PRESS RELEASE

BFF BANKING GROUP 9M 2020 CONSOLIDATED FINANCIAL RESULTS

Highlights:

- **COVID-19 impact: (i) as in first half, lower net LPI over-recoveries and (ii) liquidity injected by governments has driven acceleration in collection of newest invoices, impacting portfolio growth**
- **Stable Adjusted Net Income, +10% y/y adjusted net income net of LPIs over-recoveries[1]**
- **New business volume up by 25% y/y at €3.8bn**
- **Customer Loans portfolio up +3% y/y at €3.7bn, with strong overperformance vs. the market. 39% outside Italy up from 37% at the end of Sep-19**
- **Higher deferred earnings: increased stock of unrecognized off-balance sheet LPIs at €423m, €22m y/y (+6%)**
- **Ample funding available: up +15% y/y at €4.1bn, with €0.9bn undrawn credit lines**
- **Net NPLs excluding Italian municipalities down 25% y/y and 81% coverage, with 10bps Cost of Risk**
- **Strong capital position and c. €127m of dividend capacity. Total Capital and CET1 ratios[2] at 16.5% and 12.0%, net of dividend capacity**
- **2019 Dividend ready to be paid out as soon as regulators allow, from 1st January 2021**
- **DEPObank: waiting for Bank of Italy and ECB clearance. Closing and Merger expected in 1Q 2021**

Milan, 10th November 2020. Today the Board of Directors of Banca Farmafactoring S.p.A. approved the 9M 2020 consolidated financial accounts.

KEY CONSOLIDATED ACCOUNTS ITEMS[3]

Main Balance Sheet data

The Group recorded overall **New Business Volume** of €3,815m (of which €560m related to BFF Polska Group), +25% compared to 9M19 (€3,051m, of which €400m of BFF Polska Group), mainly driven by higher volume in Spain (+106% y/y excluding IOS Finance for 9M19 and +32% y/y including IOS Finance for 9M19), in Poland (+38% y/y, +42% at constant FX rate), and in Portugal

[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.

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

[3] Profit and Loss and Balance Sheet consolidated figures for the 9 months to 30th September 2020 (both adjusted and reported) include IOS Finance. The P&L figures for the 9 months to 30th September 2019 exclude IOS Finance's results, since the acquisition was completed on 30th September 2019. The consolidated balance sheet figures as of 30th September 2019 include the assets and liabilities of IOS Finance at fair value.

with +18% y/y. Italy remained stable over €2.0bn (+1% y/y), notwithstanding the negative performance of the factoring market (-13.6% y/y[4]). Greece contributed for €46m (vs. €34m in 9M19), Slovakia for €22m (vs. €10m) and France for €10m.

At the end of Sep-20 **Net Customer Loans** were up by 3% y/y to €3,683m (of which €873m related to BFF Polska Group), compared to €3,563m at the end of Sep-19 (of which €849m related to BFF Polska Group). Loans in Italy were flat (from €2,234m vs. €2,235m) with high liquidity in the system that accelerated the collection of newest invoices, vs. factoring market down 11.9% y/y, and the Spanish portfolio in 9M20, including IOS Finance, was equal to €402m (+26% y/y), despite the Government allocated c. €37bn to the Autonomous Communities[5]. Loans in Poland were €670m, affected by depreciation of the Euro/Zloty exchange rate (-1% y/y, while +3% at constant FX rate) and by higher prepayments. Loans in Portugal were -11% y/y due to the €255m extraordinary cash injection during the first half of the year. International markets (Spain, Portugal, Poland, Slovakia, Czech Republic, Greece, Croatia, and France) represented 39% of total loans at the end of Sep-20, up from 37% at the end of Sep-19.

The **Available Funding**[6] increased to €4,069m as of 30/09/2020 (+15% y/y); the Group has excess liquidity (undrawn credit lines), with **undrawn Funding**[7] available at the end of Sep-20 equal to €0.9bn (+139% y/y), to withstand any potential market shocks. Online deposits increased by 70% y/y to €1,686m, representing 54% 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 doesn'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 292.9% as of 30/09/2020. The **net stable funding ratio (NSFR)** and the **leverage ratio**, at the same date, were equal to 110.8% and 4.6% respectively[8]. 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 (146.8% fully phased-in).

At the end of Sep-20 the **Government bond portfolio (HTC and HTC&S)** was equal to €1,810m – of which €747m 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 the CCT bond. As of 30/09/2020 the mark-to-market of the HTC portfolio was positive for €33m after taxes (not

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[4] 9M20 total factoring turnover in Italy, Assifact data.
[5] Source: Ministerio De Hacienda, Sistemas de Financiación y Deuda Pública.
[6] Excluding ECB funds REPOs, and not considering financing for BFF Polska Group and IOS Finance acquisitions, respectively PLN 378m and €26m.
[7] Based on utilised credit lines.
[8] Calculated on the Banking Group perimeter (pursuant to TUB – *Testo Unico Bancario*).

recognised neither in the P&L nor in the balance sheet), while for the HTC&S portfolio was positive for €0.1m after taxes (already booked in the equity). At the end of Sep-20 the duration of the entire portfolio was 36 months (36 months for the HTC portfolio and 39 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.

<u>Main Profit and Loss data</u>[9]

9M20 **Adjusted Interest Income** increased by 4% y/y at €171m, +10% net of lower net LPIs over-recoveries vs. previous year. The LPIs cashed-in were €31.7m, vs. €45.6m 9M19 and €53.7m in 9M18. All LPIs over-recoveries are accounted when cash-collected and there is no sale of LPIs to third parties.

Adjusted Interest Income/Average RWAs of the period was 9.8% (vs. 9.9% in 9M19).

The **stock of unrecognized off-balance sheet LPIs**, i.e. the stock of LPIs accrued, but that has not been collected and has not gone through the P&L yet, increased by €9m in the quarter, €22m y/y (+6%), and reached €423m at the end of Sep-20. The total LPIs stock amounted to €700m before taxes (+11% y/y).

The **interest expenses** increased by 5% y/y at €37m, due to the increase of average drawn funding from €3.2bn to €3.5bn, with more online deposits and less drawn wholesale lines.

The average **Cost of Funding** (excluding REPO) decreased by 2bps y/y to 1.58% in 9M20, despite:

- 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).

The reductions in the National Bank of Poland reference rate (reduced by 50bps on 9-Apr and by additional 40bps on 28-May), led to almost an equivalent **reduction of the WIBOR**, which will fully flow through the P&L by the end of the year. BFF's Zloty balance sheet has a neutral interest rate sensitivity.

[9] Adjusted P&L numbers exclude:

- €3.9m after taxes (€5.5m before taxes) positive impact in P&L in 9M20 (positive impact of €1.1m after taxes and €1.5m before taxes in 9M19) 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;
- €5.3m after taxes (€7.4m before taxes) M&A costs in 9M20 vs. €1.3m after taxes €1.9m before taxes) in 9M19, related to the DEPObank and IOS Finance acquisitions respectively;
- €1.2m 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 vs. the €1.5m net positive impact of the IOS Finance's goodwill tax step-up in 9M19;
- €1.1m after taxes (€1.5m before taxes) costs in 9M20 (€1.3m after taxes and €1.7m before taxes in 9M19) 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 9M20 vs. €0.5m after taxes (€0.6m before taxes) in 9M19.

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 4% y/y, to €134m and €138m respectively, with:

- +11% y/y net of lower net LPIs over-recoveries;
- higher Cost of Funding, due to (i) a significant increase of available undrawn funding (+139% y/y at €941m), and (ii) a higher exposure to the Polish Zloty.

In 9M20 the annualised net return on RWAs (**RoRWA**)[10] was 7.7% vs. 7.8% in 9M19, mainly driven by the lower net LPIs over-recovery.

Recovery of credit collection costs are accounted on a cash basis in **other operating income** (P&L item "230"), which increased from €4.0m in 9M19 to €4.8m in 9M20.

Flat annualised **Adjusted**[11] **Operating Costs/Average Loans ratio** of 2.05% (vs. 2.05% in 9M19), despite investment in growth, including the full impact of the Polish branch opening and the set-up cost of the Greek branch.

Operating Costs were equal to €69m, up by 10% vs. €58m in 9M19, driven by:

- 14% y/y increase in personnel costs, due to higher employee base *(see below)*;
- 6% y/y increase in other operating expenses, including the set-up of (i) the branch in Greece and (ii) the digital platform in Spain;
- Higher Ordinary Resolution and FITD contributions: in 2020 equal to €3.1m in total vs. €2.3m in 2019.

Adjusted Cost/Income ratio[12] increased to 43% (40% in 9M19), driven by lower net over-recoveries.

The **employees** at Group level increased from 487 at the end of Sep-19 (of which 186 in BFF Polska Group) to 527 at the end of Sep-20 (of which 174 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 €2.8m in 9M20 compared to €0.9m in 9M19, increasing NPLs coverage ratio (excluding the Italian municipalities in conservatorship) from 75% at YE19 to 81% in 9M20. The annualised **Cost of Risk** was 10bps in 9M20 (8bps excluding the Polish SME factoring business in run-off and the Italian municipalities in conservatorship) vs. 1bps in 9M19, including to the impact on IFRS 9 of COVID-19 on the macroeconomic scenario; 3bps are related to the residual €1.0m (-46% vs. Dec-19) net customer loans of BFF Polska's SME factoring business.

9M20 **Reported Net Income** was €55.8m compared to €60.1m in 9M19, -7.2% y/y mainly due to

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

[11] Adjusted to exclude extraordinary costs (€10m in 9M20 vs. €4m in 9M19) related to the Stock Option plan and the Stock Grant plan (€1.5m vs. €1.7m), the extraordinary contribution to Resolution Fund (€0.7m vs. €0.6m) and the M&A costs (€7.4m vs.€1.9m).

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

higher M&A costs. The positive impact from the change in PLN/€ exchange rate was €3.9m in 9M20 vs. €1.1m in 9M19, all numbers after taxes, and offset by a negative change in equity reserve, reflecting the natural hedging approach adopted by BFF.

Adjusted Net Income flat y/y at €59.9m vs. €60.6m in 9M19, +10% y/y net of lower net LPIs over-recoveries, despite (i) net LPIs over-recovery €8.7m lower than 9M19, with €13.9m lower LPIs cashed-in y/y and (ii) prudent provisioning (+€1.9m y/y), that increased NPLs Coverage ratio[13] from 71% in 9M19 to 81% in 9M20. The **RoTE**[14] for 9M20 was equal to 30% vs. 33% in 9M19 based on the Adjusted Net Income.

Asset quality

The Group continues to benefit from a very low exposure towards private sector: **net NPLs** excluding Italian Municipalities in conservatorship are down to €3.2m (-33% y/y and -25% vs. YE19) at 0.1% of net loans, with an 81% **Coverage ratio** up from 75% at YE19 and 71% at the end of Sep-19.

The superior asset quality is confirmed by an annualised **Cost of Risk** of 10bps, including the impact on IFRS 9 of COVID-19 on the macroeconomic scenario. 3bps are related to the residual €1.0m (-46% vs. Dec-19) net customer loans of BFF Polska's SME factoring business.

The increase in **total net NPLs** from €61.9m at end of 2019 to €66.8m at end of Sep-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 €63.6m year on year (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.

At the end of Sep-20 **net Past Due** amounted to €45.0m (€34.7m and €34.3m at the end of Dec-19 and Sep-19 respectively).

Total impaired assets (non-performing, unlikely to pay and past due) – **net of provisions** – were €127.5m (€106.2m at YE19 and €100.0m at the end of Sep-19).

BFF did not 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[15]

The Group maintains a solid capital position and confirms its ability to organically fund growth,

[13] Excluding Italian municipalities in conservatorship.
[14] RoTE is calculated on the average tangible equity, including earnings of the period net of the 2019 Dividend.
[15] On the Banking Group perimeter (pursuant to TUB – Testo Unico Bancario). Considering the CRR Group perimeter, including the parent company BFF Luxembourg S.à r.l., the CET1 ratio is 23.6% and the Total Capital ratio 28.1%, after the destination of the interim profit and the profit 2019 of BFF Luxembourg S.à r.l. to class 1 capital.

with a **CET1 ratio** of 12.0% (vs. a 2020 SREP, including Capital Conservation Buffer, of 7.85%), and a **Total Capital ratio** of 16.5% (well above the Company's target of 15% for the dividend policy, and above a 2020 SREP, including Capital Conservation Buffer, of 12.05%). Both ratios exclude the 2019 Dividend of €70.9m and the €55.8m of 9M20 Reported Net Income, fully available for dividend distribution, since Total Capital ratio is >15%. Therefore, BFF has currently €127m of dividend capacity. TCR and CET1 ratio would be respectively 22.2% and 17.8% including such dividend capacity.

As previously communicated, and more recently on 6th August 2020, the 2019 Dividend is not included in the regulatory capital, and BFF's Board of Directors is committed to take all the necessary actions to distribute it as soon as the regulatory conditions are met, in any case not earlier than 1st January 2021.

2020 Dividend will be set according to BFF dividend policy, and it will be approved by the Annual General Meeting in 2021 and distributed pursuant to the then applicable regulatory framework.

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

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 2.4% increase on CET1 ratio and 3.2% on Total Capital ratio.

The **RWAs density**[16] is lower y/y, 60% at the end of Sep-20 vs. 61% at the end of Sep-19, thanks to a better loan mix.

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The **new EBA definition of default** "*Guidelines on the application of the definition of default under Art. 178 of Regulation (EU) n°575/2013*" ("New DoD") enters into force on 1st January 2021: i) days to past due are 180/90 for public/private debtors; ii) elimination of the rule that last payments from the PA interrupt arrear days; iii) more stringent criteria to return to a non-defaulted status. In August and October 2020 Bank of Italy ("BoI") issued recommendations on EBA guidelines, providing that the date from which to calculate arrears is the invoice due date.

The operating implications to avoid an increase in past due are the following: stricter selection criteria of portfolios; a structured process of selection; monitoring and recovering of credits,

[16] Calculated as RWAs/Customer Loans.

new contractual agreements which rely on solid client base.

BFF has been working for over two years for being "New DoD ready":

i. new portfolio selected with stringent criteria;
ii. BFF's integrated credit management process is structured to proactively manage collections;
iii. BFF relationship with blue chips clients make it easier to execute new agreements.

Under the new rules, BFF's *in bonis* receivable portfolio has less than 3 months duration, and therefore should be risk weighted at 20% (ex-article 116 CRR), vs., for example at 100% in Italy, 100% Portugal, and 50% Slovakia for NHS. This is an option already used by competitors.

Potential impact of New DoD more than offset by RWA rules.

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COVID-19 pandemic

BFF Banking Group is fully operational, with employees back to remote working from early November 2020, as in March-July 2020. In a situation of generalized economic downturn, with total Italian factoring turnover down by -13.6% y/y and advances -11.9% y/y[17], **BFF recorded stable volume and portfolio in Italy in the 9 months to 30-Sep-20 y/y**.

Given the situation of high liquidity in the system, **PA entities are paying giving priority to the newest invoices**: new portfolios available are smaller, and there is less pressure for clients to sell receivables. Nonetheless, in the first 9 months 2020 BFF's volume in most markets grew at double digit year-on-year.

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DEPObank acquisition

Closing of the DEPObank acquisition and the merger with DEPObank are expected in 1Q 2021, after clearance from Bank of Italy and European Central Bank.

Integration activities continue, with €7.4m of transaction and integration costs already expensed in BFF 9M20 results. BFF and DEPObank have already selected the core banking provider for the combined entity (the same BFF in presently using), locking in a majority of cost synergies.

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2021 Board of Director appointment process

BFF is already **one of the few Italian public companies**, with the historical shareholder Centerbridge down from 56% at IPO in 2017 to 7.9% to date, post completion of five ABBs (of which three in 2020).

The Board of Director of BFF has committed to submit its own board members' slate, in line with

[17] Source: 9M20 Assifact data.

public companies' best practices. One independent director will be designated by Equinova[18], as long as its stake in BFF is not lower than the one at closing (7.6%).

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Significant events after the end of the first 9 months 2020 reporting period

On 6th October 2020 BFF Luxembourg S.à r.l. ("**BFF Lux**") completed the accelerated bookbuild offering (the "Placement") to institutional investors of 6,800,000 ordinary BFF shares (c. 4% of share capital). After completion of the placement, BFF Lux holds a stake of 7.948% of BFF's share capital, and indicated a 45-day lock-up period with respect to sales of any remaining shares it holds in BFF.

Following the Placement the free float post merger will still be above 80%, with Equinova receiving a 7.6% stake in BFF, and BFF Lux holding a 7.3% stake. Therefore, based on the current ownership, Equinova will become BFF's largest shareholder post merger, and the 1-year lock-up will not be applicable.

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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, books and accounting records of the Company.

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Earnings call

The 9M 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 (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 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 12.0% Group CET1 ratio at the end of September

[18] 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 as of 30th June 2020.

2020. **www.bffgroup.com**

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Consolidated Balance Sheet *(Values in €)*

Assets	31/12/2019	30/09/2020
Cash and cash equivalents	78,305,302	74,223,333
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	30,243,800
Financial assets measured at amortized cost	5,250,716,578	5,499,981,952
a) Due from banks	*136,679,774*	*37,615,884*
b) Due from customers	*5,114,036,805*	*5,462,366,068*
Hedging instruments		
Equity investments	94,437	225,023
Property, plant and equipment	17,109,160	15,906,594
Intangible assets of which:	35,268,054	34,854,587
- *goodwill*	*30,874,236*	*30,874,236*
Tax assets	35,059,591	27,666,825
a) current	*23,493,938*	*16,572,168*
b) deferred	*11,565,653*	*11,094,657*
Other assets	11,561,531	12,888,888
Total Assets	**5,511,026,616**	**5,695,991,002**

Liabilities and Equity	31/12/2019	30/09/2020
Financial liabilities measured at amortized cost	4,962,195,474	5,095,023,893
a) deposits from banks	*1,142,840,644*	*742,845,101*
b) deposits from customers	*2,713,662,678*	*3,547,846,339*
c) securities issued	*1,105,692,152*	*804,332,453*
Financial Liabilities Held for Trading		
Financial liabilities designated at fair value		
Hedging derivatives		
Tax liabilities	98,999,134	91,995,546
a) current	*28,882,984*	*12,913,920*
b) deferred	*70,116,150*	*79,081,626*
Other liabilities	65,324,506	75,208,383
Employee severance indemnities	843,205	687,504
Provisions for risks and charges:	6,412,030	6,434,760
a) guarantees provided and commitments	*580,428*	*635,311*
b) pension funds and similar obligations	*4,313,009*	*4,747,976*
c) other provisions	*1,518,593*	*1,051,473*
Valuation reserves	6,569,790	1,018,924
Reserves	147,269,189	241,285,457
Share premium	693,106	693,106
Share capital	131,326,409	131,400,994
Treasury shares	(1,762,756)	(3,538,034)
Minority interests		
Profit for the year	93,156,528	55,780,467
Total Liabilities and Equity	**5,511,026,616**	**5,695,991,002**

Consolidated Income Statement *(Values in €)*

Profit & Loss items	9M 2019	9M 2020
Interest and similar income	163,886,451	170,689,553
Interest and similar expenses	(34,970,686)	(36,559,413)
Net interest income	**128,915,765**	**134,130,140**
Fee and commission income	4,683,024	4,620,696
Fee and commission expenses	(1,102,072)	(1,265,647)
Net fees and commissions	**3,580,952**	**3,355,049**
Dividend income and similar revenue		(0.07)
Gains (Losses) on trading	1,636,409	5,808,462
Fair value adjustments in hedge accounting	147,287	
Gains (Losses) on disposals/repurchases of:		90,449
a) financial assets measured at amortized cost		
b) financial assets measured at fair value through OCI		*34,447*
c) financial liabilities		*56,001*
Net banking income	**134,280,413**	**143,384,100**
Impairment losses/reversals on:	(920,166)	(2,843,151)
a) receivables and loans	*(936,378)*	*(2,847,146)*
b) available-for-sale financial assets	*16,212*	*3,995*
Net profit from banking activities	**133,360,247**	**140,540,949**
Net profit from financial and insurance activities	**133,360,247**	**140,540,949**
Administrative expenses:	(54,292,466)	(64,417,364)
a) personnel costs	*(27,154,646)*	*(30,705,837)*
b) other administrative expenses	*(27,137,821)*	*(33,711,527)*
Net provisions for risks and charges:	(1,506,064)	(557,913)
a) guarantees provided and commitments	*24,214*	*(63,733)*
b) pension funds and similar obligations	*(1,530,278)*	*(494,180)*
Net adjustments to/writebacks on property, plant and equipment	(2,238,461)	(2,671,856)
Net adjustments to/writebacks on intangible assets	(1,366,475)	(1,554,559)
Other operating income/expenses	4,002,988	4,834,351
Operating expenses	(55,400,478)	(64,367,341)
Profit before tax from continuing operations	**77,959,769**	**76,173,607**
Income taxes on profit from continuing operations	(17,826,076)	(20,393,140)
Profit after taxes from continuing operations	60,133,693	55,780,467
Profit for the year	**60,133,693**	**55,780,467**
Profit for the year attributable to owners of the Parent Company	**60,133,693**	**55,780,467**

Consolidated Capital Adequacy – BFF Banking Group ex TUB

Values in €m	**30/09/2019**	**31/12/2019 (excluding the 2019 Expected Cash Dividend)**	**30/09/2020 (excluding the 2019 Dividend)**
Credit and Counterparty Risk	143.4	160.6	143.8
Market Risk	0.0	0.0	0.0
Operational Risk	29.6	32.5	32.5
Total Capital Requirements	**173.0**	**193.1**	**176.3**
Risk Weighted Assets (RWAs)	**2,162.6**	**2,413.6**	**2,203.3**
CET I	**242.5**	**263.9**	**265.1**
Tier I	**0.0**	**0.0**	**0.0**
Tier II	**98.2**	**98.2**	**98.2**
Own Funds	**340.7**	**362.1**	**363.3**
CET 1 Capital ratio	***11.2%***	***10.9%***	***12.0%***
Tier I Capital ratio	***11.2%***	***10.9%***	***12.0%***
Total Capital ratio	***15.8%***	***15.0%***	***16.5%***

Asset quality – Reported data

	30/09/2020		
€ 000	**Gross**	**Provision**	**Net**
Non-performing loans (NPLs)	80,916	(14,106)	66,811
Unlikely to pay	17,984	(2,269)	15,715
Past due	46,531	(1,528)	45,003
Total impaired assets	**145,432**	**(17,903)**	**127,529**

	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**

	30/09/2019		
€ 000	**Gross**	**Provision**	**Net**
Non-performing loans (NPLs)	66,936	(12,060)	54,876
Unlikely to pay	12,962	(2,108)	10,854
Past due	34,384	(91)	34,293
Total impaired assets	**114,282**	**(14,259)**	**100,023**