

**PRESS RELEASE**

**Ordinary and Extraordinary Shareholders' Meeting of BFF S.p.A.**

*Milan, March 28<sup>th</sup>, 2019* – Both the Ordinary and the Extraordinary Shareholders' Meeting of BFF S.p.A., the Parent Company of BFF Banking Group, has held today and has adopted the following resolutions.

**ORDINARY PART**

- 1) Item 1 on the agenda: **Financial Statements as of December 31<sup>st</sup>, 2018. Reports by the Board of Directors, the Board of Statutory Auditors and the Independent Auditors. Related resolutions. Presentation of the consolidated Financial Statements of the Banca Farmafactoring Banking Group as of December 31<sup>st</sup>, 2018.** The Shareholders' Meeting approved the Parent Company's fiscal year 2018 financial statements, with a net profit equal to Euro 73,389,737.
  
- 2) Item 2 on the agenda: **Allocation of the net income of the fiscal year. Related resolutions.** The Shareholders' Meeting approved to distribute dividends for a total amount equal to the adjusted consolidated net profit of the Group, as per dividend policy, of Euro 91,753,234, corresponding to 53.9 Euro cents for each of the 170,107,400 BFF ordinary shares, withdrawing Euro 72,990,079 from the 2018 net profit and Euro 18,763,155 from the "Retained earnings reserve". Such dividend includes the portion attributable to the treasury shares that may be held by the Company as of the record date. The dividend payment will take place starting from April 3<sup>rd</sup>, 2019, with ex-dividend date on April 1<sup>st</sup> and record date on April 2<sup>nd</sup>. The dividend yield, based on the closing price of BFF as of yesterday, is equal to 9.6%.
  
- 3) Item 3 on the agenda: **Remuneration and Incentive Policies.**
  - 3.1) **Annual Report on Remuneration; resolutions related to the first section, pursuant to article 123-ter, paragraph 6, of Legislative Decree n°58/1998, and subsequent amendments and additions.** The Shareholders' Meeting approved the new "2019 remuneration and incentive policy in favour of the members of Strategic Supervision, Management and Control Bodies, and the Personnel of Banca Farmafactoring Banking Group" (the "Policy") illustrated in Section I of the Board of Directors' Report on this item of the agenda.
  - 3.2) **Criteria for determining the remuneration in case of early termination of the employment relation or early cessation of the office, including the limits set for**

**such remuneration. Related resolutions.** The Shareholders approved the provisions of Section I of the Report, relating to the cases of early termination of the employment relationship or cessation of the office. The determination of these remunerations is linked to the performance achieved and the risks assumed by the person and by the Bank, and is subject to *ex post* correction mechanisms (loss of the right of the variable remuneration payment and full or partial repayment thereof), within the limits allowed by the collective bargaining agreements, as required by the Supervisory Provisions for Banks. With regards to the part paid in financial instruments, a retention period of not less than one year is applied to the aforementioned remunerations. For the amounts related to golden parachutes, the limits applied are those ones set in the Supervisory Provisions for Remunerations, Section III, paragraph 2.2.2: the agreed amount can be an absolute amount or a multiple of the last fixed, annual, gross, perceived component, with a maximum amount equal to 400%. The amount, therefore, is calculated by valuing the fixed remuneration excluding the benefits' value and the variable elements of the remuneration. A golden parachute is active for the Chief Executive Officer up to a maximum amount corresponding to three times his fixed remuneration.

3.3) **Proposal to amend the *Stock Option Plan of Banca Farmafactoring Banking Group*. Related and consequent resolutions.** The Shareholders' Meeting approved the following changes to the *Stock Option Plan of Banca Farmafactoring Banking Group*, already approved by the Shareholders' Meeting on December 5<sup>th</sup>, 2016 (the "**Plan**"):

- to give the Board of Directors the power to grant to the beneficiaries of the Plan, who request it, the chance to exercise the options on a cash-less basis, receiving newly issued shares within the free capital increase. Upon the exercise of the options, the beneficiary will receive a number of shares equal to the delta between the exercise value and the share value, determined according to the formulas referred to in the Plan;
- to suspend the options' exercise period between the eighth calendar day prior to the date of the Board of Directors called for the approval of the FY financial statements and the record date (or the date of the Shareholders' Meeting, if it doesn't approve the dividend distribution);
- to align the Plan with the allocation of the powers provided by the Policy regarding the remuneration of the Group's personnel; it has been specified in the Plan that – without prejudice to the powers of the Board of Directors on the attribution 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 Chief Executive Officer may decide to allot the options not assigned by the Board of Directors to other beneficiaries, whose remuneration falls within his responsibilities according to the Policy.

Neither the subject of the Plan (three *tranches* and assignment of up to 8,960,000 options) nor the beneficiaries (the employees and/or the non-independent Directors of the Company and/or its subsidiaries identified by the Board of Directors and/or by the Chief Executive Officer).

- 3.4) **Stock Grant Plan for the Group's employees. Related resolutions.** The Shareholders' Meeting approved the one-off stock grant for Group's employees, for a maximum amount of Euro 2,065 to each beneficiary and up to 240,000 BFF shares in aggregate, in a single payment on a date to be set by the Board of Directors by December 31<sup>st</sup>, 2019. The one-off grant is intended for all natural persons (employees, middle managers or executives) who on that date are linked to the Bank or one of the BFF Group companies through an employment relationship with a permanent contract, and who have the additional subjective requirements provided by the one-off grant. The number of shares that each beneficiary will receive on the assignment date will be determined based on the arithmetic average of the prices recorded in the month prior to the aforementioned date.
- 4) Item 4 on the agenda: **Authorization to purchase and dispose of treasury shares, subject to the revocation, for the portion not executed so far, of the authorization approved by the Shareholders' Meeting on December 5<sup>th</sup>, 2016. Related resolutions.** The Shareholders' Meeting approved to revoke, for the portion not executed by the date of this resolution, the previous authorization granted by the Shareholders' Meeting on April 5<sup>th</sup>, 2018, and to authorize the Board of Directors to pursue the purchase of a maximum number of BFF ordinary shares equal to 170,107,400 (representing 10% of BFF S.p.A.'s share capital), in multiple *tranches*, and for a term of 18 months as of the date of this resolution, for the following purposes:
- to carry out, directly or through intermediaries, any stabilization transactions and/or support for BFF stock liquidity;
  - to dispose of usable treasury shares: (i) to fulfil the stock incentive plans reserved to Directors and/or employees of the Company and/or companies directly or indirectly controlled by BFF, and (ii) to fulfil the purposes of balancing of the variable remuneration of the so-called "Risk Takers", in execution of the incentive system provided by the Policy *pro tempore* in force;
  - to have a "stock of treasury shares" to be used within any extraordinary transactions.
- Purchases must be executed within the limits of distributable profits and available reserves, at the price conditions according to art. 3, paragraph 2 of Delegated Regulation 2016/1052/EU and, in any case, at a price per share which may not vary, neither downward or upward, by more than 20% of the reference price recorded by BFF stock at the last market session prior to each individual transaction.

### **EXTRAORDINARY PART**

- 1) Item 1 on the agenda: **Proposal of attribution to the outgoing Board of Directors of the right to present a list of candidates for the position of Director, and consequent modification of art. 15 of the Bylaws. Related and consequent resolutions.** The Shareholders' Meeting approved the amendment of the Bylaws, aimed at giving the outgoing Board of Directors the power to present its own list of candidates in the event of full renewal of the Board of Directors, in consideration of a shareholding structure that in the future could be potentially less concentrated than the current one, with a more significant presence of institutional investors. The proposed amendment to the articles of the Bylaws is in line not only with the best practice, but also with the recent recommendations introduced in the Corporate Governance Code, to which the Company adheres.
  
- 2) Item 2 on the agenda: **Proposal to mandate the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, of the right to increase the share capital free of charge pursuant to art. 2349 of the Italian Civil Code, and consequent modification of the art. 5 of the Bylaws. Related and consequent resolutions.** The Shareholders' Meeting approved the mandate to the Board of Directors of the faculty to increase the share capital free of charge, also in more *tranches*, for the period up to five years after the date of the resolution, for a maximum amount of Euro 3,003,000, through the issue of a maximum number of 3,900,000 ordinary shares to be assigned to BFF Group employees in relation to the variable remuneration and incentive policies requirements according to the Policy. In particular, the shares issued within the free capital increase will serve:
  - the balancing needs between the cash component and the financial instruments component of the variable remuneration of BFF Group's relevant personnel (risk takers), due according to the "Management by Objectives" system provided by the Policy *pro tempore* in force;
  - the cash-less exercise of the Stock Option Plan by employees previously authorized by the Board of Directors or by the Chief Executive Officer to exercise the options on a cash-less basis;
  - the one-off stock grant, as well as any stock grants that will be submitted for Shareholders' Meeting's approval in the future.
  
- 3) Item 3 on the agenda: **Proposal for a capital increase with payment, in divisible form, with the exclusion of the option right, pursuant to art. 2441, paragraphs 5 and 6, of the**

**Italian Civil Code, subject to revocation of the capital increase resolution, pursuant to art. 2441, paragraph 8, of the Italian Civil Code, approved by the extraordinary Shareholders' Meeting on December 5<sup>th</sup>, 2016, and subsequent amendment of the art. 5 of the Bylaws. Related and consequent resolutions.** The Shareholders' Meeting approved to (i) revoke the resolution of December 5<sup>th</sup>, 2016 to increase the share capital and, at the same time, (ii) approve, in order to replace of the latter increase, a new capital increase with payment and in divisible form, to be carried out in one or multiple *tranches*, by December 5<sup>th</sup>, 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 amount of Euro 6,899,200, through the issue, also in multiple *tranches*, of a maximum number of 8,960,000 shares without indication of the nominal value. The aforementioned capital increase presents maximum nominal amount, maximum number of shares, characteristics of divisibility and duration, method of issue and type of shares equal to those of the 2016 capital increase, but with broader purposes, namely to serve the exercise of the Plan by all beneficiaries (directors, employees and former employees).

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The minutes of the Annual General Meeting will be made available to the general public by April 27<sup>th</sup>, 2019 at the Company's registered office in Milan, Via Domenichino n° 5, on the Group website [www.bffgroup.com](http://www.bffgroup.com) (section *Governance > Shareholders' Meeting Documentation*), as well as on the website of the authorized storage system [www.1info.com](http://www.1info.com).

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This press release is available online on BFF Group's website [www.bffgroup.com](http://www.bffgroup.com) within 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 factoring of trade receivables due from the Public Administrations in Europe. The Group operates in Italy, Poland, Czech Republic, Slovakia, Spain, Portugal, Greece and Croatia. In 2018 it reported a consolidated Adjusted Net Profit of € 91.8 million, with a 10.9% Group CET1 ratio at the end of December 2018. [www.bffgroup.com](http://www.bffgroup.com)

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