1Q 2019 Results

May 10th, 2019

A Bank Like No Other®

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1Q 2019 Results: Key Highlights

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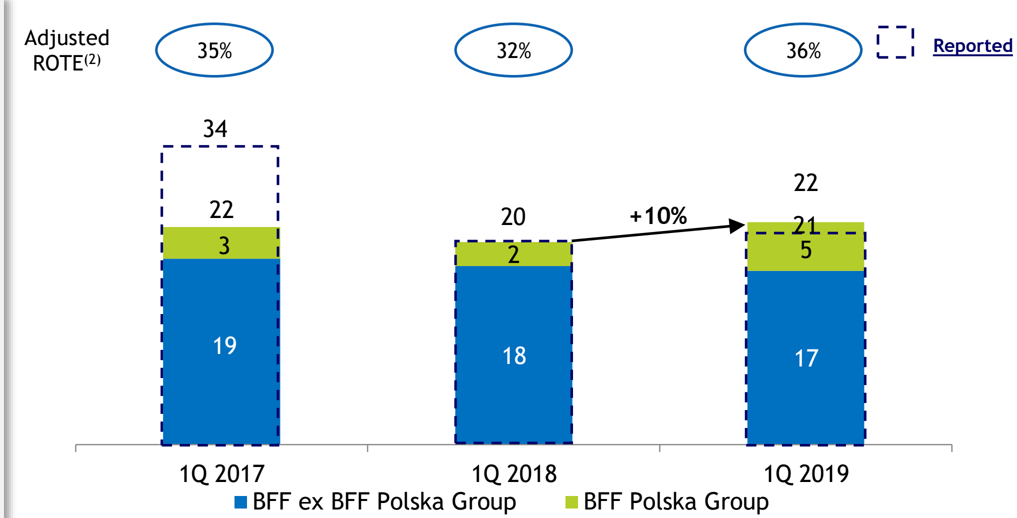
Strong growth in net income and profitability	• €22.2m of Adjusted Net Income (+10% y/y), with 36% of Adjusted ROTE (32% in 1Q 2018) despite €9m of lower LPI collection vs. 2018 (-58% y/y) • Stock of unrecognized off balance sheet LPI (back book income reserve) increased to €378m (+7% y/y) • +5% of Adjusted Net Interest Income • Improving operating leverage with Operating Cost / Loans ratio of 1.87% vs. 2.07% in 1Q 2018
Double digit growth in loans	• Total customer loans up 20% y/y • Growing internationalisation: 34% of loans outside Italy vs. 32% at the end of Mar-18
Solid funding base and liquidity position	• Continued reduction in cost of funding YoY and QoQ • Excess liquidity with €0.3bn of committed undrawn funding and no recourse to ECB TLTRO or other ECB emergency liquidity measures • Sound liquidity ratios with LCR at 202% at the end of Mar-19
Robust capital position and low risk profile	• TC and CET1 ratios equal to 15.6% and 11.1% (excluding €21.4m of reported net income for the period) well above SREP requirements, and including mark-to-market effect on HTC&S portfolio for €3.5m after tax • Low Net NPLs (1.5% of loans), of which 87% related to Italian municipalities in conservatorship (“Comuni in dissesto”) • Cost of Risk at 0 bps
New initiatives	• New Group’s organization to drive forward the growth of the business • On April 10th, BFF signed the contract for the acquisition of 100% of IOS Finance. Closing expected within 3Q 2019

Source: Company data.
Notes: 1Q2019 Exchange rate for Poland and Czech respectively PLN/€ 4,3016 and PLN/CZK 0,167 for P&L data (1Q 2019 average), PLN/€ 4,3006 and PLN/CZK 0,167 for Balance Sheet data (29th March 2019); 1Q2018 Exchange rate for Poland and Czech respectively PLN/€ 4,1792 and PLN/CZK 0,165 for P&L data (1Q 2018 average), PLN/€ 4,2106 and PLN/CZK 0,166 for Balance Sheet data (29th March 2018); 1Q2017 Exchange rate for Poland and Czech respectively PLN/€ 4,3206 and PLN/CZK 0,160 for P&L data (1Q 2017 average), PLN/€ 4,2265 and PLN/CZK 0,156 for Balance Sheet data (31st March 2017).

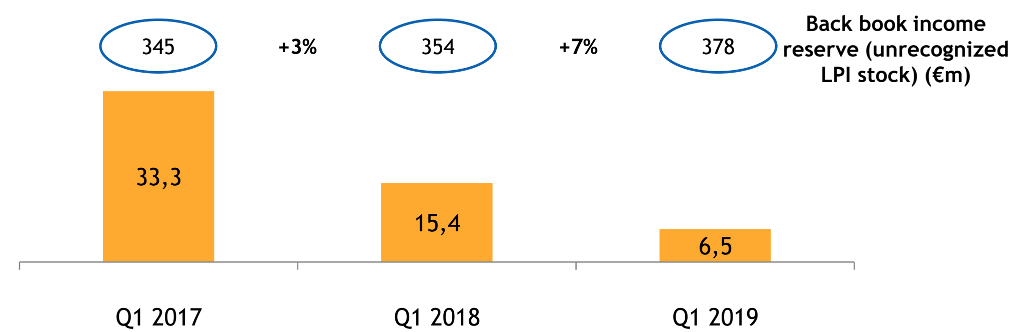
+10% Growth in Adjusted Net Income

- **€22.2m of 1Q 2019 Adjusted Net Income, +9.7% vs 1Q 2018**
- **Growing profitability:** Adjusted RoTE of 36%
- All the above results achieved despite lower Late Payment Interests ("LPI") collection (€6m vs. €15m in 1Q 2018)
- **The back book income reserve** (i.e. the stock of LPI accrued, but that has not been collected and has not gone through the P&L) **increased to €378m (+7% yoy)**

Adjusted Net income(1) (€m)



Late Payment Interests Cash Collection (€m)



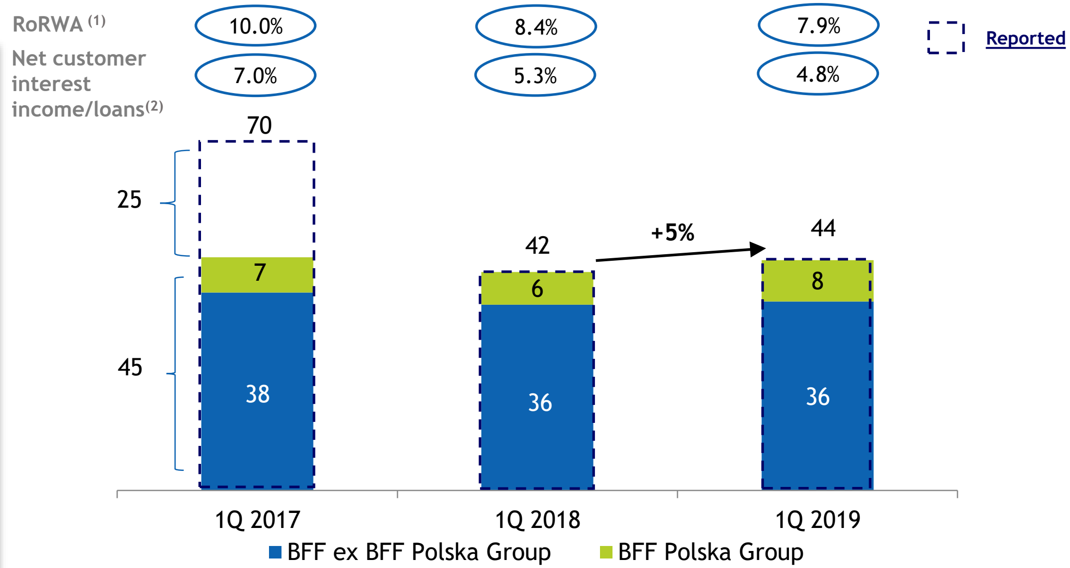
Notes: (1) Adjusted to exclude extraordinary items. Please see appendix for details on the adjustments. (2) 2017 Tangible equity includes extraordinary earnings set aside for capital; 2018 and 2019 Tangible equity excludes net income of the period.

Growing Adjusted Net Interest Income and Net Banking Income

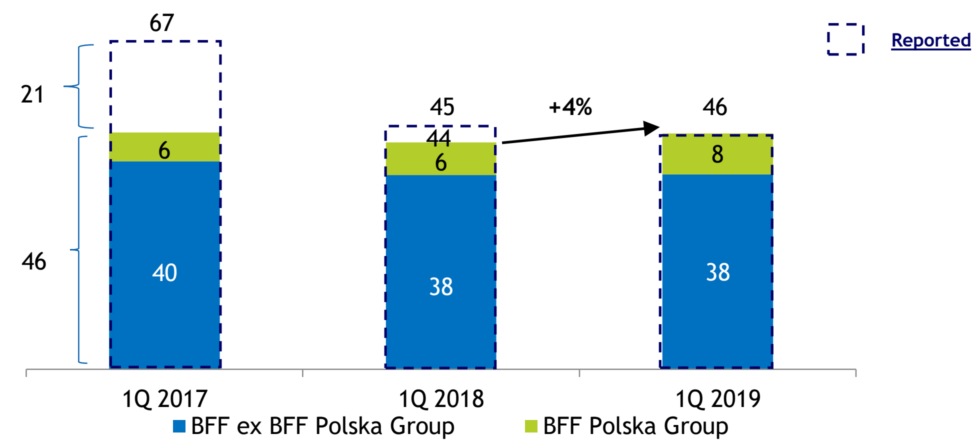
- **Adjusted Net Interest Income +5% and Adjusted Net Banking Income +4%** compared to 1Q 2018 mainly driven by higher stock of loans and despite €3.5m of lower net LPI over-recovery in 1Q19 vs. 1Q18.

Net Interest Income and Net Banking income Adjusted to exclude extraordinary items: €25.2m one-off impact of change in LPI accounting from 40% to 45% for 2017, €0.7m of positive change in exchange rates impact for 2018 and -€3.8m for 2017. 2017 include Tier II costs only for 1 month since issued at the end of Feb-2017.

Adjusted Net Interest Income (€m)



Adjusted Net Banking Income (€m)



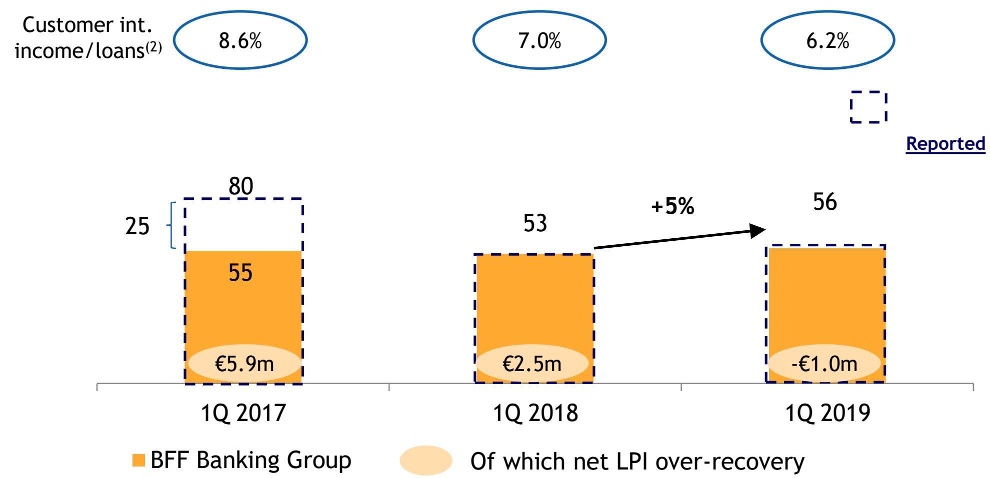
Note: (1) calculated as Adjusted Net interest income / average RWA (beginning and end of the period); (2) Calculated as Adjusted Net interest income on customer loans (excluding income on securities and on credit due from banks and REPO activity impact) / average loans in the period.

Interest Income Growth Driven by Higher Stock of Loans

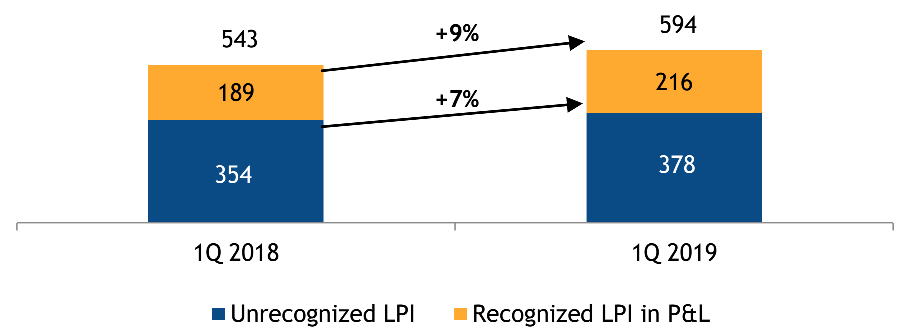
- **1Q 2019 interest income at €56m (+5% y/y), mainly driven by higher stock of loans**
- **Negative net LPI over-recovery[1] accounted in P&L** (-€1.0m vs. €2.5m in 1Q 2018) due to **lower LPI cashed-in:**
  - €6m of LPI cashed-in vs. €15m in 1Q 2018 (€33m in 1Q17) resulted in -€1.0m of net LPI over-recovery, only €3.5m lower than 1Q 2018, due to the combined effect of *i.* higher LPI recovery rate on a lower LPI collection and *ii.* almost stable rescheduling impact[1] in 1Q19 vs. 1Q18 (*please see next slide for more details*)
- **Total accrued LPI stock at Mar-19 amount to €594m** (pre-tax), of which **€378m (back book income reserve)** has not gone through the P&L (+7% 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)



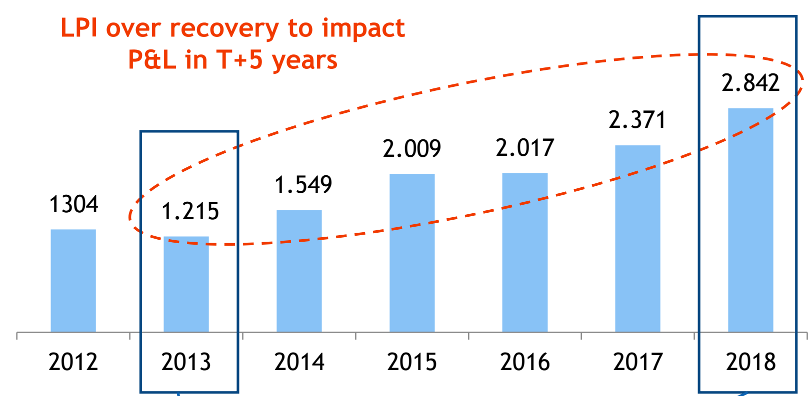
Note: (1) LPI over-recovery vs. 45% minimum recovery rate assumed for accounting purpose, net of the rescheduling impact. Rescheduling impact: in case a credit is not collected at the expected collection date, the value of the credit on the balance sheet is re-calculated using the new expected cash-flow 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 outstanding
  - **Deferral effect of the over recovery:** over-recovery generated by the larger 2018 outstanding vs. previous years will be visible only in c. 5 years

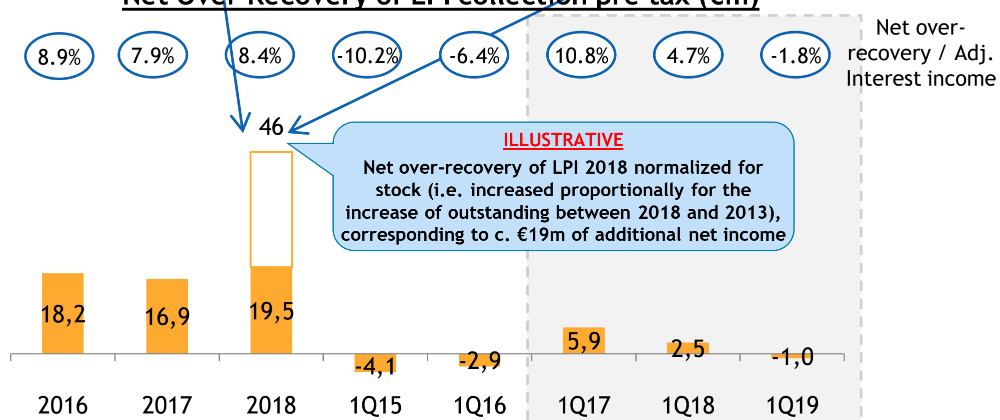
Outstanding Evolution (Excl. BFF Polska Group) (€m)



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 pre tax (€m)

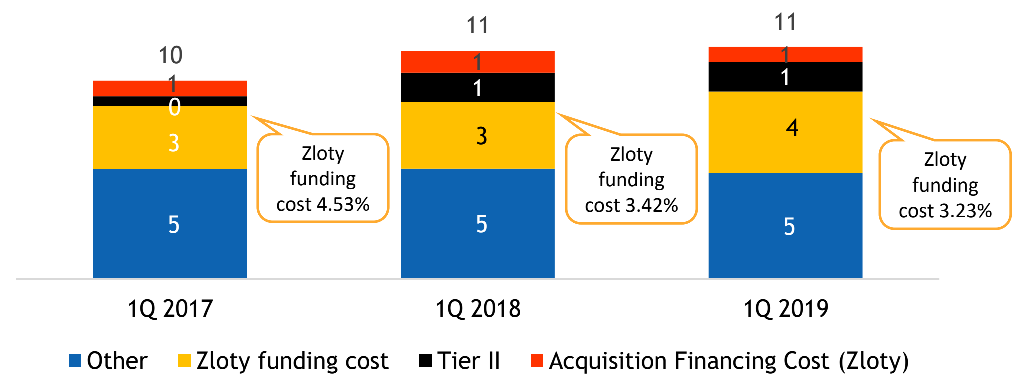


Improving Funding Costs

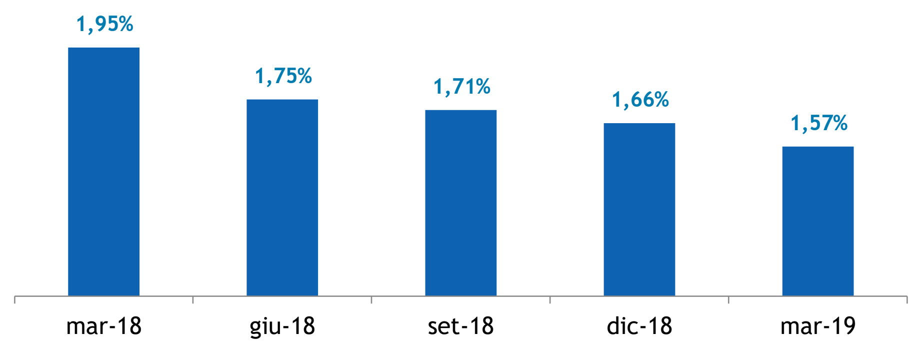
- **Reduction in cost of funding continued:**
  - 1.57% 1Q 2019 cost of funding versus 1.95% in 1Q 2018 and 1.66% in 4Q18
  - Stable interest expenses at €11m, despite *i.* the increase of drawn funding due to the growth of the business (from €2.3bn to €3.0bn) and *ii.* the increase in Zloty funding which has a higher base rate (Wibor 3M 1.72% vs. Euribor 3M -0.31% as of March 29th, 2019)
- **Good access to wholesale market at competitive rates, with Cost of Funding decreasing QoQ**
- 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 to collect online deposits

Adjusted Interest expenses (€m)

Average funding lines used (excluding REPO, €m)	2,315	+11%	2,563	+24%	3,176
Cost of funding (excluding REPO, %)	2.04%	-9bps	1.95%	-38bps	1.57%



Cost of Funding (excluding REPO, %) - by quarter

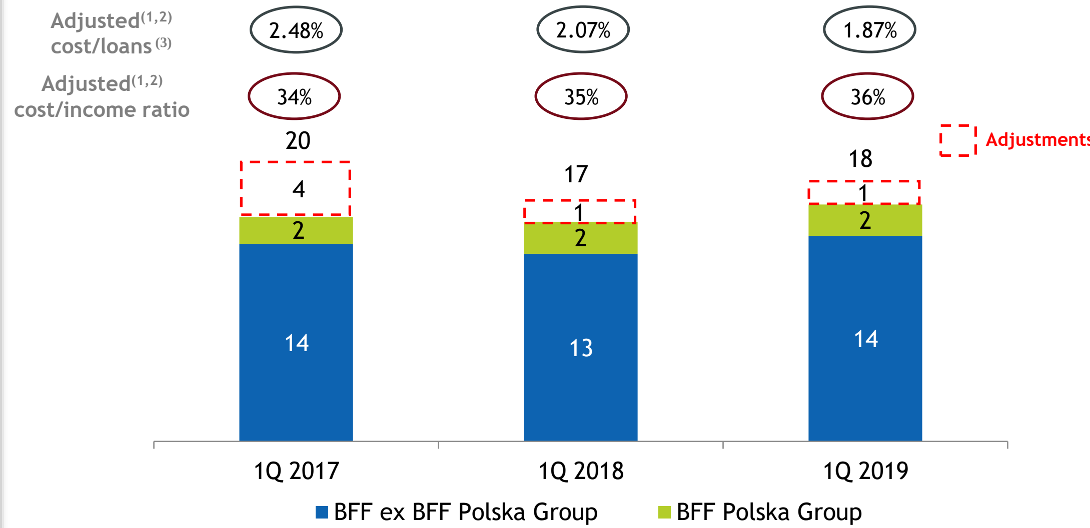


Good Operating Efficiency Despite Investment in Growth

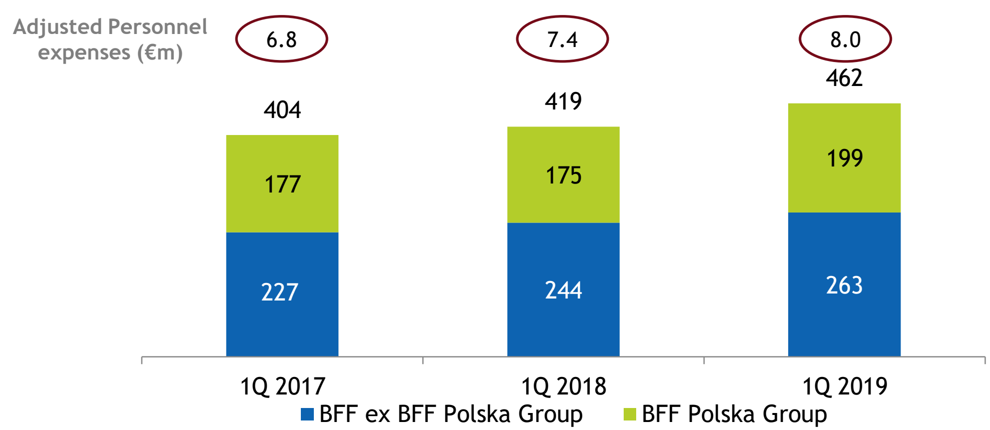
- **Highly efficient structure and improved operating leverage with Operating Cost[1]/ Loans ratio of 1.87%**
- **Operating Cost up +8% y/y:**
  - Personnel cost increased by 8% y/y driven by **higher employee base**
  - Ordinary Resolution Fund and FITD contribution accrued on an expected pro-rata basis: in 2019 equal to €0.7m in total vs. €0.5m in 2018
  - 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 21 employees as of March 31st 2019, and with net costs saving to be achieved in 2019

Operating costs adjusted to exclude costs related to stock option plan (pro-rata) which generates an equivalent increase in equity (€1.1m, €1.3m and €1.5m for **1Q2019, 1Q2018 and 1Q2017 respectively)**, and €2.4m non-recurring costs related to the IPO process only for 1Q17.

Operating Costs[1] (€m)



Number of Employees[4]

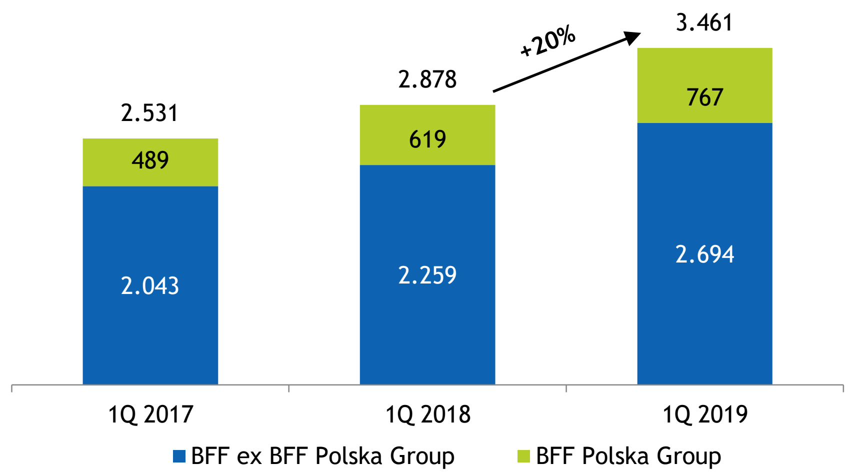


Note: (1) Adjusted to exclude extraordinary costs; (2) C/I computed as operating expenses excluding extr. Costs (administrative expenses + staff expenses + amortization on tangible and intangible assets) divided by Adjusted net banking income; (3) Annualised adjusted costs on average loans (4) BFF includes 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 (+20% y/y)** throughout the Group:
  - Italy growth yoy +16%
  - International business 34% of total loans, up from 32% at 1Q 2018
- Residual €2.6m (-6% vs. Dec-18) net customer loans related to BFF Polska's SME factoring business placed in run-off at the end of 2017, down from €6m at December 2017

Customer Loans Evolution (€m)



Customer Loans Breakdown by Geography (€m)

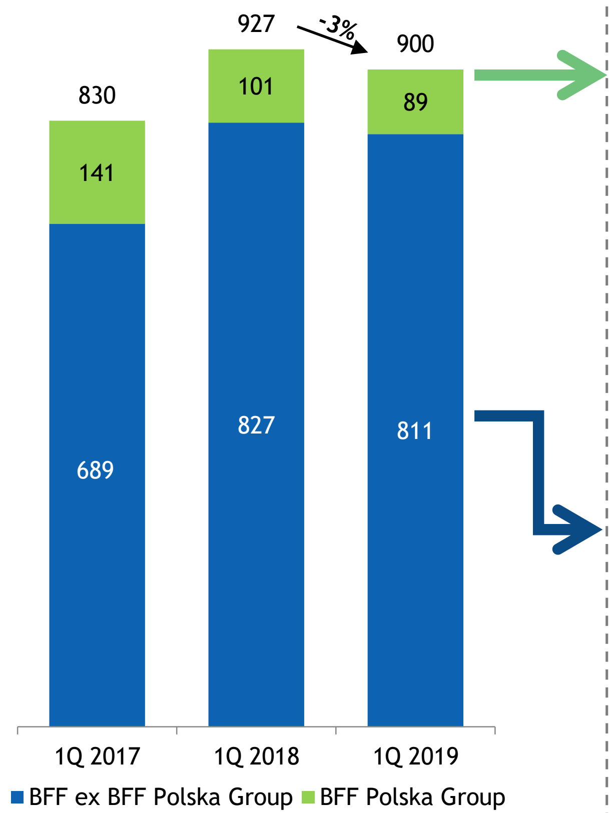
BFF Group excl. BFF Polska Group	1Q2017	1Q2018	1Q2019
Italy	1,857	1,969	2,288
Spain	150	169	207
Portugal	36	117	179
Greece	-	5	18
Croatia			2
Total	**2,043**	**2,259**	**2,694**

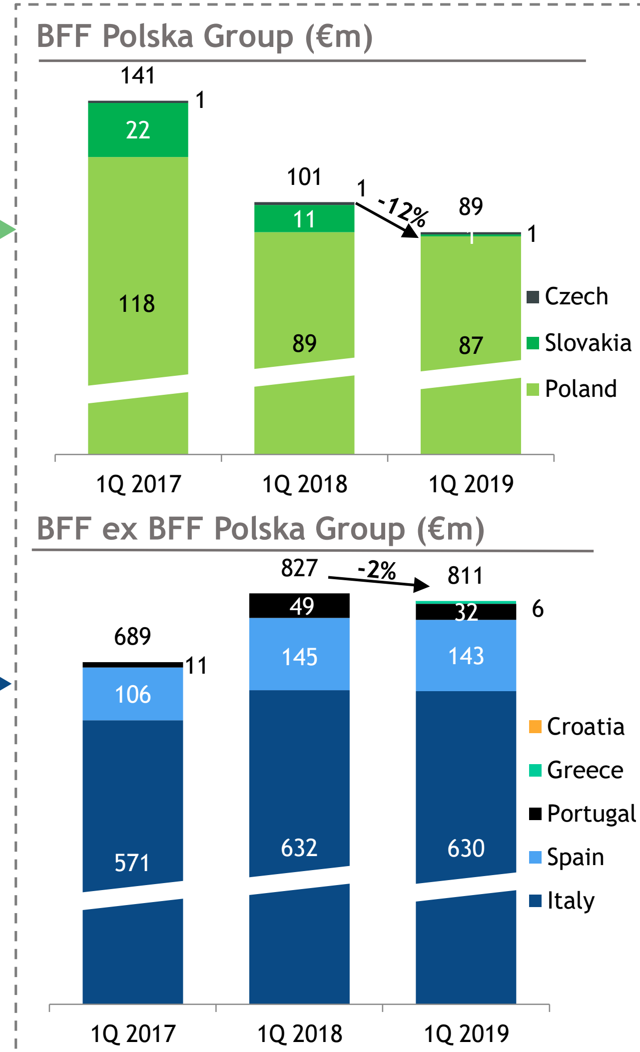
BFF Polska Group	1Q2017	1Q2018	1Q2019
Poland	386	477	600
Slovakia	101	140	161
Czech Rep.	3	2	6
Total	**489**	**619**	**767**

New Business Production across Countries

- **New business volumes at €900m in 1Q 2019, -3% y/y** mainly driven by:
  - Flat volumes in Italy, Spain and Poland due to different seasonality in 2019
  - Portugal -35% y/y, due to a strong 1Q18
  - Slovakia -93% y/y, due to Government extraordinary liquidity injection

Total New Business Volumes (€m)





New Group's organisation to drive forward the growth of the business

Possible penetration of **new geographical markets**

Acquisition of **IOS Finance in Spain**

Opening of a branch in Poland to diversify and decrease Zloty funding cost

Following the strong growth and diversification of BFF's activities, with several new business initiatives launched in the last few years, BFF is creating a more integrated and agile organization in order to capture successfully the growth opportunities ahead

Main changes

1 New organisation of Sales in Italy

- A new Head of Sales in Italy has been recently appointed
- Re-organisational of the Sales team into 3 different areas in Italy to have a more effective approach to the marketplace

2 Consolidation of the International Department's role

- All credit business outside Italy, including BFF Polska and its subsidiaries, will report directly to the International Department
- Creation, within the International department, of the new organisational unit "Cross Border Sales", with the purpose to drive the sales towards multinational companies

3 Insourcing of activities in Poland and reorganisation of the collection team

- Most of the Credit Management's back office activities in Italy will be transferred to a unit in Poland. This unit will become the center of excellence for all the Group's back office activities
- The resources that were dedicated to the back office activity in Italy will join the front office team to strengthen BFF's collection activities (+50% front office collectors)

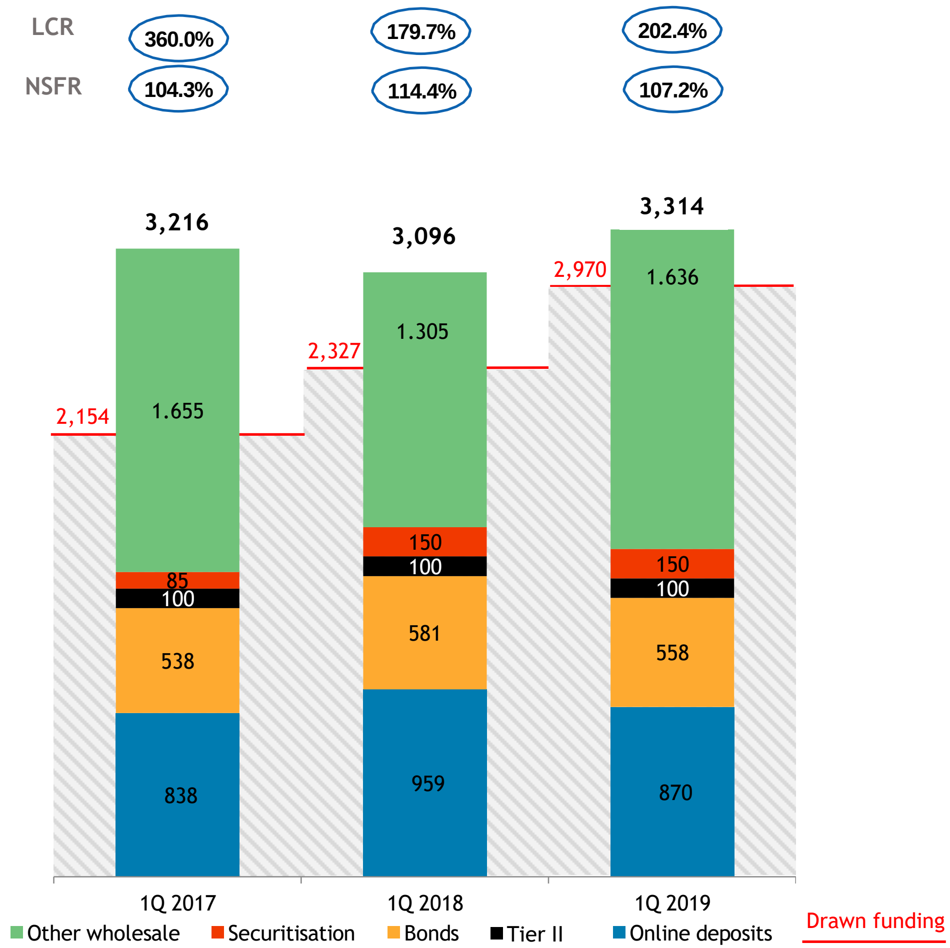
4 Creation of the Group's CFO position

- Creation, for the first time in BFF, of the Chief Financial Officer position
- The CFO will be responsible for the following organisational units: Pricing, Credits Evaluation, Finance & Treasury and Planning & Administration

Excess 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 €870m as of 1Q 2019
  - Deposits with no / limited prepayment options
- **Strong liquidity position** with a LCR of 202% as of Mar-19
- **Excess liquidity with group undrawn funding at €0.3bn[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)

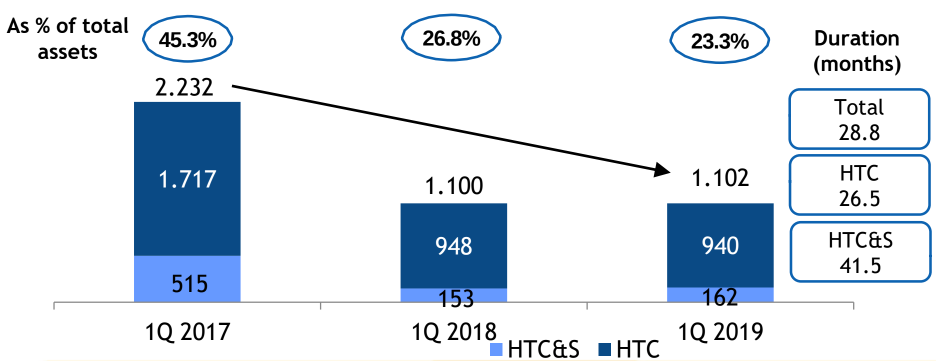


Notes: (1) Based on utilized credit lines; (2) Excluding ECB funds REPOs; (3) Not considering financing for BFF Polska Group acquisition 378 m PLN. (4) Except for the residual €8m of BFF Polska's bond issued before the acquisition and expiring in the first nine months of 2019.

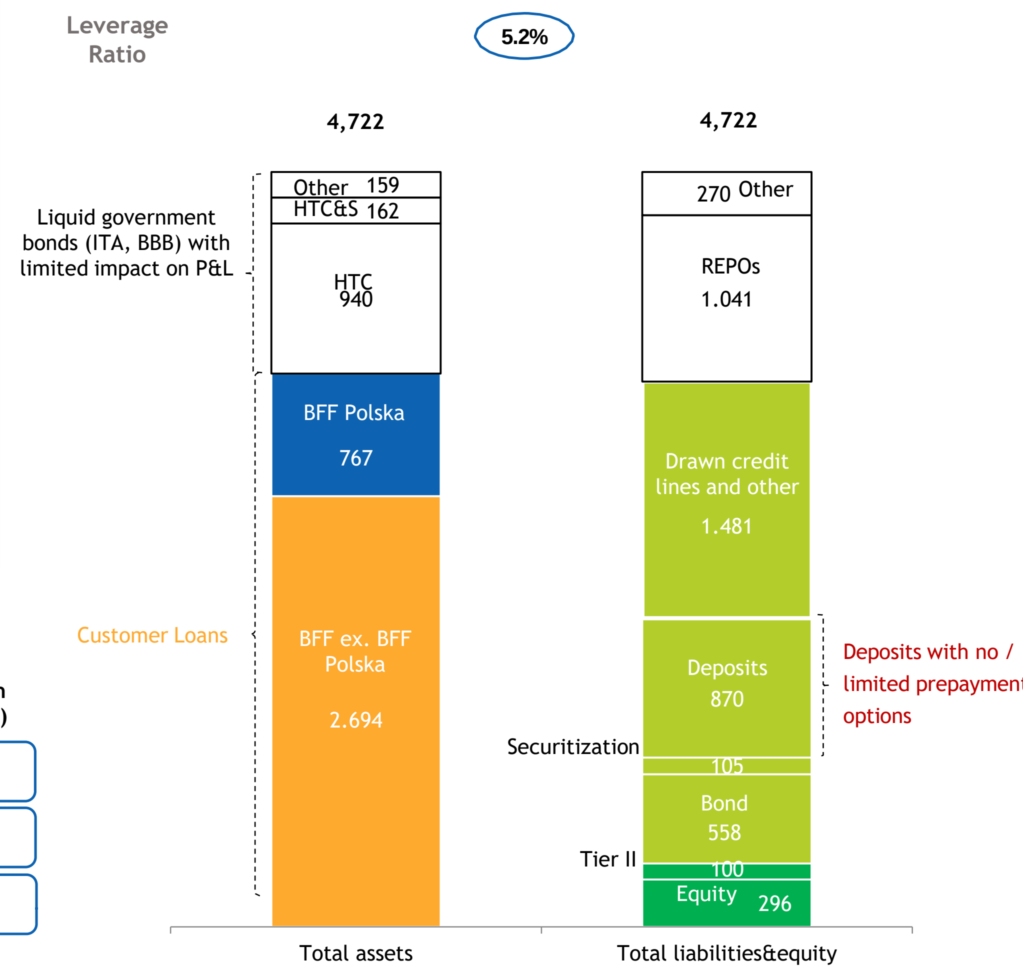
Fortress Balance Sheet

- Customer loans funded through a well **diversified funding base**
- **Conservative asset / liability management**
- **Flat Government bond portfolio** at €1.1bn (23% of total assets down from 27% at 1Q2018): negative mark-to-market of HTC&S for €3.5m after tax (booked in equity) and €1.2m 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(1) (€m)



Breakdown of Balance Sheet 1Q 2019 (€m)



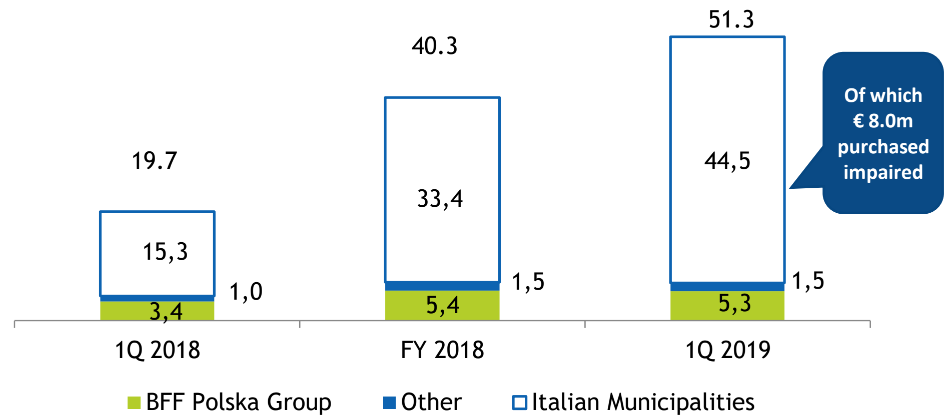
Source: Company data (1) 2017 and 2016 values of AFS and HTM

Negligible Credit Risk

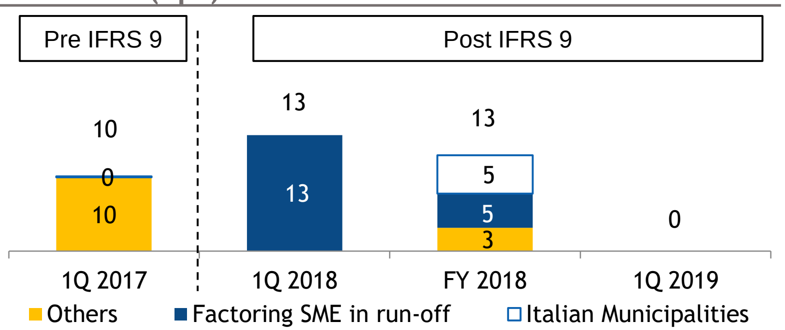
- **Net NPLs excluding Italian municipalities in conservatorship flat vs. Dec-18 and equal to 0.2% of net loans with a coverage ratio of 76%**
  - €1.2m related to the San Raffaele Hospital exposure
- **Increase in Net NPLs entirely driven by the growing activities towards the Italian Municipalities in conservatorship:**
  - These exposures are 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 purchase)
- Expected over-recovery vs. net exposure on both Italian municipalities and San Raffaele exposure
- Net past due (down by 30% vs. Dec-18) and total net impaired assets are for 77% and 74% respectively towards the public sector
- **0bps Cost of Risk in 1Q19,** in line with 1Q18 excluding the SME factoring business in run-off
  - €2.6m of residual SME factoring net exposure (59% coverage ratio)

Net Non Performing Loans Evolution (€m)

	1Q 2018	FY 2018	1Q 2019
NPL Ratio	0.7%	1.1%	1.5%
Coverage Ratio	52%	38%	33%
NPL Ratio excluding Italian Municipalities	0.2%	0.2%	0.2%
Coverage Ratio excl. Italian Municipalities	82%	75%	76%



Cost of risk (bps)



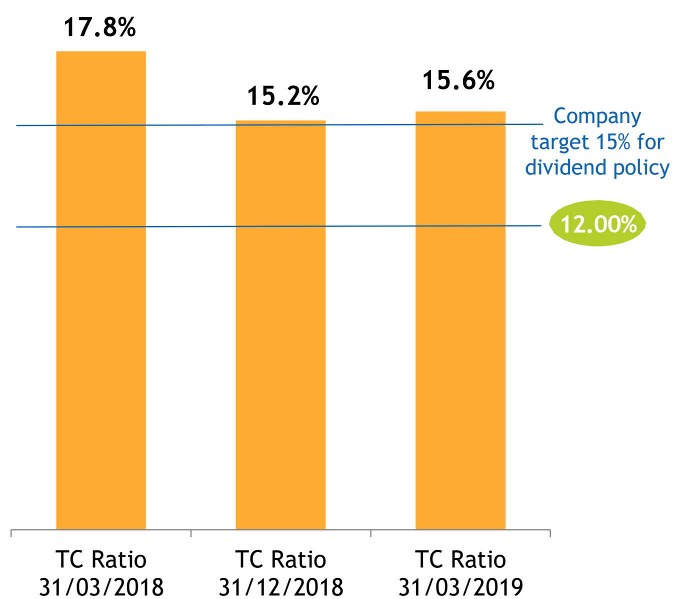
Asset quality - €/000	1Q 2018	FY 2018	1Q 2019	Public sector
Net non performing	19,691	40,344	51,281	
Net unlikely to pay	9,904	6,774	10,396	
Net past due	86,735	72,573	50,521	77%
Total net impaired assets	**116,329**	**119,690**	**112,198**	74%

Strong capital position

- **Total Capital ratio of 15.6% and CET1 ratio of 11.1%:**
  - €21.4m of reported net income not included in capital ratios (equal to 96bps of additional CET1 and TC), which more than covers the expected capital absorption of IOS Finance acquisition
  - Both ratios are net of the negative HTC&S mark-to-market impact (16bps)
- **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 3.4% positive impact on Total Capital Ratio and a 2.4% 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**
- **RWA density** at 64% as of March 2019, vs. 63% as of December 2018 and 69% as of March 2018

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

	31/03/2018	31/12/2018	31/03/2019	SREP requirement incl. CCB
CET1	12.9%	10.9%	11.1%	7.80%
RWA	1,983	2,262	2,229	
RWA density	69%	63%	64%	
CET1 including net income of the period	13.9%	14.9%	12.1%	



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)		
	BB	Not rated by DBRS	
	BB (Low)		
	B (High)		
	B		
	B (Low)		
	CCC (High)		150%
	CCC		
	CCC (Low)		
	CC		
	C		
	D		

(1) 1Q 2019 CRR Total Capital Ratio and CET1 Ratio: 15.2% and 10.9%. 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

Update on the acquisition of IOS Finance

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Signing of the SPA for 100%	▪ <u>On 10th April, BFF signed the shares Sale and Purchase Agreement ("SPA") for the acquisition of 100% of the share capital of IOS Finance</u>, on the terms already agreed upon under the Agreement communicated to the market with the press release dated March 27th, 2019, following the waiver of the Right of First Refusal ("ROFR") by the minority shareholder not participating to the Agreement of March 27th
Closing of the acquisition	▪ The completion of the acquisition of 100% of IOS Finance by BFF is subject to (i) non-opposition of Bank of Spain and (ii) notification to Bank of Italy. Both regulatory filings have been already executed ▪ The closing of the transaction is expected to take place **<u>within 3Q 2019</u>**
Merger into BFF's Spanish Business	▪ After completion, BFF plans to merge IOS Finance into its Spanish business (BFF Finance Iberia) ▪ Merger is expected **<u>to be completed in 4Q19</u>**

Appendix

IOS Finance - Key aspects of the transaction

Transaction	▪ **All-cash consideration of €25.0m(1), representing a multiple pre-synergies of 8.3x(2) P/E 2018 and 1.6x(3) P/TBV for a business with high ROTE (c. 19%(2;3)), low risk, low capital absorption and strong potential synergies** ▪ Consideration subject to a price adjustment mechanism (positive or negative) based on the Net Asset Value at closing calculated excluding the positive net profit generated in 2019 as it will accrue to the acquirer ▪ As part of the Transaction, a pre-closing dividend up to €27m will be distributed to IOS Finance existing shareholders before completion thus reducing, by an equivalent amount, its tangible equity book value (equal to c. €43m as of December 31st, 2018) ▪ At closing BFF will reimburse IOS Finance's funding facility currently provided by Deutsche Bank AG (equal to €52m at YE2018 before the pre-closing dividend) ▪ Both the price and the reimbursement of Deutsche Bank AG's financing facilities will be funded with BFF's exiting funding
Capital impact	▪ Expected capital absorption in 2019 of maximum c. €17m(4) largely related to: ▪ €10m of goodwill ▪ €5m of one-off negative impact (post tax) assuming the harmonization of IOS Finance's LPI accounting standards to that of BFF's. IOS Finance currently recognises LPI, on an accrual basis, assuming a 100% recovery rate vs. 45% assumed by BFF. Given that in Spain BFF collects 100% of the LPI due, such impact is expected to be fully offset in the following years by the LPI over-recoveries and will translate in higher earnings for the business in the future

(1) Subject to a price adjustment mechanism based on the Net Asset Value at closing; (2) Managerial figures according to IFRS standards. Net income adjusted for (i) cost of Deutsche Bank guarantee terminated in January 2019 and (ii) additional interest expenses (assuming current Target's cost of funding) in relation to the pre - closing dividend distribution; (3) Managerial figures according to IFRS standards. 2018 tangible book value pro-forma to exclude the pre-closing dividends of up to €27m; (4) The final impact from the transaction will ultimately depend on (i) price finally paid (which in turns depends on the price adjustment mechanism) and (ii) on the LPIs accounted as P&L as at the closing date

Transaction strategic rationale

With IOS acquisition BFF confirms its role as leader in the Spanish P.A. factoring market

A **Reinforce BFF leadership in the Iberian market**

- Pro-forma new business volume of over €1.3bn in Spain (of which c. €1.1bn of purchased non-recourse receivables)

B **Gear-up the Group's growth in Spain**

- Underpenetrated market for NHS and PA factoring where the current political environment could result in lengthening of the DSOs

C **Increase the Group geographical diversification**

- Pro-forma 36% of total customer loans outside Italy

D **Expand BFF credit management offering to Spain**

- €273m of existing trade receivables managed by IOS on behalf of its clients

E **Integrate an experienced team**

- IOS Finance has 15 years of activity within the sector to help boosting BFF's growing Spanish business

F **Create value for the shareholders**

- Thanks to important potential synergies stemming from the integration of IOS Finance with the BFF's Spanish business

IOS Finance offers both non-recourse factoring and credit management solutions

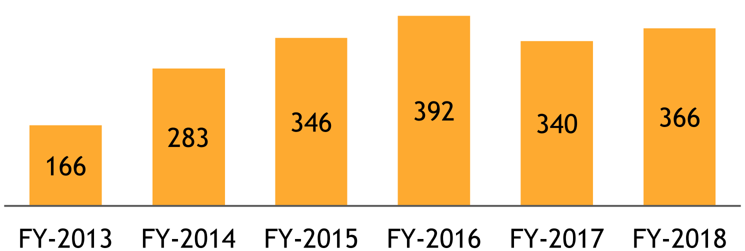
Non recourse factoring

- Non-recourse factoring to suppliers of goods and services to the Spanish Public Administration
  - Focused on healthcare
  - Recently started also to acquire receivables towards Spanish municipalities
  - Widespread geographical coverage, particularly strong in the Valencia and Andalucía region
- Assignments can be made following two type of contracts:
  - revolving basis, either monthly or quarterly
  - ad hoc non revolving transactions

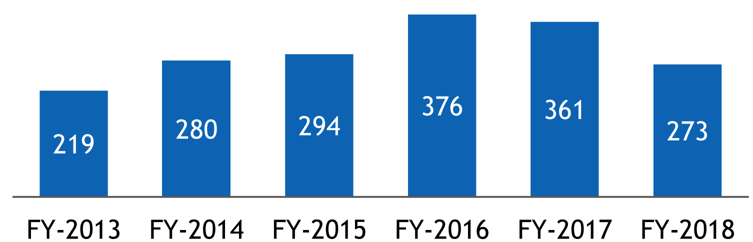
Credit management

- Servicing, management and collection of account receivables on behalf of suppliers to hospitals (both private and public) and other Spanish Public Administrations
  - Public Administrations: 375 public hospital and 87 regions and other PA entities managed
  - Private: 335 private hospitals managed
- c. €0.2m of revenue in 2018, equivalent to c. 9bps of management fee

Non recourse factoring new business volumes (€m)



Credit management new business volumes (€m)



IOS Finance Pro-Forma Financials

Excluding the costs related to the credit guarantee from DB (terminated in Jan-19) and for the pre-closing dividend of up to €27m

IOS Finance P&L overview[1]

	€m	2018	2018 PF
A	Interest income	7.4	7.4
	Interest expense	(1.1)	(0.6)[2]
B	*o/w DB guarantee fee*	*(0.8)*	-
	Interest margin	**6.3**	**6.8**
	Commissions received	0.2	0.2
	Net banking income[3]	**6.6**	**7.1**
	Operating costs	(2.6)	(2.6)
C	*Personnel expenses*	*(1.8)*	*(1.8)*
	Other administrative expenses	*(0.8)*	*(0.8)*
	Profit before tax	**4.0**	**4.5**
D	**Net profit**	**2.8**	**3.2**

IOS Finance BS overview[1]

	€m	2018	2018 PF
E	Loans to customers	97.8	97.8
	PPE	0.2	0.2
	Intangibles	1.1	1.1
	Tax assets	0.1	0.1
	Total assets	**99.5**	**99.5**
F	Funding	53.9	80.9
	Shareholders' equity	44.5	17.5

Key comments

A IOS accounts LPIs on an accrual basis assuming a 100% recovery rate, whereas BFF accounts LPIs on a accrual basis assuming a recovery rate of 45% (while the over-recovery vs. the assumed 45% are accounted on a cash basis at collection)

- The harmonization of the LPI accounting standards to that of BFF's, would result in c. -€5m one-off impact (post tax). Given that in Spain BFF collects 100% of the LPI due, such impact would be fully offset in the following years by the LPI over-recoveries (i.e. higher earnings for the business in the future)

B Fees paid in relation to a credit guarantee provided by DB (terminated in Jan-19) and accounted as an interest expense

C Personnel expenses represents approximately two thirds of the total expenses and are related to the 23 FTEs

D 30% tax rate for EFC (vs. 25% tax rate for non EFC)

E Includes €11m of in-balance sheet LPI. Total stock of gross LPI equal to €12m

F €52m of intra-group funding provided by DB (€79m pro forma for pre-closing dividend)

(1) Managerial figures according to IFRS standards; (2) Adjusted for (i) cost of Deutsche Bank guarantee terminated in January 2019 and (ii) additional interest expenses (assuming current IOS Finance's cost of funding) in relation to the pre - closing dividend distribution; (3) Net banking income computed as sum of net interest income and net commissions. NBI 2018 PF adjusted for (i) cost of Deutsche Bank guarantee terminated in January 2019 and (ii) additional interest expenses (assuming current target cost of funding) in relation to the pre - closing dividend distribution

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

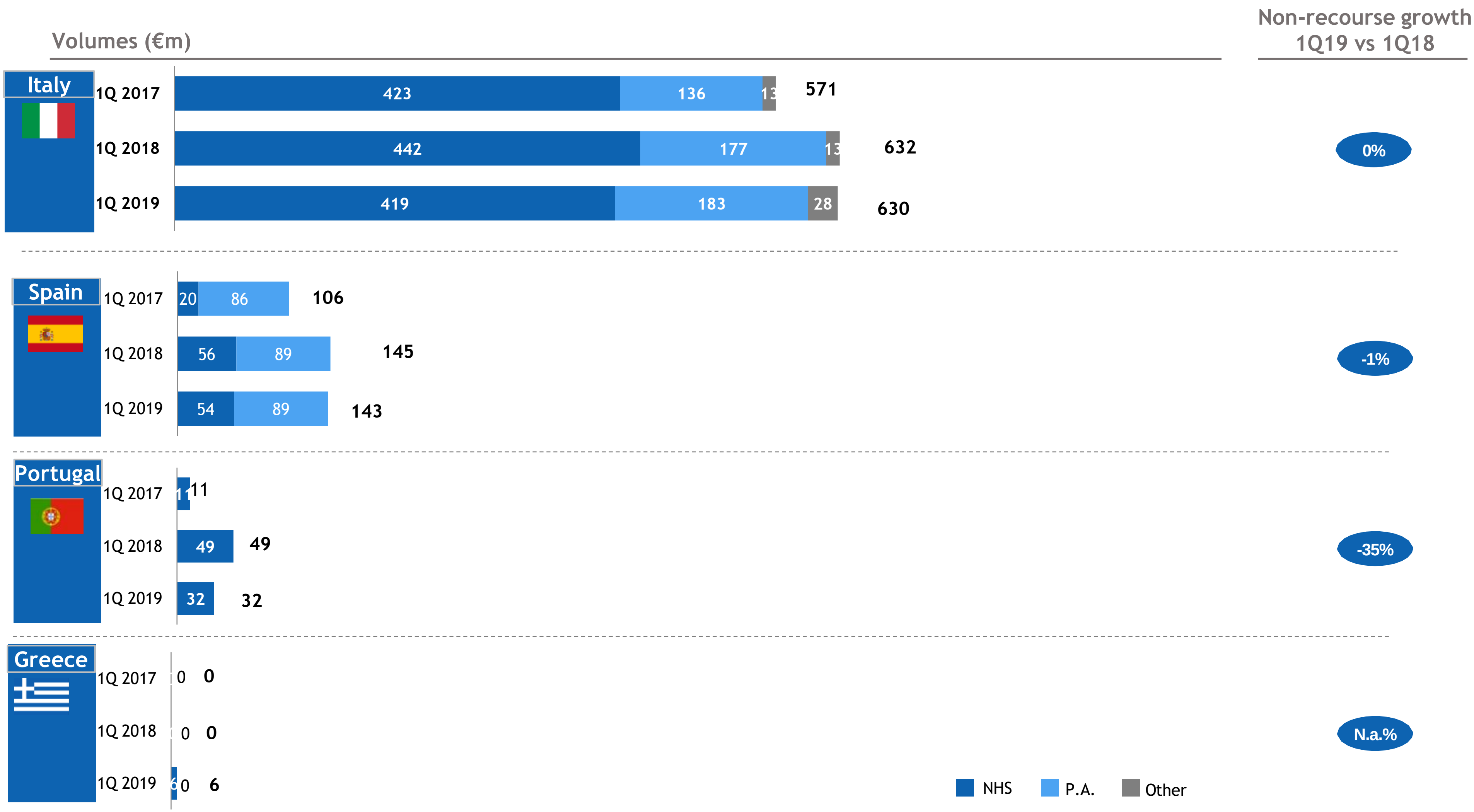
% NIM (FY18 5.7%)						Deferral effect of LPI over-recovery
	Net interest income on customer loan (FY18 €178.3m[1])	=	Maturity commission + 45% LPI discounted - interest expenses[2] (FY18 €158.8m[1])	+		LPI over-recovery - Re-scheduling impact (FY18 €19.5m)
	Avg. customer loans (Avg FY18 €3,101m)		Avg.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

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	LPI over-recovery	Impact on Yield on RWA	Comments
	In case of loan growth *(with stable RWA density)*	= / ↓	↓	↓	• **<u>Deferral effect of LPI over-recovery:</u>** 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
	In case of no loan growth *(with stable RWA density)*	=	↑	↑	
	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



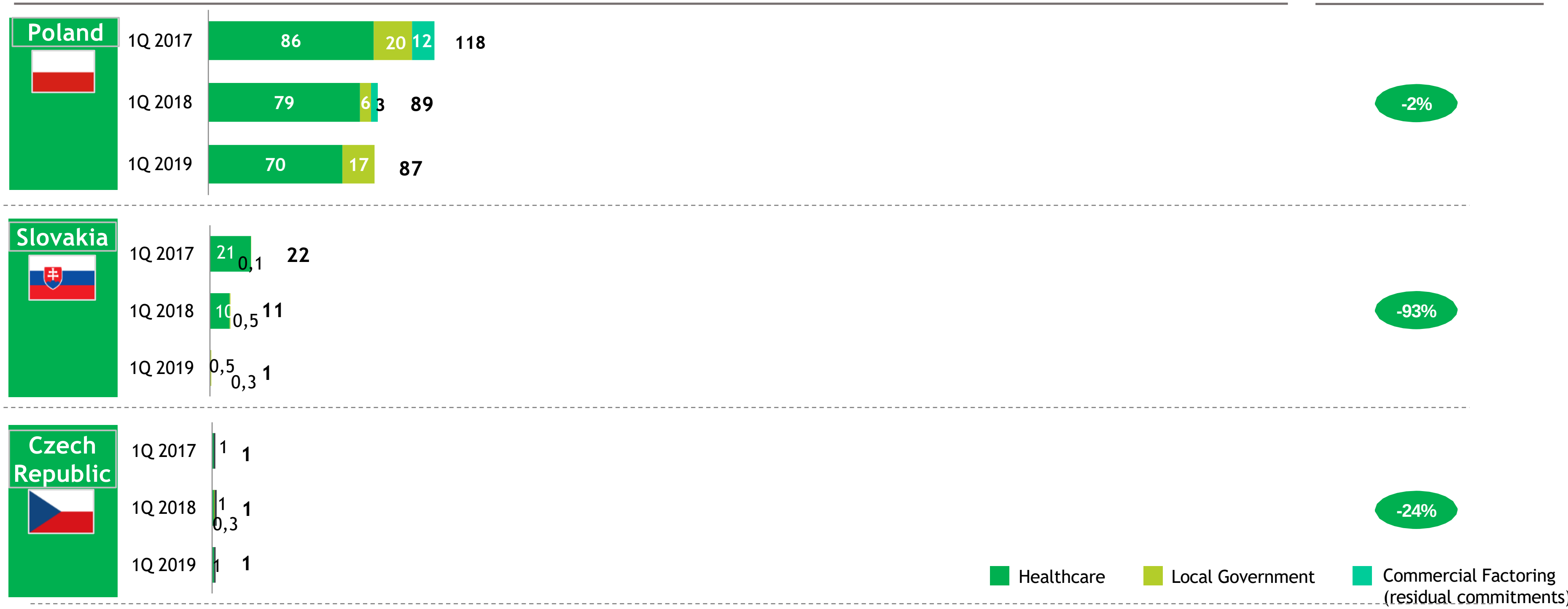
New Business

Volumes (€m)

Non-recourse growth 1Q19 vs. 1Q18

New Business (€m)

New Business growth 1Q19 vs. 1Q18



Adjusted Net Income Reconciliation

€m	1Q17	1Q18	1Q19
Group BFF Reported Net income	**34.2**	**19.8**	**21.4**
Change in LPI accounting from 40% to 45%	(17.8)		
One-off IPO costs	1.7		
Exchange rates movement (offset at the comprehensive income and equity level)	2.6	(0.5)	0.0
Stock options	1.1	1.0	0.8
Extraordinary Resolution Fund contribution			0.0
Adjusted Net Income	**21.8**	**20.3**	**22.2**

Summary Profit & Loss

	1Q17 Reported	1Q17 Adjustments	1Q17 Adjusted	1Q18 Reported	1Q18 Adjustments	1Q18 Adjusted	1Q19 Reported	1Q19 Adjustments	1Q19 Adjusted
Interest Income	79.9	-25.2	54.8	53.4		53.4	55.9		55.9
of which interest income calculated using the effective interest rate method	68.2	-25.2	43.1	47.0		47.0	52.7		52.7
Interest Expenses	-9.8		-9.8	-11.3		-11.3	-11.5		-11.5
Net Interest Income	**70.1**	**-25.2**	**45.0**	**42.2**	**0.0**	**42.2**	**44.4**	**0.0**	**44.4**
Net Fee and Commission Income	1.6		1.6	1.6		1.6	1.3		1.3
Dividends	0.0		0.0	0.0		0.0	0.0		0.0
Gains/Losses on Trading	-4.1	3.8	-0.3	0.7	-0.7	0.0	0.0	0.0	0.0
Fair value adjustments in hedge accounting	-0.3		-0.3	0.1		0.1	0.0		0.0
Gains/losses on disposal/repurchase of			0.0						0.0
a) financial assets measured at amortized cost	0.0		0.0	0.0		0.0	0.0		0.0
b) financial assets measured at fair value through OCI	0.0		0.0	0.2		0.2	0.0		0.0
c) financial liabilities			0.0						0.0
Gains (losses) on other financial assets and liabilities measured at fair value through profit or loss			0.0						0.0
a) financial assets and liabilities designated at fair value			0.0	0.0		0.0	0.0		0.0
b) other financial assets mandatorily measured at fair value			0.0	0.0		0.0	0.0		0.0
Net Banking Income	**67.4**	**-21.4**	**45.9**	**44.7**	**-0.7**	**44.0**	**45.7**	**0.0**	**45.7**
Net adjustments/reversals of impairment for credit risk concerning:			0.0						
a) financial assets measured at amortized cost	-0.7		-0.7	-1.0		-1.0	0.0		0.0
b) financial assets measured at fair value through OCI	0.0		0.0	0.0		0.0	0.0		0.0
Administrative and Personnel Expenses	-18.7	3.9	-14.8	-15.8	1.3	-14.5	-16.4	1.1	-15.3
Net provisions for risks and charges			0.0						0.0
a) commitments and guarantees provided			0.0	0.0		0.0	-0.1		-0.1
b) other net allocations	-0.3		-0.3	-0.3		-0.3	-0.3		-0.3
Net Adjustments to/ Writebacks on Property, Plan and Equipment and Intangible Assets	-0.8		-0.8	-0.8		-0.8	-1.2		-1.2
Other Operating Income (Expenses)	0.9		0.9	0.5		0.5	1.0		1.0
Profit Before Income Taxes from Continuing Operations	**47.8**	**-17.5**	**30.3**	**27.3**	**0.6**	**27.9**	**28.8**	**1.1**	**29.9**
Income Taxes	-13.6	5.1	-8.5	-7.5	-0.1	-7.6	-7.3	-0.3	-7.6
Net Income	**34.2**	**-12.5**	**21.8**	**19.8**	**0.5**	**20.3**	**21.4**	**0.8**	**22.2**

Summary Balance Sheet

Scheme pre IFRS9 adoption

€/m	1Q17 Reported
Assets	
Cash and cash Balances	0.0
Financial Assets Held for Trading	0.0
Financial Assets at Fair Value	3.5
Available-for-Sale Financial Assets	515.1
Financial Assets Held to Maturity	1,716.5
Due from Banks	81.9
Receivables and Loans	2,531.2
Hedging derivatives	0.4
Equity Investments	1.3
Property, Plant and Equipment	12.8
Intangible Assets	25.5
Tax Assets	26.8
Other Assets	8.8
Total Assets	**4,923.8**
Liabilities and Equity	
Due to Banks	484.8
Due to Customers	3,219.2
Securities Issued	728.3
Financial Liabilities Held for Trading	1.1
Hedging Derivatives	1.1
Tax Liabilities	85.5
Other Liabilities	97.9
Employess Severance Indemnities	0.9
Provision for Risks and Charges	6.4
Equity	264.5
Profits for the Year	34.2
Total Liabilities and Equity	**4,923.8**

	1Q18 Reported	FY18 Reported	1Q19 Reported
Cash and cash Balances	11.9	99.5	39.3
Financial assets measured at *fair value* through profit or loss	0.0	0.0	0.0
a) financial assets held for trading	0.0	0.0	0.0
b) financial assets designated at *fair value*	0.0	0.0	0.0
c) other financial assets mandatorily measured at *fair value*	0.0	0.0	0.0
Financial assets measured at fair value through OCI	152.6	160.8	161.8
Financial assets measured at amortized cost	3,851.1	4,593.8	4,463.5
a) Loans and receivables with banks	25.3	62.8	63.1
b) Loans and receivables with customers	3,825.8	4,531.0	4,400.4
Hedging derivatives	0.0	0.0	0.0
Equity Investments	0.3	0.2	0.2
Property, Plant and Equipment	12.7	12.0	14.7
Intangible Assets	25.7	26.4	26.0
Tax Assets	31.1	34.2	36.6
Other Assets	13.1	14.7	16.1
Total Assets	**4,098.5**	**4,941.5**	**4,758.1**
Liabilities and Equity			
Financial liabilities measured at amortized cost	3,536.6	4,403.0	4,155.2
a) deposits from banks	530.7	1,238.0	1,119.4
b) deposits from customers	2,275.0	2,349.9	2,271.7
c) securities issued	730.8	815.2	764.1
Financial Liabilities Held for Trading	0.1	0.0	0.0
Hedging Derivatives	0.0	0.0	0.0
Tax Liabilities	91.2	88.3	96.0
Other Liabilities	79.8	78.1	204.7
Employess Severance Indemnities	0.9	0.8	0.9
Provision for Risks and Charges	5.6	5.0	5.2
Equity	364.6	274.1	274.7
Profits for the Year	19.8	92.2	21.4
Total Liabilities and Equity	**4,098.5**	**4,941.5**	**4,758.1**

Breakdown by quarter - BFF Group

BFF BANKING GROUP

Adjusted Values			**2017**					**2018**			**2019**
Data in €/m	**1Q**	**2Q**	**3Q**	**4Q**	**FY**	**1Q**	**2Q**	**3Q**	**4Q**	**FY**	**1Q**
Interest income	54.8	46.8	44.4	66.8	**212.8**	53.4	54.9	49.3	74.0	**231.6**	55.9
Interest expenses	(9.8)	(10.3)	(9.7)	(10.1)	**(39.9)**	(11.3)	(10.1)	(10.3)	(11.2)	**(42.9)**	(11.5)
Net interest income	45.0	36.4	34.8	56.7	**172.8**	42.2	44.8	39.0	62.8	**188.7**	44.4
Net banking income	45.9	38.4	36.8	59.1	**180.3**	44.0	46.5	40.7	63.6	**194.9**	45.7
Operating costs and D&A	(15.6)	(15.5)	(13.6)	(16.6)	**(61.2)**	(15.3)	(18.7)	(16.0)	(19.3)	**(69.3)**	(16.5)
LLPs	(0.7)	(1.2)	(0.4)	(3.7)	**(6.0)**	(1.0)	(2.3)	(0.6)	(1.0)	**(4.8)**	0.0
Other*	0.6	0.9	(0.1)	0.9	**2.3**	0.2	0.9	0.2	1.7	**3.0**	0.6
Profit Before Taxes	30.3	22.6	22.8	39.7	**115.3**	27.9	26.4	24.5	44.9	**123.7**	29.9
Income Taxes	(8.5)	(6.2)	(6.2)	(10.6)	**(31.6)**	(7.6)	(6.7)	(6.4)	(11.2)	**(31.9)**	(7.6)
Net income	21.8	16.3	16.5	29.1	**83.7**	20.3	19.7	18.1	33.8	**91.8**	22.2

Reported Values			**2017**					**2018**			**2019**
Data in €/m	**1Q**	**2Q**	**3Q**	**4Q**	**FY**	**1Q**	**2Q**	**3Q**	**4Q**	**FY**	**1Q**
Interest income	79.9	46.8	44.4	66.8	**237.9**	53.4	54.9	49.3	74.0	**231.6**	55.9
Interest expenses	(9.8)	(10.3)	(9.7)	(10.1)	**(39.9)**	(11.3)	(10.1)	(10.3)	(11.2)	**(42.9)**	(11.5)
Net interest income	70.1	36.4	34.8	56.7	**198.0**	42.2	44.8	39.0	62.8	**188.7**	44.4
Net banking income	67.4	38.6	38.5	56.5	**200.8**	44.7	49.8	38.8	64.1	**197.5**	45.7
Operating costs and D&A	(19.5)	(15.5)	(13.6)	(16.6)	**(65.1)**	(16.6)	(19.4)	(16.0)	(19.4)	**(71.4)**	(17.6)
LLPs	(0.7)	(1.2)	(0.4)	(3.7)	**(6.0)**	(1.0)	(2.3)	(0.6)	(1.0)	**(4.8)**	0.0
Other*	0.6	0.9	(0.1)	0.9	**2.3**	0.2	0.9	0.2	1.7	**3.0**	0.6
Profit Before Taxes	47.8	22.7	24.4	37.0	**132.0**	27.3	29.1	22.5	45.4	**124.3**	28.8
Income Taxes	(13.6)	(6.3)	(6.8)	(9.8)	**(36.4)**	(7.5)	(7.6)	(5.8)	(11.3)	**(32.1)**	(7.3)
Net income	34.2	16.4	17.7	27.2	**95.5**	19.8	21.5	16.7	34.1	**92.2**	21.4

*Other income / Other Provisions (risks & charges etc.)

Asset quality

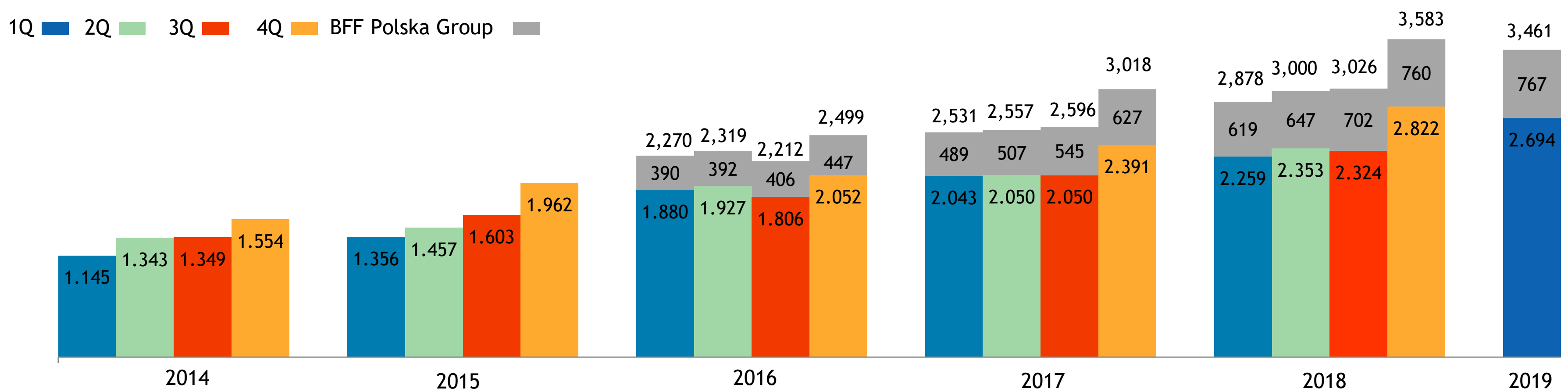
	31/03/2019		
	Gross	Provision	Net
Net non performing	76,022	(24,741)	51,281
Net unlikely to pay	13,083	(2,687)	10,396
Net past due	50,949	(428)	50,521
Total net impaired assets	140,054	(27,856)	112,198

	31/12/2018		
	Gross	Provision	Net
Net non performing	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

	31/03/2018		
€/000	Gross	Provision	Net
Net non performing	40,957	(21,266)	19,691
Net unlikely to pay	13,483	(3,580)	9,904
Net past due	87,145	(410)	86,735
Total net impaired assets	141,585	(25,256)	116,329

Traditional Business Subject to Seasonality, with Peak in Q4

Loans Evolution by Quarter (€m)



Breakdown of Volumes by Quarter (€bn)