

**Banca SISTEMA S.p.A.**  
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Via certified e-mail

Milan, 23 April 2021

**SUBJECT: Proposal for determining the remuneration of the Board of Directors**

With reference to the Ordinary Shareholders' Meeting of Banca Sistema S.p.A. called for 30 April 2021 on a single call to resolve on, among other things, the following item on the agenda:

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

the Shareholder Società di Gestione delle Partecipazioni in Banca Sistema S.r.l., having acknowledged the content of the Board of Directors' Report to the Shareholders' Meeting relating to the aforementioned item on the agenda, makes the following representations.

The recent introduction of Decree no. 169 of 23 November 2020 issued by the Ministry of the Economy and Finance concerning “the requirements, and the principles of eligibility for office, of bank officers, financial intermediaries, collective loan-guarantee consortiums, electronic money institutions, payment institutions and deposit guarantee systems”, which introduces stricter rules on professionalism and competence criteria as well as independence requirements, together with a significant limitation on the number of offices held by corporate officers, is likely to generate the following effects:

(i) the strict limitations on the number of offices held could reasonably prompt the most qualified corporate representatives to accept appointments only with those intermediaries that can offer the highest levels of remuneration;

ii) the preceding would lead to an unjustified discrimination between the larger intermediaries, who can offer the highest levels of remuneration without any significant impact, and the smaller ones, who, being effectively obliged in any event to offer higher remuneration to their company representatives, will be subject to an increase in the relative cost that is not proportional to either the risk or the size of the intermediary;

iii) in this context, smaller banks would be at an even greater disadvantage than other banks because they are potentially more easily exposed to possible changes of control as a result of the consolidation currently taking place within the banking system;

iv) the scenario described above could generate further uncertainty insofar as it cannot be ruled out that, even during their term of office, corporate officers may receive offers with a higher level of remuneration or multiple offers to serve as corporate officers in companies not subject to

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the limitations on the number of offices held, thereby increasing the number of corporate officers who resign, with the consequent impact on the governance of banks and on the market's perception of their stability;

v) in any case, the significant limitation on the number of offices held exposes the shareholders of the intermediaries, when establishing the list of candidates for corporate officers of the same intermediary, to competition for the best candidates from companies operating in sectors where such limitations do not apply.

Therefore, it is hereby stated that it is our intention to propose to the aforementioned Shareholders' Meeting to determine the remuneration of the Board of Directors for the entire term of office, the appointment of which will be resolved upon under item 4. on the agenda, as follows:

- a. a gross annual amount of € 770,000 for the entire Board of Directors in addition to the reimbursement of out-of-pocket expenses incurred in relation to their ordinary duties, allocated as follows:
  - i. € 45,000 for each of the 9 (nine) members of the Board of Directors.
  - ii. € 125,000 additional remuneration for the office of Chairperson;
  - iii. € 240,000 additional remuneration for the office of Chief Executive Officer;
- b. with the exception of the Chairperson and the Chief Executive Officer, an additional amount above the annual remuneration for participation in each Committee established within the Board of Directors, regardless of the number of meetings thereof, plus the reimbursement of related expenses, as follows:
  - i. € 20,000 gross per annum for the Chairpersons of the Internal Control and Risk Management Committee and the Supervisory Board, and € 15,000 gross per annum for the other members of these two bodies;
  - ii. € 7,000 gross per annum for the Chairpersons of the Appointments Committee, the Remuneration Committee and the Ethics Committee, and € 5,000 gross per annum for the other members of these Committees;
- c. an attendance fee for participation in the meetings of the Board of Directors only in the amount of € 1,500 (gross) for the Chairperson of the Board of Directors, and € 500 (gross) for each Director.
- d. confirmation of the provision of a third-party liability insurance policy covering members of corporate bodies taken out at the Group level and based on specific criteria, as well as a health insurance policy, under the terms and conditions already applied within the Banking group;
- e. to establish, in the event the term of office of the Board of Directors ends prematurely as a result of any extraordinary transaction on the Bank's capital, that all Directors shall automatically receive, for two years, the remuneration referred to in letters a) and b) above, also with regard to the other offices held in connection with the office of Director (e.g. General Manager), for which the Board of Directors is asked to make any relevant contractual adjustments where necessary.

Best regards,

Società di Gestione delle Partecipazioni in Banca Sistema S.r.l.