



BFF BANKING
GROUP

A Bank Like No Other[®]

Acquisition of DEPObank

13 May 2020

Key pillars of DEPObank acquisition

- Today, a binding agreement (the “**Agreement**”) was signed for the acquisition and subsequent merger of DEPObank into BFF (the “**Transaction**”)
- This Transaction confirms BFF’s strong commitment to develop its Strategic Plan and enables value creation for all stakeholders, even in a period of uncertainty generated by the Covid-19 emergency

Key benefits of the Transaction

- ✓ Addition of fee-based income → 30% of combined entity’s revenues from securities services and payments business
- ✓ Access to a significant and low cost funding base → c. €7.5bn currently invested in low/negative yield assets
- ✓ Capital accretive → positive impact of c.100bps on Tier 1 ratio
- ✓ Significant funding & SG&A cost synergies → in the range of €25-35m pre-tax run-rate
- ✓ No changes in credit risk profile → DEPObank assets composed mainly of Italian Government bonds and ECB accounts
- ✓ Attractive financial terms → 3.2x P/E *Adjusted* 2019 pre-synergy and 0.5x P/TBV excluding excess capital

Creation of the leading independent specialty finance bank in Italy, for the benefit of both companies



Consistent with “BFF 2023 Plan”: *“Expanding the business via M&A into new niche markets not covered by traditional banks, with low risk, high growth, high profitability, and supporting the business diversification of the Group”*

For BFF and its clients

Strengthened competitive positioning as the independent leader in the Italian specialty finance sector with increased business model diversification as well as access to structurally cheaper financing

Increased ability to serve and support its customers - especially given the impact of Covid-19, which is increasing customers' demand for BFF services

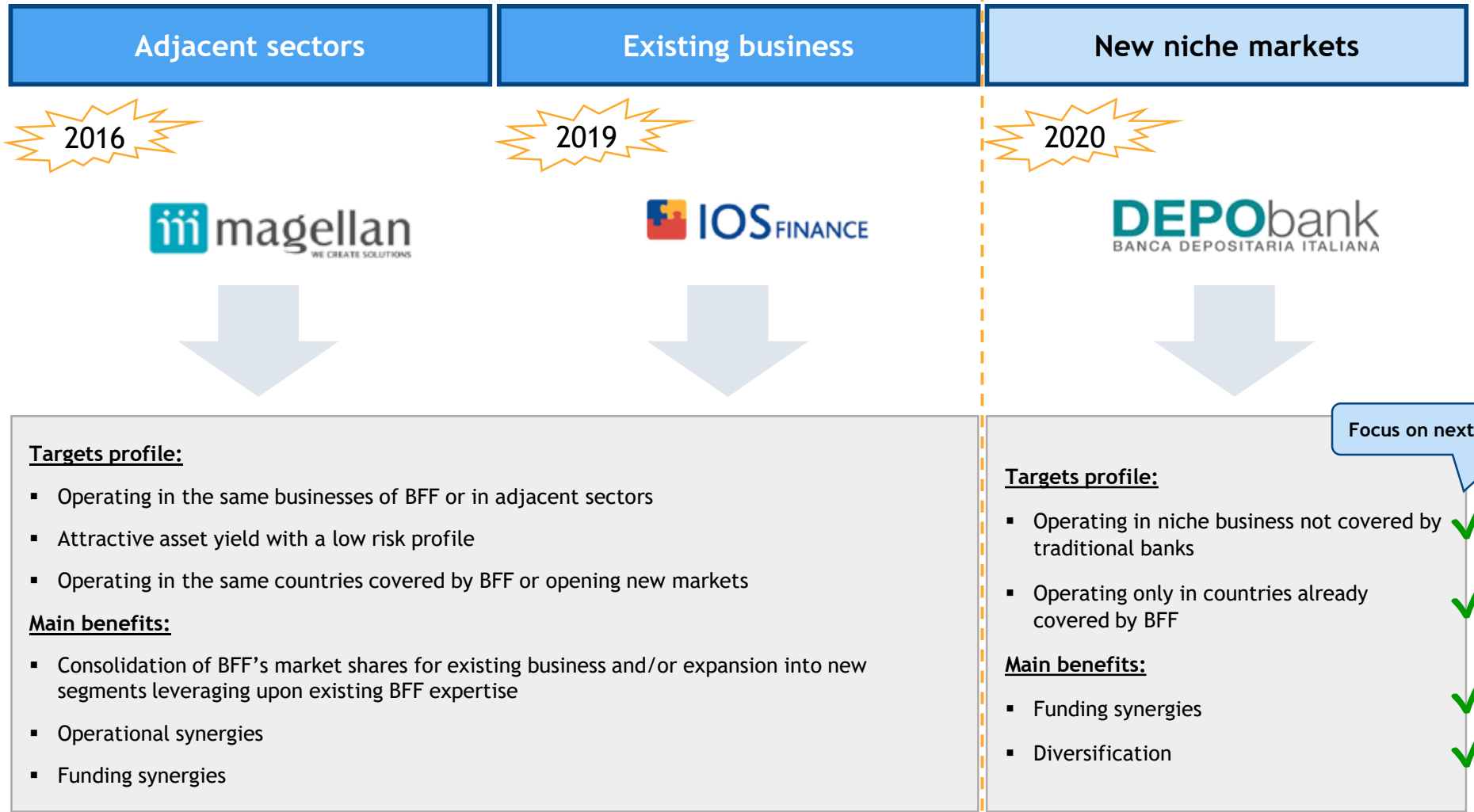
For DEPObank and its clients

Benefit from being part of a listed, solid and profitable Group which has a high standard of execution and operating efficiency, and is both a leader in niche sectors not covered by traditional banks (already clients of DEPObank) and characterised by a low risk profile

Balance sheet of the depositary bank will be invested in shorter duration assets than currently, with better credit risk (i.e. commercial receivables towards public sector compared to unsecured bonds towards government)

DEPObank and BFF businesses will both continue to be developed. BFF has signed a binding agreement with Nexi - effective only upon the date of closing - for the extension of the current partnership between DEPObank and Nexi in relation to (i) the settlement services of both the card acquiring and issuing activities, and (ii) the supply of ICT services from Nexi

Acquisition consistent with BFF 2023 Plan

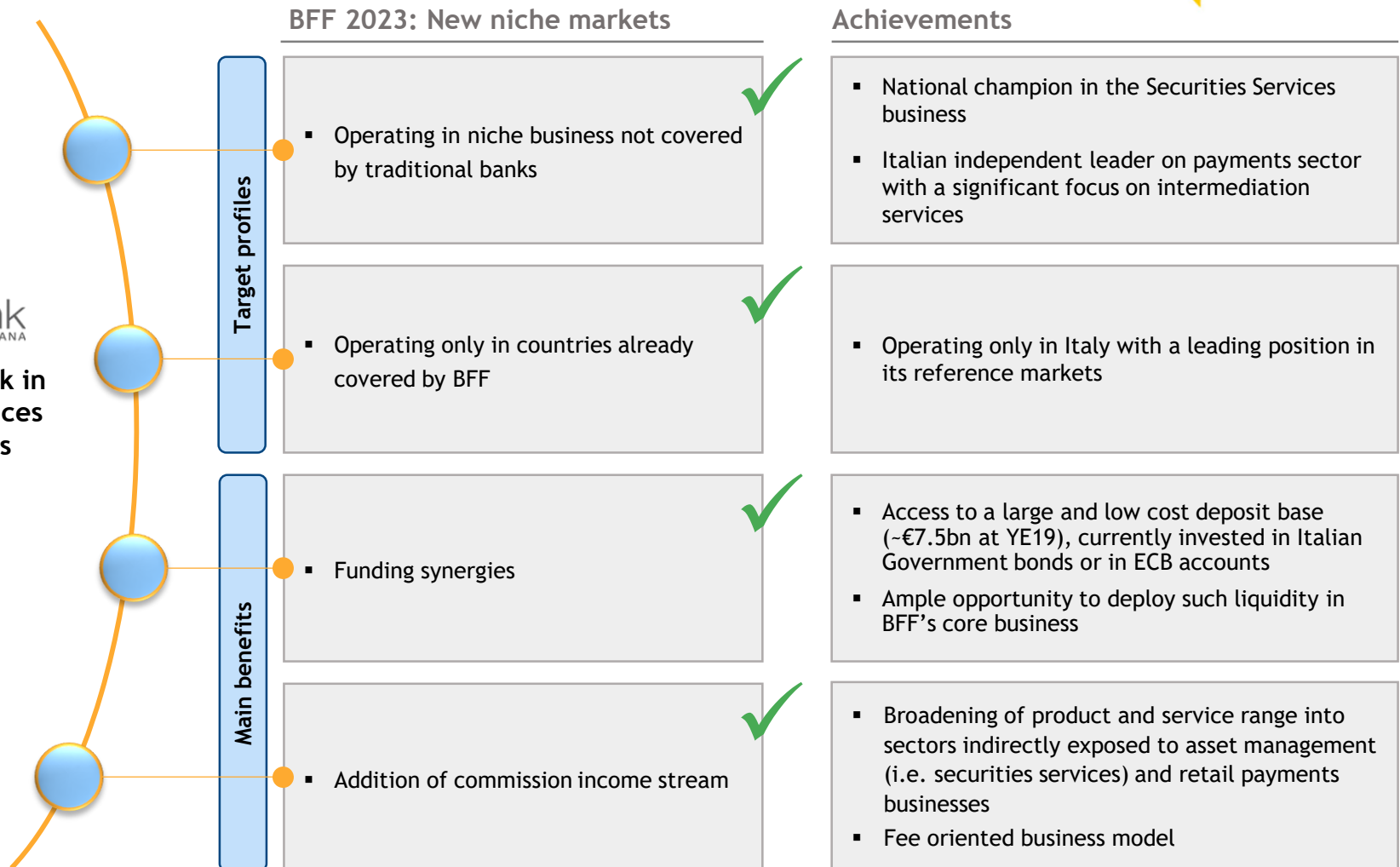


Focus on next page

DEPObank: A well funded and capitalized bank and a leader in niche markets

DEPObank
BANCA DEPOSITARIA ITALIANA

Specialized bank in
Securities Services
and Payments



1. A strong value creation opportunity

2. Key terms of the Transaction

3. Closing remarks

Appendix: Overview of DEPObank

A strong value creation opportunity

1

Increased diversification and scale with no additional credit risk

- **Increasing of products and services range**, entering sectors indirectly exposed to asset management (i.e. securities services) and retail payments businesses, c. 30% of the combined revenues
- **Improved revenues mix**, with stronger contribution from commission income, c. 30% of the combined revenues
- **~€120m combined 2019 adjusted net income pre-synergies**
- **No incremental credit risk** therefore maintaining a negligible credit risk profile (6bps cost of risk as of 2019)

2

Access to a large and low-cost funding base

- **~€7.5bn of deposits from customers at YE19** currently invested in government bonds and ECB accounts at negative interest yield, which can be readily used to finance BFF's business growth
- **Such funding base is even more important for BFF given the context following the Covid-19 emergency** as it allows BFF to more efficiently support the potential increase in: (i) customers' demand, (ii) DSO - therefore loan stock, and (iii) volume from the VAT Split Payment termination (from Jul-20)

3

Capital neutral confirming BFF's disciplined approach in M&A

- **TC ratio pro-forma stable at 15% while accretive for Tier 1 ratio**: goodwill and capital increase to entirely cover the capital absorption from the Transaction
- **Cash payment for the Target's excess capital above 15% plus issuance of BFF shares with a limited 7.6% dilution to BFF shareholders**. Therefore, BFF will merge with a business capitalized at 15% CET1 by issuing €63m⁽¹⁾ worth of BFF shares, equivalent to a pre-synergy multiple of 3.2x⁽²⁾ P/E *Adjusted* 2019 and 0.5x P/TBV, excluding the excess capital⁽³⁾
- **BFF's capital is further protected by a Risk Sharing Mechanism in relation to DEPObank's HTC Portfolio value at closing**

4

Significant value creation & immediately accretive

- **>€25-35m pre-tax annual run-rate synergies**
 - **€15-25m funding synergies** through the deployment of DEPObank's liquidity to fund BFF's business, equal to 20-30bps over DEPObank 2019 liquidity (€7.5bn)
 - **>€10m SG&A cost savings** from the integration of the businesses (-5% of the combined entity and ~10% of DEPObank cost base)
- **EPS and DPS accretive for more than 10% as early as from 2021**

1 Increased scale with no additional credit risk

Increase in scale while maintaining a portfolio of customer receivables composed mainly of short-term exposure towards the public sector, of which 37% outside of Italy

Metrics (€m, FY19) ⁽¹⁾	BFF BANKING GROUP		DEPObank BANCA DEPOSITARIA ITALIANA		BFF BANKING GROUP + DEPObank BANCA DEPOSITARIA ITALIANA Pro-forma			
Customer loans	<u>LTD ratio⁽²⁾</u>	304%	4,118	100%	- (3)	-	4,118	47%
Deposits from customers			1,354	15% / 85%	7,494		8,848	
Total assets			5,511	38% / 62%	9,143		14,654	
Total revenues			205	60% / 40%	139		343	
Operating expenses (excl. D&A)			(80)	45% / 55%	(97)		(176)	
Adjusted net income (pre-synergies)			99	83% / 17%	20 ⁽⁴⁾		119	
RWA			2,414	72% / 28%	932		3,345	
Employees			517	59% / 41%	363		880	

Mainly Italian govies and cash placed in ECB (c.80% of total)

Average contribution BFF c.70%⁽⁵⁾

Notes: 1. Reported data as of 2019; 2. Calculated as loans to customers / total deposits; 3. Excluding REPOs and non core items (c.€45m) to be divested before closing; 4. Net income adjusted calculated considering only the components relating to the businesses included in the perimeter of the Transaction (i.e. excluding, among others, cost related to non-core activities excluded from the Transaction's perimeter and the goodwill impairment); 5. Excluding from the average contribution total assets and deposits from customers.

1 Increased diversification in niche business with market leadership



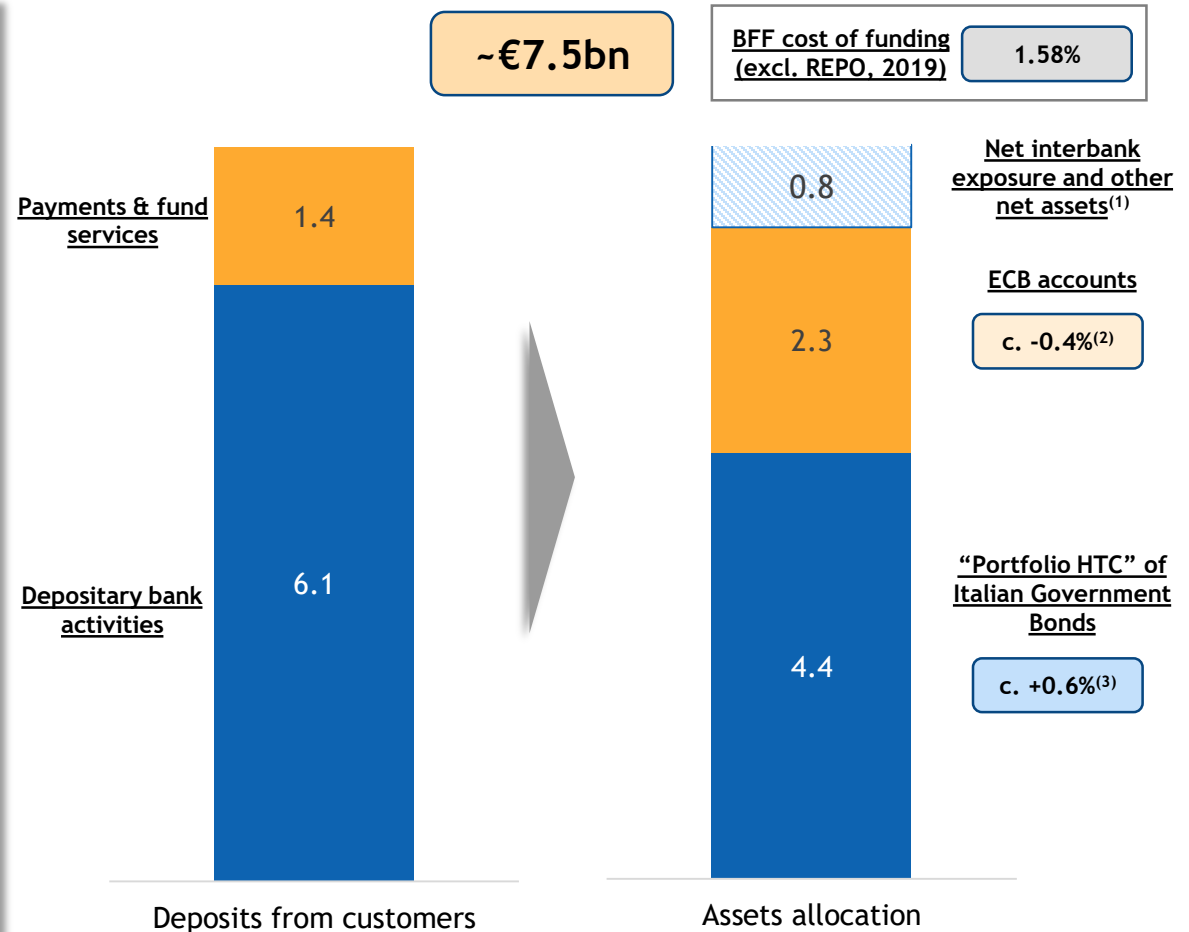
		Revenues FY19	Positioning	Overview of the main products and services
BFF	Non-recourse factoring	€156m	Leader in Europe	<ul style="list-style-type: none"> Management and collection of receivables towards the PA and the NHS Presence:
	On-line deposits Credit Management	€6m	Leader in Italy	<ul style="list-style-type: none"> Credit management solutions for receivables due from PA and NHS through the monitoring of the entire credit life cycle Presence:
	Lending in CEE	€43m	Largest independent player	<ul style="list-style-type: none"> Specialized lending products following the acquisition of Magellan (now BFF Polska) Presence:
DEPObank	Securities Services ⁽¹⁾	€44m	Leader in Italy	<ul style="list-style-type: none"> Depository bank: €15m revenues, €71bn Assets Under Depository Fund accounting: €11m revenues with services provided on more than €48bn assets Global custody: €10m revenues with custody services on more than €143bn assets Transfer agent: €9m revenues, #2.3m subscriptions
	Payments ⁽¹⁾	€46m	Leader in Italy	<ul style="list-style-type: none"> Intermediation: €32m revenues Corporate Payments: €8m revenues Check and receivables: €6m revenues <div style="border: 1px solid black; padding: 5px; display: inline-block;">#619m total transactions</div>
	Treasury	€45m	n.a.	<ul style="list-style-type: none"> Liquidity management: currently invested in Italian Government Bonds and ECB accounts at negative yields

2 ~€7.5bn of liquidity invested in Italian Government bonds and ECB deposits available to fund BFF's low risk and short term credit business

Key considerations

- DEPObank's liabilities mainly consist of customer deposits for €7.5bn. Such liquidity is attributable to its two business units:
 - Depository bank activities for €6.1bn, equal to 8.6% of the Assets under Depository as of December 2019 (Assets under Depository: €71bn)
 - Payments and other fund services for €1.4bn, mainly linked to corporate payments services and checks & receivables
- Liquidity mainly invested in Italian Government Bonds (€4.4bn, classified as HTC - "Portfolio HTC") and in ECB accounts (€2.3bn) with yields significantly lower than BFF's cost of funding
- Post Transaction, balance sheet of the depository bank will be invested in shorter duration assets than currently, with better credit risk (i.e. commercial receivables towards public sector compared to unsecured bonds towards government)

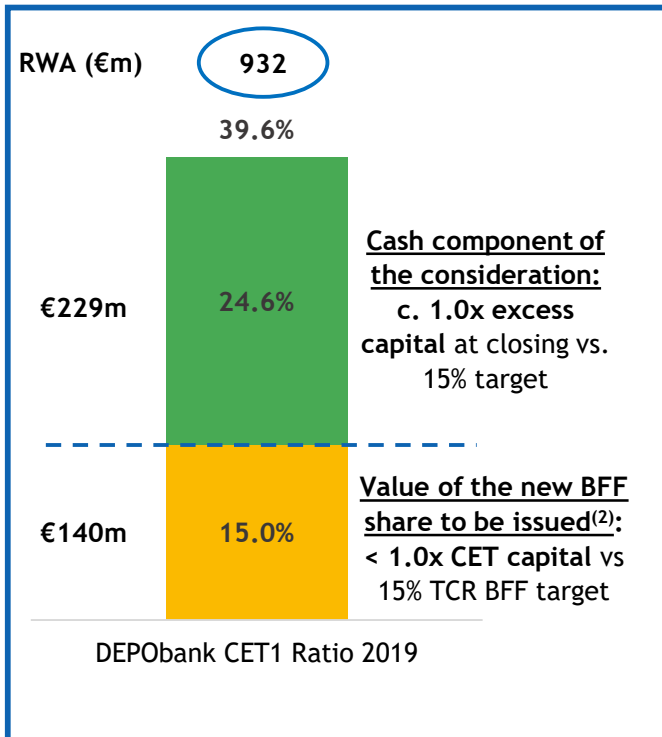
DEPObank liquidity (€bn)



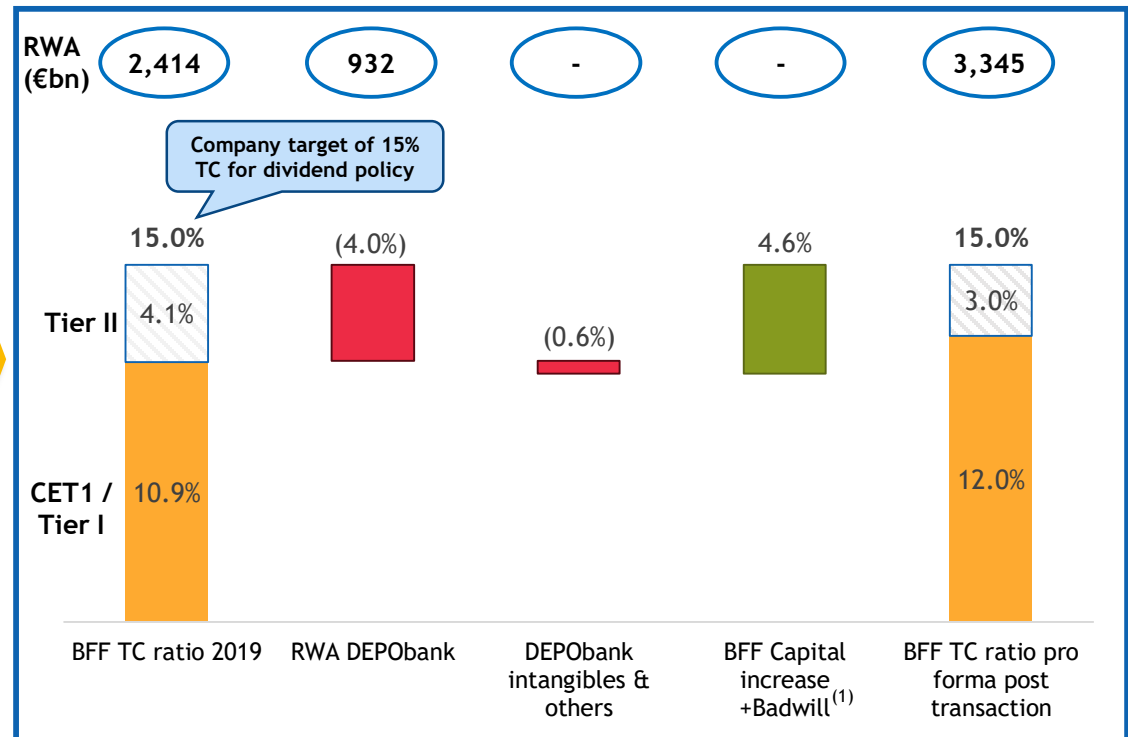
3 Capital neutral confirming BFF's disciplined approach in M&A

No impact on BFF's Total Capital ratio: both the shares to be issue in the context of the merger and the badwill generated by the Transaction are expected to cover the capital absorption @ 15% TC ratio target. **Positive impact on Tier 1 ratio of c.100bps**

DEPObank CET1 as of FY19

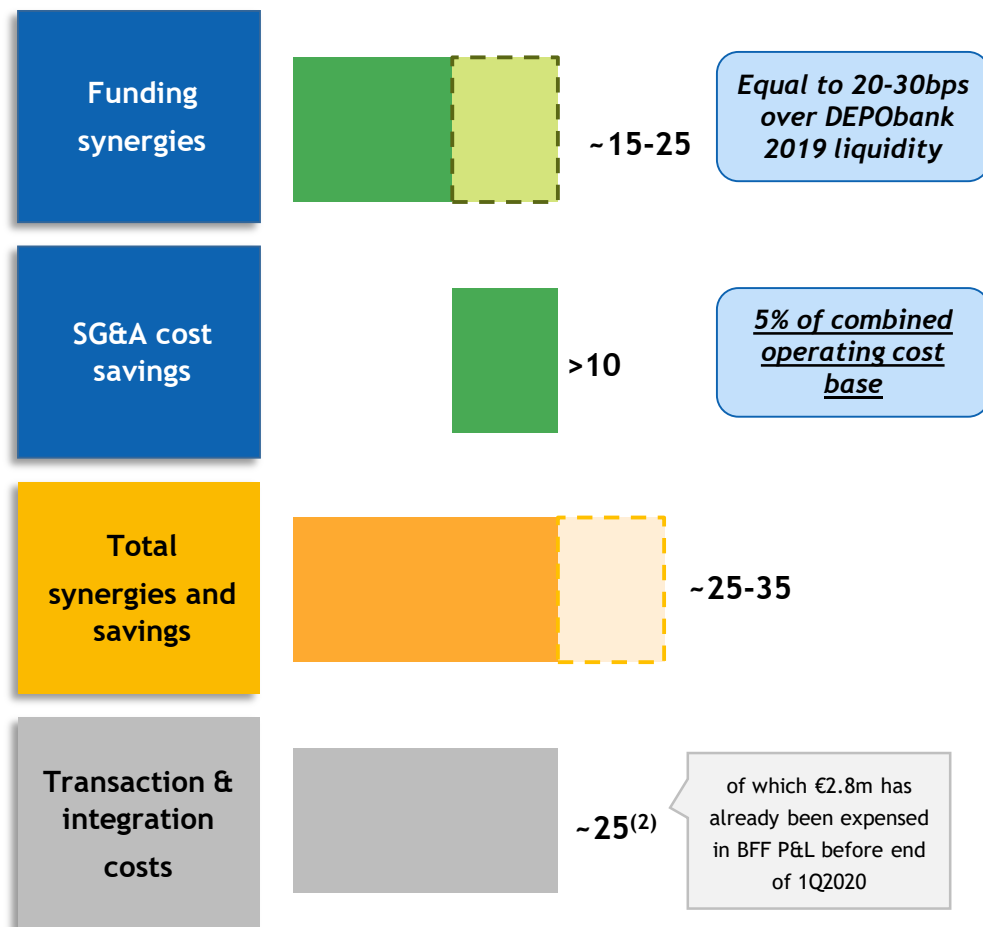


Capital impact on BFF (FY19 pro-forma)⁽¹⁾



Significant value creation, with €25-35m run-rate synergies...

Pre-tax annual run rate synergies (€m)



Key initiatives

Funding synergies

- Deployment of DEPObank's liquidity (c. €7.5bn at YE19) to fund BFF's Euro business
 - Current BFF funding lines assumed to be replaced only in part in order to maintain a diversified funding base and a balanced maturity profile of assets & liabilities
- ~€15-25m of run rate pre-tax funding synergies as a result of:
 - lower cost of funding in the range of €20-30m respectively with a normalization of DEPObank liquidity and assuming a stabilisation of liquidity at the current level
 - net of c.€5m due to lower interest income from current DEPObank HTC bond portfolio (which at maturity will be reinvested in BFF's business)

SG&A cost savings (including closure of non-core operations⁽¹⁾)

- Integration of the corporate bodies
- Integration of IT systems
- Optimization of the SG&A
- Closure/disposal of non-core operations⁽¹⁾ before closing
- Conservatively equivalent to ~5% of the combined operating cost base / ~10% of DEPObank operating cost base as of 2019

Transaction and Integration costs

- Integration costs mainly related to the integration of the IT platforms and the merger

...and immediately accretive for shareholders

Issuing 14,043,704 new BFF shares for a current value of €63m⁽¹⁾, representing an P/TBV of 0.5x for a business with marginal credit risk, low capital absorption and strong synergy potential



Earnings multiple (€m) ^(1,2)	Comments						
<p>2019 Expected Cash Dividend (€0.415 per share) to be paid as soon as the regulators allow, and expected before closing⁽³⁾</p> <table border="1"> <thead> <tr> <th>Metric</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>P/E Adjusted 2019 pre-synergy</td> <td>3.2x</td> </tr> <tr> <td>P/E Adjusted 2019 post-synergy</td> <td>1.5x</td> </tr> </tbody> </table>	Metric	Value	P/E Adjusted 2019 pre-synergy	3.2x	P/E Adjusted 2019 post-synergy	1.5x	<ul style="list-style-type: none"> ▪ The Agreement envisages that a fixed number of new BFF shares are to be assigned to Equinova in the context of the Merger ▪ Based on BFF's share price as of 7th May 2020, the value of new shares to be issued is €63m⁽¹⁾ <ul style="list-style-type: none"> – The Transaction represents a pre-synergy multiple of 3.2x P/E Adjusted 2019 and 0.5x P/TBV excluding the excess capital above the 15% CET1 ratio, or 13.2x and 0.7x respectively including the excess capital ▪ BFF shareholder dilution limited to 7.6% as a result of an acquisition of a business with (i) high liquidity, (ii) stable growth (iii) marginal credit risk on the balance sheet, (iv) low capital absorption with a fee oriented business model, and (v) high synergies generation potential in the range of €25-35m ▪ Significant value creation for shareholders with EPS and DPS accretion for more than 10% from 2021
Metric	Value						
P/E Adjusted 2019 pre-synergy	3.2x						
P/E Adjusted 2019 post-synergy	1.5x						

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Appendix: Overview of DEPObank

Summary of the key terms of the Transaction



<p>Transaction overview</p>	<ul style="list-style-type: none"> ▪ On 13th May 2020 BFF, Equinova and DEPObank signed a binding Agreement envisaging the following key steps: <ol style="list-style-type: none"> I. Equinova to acquire the outstanding shares held by the minority shareholders before closing. If not previously acquired, the minority shareholders' stake will be acquired by BFF at closing by virtue of the majority shareholder's drag along right II. BFF shall acquire n. 10.785.337 DEPObank shares equal to c. 76% of its share capital (the "Acquisition"), for a cash consideration (the "Cash Consideration") equal to the excess capital above the 15% CET1 ratio of DEPObank banking group as of the closing date III. DEPObank shall be merged by incorporation into BFF with an immediate effect after the closing of the Acquisition (the "Merger"). Post Merger, Equinova will have a stake of 7.6% in the combined entity ▪ Concurrently, BFF has signed a binding agreement with Nexi (effective only from the closing date) for the extension of the current partnership between DEPObank and Nexi in relation to (i) the settlement services of both card acquiring & issuing activities, and (ii) the supply of ICT services from Nexi
<p>Transaction structure</p>	<ul style="list-style-type: none"> ▪ Cash Consideration for 76% of DEPObank shares to be determined at closing and as the sum of: <ul style="list-style-type: none"> – excess capital of DEPObank above the CET1 ratio of 15% at closing (excluding the net income of the period between 1st July 2019 and closing) capped to a maximum amount of €198m, and subject to adjustments on the basis of parameters defined in the Agreement – DEPObank net income for the period between 1st July 2019 and the closing date, subject to adjustments. Cost of closure/disposal of non-core operation (excluded from the Transaction's perimeter) to be expensed before closing – potential future earn-out payments of (i) up to €11m linked to the release of specific provisions already accounted for in DEPObank's financial statements (i.e. no impact on BFF's capital if paid), and (ii) up to €10m linked to potential savings following the renegotiation of certain IT contracts ▪ In the context of the Merger, Equinova will receive 14,043,704 newly issued BFF ordinary shares in exchange of the remaining 24% stake held in DEPObank <ul style="list-style-type: none"> – the new shares will be subject to a 1 year lock-up period. This lock-up will cease if Equinova becomes the largest shareholder of BFF. Following the Transaction, Equinova will become a shareholder of BFF with a stake of 7.6% ▪ The Transaction represents a pre-synergy multiple of 3.2x P/E⁽¹⁾ <i>Adjusted</i> 2019 and 0.5x P/TBV⁽¹⁾ excl. excess capital
<p>Main condition precedents</p>	<ul style="list-style-type: none"> ▪ The completion of the Transaction, expected for the 4Q2020, is subject to certain conditions being satisfied, among which (i) BFF's Extraordinary General meeting approval, (ii) supervisory authorities' authorizations (as well as by the Government for the so-called "golden power") and (iii) antitrust clearance

BFF's returns further enhanced by a Risk Sharing Mechanism in relation to DEPObank's Portfolio HTC at closing

Key features of the mechanism

1. The purchase (completed today) by BFF of a portion of the Portfolio HTC at the current market value equal to €742m, with a yield (as of today) of 1.6% and a residual duration of 5 years, financed through REPO at market conditions, with the proceeds of such disposal for DEPObank deposited at the ECB
2. At closing, the application of a Risk Sharing Mechanism with the seller of the potential capital absorption related to the Portfolio HTC in the case that the fair market value at such date is lower than the carrying value on DEPObank's accounts
 - This Risk Sharing Mechanism envisages the possible issuance of an Additional Tier 1 ("AT1") instrument by BFF in favour of Equinova (or a third party designated by Equinova) for a max nominal amount of €70mln and a fixed interest rate equal to 7% per annum

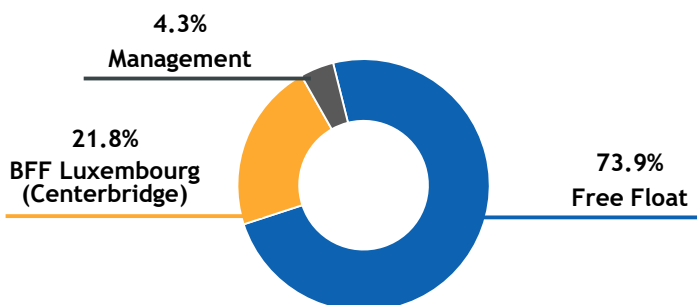
Benefits and potential impacts for BFF

- The Risk Sharing Mechanism allows:
 - to absorb the potential capital impact for BFF in the event that the market value of the Portfolio HTC is lower, at closing, than its accounting value reported on DEPObank's financial statements
 - to increase, at the same time, the financial return of the Transaction for BFF with no additional risk. The lower market value of the Portfolio HTC compared to the accounting value would represent - for BFF - a higher future profit for an equivalent amount, which then translates into a potential return on the absorbed capital of up to 4.0x over approximately 4 years
- If activated, the Risk Sharing Mechanism will imply - for BFF - a maximum capital absorption on the Portfolio HTC of €29mln at closing
- For illustrative purposes: using today's market value of the Portfolio HTC, the application of the Risk Sharing Mechanism would result in an AT1 issuance of €24m and a net capital absorption for BFF (i.e. not covered by the AT1 issuance) equal to €10m, with €28m of additional capital generated over the next 4 years

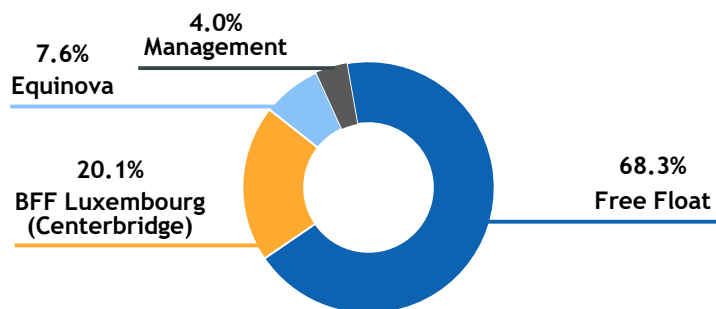
BFF shareholding structure and governance

BFF shareholding structure

Pre Transaction



Post Transaction (closing date)



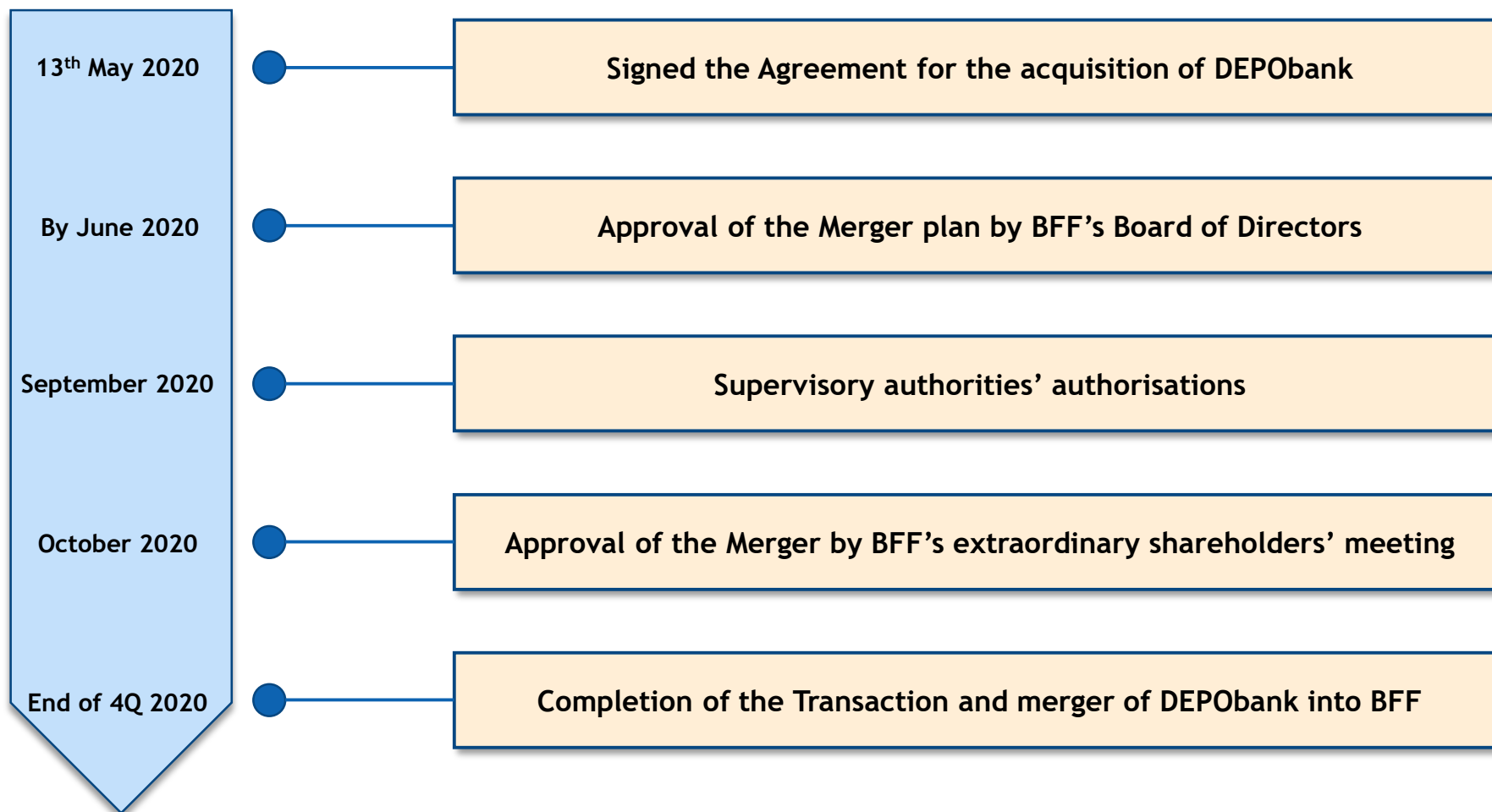
Shareholding

- In the context of the Merger Equinova will receive 14,043,704 BFF shares, becoming the 2nd largest shareholder of BFF with an expected stake equal to 7.6% of BFF's share capital post Merger
- In the context of the Transaction, Equinova will be the only new shareholder of BFF
- The BFF shares received by Equinova will be subject to a lock-up period of 1 year, which will cease if Equinova becomes the largest shareholder of BFF before the termination of the lock-up period

Governance

- BFF committed, on a best effort basis, that if a director is co-opted in the 12 months following the closing or if a list of candidates is submitted by BFF's Board of Directors at the first renewal of the same, a person designated by Equinova but which could qualify as independent, will be appointed to the BFF board
 - Such best effort commitment will cease once Equinova's stake in BFF's share capital becomes lower than that at the closing of the Transaction

Indicative timeline of the Transaction



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Appendix: Overview of DEPObank

Another step towards “BFF 2023”



1

Increase scale and diversification both in terms of products & services offered and revenue mix, while maintaining a negligible credit risk profile

2

Ample and stable low-cost liquidity flows generated by DEPObank’s core activities will support BFF’s business growth while allowing for significant funding synergies

3

Transaction resulting in a positive impact on the Group’s Tier 1 ratio and liquidity ratios

4

Significant value creation with EPS and DPS accretion as early as from 2021

5

Attractive financial terms for BFF shareholders

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Appendix: Overview of DEPObank

DEPObank: Specialized player in Securities Services and Payments businesses

Diversified revenue mix among Securities Services, Payments and Treasury



Treasury function manages the liquidity generated by the business units, mainly linked to depositary bank activities. As of December 2019, most of the liquidity is invested in Italian Government Bond (€4.4bn)

Business units

Supporting function

1 Securities Services

2 Payments

Treasury

Services

- Depository bank
- Global custody
- Fund accounting
- Transfer agent

- Intermediation
- Corporate payments
- Checks & receivables

- Funding and liquidity management
- Liquidity mainly invested in Italian government bond

Financials & Key data

- Revenues⁽²⁾: €44m
- Depository Bank: €71bn assets
- Global Custody: €143bn assets

- Revenues⁽²⁾: €46m
- Number of transactions: #619m

- Revenues: €45m
- Italian Government bond portfolio: ~€4.4bn

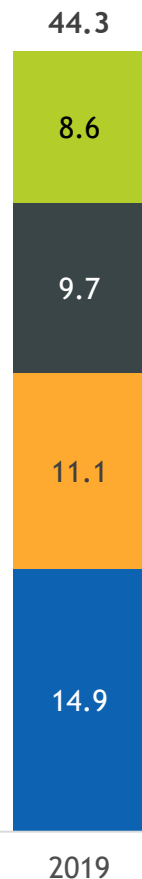
1 National champion in the Securities Services business with focus on high growth customer segments



Comments

- DEPObank is the sole Italian national champion in the Securities Services market
- Comprehensive offer able to meet customization needs of its client in line with the characteristics of the Italian market
 - Highly fragmented market with presence of numerous small-medium size banks and small investment funds
 - Key provider for domestic operator: unique value proposition *versus* international players by offering tailor made solutions and a dedicated commercial service
- Long standing relationships and key role in the Italian financial ecosystem with a diversified customer base composed of:
 - Ca. 250 mutual Italian funds
 - Ca. 170 Italian pension funds
 - Ca. 80 Italian alternative funds

Revenues⁽¹⁾ (€m)



Key data



Transfer agent

- Investor recordkeeping/shareholder servicing
- Certificates management, account administration & reporting including compliance
- Cash/Dividend distribution

#2.3m subscriptions



Global Custody

- Securities safekeeping and corporate actions
- Account keeping, tax reclaim and reporting
- Holding of assets and remuneration of securities

€143bn assets



Fund Accounting

- NAV calculation, regulatory & tax reporting
- Fees management and portfolio investment tracking
- Corporate & legal services, financial reporting

€48bn assets



Depository Bank

- Recording/keeping securities records and reporting, monitoring and reconciliation
- Compliance with local funds' norms
- Withholding agent in connection with capital gains excluded from substitute tax

€71bn Assets under Depository

2 Italian independent leader in the fast growing banking payments sector

Comments

- DEPObank is the Italian independent leader on domestic transactions with a significant focus on intermediation services
- Italian payments market is characterised by high growth rates mainly driven by digital payments
 - Increasing of the penetration on digital payments supported by the developed payment infrastructure
- Longstanding relationship with Nexi for the management of payments and collections of the acquiring and issuing of credit cards
- Furthermore, DEPObank plays a key role for both the medium-small sized banks (i.e. intermediation services) and for the large banks (i.e. card settlement)

Revenues⁽¹⁾ (€m)

46.3

5.7

8.2

32.4

2019

% on total transaction

Checks & receivables

8%

- Checks issuing: project support, supply of personalized check
- Checks collection: bank intermediation and accounting
- Receivable collection: management of unpaid/protected and collection management

Corporate Payments

9%

- Collection and management of payment flows
- Intermediation bank between corporate and other banks
- Collector body, operative & accounting intermediary

Intermediation

83%

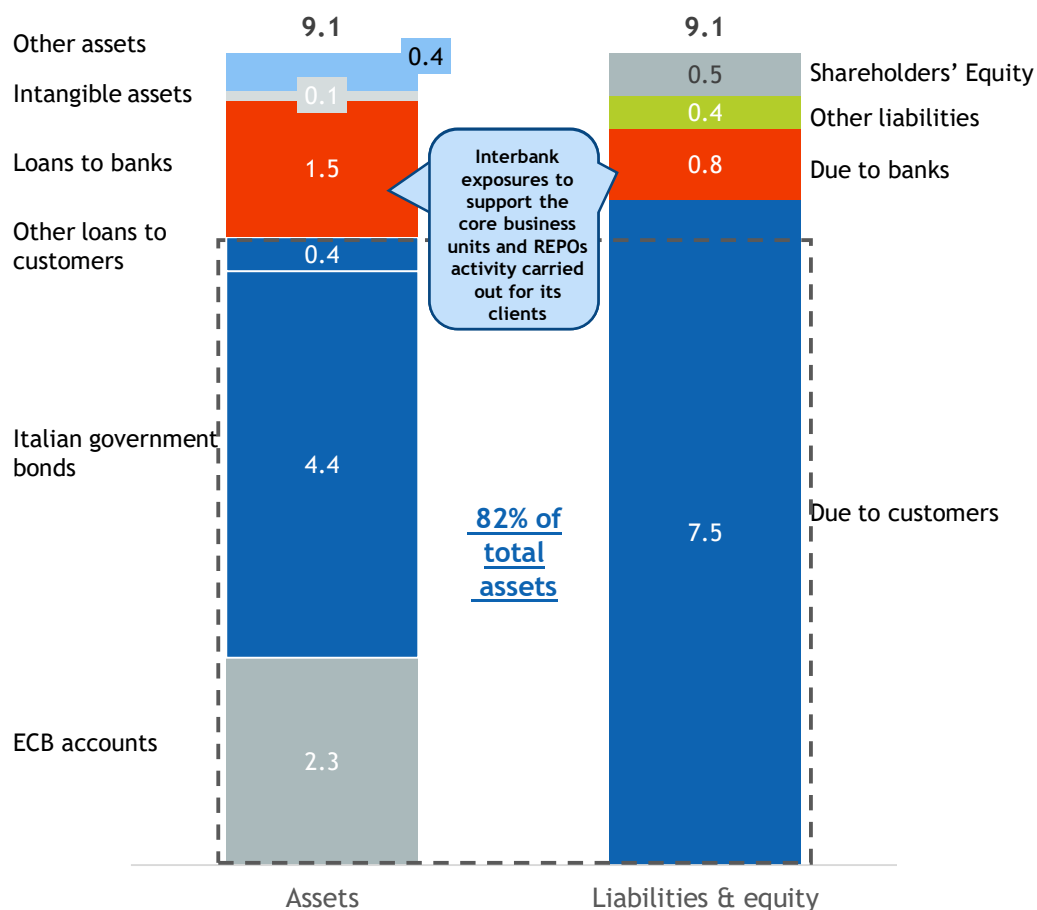
- Transfer and collections intermediation (SEPA)
- Card settlement: (i) clearing and settlement of VISA and MasterCard circuit and (ii) Competitive intermediation (Setif)
- Other settlement services & Web/ATM payment

Total transaction Intermediation:
Payment settlement 55%
Card settlement 45%

Total transactions (#m) 619

DEPObank main financials

Balance sheet composition FY19 (€bn)



Key data

Income statement (€m)	2019 ⁽¹⁾
Net interest income	45.4
Net fees & commission	90.2
Total revenues	138.9
Operating costs (excl. D&A)	(96.6)
o/w personnel costs	(30.3)
o/w administrative costs ⁽²⁾	(66.4)
Net income	16.7⁽³⁾
Net income (excl. non core operations)	19.8⁽⁴⁾
Regulatory capital (€m)⁽⁵⁾	
RWAs	931.6
CET1 ratio	39.6%
Total Capital ratio	39.6%
Key data	
Employees (#)	363