

Courtesy translation

**INFORMATION DOCUMENT ON THE STOCK OPTION PLAN OF BFF BANKING
GROUP**

*(drawn up pursuant to Article 84-bis of Consob Regulation adopted by resolution n. 11971 of
May 14th, 1999, as amended)*

INTRODUCTION

This information document (the “**Information Document**”), prepared pursuant to Article 84-*bis* and Schedule 7 of Annex 3A of CONSOB Regulation adopted by resolution n. 11971 of May 14th, 1999, as amended (the “**Issuers’ Regulation**”), concerns the “*Stock Option Plan of the Banca Farmafactoring Banking Group*”, originally approved by the shareholders' meeting of Banca Farmafactoring S.p.A. (the “**Company**” or “**Bank**”) on December 5th, 2016 and, therefore, prior to the admission to listing of the Company’s ordinary shares on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. (the “**Plan**”) and reports, in square brackets with the wording “*Amendment Proposal 2019 Shareholders’ Meeting*”, the amendments to the Plan submitted for approval, pursuant to art. 114-*bis*, first paragraph, of the Italian Consolidated Finance Act (TUF), to the ordinary shareholders' meeting of the Company convened for March 28th, 2019 as per the explanatory report approved by the Board of Directors’ meeting on February 19th, 2019. For more information on these amendments, please refer to the explanatory report on the related item on the agenda which can be found on the Company’s website www.bffgroup.com, “Governance/Shareholders’ meeting documentation” section.

It should be noted that the Plan is to be considered of “*special relevance*” pursuant to Article 114-*bis*, paragraph 3 of the TUF and Article 84-*bis*, paragraph 2, of the Issuers’ Regulation, as it is addressed, inter alia, to the chief executive officer and to executives with strategic responsibilities of the Company and its subsidiaries pursuant to Article 93 of the TUF.

At the date of this Information Document, the Plan has already been partially implemented, as stock options within the first and second of the three *tranches* of the Plan have already been assigned. The options included in the third *tranche* can be assigned within the deadline of December 31st, 2019.

DEFINITIONS

The terms listed below will have the following meaning in the Information Document:

Directors:	those who hold the office of member of the Board of Directors or, in any case, of the management body of the Bank or of another Group company at the time they are designated as Beneficiaries.
Paid Share Capital Increase:	the increase in share capital for valuable consideration which is submitted for approval to the extraordinary shareholders' meeting of the Company convened for March 28 th , 2019.
Free Capital Increase:	the increase in share capital free of charge pursuant to art. 2349 of the Italian Civil Code, delegated to the Board of Directors pursuant to article 2443 of the Italian Civil Code, which is submitted for approval to the Extraordinary Shareholders' Meeting called for March 28 th , 2019.
Bank or Company:	Banca Farmafactoring S.p.A.
Beneficiaries:	the individuals identified by the Board of Directors and / or the Chief Executive Officer, at their unquestionable discretion, within the limits established by the applicable legislation and the Plan, from among employees and / or non-independent Directors of the Company and / or its subsidiaries, to whom the Options will be allotted.
Exercise date:	each date on which the Beneficiary exercises the vested Options, during the Exercise Period, by sending a notice of exercise.
Vesting Date:	means the last day of the <i>Vesting</i> Period.
Executive:	has the meaning referred to in the Policy.
Group:	The Bank and its direct or indirect subsidiaries pursuant to the applicable provisions of law.
MTA:	the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. on which the

Company's ordinary shares are traded.

- Options:** the non-transferable options that entitle the Beneficiaries to purchase Company shares under the terms, conditions and methods established by the Plan.
- Deferral Period:** means the period of 12 months following the *Vesting Date*.
- Exercise period:** means the period of two years, starting from the end of the Deferral Period, during which the Options, once vested, can be exercised.
- Vesting Period:** means the period of (i) 12 months from each allotment of Options, for 40% of the allotted Options; (ii) 24 months from each allotment of Options, for 40% of the allotted Options; (iii) 36 months from each allotment of Options, for 20% of the allotted Options.
- Plan:** the "*Stock Option Plan of the Banca Farmafactoring Banking Group*", which is presented in this Information Document.
- Exercise Price** has the meaning set out in paragraph 4.19.
- Policy:** the remuneration and incentive policy for 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.
- Senior Executive:** has the meaning referred to in the Policy.
- Tranche:** means, without distinction, the total quantities of Options determined in the manner set out below in the Plan that shall be allocated to the Beneficiaries in relation to the duration of the Plan: these total quantities are also defined in relation to each reference year *First Tranche*, *Second Tranche* and *Third Tranche*.

1. RECIPIENTS

The Plan is reserved for all employees and non-independent Directors of the Company and / or its subsidiaries identified by the Board of Directors, after consulting with the Remuneration Committee. [Beneficiaries who are not *Senior Executives* or *Executives* reporting directly to the Chief Executive Officer or Directors are identified by the Chief Executive Officer, taking into account the Company's remuneration policies from time to time in force.]¹

The Plan consists of three *Tranches* and provides for the allotment of up to 8,960,000 Options. At the date of this Information Document, the Options included in the *First Tranche* and *Second Tranche* had been allotted. The options included in the third *tranche* can be allotted within the deadline of December 31st, 2019.

1.1 Name of recipients who are members of the board of directors or the management board of the issuer of financial instruments, of the issuer's parent companies and of the direct or indirect subsidiaries of the issuer.

As of the date of this Information Document, the sole director who had been allotted the Options is the Company's Chief Executive Officer, Massimiliano Belingheri.

For further details see the summary table attached to this Information Document.

The Board of Directors, after consulting with the Remuneration Committee, can identify other non-independent Directors of the Company and / or its subsidiaries as Beneficiaries of the Plan within the third *tranche*, whose names and other information provided for in paragraph 1, Schedule 7 of Attachment 3A to the Issuers' Regulation, shall be provided in accordance with the procedures and terms set forth in art. 84-*bis*, paragraph 5, (a) of the Issuers' Regulation.

1.2 Categories of employees or collaborators of the issuer of financial instruments and of the issuer's parent companies and subsidiaries

In addition to the non-independent Directors of the Company and / or its subsidiaries, the Plan is open to all Group employees.

For further details see the summary table attached to this Information Document.

¹ Amendment proposed to 2019 Shareholders' Meeting.

1.3 Names of the Plan beneficiaries belonging to the following groups specified in point 1.3, (a), (b) and (c) of Annex 3A, Schedule 7 of the Issuers' Regulation

- (a) *General managers of the Company;*

Not applicable, as there are no general managers appointed by the Company.

- (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;*

Not applicable because, at the date of the Information Document, there are no executives with strategic responsibilities who have received during the financial year overall fees higher than the highest overall remuneration from among those attributed to the members of the Board of Directors.

- (c) *Individuals who control, are employees of or collaborate with the Company*

Not applicable.

1.4 Description and numerical indication of the beneficiaries, separated by categories as per point 1.4, (a), (b), (c) and (d) of Annex 3A, Schedule 7 of the Issuers' Regulation

- (a) *Executives with strategic responsibilities other than those specified in paragraph 1.3(b);*

At the date of the Information Document, 7 managers with strategic responsibilities other than those specified in paragraph 1.3(b) were identified as Beneficiaries by the Board of Directors and / or by the Chief Executive Officer (including executives who left the Group following the allotment).

For further details see the summary table attached to this Information Document.

- (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 categories (if any) of employees or collaborators for which different characteristics of the Plan have been provided (for example, managers, middle managers, white-collars, etc.);*

There are no categories of employees or collaborators for which differentiated characteristics of the Plan have been provided.

2. REASONS FOR ADOPTING THE PLAN

2.1 Objectives to be achieved through the allocation of the Plan

The objectives justifying the proposal to adopt the Plan prior to listing refer to the benefits that issuers can generally obtain from remuneration plans based on financial instruments, and in particular from *stock option* plans. *Stock option* plans enable the company to align the remuneration of management and employees to the company's *performance* and therefore to the shareholders' economic interest. Indeed, *stock options* are configured as an instrument of management and employee participation in the issuer's performance and enable the company to align management and employee remuneration to the company's performance which result in alignment of management and employee interests with those of the Company and therefore of its shareholders.

In addition, stock option plans play an important role in attracting and retaining personnel: attraction, as the allocation of stock options involves a significant rewarding power, given that the *stock options* allow managers and employees to obtain, potentially, a higher monetary remuneration. Retention, since the definition of a "*vesting*" period, during which the beneficiary of the plan must work for the company in order to accrue the right to exercise the options, acts as a retention mechanism.

Finally, a well-structured stock option plan enables the company to encourage an entrepreneurial attitude and approach by managers and employees; this, in turn, leads to innovation rather than exploiting previously acquired competitive advantages, with consequent potential creation of value for the issuing company.

Without prejudice to the foregoing, the objectives of the Plan are as follows:

- a) to encourage management integration, through its participation in the company's results;
- b) to raise management awareness on the creation of value for the Bank and the shareholders;
- c) to increase the bank's *retention* ability (retaining key resources);
- d) to improve the Group's competitiveness and good governance on the labour market, making it more attractive to the best talents on the market;
- e) to promote the Bank's sustainability in the medium to long term and ensure that remuneration is based on the results actually achieved.

The Plan develops over a long-term time horizon with the allotment of the Options in three *Tranches*, as described in detail in section 4 below. The allotted Options are

subject to a *Vesting* Period (ranging between 12 and 16 months), a Deferral Period of 12 months starting from the *Vesting* Date and may be exercised by the Beneficiaries in arrears in the two years following the deferral period. The aforementioned periods are deemed suitable for facilitating the achievement of the Plan incentive and retention objectives with regard to the management and the employees.

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

The key variables considered for the Plan allotment are shown below:

Vesting

The Options allotted within each *Tranche* become vested on completion of the *Vesting* Period and therefore: (i) 40% after 12 months from allotment; (ii) 40% after 24 months from allotment; (iii) 20% after 36 months from allotment.

Vesting is subject to two conditions being met (the *Vesting Conditions*).

(a) First Vesting Condition

Firstly, *Vesting* is subject to the existence of an employment relationship between the Beneficiary and the Bank or the other Group companies, and/or the tenure of office within the Board of Directors of the Bank or of another Group company on the *Vesting* Date of each *Tranche* (the *First Vesting Condition*)

In any case of termination of the employment or of the position of director, the Beneficiary - unless otherwise determined by the Bank's Board of Directors - forfeits all rights. In this case, all the Options allotted to him/her under the Plan, and not yet vested on the date of termination of the employment and/or of the directorship, shall be considered immediately extinguished, with no right to any kind of indemnification or compensation in favour of the Beneficiary.

(b) Second Vesting Condition

Secondly, *vesting* also takes into account the levels of capital resources and liquidity necessary to deal with the activities undertaken, and is subject to compliance with certain parameters such as Risk-adjusted Return on Capital (" RC^{RA} ") associated with compliance with capital and liquidity requirements (*Second Vesting Condition*):

1. the liquidity indicator adopted is the *Liquidity Coverage Ratio* (LCR), which has been set at 80% from January 1st, 2017, and 100% starting from January 1st, 2018;
2. the capital ratio adopted corresponds to a level of *Total Capital Ratio* of at least the value determined as a result of the SREP process carried out by the Supervisory Authority;
3. the Risk Adjusted Return on Capital (RC^{RA}) parameter is equal to the return on capital that takes into account the risks assumed by the Group, in line with the

capital targets defined in the Group's *Risk Appetite Framework* and in line with the strategic plan. Specifically:

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

where:

RWA^M: yearly average of total *risk weighted assets*, actually achieved by the Group as defined in the RAF;

TCR Target: consists of the *risk appetite* threshold defined for the *Total Capital Ratio* (15%). If there is an *eligible Tier 2* subordinate capital, the TCR Target value to be applied in the formula is equal to the difference between 15% and the *Tier 2* percentage on the Group's RWA.

Ke: cost of capital (consistently with current market conditions is defined as 10% for the *stock option* plan horizon).

The Second *Vesting Condition* is met when the reported pre-tax profit for the financial year in the calendar year preceding the *vesting* of the allotted Options is higher than the **RC^{RA}**.

Malus and Claw Back

The Plan includes the following *Malus* and *Claw Back* events (the “**Events**”) which determine the forfeiture and / or return of the rights granted under the Plan.

Claw Back events

- a) conduct resulting in a significant loss for the Bank or for the Group companies;
- b) with regard to Executive Directors, senior managers, general managers (if any), no longer meeting the requirements pursuant to Article 26 of Italian Legislative Decree n. 385 of September 1st, 1993, as amended;
- c) breach of the obligations provided for by article 53, paragraph 4 and following of Italian Legislative Decree n. 385/1993 by the parties therein specified, regarding the acceptance by banks of risk assets vis à vis those who can directly or indirectly exercise an influence on the management of the Bank or the Banking Group, and their related parties, as well as in situations of conflict of interest and / or in breach of the conditions and limits identified by the Bank of Italy pursuant to the aforementioned art. 53 of Legislative Decree n. 385 of September 1st, 1993, as amended;
- d) breach of the obligations and provisions regarding remuneration and incentives (e.g. undue receipt of remuneration);
- e) specific conducts committed with wilful intent or gross negligence that have caused property damage or prejudiced the image of the Bank or the Group companies;
- f) breach, committed with wilful intent or gross negligence, of the obligations envisaged by Italian Legislative decree n. 231/2001 or by the code of ethics;
- g) Fraudulent conducts committed with intent or gross negligence against the Bank or the Group companies.

Malus events

In addition to the cases referred to in the preceding paragraph, the *Malus* mechanisms shall apply until the start of the Exercise Period relating to a certain portion of each *Tranche*, in the event of failure to verify that profitability is greater than zero net of risk (considering pre-tax profit), according to the same formula used for the Second Vesting Condition, associated with compliance with the minimum regulatory capital and liquidity requirements, measured in the reference calendar year.

2.3 Elements underlying the calculation of the amount of remuneration based on financial instruments, or criteria for its determination

In calculating the total number of Options, the Board of Directors, acting on the proposal of the Remuneration Committee, acts at its discretion in accordance with the Bank's remuneration and incentive policies. In exercising discretion, the Board of Directors:

- takes into account the interests of the Bank and the Group;
- seeks to ensure consistency between the allotment of Options and the Bank's overall choices in terms of risk assumption, strategies, long-term objectives, corporate governance structure and internal controls;
- takes into account, *inter alia*, how crucial the recipient is for the Bank's and Group's results, the strategic relevance of the position, the recipient's potential and any other useful element, within the limits established by the laws and regulations from time to time in force.

In allotting the Options to each of the Beneficiaries, the Board of Directors and the Chief Executive Officer also consider the critical nature of the position held and the value of the beneficiary's individual performance.

2.4 Reasons for the possible decision to allocate remuneration 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 mentioned instruments are not traded on regulated markets, information on the criteria used to determine the value attributable to them

Not applicable.

2.5 Assessments regarding significant tax and accounting implications that have affected the definition of the Plan

The preparation of the Plan was not influenced by any significant assessments of a fiscal or accounting nature.

2.6 Possible support to the Plan by the Special Fund designed to encourage workers' participation in companies, as per article 4, paragraph 112, of Law n. 350 of December 24th, 2003

The Plan does not receive any support from the "Special Fund designed to encourage workers' participation in companies", as per Law n. 350 of December 24th, 2003.

3. APPROVAL PROCESS AND SHARES ALLOTMENT SCHEDULE

3.1 Scope of the powers and functions delegated by the Shareholders' Meeting to the Board of Directors for the implementation of the Plan

The Plan was approved by the Shareholders' Meeting of December 5th, 2016. This Shareholders' Meeting delegated all necessary or appropriate powers for implementing the Plan to the Board of Directors of the Company.

On February 19th, 2019, the Board of Directors of the Company resolved to submit some proposed amendments to the Plan currently in force to the Company's Ordinary Shareholders' Meeting called for March 28th, 2019 for approval. Therefore, the Ordinary Shareholders' Meeting has been called to resolve, *inter alia*, on (i) the approval of the Plan amendments, and (ii) the granting of all power necessary to implement the resolution to the Board of Directors, and to the Chief Executive Officer on its behalf, with right to sub-delegate. For more information on the proposed Plan amendments, please refer to the explanatory report on the related item on the agenda which can be found on the Company's website www.bffgroup.com, "Governance /Shareholders' meeting documentation" section.

3.2 Specify who are the persons in charge of the administration of the Plan and their function and remit

The Plan administration has been delegated to the Company's Board of Directors which establishes the management criteria on the proposal of the Remuneration Committee. In this regard, the following functions have been delegated to the Board of Directors, *inter alia*:

- a) to approve the regulation implementing the Plan and any amendments thereto;
- b) to propose to the Shareholders' Meeting any substantive change to the Plan;
- c) to identify Beneficiaries [who are *Senior Executives* or *Executives* reporting directly to the Chief Executive Officer, without prejudice to the fact that the Chief Executive Officer, within the limits of his/her powers, identifies those beneficiaries whose remuneration falls within his / her remit pursuant to the Policy;

- d) to allot the Options to the identified Beneficiaries, without prejudice to the fact that the Chief Executive Officer, within the limits of his/her powers, may decide to allot the remaining non-allotted Options to the Beneficiaries whose remuneration falls within his remit pursuant to the Policy;]²
- e) [to grant the right to exercise the Options in *cash-less* mode (for further information, see paragraph 4.5 below), and determine on a case-by-case basis whether a Withholding tax (as defined in the paragraph 4.5 below) should be applied upon exercise of the Option, without prejudice to the fact that (1) the Chief Executive Officer, within the limits of his/her delegated powers, may grant this right to the Beneficiaries whose remuneration falls within its powers pursuant to the Policy and (2) the granting of this right may be made conditional upon meeting certain requirements that will be established by the Board of Directors or, for the Beneficiaries falling within his/her remit, by the Chief Executive Officer;
- f) where granted, to revoke the authorization to exercise the Options in *cash-less* mode (for further information, see paragraph 4.5 below), without prejudice to the fact that the Chief Executive Officer, within the limits of his/her powers, may revoke the authorization granted to the Beneficiaries whose remuneration falls within his/her remit pursuant to the Policy.]³

3.3 Procedures in place (if any) for reviewing the Plan also in relation to any changes in its basic objectives

Subject to the Shareholders' Meeting's power to approve any substantial amendment 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 (for example: allotment of shares free of charge, capital increases with exclusion of subscription rights, purchase and sale of treasury shares)

The Plan is based solely on the allotment of Options that entitle the holder to receive ordinary shares of the Bank.

² Amendment proposed to 2019 Shareholders' Meeting. Based on the current wording (i.e. before the amendment), the Board of Directors: (-) identifies the Beneficiaries, without prejudice to the fact that the Beneficiaries who are not Executives or Directors shall be identified by the Chief Executive Officer, within the limits of his/her powers; and (-) allocates the Options to the identified Beneficiaries, provided that the Chief Executive Officer, within the limits of his/her delegated powers, may decide to assign the remaining non-allotted Options to Beneficiaries who are neither Executives nor Directors

³ Amendment proposed to 2019 Shareholders' Meeting.

The shares affected by the exercise of the Options can be:

- newly issued, under (i) the Paid Share Capital Increase [or (ii) the Free Capital Increase covering the exercise of Options in *cash-less* mode referred to in 4.5 below]⁴⁵;
- already issued and held in the Company's portfolio on the Option Exercise Date.

For more information on the Paid Share Capital Increase and the Free Capital Increase, reference should be made to the respective explanatory reports made available to the public through publication on the Company's website www.bffgroup.com, "Governance / Shareholders' meeting documentation" section.

3.5 Role played by each director in determining the characteristics of the Plan; situations of conflicts of interest (if any) involving the concerned directors

The characteristics of the Plan were determined by the Board of Directors of the Company on a collegial basis and were approved by Shareholders' Meeting resolution on December 5th, 2016. Subsequently, on February 19th 2019, the Company's Board of Directors, following consultation with the Remuneration Committee and the Control and Risks Committee of the Company, approved certain amendments to the Plan which will be submitted for approval to the Shareholders' Meeting called for March 28th, 2019.

As regards the occurrence of 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, non-independent directors of the Company could potentially be included among the Beneficiaries. In this regard, please note that any decision relating to and / or concerning the allocation of the Options to the Chief Executive Officer and to the *Senior Executives* or *Executives* reporting directly to the Chief Executive Officer (as well as any other decision relating to and / or related to the management and / or implementation of the plan vis à vis said parties or in relation to which the Chief Executive Officer is in conflict of interest) shall remain the sole responsibility of the Board of Directors.

⁴ Amendment proposed to 2019 Shareholders' Meeting.

3.6 For the purposes of the provisions of article 84-bis, paragraph 1, of the Issuers' Regulation, the date of the decision taken by the body in charge of proposing the approval of the plans to the shareholders' meeting and date of the proposal (if any) of the appointments and remuneration committee

Please refer to paragraph 3.1 of this Information Document.

3.7 For the purposes of the provisions of article 84-bis, paragraph 5 (a), of the Issuers' Regulation, the date of the decision taken by the body in charge of allotting the financial instruments and date of the proposal (if any) to the above body by the appointments and remuneration committee

On February 13th, 2017, on the proposal of the Remuneration Committee which met on the same date, the Board of Directors determined the total number of Options to be allotted under the First *Tranche* and identified the relevant Beneficiaries under its remit.

On March 15th, 2017, the Chief Executive Officer identified, within the scope of his/her responsibilities, the Beneficiaries of the Options included in the First *Tranche*.

On March 28th, 2018, on the proposal of the Remuneration Committee which met on March 26th, 2018, the Board of Directors determined the total number of Options to be allotted under the Second *Tranche* and identified the relevant Beneficiaries under its remit.

On March 30th, 2018, the Chief Executive Officer identified, within the scope of his/her responsibilities, the Beneficiaries (under his/her remit) of the Options included in the Second *Tranche*.

The Options were allotted (save the cases of individual Option allotment)⁶ to the respective categories of Beneficiaries, as follows:

- on April 7th, 2017 (date of listing of BFF shares) to:
 - (i) CEO;
 - (ii) Key executives;
 - (iii) Remaining employees;
- On March 30th, 2018 to:
 - (iv) CEO;
 - (v) Key executives;
 - (vi) Remaining employees.

⁶ Under the Plan, those Options that were not allotted in a Tranche or of which the Bank regained possession after the relevant grant date, can be assigned at a later date, including as part of a subsequent Tranche, up to December 31st, 2019.

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

With respect to the February 13th, 2017 and March 15th, 2017 dates, it is not possible to specify the market price of the shares underlying the Options as the Company was not yet listed.

As of April 7th, 2017, the market price of the shares underlying the Options was Euro 4.14⁷.

As of March 26th, 2018, the market price of the shares underlying the Options was Euro 5.68.

As of March 28th, 2018, the market price of the shares underlying the Options was Euro 5.85.

As of March 30th, 2018, the market price of the shares underlying the Options was Euro 5.94.

3.9 For plans based on financial instruments traded on regulated markets, in which terms and manner does the Company takes into account, when identifying the timing of allotment of instruments implementing the Plan, the possible temporal coincidence between: (i) such allotment or any decisions taken in this regard by the Nomination and Remuneration Committee, and (ii) the disclosure of any relevant information pursuant to Article 114, paragraph 1, of the Consolidated Law on Finance (TUF); for example, if this information is: a. not already public and capable of positively influencing market prices, or b. already published and capable of negatively affecting market prices

The structure of the Plan, the conditions, duration and procedures for allocating the Options, do not currently suggest that the allotment could be significantly influenced by any disclosure of relevant information pursuant to Article 114, paragraph 1, of the Consolidated Law on Finance (TUF).

In any case, both the directors and the executives shall be required to comply with the applicable regulatory provisions, with particular reference to the regulations on market abuse and in relation to the exercise of Options and on the disposal of shares obtained as a result of exercising the Options allotted to participants in the Plan.

⁷ The closing price. The opening price (IPO price, which is relevant for determining the Exercise Price) as of April 7th, 2017 was Euro 4.7 (Source: Borsa Italiana).

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 allotment of: financial instruments (so-called allocation of *restricted stock*); increase in value of these instruments (*phantom stock*); subscription rights that enable the subsequent acquisition of financial instruments (*option grant*) which are settled through physical delivery (*stock options*) or in cash on the basis of a spread (*stock appreciation right*);

The Plan provides for the allotment of Options to the Beneficiaries, the exercise of which, under the terms and conditions established by the Plan, results in the Beneficiary's entitlement to purchase 1 (one) share of the Company, subject to the provisions of paragraph Methods and clauses for the implementation of the Plan, specifying whether the actual allocation of the instruments is subject to the satisfaction of conditions or the achievement of certain *performance* targets; descriptions of these conditions and targets of this Information Document regarding the cashless mode of exercise.

The Options are allotted to the Beneficiaries on a personal basis, and for no reason may they be transferred by *inter vivos* transaction or be subjected to restrictions or be the subject of other dispositions.

The Shares purchased through exercise of the Options have regular entitlements and, therefore, the rights in the shares are attributed to each Beneficiary as soon as they become the owner of the shares.

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

The Plan consists of three *Tranches* and provides for the allotment of up to 8,960,000 Options. In detail:

- 6,146,802 Options were allotted under the *First Tranche*;
- 1,610,000 Options were allotted under the *Second Tranche*;
- 1,203,198 Options may be allotted under the *Third Tranche*.

In relation to each *Tranche*, the Board of Directors determines the number of Options and allots the Options to the Beneficiaries who are Directors, [*Senior Executives* and *Executives* reporting directly]⁸ to the CEO. Subject to the Board of Directors' resolution, the Chief Executive Officer may decide to allot the remaining Options, not allocated by the Board of Directors, to the Beneficiaries whose remuneration falls within his/her remit pursuant to the Policy.

⁸ Amendment proposed to 2019 Shareholders' Meeting. See note 2.

Once vested, the Options can be exercised on an arrears basis, during the relevant Exercise Period, as shown in the following example in relation to the dates set for the initial allotment of the various *Tranches*:

a) *First Tranche*:

- 40% of the Options vested in 2018, as of the second anniversary date following the allotment date (2019);
- 40% of the Options vested in 2019, as of the third anniversary date following the allotment date (2020);
- remaining 20% of the Options vested in 2020, as of the fourth anniversary date following the allotment date (2021);

b) *Second Tranche*:

- 40% of the Options vested in 2019, as of the second anniversary date following the allotment date (2020);
- 40% of the Options vested in 2020, as of the third anniversary date following the allotment date (2021);
- remaining 20% of the Options vested in 2021, as of the fourth anniversary date following the allotment date (2022);

c) *Third Tranche*:

- 40% of the Options vested in 2020, as of the second anniversary date following the allotment date (2021);
- 40% of the Options vested in 2021, as of the third anniversary date following the allotment date (2022);
- remaining 20% of the Options vested in 2022, as of the fourth anniversary date following the allotment date (2023);

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 (12 months) and the Exercise Period (two years from the end of the Deferral Period), the Options may be exercised by the Beneficiaries, under the terms and conditions of the Plan, until December 31st, 2025, which is the last date available for exercising the Options that can be allotted until December 31st, 2019.

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

Please refer to paragraph 4.1 of this Information Document.

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

Subject to the provisions of paragraph 2.2 above regarding the *vesting* of the Options and the *Malus* and *Claw Back* Events, the Plan, if the amendments submitted to the Shareholders' Meeting are approved, will provide that the Beneficiaries can exercise the Options [in ordinary or *cash less mode*.

In both modes,]⁹ a Beneficiary who intends to exercise the Options, in whole or in part, must notify the Bank by sending a Notice of exercise.

[A Beneficiary who intends to make use of the *cash-less* exercise method described below, must be authorized for this purpose by the Board of Directors (or by the Chief Executive Officer if falling within the latter's remit, see paragraph 4.2 e) *supra*).]

Ordinary exercise method

According to the ordinary exercise method, the shares resulting from exercise of the Options are made available to the Beneficiary following the payment of the Exercise Price, to be communicated by the Bank.

[Cash-less exercise mode

Each Beneficiary who has been previously authorized by the Board of Directors, or by the Chief Executive Officer if the matter is under his/her remit, may exercise all or part of the vested Options according to one of the following *cash-less* methods:

a) *cash-less* mode without payment of Withholding tax.

Upon exercise of the options, the Beneficiary will receive, with no need to pay the exercise price or advance the amount of the Withholding Tax, a number of Shares determined according to the following formula: *(Total Market Value of the Shares for which the Option has been exercised - Total Exercise Price of the Shares for which the Option has been exercised - Withholding tax) / Market Value of each Share*; or,

b) *cash-less* mode with payment of Withholding tax.

Upon exercise of the options, the Beneficiary will receive, with no need to pay the exercise price but by advancing the amount of the Withholding Tax, a number of

⁹ Proposed amendment 2019 Shareholders' Meeting.

Shares determined according to the following formula: *(Total Market Value of the Shares for which the Option has been exercised - Total Exercise Price of the Shares for which the Option has been exercised) / Market Value of each Share.*

where:

- *Shares for which the Option has been exercised* means the Shares that the beneficiary would be entitled to had he/she exercised the options according to the ordinary method;
- *Withholding tax* is the amount of the IRPEF withholding tax calculated on the basis of the Arms' Length Value of the *Shares for which the Option has been exercised.*
- *Market Value* is the official price of the *Shares for which the Option has been exercised* at the close of the stock market trading day preceding the exercise date;
- *Arm's length Value* of the *Shares for which the Option has been exercised* is the value established pursuant to art. 9 of Italian Presidential Decree n. 917 of 22 December 1986 (TUIR);
- *Market value of each share* is the official price of a Share at the exercise date.

For more information on the *cashless* exercise mode, reference should be made to the explanatory report made available to the public through publication on the Company's website www.bffgroup.com, "Governance / Shareholders' meeting documentation"¹⁰ section.

Subject to the foregoing, the Beneficiaries may exercise the Options under the following conditions (the ***Exercise Conditions***).

- (a) On the Exercise Date, none of the Events referred to in paragraph 2.2, *Malus and Claw Back*, from (a) to (g) must have been ascertained by the Bank.
- (b) In the event of termination of employment or removal from the office of Company director, for just cause at any time prior to the Exercise Date, all Options granted to the Beneficiary under the Plan and vested, shall be deemed immediately extinguished, and the Beneficiary shall have no right to indemnification or compensation.

In the event of termination of the employment or of the office as director for any reason other than dismissal for just cause or removal from office for just cause which has taken place:

- (i) between the *Vesting* Date and the end of the Deferral Period, the Beneficiary's right to exercise the vested Options shall be forfeited, without prejudice to the Board of Directors' right, upon proposal of the Remuneration Committee, to grant the Beneficiary the right to exercise, in whole or in part, these Options, without prejudice to the other conditions set out in the Plan;
- (ii) after the end of the Deferral Period, the Beneficiary shall be entitled to exercise, in whole or in part, the Options already vested in relation to the

¹⁰ Amendment proposed to 2019 Shareholders' Meeting.

Tranche portions for which the Deferral Period has expired, without prejudice to the other conditions set out in the Plan.

4.6 Specify any availability restrictions on allocated instruments or on the instruments resulting from exercise of the Options, with specific reference to the terms within which the subsequent transfer to the same company or third parties is permitted or prohibited

The Options will be allotted to the Beneficiaries on a personal basis and for no reason may they be transferred *inter vivos*.

Furthermore, once vested, the Options can be exercised during the Exercise Period, and therefore in the two years following the Deferral Period (12 months following the *vesting* date).

Each Beneficiary shall be entitled to sell the shares resulting from exercise of the Options, in whole or in part, at any time.

4.7 Description of any conditions subsequent related to the allocation of the plans in the event that the recipients carry out *hedging* transactions enabling them to circumvent any prohibition on the sale of the financial instruments allotted, including in the form of options, or of the financial instruments resulting from the exercise of those options

Not applicable, as there are no conditions subsequent in the event the Beneficiary carries out *hedging* transactions.

4.8 Description of the effects of termination of the employment or of the position as director

Please refer to paragraph 2.2 and 4.5 of this Information Document.

4.9 Specify any other causes for cancellation of the Plan

Save as specified in other paragraphs of this Information Document, there are no other grounds for cancellation of the Plan.

4.10 Reasons for inclusion of a "redemption" clause (if any) providing for 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 such redemption, specifying whether it is intended for specific categories of employees only; the effects of termination of the employment on said redemption

The Plan does not include any clauses of redemption by the Company. However, the Plan Regulation includes a *claw back* clause, for which reference should be made to paragraph 2.2 above.

4.11 Loans or other facilities (if any) to be granted for the purchase of shares pursuant to Article 2358 of the Italian Civil Code

The Bank may consider the granting of loans to the Beneficiaries who are employees of the Bank or of other companies of the Banking Group, at market terms for the subscription and/or purchase of the shares.

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

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

4.13 Specify any dilutive effects on capital resulting from the Plan

At the date of the Information Document, the maximum number of shares covering the Plan was approximately 5.25% of the *fully diluted* capital.

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

There are no restrictions on the exercise of voting rights and the granting of the property rights in the shares subscribed following the exercise of the Options.

4.15 If the shares are not traded on regulated markets, provide any useful information for a complete assessment of their attributable value

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

4.16 Number of financial instruments underlying each Option

Each allotted Option incorporates the right to receive 1 ordinary share of the Bank (regular entitlement to dividends, without par value), without prejudice to the provisions of paragraph 4.5 of this Information Document as regards the *cashless* exercise method.

4.17 Expiry of the Options

Please refer to the information in paragraphs 4.2 and 4.3 of this Information Document.

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

Subject to the provisions in paragraph 2.2 as regards events involving the Options *Malus* and *Claw Back*, once vested, the Options can be exercised in arrears, during the Exercise Period, and therefore in the two years following the Deferral Period, starting from the relevant *Vesting Date*.

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

- (1.i.1) Beneficiaries subject to the *Internal Dealing* Procedure, for each *blackout* periods pursuant to said procedure,
- (1.i.2) [all Beneficiaries, for each period beginning (i) the eighth calendar day prior to the date on which the Board of Directors' meeting of the Bank is convened to vote on a proposed dividend distribution to be submitted to the Shareholders' Meeting, and ending (ii) on the date from time to time identified pursuant to Article 83-*terdecies* of Italian Legislative Decree n. 58/1998, as amended (*record date*) or, if the Shareholders' Meeting does not approve the dividend distribution, on the date of that Meeting.]¹¹

Options granted and not exercised within the Exercise Period become extinguished and, consequently, no longer give the Beneficiary any right.

If the Beneficiary dies before the Exercise Date, the heirs and legatees retain the right to exercise the Options already granted to the Beneficiary, subject to fulfilment by the heirs of the obligation to file the statement of inheritance and to comply with the applicable tax laws. The Board of Directors may grant a 6-month extension of the Exercise Period, to enable the heirs or legatees to exercise the Options and perform the related obligations.

¹¹ Amendment proposed to 2019 Shareholders' Meeting.

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

The Exercise Price for the Options allotted under the First *Tranche* is calculated based on the following formula:

{(Market Cap IPO - cumulative D distributed by the IPO up to the Exercise Date) / (number of Bank shares issued and outstanding on the Exercise Date)} = Exercise Price.

The Exercise Price for the Options allotted after the *First Tranche* is calculated based on the following formula:

{(Market Cap - D distributed from the allotment date up to the Exercise Date) / (number of Bank shares issued and outstanding on the Exercise Date)} = Exercise Price.

where:

- **D** is the amount of dividends approved by the Bank Shareholders' Meeting in relation to the previous financial year;
- **Market Cap** is the Bank capitalization calculated on the basis of the average closing price of the Bank's ordinary shares as measured on the MTA (or other regulated market on which the shares were then traded) in the 60 days preceding the date of allotment of the Options, increased by a simple 8% annual interest, calculated starting from the Option allotment date up to the Exercise Date;
- **Market Cap IPO** is equal to the number of Company Shares multiplied by the IPO price¹² of each Share, plus a simple 8% annual interest calculated from the Option allotment date up to the Exercise Date.

4.20 Reasons for the difference between the exercise price and market price as determined according to point 4.19 (*fair market value*)

Not applicable.

¹² The opening price (IPO price, which is relevant for determining the Exercise Price) as of April 7th, 2017 was Euro 4.7 (Source: Borsa Italiana).

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

Not applicable, since different exercise prices are not expected between different recipients or categories of recipients.

4.22 If the financial instruments underlying the options are not traded on regulated markets, specify the value attributable to the underlying instruments or the criteria for determining such value

Not applicable, as the Options entitle holders to purchase shares traded on the MTA.

4.23 Criteria for adjustments that become necessary as a result of extraordinary transactions on capital and other transactions involving a change in the number of underlying instruments (capital increases, extraordinary dividends, split or reverse split of the underlying shares, merger and demerger, conversion into other classes of shares, etc.)

Without prejudice to the Board of Directors' right to make non-substantial changes to the Plan, there are no specific criteria for adjusting the Plan as a result of extraordinary transactions on capital and other transactions involving the change in the number of underlying instruments.

4.24 Remuneration plans based on financial instruments

Name and surname or category (1)	Position (specify only for individuals listed by name)	BOX 2							
		<i>Stock option</i>							
		Section 1							
		Options relating to currently effective plans approved on the basis of previous shareholders' resolutions (8)							
		Date of shareholders' meeting resolution	Instrument description (12)	Options held at the end of the previous year (11)	Options exercised (13)	Allotment Date (10)	Exercise price (*)	Market Price of underlying shares as of the allotment date	Exercise period (from-to)
(2) Massimiliano Belingheri	Chief Executive Officer	12/05/2016	Options on BFF shares with physical settlement	1,344,000	/	04/07/2017 (BoD/Relevant Body 02/13/2017 and Remuneration Committee 02/13/2017)		Stock price on 04/07/2017 ^{13 14} = €4.14	From 04/07/2019 - to 04/07/2023
Note									
(3)									

¹³ The closing price. The opening price (IPO price, which is relevant for determining the Exercise Price) as of April 7th, 2017 was Euro 4.7 (Source: Borsa Italiana).

Note									
(4)									
Note									
(5)									
Note									
(6) Executives with strategic responsibilities (n. 6)		12/05/2016	Options on BFF shares with physical settlement	887,040	/	04/07/2017 (BoD/Relevant Body 02/13/2017 and Remuneration Committee 02/13/2017)		Stock price on 04/07/2017 = €4.14	From 04/07/2019 - to 04/07/2023
Note									
(7) Other employees		12/05/2016	Options on BFF shares with physical settlement	3,795,762	/	04/07/2017 (BoD/Relevant Body 02/13/2017 and Remuneration Committee 02/13/2017)		Stock price on 04/07/2017 = €4.14	From 04/07/2019 - to 04/07/2023
Note									
Name and surname and category (1)	Position (specify only for individual listed by name)		BOX 2						
			<i>Stock option</i>						

		Section 2 Newly allotted Options on the basis of a decision: <input type="checkbox"/> of the board of directors for the proposal for shareholders' meeting <input type="checkbox"/> of the competent body for implementing the shareholders' meeting resolution (9)						
		Date of shareholders' meeting resolution	Instrument description (12)	Number of Options	Allotment Date (10)	Exercise price (*)	Market Price of underlying shares as of the allotment date	Exercise period (from-to)
(2)	Massimiliano Belingheri	12/05/2016	Options on BFF shares with physical settlement	170,000	03/30/2018 (BoD/Relevant Body 03/28/2018 and Remuneration Committee 03/26/2018)		Stock price on 03/30/2018 = €5.94	From 03/30/2020 – to 03/30/2024
Note								
(3)								
Note								
(4)								
Note								
(5)								
Note								

(6) Executives with strategic responsibilities (n. 6)		12/05/2016	Options on BFF shares with physical settlement	280,000	03/30/2018 (BoD/Relevant Body 03/28/2018 and Remuneration Committee 03/26/2018)		Stock price on 03/30/2018 = €5.94	From 03/30/2020 – to 03/30/2024
Note								
(7) Other employees		12/05/2016	Options on BFF shares with physical settlement	1,280,000	03/30/2018 (BoD/Relevant Body 03/28/2018 and Remuneration Committee 03/26/2018)		Stock price on 03/30/2018 = €5.94	From 03/30/2020 – to 03/30/2024
Note								

Notes to the table

- (1) Complete one line for each identified person and for each category considered; for each person or category use a different line for: i) each type of instrument or option granted (e.g. different exercise prices and / or maturities result in different types of options); ii) each plan approved by each shareholders' meeting.
- (2) Specify the name of board of directors or management board members of the issuer of financial instruments and its subsidiaries or parent companies.
- (3) Specify name of the general managers of the issuer of shares.
- (4) Specify the name of natural persons controlling the issuer of shares, who are employees or who are not employees but collaborate with the issuer of shares.
- (5) Specify the name of other executives with strategic responsibilities of the issuer of shares which is not a "small size" *company*, pursuant to article 3 , paragraph 1 (f) of Regulation n. 17221 of March 12th 2010, *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 those attributed to members of the board of directors, or the management board, and the general managers of the issuer;
- (6) Specify, in aggregate form, the managers with strategic responsibilities of the issuer of shares, who are reported by category.
- (7) Specify the category of other employees and the category of non-employee collaborators. Different lines must be used for the employee or collaborator categories for which different characteristics of the Plan have been established (for example, executives, middle managers, white-collars, etc.);
- (8) The data refer to the instruments related to plans approved on the basis of:

- i. Shareholders' meeting resolutions prior to the date on which the relevant body approves the proposal for the shareholders' meeting and / or
- ii. Shareholders' meeting resolutions prior to the date on which the relevant decision-making body implements the delegation received from the shareholders' meeting;
- therefore, the table contains:

- for i), data updated as of the date of the proposal of the relevant body for the shareholders' meeting (in this case the table is attached to the information document for the shareholders' meeting that will approve the plans);
- for ii), data updated as of the date of the relevant body's decision for implementation of the plans, (in this case the table is attached to the announcements published following the body's decision for implementation of the plans).

(9) Data may refer to:

- a. board of directors' decision preceding the shareholders' meeting, for the table attached to the document presented at the meeting; in this case, the table will only show the characteristics that may have already been defined by the board of directors;
- b. decision of the body having decision-making power concerning the implementation of the plan subsequent to its approval by the shareholders' meeting; in this case the table is attached to the press release to be published at the time of such last decision concerning implementation.

In both cases it is necessary to mark the corresponding box in the field related to this note 9. For data not yet defined, fill in the corresponding field with "NA" (Not available).

(10) If the allotment date is different from the date on which the remuneration committee formulated the allotment proposal, also add the date of the proposal of the aforementioned committee in the field, filling in the date of the board of directors' (or other relevant body's) decision with "BoD/Relevant Body" and the remuneration committee's proposal date with "Remuneration committee".

(11) Number of options held at the end of the financial year, i.e. the year prior to the year in which the shareholders' meeting is called to approve the new allotment.

(12) Specify, for example, in box 1: i) shares of company X, ii) instrument linked to the value of Y shares, and in box 2: iii) options on W shares with physical settlement; iv) options on Z shares with cash settlement, etc.

(13) Number of options exercised as of the beginning of the plan until the end of the financial year preceding that in which the shareholders' meeting is called to approve a new stock option plan.

(14) Vesting period means the period between the time the right to participate in the incentive system is granted and that in which the right becomes vested.

(*) Exercise price that can be determined based on the formula in the Stock Option Plan at each exercise date.