



1H 2020 Results

6th August 2020

A Bank Like No Other[®]

bffgroup.com

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1. 1H 2020 results: beating the virus

2. DEPObank acquisition: preparing the integration

3. 1 year after Business Plan: delivering the vision

4. Annexes

1H 2020 results: beating the virus



2019 Dividend distribution at the earliest date compliant with regulatory recommendations

- On 27th and 28th July 2020, both the European Central Bank and Bank of Italy, issued new recommendations **requiring no dividend payments until 1-Jan-21**
- Today the Board of Directors acknowledged the ECB/Bol recommendations and **confirmed its intention to propose the distribution of the 2019 Dividend (€ 70.9m)**, conditional to the resolution on the COVID-19 emergency, at the earliest possible date (and, in any case, not before 1-Jan-21)
- Therefore, BFF did not include the 2019 Dividend in its regulatory capital

COVID-19

- No significant negative impacts for BFF due to COVID-19 pandemic, besides lower LPIs over-recoveries
- LPIs collection and legal actions affected by PA in remote working and courts' lockdown, leading to lower LPIs over-recoveries, but higher LPIs stock

Solid financial performance

- Flat Adjusted Net Income at €40.2m, with 30% of Adjusted RoTE, despite (i) €2.6m lower net LPIs over-recovery, (ii) €3.7m lower LPIs cashed-in and (iii) more prudent provisioning (+€1.9m y/y)
- Unrecognized off-balance sheet LPIs (back-book income reserve) increased by €23m y/y to €414m, +€6m in the quarter
- €37.5m of dividend capacity generated in 1H20

Strong growth in volume and loans

- Customer loans up 10% y/y, despite Governments' cash injections, at €3.8bn. 39% of loan book outside Italy up from 34% as of Jun-19
- Volume grew by 29% y/y at €2.5bn

Solid funding base and liquidity

- Available funding increased by +16% y/y at €4.1bn, with €0.7bn undrawn credit lines, +66% y/y, providing higher flexibility to absorb higher loans' growth
- Online deposits up by +77% y/y to €1.6bn, representing 47% of drawn funds
- Sound liquidity ratios with LCR at 520% and NSFR at 108% (138% fully phased-in)

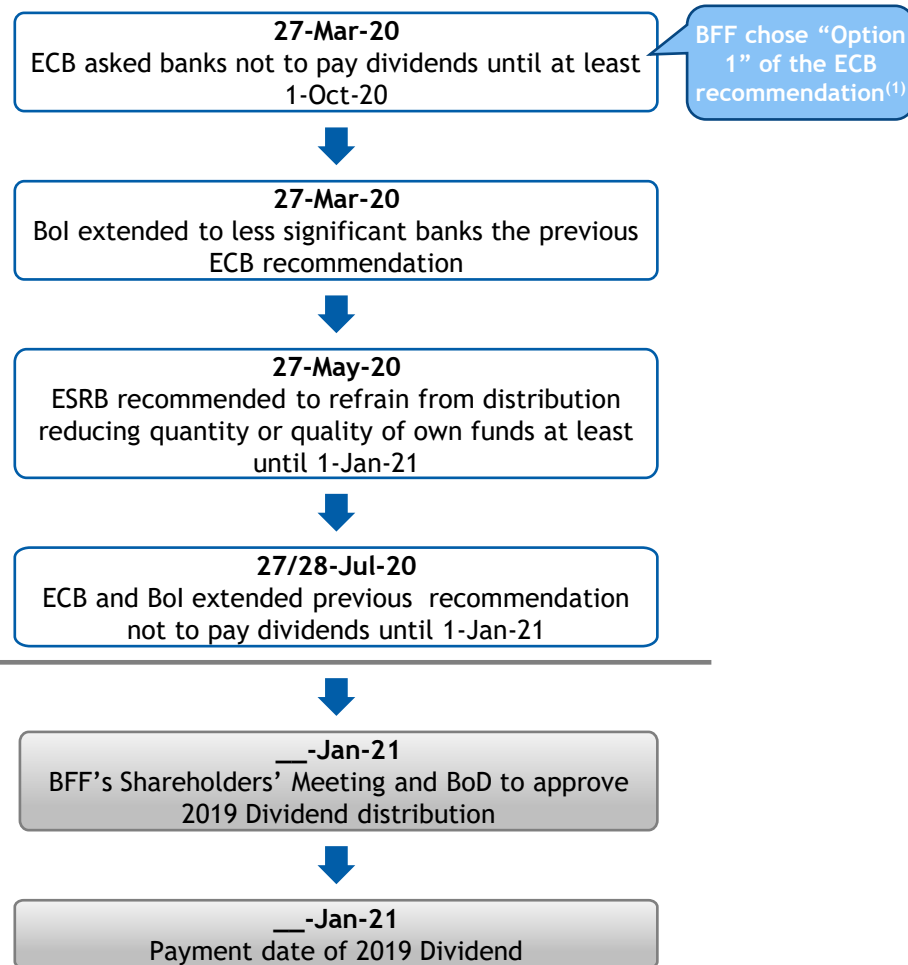
Robust capital position with €108m of dividend capacity

- TC and CET1 ratios equal to 15.7% and 11.5% (excluding both €70.9m of 2019 Dividend and €37.5m of Reported Net Income for 1H20, equivalent to 306bps and 162bps of additional capital respectively), well above SREP requirements
- Strong reduction in net NPLs (-37% y/y and -25% vs. YE19, excluding Italian municipalities in conservatorship), with the Net NPLs/Loans ratio down to 0.1%
- Annualised Cost of Risk at 12bps, 9bps excluding SME factoring business in run-off, increasing NPL coverage ratio⁽¹⁾ to 81% vs. 75% at YE19

2019 Dividend not included in the regulatory capital and ready to be paid-out as soon as possible

- **BFF dividend policy is capital protective:** no dividends are distributed unless Total Capital ratio is in excess of 15%, and earnings are automatically set aside to reach that target
- Following the European Central Bank (ECB) and the Bank of Italy (BoI) recommendations issued of 27th March, by adopting Option 1 contained in ECB recommendation¹, **BFF didn't include the 2019 Dividend (€70.9m) in its regulatory capital.** Therefore, dividends can be paid out at the earliest possible date compliant with the regulatory scenario
- On 27th and 28th July 2020 ECB and BoI issued new recommendations regarding the distribution of dividends by credit institutions, asking **to refrain from paying dividends until 1st January 2021**
- Today BFF's Board confirmed BFF commitment to call a General Meeting and a Board of Directors to propose the distribution of the 2019 Dividend as soon as the regulatory conditions are met


Timetable for 2019 Dividend distribution



COVID-19 Governments' measures have not had material impacts on BFF, besides lower LPIs collections (1/2)






- No significant impacts for BFF because of COVID-19 pandemic, besides lower LPI over-recoveries. Lower tax collection by local entities, PA working by remote, and courts' lockdown, delayed (i) the cash collection of LPIs (i.e. lower LPI over-recovery), and (ii) out-of-the court settlements
- Potential increase in client demand due to (i) higher public expenditure in HC related to the pandemic, (ii) higher risk perception, and (iii) possible lengthening of DSOs
- Possible opportunities arising by Governments' emergency measures: e.g., injection of liquidity to local entities could accelerate LPIs collection
- To further reduce our risk exposure (NPLs), in Poland we stopped new business on direct lending to doctors (MedDoctor product) and we voluntary gave our clients the possibility of moratorium (accepted requests for c. €6.6m so far)

Countries	Government liquidity measures to face COVID-19 pandemic	Expected impact for BFF
<p>Italy</p> 	<ul style="list-style-type: none"> ▪ “Relaunch Decree” (law in Jul-20): <ol style="list-style-type: none"> 1) allocated €12bn pre-arranged through cash advances by CDP in favour of local entities for the payment to suppliers and service providers of PA debts with maturity prior to 31/12/2019 2) foreclosure deeds towards the NHS entities are suspended until 31/12/2020, in order to preserve the liquidity necessary for the emergency-related activities, including timely payment of commercial debts 3) specific conditions (Art. 117) about the sale of receivables due to NHS entities such as “private affiliated” structures (e.g. private hospitals, nursing homes): (A) credits not certified via electronic platform can be transferred only following a notification of the transfer to the debtors, which should explicitly accept to assign the credit by 45 days, after which the transfer will be deemed refused; (B) the transfer of credits certified via electronic platform must be notified to the debtors; (C) debtors aren't responsible for the payments made to the transferor before the deed of transfer notification 4) allocated approximately €4bn for the cancellation of the June IRAP (regional tax on productive activities) for companies with turnover up to €250m ▪ CDP launched a new rescheduling plan up to €1.4bn of loans granted to the local entities, which envisages the possibility to renegotiate the loans with a maturity until year 2043. The rescheduling plan includes also local entities in rebalancing or in conservatorship ▪ “Liquidity Decree” of Apr-20 allocated (i) €200bn for state-guaranteed loans to corporates, and (ii) €200bn in export guarantees. This €400bn package also strengthened the Central Guarantee Fund for SMEs: new loans with a 6-year maximum duration will be 100% guaranteed by the Fund 	<ol style="list-style-type: none"> 1) Very marginal, since only €1bn has been applied for so far 2) Limited, since legal actions take 5 years on average 3) Very marginal, since only 2 clients of BFF fall into the “private affiliated” category 4) Not significant, since likely compensated by more transfers from center to local governments <p>Marginal impact due to the small amount provided by the measure</p> <p>Limited impact given that BFF's clients are mostly multinational/large corporate</p>

COVID-19 Governments' measures have not had material impacts on BFF, besides lower LPs collections (2/2)

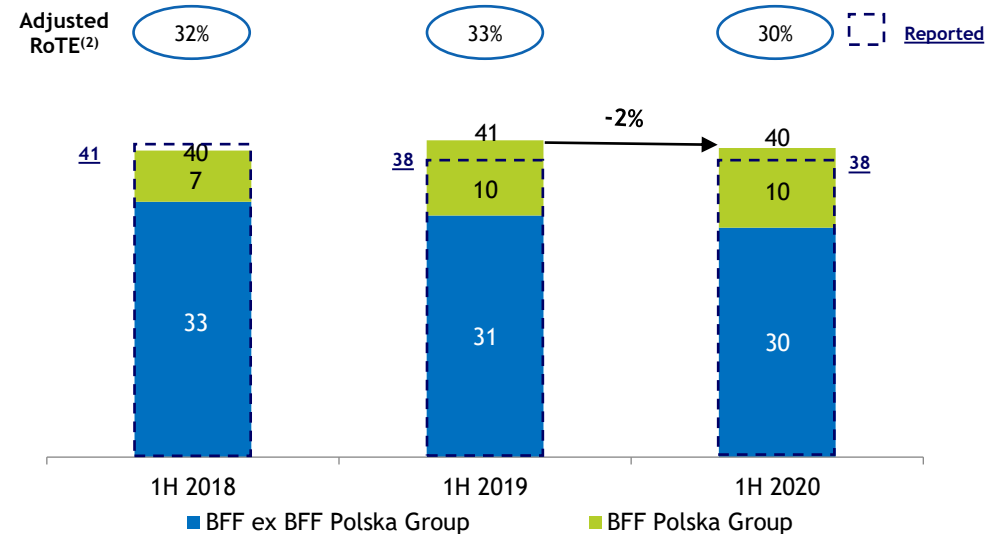


Countries	Government liquidity measures to face COVID-19 pandemic	Expected impact for BFF
<p>Spain</p> 	<ol style="list-style-type: none"> 1) In 1H20 Government issued a cash injection for regions (<i>FLA - fondo de liquidez autonómica</i>) of €11.8bn to pay suppliers. Proposed a new cash injection in 3Q20 for €3.6bn 2) Fiscal packages to support demand (cash payments to households, tax breaks for employers and similar) and loans and guarantees to businesses were introduced 3) Allocation of resources for state-guaranteed loans and moratorium for credit transactions 	<ol style="list-style-type: none"> 1) Slight decrease of PA DSOs and increase in collection 2) Limited, given that BFF's clients are mostly multinational/large corporate 3) Marginal slow-down in the positive trend registered on factoring purchases
<p>Portugal</p> 	<ol style="list-style-type: none"> 1) A cash injection program of €200m to NHS hospitals for payments to their suppliers was issued in Mar-20, with possible second injection on 4Q not officially confirmed by the Government 2) State-guarantee scheme and moratorium from 26-Mar to 30-Sep. Only SMEs not in default vis-à-vis the Portuguese State and which reported to the Portuguese Risk Centre may apply for all credit transactions granted by credit institutions, investment companies, factoring companies or mutual guarantee companies 	<ol style="list-style-type: none"> 1) Slight increase in the amount collected especially in March 2) Limited, given that BFF's clients are mostly multinational/large corporate
<p>Poland</p> 	<ol style="list-style-type: none"> 1) Liquidity package by the National Bank of Poland to maintain liquidity in the banking sector, decrease of the base interest rate and reserve requirement rate, potential LTROs 2) On 31-Mar an "anti-crisis shield", an assistance package: <ul style="list-style-type: none"> - more than PLN 212bn for local entities to support current operations and investments - PLN 7.5bn dedicated to the healthcare system, was signed 3) Allocation of resources for state-guaranteed loans and moratorium for credit transactions 4) Fiscal packages to support demand (cash payments to households, tax breaks for employers and similar) 	<ol style="list-style-type: none"> 1) Reference rate cuts led to almost an equivalent reduction of the WIBOR, that will be reflected in repricing starting from next quarter 2) Decreasing demand for long-term financing due to growing government support to hospitals, and focus on short-term financing 3) Implementation of credit holiday measure against the deterioration of repayment of liabilities quality. Accepted requests for €26.4m 4) N.A.
<p>Other BFF countries</p>	<ol style="list-style-type: none"> 1) Slovakia: historically the largest debt relief (€600m) for healthcare and local entities was approved by Parliament on 14-Jul-20 2) Greece: Government loans in the form of returnable advance with 94bps interest rate to companies that demonstrate, <i>inter alia</i>, a decrease of turnover and occupy up to 500 employees as of 30-Mar-20 3) Croatia: injection of HRK 500m (c €67m) to healthcare system 4) France: state guarantee for a total amount of €300bn that should apply to all loans granted from 16-Mar-20 	<ol style="list-style-type: none"> 1) Impact on new volume and acceleration of LPs collection in 2020 2) Limited, as an alternative cost-efficient funding to SMEs 3) Limited, partial postponement of operations 4) Limited, mainly related to potential lower need for BFF services

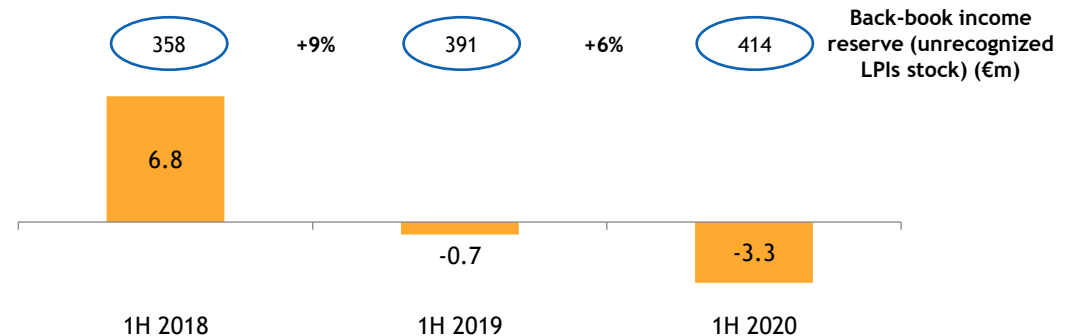
€40m Adjusted Net Income, with lower LPI over-recoveries and increased NPL coverage

- Adjusted Net Income flat y/y at €40.2m vs. €41.2m in 1H19, despite (i) net LPIs over-recovery €2.6m lower than 1H19, with €3.7m lower LPIs cashed-in and (ii) more prudent provisioning (+€1.9m y/y) that increased NPL coverage ratio⁽³⁾ from 70% in 1H19 to 81% in 1H20
- Adjusted RoTE of 30% vs. 33% in 1H19, driven by lower LPIs over-collection
- The back-book income reserve (i.e. the stock of LPIs accrued, but that has not been collected and has not gone through the P&L) increased by €6m in the quarter, €23m y/y (+6%), to €414m

Adjusted Net income⁽¹⁾ (€m)



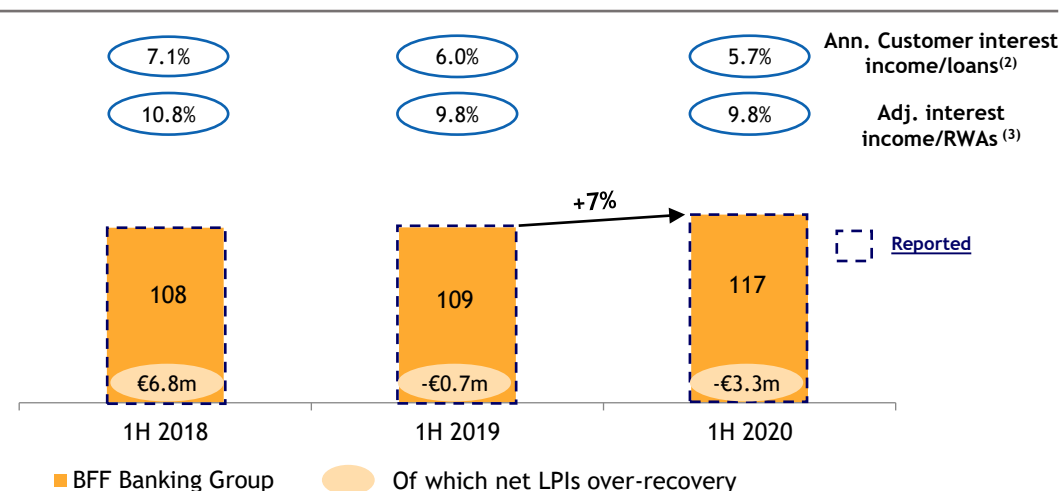
Net Over-Recovery of LPIs collection pre-taxes (€m)



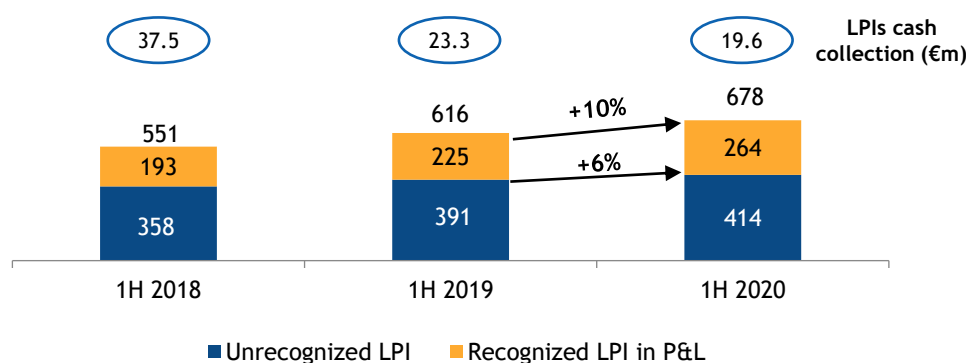
Growing Interest Income and LPIs stock

- 1H20 Interest Income at €117m, +7% y/y vs. 1H19, despite €2.6m of lower net LPIs over-recovery⁽¹⁾ accounted in P&L vs. previous year
- €3.7m of lower LPIs cashed-in in 1H20 vs. 1H19:
 - LPIs cashed-in in 1H20 amount to €19.6m, vs. €23.3m in 1H19 and €37.5m in 1H18, with lower LPIs recovery rate in 1H20 vs. a strong 1H19
- The stock of unrecognized off-balance sheet LPIs (back-book income reserve) that has not gone through the P&L increased by €23m y/y (+6%) and equal to €414m at the end of 1H20
- All LPIs over-recoveries are accounted when cash-collected and there is no sale of LPIs to third parties

Adjusted Interest Income (€m)



LPIs stock evolution (excluding BFF Polska Group) (€m)

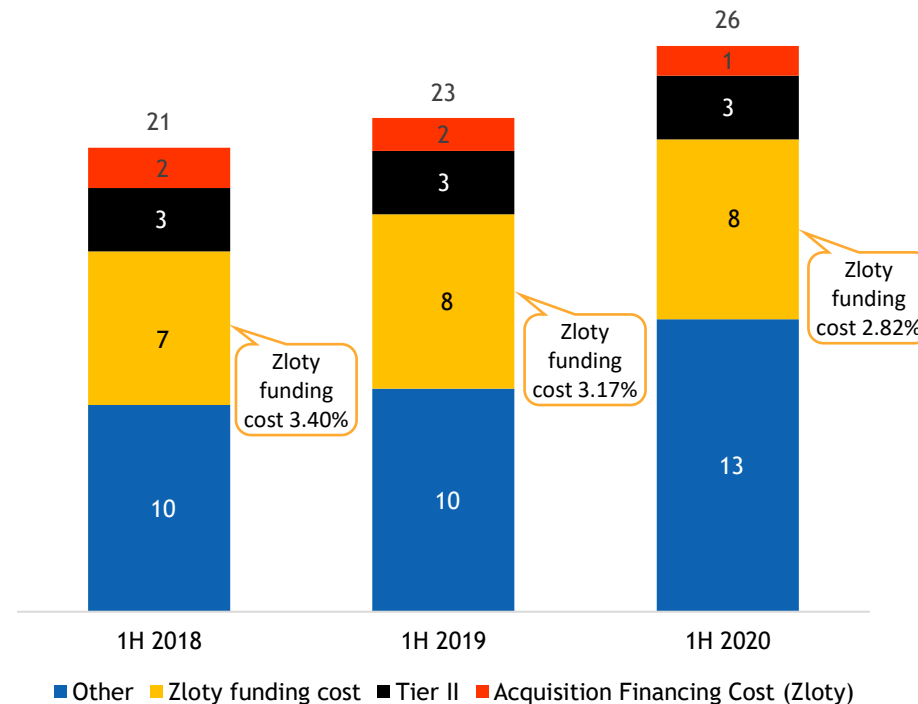


Cost of Funding at 1.60%

- **Interest expenses increased at €26m (+15% y/y), due to:**
 - the **increase of average drawn funding** from €3.2bn to €3.6bn, with more online deposits and less other wholesale lines;
 - growth in online deposits and €2.8m of interest expenses related to the bond issued in Oct-19 (not present in 1H19);
 - **higher undrawn committed lines**, from €0.4bn to €0.7bn (+66% y/y), driven by the measures to increase the stock of funding
- **Cost of funding increased to 1.60% (+4bps y/y) reflecting:**
 - the issuance of the €300m bond at a 1.75% fixed rate in Oct-19;
 - the decrease of the amount of wholesale credit lines drawn (currently the cheapest funding source);
 - a higher weight of the Polish Zloty exposures, with a higher base rate.
- **National Bank of Poland cut the reference rate by 50bps on 9-Apr and by additional 40bps on 28-May**, leading to almost an equivalent reduction of the WIBOR. The reduction of the WIBOR will be reflected in cost of borrowing starting mostly from next quarter. BFF's Zloty balance sheet has a neutral interest rate sensitivity
- No funding costs linked to Government bond yields
- No ECB refinancing risk

Adjusted Interest expenses (€m)

Average funding lines used (excluding REPO, €m)	2,607	+22%	3,176	+14%	3,607
Cost of funding (excluding REPO, %)	1.82%	-26bps	1.56%	+4bps	1.60%

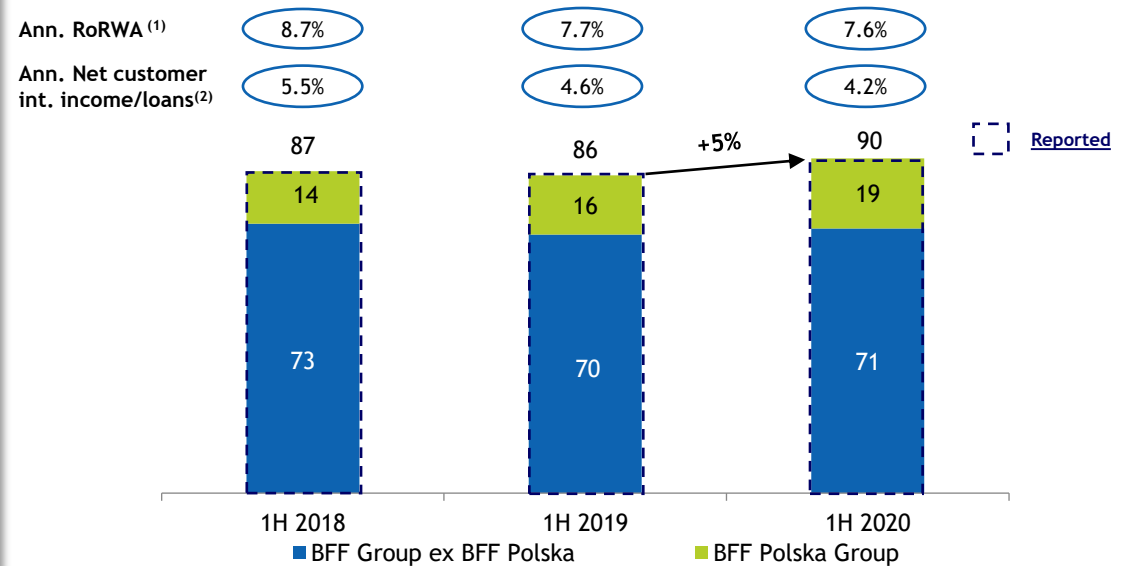


Single digit growth of Adjusted Net Interest Income and Net Banking Income

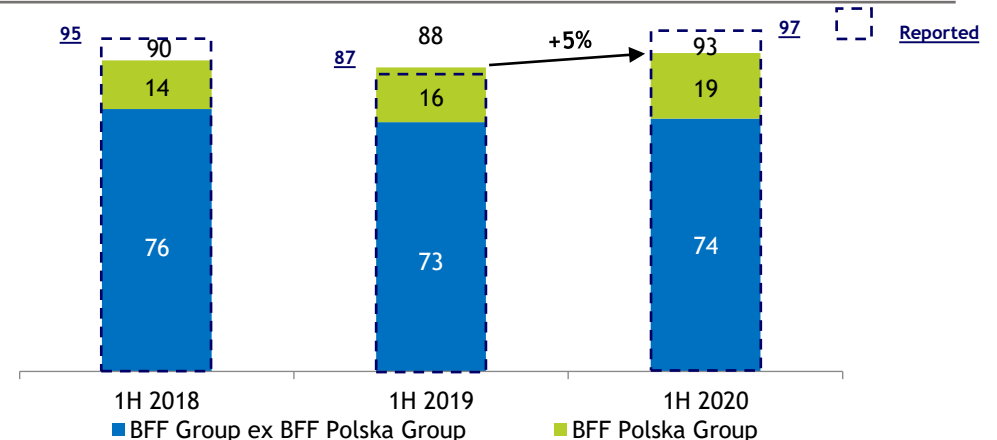
Adjusted Net Interest Income and Adjusted Net Banking Income +5% y/y vs. 1H19, with:

- €2.6m of lower net LPIs over-recovery in 1H20 vs. 1H19;
- higher Cost of Funding, due to *i.* a significant increase of available undrawn funding (+66% y/y at €723m), and *ii.* a higher exposure to the Polish Zloty
- **Annualized RoRWA at 7.6% in 1H20 vs. 7.7% in 1H19**, mainly driven by the lower net LPIs over-recovery
- Excluding net LPIs over-recovery, annualized RoRWA is equal to 7.9% in 1H20 vs. 7.8% in 1H19 and 8.0% 1H18
- Recovery credit collection costs are accounted in other **operating income** on a cash basis (P&L item “230”), which increased from €2.6m in 1H19 to €3.0m in 1H20

Adjusted Net Interest Income (€m)



Adjusted Net Banking Income (€m)



Net Banking income are adjusted to exclude extraordinary items: the change in exchange rates impact (€3.8m positive impact for 1H20, €1.1m negative impact for 1H19 and €4.1m positive impact for 1H18).

Good operating efficiency despite continuous investment in growth

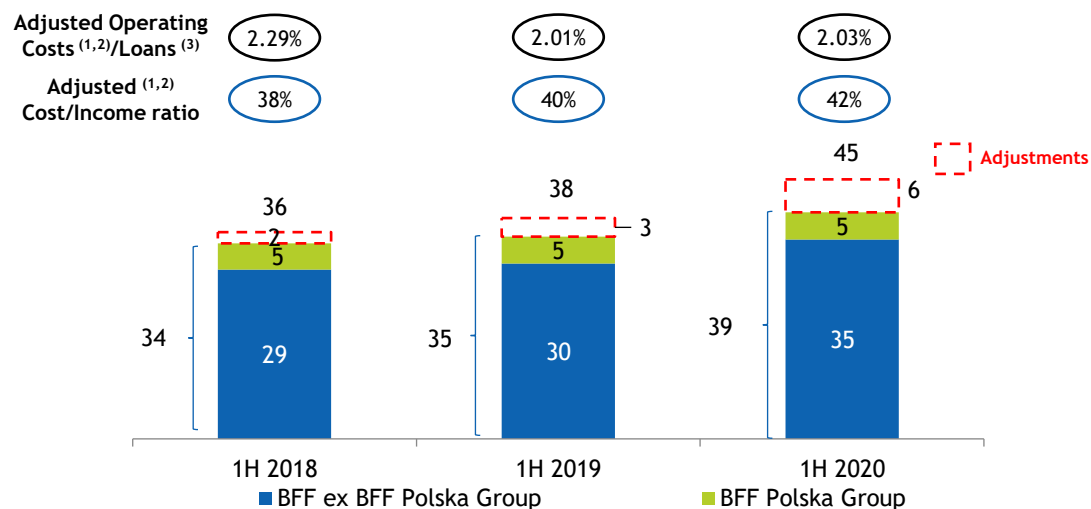
- Highly efficient structure with Adjusted Operating Costs^(1,2)/Loans⁽³⁾ ratio of 2.03% in 1H20 vs. 2.01% in 1H19 and 2.29% in 1H18

- Operating Cost up by 12% y/y:

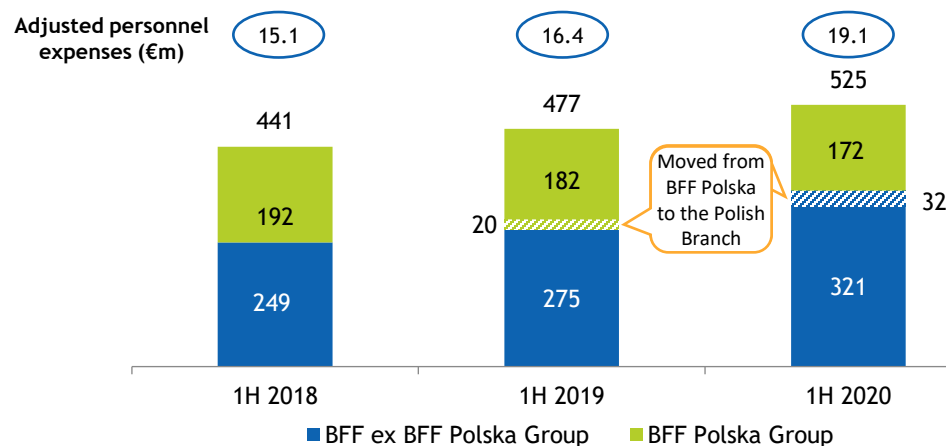
- Personnel costs increased by 16% y/y due to higher employee base (from 477 to 525 employees), including IOS Finance acquisition
- Other operating expenses +8% y/y, including the set-up of (i) the branch in Greece and (ii) the digital platform partnership in Spain
- Ordinary Resolution Fund fully expensed and FITD contribution accrued on an expected pro-rata basis: in 2020 equal to €2.9m in total vs. €2.1m in 2019

- Adjusted Cost/Income ratio increased to 42%, also driven by lower net over-recoveries

Operating Costs⁽¹⁾ (€m)



Number of Employees^(4,5)

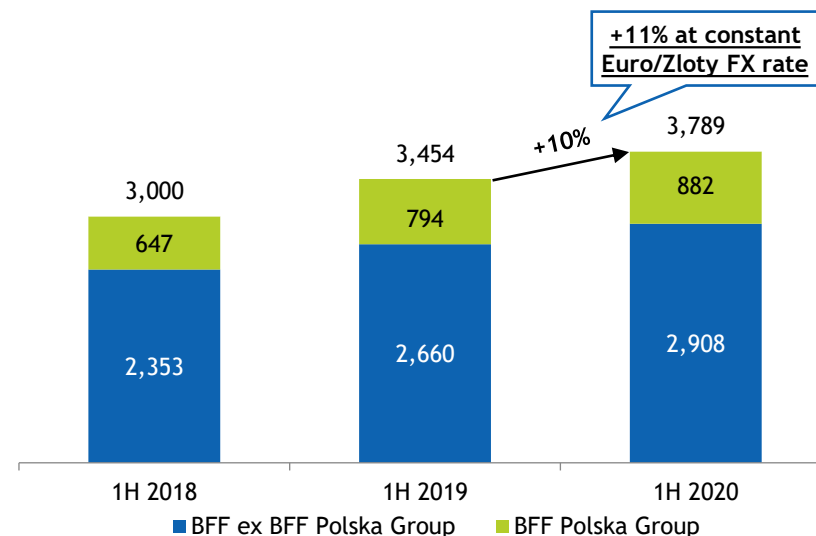


Operating costs adjusted to exclude costs related to the Stock Option plan and the Stock Grant plan which generates an equivalent increase in equity (€1.5m, €1.7m and €1.3m for 1H20, 1H19 and 1H18 respectively); the extraordinary contribution to Resolution Fund (€0.7m, €0.6m and €0.7m for 1H20, 1H19 and 1H18 respectively); €3.5m of M&A costs for 1H20 and €0.9m for 1H19

Double digit growth in Customer Loans

- **Strong growth in customer loans at €3.8bn (+10% y/y) throughout the Group:**
 - Italy grew by 2% y/y
 - Spain +100% y/y excluding IOS Finance for 1H19 (+21% y/y including IOS Finance for 1H19), despite the Government's extraordinary *FLA - fondo de liquidez autonómica* of €11.8bn to pay suppliers in 1H20
 - Poland +9% y/y, despite the depreciation of the Euro/Zloty exchange rate (+14% growth at constant FX rate)
 - International business represents 39% of total loans, up from 34% at the end of Jun-19
- Residual €1.0m (-45% vs. Dec-19) 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 ex BFF Polska Group	Without IOS		With IOS
	1H 2018	1H 2019	1H 2020
Italy	2,045	2,271	2,325
Spain	205	204	406
Portugal	95	157	121
Greece	8	27	51
Croatia	-	1	1
France	-	-	3
Total	2,353	2,660	2,908

BFF Polska Group	1H 2018	1H 2019	1H 2020
Poland	505	626	682
Slovakia	140	165	197
Czech Rep.	2	4	3
Total	647	794	882

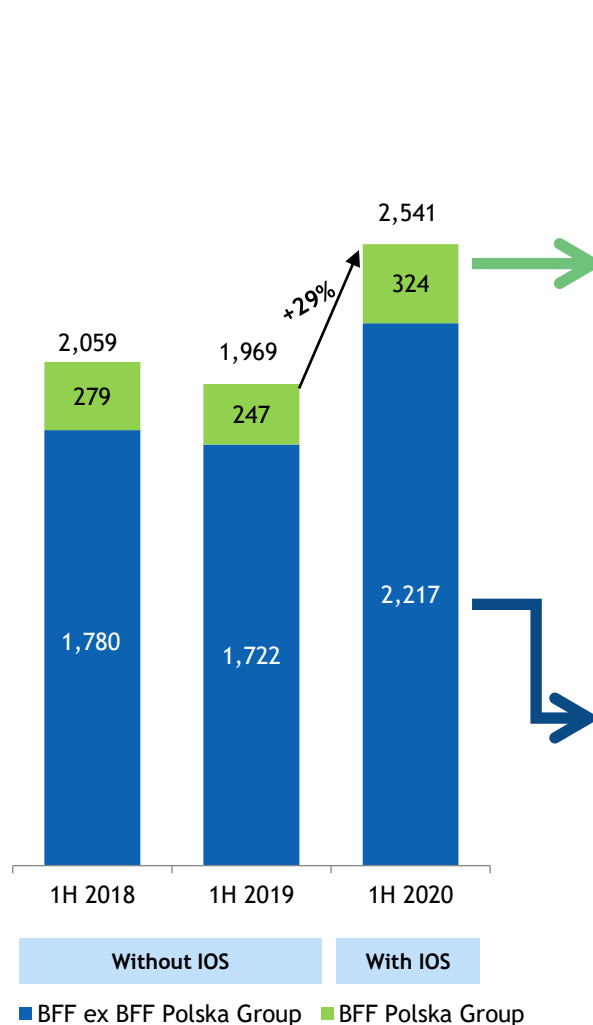
+14% at constant FX rate

Double digit growth in New Business Production

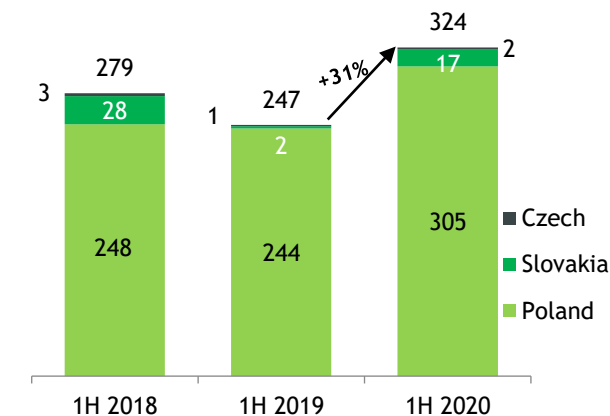
- New business grew by 29% y/y with volume at €2.5bn in 1H20:

- Resumed growth in Italy (+3% y/y)
- Spain +132% y/y excluding IOS Finance for 1H19 (+39% y/y including IOS Finance for 1H19), double digit growth despite in 1H20 the Government issued a debt relief (*FLA - fondo de liquidez autonómica*) of €11.8bn to pay suppliers
- Poland +25% y/y, +28% at constant FX rate
- Resumed growth in Portugal with +51% y/y, despite cash injection in Jun-20, and in Slovakia (€17m vs. €2m in 1H19)
- Greece contributed for €33m and France for €5m

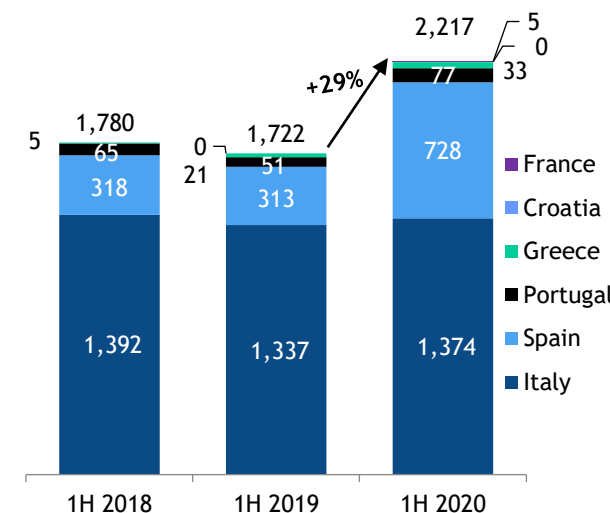
Total New Business Volume (€m)



BFF Polska Group (€m)



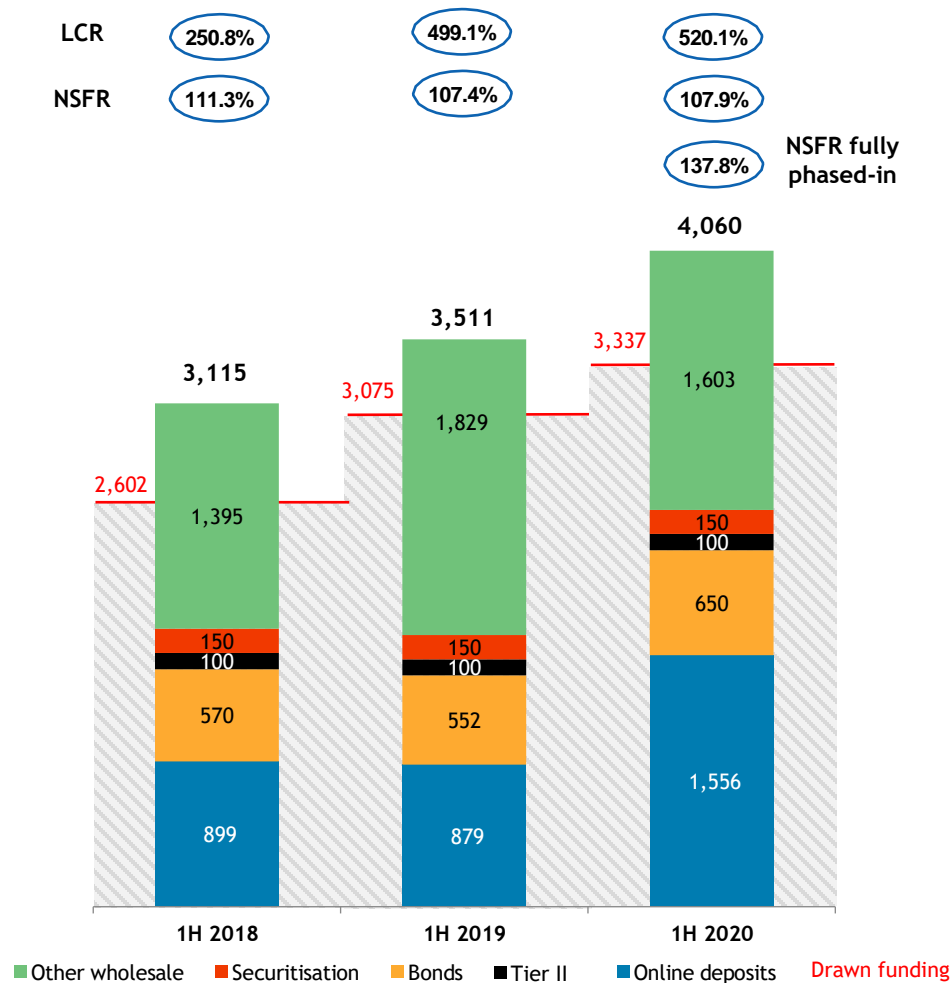
BFF ex BFF Polska Group (€m)



Strong liquidity and no ECB financing

- Significant increase in available funding at €4.1bn, +16% y/y
 - €0.7bn⁽¹⁾ excess liquidity (undrawn credit lines), +66% y/y, which provides higher flexibility of BFF's balance sheet to absorb higher loans' growth (i.e. up to +19% of additional loans vs. 1H20 stock) or longer collections times
- A diversified and flexible funding base to support growth:
 - Online deposits increased by +77% y/y to €1,556m, representing 47% of drawn funds
- Strong liquidity position with a LCR of 520.1%
- No funding cost linked to the Italian Government funding cost or rating
- No recourse to ECB TLTRO or any other emergency liquidity measure
- Positive impact expected on the NSFR ratio from 2Q 2021 by the new regulation, which establishes more favourable weighting factors for the assets and liabilities related to factoring activities (estimated 137.8% fully phased-in)
- Following the announcement of the acquisition of DEPObank, Moody's confirmed all Banca Farmafactoring S.p.A. ("BFF") ratings, with Developing outlook (from Positive) for the Long-term Issuer Rating ("Ba1") and Positive outlook for the Long-term Bank Deposits Rating ("Baa3")

Available Funding^(2,3) (€m)



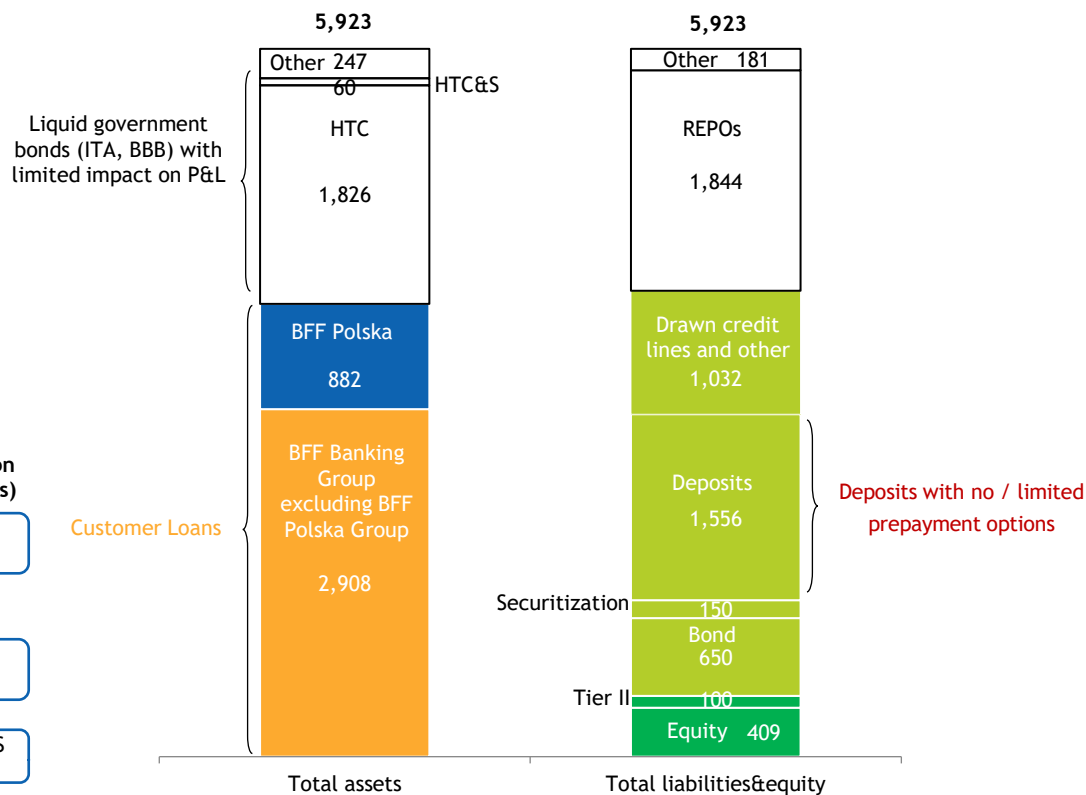
Fortress balance sheet

- Customer loans funded through a well diversified funding base
- Conservative asset / liability management
- Natural currency hedge: forex assets funded with forex liabilities
- Government bond portfolio at €1.9bn (19% of total assets excluding HTC acquired within the DEPObank deal): negative mark-to-market of HTC&S for €0.2m after taxes (booked in equity) and **positive for €21m after taxes on HTC (not recognized in P&L or balance sheet)**

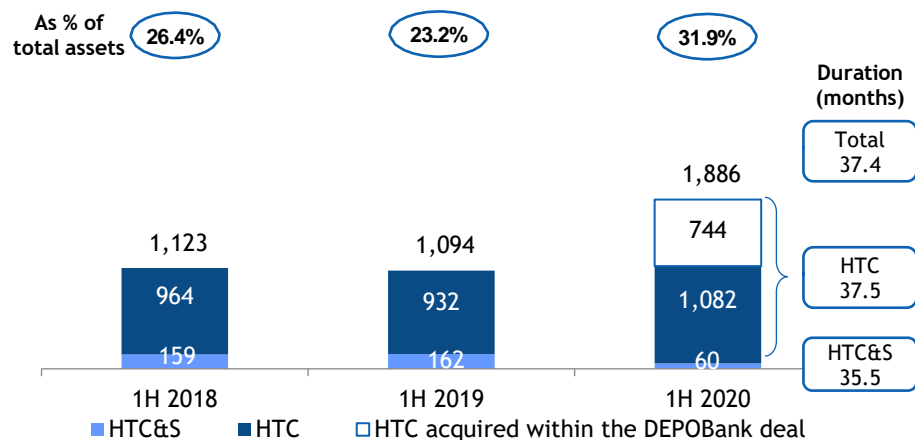
Breakdown of Balance Sheet 1H 2020 (€m)

Leverage Ratio

4.5%



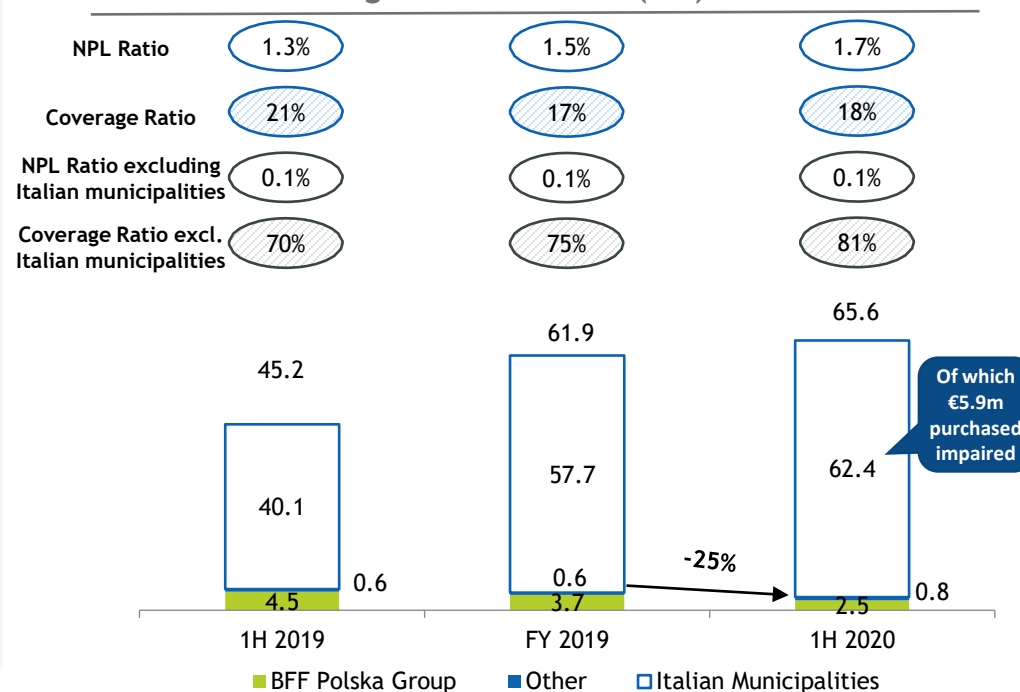
Bond Portfolio (€m)



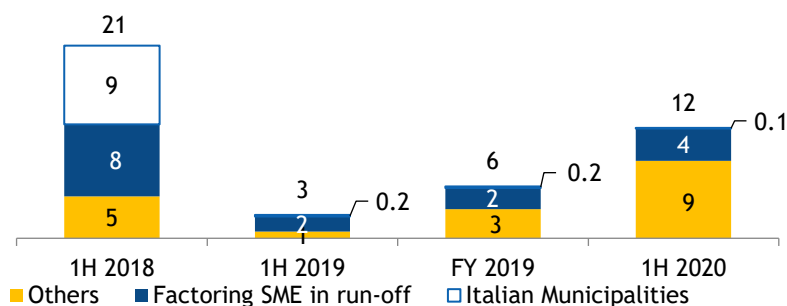
Negligible credit risk

- Net NPLs excluding Italian municipalities in conservatorship down to €3.2m (-37% y/y and -25% vs. YE19) and 0.1% of net loans, with a 81% coverage ratio up from 75% at YE19
- 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 LPs at the end of the process
- 12bps annualized Cost of Risk in 1H20, 9bps excluding the SME factoring business in run-off (€1.0m of residual SME net exposure classified as net impaired loans with 84% coverage ratio), including the impact on IFRS 9 of COVID-19 on the macroeconomic scenario
- Didn't apply the extension of the transition period or any other flexibility in relation to IFRS 9 allowed by the European Commission's banking package

Net Non Performing Loans Evolution (€m)



Cost of risk (bps)



Asset quality - €/000	1H 2018	1H 2019	FY 2019	1H 2020
Total net non performing	29,554	45,211	61,943	65,588
Total net unlikely to pay	9,210	10,315	9,526	16,067
Total net past due	128,328	38,695	34,691	48,868
Total net impaired assets	167,093	94,221	106,160	130,522
o/w Total net past due public sector	81%	79%	87%	57%
o/w Total net impaired assets public sector	77%	75%	83%	69%
Total net Impaired Assets/Loans & Receivables	5.6%	2.7%	2.6%	3.4%
Total net Imp. Assets (excl. Ital. Munic.)/Loans & Receiv.	4.8%	1.6%	1.2%	1.8%

Strong capital position, with €108m of dividend capacity

- Total Capital ratio at 15.7% and CET1 ratio at 11.5%⁽¹⁾ excluding:

- **€70.9m of 2019 Dividend** (equal to 306bps of additional capital)
- €37.5m of 1H20 Reported Net Income (equal to 162bps of additional capital), available for dividend, since TCR is >15%

Ample buffer vs. SREP requirements

- No need to apply any of the ECB/EBA emergency measure or the European Commission's banking package
- Conservative RWAs calculation based on standard model and with the Italian exposure to NHS and other PA risk weighted at 100%⁽²⁾:
 - Italian ratings would have to be downgraded by 9 notches by DBRS (BFF's ECAI) in order to have a negative impact on RWAs. Instead, one notch Italian rating upgrade by DBRS would decrease the risk weighting to 50%, with a 3.2% positive impact on Total Capital Ratio and a 2.3% impact on CET1 Ratio
- Lower RWAs density, at 61% vs. 63% in 1H19, thanks to a better loan mix

Total Capital Ratio - Banking group ex TUB⁽¹⁾

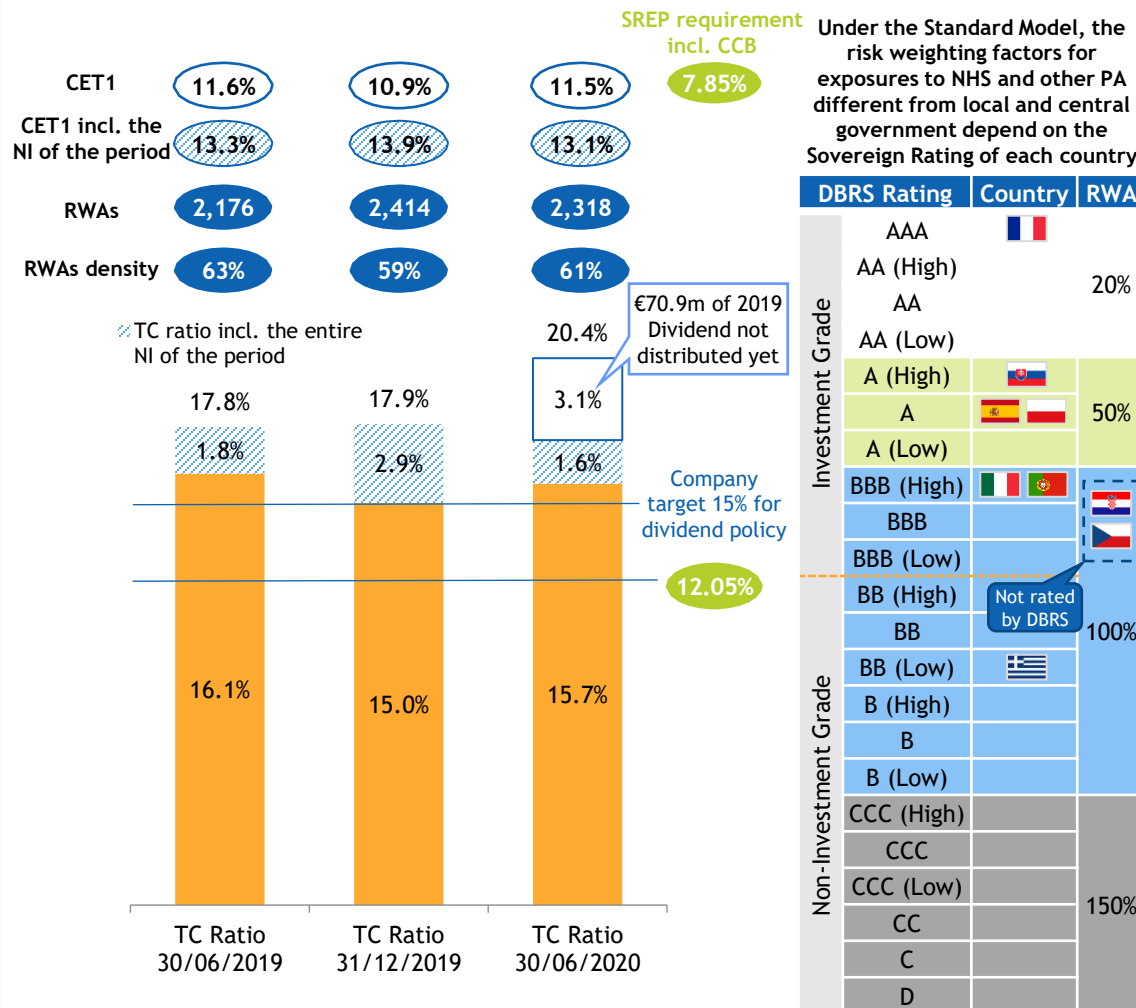


Table of Content

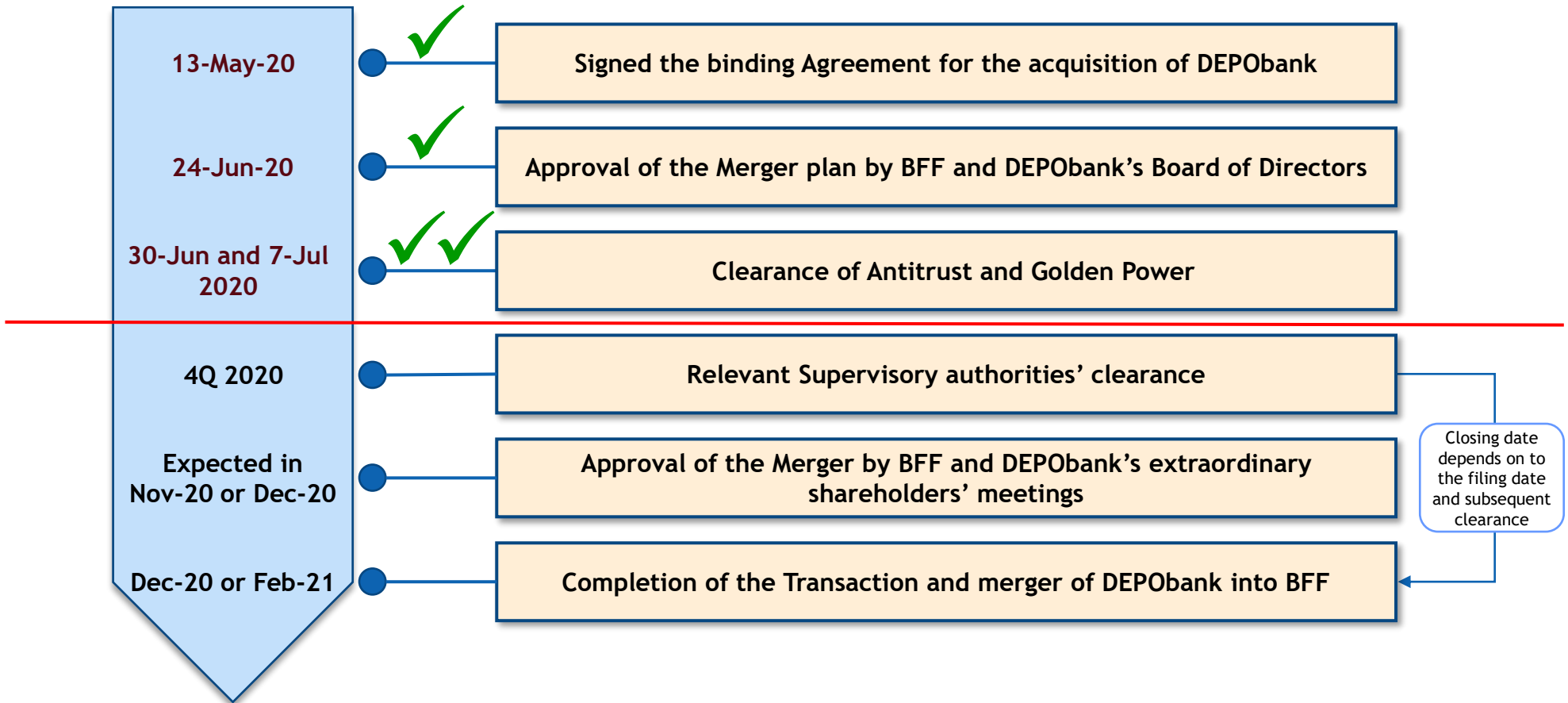
1. 1H 2020 results: beating the virus

2. DEPObank acquisition: preparing the integration

3. 1 year after Business Plan: delivering the vision

4. Annexes

Progressing towards Closing as scheduled



Current value of Risk Sharing Mechanism expected to generate €10m capital uplift at closing

- At closing a Risk Sharing Mechanism with the seller may be activated in relation to the potential capital absorption related to DEPObank's HTC Portfolio⁽¹⁾ in the case that the fair market value at such date is lower than the carrying value on DEPObank's accounts
- The main driver of volatility of the difference between FV value and accounting value has been already neutralized: on 13th May 2020 **BFF purchased from Depo** €742m of CCT with maturity 2025-04-15 and a **carry yield** of 1.6%, financed through REPO at market conditions
- At current market prices, the value of DEPObank's HTC Portfolio is higher than its accounting value: if activated, the application of the Risk Sharing Mechanism would result in a positive impact on the capital of c. €10m, with no change in the total consideration due to the seller

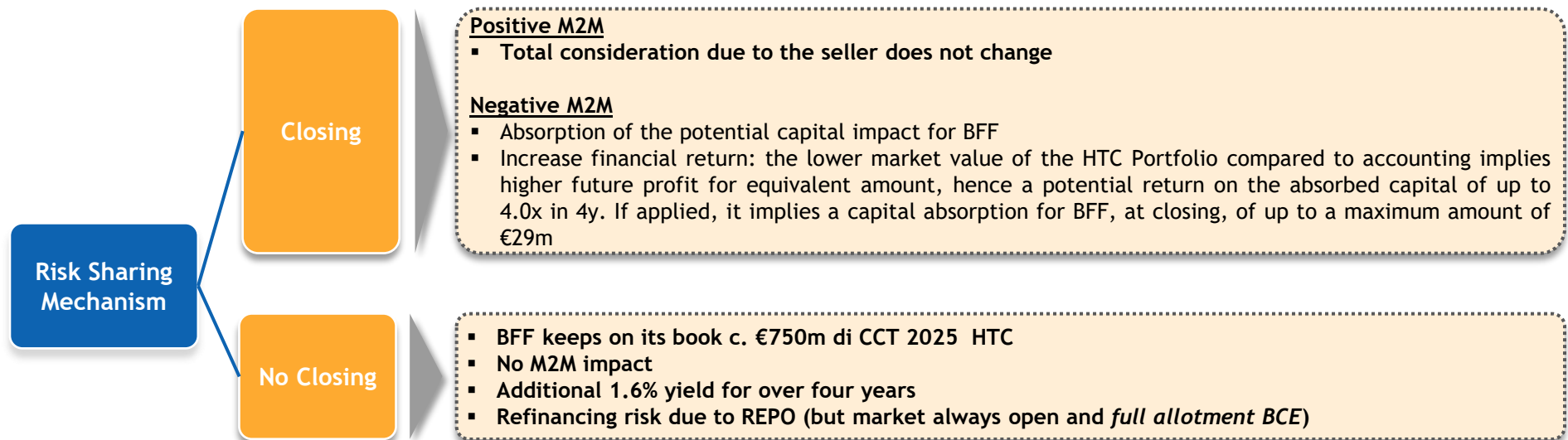


Table of Content

1. 1H 2020 results: beating the virus

2. DEPObank acquisition: preparing the integration

3. 1 year after Business Plan: delivering the vision

4. Annexes

“BFF 2023” - A Leading Specialty Finance Bank Built with Discipline



Slide from “BFF 2023” Strategy presentation of 29th May 2019

“BFF 2023”

Vision

Banking group leader in specialty finance niches in Europe, leveraging on its leadership position in financial services to the suppliers of PA and HC

Mission

- Operating with honesty and transparency, respecting and valuing people
- Maintaining leadership in innovation, customer service and execution in the reference markets
- With a low risk profile and high operational efficiency
- Aligned with corporate governance best practices for public companies

Targets to 2021

- Volume and loans growth >10% per annum
- Adjusted Net Profit growth ~10% per annum on average
- Return on average Tangible Equity (RoTE) >30%, on a solid capital base (Total Capital Ratio target of 15% and a growing CET 1 ratio)

Delivering the vision set in “BFF 2023” Strategy



2023 STRATEGIC GOALS ANNOUNCED IN JUNE 2019

✓ *“Continue to develop current core business and improve operating efficiency”*

✓ *“Continue to optimise funding and capital”*

✓ *“Consolidate existing business and/or expand into other underserved markets via M&A”*

ACHIEVEMENTS IN 2H 2019 AND 1Q 2020

- Further strengthened the leadership position in Italy, with a market share of 29% as of Mar-20
- First purchases of NHS receivables in France, the 9th market covered by BFF and the 3rd under FOS regime
- Extended the offering of credit management services in Spain with the acquisition of IOS Finance

- Opened a branch in Poland and launched the collection of online deposits in Zloty
- Launched the collection of online deposits in The Netherlands and Ireland
- First time public rating by Moody’s in Oct-19, with Long-term Issuer Rating at “Ba1” and Positive outlook
- First rated (“Ba1”) bond issued under the EMTN Programme

- Acquisition of IOS Finance (closing in Sep-19 and merger completed in Dec-19)

ACHIEVEMENTS IN 2Q 2020 DURING COVID-19 PANDEMIC

- Received the authorizations to open a branch in Greece, expected to be fully operational in 3Q 2020
- Launched a digital platform in Spain in partnership with Seres, to offer non-recourse factoring services and e-invoice management

- Online deposits increased by +77% y/y in 1H20
- Moody’s confirmed all BFF ratings, with Developing outlook for the Long-term Issuer Rating (“Ba1”) and Positive outlook for the Long-term Bank Deposits Rating (“Baa3”)

- Signed a binding agreement for the acquisition of DEPObank

One of the few Italian Public Companies

Shareholding structure

- One of the few Italian public companies, with **88%** free float (doubled vs. 44% at IPO), of which c. 4% held by management
- In the context of the merger of DEPObank, Equinova will receive an expected post-merger stake equal to 7.6% of the combined entity. The **expected free float post-merger will still be above 80%**

Governance

- Focusing on ESG performance: voluntarily published the first non-financial disclosure for 2019
- BFF Board will submit its own board members' slate in 2021, out of which one independent director will be **designated by Equinova**

BFF shareholding structure

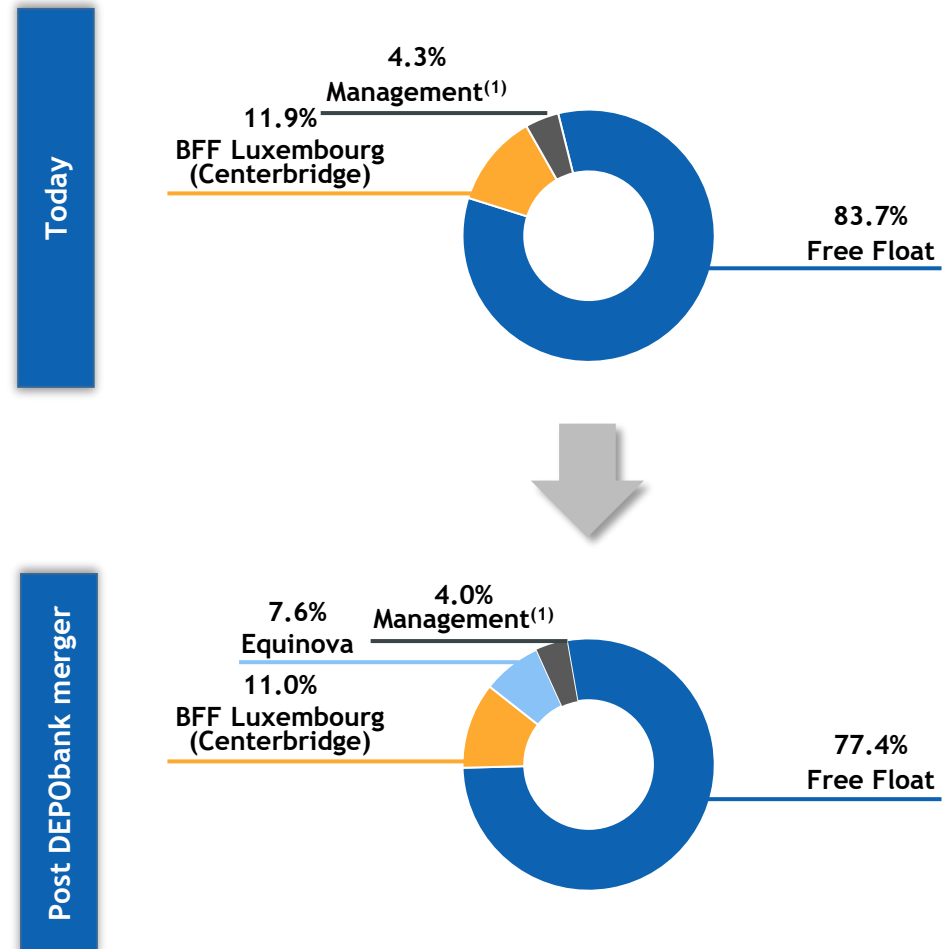


Table of Content

1. 1H 2020 results: beating the virus

2. DEPObank acquisition: preparing the integration

3. 1 year after Business Plan: delivering the vision

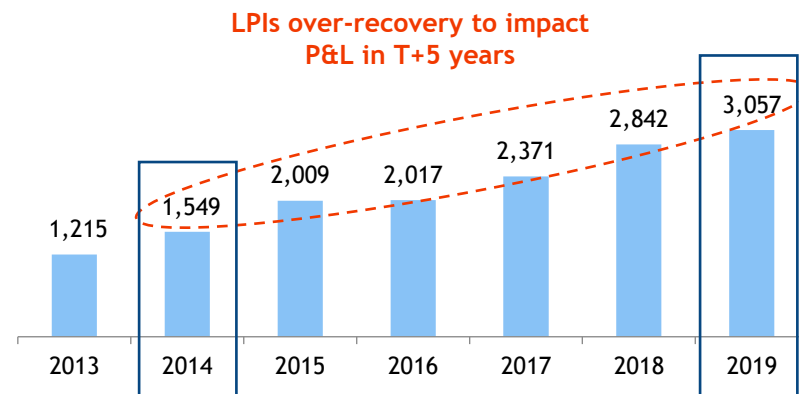
4. Annexes

Focus on deferral income and net over-recovery of LPIs collection

Deferral Income of LPIs collection

- BFF prudently recognizes in P&L on an accrual basis only 45% of LPIs legally due (discounted over 1800 days, i.e. 5 years horizon). 45% is the minimum at which BFF settles its LPIs 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 LPIs 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 LPIs 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 2019 outstanding vs. previous years will be visible only in c. 5 years

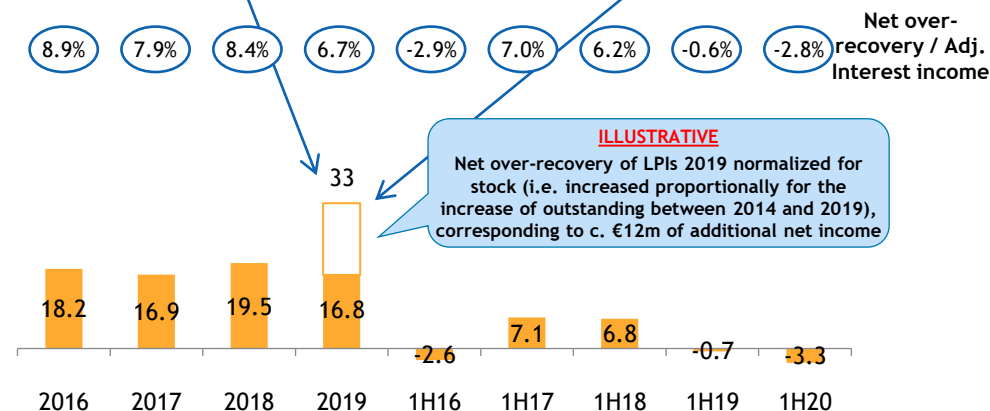
Outstanding Evolution (Excl. BFF Polska Group) (€m)



Over-recovery of LPIs 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 LPIs less the rescheduling impact, has been on average less than 10% of the interest income over the last 3 years

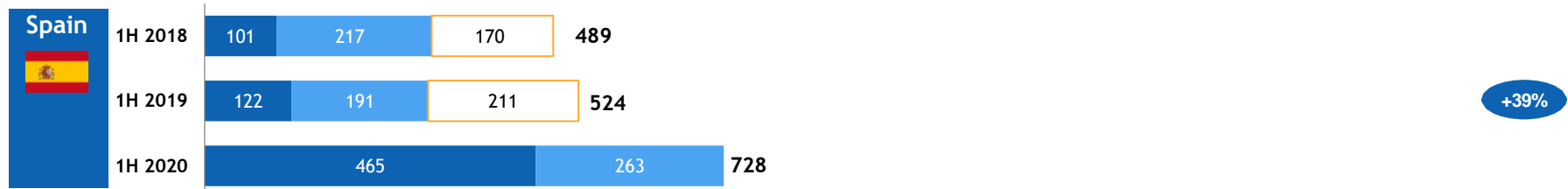
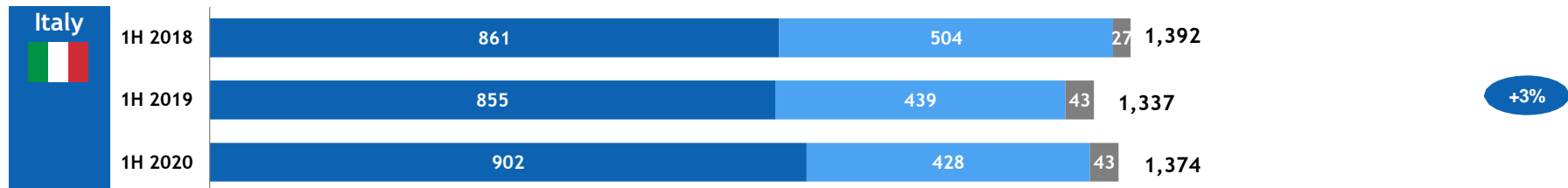
Net Over-Recovery of LPIs collection pre-taxes (€m)



Non-recourse Volume (1/2)

Volume (€m)

Non-recourse growth
1H20 vs. 1H19

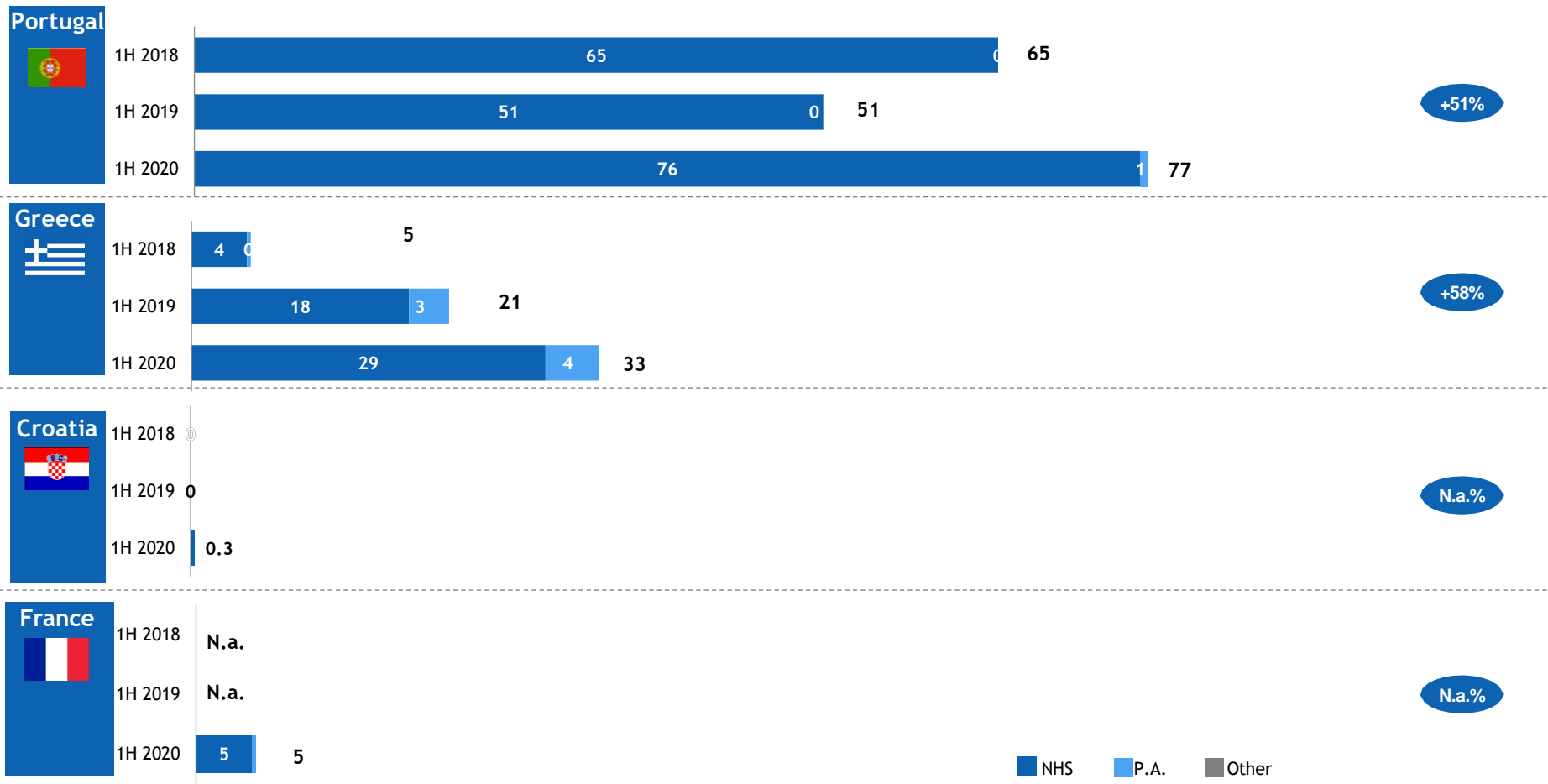


■ NHS ■ P.A. ■ Other ■ IOS Finance

Non-recourse Volume (2/2)

Non-recourse growth
1H20 vs. 1H19

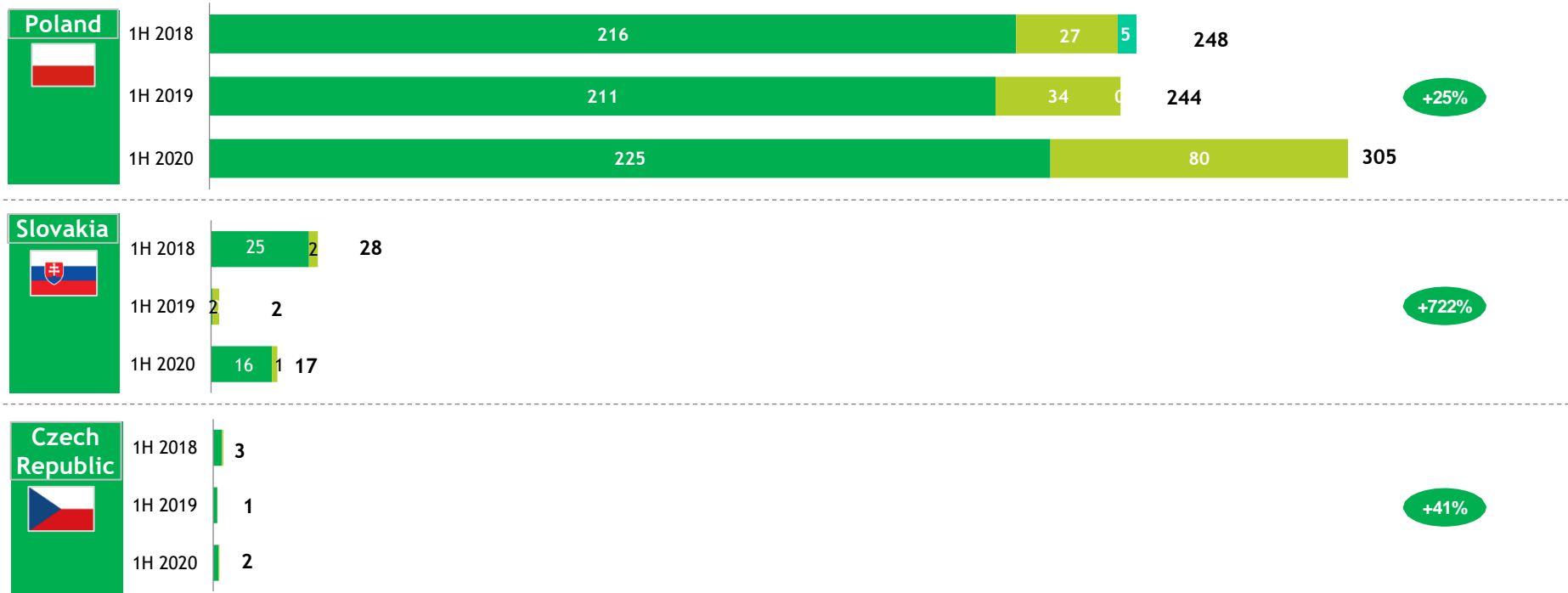
Volume (€m)



New Business Volume

New Business growth
1H20 vs. 1H19

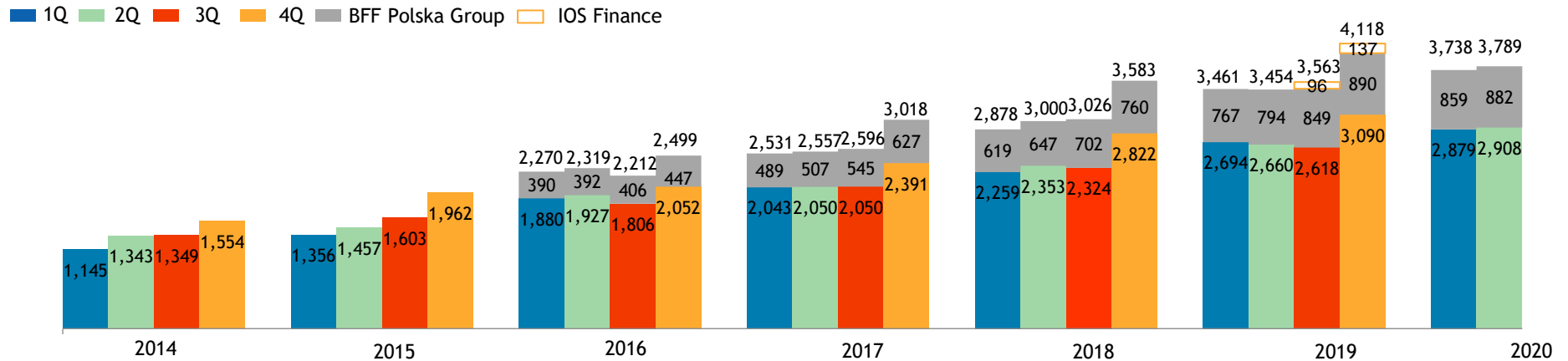
New Business (€m)



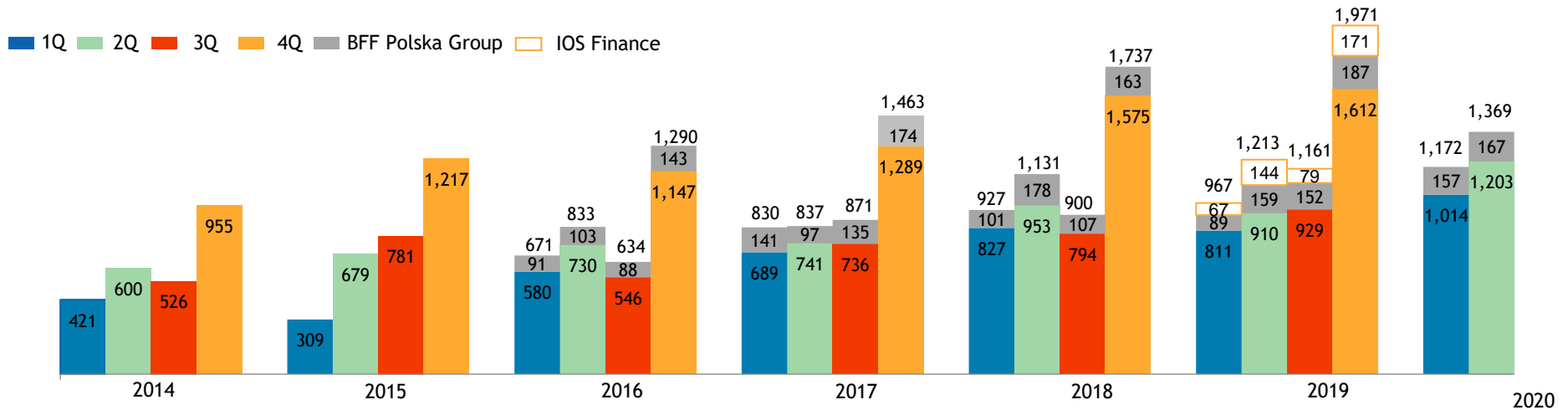
■ Healthcare
 ■ Local Government
 ■ Commercial Factoring (residual commitments)

Traditional business subject to seasonality, with peak in 4Q

Loans Evolution by Quarter (€m)



Breakdown of Volume by Quarter (€bn)



Adjusted Net Income reconciliation

€m	1H18	1H19	1H20
Group BFF Reported Net income	41.3	38.1	37.5
Exchange rates movement (offset at the comprehensive income and equity level)	(2.8)	0.8	(2.7)
Stock Options & Stock Grant	0.9	1.3	1.1
Extraordinary Resolution Fund contribution	0.5	0.5	0.5
M&A costs		0.6	2.5
Taxes on <i>one-off</i> dividend distribution from subsidiaries			1.3
Adjusted Net Income	39.9	41.2	40.2

Summary Profit & Loss



	1H18 Reported	1H18 Adjustments	1H18 Adjusted	1H19 Reported	1H19 Adjustments	1H19 Adjusted	1H20 Reported	1H20 Adjustments	1H20 Adjusted
Interest Income	108.3		108.3	108.6		108.6	116.5		116.5
of which interest income calculated using the effective interest rate method	93.7		93.7	100.1		100.1	108.3		108.3
Interest Expenses	-21.4		-21.4	-22.7		-22.7	-26.0		-26.0
Net Interest Income	87.0		87.0	85.9	0.0	85.9	90.5		90.5
Net Fee and Commission Income	3.0		3.0	2.4		2.4	2.3		2.3
Dividends	0.0		0.0	0.0		0.0	0.0		0.0
Gains/Losses on Trading	4.1	-4.1	0.0	-1.2	1.1	-0.1	4.0	-3.8	0.1
Fair value adjustments in hedge accounting	0.1		0.1	0.0		0.0	0.0		0.0
Gains/losses on disposal/repurchase of									
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	0.4		0.4	0.2		0.2	0.0		0.0
c) financial liabilities							0.1		0.1
Gains (losses) on other financial assets and liabilities measured at fair value through profit or loss									
a) financial assets and liabilities designated at fair value	0.0		0.0	0.0		0.0	0.0		0.0
b) other financial assets mandatorily measured at fair value	0.0		0.0	0.0		0.0	0.0		0.0
Net Banking Income	94.5	-4.1	90.5	87.3	1.1	88.4	96.9	-3.8	93.0
Net adjustments/reversals of impairment for credit risk concerning:									
a) financial assets measured at amortized cost	-3.2		-3.2	-0.4		-0.4	-2.3		-2.3
b) financial assets measured at fair value through OCI	0.0		0.0	0.0		0.0	0.0		0.0
Administrative and Personnel Expenses	-34.3	2.0	-32.4	-36.0	3.3	-32.8	-42.3	5.8	-36.5
Net provisions for risks and charges									
a) commitments and guarantees provided	0.0		0.0	0.1		0.1	-0.1		-0.1
b) other net allocations	-0.5		-0.5	-0.4		-0.4	0.1		0.1
Net Adjustments to/ Writebacks on Property, Plan and Equipment and Intangible Assets	-1.7		-1.7	-2.4		-2.4	-2.9		-2.9
Other Operating Income (Expenses)	1.6		1.6	2.6		2.6	3.0		3.0
Profit Before Income Taxes from Continuing Operations	56.4	-2.1	54.3	50.7	4.4	55.1	52.3	1.9	54.3
Income Taxes	-15.1	0.7	-14.4	-12.6	-1.2	-13.8	-14.8	0.8	-14.0
Net Income	41.3	-1.4	39.9	38.1	3.2	41.2	37.5	2.7	40.2

Summary Balance Sheet

	1H18 Reported	1H19 Reported	1H20 Reported
Cash and cash Balances	38.6	36.1	111.2
Financial assets measured at <i>fair value</i> through profit or loss	0.0	0.0	0.0
a) financial assets held for trading	0.0	0.0	0.0
b) financial assets designated at <i>fair value</i>	0.0	0.0	0.0
c) other financial assets mandatorily measured at <i>fair value</i>	0.0	0.0	0.0
Financial assets measured at fair value through OCI	159.2	162.3	60.0
Financial assets measured at amortized cost	3,983.3	4,444.1	5,653.6
a) Loans and receivables with banks	19.2	58.7	37.9
b) Loans and receivables with customers	3,964.1	4,385.3	5,615.7
Hedging derivatives	0.0	0.0	0.0
Equity Investments	0.2	0.2	0.2
Property, Plant and Equipment	12.5	14.7	16.7
Intangible Assets	25.3	25.6	34.7
Tax Assets	19.3	20.9	27.1
Other Assets	12.5	16.1	19.1
Total Assets	4,250.8	4,720.0	5,922.6
Liabilities and Equity			
Financial liabilities measured at amortized cost	3,791.3	4,247.0	5,332.0
a) deposits from banks	687.3	1,168.5	941.7
b) deposits from customers	2,386.3	2,298.8	3,540.5
c) securities issued	717.6	779.7	849.8
Financial Liabilities Held for Trading	0.0	0.0	0.0
Hedging Derivatives	0.0	0.0	0.0
Tax Liabilities	72.6	79.7	90.6
Other Liabilities	68.9	72.5	83.9
Employess Severance Indemnities	0.9	0.9	0.7
Provision for Risks and Charges	4.2	4.4	6.2
Equity	271.5	277.4	371.6
Profits for the Year	41.3	38.1	37.5
Total Liabilities and Equity	4,250.8	4,720.0	5,922.6

Breakdown by quarter - BFF Banking Group



Adjusted Values Data in €/m	2018					2019					2020	
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	1Q	2Q
Interest income	53.4	54.9	49.3	74.0	231.6	55.9	52.7	55.3	85.1	249.0	57.4	59.1
Interest expenses	(11.3)	(10.1)	(10.3)	(11.2)	(42.9)	(11.5)	(11.3)	(12.3)	(13.5)	(48.4)	(14.1)	(11.9)
Net interest income	42.2	44.8	39.0	62.8	188.7	44.4	41.4	43.1	71.6	200.5	43.3	47.2
Net banking income	44.0	46.5	40.7	63.6	194.9	45.7	42.7	44.4	72.6	205.3	44.8	48.2
Operating costs and D&A	(15.3)	(18.7)	(16.0)	(19.3)	(69.3)	(16.5)	(18.7)	(18.6)	(22.3)	(76.0)	(18.1)	(21.3)
LLPs	(1.0)	(2.3)	(0.6)	(1.0)	(4.8)	0.0	(0.5)	(0.5)	(1.4)	(2.4)	(0.3)	(2.0)
Other*	0.2	0.9	0.2	1.7	3.0	0.6	1.7	0.2	2.2	4.7	1.3	1.6
Profit Before Taxes	27.9	26.4	24.5	44.9	123.7	29.9	25.2	25.5	51.1	131.6	27.8	26.5
Income Taxes	(7.6)	(6.7)	(6.4)	(11.2)	(31.9)	(7.6)	(6.2)	(6.2)	(12.8)	(32.8)	(7.0)	(7.0)
Net income	20.3	19.7	18.1	33.8	91.8	22.2	19.0	19.3	38.2	98.8	20.8	19.5

Reported Values Data in €/m	2018					2019					2020	
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	1Q	2Q
Interest income	53.4	54.9	49.3	74.0	231.6	55.9	52.7	55.3	85.1	249.0	57.4	59.1
Interest expenses	(11.3)	(10.1)	(10.3)	(11.2)	(42.9)	(11.5)	(11.3)	(12.3)	(13.5)	(48.4)	(14.1)	(11.9)
Net interest income	42.2	44.8	39.0	62.8	188.7	44.4	41.4	43.1	71.6	200.5	43.3	47.2
Net banking income	44.7	49.8	38.8	64.1	197.5	45.7	41.6	47.0	70.3	204.6	50.4	46.4
Operating costs and D&A	(16.6)	(19.4)	(16.0)	(19.4)	(71.4)	(17.6)	(20.8)	(19.5)	(26.7)	(84.6)	(18.6)	(26.5)
LLPs	(1.0)	(2.3)	(0.6)	(1.0)	(4.8)	0.0	(0.5)	(0.5)	(1.4)	(2.4)	(0.3)	(2.0)
Other*	0.2	0.9	0.2	1.7	3.0	0.6	1.7	0.2	1.5	4.1	1.3	1.6
Profit Before Taxes	27.3	29.1	22.5	45.4	124.3	28.8	21.9	27.3	43.7	121.7	32.8	19.5
Income Taxes	(7.5)	(7.6)	(5.8)	(11.3)	(32.1)	(7.3)	(5.3)	(5.2)	(10.7)	(28.6)	(9.7)	(5.1)
Net income	19.8	21.5	16.7	34.1	92.2	21.4	16.7	22.0	33.0	93.2	23.1	14.4

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

Asset quality

€/000	30/06/2020		
	Gross	Provision	Net
Total non performing	79,743	(14,156)	65,588
Total unlikely to pay	18,350	(2,283)	16,067
Total past due	49,915	(1,048)	48,868
Total	148,008	(17,487)	130,522

€/000	31/12/2019		
	Gross	Provision	Net
Net non performing	74,944	(13,001)	61,943
Net unlikely to pay	11,836	(2,310)	9,526
Net past due	34,780	(88)	34,691
Total	121,560	(15,400)	106,160

€/000	30/06/2019		
	Gross	Provision	Net
Total non performing	57,016	(11,805)	45,211
Total unlikely to pay	12,874	(2,560)	10,315
Total past due	38,940	(244)	38,695
Total	108,830	(14,609)	94,221