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PRESS RELEASE

BFF Banking Group announces consolidated financial results for the first nine months 2024

- **9M24 Reported Net Profit at €189.9m, +65% YoY. Adjusted Net Profit at €103.2m.**
- **Solid Balance Sheet at €12.3bn, with loan book at €5.4bn.**
- **Ample liquidity with deposits at €8.0bn (+7%), less encumbrance with reduction in Repos (down €1.5bn YoY). Improved YoY Loan/Deposit ratio at 68%.**
- **Net NPLs/Loans ratio at 0.1% excluding Italian municipalities in conservatorship.**
- **Capital ratios above regulatory requirements and the Bank capital targets: CET1 ratio at 12.3% and TCR at 15.2%.**
- **Confirmed by Bank of Italy 2025 MREL requirements at the end of Sep-24, fully covered through a short dated €300m social senior preferred bond issued in Oct-24, adding a significant buffer vs. MREL requirements.**
- **Repositioned the business in order to increase drive in Factoring & Lending volume growth and in past due reduction. Initial positive results already visible from Oct-24: won €700m p.a. factoring contract and filed c. 500 injunctions on debtors representing c. 34% of past due exposure.**

Milan, 7th November 2024 – Today the Board of Directors of BFF Bank S.p.A. ("**BFF**", the "**Bank**" or the "**Group**") approved BFF's nine months 2024 consolidated financial accounts.

CONSOLIDATED PROFIT AND LOSS

9M24 **Adjusted Total Revenues** were **€589.3m** (**+8%** YoY), of which **€322.5m** coming from *Factoring, Lending & Credit Management* business unit, **€49.4m** from *Payments*, **€18.0m** from *Securities Services* and **€199.4m** from *Other Revenues*, of which **€152.2m** from the **Government bond portfolio**. 9M24 **Cost of Funding** was **€298.8m** (**+20%** YoY) and **Adjusted Total Net Revenues** were **€290.5m, +4%** YoY excluding €19.8m of 1Q23 capital gain due to the sale of some Italian Government bonds.

Total Adjusted operating expenditures, including D&A, were **€140.1m** (€130.7m in 9M23), and Adjusted LLPs and provisions for risks and charges were **€7.9m** (€2.2m in 9M23), mainly due to IFRS 9 methodology applied to additional Past Due exposures related to the credit reclassification as of Jun-24 for €0.7m (please refer to footnote 3), VAT credit in Italy and longer collection time related to a public hospital exposure in Poland.

This resulted in an **Adjusted Profit before taxes** of **€142.5m**, and an **Adjusted Net Profit** of **€103.2m**, **-4%** YoY excluding €19.8m of 1Q23 capital gain due to the sale of some Italian Government bonds, **-16%** YoY including 1Q23 capital gain. 9M24 **Reported Net Profit**[1] was **€189.9m**, **+65%** YoY.

With regard to the business units' KPIs and adjusted Profit & Loss data, please refer to the "9M 2024 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 2024, the **consolidated Balance Sheet** amounted to **€12.3bn** down by **€0.2bn** (**-2%**) vs. the end of September 2023.

The **Loan Book** was **€5,396m**[2], up by **€70m** YoY (**+1%**), with volumes up by **2%** YoY at **€5,673m**.

At the end of September 2024, the **Government bond portfolio** was classified entirely as *Held to Collect* or "HTC". The bond portfolio was equal to **€5.0bn** at the end 9M24, vs. €5.3bn at the end of September 2023, with fixed bonds at **19%** of the total portfolio in 9M24 vs. 20% in 9M23. The fixed bond portfolio residual average life was **36** months, with a yield of **0.60%**; the floater bond residual portfolio average life was **59** months, with a spread **+0.90%** vs. 6-month Euribor and a

[1] Reported Net Profit includes:
- the negative impact of adjustments accounted on the following items:
  - -€3.5m post tax, -€5.0m pre tax, related to Stock Options & Stock Grant plans;
  - -€1.9m post tax, -€2.7m pre tax, of other non-recurring activities;
  - -€1.5m post tax, -€2.1m pre tax, related to extraordinary FITD contribution;
  - -€1.4m post tax, -€2.0m pre tax, related to Customer contract amortizations.
- the positive impact of adjustments accounted on the following items:
  - +€0.6m post tax, +€0.8m pre tax, related to Group CEO settlement agreement;
  - +€94.3m post tax, +€132.5m pre tax, related to change in asset value, including LPIs, "Recovery costs" and the impact of longer amortization of fiscal credits (art. 4-bis of Law Decree n.39 of 29th March 2024).

[2] Loan book portfolio includes fiscal receivables "Ecobonus" for €379m, which are accounted in "Other Asset" in the 9M24 Consolidated Financial Accounts and the stock of on-balance sheet LPIs and "recovery cost" rights at €725m.

current yield of **4.90%** as of 30th September 2024. Gross mark to market of fixed bond portfolio amounted to **-€50.7m** at the end of September 2024, and to **€35.4m** for floaters.

On the **Liabilities** side, the main changes vs. end of September 2023 are the following:

- **deposits from *Transaction Services*** were **€5.3bn** at the end of September 2024, substantially stable YoY (-**€0.1bn** YoY);
- **on-line retail deposits** at the end of September 2024 amounted to **€2.7bn** vs. €2.1bn at the end of September 2023, up by **€0.6bn**, +**27%** YoY, raised primarily in Spain and Poland;
- **passive Repos** (refinancing operations related to Italian Government Portfolio) decreased significantly to **€2.2bn** at the end of September 2024, vs. €3.7bn at end of September 2023, down by **41%** YoY;
- **social unsecured senior preferred bond** issued in April 2024 for a nominal amount of €300m with duration of 5 years, at a fixed rate of 4.750% per annum, with an outstanding amount equal to **€305m** as of September 2024. In October 2024, the Bank also issued additional €300m with duration of 3.5 years (please refer for further details to paragraph "*Significant events after the end 9M24 reporting period*").

Cost of funding in 9M24 was **3.72%**, 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 **255.3%** as of 30th September 2024. At the same date, the **Net Stable Funding Ratio (NSFR)** was **129.2%.**

Leverage ratio as of 30th September 2024 was at **6.4%**, significantly higher vs. 4.7% at 9M23 and 4.8% at YE23, reflecting higher capital level following Late Payment Interests ("LPIs") and recovery cost rights accrual rate step up to 65% as of 30-Jun-24.

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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 **€5.6m**, at **0.1%** of net loans, with a **73% Coverage ratio**, vs. 75% at YE23 and vs. 76% at 9M23. 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 process.

At end of September 2024, the annualized **Cost of Risk** was **11.7 basis points**.

At the end of September 2024, **net Past Due** amounted to **€1,771.1m**, increased vs. €219.9m as of YE23 and vs. €199.9m at the end of September 2023, mainly due to the credit reclassification for prudential purposes requested by Bank of Italy[3].

Total **Net impaired assets** (non-performing, unlikely to pay, and past due) were **€1,916.5m** as of 30th September 2024, increased vs. €333.4m as of YE23 and €309.3m as of the end of September 2023, primarily as a consequence of the abovementioned reclassification (please refer to footnote 3). NPE exposure towards Public Administration in 9M24 was **95%**.

Capital ratios

The Bank **Common Equity Tier 1 ("CET1") ratio** is **12.3%** vs. a SREP of 9.0%, above BFF capital target of 12% of CET1. The **Total Capital ratio ("TCR")** is **15.2%**, vs. a SREP of 12.5%. Both ratios include 9M24 Net Profit.

Distribution of dividends remains subject to temporary suspension requested by Bank of Italy of profits distribution following the Inspection Report (see for further details paragraph in the section "Significant events after the end 1Q24 reporting period" of the press release published on 9 May 2024).

Risk Weighted Assets ("RWAs") calculation is based on the Basel Standard Model. As of the end of September 2024, RWAs were **€5.1bn**, increased vs. €3.1bn at YE23 and vs. €2.9bn at the end of September 2023 mainly due to the abovementioned reclassification (please refer to footnote 3), with a **density**[4] of **72%**, vs. 43% at YE23 and 42% at end of September 2023.

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Focus on commercial drive, past due reduction and capital management

BFF repositioned the business to increase drive in Factoring & Lending volume growth and in past due reduction. A strengthened F&L organization is in place from the end of Sep-24 and a new credit management and legal strategy has been implemented to accelerate past due reduction. Initial progress is already visible with an Italian €700m p.a. factoring contract won in Oct-24 and c. 500 injunctions filed by the end of Oct-24 on debtors representing c. 34% of total past due exposure.

[3] Please see paragraph "Loan portfolio reclassification for prudential purposes" in 1H24 Press release on consolidated financial results.

[4] Calculated as RWAs/Total assets excluding HTC bond portfolio and Cash and Cash Balances.

Invested in F&L commercial drive

The Bank has launched a full F&L matrix structure from the end of Sep-24 to enhance commercial drive and past due collection. Major changes include: (i) new position of Group Sales from Sep-24, (ii) new Italian Commercial Director from Jul-24 and (iii) 5 new sales in the Italian commercial team (total team 13 people). New hires are planned for Spain, Portugal and Poland.

Focused collection on past due reduction

BFF has launched initiatives to accelerate reduction of past due backlog: i) dedicated collection effort on contaging portfolio, ii) injunction process for debtors in past due. Initial positive effects are already visible: (i) reduction of contaging portfolio by €24m vs. Jun-24, (ii) €134m of total past due exposure in cure period (there is a 3-month probation period to reclassify an exposure from past due to performing, in case the conditions for past due classification are no longer applicable, i.e. through collection or a settlement with the debtor) as of Sep-24 and (iii) c. 500 injunctions filed by the end of Oct-24 towards debtors representing c. 34% of 9M24 past due exposure. Past due collection is expected to escalate with the rolling out of injunctions.

Completed capital management plan

BFF has received at the end of Sep-24 from Bank of Italy the new 2025 consolidated minimum requirements for own funds and eligible liabilities ("MREL"), substantially in line with previous, effective from 1-Jan-25. A €300m short dated senior preferred bond has been issued on 22-Oct-24, generating a significant buffer vs. MREL requirements (TREA 9M24 pro forma 27.1% vs. 22.6% requirement, LRE 9M24 pro forma 11.3% vs. 5.4% requirement), with no impact on 2026 financial targets. The short maturity (3.5 years callable after 2.5 years) of the bond is coherent with the expected past due reduction and RWAs deflation.

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Significant events after the end 9M24 reporting period

Late Payment Interest rate

On the basis of recent decrease in interest rates by the ECB, most recently on 17-Oct-24, and considering the ECB changes to its operational framework[5], assuming no further changes in

[5] According to the ECB change in operational framework, the positive spread between the rate on the main refinancing operations and the deposit facility rate was reduced to 15 bps vs. previous 50 bps.

interest rates, from 1-Jan-25, the Eurozone Late Payment Interest statutory rate is meant to decrease from 12.25% to 11.40%.

€300m Social Senior Preferred Bond 4.875% 3.5NC2.5

As announced with the press release dated at 22nd October 2024, BFF successfully completed the placement of a short dated social unsecured senior preferred bond for a total amount of €300m (duration of 3.5 years with early repayment option after 2.5 years), at a fixed rate of 4.875% per annum. This is part of the Issuer's €2.5bn Euro Medium Term Note (EMTN) Programme. **The short maturity is coherent with expected past due reduction and RWAs deflation**. The bond is rated "Ba2" by Moody's and "BB (high)" by DBRS and is listed on the official list of Euronext Dublin. This issuance is consistent with the Bank's funding plan, to comply with the MREL requirements, mandatory for BFF from 1-Jan-25.

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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 2024 consolidated results will be presented today, 7th November, at 18:30 CET (17:30 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 2023 it reported a consolidated Adjusted Net Profit of €183.2 million, with a 12.3% Group CET1 ratio at the end of September 2024.
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Consolidated Balance Sheet (Values in € thousands)

Assets items	30-Sep-23	31-Dec-23	30-Sep-24
Cash and cash equivalents	420,690	257,208	167,571
Financial assets measured at fair value through profit or loss	150,791	166,023	181,580
a) financial assets held for trading	*2,118*	*1,167*	*667*
b) financial assets designated at fair value	-	-	-
c) other financial assets mandatorily measured at fair value	*148,673*	*164,856*	*180,913*
Financial assets measured at fair value through Other Comprehensive Income	130,653	137,520	139,714
Financial assets measured at amortized cost	10,933,654	10,805,826	10,886,030
a) due from banks	*578,233*	*593,561*	*823,147*
b) due from customers	*10,355,421*	*10,212,265*	*10,062,884*
Hedging instruments	-	-	-
Equity investments	13,155	13,160	12,989
Property, plant, and equipment	65,244	60,690	80,320
Intangible assets	69,147	74,742	70,287
of which: goodwill	*30,957*	*30,957*	*30,957*
Tax assets	104,040	113,658	100,154
a) current	*46,606*	*57,414*	*44,722*
b) deferred	*57,434*	*56,244*	*55,431*
Discontinued operations and non-current assets held for sale	-	8,046	8,046
Other assets	571,280	655,393	614,128
Total consolidated assets	**12,458,653**	**12,292,266**	**12,260,818**

Liabilities and Equity items	30-Sep-23	31-Dec-23	30-Sep-24
Financial liabilities measured at amortized cost	11,240,629	10,814,197	10,497,936
a) deposits from banks	*1,551,603*	*2,269,074*	*1,730,912*
b) deposits from customers	*9,689,023*	*8,545,110*	*8,461,898*
c) securities issued	*3*	*14*	*305,126*
Financial Liabilities Held for Trading	535	1,215	1,751
Hedging derivatives	20	-	77
Tax liabilities	124,167	123,790	165,800
a) current	*2,899*	*2,472*	*4,528*
b) deferred	*121,268*	*121,318*	*161,273*
Other liabilities	358,945	555,354	714,793
Employee severance indemnities	3,074	3,033	3,440
Provisions for risks and charges:	32,207	35,864	37,872
a) guarantees provided and commitments	*615*	*530*	*115*
b) pension funds and similar obligations	*7,187*	*7,009*	*6,403*
c) other provisions	*24,404*	*28,325*	*31,354*
Valuation reserves	5,672	7,993	9,118
Additional Tier1	150,000	150,000	150,000
Reserves	277,219	277,762	282,826
Interim dividend	(54,451)	(54,451)	-
Share premium	66,277	66,277	66,277
Share capital	143,798	143,947	144,639
Treasury shares	(4,474)	(4,377)	(3,628)
Equity attributable to third parties	10	-	-
Profit (Loss) for the period	115,026	171,662	189,917
Total consolidated liabilities and equity	**12,458,653**	**12,292,266**	**12,260,818**

Consolidated Income Statement *(Values in € thousands)*

Profit & Loss items	30-Sep-23	30-Sep-24
Interest and similar income	433,823	585,378
Interest and similar expenses	(239,279)	(294,229)
Net interest income	**194,544**	**291,149**
Fee and commission income	84,903	81,790
Fee and commission expenses	(28,726)	(21,270)
Net fees and commissions	**56,178**	**60,520**
Dividend income and similar revenue	7,240	13,338
Gains/(Losses) on trading	(7,762)	5,043
Fair value adjustments in hedge accounting	-	-
Gains/(Losses) on disposals/repurchases of:	19,696	233
a) financial assets measured at amortized cost	*19,842*	*233*
b) financial assets measured at fair value through Other Comprehensive Income	*(146)*	-
c) financial liabilities	-	-
Net income from other financial assets & liabilities at FV	43	(3,381)
a) financial assets and liabilities designated at fair value	-	-
b) other financial assets compulsorily valued at fair value	*43*	*(3,381)*
Net banking income	**269,939**	**366,902**
Impairment (losses)/reversals on:	(2,387)	(4,452)
a) financial assets measured at amortised cost	*(2,387)*	*(4,452)*
b) financial assets measured at fair value through Other Comprehensive Income	-	-
Net profit from financial and insurance activities	**267,552**	**362,451**
Administrative expenses:	(131,359)	(140,511)
a) personnel costs	*(58,726)*	*(62,641)*
b) other administrative expenses	*(72,633)*	*(77,871)*
Net provisions for risks and charges:	145	(3,443)
a) commitments and guarantees provided	*(364)*	*415*
b) other net provisions	*508*	*(3,858)*
Net (adjustments to)/writebacks on property, plant, and equipment	(3,622)	(3,193)
Net (adjustments to)/writebacks on intangible assets	(6,113)	(7,483)
Other operating (expenses)/income	29,168	54,505
Total operating expenses	**(111,781)**	**(100,126)**
Gains (Losses) on equity investments	(321)	1,624
Profit (Loss) before taxes from continuing operations	**155,450**	**263,949**
Income taxes on profit from continuing operations	(40,423)	(74,032)
Profit (Loss) after taxes from continuing operations	115,026	189,917
Profit (Loss) after taxes from discontinued operations	-	-
Profit (Loss) for the period	**115,026**	**189,917**

Consolidated capital adequacy

Values in €m	30-Sep-22	30-Sep-23	30-Sep-24
Credit and Counterparty Risk	165.9	169.3	344.7
Market Risk	0.0	0.0	0.6
Operational Risk	50.2	58.9	62.8
Total capital requirements	**216.1**	**228.2**	**408.1**
Risk Weighted Assets (RWA)	**2,701.4**	**2,852.9**	**5,100.8**

CET 1	**372.3**	**443.2**	**625.8**
Tier I	**150.0**	**150.0**	**150.0**
Tier II	**0.0**	**0.0**	**0.0**
Own Funds	**522.3**	**593.2**	**775.8**

CET 1 Capital ratio	***13.8%***	***15.5%***	***12.3%***
Tier I Capital ratio	***19.3%***	***20.8%***	***15.2%***
Total Capital ratio	***19.3%***	***20.8%***	***15.2%***

Asset quality

€ 000	30-Sep-2024 Gross	Provisions	Net
Non-performing loans (NPLs)	111,683	(15,686)	95,996
Unlikely to pay	57,766	(8,308)	49,457
Past due	1,773,544	(2,456)	1,771,088
Total impaired assets	**1,942,992**	**(26,450)**	**1,916,542**

€ 000	31-Dec-2023 Gross	Provisions	Net
Non-performing loans (NPLs)	121,926	(22,120)	99,806
Unlikely to pay	19,125	(5,407)	13,718
Past due	221,236	(1,344)	219,891
Total impaired assets	**362,287**	**(28,872)**	**333,414**

€ 000	30-Sep-2023 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**