

BANCA SISTEMA S.P.A.

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

Tax code and Milan Companies' Register No. 12870770158 - ABI code No. 03158.3

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**ORDINARY SHAREHOLDERS' MEETING, HELD ON SINGLE CALL
AT THE REGISTERED OFFICE AT LARGO AUGUSTO 1/A, ANGOLO VIA VERZIERE 13, MILAN
24 APRIL 2024, 10.00 A.M.**

**BOARD OF DIRECTORS' REPORT
ON ITEM 6 OF THE AGENDA**

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

**“AUTHORISATION FOR THE PURCHASE AND DISPOSAL OF TREASURY SHARES. RELATING AND
RESULTING RESOLUTIONS”**

BOARD OF DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors also submits a motion to authorise the purchase of ordinary shares of Banca Sistema S.p.A., pursuant to article 2357 of the Italian Civil Code and article 132 of Legislative Decree. no. 58 of 24 February 1998, as amended and supplemented (the “**Consolidated Law on Finance**”), and articles 77 and 78 of Regulation (EU) no. 575/2013 (“**CRR**”) and article 29, paragraphs 1 and 4 of Delegated Regulation (EU) no. 241/2014 (“**Regulation 241/2014**”) and subsequent amendments and additions, according to the terms and in the manner indicated below, in compliance with article 144-bis of the Regulation adopted by Consob with resolution no. 11971 of 14 May 1999, as amended and supplemented (“**Issuers' Regulation**”).

The above purchase may be made only after obtaining the authorisation of the Bank of Italy in accordance with the above EU regulations.

Finally, it is asked to authorise the Board of Directors to distribute shares of Banca Sistema to “key personnel” as part of the variable component of their remuneration, in accordance with the remuneration policies approved by the Shareholders' Meeting.

1. Reasons for the purchase proposal

In view of the provisions of Circular 285 issued by the Bank of Italy, which allow banks with assets of less than €5 billion (averaged over the last four years) to neutralise the forecasts relating to the payment of variable remuneration in financial instruments and to apply only a “reasonable” deferral period, Banca Sistema has opted, since the 2022 Remuneration Policies, to take advantage of this simplification by providing for variable remuneration payment schemes in monetary form from 2022 onwards (without prejudice to any regulatory updates and/or the achievement of the size thresholds indicated by Circular 285). The foregoing is without prejudice to the allocation of up-front and deferred portions in shares relating to past years in accordance with the rules set out in the relevant Policies of the same years.

In order to enable the Bank to deliver the final quantity of shares related to the deferred portions of the incentive plan for the year 2021, with potential delivery expected during 2025—subject to verification of the conditions for accessing the release of the deferred shares currently in force—the remaining requirement and availability of the inventory have been assessed.

Therefore, and taking into account that the Bank currently holds 168,004 treasury shares, of which 116,174 are to be distributed to the beneficiaries as part of the deferred portion of the bonus for the financial year 2021, subject to the approval of this Shareholders' Meeting, reducing the number of treasury shares to 51,270, and taking into account the need for an additional 99,215 treasury shares to be distributed following the approval of the shareholders at the next Shareholders' Meeting in 2025, it is proposed that the Board of Directors be authorised to submit an application to the Bank of Italy for the purchase and distribution of treasury shares for the purpose of allocating such shares as part of the variable remuneration to be paid to certain employees of the Company, in accordance with the policies approved from time to time by the Shareholders' Meeting, up to a maximum amount of €90,000.

A request for authorisation should be submitted to the Bank of Italy given the reduction of own funds following the purchase of treasury shares, in implementation of the provisions of article 77 of the CRR and article 29 of Regulation no. 241/2014.

2. Maximum number of shares to purchase

The maximum predetermined amount of shares that may be repurchased is €90,000, equivalent to 50,000 ordinary shares, and is considered sufficient for the allocation to key personnel in application of the 2021 Remuneration Policies approved in the past by the Shareholders' Meeting.

The proposed purchase of shares, even in tranches, refers to fully paid-in ordinary shares of the Bank, with a nominal amount of € 0.12 (zero point twelve) each.

An undistributable reserve equal to the amount of the treasury shares recognised under the assets in the financial statements should be established and kept until the shares are transferred or cancelled.

3. Compliance with the limit of one fifth of the share capital

The limit for the purchase of treasury shares is that set by article 2357, paragraphs 1 and 3 of the Italian Civil Code according to which (i) Banca Sistema S.p.A. may only purchase treasury shares within the limits of distributable earnings and distributable reserves indicated by the last approved financial statements and (ii) the total nominal amount of the shares may not exceed one fifth of the share capital as a whole, including any shares held by subsidiaries.

In order to comply with the latter provision, the directors of Banca Sistema S.p.A. will ensure that subsidiaries do not carry out transactions involving shares of Banca Sistema.

4. Duration of the authorisation

Based on the proposal, shares may be purchased, even in tranches, up to a maximum number having a total equivalent value not exceeding € 90,000, taking into account the provisions of paragraph 5) below and, in any case, within the limit of one fifth of the share capital, within a period of 18 months from the date of approval of the resolution.

There is no time limit for the sale of the shares, which may again be made in tranches, even before the maximum number of shares have all been purchased.

5. Purchase and sale prices of the shares

Shares may be purchased at a price of no less than 15% - and no more than 15% - of the price determined on the last business day of each week as average of the official closing price of the quotations of Banca Sistema shares for the last two weeks in the TARGET calendar prior to the date of determination of the average price. This minimum and maximum price will be valid for a period starting as from the day after the date on which the average price is determined to the date on which the new weekly price is determined (inclusive).

6. Reserve for future purchase of treasury shares

In the case of approval by the Shareholders' Meeting, the "Reserve for the future purchase of treasury shares" will be used to establish, after each actual purchase, the "Reserve for treasury shares", undistributable and provided by article 2357-ter of the Italian Civil Code, equal to the amount of the treasury shares recognised under the assets in the financial statements that should be kept until the treasury shares are transferred or cancelled.

7. Execution of purchase transactions

Ordinary shares may be purchased, pursuant to article 144-bis of the Issuers' Regulation, exclusively on the market regulated, organised and managed by Borsa Italiana S.p.A. where the shares of Banca Sistema are traded according to procedures that ensure compliance with equal treatment for all shareholders set forth by article 132 of the Consolidated Law on Finance, and in compliance with applicable market laws and practices accepted by Consob pursuant to article 13 of Regulation (EU) no. 596/2014.

8. Other methods of disposal

Treasury shares will be allocated as part of the variable remuneration paid to specific employees in compliance with the Remuneration Policies for the 2021 financial year as previously approved by the Shareholders' Meeting.

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Dear Shareholders,

With reference to the above, we invite you to approve the following resolution:

“Having heard and approved the report of the Board of Directors on item 6) of the agenda;

RESOLVES

A) TO AUTHORISE the Board of Directors (i) to submit to the Bank of Italy the request for authorisation to repurchase a maximum of 50,000 treasury shares for an amount of no more than € 90,000 and (ii) to purchase fully paid-in ordinary treasury shares of the Bank, with a nominal amount of € 0.12 (zero point twelve) each, for a maximum of 50,000 treasury shares for an amount not exceeding € 90,000 and in any case in compliance with the limit of one fifth of the share capital. This equivalent value will be covered by the undistributable reserve provided by law called “Reserve for the future purchase of treasury shares”.

The aforementioned authorisation is intended as granted for a period of no more than 18 (eighteen) months from today’s date. Shares may be purchased, even in tranches, at a price of no less than 15% - and no more than 15% - of the price determined on the last business day of each week as average of the official closing price of the quotations of Banca Sistema shares for the last two weeks in the TARGET calendar prior to the date of determination of the average price. This minimum and maximum price will be valid for a period starting as from the day after the date on which the average price is determined to the date on which the new weekly price is determined (inclusive).

B) TO AUTHORISE the Board of Directors to dispose of the treasury shares of Banca Sistema S.p.A. by allocating such treasury shares as part of the variable remuneration paid to specific employees in compliance with the remuneration policies approved from time to time by the Shareholders' Meeting;

C) TO ESTABLISH that purchases may be made exclusively by trading ordinary Banca Sistema S.p.A. shares on the Stock Exchange, according to procedures that ensure equal treatment for all shareholders as set forth by article 132 of Legislative Decree no. 58/1998, and in compliance with applicable market laws and practices accepted by Consob pursuant to article 13 of Regulation (EU) no. 596/2014.

D) TO AUTHORISE AND INSTRUCT the CEO, with the authority to sub-delegate such powers, to submit to the Bank of Italy the request for authorisation to purchase treasury shares and carry out any transactions that may be necessary, including financial transactions, pertaining to or resulting from the implementation of the above resolutions, in compliance with the procedures set forth by applicable laws and regulations, ensuring through management and control of the subsidiaries, that the latter do not carry out any transaction involving the shares of Banca Sistema S.p.A. so as to ensure full compliance with the maximum limit of one fifth of the share capital. The CEO may use the services of third parties to execute the above, signing contracts and appointing agents or attorneys for single acts or categories of acts.”

Milan, 28 March 2024

On behalf of the Board of Directors
Ms. Luitgard Spögler
Chairperson of the Board of Directors