

**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS ON THE THIRD ITEM ON THE
AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING**

(convened on 2 April 2020 in a single call)

Appointment of a director. Related resolutions.

Dear Shareholders,

the Board of Directors of Banca Farmafactoring S.p.A. (the "**Bank**" or the "**Company**") has convened you at the Company's registered office in a **single call** (the "**Shareholders' Meeting**" to discuss and resolve, among other things, on the appointment of a new Director, following the resignation of Director Luigi Sbozzi, on 9 December 2019 (Director who had been appointed, by list vote, from the list that had obtained the majority of votes at the Shareholders' Meeting).

In this regard, the Board of Directors, at the meeting held on 11 December 2019 - after receiving the favourable opinion of the Nomination Committee, which assessed the candidate's suitability to hold the position of Director of the Bank - co-opted Giorgia Rodigari as non-executive and non-independent Director, pursuant to Article 2386 of the Italian Civil Code and Article 14 of the By-Laws, by resolution approved by the Board of Statutory Auditors.

The Board of Directors has verified, in particular, Ing. Rodigari's compliance with the requirements of current laws and regulations, as well as internal regulations, and her suitability for the office, taking into account, inter alia, (i) the provisions of the *Board of Directors' Diversity Policy*, (ii) the results of the annual self-assessment process, as well as (iii) the indications expressed in the *Guidelines on the qualitative-quantitative composition of the Board of Directors: indications to the Shareholders and the new Board of Directors*, (the "**Shareholders' Guidelines**", published on the Bank's website at the following address: <https://it.bffgroup.com/it/assemblea-degli-azionisti-5-aprile-2018-new>).

As provided for by Article 2386 of the Italian Civil Code, the Director appointed by co-optation remains in office until the first subsequent Shareholders' Meeting, which is therefore called to resolve on the matter.

Having said this, the Board of Directors proposes to confirm the appointment of the co-opted Director, Ing. Giorgia Rodigari, who has indicated her willingness to accept the candidature. The curriculum vitae of the candidate, together with the *Declaration of acceptance of her candidature for the position of director*, in accordance with the format attached to the Shareholders' Guidelines, is published, together with this report, on the Bank's website at the following address: <https://it.bffgroup.com/it/assemblea-degli-azionisti-2-aprile-2020>.

It should be noted that, should Ing. Rodigari be confirmed, the composition of the Board of Directors would be aligned, on a voluntary basis (as it would be in advance of the next renewal of the Board of Directors), with the indications of Article 147-ter of the TUF, according to which the less represented gender must obtain at least two fifths of the elected directors.

It should also be noted that, in accordance with the provisions of Article 15 of the By-Laws, for the appointment of the Director, since it is a matter of co-optation, the Shareholders' Meeting will decide by a legal majority, without the application of list voting, without prejudice, in any case, to the respect of the gender balance provided for by the law.

Shareholders who intend to submit any other candidacy are invited to take into consideration the guidance provided to Shareholders by the Board of Directors, as illustrated in the Shareholders' Guidelines, to which reference is hereby expressly made.

Such applications must, in addition, be accompanied by:

- declarations - in Italian and/or English - by which the individual candidates (i) accept the candidature, and (ii) certify, under their own responsibility, that there are no grounds for ineligibility and incompatibility, and that they meet the requirements prescribed by law and the By-Laws (a facsimile of which is attached to the Shareholders' Guidelines);
- the curriculum vitae - in Italian and/or English - of each candidate, signed and dated, containing exhaustive information on his/her personal and professional characteristics, as well as the skills acquired in the banking, financial and/or other relevant areas, as indicated more in detail in the Shareholders' Guidelines, together with an indication of the directorship and control positions held in other companies, and any eligibility to qualify as independent.

Although there are no specific procedures for the submission of applications, shareholders are invited to file them at the Company's registered office at Via Domenichino 5, Milan, for the attention of the Corporate Affairs Secretariat, or by certified e-mail assemblea@pec.bancafarmafactoring.it, in order to allow the Company to publish them at least twenty days before the date of the Shareholders' Meeting.

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Having said that, if you agree with the contents and arguments set out in the Directors' Report, we submit the following proposal for your approval:

“The Shareholders' Meeting of Banca Farmafactoring S.p.A., having reviewed the report of the Board of Directors on this item on the Agenda,

resolved

1. *to integrate the Board of Directors, confirming the appointment of the director already co-opted by the Board on 11 December 2019, Ing. Giorgia Rodigari, born in Milan on 23 July 1983, resident in London (UK), Devonshire Street 46-H, tax code RDGRG83L63F205E, who*

will remain in office until the expiry of the current Board of Directors and, therefore, until the Shareholders' Meeting called to approve the financial statements for the year 2020;

2. *to grant Director Giorgia Rodigari the same total annual gross remuneration assigned to the other members of the Board of Directors, equal to Euro 50,000, to be paid pro rata temporis, in addition to reimbursement of expenses.*

Milan, 25 February 2020

For the Board of Directors
The Chairman
Salvatore Messina