



**Banca IFIS S.p.A.**

**SHAREHOLDERS' MEETING**

**THE BOARD OF DIRECTORS' EXPLANATORY REPORT TO THE SHAREHOLDERS'  
MEETING ON THE ISSUES ON THE SHAREHOLDERS' MEETING AGENDA  
CALLED FOR 22 APRIL 2021 IN A SINGLE CALL**

*(drafted pursuant to art. 125-ter of (IT) Legislative Decree no. 58 of 24 February 1998, as  
subsequently amended)*

**Item 1) on the Meeting Agenda**

**Financial Statements for the year as at 31 December 2020:**

**1.1) approval of the financial statements for the year as at 31 December 2020, presentation of the consolidated financial statements as at 31 December 2020 and of the consolidated non financial statement pursuant to (It.) Legislative Decree no. 254 of 30/12/2016 – Sustainability Report;**

**1.2) allocation of the operating result;  
related and ensuing resolutions.**

Dear Shareholders,

the draft financial statements for the year as at 31 December 2020<sup>1</sup> being submitted for your approval show profit for the period for Euro 59,503,986.

For what concerns allocating profit for the year, we feel reference should be made to:

- the shareholders' decision of 23 April 2020 to postpone the cash dividend payment resolved on (before tax withholdings required by law) of Euro 1.10 per ordinary share till at least 1 October 2020 and then make the payment after that date unless, before that, regulatory provisions or Supervisory Authority recommendations had been issued impeding it;
- the recommendations related to the distribution of dividends issued by the Central Bank and by the Bank of Italy during 2020 following the COVID-19 pandemic, in the light of which dividends decided and not distributed for financial year 2019 (for Euro 58,797,146), already assigned to decreasing Group equity, are currently recognised amongst other liabilities awaiting payment to shareholders;
- the press release circulated by the Bank of Italy on 16 December 2020 by which, considering the ongoing COVID-19 pandemic and consistent with the similar recommendation of the European Central Bank of 15 December 2020, the opportunity for an extremely prudent approach was confirmed, in order to safeguard the capacity of banks to absorb losses and grant loans to sustain the real economy; the less important banks, which include the Company until 30 September 2021, were recommended to:

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<sup>1</sup> The draft financial statements for the year and the consolidated financial statements as at 31 December 2020 were approved by the Board of directors in its meeting of 11 March 2021.

- abstain from recognising or paying dividends or limit the amount to the lesser between 15% of profits accumulated in 2019-20 or the 20 base points of the CET1 coefficient (in any case the lesser of the two);
- abstain from recognising or paying temporary dividends on 2021 profits;
- be extremely prudent when recognising variable remuneration.

The Bank of Italy also asked banks intending to pay dividends to first check their capital solidity and relative self-financing capacity, current and perspective, considering pandemic impact on assets and the income statement, and to contact the Supervisory Authority to assess whether the dividend distribution level planned was considered prudent.

Following contacts with the Bank of Italy in compliance with the above recommendation, the Board of Directors proposes distribution of dividends for Euro 25,126,044, corresponding to Euro 0.47 per ordinary share (before tax withholdings required by law), deducting that amount from Treasury funds as at 31 December 2020; whereas the dividends decided and not distributed for 2019 will be kept as a decrease on Group equity and recognised amongst the other liabilities at least until 30 September 2021, as established in the aforementioned Bank of Italy Recommendation of 16 December 2020.

The cash dividend (before tax withholdings required by law) of Euro 0.47 for each share will be paid with ex-dividend date (coupon no. 23) of 24 May 2021 and includes the portion attributable to the company's treasury shares.

Pursuant to article 83 *terdecies* of (It.) Legislative Decree no. 58 of 24 February 1998 eligibility for payment of the dividend is determined based on the intermediary's books as per article 83-*quater*, paragraph 3 of the TUF, at the end of 25 May 2021 (so-called record date).

Payment of that dividend, before tax withholdings required by law, is foreseen for 26 May 2021. The total allocation, calculated before the share related to treasury shares pursuant to article 2357-*ter* of the (It.) Civil Code, amounts to a maximum of Euro 25,291,214.65.

The proposal is consistent with the dividend policy notified to the market on 11 February last when the preliminary results for 2020 were disclosed.

We are also submitting the consolidated financial statements as at 31 December 2020 for your attention. Though not subject to approval by the Shareholders' Meeting, this is a supplement to information provided with the financial statements of the year of Banca Ifis S.p.A..

For more information on the financial statements, please refer to the contents of reports and deeds deposited with the registered office pursuant to art. 2429, paragraph 3, of the (It.) Civil Code and the authorised storage mechanism [www.emarketstorage.com](http://www.emarketstorage.com), and published on the website [www.bancaifis.it](http://www.bancaifis.it).

In the light of the above, the Board of Directors is submitting the following for your approval

#### RESOLUTION PROPOSAL

*“The Shareholders’ Meeting of Banca IFIS S.p.A., having examined the Board of Directors’ explanatory report in item no. 1 on the agenda, the figures of the financial statements for the year of Banca IFIS S.p.A. as at 31 December 2020 and the Board of Directors’ report, having acknowledged the report of the Board of Statutory Auditors and that of the Independent Auditing Firm, as well as the recommendations made by the Bank of Italy (and by the European Central Bank) on the distribution of dividends by the less important Italian banks during the COVID-19 pandemic,*

#### **resolves**

- a) **to approve** the financial statements for the year closed as at 31 December 2020, with the management report submitted by the Board of Directors;
- b) **to allocate** net profit for the year of Euro 59,503,986 (fifty nine million five hundred and three thousand nine hundred and eighty six Euro) as follows:
  - to shareholders a cash dividend (before tax withholdings required by law) of Euro 0.47 per ordinary share with ex-dividend date (coupon no. 23) on 24 May 2021. This dividend includes the portion attributable to the Company's treasury shares. Pursuant to article 83-terdecies of (IT) Legislative Decree no. 58 of 24 February 1998 (TUF) eligibility for payment of the dividend is determined based on the intermediary's books as per article 83-quater, paragraph 3 of the TUF, at the end of 25 May 2021 (so-called record date);
  - allocating the remainder to other reserves;

- c) **to pay** the aforementioned dividend starting from 26 May 2021. The payment will be made through the authorised intermediaries with which the shares are registered in the Monte Titoli System.

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## Item 2) on the Meeting Agenda

### Remuneration:

- 2.1) Remuneration Report pursuant to art. 123-ter of (It.) Legislative Decree no. 58/1998: approval of Section I - 2021 Remuneration and Incentive Policy of the IFIS Group;**
- 2.2) Remuneration Report pursuant to art. 123-ter of (It.) Legislative Decree no. 58/1998: non-binding resolution on Section II - Information on remuneration paid in financial year 2020;**
- 2.3) Remuneration plan based on assigning Banca IFIS shares for some company figures described in the information document drawn up pursuant to art. 114-bis of the TUF and relative implementation regulations (art. 84-bis of the Issuers' Regulation); related and ensuing resolutions.**

Dear Shareholders,

We are presenting the "Remuneration Report" approved by the Board of Directors of Banca IFIS S.p.A. in its meeting of 11 March 2021 (the "**Report**").

Through the aforementioned document, the Board intended executing the provisions in art. 123-ter of the TUF and rules governing the banking sector and the self-regulation regulations contained in the Corporate Governance Code.

The Report also contains information, in an aggregated format, on the so-called "Risk Takers"<sup>2</sup> not included in application of the aforementioned TUF article.

.With regard to the regulatory framework, reference is especially made to:

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<sup>2</sup> Pursuant to the Delegated Regulation (EU) no. 604 of 4 March 2014

- a) with reference to primary and secondary regulations applicable to listed companies:
- “Art. 123-*ter* of the TUF containing the provision that a Remuneration Report be made available to the public at least twenty-one days before the date of the Shareholders’ Meeting called to approve the financial statements;
  - “Art. 84-*quater* of the Consob Regulation no. 11971 of 14 May 1999, as updated with amendments made by resolution no. 21623 of 10 December 2020 (hereinafter also “**Issuers’ Regulations**”) containing the obligation to make the aforementioned remuneration report drawn up in compliance with “Scheme 7 bis” of Annex 3A of the Issuers’ Regulations available to the public;
- b) with reference to secondary regulations applicable to Banks and banking Groups:
- Circular no. 285 of 17 December 2013 - «Supervisory provisions for banks» containing provisions on remuneration and incentive policies and practices in banks and groups;
- c) with reference to the self-regulation provisions for listed companies:
- the more recent “Format for the report on Corporate Governance and Shareholding Structures” of listed companies provided by Borsa Italiana S.p.A.;
  - the Corporate Governance Code approved by the Corporate Governance Committee of Borsa Italiana S.p.A.

The Remunerations Committee viewed the text of the Report, approved by the Board of Directors, for the purpose of investigating subjects it is competent for.

In brief, the “Remunerations Report” includes:

- a Section I illustrating, for the members of administrative bodies, general managers, managers with strategic responsibilities and members of control bodies, and for “Risk Takers” not included in application of art. 123-*ter* of the TUF, the Company’s remuneration policy and procedures applied to adopt and implement that policy. That section describes the policy established for 2021.

The Shareholders’ Meeting is called on to express itself with a binding resolution for or against that Report Section 1;

- a Section II organised in two parts: (i) the first to show each remuneration item with names 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”, highlighting the consistency with the policy of reference and providing information on how the Company considered the vote expressed by the Shareholders’ Meeting on Section II of the previous year’s report; (ii) the second part reports in table format, as indicated by Annex 3A, Scheme no. 7 bis of the Issuers’ Regulation, the remuneration paid during 2020 or related to it, for any purpose and in any way by the Company and by subsidiaries or associated companies. Other tables show the further information required under Article 450 of Regulation (EU) 575 of 26 June 2013 for Banca IFIS and other Group companies .  
The Shareholders’ Meeting is called on to express itself with a non-binding resolution for or against that Section II of the Report.

With regard to the main changes made to the remuneration policy for financial year 2020, please note that, in the light of the positive shareholders’ meeting vote results for Section I of policies for year 2020, the Board decided to submit for the meeting vote a remuneration policy for year 2021 that is essentially consistent with the past, except for adjustments needed, also to adopt novelties established by the new Issuers’ Regulation and by the Corporate Governance Code.

Here below, please find the most important novelties and, in particular, including:

1. the specification that the Board of Directors is involved in the key personnel self-assessment process and in the possible procedure to exclude key personnel, as specified in Annex 1 of the Report (“Policy related to the key personnel identification process”) and periodically reviews the relative criteria;
2. the reference to the results of meeting votes for both Report Sections on the remuneration policy of the previous year;
3. the introduction of principles regulating the so-called “gender neutrality” of the policies. In fact, Banca IFIS intends to assure remuneration levels that are consistent with reference markets, pursuing its intention to attract, motivate and retain resources with the best performance and the highest value and potential. For that purpose, through benchmarking activities, the Group wants to constantly monitor its remuneration fairness and competitiveness; starting in year 2019, it launched a remuneration control and benchmarking project to identify its market position in terms of being able to attract

talent and competitiveness. In this context, the Bank also activated a process for the correct assessment of gender parity. That project will be developed further during the current year and will focus on gender neutrality for which the following elements will also be referred to :

- remuneration (fixed and variable), considering salary paid, working hours, annual holiday periods and other financial and non-financial benefits;
- remuneration made up of financial instruments;
- benefits;
- employment policies, career development, succession plans, access to training and ability to submit candidacy for internal vacant posts in order to show that the remuneration policy is gender neutral;
- mapping positions based on job descriptions useful (starting from the highest positions) to be able to calculate the value of single positions and understand which ones can be considered the same or of the same value;

monitoring will then focus on the overall remuneration gap by gender and its development in the remuneration policy revision process, in particular, monitoring the ratio and its development over time between the average salary of male and female personnel;

4. the introduction, pursuant to the new formula of art. 123-ter of the TUF, on the identification of policy elements to which, in the presence of “exceptional circumstances” and without prejudice, in any case, to regulatory limits applicable, it is possible to derogate to the remuneration policy approved last by shareholders. In particular, when exceptional circumstances occur - by that meaning specific situations where derogation to the remuneration policy is needed to pursue the long-term and sustainability interests of the company as a whole or to ensure its ability to remain on the market -, the Bank, with, in any case, no prejudice to Supervisory Provision limits, may derogate to the following elements of the Remuneration Policy approved by the shareholders to pursue the long-term and sustainability interests of the company as a whole, or to guarantee its capacity to stay on the market:
  - the ratio between fixed and variable remuneration, without prejudice to compliance with the 1:1 limit currently established by policies;



- the amount of the variable component, weights attributed to single pillars that the variable component itself is based on and/or the economic and commercial objectives of the variable remuneration system (including the MBO);
- the maximum limits established if the assignment ceases or the work relationship is terminated;

any temporary exceptions will be resolved on by the Company's Board of Directors with the favourable opinion of the Remunerations Committee, in compliance with the transactions with related parties and connected subjects;

5. the introduction, to calculate the variable remuneration of the Chief Executive Officer and the General Manager, of a further cost income ratio in order to make the relative discipline more challenging and aligned with what is foreseen for other members of the key personnel category, with more specific, complex performance measurement criteria. The remuneration of the Chief Executive Officer and the General Manager is currently made up of (and without prejudice to the possibility for the Bank to attribute specific remuneration treatment to them in line with what is set forth in this policy) the following elements:

- a fixed remuneration of a stable, irrevocable nature that does not create risk taking incentives and does not depend on the Bank's performance, calculated based on responsibilities connected to the job and the commitment required to perform it;
- a variable remuneration, linked to achieving specific quantitative performance targets;

with specific reference to variable remuneration, the Chief Executive Officer and the General Manager can be acknowledged an annual variable amount of up to 60% the gross annual fixed remuneration identified as at 31 December of the year prior to the one of reference, subordinate to controls, by the Board of Directors that the following targets have been achieved: RORAC/RORAC\* and COST INCOME\*/COST INCOME, each with its own weight as shown in the table:

Executives	RORAC/RORAC*	COST INCOME*/COST INCOME	Variable fee limit on RAL measured as at 31 December of the year prior to the one of reference
CEO	60%	40%	60%
GM	60%	40%	60%

The variable remuneration share referred to COST INCOME is however zeroed if the final COST INCOME should be higher than the tolerance threshold established in the RAF in force;

6. the provision of “one-off” acknowledgements (besides those foreseen at the time of the annual assessment) and/or contexts linked to extraordinary, unpredictable circumstances and/or extraordinary planning initiatives, for personnel not belonging to the “key personnel” category and for limited amounts (however, no higher than one monthly salary for each subject); based on predefined criteria, determined in a Regulation also containing controls and exclusion clauses with inadequate individual conduct. The above “one-off” acknowledgements foresee a prior Board of Directors’ resolution, after favourable opinion by the Remunerations Committee, and will only be allocated if that is compatible with capital levels and with sufficient liquidity to cover Bank activities;
7. for the sake of transparency and completeness, the Report makes the functioning of incentive system mechanisms foreseen for the Bank sales network more explicit, indicating their essential elements; in particular, specifying that the incentive systems for the sales network (commercial network) are established annually identifying quantitative Key Performance Indicators (such as: net banking income, the number of customers started, new business volumes, customer sizes in turnover terms, retention of portfolio, credit quality in impaired loan rectification terms, accounts notified and started referred to different Business Units); the target achievement level determines the variable remuneration share due which will be subjected to corrections (qualitative) to the performance assessment (based on the performance assessment system valid for all personnel and in force each time) and complaints; referred specifically to complaints, the

bonus can be cut by 10% for each complaint that is attributable solely to the not perfect conduct of the commercial network member;

8. related to the golden parachutes system, the maximum amount resulting from application was indicated specifically (and not just the limit fixed in terms of fixed remuneration years);
9. the Report has suffered changes needed and/or opportune based on the Issuers' Regulation (art. 84-quater and Annex 3A, SCHEME No. 7-bis of the Issuers' Regulation).

The contents of the "Policy related to the key personnel identification process" pursuant to Annex 1 to the Report are also confirmed.

The Report also indicates, in compliance with art. 84-*quater* of the Issuers' Regulation, shareholdings held, inter alia, by members of the Board of Directors and the Board of Statutory Auditors, by the General Manager and by other executives with strategic responsibilities.

The Report will be made available for the public in the registered office, in the authorised storage mechanism [www.emarketstorage.com](http://www.emarketstorage.com) and on the website [www.bancaifis.it](http://www.bancaifis.it) (section Corporate Governance / Remuneration / Ordinary Shareholders' Meeting of 22 April 2021) by 31 March 2021 together with the Report on Corporate Governance and the Shareholding Structure.

The contents of Section I of the Report also involved, pursuant to art. 114-*bis* of the TUF and relative implementation regulations (art. 84-*bis* of the Issuers' Regulation), the need to make available to the public - at the same time as the Report - in the registered office, on the website and with other methods established by the Consob, an informative document on the resulting remuneration plan based on assigning Banca IFIS shares for some company figures.

More specifically, the Report foresees that, in dutiful application of what is specified in regulations applicable to remuneration, a part of the remuneration of "key personnel" (both the bonus component and the other forms foreseen by regulations applicable to remuneration and bonus practices and policies (including, as an example, severance indemnity) must be paid with financial instruments.

The plan aims to enable the Bank to comply with provisions in regulations applicable and, at the

same time, is functional to better alignment of Bank management interests with those of shareholders, through careful management of company risks and pursuing long term strategies (for that the plan establishes that variable remuneration linked to short-term targets, and other variable remuneration components be allocated applying the deferment mechanism and 50% in shares).

The plan foresees assignment of a number of treasury shares held by the Bank.

Plan recipients are those belonging to the “key personnel” of the Banca IFIS S.p.A. Group that, pursuant to laws applicable and the Report, can be the beneficiaries of variable remunerations to be partly allocated in financial instruments.

The Report establishes the timing for assigning the shares. More specifically, as established in the Report, assigning variable remuneration (therefore also shares) is subordinate to compliance with access gates and possible application of malus and clawback clauses. Variable remuneration is allocated based on the following mechanism:

- A) The portion of variable remuneration to be deferred is 40%, and is paid as follows:
  - 50% in Banca IFIS S.p.A. shares, to be allocated after the three-year vesting period expires and exercisable at the end of the further one-year retention period the shares are subjected to;
  - the remaining 50% of deferred variable remuneration will instead be paid in cash at the end of the three-year period and is subject to annual revaluation at the current legal rate.
- B) the variable component of remuneration not subject to deferral (the remaining 60% - up front) is instead paid:
  - 50% in cash;
  - the remaining 50% in Parent Company shares which will be exercisable at the end of the three-year retention period affecting them, in line with the strategic planning horizon.

The number of shares to be assigned is calculated by considering the average share price for the three months before calculation of the variable pay for the period - which shall occur at the date of the Shareholders’ Meeting called for approval of the financial statements - as the fair value of the share. The number of shares is determined by rounding to the nearest integer.

The plan, linked to the results for the period from 1 January 2021 to 31 December 2021, will end

during financial year 2026, with the end of the retention period provided for the deferred variable component.

Please also note that Internal Audit checked how the remuneration policy complies with the regulatory context, as established by the aforementioned Bank of Italy supervisory provisions. In the light of all the above, we are hereby submitting for your approval the following:

#### RESOLUTION PROPOSAL

*“The Shareholders’ Meeting of Banca IFIS S.p.A., having examined the Board of Directors’ explanatory report in item no. 2 on the agenda and the document called “Remuneration Report” approved by the Board of Directors,*

*a) **resolves to approve** the contents of Section I of the document called “Remuneration Report” drafted pursuant to art. 123-ter of the TUF, also in order to adapt the remuneration policies of the Banca IFIS Banking Group for 2021 and, specifically, also the sub paragraphs (6.1 and 6.2) pursuant to paragraph no. 6 of Section 1 of the document called “Remuneration Report” indexed respectively “Treatment established if the assignment ceases or the work relationship is terminated for key personnel” and “Treatment established if the assignment ceases or the work relationship is terminated for non key personnel”, as well as Annex no. 1 of the Report itself containing the Policy related to the key personnel identification process;*

*b) on acknowledging the report on implementation of remuneration policies during 2020 provided, in compliance with art. 10 of the articles of association and regulations in force on the subject, in the document called “Remuneration Report” drafted pursuant to art. 123-ter of the TUF **resolves to approve** the contents of Section I of the document called “Remuneration Report” drafted pursuant to art. 123-ter of the TUF;*

*c) **resolves to approve** the remuneration plan based on assigning Banca IFIS shares for some company figures described in the information document drafted pursuant to art. 114-bis of the TUF and relative implementation regulations (art. 84-bis of the Issuers’ Regulation) and made*

*available to shareholders as specified by law”.*

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### **Item 3) on the Shareholders’ Meeting agenda**

#### **Appointment of directors; related and ensuing resolutions.**

Dear Shareholders,

as you know, the Independent Director, Mr. Divo Gronchi and the Chief Executive Officer, both appointed by the ordinary Shareholders’ Meeting of 19 April 2019 and taken from the majority slate presented by the shareholder La Scogliera S.p.A., have resigned. Specifically, the former resigned as Company Director on 14 January 2021 with immediate effect and the second, as announced in December 2020, renounced to his Director mandate on 11 February 2021, also delegated, for Company administration to become effective on the date the Shareholders’ Meeting approved the financial statements in April 2021. On 11 February 2021, the Bank’s Board of Directors, with the prior favourable opinion of the Appointments Committee and the Board of Statutory Auditors’ approval, co-opted as board Director replacing Mr Divo Gronchi, Mr Frederik Herman Geertman who has been ascertained to hold all requirements established by the Company articles of association and regulations in force to take on the position.

We therefore kindly request that you confirm the appointment as Board Director of Mr Frederik Herman Geertman, already co-opted to replace Divo Gronchi, informing you that, following his appointment by the Shareholders’ Meeting, the gender balance based on laws currently in force will still be complied with.

For that purpose, in compliance with laws in force, would you kindly examine the curriculum vitae of the candidate and the declaration in which Mr Frederik Herman Geertman accepted the candidacy and declared, under his responsibility, that there were no causes for ineligibility or incompatibility and that he had the requirements established by statutory and legal regulations to take on the appointment as a member of the Company’s Board of Directors. The

aforementioned documents are at your disposal on the website [www.bancaifis.it](http://www.bancaifis.it) (section Corporate Governance / Shareholders' Meeting).

We also kindly request that you appoint a new Director to replace Mr Luciano Colombini, to integrate the composition of the current Board of Directors to twelve Directors, as resolved by the ordinary Shareholders' Meeting of 19 April 2019, specifying on this point that you choose a person holding the independence requirements set forth in art. 11 of the Articles of Association and regulations applicable to the Company on the requirements for bank members. The Board of Directors has not made any specific proposals for the appointment of that director and kindly asks you to decide on the matter based on the proposals that could be formulated before the Shareholders' Meetings.

The Directors appointed will remain in office for the entire mandate of the current Board, hence until the data of the Shareholders' Meeting called to approved the financial statements for the year as at 31 December 2021. As this is a mere integration of the Board of Directors, the Shareholders' Meeting will do so applying the legal majorities with no slate vote, pursuant to art. 11 of the articles of association.

For details on the qualitative-quantitative composition of the Board of Directors, please refer to the document called "Qualitative-quantitative composition of the Board of Directors of Banca IFIS", approved by the Board of Directors on 16 July 2020, made available to shareholders with this annual report on Corporate Governance and shareholding structure.

Lastly, we would like to remind you that the Board of Directors currently in office has 6 directors holding the independence requirements established by the Corporate Governance Code approved by the Corporate Governance Committee of Borsa Italiana S.p.A. and by art. 148, paragraph 3, of the TUF.

In the light of the above, we are submitting the following resolution proposal for your approval and kindly ask you, related to the appointment of the director to replace Mr Luciano Colombini, to resolve based on the proposals that will be submitted before the Shareholders' meeting takes

place:

## RESOLUTION PROPOSAL

*“The Shareholders’ Meeting of Banca IFIS S.p.A., having acknowledged the termination today of the Director Mr Frederik Herman Geertman, appointed through co-option pursuant to art. 2386, paragraph 1 of the (IT) Civil Code and art. 11 of the articles of association in the Board of Directors’ meeting of 11 February 2021 to replace the Director Mr Divo Gronchi, and having examined the explanatory report of the Board of Directors on item no. 3 of the agenda,*

### ***resolves***

*(a) to appoint as Director of the Company, pursuant to and for the effects of article 2386, paragraph 1, of the (It.) Civil Code and art. 11 of the articles of association, Mr Frederik Herman Geertman, born in Oristano (OR) on 15 June 1970 (Tax Code GRT FDR 70H15 G113H) establishing that he remain in office until the maturity of the other Directors currently in office; therefore until the date of the Shareholders’ Meeting to be called to approve the financial statements for the year as at 31 December 2021;*

*(b) to confirm that the fee paid to the latter will be decided based on what was resolved on by the Shareholders’ Meeting of 19 April 2019”.*

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## **Item 4) on the Meeting Agenda**

### **Appointment of the independent auditor: related and ensuing resolutions**

Dear Shareholders,

The Board of Directors of the Bank is submitting for Shareholders’ meeting ratification payment to the independent auditing firm EY S.p.A., appointed to audit accounts for the financial years 2014-2022, of an integration to the fee for year 2019 related to the extraordinary activities, considered not repeatable in subsequent years, performed following the extraordinary transaction to complete acquisition of 90% of the capital of the FBS Group and referred to



specific in-depth analyses requested by specific Bank sectors.

The need to integrate the fee was formalised in a communication from the auditing Company sent to the Bank and to the President of the Board of Statutory Auditors on 27 April 2020, a few days after the Shareholders' Meeting held to approve the financial statements (23 April 2020). The integration requested amounts to Euro 53,100 for 594 hours (of which about 266 hours referable to expanding the corporate scope and about 98 hours referable to a new accounting principle coming into force) and is a fee increase of approximately 11.3% against a 9.2% increase in the hours compared to the total established for the Banca IFIS Group in financial year 2019. In its meeting of 11 May 2020, the Board of Statutory Auditors expressed itself favourable on accepting the fee adjustment proposal submitted by EY S.p.A., considered suited to the special, extraordinary situations that had generated the increased activities required in 2019 (moreover not repeatable).

Having acknowledged the result of assessments conducted by the Board of Statutory Auditors and considering the limited integration amount requested, seeing that the Shareholders' Meeting approving the financial statements (23 April 2020) took place just a few days before the integration request made by EY S.p.A., on 12 May 2020 the Board of Directors deemed it appropriate to pay the sum of Euro 53,100.00 to the auditing company for the increased, extraordinary activities performed in 2019, reserving to request a Shareholders' Meeting ratification at the first useful opportunity.

In the light of all the above, we are hereby submitting for your approval the following:

#### RESOLUTION PROPOSAL

*“The Shareholders' Meeting of Banca IFIS S.p.A., having examined the explanatory report of the Board of Directors in item no. 4 on the agenda, acknowledging what was explained in it and the favourable opinion expressed by the Board of Statutory Auditors, **resolves to ratify** the Board of Directors operations by approving payment to the auditing company EY S.p.A. of the additional amount of Euro 53,100.00 for the increased, extraordinary activities performed in 2019.”*

Dear Shareholders,

the Board of Directors is also submitting for Shareholders' Meeting examination and approval the motivated proposal of the Board of Statutory Auditors on the integration of the times and fee to be paid to the auditing firm EY S.p.A., appointed to audit the accounts for the financial years 2014-2022.

The proposal formulated by the Board of Statutory Auditors will be made available as specified by law, by 2 April 2021.

Venice - Mestre, 23 March 2021