customers<sup>6</sup>;
- further conduct that does not comply with the provisions of the law, regulations or the Articles of Association, or with any Codes of Ethics or Codes of Conduct applicable to the Bank in the cases envisaged by the latter;
- fraudulent behaviour or serious negligence causing damage to the Group;

or also if,

<sup>5</sup> Loss equal to or greater than 5% of net assets.

<sup>6</sup> The Parent company identifies as a "significant loss" to customers, any loss resulting from conduct that deviates from or otherwise fails to comply with legal, regulatory, statutory or ethical standards applicable to the Group. In particular, reference is made to cases of internal fraud, complaints upheld for improper conduct, and intentional non-compliance with the delegation system, where such cases have an effect on clients. It is understood that if these events are found to have occurred, all the investigations required by the disciplinary procedures provided for by law and by the relevant National Collective Bargaining Agreement applicable to these cases will be carried out and, if the conditions are met, the most appropriate disciplinary measures will be applied depending on the seriousness found and the extent of the loss suffered.

- the Shareholders' Meeting has resolved to revoke the appointment for just cause, or the Board of Directors has resolved to terminate the employment contract for just cause.

The above criteria are verified in each of the years in which the deferred variable component is deferred (4/5) closed following the determination of the variable component (accrual period) and applied when the above conditions are met. And so, merely by way of example, the *malus* condition with respect to the 2023 variable bonus will be verified in each of the 4/5 years ending after the variable component is determined and will be applied upon the occurrence of such conditions.

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 also reserves the right to take all appropriate action to have the variable component returned that has been recognised and/or paid to staff, 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 Law on Banking ("TUB") or of the obligations regarding remuneration and incentive schemes;
- conduct that does not comply with legal, regulatory, or statutory provisions or any Codes of Ethics or Conduct applicable to the Bank resulting in a significant loss to the Group<sup>7</sup> or customers<sup>8</sup>.
- further conduct that does not comply with the provisions of the law, regulations or the Articles of Association, or with any Codes of Ethics or Codes of Conduct applicable to the Bank in the cases envisaged by the latter;
- fraudulent behaviour or serious negligence causing damage to the Group.

*Ex post* correction mechanisms may not lead to an increase in the variable compensation initially awarded nor in the variable compensation previously reduced or zeroed out as a result of the application of claw back.

These criteria are also verified in each of the 4/5 financial years closed after the determination of the variable component (accrual period) and applied when the conditions set out above occur, with the exception of the key personnel for whom this verification must be carried out in each of the next five financial years closed.

*Ex-post* correction mechanisms may not lead to an increase in the variable remuneration initially awarded nor in the variable remuneration previously reduced or reset as a result of the application of *malus* or claw back.

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<sup>7</sup> Loss equal to or greater than 5% of Shareholders' Equity, to be calculated net of elements deriving from extraordinary operations such as: capital increases, company mergers, spin-offs, acquisitions or any other non-recurring operation that the Board of Directors may decide upon and which may modify the value of the indicator.

<sup>8</sup> The Parent company identifies as a "significant loss" to customers, any loss resulting from conduct that deviates from or otherwise fails to comply with legal, regulatory, statutory or ethical standards applicable to the Group. In particular, reference is made to cases of internal fraud, complaints upheld for improper conduct, and intentional non-compliance with the delegation system, where such cases have an effect on clients. It is understood that if these events are found to have occurred, all the investigations required by the disciplinary procedures provided for by law and by the relevant National Collective Bargaining Agreement applicable to these cases will be carried out and, if the conditions are met, the most appropriate disciplinary measures will be applied depending on the seriousness found and the extent of the loss suffered.

4.6. *Indication of any restrictions on the availability of the assigned instruments or the instruments resulting from the exercise of the options, with particular reference to the terms within which the subsequent transfer to the same company or to third parties is permitted or prohibited.*

The structure of the variable remuneration component must be compatible with the risk analyses undertaken by the banking group, and in order to be sustainable it must be compatible with the levels of capital and liquidity in the medium and long term.

The regulations set out in the Supervisory Provisions introduce, with regard to the balancing of the deferred component of variable remuneration, the concept of “particularly high amount of variable remuneration”<sup>9</sup> in the presence of which, at least for top management figures, (i) the duration of the deferment period is no less than 5 years (ii) more than 50% of the deferred portion is made up of financial instruments and (iii) the percentage to be deferred is no less than 60%.

In compliance with the above regulation, the particularly high amount of variable remuneration with reference to the Group was identified as 424.260 Euro (equal to 25% of the average total remuneration of Italian high earners<sup>10</sup>).

The variable component may not exceed a 1:1 ratio compared to the fixed component and is determined when the financial statements as at 31 December of the previous year are approved. For the Chief Executive Officer only, a maximum ratio of 1,5:1 between variable and fixed remuneration was approved by the General Meeting of Shareholders on 21 December 2021, with effect from FY 2022 (and for subsequent years).

In the light of the above, the methods of payment of variable remuneration for key personnel adopted by the Banca Ifis Group are set out below:

	Upfront	Deferment
equal to or less than the materiality threshold	100% cash	
higher than the materiality threshold and not of particularly high amount	<b>60% upfront</b> , of which: <ul style="list-style-type: none"> <li>- 50% (i.e. 30% of the total variable remuneration) in Banca Ifis shares, which may be exercised at the end of the retention period of 1 year</li> <li>- 50% (i.e. 30% of the total variable remuneration) paid in cash</li> </ul>	<b>40% deferred over 4 years starting in the year following the year in which the up-front portion accrues</b> , of which: <ul style="list-style-type: none"> <li>- 50% (i.e. 20% of the total variable remuneration) in Banca Ifis shares, which may be exercised at the end of the further retention period of 1 year</li> <li>- 50% (i.e. 20% of the total variable remuneration) in cash, subject to annual revaluation at the legal rate in force over time.</li> </ul>
of particularly high amount	<b>40% upfront</b> , of which: <ul style="list-style-type: none"> <li>- 50% (i.e. 20% of the total variable remuneration) in Banca Ifis shares, which may be exercised at the end of the retention period of 1 year</li> <li>- 50% (i.e. 20% of the total variable remuneration) paid in cash</li> </ul>	<b>60% deferred over 5 years starting in the year following the year in which the up-front portion accrues</b> , of which: <ul style="list-style-type: none"> <li>- 55% (i.e. 33% of the total variable remuneration) in Banca Ifis shares, which may be exercised at the end of the further retention period of 1 year</li> <li>- 45% (i.e. 27% of the total variable remuneration) in cash, subject to annual revaluation at the legal rate in force over time.</li> </ul>

<sup>9</sup> An especially large amount of variable remuneration is defined as the lesser of: (i) 25% of the average total remuneration of Italian high earners, as resulting from the most recent report published by the EBA; (ii) 10 times the average total remuneration of the bank's employees.

<sup>10</sup> EBA Report on High Earners (EBA/REP/2021/23).



For the purpose of assigning variable remuneration in financial instruments, or in Banca Ifis shares, the Bank calculates the fair value of the share - at the time of the assignment - based on the average stock market price with reference to the month prior to the date of approval of the financial statements by the Shareholders' Meeting (or, in the case of assignment of variable remuneration for any reason subsequent to the Shareholders' Meeting, from the date of the event, this being understood to mean any dates of signing of agreements or in the absence thereof, the dates of approval by the competent bodies of the related awards). The number of shares is determined by rounding to the nearest integer.

4.7. *The description of any decisive actions related to assigning plans if recipients perform hedging transactions enabling them to neutralise any prohibitions to sell the financial instruments, even as options, or the financial instruments resulting from exercising those options.*

The 2023 Plan does not include any termination clauses as described above. 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 bank prepares specific individual agreements through which beneficiaries agree:

- not to make use of personal hedging strategies and/or resort to remuneration insurance or any other initiative aimed at altering and/or invalidating the risk alignment effects inherent in 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.

4.8. *Description of the effects resulting from termination of an employment contract.*

The variable component is also recognised **as long as the beneficiary is still in office/employed** by the Group and not in a notice period for voluntary resignation or dismissal, at the time of payment<sup>11</sup>, except for retirements and the natural expiration of the chief executive officer mandate and/or any other agreements as may have been reached between the personnel and the Bank. Payment of a variable component will also be suspended in case of ongoing disciplinary proceedings for fraud or gross negligence against the Bank. No variable remuneration will be paid in the event of a performance

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<sup>11</sup> Except, of course, for the case of any severance payments, which, by definition, are paid following termination of the relationship.

evaluation with a negative summary judgement. It should also be noted that in the event of a change of role during the financial year, the variable remuneration will be paid with reference to the entire financial year provided that the beneficiary has held the role for at least 9 months. In addition, it is provided that, in order to accrue the variable component of remuneration, beneficiaries must have been employed by the company for at least 3 months during the reference financial year. For interim periods, payment will be made proportionally.

4.9. *Indication of other possible causes for cancelling the plans.*

There are no additional cancellation clauses in the Plan other than those already set out in the previous paragraphs.

4.10. *Motives related to any "repurchase" foreseen by the company of the financial instruments in the plans, ordered pursuant to Article 2357 et seq. of the Italian Civil Code; repurchase beneficiaries indicate whether it is only intended for certain employee categories; the effects of employment termination on that repurchase.*

The Bank does not intend to repurchase shares covered by the 2023 Plan.

4.11. *Any loans or other concessions to be granted to purchase shares pursuant to Art. 2358 of the Italian Civil Code.*

No loans or other facilities are granted for the shares covered by the 2023 Plan pursuant to Art. 2358 of the Italian Civil Code.

4.12. *Indications of the expected costs for the company on the date of the related assignment, calculated on the basis of the terms and conditions already defined, by total amount and in relation to each instrument in the plan.*

At present, it is not possible to quantify the expected costs, insofar as the calculation is conditional upon the occurrence of certain conditions and set performance targets being reached.

4.13. *Indication of any dilutive effects on capital caused by compensation plans.*

The share component of variable remuneration, paid with the Parent company's treasury shares, will not result in any significant dilutive effects on the Parent company's capital.

4.14. *Any limits set out for exercising voting rights and assigning ownership rights.*

Ownership and full availability of shares will be assigned to beneficiaries at the end of the retention period, except where the *malus* and claw-back mechanisms set out above and detailed in the Remuneration Report approved for 2023 are applied.

4.15. *In the event that shares are not traded on a regulated market, all necessary information regarding a full assessment of their actual value.*

This condition does not apply insofar as Banca Ifis S.p.A. shares are traded on regulated markets.



4.16. *Number of financial instruments underlying each option*

Not applicable.

4.17. *Expiry of the options*

Not applicable.

4.18. *Method (American/European), timing (for ex. periods valid for exercise) and exercise clauses (for example knock-in and knock-out clauses)*

Not applicable.

4.19. *Strike price of the option or the manner and criteria for its determination, with particular regard to: a) the formula for calculating the exercise price in relation to a given market price (fair market value); and b) the manner of determining the market price taken as a reference for the determination of the strike price*

Not applicable.

4.20. *If the strike price is not equal to the market price determined as indicated in point 4.19.b (fair market value), reasons for this difference*

Not applicable.

4.21. *Criteria on the basis of which different strike prices are envisaged between various beneficiaries or various categories of beneficiaries*

Not applicable.

4.22. *If the financial instruments underlying the options are not traded on regulated markets, indication of the value attributable to the underlying financial instruments or the criteria for determining said value*

Not applicable.

4.23. *Criteria for the adjustments made necessary following extraordinary capital transactions and other transactions entailing a change in the number of underlying instruments (capital increases, extraordinary dividends, grouping and splitting of the underlying shares, mergers and demergers, conversions into other classes of shares, etc.)*

Not applicable.

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The information in the annexed table will be updated from time to time, during the implementation of the Plan, pursuant to Article 84-bis, paragraph 5, of the Issuers' Regulation.

The information set forth in Section 1, Framework 1, of Table 1 in Schedule 7 of Annex 3A of the Issuers' Regulation, as well as in Article 84-bis, paragraph 5 of the Issuers' Regulation, with reference to the existing incentive plans, is available on the Bank's website at [www.bancaifis.it](http://www.bancaifis.it).

TABLE

REMUNERATION PLANS BASED ON FINANCIAL INSTRUMENTS  
Table 1 of Schedule 78 of Annex 3A of Regulation No. 11971/1999

Name and surname or category	Office (to be indicated only for persons reported by name)	FRAMEWORK 1						
		Financial instruments other than stock options (8)						
		Section 1						
		Date of meeting resolution	Type of financial instruments (12)	Number of financial instruments	Date of assignment (10)	Possible purchase price of instruments	Market price upon assignment	Vesting period (14)
Alberto Staccione	General Manager of Banca IFIS S.p.A.	19/04/2018	Banca IFIS shares (Up Front)	3621*	29/04/2019	15,33063	15,33063	-
		19/04/2018	Banca IFIS shares (deferred)	1931 2414*	29/04/2019	15,33063	15,33063	3
Alberto Staccione	General Manager of Banca IFIS S.p.A.	19/04/2019	Banca IFIS shares (Up Front)	6218	24/04/2020	8,92811	8,92811	-
		19/04/2019	Banca IFIS shares (deferred)	3316	24/04/2020	8,92811	8,92811	3
Luciano Colombini	Chief Executive Officer of Banca IFIS from 19/04/2019	19/04/2019	Banca IFIS shares (Up Front)	13839	24/04/2020	8,92811	8,92811	-
		19/04/2019	Banca IFIS shares (deferred)	7381 9226*	24/04/2020	8,92811	8,92811	3
Paolo Stocchi	Chief Executive Officer of FBS SpA with end of office on 29/11/2019	19/04/2019	Banca IFIS shares (Up Front)	6160	24/04/2020	8,92811	8,92811	-
		19/04/2019	Banca IFIS shares (deferred)	3286 4107*	24/04/2020	8,92811	8,92811	3
Managers Banca IFIS SpA	Key Personnel exceeding the materiality threshold	19/04/2019	Banca IFIS shares (Up Front)	5040	27/04/2020	8,92811	8,92811	-
Managers Banca IFIS SpA	Key Personnel exceeding the materiality threshold	19/04/2019	Banca IFIS shares (deferred)	2688 3360*	27/04/2020	8,92811	8,92811	3
Alberto Staccione	General Manager of Banca IFIS S.p.A.	23/04/2020	Banca IFIS shares (Up Front)	-				-
		23/04/2020	Banca IFIS shares (deferred)	-				3
Luciano Colombini	Chief Executive Officer of Banca IFIS from 19/04/2019	23/04/2020	Banca IFIS shares (Up Front)	28103	27/04/2021	10,52446	10,52446	-
		23/04/2020	Banca IFIS shares (deferred)	18735	27/04/2021	10,52446	10,52446	3
Managers Banca IFIS SpA	Key Personnel exceeding the materiality threshold	23/04/2020	Banca IFIS shares (Up Front)	2138	27/04/2021	10,52446	10,52446	-
Managers Banca IFIS SpA	Key Personnel exceeding the materiality threshold	23/04/2020	Banca IFIS shares (deferred)	1425	27/04/2021	10,52446	10,52446	3
Frederik Herman Geertman	Chief Executive Officer of Banca IFIS since 22/04/2021	22/04/2021	Banca IFIS shares (Up Front)	7584	28/04/2022	18,51221	18,51221	
		22/04/2021	Banca IFIS shares (deferred)	5056	28/04/2022	18,51221	18,51221	3
Alberto Staccione	General Manager of Banca IFIS SpA until 05/10/2021	22/04/2021	Banca IFIS shares (Up Front)	2999	28/04/2022	18,51221	18,51221	
		22/04/2021	Banca IFIS shares (deferred)	1999	28/04/2022	18,51221	18,51221	3
Raffaele Zingone	Joint General Manager of Banca IFIS SpA since 05/10/2021	22/04/2021	Banca IFIS shares (Up Front)	2431	28/04/2022	18,51221	18,51221	
		22/04/2021	Banca IFIS shares (deferred)	1621	28/04/2022	18,51221	18,51221	3
Fabio Lanza	Joint General Manager of Banca IFIS SpA since 05/10/2021	22/04/2021	Banca IFIS shares (Up Front)	-	-	-	-	
		22/04/2021	Banca IFIS shares (deferred)	-	-	-	-	
Managers Banca IFIS SpA	Key Personnel exceeding the materiality threshold	22/04/2021	Banca IFIS shares (Up Front)	25180	28/04/2022	18,51221	18,51221	
Managers Banca IFIS SpA	Key Personnel exceeding the materiality threshold	22/04/2021	Banca IFIS shares (deferred)	16787	28/04/2022	18,51221	18,51221	3
Frederik Herman Geertman	Chief Executive Officer of Banca IFIS since 22/04/2021	28/04/2022	Banca IFIS shares (Up Front)	1775	28/04/2022	18,51221	18,51221	
		28/04/2022	Banca IFIS shares (deferred)	2929	28/04/2022	18,51221	18,51221	5
Raffaele Zingone	Joint General Manager of Banca IFIS SpA since 05/10/2021	28/04/2022	Banca IFIS shares (Up Front)					
		28/04/2022	Banca IFIS shares (deferred)					
Fabio Lanza	Joint General Manager of Banca IFIS SpA since 05/10/2021	28/04/2022	Banca IFIS shares (Up Front)					
		28/04/2022	Banca IFIS shares (deferred)					
Managers Banca IFIS SpA	Key Personnel exceeding the materiality threshold	28/04/2022	Banca IFIS shares (Up Front)					
Managers Banca IFIS SpA	Key Personnel exceeding the materiality threshold	28/04/2022	Banca IFIS shares (deferred)					

## Notes

The data of the shares that can be allocated with reference to the incentive granted in connection with the results of the financial year 2022 will be available after the resolutions of the Ordinary Shareholders' Meeting convened on 20 April 2023.

For the share plans of the years 2018 and 2019, a 20% reduction was applied as a malus clause.

