BFF BANKING GROUP

A Credit Opportunity Like No Other

October 2019

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- Pursuant to the consolidated law on financial intermediation of 24 February 1998 (article 154-bis, paragraph 2) Carlo Zanni, in his capacity as manager responsible for the preparation of the Company's financial reports declares that the accounting information contained in these materials reflects the BFF Banking Group documented results, financial accounts and accounting records.

BFF Banking Group: A Bank Like No Other®

We Are	▪ The leading provider of credit management and receivables factoring for the Healthcare ("HC") and Public Administration ("PA") suppliers in the European Union ("EU")
We Offer	▪ Financial services to tackle the payment delays to the Public Sector suppliers in Europe
We Have	▪ A unique credit profile: exposure to short term public sector receivables, diversified funding with ample liquidity, a strong capital position (TC > 15%) with a protective dividend policy ▪ Positively geared to worsening public sector macro
We Deliver	▪ Return on average Tangible Equity > 30% ▪ Loans growth > 10% ▪ Cost of Risk < 20bps

First time public rating by Moody's with long-term issuer rating at "Ba1" and positive outlook

- First official rating by Moody's, with a **long-term issuer rating of "Ba1" and <u>positive outlook</u>**
  - Just one notch below the rating of the Italian Republic and the highest rating of any Italian bank not directly supervised by the ECB
  - First time rating with positive outlook and "*possibility for a higher BCA and higher ratings should BFF sustain its fundamentals at current levels*"
- Long-term deposit rating of "Baa3" and positive outlook
- Better access to the debt capital markets with the aim to promptly benefit of a favorable interest rates' environment and further reducing our cost of funding

Issuer / Entity	Total Assets YE18 (€bn)	Senior Rating			Long-term Deposit Rating
		Moody's	S&P	Fitch	Moody's
UNICREDIT	831.5	Baa1	BBB	BBB	Baa1
INTESA SANPAOLO	787.7	Baa1	BBB	BBB	Baa1
MEDIOBANCA	76.5	Baa1	BBB	BBB	Baa1
BANCA NAZIONALE DEL LAVORO	81.2	Baa3	BBB+	BBB+	Baa1
CREDITO EMILIANO	43.2	--	BBB-	BBB	Baa3
UBI BANCA	125.3	Baa3	BBB-	BBB-	Baa2
CASSA CENTRALE BANCA	6.8	Baa3	--	--	Baa3
Italy Sovereign	--	**Baa3 (Sta)**	**BBB (Neg)**	**BBB (Neg)**	--
BFF	**4.9**	**Ba1 (Pos)**	**--**	**--**	**Baa3**
BANCA DEL MEZZOGIORNO	2.4	Ba1	BBB-	--	Baa3
MEDIOCREDITO TRENTINO	1.5	Ba1	--	--	Baa3
BP. SONDRIO	38.0	--	--	BB+	BBB-[1]
BANCA IFIS	9.4	--	--	BB+	BB+[1]
BANCO BPM	160.5	Ba2	--	--	Baa3
BPER BANCA	70.6	Ba3	--	BB	Baa3
UNIPOL BANCA	11.4	Ba3	--	WR	Baa3
CREDITO VALTELLINESE	26.5	B2	--	--	Ba3
BANCA MPS	130.5	Caa1	--	B	B1
CARIGE	22.1	--	--	CCC	Caa1

Source: companies' disclosure.
Note: (1) Fitch rating.

Supervised by the European Central Bank   Supervised by the Bank of Italy

30+ years of Serving HC and PA Suppliers

BFF BANKING GROUP

1985: Established by a group of pharmaceutical companies

FARMAFACTORING SPA

1990: Launch the non-recourse factoring activity for Italian HC suppliers

2010: Replicate business in Spain

2013: Turning point, becomes a bank

BANCA FARMAFACTORING

2014: Extend offer to Portugal

Launch of online deposits in Italy (*Conto Facto*)

FACTO I miei interessi

2015: Launch of online deposits in Spain (*Cuenta Facto*) **and Germany**

FACTO I miei interessi

2016: Acquisition of Magellan

Expansion in CEE

magellan WE CREATE SOLUTIONS

2017: becomes BFF Banking Group and lists on the Italian Stock Exchange

BFF BANKING GROUP

2017-18: Extend offer to Greece and Croatia

Open branch in Lisbon

2019: Acquisition of IOS Finance, leading PA factoring player in Spain

IOS FINANCE

Sep-19: Open branch in Poland and launch of online deposits (*Lokata Facto*) FACTO

Launch of online deposits in Ireland and The Netherlands

Growth in Italy 1985 - 2010

Resilient during crisis 2011 - 2013

Growing and diversified funding base to support further growth opportunities and geographical diversification 2014 - 2019

The Largest Purchaser of Government Receivables in the EU

BFF BANKING GROUP

Source of PA payments delays

1. **Mismatch between centralised tax collection and decentralised public spending**
   - In Italy, only 17.5% of total public expenditure for goods and services is controlled by the Central Government

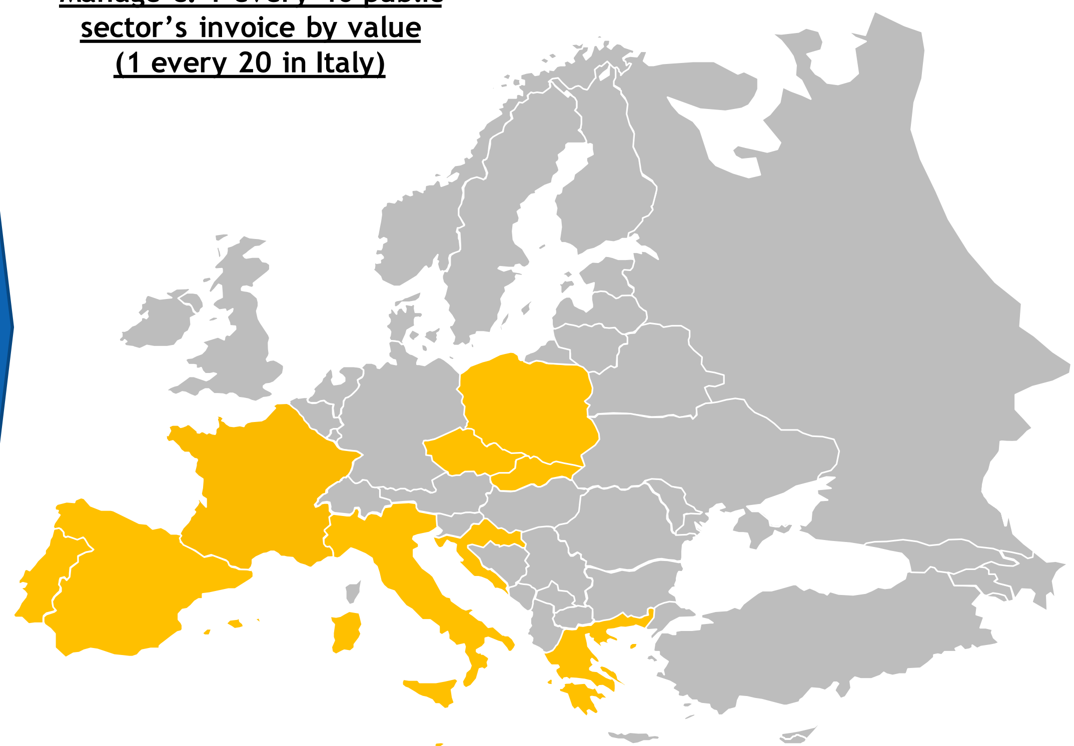
2. **Administrative complexity and inefficiency:**
   - PA consists of many entities (i.e. 22,807 in Italy, 17,042 in Spain and 4,636 in Portugal)

3. **Commercial debt not classified as public debt**

Leadership position with presence in 9 countries

#1 in EU

Manage c. 1 every 40 public sector's invoice by value (1 every 20 in Italy)



Countries where BFF Banking Group operates

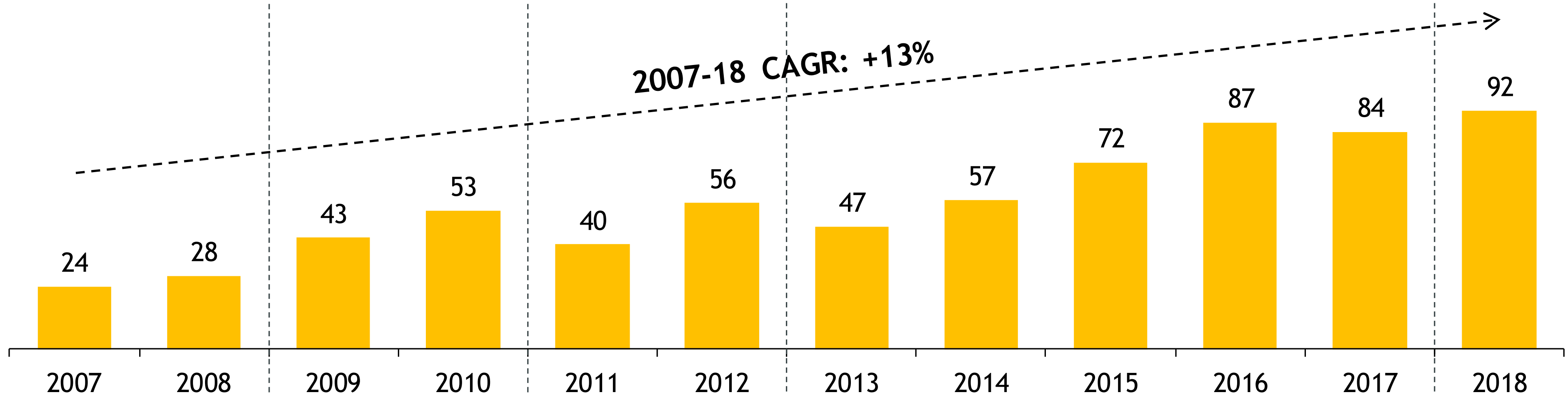
Profitable and Growing in Every Season…

Adjusted Net Income 2007-2018 (€m)(1)

Unparalleled Capital Returns: IT Lira 500m (€260k) invested in 1985 vs. > €620m cumulated dividends

Credit Bubble	Financial Crisis	Sovereign Debt Crisis	Low interest rate and plenty of liquidity for Government and clients	Changing macro

Regulated financial intermediary → **BFF with Banking License**



Source: Annual Reports.
Note: (1) Net Income normalised and adjusted as reported in IPO prospectus and annual accounts.

...With Superior Financial Performance since Becoming a Bank

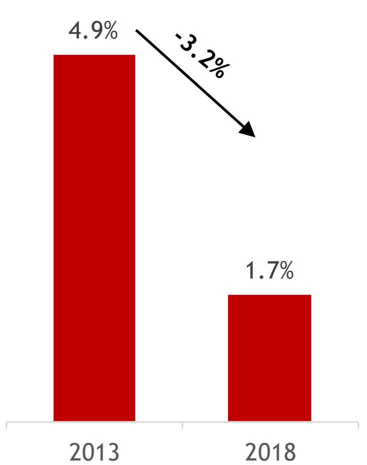
BFF BANKING GROUP

Generated High and Stable Yield on RWA

Gross Yield on avg. RWA

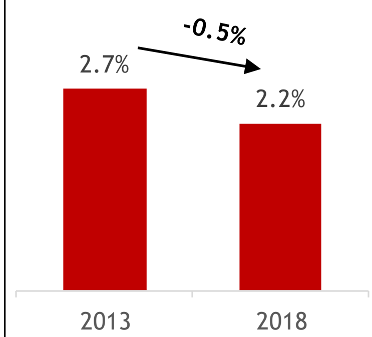
Improved Funding Cost by Accessing Multiple Funding Sources

Cost of Funding



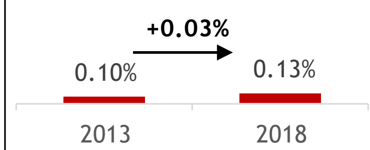
Invested in the Business while Improving Operating Leverage

Adj. Costs / avg. loans



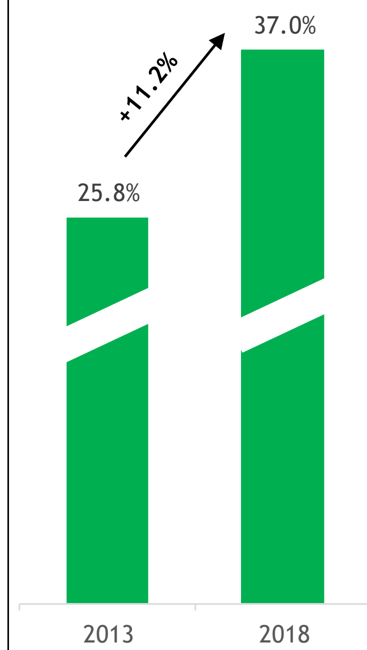
Maintained a High Quality Portfolio, with Negligible Credit Risk

Cost of Risk

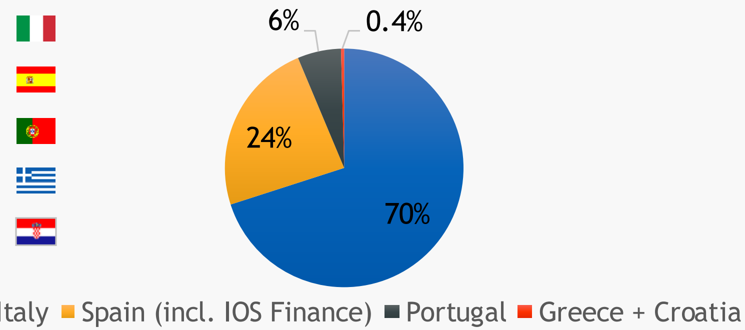
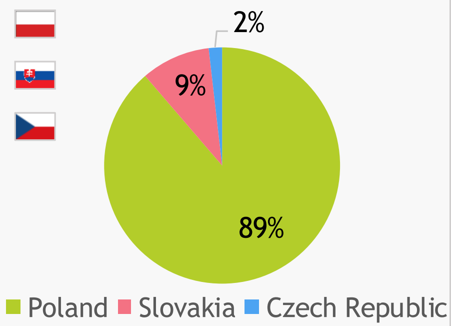
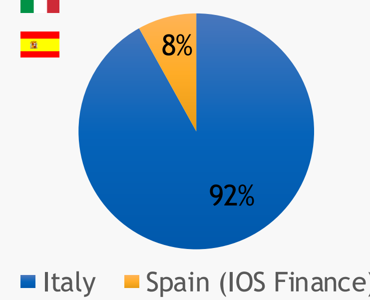


Generated High Returns and Free Capital

RoTE



We Offer Our Clients Three Services…

	1 Non-recourse Factoring in Southern Europe	2 Financing and Non-Recourse Factoring in CEE	3 Credit Collection Management (i.e. Servicing)
% on total revenues(1)	76%	21%	3%
Volumes by geography			
Volumes	€4,514m, 53% of total	€548m, 6% of total	€3,381m, 40% of total
Loans	€2,920m, 79% of total	€760m, 21% of total	-
	Pro-forma for IOS Finance acquisition		Pro-forma for IOS Finance acquisition
Activity	▪ Non-recourse purchase of receivables towards PA ▪ Invoices purchased mainly already overdue ▪ Full derecognition US GAAP / IAS	▪ Short and long term financing ▪ Factoring and sub-participation	▪ Managing of the whole credit management and collection process for the entire HC/PA supply chain
Income sources	▪ Clients pay discount to face value ▪ Debtors pay Late Payments Interests ("LPI")	▪ Interest on loans / financing ▪ Discount to face value ▪ LPI paid by the debtors	▪ Clients pay management fees

Source: FY 2018 consolidated data of BFF Banking Group and FY 2018 pro-forma data for IOS Finance.
Note: (1) 2018 gross revenues calculated as the sum of interest income on loan to costumers and commission income.

...With Revenues Coming from both Suppliers and Debtors

Public Sector Suppliers (BFF's Clients)

Source of revenues

Discount to face value on receivables purchased

(Yield)

- Leading multinational and national suppliers of the public sector

For illustrative purpose only

Public Sector Entities (BFF's Debtors)

Source of revenues

Late payments interests ("LPI") on receivables outstanding

(Yield)

- Debtors are PA in the EU
  - Central government entities (i.e ministries)
  - Regions
  - Provinces and Municipalities
  - Other local government entities
  - Public and public owned hospitals
  - Other HC entities and other public entities

Source of revenues for non-recourse factoring

A Unique Credit Profile

1 High Credit Quality Asset Base

- Exposure to public sector with BFF's receivables having a lower credit risk than government bonds
- Low dilution risk towards clients, mostly multinational and large corporates

2 Fortress Balance sheet with Low Leverage

- Conservative ALM approach, with funding duration higher than that of receivables and no currency risk exposure
- Strong liquidity position (499% LCR) and low leverage (5.3% leverage ratio)

3 Ample and Diversified Funding Base

- Flexible funding base with access to multiple funding sources
- Successfully proven access to capital markets despite lack of rating
- €0.4bn of available committed lines undrawn

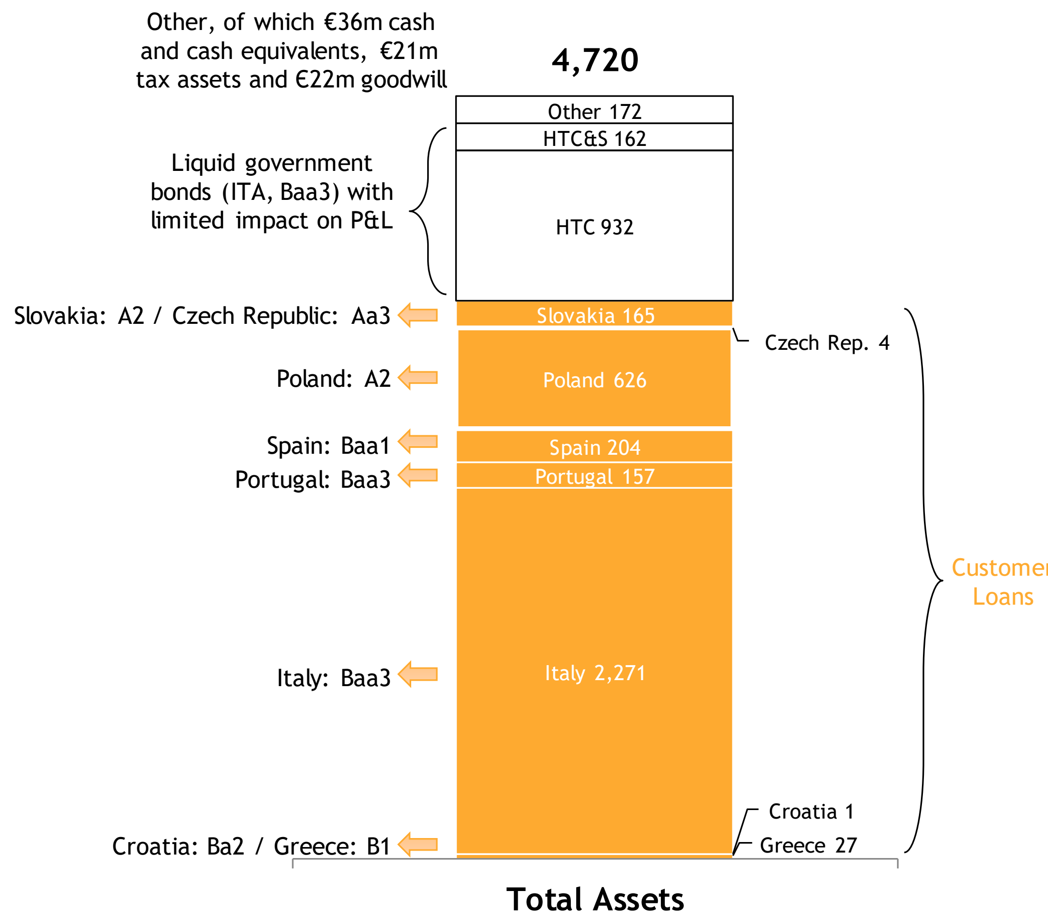
4 Bondholders protected by a strong capital position, dividend policy and off balance reserve

- TC ratio of 16.1% and CET1 ratio of 11.6% at the end of Jun-19
- Dividend policy to protect capital level at 15%, well above SREP + CCB
- €391m of unrecognized LPI stock represent a further capital buffer

1 High Credit Quality Asset Base..

- **92%(1) of total assets consists of exposure to the public sector**, with assets composed of commercial receivables and loans towards public administrations and government bonds
- **High creditworthiness of the counterparties:**
  - Negligible credit risk (entities of the public administration in Europe)
  - Low dilution risk towards clients (mostly multinational and large corporates)
- High **gross yield on customer loans** (>7%)
- **Short duration of the receivables** (below 9 months on average for the factoring business)

Total Assets breakdown as of 30th June 2019 (€m)



Source: Annual report, press release and Company's disclosure. Rating showed for the assets side is the Moody's current sovereign rating.
Note: (1) Based on total assets excluding cash and intangibles.

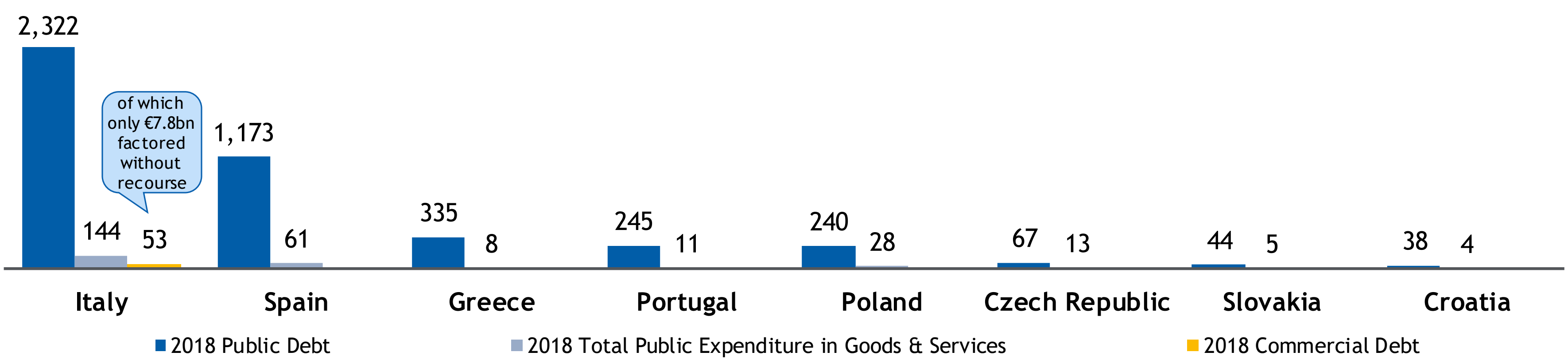
1 …With BFF's Receivables Having a Lower Credit Risk Than Government Bonds…

BFF BANKING GROUP

Key Considerations

- **Commercial debt of the Public Sector is not subject to sovereign privilege, unlike sovereign debt:**
  - Public sector's commercial debt is governed by the local commercial law
  - **No history of haircut on commercial receivables in the EU even in case of the Greek sovereign default and restructuring**
- **Size of the Public sector's commercial debt is immaterial vs. the dimension of sovereign debt** in the countries where BFF operates, limiting the impact of an intervention
- **Factoring represents only a small part of the commercial receivables** therefore a potential restructuring would mainly damage real economy and the supply of public services rather than banks active in factoring

Public Debt vs. Total Public Expenditure in Goods & Services and Commercial Debt (€bn)



Source: Eurostat for Public Debt; Bank of Italy and Assifact for Commercial Debt in Italy (2017). Total Public Expenditure in Goods and Services Eurostat and MEF (Italy), Ministerio de Hacienda y Administraciones Públicas and Actualización del Programa de Estabilidad 2018-2021 (Spain), Instituto Nacional de Estatistica—Portugal (Portugal), Hellenic Statistical Authority (Greece), Eurostat (Poland, Czech Republic, Slovakia and Croatia).

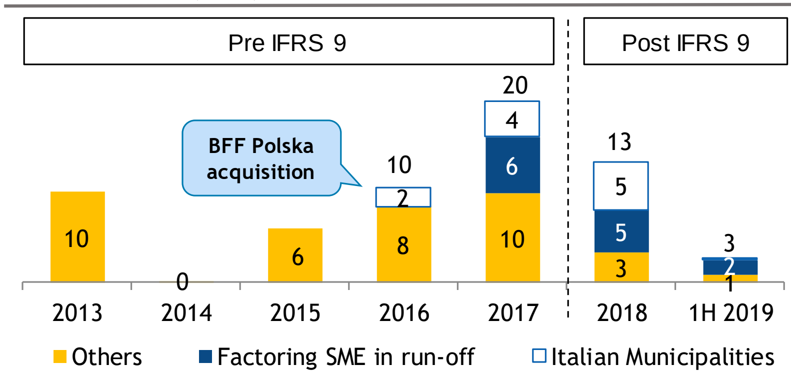
1 …Translating in Negligible Credit Risk

BFF BANKING GROUP

Key Considerations

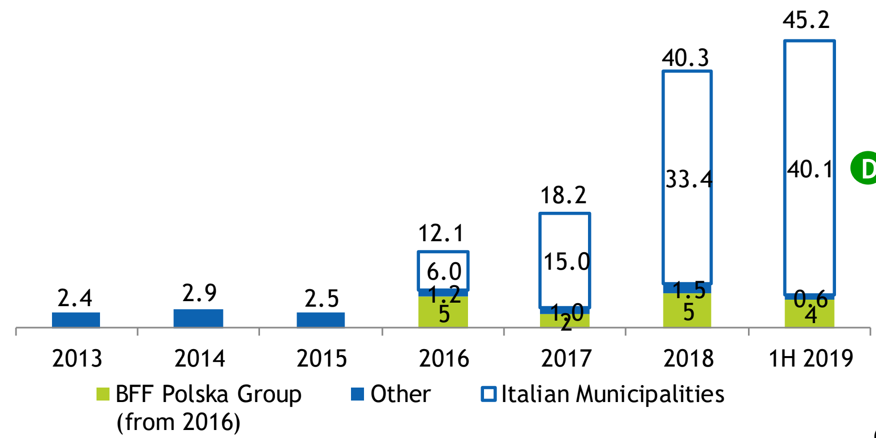
- **A Negligible Cost of Risk, in the low single bps p.a.**
- **B Impaired loans are essentially towards public sector**
- **C Net NPLs excluding Italian municipalities have been flat**
- D Increase in NPLs is driven almost entirely by the growing activities towards municipalities in conservatorship
  - Exposures are currently classified NPLs by regulation despite BFF being legally entitled to receive 100% of the capital and LPIs at the end of the process

A Cost of Risk (bps)



Net NPLs evolution (€m)

	2013	2014	2015	2016	2017	2018	1H 2019
NPL Ratio	0.2%	0.2%	0.1%	0.5%	0.6%	1.1%	1.3%
Coverage Ratio	49%	85%	86%	60%	54%	38%	21%
NPL Ratio excl. Italian Municip.	0.2%	0.2%	0.1%	0.2%	0.1%	0.2%	0.1% C
Coverage Ratio excl. Italian Municipalities	49%	85%	86%	74%	86%	75%	70%

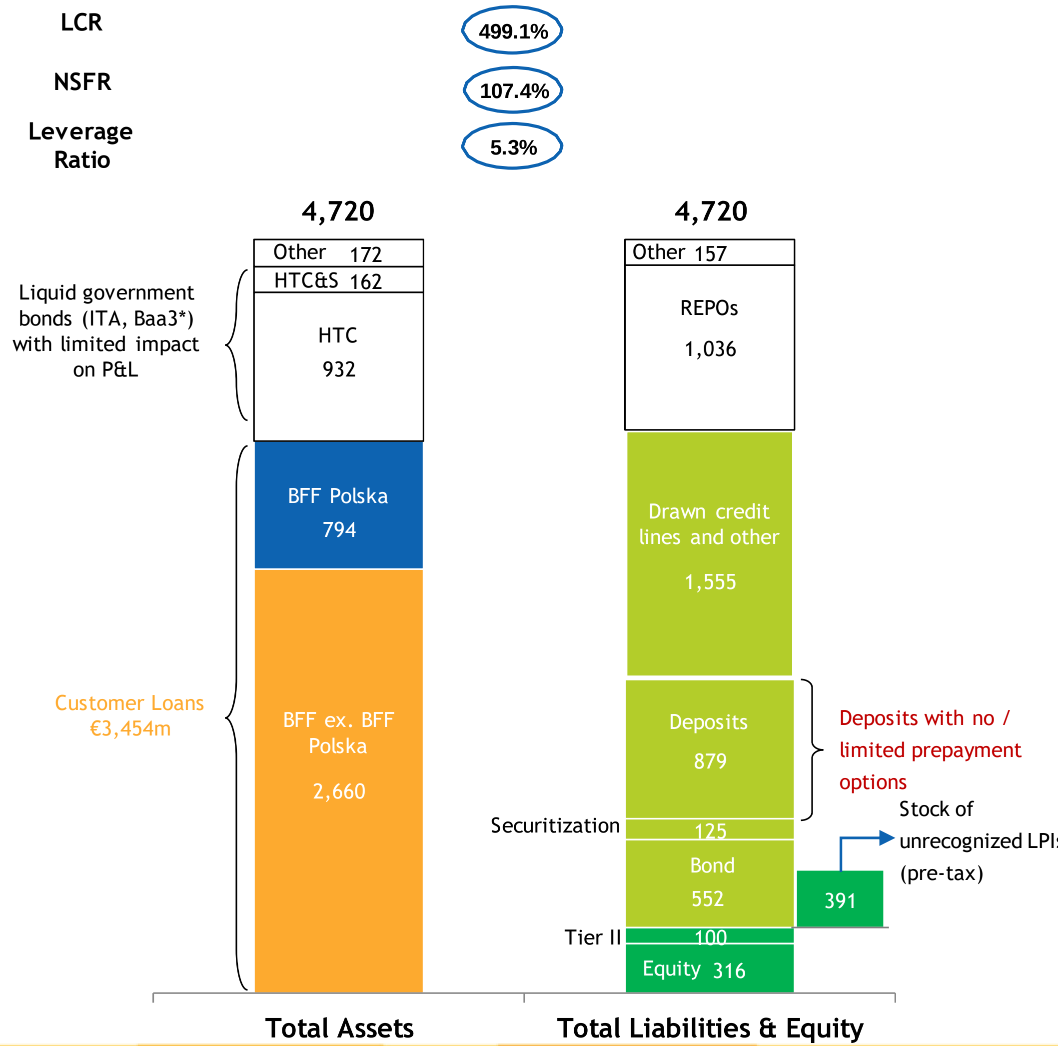


(€m)	2013	2014	2015	2016	2017	2018	1H 2019	B Public sector
Net NPLs	2.4	2.9	2.5	12.1	18.2	40.3	45.2	89%
Net UTP	0.2	0.1	0.0	3.6	6.8	6.8	10.3	
Net Past Due	5.8	9.8	43.2	46.2	69.8	72.6	38.7	79%
Net impaired loans	**8.4**	**12.7**	**45.7**	**61.8**	**94.7**	**119.7**	**94.2**	75%

2 Fortress Balance Sheet with Low Leverage

- **Conservative asset / liability management approach**: funding duration higher than that of receivables
- **Strong liquidity position** with a LCR of 499% as of 30th June 2019
- **NSFR** at 107%. Further positive impact expected from new regulation (in force from 2Q 2021), which establishes more favorable weighting factors for the assets and liabilities related to factoring activities
- **Natural currency hedge**: forex assets and BFF Polska tangible equity funded with forex liabilities

Breakdown of Balance Sheet as of 30th June 2019 (€m)



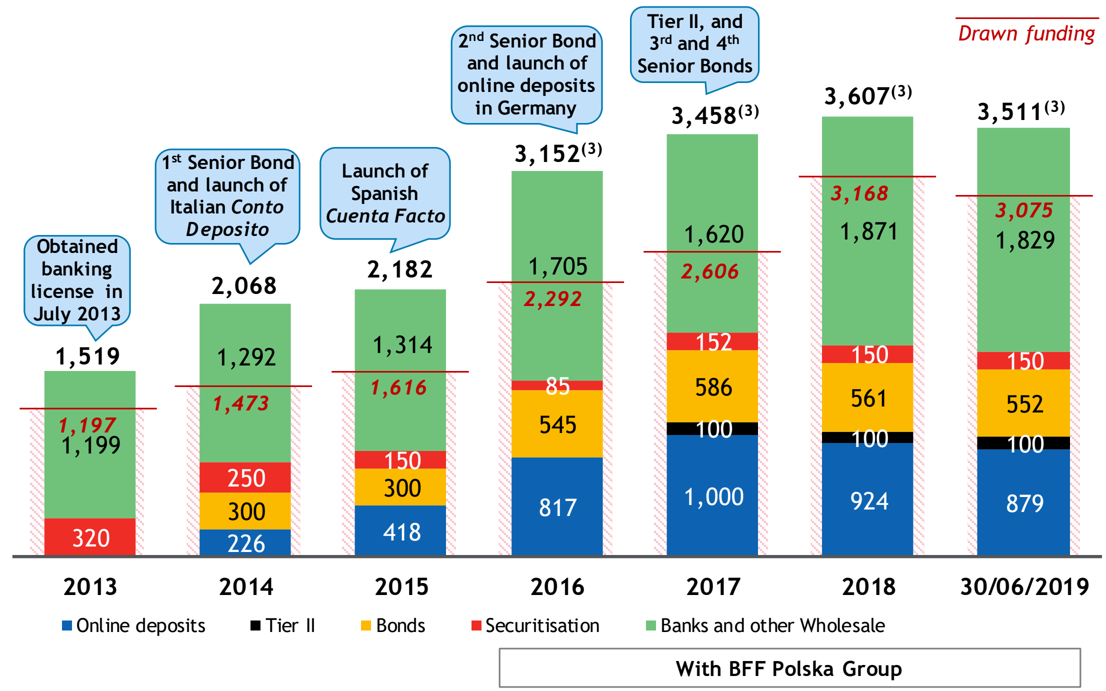
Source: Company data.
(*) Moody's current sovereign rating.

3 Ample and Diversified Funding Base with Improved Funding Costs…

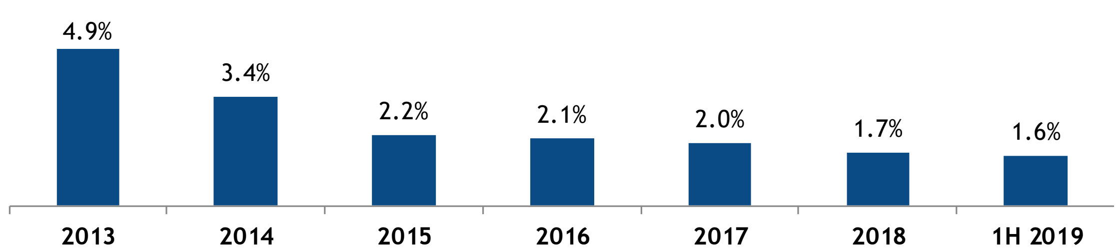
Key Considerations

- **No recourse to the ECB's TLTRO or other emergency liquidity measures**
- **Proven access to capital markets** with €0.95bn of total bonds issued since 2014, innovating the market:
  - First ever unrated Tier 2 institutional issuance by an unlisted Italian bank
  - First ever unrated floater Euro bond issuance by a bank
- **Successful ramp-up of online deposits base.** True term deposits, 70% collected outside Italy
- **Grew funding from banks at lower cost,** thanks to the strong relationships
  - Committed bilateral lines, no overnight interbank funding
  - Provided by >20 top Italian banks and European banking group, mostly investment grade rated
- **Cost of funding more than halved** since 2013 despite 2017 Tier II issuance, higher base rate of Zloty funding and 2016 Zloty acquisition financing

Available Funding(1;2) (€m)



Cost of Funding(4)



Notes: (1) Excluding ECB funds and REPOs. (2) Based on utilized credit lines; 2013, 2014 and 2015 excluding BFF Polska; 2016, 2017, 2018 and 1H 2019 including BFF Polska. (3) Not considering financing for BFF Polska acquisition 355m PLN. (4) Excluding REPO. The cost of funding for 2016, 2017, 2018 and 1H19 includes BFF Polska and does not include the acquisition financing.

③ …And further Opportunity to Decrease Funding Costs

Key Considerations

- **Opportunity to further decrease the funding cost through:**

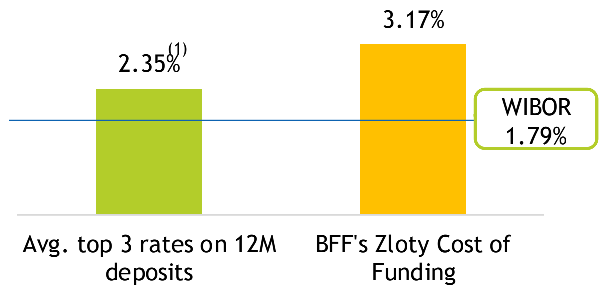
① Collection of online deposits in Poland

- Average top 3 offered rates on 12 month deposits in Poland is 2.35%(1) vs BFF's Zloty funding cost of 3.17% at the end of Jun-19
- BFF's Zloty funding cost represent 42% of total interest expenses
- Branch opened and product launched in September 2019

② Collection of online deposits in Ireland and The Netherlands

- Average top 3 offered rates on 12 month deposits in Ireland and The Netherlands are lower than Italy, Spain and Germany
- Same model used in Germany
- Product launched in September 2019 in both countries

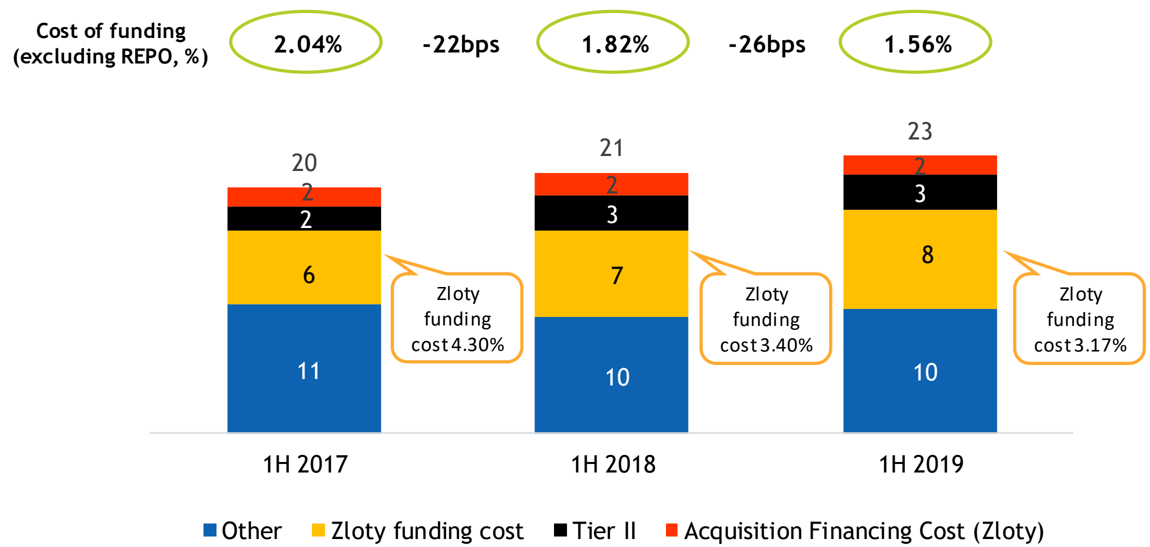
① Polish deposit market



② Irish and Dutch deposit markets

Country	Currency	Avg. top 3 Term Deposits 12M offered rate(1)
Netherlands	Euro	0.65%
Ireland	Euro	0.30%
Italy	Euro	1.70%
Spain	Euro	1.09%
Germany	Euro	0.92%
Poland	Zloty	2.35%

BFF's Adjusted Interest expenses (€m)

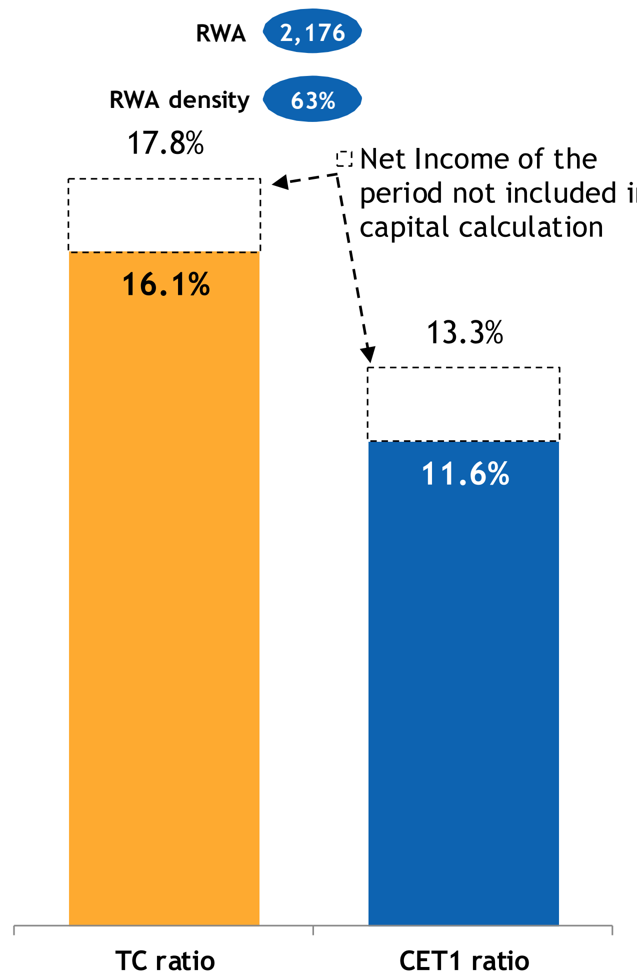


Note: (1) Raisin website, average of the top 3 term deposit offers for retail customers based on local comparison sites as of 23/08/2019.

4 Strong Capital Position Despite High RWA Density due to Standard Model…

- **TC ratio of 16.1% and CET1 ratio of 11.6%:**
  - €38.1m of reported net income not included (equal to 175 bps of additional CET1 and TC, which more than offset the expected capital absorption from IOS Finance acquisition)
  - Both ratios are net of the HTC&S mark-to-market impact (14bps)
- **RWA based on standard model resulting in high RWA density at 63%,** despite exposure is essentially towards public sector
- **No downside risk related to the Italian rating downgrade** by DBRS (BFF's EACAI):
  - **Need to be downgraded by 9 notches** (i.e. 3 notches below Greece) **in order to have a negative impact on BFF's RWA**
  - One notch upgrade would move the risk weighting to 50% with an impact of +3.5% on TC ratio and +2.5% on CET1 ratio

Capital ratios as of 30th June 2019 - Banking Group ex TUB(1)



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		

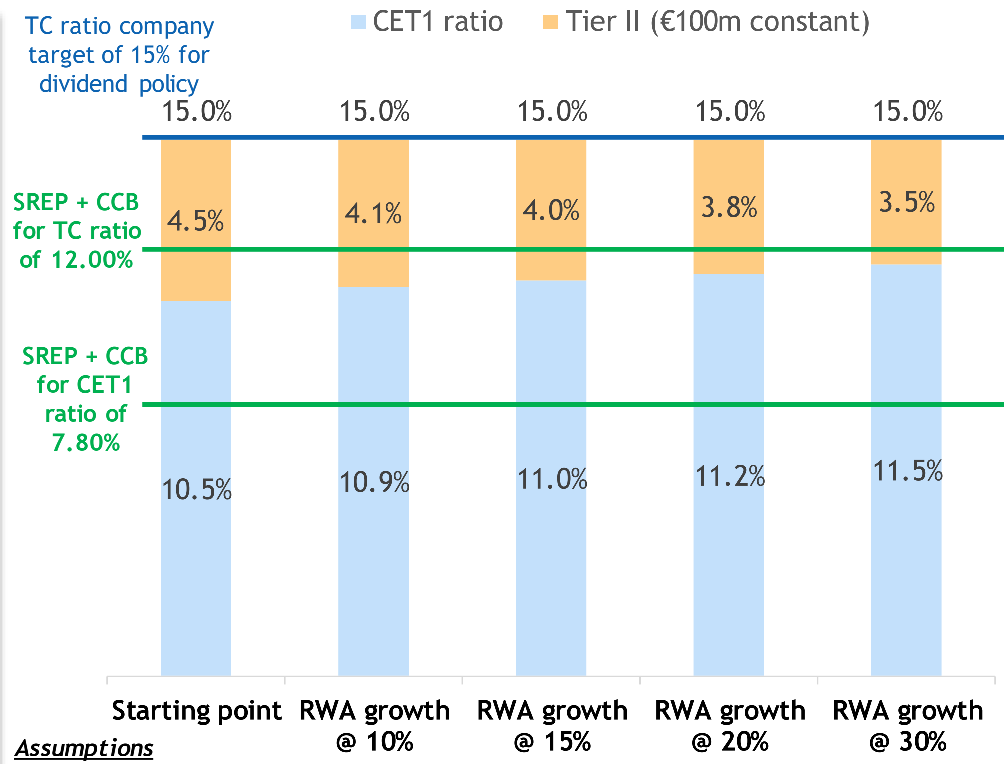
Notes: (1) 1H19 CRR Total Capital Ratio and CET1 Ratio: 17.6% and 13.4%. These ratios are subject to approval by BFF Luxembourg S.àr.l. (2) Following the DBRS downgrade, starting from March 2017, capital ratios are calculated based on a higher risk weighting factor (from 50% to 100%) for the Italian exposure to NHS and other PA different from local and central government.

4 …With a Dividend Policy Protecting Capital Position and Bondholders…

Key Considerations

- **Dividend policy aimed at protecting the capital position and bondholders and, at the same time, self funding growth**
  - Earnings of the period are retained to maintain the 15% TC target, and pay-out the portion of the earnings in excess of the 15% TC threshold
- Target Total Capital level of 15%, **well above the SREP requirements**
- **No obligation to pay a min. DPS or pay-out ratio every year**
- Given the dividend policy and the high ROE of the business:
  - The growth will be funded organically through retained earnings (in 2018 the growth absorbed c. €37m of capital, equivalent to only 40% of the net income of the period)
  - **The CET1 ratio would increase because of the loan growth, assuming constant Tier 2 outstanding**

BFF's Dividend Policy – ILLUSTRATIVE EXAMPLE



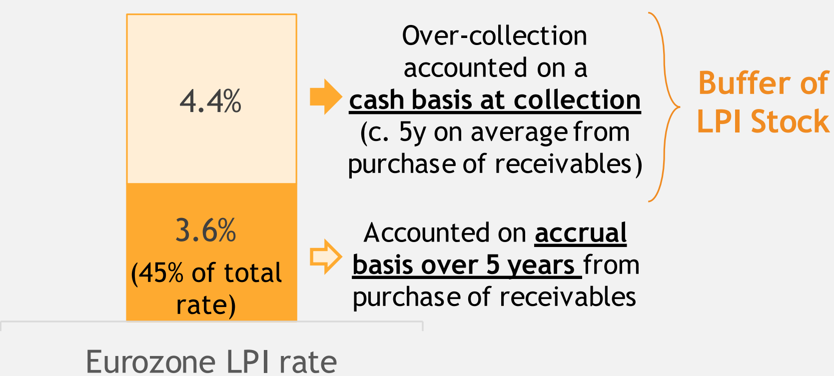
Assumptions (ILLUSTRATIVE) €m:	Starting point	RWA growth @ 10%	RWA growth @ 15%	RWA growth @ 20%	RWA growth @ 30%
RWA	2,200	2,420	2,530	2,640	2,860
Total Capital	330	363	380	396	429
Retained earnings		33	50	66	99

4 …And an Additional Buffer from Unrecognized LPI Stock

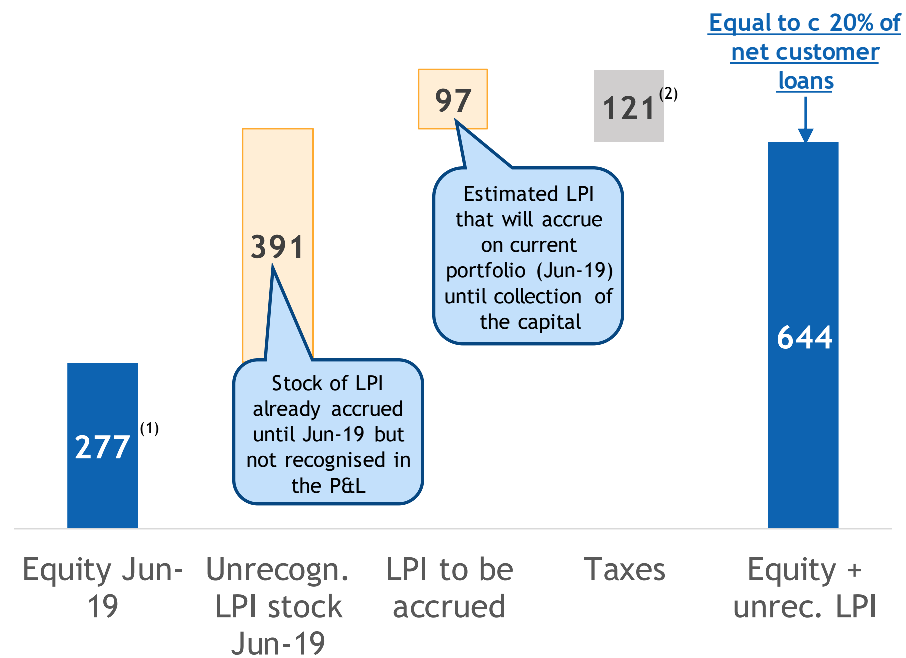
Prudent accounting of Late Payment Interest ("LPI") resulting in a Stock of unrecognised LPI

- Receivables against PA accrues LPIs (regulated by EU law) when not paid on time **@ Central Bank base rate + 8%**
- BFF prudently recognizes in P&L on an **accrual basis only 45% of LPI legally due**, and discounted over 5 years horizon
- **No settlement below 45%, so always over-collection** vs. 45% minimum recognized on **a cash basis at collection** (5 years on average from purchase of receivables)

Central Bank base rate + 8.0%



Therefore, **unrecognized LPI stock (back book income reserve) represents a further buffer to an already strong capital position as BFF is entitled to receive 100% of the amounts due**



Source: Company data as of 30th June 2019.

Notes: (1) Excluding €38.1m of 1H 2019 Net Income. (2) Based on 1H2019 marginal tax rate of 25%.

Positively Geared to a Worsening of the European Macro / Public Finances Outlook

Outlook	Impact for BFF	
1 Increase perception of political / country risk	▪ Higher demand from customers ▪ Lower price sensitivity ▪ Traditional banks less interested in the sector	↑ Volume ↑ Pricing
2 Worsening public finances	▪ Pressure on preserving cash leads to higher payment times by PA ▪ Therefore, larger loan book for the same amount of volumes, with BFF costs mostly fixed or geared to volumes	↑ Loan book growth ↑ Profitability ↑ RoTE
3 Rising interest rates	▪ Double geared to interest rates ▪ LPI charged to debtors are at variable rate ▪ Faster repricing of loans vs. liabilities (short term vs. long term duration) ▪ High portion of loan book funded by equity (Equity / Loans ratio ~ 10%) and liabilities at fixed rate	↑ Net interest margin

BFF Banking Group: A Bank Like No Other®

We Are	▪ Leading provider of non-recourse factoring for HC and PA suppliers in EU
We Offer	▪ Financial services to tackle the payment delays
We Have	▪ **Exposure to short term public sector receivables** ▪ **Diversified funding base with ample liquidity** ▪ **Total Capital >15% with a protective dividend policy and off-balance sheet reserve** ▪ **Positively geared to worsening public sector macro**
We Deliver	▪ RoTE > 30% ▪ Customer Loans growth > 10% ▪ Cost of Risk < 20bps