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PRESS RELEASE

BFF Banking Group announces all time high FY23 adjusted consolidated net income

- **Adjusted Net Profit at €183.2m, +25% YoY, a new record high. FY23 Reported Profit at €171.7m.**
- **Loan Portfolio at €5.6bn, a new historical high.**
- **Solid Balance Sheet at €12.3bn, with smaller bond portfolio, lower Repos and improved Leverage Ratio.**
- **Improved Loan/Deposit ratio at 62%, with funding deriving primarily from stable retail deposits (2x YoY) and operational deposits.**
- **Strong asset quality with 0.1% Net NPLs/Loans ratio excluding Italian municipalities in conservatorship.**
- **Very solid capital position: CET1 ratio at 14.2% and TCR at 19.1%. €68m of excess capital vs. 12% CET1 ratio target.**
- **FY23 dividends at €183.2m (€0.979 p.s.), of which €81.9m (€0.438 p.s.) of interim dividend paid in Sep-23 and €101.2m (€0.541 p.s.) of 2023 balance, to be paid after AGM of Apr-24. Upcoming interim dividend in Sep-24 based on 1H24 results.**

Milan, 8th February 2024 – Today the Board of Directors of BFF Bank S.p.A. ("**BFF**" or the "**Bank**") approved BFF's full year 2023 consolidated financial accounts.

CONSOLIDATED PROFIT AND LOSS[1]

FY23 **Adjusted Total Revenues** were **€791.9m** (**+71%** YoY), of which **€437.3m** coming from *Factoring, Lending & Credit Management* business unit, **€63.1m** from *Payments*, **€23.6m** from *Securities Services* and **€268.0m** from *Other Revenues*, of which **€180.5m** from the **Government bond portfolio**. FY23 **Cost of Funding** was at **€354.9m**, with liabilities repricing faster than assets, and **Adjusted Total Net Revenues** were **€437.0m** (**+15%** YoY). Total Adjusted operating expenditures, including D&A, were **€178.4m** (€167.6m in FY22), and Adjusted LLPs and provisions for risks and charges were **-€8.9m**.

This resulted in an **Adjusted Profit before taxes** of **€249.8m**, and an **Adjusted Net Profit** of **€183.2m**, **+25%** YoY. FY23 **Reported Net Profit** was **€171.7m** (for details, see footnote n° 1).

With regard to the business units' KPIs and adjusted Profit & Loss data, please refer to the "FY 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 31st December 2023, the **consolidated Balance Sheet** amounted to **€12.3bn** down by **€1.1bn** (**-8%**) vs. the end of December 2022, despite the increase in **Loan Book** YoY.

The **Loan Book** was at **€5,617m**[2], up by **€175m** YoY (**+3%**), partially impacted by injections of liquidity by the government in Spain and Portugal, with volumes up by **10%** YoY at **€8,114m**.

At the end of December 2023, the **Government bond portfolio** was classified entirely as *Held to Collect* or "HTC". The bond portfolio was equal to **€5.0bn** at the end FY23, vs. €6.1bn at the end of December 2022, with a strong reduction of fixed bonds, at **22%** of the total portfolio in FY23 vs. 32% in FY22. The fixed bond portfolio residual average life was **41** months, with a yield of **0.68%**; the floater bond residual portfolio average life was **67** months, with a spread **+0.90%** vs. 6-month Euribor and a running yield of **5.16%** as of 31st December 2023. Gross mark to market

[1] Reported Net Profit includes:
- the negative impact of adjustments accounted on the following items:
  - -€2.4m post tax, -€3.5m pre tax, related to Stock Options & Stock Grant plans;
  - -€3.0m post tax, -€4.3m pre tax, of Transaction/Restructuring and M&A Costs;
  - -€1.3m post tax, -€1.3m pre tax, of extraordinary tax items;
  - -€1.2m post tax, -€1.7m pre tax related to Extraordinary Resolution Fund and FITD contributions;
  - -€1.7m post tax, -€2.6m pre tax, related to Group CEO settlement agreement;
  - -€1.9m post tax, -€2.7m pre tax, related to Customer contract amortizations.

[2] Loan book portfolio includes fiscal receivables "Ecobonus" for €354m, which are accounted in "Other Asset" in the FY23 Consolidated Financial Accounts and the stock of on-balance sheet LPIs and "recovery cost" rights at €528m.

of fixed bond portfolio amounted to **-€76.0m** at the end of December 2023, and to **€10.8m**[3] for floaters. **Cash and Cash Balances** were **€257m** as of end of December 2023, down by **€378m** (**59%**) YoY.

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

- **deposits from *Transaction Services*** were **€6.4bn** at the end of December 2023, up by **€0.5bn** YoY;
- **on-line retail deposits** at end of December 2023 amounted to **€2,744m** vs. €1,283m at the end of December 2022, up by **€1,461m** (**>100%**) YoY, raised primarily in Spain and Poland;
- **Passive Repos** (refinancing operations related to Italian Government Portfolio) decreased significantly to **€1.7bn** at the end of December 2023, vs. €4.4bn at end of December 2022, down by **62%** YoY;

Cost of funding in FY23 was **3.22%**, 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 **297.7%** as of 31st December 2023. At the same date, the **Net Stable Funding Ratio (NSFR) was 192.4%** and **Leverage Ratio 4.8%**, improved 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 **€7.2m**, at **0.1%** of net loans, with a **75% Coverage ratio**, in line vs. YE22 and vs. 9M23 when it was 74% and 76%, 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 **9.4 basis points** at end of December 2023.

At the end of December 2023, **net Past Due** amounted to **€219.9m**, increased vs. €199.9m as of end of September 2023 and €185.3m as of YE22. In September 2022, Bank of Italy issued more stringent interpretation criteria on the DoD (Guidelines on the application of the definition of 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: **90%** of NPE exposure is towards Public Administration in FY23.

[3] Please note that BFF excess capital over 12% CET1 target ratio is equal to €68m, see also paragraph *Capital Ratios*.

Total **Net impaired assets** (non-performing, unlikely to pay, and past due) were **€333.4m** as of 31st December 2023, vs. €309.3m as of end of September 2023 and €283.8m as of YE22, 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 **14.2%** vs. a SREP of 9.0%. The **Total Capital ratio ("TCR")** is at **19.1%**, vs. a SREP of 12.5%. **Both ratios exclude €101.2m of accrued dividends**, which, if included, would bring CET1 ratio and TCR at **17.5%** and **22.4%** respectively. BFF has **€68m** of excess capital vs. 12% CET1 ratio target, already excluding €101.2m of 2H23 dividend balance to be paid in Sep-24. 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 December 2023, RWAs were **€3.1bn**, increased vs. €2.7bn at YE22 and vs. €2.9bn at end of September 2023, with a **density**[6] of **43%**, vs. 42% at YE22 and 42% at end of September 2023.

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Late Payments Directive 2011/7/EU Revision

The ongoing proposed revision of Late Payments Directive outlines a favourable scenario for BFF. European Commission Proposal[7] and European Parliament Draft Report[8], if confirmed, would imply:

a) the switch to a regulation from the current directive;
b) payment terms to 30 days across all sectors, including NHS, increasing outstanding, LPIs and overdue invoices;
c) Recovery Costs from €40 to at least €50 per invoice in the European Commission proposal, up to average €100 per invoice according to European Parliament Draft Report.

In Jan-24, c. 400 amendments to the European Commission Proposal were tabled and the final text of the European Parliament is expected to be submitted for approval in Apr-24.

[4] Please see also the presentation "BFF ever more 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.
[7] Proposal for a Regulation of the EU Parliament and of the Council on combating late payment in commercial transactions.
[8] IMCO Committee - Draft Report on the proposal for a Regulation of the EU Parliament and of the Council on combating late payment in commercial transactions.

Significant events after the end FY23 reporting period

Late Payment Interest rate

Since 1-Jan-24, Eurozone Late Payment Interest ("LPI") statutory rate increased by 0.5%, to 12.5% from previous 12.0%.

BFF wins Cassa di Previdenza e Assistenza Forense tender for depositary services

BFF has been selected by Cassa di Previdenza[9] e Assistenza Forense for the depositary bank service and for the services related to Cassa Forense's assets, equal to c. €13bn, confirming its leadership in the Italian welfare system.

Guidelines for Shareholders on the qualitative and quantitative composition of the Board of Directors and of the Board of Statutory Auditors

It is also announced that, following the guidelines issued by the Bank of Italy on 13th November 2023, relating to the assessment of the requirements and criteria for the suitability of corporate bodies of LSI[10] banks, financial intermediaries, credit institutions, electronic money institutions, payment institutions, trust companies and depositor guarantee, have been available the updated formats of the questionnaires for the verification by the Board of Directors and the Board of Statutory Auditors of the requisites of its members - respectively annexes "D" and "C" to the "Guidelines for Shareholders on the Qualitative and Quantitative Composition of the Board of Directors and for the Preparation of the List of the Board of Directors" and the "Guidelines for Shareholders on the Qualitative and Quantitative Composition of the Board of Statutory Auditors", published on BFF's website.

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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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[9] Casse di Previdenza are entities operating in the Italian welfare market which, similar to closed pension funds for employees, manage the welfare for professional workers. Cassa Forense is the Italian lawyers' entity.
[10] Less Significant Institutions.

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Earnings call

FY 2023 consolidated results will be presented today, 8th February, 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 2023 it reported a consolidated Adjusted Net Profit of €183.2 million, with a 14.2% Group CET1 ratio at the end of December 2023.
www.bff.com

Contacts

Investor Relations

Caterina Della Mora
Marie Thérèse Mazzocca
+39 02 49905 631 | +39 335 1295 008 | +39 335 6709492
investor.relations@bff.com

Media Relations
newsroom@bff.com

Alessia Barrera
Director, Communication and Institutional Relations

Press Office
Sofia Crosta
+39 340 3434 065

Consolidated Balance Sheet *(Values in €)*

Assets items	31-Dec-22	31-Dec-23
Cash and cash equivalents	634,879,242	257,208,240
Financial assets measured at fair value through profit or loss	90,540,554	166,023,303
a) financial assets held for trading	*210,963*	*1,166,851*
b) financial assets designated at fair value	-	-
c) other financial assets mandatorily measured at fair value	*90,329,591*	*164,856,452*
Financial assets measured at fair value through Other Comprehensive Income	128,097,995	137,519,601
Financial assets measured at amortized cost	11,895,850,418	10,805,825,610
a) due from banks	*478,203,260*	*593,560,790*
b) due from customers	*11,417,647,158*	*10,212,264,820*
Hedging instruments	-	-
Equity investments	13,655,906	13,160,322
Property, plant, and equipment	54,349,168	60,689,761
Intangible assets	70,154,575	74,742,079
of which: goodwill	*30,956,911*	*30,956,911*
Tax assets	60,707,458	113,658,100
a) current	*513,588*	*57,413,940*
b) deferred	*60,193,870*	*56,244,160*
Discontinued operations and non-current assets held for sale	-	8,046,041
Other assets	394,181,565	655,392,873
Total consolidated assets	**13,342,416,883**	**12,292,265,929**

Liabilities and Equity items	31-Dec-22	31-Dec-23
Financial liabilities measured at amortized cost	11,994,762,826	10,814,197,420
a) deposits from banks	*1,166,365,115*	*2,269,073,826*
b) deposits from customers	*10,789,421,645*	*8,545,109,938*
c) securities issued	*38,976,066*	*13,655*
Financial Liabilities Held for Trading	949,790	1,214,962
Hedging derivatives	14,313,592	-
Tax liabilities	136,002,627	123,790,151
a) current	*30,997,504*	*2,472,113*
b) deferred	*105,005,123*	*121,318,038*
Other liabilities	401,369,354	555,354,208
Employee severance indemnities	3,238,366	3,033,173
Provisions for risks and charges:	33,012,775	35,863,650
a) guarantees provided and commitments	*251,282*	*530,143*
b) pension funds and similar obligations	*7,861,441*	*7,008,959*
c) other provisions	*24,900,052*	*28,324,548*
Valuation reserves	6,852,891	7,993,073
Additional Tier1	150,000,000	150,000,000
Reserves	233,153,339	277,761,749
Interim dividend	(68,549,894)	(54,451,025)
Share premium	66,277,204	66,277,204
Share capital	142,870,383	143,946,902
Treasury shares	(3,883,976)	(4,377,295)
Equity attributable to third parties	-	-
Profit (Loss) for the year	232,047,606	171,661,757
Total consolidated liabilities and equity	**13,342,416,883**	**12,292,265,929**

Consolidated Income Statement *(Values in €)*

Profit & Loss items	31-Dec-22	31-Dec-23
Interest and similar income	354,805,437	629,407,737
Interest and similar expenses	(92,987,816)	(345,255,987)
Net interest income	**261,817,621**	**284,151,750**
Fee and commission income	127,594,743	112,370,513
Fee and commission expenses	(36,939,094)	(37,218,345)
Net fees and commissions	**90,655,649**	**75,152,168**
Dividend income and similar revenue	9,794,598	8,896,918
Gains/(Losses) on trading	12,622,171	294,424
Fair value adjustments in hedge accounting	-	-
Gains/(Losses) on disposals/repurchases of:	165.940	21,892,959
a) financial assets measured at amortized cost	*165.940*	*22,038,492*
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	5,154,401	1,842,962
a) financial assets and liabilities designated at fair value	-	-
b) other financial assets compulsorily valued at fair value	*5,154,401*	*1,842,962*
Net banking income	**380,210,380**	**392,231,180**
Impairment (losses)/reversals on:	(5,905,199)	(4,931,903)
a) financial assets measured at amortised cost	*(5,905,199)*	*(4,931,903)*
b) financial assets measured at fair value through Other Comprehensive Income	-	-
Net profit from financial and insurance activities	**374,305,181**	**387,299,277**
Administrative expenses:	(170,602,997)	(180,116,291)
a) personnel costs	*(74,351,758)*	*(75,979,911)*
b) other administrative expenses	*(96,251,239)*	*(104,136,380)*
Net provisions for risks and charges:	(10,535,096)	(3,660,908)
a) commitments and guarantees provided	*65,131*	*(277,773)*
b) other net provisions	*(10,600,227)*	*(3,383,135)*
Net (adjustments to)/writebacks on property, plant, and equipment	(5,005,378)	(4,803,519)
Net (adjustments to)/writebacks on intangible assets	(7,641,714)	(8,251,393)
Other operating (expenses)/income	150,393,890	44,798,653
Total operating expenses	(43,391,294)	**(152,033,457)**
Gains (Losses) on equity investments	287,857	(267,397)
Profit (Loss) before taxes from continuing operations	**331,201,744**	**234,998,423**
Income taxes on profit from continuing operations	(99,154,138)	(63,336,666)
Profit (Loss) after taxes from continuing operations	232,047,606	171,661,757
Profit (Loss) after taxes from discontinued operations	-	-
Profit (Loss) for the year	**232,047,606**	**171,661,757**

Consolidated capital adequacy

Values in €m	31-Dec-21	31-Dec-22	31-Dec-23
Credit and Counterparty Risk	123.2	160.2	182.8
Market Risk	0.3	0.0	0.6
Operational Risk	50.2	58.9	62.8
Total capital requirements	**173.7**	**219.2**	**246.1**
Risk Weighted Assets (RWA)	**2,171.1**	**2,739.7**	**3,076.5**

CET 1	**382.8**	**461.9**	**436.9**
Tier I	**0.0**	**150.0**	**150.0**
Tier II	**98.2**	**0.0**	**0.0**
Own Funds	**481.1**	**611.9**	**586.9**

CET 1 Capital ratio	***17.6%***	***16.9%***	***14.2%***
Tier I Capital ratio	***17.6%***	***22.3%***	***19.1%***
Total Capital ratio	***22.2%***	***22.3%***	***19.1%***

Asset quality

	31-Dec-2023		
€ 000	**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**

	31-Dec-2022		
€ 000	**Gross**	**Provisions**	**Net**
Non-performing loans (NPLs)	105,660	(19,287)	86,372
Unlikely to pay	16,374	(4,241)	12,132
Past due	185,971	(714)	185,257
Total impaired assets	**308,005**	**(24,243)**	**283,762**

	31-Dec-2021		
€ 000	**Gross**	**Provisions**	**Net**
Non-performing loans (NPLs)	88,736	(16,503)	72,233
Unlikely to pay	17,505	(5,092)	12,413
Past due	19,486	(58)	19,428
Total impaired assets	**125,727**	**(21,652)**	**104,075**