PRESS RELEASE

BFF BANKING GROUP FY 2020 CONSOLIDATED FINANCIAL RESULTS

- **Solid financial results, in line with previous quarters' trends**
  - **FY20 Adjusted net income at €97.6m, -1% y/y (+7% y/y excl. net LPIs over-recoveries[1])**
  - **New business volume at €5.8bn (+9% y/y)**
  - **Flat customer loans portfolio, due to faster collection. Outperformance vs. Italian factoring market. 43% outside Italy up from 41% at the end of 2019**
  - **Increased stock of unrecognized off-balance sheet LPIs at €406m**
  - **Available funding at €4.2bn, with €0.6bn undrawn credit lines**
  - **Low risk profile, with net NPLs -34% y/y, 8bps Cost of Risk, and increased Coverage ratio at 84%. Negligible amount of credit holidays: €3.0m, 0.07% of Customer Loans as of 31/12/2020**
  - **Strong capital position (CET1 ratio 15.5% and Total Capital ratio 21.6%), with €107m excess capital above 15% TC ratio target. CET1 ratio of 26.0% including accrued dividends**
- **c. €169m of 2019 & 2020 accrued dividends, ready to be paid and not included in capital ratios. Waiting for Bank of Italy clarifications as of timing**
- **Implemented the "New DoD" prescriptions: positive impact on CET1 and Total Capital ratios of 4.5% and 6.6%, after alignment with the risk-weightings already used by competitors**
- **DEPObank: closing and merger expected in 1Q 2021. The new combined entity will be presented to financial community soon after closing**
- **ESG: strong commitment towards responsible and sustainable growth, and alignment to public companies' governance best practices. 2nd *Non-Financial Disclosure* to be published with Annual Reports.**

Milan, 10th February 2021.

Today the Board of Directors of Banca Farmafactoring S.p.A. approved the FY 2020 consolidated financial accounts.

Mr. Massimiliano Belingheri, *Group CEO*, commented: "*In a challenging year for our societies and economies, BFF team continued to execute well. We have been able to achieve good profitability, strong relationship with customers, and growth in volume, excellent credit quality, and good cost discipline. On the less positive side, the high public sector liquidity accelerated payments and reduced customers' interest in selling receivables, and Public Administration working remotely impacted late payment interests' collections, particularly from NHS. We expect that the integration with DEPObank, and the more efficient capital structure, will provide us more*

[1] LPIs over-recovery vs. 45% minimum recovery rate assumed for accounting purpose, net of the re-scheduling impact. Re-scheduling impact: for receivables not collected within the expected maximum collection date, interest income is reduced by the amount of yield required to keep the IRR of the portfolio constant until the new expected collection date.

opportunities to grow the business."

KEY CONSOLIDATED ACCOUNTS ITEMS[2]

Main Profit and Loss data[3]

FY20 **Adjusted Interest Income** was €245m (-1% y/y, +2% excluding net LPIs over-recoveries vs. previous year). In 2020 **Adjusted Interest Income/RWAs**[4] was 10.0% with previous risk-weights (12.2% with new risk-weights) vs. 10.6% in 2019, driven by lower LPIs collection.

The **LPIs cashed-in** were €78.1m in 2020, vs. €88.4m in 2019 and €90.1m in 2018.

The **stock of unrecognized off-balance sheet LPIs** (the stock of LPIs accrued, but that has not been collected and has not gone through the P&L yet), increased by €10m y/y (+3%) to €406m at the end of 2020. The total LPIs stock amounted to €681m before taxes (+7% y/y). All LPIs over-recoveries are accounted when cash-collected[5], and there is no sale of LPIs to third parties.

The **interest expenses** slightly decreased to €47m (-3% y/y), mainly driven by the €4m y/y reduction of the Zloty funding[6], partially offset by

(i) the increase of average drawn funding from €3.3bn to €3.6bn y/y;
(ii) the incidence of more expensive and less flexible lines, such as on-line deposits and bonds,

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[2] Profit and Loss and Balance Sheet consolidated figures for the full year 2020 (both adjusted and reported) include IOS Finance. The P&L figures for the full year 2019 include IOS Finance's results only for 4Q 2019, since the acquisition was completed on 30th September 2019. The consolidated balance sheet figures as of 31st December 2019 include the assets and liabilities of IOS Finance at fair value.

[3] Adjusted P&L numbers exclude €6.6m after taxes (€9.0m before taxes) in 2020 vs. €5.6m after taxes (€8.4m before taxes) in 2019.
Positive impacts:

- €4.1m after taxes (€5.7m before taxes) positive impact in P&L in 2020 (negative impact of €0.5m after taxes and €0.7m before taxes in 2019), due to the change in PLN/€ exchange rate on the acquisition loan for the purchase of BFF Polska Group, which is offset by a negative change in equity reserve (included in the capital ratios), reflecting the natural hedging between these two balance sheet items;
- €1.2m of building value tax step-up in FY20 vs. €1.5m net positive impact of the IOS Finance's goodwill tax step-up in 2019.

Negative impacts:

- €8.1m after taxes (€11.4m before taxes) M&A costs in 2020 vs. €3.2m after taxes (€4.5m before taxes) in 2019, related to DEPObank and IOS Finance acquisitions;
- €1.7m of current taxation charges arising from the one-off 2019 dividends distribution by the subsidiaries to the Parent Company BFF in 1Q20;
- *Group CEO* post IPO retention bonus in 2019 of €1.7m, of which half was paid in shares;
- €1.0m after taxes (€1.4m before taxes) costs in 2020 (€1.3m after taxes and €1.7m before taxes in 2019) related to the *Stock Option Plan 2016*, the *Stock Option Plan 2020*, and the *Stock Grant Plan 2019*. This item generates a positive equity reserve, with therefore no impact on Group's equity;
- €0.9m after taxes (€1.3m before taxes) in 2020 of extraordinary contributions to *Fondo Interbancario di Tutela dei Depositi* (FITD) and Resolution Fund vs. €0.5m after taxes (€0.6m before taxes) in 2019.

[4] Average RWAs. The 2020 ratio benefits from the reduction of the RWAs in 4Q 2020, due to the application of the 20% risk-weighting from 31-Dec-2020.

[5] See the illustrative example in slide n° 27 of the presentation published on 11-Nov-2020.

[6] After that National Bank of Poland cut the reference rate by 50bps on 9-Apr and by additional 40bps on 28-May.

to prefund a higher expected portfolio.

The average **Cost of Funding** (excluding REPO) decreased by 6bps y/y to 1.52% in 2020.

BFF has a natural currency hedge: forex assets are funded with forex liabilities, hence BFF's Zloty balance sheet has a neutral interest rate sensitivity. Moreover, BFF has no funding costs linked to Government bond yields, and no European Central Bank refinancing risk.

Both the **Adjusted Net Interest Income** and the **Adjusted Net Banking Income** were almost flat vs. FY19 to €198m and €204m respectively, +4% y/y excluding net LPIs over-recoveries.

In 2020 the annualised net return on RWAs (**RoRWA**)[7] was 8.1% with previous risk-weights (9.8% with new risk-weights) vs. 8.6% in 2019, driven by lower LPIs collection.

Recovery of credit collection costs are accounted on a cash basis in **other operating income** (P&L item "230"), which increased from €7.2m in 2019 to €10.4m in 2020.

Decreasing annualised **Adjusted**[8] **Operating Costs/Average Loans ratio** to 2.01% (vs. 2.09% in 2019), despite investment in growth.

Adjusted Operating Costs were equal to €78m, up by 3% y/y, driven by:
- 7% y/y increase in personnel costs, due to higher employee base *(see below)*;
- 1% y/y decrease in other operating expenses, following higher efficiency in cost structure, despite the set-up of (i) the branch in Greece and (ii) the digital platform in Spain;
- higher Ordinary Resolution and *Fondo Interbancario di Tutela dei Depositi* (FITD) contributions: in 2020 equal to €3.5m in total vs. €2.6m in 2019.

Adjusted Cost/Income ratio[9] slightly increased to 38% (37% in 2019), driven by lower net LPIs over-recoveries.

The **employees** at Group level increased from 517 at the end of 2019 (of which 178 in BFF Polska Group) to 535 at the end of 2020 (of which 174 in BFF Polska Group); the 361 employees of BFF, excluding BFF Polska Group, include the employees in Italy (with the Polish branch established in Sep-19), Spain, Portugal, and Greece.

Loan Loss Provisions ("LLPs") were €3.2m in 2020 compared to €2.4m in 2019, increasing NPLs Coverage ratio (excluding the Italian municipalities in conservatorship) from 75% at YE19 to 84% as of 31/12/2020. The annualised **Cost of Risk** was 8bps in 2020 *(see below)*.

FY20 **Reported Net Income** was €91.1m compared to €93.2m in FY19, -2.2% y/y mainly due to higher M&A costs. The positive impact from the change in PLN/€ exchange rate was €4.1m in FY20 (vs. a negative impact of €0.5m in 2019), all numbers after taxes, and offset by a negative

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[7] Calculated as Adjusted Net Interest Income/Average RWAs. The 2020 ratio benefits from the reduction of the RWAs in 4Q 2020, due to the application of the 20% risk-weighting (ex art. 116 CRR) from 31-Dec-2020.

[8] Adjusted to exclude extraordinary costs (€13.8m in 2020 vs. €8.5m in 2019) related to the *Stock Option Plan 2016*, the *Stock Option Plan 2020*, and the *Stock Grant Plan 2019* (€1.4m vs. €1.7m), the extraordinary contributions to FITD and Resolution Fund (€1.3m vs. €0.6m) and the M&A costs (€11.0m vs.€4.5m); €1.7m of *Group CEO* post IPO retention bonus (€0.7m in net provisions for risks and charges) for 2019, of which half was paid in shares.

[9] Computed as Adjusted Operating Costs/Adjusted Net Banking Income.

change in equity reserve, reflecting the natural hedging approach adopted by BFF.

Adjusted Net Income was almost stable at €97.6m vs. €98.8m in 2019, -1% y/y (+7% excluding net LPIs over-recoveries), despite:

(i) net LPIs over-recovery €9.5m lower than FY19, with €10.4m lower LPIs cashed-in y/y;
(ii) prudent provisioning (+€0.8m y/y), that increased NPLs Coverage ratio[10] from 75% in 2019 to 84% in 2020.

The **RoTE**[11] for 2020 was equal to 36% vs. 38% in 2019 based on the Adjusted Net Income.

The **2020 dividends** amount to €97.6m vs. €70.9m in 2019 (+38% y/y) and €91.8m in 2018, with €107m of excess capital over 15% Total Capital ratio target, based on new 20% risk-weighting in 2020[12], and is equivalent to a 100% pay-out ratio[13] (vs. 72% in 2019), with a **dividend per share (DPS)** of €0.529[14]. The increase in free cash flow for shareholders generated in the year is 29% y/y on a like-for-like basis (€84.9m in 2020 vs. €65.6m in 2019). Both 2019 and 2020 dividends are ready to be paid, but BFF is waiting for Bank of Italy clarifications as of timing[15].

Main Balance Sheet data

The Group recorded overall **New Business Volume** of €5,786m (of which €765m related to BFF Polska Group), +9% year-on-year (+19% y/y excluding IOS Finance for 2019) compared to FY19 (€5,312m, of which €587m of BFF Polska Group and €461m of IOS Finance), mainly driven by higher volume in Spain (+75% y/y excluding IOS Finance for 2019 and +18% y/y including IOS Finance for 2019), in Poland (+30% y/y, +35% at constant FX rate), and in Portugal with +42% y/y. Italy remained stable above €3.0bn (-2% y/y), notwithstanding the negative performance of the factoring market (-11.2% y/y[16]). Greece contributed for €65m (vs. €54m in 2019), Slovakia for €24m (vs. €17m) and France for €15m.

At the end of 2020 **Net Customer Loans** were €4,067m (of which €901m related to BFF Polska Group), -1% y/y to compared to €4,118m at the end of 2019 (of which €890m related to BFF Polska Group). Loans in Italy decreased by 6% y/y (from €2,439m vs. €2,302m), with high liquidity in the system that accelerated the collection of newest invoices, vs. factoring market down by 7.8% y/y[17]. The Polish portfolio in 2020 was equal to €693m, affected by depreciation of the Euro/Zloty exchange rate (-1% y/y, +6% growth at constant FX rate) and by prepayments. Loans in Spain, including IOS Finance, were €589m (-4% y/y), with the Government allocating c.

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[10] Excluding Italian municipalities in conservatorship.
[11] RoTE is calculated on the average tangible equity, excluding both the FY20 net income and the 2019 Dividend of €70.9m not distributed yet.
[12] Starting from 31-Dec-2020.
[13] Calculated on the Adjusted Net Income.
[14] Computed considering #184,694,346 BFF ordinary shares, after the capital increase of #14,043,704 shares in favour of Equinova.
[15] See also the press release of 28th January 2021.
[16] Total factoring cumulative turnover in Italy as of 31-Dec-2020; source: Assifact data.
[17] Advances to customers in Italy as of 31-Dec-2020; source: Assifact data.

€39bn to the Autonomous Communities in 2020[18]. In Portugal and in Greece the Customer Loans portfolios were up respectively +52% and +78% y/y. International markets (Spain, Portugal, Poland, Slovakia, Czech Republic, Greece, Croatia, and France) represented 43% of total loans at the end of 2020, up from 41% at the end of 2019.

The **Available Funding**[19] of the Group was €4,187m as of 31/12/2020, with €0.6bn excess liquidity (**undrawn Funding**[20]), +47% y/y, due also to lower end of the year demand. On-line deposits increased by 22% y/y to €1,652m, representing 47% of drawn funds (the Group does not offer current accounts, but only term deposits, with no or limited prepayment options). Additionally, the Group has no funding cost linked to the Italian Government funding cost or rating, and does not recourse to ECB TLTRO or any other emergency liquidity measures.

In January 2021 Moody's confirmed again all Banca Farmafactoring S.p.A. **ratings**, with Developing outlook for the Long-term Issuer Rating ("Ba1") and Positive outlook for the Long-term Bank Deposits Rating ("Baa3")

The Group maintained a strong liquidity position, with a **Liquidity Coverage Ratio (LCR)** of 635.4% as of 31/12/2020, mainly due to significant principal collections close to year end. The **net stable funding ratio (NSFR)** and the **leverage ratio**, at the same date, were equal to 114.4% and 4.1% respectively[21]. The NSFR of the Group will be positively impacted from 2Q 2021 by the new regulation, which establishes more favourable weighting factors for the assets and liabilities related to factoring activities (estimated 200.4% fully phased-in).

At the end of 2020 the **Government bond portfolio (HTC and HTC&S)** was equal to €1,682m – of which €746m are represented by the CCT bond (part of HTC portfolio) that BFF bought from DEPObank at signing on 13th May 2020 – 15% of total assets excluding the CCT bond. As of 31/12/2020 the mark-to-market of the HTC portfolio was positive for €38m after taxes (not recognised neither in the P&L nor in the balance sheet). At the end of 2020, the duration of the entire portfolio was 34.2 months vs. 26.7 months (25.9 months for the HTC portfolio and 35.4 months for the HTC&S portfolio) at YE19.

Asset quality

The Group continues to benefit from a very low exposure towards private sector, with prudent provisioning and negligible credit risk. **Net NPLs** excluding Italian Municipalities in conservatorship were down to €2.8m (-34% y/y) at 0.1% of net loans, with an 84% **Coverage ratio** up from 75% at YE19 and YE18.

The excellent asset quality is confirmed, with a negligible amount of credit holidays (€3.0m,

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[18] Source: Ministerio De Hacienda, Sistemas de Financiación y Deuda Pública - https://www.hacienda.gob.es/es-ES/CDI/Paginas/EstabilidadPresupuestaria/20140410_LIQUIDEZ.aspx.
[19] Excluding ECB funds REPOs, and not considering financing for BFF Polska Group and IOS Finance acquisitions, respectively PLN 378m and €26m.
[20] Based on utilised credit lines.
[21] Calculated on the Banking Group perimeter (pursuant to TUB – *Testo Unico Bancario*).

0.07% of Customer Loans as of 31/12/2020), and an annualised **Cost of Risk** of 8bps in 2020, including the impact on IFRS 9 of COVID-19 on the macroeconomic scenario, vs. 6bps in 2019. 2bps are related to the residual €0.9m net customer loans of BFF Polska's SME factoring business (in run-off).

The increase in **total net NPLs** from €61.9m at YE19 to €66.8m at end of 2020 is entirely driven by the growing exposure towards the Italian municipalities in conservatorship ("*Comuni in dissesto*"), from €57.7m to €64.0m year on year (which includes €5.6m related to Italian municipalities already in conservatorship at purchase). These exposures are classified as NPLs by regulation, despite BFF is legally entitled to receive 100% of the principal and LPIs at the end of the process (collected 100% of closed conservatorships).

At the end of 2020 **net Past Due** amounted to €42.1m (€34.7m and €72.6m at the end of Dec-19 and Dec-18 respectively).

Total impaired assets (non-performing, unlikely to pay and past due) – **net of provisions** – were €124.6m (€106.2m at YE19 and €119.7m at YE18).

BFF did not apply the extension of the transition period or any other flexibility measure in relation to IFRS 9 allowed by the European Commission's banking package.

New definition of default ("New DoD")

BFF has implemented the "New DoD transition plan" to 31/12/2020, whose approach was shared with Bank of Italy in the context of DEPOBank authorization filing. The net past due level decreased vs. YE19: net past due as of 1-Jan-2021 were €2m vs. €42.1m as of 31-Dec-20.

Capital ratios[22]

The Group maintains a strong capital position and confirms its ability to organically fund growth, with a **CET1 ratio** of 15.5% (vs. a 2020 SREP of 7.85%), and a **Total Capital ratio** of 21.6% (well above the Company's target of 15% for the dividend policy, and above a 2020 SREP of 12.05%), with **€107m of capital in excess of 15% Total Capital ratio target**.

BFF has aligned its **Risk-Weighted Assets** (RWAs) approach to the one already used by its competitors, applying a 20% risk-weight for public exposures lower than 90 days, towards other public administration different from local and central government[23]. It allows BFF to decouple the portfolio's risk-weightings from sovereign ratings and to have a structurally higher ROE.

[22] Calculated on the Banking Group perimeter (pursuant to TUB – *Testo Unico Bancario*). 2020 ratios are calculated with 20% risk-weighting factor (ex art. 116 CRR) applied as of 31-Dec-2020. Considering the CRR Group perimeter, Total Capital ratio and CET1 ratio were 32.0% and 27.9% respectively; these ratios are subject to approval by BFF Luxembourg S.à r.l..

[23] Under the new rules of "New DoD", as of 31-Dec-2020 BFF's *in bonis* receivables portfolio with less than 3 months duration is risk weighted at 20%, vs., for instance, the previous 100% in Italy, 100% in Portugal and 50% in Slovakia for NHS.

Following this, at YE20 RWAs decreased to €1.6bn, with a **density**[24] of 40% vs. 59% at YE19 and 63% at YE18.

As a consequence, CET1 and Total Capital ratios were positively impacted by 4.5% and 6.6% respectively.

Both ratios exclude the 2019 Dividend of €70.9m and the €97.6m of FY20 Adjusted Net Income; therefore, BFF has currently **c. €169m accrued dividends** ready to be paid (BFF is waiting for Bank of Italy clarifications as of timing[25]). Total Capital ratio and CET1 ratio would be respectively 26.0% and 32.1% including such accrued dividends.

BFF did not to apply any of the ECB/EBA emergency measure or the European Commission's banking package for COVID-19.

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Acquisition of DEPObank – Banca Depositaria Italiana S.p.A. ("DEPObank")

Both banks' Shareholders' Meeting approved the merger: the closing of the transaction and the merger of DEPObank are expected in 1Q 2021. The new combined entity will be presented to financial community soon after closing.

€9.9m of transaction and integration costs were already expensed in BFF at YE20. Approximately 90% of total SG&A cost savings are already contractually locked from closing date.

Shareholding structure

Following the merger by incorporation of DEPObank into BFF, the expected free float will be still >80%, with Equinova (main DEPObank's shareholder)[26] receiving a 7.6% stake in the combined entity.

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ESG

BFF has a strong commitment towards responsible and sustainable growth, and is aligned to public companies' governance best practices: in 2020 it was the only Italian listed company to publish, on a voluntary basis, the consolidated *Non-Financial Disclosure*[27]. 2nd *Non-Financial Disclosure* will be published with 2020 Annual Reports.

As to the *Environmental*, BFF has, by industry, a low exposure to environmental risk, even if it has set a solid path to minimize environmental footprint, for instance through a progressive

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24 Calculated as RWAs/Customer Loans.
25 See also the press release of 28th January 2021.
26 Equinova UK HoldCo Limited is a holding company of Advent International Corporation, Bain Private Equity Europe LLP and Clessidra SGR S.p.A., that hold a stake of 91% of DEPObank's share capital, while the remaining shares are held by other Italian banks, as of 30th June 2020.
27 The *Non-Financial Disclosure* published in 2020 is related to 2019 ESG data.

relocation of offices in green buildings (Spain: LEED Platinum certification, the top score; Poland: LEED Gold certification), and 60% reduction of paper consumption through digitalisation process.

As to *Social*, BFF's goals are addressed to (i) the well-being of the community and the employees, through charitable initiaves (e.g. donations) and #25.535hrs of training in 2020 (approximately 48hrs per employee), and (ii) responsible product offering, with specific sales policy for workforce. Besides, 2021 performance management program is based on EBTDA risk-adjusted, to guarantee a sustainable growth and to protect asset risk.

As to *Governance*, BFF is one of the few Italian public companies, striving for best corporate governance standards, and it is compliant with the Self-Regulation Code. As of today, the Board of Directors carries out an annual self-evaluation, keeps a regular meeting of independents, has a 67% presence of independents, counts 44% of female members and 33% non-Italian, and has a *Group CEO* succession plan.

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Governance

As accurately described in the paragraph on "ESG", BFF is now a true public company, and has implemented the best governance standards among peers, starting from process of Board of Directors renewal and Board Members slate submission. On the basis of 2020 Board self-assessment, BFF Board of Directors has published guidelines on its quali-quantitative composition, with the support of a leading independent advisor, and will approve its own board members' slate, in line with public companies' best practices, on 17-Feb-21, with publication by no later than 23-Feb-21. The Board of Directors is also committed to have more than half of its board candidates as independent in its slate for the Board renewal at the AGM on 25-Mar-2021. One independent director will be designated by Equinova.

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Significant events after the end of the 2020 full year reporting period

- On 19th January 2021 the Guidelines for Shareholders on the quali-quantitative composition of the Board of Directors and for the preparation of the Board members' slate were approved by the Board of Directors and made available to the public.
- On 22nd January 2021 Moody's confirmed again all Banca Farmafactoring S.p.A. ratings, with Developing outlook for the Long-term Issuer Rating ("Ba1") and Positive outlook for the Long-term Bank Deposits Rating ("Baa3"). The Developing outlook reflects the agency's view that there could be positive or negative pressure on the rating, depending on the successful execution of the acquisition of DEPObank, expected to be completed by the end of 1Q 2021.
- Since the Bank of Italy informed BFF to be unable to provide, before the Shareholders' Meeting called on 28th January 2021, a written response to the request made by BFF on 17th

December 2020 to proceed with the 2019 Dividend distribution, on 28th January 2021 BFF's Board of Directors resolved to give a mandate to the Chairman, during the ordinary Shareholders' Meeting, to refrain from putting to vote the proposed resolution on 2019 profits distribution, and it confirmed the commitment to distribute the 2019 Dividend of €70.9m as soon as possible, in compliance with the regulator's indications.

- On 28th January 2021 the extraordinary Shareholders' Meeting of Banca Farmafactoring S.p.A. resolved, *inter alia*, (i) to approve the merger plan by incorporation of DEPObank into BFF, (ii) to increase BFF's share capital through the issuance of 14,043,704 new BFF ordinary shares to service the merger, and (iii) the change of the company name to "BFF Bank S.p.A.", and the change of the name of the related banking group to "BFF Banking Group", with effect from the effective date of the merger.

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Statement of the Financial Reporting Officer

The Financial Reporting Officer, Carlo Zanni, declares, pursuant to paragraph 2 of article 154-*bis* of the Consolidated Law on Finance ("*Testo Unico della Finanza*"), that the accounting information contained in this press release corresponds to the document results, accounting books and records of the Company.

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Earnings call

The FY 2020 results will be presented today at 14:30 CET (13:30 WET) during a conference call, which can be followed either by dialling the numbers or by clicking on the audio link indicated in the invitation published in the *Investors > Key Figures* section of the Group website.

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This press release is available on-line on BFF Group's website www.bffgroup.com within the section *Investors > Press Releases*.

BFF Banking Group

BFF Banking Group, listed on the Milan Stock Exchange since 2017, is the leading player specialised in the management and non-recourse factoring of trade receivables due from the Public Administrations in Europe. The Group operates in Italy, Croatia, Czech Republic, France, Greece, Poland, Portugal, Slovakia and Spain. It is also active in Germany, The Netherlands and Ireland with on-line term deposits, by serving a total of 12 Countries across Europe. In 2019 it reported a consolidated Adjusted Net Profit of € 97.6 million, with a 15.5% Group CET1 ratio at the end of December 2020. **www.bffgroup.com**

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Consolidated Balance Sheet *(Values in €)*[28]

Assets	31/12/2019	31/12/2020
Cash and cash equivalents	78,305,302	173,280,377
Financial assets measured at fair value through profit or loss	0	0
a) financial assets held for trading	*0*	*0*
b) financial assets designated at fair value	*0*	*0*
c) other financial assets mandatorily measured at fair value	*0*	*0*
Financial assets measured at fair value through OCI	82,911,963	163,924
Financial assets measured at amortized cost	5,250,716,578	5,780,579,449
a) Due from banks	*136,679,774*	*31.078.082*
b) Due from customers	*5,114,036,805*	*5,749,501,367*
Hedging instruments	0	0
Equity investments	94,437	87,944
Property, plant, and equipment	17,109,160	18,014,021
Intangible assets of which:	35,268,054	36,675,140
- goodwill	*30,874,236*	*30,874,236*
Tax assets	13,319,318	15,333,003
a) current	*1,753,665*	*4,090,128*
b) deferred	*11,565,653*	*11,242,874*
Other assets	11,561,531	27,179,709
Total Assets	**5,489,286,343**	**6,051,313,567**

[28] 2019 tax assets and liabilities have been restated to be comparable with 2020 figures.

Liabilities and Equity	**31/12/2019**	**31/12/2020**
Financial liabilities measured at amortized cost	4,962,195,474	5,415,184,174
a) deposits from banks	*1,142,840,644*	*1,034,654,607*
b) deposits from customers	*2,713,662,678*	*3,571,621,161*
c) securities issued	*1,105,692,152*	*808,908,406*
Financial Liabilities Held for Trading	0	0
Financial liabilities designated at fair value	0	0
Hedging derivatives	0	0
Tax liabilities	77,258,861	83,697,710
a) current	*7,142,711*	*5,824,367*
b) deferred	*70,116,150*	*77,873,344*
Other liabilities	65,324,506	82,804,576
Employee severance indemnities	843,205	666,641
Provisions for risks and charges:	6,412,030	*6,381,691*
a) guarantees provided and commitments	*580,428*	*527,436*
b) pension funds and similar obligations	*4,313,009*	*4,776,556*
c) other provisions	*1,518,593*	*1,077,699*
Valuation reserves	6,569,790	1,456,095
Reserves	147,269,189	241,473,311
Share premium	693,106	693,106
Share capital	131,326,409	131,400,994
Treasury shares	(1,762,756)	(3,517,312)
Minority interests	0	0
Profit for the year	93,156,528	91,072,581
Total Liabilities and Equity	**5,489,286,343**	**6,051,313,567**

Consolidated Income Statement *(Values in €)*

Profit & Loss items	FY 2019	FY 2020
Interest and similar income	248,956,841	245,252,959
Interest and similar expenses	(48,448,932)	(46,873,268)
Net interest income	**200,507,909**	**198,379,691**
Fee and commission income	6,297,736	6,332,699
Fee and commission expenses	(1,799,928)	(1,723,137)
Net fees and commissions	**4,497,808**	**4,609,562**
Dividend income and similar revenue	0	0
Gains (Losses) on trading	(752,359)	5,931,970
Fair value adjustments in hedge accounting	0	0
Gains (Losses) on disposals/repurchases of:	369,770	418,573
a) financial assets measured at amortized cost	*371,090*	*0*
b) financial assets measured at fair value through OCI	*(1,320)*	*362,572*
c) financial liabilities	*0*	*56,001*
Net banking income	**204,623,128**	**209,339,796**
Impairment losses/reversals on:	(2,371,538)	(3,138,955)
a) receivables and loans	*(2,382,840)*	*(3,150,236)*
b) available-for-sale financial assets	*11,302*	*11,281*
Net profit from banking activities	**202,251,590**	**206,200,842**
Net profit from financial and insurance activities	**202,251,590**	**206,200,842**
Administrative expenses:	(79,524,661)	(86,413,528)
a) personnel costs	*(40,098,036)*	*(41,352,616)*
b) other administrative expenses	*(39,426,625)*	*(45,060,913)*
Net provisions for risks and charges:	(3,190,458)	(989,294)
a) guarantees provided and commitments	*(375,731)*	*41,956*
b) pension funds and similar obligations	*(2,814,727)*	*(1,031,250)*
Net adjustments to/writebacks on property, plant, and equipment	(3,173,576)	(3,429,853)
Net adjustments to/writebacks on intangible assets	(1,887,121)	(2,090,399)
Other operating income/expenses	7,233,967	10,435,530
Operating expenses	(80,541,849)	(82,487,544)
Profit before tax from continuing operations	**121,709,741**	**123,713,298**
Income taxes on profit from continuing operations	(28,553,213)	(32,640,717)
Profit after taxes from continuing operations	93,156,528	**91,072,581**
Profit for the year	**93,156,528**	**91,072,581**
Profit for the year attributable to owners of the Parent Company	**93,156,528**	**91,072,581**

Consolidated Capital Adequacy – BFF Banking Group ex TUB

Values in €m	**31/12/2018 (before 20% RW application)**	**31/12/2019 (excluding 2019 Dividend and before 20% RW application)**	**31/12/2020 (excluding 2019 Dividend and before 20% RW application)**	**31/12/2020 (excluding 2019 Dividend and after 20% RW application)**
Credit and Counterparty Risk	151.3	160.6	166.7	96.6
Market Risk	0.0	0.0	0.0	0.0
Operational Risk	29.6	32.5	32.6	32.6
Total Capital Requirements	**181.0**	**193.1**	**199.3**	**129.3**
Risk Weighted Assets (RWAs)	**2,262.4**	**2,413.6**	**2,490.9**	**1,615.7**

CET I	**246.4**	**263.9**	**275.5**	**251.1**
Tier I	**0.0**	**0.0**	**0.0**	**0.0**
Tier II	**98.2**	**98.2**	**98.2**	**98.2**
Own Funds	**344.6**	**362.1**	**373.7**	**349.4**

CET 1 Capital ratio	***10.9%***	***10.9%***	***11.1%***	***15.5%***
Tier I Capital ratio	***10.9%***	***10.9%***	***11.1%***	***15.5%***
Total Capital ratio	***15.2%***	***15.0%***	***15.0%***	***21.6%***

Asset quality – Reported data

	31/12/2020 (after 20% RW application)		
€ 000	**Gross**	**Provision**	**Net**
Non-performing loans (NPLs)	81,582	(14,761)	66,821
Unlikely to pay	18,743	(3,040)	15,703
Past due	42,232	(127)	42,105
Total impaired assets	**142,557**	**(17,928)**	**124,629**

	31/12/2019 (before 20% RW application)		
€ 000	**Gross**	**Provision**	**Net**
Non-performing loans (NPLs)	74,944	(13,001)	61,943
Unlikely to pay	11,836	(2,310)	9,526
Past due	34,780	(88)	34,691
Total impaired assets	**121,560**	**(15,400)**	**106,160**

	31/12/2018 (before 20% RW application)		
€ 000	**Gross**	**Provision**	**Net**
Non-performing loans (NPLs)	65,106	(24,762)	40,344
Unlikely to pay	8,680	(1,906)	6,774
Past due	73,845	(1,273)	72,573
Total impaired assets	**147,631**	**(27,940)**	**119,690**