



PRESS RELEASE

BFF BANKING GROUP ANNOUNCES A 10 YEAR SUBORDINATED TIER 2 BOND ISSUE FOR EURO 100 MM

Milan 21 February 2017 – BFF Banking Group announces the private placement to institutional investors of a subordinated Tier 2 bond due 2027, for a total nominal amount of Euro 100 million, being the first subordinated bond issued by the parent company Banca Farnafactoring S.p.A.

The transaction represents the first-ever unrated Tier 2 by an Italian bank as well as the first Italian Tier 2 issuance in 2017, attracting strong interest from domestic and international institutional accounts alike.

The issuance represents a further step in the continuous diversification of funding and capital sources carried out by the Group, leading to a more efficient capital structure and benefitting the Group's Total Capital ratio.

The subordinated notes will have a final maturity date in March 2027 with an Issuer Call Date in March 2022 and will be issued with a denomination of Euro 100,000 and integral multiples of Euro 1,000 in excess thereof. The notes will carry an annual fixed coupon of 5.875% prior to the issuer call date.

The issuance and settlement are expected to take place on 2nd March 2017. On or about the issue date, the Notes will be listed on the official list of the Irish Stock Exchange and will be admitted to trading on the relevant regulated market.

Morgan Stanley & Co. International plc acted as sole underwriter and lead manager on the transaction. White & Case LLP acted as legal counsel of the issuer and Clifford Chance Studio Legale Associato acted as legal counsel to Morgan Stanley & Co. International plc.

This communication does not constitute an offer or a solicitation to subscribe for or purchase any securities. The securities have not been and will not be registered under the United States Securities Act of 1993 (as amended) (the "Securities Act"). The securities may not be offered, sold or delivered within the United States or to "U.S. persons" (as defined in Regulation S under the Securities Act) as part of their initial offering. The securities may be initially offered and sold only outside the United States in reliance on Regulation S under the Securities Act and subsequent resales may be made only in



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BFF Banking Group

BFF Banking Group is the leading player in Europe in the management and non-recourse factoring of receivables towards the Public Administrations. In 2016 the Group's consolidated adjusted net profit was Euro 88 million and the CET1 ratio for the Banking Group at year end 2016 was 16.7%.

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