

Moody's places BFF's Ratings on review for downgrade

Milan, 23rd May 2024 – BFF Bank S.p.A. ("BFF" or the "Bank") informs that the rating agency Moody's placed today on review for downgrade all the ratings and assessments of BFF. The rating action was prompted by BFF's announcements on 9th and 10th May 2024 mentioning Bank of Italy took supervisory actions.

Ratings placed on review include BFF long-term (LT) and short-term (ST) deposit ratings of Baa3/Prime-3 respectively, LT issuer and senior unsecured debt ratings of Ba2, preferred stock non-cumulative rating of B2 (hyb), LT and ST Counterparty Risk Ratings (CRR) of Baa2/Prime-2, LT and ST Counterparty Risk (CR) Assessments Baa2 (cr)/Prime-2 (cr) as well as BFF's Baseline Credit Assessment (BCA) and Adjusted BCA of ba2. Previously the outlook on BFF's LT deposit ratings was negative and on LT issuer and senior unsecured debt ratings was stable.

Moody's rating action included also a one-notch negative adjustment for corporate behaviour, together with a lowering of the Bank's governance issuer profile score (IPS) to G-4 from G-2 under the rating agency's environmental, social and governance (ESG) framework. Consequently, BFF's credit impact score was lowered to CIS-4 from CIS-2.

The review for downgrade will primarily focus on the implications of the Bank of Italy's findings and remediation measures. According to Moody's opinion, BFF BCA could stabilize if the Bank's remediation actions were successful in addressing financial and governance risks. Moreover, Moody's would confirm the deposit and debt ratings if the Bank were to maintain its existing buffer of liabilities subject to bail-in.

BFF believes that it can fully address the issues raised by Moody's.

As stated in the [press release dated May 10th](#), Bank of Italy findings do not imply an increase in the credit losses of the Group's portfolio, having instead to do with reporting profiles for prudential purposes. Therefore, a possible increase in RWAs, which could derive from Bank of Italy findings¹, would imply an absolute higher level of capital vs. an unchanged risk profile of the Bank.

¹ Please cfr the [press release dated 10th May 2024](#).

As for governance, in the same press release, “the Bank of Italy – despite the compliance findings – expressed its conviction that the renewed corporate bodies, in their entirety, could make an important contribution to the prompt resolution of the critical issues”.

BFF entered a constructive dialogue with the Bank of Italy to arrive at a prompt and positive resolution of the findings.

For more information, please refer to Moody’s press release, published on the rating agency’s website, and in the [Investors > Debt > Rating](#) section of BFF’s website.

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 13.5% Group CET1 ratio at the end of March 2024.

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