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PRESS RELEASE
BANCA FARMAFACTURING

The consolidated financial statements for the year 2015 have been approved. The key income statement and balance sheet figures are set forth below:

- Total volumes of €6.286 million as of 2015YE (+15% compared to €5,450 million at 31 December 2014) and total collection of €5,522 million (+6% compared to €5,191 million as of 2014YE)
- Non recourse volumes amounted to €2,986 million as of 2015YE (+19% compared to €2,502 million at 31 December 2014) involving 6,511 debtors
- Outstanding receivables from non-recourse factoring amounted to €2,009 million as of 2015YE (+30% compared to 2014)
- Growth in direct funding from deposit accounts Conto Facto and Cuenta Facto, in Italy and Spain, reached total collection of €418 million as of 2015YE (€226 million in 2014)
- Operating income of €141.9 million
- Cost/income ratio at 31.3%
- Profit before tax of €96.3 million
- Dividends proposed to the Shareholders' Meeting equal to €68.8 million (+ €20.3 million compared to 2014)
- Own funds of €259.3 million
- CET 1 Capital Ratio, Tier1 Capital ratio and Total Capital ratio as of 2015YE equal to 24%

Milan, March 18, 2016 - The Board of Directors of **Banca Farmafactoring ("BFF" or the "Bank")** – the leading player in Italy, Spain and Portugal in the management and non-recourse factoring of receivables from the Public Administration - approved the Bank's 2015FY draft consolidated financial statements.

During 2015 BFF consolidated its competitive position in the Italian market, strengthened its growth in the sector of the Italian Public Administration and its international presence in Spain and Portugal. It also further diversified its funding sources, including via the growth of the online deposit account Conto Facto in Italy and the launch of Cuenta Facto in Spain.



GRUPPO BANCARIO

BANCA
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"In the year 2015 Banca Farmafactoring successfully pursued its path of growth and development in its core business of management and non-recourse factoring of receivables from the Public Administration. In particular, the Bank has continued to expand internationally, widen its customer base, expand the debt portfolio sold by our customers and broaden and diversify the distribution channels", commented **Massimiliano Belingheri, CEO of BFF.**

"We also believe that the investments made in recent years and the continuing focus on customer service will help the Bank sustain its development trend, while maintaining a solid capital position and group profitability that already stand at remarkable levels with respect to the markets in which we operate. Lastly, we confirm our strategic positioning to further expand our business abroad; a path we have already embarked on with the takeover bid launched in January on 100% of the shares of Magellan S.A., a Polish company listed on the Warsaw Stock Exchange and leader in the market of financial services for the healthcare sector in Poland, the Czech Republic, and Slovakia"- concluded **Belingheri.**

The key income statement and balance sheet items are set forth below:

The **total volumes of receivables managed for own account or on behalf of third parties** by BFF in 2015 amounted to €6.286 million, up 15% from €5,450 million in 2014. **Total collections** recorded a 6% increase to €5,522 million, compared to €5,191 million in 2014.

In terms of non-recourse volumes, outright purchases amounted to €2,986 million, up 19% compared to €2,502 million in 2014, due to higher purchases relating to new customers and the major contribution of the Spanish subsidiary as well as activities on the Portuguese market.

Purchases on the Italian market stood at €2,481 million, compared to €2,161 million of 2014FY. Net of the effects of the split payment that came into force in Italy on 1 January 2015 and considering an average VAT rate of 15%, the receivables purchased in Italy during 2015 grew on a like-for-like basis by approximately 32% against the figure for 2014.

In Italy, this growth was supported by trade policies aimed at strengthening relations with our existing customers and extending our offer to new customers, in the sector of receivables from the National Health Service and with respect to activities relating to the supply of services to the Public Administration in general. Specifically, purchases of receivables due from the Public Administration in Italy grew in 2015 in terms of debtors, which rose from 1,607 in 2014 to 5,954 in 2015 and in terms of volumes, which increased by 172%, from €344.9 million in 2014 to €939.6 million in 2015.

In our foreign markets, the subsidiary Farmafactoring España S.A. made outright purchases for €450 million, up by + 42% compared to the figure of €311 million in



2014. On the wake of this growth in volumes and collection, our Spanish subsidiary achieved a profit for the year of €9.1 million, an increase of 420% compared to €2.2 million in 2014. The Portuguese market has seen very positive results, with purchase volumes growing by 89%, from €29 million in 2014 to €55 million.

In terms of collection, the Group's direct funding reached €418 million, up 85% compared to €226 million at 2014YE. The increase is attributable to both Conto Facto, the online deposit account for retail customers and businesses launched in Italy in September 2014, and Cuenta Facto, the corresponding product launched in August 2015 on the Spanish market by the newly formed Spanish branch of BFF.

Operating income as of 2015YE stood at €141.9 million, considerably up compared to the "pro-forma" (1) figure of 2014FY, i.e. €117.4 million.

Operating income is made up as follows:

Total interest income of €162 million as of 2015YE, up compared to the "pro-forma" (1) figure as of 2014YE, i.e. €152 million.

Interest expenses down compared to 2014, €28.9 million compared to €44.2 million as of 2014YE.

Net fee and commission income of €7.9 million, compared to €8.2 million as of 2014YE.

The accounts for 2015 show a **profit before tax from continuing operations** of €96.3 million, up 12% compared to the "pro-forma"⁽¹⁾ figure for 2014 of €85.6 million and taking into account extraordinary charges, recorded under administrative expenses, of more than €5 million. Of these costs, approximately €3.5 million relate to expenses for the IPO process, the change in the majority shareholder and other corporate transactions, while about €1.6 million refer to contributions paid to the Resolution Fund and to the Interbank Deposit Protection Fund.

The Group has continued to invest in its organizational structure, increasing the headcount to 188 employees, compared to 151 as of 2014YE. The Group "cost/income ratio" at 31.3% remains at good levels.

Focusing on the 2015 consolidated balance sheet, receivables from customers amounted to €1,962 million, up compared to €1,555 million in 2014, due to the broadening of our customer base and of our receivables portfolio, both in Italy and abroad.

The high quality of BFF receivables portfolio was confirmed in 2015, with net non-performing receivables amounting to €2.5 million, a decrease compared to the figure of 2.9 million in 2014. The ratio of non-performing to non-recourse receivables at 31.12.2015 was 0.14%, down from 0.19% in 2014.

In the balance sheet the main regulatory indicators confirm the strength and adequacy of BFF capital, with the regulatory capital ratios, CET1, Tier 1 and Total Capital Ratio standing at 24%.

Moreover, the Board of Directors resolved to allocate €68.8 million for dividends to shareholders, up compared to €48.45 million of 2014FY.

Significant events in the first months of 2016

On 8 January 2016 BFF, through its Polish subsidiary, announced a public tender offer for 100% of the shares of Magellan S.A., a Polish company listed on the Warsaw Stock Exchange and leader in the market of financial services for the healthcare sector in Poland, the Czech Republic, Slovakia and Spain. The subscription period of 30 days began on 28 January 2016 and has subsequently been extended for an additional 30 days as of 29 February 2016. The offer is conditional upon receipt by BFF of the Bank of Italy's approval - the authorization process is currently under way - and clearance from the Polish Antitrust Authority, which was issued on 16 February 2016. Lastly, a number of different strategic options, including the possible Initial Public Offering, are being considered by the company.

The financial statements of BFF Banking Group at 31 December 2015 are provided below.

Consolidated Balance Sheet

(in Euro thousand)

Items	31.12.2015	31.12.2014
Consolidated Assets		
Cash and cash equivalents	160	3
Available-for-sale financial assets	429,438	370,180
Financial assets held to maturity	822,859	955,932
Due from banks	60,523	97,726
Receivables and loans	1,962,004	1,554,957
Property, plant and equipment	12,666	12,693
Intangible assets	2,747	2,053
Tax assets	28,053	31,117
Other assets	3,106	2,106
Total Consolidated Assets	3,321,555	3,026,767
Consolidated Liabilities and Equity		
Due to banks	688,081	968,264
Due to customers	1,726,683	1,168,587
Securities issued	452,962	468,562
Financial liabilities held for trading	0	46
Hedging derivatives	0	47
Tax liabilities	70,583	73,057
Other liabilities	45,885	32,377
Employee severance indemnities	883	717
Provisions for risks and charges	5,195	4,316
Equity	262,493	186,416
Profit (Loss) for the year	68,791	124,378
Total Consolidated Liabilities and Equity	3,321,555	3,026,767

Consolidated Income Statement

(in Euro thousand)

Items	31.12.2015	31.12.2014 Pro-forma ⁽¹⁾	31.12.2014
Interest income and similar income	161,946	151,968	252,550
Interest expense and similar expense	(28,898)	(44,240)	(44,240)
Net interest margin	133,047	107,729	208,311
Net fee and commission income	7,943	8,239	8,239
Gains / losses on trading	46	497	497
Net profit (loss) on hedging	(23)	(7)	(7)
Net profit (loss) on sale or purchase of financial assets available for sale	872	953	953
Operating income	141,885	117,411	217,993
Impairment reversal on financial activities	(1,126)	131	43
Administrative expenses	(45,567)	(35,954)	(35,954)
Depreciation of property and equipment / Amortisation of intangible assets	(2,137)	(1,743)	(1,743)
Net provisions for risks and charges	(879)	(1,280)	(1,280)
Other operating income / expenses	4,144	7,032	7,032
Profit before tax from continuing operations	96,320	85,597	186,092
Income taxes and profits	(27,529)	(28,129)	(61,714)
Profit (loss) for the year	68,791	57,468	124,378

⁽¹⁾ To make 2015YE data comparable with the previous year, 2014 data are represented on a "pro-forma" basis, assuming that the change in accounting method for late payment interests was introduced as of 2011.

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