



1Q 2021 Results

Earnings call
10th May 2021

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Executive Summary



BFF BANKING GROUP

- Closing of DEPObank (merger accounted from 1st March 2021)
- 1Q21 reported net income at €184.3m positively impacted by €161.5m badwill pre “Purchase Price Allocation”*
- 1Q21 adjusted net income + 8% yoy thanks to the good performance of transaction services businesses, lower costs and financial income
- Low risk profile with 0.2% NPL ratio (excl. Italian municipalities) and zero CoR
- € 193m c. of accrued dividends (of which €165m available for Q4 distribution) not included in capital ratios
- Strong capital position: 21.7% and CET1 ratio at 17.3%, with €151m of capital in excess of 15% TC ratio target

FACTORING & LENDING

- Lower loans portfolio due to high liquidity in Italy and Spain accelerating payments of new invoices
- Back book LPI income reserve increased yoy, despite higher LPI collections yoy

SECURITIES SERVICES

- Increased AUM and ample liquidity due to market performance and commercial efforts
- Positive market performance and Covid rebound allows to enter 2Q21 with higher assets vs. 2Q20

PAYMENTS SERVICES

- Increased yoy transactions, recovering from downturn caused by Covid
- Higher 2Q21 starting point vs 2Q20, highly affected by Covid

* Final PPA may impact reported P&L.

1Q21: good starting point of integration despite high liquidity



Plus

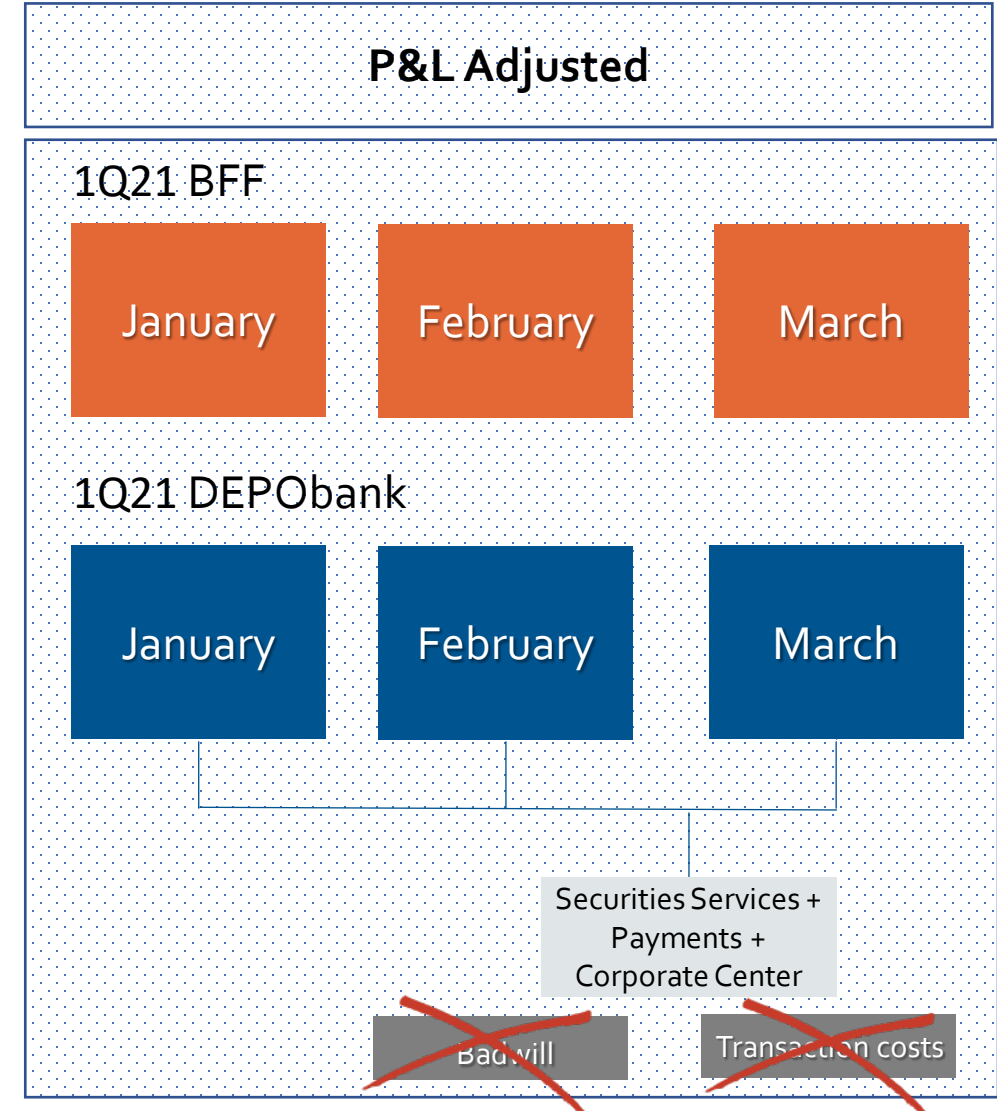
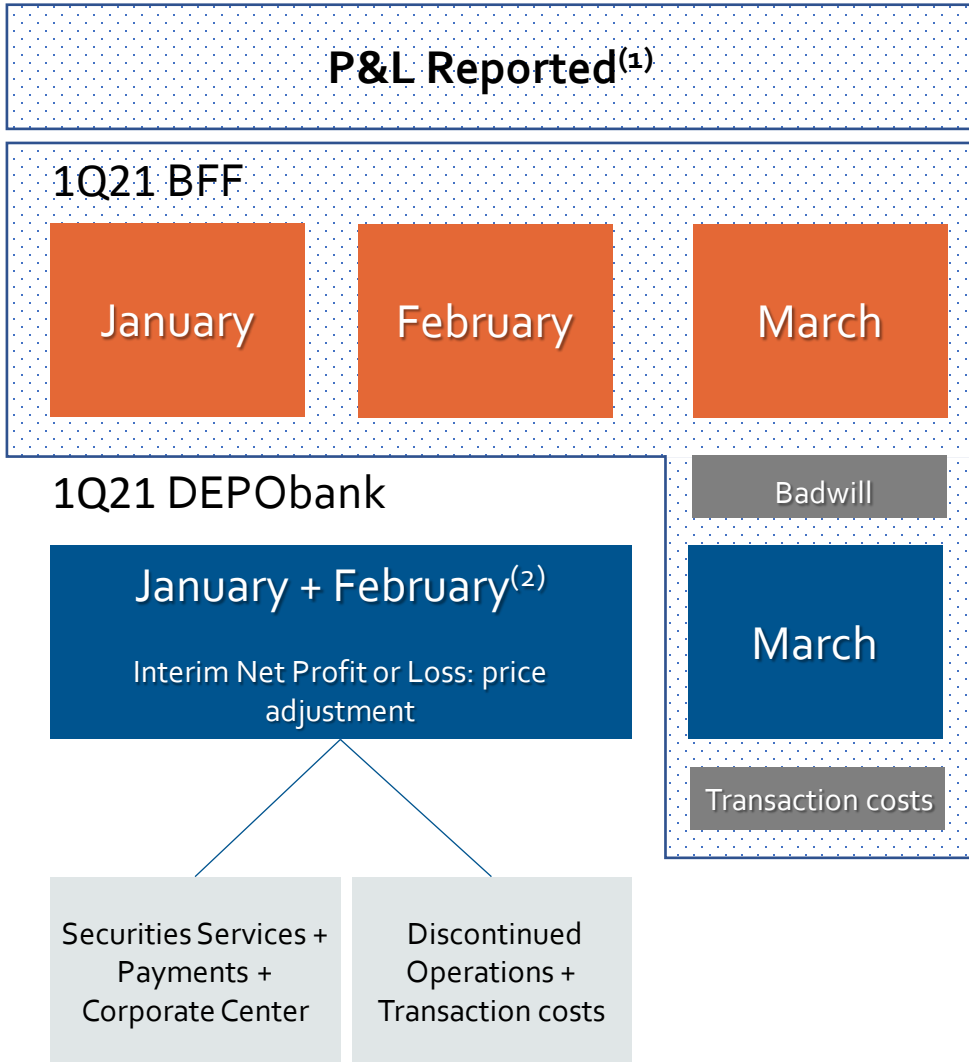
- Finalized DEPObank closing (accounting effect from 1st March 21) and good visibility on synergies
- Back book LPIs income reserve⁽¹⁾ increased, a source of future profitability
- Positive performance of Securities Services and Payments, despite 1Q20 not fully impacted by Covid
- Positive contribution of geographic diversification limiting the impact of volume negative trend in Italy and Spain in factoring and lending

Minus

- High public sector liquidity accelerated payments of newest invoices: lower customer loans' portfolio and lower new business volume
- Higher Assets under Depositary generated excess funding, with negative rates in ECB deposits

(1) Back book income reserve: the stock of LPI accrued, but that has not been collected and has not gone through the P&L.

How we represented 1Q21 P&L



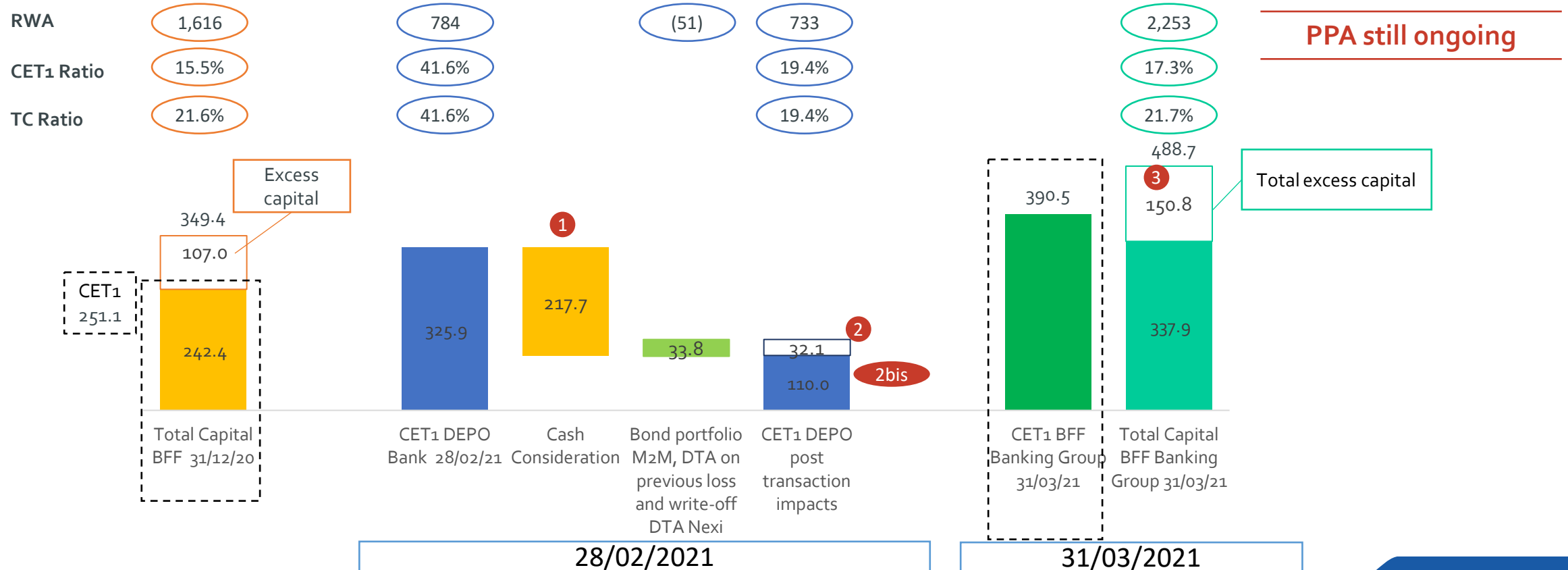
(1) Limited review.

(2) DEPObank January and February 2021: not audited pre-closing accounts

Stronger capital and increased buffer through DEPObank acquisition



- Cash Consideration component at closing equal to €217.7m (excluding ICT Earn Out) ¹
- DEPObank CET₁, post Cash Consideration and releases and deductions related to DTA and mark-to-market, is equal to c. €142m (covered by the capital increase and the badwill), of which the excess capital above DEPObank 15% CET₁ is €32.1m ² **2bis**
- BFF post acquisition has an excess capital of €150.8m ³



+8% yoy Adjusted Net Income



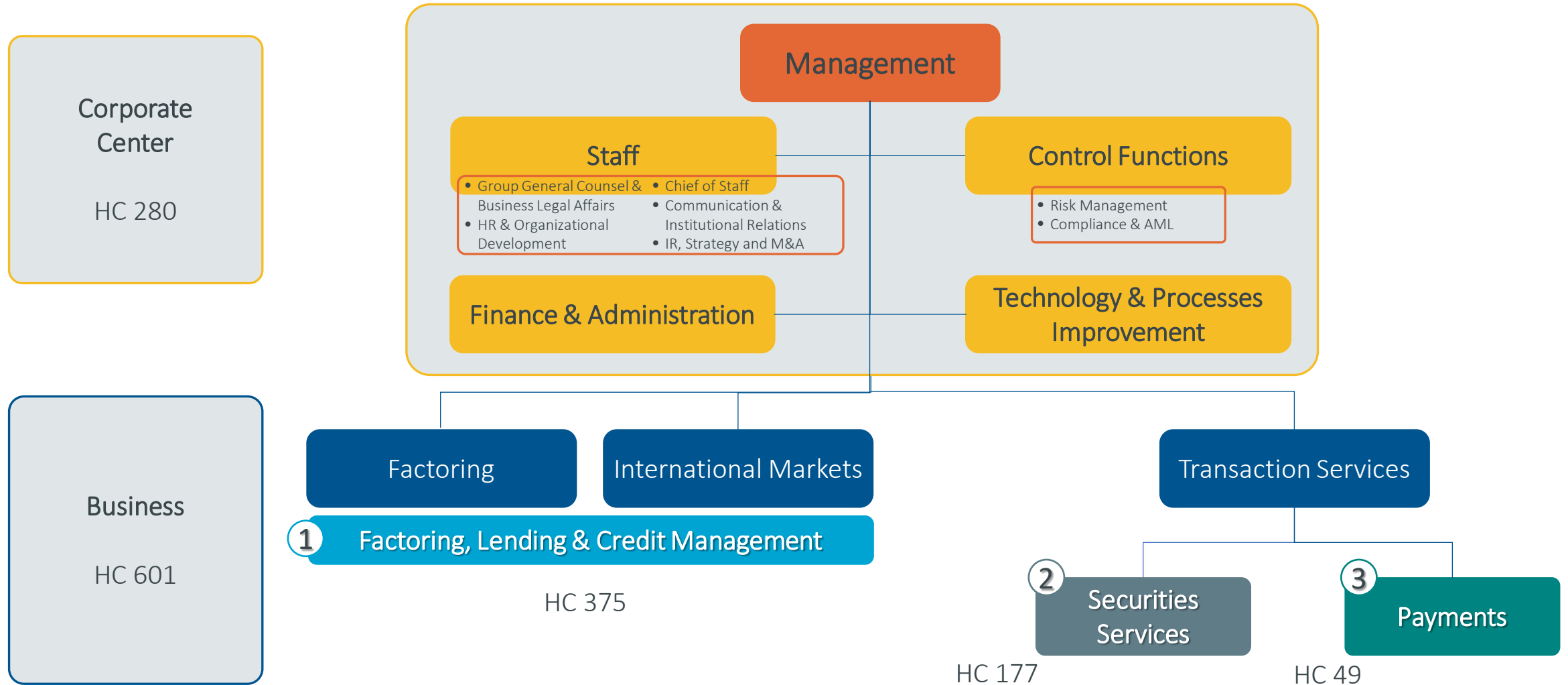
Reported Net Income impacted by badwill and transaction costs

- Reported net income raises to €184.3m because of the “gross” Badwill -that could change post *Purchase Price Allocation* completion (within 12 months from closing)
- 1Q21 adjusted net income + 8% yoy (3m BFF + 3m DEPObank) thanks to the good performance of transaction services businesses and lower costs
- BFF 1Q21 Adjustments related to exchange rates movements for €(1.2)m, stock options costs for €0.8m, and ex-DEPObank customer contract amortisation for €0.4m

Adjustments - €m	1Q19	1Q20	1Q21	YoY%
Group BFF Reported Net income	21.4	23.1	184.3	n.s.
Ex-DEPO Bank non-consolidated adjusted result	7.8	5.1	5.1	
Exchange rates movement (offset at the comprehensive income and equity level)	0.0	(4.0)	(1.2)	
Stock Options & Stock Grant	0.8	0.3	0.8	
Badwill & Transaction/restructuring costs ⁽¹⁾			(161.5)	
M&A costs		0.1		
Taxes on one-off dividend distribution from subsidiaries		1.2		
Customer contract amortization			0.4	
Adjusted Net Income	30.1	25.9	27.8	8%

(1) Badwill and transaction/restructuring costs represents two different accounting items, grouped in a single line for representation purposes

The Group is organised around the 3 businesses, supported by the Corporate Center



The 3 business units driving post merger performance



	CLIENTS	WHAT WE OFFER	WHERE
1 FACTORING & LENDING	<ul style="list-style-type: none"> Public sector suppliers Large multinationals Hospitals & municipalities 	<ol style="list-style-type: none"> Non-recourse factoring Lending (Central-Eastern Europe only) Credit management 	
2 SECURITIES SERVICES	<ul style="list-style-type: none"> Domestic asset managers and banks <ul style="list-style-type: none"> - Mutual funds - Pension funds - AIFs 	<ol style="list-style-type: none"> Depository bank Global custody Fund accounting Transfer agent 	
3 PAYMENTS SERVICES	<ul style="list-style-type: none"> Small/medium sized Italian Banks Medium/Large Corporates Partnership with Nexi 	<ol style="list-style-type: none"> Intermediation Corporate Payments Check & receivables 	

Business Units & Corporate Center P&L



	Factoring & Lending P&L	+	Securities Services P&L	+	Payments P&L	+	Corporate Center incl. synergies	=	Adj. BFF Banking Group P&L	Adjustments ⁽²⁾	BFF Banking Group P&L reported
1Q 2021											
Revenues	€36.2		€14.0		€13.4		€12.5		€76.0	€143.1	€219.1
OPEX incl. D&A	(€8.7)		(€7.3)		(€7.7)		(€17.3)		(€41.1)	€12.6	(€28.5)
LLP	(€0.1)		€0.0		€0.0		€1.0		€0.9	(€1.0)	(€0.1)
PBT ⁽¹⁾	€27.2		€6.7		€5.7		(€4.0)		€35.5	€154.7	€190.2
1Q 2020											
Revenues	38.2		€13.1		€11.7		€15.2		€78.2	(€26.7)	€51.5
OPEX incl. D&A	(€9.0)		(€7.7)		(€7.6)		(€18.7)		(€43.0)	€24.4	(€18.6)
LLP	(€0.3)		€0.0		€0.0		(€0.0)		(€0.4)	0.0	(€0.3)
PBT ⁽¹⁾	€28.7		€5.3		€4.1		(€3.1)		€35.0	(€2.2)	€32.8

(1) 3m profit before taxes normalised taking into account one-offs and discontinued operations.

(2) 1Q21 results adjusted for first two months of DEPOBank adjusted result for €5.1m, costs related to the Stock Option plan for €1.1m, positive impact from the exchange rate movement for €1.7m, customer contract amortization for €0.6m and €159.8m related to badwill and transaction&restructuring costs; 1Q20 results adjusted for 1Q20 DEPOBank adjusted result for €7.2m, costs related to the Stock Option plan for €0.4m, positive impact from the exchange rate movement for €5.6m, M&A costs for €0.1m.

Factoring and Lending – KPIs

“Down” loans and volume in Italy and Spain, “up” LPI collection & fund

- Strong impact of high liquidity in the system:
 - Loans’ portfolio and volume decreased yoy due to higher collections driven by Italy and Spain
- Back book LPIs income reserve (and unrecognized) continued to grow, despite higher collections of LPIs vs 1Q20
- Yield on average loans impacted by faster collection and WIBOR reduction for 22bps vs. 1Q20⁽¹⁾
- Net Interest Income/RWAs +2.3% positively impacted by 20% risk-weight applied to *in bonis* receivables post “New DoD”⁽⁵⁾
- Good discipline on costs resulting in stable Opex/Avg. Loans despite the reduction of loan portfolio
- Negligible cost of risk

€m	1Q19	1Q20	1Q21
Volume	967	1,172	1,107
Collections - Non recourse	1,176	1,427	1,685
Loans & Receivables	3,461	3,738	3,330
RWAs	2,229	2,370	1,613
LPIs collected	6	8	12
LPIs fund	594	660	700
Unrecognised LPI fund	378	408	418
Gross yield on average loans %	6.2%	5.6%	4.9%
Cost of Funding ⁽²⁾ %	(2.4%)	(2.4%)	(1.7%)
Net Interest Income/RWAs ⁽³⁾ %	6.6%	5.9%	8.2%
OPEX/Average Loans %	0.9%	0.9%	0.9%
Cost/Income ⁽⁴⁾ %	21%	24%	24%
Cost of Risk %	0.00%	0.04%	0.01%
Number of employees	340	378	375

(1) The National Bank of Poland cut the reference rate by 50bps on 9-Apr-20 and by additional 40bps on 28-May-20.

(2) See page 27 for transfer price mechanism.

(3) Net interest income over end of the period RWAs. The 1Q21 ratio benefits from the reduction of the RWAs in 4Q 2020, due to the application of the 20% risk-weighting (ex art. 116 CRR) from 31-Dec-2020.

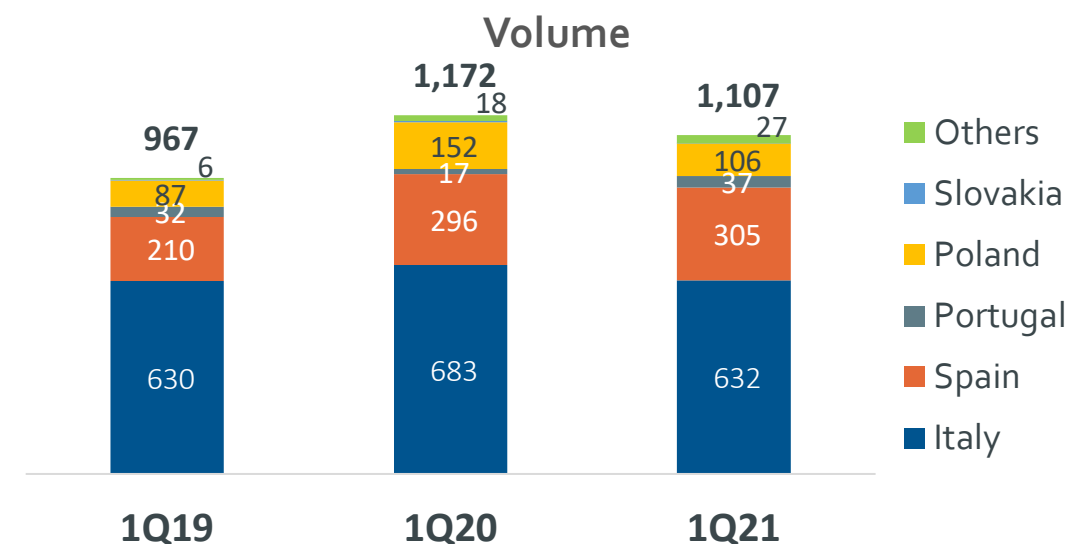
(4) Calculated as (OPEX and D&A)/(Net Banking Income and Other operating income).

(5) The new EBA definition of default “Guidelines on the application of the definition of default under Art. 178 of Regulation (EU) n° 575/2013”.

Factoring and Lending: faster payments impacted loans portfolio and new volume in Italy and Spain

- Geographic diversification partially offsetting negative performance of the domestic and Spanish markets. International business 42% of total loans, up from 37% as of 1Q20
 - Strong loan growth in Portugal (+58% yoy), Greece (+60% yoy) and +3% yoy the portfolio in Central-Eastern Europe (€884m)
- High liquidity accelerated the collection of newest invoices: **Customer Loans' portfolio** decreased to €3.3bn (-11% yoy), with different performance among countries:
 - Italy (€-413m yoy), with the factoring market down by -8.8% yoy in 1Q21⁽¹⁾ and
 - Spain (€-106m yoy), in 1Q21 the Government allocated c. €12bn to the Autonomous Communities⁽²⁾ to accelerate payments
- New Business Volume** decreased by 6% yoy at €1.1bn
 - Portugal and Greece up by 110% and 32% yoy respectively
 - Italy -7% yoy and Poland -30% yoy

Customer Loans – €m	1Q19	1Q20	1Q21
Italy	2,288	2,346	1,934
Spain	207	387	281
Portugal	179	100	158
Greece	18	43	69
Croatia	2	1	1
France	-	1	3
Poland	600	674	678
Slovakia	161	182	204
Czech Republic	6	3	1
Total	3,461	3,738	3,330



(1) Advances to customers in Italy as of 31-March-2021; source: preliminary data by Assifact.

(2) Source: [Ministerio De Hacienda, Sistemas de Financiación y Deuda Pública](#).

Factoring and Lending – P&L: impacted by smaller loan portfolio

- Net interest income impacted by lower loans portfolio driven by faster collections at YE20
- High liquidity positively impacted collections of LPIs, with net LPI over-recovery higher vs 1Q20
- Opex slightly decreased, with stable head count
- High asset quality with excellent risk profile

€m	1Q19	1Q20	1Q21
Interest Income	54.2	55.1	45.4
<i>of which Net LPI over-recovery</i>	<i>(1.0)</i>	<i>(3.6)</i>	<i>(1.2)</i>
Interest Expenses	(17.6)	(20.2)	(12.5)
Net Interest Income	36.6	34.9	32.9
Net Fee and Commission Income	1.4	1.5	1.7
Other Income	0.0	0.3	(0.0)
Net Banking Income	38.0	36.7	34.7
Other Operating Income (Expenses)	1.6	1.5	1.5
Total Net Revenues	39.6	38.2	36.2
Direct OPEX	(8.0)	(8.6)	(8.4)
<i>of which Personnel Expenses</i>	<i>(4.6)</i>	<i>(5.3)</i>	<i>(5.1)</i>
<i>of which G&A</i>	<i>(3.4)</i>	<i>(3.3)</i>	<i>(3.3)</i>
Direct D&A	(0.2)	(0.4)	(0.4)
Loan Loss Provision	0.0	(0.3)	(0.1)
Net provisions for risks and charges	(0.1)	(0.1)	(0.2)
Profit Before Taxes	31.3	28.7	27.2

Securities Services KPIs: raising Assets Under Management and ample liquidity

- Depository Bank's AuD** at €77.7bn (+19% yoy), vs. €76.0bn at YE20, thanks to positive:
 - market performance compared to 1Q20, critically impacted by Covid-19 on financial markets, and
 - effect of new business development initiatives, in particular in the AIF segment

Liquidity (€7.4m) at 9.5% on total AuM (vs. 9.0% at the end of 1Q20).

Commissions' trend (€3.8m in 1Q21 vs. €3.4m in 1Q20) in line with AuD growth
- Fund Accounting and Transfer Agent** trends driven by Depository Bank's performance
- Global Custody's AuC** increased by 20% yoy to €161.9bn thanks to (i) higher assets (mainly deriving from M&A activity of an existing client), and (ii) market performance⁽¹⁾. Commissions' growth (€2.7m in 1Q21 vs. €2.5m in 1Q20) driven by higher volumes

(1) AUC is impacted by market performance only on the equity component vs. AUD, which is impacted in all its components due to the periodic NAV calculation.

(2) Calculated as (OPEX and D&A)/(Net Banking Income and Other operating income).

	1Q19	1Q20	1Q21
Depository Bank (AuD, €m)	65,753	65,496	77,729
Fund Accounting (AuM, €m)	45,083	46,101	49,656
Transfer Agent (n° clients, #k)	2,009	2,293	2,146
Global Custody (AuC, €m)	123,925	135,016	161,927
Settlement (n° operations, #k)	464	644	655
End of period Deposits (€m)	9,341	5,923	7,384
Number of employees	181	175	177
Cost/Income ⁽²⁾	53%	59%	52%

€m	1Q19	1Q20	1Q21
Depository Bank controls	3.9	3.4	3.8
Fund Accounting	2.6	2.6	2.7
Transfer Agent	1.9	1.7	1.6
Global Custody	1.4	1.5	1.6
Global Custody - Settlements & Other services	0.6	1.0	1.1
Securities Services - Commissions	10.4	10.3	10.9

Securities Services – P&L : positive performance driven by higher AuM & good cost control

- Net Interest Income at €3.0m in 1Q21 (vs. €2.7m in 1Q20) positively impacted by higher deposits
- Net Fee and Commission Income driven by higher assets under management
- Decreasing direct OPEX despite higher AUM and revenues growth
- Strong PBT growth (+ 26% yoy)

€m	1Q19	1Q20	1Q21
Net Interest Income	3.2	2.7	3.0
Net Fee and Commission Income	10.4	10.3	10.9
Net Banking Income	13.5	12.9	13.9
Other Operating Income (Expenses)	0.1	0.1	0.2
Total Net Revenues	13.6	13.1	14.0
Direct OPEX	(7.0)	(7.4)	(7.0)
<i>of which Personnel Expenses</i>	<i>(3.1)</i>	<i>(3.1)</i>	<i>(3.2)</i>
<i>of which G&A</i>	<i>(4.0)</i>	<i>(4.3)</i>	<i>(3.8)</i>
Direct D&A	(0.2)	(0.3)	(0.3)
Net provisions for risks and charges	(0.0)	(0.0)	0.0
Profit Before Taxes	6.4	5.3	6.7

Payments KPIs: digital transactions almost back to normal after Covid-19 crisis



- Transactions of **transfer and collections** +7% yoy at #74m, thanks to positive performance of SEPA bank transfers
- **Card settlement** transaction still impacted in 1Q21 by economy restrictions due to Covid-19 pandemic, but with higher commissions (+10% yoy at €5.0m) due to a surge in Guarantee Fund payments
- **Checks and receivables** transactions declining at market trends, but with almost stable yoy commissions (€1.1m), thanks to introduction at YE20 of fixed fees along with the variable commissions
- **Corporate Payments** transactions +4% yoy at #14m, thanks to positive performance of INPS (Italian Social Security) pensions payments, with commissions trend in line with volumes trend

	1Q19	1Q20	1Q21
Transfer and collections (n° oper. #k)	68,085	68,489	73,518
Card & Other settlement (n° oper. #k)	50,919	46,821	40,570
Checks & receivables (n° oper. #k)	12,881	9,613	7,510
Corporate Payments (n° oper. #k)	13,645	13,206	13,757
End of period Deposits (€m)	839	677	783
Number of employees	64	60	49
Cost/Income ⁽¹⁾	66%	65%	58%

(1) Calculated as (OPEX and D&A)/(Net Banking Income and Other operating income).

€m	1Q19	1Q20	1Q21
Transfer and collections	2.2	1.8	2.2
Card & Other settlement	4.4	4.5	5.0
Checks & receivables	1.0	1.2	1.1
Corporate Payments	1.9	1.9	2.0
Payments - Commissions	9.4	9.4	10.3

Payments financials: positive performance overcoming Covid-19 downturn



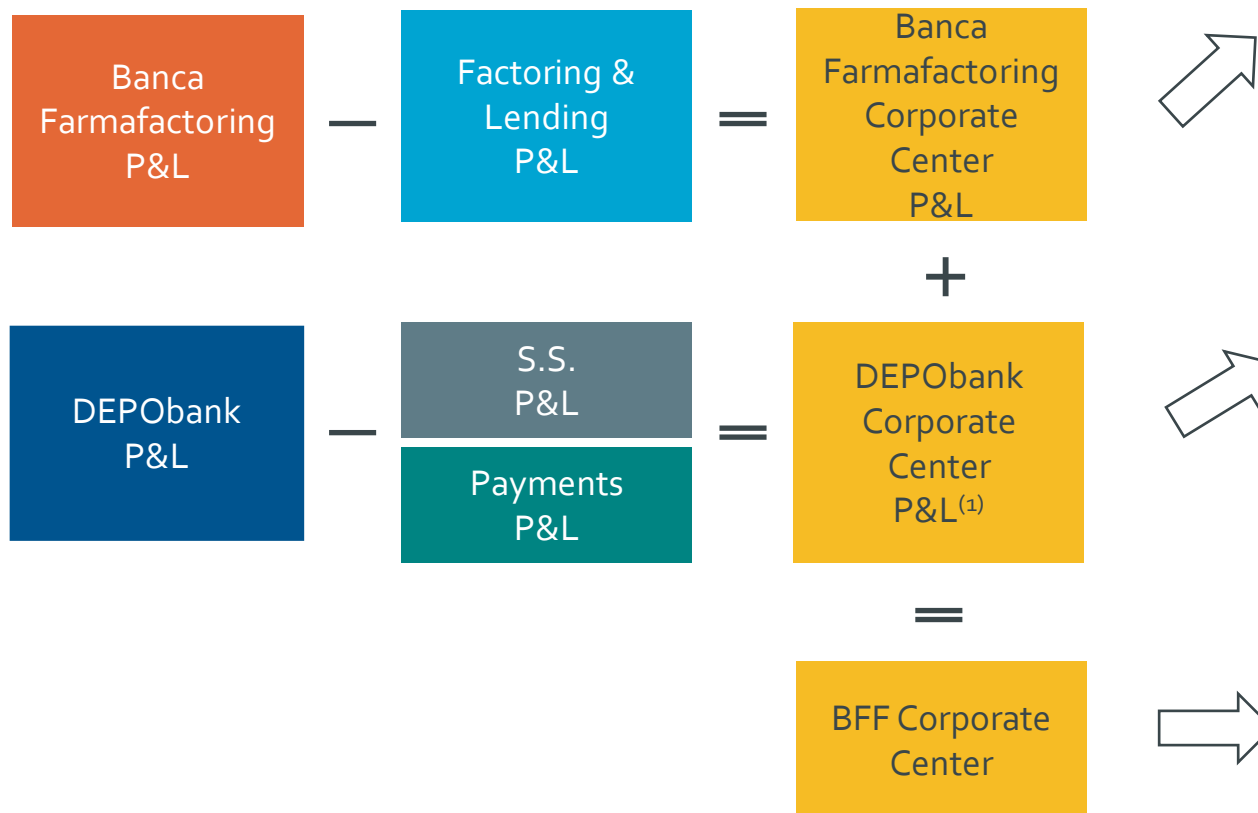
- Stable yoy Net Interest Income at €0.5m
- Net Fee and Commission Income increased by €0.9m (+9% yoy) as a result of the increasing revenues coming from Guarantee Fund services, that offset the Covid-19 pandemic effects on commercial activities
- Direct operational expenditures slightly increased at €7.5m (+3% yoy), but a slower pace than revenue growth, due to (better distribution contract terms with Nexi)

€m	1Q19	1Q20	1Q21
Net Interest Income	0.4	0.5	0.5
Net Fee and Commission Income	9.4	9.4	10.3
Net Banking Income	9.9	9.9	10.7
Other Operating Income (Expenses)	2.0	1.8	2.7
Total Net Revenues	11.9	11.7	13.4
Direct OPEX	(7.7)	(7.3)	(7.5)
<i>of which Personnel Expenses</i>	<i>(1.1)</i>	<i>(1.2)</i>	<i>(1.0)</i>
<i>of which G&A</i>	<i>(6.6)</i>	<i>(6.2)</i>	<i>(6.6)</i>
Direct D&A	(0.1)	(0.3)	(0.2)
Net provisions for risks and charges	(0.0)	(0.0)	0.0
Profit Before Taxes	4.1	4.1	5.7

Corporate center – synergies to be deployed



- Net interest income reduced by fair value of ex-DEPO bond portfolio post closing
- Other operating income benefits from HTC&S revenues
- Loan loss provision positively impacted by HTC portfolio impairment methodology



€m	1Q19	1Q20
Net Interest Income	7.8	8.4
Other Income	0.0	0.1
Net Banking Income	7.7	8.1
Other Operating Income (Expenses)	(0.6)	(0.4)
Personnel Expenses	(4.0)	(4.8)
G&A	(4.0)	(4.4)
D&A	(0.9)	(1.0)
Net provisions for risks and charges	(0.3)	0.4
Profit Before Taxes	(1.4)	(1.0)

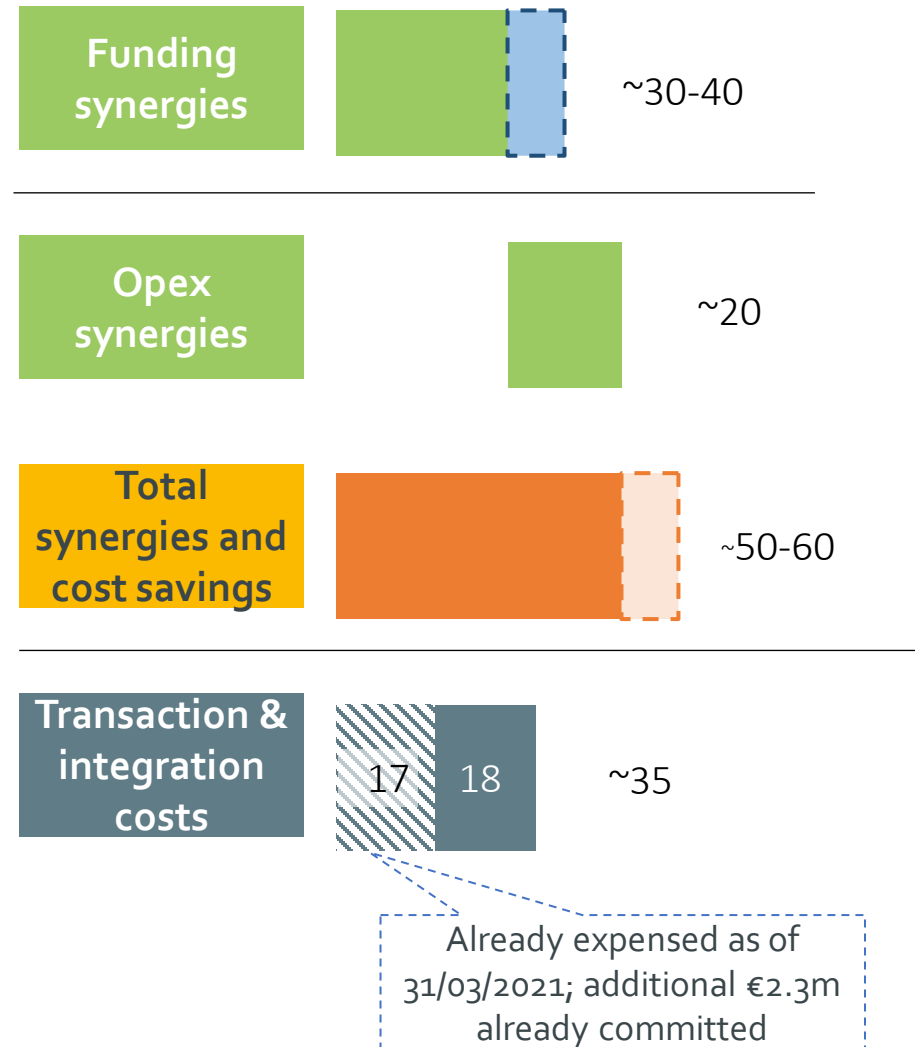
€m	1Q19	1Q20
Net Interest Income	2.7	5.2
Net Fee and Commission Income	(0.2)	(0.2)
Other Income	4.0	2.3
Net Banking Income	6.4	7.2
Other Operating Income (Expenses)	0.2	0.3
Personnel Expenses	(3.8)	(4.6)
G&A	(3.7)	(4.2)
D&A	(0.8)	(0.8)
Loan Loss Provision	3.2	(0.0)
Net provisions for risks and charges	(0.0)	(0.0)
Profit Before Taxes	1.6	(2.2)

€m	1Q19	1Q20	1Q21
Net Interest Income	10.4	13.5	5.4
Net Fee and Commission Income	(0.4)	(0.6)	(0.5)
Other Income	4.0	2.4	6.7
Net Banking Income	14.1	15.3	11.5
Other Operating Income (Expenses)	(0.3)	(0.1)	1.0
Personnel Expenses	(7.2)	(8.7)	(8.7)
G&A	(7.6)	(8.2)	(6.9)
D&A	(1.8)	(1.8)	(1.7)
Loan Loss Provision	3.2	(0.0)	1.0
Net provisions for risks and charges	(0.4)	0.3	(0.2)
Profit Before Taxes	0.1	(3.1)	(4.0)

Key synergies areas

Synergies on track

- Funding: already reduced wholesale funding lines and on-line deposits, in euro and PLN, in order to deploy all expected synergies starting from 2Q 2021
- OPEX: (i) already delivered initiatives able to generate €14m of synergies in 2022; (ii) put in place activities to optimize the SG&A run-rate cost base
- Already expensed around 55% of transactions & integration costs following the integration plan

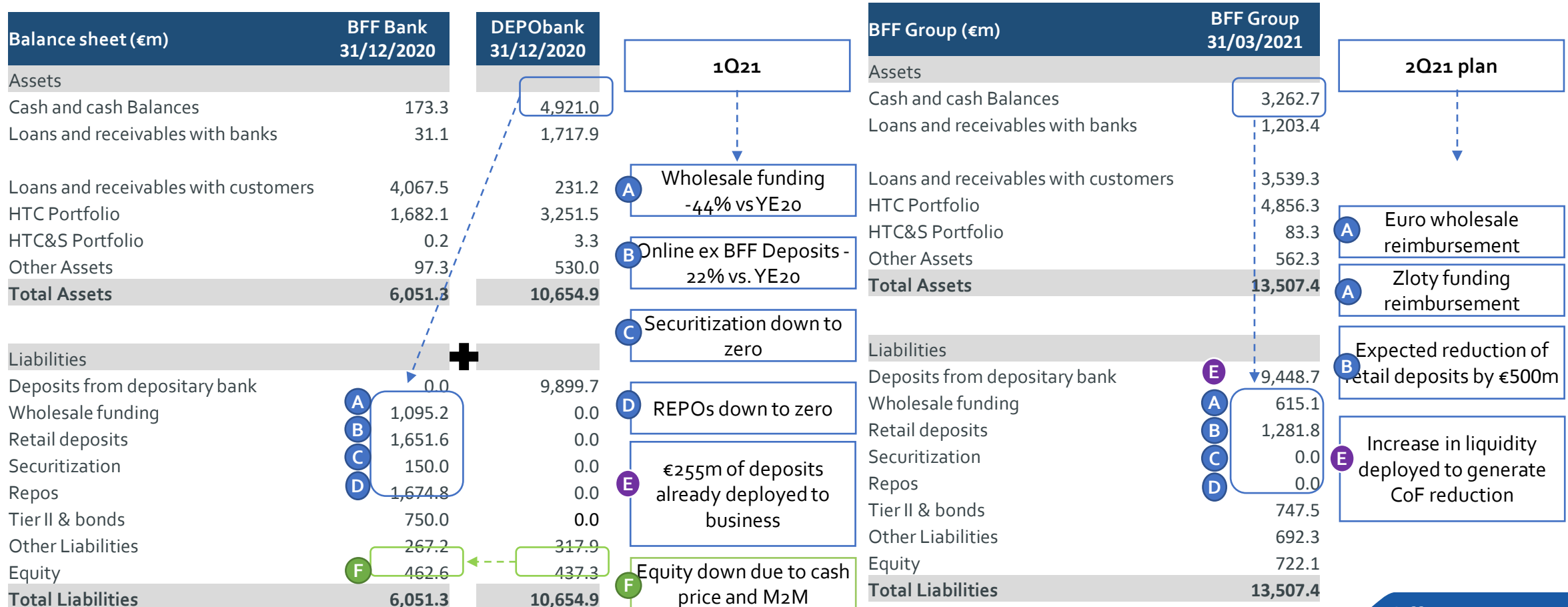


Combined balance sheet lower than sum of the part



Deployment of DEPO liquidity in F&L business gradually started in March 21, and will accelerate in 2Q21

- BS as of 31/3/21 smaller of c. €3.2bl vs “31/12/20 sum of the part”, despite higher deposits from depositary bank as of 31/3/21
- Reduction in ECB deposits to fund F&L business
- Equity as of 31/3/21 positively impacted by badwill (PPA still ongoing) and reduced by M2M and DEPO purchase price



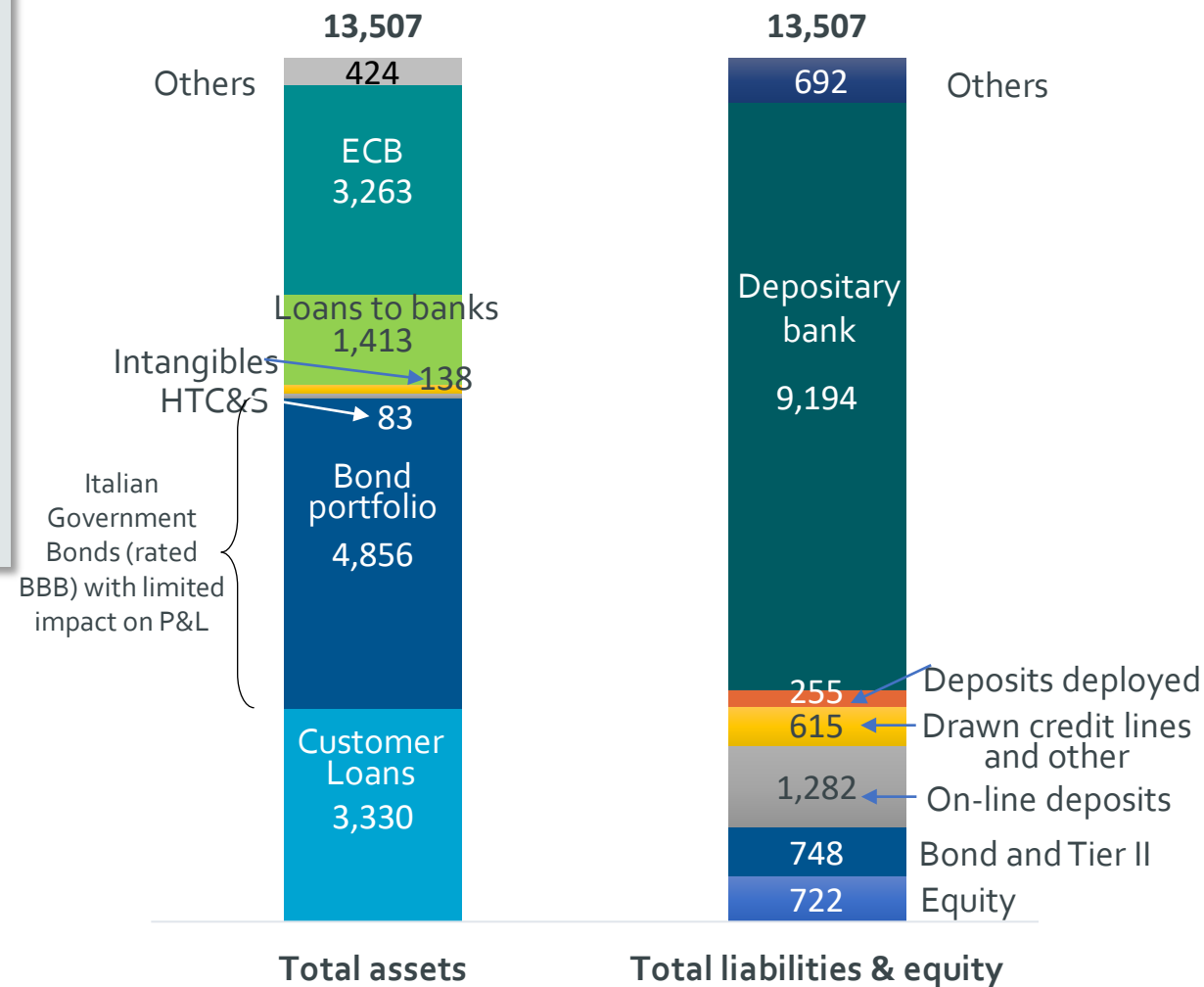
Stronger Balance Sheet in 1Q21



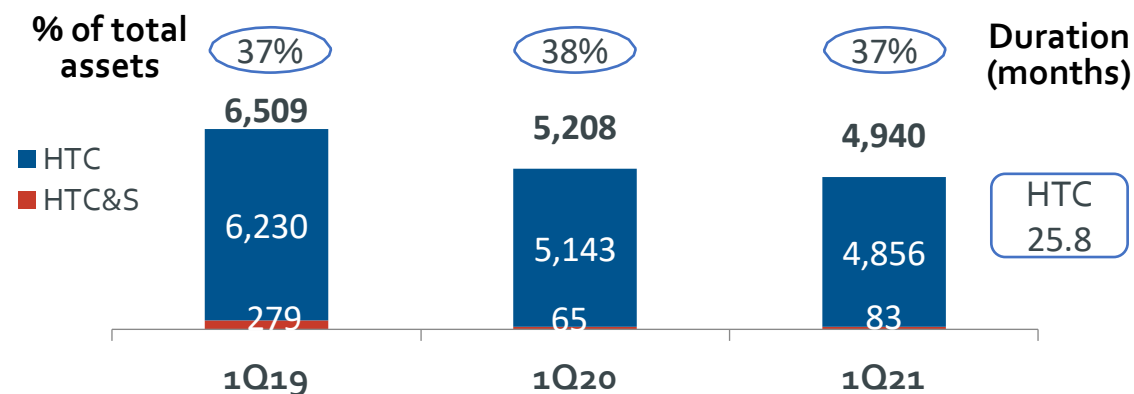
- Factoring Customer loans funded through a well diversified funding base
- Strong LCR at 374.3% and NSFR at 192.3%, which will be further positively impacted from 2Q21 by the new regulation (estimated 255.7% fully phased-in)
- Government bond portfolio at €4.9bn, €0.3bn lower than 1Q20
- Positive Mark-to-market on HTC portfolio for €40m after taxes (not recognized neither in the P&L nor in the balance sheet)

LCR **374.3%** Leverage Ratio **3.8%** NSFR **192.3%**
255.7% Fully phased-in

Breakdown of 1Q21 Balance Sheet (€m)



Bond portfolio (€m)



Moody's upgraded LT Bank Deposit Rating to Baa2



- After the acquisition and merger of DEPObank, on 21st April 2021 Moody's upgraded (i) BFF's Long-term Bank Deposit Rating to "Baa2" with Stable outlook, and (ii) Baseline Credit Assessment (BCA) to "Ba2"

- BFF has the 2nd highest class of rating for its Long-term Bank Deposit Rating among all the Italian Banks rated by Moody's

- Long-term Issuer Rating changed to "Ba2", with Stable outlook, as a direct consequence of a larger balance sheet after DEPObank merger

Ranking by Moody's Long-term Bank Deposit Rating	Issuer / Entity	Supervisory Authority	Total assets 31/12/2020 (€bn)	Moody's Long-term Bank Deposit Rating	Moody's Adjusted BCA	Moody's Senior Unsecured / Issuer Rating
1	🇮🇹 INTESA SANPAOLO	● ECB	1,062.6	Baa1	Baa3	Baa1
2	🇮🇹 UNICREDIT	● ECB	931.4		Baa3	Baa1
3	🇮🇹 MEDIOBANCA	● ECB	83.3		Baa3	Baa1
4	🇮🇹🇫🇷 BANCA NAZIONALE DEL LAVORO	● ECB	81.2		Baa2	Baa3
5	🇮🇹🇫🇷 CRÉDIT AGRICOLE ITALIA	● ECB	67.6		Baa1	--
6	🇮🇹 FCABANK	● ECB	30.1		Baa3	Baa1
7	🇮🇹 CASSA CENTRALE BANCA	● ECB	8.5		Ba1	Ba1
8	🇮🇹 CASSA CENTRALE RAIFFEISEN	● Bol	5.0*		Baa3	Baa2
--	Italy Sovereign	--	--	--	--	Baa3 (Sta)
9	🇮🇹 BFF BANK	● Bol	5.9	Baa2	Ba2	Ba2
10	🇮🇹 BPER BANCA	● ECB	93.0	Baa3	Ba2	Ba3
11	🇮🇹 CREDITO EMILIANO	● ECB	56.6		Baa3	--
12	🇮🇹 BANCA SELLA HOLDING	● Bol	15.0*		Ba2	--
13	🇮🇹 BANCO BPM	● ECB	183.6		Ba3	Ba2
14	🇮🇹 DEXIA CREDIOP	● Bol	17.1		B2	Baa3
15	🇮🇹 BANCA DEL MEZZOGIORNO	● Bol	2.4		Ba3	Ba1
16	🇮🇹 MEDIOCREDITO TRENINO	● Bol	1.6		Ba3	Ba1
17	🇮🇹 CREDITO VALTELLINESE	● Bol	23.8		Ba3	B1
18	🇮🇹 BANCA MPS	● ECB	150.3	B1	B3	Caa1
19	🇮🇹 BANCA CARIGE	● ECB	22.5	Caa1	Caa1	Caa2

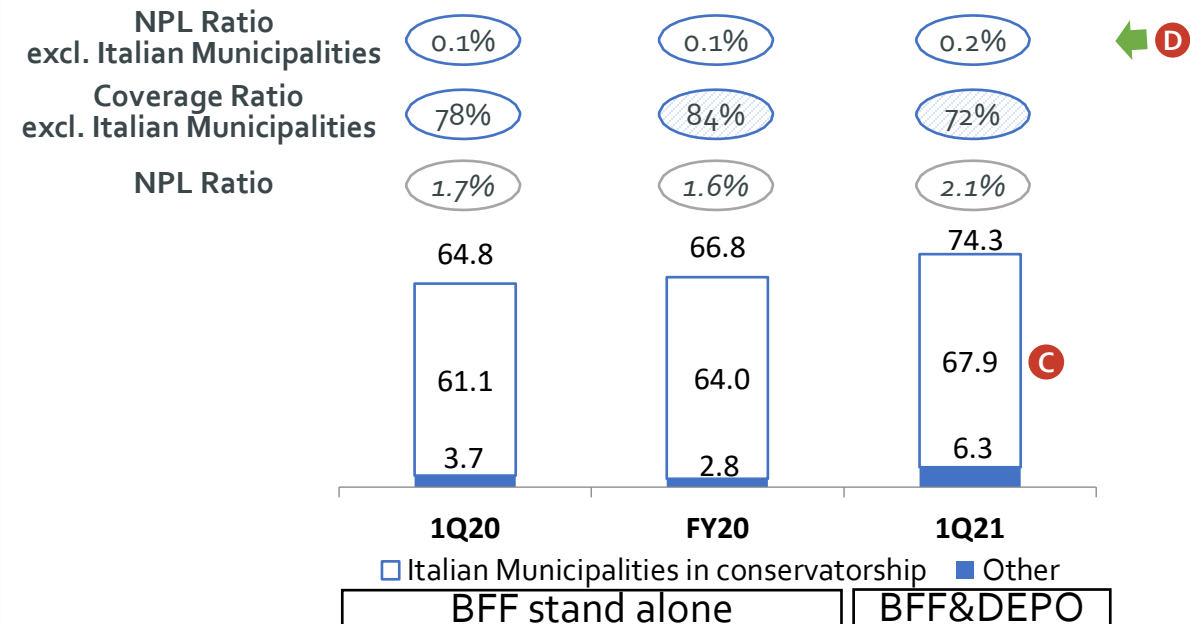
* 2019 Annual Report. ● Supervised by the European Central Bank
● Supervised by the Bank of Italy

Asset quality *like no other*: best in class

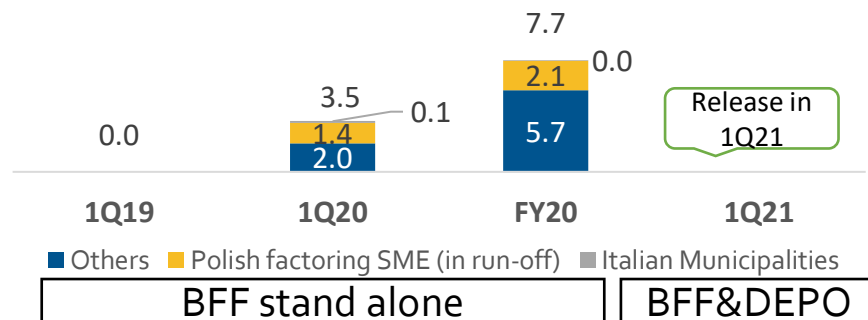


- A** Zero bps Cost of Risk in 1Q21 due to portfolio reduction
- B** Impaired loans are essentially towards public sector
- C** Increase in NPLs is driven mostly by growing activities towards municipalities in conservatorship ("*dissesti*"): exposures classified NPLs by regulation despite BFF being legally entitled to receive 100% of the capital and LPIs at the end of the process
- D** Negligible NPL Ratio excl. Italian municipalities in conservatorship ("*dissesti*")
- E** Significant reduction in past due under "New DoD" regulation

Net Non-Performing Loans Evolution (€m)



A Cost of Risk (bps)



(€m)	1Q19	1Q20	FY20	BFF & DEPObank 1Q21
Net NPLs	51.3	64.8	66.8	74.3
Net UTP	10.4	8.8	15.7	11.7
Net Past due	50.5	53.4	42.1	5.8
Net impaired loans	112.2	127.0	124.6	91.7
Net impaired loans excl. Italian municipalities	67.7	65.9	60.6	23.8

- E** "New DoD" effect
- B** 75% public sector

Strong capital position, with c. €193m of accrued dividends and additional €151m of excess capital

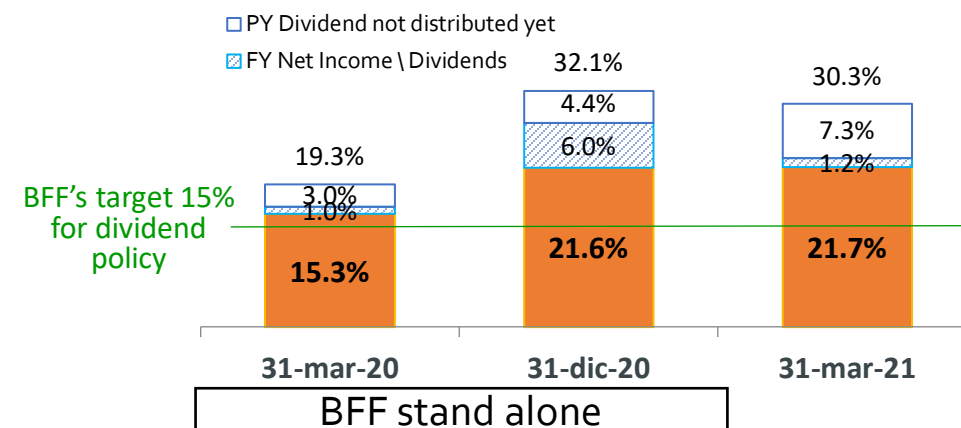


- Total Capital ratio at 21.7% and CET1 ratio at 17.3%⁽¹⁾, with €151m of capital in excess of 15% TC ratio target, €165m of 2019-20 accrued dividends – ready to be distributed as soon as the regulation allows, and €27,8m of accrued 1Q21 adj. earnings
- 30.3% TC ratio and 25.9% CET1 ratio include c. €193m accrued dividends (the remaining €67.9m of 2019 Dividend + €97.6m of 2020 Dividend + €27.8 of 1Q21 Adjusted Net Income)
- 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

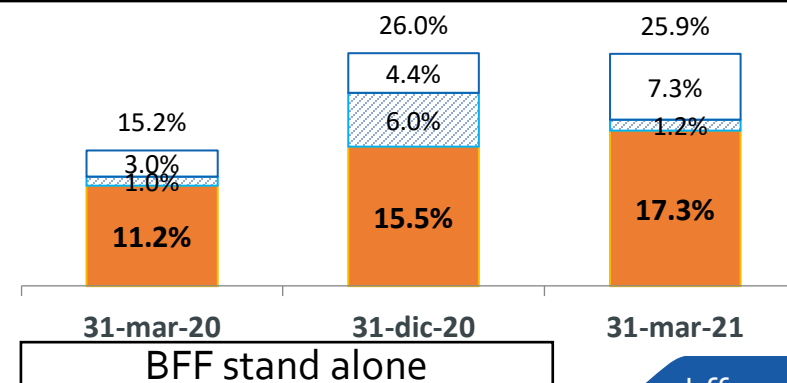
(1) 1Q21 ratios are calculated with 20% risk-weighting factor (ex art. 116 CRR) applied as of 31-Dec-2020.
 (2) Under the new rules of "New DoD", as of 31-Dec-2020 BFF's *in bonis* receivables portfolio with less than 3 months duration is risk-weighted at 20%, vs., for instance, the previous 100% in Italy, 100% in Portugal and 50% in Slovakia for NHS.
 (3) Calculated as RWAs/Total assets excluding HTC and Cash and Cash Balances.



Total Capital ratio - Banking group ex TUB⁽²⁾



Common Equity Tier 1 ratio - Banking group ex TUB⁽²⁾



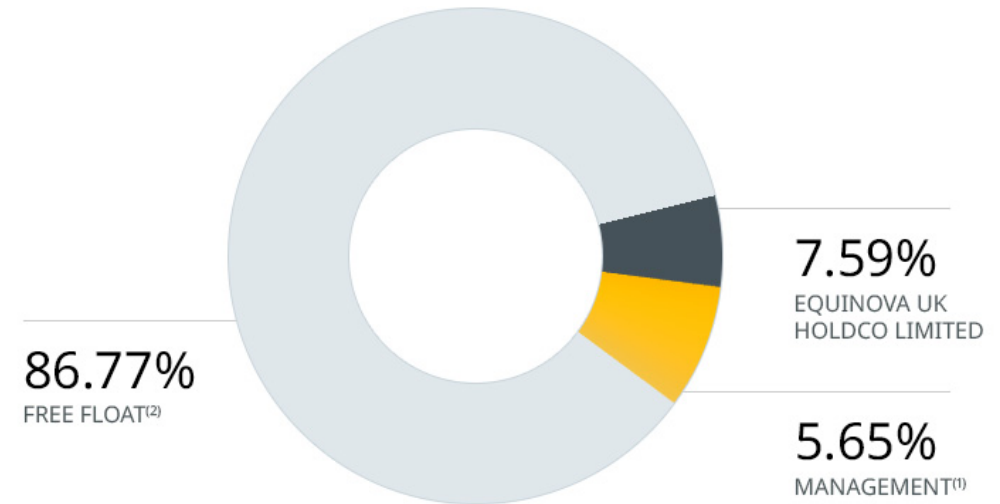
One of the few Italian “true” public companies



True public company with best corporate governance

- ✓ One of the few Italian public companies, striving for best corporate governance standards
- ✓ Aim to be a reference model for public companies' governance in Italy, aligned with best market practice, and compliant with Self-Regulation Code
- ✓ As of today, BoD:
 - annual self evaluation
 - regular meeting of independents
 - 67% independents
 - 44% female members
 - 33% non Italians
 - 89% with international experience
 - *Group CEO* succession plan

Shareholdings post DEPObank merger



Total number of shares issued 185.076.332

Source: official communications to BFF (Disclosure Forms 120A - 120B - 120D) and *Annual report on Remuneration and Compensation paid*. Percentage stakes are calculated on total issued shares as of 07/05/2021.

(1) As of 17/02/2021 the Group CEO Massimiliano Belingheri and his Closely Associated Persons (Bray Cross Ltd. and Scalve S.à r.l.) held BFF shares for a current 5.4% stake; the remaining management's stake refers to BFF shares held by other 5 executives with strategic responsibilities as of 31/12/2020.

(2) Includes the treasury shares.

Key takeaways



- Finalized closing with DEPObank (1st March 21 for accounting purposes), with clear visibility on synergies
- Factoring & Lending: negative performance of customer loans' portfolio in Italy & Spain, positive impact of diversification, collection accelerated by high liquidity in the system, but yoy higher collection of LPs
- Increased stock of unrecognized off-balance sheet LPs at €418m as a source of future profitability
- Securities Services: increase of AUM and AUC (+20% yoy), due to market performance (1Q20 severely impacted by Covid-19 outburst) and business development
- Payments: positive trend of number of transactions leaving behind Covid-19 negative impact
- Good credit quality: past due at €5.8m post New DoD, zero Cost of Risk, and 0.2% NPE ratio excl. Municipalities in conservatorship
- €193m of 2019 & 2020 & 2021 accrued dividends, not included in capital ratios
- Strong capital position (CET1 ratio 17.3% and Total Capital ratio 21.7%), with €151m excess capital above 15% TC ratio target. CET1 ratio of 25.9% including accrued dividends

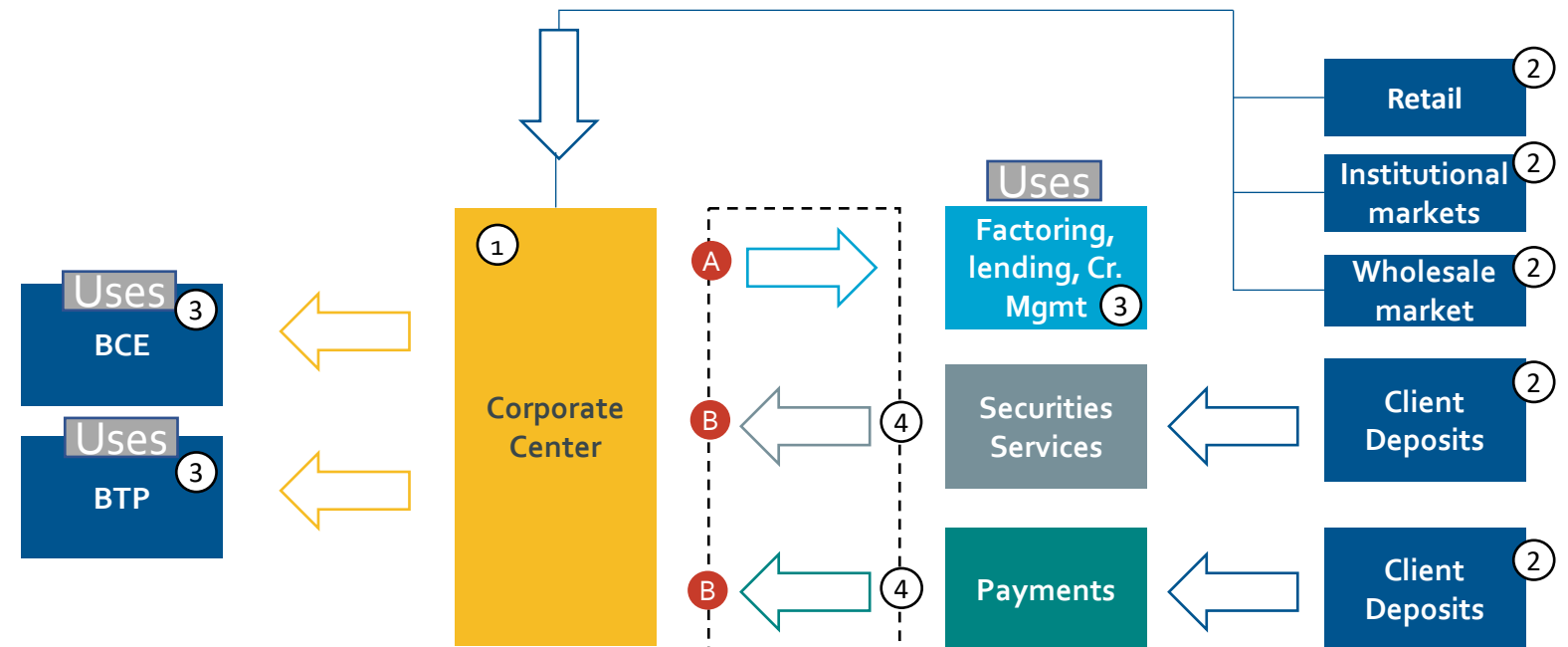
Appendix

A transfer pricing framework has been set up to avoid excess liquidity and pricing erosion

2021 illustrative example







- ① Corporate Center manages the funding to and from BUs
- ② Funding is sourced through Securities Services, Payments, retail deposits, wholesale sources and institutional markets
- ③ Funding is deployed in factoring and lending business, in government bonds or deposited in ECB
- ④ The deposit from 2S and payments are remunerated by the CC at a rate determined according to a proprietary mechanism




- A CC provides funding to BU factoring, lending and credit management and receives a remuneration equal to the COF pre Depo
- B CC provides funding to BU D2S and pays a remuneration which depends on the uses mix of the liquidity thus received



New Business Volume (BU Factoring & Lending)



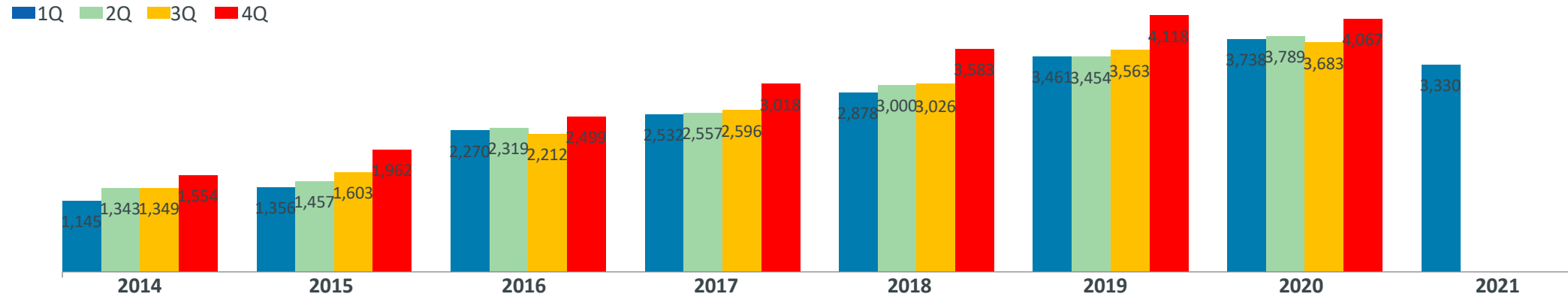
	€m – 1Q21	NHS	P.A.	Other	Total	YoY % change
 Italy		457	156	18	632	-7%
 Spain		198	107	-	305	+3%
 Portugal		29	8	-	37	+110%
 Greece		21	2	-	22	+32%
 Croatia		0	-	-	0	n.s.
 France		4	0	-	4	+337%
Total		709	273	18	1,000	-1%

	€m – 1Q21	Healthcare	Local Government	Other	Total	YoY % change
 Poland		83	23	-	106	-30%
 Slovakia		1	0	-	1	-83%
 Czech Republic		0	0	-	0	-37%
Total		84	24	-	107	-32%

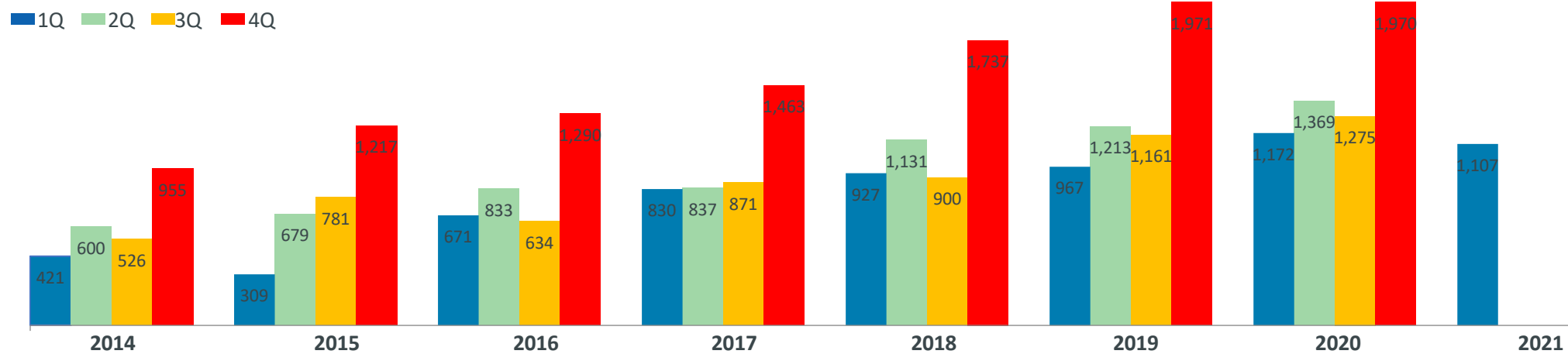
Traditional business subject to seasonality, with peak in 4Q



Loans Evolution by Quarter (€m)



Breakdown of Volume by Quarter (€bn)

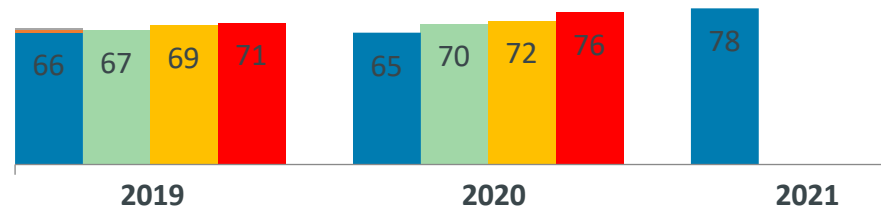


Securities Services & Payments



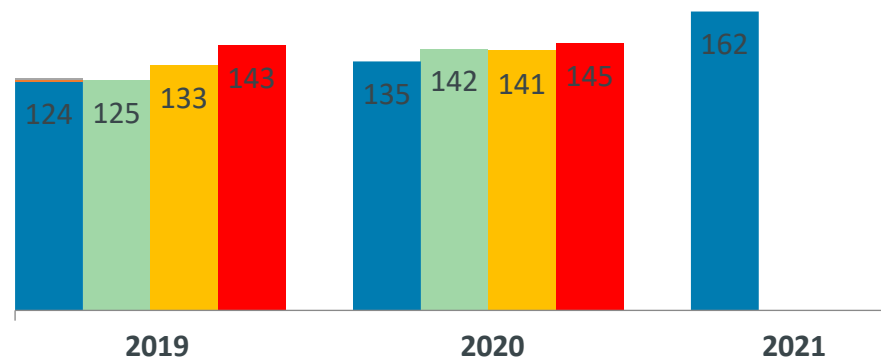
AuD Depository Bank by Quarter (€m)

■ 1Q ■ 2Q ■ 3Q ■ 4Q



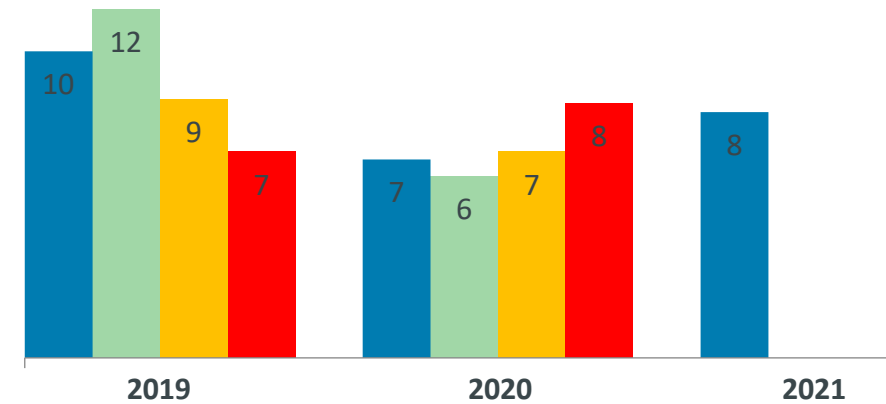
AuC (€m)

■ 1Q ■ 2Q ■ 3Q ■ 4Q



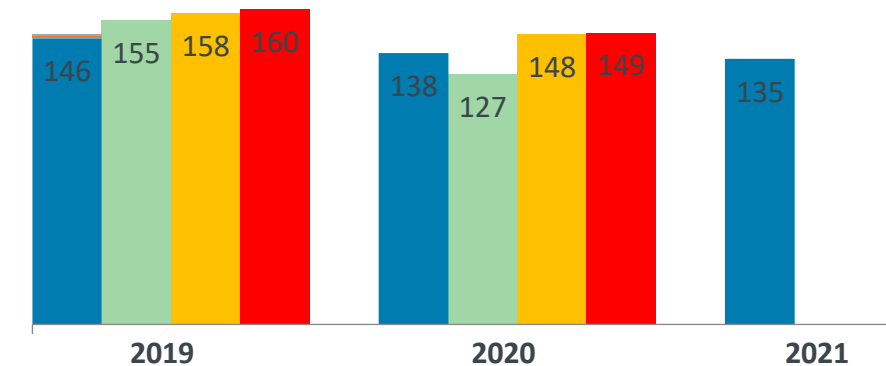
Deposits by Quarter (€m)

■ 1Q ■ 2Q ■ 3Q ■ 4Q



Payment Transactions by Quarter (nr oper. #m)

■ 1Q ■ 2Q ■ 3Q ■ 4Q



Summary Profit & Loss 1Q21



	1Q21	1Q21	1Q21	1Q21	1Q21	1Q21	1Q21
	FACTORING & LENDING	D2S	PAY	CC	TOT ADJ	adj	TOT REPORTED
€/m							
Net Interest Income	32.9	3.0	0.5	5.4	41.7	-3.3	38.5
Net Fee and Commission Income	1.7	10.9	10.3	-0.5	22.4	-13.5	8.9
Dividends	0.0	0.0	0.0	3.6	3.6	0.0	3.6
Gains/Losses on Trading	0.0	0.0	0.0	2.1	2.1	0.2	2.3
Fair value adjustments in hedge accounting	0.0	0.0	0.0		0.0	0.0	0.0
Gains/losses on disposal/repurchase of	0.0	0.0	0.0	1.0	1.0	0.0	1.0
a) financial assets measured at amortized cost	0.0	0.0	0.0	1.0	1.0	0.0	1.0
b) financial assets measured at fair value through OCI	0.0	0.0	0.0	0.0	0.0	0.0	0.0
c) financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gains (losses) on other financial assets and liabilities measured at fair value through profit or loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
a) financial assets and liabilities designated at fair value	0.0	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	0.0
Net Banking Income	34.7	13.9	10.7	11.5	70.8	-16.5	54.3
Net adjustments/reversals of impairment for credit risk concerning:	-0.1	0.0	0.0	1.0	0.9	-1.0	-0.1
a) financial assets measured at amortized cost	-0.1	0.0	0.0	1.1	1.1	-1.0	0.0
b) financial assets measured at fair value through OCI	0.0	0.0	0.0	-0.1	-0.1	0.0	-0.1
Administrative and Personnel Expenses	-8.4	-7.0	-7.5	-15.6	-38.6	12.4	-26.2
Net provisions for risks and charges	-0.2	0.0	0.0	-0.2	-0.4	0.1	-0.3
a) commitments and guarantees provided	-0.2	0.0	0.0	0.1	-0.1	0.2	0.1
b) other net allocations	0.0	0.0	0.0	-0.4	-0.4	-0.1	-0.4
Net Adjustments to/ Writebacks on Property, Plan and Equipment and Intangible Assets	-0.4	-0.3	-0.2	-1.7	-2.5	0.2	-2.3
Other Operating Income (Expenses)	1.5	0.2	2.7	1.0	5.3	159.6	164.8
Profit Before Income Taxes from Continuing Operations	27.2	6.7	5.7	-4.0	35.5	154.7	190.2
Income Taxes					-7.7	1.7	-6.0
Net Income					27.8	156.4	184.3

Summary Profit & Loss 1Q20



	1Q20	1Q20	1Q20	1Q20	1Q20	1Q20	1Q20
€m	FACTORING & LENDING	D2S	PAY	CC	TOT ADJ	adj	TOT REPORTED
Net Interest Income	34.9	2.7	0.5	13.5	51.6	-8.3	43.3
Net Fee and Commission Income	1.5	10.3	9.4	-0.6	20.6	-19.5	1.2
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gains/Losses on Trading	0.3	0.0	0.0	2.3	2.6	3.3	5.9
Fair value adjustments in hedge accounting	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gains/losses on disposal/repurchase of	0.0	0.0	0.0	0.1	0.1	0.0	0.1
a) financial assets measured at amortized cost	0.0	0.0	0.0	0.1	0.1	0.0	0.1
b) financial assets measured at fair value through OCI	0.0	0.0	0.0	0.0	0.0	0.0	0.0
c) financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gains (losses) on other financial assets and liabilities measured at fair value through profit or loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
a) financial assets and liabilities designated at fair value	0.0	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	0.0
Net Banking Income	36.7	12.9	9.9	15.3	74.8	-24.4	50.4
Net adjustments/reversals of impairment for credit risk concerning:	-0.3	0.0	0.0	0.0	-0.4	0.0	-0.3
a) financial assets measured at amortized cost	-0.3	0.0	0.0	0.0	-0.4	0.0	-0.3
b) financial assets measured at fair value through OCI	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Administrative and Personnel Expenses	-8.6	-7.4	-7.3	-16.9	-40.2	23.0	-17.2
Net provisions for risks and charges	-0.1	0.0	0.0	0.3	0.2	0.1	0.2
a) commitments and guarantees provided	-0.1	0.0	0.0	0.0	-0.2	0.0	-0.2
b) other net allocations	0.0	0.0	0.0	0.4	0.3	0.1	0.4
Net Adjustments to/ Writebacks on Property, Plan and Equipment and Intangible Assets	-0.4	-0.3	-0.3	-1.8	-2.8	1.4	-1.4
Other Operating Income (Expenses)	1.5	0.1	1.8	-0.1	3.3	-2.2	1.1
Profit Before Income Taxes from Continuing Operations	28.7	5.3	4.1	-3.1	35.0	-2.2	32.8
Income Taxes					-9.1	-0.6	-9.7
Net Income					25.9	-2.8	23.1

Summary Profit & Loss 1Q19



	1Q19	1Q19	1Q19	1Q19	1Q19	1Q19	1Q19
€m	FACTORING & LENDING	D2S	PAY	CC	TOT ADJ	adj	TOT REPORTED
Net Interest Income	36.6	3.2	0.4	10.4	50.7	-6.3	44.4
Net Fee and Commission Income	1.4	10.4	9.4	-0.4	20.9	-19.6	1.3
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gains/Losses on Trading	0.0	0.0	0.0	4.0	4.0	-4.0	0.0
Fair value adjustments in hedge accounting	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gains/losses on disposal/repurchase of	0.0	0.0	0.0	0.0	0.0	0.0	0.0
a) financial assets measured at amortized cost	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b) financial assets measured at fair value through OCI	0.0	0.0	0.0	0.0	0.0	0.0	0.0
c) financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gains (losses) on other financial assets and liabilities measured at fair value through profit or loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
a) financial assets and liabilities designated at fair value	0.0	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	0.0
Net Banking Income	38.0	13.5	9.9	14.1	75.6	-29.9	45.7
Net adjustments/reversals of impairment for credit risk concerning:	0.0	0.0	0.0	3.2	3.2	-3.2	0.0
a) financial assets measured at amortized cost	0.0	0.0	0.0	3.2	3.2	-3.2	0.0
b) financial assets measured at fair value through OCI	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Administrative and Personnel Expenses	-8.0	-7.0	-7.7	-14.8	-37.5	21.1	-16.4
Net provisions for risks and charges	-0.1	0.0	0.0	-0.4	-0.5	0.1	-0.4
a) commitments and guarantees provided	-0.1	0.0	0.0	0.0	-0.1	0.0	-0.1
b) other net allocations	0.0	0.0	0.0	-0.4	-0.4	0.1	-0.3
Net Adjustments to/ Writebacks on Property, Plan and Equipment and Intangible Assets	-0.2	-0.2	-0.1	-1.8	-2.3	1.1	-1.2
Other Operating Income (Expenses)	1.6	0.1	2.0	-0.3	3.4	-2.4	1.0
Profit Before Income Taxes from Continuing Operations	31.3	6.4	4.1	0.1	41.9	-13.1	28.8
Income Taxes					-11.8	4.5	-7.3
Net Income					30.1	-8.6	21.4

Summary Balance Sheet



BFF stand alone

BFF
combined
from
1/3/21

€m	1Q19 Reported	1Q20 Reported	FY20 Reported	1Q21 Reported
Cash and cash Balances	39.3	65.6	173.3	3,262.7
Financial assets measured at fair value through profit or loss	0.0	0.0	0.0	39.7
a) financial assets held for trading	0.0	0.0	0.0	5.9
b) financial assets designated at fair value	0.0	0.0	0.0	0.0
c) other financial assets mandatorily measured at fair value	0.0	0.0	0.0	33.7
Financial assets measured at fair value through OCI	161.8	59.5	0.2	83.3
Financial assets measured at amortized cost	4,463.5	4,932.9	5,780.6	9,599.1
a) Loans and receivables with banks	63.1	134.5	31.1	1,203.4
b) Loans and receivables with customers	4,400.4	4,798.4	5,749.5	8,395.6
Hedging derivatives	0.0	0.0	0.0	0.0
Equity Investments	0.2	0.1	0.1	10.2
Property, Plant and Equipment	14.7	17.3	18.0	38.1
Intangible Assets	26.0	34.9	36.7	137.7
Tax Assets	36.6	36.3	15.3	90.5
Other Assets	16.1	19.1	27.2	246.0
Total Assets	4,758.1	5,165.8	6,051.3	13,507.4
Liabilities and Equity				
Financial liabilities measured at amortized cost	4,155.2	4,526.1	5,415.2	12,093.0
a) deposits from banks	1,119.4	906.2	1,034.7	1,422.2
b) deposits from customers	2,271.7	2,625.6	3,571.6	9,915.9
c) securities issued	764.1	994.3	808.9	755.0
Financial Liabilities Held for Trading	0.0	0.0	0.0	1.1
Hedging Derivatives	0.0	0.0	0.0	0.0
Tax Liabilities	96.0	107.6	83.7	108.9
Other Liabilities	204.7	131.0	82.8	545.0
Employess Severance Indemnities	0.9	0.7	0.7	3.8
Provision for Risks and Charges	5.2	6.0	6.4	33.4
Equity	274.7	371.2	371.5	537.8
Profits for the Year	21.4	23.1	91.1	184.3
Total Liabilities and Equity	4,758.1	5,165.8	6,051.3	13,507.4

Breakdown by quarter – BFF Banking Group



Adjusted values - €m	1Q19	1Q20	1Q21
Net Interest Income	50.7	51.6	41.7
Net Fee and Commission Income	20.9	20.6	22.4
Other Income	4.0	2.6	6.7
Net Banking Income	75.6	74.8	70.8
Other Operating Income (Expenses)	3.4	3.3	5.3
Total Net revenues	79.0	78.2	76.0
Operating costs & D&A	(39.8)	(43.0)	(41.1)
Loan Loss Provision	3.2	(0.4)	0.9
Net provisions for risks and charges	(0.5)	0.2	(0.4)
Profit Before Taxes	41.9	35.0	35.5

Reported values - €m	1Q19	1Q20	1Q21
Net Interest Income	44.4	43.3	38.5
Net Fee and Commission Income	1.3	1.2	8.9
Other Income	0.0	6.0	6.9
Net Banking Income	45.7	50.4	54.3
Other Operating Income (Expenses)	1.0	1.1	164.8
Total Net revenues	46.7	51.5	219.1
Operating costs & D&A	(17.6)	(18.6)	(28.5)
Loan Loss Provision	0.0	(0.3)	(0.1)
Net provisions for risks and charges	(0.4)	0.2	(0.3)
Profit Before Taxes	28.8	32.8	190.2

Asset quality



€/000	31/03/2021		
	Gross	Provision	Net
Total non performing	91,088	(16,834)	74,254
Total unlikely to pay	15,402	(3,727)	11,675
Total past due	5,960	(195)	5,765
Total	112,451	(20,757)	91,694

€/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	31/03/2020		
	Gross	Provision	Net
Total non performing	78,010	(13,219)	64,792
Total unlikely to pay	10,718	(1,925)	8,793
Total past due	53,600	(160)	53,440
Total	142,328	(15,304)	127,024

€/000	31/03/2019		
	Gross	Provision	Net
Total non performing	76,022	(24,741)	51,281
Total unlikely to pay	13,083	(2,687)	10,396
Total past due	50,949	(428)	50,521
Total	140,054	(27,856)	112,198