

# **BY-LAWS**

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**Registration with the Companies' Register:** 4 June 2019

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## **TITLE I**

### **COMPANY NAME, REGISTERED OFFICE AND DURATION**

#### **ARTICLE 1 – COMPANY NAME**

1. The company Banca Farmafactoring S.p.A., in abridged form also BFF (the “Bank”), is hereby incorporated.

#### **ARTICLE 2 – REGISTERED OFFICE**

1. The registered office of the Bank is in Milan. Secondary offices, branches, subsidiaries, agencies, desks, contact points and representations may be maintained, in Italy or abroad.

#### **ARTICLE 3 - DURATION**

1. The duration of the Bank is set until 31 December 2100 and may be postponed by means of a resolution of the Extraordinary Shareholders’ Meeting.

## **TITLE II**

### **CORPORATE PURPOSE**

#### **ARTICLE 4 – CORPORATE PURPOSE**

1. The Bank’s purpose is the taking of deposits and granting of credit in its various forms both within Italy and abroad.

2. The Bank may perform all financial, intermediation and investment transactions or services permitted by law, including financing and other transactions regulated by special provisions of law, as well as any other transaction instrumental to, or connected with, the achievement of its corporate purpose.

3. The Bank’s purpose further includes the organized and coordinated management of transactions aimed at facilitating the disposal, administration and collection of receivables due from the National Health System or public entities supplying healthcare services, as well as the Public Administration, the purchase and assignment of such receivables, with or without recourse, in any form and upon any conditions; the taking of payment failure risks and the giving of any kind of guarantee or collateral; as well as the acceptance and granting to third parties of mandates for the collection of receivables. The above activities may be carried out both at a national and European level.

4. The Bank may also perform, without limitation and as long as they are connected to its corporate purpose, the following activities: commercial, industrial, financial, security and real property transactions, acquisitions of interests and shareholdings in other companies, enterprises, entities or associations with analogous, similar or connected purpose, both directly and indirectly, both in Italy and abroad, including the provision of guarantees, including collaterals, in its own interest and/or that of third parties and the acceptance of representation or agency roles for national and foreign companies. The Issuer may also establish foundations.

5. Acting in its capacity as parent company of the Banca Farmafactoring Banking Group (in abridged form “BFF Group”), pursuant to article 61, fourth paragraph of Legislative Decree no. 385 of 1 September 1993 (*Testo Unico Bancario* – the “TUB”), the Bank, in performing its management and coordination activities, issues instructions to the companies belonging to the BFF Group, including those regarding the implementation of regulations issued by the Bank of Italy and in the interest of the same BFF Group stability.

### TITLE III

#### SHARE CAPITAL, SHARES,

#### PARTICIPATING EQUITY INSTRUMENTS

#### ARTICLE 5 – SHARE CAPITAL

1. The fully subscribed and paid in share capital is equal to Euro **131,197,369.38**, represented by **170,386,194** ordinary shares without nominal value and in dematerialisation regime.

2. The share capital may, by a resolution of the extraordinary Shareholders’ Meeting, be increased by one or more tranches, also by way of delegation to the Board of Directors.

3. In capital increase resolutions for consideration, option right may be excluded up to a maximum amount of 10% of the pre-existing share capital, provided that the new shares issue price corresponds to the market value of outstanding shares, and this is confirmed by a specific report of an external legal auditor or legal audit firm.

4. Contributions due in execution of capital increases may consist of assets in kind and receivables.

5. The extraordinary Meeting may approve the issuance of warrants - within the limits and in accordance with the conditions set forth by the Bank of Italy - entitling to the right to subscribe for Bank shares, provided that such right is exercised within five years of the respective issuance.

6. The Shareholders' Meeting held in extraordinary session on 28 March 2019 approved the granting of powers to the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, to increase free of charge the share capital, in one or more tranches, divisible, up to 27 March 2024, through the issue of up to 3,900,000 ordinary shares with no nominal value, with the same characteristics as those outstanding and regular entitlement, for a maximum amount of Euro 3,003,000, for an issue value equal to the book par value of the Bank's shares at the execution date to be entirely accounted for as capital, intended to meet the Company's requirements related to remuneration and incentive policies, with specific reference to: (i) the need to balance the cash and financial instrument components of the variable remuneration of the Group key personnel (or risk takers), which may become payable pursuant to the "Management by Objective" scheme envisaged by the "Group's remuneration and incentive policy for members of the strategic supervision, management and control bodies and personnel of the Banca Farmafactoring Banking Group" from time to time in force; (ii) any allotment of shares to Group employees; and (iii) the current "Stock Option Plan of Banca Farmafactoring Banking Group", through the allocation of a corresponding amount of profits and/or profit reserves as per the latest financial statements from time to time approved pursuant to Article 2349 of the Italian Civil Code.

7. The Extraordinary Shareholders' Meeting of the Company resolved to increase the share capital for valuable consideration, with partial subscription permitted, within the final deadline of 5 December 2028, with exclusion of the subscription right pursuant to art. 2441, fifth and sixth paragraphs, of the Italian Civil Code, to fund the implementation of "*Banca Farmafactoring Banking Group Stock Option Plan*" for a maximum nominal value of Euro 6,899,200, plus the share premium, through the issue, in one or more tranches, of up to 8,960,000 new ordinary shares without par value, at an issue price to be determined in accordance with the aforementioned "*Banca Farmafactoring Banking Group Stock Option Plan*".

8. The Extraordinary Shareholders' Meeting of the Company also established that (i) if not fully subscribed by the final deadline of 5 December 2028, said capital increase shall stand to the extent of the subscriptions collected up to that date, and (ii) the Board of Directors is granted full powers (a) to establish the portion of the price to be recognized as capital and the portion to be recognized as share premium and (b) to establish, including by granting powers to one or more Directors, from time to time, the issue price of the shares (including the share premium), and the other terms and conditions for execution of the share capital increase in compliance with "*Banca Farmafactoring Banking Group Stock*

*Option Plan*” and to make the ensuing amendments to this article, in order to adjust the share capital amount following the execution of the “*Banca Farmafactoring Banking Group Stock Option Plan*”.

9. The Board of Directors of April 8, 2019, in implementing the delegation granted to it by the Extraordinary Shareholders' Meeting held on March 28, 2019, resolved to increase the share capital free of charge and in a divisible manner pursuant to articles 2443 and 2349 of the Italian Civil Code for a maximum of Euro 1,015,272.72 through the allocation to capital of an amount of the corresponding amount drawn from retained earnings carried forward resulting from the last approved financial statements, with the issue of a maximum of n. 1,318,536 ordinary shares without the indication of the nominal value, regular entitlement and having the same characteristics as those in circulation, to be assigned to Group employees pursuant to (i) the current “*Banca Farmafactoring Banking Group Stock Option Plan*”, (ii) the variable “Management by Objectives” remuneration system envisaged by the remuneration and incentive policy adopted by the BFF Group, as well as incentive plans regarding the free allocation of financial instruments.

#### **ARTICLE 6 – SHARES**

1. Each share is indivisible and registered, and each one entitles to one vote. Shares are freely assignable and transferrable in accordance with the regime in force.

2. The status of shareholder constitutes, per se, acceptance to these By-Laws.

3. At any time, and at one’s own expenses, the Company may ask to authorised intermediaries, through a centralized management company, the identification data of shareholders who have not expressly banned the communication thereof, together with the number of shares recorded on accounts to their name.

4. Should said shareholders’ identification data request be made upon request of the same shareholders, the provisions of law and regulations in force from time to time shall apply, also with reference to the minimum participation percentage for the submission of the request, with equal subdivision of expenses between the Company and requesting shareholders, where not expressly otherwise provided for by the applicable provisions, also of regulatory nature.

#### **ARTICLE 7 – SHARES OR FINANCIAL INSTRUMENTS IN FAVOUR OF LABOUR PROVIDERS – SPECIAL CATEGORY SHARES - PARTICIPATING EQUITY INSTRUMENTS**

1. The distribution of profits to employees of the Company and/or subsidiaries, by the issuance of shares, special classes of shares, financial instruments pursuant to art. 2349 of the Italian Civil Code is permitted according to the mechanisms and forms of law.

2. The Company may issue, pursuant to the applicable regime in force, participating equity instruments, as well as special classes of shares entitling to different rights, also as regards the allocation of losses, determining the content thereof with the issue resolution.

#### **TITLE IV**

##### **ADMINISTRATION AND CONTROL SYSTEM**

##### **ARTICLE 8 – ADMINISTRATION AND CONTROL SYSTEM**

1. The Bank adopts a traditional administration system.

#### **TITLE V**

##### **SHAREHOLDERS' MEETING**

##### **ARTICLE 9 - SUMMON**

1. The Shareholders' Meeting, duly summoned and constituted, represents all Shareholders and its resolutions, passed in accordance with the law and these By-Laws, bind all Shareholders, also when absent or dissenting.

2. The Meeting is summoned, in ordinary or extraordinary session, in the cases provided by law and resolves upon the matters reserved to it by law and these By-Laws. It is held in single call, unless the notice of call provides for, besides the first, also the dates of possible subsequent calls, including a possible third call.

3. The ordinary Shareholders' Meeting shall be called in accordance with the conditions of law within the maximum term of one hundred twenty days of the closing of the financial year, or within one hundred eighty days of said closing, where said term is required with reference to the drafting of the consolidated financial statements, where needed, or in respect of the Bank's structure and purpose.

4. The calling of the Meeting – which may be held in Italy, also outside the registered office -, the right to attend and the representation at Meetings are governed by the law and these By-Laws.

5. The Meeting is called by the Board of Directors and its Chairman on its behalf or, in case of impediment thereof, by the Vice Chairman, where appointed, and, in case of impediment thereof, by



the Chief Executive Officer according to the terms of law and regulations, by way of notice published on the Company website, as well as with the other modalities laid down by the law.

6. Directors, in the cases and with the modalities laid down by the law, shall call the Meeting without delay, in case as many shareholders representing at least one twentieth of the share capital so request and the request sets out the matters to be addressed.

7. The call of meetings upon shareholders' request is not allowed for matters upon which the Meeting resolves, by provision of law, upon proposal of directors or on the basis of a plan or report drawn up thereby.

8. Shareholders who, also jointly, represent at least one fortieth of the share capital – or the different lower share capital percentage provided for by the regulations – may, pursuant to article 126-bis of the Financial Services Act (Legislative decree no. 58/1998, the "TUF"), with the modalities and on the terms provided for therein, ask for the agenda of matters to be addressed to be supplemented, specifying in the request the additional topics proposed thereby, or submit resolution proposals on matters already included on the agenda.

9. Supplements to the agenda, or submissions of additional resolution proposals on matters already included on the agenda, submitted pursuant to paragraph 8 of these By-Laws, are notified, within the terms of law, in the same forms prescribed for the publication of meetings' notice of call.

10. Shareholders asking for the agenda to be supplemented shall draft and transmit to the Board of Directors, within the deadline for the presentation of the supplement request, a report setting out the explanation for the resolution proposals on the matters proposed for discussion, or the explanation for the additional resolution proposals submitted on matters already included on the agenda.

11. The Board of Directors, contextually with the publication of the agenda supplement news and with the modalities laid down by the law, makes available to the public the report drafted by shareholders, accompanied by its own observations, if any.

#### **ARTICLE 10 – MEETING'S RESOLUTIONS**

1. The ordinary Shareholders' Meeting approves, in addition to the matters assigned thereto by the law: i) remuneration and incentive policies in favour of the bodies performing supervision, management and control functions and employees, ii) financial instrument based remuneration plans; iii) criteria for determining the remuneration to be granted in case of early termination of the employment relation or

early cessation of the office, including the limits set for such remuneration in terms of years of fixed remuneration, and the maximum amount deriving from the application thereof.

2. Upon approval of remuneration and incentive policies, the ordinary Shareholders' Meeting resolves upon the possible proposal of the Board of Directors to set a limit to the variable/fixed component ratio of the individual remuneration greater than 1:1 – but, in any case not higher than two hundred percent. -, in accordance with the provisions of the Bank of Italy in the matter. Such proposal is approved by the Meeting:

- with the favourable vote of at least two thirds of the share capital represented at the Meeting when the latter is constituted by at least half of the share capital, or, if this is not the case
- with the favourable vote of at least three fourth of the share capital represented at the Meeting, regardless of the share capital constituting the Meeting.

3. At the Shareholders' Meeting adequate disclosure on remuneration and incentive policies adopted by the Company, and on the relating implementation shall be provided, as provided for by the provisions of law and regulations applicable from time to time.

4. Related-party transactions falling within the Meeting competence are resolved upon in accordance with the procedures approved by the Board of Directors pursuant to laws and regulations.

5. The procedures laid down by the preceding paragraph may provide that, in case of urgency – and in any case in compliance with the regulations -, related-party transactions (also of subsidiaries) other than those falling under the meeting competence may be resolved upon by way of derogation to the same procedures provided that — without prejudice to the effectiveness of the resolutions adopted and the observance of the additional conditions provided for by the same procedures — are subsequently the subject matter of a non-binding meeting resolution to be adopted on the basis of a Board of Directors report and of the assessments of the Board of Statutory Auditors in the reasons for the urgency.

#### **ARTICLE 11 – ATTENDANCE AND REPRESENTATION AT MEETINGS**

1. The legitimation to attend Meetings and exercise voting rights is governed by the applicable regime and, where approved, the Meetings' Regulation.

2. Those who are entitled to voting right may be represented by means of proxy released according to the modalities provided for by the laws and regulations in force.

3. The proxy may be notified to the Company also electronically, by resorting to one of the following modalities:

- a) use of the specific section of the Company website, as specified by the Company in the notice of call;
- b) sending of a message to the certified email inbox, at the address specified by the Company in the notice of call.

4. The notice of call may also limit to one of the above modalities the one to be used on occasion of the single meeting to which the notice relates.

5. The Company has the right to designate for each Meeting a person to whom shareholders may grant a proxy to be represented at Meetings according to the prescriptions of art. 135-undecies of the TUF or other provisions in force on the matter, informing thereon in the Meeting's notice of call.

#### **ARTICLE 12 – CHAIRMANSHIP AND RUNNING OF MEETINGS**

1. The Meeting is chaired by the Chairman of the Board of Directors or, in case of absence or impediment thereof, by the Vice Chairman, where appointed, or, in case of absence or impediment thereof, by the person specifically appointed by the Meeting.

2. The Meeting Chairman shall verify the regular constitution of the Meeting, ascertain the identity and legitimacy of those present, lead the discussion and establish voting procedures.

3. The Chairman is assisted in minuting operations by a Notary public, or by a Secretary designated upon proposal of those present.

4. The running of Shareholders' Meetings is governed by the law, these By-Laws and – with limitation to ordinary and extraordinary Shareholders' Meetings – by the Meetings Regulation.

5. Resolutions are passed by raise of hands, or with other evident modality, also electronic, possibly proposed by the Chairman.

#### **ARTICLE 13 – MEETING RESOLUTIONS**

1. Meeting resolutions, both for ordinary and extraordinary Meetings, are passed with the majorities required by law for the single cases, both as regards the proper constitution of meetings, and for the validity of resolutions to be adopted.

## TITLE VI

### BOARD OF DIRECTORS

#### ARTICLE 14 – COMPOSITION

1. The Company is managed by a Board of Directors comprised of from 5 (five) to 13 (thirteen) members, who shall remain in office for three financial years (safe for the shorter period set by the Meeting upon appointment) and may be re-elected.

2. The Meeting determines the number of members of the Board of Directors, which number stands until it is resolved otherwise. Without prejudice to the above, for purposes of the appointments or co-optation of members of the Board of Directors, the latter identifies in advance, in compliance with the regulations in force, its quali-quantitative composition deemed optimal and informs shareholders thereof in due time in order for them to take that into account while submitting candidacies. Afterwards, the Board verifies consistency between the quali-quantitative composition deemed optimal and the actual one as resulting from the appointment process.

3. Board of Directors members shall meet the requirements laid down by the provisions of law and regulations in force from time to time.

#### ARTICLE 15 – DIRECTORS APPOINTMENT AND REPLACEMENT PROCEDURE

1. The appointment of the Board of Directors occurs on the basis of lists submitted by the outgoing Board of Directors and/or shareholders, each of which sets out a number of candidates not greater than the number of members to be appointed, listed through a sequential numbering.

2. Lists submitted by shareholders, undersigned by those submitting them, shall be lodged with the Company registered office, at least twenty five days before that scheduled for the Meeting called to resolve upon the appointment of the Board of Directors members. They are made available to the public at the registered office, on the Website and with the other modalities provided for by the *Commissione Nazionale per le Company e la Borsa* (the “Consob”) with regulation, at least twenty one days before the Meeting date. The list submitted by the Board of Directors must be filed and published in the same manner as the shareholders’ lists at least thirty days before the date set for the Shareholders’ Meeting called to resolve on the appointment of members of the Board of Directors.

3. Each shareholder (as well as shareholders adhering to a shareholders’ agreement relevant under art. 122 of the TUF, the controlling entity, subsidiaries and companies subject to common control

pursuant to art. 93 del TUF) may submit (or participate in the submission of) and vote for only one list. Adhesions and votes casted in violation of said prohibition will not be allocated to any list. Each candidate may only be included in one list, upon penalty of ineligibility.

4. With regard to the lists submitted by shareholders, only shareholders who, alone or together with other shareholders, hold in aggregate shares representing a percentage equal to at least two point five percent. of the share capital entitling to voting right at ordinary meetings, or the lower percentage required by the regulatory provisions issued by Consob are entitled to submit lists, with obligation to provide evidence of the title to the number of shares necessary to submit lists within the deadline provided for the publication thereof by the Company.

5.

6. Together with each list the following must be filed, for each candidate: i) the statement by which he or she accepts the candidacy and certifies under his or her responsibility that there are no grounds for ineligibility and incompatibility and that he or she meets the requirements prescribed for the office; ii) a *curriculum vitae* containing the candidate's personal and professional characteristics, with indication of any administration and control positions held in other companies, and whether he or she can qualify as an independent director; and iii) the opinion of the Appointment Committee, if any. Together with this documentation, the shareholders must also file, the specific certification released by a certified intermediary pursuant to the provisions of law and regulations in force, evidencing the title to the number of shares necessary to submit lists.

7. Each list shall contain the nomination of at least two directors meeting the independence requirements provided for statutory auditors by art. 148, paragraph 3, of the TUF, or the greater minimum number of independent directors provided for by the applicable regime, also of regulatory nature, applicable to banks. The first candidate of each list shall be an individual meeting the aforementioned independence requirements. Each list specifically sets out which directors meet independence requirements.

8. For the purpose of ensuring balance between genders, lists including a number of candidates equal to or higher than three shall include candidates of different gender, at least to the minimum extent required by the applicable regime with reference to the composition of the Board of Directors, according to what specified also in the notice of call of the Shareholders' Meeting. Any variation that may occur until the day of the actual Meeting is promptly notified to the Company.

9. Lists submitted without complying with the above provisions are considered as non-submitted.

10. At the end of the voting operations, candidates of the two lists which obtained the higher number of votes are appointed, according to the following criteria:

- (a) a number of Directors equal to the total number of members to be appointed less 1 (one), is derived from the list which obtained the majority of casted votes (so called “majority list”), following the sequential order with which they are listed in the same list;
- (b) the residual director is derived from the second list which obtained the highest number of votes at the meeting (so called “minority list”), which is not affiliated in any way, not even indirectly, to those who have submitted or voted for the majority list and which has not been submitted by the Board of Directors.

11. In case more lists have obtained the same number of votes, a new run-off vote is conducted between said lists by all those entitled to vote attending the meeting, and the candidates of the list which will have obtained the simple majority of votes will be appointed.

12. The appointment of the Board of Directors shall take place in accordance with the balance between genders regime.

13. Should the application of the list vote mechanism not ensure the minimum number of directors belonging to the less-represented gender laid down by the law, the candidate belonging to the more-represented gender last appointed according to the sequential order of the majority list, is replaced by the first candidate belonging to the less-represented gender and not appointed, derived from the same list, according to the sequential order of presentation or, if there is none, by the first candidate of the less-represented gender and not appointed, derived from the other lists, according to the number of votes obtained by each of them. This replacement procedure is applied (with limitation to lists containing a number of candidates equal to or greater than three) until the composition of the Board of Directors is compliant with the applicable regime, also of regulatory nature, in force in the matter of balance between genders.

14. Finally, should said procedure not ensure the above described result, the replacement is effected by resolution adopted by the Shareholders’ Meeting with relative majority, subject to prior submission of candidacies of individuals belonging to the less-represented gender.

15. Should the application of the list vote mechanism not ensure the minimum number of independent directors laid down by the provisions of law and/or regulations, the non-independent candidate last appointed according to the sequential order of the majority list, is replaced by the first not appointed independent candidate, derived from the same list, according to the sequential order of

presentation or, if there is none, by the first not appointed independent candidate, derived from the other lists, according to the number of votes obtained by each of them. This replacement procedure is applied (with limitation to lists containing a number of candidates equal to or greater than three) until the minimum number of independent directors required by law is reached and without prejudice, in any case, to compliance with the balance between genders.

16. Should said procedure not ensure the above described result, the replacement is effected by resolution adopted by the Shareholders' Meeting with relative majority, subject to prior submission of candidacies of individuals meeting the independence requirements provided by the applicable regime.

17. For the appointment of directors, for whatever reason not appointed pursuant to the herein described procedure, the Shareholders' Meeting resolves with the majorities of law, without prejudice, in any case, to compliance with balance between genders as provided for by the applicable regime.

18. If during the financial year one or more directors cease office, they are replaced pursuant to art. 2386 of the Italian Civil Code, without prejudice, in any case, to compliance with the minimum total number of independent directors and balance between genders as provided for by the applicable regime.

19. Should, by the way, the majority of directors appointed by the meeting cease office, the entire Board of Directors shall be deemed terminated with effectiveness as of its re-establishment, and the Shareholders' Meeting shall be without delay summoned for the appointment of a new Board of Directors.

20. The independent director who, after appointment, loses the independence requirements shall immediately inform the Board of Directors thereof and, in any case, ceases from the office.

21. Unless a Meeting's resolution to the contrary is adopted, directors are bound by the non-competition provision set forth under Article 2390 of the Italian Civil Code.

22. The composition of the Board of Directors, in case of a director appointment by the Meeting or by means of co-optation shall: i) take into account the outcomes of the analyses carried out by the Board of Directors and the opinions, if any, transmitted by the Appointments Committee on the optimal qualitative composition of the strategic supervision body; ii) reflect an appropriate diversification degree in terms, inter alia, of competence, expertise, age, gender and international projection.

23. The possibility for shareholders to make their own evaluations on the optimal corporate bodies' composition and to submit lists of candidates consistent therewith, justifying possible deviations from the analyses carried out by the Board of Directors, is unprejudiced.

24. The Board of Directors, should the Meeting not proceed thereto, appoints a Chairman among its non-executive members, who shall also meet the independence requirements, and may appoint one Vice-Chairman among its non-executive members.

25. In case of absence or impediment of the Chairman, the Board of Directors is chaired by the Vice-Chairman, where appointed, or, in case of absence or impediment thereof, by the Director with the highest number of consecutive mandates.

#### **ARTICLE 16 – DELEGATED BODIES**

1. Within the limits and in compliance with the applicable provisions of law and regulations, the Board of Directors may furthermore delegate its powers to one or more of its members.

2. The Board of Directors appoints a Chief Executive Officer, elected from among its members, determining the powers and term of office thereof. The Chief Executive Officer manages the Company activity, within the limitations of powers granted thereto and in accordance with the general management directions determined by the Board of Directors. He leads the staff and structure and takes care that the Company organisational, administrative and accounting structure is adequate to the company nature and size. The Chief Executive Officer reports to the Board of Directors and Board of Statutory Auditors, at least with quarterly frequency, on the general performance of management and on its foreseeable evolution as well as on transactions of greater economic, financial and capital relevance entered into by the Company and its subsidiaries.

3. The Board of Directors may also delegate its competences to a Steering Committee, determining, with the limitations provided for by Article 2381 of the Italian Civil Code, the powers, number of members and provisions governing the operations thereof.

4. Where a Steering Committee has been appointed, the Chief Executive Officer is a member thereof by operation of law. The Chairman may not be a member of the Steering Committee but may attend, without voting right, its meetings. Chairmanship of the Steering Committee pertains to the Chief Executive Officer; in case there is none or in case of absence thereof, the relating functions pertain to the eldest member. Company managers, or any other individual the Steering Committee may wish to invite to support its works on specific matters may attend Steering Committee meetings, upon invitation of the Chief Executive Officer.



5. The Board of Directors may also grant part of its powers to persons outside the same Board of Directors, whether or not affiliated to the Bank by subordinated employment relations, mandating them for single acts or categories of acts.

6. The Board of Directors may appoint a Director General. Where so appointed, the Director General shall necessarily coincide with that of Chief Executive Officer .

7. The Company may set up internal Committees, the operations of which is governed by specific rules approved by the Board of Directors.

8. The Board of Directors adopts a Regulation on its operations, in compliance with the provisions of law and these By-Laws. This regulation (the “Board of Directors’ Regulation”) is disclosed to the public by way of publication on the Bank’s website: [www.bancafarmafactoring.it](http://www.bancafarmafactoring.it).

9. The Board of Directors further adopts a Regulation defining the structure of tasks and responsibilities of the Corporate Bodies, Control Functions and Information Flows among the same Bodies and Functions. This regulation (the “Corporate Bodies, Control Functions and Information Flows Regulation”) is disclosed to the public by way of publication on the Bank’s website: [www.bancafarmafactoring.it](http://www.bancafarmafactoring.it)

#### **ARTICLE 17 – MEETINGS**

1. The Board of Directors usually meets at the registered office, except for the cases in which by reason of convenience, meetings shall be held elsewhere, upon Chairman’s call, usually once a month and, in any case, whenever a request, grounded and indicating the agenda to be discussed, is submitted by at least two Board members .

2. The Board of Directors may also be summoned by the Board of Statutory Auditors, or individually by each Statutory Auditor, upon prior written notice sent to the Chairman of the Board of Directors.

3. The Board of Directors is summoned by the Chairman by letter, fax, or other adequate means addressed to the domicile of each director, or by email with the indication of the place, date and time as well as agenda to be discussed, at least five days before the date scheduled for the meeting and, in case of urgency, even only one day before then. Statutory Auditors are notified thereof with the same means.

4. The Board of Directors is deemed in any case validly constituted, even lacking a formal call, where all directors in office and the majority of Statutory Auditors are present.

5. Attendance of at least the majority of members in office is necessary in order for Board of Directors meetings to be valid.

6. Resolutions are passed by majority of those present. In case of parity, the vote of the chairing person is prevailing.

7. Minutes shall be drawn up for every Board of Directors meeting .

8. The Board of Directors appoints a secretary who may be selected also outside the members of the same Board.

9. Meetings of the Board of Directors may take place also with interventions disseminated in more places, near or far, audio-video connected, with modalities that shall be duly noted in the minutes and in compliance with the conditions set forth under Article 19 of these By-Laws.

#### **ARTICLE 18 – POWERS OF THE BOARD OF DIRECTORS**

1. The Board of Directors is entrusted with ordinary and extraordinary management, except only for those powers mandatorily assigned by law or these By-Laws to the Shareholders' Meeting.

2. In addition to the powers that cannot be delegated pursuant to the law, and without prejudice to the provisions of law and regulations applicable from time to time and Article 16, last paragraph, the Board of Directors is vested with:

- a) the approval/review of business and financial plans and/or budgets and the verification of the achievement of the relating goals;
- b) resolutions upon the acquisition and disposal of interests of the Banking Group, as well as the determination of criteria for the coordination and direction of the Group companies and for the execution of the Bank of Italy's instructions;
- c) the purchase and sale of treasury shares, in accordance with the meeting authorisation resolution and subject to the prior authorisation of the Supervisory Authority;
- d) the approval of the Code of Ethics, setting the conduct principles in accordance with which the Bank's activity shall be shaped;
- e) risk management policies, as well as the assessment of the functionality, efficiency, effectiveness of the internal control system and of the adequacy of the organisational, administrative and accounting structure;
- f) the approval and amendment of the main internal regulations;

- g) the set-up, amendment or suppression of corporate bodies internal committees;
- h) the appointment, replacement or dismissal of the heads of the internal audit, risk management and compliance functions;
- i) the possible definition and approval of succession plans for the Chief Executive Officer and/or other managers with strategic responsibilities;
- j) the appointment of the Supervisory Body pursuant to Legislative Decree No.231/2001;
- k) the By-Laws adjustments to mandatory provisions of law;
- l) the merger by incorporation of companies in the cases provided for by articles 2505 and 2505 *bis* of the Italian Civil Code;
- m) the transfer of the registered office within the national territory;
- n) the establishment and suppression, in Italy and abroad, of secondary offices, branches, agencies, desks, contact points and representations;
- o) the reduction of share capital in case of withdrawal.

3. Committees with consulting and advisory functions can be established within the Board of Directors, the operations of which are governed by specific regulations approved by the same Board.

4. The Board of Directors, subject to prior mandatory but non-binding opinion of the Board of Statutory Auditors, appoints and dismisses the Financial Reporting Officer, pursuant to art. 154-bis of Legislative Decree no. 58/98, and determines the remuneration and term of office thereof.

5. The Financial Reporting Officer shall meet, in addition to integrity requirements prescribed by the applicable regime for those who carry out administration and managerial functions, also professionalism requirements characterised by specific financial, administrative and accounting skills. Said skills, to be ascertained by the same Board of Directors, shall be acquired through a work experience in adequate responsibility positions for a suitable period of time.

6. Directors report, promptly and at least on a quarterly basis, to the Board of Statutory Auditors on the activity carried out and transactions with greater economic, financial and capital relevance entered into by the Company or subsidiaries; in particular, they report on transactions in which they have an interest, for their own account or that of third parties, or that are influenced by the person exercising the direction and coordination activity. To this end, they forward to the Board of Statutory Auditors reports received from the Company's and subsidiaries' bodies concerning the activity and the transactions at hand, drafted on the basis of the directions given by the same directors.

**ARTICLE 19 – GENERAL FUNCTIONING CRITERIA OF THE BOARD OF DIRECTORS**

1. Board of Director's meetings may also take place with interventions disseminated in more locations, near or far, audio and/or video connected, provided that principles of collegiality, good faith and equal treatment among those attending are complied with.

2. In particular, it is necessary for:

- a) the meeting Chairman to be able, also by means of his/her bureau, to verify the identity and legitimacy of those present, lead the operations of the meeting, acknowledge and verify the outcome of resolutions;
- b) the person drawing up the minutes to be able to appropriately understand the events subject matter of the minutes;
- c) those attending to be able to take part in real time in the discussions and simultaneous resolution upon the items on the agenda;
- d) those attending to be able to exchange documents relating to the items on the agenda;
- e) the meeting notice of call to indicate the venues where those attending can reach the meeting and/or connection modalities.

3. The conditions laid down in the above paragraph being complied with, in order for the minutes – which shall take note of all aspects set forth under letters a), included, to e), included, above – to be drawn up and signed on the Bank's books, the meeting is deemed to be held in the venue where the Chairman is present, where also the meeting Secretary shall be present.

**ARTICLE 20 - CHAIRMAN**

1. The Chairman of the Board of Directors:

- ensures the smooth functioning of the Board of Directory, facilitates internal dialogue and assures the balance of powers, in line with the duties in the matter of organisation of Board works and of circulation of information that are entrusted thereto by the Italian Civil Code;
- promotes the effective functioning of the corporate governance system by ensuring, inter alia, balance between powers in respect of the Chief Executive Officer and the other executive

directors and is the reference contact of the Board of Statutory Auditors and the Board of Directors internal committees ;

- calls the meetings of the Board of Directors, sets the agenda thereof and coordinates the relating works providing for adequate and timely information to be provided to all board members on the topics on the agenda;
- ensures the effectiveness of board discussions and strives for resolutions reached by the Board to be the result of an adequate dialogue between executive and non-executive members as well as of the aware and reasoned contribution of all its members;
- in drawing up the agenda and leading board discussions, ensures that strategically relevant matters are addressed with priority, ensuring the necessary time is dedicated thereto;
- promotes meetings among all board members, also outside the board venue, to further analyse and discuss on strategic matters, requesting the attendance of all board members;
- ensures that the self-assessment process is conducted with effectiveness and that the Company prepares and implements entry programmes and training plans for the members of the bodies and, where obliged, succession plans for top executives;
- supervises on the execution of corporate bodies resolutions and on the general performance of the Company;
- may attend, without voting right, meeting of the Steering Committee;
- carries out with care and promptness every other activity entrusted to him pursuant to the law.

2. The Chairman and the Chief Executive Officer are entrusted with the legal representation of the Bank, vis-à-vis third parties and in court, and the Bank's signature, within the limits of their respective powers.

3. In case of absence or impediment to the Chairman, the powers and faculties assigned thereto are exercised by the Vice Chairman, where appointed.

4. The Vice-Chairman signature makes full prove of the absence or impediment of the Chairman vis-à-vis third parties.

#### **ARTICLE 21 – COMPENSATIONS**

1. Directors are entitled - in addition to the refund of expenses incurred in the exercise of their functions - to a remuneration that is determined by the ordinary Shareholders' Meeting.

2. The Board of Directors also determines, in compliance with the law, the remuneration due to directors mandated with specific offices, after heard the opinion of the Board of Statutory Auditors in accordance with the law.

## **TITLE VII**

### **BOARD OF STATUTORY AUDITORS**

#### **ARTICLE 22 – COMPOSITION**

1. The Board of Statutory Auditors is comprised of three statutory auditors and two alternate auditors.

2. The ordinary Shareholders' Meeting elects the Board of Statutory Auditors and determines the compensation thereof. Statutory Auditors remain in office for three financial years and cease office on the date of the Shareholders' Meeting called to approve the financial statements relating to the last year of their office.

3. The appointment of the Board of Statutory Auditors occurs in compliance with the applicable provisions of law and regulations and, without prejudice to the below provisions in this article, occurs on the basis of lists submitted by shareholders, in which candidates are listed with sequential number.

4. Each list sets out a number of candidates not higher than the number of members to be appointed.

5. Only shareholders who, alone or together with other shareholders, represent in aggregate at least two point five percent. of shares with voting right at ordinary Shareholders' Meetings, or the lower percentage required by the regulatory provisions issued by Consob for the submission of lists of candidates for the appointment of the Board of Directors (the "eligible persons") are entitled to submit lists.

6. Each shareholder – as well as shareholders adhering to a shareholders' agreement relevant under art. 122 of the TUF, the controlling entity, subsidiaries and companies subject to common control pursuant to art. 93 del TUF - may submit, or participate in the submission of, and vote for only one list. Adhesions and votes casted in violation of said prohibition will not be allocated to any list.

7. Each candidate may only be included in one list, upon penalty of ineligibility.

8. Lists of candidates, undersigned by those submitting them, must be lodged with the Company registered office, at least twenty-five days before that scheduled for the Shareholders' Meeting called to resolve upon the appointment of the Board of Statutory Auditors members, except for any extension in the cases provided for by the provisions of law and/or regulations. In particular, should upon expiry of the aforementioned deadline only one list or only lists submitted by shareholders related among each other have been lodged, lists may be submitted until the third day subsequent to said date, except for any other deadline provided for by the applicable provisions of law and regulations. In this case, shareholders who alone or together with other shareholders hold in aggregate shares representing half of the capital threshold identified in section 5 above will be entitled to submit list.

9. Lists of candidates are made available to the public at the Company registered office, on the website and with the other modalities provided for by Consob with regulation, at least twenty-one days before the meeting date.

10. Without prejudice in any case to any further document required by the applicable regime, also of regulatory nature, lists shall be accompanied by a résumé setting out the personal and professional traits of designated persons, with indication of the administration and control offices held with other companies, as well as the declarations with which single candidates:

- accept their nomination, and
- state, under their own responsibility, the absence of ineligibility and incompatibility causes, as well as the existence of the requisites possibly prescribed for the office by the provisions of law and regulations and these By-Laws.

11. Any variation that may occur until the day of the actual Meeting is promptly notified to the Company by eligible persons.

12. Lists submitted without complying with the above provisions are considered as non-submitted.

13. Lists including a number of candidates higher than one are structured in two sections: one for candidates to the office of statutory auditor and the other one for candidates to the office of alternate auditor. The top candidate of each section shall be identified among those enrolled in the Legal Auditors Register who have exercised the legal audit of account activity for a period not shorter than three years.

14. In compliance with the provisions of law in the matter of balance between genders, lists which, considering both sections, present a number of candidates equal to or higher than three, shall include

candidates of different genders both in the statutory auditors section of the list, and in the section relating to alternate auditors.

15. Member of the Board of Statutory Auditors are appointed as follows:

(a) two statutory auditors and one alternate auditor are derived from the list which obtained the majority of votes (so called “majority list”), following the sequential numbering with which they are listed in the same list;

(b) the remaining statutory auditor and the other alternate auditor are derived from the list which obtained at the meeting the majority of votes after the majority list, and which is not affiliated in any way, not even indirectly, to those who have submitted or voted for the majority list (so called “minority list”), following the sequential order with which they are listed in the same list; in case more lists have obtained the same number of votes, a new run-off vote is conducted between said lists by all those entitled to vote attending the meeting, and the candidates of the list which will have obtained the simple majority of votes will be appointed.

16. Chairmanship of the Board of Statutory Auditors pertains to the statutory auditor at the top of the minority list.

17. Should the application of the list vote mechanism not ensure, separately considering statutory auditors and alternate auditors, the minimum number of auditors belonging to the less-represented gender provided for by the law, the candidate belonging to the more-represented gender and appointed, indicated as last in sequential order in each section of the majority list, is replaced by the candidate belonging to the less-represented gender and not appointed, derived from the same section of the same list according to the sequential order of presentation.

18. In case of death, resignation or ceasing from office of an auditor, the first alternate auditor belonging to the same list as the ceased one takes over his role.

19. Should the replacement not allow to rebuild a Board of Statutory Auditors in line with the provisions of law also in the matter of balance between genders, the second alternate auditor belonging to the same list takes over.

20. Should at a later stage become necessary to replace an additional auditor derived from the majority list, the additional alternate auditor derived from the same list takes over in any case.

21. In case of replacement of the Chairman of the Board of Statutory Auditors, chairmanship is assumed by the alternate auditor belonging to the same minority list as the ceased chairman, according to the sequential order of the same list, without prejudice, in any case, to the meeting of the



requirements of law and/or By-Laws to hold the office and compliance with balance between genders as provided for by the applicable regime.

22. Should it not be possible to replace members according to the aforementioned criteria, a Shareholders' Meeting is called to integrate the Board of Statutory Auditors which resolves with relative majority.

23. Should the Shareholders' Meeting need to proceed, pursuant to the above paragraph, or the applicable regime, with the appointment of statutory and/or alternate auditors necessary to integrate the Board of Statutory Auditors, it shall be done as follows: in case of need to replace auditors appointed from the majority list, the appointment takes place with a relative majority vote without list constraint, without prejudice, in any case, to compliance with balance between genders as provided for by the applicable regime; instead, in case of need to replace auditors appointed from the minority list, the Shareholders' Meeting replaces them with a relative majority vote, selecting them, where possible, from among candidates included in the list to which the auditor to be replaced also belonged and in any case in compliance with the principle of necessary representation of minorities, without prejudice, in any case, to compliance with balance between genders as provided for by the applicable regime.

24. The principle of necessary representation of minorities is deemed complied with in case of appointment of auditors who were at the time candidates for the minority list or lists other than the one that, on occasion of the appointment of the Board of Statutory Auditors, had received the highest number of votes.

25. In case only one list has been submitted, the Shareholders' Meeting expresses its vote on it; in case the list obtains relative majority, the candidates indicated in the respective section of the list are appointed as statutory and alternate auditors; chairmanship of the Board of Statutory Auditors pertains to the person in the top position in said list.

26. For the appointment of statutory auditors not appointed for whatever reasons pursuant to the procedure envisaged herein, the Shareholders' Meeting resolves with the majorities of law, without prejudice, in any case, to compliance with balance between genders as provided for by the applicable regime.

27. Exiting auditors may not be reelected.

#### **ARTICLE 23 – POWERS**

1. The Board of Statutory Auditors exercises the functions provided by law.

2. In particular, the Board of Statutory Auditors supervises over:

- compliance with the law, the By-Laws and regulations;
- compliance with principles of correct administration;
- adequacy of the organizational, administrative and accounting structure adopted by the Bank and its actual functioning;
- completeness, adequacy, functionality and reliability of the internal control system and risk appetite framework (RAF);
- the exercise of the direction and coordination activity by the Bank;
- the legal audit process of annual and consolidated accounts, as well as the independence of the legal audit firm, in particular as regards the provision of non-audit related services;
- other actions and events set forth by the law, performing all functions that are mandated to it in compliance with the relating regime provided by the law.

3. The Board of Statutory Auditors, furthermore, verifies the effectiveness and appropriate coordination of all functions and structures involved in the control system, including the audit firm in charge of the legal audit, the correct fulfilment of their duties, proposing, if the case, any appropriate remedial measures.

4. For the purpose of the preceding paragraph, the Board of Statutory Auditors and the audit firm exchange information and data relevant to carry out their respective duties.

5. Statutory Auditors may avail themselves – in order to conduct and direct their audits and necessary controls - of the structures and departments in charge of internal control as well as proceed, at any time, and even on an individual basis, with inspections and controls.

6. The Board of Statutory Auditors may ask directors, the Chief Executive Officer and the other employees any information on the business performance or specific transactions. It may exchange information with the correspondent bodies of subsidiaries in respect of the administration and control systems and the general trend of the company business.

7. The Board of Statutory Auditors shall mandatorily inform the Supervisory Authorities of actions or events that may represent a management irregularity or breach of provisions, provided by applicable laws and regulations, and informs the Board of Directors of deficiencies and irregularities found, if any, asking for the adoption of appropriate remedial measures and verifying the effectiveness thereof.

8. The Board of Statutory Auditors' meetings may be held also via teleconference or videoconference, provided that all those presents may be identified and are able to follow the discussion and intervene in real time in the analysis of the matters addressed; these conditions being met, the Board of Statutory Auditors is considered constituted in the place where the Chairman stands.

## **TITLE VIII**

### **LEGAL AUDIT OF BANK ACCOUNTS**

#### **ARTICLE 24– AUDIT FIRM**

1. The legal audit is performed by an audit firm enrolled within the specific register and meeting any further requirement of law, selected after careful evaluation of professionalism and expertise, in order for those requisites to be in line with the Bank's size and operational complexity.

## **TITLE IX**

### **FINANCIAL STATEMENTS AND PROFITS**

#### **ARTICLE 25 – FINANCIAL YEAR AND PROFITS FOR THE YEAR**

1. The financial year closes on 31 December of each year.
2. At the end of each financial year, the Board of Directors draws up the annual financial statements.
3. Net profits recorded in the financial statements are allocated as follows:
  - a) five percent. to legal reserve, until the latter reaches one fifth of the share capital;
  - b) the remaining net profits allocated to shareholders by the Shareholders' Meeting, unless the latter resolves to retain them as reserve.
4. The Board of Directors may approve the distribution in the course of the financial year of advances on dividends to be distributed at the end of the same financial year. The balance of such dividends is paid in accordance with the modalities established by the Shareholders' Meeting upon approval of the financial statements.
5. The right to receive dividends not exercised within five years of the day on which they have become due is time-barred in favour of the Company, with allocation of the relating value to reserve fund.

## **TITLE X**

**WITHDRAWAL**

**ARTICLE 26 – WITHDRAWAL**

1. The shareholder is entitled to withdrawal right in the cases provided for by art. 2437, paragraph 1, of the Italian Civil Code, and may exercise it within the timing and with the manners provided by law.
2. No further withdrawal causes are provided for, not even as a consequence of the approval of resolutions concerning the extension of the Bank duration, the introduction or removal of constraints to the circulation of shares.

**TITLE XI**

**WINDING UP AND LIQUIDATION**

**ARTICLE 27 – WINDING UP AND LIQUIDATION**

1. Without prejudice to any provisions of law to the contrary, should an event triggering the Bank's winding up occur, the Shareholders' Meeting shall establish the liquidation modalities by appointing one or more liquidators.

**TITLE XI**

**FINAL PROVISIONS**

**ARTICLE 28 FINAL PROVISIONS**

1. For every aspect not expressly regulated by these By-Laws reference is made to the provisions of law.

**This By Laws is currently in force due to the combined results of the resolutions of the Shareholders' Meeting of March 28, 2019 and the Board of Directors meeting of April 8, 2019, and for their partial execution.**

**Milan, 30 May 2019**

**Signed: Salvatore Messina (legal representative)**