

BFF BANK

Sector: Banks

NEUTRAL

Price: Eu4.50 - Target: Eu6.00

Neutral, Awaiting For More Clarity

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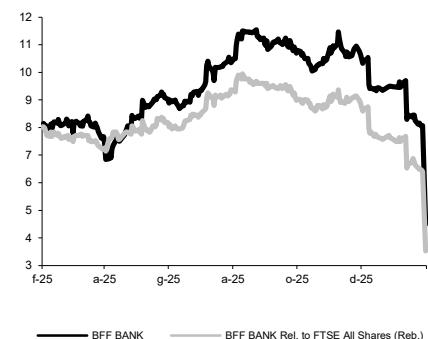
Stock Rating

Rating:	from u.r. to NEUTRAL		
Target Price (Eu):	from n.a. to 6.00		
	2025E	2026E	2027E
Chg in Adj EPS	-10.3%	-18.2%	-21.7%

Next Event

 Results Out on Feb 10th

BFF BANK - 12M Performance



Stock Data

Reuters code:	BFF.MI		
Bloomberg code:	BFF IM		
Performance	1M 3M 12M		
Absolute	-52.5%	-57.0%	-45.7%
Relative	-54.0%	-63.6%	-71.7%
12M (H/L)	11.54/4.50		
3M Average Volume (th):	876.81		

Shareholder Data

No. of Ord shares (mn):	189
Total no. of shares (mn):	189
Mkt Cap Ord (Eu mn):	850
Total Mkt Cap (Eu mn):	850
Mkt Float - Ord (Eu mn):	797
Mkt Float (in %):	93.8%
Main Shareholder:	
Belingheri	5.6%

Balance Sheet Data

Tangible Equity (Eu mn):	866
TEPS (Eu):	4.58
CET1 Ratio Fully Loaded:	14.1%
Gross NPE Ratio:	15.6%

On February 2, 2026, the Board of Directors of BFF Bank announced a significant reorganization of its leadership alongside decisive de-risking actions, in preparation for a potential securitization of its contagion portfolio, and a revision of its financial targets. Massimiliano Belingheri has stepped down from his role as CEO, although he remains a non-executive Director. Giuseppe Sica (previously CFO) has been appointed General Manager and granted all powers formerly held by the CEO.

We believe yesterday meeting did not provide enough explanation for the unexpected negative one-offs. Therefore in our view, the company needs to deliver results and remuneration to shareholders that can restore credibility towards investors after the hugely disappointing last 2 years (dividend ban and lack of profitability), and especially yesterday's write downs and management change.

■ In anticipation of a potential securitization, for which the advisors have been appointed, BFF is implementing **de-risking measures** that involve approximately **€95mn** in estimated pre-tax extraordinary **one-offs** for 2025. These charges include approximately €72.2mn in provisions for negative legal rulings regarding Italian public sector credits and a €22.4mn one-off related to a conservative extension of expected collection times for late payment interest, which have been increased from 2,100 to 2,400 days.

■ **Revised outlook:** For the 2025 financial year, BFF projects a Stated Net Profit of approximately €70mn, with a CET1 ratio estimated between 13.2% and 13.7%. However, citing lower credit portfolio growth and the 2025 collection performance, the Board has adopted a more conservative 2026 budget. The revised 2026 targets include an Adjusted Net Profit of approximately €160mn (down from the previous ~€240mn), a Cost/Income ratio below 50% and a ROTE of approximately 24% for 2026. A **Strategic Plan** is expected to be presented in the second half of 2026, which will incorporate the benefits of these de-risking actions.

■ **Change in estimates:** We are lowering our projections following the disclosure of a substantial ~€95mn extraordinary provision and the downward revision of the 2026 strategic targets. The primary adjustments relate to NII as we integrate more cautious assumptions for new loan originations and factoring volumes, resulting in a reduction of -5%/-10%/-13% for FY25/26/27 top-line forecasts. Aside from minor refinements to the P&L mix, we have reduced other income expectations and fully incorporated the ~€95mn one-off charge into our FY25 estimates. Consequently, our reported Net Profit forecasts are being cut by -54.4%/-18.2%/-21.7% for FY25/26/27. On the capital distribution front, we are prudently removing our FY25 DPS forecast, though the bank may still have the capacity to pay ~€32mn in dividends (€0.17 per share) while maintaining a CET1 ratio of approximately 13.0%.

■ **Valuation:** While awaiting further clarity on the FY25 results (February 10) the potential appointment of a new CEO (no timing provided), we move the recommendation to **NEUTRAL** setting a target price of €6.00ps which includes a 25% discount on fundamental fair value due to lack of visibility. The next few months will be crucial to re-establish credibility on the equity story.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Total income (Eu mn)	392	357	369	387	402
Net Operating Profit (Eu mn)	199	154	166	186	197
Net Profit Adj (Eu mn)	183	139	138	156	167
EPS New Adj (Eu)	0.981	0.746	0.733	0.827	0.882
EPS Old Adj (Eu)	0.981	0.746	0.818	1.011	1.126
DPS (Eu)	0.981	0.000	0.000	0.827	0.882
P/E Adj	4.6	6.0	6.1	5.4	5.1
Div. Yield	21.8%	0.0%	0.0%	18.4%	19.6%
P/TE	1.23	1.05	0.98	0.98	0.98
ROTE	26.8%	17.4%	16.0%	18.0%	19.2%

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (**DCF**) model or similar methods such as a dividend discount model (**DDM**)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEMBI40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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BUY:	32.33%
OUTPERFORM:	38.35%
NEUTRAL:	28.57%
UNDERPERFORM:	00.75%
SELL:	00.00%

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BUY:	53.42%
OUTPERFORM:	31.51%
NEUTRAL:	13.70%
UNDERPERFORM:	01.37%
SELL:	00.00%

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