

BANCA IFIS

BANCA IFIS S.p.A.

THE SHAREHOLDERS' MEETING

DIRECTORS' EXPLANATORY REPORT ON THE PROPOSALS REGARDING ITEMS ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING CONVENED IN SINGLE CALL FOR 23 APRIL 2020

New version approved by the Extraordinary Board of Directors' Meeting of 1 April 2020

(Drawn up pursuant to Art. 125-ter of Legislative Decree no. 58 of 24 February 1998, as subsequently amended and integrated, and Art. 72, paragraph 1-bis, of Consob Regulation no. 11971 of 14 May 1999, as subsequently amended)

Item 1) on the agenda of the Ordinary Shareholders' Meeting

Approval of the Annual report as at 31 December 2019; press release on the Consolidated annual report as at 31 December 2019; allocation of the profit for the year; inherent and consequent resolutions.

Dear Shareholders,

Please refer to item 1) 'Approval of the Annual report as at 31 December 2019; press release on the Consolidated annual report as at 31 December 2019; allocation of the profit for the year; inherent and consequent resolutions' of the Directors' Explanatory Report, on the items on the agenda of the Ordinary Shareholders' Meeting convened for this 23 April, published on 24 March 2020.

Please be reminded that the draft Annual report as at 31 December 2019¹, which we submit for your approval, shows a profit of €27.346.365,86 (twenty-seven million, three hundred and forty-six thousand, three hundred and sixty-five point eighty-six Euros).

You are reminded that the Board of Directors held on 12 March 2020 proposed allocation to Shareholders of a cash dividend, before statutory deductions, of €1.10 Euro per ordinary share.

The amount would have been paid as from 20 May 2020, with a record date of 19 May 2020 and an ex-dividend date (coupon no. 23) of 18 May 2020, as per the notification of 16 March 2020, by allocating the profit for the year and, for the remaining part, through distribution of available profit reserves from previous years.

On 27 March 2020, the Bank of Italy published its own recommendation regarding the distribution of dividends during the COVID-19 pandemic, extending the ECB's Recommendation of the same date addressed to the most significant banks, also to the lesser significant Italian banks. This recommendation provides that, until at least 1 October 2020, Banks under the supervision of the Bank of Italy:

- should not pay dividends, including the distribution of reserves, or make irrevocable commitments to pay dividends for the financial years 2019 and 2020;

and

- should refrain from repurchasing shares for the purpose of remunerating Shareholders;

so that profits can be used to strengthen own resources and hence allow the financial system to absorb the losses occurring as a result of the health emergency whilst, at the same time, continuing to support the real economy.

Banca IFIS S.p.A's Board of Directors, during its extraordinary meeting of 1 April 2020, and following the Bank of Italy's recommendation regarding the distribution of dividends during the COVID-19 pandemic, submission to the Shareholders' Meeting of the proposal to distribute a dividend of €1,10 per share for the year 2019 remaining firm, resolved to comply responsibly with the Supervisory Authority's instructions by proposing that payment of such dividend be postponed at least until 1 October 2020, and then made after this date should no impeding regulatory provisions or recommendations from the Supervisory Authorities have been issued before then.

Indeed, the Board believes that its proposal to distribute a dividend of €1,10 per share complies with applicable regulations, respects control of the Group's capital solidity, and is justified, even in the current economic and financial context, based on the fact that i) examination of the possible future impact on the Bank's capital and liquidity positions prove them solid even in stress scenarios and ii) the strength of the Bank's business model has shown, even in times of crisis, its ability to generate value for stakeholders.

¹ The draft Individual and Consolidated annual reports as at 31 December 2019 were submitted for approval by the Board of Directors on 12 March 2020.

On the same date, the Board also resolved to approve the Directors' changes to this Explanatory Report, re proposals on items on the agenda of the Ordinary Shareholders' Meeting, set out in the text made available to Shareholders on 1 April 2020.

For more detailed information on the Annual report, please refer to the contents of the reports and documents filed at the Company's registered office, pursuant to Article 2429, paragraph 3, of the Italian Civil Code, at the Borsa Italiana S.p.A. and on the authorised storage mechanism site, www.emarketstorage.com, as well as published on the Bank's website, www.bancaifis.it.

In light of the above, the Board of Directors submits the following

PROPOSED RESOLUTION FOR YOUR APPROVAL

'The Ordinary Shareholders' Meeting, having heard and approved the Board of Directors' proposal re item 1 on the agenda, as amended, and having taken note of the Bank of Italy's recommendation (and that of the European Central Bank) of 27 March 2020 regarding the distribution of dividends by the less significant Italian banks during the COVID-19 pandemic,

resolves

- a) *To approve the Annual report as at 31 December 2019, with the Directors' report presented by the Board of Directors;*
- b) *To allocate to Shareholders a cash dividend (gross of statutory deductions) of €1,10 per ordinary share, including the portion attributable to the treasury shares held by the company. This dividend will be paid by allocating for this purpose the profit for the year of €27.346.365,86 (twenty-seven million, three hundred and forty-six thousand, three hundred and sixty-five point eighty-six Euros) and, for the remaining part, by distributing available profit reserves from previous years;*
- c) *To postpone payment of the dividends referred to in the above resolution at least until 1 October 2020, and then to proceed with said payment after this date if no impeding regulatory provisions or recommendations from Supervisory Authorities have been issued before then;*
- d) *To grant the Board of Directors the powers necessary to implement the above resolutions, giving the Chief Executive Officer and the Head of Legal and Corporate Affairs, separately from each other, the right to sub-delegate, within the limits of the law, all rights and powers to do what is necessary to execute the above resolutions, as well as fulfil the formalities necessary for payment of dividends to be made after 1 October 2020 where no impeding regulatory provisions or recommendations from Supervisory Authorities have been issued before then.*

Item 2) on the agenda of the Ordinary Shareholders' Meeting Remuneration policies for corporate officers, employees and collaborators of the Banca IFIS Banking Group: Report on remuneration policies and compensation paid;

Dear Shareholders,

We present the Report on remuneration policies and compensation paid approved by Banca IFIS S.p.A.'s Board of Directors at their meeting of 12 March 2020.

With this document, the Board aimed to fulfil the requirements referred to in Article 123-ter of the TUF [CFA], as well as banking sector regulations and the self-regulatory rules contained in the Corporate Governance Code for Listed Companies.

Therefore, the Report also contains additional information, in aggregate form, on individuals known as ‘*risk takers*’² not included in the scope of the above article of the TUF [CFA].

Specific reference is made to the following aspects of the regulatory framework:

- a) With reference to primary and secondary regulations applicable to listed companies:
 - Article 123-*ter* of the TUF [CFA] that requires companies to make a report on remuneration policies and compensation paid available to the public at least twenty-one days prior to the date of the Ordinary Shareholders’ Meeting convened to approve the Annual report;
 - Article 84-*quater* of Consob Regulation no.11971 of 14 May 1999 (‘Issuers’ Regulations’)³ that requires the Report on remuneration policies and compensation paid to be drawn up in compliance with ‘Template 7-bis’ of Appendix 3A of the ‘Issuers’ Regulations’ and made available to the public;
- b) With reference to secondary regulations applicable to Banks and Banking Groups:
 - The Bank of Italy’s Circular no. 285 of 17 December 2013 - ‘Supervisory Provisions for Banks’ - containing the provisions for remuneration policies and practices and incentive schemes in banks and banking groups;
- c) With reference to corporate governance rules for listed companies:
 - The ‘Format for the Report on Corporate Governance and Ownership Structures for Listed Companies’ made available by Borsa Italiana S.p.A. in January 2020;
 - The Corporate Governance Code approved by the Corporate Governance Committee of the Borsa Italiana (Italian Stock Exchange).

The contents of the Report, approved by the Board of Directors, were reviewed by the Remuneration Committee as part of its duties.

Briefly, the Report on remuneration policies and compensation paid consists of:

- Section I, aimed at illustrating the Company’s remuneration policy for members of management bodies, general managers, executives with strategic responsibilities and members of control bodies, as well as for ‘risk takers’ not falling within the scope of Article 123-*ter* of the TUF [CFA], together with the procedures used to adopt and implement this policy. This section describes the policy envisaged for the 2020 financial year.
The Shareholders’ Meeting is called to decide for or against Section I of the Report with a binding resolution;
- Section II, organised in two parts: i) the first aimed at showing each remuneration item with name for the members of the management and control bodies, the general managers and, in aggregate form, for executives with strategic responsibilities, as well as for ‘risk takers’. ii) The second part shows a table of remuneration paid during 2019 or relating to it, for whatever reason and in whatever form, by the Company and Subsidiaries or affiliates, as indicated by Appendix 3A, Template 7 *bis* of the ‘Issuers’ Regulations’. The further information required under Article 450 of EU Regulation no. 575 of 26 June 2013 for Banca IFIS S.p.A. and other Group companies is then entered in table form.
The Shareholders’ Meeting is called to decide for or against Section II of the Report with a binding resolution.

The main changes made to the remuneration policies compared to the 2019 financial year are as follows:

It should be remembered that the remuneration policies, approved by the Shareholders' Meeting of 19 April 2019, were updated, with a resolution of the Shareholders' Meeting of 19 December 2019, following appointment of the Bank's new Board of Directors, as regards, in particular, to the provisions relating to the emoluments of the Chief Executive Officer, payments linked to the entry of key resources in the company

² Pursuant to the Commission Delegated Regulation (EU) of 4 March 2014 no.604

³ Taking into account the fact that at the date of this report, Consob has not yet issued the implementation provisions provided for by Art. 123-*ter* of the TUF [CFA], the contents of the Report have been defined in accordance with Annex 3A - Scheme 7 *bis* of the ‘Issuers’ Regulations’ introduced by Consob Resolution no. 18049 of 23 December 2011.

and those relating to termination of employment relationships. These changes, already in force for the 2019 financial year, are also confirmed for 2020.

In reference to the new policies and practices introduced for the year 2020, please note:

- With reference to the variable pay of the Chief Executive Officer for 2020, the specific objectives to achieve have been specified based on the RORAC/RORAC* ratio (where RORAC* is the RORAC deriving from the future objective defined in the latest strategic plan approved), the result of which must be higher than 80% in order to receive variable pay.
- The remuneration of the General Manager has been aligned with the more challenging objectives, compared to previous years, envisaged for the Chief Executive Officer.
- The parameters for achieving variable pay (the 'gate') for all personnel have also been made more stringent. Such parameters are now calculated using risk tolerance limits instead of minimum regulatory limits, and have been enriched with indicators of asset quality (e.g. the NPL ratio), introducing certain standardization factors in the event of technical/ temporary overruns.
- The number of shares to be assigned is to be calculated by assuming the fair value of the share to be the average stock market price of the three months (instead of one month) preceding calculation of the variable remuneration due, the latter to be carried out on the date of the Shareholders' Meeting approving the Annual report. The number of shares is calculated rounding to the nearest whole number.
- With reference to the Bank of Italy's provisions 'Transparency and fair treatment in relations between financial intermediaries and customers', (published by the Bank of Italy on 19 March 2019 in implementation of the European Banking Authority's guidelines regarding remuneration policies and practices for personnel responsible for offering banking products and for third parties employed in the sales network), the so-called 'Significant individuals' for the Group, pursuant to the aforementioned legislation, have been identified, individuating within the sales network those who 'offer products to customers, interacting with the latter, as well as those to whom these people answer hierarchically'.
- The provisions for severance pay for non-Significant individuals for whom, subject to the conditions provided for by the legislation in question, the limits in terms of formulas applicable to the incentives themselves are no longer envisaged. These limits do however apply to personnel who may have an impact on the risk profile of the Bank and the Group.
- The obligation to provide prior information to the Remuneration Committee where amounts paid by way of remuneration to retain key resources and/or for non-competition agreements should involve the most relevant Significant individuals, has been introduced.
- Long-term incentive plans are no longer envisaged.

It should also be noted that with a resolution of the Shareholders' Meeting on 19 December 2019, Art. 10 of the Articles of Association, which is extracted from, and reported in, the same Report, providing for the right of the Shareholders' Meeting to approve an increase in the ratio between variable and fixed remuneration, bringing it up to 2: 1, has been changed.

Particular attention is paid to variable pay parameters for all personnel with the aim of rendering them consistent with the risk objectives of the Risk Appetite Framework.

In particular, it is proposed that the gate for achieving such pay be made more challenging, using risk tolerance limits instead of the minimum regulatory ones, enriching the parameters with asset quality indicators (e.g. the NPL ratio) and introducing certain normalization factors in the event of technical / temporary overruns.

The achievement of variable pay for all personnel is now subject to compliance with the thresholds based on the following indicators and ratios at year end:

- Considering a measure of profitability corrected for risk, such as RORAC (return on risk-adjusted capital), defined as the ratio between net profit and capital absorbed by first pillar risks (i.e. 8% Risk Weighted Asset (RWA) of first pillar (Pillar 1)). The [RORAC /RORAC*] ratio, where RORAC* is the RORAC deriving from the future objective defined in the latest strategic plan approved, must be higher than 80%. This indicator allows the weighting of profits taking into account the underlying risks in terms of regulatory capital absorbed.

- Compliance with the tolerance threshold, higher than the regulatory minimum (satisfied by the ‘capacity’) equal to 100%, of the Group's short-term Liquidity Coverage Ratio (LCR), measured quarterly for the year in question. The tolerance threshold is defined in the Risk Appetite Framework (RAF) of the Banca IFIS Group at consolidated level annually, in compliance with the prudential supervisory regulations in force.
- Compliance with the tolerance threshold, higher than the regulatory minimum of 100%, for the Group's medium-long term liquidity indicator, the Net Stable Funding Ratio (NSFR). The tolerance threshold is defined in the Risk Appetite Framework (RAF) of the Banca IFIS Group at consolidated level annually, in compliance with the prudential supervisory regulations in force.
- Consolidated Total Own Fund Ratio, higher than the tolerance threshold established in the current RAF and therefore higher than the capital requirements (‘Overall Capital Requirement’) communicated by the Supervisory Body in the context of ‘Capital Decisions’ at the end of the periodical SREP prudential review process.
- Gross NPL and Net NPL ratios lower than the warning thresholds envisaged for the RAF 2020. These indicators are calculated excluding the IFIS NPL segment and will be reviewed with implementation of the new default definition envisaged as from 31 December 2020.

Failure to achieve more than one of the aforementioned parameters in two different areas, excluding that of capital solvency (i.e. Consolidated Total Own Fund Ratio) and failure to comply with the regulatory minimums, which must be complied with on an ongoing basis, will block variable pay.

The other significant change concerns implementation of the Bank of Italy’s provisions ‘Transparency and fair treatment in relations between financial intermediaries and customers’, published by the Bank of Italy on 19 March 2019 in implementation of the European Banking Authority’s guidelines regarding remuneration policies and practices for the sale and supply of retail banking products and services. For this purpose, the notion of ‘Significant individuals’, those who offer products to customers, hence interacting with the latter, as well as those to whom these people answer hierarchically, was introduced.

Hence, as required by law, the Group has specified the number of Significant individuals and credit intermediaries making up the Group's sales network and to whom the remuneration policies described in the Report apply.

Instead, Banca IFIS S.p.A. intends to confirm:

- a) The structure of variable pay for the most significant individuals who exceed the variable pay in cash only threshold;
- b) The vesting period (of three years) for deferred variable pay;
- c) The retention period (of three years) for the portion to be paid in shares for the up-front part and (of one year) for the portion to be paid in shares for the deferred part;
- d) Variable and fixed pay ratios for individual remuneration for Significant individuals, including the 33% limit for the most important personnel having corporate control functions.

The policy relating to the process of identifying Significant individuals as set out in Annex 1 of the Report on remuneration policies and the remuneration paid is also confirmed in its contents.

Finally, the Report indicates, in compliance with Art. 84 *quater* of the ‘Issuers’ Regulations’, investments held by members of the Board of Directors and the Board of Statutory Auditors, by the General Manager and by the other executives with strategic responsibilities.

The Report was made available to the public at the Company's registered office, at Borsa Italiana S.p.A. and on the authorised storage mechanism site, www.emarketstorage.com, together with the Report on corporate governance and the ownership structure, on the Bank’s website (www.bancaifis.it) - in the section Corporate Governance/Remuneration/Ordinary Shareholders’ Meeting of 23 April 2020 - on 27 March.

The contents of Section I of the Report also require the Company, pursuant to Article 114-*bis* of the TUF [CFA] and the relevant implementing regulations (Article 84-*bis* of the ‘Issuers’ Regulations’), make an

information document on the equity-based remuneration plan for certain corporate officers available to the public, together with the Report, at the Company's registered office, on its website and in compliance with any other method established by Consob.

It should also be noted that the Internal Auditing Office has checked the methods used to ensure that remuneration practices comply with regulatory provisions, as required by the aforementioned supervisory provisions of the Bank of Italy.

In light of all of the above, the Board of Directors submits the following:

PROPOSED RESOLUTION FOR YOUR APPROVAL

'The Ordinary Shareholders' Meeting, having heard and approved the Board of Directors' proposal re item no. 2) on the agenda:

*a) **In taking note** of the implementation of remuneration policies during 2019 presented in compliance with Article 10 of the Company's Articles of Association as well as with legislative and regulatory provisions on the subject, within the Report on remuneration policies for corporate officers, employees and collaborators of the Banca IFIS Banking Group, prepared pursuant to Article 123-ter of the TUF [CFA], **resolves to approve** section II of the Report on remuneration policies and compensation paid prepared pursuant to Article 123-ter of the TUF [CFA];*

*b) **Resolves to approve** the contents of Section I of the Report on remuneration policies for corporate officers, employees and collaborators of the Banca IFIS Banking Group prepared pursuant to Article 123-ter of the TUF [CFA], also for the purposes of adapting Banca IFIS Banking Group's remuneration policies for 2020 and, specifically, the sub-paragraph referred to in paragraph 7 of Section I of this Report on remuneration for severance pay for Significant individuals and for termination of business relationships for non-Significant individuals, as well as Annex no. 1 of the same Report containing the policy relating to identification of Significant individuals;*

*c) **Resolves to approve** the Banca IFIS equity-based remuneration plan for certain corporate officers described in the information document drawn up pursuant to Article 114-bis of TUF [CFA] and the relevant implementing regulations (Article 84-bis of the 'Issuers' Regulations') and placed at the disposal of the Shareholders as required by law.*

Item 3) on the agenda of the Ordinary Shareholders' Meeting The 'Shareholders' Meeting Regulations': update

Dear Shareholders,

Reference is made to the resolution of the Shareholders' Meeting of 30 April 2013 with which, upon proposal by the Board of Directors on 6 March 2013, the current 'Shareholders' Meeting Regulations' were approved.

The Shareholders' Meeting of 19 December 2019 is also referred to, in which, amongst other things, some changes to the Bank's Articles of Association were approved, including:

- Modification of Art. 8 which, in the current text, states as follows << *The Shareholders' Meeting is normally presided over by the Chairman of the Board of Directors, who is also vested, among other things, with the power to appoint the person, either inside or outside of the Company, who is required to preside over a single Shareholders' Meeting. If the Chairman is absent or unavailable, the Deputy Chairman of the Board of Directors has the appointment power.*
The Chairman of the Shareholders' Meeting appoints the Secretary for the Meeting and, in any case, may be assisted during the Meeting by the Secretary of the Board of Directors, appointed pursuant to

Article 12, and by external consultants identified and appointed by him for that purpose.>>.

- *The introduction of Art. 10 bis which states: <<The Shareholders' Meeting may appoint an Honorary President, even from outside the members of the Board of Directors, chosen from among the people who have significantly contributed to the prestige and development of the Company[...]>>*

Attention is therefore drawn to the proposal to amend the 'Shareholders' Meeting Regulations' and also Art. 2364 of the Italian Civil Code, according to which the Ordinary Shareholders' Meeting' can approve regulations governing the proceedings of the Shareholders' Meeting, as well as Art. 9.C.3 of the Corporate Governance Code for Listed Companies, according to which *the Board of Directors proposes to the Shareholders' Meeting approval of regulations indicating the procedures to be followed in order to allow the orderly and functional conduct of the Shareholders' Meeting, whilst guaranteeing the right of each Shareholder to speak on the topics under discussion.*

In essence, the Board of Directors, in compliance with the Bank's Articles of Association quoted above, proposes the following main changes to the current 'Shareholders' Meeting Regulations':

Art. 2

<< Chairmanship of the Meeting is usually assigned to the Chairman of the Board of Directors, who, amongst other things, is also granted the right to appoint the person, either within or external to Banca IFIS S.p.A., who shall take the Chair in any single Shareholders' Meeting. Should the Chairman be absent or indisposed, this right to appoint belongs to the Deputy Chairman of the Board of Directors...>>.

Art. 3

<< [...] Where appointed by the Shareholders' Meeting, the Honorary Chairman may also attend [...] >>.

Art. 5

<< [...] During the Shareholders' Meeting, the Chairman may request assistance from the Secretary to the Board of Directors and from external consultants selected by him for this purpose. [...] >>.

Furthermore, on this occasion, some limited formal changes to Articles 3, 9, 13 and 19 to the current 'Shareholders' Meeting Regulations' have also been proposed.

On the basis of the above, the Board of Directors proposes to the Shareholders' Meeting approval of the amendments to the 'Shareholders' Meeting Regulations' by adopting the text shown in Annex 1) which contains the revisions made to the Articles of the 'Shareholders' Meeting Regulations' as per herein indicated.

In light of all the above, the Board of Directors submits the following:

PROPOSED RESOLUTION FOR YOUR APPROVAL

"The Ordinary Shareholders' Meeting, having heard and approved the Board of Directors' proposal re item no. 3) on the agenda:

- a) **Resolves** to approve the changes to Articles 2, 3, 5, 9, 13 and 19 of the 'Shareholders' Meeting Regulations' according to the text proposed by the Board of Directors as per Annex 1) of this document;*
- b) **Resolves** to approve the updated text of the 'Shareholders' Meeting Regulations' attached to the minutes of the Shareholders' Meeting.*

**Item 4) on the agenda of the Ordinary Shareholders' Meeting
Appointment of a Member of the Board; inherent and consequent resolutions;**

Dear Shareholders,

The Director, Mr. Alessandro Csillaghy de Pacser, resigned from his position as Board Member in Banca IFIS S.p.A. with effect as from 31 March 2020 in order to dedicate his attention to his role as Executive Chairman in the Boards of Directors of the Group's foreign subsidiaries full time.

We remind you that:

- The Board of Directors of Banca IFIS S.p.A. currently in office was appointed by the Ordinary Shareholders' Meeting of 19 April 2019 through the list voting system in accordance with the provisions of Art. 11 of the Company's Articles of Association;
- Mr. Alessandro Csillaghy de Pacser was a candidate on the list presented by the majority shareholder, La Scogliera S.p.A.;
- Of this list presented by the majority shareholder, La Scogliera S.p.A., the candidate, Mr. Ferruccio Di Lenardo, was the only candidate not appointed. He subsequently took on other positions within the Group itself.

We therefore invite you to appoint a Board Member in order to bring the number of Directors sitting on the current Board of Directors to twelve, as resolved by the Ordinary Shareholders' Meeting of 19 April 2019 and in compliance with the provisions of Art. 11 of the Articles of Association in force.

This Director will remain in office for the entire mandate of the current Board of Directors and therefore until the date of the Shareholders' Meeting called to approve the Annual report as at 31 December 2021.

The dividend will be paid by allocating the profit for the year and, for the remaining part, through distribution of available profit reserves from previous years.

For detailed information on the qualitative and quantitative composition of the Board of Directors, see the document on the optimal qualitative and quantitative composition of Banca IFIS S.p.A.'s Board of Directors approved by the Board of Directors on 11 February 2019 and made available to Shareholders on the occasion of the Shareholders' Meeting of 19 April 2019, as well as the Annual report on corporate governance and ownership structures which was published on 27 March 2020.

In this regard and taking into consideration, amongst other things, both the renewal of the Board of Directors and the Statutory Auditors' Board on 19 April 2019, as well as the assessment carried out during the Board Meeting of 9 May 2019 on the newly appointed Boards' correspondence to the qualitative and quantitative composition deemed optimal by the Board of Directors in office during the aforementioned meeting of 11 February 2019, the newly appointed directors deemed it appropriate to carry out the self-assessment process after one year of being in office in order to have time to fully understand the peculiar characteristics of the company and to evaluate any specific training gaps. Therefore, the aforementioned document on the optimal qualitative and quantitative composition of Banca IFIS S.p.A.'s Board of Directors has not yet been updated.

Lastly, please note that there are 7 directors currently in office on the Board of Directors who meet the independence requirements established by both the Corporate Governance Code of Listed Companies approved by the Corporate Governance Committee of Borsa Italiana S.p.A. and Art. 148, paragraph 3, of the TUF [CFA].

In light of all of the above, the current Board of Directors has not made specific proposals on the matter and invites you to deliberate in this regard on the basis of the proposals that may be made during the course of the Shareholders' Meeting.

Enclosures:

Annex 1) Proposed amendments to the 'Shareholders' Meeting Regulations'

Venice - Mestre, 1 April 2020

THE SHAREHOLDERS' MEETING REGULATIONS

Art.1) These Regulations govern the performance of Ordinary and Extraordinary Shareholders' Meetings of Banca IFIS S.p.A. (hereinafter referred to as the 'Company') and, insofar as it is compatible, of the special trade Meetings and Bondholders' Meetings.

Art 2) Chairmanship of the Meeting is usually assigned to the Chairman of the Board of Directors, who, amongst other things, is also granted the right to appoint the person, either within or external to Banca IFIS S.p.A., who shall take the Chair in any single Shareholders' Meeting. Should the Chairman be absent or indisposed, this right to appoint belongs to the Deputy Chairman of the Board of Directors. ~~In case both the Chairman's and the Deputy Chairman's absence or renunciation, the CEO will take over the chairmanship. In case of absence or renunciation of the aforementioned individuals, the chairman is assigned to another person elected with the majority vote of the meeting participants.~~

Art. 3) Those Shareholders who are entitled to participate in the Meeting according to the law and to the Articles of Association may do so. Shareholders may also participate by means of a representative pursuant to the law.

Members of the Board of Directors, the Standing Auditors and the General Manager also attend the Shareholders' Meeting.

Where appointed by the Shareholders' Meeting, the Honorary Chairman may also attend.

Executives and employees of the Bank-Company or other companies of the Group, whose presence is considered useful in connection with the topics to be discussed or for the performance of the Meeting's duties, may also participate in the Meeting, in the cases and according to the methods determined by the Chairman.

Representatives of the Auditing Firm entrusted with the task of certifying the financial statements may also take part in the Meeting.

Lastly, the Chairman may authorize professionals, consultants, experts, financial analysts and qualified journalists, with no right to vote or to take the floor, to participate in the Meeting.

Prior to reading the items on the agenda, the Chairman informs the Meeting of the participation in, and assistance given to, the meeting by the individuals indicated in paragraphs 2, 3, 4, 5 and 65 of this article.

Art. 4) Those who are entitled to participate or assist in the Meeting pursuant to Art. 3 above must be identified by the Company's personnel, upon entering the room where the Meeting is to take place, and pick up the token, to be exhibited upon request.

Art. 5) The entitled Shareholders proceed to designate the person called to chair the Meeting, if necessary, and the Secretary.

During the Shareholders' Meeting, the Chairman may request assistance from the Secretary to the Board of Directors and from external consultants selected and appointed by him for this purpose.

When the minutes of the Meeting are drawn up by a Notary Public, the latter acts as Secretary.

The Chairman of the Meeting, also availing himself of the Company's qualified personnel, verifies the legitimacy of the proxies, the rights of Shareholders who are taking part in the Meeting and the regular constitution of the Meeting itself.

Moreover, during the course of the Meeting, the Chairman verifies from time to time, in reference to the individual items on the agenda, the right of the participants to join the discussion and to vote on said items.

Art. 6) No recording devices of any kind, photographic equipment and similar devices or mobile phones can be taken inside the room where the Meeting is to be held, without the Chairman's specific authorization.

Art.7) After verifying that the Meeting is validly constituted, the Chairman reads the items on the agenda.

Art. 8) When discussing the items on the agenda, unless the Meeting objects to it, the Chairman may follow a different order from the one indicated in the notice to convene or propose discussing multiple items on the agenda at the same time, if strictly related to each other.

The Chairman and, upon invitation by the latter, the Chief Executive Officer and the General Manager, illustrate the items on the agenda.

In addition to the Shareholders' right, governed by the law, to ask for additions to the agenda and to submit proposed resolutions, during the Meeting they are also granted the right to submit proposed resolutions, different from the ones specified on the agenda, as long as they are pertinent to the latter and do not constitute modification of, or addition to, the issues to be discussed.

The Chairman, after evaluating the compatibility of the proposal to the agenda, according to the aforementioned criteria, welcomes said proposal.

The Chairman is also entitled to welcome proposed resolutions even if not pertinent to the items on the agenda, provided they exclusively concern mere methods for performing the Meeting's activities.

The Chairman monitors the discussion, turning the floor over to all those who are entitled to take it pursuant to Art. 9 below. The Chairman is required to step in, in order to avoid any abuse.

Art. 9) All those who participate pursuant to Art. 3, paragraph 1, above, are entitled to take the floor with regards to each one of the items being discussed.

The entitled participants may ask questions on the items on the agenda even before the Meeting takes place, within the term set forth by the regulations in force and indicated in the notice to convene. Such questions, received within the term indicated in the notice, will be answered, at the very latest, at the Meeting itself. A single answer may be given to questions having the same content.

Anyone who wishes to take the floor has to ask the Chairman, by submitting a written request indicating the topic to which the request refers, after the Chairman has read the items on the agenda and as long as he has not declared the discussion on the item to which the request refers closed. Usually, the Chairman turns the floor over according to the chronological order in which the requests were submitted. Should two or more requests be presented at the same time, the Chairman turns the floor over according to the alphabetical order of the requesting parties' surnames. The Chairman can authorize the presentation of requests to speak by a show of hands; in this case, the Chairman turns the floor over according to the alphabetical order of the requesting parties' surnames. Members of the Board of Directors and the General Manager may ask to take part in the discussion.

Members of the Board of Directors, members of the Board of Statutory Auditors, Top Management of the [CompanyBank](#) or other companies of the Group, as well as representatives of the firm assigned the task of legally auditing the accounts and Company and Group personnel may all join the discussion when the Chairman deems it useful in connection with the topic being discussed.

Art. 10) The Chairman, and at the latter's invitation, the Chief Executive Officer and the General Manager, reply at the end of each discussion, or after all discussions are finished on the individual item of the agenda. Before the discussion begins, or during the course of said discussion, answers will be provided to any questions asked by the Shareholders prior to the Meeting and to which an answer has not yet been given by the Company.

Art. 11) The Chairman, taking into account the subject and importance of the individual items on the agenda, establishes the amount of time – usually not less than ten minutes and not more than twenty minutes – each speaker is allowed. Once this amount of time expires, the Chairman may invite the speaker to finish within the next five minutes.

Those who have already taken part in the discussion may ask to take the floor again, on the same topic, typically for five minutes, also for making any voting declarations.

Art. 12) The Meeting's activities are usually carried out in one single session. During this session, should the Chairman recognize the need to do so, and the Meeting not object to it, he may interrupt proceedings for a short time period, justifying such decision.

The Chairman may postpone the meeting for not more than five days in the case provided for by Art. 2374 of the Italian Civil Code and may do so in any other case which requires it or where the need is recognized, and always provided the Meeting does not object. Should the meeting be postponed, at the very time and place of postponement, the Chairman sets the day and time of the new meeting for proceedings to continue.

Art. 13) The Chairman is responsible for maintaining order during the Meeting so as to guarantee the proper performance of proceedings and avoid any abuse.

To this effect, unless the Meeting objects, the Chairman may take the floor away in the following cases:

- If the speaker speaks without being entitled to it or continues to speak after the allotted period of time has expired;
- Subject to warning, if the discussion is clearly and evidently not pertinent to the issue being discussed;
- If the speaker uses improper or offensive language;
- In cases of enticement to violence or unrest.

Art. 14) In the event that one or more participants prevent others from taking part in the discussion or their behaviour makes the proper functioning of the Meeting impossible, the Chairman shall warn such individuals to desist from said behaviour.

If such warning is ignored, and unless the Meeting objects to it, the Chairman shall arrange to have these people (previously warned) removed from the meeting for the entire discussion phase.

Art. 15) Once matters related to the item on the agenda have been discussed, the Chairman concludes by declaring discussion on this individual item closed.

Art. 16) Before voting starts, the Chairman re-admits those who have been excluded as per Art. 14 above back to the Meeting. The measures referred to in Articles 13 and 14 above may also be adopted, if necessary, during the voting phase, but in such a way as to still allow the 'excluded' parties to exercise their vote, where due.

Art. 17) The Chairman adopts suitable measures to ensure orderly performance of voting activities.

The Chairman may arrange, depending on the circumstances, for the vote on each individual item to take place after the closing of the discussion of each item, or at the end of the discussion of all the items on the agenda.

Art. 18) The Chairman establishes the voting methods for each Meeting, also permitting the use of electronic systems that allow the voters' identification by name.

Art. 19) Once voting has been completed, and the relevant tallies carried out, the Chairman declares approved that proposal which obtained the majority of favourable votes, as per the law and Articles of Association. In cases of election of the Members of the Board of Directors, Auditors and the Honorary Chairman, are elected the Chairman declares elected those candidates who win based on the mechanisms provided for by the Articles of Association.

Art. 20) With regards to anything not expressly provided for by the Regulations, the Chairman may adopt the measures and resolutions deemed most appropriate in order to govern performance of the Meeting's proceedings.

Art. 21) All amendments to these Regulations shall take place, pursuant to the regulations in force, through a resolution adopted by the Ordinary Shareholders' Meeting, based on the quorums required for shareholders' meetings and resolutions, and on the formal and procedural fulfilments required by law.