PRESS RELEASE

Closing of IOS Finance acquisition

Milan, 30th September 2019 – BFF Banking Group ("**BFF**" or the "**Group**") announces that today the acquisition of the 100% of the share capital of IOS Finance, E.F.C., S.A. ("**IOS Finance**" or the "**Target**") has been completed. The acquisition has been completed in line with the terms already agreed upon pursuant to the shares' Sale and Purchase Agreement (SPA) that was announced to the market with the press release dated 10th April 2019 and following the non-opposition by Bank of Spain and Bank of Italy.

The total consideration for the acquisition, fully paid in cash, was €26.4m (equal to the sum of €25.0m, as announced with the press release dated 27th March 2019, plus €1.4m in price adjustment[1]). Additionally, BFF fully repaid IOS Finance's funding line provided by Deutsche Bank AG equal to €81m. Both the acquisition price and the reimbursement of the aforementioned funding line were paid with BFF's existing funding lines.

The transaction further strengthens BFF's leadership position in Europe and allows the Group to:

- Reinforce its leadership in the Iberian market, with a total new business volume of over €1.3bn[2] in Spain (of which c. €1.1bn[2] is purchased non-recourse receivables, equal to over 1/5 of the Group's purchased volumes in 2018).
- Gear-up the growth in Spain, an underpenetrated market for NHS and PA factoring, where the current political environment could result in the lengthening of the DSO (days of sales outstanding).
- Increase the geographical diversification, with 36%[2] of total customer loans outside Italy.
- Expand the credit management offering also to Spain, the second market after Italy where BFF will provide this service, with €273m of existing trade receivables managed by the Target on behalf of its clients.
- Create value for the shareholders, thanks to important potential synergies stemming from the integration of IOS Finance with the BFF's Spanish business.

[1] Price adjustment mechanism based on the Net Asset Value at closing, calculated excluding, if positive, the net result generated in 2019 which accrued to the acquirer.
[2] FY 2018 pro-forma data.

With a €26.4m total all-cash consideration, the transaction represents a pre-synergy multiple of 8.3x P/E[3] 2018 and 1.5x P/TBV[3], for a business with high RoTE[3] (c. 19%), low risk, low capital absorption, and strong potential synergies.

In the first eight months of 2019 IOS Finance purchased (without recourse) €257m of receivables. Over the same period, IOS Finance had revenues of €4.1m[4], operating costs of €1.6m and an adjusted net profit of €1.7m[4]. At the end of August 2019 net customer loans and tangible shareholders' equity (pro-forma for the pre-closing dividend of up to €27m and excluding the net income of the period) were €90m and €16m respectively[5].

The estimated capital absorption for the Group is equal to c. €13m, of which c. €10m is related to goodwill. The estimated capital absorption is €4m lower than what was previously announced in the press release dated 27/03/2019, since the fair value of IOS Finance's assets is in line with the accounting value. Therefore, the harmonization of the late payment interests accounting method[6] would not generate a one-off negative impact.

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This press release is available online on BFF Group's website www.bffgroup.com within the section *Investors > Press Releases*.

BFF Banking Group

BFF Banking Group, listed on the Milan Stock Exchange since 2017, is the leading player specialised in the management and non-recourse factoring of trade receivables due from the Public Administrations in Europe. The Group operates in Italy, Croatia, Czech Republic, France, Greece, Poland, Portugal, Slovakia and Spain. It is also active in Germany, The Netherlands and Ireland with on-line term deposits, by serving a total of 12 Countries across Europe. In 2018 it reported a consolidated Adjusted Net Profit of € 91.8 million, with a 11.6% Group CET1 ratio at the end of June 2019. **www.bffgroup.com**

Contacts

Investor Relations
Enrico Tadiotto, Claudia Zolin
investor.relations@bffgroup.com
+39 02 49905 458 | +39 02 49905 620
+39 338 5772272

Media Relations
Alessia Barrera, Gianluca Basciu
newsroom@bffgroup.com
+39 02 49905 616 | +39 02 49905 623
+39 340 3434065

[3] FY 2018 managerial accounts according to IFRS standards. Net income is adjusted to (i) exclude the cost of the credit guarantee provided by Deutsche Bank AG and terminated in January 2019 and (ii) include the additional interest expenses (assuming current Target's cost of funding) in relation to the pre-closing dividend. TBV 2018 pro-forma excludes a pre-closing dividend of up to €27m. TBV as of 31st August 2019 is based on managerial accounts according to IFRS standards.

[4] Based on managerial accounts according to IFRS standards. Revenues equal to net interest income plus net commission income. Revenues and net income are adjusted to include the additional interest expenses (assuming current Target's cost of funds) in relation to the pre-closing dividend.

[5] All data are based on managerial accounts according to IFRS standards.

[6] IOS Finance accounts the late payment interests on an accrual basis and assumes a 100% recovery rate vs. 45% assumed by BFF.