BFF Banking Group Overview

May 2018

A Bank Like No Other

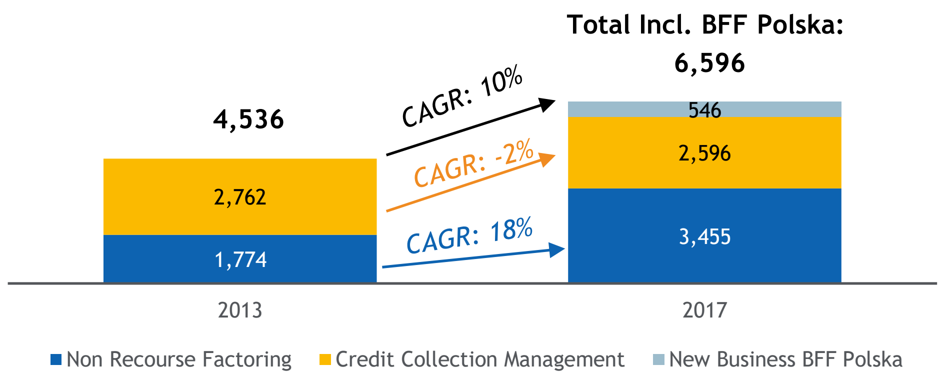
BFF Banking Group: A Bank Like No Other

General Overview

- **Leading financial services provider to suppliers of the European Healthcare and Public Administration sectors**
- **Three main business lines:**
  - **Non Recourse Factoring ("Purchased")** (funded business, 77% of gross revenues[(1)])
  - **Credit Collection Management** (unfunded business, 4% of gross revenues[(1)])
  - **Financing to healthcare entities and Local Government in CEE through BFF Polska** (funded business, 19% of gross revenues[(1)])
- **Long standing relationship with high profile clients,** mainly international and large national companies → Low dilution risk
- Increasing geographic diversification: **32% of costumer loans outside Italy**
- **Consistent track record of profitability and capital generation:** adjusted RoTE of 33% and **more than €400m of capital generated in the last 5 years**[(2)]
- **Low risk profile:** NPLs at 0.6% of loans as of 31/12/2017
- **Sound capital position:** CET1 at 12.6%[(3)] and TC at 17.5%[(3)]

Historical Financials - €/m	FY2013	FY2014	FY2015	FY2016 [(4)]	FY2017
Net Interest Income[(5)]	97.2	107.7	133.0	166.9	172.8
Net Banking Income[(5)]	108.0	117.4	141.9	174.8	180.3
Net Income[(5)]	47.2	57.5	72.3	87.3	83.7
Customer Loans	1,137	1,555	1,962	2,499	3,018
Total Assets	1,608	3,027	3,322	4,735	4,447
Drawn Funding	1,197	1,473	1,616	2,292	2,606
Equity	233	311	331	334	364
CET1	21.5%	27.5%	24.3%	16.7%	12.6%
RoTE Adjusted[(6)]	26%	22%	28%	37%	33%
Cost/Income	30%	32%	30%	32%	34%
COR bps	10	n.m	6	10	20
Net NPL Ratio	0.2%	0.2%	0.1%	0.5%	0.6%

Total New Business Volumes (€m)



Source: Company Filing. Notes: (1) 2017 gross revenues calculated as the sum of interest income on loan to costumers (excluding the one off impact from change in late payment interest "LPI" accounting from 40% to 45%) and commission income; (2) Sum of the reported net income over the last 5 years. (3) 31/12/2017 Banking Group ex TUB; (4) Pro-Forma to include BFF Polska for 12 months; (5) 2013-2015 P&L items are normalized due to change in LPI reporting in 2014 and adjusted to exclude extraordinary costs. 2016-2017 adjusted to exclude extraordinary items (see appendix for details); (6) RoTE adjusted combined = NI adjusted/tangible equity excluding NI of the period.

Long and Successful Track Record in a Changing Environment

- Established in 1985
- Initial investment of €260k (*the only investment ever done*)
- Focused on the collection management of the receivables of the suppliers to the Italian NHS

- Spanish subsidiary active since 2011

FARMAFACTORING ESPAÑA

- Expand funding base:
  - Senior bond issued in June 2014
  - Italian Online deposit launched in September 2014

FACTO

- Acquisition of Magellan in June 2016. Name changed to BFF Polska from March 2018

- Listing on Borsa Italiana Stock Exchange in April 2017 (37% free float)(1)

- Authorized to enter the Croatian market in January 2018

From 1985 to 2005

Enhanced Profitability 2006 - 2010

Resilient during crisis 2011 - 2013

Growing and diversified funding base to support further growth opportunities and geographical diversification 2014 - 2018

- Started in 1990 the activity of non-recourse factoring

Turning point: BFF becomes bank in July 2013

- Start changing the funding mix
- Launch of activities in Portugal in 2014

- Further funding expansion
  - Launch of online deposit in Spain in 2H 2015
  - Entered in the German deposit market in 2016
- Increased volumes in PA and Iberia
- Senior bond issued in June 2016

FACTO

- 10NC5 Tier 2 Subordinated bond issued in March 2017

- 5Y senior unsecured bond issued in June 2017

- Launched activity in Greece in September 2017

- 2.5Y senior unsecured bond issued in December 2017

Source: Annual Report. Notes: (1) Free Float of 36,599%.

Leading Provider of Credit Management and Working Capital Solutions to Public Sector Suppliers in Southern Europe and CEE

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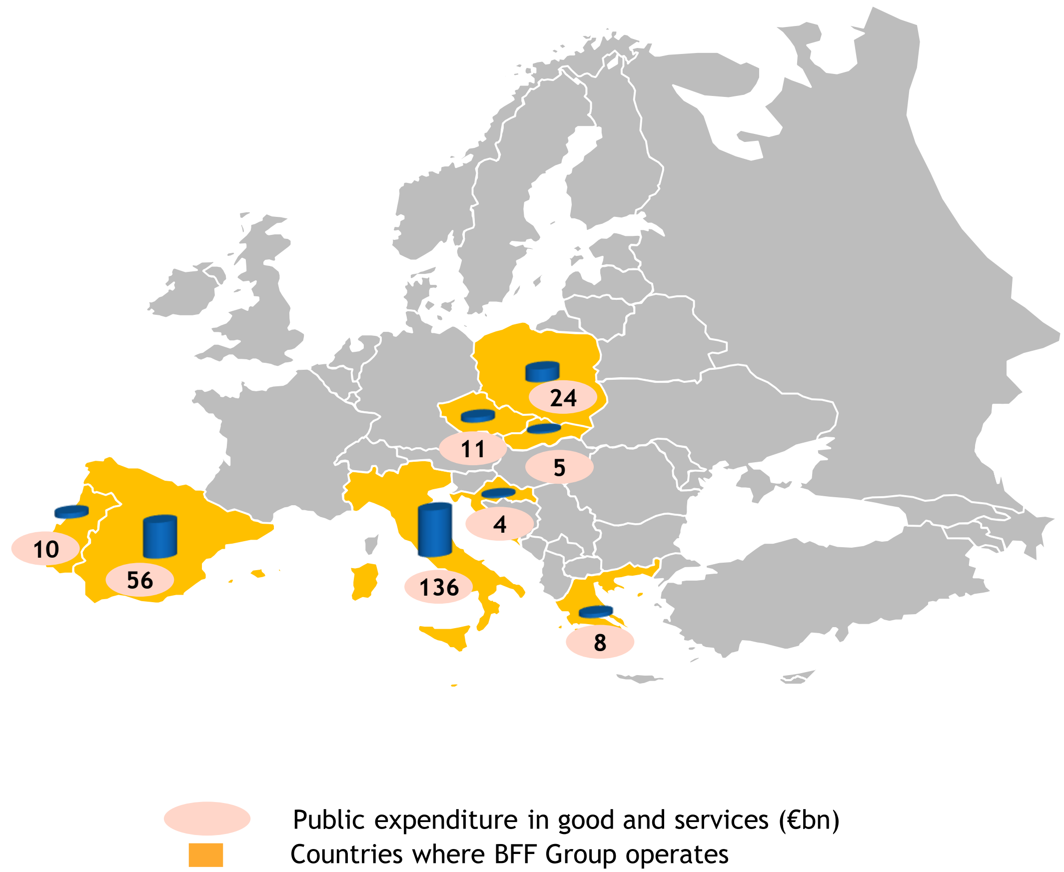
Structural Delay in Payments in the Public Sector

- Some European countries have structural delays in payments due to Public Administration suppliers, because of:

1. Mismatch between centralised tax collection and decentralised public spending
   - Only 16% of total public expenditure for goods and services in Italy is controlled by Central Government
2. Administrative complexity: 22,948 Italian public entities(1), 18,838 Spanish public entities(2) and 4,069 Portuguese public entities(3)
3. Commercial debt not classified as public debt, allowing financial flexibility to governments

- Government interventions in Italy and Iberia have not been effective in reducing the delays on a long-term basis

€255bn of Public Sector expenditures in the countries we operate in



Source: Eurostat

Notes: (1) Souce IPA, Indice delle Pubbliche Amministrazioni; (2) Source IGAE, Intervencion General de la Administracion del Estado; (3) Source Associação Nacional Municípios Portugueses, Direcção Geral do Orçamento and Commissao Nacional de Eleicoes; Data as of 2016.

Key Credit Highlights

1 ***Leader in a large market with a solid business model…***	▪ **Market leader** in an unpenetrated market with high barriers to entry ▪ **Long track record** in dealing with Public entities and **deep knowledge** of the payment dynamics and strategies ▪ **Long-standing relationship** with top suppliers to the PA (leading multinational and national suppliers) ▪ **Solid and simple business model with a clear and transparent loan book** (factoring loan book regenerate every year with limited commercial effort) ▪ Growing business with **increased geographical and business diversification** ▪ **Highly profitable business also during the most severe crises**
2 ***..able to deliver superior profitability …***	▪ Consistent growth in net banking income **while maintaining an efficient cost structure** ▪ **High gross yield** on customer loans (7.9% in 2017) with short duration of the loan book ▪ **Growth in business areas with lower capital absorption** resulting in higher **net return on RWAs (RoRWAs: 12.6%)** ▪ **Adjusted net income for 2017 of €84m**[1] (€95.5m reported), almost double from €47m in 2013 ▪ **Significantly improved RoTE** thanks to a more efficient use of capital (2017 RoTE adjusted at 33%)

3 ***… while maintaining a low risk profile ..***	▪ **Essentially exposure to public debtors** (91% of total assets) translating in a **low risk profile** (NPLs at 0.6% of loans and CoR of 20bps, 14bps excluding SME factoring business placed in run-off at the end of 2017)
	▪ **Robust capital position** maintained also after the cash acquisition of BFF Polska (ex Magellan), net income pay-outs and the Italian downgrade by DBRS in 2017:
	  ▪ **FY2017 Total capital ratio of 17.5%**[2], above company target of 15% and 10.75% SREP requirement
	  ▪ **FY2017 CET1 ratio equal to 12.6%**[2], 2.0x the current SREP requirement of 6.55%
	▪ **Additional unrecognised LPI stock of €350m (pre-tax)** represents a further buffer to an already strong capital position

4 ***… and with a growing and diversified funding base***	▪ **Conservative asset / liability management approach:** funding duration higher than that of receivables ▪ **Diversified and flexible funding base** with successful ramp-up of online deposits and ample access to capital markets also on an unrated basis ▪ **Strong liquidity position** with a LCR of 287% and with c. €0.8bn of undrawn funds available on average over the last 3 years

Source: Assifact and company financial statement Notes: (1) FY17 excluded extr. items; (2) Capital ratios Banking Group ex TUB.

We Operate in an Underpenetrated €255bn Market, with Leadership Position in Many Geographies and Attractive Opportunities for Growth…

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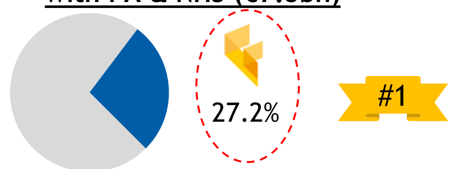
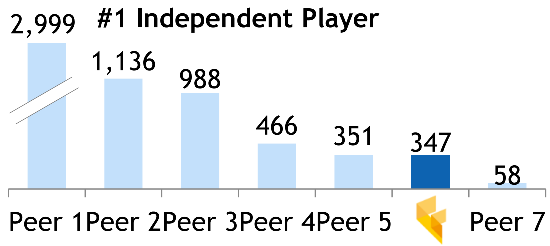
Key Considerations

- **Total potential market is** the public sector expenditure in goods & services, **c. €255bn in Italy, Spain, Portugal, Poland, Slovakia, Czech Republic, Croatia and Greece**
- In Southern Europe, stable expenditures despite austerity measures
- Growing public sector expenditures in CEE
- **Authorized to enter the Croatian market** in freedom of service. Launch date expected for 2Q18 with initial focus on healthcare

BFF Positioning

Non-recourse Factoring outstandings with PA & NHS (€7.5bn)

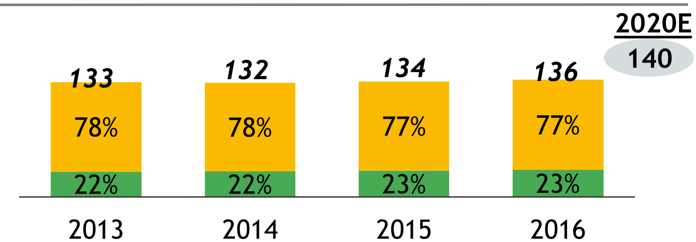


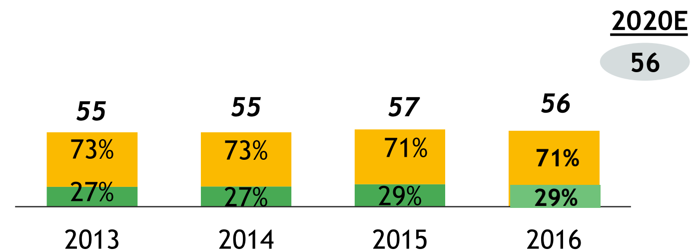


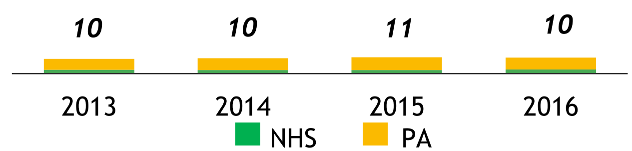
- #1 Independent Player
- Sole specialised player in Portugal

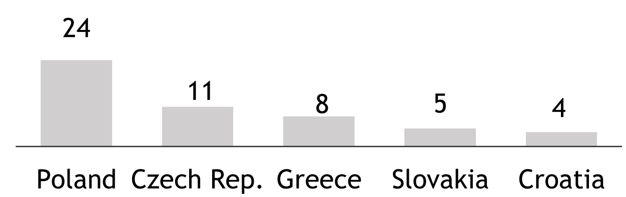
- Leader in alternative financing in Poland
- Sole specialised player in Slovakia
- One of the few specialist in Czech Republic
- Sole specialised player in Greece
- Sole specialised player in Croatia

Total Public Expenditure in Goods and Service (€bn)









Source: PwC, IMF, DEF 2016 and 2017, Ministero de Sanidad, Servicios Sociales e Igualdad, Ministerio de Hacienda y Administraciones Públicas, and Actualizacion del Programa de Estabilidad 2016-2019 - Reino de Espana, Instituto Nacional de Estatistica - Portugal.

...With a Solid Business Model...

Suppliers

- Leading multinational and national suppliers of the public sector → low dilution risk
- Recurring business thanks to long-standing relationship with top suppliers to the PA → top 10 clients have been BFF clients for more than 16 years
- Majority of clients have outsourced their credit management activities to BFF → significant barrier to entry
- More than €2.4bn on average[(1)] of recurring volumes purchased from established clients[(2)] → limited commercial effort to regenerate the factoring portfolio
- Short term duration of the receivables purchased and quick regeneration → constant repricing

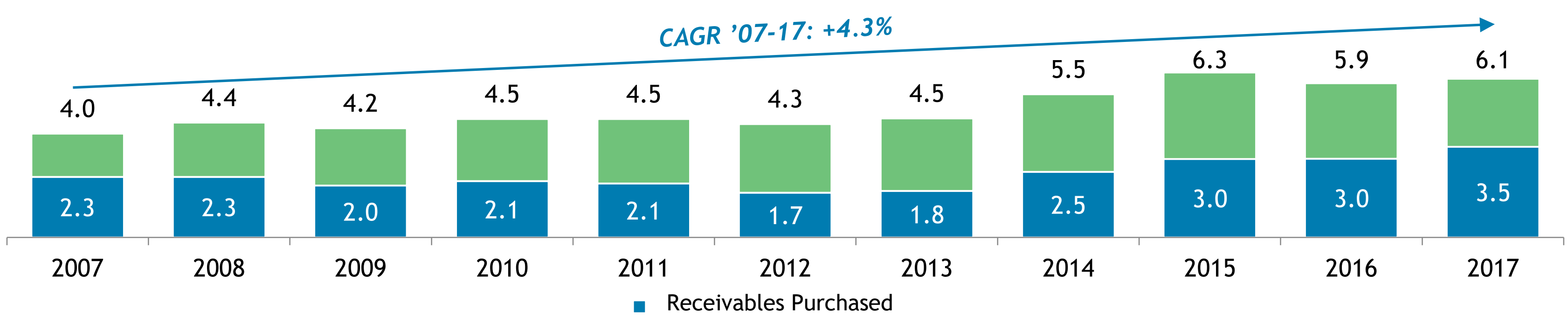
BFF Banking Group

- **Highly experienced senior management team with a long tenure in the Group** (> 12 years on average)
- **Advanced and scalable IT platform developed in-house**
- **High barriers to entry: scale is critical to succeed**

Debtors

- Entities of the public administration in Europe → negligible Cost of Risk
- Long track record in dealing with Public entities and deep knowledge of the payment dynamics → better collection
- A proprietary database built over 30 years of experience enabling for an accurate estimate of collection time and credit risk → better pricing
- Low risk of underlying receivables (commercial debt not subject to sovereign privilege, unlike sovereign debt)
- Short term duration of the receivables purchased and quick regeneration → clear and transparent loan book

Volumes (excluding BFF Polska) (€bn)

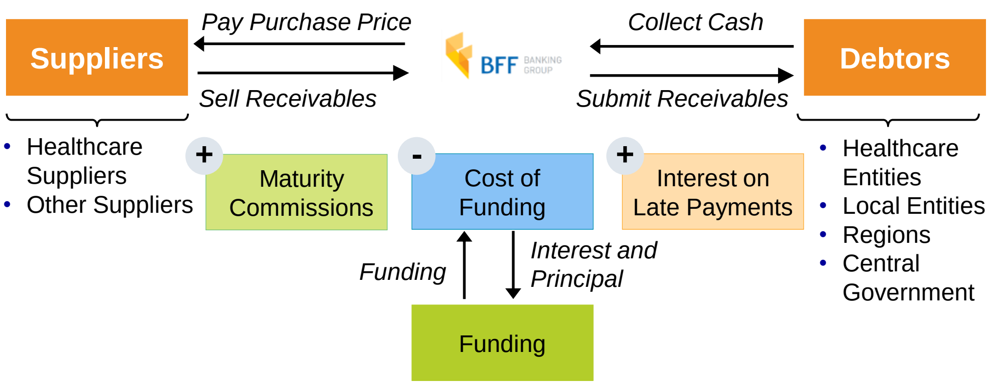


Source: Company data. Note: (1) Last three years average; (2) Recurring non-recourse clients defined as clients who concluded at least 1 transaction per year in the 2015 – 2017 period.

...With Revenues Coming from both Suppliers and Debtors

Focus on Non-recourse Factoring – Revenues Model

- Non-recourse purchase of receivables towards the European Public Administration (National Healthcare System and other PA)
- Receivables are purchased from the supplier at discount (maturity commission) and already past due (accruing Late Payment Interests to be collected from the debtor)



- Thanks to the service offered by BFF, **the suppliers benefit from**:
- ✓ De-risking
- ✓ Certainty of collection
- ✓ Efficient processing
- ✓ Good commercial relationship between customers and debtors

Stable Regulatory Framework

- BFF has a consolidated experience in collecting LPIs form the PA with over €600m LPIs collected over the last 10 years
- LPIs are regulated by EU law, starting from a 2002 EU directive. In particular, receivables against PA accrues Late Payment Interests ("LPI") at a rate of 8% over Central Bank base rate when not paid on time (within 60 days for NHS and 30 days for other PA)
- The conclusion of the latest European Commission's impact assessment report on the implementation of the LPI directive is that ***"… it is recommended that the Directive is maintained in its current form…"***
- The directive is binding to all the member states

Source: Company data, Report from the Commission to the European Parliament and the Council on the implementation of Directive 2011/7/EU of the European Parliament and of the Council of 16 February 2011 on combating late payment in commercial transactions (Bruxelles 26/08/2016)

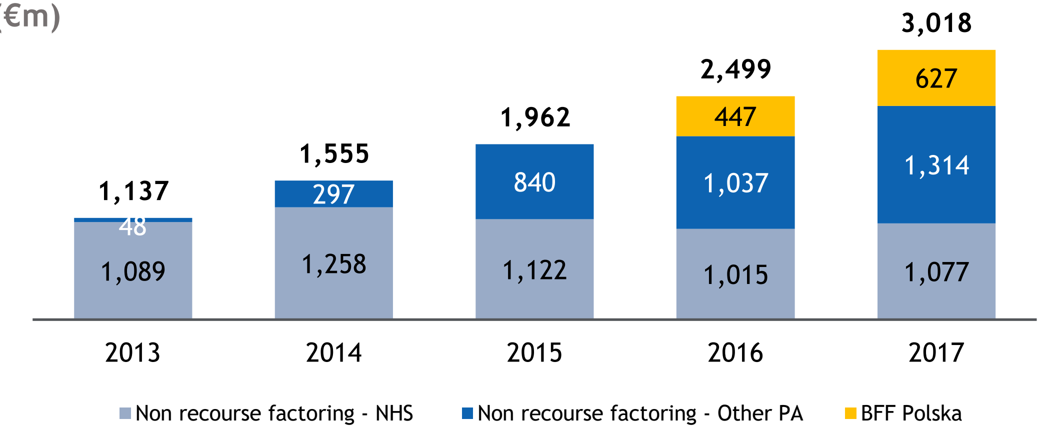
A Growing Business, Increasingly Diversified…

Key Considerations

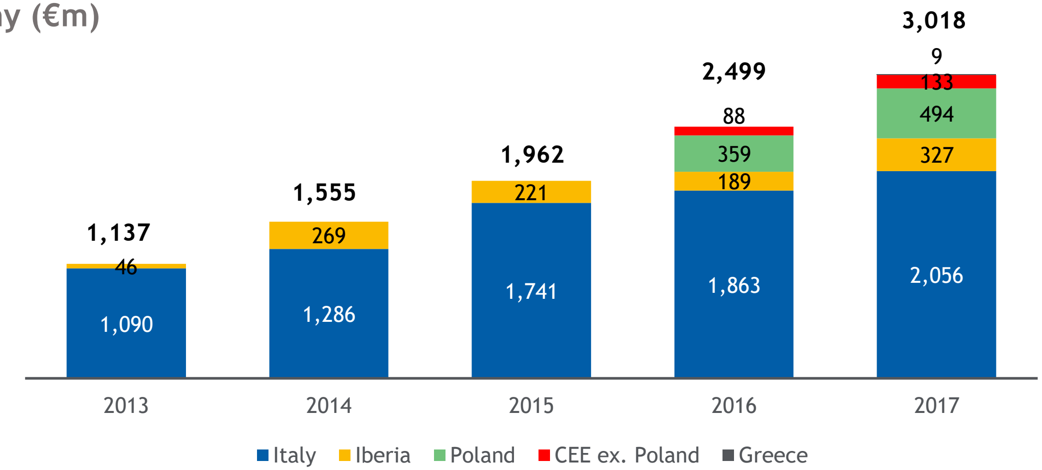
- Significant customer loans growth **with an higher contribution from less capital intensive segments**
  - Ongoing diversification towards segments with lower risk weighting (i.e. local governments and Spanish NHS are risk weighted at 20%) reducing Italy NHS contribution (risk weighted at 100%)
- **Increased geographic diversification** with strengthened exposures in non domestic markets
  - Launched activity in Greece in September 2017
  - Authorized to operate in Croatia in freedom of service regime. Launch date expected for 2Q18 with initial focus on healthcare

Customer Loans Evolution (€m)

By Product (€m)



By Geography (€m)



Source: Company data.

...With a Positive Trend in Earnings through Every Season

Net Income (2007-2017)

IT Lira 500m (€260k) invested in 1985 - c.€530m dividend distributed and no capital injection after the incorporation

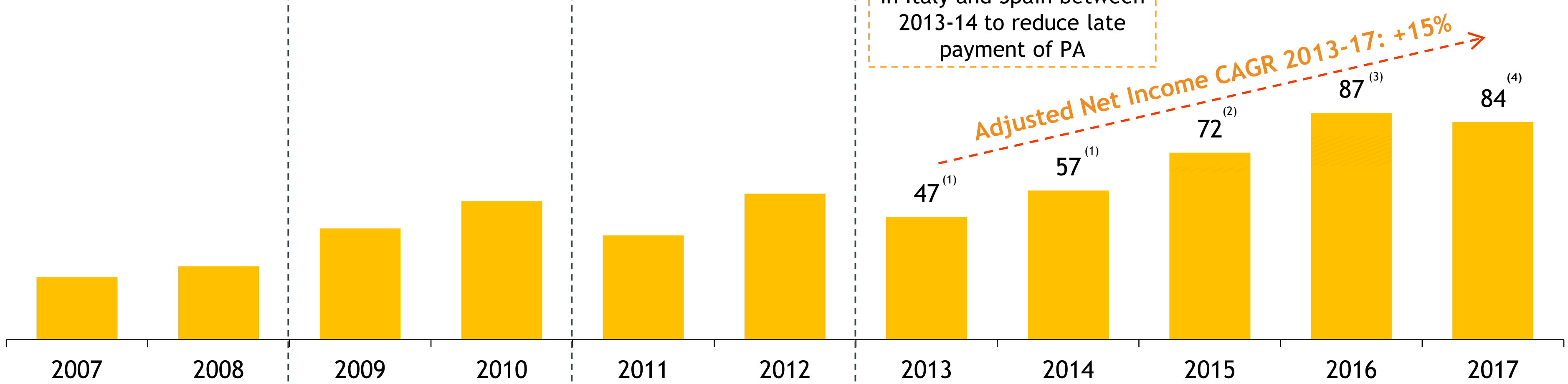
Regulated financial intermediary | **BFF with Banking License**

Credit Bubble | **Financial Crisis** | **Sovereign Debt Crisis** | **Low interest rate and plenty of liquidity for Gov. and clients**

Rating Action on ITA Gov.

- Downgrade from A+ to A S&P (Sep-11)
- Downgrade to BBB+ by S&P (Jan-2012)
- Downgrade to BBB by S&P (Jul-2013)
- Downgrade to BBB- by S&P (Dec-2014)
- Downgrade to BBB by DBRS (Jan-2017) Upgrade to BBB by S&P (Oct-2017)

Government interventions in Italy and Spain between 2013-14 to reduce late payment of PA



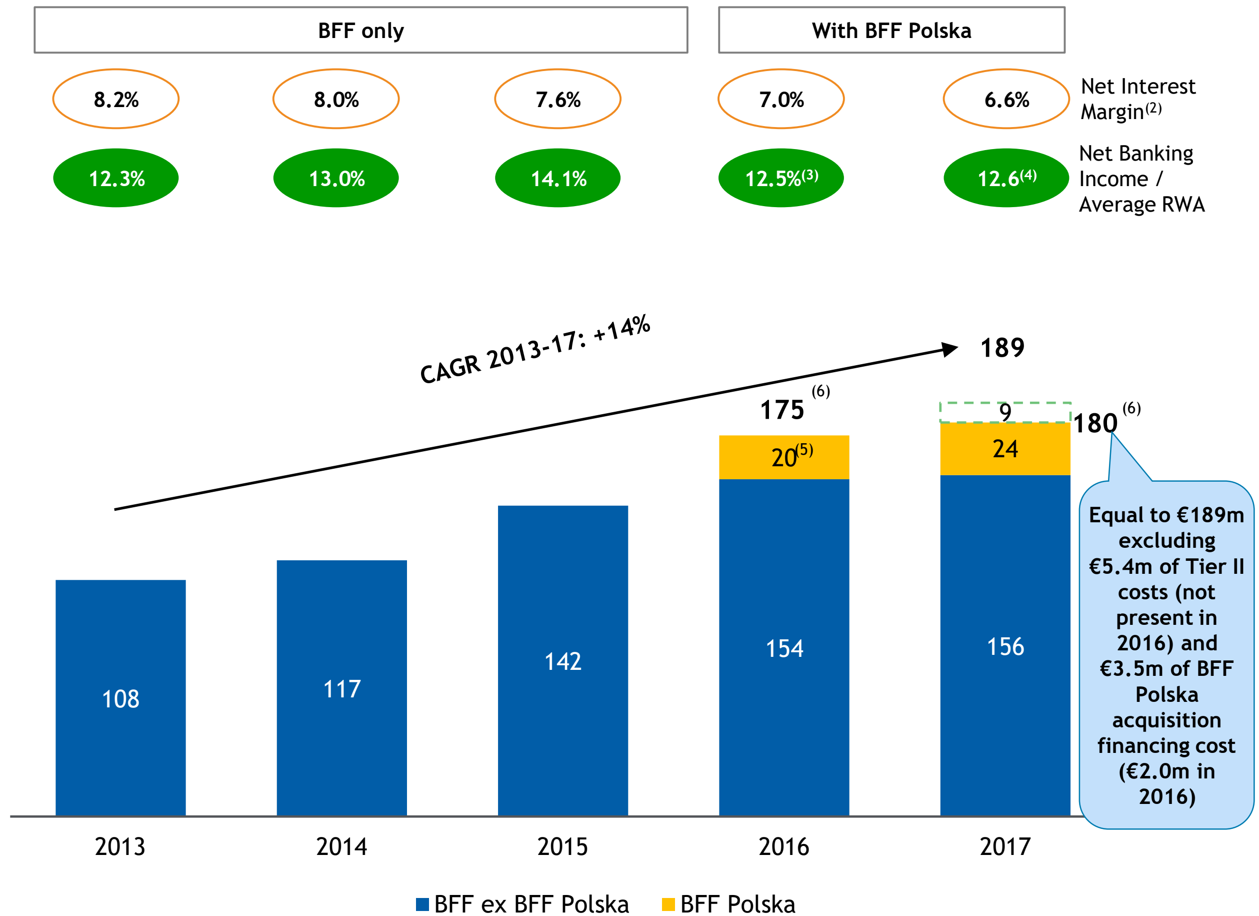
Source: annual reports. Notes: (1) 2014 and 2013 net income normalised for change in LPI accounting; (2) Adjusted to exclude extraordinary costs. For 2015 adjusted net income includes ca. €0.3m ordinary contribution to Fondo Interbancario and Resolution Fund and excludes €0.7m of extraordinary contribution to Resolution Fund; (3) Excluding €11m of extraordinary expenses and including €4m BFF Poslka 5 months contribution; (4) Excluding €12m of net positive extraordinary items .

Recurring Earning Capacity & Growth in Net Banking Income

Key Considerations

- **Adjusted net banking income CAGR 2013-17 of 14%:**
  - **+3% growth in 2017 vs. 2016** (net of one-off) thanks to higher average outstanding and to lower interest expense driven by a diversified funding base
  - 2017 net banking income increased despite **cost of funding affected by** Tier II issuance and full year impact of the BFF Polska acquisition financing cost for **additional €6.9m of interest and commission expenses**
- LPI over-recovery recognized only when collected, resulting in significant income deferral
- **Larger balance sheet coupled with lower capital absorption to generate better return on RWAs**
  - Lower RWA density thanks to a better loan mix (52% in 2017 vs 56% in 2016)[7]
  - Return on RWA in 2016 and 2017 impacted by BFF Polska acquisition

Adjusted Net Banking Income[1] (€m)



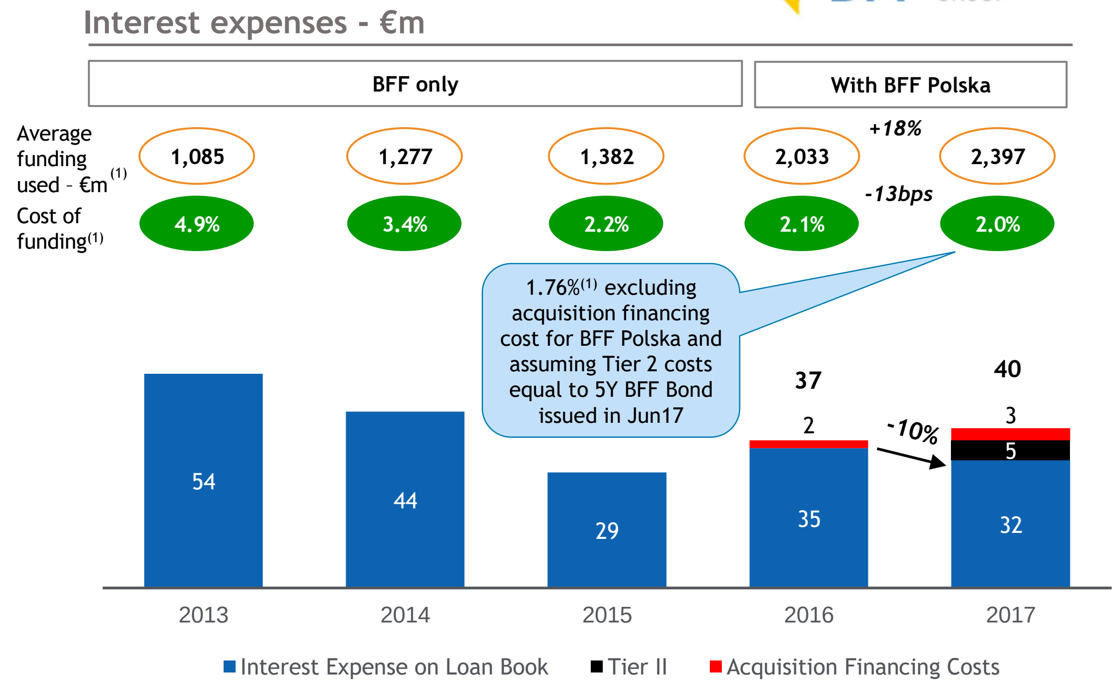
Notes: (1) Including 12 months of BFF Polska for 2016 data and adjusted for extraordinary items; (2) Net Interest Margin = Adjusted Net Interest Income / Average Loans. Excluding Tier II costs and BFF Polska acquisition financing costs. (3) Excluding BFF Polska acquisition financing costs and calculated on YE2016 RWA (not on average since RWA for BFF Polska are available only from YE2016); (4) Adjusted for the DBRS downgrade and excluding Tier2 and BFF Polska acquisition financing cost; (5) €20m BFF Polska NBI for 12 months (€12m relative to the 7 months post BFF's acquisition and €8m relative to the 5 months before the acquisition); (6) Adjusted to exclude €25.2m positive one-off impact of change in LPI accounting from 40% to 45% for 2017, -€4.7m of change in exchange rates impact for 2017 (+€0.4m for 2016) and -€3.5m commissions costs (including waiver) related to BFF Polska acquisition for 2016 only. Includes €5.4m of interest expenses and commissions related to Tier II for 2017 and €3.5m of BFF Polska acquisition financing for 2017 (€2.0m for 2016); (7) Calculated as RWA / Customer Loans at YE. 2017 RWA adjusted for DBRS Italian downgrade

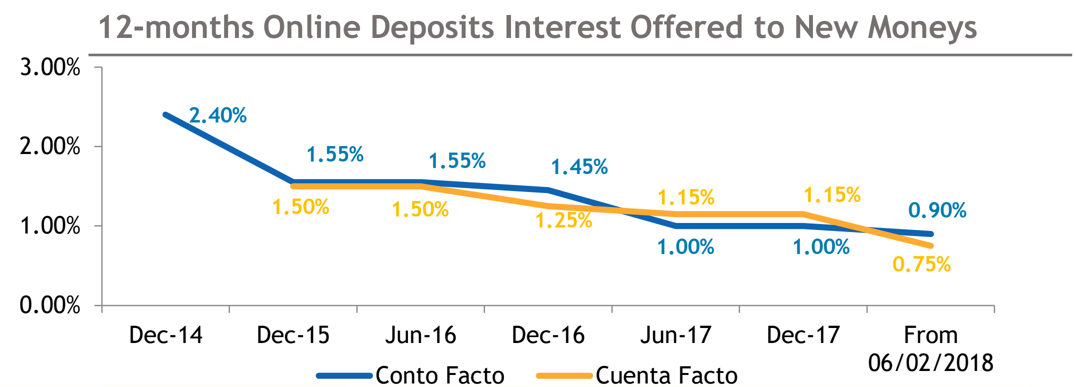
Potential for Further Funding Cost Optimization

- **Reduction in cost of funding continued** with an average cost of funding of 2.0% in 2017, more than offsetting Tier 2 issuance and BFF Polska acquisition cost

- Increasing interest expenses from €37.1m to €39.9m in 2017, mainly due to *i.* the impact of Tier II (€4.9m in 2017, not present in 2016), *ii.* the cost of the acquisition financing for BFF Polska (€3.1m in 2017 vs €1.8m in 2016), *iii.* the increase of funding (in particular the Zloty funding for BFF Polska which are financed at an higher base rate)

- **Good visibility on further cost of funding reduction:**
  - Repayment at maturity of €300m 2.75% coupon 3y bond on 12th June 2017; new €200m 2.0% coupon 5y bond issued on 29th June and €200m Euribor 3M + 1.45% coupon 2.5Y bond issued on 5th December 2017
  - Rates offered on 12-month online deposits decreased in February 2018 to 0.90% and 0.75% respectively in Italy and Spain with the benefit to unfold once the deposits are reinvested at lower rates





Source: annual reports, Prospectus. Notes: (1) Excluding ECB funds and REPO.

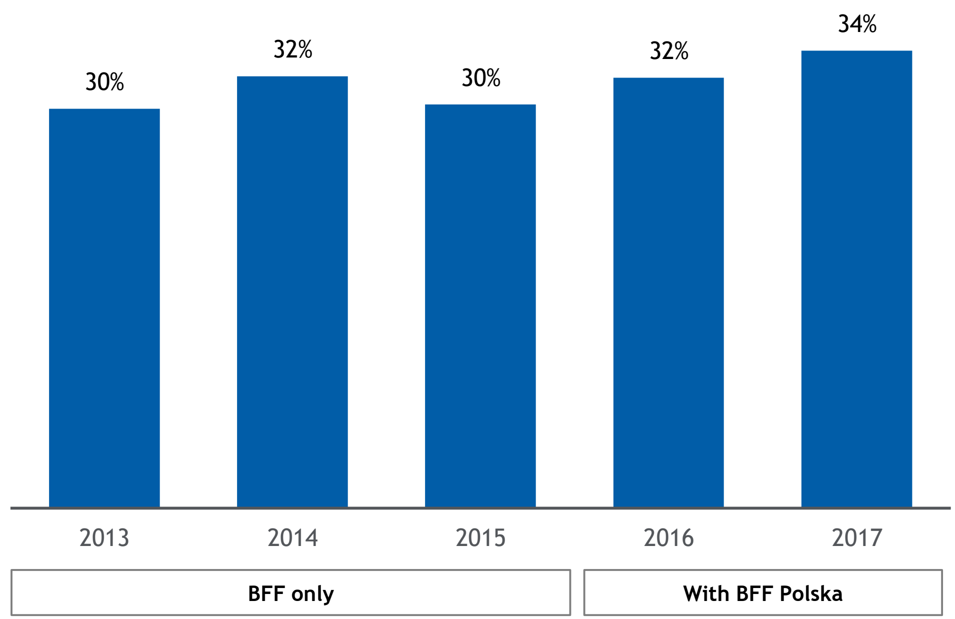
Outstanding Cost Efficiency, despite Investment in Growth

Key Considerations

- **Best in class Cost / Income ratio[1]:**
  - Cost / income ratio historically around 30%[3]
  - Successfully managed the increase in business volume, the diversification of debtors, and the acquisition of BFF Polska maintaining a stable Cost / Income ratio
  - Remuneration of top management consists also of a variable component: up to 100% of fixed base and zero if budget targets are not met
- **Invested for establishment of a bank and future growth:**
  - Since 2013, operating costs also include investments incurred to become a bank
  - Significantly invested to sustain future growth
  - Expanded employees base (mainly in sales, Spain, online banking and control functions), to comply with banking licence requirements and support business expansion

Cost / Income [1,3]

	2013	2014	2015	2016	2017
Number of Employees	113	151	188	409	412
Tot. Adj. Opex	32	38	43	56[1]	61[1]
Cost / Customer Loans [1,2]	2.8%	2.4%	2.2%	2.3%	2.0%



Source: Company data. Notes: (1) Costs adjusted to exclude extraordinary costs: 2017 gross extraordinary costs of €3.9m (€1.5m related to stock option plan (pro-rata) related to IPO; €2.4m related to the IPO process), 2016 gross extraordinary costs of €12.6m: €3.5m related to IPO, €2.2m extraordinary contribution to Resolution Fund and the rest for the BFF Polska acquisition and includes 12 months of BFF Polska; 2015 adjusted number includes ca. €0.3m ordinary contribution to Fondo Interbancario and Resolution Fund and excludes €0.7m of extraordinary contribution to Resolution Fund, (2) Cost / assets calculated on customer loans, (3) cost / income computed as operating expenses (administrative expenses + staff expenses + amortization on tangible and intangible assets) divided by net banking income.

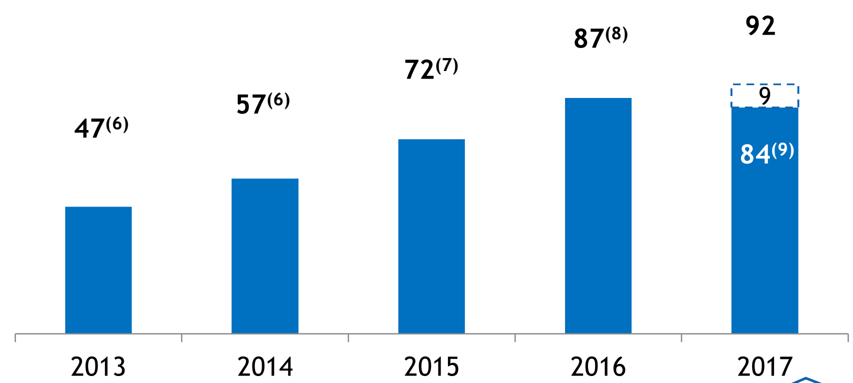
High Recurring Profitability and Significant Internal Capital Generation

Key Considerations

- Almost doubled net income in the last 5 years to €84m
  - 2017 adjusted net income include €7.5m "new" costs not present in 2016 and €1.3m of negative impact on P&L related to BFF Polska SME factoring business placed in run-off at the end of 2017
  - Excluding these costs, **the adjusted net income 2017 would be €92.5m**
- Significantly improved return on capital thanks to an efficient use of capital with 2017 RoTE adjusted at 33%
- Consistent profitability also weighted for tangible assets around 3%

Net Income adj[(1)] (€m)

	BFF only			With BFF Polska		Considering NI of €92.5m for 2017
	2013	2014	2015	2016	2017	
Adj. RoTE combined[(1)]	26%	22%	28%	37%	33%	36%
Net Income / Tangible Assets[(2)]	3.1%	3.4%	3.5%	3.2%	2.6%	2.9%
Net Income / RWA[(3)]	5.4%	6.4%	7.2%	6.2%[(4)]	5.6%[(5)]	6.2%



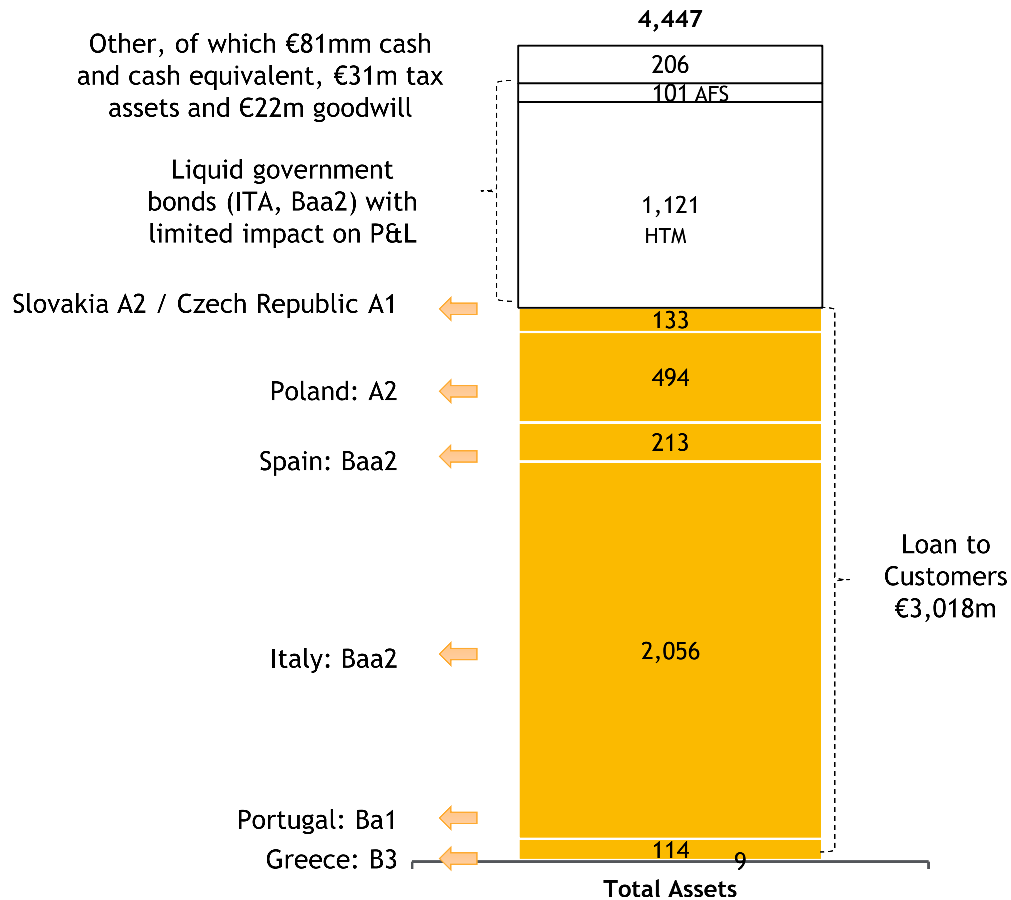
Equal to €92.5m excluding:
i. €3.9m of Tier II cost, not present in 2016
ii. €1.1m of BFF Polska acquisition financing for 5 months not incl. in 2016
iii. €2.0m of ACE tax benefit reduction
iv. €0.5m FITD voluntary scheme contrib. write off
v. €1.3m of BFF Polska SME factoring impact

Source: Company data. Notes: (1) RoTE = NI adjusted/tangible equity; (2) Net Income / Tangible Assets = NI adjusted / (total assets excluding derivatives, AFS , HTM securities and intangibles); (3) Net Income / RWA = Net Income adjusted / Average RWA (4) Calculated on YE2016 RWA; (5) RWA 2017 adjusted for the DBRS downgrade; (6) 2013 and 2014 NI pro-forma for change in LPI accounting;(7) 2015 adjusted NI includes c.€0.3m ordinary contribution to Fondo Interbancario and Resolution Fund and excludes €0.7m of extraordinary contribution to Resolution Fund; (8) NI adjusted for €11m extr. costs and €4m for 5 months BFF Polska contribution. (9) 2017 excluded extraordinary items net of taxes of: €17.8m related to the change in LPI accounting from 40% to 45%; €1.7m costs related to IPO; €1.1m costs related to stock option plan; €3.3m post tax negative effect from exchange rate movements on the debt for the acquisition of BFF Polska, offset at the comprehensive income and equity level by a corresponding increase in value of the BFF Polska asset, given the natural hedging put in place at the time of the acquisition.

High Credit Quality Asset Base..

- **91%[1] of total assets consist of exposure to the public sector** with assets composed of commercial receivables and loans towards public administrations and government bonds
- **No history of "haircut"** on commercial receivables
- High **gross yield on customer loans** (7.9% in 2017)
- **Short duration of the receivable** (below 9 months on average for the factoring business)
- **High creditworthiness of the counterparties:**
  - Negligible credit risk (entities of the public administration in Europe)
  - Low dilution risk towards clients (mostly multinational and large corporates)

Balance sheet breakdown as of December 2017 (€m)

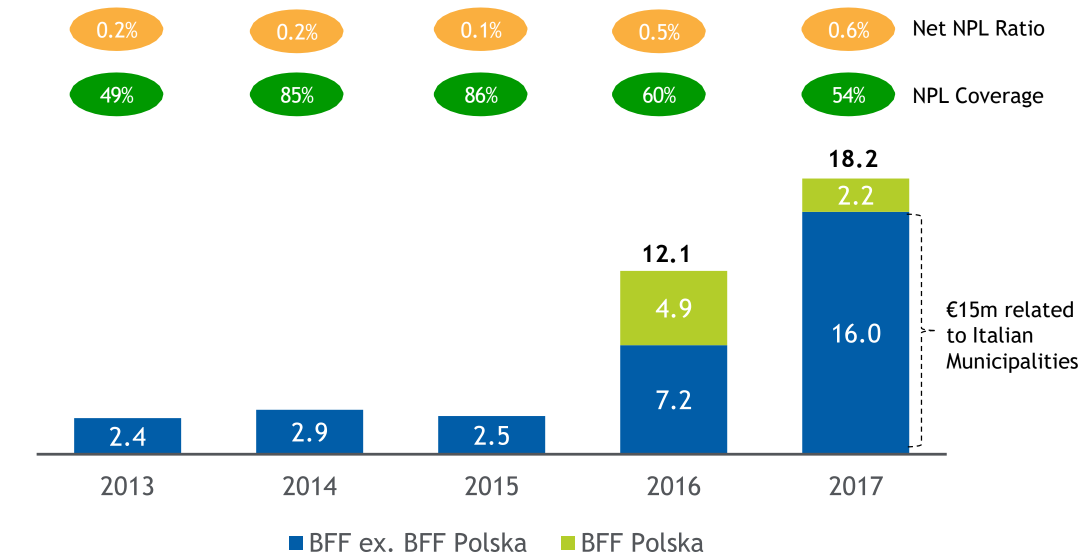


Source: Annual report, press release and company's disclosure. Notes: Rating showed for the assets side is the Moody's sovereign rating (in order to be comparable with the rating assigned to the tranches of the securitization transactions analyzed in the following pages). (1) Based on total assets excluding cash and intangibles.

…Translating in Negligible Credit Risk…

- Total Net Impaired Loans amounts to €94.7m as of December 2017, 3.1% of total net loans, and is mainly made up of net past due (74% of the total), which are embedded in the nature of BFF business (i.e. managing payment delays from the public administration)
  - Net past due are for 83% towards public administration and public sector (93% also including state owned companies)
- Out of the €18.2m Net NPLs, €15m are related to Italian municipalities in financial distress (o/w €2.8m already in financial distress at the time of purchase) and €1m is related to the exposure to San Raffaele Hospital
  - We expect 100% recovery on Italian municipality exposure and San Raffaele Hospital
- The remaining €2.2m of net NPLs refers to BFF Polska (ex. Magellan Group) with a coverage ratio of 65%, of which €0.5m from the SME factoring business placed in run off
- Net Unlikely to pay are all attributable to the BFF Polska

Net Non Performing Loans (NPL) Evolution (€m)



Asset Quality - €/000	FY2016	%	FY2017	%
Gross Non Performing Loans	30.003	*1.2%*	39.587	*1.3%*
Provisions	*(17.938)*		*(21.412)*	
A. Net Non Performing Loans (NPL)	**12.065**	***0.5%***	**18.175**	***0.6%***
Net NPL purchased performing	*11.573*		*15.351*	
Net NPL purchased already impaired	*492*		*2.824*	
B. Net Unlikely to Pay	**3.614**	***0.1%***	**6.760**	***0.2%***
C. Net Past Due	**46.167**	***1.8%***	**69.794**	***2.3%***
Total Net Impaired Loans (A+B+C)	**61.847**	***2.5%***	**94.730**	***3.1%***
Total Net Impaired Loans ex. Past Due (A+B)	**15.679**	***0.6%***	**24.935**	***0.8%***

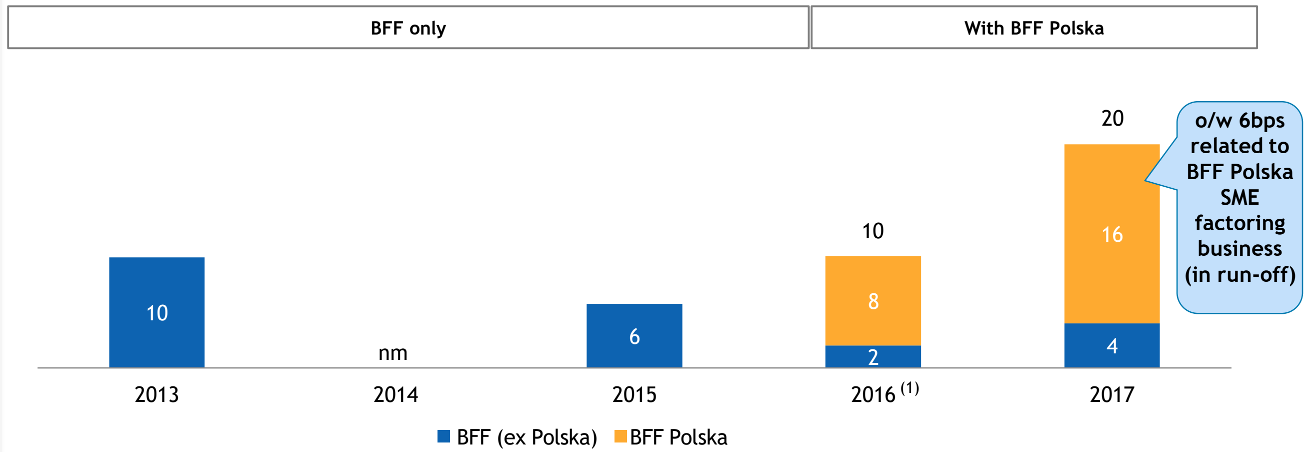
>90% of past due refers to PA and public sector (including state owned entities)

…And a Limited Cost of Risk, with Conservative Provisions

BFF BANKING GROUP

- Negligible cost of risk of 20bps in 2017:
  - 6bps related to the SME factoring business (in run-off)
  - 10bps related to BFF Polska (excl. SME factoring business)
  - 4bps related to “comuni in dissesto” (Italian municipalities in financial distress)
- 2007-2008 balance sheet clean-up post acquisition by private equity firm, followed by reversals in 2009-2012
- Conservative provisioning:
  - c. 18% of total net impairments made are generic provisions
  - more than 40% of total gross specific provisions made before have been recovered through reversals
- Positive impact expected from the adoption of the IFRS 9 accounting principle thanks to the public sector exposure and short term duration of the loan book
- Do not expect impacts due to the recent ECB calendar provisioning guidelines

Cost of Risk (bps)



Impairments / Reversals (€m)

	BFF only									With BFF Polska	
Provision	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016[2]	2017
Total Net Impairments / Reversals	(5.6)	(7.0)	0.1	2.1	0.8	0.5	(1.1)	0.0	(1.1)	(2.2)	(6.0)
o/w Generic Provisions	-	-	-	-	-	(1.7)	(0.2)	(0.1)	(1.1)	(0.3)	-
o/w Specific Provisions	(5.6)	(7.0)	(1.8)	(1.8)	(0.2)	(1.2)	(1.0)	(0.4)	(0.2)	(2.9)	(7.2)
o/w Reversals	-	-	1.9	3.9	1.0	3.4	0.0	0.5	0.2	0.9	1.1

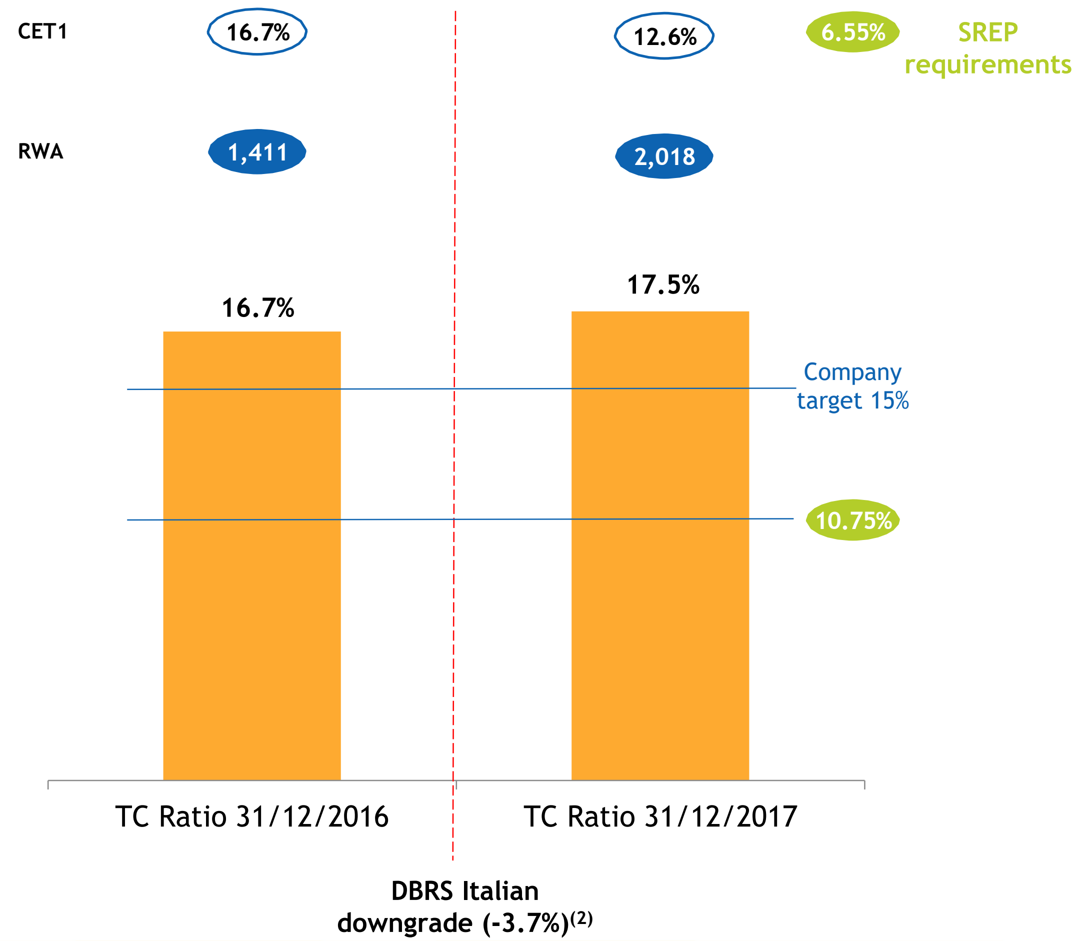
Mainly includes BFF Polska’s provisions for €5.1m

Source: Annual report. Notes: (1) 2016 CoR of 10bps include 12 months for BFF Polska (i.e. -€2.7m of total net provisions); (2) only account for 7 months for BFF Polska.

…Backed by a Strong Capital Position despite high RWA density due to Standard Model…

- Robust capital position maintained also after the cash acquisition of BFF Polska, the full 2017 adjusted net income pay-out and the DBRS Italian downgrade
- Prudent Dividend Policy with the aim to protect the capital: no dividends distributed unless in excess of 15% TC ratio
- **Banking Group Total Capital ratio equal to 17.5%**
  - €84m dividend not included in the capital ratios (equal to additional 397 bps of CET1 and 391 bps of Total Capital)
  - 250bps Total Capital in excess of 15% target available to sustain RWA growth
- **Banking Group CET1 ratio equal to 12.6%:**
  - **c.** 2x the CET1 SREP requirement of 6.55%
  - 16% adjusted for the DBRS downgrade in line with 2016 despite the strong growth in loans
- **Conservative RWA calculation based on standard model** and with Italian exposure to NHS and other PA risk weighted at 100%[(2)]. One Italian rating upgrade would move the risk weighting to 50% with a 4.8% positive impact on Total Capital Ratio and a 3.4% impact on CET1 Ratio

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



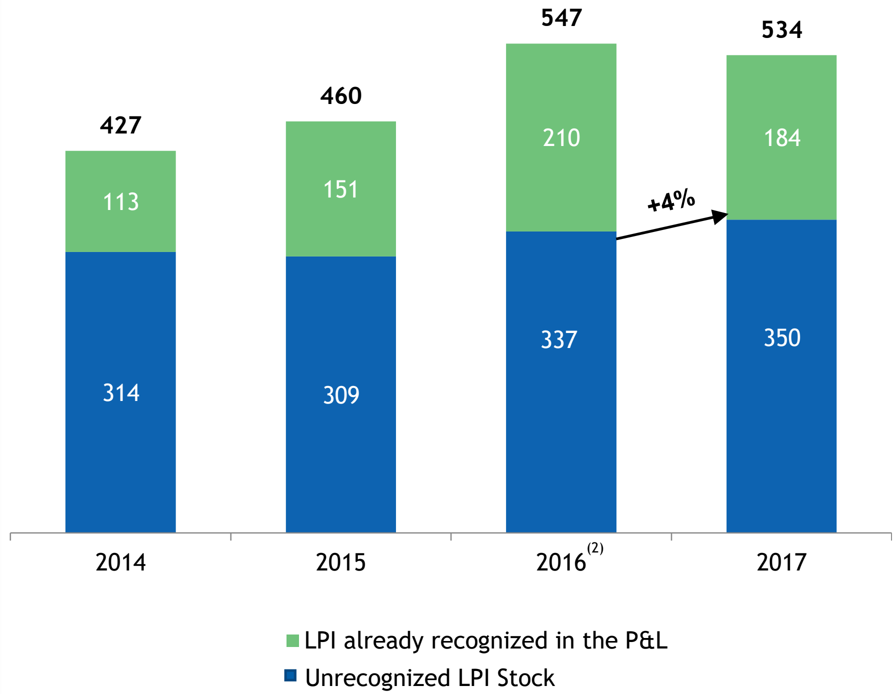
Notes: (1) 2017 CRR Total Capital Ratio and CET1 Ratio: 15,0% and 10,4%. These ratios are subject to approval by BFF Luxembourg S.àr.l. (2) Following the DBRS downgrade, starting from March 2017, capital ratios are calculated based on a higher risk weighting factor (from 50% to 100%) for the Italian exposure to NHS and other PA different from local and central government.

…with Additional Buffer from LPI Stock

Key Considerations

- **LPI stock represents a further buffer** to an already strong capital position as BFF is entitled to receive 100% of amounts due. Stock of €350m (pre-tax) still to go through the P&L
- **BFF conservatively accounts for LPIs in P&L based on 45% recovery rate** and discounted over a 1,800-day horizon since invoice is due
- **LPI accrual in P&L follows Bank of Italy, CONSOB and IVASS regulation**[(1)]
  - Based on the joint recommendation, the accrual accounting principle is applicable only if a long and deep historical database of payments is available to the company, preventing new entrants in the market to accrue LPI earnings
  - **BFF has a proprietary database built over 30 years of experience in Italy, enabling for an accurate estimate of LPI recovery rate and time**

LPI Stock Evolution (Excl. BFF Polska) (€m)

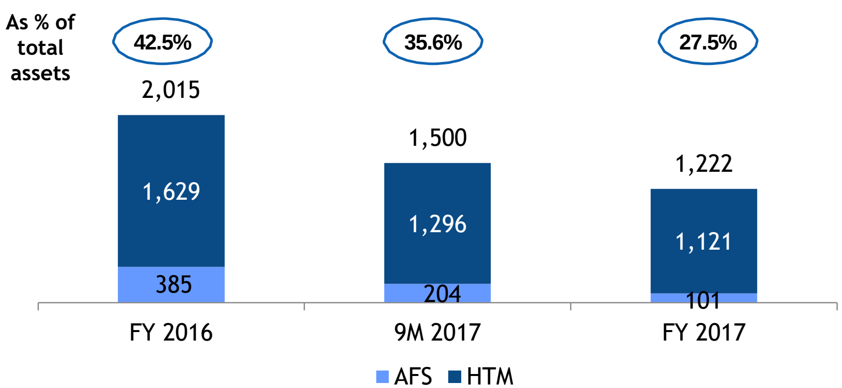


Source: Annual report. Notes: (1) Document Banca d'Italia/Consob/Ivass n. 7 of 9 November 2016 (2) PF @ 45%.

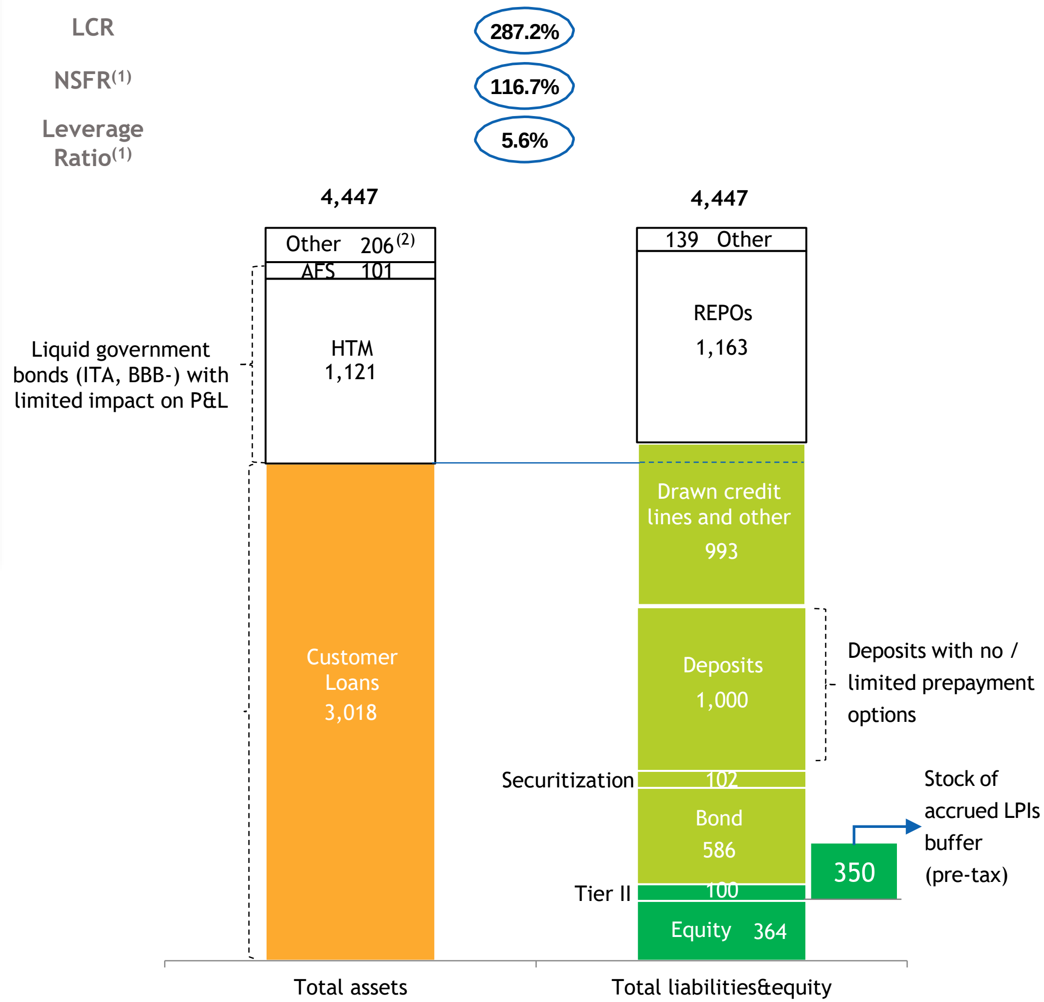
Fortress Balance Sheet…

- **Conservative asset / liability management approach:** funding duration higher than that of receivables
- Customer loans funded through a well **diversified funding base** with shorter maturity of the asset side vs. liabilities, allowing for fast repricing
- **Positively geared to higher interest rate** thanks to *i*. LPI on customer loans at variable rates vs. liabilities mostly at fixed rate and *ii*. Longer duration of liabilities vs. assets
- **Strong liquidity position** with a LCR of 287%
- Natural currency hedge: zloty assets and BFF Polska tangible equity funded with zloty liabilities
- **Decreasing Government bond portfolio,** now 27.5% of total assets (-39% y/y)

Bond Portfolio (€m)



Breakdown of Balance Sheet YE2017 (€m)



Source: Company data (1) 2017 CRR NSFR and Leverage Ratio: 114.5% and 5.0%. (2) Includes c. €22.1mm of Goodwill.

… With Consistent Access to Funding Through the Years and Diversified since becoming a Bank…

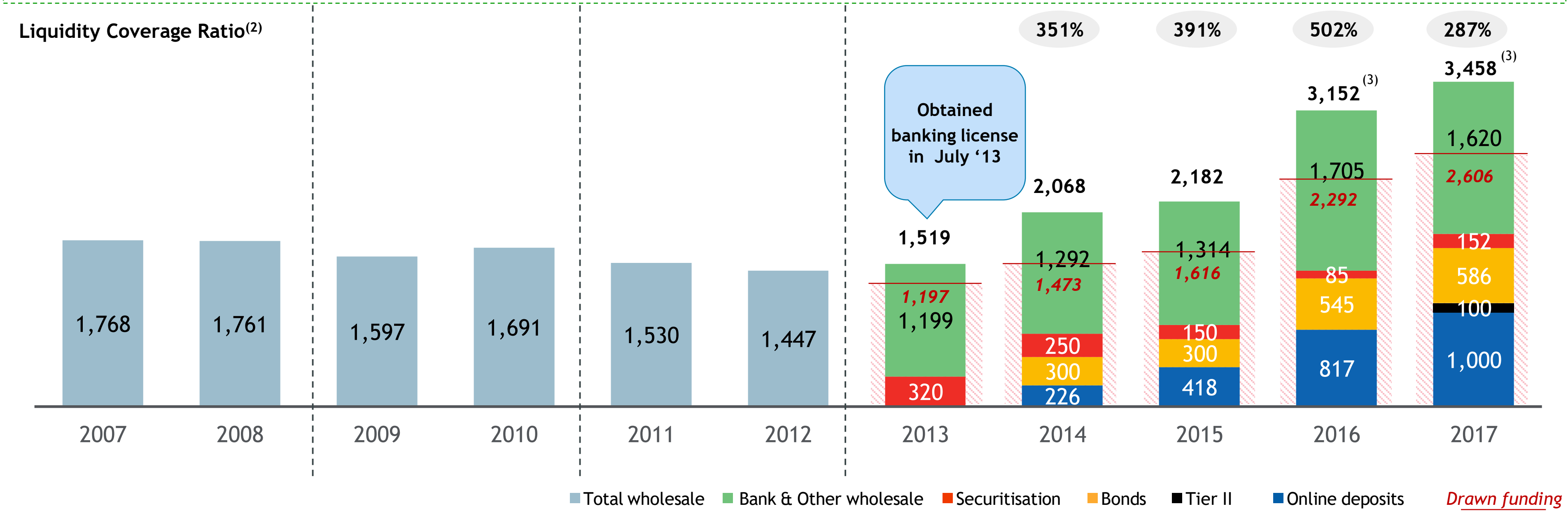
BFF BANKING GROUP

Available Funding[1,2] (€m)

Regulated financial intermediary			BFF with Banking License
Credit Bubble	Financial Crisis	Sovereign Debt Crisis	Low interest rate and plenty of liquidity for Gov and clients

Proven ability to manage funding need even during the peak of the financial crisis thanks to strong relationship with the banking system

Wholesale funding represents a flexible funding source to manage seasonal peaks of volumes



BFF only	With BFF Polska

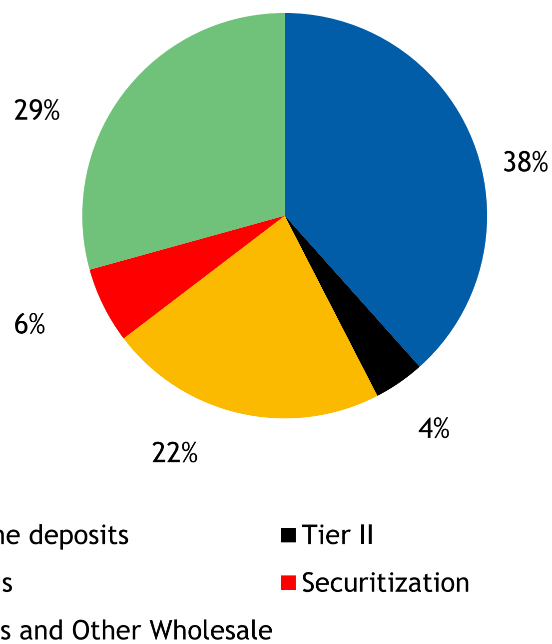
Notes: (1) Excluding ECB funds and REPOs. (2) Based on utilized credit lines; 2013, 2014 and 2015 excluding BFF Polska, December 2016 and 2017 including BFF Polska; (3) Not considering financing for BFF Polska acquisition 355 m PLN (4) Average funding lines used.

...increasingly Diversified

FY17 Drawn Funding Breakdown (%)

Total Drawn: €2,606m

Total Available: €3,458m



Funding Sources

Bonds:
- Proven successful access to institutional capital markets as an unrated (and unlisted) bank
- Issuances of both senior unsecured and Tier 2 transactions

Online Deposits:
- Online Deposits accounting for 38% of drawn funds, €1,000m as of December 2017, +22% versus FY2016
- True term deposits with no / limited prepayment options
- >50% of the deposits collected outside Italy (Spain/Germany)
- Original maturity of the deposits is c. 1.5 years on average
- Further cost reduction potential once reinvested at lower rate

Securitization
- Existing transactions with optionality to be renewed at maturity on request
- Underlying assets are credits not derecognized and towards Italian NHS

Banks and Other Wholesale Funding
- Flexible funding source to meet seasonal peaks in volumes (higher volumes at quarter end and especially at year end)
- C. 91% of the available Bank and Other wholesale funding is committed or committed once drawn, and 45% of this committed funding is still undrawn at YE2017
- Only c. 15% of the customer loans are used as collateral for the Banks and Other Wholesale funding

Source: Annual report.

Key Takeaways

BFF Banking Group: A Bank Like No Other

Market leader in large and underpenetrated markets	€255bn market
Solid and simple business model with a clear and transparent loan book	>15% CAGR 2013-2017[(1)]
Low risk profile coupled with solid capital position	20bps Cost of Risk 17.5% TC ratio[(2)]
Superior capital generation with proven track record of high profitability and dividend	33% RoTE[(3)] 100% payout
Significant growth potential through excess capital, invested platform and access to funding	Excess capital allows 16% RWA growth & 100% payout €0.9bn of liquidity

Source: Annual Reports

Notes: (1) 2013 income statement normalised for change in LPI accounting; 2017 net income adjusted to exclude extraordinary items. (2) Referring to Banking Group as of 31/12/2017 (3) 2017 net income adjusted to exclude extraordinary items

Appendix

Adjusted Net Income Reconciliation

€m	FY16	FY17
Group BFF Reported Net income	**72,1**	**95,5**
Change in LPI accounting from 40% to 45%		(17,8)
One-off IPO costs	2,4	1,7
Magellan acquisition costs	7,6	-
Extraordinary contribution to Resolution fund	1,5	-
Exchange rates movement (offset at the comprehensive income and equity level)	(0,3)	3,3
Stock options	-	1,1
Magellan 5M net income pre-acquisition	4,0	-
Adjusted Net Income	**87,3**	**83,7**
Tier II costs	-	3,9
5 months Magellan acquisition financing costs	-	1,1
Higher tax from reduction of ACE rate	-	2,0
FITD voluntary scheme contribution *write-off*	-	0,5
Magellan SME factoring contribution	-	1,3
Adjusted Net Income "like for like"	**87,3**	**92,5**

Summary Profit & Loss

€m	FY16 Reported BFF	FY16 Reported Magellan 5M	FY16 Combined	FY16 Adjustments	FY16 Adjusted	FY17 Reported	FY17 Adjustments	FY17 Adjusted
Interest Income	190,2	13,8	204,0	0,0	204,0	237,9	-25,2	212,8
Interest Expenses	-31,0	-6,1	-37,1	0,0	-37,1	-39,9	0,0	-39,9
Net Interest Income	**159,2**	**7,7**	**166,9**	**0,0**	**166,9**	**198,0**	**-25,2**	**172,8**
Net Fee and Commission Income	3,4	0,0	3,4	3,5	6,8	6,5	0,0	6,5
Dividends	0,1	0,1	0,1	0,0	0,1	0,1	0,0	0,1
Gains/Losses on Trading	0,7	0,0	0,7	-0,4	0,3	-5,5	4,7	-0,8
Gains/Losses on Hedging	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Gains/losses on Purchase/Disposal of Available-for-Sale Financial Assets	0,7	0,0	0,7	0,0	0,7	1,8	0,0	1,8
Net Banking Income	**164,0**	**7,7**	**171,7**	**3,1**	**174,8**	**200,8**	**-20,5**	**180,3**
Impairment Losses/Reversal on Financial Assets	-2,2	-0,4	-2,6	0,0	-2,6	-6,0	0,0	-6,0
Administrative Expenses	-63,6	-2,6	-66,2	12,6	-53,6	-62,0	3,9	-58,1
Net Adjustments to/ Writebacks on Property, Plan and Equipment and Intangible Assets	-2,6	-0,1	-2,7	0,0	-2,7	-3,1	0,0	-3,1
Provisions for risks and charges	-2,1	0,0	-2,1	0,0	-2,1	-0,8	0,0	-0,8
Other Operating Income (Expenses)	5,7	0,3	6,0	0,0	6,0	3,8	0,0	3,8
Profit Before Income Taxes from Continuing Operations	**99,1**	**4,9**	**104,1**	**15,7**	**119,8**	**132,0**	**-16,6**	**115,3**
Income Taxes	-27,0	-1,0	-28,0	-4,5	-32,5	-36,4	4,8	-31,6
Net Income	**72,1**	**4,0**	**76,1**	**11,2**	**87,3**	**95,5**	**-11,8**	**83,7**

Source: Company data

Summary Balance Sheet

€/m Assets	1Q16 Combined	1H16 Reported	9M16 Reported	FY16 Reported	1Q17 Reported	1H17 Reported	9M17 Reported	FY17 Reported
Cash and ash Balances	0,1	0,9	0,0	0,1	0,0	3,7	20,6	80,9
Financial Assets Held for Trading	0,0	0,0	0,3	0,2	0,0	0,0	0,0	0,0
Financial Assets at Fair Value	3,4	3,4	3,5	3,4	3,5	1,2	1,0	0,5
Available-for-Sale Financial Assets	458,4	331,8	366,0	385,3	515,1	464,1	204,2	101,4
Financial Assets Held to Maturity	981,4	1.347,1	1.572,8	1.629,3	1.716,5	1.275,8	1.295,9	1.120,6
Due from Banks	35,4	80,6	113,3	144,9	81,9	228,0	32,8	44,8
Receivables and Loans	2.270,2	2.319,3	2.211,0	2.499,1	2.531,2	2.556,7	2.595,8	3.018,5
Hedging derivatives	0,0	0,0	0,1	0,5	0,4	0,4	0,3	0,3
Equity Investments	0,1	0,2	0,3	0,3	1,3	0,2	0,4	0,3
Property, Plant and Equipment	13,0	13,0	12,8	13,0	12,8	12,9	12,6	12,8
Intangible Assets	2,7	24,4	24,5	25,8	25,5	25,2	24,9	26,0
Tax Assets	29,6	13,8	14,3	25,9	26,8	16,2	16,7	30,9
Other Assets	7,3	9,2	10,4	7,1	8,8	9,7	11,1	9,8
Total Assets	**3.801,5**	**4.143,8**	**4.329,3**	**4.735,0**	**4.923,8**	**4.594,0**	**4.216,3**	**4.446,9**
Liabilities and Equity								
Due to Banks	461,8	449,8	385,9	634,8	484,8	665,4	541,1	658,0
Due to Customers	2.123,4	2.469,1	2.817,7	2.996,1	3.219,2	2.853,1	2.587,6	2.496,0
Securities Issued	588,2	739,1	646,2	634,3	728,3	591,8	574,2	790,1
Financial Liabilities Held for Trading	0,2	0,2	0,4	0,0	1,1	1,2	0,7	0,5
Hedging Derivatives	0,0	0,0	0,0	0,2	1,1	0,0	0,0	0,0
Tax Liabilities	79,3	64,9	63,5	73,7	85,5	69,4	75,0	82,5
Other Liabilities	183,1	125,0	104,1	54,3	97,9	89,5	96,7	49,7
Employess Severance Indemnities	0,9	1,0	0,9	0,9	0,9	0,9	0,9	0,8
Provision for Risks and Charges	5,3	5,6	5,9	7,0	6,4	6,3	5,6	5,4
Equity	341,6	260,8	263,8	261,6	264,5	265,7	266,3	268,3
Profits for the Year	17,7	28,3	41,0	72,1	34,2	50,7	68,3	95,5
Total Liabilities and Equity	**3.801,5**	**4.143,8**	**4.329,3**	**4.735,0**	**4.923,8**	**4.594,0**	**4.216,3**	**4.446,9**

Source: Company data

Traditional Business Subject to Seasonality, with Peak in Q4

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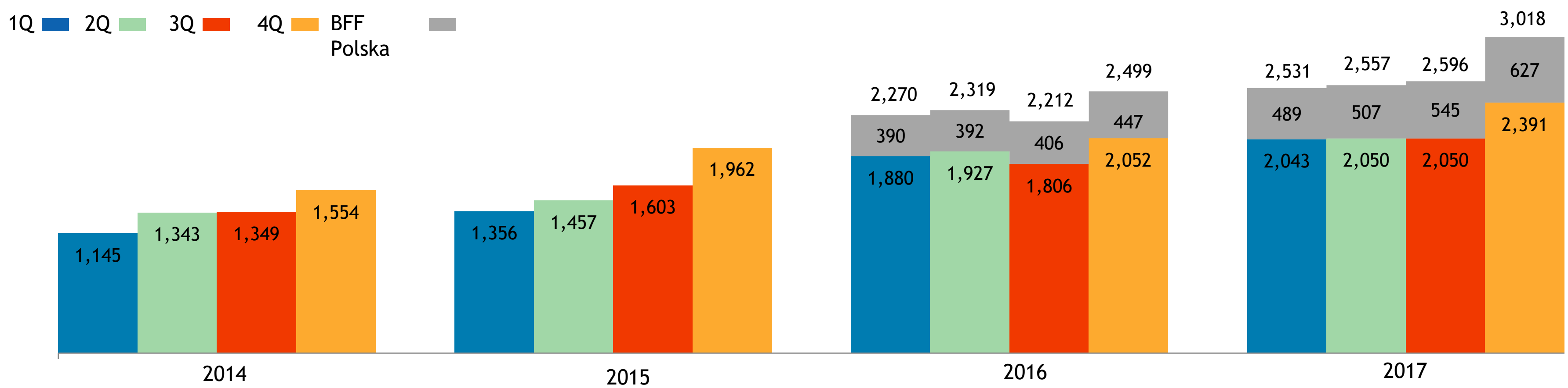
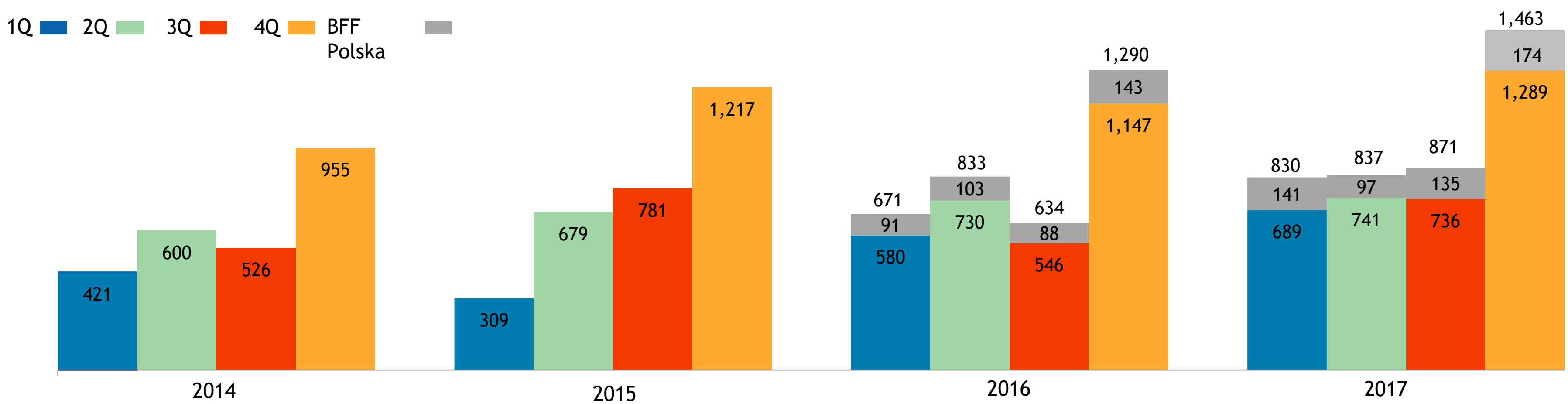
Loans Evolution by Quarter (€m)



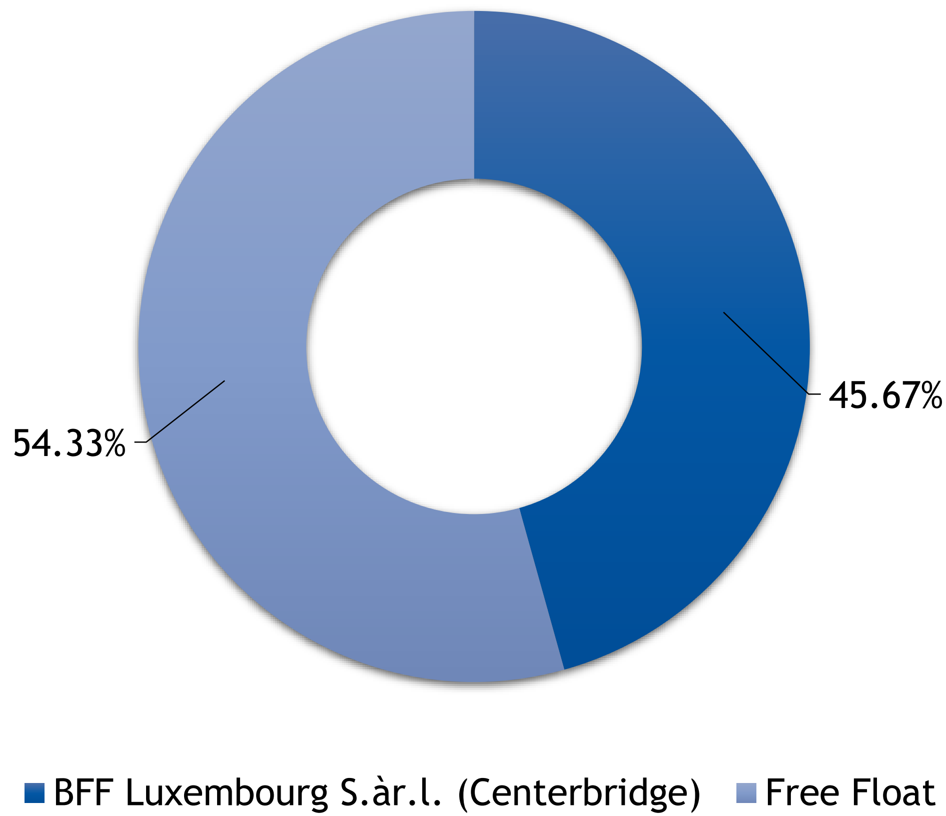
Breakdown of Volumes by Quarter(1) (€bn)



(1) 2016 BFF Polska New Business includes Spanish Branch New Business (€12m) and is converted to the 2016 average exchange rate PLN/€ 4,3632; 2017 BFF Polska New Business is converted to the relevant period average FX rate; 2016 and 2017 BFF Polska Loans are converted to the relevant end of period day FX rate.

Shareholders' structure

Shareholders (%)



Source: Shareholders' official communications to BFF. As per Company website

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