



PRESS RELEASE

PRESS RELEASE PURSUANT TO ART. 84-BIS, PARAGRAPH 3, CONSOB RESOLUTION N° 11971 OF MAY 14TH, 1999 AS SUBSEQUENTLY AMENDED, AS REGARDS:

- **CHANGES OF “STOCK OPTION PLAN OF BANCA FARMAFACTORING BANKING GROUP”**
- **ONE-OFF STOCK GRANT OF BFF SHARES TO BFF GROUP’S EMPLOYEES**
- **CAPITAL INCREASES TO SERVICE THE “STOCK OPTION PLAN OF BANCA FARMAFACTORING BANKING GROUP” AND THE ONE-OFF STOCK GRANT**

Milan, February 19th, 2019 – During the meeting held today, the Board of Directors of Banca Farmafactoring S.p.A. (the “Bank” or the “Company”) resolved to submit the following proposals for approval at the Shareholders’ Meeting to be held on March 28th, 2019 (the “2019 Meeting”):

- (i) the change of “Stock Option Plan of Banca Farmafactoring Banking Group” approved at the Shareholders’ Meeting held on December 5th, 2016 (the “Plan”);
- (ii) the approval of a one-off stock grant of Bank’s shares to BFF Group’s employees; and
- (iii) the approval of the capital increase proposals to serve the incentive plans of the previous points (i) e (ii).

PROPOSED CHANGES TO THE EXISTING PLAN

Pursuant to art. 84-bis, paragraph 3, of the regulation adopted by Consob with resolution n° 11971 of May 14th, 1999, as subsequently amended (the “Issuers Regulation”), before illustrating the changes to the Plan submitted for approval at the 2019 Meeting, the essential characteristics of the Plan not subject to amendments are summarised below.

Both the Board of Directors Report, which describes in detail the changes submitted for approval at the 2019 Meeting, and the Information Document, which contains the information about the Plan, will be made available to the public by the publication date term of the Notice of Call of the Shareholders’ Meeting all pursuant to articles 114-bis and 125-ter, paragraph 1, Legislative Decree February 24th, 1998 n° 58, as subsequently amended, and 84-ter of the Issuers Regulation.

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Plan rational

The objectives that, at that time, lead to the Plan adoption, are the following ones: a) to favour the integration of 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 in the labour market, making it more effective to attract the best talents in the market; e) to promote the Bank's sustainability in the medium-long term, and to ensure that the remuneration is based on the results actually achieved.

Beneficiaries of the Plan

The Plan, which consist of three *tranches* and provides the assignment of a maximum of n° 8,960,000 options, each giving the right to receive Bank shares at conditions and with terms and methodologies set out in the Plan (the “**Options**”), is reserved for employees and/or to non-independent Directors of the Company and/or of its subsidiaries, identified by the Board of Directors, after the consultation of the Banks’ Remuneration Committee. As of today, n° 7,756,802 Options have already been assigned. The Options of the third *tranche* shall be assigned by December 31st, 2019.

The beneficiaries' names, and other information required by paragraph 1, Scheme 7, Attachment 3A of the Issuers Regulation (*Regolamento Emittenti*) will be provided in Table n° 1 of Scheme 7, Attachment 3A of the Issuers Regulation (*Regolamento Emittenti*) attached to the Information Document that the Company has prepared in relation to the Plan.

Characteristics of the financial instruments assigned according to the Plan

The Plan provides the assignment to the beneficiaries of the Options. The Options, when exercised, give the beneficiaries the right to receive shares of the Bank at conditions, terms and ways established by the Plan.

The Options accrue after a vesting period, subject to certain conditions of permanence of a working relationship as an employee and/or Director, and certain business performance parameters. The Options can be exercised by beneficiaries within two years after the 12 months following the last day of the *vesting* period.

The exercise price of the Options is calculated according to the regulation of the Plan, in adherence to a formula that considers the Bank’s stock performance as of the Options’ assignment date.

The Options are assigned to the beneficiaries in a personal capacity. The Bank’s shares received in relation to the exercise of the Options have regular dividends and rights.

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Proposal to change the Plan

Given all the above, and that the reasons underling the adoption of the Plan have not changed, the Bank informs that today the Board of Directors resolved to submit for the approval at the 2019 Meeting the following amendments of the Plan:

- *Integration of the cash-less exercise method*

The first change concerns the proposal to give the Board of Directors the power to grant the beneficiaries of the Plan the chance to exercise the Options on a cash-less basis. The cash-less exercise method allows the exercise of the Options, without any financial expense, by the beneficiaries who cannot or do not want to pay the disbursement related to the payment of the exercise price and the related tax burden. Upon the exercise of the Options, the beneficiary will receive a number of shares equal to the delta between the exercise price and the share price, determined according to the formulas referred to in the Plan. This mechanism will reduce the dilutive effect resulting from the lower number of shares that may be issued under the Free Delegated Capital Increase (as defined and described below) for the exercise of the Options.

- *Integration of a suspension period for the exercise of the Options*

The Board of Directors also proposed to include in the Plan a provision aimed at suspending the right of beneficiaries to exercise the options in the period beginning on the eighth calendar day preceding the date of the Bank's Board of Directors meeting called for the approval of the year-end financial accounts, and, in the case of dividend distribution, ending on the record date (which precedes the dividend's payment date) pursuant to art. 83-terdecies of *Testo Unico della Finanza*, or, if the Shareholders' Meeting doesn't approve the dividend distribution, on that Shareholders' Meeting date.

The proposal to suspend the exercise period is intended to allow the distribution of all the FY earnings by dividing them among a sure number of outstanding shares on the date the dividend amount is approved by the Board of Directors, avoiding that, on the ex-dividend date, the number of outstanding shares is higher as a result of the new shares issued after the exercise of the Options.

- *Alignment of the Plan with the allocation of power provided by the Policy regarding the remuneration of the Group's personnel*

The Board of Directors proposed to specify in the Plan that - without prejudice to the powers of the Board of Directors regarding the assignment of the total number of Options within each tranche, the identification of the beneficiaries and the assignment of the Options to Directors, senior executives and executives reporting directly to the Chief Executive Officer - the CEO may decide to assign the options not allocated by the Board of Directors to other beneficiaries whose remuneration falls within his/her responsibilities according to the *"Remuneration and incentive policy in favour of the members of the strategic supervision, management and control bodies, and of the personnel of the Banca Farmafactoring Banking Group"*.

This amendment is proposed in order to align the competences of the Board of Directors and of the CEO, as regards the options' assignment according to the Plan, with the powers given to the same bodies by the aforementioned Policy.

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PROPOSAL OF ONE-OFF STOCK GRANT OF BANK'S SHARES TO BFF GROUP'S EMPLOYEES

The Board of Directors of the Company resolved to submit for approval at the 2019 Meeting a one-off stock grant of Bank's shares to all the employees of the Bank and/or its subsidiaries (the "One-Off Grant").

The Board of Directors Report and the Information Document, relative to the proposal for approval of the One-Off Grant, will be made available to the public by the publication date term of the Notice of Call of the Shareholders' Meeting all pursuant to articles 114-bis and 125-ter, paragraph 1, Legislative Decree February 24th, 1998 n° 58, and subsequent amendments, and 84-ter of the Issuers Regulation.

The Company specifies the following, pursuant to art. 84-bis, paragraph 3 of the Issuers Regulation.

One-Off Grant rational

The One-Off Grant aims at rewarding the efforts made by the Company's and Group's employees who played a key role in the Group's growth and development path. In particular, the One-Off Grant is aimed at motivating the beneficiaries, building loyalty, strengthening their sense of belonging to the Group and increasing their participation in the strategies adopted by the Bank.

One-Off Grant beneficiaries

The One-Off Grant applies without distinction to all the persons (employees, middle managers or executives) who on the Grant Date (as defined below) are linked to the Company and/or its subsidiaries by a subordinate employment relationship with permanent contract, and who have the additional subjective requisites provided by the One-Off Grant.

The beneficiaries' names, and other information required by paragraph 1, Scheme 7, Attachment 3A of the Issuers Regulation (*Regolamento Emittenti*) will be provided within the terms pursuant to art. 84-bis, paragraph 5, lett. a), of the Issuers Regulation (*Regolamento Emittenti*).

Characteristics of the financial instruments assigned

The One-Off Grant provides to each beneficiary the right to receive shares of the Company free of charge. The shares will be assigned, in a single allocation, on a date to be decided by the Board of Directors by December 31st, 2019 and, anyhow, after April 2nd, 2019 (the "**Grant Date**").

On the Grant Date each beneficiary will receive a number of Bank shares equivalent to a maximum value of Euro 2,065.00. The number of shares will be based on the market value on

the Grant Date, according to the criteria provided by the Italian tax legislation, and based on the arithmetic average¹ of the prices recorded in the month preceding the Grant Date².

The maximum total number of shares that the Company will assign to all the beneficiaries within the One-Off Grant will be 240,000, corresponding to a maximum dilution impact of 0.14%. The One-Off Grant is not linked to performance parameters. Furthermore, this assignment constitutes a marginal benefit excluded from the rules on remuneration pursuant to the "Supervisory Provisions for Banks" (Paper n° 285/2013).

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PROPOSAL FOR APPROVAL OF CAPITAL INCREASES TO BE USED FOR THE PLAN AND THE ONE-OFF STOCK GRANT

The Board of Directors of the Bank resolved to submit for approval at the 2019 Meeting:

- (i) a capital increase to be executed, in one or more tranches, by December 5th, 2028 and with the exclusion of the option right pursuant to art. 2441, paragraphs 5 and 6, of the Italian Civil Code, for a maximum nominal value of Euro 6,899,200, by issuing, even in several tranches, a maximum of n° 8,960,000 shares without nominal value (the "**Share Capital Increase**");
- (ii) to revoke the resolution to increase the share capital approved by the Extraordinary Shareholders' Meeting on December 5th, 2016 for the Plan.

The Share Capital Increase is aimed at serving the exercise of the options covered by the Plan and that may be received by the Company from all the beneficiaries. The shares that will be issued in the context of the Share Capital Increase will be purchased exclusively by the beneficiaries of the Plan at the exercise price of the options determined pursuant to the Plan. There is no bank consortium to guarantee the execution of the capital increase and there are no shareholders that expressed their willingness to subscribe the capital increase.

The deadline of December 5th, 2028 for the execution of the Share Capital Increase is the same as the capital increase approved by the Shareholders' Meeting on December 5th, 2016.

The Board of Directors also resolved to submit for approval at the 2019 Meeting a proposal of delegation to the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, to carry out a capital increase without payment, divisible and in multiple tranches, according to art. 2349 of the Italian Civil Code, for a period of five years after the shareholders' resolution, and for a maximum amount of Euro 3,003,000, through the issue up to n° 3,900,000 ordinary shares, to be granted to the Group's employees and in relation to the variable remuneration and incentive policies of the Bank ("**Delegated Free Capital Increase**").

¹ In order to calculate the average, it is necessary to consider only the actual days of trading.

² It means the period from the Grant Date to the same day of the previous calendar month.



The Delegated Free Capital Increase is intended to service also the assignment of shares to the beneficiaries of the One-Off Grant, according to the terms and conditions provided therein.

The resolutions of approval of (i) the changes to the Plan for the integration of the *cash-less* exercise method, and (ii) the One-Off Grant will be subject to the approval, by the 2019 Meeting, of the Delegated Free Capital Increase.

The Board of Directors Report on the capital increase proposals will be made available to the public as required by law, at the registered office, on the Company's website www.bffgroup.com, section "Governance/Shareholders' Meetings documentation", as well as at the "1Info" authorized storage mechanism at www.1info.it website.

This press release is available online on BFF Group's website www.bffgroup.com in the section *Investor relations > 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 transfer of trade receivables due from Public Administrations in Europe. The Group operates in Italy, Poland, Czech Republic, Slovakia, Spain, Portugal, Greece and Croatia. In 2018 it recorded a consolidated Adjusted Net Profit of € 91.8 million, with a 10.9% CET1 Group ratio at the end of December 2018. www.bffgroup.com

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