BFF BANKING GROUP

2020 Full Year Results

10th February 2021

A Bank Like No Other®

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Today's speakers

Massimiliano Belingheri
Group CEO

Piergiorgio Bicci
Chief Financial Officer

Caterina Della Mora
Director, Group Investor Relations, Strategy and M&A

Key financial takeaways of FY 2020

BFF BANKING GROUP

Financial performance COVID-proof

Solid financial results, in line with previous quarters' trends:

- FY20 Adjusted net income at €97.6m, -1% y/y (+7% y/y excl. net LPIs over-recoveries)
- New business volume at €5.8bn (+9% y/y)
- Flat customer loans portfolio, due to faster collection. Outperformance vs. Italian factoring market. 43% outside Italy up from 41% at the end of 2019
- Increased stock of unrecognized off-balance sheet LPIs at €406m
- Available funding at €4.2bn, with €0.6bn undrawn credit lines
- Low risk profile, with net NPLs -34% y/y, 8bps Cost of Risk, and increased Coverage ratio at 84%. Negligible amount of credit holidays: €3.0m, 0.07% of Customer Loans as of 31/12/2020
- c. €169m of 2019 & 2020 accrued dividends, not included in capital ratios
- Strong capital position (CET1 ratio 15.5% and Total Capital ratio 21.6%), with €107m excess capital above 15% TC ratio target. CET1 ratio of 26.0% including accrued dividends

2020: a mixed year

Plus

- Good profitability, sustained also by high level of principal collections
- Strong relationship with customer: no erosion of customer base, growth in volume
- Excellent credit quality
- Good cost discipline, despite investment in growth
- “New DoD” successfully implemented, with positive impact on CET ratio (+42%) after aligning risk-weighting at 20% (an option already used by our competitors)

Minus

- High public sector liquidity accelerated payments and reduced customers’ interest in selling receivables
- Higher collections offset higher volumes
- Public Administration working remotely impacted late payment interests' collections, particularly from NHS

Strong foundations laid out for 2021

BFF BANKING GROUP

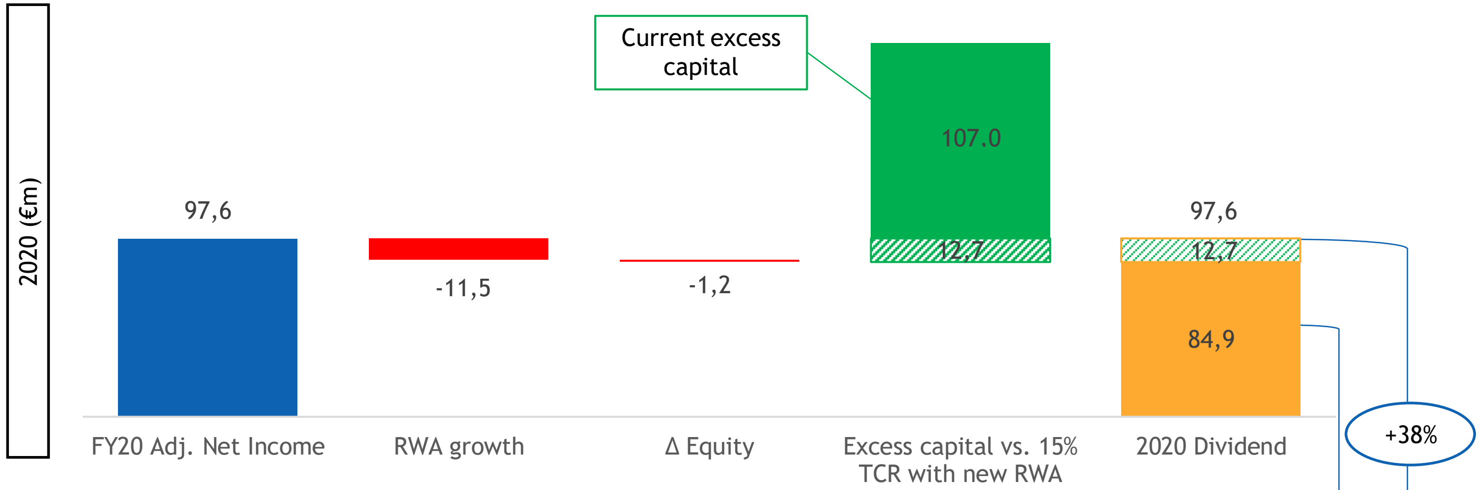
New Definition of Default	▪ BFF has fully implemented the "New DoD" prescriptions: net past due level decreased vs. YE19. Net past due as of 1/1/2021 equal to €2m ▪ Positive impact on CET1 and Total Capital ratios of 4.5% and 6.6% after alignment with competitors' risk-weighting
Dividends	▪ 2019 and 2020 accrued dividends equal to c. €169m (€70.9m + €97.6m), ready to be paid ▪ **Accrued dividends not included in capital ratios** ▪ Waiting for Bank of Italy clarifications as of timing[1]
DEPObank acquisition	▪ Merger approved by Shareholders' Meetings: closing expected in 1Q 2021. The new combined entity will be presented to financial community soon after closing ▪ Transaction and integration costs: €9.9m already expensed in BFF at YE20. Cost synergies, contractually locked in for c. 90%, ready to kick in at closing date
ESG	▪ Strong commitment towards responsible and sustainable growth ▪ 2nd *Non-Financial Disclosure (NDF)* to be published with Annual Reports. In 2020 the only Italian listed company to publish, on a **voluntary basis**, the consolidated *NDF* ▪ BFF fully aligned to public companies' governance best practices

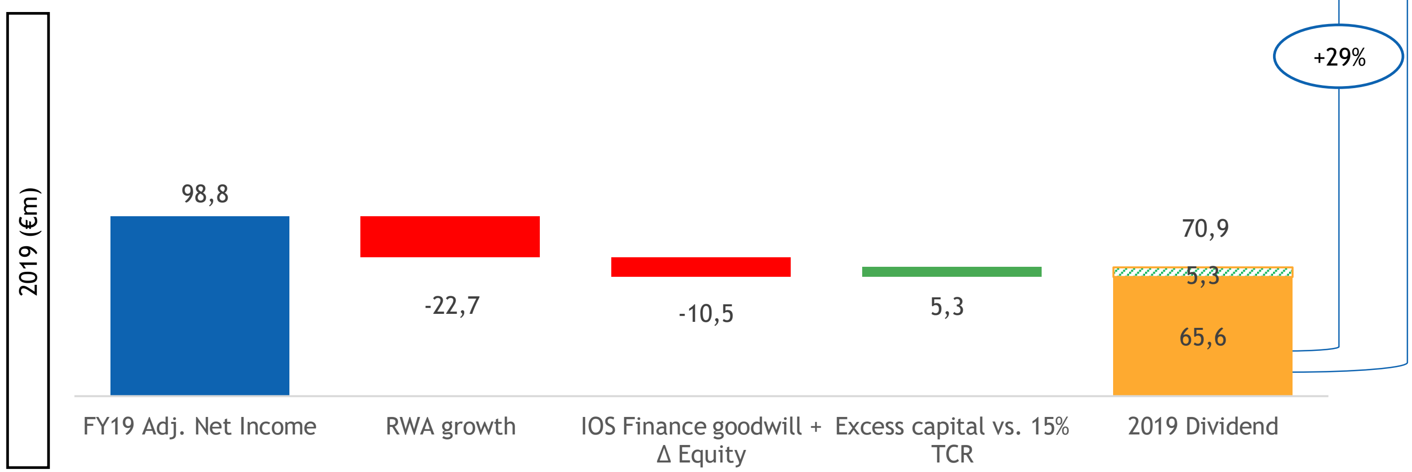
Note: (1) See also the press release of 28th January 2021.

2019 & 2020 dividends: €169m available for distribution

- 38% increase in dividend distribution (€97.6m in 2020 vs. €70.9m in 2019), with €107m of excess capital over 15% Total Capital ratio target, based on new 20% RW in 2020(1)
- 29% increase in free cash flow for shareholders generated in the year on a like-for-like basis (€84.9m in 2020 vs. €65.6m in 2019)
- Both 2019 and 2020 dividends are ready to be paid; waiting for Bank of Italy clarifications as of timing(2)

	2018	2019	2020
TC ratio	15.2%	15.0%	21.6%
Dividends accrued in the year (€m)	91.8	70.9	97.6
DPS (€)	0.539	0.415	0.529(3)
Pay-out ratio(4)	100%	72%	100%





Notes: (1) Starting from 31-Dec-2020, BFF has aligned its Risk-Weighted Assets approach to its competitors', applying a 20% risk-weight for public exposures lower than 90 days, towards other public administration different from local and central government. (2) See also the press release of 28th January 2021. (3) Computed considering #184,694,346 BFF ordinary shares, after the capital increase of #14,043,704 shares in favour of Equinova. (4) Calculated on the Adjusted Net Income.

Adjusted Net Income at €98m

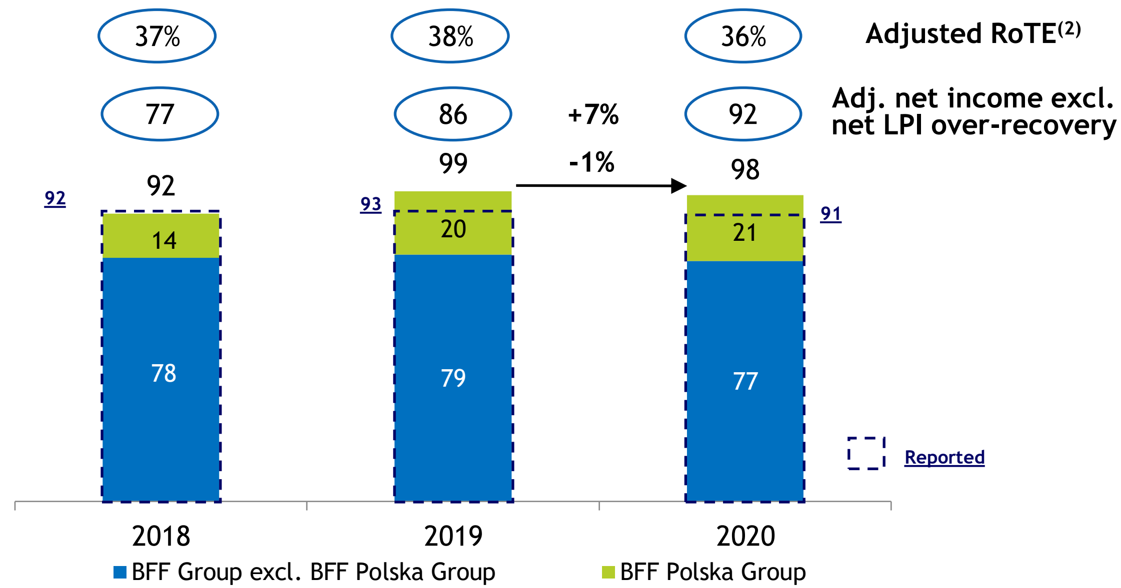
- **Adjusted Net Income almost stable at €97.6m vs. €98.8m in 2019**, despite:

  (i) net LPIs over-recovery €9.5m lower than 2019, with €10.4m lower LPIs cashed-in y/y;

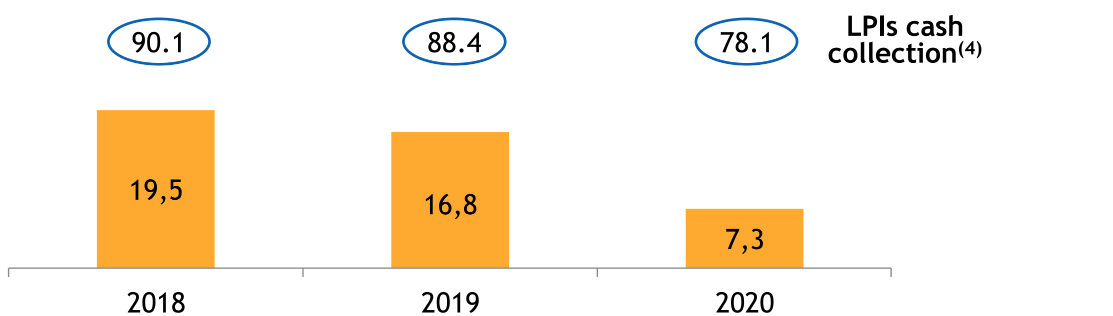
  (ii) prudent provisioning (+€0.8m y/y), that increased NPLs Coverage ratio(3) from 75% in 2019 to 84% in 2020.

- **Adjusted RoTE** of 36% vs. 38% in 2019, driven by lower LPIs over-collection

Adjusted Net income(1) (€m)



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

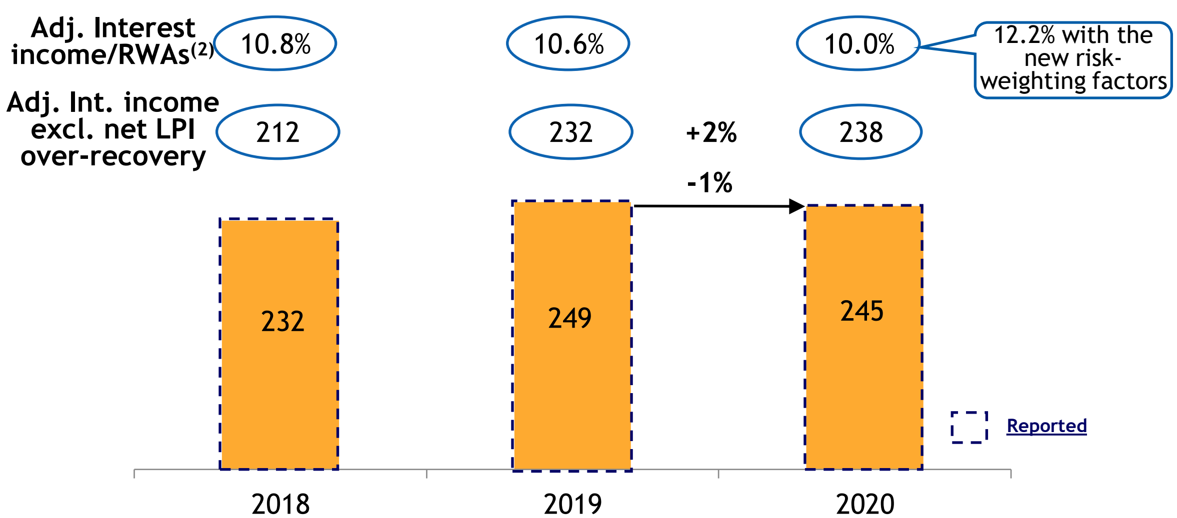


Notes: (1) Adjusted to exclude extraordinary items. FY2020 adjusted net income exclude the following items: €1.0m costs related to the *Stock Option Plan 2016*, the *Stock Option Plan 2020*, and the *Stock Grant Plan 2019*, €1.7m taxes on one-off dividend distribution from subsidiaries, €8.1m M&A costs, €4.1m positive impact from the exchange rate movement, €0.9m of extraordinary contributions to *Fondo Interbancario di Tutela dei Depositi* (FITD) and Resolution Fund, €1.2m building value tax step-up. See appendix for adjustments. (2) RoTE is calculated on the average tangible equity, excluding both the FY20 net income and the 2019 Dividend of €70.9m not distributed yet. (3) Excluding Italian municipalities in conservatorship. (4) See the illustrative example in slide n° 27 of the presentation published on 11-Nov-2020.

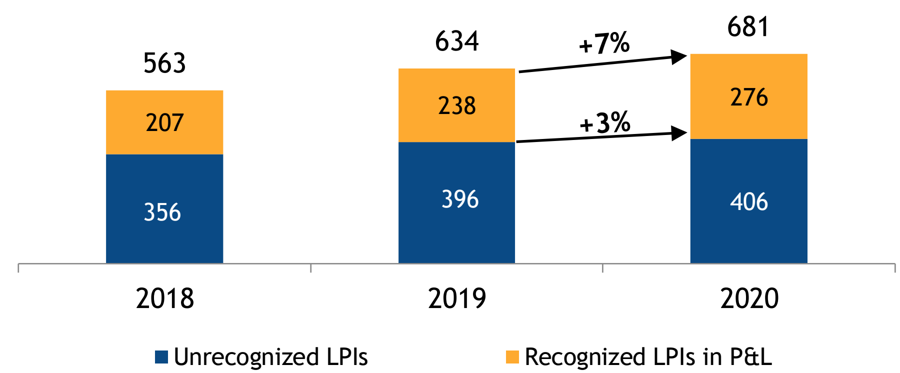
Growing Interest Income and LPIs stock, with significant income deferral

- **2020 Interest Income at €245m, -1% y/y vs. 2019**, +2% net of lower net LPIs over-recoveries[1] vs. previous year
- **Adjusted Interest Income/RWAs at 10.0% with old RWAs (12.2% with new RWAs) in 2020 vs. 10.6% in 2019, driven by lower LPIs collection**
- **€10.4m of lower LPIs cashed-in in 2020 vs. 2019:**
  - LPIs cashed-in amount to €78.1m in 2020 , vs. €88.4m in 2019 and €90.1m in 2018
- **The stock of unrecognized off-balance sheet LPIs** (the stock of LPIs accrued, but that has not been collected and has not gone through the P&L yet), **increased by €10m y/y (+3%) to €406m** at the end of 2020
- All LPIs over-recoveries are accounted when cash-collected[3], and there is no sale of LPIs to third parties

Adjusted Interest Income (€m)



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



Notes: (1) LPIs over-recovery vs. 45% minimum recovery rate assumed for accounting purpose, net of the rescheduling impact. Rescheduling impact: in case a credit is not collected at the expected collection date, the value of the credit on the balance sheet is re-calculated using the new expected cash-flow schedule. The negative delta in value of the loan is booked in the P&L line interest income ("rescheduling impact") (2) Average RWAs. The 2020 ratio benefits from the reduction of the RWAs in 4Q 2020, due to the application of the "New DoD" from 31-Dec-2020. (3) See the illustrative example in slide n° 27 of the presentation published on 11-Nov-2020.

Cost of Funding at 1.52%

- **Interest expenses slightly decreased to €47m** (-3% y/y), mainly driven by the €4m y/y reduction of the Zloty funding[1], partially offset by

  (i) the **increase of average drawn funding** from €3.3bn to €3.6bn y/y;

  (ii) the incidence of more expensive and less flexible lines, such as on-line deposits and bonds, to prefund a higher expected portfolio.

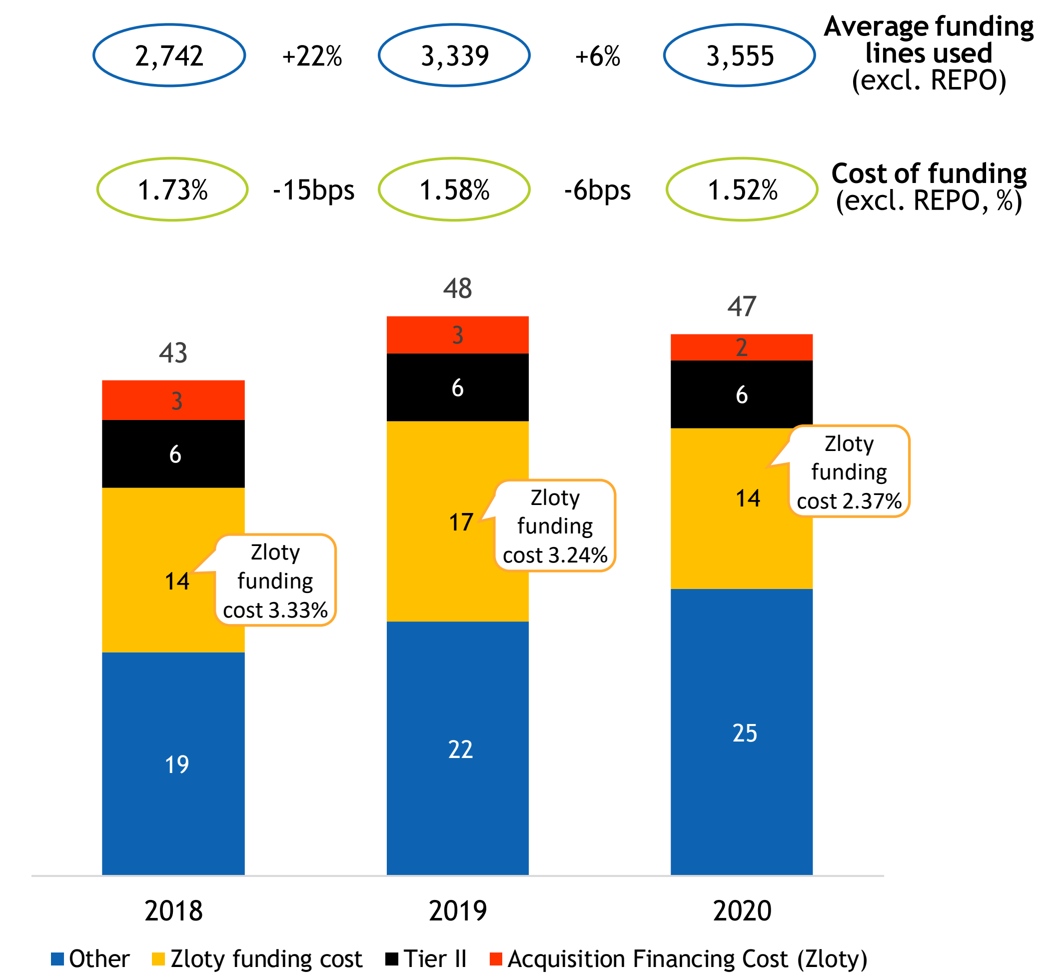
- **Cost of funding decreased by -6bps y/y to 1.52%**

- BFF has a natural currency hedge: forex assets are funded with forex liabilities, hence 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)



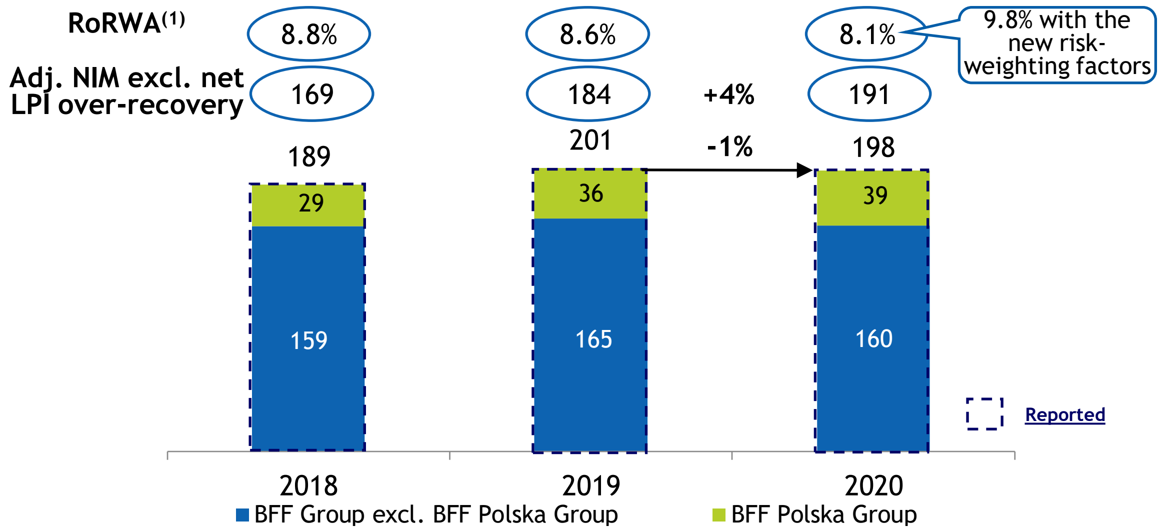
Note: (1) After that National Bank of Poland cut the reference rate by 50bps on 9-Apr and by additional 40bps on 28-May.

Stable Adjusted Net Interest Income and Net Banking Income

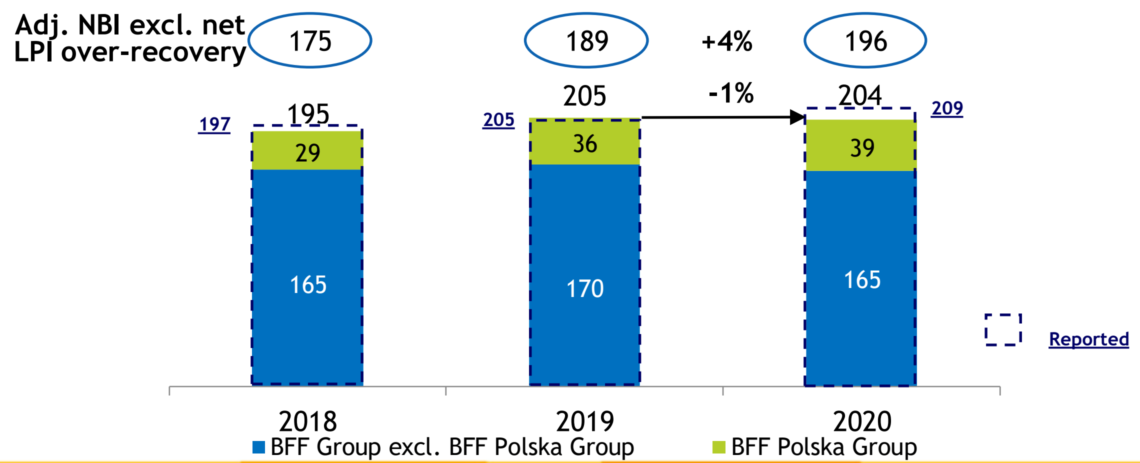
- **Adjusted Net Interest Income and Adjusted Net Banking Income almost flat vs. 2019**, +4% y/y net of lower net LPIs over-recoveries
- **Annualized RoRWA at 8.1% with old RWAs (9.8% with new RWAs) in 2020** vs. 8.6% in 2019, driven by lower LPIs collection
- Recovery of credit collection costs are accounted on a cash basis in other **operating income** (P&L item "230"), which increased from €7.2m in 2019 to €10.4m in 2020

Net Banking income are adjusted to exclude extraordinary items: the change in exchange rates impact (€5.7m positive impact for 2020, €0.7m negative impact for 2019 and €2.6m positive impact for 2018).

Adjusted Net Interest Income (€m)



Adjusted Net Banking Income (€m)



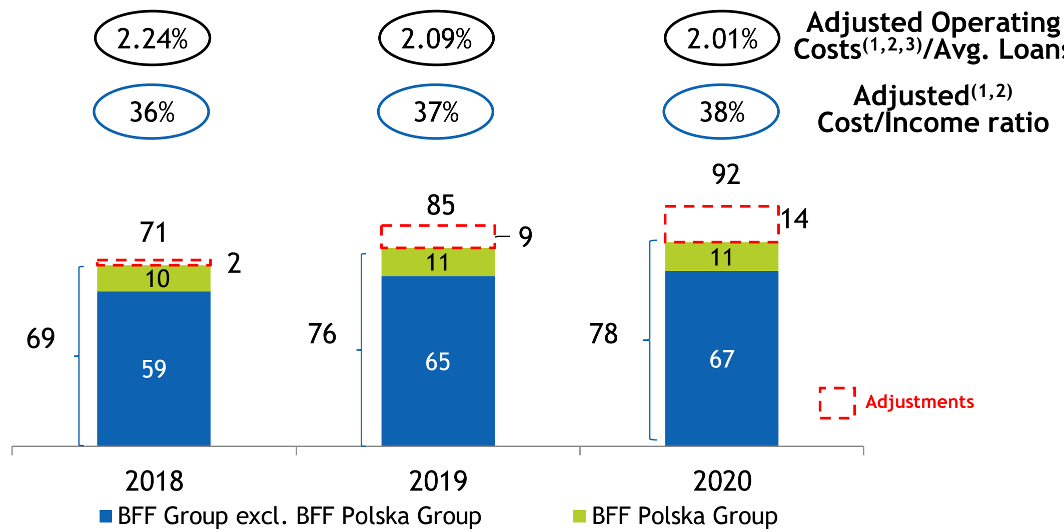
Note: (1) Calculated as Adjusted Net Interest Income/Average RWAs. The 2020 ratio benefits from the reduction of the RWAs in 4Q 2020, due to the application of the 20% risk-weighting factor (ex art. 116 CRR) from 31-Dec-2020.

Good operating efficiency, despite continuous investment in growth

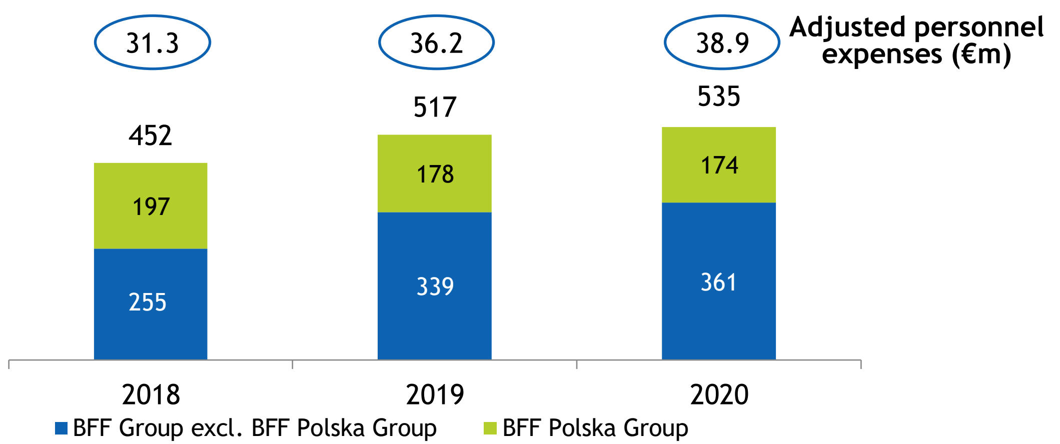
- **Adjusted Operating Costs/Average Loans ratio of 2.01%** in 2020, vs. 2.09% in 2019 and 2.24% in 2018, despite investment in growth
- **Operating Cost up by 3% y/y:**
  - personnel costs increased by 7% y/y due to **higher employee base** (from 517 to 535 employees);
  - other operating expenses -1% y/y, following higher efficiency in cost structure, despite the set-up of (i) the branch in Greece and (ii) the digital platform in Spain;
  - higher Ordinary Resolution Fund and FITD contributions in 2020 equal to €3.5m in total vs. €2.6m in 2019.
- **Adjusted Cost/Income ratio slightly increased at 38%**, driven by lower net LPIs over-recoveries

Operating costs adjusted to exclude costs related to the *Stock Option Plan 2016*, the *Stock Option Plan 2020*, and the *Stock Grant Plan 2019*, which generates an equivalent increase in equity (€1.4m, €1.7m and €1.3m respectively for 2020, 2019 and 2018); the extraordinary contributions to FITD and Resolution Fund (respectively €1.3m, €0.6m and €0.7m for 2020, 2019 and 2018); €11.0m of M&A costs for 2020 and €4.5m for 2019 related to DEPObank and IOS Finance acquisitions; €1.7m of *Group CEO* post IPO retention bonus (€0.7m in net provisions for risks and charges) for 2019, of which half was paid in shares.

Operating Costs[1] (€m)



Number of employees[4]

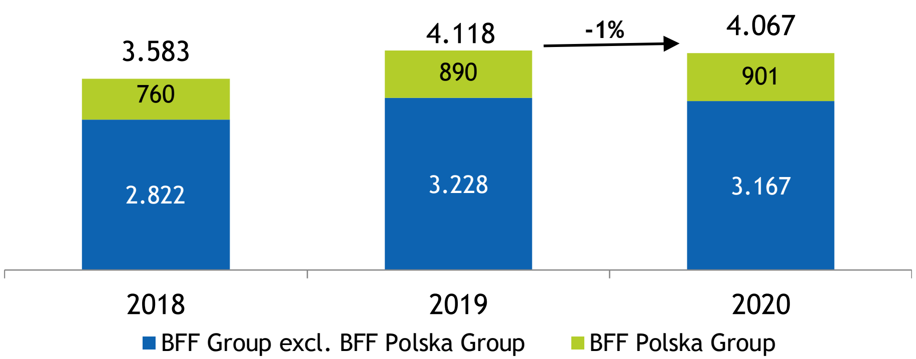


Notes: (1) Adjusted to exclude extraordinary costs. (2) Cost/Income ratio is computed as operating expenses excluding extraordinary costs (administrative expenses + staff expenses + amortization on tangible and intangible assets) divided by adjusted net banking income. (3) Annualised adjusted operating costs. (4) BFF includes employees in Italy (with the Polish branch established in Sep-19), Spain, Portugal, and Greece; 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.

Stable Customer Loans in a contest of high liquidity

- **Customer loans portfolio flat at €4.1bn:**
  - Italy -6% y/y, with high liquidity in the system that accelerated the collection of newest invoices, vs. factoring market down by 7.8% y/y[1];
  - Poland -1% y/y, affected by depreciation of the Euro/Zloty exchange rate (+6% growth at constant FX rate) and by prepayments;
  - Spain -4% y/y, with the Government allocating c. €39bn to the Autonomous Communities in 2020[2];
  - Portugal and Greece up respectively +52% and +78% y/y.
- **International business represents 43% of total loans,** up from 41% at the end of 2019

Customer Loans (€m)



Customer Loans - Breakdown by geography (€m)

BFF Group ex BFF Polska Group	FY 2018 (Without IOS)	FY 2019 (With IOS)	FY 2020 (With IOS)
Italy	2,345	2,439	2,302
Spain	268	614	589
Portugal	192	142	217
Greece	15	31	54
Croatia	2	2	1
France	-	1	4
Total	**2,822**	**3,228**	**3,167**

BFF Polska Group	FY 2018	FY 2019	FY 2020
Poland	589	704	693
Slovakia	164	182	205
Czech Rep.	7	4	2
Total	**760**	**890**	**901**

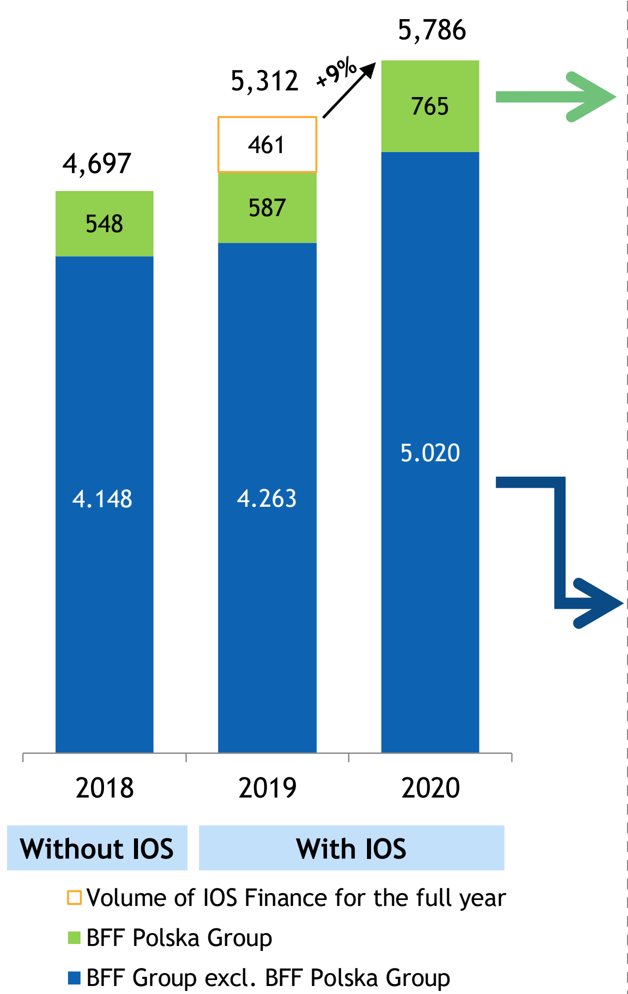
+6% at constant FX rate

Notes: (1) Advances to customers in Italy as of 31-Dec-2020; source: Assifact data.
(2) Source: Ministerio De Hacienda, Sistemas de Financiación y Deuda Pública - https://www.hacienda.gob.es/es-ES/CDI/Paginas/EstabilidadPresupuestaria/20140410_LIQUIDEZ.aspx.

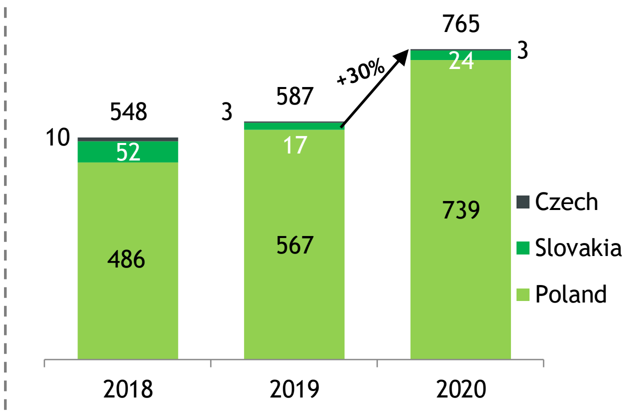
Growth in New Business Volume

- **New Business Volume grew by 9% y/y at €5.8bn in 2020 (+19%** y/y excluding IOS Finance for 2019):
  - Spain +75% y/y excluding IOS Finance for 2019 (+18% y/y including IOS Finance for 2019);
  - Double digit growth also in Poland (+30% y/y, +35% at constant FX rate) and in Portugal (+42% y/y);
  - Italy remained above €3bn (-2% y/y), notwithstanding the negative performance of the factoring market (-11.2% y/y[1]);
  - Greece contributed for €65m (vs. €54m in 2019), Slovakia for €24m (vs. €17m) and France for €15m.

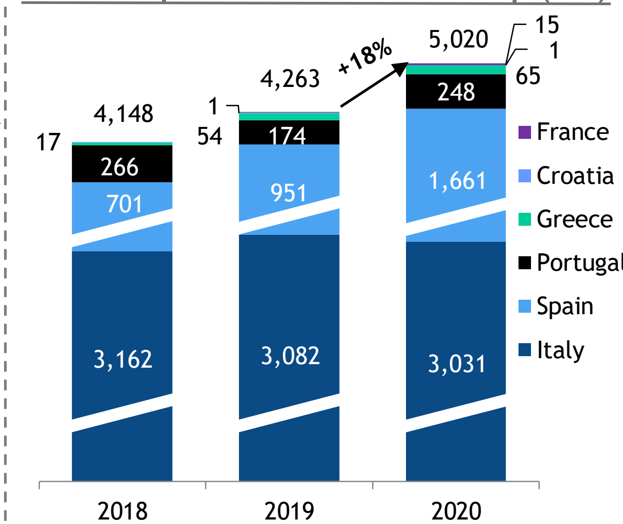
Total New Business Volume (€m)



BFF Polska Group (€m)



BFF Group excl. BFF Polska Group (€m)

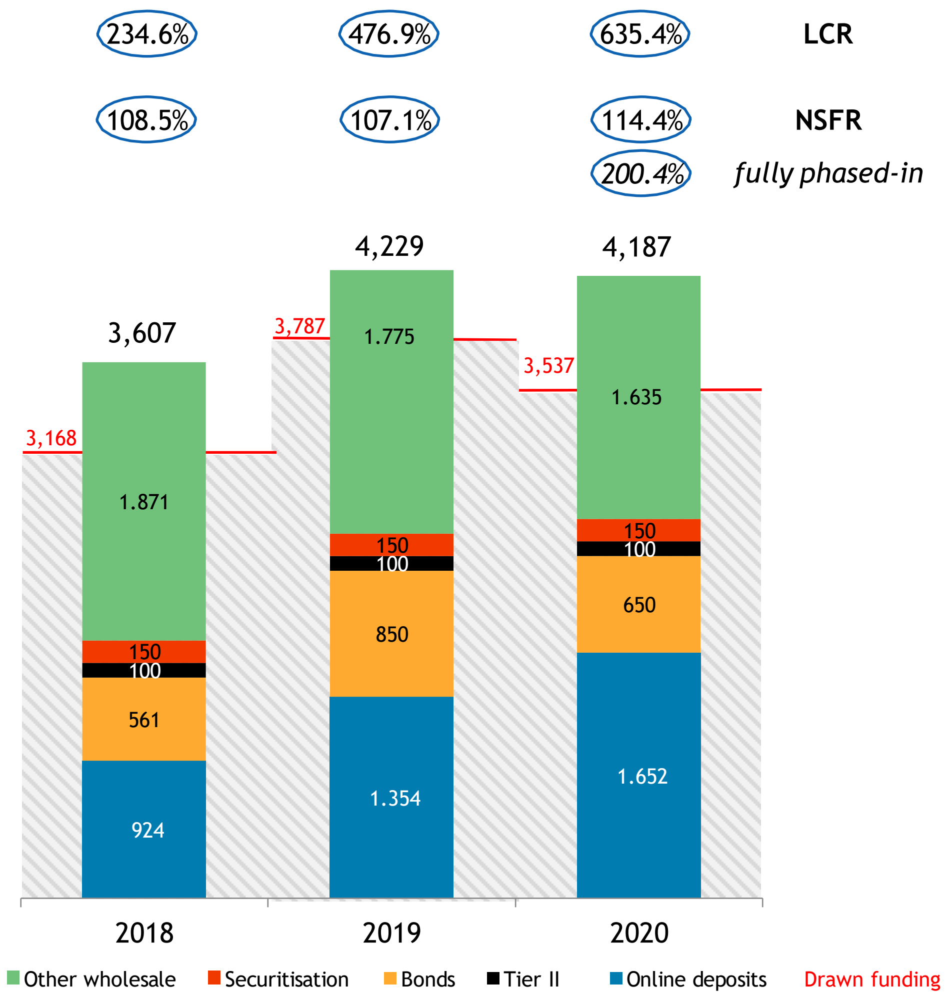


Note: (1) Total factoring cumulative turnover in Italy as of 31-Dec-2020; source: Assifact data.

Strong liquidity and no ECB financing

- **Available funding at €4.2bn, with €0.6bn excess liquidity** (undrawn credit lines)[1], +47% y/y, due also to lower end of the year demand
- On-line deposits increased by +22% y/y to €1,652m, representing 47% of drawn funds
- **Strong liquidity position** with a LCR of 635%, mainly due to significant principal collections close to year end
- **No recourse to ECB TLTRO** or any other emergency liquidity measures
- **Strong NSFR of 114%, which will be positively impacted** from 2Q 2021 by the new regulation, which establishes more favourable weighting factors for the assets and liabilities related to factoring activities (estimated 200.4% fully phased-in)
- In January 2021, **Moody's confirmed again all Banca Farmafactoring S.p.A. ratings**, with Developing outlook for the Long-term Issuer Rating ("Ba1") and Positive outlook for the Long-term Bank Deposits Rating ("Baa3")

Available Funding[2,3] (€m)

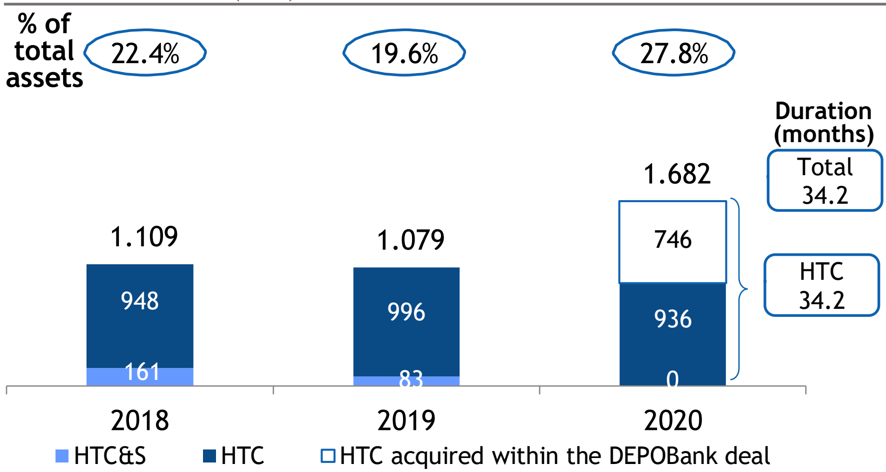


Notes: (1) Based on utilised credit lines. (2) Excluding ECB funds REPOs. (3) Not considering financing for BFF Polska Group and IOS Finance acquisitions, respectively PLN 378m and €26m.

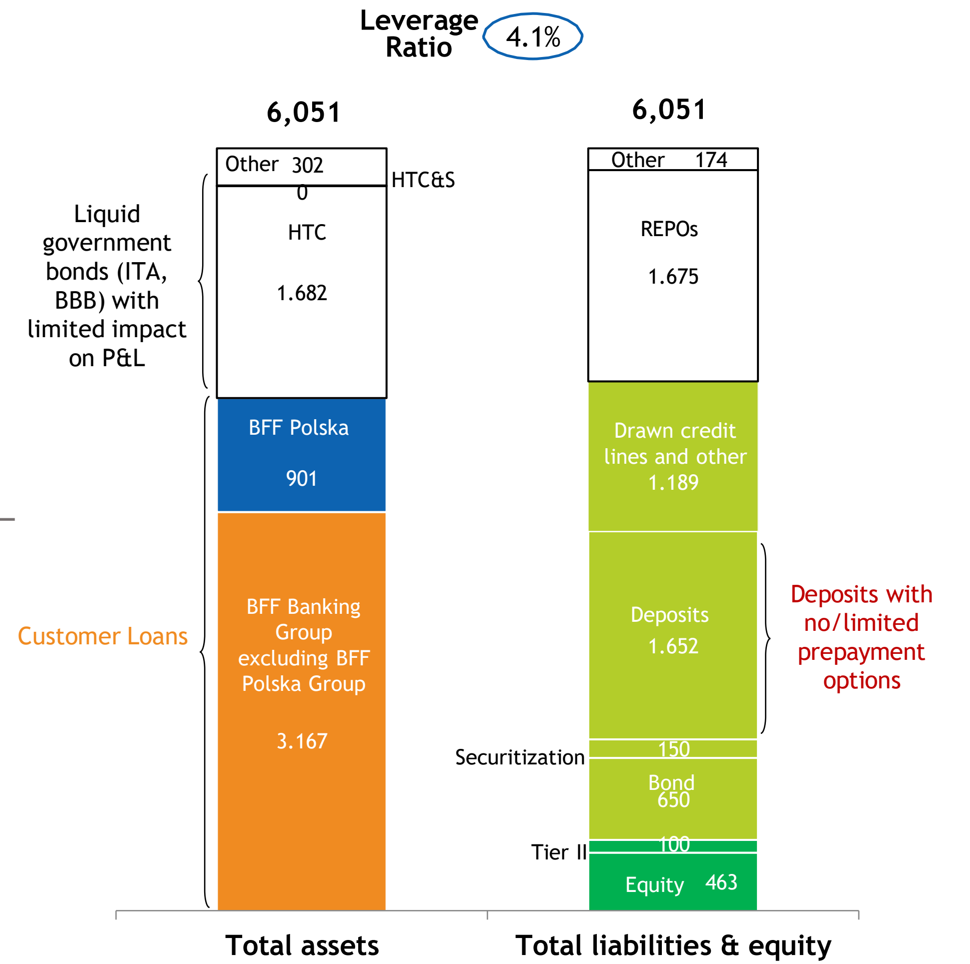
Fortress balance sheet, €38m of unrecognized M2M gains on HTC portfolio

- 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 €1.7bn** (15% of total assets excluding HTC acquired within the DEPObank deal): **<u>positive for €38m after taxes on HTC (not recognized neither in the P&L nor in the balance sheet)</u>**

Bond Portfolio (€m)



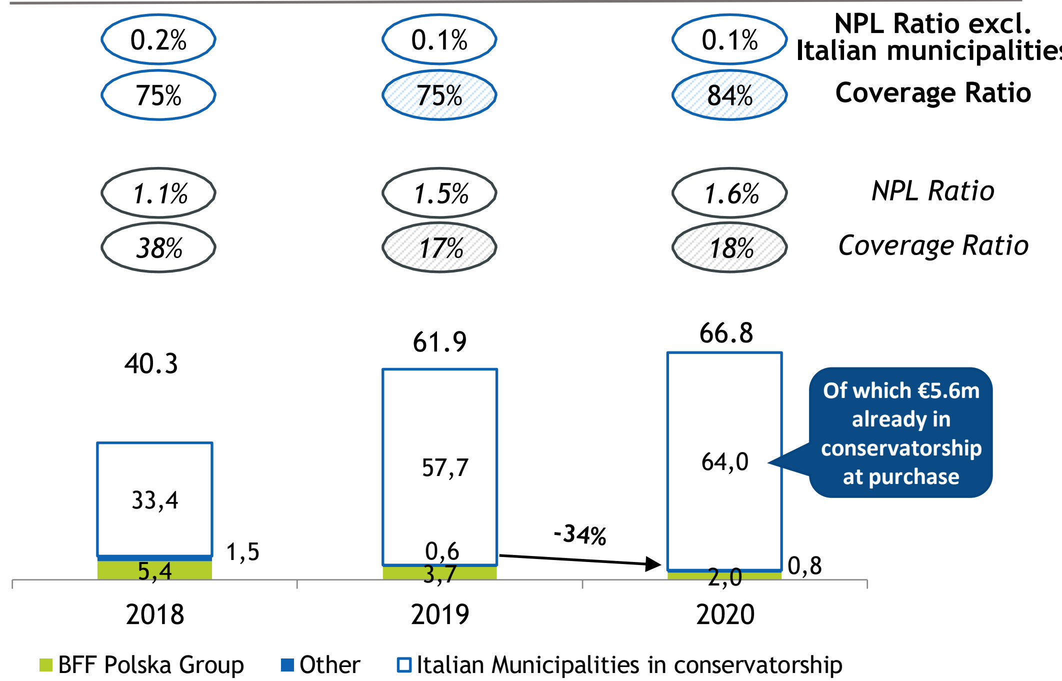
Breakdown of Balance Sheet 2020 (€m)



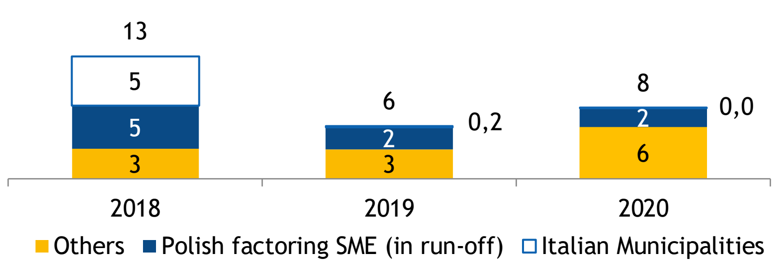
Prudent provisioning and negligible credit risk. Declining private sector NPLs

- Excellent asset quality, with negligible amount of credit holidays (€3.0m, 0.07% of Customer Loans as of 31/12/2020)
- **Net NPLs are down to €2.8m (-34% y/y)** at 0.1% of net loans, with an 84% Coverage ratio up from 75% at YE19
  - Italian municipalities in conservatorship are classified as NPLs by regulation, despite BFF being legally entitled to receive 100% of the principal and LPIs at the end of the process (collected 100% of closed conservatorships)
- **8bps annualized Cost of Risk in 2020**, including the impact on IFRS 9 of COVID-19 on the macroeconomic scenario. 2bps are related to the **residual €0.9m net customer loans of BFF Polska's SME factoring business (in run-off)**
- Not applied the extension of the transition period or any other flexibility measure 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	2018	2019	2020
Total net non performing	40,344	61,943	66,821
Total net unlikely to pay	6,774	9,526	15,703
Total net past due	72,573	34,691	42,105
Total net impaired assets	**119,690**	**106,160**	**124,629**
o/w Total net past due public sector	64%	87%	95%
o/w Total net impaired assets public sector	67%	83%	83%

€2m as of 1/1/21 under New DoD

Outlook with "New DoD" application

BFF is "New DoD Ready"

- Executed transition plan to 31/12: as of 1-Jan-21 net past due at €2m vs. €42.1m as of 31-Dec-20
- BFF operating approach under the "New DoD" shared with Bank of Italy in the context of DEPObank authorization filing

Full compliance with «New DoD»

Application of 20% RW for public exposures <90 days

- For prudential reasons, BFF applied the new RW only after clarification on "New DoD" regulatory implications, even if it was already a viable option

Other Public Administration* NO preferential RW

	DBRS Morningstar Rating	Country	RWA
Investment Grade	AAA - AA (Low)		20%
Investment Grade	A (High) - A (Low)		50%
Investment Grade	BBB (High) - BBB (Low)		100%
Non-Investment Grade	BB (High) - B (Low)		100%
Non-Investment Grade	CCC (High) - D		150%
Non rated by DBRS			100%

Other Public Administration* YES preferential RW

Non-factoring product with original maturity > 90 days	RWA	Factoring and product with original maturity ≤ 90 days	RWA
	20%		20%
	50%		20%
	100%		20%
	150%		20%
	100%		20%

Decoupled portfolio's RWAs from sovereign ratings

RWAs aligned with peers

- Strong decrease in capital absorption, significant increase in capital generation

YE20 - Previous approach for RW	
RWA	2,491
CET 1 Ratio	11.1%
Tier 1 Ratio	11.1%
TCR	15.0%

YE20 - RW aligned with competitors' approach		
RWA	1,616	*-35%*
CET 1 Ratio	15.5%	*448 bps*
Tier 1 Ratio	15.5%	*448 bps*
TCR	21.6%	*662 bps*

BFF will have a structurally higher ROE

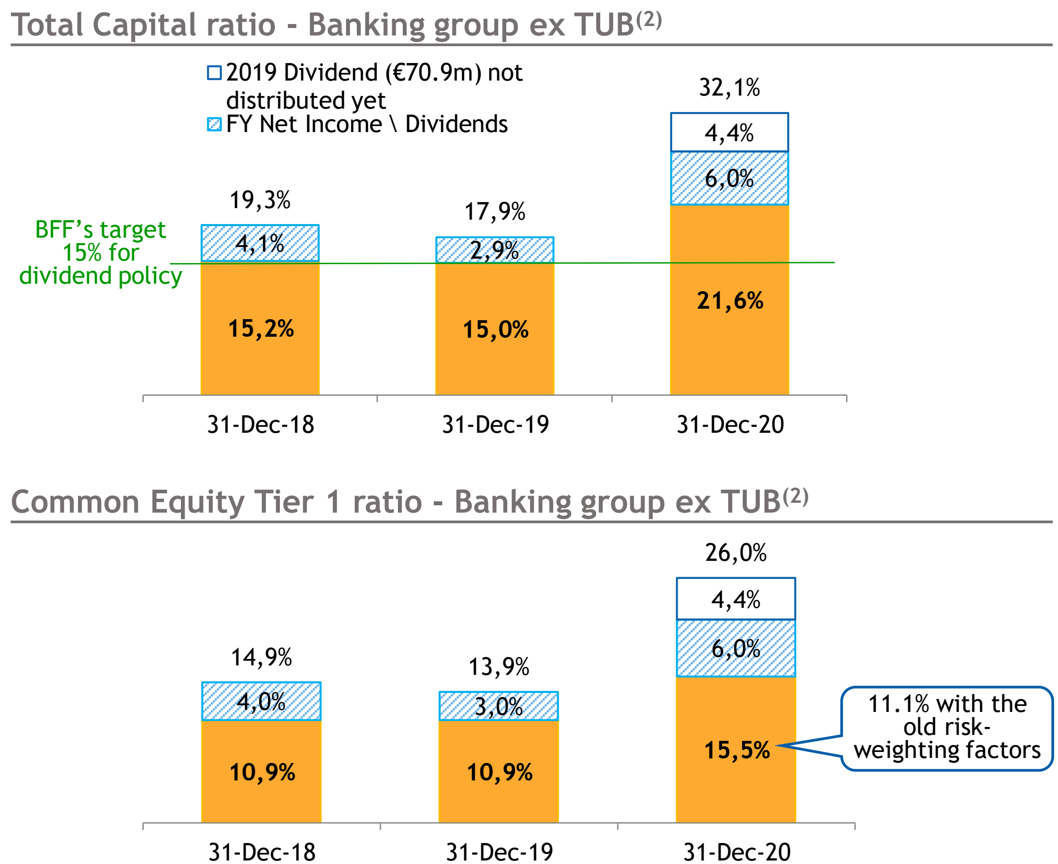
* Exposures to Other PA different from local and central government and NHS.

Strong capital position, with c. €169m of accrued dividends, and additional €107m of excess capital

- **Total Capital ratio at 21.6% and CET1 ratio at 15.5%**(1), with €107m of capital in excess of 15% TC ratio target
- **32.1% TC ratio and 26.0% CET1 ratio include c. €169m accrued dividends** (€70.9m of 2019 Dividend + €97.6m of 2020 Adjusted Net Income)
- **Ample buffer vs. SREP requirements** (12.05% for TC ratio and 7.85% for CET1 ratio)
- No need to apply any of the ECB/EBA emergency measure or the European Commission's banking package for COVID-19
- **RWAs calculation based on the Basel Standard Model**, and with the exposures towards NHS and other PA different from local and central government risk-weighted at 20%(2)
  - irrespective of countries' sovereign ratings.
- Following the alignment with competitors' risk-weighting, **at YE20 RWAs decreased to €1.6bn**, with a density(3) of 40% vs. 59% at YE19

	31-Dec-18	31-Dec-19	31-Dec-20
RWAs	2,262	2,414	1,616
RWAs density(3)	63%	59%	40%

€2,491m with the old risk-weighting factors



Notes: (1) 2020 ratios are calculated with 20% risk-weighting factor (ex art. 116 CRR) applied as of 31-Dec-2020. Considering the CRR Group perimeter, Total Capital ratio and CET1 ratio were 32.0% and 27.9% respectively; these ratios are subject to approval by BFF Luxembourg S.à r.l (2) Under the new rules of "New DoD", as of 31-Dec-2020 BFF's in bonis receivables portfolio with less than 3 months duration is risk-weighted at 20%, vs., for instance, the previous 100% in Italy, 100% in Portugal and 50% in Slovakia for NHS; (3) Calculated as RWAs/Customer Loans.

Timeline of the transaction with DEPObank

Closing expected in 1Q 2021

13-May-2020	✓	Signed the Agreement for the acquisition of DEPObank
24-Jun-2020	✓	Approval of the Merger plan by BFF and DEPObank's Board of Directors
30-Jun and 7-Jul 2020	✓	Clearance of Antitrust and Golden Power
December 2020	✓	Bank of Italy and ECB' clearance
27 & 28-Jan-2021	✓	Approval of the Merger by DEPObank's (27-Jan) and BFF (28-Jan) extraordinary shareholders' meetings
1Q 2021	●	Completion of the Transaction and merger of DEPObank into BFF

On the right path to achieve total synergies announced

~€25-35m total pre-taxes, annual, run-rate synergies and savings

BFF BANKING GROUP

Funding synergies ~15-25

Equal to 20-30bps over DEPObank's 2019 liquidity

- From closing, BFF's funding will be partially replaced
- Amount depends on the level of DEPObank's liquidity (€7.5bn at YE19)

SG&A cost savings >10

5% of combined operating cost base

- ~90% are already contractually locked from closing date: savings from the closure/disposal of non-core operations[1] before closing, integration of corporate bodies (i.e., BoD), IT systems, audit fee and other professional services duplications

Total synergies and cost savings ~25-35

- ~€25-35m of total pre-taxes, annual, run-rate synergies and costs savings

Transaction & integration costs 9.9 15.1 **~25**

Already expensed in BFF P&L as of 31/12/2020

- ~€10m BFF transaction costs (advisors, other costs related to the acquisition – excl. DEPObank, whose costs reduce the purchase price)
- €5m IT capex
- ~€10m integration costs (IT platform and merger) will be expensed before closing

Notes: (1) New business line dedicated to SME Specialized Lending.

BFF's goals towards a sustainable and responsible growth

Superior commitment to ESG reporting and transparency: in 2020 BFF was the only Italian listed company to publish, <u>on a voluntary basis</u>, the consolidated *Non-Financial Disclosure*[1]

Environment	✓ Reduction in environmental footprint
Social	✓ Well-being of community and employees ✓ Responsible product offering
Governance	✓ One of the few Italian public companies, striving for best corporate governance standards

Note: (1) Related to 2019 ESG disclosure.

Environment: our path to footprint reduction

By industry low exposure to environmental risk, but solid path to minimize direct and indirect impact of operations

Environment

Committed to reduce impact on environment

- ✓ The Group is not exposed to significant environmental risk; however, it is committed to reduce the environmental impact of its operations
- ✓ Progressive relocation of offices in green buildings, fostering employees well being and reducing environmental impact:
  - Poland: 2019, LEED* rating: Gold
  - Spain: 2020, LEED* rating: Platinum (maximum)
  - Italy: goal targeted in 2023
- ✓ 60% reduction of paper through digitalisation process and users' identification and more technologically advanced printer machines (tons of paper consumption 2019: 11.34t , 2020: 4.57t)
- ✓ Reorganisation of Group's international business trips, leveraging on the 2020 significant improvements related to COVID-19 lockdown

* LEED certification is an official recognition that a project complies with the requirements prescribed within the LEED rating systems as created and maintained by the U.S. Green Building Council® (USGBC®).

Social: investing in our people and our community

Investing in our people's professional growth and leadership, further enhancing the sustainability of our business to better serve our community

Social

Well being for community and employees

- ✓ Increased charitable initiatives for our community: donations of over €225k for COVID-19 in Italy, Spain and Poland and to Polish hospitals
- ✓ Through Farmafactoring Foundation promotion and enhancement of cultural and research initiatives, BFF contributed over €600k in 2020
- ✓ Increased business, languages and soft skills training in 2020: #25.535hrs of training (2019: #20,461hrs of training, approx. 48hrs per employee in 2020 vs. 40hrs in 2019) and Managerial/Leadership training, partnering with Harvard Business School (50hrs of training to 24 *Group CEO*'s -1 & -2 managers)
- ✓ 2021 performance management program based on:
  - sustainability: EBTDA risk adjusted to protect asset risk
  - customers' satisfaction (external annual survey)
  - effort to pursue diversity in hiring
- ✓ Increased diversity: 31% of female managers among CEO's - 1 executives first reports. Almost doubled female managers in the last 2 years
- ✓ Responsible product offering, with specific sales policy for workforce

Governance: aim for the gold standard

BFF is now a true public company, and has implemented the best governance standards among peers, starting from process of Board of Directors renewal and Board Members slate submission

Governance

Set the best market practices

✓ Aim to be a reference model for public companies' governance in Italy, aligned with best market practice, and compliance with Self-Regulation Code(1):

- Board of Directors committed to have more than half of its board candidates as independent in its slate (AGM on 25-Mar-2021)

✓ As of today, BoD:

- annual self evaluation
- regular meeting of independents
- 67% independents
- 44% female members
- 33% non-Italian
- 78% with international experience
- *Group CEO* succession plan

Note: (1) BFF is compliant to those prescriptions of Self-Regulation Code which are addressed only to large companies, which BFF is not yet

Governance: BFF Board renewal procedure

BFF BANKING GROUP

On the basis of 2020 Board self-assessment, BFF Board of Directors has published guidelines on its quali-quantitative composition, with the support of an external advisor(1), and will submit its own board members' slate, in line with public companies' best practices

✓ 19-Jan-21	Publication of qualitative and quantitative composition	BFF Board of Directors, with the support of the Nomination Committee and a leading independent advisor, within the board review process, identifies its optimal qualitative and quantitative composition
No later than 23-Feb-21	Publication of BFF Board members' slate	BFF Board of Directors, with the support of the Nomination Committee and a leading independent advisor, prepares and publishes its own list of candidates for the election to the Board of Directors
25-Mar-21	AGM with renewal of BFF Board in the agenda	Shareholders are called to vote, *inter alia*, on the appointment of new Board of Directors

BFF + "New DoD" + DEPObank: even stronger with a unique competitive position

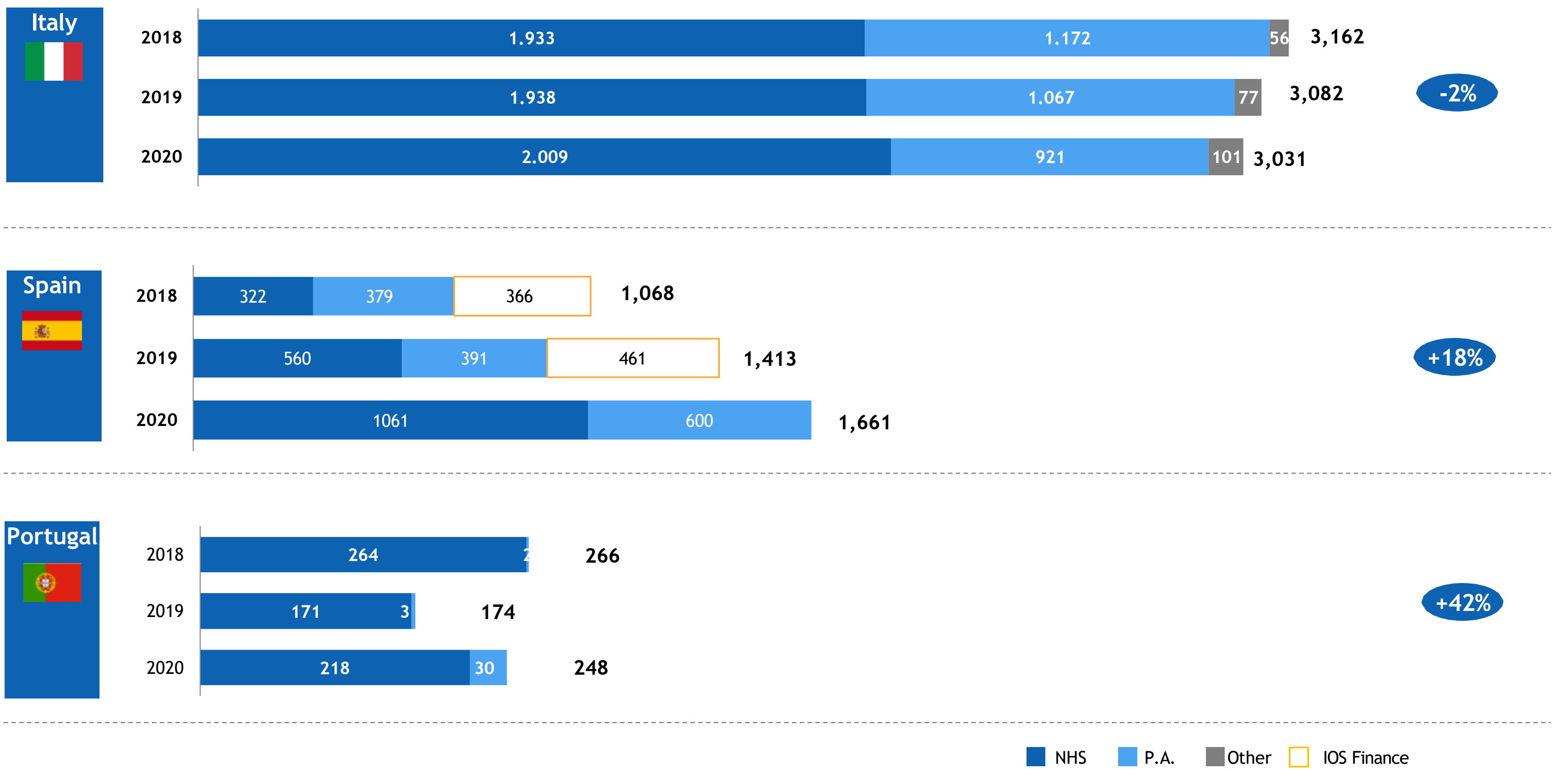
2020 results	2021 opportunities		A stronger BFF
BFF	**New risk-weights**	**DEPObank**	+ Higher capital generation + Cheaper and ampler funding base = Stronger competitive position
▪ Solid capital position ▪ High profitability ▪ Moderate cost/income	▪ High excess capital to fund growth ▪ Risk-weights aligned with competitors	▪ Diversification in capital light businesses ▪ Low cost of funding and ample liquidity	

Appendix

Non-recourse Volume (1/2)

Volume (€m)

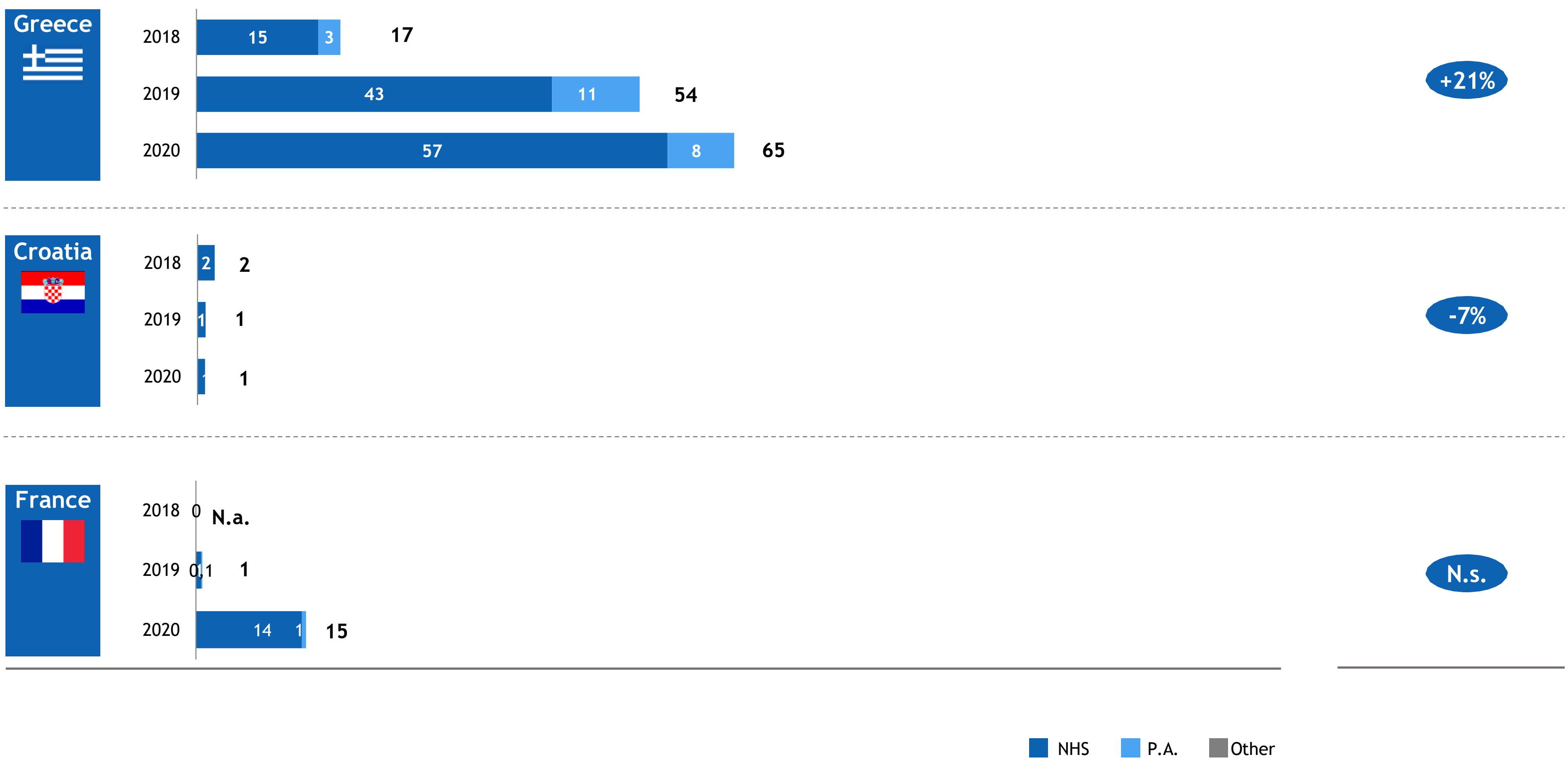
Non-recourse growth 2020 vs. 2019



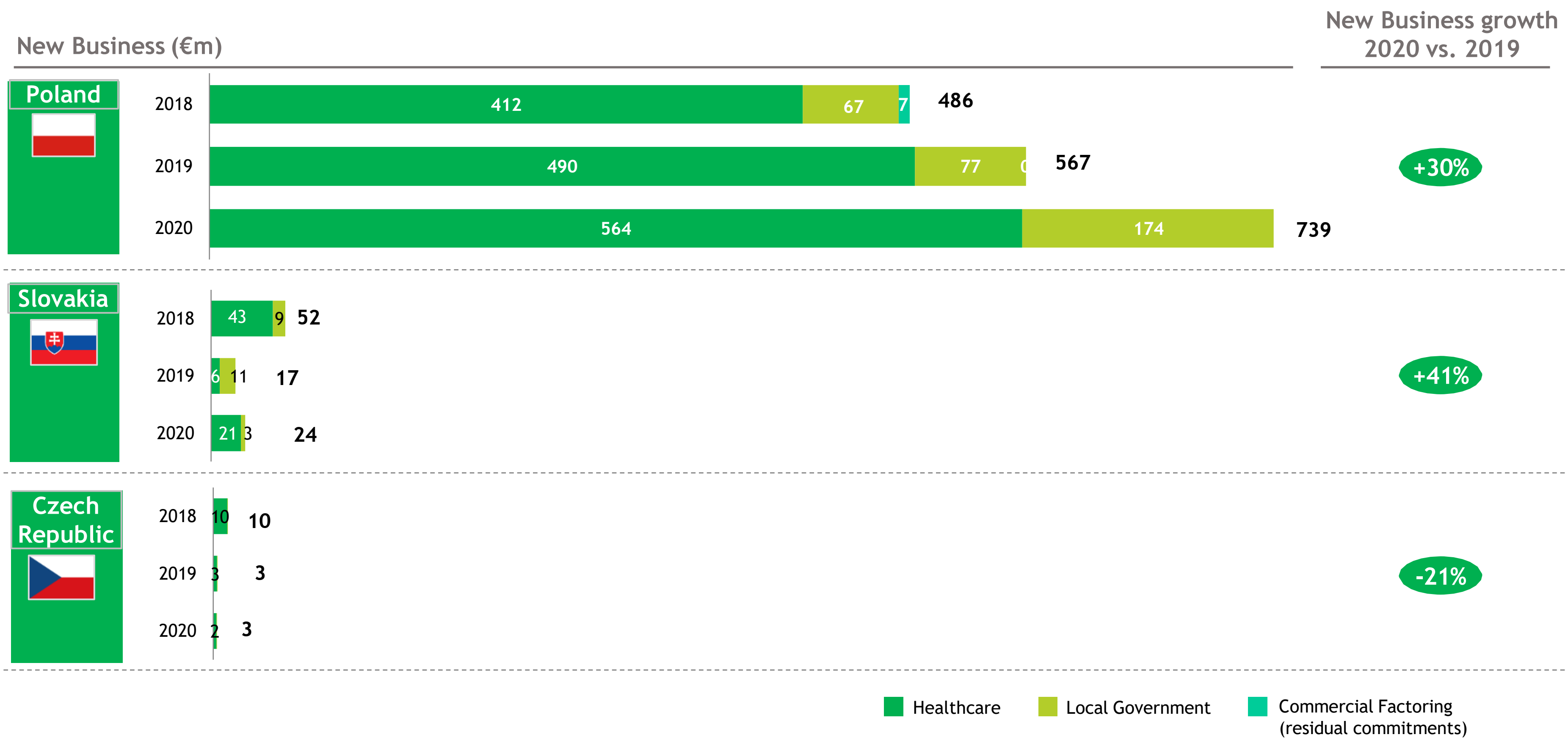
Non-recourse Volume (2/2)

Volume (€m)

Non-recourse growth
2020 vs. 2019



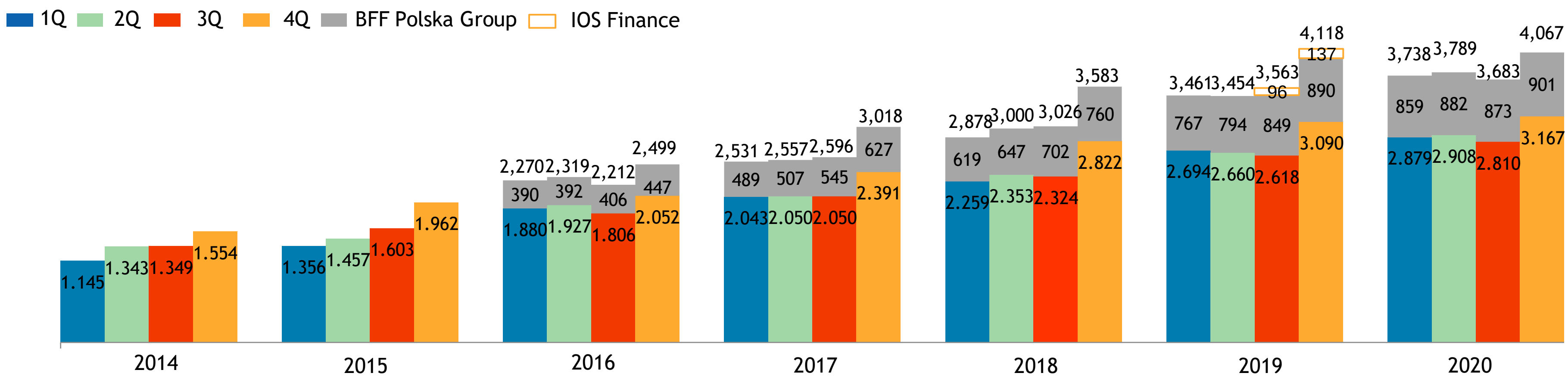
New Business Volume



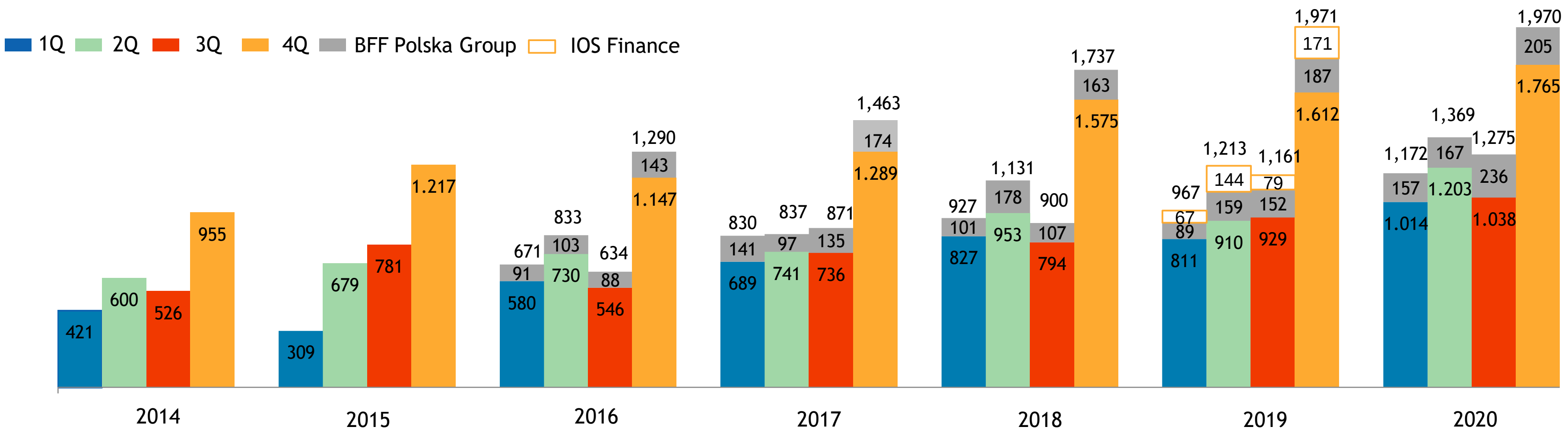
Traditional business subject to seasonality, with peak in 4Q

BFF BANKING GROUP

Loans Evolution by Quarter (€m)



Breakdown of Volume by Quarter (€bn)



Adjusted Net Income reconciliation

BFF BANKING GROUP

€m	2018	2019	2020
Group BFF Reported Net income	**92.2**	**93.2**	**91.1**
Exchange rates movement (offset at the comprehensive income and equity level)	(1.9)	0.5	(4.1)
Stock Options & Stock Grant	0.9	1.3	1.0
Extraordinary Resolution Fund contribution	0.5	0.5	0.9
M&A costs		3.2	8.1
Taxes on *one-off* dividend distribution from subsidiaries			1.7
IOS goodwill tax step-up		(1.5)	
Building value tax step-up			(1.2)
CEO post IPO retention bonus		1.7	
Adjusted Net Income	**91.8**	**98.8**	**97.6**

Summary Profit & Loss

BFF BANKING GROUP

	2018 Reported	2018 Adjustments	2018 Adjusted	2019 Reported	2019 Adjustments	2019 Adjusted	2020 Reported	2020 Adjustments	2020 Adjusted
Interest Income	231.6		231.6	249.0		249.0	245.3		245.3
of which interest income calculated using the effective interest rate method	195.5		195.5	211.3		211.3	214.5		214.5
Interest Expenses	-42.9		-42.9	-48.4		-48.4	-46.9		-46.9
Net Interest Income	**188.7**		**188.7**	**200.5**	**0.0**	**200.5**	**198.4**		**198.4**
Net Fee and Commission Income	5.7		5.7	4.5		4.5	4.6		4.6
Dividends	0.0		0.0	0.0		0.0	0.0		0.0
Gains/Losses on Trading	2.5	-2.6	-0.1	-0.8	0.7	-0.1	5.9	-5.7	0.2
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	0.4		0.4	0.0		0.0
b) financial assets measured at fair value through OCI	0.4		0.4	0.0		0.0	0.4		0.4
c) financial liabilities				0.0		0.0	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
b) other financial assets mandatorily measured at fair value			0.0	0.0		0.0	0.0		0.0
Net Banking Income	**197.5**	**-2.6**	**194.9**	**204.6**	**0.7**	**205.3**	**209.3**	**-5.7**	**203.6**
Net adjustments/reversals of impairment for credit risk concerning:									
a) financial assets measured at amortized cost	-4.8		-4.8	-2.4		-2.4	-3.2		-3.2
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	-68.2	2.0	-66.1	-79.5	8.5	-71.0	-86.4	13.8	-72.6
Net provisions for risks and charges									
a) commitments and guarantees provided	0.0		0.0	-0.4		-0.4	0.0		0.0
b) other net allocations	-0.9		-0.9	-2.8	0.7	-2.1	-1.0	0.4	-0.6
Net Adjustments to/ Writebacks on Property, Plan and Equipment and Intangible Assets	-3.2		-3.2	-5.1		-5.1	-5.5		-5.5
Other Operating Income (Expenses)	3.9		3.9	7.2		7.2	10.4		10.4
Profit Before Income Taxes from Continuing Operations	**124.3**	**-0.6**	**123.7**	**121.7**	**9.9**	**131.6**	**123.7**	**8.4**	**132.2**
Income Taxes	-32.1	0.2	-31.9	-28.6	-4.3	-32.8	-32.6	-1.9	-34.5
Net Income	**92.2**	**-0.4**	**91.8**	**93.2**	**5.6**	**98.8**	**91.1**	**6.6**	**97.6**

Summary Balance Sheet

	FY18 Reported	FY19 Reported	FY20 Reported
Cash and cash Balances	99.5	78.3	173.3
Financial assets measured at *fair value* 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 *fair value*	0.0	0.0	0.0
c) other financial assets mandatorily measured at *fair value*	0.0	0.0	0.0
Financial assets measured at fair value through OCI	160.8	82.9	0.2
Financial assets measured at amortized cost	4,593.8	5,250.7	5,780.6
a) Loans and receivables with banks	62.8	136.7	31.1
b) Loans and receivables with customers	4,531.0	5,114.0	5,749.5
Hedging derivatives	0.0	0.0	0.0
Equity Investments	0.2	0.1	0.1
Property, Plant and Equipment	12.0	17.1	18.0
Intangible Assets	26.4	35.3	36.7
Tax Assets	34.2	35.1	15.3
Other Assets	14.7	11.6	27.2
Total Assets	**4,941.5**	**5,511.0**	**6,051.3**
Liabilities and Equity			
Financial liabilities measured at amortized cost	4,403.0	4,962.2	5,415.2
a) deposits from banks	1,238.0	1,142.8	1,034.7
b) deposits from customers	2,349.9	2,713.7	3,571.6
c) securities issued	815.2	1,105.7	808.9
Financial Liabilities Held for Trading	0.0	0.0	0.0
Hedging Derivatives	0.0	0.0	0.0
Tax Liabilities	88.3	99.0	83.7
Other Liabilities	78.1	65.3	82.8
Employess Severance Indemnities	0.8	0.8	0.7
Provision for Risks and Charges	5.0	6.4	6.4
Equity	274.1	284.1	371.5
Profits for the Year	92.2	93.2	91.1
Total Liabilities and Equity	**4,941.5**	**5,511.0**	**6,051.3**

Breakdown by quarter - BFF Banking Group

BFF BANKING GROUP

Adjusted Values			**2018**					**2019**					**2020**		
Data in €/m	**1Q**	**2Q**	**3Q**	**4Q**	**FY**	**1Q**	**2Q**	**3Q**	**4Q**	**FY**	**1Q**	**2Q**	**3Q**	**4Q**	**FY**
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	54.2	74.6	**245.3**
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)	(10.5)	(10.3)	**(46.9)**
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	43.6	64.2	**198.4**
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	44.8	65.8	**203.6**
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)	(19.7)	(19.1)	**(78.2)**
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)	(0.5)	(0.3)	**(3.2)**
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	1.3	5.6	**9.9**
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	25.9	51.9	**132.2**
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)	(6.2)	(14.2)	**(34.5)**
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	19.7	37.7	**97.6**

Reported Values			**2018**					**2019**					**2020**		
Data in €/m	**1Q**	**2Q**	**3Q**	**4Q**	**FY**	**1Q**	**2Q**	**3Q**	**4Q**	**FY**	**1Q**	**2Q**	**3Q**	**4Q**	**FY**
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	54.2	74.6	**245.3**
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)	(10.5)	(10.3)	**(46.9)**
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	43.6	64.2	**198.4**
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	46.5	66.0	**209.3**
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)	(23.5)	(23.3)	**(91.9)**
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)	(0.5)	(0.3)	**(3.2)**
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	1.3	5.2	**9.5**
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	23.8	47.5	**123.7**
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)	(5.6)	(12.2)	**(32.6)**
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	18.2	35.3	**91.1**

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

Asset quality

€/000	31/12/2020 Gross	Provision	Net
Total non performing	81,582	(14,761)	66,821
Total unlikely to pay	18,743	(3,040)	15,703
Total past due	42,232	(127)	42,105
Total	142,557	(17,928)	124,629

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

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

Capital ratios with new RWAs calculation

		CET1 RATIOS			TOTAL CAPITAL RATIOS		
		31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-18	31-Dec-19	31-Dec-20
With previous RW	Reported ratios	10.9%	10.9%	11.1%	15.2%	15.0%	15.0%
	Ratios including FY Net Income	14.9%	13.9%	15.0%	19.3%	17.9%	18.9%
With new RW	Reported ratios	---	---	15.5%	---	---	21.6%
	Ratios including FY Net Income	---	---	21.6%	---	---	27.7%
	Ratios including also 2019 Dividend (€70.9m) not distributed yet	---	---	26.0%	---	---	32.1%
SREP		7.80%	7.80%	7.85%	12.00%	12.00%	12.05%
BFF's target for dividend policy		---	---	---	15.00%	15.00%	15.00%

Post merger shareholding structure and governance

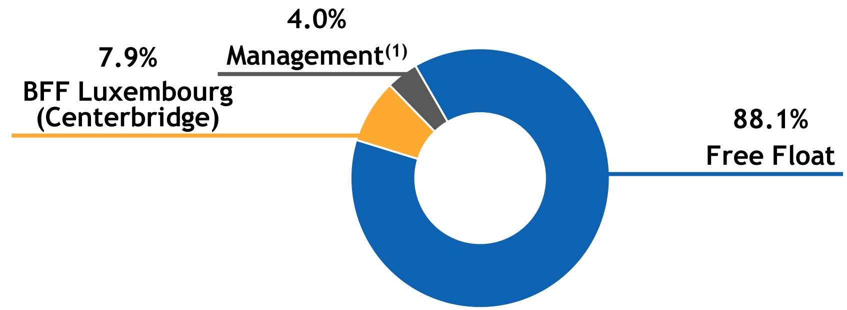
Shareholding structure

- Following the merger of DEPObank, **the expected free float post merger will be still >80%**, with Equinova(2) receiving a 7.6% stake in the combined entity

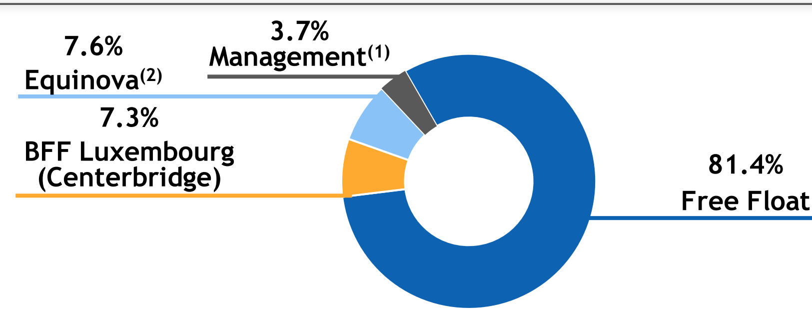
Governance

- BFF took a best effort commitment to appoint **one independent director designated by Equinova**

Today



Expected post merger



Notes: (1) Shares held as of 31/12/2020 by the *Group CEO*, his closely associated persons, and by other 5 managers with strategic responsibilities. (2) Equinova UK HoldCo Limited is a holding company of Advent International Corporation, Bain Private Equity Europe LLP and Clessidra SGR S.p.A., that hold a stake of 91% of DEPObank's share capital, while the remaining shares are held by other Italian banks, as of 30th June 2020.