



9M 2021 Results

11th November 2021

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Executive summary



BFF BANKING GROUP

- 9M21 Adjusted Net Income +5.7% YoY at €79.4m (despite the €(20.5)m of DEPObank bond portfolio M2M impact), primarily due to positive performance of *SS* and *Payments* BUs, and of net LPIs collections in *F&L*
- Reported Net Income at €240m including badwill. Purchase price allocation pending
- Continued focus on ALM to extract funding synergies, reduced excess liquidity, lower deposits, rebalance government bonds portfolio

CAPITAL & DIVIDENDS

- Strong capital position: TCR at 22.9% and CET₁ ratio at 18.5%, excluding accrued dividends, and already net of €6m of treasury shares' buy-back executed in Sep&Oct 2021
- €79.4m of dividend capacity. €165m of 2019 & 2020 FY earnings distributed in Oct-21, one of the first Italian bank to pay dividends after termination of regulatory ban

SYNERGIES

- Already locked-in 2023 target synergies, on a run-rate basis, starting from YE21

FACTORING & LENDING

- Loans' book (-6%% YoY, still impacted by high liquidity). LPIs stock increased YoY, despite higher LPIs collections
- Integration of *Factoring* and *International Markets* departments, focusing on growth

SECURITIES SERVICES

- AuDYoY growth (+16%) supported by market rebound and commercial development
- PBT up by 18% YoY despite excess liquidity in 1H21

PAYMENTS

- Transfer and collections transactions up by 11%YoY, above pre COVID-19 levels
- PBT +66% vs. 9M20, due to post COVID-19 rebound

POST 30/09/2021

- On 4-Nov-2021 received the inspection report from the Supervisory Body. BFF will inform the Supervisory Body of its considerations, and the measures it has already taken, or will take, in this regard

Confirmed positive momentum of *Transaction Services*, and *Factoring & Lending* recovery



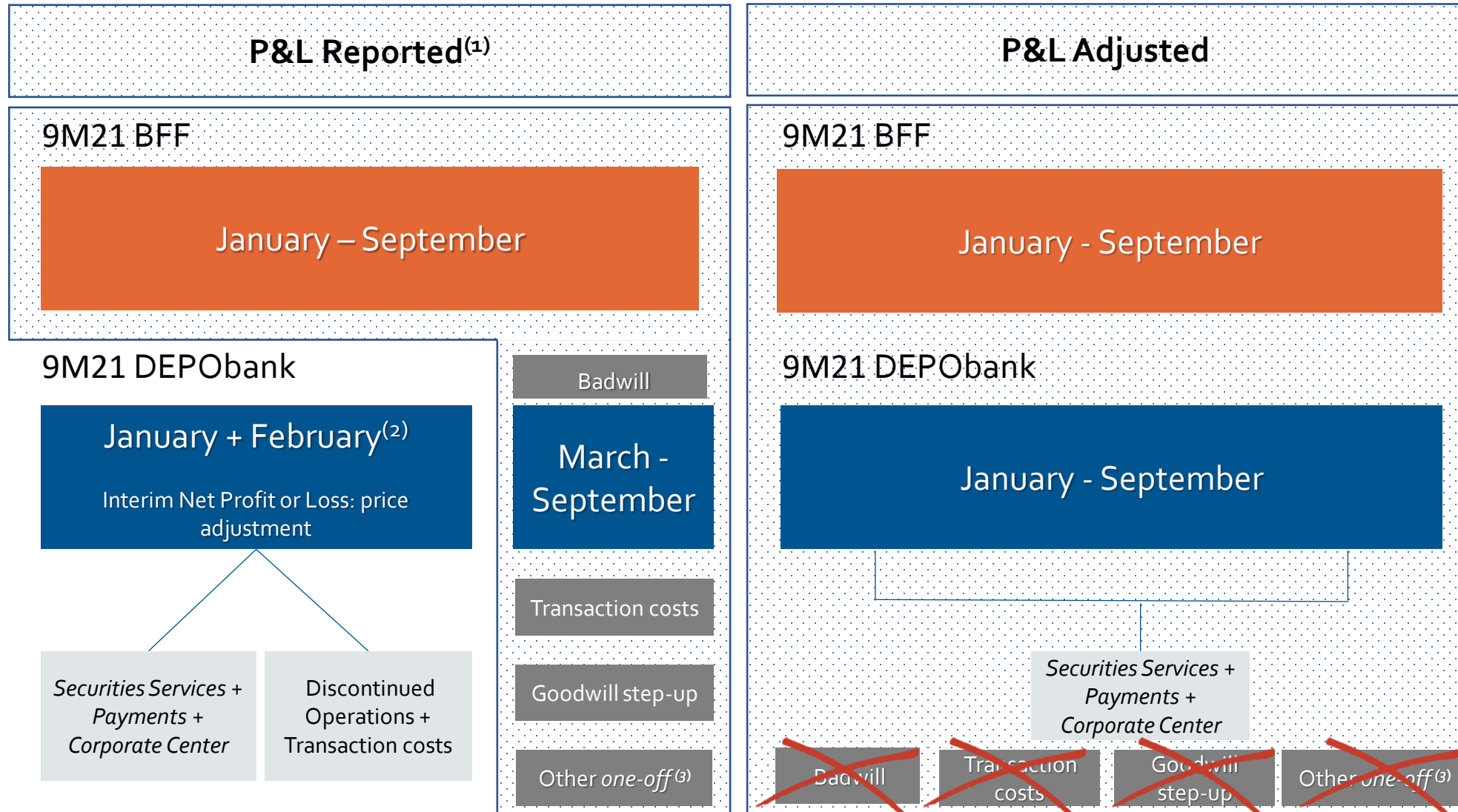
Plus

- One of the first Italian banks to pay 2019 & 2020 dividends, €165m paid on 13-Oct-21
- F&L continuing trend of recovery: volumes almost flat YoY, loans' book YoY gap decreased, higher YoY net LPIs collection
- Confirmed good performance of *Securities Services* and *Payments*
- Already locked-in, on a run-rate basis from 31/12/2021, 2023 target synergies
- Liquidity kept under the ECB tiering level, even with significant growth of AuD

Minus

- High liquidity in Italy and Spain continued, accelerating payments of the newest invoices as in 1H21: volumes stable YoY at €3.8bn, but higher collection impacted negatively loans' portfolio in F&L (-6% YoY at €3.5bn)
- Increased competitive pressure on *Securities Services*

How we accounted for 9M21 P&L



(1) Limited review.

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

(3) Other one off: Liabilities Management costs, extraordinary resolution fund contribution and customer contract amortization.

+5.7% YoY adjusted Net Profit

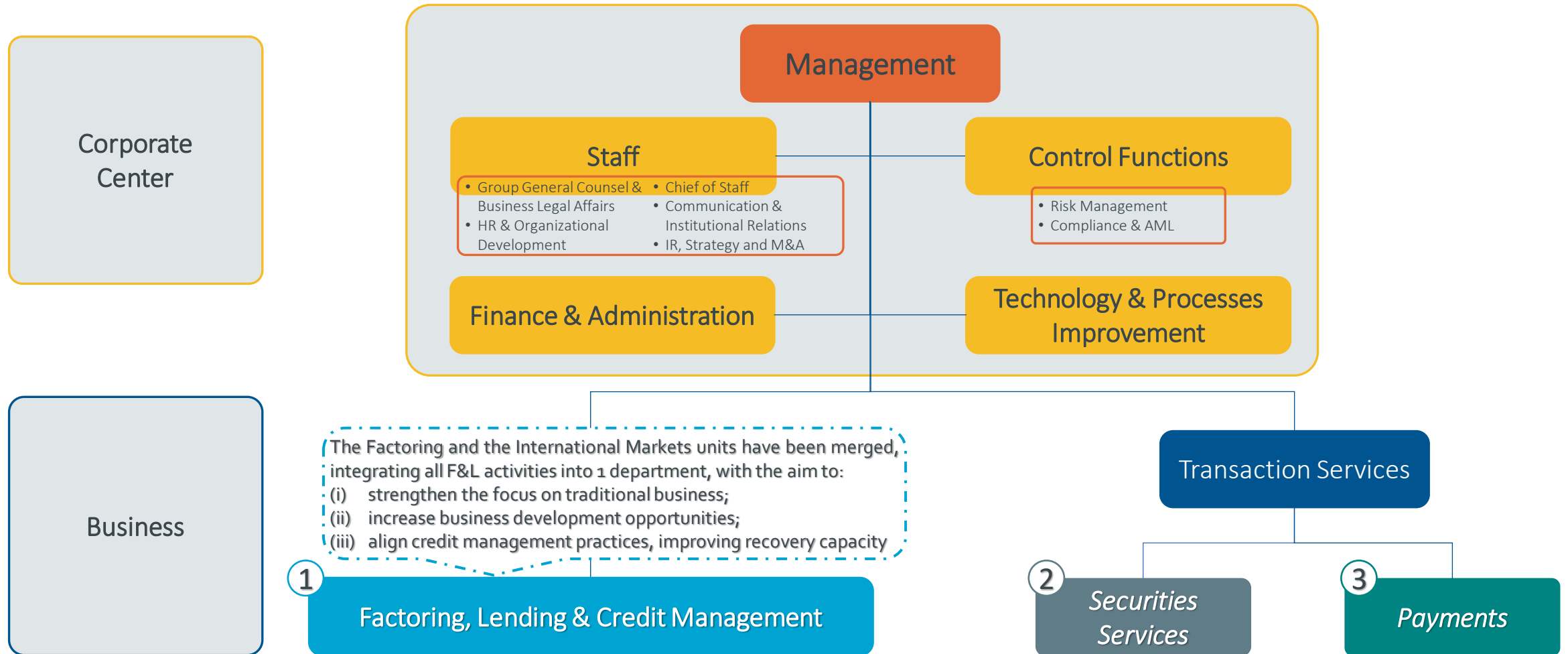


- 9M21 Adjusted Net Income at €79.4m (+5.7% YoY) related, among others, to liability management one-off costs for €9.5m, extraordinary Resolution Fund contribution for €2.0m, badwill and other transaction/restructuring costs for €(159.5)m, ex-DEPObank goodwill tax step-up for €(23.7)m, and customer contract amortisation for €2.9m
- Reported Net Income raised to €240m, mainly because of the “gross” badwill

Adjustments - €m	9M19	9M20	9M21	YoY %
Reported Net Income	60.1	55.8	240.0	n.s.
Ex-DEPObank non-consolidated adjusted result	19.7	15.2	5.1	
Exchange rates movement (offset at the comprehensive income and equity level)	(1.1)	(3.9)	0.0	
Stock Options & Stock Grant plans	1.3	1.1	2.9	
Badwill & Transaction/restructuring costs ⁽¹⁾			(159.5)	
Liability Management one-off costs			9.5	
Goodwill tax step-up			(23.7)	
Extraordinary Resolution Fund contribution	0.5	0.5	2.0	
M&A costs	1.3	5.3		
Taxes on one-off dividend distribution from subsidiaries	-	1.2		
IOS Finance goodwill tax step-up	(1.5)			
Customer contract amortisation			2.9	
Adjusted Net Income	80.3	75.1	79.4	+5.7%

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

International and domestic F&L activities compacted in a single department to increase focus on growth



Business Units & Corporate Center – P&L



€m	Factoring & Lending P&L	Securities Services P&L	Payments P&L	Corporate Center incl. synergies	=	BFF Banking Group adjusted P&L	Adjustments ⁽³⁾	BFF Banking Group reported P&L
9M 2021								
Net Revenues	106.0	41.0	46.8	39.6		233.5	129.3	362.8
OPEX incl. D&A	(28.1)	(21.8)	(23.8)	(58.7)		(132.4)	(1.2)	(133.6)
LLPs ⁽¹⁾	(0.4)	-	-	1.8		1.4	(1.0)	0.3
PBT ⁽²⁾	77.8	19.2	23.0	(16.2)		103.8	126.9	230.7
9M 2020								
Net Revenues	112.4	39.9	36.4	54.6		243.3	(95.1)	148.2
OPEX incl. D&A	(26.4)	(22.6)	(22.5)	(66.9)		(138.5)	69.8	(68.6)
LLPs ⁽¹⁾	(2.8)	-	-	0.1		(2.7)	(0.1)	(2.8)
PBT ⁽²⁾	83.1	16.3	13.9	(12.9)		100.4	(24.2)	76.2

€(20.5)m of M2M

- (1) Including net provisions for risks and charges.
- (2) 9M profit before taxes normalised taking into account one-offs and discontinued operations.
- (3) For more details, see slides n°31, 32 and 33, as well as footnote n° 3 of the press release.

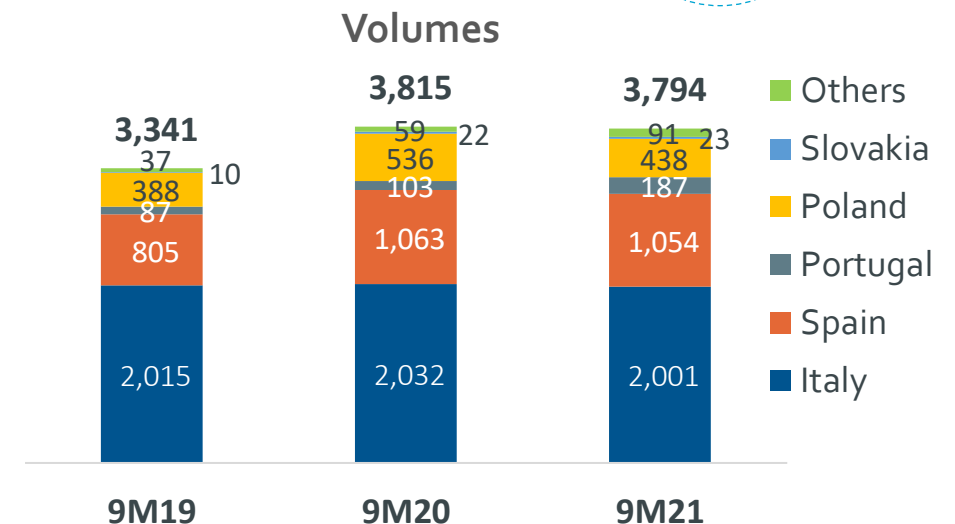
Factoring & Lending: recovering from previous quarters negative trend, despite high liquidity

- Loans' book declining trend started in 2021 is improving despite high liquidity: -6% YoY in 9M21 vs. -11% YoY in 1H21 and -11% YoY in 1Q21
 - strong loan growth in Portugal (+61% YoY), Greece (+39% YoY), supported by higher volumes
 - Italy (-12% YoY), still suffering from the acceleration of payment of current invoices
 - in Spain (-32% YoY) the Government allocated €27.7bn in 9M21 to the Autonomous Communities⁽²⁾ to accelerate payments

International business at 43% of total loans (vs. 46% in 1H21 and 39% in 9M20), partially offsetting Italy's lower portfolio

- New Business Volumes at €3.8bn, in line with 9M20:
 - Italy -2% YoY at €2.0bn, and Spain's volumes roughly stable YoY above €1.0bn
 - Portugal and Greece up by 83% and 43% YoY respectively
 - Poland -18% YoY, but loans (mainly direct lending to public hospitals and local Governments units) have a longer duration

Customer Loans – €m	9M19	9M20	9M21	
Italy	2,235	2,234	1,966	
Spain	319	402	275	
Poland	674	670	729	
Slovakia	171	200	225	
Portugal	129	115	185	
Greece	30	55	77	+17% YoY
Croatia	1	1	1	
France	0.4	3	9	
Czech Republic	4	2	1	
Total	3,563	3,683	3,467	-6% YoY



(1) Source: [Ministerio De Hacienda, Sistemas de Financiación y Deuda Pública](https://www.meh.es/).

F&L – KPIs: stable volumes, and higher YoY LPIs collections

- Group volumes stable YoY (-0.6%) continuing trend of recovery, with a good performance in Portugal and Greece (+83% and +43% respectively)
- LPIs collections increased 12% YoY
- LPIs stock continued to grow (+3% YoY at €721m before taxes), with an unrecognized LPIs stock at €424m, stable YoY
- The gross yield on average loans declined at 5.0% vs. 5.4% in 9M20
- Net Interest Income/RWAs was 8.2% vs. 6.3% in 9M20⁽²⁾
- Confirmed good discipline on costs, with OPEX/Avg. Loans at 1.1%, despite the reduction of loans' portfolio
- Negligible Cost of Risk, declining YoY and maintained close to zero

€m	9M19	9M20	9M21
Volumes	3,341	3,815	3,794
Collections - Non recourse	3,283	3,853	4,040
Loans & Receivables	3,563	3,683	3,467
RWAs	2,163	2,203	1,588
<hr/>			
LPIs collected	46	32	35
LPIs fund	630	700	721
<i>Unrecognised LPIs fund</i>	400	423	424
<hr/>			
Gross yield on average loans %	6.0%	5.4%	5.0%
Cost of Funding ⁽¹⁾ %	2.5%	2.1%	1.7%
Net Interest Income/RWAs ⁽²⁾ %	6.3%	6.3%	8.2%
OPEX/Average Loans %	0.9%	0.9%	1.1%
Cost/Income ⁽³⁾ %	21%	24%	27%
Cost of Risk %	0.04%	0.10%	0.02%
Number of employees	353	376	369

(1) See slide n° 25 for transfer price mechanism.

(2) EoP RWAs. 9M21 ratio benefits from the reduction of the RWAs in 4Q 2020, due to the application of the 20% risk-weighting factor to *in bonis* receivables towards Public Administration with less than 3 months duration (ex art. 116 CRR) from 31/12/2020.

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

Factoring & Lending – P&L: impacted by smaller loans' book, but higher net LPs

- Net interest income at €97.4m in 9M21, reducing YoY gap vs. 1H21, mainly thanks to positive contribution on revenues coming from Eastern Europe in 3Q
- Net LPs over-recoveries improved to €(3.0)m in 9M21 from €(5.8)m, with positive contribution of Spain
- Interest expenses decreased to €36.8m in 9M21 vs. €52.8m in 9M20, mainly driven by a smaller loan portfolio
- Net fee and commission income grew by 44% YoY, thanks to the good performance of the credit management services
- Direct OPEX & D&A +6% YoY at €(28.1)m, mainly due to higher investments in BFF Polska
- High asset quality, with excellent risk profile (LLPs <€0.5m)
- Profit Before Taxes -6% YoY at €78m, but improving the YoY gap (-9% YoY in 1H21)

€m	9M19	9M20	9M21
Interest Income	159.2	156.6	134.2
<i>of which Net LPs over-recovery</i>	2.9	(5.8)	(3.0)
Interest Expenses	(56.6)	(52.8)	(36.8)
Net Interest Income	102.5	103.8	97.4
Net Fee and Commission	3.2	3.2	4.6
Other Income	(0.0)	0.1	-
Net Banking Income	105.7	107.0	102.0
Other Operating Income (Expenses)	4.0	5.4	4.0
Total Net Revenues	109.8	112.4	106.0
Direct OPEX	(22.9)	(26.1)	(27.0)
<i>of which Personnel Expenses</i>	(13.1)	(15.4)	(15.8)
<i>of which G&A</i>	(9.8)	(10.7)	(11.2)
Direct D&A	(0.1)	(0.3)	(1.1)
Loan Loss Provisions	(0.9)	(2.8)	(0.4)
Net provisions for risks and charges	-	(0.0)	0.3
Profit Before Taxes	85.9	83.1	77.8

Securities Services – KPIs: continues positive momentum in Asset Management market

- **Depository Bank's AuD** at €83bn (+16% YoY), vs. €76bn at YE20 and €72bn at the end of Sep-20, thanks to new business development initiatives, especially in the AIF segment, and better market performance. Liquidity (€5.5bn) normalized at 6.7% on total AuD (vs. 8.0% at the end of Jun-21 and 9.5% at the end of Mar-21), thanks to liquidity management performed in 1H21 through deposits repricing
- **Global Custody's AuC** increased by 22% YoY to €172bn, continuing to benefit, as in 1H21, from higher assets (mainly deriving from M&A activity of an existing client), and market performance⁽¹⁾
- **Commissions** grew to €34m (+9% YoY) mainly due to the growth on Depository Bank and Global custody services
- **Cost/Income** down to 53% due to revenues up and slightly decreasing costs

	9M19	9M20	9M21
Depository Bank (AuD, €m)	69,288	71,746	82,926
Fund Accounting (AuM, €m)	46,782	46,628	54,150
Transfer Agent (n° clients, #k)	2,339	2,171	2,175
Global Custody (AuC, €m)	132,972	140,628	172,180
Settlement (n° operations, #k)	1,401	1,701	1,980
EoP Deposits (€m)	7,799	6,053	5,536
Number of employees	180	177	180
Cost/Income ratio ⁽²⁾	49%	57%	53%

€m	9M19	9M20	9M21
Depository Bank	11.5	10.7	12.0
Fund Accounting	7.4	7.4	8.5
Transfer Agent	6.3	5.3	4.9
Global Custody	4.6	4.6	5.1
Global Custody - Settlements & Other services	2.3	3.1	3.5
Securities Services – Net Fees and Commissions	32.2	31.1	34.0

(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).

Securities Services – P&L: AuD and AuC growth drove to PBT at +18% YoY

- Net Fee and Commission Income +9% YoY driven by higher AuD and AuC
- Net Interest Income at €6.6m in 9M21 (vs. €7.9m in 9M20) negatively impacted by higher deposits and cost of liquidity in ECB
- Total Net Revenues went up by 3% YoY
- Slight decrease of OPEX (-2% YoY), with high single-digit reduction in G&A (-8% YoY)
- Significant YoY growth of PBT (+18%)
- Recently launched new ESG products for Asset Management companies

€m	9M19	9M20	9M21
Net Interest Income	10.8	7.9	6.6
Net Fee and Commission Income	32.2	31.1	34.0
Net Banking Income	43.0	39.0	40.6
Other Operating Income (Expenses)	0.9	0.9	0.5
Total Net Revenues	43.9	39.9	41.0
Direct OPEX	(20.6)	(21.5)	(21.1)
<i>of which Personnel Expenses</i>	(8.7)	(8.8)	(9.4)
<i>of which G&A</i>	(11.8)	(12.7)	(11.7)
Direct D&A	(1.0)	(1.1)	(0.7)
Loan Loss Provisions	-	-	-
Net provisions for risks and charges	(0.1)	(1.0)	-
Profit Before Taxes	22.2	16.3	19.2

Payments – KPIs: transfer & collection +11% YoY, cards still suffering from COVID-19 aftermath



- Transactions of **transfer and collections** +11% YoY at #228m, thanks to positive performance of bank transfers
- **Card settlement** transactions roughly stable at #139m compared to 9M20, but still 18% lower than 9M19, due to COVID-19 pandemic effects
- **Checks and receivables** transactions declining at market trends
- **Corporate payments** transactions +7% YoY at #43m, mainly due to positive performance of pension payments service and new clients
- Won the extension for the gy tender for the management of the Guarantee Fund for SMEs up to 2030
- Strong **Commissions** growth (+12% YoY at €33.1m)

	9M19	9M20	9M21
Transfer and collections (n° oper. #k)	209,835	206,170	227,894
Card & Other settlement (n° oper. #k)	168,694	140,118	138,646
Checks & receivables (n° oper. #k)	38,290	26,346	19,230
Corporate payments (n° oper. #k)	41,913	40,608	43,455
EoP Deposits (€m)	2,639	2,076	2,250
Number of employees	62	49	49
Cost/Income ratio ⁽¹⁾	65%	62%	51%

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

€m	9M19	9M20	9M21
Transfer and collections	5.3	5.3	7.1
Card & Other settlement	14.1	14.9	16.9
Checks & receivables	3.5	3.4	2.8
Corporate payments	5.9	5.9	6.3
Payments – Net Fees and Commissions	28.7	29.6	33.1

Payments – P&L: +66% YoY Profit Before Tax



- **Net Fee and Commission Income** increased by €3.5m (+12% YoY), thanks to rebound of transfer and collections services, with card settlement not back yet to pre COVID-19 volumes, but at 2020 levels
- Higher YoY (+€4.0m) Net Interest Income at €5.4m
- Total Net Revenues up by 28%, mostly due to revenues from *Fondo Nazionale di Garanzia*
- Direct OPEX at €(23.2)m (+7% YoY)
- PBT +66% vs. 9M20 driven by economy recovery after the slowdown due to COVID-19 pandemic

€m	9M19	9M20	9M21
Net Interest Income⁽¹⁾	1.2	1.3	5.4
Net Fee and Commission Income	28.7	29.6	33.1
Net Banking Income	29.9	30.9	38.5
Other Operating Income (Expenses)	7.0	5.5	8.3
Total Net Revenues	37.0	36.4	46.8
Direct OPEX	(23.4)	(21.6)	(23.2)
<i>of which Personnel Expenses</i>	(3.2)	(3.0)	(2.8)
<i>of which G&A</i>	(20.2)	(18.6)	(20.3)
Direct D&A	(0.5)	(0.9)	(0.6)
Loan Loss Provisions	-	-	-
Net provisions for risks and charges	(0.0)	(0.0)	-
Profit Before Taxes	13.0	13.9	23.0

(1) 1H21 transfer pricing mechanism modified vs. DEPObank's 1H20; 1H19 with not significant impact.

Corporate Center – P&L: €(20.5) M2M effect in 9M21



- 9M21 lower Net Interest Income YoY, primarily due to M2M accounting effect on ex-DEPObank HTC bond portfolio deflated yield at maturity⁽¹⁾ (2021: €(27.3)m, of which €(20.5)m in 9M21; 2022: €(21.2)m; 2023: ≥€(4.7)m), that generated also a positive impact on capital (€53.2m before taxes)
- No cost of excess liquidity in ECB from late Jun-21 (vs. €6.2m of additional costs YoY above tiering in 1H21)
- Ongoing initiatives to drive performance:
 - refinancing BS to optimize liquidity (see slide n° 16)
 - OPEX and D&A down 12% YoY
 - executing new investment strategy of Govies

BFF Bank P&L –
 Factoring & Lending P&L –
 Securities Services P&L –
 Payments P&L =
 Corporate Center P&L

€m	9M19	9M20	9M21
Net Interest Income	36.6	49.0	22.0
Net Fee and Commission Income	(1.2)	(0.5)	(1.2)
Other Income	14.4	5.9	11.1
Net Banking Income	49.8	54.4	31.9
Other Operating Income (Expenses)	0.9	0.2	7.7
Personnel Expenses	(22.1)	(24.7)	(24.5)
G&A	(32.8)	(36.0)	(29.0)
D&A	(5.7)	(6.2)	(5.2)
Loan Loss Provisions	2.9	0.1	1.8
Net provisions for risks and charges	(1.6)	(0.7)	1.1
Adjusted Profit Before Taxes	(8.5)	(12.9)	(16.2)
Number of employees		288	264

Key synergies areas

(1) In compliance with IFRS3 and with a corresponding net positive impact on capital of €33.8m (see slide n° 5 of [1Q 2021 Results presentation](#)).

Continued optimization of balance sheet: no excess liquidity, lower deposits and new purchases of Govies



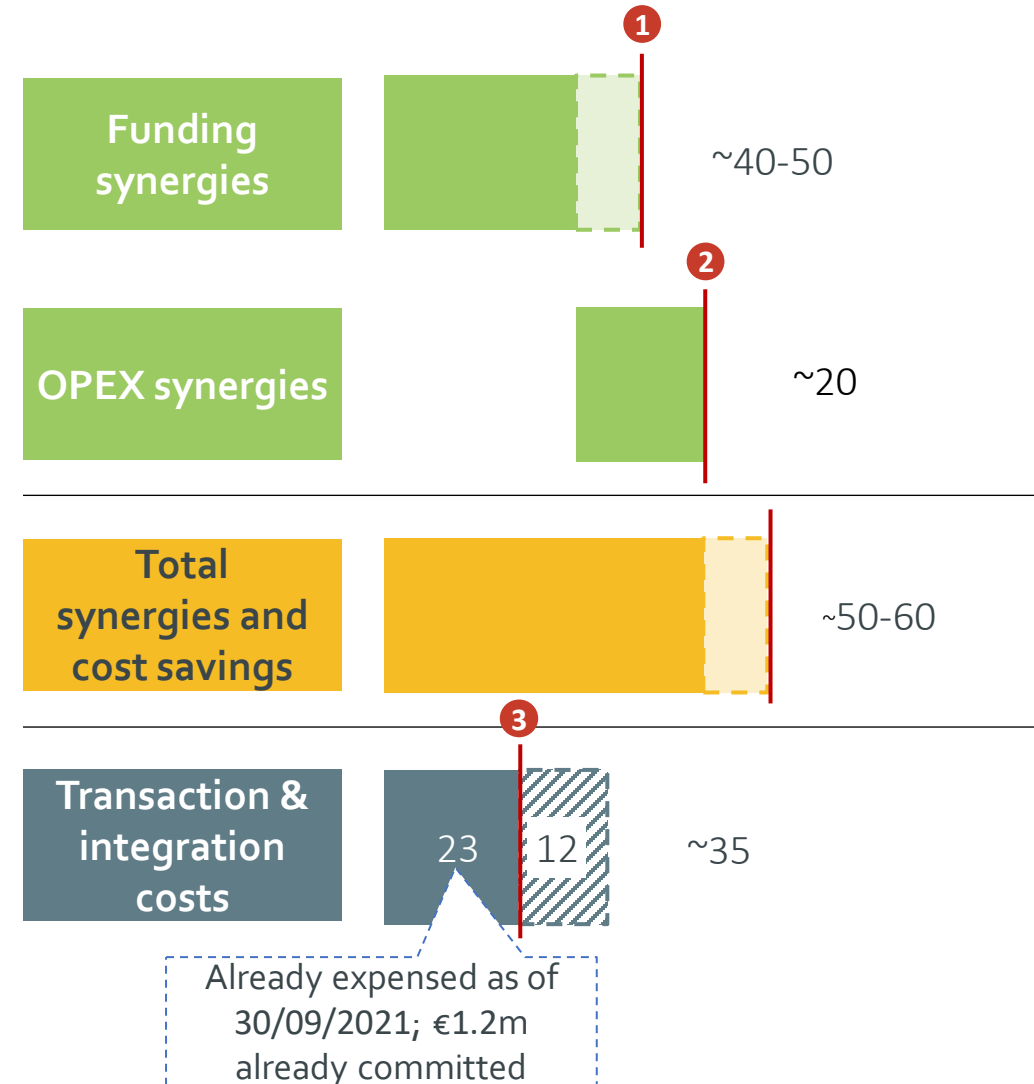
- A** Further reduction of liquidity in ECB (cash down by €0.4bn QoQ) and of deposits from Transaction Services (down by €0.7bn) :
- B** purchased Government Bonds for c. €0.5bn (+9% QoQ) to increase HTC portfolio yield and duration
- C** replaced wholesale funding with internal funding source, and **D** decreased fixed term on-line deposits, down by 49% QoQ
- E** resumed passive Repos for €1.3bn, with optimization of leverage ratio
- F** Stable total assets (+0.2% QoQ)

BFF Banking Group – €m	30/6/21	3Q21 ACHIEVEMENTS	BFF Banking Group – €m	30/9/21	4Q21 ACTION PLAN
Cash & Cash balances	787.5	A €(0.4)bn Cash and Balances, -54% QoQ	Cash & Cash balances	363.0	A Maintain excess cash below ECB tiering (with no costs)
Loans & receivables with banks	911.6		Loans & receivables with banks	815.8	
Loans & receivables with customers	3,571.0		Loans & receivables with customers	3,661.3	
HTC portfolio	5,144.0	B Additional purchases of Govies +9% QoQ	HTC portfolio	5,615.5	B Build-up larger HTC portfolio, with higher yield and duration
Investments	83.6		Investments	83.5	
Other Assets	541.4		Other Assets	524.2	
Total Assets	11,039.0	F +0.2% QoQ	Total Assets	11,063.3	
Deposits from transaction services	8,485.6	A €0.7bn less deposits -8% QoQ	Deposits from transaction services	7,809.7	
Wholesale funding	1.4	C €(1.0)m wholesale funding lines	Wholesale funding	0.4	C Rationalize funding sources, maintaining access to on-line deposits platform, debt capital markets, and wholesale funding
Retail deposits	724.4	D On-line deposits €(0.4)bn QoQ, -49% QoQ	Retail deposits	367.6	D
Securitization	-		Securitization	-	E
Repos	-	E Resumed activity for €1.3bn	Repos	1,336.2	
Tier II & bonds	181.8		Tier II & bonds	181.8	
Other Liabilities	891.1		Other Liabilities	584.5	
Equity	754.8		Equity	783.2	€165m dividends paid in Oct-21
Total Liabilities	11,039.0	F +0.2% QoQ	Total Liabilities	11,063.3	

Synergies: already locked-in

Locked-in target synergies from 31/12/2021:

- 1 **Funding synergies** reached 2023 target on a run-rate basis starting from 1st July 2021
- 2 **OPEX**: already locked-in initiatives for €20m synergies from 31/12/2021 on a run-rate basis. Completed on 8-Nov-21 the migration of DEPObank core banking IT systems onto the BFF core banking provider
- 3 Expensed around 66% of **transactions & integration costs**, including committed costs



9M21 balance sheet: funding structure rationalised



- Strong LCR at 276.4% and NSFR at 189.4%, positively impacted from 2Q21 by the new regulation. Leverage ratio at 3.8%
- Govies portfolio at €5.6bn, €0.47bn higher than levels as of 30/06/2021
- Positive M2M on HTC portfolio for €46m after taxes (not recognized neither in the P&L nor in the balance sheet)

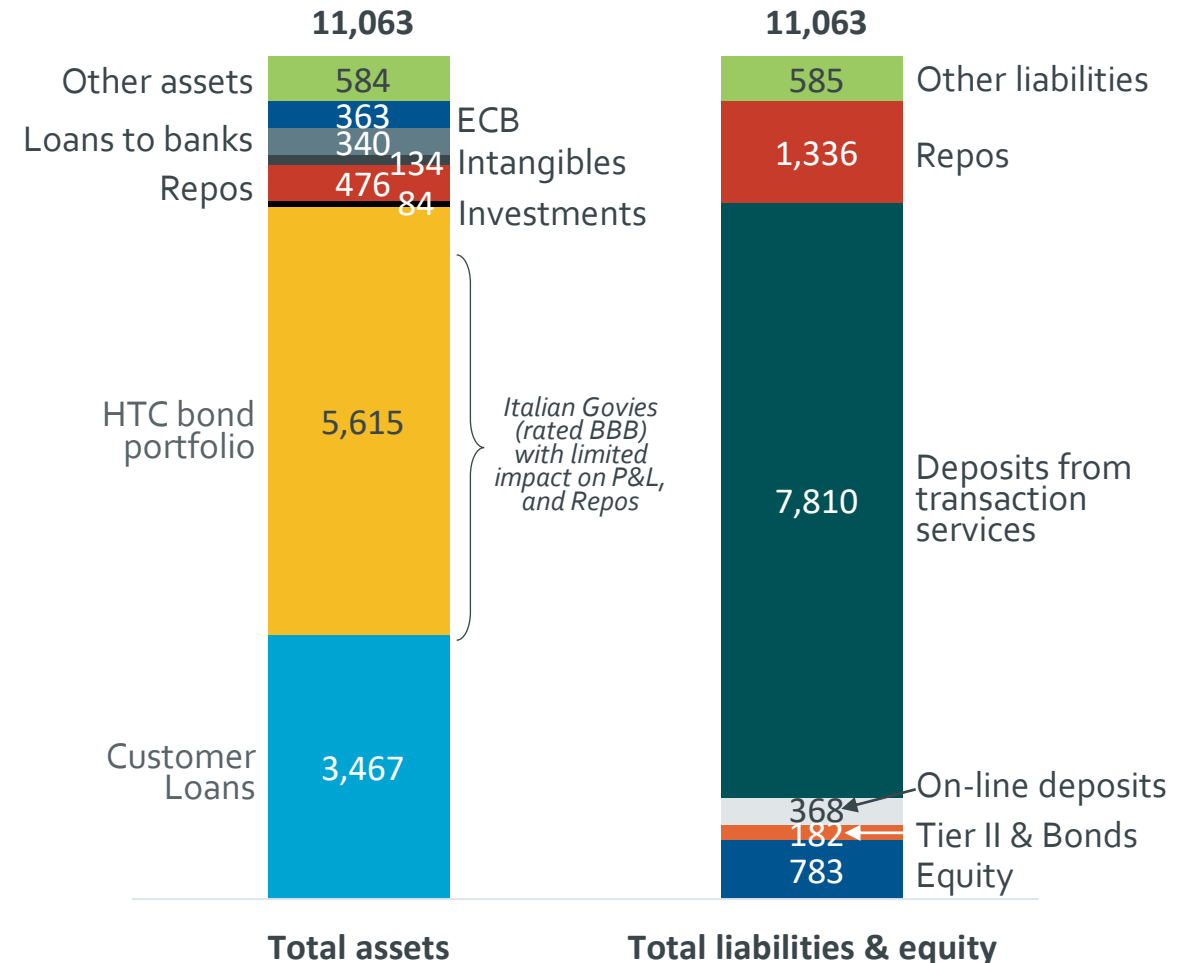
LCR **276.4%**

Leverage ratio **3.8%**

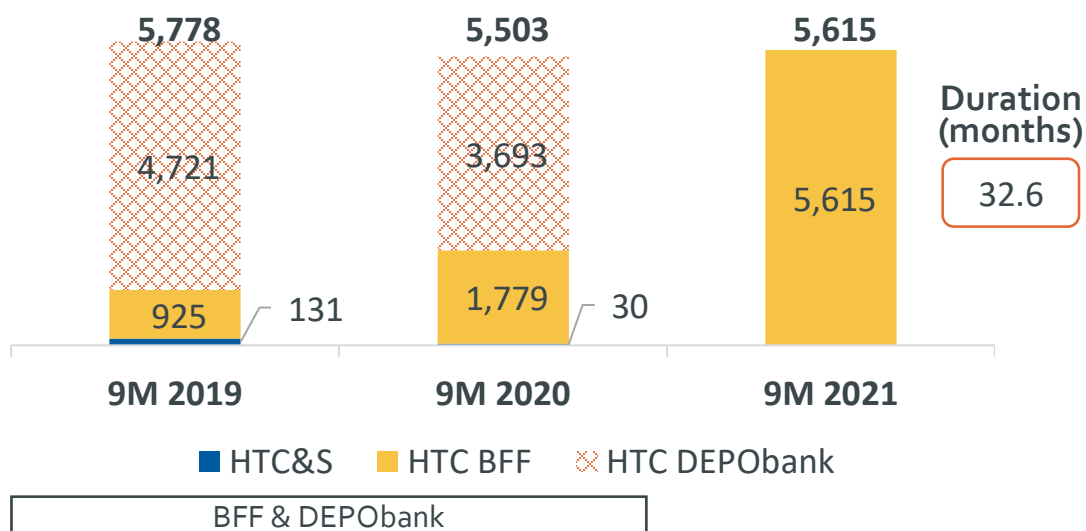
NSFR⁽¹⁾ **189.4%**

(1) Fully phased-in from 30/06/2021.

Breakdown of 9M21 BS (€m)



HTC and HTC&S bond portfolio (€m)

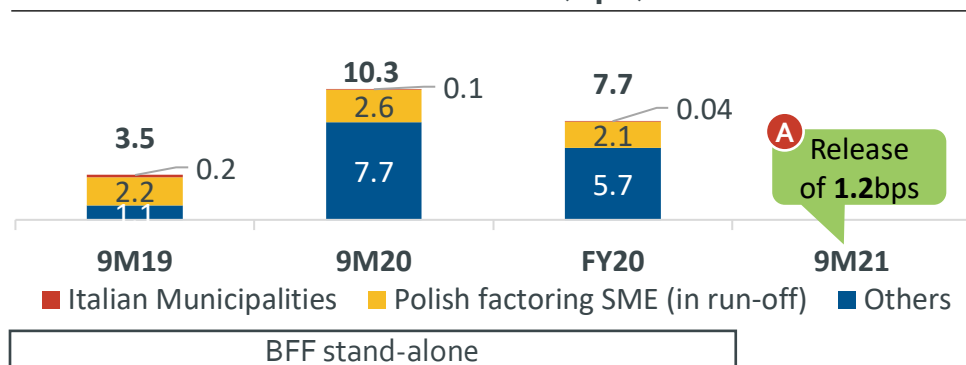


Strong asset quality, despite COVID-19

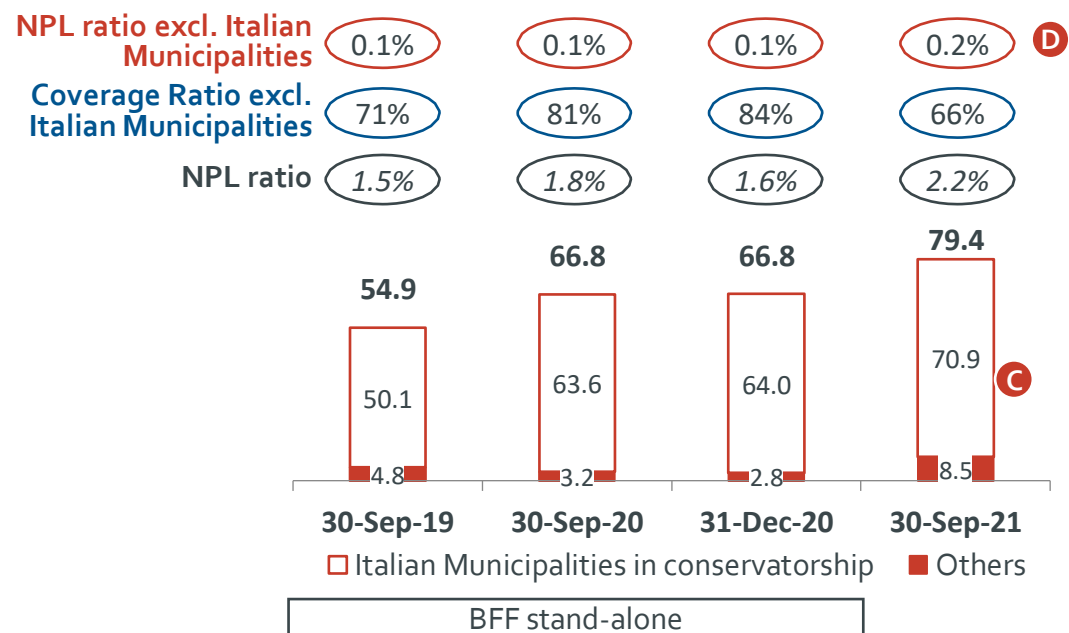


- A** Zero bps Cost of Risk in 9M21, due to portfolio contraction and IFRS 9 release. No impact on CET1 resulting from calendar provisioning
- B** Impaired loans mostly towards the public sector
- C** Increase in NPLs driven mostly by growing activities towards municipalities in conservatorship ("dissesti"): exposures classified NPLs by regulation, despite BFF is legally entitled to receive 100% of the principal and LPIs at the end of the process. The increase of other NPLs is due to a classification change from UTP to NPL (made in 1Q21) of a fully-guaranteed exposure in Poland
- D** Negligible NPL ratio excl. Italian municipalities in conservatorship ("dissesti")

Cost of Risk (bps)



Net Non-Performing Loans evolution (€m)



€m	BFF stand-alone			BFF & DEPObank
	30-Sep-19	30-Sep-20	30-Dec-20	30-Sep-21
Net NPLs	54.9	66.8	66.8	79.4
Net UTP	10.9	15.7	15.7	12.5
Net Past due	34.3	45.0	42.1	1.3
Net impaired loans	100.0	127.5	124.6	93.1
<i>excl. Italian municipalities</i>	<i>49.9</i>	<i>63.9</i>	<i>60.6</i>	<i>22.3</i>

Legend: □ Italian Municipalities in conservatorship ■ Others

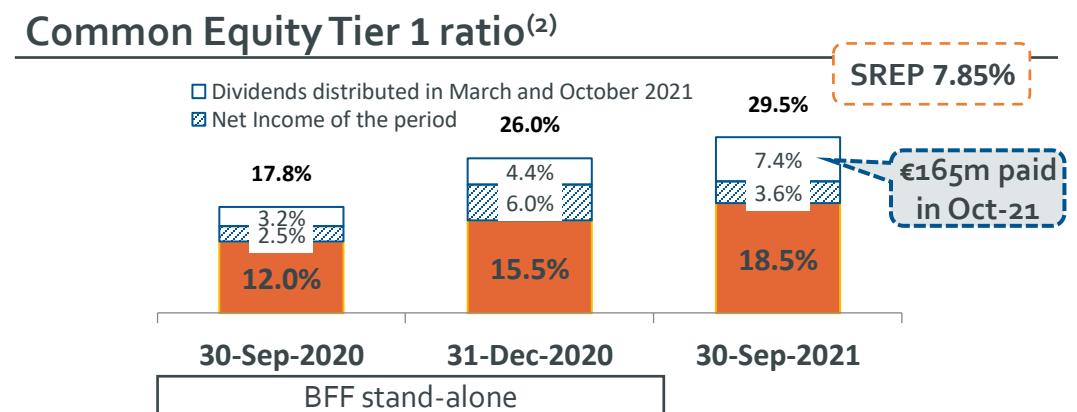
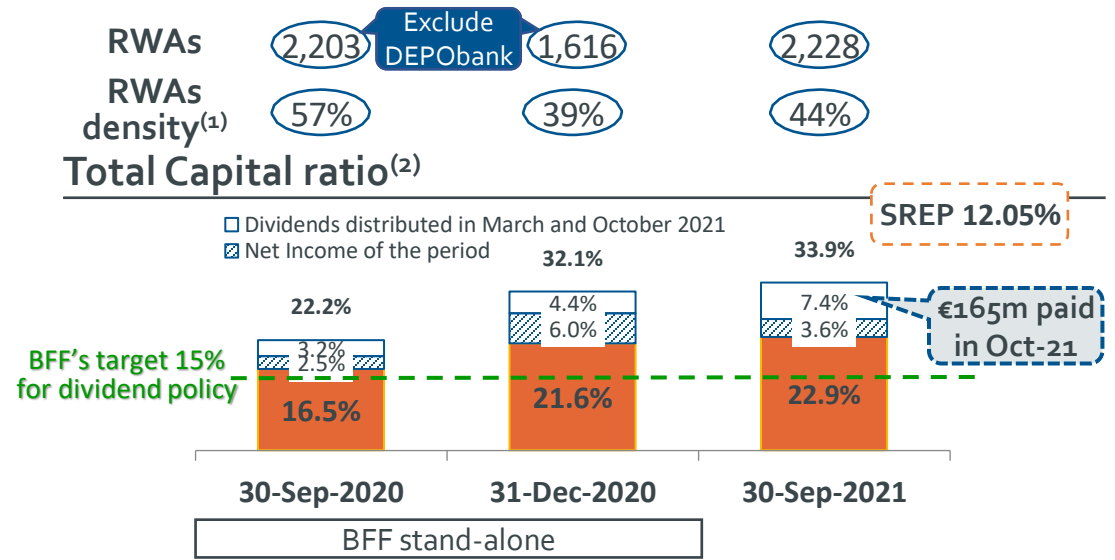
79% public sector

Strong capital position, with €79m dividend capacity, and additional €176m excess capital vs. target

- One of the first Italian banks to pay the residual 2019 & 2020 dividends in October 2021 (€165m)
- Total Capital ratio at 22.9% and CET1 ratio at 18.5%⁽²⁾, with €176m of capital in excess of 15.0% TC ratio target, not including €165m of 2019 & 2020 dividend, €79.4m of accrued gM21 adjusted earnings and the €6m for the treasury shares' buy-back in Sep & Oct 2021
- 26.5% TCR and 22.1% CET1 ratio including €79.4m accrued dividends
- 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 exposures towards NHS and other PA (different from central Government) risk-weighted at 20%, irrespective of countries' sovereign ratings
- BFF dividend policy aimed at self-funding growth and paying excess capital: earnings retained to maintain 15.0% TCR target, and to pay-out the portion in excess

(1) gM21 ratio is calculated as RWAs/Total assets excluding HTC and Cash and Cash Balances.

(2) gM21 ratios benefits from the reduction of the RWAs in 4Q 2020, due to the application of the 20% risk-weight to *in bonis* receivables towards Public Administration with less than 3 months duration (ex art. 116 CRR) from 31/12/2020.



Key takeaways



- *Factoring & Lending*: positive performance of loan book in Portugal, Greece and CEE countries, with Italy & Spain still impacted by liquidity. Stable stock of unrecognized off-balance sheet LPIs at €424m as a source of future profitability
- *Securities Services*: increase of AuD (>15% YoY), due to market rebound and new business initiatives
- *Payments*: upward trend confirmed, PBT +66% YoY driven by economy recovery
- Synergies: already locked-in 2023 target synergies, on a run-rate basis, starting from 31/12/2021
- Resizing of HTC portfolio, after rollover contractual restriction on DEPObank portfolio between signing and closing, increasing duration and yield
- From end of Jun-21 no liquidity exceeding ECB tiering threshold, ending “negative carry”
- Excellent credit quality: zero Cost of Risk, and 0.2% NPL ratio excluding Italian Municipalities in conservatorship
- Strong capital position (CET1 ratio 18.5% and Total Capital ratio 22.9%), with €176m excess capital above 15% TCR target. CET1 ratio of 22.1% including accrued dividends. Dividend capacity of €79m in 9M21

Next events



16-Nov-2021

Exane BNP Paribas – 4th European Mid Cap CEOs Conference

17-19-Nov-2021

Virtual roadshow post 9M 2021 results

23/24-Nov-2021

UniCredit – Italian Financials Debt Conference 2021 – 6th Edition

Appendix

Glossary



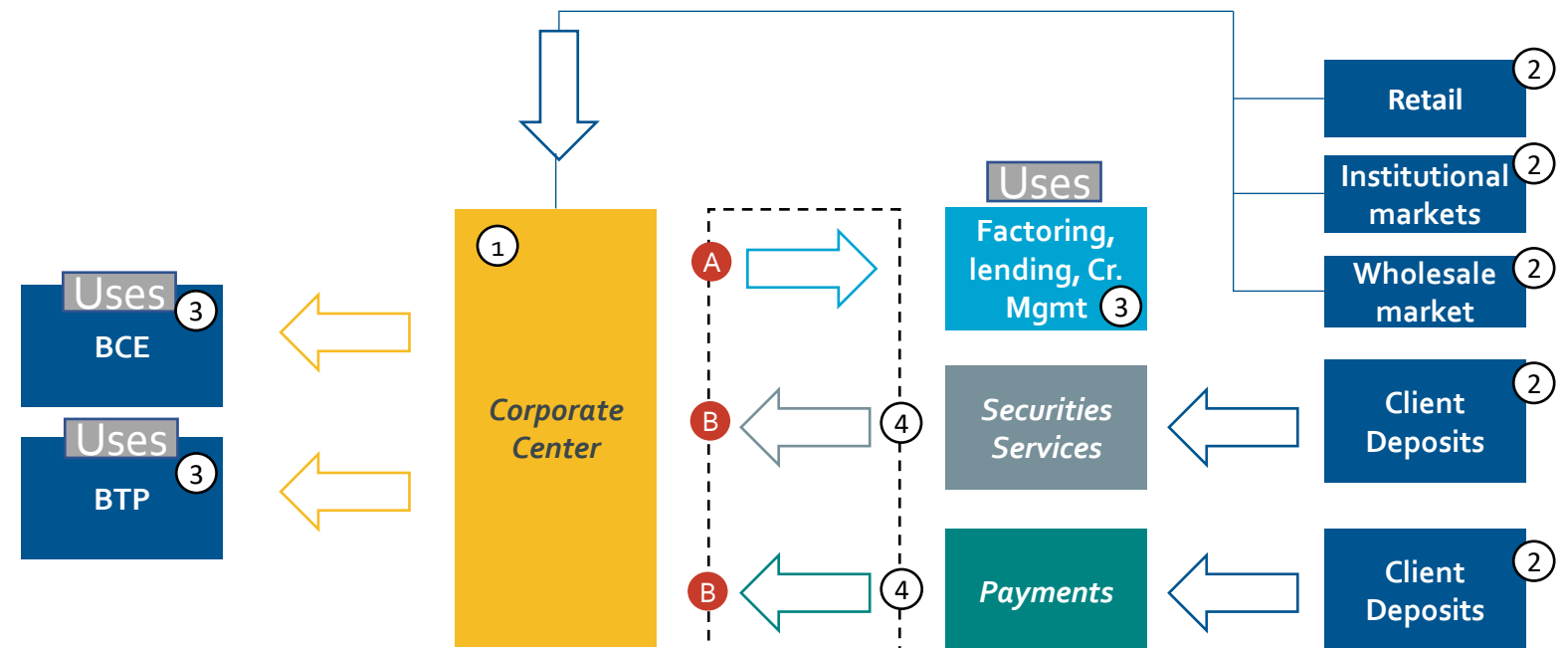
AIF	Alternative Investment Funds	H	Half-year
ALM	Assets & Liabilities management	HC	Headcount
AuC	Assets under custody	HTC	Held-To-Collect
AuD	Assets under depositary	KPIs	Key performance indicators
Avg.	Average	LPIs	Late payment interests
Bol	Bank of Italy	M2M	Mark-to-market
BS	Balance Sheet	NHS	National Healthcare System
BUs	Business units	OCI	Other comprehensive income
CC	<i>Corporate Center</i>	P&L	Profit & Loss
CEE	Central-Eastern Europe	PA	Public Administration
D&A	Depreciation and amortisation	PBT	Profit before taxes
DoD	Definition of Default	PPA	Purchase Price Allocation
ECB	European Central Bank	QoQ	Quarter-on-quarter
EoP	End of the period	Repo(s)	Repurchase agreement(s)
F&L	<i>Factoring & Lending</i>	SS	<i>Securities Services</i>
FY	Full-year	TC/TCR	Total Capital/Total Capital Ratio
Govies	Government bonds	YoY	Year-on-year

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

2021 illustrative example

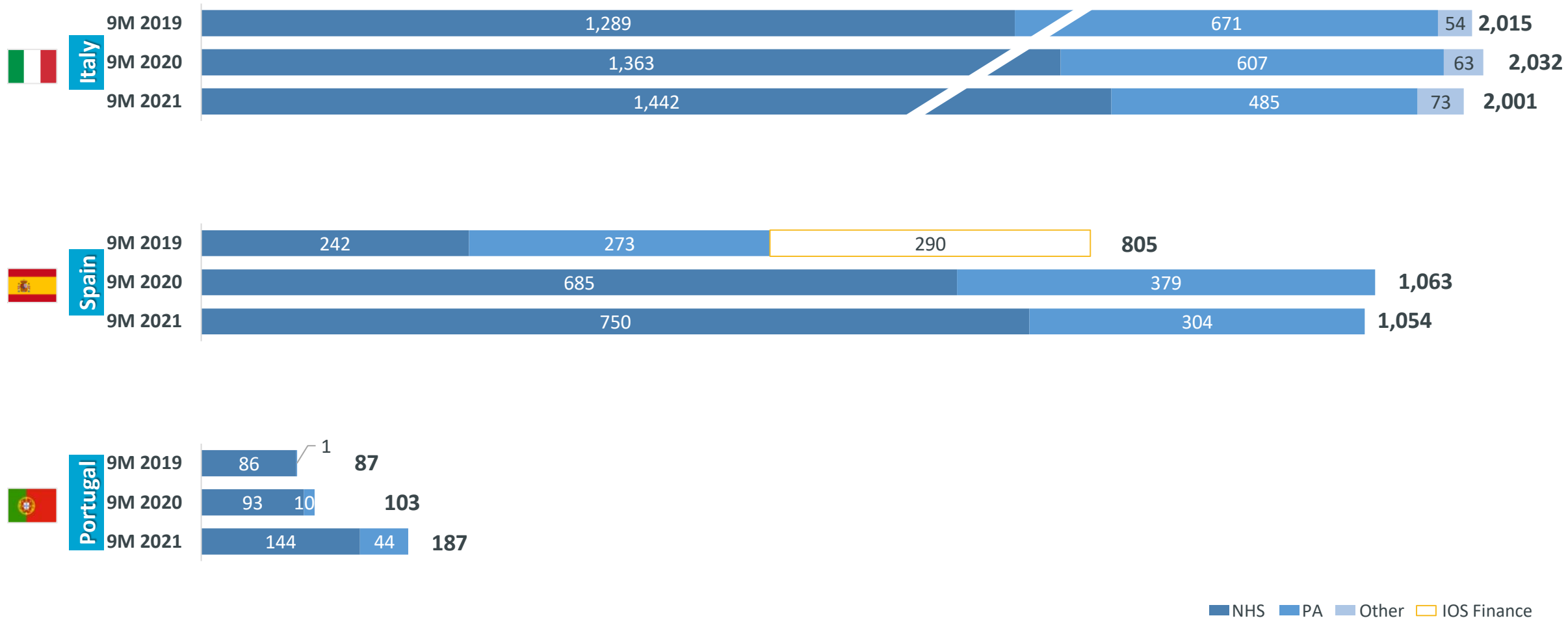
- ① *Corporate Center* manages the funding to and from BUs
- ② Funding is sourced through *Securities Services, Payments*, retail deposits, wholesale sources and institutional markets
- ③ Funding is deployed in factoring and lending business, in government bonds or deposited in ECB
- ④ The deposit from *SS 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



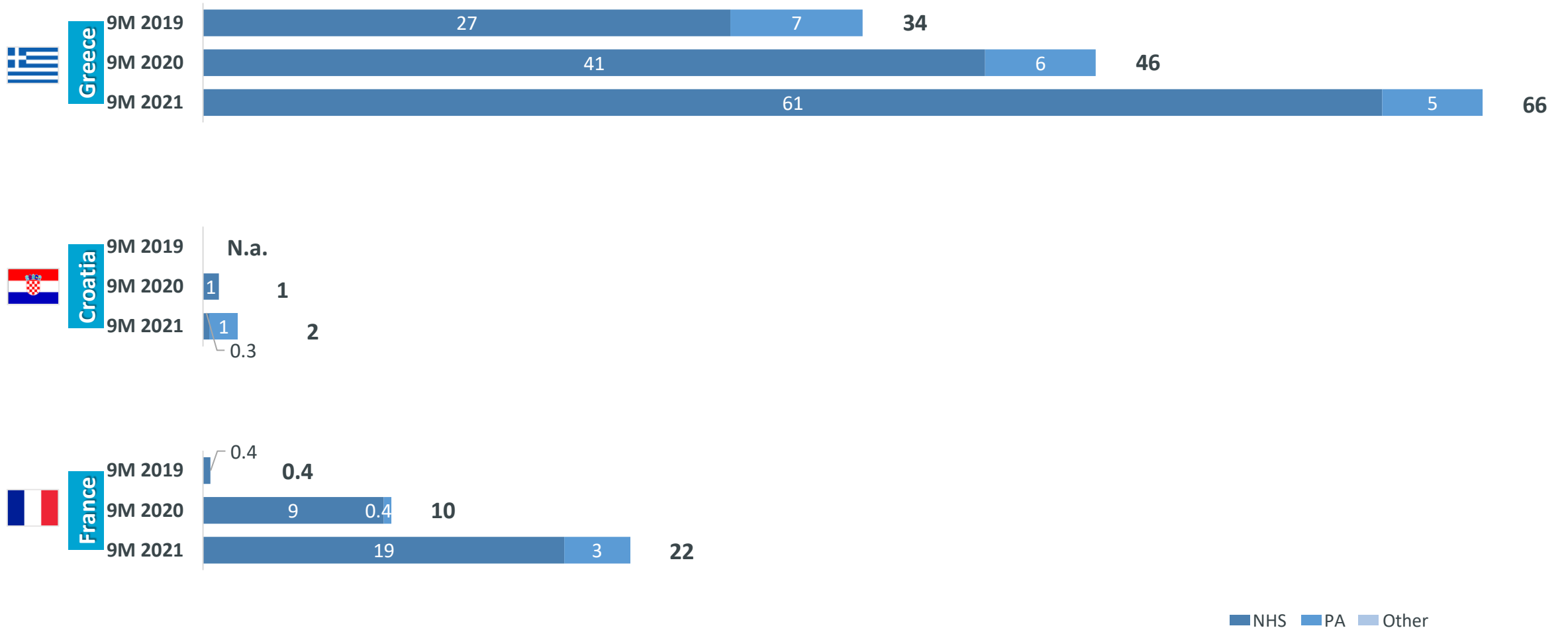
Non-recourse Volumes (€m)

(1/2)

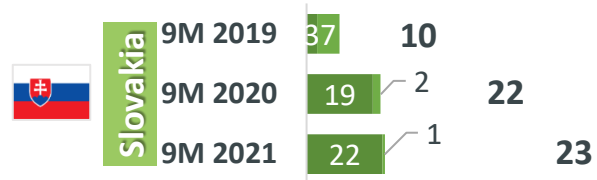


Non-recourse Volumes (€m)

(2/2)



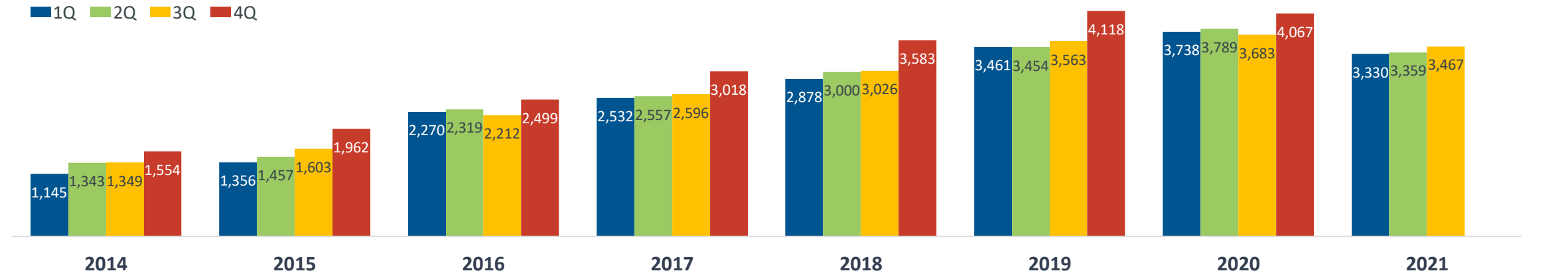
New business Volumes (€m)



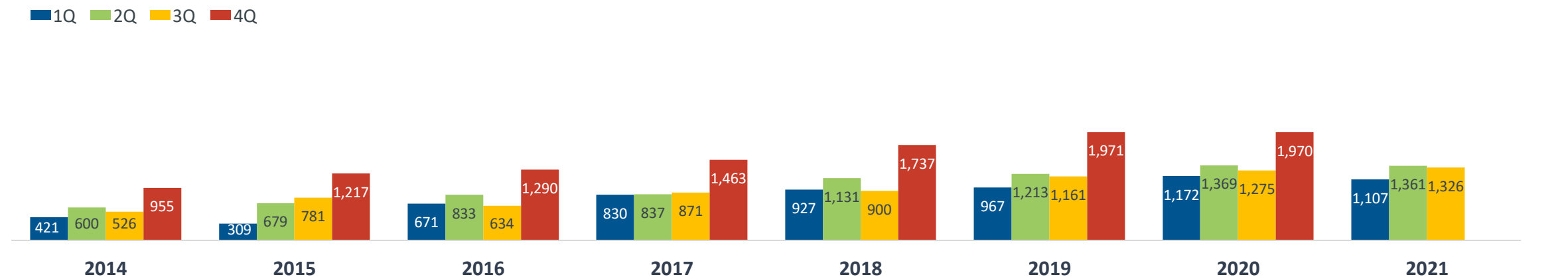
■ Healthcare
 ■ Local Government Unit
 ■ Other

Factoring & Lending

Customer Loans evolution by quarter (€m)



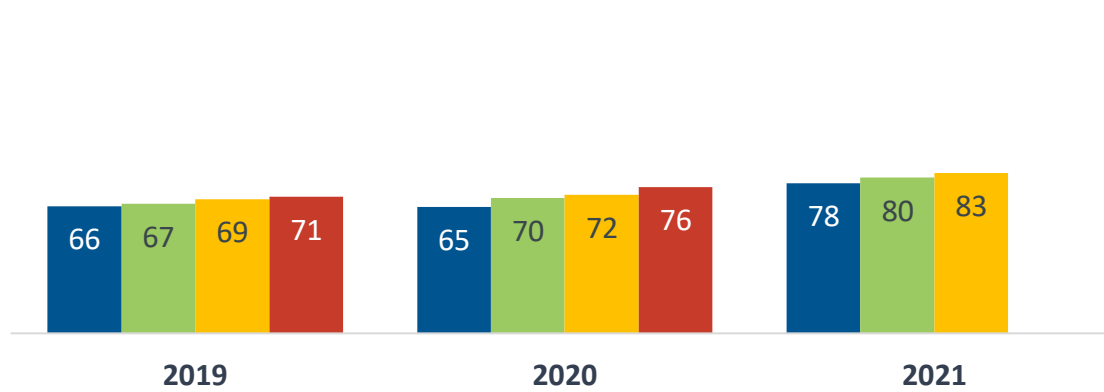
Breakdown of Volumes by quarter (€bn)



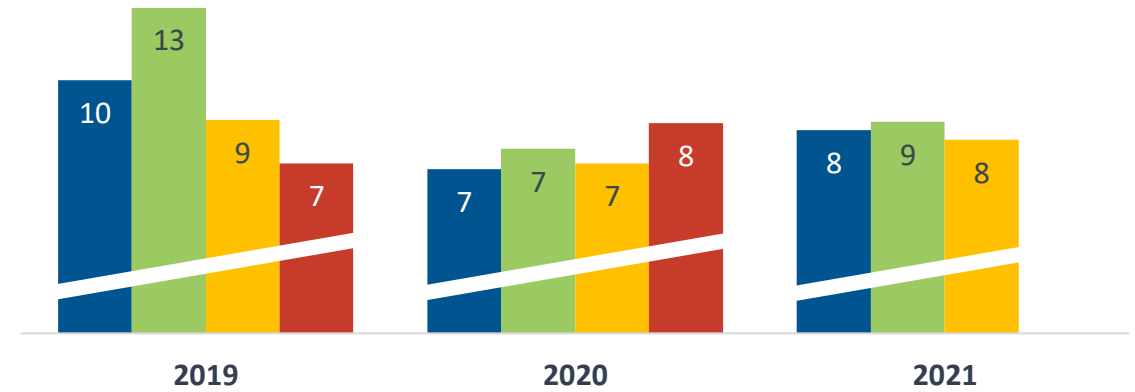
Securities Services & Payments



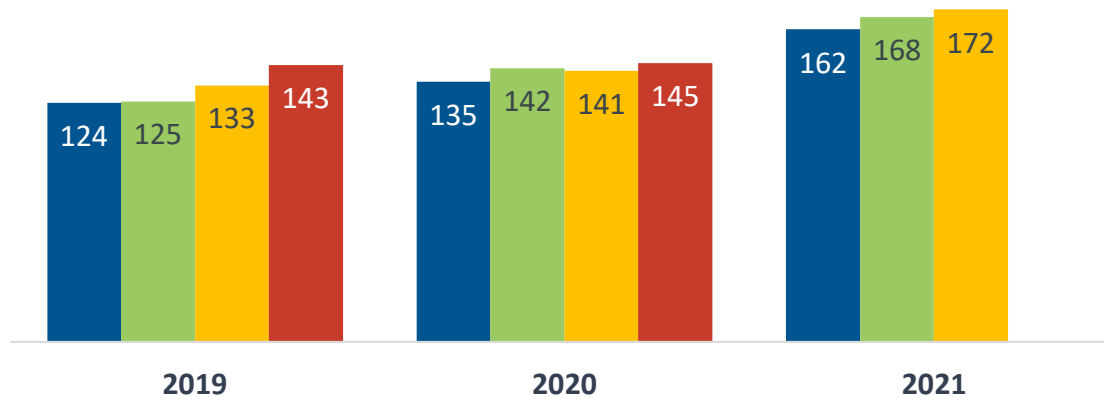
AuD by quarter (€m)



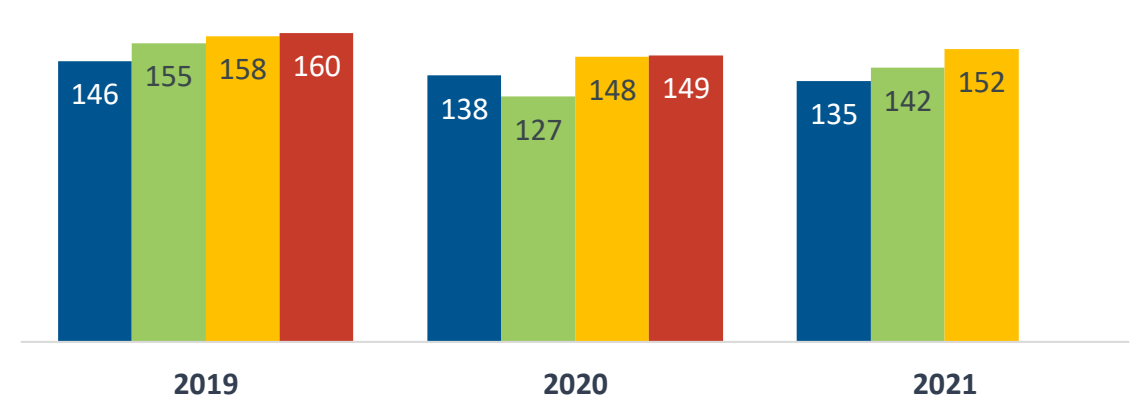
Deposits by quarter (€m)



AuC (€m)



Payment Transactions by quarter (#m)



■ 1Q ■ 2Q ■ 3Q ■ 4Q

9M19-9M21 Adjusted & Reported values



Adjusted values - €m	9M19	9M20	9M21
Net Interest Income	151.1	162.0	131.3
Net Fee and Commission Income	62.9	63.3	70.5
Other Income	14.4	6.0	11.1
Net Banking Income	228.4	231.3	212.9
Other Operating Income (Expenses)	13.0	12.1	20.5
Total Net Revenues	241.4	243.3	233.5
Operating costs & D&A	(129.1)	(138.5)	(132.4)
Loan Loss Provision	2.0	(2.7)	1.4
Net provisions for risks and charges	(1.7)	(1.8)	1.4
Profit Before Taxes	112.6	100.4	103.8

Reported values - €m	9M19	9M20	9M21
Net Interest Income	128.9	134.1	127.5
Net Fee and Commission Income	3.6	3.4	57.0
Other Income	1.8	5.9	(3.0)
Net Banking Income	134.3	143.4	181.4
Other Operating Income (Expenses)	4.0	4.8	181.3
Total Net Revenues	138.3	148.2	362.8
Operating costs & D&A	(57.9)	(68.6)	(133.6)
Loan Loss Provision	(0.9)	(2.8)	0.3
Net provisions for risks and charges	(1.5)	(0.6)	1.2
Profit Before Taxes	78.0	76.2	230.7

9M21 summary P&L



9M21

	€m	F&L	SS	PAYM.	CC	ADJUSTED	Adjustments	REPORTED
Interest Income		134.2	8.3	5.4	12.1	159.9	(2.8)	157.1
Interest Expenses		(36.8)	(1.8)		9.9	(28.6)	(1.0)	(29.6)
Net Interest Income		97.4	6.6	5.4	22.0	131.3	(3.9)	127.5
Net Fee and Commission Income		4.6	34.0	33.1	(1.2)	70.5	(13.5)	57.0
Dividends		-	-	-	3.7	3.7	-	3.7
Gains/Losses on Trading		-	-	-	(4.2)	(4.2)	(1.5)	(5.6)
Fair value adjustments in hedge accounting		-	-	-	8.8	8.8	-	8.8
Gains/losses on disposal/repurchase of		-	-	-	-	(0.0)	(12.6)	(12.6)
<i>a) financial assets measured at amortized cost</i>		-	-	-	-	(0.0)	-	(0.0)
<i>b) financial assets measured at fair value through OCI</i>		-	-	-	-	-	-	-
<i>c) financial liabilities</i>		-	-	-	-	(0.0)	(12.6)	(12.6)
Gains (losses) on other financial assets and liabilities measured at fair value through profit or loss		-	-	-	2.8	2.8	-	2.8
<i>a) financial assets and liabilities designated at fair value</i>		-	-	-	-	-	-	-
<i>b) other financial assets mandatorily measured at fair value</i>		-	-	-	2.8	2.8	-	2.8
Net Banking Income		102.0	40.6	38.5	31.9	212.9	(31.5)	181.4
Net adjustments/reversals of impairment for credit risk concerning:		(0.4)	-	-	1.8	1.4	(1.0)	0.3
<i>a) financial assets measured at amortized cost</i>		(0.6)	-	-	1.9	1.4	(1.0)	0.3
<i>b) financial assets measured at fair value through OCI</i>		0.2	-	-	(0.1)	0.0	-	0.0
Administrative and Personnel Expenses		(27.0)	(21.1)	(23.2)	(53.5)	(124.8)	2.2	(122.7)
Net provisions for risks and charges		0.3	-	-	1.1	1.4	(0.2)	1.2
<i>a) commitments and guarantees provided</i>		0.1	-	-	0.0	0.1	0.2	0.3
<i>b) other net allocations</i>		0.2	-	-	1.1	1.3	(0.4)	0.9
Net Adjustments to/ Writebacks on Property, Plan and Equipment and Intangible Assets		(1.1)	(0.7)	(0.6)	(5.2)	(7.6)	(3.3)	(10.9)
Other Operating Income (Expenses)		4.0	0.5	8.3	7.7	20.5	160.8	181.3
Profit Before Income Taxes from Continuing Operations		77.8	19.2	23.0	(16.2)	103.8	126.9	230.7
Income Taxes						(24.5)	33.7	9.3
Net Income						79.4	160.6	240.0

9M20 summary P&L



9M20

	€m	F&L	SS	PAYM.	CC	ADJUSTED	Adjustments	REPORTED
Interest Income		156.6	10.6	1.3	40.8	209.2	(38.5)	170.7
Interest Expenses		(52.8)	(2.7)	0.0	8.2	(47.2)	10.7	(36.6)
Net Interest Income		103.8	7.9	1.3	49.0	162.0	(27.8)	134.1
Net Fee and Commission Income		3.2	31.1	29.6	(0.5)	63.3	(60.0)	3.4
Dividends		-	-	-	0.0	0.0	(0.0)	-
Gains/Losses on Trading		0.1	-	-	5.2	5.2	0.6	5.8
Fair value adjustments in hedge accounting		-	-	-	-	-	-	-
Gains/losses on disposal/repurchase of		-	-	-	0.7	0.7	(0.6)	0.1
a) financial assets measured at amortized cost		-	-	-	0.6	0.6	(0.6)	-
b) financial assets measured at fair value through OCI		-	-	-	0.0	0.0	-	0.0
c) financial liabilities		-	-	-	0.1	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		-	-	-	-	-	-	-
b) other financial assets mandatorily measured at fair value		-	-	-	-	-	-	-
Net Banking Income		107.0	39.0	30.9	54.4	231.3	(87.9)	143.4
Net adjustments/reversals of impairment for credit risk concerning:		(2.8)	-	-	0.1	(2.7)	(0.1)	(2.8)
a) financial assets measured at amortized cost		(2.8)	-	-	0.1	(2.7)	(0.1)	(2.8)
b) financial assets measured at fair value through OCI		-	-	-	0.0	0.0	-	0.0
Administrative and Personnel Expenses		(26.1)	(21.5)	(21.6)	(60.8)	(130.0)	65.6	(64.4)
Net provisions for risks and charges		(0.0)	(1.0)	(0.0)	(0.7)	(1.8)	1.2	(0.6)
a) commitments and guarantees provided		(0.0)	-	-	(0.1)	(0.1)	(0.0)	(0.1)
b) other net allocations		-	(1.0)	(0.0)	(0.7)	(1.7)	1.2	(0.5)
Net Adjustments to/ Writebacks on Property, Plan and Equipment and Intangible Assets		(0.3)	(1.1)	(0.9)	(6.2)	(8.5)	4.3	(4.2)
Other Operating Income (Expenses)		5.4	0.9	5.5	0.2	12.1	(7.3)	4.8
Profit Before Income Taxes from Continuing Operations		83.1	16.3	13.9	(12.9)	100.4	(24.2)	76.2
Income Taxes						(25.3)	4.9	(20.4)
Net Income						75.1	(19.3)	55.8

9M19 summary P&L



9M19

	€m	F&L	SS	PAYM.	CC	ADJUSTED	Adjustments	REPORTED
Interest Income		159.2	21.9	1.2	36.2	218.4	(54.5)	163.9
Interest Expenses		(56.6)	(11.0)	(0.0)	0.4	(67.3)	32.3	(35.0)
Net Interest Income		102.5	10.8	1.2	36.6	151.1	(22.2)	128.9
Net Fee and Commission Income		3.2	32.2	28.7	(1.2)	62.9	(59.3)	3.6
Dividends		-	-	-	1.9	1.9	(1.9)	-
Gains/Losses on Trading		-	-	-	12.3	12.3	(10.6)	1.6
Fair value adjustments in hedge accounting		-	-	-	0.0	-	-	-
Gains/losses on disposal/repurchase of		-	-	-	0.1	0.1	-	0.1
<i>a) financial assets measured at amortized cost</i>		-	-	-	0.0	-	-	-
<i>b) financial assets measured at fair value through OCI</i>		-	-	-	0.1	0.1	-	0.1
<i>c) financial liabilities</i>		-	-	-	0.0	-	-	-
Gains (losses) on other financial assets and liabilities measured at fair value through profit or loss		-	-	-	0.0	-	-	-
<i>a) financial assets and liabilities designated at fair value</i>		-	-	-	0.0	-	-	-
<i>b) other financial assets mandatorily measured at fair value</i>		-	-	-	0.0	-	-	-
Net Banking Income		105.7	43.0	29.9	49.8	228.4	(94.1)	134.3
Net adjustments/reversals of impairment for credit risk concerning:		(0.9)	-	-	2.9	2.0	(2.9)	(0.9)
<i>a) financial assets measured at amortized cost</i>		(0.9)	-	-	2.9	1.9	(2.9)	(0.9)
<i>b) financial assets measured at fair value through OCI</i>		-	-	-	0.0	0.0	-	0.0
Administrative and Personnel Expenses		(22.9)	(20.6)	(23.4)	(54.9)	(121.7)	67.4	(54.3)
Net provisions for risks and charges		-	(0.1)	(0.0)	(1.6)	(1.7)	0.2	(1.5)
<i>a) commitments and guarantees provided</i>		-	-	-	0.0	0.0	-	0.0
<i>b) other net allocations</i>		-	(0.1)	(0.0)	(1.6)	(1.7)	0.2	(1.5)
Net Adjustments to/ Writebacks on Property, Plan and Equipment and Intangible Assets		(0.1)	(1.0)	(0.5)	(5.7)	(7.3)	3.7	(3.6)
Other Operating Income (Expenses)		4.0	0.9	7.0	0.9	13.0	(9.0)	4.0
Profit Before Income Taxes from Continuing Operations		85.9	22.2	13.0	(8.5)	112.6	(34.6)	78.0
Income Taxes						(32.3)	14.5	(17.8)
Net Income						80.3	(20.1)	60.1

Summary reported Balance Sheet



	BFF stand-alone			BFF & DEPObank
	€m 30/9/2019	30/9/2020	31/12/2020	30/09/2021
Cash and cash Balances	26.0	74.2	173.3	363.0
Financial assets measured at fair value through profit or loss	-	-	-	42.5
<i>a) financial assets held for trading</i>	-	-	-	8.8
<i>b) financial assets designated at fair value</i>	-	-	-	0.0
<i>c) other financial assets mandatorily measured at fair value</i>	-	-	-	33.7
Financial assets measured at fair value through OCI	131.2	30.2	0.2	83.5
Financial assets measured at amortized cost	4,590.6	5,500.0	5,780.6	10,092.6
<i>a) Loans and receivables with banks</i>	102.5	37.6	31.1	815.8
<i>b) Loans and receivables with customers</i>	4,488.1	5,462.4	5,749.5	9,276.8
Hedging derivatives	-	-	-	5.8
Equity Investments	0.3	0.2	0.1	13.1
Property, Plant and Equipment	15.4	15.9	18.0	37.4
Intangible Assets	34.3	34.9	36.7	134.2
Tax Assets	25.0	27.7	15.3	113.5
Other Assets	15.9	12.9	27.2	177.6
Total Assets	4,838.5	5,696.0	6,051.3	11,063.3
Financial liabilities measured at amortized cost	4,311.7	5,095.0	5,415.2	9,695.7
<i>a) deposits from banks</i>	1,131.2	742.8	1,034.7	773.5
<i>b) deposits from customers</i>	2,404.1	3,547.8	3,571.6	8,737.9
<i>c) securities issued</i>	776.4	804.3	808.9	184.2
Financial Liabilities Held for Trading	-	-	-	0.7
Hedging Derivatives	-	-	-	0.2
Tax Liabilities	88.8	92.0	83.7	103.8
Other Liabilities	94.9	75.2	82.8	454.5
Employess Severance Indemnities	0.8	0.7	0.7	3.7
Provision for Risks and Charges	5.3	6.4	6.4	21.6
Equity	276.9	370.9	371.5	543.2
Profits for the Year	60.1	55.8	91.1	240.0
Total Liabilities and Equity	4,838.5	5,696.0	6,051.3	11,063.3

Asset quality



	30/09/2021		
€/000	Gross	Provisions	Net
Total Non-Performing Loans	96,068	(16,651)	79,416
Total Unlikely to Pay	17,355	(4,898)	12,457
Total Past due	1,307	(25)	1,282
Total impaired loans	114,729	(21,574)	93,156

	31/12/2020		
€/000	Gross	Provisions	Net
Total Non-Performing Loans	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 impaired loans	142,557	(17,928)	124,629

	30/09/2020		
€/000	Gross	Provisions	Net
Total Non-Performing Loans	80,916	(14,106)	66,811
Total Unlikely to Pay	17,984	(2,269)	15,715
Total Past due	46,531	(1,528)	45,003
Total impaired loans	145,432	(17,903)	127,529

	30/09/2019		
€/000	Gross	Provisions	Net
Total Non-Performing Loans	66,936	(12,060)	54,876
Total Unlikely to Pay	12,962	(2,108)	10,854
Total Past due	34,384	(91)	34,293
Total impaired loans	114,282	(14,259)	100,023



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