

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, at the corner of Via Verziere 13, 20122 Milan

www.bancasistema.it

**ORDINARY SHAREHOLDERS' MEETING, HELD ON SINGLE CALL
AT THE REGISTERED OFFICE AT LARGO AUGUSTO 1/A, AT THE CORNER OF VIA VERZIERE
13, MILAN
18 APRIL 2019, 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)

**"ALLOCATION OF THE PROFIT FOR THE YEAR 2018.
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 2018.

In the separate financial statements, Banca Sistema S.p.A. reported a profit for the year 2018 of € 28,070,559.59.

In line with the allocations proposed in previous years, the Board of Directors proposes that the profit for the year 2018 should be allocated as follows:

- to dividend of € 6,996,631.52 for the 80,421,052 ordinary shares, equal to € 0.087 per share;
- the remainder of € 21,073,928.07 to retained earnings.

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.

We also propose that the allocation of the dividend be made in cash, in accordance with the provisions of applicable laws and regulations, with ex-dividend date of 6 May 2019, and payment on 8 May 2019. Under the provisions of article 83-terdecies of Legislative Decree 58/1998 (Consolidated Law on Finance), all those who are registered as shareholders according to the accounting records at the end of the accounting day of 7 May 2019 (record date) will be entitled to receive the above dividend.

* * *

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 approval of the financial statements at 31 December 2018,

resolves:

- (i) to allocate the profit for the year 2018 of Banca Sistema S.p.A. equal to € 28,070,559.59 as follows:
 - to dividend of € 6,996,631.52 for the 80,421,052 ordinary shares, equal to € 0.087 per share;
 - the remainder of € 21,073,928.07 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 pay the above dividend as of 8 May 2019. Payment will be made through the authorised intermediaries with whom the shares in the Monte Titoli System are registered.

Milan, 27 March 2019

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