

**INFORMATION DOCUMENT RELATING TO BFF BANKING GROUP'S "SOP
2020" STOCK OPTION PLAN**

*(drafted pursuant to article 84-bis of the Regulation adopted by CONSOB with resolution no.
11971 of 14 May 1999, as amended and supplemented)*

INTRODUCTION

This information document (the “**Information Document**”), prepared in accordance with the provisions of article 114-bis of Legislative Decree no. 58 of 24 February 1998 (the “**TUF**”), as well as in accordance with article 84-bis and Schedule 7 of Annex 3A of the Regulation adopted by CONSOB with resolution no. 11971 of 14 May 1999 and subsequent amendments and additions (the “**Issuers’ Regulations**”), concerns the stock option plan of the Banca Farmafactoring Banking Group, known as “SOP 2020” (the “**Plan**”) and was prepared in view of the Shareholders’ Meeting of Banca Farmafactoring S.p.A. (the “**Company**” or “**Bank**”), convened by the Board of Directors of February 25th, 2020, in single call on April 2nd, 2020, to resolve, *inter alia*, upon the approval of the Plan.

The purpose of this Information Document is to provide shareholders with the information necessary to exercise their right to vote at the Shareholders’ Meeting in an informed manner.

It should be noted that the Plan is to be considered of “particular relevance” pursuant to article 114-bis, paragraph 3 of the TUF and article 84-bis, paragraph 2, of the Issuers’ Regulations, as it is addressed, *inter alia*, to the Chief Executive Officer and executives with strategic responsibilities of the Company and its subsidiaries pursuant to article 93 of the TUF.

This Information Document is made available to the public at the Company’s registered office in Milan, Via Domenichino 5, as well as on the Company’s website www.bffgroup.com, section “Governance/Shareholders’ Meetings Documentation”. The Information Document will also be sent to Consob and Borsa Italiana in the manner indicated in Chapter I of the Issuers’ Regulations.

DEFINITIONS

Terms with capital letters shall have the meaning indicated below in this Information Document:

Directors:	the persons who hold the position of member of the Board of Directors with executive positions or, in any case, of the administrative body of the Bank or other Group company on the date on which they are identified as Beneficiaries.
Capital Increase:	the share capital increase pursuant to Article 2349 of the Italian Civil Code, which will be approved by the Extraordinary Shareholders' Meeting of the Company convened for April 2 nd , 2020.
Shares:	the Bank's ordinary shares.
Opted Shares:	has the meaning attributed to this term in the formula for calculating the Shares accruing to the Beneficiary when exercising the Options.
Bank or Company:	Banca Farmafactoring S.p.A.
Beneficiaries:	the persons identified at the unquestionable discretion of the Management Body of the Plan, within the limits provided for by the applicable regulations and the Plan, among the employees and/or Directors with executive responsibilities of the Company and/or its subsidiaries, to whom the Options will be granted.
Code of Conduct:	the code of self-discipline for listed companies, prepared by the Committee for the Corporate Governance of Listed Companies, promoted by Borsa Italiana S.p.A..
Remuneration Committee:	the committee established by the Board of Directors of the Bank pursuant to and for the purposes of paragraph 2.3.4 - and the provisions referred to therein - of Section IV, Chapter 1 ("Corporate Governance"), Title IV, Part One of Bank of Italy Circular No. 285 of 17 December 2013, as subsequently amended, and Article 6 of the Code of Conduct.
Exercise Notice:	the communication with which the Beneficiary exercises the Options.
Vesting Conditions:	the conditions governing the vesting of the Options.

Board of Directors or BoD:	the Board of Directors of the Bank.
Grant Date:	the date indicated in the Grant Letter, from which the granting of the Options takes effect.
Exercise Date:	each date, in the Exercise Period, on which the Beneficiary exercises the Options by sending the Exercise Notice.
Vesting Date:	in connection with each granting of Options, is the last day of the relevant Vesting Period, it being understood that if the date of the Board of Directors ascertaining the fulfilment of the Second Vesting Condition is subsequent to that last day, the Vesting Date will be the date of that Board of Directors.
Information Document:	this information document, prepared in accordance with the requirements of article 114-bis of the TUF.
Events:	Malus Events and Claw Back Events.
Claw Back Events:	the claw back conditions provided for in the Policy for the return of the Variable Remuneration.
Malus Events:	for Risk Takers, is the failure to comply with the conditions envisaged for the start of the Exercise Period of the deferred portion of the Options, as described in paragraph 2.2 B) of this Information Document.
Executive:	has the meaning referred to in the Policy.
Business Day:	each calendar day, with the exception of Saturdays, Sundays and days on which ordinary credit banks are not normally open for business in Milano.
Cause:	(i) with reference to Beneficiaries who are employees of the Company, dismissal for disciplinary reasons; (ii) with reference to Beneficiaries who are directors of the Company, (a) any cause justifying removal from the office of director pursuant to Article 2383, third paragraph, of the Italian Civil Code, or (b) the committing by the Beneficiary of a crime involving moral turpitude or fraud, or (c) the occurrence of a cause of ineligibility or forfeiture pursuant to Article 2382 of the Italian Civil Code.
Group:	the Bank and the companies controlled by it, directly or indirectly, in accordance with current legal provisions
Grant Letter:	the letter with which the Bank notifies the

	Beneficiary of the granting of Options.
Maximum limit:	has the meaning attributed to this term in the formula for the calculation of the Shares owed to the Beneficiary when exercising the Options as per paragraph 4.5 of this Information Document.
Lock-up:	for Risk Takers only, the period of 6 months starting (i) from the Vesting Date or (ii) for Options subject to deferral, from the end of the relevant Deferral Period, during which the Beneficiary cannot dispose of the Shares received following the exercise of the Options.
MTA:	the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A., on which the Company's ordinary shares are traded.
Options:	the free and non-transferable options, each of which will entitle the holder to receive a number of Shares determinable on the basis of the formula described in paragraph 4.5 of this Information Document, within the terms and in the manner established by the Plan.
Plan Management Body:	(a) with reference to the Personnel falling under Board of Directors' responsibility, is the Board of Directors; or (b) with reference to other employees and/or executive directors of the Group whose remuneration falls within the scope of its responsibilities, is the Chief Executive Officer of the Bank.
Deferral Period:	for a percentage equal to 20% of the Options from time to time assigned to Risk Takers, the 18-month period following the Vesting Date of such Options.
Exercise Period:	the 24-month period during which the Options may be exercised in accordance with the Regulations, which starts (i) for Options that have vested and are not subject to deferral, from the Vesting Date, and (ii) for Options assigned to Risk Takers that have vested and are subject to deferral, from the end of the Deferral Period.
Vesting Period:	in relation to each Grant Date, the period of three years from that date.
Personnel under Board of Directors' responsibility:	Personnel whose remuneration and incentive systems, annual objectives and related assessment are determined by the Board of Directors in

	accordance with the Policy, i.e.:
	(i) the Chief Executive Officer;
	(ii) Directors holding special offices;
	(iii) Senior Executives of the Group;
	(iv) Executives who report directly to the Chief Executive Officer;
	(v) the Heads of the Company's Control Functions.
Plan:	the stock option plan shown in this Information Document.
Policy:	the remuneration and incentive policy in favour of the members of the strategic supervision, management and control bodies and the personnel of the Banca Farmafactoring Banking Group from time to time in force.
First Vesting Condition:	the first condition to which the vesting of the Options is subject, as described in paragraph 2.2 A) (a) of this Information Document.
Internal Dealing Procedure:	the "Internal Dealing Procedure" adopted by the Bank, from time to time in force.
Regulation:	the regulation governing the terms and conditions of the Plan.
Issuers' Regulation:	the Regulation adopted by CONSOB with resolution no. 11971 of 14 May 1999 and subsequent amendments and supplements.
Variable Remuneration:	(i) any payment or benefit whose recognition or disbursement depends on performance, however measured (income objectives, volumes, etc.), or other parameters (e.g. length of stay), excluding severance indemnities established by general employment regulations; (ii) discretionary pension benefits and agreements on compensation for early termination of employment or office (so-called golden parachute).
Risk Appetite Framework:	the document, approved by the Board of Directors, which determines, at CRR Group level, the risk appetite, tolerance thresholds, risk limits, risk management policies, the reference processes necessary to define and implement them, consistent with the maximum risk that can be taken, the business model and the business plan.
Risk Takers:	persons whose professional activity has or may have

a significant impact on the Group's risk profile, as identified according to the criteria set out in the Policy.

Second Vesting Condition: the second condition governing the vesting of the Options, as described in paragraph 2.2 A) (b) of this Information Document.

Senior Executive: has the meaning referred to in the Policy.

Consolidated Banking Act or TUB: the Consolidated Act on Banking and Credit referred to in Legislative Decree no. 385 of 1 September 1993, as subsequently amended.

Tranche: each of the three tranches (First Tranche, Second Tranche and Third Tranche) into which the maximum number of Options that can be granted under the Plan is divided, for the years 2020, 2021 and 2022 respectively.

TUF: the Consolidated Act on Financial Intermediation, as per Legislative Decree no. 58 of 24 February 1998, as amended and supplemented.

1. RECIPIENTS

The Plan is reserved for employees and executive directors of the Company and/or its subsidiaries, identified at the unquestionable discretion of the Management Body of the Plan, taking into account the Policy and after consulting - for the Personnel falling under Board of Directors' responsibility - the Remuneration Committee.

The Plan consists of three Tranches and provides for the granting of a maximum of 8,960,000.

1.1 Name of the recipients who are members of the Board of Directors or the Management Board of the issuer of the financial instruments, of the issuer's parent companies and of the companies directly or indirectly controlled by the latter

At the date of preparation of this Information Document, the information relating to the names of the members of the Board of Directors of the Bank and of the companies directly or indirectly controlled by the Bank, which benefit from the Plan, is not available as the Management Body of the Plan shall, at its sole discretion, identify the Beneficiaries of each Tranche.

Therefore, the information required by paragraph 1 of Schedule 7 of Annex 3A to the Issuers' Regulations shall be provided in accordance with the procedures and within the terms set out in Article 84-bis, paragraph 5, of the Issuers' Regulations.

1.2 Categories of employees or associates of the issuer of the financial instruments and the parent or subsidiary companies of that issuer

In addition to the executive directors of the Company and/or its subsidiaries, the Plan is addressed to the Group's employees identified at the unquestionable discretion of the Plan's Management Body.

1.3 Names of the persons who benefit from the Plan, belonging to the following groups:

- (a) *general managers of the Company:*
not applicable, as the Company has not appointed any general managers;
- (b) *other executives with strategic responsibilities of the Company which is not a "small size" company, pursuant to article 3 , paragraph 1 (f) of the Related Party Regulation, if they received during the financial year total*

fees (obtained by adding monetary remuneration and remuneration based on financial instruments) higher than the highest overall remuneration from among the remunerations attributed to members of the Board of Directors, or Management Board, and the general managers of the Company;

it should be noted that, at the date of preparation of the Information Document, information relating to the names of the other executives with strategic responsibilities who benefit from the Plan is not available as the Management Body of the Plan will determine the names of the Beneficiaries at its sole discretion.

Therefore, this information will be communicated at a later date, pursuant to Article 84-bis, paragraph 5, of the Issuers' Regulations;

- (c) *natural persons controlling the Company, who are employees or who work with the Company:*

not applicable.

1.4 Description and numerical indication, for each of the following categories:

- (a) *of executives with strategic responsibilities other than those specified in paragraph 1.3, letter b);*

it should be noted that, at the date of preparation of the Information Document, the information relating to the names of the other executives with strategic responsibilities other than those indicated in letter b) of paragraph 1.3, who benefit from the Plan is not available as it will be the Management Body of the Plan that will determine the names of the Beneficiaries at its sole discretion.

Therefore, this information will be communicated at a later date in accordance with Article 84-bis, paragraph 5, of the Issuers' Regulations;

- (b) *for "small size" companies pursuant to Article 3, paragraph 1 (f) of the Related Party Regulation, the aggregate indication of all executives with strategic responsibilities of the Company;*

not applicable, as the Company is not a "small size" company;

- (c) *other possible categories of employees or collaborators for whom different provisions have been set out in the Plan (for example, managers, middle managers, employees, etc.);*

there are no categories of employees or consultants for whom the Plan provides for different features.

2. REASONS FOR ADOPTING THE PLAN

2.1 Objectives to be achieved through the adoption of the Plan

The aims of the Plan are as follows:

- a) encourage the integration of management, making it share in the company's results;
- b) make management aware of the creation of value for the Bank and its shareholders;
- c) strengthen the loyalty policy for key resources;
- d) improving the Group's competitiveness and good governance in the labour market, making it more attractive to the best talents in the market, with professionalism and skills appropriate to the needs of the Bank and the Group;
- e) promoting the Bank's sustainability in the medium to long term, and ensuring that remuneration is based on the results actually achieved.

The Plan is developed over a long-term time horizon, with the Options granted in three Tranches, as described in more detail in section 4 below. The Options granted are subject to (i) a Vesting Period (of 3 years from each Grant Date), and (ii) for Risk Takers only, for percentages equal to 20% of the Options from time to time granted to them, to a Deferral Period of 18 months following the Vesting Date. The Options may be exercised by the Beneficiaries in arrears within a period of 24 months starting (i) for Options that have vested and are not subject to deferment, from the Vesting Date, and (ii) for Options granted to Risk Takers that have vested and are subject to deferment, from the end of the Deferral Period.

The above terms are deemed to help achieve the incentive and loyalty objectives of the Plan for management and employees.

2.2 Key variables, including in terms of performance indicators, considered for the Plan allocation

The following are the key variables considered for Plan allocation purposes:

A. Vesting

The Options granted under each Tranche are vested on completion of the Vesting Period and, therefore, after 3 years from the relevant Grant Date.

Vesting is subject to the existence of the Vesting Conditions.

(a) First Vesting Condition

Vesting is first and foremost conditional on the Beneficiaries maintaining, for the entire Vesting Period, an employment relationship with the Bank or other Group companies, and/or a position on the Board of Directors of the Bank or other Group companies on the Vesting Date. The Beneficiaries shall also not be in a period of notice for resignation or dismissal.

In any case of termination of the employment relationship or the office of director before the end of the relevant Vesting Period, the Beneficiary - unless otherwise determined by the Management Body of the Plan - shall forfeit all rights. In this case, the granting of all the Options assigned to him/her under the Plan, and not yet vested at the date of termination of the employment and/or directorship relationship, shall be considered immediately revoked.

(b) Second Vesting Condition

Vesting also takes into account the levels of capital resources and liquidity required to meet the activities undertaken, and is subject to compliance with certain parameters, such as the Return on Adjusted Capital for Risk associated with compliance with the capital and liquidity requirements as measured during the Vesting Period.

The Board of Directors will verify the achievement of the Second Vesting Condition when it approves the draft financial statements for the year ended 31 December 2022 for the Options granted in 2020, 31 December 2023 for the Options granted in 2021 and 31 December 2024 for the Options granted in 2022; in particular:

1. the liquidity indicator adopted is the Liquidity Coverage Ratio (LCR), and, in order to satisfy the Second Vesting Condition, the achievement - for each year from the Grant Date until the Second Vesting Condition Reference Date (i.e. the date on which compliance with the Second Vesting Condition will be verified) - of a level at least equal to the level of risk tolerance as defined in the Risk Appetite Framework in force at the end of that year is required;
2. the capital indicator adopted is the Total Capital Ratio (TCR), and, in order to satisfy the Second Vesting Condition, a level at least equal to the level of risk tolerance as defined in the Risk Appetite Framework in force at the end of that year is required for each year from the Grant Date until the Second Vesting Condition Reference Date;
3. the Return on Adjusted Risk Capital (RC RA) parameter is equal to the return on capital that takes into account the risks taken on by the Group, consistently with the capital targets defined in the Group's Risk Appetite Framework and in connection with the strategic plan. Specifically:

$$RC^{RA} = RWA^M * TCR \text{ Target} * Ke$$

Where:

RWA^M: average of total, final and Group risk weighted assets as defined in the Risk Appetite Framework;

Target TCR: consisting of the risk appetite threshold defined for the Total Capital Ratio (15%). In the case of the existence of a subordinate eligible Tier 2, the Target TCR value to be applied in the formula is equal to the difference between 15% and the percentage of Tier 2 on the Group's RWA.

Ke: cost of capital (consistent with current market conditions it is defined as 10% for the Plan's horizon).

The Second Vesting Condition is verified when the pre-tax profit resulting from the year-end figures for the year of vesting of the Options granted is higher than **RC^{RA}**.

B. Malus and Claw Back

The Plan provides for Malus Events and Claw Back Events, which result in the withdrawal of the rights granted by the Plan.

Claw Back events

Without prejudice to the right of the Bank to compensation for any damages, the Beneficiary loses the rights provided for in the Plan (which will be revoked) in the event of individual conduct, in the context of the Bank's activity or in any case of its professional activity, attributable to one or more of the claw back conditions set out in the Policy.

Malus Events

With reference to the Options subject to the Deferral Period, for Beneficiaries classified as Risk Takers, the beginning of the Exercise Period of the Options is also subject to the following conditions being verified by the Board of Directors:

- (i) profitability greater than zero, net of risk (considering pre-tax profit) according to the same formula used for the Second Vesting Condition with reference to the year before the end of the Deferral Period;
- (ii) compliance with risk tolerance levels of regulatory capital and liquidity, with reference to the year before the end of the Deferral Period.

Failure to comply with any of the above conditions constitutes a Malus Event.

C. Delisting

In the event of a takeover bid and/or exchange of the Company's capital that may result in the delisting of the Bank, the Board of Directors will make the amendments to the Plan that are necessary in order to pay the Beneficiaries, in compliance with the applicable regulations, an economic benefit substantially equivalent to that which would have been due to the Beneficiaries on the basis of the Options not yet exercised, if they had been exercised on the date of

communication to the market of the results of the public tender offer that would result in sell out / squeeze out rights or equivalent.

2.3 Factors underlying the determination of the amount of compensation based on financial instruments, or the criteria for determining it

The maximum number of Options that may be granted for each Tranche is established annually by the Board of Directors. Within this maximum number, Options not granted in a Tranche, or returned to the Bank's disposal, may be granted by the Management Body of the Plan until 31 December 2022.

In determining the total number of Options that can be granted to each Beneficiary, the Management Body of the Plan acts with discretion, in accordance with the Policy. This discretion is exercised:

- having regard to the interests of the Bank and the Group;
- to ensure that the granting of the Options is consistent with the Bank's overall choices in terms of risk assumption, strategies, long-term objectives, corporate governance structure and internal controls,

taking into account, among others, the criticality of the resource for the results of the Bank and the Group, the strategic importance of the position, the potential of the resource and any other useful element, within the limits established by the laws and regulations in force from time to time.

2.4 Reasons for any decision to allocate compensation plans based on financial instruments not issued by the Company, such as financial instruments issued by subsidiaries or, parent companies or third party companies with respect to the Group; if the aforesaid instruments are not traded on regulated markets, information on the criteria used to determine the value attributable to them

Not applicable.

2.5 Assessments of significant tax and accounting implications that affected the preparation of the Plan

The preparation of the Plan was not influenced by significant tax or accounting assessments.

2.6 Possible support of the Plan by the Special Fund for the encouragement of workers' participation in undertakings, as referred to in Article 4, paragraph 112, of Law no. 350 of 24 December 2003

The Plan does not receive support from the “Special Fund for the encouragement of workers' participation in undertakings”, as provided for by Law 350 of 24 December 2003.

3. APPROVAL PROCESS AND TIMING FOR GRANTING THE SHARES

3.1 Scope of the powers and duties entrusted by the Shareholders' Meeting to the Board of Directors for the purpose of implementing the Plan

On October 24th, 2019, the Board of Directors approved the Plan Regulation.

On February 25th, 2020, the Board of Directors resolved, *inter alia*, to submit the approval of the Plan to the Shareholders' Meeting of the Company, convened in single call on April 2nd, 2020.

The Shareholders' Meeting will be asked to grant the Board of Directors, with the power to sub-delegate to one or more of its members, any power necessary or appropriate to implement the Plan.

3.2 Indication of the persons responsible for the administration of the Plan and their duties and powers

The management of the Plan is entrusted to the Board of Directors of the Company, which establishes the management criteria on the proposal of the Remuneration Committee. In this regard, the Board of Directors is responsible, *inter alia*, for the following tasks:

- a) approve the Plan's implementing rules and any amendments thereto;
- b) submit to the Shareholders' Meeting any substantial amendments to the Plan;
- c) verify the fulfilment of the Second Vesting Condition and the absence of Events;
- d) determine the maximum number of Options to be granted for each Tranche;
- e) upon proposal of the Risk Manager, approve the model for determining the fair market value of the Options;
- f) determine the value of the Options at the time of grant;

- g) regulate the rights of the Beneficiaries and/or to adjust the grant conditions in the cases and in accordance with the Regulation;
- h) provide, also by delegating powers to the Chief Executive Officer, with the right to sub-delegate to the Bank's departments, for all the obligations relating to the execution of the Plan.

The Management Body of the Plan, i.e. (a) with reference to the Personnel falling within the competence of the Board of Directors, the Board of Directors; or (b) with reference to other employees and/or executive directors of the Group whose remuneration falls within its competence, the Chief Executive Officer of the Bank:

- a) determines the Beneficiaries of each Tranche;
- b) determines the Options due to each Beneficiary and grant them, without prejudice to the fact that the Chief Executive Officer, within the limits of his powers, may grant only those Options that are not reserved by the Board of Directors to the Personnel falling under Board of Directors' responsibility;
- c) may grant an extension of the Exercise Period of up to 6 months, to allow any heirs or legatees of the Beneficiary to exercise the Options;
- d) determines the cases in which the exercise of the Options must be carried out with payment of withholding tax;
- e) may recognize exceptions to the rules of maintenance of the Options in the event of termination of the Beneficiaries' employment or directorship before the Vesting Date.

3.3 Any existing procedures for the revision of the Plan, including in relation to any changes in the underlying goals

Without prejudice to the competence of the Shareholders' Meeting to resolve any changes of a substantial nature with regard to the Plan, the Board of Directors is the body responsible for making changes to the Plan.

3.4 Description of methods for determining the availability and allotment of the financial instruments underlying the Plan (i.e.: bonus allotment of shares, capital increases excluding pre-emption rights, purchase and sale of treasury shares)

The Plan is based solely on the granting of Options that entitle the holder to receive ordinary Shares.

The Shares that may be granted upon exercise of the Options may be:

- newly issued, based on the Capital Increase; or
- already issued and in the Company's portfolio on the Exercise Date of the Options.

For further information on the Capital Increase, please refer to the illustrative report made available to the public through publication on the Company's website www.bffgroup.com, section "Governance/Shareholders' Meeting Documentation".

3.5 Role played by each director in determining the characteristics of the Plan; possible occurrence of conflicts of interest for the directors concerned

The characteristics of the Plan were determined collectively by the Board of Directors of the Company.

With regard to the occurrence of any situations of conflict of interest for the directors concerned, it should be noted that in addition to the Chief Executive Officer from time to time in office, the executive directors of the Company or other Group companies could potentially be included among the Beneficiaries. In this regard, it should be noted that any decision relating to and/or pertaining to the granting of the Options to the Chief Executive Officer, Directors holding special offices, Senior Executives of the Group, Executives reporting directly to the Chief Executive Officer, or Heads of Corporate Control Functions (like any other decision relating to and/or pertaining to the management and/or implementation of the plan with regard to them or in relation to which the Chief Executive Officer has a conflict of interest), will remain the exclusive responsibility of the Board of Directors.

3.6 For the purposes of the requirements of Article 84-bis, paragraph 1, of the Issuers' Regulations, the date of the decision taken by the body responsible for submitting the plans for approval to the shareholders' meeting and the proposal of the nomination and remuneration committee, if any

Please refer to the paragraph 3.1 of this Information Document.

3.7 For the purposes of the requirements of article 84-bis, paragraph 5, letter a) of the Issuers' Regulations, the date of the decision taken by the competent body regarding the allocation of the instruments and any proposal to the

aforementioned body submitted by the nomination and remuneration committee, if any

The Shareholders' Meeting called to approve the Plan is scheduled for April 2nd, 2020;

In the event of approval of the Plan, the Board of Directors will meet to take the decisions relevant to its implementation and, in particular, it will (i) determine the number of Options that may be assigned for each Tranche, and (ii) identify the Beneficiaries of the Options for each Tranche, within the scope of its powers. Without prejudice to the foregoing, the Chief Executive Officer will identify the Beneficiaries of the Options falling under each Tranche within the scope of his powers.

3.8 Market price, recorded on the aforementioned dates, for the financial instruments on which the plans are based, if traded on regulated markets

The official price of the Shares that will be registered at the time the Options are granted by the Board of Directors will be notified pursuant to art. 84-bis, paragraph 5, of the Issuers' Regulations.

3.9 In the case of plans based on financial instruments traded on regulated markets, in what terms and in what manner the Company takes into account, in identifying the timing of the grant of the instruments pursuant to the Plan, the possible concurrence in time between: (i) this grant or any decisions taken in this regard by the Nomination and Remuneration Committee, and (ii) the dissemination of any relevant information pursuant to Article 114, paragraph 1, TUF; for example, if such information is: (a) not already public and capable of positively influencing market prices, or (b) already published and capable of negatively influencing market prices

The structure of the Plan, the conditions, the duration and the procedures for granting the Options do not at present suggest that the grant may be significantly influenced by any disclosure of relevant information pursuant to article 114, paragraph 1, of the TUF.

Directors and managers will in any case be required to comply with the applicable regulations, with particular reference to the regulations on market abuse and in relation to the exercise of the Options and the disposal of the Shares resulting from the exercise of the Options granted in exchange for participation in the Plan.

4. CHARACTERISTICS OF THE FINANCIAL INSTRUMENTS GRANTED

4.1 Description of the forms in which the Plan is structured; for example, specify if the plan is based on the granting of: financial instruments (so-called assignment of restricted stock); the increase in value of such instruments (so-called phantom stock); option rights that allow the subsequent purchase of financial instruments (so-called option grant) with settlement by physical delivery (so-called stock options) or cash on the basis of a differential (so-called stock appreciation right)

The Plan provides for the grant to the Beneficiaries of the Options, the exercise of which, under the terms and conditions set out in the Plan, shall give the Beneficiary the right to receive Shares to the extent determinable on the basis of the formulas described in paragraph 4.5 below.

The Options are granted to the Beneficiaries on a personal basis, and may not be transferred by deed between living persons or subject to restrictions or be the subject of other disposal actions for any reason.

The Shares purchased during the exercise of the Options have regular dividend entitlement and, therefore, the related rights are vested in each Beneficiary from the moment in which he or she becomes the holder of the Shares.

4.2 Specify the Plan effective implementation period, also with reference to any different cycles envisaged

The Plan provides for the Options to be granted in three Tranches for the years 2020, 2021 and 2022.

A. The Options relating to the First Tranche, granted during 2020:

- (i) will vest after the three-year vesting period and, therefore, in 2023; and
- (ii) may be exercised (a) if not subject to deferral, within the two-year exercise period starting after the three-year vesting period has elapsed and, therefore, by 2025, or (b) if subject to deferral, within the two-year exercise period starting after the three-year vesting period and the 18-month deferral period, and, therefore, by 2027.

B. The Options relating to the Second Tranche, granted during 2021:

- (i) will vest after the three-year vesting period and, therefore, in 2024; and
- (ii) may be exercised (a) if not subject to deferral, within the two-year exercise period starting after the three-year vesting period has elapsed and, therefore, by 2026, or (b) if subject to deferral within the two-year exercise period

starting after the three-year vesting period and the 18-month deferral period, and, therefore, by the first half of 2028.

C. The Options relating to the Third Tranche, granted during 2022:

(iii) will vest after the three-year vesting period and, therefore, in 2025; and

(i) may be exercised (a) if not subject to deferral, within the two-year exercise period starting after the three-year vesting period has elapsed and, therefore, by 2027, or (b) if subject to deferral, within the two-year exercise period starting after the three-year vesting period and the 18-month deferral period, and, therefore, by the first half of 2029.

4.3 End of the Plan

Subject to the provisions of paragraph 4.2 above and taking into account the plan provisions on *vesting*, the Deferral Period for Risk Takers (18 months) and the Exercise Period (24 months), the Options may be exercised by the Beneficiaries, under the terms and conditions of the Plan, until 2028, which is the last date available for exercising the Options that can be granted until 31 December 2022.

4.4 Maximum number of financial instruments, including in the form of options, granted in each fiscal year in relation to the persons identified by name or the specified categories

The Plan consists of three Tranches and provides for the allocation of Options, up to a maximum of 8,960,000. In particular, it envisages that:

- up to 6,720,000 Options may be granted under the First Tranche;
- up to 2,240,000 Options may be granted under the Second Tranche; and
- up to 2,240,000 Options may be granted under the Third Tranche.

4.5 Methods and clauses for the implementation of the Plan, specifying whether the actual allocation of the instruments is subject to the fulfilment of conditions or the achievement of certain results, including performance; descriptions of these conditions and results

Subject to the provisions of paragraph 2.2 above with regard to the vesting of the Options and the Malus and Claw Back Events, the Plan provides that the Beneficiaries may exercise the Options, by sending a Notice of Exercise, in cash less mode (i.e. without payment of the Exercise Price) and, unless otherwise determined by the Management Body of the Plan, without payment of

withholding tax by the Beneficiary. In this case, the Options will entitle the Beneficiary to receive the Shares according to the formula described in the following paragraph (a).

In the interest of the Bank, the Management Body of the Plan may determine, at its sole discretion, with reference to individual cases or to a number of situations, that the Options that have vested may be exercised in cash-less mode with payment of the Withholding Tax by the Beneficiary; in this case, the Options exercised will entitle the Beneficiary to receive Shares according to the formula and conditions set out in the following paragraph (b).

(a) *Cash-less without payment of withholding tax by the Beneficiary (normal method):*

the Beneficiary, upon exercise of the Options, will receive, without having to pay the Exercise Price or the amount of the Withholding Tax, a number of Shares, in any case not exceeding the Maximum Limit, determined on the basis of the following formula:

$$\frac{\text{(Total Market Value of the Opted Shares - Total Exercise Price of the Opted Shares - Withholding Tax)}}{\text{Unit Market Value}}$$

(b) *Cash-less with payment of withholding tax by the Beneficiary (alternative method as determined by the Plan Management Body):*

the Beneficiary, upon exercise of the Options, will receive, without having to pay the Exercise Price but advancing the Withholding Tax, a number of Shares not exceeding the Maximum Limit, determined on the basis of the following formula:

$$\frac{\text{(Total Market Value of the Opted Shares - Total Exercise Price of the Opted Shares)}}{\text{Unit Market Value}}$$

For the purposes of the above formulas:

- *Opted Shares* means the Shares that would be due to the Beneficiary against payment of the Exercise Price, if the Plan were exercisable in ordinary mode (i.e., with payment of the Exercise Price) on the basis of the ratio 1 Share for each Option exercised;

- *Exercise Price* indicates the exercise price of the Options determined according to the following formula:

$$\text{Reference Price} - D \text{ distributed from the Grant Date until the Exercise Date}$$

Where:

- a. *D* is the amount of the dividend per Share resolved by the Shareholders' Meeting of the Bank in relation to the financial year;

b. *Reference Price* is the closing price of the Shares recorded on the MTA (or other regulated market on which the Shares are then traded) on the trading day preceding the Grant Date.

- *Withholding tax* is the amount of the IRPEF withholding tax determined on the basis of the Normal Value of the Opted Shares.

- *Market Value* is the official price of the Opted Shares at the close of the trading day preceding the Exercise Date;

- *Normal Value* of Opted Shares is the value established pursuant to Article 9 of Presidential Decree No. 917 of 22 December 1986 (TUIR);

- *Unit Market Value* is the official price of one Share at the close of the trading day preceding the Exercise Date;

- *Maximum Limit* indicates the maximum number of Shares that may be granted for each financial year, calculated on the basis of a theoretical market value of BFF shares determined by the Board of Directors of the Bank and communicated to the Beneficiaries during the grant process.

Without prejudice to the provisions on vesting, malus, claw back and delisting, the Beneficiaries may exercise the Options vested under the following conditions.

- (a) Bad leaver: if, on the Exercise Date, the employment relationship has been terminated or the position of Director has been revoked for Cause, all the Options granted to the Beneficiary under the Plan and vested shall be considered immediately revoked, without any right to indemnity or compensation in favour of the Beneficiary.
- (b) Good Leaver: in the event of termination of the employment relationship or of the office of Director for any reason other than, respectively, dismissal or revocation of the office for Cause occurred:
 - (i) during the Deferral Period with regard to Beneficiaries who are Risk Takers and with reference to the portion of Options that have vested and are subject to deferral, the Beneficiary shall forfeit the right to exercise the Options that have already vested, subject to the right of the Management Body of the Plan to grant the Beneficiary the right to exercise all or part of those Options, without prejudice to the other conditions set out in the Plan;
 - (ii) after the Vesting Date with regard to Beneficiaries who are not Risk Takers or who are Risk Takers but with regard to the portion of Options that have vested and are not subject to deferral, the Beneficiary shall have the right to exercise, in whole or in part, the Options already vested, without prejudice to the other conditions set out in the Plan.

4.6 Indication of any availability restrictions on the instruments granted or on the instruments resulting from the exercise of the Options, with particular reference to the terms within which subsequent transfer to the same company or to third parties is allowed or prohibited

The Options are granted to Beneficiaries on a personal basis, and may not be transferred by deed between living persons for any reason.

In addition, it should be noted that the Options, once vested, can be exercised during the Exercise Period, and therefore during the 24 months from (i) the Vesting Date for vested Options not subject to deferral, and (ii) the end of the Deferral Period for Options granted to Risk Takers that have vested and are subject to deferral.

Without prejudice to the provisions of the following paragraph, each Beneficiary shall have the right to sell, at any time, in whole or in part, the Shares resulting from the exercise of the Options.

For the Beneficiaries identified as Risk Takers only, a Lock-up period of 6 months starting from the Vesting Date or, for Options subject to deferral, from the end of the relevant Deferral Period is envisaged.

4.7 Description of any termination conditions in relation to the allocation of the plans in the event that the beneficiaries carry out hedging transactions that make it possible to reverse any prohibitions on the sale of the financial instruments allocated, including in the form of options, or of the financial instruments resulting from the exercise of such options

Beneficiaries are prohibited from carrying out hedging transactions that modify or affect the alignment with the risk inherent in this Plan. Any violation of this prohibition shall result in the forfeiture of the right to grant the Options, as well as the application of the provisions of the previous paragraph 2.2 B. (Malus and Claw Back).

4.8 Description of the effects of termination of employment or directorship

Please refer to paragraphs 2.2 e 4.5 **Errore. L'origine riferimento non è stata trovata.** of this Information Document.

4.9 Indication of any other causes of cancellation of the Plan

Except as indicated in other paragraphs of this Information Document, there are no other causes for cancellation of the Plan.

4.10 Reasons relating to the possible provision of a “redemption”, by the Company, of the financial instruments covered by the Plan, pursuant to articles 2357 *et seq.* of the Italian Civil Code; the beneficiaries of the redemption, indicating whether it is intended only for particular categories of employees; the effects of the termination of the employment relationship on such redemption

The Plan does not provide for redemption clauses by the Company. However, the Plan Regulation provide for a claw back clause, so please refer to paragraph 2.2 B. above.

4.11 Any loans or other facilities intended to be granted for the purchase of the shares pursuant to Article 2358 of the Italian Civil Code

Not applicable.

4.12 Specify the expected estimated cost for the Company at the grant date, as determinable on the basis of terms and conditions already defined, for the total amount and in relation to each instrument of the Plan

The expected cost for the Company cannot be determined at this stage as it will depend on the method of allotment of Shares following the exercise of the Options by the Beneficiaries, which, as stated in paragraph 3.4, may take place through (i) Capital Increase; (ii) purchase of treasury shares.

4.13 Indication of any dilutive effects on capital resulting from the Plan

At the date of this Information Document, the maximum number of Shares serving the Plan represents 1.9% of the fully diluted share capital.

The total number of Shares serving the Plan, combined with the maximum total number of Shares serving the “Stock Option Plan of Banca Farmafactoring Banking Group” adopted in 2016 (the “**SOP 2016**”), as amended following the resolution of the Shareholders’ Meeting of the Company on 28 March 2019, corresponds to approximately 3.5% of the fully diluted share capital.¹

¹ It should be noted that the aforementioned overall dilution effect results from the acceptance by the Bank of an irrevocable request for authorization to operate exclusively in cash-less mode by the beneficiaries of the SOP 2016. See the press release of October 24th, 2019, available in the “Investors/Press releases” section of the Bank’s website.

4.14 Restrictions (if any) on the exercise of voting rights and on the granting of property rights

There is no limit for the exercise of voting rights and for the allocation of the property rights inherent to the Shares subscribed following the exercise of the Options.

4.15 In the event that the shares are not traded on regulated markets, any information relevant to a full appraisal of the value attributable to them

Not applicable, as the Shares are traded on the MTA.

4.16 Number of financial instruments underlying each Option

Each Option granted incorporates the right to receive Shares in the quantity, terms and conditions set forth in the Regulation and described in the preceding paragraph 4.5.

4.17 Expiry of Options

Please refer to paragraph 4.2 above.

4.18 Exercise modes (American/European), timing (e.g. periods valid for exercise) and clauses (e.g. knock-in and knock-out clauses)

Without prejudice to the provisions in paragraph 2.2 with reference to the Events, once they are vested, the Options can be exercised in arrears, during the Exercise Period and therefore during the 24 months from (i) the Vesting Date for vested Options not subject to deferral, and (ii) the end of the Deferral Period for Options granted to Risk Takers that have vested and are subject to deferral.

During the Exercise Period, the Options may be exercised by sending a notice of exercise during the year, except for:

- (1) for the Beneficiaries subject to the Internal Dealing Procedure, for each period during which they refrain from carrying out transactions on financial instruments of the Bank (so-called blackout periods) pursuant to the said procedure;
- (2) for all Beneficiaries, for each period beginning on the eighth calendar day prior to the date of the Board of Directors of the Bank convened to

approve the financial statements at the end of the financial year, and ending (i) in the case of distribution of dividends for the financial year, on the date of entitlement to pay such dividends pursuant to Article 83-terdecies of the Legislative Decree No. 58/1998 (the so-called record date), or (ii) in the event that the Shareholders' Meeting does not approve the distribution of the dividend, on the date of that Meeting.

Options granted and not exercised within the Exercise Period shall lapse and, consequently, no longer grant any rights to the Beneficiary.

In the event of the Beneficiary's death during the Exercise Period, the heirs and legatees retain the right to exercise the Options already granted to the Beneficiary, subject to the heirs' compliance with the obligation to submit the declaration of inheritance and to comply with the tax provisions in force, insofar as they are applicable. The Management Body of the Plan may grant an extension of 6 months for the Exercise Period, to allow any heirs or legatees to exercise the Options and fulfil the related obligations.

4.19 Exercise Price of the Option or methods and criteria for its determination, with particular regard to: (a) the formula for the calculation of the exercise price in relation to a certain market price (fair market value) (for example: exercise price equal to 90%, 100% or 110% of the market price), and (b) the methods for the determination of the market price taken as reference for the determination of the exercise price (for example: last price of the day before the grant, average of the day, average of the last 30 days, etc.)

The Exercise Price for the Options granted is calculated on the basis of the following formula:

Reference Price - D distributed from the Grant Date until the Exercise Date

Where:

- a. *D* is the amount of the dividend per Share resolved by the Bank's Shareholders' Meeting in relation to the financial year;
- b. *Reference Price* is the closing price of the Shares recorded on the Mercato Telematico Azionario (or other regulated market on which the Shares at that time were traded) on the trading day preceding the Grant Date.

4.20 Reasons for the difference between the exercise price and the market price determined in accordance with paragraph 4.19 (fair market value)

Not applicable.

4.21 Criteria on the basis of which different exercise prices are expected between different entities or different categories of entities

Not applicable, as there are no different exercise prices between different entities or different categories of entities.

4.22 In the event that the financial instruments underlying the options are not traded on regulated markets, an indication of the value attributable to the underlying instruments or the criteria for determining that value

Not applicable, as the Options give the right to purchase shares traded on the MTA.

4.23 Criteria for adjustments required as a result of extraordinary capital and other transactions involving changes in the number of underlying instruments (capital increases, extraordinary dividends, grouping and splitting of underlying shares, mergers and demergers, conversion into other share classes, etc.)

The Board of Directors, at its sole discretion, has the power to adjust the Vesting Conditions and the formulas provided for in the Regulation in such a way as to guarantee a situation that is substantially equivalent to the one previously in place, in the event of extraordinary and/or unforeseeable situations or circumstances that may significantly affect the Bank's results and/or share capital, and this for the sole purpose of preserving the purposes of the Plan.

The Board of Directors may make such amendments to the Plan as it deems appropriate, at its sole discretion, in order to bring the Plan into line with the law and regulations and to correct any inconsistencies, defects or omissions in the Regulation and/or the Plan.