

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 4 OF THE AGENDA**

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

**“APPOINTMENT OF THE INDEPENDENT AUDITORS
AND DETERMINATION OF THEIR FEE.
RELATING AND RESULTING RESOLUTIONS”**

BOARD OF DIRECTORS' REPORT

Dear Shareholders,

The term of the independent auditors KPMG S.p.A appointed by the Shareholders' Meeting on 27 April 2010 expires upon approval by the Shareholders' Meeting of the separate financial statements of Banca Sistema S.p.A. at 31 December 2018.

In accordance with the provisions of Legislative Decree no. 39 of 27 January 2010, the Shareholders' Meeting is asked to resolve on the granting of the engagement to other independent auditors for the period 2019/2027.

The Board of Statutory Auditors will submit to the Shareholders' Meeting, in compliance with the above Legislative Decree no. 39 of 27 January 2010, a reasoned proposal for the appointment of new independent auditors, for the determination of the relevant fee for the full term of office and any adjustment criteria applicable to the fee during the term of office. The proposal of the Board of Statutory Auditors should take into account any offers received by Banca Sistema S.p.A. from independent auditors that participate in the selection.

The reasoned proposal of the Board of Statutory Auditors will be published on the website of Banca Sistema S.p.A. no later than the 21st (twenty-first) day prior to the date of the Shareholders' Meeting (27 March 2019).

Dear Shareholders,

Pursuant to the above, in acknowledging that the engagement to audit the accounts granted to KPMG S.p.A. expires with the approval of the separate financial statements of Banca Sistema S.p.A. and the reasoned proposal of the Board of Statutory Auditors, we invite you to:

- a) grant the engagement to audit the accounts of Banca Sistema S.p.A. to other independent auditors for the period 2019/2027;
- b) determine the relevant fee for the full term of office;
- c) determine the criteria to adjust such fee during the term of office.

Milan, 18 March 2019

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