

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, angolo Via Verziere 13, 20122 Milan

www.bancasistema.it

**ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING, HELD ON SINGLE CALL
AT THE REGISTERED OFFICE AT LARGO AUGUSTO 1/A, ANGOLO VIA VERZIERE 13, MILAN
23 APRIL 2020, 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)

ORDINARY MEETING

**“DETERMINATION OF THE REMUNERATION OF THE BOARD OF STATUTORY AUDITORS.
RELATING AND RESULTING RESOLUTIONS”**

BOARD OF DIRECTORS' REPORT

Dear Shareholders,

With the appointment of the Board of Statutory Auditors resolved under point 3) above in the agenda, it has become necessary, in accordance with Art. 2402 of the Italian Civil Code, to determine the remuneration of this Board for the entire term of office.

In this regard, we remind you that the annual remuneration resolved by the Shareholders' Meeting on 27 April 2017 was determined as follows: a) € 40,000.00 for the Chairperson of the Board of Statutory Auditors; b) € 24,000 for each standing Auditor.

The aforementioned Shareholders' Meeting also resolved to reimburse out-of-pocket expenses incurred by members of the Board of Statutory Auditors in relation to their ordinary duties, including travel expenses.

It should also be remembered that pursuant to Art. 18.6 of the Articles of Association, Statutory Auditors shall not be paid any fee based on financial instruments and linked to the financial management results.

On this basis, in order to determine the remuneration payable to newly-appointed members of the Board of Statutory Auditors, the Shareholders' Meeting is asked to bear in mind the growth achieved by Banca Sistema over the last three years, the significant results recorded for the same period, the Group's more structured composition, and the increased complexity and intensity of the tasks assigned to the Board of Statutory Auditors to ensure compliance with supervisory regulations.

In order to assist Shareholders in formulating their proposals, it should be noted that a survey conducted by the Bank in 2018 on a peer group (i.e. listed intermediaries and issuers of a similar size to Banca Sistema), found that an increase of around 50% in current remuneration would need to be considered for the Chairperson and for each member of the Board of Statutory Auditors to align the remuneration of the members to reference market levels.

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Dear Shareholders,

We ask you to formulate proposals on this agenda item and to approve one of them.

Milan, 12 March 2020

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