BFF BANKING GROUP

PRESS RELEASE

BFF BANKING GROUP FY 2019 CONSOLIDATED FINANCIAL RESULTS

Today the Board of Directors of Banca Farmafactoring S.p.A. approved the FY 2019 consolidated financial accounts.

Highlights:

- **Adjusted Net Income of €98.8m (+8% y/y), with 38% Adjusted RoTE vs. 37% in 2018**
- **€70.9m Expected Cash Dividends: 72% pay-out ratio of Adjusted Net Income, €0.415 DPS equivalent to 7.3% dividend yield**
- **Total Capital and CET1 ratios[1] at 15.0% and 10.9%, excluding the Expected Cash Dividend**
- **Adjusted Net Interest Income increased by 6% y/y, despite €2.7m of lower net LPIs over-recovery vs. 2018, and with the stock of unrecognized off-balance sheet LPIs increased by €40m y/y to €396m**
- **Net Customer Loans up by 15% y/y at €4,118m (+11% y/y excluding €137m of IOS Finance), of which 41% outside Italy vs. 35% at the end of 2018**
- **Growth in new volume, up by 3% y/y at €4.9bn (excluding IOS Finance). IOS Finance grew by 26% y/y**
- **Sound liquidity ratios, with LCR at 476.9% at the end of Dec-19**
- **Net Impaired Assets decreased by 11% vs. YE18 and 83% are towards the public sector. Net NPLs/Loans ratio down to 0.1% (excluding Italian municipalities in conservatorship)**
- **Net Impaired Assets towards private sector down -54% vs. YE18**
- **Annualised Cost of Risk at 6bps, 3bps excluding SME factoring business in run-off**

Milan, 10th February 2020 – Today the Board of Directors of Banca Farmafactoring S.p.A. (BFF) approved the 2019 full year consolidated financial accounts. IOS Finance acquisition was completed on 30th September 2019, therefore the P&L figures in this press release (both adjusted and reported) include IOS Finance only for the 4Q 2019 with marginal impact. All extraordinary costs related to the acquisition (incurred and expected to be incurred for the integration) for €1.3m (after taxes) and the extraordinary net positive impact from goodwill tax step-up ("*affrancamento*") for €1.5m have been already expensed in the reported numbers of 2019 consolidated P&L.

Massimiliano Belingheri, Group CEO, commented: "*2019 has been for us a record year in terms of profits, return on capital, loan growth, risk control. We continue to deliver a strong dividend*

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

flow to our shareholders. Our international growth strategy continues to pay off, with 41% of our loan book now outside our home country, allowing to service better the needs of our customers. We continued to invest in the business and in initiatives that will sustain the profitable growth of the business in many years to come, alongside the directions indicated in our "BFF 2023" plan. With the acquisition of IOS Finance we have further strengthened our Spanish business and delivered on our M&A strategy. With the new colleagues from IOS and with the many professionals that have joined us this year, we have planted more seeds to grow."

KEY CONSOLIDATED ACCOUNTS ITEMS[2]

Main Balance Sheet data

At the end of Dec-19 **Net Customer Loans** were up +15% y/y to €4,118m (of which €890m related to BFF Polska Group and €137m to IOS Finance), compared to €3,583m at the end of Dec-18 (of which €760m related to BFF Polska Group). Excluding IOS Finance, Customer Loans in 2019 were up by 11% y/y on a like-for-like basis. Customer Loans in Italy increased by 4% y/y (from €2,345m to €2,439m) and in Poland were up by 19% y/y at €704m. International markets (Spain, Portugal, Poland, Slovakia, Czech Republic, Greece, Croatia and France) accounted for 41% of Customer Loans in FY19, up from 35% at the end of Dec-18. Total Spanish portfolio including IOS Finance is equal to €614m (+129% y/y).

The Group recorded overall **New Business Volume** - excluding IOS Finance's volume for the full year - of €4,850m (of which €587m related to BFF Polska Group), +3% on a like-for-like basis compared to 2018 (€4,697m, of which €548m of BFF Polska Group), mainly driven by higher volume in Spain (+36% y/y excluding IOS Finance) and in Poland (+17% y/y). Italy was almost flat, Portugal was down by 34% y/y driven by Government cash injection at the end of 2019, and Slovakia was down by -67% y/y due to Government extraordinary debt relief plan. Greece contributed for €54m vs. €17m in 2018, and the first purchases of French NHS receivables were completed in 2H 2019 for a total amount of €1m. In 2019 IOS Finance purchased non-recourse receivables for €461m vs. €366m in 2018 (+26% y/y). Total volume in Spain including IOS Finance for the full year was equal to over €1.4bn, 27% of total volume.

In 2019 the Group **achieved several strategic goals of the business plan announced in May-19**:

1) first purchases of non-NHS receivables in Greece, increasing BFF's addressable market in Greece from €3bn to €9bn;
2) Board of Director approved to file with Bank of Italy to open a branch in Greece;
3) first purchases of NHS receivables in France, the 9th market cover by BFF and the 3rd under FOS regime;

[2] 2019 exchange rate for Poland and Czech Republic respectively PLN/€ 4,2976 and PLN/CZK 0,167 for P&L data (2019 average), PLN/€ 4,2568 and PLN/CZK 0,168 for Balance Sheet data (31st December 2019).
2018 exchange rate for Poland and Czech Republic respectively PLN/€ 4,2615 and PLN/CZK 0,166 for P&L data (2018 average), PLN/€ 4,3014 and PLN/CZK 0,167 for Balance Sheet data (31st December 2018).

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4) opened a branch in Poland and launched the collection of online deposits in Zloty (*Lokata Facto*);
5) launched the collection of online deposits in The Netherlands and Ireland;
6) first time public rating by Moody's with long-term issuer rating at "Ba1" and positive outlook;
7) first rated ("Ba1") bond issued under the EMTN Programme. Demand was equal to c. 3x the issued size;
8) Acquisition of IOS Finance (closing and merger completed in Sep-19 and Dec-19 respectively).

The **Total Available Funding**[3] of the Group amounts to €4,229m as of 31/12/2019. Online deposits represented 36% of drawn funds and were equal to €1,354m at YE19, up by 46% y/y. The Group does not offer current accounts, but only term deposits with no or limited prepayment options. The Group has ample excess liquidity, with **undrawn Funding**[4] available at the end of 2019 equal to €0.4bn. Additionally, the Group has no funding line with cost linked to the Italian Government's funding cost or rating, and has not drawn TLTRO or other ECB's emergency liquidity measure. BFF can also rely on an EMTN programme for €1.0bn, established in Nov-18 and renewed in Jan-20, to promptly benefit of the potential funding opportunities in the international capital markets.

The **Government bond portfolio (HTC and HTC&S)** was equal to €1,079m at the end of Dec-19, in contraction compared to the end of Dec-18 (€1,109m). The mark-to-market as of 31/12/2019 of the HTC portfolio was positive for €7.7m after taxes (not included neither in the P&L nor in the balance sheet), while for the HTC&S portfolio was negative for €0.1m after taxes (already included in the equity). At the end of 2019 the duration of the entire portfolio was 26.7 months (25.9 months for the HTC portfolio and 35.4 months for the HTC&S portfolio) vs. 31.4 months (29.1 months for the HTC portfolio and 44.4 months for the HTC&S portfolio) at YE18.

The Group maintained a healthy liquidity position, with a **Liquidity Coverage Ratio (LCR)** of 476.9% as of 31/12/2019. The **net stable funding ratio (NSFR)** and the **leverage ratio**, at the same date, were equal to 107.1% and 4.7% respectively[5]. 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.

[3] Excluding ECB funds REPOs and not considering financing for BFF Polska Group and IOS Finance acquisitions, respectively PLN 378m and €26m.
[4] Based on utilized credit lines.
[5] Calculated on the Banking Group perimeter (pursuant to TUB – Testo Unico Bancario), excluding the Expected Cash Dividend. Without considering the distribution from the subsidiaries of the net income and reserves at YE19, which will take place in 1Q20, the ratios would be equal to 108.5% and 5.3% respectively.

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Main Profit and Loss data[6]

The **Adjusted Net Interest Income** increased by 6% y/y and the **Adjusted Banking Income** increased by 5% y/y, respectively to €201m and €205m, despite €2.7m of lower net LPIs over-recovery in 2019 vs. 2018.

Adjusted Interest Income grew by 7% y/y to €249m in FY19, despite €2.7m of lower **net LPIs over-recovery**[7] (€16.8m in 2019 vs. €19.5m in 2018). The cashed-in LPIs were also lower in FY19 (€88.4m vs. €90.1m FY18 and €114.3m in FY17), but with higher LPIs recovery rate. All LPIs over-recoveries are accounted when cash-in collected and there is no sale of LPIs.

The **stock of unrecognized off-balance sheet LPIs (back-book income reserve)**, that has not gone through the P&L yet, increased by €40m (+11% y/y, €356m at YE18) and reached €396m at the end of 2019. The total LPIs stock amounted to €634m before taxes (+13% y/y).

Recovery of credit collection costs are accounted on a cash basis in **other operating income** (P&L item "230"), which increased from €3.9m in FY18 to €7.2m in FY19.

In FY19 annualised **Net yield on average Customer Loans** of the period (excluding income on securities and on credits due from banks, and REPO activity impact) was 5.2% vs. 5.7% in FY18, and the annualised **Gross Yield on average Customer Loans** of the period was 6.6% (vs. 7.3% in FY18). The annualised net return on RWAs (**RoRWA**)[8] was 8.6% in 2019 vs. 8.8% in 2018, mainly driven by the lower net LPIs over-recovery. Excluding the net LPIs over-recovery, annualised RoRWA was equal to 7.9% in FY19 vs. 7.9% in FY18 and 8.2% in FY17.

The **Average Cost of Funding** (excluding REPO) decreased from 1.73% in FY18 to 1.58% in FY19. The **interest expenses** increased by 13% y/y at €48m, driven by:

i. the increase of average drawn funding (from €2.7bn to €3.3bn) due to the growth of the business;
ii. the increase in Zloty funding, which has a higher base rate (Wibor 6M 1.79% vs. Euribor

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[6] Adjusted P&L numbers exclude:
- M&A costs of €3.2m after taxes (€4.5m before taxes) in FY19;
- CEO post IPO retention bonus in FY19 of €1.7m, of which half is paid in shares;
- net positive impact of the IOS Finance's goodwill tax step-up for €1.5m in FY19;
- €1.3m after taxes (€1.7m before taxes) costs in FY19 (€0.9m after taxes and €1.3m before taxes for FY18) related to the Stock Option Plan 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) negative impact in P&L in FY19 (positive impact of €1.9m after taxes and €2.6m before taxes for FY18) due to the change in PLN/€ exchange rate on the acquisition loan for the purchase of BFF Polska Group, which is offset by a positive change in equity reserve (included in the capital ratios), reflecting the natural hedging between these two balance sheet items;
- Extraordinary resolution Fund contribution for €0.5m after taxes (€0.6m before taxes) in FY19 (€0.5m after taxes and €0.7m before taxes in FY18).

[7] 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.

[8] Calculated as Adjusted Net Interest Income/Average RWAs (beginning and end of the period).

6M -0.324% as of 31st December 2019) and, therefore, a higher nominal cost (BFF's Zloty funding cost is 3.24%[9]).

BFF has no funding costs linked to Government bond yields, and no ECB refinancing risk. Moreover, the collection of online deposits and the rating represent further opportunities to decrease funding costs.

The operating leverage improved, with annualised **Adjusted[10] Operating Costs/Average Loans ratio** decreasing from 2.24% in FY18 to 2.09% in FY19.

Adjusted Operating Costs were equal to €85m, up by 19% vs. €71m in 2018, as a result of:

i. 16% y/y increase in personnel costs, due to higher employee base;
ii. 5% y/y increase in other operating expenses, due to the growth initiatives.

Adjusted Cost/Income ratio slightly increased to 37% (36% in FY18), entirely due to a lower income from the net LPIs over-recovery.

The **employees** at Group level increased from 452 at the end of 2018 (of which 197 in BFF Polska Group) to 517 at the end of 2019 (of which 178 in BFF Polska Group); the 339 employees of BFF, excluding BFF Polska Group, include 19 employees of IOS Finance and 29 employees transferred from BFF Polska to the Polish Branch.

Loan Loss Provisions ("LLPs") were €2.4m in FY19 compared to €4.8m in FY18. The annualised **Cost of Risk** was 6bps in 2019 (3bps excluding 2bps related to the Polish SME factoring business in run-off) and 13bps in 2018 (3bps excluding 5bps related to the Polish SME factoring business in run-off and 5bps related to the Italian municipalities in conservatorship).

FY19 **Reported Net Income** was €93.2m compared to €92.2m in FY18, +1% y/y despite *i)* €3.7m of higher net extraordinary costs in 2019 vs. 2018 (2019 costs include also €3.2m of M&A costs after taxes and €1.7m after taxes of CEO post IPO retention bonus), and *ii)* negative impact from the change in PLN/€ exchange rate (-€0.5m in 2019 vs. positive for €1.9m in 2018, all numbers after taxes) and offset by an equivalent positive change in equity reserve, reflecting the natural hedging approach adopted by BFF.

Adjusted Net Income amounted to €98.8m in 2019, +8% y/y vs. €91.8m in 2018, despite €2.7m of lower net LPIs over-recovery. The **RoTE**[11] for FY19 is equal to 38%, vs. 37% in FY18 based on the Adjusted Net Income.

The **Expected Cash Dividends** amount to €70.9m (vs. €91.8m for 2018 and €83.7m for 2017) which is the portion of the 2019 consolidated Adjusted Net Income in excess of the 15% Total Capital ratio target (the threshold set by the Group for dividend policy purposes), and is equivalent to a 72% pay-out ratio with a **dividend per share** (DPS) of €0.415. This implies a dividend yield of 7.3% based on the BFF share price as of 7th February 2020.

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[9] Excluding the financing cost for the acquisition of BFF Polska Group of PLN 378m.
[10] Adjusted to exclude extraordinary costs.
[11] RoTE is calculated on the average tangible equity, including earnings of the period net of the Expected Cash Dividend.

Considering the lower excess capital (vs. 15% TC ratio target) at the beginning of 2019 (TC ratio was 15.2% at YE2018 and 17.5% at YE2017), on a like-for-like basis (i.e. assuming no excess capital at the beginning of the year for both years), the Expected Cash Dividends increased by 38% vs. 2018 cash dividends.

The distribution of the Expected Cash Dividend – which comprises in part the holding company's interim dividend since it includes part of the net income and reserves at YE 2019 of the subsidiaries, that will be accounted for in the individual accounts of the Bank in 1Q20 – is subject to compliance with the regulatory capital ratios at the individual perimeter at the end of March-20, and fulfillment of the conditions set forth under Art. 2433-bis of the Italian Civil Code.

Capital ratios

The Group maintains a solid capital position and confirms its ability to organically fund growth, with a **CET1 ratio** excluding the Expected Cash Dividend of 10.9% (vs. a SREP plus Capital Conservation Buffer requirement for 2019 of 7.80%) and a **Total Capital ratio** excluding the Expected Cash Dividend of 15.0% (in line with the company's target threshold for the dividend policy and above the SREP plus Capital Conservation Buffer requirement of 12.00%) calculated on the Banking Group perimeter[12]. Both capital ratios include the capital absorption from the acquisition of IOS Finance.

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) rating for Italy is BBB (High), the Italian exposure to NHS and other PA is risk weighted at 100%, up from the 50% risk weighting applied before the downgrade in January 2017. Consequently, one notch Italian rating upgrade 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; one notch Portuguese rating upgrade by DBRS would move the risk weighting to 50% with a 0.4% positive impact on Total Capital ratio and a 0.3% impact on CET1 ratio. On the other side, in order to have a negative impact on the risk weighting factor for the Italian exposure to NHS and other PA, the Italian rating needs to be downgraded by 9 notches (i.e. 4 notches below Greece).

The **RWAs density**[13] is lower y/y, 59% at the end of 2019 vs. 63% at the end of Dec-18 and 67% at the end of Dec-17, thanks to a better loan mix and decreasing net impaired assets.

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[12] Without considering the distribution from the subsidiaries of the net income and reserves at YE2019, which will take place in 1Q20, the ratios are equal to 12.5% and 16.6%. Considering the CRR Group perimeter, including the parent company BFF Luxembourg S.à r.l., the CET1 ratio is 10.9% and the Total Capital ratio 15.0%. These ratios are subject to approval of the BFF Luxembourg accounts.

[13] Calculated as RWAs/Customer Loans.

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Asset quality

The Group continues to enjoy a low risk profile: superior asset quality is confirmed by a **Net NPLs/Net Customer Loans ratio** of 1.5% at end of Dec-19 (vs. 1.1% at YE18 and 0.6% at the end of 2017) and an **annualised Cost of Risk** of 6bps.

The increase in **net NPLs** from €40.3m at end of 2018 to €61.9m at end of Dec-19 is driven entirely by the growing activities towards the Italian municipalities, with the exposure to Italian municipalities in conservatorship ("*Comuni in dissesto*") growing from €33.4m to €57.7m (which includes €5.7m related to Italian municipalities already in conservatorship at the time of 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 decreased to €4.3m (-38% y/y), thanks to collections, and are equivalent to 0.1% of total net loans (vs. 0.2% in 2018).

The **NPLs Coverage Ratio net of the Italian municipalities in conservatorship** is stable at 75%, while the **Coverage Ratio including also the municipalities in conservatorship** is equal to 17% (38% at YE18).

Net Past Due exposure decreased significantly by -73% vs. the peak of Jun-18 (€128.3m), also thanks to the reorganisation of the team responsible for past due oversight. Compared to Dec-18, Net Past Due are down by -52%, mainly driven by a decrease of past due towards the private sector. At YE19 total Net Past Due amounted to €34.7m (€72.6m and €69.8m at the end of Dec-18 and Dec-17 respectively), of which 87% are towards the public sector (64% and 93% at the end of Dec-18 and Dec-17 respectively).

Total impaired assets (non-performing, unlikely to pay, past due) – **net of provisions** – decreased by -11% y/y to €106.2m (€119.7m at year-end 2018 and €94.7m at the end of 2017) and 83% are towards the public sector (vs. 67% and 84% at the end of Dec-2018 and Dec-17 respectively).

At the end of 2019, 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), is equal to €1.8m (-34% vs. Dec-18 and -71% vs. Dec-17), with a coverage ratio of 71%.

Update on the legal environment

- Possible termination of the **VAT Split Payment**: it's a temporary measure introduced in Italy in 2015 and authorized by the EU until Jun-20. If not extended (as it may be the case, since the proposal is not included in the 2020 Italian budget Law), BFF volume in Italy should automatically increase by c. 20% with virtually no impact on operating costs.
- **ACE** ("Aiuto per la Crescita Economica") is an Italian tax incentive that allows deductions from corporate income taxable base, for an amount equivalent to the net increase in the "new equity" multiplied by a fixed rate. It has been cancelled in 2018 and reintroduced in 2019

with a multiplier of 1.3% (vs. 1.5% before).

- In Dec-2017 the **European Commission referred Italy to the EU Court of Justice** due to systemic payments delay by the Italian public authorities in commercial transactions, thus breaching EU Directive 2011/7/EU. In Jan-2020 the EU Court of Justice ruled that Italy had failed to fulfil its obligations, not complying with periods for payment, and sentenced to pay the court legal costs. No impact is expected on the payment delays from the PA. The judgement could open the way to holding the Government responsible for the payment of the receivables due from the public entities.

Significant events after the end of the 2019 full year reporting period

- On 9th January 2020 BFF's majority shareholder (BFF Luxembourg S.à r.l.) sold 18.7m BFF shares through an accelerated book building (ABB), reducing its stake in the company from c. 32.9% to c. 21.8%.
- On 17th January 2020 the EMTN Programme of €1bn, established in Nov- 18, was renewed for 1 year. The Prospectus is published on the BFF Banking Group website (investor.bffgroup.com/en/bonds-and-emtn-programme) and on the Euronext Dublin website (www.ise.ie).
- On 7th February 2020 BFF communicated the change in its share capital, following the partial execution occurred, over the period between 22nd January 2020 and 5th February 2020, of the share capital increase without payment for an amount equal to Euro 37,683.03, through the issue of 48,939 total new BFF ordinary shares, assigned to BFF Group's employees in relation to the "Stock Option Plan of Banca Farmafactoring Banking Group".

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, that the accounting information contained in this press release corresponds to the document results, books and accounting records of the Company.

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Earnings Call

The FY 2019 results will be presented today at 17:00 CET (16:00 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 (investor.bffgroup.com/en/key-figures).

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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 € 98.8 million, with a 10.9% Group CET1 ratio at the end of December 2019. **www.bffgroup.com**

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Consolidated Balance Sheet *(Values in €)*

Assets	31/12/2018	31/12/2019
Cash and cash equivalents	99,457,728	78,305,302
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	160,755,859	82,911,963
Financial assets measured at amortized cost	4,593,770,324	5,250,716,578
a) Due from banks	*62,758,477*	*136,679,774*
b) Due from customers	*4,531,011,848*	*5,114,036,805*
Hedging instruments		
Equity investments	172,037	94,437
Property, plant and equipment	11,988,426	17,109,160
Intangible assets of which:	26,405,901	35,268,054
- *goodwill*	*22,146,189*	*30,874,236*
Tax assets	34,226,870	35,059,591
a) current	*26,044,837*	*23,493,938*
b) deferred	*8,182,033*	*11,565,653*
Other assets	14,747,460	11,561,531
Total Assets	**4,941,524,605**	**5,511,026,616**

Liabilities and Equity	31/12/2018	31/12/2019
Financial liabilities measured at amortized cost	4,403,029,388	4,962,195,474
a) deposits from banks	*1,237,996,379*	*1,142,840,644*
b) deposits from customers	*2,349,855,548*	*2,713,662,678*
c) securities issued	*815,177,461*	*1,105,692,152*
Financial Liabilities Held for Trading		
Financial liabilities designated at fair value		
Hedging derivatives		
Tax liabilities	88,301,821	98,999,134
a) current	*22,584,878*	*28,882,984*
b) deferred	*65,716,944*	*70,116,150*
Other liabilities	78,123,708	65,324,506
Employee severance indemnities	848,841	843,205
Provisions for risks and charges:	4,980,559	6,412,030
a) guarantees provided and commitments	*197,735*	*580,428*
b) pension funds and similar obligations	*3,977,004*	*4,313,009*
c) other provisions	*805,820*	*1,518,593*
Valuation reserves	843,738	6,569,790
Reserves	142,505,681	147,269,189
Share premium		693,106
Share capital	130,982,698	131,326,409
Treasury shares	(244,721)	(1,762,756)
Minority interests		
Profit for the year	92,152,892	93,156,528
Total Liabilities and Equity	**4,941,524,605**	**5,511,026,616**

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Consolidated Income Statement *(Values in €)*

Profit & Loss items	FY 2018	FY 2019
Interest and similar income	231,603,472	248,956,841
Interest and similar expenses	(42,866,119)	(48,448,932)
Net interest income	**188,737,353**	**200,507,909**
Fee and commission income	7,193,486	6,297,736
Fee and commission expenses	(1,500,612)	(1,799,928)
Net fees and commissions	**5,692,874**	**4,497,808**
Dividend income and similar revenue	2,409	0
Gains (Losses) on trading	2,534,971	(752,359)
Fair value adjustments in hedge accounting	110,652	0
Gains (Losses) on disposals/repurchases of:		
a) financial assets measured at amortized cost	*(459)*	*371,090*
b) financial assets measured at fair value through OCI	*385,750*	*(1,320)*
Net banking income	**197,463,551**	**204,623,128**
Impairment losses/reversals on:		
a) receivables and loans	*(4,804,281)*	*(2,382,840)*
b) available-for-sale financial assets	*(8,318)*	*11,302*
Net profit from banking activities	**192,650,952**	**202,251,590**
Net profit from financial and insurance activities	**192,650,952**	**202,251,590**
Administrative expenses:		
a) personnel costs	*(32,577,445)*	*(40,098,036)*
b) other administrative expenses	*(35,578,874)*	*(39,426,625)*
Net provisions for risks and charges:		
a) guarantees provided and commitments	*(30,416)*	*(375,731)*
b) pension funds and similar obligations	*(929,709)*	*(2,814,727)*
Net adjustments to/writebacks on property, plant and equipment	(1,486,671)	(3,173,576)
Net adjustments to/writebacks on intangible assets	(1,728,877)	(1,887,121)
Other operating income/expenses	3,945,939	7,233,967
Operating expenses	(68,386,053)	(80,541,849)
Profit before tax from continuing operations	**124,264,899**	**121,709,741**
Income taxes on profit from continuing operations	(32,112,007)	(28,553,213)
Profit after taxes from continuing operations	92,152,892	93,156,528
Profit for the year	**92,152,892**	**93,156,528**
Profit for the year attributable to owners of the Parent Company	**92,152,892**	**93,156,528**

BFF BANKING GROUP

Consolidated Capital Adequacy – BFF Banking Group ex TUB

Values in €m	**31/12/2017**	**31/12/2018**	**31/12/2019 (excluding the Expected Cash Dividend)**
Credit and Counterparty Risk	133.4	151.3	160.6
Market Risk	0.0	0.0	0.0
Operational Risk	28.0	29.6	32.5
Total Capital Requirements	**161.4**	**181.0**	**193.1**
Risk Weighted Assets (RWAs)	**2,017.9**	**2,262.4**	**2,413.6**
CET I	**254.0**	**246.4**	**263.9**
Tier I	**0.0**	**0.0**	**0.0**
Tier II	**98.2**	**98.2**	**98.2**
Own Funds	**352.2**	**344.6**	**362.1**
CET 1 Capital Ratio	***12.6%***	***10.9%***	***10.9%***
Tier I Capital ratio	***12.6%***	***10.9%***	***10.9%***
Total Capital Ratio	***17.5%***	***15.2%***	***15.0%***

BFF BANKING GROUP

Asset quality – Reported data

€ 000	31/12/2019		
	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**

€ 000	31/12/2018		
	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**

€ 000	31/12/2017		
	Gross	Provision	Net
Non-performing loans (NPLs)	39,587	(21,412)	18,175
Unlikely to pay	10,370	(3,610)	6,760
Past due	69,935	(140)	69,794
Total impaired assets	**119,892**	**(25,162)**	**94,730**