BFF BANKING GROUP

BFF Banking Group Overview

November 2018

A Bank Like No Other

BFF Banking Group: A Bank Like No Other

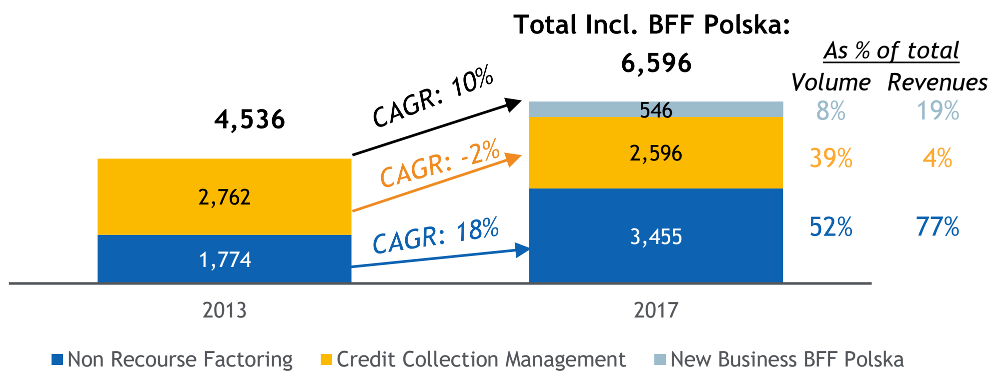
General Overview

- **Leading financial services provider to suppliers of the European Healthcare and Public Administration sectors**
- **Three main business lines:**
  - **Non Recourse Factoring in Southern Europe ("Purchased")** (funded business, 52% of volumes and 77% of gross revenues(1))
  - **Credit Collection Management in Italy** (unfunded business, 39% of volumes and 4% of gross revenues(1))
  - **Financing to healthcare entities and Local Government and non-recourse factoring in CEE** (funded business, 8% of volumes and 19% of gross revenues(1))
- **Long standing relationship with high profile clients,** mainly international and large national companies → Low dilution risk
- Growing business with increasing geographic diversification: **32% of customer loans outside Italy**
- **Consistent track record of profitability and capital generation:** adjusted RoTE of 31% and **more than €400m of capital generated in the last 5 years**(2)
- **Low risk profile:** NPLs at 1.2% of loans as of 30/09/2018
- **Sound capital position:** CET1 at 12.2%(3) and TC at 17.1%(3)

Key Financials

Historical Financials - €/m	FY2013	FY2014	FY2015	FY2016(4)	FY2017	9M18
Net Interest Income(5)	97.2	107.7	133.0	166.9	172.8	126.0
Net Banking Income(5)	108.0	117.4	141.9	174.8	180.3	131.2
Net Income(5)	47.2	57.5	72.3	87.3	83.7	58.0
Customer Loans	1,137	1,555	1,962	2,499	3,018	3,026
Total Assets	1,608	3,027	3,322	4,735	4,447	4,247
Drawn Funding	1,197	1,473	1,616	2,292	2,606	2,525
Equity	233	311	331	334	364	331
CET1	21.5%	27.5%	24.3%	16.7%	12.6%	12.2%
RoTE Adjusted(6)	26%	22%	28%	37%	33%	31%
Cost/Income	30%	32%	30%	32%	34%	38%
COR bps	10	(0.3)	6	10	20	17
Net NPL Ratio	0.2%	0.2%	0.1%	0.5%	0.6%	1.2%

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) 30/09/2018 Banking Group ex TUB; (4) Pro-Forma to include BFF Polska for 12 months; (5) 2013-2014 P&L items are normalized due to change in LPI reporting in 2014 and adjusted to exclude extraordinary costs. 2015/16/17/9M18 adjusted to exclude extraordinary items; (6) RoTE adjusted combined = NI adjusted/tangible equity excluding NI of the period.

Leading Provider of Credit Management and Working Capital Solutions to Public Sector Suppliers in EU

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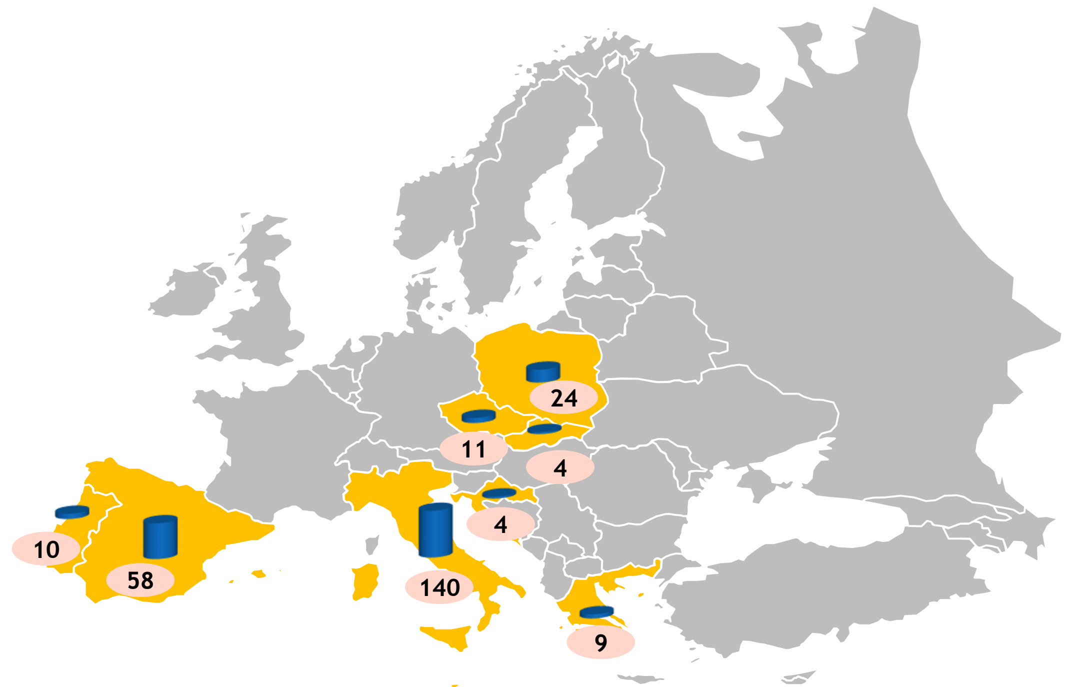
Structural Delay in Payments in the Public Sector

- 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 the Central Government
  2. Administrative complexity and inefficiency: 23,750 Italian public entities, 17,052 Spanish public entities and 4,146 Portuguese public entities
  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

Over €260bn of Public Sector expenditure in Goods & Services in the Countries BFF operates in



Public expenditure in good and services (€bn)[1]

Countries where BFF Group operates

Source:IMF, DEF 2016 and 2017, Ministero de Sanidad, Servicios Sociales e Igualdad, Ministerio de Hacienda y Administraciones Públicas, and Actualizacion del Programa de Estabilidad 2018-2021 – Reino de Espana, Instituto Nacional de Estatistica – Portugal, Eurostat and Hellenic Statistical Authority.

Note: (1) Italy, Spain and Portugal based on actual 2017 data. Poland, Czech Republic, Slovakia, Greece and Croatia are based on 2016 actual data.

Profitable and Growing in Every Season

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Net Income (2007-2017)

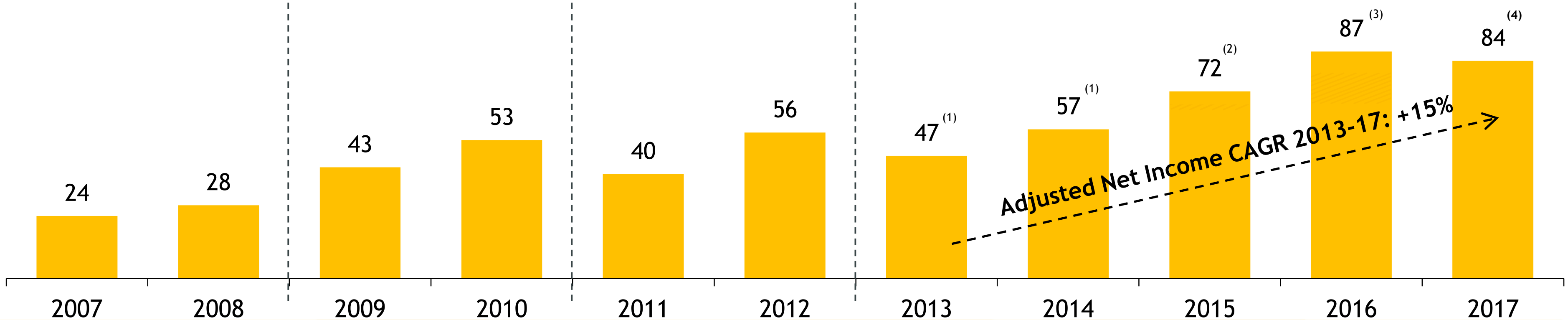
Total Capital Invested: IT Lira 500m (€260k) in 1985 vs c.€530m dividend distributed thus far

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 by S&P (Sep-11)
- Downgrade to BBB+ by S&P (Jan-12)
- Downgrade to BBB by S&P (Jul-13)
- Downgrade to BBB- by S&P (Dec-14)
- Downgrade to BBB by DBRS (Jan-17); Upgrade to BBB by S&P (Oct-17)

Government interventions in Italy and Spain between 2013-14 to reduce late payments by the PA

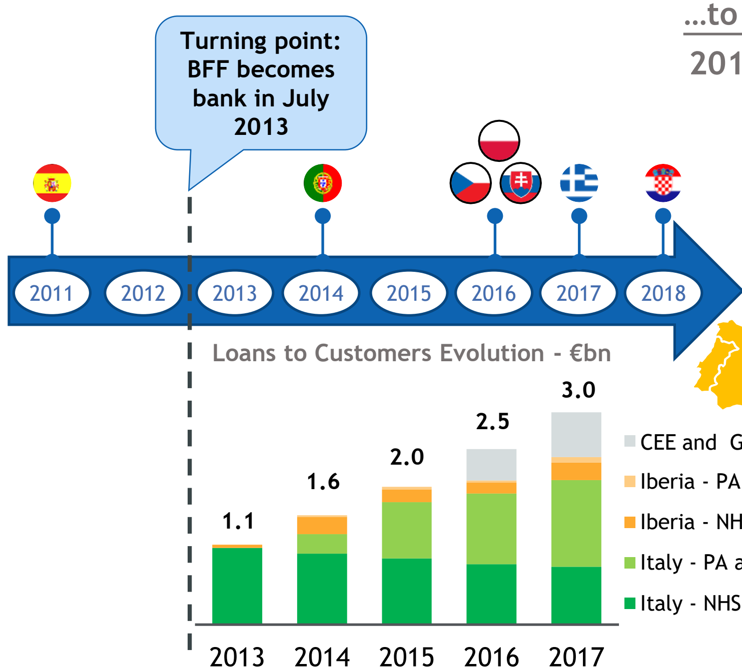


Source: annual reports. Notes: (1) 2014 and 2013 net income normalised for change in LPI accounting; (2) Adjusted to exclude extraordinary costs. For 2015 adjusted net income includes ca. €0.3m ordinary contribution to Fondo Interbancario and Resolution Fund and excludes €0.7m of extraordinary contribution 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 .

Successful International Expansion

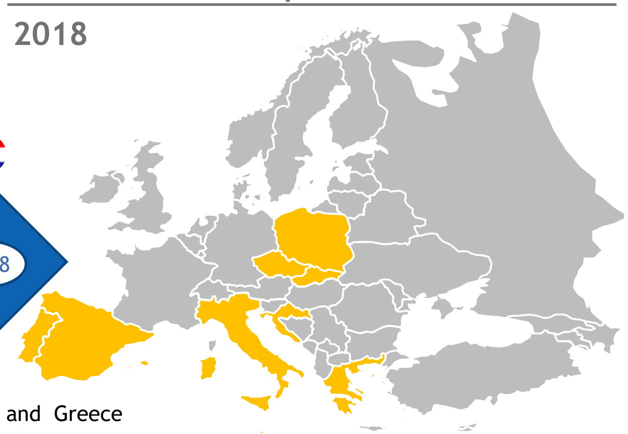
From domestic market leader…

2010



…to leader in Europe

2018



Key Considerations

- Over the last 7 years, BFF has successfully executed a **clear strategy of international expansion across Europe, focused in core areas of expertise.** Key pillars of BFF's international strategy are:
  - **Exploit growth opportunities** in the areas of expertise…
  - **…expanding the addressable market…**
  - **…leveraging on its operating capabilities, market leadership and customer relationships**
- Launched Portugal, Greece and Croatia activities through Freedom of service with low upfront investment leveraging the existing IT system, while entered the CEE market through the successful acquisition of BFF Polska

Source: Company data.

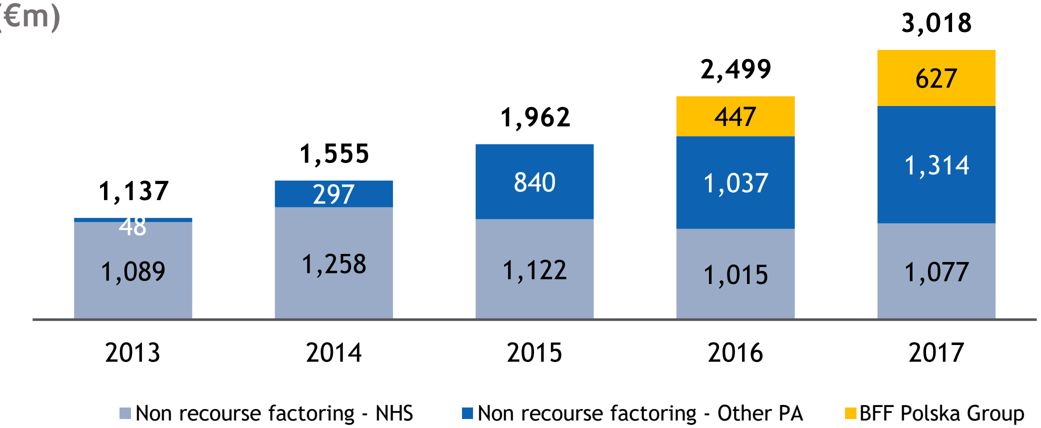
A Growing Business, Increasingly Diversified…

Key Considerations

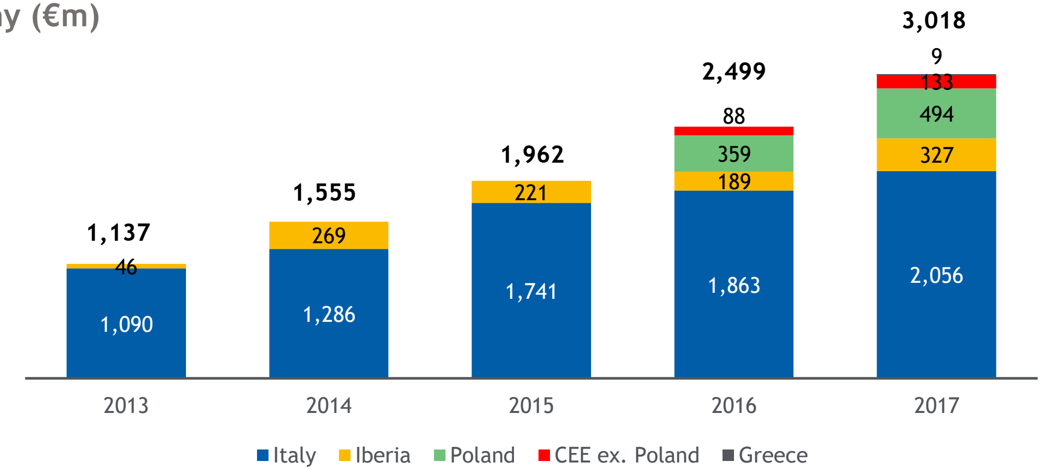
- Significant customer loans growth **with an higher contribution from less capital intensive segments**
  - Ongoing diversification towards segments with lower risk weighting (i.e. local governments and Spanish NHS are risk weighted at 20%) reducing Italy NHS contribution (risk weighted at 100%)
- **Increased 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

Customer Loans Evolution (€m)

By Product (€m)



By Geography (€m)



Source: Company data.

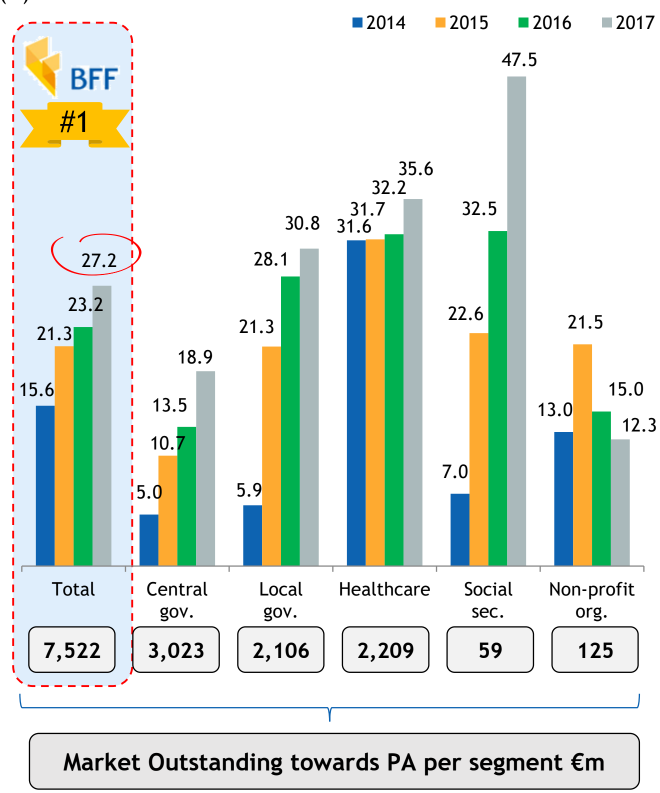
…Consolidating its Market Leadership…

BFF Banking Group Market Share and Leadership Position

- **Leading financial services provider to suppliers of the European HC and PA sectors**
- **Cross border services increase the value proposition of BFF Group to multinational clients**
- #1 in Italy for factoring toward PA & NHS
  - Market share of 27.2% on total non-recourse factoring outstanding (€7.5bn)
  - Undisputed leadership across all segments
- Among top 5 factoring players in Spain by turnover[(1)]
  - Gained leadership in the PA as specialised player
- Sole specialised player in Portugal and Greece, leader in CEE and entering in Croatia as sole specialised player

Italy

BFF's Market Share by counterparty (%)



Spain	**#1 Independent Player**
Portugal	**Sole specialised player**
Poland	**Leader in alternative financing**
Slovakia	**Sole specialised player**
Czech Republic	**One of the few specialist**
Greece	**Sole specialised player**
Croatia	**Sole specialised player**

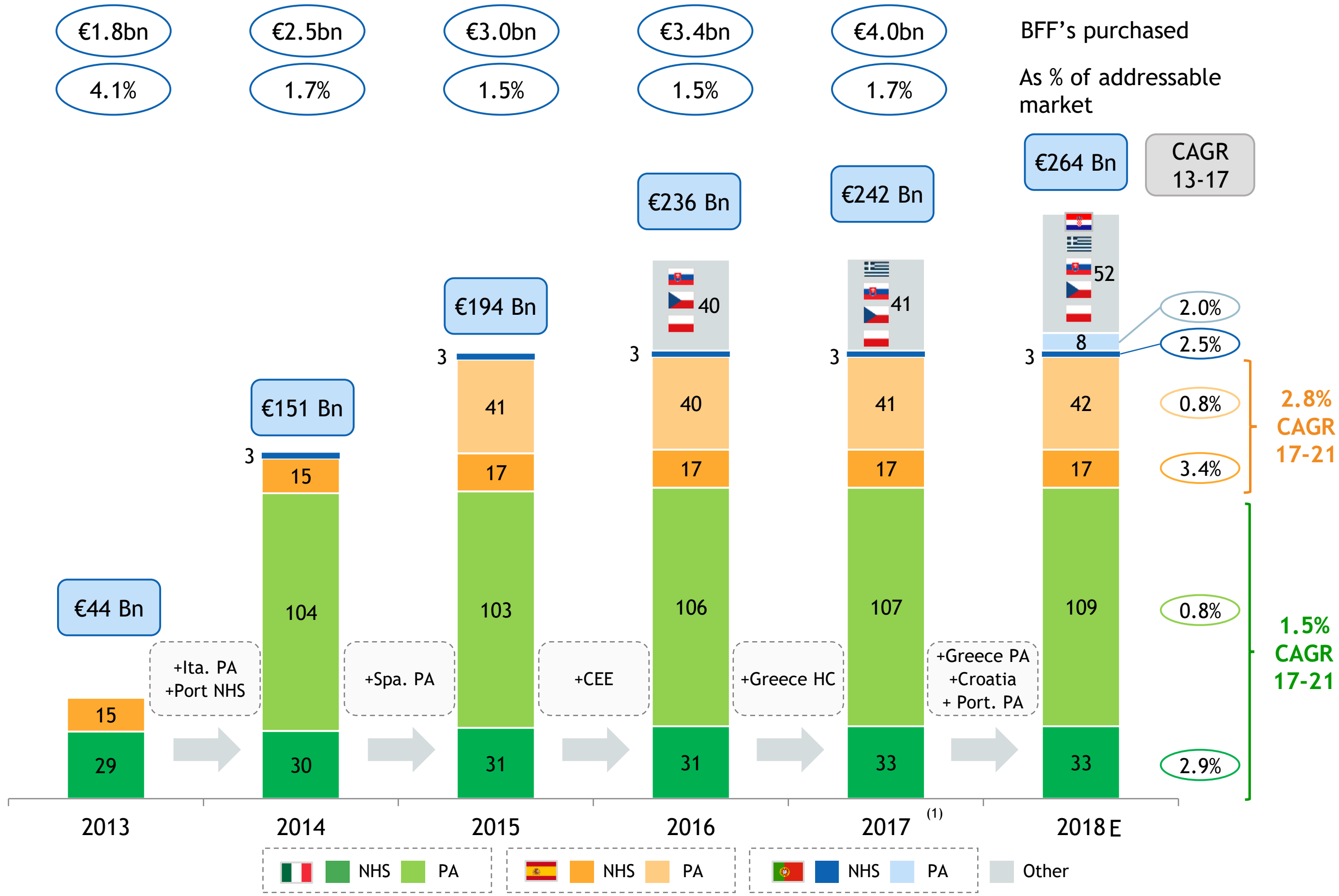
Source: Assifact for Italy, AEF for Spain (public sector only in 2017), company estimates for other markets.
Note: (1) Public sector only.

…and Increasing Its Addressable Market and Growth Prospects in More Underpenetrated and Faster Growing Markets

Key Considerations

- **Since 2013, BFF has expanded its addressable market by 6x** adding new countries and expanding from NHS only to the whole PA
  - Total potential market is the public sector expenditure in goods & services, c. €264bn from €44bn in 2013
  - BFF factors less than 1.7% of its addressable market in 2017 vs 4.1% in 2013 leaving substantial room to grow
- **Growth of addressable market at more than nominal GDP growth**
  - In Southern Europe, expenditures growing at nominal GDP rate despite austerity measures
  - Faster growing public sector expenditures in CEE

Evolution of BFF Addressable Market (€bn)



Source: IMF, DEF 2016 and 2017, Ministero de Sanidad, Servicios Sociales e Igualdad, Ministerio de Hacienda y Administraciones Públicas, and Actualizacion del Programa de Estabilidad 2018-2021 – Reino de Espana, Instituto Nacional de Estatistica – Portugal, Eurostat and Hellenic Statistical Authority.
Note: (1) Italy based on actual data, Spain, Portugal and Greece based on actual for total and split based on 2016 breakdown. Poland, Czech Republic and Slovakia are calculated applying 2015-2016 growth to 2016 numbers.

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

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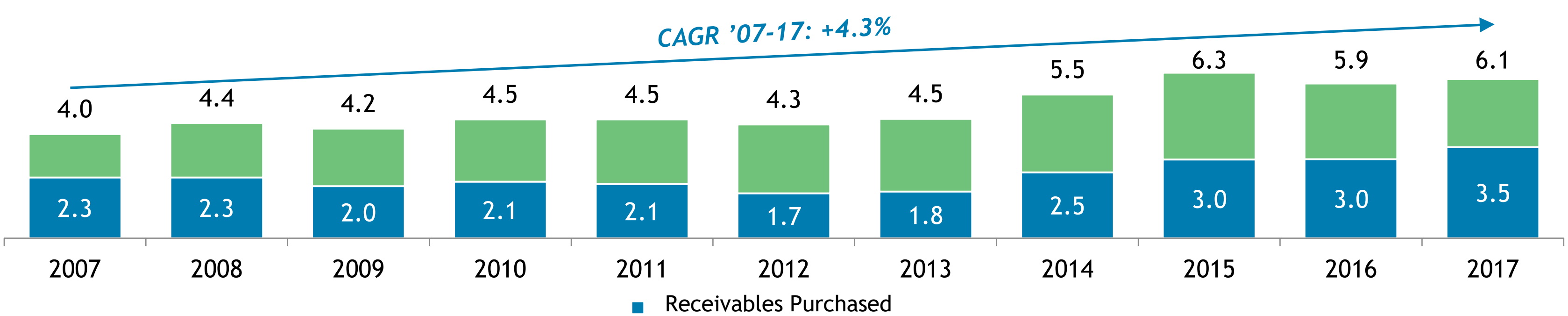
- **Highly experienced senior management team with a long tenure in the Group** (> 12 years on average)
- **Advanced and scalable IT platform developed in-house**
- **High barriers to entry: scale is critical to succeed**

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)

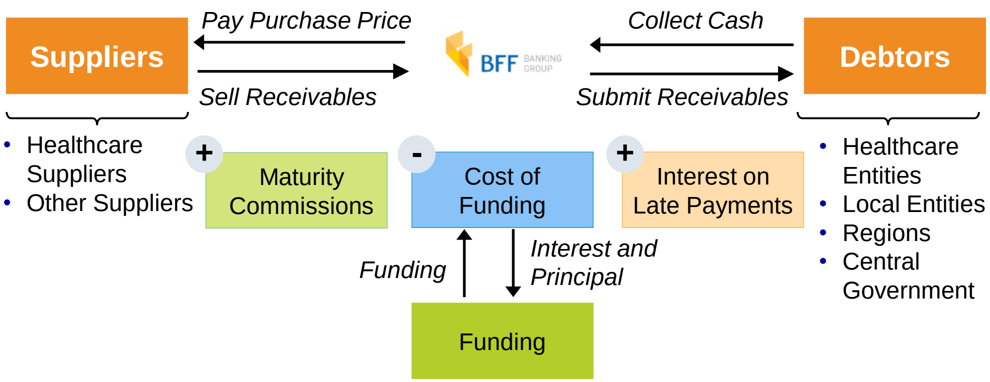


Source: Company data. Note: (1) Last three years average; (2) Recurring non-recourse clients defined as clients who concluded at least 1 transaction per year in the 2015 – 2017 period.

…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)

Update on 9M-2018 Results

9M2018 Results: Key Highlights

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

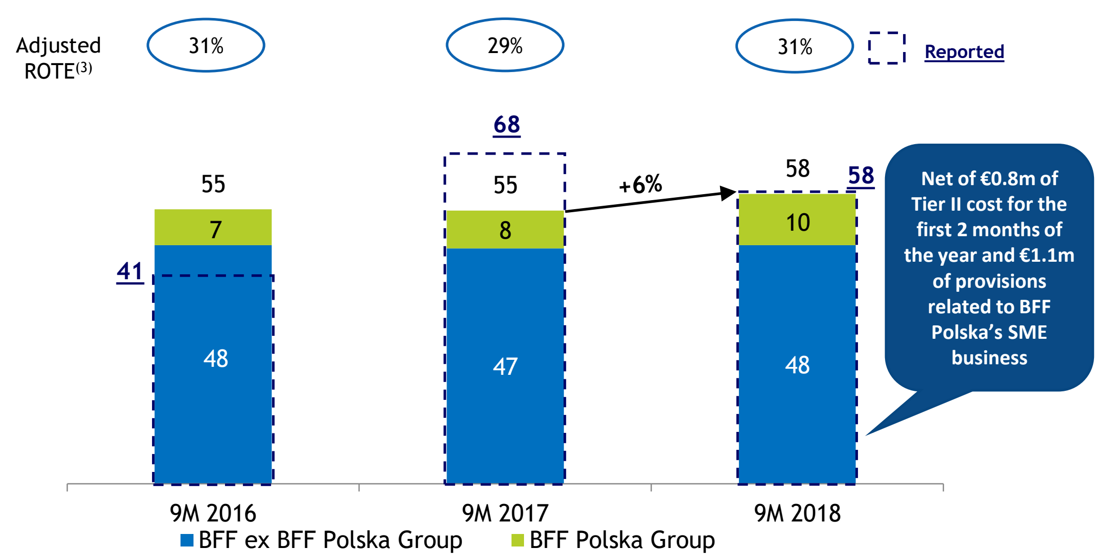
Source: Company data.
Notes: 2018 Exchange rate for Poland and Czech respectively PLN/€ 4,2488 and PLN/CZK 0,166 for P&L data (9M 2018 average), PLN/€ 4,2774 and PLN/CZK 0,166 for Balance Sheet data (28th September 2018); 2017 Exchange rate for Poland and Czech respectively PLN/€ 4,2648 and PLN/CZK 0,161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

+6% Growth in Adjusted Net Income

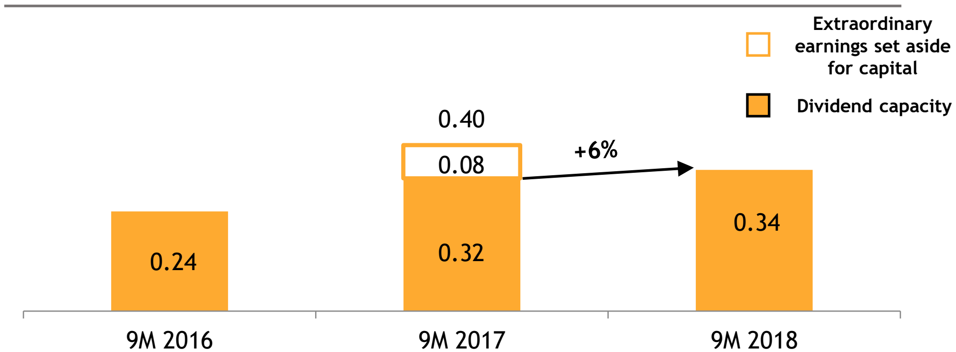
- **€58.0m of 9M18 Adjusted Net Income, +6% vs 9M17:**
  - €3.4m of higher net over-recovery(1) accounted in P&L vs 9M17
  - €54m of cashed-in LPI vs. €69m in 9M17
- The 9M18 Adjusted Net Income after having expensed (all values post tax):
  - €0.8m of Tier II cost for the first 2 months (not present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

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

Adjusted Net income(2) (€m)



Dividend capacity € per share(4)



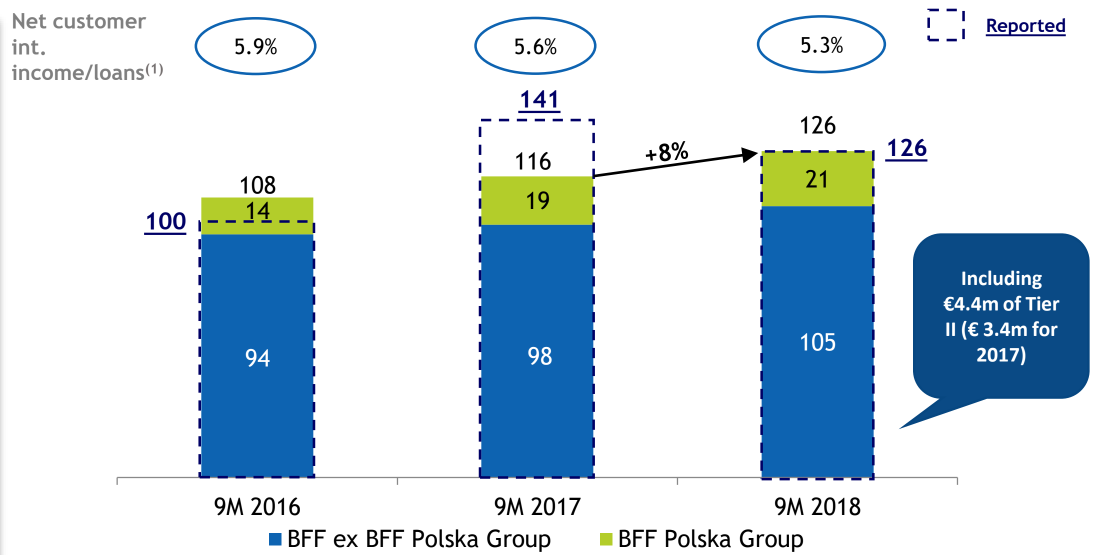
Notes: (1) Net of the rescheduling impact; in case a credit is not collected at the expected collection date, the value of the credit on the balance sheet is re-calculated using the new expected cash-flow schedule. The negative delta in value of the loan is booked in the P&L line interest income ("rescheduling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

Growing Adjusted Net Interest Income and Net Banking Income

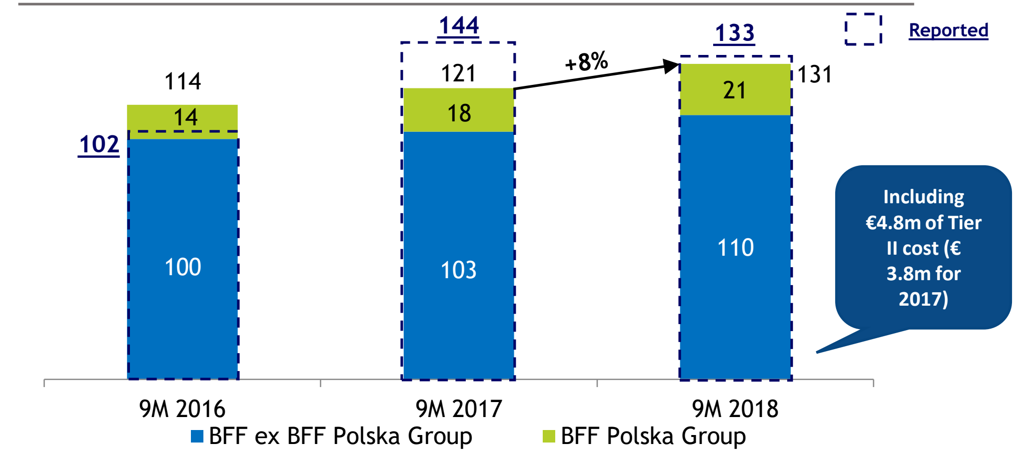
- **Adjusted net interest income and Adjusted Net Banking income +8%** compared to 9M17 mainly driven by higher stock of net loans and despite Costs of Funding affected by Tier II issuance for additional €1.0m of costs (Tier II outstanding for 9 months vs 7 months in 2017)

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

Adjusted Net Interest Income (€m)



Adjusted Net Banking Income (€m)

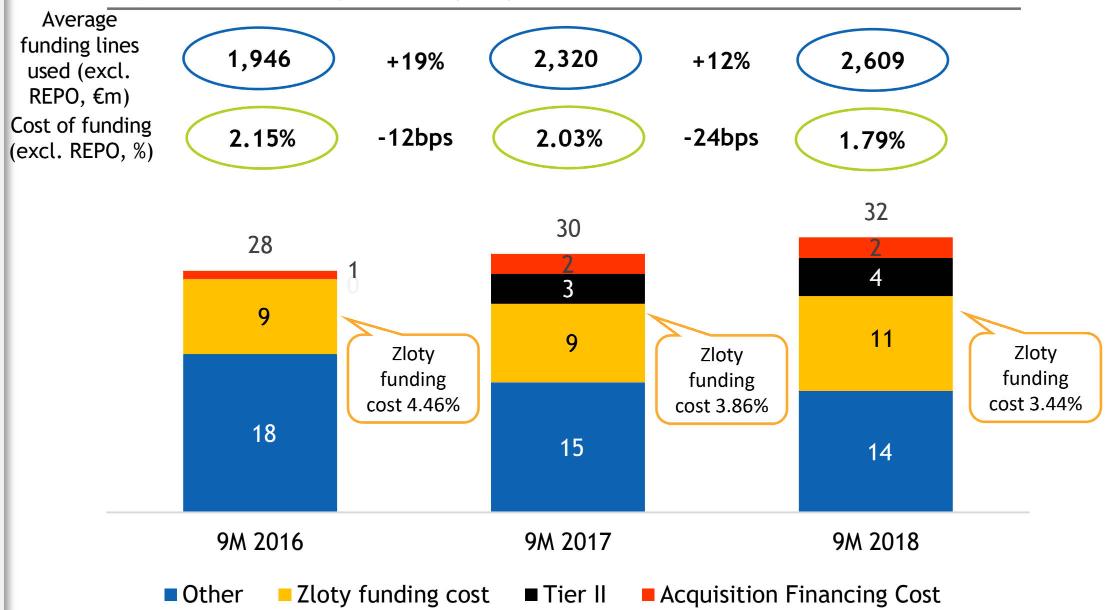


Note: (1) calculated as Adjusted Net interest income on customer loans (excluding income on securities and on credit due from banks and REPO activity impact) / average loans in the period.

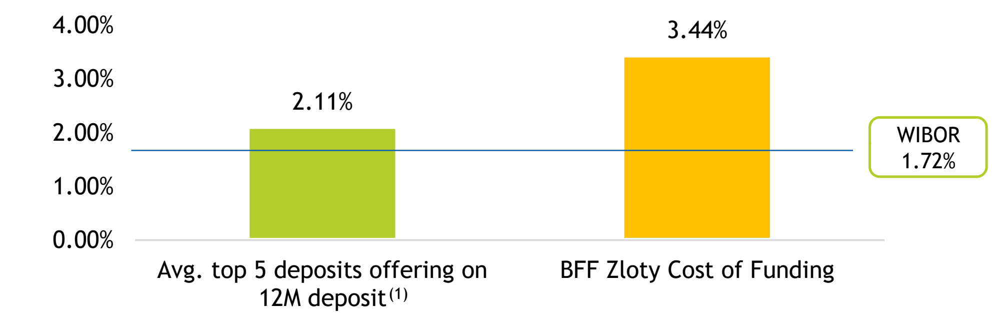
Improving Funding Costs

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

Adj. Interest expenses (€m)



Access to Polish deposit market could reduce further CoF



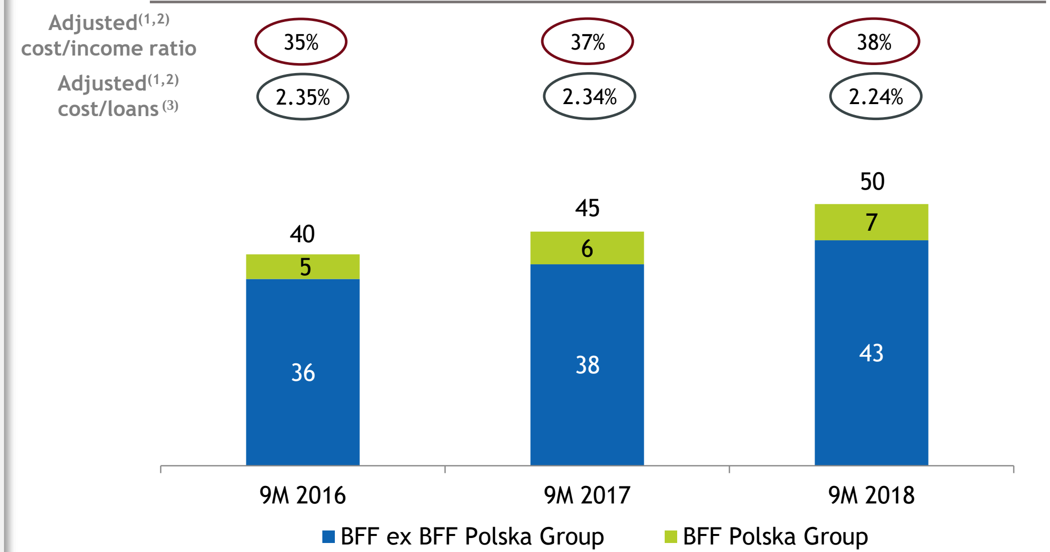
(1) Data as of 14th September 2018, source Companies' web sites

Good Operating Efficiency Despite Investment in Growth

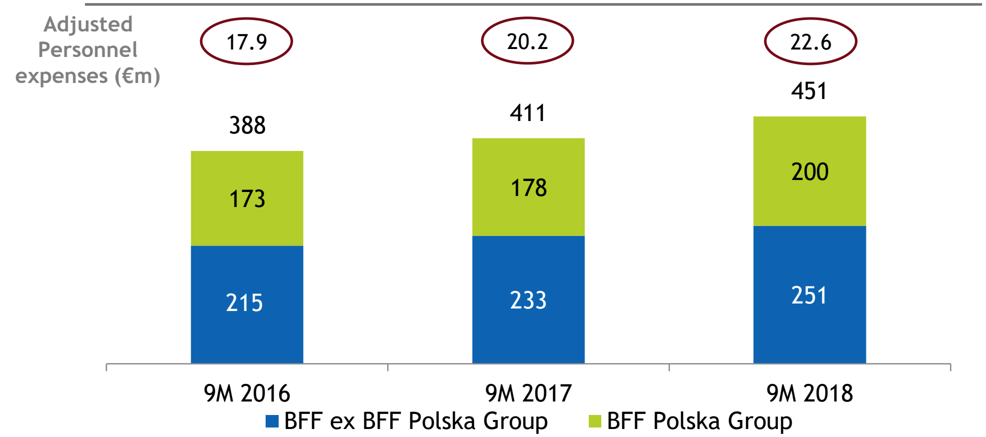
- **Highly efficient structure with adjusted Cost/Income ratio of 38% and improving operating leverage, with operating costs/loans at 2.24% vs. 2.34% in 2017**
- **Operating cost up +12% y/y:**
  - Personnel cost increased by 12% vs. 9M17 driven by higher employee base
  - Ordinary Resolution Fund and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

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

Operating Costs[1] (€m)



Number of Employees[4]

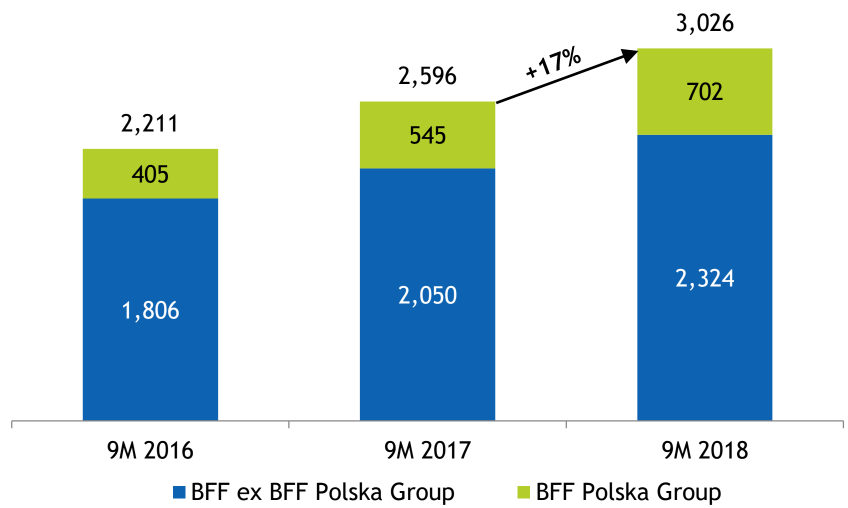


Note: (1) Adjusted to exclude extraordinary costs; (2) C/I computed as operating expenses excluding extr. Costs (administrative expenses + staff expenses + amortization on tangible and intangible assets) divided by Adjusted net banking income; (3) Annualised adjusted costs on average loans (4) BFF includes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

Double Digit Growth in Customer Loans

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

Customer Loans Evolution (€m)



Customer Loans Breakdown by Geography (€m)

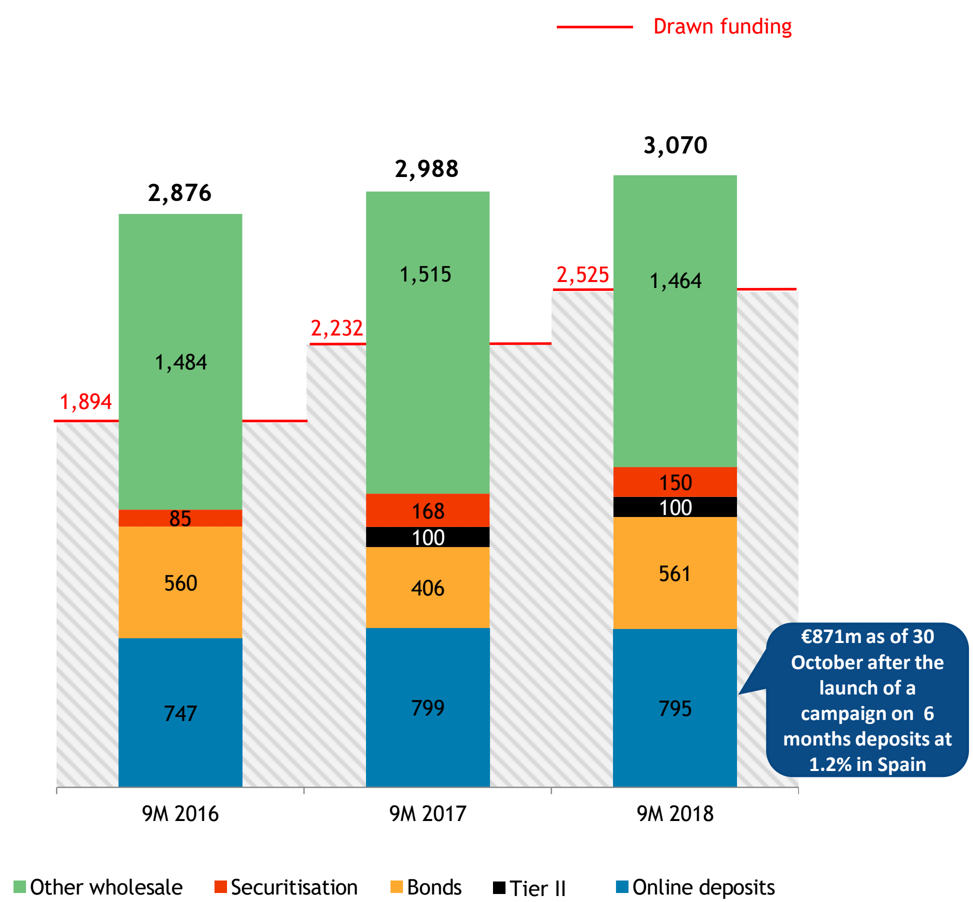
BFF Group excl. BFF Polska Group	9M16	9M17	9M18
Italy	1,646	1,891	2,061
Spain	127	73	162
Portugal	32	77	93
Greece	-	9	8
Total	**1,806**	**2,050**	**2,324**

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

Diversified Funding Base with Ample Liquidity and no ECB Refinancing Risk

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

Available Funding[2;3] (€m)

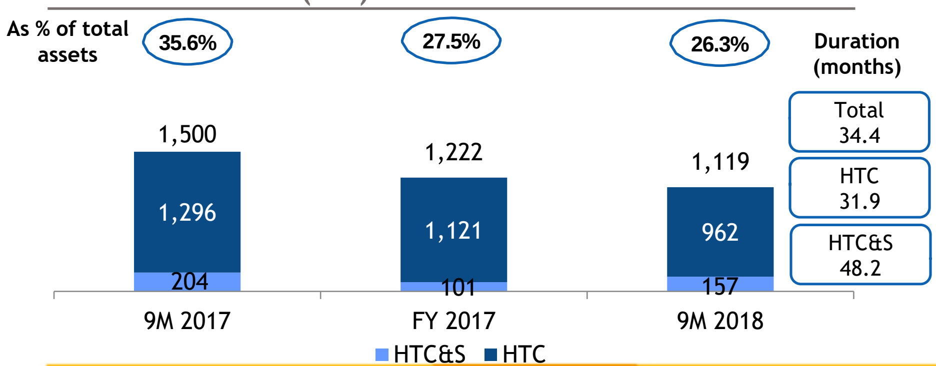


Notes: (1) Based on utilized credit lines; (2) Excluding ECB funds and REPOs; (3) Not considering financing for BFF Polska Group acquisition 378 m PLN.

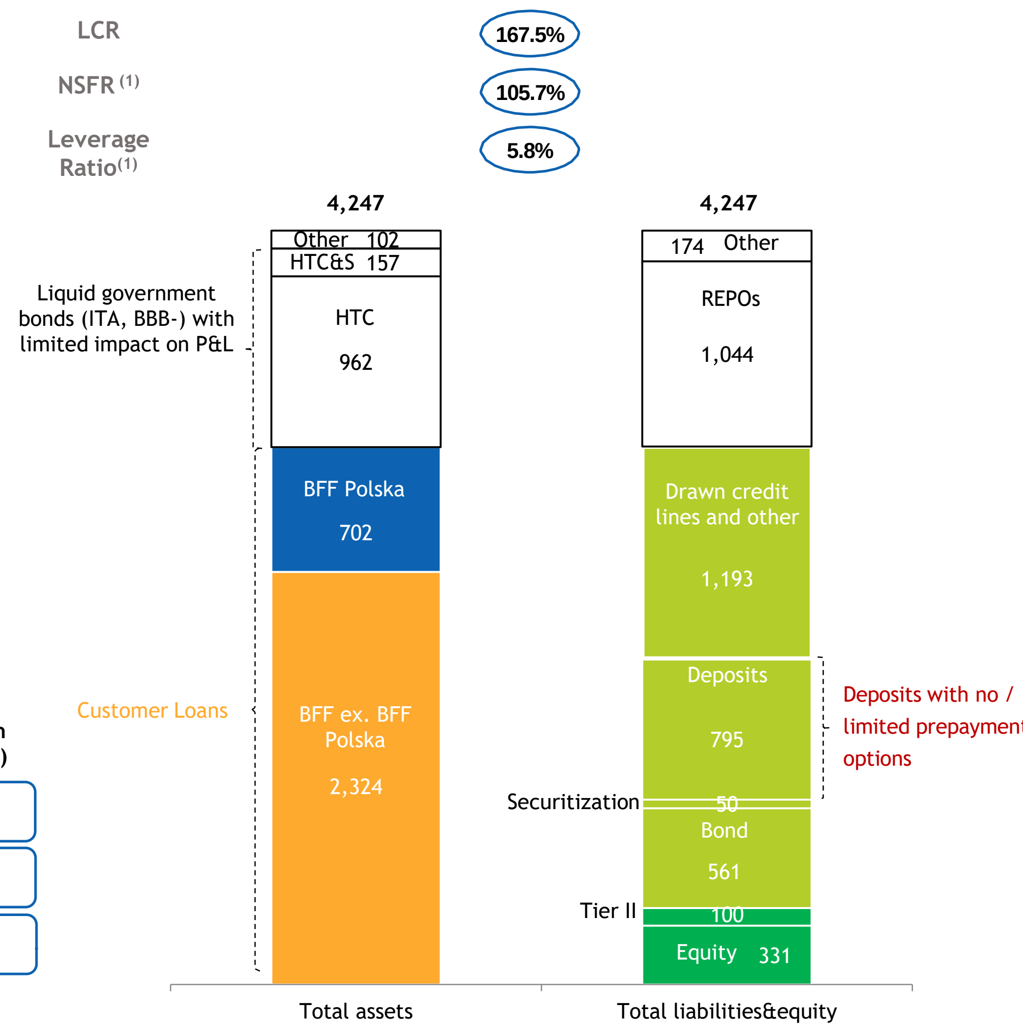
Fortress Balance Sheet

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

Bond Portfolio[2] (€m)



Breakdown of Balance Sheet 9M 2018 (€m)

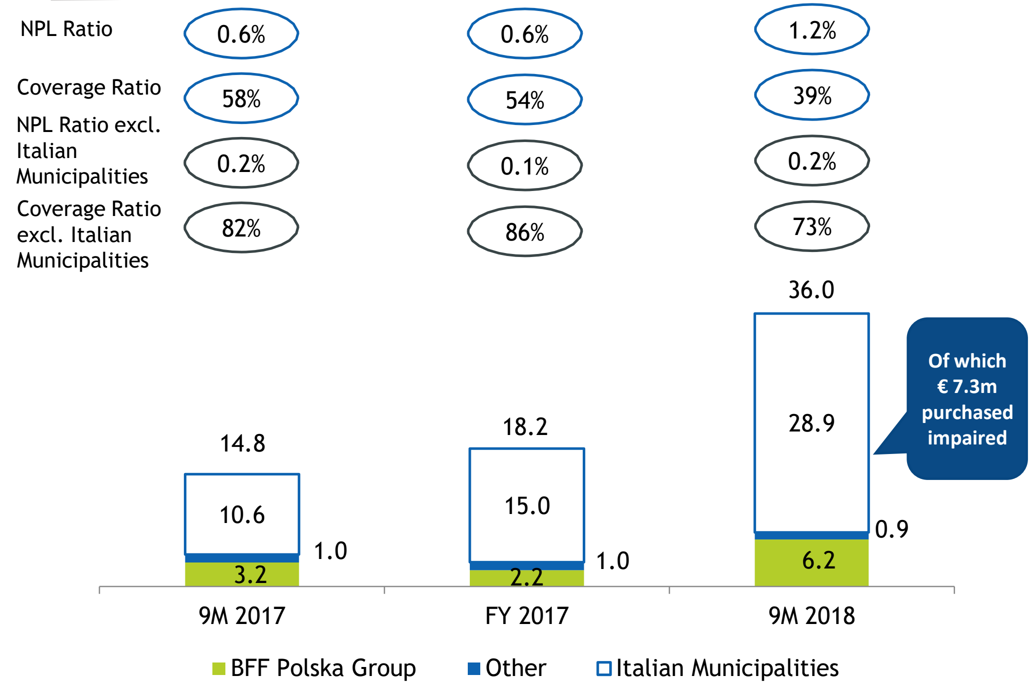


Source: Company data (1) 9M 2018 CRR NSFR and Leverage Ratio: 105.1% and 5.5%; (2) 2017 values of AFS and HTM

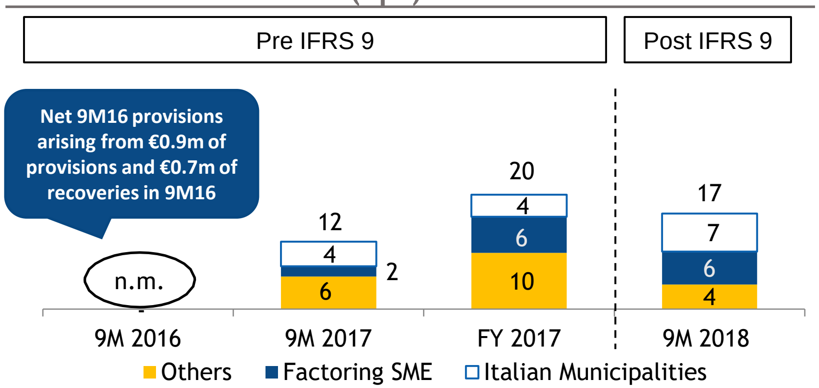
Negligible Credit Risk

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

Net Non Performing Loans Evolution (€m)



Annualised cost of risk (bps)



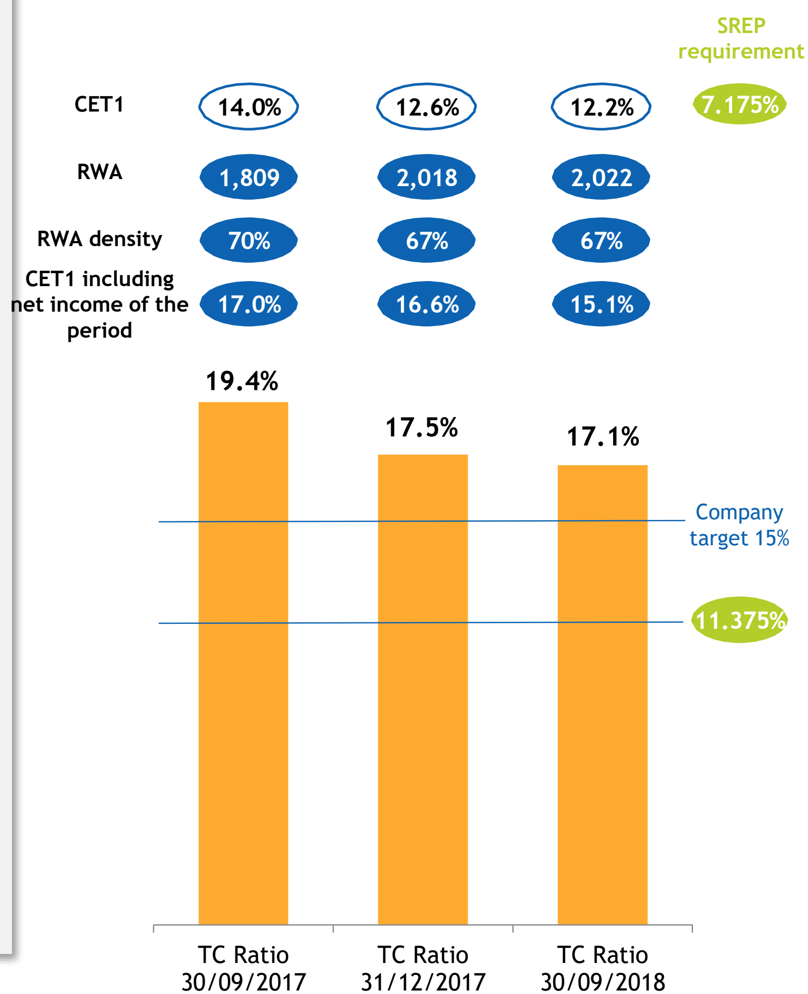
Asset quality - €/000	9M2017	FY2017	1H2018	9M2018	Public sector
Net Non performing - total	14,816	18,175	29,554	36,001	
Net unlikely to pay	9,082	6,760	9,210	10,436	
Net past due	72,706	69,794	128,328	124,405	78%
Total net impaired assets	**96,604**	**94,730**	**167,093**	**170,841**	75%

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

Strong capital position

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

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



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

(1) 9M2018 CRR Total Capital Ratio and CET1 Ratio: 16.1% and 11.7%. These ratios are subject to approval by BFF Luxembourg S.àr.l. 2) Following the DBRS downgrade, starting from March 2017, capital ratios are calculated based on a higher risk weighting factor (from 50% to 100%) for the Italian exposure to NHS and other PA different from local and central government

Key Takeaways

BFF Banking Group: A Bank Like No Other

European market leader in large and underpenetrated markets	€255bn market
Solid and simple business model with proven track record in assets and earnings growth and internalisation expansion	>15% CAGR 2013-2017(1) 32% of loans outside Italy
Low risk profile coupled with solid capital position	17bps Cost of Risk 17.1% TC ratio(2)
Superior capital generation with proven track record of high profitability	31% RoTE(3)
Significant excess capital and access to funding	12.2% CET1 ratio vs. 7.175% SREP €0.5bn 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 30/09/2018 (3) 9M18 net income adjusted to exclude extraordinary items

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