

**BANCA SISTEMA S.P.A.**

Fully paid-up share capital € 9,650,526.24

Tax Code and Milan Companies' Register No. 12870770158 – ABI  
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[www.bancasistema.it](http://www.bancasistema.it)

**ORDINARY SHAREHOLDERS' MEETING, HELD ON SINGLE CALL  
AT THE REGISTERED OFFICE AT LARGO AUGUSTO 1/A, ANGOLO VIA VERZIERE 13,  
MILAN, 30 APRIL 2021, AT 10.00 A.M.**

**BOARD OF DIRECTORS' EXPLANATORY REPORT ON ITEM 5) ON  
THE AGENDA**

(prepared pursuant to Art. 125-ter of Legislative Decree No. 58 of 24  
February 1998, as amended and supplemented)

**“DETERMINATION OF THE REMUNERATION DUE TO MEMBERS OF THE BOARD OF  
DIRECTORS, BOARD COMMITTEES AND OTHER BODIES ESTABLISHED WITHIN THE  
COMPANY. RELATING AND RESULTING RESOLUTIONS”**

## **BOARD OF DIRECTORS' REPORT**

Dear Shareholders,

With the appointment of the Board of Directors resolved as item 4) of the agenda, the Shareholders' Meeting is asked to resolve also on the following issue, item 5) of the agenda:

**Determination of the remuneration due to members of the Board of Directors, Board Committees and other bodies established within the Company. Relating and resulting resolutions.**

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Firstly, it should be noted that, pursuant to art. 16.3 of the Articles of Association of Banca Sistema, the Shareholders' Meeting "*may determine the remuneration as a whole of all the directors, including those vested with special duties, including the remuneration of the general manager, if appointed pursuant to article 10.7 of these Articles of Association*".

Article 17.3 of the Articles of Association also states, "the members of the administrative body are entitled to be reimbursed for expenses incurred as a result of their office, including travel and transfer expenses", in addition to the fee set at the time of appointment.

On the basis of the foregoing, we invite you to resolve on the remuneration of the Board of Directors.

We remind you that, for the previous Board of Directors in office, the Shareholders' Meeting had decided an annual total remuneration of EUR 625,000 (six hundred and twenty-five thousand) allocating an amount of EUR 30,000 as annual basic remuneration to each of the nine members of the Board of Directors, and an additional fee of EUR 120,000 (one hundred and twenty thousand) to the Chairperson of the Board of Directors and EUR 235,000 to the Managing Director.

With the exception of the Chairperson and the Managing Director, in addition to said remuneration, an annual remuneration was awarded for the participation in the Committees created within the Board of Directors, independently from the number of meetings by these held, in addition to the refund of the expense incurred, as follows:

- Internal Control, Risk Management and Related Parties Committee: €15,000 (fifteen thousand);
- Appointments Committee: EUR 5,000 (five thousand);
- Remuneration Committee: EUR 5,000 (five thousand);
- Ethics Committee: EUR 5,000 (five thousand);
- Supervisory Body: EUR 15,000 (fifteen thousand);

An attendance fee, for personal attendance of Board of Director meetings alone had also been granted to the members of the Board of Directors and more specifically an amount of EUR 1,500 (one thousand five hundred) to the Chairperson, EUR 500 (five hundred) to each Director of the Board, in addition to the reimbursement of any duly documented expenses incurred.

The above fees are intended as net of applicable taxes and social security contributions.

The members of the Board of Directors also benefit from the insurance policy for the civil liability of members of corporate bodies taken out at the Banca Sistema Group level on the basis of specific criteria, as well as from the health insurance, under the terms and conditions already applied to the Group.

While inviting you to read the document “Qualitative and Quantitative Composition of the Board of Directors, published on Banca Sistema’s website on 23 February 2021 for more detailed information, as regards the determination of the fees of the board members, particular mention is made of the significant effort and work required on the part of the members of the Board of Directors, as shown by the minutes of meetings of the Board and Committees held in the last three years, due not only to the increasing complexity of the market and supervisory system of banks, but also the development of the Bank’s *business*.

It should also be noted that following the introduction of Decree no. 169 of the Ministry of Economy and Finance of 23 November 2020, the members of Bank Boards are required to have higher and more specific professional skills and expertise.

Therefore, given the strict limitations introduced by the above Decree to the number of positions company directors may hold, it is appropriate to consider the possibility of adjusting the remuneration of the directors so as to remunerate not only their work in a reasonable manner, but also to attract professionals of high *standing*.

Given the above, Shareholders are invited to decide the increase to apply to the remuneration currently paid to the Directors of the Bank. Given the greater work load and effort required, the Shareholders are accordingly invited to allocate to the chairpersons of the Board’s internal committees a higher remuneration than that paid to the other members of the committees.

Milan, 30 March 2021

For the Board of Directors Mr.  
Luitgard Spögler, Lawyer  
Chairperson of the Board of Directors