

## PRESS RELEASE

## Outcome of the appeal to the European Court of Human Rights in relation to the non-payment by a territorial entity in conservatorship ("*dissesto*") status

Milan, 22<sup>nd</sup> January 2025 – BFF Bank S.p.A. ("**BFF**" or the "**Bank**") announces that on 21<sup>st</sup> January 2025 the European Court of Human Rights (the "**Court**") published a ruling (the "**Ruling**") that defines the legal proceedings promoted in 2023 by the Bank to make the Court ascertain the violation of the Convention for the Protection of Human Rights and Fundamental Freedoms (the "**Convention**").

The Ruling was issued following a claim through which the Bank claimed mainly the non-enforcement of domestic judicial decisions, favourable to BFF, issued against a municipality in conservatorship ("*dissesto*").

In particular, the Court states that *"the applicant complained mainly around the non-enforcement of domestic judgements in his favour and the impossibility to enforce those judgements by a court [...]"*<sup>1</sup>, claiming the violation of Article 6 § 1 of the Convention for the Protection of Human Rights and Fundamental Freedoms.

By means of the Ruling, the Court expressly affirms that:

- the case under examination, as well as similar cases, reveal a *"violation of Article 6 § 1 of the Convention due to the failure to comply with national judgments"*<sup>2</sup>;
- *"the defendant State shall, within three months, ensure by appropriate measures the enforcement of the outstanding domestic judgements, as set out in the table in Annex"*<sup>3</sup>;
- the defendant State is obliged to enforce the court judgements which are enforceable.

These principles represent established jurisprudence and are expressed in numerous judgments ruled by the Court.

The Ruling examines an enforceable injunction that settles in favour of BFF the principal as claimed, outstanding as of today for an amount of Euro 0.6m, as well as the late payment interests claimed from the due date of each invoice (amounting to Euro 0.5m as of 30<sup>th</sup> September 2024).

<sup>1</sup> [Original text in French](#): "La partie requérante se plaint principalement de l'inexécution de décisions de justice internes rendues en sa faveur et de l'impossibilité d'accéder à un tribunal afin d'obtenir l'exécution desdites décisions."

<sup>2</sup> [Original text in French](#): "Dit qu'il y a eu une violation de l'article 6 § 1 de la Convention en raison de l'inexécution de décisions de justice internes."

<sup>3</sup> [Original text in French](#): "Dit que l'État défendeur doit, dans les trois mois, assurer par des moyens appropriés l'exécution des décisions de justice internes encore pendantes visées dans le tableau joint en annexe."

According to the latest approved financial statements, BFF owns receivables towards territorial entities in conservatorship ("*dissesto*"), subject to finally enforceable judicial proceedings, including those relating to the Ruling, for Euro 31.1m as for the principal amount and approximately Euro 22.6m as for accessories – for an amount accounted in the financial statements of Euro 44.3m – in addition to compounded interests equal to c. Euro 9.6m, this latter not accounted in the financial statements.

In this context, it should be noted that, to date, BFF had already submitted before the Court 4 claims, including the present one, for Euro 2.8m as for the principal amount and approximately Euro 2.4m as for accessories – for an amount accounted in the financial statements of Euro 4.5m – in addition to compounded interests equal to c. Euro 0.7m, this latter not accounted in the financial statements. These claims are similar to the one defined in the Ruling, in which the original defaulting debtor is an entity belonging to the Public Administration (including other territorial entities in conservatorship), in respect of which the Court's rulings are expected in the coming weeks.

The abovementioned exposures are classified as Non-Performing Loans and therefore risk weighted at 150%.

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#### **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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