BFF BANKING GROUP

2019 Full Year Results

Shareholders' Meeting

2nd April 2020

A Bank Like No Other®

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FY 2019 results: key highlights

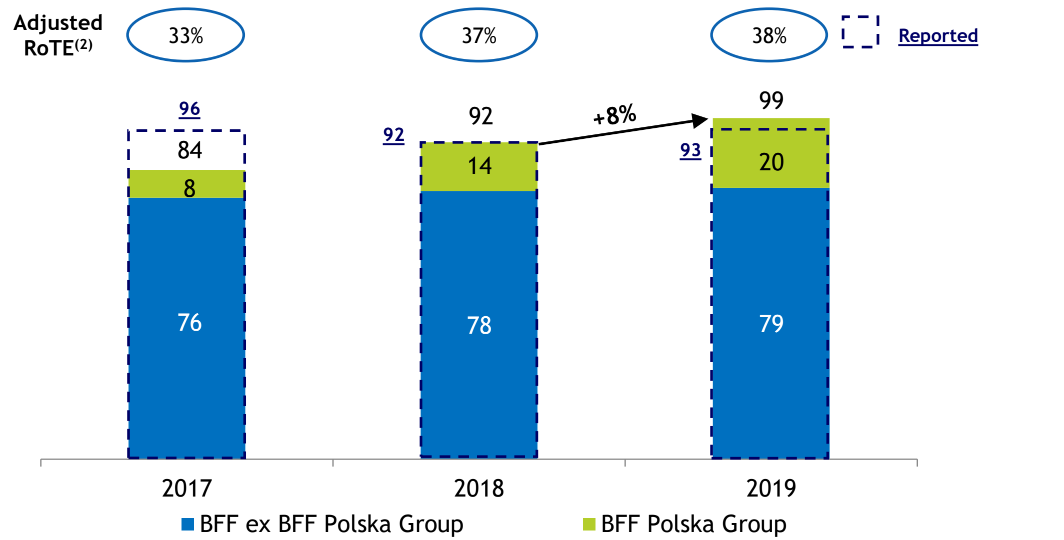
Strong financial performance	▪ €98.8m of Adjusted Net Income (+8% y/y) with 38% of Adjusted RoTE (37% in 2018), despite €2.7m of lower net LPI over-recovery vs. 2018 ▪ Stock of unrecognized off-balance sheet LPI (back-book income reserve) increased by €40m YoY to €396m ▪ Improving operating leverage with Adjusted Operating Costs/Loans ratio of 2.09% vs. 2.24% in 2018
Strong dividend capacity and capital	▪ **€71mln of expected cash dividends:** 72% pay-out ratio and €0.415 per share, 38% growth YoY on a like-for-like basis, thanks to a better RWA mix ▪ TC at 15% target and CET1 ratio at 10.9% excluding the expected cash dividends
Strong growth in loans	▪ Total customer loans up by 15% y/y at €4.1bn (+11% y/y at €4.0bn excluding IOS Finance), 41% outside Italy vs. 35% at Dec-18 ▪ New business grew by 3% y/y at €4.9bn (excluding IOS Finance). In 2019 IOS Finance's volume grew by 26% y/y at €461m
Solid funding base and liquidity	▪ Reduction in cost of funding continued: 1.58% in 2019 vs. 1.73% in 2018 ▪ Opportunities of further reduction in funding cost from collection of online deposits, that increased by +46% y/y to €1,354m, representing 36% of drawn funds ▪ Excess liquidity, with €0.4bn of committed undrawn funding, and no recourse to ECB financing ▪ Sound liquidity ratios with LCR at 476.9% and NSFR at 107.1%
Very low risk profile with improved credit quality	▪ Strong reduction in net impaired loans (-11% y/y), with the Net NPLs/loans ratio down to 0.1% (excluding Italian municipalities in conservatorship). 83% of total net impaired assets are towards the public sector ▪ Net Impaired assets towards private sector down -54% vs YE18. Annualised Cost of Risk at 6bps, 3bps excluding the SME factoring business in run-off
Update on Business Plan initiatives	▪ First purchases of non-NHS receivables in Greece and first purchases of NHS receivables in France ▪ Continued to optimise funding, with the launch of online deposits in Poland, The Netherlands and Ireland, the assignment of the first-time public rating by Moody's (long-term issuer rating at "Ba1" and positive outlook), and the issuance of the first rated ("Ba1") bond issued under the EMTN Programme. Demand c. 3x the issued size ▪ Consolidated existing business via M&A, with IOS Finance acquisition

2019 exchange rate for Poland and Czech Republic respectively PLN/€ 4,2976 and PLN/CZK 0,167 for P&L data (2019 average), PLN/€ 4,2568 and PLN/CZK 0,168 for Balance Sheet data (31st December 2019); 2018 exchange rate for Poland and Czech Republic respectively PLN/€ 4,2615 and PLN/CZK 0,166 for P&L data (2018 average), PLN/€ 4,3014 and PLN/CZK 0,167 for Balance Sheet data (31st December 2018); 2017 exchange rate for Poland and Czech Republic respectively PLN/€ 4,2570 and PLN/CZK 0,162 for P&L data (2017 average), PLN/€ 4,177 and PLN/CZK 0,164 for Balance Sheet data (29th December 2017).

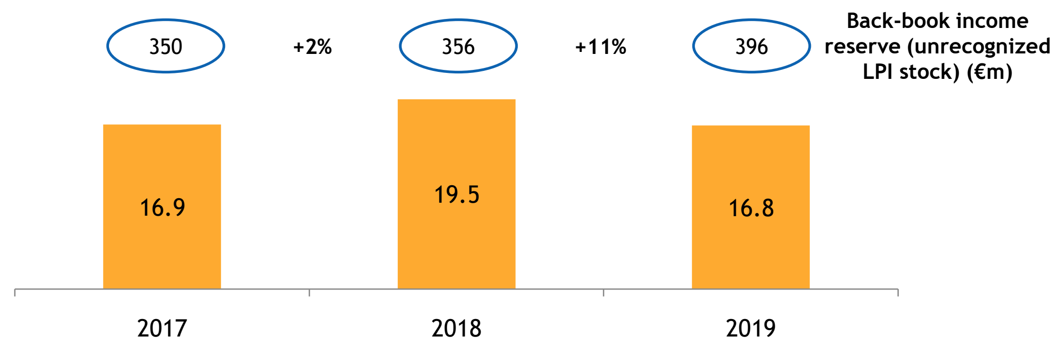
+8% YoY growth in Adjusted Net Income, €71m of expected cash dividends

- **€98.8m of 2019 Adjusted Net Income (including IOS only for the 4Q 2019), +8% vs. 2018**
- However, **the net LPI over-recovery was €2.7m lower than 2018**
- **€71m of expected cash dividend**
- **Growing profitability:** Adjusted RoTE of 38% vs. 37% in 2018
- **The back-book income reserve** (i.e. the stock of LPI accrued, but that has not been collected and has not gone through the P&L) **increased by €40m (+11% y/y) to €396m**
- IOS Finance acquisition was completed on 30th September, therefore the P&L figures in this presentation (both adjusted and reported) include IOS Finance only for the 4Q 2019, with a marginal impact

Adjusted Net income[1] (€m)



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



Notes: (1) Adjusted to exclude extraordinary items. 2019 adjusted net income exclude the following items: €1.3m costs related to the Stock Option and Stock Grant plans, €0.5m negative impact from the exchange rate movement, €3.2m M&A costs, €1.5m positive impact of IOS Finance goodwill tax step-up, €1.7m CEO post IPO retention bonus and €0.5m of Extraordinary Resolution Fund contribution. See appendix for adjustments. (2) RoTE is calculated on the average tangible equity, including earnings of the period net of the Expected Cash Dividend.

€71m expected cash dividend, +38% YoY on a like-for-like basis

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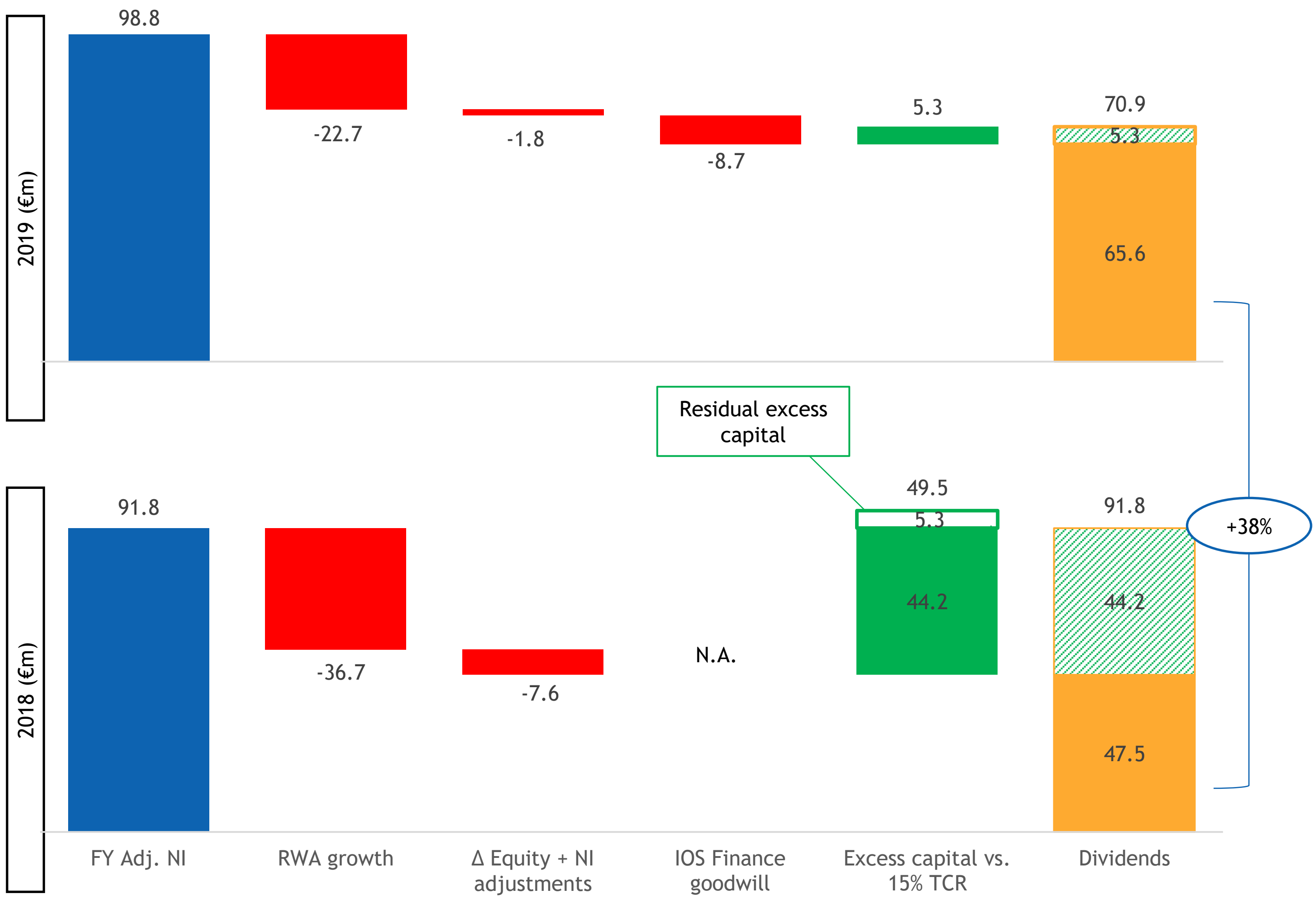
- €71m(1) expected cash dividends which is the portion of the 2019 consolidated Adjusted Net Income in excess of the 15% Total Capital ratio target
- Equivalent to a pay-out ratio of 72%(2)
- 38% increase in dividend distribution on a like-for-like basis (i.e. assuming no excess capital at the beginning of the period, and 57% growth excluding also IOS acquisition impact)

	2018	2019
DPS	0.539	0.415
TC Ratio	15.2%	15.0%
Pay-out ratio(1)	100%	72%



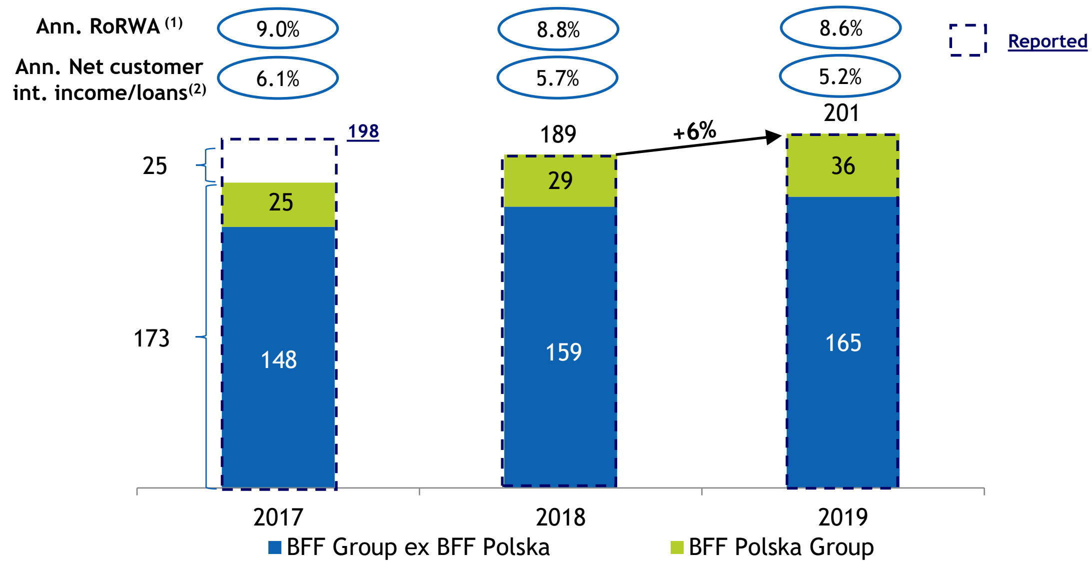
Notes: (1) The distribution of the Expected Cash Dividend - which comprises in part the holding company's interim dividend since it includes part of the net income and reserves at YE 2019 of the subsidiaries, that will be accounted for in the individual accounts of the Bank in 1Q20 - is subject to compliance with the regulatory capital ratios at the individual perimeter at the end of March-20, and fulfillment of the conditions set forth under Art. 2433-bis Italian Civil Code. (2) Calculated on the FY19 adjusted net income.

Adjusted Net Interest Income +6% YoY and Net Banking Income +5% YoY

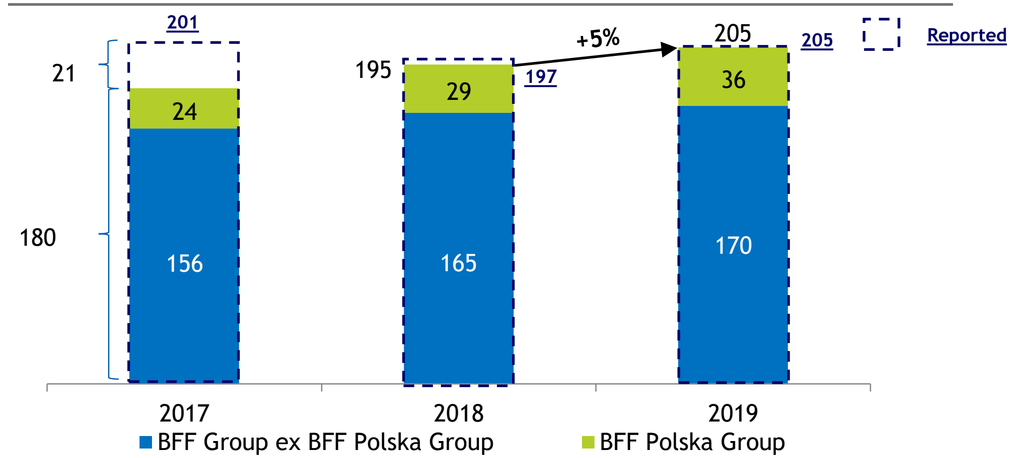
- **Increasing Adjusted Net Interest Income and Adjusted Net Banking (including IOS Finance for 3 months) +6% y/y and +5% y/y vs. 2018 respectively**, despite €2.7m of lower net LPI over-recovery in 2019 vs. 2018
- **Annualized RoRWA at 8.6% in 2019 vs. 8.8% in 2018**, mainly driven by the lower net LPI over-recovery
  - Excluding the net LPI over-recovery, annualized RoRWA is equal to 7.9% in 2019 vs. 7.9% in 2018 and 8.2% 2017
- Recovery credit collection costs are accounted in other **operating income** on a cash basis (P&L item "230"), which increased from €3.9m in 2018 to €7.2m in 2019

Net Interest Income and Net Banking income are adjusted to exclude extraordinary items: the €25.2m one-off positive impact for 2017 and related to the change in LPI accounting from 40% to 45%, the change in exchange rates impact (€4.7m negative impact for 2017, €2.6m positive impact for 2018 and €0.7m negative impact for 2019).
2017 include Tier II costs only for 10 months.

Adjusted Net Interest Income (€m)



Adjusted Net Banking Income (€m)



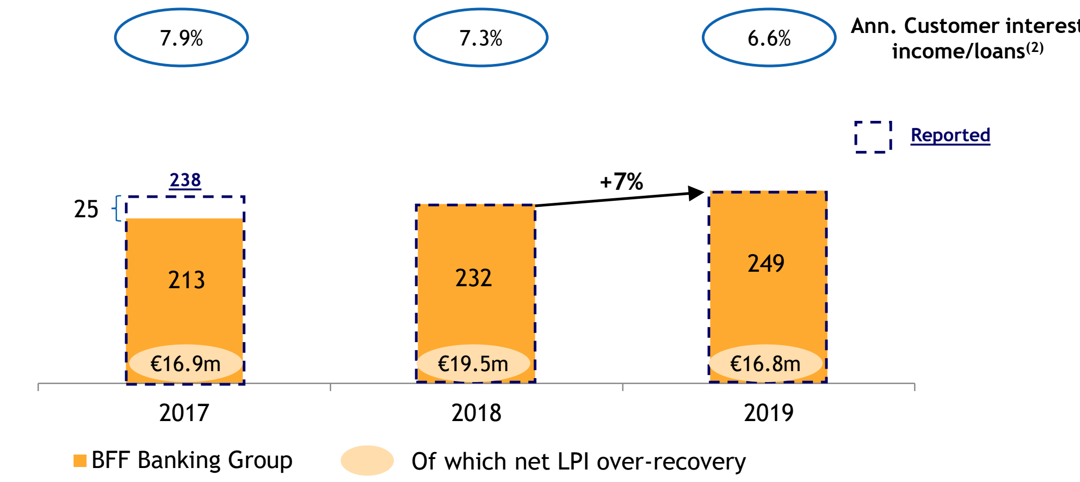
Notes: (1) Calculated as Adjusted Net Interest Income / Average RWAs (beginning and end of the period) (2) Calculated as Adjusted Net Interest Income on customer loans (excluding income on securities and on credit due from banks and REPO activity impact) / Average loans in the period.

Growing Interest Income (+7% YoY) despite lower net LPI over-recovery

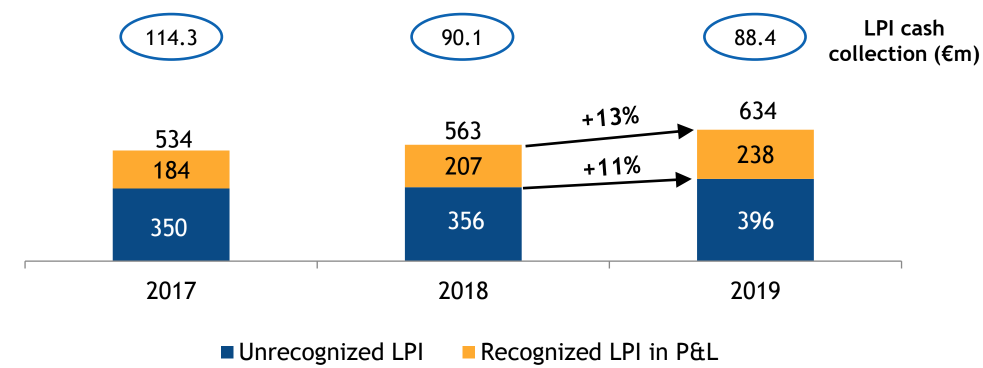
- **2019 Interest Income at €249m (including IOS Finance for 3 months), +7% vs. 2018**, despite €2.7m of lower net LPI over-recovery[1] accounted in P&L vs. previous year
- **€1.6m of lower LPI cashed-in in 2019 vs. 2018:**
  - LPI cashed-in in 2019 amount to €88.4m **(including IOS for 3 months)**, vs. €90.1m in 2018 and €114.3m in 2017, with **higher LPI recovery rate** in 2019 vs. 2018 and 2017
- **The stock of unrecognized off-balance sheet LPI (back-book income reserve)** that was not gone through the P&L **increased by €40m**, +11% y/y and equal **to €396m** at the end of 2019
- All LPI over-recoveries are accounted when cash-in collected and there is no sale of LPI

FY17 Adjusted Interest Income does not include €25.2m one-off impact of change in LPI accounting from 40% to 45%

Adjusted Interest Income (€m)



LPI Stock evolution (excluding BFF Polska Group) (€m)



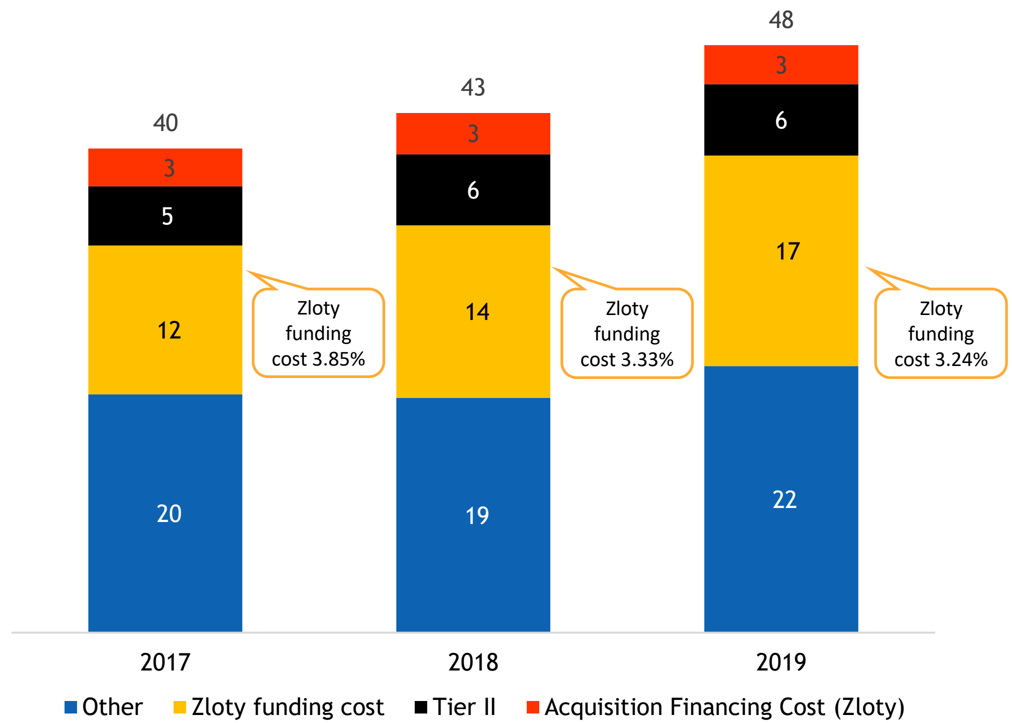
Notes: (1) LPI over-recovery vs. 45% minimum recovery rate assumed for accounting purpose, net of the rescheduling impact. Rescheduling impact: in case a credit is not collected at the expected collection date, the value of the credit on the balance sheet is re-calculated using the new expected cash-flow schedule. The negative delta in value of the loan is booked in the P&L line interest income ("rescheduling impact"). (2) Adjusted Interest Income on customer loans (excluding income on securities and on credit due from banks) / Average Loans in the period.

Decreasing funding costs

- **Reduction in cost of funding continued:**
  - 1.58% in 2019 vs. 1.73% in 2018
  - Increase in interest expenses at €48m (+13% y/y), driven by *i.* the increase of average drawn funding due to the growth of the business (from €2.7bn to €3.3bn) and *ii.* the increase in Zloty funding which has a higher base rate (Wibor 6M 1.79% vs. Euribor 6M -0.324% as of 31st December 2019)
- No funding costs linked to government bond yields
- No ECB refinancing risk
- Further opportunity to decrease funding costs through the **collection of online deposits and rating**

Adjusted Interest expenses (€m)

	2017		2018		2019
Average funding lines used (excluding REPO, €m)	2,397	+14%	2,742	+22%	3,339
Cost of funding (excluding REPO, %)	1.96%	-23bps	1.73%	-15bps	1.58%

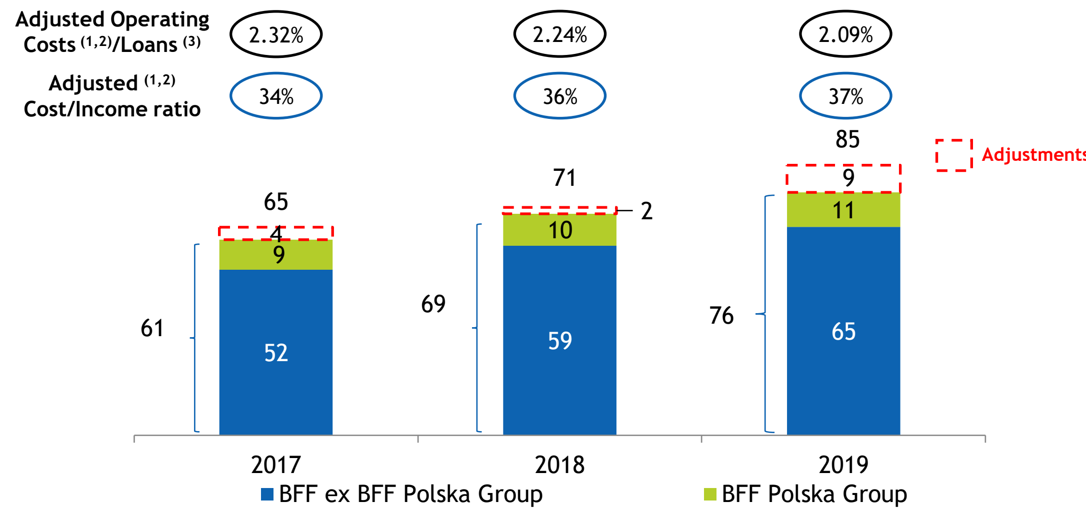


Good operating efficiency despite investment in growth

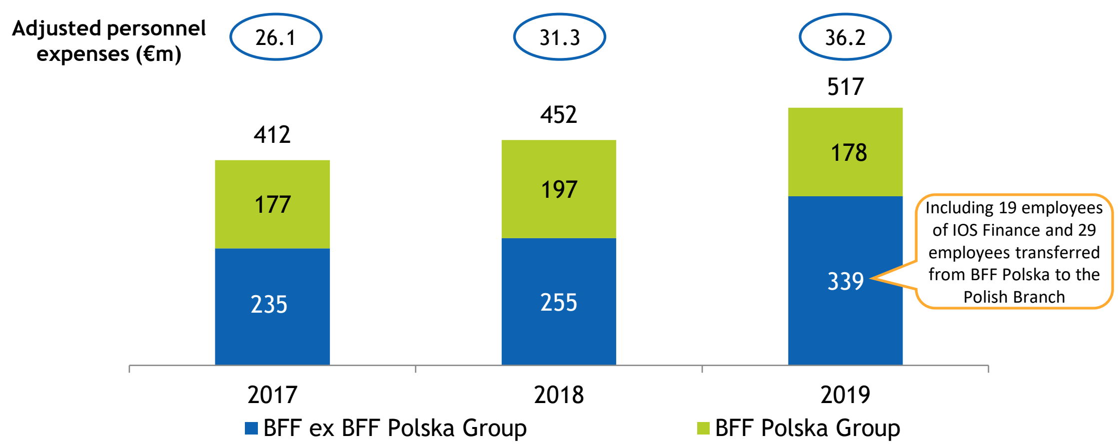
- **Highly efficient structure and improved operating leverage with Adjusted Operating Costs[1]/ Loans ratio of 2.09% in 2019 vs. 2.24% in 2018 and 2.32% in 2017**
- **Operating Cost up by 10% y/y:**
  - Personnel costs increased by 16% y/y due to **higher employee base** (from 452 to 517 employees)
  - Increasing other operating expenses (+5% y/y), due to the growth initiatives
- **Adjusted Cost / Income ratio slightly increased to 37%, entirely due to a lower income from the net LPI over-recovery**

Operating costs adjusted to exclude costs related to the Stock Option plan and the Stock Grant plan (pro-rata), which generate an equivalent increase in equity (€1.7m, €1.3m and €1.5m for 2019, 2018 and 2017 respectively); the extraordinary contribution to Resolution Fund (€0.6m for 2019 and €0.7m for 2018); €4.5m of M&A costs for 2019, partially covered by €1.5m related to IOS goodwill tax step-up (“*affrancamento*”); €1.7m of CEO post IPO retention bonus (€0.7m in net provisions for risks and charges); €2.4m non-recurring costs related to the IPO process only for 2017

Operating Costs[1] (€m)



Number of Employees[4,5]

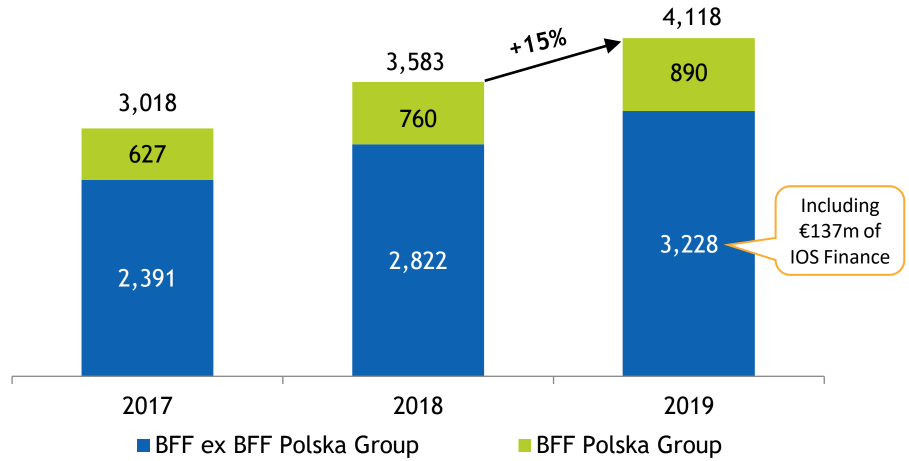


Notes: (1) Adjusted to exclude extraordinary costs. (2) Cost/Income ratio is computed as operating expenses excluding extraordinary costs (administrative expenses + staff expenses + amortization on tangible and intangible assets) divided by adjusted net banking income. (3) Annualised adjusted costs on average loans. (4) BFF includes employees in Italy, Spain and Portugal; 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. (5) 2018 BFF Polska Group includes 19 employees related to some previously outsourced BFF Italy processes that were brought in-house in Poland. At the end of 2019 these employees were 29 and had been moved under BFF Poland Branch (included in BFF ex Polska Group employees).

Double digit growth in Customer Loans

- **Strong growth in customer loans at €4.1bn (+15% y/y, +11% y/y excluding IOS Finance)** throughout the Group:
  - Italy grew by 4% y/y
  - International business represents 41% of total loans (including IOS Finance), up from 35% at the end of Dec-18
- Residual €1.8m (-34% vs. Dec-18) net customer loans related to BFF Polska's SME factoring business placed in run-off at the end of 2017, down from €6m at December 2017

Customer Loans Evolution (€m)



Customer Loans Breakdown by Geography (€m)

BFF Group ex BFF Polska Group	2017	2018	2019
Italy	2,056	2,345	2,439
Spain	213	268	477
Portugal	114	192	142
Greece	9	15	31
Croatia	-	2	2
France	-	-	1
Total	**2,391**	**2,822**	**3,090**
IOS Finance (Spain)	123	98	137
Total including IOS Finance	**2,514**	**2,920**	**3,228**

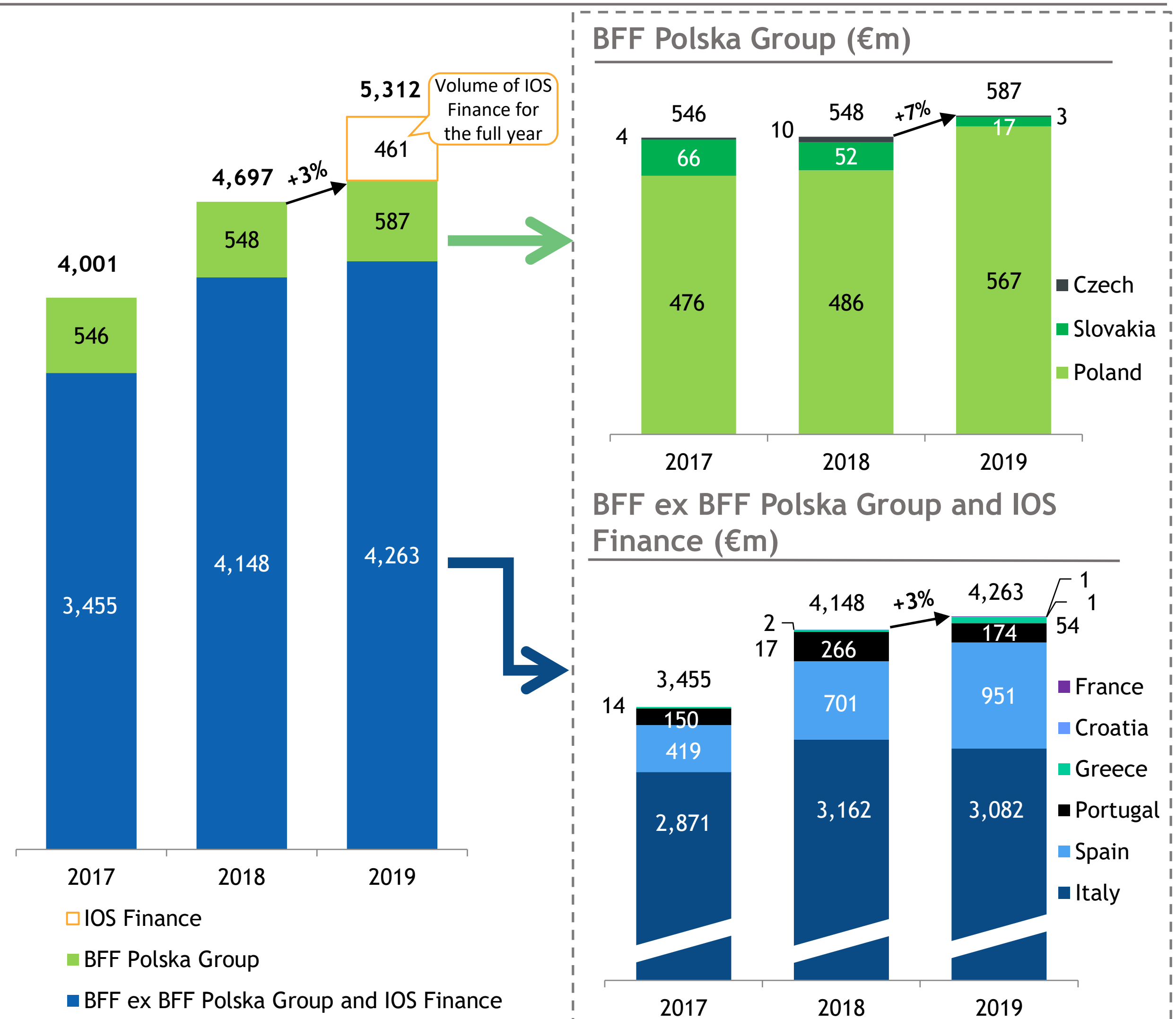
Total Spanish portfolio of €0.6bn (+129% y/y)

BFF Polska Group	2017	2018	2019
Poland	494	589	704
Slovakia	131	164	182
Czech Rep.	2	7	4
Total	**627**	**760**	**890**

Growth in New Business Production

- **New business grew by 3% y/y with volume at €4.9bn in 2019 (€5.3bn including IOS Finance's volume for the full year)**, mainly driven by:
  - Spain +36% y/y (excluding IOS Finance) and Poland +17% y/y
  - Italy almost flat
  - Portugal -34% y/y driven by Government cash injection at the end of 2019
  - Slovakia -67% y/y, due to Government extraordinary debt relief plan
  - Greece contributed for €54m vs. €17m in 2018
  - First test deals in France for €1m completed in 2019
  - IOS Finance grew by 26% y/y
- **With IOS Finance, total volume in Spain in 2019 equal to >€1.4bn, 27% of total portfolio**

Total New Business Volume (€m)



Update on business plan initiatives (1/2)

ANNOUNCED STRATEGIC GOALS 2023	ACHIEVEMENTS	
"Continue to develop current core business and improve operating efficiency"	▪ First purchases of non-NHS receivables in Greece, increasing BFF's addressable market in Greece from €3bn to €9bn ▪ Board of Directors approved to file with Bank of Italy to open a branch in Greece	✓
	▪ First purchases of NHS receivables in France, the 9th market covered by BFF and the 3rd under FOS regime	✓
"Continue to optimise funding and capital"	▪ Opened a branch in Poland and launched the collection of online deposits in Zloty (*Lokata Facto*)	✓
	▪ Launched the collection of online deposits in The Netherlands and Ireland	✓
	▪ First time public rating by Moody's with long-term issuer rating at "Ba1" and positive outlook ▪ First rated ("Ba1") bond issued under the EMTN Programme. Demand c. 3x the issued size	✓
"Consolidate existing business and/or expand into other underserved markets via M&A"	▪ Acquisition of IOS Finance (closing in Sep-19 and merger completed in Dec-19)	✓

Update on business plan initiatives (2/2)

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M&A aimed at consolidating existing businesses and expanding into other underserved markets

Existing business	Adjacent sectors	New niche markets
2019 ✓ IOS FINANCE	✓ magellan WE CREATE SOLUTIONS	

Existing business / Adjacent sectors

Targets profile:

- Operating in the same businesses of BFF or in adjacent sectors
- Attractive asset yield with a low risk profile
- Operating in the same countries covered by BFF or opening new markets

Main benefits:

- Consolidation of BFF's market shares for existing business and/or expansion into new segments leveraging upon existing BFF expertise
- Operational synergies
- Funding synergies

New niche markets

Targets profile:

- Operating in niche business not covered by traditional banks
- Operating only in countries already covered by BFF

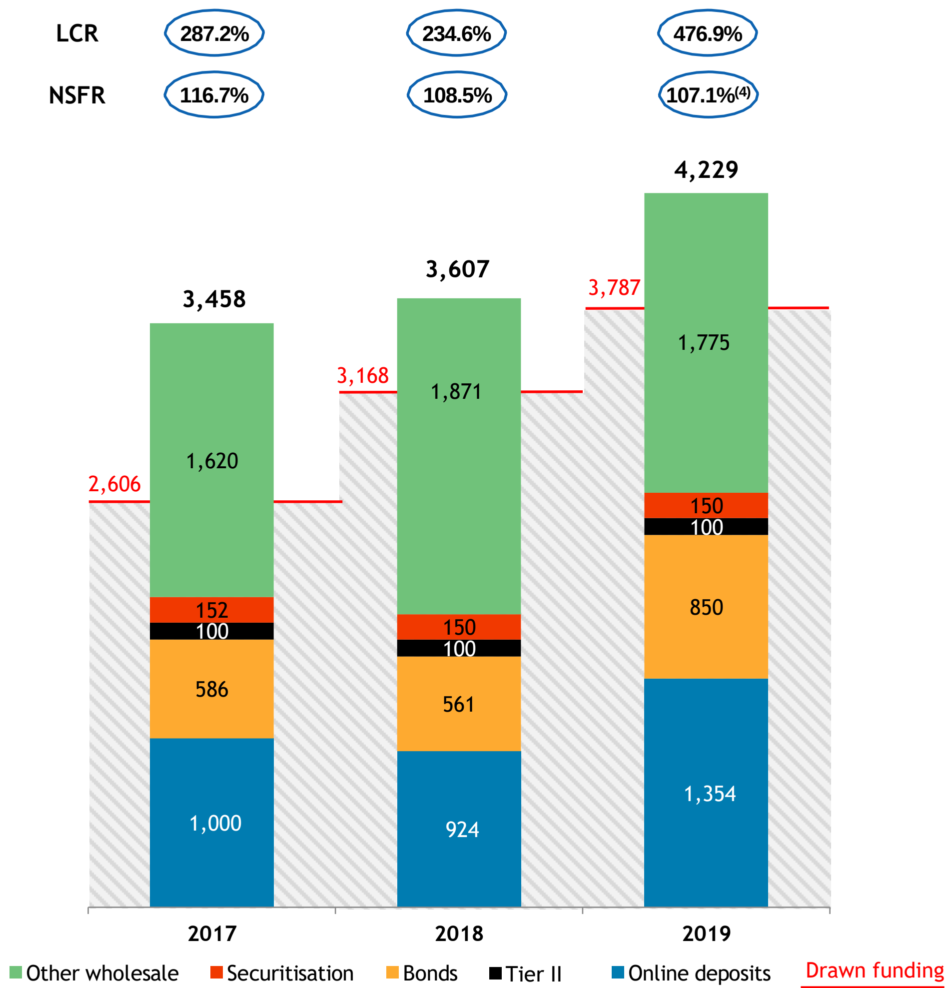
Main benefits:

- Funding synergies
- Diversification

Strong liquidity and no ECB financing

- **A diversified and flexible funding base to support growth:**
  - Online deposits increased by +46% y/y to €1,354m, representing 36% of drawn funds.
- **Long-term issuer rating "Ba1" with positive outlook**
- **New bond successfully placed in Oct-19 for €300m.** Demand equal to c. 3x the offered size
- **Strong liquidity position** with a LCR of 476.9%
- **Excess liquidity with group undrawn funding at €0.4bn**[1]
- **No funding cost linked to the Italian Government funding cost or rating**
- No recourse to ECB TLTRO or other emergency liquidity **measure**
- **EMTN Programme of €1bn established in Nov-2018** and renewed in Jan-2020 to promptly benefit of the potential funding opportunities in the markets
- **Positive impact expected on the NSFR ratio** by the new regulation (in force from 2Q 2021), which establishes more favourable weighting factors for the assets and liabilities related to factoring activities

Available Funding[2,3] (€m)

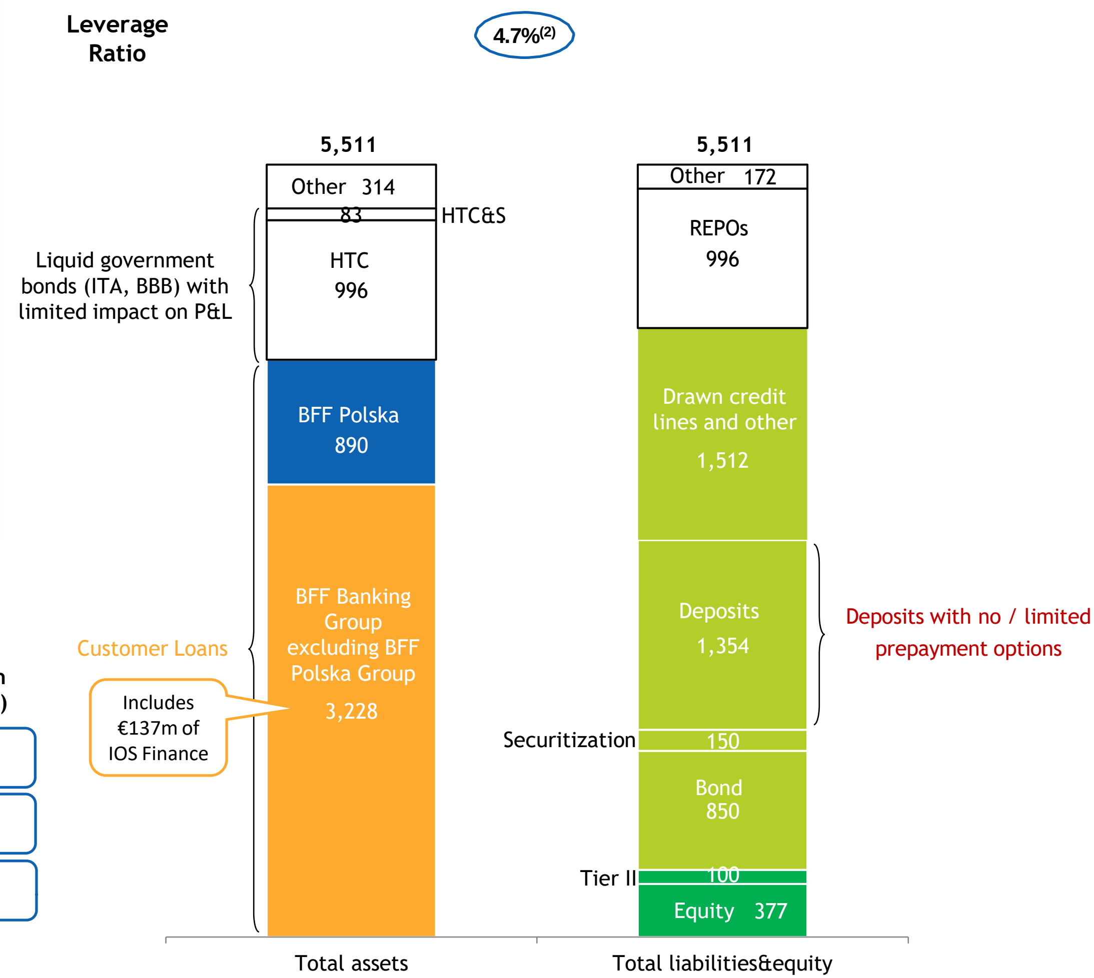


Notes: (1) Based on utilized credit lines. (2) Excluding ECB funds REPOs. (3) Not considering financing for BFF Polska Group and IOS Finance acquisitions, respectively PLN 378m and €26m. (4) Calculated excluding €71mln of expected cash dividend. Without considering the distribution from the subsidiaries of the net income and reserves at YE2019, which will take place in 1Q20, the ratio would be equal to 108.5%.

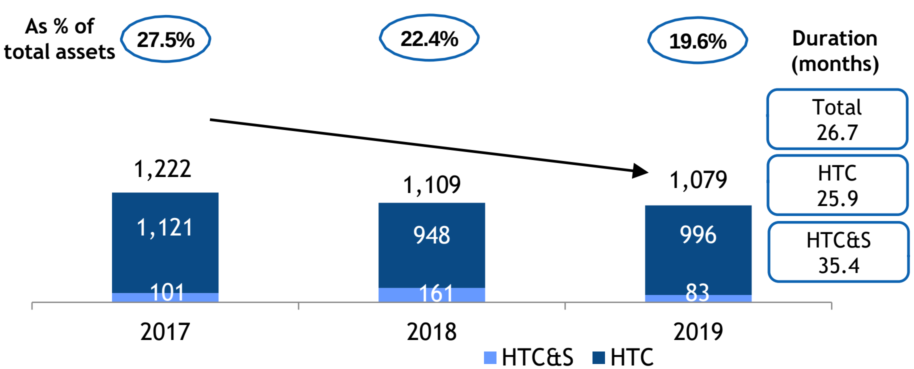
Fortress balance sheet

- Customer loans funded through a well diversified funding base
- **Conservative asset / liability management**
- **Declining Government bond portfolio at €1.1bn** (19.6% of total assets down from 22.4% at 2018, in line with business plan target): negative mark-to-market of HTC&S for €0.1m after taxes (booked in equity) **<u>and positive for €7.7m after taxes on HTC (not recognized in P&L or balance sheet)</u>**
- **Natural currency hedge**: forex assets and BFF Polska Group tangible equity funded with forex liabilities
- **Positively geared to higher interest rates**: most of BFF Polska Group asset at variable rate and non-recourse factoring portfolio with LPI at variable rate

Breakdown of Balance Sheet FY 2019 (€m)



Bond Portfolio[1] (€m)

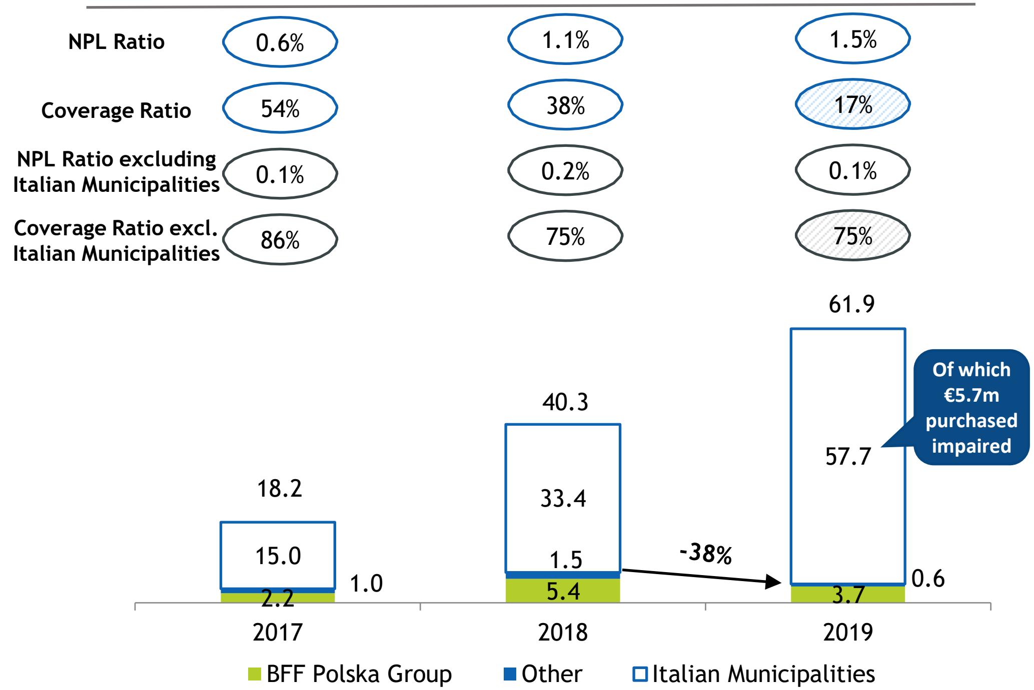


Source: Company data.
Note: (1) 2017 values of AFS and HTM. (2) Calculated excluding €71mln of expected cash dividend. Without considering the distribution from the subsidiaries of the net income and reserves at YE2019, which will take place in 1Q20, the ratio would be equal to 5.3%.

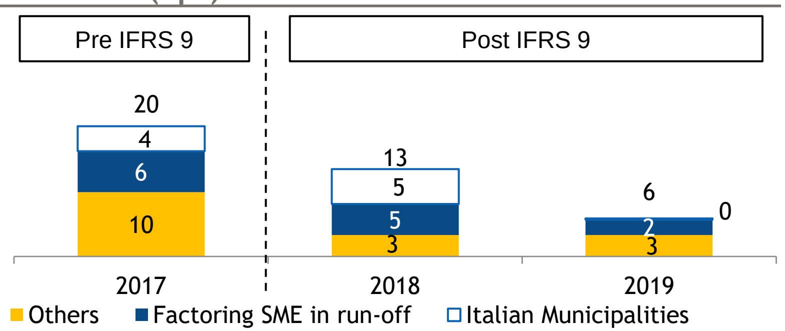
Negligible credit risk

- **Net NPLs excluding Italian municipalities in conservatorship down to €4.3m** (-38% y/y) and **0.1% of net loans**
  - **Reduction in net NPLs thanks to collections**
- **Increase in total Net NPLs entirely driven by the growing activities towards the Italian Municipalities in conservatorship** (€5.7m already in conservatorship at purchase):
  - Classified as NPLs by regulation despite BFF being legally entitled to receive 100% of the capital and LPI at the end of the process
- **Net past due are down by -73% vs. the peak of Jun-18 (€128.3m)**, also thanks to the reorganization of the team responsible for past due oversight
  - -52% vs. YE18 driven mainly by a decrease of past due towards private. **87% of the total at the end of Dec-19 are towards the public sector**
- **6bps annualized Cost of Risk in 2019,** 3bps excluding the SME factoring business in run-off (€1.8m of residual SME net exposure classified as net impaired loans with 71% coverage ratio)

Net Non Performing Loans Evolution (€m)



Cost of risk (bps)



Asset quality - €/000	2017	2018	2019
Total net non performing	18,175	40,344	61,943
Total net unlikely to pay	6,760	6,774	9,526
Total net past due	69,794	72,573	34,691
Total net impaired assets	**94,730**	**119,690**	**106,160**
o/w Total net past due public sector	93%	64%	87%
o/w Total net impaired assets public sector	84%	67%	83%
Total net Impaired Assets/Loans & Receivables	3.1%	3.3%	2.6%
Total net Imp. Assets (excl. Ital. Munic.)/Loans & Receiv.	3.1%	2.4%	1.2%

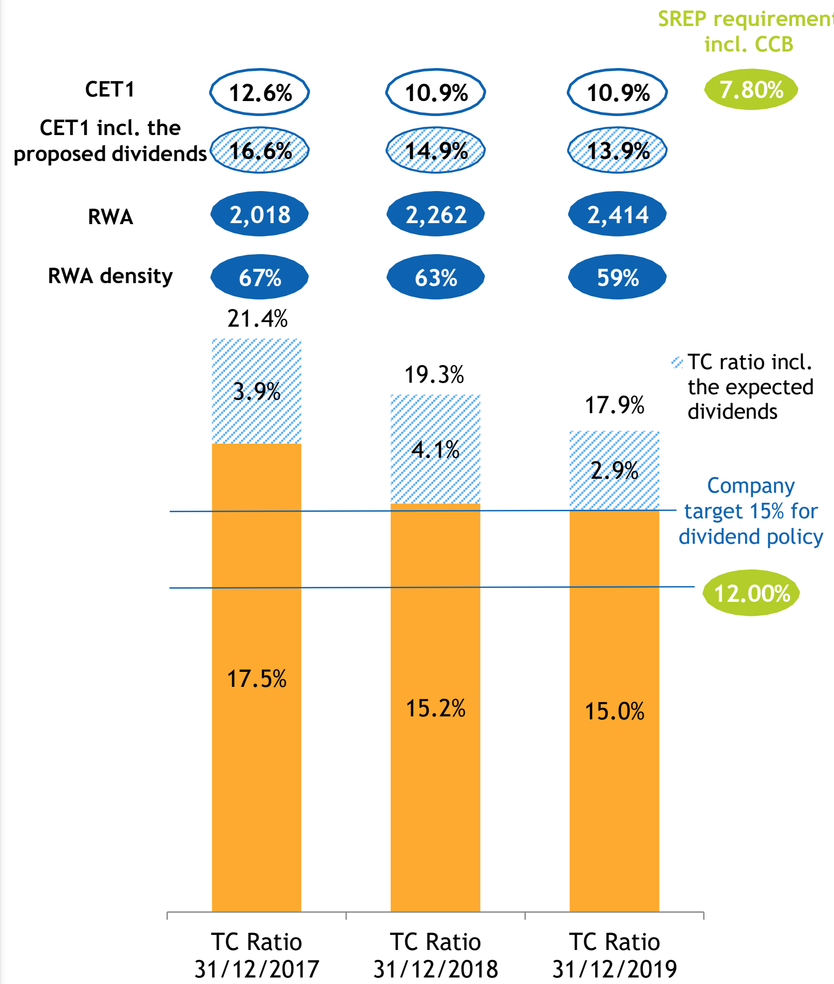
Strong capital position

- **Total Capital ratio of 15.0% and CET1 ratio of 10.9% excluding the expected cash dividend of €71mln**[(1)]

- **Conservative RWA calculation** based on standard model and with the Italian exposure to NHS and other PA risk weighted at 100%[(3)]:
  - One notch Italian rating upgrade by DBRS (BFF's ECAI) would move the risk weighting to 50% with a 3.2% positive impact on Total Capital Ratio and a 2.3% impact on CET1 Ratio, while one notch Portuguese rating upgrade by DBRS would move the risk weighting to 50% with a 0.4% positive impact on Total Capital Ratio and a 0.3% impact on CET1 Ratio
  - **Italian rating would have to be downgraded by 9 notches (i.e. 4 notches below Greece) in order to have a negative impact on BFF's RWA**

- **Lower RWA density,** at 59% at year-end 2019 vs. 63% at YE18, **thanks to a better loan mix and decreasing net impaired assets**

Total Capital Ratio - Banking Group ex TUB Capital Ratio[(2)]



Under the Standard Model, the risk weighting factors for exposures to NHS and other PA different from local and central government depend on the Sovereign Rating of each country

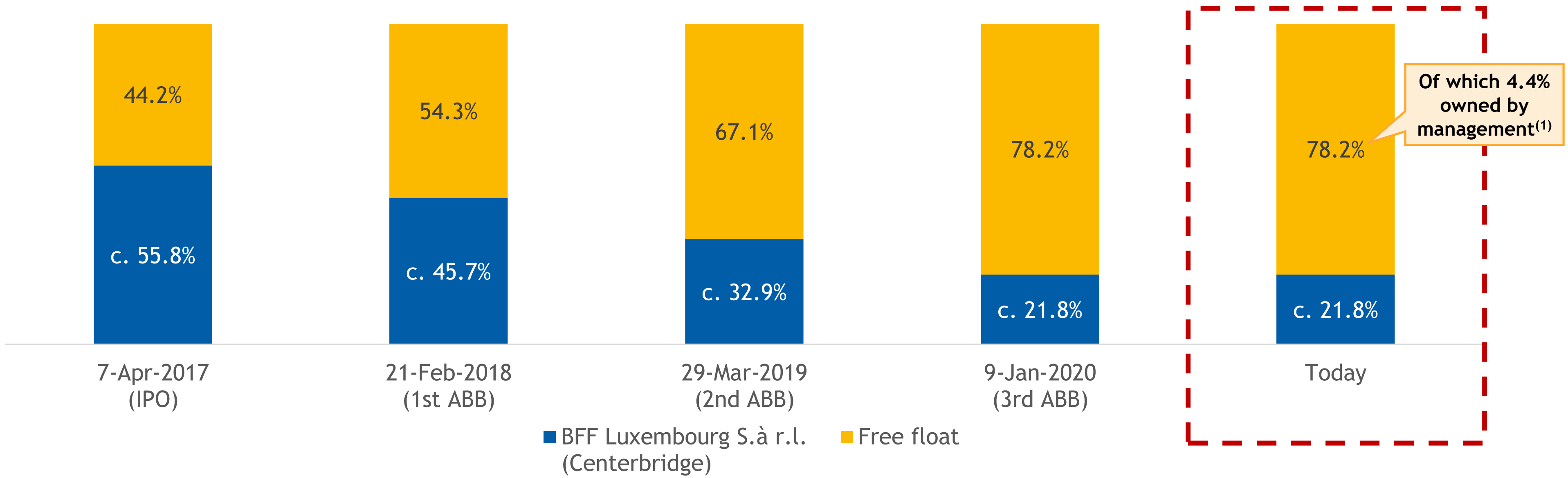
	DBRS Rating	Country	RWA
Investment Grade	AAA		20%
	AA (High)		
	AA		
	AA (Low)		
	A (High)		50%
	A		
	A (Low)		
	BBB (High)		100%
	BBB		
	BBB (Low)		
Non-Investment Grade	BB (High)	Not rated by DBRS	
	BB		
	BB (Low)		
	B (High)		
	B		
	B (Low)		
	CCC (High)		150%
	CCC		
	CCC (Low)		
	CC		
	C		
	D		

Notes: (1) Without considering the distribution from the subsidiaries of the net income and reserves at YE2019, which will take place in 1Q20, the ratios are equal to 12.5% and 16.6%. (2) 2019 CRR Total Capital Ratio and CET1 Ratio: 15.0% and 10.9%. These ratios are subject to approval by BFF Luxembourg S.à r.l.. (3) Following the DBRS downgrade, starting from March 2017, capital ratios are calculated based on a higher risk weighting factor (from 50% to 100%) for the Italian exposure to NHS and other PA different from local and central government.

Update on shareholder structure

- **On the path of a fully public company**
  - BFF Luxembourg's stake went down from 94% pre-IPO, to 56% at IPO and then to 22% post completion of three ABBs
  - Centerbridge funds indirectly hold a majority stake in BFF Luxembourg S.à r.l.
- **Management holds a 4.4% direct stake in BFF**

Evolution of BFF free float



Note: (1) Shares held as of 31/12/2019 by the Group CEO, his closely associated persons and other 7 managers with strategic responsibilities.

Update on the legal environment

Possible termination of the VAT Split Payment	▪ Following the introduction of the VAT Split Payment in Italy, BFF purchases receivables net of VAT (on average ~20% of the face value of the receivables) ▪ It's a temporary measure introduced in 2015 and authorized by the EU until June 2020 ▪ If not extended (as it may be the case, since the proposal is not included in the 2020 Italian budget Law), BFF volumes in Italy should automatically increase by 20% on annual basis with virtually no impact on operating costs
ACE ("Aiuto per la Crescita Economica")	▪ ACE is an Italian tax incentive that allows deductions from corporate income taxable base, for an amount equivalent to the net increase in the "new equity" multiplied by a fixed rate ▪ Abolished in 2018, ACE has been reintroduced for 2019 in the 2020 Italian Budget Law with a multiplier of 1.3% (vs. 1.5% for FY18)
Sentence of EU Court of Justice on Italy	▪ In Dec-2017 the European Commission referred Italy to the EU Court of Justice due to systemic payments delay by the Italian public authorities in commercial transactions, thus breaching EU rules ▪ In Jan-2020 the EU Court of Justice ruled that Italy had failed to fulfil its obligations under the Directive 2011/7/EU, not complying with periods for payment and sentenced to pay the court legal costs ▪ No impact is expected on the payment delays from the PA. The judgement could open the way to holding the Government responsible for the payment of the receivables due from the public entities

FY 2019 results: key highlights

Strong financial performance	▪ €98.8m of Adjusted Net Income (+8% y/y) with 38% of Adjusted RoTE (37% in 2018), despite €2.7m of lower net LPI over-recovery vs. 2018 ▪ Stock of unrecognized off-balance sheet LPI (back-book income reserve) increased by €40m YoY to €396m ▪ Improving operating leverage with Adjusted Operating Costs/Loans ratio of 2.09% vs. 2.24% in 2018
Strong dividend capacity and capital	▪ **€71mln of expected cash dividends:** 72% pay-out ratio and €0.415 per share, 38% growth YoY on a like-for-like basis, thanks to a better RWA mix ▪ TC at 15% target and CET1 ratio at 10.9% excluding the expected cash dividends
Strong growth in loans	▪ Total customer loans up by 15% y/y at €4.1bn (+11% y/y at €4.0bn excluding IOS Finance), 41% outside Italy vs. 35% at Dec-18 ▪ New business grew by 3% y/y at €4.9bn (excluding IOS Finance). In 2019 IOS Finance's volume grew by 26% y/y at €461m
Solid funding base and liquidity	▪ Reduction in cost of funding continued: 1.58% in 2019 vs. 1.73% in 2018 ▪ Opportunities of further reduction in funding cost from collection of online deposits, that increased by +46% y/y to €1,354m, representing 36% of drawn funds ▪ Excess liquidity, with €0.4bn of committed undrawn funding, and no recourse to ECB financing ▪ Sound liquidity ratios with LCR at 476.9% and NSFR at 107.1%
Very low risk profile with improved credit quality	▪ Strong reduction in net impaired loans (-11% y/y), with the Net NPLs/loans ratio down to 0.1% (excluding Italian municipalities in conservatorship). 83% of total net impaired assets are towards the public sector ▪ Net Impaired assets towards private sector down -54% vs YE18. Annualised Cost of Risk at 6bps, 3bps excluding the SME factoring business in run-off
Update on Business Plan initiatives	▪ First purchases of non-NHS receivables in Greece and first purchases of NHS receivables in France ▪ Continued to optimise funding, with the launch of online deposits in Poland, The Netherlands and Ireland, the assignment of the first-time public rating by Moody's (long-term issuer rating at "Ba1" and positive outlook), and the issuance of the first rated ("Ba1") bond issued under the EMTN Programme. Demand c. 3x the issued size ▪ Consolidated existing business via M&A, with IOS Finance acquisition

2019 exchange rate for Poland and Czech Republic respectively PLN/€ 4,2976 and PLN/CZK 0,167 for P&L data (2019 average), PLN/€ 4,2568 and PLN/CZK 0,168 for Balance Sheet data (31st December 2019); 2018 exchange rate for Poland and Czech Republic respectively PLN/€ 4,2615 and PLN/CZK 0,166 for P&L data (2018 average), PLN/€ 4,3014 and PLN/CZK 0,167 for Balance Sheet data (31st December 2018); 2017 exchange rate for Poland and Czech Republic respectively PLN/€ 4,2570 and PLN/CZK 0,162 for P&L data (2017 average), PLN/€ 4,177 and PLN/CZK 0,164 for Balance Sheet data (29th December 2017).

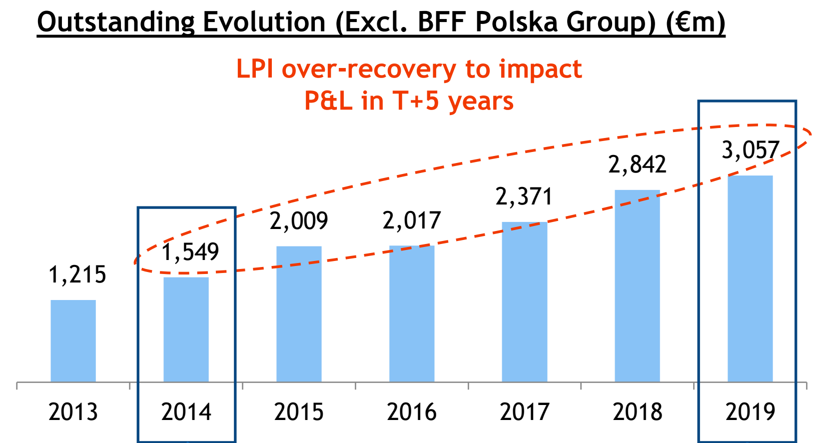
Appendix

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

BFF BANKING GROUP

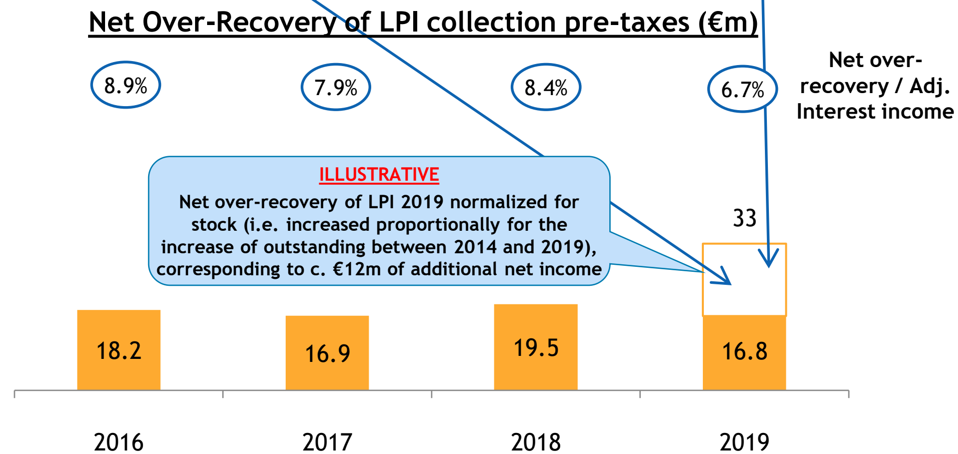
Deferral Income of LPI collection

- BFF prudently recognizes in P&L on an accrual basis only 45% of LPI legally due (**discounted** over 1800 days, i.e. 5 years horizon). 45% is the minimum at which BFF settles its LPI recovery. **Over-collection** vs. 45% minimum is recognized on a cash basis at collection (5 years on average)
- Therefore, the full impacts on P&L of the LPI generated by the growing outstanding over the last years will be visible only in the coming years:
  - **Discounting effect of the 45%**: the amount of LPI accrued in P&L will increase for the next 5 years also in case of stable outstanding
  - **Deferral effect of the over-recovery:** over-recovery generated by the larger 2018 outstanding vs. previous years will be visible only in c. 5 years



Over-recovery of LPI net of re-scheduling impact (€m)

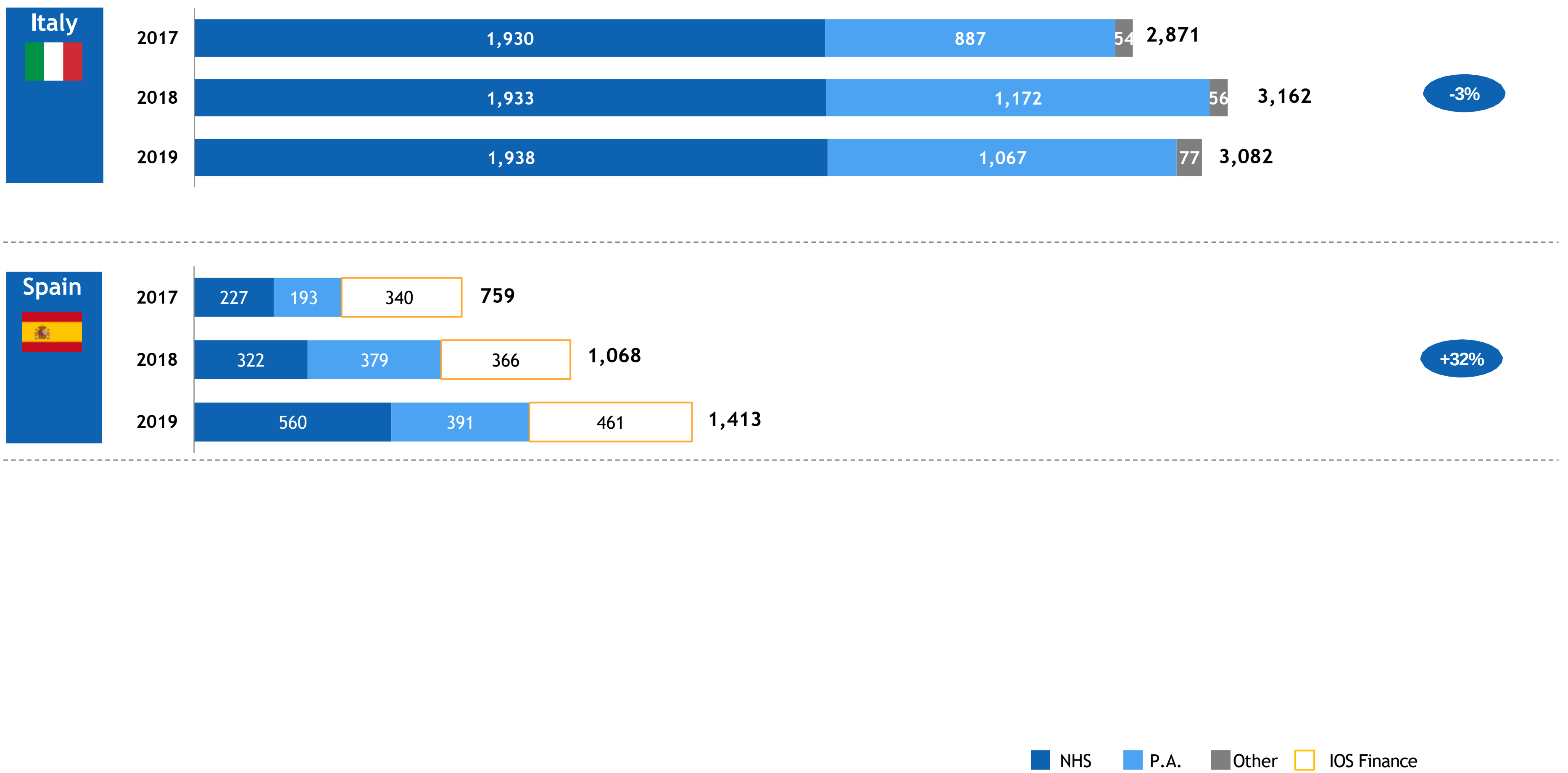
- The loans on balance sheet are accounted based on the amortized cost:
  - In case the credit is not collected at the expected collection date, the value of the credit is re-calculated using the new expected cash-flow schedule
  - The delta in the value of the loan is booked in the P&L line “interest income” with a negative impact (**rescheduling impact**)
- The **net over-recovery, i.e.** over-recovery of LPI less the rescheduling impact, has been on average less than 10% of the interest income over the last 3 years



Non-recourse Volume (1/2)

Volume (€m)

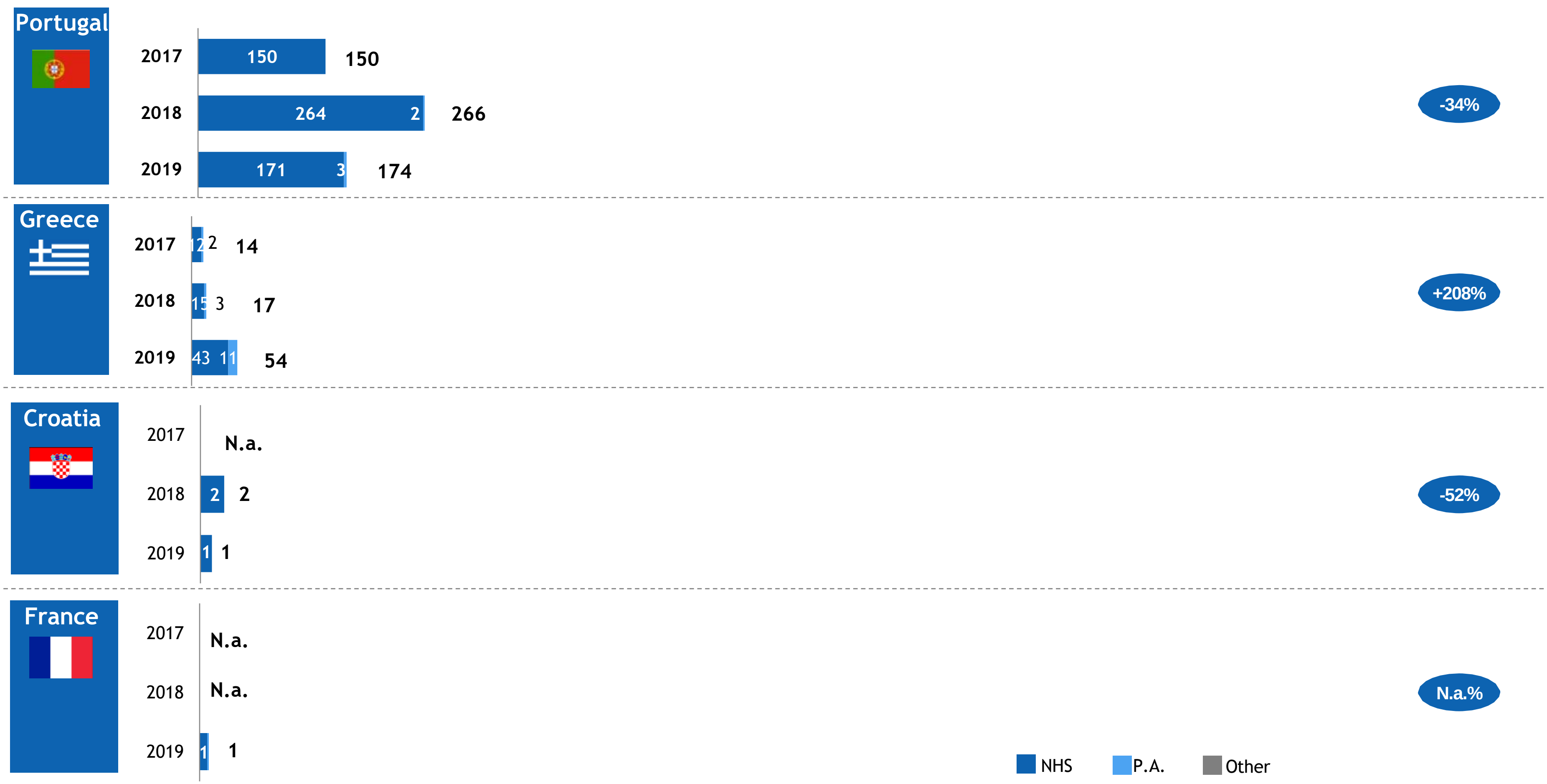
Non-recourse growth FY19 vs FY18



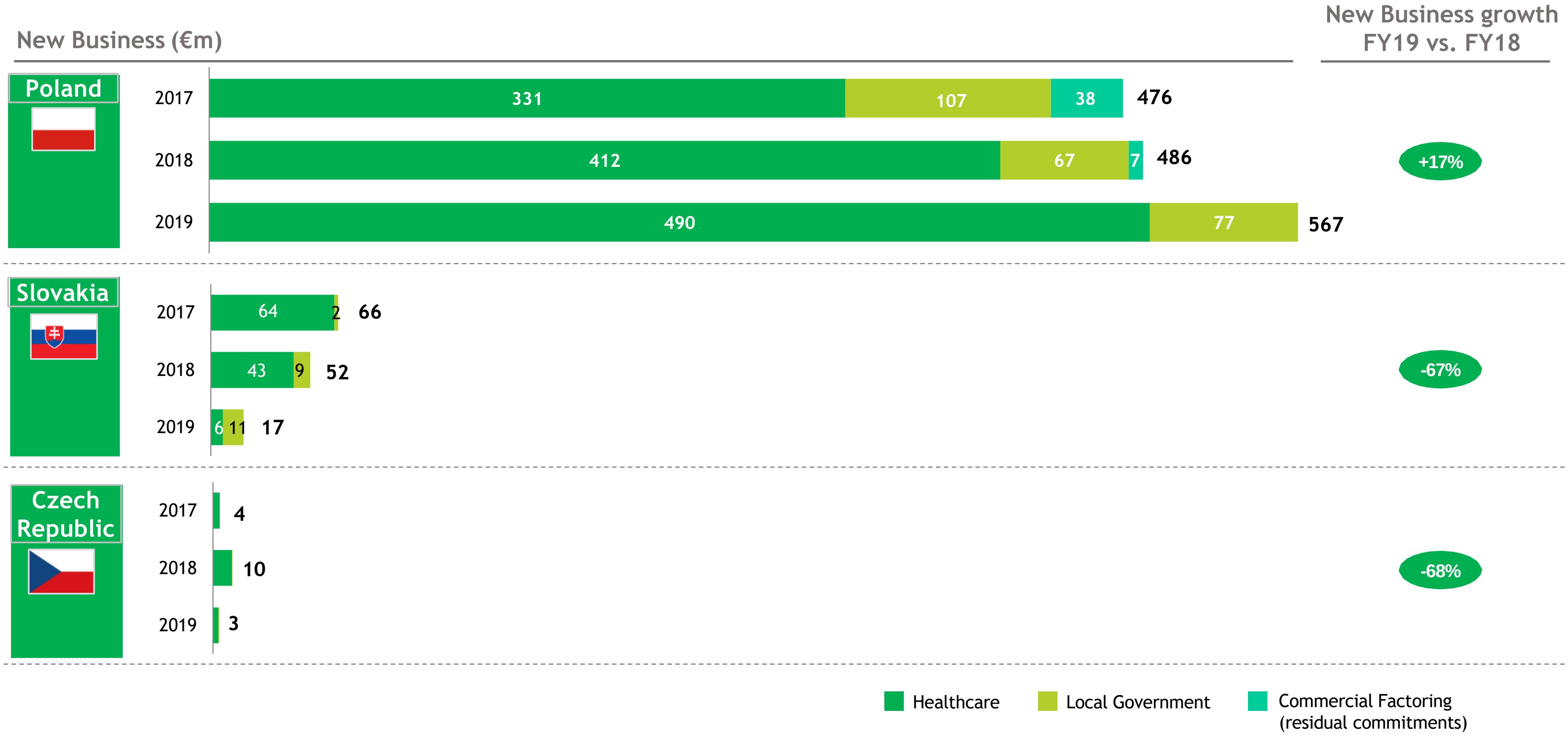
Non-recourse Volume (2/2)

Volume (€m)

Non-recourse growth FY19 vs FY18



New Business Volume



Adjusted Net Income reconciliation

€m	2017	2018	2019
Group BFF Reported Net income	**95.5**	**92.2**	**93.2**
Change in LPI accounting from 40% to 45%	(17.8)		
One-off IPO costs	1.7		
Exchange rates movement (offset at the comprehensive income and equity level)	3.3	(1.9)	0.5
Stock Options & Stock Grant	1.1	0.9	1.3
Extraordinary Resolution Fund contribution		0.5	0.5
M&A costs			3.2
IOS goodwill tax step-up			(1.5)
CEO post IPO retention bonus			1.7
Adjusted Net Income	**83.7**	**91.8**	**98.8**

Summary Profit & Loss

	2017 Reported	2017 Adjustments	2017 Adjusted	2018 Reported	2018 Adjustments	2018 Adjusted	2019 Reported	2019 Adjustments	2019 Adjusted
Interest Income	237.9	-25.2	212.8	231.6		231.6	249.0		249.0
of which interest income calculated using the effective interest rate method	199.9	-25.2	174.7	195.5		195.5	211.3		211.3
Interest Expenses	-39.9		-39.9	-42.9		-42.9	-48.4		-48.4
Net Interest Income	**198.0**	**-25.2**	**172.8**	**188.7**		**188.7**	**200.5**	**0.0**	**200.5**
Net Fee and Commission Income	6.5		6.5	5.7		5.7	4.5		4.5
Dividends	0.1		0.1	0.0		0.0	0.0		0.0
Gains/Losses on Trading	-5.5	4.7	-0.8	2.5	-2.6	-0.1	-0.8	0.7	-0.1
Fair value adjustments in hedge accounting	0.0		0.0	0.1		0.1	0.0		0.0
Gains/losses on disposal/repurchase of									
a) financial assets measured at amortized cost	0.0		0.0	0.0		0.0	0.4		0.4
b) financial assets measured at fair value through OCI	1.8		1.8	0.4		0.4	0.0		0.0
c) financial liabilities							0.0		0.0
Gains (losses) on other financial assets and liabilities measured at fair value through profit or loss							0.0		0.0
a) financial assets and liabilities designated at fair value			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
Net Banking Income	**200.8**	**-20.5**	**180.3**	**197.5**	**-2.6**	**194.9**	**204.6**	**0.7**	**205.3**
Net adjustments/reversals of impairment for credit risk concerning:									
a) financial assets measured at amortized cost	-6.0		-6.0	-4.8		-4.8	-2.4		-2.4
b) financial assets measured at fair value through OCI	-0.7		-0.7	0.0		0.0	0.0		0.0
Administrative and Personnel Expenses	-62.0	3.9	-58.1	-68.2	2.0	-66.1	-79.5	8.5	-71.0
Net provisions for risks and charges									
a) commitments and guarantees provided	0.0		0.0	0.0		0.0	-0.4		-0.4
b) other net allocations	-0.8		-0.8	-0.9		-0.9	-2.8	0.7	-2.1
Net Adjustments to/ Writebacks on Property, Plan and Equipment and Intangible Assets	-3.1		-3.1	-3.2		-3.2	-5.1		-5.1
Other Operating Income (Expenses)	3.8		3.8	3.9		3.9	7.2		7.2
Profit Before Income Taxes from Continuing Operations	**132.0**	**-16.6**	**115.3**	**124.3**	**-0.6**	**123.7**	**121.7**	**9.9**	**131.6**
Income Taxes	-36.4	4.8	-31.6	-32.1	0.2	-31.9	-28.6	-4.3	-32.8
Net Income	**95.5**	**-11.8**	**83.7**	**92.2**	**-0.4**	**91.8**	**93.2**	**5.6**	**98.8**

Summary Balance Sheet

	FY17 Reported	FY18 Reported	FY19 Reported
Cash and cash Balances	80.9	99.5	78.3
Financial assets measured at *fair value* through profit or loss	0.5	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*	0.5	0.0	0.0
Financial assets measured at fair value through OCI	101.4	160.8	82.9
Financial assets measured at amortized cost	4,183.9	4,593.8	5,250.7
a) Loans and receivables with banks	44.8	62.8	136.7
b) Loans and receivables with customers	4,139.1	4,531.0	5,114.0
Hedging derivatives	0.3	0.0	0.0
Equity Investments	0.3	0.2	0.1
Property, Plant and Equipment	12.8	12.0	17.1
Intangible Assets	26.0	26.4	35.3
Tax Assets	30.9	34.2	35.1
Other Assets	9.8	14.7	11.6
Total Assets	**4,446.9**	**4,941.5**	**5,511.0**
Liabilities and Equity			
Financial liabilities measured at amortized cost	3,944.1	4,403.0	4,962.2
a) deposits from banks	658.0	1,238.0	1,142.8
b) deposits from customers	2,496.0	2,349.9	2,713.7
c) securities issued	790.1	815.2	1,105.7
Financial Liabilities Held for Trading	0.5	0.0	0.0
Hedging Derivatives	0.0	0.0	0.0
Tax Liabilities	82.5	88.3	99.0
Other Liabilities	49.7	78.1	65.3
Employess Severance Indemnities	0.8	0.8	0.8
Provision for Risks and Charges	5.4	5.0	6.4
Equity	268.3	274.1	284.1
Profits for the Year	95.5	92.2	93.2
Total Liabilities and Equity	**4,446.9**	**4,941.5**	**5,511.0**

Breakdown by quarter - BFF Banking Group

Adjusted Values			**2017**					**2018**					**2019**		
Data in €/m	**1Q**	**2Q**	**3Q**	**4Q**	**FY**	**1Q**	**2Q**	**3Q**	**4Q**	**FY**	**1Q**	**2Q**	**3Q**	**4Q**	**FY**
Interest income	54.8	46.8	44.4	66.8	**212.8**	53.4	54.9	49.3	74.0	**231.6**	55.9	52.7	55.3	85.1	**249.0**
Interest expenses	(9.8)	(10.3)	(9.7)	(10.1)	**(39.9)**	(11.3)	(10.1)	(10.3)	(11.2)	**(42.9)**	(11.5)	(11.3)	(12.3)	(13.5)	**(48.4)**
Net interest income	45.0	36.4	34.8	56.7	**172.8**	42.2	44.8	39.0	62.8	**188.7**	44.4	41.4	43.1	71.6	**200.5**
Net banking income	45.9	38.4	36.8	59.1	**180.3**	44.0	46.5	40.7	63.6	**194.9**	45.7	42.7	44.4	72.6	**205.3**
Operating costs and D&A	(15.6)	(15.5)	(13.6)	(16.6)	**(61.2)**	(15.3)	(18.7)	(16.0)	(19.3)	**(69.3)**	(16.5)	(18.7)	(18.6)	(22.3)	**(76.0)**
LLPs	(0.7)	(1.2)	(0.4)	(3.7)	**(6.0)**	(1.0)	(2.3)	(0.6)	(1.0)	**(4.8)**	0.0	(0.5)	(0.5)	(1.4)	**(2.4)**
Other*	0.6	0.9	(0.1)	0.9	**2.3**	0.2	0.9	0.2	1.7	**3.0**	0.6	1.7	0.2	2.2	**4.7**
Profit Before Taxes	30.3	22.6	22.8	39.7	**115.3**	27.9	26.4	24.5	44.9	**123.7**	29.9	25.2	25.5	51.1	**131.6**
Income Taxes	(8.5)	(6.2)	(6.2)	(10.6)	**(31.6)**	(7.6)	(6.7)	(6.4)	(11.2)	**(31.9)**	(7.6)	(6.2)	(6.2)	(12.8)	**(32.8)**
Net income	21.8	16.3	16.5	29.1	**83.7**	20.3	19.7	18.1	33.8	**91.8**	22.2	19.0	19.3	38.2	**98.8**

Reported Values			**2017**					**2018**					**2019**		
Data in €/m	**1Q**	**2Q**	**3Q**	**4Q**	**FY**	**1Q**	**2Q**	**3Q**	**4Q**	**FY**	**1Q**	**2Q**	**3Q**	**4Q**	**FY**
Interest income	79.9	46.8	44.4	66.8	**237.9**	53.4	54.9	49.3	74.0	**231.6**	55.9	52.7	55.3	85.1	**249.0**
Interest expenses	(9.8)	(10.3)	(9.7)	(10.1)	**(39.9)**	(11.3)	(10.1)	(10.3)	(11.2)	**(42.9)**	(11.5)	(11.3)	(12.3)	(13.5)	**(48.4)**
Net interest income	70.1	36.4	34.8	56.7	**198.0**	42.2	44.8	39.0	62.8	**188.7**	44.4	41.4	43.1	71.6	**200.5**
Net banking income	67.4	38.6	38.5	56.5	**200.8**	44.7	49.8	38.8	64.1	**197.5**	45.7	41.6	47.0	70.3	**204.6**
Operating costs and D&A	(19.5)	(15.5)	(13.6)	(16.6)	**(65.1)**	(16.6)	(19.4)	(16.0)	(19.4)	**(71.4)**	(17.6)	(20.8)	(19.5)	(26.7)	**(84.6)**
LLPs	(0.7)	(1.2)	(0.4)	(3.7)	**(6.0)**	(1.0)	(2.3)	(0.6)	(1.0)	**(4.8)**	0.0	(0.5)	(0.5)	(1.4)	**(2.4)**
Other*	0.6	0.9	(0.1)	0.9	**2.3**	0.2	0.9	0.2	1.7	**3.0**	0.6	1.7	0.2	1.5	**4.1**
Profit Before Taxes	47.8	22.7	24.4	37.0	**132.0**	27.3	29.1	22.5	45.4	**124.3**	28.8	21.9	27.3	43.7	**121.7**
Income Taxes	(13.6)	(6.3)	(6.8)	(9.8)	**(36.4)**	(7.5)	(7.6)	(5.8)	(11.3)	**(32.1)**	(7.3)	(5.3)	(5.2)	(10.7)	**(28.6)**
Net income	34.2	16.4	17.7	27.2	**95.5**	19.8	21.5	16.7	34.1	**92.2**	21.4	16.7	22.0	33.0	**93.2**

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

Asset quality

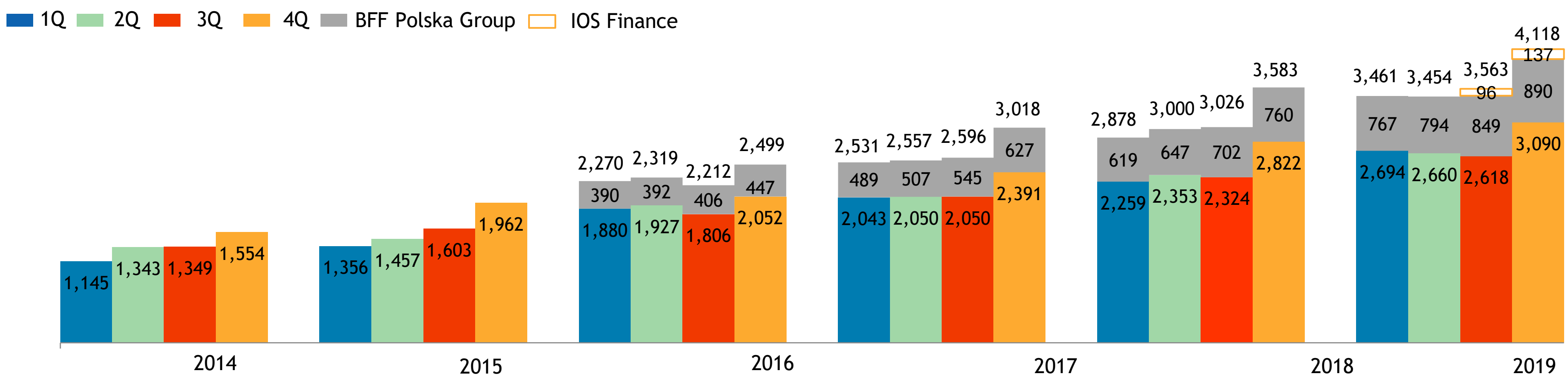
	31/12/2019		
	Gross	Provision	Net
Net non performing - total	74,944	(13,001)	61,943
Net unlikely to pay	11,836	(2,310)	9,526
Net past due	34,780	(88)	34,691
Total net impaired assets	121,560	(15,400)	106,160

	31/12/2018		
€/000	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

	31/12/2017		
€/000	Gross	Provision	Net
Total non performing	39,587	(21,412)	18,175
Total unlikely to pay	10,370	(3,610)	6,760
Total past due	69,935	(140)	69,794
Total	119,892	(25,162)	94,730

Traditional business subject to seasonality, with peak in 4Q

Loans Evolution by Quarter (€m)



Breakdown of Volume by Quarter (€bn)