

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

**ORDINARY SHAREHOLDERS' MEETING, HELD ON SINGLE CALL
AT THE REGISTERED OFFICE IN MILAN - CORSO MONFORTE 20
23 APRIL 2018 - 10.00 A.M.**

**BOARD OF DIRECTORS' EXPLANATORY REPORT ON
ITEM 6) OF THE AGENDA**

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

**"REMUNERATION REPORT: RESOLUTION PURSUANT TO ART. 123-TER,
PARAGRAPH 6 OF ITALIAN LEGISLATIVE DECREE NO. 58/1998 AND
SUBSEQUENT AMENDMENTS AND INTEGRATIONS"**

BOARD OF DIRECTORS' REPORT

Dear Shareholders,

your attention is drawn to the Remuneration Report drawn up in accordance with art. 123-ter of Italian Legislative Decree No. 58/1998, as amended (the "**Consolidated Law on Finance**"), art. 84-quater and Annex 3A, Schedule 7-bis of Consob Regulation No. 11971/1999, as amended (the "**Issuers' Regulation**").

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 2018 the Board of Directors, based upon the proposal made by the Remuneration Committee on the occasion of the meeting held on 7 March 2018, prepared and approved the Remuneration Report, which includes:

- in Section I, a description of the 2018 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 2017.

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 of 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 2017.

* * * *

Dear Shareholders,

In relation to the foregoing, we are therefore asking you to pass the following resolution:

"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 2018 based upon the proposal made by the Remuneration Committee on the occasion of the meeting held on 7 March 2018, 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, 30 March 2018

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