

ILLIMITY BANK S.P.A.

**ILLUSTRATIVE REPORT OF THE BOARD OF DIRECTORS
ON ITEM 1 THE AGENDA OF THE ORDINARY SHAREHOLDERS MEETING
OF 25 SEPTEMBER 2025, IN SINGLE CALL**

*Prepared pursuant to article 125-ter of Legislative Decree no. 58 of 24 February 1998
as amended and article 84-ter of Consob Regulation no. 11971/1999 as amended*

This report can also be consulted on the Bank's website www.illimity.com

Shareholders,

You have been called to a Shareholders' Meeting to be held at 10:30 a.m. CET on 25 September 2025, in single call, to discuss and adopt resolutions on – inter alia – the following agenda:

in extraordinary session

1. [omissis]

in ordinary session

1. **Appointment of Corporate Bodies. Resolutions pertaining thereto and arising therefrom.**
2. [omissis]
3. [omissis]

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This illustrative report has accordingly been prepared pursuant to article 125-ter of Legislative Decree no. 58 of 24 February 1998 as amended (the “**TUF**”) and article 84-ter of Consob Regulation no. 11971/1999 as amended (the “**Issuers’ Regulation**”) and provides a description of item 1 on the agenda of the Shareholders’ Meeting.

Shareholders,

as is known, starting from 4 July 2025, following the settlement of the voluntary public exchange and purchase offer launched by Banca Ifis S.p.A. ("**Banca Ifis**") for all the shares of illimity Bank S.p.A. ("**illimity**" or the "**Company**"), Banca Ifis became the controlling shareholder of the Company, holding – as of today and also following the settlement, on 18 July 2025, of the reopening of the offer acceptance period – a stake equal to 92.488% of illimity's share capital (taking into account the treasury shares held by illimity).

In light of the above, the Board of Directors, which met on 21 July 2025, acknowledged that all Directors, including the members of the Audit and Internal Control Committee, have made their mandates available to the parent company Banca Ifis in order to facilitate a swift and orderly integration process between the two entities, submitting their resignations effective as of the date of renewal of the corporate bodies. Accordingly, the Shareholders' Meeting of illimity (in both ordinary and extraordinary session) has been called for 25 September 2025, in single call, to resolve, among other things – in compliance with applicable laws, regulations, and the Company's Bylaws – on the appointment of the corporate bodies.

It is recalled that, pursuant to Article 16 of the Bylaws, the Board of Directors must consist in total of an odd number of members between 9 (nine) and 15 (fifteen), three of whom make up the Audit and Internal Control Committee. Furthermore, Article 16, paragraph 5, of the Bylaws provides that Directors shall remain in office for the period established at the time of their appointment and, in any case, for no longer than three (3) financial years, and shall expire on the date of the Shareholders' Meeting convened to approve the financial statements for the last financial year of their term.

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

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

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

- lists must be filed by persons entitled thereto at the Company's registered office – also by way of the remote means of communication established by the Board of Directors in accordance with the methods stated in the notice of call, so as to enable the persons making the filing of lists to be identified – at least 25 (twenty five) days before the date set for the Shareholders' Meeting (e.g. within 31 August 2025) and must be made available to the public in accordance with the terms and conditions provided by applicable *pro tempore* laws and regulations at least 21 (twenty one) days before the date set for the Shareholders' Meeting (e.g. within 4

September 2025);

- in accordance with the provisions of the above-mentioned Consob Determination no. 123 of 28 January 2025, only shareholders who, alone or together with other shareholders, in total hold at least 4,5% of the share capital are entitled to submit lists; ownership of the shareholding required to submit lists is determined with respect to the shares that are recorded in the name of the individual shareholder, or as applicable in the names of several Shareholders, on the day on which the lists are filed at the Company's registered office;
- Shareholders, parties to a shareholders' agreement as per Article 122 of the TUF, the controlling company, subsidiaries and companies under common control pursuant to Article 93 of the TUF may not submit or participate in the submission of more than one list, not even through a third party or trust company, nor may they vote, even through a third party or trust company, more than one list. In case of non-compliance their signatures and their votes shall not count for any of the lists; no candidate may be included in more than one list, failing which he or she will be ineligible.

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

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

The certification issued by a qualified intermediary attesting ownership of the number of shares needed to submit lists may be produced on filing the list or also subsequently, provided this is at least 21 (twenty one) days before the day set for the Shareholders' Meeting (e.g. within 4 September 2025).

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

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

Corporate bodies must be renewed in compliance with gender balance provisions (article 147-ter of the TUF). Lists must contain a number of candidates belonging to the lesser represented gender able to ensure, within each list, compliance with such balance. More specifically, as far as this renewal is concerned, at least 2/5 (two fifths) of the members of the Board of Directors must belong to the lesser represented gender, rounded up in the case of a fractional number; accordingly lists having a number of candidates equal to or greater than 3 (three) must ensure the presence of both genders, on penalty of invalidation, so that the number of candidates of the lesser represented gender is at least equal to the above-stated minimum.

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

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

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

The members of the Audit and Internal Control Committee must hold the requirements of integrity and professional competence and comply with the limits contemplated by applicable *pro tempore* laws and regulations for the number of positions held as a member of control bodies in a listed bank issuing shares on regulated markets. In addition, they must hold the Independence Requirements.

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

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

In accordance with the supervisory provisions of the Bank of Italy on corporate governance and the provisions of the Corporate Governance Code, given the results of the annual evaluation process carried out on the size, composition and functioning of the Board of Directors itself and its Committees, the Bank's Board of Directors, assisted by the Appointments Committee, has determined the optimum quantitative and qualitative profile of the Corporate Bodies in the document *"Report of the Board of Directors of illimity Bank S.p.A. on the optimum qualitative and quantitative composition of the corporate bodies"* approved by the Company's Board of Directors on March 12th 2025 and available on the website www.illimity.com, *"Governance / Governance System"* section (**"Report on the composition of the corporate bodies"**), to which reference should be made for further details and matters not specified in this Illustrative Report, Although it is considered that, given the new reference context and the new control structure with an almost total shareholding by Banca Ifis, such Report loses its relevance.

Furthermore, in light of the acquisition of control and illimity's entry into the Banca Ifis banking group, all matters related to and arising from the appointment of corporate bodies – even if not expressly indicated in this report – must be aligned with and take into account the guidance provided by the new parent company.

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LEGISLATIVE AND REGULATORY REQUIREMENTS

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

In particular, as far as the present renewal is concerned, the **requirements for professionalism and competence** set forth in articles 7, 9 and 10 of DM 169/2020 are applicable, to which reference should be made. A person failing to hold the requirements set forth in article 7 and 9 may not take the position, or if they already hold office they shall automatically forfeit office. The Board of Directors assesses whether the expertise criteria required by article 10 are satisfied, with reference to a person's theoretical knowledge, acquired through studies and training, and practical experience, gained through previous or current work experience.

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

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

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

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

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

In this latter respect, it is noted that Recommendation 7, to which reference should be made, lists a series of circumstances that jeopardise, or appear to jeopardise, the independence of a Director. As required by the Corporate Governance Code, the Board of Directors has established the criteria and the related quantification as far as the following are concerned: (i) the materiality level to be used when assessing commercial relationships as per paragraph c) of Recommendation 7 of the Corporate Governance Code, and (ii) the materiality level to be used when assessing additional remuneration as per paragraph d) of Recommendation 7 of the Corporate Governance Code. The Board of Directors believes that Directors for whom the following materiality parameters are exceeded may not be considered independent within the meaning of the Corporate Governance Code:

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

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

In light of applicable provisions of laws and regulations, also pursuant to the article 15 of DM 169/2020, the **amount of time** to be dedicated to the position, given its nature, quality and complexity, is a fundamental requirement that candidates for the position as Director must be able to guarantee, also in relation to the work required for participation at the meetings of the Board Committees, in case they are members. Consideration should also be given to the commitment required for participation at induction meetings.

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

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

Additional days for specific positions:

Audit and Internal Control Committee (Chair/Member)	50/40 days/year
Appointments Committee (Chair/Member)	26/13 days/year
Related Party Transactions Committee (Chair/Member)	18/9 days/year
Remuneration Committee (Chair/Member)	28/14 days/year
Risks Committee (Chair/Member)	50/40 days/year

Sustainability Committee (Chair/Member)	24/18 days/year
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Given the new reference context and the control exercised by Banca Ifis, it is considered that the aforementioned indications regarding time availability for the role, as described in the Report, lose their actual relevance.

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

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

COMPENSATION PAYABLE TO THE CORPORATE BODIES

Pursuant to applicable legal and regulatory requirements, the Shareholders’ Meeting shall also determine the compensation payable to the members of the Corporate Bodies.

It is recalled that, pursuant to Article 24 of the Company’s By-laws: (i) members of the Board of Directors are entitled to reimbursement of expenses incurred in connection with their office and to a remuneration determined by the Shareholders’ Meeting at the time of their appointment; (ii) the remuneration of Directors holding special offices is determined by the Board of Directors, upon proposal of the committee responsible for remuneration matters and after consultation with the Audit and Internal Control Committee; and (iii) the remuneration of Directors who are members of the Audit and Internal Control Committee is, in any case, determined by the Shareholders’ Meeting at the time of their appointment and for the entire duration of their term.

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RESOLUTION PROPOSED TO THE SHAREHOLDERS’ MEETING

Shareholders,

in accordance with and pursuant to the provisions of illimity’s Bylaws and applicable regulations, You are hereby invited to adopt the resolutions – including those pertaining thereto and arising therefrom – concerning the appointment of illimity’s corporate bodies, as well as, the definition of the term of office and the remuneration to be granted to the members of the new corporate bodies.

Milan, 6 August 2025

On behalf of the Board of Directors

The Chair

Rosalba Casiraghi