

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 2 OF THE AGENDA**

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

**ORDINARY MEETING
"ALLOCATION OF THE PROFIT FOR THE YEAR 2019.
RELATING AND RESULTING RESOLUTIONS"**

BOARD OF DIRECTORS' REPORT

Dear Shareholders,

We refer to the proposed resolution submitted to the Ordinary Shareholders' Meeting, as described below, on the proposed allocation of the profit for 2019.

In the separate financial statements, Banca Sistema S.p.A. reported a profit for the year 2019 of € 29,955,723.45.

The Board of Directors, which met in an extraordinary meeting on 3 April 2020, having considered the recommendation published by the Bank of Italy on 27 March 2020, which was preceded by that of the European Central Bank on 27 March 2020, in response to the extraordinary emergency caused by the spread of COVID-19 and after careful evaluation, resolved to propose to this Ordinary Shareholders' Meeting that the profit for the year be allocated as follows:

- to dividend of € 7,479,157.84 for the 80,421,052 ordinary shares, equal to € 0.093 per share;
- the remainder of € 22,476,565.61 to retained earnings, noting that no allocation to the legal reserve was made since the limits set out in Article 2430 of the Italian Civil Code were reached;

The Board of Directors, during the meeting referred to above, also resolved to propose to this Ordinary Shareholders' Meeting that the decision and the resulting commitment on the payment of the dividend be postponed to the resolution of a new Shareholders' Meeting to be convened by the Board of Directors no earlier than 1 October 2020, in accordance with the supervisory provisions or other recommendations of the Supervisory Authorities.

* * *

Dear Shareholders,

With reference to the above, we invite you to approve the following resolutions:

"The Ordinary Shareholders' Meeting of Banca Sistema S.p.A., pursuant to the decisions made during the approval of the financial statements at 31 December 2019,

resolves:

(i) to allocate the profit for the year 2019 of Banca Sistema S.p.A. equal to € 29,955,723.45 as follows:

- *to dividend of € 7,479,157.84 for the 80,421,052 ordinary shares, equal to € 0.093 per share;*
- *the remainder of € 22,476,565.61 to retained earnings;*

in the manner and within the terms set forth by this Report. Please note that no allocation to the legal reserve was made since the limits set out in Article 2430 of the Italian Civil Code were reached.

(ii) to defer the decision on the payment of the dividend and the resulting commitment to the resolution of a new Shareholders' Meeting to be convened by the Board of Directors no earlier than 1 October 2020, in accordance with the supervisory provisions or other recommendations of the Supervisory Authorities".

This proposed resolution replaces the one published on 30 March 2020.

Milan, 3 April 2020

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