

Country by country reporting

AT DECEMBER 31, 2019

With regard to the provisions of Bank of Italy's Circular no. 285 of December 17, 2013, as subsequently updated (the "**Circular 285**"), BFF Banking Group (the "Group") has published this report that includes information on the activities carried out, its turnover, and the number of staff on a full-time equivalent (FTE) basis, by considering the Group's composition and geographical presence.

The information to be published is defined in Appendix A, Part I, Title III, Chapter 2 of Circular 285.

For the purposes of the financial statements, the scope of consolidation includes the aggregated figures from the balance sheet and income statement of Banca Farmafactoring S.p.A. (the "**Bank**"), BFF Finance Iberia S.A.U., BFF Polska S.A. and its subsidiaries included in the BFF Polska Group, as well as of the special purpose vehicle BFF SPV S.r.l.

The subsidiaries are companies controlled by the Group. The Group controls a company when it is exposed to the variable returns generated by the latter and has the ability to affect such returns through its power over the company. Generally, control is deemed to exist when more than half of the voting rights are directly or indirectly held, taking also into account potentially exercisable or convertible voting rights. All subsidiaries are consolidated on a line-by-line basis from the date on which control is transferred to the Group. Conversely, they are excluded from the scope of consolidation when such control ceases.

The following table provides the Group companies' information at December 31, 2019, broken down by countries in which they operate.

In addition to the information included in the table below, please note the following:

- On May 13, 2019, the Bank notified the Supervisory Authority of its intention to offer non-recourse factoring services to suppliers of the French public administration agencies and National Healthcare System—consisting of large international and domestic businesses—in compliance with regulations on the freedom to provide services. In light of this application, on July 5, 2019 the Italian Supervisory Authority advised that the relevant notification had been sent to the French Supervisory Authority. On August 7, 2019, BFF Banking Group purchased its first pilot non-recourse receivable portfolio, consisting of trade receivables due from the French healthcare system.
- The Polish Supervisory Authority KNF authorized the opening of the Polish branch on July 5, 2019, and the Polish branch started operations in September 2019 by launching the Lokata Facto deposit account.
- Through its Spanish branch and in compliance with regulations on the freedom to provide services, the Bank has been offering the Cuenta Facto product, using a Raisin Group's online platform, in the Netherlands and Ireland since September 12, 2019 and October 1, 2019, respectively.
- On September 30, 2019, BFF Banking Group finalized the acquisition of 100% of IOS Finance S.A.U. ("IOS Finance"). At the same date, the application for withdrawing the EFC (*Establecimiento financiero de crédito*) license held by IOS Finance was filed with the Bank of Spain. Following the withdrawal of the EFC status of IOS Finance, authorized by the Bank of Spain, the deed of merger of IOS Finance into BFF Finance Iberia S.A.U. was filed and registered with the *Registro Mercantil* in Madrid and became effective on December 31, 2019.

Please note that the figures included in the table below refer to Banca Farmafactoring S.p.A.'s Consolidated Financial Statements at December 31, 2019, subject to audit by PricewaterhouseCoopers S.p.A. No further audit was expressly required with reference to this report.

Geographical area	Company	Type of activities (1)	Turnover (2) - (4)	Number of FTE staff (3)	Profit (loss) before taxes (4)	Income taxes (4)	Public sector grants (4)
Italy	Banca Farmafactoring S.p.A. (*)	A B	142.5	214.8	82.3	20.2	0.0
Spain	1. Banca Farmafactoring S.p.A. Spanish Branch (*) 2. BFF Finance Iberia S.A.U.	1. B 2. A	19.9	41.9	10.6	2.7	0.0
Portugal	Banca Farmafactoring S.p.A. Portuguese Branch	A	6.6	6.5	5.2	1.4	0.0
Poland	1. Banca Farmafactoring S.p.A. Polish Branch 2. BFF Polska S.A., 3. BFF Medfinance S.A., 4. Debt-Rnt sp. Z O.O., 5. Komunalny Fundusz Inwestycyjny Zamknięty, 6. MEDICO Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty	1. B 2-6 A C D	24.8	163.0	14.4	2.2	0.0
Czech Republic	BFF Česká republika s.r.o.	A C	0.1	2.3	(0.1)	0.0	0.0
Slovakia	BFF Central Europe s.r.o.	A C	10.7	11.8	9.3	2.0	0.0
BFF Banking Group Total			204.6	440.2	121.7	28.5	0.0

(*) Please note that Banca Farmafactoring S.p.A. operates in Italy and provides factoring services in Croatia, Greece and France pursuant to the regulations on the freedom to provide services, while the Spanish branch carries out deposit-taking activities through the online deposit account in Germany, the Netherlands and Ireland, too.

(1) Type of activities

A: Non-recourse factoring and receivables management services. The Group specializes in the sale of receivables due from the national healthcare systems and public administration agencies in the countries in which it operates.

B: Deposit-taking activities through the online deposit account aimed at retail and corporate clients. In Spain such activities are performed through the relevant Spanish branch, which is also operational in Germany, the Netherlands and Ireland, based on the regulations on the freedom to provide services. The product offered, however, is aimed at retail clients only. In Poland such activities are performed through the relevant Polish branch.

C: Financing the working capital of suppliers to the public administration, financing current and future receivables, and investments in the public and healthcare sector.

D: Lease services.

(2) "Turnover" refers to the net banking income recognized in the income statement and consolidated income statement (item 120).

(3) "Number of FTE staff" refers to the ratio of the total staff working time excluding overtime to annual working time per employee provided for by the relevant full-time job contract.

(4) In € millions.

Certification by the Financial Reporting Officer

Pursuant to Article 154-bis, paragraph 2, of the Consolidated Law on Finance, Mr. Carlo Zanni, in his capacity as Financial Reporting Officer, hereby states that disclosure included in this document is consistent with the entries in accounting books and records.

Carlo Zanni
Financial Reporting Officer