PRESS RELEASE

BFF BANKING GROUP 1H 2020 CONSOLIDATED FINANCIAL RESULTS

Today the Board of Directors of Banca Farmafactoring S.p.A. approved the 1H 2020 consolidated financial statements.

Highlights:

- **Confirmed the intention to distribute the €70.9m of 2019 Dividend as soon as the regulatory conditions are met, not earlier than 1st January 2021**
- **COVID-19 pandemic: no significant negative impacts for BFF, besides lower LPIs over-recoveries**
- **Flat Adjusted Net Income at €40.2m, with 30% of Adjusted RoTE, and -€3.3m y/y of net LPIs over-recovery[1]**
- **Stock of unrecognized off-balance sheet LPIs increased by €23m y/y to €414m, +€6m in the quarter**
- **Net Customer Loans up 10% y/y, despite Governments' cash injections, at €3.8bn, of which 39% outside Italy up from 34% at the end of Jun-19**
- **Volume grew by 29% y/y at €2.5bn, with Italy and Spain +3% and +132% y/y**
- **Available funding increased by +16% y/y at €4.1bn, with €0.7bn undrawn credit lines, +66% y/y, providing higher flexibility to absorb higher loans' growth**
- **Sound liquidity ratios with LCR at 520% and NSFR at 108% (138% fully phased-in)**
- **Total Capital and CET1 ratios[2] at 15.7% and 11.5% - excluding both €70.9m of 2019 Dividend and €37.5m of 1H20 Reported Net Income - well above SREP requirements: €108m of dividend capacity**
- **Strong reduction in net NPLs (-37% y/y and -25% vs. YE19, excluding Italian municipalities in conservatorship), with the Net NPLs/Loans ratio down to 0.1%**
- **Annualised Cost of Risk at 12bps, 9bps excluding the SME factoring business in run-off: due to impact on IFRS 9 of COVID-19 on the macroeconomic scenario**

Milan, 6th August 2020 – Today the Board of Directors of Banca Farmafactoring S.p.A. (BFF) approved the first half-year 2020 consolidated financial statements. All the 1H 2020 figures (both adjusted and reported) include for the entire period IOS Finance, merged on 31/12/2019, while it is excluded from 1H 2019 figures.

---

[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. In particular, the value of the credit on the balance sheet is re-calculated using the new expected cash-flow schedule and the negative delta in value is booked in the P&L to maintain the original IRR.

[2] Calculated on the Banking Group perimeter (pursuant to TUB – *Testo Unico Bancario*).

KEY CONSOLIDATED ACCOUNTS ITEMS[3]

Main Balance Sheet data

At the end of Jun-20 **Net Customer Loans** were up by 10% y/y (+11% at constant Euro/Zloty exchange rate) to €3,789m (of which €882m related to BFF Polska Group), compared to €3,454m at the end of Jun-19 (of which €794m related to BFF Polska Group). Loans in Italy grew by 2% y/y (from €2,271m to €2,325m) and the Spanish portfolio in 1H20, including IOS Finance, was equal to €406m (+100% y/y excluding IOS Finance for 1H19, +21% y/y including IOS Finance for 1H19), despite the Government's extraordinary *FLA – fondo de liquidez autonómica* of €11.8bn to pay suppliers in 1H20. Loans in Poland were up by 9% y/y at €682m, despite the Euro/Zloty FX depreciation in the six months to 30/6/20 (+14% y/y at constant FX rate). International markets (Spain, Portugal, Poland, Slovakia, Czech Republic, Greece, Croatia and France) represented 39% of Net Customer Loans in 1H20, up from 34% at the end of Jun-19.

The Group recorded overall **New Business Volume** of €2,541m (of which €324m related to BFF Polska Group), +29% compared to 1H19 (€1,969m, of which €247m of BFF Polska Group), mainly driven by higher volume in Spain (+132% y/y excluding IOS Finance for 1H19 and +39% y/y including IOS Finance for 1H19), and in Poland (+25% y/y, +28% at constant FX rate). Italy continued its moderate growth trend (+3% y/y). Resumed growth in Portugal with +51% y/y, despite cash injection in Jun-20, and in Slovakia (€17m vs. €2m in 1H19). Greece contributed for €33m and France for €5m.

The **Total Available Funding**[4] of the Group increased to €4,060m as of 30/06/2020 (+16% y/y). Online deposits increased by +77% y/y to €1,556m, representing 47% of drawn funds; the Group doesn't offer current accounts, but only term deposits with no or limited prepayment options. The Group has ample excess liquidity (undrawn credit lines), with **undrawn Funding**[5] available at the end of Jun-20 equal to €0.7bn (+66% y/y), which provides higher flexibility to absorb higher loans' growth (i.e. up to +19% of additional loans vs. 1H20 stock) or longer collections times. Additionally, the Group has no funding cost linked to the Italian Government's funding cost or rating and didn't recourse to ECB TLTRO or any other emergency liquidity measure.

Following the announcement of the acquisition of DEPObank, Moody's confirmed all Banca Farmafactoring S.p.A. **ratings**, with Developing outlook (from Positive) for the Long-term Issuer Rating ("Ba1") and Positive outlook for the Long-term Bank Deposits Rating ("Baa3").

The Group maintained a healthy liquidity position, with a **Liquidity Coverage Ratio (LCR)** of 520.1% as of 30/06/2020. The **net stable funding ratio (NSFR)** and the **leverage ratio**, at the

---

[3] 1H20 exchange rate for Poland and Czech Republic respectively PLN/€ 4.4120 and PLN/CZK 0.168 for P&L data (1H20 average), PLN/€ 4.4560 and PLN/CZK 0.167 for Balance Sheet data (30th June 2020).
1H19 exchange rate for Poland and Czech Republic respectively PLN/€ 4.2920 and PLN/CZK 0.167 for P&L data (1H19 average), PLN/€ 4.2496 and PLN/CZK 0.167 for Balance Sheet data (30th June 2019).
[4] Excluding ECB funds REPOs and not considering financing for BFF Polska Group and IOS Finance acquisitions, respectively PLN 378m and €26m.
[5] Based on utilised credit lines.

same date, were equal to 107.9% and 4.5% respectively[6]. The NSFR of the Group is expected to be positively impacted by the new regulation (in force from 2Q 2021), which establishes more favourable weighting factors for the assets and liabilities related to factoring activities (137.8% fully phased-in).

At the end of Jun-20 the **Government bond portfolio (HTC and HTC&S)** was equal to €1,886m of which €744m are represented by the CCT bond (part of HTC Portfolio) that BFF bought from DEPObank, at signing on 13th May 2020 (19% of total assets excluding HTC acquired within the DEPObank deal). The mark-to-market as of 30/06/2020 of the HTC portfolio was positive for €21m after taxes (not recognised neither in the P&L nor in the balance sheet), while for the HTC&S portfolio was negative for €0.2m after taxes (already booked in the equity). At the end of Jun-20 the duration of the entire portfolio was 37.4 months (37.5 months for the HTC portfolio and 35.5 months for the HTC&S portfolio) vs. 26.7 months (25.9 months for the HTC portfolio and 35.4 months for the HTC&S portfolio) at YE19.

Main Profit and Loss data[7]

1H20 Adjusted Interest Income increased by 7% at €117m, despite €2.6m of lower net LPIs over-recovery accounted in P&L vs. 1H19. The LPIs cashed-in were €3.7m lower (€19.6m vs. €23.3m 1H19 and €37.5m in 1H18), with lower LPI recovery rate in 1H20 vs. a strong 1H19. All LPIs over-recoveries are accounted when cash-in collected and there is no sale of LPIs to third parties.

The **stock of unrecognized off-balance sheet LPIs (back-book income reserve)**, that has not gone through the P&L yet, increased by €23m y/y, +6% q/q, and reached €414m at the end of Jun-20. The total LPIs stock amounted to €678m before taxes (+10% y/y).

The **interest expenses** increased by 15% y/y at €26m, due to:
- the increase of average drawn funding (from €3.2bn to €3.6bn) due to the growth of the business, with more online deposits and less other wholesale lines;
- growth in online deposits, and €2.8m of interest expenses related to the bond issued in Oct-19 (not present in 1H19);

[6] Calculated on the Banking Group perimeter (pursuant to TUB – *Testo Unico Bancario*).

[7] Adjusted P&L numbers exclude:
- €2.7m after taxes (€3.8m before taxes) positive impact in P&L in 1H20 (negative impact of €0.8m after taxes and €1.1m before taxes in 1H19) 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;
- €2.5m after taxes (€3.5m before taxes) M&A costs in 1H20 vs. €0.6m after taxes (€0.9m before taxes) in 1H19;
- €1.3m of current taxation charges arising from the one-off distribution of the 2019 dividends distributed by the subsidiaries to the Parent Company BFF in 1Q20;
- €1.1m after taxes (€1.5m before taxes) costs in 1H20 (€1.3m after taxes and €1.7m before taxes in 1H19) related to the *Stock Option Plan 2016* and the *Stock Grant 2019*. This item generates a positive equity reserve, with therefore no impact on Group's equity;
- €0.5m after taxes (€0.7m before taxes) of Extraordinary contribution to the Resolution Fund in 1H20 vs. €0.5m after taxes (€0.6m before taxes) in 1H19.

- higher undrawn committed lines, from €0.4bn to €0.7bn (+66% y/y), driven by the measures to increase the stock of funding.

The **Average Cost of Funding** (excluding REPO) increased by 4bps y/y to 1.60% in 1H20 reflecting:

- the issuance of the €300m bond at a 1.75% fixed rate in Oct-19;
- the decrease of the amount of wholesale credit lines drawn (currently the cheapest funding source);
- a higher weight of the Polish Zloty exposures, with a higher base rate.

National Bank of Poland cut the reference rate by 50bps on 9-Apr and by additional 40bps on 28-May, leading to almost an equivalent reduction of the WIBOR. The **reduction of the WIBOR** will be reflected in the cost of borrowing starting mostly from next quarter. BFF's Zloty balance sheet has a neutral interest rate sensitivity.

BFF has no funding costs linked to Government bond yields, and no ECB refinancing risk.

Both the **Adjusted Net Interest Income** and the **Adjusted Net Banking Income** increased by 5% y/y, to €90m and €93m respectively, with:

- €2.6m of lower net LPIs over-recovery in 1H20 vs. 1H19;
- higher Cost of Funding, due to (i) a significant increase of available undrawn funding (+66% y/y at €723m), and (ii) a higher exposure to the Polish Zloty.

In 1H20 the annualised net return on RWAs (**RoRWA**)[8] was 7.6% vs. 7.7% in 1H19, mainly driven by the lower net LPIs over-recovery. Excluding the net LPIs over-recovery, annualised RoRWA was equal to 7.9% in 1H20 vs. 7.8% in 1H19 and 8.0% in 1H18. Annualised **Net yield**[9] **on average Customer Loans** of the period was 4.2% vs. 4.6% in 1H19, and the annualised **Gross yield on average Customer Loans** was 5.7% (vs. 6.0% in 1H19). **Adjusted Interest Income/Average RWAs** of the period was 9.8% (vs. 9.8% in 1H19).

Recovery of credit collection costs are accounted on a cash basis in **other operating income** (P&L item "230"), which increased from €2.6m in 1H19 to €3.0m in 1H20.

Highly efficient structure, with annualised **Adjusted**[10] **Operating Costs/Average Loans ratio** of 2.03% in 1H20 vs. 2.01% in 1H19 and 2.29% in 1H18.

Operating Costs were equal to €39m, up by 12% vs. €35m in 1H19, as a result of:

- 16% y/y increase in personnel costs, due to higher employee base;
- 8% y/y increase in other operating expenses, including the set-up of (i) the branch in Greece and (ii) the digital platform partnership in Spain;
- Ordinary Resolution Fund fully expensed and FITD contribution accrued on an expected pro-rata basis: in 2020 equal to €2.9m in total vs. €2.1m in 2019.

Adjusted Cost/Income ratio increased to 42% (40% in 1H19), also driven by lower net over-

[8] Calculated as Adjusted Net Interest Income/Average RWAs.

[9] Adjusted Net Interest Income excluding income on securities and on credits due from banks, and REPO activity impact.

[10] Adjusted to exclude extraordinary costs.

recoveries.

The **employees** at Group level increased from 477 at the end of Jun-19 (of which 202 in BFF Polska Group) to 525 at the end of Jun-20 (of which 172 in BFF Polska Group); the 353 employees of BFF, excluding BFF Polska Group, include the employees of IOS Finance and employees moved from BFF Polska to the Polish Branch.

Loan Loss Provisions ("LLPs") were €2.3m in 1H20 compared to €0.4m in 1H19, that increased NPL coverage ratio (excluding the Italian municipalities in conservatorship) from 75% at YE19 to 81% in 1H20. The **annualised Cost of Risk** was 12bps in 1H20 (9bps excluding the Polish SME factoring business in run-off and the Italian municipalities in conservatorship) vs. 3bps in 1H19, due to the impact on IFRS 9 of COVID-19 on the macroeconomic scenario.

1H20 **Reported Net Income** was €37.5m compared to €38.1m in 1H19, -1.4% y/y due to i) the positive impact from the change in PLN/€ exchange rate (+€2.7m in 1H20 vs. -€0.8m in 1H19, all numbers after taxes) and offset by a negative change in equity reserve, reflecting the natural hedging approach adopted by BFF, and despite ii) €3.2m of higher net extraordinary costs in 1H20 vs. 1H19 (1H20 costs include also €1.3m of taxes on 2019 dividends distributed by the subsidiaries to the parent company in 1H20 and €2.5m of M&A costs after taxes).

Adjusted Net Income flat y/y at €40.2m vs. €41.2m in 1H19, despite (i) €2.6m lower net LPIs over-recovery, with €3.7m lower LPIs cashed-in and (ii) more prudent provisioning (+€1.9m vs. 1H19). The **RoTE**[11] for 1H20 was equal to 30% vs. 33% in 1H19 based on the Adjusted Net Income.

Asset quality

The Group continues to enjoy a low risk profile. The superior asset quality is confirmed by a **Net NPLs/Net Customer Loans ratio** of 1.7% at end of Jun-20 (vs. 1.5% for YE19 and 1.3% at the end of Jun-19) and an **annualised Cost of Risk** of 12bps (9bps excluding the Polish SME factoring business in run-off and the Italian municipalities in conservatorship, including the impact on IFRS 9 of COVID-19 on the macroeconomic scenario).

The increase in **net NPLs** from €61.9m at end of 2019 to €65.6m at end of Jun-20 is driven entirely by the growing activities towards the Italian municipalities, with the exposure to Italian municipalities in conservatorship ("*Comuni in dissesto*") growing from €57.7m to €62.4m (which includes €5.9m related to Italian municipalities already in conservatorship at the time of the purchase). These exposures are classified as NPLs by regulation, despite BFF is legally entitled to receive 100% of the capital and LPIs at the end of the process. Other net NPLs were down to €3.2m (-37% y/y and -25% vs. YE19), and are equivalent to 0.1% of total net loans.

The **NPLs Coverage ratio** net of the Italian municipalities in conservatorship increased at 81% (vs. 75% at YE19 and 70% in at the end of Jun-19), while the Coverage ratio also including the municipalities in conservatorship is 18% vs. 17% at YE19.

---

[11] RoTE is calculated on the average tangible equity, including earnings of the period net of the 2019 Dividend.

At the end of Jun-20 **net Past Due** amounted to €48.9m (€34.7m and €38.7m at the end of Dec-19 and Jun-19 respectively).

Total impaired assets (non-performing, unlikely to pay and past due) – **net of provisions** – was €130.5m (€106.2m at YE19 and €94.2m at the end of Jun-19).

At the end of Jun-20, the residual net exposure related to BFF Polska Group's SME factoring business placed in run-off at the end of 2017 (entirely classified as net impaired loans), was equal to €1.0m, with a coverage ratio of 84%.

No need to apply the extension of the transition period or any other flexibility in relation to IFRS 9 allowed by the European Commission's banking package.

Capital ratios

Today the Board of Directors of BFF acknowledged the recommendations issued, respectively on 27th and 28th July, by the European Central Bank and Bank of Italy, and the *Frequently Asked Questions* (FAQ) of the European authority, and, following a recent consultation with Bank of Italy, confirmed, as it did in March 2020, its dividend policy, adopting "Option 1" contained in the FAQ[12], and complying with the regulatory authorities recommendations to refrain from making any irrevocable commitment for dividend payments for the financial years 2019 and 2020.

In order to proceed as soon as possible, and within the context of the regulatory authority conditions, to the distribution of the 2019 Dividend, equal to € 70.9m, today BFF's Board of Directors confirmed its intention to:

i) postpone the resolution to distribute part of Banca Farmafactoring S.p.A.'s 2019 individual profit for an amount equal to €12.4m, to an ordinary Shareholders' Meeting to be held not prior to 1st January 2021;

ii) take all the necessary actions to allow, in compliance with the provisions of Art. 2433-*bis* of the Italian Civil Code, the distribution of additional €58.4m as interim dividends on the 2020 BFF's individual profits for the 3Q 2020, in a Board of Directors to be held on the same day of the abovementioned ordinary Shareholders' Meeting.

Both the aforesaid resolutions will be taken following a reassessment on the overcoming of the uncertainties caused by COVID-19 emergency.

Given the sound capital position of BFF, protected by a dividend policy that allows the distribution of the net profit only for the portion in excess of the 15% Total Capital ratio threshold (well above the minimum regulatory requirement), the low risk profile, and the

[12] In particular, the section 4 of the FAQ "Restriction on dividend and variable remunerations": https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr200320_FAQs~a4ac38e3ef.en.html.

resilience demonstrated by the business model, able to generate high value for its shareholders even in times of crisis, BFF is confident that it will be able to distribute the 2019 Dividend, in absence of further regulatory interventions, as soon as the banking authorities conditions are met. On this respect, in compliance with "Option 1" contained in the European Central Bank recommendation issued on 27th March 2020, the distribution of the 2019 Dividend does not reduce the quantity or quality of *Common Equity Tier 1*, because the relative amount has not been included in the regulatory capital calculation.

The Group maintains a solid capital position and confirms its ability to organically fund growth, with a **CET1 ratio** of 11.5% (vs. a SREP, including Capital Conservation Buffer, of 7.85%, which increased by 5bps vs. 2019 following the completion of the review process by the regulatory authority) and a **Total Capital ratio** of 15.7% (above the Company's target of 15% for the dividend policy and above a SREP, including Capital Conservation Buffer, of 12.05%, which increased by 5bps vs. 2019), calculated on the Banking Group perimeter (pursuant to TUB – *Testo Unico Bancario*)[13]. Both ratios exclude the 2019 Dividend of €70.9m (equal to 306bps of additional capital) and €37.5m of Reported Net Income for 1H20 (equal to 162bps of additional capital), available for dividend, since Total Capital ratio is >15%. Therefore, BFF has currently €108m of dividend capacity.

The **RWAs** are based on the Basel Standard Model and, therefore, the risk weighting factors for the exposures towards NHS and other PA different from local and central Government depend on the Sovereign Rating of each country. Since DBRS (BFF's ECAI – External Credit Assessment Institution) rating for Italy is "BBB (High)", the Italian exposure to NHS and other PA (different from local and central Government) is risk weighted at 100%. Consequently, Italy need to be downgraded by 9 notches (i.e. 4 notches below Greece) to have a negative impact on the risk weighting factor for the Italian exposure to NHS and other PA. On the other side, one notch upgrade of Italy would move the risk weighting on the Italian exposure to the NHS and other PA (different from local and central Government) from 100% to 50%, with a 2.3% increase on CET1 ratio and 3.2% on Total Capital ratio.

The **RWAs density**[14] is lower y/y, 61% at the end of Jun-20 vs. 63% at the end of Jun-19, thanks to a better loan mix (59% at the end of Dec-19).

***

<u>COVID-19 Governments' measures have not had material impacts on BFF, besides lower LPIs collections</u>

BFF did not experience any significative impact on its business caused by the economic uncertainties related to COVID-19 pandemic, besides lower LPIs over-recoveries. Governments'

[13] Considering the CRR Group perimeter, including the parent company BFF Luxembourg S.à r.l., the CET1 ratio is 15.3% and the Total Capital ratio 19.7%. These ratios are subject to approval of the BFF Luxembourg accounts.
[14] Calculated as RWAs/Customer Loans.

measures affected part of the business as better explained below:

- lower tax collection by local entities, PA working by remote, and courts' lockdown, delayed (i) the cash collection of LPIs (i.e. lower LPI over-recovery), and (ii) out-of-the court settlements;
- potential increase in client demand due to (i) higher public expenditure in HC related to the pandemic, (ii) higher risk perception, and (iii) possible lengthening of DSOs;
- possible opportunities arising by Governments' emergency measures: e.g., injection of liquidity to local entities could accelerate LPIs collection;
- to further reduce our risk exposure (NPLs), in Poland we stopped new business on direct lending to doctors (MedDoctor product) and we voluntary gave our clients the possibility of moratorium (accepted requests for c. €6.6m so far).

***

<u>DEPObank acquisition: preparing the integration</u>

BFF is progressing towards closing according to schedule: Antitrust and Golden Power clearances were obtained respectively on 30th June 2020, and 7th July 2020. The final clearance by the relevant Supervisory Authorities' is expected not earlier than Sep-20. Depending on this date, **completion of the Transaction and the Merger of DEPObank into BFF will occur either in Dec-20 or Feb-21**.

The current value of Risk Sharing Mechanism is expected to generate c. €10m of capital uplift at closing, at current market prices.

***

<u>Corporate Governance and Shareholding structure</u>

BFF is currently **one of the few Italian Public Companies**, with 88% free float (doubled vs. 44% at IPO), of which c. 4% held by management. In the context of the merger of DEPObank, Equinova will receive an expected post-merger stake equal to 7.6% of the combined entity. **The expected free float post-merger will still be above 80%**.

BFF is also very focused on ESG performance, **and it voluntarily published the first non-financial disclosure for 2019**.

In terms of governance, **BFF Board will submit its own board members' slate in 2021, out of which one independent director will be designated by Equinova**.

***

<u>Significant events after the end of the first half-year 2020 reporting period</u>

On 31st July 2020 BFF communicated the change in its share capital, following the partial execution of the share capital increase free of charge, over the period between 6th July 2020 and 29th July 2020, for an amount equal to Euro 970.20, through the issue of 1,260 new BFF ordinary shares, assigned to BFF Group's employees for remuneration and incentive policies' requirements, in the context of the "Stock Option Plan of Banca Farmafactoring Banking Group", originally approved by the Shareholders' Meeting on 5th December 2016 and modified by the Shareholders' Meeting on 28th March 2019.

***

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, books and accounting records of the Company.

***

Earnings Call

The 1H 2020 results will be presented today at 14:30 CEST (13:30 WEST) 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 (investor.bffgroup.com/en/key-figures).

***

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 is the leading player specialised in the management and non-recourse factoring of trade receivables due from 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, serving a total of 12 Countries across Europe. BFF is listed on the Italian Stock Exchange. In 2019 it reported a consolidated Adjusted Net Profit of € 98.8 million, with a 11.5% Group CET1 ratio at the end of June 2020.
www.bffgroup.com

Contacts

Investor Relations
Caterina Della Mora, Claudia Zolin
investor.relations@bffgroup.com
+39 02 49905 631 | +39 02 49905 620
+39 335 1295008

Media Relations
Alessia Barrera, Gianluca Basciu
newsroom@bffgroup.com
+39 02 49905 616 | +39 02 49905 623
+39 340 3434065

Consolidated Balance Sheet *(Values in €)*

Assets	31/12/2019	30/06/2020
Cash and cash equivalents	78,305,302	111,211,465
Financial assets measured at fair value through profit or loss		
a) financial assets held for trading		
b) financial assets designated at fair value		
c) other financial assets mandatorily measured at fair value		
Financial assets measured at fair value through OCI	82,911,963	60,027,786
Financial assets measured at amortized cost	5,250,716,578	5,653,608,996
a) Due from banks	*136,679,774*	*37,884,887*
b) Due from customers	*5,114,036,805*	*5,615,724,109*
Hedging instruments		
Equity investments	94,437	193,223
Property, plant and equipment	17,109,160	16,704,650
Intangible assets of which:	35,268,054	34,696,152
- goodwill	*30,874,236*	*30,874,236*
Tax assets	35,059,591	27,062,277
a) current	*23,493,938*	*15,790,513*
b) deferred	*11,565,653*	*11,271,764*
Other assets	11,561,531	19,070,772
Total Assets	**5,511,026,616**	**5,922,575,320**

Liabilities and Equity	**31/12/2019**	**30/06/2020**
Financial liabilities measured at amortized cost	4,962,195,474	5,331,972,429
a) deposits from banks	*1,142,840,644*	*941,669,746*
b) deposits from customers	*2,713,662,678*	*3,540,501,597*
c) securities issued	*1,105,692,152*	*849,801,086*
Financial Liabilities Held for Trading		
Financial liabilities designated at fair value		
Hedging derivatives		
Tax liabilities	98,999,134	90,569,662
a) current	*28,882,984*	*14,281,929*
b) deferred	*70,116,150*	*76,287,733*
Other liabilities	65,324,506	83,940,615
Employee severance indemnities	843,205	700,104
Provisions for risks and charges:	6,412,030	6,216,523
a) guarantees provided and commitments	*580,428*	*643,070*
b) pension funds and similar obligations	*4,313,009*	*4,324,909*
c) other provisions	*1,518,593*	*1,248,544*
Valuation reserves	6,569,790	2,499,724
Reserves	147,269,189	240,829,006
Share premium	693,106	693,106
Share capital	131,326,409	131,399,226
Treasury shares	(1,762,756)	(3,784,401)
Minority interests		
Profit for the year	93,156,528	37,539,325
Total Liabilities and Equity	**5,511,026,616**	**5,922,575,320**

Consolidated Income Statement *(Values in €)*

Profit & Loss items	1H 2019	1H 2020
Interest and similar income	108,576,102	116,536,347
Interest and similar expenses	(22,720,062)	(26,039,651)
Net interest income	**85,856,040**	**90,496,696**
Fee and commission income	3,217,358	3,267,928
Fee and commission expenses	(793,558)	(935,541)
Net fees and commissions	**2,423,800**	**2,332,387**
Dividend income and similar revenue		(0.4)
Gains (Losses) on trading	(1,204,795)	3,955,929
Fair value adjustments in hedge accounting		
Gains (Losses) on disposals/repurchases of:		
a) financial assets measured at amortized cost		
b) financial assets measured at fair value through OCI	*207,343*	*21,389*
c) financial liabilities		*56,001*
Net banking income	**87,282,388**	**96,862,402**
Impairment losses/reversals on:		
a) receivables and loans	*(448,894)*	*(2,329,890)*
b) available-for-sale financial assets	*1,722*	*689*
Net profit from banking activities	**86,835,216**	**94,533,201**
Net profit from financial and insurance activities	**86,835,216**	**94,533,201**
Administrative expenses:		
a) personnel costs	*(18,097,633)*	*(20,593,829)*
b) other administrative expenses	*(17,915,994)*	*(21,660,316)*
Net provisions for risks and charges:		
a) guarantees provided and commitments	*68,470*	*(67,842)*
b) pension funds and similar obligations	*(357,498)*	*67,656*
Net adjustments to/writebacks on property, plant and equipment	(1,463,301)	(1,872,186)
Net adjustments to/writebacks on intangible assets	(937,495)	(1,034,530)
Other operating income/expenses	2,552,851	2,966,580
Operating expenses	(36,150,600)	(42,194,467)
Profit before tax from continuing operations	**50,684,616**	**52,338,734**
Income taxes on profit from continuing operations	(12,596,330)	(14,799,409)
Profit after taxes from continuing operations	38,088,286	37,539,325
Profit for the year	**38,088,286**	**37,539,325**
Profit for the year attributable to owners of the Parent Company	**38,088,286**	**37,539,325**

Consolidated Capital Adequacy – BFF Banking Group ex TUB

Values in €m	**30/06/2019**	**31/12/2019 (excluding the 2019 Expected Cash Dividend)**	**30/06/2020 (excluding the 2019 Dividend)**
Credit and Counterparty Risk	144.4	160.6	153.0
Market Risk	0.0	0.0	0.0
Operational Risk	29.6	32.5	32.5
Total Capital Requirements	**174.1**	**193.1**	**185.4**
Risk Weighted Assets (RWAs)	**2,175.8**	**2,413.6**	**2,317.9**
CET I	**251.7**	**263.9**	**266.0**
Tier I	**0.0**	**0.0**	**0.0**
Tier II	**98.2**	**98.2**	**98.2**
Own Funds	**349.9**	**362.1**	**364.2**
CET 1 Capital ratio	***11.6%***	***10.9%***	***11.5%***
Tier I Capital ratio	***11.6%***	***10.9%***	***11.5%***
Total Capital ratio	***16.1%***	***15.0%***	***15.7%***

Asset quality – Reported data

	30/06/2020		
€ 000	**Gross**	**Provision**	**Net**
Non-performing loans (NPLs)	79,743	(14,156)	65,588
Unlikely to pay	18,350	(2,283)	16,067
Past due	49,915	(1,048)	48,868
Total impaired assets	**148,008**	**(17,487)**	**130,522**

	31/12/2019		
€ 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**

	30/06/2019		
€ 000	**Gross**	**Provision**	**Net**
Non-performing loans (NPLs)	57,016	(11,805)	45,211
Unlikely to pay	12,874	(2,560)	10,315
Past due	38,940	(244)	38,695
Total impaired assets	**108,830**	**(14,609)**	**94,221**