

BANCA SISTEMA S.P.A.

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

Tax code and Milan Company Register No. 12870770158 - ABI code No. 03158.3

Largo Augusto 1/A, at the corner of Via Verziere 13, 20122 Milan

www.bancasistema.it

**ORDINARY SHAREHOLDERS' MEETING, HELD ON SINGLE CALL
AT THE REGISTERED OFFICE AT LARGO AUGUSTO 1/A, AT THE CORNER OF VIA VERZIERE
13, MILAN
18 APRIL 2019, 10.00 A.M.**

**BOARD OF DIRECTORS' REPORT
ON ITEM 3 OF THE AGENDA**

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

**“APPOINTMENT OF A DIRECTOR PURSUANT TO ARTICLE 2386 OF THE ITALIAN CIVIL CODE.
RELATING AND RESULTING RESOLUTIONS”**

BOARD OF DIRECTORS' REPORT

Dear Shareholders,

On 28 June 2018, the Director Mr. Claudio Pugelli, taken from the list that received the majority of votes at the Shareholders' Meeting of 23 April 2018, resigned as from 30 June 2018 from his position as Director of Banca Sistema S.p.A.

Under article 2386 of the Italian Civil Code and article 10.4, paragraph two (b) of the Articles of Association of Banca Sistema S.p.A., on 13 July 2018, the Board of Directors, after consulting the Appointments Committee and with the approval of the Board of Statutory Auditors, resolved to co-opt Mr. Daniele Pittatore to replace Mr. Claudio Pugelli as Director. Under article 2386 of the Italian Civil Code, Mr. Daniele Pittatore's term of office as non-executive and independent Director, expires on the date of this Shareholders' Meeting.

It is therefore necessary to appoint a Director who shall remain in office for the term of office of the current Board of Directors, and thus until the date of the Shareholders' Meeting called to approve the financial statements at 31 December 2020. In the case in question, the slate voting procedure will not be adopted, given that this is applicable only when the entire Board of Directors is being elected, as set forth by the above article 10.4 of the Articles of Association of Banca Sistema S.p.A. The resolution for the appointment of the Director will therefore be approved by the Shareholders' Meeting with the majorities set forth by law.

Without prejudice to the right to present candidates for the position of Director directly at the Shareholders' Meeting, Shareholders are invited to notify in good time Banca Sistema S.p.A. (by registered post sent to the registered office in Milan - Largo Augusto, 1/A, at the corner of via Verziere, 13 - to the attention of Funzione Affari Societari - Corporate Affairs Department, or by certified email to bancasistema.affarisocietari@legalmail.it) of any proposed nominations that they intend to submit to the Shareholders' Meeting.

Shareholders may only submit proposals if they are accompanied by complete information on both the personal and professional characteristics of the candidates, the statements of the candidates accepting the nomination and affirming, under their personal responsibility, the absence of any grounds making them ineligible or incompatible for such position and that they satisfy the requirements for the position established by applicable law and the Articles of Association (including the satisfaction of any independence requirements established by the Articles of Association and their qualification as "independent" under Article 3 of the Corporate Governance Code for listed companies) as well as the list of any management and control positions they may hold in other companies.

The document "Qualitative and quantitative composition of the Banca Sistema S.p.A. Board of Directors" defined and approved by the Board of Directors on 15 December 2017 and published on the Banca Sistema S.p.A. website, is available to Shareholders in order to enable them to carry out, in due time, the choice of the candidates to be presented for the integration of the Board of Directors, taking into account the skills required and motivating any difference from the evaluation carried out by the Board of Directors.

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Dear Shareholders,

Pursuant to the above, we invite you to complete the Board of Directors by appointing a Director, casting your vote in favour of the proposed candidates.

Milan, 18 March 2019

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