

**PRESS RELEASE**

**Press release pursuant article 84-bis, paragraph 3, Consob resolution n° 11971 of 14<sup>th</sup> May 1999, as subsequently amended, as regards to the following proposals to the Shareholders' Meeting:**

- **Adoption of the “*Stock Option Plan of BFF Banking Group – 2020 SOP*”**
- **Approval of the capital increase without payment to serve, *inter alia*, the “*Stock Option Plan of BFF Banking Group – 2020 SOP*”**

*Milan, 25<sup>th</sup> February 2020* – The Board of Directors of Banca Farmafactoring S.p.A. (the “**Bank**” or the “**Company**”), during today’s meeting, resolved to submit the following proposals for approval at the Shareholders’ Meeting, both Ordinary and Extraordinary, called in a single session on 2<sup>nd</sup> April 2020 (the “**2020 AGM**”):

- (i) the adoption of the “*Stock Option Plan of BFF Banking Group – 2020 SOP*” (the “**Plan**” or “**2020 SOP**”);
- (ii) the approval of the capital increase without payment to serve, *inter alia*, the 2020 SOP.

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**PROPOSAL TO ADOPT THE PLAN**

Pursuant to art. 84-bis, paragraph 3, of the regulation adopted by Consob with resolution n° 11971 of 14<sup>th</sup> May 1999, as subsequently amended (the “**Issuers Regulation**” – “*Regolamento Emittenti*”), the essential characteristics of the Plan are synthetically reported below.

The Board of Directors Report, which describes in detail the Plan submitted for approval at the 2020 AGM, and the relevant Information Document will be made available to the public by the date of the publication of the Notice of Call of the Shareholders’ Meeting, all pursuant to articles 114-bis and 125-ter, paragraph 1, of the Legislative Decree 24<sup>th</sup> February 1998 n° 58, as subsequently amended (Consolidated Law on Finance – “*Testo Unico della Finanza*”), and 84-ter of the Issuers Regulation.

**Plan rational**

The objectives of the Plan are:

- a) to favour the integration of the management, making management to participate in the Company’s results;
- b) to provide an incentive to create value for the Bank and shareholders;
- c) to enhance the ability to retain key resources;

- d) to improve competitiveness of the Group in the labour market, making it more effective to attract the best talents in the market, with expertise and skills fitting the needs of the Group;
- e) to promote the Bank's sustainability in the medium-long term, and to ensure that the remuneration is based on the results really achieved.

### **Beneficiaries of the Plan**

The 2020 SOP, which consists of three tranches and provides the assignment, by 31<sup>st</sup> December 2022, of maximum n° 8,960,000 options, each giving the right to receive Bank's ordinary shares at conditions, terms and procedures set in the Plan (the "**Options**"), is reserved for employees and/or to executive Directors of the Company and/or of its subsidiaries.

The beneficiaries' names, and other information required by paragraph 1 of Scheme 7, Attachment 3A of the Issuers Regulation will be provided in the Table n° 1 of Scheme 7, Attachment 3A of the Issuers Regulation, pursuant art. 84-*bis*, paragraph 5, of the Issuers Regulation.

### **Characteristics of the financial instruments assigned according to the Plan**

The 2020 SOP 2020 provides the assignment to the beneficiaries of Options. The Options, when exercised, give the beneficiaries the right to receive shares of the Bank, with regular dividend entitlement, at conditions, terms and procedures established by the Plan, which envisage the settlement of the Options on a cash-less basis only. This exercise method implies a dilutive effect of the Plan equal to 1.9% (on a fully diluted share capital basis) which, cumulated with the dilutive effect of the "*Stock Option Plan of the Banca Farmafactoring banking Group*" adopted in 2016, as amended following the resolution of the Shareholders' Meeting of the Bank on 28<sup>th</sup> March 2019 ("**2016 SOP**"), corresponds to approximately 3.5% of the fully diluted share capital. This overall dilutive effect is the results of the acceptance by the Bank of an irrevocable request to authorize the exercise of the options exclusively on a cash-less basis by the beneficiaries of the 2016 SOP (see the press release of 24<sup>th</sup> October 2019, available in the *Investors > Press Releases* section of the Group's website).

The Options are subject to a 3-year vesting period and to remaining employee or executive director, as well as to the satisfaction of certain corporate performance parameters, and can be exercised by the beneficiaries over a period of 24 months starting from (i) the last day of the vesting period (for vested options not subject to a deferral period) and (ii) the end of the deferral period (equal to 18 months from the last day of the vesting period of the Options) for options assigned to Risk Takers (i.e. persons whose professional activity has or may have a significant impact on the Group's risk profile, as identified according to the criteria set in the Policy) and subject to deferral.

The Options' strike price is calculated according to the applicable provisions of the Plan, in accordance with a formula that takes into account, among other things, the performance of the Bank's share price on the Options' assignment date.

The Options are assigned to the beneficiaries on a personal basis.

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### **PROPOSAL FOR APPROVAL OF A CAPITAL INCREASE WITHOUT PAYMENT TO SERVE, *INTER ALIA*, THE PLAN**

The Board of Directors of the Bank resolved to submit for approval at the 2020 AGM the following proposals:

- (i) to revoke, for the portion not executed, the share capital increase with payment, in divisible form, to be executed by 5<sup>th</sup> December 2028, with the exclusion of option rights pursuant to art. 2441, fifth and sixth paragraphs, of the Italian Civil Code, resolved by the Extraordinary Shareholders' Meeting of the Bank on 28<sup>th</sup> March 2019 to serve the "*Stock Option Plan of the Banca Farmafactoring banking Group*" in force at the time;
- (ii) to revoke, for the portion not executed, the delegation granted pursuant to art. 2443 of the Italian Civil Code, by the Extraordinary Shareholders' Meeting of the Bank on 28<sup>th</sup> March 2019 to the Board of Directors, to increase the share capital without payment, in one or more tranches, also in divisible form, for a maximum of Euro 3,003,000 with a maximum of 3,900,000 newly issued ordinary shares, with no indication of nominal value, with the same characteristics as the outstanding ones, regular dividend entitlement, at an issue value equal to the accounting par value of the Banca Farmafactoring shares at the date of execution of the delegation, to be accounted as share capital for requirements connected with the Company's remuneration and incentive policies. Consequently, also the capital increase approved by the Board of Directors on 8<sup>th</sup> April 2019, according to the delegation and only for to the portion of the capital increase not executed, is revoked;
- (iii) to increase the share capital without payment in divisible form and to be carried out in one or more tranches, by 31<sup>st</sup> December 2028, with the issue of maximum n° 6,824,108 ordinary shares, with no indication of nominal value, having the same characteristics as the outstanding ones, regular dividend entitlement, at an issue value equal to the accounting par value of Banca Farmafactoring shares to be accounted as share capital, for a maximum amount of Euro 5,254,563.16 (the "**Capital Increase Without Payment**").

The proposal to replace the existing capital increases with the Capital Increase Without Payment is primarily aimed at rationalizing the system of capital increases in place to serve the Group's incentive instruments, and reducing the dilutive effect for shareholders in accordance with the structure of the Group's incentive plans, which allows the exercise of options on a cash-less basis and, consequently, requires a lower number of ordinary shares to serve the exercise of the Options.

The Capital Increase Without Payment, similarly to the capital increases proposed to be revoked, is also aimed at serving requirements related to the Company's remuneration and incentive policies, with reference, in particular, to:

- (i) the need to balance cash and financial instruments in the variable remuneration of the Group's Risk Takers, which may become due under the "Management by Objective" system provided by the Policy in force from time to time;
- (ii) the 2016 SOP;
- (iii) the 2020 SOP; and
- (iv) any additional compensation plans based on financial instruments that may be approved in the future on the proposal of the Board of Directors, in accordance with the abovementioned Policy and current legislation.

There is no bank consortium to guarantee the execution of the Capital Increase Without Payment and there are no shareholders that expressed their willingness to subscribe the capital increase.

The Board of Directors Report about the Capital Increase Without Payment proposal will be made available to the public, within the terms required by law, at the registered office of the Bank in Milan – Via Domenichino n° 5, on the Group's website [www.bffgroup.com](http://www.bffgroup.com) (*Governance > Shareholders' Meeting Documentation* section), as well as on the "1Info" authorized storage system at the website [www.1info.it](http://www.1info.it).

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This press release is available on-line on BFF Group's website [www.bffgroup.com](http://www.bffgroup.com) within the section *Investors > Press Releases*.

#### **BFF Banking Group**

BFF Banking Group, listed on the Milan Stock Exchange since 2017, is the leading player specialised in the management and non-recourse factoring of trade receivables due from the Public Administrations in Europe. The Group operates in Italy, Croatia, Czech Republic, France, Greece, Poland, Portugal, Slovakia and Spain. It is also active in Germany, The Netherlands and Ireland with on-line term deposits, by serving a total of 12 Countries across Europe. In 2019 it reported a consolidated Adjusted Net Profit of € 98.8 million, with a 10.9% Group CET1 ratio at the end of December 2019. [www.bffgroup.com](http://www.bffgroup.com)

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