PRESS RELEASE

BFF BANKING GROUP 1Q 2020 CONSOLIDATED FINANCIAL RESULTS

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

Highlights:

- **Confirmed the intention to distribute the €70.9m of 2019 Expected Cash Dividend (equivalent to €0.415 DPS) as soon as the regulators allow. One of the few banks that did not change its dividend policy. Additional €23m free capital generated in the quarter**
- **€23.1m Reported Net Income (€20.8m of Adjusted Net Income), with 31% of Adjusted RoTE and -€3.6m of net LPIs over-recovery[1]**
- **The stock of unrecognized off-balance sheet LPIs increased by €31m y/y to €408m**
- **Net Customer Loans up by 8% y/y at €3.7bn, of which 37% outside Italy vs. 34% at the end of Mar-19**
- **New business grew by 30% y/y at €1.2bn, with Italy and Spain up by 8% and 107% y/y**
- **Available funding increased by 22% y/y at €4.0bn. Increased available undrawn credit lines to €0.7bn (+115% y/y), which provides higher flexibility to absorb a higher loan growth or longer collections times**
- **Sound liquidity ratios, with LCR at 326.3% and NSFR at 110.3% at the end of Mar-20 (140.1% fully phased in)**
- **Total Capital and CET1 ratios[2] at 15.3% and 11.2% - excluding both €70.9m of 2019 Expected Cash Dividend and €23.1m of Reported Net Income for 1Q20 - well above SREP requirements**
- **Strong reduction in net NPLs (-45% y/y and -14% vs. YE19, excluding Italian municipalities in conservatorship), with the Net NPLs/Loans ratio down to 0.1%**
- **Annualised Cost of Risk at 4bps, 2bps excluding the SME factoring business in run-off**
- **COVID-19 emergency: fully operational since the beginning of the lockdown. No need to benefit from any emergency aids made available. Good client pipeline and collections volume. LPIs collection potentially effected by PA and courts lockdown**

Milan, 8th May 2020 – Today the Board of Directors of Banca Farmafactoring S.p.A. (BFF) approved the first quarter 2020 consolidated financial accounts. All the 1Q 2020 figures (both adjusted and reported) include for the entire period IOS Finance, merged on 31/12/2019, while it is excluded from 1Q 2019 figures.

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[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 Mar-20 **Net Customer Loans** were up by 8% y/y (+9% at constant Euro/zloty FX rate) to €3,738m (of which €859m related to BFF Polska Group), compared to €3,461m at the end of Mar-19 (of which €767m related to BFF Polska Group). Loans in Italy grew by 3% y/y (from €2,288m to €2,346m) and the Spanish portfolio in 1Q20, including IOS Finance, was equal to €387m (+87% y/y excluding IOS Finance for 1Q19, +40% y/y including IOS Finance for 1Q19). Despite the Euro/Zloty FX depreciation in the last days of the quarter, loans in Poland were up by 12% y/y at €674m (+19% y/y at constant FX rate). International markets (Spain, Portugal, Poland, Slovakia, Czech Republic, Greece, Croatia and France) represented 37% of Net Customer Loans in 1Q20, up from 34% at the end of Mar-19.

The Group recorded overall **New Business Volume** of €1,172m (of which €157m related to BFF Polska Group), +30% compared to 1Q19 (€900m, of which €89m of BFF Polska Group), mainly driven by higher volume in Spain (+107% y/y excluding IOS Finance for 1Q19 and +41% y/y including IOS Finance for 1Q19) and in Poland (+75% y/y). Resumed growth in Italy with +8% y/y and in Slovakia (€5m vs. €1m in 1Q19). Greece contributed for €17m and France for €1m. Portugal was down by 46% y/y driven by Government cash injection. Positive trend confirmed also in April, with volume up by 77% y/y (+39% y/y over the first 4 months of 2019) and with a solid pipeline across the countries for the next quarters.

The **Total Available Funding**[4] of the Group increased to €4,044m as of 31/03/2020 (+22% y/y). Online deposits increased by +59% y/y to €1,384m, representing 42% 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, with **undrawn Funding**[5] available at the end of Mar-20 equal to €0.7bn (+115% y/y), allowing for higher flexibility to absorb a higher loan growth or longer collection times. Additionally, the Group has no funding cost linked to the Italian Government's funding cost or rating, and did not recourse to ECB TLTRO or any other 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 markets.

At the end of Mar-20, Moody's confirmed Banca Farmafactoring's **ratings** (including the long-term Issuer rating of "Ba1") with positive outlook, while the rating agency took negative rating actions against other 14 Italian banks. Currently, BFF is the only Italian bank with positive outlook

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[3] 1Q20 exchange rate for Poland and Czech Republic respectively PLN/€ 4.3241 and PLN/CZK 0.169 for P&L data (1Q20 average), PLN/€ 4.5506 and PLN/CZK 0.167 for Balance Sheet data (31st March 2020).
1Q19 exchange rate for Poland and Czech Republic respectively PLN/€ 4.3016 and PLN/CZK 0.167 for P&L data (1Q19 average), PLN/€ 4.3006 and PLN/CZK 0.167 for Balance Sheet data (29th March 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.

(see also the credit opinion released by Moody's on 27th April 2020).

The **Government bond portfolio (HTC and HTC&S)** was equal to €1,120m at the end of Mar-20. The mark-to-market as of 31/03/2020 of the HTC portfolio was positive for €2.6m after taxes (not recognised neither in the P&L nor in the balance sheet), while for the HTC&S portfolio was negative for €0.6m after taxes (already booked in the equity). At the end of Mar-20 the duration of the entire portfolio was 26.4 months (25.7 months for the HTC portfolio and 38.4 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.

The Group maintained a healthy liquidity position, with a **Liquidity Coverage Ratio (LCR)** of 326.3% as of 31/03/2020. The **net stable funding ratio (NSFR)** and the **leverage ratio**, at the same date, were equal to 110.3% and 5.1% 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 (140.1% fully phased in).

Main Profit and Loss data[7]

The **Adjusted Net Interest Income** decreased by 3% y/y and the **Adjusted Net Banking Income** by 2% y/y, respectively to €43m and €45m, with:

- €2.6m of lower net LPIs over-recovery in 1Q20 vs. 1Q19;
- higher Cost of Funding (+9bps y/y), due to the significant increase in available funding (€4.0bn, +22% y/y, of which €0.7bn are undrawn credit lines, +115% y/y), which provides higher flexibility of BFF's balance sheet to absorb a higher loan growth (i.e. up to +20% of additional loans vs. 1Q20 stock) or longer collections time.

In 1Q20 annualised **Net yield**[8] **on average Customer Loans** of the period was 4.1% vs. 4.8% in 1Q19, and the annualised **Gross yield on average Customer Loans** of the period was 5.7% (vs. 6.2% in 1Q19). The annualised net return on RWAs (**RoRWA**)[9] was 7.2% in 1Q20 vs. 7.9% in 1Q19, mainly driven by the lower net LPIs over-recovery. Excluding the net LPIs over-recovery,

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

7 Adjusted P&L numbers exclude:

- €4.0m after taxes (€5.6m before taxes) positive impact in P&L in 1Q20 (negative impact of €0.01m after taxes and €0.02m before taxes in 1Q19) 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 current taxation charges arising from the one-off distribution of the2019 dividends distributed by the subsidiaries to the Parent Company BFF in 1Q20;
- €0.3m after taxes (€0.4m before taxes) costs in 1Q20 (€0.8m after taxes and €1.1m before taxes in 1Q19) 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;
- M&A costs of €0.1m after taxes (€0.1m before taxes) in 1Q20.

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

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

annualised RoRWA was equal to 7.8% in 1Q20 vs. 8.1% in 1Q19 and 7.9% in 1Q18.

Recovery of credit collection costs are accounted on a cash basis in **other operating income** (P&L item "230"), which increased from €1.0m in 1Q19 to €1.1m in 1Q20.

Adjusted Interest Income at €57m in 1Q20 (+3% y/y), despite €2.6m of lower **net LPIs over-recovery** accounted in P&L vs. 1Q19. The LPIs cashed-in were €1.6m higher in 1Q20 (€8.1m vs. €6.5m 1Q19 and €15.4 in 1Q18), with lower LPI recovery rate in 1Q20 vs. a strong 1Q19. 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 €31m (+8% y/y) and reached €408m at the end of Mar-20. The total LPIs stock amounted to €660m before taxes (+11% y/y).

The **Average Cost of Funding** (excluding REPO) increased from 1.57% in 1Q19 to 1.66% in 1Q20, reflecting:

- the issuance of the €300m 3.5Y bond at a 1.75% fixed rate in Oct-19 to prefund the business growth;
- the decrease of the amount of wholesale credit lines drawn (currently the cheapest source of funding for BFF), which was offset by higher online deposits and bonds;
- a higher weight of the Polish Zloty exposures.

The combination of the above has resulted in higher undrawn committed lines, from €0.3bn to €0.7bn (+115% y/y), which provides more flexibility to absorb a higher loan growth (i.e. +20% additional growth in 1Q20) and longer collections time.

The **interest expenses** increased by 19% y/y at €14m, driven by:

i. the increase of average drawn funding (from €3.2bn to €3.7bn) due to the growth of the business, with a different funding mix (more deposits and less other wholesale lines);
ii. the increase in Zloty funding, which has a higher base rate (WIBOR 6M 1.19% - down from 1.79% in Jan-20 - vs. EURIBOR 6M -0.287%) and, therefore, a higher nominal cost (BFF's Zloty funding cost is 3.23%[10]);
iii. €1.4m of interest expenses related to the €300m bond issued in Oct-19 (not present in 1Q19).

National Bank of Poland cut the reference interest rate by 50bps on 18-Mar and an additional 50bps on 9-Apr, leading to almost an equivalent reduction of the WIBOR, with essentially no impact on 1Q20 for BFF. 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.

The operating leverage improved, with annualised **Adjusted**[11] **Operating Costs/Average Loans ratio** decreasing from 1.87% in 1Q19 to 1.84% in 1Q20.

Operating Costs were equal to €18m, up by 10% vs. €16m in 1Q19, as a result of:

[10] Excluding the financing cost for the acquisition of BFF Polska Group of PLN 378m.
[11] Adjusted to exclude extraordinary costs.

i. 18% y/y increase in personnel costs, due to higher employee base;
ii. 2% y/y increase in other operating expenses.

Adjusted Cost/Income ratio increased to 40% (36% in 1Q19), also driven by lower net over-recoveries.

The **employees** at Group level increased from 462 at the end of Mar-19 (of which 199 in BFF Polska Group) to 517 at the end of Mar-20 (of which 179 in BFF Polska Group); the 338 employees of BFF, excluding BFF Polska Group, include 18 employees of IOS Finance and 30 employees transferred from BFF Polska to the Polish Branch.

Loan Loss Provisions ("LLPs") were €0.3m in 1Q20 compared to €0.02m in 1Q19. The annualised **Cost of Risk** was 4bps in 1Q20 (2bps excluding the Polish SME factoring business in run-off and the Italian municipalities in conservatorship) vs. 0bp in 1Q19.

1Q20 **Reported Net Income** was €23.1m compared to €21.4m in 1Q19, +8% y/y thanks to *i)* the positive impact from the change in PLN/€ exchange rate (+€4.0m in 1Q20 vs. -€0.01m in 1Q19, all numbers after taxes) and offset by a negative change in equity reserve, reflecting the natural hedging approach adopted by BFF, and despite *ii)* €0.8m of higher net extraordinary costs in 1Q20 vs. 1Q19 (1Q20 costs include also €1.2m of taxes on 2019 dividends distributed by the subsidiaries to the parent company in 1Q20 and €0.1m of M&A costs after taxes).

Adjusted Net Income amounted to €20.8m in 1Q20, -7% y/y vs. €22.2m in 1Q19, with €2.6m of lower net LPIs over-recovery. The **RoTE**[12] for 1Q20 was equal to 31% vs. 36% in 1Q19 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 Mar-20 (vs. 1.5% for both YE19 and end of Mar-19) and an annualised **Cost of Risk** of 4bps (2bps excluding the Polish SME factoring business in run-off and the Italian municipalities in conservatorship).

The increase in **net NPLs** from €61.9m at end of 2019 to €64.8m at end of Mar-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 €61.1m (which includes €5.8m 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 €3.7m (-45% y/y and -14% vs. YE19), thanks to collections, and are equivalent to 0.1% of total net loans.

The **NPLs Coverage ratio** net of the Italian municipalities in conservatorship increased at 78%

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

(vs. 75% at YE19), while the Coverage ratio including also the municipalities in conservatorship is stable at 17% vs. YE19.

At the end of Mar-20 **net Past Due** amounted to €53.4m (€34.7m and €50.5m at the end of Dec-19 and Mar-19 respectively), of which 86% was towards the public sector (87% and 77% at the end of Dec-19 and Mar-19 respectively).

Total impaired assets (non-performing, unlikely to pay and past due) – **net of provisions** – was €127.0m (€106.2m at YE19 and €112.2m at the end of Mar-19) and 84% was towards the public sector (vs. 83% and 74% at the end of Dec-19 and Mar-19 respectively).

At the end of Mar-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 €1.6m, with a coverage ratio of 74%.

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

As indicated in the press release issued on 31st March 2020, the Board of Directors of BFF resolved to comply with the recommendations of the European Central Bank (ECB) and Bank of Italy (addressed to all Italian banks) to refrain from making any irrevocable commitments for dividend payments for the financial years 2019 and 2020, and, in any case, to not distribute dividends prior to 1st October 2020, after the reassessment of the COVID-19 emergency. The Board resolved to **adopt Option 1 indicated by the ECB, namely confirming the dividend policy, but making the 2019 dividend distribution proposal conditional to the resolution of the COVID-19 emergency. Therefore, the €70.9m of 2019 Expected Cash Dividend have not been included in the regulatory capital calculations for both FY19 and 1Q20.**

The Group maintains a solid capital position and confirms its ability to organically fund growth, with a **CET1 ratio** of 11.2% (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 15.3% (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 Expected Cash Dividend of €70.9m (equal to 299bps of additional capital) and €23.1m of Reported Net Income for 1Q20 (equal to 98bps of additional capital).

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

[13] Considering the CRR Group perimeter, including the parent company BFF Luxembourg S.à r.l., the CET1 ratio is 14.2% and the Total Capital ratio 18.3%. These ratios are subject to approval of the BFF Luxembourg accounts.

on the Sovereign Rating of each country. Since DBRS (BFF's ECAI – External Credit Assessment Institution) rating for Italy and Portugal is "BBB (High)", the Italian and Portuguese exposure to NHS and other PA (different from local and central Government) is risk weighted at 100%. Consequently, Italy and Portugal need to be downgraded by 9 notches (i.e. 4 notches below Greece) in order to have a negative impact on the risk weighting factor for the Italian and Portuguese 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; one notch upgrade by DBRS on Portugal rating would move the risk weighting from 100% to 50% as well, with a positive impact of 0.2% on CET1 ratio and 0.3% on Total Capital ratio.

Two notches downgrade of Spain would have no impact on RWA, since all the exposures are classified as exposures towards central or local government, therefore not linked to the sovereign rating.

The **RWAs density**[14] is lower y/y, 63% at the end of Mar-20 vs. 64% at the end of Mar-19, thanks to a better loan mix (59% at the end of Dec-19).

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COVID-19: impact on BFF business

BFF has been fully operational since the beginning of the lockdown, with no impact on the operations and commercial activity. In particular:

- No negative impact on day-to-day **operations**, given that almost all BFF employees are working remotely.
- Limited impact on the **commercial activity**, given the low level of physical interaction needed and the long-term relationships with clients.
- Continued to file new legal actions, even if courts have been closed in Italy since 9-Mar. To date, no significant delay in collections from **debtors**, however arrangements with debtors are more difficult.
- Guaranteed access to **funding** to support an acceleration in volume and loan growth, with €0.9bn of liquidity buffer between committed and undrawn credit lines (for €0.7bn), cash and unencumbered bonds.

COVID-19: potential impact on BFF's financial performance if the emergency persists

If this situation persists, BFF could benefit from a potential increase in client demand and longer Days of Sales Outstanding (DSOs). However, the worsening of public finances and the interruption of the court's legal processes could delay the cash collection of LPIs (i.e. lower LPIs

[14] Calculated as RWAs/Customer Loans.

over-recovery), which translates into higher off-balance LPIs stock and, therefore, higher net income in the future. In particular:

- Potential increase in **volume** driven by (i) a public expenditure in goods and services expected to be stable or growing; (ii) a higher demand from customers given their increased focus on liquidity and expectation of a lengthening of the DSOs; and (iii) a further upside from the probable termination of the VAT Split Payment from July 2020.
- Potential increase in **customer loans** driven by (i) the above trend in volume and (ii) the possible increase in PA payment times (DSOs) due to a worsening of the public finances (therefore, larger loan book for the same amount of volume).
- No impact on **capital**, given the very low risk of an increase in RWAs due to a downgrade of the sovereign rating (see above paragraph on capital ratios).
- **Loans yield** (excluding net LPIs over-recovery) could be positively affected by the lower price sensitivity of the customers, but negatively affected by the lower yield on BFF Polska's portfolio, due to a reduction of WIBOR – which would be more than offset by the reduction of the related cost of funding in Zloty. However, if lockdown persists, the loan yield could be negatively impacted by (i) a potential lower cash-in of LPIs (therefore, lower **LPIs over-recovery**, but higher off-balance stock of LPI, i.e. future income), and (ii) lower collections (therefore, higher rescheduling impact on current outstanding).
- Potential decrease of the **Cost of funding/Loans** ratio given that (i) BFF has already guaranteed access to funding in support to the potential increase in growth, and (ii) the cost of funding in Zloty would decrease as a result of the WIBOR reduction, which more than offset the impact on yield (i.e. expected overall positive impact on net result from the WIBOR reduction).
- The **operating leverage** could improve, given that (i) BFF has already invested to sustain further growth and the infrastructure is not saturated yet; and (ii) costs are mostly fixed or geared to volume, therefore the loans increase due to the end of the Split Payment or longer DSOs has no impact on costs.
- Limited/no impact on the **cost of risk**, given (i) BFF's exposure is essentially towards PA, and (ii) the high quality of BFF's clients (mainly international and large national companies).
- Confirmed a **RoTE** target > 30%, on a solid capital base with a growing CET1 ratio and as a % of the TC ratio (i.e. lower leverage).

Update on the legal and regulatory environment: measures and potential impact for BFF

- Expected no impact on operations and commercial activities, but possible delay on collection due to **lockdown measures**.
- Possible slowdown in collections in case the **liquidity measures to local entities** are not

sufficient to offset lower revenues from local taxes.

- Limited impact from the **state-guaranteed loans and other financial package made available by governments to corporates**, especially for SMEs, given that BFF's clients are mostly multinational or large corporate.

- No need for BFF to apply **regulatory authorities' flexibility measures** to mitigate the impact of the COVID-19 emergency, given its solid capital position and funding base.

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Significant events after the end of the first quarter 2020 reporting period

- On 2nd April 2020, the Shareholders' Meeting of BFF S.p.A. met in a single call and in both ordinary and extraordinary session and:
  1) confirmed the appointment as Director of Ms. Giorgia Rodigari, already co-opted on 11th December 2019;
  2) appointed KPMG S.p.A. as independent auditor for the financial years 2021-2029;
  3) approved the Annual report on remuneration policy;
  4) approved the new *Stock Option Plan 2020* (*SOP 2020*);
  5) authorised the Board of Directors to purchase and dispose treasury shares up to 8,323,880 BFF ordinary shares;
  6) resolved to increase the share capital free of charge, to be carried out in several tranches, by the deadline of 31st December 2028, with the issue of a maximum of 6,824,108 ordinary shares, for an amount up to Euro 5,254,563.16, for needs related to the Company's remuneration and incentive policies, including the *SOP 2020*.

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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 1Q 2020 results will be presented today at 12:30 CEST (11:30 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).

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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 11.2% Group CET1 ratio at the end of March 2020. **www.bffgroup.com**

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Consolidated Balance Sheet *(Values in €)*

Assets	31/12/2019	31/03/2020
Cash and cash equivalents	78,305,302	65,635,120
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	59,476,645
Financial assets measured at amortized cost	5,250,716,578	4,932,897,418
a) Due from banks	*136,679,774*	*134,504,704*
b) Due from customers	*5,114,036,805*	*4,798,392,714*
Hedging instruments		
Equity investments	94,437	141,740
Property, plant and equipment	17,109,160	17,346,283
Intangible assets of which:	35,268,054	34,945,676
- *goodwill*	*30,874,236*	30,874,236
Tax assets	35,059,591	36,253,859
a) current	*23,493,938*	24,791,474
b) deferred	*11,565,653*	11,462,385
Other assets	11,561,531	19,095,620
Total Assets	**5,511,026,616**	**5,165,792,361**

Liabilities and Equity	31/12/2019	31/03/2020
Financial liabilities measured at amortized cost	4,962,195,474	4,526,100,467
a) deposits from banks	*1,142,840,644*	*906,152,143*
b) deposits from customers	*2,713,662,678*	*2,625,639,377*
c) securities issued	*1,105,692,152*	*994,308,947*
Financial Liabilities Held for Trading		
Financial liabilities designated at fair value		
Hedging derivatives		
Tax liabilities	98,999,134	107,628,034
a) current	*28,882,984*	*33,219,347*
b) deferred	*70,116,150*	*74,408,687*
Other liabilities	65,324,506	131,045,360
Employee severance indemnities	843,205	714,369
Provisions for risks and charges:	6,412,030	*6,012,335*
a) guarantees provided and commitments	*580,428*	*564,774*
b) pension funds and similar obligations	*4,313,009*	*4,176,344*
c) other provisions	*1,518,593*	*1,271,217*
Valuation reserves	6,569,790	345,442
Reserves	147,269,189	239,895,136
Share premium	693,106	693,106
Share capital	131,326,409	131,364,092
Treasury shares	(1,762,756)	(1,130,172)
Minority interests		
Profit for the year	93,156,528	23,124,190
Total Liabilities and Equity	**5,511,026,616**	**5,165,792,361**

Consolidated Income Statement *(Values in €)*

Profit & Loss items	1Q 2019	1Q 2020
Interest and similar income	55,868,129	57,413,623
Interest and similar expenses	(11,460,701)	(14,124,347)
Net interest income	**44,407,429**	**43,289,276**
Fee and commission income	1,708,537	1,614,062
Fee and commission expenses	(418,858)	(457,674)
Net fees and commissions	**1,289,679**	**1,156,388**
Dividend income and similar revenue		(0)
Gains (Losses) on trading	(15,114)	5,894,029
Fair value adjustments in hedge accounting		
Gains (Losses) on disposals/repurchases of:	31,109	77,390
a) financial assets measured at amortized cost		*56,001*
b) financial assets measured at fair value through OCI	*31,109*	*21,389*
Net banking income	**45,713,103**	**50,417,082**
Impairment losses/reversals on:	22,913	(327,843)
a) receivables and loans	*21,261*	*(331,819)*
b) available-for-sale financial assets	*1,652*	*3,976*
Net profit from banking activities	**45,736,015**	**50,089,240**
Net profit from financial and insurance activities	**45,736,015**	**50,089,240**
Administrative expenses:	(16,397,835)	(17,197,900)
a) personnel costs	*(9,069,323)*	*(9,838,810)*
b) other administrative expenses	*(7,328,512)*	*(7,359,090)*
Net provisions for risks and charges:	(391,367)	248,888
a) guarantees provided and commitments	*(67,462)*	*(171,079)*
b) pension funds and similar obligations	*(323,905)*	*419,967*
Net adjustments to/writebacks on property, plant and equipment	(691,993)	(905,133)
Net adjustments to/writebacks on intangible assets	(475,285)	(517,853)
Other operating income/expenses	997,356	1,095,912
Operating expenses	(16,959,123)	(17,276,086)
Profit before tax from continuing operations	**28,776,892**	**32,813,153**
Income taxes on profit from continuing operations	(7,343,530)	(9,688,963)
Profit after taxes from continuing operations	21,433,362	23,124,190
Profit for the year	**21,433,362**	**23,124,190**
Profit for the year attributable to owners of the Parent Company	**21,433,362**	**23,124,190**

Consolidated Capital Adequacy – BFF Banking Group ex TUB

Values in €m	**31/03/2019**	**31/12/2019 (excluding the 2019 Expected Cash Dividend)**	**31/03/2020**
Credit and Counterparty Risk	148.7	160.6	157.1
Market Risk	0.0	0.0	0.0
Operational Risk	29.6	32.5	32.5
Total Capital Requirements	**178.3**	**193.1**	**189.6**
Risk Weighted Assets (RWAs)	**2,229.1**	**2,413.6**	**2,369.8**

CET I	**248.5**	**263.9**	**265.3**
Tier I	**0.0**	**0.0**	**0.0**
Tier II	**98.2**	**98.2**	**98.2**
Own Funds	**346.8**	**362.1**	**363.5**

CET 1 Capital ratio	***11.1%***	***10.9%***	***11.2%***
Tier I Capital ratio	***11.1%***	***10.9%***	***11.2%***
Total Capital ratio	***15.6%***	***15.0%***	***15.3%***

Asset quality – Reported data

€ 000	31/03/2020 Gross	Provision	Net
Non-performing loans (NPLs)	78,010	(13,219)	64,792
Unlikely to pay	10,718	(1,925)	8,793
Past due	53,600	(160)	53,440
Total impaired assets	**142,328**	**(15,304)**	**127,024**

€ 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	31/03/2019 Gross	Provision	Net
Non-performing loans (NPLs)	76,022	(24,741)	51,281
Unlikely to pay	13,083	(2,687)	10,396
Past due	50,949	(428)	50,521
Total impaired assets	**140,054**	**(27,856)**	**112,198**