

**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS ON THE SECOND ITEM  
ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING  
(convened for 2 April 2020 in single call)**

*Allocation of profits for the year. Related and consequent resolutions.*

Dear Shareholders,

the Board of Directors has convened the general meeting in ordinary session on Thursday **2 April 2020** at **11.00 am** at the registered office of Banca Farmafactoring S.p.A. (the "**Bank**" or the "**Company**") in Milan, Via Domenichino 5 (the "**Registered Office**"), **in single call**, to approve, *inter alia*, the proposed allocation of profit for the year.

The financial statements of the Company at December 31, 2019 show a profit of €65,225,749, which we propose to allocate as follows:

- i) €2,814,344 to the Retained earnings reserve;
- ii) €12,411,405 to Shareholders.

Shareholders will therefore be entitled to a dividend of €0.0727 for each of the 170,602,717 shares held (third ex-date: May 18, 2020).

Pursuant to Article 83-terdecies of Italian Legislative Decree no. 58 of February 24, 1998, as subsequently amended and supplemented (Consolidated Law on Finance), entitlement to the dividend payment is established based on the accounts of the intermediary as referred to in Article 83-quater, paragraph 3 of the Consolidated Law on Finance, at the end of the accounting date of May 19, 2020 (record date).

The aforementioned dividend—before tax provided for by the law—will be paid on May 20, 2020 (payment date).

\* \* \*

Therefore, we submit the following resolution proposal for your approval:

*“The Shareholders’ Meeting of Banca Farmafactoring S.p.A., having examined the report on operations prepared by the Board of Directors,*

***resolved***

- i. *to distribute to Shareholders part of the net profit for the year of €12,411,405, equal to €0.0727—before tax provided for by the law—for each of the 170,602,717 ordinary shares outstanding at the third ex-date (May 18, 2020). Such dividend includes the portion attributable to any treasury share held by the Company at the record date. Pursuant to Article 83-terdecies of Italian Legislative Decree no. 58 of February 24, 1998 (Consolidated Law on Finance), entitlement to the dividend payment is established based on the accounts of the*

*intermediary as referred to in Article 83-quater, paragraph 3, of the Consolidated Law on Finance, at the end of the accounting date of May 19, 2020 (record date);*

- ii. to allocate the residual amount of €52,814,344 to the “Retained earnings reserve”;*
- iii. that such dividend be paid as of May 20, 2020 (payment date). Payment will be made through authorized intermediaries with which shares have been registered in the Monte Titoli system.”*

\* \* \*

Milan, 25 February 2020

On behalf of the Board of Directors:  
THE CHAIRMAN  
(Salvatore Messina)