BFF BANKING GROUP

9M 2019 RESULTS

8th November 2019

A Bank Like No Other®

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9M 2019 Results: Key Highlights

Acquisition of IOS Finance completed	▪ IOS Finance acquisition closed for a total all-cash consideration of €26.4m with a goodwill of €9m ▪ Completed on 30-Sep with no contribution to the Group adjusted P&L results (all transaction and integration costs already expensed and more then covered by the positive impact from goodwill tax step-up) ▪ <u>Therefore, the P&L figures in this presentation exclude IOS Finance's results, while the consolidated balance sheet includes the asset and liabilities of IOS Finance at fair value</u>
Strong financial performance	▪ €60.6m of Adjusted Net Income (+4% y/y) with 33% of Adjusted RoTE (31% in 9M18), despite €7.4m of lower net LPI over-recovery vs. 9M18 ▪ Stock of unrecognized off balance sheet LPI (back book income reserve) increased by €38m YoY to €400m ▪ Improving operating leverage with Adjusted Operating Costs/Loans ratio of 2.05% vs. 2.24% in 9M18
Strong growth in loans and volume	▪ Total customer loans at €3.6bn (€3.5bn and +15% y/y excluding IOS Finance), 37% outside Italy vs. 32% at Sep-18 ▪ Resumed growth in new volume, up by 3% YoY excluding IOS Finance. IOS Finance grew by 25% y/y
Solid funding base and liquidity position	▪ Lower funding cost y/y with opportunities of further reductions from collection of online deposits in Poland, The Netherlands and Ireland (all three launched in September) ▪ Excess liquidity, with €0.4bn of committed undrawn funding, and no recourse to ECB ▪ Sound liquidity ratios with LCR at 352.0% ▪ First time public rating by Moody's of "Ba1" with positive outlook, and successful issuance of first rated senior unsecured preferred notes in October for €300m at 1.75% fixed yield
Very low risk profile with improved credit quality	▪ Strong reduction in net impaired loans (-41% y/y and -16% vs. YE18), with the Net NPLs/loans ratio down to 0.1% (excluding Italian municipalities in conservatorship). 80% of total net impaired assets are towards the public sector ▪ Net Impaired assets towards private sector down -50% vs YE18. Annualised Cost of Risk at 4bps, 1bps excluding the SME factoring business in run-off ▪ TC and CET1 ratios equal to 15.8% and 11.2% (18.5% and 14.0% including the net income for the period currently set aside for dividend distribution), well above SREP requirements, and already net of IOS Finance acquisition impact (-50bps and -48bps respectively, entirely funded with excess capital)

Notes: 9M19 exchange rate for Poland and Czech Republic respectively PLN/€ 4,3011 and PLN/CZK 0,167 for P&L data (9M19 average), PLN/€ 4,3782 and PLN/CZK 0,170 for Balance Sheet data (30th September 2019); 9M18 exchange rate for Poland and Czech Republic respectively PLN/€ 4,2488 and PLN/CZK 0,166 for P&L data (9M18 average), PLN/€ 4,2774 and PLN/CZK 0,166 for Balance Sheet data (30th September 2018); 9M17 exchange rate for Poland and Czech Republic respectively PLN/€ 4,2648 and PLN/CZK 0,161 for P&L data (9M17 average), PLN/€ 4,3042 and PLN/CZK 0,166 for Balance Sheet data (30th September 2017).

IOS Finance: 9M19 Financials Update

Acquisition completed on 30-Sep. with no contribution to the Group's P&L 9M19 results, while already accounted the impact on regulatory capital for €11m

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- **€26.4m all-cash consideration, representing a pre-synergy multiple of 8.3x P/E18A and 1.5x P/TBV, for a growing business with high RoTE (c. 19%), low risk, low capital absorption, and strong potential synergies**
- Capital absorption equal to €11m, of which €9m related to the goodwill and €2m related to IOS Finance's RWA(1) (equal to €13m at Sep-19)
- €1.5m positive impact from the goodwill tax step-up ("*affrancamento*"), which more than compensate all the extraordinary costs for the acquisition and the integration of €1.3m (after taxes)
- At closing, BFF also repaid IOS Finance's funding line provided by DB and equal to €81m
- Filed with Bank of Spain for the withdrawal of IOS Finance's EFC license. After the withdrawal of the EFC status, BFF intends to merge IOS Finance into its Spanish business (completion expected in 1Q 2020)

<u>**Key comments on IOS Finance financials:**</u>

A Based on IOS Finance accounting method (i.e. assuming a 100% recovery rate, whereas BFF prudently assumes a recovery rate of 45%, with the over-recovery vs. the 45% accounted on a cash basis at collection)

B Adjusted to exclude extraordinary cost related to the acquisition. Based on a 30% tax rate for EFC (vs. 25% tax rate for non EFC)

C Since in Spain both IOS Finance and BFF collect 100% of the LPI due, the fair value of IOS Finance's portfolio is in line with the accounting value. Therefore, the harmonization of the accounting methodology did not generate a negative impact at closing, resulting in lower goodwill

IOS Finance financial results IFRS (€m)[2]

Other data	9M18	FY18	9M19
Volume purchased	232	366	290
Volume managed only	248	273	216

P&L	9M19
(A) Interest income	5.1
Interest expense	(0.3)
Interest margin	**4.8**
Commissions income	0.1
Net banking income	**4.9**
Operating costs	(1.7)
Personnel expenses	*(1.4)*
Other administrative exp.	*(0.4)*
Profit before taxes	**3.1**
(B) **Net profit (adj. to exclude extraordinary costs)**	**2.1**

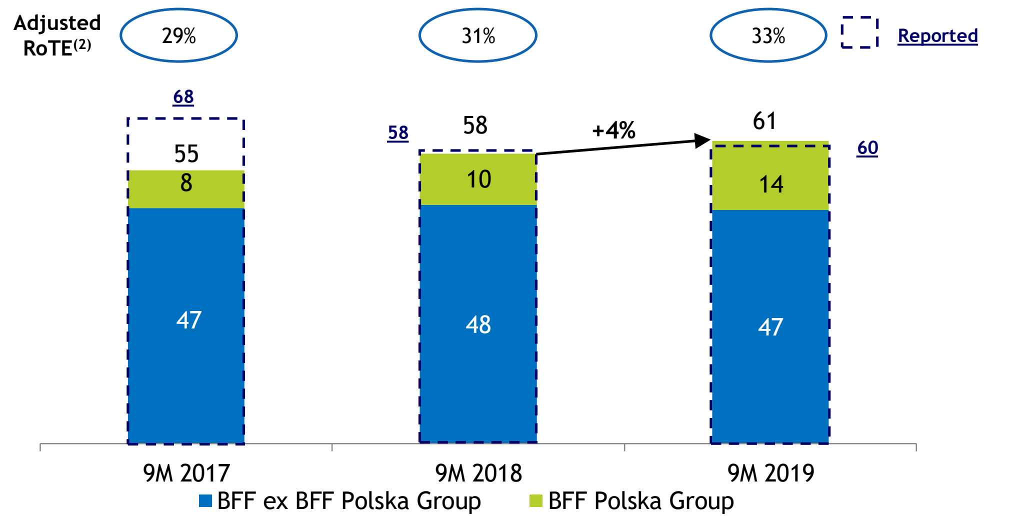
Balance sheet	9M19
(C) Loans to customers	96.2
Loans to banks	10.2
Other	1.4
Total Assets	**107.8**
Funding	85.3
Shareholders' equity	17.7

Note: (1) capital absorption based on 15% company target Total Capital ratio for dividend policy. (2) Managerial figures according to IFRS standards.

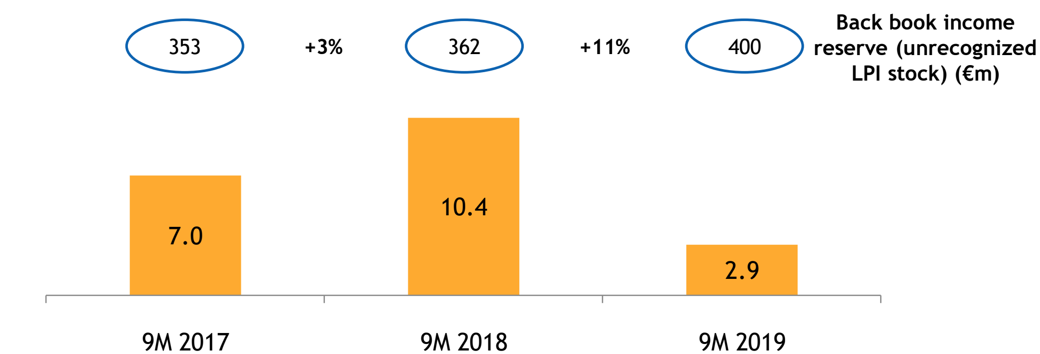
+4% Growth in Adjusted Net Income

- **€60.6m of 9M19 Adjusted Net Income, +4% vs. 9M18**
- **Growing profitability**: Adjusted RoTE of 33% vs. 31% in 9M18
- However, **the net LPI over-recovery was €7.4m lower than 9M18**
- **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 by €38m (+11% y/y) to €400m**
- **IOS Finance acquisition completed on 30th September 2019 with no contribution to the Group's 9M19 P&L results**
  - €1.3m of total extraordinary costs (incurred and expected to be incurred for the integration), more than compensated by €1.5m of extraordinary positive impact from goodwill tax step-up ("*affrancamento*"). Both items have already been accounted in P&L with a net positive impact of €0.2m on reported numbers (zero impact on adjusted numbers)
  - Therefore the P&L figures in this presentation exclude IOS Finance's results, while the consolidated balance sheet includes the asset and liabilities of IOS Finance at fair value

Adjusted Net income[1] (€m)



Net Over-Recovery of LPI collection pre-taxes (€m)



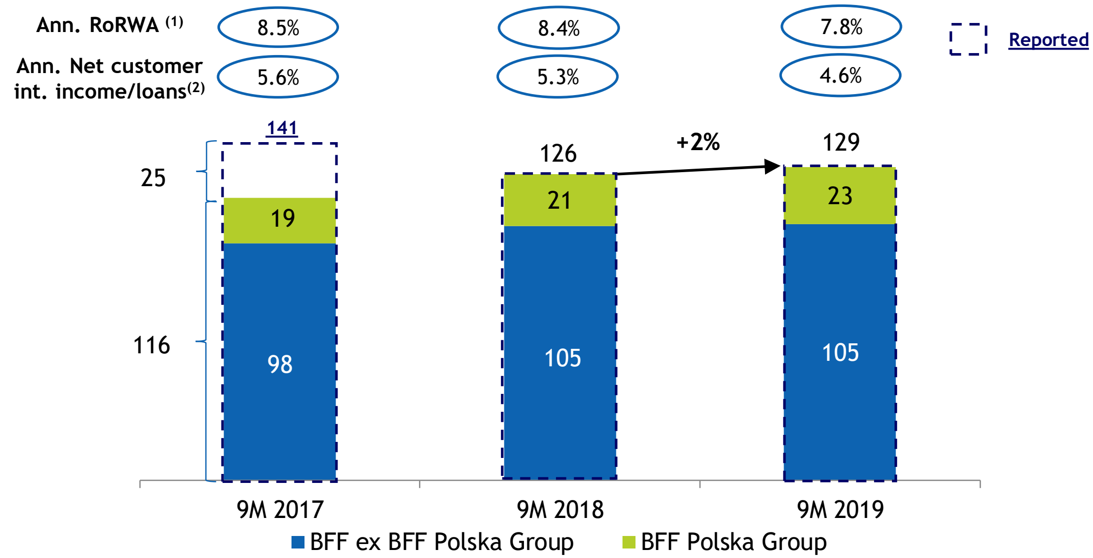
Notes: (1) Adjusted to exclude extraordinary items. 9M19 adjusted net income exclude the following items: €1.3m costs related to the Stock Option and Stock Grant plans, €1.1m positive impact from the exchange rate movement, €1.3m costs related to the acquisition and the integration of IOS Finance, €1.5m positive impact of IOS Finance goodwill tax step-up, and €0.5m of Extraordinary Resolution Fund contribution. See appendix for adjustments. (2) 9M17 Tangible equity includes extraordinary earnings set aside for capital; 9M18 and 9M19 Tangible equity excludes net income of the period.

Adjusted Net Interest Income and Net Banking Income

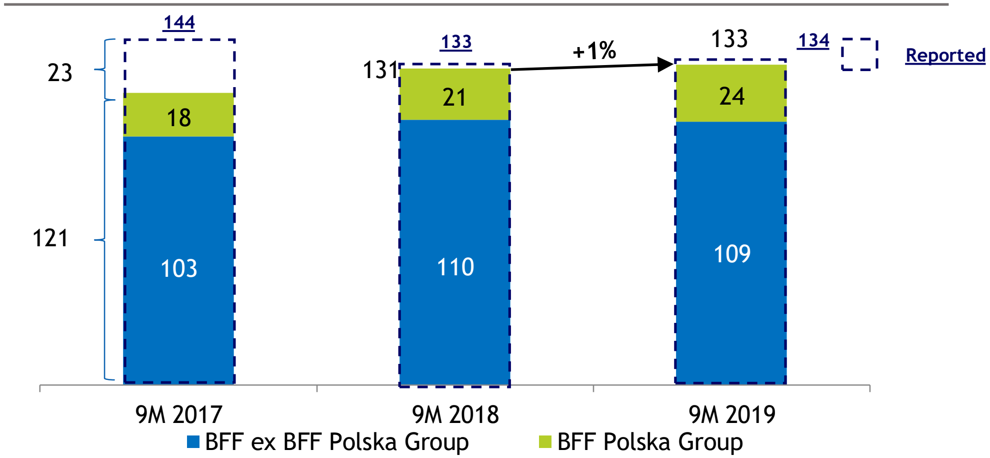
- **Increasing Adjusted Net Interest Income and Adjusted Net Banking vs. 9M18 (respectively +2% and +1%)**, despite €7.4m of lower net LPI over-recovery in 9M19 vs. 9M18
- **Annualized RoRWA at 7.8% in 9M19 vs. 8.4% in 9M18**, mainly driven by the lower net LPI over-recovery
  - Excluding the net LPI over-recovery, annualized RoRWA is equal to 7.6% in 9M19 vs. 7.7% in 9M18 and 8.0% 9M17
- Recovery of credit collection costs are accounted in other **operating income** on a cash basis (P&L item "230"), which increased from €2.2m in 9M18 to €4.0m in 9M19

Net Interest Income and Net Banking income are adjusted to exclude extraordinary items: the €25.2m one-off positive impact for 2017 and related to the change in LPI accounting from 40% to 45%, the change in exchange rates impact (€2.0m negative impact for 2017, €2.1m positive impact for 2018 and €1.5m positive impact for 2019).
2017 include Tier II costs only for 7 months.

Adjusted Net Interest Income (€m)



Adjusted Net Banking Income (€m)



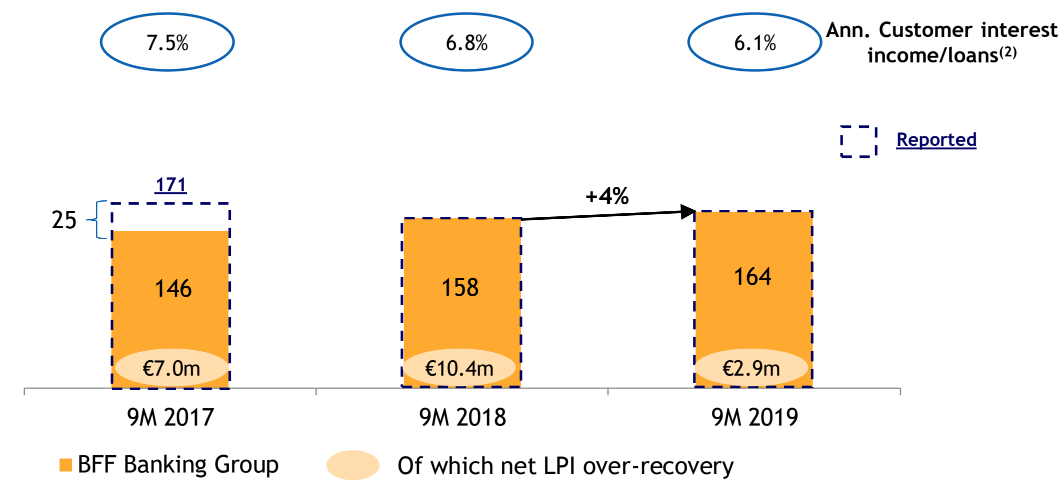
Notes: (1) Calculated as Adjusted Net Interest Income / Average RWAs (beginning and end of the period, excluding IOS Finance) (2) Calculated as Adjusted Net Interest Income on customer loans (excluding income on securities and on credit due from banks and REPO activity impact) / Average loans in the period (excluding IOS Finance).

Growing Interest Income Despite Lower LPI Over-Recovery

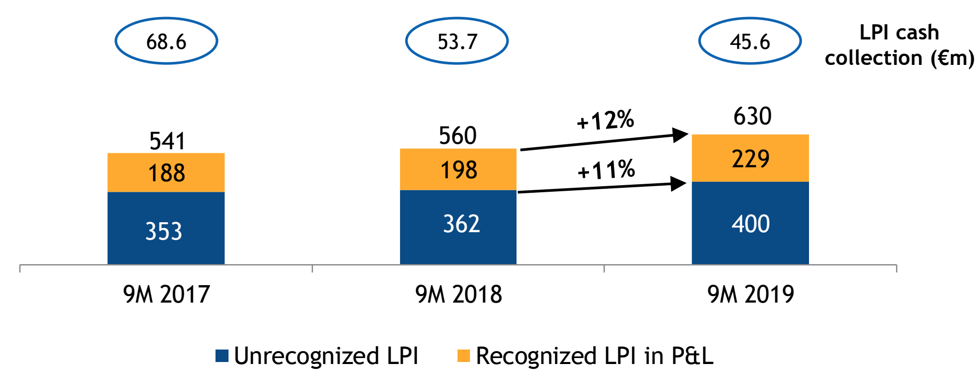
- **9M19 interest income at €164m (+4% vs. 9M18),** despite €7.4m of lower net LPI over-recovery[1] accounted in P&L vs. previous year
- **€8.2m of lower LPI cashed-in in 9M19 vs. 9M18:**
  - LPI cashed-in in 9M19 amount to €45.6m vs. €53.7m in 9M18 and €68.6m in 9M17, with **higher LPI recovery rate** in 9M19 vs. 9M18 and 9M17
- All LPI over-recoveries are accounted when cash-in collected and there is no sale of LPIs
- **The stock of unrecognized off-balance sheet LPI (back book income reserve)** that was not gone through the P&L **increased by €38m**, +11% y/y and equal to €400m at the end of Sep-19

9M17 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)

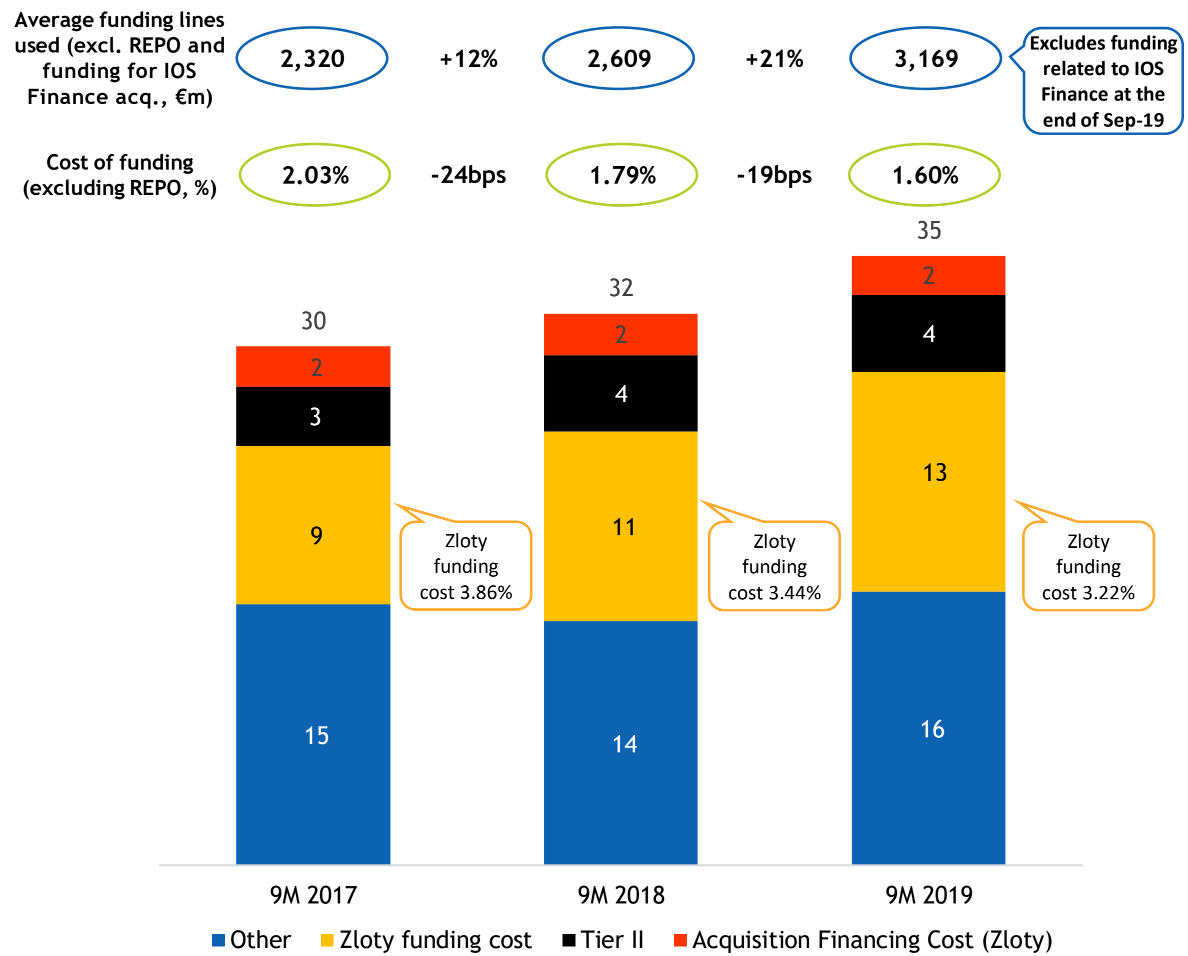


Notes: (1) LPI over-recovery vs. 45% minimum recovery rate assumed for accounting purpose, net of the rescheduling impact. Rescheduling impact: in case a credit is not collected at the expected collection date, the value of the credit on the balance sheet is re-calculated using the new expected cash-flow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

Decreasing Funding Costs

- **Reduction in cost of funding continued:**
  - 1.60% in 9M19 vs. 1.79% in 9M18 and 1.73% in FY18
  - Increase in interest expenses at €35m (+10% y/y), driven by *i.* the increase of average drawn funding due to the growth of the business (from €2.6bn to €3.2bn) and *ii.* the increase in Zloty funding which has a higher base rate (Wibor 6M 1.79% vs. Euribor 6M -0.386% as of 30th September 2019)
- No funding costs linked to government bond yields
- No ECB refinancing risk
- Further opportunity to decrease funding costs through the **collection of online deposits in Poland, The Netherlands and Ireland** (*see slide 13*)

Adjusted Interest expenses (€m)



Good Operating Efficiency Despite Investment in Growth

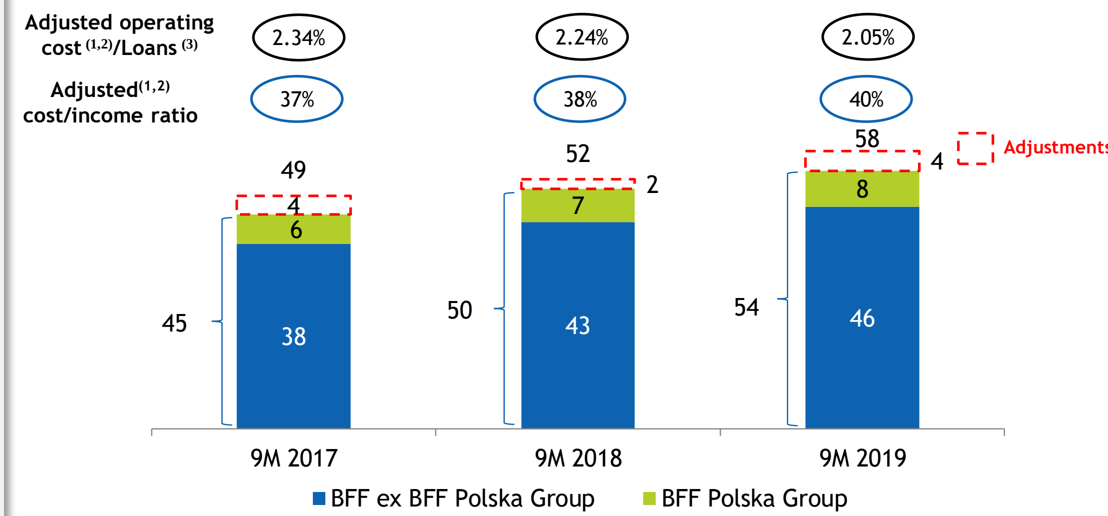
- **Highly efficient structure and improved operating leverage with Adjusted operating costs[1]/ Loans ratio of 2.05% in 9M19 vs. 2.24% in 9M18 and 2.34% in 9M17**

- **Operating Cost up by 8% y/y:**
  - Personnel costs increased by 10% y/y due to **higher employee base** (from 451 to 487 employees)
  - Increasing other operating expenses (5% y/y), following the growth initiatives

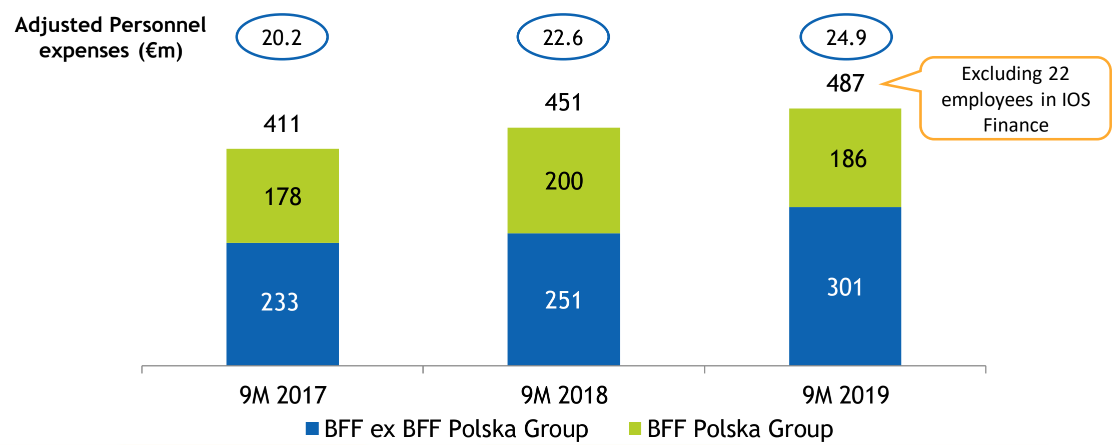
- **Adjusted Cost / Income ratio increased to 40%, entirely due to a lower income from the net LPI over-recovery**
  - Flat Cost / income ratio y/y excluding the net LPI over-recovery

Operating costs adjusted to exclude costs related to the Stock Option plan and the Stock Grant plan (pro-rata), which generate an equivalent increase in equity (€1.7m, €1.3m and €1.5m for 9M2019, 9M2018 and 9M2017 respectively); the extraordinary contribution to Resolution Fund (€0.6m for 9M2019 and €0.7m for 9M2018); €1.8m of one-off costs related to IOS Finance acquisition and restructuring for 9M2019, both covered by goodwill tax step-up ("*affrancamento*"); €2.4m non-recurring costs related to the IPO process only for 9M2017

Operating Costs[1] (€m)



Number of Employees[4,5]

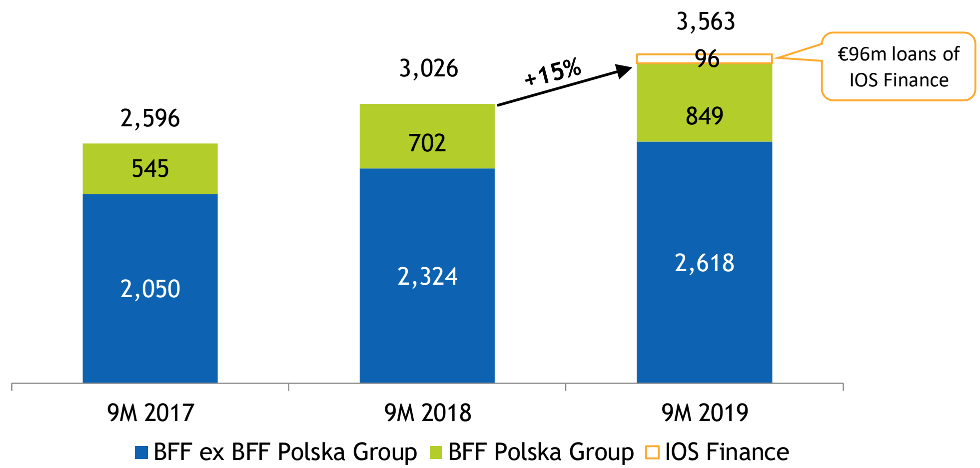


Notes: (1) Adjusted to exclude extraordinary costs. (2) Cost/Income ratio is computed as operating expenses excluding extraordinary costs (administrative expenses + staff expenses + amortization on tangible and intangible assets) divided by adjusted net banking income. (3) Annualised adjusted costs on average loans excluding IOS. (4) BFF includes employees in Italy, Spain 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. (5) 9M2018 BFF Polska Group includes 16 employees related to some previously outsourced BFF Italy processes that were brought in house in Poland. In 3Q19 these employees were 25 and had been moved under BFF Poland Branch (included in BFF ex Polska Group employees).

Double Digit Growth in Customer Loans

- **Strong growth in customer loans (+15% y/y excluding IOS Finance)** throughout the Group:
  - Italy growth y/y +8%
  - International business represents 37% of total loans (including IOS Finance), up from 32% at September 2018
- Residual €2.1m (-24% 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)

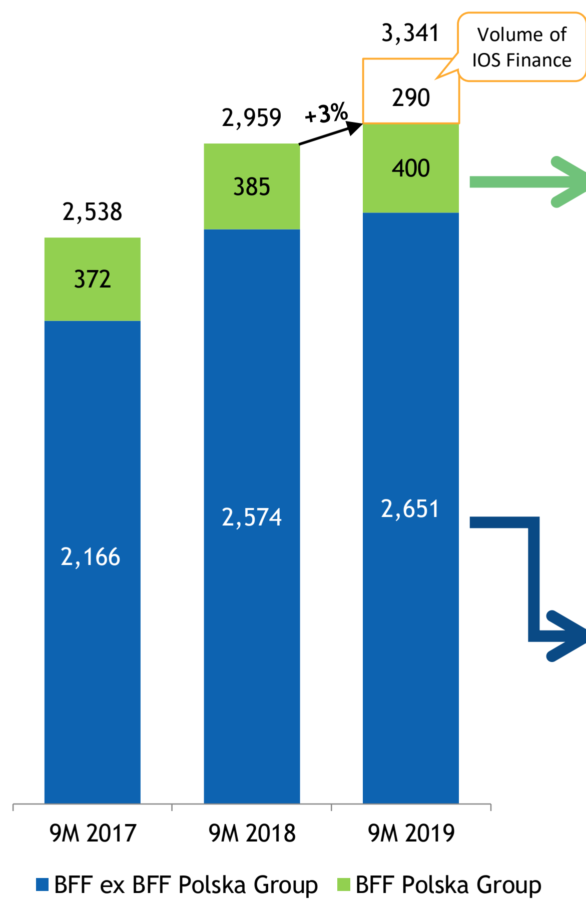
BFF Group excl. BFF Polska Group	9M2017	9M2018	9M2019
Italy	1,891	2,061	2,235
Spain	73	162	222
Portugal	77	93	129
Greece	9	8	30
Croatia	-	-	1
France	-	-	0
Total	**2,050**	**2,324**	**2,618**
IOS Finance (Spain)	76	70	96
Total including IOS Finance	**2,127**	**2,394**	**2,714**

BFF Polska Group	9M2017	9M2018	9M2019
Poland	432	551	674
Slovakia	112	146	171
Czech Rep.	2	5	4
Total	**545**	**702**	**849**

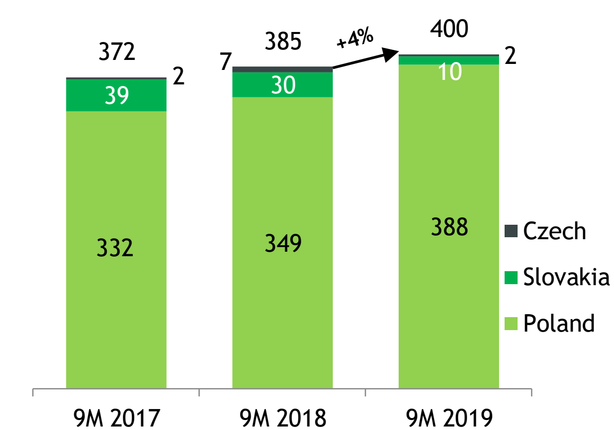
Resumed Growth in New Business Production across Countries

- **Resumed new business growth across countries with volume at €3.1bn in 9M19 (€3.3bn including IOS Finance), +3% y/y** mainly driven by:
  - Spain +14% y/y (excluding IOS Finance) and Poland +11% y/y
  - Italy and Portugal flat y/y
  - Slovakia -68% y/y, due to Government extraordinary debt relief plan
  - Greece contributed for €34m vs. €7m in 9M18
  - First test deals in France for €0.4m completed in 3Q19
  - IOS Finance grew by 25% y/y
- **New CEO and new COO in Slovakia and Czech Republic to revamp growth in the business**

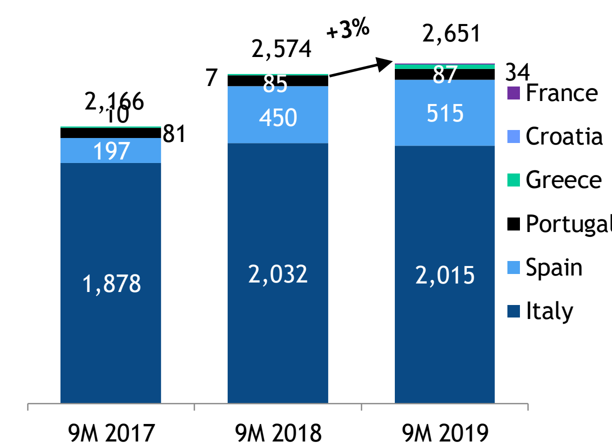
Total New Business Volume (€m)



BFF Polska Group (€m)



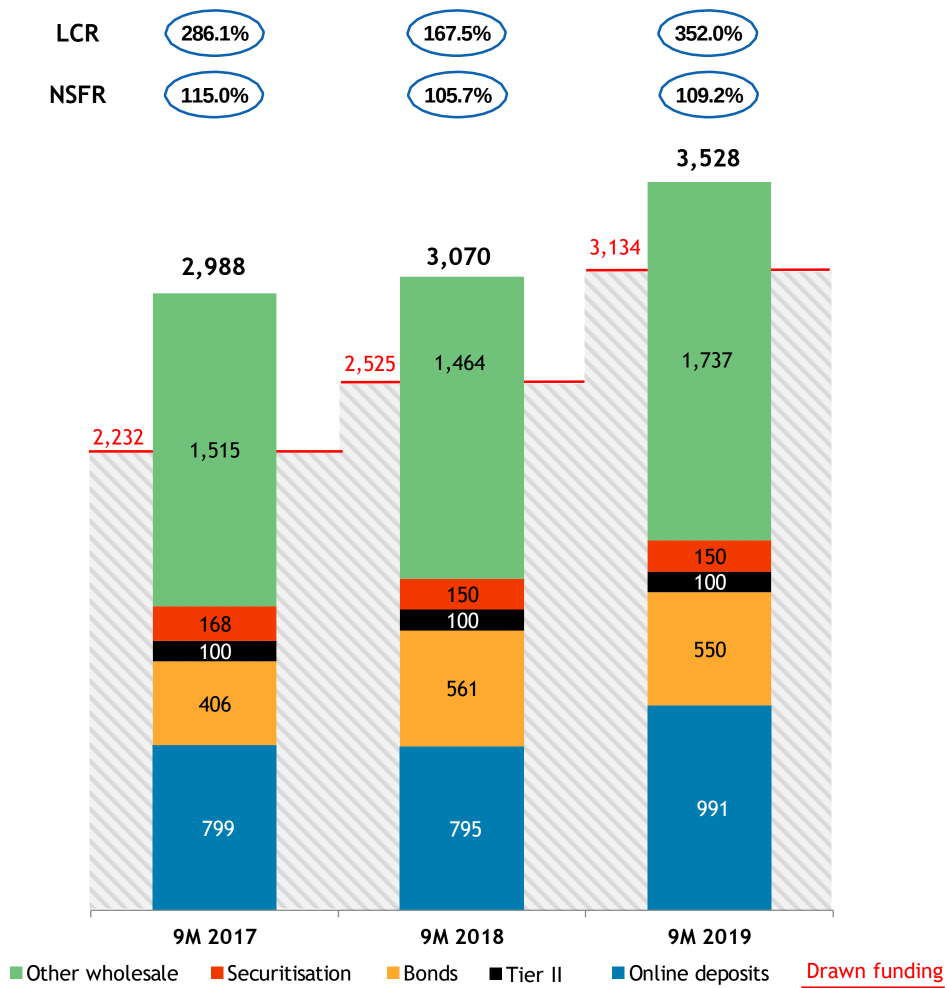
BFF ex BFF Polska Group (€m)



Excess liquidity and no ECB financing

- **A diversified and flexible funding base to support growth:**
  - Online deposits increased by +25% y/y to €991m, representing 32% of drawn funds. Deposits with no or limited prepayment options
- **Strong liquidity position** with a LCR of 352.0%
- **Excess liquidity with group undrawn funding at €0.4bn**[1]
- **No funding cost linked to the 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**
- **EMTN Programme established in November 2018** to promptly benefit of the potential funding opportunities in the markets
- **New bond successfully placed in Oct-19 for €300m** *(see slide 13)*
- **Positive impact expected on the NSFR ratio by** the bond issued in Oct-2019 and by the **new regulation** (in force from 2Q 2021), which establishes more favourable weighting factors for the assets and liabilities related to factoring activities

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 and IOS Finance acquisitions, respectively PLN 378m and €26m.

First time public rating by Moody's with long-term issuer rating at "Ba1" and positive outlook

- First official rating by Moody's, with a **long-term issuer rating of "Ba1" and <u>positive outlook</u>**
  - Just one notch below the rating of the Italian Republic and the highest rating of any Italian bank not directly supervised by the ECB
  - First time rating with positive outlook and "*possibility for a higher BCA and higher ratings should BFF sustain its fundamentals at current levels*" (cit. Moody's)
- Long-term deposit rating of "Baa3" and positive outlook

Issuer / Entity	Total Assets YE18 (€bn)	Senior Rating			Long-term Deposit Rating
		Moody's	S&P	Fitch	Moody's
UNICREDIT	831.5	Baa1	BBB	BBB	Baa1
INTESA SANPAOLO	787.7	Baa1	BBB	BBB	Baa1
MEDIOBANCA	76.5	Baa1	BBB	BBB	Baa1
BANCA NAZIONALE DEL LAVORO	81.2	Baa3	BBB+	BBB+	Baa1
CREDITO EMILIANO	43.2	--	BBB-	BBB	Baa3
UBI BANCA	125.3	Baa3	BBB-	BBB-	Baa2
Italy Sovereign	**--**	**Baa3 (Sta)**	**BBB (Neg)**	**BBB (Neg)**	**--**
BFF	**4.9**	**Ba1 (Pos)**	**--**	**--**	**Baa3**
CASSA CENTRALE BANCA	7.1	Ba1	--	--	Baa3
BANCA DEL MEZZOGIORNO	2.4	Ba1	BBB-	--	Baa3
MEDIOCREDITO TRENTINO	1.5	Ba1	--	--	Baa3
BP. SONDRIO	37.2	--	--	BB+	BBB-(1)
BANCA IFIS	9.4	--	--	BB+	BB+(1)
BANCO BPM	160.5	Ba2	--	--	Baa3
BPER BANCA	70.6	Ba3	--	BB	Baa3
UNIPOL BANCA	11.4	Ba3	--	WR	Baa3
CREDITO VALTELLINESE	26.5	B2	--	--	Ba3
BANCA MPS	130.5	Caa1	--	B	B1
CARIGE	22.1	Caa3	--	CCC	Caa1

Source: companies' disclosure.
Note: (1) Fitch rating.

Supervised by the European Central Bank — Supervised by the Bank of Italy

Funding Initiatives

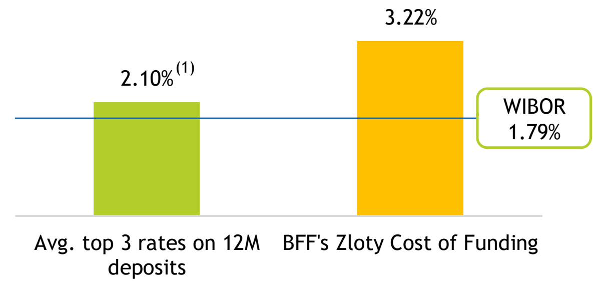
First rated bond issued under the EMTN Programme

- First rated ("Ba1") €300m unsecured senior preferred bond issued under the EMTN Programme in Oct-19
- Demand was equal to about 3x the issued size
- 1.75% fixed yield per annum and 3.5 years maturity (23rd May 2023). Listed on the Irish Stock Exchange and on the ExtraMOT Pro Segment of the Italian Stock Exchange

Opened the branch in Poland and launched the collection of deposits

- Branch in Poland opened in Sep-19 and launched the collection of online deposits in Zloty (*Lokata Facto*)
- **The new branch would allow to further reduce funding cost**
  - Average top 3 offered rates on 12-month deposits in Poland is 2.10%(1) vs. BFF's Zloty funding cost of 3.22% in 9M19
  - BFF's Zloty funding cost represents 36% of total interest expenses

Access to Polish deposit market could reduce further CoF



Launched the collection of deposits in The Netherlands and Ireland

- Received FOS authorisation and launched the collection of online deposits in The Netherlands and Ireland in Sep-19
- Same model used in Germany (no physical branch)
- **Opportunity to further decrease the funding cost** since average top 3 offered rates on 12-month deposits in The Netherlands and Ireland are significantly lower than in Italy, Spain, Germany and Poland

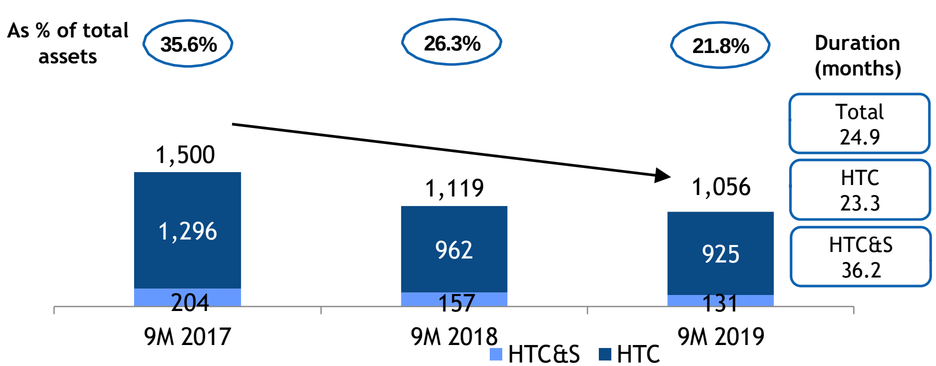
Country	Currency	Avg. top 3 Term Deposits 12M offered rate(1)
The Netherlands	Euro	0.62%
Ireland	Euro	0.30%
Italy	Euro	1.42%
Spain	Euro	1.09%
Germany	Euro	0.92%
Poland	Zloty	2.10%

Note: (1) Raisin website, average of the top 3 term deposit offers for retail customers based on local comparison sites as of 27/09/2019.

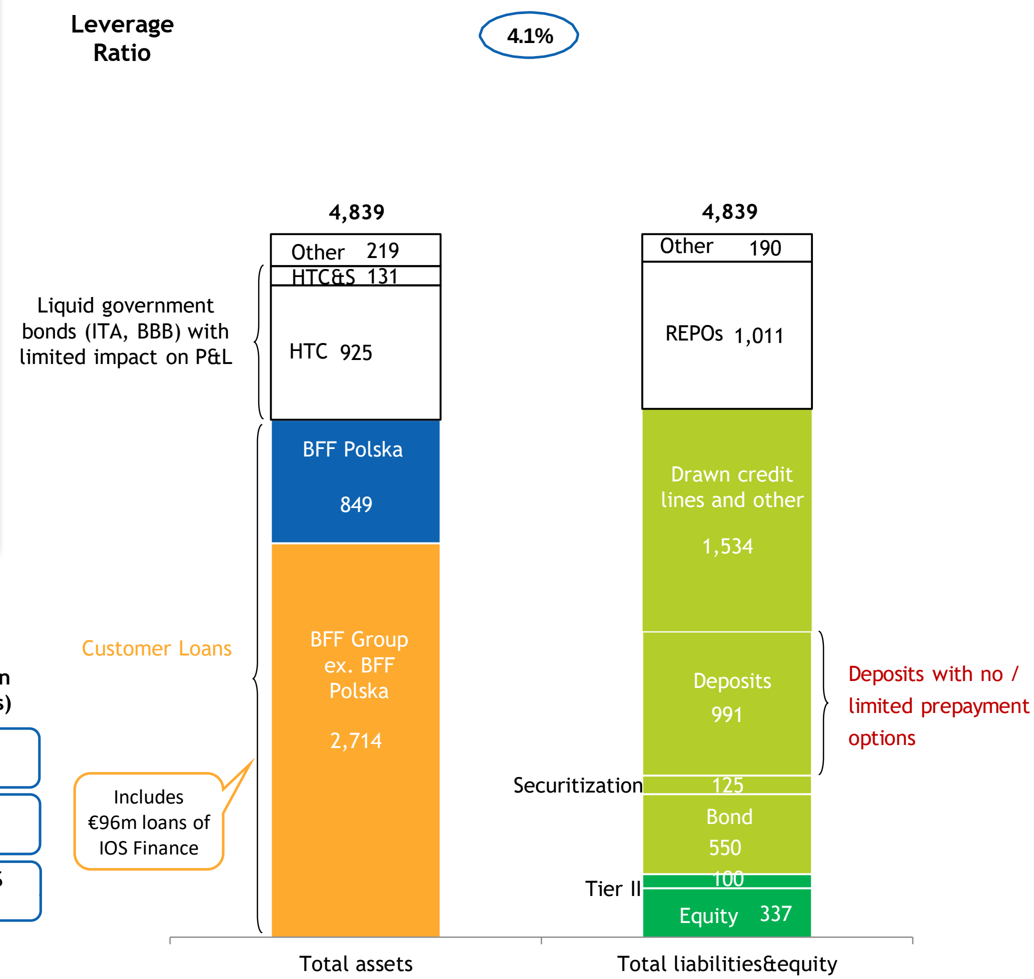
Fortress Balance Sheet

- Customer loans funded through a well diversified funding base
- **Conservative asset / liability management**
- **Declining Government bond portfolio at €1.1bn** (21.8% of total assets down from 26.3% at 9M2018): negative mark-to-market of HTC&S for €0.3m after taxes (booked in equity) **and positive for €11.6m after taxes on HTC (not recognized in P&L or balance sheet)**
- **Natural currency hedge**: forex assets and BFF Polska Group tangible equity funded with forex liabilities
- **Positively geared to higher interest rates:** most of BFF Polska Group asset at variable rate and non recourse factoring portfolio with LPI at variable rate

Bond Portfolio[1] (€m)



Breakdown of Balance Sheet 9M19 (€m)

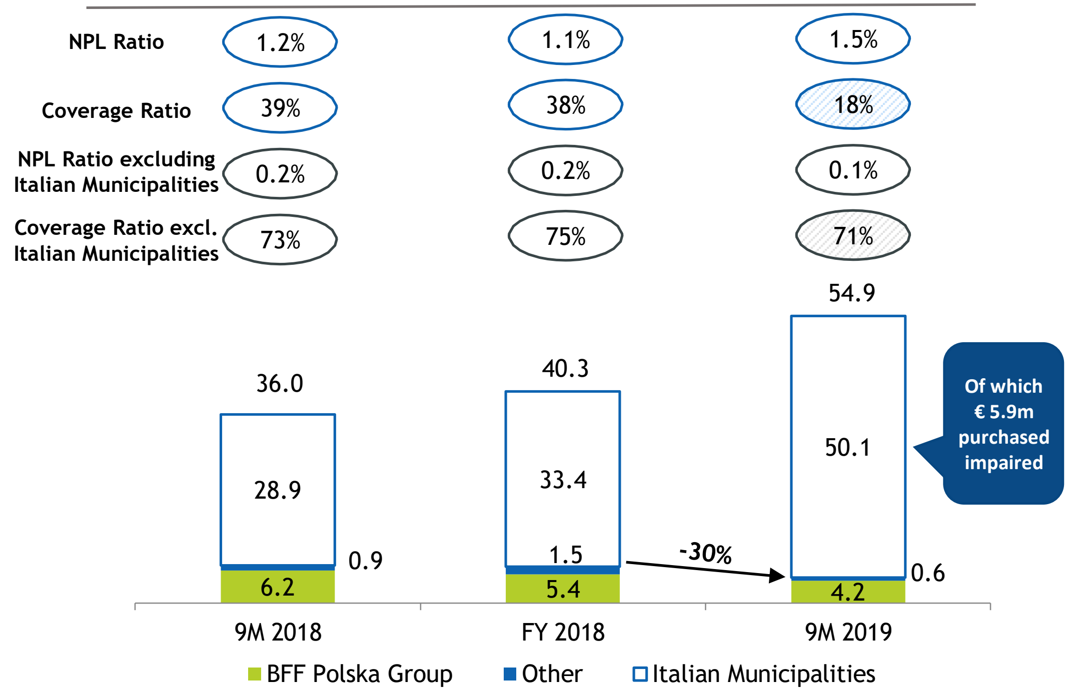


Source: Company data.
Note: (1) 2017 values of AFS and HTM

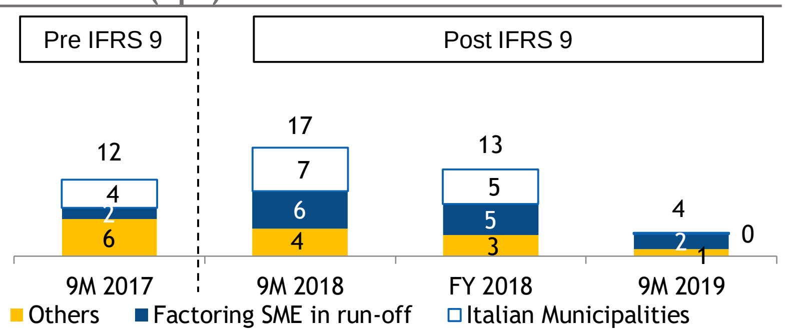
Negligible Credit Risk

- **Net NPLs excluding Italian municipalities in conservatorship down to €4.8m** (-33% y/y and -30% vs. YE18) and **0.1% of net loans**
  - **Reduction in net NPLs thanks to collections**
- **Increase in total Net NPLs entirely driven by the growing activities towards the Italian Municipalities in conservatorship** (€5.9m already in conservatorship at purchase):
  - Classified as NPLs by regulation despite BFF being legally entitled to receive 100% of the capital and LPI at the end of the process
- **Net past due are down by -73% vs. the peak of Jun-18 (€128.3m)**, also thanks to the reorganization of the team responsible for past due oversight
  - -53% vs. YE18 driven mainly by a decrease of past due towards private. **88% of the total at the end of Sep-19 are towards the public sector**
- **4bps annualized Cost of Risk in 9M19,** 1bps excluding the SME factoring business in run-off (€2.1m of residual SME net exposure classified as net impaired loans with 66% coverage ratio)

Net Non Performing Loans Evolution (€m)



Cost of risk (bps)(1)



Asset quality - €/000	9M 2017	9M 2018	FY 2018	9M 2019
Total net non performing	14,816	36,001	40,344	54,876
Total net unlikely to pay	9,082	10,436	6,774	10,854
Total net past due	72,706	124,405	72,573	34,293
Total net impaired assets	**96,604**	**170,841**	**119,690**	**100,023**
o/w Total net past due public sector	74%	78%	64%	88%
o/w Total net impaired assets public sector	71%	75%	67%	80%
Total net Impaired Assets/Loans & Receivables	3.7%	5.6%	3.3%	2.8%
Total net Imp. Assets (excl. Ital. Munic.)/Loans & Receiv.	3.3%	4.7%	2.4%	1.4%

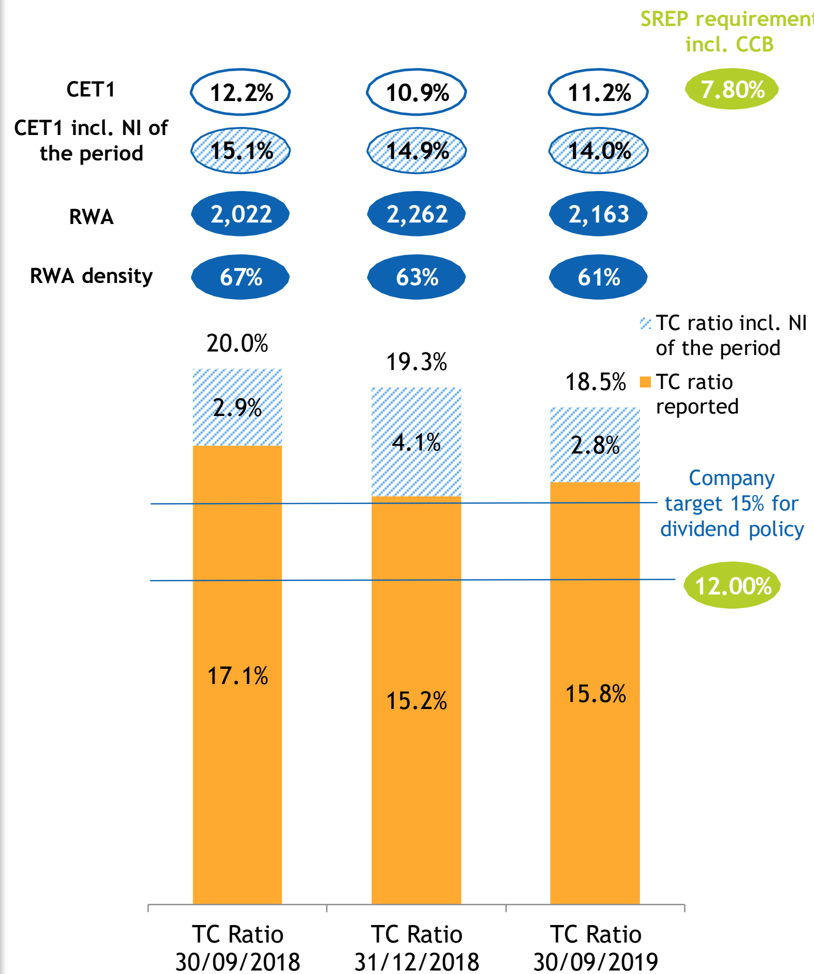
€1.7m already collected on 1-Oct

Note: (1) 9M2019 CoR calculation excludes IOS Finance Loans and Receivables

Strong capital position

- **Total Capital ratio of 15.8% and CET1 ratio of 11.2%:**
  - €60.1m of reported net income not included in capital ratios (equal to 278bps of additional TC ratio and CET1 ratio)
  - Both ratios are net of the impact of IOS finance acquisition (-50bps and -48bps respectively). IOS finance acquisition entirely funded with excess capital with no need to allocated earnings of the period to capital
- **Conservative RWA calculation** based on standard model and with the Italian and Portuguese exposure to NHS and other PA risk weighted at 100%[2]:
  - One notch Italian rating upgrade by DBRS (BFF's ECAI) would move the risk weighting to 50% with a 3.3% positive impact on Total Capital Ratio and a 2.3% impact on CET1 Ratio, while one notch Portuguese rating upgrade by DBRS would move the risk weighting to 50% with a 0.5% positive impact on Total Capital Ratio and a 0.3% impact on CET1 Ratio
  - **Italian rating would have to be downgraded by 9 notches (i.e. 4 notches below Greece) in order to have a negative impact on BFF's RWA**
- **Lower RWA density,** at 61% as of September 2019 vs. 67% as of September 2018, **thanks to a better loan mix and decreasing net impaired assets**

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	France	20%
	AA (High)		
	AA		
	AA (Low)		
	A (High)	Slovakia	50%
	A	Spain, Poland	
	A (Low)		
	BBB (High)	Italy, Portugal	100%
	BBB	Not rated by DBRS: Croatia, Czech Republic	
	BBB (Low)		
Non-Investment Grade	BB (High)		
	BB		
	BB (Low)	Greece	
	B (High)		
	B		
	B (Low)		
	CCC (High)		150%
	CCC		
	CCC (Low)		
	CC		
	C		
	D		

Notes: (1) 9M19 CRR Total Capital Ratio and CET1 Ratio: 17.6% and 13.3%. 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

9M 2019 Results: Key Highlights

Acquisition of IOS Finance completed	▪ IOS Finance acquisition closed for a total all-cash consideration of €26.4m with a goodwill of €9m ▪ Completed on 30-Sep with no contribution to the Group adjusted P&L results (all transaction and integration costs already expensed and more then covered by the positive impact from goodwill tax step-up) ▪ <u>Therefore, the P&L figures in this presentation exclude IOS Finance's results, while the consolidated balance sheet includes the asset and liabilities of IOS Finance at fair value</u>
Strong financial performance	▪ €60.6m of Adjusted Net Income (+4% y/y) with 33% of Adjusted RoTE (31% in 9M18), despite €7.4m of lower net LPI over-recovery vs. 9M18 ▪ Stock of unrecognized off balance sheet LPI (back book income reserve) increased by €38m YoY to €400m ▪ Improving operating leverage with Adjusted Operating Costs/Loans ratio of 2.05% vs. 2.24% in 9M18
Strong growth in loans and volume	▪ Total customer loans at €3.6bn (€3.5bn and +15% y/y excluding IOS Finance), 37% outside Italy vs. 32% at Sep-18 ▪ Resumed growth in new volume, up by 3% YoY excluding IOS Finance. IOS Finance grew by 25% y/y
Solid funding base and liquidity position	▪ Lower funding cost y/y with opportunities of further reductions from collection of online deposits in Poland, The Netherlands and Ireland (all three launched in September) ▪ Excess liquidity, with €0.4bn of committed undrawn funding, and no recourse to ECB ▪ Sound liquidity ratios with LCR at 352.0% ▪ First time public rating by Moody's of "Ba1" with positive outlook, and successful issuance of first rated senior unsecured preferred notes in October for €300m at 1.75% fixed yield
Very low risk profile with improved credit quality	▪ Strong reduction in net impaired loans (-41% y/y and -16% vs. YE18), with the Net NPLs/loans ratio down to 0.1% (excluding Italian municipalities in conservatorship). 80% of total net impaired assets are towards the public sector ▪ Net Impaired assets towards private sector down -50% vs YE18. Annualised Cost of Risk at 4bps, 1bps excluding the SME factoring business in run-off ▪ TC and CET1 ratios equal to 15.8% and 11.2% (18.5% and 14.0% including the net income for the period currently set aside for dividend distribution), well above SREP requirements, and already net of IOS Finance acquisition impact (-50bps and -48bps respectively, entirely funded with excess capital)

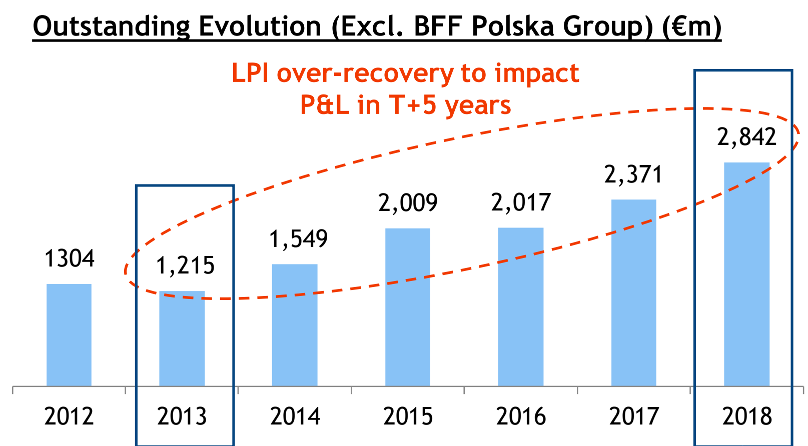
Notes: 9M19 exchange rate for Poland and Czech Republic respectively PLN/€ 4,3011 and PLN/CZK 0,167 for P&L data (9M19 average), PLN/€ 4,3782 and PLN/CZK 0,170 for Balance Sheet data (30th September 2019); 9M18 exchange rate for Poland and Czech Republic respectively PLN/€ 4,2488 and PLN/CZK 0,166 for P&L data (9M18 average), PLN/€ 4,2774 and PLN/CZK 0,166 for Balance Sheet data (30th September 2018); 9M17 exchange rate for Poland and Czech Republic respectively PLN/€ 4,2648 and PLN/CZK 0,161 for P&L data (9M17 average), PLN/€ 4,3042 and PLN/CZK 0,166 for Balance Sheet data (30th September 2017).

Appendix

Focus on Deferral Income and Net Over-Recovery of LPI Collection

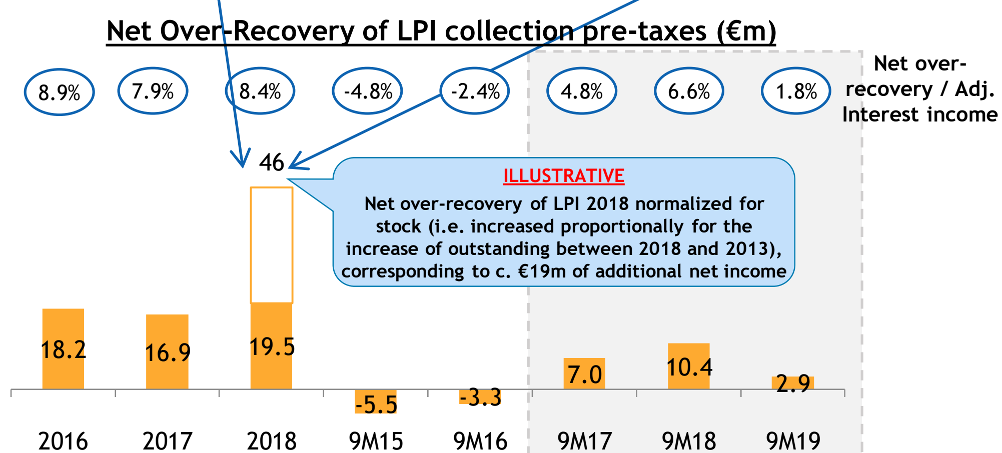
Deferral Income of LPI collection

- 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 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

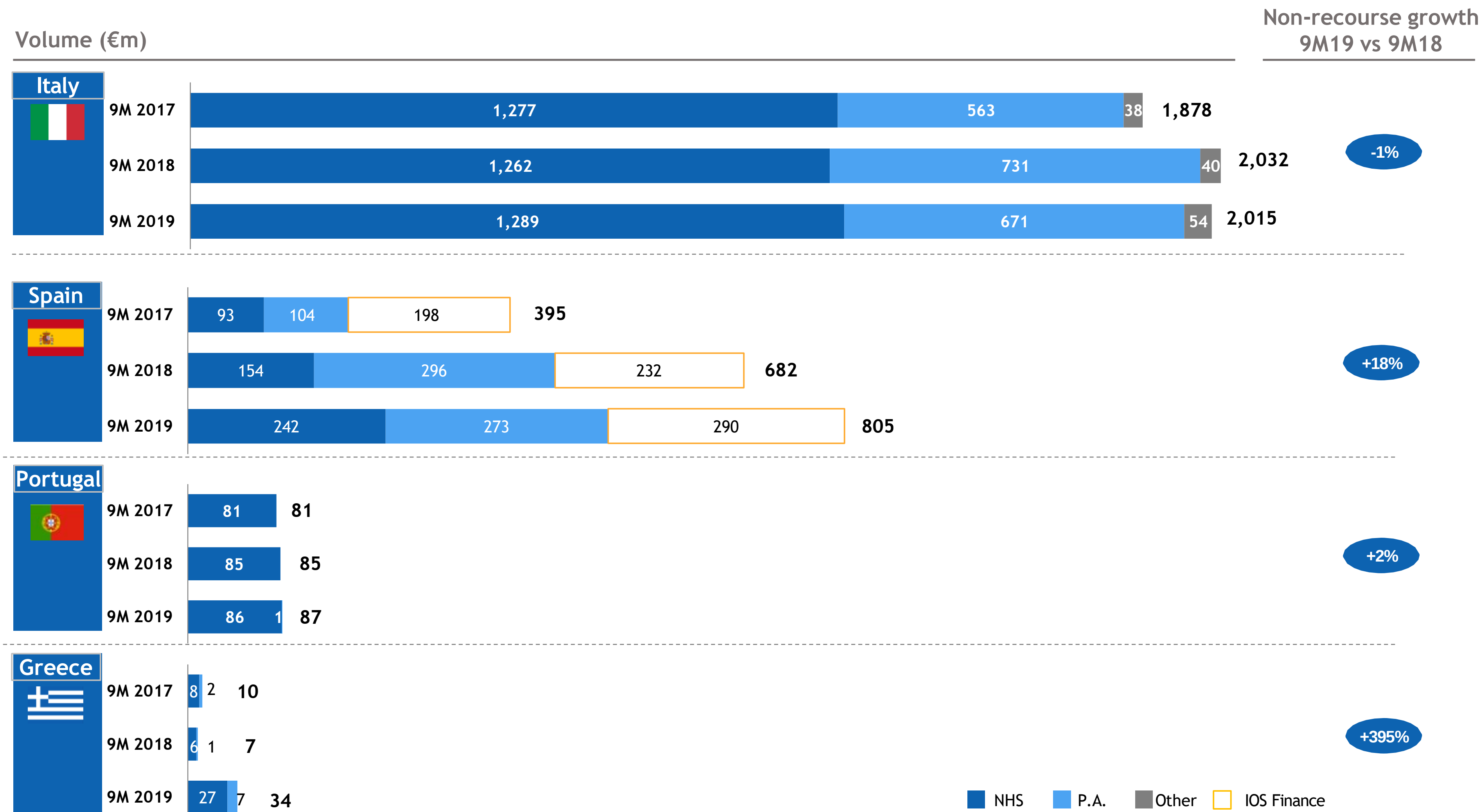


Over-recovery of LPI net of re-scheduling impact (€m)

- 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



Non-recourse Volume (1/2)



Non-recourse Volume (2/2)

Volume (€m)

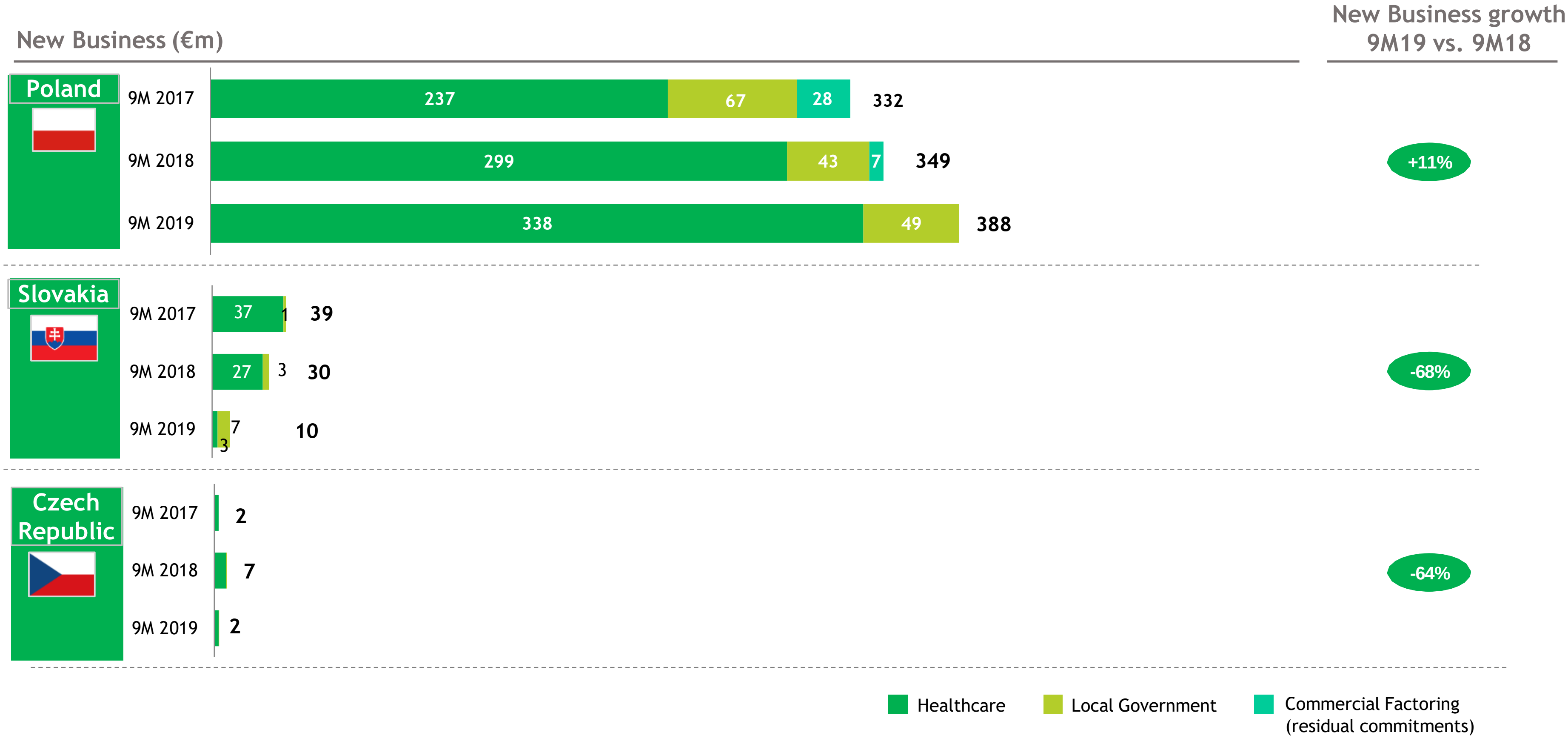
Non-recourse growth 9M19 vs. 9M18

Croatia			
9M 2017	N.a.		
9M 2018	0		N.a.%
9M 2019	0		

France			
9M 2017	N.a.		
9M 2018	N.a.		N.a.%
9M 2019	0		

NHS P.A. Other

New Business



Adjusted Net Income Reconciliation

€m	9M17	9M18	9M19
Group BFF Reported Net income	**68.3**	**58.0**	**60.1**
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)	1.4	(1.5)	(1.1)
Stock Options & Stock Grant	1.1	0.9	1.3
Extraordinary Resolution Fund contribution		0.5	0.5
IOS Finance acquisition and integration costs			1.3
IOS goodwill tax step-up			(1.5)
Adjusted Net Income	**54.6**	**58.0**	**60.6**

Summary Profit & Loss

	9M17 Reported	9M17 Adjustments	9M17 Adjusted	9M18 Reported	9M18 Adjustments	9M18 Adjusted	9M19 Reported	9M19 Adjustments	9M19 Adjusted
Interest Income	171.1	-25.2	145.9	157.7		157.7	163.9		163.9
of which interest income calculated using the effective interest rate method	147.0	-25.2	121.8	136.0		136.0	145.3		145.3
Interest Expenses	-29.8		-29.8	-31.7		-31.7	-35.0		-35.0
Net Interest Income	**141.3**	**-25.2**	**116.2**	**126.0**		**126.0**	**128.9**	**0.0**	**128.9**
Net Fee and Commission Income	5.0		5.0	4.9		4.9	3.6		3.6
Dividends	0.1		0.1	0.0		0.0	0.0		0.0
Gains/Losses on Trading	-2.7	2.0	-0.7	2.0	-2.1	-0.1	1.6	-1.5	0.1
Fair value adjustments in hedge accounting	0.0		0.0	0.1		0.1	0.0		0.0
Gains/losses on disposal/repurchase of									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	0.6		0.6	0.4		0.4	0.1		0.1
Net Banking Income	**144.4**	**-23.2**	**121.2**	**133.3**	**-2.1**	**131.2**	**134.3**	**-1.5**	**132.8**
Net adjustments/reversals of impairment for credit risk concerning:									
a) financial assets measured at amortized cost	-2.3		-2.3	-3.8		-3.8	-0.9		-0.9
b) financial assets measured at fair value through OCI	0.0		0.0	0.0		0.0	0.0		0.0
Administrative Expenses	-46.2	3.9	-42.3	-49.5	2.0	-47.5	-54.3	4.1	-50.2
Net provisions for risks and charges									0.0
a) commitments and guarantees provided	0.0		0.0	0.0		0.0	0.0		0.0
b) other net allocations	-1.2		-1.2	-0.9		-0.9	-1.5		-1.5
Net Adjustments to/ Writebacks on Property, Plan and Equipment and Intangible Assets	-2.4		-2.4	-2.5		-2.5	-3.6		-3.6
Other Operating Income (Expenses)	2.6		2.6	2.2		2.2	4.0		4.0
Profit Before Income Taxes from Continuing Operations	**95.0**	**-19.3**	**75.7**	**78.9**	**-0.1**	**78.8**	**78.0**	**2.6**	**80.6**
Income Taxes	-26.6	5.6	-21.0	-20.9	0.1	-20.8	-17.8	-2.2	-20.0
Net Income	**68.3**	**-13.7**	**54.6**	**58.0**	**-0.1**	**58.0**	**60.1**	**0.4**	**60.6**

Summary Balance Sheet

	9M17 Reported	FY17 Reported	9M18 Reported	FY18 Reported	9M19 Reported
Cash and cash Balances	21.6	80.9	13.2	99.5	26.0
Financial assets measured at *fair value* through profit or loss	0.0	0.5	0.0	0.0	0.0
a) financial assets held for trading	0.0	0.0	0.0	0.0	0.0
b) financial assets designated at *fair value*	0.0	0.0	0.0	0.0	0.0
c) other financial assets mandatorily measured at *fair value*	0.0	0.5	0.0	0.0	0.0
Financial assets measured at fair value through OCI	204.2	101.4	157.0	160.8	131.2
Financial assets measured at amortized cost	3,924.4	4,183.9	4,008.0	4,593.8	4,590.6
a) Loans and receivables with banks	32.8	44.8	20.0	62.8	102.5
b) Loans and receivables with customers	3,891.6	4,139.1	3,987.9	4,531.0	4,488.1
Hedging derivatives	0.3	0.3	0.0	0.0	0.0
Equity Investments	0.4	0.3	0.2	0.2	0.3
Property, Plant and Equipment	12.6	12.8	12.2	12.0	15.4
Intangible Assets	24.9	26.0	25.0	26.4	34.3
Tax Assets	16.7	30.9	19.7	34.2	25.0
Other Assets	11.1	9.8	11.9	14.7	15.9
Total Assets	**4,216.3**	**4,446.9**	**4,247.1**	**4,941.5**	**4,838.5**
Liabilities and Equity					
Financial liabilities measured at amortized cost	3,702.8	3,944.1	3,742.5	4,403.0	4,311.7
a) deposits from banks	541.1	658.0	834.6	1,238.0	1,131.2
b) deposits from customers	2,587.6	2,496.0	2,196.0	2,349.9	2,404.1
c) securities issued	574.2	790.1	711.8	815.2	776.4
Financial Liabilities Held for Trading	0.7	0.5	0.0	0.0	0.0
Hedging Derivatives	0.0	0.0	0.0	0.0	0.0
Tax Liabilities	75.0	82.5	77.4	88.3	88.8
Other Liabilities	96.7	49.7	91.5	78.1	94.9
Employess Severance Indemnities	0.9	0.8	0.9	0.8	0.8
Provision for Risks and Charges	5.6	5.4	4.4	5.0	5.3
Equity	266.3	268.3	272.5	274.1	276.9
Profits for the Year	68.3	95.5	58.0	92.2	60.1
Total Liabilities and Equity	**4,216.3**	**4,446.9**	**4,247.1**	**4,941.5**	**4,838.5**

Breakdown by quarter - BFF Group

Adjusted Values	2017					2018					2019			
Data in €/m	**1Q**	**2Q**	**3Q**	**4Q**	**FY**	**1Q**	**2Q**	**3Q**	**4Q**	**FY**	**1Q**	**2Q**	**3Q**	**9M**
Interest income	54.8	46.8	44.4	66.8	**212.8**	53.4	54.9	49.3	74.0	**231.6**	55.9	52.7	55.3	**163.9**
Interest expenses	(9.8)	(10.3)	(9.7)	(10.1)	**(39.9)**	(11.3)	(10.1)	(10.3)	(11.2)	**(42.9)**	(11.5)	(11.3)	(12.3)	**(35.0)**
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	41.4	43.1	**128.9**
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	42.7	44.4	**132.8**
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)	(18.7)	(18.6)	**(53.8)**
LLPs	(0.7)	(1.2)	(0.4)	(3.7)	**(6.0)**	(1.0)	(2.3)	(0.6)	(1.0)	**(4.8)**	0.0	(0.5)	(0.5)	**(0.9)**
Other*	0.6	0.9	(0.1)	0.9	**2.3**	0.2	0.9	0.2	1.7	**3.0**	0.6	1.7	0.2	**2.5**
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	25.2	25.5	**80.6**
Income Taxes	(8.5)	(6.2)	(6.2)	(10.6)	**(31.6)**	(7.6)	(6.7)	(6.4)	(11.2)	**(31.9)**	(7.6)	(6.2)	(6.2)	**(20.0)**
Net income	21.8	16.3	16.5	29.1	**83.7**	20.3	19.7	18.1	33.8	**91.8**	22.2	19.0	19.3	**60.6**

Reported Values	2017					2018					2019			
Data in €/m	**1Q**	**2Q**	**3Q**	**4Q**	**FY**	**1Q**	**2Q**	**3Q**	**4Q**	**FY**	**1Q**	**2Q**	**3Q**	**9M**
Interest income	79.9	46.8	44.4	66.8	**237.9**	53.4	54.9	49.3	74.0	**231.6**	55.9	52.7	55.3	**163.9**
Interest expenses	(9.8)	(10.3)	(9.7)	(10.1)	**(39.9)**	(11.3)	(10.1)	(10.3)	(11.2)	**(42.9)**	(11.5)	(11.3)	(12.3)	**(35.0)**
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	41.4	43.1	**128.9**
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	41.6	47.0	**134.3**
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)	(20.8)	(19.5)	**(57.9)**
LLPs	(0.7)	(1.2)	(0.4)	(3.7)	**(6.0)**	(1.0)	(2.3)	(0.6)	(1.0)	**(4.8)**	0.0	(0.5)	(0.5)	**(0.9)**
Other*	0.6	0.9	(0.1)	0.9	**2.3**	0.2	0.9	0.2	1.7	**3.0**	0.6	1.7	0.2	**2.5**
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	21.9	27.3	**78.0**
Income Taxes	(13.6)	(6.3)	(6.8)	(9.8)	**(36.4)**	(7.5)	(7.6)	(5.8)	(11.3)	**(32.1)**	(7.3)	(5.3)	(5.2)	**(17.8)**
Net income	34.2	16.4	17.7	27.2	**95.5**	19.8	21.5	16.7	34.1	**92.2**	21.4	16.7	22.0	**60.1**

**other income/other provisions (risk&charges, etc..)*

Asset quality

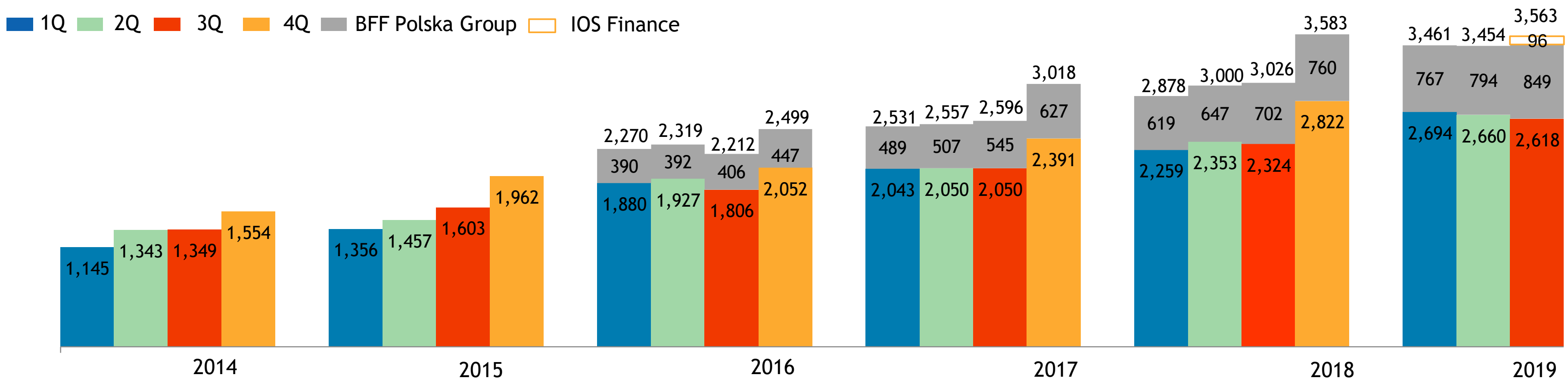
	30/09/2019		
	Gross	Provision	Net
Total non performing	66,936	(12,060)	54,876
Total unlikely to pay	12,962	(2,108)	10,854
Total past due	34,384	(91)	34,293
Total	**114,282**	**(14,259)**	**100,023**

	31/12/2018		
€/000	Gross	Provision	Net
Total non performing	65,106	(24,762)	40,344
Total unlikely to pay	8,680	(1,906)	6,774
Total past due	73,845	(1,273)	72,573
Total	**147,631**	**(27,940)**	**119,690**

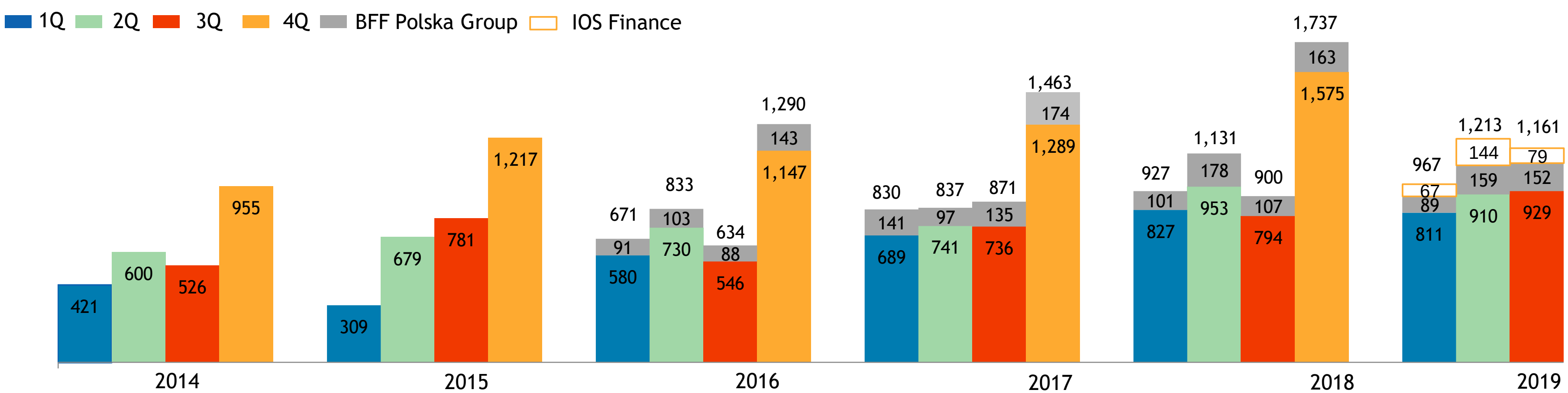
	30/09/2018		
€/000	Gross	Provision	Net
Total non performing	58,867	(22,866)	36,001
Total unlikely to pay	13,835	(3,399)	10,436
Total past due	125,321	(916)	124,405
Total	**198,022**	**(27,181)**	**170,841**

Traditional Business Subject to Seasonality, with Peak in Q4

Loans Evolution by Quarter (€m)



Breakdown of Volume by Quarter[1] (€bn)



Notes: (1) 2019 new business volume include IOS Finance volume