

**BANCA IFIS S.p.A.**  
**Share capital Euro 53,811,095 fully paid-in**  
**Tax Code and registration number in the**  
**Companies Register of Venice 02992620274 - ABI 3205.2**  
**Via Terraglio, 63 - 30174 Mestre - Venice**

**DIRECTORS' EXPLANATORY REPORT ON THE PROPOSALS CONCERNING THE  
ITEMS ON THE AGENDA OF THE ORDINARY AND EXTRAORDINARY  
SHAREHOLDERS' MEETING CONVENED IN A SINGLE CALL AT THE  
REGISTERED OFFICE LOCATED AT THE ADDRESS OF VIA TERRAGLIO 63,  
MESTRE - VENICE, FOR 8<sup>th</sup> APRIL 2015 AT 9:30 AM.**

**(Report pursuant to article 125-ter of Italian Legislative Decree no. 58  
of 24<sup>th</sup> February 1998 – “Consolidated Law on Finance”)**

Dear Shareholders,

You have been convened for the purpose of adopting resolutions with regards to the proposals contained in the items on the agenda of the Ordinary and Extraordinary Shareholders' Meeting convened in single call at the registered office located at the address of Via Terraglio 63, Mestre - Venice, for 8<sup>th</sup> April 2015 at 9:30 am.

The items on the agenda of the Shareholders' Meeting, as specified in the Notice to convene, are as follows:

### **Ordinary Part**

1) Approval of the Financial Statements as of 31<sup>st</sup> December 2014; communication of the Consolidated Financial Statements of the Group as of 31<sup>st</sup> December 2014; allocation of profits for the year; inherent and consequent resolutions;

2) Remuneration policies for corporate officers, employees and collaborators of the Banca IFIS Banking Group: Report on remuneration;

3) Authorisation to purchase and sell treasury shares, subject to revocation of the previous authorisation;

### **Extraordinary Part**

1) Amendment of existing articles 1, 10, 11, 12, 13, 14, 15, 16, 17, 21, 22, of the Articles of Association; inherent and consequent resolutions.

In compliance with the publicity obligations provided by art. 125-*ter* of Italian Legislative Decree no. 58 of 24<sup>th</sup> February 1998, ("Consolidated Law on Finance"), without prejudice to the obligations provided by additional provisions of the law or regulations, the Board of Directors has drawn up this explanatory report on the topics listed in the agenda of the Shareholders' Meeting.

This report is drawn up pursuant to art. 72 and 73 of the regulation issued by Consob with resolution no. 11971 of 14<sup>th</sup> May 1999, as subsequently amended and supplemented, in reference to the proposals concerning amendment of the Articles of Association and the authorisation to purchase and sell treasury shares.

This report is made available to the public by filing it at the registered office and at Borsa Italiana S.p.A., as well as by publishing it on the Bank's website [www.bancaifis.it](http://www.bancaifis.it) (pursuant to art. 125-quater of the Consolidated Law on Finance).

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**1) Approval of the Financial Statements as of 31<sup>st</sup> December 2014; communication of the Consolidated Financial Statements of the Group as of 31<sup>st</sup> December 2014; allocation of profits for the year; inherent and consequent resolutions**

Dear Shareholders,

The draft Financial Statements as of 31<sup>st</sup> December 2014, which we submit for your approval, shows a profit for the period of Euro 94,396,413.05 (ninety-four million, three hundred and ninety six thousand, four hundred and thirteen point zero five Euro), which allows us to propose the allocation of profits through the distribution of a cash dividend of Euro 0.66 for each ordinary share with detachment of coupon (n.°18) on 13<sup>th</sup> April 2015;

Pursuant to article 83-terdecies of Italian Leg. Decree no. 58 (Consolidated Law on Finance) dated 24<sup>th</sup> February 1998, entitlement to dividend payment is determined by the intermediary's account records referred to in article 83-quater, paragraph 3 of the Consolidated Law on Finance, at the end of the accounting day of 14<sup>th</sup> April 2015 (i.e., *the record date*).

The total disbursement, determined clear of the quota pertaining to the treasury shares, pursuant to art. 2357-ter of the Italian Civil Code, is equal to a maximum of Euro 35.515.322,70.

The payment of the aforementioned dividend, before the statutory deductions, is scheduled for 15<sup>th</sup> April 2015.

The proposal for the allocation of the profit is in line with the dividends policy implemented by the Company, aimed at reconciling the need to strengthen company equity with the Shareholders' expectation of receiving a dividend in line with the results of the Financial Statements.

We also submit for your attention the Consolidated Financial Statements as of 31<sup>st</sup> December 2014 which, although not subject to approval by the Shareholders' Meeting, represents additional information provided with the Financial Statements of Banca IFIS S.p.A.

For additional and more detailed information regarding the above, please refer to the contents of the reports and documents filed in the Company's registered office pursuant to art. 2429, paragraph 3, of the Italian Civil Code, the Borsa Italiana S.p.A. and the authorised storage mechanism [www.emarketstorage.com](http://www.emarketstorage.com) as well as published on the Bank's website [www.bancaifis.it](http://www.bancaifis.it) pursuant to art. 154-ter of the Italian Consolidated Law on Finance.

Now therefore, we hereby submit to your approval the following

**proposed resolution**

*“The Ordinary Shareholders' Meeting of Banca IFIS S.p.A., having taken note of the Board of Directors' report on operations, of the Board of Statutory Auditors' report and of the Auditing*

*firm's report, having reviewed the Financial Statements as of 31<sup>st</sup> December 2014.*

***resolves***

*A) to approve the Financial Statements for the period ending on 31<sup>st</sup> December 2014, with the report on operations presented by the Board of Directors;*

*B) to allocate the net profit for the period, equal to Euro 94,396,413.05 (ninety-four million, three hundred and ninety six thousand, four hundred and thirteen point zero five Euro) as follows:*

*a) to the shareholders a cash dividend (before tax withholdings required by law) of Euro 0.66 for each ordinary share with coupon (no. 18) on 13<sup>th</sup> April 2015. This dividend includes the portion attributable to the treasury shares held by the company. Pursuant to article 83-terdecies of Italian Leg. Decree no. 58 (Consolidated Law on Finance) dated 24<sup>th</sup> February 1998, entitlement to dividend payment is determined by the intermediary's account records referred to in article 83-quater, paragraph 3 of the Consolidated Law on Finance, at the end of the accounting day of 14<sup>th</sup> April 2015 (i.e., the record date).*

*b) to other reserves as for the remaining amount;*

*C) to pay said dividend as from the date of 15<sup>th</sup> April 2015. Payment will be made through the authorized brokers where the shares are registered in the Monte Titoli System.*

**2) Remuneration policies for corporate officers, employees and collaborators of the Banca IFIS Banking Group: "Report on remuneration".**

Dear Shareholders,

We present you with the document entitled "Report on remuneration" approved by the Board of Directors of Banca IFIS during the meeting held on 18<sup>th</sup> February 2015.

With the aforementioned document, the Board aimed to fulfil the requirements referred to in art. 123-ter of Italian Consolidated Law on Finance as well as banking sector regulations as well as the self-regulation rules contained in the Code of Conduct of listed companies.

The Report hence contains additional information, in aggregate form, on individuals known as "Risk-takers" not included in the area of application of the aforementioned article of Italian Consolidated Law on Finance.

With regards to the normative framework, specific reference is made to the following:

- a) with reference to primary and secondary regulations applicable to listed companies
  - art. 123-ter of the Consolidated Law on Finance containing the provision to make available to the public a Report on Remuneration at least twenty-one days prior to the date of the Ordinary Shareholders' Meeting convened to approve the Financial Statements;
  - art. 84-quater of the Issuers' Regulations containing the requirement to make available to the public the aforementioned report on remuneration in compliance with the "Scheme 7-bis" of Annex 3 A to the Issuers' Regulations;

- b) with regard to the self-regulation rules of listed companies
- The 7<sup>th</sup> amendment of Circular no. 285 of 17<sup>th</sup> December 2013 - “Supervisory provisions for banks” of 20<sup>th</sup> November 2014 which, implementing the provisions of Directive 2013/36/EU (CRD IV) relative to the prudential regulations for banks and investment firms, has updated the provisions on remuneration and incentive policies and practices in banks and banking groups in line with the requirements of article 23 of law no. 262 of 28<sup>th</sup> December 2005 to take account of the practical application and market developments;
- c) with reference to secondary regulations applicable to banks and banking groups
- the “Format for the Report on Corporate Governance and Ownership Structures” of listed companies made available by Borsa Italiana S.p.A. in January 2015 which incorporates that amendments to the Code of Conduct, approved by the Corporate Governance Committee in July 2014.

The contents of the Report, approved by the Board of Directors, were reviewed by the Remuneration Committee, from a standpoint of preliminary work on issues falling under its responsibility

Briefly, the “Report on remuneration” consists of:

- Section I in which, based on the instructions provided in annex 3A, Scheme 7-bis, of the Issuer’s Regulations “*with reference to members of the administration bodies, general managers and other executives with strategic responsibilities...*”, the remuneration policy of the Banca IFIS Banking Group and the procedures used to adopt and implement said policy are illustrated; additional information is also provided, specifically on the policy concerning the “key personnel” (according to the definition contained in the supervisory provisions), with a view to also fulfil, in a single document, banking sector regulations; this section also contains the following proposed changes to the corporate remuneration and incentive policies:
  - a) correction of the current formula for calculating the variable quota of the Chief Executive and the General Manager (respectively 1.5% and 0.75% of the share of the consolidated profit of the bank gross of the sole taxes for the year, for the part exceeding Euro 40 million) by multiplying the result of the current formula by the ratio between the RORAC of the previous year and the RORAC of the current year (as obtained from the most recent update approved by the Three-year business plan);
  - b) amendment of the qualification criteria of the variable component that would be considered “a particularly high amount” (and therefore subject to a delay of 5 years according to the new supervisory provisions) if higher than the fixed compensation, an option which will not however be compatible with the statutory provisions after the approval of the draft amendments approved by the Board meeting of 18<sup>th</sup> December and pending approval from Bank of Italy;
  - c) introduction of a malus mechanism consistent with the new sub formula a), to be verified and eventually applied in each of the three financial year ends following the determination of the variable component;
  - d) amendment of the claw-back clause with application, for each of the three financial year ends following the determination of the variable component, in the event of “significant” loss for the Bank (losses equal to or above 5% of net assets) and that of “total capital ratio” less than the threshold in force from time to time as well as, with immediate effect, the following provisions of the new supervisory instructions (in the case of changes in regulations prior to the imminent allocation of the variable part based on 2014 results)

- ✓ violations of the obligations imposed pursuant to art. 26 (requirements of professionalism, integrity and independence ) or, when the subject is an interested party, of article 53, paragraphs 4 and sub-sections (conflict of interests), of the Consolidated Banking Act or of the requirements on remuneration and incentives;
- ✓ fraudulent behaviour or gross negligence against the Bank;
- e) amendment of the retention period (from two to three years) of the quota to be paid up-front in shares and clarification of the date (same as that of the Shareholder's meeting for the approval of the Financial Statements) and of the method of calculating the fair value (average market price in the month prior to the allocation date rounded to the nearest integer) of the quota to be paid in shares;
- f) raising of the maximum variable remuneration quota payable to the key personnel in charge of control functions from 20% to one third of the RAL (as allowed under the new Supervisory provisions);
- g) adapting the minimum limits of quantitative parameters to which access is subject to the variable part of the remaining "key personnel", other than the Chief Executive Officer and the General Manager and not pertaining to the category of managers of internal control functions (the minimum solvency ratio rises from 9 to 10.5% and the minimum consolidated profit before tax rises from 5 to 8% of the consolidated net assets before the profit for the year).

The Shareholders' Meeting is called to adopt a resolution in favour of or against said Section 1 of the Report;

- Section II which contains, according to the provisions of art. 10 of the Articles of Association as well as of the application regulations on the topic, the information provided to the Shareholders' Meeting concerning the implementation of remuneration policies during the course of 2014.
- Lastly, the "Report" indicates, in compliance with art. 84-quater of the Issuers' Regulations, the shares held by the members of the Board of Directors and of the Board of Statutory Auditors, by the General Manager and by the other executives with strategic responsibilities.

The Report will be made available to the public, at the Bank's registered office, the Borsa Italiana S.p.A. and the authorised storage mechanism [www.emarketstorage.com](http://www.emarketstorage.com), as well on the Bank's website [www.bancaifis.it](http://www.bancaifis.it) by the upcoming March 18<sup>th</sup> and in any event together with the Report on corporate governance and ownership structures.

The proposed changes in Section I of the Report have also entailed, pursuant to art. 114-*bis* of the Consolidated Law on Finance and of the relevant implementation rules (art. 84-*bis* of the Issuers' Regulations), the need to make available to the public - at the same time as this report - at the company's registered office, on its website and with other methods established by CONSOB, an information document informing on the consequent payment plan based on the attribution of Banca IFIS shares for certain company figures. With regards to this, reference is also made to the proposal made here below on the subject of purchase and sale of treasury shares.

We also present you with the outcome of the verification carried out by the Internal Control Function on the methods used to ensure compliance of the remuneration practices with the normative context (verification that was also presented to the Board of Directors), as required by Bank of Italy's supervisory provisions.

In view of all of the above, we submit for your approval the following

### **proposed resolution**

*“The Ordinary Shareholders’ Meeting, having heard and approved the Board of Directors’ proposal listed in item 2) of the agenda:*

*A) takes note of the report on the implementation of remuneration policies during the course of 2014 presented, in compliance with art. 10 of the Articles of Association as well as with the regulations in force on the subject, within the scope of the document entitled “Report on remuneration”, drawn up in compliance with art 123-ter of the Consolidated Law on Finance;*

*B) takes note of the outcome of the verification carried out by the Internal Audit Function on the methods used to ensure compliance of the remuneration practices with the normative context.*

*C) resolves to approve the contents of Section I of the document entitled “Report on remuneration” drawn up pursuant to art. 123-ter of the Consolidated Law on Finance, also for the purpose of adapting the remuneration policies of the Banca IFIS Banking Group for 2015;*

*D) resolves to approve the payment plan based on the attribution of Banca IFIS shares for certain company figures described in the informative document drawn up pursuant to article 114-bis of the Consolidated Law on Finance and of the relevant implementation rules (art. 84-bis of the Issuers’ Regulations) and made available to the shareholders according to the terms of the law”.*

### **3) Authorisation to purchase and sell treasury shares, subject to revocation of the previous authorisation**

**(Report as per art. 73 and as per Annex 3A of the regulation adopted by Consob with resolution no. 11971 dated 14<sup>th</sup> May 1999 as subsequently amended and supplemented)**

Dear Shareholders,

The Ordinary Shareholders’ Meeting of 17<sup>th</sup> April 2014 authorised, among other things, the purchase and sale of treasury shares, pursuant to articles 2357 and following of the Italian Civil Code, as well as art. 132 of Italian Legislative Decree 58/98, establishing a price range within which the shares could be purchased, from a minimum of Euro 4 to a maximum of Euro 25, for a maximum amount of Euro 40 million. The purchased shares could then be sold at a price of at least 80% lower than the reference price recorded in the Stock Exchange session preceding the selling date.

The Shareholders’ Meeting also established a term of duration of 18 months for the authorisation, starting from the date on which the resolution was adopted.

As of 31<sup>st</sup> December 2013, Banca IFIS held 1,083,583 treasury shares for an equivalent value of Euro 7.9 million and a nominal value of Euro 1,083,583 (equal to 2.014% of the share capital).

During the course of 2014, before the Shareholders’ Meeting resolution, Banca IFIS sold, at the average price of Euro 13.96, no. 196,418 treasury shares for an equivalent value of Euro 2.7



million and a nominal value of Euro 196,418, for a profit of Euro 1.5 million which, in accordance with international accounting standards, was allocated to capital reserves.

During the aforementioned Shareholders' Meeting the development of the reference regulatory framework on the Bank's capital was recalled, particularly with respect to Articles 77 and 78 of Regulation (EU) no. 575/2013 of 26 June 2013 and the Delegated Regulation (EU) no. 241/2014 of 7 January 2014 (the latter published in the Official Journal of the European Union of 14<sup>th</sup> March 2014, and entered into force on the twentieth day following its publication). In this regard the shareholders were assured that the competent corporate structures would have executed the resolution on the acquisition of treasury shares in accordance with that regulation and any subsequent communications of the Bank of Italy.

Subsequently, it was not deemed necessary to submit the application to the Bank of Italy to obtain the authorisation required under this legislation and there were no new purchases or sales of treasury shares.

Therefore at the end of 2014, the ending balance corresponds to that declared to the shareholders during the Shareholders' Meeting of 17<sup>th</sup> April 2014 and is equal to n. 887,165 treasury shares, for an equivalent value of Euro 6.7 million and a nominal value of Euro 887,165 (equal to 1.649% of the share capital).

Since the aforementioned authorisation granted during the Shareholders' Meeting is expiring, it is opportune for the shareholders to renew it for the purposes and within the limits of the aforementioned new regulatory framework and the interpretations drawn to date from the comparison with the Supervisory Authorities.

a) REASONS FOR THE PROPOSAL

The purposes for which shareholders are asked to submit the authorisation to the Bank of Italy are those required by the aforementioned Delegated Regulation (EU) 241/2014, which can be summarised in the following terms:

- reduction of capital under article 77 of Regulation (EU) no. 575/2013 (CRR);
- it seems advisable to encourage the regular performance of the negotiations, avoid price changes that are not in line with the market performance and ensure proper support to market liquidity (market making);
- assigning to the CEO, the General Manager and any other employees in the "key personnel" category the implementation of the remuneration and incentive policies approved by the Shareholders' Meeting;
- it also seems advisable to equip the directors with a strategic and operational flexibility instrument that makes it possible to use treasury shares as consideration in any non-recurrent transactions, including for the purchase and/or exchange of shareholdings, with other subjects within the scope of transactions of interest to the Bank.

b) MAXIMUM NUMBER OF SHARES THAT CAN BE ACQUIRED.

To allow the above, in view of the current portfolio of treasury shares, available reserves and the distributable profits as per the Financial Statements as at 31<sup>st</sup> December 2014, it is appropriate to propose the authorisation to purchase ordinary treasury shares for the maximum amount required by the aforementioned Delegated Regulation (EU) no. 241/2014 of 7<sup>th</sup> January 2014 which - with regard to the purpose of supporting exchanges and in the light of the current excess of primary capital of class 1 with respect to the capital requirements referred to in article



92 CRR (Pillar 1), 104 (1) (a) (Pillar 2) and 128 (6) (capital reserves) CRDIV – amounts to 3% of the share capital sum and share premium (approximately Euro 3.8 million of equivalent value, equal to approximately 250,000 shares to approximately Euro 15.5).

The equivalent purchase value can be covered by the specific “Reserve for the future purchase of treasury shares”, of equal amount once authorisation has been obtained from the Bank of Italy.

The shares whose purchase is being proposed are ordinary shares, fully paid, with nominal value of Euro 1 (one) each.

A proposal is also submitted to the Shareholders’ Meeting to authorise the Board of Directors, at the same time, to the assignment and sale of Banca IFIS’ shares purchased according to the methods specified here below.

c) **COMPLIANCE WITH THE LIMIT OF ONE FIFTH OF THE SHARE CAPITAL REFERRED TO IN PARAGRAPH 3 OF ART. 2357 OF THE ITALIAN CIVIL CODE**

The purchase for which authorisation is being requested refers to the Company’s ordinary shares whose maximum number, in compliance with the limits set forth in article 2357, paragraph three of the Italian Civil code, cannot have a total nominal value, including any shares owned by the Company and by its subsidiaries as of today’s date, exceeding one fifth of the entire share capital.

Taking into account that Banca IFIS S.p.A. holds a majority shareholding as defined by art. 2359 of the Italian Civil Code, the guarantee that the percentage limit of one fifth of the share capital will not be exceeded will be obtained through a specific mandate to the directors, so that through the management and control activity of the subsidiaries, they can ensure that said subsidiaries will refrain from carrying out any transactions involving shares of Banca IFIS S.p.A..

d) **DURATION OF THE AUTHORISATION.**

The proposal calls for the shares being purchased, including through multiple transactions, within a period of 18 months from the date on which the resolution is adopted.

No time limits are set, on the other hand, for the right to subsequently sell the shares, even through multiple transactions.

e) **CONSIDERATIONS FOR THE PURCHASE AND SALE OF THE SHARES.**

The shares may be purchased at a minimum price of Euro 4 (four) and maximum price of Euro 30 (thirty).

The minimum and maximum prices were set by referring to an approximate range that goes from little less than one third to almost double the actual market price of the ordinary shares.

The purchased shares can then be sold at a price of at least 80% of the reference price recorded in the Stock Exchange session prior to the date on which the sale is carried out.

f) **METHODS OF EXECUTION OF PURCHASE AND SALE TRANSACTIONS**

Purchases and sales can be carried out exclusively through trading on the stock market on which Banca IFIS ordinary shares are listed, according to methods that allow equal treatment of the Shareholders, pursuant to art. 132 of the Consolidated Law.

Purchases and sales can be carried out in compliance with Market Abuse regulations, and shall be suspended during the 15 days that precede the Board’s meeting called to approve the accounting data for the period. Said limitations are not applied in case of exceptional situations of subjective need, adequately justified by the Chief Executive Officer towards the Bank, Consob and the company that manages the Organised Markets.

g) OTHER DISPOSAL METHODS.

Treasury shares may:

1. be used as consideration in non-recurring transactions, including for the purchase and/or exchange of shareholdings, with other subjects within the scope of transactions of interest to the Bank.
2. be assigned as part of the variable pay to be paid to certain company figures in compliance with the policies approved from time to time by the Shareholders' Meeting.

h) DETERMINATION OF THE "RESERVE FOR THE FUTURE PURCHASE OF TREASURY SHARES".

The Shareholders' Meeting is called to resolve on the determination of the "Reserve for the future purchase of treasury shares" up to the maximum amount authorised by Bank of Italy, as previously mentioned, taking the amount in full from the "Share premium reserve".

In case of positive resolution by the Meeting, the "Reserve for the future purchase of treasury shares" will then be used to set up, after every actual acquisition, the "Reserve for treasury shares in portfolio", unavailable and required by art. 2357-ter of the Italian Civil Code.

Therefore, the Shareholders' Meeting is called to resolve on the following

**proposed resolution**

*"The Ordinary Shareholders' Meeting, having heard and approved the proposals submitted by the Board of Directors under item 3) of the agenda, in taking note of directors' doings in order to execute the resolution adopted during the Shareholders' Meeting of this past 17<sup>th</sup> April 2014,*

**resolves:**

*A) to revoke the previous authorisation for the purchase of treasury shares granted on 17<sup>th</sup> April 2014;*

*B) to determine the "Reserve for the purchase of treasury shares" up to a maximum amount authorised from time to time by the Bank of Italy, taking the amount in full from the "Share premium reserve";*

*C) to authorise the Board of Directors to purchase the Company's ordinary treasury shares, fully paid, with nominal value of Euro 1 (one) each, for a maximum number not exceeding one fifth of the share capital, also taking into account for said purpose the shares held by subsidiaries, and whose purchase value is covered by the "Reserve for the future purchase of treasury shares" as resolved above. This authorisation is granted for a maximum period of 18 (eighteen) months as from today's date, whereas the purchases may be carried out, including through multiple transactions, at a price included between a minimum of Euro 4 (four) and a maximum of Euro 30 (thirty) per share. The "Reserve for the purchase of treasury shares", unavailable and referred to in art. 2357-ter of the Italian Civil Code, will be set up afterwards and in connection with the amounts of the purchases carried out, using the "Reserve for the future purchase of treasury shares". The "Reserve for the purchase of treasury shares" will be maintained, as provided for by art. 2357-ter of the Italian Civil Code, until the treasury shares are transferred or cancelled;*

*D) ) to authorise the Board of Directors, with no time limits, to subsequently sell the treasury shares purchased as above, including through multiple transactions, at a price of at least 80% (eighty percent) of the reference price recorded in the stock market session preceding the date on which the sale is carried out;*

*E) to establish that purchases and sales can be carried out exclusively through trading on the stock market on which Banca IFIS ordinary shares are listed, according to methods that allow equal treatment of the Shareholders, pursuant to art. 132 of Italian Legislative Decree 58/1998;*

*F) to establish that purchases and sales may be carried out in compliance with Market Abuse regulations and that they will be suspended during the 15 (fifteen) days that precede the Board's meetings called to approve the accounting data for the period. Said limitations are not applied in case of exceptional situations of subjective need, adequately justified by the CEO towards the Bank, Consob and the company that manages the Organised Markets;*

*G) to authorise the Board of Directors to use the treasury shares of "BANCA IFIS S.P.A.", if necessary using the Reserve for the purchase of treasury shares to:*

- 1. assign said shares as consideration in extraordinary transactions, including for the purchase and/or exchange of shareholdings, with other subjects within the scope of transactions of interest to the Bank;*
- 2. assign said shares as part of the variable pay to be paid to certain company figures in compliance with the policies approved from time to time by the Shareholders' Meeting.*

*H) ) to grant ample powers to the CEO in order to carry out all transactions, including financial ones, inherent and consequent to the execution of the aforementioned resolutions, in compliance with the provisions of the law and of the regulations in force from time to time, also guaranteeing that, through the management and control activity exercised on the subsidiaries, that said subsidiaries refrain from any transaction involving Banca IFIS S.p.A.'s shares, so as to ensure compliance with the maximum limit of one fifth of the share capital. With regards to the above, the CEO is authorised to avail himself of the collaboration of third parties, entering into appropriate contracts and appointing agents or proxies for individual acts or categories of acts".*

## **Extraordinary Part**

### **1) Amendment of existing articles 1, 10, 11, 12, 13, 14, 15, 16, 17, 21, 22, of the Articles of Association; inherent and consequent resolutions**

Dear Shareholders,

Please take note of the amendments introduced by the Bank of Italy in the supervision regulations through

- Update no. 15 of 2<sup>nd</sup> July, 2013 to the Bank of Italy circular no. 263 of 27<sup>th</sup> December 2006;

- Update no. 1 of 6<sup>th</sup> May 2014 to the Bank of Italy circular no. 285 of 17<sup>th</sup> December 2013;
- Update no. 7 of 18<sup>th</sup> November 2014 to the Bank of Italy circular no. 285 of 17<sup>th</sup> December 2013.

The draft statutory amendments submitted for the approval of the Shareholders' meeting take account primarily of the need, caused by these provisions, to adapt the Articles of Association with regard to the tasks and / or the composition of:

- the Shareholders' Meeting;
- the strategic supervisory body, in Banca IFIS identified in the Board of Directors;
- the body in charge of management, identified in the CEO (the General Manager also contributes to the management function).

As regards the new supervisory provisions on "*Remuneration and incentive policies and practices*", it is useful to point out that the Board decided not to propose to the shareholders the statutory option of:

- a ratio between the variable and fixed component of the individual remuneration of key personnel above 100%;
- a remuneration of the Chairman of the Body in charge of strategic supervision above that of the Body in charge of management.

The debate carried out also resulted in:

- eliminating, in article 1, names (alternative or abbreviated) other than "Banca IFIS S.p.A.";
- increasing the opportunity, to date reserved only for the CEO, of chairing Employee committees to which the Board can assign powers;
- some additional minor amendments of reconciliations, finishes and internal consistency.

The statutory amendments are not covered in any of the cases provided under article 2437 of the Italian Civil Code: therefore the right of withdrawal is not used.

This proposed amendment has been the subject of Board discussions during the Board meeting of 18<sup>th</sup> December last and of the subsequent application for authorisation to the Bank of Italy.

The Supervisory Body announced the initiation of proceedings which "will end within 90 days from 19/12/2014, with the exception of the possibility of suspension and interruption of the period provided for by the existing legal system".

On the date of preparation of this Report, the Provision has not yet been issued.

Based on the above, the Board of Directors proposes to the Shareholder's Meeting the approval of the draft amendment of the Articles of Association by adopting the text set out in Annex 1 which contains, in accordance with the provisions of the "Issuers Regulation", the statement of comparison of the articles of the Articles of Association of which the amendment in the existing text and the text proposed is suggested with the relative illustration of the variations made.

In light of the above, we hereby submit for your approval the following

**proposed resolution**

*“The Extraordinary Shareholders’ Meeting, having heard and approved the proposal of the Board of Directors at point no. 1) of the Agenda*

***resolves***

*A) to amend the existing articles 1, 10, 11, 12, 13, 14, 15, 16, 17, 21, 22 of the Articles of Association according to the text of Annex 1 of the Explanatory Report;*

*B) to approve the updated text of the Articles of Association attached to the minutes”.*

Venice - Mestre, 6<sup>th</sup> March 2015.

For the Board of Directors  
The CEO  
Giovanni Bossi



***PROJECT OF AMENDMENT  
TO THE  
ARTICLES OF INCORPORATION***

***DECEMBER 2014***

Banca IFIS S.p.A. – Project of Amendments to the Articles of Incorporation		
Current Articles of Incorporation	Amendments	Remarks
<p style="text-align: center;">CORPORATE NAME</p> <p>Art.1) The company is a public limited company having the name 'BANCA IFIS S.p.A.', and may be referred to as 'IFIS BANCA S.p.A.' or, in abbreviated form, "IFIS S.p.A.".</p>	<p style="text-align: center;">CORPORATE NAME</p> <p>Art.1) The company is a public limited company having the name "BANCA IFIS S.p.A.".</p>	<p>The form "IFIS BANCA S.p.A." and the abbreviated form "IFIS S.p.A." have been used in the first period after the transformation into a bank of "IFIS S.p.A.", which took place in 2002. Its utilization seems no longer necessary.</p>
<p style="text-align: center;">HEADQUARTERS</p> <p>Art.2) The company has its registered office in Mestre - Venice.</p> <p>It is permitted to set up branches, subsidiaries, offices, agencies, representative offices and the like, in Italy and abroad. The company Headquarters is located at the company's registered office.</p>		
<p style="text-align: center;">TERM OF EXISTENCE</p> <p>Art.3) The terms of existence of the company will expire on 31 (thirty-first) of December 2050 (two thousand and fifty) but can be extended with a resolution by the Shareholders' Meeting. In cases of such a resolution to extend the company's duration, those shareholders who have not taken part in the approval of resolution do not have the</p>		



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right to recede.		
<p style="text-align: center;">NATURE OF BUSINESS</p> <p>Art.4) The company's purpose is to collect public savings and to grant credit in its various forms, in Italy and abroad, operating in compliance with the regulations and laws in force.</p> <p>Observing the legal provisions in force, Banca IFIS can carry out all banking, financial and investment operations and services, create and manage open pension funds and, in general, effect any other operations that are instrumental or connected to the achievement of its business purpose.</p> <p>In carrying out its management and coordination activity and in its capacity of parent company to the Banca IFIS Group as per article 61, paragraph 4 of the Lgs. Decree 385/1993, the company guides the members of the group in the execution of Bank of Italy's instructions, in the interest of Group stability.</p> <p>The company can issue bonds in accordance with the laws and regulations in force.</p>		

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<p style="text-align: center;">CAPITAL</p> <p>Art. 5) The share capital is 53,811,095.00 (fifty-three million, eight hundred and eleven thousand, and ninety-five point zero zero) Euro, represented by 53,811,095.00 (fifty-three million, eight hundred and eleven thousand, and ninety-five) ordinary shares of a nominal value of 1 (one) Euro each.</p>		
<p style="text-align: center;">SHAREHOLDERS' MEETINGS</p> <p>Art.6) Shareholders' Meetings' resolutions, taken in conformity with the law and the Articles of Incorporation, obligate all shareholders, whether absent or dissenting. Shareholders who have not participated in the approval of resolutions concerning the introduction or removal of restrictions to the circulation of the bank's shares do not have the right to recede. Shareholders' Meetings can be ordinary and extraordinary, as per the law. The Meetings can be held under convening beyond the second in adherence with the</p>		

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<p>provisions of the law.</p> <p>The Shareholders' Meetings can be held away from the registered office, provided that they take place in Italy.</p>		
<p>Art.7) Every share gives the right to vote.</p>		
<p>Art.8) The Ordinary Shareholders' Meeting is summoned at least once a year, within 120 (one hundred and twenty) days from the closing of the accounting year, to deliberate on matters of the shareholders' competence as laid down by the law and the Articles of Incorporation.</p>		
<p>Art.9) The Shareholders' Meeting may be attended by holders of voting rights for whom the Company has received the notification issued by the intermediary at the end of the third day of open trading preceding the date set for the Shareholders' Meeting on first call. The communication is made based on the evidence at the end of the seventh accounting day of the seventh day of open trading set for the Shareholders' Meeting on first call.</p>		

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<p>However, without prejudice to legitimate attendance and the exercise of the right to vote should such communication be received by the Company beyond the aforementioned term, provided that this is before the start of the Shareholders' Meeting the call notice refers to.</p> <p>The voting right holders may have themselves represented in the Shareholders' Meeting, pursuant to the law, by means of written proxy or proxy granted by electronic means.</p> <p>The electronic notification of the proxy may be made using a special form available on the Company's website.</p> <p>The Company designates for each Shareholders' Meeting, indicating it accordingly in the notice to convene, one or more individuals to whom the holders of voting rights can grant, following the methods established by applicable normative provisions, a proxy with voting instructions on all or some of the proposals on the agenda. The proxy has effect with regard to the proposals for which voting instructions have been provided.</p>		

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<p>With regards the majorities for the validity of resolutions and the drafting of the minutes, reference is made to the provisions of the law, to applicable regulations, to the Articles of Incorporation and to the Shareholders' Meeting Regulations.</p>		
<p>Art.10) The Ordinary Shareholders' Meeting, in addition to setting the remuneration due to the bodies it has nominated also approves:</p> <ul style="list-style-type: none"> <li>- remuneration policies for Directors, employees and collaborators not directly employed by the company;</li> <li>- any share-based compensation policies.</li> </ul> <p>The Shareholders' Meeting is adequately informed of any remuneration policies put into action.</p> <p>Remuneration due to the Board of Directors is established upon their nomination or during Shareholders' Meetings, as per article 2389 of the Italian Civil Code. In compliance with the Articles of Incorporation, and having obtained approval from the Board of Statutory Auditors, remuneration due to Directors with particular roles may be established by the</p>	<p>Art.10) The Ordinary Shareholders' Meeting approves the remuneration and incentive policies. In particular, the Ordinary Shareholders' Meeting, in addition to setting the remuneration due to the bodies it has nominated also approves:</p> <ul style="list-style-type: none"> <li>- remuneration and incentive policies for the Board of Directors, the C.E.O., the Board of Statutory Auditors, of the Chief Executive Officer and of the remaining employees;</li> <li>- any compensation policies based on financial instruments (e.g. stock options);</li> <li>- the criteria for the determination of the remuneration to grant in case of an advanced termination of the employment contract or of early termination of the office, including the limits set to this remuneration in terms of years of fixed remuneration and the maximum amount deriving from its application.</li> </ul> <p>Remuneration due to the Board of Directors is</p>	<p>The Articles of Incorporation are aligned to the provisions of the 7th update of the Circular letter no. 285 of the Bank of Italy dated 17th December 2013, without including the possibility for the Shareholders' Meeting to "set a limit to the ratio between the variable component and the fixed one of the individual remuneration greater than 1:1" or assign the Chairman a remuneration superior to the "fixed one received by the head of the body entrusted with the management function".</p>

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Board of Directors. The Shareholders' Meeting may set an overall amount of remuneration for all Directors, including those with particular roles.	established upon their nomination or during Shareholders' Meetings, as per article 2389 of the Italian Civil Code. In compliance with the Articles of Incorporation, and having obtained approval from the Board of Statutory Auditors, remuneration due to Directors with particular roles may be established by the Board of Directors. The Shareholders' Meeting may set an overall amount of remuneration for all Directors, including those with particular roles.	
<p style="text-align: center;">MANAGEMENT</p> <p>Art.11) The company is managed by a Board of Directors composed of between five and fifteen members, elected by the Shareholders' Meeting. The members remain in office for a period not exceeding three years, established at the moment of nomination, and their term expires on the date of the Annual Shareholders' Meeting convened to approve the annual report for the last year of their office.</p> <p>The nomination of Directors is based on lists, presented by the shareholders, in which the candidates are listed progressively and the number of candidates cannot exceed</p>	<p style="text-align: center;">MANAGEMENT</p> <p>Art.11) The Company is managed by a Board of Directors composed of five to fifteen members, elected by the Shareholders' Meeting. They must have such a professionalism and authoritativeness to ensure a very high level of discussion inside the body they belong to and to give a significant contribution to the formation of the will of such body and at least a fourth of the members must have the requirement of independence.</p> <p>The make-up of the corporate bodies must reflect an adequate degree of diversification in terms, among other things, of competences, experiences, age, gender, international projection.</p>	<p>The Articles of Incorporation are aligned to the provisions of the 1<sup>st</sup> update of the Circular letter no. 285 of Bank of Italy dated 17<sup>th</sup> December 2013: in particular, at least a quarter of the candidates in each list, with rounding to the nearest integer, and at least a quarter of the members of the Board of Directors shall have to have the requirements of "independence". It is also required in the Articles of Incorporation an adequate degree of diversification of competences, experiences, age, gender, international projection.</p>

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<p>the number of Directors to be elected.</p> <p>Only shareholders that, at the moment in which the list is presented, own, either individually or together with others, at least 1% (one percent) of ordinary shares, or other lesser equity investment that - as per laws in force - will be stated in the convening notice for the Shareholders' Meeting called to nominate the Directors.</p> <p>No shareholder can present or vote for, even on behalf of another person or fiduciary company, more than one list. This is also the case for shareholders belonging to the same group and/or shareholders who are part of a shareholders' agreement involving the company's shares. Each candidate can only be present on one list or he/she will be considered ineligible.</p> <p>The lists are filed at the Company's headquarters by the twenty-fifth day prior to the date of the Shareholders' Meeting on first call and are made available to the public at the registered office, on the Company's website and by other means allowed</p>	<p>For the appointment or the co-optation of the directors, the Board of Directors identifies in advance its quality-quantitative make-up that is considered best, identifying and motivating the theoretical profile (including the characteristics of professionalism and of independence, if necessary) of the candidates.</p> <p>The shareholders must be informed in due time of the results of the analyses made by the Board of Directors, so that the selection of the candidates to be submitted may take into account the required professionalisms. The above without prejudice to the possibility for the shareholders to carry out their own assessment on the best make-up of the body and to submit candidates consistent therewith, motivating any differences with the analyses performed by the Board.</p> <p>The members remain in office for a period not exceeding three years, established at the moment of nomination, and their term expires on the date of the Annual Shareholders' Meeting convened to approve the annual report for the last year of their office.</p> <p>The nomination of the members of the Board of Directors is based on lists, submitted by the shareholders, in which the candidates are listed progressively and the number of candidates cannot exceed the maximum number</p>	



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<p>by the regulations in force, at least twenty-one days prior to the Shareholders' Meeting on first call.</p> <p>Ownership of the minimum shareholding for presentation of the lists is determined with regard to the shares registered in the name of the individual shareholder, or of multiple shareholders jointly, on the date on which the lists are filed with the Company. For the purpose of proving ownership of the number of shares needed to present the lists, the shareholders may also submit the relevant certification after filing, provided the submission is within the time limit established for publication of the lists by the Company.</p> <p>Lists of candidates must include:</p> <ul style="list-style-type: none"> <li>- information on the identity of the shareholders who submitted the lists, indicating the overall percentage of the shareholding held;</li> <li>- a declaration by the shareholders different from those who hold, even jointly, a controlling or majority quota, declaring that</li> </ul>	<p>of members provided for by the Articles of Incorporation.</p> <p>The right to submit a list is reserved to shareholders that, at the moment in which the list is submitted, own, either individually or together with others, at least 1% (one percent) of ordinary shares, or other lesser equity investment threshold that - as per laws in force - will be stated in the convening notice for the Shareholders' Meeting called to nominate the members of the Board of Directors.</p> <p>No shareholder can submit or vote for, not even through another person or trust companies, more than one list. This is also the case for shareholders belonging to the same group and/or shareholders who are part of a shareholders' agreement involving the company's shares. Each candidate can only be present on one list or he/she will be considered ineligible.</p> <p>The lists are filed at the Company's headquarters by the twenty-fifth day prior to the date of the Shareholders' Meeting on first call and are made available to the public at the registered office, on the Company's website and by other means allowed by the regulations in force, at least twenty-one days prior to the Shareholders' Meeting on first call.</p>	

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<p>no relationship exists with the latter as provided for by 147-ter of Lgs. Decree 58/1998 and article 144</p> <p>-quinquies of the Regulation implementing Italian Legislative Decree No.58 of 24 February 1998, concerning the discipline of issuers;</p> <p>- an exhaustive list of the personal and professional characteristics of the candidates, together with a declaration that the candidate satisfies all the legal and statutory requirements and accepts his/her candidacy.</p> <p>No subjects not satisfying the requisite of honourability, professionalism and independence as stated by article 26 of the Lgs. decree 385/1993 can be included in a list of candidates. In addition, each list must contain:</p> <p>- at least two candidates respecting the independence requisite as stated in both the Corporate Governance Code for quoted companies laid down by the Italian Stock Exchange and in article 148, paragraph 3 of</p>	<p>Ownership of the minimum shareholding for submission of the lists is determined with regard to the shares registered in the name of the individual shareholder, or of multiple shareholders jointly, on the date on which the lists are filed with the Company. For the purpose of proving ownership of the number of shares needed to submit the lists, the shareholders may also submit the relevant certification after filing, provided the submission is made within the time limit established for the publication of the lists by the Company.</p> <p>Lists of candidates must include:</p> <p>- information on the identity of the shareholders who submitted the lists, indicating the overall percentage of the shareholding held;</p> <p>- a declaration by the shareholders different from those who hold, even jointly, a controlling or majority quota, declaring that no relationship exists with the latter as provided for by art.147-ter of Lgs. Decree 58/1998 and art.144-quinquies of the "Regulation implementing Italian Legislative Decree 58/1998, concerning the discipline of issuers";</p> <p>- an exhaustive list of the personal and professional characteristics of the candidates, together with a declaration that</p>	

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<p>the Lgs. Decree 58/1998. These candidates must be placed in the top four positions on the list;</p> <p>- a number of candidates belonging to the less represented gender equal to at least one third.</p> <p>Any list which does not respect the above will be considered as not presented, save for lists with less than three candidates.</p> <p>Elections of Directors are carried out as follows:</p> <p>1) all but one Directors are chosen from the list that received the greatest number of votes in the Shareholders' Meeting according to the order in which they appear on the list.</p> <p>2) the remaining Director is chosen from the list that received the greatest number of votes in the Shareholders' Meeting and, under article 147-ter, paragraph 3 of the Lgs. Decree 58/1198, has no connection, even indirect, with the shareholders who have presented or voted for the list with the highest number of votes overall.</p>	<p>such candidates satisfy all the legal requirements and accepts their candidacy.</p> <p>No subjects not satisfying the requisites of honourability, professionalism and independence as stated by article 26 of the Lgs. decree 385/1993 may be included in a list of candidates. In addition, each list must contain:</p> <ul style="list-style-type: none"> <li>• At least a quarter of components (if this ratio is not an integer number, it shall be rounded to the lower integer number if the first decimal is inferior or equal to 5; otherwise the rounding is made to the upper integer number) who are in possession of the requisites of independence required both by the Corporate Governance Code prepared by the Italian Stock Exchange [Borsa Italiana S.p.A.] and by art. 148, paragraph 3 of the Lgs. Degree 58/1998. These candidates must be placed in the top four positions on the list;</li> <li>• a number of candidates belonging to the less represented gender equal to at least one third, save for lists with less than three candidates.</li> </ul> <p>Any list which does not respect the above will be considered as not presented.</p>	

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<p>In case such selection criteria fail to guarantee proper balance between genders within the period established by the law from time to time, a sliding mechanism is applied to the selection from the list which obtained, during the Shareholders' Meeting, the highest number of votes based on the consecutive order with which the candidates are indicated. Such mechanism excludes the candidate or candidates of the more represented gender and reselects the candidate or candidates of the missing gender.</p> <p>If only one list is presented, all but one Directors will be elected from this list. The shareholders within the Shareholders' Meeting who have voting rights as per the present paragraph will themselves propose the candidate for the remaining position on the Board who will be nominated, by a voting majority excluding the vote of the shareholders who presented the above list.</p> <p>In any case, at least two members of the Board of Directors must satisfy the</p>	<p>Elections of the members of the Board of Directors are carried out as follows:</p> <p>1) all the Directors but one are chosen from the list that received the greatest number of votes in the Shareholders' Meeting according to the order in which they appear on the list.</p> <p>2) the remaining Director is chosen from the list that received the greatest number of votes in the Shareholders' Meeting and, under article 147-ter, paragraph 3 of the Lgs. Decree 58/1998, has no connection, even indirect, with the shareholders who have submitted or voted for the list with the highest number of votes overall.</p> <p>In case such selection criteria fail to guarantee a proper balance between genders in the ratio established each time by the law, a sliding mechanism is applied to the selection from the list which obtained, during the Shareholders' Meeting, the highest number of votes, based on the consecutive order with which the candidates are indicated. Such mechanism excludes the candidate or candidates of the more represented gender and reselects the candidate or candidates of the missing gender.</p> <p>If only one list of candidates is submitted, all but one member of the Board of Directors will be elected from this list. The</p>	

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<p>independence requirement as per the Corporate Governance Code for quoted companies laid down by the Italian Stock Exchange and as per article 148, paragraph 3 of the Lgs. Decree 58/1998.</p> <p>Should, during the accounting year, less than two Directors have these requisites, the Board of Directors will resolve to dismiss one or two of its members who have lost these requisites, according to the criteria of less time in office, or, equally, younger in age and will then resolve to co-opt for one or two independent members.</p> <p>The laws in force, without the involvement of list voting, govern any eventual replacement of Directors, except in cases involving the termination of all Directors.</p> <p>In addition, if a Director from the list which received the highest number of votes in the Shareholders' Meeting and has no connection, even indirect, with the shareholders who presented or voted for the list with the highest number of votes overall, as per article 147-ter, paragraph 3</p>	<p>shareholders within the Shareholders' Meeting who have voting rights as per this paragraph will themselves propose the candidate for the remaining position on the Board who will be nominated, by a voting majority excluding the vote of the shareholders who presented the above list.</p> <p>In any case, at least a quarter of the members of the Board of Directors must satisfy the independence requirements both as per the Corporate Governance Code for listed companies laid down by the Italian Stock Exchange and as per article 148, paragraph 3 of the Lgs. Decree 58/1998.</p> <p>Should, during the accounting year, less than a quarter of Directors have these requisites, the Board of Directors will resolve to dismiss one or more of its members who have lost these requisites, according to the criteria of less time in office, or, equally, of younger in age and will then resolve to co-opt one or two independent members.</p> <p>The laws in force, without the involvement of list voting, govern any eventual replacement of members of the Board of Directors, except in cases involving the termination of all Directors.</p> <p>In addition, if a Director from the list which received the highest number of votes in the Shareholders' Meeting and has no</p>	

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<p>of the Lgs. Decree 58/1198, should cease to be a Director, the Board of Directors will examine in advance if the candidates from the same list are still available, working top down, and will proceed to co-opt another Director from this list based on the top-down criteria.</p> <p>In case of termination of a director belonging to the less represented gender, the co-opted director will in any event belong to the same gender.</p>	<p>connection, even indirect, with the shareholders who presented or voted for the list with the highest number of votes overall, as per article 147-ter, paragraph 3 of the Lgs. Decree 58/1998, should cease to be a Director, the Board of Directors will examine first if the candidates from the same list are still available, working top down, and will proceed to co-opt another Director from this list based on the top-down criteria.</p> <p>In case of termination of a director belonging to the less represented gender, the co-opted director will in any event belong to the same gender.</p>	
<p>Art.12) The Board of Directors selects a Chairman and, if so desired, a Deputy Chairman from its members. During meetings, should the Chairman be absent, the Deputy Chairman presides. If both should be missing, the C.E.O. presides. In cases where all three are not present, the most elderly Director presides. The Board of Directors nominates the Secretary and his/her replacement. The Secretary takes care of taking and filing the Board minutes for every Meeting, which must</p>	<p style="text-align: center;">CHAIRMAN</p> <p>Art.12) The Board of Directors selects, among its members, a Chairman and, if so desired, a Deputy Chairman. In case of absence or impediment of the Chairman, the Deputy Chairman shall take the chair of meetings. If both should be missing or impeded, the C.E.O. shall take the chair. In cases where all three are not present, the most elderly Director shall take the chair. The Chairman promotes the efficient operation of the corporate governance, guaranteeing the balance of the powers with the C.E.O. and the other executive directors; he/she acts as the</p>	<p>Some provisions of the 1<sup>st</sup> update of the Circular letter no. 285 of Bank of Italy dated 17<sup>th</sup> December 2013 about the working of the Bodies, the information flows and the role of the Chairman are included in the Articles of Incorporation.</p>

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<p>be signed by he who chairs the Meeting and the secretary him/herself.</p>	<p>interface with the audit body and the internal committees. To this end he/she, besides having the characteristics required by the directors, must also have the necessary specific competences to fulfil the tasks assigned. To perform effectively his/her task, the Chairman must have a non-executive role and not perform, not even in fact, management functions.</p> <p>The Chairman guarantees the effectiveness of the Board debate and does his/her best for the resolutions taken by the Board are the result of an adequate debate and of the conscious and reasoned contribution of all its members. To these purposes, the Chairman acts so that:</p> <ul style="list-style-type: none"> <li>- the directors are sent with an appropriate advance the documentation in support of the resolutions of the Board or, at least, a first report on the matters that shall be discussed;</li> <li>- the documentation in support of the resolutions, in particular the one given to the non-executive members, is adequate in terms of quantity and quality, with reference to the matters on the agenda.</li> </ul> <p>The Board of Directors appoints the Secretary and his/her replacement. The Secretary takes care of taking and filing the Board minutes for every Meeting, which must be signed by the person who chairs the Meeting and by the</p>	



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	secretary him/herself.	
<p>Art.13) The Chairman is responsible for convening the Board of Directors by means of letter, fax, email or any other suitable form, sent to every Director's domicile at least three days before the expected meeting date. In urgent cases, the convocation can also be transmitted as little as one day in advance.</p> <p>Board of Directors' Meetings can also be held via telecommunication, provided that all the participants can be identified by the Chairman and by all other members and that they are permitted to: take part in the meeting, intervene - in real time - in the discussions taking place, receive, transmit and view documents related to the matters at hand and that all the above actions are written in the Board minutes. In such cases, the location of the Board of Directors is considered to be the place in which the Chairman and the Secretary are, so as to allow the minutes to be taken.</p> <p>The Board of Directors' resolutions are valid if the majority of the Directors is present</p>	<p>Art.13) The Chairman is responsible for convening the Board of Directors by means of letter, fax, email or any other suitable form, sent to every Director's domicile at least three days before the expected meeting date. In urgent cases, the convocation can also be transmitted even only one day before the date set for the meeting.</p> <p>In the preparation of the agenda and in the running of the Board debate, the Chairman shall ensure that the matters of a strategic relevance are handled first, thus guaranteeing that all the necessary time is dedicated to their discussion.</p> <p>Board of Directors' Meetings can also be validly held via telecommunication means, provided that all the participants can be identified by the Chairman and by all other members and that they are permitted to: take part in the meeting, intervene - in real time - in the discussions taking place, receive, transmit and view documents related to the matters at hand and that all the above actions are written in the Board minutes. In such cases, the meeting of the Board of Directors is considered to be held in the location in which the Chairman and the Secretary are, so as to allow the minutes to be taken.</p>	<p>A provision of the first update of the Circular letter no. 285 of the Bank of Italy dated 17<sup>th</sup> December 2013 about the preparation of the agenda and the running of the Board debate is included in this article.</p>

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<p>and if such resolutions are taken with the absolute majority of those present.</p> <p>The Board of Directors meets a minimum of every three months, and, in addition, every time the Chairman deems it necessary to do so, or the C.E.O. or at least three Directors call one. The Board of Directors can also be summoned by at least two Statutory Auditors giving prior notice to the Chairman of the Board of Directors.</p>	<p>The Board of Directors' resolutions are valid if the majority of the Directors is present and if such resolutions are taken with the absolute majority of those present.</p> <p>The Board of Directors meets at time intervals that are as a rule not superior to three months, and every time the Chairman deems it necessary to do so, or the C.E.O. or at least three Directors request the Chairman to convene one. The Board of Directors can also be summoned by at least two Statutory Auditors giving prior notice to the Chairman of the Board of Directors.</p>	
<p>Art.14) The Board of Directors is responsible for all the powers of ordinary and extraordinary administration, excluding those that, by law, lie within the competence of the Shareholders' Meeting. Aside from duties that are not delegable by law, the Board of Directors is exclusively responsible for resolutions regarding:</p> <ul style="list-style-type: none"> <li>- strategic guidelines and operations, and business and financial plans;</li> <li>- amendments to the articles of incorporation and company by-laws according to legal provisions;</li> </ul>	<p>Art.14) The Board of Directors is responsible for all the powers of ordinary and extraordinary administration, excluding those that, by law, lie within the competence of the Shareholders' Meeting.</p> <p>Besides duties that cannot be delegated by law, the Board of Directors is exclusively responsible for resolutions regarding:</p> <ul style="list-style-type: none"> <li>- the business model, the strategic guidelines and operations and the business and financial plans;</li> <li>- the guidelines of the internal check system and the verification that the same is consistent with the set strategic guidelines and the risk appetite and that the same is able to capture the evolution of the</li> </ul>	<p>The list of the matters reserved to the exclusive competence of the Board of Directors is extended in view of the 15th update of the Circular letter no. 263 of Bank of Italy dated 27th December 2006. The overall framework of the competences of the Board of Directors also takes into account the 1<sup>st</sup> and 7<sup>th</sup> updated of the Circular letter no. 285 of Bank of Italy dated 17<sup>th</sup> December 2013.</p>

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<ul style="list-style-type: none"> <li>- mergers with other companies, in the cases provided for by articles 2505 and 2505-bis of the Italian Civil Code;</li> <li>- the reduction of capital in case of withdrawal;</li> <li>- the indication of which Directors, in addition to those stated in the articles of incorporation, can represent the company;</li> <li>- the setting up of committees within the Board of Directors;</li> <li>- the risk management policies as well as, having heard the opinion of the Board of Statutory Auditors, the evaluation of the functionality, efficiency, effectiveness of internal control and risk management system and of the adequacy of the organisational, administrative and accounting structure;</li> <li>- the general organisation of the bank's structure and consequent internal regulations;</li> <li>- the setting up and management of, also in terms of signatory powers, branches, subsidiaries, agencies, counters, representative offices and addresses, both in</li> </ul>	<ul style="list-style-type: none"> <li>corporate risks and their interactions;</li> <li>- the criteria to identify the more significant operations to submit to the prior examination of the risk control function;</li> <li>- the amendments of the Articles of Incorporation according to legal provisions;</li> <li>- mergers by incorporation with other companies, in the cases provided for by articles 2505 and 2505-bis of the Italian Civil Code;</li> <li>- the reduction of capital in case of withdrawal;</li> <li>- the indication of which Directors, in addition to those stated in these Articles of Incorporation, can represent the company;</li> <li>- the setting up of committees within the Board of Directors;</li> <li>- the <i>Risk Appetite Framework</i> and the risk management policies as well as, having heard the opinion of the Board of Statutory Auditors, the evaluation of the completeness, adequacy, functionality, and reliability of the internal control and risk management systems and of the adequacy of the organisational, administrative and accounting structure;</li> <li>- the determination of the general organisation of the bank's structure and of the consequent internal regulations;</li> <li>- the setting up and regulations, also for</li> </ul>	

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<p>Italy and in foreign countries, as well as their closing;</p> <ul style="list-style-type: none"> <li>- the transfer of the registered office within national territory;</li> <li>- the buying and selling of equity investments, companies and/or branches of companies bringing about changes in the group, or investments and/or disinvestments that exceed 1% (one percent) of the bank's net equity as shown in the last approved financial statements;</li> <li>- the determination of criteria for carrying out Bank of Italy's instructions;</li> <li>- the nomination, dismissal and remuneration of general management members;</li> <li>- evaluation of consistency between the remuneration and incentive schemes against the bank's long-term strategies, ensuring that such schemes do not increase corporate risks;</li> <li>- the nomination, upon acceptance from the Board of Statutory Auditors, of subjects responsible for internal auditing and compliance.</li> </ul>	<p>the structure of the signatory powers, of branches, subsidiaries, agencies, counters, representative offices and addresses, both in Italy and abroad, as well as their closing;</p> <ul style="list-style-type: none"> <li>- the transfer of the registered office within the national territory;</li> <li>- the buying and selling of equity investments, companies and/or companies divisions bringing about changes in the group, or investments and/or disinvestments that exceed 1% (one percent) of the bank's net equity as shown in the last approved financial statements of the Company;</li> <li>- the determination of criteria for carrying out Bank of Italy's instructions;</li> <li>- the nomination, dismissal and remuneration of General Management members;</li> <li>- the remuneration and incentive policies to submit to the shareholders' meeting, the review, at least on a yearly basis, of such policies and the responsibility for their correct implementation, with the purpose of also ensuring that the remuneration policy is adequately documented and accessible within the corporate structure;</li> <li>- the setting up of the corporate audit functions, the related tasks and responsibilities, the coordination and collaboration methods, the information flows between such functions and between them and</li> </ul>	

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<p>Directors report, when required, but at least on a quarterly basis, to the Board of Statutory Auditors during Board of Directors' Meetings, or also directly, in writing. Such reporting concerns activities undertaken, important operations carried out by the company or its controlled companies and situations that could result in conflict of interest.</p>	<p>the corporate bodies;</p> <ul style="list-style-type: none"> <li>- the appointment, after having heard the opinion of the Board of Statutory Auditors, of subjects responsible for the internal auditing functions;</li> <li>- the risk management process and the assessment of its compatibility with the strategic directions and with the risk management policies;</li> <li>- the policies and the processes for the assessment of the corporate activities, and, in particular, of the financial instruments, verifying their continuous adequacy and setting also the top limits of the bank's exposure to financial instruments or products of an uncertain or difficult evaluation;</li> <li>- the process for the development and the validation of the internal systems for the risk assessment not employed for regulatory purposes and the periodical assessment of their correct working;</li> <li>- the process for the approval of new products and services, the start of new activities, the entry into new markets;</li> <li>- the corporate policy in the matter of outsourcing of corporate functions;</li> <li>- the Code of Ethics which the members of the corporate bodies and the employees shall have to comply with in order to mitigate the operational and reputational risks of the</li> </ul>	

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	<p>bank and to favour the spread of a culture of the internal controls.</p> <p>The directors report promptly, but at least on a quarterly basis, to the Board of Statutory Auditors during Board of Directors' Meetings, or even directly, in writing, about the activities performed, the most significant operations carried out by the company or its controlled companies and situations that could result in conflict of interest.</p>	
<p>Art.15) The Board of Directors can nominate a C.E.O. from its members, fixing his/her management powers. It can also delegate particular duties to individual Directors, all under the senses and limits of article 2381 of the Italian Civil Code. In addition, the Board can also nominate proxies and special proxies for certain acts or category of acts. It is up to the C.E.O. to take care of the execution of the Board of Directors' resolutions, also conferring with top management. The C.E.O. reports to the Board of Directors on his/her activities on a quarterly basis.</p> <p>In urgent cases, the C.E.O. can deliberate</p>	<p>Art.15) The Board of Directors appoints a C.E.O. among its members, who is assigned the task of managing the corporate operations with the goal of realizing the directions and to achieve the strategic corporate goals as approved by the Board of Directors, and fixes his/her management powers. It can also delegate particular duties to individual Directors, all the above pursuant to and within the limits of article 2381 of the Italian Civil Code. In addition, the Board may also appoint proxies "ad negotia" for certain deeds or categories of deeds and special proxies. The implementation of the strategic directions and the corporate management is the responsibility of the C.E.O., who performs this task also with the help of the General Management. The C.E.O. reports to the Board of Directors on his/her</p>	<p>The list of the tasks of the C.E.O., identified in Banca IFIS as "Body with management functions", takes into account the 15<sup>th</sup> update to the Circular letter no. 263 of Bank of Italy dated 27<sup>th</sup> December 2006.</p>

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any business or operation that does not fall strictly under the Board of Directors' competence, immediately informing the Chairman and advising the Board of Directors at the first Board of Directors' Meeting that follows.	<p>activities on a quarterly basis.</p> <p>The C.E.O.:</p> <ul style="list-style-type: none"> <li>- defines and takes care of the implementation of the risk management process;</li> <li>- defines and takes care of the implementation of the approval process (people in charge, procedures, conditions) of investments in new products, the distribution of new products or services or the start of new activities or the entry in new markets;</li> <li>- defines and takes care of the implementation of the corporate policy in the matter of outsourcing of corporate functions;</li> <li>- defines and takes care of the implementation of the processes and of the methodologies for the assessment of the corporate assets, and, in particular, of the financial instruments; he/she also takes care of their continuous update;</li> <li>- defines the internal IT flows with the goal of ensuring the corporate bodies and the auditing corporate functions with the full knowledge and governability of the risk factors and the verification of the compliance with the Risk Appetite Framework;</li> <li>- within the Risk Appetite Framework, if the tolerance threshold has been defined, he/she authorizes the exceeding of the risk appetite within the limit represented by the tolerance</li> </ul>	



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	<p>threshold and informs promptly thereof the Board of Directors, identifying the management measures necessary to bring back the undertaken risk within the set goal;</p> <ul style="list-style-type: none"> <li>- implements the initiatives and the interventions necessary to guarantee continuously the completeness, the adequacy, the functionality and the reliability of the internal audit system and informs the Board of Directors of the results of the verifications performed;</li> <li>- prepares and implements the necessary correction or adjustment interventions in case deficiencies or anomalies are detected, or following the introduction of new significant products, activities, services or processes;</li> <li>- implements the ICAAP process;</li> <li>- With specific reference to the credit and counterparty risks, in line with the strategic directions, approves specific guidelines intended to ensure the efficiency of the management system of the risk mitigation techniques and to guarantee the compliance with the general and specific requirements of such techniques.</li> </ul> <p>In urgent cases, the C.E.O. may deliberate any business or transaction not falling strictly under the Board of Directors'</p>	

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	exclusive competence, informing thereof the Chairman immediately and the Board of Directors at the first Board meeting that follows.	
Art.16) The Board of Directors can delegate credit-granting powers to personnel, setting the limits, based on their functions and/or level of seniority, singularly and/or together with the C.E.O.. Such decisions must be made known to the Board itself, according to the formalities and frequency fixed by the Board of Directors.	Art.16) The Board of Directors may also delegate, setting in advance the limits thereof, powers of credit-granting and day-to-day management to personnel of the Company on the basis of their functions and/or level of seniority, singularly and/or as member of a Committee chaired by a person appointed by the Board itself. The decisions thus taken must be made known to the Board itself, according to the formalities and frequency fixed by the Board of Directors.	It is hereby extended the possibility, until now reserved to the C.E.O. only, to chair Committees of employees to which the Board may delegate matters. The first application of the new provision consists in the assignment to the General Manager of the chair of the current “Facilities Committee”.
<p style="text-align: center;">HEADQUARTERS</p> Art.17) The Board of Directors names a General Manager and can also nominate one or more Deputy General Managers, deciding their assignments and the duration of their role. The General Manager is responsible for executing the C.E.O.s management directives and assists him/her in the execution of the Board of Directors’ resolutions. The General Manager is head of personnel and	<p style="text-align: center;">GENERAL MANAGEMENT</p> Art.17) The Board of Directors appoints a General Manager and may also appoint one or more Deputy General Managers, deciding their assignments and the duration of their office. The General Manager takes care of the implementation the C.E.O.’s management directives and assists him/her in the execution of the strategic directions and of the corporate management. The General Manager is head of the personnel of the Company and carries out his assignment	The article is amended to make it consistent with the new version of art. 15.

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<p>carries out his assignment respecting the powers given to him by the Board of Directors.</p> <p>The General Manager participates in Board of Directors' Meetings in an advisory role.</p> <p>In case of absences or impediment, the Board of Directors will replace the General Manager with one of the Deputy General Managers, if nominated.</p> <p>In the face of third parties, the Deputy General Manager's signature, replacing that of the General Manager, is proof of the absence or impediment of the latter.</p>	<p>within the powers granted him/her by the Board of Directors.</p> <p>The General Manager participates in Board of Directors' Meetings in an advisory role.</p> <p>In case of absence or impediment, the Board of Directors will replace the General Manager with one of the Deputy General Managers, if appointed.</p> <p>Towards third parties, the Deputy General Manager's signature, who replaces the General Manager, is proof of the absence or impediment of the latter.</p>	
<p>Art.18) General Management is made up of the General Manager and, any nominated Deputy General Managers, if nominated. Together they manage daily business, according to the internal regulations approved by the Board of Directors, managing the personnel dedicated to this purpose.</p>		
<p>Art.19) As per article 154-bis of the Lgs. Decree 58/1998 and if the necessary, compulsory approval has been given by the</p>		

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<p>Board of Statutory Auditors, the Board of Directors names a manager who is to be responsible for drawing up the company's financial documents.</p> <p>This manager must comply with the regulations regarding both the requisite of honourability necessary for election to the position of Statutory Auditor, as per article 2 of Italian D.M. 162 of 30 March 2000, and the requisites of professionalism for election to the position of Director of a public bank, as per article 1, paragraph 1 of the Italian D.M. 161 of 18 March 1998.</p> <p>The Financial Reporting Officer puts in place suitable administrative and accounting procedures for the drawing up of statutory and consolidated financial reports for the accounting year, together with every other communication of a financial nature, also carrying out any other assignment provided for by the law.</p> <p>The Board of Directors is responsible for ensuring the Financial Reporting Officer has the necessary powers and means to accomplish</p>		

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<p>the assignments attributed to him/her and to ensure that administrative and bookkeeping procedures are effectively respected.</p> <p>Under article 154-bis of Lgs. Decree 58/1998, the Board of Directors gives this manager the necessary powers and means to accomplish the assignments attributed to him/her at nomination.</p> <p>The Financial Reporting Officer is governed by the provisions governing the Directors of the company for their area of responsibility, excepting the activities that fall under the normal working relationship with the company.</p>		
<p align="center">CORPORATE SIGNATURE AND REPRESENTATION</p> <p>Art.20) Representation of the Company and the placing of the corporate signature, in the face of third parties and legally, are entrusted to the Board of Directors' Chairman, the C.E.O. and the General Manager. For specific categories of actions and business, the Board of Directors can delegate the power to sign on behalf of the company by proxy, even to individuals who are not part</p>		

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<p>of the company.</p> <p>The right to name proxies for specific acts and categories of actions by the C.E.O. is included within the powers given to him/her by the Board of Directors.</p> <p>To facilitate the company in carrying out its business, in certain cases and for specific categories of operations, the Board of Directors can determine and authorize managers, cadres and general employees to sign, either singularly or jointly, on behalf of the company.</p>		
<p align="center">THE BOARD OF STATUTORY AUDITORS</p> <p>Art.21) The Board of Statutory Auditors is composed of three Standing Auditors and two Alternate Auditors.</p> <p>The nomination of members of the Board of Statutory Auditors is based on lists presented by the shareholders, in which the candidates are listed progressively and the number of candidates cannot exceed the number of Statutory Auditors' Directors to be elected. This list is composed of two sections: one for Standing Auditor</p>	<p align="center">THE BOARD OF STATUTORY AUDITORS</p> <p>Art.21) The Board of Statutory Auditors is composed of three Standing Auditors and two Alternate Auditors.</p> <p>The appointment of the Board of Statutory Auditors is based on lists submitted by the shareholders, in which the candidates are listed progressively and the number of candidates cannot exceed the number of Statutory Auditors to be elected. Each list is composed of two sections: one for Standing Auditor candidates, the other one for Alternate Auditor candidates.</p> <p>The right to submit a list is reserved to</p>	<p>In the last paragraph, an aside which is considered pleonastic and not consistent with the provisions of the Civil Code in the matter of reconstitution of the Board of Statutory Auditors by the Shareholders' Meeting is deleted.</p>

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<p>candidates, the other for Alternate Auditor candidates.</p> <p>Only shareholders that, at the moment in which the list is presented, own, at least 1% (one percent) of ordinary shares, or other lesser equity investment that - as per laws in force - will be stated in the convening notice for the Shareholders' Meeting called to nominate the Statutory Directors.</p> <p>No shareholder can present or vote for, even on behalf of another person or fiduciary company, more than one list. This is also the case for shareholders belonging to the same group and/or shareholders who are part of a shareholders' agreement involving the company's shares. Each candidate can only be present on one list or he/she will be considered ineligible.</p> <p>The lists are filed at the Company's headquarters by the twenty-fifth day prior to the date of the Shareholders' Meeting on first call and made available to the public at the registered office, on the Company's website and by other means established by the</p>	<p>shareholders that, at the moment in which the list is presented, own at least 1% (one percent) of ordinary shares, or other lesser equity investment threshold that - as per laws in force - will be stated in the convening notice for the Shareholders' Meeting called to appoint the Statutory Directors.</p> <p>No shareholder can submit or vote for, not even through another person or trust companies, more than one list. This is also the case for shareholders belonging to the same group and shareholders who are part of a shareholders' agreement involving the company's shares. Each candidate can only be present on one list or he/she will be considered ineligible.</p> <p>The lists are filed at the Company's headquarters by the twenty-fifth day prior to the date of the Shareholders' Meeting on first call and made available to the public at the registered office, on the Company's website and by the other means established by the regulations in force, at least twenty-one days prior to the Shareholders' Meeting on first call.</p> <p>Ownership of the minimum shareholding for submitting the lists is determined with regard to the shares registered in the name of the individual shareholder, or of multiple</p>	

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<p>regulations in force, at least twenty-one days prior to the Shareholders' Meeting on first call.</p> <p>Ownership of the minimum shareholding for presenting the lists is determined with regard to the shares registered in the name of the individual shareholder, or of multiple shareholders jointly, on the date on which the lists are filed with the Company. For the purpose of proving ownership of the number of shares needed to present the lists, the shareholders may also submit the relevant certification after filing, provided the submission is within the time limit established for publication of the lists by the Company.</p> <p>Lists of candidates must include:</p> <ul style="list-style-type: none"> <li>- information on the identity of the shareholders who submitted the lists, indicating the overall percentage of the shareholding held;</li> <li>- a declaration by the shareholders different from those who hold, even jointly, a controlling or majority quota, declaring that</li> </ul>	<p>shareholders jointly, on the date in which the lists are filed with the Company. For the purpose of proving ownership of the number of shares needed to submit the lists, the shareholders may also submit the relevant certification after filing, provided the submission is within the time limit established for publication of the lists by the Company.</p> <p>Lists of candidates must include:</p> <ul style="list-style-type: none"> <li>- information on the identity of the shareholders who submitted the lists, indicating the overall percentage of the shareholding held;</li> <li>- a declaration by the shareholders different from those who hold, even jointly, a controlling or majority quota, declaring that no relationship exists with the latter as provided for by art.144-quinquies of the "Regulation implementing Italian Legislative Decree 58/1998, concerning the discipline of issuers", and neither does any other significant relationship exists;</li> <li>- an exhaustive list of the personal and professional characteristics of the candidates, together with a declaration of the candidates attesting the possession of all the legal requirements and their acceptance of their candidacy.</li> </ul> <p>Statutory Auditors cannot be included on the</p>	



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<p>no relationship stated in article 144-quinquies of the "Regulation implementing Italian Legislative Decree No.58 of 24 February 1998, concerning the discipline of issuers" exists with these and neither does any other significant relationship exist;</p> <p>- an exhaustive list of the personal and professional characteristics of the candidates, together with a declaration that the candidate satisfies all the legal and statutory requirements and accepts his/her candidacy.</p> <p>Statutory Auditors cannot be included on the list of candidates if they cover statutory auditing roles in another five listed companies or, if they do not satisfy the requisite of honourability, professionalism and independence, as stated by laws in force, or fall into the category of article 148, paragraph 3 of the Lgs. Decree 58/1998.</p> <p>Each list has to contain at least one candidate for the office of standing auditor and at least one candidate for the office of substitute auditor belonging to the less</p>	<p>list of candidates if they cover statutory auditing roles in another five listed companies or, if they do not satisfy the requisite of honourability, professionalism and independence, as stated by the laws in force, or fall into the category of article 148, paragraph 3, of the Lgs. Decree 58/1998.</p> <p>Each list has to contain at least one candidate for the office of standing auditor and at least one candidate for the office of alternate auditor belonging to the less represented gender. Such prescription does not apply to lists that present less than three candidates.</p> <p>At the end of the Statutory Auditors' term, they are eligible for re-election.</p> <p>Elections of Statutory Auditors are carried out as follows:</p> <p>1) Two Standing Auditors and one Alternate Auditor are chosen from the list that received the greatest number of votes, according to the order in which they appear on the list;</p> <p>2) The candidate at the top of the list that received the greatest number of votes submitted and voted by shareholders who are not connected to the reference shareholders pursuant to art.148, paragraph 2, of the Lgs. Decree 58/1998, is elected as Standing Auditor. The remaining Alternate Auditor is</p>	

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<p>represented gender. Such prescription does not apply to lists that present less than three candidates.</p> <p>At the end of the Statutory Auditors' term, they are eligible for re-election.</p> <p>Elections of Statutory Auditors are carried out as follows:</p> <p>1) Two Standing Auditors and one Alternate Auditor are chosen from the list that received the greatest number of votes in the Shareholders' Meeting, according to the order in which they appear on the list;</p> <p>2) The candidate at the top of the list that received the greatest number of votes presented and voted for by shareholders who are not connected to the shareholders stated in article 148, paragraph 2 of the Lgs. Decree 58/1198, is elected as Standing Auditor. The remaining Alternate Auditor is the candidate at the top of that category in the same list.</p> <p>In cases where there is a tie between two or more lists, the older candidate will be</p>	<p>the candidate at the top of that category in the same list.</p> <p>In cases where there is a tie between two or more lists, the eldest candidates will be elected to the position of Statutory Auditors.</p> <p>In case such selection criteria fail to guarantee the presence on the Board of at least one standing auditor and one alternate auditor belonging to the less represented gender, a sliding mechanism is applied to the selection from the list which obtained, during the Shareholders' Meeting, the highest number of votes based on the consecutive order with which the candidates are indicated. Such mechanism excludes the candidate or candidates of the more represented gender and reselects the candidate or candidates of the missing gender.</p> <p>The Chairman of the Board of Statutory Auditors is the Standing Auditor elected from the minority list.</p> <p>In the event that only lists with less than three candidates are presented and there is no candidate of the less represented gender, the presence of an alternate auditor of the less represented gender is not mandatory, whilst the standing members of the Board will be appointed as follows:</p>	

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<p>elected to the position of Statutory Auditor. In case such selection criteria fail to guarantee the presence on the Board of at least one standing auditor and one substitute auditor belonging to the less represented gender, a sliding mechanism is applied to the selection from the list which obtained, during the Shareholders' Meeting, the highest number of votes based on the consecutive order with which the candidates are indicated. Such mechanism excludes the candidate or candidates of the more represented gender and reselects the candidate or candidates of the missing gender.</p> <p>The Chairman of the Board of Statutory Auditors is the Standing Auditor elected from the minority list.</p> <p>In the event that only lists with less than three candidates are presented and there is no candidate of the less represented gender, the presence of a substitute auditor of the less represented gender is not mandatory, whilst the standing members of the Board will</p>	<p>1) the chairman by means of drawing from the list that obtains the highest number of votes among the minority lists;</p> <p>2) one standing auditor by means of drawing from the majority list;</p> <p>3) one standing auditor by majority vote during the Shareholders' Meeting that, not bound to a list, will be required to appoint a member belonging to the less represented gender.</p> <p>The term of Statutory Auditor expires or is terminated as per the law and/or if the statutory requirements for their appointment are no longer valid.</p> <p>In case of replacement of a standing auditor, the alternate auditor belonging to the same list as the replaced auditor takes over, as long as the presence of at least one standing auditor belonging to the less represented gender is guaranteed. Otherwise, the other alternate auditor will take over.</p> <p>If, notwithstanding the provisions of this article, only one list is proposed or voted for, and on condition that this list received the majority of the votes in the Shareholders' Meeting, three Standing Auditors and two Alternate Auditors will be elected. These parties are chosen respecting the order in which they are shown for each respective role on that list. The Standing</p>	

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<p>be appointed as follows:</p> <p>1) the chairman by means of selection from the list that obtains the highest number of votes among the minority lists;</p> <p>2) one standing auditor by means of selection from the majority list;</p> <p>3) one standing auditor with majority vote during the Shareholders' Meeting that, not bound to a list, will be required to appoint a member belonging to the less represented gender.</p> <p>The term of Statutory Auditors expires or is terminated as per the law and/or if the statutory requirements for their nomination are not respected.</p> <p>In case of replacement of a standing auditor, the substitute auditor belonging to the same list takes over from the replaced auditor, as long as the presence of at least one standing auditor belonging to the less represented gender is guaranteed. Otherwise, the other substitute auditor will take over.</p> <p>Where, notwithstanding that stated in the present article, only one list is proposed or</p>	<p>Auditor in first place on the list will be appointed Chairman of the Board of Statutory Auditors.</p> <p>If it becomes necessary to appoint standing and/or alternate Statutory Auditors necessary for the integration of the Statutory Auditors Board, following early termination of the Auditors in office, the Shareholders' Meeting will proceed as follows: if it is necessary to replace Auditors elected from the majority list, the appointment of the Auditor(s) is carried out by majority vote, with no list restrictions. If, instead, it is necessary to replace an Auditor from the minority list, the Shareholders' Meeting will replace him/her by a relative majority vote, choosing among the candidates on the list which featured the Auditor to be replaced and who have confirmed their candidacy at least twenty-five days before the one set for the convening of the Shareholders' Meeting on first call and who have declared they are not ineligible or incompatible and have the requisites necessary for the office.</p> <p>In the event that this last mechanism does not guarantee the presence of at least one standing auditor belonging to the less represented gender, the appointment will take place by majority vote, with no list restrictions.</p>	

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<p>voted for, and on the condition that this list received the majority of the votes in the Shareholders' Meeting, three Standing Auditors and two Alternate Auditors will be elected. These parties are chosen respecting the order in which they are shown for each respective role on that list. The Standing Auditor in first place on the list will be made Chairman of the Board of Statutory Auditors.</p> <p>Where it becomes necessary to nominate standing or alternative Statutory Auditors to the Statutory Auditors Board following early termination of the Auditors in office, the Shareholders' Meeting will proceed as follows: Where it is necessary to replace Auditors elected from the majority list, the nomination of the Auditor(s) is carried out by means of majority of votes, with no list restrictions. Where, instead, it is necessary to replace an Auditor from the minority list, the Shareholders' Meeting will replace him/her by means of relative majority vote, choosing from the candidates on the list</p>		

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<p>which featured the Auditor to be replaced who have confirmed their candidacy at least twentyfive days before the first convening of the Shareholders' Meeting and who have declared they are not ineligible or incompatible and have the requisites necessary for their nomination.</p> <p>In the event that this last mechanism or the absence of substitute auditors belonging to the less represented gender does not guarantee the presence of at least one standing auditor belonging to the less represented gender, the appointment will take place through majority vote, with no list required.</p>		
<p>Art.22) The Board of Statutory Auditors supervises:</p> <p>a) observance of the law, the Articles of Incorporation and regulations;</p> <p>b) compliance with the standards of correct management;</p> <p>c) the adoption of a suitable organisational, administrative and accounting structural organisation and its sound</p>	<p>Art.22) The Board of Statutory Auditors supervises:</p> <p>a) compliance with the law, the Articles of Incorporation and regulations;</p> <p>b) compliance with the standards of correct management;</p> <p>c) the adequacy of the organisational, administrative and accounting structure adopted by the Company and its sound working;</p> <p>d) the completeness, adequacy, functionality</p>	<p>The article is amended at aside 1, letter d) to make it consistent with the new version of art. 14.</p>

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<p>functionality;</p> <p>d) the suitability and sound functionality of the internal control and risk management system;</p> <p>e) execution of management and coordination activities by the bank;</p> <p>f) other facts and deeds provided for by law;</p> <p>fulfilling all the duties required of it by law.</p> <p>The Board of Statutory Auditors assesses, in particular, the adequate coordination of all functions and structures involved in internal control, including the independent, external auditing company entrusted with auditing accounts, putting into action, any correctional intervention deemed necessary.</p> <p>To this aim, the Board of Statutory Auditors and the independent auditing company exchange the information and data necessary for the performance of their duties.</p> <p>The Statutory Auditors, in carrying out any checks or assessments, may avail themselves of internal control structures and functions</p>	<p>and reliability of the internal control and risk management systems;</p> <p>e) execution of management and coordination activities by the Bank;</p> <p>f) other facts and deeds provided for by the law;</p> <p>fulfilling all the functions delegated in compliance of the relative regulations provided for by the law.</p> <p>The Board of Statutory Auditors verifies, in particular, the adequate coordination of all functions and structures involved in the internal control system, including the external auditing company entrusted with auditing accounts, promoting, if necessary, the appropriate adjustment measures.</p> <p>To this purpose, the Board of Statutory Auditors and the external auditing company exchange the significant information and data necessary for the performance of their duties.</p> <p>The Statutory Auditors, in carrying out any check or assessment, may avail themselves of internal control structures and functions as well as conducting inspections and investigations at any time, even individually.</p> <p>The Board of Statutory Auditors may ask the Directors, the General Manager, the managers and any other employees any information on</p>	

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<p>as well as conducting inspections and investigations at any time, even individually.</p> <p>The Board of Statutory Auditors may ask Directors, the General Manager, managers and any other employees for information on corporate operations, trends or specific operations, even if referring to controlled companies. It may exchange information with the corresponding body in the controlled company on matters of an administrative, accounting and control systems nature and general trends in the company's business.</p> <p>It being understood that the Board of Statutory Auditors has the obligation to report to Supervisory bodies any facts or deeds that signify irregularities or violation of norms being understood, as per the law, it must also notify the Board of Directors of any anomalies or irregularities met, requesting the adoption of suitable corrective measures and checking over time the effectiveness of such measures.</p>	<p>corporate operations, trends or specific operations, even if referring to controlled companies. It may exchange information with the corresponding body in the controlled companies about the administration and control systems and the general trend of the company's operations.</p> <p>It being understood that the Board of Statutory Auditors has the obligation to report to the Supervisory bodies any facts or deeds that might constitute management irregularities or violation of rules of the laws currently in force, it must also notify the Board of Directors of any deficiencies or irregularities identified, requesting the adoption of suitable corrective measures and checking over time the effectiveness of such measures.</p>	
<p>THE ANNUAL FINANCIAL STATEMENTS AND PROFIT AND LOSS STATEMENT (Art.23) The accounting year closes on 31</p>		



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<p>(thirty-first) of December every year.</p> <p>The Board of Directors draws up the annual financial statements in observance with the Law.</p>		
<p>Art.24) The net profit resulting from the balance sheet, less the amount necessary for the compulsory legal reserve, is divided among the shareholders in proportion to the shares held; unless the Shareholders' Meeting specifically deliberates that such profit should be entirely or partially allocated to extraordinary reserves, the Board of Directors or put aside for following accounting years.</p> <p>The dividends not collected are transferred to the Company.</p>		
<p style="text-align: center;">LIQUIDATION</p> <p>Art.25) Should the company fold in any way and for any reason, the Shareholders' Meeting will establish how the company is to be liquidated and will nominate one or more liquidators, determining the powers of such liquidators.</p>		

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<p style="text-align: center;">APPLICABLE LAWS</p> <p>Art.26) All that is not specifically stated herein is governed by the applicable laws in force.</p>		