

**PRESS RELEASE**

**BFF Banking Group confirms its dividend policy and has resolved to comply with the regulatory recommendation postponing the 2019 Expected Cash Dividends payment**

*Milan, 30<sup>th</sup> March 2020* – In reference to the recommendation issued by the European Central Bank (ECB) and the Bank of Italy (addressed to all Italian banks) to refrain from distributing or making any irrevocable commitments for dividend payments for the financial years 2019 and 2020, BFF Banking Group informs that the Board of Directors of Banca Farmafactoring S.p.A. (“**BFF**” or the “**Bank**”) has resolved to comply with the aforementioned indications, confirming the Group's dividend policy and making the payment of the 2019 Expected Cash Dividends (equal to Euro 70.9m) conditional to the resolution of the COVID-19 emergency, but not prior to 1<sup>st</sup> October 2020.

Therefore, BFF confirms (i) the intention to propose the distribution of the dividend on the 2019 individual net profit, and (ii) to maintain, in accordance with regulatory conditions, the commitments announced in relation to the 2020 interim dividend, i.e. affirming the aim to distribute the Expected Cash Dividends for a total amount of Euro 70.9m, as announced to the market in the 2019 financial results press release.

Given (i) the sound capital position of the Bank – protected by BFF’s dividend policy that allows the distribution of the net profit only for the portion in excess of the 15% Total Capital ratio threshold (well above the minimum regulatory requirement) – (ii) the low risk profile and (iii) the resilience demonstrated by the business model, able to generate high value for its shareholders even in times of crisis, BFF is confident that it will be able to distribute the Expected Cash Dividends, in absence of further regulatory interventions, as soon as the banking authorities conditions are met.

More specifically, in order to comply with their recommendation, the ECB has clarified that banks can adopt either one of the following two options:

1. To confirm the original dividend distribution proposal, but with the condition that the actual payment is conditional to reassessment once the uncertainties caused by COVID-19 have been resolved (but not prior to 1<sup>st</sup> October 2020). In this case, the amount of dividends proposed shall continue to be excluded from regulatory capital calculations (“Option1”);
2. To propose a change to the dividend policy whereby no dividend will be distributed for financial year 2019 (while committing to a possible distribution of reserves subject to reassessment once the uncertainties caused by COVID-19 have been resolved, but not prior to 1<sup>st</sup> October 2020). In such case, the entire net income 2019 can be included in

the regulatory capital calculations (“Option 2”).

In order to maintain both the current dividend policy and the possibility of distributing the 2019 Expected Cash Dividend for a total of Euro 70.9m (as per the 2019 consolidated financial results press release), the Board of Directors of BFF, during a meeting held today, has resolved:

- to comply with the regulatory recommendation by adopting Option 1 indicated by the ECB, i.e. without changing its dividend policy and confirming the initial resolution proposal but making the payment of the dividend conditional to the resolution of the COVID-19 emergency. Consequently, unlike Option 2, the portion of the 2019 individual net profit intended for dividends (equal to Euro 12.4m) will not be included in the regulatory capital calculations;
- to postpone the dividend distribution for the financial year 2019, giving a mandate to the Chairman to postpone the vote on the dividend resolution proposal during the shareholders’ meeting. Moreover, the Board of Directors has already committed, in compliance with the conditions indicated by the banking regulators, to call a new shareholder’s meeting to resolve on the postponed dividend distribution proposal, at a time that will ensure that the distribution of the dividend will take place following the reassessment of the COVID-19 emergency and, based on the current indications by the ECB, not prior to 1<sup>st</sup> October 2020.

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This press release is available on-line on BFF Group’s website [www.bffgroup.com](http://www.bffgroup.com) within the section *Investors > Press Releases*.

#### **BFF Banking Group**

BFF Banking Group, listed on the Milan Stock Exchange since 2017, is the leading player specialised in the management and non-recourse factoring of trade receivables due from the Public Administrations in Europe. The Group operates in Italy, Croatia, Czech Republic, France, Greece, Poland, Portugal, Slovakia and Spain. It is also active in Germany, The Netherlands and Ireland with on-line term deposits, by serving a total of 12 Countries across Europe. In 2019 it reported a consolidated Adjusted Net Profit of € 98.8 million, with a 10.9% Group CET1 ratio at the end of December 2019. [www.bffgroup.com](http://www.bffgroup.com)

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