

Moody's affirmed BFF's Baseline Credit Assessment (BCA) of ba2, the Long-term Issuer and Senior Unsecured Debt Ratings of Ba2 with Stable outlook, while changing the Long and Short-term Deposit Ratings to "Baa3/Prime-3"

Milan, 18th November 2022 – Today Moody's has:

- affirmed the Issuer rating, the Baseline Credit Assessment ("BCA") and the Adjusted BCA of "ba2" of BFF Bank S.p.A. ("BFF" or the "Bank");
- affirmed the Stable outlook on the Bank's Long-term Issuer and Senior Unsecured Debt Ratings;
- downgraded BFF's Long-term Bank Deposits Rating to "Baa3" from "Baa2" with Negative outlook (from Stable), and BFF Short-term Bank Deposits Rating to "P-3" from "P-2".

The affirmation by Moody's of BFF's ba2 BCA reflects some positive changes to the Bank's credit profile following the completion of the acquisition of DEPObank. While the Bank continues to feature sound asset quality, its profitability is now supported by more diversified business activities. BFF's franchise has become more diversified, given that the depositary and payment services currently account for a material share of BFF's revenues. Furthermore, BFF's good profitability will benefit from rising interest rates. BFF's sound loan portfolio quality reflects that it is mostly comprised of public sector exposures which entail low risk even under a deteriorating operating environment. The cost of risk remains at very low levels because of high recoveries on public sectors entities' problem loans.

At the same time, Moody's affirmed the Ba2 Long-term Issuer and Senior Unsecured Debt Ratings, in line with BFF's creditworthiness and on the back of unchanged loss severity.

The rating action on deposits to Baa3 from previous Baa2 reflects the mechanics of Moody's Advanced Loss Given Failure (LGF) methodology applied to BFF's liability structure. As a result, the uplift for BFF's Deposits Ratings from the Bank's ba2 Adjusted BCA changed to two notches (from three notches).

To summarise, the Ratings assigned to BFF by Moody's are:

Affirmations

- Baseline Credit Assessment, affirmed ba2

- Adjusted Baseline Credit Assessment, affirmed ba2
- Long-term Issuer Rating, affirmed Ba2, outlook remains Stable
- Senior Unsecured Regular Bond/Debenture, affirmed Ba2, outlook remains Stable
- Long-term Counterparty Risk Ratings, affirmed Baa2
- Short-term Counterparty Risk Ratings, affirmed P-2
- Long-term Counterparty Risk Assessment, affirmed Baa2(cr)
- Short-term Counterparty Risk Assessment, affirmed P-2(cr)
- Preferred Stock Non-cumulative, affirmed B2(hyb)

Downgrades

- Long-term Bank Deposits, downgraded to Baa3 from Baa2, outlook changed to Negative from Stable
- Short-term Bank Deposits, downgraded to P-3 from P-2

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 Group's website.

This press release is available on-line on BFF Group's website www.bff.com within the section: [Investors > PR & Presentations](#).

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 2021 it reported a consolidated Adjusted Net Profit of €125.3 million, with a 13.8% Group CET1 ratio at the end of September 2022.

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