2018 Full Year Results

8th February 2019

A Bank Like No Other

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2018 Results: Key Highlights

Strong growth in net income and profitability	• €91.8m of Adjusted Net Income (+10% y/y), with 37% of Adjusted ROTE (33% in 2017) despite *(i)* 2 additional months of Tier II costs for €0.9m vs. 2017 and *(ii)* €24m of lower LPI collection vs. 2017 • Stock of unrecognized off balance sheet LPI (back book income reserve) equal to €356m • +9% of Adjusted Net Interest Income • Improving operating leverage with Operating Cost / Loans ratio of 2.24% vs. 2.32% in 2017
Double digit growth in loans and volumes	• Total customer loans up 19% y/y, 35% outside Italy vs. 32% at Dec-17 • New volumes up 17% y/y, with first deal in Croatia completed
Solid funding base and liquidity position	• Ample excess liquidity with €0.4bn of committed undrawn funding and no recourse to ECB TLTRO or other ECB emergency liquidity measures • Available committed wholesale funding increased at competitive rates despite tighter market conditions • Sound liquidity ratios with LCR at 235%
Robust capital position and low risk profile	• TC and CET1 ratios equal to 15.2% and 10.9% (excluding €92m of net income for the period) well above SREP requirements, and including mark to market effect on HTC&S portfolio for €4m after tax • Smaller government bond portfolio (-9% y/y), of which 86% HTC • Low Net NPLs (1.1% of loans), of which 83% related to Italian municipalities in conservatorship ("Comuni in dissesto") • Negligible Cost of Risk at 13 bps, of which 5 bps due to the Polish SME factoring portfolio in run off and 5 bps due to Italian municipalities in conservatorship

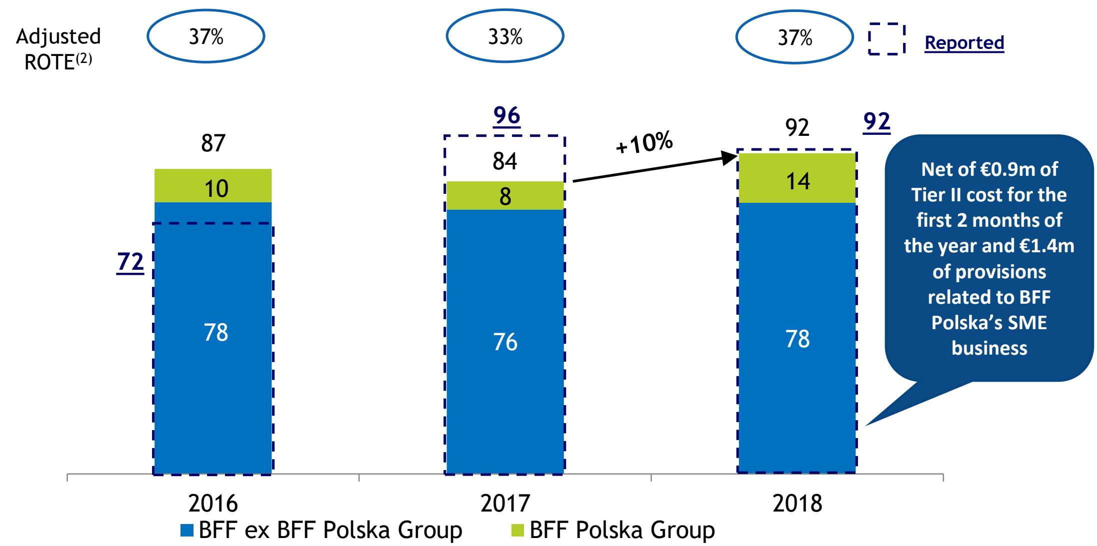
Source: Company data.
Notes: 2018 Exchange rate for Poland and Czech respectively PLN/€ 4.2615 and PLN/CZK 0.166 for P&L data (2018 average), PLN/€ 4.3014 and PLN/CZK 0.167 for Balance Sheet data (31st December 2018); 2017 Exchange rate for Poland and Czech respectively PLN/€ 4,2570 and PLN/CZK 0,162 for P&L data (2017 average), PLN/€ 4,1770 and PLN/CZK 0,164 for Balance Sheet data (29th December 2017);

+10% Growth in Adjusted Net Income

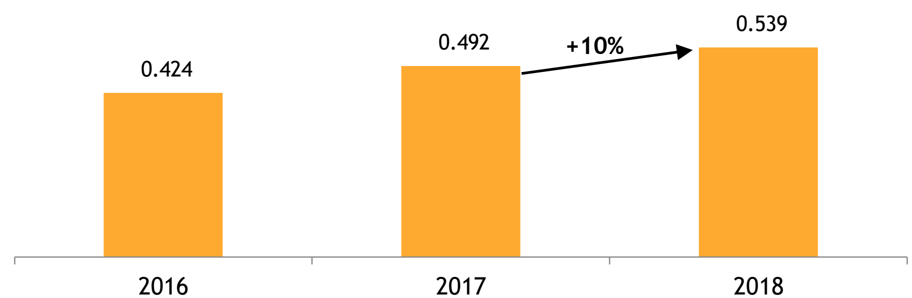
- **€91.8m of 2018 Adjusted Net Income, +10% vs 2017**
- **Increased profitability**: Adjusted RoTE of 37% vs. 33% in 2017
- **Dividend Per Share 2018 of €0.539**
- All the above results achieved despite:
  - 2 additional months of Tier II cost for €0.9m vs. 2017
  - Lower Late Payment Interests ("LPI") collection (€90m vs. €114m in FY17)
- 2018 Adjusted Net Income is also net of €1.4m (post tax) of provision related to BFF Polska's SME business placed in run-off at the end of 2017

2018 Extraordinary items net of taxes: €0.9m stock option plan costs, balanced by change in equity reserve; €0.5m extraordinary contribution to Resolution Fund; €1.9m 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;
2017 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; €3.3m 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;
2016 Extraordinary items net of taxes: €2.4m extr. costs related to IPO costs; ; €1.5m of extraordinary contribution to Resolution Fund; €7.6m extr. costs related to BFF Polska Group acquisition; €0.3m positive exchange rate difference

Adjusted Net income[1] (€m)



Dividend per share €[3]



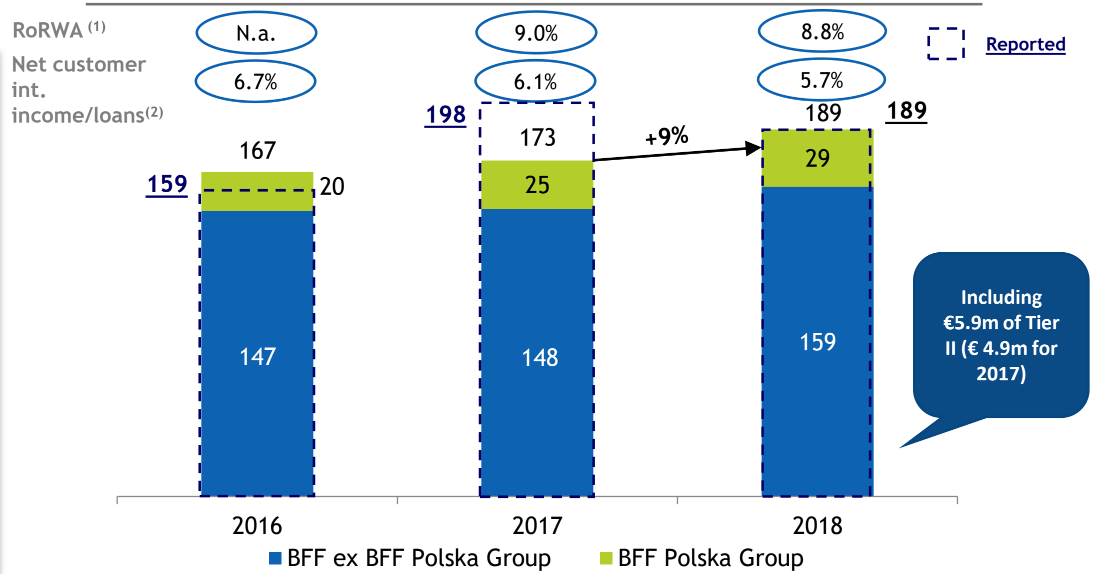
Notes: (1) Adjusted to exclude extraordinary items (2) 2017 Tangible equity includes extraordinary earnings set aside for capital; 2018 Tangible equity excludes 2018 net income (3) 2016 EPS adjusted for 1:100 stock split done in conjunction with IPO (April 2017)

Growing Adjusted Net Interest Income and Net Banking Income

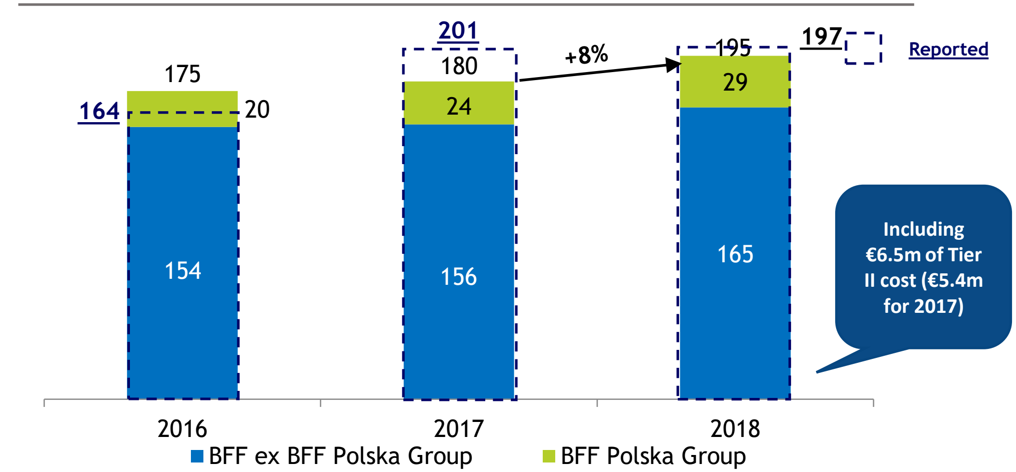
- **Adjusted net interest income +9% and Adjusted Net Banking income +8%** compared to 2017 mainly driven by higher stock of net loans and despite Costs of Funding affected by Tier II issuance for additional €1.0m of costs (Tier II outstanding for 12 months vs 10 months in 2017)

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 €5.9m of Tier II costs for 2018 (€4.9m for 2017), which in 2016 were not present.
Adjusted Net Banking income (1) does not include €2.6m of positive change in exchange rates impact for 2018 (-€4.7m in 2017 and €0.4m in 2016), €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 €3.8m negative commissions related to waiver for 2016 (2) includes €6.5m of interest expenses and commissions related to Tier II for 2018 (€5.4m for 2017), which in 2016 were not present.

Adjusted Net Interest Income (€m)



Adjusted Net Banking Income (€m)



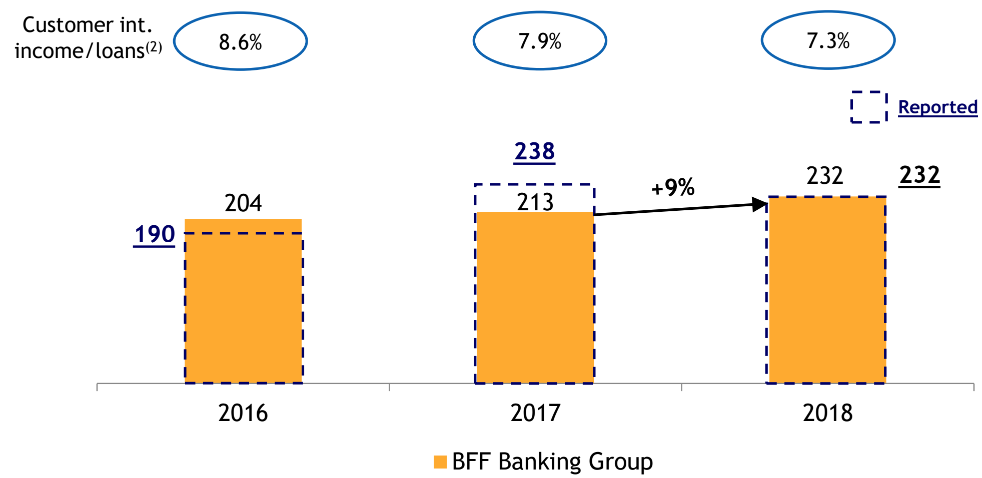
Note: (1) calculated as Adjusted Net interest income / average RWA (beginning and end of the period). 2016 not available since RWA YE2015 for BFF Polska (acquired in Jun 2016) are not available; (2) calculated as Adjusted Net interest income on customer loans (excluding income on securities and on credit due from banks and REPO activity impact) / average loans in the period.

Interest Income Growth Driven by Higher Stock of Loans

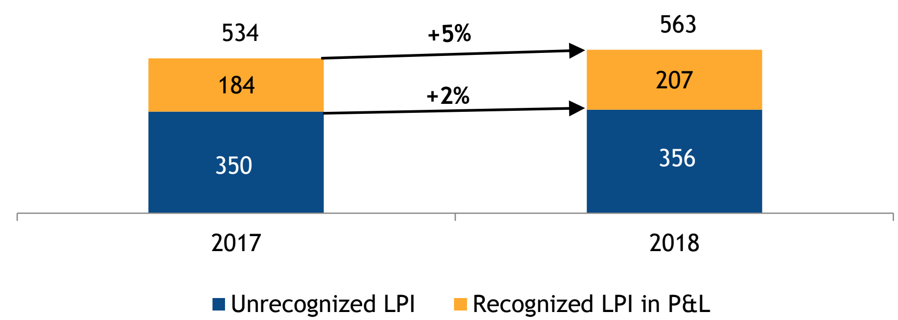
- **2018 interest income increased to €232m (+9% y/y) driven mainly by higher stock of loans**
- **Higher net LPI over-recovery[1] accounted in P&L (€19.5m** vs. €16.9m in 2017) despite **€24m of lower LPI cashed-in:**
  - €90m of LPI cashed-in vs. €114m in 2017 (€92m in 2016) resulted in €2.6m of higher net LPI over-recovery thanks to the combined effect of *i.* higher LPI recovery rate and *ii.* lower rescheduling impact[1] in 2018 vs. 2017 (*please see next slide for more details*)
- **Total accrued LPI stock** at Dec-18 **amount to €563m (pre-tax), of which €356m (back book income reserve) has not gone through the P&L (**+2% yoy) (*please see next slide for more details*)

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)

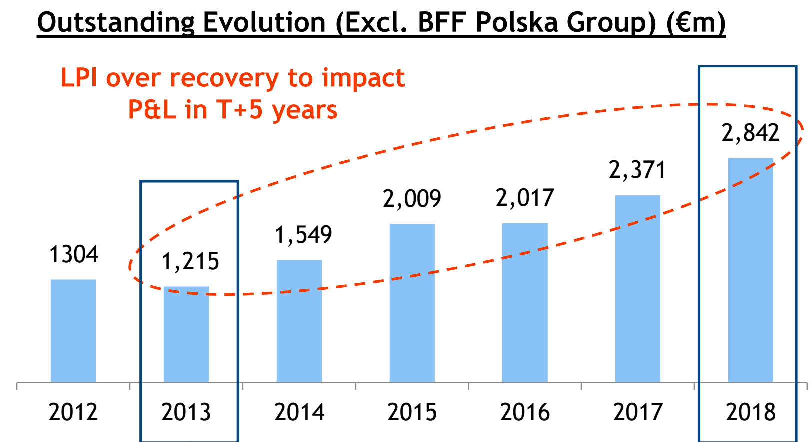


Note: (1) LPI over-recovery vs. 45% minimum recovery rate assumed for accounting purpose, net of the rescheduling impact. Rescheduling impact: in case a credit is not collected at the expected collection date, the value of the credit on the balance sheet is re-calculated using the new expected cash-flow 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.

Focus on Deferral Income and Net Over Recovery of LPI Collection

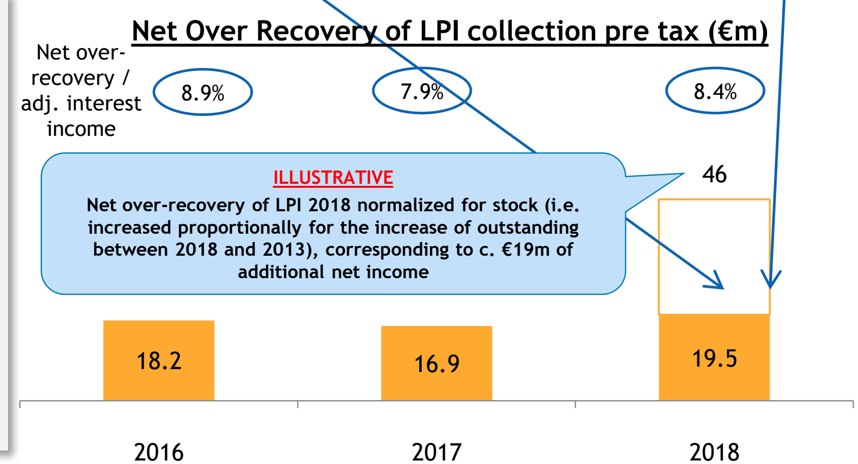
Deferral Income of LPI collection

- 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 2018 outstanding vs. previous years will be visible only in 5 years



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

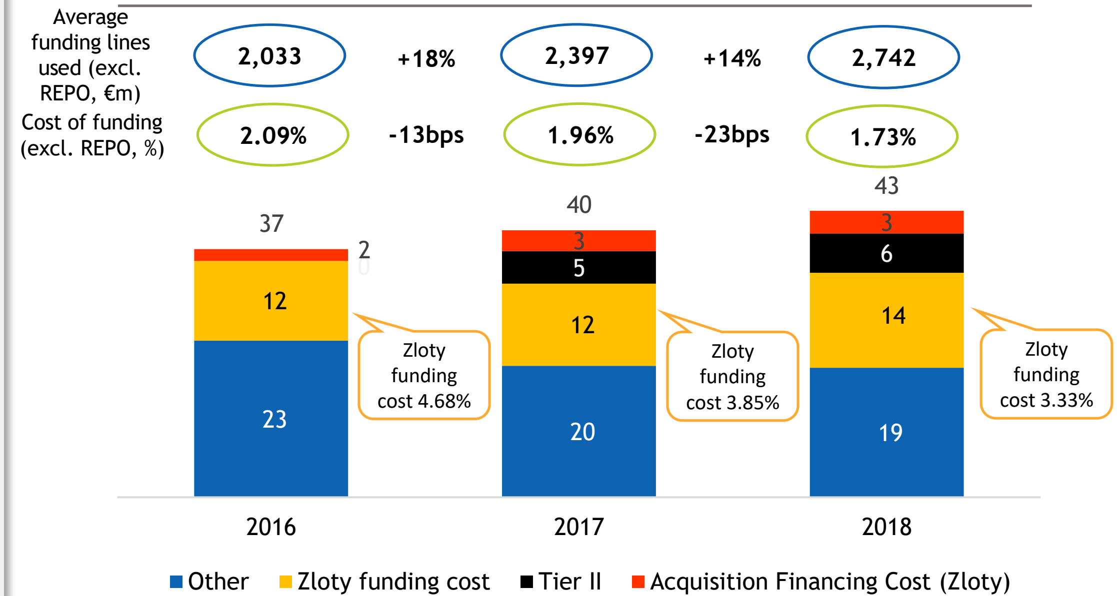
- The loans on balance sheet are accounted based on the amortized cost:
  - In case the credit is not collected at the expected collection date, the value of the credit is re-calculated using the new expected cash-flow schedule
  - The delta in the value of the loan is booked in the P&L line "interest 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



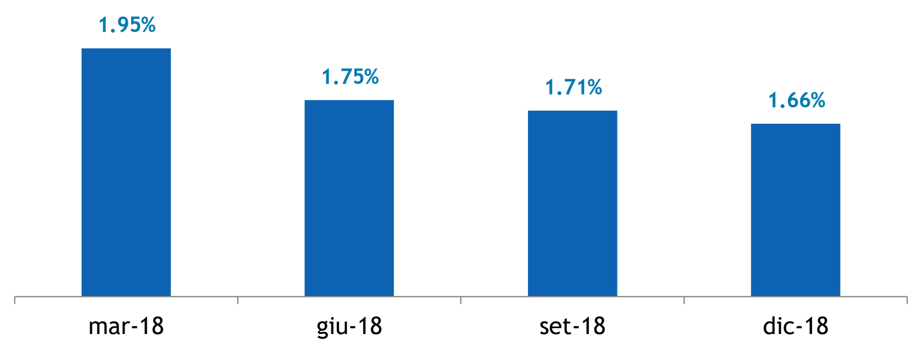
Improving Funding Costs

- **Reduction in cost of funding continued:**
  - 1.73% 2018 cost of funding versus 1.96% in 2017
  - Increasing interest expenses from €40m to €43m in 2018, mainly due to *i.* the impact of Tier II (€5.9m in 12M2018, €4.9m in 12M2017), *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 €2.6bn to €3.2bn) and *iv.* the increase in Zloty funding which has a higher base rate (Wibor 3M 1.72% vs. Euribor 3M -0.309% as of 31st December 2018)
- **Good access to wholesale market at competitive rates, with cost of funding decreasing QoQ over 2018**
- No funding costs linked to government bond yields
- No ECB refinancing risk
- Further opportunity to decrease funding costs with the opening of the Polish branch (expected for 2Q19) to collect online deposits

Adj. Interest expenses (€m)



Cost of funding (excl. REPO, %) - by quarter

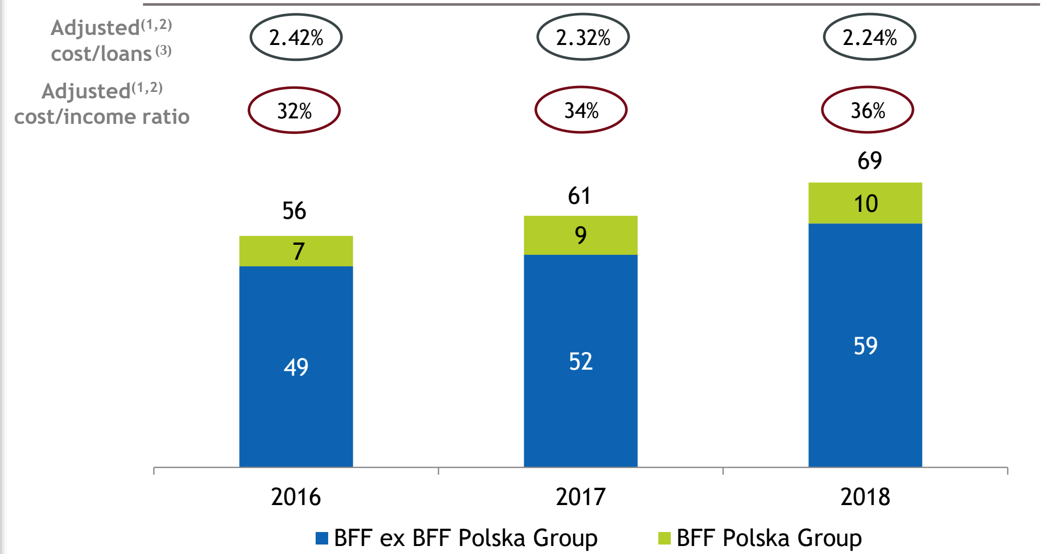


Good Operating Efficiency Despite Investment in Growth

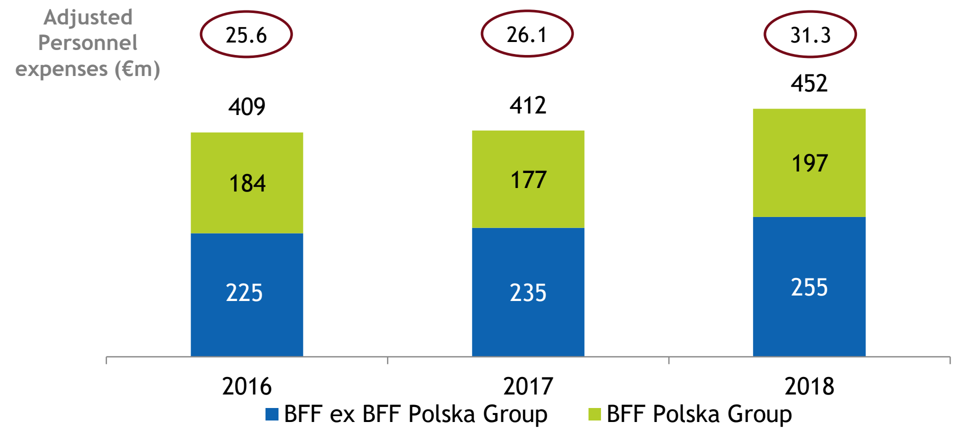
- **Highly efficient structure and improved operating leverage with Operating Cost[1]/ Loans ratio of 2.24%**
- **Operating Cost up +13% y/y:**
  - Personnel cost increased by 20% Y/Y driven by **higher employee base** and higher bonuses
  - Ordinary Resolution Fund and FITD contribution in 2018 equal to €2.5m in total vs. €1.7m in 2017
  - Increased other operating expenses to sustain growth initiatives
- On **higher employee base**:
  - Recruited the personnel required for establishment of Portuguese and Poland branch and for the Greek and Croatian operations in freedom of service
  - Some BFF Italy processes that were outsourced to Italian suppliers have been brought in house in Poland with 19 employees as of 31st December 2018, with net savings to be achieved in 2019

2018 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 Resolution Fund;
2017 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
2016 gross extraordinary costs of € 12.6m in total: €3.5m extr. costs related to IPO, €2.2m of extraordinary contribution to Resolution Fund; €7.0m extr. costs related to BFF Polska Group acquisition

Operating Costs[1] (€m)



Number of Employees[4]

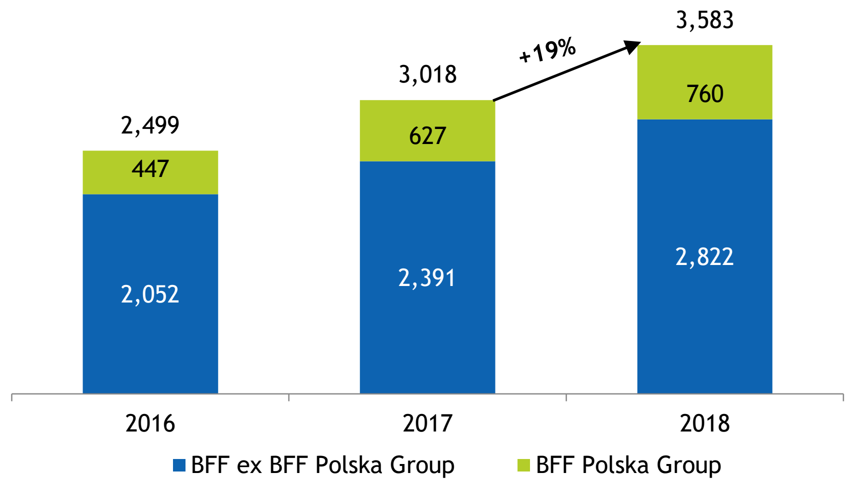


Note: (1) Adjusted to exclude extraordinary costs; (2) C/I computed as operating expenses excluding extr. Costs (administrative expenses + staff expenses + amortization on tangible and intangible assets) divided by Adjusted net banking income; (3) Annualised adjusted costs on average loans (4) BFF includes employees in Italy, Iberia and Portugal; 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

- **Strong growth in customer loans (+19% y/y)** throughout the Group:
  - Italy growth yoy +14%
  - International business 35% of total loans, up from 32% at December 2017
- 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)

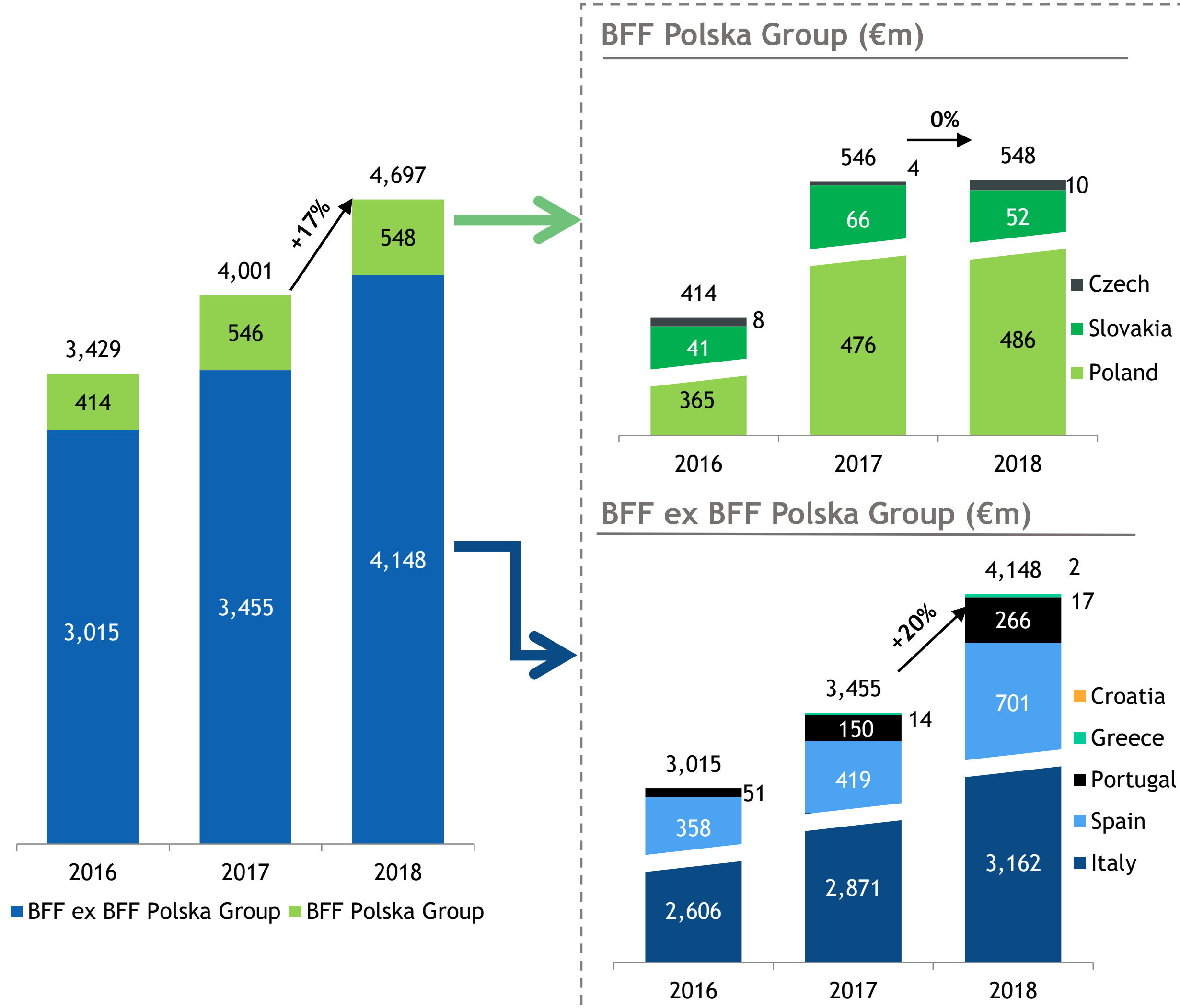
BFF Group excl. BFF Polska Group	2016	2017	2018
Italy	1,863	2,056	2,345
Spain	154	213	268
Portugal	35	114	192
Greece	-	9	15
Croatia			2
Total	**2,052**	**2,391**	**2,822**

BFF Polska Group	2016	2017	2018
Poland	359	494	589
Slovakia	84	131	164
Czech Rep.	4	2	7
Total	**447**	**627**	**760**

Solid New Business Production across Countries

- **Strong y/y growth (+*17%*) in new business volumes,** mainly driven by:
  - Italy +10% y/y, with DSO increased from 173 in 2017 to 180 in 2018
  - Spain, +67% y/y
  - Portugal +77% y/y
  - Greece +25% y/y
  - First deal in Croazia completed in December'18
  - Poland +2% y/y, driven by lower local government lending due to municipal election
  - Slovakia is down yoy due to the debt relief programme implemented by the government
  - Czech, +185% y/y

Total New Business Volumes (€m)

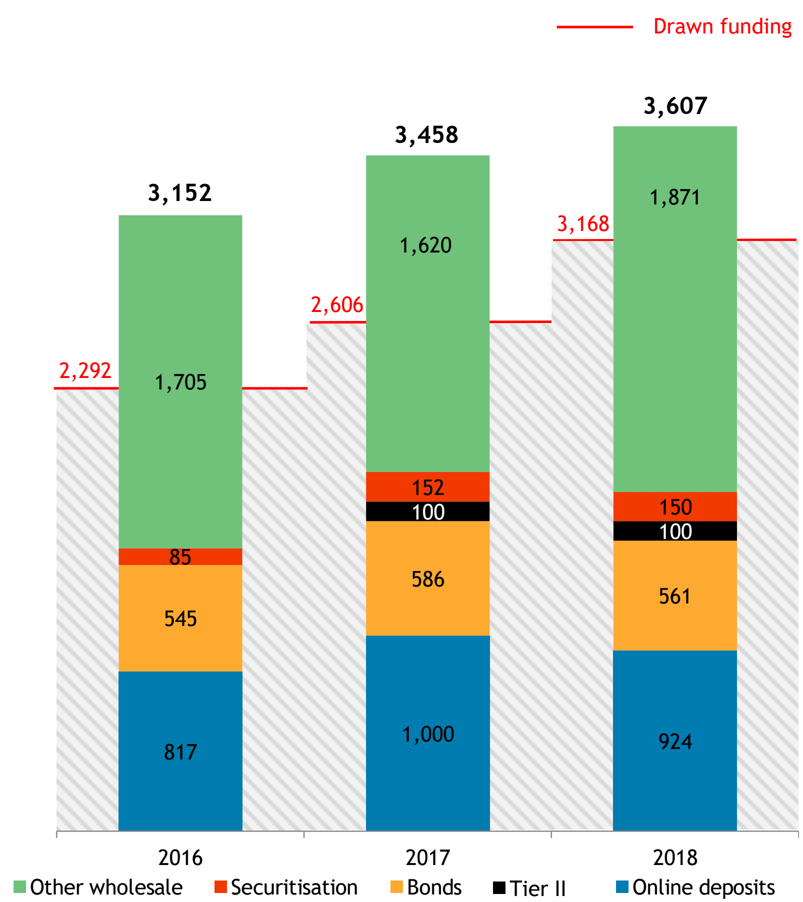


Note: For 2016, BFF Polska's Spanish business (€12m) is included in Banca Farmafactoring S.p.A. Sucursal en España

Ample liquidity without ECB financing and despite tighter market conditions

- **A diversified and flexible funding base to support business growth:**
  - Deposits account for 29% of drawn funds and are equal to €924m as of December 2018, in line with YE2017 despite reduction in offered yield
  - Deposits with no / limited prepayment options
- **Ample excess liquidity with group undrawn funding at €0.4bn[1] and committed wholesale funding increased at competitive rates despite market instability**
- **No funding cost linked to Italian government funding cost or rating**
- Refinancing risk: **no expiring BFF bonds until June 2020[4] and no recourse to ECB TLTRO or other emergency liquidity measure**
- **EMTN program established at the end of 2018** to promptly benefit of the potential funding opportunities in the markets

Available Funding[2;3] (€m)

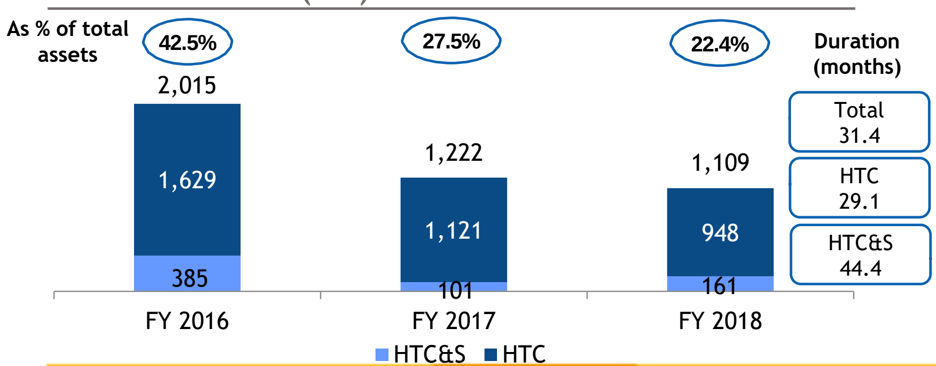


Notes: (1) Based on utilized credit lines; (2) Excluding ECB funds and REPOs; (3) Not considering financing for BFF Polska Group acquisition 378 m PLN. (4) Except for the residual €11m of BFF Polska's bond issued before the acquisition and expiring in the first nine months of 2019.

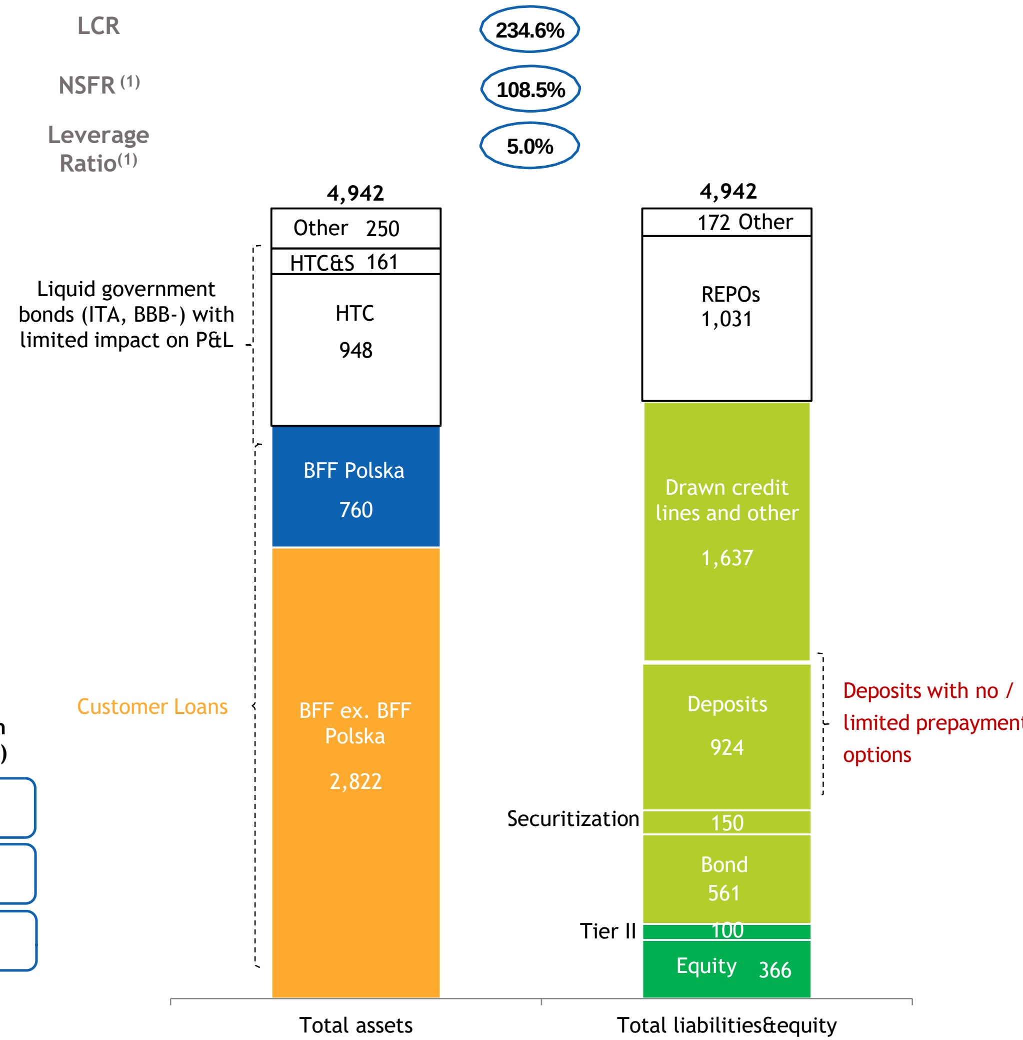
Fortress Balance Sheet

- Customer loans funded through a well **diversified funding base**
- **Conservative asset / liability management**
- **Strong liquidity position** with a LCR of 235% as of December 2018
- **Decreasing Government bond portfolio** (-9% y/y): negative mark to market of HTC&S for €4.2m after tax (booked in equity) and €5.4m after tax on HTC
- **Natural currency hedge**: forex assets and BFF Polska tangible equity funded with forex liabilities
- **Positively geared to higher interest rates:** most of Polska asset at variable rate and non recourse factoring portfolio with LPI at variable rate

Bond Portfolio[2] (€m)



Breakdown of Balance Sheet FY 2018 (€m)

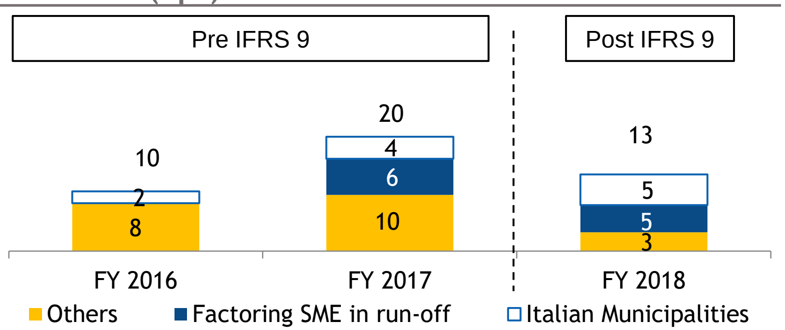


Source: Company data (1) FY 2018 CRR NSFR and Leverage Ratio: 5.3%; (2) 2017 and 2016 values of AFS and HTM

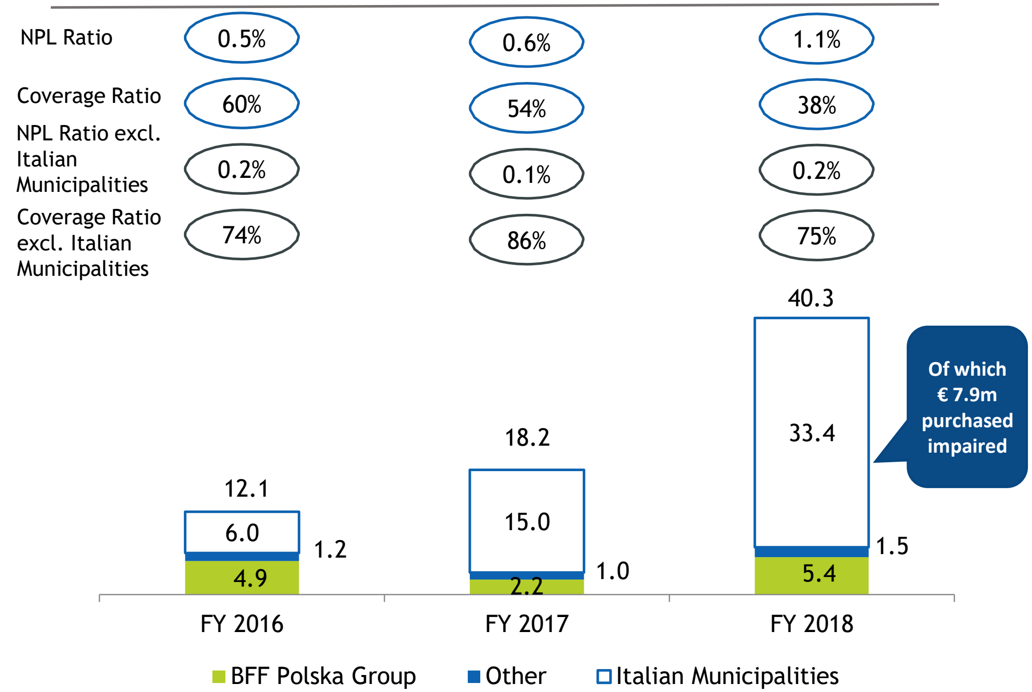
Negligible Credit Risk

- **Increase in Net NPLs (€40.3m, 1.1% of net loans) driven almost entirely by the growing activities towards the Italian Municipalities:**
  - €33m (83% 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 (€8m already in conservatorship at the time of purchase), €1.2m 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 64% and 67% respectively towards the public sector
- **Negligible cost of risk of 13bps reported in 2018, 3bps excluding:**
  - 5bps related to the SME factoring business in run-off (€3m of residual total net exposure with a coverage ratio of 57%)
  - 5bps related to the Italian municipalities in conservatorship

Cost of risk (bps)



Net Non Performing Loans Evolution (€m)

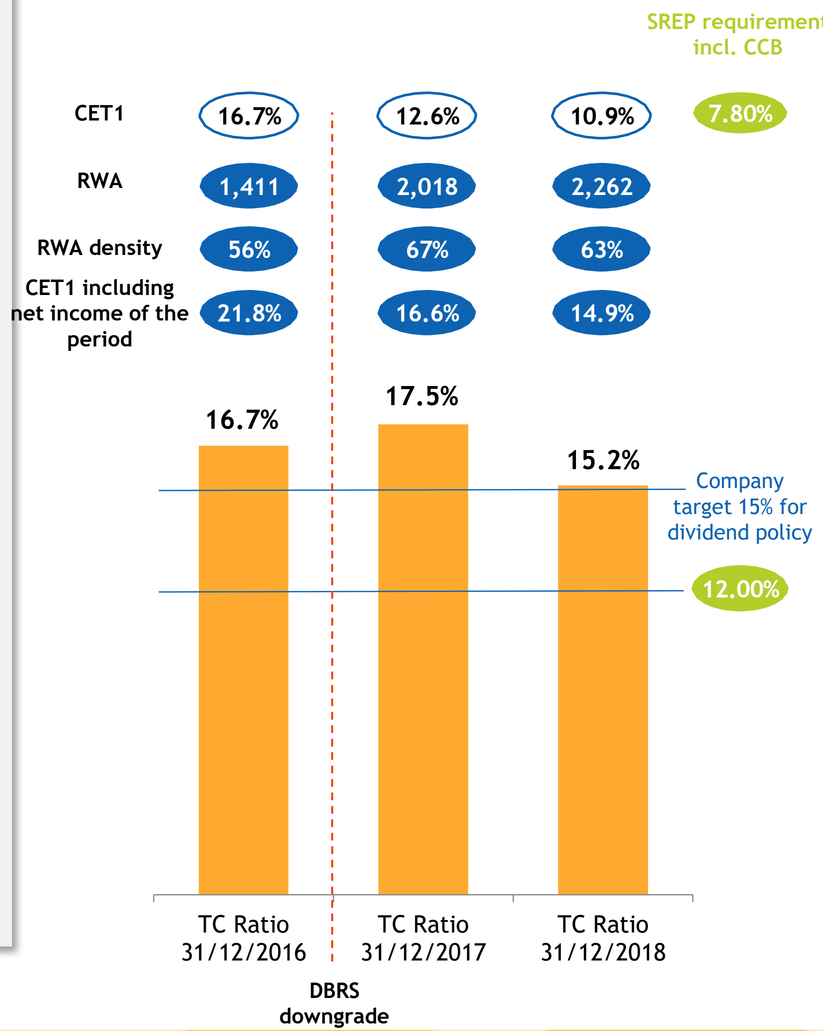


Asset quality - €/000	FY2016	FY2017	FY2018	Public sector
Net Non performing - total	12,065	18,175	40,344	
Net unlikely to pay	3,614	6,760	6,774	
Net past due	46,167	69,794	72,573	64%
Total net impaired assets	**61,846**	**94,730**	**119,690**	67%

Strong capital position

- **Total Capital ratio of 15.2% and CET1 ratio of 10.9%:**
  - €91.8m of adjusted net income not included in capital ratios (equal to 406 bps of additional CET1 and total capital) and available for dividend distribution
  - Both ratios are net of the negative exchange rate and HTC&S mark to market impact (respectively 13bps and 19bps) and already net of the own shares to buy under the buy-back plan announced today for the maximum amount of €1.7m
- **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 3.1% positive impact on Total Capital Ratio and a 2.2% 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**, 63% as of December 2018, vs. 67% as of December 2017, despite increasing past due and non performing loans

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



Under the Standard Model, the risk weighting factors for exposures to NHS and other PA different from local and central government depend on the Sovereign Rating of each country

	DBRS Rating	Country	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) FY2018 CRR Total Capital Ratio and CET1 Ratio: 15.0% and 10.8%. 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

BFF's Dividend Policy - Overview

BFF BANKING GROUP

Comments

- **Dividend policy aimed at self funding growth and pay excess capital to shareholders:**
  - Target Total Capital level of 15%, well above the SREP requirements
  - Earnings of the period retained to maintain the 15% TC ratio target, and pay-out the portion of the net income of the year in excess of the 15% TC threshold
  - No obligation to pay a min. DPS or pay-out ratio every year
  - TC ratio can also go below 15%, in order to exploit growth opportunities, which translates in 0% pay-out ratio in the short term for a higher profit in the future
- **Given the above dividend policy and the high ROE of the business, once the excess capital has been fully absorbed:**
  - The growth will be funded through retained earnings, while maintaining an attractive dividend (i.e. in Scenario 4 of the table the RWA would have to increase by 30% in order to have zero dividend)
  - The CET1 ratio would increase because of the loan growth

Dividend pay-out ratio evolution - ILLUSTRATIVE EXAMPLE

- Illustrative example of BFF's pay-out ratio based on different RWA growth assumptions
- Scenario 1, 2 and 3 assume respectively 10%, 15% and 20% RWA growth rate, while Scenario 4 assume maximum growth rate to achieve 0% pay-out ratio

€m - ILLUSTRATIVE EXAMPLE	Scenario 1	Scenario 2	Scenario 3	Scenario 4
RWA beginning of the period	2,200			
Total Capital beginning of the period	340			
Total Capital ratio beg. of the period	15.5%			
RWA growth	10.0%	15.0%	20.0%	30.3%
RWA end of the period	2,420	2,530	2,640	2,867
Total Capital ratio target	15.0%			
Total Capital target	363	380	396	430
Retained earnings to achieve TC target	23	40	56	90
Net Income *(assumed flat in all scenarios and equal to €90m for illustrative purpose only)*	90			
NI available for dividends distribution	67	51	34	0
Pay-out ratio	**74%**	**56%**	**38%**	**0%**
CET 1 ratio (assuming €100m of Tier 2)	**10.9%**	**11.0%**	**11.2%**	**11.5%**

Consistent delivery on plan
Roadshow presentation - BFF 2020 "Strategic Targets"

BFF BANKING GROUP

The leading provider of credit management and receivables factoring for the NHS and Public Administrations Suppliers in the EU

BFF 2014-2020 Stated Goals	Achievements
Further consolidate leadership in Italy ▪ Continue to develop tailor-made offering to serve specific customer needs ▪ High quality services for large clients covering the full healthcare value chain ▪ Increase penetration into adjacent segments of non-healthcare suppliers to the NHS and PA ▪ Invest in IT platform ✔	– Stock of total loans in Italy +16% CAGR 2014-18 vs. +0.5% for PA factoring market(1)
Further expand business outside Italy both in the NHS and PA, increasing geographical diversification ✔	– 35% of the customer loans outside Italy vs. 4% in 2013 – From 2 to 8 countries covered
Maintain a high quality portfolio thanks to a continuous focus on large clients backed by stringent underwriting standards ▪ Maintain disciplined underwriting approach ▪ Continue serving blue-chip customer base ✔	– Low NPL ratio – Cross border deals with large suppliers
Maintain a solid balance sheet with best-in-class capital position and attractive leverage profile ✔	– FY18 TC ratio of 15.2% – FY18 LCR of 234.6% – FY18 Leverage ratio 5.0% – €411m(2) of free capital distributed to shareholders since 2013

Note: (1) Source Assifact, PA only excluding rest of the world. CAGR for PA factoring market calculate over the period Dec-14 – Sep-18. (2) Dividends distributed since Jan 2014, including the proposed dividend on net income 2018. CAGR for PA factoring market calculate over the period Dec-14 – Sep-18.

New business initiatives to support 2019 growth

Jun-18	New financial solution in the infrastructure renovation sector that ensure BFF the purchase of receivables due from PA and coming from the multi-year contract of supply and maintenance of the infrastructure
Jun-18	First revolving agreements signed in Greece in less than 9 months after the first deal
Jul-18	Portuguese branch opened in July 2018 in Lisbon to boost the growth of the business and to enter partnership agreements with third parties distributors
Sep-18	First agreement with Pfizer to expand the credit management service to the entire healthcare chain
Sep-18	Launch of the Dynamic Discount product offered through a digital platform
3Q-18	Filed for Polish Branch opening to diversify Zloty funding and reduce funding cost
Nov-18	Establishment of the EMTN programme to promptly benefit of the potential funding opportunities in the international capital markets
Dec-18	First purchase of receivables in Croatia, the 8th market covered by the Group

Appendix

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

% NIM (FY18 5.7%) = [Net interest income on customer loan (FY18 €178.3m[1])] / [Avg. customer loans (Avg FY18 €3,101m)] = [Maturity commission + 45% LPI discounted - interest expenses[2] (FY17 €158.8m[1])] / [Avg. customer loans (Average FY2018 €3,101m)] + [LPI over-recovery - Re-scheduling impact (FY18 €19.5m)] / [Avg. customer loans (Average FY2018 €3,101m)]

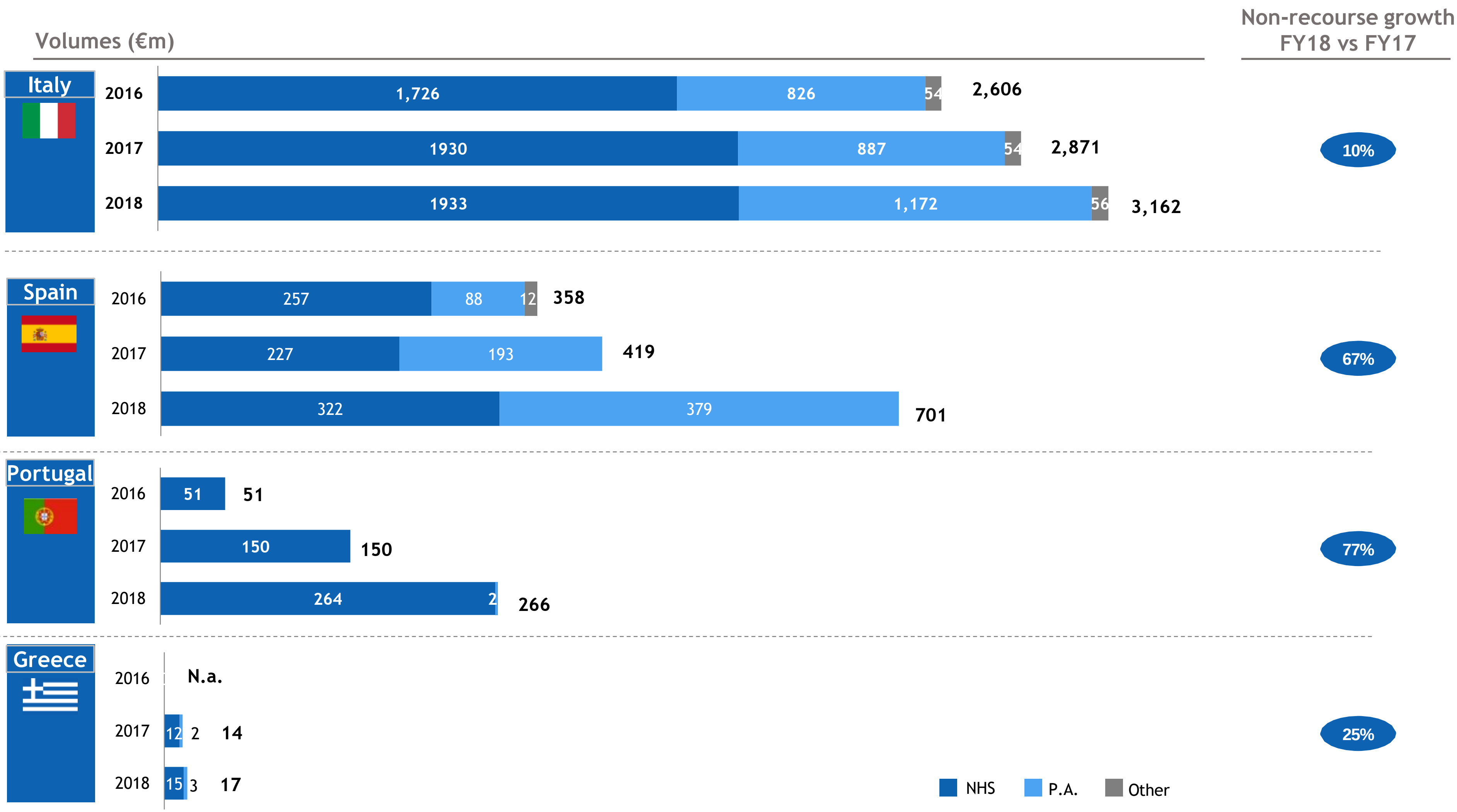
Deferral effect of LPI over-recovery

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"**).

Impact on the % of NIM	Maturity commission + 45% LPI discounted - interest expenses / Avg. customer loans	Deferral effect of LPI over-recovery	Impact on Yield on RWA	Comments
In case of loan growth *(with stable RWA density)*	= / ↓	↓	↓	• **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 loan growth *(with stable RWA density)*	=	↑	↑	• 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
In case of lower RWA density *(Pricing)*	= / ↓	↓	↑	• 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 interest on REPO from the interest expenses. (2) Based on total interest expenses on total funding excluding REPO.

Non-recourse Volumes



New Business

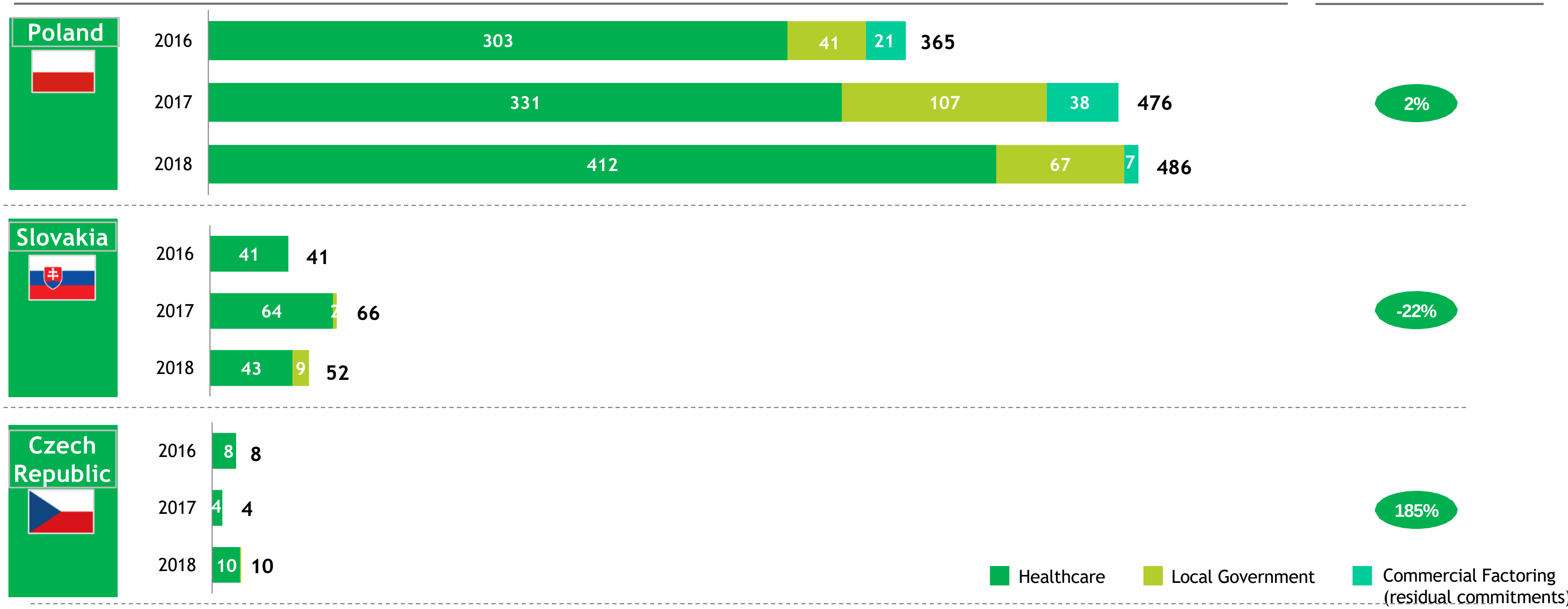
BFF BANKING GROUP

Volumes (€m)

Non-recourse growth FY18 vs FY17

New Business (€m)

New Business growth FY18 vs FY17



Adjusted Net Income Reconciliation

€m	FY16	FY17	FY18
Group BFF Reported Net income	**72.1**	**95.5**	**92.2**
Change in LPI accounting from 40% to 45%		(17.8)	
One-off IPO costs	2.4	1.7	
Exchange rates movement (offset at the comprehensive income and equity level)	(0.3)	3.3	(1.9)
Stock options		1.1	0.9
Extraordinary Resolution Fund contribution	1.5		0.5
Magellan acquisition costs	7.6		
Magellan Net Income pre acquisition	4.0		
Adjusted Net Income	**87.3**	**83.7**	**91.8**
Additional 12 & 2 months Tier II costs not present in '16 & '17 respectively	(4.7)	(0.9)	0.0
BFF Polska Group SME factoring provision		1.3	1.4
Adjusted Net Income "like for like"	**82.6**	**84.2**	**93.1**

Summary Profit & Loss

€m	FY16 Combined	FY16 Adjustments	FY16 Adjusted
Interest Income	204.0		204.0
Interest Expenses	-37.1		-37.1
Net Interest Income	**166.9**		**166.9**
Net Fee and Commission Income	3.4	3.5	6.8
Dividends	0.1		0.1
Gains/Losses on Trading	0.7	-0.4	0.3
Gains/Losses on Hedging	0.0		0.0
Gains/losses on Purchase/Disposal of Available-for-Sale Financial Assets	0.7		0.7
Net Banking Income	**171.7**	**3.1**	**174.8**
Impairment Losses/Reversal on Financial Assets	-2.6		-2.6
Administrative Expenses	-66.2	12.6	-53.6
Net Adjustments to/ Writebacks on Property, Plan and Equipment and Intangible Assets	-2.7		-2.7
Provisions for risks and charges	-2.1		-2.1
Other Operating Income (Expenses)	6.0		6.0
Profit Before Income Taxes from Continuing Operations	**104.1**	**15.7**	**119.8**
Income Taxes	-28.0	-4.5	-32.5
Net Income	**76.1**	**11.2**	**87.3**

	FY17 Reported	FY17 Adjustments	FY17 Adjusted	FY18 Reported	FY18 Adjustments	FY18 Adjusted
Interest Income	237.9	-25.2	212.8	231.6		231.6
of which interest income calculated using the effective interest rate method	199.9	-25.2	174.7	195.5		195.5
Interest Expenses	-39.9		-39.9	-42.9		-42.9
Net Interest Income	**198.0**	**-25.2**	**172.8**	**188.7**		**188.7**
Net Fee and Commission Income	6.5		6.5	5.7		5.7
Dividends	0.1		0.1	0.0		0.0
Gains/Losses on Trading	-5.5	4.7	-0.8	2.5	-2.6	-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	1.8		1.8	0.4		0.4
Net Banking Income	**200.8**	**-20.5**	**180.3**	**197.5**	**-2.6**	**194.9**
Net adjustments/reversals of impairment for credit risk concerning:						
a) financial assets measured at amortized cost	-6.0		-6.0	-4.8		-4.8
b) financial assets measured at fair value through OCI	-0.7		-0.7	0.0		0.0
Administrative Expenses	-62.0	3.9	-58.1	-68.2	2.0	-66.1
Net provisions for risks and charges						
a) commitments and guarantees provided	0.0		0.0	0.0		0.0
b) other net allocations	-0.8		-0.8	-0.9		-0.9
Net Adjustments to/ Writebacks on Property, Plan and Equipment and Intangible Assets	-3.1		-3.1	-3.2		-3.2
Other Operating Income (Expenses)	3.8		3.8	3.9		3.9
Profit Before Income Taxes from Continuing Operations	**132.0**	**-16.6**	**115.3**	**124.3**	**-0.6**	**123.7**
Income Taxes	-36.4	4.8	-31.6	-32.1	0.2	-31.9
Net Income	**95.5**	**-11.8**	**83.7**	**92.2**	**-0.4**	**91.8**

Source: Company data

Summary Balance Sheet

BFF BANKING GROUP

€/m Assets	FY16 Reported
Cash and cash Balances	0.1
Financial Assets Held for Trading	0.2
Financial Assets at Fair Value	3.4
Available-for-Sale Financial Assets	385.3
Financial Assets Held to Maturity	1,629.3
Due from Banks	144.9
Receivables and Loans	2,499.1
Hedging derivatives	0.5
Equity Investments	0.3
Property, Plant and Equipment	13.0
Intangible Assets	25.8
Tax Assets	25.9
Other Assets	7.1
Total Assets	**4,735.0**
Liabilities and Equity	
Due to Banks	634.8
Due to Customers	2,996.1
Securities Issued	634.3
Financial Liabilities Held for Trading	0.0
Hedging Derivatives	0.2
Tax Liabilities	73.7
Other Liabilities	54.3
Employess Severance Indemnities	0.9
Provision for Risks and Charges	7.0
Equity	261.6
Profits for the Year	72.1
Total Liabilities and Equity	**4,735.0**

	FY17 Reported	FY18 Reported
Cash and cash Balances	80.9	99.5
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	160.8
Financial assets measured at amortized cost	4,183.9	4,593.8
a) Loans and receivables with banks	44.8	62.8
b) Loans and receivables with customers	4,139.1	4,531.0
Hedging derivatives	0.3	0.0
Equity Investments	0.3	0.2
Property, Plant and Equipment	12.8	12.0
Intangible Assets	26.0	26.4
Tax Assets	30.9	34.2
Other Assets	9.8	14.7
Total Assets	**4,446.9**	**4,941.5**
Liabilities and Equity		
Financial liabilities measured at amortized cost	3,944.1	4,403.0
a) deposits from banks	658.0	1,238.0
b) deposits from customers	2,496.0	2,349.9
c) securities issued	790.1	815.2
Financial Liabilities Held for Trading	0.5	0.0
Hedging Derivatives	0.0	0.0
Tax Liabilities	82.5	88.3
Other Liabilities	49.7	78.1
Employess Severance Indemnities	0.8	0.8
Provision for Risks and Charges	5.4	5.0
Equity	268.3	274.1
Profits for the Year	95.5	92.2
Total Liabilities and Equity	**4,446.9**	**4,941.5**

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**	**4Q**	**FY**
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	74.0	**231.6**
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)	(11.2)	**(42.9)**
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	62.8	**188.7**
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	63.6	**194.9**
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)	(19.3)	**(69.3)**
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)	(1.0)	**(4.8)**
Other income / Other Provisions (risks & charges etc.)	0.2	0.6	0.8	2.3	**3.9**	0.6	0.9	(0.1)	0.9	**2.3**	0.2	0.9	0.2	1.7	**3.0**
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	44.9	**123.7**
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)	(11.2)	**(31.9)**
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	33.8	**91.8**

Reported Values	**2016**					**2017**					**2018**				
Data in €/m	**1Q**	**2Q**	**3Q**	**4Q**	**FY**	**1Q**	**2Q**	**3Q**	**4Q**	**FY**	**1Q**	**2Q**	**3Q**	**4Q**	**FY**
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	74.0	**231.6**
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)	(11.2)	**(42.9)**
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	62.8	**188.7**
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	64.1	**197.5**
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)	(19.4)	**(71.4)**
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)	(1.0)	**(4.8)**
Other income / Other Provisions (risks & charges etc.)	0.2	0.6	0.8	2.3	**3.9**	0.6	0.9	(0.1)	0.9	**2.3**	0.2	0.9	0.2	1.7	**3.0**
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	45.4	**124.3**
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)	(11.3)	**(32.1)**
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	34.1	**92.2**

Asset quality

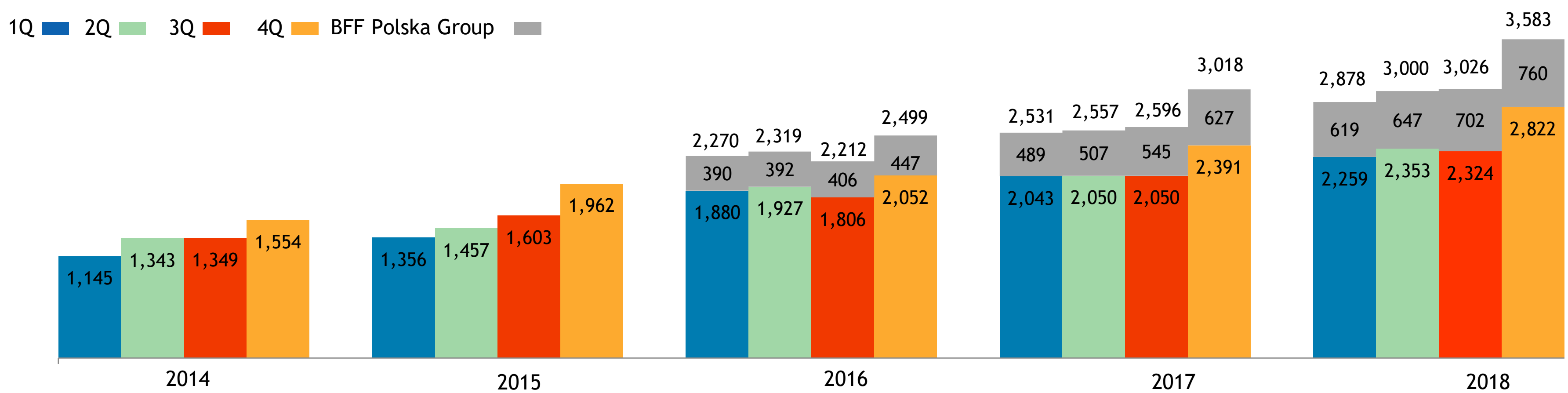
	31/12/2018		
	Gross	Provision	Net
Net non performing - total	65,106	(24,762)	40,344
Net unlikely to pay	8,680	(1,906)	6,774
Net past due	73,845	(1,273)	72,573
Total net impaired assets	**147,631**	**(27,940)**	**119,690**

	31/12/2017		
€/000	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**

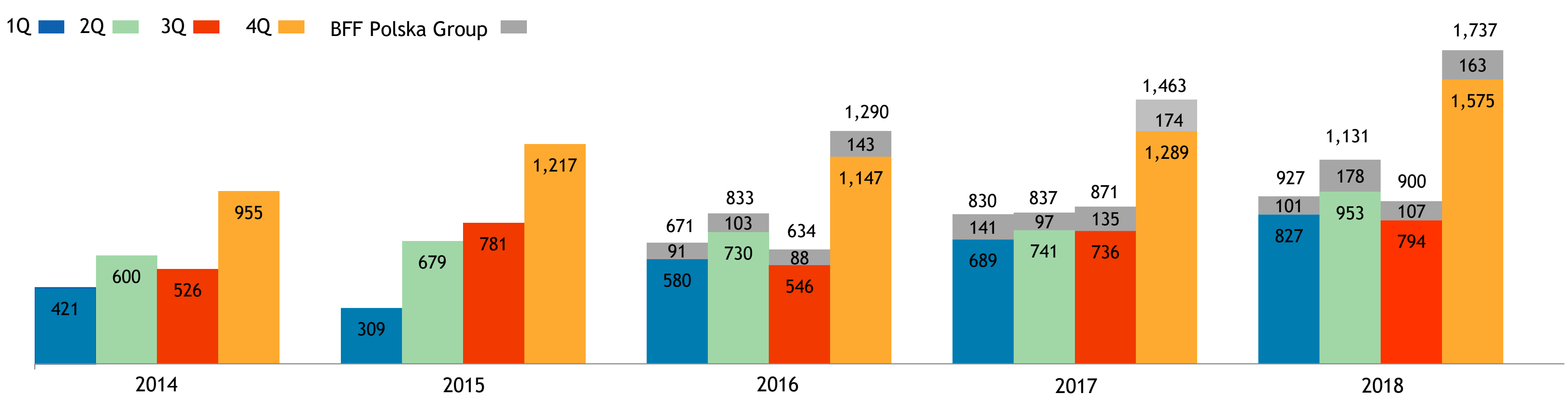
	31/12/2016		
€/000	Gross	Provision	Net
Net non performing - total	30,003	(17,938)	12,065
Net unlikely to pay	3,715	(101)	3,614
Net past due	46,250	(82)	46,167
Total net impaired assets	**79,968**	**(18,121)**	**61,847**

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.