9M2018 Results

7th November 2018

A Bank Like No Other

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9M2018 Results: Key Highlights

Solid financial performance	• €58.0m of Adjusted Net Income (+6% y/y), after having expensed €0.8m of additional Tier II costs and provisions for €1.1m on Polish SME factoring portfolio in run off, and despite €15m of lower cashed in LPI vs. 9M17 • +8% of Adjusted Net Interest Income • Stock of unrecognized off balance sheet LPI at €362m (+3% vs 9M17) • Efficient operation with Adj. C/I ratio of 38% • Improved profitability, with 31% of Adjusted ROTE vs. 29% in 2017
Double digit growth in loans and volumes	• Total customer loans up 17% y/y, 32% outside Italy • New volumes up 17% y/y
Solid funding base and liquidity position	• Ample excess liquidity with €0.5bn of committed undrawn funding and no recourse to ECB TLTRO or other emergency liquidity measures • Sound liquidity ratios with LCR at 168%
Robust capital position and low risk profile	• TC and CET1 ratios equal to 17.1% and 12.2% (excluding €58m of net income for the period) well above SREP requirements, and including mark to market effect on HTC&S portfolio for €7m after tax • Significantly smaller government bond portfolio (-25% y/y), of which 86% HTC • Low Net NPLs (1.2% of loans), of which 80% related to Italian municipalities in conservatorship ("Comuni in dissesto") • Annualised CoR 9M18 of 17 bps, of which 6 bps due to the Polish SME factoring portfolio in run off and 7 bps due to Italian municipalities in conservatorship
New Business Initiatives	• New partnership agreement with Pfizer to extend credit management and collection services to its entire Italian pharma value chain • Launch of Dynamic Discount product • Filed for Polish Branch opening to diversify Zloty funding and reduce funding cost

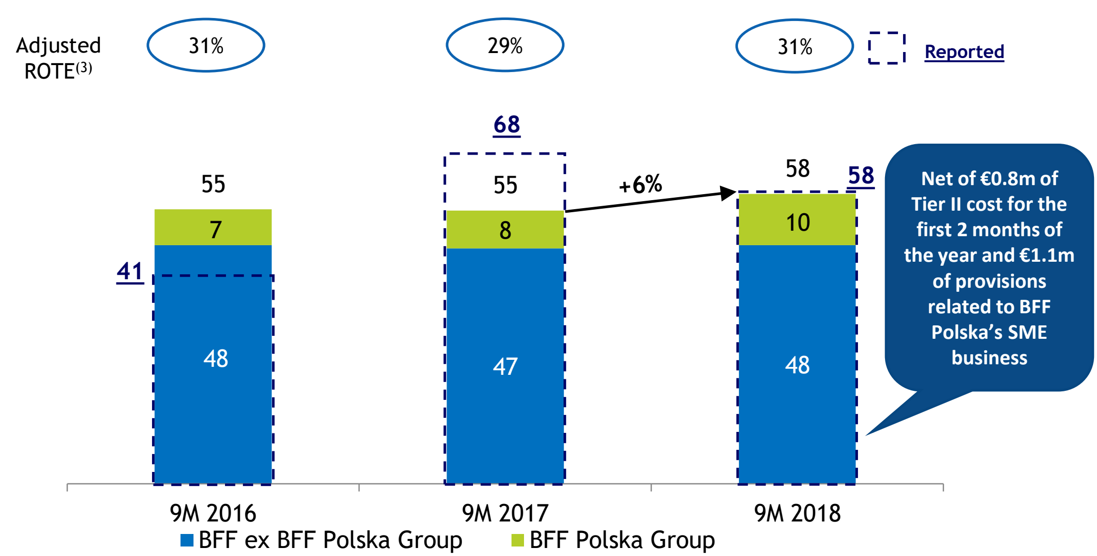
Source: Company data.
Notes: 2018 Exchange rate for Poland and Czech respectively PLN/€ 4,2488 and PLN/CZK 0,166 for P&L data (9M 2018 average), PLN/€ 4,2774 and PLN/CZK 0,166 for Balance Sheet data (28th September 2018); 2017 Exchange rate for Poland and Czech respectively PLN/€ 4,2648 and PLN/CZK 0,161 for P&L data (9M 2017 average), PLN/€ 4,3042 and PLN/CZK 0,166 for Balance Sheet data (29th September 2017);

+6% Growth in Adjusted Net Income

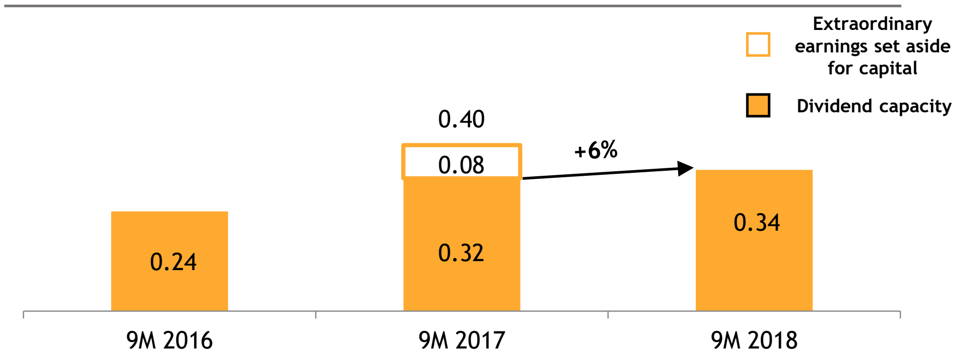
- **€58.0m of 9M18 Adjusted Net Income, +6% vs 9M17:**
  - €3.4m of higher net over-recovery[1] accounted in P&L vs 9M17
  - €54m of cashed-in LPI vs. €69m in 9M17
- The 9M18 Adjusted Net Income after having expensed (all values post tax):
  - €0.8m of Tier II cost for the first 2 months (not present in 9M17)
  - €1.1m of provision related to BFF Polska's (ex. Magellan) SME business placed in run-off at the end of 2017
- **Profitability:** Adjusted RoTE of 31% vs. 29% in 2017
- **Dividend capacity:** €0.34 per share as of 9M18

9M18 Extraordinary items net of taxes: €0.9m stock option plan costs, balanced by change in equity reserve; €0.5m extraordinary contribution to 2016 Resolution Fund; €1.5m after tax positive impact from the change in €/PLN exchange rate on the acquisition loan for BFF Polska, balanced by a change in equity reserve;
9M17 Extraordinary items net of taxes: €17.8m income related to the change in LPI estimated recovery 40% to 45%; €1.7m extr. costs related to IPO; €1.1m stock option plan costs, balanced by change in equity reserve; €1.4m after tax negative impact from the change in €/PLN exchange rate on the acquisition loan for BFF Polska, balanced by a change in equity reserve;
9M16 Extraordinary items net of taxes: €1.6m extr. costs related to IPO costs; €6.7m extr. costs related to BFF Polska Group acquisition; €1.5m negative exchange rate difference

Adjusted Net income[2] (€m)



Dividend capacity € per share[4]



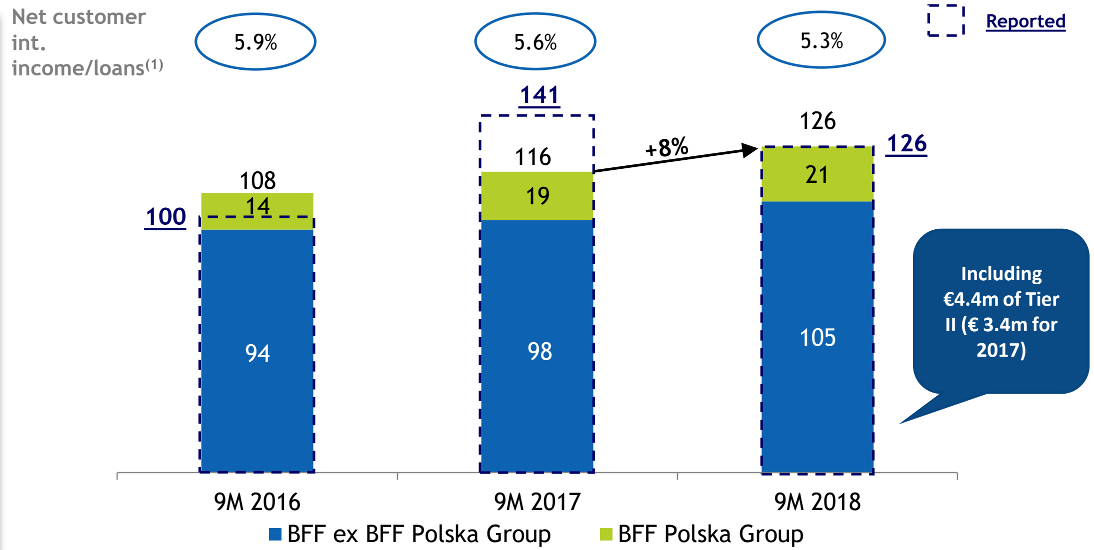
Notes: (1) Net of the rescheduling impact; in case a credit is not collected at the expected collection date, the value of the credit on the balance sheet is re-calculated using the new expected cash-flow schedule. The negative delta in value of the loan is booked in the P&L line interest income ("rescheduling impact") (2) Adjusted to exclude extraordinary items (3) 9M17 Tangible equity includes extraordinary earnings set aside for capital; 9M18 Tangible equity excludes 9M18 net income (4) 9M16 EPS adjusted for 1:100 stock split done in conjunction with IPO (April 2017)

Growing Adjusted Net Interest Income and Net Banking Income

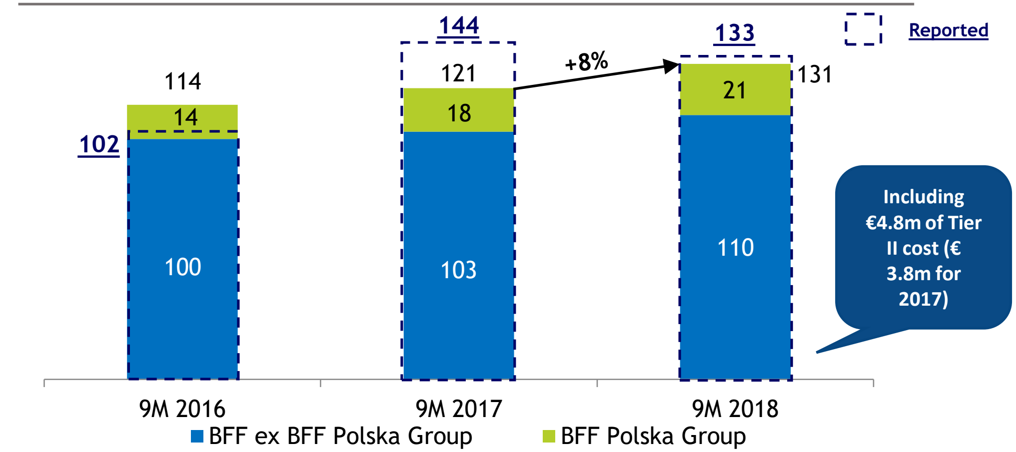
- **Adjusted net interest income and Adjusted Net Banking income +8%** compared to 9M17 mainly driven by higher stock of net loans and despite Costs of Funding affected by Tier II issuance for additional €1.0m of costs (Tier II outstanding for 9 months vs 7 months in 2017)

Adjusted Net interest income (1) does not include €25.2m one-off impact of change in LPI accounting from 40% to 45% on 1/1/2017; (2) includes €4.4m of Tier II costs for 9M 2018 (€3.4m for 9M 2017), which in 2016 were not present. **Adjusted Net Banking income** (1) does not include €2.1m of positive change in exchange rates impact for 9M 2018 (-€2.0m 9M2017 and €2.2m in 9M2016), €25.2m one-off impact of change in LPI accounting from 40% to 45% on 1/1/2017, €0.3m positive commissions related to BFF Polska acquisition and €2.9m negative commissions related to waiver for 9M 2016 (2) includes €4.8m of interest expenses and commissions related to Tier II for 9M 2018 (€3.8m for 9M 2017), which in 2016 were not present.

Adjusted Net Interest Income (€m)



Adjusted Net Banking Income (€m)



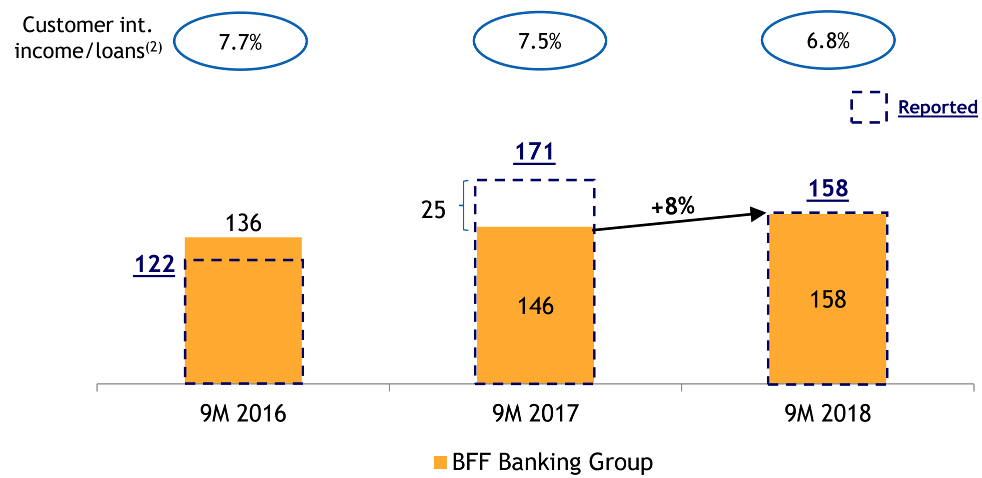
Note: (1) calculated as Adjusted Net interest income on customer loans (excluding income on securities and on credit due from banks and REPO activity impact) / average loans in the period.

Interest Income Growth Driven by Higher Stock of Loans

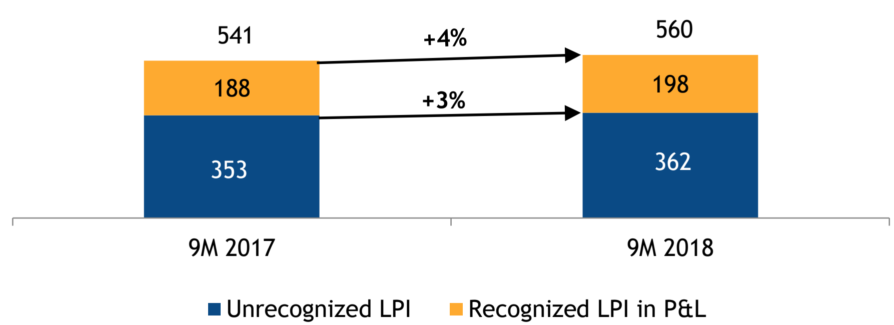
- **9M18 interest income increased to €158m (+8% y/y) driven mainly by higher stock of loans**
- **Higher net over-recovery[1] accounted in P&L y/y** (€10.4m in 9M18 vs. €7.0m in 9M17) **despite €15m of lower LPIs cashed-in:**
  - €54m of cashed-in LPI vs. €69m in 9M17 (€35m in 9M16) resulted in €3.4m of higher net LPI over-recovery due to the combined effect of *i.* higher LPI recovery rate and *ii.* lower rescheduling impact[1] in 9M18 vs. 9M17
- **Stock of unrecognized LPI reached of €362m** at the end of September 2018, + 3% vs. the end of September 2017

9M 2017 Adjusted Interest income does not include € 25.2m one-off impact of change in LPI accounting from 40% to 45%

Adjusted Interest Income (€m)



LPI Stock evolution (Excl. BFF Polska Group) (€m)

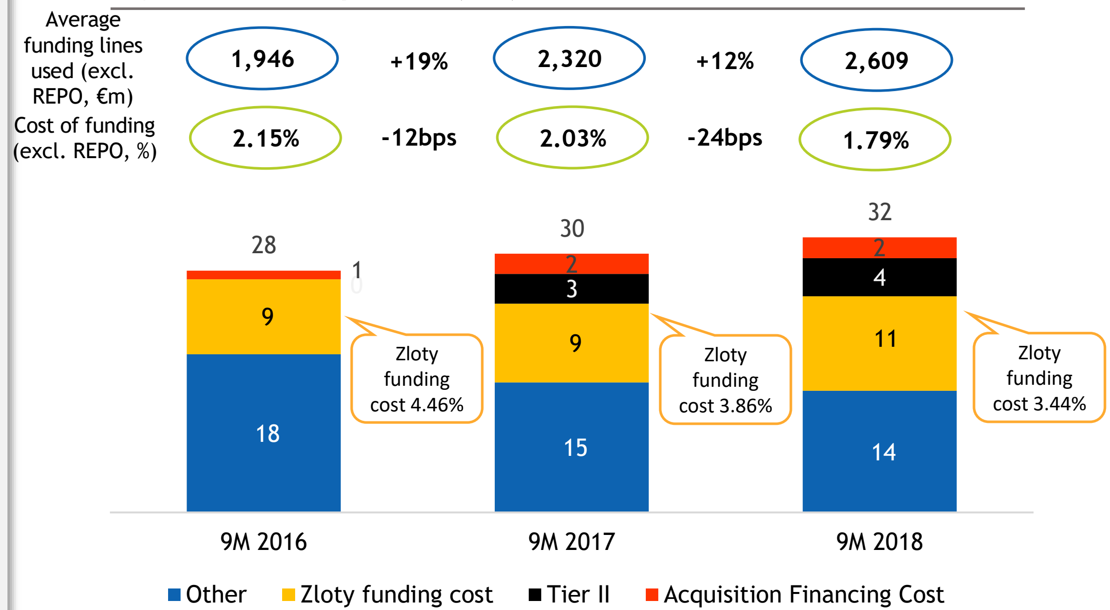


Note: (1) LPI over-recovery vs. 45% net of the rescheduling impact. Rescheduling impact: in case a credit is not collected at the expected collection date, the value of the credit on the balance sheet is re-calculated using the new expected cash-flow schedule. The negative delta in value of the loan is booked in the P&L line interest income ("rescheduling impact") (2) Adjusted Interest income on customer loans (excluding income on securities and on credit due from banks) / average loans in the period.

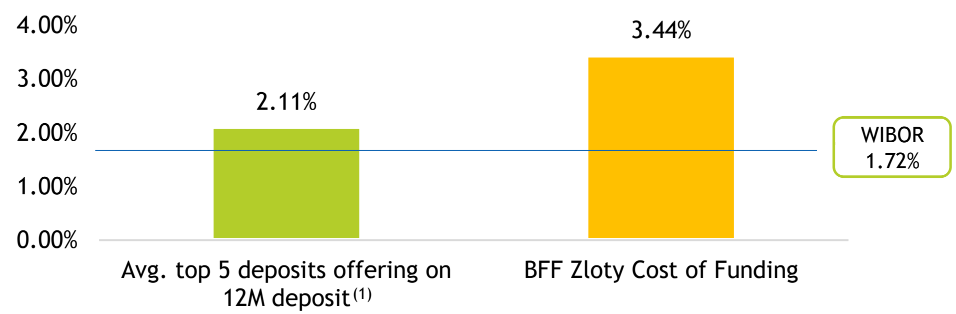
Improving Funding Costs

- **Reduction in cost of funding continued:**
  - 1.79% 9M2018 cost of funding versus 2.03% in 9M2017
  - Increasing interest expenses from €29.8m to €31.7m in 9M2018, mainly due to *i.* the impact of Tier II (€4.4m in 9M2018, €3.4m in 9M2017), *ii.* one-off commission cost on the refinancing (at lower rate) of part of BFF Polska acquisition financing for €0.3m, *iii.* the increase of drawn funding due to the growth of the business (from €2.3bn to €2.6bn) and *iv.* the increase in Zloty funding which has a higher base rate (Wibor 3M 1.72% vs. Euribor 3M -0.318% as of 28th September 2018)
- No funding costs linked to government bond yields
- Good access to wholesale market at competitive rates
- No ECB refinancing risk
- Further opportunity to decrease funding costs with the opening of the Polish branch (expected for 1Q/2Q19) to collect online deposits
  - Interest rate offered on 12-month deposit by top 5 offering is 2.1% on average vs. BFF's Zloty funding cost of 3.44%

Adj. Interest expenses (€m)



Access to Polish deposit market could reduce further CoF



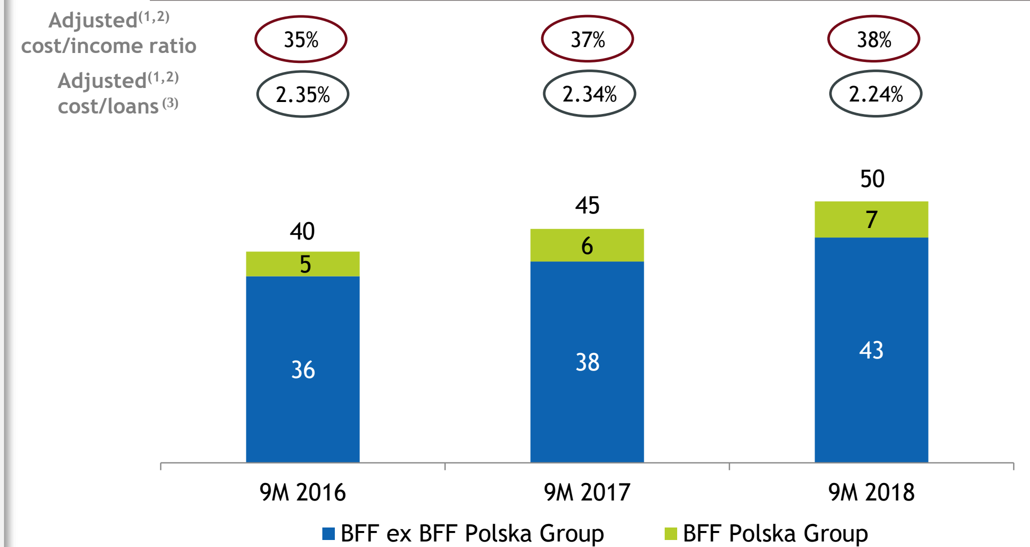
(1) Data as of 14th September 2018, source Companies' web sites

Good Operating Efficiency Despite Investment in Growth

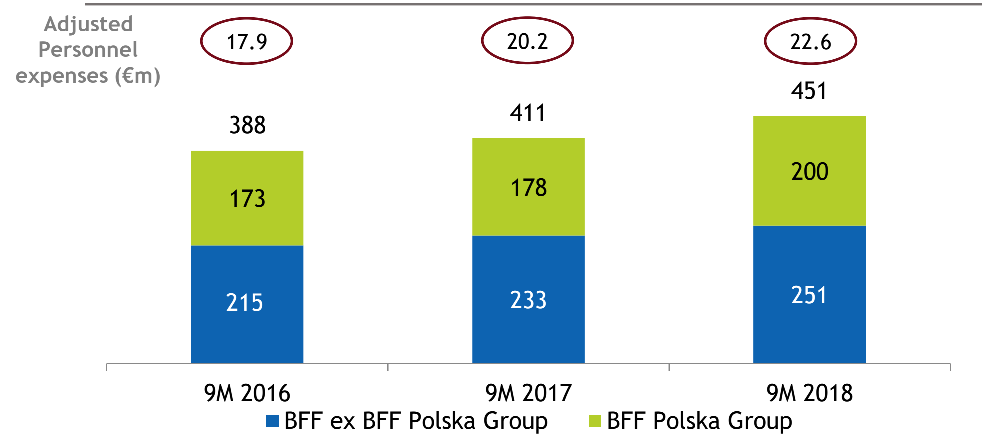
- **Highly efficient structure with adjusted Cost/Income ratio of 38% and improving operating leverage, with operating costs/loans at 2.24% vs. 2.34% in 2017**
- **Operating cost up +12% y/y:**
  - Personnel cost increased by 12% vs. 9M17 driven by higher employee base
  - Ordinary Resolution Fund and FITD contribution in 9M18 equal to €2.3m in total vs. €1.7m in 9M17
  - Increasing other operating expenses to sustain growth
- On personnel:
  - Already recruited the personnel required for establishment of Portuguese branch and for the Greek and Croatian operations in freedom of service
  - Some BFF Italy processes that were outsourced to Italian suppliers are being brought in house in Poland with 16 employees as of 30th September 2018, with net savings to be achieved in 2019

9M18 gross extraordinary costs of € 2.0m in total: €1.3m related to stock option plan (pro-rata) related to IPO which generates an increase in equity, €0.7m extraordinary contribution to 2016 Resolution Fund;
9M17 gross extraordinary costs of € 3.9m in total: €1.5m related to stock option plan (pro-rata) related to IPO which generates an increase in equity, €2.4m non-recurring costs related to the IPO process
9M16 gross extraordinary costs of € 8.9m in total: €2.4m extr. costs related to IPO, €6.5m extr. costs related to BFF Polska Group acquisition

Operating Costs[1] (€m)



Number of Employees[4]



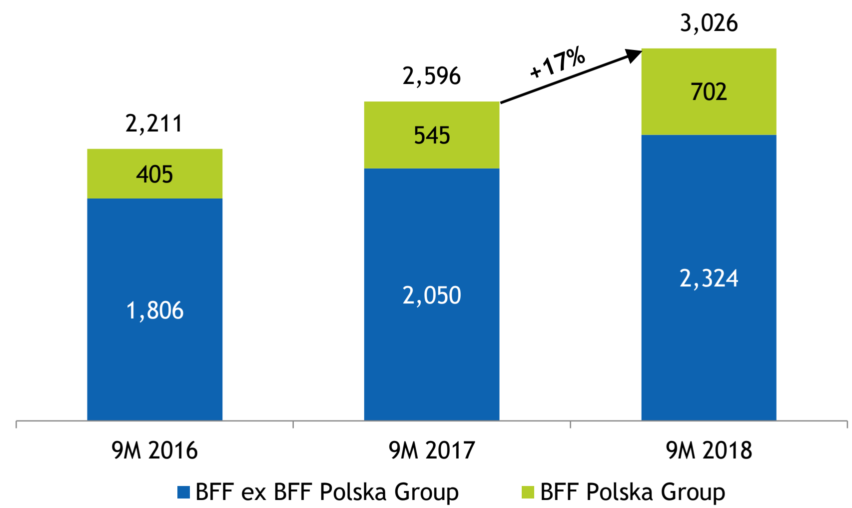
Note: (1) Adjusted to exclude extraordinary costs; (2) C/I computed as operating expenses excluding extr. Costs (administrative expenses + staff expenses + amortization on tangible and intangible assets) divided by Adjusted net banking income; (3) Annualised adjusted costs on average loans (4) BFF includes employees in Italy and Iberia; BFF Polska Group includes employees of BFF Polska SA, BFF MedFinance SA, BFF Central Europe s.r.o. and BFF Czech Republic s.r.o.

Double Digit Growth in Customer Loans

BFF BANKING GROUP

- **Strong growth in customer loans (+17% y/y)** throughout the Group:
  - Growing loans in all geographies
  - Assets in Spain more than doubled y/y
  - BFF Polska Group up by 29%
- Residual €3m net customer loans related to BFF Polska's SME factoring business placed in in run-off at the end of 2017, down from €6m at December 2017

Customer Loans Evolution (€m)



Customer Loans Breakdown by Geography (€m)

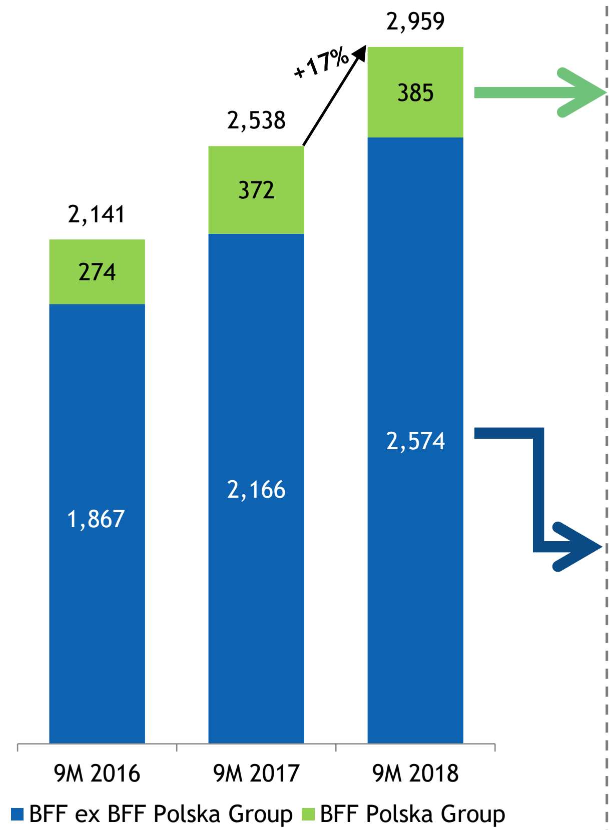
BFF Group excl. BFF Polska Group	9M16	9M17	9M18
Italy	1,646	1,891	2,061
Spain	127	73	162
Portugal	32	77	93
Greece	-	9	8
Total	**1,806**	**2,050**	**2,324**

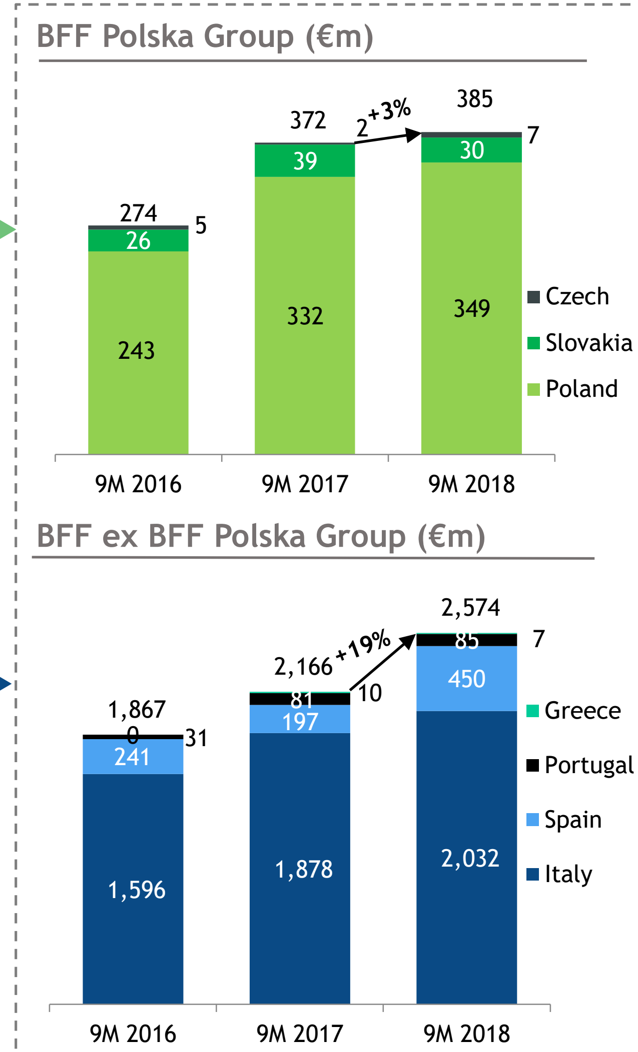
BFF Polska Group	9M16	9M17	9M18
Poland	320	432	551
Slovakia	80	112	146
Czech Rep.	3	2	5
Spain	2	-	-
Total	**405**	**545**	**702**

Solid New Business Production across Countries

- **Strong y/y growth (+*17*%) in new business volumes,** mainly driven by:
  - Italy +8% y/y
  - More than double volumes in Spain, +129% y/y, and Czech, + 193%
  - Poland +5% y/y
  - Portugal +5% y/y

Total New Business Volumes (€m)





Note: For 2016, BFF Polska's Spanish business (€12m) is included in Banca Farmafactoring S.p.A. Sucursal en España

New Business Initiatives 3Q2018

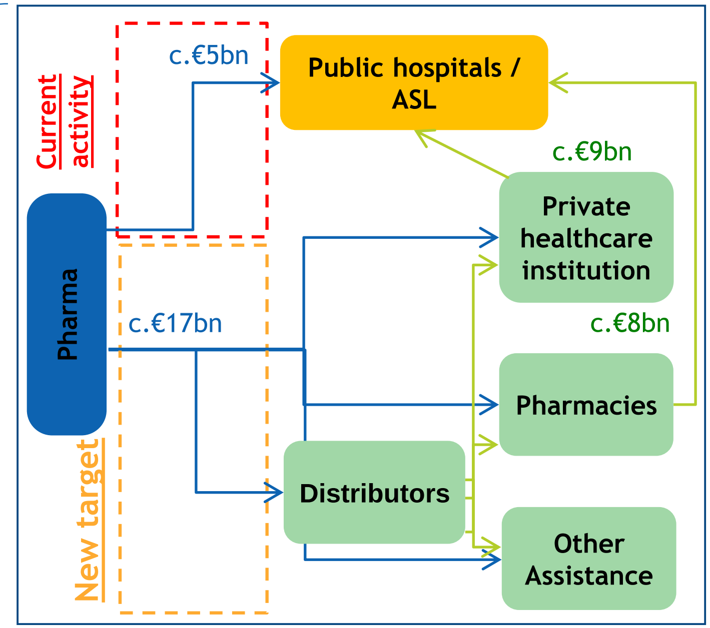
Credit management and collection activity expanded to the entire pharma value chain

- New partnership agreement with Pfizer for the management and collection of the receivables towards pharmacies, private healthcare institutions and distributors in Italy
- BFF will expand the credit collection management activity to the entire pharma value chain and will cover all the debtors (public and private) in the pharma segment
- This agreement can be replicated with other customers in pharma and medical devices sector
- Opportunity to “learn” credit recovery and open new areas for non recourse factoring

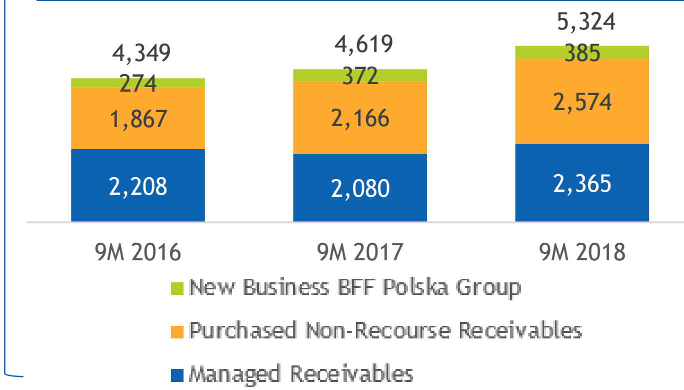
Dynamic Discount

- Solution that allows BFF’s client to improve their efficiency in cash management offering their suppliers specific payment terms
- The service is provided through a digital platform developed in cooperation with FinDynamic

Pharma value chain[1]



Total new business volumes

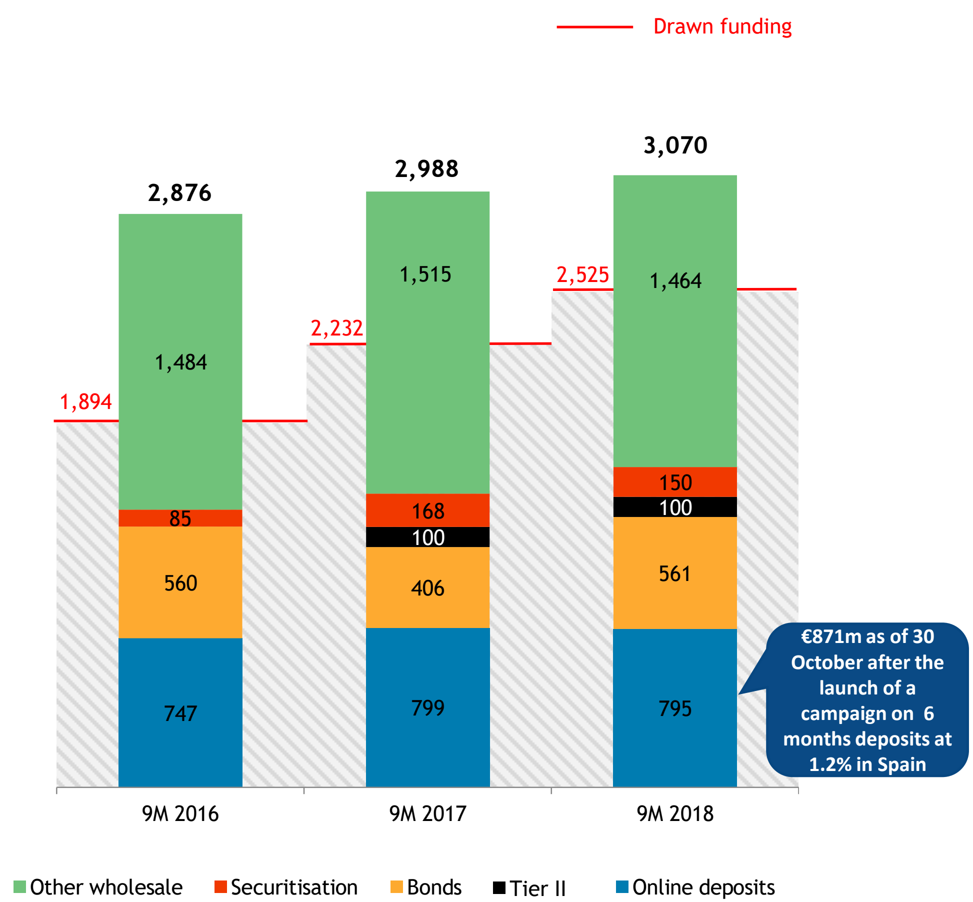


[1] Source: AIFA (Monitoraggio della spesa farmaceutica nazionale e regionale Gennaio – Dicembre 2016), Corte dei Conti (Rapporto sul coordinamento della finanza pubblica 2017), Farmaindustria (Indicatori Farmaceutici 2018).

Diversified Funding Base with ample liquidity and no ECB refinancing

- **A diversified and flexible funding base to support business growth:**
  - Deposits account for 31% of drawn funds and are equal to €795m as of September 2018, stable y/y despite strong reduction in offered yields.
  - As of 30 October 2018 deposit are up to €871m following a marketing campaign in Spain
  - Deposits with no / limited prepayment options
- **Ample excess liquidity with group undrawn funding at €0.5bn[1]**, down from €0.8bn as of September 2017 following the optimization of the wholesale funding lines to decrease funding cost
- **No funding cost linked to Italian government funding cost or rating**
- Refinancing risk: **no expiring BFF bonds until June 2020 and no recourse to ECB TLTRO or other emergency liquidity measure**

Available Funding[2;3] (€m)

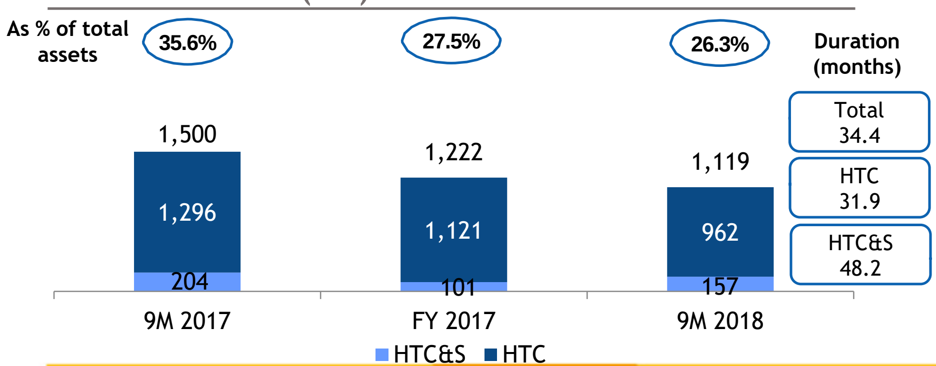


Notes: (1) Based on utilized credit lines; (2) Excluding ECB funds and REPOs; (3) Not considering financing for BFF Polska Group acquisition 378 m PLN.

Fortress Balance Sheet

- **Decreasing Government bond portfolio** (-25% y/y): negative mark to market of HTC&S for €6.9m after tax (booked in equity) and €17.7m after tax on HTC
- **Conservative asset / liability management**
- Customer loans funded through a well **diversified funding base**
- **Positively geared to higher interest rates:** most of Polska asset at variable rate and non recourse factoring portfolio with LPI at variable rate
- **Strong liquidity position** with a LCR of 168% as of September 2018
- **Natural currency hedge**: forex assets and BFF Polska tangible equity funded with forex liabilities

Bond Portfolio[2] (€m)



Breakdown of Balance Sheet 9M 2018 (€m)

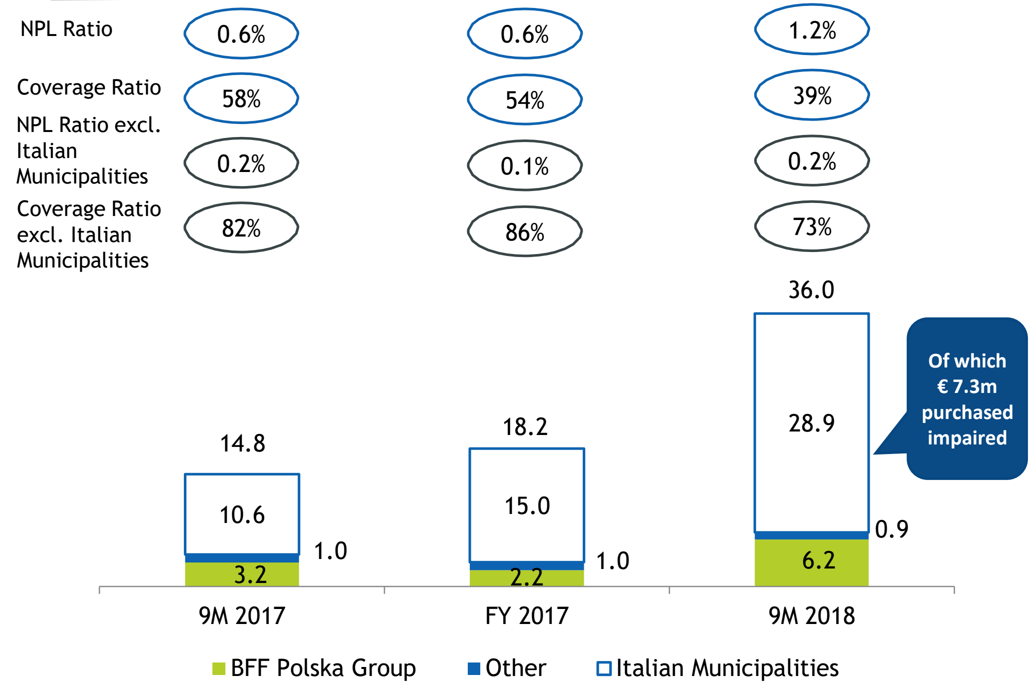
LCR	167.5%
NSFR [1]	105.7%
Leverage Ratio[1]	5.8%

Source: Company data (1) 9M 2018 CRR NSFR and Leverage Ratio: 105.1% and 5.5%; (2) 2017 values of AFS and HTM

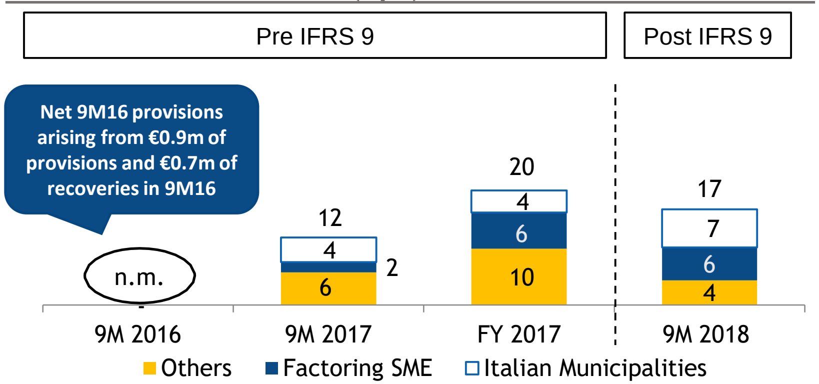
Negligible Credit Risk

- **Increase in Net NPLs (€36.0m, 1.2% of net loans) driven almost entirely by the growing activities towards the Italian Municipalities:**
  - €29m (80% of total) are related to Italian municipalities in conservatorship, classified NPLs by regulation despite BFF being legally entitled to receive 100% of the capital and LPI at the end of the process (€7m already in conservatorship at the time of purchase), €1m is related to the San Raffaele Hospital exposure. Expected over-recovery on both Italian municipalities and San Raffaele exposure
  - Net past due and total net impaired assets are for 78% and 75% respectively towards the public sector
- **Negligible cost of risk of 17bps reported in 9M18, 4bps excluding:**
  - 6bps related to the SME factoring business in run-off
  - 7bps related to the Italian municipalities in conservatorship

Net Non Performing Loans Evolution (€m)



Annualised cost of risk (bps)



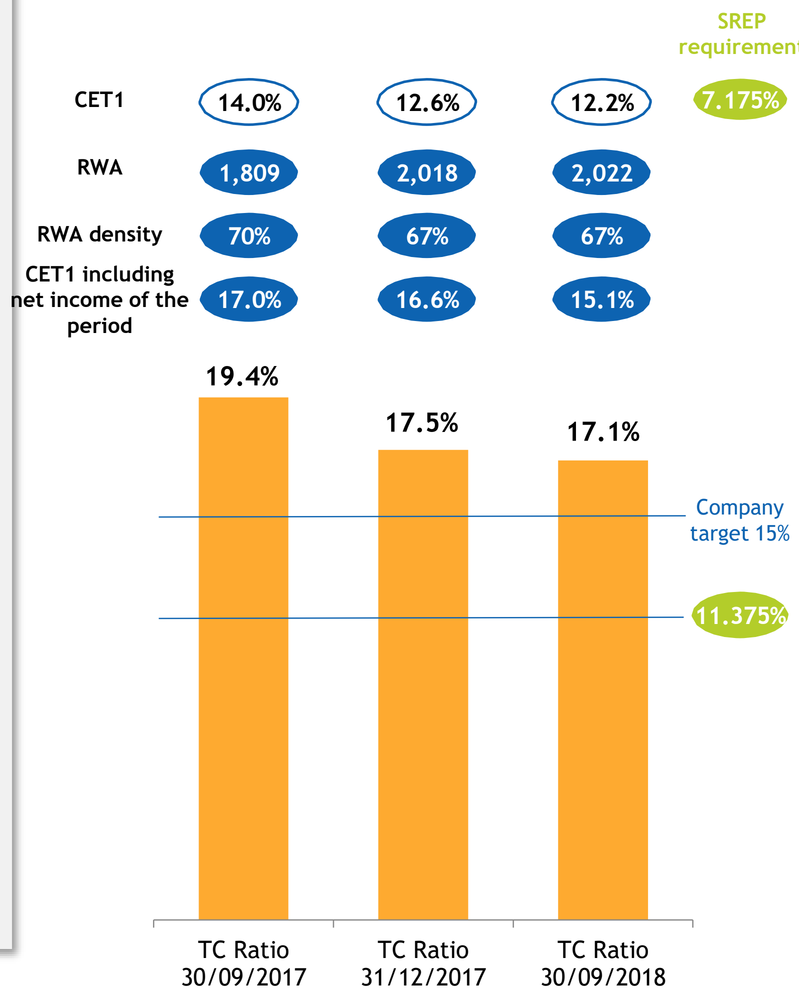
Asset quality - €/000	9M2017	FY2017	1H2018	9M2018	Public sector
Net Non performing - total	14,816	18,175	29,554	36,001	
Net unlikely to pay	9,082	6,760	9,210	10,436	
Net past due	72,706	69,794	128,328	124,405	78%
Total net impaired assets	**96,604**	**94,730**	**167,093**	**170,841**	75%

Over €30m already became performing or collected post 30-Sep

Strong capital position

- **Total Capital ratio of 17.1% and CET1 ratio of 12.2%:**
  - €58.0m of reported net income not included in capital ratios (equal to 287 bps of additional CET1 and total capital) and available for dividend distribution
  - 210bps Total Capital in excess of 15% target available to sustain RWA growth
  - Both ratios are net of the negative exchange rate and HTC&S mark to market impact (respectively 11bps and 34bps)
- **Conservative RWA calculation** based on standard model and with Italian exposure to NHS and other PA risk weighted at 100%[2]:
  - One notch Italian rating upgrade by DBRS (BFF's EACAI) would move the risk weighting to 50% with a 3.6% positive impact on Total Capital Ratio and a 2.6% impact on CET1 Ratio
  - **Italian rating would have to be downgraded by 9 notches (i.e. 3 notches below Greece) in order to have a negative impact on BFF's RWA**
- **Lower RWA density thanks to a better loan mix**, 67% as of September 2018, vs. 70% as of September 2017, despite increasing past due and non performing loans

Total Capital Ratio - Banking Group ex TUB Capital Ratio[1]



	DBRS	Country	Other PA RWA
Investment Grade	AAA		20%
	AA (High)		
	AA		
	AA (Low)		
	A (High)		50%
	A		
	A (Low)		
	BBB (High)		100%
	BBB		
	BBB (Low)		
Non-Investment Grade	BB (High)	Not rated by DBRS	
	BB		
	BB (Low)		
	B (High)		
	B		
	B (Low)		
	CCC (High)		150%
	CCC		
	CCC (Low)		
	CC		
	C		
	D		

(1) 9M2018 CRR Total Capital Ratio and CET1 Ratio: 16.1% and 11.7%. These ratios are subject to approval by BFF Luxembourg S.àr.l. 2) 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

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New Business Initiatives	• New partnership agreement with Pfizer to extend credit management and collection services to its entire Italian pharma value chain • Launch of Dynamic Discount product • Filed for Polish Branch opening to diversify Zloty funding and reduce funding cost

Source: Company data.

Notes: 2018 Exchange rate for Poland and Czech respectively PLN/€ 4,2488 and PLN/CZK 0,166 for P&L data (9M 2018 average), PLN/€ 4,2774 and PLN/CZK 0,166 for Balance Sheet data (28th September 2018); 2017 Exchange rate for Poland and Czech respectively PLN/€ 4,2648 and PLN/CZK 0,161 for P&L data (9M 2017 average), PLN/€ 4,3042 and PLN/CZK 0,166 for Balance Sheet data (29th September 2017);

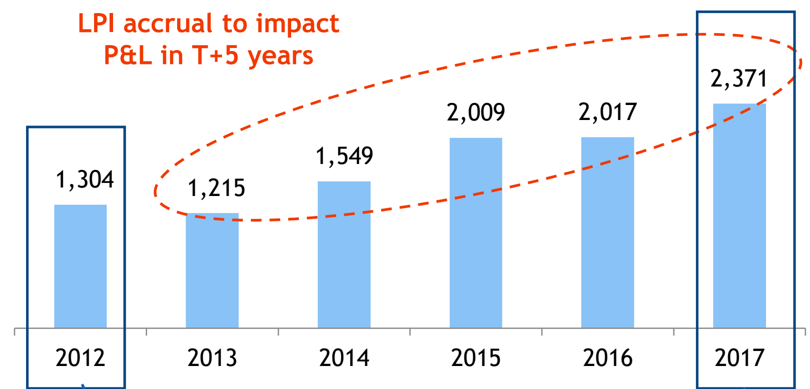
Appendix

Focus on Deferral Income and Net Over Recovery of LPI Collection

Deferral Income of LPI collection

- BFF prudently recognizes in P&L on an accrual basis only 45% of LPI legally due (**discounted** over 1800 days, i.e. 5 years horizon). 45% is the minimum at which BFF settles its LPI recovery. **Over-collection** vs. 45% minimum is recognized on a cash basis at collection (5 years on average)
- Therefore, the full impacts on P&L of the LPI generated by the growing outstanding over the last years will be visible only in the coming years:
  - **Discounting effect of the 45%**: the amount of LPI accrued in P&L will increase for the next 5 years also in case of stable outstandings
  - **Deferral effect of the over recovery:** over-recovery generated by the larger 2017 outstanding vs. previous years will be visible only in 5 years

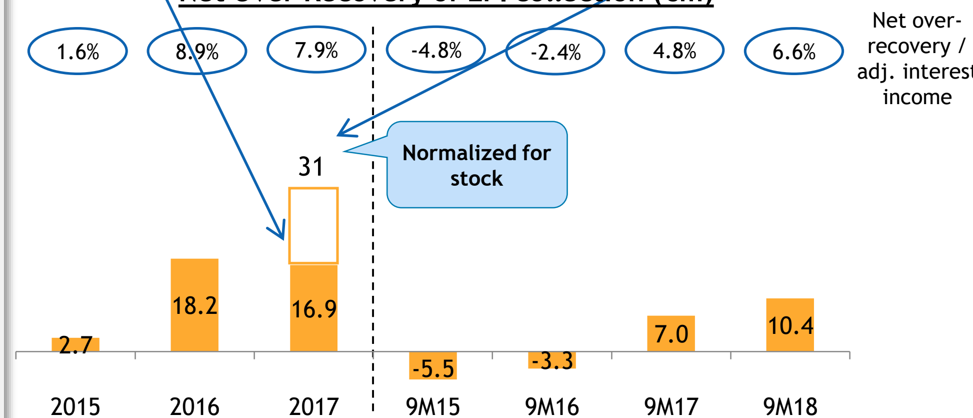
Outstanding Evolution (Excl. BFF Polska Group) (€m)



Over-recovery of LPI net of re-scheduling impact (€m)

- The loans on balance sheet are accounted based on the amortized cost:
  - In case the credit is not collected at the expected collection date, the value of the credit is re-calculated using the new expected cash-flow schedule
  - The delta in the value of the loan is booked in the P&L line "interest income" with a negative impact (**rescheduling impact**)
- The **net over-recovery, i.e.** over-recovery of LPI less the rescheduling impact, has been on average less than 10% of the interest income over the last 3 years

Net Over Recovery of LPI collection (€m)



Focus on Drivers of the % of Net Interest Margin vs. Previous Year

Assuming pricing done at i. constant target ROE vs capital absorbed and ii. no LPI over-recovery

				Deferral effect of LPI over-recovery	
% NIM (FY17 6.1%)	Net interest income on customer loan (FY17 €161.3m[1]) / Avg. customer loans (Avg FY17 €2,640m)	=	Maturity commission + 45% LPI discounted - interest expenses[2] (FY17 €144.4m[1]) / Avg. customer loans (Average FY2017 €2,640m)	+ LPI over-recovery - Re-scheduling impact (FY17 €16.9m) / Avg. customer loans (Average FY2017 €2,640m)	Impact on Yield on RWA
Impact on the % of NIM	In case of loan growth *(with stable RWA density)*		= / ↓	↓	↓
	In case of no loan growth *(with stable RWA density)*		=	↑	↑
	In case of lower RWA density *(Pricing)*		= / ↓	↓	↑

For receivables not collected within the expected maximum collection date, interest income is reduced by the amount of yield required to keep the IRR of the portfolio constant until the new expected collection rate. In particular, the value of the credit on the balance sheet is re-calculated using the new expected cash-flow schedule and the negative delta in value is booked in P&L to maintain the original IRR (**"rescheduling impact"**).

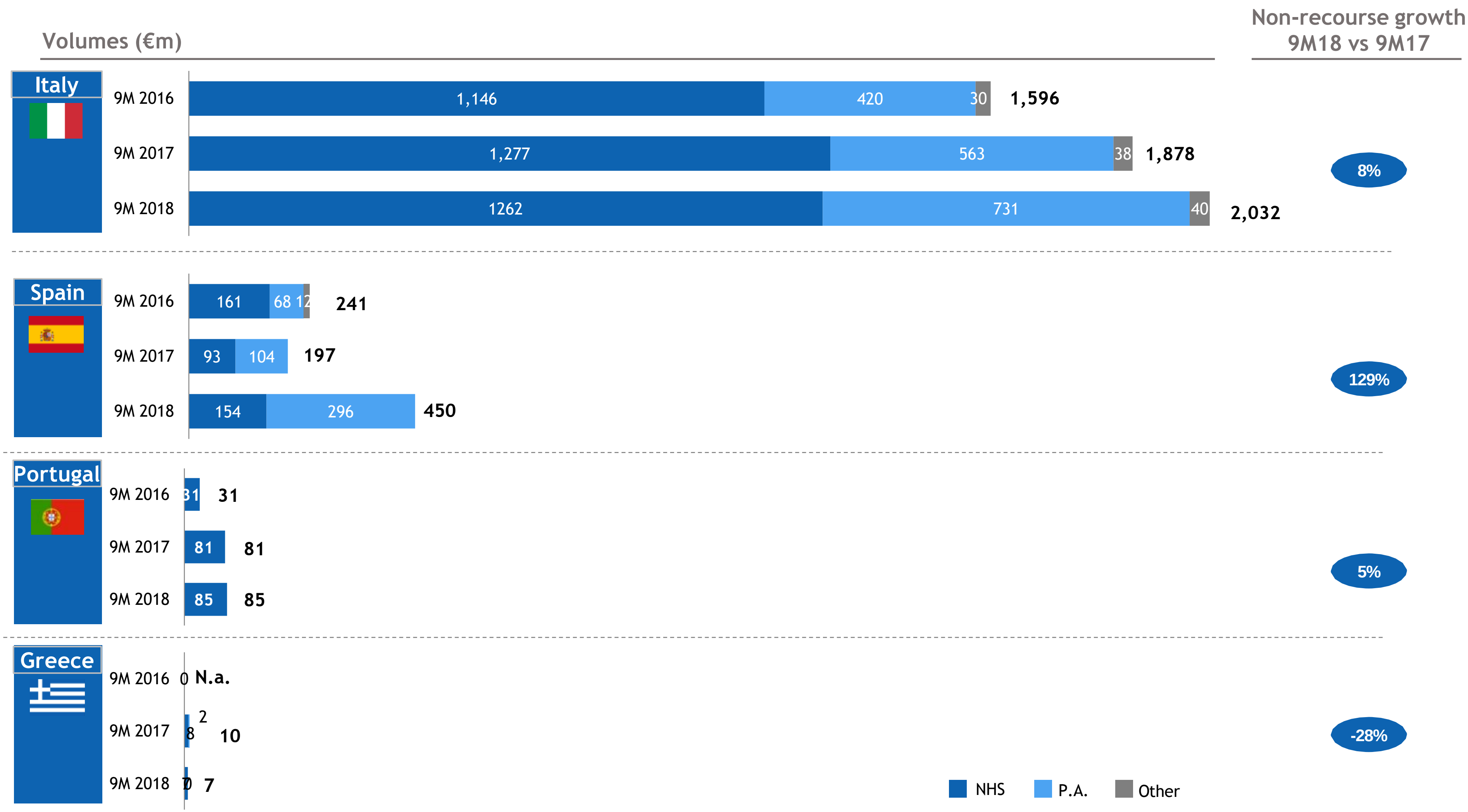
Comments

- **Deferral effect of LPI over-recovery:** the over-recovery on LPI generated by the current loan book will be visible in P&L in 5 years on average. Therefore, in case of loan growth the NIM on current loan book would decrease because of the increase in the denominator and the deferral of income
- In case of no growth in the loan book, the deferral effect of the LPI and the over-recoveries "catching up" with the loan book will increase the reported yield

- Pricing is based on, among other, CoF, capital absorption and assuming no over-recovery on LPI
- Larger loan book coupled with lower capital absorption will generate better RoRWAs and lower NIM
- With stable loan (no growth) and lower RWA density, NIM would decrease while ROE and RoRWA would improve
- Improvement of RoRWA fully visible in 5 years since LPI over-recovery does not depend on capital absorbed

Source: Company data;
Notes: (1) Excluding €25m positive one-off impact from change in LPI accounting (40% to 45%) and interest on REPO from the interest expenses. (2) Based on total interest expenses on total funding excluding REPO.

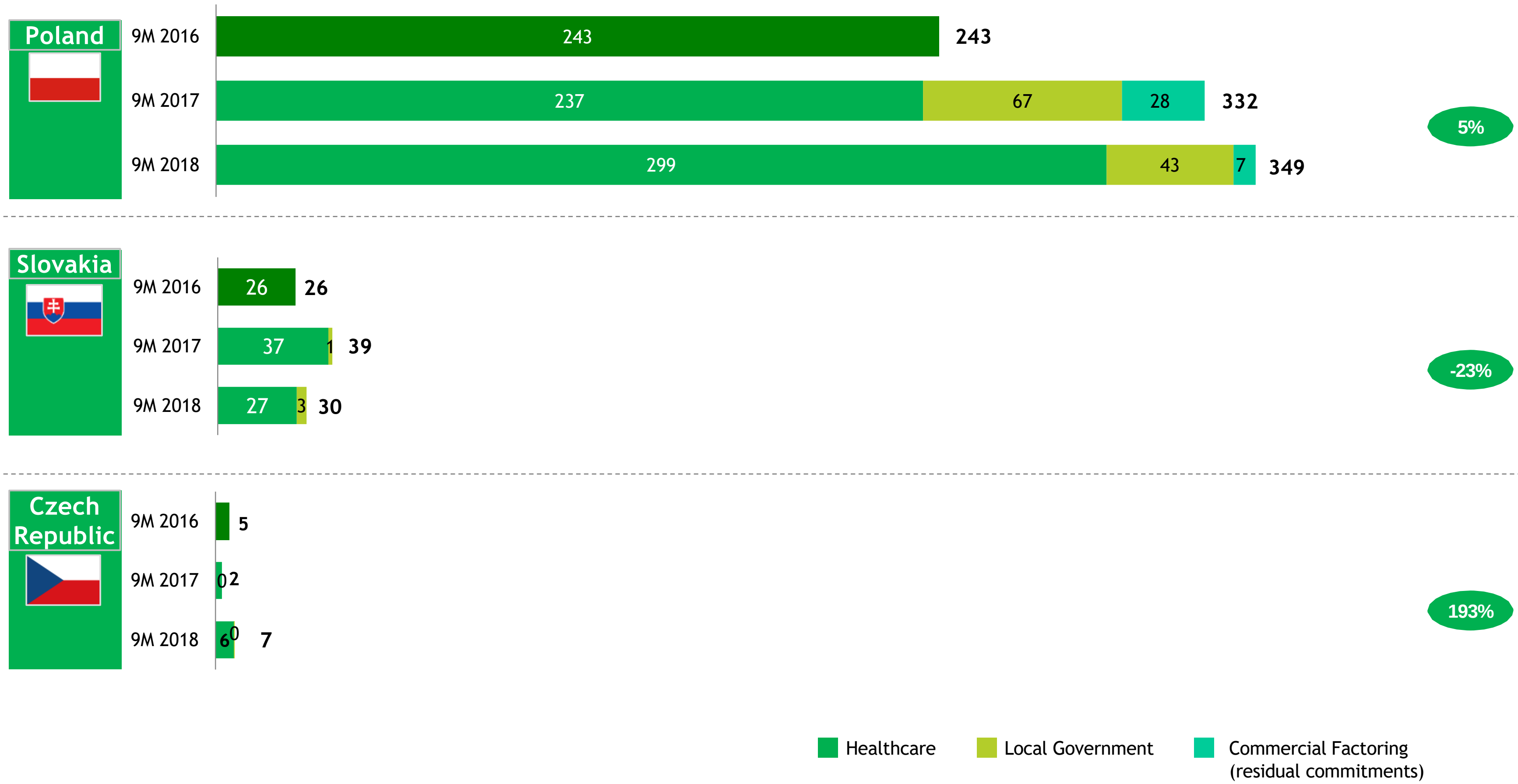
Non-recourse Volumes



New Business

New Business (€m)

New Business growth 9M18 vs 9M17



Adjusted Net Income Reconciliation

€m	9M16	9M17	9M18
Group BFF Reported Net income	**41.0**	**68.3**	**58.0**
Change in LPI accounting from 40% to 45%		(17.8)	
One-off IPO costs	1.6	1.7	
Exchange rates movement (offset at the comprehensive income and equity level)	1.5	1.4	(1.5)
Stock options		1.1	0.9
Extraordinary Resolution Fund contribution			0.5
Magellan acquisition costs	6.7		
Magellan Net Income	4.0		
Adjusted Net Income	**54.9**	**54.6**	**58.0**
Additional 2 months Tier II costs			0.8
Magellan SME factoring provision			1.1
Adjusted Net Income "like for like"	**54.9**	**54.6**	**59.8**

Summary Profit & Loss

€m	9M16 Combined	9M16 Adjustments	9M16 Adjusted
Interest Income	136.0	0.0	136.0
Interest Expenses	-28.3	0.4	-27.9
Net Interest Income	**107.7**	**0.4**	**108.1**
Net Fee and Commission Income	2.8	2.2	5.0
Dividends	0.1	0.0	0.1
Gains/Losses on Trading	-1.8	2.2	0.4
Gains/Losses on Hedging	0.0	0.0	0.0
Gains/losses on Purchase/Disposal of Available-for-Sale Financial Assets	0.6	0.0	0.6
Net Banking Income	**109.4**	**4.8**	**114.3**
Impairment Losses/Reversal on Financial Assets	-0.2	0.0	-0.2
Administrative Expenses	-47.1	8.9	-38.2
Writebacks on Property, Plan and Equipment and Intangible Assets	-2.2	0.0	-2.2
Provisions for risks and charges	-0.9	0.0	-0.9
Other Operating Income (Expenses)	2.5	0.0	2.5
Profit Before Income Taxes from Continuing Operations	**61.6**	**13.7**	**75.3**
Income Taxes	-16.6	-3.9	-20.4
Net Income	**45.0**	**9.9**	**54.9**

	9M17 Reported	9M17 Adjustments	9M17 Adjusted	9M18 Reported	9M18 Adjustments	9M18 Adjusted
Interest Income	171.1	-25.2	145.9	157.7		157.7
of which interest income calculated using the effective interest rate method	147.0	-25.2	121.8	136.0		136.0
Interest Expenses	-29.8		-29.8	-31.7		-31.7
Net Interest Income	**141.3**	**-25.2**	**116.2**	**126.0**		**126.0**
Net Fee and Commission Income	5.0		5.0	4.9		4.9
Dividends	0.1		0.1	0.0		0.0
Gains/Losses on Trading	-2.7	2.0	-0.7	2.0	-2.1	-0.1
Fair value adjustments in hedge accounting	0.0		0.0	0.1		0.1
Gains/losses on disposal/repurchase of						
a) financial assets measured at amortized cost	0.0		0.0	0.0		0.0
b) financial assets measured at fair value through OCI	0.6		0.6	0.4		0.4
Net Banking Income	**144.4**	**-23.2**	**121.2**	**133.3**	**-2.1**	**131.2**
Net adjustments/reversals of impairment for credit risk concerning:						
a) financial assets measured at amortized cost	-2.3		-2.3	-3.8		-3.8
b) financial assets measured at fair value through OCI	0.0		0.0	0.0		0.0
Administrative Expenses	-46.2	3.9	-42.3	-49.5	2.0	-47.5
Net provisions for risks and charges						
a) commitments and guarantees provided	0.0		0.0	0.0		0.0
b) other net allocations	-1.2		-1.2	-0.9		-0.9
Net Adjustments to/ Writebacks on Property, Plan and Equipment and Intangible Assets	-2.4		-2.4	-2.5		-2.5
Other Operating Income (Expenses)	2.6		2.6	2.2		2.2
Profit Before Income Taxes from Continuing Operations	**95.0**	**-19.3**	**75.7**	**78.9**	**-0.1**	**78.8**
Income Taxes	-26.6	5.6	-21.0	-20.9	0.1	-20.8
Net Income	**68.3**	**-13.7**	**54.6**	**58.0**	**-0.1**	**58.0**

Source: Company data

Summary Balance Sheet

€/m Assets	9M16 Reported	9M17 Reported	FY17 Reported
Cash and cash Balances	0.0	20.6	80.9
Financial Assets Held for Trading	0.3	0.0	0.0
Financial Assets at Fair Value	3.5	1.0	0.5
Available-for-Sale Financial Assets	366.0	204.2	101.4
Financial Assets Held to Maturity	1,572.8	1,295.9	1,120.6
Due from Banks	113.3	32.8	44.8
Receivables and Loans	2,211.0	2,595.8	3,018.5
Hedging derivatives	0.1	0.3	0.3
Equity Investments	0.3	0.4	0.3
Property, Plant and Equipment	12.8	12.6	12.8
Intangible Assets	24.5	24.9	26.0
Tax Assets	14.3	16.7	30.9
Other Assets	10.4	11.1	9.8
Total Assets	**4,329.3**	**4,216.3**	**4,446.9**
Liabilities and Equity			
Due to Banks	385.9	541.1	658.0
Due to Customers	2,817.7	2,587.6	2,496.0
Securities Issued	646.2	574.2	790.1
Financial Liabilities Held for Trading	0.4	0.7	0.5
Hedging Derivatives	0.0	0.0	0.0
Tax Liabilities	63.5	75.0	82.5
Other Liabilities	104.1	96.7	49.7
Employess Severance Indemnities	0.9	0.9	0.8
Provision for Risks and Charges	5.9	5.6	5.4
Equity	263.8	266.3	268.3
Profits for the Year	41.0	68.3	95.5
Total Liabilities and Equity	**4,329.3**	**4,216.3**	**4,446.9**

	FY17 Reported	9M18 Reported
Cash and cash Balances	80.9	13.2
Financial assets measured at *fair value* through profit or loss	0.5	0.0
a) financial assets held for trading	0.0	0.0
b) financial assets designated at *fair value*	0.0	0.0
c) other financial assets mandatorily measured at *fair value*	0.5	0.0
Financial assets measured at fair value through OCI	101.4	157.0
Financial assets measured at amortized cost	4,183.9	4,008.0
a) Loans and receivables with banks	44.8	20.0
b) Loans and receivables with customers	4,139.1	3,987.9
Hedging derivatives	0.3	0.0
Equity Investments	0.3	0.2
Property, Plant and Equipment	12.8	12.2
Intangible Assets	26.0	25.0
Tax Assets	30.9	19.7
Other Assets	9.8	11.9
Total Assets	**4,446.9**	**4,247.1**
Liabilities and Equity		
Financial liabilities measured at amortized cost	3,944.1	3,742.5
a) deposits from banks	658.0	834.6
b) deposits from customers	2,496.0	2,196.0
c) securities issued	790.1	711.8
Financial Liabilities Held for Trading	0.5	0.0
Hedging Derivatives	0.0	0.0
Tax Liabilities	82.5	77.4
Other Liabilities	49.7	91.5
Employess Severance Indemnities	0.8	0.9
Provision for Risks and Charges	5.4	4.4
Equity	268.3	272.5
Profits for the Year	95.5	58.0
Total Liabilities and Equity	**4,446.9**	**4,247.1**

Source: Company data

Breakdown by quarter - BFF Group

Adjusted Values	**2016 (including BFF Polska for full period)**					**2017**					**2018**			
Data in €/m	**1Q**	**2Q**	**3Q**	**4Q**	**FY**	**1Q**	**2Q**	**3Q**	**4Q**	**FY**	**1Q**	**2Q**	**3Q**	**9M**
Interest income	45.6	46.0	44.3	68.1	**204.0**	54.8	46.8	44.4	66.8	**212.8**	53.4	54.9	49.3	**157.7**
Interest expenses	(9.4)	(8.9)	(9.6)	(9.3)	**(37.1)**	(9.8)	(10.3)	(9.7)	(10.1)	**(39.9)**	(11.3)	(10.1)	(10.3)	**(31.7)**
Net interest income	36.3	37.2	34.7	58.8	**166.9**	45.0	36.4	34.8	56.7	**172.8**	42.2	44.8	39.0	**126.0**
Net banking income	38.2	38.7	37.3	60.6	**174.8**	45.9	38.4	36.8	59.1	**180.3**	44.0	46.5	40.7	**131.2**
Operating costs and D&A	(12.7)	(13.8)	(13.9)	(16.0)	**(56.4)**	(15.6)	(15.5)	(13.6)	(16.6)	**(61.2)**	(15.3)	(18.7)	(16.0)	**(50.0)**
LLPs	(0.2)	0.6	(0.5)	(2.5)	**(2.6)**	(0.7)	(1.2)	(0.4)	(3.7)	**(6.0)**	(1.0)	(2.3)	(0.6)	**(3.8)**
Profit Before Taxes	25.5	26.1	23.7	44.5	**119.8**	30.3	22.6	22.8	39.7	**115.3**	27.9	26.4	24.5	**78.8**
Income Taxes	(7.2)	(8.0)	(5.2)	(12.1)	**(32.5)**	(8.5)	(6.2)	(6.2)	(10.6)	**(31.6)**	(7.6)	(6.7)	(6.4)	**(20.8)**
Net income	18.3	18.1	18.5	32.5	**87.3**	21.8	16.3	16.5	29.1	**83.7**	20.3	19.7	18.1	**58.0**

Reported Values	**2016**					**2017**					**2018**			
Data in €/m	**1Q**	**2Q**	**3Q**	**4Q**	**FY**	**1Q**	**2Q**	**3Q**	**4Q**	**FY**	**1Q**	**2Q**	**3Q**	**9M**
Interest income	37.5	40.5	44.1	68.1	**190.2**	79.9	46.8	44.4	66.8	**237.9**	53.4	54.9	49.3	**157.7**
Interest expenses	(5.7)	(6.5)	(10.0)	(8.9)	**(31.0)**	(9.8)	(10.3)	(9.7)	(10.1)	**(39.9)**	(11.3)	(10.1)	(10.3)	**(31.7)**
Net interest income	31.8	34.0	34.2	59.2	**159.2**	70.1	36.4	34.8	56.7	**198.0**	42.2	44.8	39.0	**126.0**
Net banking income	33.7	36.9	31.1	62.3	**164.0**	67.4	38.6	38.5	56.5	**200.8**	44.7	49.8	38.8	**133.3**
Operating costs and D&A	(12.0)	(18.4)	(16.2)	(19.7)	**(66.3)**	(19.5)	(15.5)	(13.6)	(16.6)	**(65.1)**	(16.6)	(19.4)	(16.0)	**(52.0)**
LLPs	(0.1)	0.7	(0.4)	(2.5)	**(2.2)**	(0.7)	(1.2)	(0.4)	(3.7)	**(6.0)**	(1.0)	(2.3)	(0.6)	**(3.8)**
Profit Before Taxes	21.7	19.7	15.2	42.5	**99.1**	47.8	22.7	24.4	37.0	**132.0**	27.3	29.1	22.5	**78.9**
Income Taxes	(6.4)	(6.6)	(2.6)	(11.4)	**(27.0)**	(13.6)	(6.3)	(6.8)	(9.8)	**(36.4)**	(7.5)	(7.6)	(5.8)	**(20.9)**
Net income	15.3	13.1	12.6	31.1	**72.1**	34.2	16.4	17.7	27.2	**95.5**	19.8	21.5	16.7	**58.0**

Asset quality

€/000	30/09/2018 Gross	Provision	Net
Net non performing - total	58,867	(22,866)	36,001
Net unlikely to pay	13,835	(3,399)	10,436
Net past due	125,321	(916)	124,405
Total net impaired assets	198,022	(27,181)	170,841

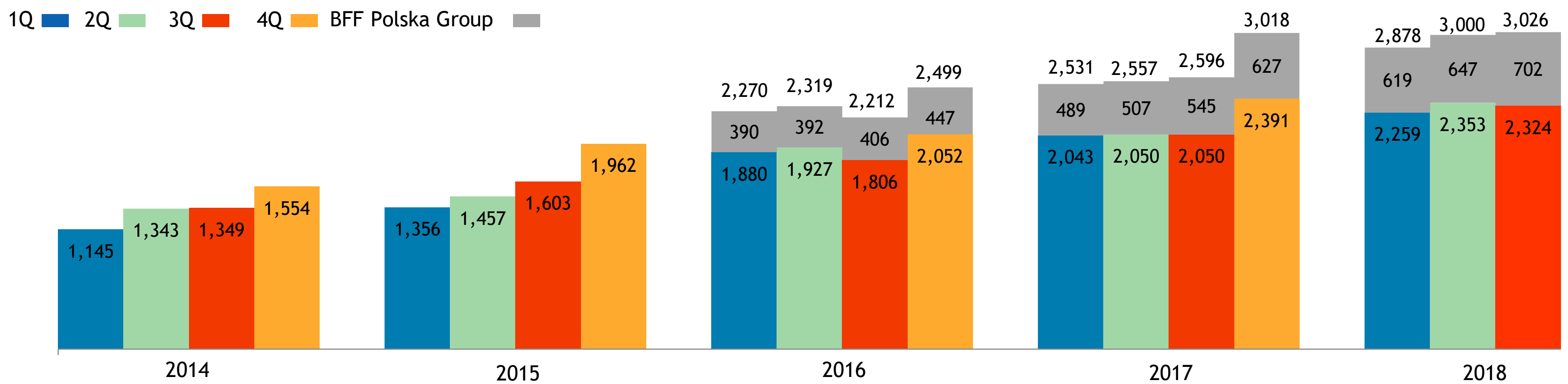
€/000	30/06/2018 Gross	Provision	Net
Net non performing - total	51,917	(22,363)	29,554
Net unlikely to pay	12,615	(3,405)	9,210
Net past due	128,936	(607)	128,328
Total net impaired assets	193,467	(26,375)	167,093

€/000	31/12/2017 Gross	Provision	Net
Net non performing - total	39,587	(21,412)	18,175
Net unlikely to pay	10,370	(3,610)	6,760
Net past due	69,935	(140)	69,794
Total net impaired assets	119,892	(25,162)	94,730

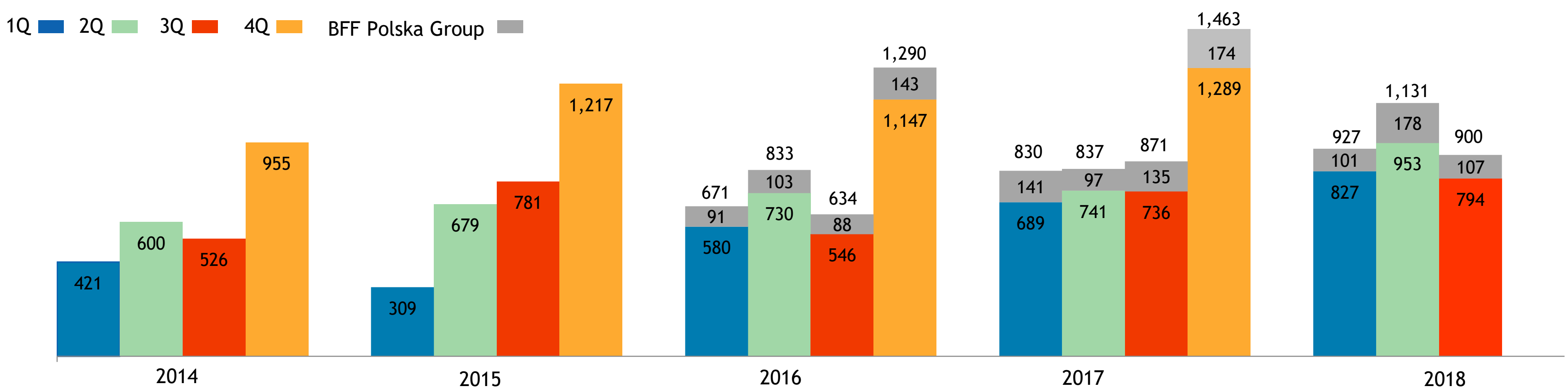
€/000	30/09/2017 Gross	Provision	Net
Net non performing - total	35,319	(20,503)	14,816
Net unlikely to pay	9,711	(629)	9,082
Net past due	72,790	(83)	72,706
Total net impaired assets	117,820	(21,215)	96,604

Traditional Business Subject to Seasonality, with Peak in Q4

Loans Evolution by Quarter[1] (€m)



Breakdown of Volumes by Quarter[2] (€bn)



(1) 2018 loans: item 40 b) Balance Sheet excluding HTC (2) 2016 BFF Polska Group New Business includes Spanish Branch New Business (€12m) and is converted to the 2016 average exchange rate PLN/€ 4,3632; 2017 BFF Polska Group New Business is converted to the relevant period average FX rate; 2016 and 2017 BFF Polska Group Loans are converted to the relevant end of period day FX rate.