PRESS RELEASE
BFF BANKING GROUP

The Board of Directors approved the 1H2017 consolidated financial statements of BFF Banking Group.

Highlights:

- **Growing business activity: customers loans at €2,557 m, +10% vs. 1H2016**
- **Reported net income of €51 m, up +79% vs. 1H2016**
- **Adjusted net income of €38 m, up +5% vs. 1H2016[1]**
- **ROTE *adjusted* at 30%**
- **Confirmed high capital ratios: CET1 ratio at 13,7% and Total Capital Ratio at 19.0%**
- **Good asset quality: net NPLs/net loans at 0.6% and cost of risk annualised of 15 bps**
- **Dividend capacity of €0.22 per share, +35% vs. 1H2016**

Milan, 2 August 2017 – The Board of Directors of **BFF Banking Group (BFF)**, the leader in management and non-recourse factoring of receivables towards the Public Administrations in Europe, has approved today its 1H2017 consolidated financial statements.

The first half of 2017 confirmed the high Group profitability, with a consolidated reported net profit of €51 m, +79% compared to 1H2016, thanks to the sound growth of customers loans, the efficient cost structure and the low risk profile.

"BFF has achieved double-digit growth in volumes of acquired credits and in the stock of customer loans, and has maintained its high profitability, growth and dividend capacity with a strong contribution from Italy and the Magellan business." – commented **Massimiliano Belingheri, CEO of BFF Banking Group.**

[1] 1H17 adjusted net income exclude the following extraordinary items net of taxes: €17.8m income related to the change in LPI accounting from estimated 40% to 45%; €1.7m extraordinary costs related to IPO; €1.1m extraordinary costs related to stock option plan; €2.5m negative P&L effect from exchange rate movements on the acquisition debt for the acquisition of Magellan, offset at the comprehensive income and equity level by a corresponding increase in value of the Magellan asset, given the natural hedging put in place at the time of the acquisition. 1H16 adjusted net income exclude the following extraordinary items net of taxes: €0.9m extraordinary costs related to IPO costs; €3.8m extraordinary costs related to Magellan acquisition; €0.6m positive exchange rate difference.

Key consolidated financial statements items[2]

The 1H2017 reported results reflect the full consolidation of Magellan within the Group. 1H2016 reported results include Magellan's contribution for only June, due to the closing of the acquisition process (31 May 2016). In this document, year-on-year comparisons are made on the basis of 1H2016 data pro-forma including Magellan for 6 months, in order to show more meaningful comparisons between the performance of 1H2017 and 1H2016.

Customers loans as of 30 June 2017 reached €2,557 m, compared to €2,319 m as of 30 June 2016, with a 10% growth year-on-year. Italy remains the main market for the Group with €1,864 m customers loans. Magellan's customers loans reached €506 m, 29% higher than €392 m as of 30 June 2016.

Adjusted[3] net interest income in 1H2017 was €81 m, with an 11% increase compared to €73 m achieved in 1H2016.

Adjusted[4] net banking income in the first half of 2017 amounts to €84 m, up 10% compared to €77 m in the first half of 2016.

During 1H2017 BFF has recovered €57 m of **late payment interests ("LPI")**, compared to €24 m during 1H2016, with a lower recovery rate than in 2016. The stock of unrecognised LPI at 30 June 2017 was €346 m, representing a 6% growth compared to the stock at 30 June 2016 calculated based on the same 45% expected recovery rates.

In the first half of 2017, the Group has continued its funding diversification, with a **total funding** at €3,136 m at the end of the semester, with an 11% growth compared to the first half of 2016 and in line with the end of 2016. **Online deposits** reached €850 m at 30 June 2017 (+39% compared to €610 m of the same period of 2016). A new €200 m 2.0% coupon 5 year *senior* bond was issued to institutional investors on 29 June 2017, following the reimbursement on 12 June 2017 of the €300 m senior bond 2.75% coupon 3 year issued in June 2014.

---

[2] 2017 Exchange rate for Poland and Czech respectively PLN/€ 4,2685 and PLN/CZK 0,159 for P&L data (1H17 average), PLN/€ 4,2259 and PLN/CZK 0,161 for Balance Sheet data (30th June 2017); 2016 Exchange rate for Poland and Czech respectively PLN/€ 4,3996 and PLN/CZK 0,162 for P&L data (average June 2016), PLN/€ 4,4362 and PLN/CZK 0,164 for Balance Sheet data (30th June 2016)

[3] Adjusted Net interest income does not include €25.2m one-off impact of change in LPI accounting from 40% to 45% on 1/1/2017; includes €1.9m of Tier II costs for 1H2017, which in 2016 were not present and €1.6m of Magellan acquisition financing cost for 1H2017 (€0.2m for 1H2016).

[4] Adjusted Net Banking income does not include €25.2m one-off impact of change in LPI accounting from 40% to 45% on 1/1/2017 and €3.6m of change in exchange rates impact for 1H2017 (€1.0m in 1H2016), €0.3m commissions related to Magellan acquisition for 1H2016; includes €2.1m of interest expenses and commissions related to Tier II for 1H2017, which in 2016 were not present and €1.8m of Magellan acquisition financing costs for 1H2017 (€0.2m for 1H2016).

The **average cost of funding** registered a reduction compared to the first half of 2016, from 2.09% to 2.04% despite the inclusion in the 1H2017 figures of the additional interests expenses on the Tier 2 bonds and on the debt for the acquisition of Magellan for €3.3m not included in the 1H2016.

The efficiency of BFF Group operations is confirmed, with an **adjusted cost/income ratio**, excluding extraordinary costs, of 37%, compared to 33% in 1H2016, and flat operating costs quarter-on-quarter.

Reported net income of the first half of 2017 amounts to €51 m, with a 79% increase compared to the €28 m achieved in 1H2016. **Adjusted net income** amounts to €38 m, excluding non-recurring net profit of €13 m after tax. Adjusted net income registered a 5% growth compared to €36 m in adjusted net income for 1H2016.

In 1H2017 **Magellan** has reported a €6 m net income adjusted for extraordinary costs, representing 15% of the adjusted net income for the Group.

ROTE adjusted has reached 30% in the first half of 2017 compared to 31% of the same period of 2016.

BFF maintains **healthy capital ratios**, with a 13.7% CET1 ratio and a 19.0% Total Capital ratio on the Banking Group perimeter[5].

The Group confirms its **superior asset quality**, with a net non-performing loans/net loans ratio at 0.6% as of June 2017, compared to 0.1% as of 30 June 2016 and 0.5% as of 31 December 2016. The value as of 30 June 2017 net of the purchases of non performing credits decreases to 0,4%. The 1H2017 **cost of risk** annualised amounted to 15 bps.

BFF **dividend capacity for 1H2017 improves** to €0.22 per share vs. €0.17 per share in 1H2016, with a 35% increase.

IFRS 9 accounting principle

IFRS 9 includes requirements for the classification, measurement and impairment of Financial Instruments. It will come into effect on the 1 January 2018. In anticipation of its implementation, BFF has initiated a project in order to manage the impacts of the new standard.

[5] Considering the CRR Group perimeter, including the parent company BFF Luxembourg, the CET1 Ratio is 10.1% and the Total Capital ratio 15.0%. These ratios are subject to approval by BFF Luxembourg S.àr.l..

The project, which includes each legal entity of the Group, is divided into two parts – 1. Classification & Measurement and 2. Impairment – which are then sub-divided into three stages: Assessment, Design and Implementation.

The Assessment stage consists of estimating the implementation effects of the new standard, both at individual and aggregate levels, in order to assess the size of the impact and identify the actions needed to be taken to better manage the new accounting principle. At this stage, no significant deviations have been identified in terms of economic impacts and IT applications between the new model based on the "expected losses" and the current model used based on the "incurred losses".

The Design phase, which is still in progress, is intended to support each Group entity in the identification and formalisation of the requisites that, in the subsequent phase of Implementation, will lead to the formalisation of the new accounting policies and organisational procedures and the creation of the new IT applications.

With reference to the Classification & Measurement workstream, the SPPI Test phase, in which the various types of contracts for each entity of the Group are identified and analysed, has been completed. The SPPI Test has not identified any financial assets or liabilities that must be assessed as fair value.

Significant events since the end of first half of 2017

On 6 July 2017 BFF Banking Group announced that the €100 m and €200 m bonds, already listed on the Main Securities Market managed by the Irish Stock Exchange, were admitted to trading on ExtraMOT Pro market, organized and managed by *Borsa Italiana S.p.A.*

Statement of the Manager responsible for preparing the company's financial reports

The manager responsible for preparing the company's financial reports, Carlo Zanni, declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records of the Company.

The Half-yearly Report as at 30 June 2017 will be available to the public, under the law, at the corporate head offices, and will also be published on the website www.bffgroup.com, as well as on the website of the authorized central storage mechanism www.1info.it.

Consolidated financial statements:

Consolidated Balance Sheet *(Values in €)*

	Assets	06.30.2017	12.31.2016
10.	Cash and cash balances	3,724,139	149,035
20.	Financial assets held for trading	0	244,420
30.	Financial assets designated at *fair value*	1,225,774	3,401,129
40.	Available-for-sale financial assets	464,143,292	385,279,885
50.	Held-to-maturity financial assets	1,275,770,022	1,629,319,849
60.	Due from banks	227,953,205	144,871,367
70.	Due from customers	2,556,739,145	2,499,094,435
80.	Hedging derivatives	353,163	529,027
100.	Equity investments	175,110	301,567
120.	Property, plant and equipment	12,863,730	12,988,330
130.	Intangible assets	25,159,835	25,811,363
	of which:		
	- goodwill	*22,146,189*	*22,146,189*
140.	Tax assets	16,157,821	25,870,072
	a) current tax assets	*11,427,333*	*21,450,987*
	b) deferred tax assets	*4,730,489*	*4,419,084*
	of which for purpose of Law 214/2011	*717,128*	*748,650*
160.	Other assets	9,730,813	7,135,948
	Total Assets	**4,593,996,051**	**4,734,996,427**

	Liabilities and Equity	06.30.2017	12.31.2016
10.	Due to banks	665,411,551	634,806,875
20.	Due to customers	2,853,052,504	2,996,142,256
30.	Debt Securities issued	591,821,126	634,282,882
40.	Financial liabilities held for trading	1,164,486	7,248
60.	Hedging derivatives	28,509	176,037
80.	Tax liabilities	69,426,588	73,658,616
	a) current tax liabilities	*15,872,357*	*24,129,771*
	b) deferred tax liabilities	*53,554,230*	*49,528,845*
100.	Other liabilities	89,541,658	54,319,925
110.	Provision for employee severance indemnities	855,927	867,129
120.	Provisions for risks and charges	6,331,020	6,989,235
	a) pension funds and similar obligations	*5,672,152*	*6,342,956*
	b) other provisions	*658,867*	*646,279*
140.	Revaluation reserves	7,010,756	4,494,859
170.	Reserves	127,715,656	126,132,168
190.	Issued capital	130,982,698	130,982,698
220.	Profit for the period	50,653,574	72,136,499
	Total Liabilities and Equity	**4,593,996,051**	**4,734,996,427**

Consolidated Income Statement *(Values in €)*

	Items	06.30.2017	06.30.2016
10.	Interest income and similar revenues	126,720,352	77,996,046
20.	Interest expense and similar expenses	(20,133,080)	(12,208,508)
30.	**Net interest margin**	**106,587,272**	**65,787,538**
40.	Fee and commission income	3,969,726	3,718,382
50.	Fee and commission expenses	(501,374)	(276,147)
60.	**Net fees and commissions**	**3,468,351**	**3,442,236**
70.	Dividends and similar income	45,684	10,001
80.	Gains (losses) on financial assets and liabilities held for trading	(4,242,848)	901,545
90.	Fair value adjustment in hedge accounting	26,955	0
100.	Gains (losses) on disposals and repurchases of:		
	b) available-for-sale financial assets	*20,340*	*381,431*
120.	**Operating income**	**105,905,755**	**70,522,750**
130.	Net losses/recoveries on impairment:		
	a) receivables	*(1,905,282)*	*747,121*
140.	**Net profit from financial activities**	**104,000,473**	**71,269,871**
170.	**Net profit from financial and insurance activities**	**104,000,473**	**71,269,871**
180.	Administrative costs:		
	a) personnel costs	*(15,195,331)*	*(11,095,721)*
	b) other administrative expenses	*(18,183,992)*	*(17,968,123)*
190.	Net provisions for risks and charges	(374,966)	(534,421)
200.	Net writeoffs/writebacks on property, plant and equipment	(724,656)	(608,202)
210.	Net writeoffs/writebacks on intangible assets	(900,884)	(752,219)
220.	Other operating income (expenses)	1,912,666	1,061,606
230.	**Operating costs**	**(33,467,162)**	**(29,897,081)**
280.	**Profit (loss) before tax from continuing operations**	**70,533,311**	**41,372,790**
290.	Income taxes on profit (loss) from continuing operations	(19,879,736)	(13,023,426)
300.	**Profit (loss) after tax from continuing operations**	**50,653,574**	**28,349,364**
320.	**Profit for the period**	**50,653,574**	**28,349,364**
340.	**Profit for the period attributable to owners of the parent**	**50,653,574**	**28,349,364**

***

BFF Banking Group

BFF Banking Group is the leading player in Europe in the management and nonrecourse factoring of receivables towards the Public Administrations. BFF Banking Group operates in Italy, Poland, Czech Republic, Slovakia, Spain and Portugal. In 2016 the Group's consolidated adjusted net profit was Euro 88 million and the CET1 ratio for the Banking Group at the end of June 2017 was 13.7%.

Contacts:

Media Relations:
Barabino&Partners

Sabrina Ragone	Elena Bacis	
s.ragone@barabino.it	e.bacis@barabino.it	
Tel 02 72023535	Tel 02 72023535	
Cell 338 2519534	Cell 329 0742079	

Investor Relations:
Enrico Tadiotto
investor.relations@bffgroup.com
T +39 02 49905 458