BFF BANKING GROUP

Fixed Income Investor Presentation

October 2017

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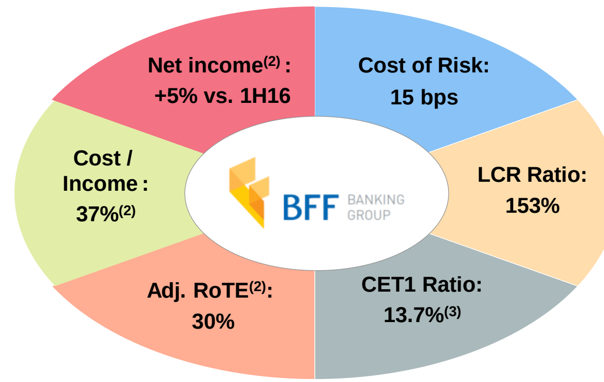
BFF Banking Group: A Bank Like No Other

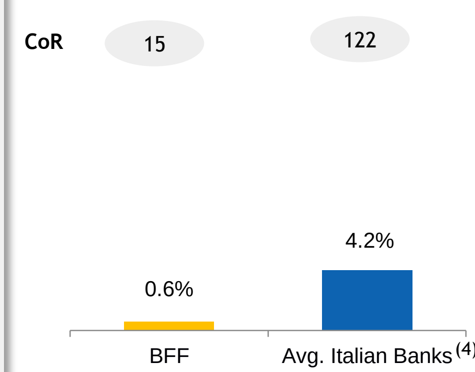
General Overview

- **Leading financial services provider to suppliers of the European Healthcare and Public Administration sectors**
- **Three main business lines:**
  - **Non Recourse Factoring ("Purchased")** (funded business, 82% of gross revenues[1])
  - **Credit Collection Management** (unfunded business, 4% of gross revenues[1])
  - **Financing to healthcare entities and Local Government in CEE** (funded business, 12% of gross revenues[1])
- **Long standing relationship with high profile clients,** mainly international and large national companies
- Established presence in **Spain, Portugal and CEE.** First deal in **Greece** completed in Sept-17
- **Consistent track record of profitability and cash generation;** adjusted RoTE of 30% in 1H 2017[2]
- **Low risk profile:** NPLs at 0.6% of loans
- **Sound capital position:** CET1 at 13.7%[3]

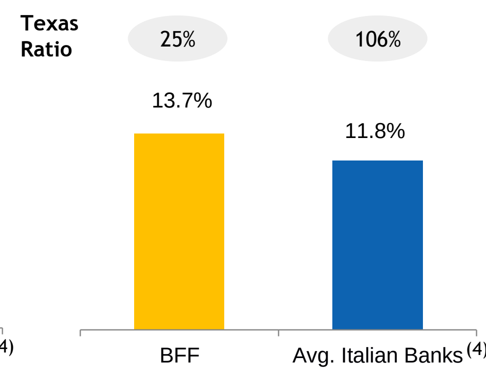
High Profitability and Solid Balance Sheet (1H17)



Net NPLs Ratio (%)



CET1 Ratio (%)



Source: Annual Report. Notes: : (1) Based on 2016 banking income gross of interest expenses and commission expenses and including Magellan only for 7 months. The remaining 2% is related to the interest income on financial assets. (2) 1H17 excluded extr. items net of taxes of: €17.8m related to the change in LPI accounting from 40% to 45%; €1.7m costs related to IPO; €1.1m costs related to stock option plan; €2.5m post tax negative effect from exchange rate movements on the debt for the acquisition of Magellan, offset at the comprehensive income and equity level by a corresponding increase in value of the Magellan asset, given the natural hedging put in place at the time of the acquisition; 1H16 excluded extr. items net of taxes of: €0.9m costs related to IPO; €3.8m costs related to Magellan acquisition; €0.6m positive exchange rate difference; (3) Capital ratios Banking Group ex TUB (4) Source: Financial interim results. Includes UCI, ISP, BancoBPM, UBI, BPER, BP Sondrio, Credem and Creval as of 1H 2017

Long and Successful Track Record in a Changing Environment

- Established in 1985
- Initial investment of €260k
- Focused on the collection management of the receivables of the suppliers to the Italian NHS

- Spanish subsidiary active since 2011

FARMAFACTORING ESPAÑA

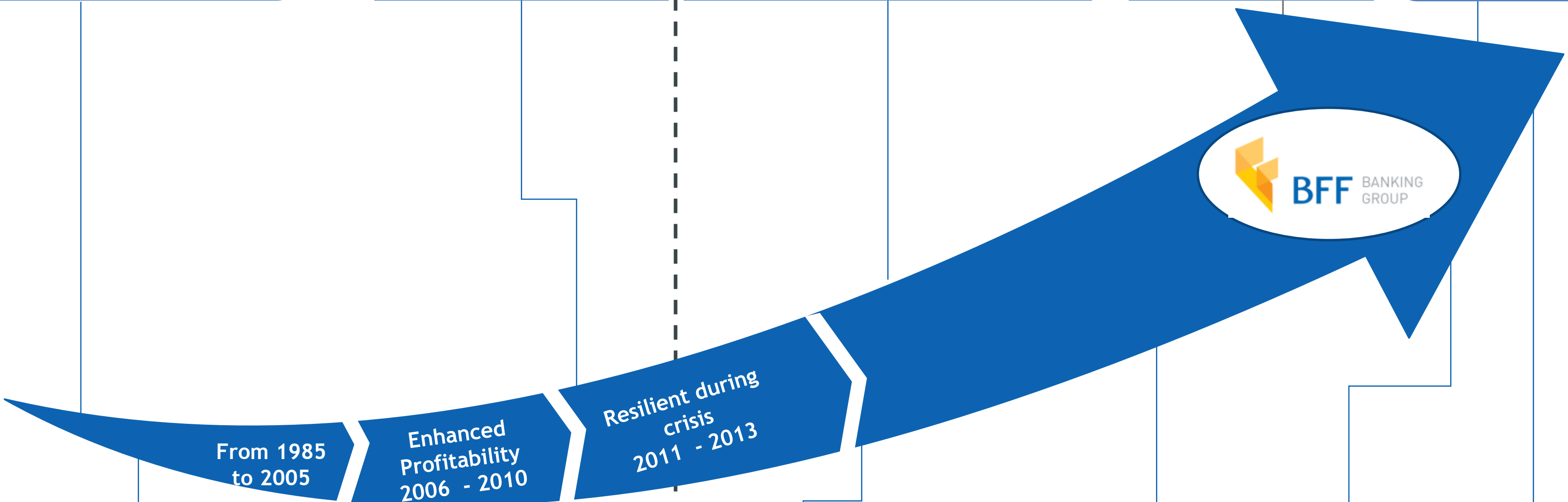
- Expand funding base:
  - Senior bond issued in June 2014
  - Online deposit launched in September 2014
  - Strengthen operations to support growth

FACTO

- Acquisition of Magellan in June 2016 and delisting in December 2016

magellan

- Listing on Borsa Italiana Stock Exchange in April 2017 (37% free float)



- Started in 1990 the activity of non-recourse factoring

Turning point:
BFF becomes bank in July 2013

- Start changing the funding mix
- Launch of activities in Portugal in 2014

- Further funding expansion
  - Launch of online deposit in Spain in 2H 2015
  - Entered in the German deposit market in 2016
- Increased volumes in PA and Iberia
- Senior bond issued in June 2016

FACTO

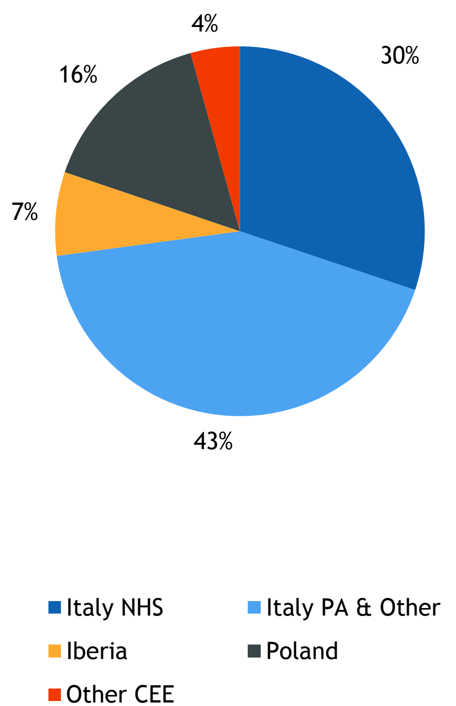
- 10NC5 Tier 2 Subordinated bond issued in March 2017

- 5Y senior unsecured bond issued in June 2017

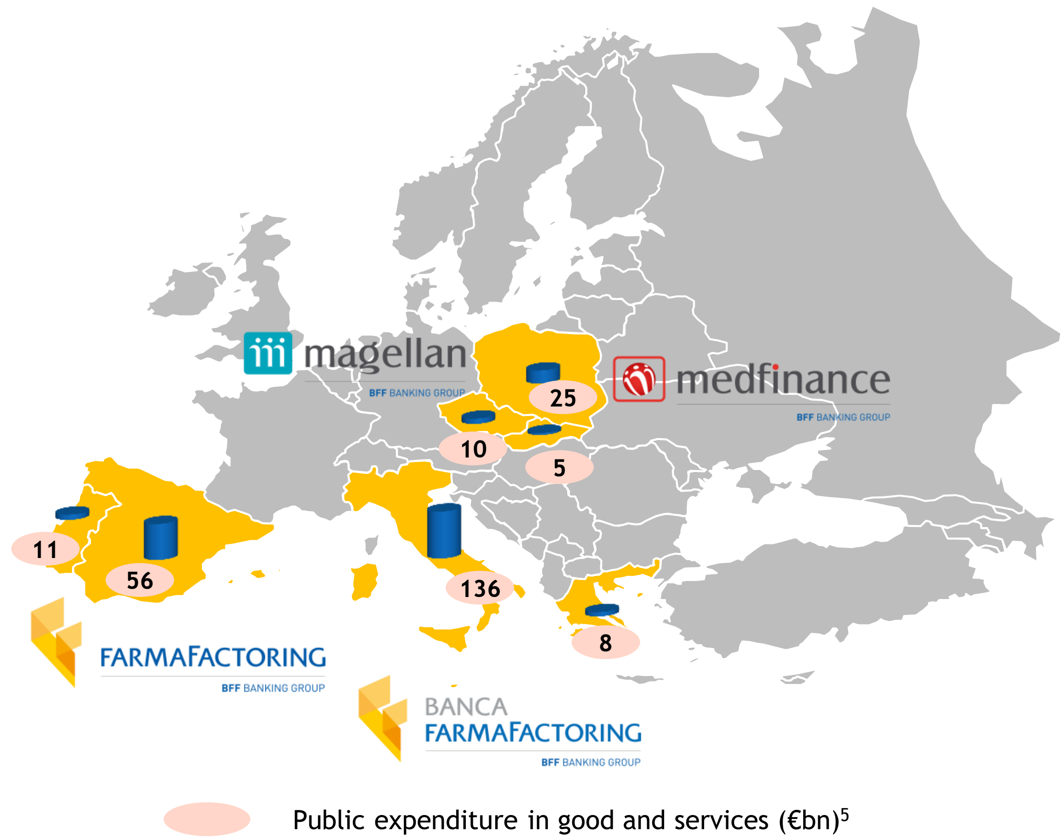
Source: Annual Report

Leading Provider of Credit Management and Working Capital Solutions to Public Sector Suppliers, to Tackle the Payment Delays From the Public Administration in Southern Europe and CEE

1H17 Customer Loans by geography



€250bn of Public Sector expenditures in the countries we operate in(4)



Source: Eurostat

Notes: (1) Souce IPA, Indice delle Pubbliche Amministrazioni; (2) Source IGAE, Intervencion General de la Administracion del Estado; (3) Source Associação Nacional Municípios Portugueses, Direcção Geral do Orçamento and Commissao Nacional de Eleicoes; (4) Exchange rate as of 31/12/16; (5) Data as of 2016.

We Operate in an Underpenetrated €250bn Market, with Leadership Position in Many Geographies…

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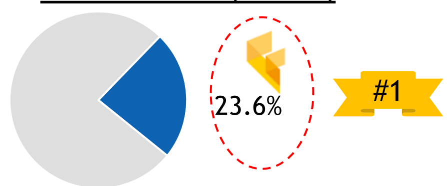
Key Considerations

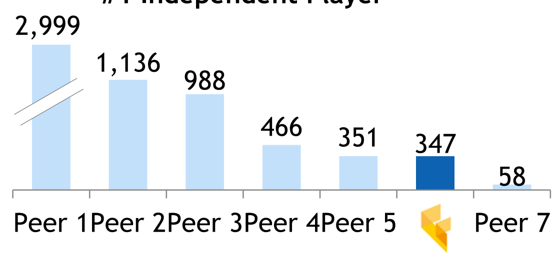
- **Total potential market is** the public sector expenditure in goods & services, **c. €250bn in Italy, Spain, Portugal, Poland, Slovakia, Czech Republic and Greece**
- In Southern Europe, stable expenditures despite austerity measures
- Growing market in CEE

BFF Positioning

Non-recourse Factoring outstandings with PA & NHS (€7.3bn)



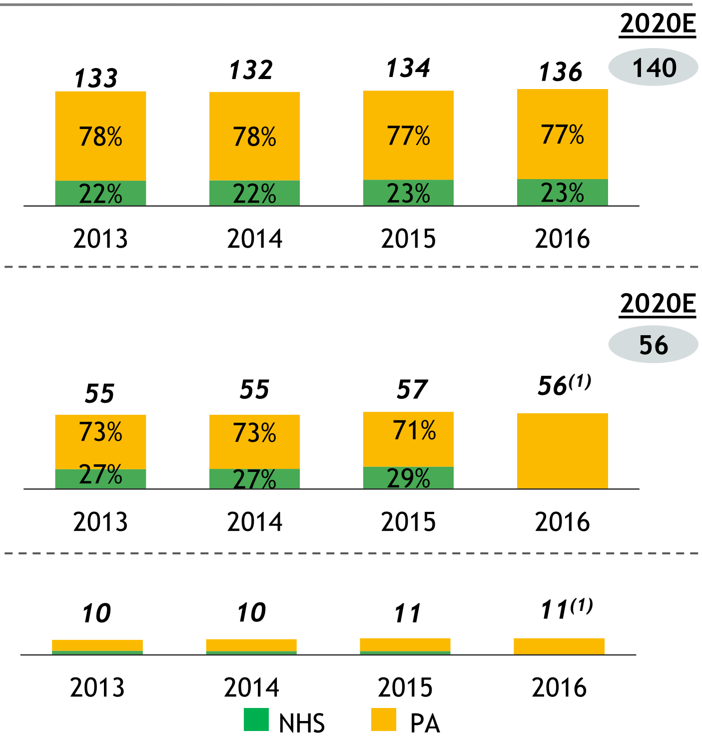
#1 Independent Player

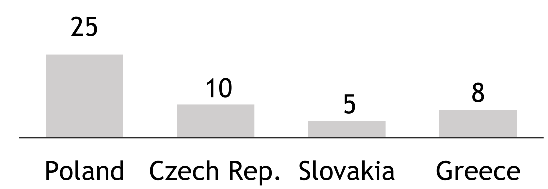


- **#1 Independent Player**
- **Sole specialised player in Portugal**

- **Leader in alternative financing in Poland**
- **Sole specialised player in Slovakia**
- **One of the few specialist in Czech Republic**
- **Sole specialised player in Greece**

Total Public Expenditure in Goods and Service (€bn)





Source: PwC, IMF, DEF 2016 and 2017, Ministero de Sanidad, Servicios Sociales e Igualdad, Ministerio de Hacienda y Administraciones Públicas, and Actualizacion del Programa de Estabilidad 2016-2019 – Reino de Espana, Instituto Nacional de Estatistica – Portugal

Notes: (1) Breakdown not available.

Investment Highlights

BFF BANKING GROUP

1 ***Solid and Resilient Business Model***	• **Resilient profitability across market cycles**: 23% net income CAGR 2013-16, +5% 1H'17-'16[(1)] • **Long-standing relationship** with top suppliers to the PA (leading multinational and national suppliers) • **Long track record** in dealing with Public entities and **deep knowledge** of the payment dynamics and strategies • **Highly experienced** senior management team with a long tenure at the Group (> 12 years on average)

2 ***Low Risk Profile couple with Strong Capital Position***	• c. 99% loan exposure to public and healthcare sector with **CoR of 15 bps and 0.6% net NPL ratio**
	• **Diversified and flexible funding base** mainly driven by deposit gathering and wholesale financing
	• **Robust capital position** maintained also after the cash acquisition of Magellan, the full 2016 net income pay-out and the Italian downgrade by DBRS in 2017:
	  • **1H 2017 Total capital ratio of 19.0%[(2)]**, above company target of 15% and +8.25% vs. SREP requirement
	  • **1H 2017 CET1 ratio equal to 13.7%[(2)]**, more than 2.0x the current SREP requirement of 6.55%
	• **LPI stock of €524m** as of June 2017 represents a further buffer to an already strong capital position

3 ***Robust Profitability with Decreasing Funding Costs***	• **Adjusted net income 1H 2017 of €38m** (€51m reported) including Magellan, net of extraordinary items • **Significantly improved profitability** thanks to an efficient use of capital, with a **1H 2017 RoTE adjusted of 30%[(1)]** • **Good visibility on further cost of funding reduction**

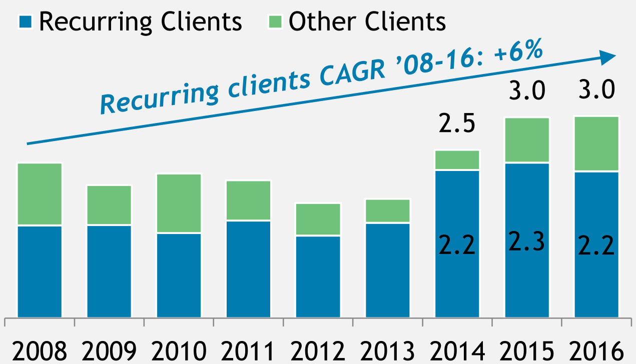
Source: Assifact and company financial statement Notes: (1) 1H17 excluded extr. items net of taxes of: €17.8m related to the change in LPI accounting from 40% to 45%; €1.7m costs related to IPO; €1.1m costs related to stock option plan; €2.5m post tax negative effect from exchange rate movements on the debt for the acquisition of Magellan, offset at the comprehensive income and equity level by a corresponding increase in value of the Magellan asset, given the natural hedging put in place at the time of the acquisition; 1H16 excluded extr. items net of taxes of: €0.9m costs related to IPO; €3.8m costs related to Magellan acquisition; €0.6m positive exchange rate difference; (2) Capital ratios Banking Group ex TUB

Solid Business Model…

Suppliers

- Long-standing relationship with top suppliers to the PA (leading multinational and national suppliers) → top 10 clients have been BFF clients for more than 16 years
- Majority of clients have outsourced their credit management activities to BFF → significant barrier to entry
- Significant recurring business with established clients

BFF excl. Magellan Non-Recourse Volumes (€bn)



Recurring clients[1] represented on average more than 70% of total volume

- **Highly experienced senior management team with a long tenure in the Group** (> 12 years on average)
- **Advanced and scalable IT platform developed in-house**

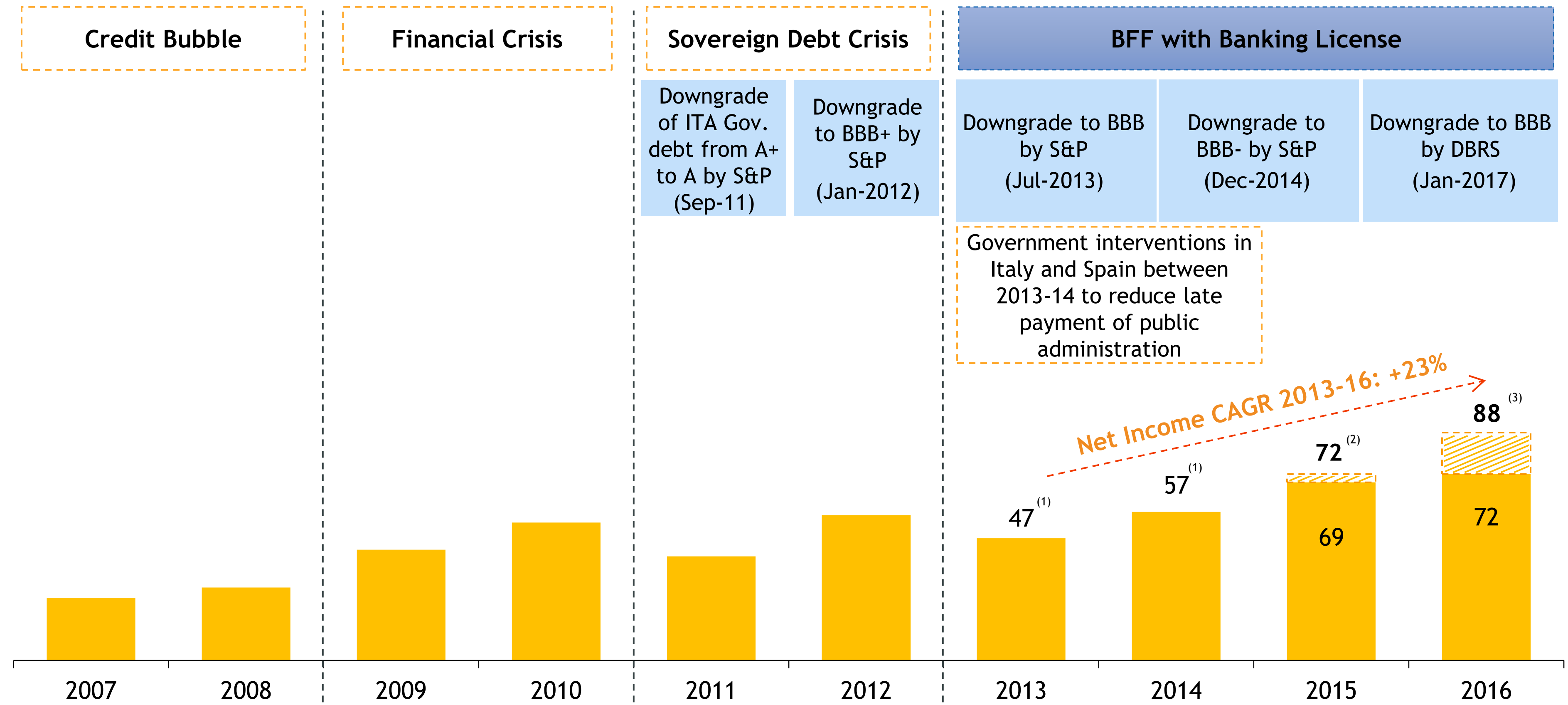
Debtors

- Long track record in dealing with Public entities and deep knowledge of the payment dynamics → better collection
- A proprietary database built over 30 years of experience enabling for an accurate estimate of collection time and credit risk → better pricing
- Short term duration of the receivables purchased allowing constant repricing
- Negligible Cost of Risk
- Low risk of underlying receivables (commercial debt vs. sovereign debt)

Source: Company data
Note: (1) Recurring non-recourse clients defined as clients who concluded at least 1 transaction per year in the 2014 – 2016 period.

…Able to Grow Profitably through Every Season

Net Income (2007-2016)



IT Lira 500m (€260k) invested in 1985 - c.€450m dividend distributed

Source: annual reports, Factset.

Notes: (1) 2014 net income normalised for change in LPI accounting; (2) Adjusted to exclude extraordinary costs. For 2015 adjusted net income includes ca. €0.3m ordinary contribution to Fondo Interbancario and Resolution Fund and excludes €0.7m of extraordinary contribution to Resolution Fund; (3) Excluding €11m of extraordinary expenses and including €4m Magellan 5 months contribution.

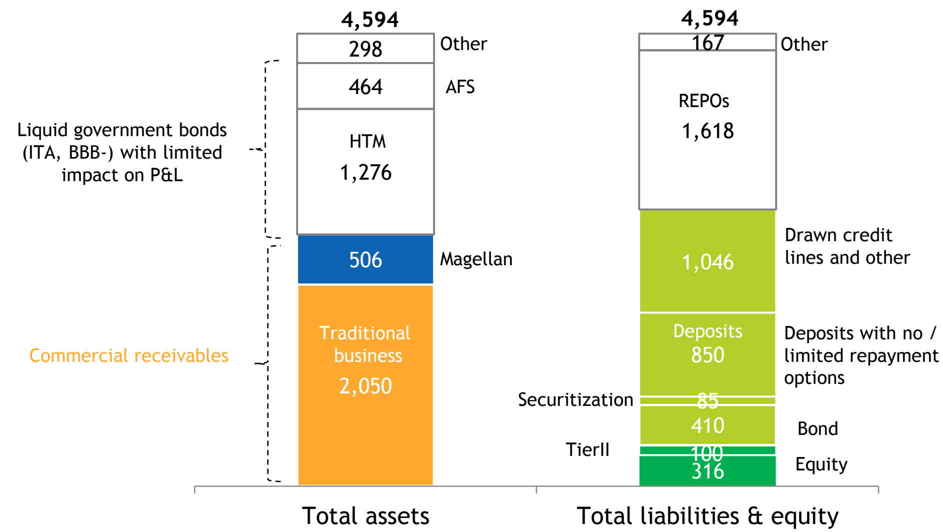
Fortress Balance Sheet and Low Risk Profile...

Key Considerations

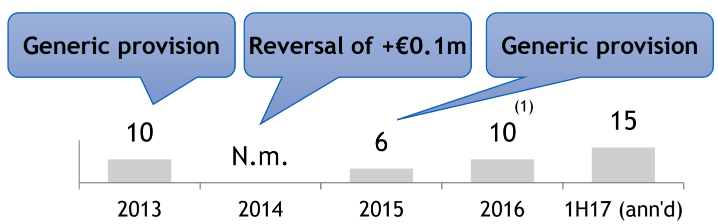
- **A fortress balance sheet**
  - Conservative asset / liability management approach: loan book funding duration higher than that of receivables
  - Commercial receivables funded through a well diversified funding base with a short maturity of the asset side allowing for fast repricing
  - Strong liquidity position with a **LCR of 153%** as of June 2017

  Low risk profile
  - Negligible credit risk profile: **CoR at c.15 bps**
  - Historically recovery of the credit exposure also in default situations
- **High creditworthiness of the counterparties:**
  - Mostly multinational and large corporates

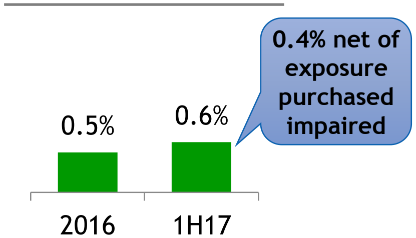
Breakdown of Balance Sheet 1H17 (€m)



Cost of Risk (bps)



NPL ratio



Source: Annual report and press release

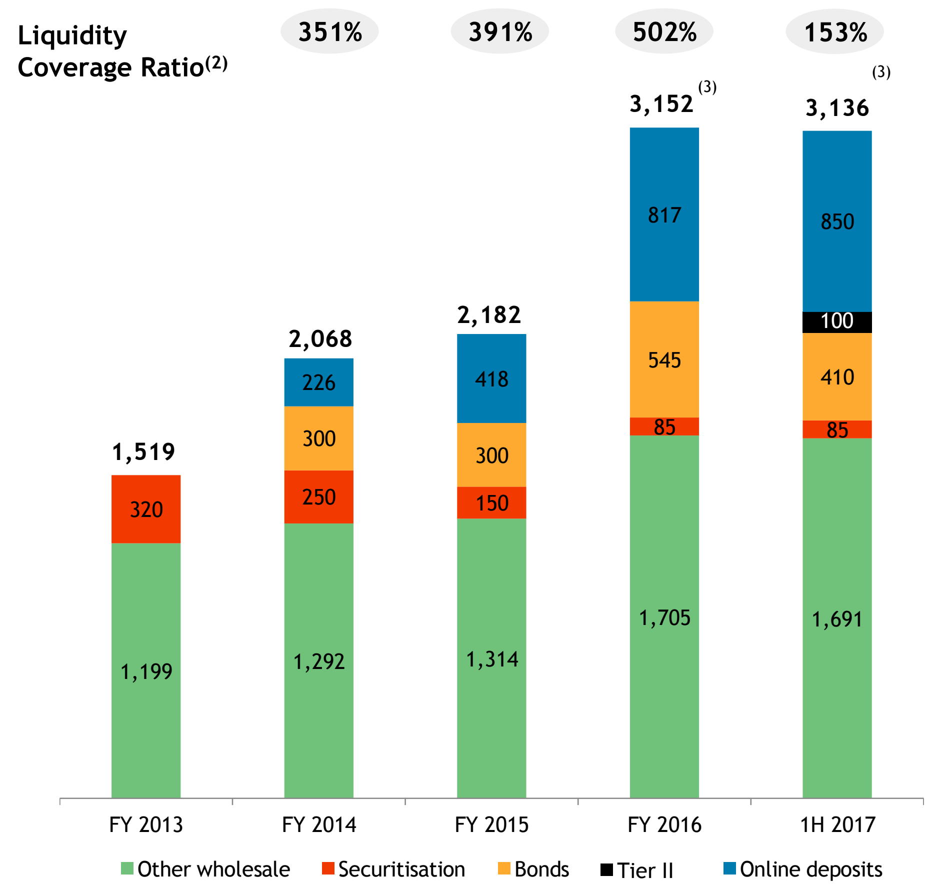
Notes: (1) Based on 2016 numbers including Magellan for 12 months (i.e. -€2.7m of total provisions).

… Coupled With a Diversified Funding Base…

Key Considerations

- **Balanced funding profile with deposits accounting for 36% of drawn funds:**
  - **€850m deposits** gathered as of June 2017, c. 2x versus FY2015
- **Access to capital markets:**
  - **€100m Tier 2** 5.875% coupon bond issued on 2nd March 2017
  - **€200m 5Y senior unsecured** 2.0% coupon bond issued on 29th June 2017
- **Group undrawn funding at c. €0.8 bn**

Available Funding[1] (€m)

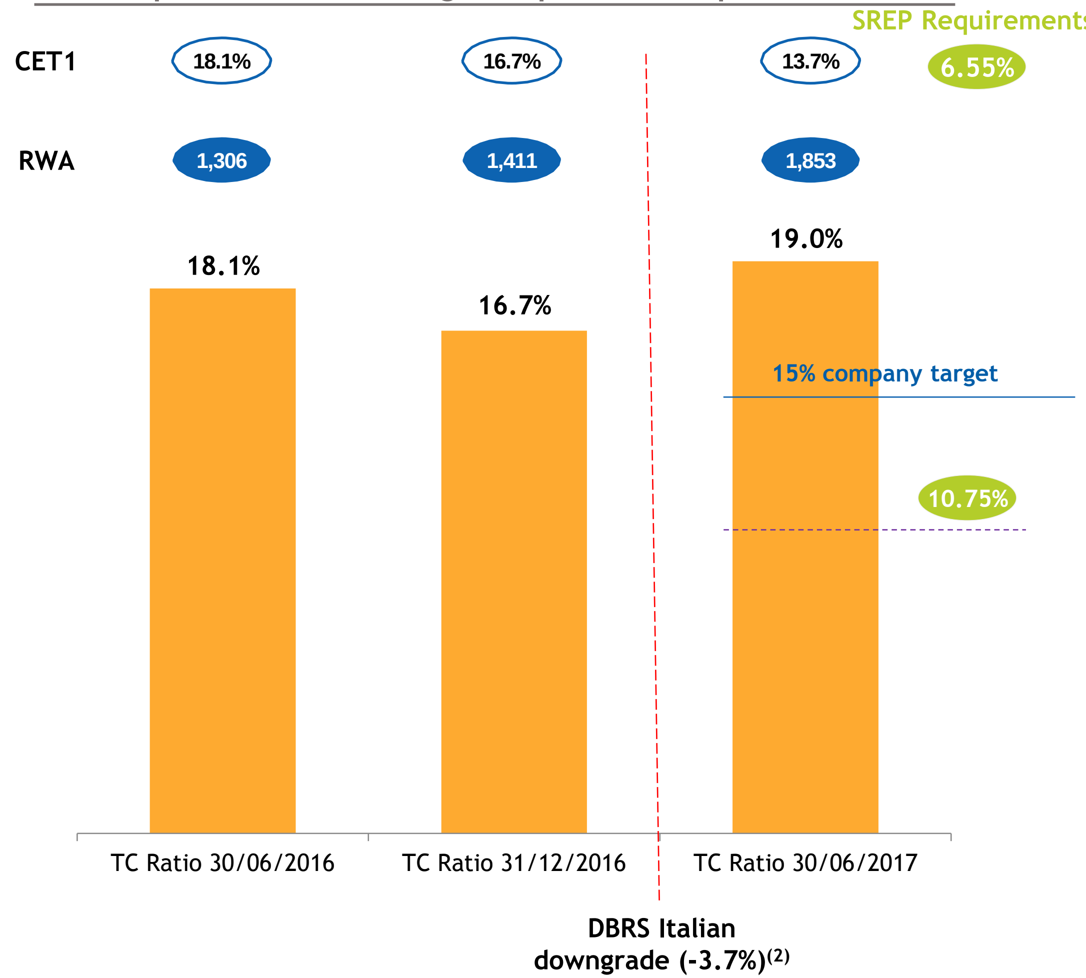


Notes: (1) Excluding ECB funds and REPOs. (2) Based on utilized credit lines; 2013, 2014 and 2015 excluding Magellan, December 2016 and 1H17 including Magellan; (3) Not considering financing for Magellan acquisition 355 m PLN.

… and Backed by a Strong Capital Position…

- Robust capital position maintained also after the cash acquisition of Magellan, the full 2016 net income pay-out and the DBRS Italian downgrade
- **Banking Group Total Capital ratio equal to 19.0%**
  - €38m adjusted net income not included in the capital ratios (equal to 206 bps of additional CET1 and total capital) available for dividend distribution
  - 400bps Total Capital in excess of 15% target available to sustain RWA growth
- **Banking Group CET1 ratio of 13.7%,** 2x the CET1 SREP requirement of 6.55%
- **Conservative RWA calculation** based on standard model and with Italian exposure to NHS and other PA risk weighted at 100%[(2)]
- **Operational risks RWA will decrease** by c.€38m at the end of 2017 (+0.4% impact on TC ratio and +0.3% on CET1 ratio)

Total Capital Ratio - Banking Group ex TUB Capital Ratio[(1)]



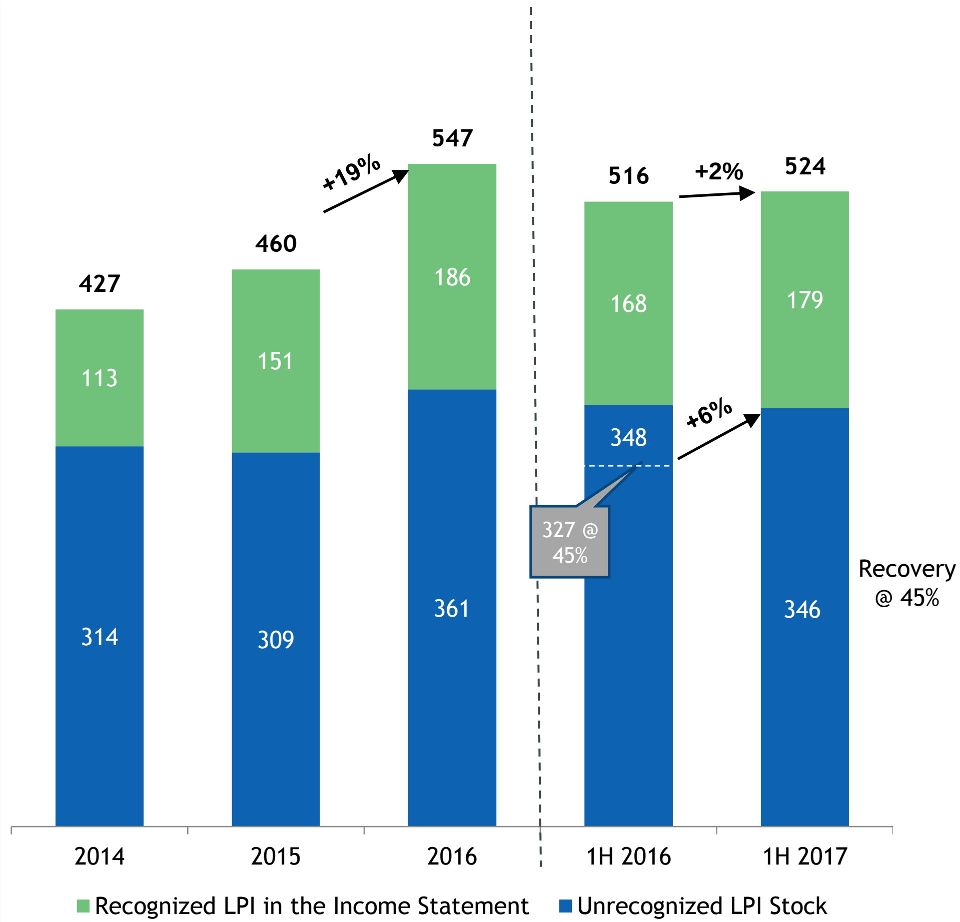
(1) CRR Total Capital Ratio and CET1 Ratio: 15,0% and 10,1%. These ratios are subject to approval by BFF Luxembourg S.àr.l. (2) Following the DBRS downgrade, starting from March 2017, capital ratios are calculated based on a higher risk weighting factor (from 50% to 100%) for the Italian exposure to NHS and other PA different from local and central government

… With Additional Buffer from LPI Stock

Key Considerations

- **LPI stock represents a further buffer** to an already strong capital position
- **BFF prudentially accounts for LPIs in P&L based on 45% (40% before 2016) recovery rate** (recovery rate has been higher over the last five years) and discounted over a 1,800-day horizon since invoice is due (on average the collection time is shorter)
- **A recent joint statement of Bank of Italy, IVASS and CONSOB[1] upheld BFF's prudential framework for the recognition of the LPI according to the accrual accounting principle**
  - Based on the joint recommendation, the accrual accounting principle is applicable only if a long and deep historical database of payments is available to the company
  - **BFF has a proprietary database built over 30 years of experience in Italy, enabling for an accurate estimate of LPI recovery rate and time**
- **Significant increase in LPI stock in 2016 (+19% vs. 2015)** is expected to be visible in the coming years: **€524m as of 1H 2017 (+2% vs. 1H 2016)**
- **1H17 unrecognized LPI +6% vs 1H16,** adjusted for 45% assumed recovery rate

LPI Stock Evolution (Excl. Magellan) (€m)



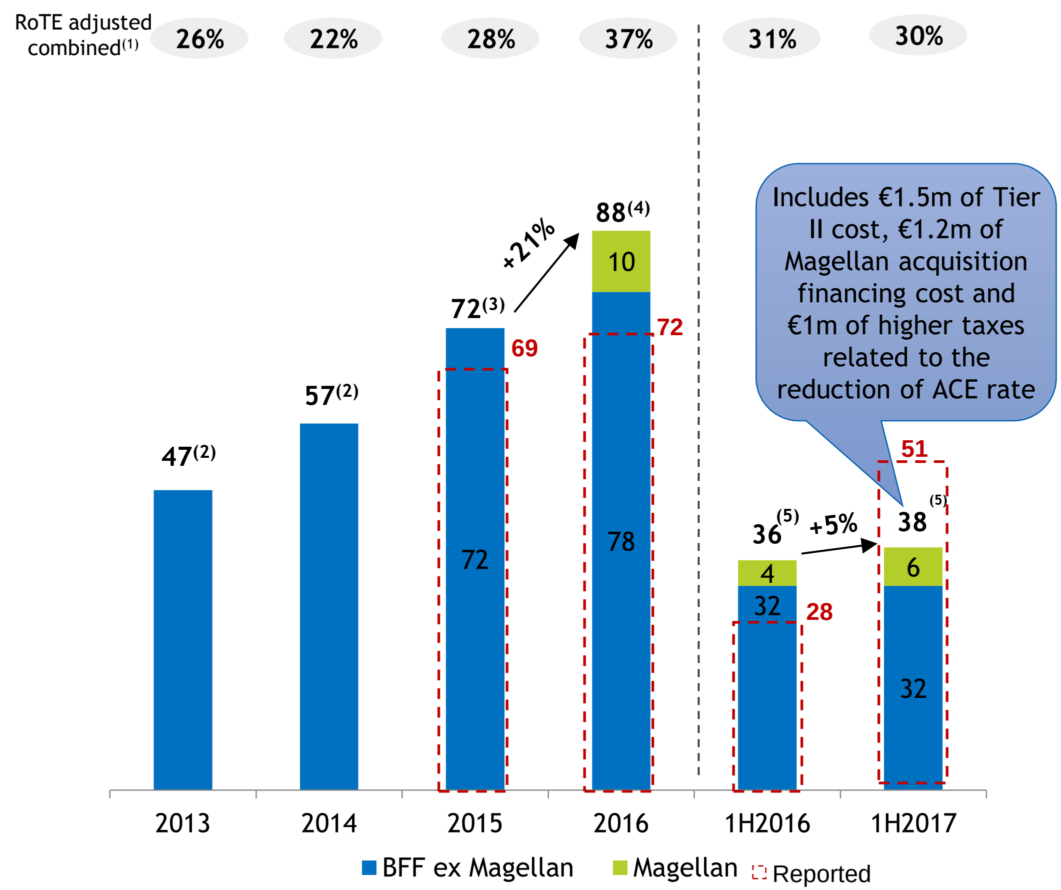
Notes: (1) Document Banca d'Italia/Consob/Ivass n. 7 of 9 November 2016

High Profitability and Strong Earnings Growth…

Key Considerations

- **Almost doubled net income in the last 4 years to €88m in 2016** (incl. Magellan)
- Significantly improved return on capital thanks to an efficient use of capital with **1H17 RoTE adjusted combined at 30%**
- **1H17** adjusted net income (net of extraordinary costs and one-off LPI step-up) reaches €38m, with **a +5% growth versus 1H16 including Magellan**
- 1H17 adjusted net income is already net of €1.5m of Tier II cost, €1.2m of Magellan acquisition financing cost and €1m of higher taxes related to the reduction of ACE rate
- More than **€240m dividend paid between 2013-2016**
- Dividend capacity **1H17: distributable income of €38m**, +35% y/y growth

Net Income adjusted (€m)



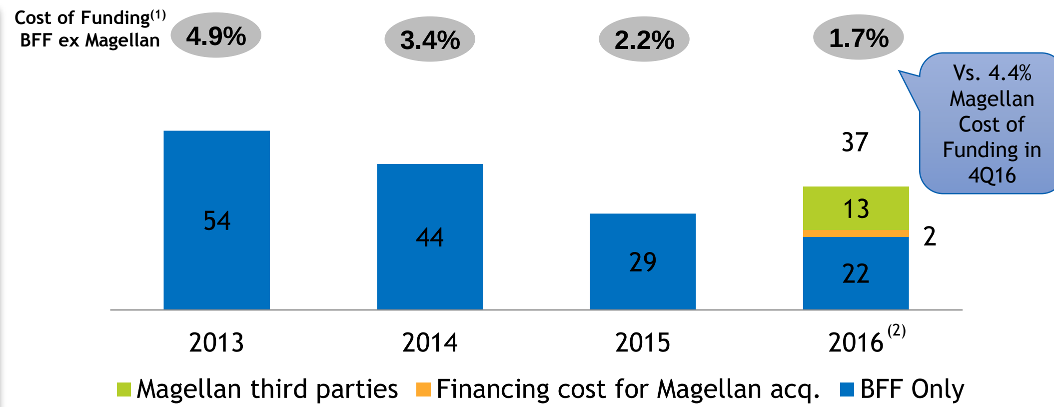
Notes: (1) RoTE = NI adjusted/tangible equity; (2) 2013 and 2014 NI pro-forma for change in LPI accounting; (3) 2015 adjusted NI includes c. €0.3m ordinary contribution to Fondo Interbancario and Resolution Fund and excludes €0.7m of extraordinary contribution to Resolution Fund; (4) NI adjusted for €11m extr. costs and €4m for 5 months Magellan contribution. (5) 1H17 excluded extr. items net of taxes of: €17.8m related to the change in LPI accounting from 40% to 45%; €1.7m costs related to IPO; €1.1m costs related to stock option plan; €2.5m post tax negative effect from exchange rate movements on the debt for the acquisition of Magellan, offset at the comprehensive income and equity level by a corresponding increase in value of the Magellan asset, given the natural hedging put in place at the time of the acquisition; 1H16 excluded extr. items net of taxes of: €0.9m costs related to IPO; €3.8m costs related to Magellan acquisition; €0.6m positive exchange rate difference. Source: Company data

… with Potential for Further Funding Cost Optimization

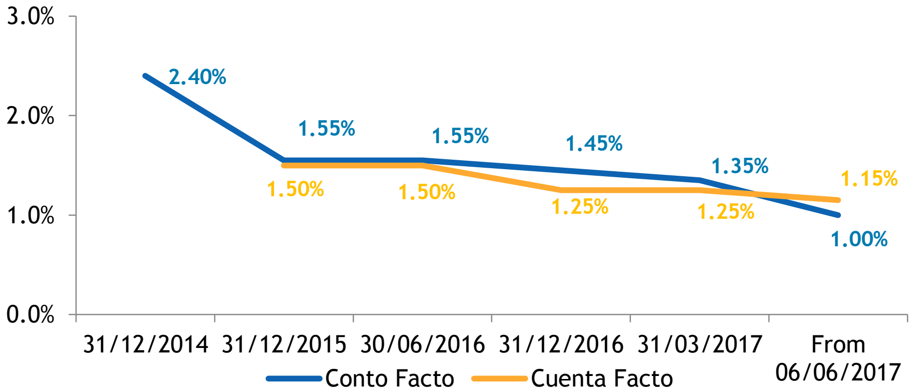
Key Considerations

- **Reduction in cost of funding continued** with an average cost of funding of 2.04% in 1H17, more than offsetting Tier 2 issuance and Magellan acquisition cost
- **Good visibility on further cost of funding reduction**
  - From 6th June 2017, 12m interest on online deposits offered dropped to 1.00% in Italy and 1.15% in Spain
  - Repayment at maturity of €300m 2.75% coupon 3y bond on 12th June 2017, new €200m 2.0% coupon 5y bond issued on 29th June
  - Further funding synergies at Magellan level thanks to renegotiation of terms and conditions of local funding: 29% of Magellan funding still to be refinanced due to maturity structure

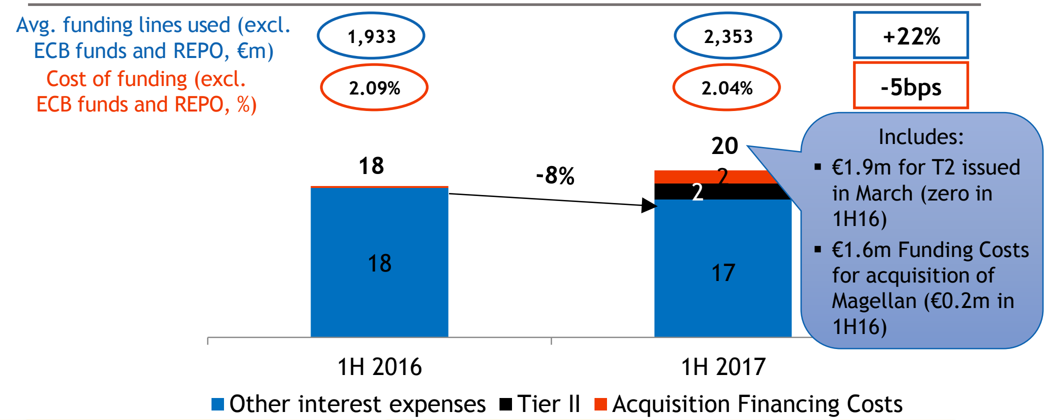
Interest Expenses (€m)



12-months Online Deposits Interest Offered to New Money and Deposit Renewals



Cost of funding (BFF + Magellan - %)



Notes: (1) Excluding ECB funds and REPOs; (2) Including 12 month Magellan and excluding funding synergies.

BFF 2020 "Strategic Targets"

BFF BANKING GROUP

The leading provider of credit management and receivables purchasing for the NHS and the Public Administrations Suppliers in the EU

Further consolidate leadership in Italy

- Continue to develop tailor-made offering to serve specific customer needs
- High quality services for large clients covering the full healthcare value chain
- Increase penetration into adjacent segments of non-healthcare suppliers to the NHS and PA
- Invest in IT platform

Further expand business outside Italy both in the NHS and PA, increasing geographical diversification

Maintain a high quality portfolio thanks to a continuous focus on large clients and stringent underwriting standards

- Maintain disciplined underwriting approach
- Continue serving blue-chip customer base

Maintain a solid balance sheet with best-in-class capital position and attractive leverage profile