

**Group Policy on  
Transactions with Related  
Parties, Associated Persons  
and Company  
Representatives pursuant  
to Article 136, Italian**

**CONTENTS**

<b>1</b>	<b>POLICY OBJECTIVES AND MANAGEMENT .....</b>	<b>5</b>
1.1	OBJECTIVES.....	5
1.2	SCOPE OF APPLICATION.....	5
1.3	DOCUMENT MANAGEMENT .....	6
1.4	ADOPTED DEFINITIONS.....	7
1.5	REGULATORY FRAMEWORK.....	11
<b>2</b>	<b>GROUP PRINCIPLES AND RULES.....</b>	<b>12</b>
2.1	ORGANISATIONAL CONTROLS .....	12
2.1.1	<i>The Parent Company's Risk Management and Internal Control Committee.....</i>	<i>12</i>
2.1.2	<i>Alternative controls (Subsidiaries) .....</i>	<i>12</i>
2.2	IDENTIFICATION OF THE PERIMETER OF THE SUBJECTS INVOLVED (SUBJECTIVE PERIMETER).....	12
2.2.1	<i>Related parties in accordance with Italian Securities and Exchange Commission Regulations</i>	<i>13</i>
2.2.2	<i>Associated entities in accordance with Bank of Italy Provisions .....</i>	<i>13</i>
2.2.3	<i>Related Parties in accordance with art. 88 CRD IV.....</i>	<i>14</i>
2.2.4	<i>Other entities.....</i>	<i>14</i>
2.2.5	<i>Corporate Officers under Article 136 of the Consolidated Banking Act (Group banks only).....</i>	<i>14</i>
2.2.6	<i>IAS 24 .....</i>	<i>15</i>
2.2.7	<i>Identification of the members of the Single Perimeter.....</i>	<i>15</i>
2.3	TRANSACTIONS WITH MEMBERS OF THE SINGLE PERIMETER (OBJECTIVE PERIMETER) .....	17
2.3.1	<i>Identification of Transactions .....</i>	<i>17</i>
2.3.2	<i>Qualification of Transactions.....</i>	<i>17</i>
2.3.2.1	Relevant size .....	17
2.3.2.2	Ordinariness .....	18
2.3.2.3	Conditions.....	19
2.3.3	<i>General exemptions.....</i>	<i>19</i>
2.3.4	<i>Transactions in accordance with Article 136 of the Consolidated Banking Act (Group banks only)</i> <i>20</i>	<i>20</i>
2.3.5	<i>Granting of loans to directors (only financial intermediaries in accordance with Article 106 of the Consolidated Banking Act).....</i>	<i>21</i>
2.4	MANAGEMENT OF TRANSACTIONS WITH MEMBERS OF THE SINGLE PERIMETER .....	21
2.4.1	<i>Transactions of Lesser Importance (non-ordinary).....</i>	<i>21</i>
2.4.1.1	Public Disclosure of Transactions of Lesser Importance (Parent Company only) .....	23
2.4.2	<i>Transactions of Greater Importance .....</i>	<i>23</i>
2.4.2.1	Public Disclosure of Transactions of Greater Importance (Parent Company only).....	23
2.4.3	<i>Transactions giving rise to losses, reclassification to non-performing loans, judicial or out-of-court settlement agreements.....</i>	<i>25</i>
2.4.4	<i>Transactions executed in accordance with Article 136 of the Consolidated Banking Act (Group banks only).....</i>	<i>26</i>
2.4.5	<i>Framework Resolutions (Parent Company only).....</i>	<i>26</i>
2.4.6	<i>Specifics with reference to Transactions carried out by Subsidiaries.....</i>	<i>27</i>
2.4.6.1	Transactions of Lesser Importance (Non-Banking Subsidiaries) .....	27
2.4.6.2	Transactions of Lesser Importance (Banking Subsidiaries) .....	27
2.4.6.3	Transactions of Greater Importance (Non-Banking Subsidiaries).....	27
2.4.6.4	Transactions of Greater Importance (Banking Subsidiaries).....	28
2.4.7	<i>Procedural exemptions (partial).....</i>	<i>28</i>
2.4.7.1	Procedural exemptions (partial) (Parent Company) .....	28
2.4.7.2	Procedural exemptions (partial) (non-banking Subsidiaries).....	29
2.4.7.3	Procedural exemptions (partial) (banking subsidiaries) .....	30
2.5	LIMITS.....	31
2.5.1	<i>Prudential Limits .....</i>	<i>31</i>
2.5.1.1	Consolidated limits.....	31
2.5.1.2	Individual Limits .....	32
2.5.1.3	Cases exceeding the limits.....	32
2.5.2	<i>Risk appetite levels .....</i>	<i>32</i>
2.6	FINANCIAL STATEMENT DISCLOSURE ON TRANSACTIONS.....	32
2.7	REGULATORY REPORTING .....	34
2.8	<i>DISCLOSURE TO CORPORATE BODIES .....</i>	<i>34</i>

2.9	PRESS RELEASE.....	35
2.10	CONTROLS ON OPERATIONS WITH MEMBERS OF THE SINGLE PERIMETER.....	35
2.10.1	<i>Risk Management</i> .....	35
2.10.2	<i>Compliance</i> .....	36
2.10.3	<i>Internal Audit</i> .....	36
2.10.4	<i>Independent Directors</i> .....	36
2.10.5	<i>Board of Statutory Auditors</i> .....	36
<b>3</b>	<b>APPENDIX</b> .....	<b>37</b>
	<b>APPENDIX 1 - SINGLE PERIMETER</b> .....	<b>38</b>
	<b>APPENDIX 2 - RESOLUTION / DISCLOSURE PROCESS</b> .....	<b>40</b>
	<b>APPENDIX 3 – DECISION-MAKING PROCESS</b> .....	<b>42</b>
	<b>ANNEXES</b> .....	<b>43</b>

### Version history

Version	Date of approval	Brief description of changes
1	24 June 2021	First issue
2	February 2022	<i>Update</i>
3	July 2023	<i>Update (list of Executives with strategic responsibilities and Reporting)</i>

# 1 POLICY OBJECTIVES AND MANAGEMENT

## 1.1 Objectives

Banca Ifis S.p.A. (“**Banca Ifis**” or “**Bank**” or “**Parent Company**”) carries out its activities in compliance with applicable laws and regulations and is inspired by the fundamental principles of fairness and consistency in order to achieve the best economic result in accordance with the company’s ethical principles, also in compliance with the provisions of Italian Legislative Decree no. 231/2001, as amended and supplemented from time to time.

This document (the “Policy”) outlines the approach that the Bank, also acting as Parent Company, adopts in order to ensure effective control over any risks of conflicts of interest in transactions with related parties and associated entities.

The Policy is aimed at safeguarding against the risk that the proximity of certain parties to the decision-making structures of the Group Companies (as defined below) might impair the objectivity and impartiality of decisions relating to transactions with such parties, with possible extraction of private benefits, distortions in the resource allocation process, the Bank’s exposure to risks that are not adequately measured or safeguarded against, and potential damage to depositors and shareholders, ensuring the transparency and substantive and procedural correctness of such transactions, carried out directly or through Subsidiaries (as defined below).

in this regard, the Policy contains the provisions to be complied with in the management of:

- related party transactions pursuant to CONSOB (Italian Securities and Exchange Commission) Resolution no. 17221/2010 and subsequent amendments (the “**CONSOB Regulations**”);
- transactions with related parties pursuant to Bank of Italy Circular No. 285/2013, as amended (“**Bank of Italy Provisions**”);
- the obligations of bank officers pursuant to article 136 of Italian Legislative Decree no. 385 of 1 September 1993, as amended (“Consolidated Banking Act” or “**TUB**” (Testo Unico Bancario)); and
- the obligations of corporate officers of financial corporations pursuant to Circular No. 288 of 3 April 2015 and subsequent amendments.

In particular, the Policy defines:

- the criteria for identifying the parties whose transactions may fall within the scope of the Policy itself;
- the procedures for investigating, proposing, and deciding on transactions;
- the subsequent obligations to report to Corporate Bodies;
- disclosure and transparency obligations; and
- exemptions from the application of the Policy.

In addition, the Policy contains references to the financial statement disclosure of related-party transactions pursuant to Bank of Italy Circular No. 262/2005 on “Bank Financial Statements and subsequent updates - Preparation formats and rules” and the accounting standard IAS 24.

## 1.2 Scope of application

This Policy applies to Banca Ifis as well as its subsidiaries (the “**Subsidiaries**” and, jointly with Banca Ifis, the “**Group**”) which, as of the date of this Policy are as follows:

SCOPE OF APPLICATION	
<input checked="" type="checkbox"/> Banca Ifis S.p.A.	<input checked="" type="checkbox"/> Cap.Ital.Fin. S.p.A.
<input checked="" type="checkbox"/> Banca Credifarma S.p.A.	<input checked="" type="checkbox"/> Ifis Npl Investing S.p.A.
<input checked="" type="checkbox"/> Ifis Npl Servicing S.p.A.	<input checked="" type="checkbox"/> Ifis Finance IFN SA

<input checked="" type="checkbox"/> Ifis Finance Sp Zoo	<input checked="" type="checkbox"/> Ifis Rental Services S.r.l.
<input checked="" type="checkbox"/> Ifis NPL 2021-1 SPV S.r.l.	
<p>Sections 2.2.4, 2.3.4, 2.4.4, as well as any other reference to Transactions under Article 136 of the Consolidated Banking Act are applicable only with reference to the Group's Italian banks, which at the date of this Policy are Banca Ifis S.p.A. and Banca Credifarma S.p.A.</p> <p>Sections 2.4.1.1, 2.4.2.1, 2.4.7.1 and 2.4.5 apply only to Banca Ifis S.p.A.</p> <p>Sections 2.4.6.1, 2.4.6.3 and 2.4.7.2 apply only to non-banking Subsidiaries.</p> <p>Sections 2.4.6.2, 2.4.6.4 and 2.4.7.3 apply only to banking Subsidiaries (at the date of this Policy only Banca Credifarma S.p.A.)</p> <p>Section 2.5.1 applies with reference to Banca Ifis S.p.A. and the other Subsidiaries that are part of the Banking Group (therefore, Ifis Rental Services S.r.l. is excluded).</p> <p>Section 2.3.5 applies only to Financial Intermediaries under Article 106 of the Consolidated Banking Act (Ifis Npl Investing S.p.A., Ifis Npl Servicing S.p.A., and Cap.Ital.Fin. S.p.A.).</p>	

The Subsidiaries implement the Policy in compliance with the legal and regulatory requirements applicable by activity or place of incorporation. In the event that some of the provisions contained in the Policy are less restrictive than local law, the company concerned will adopt the most restrictive local rule in force.

This Policy is published on the Banca Ifis website and on the *Ifis4you* corporate intranet. It is also transmitted to the Subsidiaries, in accordance with internal regulations (see, more specifically, the Group Operational Note - Managing the Implementation of Group Regulations). It is also envisaged that this Policy will be published in the Management Report in accordance with Article 2391-bis of the Italian Civil Code.

### 1.3 Document Management

This Policy is adopted by resolution of the Board of Directors of the Bank after receiving an analytical and reasoned favourable opinion from the Risk Management and Internal Control Committee (composed only of independent directors) and the Board of Statutory Auditors of the Parent Company regarding the suitability of the same to achieve the objectives of the relevant applicable regulations. The opinions of the independent directors and of the supervisory body are binding for the purposes of the Board resolution.

Any amendments to the Policy that are necessary and/or appropriate due to regulatory and/or organisational updates are approved by the Board of Directors of the Bank upon proposal of the Chief Executive Officer, subject to the favourable opinion of both the Risk Management and Internal Control Committee (composed only of the independent directors for this purpose) and the Board of Statutory Auditors. This document is in any case subject to review by the Parent Company at least every three years.

Responsibility for the Policy management process is set out as follows:

PARENT COMPANY						GROUP COMPANY
DRAFTING	VALIDATION	SUITABILITY OPINION <sup>(1)</sup>	APPROVAL	CIRCULATION	ARCHIVING	IMPLEMENTATION
<u>Responsible party:</u> Corporate Affairs  <u>Sharing:</u> Organisation Risk Management Finance	Chief Executive Officer	Risk Management and Internal Control Committee (Independent Directors)  Board of Statutory Auditors	Chief Executive Officer on behalf of the Board of Directors in the event of non-substantial changes.	Corporate Affairs	Corporate Affairs	CEO or GM of the subsidiary

<sup>1</sup> The suitability opinion was acquired when this February 2022 Policy was approved, and the opinion does not apply in the case of non-substantial changes.

PARENT COMPANY						GROUP COMPANY
DRAFTING	VALIDATION	SUITABILITY OPINION <sup>(1)</sup>	APPROVAL	CIRCULATION	ARCHIVING	IMPLEMENTATION
Investor Relations and Corporate Development						

This Policy has been approved by the Parent Company's Compliance department, which assessed whether it complies with legislation and supervisory provisions on the matter.

## 1.4 Adopted definitions

Key words	Definition
Executive Directors	In accordance with the Corporate Governance Code and Bank of Italy Provisions, the following [subjects] qualify as executive directors: (i) the chairperson of the company or of a subsidiary having strategic importance, when granted powers concerning management or preparation of company strategies; (ii) directors with management powers and/or who hold management positions in the company or in a subsidiary having strategic importance, or in the parent company when the position also concerns the company; and (iii) directors who are members of the Executive Committee of the company and, in companies that adopt the two-tier model, the directors who are members of the body entrusted with management duties (for Italian companies that adopt the two-tier model, the members of the Management Board)
Independent Directors	Directors who are not counterparties or Related Parties or have interest in the operation pursuant to Article 2391 of the Italian Civil Code and who meet the independence requirement set forth in the regulations implementing Article 26 of the Consolidated Banking Act (see Article 13 of Italian Ministerial Decree No. 169 of 23 November 2020), where applicable, and/or the Articles of Association.  With specific reference to Banca Ifis, the Articles of Association provide that directors who meet the requirements set forth in the Corporate Governance Code and in Article 148, paragraph 3, of the Consolidated Law on Finance are considered to be independent
Non-Executives Directors	These are all those Directors who do not have the characteristics to be qualified as Executive Directors
Subsidiary Companies	This has the meaning given in section 1.2

Control and joint control	<p>Pursuant to Art. 23 of the Consolidated Banking Act [TUB], the cases set forth in Art. 2359, first and second paragraphs of the Italian Civil Code; control by contracts or clauses of the Articles of Association having as their object or effect the power to exercise management and coordination activity; cases of control in the form of dominant influence. They also include situations of joint control, understood as the contractually established sharing of control over an economic activity. In this case, the following are considered controlling: a) entities able to exercise a determining influence on the company's strategic financial and operating decisions; b) other entities able to influence the management of the company based on their holdings, agreements of any form, or clauses of the Articles of Association, having as their object or effect the possibility of exercising control. Control is also relevant when it is exercised indirectly, through subsidiaries, trust companies, third-party bodies or persons. Subsidiary companies and businesses of entities which are in turn subject to joint control are not considered indirectly controlled.</p> <p>In accordance with Italian Securities and Exchange Commission Regulations, the terms "control" and "joint control" are defined in IFRS 10 (Consolidated Financial Statement) and 11 (Arrangements for joint control) and are used with the meanings specified in those IFRSs. More specifically, as of the date of publication of this Policy, the meanings are as follows:</p> <ul style="list-style-type: none"> <li>➤ control: the exposure or the right to variable returns deriving from one's relationship with an investee entity and, at the same time, the ability to influence those returns by exercising power over that entity; and</li> <li>➤ joint control: the sharing, on a contractual basis, of control over an agreement, which exists only when decisions concerning significant activities require the unanimous consent of all the parties sharing control</li> </ul>
Strategic Executives	<p>In accordance with the Italian Securities and Exchange Commission Regulations, individuals with the power and responsibility, directly or indirectly, to plan, direct, and control the company's activities, including the company's directors (whether executive or not) (see IAS 24, section 9). As of the date of this Policy, the Group also identifies as Executives with strategic responsibilities, those who, from time to time, cover the following roles:</p> <ul style="list-style-type: none"> <li>➤ Parent Company's Chief Executive Officer</li> <li>➤ Joint General Manager Chief Operating Officer</li> <li>➤ Joint General Manager Chief Commercial Officer</li> <li>➤ Chief Lending Officer</li> <li>➤ Head of NPL Division</li> <li>➤ Head of Internal Audit</li> <li>➤ Head of Compliance</li> <li>➤ Head of Risk Management</li> <li>➤ Head of Anti-Money Laundering</li> <li>➤ Head of the Capital Markets Division</li> <li>➤ Head of Human Resources</li> <li>➤ Head of Finance Division</li> <li>➤ Head of Strategic Planning Division</li> <li>➤ Head of General Counsel</li> <li>➤ Head of Investor Relations and Corporate Development</li> <li>➤ Head of Communications, Marketing, Public Affairs &amp; Sustainability</li> <li>➤ General Manager Ifis NPL Servicing S.p.A.</li> <li>➤ Chief Executive Officer of Banca Credifarma S.p.A.</li> </ul>
Corporate Officers or Officers	<p>The members of the management and control bodies (Board of Directors and Board of Statutory Auditors, according to the traditional Italian system of corporate governance) and the General Manager (where appointed)</p>
Group	<p>This has the meaning given in section 1.2</p>
Banking group	<p>The Group consists of Banca Ifis and its banking, financial and instrumental subsidiaries</p>
Significant influence	<p>According to the Italian Securities and Exchange Commission Regulations, the term "significant influence" in IAS 28 (Investments in Related Companies and Joint Ventures) is used with the meaning specified in that standard, i.e., at the date of publication of this Policy, the power to participate in determining the financial and operating policies of the affiliate company without having control or joint control over it.</p> <p>In accordance with the Provisions of the Bank of Italy, the term "significant influence" identifies the power to participate in determining the financial and operating policies of an investee</p>



	<p>company, without having control over it. Significant influence is presumed in the case of a direct or indirect holding of 20% or more of the share capital or voting rights in the ordinary shareholders' meeting or other equivalent body of the investee company, or 10% in the case of companies with shares listed on regulated markets. In the event of a shareholding of less than the above-referenced thresholds, the occurrence of one or more of the following circumstances constitutes an indication of significant influence:</p> <ul style="list-style-type: none"> <li>(i) representation on the Board of Directors of the investee company; the mere fact of appointing a member of the Board of Directors as a representative of the minority shareholders, in accordance with the provisions of the regulations for issuers of shares listed on regulated markets, does not in itself indicate significant influence;</li> <li>(ii) participation in the enterprise's strategic decisions, including participation in shareholders' meeting decisions concerning the financial statement, dividends, or other distribution of profits or reserves, without this constituting a situation of joint control;</li> <li>(iii) the existence of transactions of greater importance between the investor and the investee company;</li> <li>(iv) the interchange of management personnel;</li> <li>(v) making essential technical information available;</li> </ul> <p>Significant influence is also relevant when it is exercised indirectly, through subsidiaries, trust companies, third-party bodies or persons. Companies invested in by entities which are in turn jointly controlled are not considered to be indirectly subject to significant influence</p>
Significant Interests of other members of the Single Perimeter	<p>The Bank considers the significant interests of other Associated Parties or other Connected Entities of the Group to be shareholdings, other than those held by the Group, which result in the exercising of notable influence on one of the companies involved in the transaction where the holder of the shareholding is simultaneously an Associated Party or Connected Entity of the Group in virtue of the relationships maintained with the other company involved in the transaction.</p> <p>For infra-group transactions carried out with and between subsidiary companies in which other Associated Parties or other Connected Entities of the Group have significant interests, the Supervisory Body or the entity which has ordinary decision-making power, also in light of the provisions of the Italian Securities and Exchange Commission Regulation, where there is interpretive uncertainty, the transaction is to be subject to deliberation procedures set out for transactions with related parties. In any case, interests arising from the mere sharing of one or more directors or other Strategic Executives between the Parent Company and its subsidiaries or affiliates and/or between the subsidiaries involved in the transaction are not considered significant interests</p>
Supervised Intermediaries	<p>SIMs, EU investment firms, third-country firms other than banks, asset managers, as defined by the Italian Consolidated Law on Finance (TUF), as well as foreign asset managers, Electronic Money Institutions (EMI), financial intermediaries entered in the register provided for in Article 106, Italian Consolidated Banking Law (TUB), and Payment Institutions, which are part of a banking group and have an amount of equity at individual level greater than 2% of the amount of equity at consolidated level of the Banking Group to which they belong.</p>
Joint Venture	<p>An agreement concerning joint control over an entity whereby the parties with joint control have rights over the net assets of the entity itself</p>
Operation	<p>This has the meaning given in section 2.3.1</p>
Related Party in accordance with the Italian Securities and Exchange Commission Regulations	<p>This has the meaning given in section 2.2.1</p>
Related Party in accordance with Art. 88 CRD IV	<p>This has the meaning given in section 2.2.3</p>
Non-financial Related Party	<p>A related party that mainly carries out, directly or through subsidiaries, non-financial business activities as defined within the framework of the rules governing shareholdings held by banks and banking groups</p>

Investor	The party required to apply for the authorisations referred to in Articles 19 et seq. of the Consolidated Banking Act, as may be referred to in the regulations applicable from time to time
Single Perimeter	This has the meaning given in section 2.2
Associated companies	Companies over which another company exercises significant influence (see Article 2359, paragraph 3, of the Italian Civil Code)
Relevant parties pursuant to Art. 136 of the Consolidated Banking Act	<p>Relevant parties of the Bank and of the other banks belonging to the Group are the Corporate Officers of those banks and the other entities related to them (such as, by way of example, companies and enterprises, including those not organised as a corporation, controlled directly or indirectly by the Corporate Officer and the close relatives of the Corporate Officer).</p> <p>In any case, it is up to the Board of Directors to assess whether a transaction involves the assumption of "indirect" obligations towards the Corporate Officer. The notion of "indirect" obligation identifies a case in which the contractual relationship, even if formally referred to a subject - natural person (e.g., spouse or other family member of the Officer) or legal entity - different from the Corporate Officer, is de facto established with the latter.</p>
Close Relatives	<p>In accordance with the Italian Securities and Exchange Commission Regulations, close relatives of a person are those family members who are expected to influence, or be influenced by, that person in their dealings with the company, including:</p> <ul style="list-style-type: none"> <li>a) the children and spouse or partner of that person;</li> <li>b) the children of that person's spouse or partner;</li> <li>c) the dependants of that person or of his or her spouse or partner</li> </ul> <p>In accordance with the Provisions of the Bank of Italy, "close relatives" are defined as the relatives up to the second degree of kinship and the spouse or common-law partner of a related party, as well as the children of the latter.</p>
Associated Party in accordance with the Provisions of the Bank of Italy	This has the meaning given in section 2.2.2
Proposing Party	The organisational unit that is the owner of the transaction and responsible for its qualification, assessment and reporting

## 1.5 Regulatory Framework

### External Regulations

- **Italian Civil Code:** with particular reference to Article 2391-bis on the matter of transactions with related parties;
- **Italian Legislative Decree no 385/1993 of 1 September 1993;** Consolidated Banking Act (defined above TUB) with particular reference to, among others, Articles 53 and 136;
- **Italian Legislative Decree no. 58 of 24 February 1998:** Consolidated Law on Finance (“TUF”);
- **Italian Securities and Exchange Commission Regulation on related party transactions:** Resolution No. 17221 of 12 March 2010, as subsequently amended (already referred to above as the Italian Securities and Exchange Commission Regulation);
- **CRD IV:** Directive (EU) 2013/36 of the European Parliament and of the Council, as subsequently amended;
- **Supervisory Provisions for Banks:** Bank of Italy Circular no. 285 of 17 December 2013, Part Three, Chapter 11, under the heading “Risk-bearing assets and conflicts of interest of banks and banking groups vis-à-vis associated entities” (already referred to above as Bank of Italy Provisions);
- **Supervisory Provisions for Financial Intermediaries:** Bank of Italy Circular No. 288 of 3 April 2015, Title III, Chapter 1, Section VII, under the heading “Organisational Principles relating to specific activities or risk profiles”;
- **Bank of Italy Circular no. 262/2005:** “Banking Financial Statements and subsequent updates - Preparation criteria and Format”;
- **Supervisory Instructions for Banks:** Bank of Italy Circular No. 229 of 21 April 1999, Title II, Chapter 3, heading “Obligations of corporate officers”;
- **Accounting Standard IAS 24:** “Related party transactions reporting” in effect from time to time;
- **Corporate Governance Code:** Corporate Governance Code prepared by the Corporate Governance Committee of listed companies, promoted by Borsa Italiana S.p.A.

Also noted is Italian Securities and Exchange Commission Communication No. DEM/10078683 of 24 September 2010, setting out indications and guidelines for the application of the Italian Securities and Exchange Commission Regulations.

### Internal Regulations

- **Group Policy for Managing Conflicts of Interest:** this document governs the principles adopted for the purpose of managing and mitigating or preventing actual or potential conflicts of interest arising from the various activities carried on by the supervised companies belonging to the Banking Group (including the case referred to in Article 2391 of the Italian Civil Code); the policy also requires the adoption of organisational procedures governing the process.

## 2 GROUP PRINCIPLES AND RULES

### 2.1 Organisational controls

#### 2.1.1 The Parent Company's Risk Management and Internal Control Committee

The Board of Directors of Banca Ifis has assigned the tasks that the Italian Securities and Exchange Commission Regulations and Bank of Italy Provisions assign to Independent Directors to the Risk Management and Internal Control Committee (composed only of Independent Directors for this purpose).

The independence reinforces the assurance that the Director, in the exercise of his/her functions, pursues the interest of the Bank. The independent members are identified among the members of Banca Ifis' Board of Directors who qualify as independent in accordance with Article 2 of the Corporate Governance Code, Article 148, paragraph 3 of the Consolidated Law on Finance and the legislation implementing Article 26 of the Consolidated Banking Act<sup>2</sup>.

The Committee is responsible for:

- the issuance of prior, reasoned as well as binding (for the purposes of the resolution of the Board of Directors of Banca Ifis) opinions on the suitability of internal regulations and subsequent updates and amendments to achieve the objectives of external regulations. This opinion shall be in addition to the similar opinion required from the control body;
- the issuance, where expressly required, of prior reasoned opinions, binding or non-binding, in case of transactions with members of the Single Perimeter (as defined below) carried out directly or indirectly by the Bank regarding its interest in carrying out such transactions, as well as on the expedience and substantial fairness of the related conditions;
- in the case of Transactions of Greater Importance (as defined below), the timely involvement - through one or more delegated members, if deemed [appropriate] by the Committee - in the negotiation and preliminary investigation phase through the receipt of a complete and up-to-date flow of information and with the right to request information from and make observations to the delegated Bodies and the persons responsible for conducting the negotiations or the preliminary investigation; as well as
- the constant monitoring, also for the purpose of adopting any corrective measures, of transactions with components of the Single Perimeter entered into directly or indirectly by Banca Ifis, other than Minor Transactions, for which the procedural exemptions described below have been applied.

#### 2.1.2 Alternative controls (Subsidiaries)

In the event of transactions with Associated Entities of the Group carried out by Subsidiaries, the Policy provides for the involvement of the Independent Directors (if appointed) of the relevant Subsidiary.

When expressly provided for, the Independent Directors are responsible for issuing prior reasoned opinions regarding the interest in carrying out the transaction of the subsidiary involved and of the Group, as well as on the expedience and substantial fairness of the related conditions

Alternatively, in the event of the absence of Independent Directors, it is envisaged that, for the relevant non-banking Subsidiary, an alternative control mechanism providing for the prior disclosure to the Board of Statutory Auditors of said company will be activated.

### 2.2 Identification of the perimeter of the subjects involved (Subjective Perimeter)

In view of the similarities between the Italian Securities and Exchange Commission Regulations and the Bank of Italy Provisions, and with the aim of rationalising the operations of the Parent Company and Subsidiaries, Banca Ifis, as a listed issuer at the apex of the Banking Group, has determined a single Group perimeter to which the decision-making procedures set forth in this Policy uniformly apply, for the purposes of both the

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<sup>2</sup> In line with the provisions of Italian Ministry of Economy and Finance Decree No. 169 of November 23, 2020, implementing Article 26 of the Consolidated Banking Act, the independence requirements stipulated therein will apply to appointments after its becomes applicable (i.e., December 30, 2020). Until that date, the independence requirements are as set forth in the Articles of Association.

Italian Securities and Exchange Commission Regulations and the Bank of Italy Provisions (“**Single Perimeter**”, see Appendix 1).

The Single Perimeter consists of the aggregation of: (i) Related Parties of Banca Ifis, in accordance with the Italian Securities and Exchange Commission Regulations; (ii) Associated Entities of Banca Ifis, in accordance with the Bank of Italy Provisions, of the banks and Supervised Intermediaries (with assets in excess of 2% of the consolidated Own Funds) of the Banking Group (Italian and foreign), to which other cases may be added in order to take into account both the existing relationships with the Bank and/or the Group, as well as to consider - inter alia - the significance of relationships with economic groups that make use of articulated and complex corporate structures that may not ensure full transparency of corporate and organisational structures; and (iii) Related Parties within the meaning of Article 88 CRD IV, paragraph 1, subparagraphs 4 and 5 of the banks and Supervised Intermediaries (with assets in excess of 2% of the consolidated Equity Funds) of the Banking Group (Italian and foreign) (except for the cases of exemption specified below) Furthermore, if the Bank identifies actual conflicts of interest concerning other entities, it includes them among the recipients of the procedures provided for in the Policy.

### 2.2.1 Related parties in accordance with Italian Securities and Exchange Commission Regulations

With reference to the Parent Company (as a listed company), related parties are parties defined as such by the international accounting standards in force at the time (more specifically, IAS 24) adopted in accordance with the procedure set out in Article 6 of Regulation (EC) No. 1606/2002 (“**Related Parties in accordance with Italian Securities and Exchange Commission Regulations**”).

Specifically, at the date of publication of this Policy, the following are Related Parties:

- 1) an individual or close relative who:
  - a) has control or joint control of Banca Ifis;
  - b) has significant influence over Banca Ifis; or
  - c) is one of the Strategic Executives of Banca Ifis or one of its Subsidiaries;
- 2) an entity (in Italy, legal persons) that:
  - d) is part of the Group;
  - e) is an associate or joint venture of Banca Ifis (or an associate or joint venture belonging to the Group);
  - f) is a joint venture of the same third-party with which Banca Ifis is in a joint venture;
  - g) is a joint venture of a third-party entity associated with Banca Ifis;
  - h) is represented by a post-employment benefit plan in favour of employees of Banca Ifis or an entity related to it;
  - i) is controlled or jointly controlled by a person identified in point 1) above;
  - j) is subject to significant influence exercised by a person identified in point a) above;
  - k) includes, or any of its parent companies includes, a person identified in point a) above among Strategic Executives;
  - l) it, or any member of the group to which it belongs, provides management services with strategic responsibility to Banca Ifis or its parent company (see IAS 24, section 9).

In the definition of Related Parties under Italian Securities and Exchange Commission Regulations, an associated company includes the subsidiaries of the associated company and a joint venture includes the subsidiaries of the joint venture. Therefore, for example, a subsidiary of an associated company and the investor that has significant influence over the associated company are associated with each other (see IAS 24, section 12)

The Related Parties of the Parent Company are components of the Single Perimeter that is valid for the entire Group.

### 2.2.2 Associated entities in accordance with Bank of Italy Provisions

The following are “**Associated Entities in accordance with Bank of Italy Provisions**”:

- Related parties;

- 1) the corporate officers of Banca Ifis, the banks and the Supervised Intermediaries of the Banking Group;
  - 2) the corporate officers of Banca Ifis, the banks and the Supervised Intermediaries of the Banking Group;
  - 3) persons, other than investors, capable of appointing on their own one or more members of Banca Ifis' management body or body with strategic supervisory functions, of the banks and of the Banking Group's Supervised Intermediaries, including on the basis of agreements entered into in any form or clauses in the Articles of Association whose scope or effect is the exercise of such rights or powers;
  - 4) companies or enterprises, including those not organised as a corporation, over which Banca Ifis, banks or Supervised Intermediaries of the Banking Group are able to exercise control or a significant influence;
- Connected Entities:
    - 5) companies and enterprises, including those not organised as a corporation, controlled by a related party as identified in points 1) - 4) above;
    - 6) parties that control a related party among those indicated in points 2) and 3) or parties subject, directly or indirectly, to joint control with the same related party;
    - 7) close relatives of a related party as identified in points 1) - 4) above and companies or enterprises controlled by the latter.

"Connected Entities" refers to a group made up of a Related Party and all entities connected with it.

### **2.2.3 Related Parties in accordance with art. 88 CRD IV**

The following are Related Parties within the meaning of Article 88 CRD IV:

- the spouse, registered partner, child or parent of Corporate Officers<sup>3</sup>;
- a business entity in which a Corporate Officer or his/her close relative as defined in the preceding point:
  - holds a qualifying shareholding of 10% or more of the share capital or voting rights of such entity;
  - can exercise significant influence;
  - occupies managerial positions or is a Corporate Officer.

### **2.2.4 Other entities**

The Group's Single Perimeter, in addition to Related Parties in accordance with Italian Securities and Exchange Commission Regulations, Associated Entities in accordance with Bank of Italy Provisions, and Related Parties in accordance with Art. 88 CRD IV, also includes other entities which the Parent Company has decided to include, with a view to greater protection and risk prevention.

More specifically, the reference is to:

- entities who directly or indirectly, including through subsidiaries, trustees or intermediaries, hold more than 3% of the share capital of Banca Ifis, the banks and Supervised Intermediaries of the Banking Group;
- entities who have (among themselves) entered into an agreement, in whatever form, for the joint exercise of voting rights in the Shareholders' Meetings of Banca Ifis, the banks and Supervised Intermediaries of the Banking Group to an extent greater than 3%.

However, for the purposes of the above, the Single Perimeter does not include Governments, Governmental Entities and Central Banks and all entities related to them, except those that exercise control or significant influence.

### **2.2.5 Corporate Officers under Article 136 of the Consolidated Banking Act (Group banks**

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<sup>3</sup> However, such persons are included in the definition of Close Relatives

*only)*

With exclusive reference to Banca Ifis and the other Italian banking components of the Group, Article 136 of the Consolidated Banking Act also applies, which prohibits persons performing administrative, management and control functions (Directors, Statutory Auditors and the General Manager) at a bank from entering into obligations of any kind or engaging in sales or purchases, either directly or indirectly, with the bank that he/she administers, manages or controls, except by unanimous resolution and, with the favourable vote of all the members of the supervisory body, excluding the vote of the officer concerned, without prejudice to the obligations established in the Italian Civil Code regarding directors' interests and related-party transactions. Accordingly, the rules in section 2.4.4 are intended for Banca Ifis and the other Italian banking components of the Group.

More specifically, based on legislative provisions, the perimeter of Corporate Officers under Article 136 of the Consolidated Banking Act includes Corporate Officers of the Parent Company, of the Group banks and natural persons (e.g., spouse or other relative of the Corporate Officer) and/or legal entities, linked to one or more Corporate Officers by a relationship such that:

- said Corporate Officers shall be held personally liable without limitation with regard to the obligation of such individuals, and such hypothesis occurs, inter alia, when the obliged or contracting party is: (i) a partnership or general partnership of which the Corporate Officer is a partner; (ii) a limited partnership or partnership limited by shares (*società in accomandita per azioni*) of which the Corporate Officer is a general partner; (iii) a corporation of which the Corporate Officer is the sole shareholder;
- the contractual relationship, although formally referred to a person other than the Corporate Officer, is de facto established in the latter's name ("indirect obligations"). This hypothesis occurs, inter alia, in the case of obligations undertaken by companies directly and/or indirectly controlled by the banking Officer in accordance with Article 23 of the Consolidated Banking Act.

In any case, it is up to the Board of Directors to assess whether a transaction involves the assumption of "indirect" obligations towards the Corporate Officer. The notion of "indirect" obligation identifies a case in which the contractual relationship, even if formally referred to a subject - natural person (e.g., spouse or other family member of the Officer) or legal entity - different from the Corporate Officer, is de facto established with the latter.

## **2.2.6 IAS 24**

For the sake of completeness, it is important to note that the obligations concerning Related Parties and Associated Entities are supplemented by the requirements of IAS 24, the scope of which, as determined in accordance with the above-mentioned accounting standard for the purpose of financial statement disclosure, includes all Related Parties, as defined in the above-mentioned standard and set forth in the list maintained by Corporate Affairs.

## **2.2.7 Identification of the members of the Single Perimeter**

The full and timely identification of the members of the Single Perimeter is a necessary condition for the proper application of the procedures for adopting resolutions provided for in this Policy and for the application of specific provisions in accordance with Italian Securities and Exchange Commission Regulations on transparency obligations and Bank of Italy Provisions on regulatory reporting and monitoring of risk-bearing assets.

The Parent Company shall identify and record - through the Parent Company's Corporate Affairs department - the members of the Single Perimeter on the basis of: (i) the information obtained from the Shareholders' Ledgers, communications made by relevant persons in accordance with Article 152-octies of the Regulations adopted by the Italian Securities and Exchange Commission with Resolution No. 11971 of 14 May 1999 (as subsequently amended, the "Issuers' Regulations"), or from parent companies, from the consolidated annual financial report or from the consolidated half-yearly report of the Group; (ii) the information gathered from Corporate Officers and Strategic Executives, submitting to them for this purpose the declaration under Annex 1 to this Policy and requesting its compilation; and (iii) the information received from the organisational units which originate the acquisition of the shareholdings, when these determine at least the exercise of significant influence over the investee company.

In addition, through Annex 2, Corporate Affairs collects information regarding La Scogliera S.A. and its related parties, as a related party pursuant to Italian Securities and Exchange Commission Regulations and Bank of Italy Provisions (see sections 2.2.1 and 2.2.2 above).

The Parent Company shall record as close relatives of a related party also relatives up to the second degree of kinship and shall keep this information available for any requests by the Supervisory Authorities.

Minor children of related parties, although included in self-declarations in some cases, are not included in the Bank's list of connected entities.

The members of the Single Perimeter shall promptly provide the information necessary to allow their precise identification and that of the subjects connected to them and shall promptly report any subsequent change of the same.

On a quarterly basis, Regulatory Reporting reports to Corporate Affairs and Compliance the Group's Supervised Intermediaries whose individual Equity Funds exceed 2% of consolidated Equity Funds.

The Parent Company shall prepare and maintain a list of the members of the Single Perimeter and shall update it periodically. The Subsidiaries refer to the same Single Perimeter defined by the Bank for the entire Group. The list of said members is updated by Corporate Affairs.

The list must contain the following information:

- reporting date;
- cessation date;
- institute / company;
- name;
- tax code;
- body (BoD, BoA, Strategic Executive, Key Personnel);
- type of role;
- Single Perimeter member classification;
- indication of whether the person is related within the 2nd degree.

For each change, Corporate Affairs shall transmit - promptly and with a progressively numbered communication - the updated list (with evidence of the changes) to:

- Customer Master Data;
- Banca Credifarma S.p.A. Operations;
- Procurement & Cost Management;
- DWH & Reporting;
- Accounting & Reporting and Regulatory Reporting;
- Compliance, Risk Management, and Internal Audit; and
- Organisational units responsible for producing the Management Report of the Subsidiaries (Operational Area of Cap.Ital.Fin., Credits of Banca Credifarma, Credit Management of Ifis Finance IFN s.a., Credit Risk Assessment of Ifis Finance Sp. Z o.o., Operations Assessment of Banca Ifis).

The list is made available through the corporate registry files, the Group Registry and the Supplier Registry, updated by Customer Master Data and Procurement and Cost Management, on the basis of information received from Corporate Affairs. More specifically, Customer Master Data of the Parent Company and Operations of Banca Credifarma provide for the insertion/update of the Members of the Single Perimeter in Daisy, where the relationships of the parties with the officers are also specified (providing for the opening of the registry entry in Registry if the party is not already recorded). At the end of these activities, the RSC - Registro Soggetti Collegati (Register of Associated Entities) form is automatically updated with the relationships specified in the Daisy application. Through this form, it is always possible - by searching the registry for a name - to determine whether the party belongs to the Single Perimeter or not.

In order to keep the Group's files constantly up-to-date, Corporate Affairs shall send a summary statement (produced on the basis of the data extracted from the Daisy application) every six months to Corporate



Officers and Strategic Executives of what has been declared through the compilation of the appropriate forms, Annexes 1 and 2, with the request for timely notification of any intervening changes.

Any organisational unit of the Group, each with reference to its own operations, which proposes or examines a new Transaction or the renewal or modification of an existing Transaction, is in any case responsible for reporting to Corporate Affairs, which may request the advisory support of Compliance, the counterparties for which it presumes that there are connection relationships suitable to determine their belonging to the Single Perimeter and/or their relevance for the purposes of Article 136 of the Consolidated Banking Act and/or for the purposes of the Supervisory Provisions for Financial Intermediaries (Bank of Italy Circular No. 288 of 2015).

## 2.3 Transactions with members of the Single Perimeter (Objective Perimeter)

### 2.3.1 Identification of Transactions

Transactions with members of the Single Perimeter are transactions that the Parent Company and Subsidiaries carry out with members of the Single Perimeter involving taking on risk-bearing assets, the transfer of resources, services or obligations, regardless of whether a fee has been agreed ("**Transactions**").

Except in the cases of exemption described below, the following are included:

- mergers and demergers by incorporation or demergers in the strict non-proportional sense, where carried out with members of the Single Perimeter;
- capital increase transactions with the exclusion of option rights in favour of members of the Single Perimeter.

Except in the cases of exemption described below, examples include but are not limited to the following:

- provision of banking services;
- provision of both core and ancillary investment services;
- distribution of financial and insurance products;
- entering into service and/or plant maintenance contracts;
- buying, selling and leasing of real estate; as well as
- entering into contractual agreements of any kind involving assets, other than those indicated in the previous points.

### 2.3.2 Qualification of Transactions

Transactions are qualified based on: (i) relevant size; (ii) ordinary or non-ordinary nature; and (iii) conditions applied. With reference to the Parent Company and the other Group banks, transactions under Article 136 of the Consolidated Banking Act are also significant.

#### 2.3.2.1 Relevant size

Based on relevant size, Transactions are divided into:

- **Transactions of Greater Importance** - these are Transactions in which at least one of the following significance indices ("Significance Indices"), applicable depending on the specific Transaction, exceeds the threshold of 5% of the consolidated Equity Funds taken from the most recent consolidated balance sheet of Banca Ifis:
  - value-based significance index: this is the ratio between the value of the transaction and the Equity Funds taken from the most recent consolidated balance sheet published by the Parent Company If the economic terms of the Transaction:
    - i. are determined, the value is:
      - for cash components, the amount paid to/by the contractual counterparty;
      - for components consisting of financial instruments, the fair value thereof, determined, at the date of the Transaction, in accordance with the applicable accounting rules;
      - for loan transactions and guarantees, the maximum amount that can be

disbursed.

- ii. depend in whole or in part on figures not yet known, the value is the maximum amount receivable or payable under the agreement;
- asset-based significance index: this is the ratio between the total assets of the entity involved in the Transaction and the total assets of the Parent Company (which includes off-balance sheet items). The figures to be used must be taken from the most recent consolidated balance sheet published by Banca Ifis; where possible, similar data must be used to determine the total assets of the entity involved in the Transaction. More specifically, with reference to Transactions for the acquisition and disposal of:
  - i. investments in companies that affect the consolidation area, the value of the numerator is the total assets of the investee company, regardless of the percentage of capital involved;
  - ii. investments in companies that do not affect the consolidation area, the value of the numerator is:
    - in the case of acquisitions, the value of the Transaction plus any liabilities of the acquired company assumed by the purchaser;
    - in the case of disposals, the consideration received for the divested asset;
  - iii. other assets (other than investments), the value of the numerator is:
    - in the case of acquisitions, the greater of the amount due and the book value that will be attributed to the asset;
    - in the case of disposals, the book value of the asset in question;
- liabilities significance index: is the ratio between the total liabilities of the acquired entity and the total assets of the Parent Company. The figures to be used must be taken from the most recent consolidated balance sheet published by Banca Ifis; where possible, similar data must be used to determine the total liabilities of the company or business unit acquired.

For acquisition, merger and demerger Transactions, the threshold, again 5%, is to be calculated by referring to the asset-based significance index.

- **Transactions of Lesser Importance** - these are the transactions, other than Minor Transactions (as defined below), in which the Significance Indices, applicable depending on the specific Transaction, are less than or equal to the 5% threshold;
- **Minor Transactions** - are those Transactions whose value is less than or equal to:
  - €50,000 for purchases of goods and/or services from suppliers;
  - €250,000 for granting loans to customers.

The significance of the amount of the Transaction for the purchase of goods and services is to be determined by adding the amount of the same to all other purchases already made from the same related supplier from 1 January of each year. On the other hand, the decision to grant or review loans is always taken by considering the overall exposure to the associated counterparty.

#### 2.3.2.2 Ordinariness

**Ordinary Transactions** are Transactions of Lesser Importance: (i) related to operating activities or, alternatively, related financial activities; and (ii) falling within the ordinary course of operating activities or related financial activities. In particular:

- operating activity means the set of principal activities which generate income and other management activities which are not classifiable as investment or financial activity;
- The reference to financial activity connected to operating activity refers to Transactions which, even if they can be abstractly qualified as financial, are principally of an accessory nature in relation to the performance of operating activity<sup>4</sup>.

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<sup>4</sup>Pursuant to the Italian Securities and Exchange Commission Communication DEM/10078683 of 24/09/2010, the increases in capital excluding option rights are not included (normally) in the ordinary performance of financial activity connected to the operating activity.

The following main indicators should be considered when assessing whether a Transaction falls within the normal course of operating activities or related financial activity:

- nature of the counterparty;
- scope of the Transaction;
- frequency of the type of Transaction;
- size;
- contractual terms and conditions of the Transaction (also with regard to the characteristics of the amount due).

If the Transaction is performed by a subsidiary, the ordinary nature must be assessed with reference to the activity the subsidiary performs.

### 2.3.2.3 Conditions

In principle, Transactions are carried out at **market or standard terms and conditions** when such conditions are:

- similar to those performed with counterparties which are not members of the Single Perimeter with reference to transactions with similar characteristics for size, nature, type, risk, etc.;
- can be identified by codex, tariff, product group, framework agreement, etc. or applied based on conditions which are defined and imposed by law; and/or
- are practised in similar transactions by competitors, where available.

Any reasons why the economic and/or contractual conditions applied to the Transaction will deviate from standard or market-best-practice must be adequately explained by the opportunity and the economic convenience of performing the Transaction.

The ordinary nature and cost-effectiveness of the transaction must be shown by documentation following the decision assumed in accordance with the management processes set out from time to time, and supported by suitable assessment by the competent technical and control department for this subject (Risk Management, Compliance, assessment structures), each responsible for its own area of expertise, with regard to verifying the veracity of the information on the conditions and economic profitability of the Transaction.

The results of this preliminary phase are submitted to the Corporate Bodies involved in the decision-making process and more specifically to the Risk Management and Internal Control Committee for the latter's opinion on the Transaction.

In order to allow the Risk Management and Internal Control Committee, the Board of Statutory Auditors, and both the 2nd (Risk Management and Compliance) and 3rd level Control Functions to monitor the Ordinary Transactions that have been executed, the organisational units responsible for reporting on the exercise of delegated powers, on a quarterly basis and in compliance with the relevant internal regulations, shall make available to these bodies a list of the Ordinary Transactions concluded in the reference period, together with the related economic conditions applied. In this manner, the aforementioned parties can:

- verify that the conditions for exemption are correctly applied;
- identify any operational anomalies that have occurred; and
- address the relevant corrective actions.

### 2.3.3 *General exemptions*

Without prejudice to the obligations to disclose accounting information to the market, where applicable, the following are transactions for which the provisions of the Italian Securities and Exchange Commission Regulations, the Bank of Italy Provisions, and the procedures set out in this Policy do not apply:

- transactions resolved by the companies and addressed to all shareholders on equal terms, including:
  - capital increases offered in option, including those servicing convertible bonds, and free of charge capital increases as provided for in Article 2442 of the Italian Civil Code;
  - demergers in the strict sense, whether total or partial, with proportional share allocation criteria;

- reductions in share capital by means of reimbursement to shareholders in accordance with Article 2445 of the Italian Civil Code and purchases of treasury shares in accordance with Article 132 of the Consolidated Law on Finance;
- transactions carried out with/among Subsidiaries where there is a relationship of full or joint control, on condition that the transaction or the counterparty do not involve any significant interests of other members of the Single Perimeter;
- infragroup fund transfer or “collateral” transactions carried out as part of the liquidity risk management system at consolidated level;
- transactions relating to the remuneration of Corporate Officers and Strategic Executives carried out in compliance with applicable regulations on incentive and remuneration systems and, more specifically:
  - fees due to the members of the Board of Directors and Board of Statutory Auditors, within the limits established by the Shareholders’ Meeting in accordance with Article 2389, paragraphs 1 and 3, and Article 2402 of the Italian Civil Code;
  - fees of Directors holding special offices and Strategic Executives, provided that the requirements of Article 13, paragraph 3, letter b) of the Italian Securities and Exchange Commission Regulations are met;
- transactions to be carried out on the basis of instructions issued by the European Central Bank or the Bank of Italy for stability purposes, or on the basis of instructions issued by the Parent Company in the for the purpose of the Group’s stability;
- securities-based remuneration plans approved by the Shareholders’ Meeting in accordance with Article 114-bis of the Consolidated Law on Finance and the related implementing transactions;
- transactions carried out in implementation of framework resolutions adopted in accordance with section 2.4.5 below.

#### *2.3.4 Transactions in accordance with Article 136 of the Consolidated Banking Act (Group banks only)*

The application of Article 136 of the Consolidated Banking Act concerns obligations of any nature and deeds of sale and purchase, respectively, contracted/completed directly or indirectly by the Corporate Officers of Banca Ifis and other Group banks.

Examples of the scope of application under consideration include but are not limited to:

- deeds of sale and purchase;
- obligations of any kind (financial or otherwise), including professional engagements entrusted - on a continuous or occasional basis - to Corporate Officers or professional partnerships of which Corporate Officers are members;
- exchange transactions of bank cheques “for cash”;
- sale/purchase transactions of currency and securities that do not comply with the conditions set out below.

On the basis of the Bank of Italy’s indications, the following do not fall within the scope of application of Article 136 of the Consolidated Banking Act, since they derive from contractual relationships in which the subjective quality of the counterparty is not relevant and the possibility of conflicts of interest that the rule intends to avoid does not exist, not even theoretically:

- services that do not involve offering credit, including the opening of deposits, also in the form of current accounts corresponding to standardised terms and conditions for the use of customers or employees;
- obligations connected with transactions involving the purchase and sale of currency and securities, including State or State-backed securities, listed on the electronic market when all the following conditions are met: implementation on regulated markets; application of the standardised terms and conditions established for customers; advance payment of the price in the event of purchase; prior delivery of the securities in the event of sale.

The notion of indirect obligation identifies a case in which the obligatory relationship, even if formally referred

to a subject, be it a natural person or a legal entity, different from the Corporate Officer, is de facto established in the latter's name. In such cases the Board of Directors, which the person concerned must inform of their particular situation, is responsible to assess whether or not the proposed transaction involves an obligation indirectly contracted by the Officer. The assessment is conducted with the Officer allegedly involved abstaining [from the vote].

In the case of obligations undertaken by companies, Article 136 of the Consolidated Banking Act applies where the Corporate Officer has a controlling position in the contracting company, in accordance with Article 23 of the Consolidated Banking Act. In the case of loans to non-subsidiary companies in which Officers hold the position of director or statutory auditor, it is considered that the mere conjunction of roles, or the mere holding by said officers of a minority shareholding in the financed company, does not, in itself, give rise to the application of Article 136 of the Consolidated Banking Act.

In the event that Corporate Officers of the parent company hold positions within other companies of the group, the contractual relationships established between group companies do not per se determine hypotheses of conflicts of interest subject to the regulations provided for by Article 136 of the Consolidated Banking Act.

Article 136 of the Consolidated Banking Act also applies when the obliged or contracting party is linked to one or more Corporate Officers by a relationship such that the said officer(s) is (are) personally liable without limitation of such person's obligations. This is the case when the obliged or contracting party is: (i) a partnership or general partnership of which the Officer is a partner; (ii) a limited partnership or partnership limited by shares of which the Officer is a general partner; (iii) a corporation of which the Officer is the sole shareholder; (iv) a spouse under community of property regime.

### ***2.3.5 Granting of loans to directors (only financial intermediaries in accordance with Article 106 of the Consolidated Banking Act)***

Any direct or indirect loan transactions in favour of Corporate Officers and enterprises or companies controlled by them or over which they are able to exercise a significant influence, must be resolved upon by the body with strategic supervisory functions - informed of this circumstance by the same officer - with a decision taken unanimously and with the officer concerned abstaining from the vote.

## **2.4 Management of Transactions with members of the Single Perimeter**

The process of managing a Transaction with members of the Single Perimeter begins when the organisational unit that is the owner of the transaction, whether of the Parent Company or the Subsidiaries, begins negotiations, followed by the investigation phase, and ends with the resolution regarding the Transaction, which may take place in different ways, depending on the type of Transaction.

The organisational unit owner responsible for investigating the transaction verifies whether the counterparty is a member of the Single Perimeter. If so, it shall ascertain whether the transaction falls within the cases of exemption described above, possibly availing itself of the support of the Corporate Affairs organisational unit and of the Compliance Function. If the transaction's conditions are defined as equivalent to market or standard terms and conditions, the documentation prepared shall contain objective evidence showing this.

It is also reiterated that, in principle, the responsibility for verifying whether or not the party with whom the proposed transaction is to be carried out is an associated entity lies first of all with the organisational unit that originated the transaction. Depending on the process in question, the Bank also adopts additional controls, including IT controls, which make it possible to verify whether or not the counterparty to the transaction is a member of the Single Perimeter. The various management systems adopted for the specific businesses in which the Group operates provide dedicated functions for the recognition of the members of the Single Perimeter (see [Annex 3](#)).

The appendix provides a schematic summary of the decision-making and information-gathering processes (see [Appendix 2](#)) as well as a diagram to assist in the decision-making process (see [Appendix 3](#)).

### ***2.4.1 Transactions of Lesser Importance (non-ordinary)***

If the cases of exemption do not apply, the organisational unit responsible for the investigation:

- asks Regulatory Reporting, for credit transactions which are to be preventively verified in terms of observance of individual and consolidated limits vis-à-vis the prospective Transaction;

and, only for cases which comply with the above limits:

- sends the Risk Management and Internal Control Committee (composed only by Independent Directors for this purpose) the information relating to the Transaction, by means of Corporate Affairs.

Relevant items, more specifically, include the nature of the relationship, the way in which the transaction is implemented and the Bank's interest (economic, commercial, strategic, etc.) in carrying it out, the terms and conditions, including economic conditions, under which it is carried out, the assessment process followed and any risk factors for the Bank.

The information must be received by the Risk Management and Internal Control Committee (composed only by Independent Directors for this purpose) normally within three business days prior to the date on which the Committee is called upon to express its opinion.

On the basis of the information received, the Risk Management and Internal Control Committee (composed only by Independent Directors for this purpose) assesses the Bank's interest in carrying out the Transaction as well as the expedience and substantial fairness of the related terms and conditions and expresses a reasoned, non-binding opinion to the resolving party before the latter takes a decision.

The Risk Management and Internal Control Committee (composed only by Independent Directors for this purpose) has the power to request additional information to that in its possession and to seek assistance from one or more independent experts of its choice, subject to verification of their independence in accordance with the Italian Securities and Exchange Commission's Regulations, as well as to delegate the management of investigative activities for which it is responsible to one or more of its members. The opinion is annexed to the minutes of the Risk Management and Internal Control Committee meeting.

The resolutions are the responsibility of the Board of Directors, unless the law or the Articles of Association attribute such responsibility to the Shareholders' Meeting.

Without prejudice to the provisions of Article 53 of the Consolidated Banking Act, if there is an interest in the Transaction, both in their own interests or those of third parties, that conflicts with that of the company of:

- a director who is not a member of the Risk Management and Internal Control Committee or, more generally, a non-independent director of the Bank, the director concerned must promptly inform the other directors and statutory auditors of the nature, terms, origin and extent of his/her interest. He/she must also abstain from voting on the resolution of the Transaction at the Board meeting;
- a director who is not a member of the Risk Management and Internal Control Committee, the director concerned must promptly inform the other directors and statutory auditors of the nature, terms, origin, and extent of his/her interest. Furthermore, he/she must abstain both from voting on the resolution at the Board meeting and from participating in the issuance of the opinion at the Risk Management and Internal Control Committee;
- a statutory auditor or an entity associated through him or her, the relevant statutory auditor shall promptly inform the directors and statutory auditors of the nature, terms, origin and extent of his/her interest. If the proposed transaction is to be carried out between the Bank and the statutory auditor, the latter must abstain from voting on the transaction at the Board of Statutory Auditors' meeting (in all cases in which the Board is called upon to express an opinion on such transaction).

The obligation to abstain applies only to voting and not to participation in meetings. Officers required to abstain will still be counted for the purposes of rendering the meeting quorate but not for the purposes of the quorum for resolutions (since this is a statutory obligation).

If, in relation to a Transaction, there are not at least three unrelated Independent Directors on the Risk Management and Internal Control Committee, the following additional equivalent alternative safeguards shall apply, in the following order: (i) prior opinion of two Independent Directors; (ii) prior opinion of the sole Independent Director.

Resolutions relating to the approval of Transactions must contain adequate justification of the interest in carrying out the Transaction, the expedience of the same and the substantial fairness of the relevant terms and conditions as well as adequate justification of the reasons for any deviations, in terms of economic-contractual conditions and other characteristic profiles of the Transaction, compared to standard or market ones; suitable elements to support this justification must be found in the documentation accompanying the resolution.

In the event of a negative opinion on the Transaction expressed by the Risk Management and Internal Control Committee (composed only by Independent Directors for this purpose), the Board of Directors or the Shareholders' Meeting (for matters falling within its purview) may approve it, formally stating the reasons for the decision taken and specifying the reasons why it did not share the opinion.

All transactions resolved in the presence of a contrary or conditional opinion of the Audit and Risk Committee (composed only by Independent Directors for this purpose) are individually communicated, as soon as they are resolved, to the Board of Statutory Auditors if at least one member of the Board of Statutory Auditors did not attend the meeting of the Risk Management and Internal Control Committee. The latter will then inform the members of the Board.

#### 2.4.1.1 Public Disclosure of Transactions of Lesser Importance (Parent Company only)

Without prejudice to the provisions of Article 17 of Regulation (EU) No. 596/2014, a document indicating the counterparty, the subject-matter and the consideration of the transactions approved in the reference quarter in the presence of a negative opinion expressed by the Committee, as well as the reasons why the competent resolving bodies of Banca Ifis decided not to share this opinion, is made available to the public within fifteen days of the end of each quarter of the financial year, at the registered office and in the manner indicated in Part III, Title II, Chapter I of the Issuers' Regulations. Within the same period, the negative opinion of the Committee must be made available to the public in an appendix to the above-mentioned document or on Banca Ifis' website.

#### *2.4.2 Transactions of Greater Importance*

For Transactions of Greater Importance, in addition to what has already been specified above, the procedural rules specified below also apply.

The Risk Management and Internal Control Committee (composed only by Independent Directors for this purpose) is involved in a timely manner in the negotiation and preliminary investigation phases by receiving a complete and up-to-date flow of information and has the right to request information from and make comments to the delegated bodies and the persons responsible for the negotiations and preliminary investigation.

The described information flow, forwarded by the organisational unit responsible for the preliminary investigation of the Transaction through Corporate Affairs, contains information about:

- the nature of the Transaction and the correlation;
- the Transaction's terms and conditions, including economic terms, and implementation methods;
- the assessment procedure followed;
- the interest and underlying reasons;
- any risk factors for the Bank.

The reasoned opinion expressed by the Risk Management and Internal Control Committee (composed only by Independent Directors for this purpose) is to be considered binding and must be issued in time for the meeting of the Board of Directors called for the adoption of the related resolution.

In the event of a negative or conditional opinion by the Risk Management and Internal Control Committee (composed only by Independent Directors for this purpose), a prior opinion is also required from the Board of Statutory Auditors, which must be provided with adequate information - in terms of timing and content - on the Transaction. The opinion must contain reasons on the Bank's interest in carrying out the Transaction as well as on the expedience and substantial fairness of the related conditions. Completed transactions on which the Independent Directors or the Board of Statutory Auditors have issued negative opinions or made remarks are brought to the attention of the Shareholders' Meeting at least once a year.

If there is an interest in the Transaction on of a director or statutory auditor, both in their own interests or those of third parties, that conflicts with the interest of the company, the provisions described above with reference to Transactions of Lesser Importance (non-ordinary) as per section 2.4.1 shall apply.

When a Transaction of Greater Importance falls within the purview of the Shareholders' Meeting, in the event of a negative opinion of the Risk Management and Internal Control Committee (composed only by Independent Directors for this purpose), the Transaction cannot be carried out if the majority of the unrelated voting shareholders (who must represent at least ten per cent of the voting share capital) vote against it.

#### 2.4.2.1 Public Disclosure of Transactions of Greater Importance (Parent Company only)

On the occasion of Transactions of Greater Importance, the Parent Company alone (as a listed company) shall prepare, in accordance with Article 114, paragraph 5 of the Consolidated Law on Finance, a disclosure document containing the information required by the applicable regulations indicated in Annex 4 of the Italian Securities and Exchange Commission Regulations and reported below for ease of reference:

- evidence, in summary form, of the risks related to potential conflicts of interest arising from the transaction in question;
- a description of the contents of the transaction. In particular:
  - a description of the characteristics, terms and conditions of the transaction;
  - an indication of the related parties with which the transaction was carried out, the nature of the relationship and the extent of those parties' interests in the transaction;
  - an indication of the transaction's economic reasons and the expedience for the Bank (or its Subsidiaries);
  - a description of how the consideration for the transaction was determined and the assessments of its fairness in relation to market values for similar transactions;
  - an illustration of the economic and financial effects of the transaction, providing at least the applicable significance indices;
  - whether the amount of the fees of the Bank's directors or the members of the Board of Directors of the Subsidiaries will change as a result of the transaction, giving a description of the related changes. If no changes are envisaged, a statement to that effect shall nonetheless be added;
  - in the case of Transactions where the related parties involved are Corporate Officers or Strategic Executives, information relating to the financial instruments of the issuer held by such persons and their interests in extraordinary transactions, as provided for by sections 14.2 and 17.2 of Annex I of Regulation 809/2004/EC;
  - an indication of the directors who conducted or participated in the negotiations and/or prepared and/or approved the transaction, specifying their respective roles, with particular regard to the independent directors. With reference to the resolutions approving the transaction, a specification of the names of those who voted for or against the transaction, or abstained from voting, specifying in detail the reasons for any dissent or abstention. In accordance with Article 5 of the Issuers' Regulations, the opinion of the independent directors shall be annexed to the disclosure document or published on the Bank's website.

Without prejudice to the provisions of Article 114, paragraph 1, of the Consolidated Law on Finance, the disclosure document shall be made available to the public at the registered office of Banca Ifis and shall be sent to Investor Relations and Corporate Development for publication (including the relevant annexes) on the Parent Company's website and, with the other methods provided for by applicable regulations, within seven days of approval of the transaction by the Board of Directors or, if the Board of Directors resolves to submit a contractual proposal, from the time when the contract, including a preliminary contract, is entered into, in accordance with applicable regulations. In cases where the resolution of the transaction falls within the purview of the Shareholders' Meeting, the disclosure document shall be made available within seven days of the Board's approval of the proposal to be submitted to the Shareholders' Meeting.

At the same time as the public dissemination, the Parent Company shall also transmit the above documents and opinions to the Italian Securities and Exchange Commission through a connection with the storage mechanism authorised in accordance with Article 65-septies, paragraph 3 of the Issuers' Regulations.

Banca Ifis shall also prepare the disclosure document if, during the course of the financial year, it enters into Transactions with the same member of the Single Perimeter that are homogeneous or undertaken in implementation of a single plan which, while not qualifying individually as transactions of greater importance, exceed, when considered cumulatively, the Significance Indices<sup>5</sup>. In this case, the disclosure document shall be made available to the public within 15 days following the approval of the Transaction, or of the execution of the contract that causes the Significance Index to be exceeded, and shall contain information on all the Transactions considered for the purposes of accumulation, also on an aggregate basis for homogeneous

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<sup>5</sup> For these purposes, the transactions carried out by the Subsidiaries are also relevant and any transactions subject to the general Exemption and the following transactions subject to the partial Exemption are not considered: (i) Minor Transactions; (ii) Transactions executed in accordance with Article 136 of the Consolidated Banking Act; (iii) Ordinary Transactions executed with Associated Entities not belonging to the Group; (iv) Transactions executed with or between Subsidiaries in case of a participating interest other than a 100% stake or with associated companies and/or companies subject to significant influence, if there are no significant interests in the subsidiaries or associated companies that are the counterparties to the Transaction; and (v) transactions of lesser importance, other than ordinary transactions, with Subsidiaries in case of a participating interest other than a 100% stake and with associated companies and/or companies subject to significant influence, if there are no significant interests in the subsidiaries or associates that are counterparties to the transaction.



transactions.

The disclosure document must be accompanied by the binding opinion of the Risk Management and Internal Control Committee (composed only by Independent Directors for this purpose) and, if applicable, any additional opinion it may have requested from an independent expert concerning the fairness of the terms and conditions of the transaction compared with the market value of similar transactions and the opinion issued by the independent expert that was possibly retained by the Board of Directors<sup>6</sup>.

Corporate Affairs prepares the disclosure document, with the operational support of the responsible organisational unit, depending on the type of transaction, of the related investigation and assessment process. More specifically, Corporate Affairs, with the support of Compliance, in compliance with the timeframes specified above and following the approval of the Transaction by the Board of Directors (or, if the Board of Directors resolves to submit a contractual proposal, following the time at which the contract, including a preliminary contract, is executed in accordance with the applicable regulations or, in cases where the transaction falls within the purview of the Shareholders' Meeting, after the Board of Directors has approved the proposed resolution), shall gather the information needed to prepare the disclosure document, shall draft it, shall submit it to the Risk Management and Internal Control Committee (composed only by Independent Directors for this purpose) for approval and, together with the annexes (the opinion of the Risk Management and Internal Control Committee and any opinions of independent experts), shall publish it and shall send it to the Italian Securities and Exchange Commission.

More specifically, as an exception to the obligations relating to the publication of the disclosure document, the following communications must be made for such transactions, in addition to those to be made in accordance with Article 154-ter of the Consolidated Law on Finance:

- a communication to the Italian Securities and Exchange Commission and to the Risk Management and Internal Control Committee (composed only by Independent Directors for this purpose), within the deadline for making the disclosure document available, regarding the counterparty, the subject-matter and the consideration of the transaction that benefited from the exclusion as well as the reasons why the transaction is considered ordinary and concluded at conditions equivalent to those of the market or standard terms and conditions, providing objective elements of confirmation;
- a specific disclosure on these transactions in the interim management report and in the annual management report;
- a specific disclosure in the Report on Operations regarding the counterparty, the subject-matter and the consideration of such transactions.

### *2.4.3 Transactions giving rise to losses, reclassification to non-performing loans, judicial or out-of-court settlement agreements*

Write-offs, analytical value adjustments and settlement agreements (both judicial and out-of-court) made in relation to exposures assumed by members of the Single Perimeter are resolved upon, regardless of the amount, by the Board of Directors.

More specifically, Non-Performing Loans makes an assessment in this regard and, after discussion with the Chief Lending Officer, submits the results to the Risk Management and Internal Control Committee (composed only by Independent Directors for this purpose) to which, through Corporate Affairs, they send a dedicated report.

The Risk Management and Internal Control Committee (composed only by Independent Directors for this purpose) shall analyse the above information and provide a reasoned, non-binding opinion to the Board of Directors before the latter passes a resolution on the matter.

More specifically, the subject-matter of the opinion concerns:

- write-offs and analytical value adjustments, the appropriateness of the related estimate;
- settlement agreements, both the interest in executing them and the expedience and substantial fairness of the related conditions.

The person identified on the basis of the system of delegated powers adopted by the Bank and its Subsidiaries is responsible for deciding on the classification of non-performing loans.

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<sup>6</sup> With reference to the opinions of independent experts, only the elements indicated in Annex 4 of the Italian Securities and Exchange Commission Regulations may be published, giving reasons for this choice.

#### **2.4.4 Transactions executed in accordance with Article 136 of the Consolidated Banking Act (Group banks only)**

The Corporate Officers of Banca Ifis and the other Group banks may not enter into obligations of any kind or engage in sales and purchases, directly or indirectly, with the Bank without a unanimous resolution of the Board of Directors and the favourable vote of all the members of the Board of Statutory Auditors. The unanimity required by Article 136 of the Consolidated Banking Act is not conditional upon the presence of all the members. It is sufficient that the number of members required for a valid decision take part and that all those present, without any abstentions - apart from the interested party - vote in favour.

With regard to the approval of the Board of Statutory Auditors, where, for whatever reason, one of the standing auditors is not present at the council meeting, his or her approval must be formalised in a written document to be stored in company records and will be added to the minutes in the following meeting.

The preliminary investigation of transactions falling within the scope of application of Article 136 of the Consolidated Banking Act and the related resolutions must satisfy the requirements of formal and substantial fairness that are the prerequisite thereof.

Until completion of the resolution procedure described above, it is not possible to proceed with the transaction.

Transactions executed in accordance with Article 136 of the Consolidated Banking Act are subject to the provisions of this Policy and of the relevant regulations with regard to:

- compliance with prudential thresholds;
- pre-resolution phase, with particular reference to the prior disclosure that must be provided to the Risk Management and Internal Control Committee, composed solely of independent directors for this purpose, and in the case of transactions of greater importance, to the involvement of this committee in the negotiations. On the other hand, the prior opinion of the Risk Management and Internal Control Committee is not required, in compliance with Bank of Italy Provisions and Article 13, paragraph 5 of the Italian Securities and Exchange Commission Regulations;
- disclosure to the Italian Securities and Exchange Commission and the market in the case of Transactions of Greater Importance concluded during the reference period;
- periodic accounting disclosures concerning Transactions of Greater Importance, other Transactions that have materially affected the financial position or results during the reporting period and changes or developments in described transactions that have materially affected the financial position or results during the reporting period.

#### **2.4.5 Framework Resolutions (Parent Company only)**

Banca Ifis may use framework resolutions relating to series of homogeneous Transactions with certain parties or categories of parties in the Single Perimeter for specific categories of Transactions. In particular, the following is set forth:

- the approval of framework resolutions is subject to the procedures envisaged for Transactions of Greater Importance or Transactions of Lesser Importance on the basis of the maximum amount envisaged for the Transactions that require a resolution (considered cumulatively);
- framework resolutions have a duration of one year, refer to sufficiently determined Transactions and report the foreseeable maximum amount of the Transactions to be carried out in the reference period and all the foreseeable disclosure elements of the Transactions to which they refer. In addition, the framework resolution defines the person responsible for verifying that the transactions subsequently approved fall within the identified homogeneous category and do not exceed the maximum approved amount, who will then also become responsible for quarterly reporting to the Board of Directors on the implementation of the framework resolution;
- implementation of framework resolutions must be communicated by the proposing structures at least quarterly to the Board of Directors;
- Banca Ifis publishes a disclosure document, in accordance with this Policy, if the foreseeable maximum amount of the Transactions subject to the framework resolution, considered as a whole, exceeds one of the Significance Indices. The procedures envisaged for Transactions of Greater Importance or Transactions of Lesser Importance do not apply to individual Transactions executed in implementation of the framework resolution. Transactions executed in implementation of a framework resolution subject to a disclosure document are not counted as cumulative transactions for the purposes of section 2.4.2.1.

## 2.4.6 Specifics with reference to Transactions carried out by Subsidiaries

Without prejudice to the provisions of the following sections, the Transactions that the Subsidiaries intend to carry out with the members of the Single Perimeter must be approved by their own:

- Management Body (Chief Executive Officer, General Manager, Managing Director), if the amount is lower than € 50,000 for the purchase of goods and services or € 250,000 for the granting of loans;
- Strategic Supervision Body (Board of Directors in the traditional Italian system of corporate governance) if, on the contrary, depending on the area, the amount is equal to or greater than the sums referred to in the previous point;
- Shareholders Meeting, if the transactions fall under its jurisdiction as per the law and the Articles of Association.

In the last two cases, the Management Body of the Subsidiaries provides the investigation file to the relevant Strategic Supervision Body functions which, having analysed the contents of the Transaction, adopts its decision.

### 2.4.6.1 Transactions of Lesser Importance (Non-Banking Subsidiaries)

If a non-banking Subsidiary intends to carry out a Transaction of Lesser Importance, the Independent Directors of the Subsidiary (possibly meeting in a committee if there are more than three) shall be given a preliminary disclosure about the Transaction. If the Subsidiary has no Independent Directors, the responsible organisational unit shall provide this disclosure to the Board of Statutory Auditors of the Subsidiary.

In the event of a favourable resolution by the Subsidiary's Strategic Supervision Body, the Transaction of Lesser Importance must be submitted:

- to the Risk Management and Internal Control Committee of the Parent Company (for the independent directors component), which expresses a non-binding opinion on the benefits for the Group of carrying out the Transaction and the substantial correctness of the relevant conditions; and
- to the Board of Directors of the Parent Company which, taking into account the opinion of the Risk Management and Internal Control Committee, expresses its approval or refusal.

### 2.4.6.2 Transactions of Lesser Importance (Banking Subsidiaries)

- If a Banking Subsidiary intends to undertake a Transaction of Lesser Importance, in accordance with the Supervisory Provisions and consistent with the choices adopted by the Parent Company and governed by this Policy:
- the provisions relating to the procedural and decision-making processes referred to above in sections 2.4 et seq., which shall be implemented by the competent bodies and functions of the Subsidiary (including, by way of example but not limited to, those relating to the issue of the non-binding, reasoned opinion by the Independent Directors (of the Subsidiary), possibly meeting as a Committee), shall apply; and
- in the event of a favourable resolution by the Subsidiary's Strategic Supervision Body, the Transaction of Lesser Importance must be submitted:
  - to the Risk Management and Internal Control Committee of the Parent Company (for the independent directors component), which expresses a non-binding opinion on the benefits for the Group of carrying out the Transaction and the substantial correctness of the relevant conditions also availing itself of the opinion expressed by the Independent Directors of the Subsidiary; and
  - to the Board of Directors of the Parent Company which, taking into account the opinion of the Risk Management and Internal Control Committee, expresses its approval or refusal.

### 2.4.6.3 Transactions of Greater Importance (Non-Banking Subsidiaries)

If a non-banking Subsidiary intends to undertake a Transaction of Greater Importance, a preliminary disclosure about the Transaction shall be provided not only to the Parent Company's Risk Management and Internal Control Committee (composed only by the parent Company's Independent Directors for this purpose), but also to the Independent Directors of the Subsidiary itself (which may meet in a committee if there are more than three). If the Subsidiary has no Independent Directors, the responsible organisational unit shall provide this disclosure, in advance, to the Board of Statutory Auditors of the Subsidiary.

The Subsidiary's Strategic Supervision Body has the right to request the Independent Directors of the Subsidiary, or in their absence an independent third party, to express a reasoned, non-binding, prior opinion. The opinion so expressed is transmitted to the Subsidiary's Strategic Supervision Body and to the Parent Company's Risk Management and Internal Control Committee (composed only of Independent Directors for this purpose).

In the event that the Subsidiary's Strategic Supervision Body has resolved on the Transaction despite the negative or conditional opinion of the Independent Directors, if appointed, such Body shall specify the reasons why it has decided not to share the opinion.

In the event of a favourable resolution by the Subsidiary's Strategic Supervision Body, the Transaction of Greater Importance must be submitted:

- to the Risk Management and Internal Control Committee of the Parent Company (for the independent directors component), which expresses a binding opinion on the interest for the Group to undertake the Transaction as well as on the expedience and substantial fairness of the related terms and conditions, also availing itself of the opinion expressed by the Subsidiary's Independent Directors, if appointed;
- to the Board of Directors of the Parent Company which, taking into account the opinion of the Risk Management and Internal Control Committee, expresses its approval or refusal.

#### 2.4.6.4 Transactions of Greater Importance (Banking Subsidiaries)

- If a Banking Subsidiary intends to undertake a Transaction of Greater Importance, in accordance with the Supervisory Provisions and consistent with the choices adopted by the Parent Company and governed by this Policy:
  - the provisions relating to the procedural and decision-making processes referred to above in sections 2.4 et seq., which shall be implemented by the competent bodies and functions of the Subsidiary (including, by way of example but not limited to, those relating to the issue of the non-binding, reasoned opinion by the Independent Directors (of the Subsidiary), possibly meeting as a Committee), shall apply; and
  - In the event of a favourable resolution by the Subsidiary's Strategic Supervision Body, the Transaction of Greater Importance must be submitted:
    - to the Risk Management and Internal Control Committee of the Parent Company (for the independent directors component), which, after having received the disclosure expresses a reasoned binding opinion on the interest for the Group to undertake the Transaction as well as on the expedience and substantial fairness of the related terms and conditions, also availing itself of the opinion expressed by the Subsidiary's Independent Directors;
    - to the Board of Directors of the Parent Company which, taking into account the opinion of the Risk Management and Internal Control Committee, expresses its approval or refusal.

#### *2.4.7 Procedural exemptions (partial)*

Availing itself of the option provided by the Italian Securities and Exchange Commission Regulations and the Provisions of the Bank of Italy, the Group shall also provide for the cases of procedural exemption referred to in this Section.

For the categories of Transactions identified below, all the established obligations not expressly exempted shall remain in effect, with reference, inter alia, to: (i) compliance with individual and consolidated limits (see Section 2.5); (ii) regulatory reporting (see Section 2.7); and (iii) the preparation of adequate information flows to allow monitoring of the Transactions (see Section 2.8).

##### 2.4.7.1 Procedural exemptions (partial) (Parent Company)

The following procedural exemptions shall apply to the Parent Company:

- Minor Transactions, exempt from: (i) the preliminary investigation process of the Risk Management and Internal Control Committee (composed only of Independent Directors for such purpose); (ii) the "reinforced" resolution process envisaged in the preceding sections (therefore applying the resolution procedures envisaged on the basis of the delegation of powers); (iii) disclosure to the Italian Securities and Exchange Commission; (iv) disclosure to the market; and (v) accounting disclosure to the market;
- Ordinary Transactions executed with or between Subsidiaries in the case of a participating interest

other than 100% or with associated companies and/or companies subject to significant influence, exempt from: (i) the investigation process of the Risk Management and Internal Control Committee (composed only of Independent Directors for such purpose); (ii) the “reinforced” resolution process envisaged in the preceding sections (therefore applying the resolution procedures envisaged on the basis of the delegation of powers); (iii) disclosure to the Italian Securities and Exchange Commission; (iv) disclosure to the market; The exemption relating to the reinforced resolution process shall cease to apply if there are significant interests of other members of the Single Perimeter;

- Ordinary Transactions executed with related parties or associated entities not belonging to the Group, exempt from: (i) the investigation process of the Risk Management and Internal Control Committee (composed only of Independent Directors for such purpose); (ii) disclosure to the Italian Securities and Exchange Commission; and (iii) disclosure to the market;
- Transactions of Lesser Importance, other than ordinary transactions, with or between Subsidiaries in the case of a participating interest other than 100%, exempt from: (i) disclosure to the Italian Securities and Exchange Commission; and (ii) disclosure to the market. The exemption shall cease to apply when there are Significant Interests of other members of the Single Perimeter in the transaction or in the Subsidiaries that are counterparties to the transaction;
- Transactions falling within the scope of Article 136 of the Consolidated Banking Act, shall be exempt from the prior opinion of the Risk Management and Internal Control Committee (composed only of Independent Directors for such purpose);
- Transactions carried out with Related Parties pursuant to Article 88 CRD IV, unless they fall within other categories of the Single Perimeter, exempt from: (i) the preliminary investigation process of the Risk Management and Internal Control Committee (by the Independent Directors component); (ii) the “reinforced” resolution process envisaged in the preceding sections (therefore applying the resolution procedures envisaged on the basis of the delegation of powers); (iii) disclosure to the Italian Securities and Exchange Commission; (iv) disclosure to the market; and (v) and accounting disclosure to the market.

#### 2.4.7.2 Procedural exemptions (partial) (non-banking Subsidiaries)

The following procedural exemptions shall apply to non-banking Subsidiaries:

- Minor Transactions, exempt from: (i) the preliminary investigation process of the Subsidiary’s Independent Directors, the Risk Management and Internal Control Committee of the Parent Company (by the Independent Directors component) and the Subsidiary’s Board of Statutory Auditors; (ii) the “reinforced” resolution process envisaged in the preceding sections, including the prior opinion of the Subsidiary’s Independent Directors, the prior opinion of the Risk Management and Internal Control Committee of the Parent Company (composed only of Independent Directors for such purpose), the prior opinion of the Board of Statutory Auditors of the Parent Company and the approval of the Board of Directors of the Parent Company (therefore applying the resolution procedures envisaged on the basis of the delegation of powers); (iii) disclosure to the Italian Securities and Exchange Commission; (iv) disclosure to the market; and (v) accounting disclosure to the market;
- Ordinary Transactions executed with or between Subsidiaries in the case of a participating interest other than 100% or with associated companies and/or companies subject to significant influence, exempt from: (i) the preliminary investigation process of the Subsidiary’s Independent Directors, the Risk Management and Internal Control Committee of the Parent Company (by the Independent Directors component) and the Subsidiary’s Board of Statutory Auditors; (ii) the “reinforced” resolution process envisaged in the preceding sections, including the prior opinion of the Subsidiary’s Independent Directors, the prior opinion of the Risk Management and Internal Control Committee of the Parent Company (composed only of Independent Directors for such purpose), the prior opinion of the Board of Statutory Auditors of the Parent Company and the approval of the Board of Directors of the Parent Company (therefore applying the resolution procedures envisaged on the basis of the delegation of powers); (iii) disclosure to the Italian Securities and Exchange Commission; and (iv) disclosure to the market. The exemption relating to the reinforced resolution process shall cease to apply if there are significant interests of other members of the Single Perimeter;
- Ordinary Transactions executed with related parties or associated entities not belonging to the Group, exempt from: (i) the investigation process of the Subsidiary’s Independent Directors, the Risk Management and Internal Control Committee of the Parent Company (by the Independent Directors component) and the Subsidiary’s Board of Statutory Auditors; (ii) the prior opinion of the Board of Statutory Auditors of the Parent Company; (iii) disclosure to the Italian Securities and Exchange Commission; and (iv) disclosure to the market;

- Transactions of Lesser Importance, other than ordinary transactions, with or between Subsidiaries in the case of a participating interest other than 100%, exempt from: (i) involvement in the negotiations of the Parent Company's Risk Management and Internal Control Committee (composed only of Independent Directors for such purpose) and disclosure to the Subsidiary's Board of Statutory Auditors; (ii) disclosure to the Italian Securities and Exchange Commission; and (iii) disclosure to the market. The exemptions referred to in points (ii) and (iii) shall cease to apply when there are Significant Interests of other members of the Single Perimeter in the transaction or in the Subsidiaries that are counterparties to the transaction;
- Transactions carried out with Related Parties pursuant to Article 88 CRD IV, unless they fall within other categories of the Single Perimeter, exempt from: (i) the preliminary investigation process of the Subsidiary's Independent Directors, the Risk Management and Internal Control Committee of the Parent Company (by the Independent Directors component) and the Subsidiary's Board of Statutory Auditors; (ii) the "reinforced" resolution process envisaged in the preceding sections, including the prior opinion of the Subsidiary's Independent Directors, the prior opinion of the Risk Management and Internal Control Committee of the Parent Company (composed only of Independent Directors for such purpose), the prior opinion of the Board of Statutory Auditors of the Parent Company and the approval of the Board of Directors of the Parent Company (therefore applying the resolution procedures envisaged on the basis of the delegation of powers); (iii) disclosure to the Italian Securities and Exchange Commission; (iv) disclosure to the market; and (v) accounting disclosure to the market.

#### 2.4.7.3 Procedural exemptions (partial) (banking subsidiaries)

The following procedural exemptions shall apply to banking Subsidiaries:

- Minor Transactions, exempt from: (i) the preliminary investigation process of the Subsidiary's Independent Directors, the Risk Management and Internal Control Committee of the Parent Company (by the Independent Directors component); (ii) the "reinforced" resolution process envisaged in the preceding sections, including the prior opinion of the Subsidiary's Independent Directors, the prior opinion of the Subsidiary's Board of Statutory Auditors, the prior opinion of the Risk Management and Internal Control Committee of the Parent Company (composed only of Independent Directors for such purpose), the prior opinion of the Board of Statutory Auditors of the Parent Company and the approval of the Board of Directors of the Parent Company (therefore applying the resolution procedures envisaged on the basis of the delegation of powers); (iii) disclosure to the Italian Securities and Exchange Commission; (iv) disclosure to the market; and (v) accounting disclosure to the market;
- Ordinary Transactions executed with or between Subsidiaries in the case of a participating interest other than 100% or with associated companies and/or companies subject to significant influence, exempt from: (i) the preliminary investigation process of the Subsidiary's Independent Directors and the Risk Management and Internal Control Committee of the Parent Company (by the Independent Directors component); (ii) the "reinforced" resolution process envisaged in the preceding sections, including the prior opinion of the Subsidiary's Independent Directors, the prior opinion of the Subsidiary's Board of Statutory Auditors, the prior opinion of the Risk Management and Internal Control Committee of the Parent Company (composed only of Independent Directors for such purpose), the prior opinion of the Board of Statutory Auditors of the Parent Company and the approval of the Board of Directors of the Parent Company (therefore applying the resolution procedures envisaged on the basis of the delegation of powers); (iii) disclosure to the Italian Securities and Exchange Commission; and (iv) disclosure to the market. The exemption relating to the reinforced resolution process shall cease to apply if there are significant interests of other members of the Single Perimeter;
- Ordinary Transactions executed with related parties or associated entities not belonging to the Group, exempt from: (i) the investigation process of the Subsidiary's Independent Directors, the Risk Management and Internal Control Committee of the Parent Company (composed only of Independent Directors for such purpose); (ii) the prior opinion of the Subsidiary's Board of Statutory Auditors and the prior opinion of the Board of Statutory Auditors of the Parent Company; (iii) disclosure to the Italian Securities and Exchange Commission; and (iv) disclosure to the market;
- Transactions of Lesser Importance, other than ordinary transactions, with or between Subsidiaries in the case of a participating interest other than 100%, exempt from: (i) the investigation process of the Subsidiary's Independent Directors, the Risk Management and Internal Control Committee of the Parent Company (composed only of Independent Directors for such purpose); (ii) the prior opinion of the Subsidiary's Board of Statutory Auditors and the prior opinion of the Board of Statutory Auditors of the Parent Company; (iii) disclosure to the Italian Securities and Exchange Commission; and (iv) disclosure to the market; The exemptions referred to in points (ii) and (iii) shall cease to apply when there are Significant Interests of other members of the Single Perimeter in the transaction or in the

Subsidiaries that are counterparties to the transaction;

- Transactions falling within the scope of Article 136 of the Consolidated Banking Act, with reference only to Group banks, exempt from: (i) the investigation process of the Subsidiary's Independent Directors and the Risk Management and Internal Control Committee of the Parent Company (composed only of Independent Directors for such purpose); (ii) the prior opinion of the Subsidiary's Independent Directors, the prior opinion of the Risk Management and Internal Control Committee of the Parent Company (composed only of Independent Directors for such purpose), the prior opinion of the Board of Statutory Auditors of the Parent Company and the approval of the Board of Directors of the Parent Company; (iii) disclosure to the Italian Securities and Exchange Commission; and (iv) disclosure to the market;
- Transactions carried out with Related Parties pursuant to Article 88 CRD IV, unless they fall within other categories of the Single Perimeter, exempt from: (i) the preliminary investigation process of the Subsidiary's Independent Directors and the Risk Management and Internal Control Committee of the Parent Company (by the Independent Directors component); (ii) the "reinforced" resolution process envisaged in the preceding sections, including the prior opinion of the Subsidiary's Independent Directors, the prior opinion of the Board of Statutory Auditors of the Subsidiary, the prior opinion of the Risk Management and Internal Control Committee of the Parent Company (composed only of Independent Directors for such purpose), the prior opinion of the Board of Statutory Auditors of the Parent Company and the approval of the Board of Directors of the Parent Company (therefore applying the resolution procedures envisaged on the basis of the delegation of powers); (iii) disclosure to the Italian Securities and Exchange Commission; (iv) disclosure to the market; and (v) accounting disclosure to the market.

## 2.5 Limits

### 2.5.1 Prudential Limits

The assumption of risk-bearing assets in relation to associated entities must be contained within the limits indicated below, referring to consolidated and individual equity funds, as identified in Bank of Italy Circular No. 285 of 17 December 2013, Part Three, Chapter 11.

For the purposes of calculating consolidated and individual limits, risk-bearing assets are weighted according to factors that consider the risk associated with the nature of the counterparty and any forms of credit protection, in compliance with the regulations applicable from time to time.

The risk weighting factors and admissibility conditions for risk mitigation techniques established under the framework for large exposures in Part 4 of Regulation (EU) No. 575/2013 ("Capital Requirements Regulation" "CRR") shall apply. Equity investments and other assets deducted from own funds are not included in risk-bearing assets. Exposures referred to in Article 390, paragraph 6, letters a), b), c) and d) of the Capital Requirements Regulation shall not be included in the limits.

If there are several relationships between the Bank or the Banking Group and a related party that entail the application of different prudential limits, the lower limit shall apply.

Also excluded from the above limits are:

- risk-bearing assets associated with transactions between companies belonging to the Banking Group;
- equity investments held in an insurance company, reinsurance company or insurance holding company in which the Bank or the Banking Group has a significant investment, where it has the authorisation referred to in Article 49, paragraph 1 of the Capital Requirements Regulation; and
- equity investments held in an insurance company, reinsurance company or insurance holding company, for which the Bank (or the Banking Group) does not deduct equity investments held in these companies in accordance with Article 471 of the Capital Requirements Regulation.

#### 2.5.1.1 Consolidated limits

At the level of the Banking Group, the assumption of risk-bearing assets in relation to associated entities must be contained within the limits indicated below, with reference to the consolidated equity funds:

	<i>Corporate Officers</i>	<i>Investors with control or the ability to exercise significant influence</i>	<i>Other investors and parties other than investors</i>	<i>Parties subject to control or significant influence</i>
<b>Consolidated limits</b>	5%	Non-financial related parties		
		5%	7.50%	15%
		Other related parties		
		7.50%	10%	20%

#### 2.5.1.2 Individual Limits

These shall apply to both the Bank and the Banking Subsidiaries of the Group In compliance with the consolidated limits, the Bank and the Banking Group's Subsidiaries may assume risk-bearing assets in relation to the same set of associated entities - regardless of the financial or non-financial nature of the related party - within the limit of 20% of the individual equity funds For the purpose of calculating the individual limit, the Bank and the Banking Group's Subsidiaries shall consider their own risk-bearing assets in relation to all of the associated entities identified at group level.

	<i>Corporate Officers</i>	<i>Investors with control or the ability to exercise significant influence</i>	<i>Other investors and parties other than investors</i>	<i>Parties subject to control or significant influence</i>
<b>Individual limits</b>	20%			

#### 2.5.1.3 Cases exceeding the limits

Compliance with prudential limits on risk-bearing assets in relation to associated entities must be ensured on an ongoing basis. If, for reasons beyond the control or fault of the Group banks in the case of individual limits, or the Parent Company in the case of consolidated limits (e.g., the related party became a related party after the relationship began), one or more limits are exceeded, the risk-bearing assets must be brought back within the limits as soon as possible. To that end, within 45 days of exceeding the limit, Banca Ifis shall prepare a recovery plan, to be approved by the Board of Directors at the proposal of the Chief Executive Officer, after consultation with the Board of Statutory Auditors. The recovery plan shall be sent to the Bank of Italy within 20 days of its approval, together with the minutes containing the resolutions of the corporate bodies. If the limits are exceeded with respect to a related party by virtue of the equity investment held in the bank or in a company of the Banking Group, the administrative rights associated with the equity investment shall be suspended. Banca Ifis shall assess the risks associated with transactions with associated entities (of a legal, reputational or conflict of interest nature), if relevant to the company's operations, as part of its internal capital adequacy assessment process (ICAAP), in accordance with the provisions of Title III, Chapter 1 of the Bank of Italy's Provisions; more specifically, in cases where prudential limits are exceeded for the reasons indicated above, in addition to the initiatives envisaged in the recovery plan, the excess shall be taken into account in the process of determining total internal capital.

### 2.5.2 *Risk appetite levels*

Banca Ifis shall establish risk appetite levels consistent with its strategic profile and its and the Group's organisational characteristics. The risk appetite shall also be defined in terms of the maximum extent of risk-bearing assets in relation to associated entities that is considered acceptable in relation to equity funds, with reference to the totality of the exposures in relation to all the members of the Single Perimeter.

More specifically, the indicators and related thresholds for monitoring transactions with related parties and associated entities, as well as the escalation process in the event that these thresholds are exceeded, shall be defined by Risk Management as part of the Risk Appetite Framework.

## 2.6 **Financial statement disclosure on Transactions**



The Group structures shall ensure coordination between the provisions of this Policy and the administrative-accounting procedures.

The purpose of “Related Party Disclosures” (IAS 24) is to ensure that Banca Ifis’ financial statements contain the disclosures necessary to highlight the possibility that its capital-financial position and operating result may have been influenced by the existence of members of the Single Perimeter and by transactions and balances with such parties, including commitments.

More specifically, Banca Ifis must provide information on the remuneration of Corporate Officers<sup>7</sup> and Strategic Executives<sup>8</sup>, both in total and broken down by each of the following categories:

- short-term employee benefits;
- post-employment benefits;
- other long-term benefits;
- employee termination benefits; and
- share-based payments.

If Banca Ifis has undertaken transactions with members of the Single Perimeter during the reporting period, in order to be able to understand the potential economic and financial effects, it must indicate the nature of the relationship and provide information on the Transactions executed as well as the outstanding balances. More specifically, such information shall at least include:

- the amount of the transactions;
- the amount of outstanding balances, including commitments, and:
  - their contractual terms and conditions, including any existing guarantees and the nature of the consideration to be provided at settlement; and
  - details of any guarantee provided or received;
- provisions for bad debts related to the amount of outstanding balances; and
- the loss recognised during the year on uncollectable or bad debts due from related parties.

Such supplemental disclosures shall be made separately for each of the following categories:

- the parent company;
- entities that jointly control or exercise significant influence over the entity itself;
- subsidiaries;
- associated companies;
- joint ventures in which the entity is a participating company;
- corporate officers;
- strategic executives;
- other associated entities.

In addition, in accordance with the provisions of Article 5 of the Italian Securities and Exchange Commission Regulations, Banca Ifis, as an Italian issuer of listed shares, shall provide information in its interim management report and annual management report:

- on individual Transactions of Greater Importance concluded during the reporting period;
- on any other individual Related Party Transactions executed during the reporting period that have had a significant impact on the Bank’s financial position or results;
- on any changes or developments in the Related Party Transactions described in the last annual report that have had a material effect on the Bank’s financial position or results during the reporting period.

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<sup>7</sup> This information shall be retrieved by Finance, with the support of Human Resources, for its appropriate registration.

<sup>8</sup> This information shall be provided by Human Resources and forwarded to Finance for its appropriate registration.

In the financial statement notes, the Bank also provides information on Transactions executed during the reporting period that fall within the exemption regime.

## **2.7 Regulatory reporting**

The Bank of Italy Provisions require the periodic reporting to the Bank of Italy of both the risk-bearing assets in place with Associated Entities and the transactions carried out by the latter, with the frequency and level of detail described by the related prudential reporting rules. The report is made at the consolidated level by the Parent Company and at the individual level by the individual Italian banks. The reporting requirements are governed by Bank of Italy Circulars No. 285/2013 and No. 286 of 2013 and subsequent updates.

In accordance with the legislation applicable from time to time, loan transactions concluded with Related Parties pursuant to Article 88 CRD IV, as amended and/or implemented at national level from time to time, shall be adequately documented and made available to the Supervisory Authority at its request<sup>9</sup>.

## **2.8 Disclosure to Corporate Bodies**

The Italian Securities and Exchange Commission regulations, with reference to transactions of lesser and greater importance, provides for “full reporting, at least quarterly, to the Board of Directors and the Board of Statutory Auditors on the execution of transactions.”

Therefore, this provision applies to Banca Ifis (for all Group operations).

Furthermore, Circular 285, Part Three, Chapter 11, Section III, Paragraph 3.2 provides that “the decision-making body shall provide the strategic supervision bodies and management and control functions with periodic information, at least on a quarterly basis, on the transactions concluded and their primary characteristics.”

Therefore, this provision applies to Banca Ifis (for all Group transactions) and to Banca Credifarma (only for transactions in which it is a counterparty).

In order to comply with these requirements, this information is prepared as part of the quarterly reporting on exercising the delegated powers.<sup>10</sup> Therefore, when transactions are concluded by the Group Companies with names belonging to the Single Perimeter, the Organisational Units responsible for reporting on exercising the delegated powers<sup>11</sup> shall provide the Parent Company's Board of Directors<sup>12</sup> with that information at the first relevant meeting following the end of the quarter.<sup>13</sup>

In order to enable compliance with the deadlines defined in the Group Policy for managing information flows for reporting transactions with related and associated parties, DWH & Reporting makes available, on a timely basis, the Qlik processing containing the master data of members of the Single Perimeter and the relationships opened in the Bank's management system during the quarter being referenced with certain useful information, the enhancement of which is implemented by the proposing subjects.

In addition, the Organisational Units responsible for reporting on exercising the delegated powers, in compliance with the timeframes defined in the Group Policy for managing information flows, also make available the information on transactions concluded with members of the Single Perimeter to Internal Audit, Compliance, Risk Management, Corporate Affairs, and Parent Company Regulatory Reporting.

If transactions are concluded by Banca Credifarma, transactions concluded by Banca Credifarma alone must be disclosed to the Board of Directors of Banca Credifarma<sup>14</sup> at the first meeting following the end of the quarter.

The disclosure must include the following, as a minimum:

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<sup>9</sup>See minimum disclosure required by EBA Guidelines on Internal Governance.

<sup>10</sup>To identify the reporting owners, please refer to the Group Policy for Managing Information Flows.

<sup>11</sup>If those powers have not been delegated, the disclosure is prepared by the proposing party.

<sup>12</sup> Please note that the documents referred to in the Banca Ifis Board of Directors agenda are also made available to the members of the Board of Statutory Auditors of Banca Ifis.

<sup>13</sup> If the reporting unit does not detect any transactions with members of the Single Perimeter that were concluded during the quarter, it will provide the appropriate disclosure of this situation in the report on exercising the delegated powers.

<sup>14</sup> Please note that the documents referred to in the Banca Credifarma Board of Directors agenda are also made available to the members of the Board of Statutory Auditors of Banca Credifarma.

- Group Company that concluded the transaction;
- NDG of the member of the Single Perimeter;
- name of the member of the Single Perimeter;
- type of transaction (relationship opening specifying type, contract for the provision of services specifying type, transfers to losses, etc.);
- nature of the transaction (lesser/greater significance, concluded in accordance with Article 136 of the Consolidated Banking Act, exempt - indicating in this case the reason for exemption);
- amount of the transaction;
- decision-making body;
- approval date; and
- the economic conditions applied in the event of Ordinary Transactions.

The Proposing Parties must in any case maintain and constantly make available adequate documentation of all Transactions with Related and Associated Parties, including Transactions of small or ordinary amounts, in order to ensure the continuous traceability of the transactions, the correct and timely supply of periodic information flows to the Corporate Bodies, as well as compliance with the requirements of this Policy on public disclosure.

## **2.9 Press Release**

With reference to the Parent Company and any other listed companies that may become part of the Group, if a Related Party Transaction constitutes inside information for which there is an obligation to issue a press release in accordance with Article 17 of Regulation (EU) No. 596/2014, such release shall contain, in addition to the other information to be published in accordance with the aforementioned regulation, at least the following information:

- description of the transaction;
- indication that the counterparty of the Transaction is a Related Party and a description of the nature of the relationship;
- company name or the name of the counterparty of the Transaction;
- whether the Transaction qualifies as a Transaction of Greater Importance, and an indication whether a possible disclosure document will be published at a later date;
- the procedure that has been or will be followed for the approval of the Transaction and, more specifically, whether the company has availed itself of a case of exemption;
- the possible approval of the Transaction despite the contrary opinion of the Risk Management and Internal Control Committee (composed only of Independent Directors for such purpose).

## **2.10 Controls on operations with members of the Single Perimeter**

### *2.10.1 Risk Management*

The Parent Company's Risk Management department is responsible for assessing the risks underlying relationships with associated entities and verifying compliance with the consolidated limits, as defined above. More specifically, the control process consists, among other things, of the following activities:

- Risk identification: Risk Management identifies the main risks potentially connected with transactions with associated entities;
- Measurement of identified risks: Risk Management measures and assesses identified risks;
- Monitoring: Risk Management verifies compliance with both risk appetite as well as prudential supervisory limits, as defined in the Risk Policies;
- Mitigation: in cases where the risk appetite and/or prudential supervisory limits are exceeded, Risk Management acts in compliance with the provisions of the Risk Policies;
- Reporting: the Tableau de Bord includes a section dedicated to transactions with related parties and associated entities, through which Risk Management reports the results of its monitoring activities

to the corporate Bodies.

### *2.10.2 Compliance*

Parent Company Compliance verifies the existence and reliability of procedures and systems that are suitable for ensuring compliance with all legal obligations and those established by internal regulations, as annually defined in the Activities Plan. More specifically, the control process consists of the following activities:

- Identification and impact assessment: the control of non-compliance risk is undertaken from a preventive viewpoint, primarily by ensuring that external regulations are constantly monitored and adequately translated into internal policies, processes and procedures. Regulatory alignment is ensured through the following activities: (i) the continuous identification of applicable external regulations; (ii) the assessment of the impact of applicable regulations on corporate processes and procedures and the consequent proposal of organisational and procedural changes aimed at ensuring adequate control of non-compliance risks;
- Compliance verifications: these represent the results of a second-level control process that may involve an assessment of the completeness, adequacy, functionality and reliability of internal controls;
- Continuous controls: these allow for the continuous monitoring of the functionality and reliability of the processes. They are implemented following the verification activities carried out or during the revision of internal regulations. Continuous controls allow for the production of representative data of potential non-uniform behaviour and a concise and immediate verification of internal procedures.

### *2.10.3 Internal Audit*

The Parent Company's Internal Audit department verifies compliance with internal policies, reports any anomalies promptly to the Board of Statutory Auditors and the Board of Directors of the Parent Company, periodically reports to the corporate bodies regarding the Bank's and the Group's overall exposure to risks deriving from transactions with associated entities and from other conflicts of interest and, if necessary, suggests revisions to internal policies and organisational and control structures considered to be appropriate to reinforce the control of such risks.

### *2.10.4 Independent Directors*

The Independent Directors of the Parent Company perform a role of assessment, support and proposal regarding the organisation and performance of internal controls on the overall activity of assuming and managing risks in relation to Associated Entities, as well as for the general verification of the consistency of the assets with strategic and management policies.

With regard to transactions with Associated Entities, the Parent Company's Risk Management and Internal Control Committee, consisting solely of Independent Directors, performs the functions assigned to it by the Board of Directors, as provided for in the "Regulations on the Proceedings of Meetings of Board of Directors and Internal Committees and the Supervisory Body," as governed within the framework of this Policy.

### *2.10.5 Board of Statutory Auditors*

The Board of Statutory Auditors oversees compliance with the law and with the Articles of Association, observance of the principles of proper management and, in particular, the adequacy of the organizational structure. Moreover, it performs the audit tasks entrusted to it by the Articles of Association and by law, checking the correctness of accounting procedures and assessing the degree of efficiency and adequacy of the Internal Control System.

In this context, the Board of Statutory Auditors of the Parent Company shall express a prior opinion on this Policy and subsequent updates, shall oversee compliance with the same and shall report on it in the Statutory Auditors' Report to the Parent Company Shareholders' Meeting in accordance with Article 153 of the Consolidated Law on Finance.

### **3 APPENDIX**

In order to support the reading of this Policy, the following is provided:

- the list of members of the Single Perimeter;
- an outline of the resolution and disclosure processes; and
- a supporting diagram showing the decision-making process.

## Appendix 1 - Single Perimeter

In view of the similarities between the Italian Securities and Exchange Commission Regulations and the Bank of Italy Provisions, and with the aim of rationalising the operations of the Parent Company and Subsidiaries, Banca Ifis, as a listed issuer at the apex of the Banking Group, has determined a single Group perimeter to which the decision-making procedures set forth in this Policy uniformly apply, for the purposes of both the Italian Securities and Exchange Commission Regulations and the Bank of Italy Provisions ("Single Perimeter").

The Single Perimeter consists of the aggregation of: (i) Related Parties of Banca Ifis, in accordance with the Italian Securities and Exchange Commission Regulations; (ii) Associated Entities of Banca Ifis, in accordance with the Bank of Italy Provisions, of the banks and Supervised Intermediaries (with assets in excess of 2% of the consolidated Equity Funds) of the Banking Group (Italian and foreign), to which other cases may be added in order to take into account both the existing relationships with the Bank and/or the Group, as well as to consider - inter alia - the significance of relationships with economic groups that make use of articulated and complex corporate structures that may not ensure full transparency of corporate and organisational structures. Furthermore, if the Bank identifies actual conflicts of interest concerning other entities, it includes them among the recipients of the procedures provided for in the Policy.

<b>SINGLE PERIMETER (GROUP)</b>	
<b>Related parties in accordance with Italian Securities and Exchange Commission Regulations</b> <i>(of the Parent Company)</i>	<b>Associated entities in accordance with Bank of Italy Provisions</b> <i>(of the Parent Company, Banks, and Supervised Intermediaries of the Banking Group)</i>
<ol style="list-style-type: none"> <li>1) an individual or close relative who:                             <ol style="list-style-type: none"> <li>a) has control or joint control of Banca Ifis;</li> <li>b) has significant influence over Banca Ifis; or</li> <li>c) is one of the Strategic Executives of Banca Ifis or one of its Parent Companies;</li> </ol> </li> <li>2) an entity (in Italy, legal persons) that:                             <ol style="list-style-type: none"> <li>d) is part of the Group;</li> <li>e) is an associate or joint venture of Banca Ifis (or an associate or joint venture belonging to the Group);</li> <li>f) is a joint venture of the same third-party with which Banca Ifis is in a joint venture;</li> <li>g) is a joint venture of a third-party entity associated with Banca Ifis;</li> <li>h) is represented by a post-employment benefit plan in favour of employees of Banca Ifis or an entity related to it;</li> <li>i) is controlled or jointly controlled by a person identified in point 1) above;</li> <li>j) is subject to significant influence exercised by a person identified in point a) above;</li> <li>k) includes, or any of its parent companies includes, a person identified in point a) above among Strategic Executives;</li> <li>l) it, or any member of the group to which it belongs, provides management services with strategic responsibility to Banca Ifis or its parent company.</li> </ol> </li> </ol>	<p><u>Related parties:</u></p> <ol style="list-style-type: none"> <li>1) the corporate officers of Banca Ifis, the banks and the Supervised Intermediaries of the Banking Group;</li> <li>2) the corporate officers of Banca Ifis, the banks and the Supervised Intermediaries of the Banking Group;</li> <li>3) persons, other than investors, capable of appointing on their own one or more members of Banca Ifis' management body or body with strategic supervisory functions, of the banks and of the Banking Group's Supervised Intermediaries, including on the basis of agreements entered into in any form or clauses in the Articles of Association whose scope or effect is the exercise of such rights or powers;</li> <li>4) companies or enterprises, including those not organised as a corporation, over which Banca Ifis, banks or Supervised Intermediaries of the Banking Group are able to exercise control or a significant influence;</li> </ol> <p><u>Connected Entities:</u></p> <ol style="list-style-type: none"> <li>5) companies and enterprises, including those not organised as a corporation, controlled by a related party as identified in points 1) - 4) above;</li> <li>6) parties that control a related party among those indicated in points 2) and 3) or parties subject, directly or indirectly, to joint control with the same related party;</li> <li>7) close relatives of a related party as identified in points 1) - 4) above and companies or enterprises controlled by the latter.</li> </ol>

**Related Parties in accordance with art. 88 CRD IV**

- the spouse, registered partner, child or parent of Corporate Officers<sup>15</sup>;
- a business entity in which a Corporate Officer or his/her close relative as defined in the preceding point:
  - holds a qualifying shareholding of 10% or more of the share capital or voting rights of such entity;
  - can exercise significant influence;
  - occupies managerial positions or is a Corporate Officer.

**Other members (included voluntarily)**

- entities who directly or indirectly, including through subsidiaries, trustees or intermediaries, hold more than 3% of the share capital of Banca Ifis, the banks and Supervised Intermediaries of the Banking Group;
- entities who have (among themselves) entered into an agreement, in whatever form, for the joint exercise of voting rights in the Shareholders' Meetings of Banca Ifis, the banks and Supervised Intermediaries of the Banking Group to an extent greater than 3%.

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<sup>15</sup> However, such persons are included in the definition of Close Relatives

## Appendix 2 - Resolution / disclosure process

### Parent Company

	Capogruppo	Interessi significativi di altre parti correlate	Rilevanza	Verifica Limiti Prudenziali	Iter Istruttorio			Iter Deliberativo			Informativa		Cfr. Appendice 3
					Informativa preventiva al CCR	Coinvolgimento nelle trattative CCR	Parere preventivo CCR	Parere preventivo Collegio Sindacale	Organo deliberante <sup>1</sup>	Consob e al mercato	Contabile		
Operazioni non esenti	Operazioni ex art. 136 TUB	n.a.	Minore	✓	✓	X	X	✓ (cfr. Organo deliberante)	CDA all'unanimità, con l'esclusione del voto del soggetto interessato, e con il voto favorevole di tutti i componenti del Collegio Sindacale	X	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	A	
			Maggiore	✓	✓	✓	✓	✓	✓	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	B		
	Operazioni rilevanti senza esenzioni <sup>2</sup>	n.a.	Minore	✓	✓	X	✓	Parere non vincolante	CDA	✓	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	C	
			Maggiore	✓	✓	✓	✓	Parere vincolante	✓	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	D		
Operazioni con esenzione parziale	Operazioni Esigue	n.a.	n.a.	✓	X	X	X	X	AD o soggetto delegato, in base al vigente sistema delle deleghe	X	X	E	
	Operazioni ordinarie concluse con Controllore in caso di rapporto partecipativo non totalitario o con società collegate e/o società sottoposte a influenza notevole	No	Minore	✓	X	X	X	X	AD o soggetto delegato, in base al vigente sistema delle deleghe	X	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	F	
		Si	✓	✓	✓	✓	✓	✓	CDA	✓	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	G	
	Operazioni ordinarie concluse con Soggetti Collegati non appartenenti al Gruppo	n.a.	Minore	✓	X	X	✓	X	CDA	X	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	H	
	Operazioni svolte con Parti Correlate ex art. 88 CRD V, salvo che queste siano comunque ricomprese in altre categorie del Perimetro Unico	n.a.	n.a.	✓	X	X	X	X	soggetto delegato, in base al vigente sistema delle deleghe	X	X	I	
Operazioni di minore rilevanza, diverse da quelle ordinarie, con Controllore in caso di rapporto partecipativo non totalitario o con società collegate e/o società sottoposte a influenza notevole	No	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	L	
	Si	n.a.	✓	✓	✓	X	✓	Parere non vincolante	X	✓	✓	L	

### Non-banking subsidiaries

	Società controllate	Interessi significativi di altre parti correlate	Rilevanza	Verifica Limiti Prudenziali	Iter Istruttorio			Iter Deliberativo			Informativa		Cfr. Appendice 3		
					Informativa preventiva agli Amministratori Indipendenti della Controllata	Informativa preventiva al CCR di Capogruppo	Coinvolgimento nelle trattative CCR di Capogruppo	Informativa al Collegio Sindacale della Controllata	Parere preventivo agli Amministratori Indipendenti della Controllata	Organo deliberante della società controllata	Parere preventivo CCR di Capogruppo	Parere preventivo Collegio Sindacale di Capogruppo		Assenso CDA di Capogruppo	Consob e al mercato
Operazioni non esenti	Operazioni rilevanti senza esenzioni <sup>2</sup>	n.a.	Minore	✓	✓	X	X	✓ solo ove non siano presenti Amministratori Indipendenti nella Controllata	X	CDA	✓ Parere non vincolante	X	✓	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	C
			Maggiore	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	D
Operazioni con esenzione parziale	Operazioni Esigue	n.a.	n.a.	✓	X	X	X	X	DG o AD o General Manager o Consigliere Delegato o soggetto delegato, in base al vigente sistema delle deleghe	X	X	X	X	X	E
	Operazioni ordinarie concluse con o tra Controllore in caso di rapporto partecipativo non totalitario o con società collegate e/o società sottoposte a influenza notevole	No	Minore	✓	X	X	X	X	DG o AD o General Manager o Consigliere Delegato o soggetto delegato, in base al vigente sistema delle deleghe	X	X	X	X	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	F
		Si	✓	✓	✓	✓	✓	✓	✓	CDA	✓	✓	✓	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	G
	Operazioni ordinarie concluse con Soggetti Collegati non appartenenti al Gruppo	n.a.	Minore	✓	X	X	X	X	CDA	✓	X	✓	X	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	H
	Operazioni svolte con Parti Correlate ex art. 88 CRD IV, salvo che queste siano comunque ricomprese in altre categorie del Perimetro Unico	n.a.	n.a.	✓	X	X	X	X	Soggetto delegato, in base al vigente sistema delle deleghe	X	X	X	X	X	I
Operazioni di minore rilevanza, diverse da quelle ordinarie, con Controllore in caso di rapporto partecipativo non totalitario o con società collegate e/o società sottoposte a influenza notevole	No	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	L
	Si	n.a.	✓	✓	✓	✓	✓	✓	CDA	✓	X	✓	✓	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	L

<sup>1</sup> The decision-making body is always the shareholders' meeting when there are transactions falling within its exclusive competence according to the law.

<sup>2</sup> Exceptions

- write-offs, analytical value adjustments and settlement agreements (both judicial and out-of-court) whose process requires, regardless of the amount, the resolution of the Board of Directors and the subsequent approval of the Parent Company's Board of Directors after the non-binding opinion of the Risk Management and Internal Control Committee;
- non-performing loans, the process of which requires the resolution of the person identified based on the system of delegated powers adopted by the Subsidiary.



## Italian Banking Subsidiaries

Società controllate	Interessi significativi di altre parti correlate	Rilevanza	Verifica Limiti Prudenziali	Iter Istruttorio				Iter Deliberativo				Informativa		Cfr. Appen- dice 3				
				Informativa preventiva agli Amministratori indipendenti della società controllata	Coinvolgimento alle trattative Amministratori indipendenti della società controllata	Informativa preventiva al CCR di Capogruppo	Coinvolgimento nelle trattative CCR di Capogruppo	Parere preventivo degli Amministratori indipendenti della società controllata	Parere preventivo Collegio Sindacale della società controllata	Organo deliberante della società controllata	Parere preventivo CCR di Capogruppo	Parere preventivo Collegio Sindacale di Capogruppo	Assenso CDA di Capogruppo		Consob e al mercato	Contabile		
Operatori ex art. 136 TUB	n.a.	Minore	✓	✓							CDA all'unanimità, con l'esclusione del voto del soggetto interessato, e con il voto favorevole di tutti i componenti del Collegio Sindacale	✓	✓	✓	✓	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	A	
		Maggiore	✓	✓								✓	✓	✓	✓	✓	B	
Operatori rilevanti senza esenzioni <sup>2</sup>	n.a.	Minore	✓	✓					Parere non vincolante			✓	✓	✓	✓	✓	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	C
		Maggiore	✓	✓					Parere vincolante			✓	✓	✓	✓	✓	✓	D
Operatori Esigue	n.a.	n.a.	✓	✓							DG o AD o General Manager o Consigliere Delegato o soggetto delegato, in base al vigente sistema delle deleghe	✓	✓	✓	✓	✓	✓	E
Operatori ordinarie conclusi con o tra Controllate in caso di rapporto partecipativo non totalitario o con società collegate e/o società sottoposte a influenza notevole	No	Minore	✓	✓							DG o AD o General Manager o Consigliere Delegato o soggetto delegato, in base al vigente sistema delle deleghe	✓	✓	✓	✓	✓	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	F
		SI	✓	✓							CDA	✓	✓	✓	✓	✓	✓	G
Operatori ordinarie conclusi con Soggetti Collegati non appartenenti al Gruppo	n.a.	Minore	✓	✓							CDA	✓	✓	✓	✓	✓	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	H
Operatori svolte con Parti Correlate ex art. 38 CRO IV, salvo che queste siano comunque ricomprese in altre categorie del Perimetro Unico	No	n.a.	✓	✓							Soggetto delegato, in base al vigente sistema delle deleghe	✓	✓	✓	✓	✓	✓	I
		SI	✓	✓							CDA	✓	✓	✓	✓	✓	✓	L

<sup>1</sup> The decision-making body is always the shareholders' meeting when there are transactions falling within its exclusive competence according to the law.

<sup>2</sup> Exceptions

- write-offs, analytical value adjustments and settlement agreements (both judicial and out-of-court) whose process requires, regardless of the amount, the resolution of the Board of Directors and the subsequent approval of the Parent Company's Board of Directors after the non-binding opinion of the Risk Management and Internal Control Committee;
- non-performing loans, the process of which requires the resolution of the person identified based on the system of delegated powers adopted by the Subsidiary.

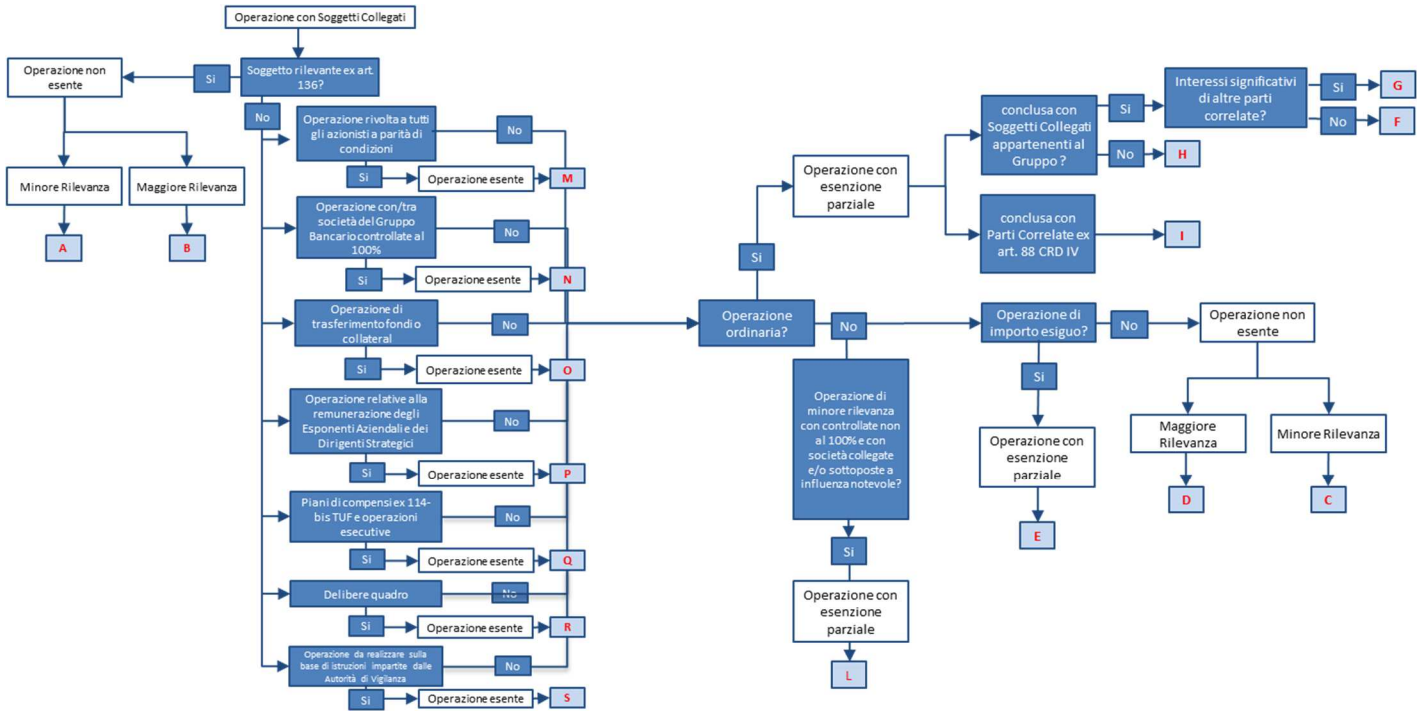
## General exemptions (Group)

Capogruppo e società controllate	Verifica Limiti Prudenziali	Iter Istruttorio				Iter Deliberativo		Informativa		Cfr. Appen- dice 3
		Informativa preventiva al CCR di Capogruppo	Coinvolgimento nelle trattative CCR di Capogruppo	Parere preventivo CCR di Capogruppo	Parere preventivo Collegio Sindacale di Capogruppo	Organo deliberante <sup>1</sup>	Consob e al mercato	Contabile		
Operazioni deliberate dalle società e rivolte a tutti gli azionisti a parità di condizioni	✓						Assemblea, CDA, Direttore Generale o Amministratore Delegato o General Manager o soggetto delegato, in base al vigente sistema delle deleghe	✓	✓	M
Operazioni con/tra società del Gruppo Bancario quando intercorre un rapporto di controllo totalitario	✓						Direttore Generale o Amministratore Delegato o General Manager o soggetto delegato, in base al vigente sistema delle deleghe	✓	✓	N
Operazioni di trasferimento fondi o collaterale poste in essere nell'ambito del sistema di gestione del rischio di liquidità a livello consolidato	✓						Direttore Generale o Amministratore Delegato o General Manager o soggetto delegato, in base al vigente sistema delle deleghe	✓	✓	O
Operazioni relative alla remunerazione degli Esponenti Aziendali e dei Dirigenti Strategici effettuate in conformità alla normativa applicabile in materia di sistemi di incentivazione e remunerazione	✓						Soggetti delegati sulla base della vigenti Politiche di remunerazione e incentivazione	✓	✓	P
Piani di compensi basati su strumenti finanziari approvati dall'Assemblea ai sensi dell'art. 114-bis del TUF e le relative operazioni esecutive	✓						Soggetti delegati sulla base della vigenti Politiche di remunerazione e incentivazione	✓	✓	Q
Operazioni poste in essere in attuazione di delibere quadro adottate ai sensi della Politica	✓						Direttore Generale o Amministratore Delegato o General Manager o soggetto delegato, in base al vigente sistema delle deleghe	✓	✓	R
Operazioni da realizzare sulla base di istruzioni impartite dalle Autorità di Vigilanza	✓							✓	✓	S

<sup>1</sup> The decision-making body is always the shareholders' meeting when there are transactions falling within its exclusive competence according to the law.

### Appendix 3 – Decision-making process

This diagram should be read in conjunction with the last column of the *charts* in Appendix 2:



## **Annexes**

1. *Declaration of Officers and Strategic Executives;*
2. *Parent Company (La Scogliera S.A.)*