

Country by country reporting

At December 31, 2018

With regard to the provisions of Bank of Italy's Circular no. 285 of December 17, 2013, as subsequently updated (the "**Circular 285**"), the 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. (formerly Farmafactoring España S.A.), BFF Polska S.A. (formerly Magellan 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 results generated by it and has the ability to affect such results. 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, 2018, broken down by countries in which they operate.

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

- On July 16, 2018, after Banco de Portugal's notification of registration, the Bank's branch officially started its operations in Portugal.
- The procedure to open a Bank's branch in Poland has started. The branch will presumably become operational in the second quarter of 2019 and it will manage deposit-taking activities through the online deposit account aimed at retail and corporate clients. On October 3, 2018, Banca Farmafactoring notified the Bank of Italy of its intention to open a branch in Poland. The Polish Authority KNF started the relevant document verification procedures on January 2, 2019 and communicated that it prepared the relevant documentation to assess the dossier on March 28, 2019.
- On December 18, 2018, the BFF Banking Group concluded the first purchase of non-recourse receivables in Croatia, where the Bank operates pursuant to the regulations on the freedom to provide services, in accordance with the Bank of Italy's Circular no. 285, Part I, Title I, Chapter 6, Section II.

Please note that the figures included in the table below refer to Banca Farmafactoring S.p.A.'s Consolidated Financial Statements at December 31, 2018, subject to audit by PricewaterhouseCoopers S.p.A. No further audit was expressly required from the latter 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	147.6	187.1	95.4	26.0	0.0
Spain	1. Banca Farmafactoring S.p.A., 2. BFF Finance Iberia S.A.	1. B 2. A	15.2	34.8	8.2	2.1	0.0
Portugal	Banca Farmafactoring S.p.A.	A	5.4	2.9	3.9	1.1	0.0
Poland	1. BFF Polska S.A., 2. BFF Medfinance S.A., 3. Debt-Rnt sp. Z O.O., 4. Komunalny Fundusz Inwestycyjng Zamknięty, 5. MEDICO Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty	A C D	20.4	166.1	9.8	1.3	0.0
Czech Republic	BFF Česká republika s.r.o.	A C	0.3	3.2	-0.1	0.0	0.0
Slovakia	BFF Central Europe s.r.o.	A C	8.6	12.8	7.1	1.6	0.0
BFF Banking Group Total			197.5	406.8	124.3	32.1	0.0

(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, based on the freedom to provide services. In Germany, however, services are aimed at retail clients only.

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