

Banca Ifis S.p.A.

SHAREHOLDERS' MEETING

**EXPLANATORY NOTES TO THE REPORT BY THE BOARD OF DIRECTORS ON ITEM 1) ON THE AGENDA OF
THE SHAREHOLDERS' MEETING CONVENED, IN EXTRAORDINARY SESSION, ON 17 APRIL 2025 IN A SINGLE
CALL**

14 APRIL 2025

**SOLE ITEM ON THE AGENDA OF THE EXTRAORDINARY PARTY OF THE SHAREHOLDERS' MEETING OF BANCA IFIS S.P.A.,
CONVENED FOR 17 APRIL 2025 IN A SINGLE CALL**

“Proposal to grant the Board of Directors, pursuant to Article 2443 of the Civil Code, the right, to be exercised by 30 June 2026, to increase the share capital, in a divisible manner and also in several tranches, with the exclusion of the right of option pursuant to Article 2441, paragraph 4, first period, of the Civil Code, with the issue of a maximum number of 8.406.781 ordinary shares, with regular enjoyment and having the same characteristics as those in circulation on the date of issue, whose issue price will be determined by the Board of Directors in accordance with the provisions of the law, to be released by contribution in kind as a service of a voluntary public offer for purchase and exchange concerning all the ordinary shares of illimity Bank S.p.A.; consequent amendment of Article 5 of the Articles of Association. Related and ensuing resolutions.”

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Dear Shareholders,

on 27 March 2025, the explanatory report (the **"Report"**) of the board of directors of Banca Ifis S.p.A. (**"Banca Ifis"**) was published on the sole item on the agenda of the extraordinary part of the shareholders' meeting convened for 17 April 2025 in a single call, relating to the proposal to grant the board of directors of Banca Ifis, pursuant to art. 2443 of the Italian Civil Code, of the power to increase the share capital, in tranches, with the exclusion of option rights pursuant to Article 2441, fourth paragraph, first sentence of the Italian Civil Code (the **"Proxy"**), by issuing a maximum number of 8,406.781 ordinary shares of Banca Ifis, with regular dividend entitlements and having the same characteristics as those outstanding at the issue date (the **"Capital Increase to Service the Offer"**), to be paid up through the contribution in kind of the shares of illimity S.p.A. (**"illimity"**) that will be tendered in acceptance of the voluntary public purchase and exchange offer (the **"Offer"**) communicated by Banca Ifis on 8 January 2025, pursuant to art. 102, paragraph 1, of Legislative Decree No. 58/1998 (the **"TUF"**) and article 37 of Consob Regulation No. 11971/1999 (the **"Issuers Regulation"**), concerning a total of 84,067,808 ordinary shares (the **"illimity Shares"**) issued by illimity, equal to 100% of the share capital of illimity, listed on the Euronext Milan market, Euronext STAR Milan Segment (the **"Offer Communication"**).

The Report has been made available to the public in accordance with the terms and conditions set forth in the applicable laws and regulations in force at the registered office of Banca Ifis in Venice - Mestre, Via Terraglio 63, and published on the Bank's website at www.bancaifis.it, in the "Corporate Governance / Shareholders' Meeting" section, as well as on the authorised storage mechanism EMARKETSTORAGE at www.emarketstorage.it.

Terms not otherwise defined in these explanatory notes have the same meaning as in the Report.

On 9 April 2025, the National Commission for Companies and the Stock Exchange - Consob (**"Consob"**) sent Banca Ifis a request for the dissemination of information pursuant to art. 114, paragraph 5, of the TUF (the **"Consob Request"**) whereby, for the purposes of a more comprehensive assessment of the proposed resolution, it asked Banca Ifis to publish, using the same methods provided for the publication of the Report, by 9.00 am on 14 April 2025, the explanatory notes to the Report containing certain information.

In these explanatory notes, Banca Ifis provides the information required in the Consob Request.

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1 SUB-THRESHOLD THAT CANNOT BE WAIVED FOR THE EFFECTIVENESS OF THE OFFER

As more extensively illustrated in the Offer Communication, the effectiveness of the Offer is conditioned, inter alia, upon Banca Ifis holding as a result of the Offer – through subscriptions thereto and/or any purchases that may have been made by Banca Ifis outside of the Offer pursuant to the applicable legislation during the subscription period of the Offer – a stake equal to at least 66.67% of the share capital of illimity (the **"Threshold Condition"**).

In this regard, please be advised that, Banca Ifis reserves the right to waive the fulfilment of the Threshold Condition in the event that the number of illimity Shares tendered to the Offer allows Banca Ifis to obtain a stake sufficient to exercise de facto control over illimity and to consolidate it for both accounting and prudential purposes, which Banca Ifis has identified as a stake in illimity of at least 45% of the share capital plus one share of illimity.

Therefore, Banca Ifis will not have the authority to waive the fulfilment of the Threshold Condition if the number of illimity Shares tendered in acceptance of the Offer is less than 45% of the share capital plus one share of illimity.

As described above, the sub-threshold of 45% of the share capital plus one share of illimity has been identified by Banca Ifis taking into account the objectives of the Offer and the future plans of Banca Ifis, as well as the current shareholding structure of illimity, as Banca Ifis believes this is a stake that, depending on the shareholding structure of illimity following the Offer, could allow Banca Ifis to effectively control illimity and to consolidate it for accounting and prudential purposes.

2 DESCRIPTION OF BANCA IFIS'S FUTURE PLANS IN THE EVENT THAT, FOLLOWING THE OFFER, IT SHOULD HOLD A STAKE IN ILLIMITY OF BETWEEN 45% OF THE SHARE CAPITAL PLUS ONE SHARE OF ILLIMITY AND 66.67% OF ILLIMITY'S SHARE CAPITAL

Banca Ifis believes that the outlook for the Italian financial and banking sector will be characterized by a further phase of consolidation in the coming years, driven by increasing competitive pressure and a regulatory framework that is ever more complex and constantly evolving. Thus, specialised operators will also need to consider external growth operations in order to strengthen their solidity and maintain profitability and efficiency, within a macroeconomic context that will likely see a lower level of interest rates in the future compared to those recorded in recent years and a normalisation of the cost of risk, which has been very low in recent years.

In this context, Banca Ifis has long pursued a growth project in Italy, with particular focus on profitability and sustainability, through increasing its size, and has repeatedly demonstrated its ability to seize significant growth opportunities through external acquisitions, successfully executing inorganic development operations.

Within this growth project, illimity was identified as an ideal target for the continuation of this strategy, given the complementarity of its business model and market positioning with those of Banca Ifis.

In this perspective, irrespective of the level of subscriptions to the Offer and without prejudice to the non-waivable minimum threshold of subscriptions equal to 45% of the share capital of illimity plus one share, the intention is to proceed, in the terms outlined below, with the merger by absorption of illimity into Banca Ifis (the **"Merger"**).

The integration between Banca Ifis and illimity can, in fact, deliver an industrial value greater than the two separate entities and allow the full realisation of illimity's potential. Furthermore, as already announced to the market, value creation would primarily occur through the achievement of the following industrial, financial and sustainability objectives:

- (i) the creation of a leading player in the specialty finance sector within the Italian market, with a higher market capitalisation and a clear focus on services to SMEs and, therefore, with a well-defined business model;
- (ii) the potential to create revenue synergies, stemming from boosting customer productivity for illimity to Banca Ifis's levels, through efficiencies gained from integrating high value-added business segments (factoring, corporate banking) and the complementarity of certain business sectors (e.g., NPL);
- (iii) the increase in critical mass, aimed at achieving significant cost synergies arising from economies of scale, offset by the proven ability of Banca Ifis to operate efficiently in the market with an agile and flexible operating structure and distribution model, also thanks to partnerships with third-party operators;
- (iv) the additional diversification and stabilisation of the funding profile by broadening the depositor base through enhanced engagement with retail clients, allowing for a size that better aligns with benchmark standards, with expected savings on the funding cost;
- (v) the release of significant resources to be used for technological investments;
- (vi) the mitigation of the risk profile of illimity's loans portfolio, by increasing low-risk assets and simultaneously reducing the incidence of exposure to non-performing loans, without costs to the shareholders;
- (vii) the maintenance of a level of capitalisation significantly above the prudential requirements of the Supervisory Authority (e.g. SREP requirement) in line with market best practices;
- (viii) the containment of the execution risks in the integration process between Banca Ifis and illimity due to the compatibility of their business models and corporate values;
- (ix) the alignment of best lending practices, risk management and the entire control system of Banca Ifis and illimity; and
- (x) the strengthening of leadership in Corporate Social Responsibility, with the aim of becoming a reference point for Italian SMEs.

The integration between Banca Ifis and illimity will enable benefits and results to be achieved already in the short term, within a jointly strategic development project in the medium to long term that will position the combined entity in the market as a key player for SMEs.

3 TIMING FOR ACHIEVING COST AND REVENUE SYNERGIES RESULTING FROM THE INTEGRATION OF THE BANCA IFIS GROUP AND THE ILLIMITY GROUP AND EFFECTS OF THE FAILURE TO COMPLETE THE MERGER OF ILLIMITY INTO BANCA IFIS

It is expected that the Merger may become effective in 2026 or, at the latest, by the first half of 2027, following the completion of the preliminary and necessary due diligence activities on illimity and its group, as well as the customary evidentiary procedures.

With that said, the synergies deriving from the Merger and integration between Banca Ifis and illimity are estimated overall, at full operation, to be approximately EUR 75 million in EBT per year, with 50% attainable starting from 2026 and 100% from 2027 onwards (irrespective of the level of subscriptions to the Offer, provided that the non-waivable minimum threshold of subscriptions equal to 45% of illimity's share capital plus one share of illimity is met).

Banca Ifis believes that such synergies would be achievable (albeit to a lesser extent) even in the absence of the Merger (which, as noted in the Offer Communication, Banca Ifis intends to pursue), as most of the synergies would be partially independent of the accomplishment of the Merger.

4 MAXIMUM PERCENTAGE DILUTION OF THE SHARE CAPITAL OF BANCA IFIS AS A CONSEQUENCE OF THE CAPITAL INCREASE FOR THE PURPOSE OF THE OFFER AND ITS IMPACT ON THE CONTROL STRUCTURE OF THE COMPANY

Given the nature of the Capital Increase to Service the Offer and the variables connected to the results of the Offer itself, it is not possible to predict the composition of Banca Ifis' shareholding structure upon completion of the Capital Increase.

The percentage of dilution of existing shareholders in the share capital of Banca Ifis depends on the outcome of the Offer, taking into account that the amount of new shares of Banca Ifis to be issued as part of the Capital Increase to Service the Offer will depend on the number of acceptances of the Offer.

As of the date of these Explanatory Notes, La Scogliera SA controls Banca Ifis pursuant to Article 93 of the Consolidated Law on Finance, as it directly owns 27,192,347 shares of Banca Ifis, representing approximately 50.584% of Banca Ifis' share capital. Following the Offer and in the event of its completion, La Scogliera SA will continue to exercise control over Banca Ifis pursuant to article 93 of the Consolidated Law on Finance.

Full acceptance of the Offer

In case of acceptance of the Offer by all the holders of the shares of illimity subject to the Offer, the shareholders of illimity will be allotted a total of no. 8,406,781 newly issued ordinary shares of Banca Ifis in execution of the Capital Increase to Service the Offer, which, on the date of payment of the consideration of the Offer, will represent 13.5% of the share capital of Banca Ifis (fully diluted).

In this scenario: (i) La Scogliera SA will hold a shareholding representing 43.8% of the share capital of Banca Ifis and will therefore continue to exercise control over Banca Ifis pursuant to art. 93 of the TUF; and (ii) the dilution of the current shareholders of Banca Ifis will be equal to 13.5%.

Acceptance of the Offer by 66.67% of illimity's share capital (fulfilment of the Threshold Condition)

In the event that 66.67% of illimity's share capital is tendered in acceptance of the Offer, shareholders of illimity will be allotted a total of no. 5,604,800 newly issued ordinary shares of Banca Ifis in partial execution of the Capital Increase to Service the Offer, which, on the date of payment of the Offer consideration, will represent 9.4% of the fully diluted share capital of Banca Ifis. In this scenario: (i) La Scogliera SA will hold a shareholding representing 45.9% of the share capital of Banca Ifis and will therefore continue to exercise control over Banca Ifis pursuant to art. 93 of the TUF; and (ii) the dilution of the current shareholders of Banca Ifis will be equal to 9.4%.

Acceptance of the Offer by 45% of the share capital plus one share of illimity (Threshold Condition waived but sub-threshold achieved)

In the event that 45% of illimity's share capital plus one share are tendered in acceptance of the Offer (and provided that Banca Ifis exercises its right to waive the fulfilment of the Threshold Condition), the Shareholders of illimity will be allotted a total of no. 3,783,051 newly issued ordinary shares of Banca Ifis in partial execution of the Capital Increase to service the Offer, which, on the date of payment of the Offer consideration, will represent 6.6% of the fully diluted share capital of Banca Ifis. In this scenario: (i) La Scogliera SA will hold a shareholding representing 47.3% of the share

capital of Banca Ifis and will therefore continue to exercise control over Banca Ifis pursuant to art. 93 of the TUF; and (ii) the dilution of the current shareholders of Banca Ifis will be equal to 6.6%.

5 STATEMENT REGARDING THE POSSIBLE SUBSCRIPTION COMMITMENTS TO THE OFFER

At the reporting date of these Explanatory Notes, Banca Ifis has not signed any agreements to subscribe to the Offer with shareholders of illimity.

6 IMPACTS ON THE PRO-FORMA COMMON EQUITY TIER 1 RATIO AS AT 31 DECEMBER 2024 FROM THE FULL OR PARTIAL ACQUISITION OF ILLIMITY

An estimate is provided below of the impacts of the proposed acquisition of illimity in different scenarios, based on information made publicly available by illimity.

The transaction would have the following pro forma impact on the consolidated Common Equity Tier 1 ("CET1") ratio of the Banca Ifis banking group (the "**Group**" or "**Banca Ifis Group**") which stands at 16.10% as at 31 December 2024:

- approximately -160 basis points in the event of a subscription level to the Offer equal to 100% of the share capital of illimity;
- approximately -200 basis points in the event of a subscription level to the Offer equal to 66.67% of the share capital of illimity;
- approximately -225 basis points in the event of subscription level to the Offer equal to 45% of the share capital plus one share of illimity.

It should be noted, however, that the impacts in the scenarios of a 66.67% and a 45% plus one share of illimity participation reported above have been pro forma adjusted assuming the Merger is not finalised and mainly stem from the presence of minorities with limited computability levels at the consolidated CET1 level of the Banca Ifis Group. With the Merger, in fact, the impacts would be substantially in line with the impact calculated in the event of full subscription to the Offer (referred to as 100% scenario). It is also emphasised that the ratios resulting from these scenarios would remain well above the requirements imposed by the applicable regulations and the Supervisory Authority.

With regard to any effects of the transaction on Banca Ifis' Deferred Tax Assets ("**DTAs**"), it should be noted that, based on the information and findings available to date, the combination would have no impact the amount of DTAs existing as at 31 December 2024 in the separate financial statements of the combined entities.

7 IMPACTS ON MREL RATIOS AS AT 31 DECEMBER 2024 FOR THE BANCA IFIS GROUP

In relation to the impact on the Minimum Requirement for Own Funds and Eligible Liabilities ("**MREL**") ratios of the Banca Ifis Group (expressed with reference to both the Total Risk Exposure Amount ("**TREA**") and the Leverage Ratio Exposure ("**LRE**")), in the scenario of full subscription to the Offer by all holders of the illimity Shares, and considering a pro-forma situation as at 31 December 2024, the impact would be equal to about -179 basis points for MREL-TREA and about -198 basis points for MREL-LRE. The current MREL limits imposed on the Banca Ifis Group by the Bank of Italy are largely complied with.

Under the assumption that subscriptions reach the Threshold Condition, again considering the pro-forma assumptions as at 31 December 2024, the impact would be around -220 basis points for MREL-TREA and around -226 basis points

for MREL-LRE. The current MREL limits imposed on the Banca Ifis Group by the Bank of Italy are largely complied with.

It should be noted that if the level of subscriptions to the Offer is below the Threshold Condition, but above the sub-threshold (that is, above 45% of the share capital plus one illimity Share), and in the absence of a Merger, the two entities would maintain separate MREL requirements. In this context, the decisions on the MREL requirements applicable to the Banca Ifis Group and the illimity group existing at the time of the potential transaction would remain in force until replaced or superseded by new decisions of the Bank of Italy.

8 DETERMINATION AND RATIONALE FOR THE CONSIDERATION

The consideration offered by Banca Ifis for each illimity Share, consisting of 0.1 Banca Ifis shares (the "**Share Consideration**") and EUR 1.414 (the "**Cash Consideration**"), was determined by the Board of Directors of Banca Ifis after an independent valuation using the stock market price valuation method ("**Stock Market Prices**"), also taking into account the strategic and business rationale of the Offer.

The Stock Market Price Method uses market prices as relevant information for estimating the economic value of companies, referring to share prices recorded over periods deemed significant, based on the assumption that there is a meaningful correlation between the market prices of the shares of the companies being valued and their economic value. In the specific case, it was deemed appropriate to use: (a) the official price per illimity Share recorded on the Reference Date; and (b) the volume-weighted arithmetic average of the official prices recorded for illimity Shares over certain time intervals, namely the 3-months and the 1-month periods preceding the Reference Date (inclusive).

Based on the official price of Banca Ifis' shares recorded on the Reference Date, equal to Euro 21.366, the sum of the Cash Consideration and the Consideration in Shares expresses a valuation equal to Euro 3.55 for each share of illimity included in the Offer.

Banca Ifis has decided to structure the consideration offered through a component in Banca Ifis shares and a cash component, taking into account the effects of the Offer on Banca Ifis's balance sheet and income statement, considering, inter alia, the impact on Banca Ifis' operational and profitability indicators and regulatory ratios (e.g. ROE and CET1 ratio), as well as on the operational and profitability indicators related to Banca Ifis shares (e.g. EPS/DPS).

Please note that the Ordinary Shareholders' Meeting of Banca Ifis, convened for 17 April 2025, is called to resolve - taking into account the amount already distributed as interim dividend for the year 2024 on 18 November 2024, equal to EUR 1.2 per Banca Ifis share - on the distribution of a final dividend for the year 2024 equal to EUR 0.92 per each outstanding Banca Ifis share entitled to dividend payment on the scheduled ex-dividend date (the "**Ifis Dividend**"). Should the Ifis Dividend be approved, its distribution will occur in compliance with the applicable legal and regulatory provisions, with an ex-dividend date on 19 May 2025 and payment from 21 May 2025. It is noted that the Consideration is to be understood as cum dividendo, i.e. inclusive of the coupons relating to any dividends distributed by Banca Ifis. Therefore, should the ex-dividend of the Ifis Dividend occur before the date of payment of the Offer, as a result and effect of such ex-dividend, the Cash Consideration will be recalculated to amount to EUR 1.506 (while maintaining the Consideration in Shares unchanged).

9 CHANGES IN THE AMOUNT OF BADWILL

The impacts on Banca Ifis's consolidated balance sheet and consolidated income statement resulting from the acquisition of illimity will depend, among other things, on the level of subscriptions to the Offer, the charges arising

from the prospective integration of illimity into Banca Ifis, and the outcome of the purchase price allocation process in accordance with the international accounting standard IFRS 3.

In line with IFRS 3 requirements, Banca Ifis will have to recognise the shares of Banca issued as part of the Offer at fair value, corresponding to the official price of the Banca Ifis shares recorded on the trading day prior to the payment date; therefore, the increase in Banca Ifis' equity following the issue of the Banca Ifis shares offered, and, therefore, the actual acquisition cost, will only be known on the completion date of Banca Ifis obtaining control of illimity.

The accounting recognition of badwill allows a purchaser to preserve in its financial statements and, above all, in its post-acquisition consolidated regulatory capital, the carrying amount of equity of the acquired company, thereby avoiding:

- (i) the loss that might otherwise arise from aligning the carrying amounts of the assets being acquired to their fair value expressed in the (lower) acquisition price; and
- (ii) for banks, where the book equity also constitutes the core of regulatory capital, the need to cover any capital shortfall, which the acquisition could cause, through additional capital increases would make the consolidation transaction economically unsustainable and, therefore, unviable, especially considering the related integration expenses.

Finally, it should be noted that the guidelines developed by the ECB explicitly indicate how the impacts of badwill are intended to increase the sustainability of the business model.

The final quantification of the badwill will therefore be subject to changes related, inter alia, to the official share price of Banca Ifis recorded on the trading day prior to the payment date of the Consideration, which will allow for the determination of the final value of the cost of the merger.

For illustrative purposes, the impact on badwill resulting from the change in Banca Ifis' share price is shown below.

Importi in milioni di Euro (escluso quotazione)	Quotazione -1,00 Euro	Quotazione -0,50 Euro	Valori utilizzati per Prospetti Consolidati Pro-Forma	Quotazione +0,50 Euro	Quotazione +1,00 Euro	Prezzo di chiusura al 10/04/2025
Quotazione di riferimento (A)	20,366	20,866	21,366	21,866	22,366	19,560
Costo di acquisizione complessivo (B)	286	291	295	299	303	280
Patrimonio netto contabile del Gruppo illimity al 31.12.2024 (C)	894	894	894	894	894	894
Badwill ante rettifiche PPA (C) - (B)	608	604	599	595	591	614

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Venice - Mestre, 14 April 2025

For the Board of Directors

The Chairman

(Ernesto Fürstenberg Fassio)