

**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS ON THE FIRST ITEM ON
THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING
(convened for 28 March 2019 in single call)**

*Financial statements as at 31 December 2018 Board of Directors', Board of Statutory Auditors'
and Independent Auditors' Reports. Related and consequent resolutions. Presentation of Banca
Farmafactoring Banking Group's consolidated financial statements for the year ended 31
december 2018*

Shareholders,

the Board of Directors has convened the general meeting in ordinary session on Thursday **28 March 2019** 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 separate financial statements of the Company as at 31 December 2018 and to examine the consolidated financial statements of the Banca Farmafactoring Banking Group (the "**BFF Group**") for the same financial year.

The annual report, which is made available to the public at the registered office, on the Company's *website* (www.bffgroup.com) and at the authorized storage facility called "1Info" (www.1info.it) simultaneously with this report and to which, therefore, reference is made, comprise, respectively, the draft separate financial statements and the consolidated financial statements, together with the report on operations, the certification required by art. 154- *bis*, paragraph 5 of Legislative Decree no. 58 of 24 February 1998, as amended (the "**TUF**"), the independent auditors' report, as well as, with reference to the separate financial statements only, the Board of Statutory Auditors' report.

In particular, it should be noted that the Bank's separate financial statements reported a net profit of €73,389,737, and the consolidated financial statements of the BFF Group reported a net profit of €92,152,892.

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We therefore submit for your approval the following proposed resolution:

"The Shareholders' Meeting of Banca Farmafactoring S.p.A., having taken note of the report on operations drawn up by the Board of Directors, the Board of Statutory Auditors' report and the independent auditors' report, having examined the financial statements for the year ended 31 December 2018, and having taken note of the Group's consolidated financial statements,

resolves

to approve the separate financial statements for the year ended 31 December 2018, along with the report on operations presented by the Board of Directors, which reports a profit for the year of €73,389,737."

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Milan, 19 February 2019

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