

BANCA SISTEMA S.P.A.

Share capital Euro € 9.650.526,24 fully paid-in

Tax Code and registration number with the Milan Register of Companies

12870770158 – ABI 03158.3

Corso Monforte, 20 - 20122 Milan

www.bancasistema.it

**ORDINARY SHAREHOLDERS' MEETING CONVENED IN A SINGLE CALL AT THE
REGISTERED OFFICE LOCATED AT CORSO MONFORTE 20, MILAN
27 NOVEMBER 2015, 2:00 P.M.**

**DIRECTORS' EXPLANATORY REPORT ON THE PROPOSALS CONCERNING
ITEM 2) ON THE AGENDA OF THE**

**(Report pursuant to article 125-ter of Italian Legislative Decree no. 58 of
24th February 1998 - "Consolidated Law on Finance")**

**DETERMINATION, IN ACCORDANCE WITH ARTICLE 9.2 OF THE ARTICLES OF
ASSOCIATION, OF THE REMUNERATION FOR DIRECTORS FOR THEIR WORK ON THE
BOARD OF DIRECTORS, THE BOARD COMMITTEES AND OTHER COMPANY'S BODIES**

DIRECTORS' EXPLANATORY REPORT

Dear Shareholders,

You have been convened for the purpose of adopting resolutions with regards to the proposal contained under item 2) of the agenda of the Ordinary Shareholders' Meeting:

- **Determination, in accordance with Article 9.2 of the Articles of Association, of the remuneration for Directors for their work on the Board of Directors, the Board Committees and other Company's bodies**

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As a consequence of the appointment of the Board of Directors resolved under item 1) of the agenda, it is now necessary to determine the remuneration to be granted to the Members of said corporate body.

It is reminded that – in accordance with the provisions of Article 9.2 and Article 17.3 of the By-laws – the Members of the administrative body shall be granted an annual fee and reimbursement of expenses incurred in the performance of their duties, including travel expenses and business trip, as determined by the Shareholders' Meeting on the occasion of their appointment, as well as an additional compensation for the positions held in the Executive Committee and other Internal Committees.

Dear Shareholders,

in view of the above, you are kindly invited to determine the remuneration to be granted to the Members of the Board of Directors and, to this extent, it is reminded that the annual remuneration set for the Board of Directors previously in charge was amounting to Euro 282,000, split into Euro 90,000 to the Chairman of the Board and Euro 24,000 to each of the other Directors, to which an additional annual fee for being part of each Internal Committee appointed within the Board of Directors was added, regardless of the number of meetings held for any Committee, in addition to the reimbursement of expenses. The amount previously determined was the following:

- Executive Committee: Euro 18,000
- Internal Auditing Committee and Risk Control: Euro 14.000
- Nominations Committee: Euro 3.500
- Remuneration Committee: Euro 3.500
- Ethics Committee: Euro 7.000
- Supervisory Committee: Euro 14.000

In this regard, it is noted that Mr. Gianluca Garbi receives, as General Manager and, therefore, as employee of the Bank, an annual salary of Euro 326,000; said compensation is subject to tax relief under Law No. 238 of 30 December 2010 ("Tax incentives for re-employment in Italy"), and it will be automatically incremented to achieve an identical net compensation when the above tax relief will cease to be applied.

Milan, October 15, 2015

For the Board of Directors
Prof. Giorgio Basevi
Chairman of the Board of Directors