

Country-by-Country Reporting)

Information as at December 31, 2016

In accordance with Bank of Italy Circular 285 dated December 17, 2013, subsequently updated, the Banca Farmafactoring Group publishes information in this document relative to its business activities, turnover and equivalent number of employees on a full-time basis.

The information to be made public is indicated in Appendix A, in the first part, Title III, Chapter 2 of the cited Circular.

The consolidated financial statements of the Banking Group reflect the aggregation of the balance sheet and income statement of the parent Banca Farmafactoring S.p.A., the wholly-owned subsidiary Farmafactoring España S.A. and the Group companies of the wholly-owned subsidiary Magellan S.A., which contributed to the income statement for seven months since it was acquired on May 31, 2016, and the special purpose entity (SPE) Farmafactoring SPV I S.r.l.

The subsidiaries are companies controlled by the Group. The Group controls a company when it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. Generally, control is deemed to exist when the company holds, directly or indirectly, more than half of the voting rights, considering also potential exercisable or convertible voting rights.

The subsidiaries also include special purpose entities in which the Group, in substance, holds the majority of the risks and rewards deriving from their activities or those over which it exercises control. The existence of an equity investment in these entities is not relevant for this purpose.

All subsidiaries are consolidated line-by-line from the date the Group obtains control until such control ceases.

The consolidated data referring to December 31, 2016 is presented in the following table.

	<i>Banca Farmafactoring SpA</i>	<i>Farmafactoring España SA</i>	<i>Magellan Group</i>	<i>Banca Farmafactoring Group</i>
Geographical area	Italy, Spain, Portugal and Germany	Spain	Poland, Slovakia and Czech Republic	Italy, Spain, Germany, Portugal, Poland, Slovakia and Czech Republic
a) Business activity	<p>Non-recourse factoring and receivables management business. The Bank is specialized in receivables due from the Italian National Health Service and the Public Administration.</p> <p>The deposit-taking business from the public through online deposit accounts aimed at retail and corporate customers is guaranteed by the Fondo Interbancario di Tutela dei Depositi. Such business is conducted in Italy and also in Spain through the branch that also operates in Germany, under the freedom to provide services provision, with a dedicated product only for retail depositors.</p> <p>The Bank also operates in Portugal, purchasing non-recourse receivables from counterparties of the Portuguese National Health Service under the freedom to provide services provision.</p>	<p>Non-recourse factoring and receivables management business. The Company is specialized in receivables due from the Spanish National Health Service and the Public Administration.</p>	<p>Business:</p> <ul style="list-style-type: none"> - working capital loans for Public Administration suppliers - current and future receivables financing - investment financing for the public and healthcare sector 	<p>The Group is specialized in the management and factoring of receivables due from the National Health Services and the Public Administrations in the countries in which it operates. The deposit-taking business from the public through online deposit accounts aimed at retail and corporate customers is guaranteed by the Fondo Interbancario di Tutela dei Depositi. The Group also operates in Portugal under the freedom to provide services principle.</p> <p>With Magellan, the Group operates in Eastern European markets offering services such as working capital loans for suppliers of the Public Administration and investment financing for the public and private sector.</p>
b) Turnover (1) and (3)	148.0	12.9	11.4	164.0
c) Equivalent number of employees on a full-time basis (2)	163	18	136	318
d) Pre-tax profit (3)	94.2	9.8	3.6	99.1
e) Income taxes (3)	23.8	2.4	0.8	27.0
f) Government grants received (3)	0.0	0.0	0.0	0.0

(1) Turnover is the “operating income” as indicated in item 120 of the income statement and consolidated income statement.

(2) Equivalent number of employees on a full-time basis is the ratio between the total number of hours worked by all employees, excluding overtime, and the total annual number envisaged by contract for each employee hired on a full-time basis.

(3) Figures in millions of euros.