

BANCA SISTEMA S.P.A.
Fully Paid-in Share Capital EUR 9,650,526.24
Tax Code and Milan Companies' Register No. 12870770158 – ABI 03158.3
Corso Monforte 20 - 20122 Milan

www.bancasistema.it

**ORDINARY SHAREHOLDERS' MEETING, HELD ON SINGLE CALL
AT THE REGISTERED OFFICE IN MILAN - CORSO MONFORTE 20
27 APRIL 2017 - 10.00 A.M.**

**DIRECTORS' EXPLANATORY REPORT
ON ITEM 8 OF THE AGENDA**

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

**REMUNERATION REPORT: RESOLUTION PURSUANT TO ART. 123-TER,
PARAGRAPH 6 OF ITALIAN LEGISLATIVE DECREE NO. 58/1998;**

DIRECTORS' EXPLANATORY REPORT

Dear Shareholders,

in accordance with art. 123-ter of the Consolidated Law on Finance, article 84-quater and Annex 3A, Schedule 7-bis of the Issuers' Regulation and article 6 of the Corporate Governance Code adopted by the Corporate Governance Committee of Borsa Italiana S.p.A., on 8 March 2017 the Board of Directors, based upon the proposal made by the Remuneration Committee on the occasion of the meeting held on the same day, prepared and approved the Remuneration Report, which includes:

- in Section I, a description of the 2017 Policies and an overview of the procedures followed to adopt and implement said Policies;
- in Section II, the details of remuneration paid, on any grounds and in any form, to the members of the Board of Directors and the Board of Statutory Auditors, to the General Manager and to the aggregate of the Company's Strategic Executives in the financial year ended 31 December 2016.

Please refer to the Remuneration Report which is published pursuant to law as well on the Company's website.

In accordance with article 123-ter, paragraph 6 of the Consolidated Law on Finance, Section I, the Remuneration Report is subject to a non-binding resolution being passed by the ordinary Shareholders' Meeting called to approve the financial statements as at 31 December 2016.

* * * *

Therefore, the following proposed resolution is hereby submitted for your approval:

"The ordinary Shareholders' Meeting of Banca Sistema S.p.A.,

- *having acknowledged the Remuneration Report approved by the Company's Board of Directors on 8 March 2017 and subsequently updated on 28 March 2017, based upon the proposal made by the Remuneration Committee on the occasion of the meeting held on the same day, in accordance with art. 123-ter of the Consolidated Law on Finance, article 84-quater and Annex 3A, Schedule 7-bis of the Issuers' Regulation*

resolves

in favour of Section I of the Remuneration Report.

Milan, 6 April 2017

For the Board of Directors
Luitgard Spögler
Chairwoman of the Board of Directors