

**BANCA SISTEMA S.P.A.**

Fully paid up Share Capital € 9,650,526.24

Tax Code and Milan Companies' Register No. 12870770158 – ABI (Italian Banking Association)

Code 03158.3

Corso Monforte, 20 - 20122 Milan

[www.bancasistema.it](http://www.bancasistema.it)

**ORDINARY SHAREHOLDERS' MEETING HELD ON SINGLE CALL  
AT THE REGISTERED OFFICE IN MILAN - CORSO MONFORTE 20  
27 APRIL 2017, 10:00 AM**

**BOARD OF DIRECTORS' EXPLANATORY REPORT ON  
ITEM 4) OF THE AGENDA**

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

**“APPOINTMENT OF A DIRECTOR PURSUANT TO ARTICLE 2386 OF THE CIVIL CODE”**

### **BOARD OF DIRECTORS' REPORT**

Dear Shareholders,

on 1 June 2016 Mr. Michele Calzolari - who was drawn from the list submitted by Società di Gestione delle Partecipazioni di BancaSintesi S.r.l. (now Società di Gestione delle Partecipazioni di BancaSistema S.r.l.), Fondazione Sicilia, Fondazione Pisa and Fondazione Cassa di Risparmio di Alessandria - resigned from the office of Director as of 31 May 2016.

Pursuant to article 2386, first paragraph of the civil code and art. 10.4, second paragraph, letter b) of the Articles of Association of Banca Sistema S.p.A., on 10 June 2016 the Board of Directors co-opted to replace Mr Michele Calzolari with Mrs Ilaria Bennati, after prior consultation with the Nominations Committee and by decision approved by the Board of Statutory Auditors. Pursuant to article 2386, first paragraph of the civil code, Mrs Ilaria Bennati's term of office as a non-executive and independent Director terminates at the date of this Shareholders' Meeting.

A Director therefore needs to be appointed to cover the residual term of office of the current Board of Directors, that is, up to the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2017. The list voting procedure envisaged in article 10.4 of the Articles of Association of Banca Sistema S.p.A. applies only when the entire Board of Directors is being elected. The Shareholders' Meeting is therefore asked to adopt the decision on the appointment of the Director in accordance with the applicable legal majorities and subject to compliance with the principles of independence and gender balance prescribed by current laws and regulations.

Without prejudice to the right to present candidates for the position of Director directly at the Shareholders' Meeting, Shareholders are invited to notify the Company and the public, with appropriate advance notice, of any proposed nominations that they intend to submit to the Shareholders' Meeting. Such proposals must be 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 set out in the Articles of Association and their qualification as "independent" under Article 3 of the Corporate Governance Code) as well as the list of any management and control positions they may hold in other companies.

The document "Qualitative and quantitative composition of Banca Sistema's Board of Directors", which was defined and approved by the Board of Directors on 15 December 2016 and published on the Company's website, is available to Shareholders to enable the timely choice of the candidates to be presented as new members 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.

In consideration of the work carried out by the Director Ilaria Bennati over the past few months, the Board is recommending that she be confirmed as Director of the Company. In this regard, complete information on the personal and professional characteristics of the Director are available on the Company's website. Furthermore, in the meeting held on 10 June 2016, the Board of Directors verified that the Director Ilaria Bennati satisfies the requirements of integrity, professionalism and independence and ascertained, on the basis of the statement provided by Mrs Bennati, the absence of causes of incompatibility pursuant to art. 36 of Decree Law No. 201 of 6 December 2011, as

# BANCA

## S I S T E M A

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converted with amendments into Law No. 214 of 22 December 2011 ("interlocking"). The satisfaction of the independence requirements provided for by law, as set out in art. 10.3 of the Company's Articles of Association, was verified most recently at the Board of Directors' meeting on 28 October 2016.

\* \* \*

Dear Shareholders,

in consideration of the foregoing, we are therefore asking you to pass the following resolution:

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

***resolves:***

*to confirm Mrs Ilaria Bennati to the office of Board Director in accordance with art. 2386 of the Civil Code and art. 10.4 of the Articles of Association of Banca Sistema S.p.A. Mrs Ilaria Bennati will remain in office for the residual term of office of the current Board of Directors, that is, up to the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2017.*

Milan, 17 March 2017

On behalf of the Board of Directors  
Ms Luitgard Spögler  
Chairwoman of the Board of Directors