

## Country by country reporting

### At December 31, 2017

With regard to the provisions of Bank of Italy's Circular no. 285 of December 17, 2013, as subsequently updated (the **"Circular 285"**), the Banca Farmafactoring S.p.A. 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 by Appendix A, Part 1, 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"** or **"BFF"**), 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, acquired on May 31, 2016, as well as of the special purpose vehicles Farmafactoring SPV I S.r.l. and 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, 2017.

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

- The procedure to open a Bank's branch in Portugal has started. The branch will presumably become operational in the second quarter of 2018 and it will manage non-recourse factoring activities, currently carried out directly from Italy. On January 5, 2018, the Bank received a communication from the Bank of Italy reporting that the Portuguese Supervisory Authority had been notified of the Bank's intention, in compliance with current regulations.
- On January 15, 2018, the Bank received a communication from the Bank of Italy reporting that the Bank of Croatia had been notified of the Bank's intention to carry out non-recourse factoring activities in the country pursuant to the regulations on the freedom to provide services.

(\*) The change in the company name became effective on April 4, 2018.

(\*\*) The change in the company name became effective on March 22, 2018.

	<b>Banca Farmafactoring S.p.A.</b>	<b>BFF Finance Iberia S.A.</b>	<b>BFF Polska Group</b>	<b>Banca Farmafactoring S.p.A. Banking Group</b>
<b>Geographical area</b>	Italy, Spain, Portugal, Greece and Germany	Spain	Poland, Slovakia and Czech Republic	Italy, Spain, Portugal, Greece, Germany, Poland, Slovakia and Czech Republic
<b>a) Type of activities</b>	<ul style="list-style-type: none"> <li>• Non-recourse factoring and receivables management services. The Bank specializes in the sale of receivables due from the National Healthcare System and public administration agencies in Italy.</li> <li>• Deposit-taking activities through the online deposit account aimed at retail and corporate clients and guaranteed by the FITD. Such activities are performed in Italy and Spain, through the relevant Spanish branch. They are also carried out in Germany by the Spanish branch, based on the freedom to provide services, but they are aimed at retail clients only.</li> <li>• Purchase of non-recourse receivables from counterparties of the Portuguese and Greek national healthcare systems, pursuant to the regulations on the freedom to provide services.</li> </ul>	Non-recourse factoring and receivables management services. The Company specializes in the sale of receivables due from counterparties of the National Healthcare System and public administration agencies in Spain.	<ul style="list-style-type: none"> <li>• Financing the working capital of suppliers to the public administration.</li> <li>• Financing current and future receivables.</li> <li>• Financing investments in the public and healthcare sectors.</li> </ul>	The Group specializes in the management and sale of receivables due from counterparties of the national healthcare systems and public administration agencies in the countries in which it operates. Through Banca Farmafactoring, it carries out deposit-taking activities through the online deposit account aimed at retail and corporate clients and guaranteed by the FITD. Furthermore, the Bank provides its services in Portugal and Greece pursuant to the regulations on the freedom to provide services. Finally, through BFF Polska and its associated companies, the Group provides its services on the Eastern European markets, specifically funding the working capital of suppliers to the public administration and financing investments in the public and private sectors.
<b>b) Turnover <sup>(1) – (3)</sup></b>	161,8	14.1	24.4	200.8
<b>c) Number of FTE staff <sup>(2)</sup></b>	170	23	140	333
<b>d) Profit (loss) before taxes <sup>(3)</sup></b>	111.2	10.4	9.9	132.0
<b>e) Income taxes <sup>(3)</sup></b>	31.8	2.6	2.0	36.4
<b>f) Public sector grants <sup>(3)</sup></b>	0.0	0.0	0.0	0.0

(1) "Turnover" refers to the net banking income recognized in the Bank's income statement and in the consolidated income statement (Item 120).

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

(3) In € millions