BFF BANKING GROUP

BFF Banking Group – 1Q2017 Results

9th May 2017

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1Q2017 Results: Key highlights

High growth in profitability

- € 34m 1Q2017 reported earnings, €15m in 1Q16
- €22m adjusted net income vs. €18 in 1Q16 with Magellan (+20% y/y)
- Reported EPS of € 0.20 in 1Q2017 vs € 0.09 in 1Q2016

Business activity: expanding and increasingly diversified

- Total loans up 11% y/y
- Geographical diversification contributes to growth, confirming BFF successful international strategy

Solid capital position and low risk profile

- Total Capital ratio of 19.6%, well above company target of 15%
- Stable Net NPLs at 0.5% of loans and cost of risk (10bps annualised)

High dividend capacity

- €22m distributable dividends, implying a 100% payout of adjusted earnings
- One-off earnings from LPI change retained as capital as previously announced

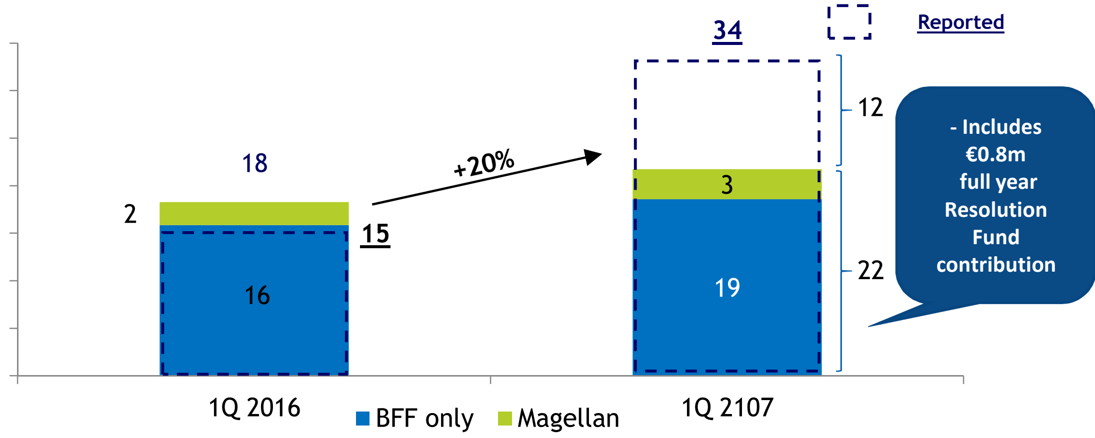
Adjusted Net Income growth at 20%

- 1Q17 reported earnings of €34m, versus €15m in 1Q16
- 1Q17 adjusted net income (net of extraordinary costs and one-off LPI step-up) reaches €22m, with a +**20% growth versus 1Q16 including Magellan**
  - Net income growth mainly driven by revenue growth and efficient costs structure, with negligible (10bps annualised) cost of risk
- **Dividend capacity: distributable income of €22m**, equal to 100% of adjusted earnings
- **Significantly improved profitability: reported quarterly** EPS 0.20 in 1Q17 vs 0.09 in 1Q16, +42% yoy growth

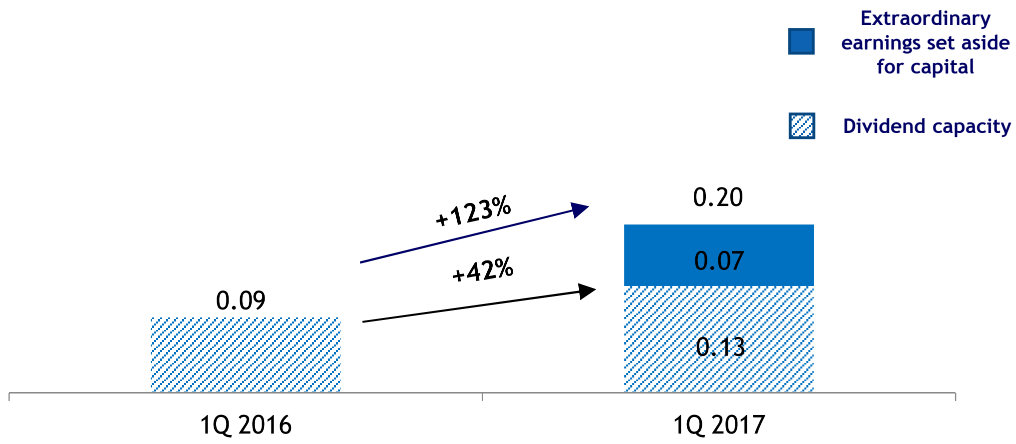
1Q17 Extraordinary items net of taxes : €18m income related to the change in LPI accounting from estimated 40% to 45%; €1.7m extr. costs related to IPO (now fully expensed); €1.1m extraordinary costs related to stock option plan; €2.6m post tax, €3.3m pre tax negative P&L effect from exchange rate movements on the acquisition debt for the acquisition of Magellan, offset at the comprehensive income and equity level by a corresponding €3.3m increase in value of the Magellan asset, given the natural hedging put in place at the time of the acquisition

1Q16 extraordinary items net of taxes: €0.5m extr. costs related to IPO costs; €0.1m extr. Costs related to Magellan acquisition

Adjusted Net income[1,2] (€m)



Reported Quarterly EPS[3][4] (€)



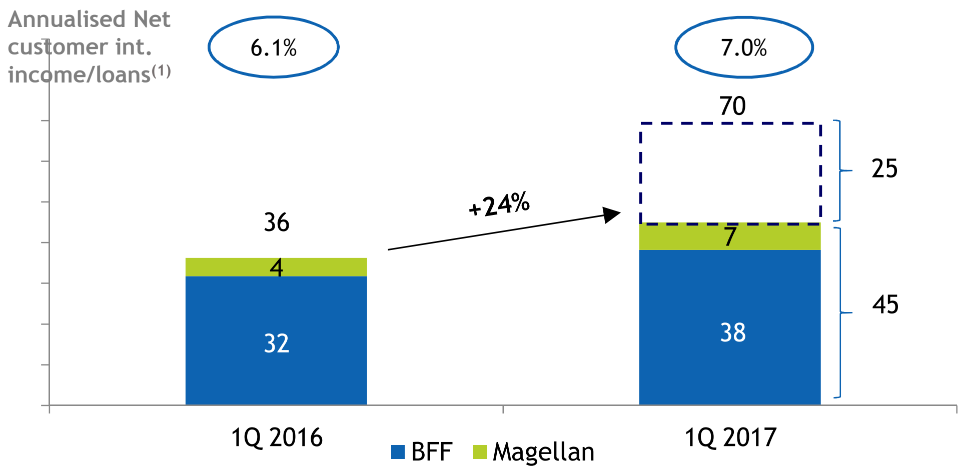
Source: Company data; Notes: (1) 2017 Exchange rate for Poland PLN/€ = 4,3206 for P&L data (average 2017 1Q) and PLN/€ 4,2265 for Balance Sheet data (31th March 2017); 2016 Exchange rate for Poland PLN/€ = 4,3632 for P&L data (average 2016) and PLN/€ 4,4103 for Balance Sheet data (31th December 2016). (2) Adjusted to exclude extraordinary items. (3) 1Q2016 EPS adjusted for 1:100 stock split done in conjunction with IPO (April 2017) (4) All EPS data amended to correct EPS calculation based on 170.107.400 shares issued. Previously published data contained a clerical mistake in the EPS calculation, resulting in data 10x higher. Old data were: 1Q2016 = €0.9; 1Q2017 = € 2.01 of which: dividend capacity € 1.29, extraordinary earnings set aside for capital € 0.72.

Net Revenues growth at 20%

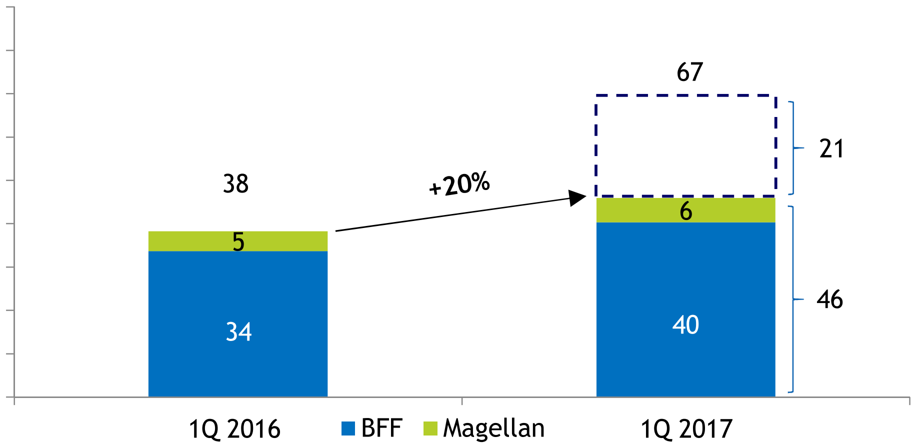
- **Net interest income includes:**
  - Maturity commission charged to clients
  - LPI accrued
  - LPI extra collection in the period
- **Adjusted Net interest income (including Magellan) increased by 24%** versus 1Q16 thanks to:
  - Higher stock of loans (+11% y/y)
  - Widening interest spread versus 1Q16 also due to the change in LPI accounting from 40% to 45%
  - Good LPI collection
- Net Banking income +20% y/y

Adjusted Net interest income & Adjusted Net Banking income (1) does not include €25m one-off impact of change in LPI accounting from 40% to 45% on 1/1/2017, and (2) includes €0.9m interest expenses related to the financing for Magellan, which are not present in 1Q16 numbers

Adjusted Net Interest Income (€m)



Adjusted Net Banking Income (€m)

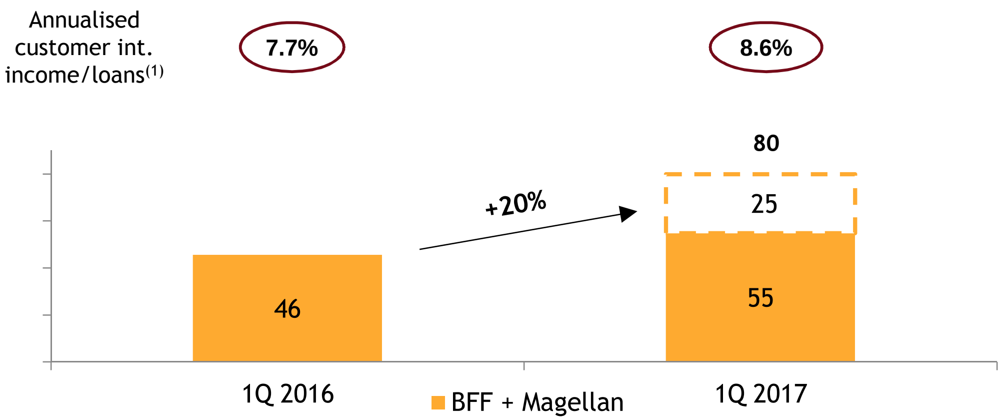


Note: (1) calculated as Net interest income on customer loans (excluding income on securities and on credit due from banks) / average loans in the period.

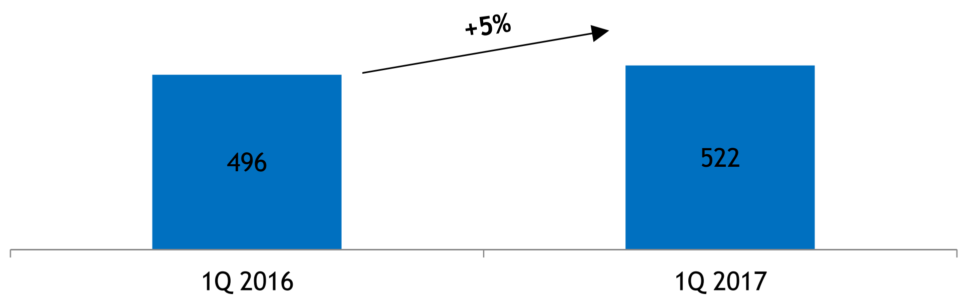
Interest Income growth at 20%

- Increase in interest income driven by:
  - Higher stock of loans (+11% y/y)
  - Improving margins also due to the change in LPI accounting from 40% to 45%
- LPIs cashed-in in 1Q17: €33.3m, versus €9.8m in 1Q16, with similar recovery rate
- LPI stock excluding Magellan grew by 5% y/y

Adjusted Interest Income (€m)



LPI Stock evolution (Excl.Magellan) (€m)



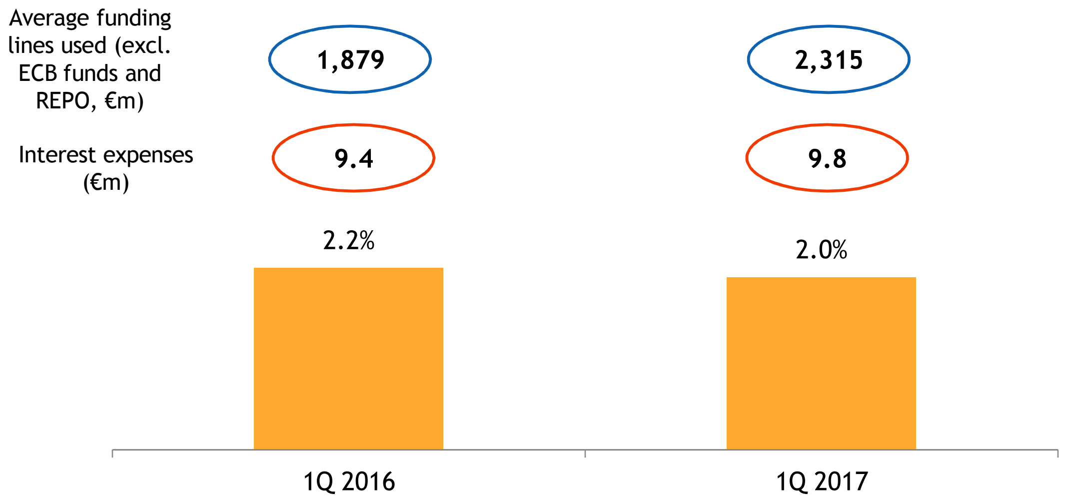
Adjusted Interest income does not include € 25m one-off impact of change in LPI accounting from 40% to 45%

Note: (1) Interest income on customer loans (excluding income on securities excluding income on securities and on credit due from banks) / average loans in the period.

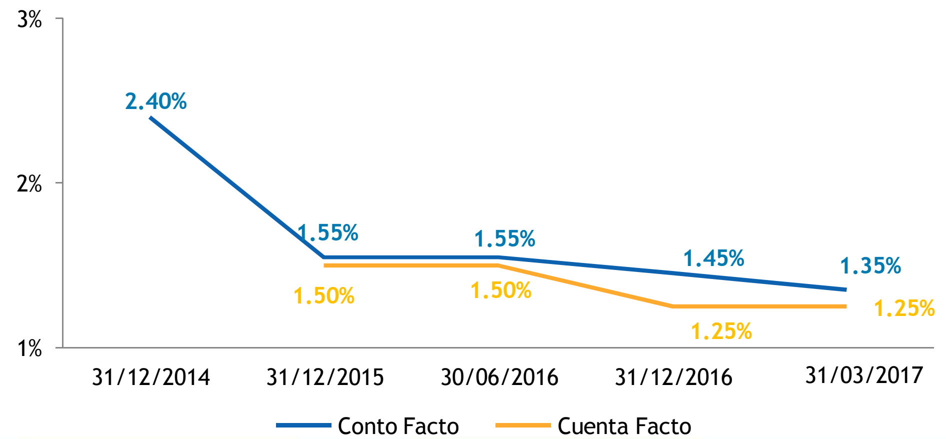
Declining Interest Expenses

- **Reduction in cost of funding continued:**
  - Stable interest expenses from €9.4m 1Q2016 to €9.8m in 1Q2017, despite the increase in funding used, the impact of 1 month of Tier II and the cost of the acquisition financing for Magellan (€0.9m, not present in 1Q2016)
  - Rates offered on 12-month online deposits decreased from 1.55% at 1Q16 to 1.35% currently in Italy and from 1.50% at 1Q16 to 1.25% currently in Spain
  - Further funding synergies at Magellan level thanks to renegotiation of terms and conditions of local funding
  - DBRS downgrade on Italy had no impact on financial covenants
  - Refinancing of 2014 bond to happen in June 2017

Cost of funding (BFF + Magellan - %)



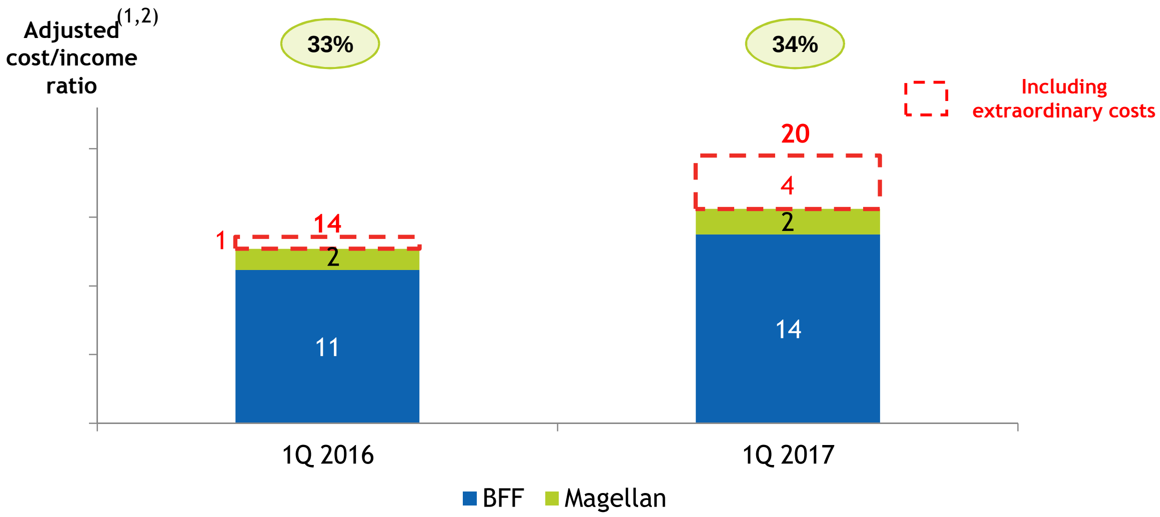
12-months Online Deposits Interest Offered to New Moneys and Deposit Renewals



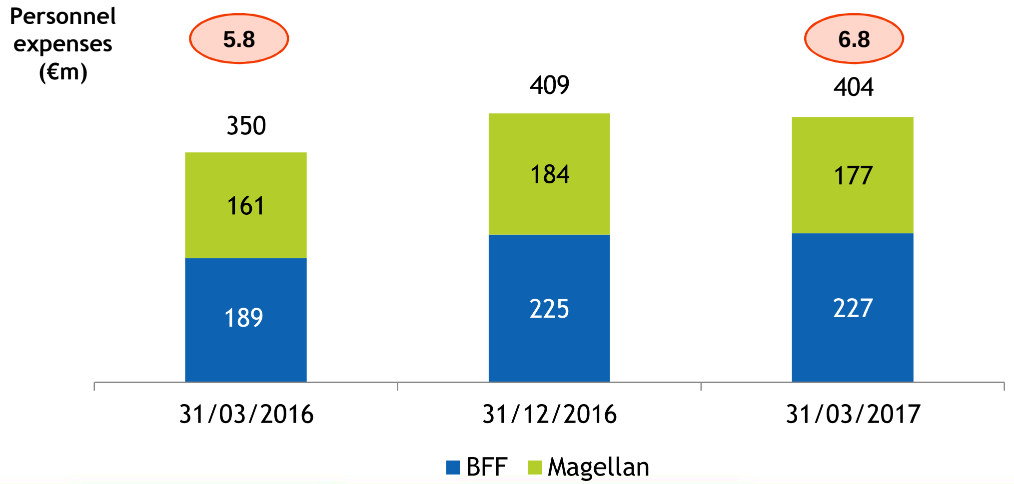
Good Operating Efficiency

- **Highly efficient structure with adjusted Cost/Income ratio of 34%**
- Investments in personnel now made: stable employee base versus YE2016 figures

Operating Costs(1) (€m)



Number of Employees(3)



1Q17 gross extraordinary costs - c.€3.9m: 1) c.€**1.5**m related to stock option plan **(pro-rata)** related to IPO, 2) ca. € **2.4**m non-recurring costs related to the IPO process.

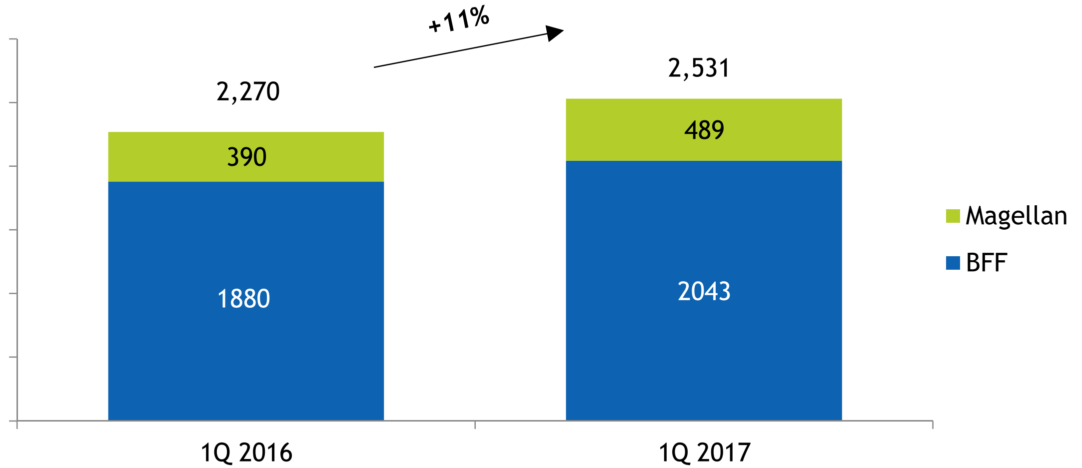
1Q16 gross extraordinary costs - c.€0.9m: 1) €0.7m extr. costs related to IPO; 2) €0.2m extr. costs related to Magellan acquisition

Note: (1) Adjusted to exclude extraordinary costs; (2) C/I computed as operating expenses excluding extr. Costs (administrative expenses + staff expenses + amortization on tangible and intangible assets) divided by Adjusted net banking income; (3) BFF includes employees in Italy and Iberia; Magellan includes employees of Magellan SA, MedFinance, Magellan CEE and Magellan Ceska Republic

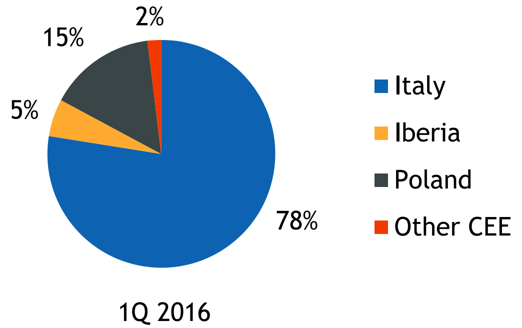
Growing Customer Loans

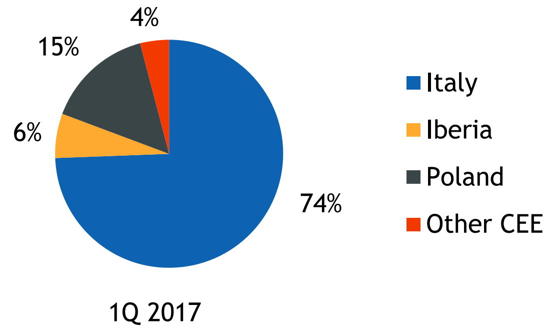
- Good growth in customer loans (+11% y/y) throughout the Group, with Magellan up by 25%
- Increased geographic diversification: international markets represent 26% of total loans, versus 22% in 1Q16 with Magellan

Customer Loans Evolution (€m)



Customer Loans Breakdown by Geography (%)

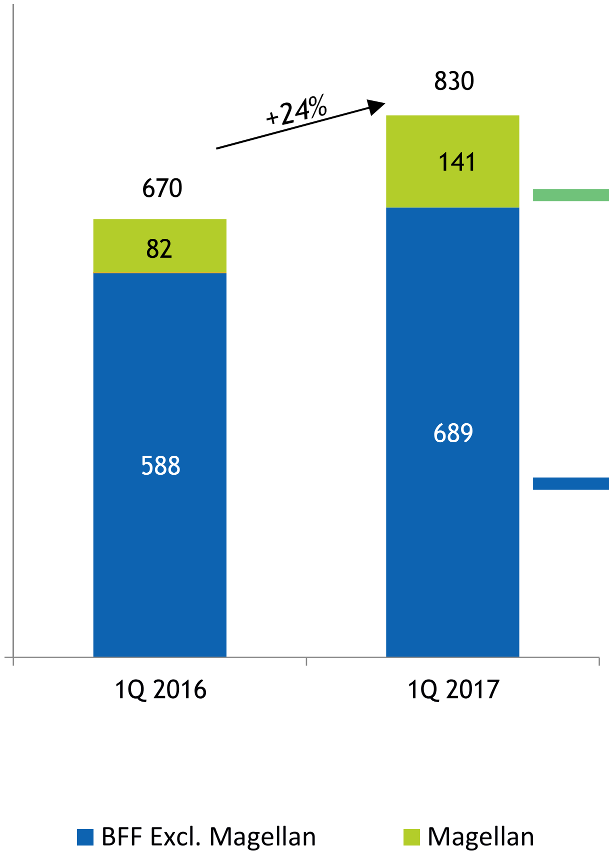




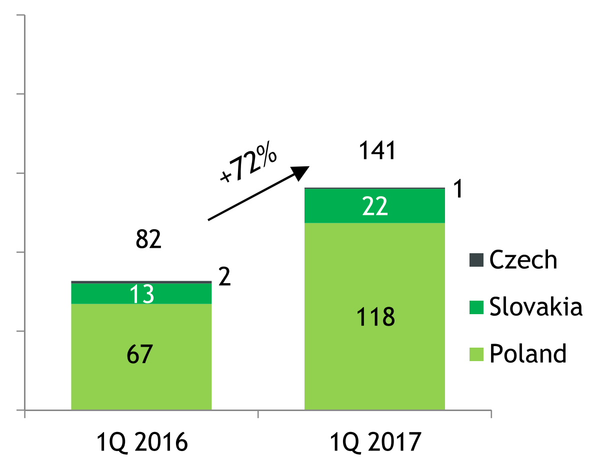
Strong New Business Production

- **Sustained y/y growth (+24%) in total business volumes, although traditionally 1Q is a period of low activity**
  - **BFF ex Magellan:** stable Italian business (+3% y/y), strong growth in Spain (+231% y/y) and Portugal (+479% y/y)
  - **Magellan new business grew by 72% y/y,** with strong contribution both from Poland (+76% y/y) and Slovakia (+66% y/y)

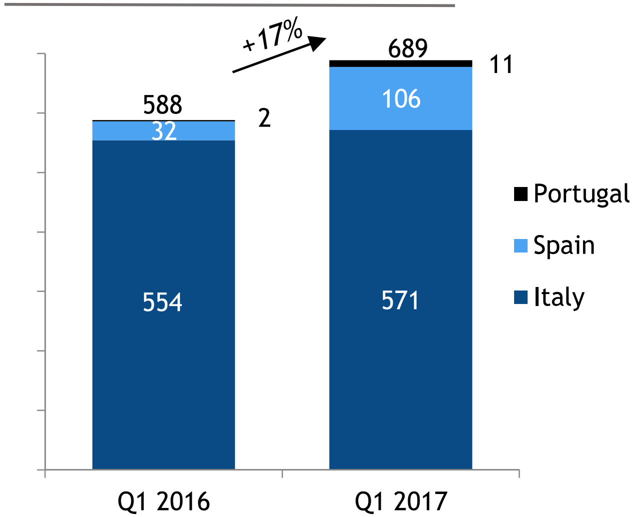
Total New Business Volumes (€m)



Magellan (€m)



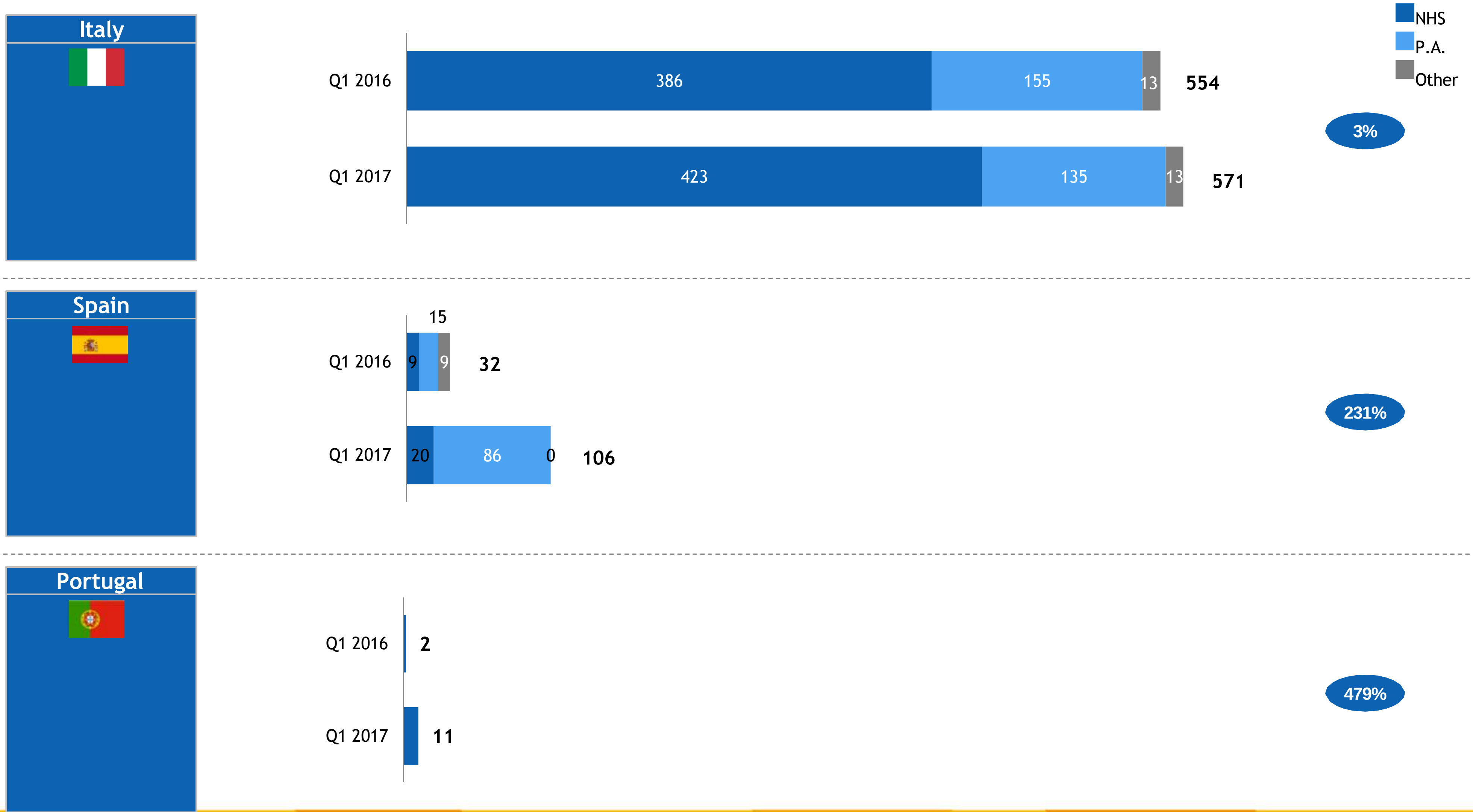
BFF ex Magellan (€m)



Note: For 1Q16, Magelllan Spanish bnusiness is included in Farmafactoring Espana

Recovery of Iberia Growth

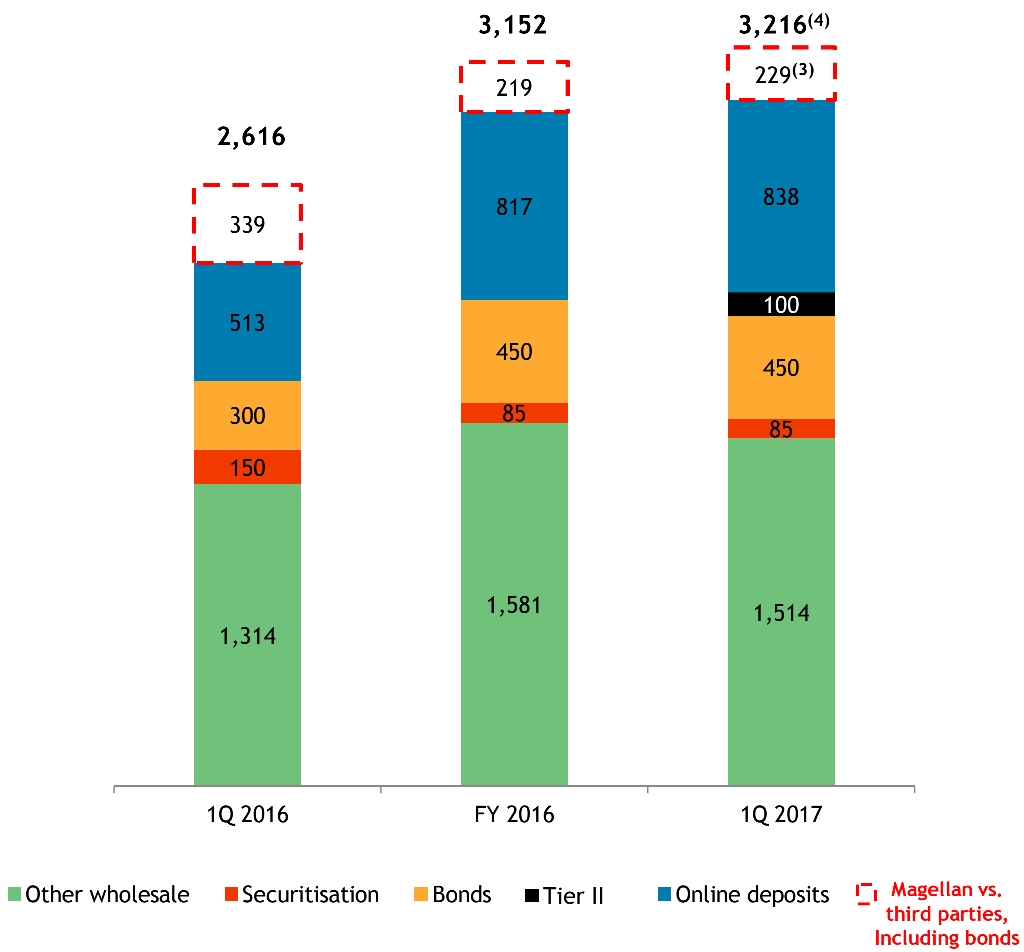
New Business (€m)



Diversified Funding Base with ample liquidity

- **A diversified and flexible funding base to support business growth:**
  - **€838m deposits** gathered as of March 2017, up ca. 64% vs. March 2016
  - €100m Tier 2 bond issued on 2nd March 2017 at 5.875% interest rate
- **Group undrawn funding remains stable (vs. YE 2016) at more than €1bn,** comfortably allowing for bond refinancing (June 2017)
- **Only c.€0.5bn of "other wholesale" funding are currently utilized** (1)

Available Funding(1;4) (€m)



Notes: (1) Excluding ECB funds and REPOs. (2) Based on utilized credit lines; 1Q2016 excluding Magellan, December 2016 and 1Q2017 including Magellan; (3) Funding almost all utilized, converted into € at a rate of 4.2265. Includes also bonds; (4) Not considering financing for Magellan acquisition 355 m PLN.

Fortress Balance Sheet

- **Conservative asset / liability management approach:** funding duration higher than that of receivables
- Commercial receivables funded through a well **diversified funding base** with a short maturity of the asset side allowing for fast repricing
- **Strong liquidity position** with a LCR of 360% as of March 2017

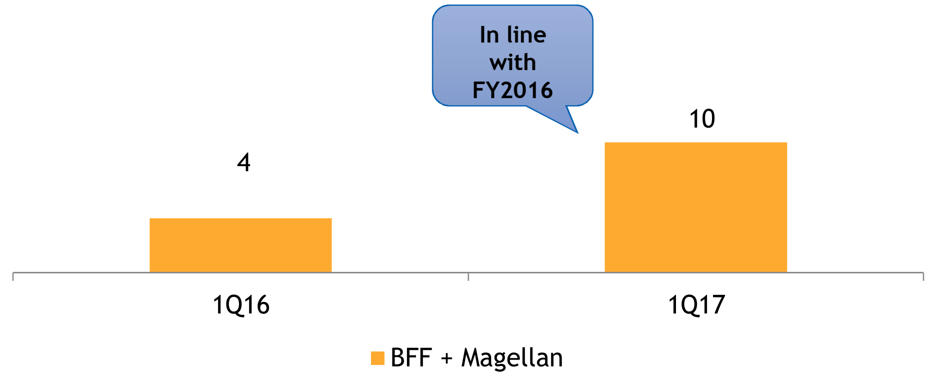
Breakdown of Balance Sheet 1Q2017 (€m)

Source: Company data
Notes: (1) Including €89m bond of Magellan

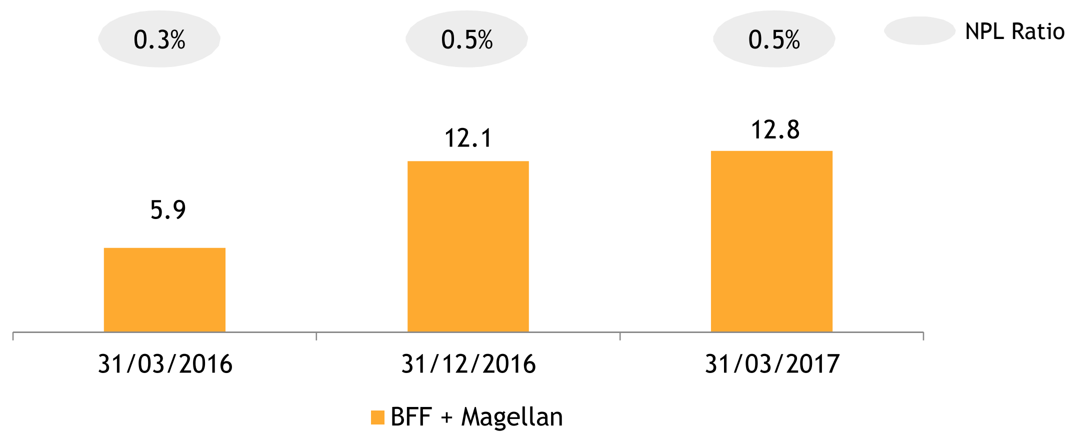
Negligible Credit Risk

- High creditworthiness of counterparties: 99% loan exposure to public and healthcare sector
- Negligible cost of risk of 10bps annualised in 1Q17 annualised in line with FY 2016
- Net NPLs/Net loans ratio at 0.5%, stable versus YE2016

Cost of risk (bps)



Non Performing loans Evolution (€m)

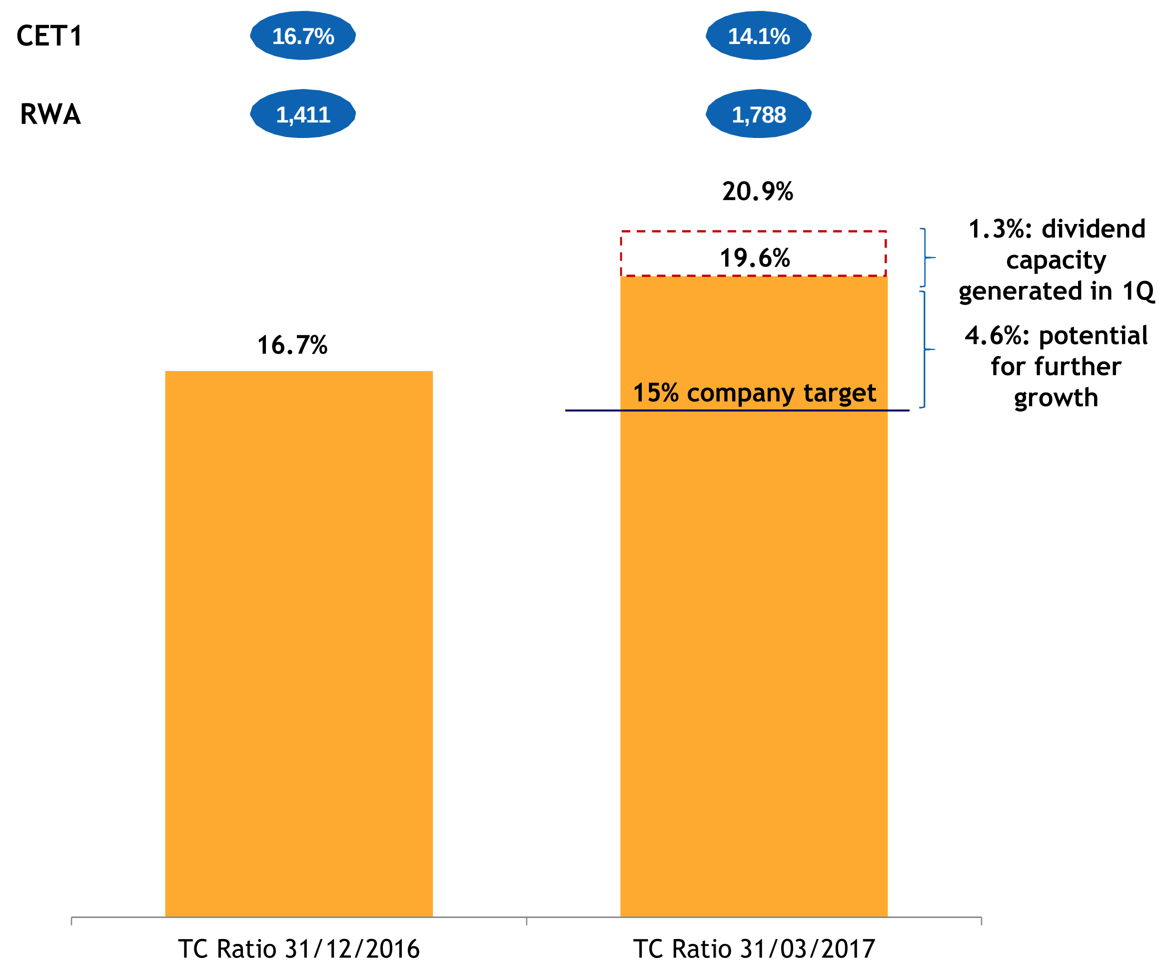


Robust excess Capital and Dividend capacity

- Total Capital ratio equal to 19.6%
  - €22m adjusted net income not included in capital ratios (equal to 130 bps of additional capital) available for dividend distribution
  - 460bp Total Capital in excess of 15% target available to sustain RWA growth
- CET1 ratio of 14.1%, 2x the CET1 SREP requirement of 6.55%
- **Conservative RWA calculation** based on standard model and with Italian exposure to NHS and other PA risk weighted at 100%[(1)]

The Group's dividend policy is to distribute up to 100% of consolidated earnings in excess of 15% Total Capital ratio target

Total Capital Ratio - Banking Group ex TUB Capital Ratio



(1) Following the DBRS downgrade, starting from March 2017, capital ratios are calculated based on a higher risk weighting factor (from 50% to 100%) for the Italian exposure to NHS and other PA different from local and central government

1Q2017 Results: Key highlights

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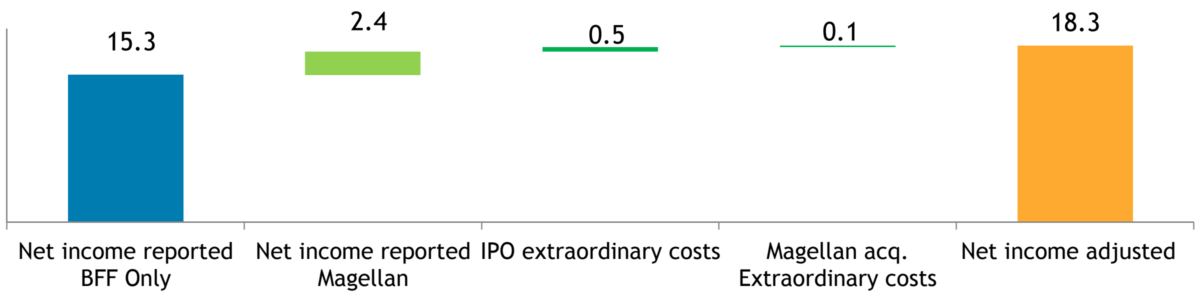
Appendix

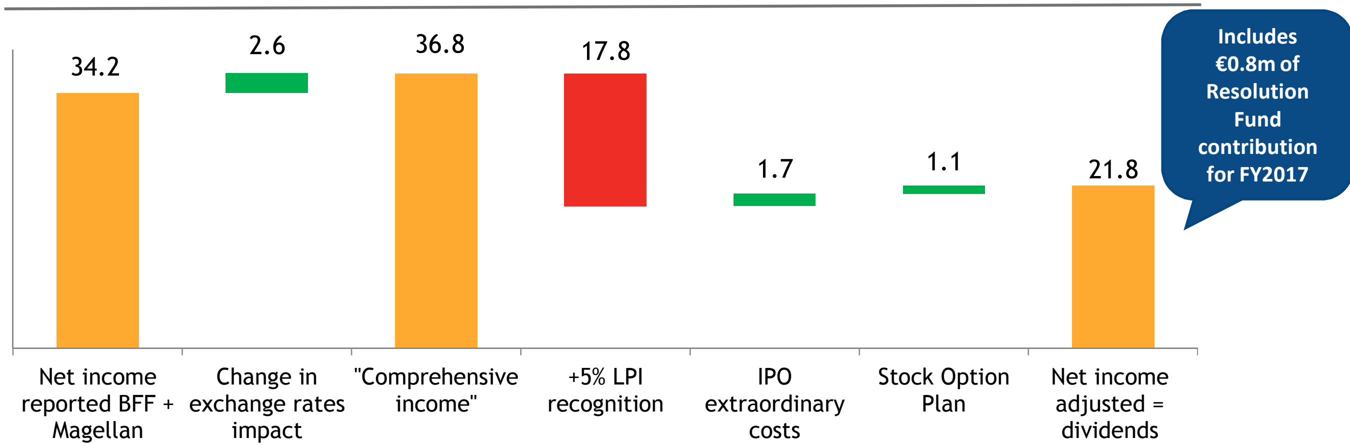
Net Income Reconciliation

- 1Q17 Adjusted net income includes the entire ordinary contribution to Resolution fund for 2017 (€0.8m).
- 1Q16 Adjusted net income includes €0.1m for the ordinary contribution to Resolution fund for 2016, which was paid entirely in June 2016
- 1Q16: Extraordinary items net of taxes include:
  - €0.5m extr. costs related to IPO costs;
  - €0.1m extr. costs related to Magellan acquisition
- 1Q17 Extraordinary items net of taxes include:
  - €17.8m one-off income related to the change in LPI accounting from estimated 40% to 45%;
  - €1.7m extraordinary costs related to IPO now fully expensed;
  - €1.1m extraordinary costs related to stock option plan (also related to the IPO)[1] with zero impact on net equity;
  - €2.6m negative impact in P/L from the change in exchange rates, excluded from Adjusted Net Income since it is more than counterbalanced by a positive change in equity reserves of €3.3m[2]

Net Income Adjusted 1Q16 Build-up (€m)



Net Income Adjusted 1Q17 Build-up (€m)



[1]Additional costs related to the stock option plan are: €0.6m in 2018 and €0.2m in 2019; [2] There is a natural hedging between the P/L costs (which comes from a higher value in Euros of the financing related to the Magellan acquisition) and the change in Equity Reserves related to the value in Euros of the Magellan net assets

Adjusted Net Income Reconciliation

€m	1Q16	FY16	1Q17
Group BFF Reported Net income	**15.3**	**72.1**	**34.2**
Magellan Acq. Costs	0.1	7.6	-
Extraordinaries	0.5	2.4	(12.5)
Extraordinary Resolution Fund contribution	-	1.5	-
Adj. Net Income	**15.9**	**83.6** (1)	**21.8**
Magellan Net Income	2.4		
Magellan 5M Net Income		4.0	
Adj Net Income	**18.3**	**87.6** (2)	**21.8**

(1) with Magellan 7M (2) with 12M Magellan

Summary Profit & Loss

€m	1Q16 Reported BFF only	1Q16 Reported Magellan only	1Q16 Combined	1Q16 Adjustments	1Q16 Adjusted	1Q17 Reported	1Q17 Adjustments	1Q17 Adjusted
Interest Income	37.5	8.2	45.6		45.6	79.9	-25.2	54.8
Interest Expenses	-5.7	-3.7	-9.4		-9.4	-9.8	0.0	-9.8
Net Interest Income	**31.8**	**4.5**	**36.3**	**0.0**	**36.3**	**70.1**	**-25.2**	**45.0**
Net Fee and Commission Income	1.7	0.0	1.7		1.7	1.6	0.0	1.6
Dividends	0.0	0.0	0.0		0.0	0.0	0.0	0.0
Gains/Losses on Trading	0.0	0.0	0.0		0.0	-4.1	3.8	-0.3
Gains/Losses on Hedging	0.0	0.0	0.0		0.0	-0.3	0.0	-0.3
Gains/losses on Purchase/Disposal of Available-for-Sale Financial Assets	0.3	0.0	0.3		0.3	0.0	0.0	0.0
Net Banking Income	**33.7**	**4.6**	**38.2**	**0.0**	**38.2**	**67.4**	**-21.4**	**45.9**
Impairment Losses/Reversal on Financial Assets	-0.1	-0.1	-0.2		-0.2	-0.7	0.0	-0.7
Administrative Expenses	-11.4	-1.5	-12.8	0.9	-12.0	-18.7	3.9	-14.8
Net Adjustments to/ Writebacks on Property, Plan and Equipment and Intangible Assets	-0.7	-0.1	-0.7		-0.7	-0.8	0.0	-0.8
Provisions for risks and charges	-0.2	0.0	-0.2		-0.2	-0.3	0.0	-0.3
Other Operating Income (Expenses)	0.4	0.1	0.5		0.5	0.9	0.0	0.9
Profit Before Income Taxes from Continuing Operations	**21.7**	**3.0**	**24.6**	**0.9**	**25.5**	**47.8**	**-17.5**	**30.3**
Income Taxes	-6.4	-0.6	-7.0	-0.3	-7.2	-13.6	5.1	-8.5
Net Income	**15.3**	**2.4**	**17.7**	**0.6**	**18.3**	**34.2**	**-12.5**	**21.8**

Source: Company data

Summary Balance Sheet

€/m Assets	1Q16 Reported BFF only	1Q16 Reported Magellan only	1Q16 Combined	FY16 Reported	1Q17 Reported
Cash and ash Balances	0.1	0.0	0.1	0.1	0.0
Financial Assets Held for Trading	0.0	0.0	0.0	0.2	0.0
Financial Assets at Fair Value	0.0	3.4	3.4	3.4	3.5
Available-for-Sale Financial Assets	458.4	0.0	458.4	385.3	515.1
Financial Assets Held to Maturity	981.4	0.0	981.4	1,629.3	1,716.5
Due from Banks	27.5	7.9	35.4	144.9	81.9
Receivables and Loans	1,880.4	389.9	2,270.2	2,499.1	2,531.2
Hedging derivatives	0.0	0.0	0.0	0.5	0.4
Equity Investments	0.0	0.1	0.1	0.3	1.3
Property, Plant and Equipment	12.5	0.5	13.0	13.0	12.8
Intangible Assets	2.4	0.3	2.7	25.8	25.5
Tax Assets	28.7	0.9	29.6	25.9	26.8
Other Assets	4.6	2.7	7.3	7.1	8.8
Total Assets	**3,395.8**	**405.7**	**3,801.5**	**4,735.0**	**4,923.8**
Liabilities and Equity				0.0	
Due to Banks	341.6	120.2	461.8	634.8	484.8
Due to Customers	2,058.0	65.4	2,123.4	2,996.1	3,219.2
Securities Issued	455.3	132.9	588.2	634.3	728.3
Financial Liabilities Held for Trading	0.0	0.2	0.2	0.0	1.1
Hedging Derivatives	0.0	0.0	0.0	0.2	1.1
Tax Liabilitues	77.4	1.9	79.3	73.7	85.5
Other Liabilities	180.2	2.9	183.1	54.3	97.9
Employess Severance Indemnities	0.9	0.0	0.9	0.9	0.9
Provision for Risks and Charges	4.9	0.4	5.3	7.0	6.4
Equity	262.2	79.3	341.6	261.6	264.5
Profits for the Year	15.3	2.4	17.7	72.1	34.2
Total Liabilities and Equity	**3,395.8**	**405.7**	**3,801.5**	**4,735.0**	**4,923.8**

Source: Company data

Asset quality

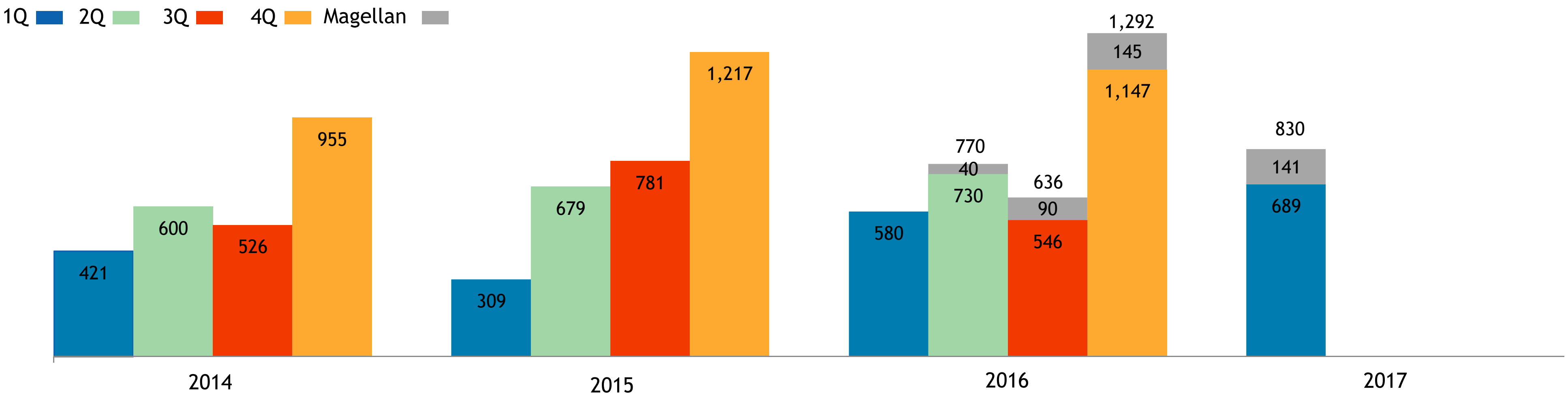
	1Q17		
€/m	**Gross**	**Provision**	**Net**
Non performing - total	31.9	-19.1	12.8
Unlikely to pay	5.6	-1.0	4.6
Past due	45.2	-0.1	45.1
Total	**82.6**	**-20.2**	**62.5**

	FY16		
€/m	**Gross**	**Provision**	**Net**
Non performing - total	30.0	-17.9	12.1
Unlikely to pay	3.7	-0.1	3.6
Past due	46.3	-0.1	46.2
Total	**80.0**	**-18.1**	**61.8**

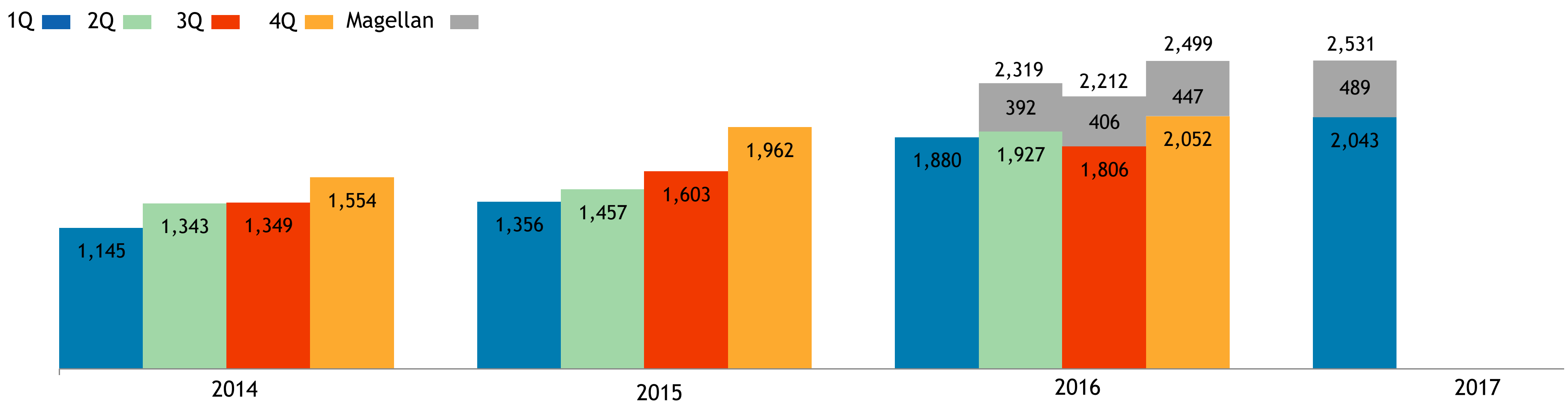
	1Q16 - BFF Only		
€/m	**Gross**	**Provision**	**Net**
Non performing - total	17.7	-15.3	2.4
Unlikely to pay	0.0	0.0	0.0
Past due	39.6	-0.1	39.5
Total	**57.3**	**-15.4**	**41.9**

Traditional Business Subject to Seasonality, with Peak in Q4

Breakdown of Volumes by Quarter (€bn)



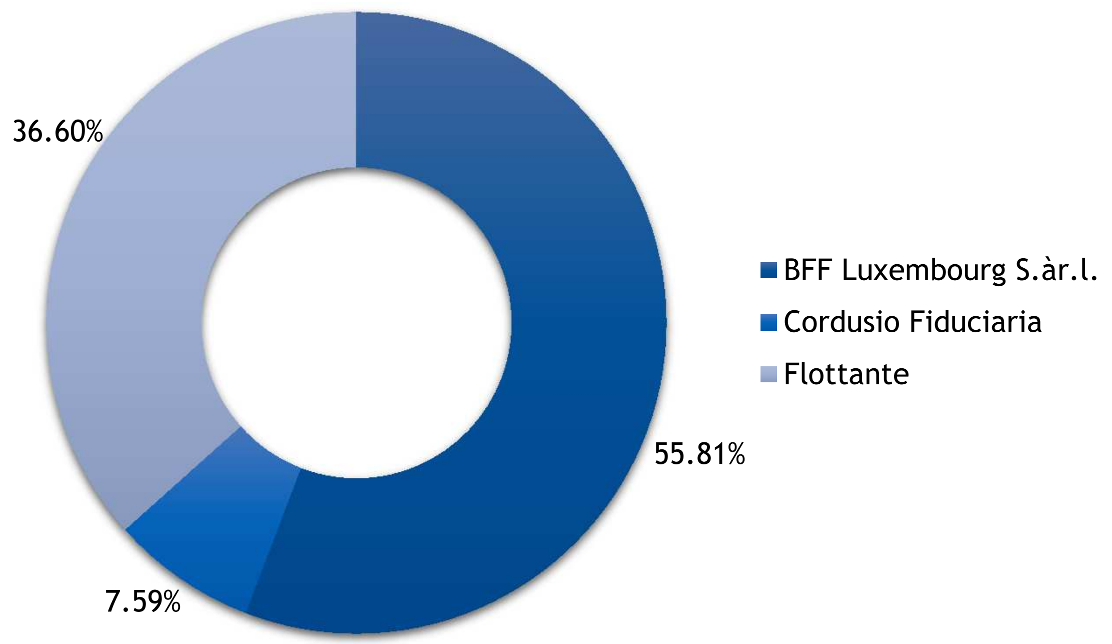
Loans Evolution by Quarter (BFF Excl. Magellan) (€m)



Shareholders' structure

- BFF Luxembourg (controlled by Centerbridge) ownership of 55.81% (1) at the end of the stabilisation process related to BFF IPO
- Management team (31 shareholders) jointly owns 7.59% of BFF capital

Shareholders (%)



Source: shareholders' official communications to BFF
(1) BFF calculated this percentage ownership taking into account that the stabilisation period expired without the exercise of the greenshoe option (see press release dated May 8th, 2017), and notifications received pursuant to applicable Internal Dealing provisions.