PRESS RELEASE

BFF BANKING GROUP: FINANCIAL RESULTS AF OF 30TH SEPTEMBER 2019

Today the Board of Directors of Banca Farmafactoring S.p.A. approved the first 9 months consolidated financial accounts.

Highlights:

- **IOS Finance acquisition closed for a total all-cash consideration of €26.4m and with a goodwill of only €9m. Acquisition entirely funded with excess capital**
- **Adjusted Net Income of €60.6m (+4% y/y), with 33% Adjusted RoTE vs. 31% in 9M18**
- **Adjusted Net Interest Income increased by 2% y/y, despite €7.4m of lower net LPIs over-recovery vs. 9M18, and with the stock of unrecognized off-balance sheet LPIs increased by €38m y/y to €400m**
- **Net Customer Loans up at €3,563m (€3,467m excluding IOS Finance, +15% y/y), of which 37% outside Italy vs. 32% at the end of Sep-18**
- **Resumed growth in new volume, up by 3% y/y excluding IOS Finance. IOS Finance grew +25% y/y**
- **Sound liquidity ratios, with LCR at 352.0% at the end of Sep-19**
- **First time public rating by Moody's of "Ba1" with positive outlook, and successful issuance of first rated senior unsecured preferred notes in October for €300m at 1.75% fixed yield**
- **Strong reduction in Net Impaired Assets (-41% y/y and -16% vs. YE18), with the Net NPLs/loans ratio down to 0.1% (excluding Italian municipalities in conservatorship). 80% of total Net Impaired Assets are towards the public sector**
- **Net Impaired Assets towards private sector down -50% vs. YE18**
- **Annualised Cost of Risk at 4bps, 1bp excluding SME factoring business in run-off**
- **Strong capital position: Total Capital and CET1 ratios[1] of 15.8% and 11.2% (18.5% and 14.0% including the Net Income for the period currently set aside for dividend distribution), well above SREP requirements, and already net of IOS Finance acquisition impact (-50bps and -48bps respectively, entirely funded with excess capital)**

Milan, 8th November 2019 – Today the Board of Directors of Banca Farmafactoring S.p.A. (BFF) approved the first 9 months 2019 consolidated financial accounts.

ACQUISITION OF IOS FINANCE

On 30th September 2019 BFF Banking Group completed the purchase of 100% of IOS Finance.

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

The all-cash consideration paid was €26.4m, representing a pre-synergy multiple of 8.3x P/E 18A and 1.5x P/TBV for a growing business with high RoTE, low risk, low capital absorption, and strong potential synergies. At closing, BFF also fully repaid the IOS Finance's funding line provided by Deutsche Bank for €81m.

The acquisition resulted in a capital absorption of €11m for the Group, of which €9m in goodwill and €2m[2] related to the consolidation of IOS Finance's RWAs (equal to €13m at Sep-19).

All extraordinary costs related to the acquisition (incurred and expected to be incurred for the integration) have been already expensed as of 9M19 for €1.3m (after taxes). These costs are more than compensated by €1.5m of extraordinary net positive impact from goodwill tax step-up ("*affrancamento*") already accounted in P&L, with a net positive impact on 9M19 reported numbers of €0.2m (zero impact on adjusted numbers).

On the same date, BFF filed with Bank of Spain for the withdrawal of IOS Finance's EFC license. After the withdrawal of the EFC status, BFF intends to merge IOS Finance into its Spanish business (completion expected in 1Q 2020).

<u>Key comments on IOS Finance financials:</u>

- In the first 9M19 IOS Finance purchased without recourse €290m of receivables (€232 in 9M18) and recorded net revenues of €4.9m, operating costs of €1.7m and a net profit of €2.1m[3] (based on a 30% tax rate for EFC vs. 25% for a non-EFC entity).
- At the end of Sep-2019, net customer loans and shareholders' equity amounted to €96.2m and €17.7m respectively.
- The above net revenues and net customer loans are based on IOS Finance accounting methodology (i.e. assuming a 100% recovery rate, whereas BFF prudently assumes a recovery rate of 45%, with the over-recovery vs. the 45% accounted on a cash basis at collection). Since in Spain both IOS Finance and BFF collect 100% of the late payment interests (LPIs) due, the fair value of IOS Finance's portfolio is in line with the accounting value. Therefore, the harmonization of the accounting methodology did not generate a negative impact at closing, resulting in lower goodwill.

<u>Since the closing was completed on the final day of the 9M19 reporting period, the P&L figures in this press release exclude IOS Finance's results, while the consolidated balance sheet includes the assets and liabilities of IOS Finance as of 30th September 2019 at fair value. More specifically:</u>

1) <u>the only impact on the Group's consolidated Reported P&L for the 9M19 results is related to the aforementioned net positive impact of €0.2m (zero impact on adjusted numbers);</u>
2) <u>the reported capital ratios are already net of IOS Finance acquisition impact (for the TC and CET1 ratios -50bps and -48bps respectively, entirely funded with excess capital).</u>

[2] Based on 15% BFF's Total Capital ratio target for dividend policy.
[3] Adjusted to exclude extraordinary costs incurred by IOS Finance before closing.

KEY CONSOLIDATED ACCOUNTS ITEMS[4]

Main Balance Sheet data

At the end of Sep-19 **Net Customer Loans** were up to €3,563m (of which €849m related to BFF Polska Group and €96m to IOS Finance), compared to €3,026m at the end of Sep-18 (of which €702m related to BFF Polska Group). Excluding IOS Finance, Customer Loans at the end of Sep-19 were €3,467m, up by 15% y/y on a like-for-like basis. Customer Loans in Italy increased by 8% y/y (from €2,061m to €2,235m) and in Poland were up by 22% y/y at €674m. International markets (Spain, Portugal, Poland, Slovakia, Czech Republic, Greece, Croatia and France) accounted for 37% of Customer Loans in 9M19, up from 32% at the end of Sep-18.

The Group recorded overall **New Business Volume** - excluding IOS Finance's volume - of €3,051m (of which €400m related to BFF Polska Group), +3% compared to 9M18 (€2,959m, of which €385m of BFF Polska Group) mainly driven by higher volume in Spain (+14% y/y excluding IOS Finance) and in Poland (+11% y/y). Italy and Portugal were flat y/y, and Slovakia was down by -68% y/y, due to Government extraordinary debt relief plan. Appointed a new CEO and a new COO in Slovakia and Czech Republic to revamp growth in the business. Greece contributed for €34m vs. €7m in 9M18.

The first test deals (for €0.4m) of non-recourse purchase of NHS receivables in **France**, the 9th market covered by the Group and the 3rd under FOS regime, were completed in 3Q19. France contributes to increase our geographical diversification and the cross-selling opportunities with our multinational clients.

Over the same period, IOS Finance purchased non-recourse receivables for €290m vs. €232m for the first 9M18 (+25% y/y).

The **Total Available Funding** of the Group amounts to €3,528m[5] as of 30/09/2019. Online deposits represented 32% of drawn funds and were equal to €991m at the end of Sep-19, up by 25% 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** available at the end of Sep-19 equal to c. €0.4bn. Additionally, the Group has no 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 Nov-18, to promptly benefit of the potential funding opportunities in the international capital markets.

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[4] 9M19 exchange rate for Poland and Czech Republic respectively 4,3011 PLN/€ and 0,167 PLN/CZK for P&L data (9M19 average), 4,3782 PLN/€ and 0,170 PLN/CZK for Balance Sheet data (30th September 2019).
9M18 exchange rate for Poland and Czech Republic respectively 4,2488 PLN/€ and 0,166 PLN/CZK for P&L data (9M18 average), 4,2774 PLN/€ and 0,166 PLN/CZK for Balance Sheet data (30th September 2018).
[5] Not considering financing for BFF Polska Group and IOS Finance acquisitions, respectively PLN 378m and €26m.

BFF launched three new **Funding Initiatives** since June 2019:

1) in Oct-19, issued the first rated ("Ba1") unsecured senior preferred bond under the EMTN Programme for €300m, with 1.75% fixed yield and 3.5 years maturity. Demand was equal to c. 3x the issued size;
2) in Sep-19, opened the branch in Poland and launched the collection of online deposits in Zloty (*Lokata Facto*);
3) in Sep-19, received the FOS authorisation and launched the collection of online deposits in The Netherlands and Ireland, following the same model used in Germany, with the aim to further decrease the funding cost (average top 3 offered rates on 12-month deposits in The Netherlands and in Ireland is lower than Italy, Spain, Germany and Poland).

The **Government bond portfolio (HTC and HTC&S)** was equal to €1,056m at the end of Sep-19, in contraction compared to the end of Sep-18 (€1,119m). The mark-to-market as of 30/09/2019 of the HTC portfolio was positive for €11.6m after taxes (not included in the P&L or in the balance sheet), while for the HTC&S portfolio was negative for €0.3m after taxes (already included in the equity). At the end of Sep-19 the duration of the entire portfolio was 24.9 months (23.3 months for the HTC portfolio and 36.2 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 healthy liquidity position, with a **Liquidity Coverage Ratio (LCR)** of 352.0% as of 30/09/2019. The **net stable funding ratio (NSFR)** and the **leverage ratio**, at the same date, were equal to 109,2% and 4.1% respectively[6]. The NSFR of the Group is expected to be positively impacted by the bond issued in October 2019 and by the new regulation (in force from 2Q 2021), which establishes more favourable weighting factors for the assets and liabilities related to factoring activities.

Main Profit and Loss data[7]

The **Adjusted Net Interest Income** increased by 2% y/y and the **Adjusted Banking Income** increased by 1% y/y, respectively to €129m and €133m, despite €7.4m of lower net LPI over-recovery in 9M19 vs. 9M18.

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

[7] Adjusted P&L numbers exclude:

- €1.3m after taxes (€1.7m before taxes) costs in 9M19 (€0.9m after taxes and €1.3m before taxes for 9M18) 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;
- €1.1m after taxes (€1.5m before taxes) positive impact in P&L in 9M19 (positive impact of €1.5m after taxes and €2.1m before taxes for 9M18) 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;
- IOS Finance acquisition and integration costs for €1.3m after taxes (€1.8m before taxes) in 9M19;
- net impact of the IOS Finance's goodwill tax step-up for €1.5m in 9M19;
- Extraordinary resolution Fund contribution for €0.5m after taxes (€0.6m before taxes) in 9M19 (€0.5m after taxes and €0.7m before taxes for 9M18).

Adjusted Interest Income grew by 4% y/y to €164m in 9M19, despite €7.4m of lower **net LPIs over-recovery**[8] (€2.9m in 9M19 vs. €10.4m in 9M18). The cashed-in LPIs were also lower in 9M19 (€45.6m vs. €53.7m 9M18), 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 have not gone through the P&L yet, increased by €38m (+11% y/y, €362m at the end of Sep-18) and reached €400m at the end of Sep-19. The total LPIs stock amounted to €630m before taxes (+12% y/y).

Recovery of credit collection costs are accounted on a cash basis in **other operating income** (P&L item "230"), which increased from €2.2m in 9M18 to €4.0m in 9M19.

In 9M19 annualised **Net yield on average Customer Loans** of the period (excluding income on securities and on credits due from banks, REPO activity impact and IOS Finance's loans) was 4.6% vs. 5.3% in 9M18, and the annualised **Gross Yield on average Customer Loans** of the period was 6.1% (vs. 6.8% in 9M18). The annualised net return on RWAs (**RoRWA**)[9] was 7.8% in 9M19 vs. 8.4% in 9M18, mainly driven by the lower net LPI over-recovery. Excluding the net LPI over-recovery impact, annualized RoRWA was equal to 7.6% in 9M19 vs. 7.7% in 9M18 and 8.0% in 9M17.

The **Average Cost of Funding** in 9M19 showed a reduction compared to the same period of last year: the combined figure (including BFF Polska Group) decreased from 1.79% in 9M18 to 1.60% in 9M19. The **interest expenses** increased by 10% y/y at €35m, driven by:

i. the increase of average drawn funding (from €2.6bn to €3.2bn) 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 -0.386% as of 30th September 2019) and, therefore, a higher nominal cost (BFF's Zloty funding cost is 3.22%[10]).

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

The operating leverage improved, with **Annualised Adjusted Operating Costs/Average Loans ratio** (excluding IOS Finance) decreasing from 2.24% in 9M18 to 2.05% in 9M19.

Adjusted Operating Costs were equal to €54m, up by 8% vs. €50m in 9M18, as a result of:

i. 10% y/y increase in personnel costs, driven by higher employee base;

8 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.

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

10 Excluding the financing for BFF Polska Group acquisition for PLN 378m.

ii. 5% y/y increase in other operating expenses, following the growth initiatives.

Adjusted Cost/Income ratio increased to 40% (38% in 9M18), entirely due to a lower income from the net LPI over-recovery.

The **employees** at Group level increased from 451 at the end of Sep-18 (of which 200 in BFF Polska Group) to 487 at the end of Sep-19 (of which 186 in BFF Polska Group and excluding the 22 employees in IOS Finance).

Loan Loss Provisions ("LLPs") were €0.9m in 9M19 compared to €3.8m in 9M18. The annualised **Cost of Risk** was 4bps in 9M19 (1bp excluding 2bps related to the Polish SME factoring business in run-off) and 17bps in 9M18 (4bps excluding 6bps related to the Polish SME factoring business in run-off and 7bps related to the Italian municipalities in conservatorship).

9M19 **Reported Net Income** was €60.1m compared to €58.0m for the same period of last year, +3.6% y/y despite *i)* €0.4m of lower positive impact from the change in €/PLN exchange rate (€1.1m in 9M19 vs. €1.5m in 9M18, all numbers after taxes) and offset by an equivalent negative change in equity reserve, reflecting the natural hedging approach adopted by BFF, and *ii)* €0.2m of higher net extraordinary costs in 9M19 vs. 9M18. **Adjusted Net Income** amounted to €60.6m in 9M19, +4% y/y vs. €58.0m in 9M18, despite €7.4m of lower net LPI over-recovery.

The **RoTE** for 9M19 is equal to 33%, vs. 31% in 9M18 based on the Adjusted Net Income.

Capital ratios

The Group maintains a solid capital position and confirms its ability to organically fund growth, with a 11.2% **CET1 ratio** (vs. SREP plus Capital Conservation Buffer requirement for 2019 at 7.80%) and a 15.8% **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[11].

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 3.3% on Total Capital ratio; one notch Portuguese rating upgrade by DBRS would move the risk weighting to 50% with a 0.5% 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

[11] Considering the CRR Group perimeter, including the parent company BFF Luxembourg, the CET1 ratio is 13.3% and the Total Capital ratio 17.6%. These ratios are subject to approval of the BFF Luxembourg S.àr.l. accounts.

notches (i.e. 4 notches below Greece).

Both **capital ratios do not include the €60.1m of Reported Net Income** of the period (equal to additional278bps), **but include the capital absorption from the acquisition of IOS Finance** (equal to -48bps and -50bps for CET1 ratio and TC ratio, entirely funded with excess capital).

The **RWAs density**[12] is lower y/y, 61% at the end of Sep-19 vs. 63% at the end of Dec-18 and 67% at the end of Sep-18, thanks to a better loan mix and decreasing net impaired assets.

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 Sep-19 (vs. 1.1% at year-end 2018 and 1.2% at the end of Sep-18) and an **annualised Cost of Risk** of 4bps.

The increase in **net NPLs** from €40.3m at end of 2018 to €54.9m at end of Sep-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 €50.1m (which includes €5.9m 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 €4.8m (-33% y/y and -30% vs. YE18), thanks to collections, and are equivalent to 0.1% of total net loans.

The **NPLs Coverage Ratio net of the Italian municipalities in conservatorship** is equal to 71% (75% at YE18), while the **Coverage Ratio including also the municipalities in conservatorship** is equal to 18% (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 -53%, and mainly driven by a decrease of past due towards the private sector. At the end of Sep-19 total Net Past Due amounted to €34.3m (€72.6m and €124.4m at the end of Dec-18 and Sep-18 respectively), of which 88% are towards the public sector (64% and 78% at the end of Dec-18 and Sep-18 respectively).

Total impaired assets (non-performing, unlikely to pay, past due) – **net of provisions** – decreased by -41% y/y and -16% vs. YE18 to €100.0m (€119.7m at year-end 2018 and €170.8m at the end of Sep-18) and are towards the public sector for 80% (67% and 75% at the end of Dec-2018 and Sep-18 respectively).

At the end of Sep-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 net impaired assets), is equal to €2.1m (-24% vs. Dec-18 and -66% vs. Dec-17), with a coverage ratio of 66%.

[12] Calculated as RWAs/Customer Loans.

Significant events after the end of the first 9 months 2019

- On 2nd October 2019 Banca Farmafactoring received its **first public rating by Moody's**:
  - **long-term issuer rating: "Ba1", positive outlook**;
  - long-term deposits rating: "Baa3", positive outlook;
  - short-term deposits rating: "P-3";
  - Baseline credit assessment (BCA): "Ba3".

  The long-term issuer rating is only one notch below the sovereign rating of the Italian Republic and it's the highest rating of any other Italian bank not directly supervised by the European Central Bank. Furthermore, the positive outlook reflects the "*possibility for a higher BCA and higher ratings should BFF sustain its fundamentals at current levels*" (cit. Moody's).

- Placement (16th October 2019) and issuance (23rd October 2019) of a **senior unsecured preferred bond of € 300 million** under the EMTN program set up in November 2018. The new bond issuance, with a 3.5 years maturity (23rd May 2023), a fixed yield of 1.75% and rated "Ba1" by Moody's, is listed with ISIN code XS2068241400 on the Main Securities Market (MSM) managed by the Irish Stock Exchange and on the ExtraMOT Pro Segment of the Italian Stock Exchange.

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.

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Conference call

The financial results of the first 9M 2019 will be presented today at 12:30 p.m. CET (11:30 a.m. WET) during a conference call, which can be followed either 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 on the *Investors > Presentations and Conference Call Audios* section of the Group website www.bffgroup.com before the beginning of the conference call.

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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 11.2% Group CET1 ratio at the end of September 2019. **www.bffgroup.com**

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Consolidated Balance Sheet *(Values in €)*

Assets	31/12/2018	30/09/2019
Cash and cash equivalents	99,457,728	25,965,075
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	131,236,895
Financial assets measured at amortized cost	4,593,770,324	4,590,569,351
a) Due from banks	*62,758,477*	*102,482,017*
b) Due from customers	*4,531,011,848*	*4,488,087,334*
Hedging instruments		
Equity investments	172,037	255,356
Property, plant and equipment	11,988,426	15,370,655
Intangible assets of which:	26,405,901	34,258,720
- *goodwill*	*22,146,189*	*30,874,236*
Tax assets	34,226,870	24,988,738
a) current	*26,044,837*	*14,349,719*
b) deferred	*8,182,033*	*10,639,019*
Other assets	14,747,460	15,858,880
Total Assets	**4,941,524,605**	**4,838,503,669**

Liabilities and Equity	31/12/2018	30/09/2019
Financial liabilities measured at amortized cost	4,403,029,388	4,311,719,812
a) deposits from banks	*1,237,996,379*	*1,131,174,011*
b) deposits from customers	*2,349,855,548*	*2,404,131,326*
c) securities issued	*815,177,461*	*776,414,475*
Financial Liabilities Held for Trading		
Financial liabilities designated at fair value		
Hedging derivatives		
Tax liabilities	88,301,821	88,798,845
a) current	*22,584,878*	*17,847,179*
b) deferred	*65,716,944*	*70,951,665*
Other liabilities	78,123,708	94,854,843
Employee severance indemnities	848,841	821,159
Provisions for risks and charges:	4,980,559	5,283,652
a) guarantees provided and commitments	*197,735*	*174,291*
b) pension funds and similar obligations	*3,977,004*	*3,459,604*
c) other provisions	*805,820*	*1,649,757*
Valuation reserves	843,738	3,030,818
Reserves	142,505,681	144,104,214
Share premium		296,755
Share capital	130,982,698	131,222,635
Treasury shares	(244,721)	(1,762,756)
Minority interests		
Profit for the year	92,152,892	60,133,693
Total Liabilities and Equity	**4,941,524,605**	**4,838,503,669**

Consolidated Income Statement *(Values in €)*

Profit & Loss items	9M 2018	9M 2019
Interest and similar income	157,650,221	163,886,451
Interest and similar expenses	(31,671,410)	(34,970,686)
Net interest income	**125,978,811**	**128,915,765**
Fee and commission income	5,712,998	4,683,024
Fee and commission expenses	(856,600)	(1,102,072)
Net fees and commissions	**4,856,397**	**3,580,952**
Dividend income and similar revenue	2,417	
Gains (Losses) on trading	2,015,807	1,636,409
Fair value adjustments in hedge accounting	110,652	147,287
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*	
Net banking income	**133,323,420**	**134,280,413**
Impairment losses/reversals on:		
a) receivables and loans	*(3,796,064)*	*(936,378)*
b) available-for-sale financial assets	*(9,093)*	*16,212*
Net profit from banking activities	**129,518,263**	**133,360,247**
Net profit from financial and insurance activities	**129,518,263**	**133,360,247**
Administrative expenses:		
a) personnel costs	*(23,855,524)*	*(27,154,646)*
b) other administrative expenses	*(25,632,484)*	*(27,137,821)*
Net provisions for risks and charges:		
a) guarantees provided and commitments	*19,768*	*24,214*
b) pension funds and similar obligations	*(901,137)*	*(1,530,278)*
Net adjustments to/writebacks on property, plant and equipment	(1,065,807)	(2,238,461)
Net adjustments to/writebacks on intangible assets	(1,423,215)	(1,366,475)
Other operating income/expenses	2,240,016	4,002,988
Operating expenses	(50,618,382)	(55,400,478)
Profit before tax from continuing operations	**78,899,880**	**77,959,769**
Income taxes on profit from continuing operations	(20,855,893)	(17,826,076)
Profit after taxes from continuing operations	58,043,987	60,133,693
Profit for the year	**58,043,987**	**60,133,693**
Profit for the year attributable to owners of the Parent Company	**58,043,987**	**60,133,693**

Consolidated Capital Adequacy – BFF Banking Group ex TUB

Values in €m	**30/09/2018**	**31/12/2018**	**30/09/2019**
Credit and Counterparty Risk	133.8	151.3	143.4
Market Risk	0.0	0.0	0.0
Operational Risk	28.0	29.6	29.6
Total Capital Requirements	**161.7**	**181.0**	**173.0**
Risk Weighted Assets (RWAs)	**2,021.8**	**2,262.4**	**2,162.6**

CET I	**247.6**	**246.4**	**242.5**
Tier I	**0.0**	**0.0**	**0.0**
Tier II	**98.2**	**98.2**	**98.2**
Own Funds	**345.8**	**344.6**	**340.7**

CET 1 Capital Ratio	***12.2%***	***10.9%***	***11.2%***
Tier I Capital ratio	***12.2%***	***10.9%***	***11.2%***
Total Capital Ratio	***17.1%***	***15.2%***	***15.8%***

Asset quality – Reported data

	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**

	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**

	30/09/2018		
€ 000	**Gross**	**Provision**	**Net**
Non-performing loans (NPLs)	58,867	(22,866)	36,001
Unlikely to pay	13,835	(3,399)	10,436
Past due	125,321	(916)	124,405
Total impaired assets	**198,022**	**(27,181)**	**170,841**