PRESS RELEASE

BFF BANKING GROUP 1H 2019 FINANCIAL RESULTS

The Board of Directors of Banca Farmafactoring S.p.A. approved today the 1H 2019 consolidated financial statements of BFF Banking Group.

Highlights:

- **Adjusted Net Income of €41.2m (+3% y/y), with 33% Adjusted RoTE vs. 32% in 1H18**
- **Adjusted Net Interest Income almost flat (-1% y/y), despite €7.4m of lower net LPIs over-recovery vs. 1H18, and with the stock of unrecognized off-balance sheet LPI growing by €33m YoY to €391m**
- **Net Customer Loans up by 15% y/y at €3,454m, of which 34% outside Italy**
- **Sound liquidity ratios, with LCR at 499.1% at the end of Jun-19**
- **Strong reduction in Net Impaired Assets (-44% y/y and -21% vs. YE18), with the Net NPLs/loans ratio down to 0.1% (excluding Italian municipalities in conservatorship). 75% of total Net Impaired Assets are towards the public sector**
- **Net Impaired Assets towards private sector down -41% vs. YE18**
- **Annualised Cost of Risk down at 3bps**
- **Strong capital position: TC and CET1 ratios[1] of 16.1% and 11.6% (17.8% and 13.3% including the Reported Net Income for the period), well above SREP requirements**

Milan, August 8th, 2019 – The Board of Directors of Banca Farmafactoring S.p.A. (BFF) approved today the half-year 2019 consolidated financial statements.

1H19 **Adjusted Net Income** was €41.2m vs. €39.9m in 1H18, +3% y/y despite €7.4m of lower net LPI over-recovery vs. 1H18, with the **stock of unrecognized off-balance LPIs (back book income reserve)** increased by €33m YoY at €391m (+9% y/y, €358m at Jun-18). The **Reported Net Income** in 1H19 was €38.1m compared to €41.3m in 1H18, mainly due to €3.6m of lower impact from the change in €/PLN exchange rate (negative impact for €0.8m in 1H19 vs. positive impact for €2.8m in 1H18) and offset by a positive (negative in 1H18) change in equity reserve, reflecting the natural hedging approach adopted by BFF.

Adjusted Net Interest Income and **Adjusted Banking Income** were almost flat (-1% and -2% y/y), despite €7.4m of lower net LPI over-recovery in 1H19 vs. 1H18.

The operating leverage improved with annualised **Adjusted Costs/Average Loans ratio** decreasing from 2.29% in 1H18 to 2.01% in 1H19. The **Adjusted Cost/Income ratio** increased to

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

40%, entirely due to a lower income from the net LPI over-recovery.

Net Customer Loans at the end of Jun-19 amounted to €3,454m, +15% compared to €3,000m at the end of Jun-18. At the end of Jun-19, the international markets (Spain, Portugal, Poland, Slovakia, Czech Republic, Greece and Croatia) accounted for 34% of loans (32% at the end of Jun-18). **New Business Volumes** were €1,969m in 1H19, -4% y/y mainly due to a slight reduction of volume in Italy and a strong 1H18 in Portugal.

As of 30/06/2019 the **Total Capital ratio** was 16.1%, above the company's 15% target threshold, and the **CET1 ratio** was 11.6%, confirming the Group's solid capital position and ability to organically fund growth. Both ratios are calculated excluding €38.1m of Reported Net Income of the period, which would have increased both ratios by 175bps. The Reported Net Income, not included in the capital ratios, more than offsets the expected capital absorption from IOS Finance acquisition. Both capital ratios include, instead, the negative mark-to-market effect on HTC&S portfolio for €3.1m after taxes.

The Group continues to enjoy a low risk profile, with **Net NPLs** at 1.3% **of Net Customer Loans** (0.1% net of Italian municipalities in conservatorship – "*Comuni in dissesto*") and an annualized **Cost of Risk** of 3bps. The total **Net Impaired Assets** decreased by -44% y/y and -21% vs. YE18, with the Net Impaired Assets towards the private sector down by -41% compared to Dec-18. 75% of the total Net Impaired Assets as of Jun-19 are towards the public sector.

KEY CONSOLIDATED ACCOUNTS ITEMS[2]

Main Balance Sheet data

At the end of Jun-19 **Net Customer Loans** were up by 15% y/y at €3,454m (of which €794m related to BFF Polska Group), compared to €3,000m at the end of Jun-18 (of which €647m related to BFF Polska Group). Customer Loans in Italy increased by 11% y/y (from €2,045m to €2,271m) and in Portugal were up by 65% y/y at €157m. International markets (Spain, Portugal, Poland, Slovakia, Czech Republic, Greece and Croatia) accounted for 34% of Customer Loans in 1H19, up from 32% in 1H18.

The Group recorded overall **New Business Volumes** of €1,969m (of which €247m related to BFF Polska Group), -4% compared to 1H18 (€2,059m, of which €279m of BFF Polska Group) mainly driven by (i) €55m of lower volumes in Italy (-4% y/y), (ii) Portugal down -21% y/y due to a strong 1H18 and (iii) Slovakia down -92% y/y due to Government extraordinary liquidity injection. Greece contributed for €21m (€5m in 1H18).

In relation to the **business plan initiatives** announced at the end of May ("BFF 2023" Strategy),

[2] 1H19 exchange rate for Poland and Czech Republic respectively 4,2920 PLN/€ and 0,167 PLN/CZK for P&L data (1H19 average), 4,2496 PLN/€ and 0,167 PLN/CZK for Balance Sheet data (30th June 2019).
1H18 exchange rate for Poland and Czech Republic respectively 4,2207 PLN/€ and 0,166 PLN/CZK for P&L data (1H18 average), 4,3732 PLN/€ and 0,168 PLN/CZK for Balance Sheet data (30th June 2018).

the Group has:

1) received from the authorities the authorisation to open a branch in Poland. The new branch will allow to collect online deposits and further reduce funding cost, since the average top 3 offered rates on 12-month deposits in Poland is 2.37%[3] vs. BFF's Zloty funding cost of 3.17%. Product launch is expected in 3Q 2019;
2) received the authorisation to operate in France, the 9th market covered by the Group and the 3rd under freedom of services regime. France contributes to increase our geographical diversification and the cross-selling opportunities with our multinational clients. We completed the first test of non-recourse purchase of NHS receivables in the country in August 2019;
3) filed with authorities the FOS authorisation for the collection of online deposits in Ireland and the Netherlands, with the aim to further decrease the funding cost (average top 3 offered rates on 12-month deposits in Ireland and the Netherlands is lower than Italy, Spain and Germany). The Group will operate in these countries following the same model used in Germany. The authorisation is expected in 3Q 2019;
4) purchased, in July 2019, the first portfolio of receivables towards non-NHS debtors in Greece.

The **Total Available Funding** of the Group amounts to €3,511m as of 30/06/2019. Online deposits represent 29% of drawn funds and are equal to €879m at the end of Jun-19. 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** available at the end of Jun-19 equal to c. €0.4bn. Additionally, the Group has only €2m of bonds expiring before Jun-20 and has not drawn TLTRO or other ECB's emergency liquidity measure funding. None of BFF's funding lines are linked to the Italian Government's funding cost or rating. BFF can also rely on an EMTN programme for €1.0bn, established in November 2018, to promptly benefit of the potential funding opportunities in the international capital markets.

The **Government bond portfolio (HTC and HTC&S)** was equal to €1,094m at the end of Jun-19, almost flat compared to the end of Jun-18 (€1,123m). The mark-to-market as of 30/06/2019 of the HTC portfolio (not included in the equity) was positive for €2.6m post taxes, while for the HTC&S portfolio (entirely composed of variable rate bonds) was negative for €3.1m post taxes (already included in the equity). At the end of Jun-19 the duration of the entire portfolio was 27.7 months (25.8 months for the HTC portfolio and 38.5 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 the end of Dec-18.

The Group maintained a very healthy liquidity position, with a **Liquidity Coverage Ratio (LCR)** of 499.1% as of 30/06/2019. The **net stable funding ratio (NSFR)** and the **leverage ratio**, at the same date, were equal to 107.4% and 5.3% respectively[4]. The NSFR of the Group is expected to

---

[3] Raisin website, average of the top 3 term deposit offers for retail customers, based on local comparison sites as of 21st June 2019.

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

be positively impacted from the new regulation (in force from 2Q 2021), which establishes more favourable weighting factors for the assets and liabilities related to factoring activities.

<u>Main Profit and Loss data</u>[5]

In 1H19 **Adjusted Net Banking Income** was €88m, -2% y/y, and **Adjusted Net Interest Income** was €86m, -1% y/y.

Adjusted Interest Income was almost flat in 1H19, +0.2% y/y to €109m, despite €7.4m of lower net LPIs over-recovery[6] (-€0.7m in 1H19 vs. €6.8m in 1H18). The cashed-in LPIs were also lower in 1H19 (€23.3m vs. €37.5m 1H18), but with higher LPIs recovery rate.

Credit collection costs that BFF is entitled to recover are accounted in **other operating income** (P&L item 230), which increased from €1.6m in 1H18 to €2.6m in 1H19.

The **stock of unrecognized off-balance sheet LPIs** (back book income reserve), that has not gone through the P&L, increased by €33m (+9% y/y) and reached €391m at the end of Jun-19. The total LPIs stock amounted to €616m pre-taxes (+12% y/y).

In 1H19 annualised **Net yield on Customer Loans** (excluding income on securities and on credits due from banks and REPO activity impact) was 4.6% vs. 5.5% in 1H18, and the annualised **Gross Yield on Customer Loans** was 6.0% (vs. 7.1% in 1H18). The net return on RWAs annualised (**RoRWA**)[7] was 7.7% in 1H19 vs. 8.7% in 1H18, mainly driven by the lower net LPI over-recovery. Excluding the net LPI over-recovery impact, RoRWA was equal to 7.8% in 1H19 vs. 8.0% in 1H18 and 8.2% 1H17.

The **Average Cost of Funding** in 1H19 showed a reduction compared to the same period of last year: the combined figure (including BFF Polska Group) decreased from 1.82% in 1H18 to 1.56% in 1H19. The **interest expenses** increased by 6% y/y at €23m driven by:

i. the increase of drawn funding (from €2.6bn to €3.1bn) 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 6M

---

[5] Adjusted P&L numbers exclude:

- €1.3m post taxes (€1.7m pre-taxes) costs in 1H19 (€0.9m post taxes and €1.3m pre-taxes for 1H18) 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;
- €0.8m post taxes (€1.1m pre-taxes) negative impact in P&L in 1H19 (positive impact of €2.8m post taxes and €4.1m pre-taxes for 1H18) 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 (negative for 1H18) change in equity reserve (included in the capital ratios), reflecting the natural hedging between these two balance sheet items;
- IOS Finance acquisition costs for €0.6m post taxes (€0.9m pre-taxes) in 1H19;
- Extraordinary resolution Fund contribution for €0.5m post taxes (€0.6m pre-taxes) in 1H19 (€0.5m post taxes and €0.7m pre-taxes for 1H18).

[6] 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 rate. 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 P&L to maintain the original IRR.

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

-0.31% as of June 28th, 2019) and, therefore, a higher nominal cost (BFF's Zloty funding cost is 3.17%).

BFF has no funding costs linked to Government bond yields, and no ECB refinancing risk. Moreover, the collection of online deposits in Poland, Ireland and the Netherlands (see **business plan initiatives** above) represent further opportunities to decrease funding costs.

The operating leverage improved, with **Annualised Adjusted Operating Costs/Average Loans ratio** decreasing from 2.29% in 1H18 to 2.01% in 1H19. **Adjusted Operating Costs** were equal to €38m, up by 3% vs. €36m in 1H18, as a result of:

i. 8% y/y increase in personnel costs driven by higher employee base;
ii. Ordinary Resolution Fund fully expensed and FITD contribution accrued on an expected pro-rata basis: equal to €2.1m in 2019 in total vs. €2.2m in 2018;
iii. other operating expenses decreased by -1% y/y, despite the growth initiatives.

Adjusted Cost/Income ratio increased to 40% (38% in 1H18), entirely due to a lower income from the net LPI over-recovery.

The **employees** at Group level increased from 441 at the end of Jun-18 (of which 192 in BFF Polska Group) to 477 at the end of Jun-19 (of which 202 in BFF Polska Group).

Loan Loss Provisions ("LLPs") were €0.4m in 1H19 compared to €3.2m in 1H18. The annualised **Cost of Risk** was 3bps in 1H19 (1bps excluding 2bps related to the Polish SME factoring business in run-off) and 21bps in 1H18 (5bps excluding 8bps related to the Polish SME factoring and 9bps related to the Italian municipalities in conservatorship).

Reported Net Income 1H19 was €38.1m compared to €41.3m for the same period of last year, mainly due to €3.6m of lower impact from the change in €/PLN exchange rate (negative impact for €0.8m in 1H19 vs. positive impact for €2.8m in 1H18) and offset by a positive (negative in 1H18) change in equity reserve, reflecting the natural hedging approach adopted by BFF. **Adjusted Net Income** amounts to €41.2m in 1H19, +3% vs. 1H18, despite €7.4m of lower net LPI over-recovery.

The **RoTE** for 1H19 is equal to 33%, vs. 32% in 1H18 based on the Adjusted Net Income.

Capital ratios

The Group maintains a solid capital position with a 11.6% **CET1 ratio** (vs. SREP plus Capital Conservation Buffer requirement for 2019 at 7.80%) and a 16.1% **Total Capital ratio** (vs. SREP plus Capital Conservation Buffer requirement at 12.00% and a company's target threshold for the dividend policy established at 15%) calculated on the Banking Group perimeter[8].

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

[8] Considering the CRR Group perimeter, including the parent company BFF Luxembourg, the CET1 ratio is 13.4% and the Total Capital ratio 17.6%. These ratios are subject to approval of the BFF Luxembourg S.àr.l. accounts.

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 2.5% increase on CET1 ratio and 3.5% on Total Capital 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.

The above **capital ratios do not include the €38.1m of Reported Net Income** of the period (equal to 175bps of additional CET1 and Total Capital ratios, which more than offset the expected capital absorption from IOS Finance acquisition), **and are already net of the negative HTC&S mark-to-market impact** (-14bps).

The **RWAs density**[9] is lower YoY, 63% at the end of Jun-19 vs. 67% at the end of Jun-18, thanks to a better loan mix and decreasing net impaired assets.

<u>Asset quality</u>

The Group superior asset quality is confirmed with a **Net Non-Performing Loans/Net Loans ratio** of 1.3% at end of Jun-19 (vs. 1.1% at year-end 2018 and 1.0% at the end of Jun-18) and an **annualised Cost of Risk** of 3bps.

The increase in **net NPLs** from €40.3m at end of 2018 to €45.2m at end of Jun-19 is driven entirely by the growing activities towards the Italian municipalities, with the exposure to Italian municipalities in conservatorship growing from €33.4m to €40.1m (which includes €5.8 related to Italian municipalities already in conservatorship at the time of purchase). Other NPLs decreased to €5.1m (-24% y/y and -26% vs. YE18), thanks to collections, and are equivalent to 0.1% of the total net loans.

The **NPLs Coverage Ratio net of the Italian municipalities in conservatorship** is equal to 70% (75% at YE18), while the **Coverage Ratio including also the municipalities in conservatorship** is equal to 21% (38% at YE18).

Net Past Due exposure decreased significantly vs. the peak of Jun-18 (-70% y/y); this has been driven by the reorganisation of the credit collection team. Compared to Dec-18, the Net Past Due are down by -47%, and mainly driven by a reduction of past due towards the private sector. At the end of Jun-19 total Net Past Due amounted to €38.7m (€72.6m and €128.3m at the end of Dec-18 and Jun-18 respectively), of which 79% are towards the public sector (64% and 81% at the end of Dec-18 and Jun-18 respectively).

Total impaired loans (non-performing, unlikely to pay, past due) – **net of provisions** – amounted to €94.2m (€119.7m at year-end 2018 and €167.1m at the end of Jun-18) and are due from the

[9] Calculated as RWAs/Customer Loans.

public sector for 75% (67% and 77% at the end of Dec-2018 and Jun-18 respectively).

At the end of Jun-19, 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 NPLs), is equal to €2.5m (-12% vs. Dec-18 and -60% vs. Dec-17), with a coverage ratio of 62%.

__Significant events after the end of the first half-year 2019__

- On 29th July BFF filed with the Milan, Monza Brianza and Lodi Companies Registration List the certificate of the **share capital increase**, following the partial execution, for an amount equal to Euro 5,765.76 over the period between 4th July and 19th July 2019, of the share capital increase without payment, resolved by the Board of Directors held on 8th April 2019, under the mandate granted by the Extraordinary Shareholders' Meeting on 28th March 2019. More specifically, the share capital increased through the issue of 7,488 new BFF ordinary shares, assigned to BFF Group's employees in relation to (i) the Stock Grant 2019 and (ii) the Stock Option Plan. With reference to the Stock Option Plan, from the beginning of the exercise period (8th April 2019) until 19th July 2019, 131,686 of shares in total were assigned, against 597,682 options exercised on a cash-less basis and 80,640 options exercised with the ordinary method over the same period. As a result of these exercises, the number of options assigned and not yet exercised as of 19th July 2019 amounts to 7,975,788, of which 1,696,118 are vested and exercisable options.

__Statement of the Manager responsible for preparing the company's financial reports__

The manager responsible for preparing the company's financial reports, 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.

***

Conference call

The financial results of 1H 2019 will be presented today at 2:30 p.m. CEST (1:30 p.m. BST) during a conference call, which can be followed both by dialling the following numbers or by clicking on the audio link below:

*For **Italy**:*	*(+39) 0267688 or 800 914241 (toll free only from land line)*
*For **UK**:*	*02030598171 (local connection)*
*For **USA**:*	*8558205363 (toll free)*
*For **other countries**:*	*+39 0267688*

You will join the conference call after the registration of your details (First Name, Last Name and Company Name).
*When prompted, dial ***0** on your touch-tone phone to speak to our Conference Specialists.*
*To ask a question, you may press ***1** on your touch-tone phone; if you are using a speakerphone, please pick up your handset before pressing the keys.*

Audio link: https://hditalia.choruscall.com/?calltype=2&info=company

Suggested browsers: Google Chrome or Mozilla Firefox.
You will join the conference call after the registration of your details (First Name, Last Name and Company Name).
*To ask a question you may press ***1**.*

The presentation will be available before the beginning of the conference call on the BFF Group website www.bffgroup.com within the *Investors > Presentations* section.

***

This press release is available online 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, Poland, Czech Republic, Slovakia, Spain, Portugal, Greece and Croatia. In 2018 it reported a consolidated Adjusted Net Profit of € 91.8 million, with a 11.6% Group CET1 ratio at the end of June 2019. **www.bffgroup.com**

Contacts

Investor Relations
Enrico Tadiotto, Claudia Zolin
investor.relations@bffgroup.com
+39 02 49905 458 | +39 02 49905 620
+39 338 5772272

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	31/12/2018	30/06/2019
Cash and cash equivalents	99,457,728	36,138,184
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	162,256,669
Financial assets measured at amortized cost	4,593,770,324	4,444,071,299
a) Due from banks	*62,758,477*	*58,745,225*
b) Due from customers	*4,531,011,848*	*4,385,326,074*
Hedging instruments		
Equity investments	172,037	220,727
Property, plant and equipment	11,988,426	14,661,892
Intangible assets of which:	26,405,901	25,609,503
- *goodwill*	*22,146,189*	*22,146,189*
Tax assets	34,226,870	20,899,917
a) current	*26,044,837*	*12,597,699*
b) deferred	*8,182,033*	*8,302,218*
Other assets	14,747,460	16,145,126
Total Assets	**4,941,524,605**	**4,720,003,317**

Liabilities and Equity	31/12/2018	30/06/2019
Financial liabilities measured at amortized cost	4,403,029,388	4,247,014,594
a) deposits from banks	*1,237,996,379*	*1,168,509,981*
b) deposits from customers	*2,349,855,548*	*2,298,787,112*
c) securities issued	*815,177,461*	*779,717,501*
Financial Liabilities Held for Trading		
Financial liabilities designated at fair value		
Hedging derivatives		
Tax liabilities	88,301,821	79,665,144
a) current	*22,584,878*	*10,417,445*
b) deferred	*65,716,944*	*69,247,699*
Other liabilities	78,123,708	72,540,037
Employee severance indemnities	848,841	906,252
Provisions for risks and charges:	4,980,559	4,352,123
a) guarantees provided and commitments	*197,735*	*129,697*
b) pension funds and similar obligations	*3,977,004*	*3,537,806*
c) other provisions	*805,820*	*684,620*
Valuation reserves	843,738	3,594,863
Reserves	142,505,681	144,111,746
Share premium		296,755
Share capital	130,982,698	131,216,501
Treasury shares	(244,721)	(1,782,985)
Minority interests		
Profit for the year	92,152,892	38,088,286
Total Liabilities and Equity	**4,941,524,605**	**4,720,003,317**

Consolidated Income Statement *(Values in €)*

Profit & Loss items	1H 2018	1H 2019
Interest and similar income	108,326,049	108,576,102
Interest and similar expenses	(21,356,074)	(22,720,062)
Net interest income	**86,969,975**	**85,856,040**
Fee and commission income	3,760,536	3,217,358
Fee and commission expenses	(769,012)	(793,558)
Net fees and commissions	**2,991,524**	**2,423,800**
Dividend income and similar revenue	2,433	
Gains (Losses) on trading	4,082,159	(1,204,795)
Fair value adjustments in hedge accounting	110,652	
Gains (Losses) on disposals/repurchases of:		
a) financial assets measured at amortized cost	*(459)*	
b) financial assets measured at fair value through OCI	*359,795*	*207,343*
Net banking income	**94,516,079**	**87,282,388**
Impairment losses/reversals on:		
a) receivables and loans	*(3,219,795)*	*(448,894)*
b) available-for-sale financial assets	*(9,093)*	*1,722*
Net profit from banking activities	**91,287,192**	**86,835,216**
Net profit from financial and insurance activities	**91,287,192**	**86,835,216**
Administrative expenses:		
a) personnel costs	*(16,363,771)*	*(18,097,633)*
b) other administrative expenses	*(17,963,284)*	*(17,915,994)*
Net provisions for risks and charges:		
a) guarantees provided and commitments	*(35,909)*	*68,470*
b) pension funds and similar obligations	*(513,010)*	*(357,498)*
Net adjustments to/writebacks on property, plant and equipment	(718,331)	(1,463,301)
Net adjustments to/writebacks on intangible assets	(940,229)	(937,495)
Other operating income/expenses	1,621,443	2,552,851
Operating expenses	(34,913,092)	(36,150,600)
Profit before tax from continuing operations	**56,374,100**	**50,684,616**
Income taxes on profit from continuing operations	(15,052,626)	(12,596,330)
Profit after taxes from continuing operations	41,321,474	38,088,286
Profit for the year	**41,321,474**	**38,088,286**
Profit for the year attributable to owners of the Parent Company	**41,321,474**	**38,088,286**

Consolidated Capital Adequacy – BFF Banking Group ex TUB

Values in €m	**30/06/2018**	**31/12/2018**	**30/06/2019**
Credit and Counterparty Risk	132.4	151.3	144.4
Market Risk	0.0	0.0	0.0
Operational Risk	28.0	29.6	29.6
Total Capital Requirements	**160.4**	**181.0**	**174.1**
Risk Weighted Assets (RWAs)	**2,004.9**	**2,262.4**	**2,175.8**

CET I	**246.3**	**246.4**	**251.7**
Tier I	**0.0**	**0.0**	**0.0**
Tier II	**98.2**	**98.2**	**98.2**
Own Funds	**344.5**	**344.6**	**349.9**

CET 1 Capital Ratio	***12.3%***	***10.9%***	***11.6%***
Tier I Capital ratio	***12.3%***	***10.9%***	***11.6%***
Total Capital Ratio	***17.2%***	***15.2%***	***16.1%***

Asset quality – Reported data

	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**

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

	30/06/2018		
€ 000	**Gross**	**Provision**	**Net**
Non-performing loans (NPLs)	51,917	(22,363)	29,554
Unlikely to pay	12,615	(3,405)	9,210
Past due	128,936	(607)	128,328
Total impaired assets	**193,467**	**(26,375)**	**167,093**