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PRESS RELEASE

BFF Banking Group announces solid results in the first nine months of 2023, with record adjusted consolidated net profit

- **9M23 Reported Profit at €115.0m, +24% YoY, Adjusted Net Profit at €122.5m, +16% YoY, a new 9M record high.**
- **Loan Portfolio at €5.3bn, +12% YoY, with double-digit growth in several countries, confirming positive trend.**
- **Loan/Deposit ratio at 71%, solid Balance Sheet with funding deriving primarily from stable retail (4x YoY) and operational deposits.**
- **Reduction in Total Assets and increase in loan book YoY, with Leverage Ratio slightly improved.**
- **Strong asset quality with 0.1% Net NPLs/Loans ratio excluding Italian municipalities in conservatorship.**
- **Very solid capital position: CET1 ratio at 15.5% and TCR at 20.8%. €101m of excess capital vs. 12% CET1 ratio target, after payment in Sep-23 of €0.438 p.s. of 1H23 interim dividend.**
- **€40.5m (€0.218 p.s.) of accrued dividend in 3Q23, next semi-annual payment after AGM of Apr-24. No impact from windfall tax on dividends and payout ratio throughout Business Plan horizon.**

Milan, 9th November 2023 – Today the Board of Directors of BFF Bank S.p.A. ("**BFF**" or the "**Bank**") approved BFF's first nine months 2023 consolidated financial accounts.

CONSOLIDATED PROFIT AND LOSS[1]

9M23 **Adjusted Total Revenues** were **€547.4m** (**+75%** YoY), of which **€293.7m** coming from *Factoring, Lending & Credit Management* business unit, **€45.7m** from *Payments*, **€18.9m** from *Securities Services* and **€189.1m** from *Other Revenues*, of which **€127.2m** from the **Government bond portfolio**. 9M23 **Cost of Funding** was at **€248.3m**, with liabilities repricing faster than assets, and **Adjusted Total Net Revenues** were **€299.1m** (**+9%** YoY). Total Adjusted operating expenditures, including D&A, were **€130.7m** (€121.2m in 9M22), and Adjusted LLPs and provisions for risks and charges were **-€2.6m**.

This resulted in an **Adjusted Profit before taxes** of **€165.8m**, and an **Adjusted Net Profit** of **€122.5m**, **+16%** YoY. 9M23 **Reported Net Profit** was **€115.0m**, **+24%** YoY (for details, see footnote n° 1).

With regard to the business units' KPIs and adjusted Profit & Loss data, please refer to the "9M 2023 Results" presentation published in the *Investors > Results > Financial results* section of BFF Group's website. Please note that the *Corporate Center* comprises all the revenues and costs not directly allocated to the three core business units (*Factoring, Lending & Credit Management*, *Payments* and *Securities Services*).

CONSOLIDATED BALANCE SHEET

As of 30th September 2023, the **consolidated Balance Sheet** amounted to **€12.5bn** down by **€0.6bn** (**-4%**) vs. the end of September 2022, despite the increase in **Loan Book** YoY.

The **Loan Book** was at **€5,325m**[2], up by **€565m** YoY (**+12%**), with double-digit growth in Italy (+12%), Greece (+37%), Spain (+18%) and Portugal (+13%).

At the end of September 2023, the **Government bond portfolio** was classified entirely as *Held to Collect* or "HTC". The bond portfolio was equal to **€5.3bn** at the end 9M23, vs. €6.7bn at the end of September 2022, with a strong reduction of fixed bonds, at **20%** of the total portfolio in 9M23 vs. 41% in 9M22. The fixed bond portfolio residual average life was **44** months, with a yield of **0.69%**; the floater bond residual portfolio average life was **66** months, with a spread **+0.90%** vs. 6-month Euribor and a running yield of **4.52%** as of 30th September 2023. Gross mark to market of fixed bond portfolio amounted to **-€121.1m** at the end of September 2023, while for floaters

[1] Reported Net Profit includes:
- the negative impact of adjustments accounted on the following items:
  - -€1.4m post tax, -€1.9m pre tax, related to Stock Options & Stock Grant plans;
  - -€2.8m post tax, -€4.0m pre tax, of Transaction/Restructuring and M&A Costs;
  - -€1.8m post tax, -€2.5m pre tax, related to Group CEO settlement agreement;
  - -€1.4m post tax, -€2.0m pre tax, related to Customer contract amortizations.

[2] Loan book portfolio includes fiscal receivables "Ecobonus" for 336m, which are accounted in "Other Asset" in the 9M23 Consolidated Financial Accounts and the stock of on-balance sheet LPIs and "recovery cost" rights at €527m.

it was equal to **-€51.5m**[3]. **Cash and Cash Balances** were **€421m** as of end of September 2023, up by **€172m** (**69%**) YoY.

On the **Liabilities** side, the main changes vs. end of September 2022 are the following:

- **deposits from *Transaction Services*** were **€5.3bn** at the end of September 2023, down by **€1.2bn** YoY (stable YoY excluding Arca), primarily due to Arca's exit;
- **on-line retail deposits** at end of September 2023 amounted to **€2,140m** vs. €585m at the end of September 2022, up by **€1,554m** (**>250%**) YoY, primarily raised in Spain and Poland;
- **Passive Repos** (refinancing operations related to Italian Government Portfolio) amounted to **€3.7bn** at the end of September 2023, vs. €4.8bn at end of September 2022, down by **22%** YoY;
- BFF did not have any outstanding Senior unsecured bonds at the end of September 2023 (vs. €39m at end of September 2022), due to the repayment at maturity of the residual amount of €39m of the senior preferred bond, with maturity May 23rd 2023.

Cost of funding in 9M23 was **2.99%**, lower than the average market reference rates.

BFF does not have European Central Bank "ECB" funding to be refinanced (PELTRO, TLTRO, etc.).

The Group maintained a strong liquidity position, with **Liquidity Coverage Ratio (LCR)** at **177.2%** as of 30th September 2023. At the same date, the **Net Stable Funding Ratio (NSFR) was 171.9%** and **Leverage Ratio 4.7%**, stable vs. 4.6% at YE22.

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Asset quality

The Group continues to benefit from a very low exposure towards the private sector. **Net non-performing loans ("NPLs"), excluding Italian Municipalities in conservatorship** ("*in dissesto*"), were **€6.4m**, at **0.1%** of net loans, with a **76% Coverage ratio**, improved vs. YE22 and vs. 9M22 when it was 74% and 69%, respectively. Italian Municipalities in conservatorship are classified as NPLs by regulation, despite BFF is entitled to receive 100% of the principal and late payment interests at the end of the conservatorship process.

Negligible annualized **Cost of Risk** at **6.3 basis points** at end of September 2023.

At the end of September 2023 **net Past Due** amounted to **€199.9m**, increased vs. €185.3m as of YE22 and vs. €187.1m as of end of September 2022. In September 2022 Bank of Italy issued more stringent interpretation criteria on the DoD (Guidelines on the application of the definition of

[3] Please note that BFF excess capital over 12% CET1 target ratio is equal to €101m, see also paragraph *Capital Ratios*.

default under Art. 178 of Regulation (EU) no. 575/2013), determining a step up in Past Due exposure, with no impact on the Group underlying credit risk: **91%** of NPE exposure is towards Public Administration in 9M23.

Total **Net impaired assets** (non-performing, unlikely to pay, and past due) were **€309.3m** as of 30th September 2023, vs. €283.8m as of YE22, and €286.2m as of end of September 2022, primarily as a consequence of an increase in municipalities in conservatorship and in public sector Past Due.

Capital ratios

The Group maintains a strong capital position with a **Common Equity Tier 1 ("CET1") ratio** of **15.5%** vs. a SREP of 9.0%. The **Total Capital ratio ("TCR")** is at **20.8%**, vs. a SREP of 12.5%. **Both ratios exclude €40.5m of accrued dividends**, which, if included, would bring CET1 ratio and TCR at **17.0%** and **22.2%** respectively. BFF has €**101m** of excess capital vs. 12% CET1 ratio target, already excluding €81.9m of 1H23 interim dividend paid in Sept-23. The target capital ratio, as announced on 29-Jun-23 during BFF Capital Market Day[4], has moved from 15% TCR to 12% of CET1 ratio[5], to align it with other banks main capital target. **Distribution of dividends remains, as before, subject to the fulfillment of all the regulatory capital requirements, with dividend confirmed twice a year, based on 1H and full year Adjusted Net Income.**

Risk Weighted Assets ("RWAs") calculation is based on the Basel Standard Model. As of end of September 2023 RWAs were **€2.9bn**, increased vs. €2.7bn at YE22 and vs. €2.7bn at end of September 2022, with a **density**[6] of **42%**, vs. 42% at YE22 and 45% at end of September 2022.

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Significant events after the end 9M23 reporting period

Late Payment Interest rate

On October 26th, the ECB kept interest rates unchanged. Therefore, due to the previous increases and considering no further changes, from 1-Jan-24, Eurozone Late Payment Interest ("LPI") statutory rate is likely to increase by 0.5%, to 12.5% from previous 12.0%.

[4] Please see also the presentation "BFF ever ore a bank like no other" slide 54.
[5] In addition to TCR >15%, as long as requested by the ECB.
[6] Calculated as RWAs/Total assets excluding HTC bond portfolio and Cash and Cash Balances.

Board of Directors appointment process

As announced in the press release published on 26th October 2023, BFF Board of Directors ("BoD") approved the Guidelines for Shareholders on the quali-quantitative composition of the BoD. The appointment of the new BoD will take place at the Annual General Meeting in April 2024 approving the Financial Statements as of 31 December 2023, coinciding with the maturity of the term of office of the current Board of Directors.

The same day Mr. Salvatore Messina, Chairman of the BoD, having already completed nine years in office, which makes the independence requirement no more applicable, informed the BoD of his intention not to stand for re-election, in line with the best corporate governance practices.

BFF announces it holds a 7.7% stake in the share capital of Generalfinance S.p.A

Following a purchase of shares in a block trade, BFF has reached a 7.7% stake in the share capital of Generalfinance S.p.A., as announced to the market with the press release dated 4th October 2023.
The transaction represents an investment in a financial intermediary – offering Factoring services mainly to distressed, financially-constrained companies – with a high growth potential, operating in a fast-growing market.

One-off windfall tax on the increase of Italian banks' Net Interest Income

BFF gives notice that the one-off tax calculated on the increase in net interest income, as provided by Decree Law no. 104 dated 10th August 2023 converted with amendments by Law no. 136 dated 9th October 2023, would be c. €10m. Today, BFF's BoD, resolved to propose to the AGM in Apr-24, as alternative option to the tax payment, the allocation to non-distributable reserves of c. €24.4m, equivalent to 2.5 times the theoretical tax amount of c. €10m, taking up the option provided by the above-mentioned law. This decision will have no impact on the dividend distribution policy and payout ratio throughout all the business plan horizon. In line with its 2028 strategy, BFF is focused on the creation of significant value for all stakeholders, and continues to support initiatives addressing social needs, elimination of inequalities, and enhancement of financial, social, and cultural inclusion.

Social Bond Framework

As announced with the press release dated 29th September 2023, BFF published its first Social Bond Framework, which serves as the reference document for all the Social Bond issues by BFF. The Framework defines the Bank's commitment to sustainable finance, with a particular focus on social topics, further strengthening the link between sustainability and its financial strategies.

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Statement of the Financial Reporting Officer

The Financial Reporting Officer, Giuseppe Manno, declares, pursuant to paragraph 2 of article 154-*bis* of the Legislative Decree n° 58/1998 ("*Testo Unico della Finanza*"), that the accounting information contained in this press release corresponds to the document results, accounting books, and records of the Bank.

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Earnings call

9M 2023 consolidated results will be presented today, 9th November, at 15:00 CET (14:00 WET) during a conference call, that can be followed after registering at this link. The invitation is published in the *Investors > Results > Financial results* section of BFF Group's website.

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This press release is available on-line on BFF Group's website www.bff.com within the *Investors > PR & Presentations* section.

BFF Banking Group

BFF Banking Group is the largest independent specialty finance in Italy and a leading player in Europe, specialized in the management and non-recourse factoring of trade receivables due from the Public Administrations, securities services, banking and corporate payments. The Group operates in Italy, Croatia, the Czech Republic, France, Greece, Poland, Portugal, Slovakia and Spain. BFF is listed on the Italian Stock Exchange. In 2022 it reported a consolidated Adjusted Net Profit of €146.0 million, with a 15.5% Group CET1 ratio at the end of September 2023.

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Consolidated Balance Sheet *(Values in €)*

Assets items	31-Dec-22	30-Sep-23
Cash and cash equivalents	634,879,242	420,689,807
Financial assets measured at fair value through profit or loss	90,540,554	150,790,696
a) financial assets held for trading	*210,963*	*2,117,692*
b) financial assets designated at fair value	-	-
c) other financial assets mandatorily measured at fair value	*90,329,591*	*148,673,003*
Financial assets measured at fair value through Other Comprehensive Income	128,097,995	130,652,998
Financial assets measured at amortized cost	11,895,850,418	10,933,653,514
a) due from banks	*478,203,260*	*578,232,563*
b) due from customers	*11,417,647,158*	*10,355,420,950*
Hedging instruments	-	-
Equity investments	13,655,906	13,154,557
Property, plant, and equipment	54,349,168	65,244,314
Intangible assets	70,154,575	69,146,753
of which: goodwill	*30,956,911*	*30,956,911*
Tax assets	60,707,458	104,039,901
a) current	*513,588*	*46,605,592*
b) deferred	*60,193,870*	*57,434,309*
Other assets	394,181,565	571,280,060
Total consolidated assets	**13,342,416,883**	**12,458,652,598**

Liabilities and Equity items	31-Dec-22	30-Sep-23
Financial liabilities measured at amortized cost	11,994,762,826	11,240,629,356
a) deposits from banks	*1,166,365,115*	*1,551,603,017*
b) deposits from customers	*10,789,421,645*	*9,689,023,247*
c) securities issued	*38,976,066*	*3,092*
Financial Liabilities Held for Trading	949,790	534,665
Hedging derivatives	14,313,592	19,664
Tax liabilities	136,002,627	124,167,485
a) current	*30,997,504*	*2,899,316*
b) deferred	*105,005,123*	*121,268,170*
Other liabilities	401,369,354	358,944,802
Employee severance indemnities	3,238,366	3,073,792
Provisions for risks and charges:	33,012,775	32,206,675
a) guarantees provided and commitments	*251,282*	*615,463*
b) pension funds and similar obligations	*7,861,441*	*7,186,877*
c) other provisions	*24,900,052*	*24,404,336*
Valuation reserves	6,852,891	5,671,545
Additional Tier1	150,000,000	150,000,000
Reserves	233,153,339	277,218,500
Interim dividend	(68,549,894)	(54,451,025)
Share premium	66,277,204	66,277,204
Share capital	142,870,383	143,798,131
Treasury shares	(3,883,976)	(4,474,347)
Equity attributable to third parties	-	10,000
Profit (Loss) for the period	232,047,606	115,026,150
Total consolidated liabilities and equity	**13,342,416,883**	**12,458,652,598**

Consolidated Income Statement[7] *(Values in €)*

Profit & Loss items	30-Sep-22	30-Sep-23
Interest and similar income	212,945,929	433,823,302
Interest and similar expenses	(45,540,116)	(239,279,412)
Net interest income	**167,405,812**	**194,543,890**
Fee and commission income	96,524,725	84,903,340
Fee and commission expenses	(27,877,202)	(28,725,575)
Net fees and commissions	**68,647,523**	**56,177,765**
Dividend income and similar revenue	8,163,044	7,239,809
Gains/(Losses) on trading	9,560,546	(7,761,674)
Fair value adjustments in hedge accounting	-	-
Gains/(Losses) on disposals/repurchases of:	-	19,696,166
a) financial assets measured at amortized cost	-	*19,841,699*
b) financial assets measured at fair value through Other Comprehensive Income	-	*(145,533)*
c) financial liabilities	-	-
Net income from other financial assets & liabilities at FV	5,188,089	42,841
a) financial assets and liabilities designated at fair value	-	-
b) other financial assets compulsorily valued at fair value	*5,188,089*	*(42,841)*
Net banking income	**258,965,015**	**269,938,797**
Impairment (losses)/reversals on:	(3,691,996)	(2,387,046)
a) financial assets measured at amortised cost	*(3,691,996)*	*(2,387,046)*
b) financial assets measured at fair value through Other Comprehensive Income	-	-
Net profit from financial and insurance activities	**255,273,019**	**267,551,751**
Administrative expenses:	(125,874,579)	(131,358,860)
a) personnel costs	*(55,442,668)*	*(58,725,724)*
b) other administrative expenses	*(70,431,911)*	*(72,633,135)*
Net provisions for risks and charges:	(162,941)	144,557
a) commitments and guarantees provided	*248,266*	*(363,823)*
b) other net provisions	*(411,207)*	*508,380*
Net (adjustments to)/writebacks on property, plant, and equipment	(3,833,045)	(3,621,955)
Net (adjustments to)/writebacks on intangible assets	(4,753,949)	(6,112,746)
Other operating (expenses)/income	18,737,152	29,167,567
Total operating expenses	**(115,887,363)**	**(111,781,437)**
Gains (Losses) on equity investments	256,258	(320,741)
Profit (Loss) before taxes from continuing operations	**139,641,914**	**155,449,573**
Income taxes on profit from continuing operations	(46,617,142)	(40,423,423)
Profit (Loss) after taxes from continuing operations	93,024,772	115,026,150
Profit (Loss) after taxes from discontinued operations	-	-
Profit (Loss) for the period	**93,024,772**	**115,026,150**

[7] Costs related to deferred employees' benefits, previously accounted in «Net provision for risks and LLP» are reclassified in «Personnel Expenses». 9M22 restated also for the item «Fair value adjustments in hedge accounting» reclassified in «Gains / Losses on Trading» and in «Interest Expenses».

Consolidated capital adequacy

Values in €m	30-Sep-21	30-Sep-22	30-Sep-23
Credit and Counterparty Risk	125.5	165.9	169.3
Market Risk	0.8	0.0	0.0
Operational Risk	51.9	50.2	58.9
Total capital requirements	**178.2**	**216.1**	**228.2**
Risk Weighted Assets (RWA)	**2,227.8**	**2,701.4**	**2,852.9**

CET 1	**411.9**	**372.3**	**443.2**
Tier I	**0.0**	**150.0**	**150.0**
Tier II	**98.2**	**0.0**	**0.0**
Own Funds	**510.2**	**522.3**	**593.2**

CET 1 Capital ratio	***18.5%***	***13.8%***	***15.5%***
Tier I Capital ratio	***18.5%***	***19.3%***	***20.8%***
Total Capital ratio	***22.9%***	***19.3%***	***20.8%***

Asset quality

	30-Sep-2023		
€ 000	Gross	Provisions	Net
Non-performing loans (NPLs)	116,967	(20,236)	96,731
Unlikely to pay	17,907	(5,249)	12,657
Past due	201,003	(1,111)	199,892
Total impaired assets	**335,876**	**(26,596)**	**309,280**

	30-Sep-2022		
€ 000	Gross	Provisions	Net
Non-performing loans (NPLs)	102,912	(16,942)	85,970
Unlikely to pay	17,202	(4,081)	13,121
Past due	187,325	(209)	187,117
Total impaired assets	**307,439**	**(21,231)**	**286,208**

	30-Sep-2021		
€ 000	Gross	Provisions	Net
Non-performing loans (NPLs)	96,068	(16,651)	79,416
Unlikely to pay	17,355	(4,898)	12,457
Past due	1,307	(25)	1,282
Total impaired assets	**114,729**	**(21,574)**	**93,156**