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PRESS RELEASE
BANCA FARMAFACTORING

Financial statements as of the year ended 31 December 2014 ("2014YE") have been approved. Key P&L and Balance Sheet data reported in what follows:

- **Total volumes of €5,451 million as of 2014YE (€4,536 million as of 31 December 2013 ("2013YE")) and total collection of €5,197 million (€5,147 million as of 2013YE)**
- **Outstanding receivables from non-recourse factoring equal to €1,549 million as of 2014YE (€1,215 million as of 2013YE)**
- **Operating income of €218 million as of 2014YE**
- **Profit before tax of €186.1 million as of 2014YE**
- **Own funds of €260.1 million as of 2014YE**
- **Tier1 Capital ratio and Total Capital ratio 27.5%**

Several different strategic options are being considered to further strengthen the business and support its growth both in Italy and abroad, amongst which also a potential Initial Public Offering on Borsa Italiana.

Milan, 25 February 2015 - 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 credits against the Public Administration, has approved the Bank's 2014FY preliminary results.

In particular, over the course of 2014, BFF continued to develop its business model, registering increasing volumes by 13.7% in the Italian market *vs.* 2013 levels, with a strong contribution from the Public Administration. In the Spanish market, the activity – which began in 2011 – experienced a material expansion equal to 433% *vs.* 2013. In Portugal, the Bank started to operate under free provision of services.

Moreover, after obtaining its banking license in 2013, BFF has diversified its financing sources, amongst which, a €300 million three year senior bond placed with institutional investors as well as via the launch of online deposit accounts. "Conto Facto", the online deposit account service of BFF, registered the opening of 3,458 new accounts and collected over €226 million as of YE2014. These initiatives allowed the Bank to expand its funding strategy and significantly decrease its funding costs.

As of YE2014, BFF was able to rely on funding of €2,069 million, an increase of 36.2% *vs.* the previous year.

Key income statement and balance sheet items, together with main ratios, are set forth below:

Total volumes rose to €5,451 million as of 2014FY, increasing from €4,536 million in 2013FY, whilst **total collection** amounted to €5,197 million, substantially in line with €5,147 million in 2013.
In terms of non-recourse volumes, the Bank acquired receivables for €2,502 million, up from €1,774 million in 2013. Non-recourse receivables under our management outstanding amounted to €1,549 million *vs.* €1,215 million in the previous year, with an increase of over 27%.

Finally, starting from 2014 the Bank changed its accounting methodology for late payment interests from cash to amortised cost accounting. Over the course of the year the Bank in fact acquired the required analysis tools to be able to reliably estimate future collection of late payment interests, obtaining a prudential estimate of the recovery rate on the latter equal to 40% of its total stock. This methodology allows for the booking on P&L of late payment interests expected and matured over the period, leading to a better representation of the profitability and evolution of the Bank's operating business.

Operating income grew to €218 million as of 2014FY. With reference to the change in accounting described above, normalised operating income would have been equal to €117.4 million, significantly up from €108 million as of 2013FY.

Total revenues can be split as follows:

- **Interest income** was equal to €252.6 million as of 2014FY. With reference to the change in accounting described above, normalised interest income would have been equal to € 151.9 million, up from €150.8 million in 2013FY.
- **Interest expenses** decreased notwithstanding the increase in the average bank exposure from €53.6 million in 2013FY to €44.2 million in 2014FY, thanks to a lower cost of funding resulting from the renegotiation of credit lines and the diversification of BFF's funding sources.
- **Net commissions** were down to €8.2 million, as compared to €9.2 million in 2013FY.

The Bank ended 2014FY with **a gross profit from continuing operations** of €186.1 million. Normalised profit before tax net of the aforementioned impact of the extraordinary proceeds is equal to € 85.6 million (*vs* € 84.5 million as of 2013FY).

As regards the balance sheet, receivables against clients rose to €1,555 million *vs.* €1,137 in 2013FY due to the increase of the relevant receivables portfolio.

The 2014FY results confirmed the high quality of BFF's receivables portfolio, as proved by non-performing loans totaling €2.9 million, whilst the ratio of non-performing loans / non-recourse receivables amounted to 0.19%.

BFF maintains an adequate level of capitalisation and a solid capital structure, both at the Tier 1 level (Tier 1 Capital ratio stood at 27.5%) and at the Total Capital level (Total Capital ratio stood at 27.5%).

The Board of Directors has also submitted a proposal to distribute a dividend of €48.45 million to shareholders.

"The financials approved today show the significant growth experience by Banca Farmafactoring in 2014 on several fronts, notwithstanding its ongoing focus on its core business of managing and non-recourse factoring of receivables against the Public Administration. Our comfortable capital position facilitates the Bank in addressing its development path going forward, both in Italy and abroad – commented Mr. Massimiliano Belingheri, CEO of Banca Farmafactoring".

BFF will continue to focus on consolidating its leadership in the segment where it historically operated, whilst also favoring the development and growth of its business both in Italy and Spain and Portugal. Moreover, BFF's shareholders are also considering potential strategic alternatives regarding their investment in the Bank, amongst which its potential listing on Borsa Italiana.

The tables below present certain items from the Bank's financial statements as 2014FY. The normalisation table highlights what Group interest income, net interest margin and operating income would have been for both 204FY and 2013FY if the new accounting methodology for late payment interests had been introduced since 2012.

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Consolidated Income Statement

Items	Accrual LPI 31.12.2014	31.12.2013
Interest income and similar income	252,550,454	154,642,788
Interest expense and similar expense	(44,239,657)	(53,644,270)
Net interest margin	**208,310,797**	**100,998,518**
Fee and commission income	9,444,411	10,272,469
Fee and commission expenses	(1,205,443)	(1,108,089)
Net fee and commission income	**8,238,968**	**9,164,380**
Gains/ losses on trading	496,971	1,701,144
Net profit (loss) on hedging	(7,378)	0
Net profit (loss) on sale or repurchase of:		
b) financial assets available for sale	953,391	0
Operating income	**217,992,749**	**111,864,042**
Impairment losses/ reversals on:		
a) receivables	43,395	(1,136,173)
Net profit from banking activities	**218,036,144**	**110,727,869**
Net profit from banking and insurance activities	**218,036,144**	**110,727,869**
Administrative expenses:		
a) personnel costs	(14,828,301)	(13,227,085)
b) other administrative expenses	(21,125,921)	(17,050,549)
Net provisions for risks and charges	(1,279,960)	(733,574)
Depreciation of property and equipment	(1,053,239)	(1,217,256)
Amortisation of intangible assets	(689,285)	(571,938)
Other operating income/expense	7,032,444	6,609,129
Operating expenses	**(31,944,261)**	**(26,191,273)**
Profit before tax from continuing operations	**186,091,881**	**84,536,596**
Income taxes on profits from continuing operations	(61,714,345)	(35,623,770)
Profit after tax from continuing operations	**124,377,536**	**48,912,826**
Profit for the year	**124,377,536**	**48,912,826**
Profit for the year attributable to owners of the parent	**124,377,536**	**48,912,826**

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Consolidated Balance Sheet

		Accrual LPI	
	Consoildated Assets	**31.12.2014**	**31.12.2013**
10.	Cash and cash balances	**3,213**	**1,164**
20.	Financial assets held for trading	**0**	**4,877**
40.	Available-for-sale financial assets	**370,179,751**	**82,015,308**
50.	Financial assets held to maturity	**955,931,754**	**0**
60.	Due from banks	**97,726,016**	**325,944,213**
70.	Receivables and loans	**1,554,957,278**	**1,136,577,971**
120.	Property, plant and equipment	**12,692,677**	**12,829,189**
130.	Intangible assets	**2,052,729**	**1,121,966**
	of which		
	- goodwill		
140.	Tax assets	**31,117,308**	**40,082,589**
	a) current	*28,571,839*	*37,878,941*
	b) deferred	*2,545,469*	*2,203,648*
	of which convertible to tax credit L.214/2011	*469,560*	*508,690*
160.	Other assets	**7,306,703**	**9,335,903**
	Total Consolidated Assets	**3,031,967,430**	**1,607,913,180**

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Consolidated Balance Sheet

	Consolidated Liabilities and Equity	Accrual LPI 31.12.2014	31.12.2013
10.	Due to banks	**970,508,159**	**804,451,120**
20.	Due to customers	**1,168,792,055**	**173,437,510**
30.	Securities issued	**469,785,852**	**320,000,000**
40.	Financial liabilities held for trading	**45,760**	**547,608**
60.	Hedging derivatives	**47,224**	**0**
80.	Tax liabilities	**73,056,614**	**47,015,667**
	a) current	*30,885,193*	*35,796,523*
	b) deffered	*42,171,421*	*11,219,144*
100.	Other liabilities	**33,563,876**	**25,370,107**
110.	Employee severance indemnities	**716,829**	**704,718**
120.	Provisions for risks and charges:	**4,657,093**	**3,377,133**
	a) pension funds and similar obligations	*3,952,350*	*2,672,390*
	b) other provisions	*704,743*	*704,743*
140.	Valuation reserves	**4,034,924**	**4,218,569**
170.	Reserves	**51,481,508**	**48,977,922**
190.	Share capital	**130,900,000**	**130,900,000**
220.	Profit for the year	**124,377,536**	**48,912,826**
	Total Consolidated Liabilities and Equity	**3,031,967,430**	**1,607,913,180**

Normalisation table of net interest margin

	31 December	
	2014	**2013**
Interest income and similar income	252,551	154,643
Normalisation linked to the introduction of an estimate of the recoverability of late payment interests	(100,583)	(3,821)
Normalised interest income and similar income	151,968	150,822
Normalised net interest margin	**107,729**	**97,178**
Normalised operating income	**117,411**	**108,044**

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