

## BFF Banking Group announces first consolidated half-year financial results after the merger with DEPObank

*Today the Board approved the 1H 2021 consolidated financial results.*

- Accounting and fiscal consolidation of DEPObank effective on 1<sup>st</sup> March 2021
- €210.3m Reported Net Income, including goodwill and the extraordinary impacts deriving from DEPObank acquisition, €46.6m of Adjusted Net Income<sup>1</sup>, -1% YoY primarily due to ex-DEPObank HTC portfolio yield deflated by acquisition M2M accounting
- *Factoring & Lending*: lower loan book YoY, with Italy and Spain impacted by high liquidity, and a strong growth in Portugal, Greece, and CEE
- Positive performance of *Securities Services and Payments*
- Focus on ALM to extract funding synergies, reduce excess liquidity, restore size and increase yield and duration of HTC bond portfolio
- Strong capital position (CET1 ratio 18.6% and Total Capital ratio 23.0%), with €177m of capital above 15% TC ratio target. CET1 ratio of 28.2% including accrued dividends
- €212m of 2019, 2020 & 1H21 accrued dividends, started discussion with Bol in order to distribute dividends in early Oct-21, following 27-Jul-2021 Bol's recommendation
- Zero Cost of Risk, and Net NPLs/Loans ratio excluding Italian municipalities in conservatorship 0.2%

*Milan, 6<sup>th</sup> August 2021* – Today the Board of Directors of BFF Bank S.p.A. (“BFF” or the “Bank”) approved the first half-year 2021 consolidated financial accounts, following the acquisition and merger by incorporation of DEPObank – Banca Depositaria Italiana S.p.A. (“DEPObank”) into BFF, with accounting and fiscal consolidation effective on 1<sup>st</sup> March 2021.

Therefore, the 1H21 reported consolidated Profit and Loss includes DEPObank for the whole month of March 2021 and the whole second quarter 2021<sup>2</sup>.

The 1H21 adjusted consolidated Profit and Loss includes DEPObank from 1<sup>st</sup> January 2021, and is consequently adjusted for one-offs, discontinued operations, other not recurring items, and the goodwill (see footnote 3 for details).

<sup>1</sup> Including DEPObank from 1<sup>st</sup> January 2021

<sup>2</sup> Purchase Price Allocation has not been completed yet, and the goodwill resulting from DEPObank acquisition could change at completion.

### **CONSOLIDATED PROFIT AND LOSS DATA<sup>3</sup>**

1H21 **Consolidated adjusted gross banking income** was €149.3m in 1H21, of which €70.7m coming from *Factoring & Lending*, €27m from *Securities Services* and €29.4m from *Payments*. Interest expenses adjusted were equal to €23.5m, and total adjusted operating expenditures (including D&A) €92.2m, with adjusted **loan loss provisions** and provisions for risks and charges of €3.0m, resulting in an **Adjusted Profit before Tax** of €60.0m and **Adjusted Net Profit** at €46.6m (-1% YoY).

1H21 **Reported Net Income** was **€210.3m** including “gross” goodwill (see note 2) and the extraordinary impacts deriving from DEPObank acquisition.

**Employees** at Group level were 867 at the end 1H21 (898 at the end of 1H20, of which 369 in the *Factoring, Lending & Credit Management* business unit (365 in 1H20), 177 in *Securities Services* (175 in 1H20), 49 in *Payments* (49 in 1H20), and 272 in the *Corporate Center* (staff, control functions, finance & administration, technology and processes improvement, 309 in 1H20).

### **BUSINESS UNITS KPIs AND FINANCIALS**

#### **1) Factoring, Lending & Credit Management**

**Net Interest Income** decreased to €89.0m in 1H21, impacted by lower loans’ portfolio primarily due to faster collections during 2020 and throughout 1H21. **Net Interest Income/RWAs<sup>4</sup>** was 8.3% vs. 6.2% in 1H20, positively impacted by 20% risk-weight applied to *in bonis* receivables towards Public Administration with less than 3 months duration from 31-Dec-2020.

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<sup>3</sup> Adjusted P&L numbers exclude €163.7m after taxes in 1H21 vs. €(9.6)m after taxes in 1H20.

Positive impacts:

- €161.1m after taxes (€159.9m before taxes) in 1H21 related to goodwill and transaction & restructuring costs;
- €23.7m of goodwill tax step-up in 1H21.

Negative impacts:

- €9.5m after taxes (€13.4m before taxes) of Liability Management one-off costs in 1H21;
- €5.1m of two months of ex-DEPObank’s non-consolidated adjusted result in 1H21 vs. €6.9m in 1H20;
- €2.2m after taxes (€3.1m before taxes) costs in 1H21 (€1.1m after taxes and €1.5m before taxes in 1H20) related to the *Stock Option Plan 2016* and the *Stock Option Plan 2020*. This item generates a positive equity reserve, with therefore no impact on Group’s equity;
- €2.0m after taxes (€2.8m before taxes) in 1H21 (€0.5m after taxes and €0.7m before taxes in 1H20) of contribution to the Extraordinary Resolution Fund;
- €1.7m after taxes (€2.3m before taxes) in 1H21 for ex-DEPObank’s customer contract amortisation;
- €0.6m after taxes (€0.9m before taxes) in 1H21 (positive impact of €2.7m after taxes and €3.9m before taxes in 1H20), due to the change in PLN/€ exchange rate on the acquisition loan for the purchase of BFF Polska Group, which is offset by a positive change in equity reserve (included in the capital ratios), reflecting the natural hedging between these two balance sheet items;
- €2.5m after taxes (€3.5m before taxes) M&A costs in 1H20;
- €1.3m of current taxation charges arising from the one-off 2019 dividends distribution by the subsidiaries to the Parent Company BFF in 1H20.

<sup>4</sup> End of the period RWAs. The 1H21 ratio benefits from the reduction of the RWAs in 4Q 2020, due to the application of the 20% risk-weighting (ex art. 116 CRR) from 31-Dec-2020.

High liquidity positively impacted **collections of LPIs** (€29m vs. €20m in 1H20), mainly in Spain; net LPIs over-recovery was higher vs. 1H20, despite strong collections on newest invoices, while the older outstanding generates rescheduling. The **stock of unrecognized off-balance sheet LPIs** (the stock of LPIs accrued, but that has not been collected and has not gone through the P&L yet), continued to grow, despite higher collections of LPIs vs. 1H20, increasing to €418m at the end of Jun-21. The total LPIs stock amounted to €701m before taxes (vs. €678m as of 30/06/2020). All LPIs over-recoveries are accounted when cash-collected, and there is no sale of LPIs to third parties.

**Interest expenses** decreased to €24.5m in 1H21 vs. €38.7m in 1H20, mainly driven by a smaller loan portfolio. The **gross yield on average loans** declined at 5.0% vs. 5.7% in 1H20, mainly due to a different ageing mix.

Recovery of credit collection costs are accounted on a cash basis in **Other Operating Income** (P&L item "230"), which was stable at €3.2m in 1H21.

Net Revenues decreased by -9.9% YoY.

Annualised **Operating Costs/Average Loans** ratio of the BU remained stable at 1.0%, despite the reduction of loans' portfolio.

Profit Before Taxes decreased by 8.8% YoY.

High liquidity accelerated the collection of newest invoices, and at the end of Jun-21 **Net Customer Loans** were €3,359m, -11% YoY to compared to €3,789m at the end of 1H20, but was flat QoQ, stabilizing the declining YoY trend. The loan book strongly increased in Portugal by +86% YoY, in Greece by +47% YoY, supported by higher loans and in Central-Eastern Europe (€948m, +8% YoY). Italy loan portfolio decreased by 22% YoY, with the factoring market flat<sup>5</sup> 2019-20, still suffering from high liquidity with limited new customers' appetite and fast payment of current invoices. In Spain the loan book decreased by 30% YoY, the Government allocated c. €12bn in 1Q21 and €4bn in 2Q21 to the Autonomous Communities<sup>6</sup> to accelerate payments.

Geographic diversification partially offset the negative performance of the domestic market; international markets (Spain, Portugal, Poland, Slovakia, Czech Republic, Greece, Croatia, and France) represented 46% of total loans at the end of 1H21, up from 39% at the end of 1H20.

BFF recorded overall **New Business Volume** of €2,468m, -3% YoY, mainly driven by lower volume in Italy and Spain (-6% YoY) and Poland (-11% YoY). Portugal and Greece were up by 83% and 34% YoY respectively.

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<sup>5</sup> Advances to customers in Italy as of 30<sup>th</sup> June 2021; source: preliminary data by Assifact.

<sup>6</sup> Source: [Ministerio De Hacienda, Sistemas de Financiación y Deuda Pública](#).

## 2) Securities Services

At the end of Jun-21 **Depositary Bank's** Assets under Depositary (AuD) increased at €80.5bn (+15% YoY), vs. €76bn at YE20 and €70.1bn at the end of Jun-20, thanks to positive market performance vs. 1H20 impacted by Covid-19, customer inflows and new business development initiatives. Deposits from customers amounted to €6.4bn at 8.0% on total AuD (vs. €7.4bn at 9.5% of AuD at the end of 1Q21), expected to normalize thanks to customer deposit repricing from June 2021.

**Global Custody's** Assets under Custody (AuC) increased by 19% YoY to €168.4bn thanks to (i) depositary bank higher assets (mainly deriving from M&A activity of an existing client), and (ii) market performance<sup>7</sup>.

In 1H21 Net Fee and Commission Income of the *Securities Services* business unit grew by 9% YoY at €22.2m, driven by higher AuD, operating costs slightly increased by 2% (always in connection with higher AuD) and Profit Before Taxes was up by 11% YoY.

## 3) Payments

At the end of Jun-21 deposits amounted to €2.1bn vs. €2.2bn in 1H20. **Transactions of transfer and collections** increased by 10% YoY at #150m, thanks to positive performance of SEPA bank transfers.

**Card settlement** transactions were stable at #86m compared to 1H20, but still 20% lower than 1H19, due to exposure to the retail and travel business.

**Checks and receivables** transactions declined at market trends, but with commissions resilient at €2.0m (vs. €2.3m in 1H19 and 1H20), thanks to introduction at YE20 of fixed fees along with variable commissions.

**Corporate Payments** transactions were up by 7% YoY at #28m, mainly due to positive performance of Italian Social Security pensions payments.

Net Fee and Commission Income grew by €2.1m (+11% YoY), thanks to rebound of transfer and collections services, with card settlement not back yet to pre Covid-19 volumes.

Cost/Income ratio significant decreased at 54% in 1H21 vs. 66% in 1H20.

Profit Before Taxes significantly raised by 72% vs. 1H20, driven by economy recovery after the slowdown due to Covid-19 pandemic.

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<sup>7</sup> AuC is impacted by market performance only on the equity component vs. AuD, which is impacted in all its components due to the periodic NAV calculation.

### Corporate Center & Synergies

The *Corporate Center* comprises all the revenues and costs not directly allocated to the business units, and the treasury margin. 1H21 lower net interest income YoY primarily due to:

- M2M accounting effect on ex-DEPObank bond portfolio deflated yield at maturity (2021: -€27.3m of which -€11.6m in 1H21, 2022: €21.2m, 2023: ≥€4.7m), and generated a positive impact on capital (€53.2m pre taxes);
- cost of excess liquidity in ECB (€6.2m additional costs YoY). No liquidity in excess of ECB tiering from late Jun-21.

Some initiatives were executed to drive performance (see also following sections):

- refinanced and shrunk Balance Sheet to optimize liquidity;
- locked-in OPEX synergies and funding;
- redefined government bond investment strategy.

**Funding synergies** reached 2023 target on a run-rate basis starting from 1<sup>st</sup> July 2021.

With regards to **OPEX synergies**, initiatives for €17.2m synergies have already locked-in from 31<sup>st</sup> December 2021 on a run-rate basis.

At the end of 1H21 only around 66% of **transactions & integration costs** (€23m out of €35m) were already expensed or committed costs.

### CONSOLIDATED BALANCE SHEET DATA

As of 30/06/2021 the consolidated Balance Sheet was smaller vs. 31/03/2021 by €2.5bn (-18% QoQ), following the reduction of liquidity in ECB (cash down by €2.5bn QoQ) and repricing of deposits from Transaction services (down by €0.96bn).

After the merger of DEPObank, the following BFF's funding was partially or totally paid down, including:

- wholesale funding almost closed vs. €615m as of 31/03/2021 and €1.1bn at YE20;
- cash buyback of '22 & '23 Senior Preferred Bonds for €416m, in addition to €150m bonds expired in Jun-21 (-€566m QoQ);
- on-line retail deposits at €724m, down by 56% vs. YE20;
- Securitization down to zero vs. €150m at YE20;
- REPOs down to zero vs. €1.7bn at YE20.

The Group maintained a strong liquidity position, with a 313.6% **Liquidity Coverage Ratio (LCR)** as of 30/06/2021. The **Net Stable Funding Ratio (NSFR)** and the **leverage ratio**, at the same date, were equal to 236.5% and 4.0% respectively. From 2Q21 the NSFR is positively impacted by the

new regulation, which establishes more favourable weighting factors for the assets and liabilities related to factoring activities.

At the end of Jun-21 the **Government bond portfolio** was equal to €5,144m HTC bonds vs. €5,782m for BFF & DEPObank combined at the end of Jun-20. As of 30/06/2021 the mark-to-market of the HTC portfolio was positive for €41m after taxes (not recognised neither in the P&L nor in the balance sheet). At the end of 1H21, the duration of the HTC portfolio was 29.8 months.

### Asset quality

The Group continues to benefit from a very low exposure towards the private sector, with prudent provisioning and negligible credit risk. **Net NPLs** excluding Italian Municipalities in conservatorship were €6.2m, at 0.2% of net loans (2.1% including Italian Municipalities in conservatorship), with a 74% **Coverage ratio**. CET1 was not negatively impacted by calendar provisioning.

The excellent asset quality is confirmed, with an annualised **Cost of Risk** of zero basis points in 1H21 (vs. 7.6bps at YE20 and 2.6bps in 1H20 of BFF stand-alone), due to portfolio contraction and IFRS 9 release.

The increase in **total net NPLs** from €66.8m at YE20 (BFF stand-alone) to €74.5m at end of 1H21 was driven by the growing exposure towards the Italian Municipalities in conservatorship ("*Comuni in dissesto*"), from €64.0m (YE20) to €68.2m (1H21), and by "other NPL" which increased at €6.2m (vs. €2.8m at YE20 of BFF stand-alone) due to a change of classification to NPL from UTP of an exposure fully guaranteed in Poland. The Italian Municipalities in conservatorship are exposures classified as NPLs by regulation, despite BFF is legally entitled to receive 100% of the principal and LPIs at the end of the process.

Past Due under "New Definition of Default" regulation decreased significantly: at the end of 1H21 **net Past Due** amounted to €2.1m compared to €42.1m and €48.9m at the end of Dec-20 and Jun-20 respectively.

**Net impaired assets** (non-performing, unlikely to pay and past due) were €90.9m as of 30/06/2021 (€124.6m at YE20 and €130.5m as of 30/06/2020), 76% of which were towards public sector.

### Capital ratios<sup>8</sup>

The Group maintains a strong capital position with a **CET1 ratio** of 18.6% (vs. a SREP of 7.85%), and a **Total Capital ratio** of 23.0% (well above the Company's Total capital ratio target of 15%, and above a SREP of 12.05%), with **€177m of capital in excess of 15% Total Capital ratio target** post DEPObank acquisition.

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<sup>8</sup> 1H21 ratios are calculated with 20% risk-weighting factor (ex art. 116 CRR) applied as of 31-Dec-2020.

**Both ratios exclude c. €212m of accrued dividends** (€165.3m of 2019-20 accrued dividend and €46.6 of 1H21 Adjusted Net Income). Including such dividends, CET1 ratio and Total Capital ratio would be 28.2% and 32.6% respectively.

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

**Risk-Weighted Assets (RWAs)** calculation is based on the Basel Standard Model, and on 31<sup>st</sup> December 2020 BFF has aligned its approach to the one already used by its competitors, applying a 20% risk-weight for public exposures lower than 90 days, towards other public administration different from local and central government<sup>9</sup>. This allowed BFF to decouple the portfolio's risk-weightings from sovereign ratings. As of 30/06/2021 RWAs were €2.2bn (vs. €1.6bn at YE20 of BFF stand-alone), with a **density**<sup>10</sup> of 43%, vs. 39% at YE20 and 58% as of 30/06/2020.

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### Dividends

On 23<sup>rd</sup> July and 27<sup>th</sup> July 2021, respectively, the European Central Bank and the Bank of Italy indicated that they did not intend to renew beyond 30<sup>th</sup> September 2021 their recommendations on dividend ban. BFF has therefore initiated a moment of dialogue with the Bank of Italy, in order to submit to the Shareholders' Meeting, expected to be called in October 2021, a proposal for the distribution of accrued dividends. The adjusted profit of the financial year 2021 will be distributed following the resolution of the 2022 Annual General Meeting, usually called at the end of March/early April of each year. The Oct-21 Shareholders' Meeting is expected to be called in late Aug-21, to approve a resolution on some changes of the Articles of Association, modified to be compliant with new regulations and Corporate Governance Code.

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### Significant events after the end of the first half-year 2021 reporting period

- On 16<sup>th</sup> July BFF's share capital was increased by Euro 47,270.30, through the issuance of 61,390 new BFF ordinary shares, as a result of a share capital increase free of charge over the period between 16<sup>th</sup> June 2021 and 14<sup>th</sup> July 2021. Total number of shares therefore are equal to #185,243,287. New shares were assigned to BFF Group's employees in relation to the "Management by Objective" incentive system and the Stock Option Plan 2016.

The number of the treasury shares held by the BFF as of 30<sup>th</sup> June 2021 is equal to 279,294, 15% of the share capital.

With reference to the Stock Option Plan 2016, which provided for the assignment of a total number of 8,960,000 options by 31<sup>st</sup> December 2019, the number of options assigned and not

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<sup>9</sup> Under the new rules of "New DoD", as of 31-Dec-2020 BFF's *in bonis* receivables portfolio with less than 3 months duration is risk-weighted at 20%, vs., for instance, the previous 100% in Italy, 100% in Portugal and 50% in Slovakia for NHS.

<sup>10</sup> Calculated as RWAs/Total assets excluding HTC and Cash and Cash Balances.



exercised as of 17<sup>th</sup> July 2017, the most recent date of the notice of change of share capital, amounts to 2,827,350, of which 1,858,350 are vested and exercisable options.

With reference to the "2020 Stock Option Plan", which provides for the assignment of a total number of 8,960,000 options by 31<sup>st</sup> December 2023, the number of options assigned and not vested yet is equal to 6,370,000.

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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, accounting books and records of the Company.

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### **Earnings call**

1H 2021 results will be presented today at 14:30 CEST (13:30 WEST) during a conference call, that can be followed after registering at this [link](#). The invitation is published in the [Investors > Results > Financial results](#) section of BFF Group's website.

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This press release is available on-line on BFF Group's website [www.bff.com](http://www.bff.com) within the section: [Investors > PR & Presentations](#).

### **BFF Banking Group**

BFF Banking Group is the largest independent specialty finance in Italy and a leading player in Europe, specialized for the management and non-recourse factoring of trade receivables due from the Public Administrations, securities services, banking and corporate payments. The Group operates in Italy, Croatia, the Czech Republic, France, Greece, Poland, Portugal, Slovakia and Spain. BFF is listed on the Italian Stock Exchange. In 2020 it reported a consolidated Adjusted Net Profit of € 97.6 million, with a 18.6% Group CET1 ratio at the end of June 2021.

[www.bff.com](http://www.bff.com)

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## Consolidated Balance Sheet (Values in €)

Assets	31/12/2020 (BFF stand-alone reported)	30/06/2021
Cash and cash equivalents	173,280,377	787,468,905
Financial assets measured at fair value through profit or loss	-	37,773,484
<i>a) financial assets held for trading</i>	-	4,372,347
<i>b) financial assets designated at fair value</i>	-	-
<i>c) other financial assets mandatorily measured at fair value</i>	-	33,401,136
Financial assets measured at fair value through OCI	163,924	83,560,769
Financial assets measured at amortized cost	5,780,579,449	9,626,630,794
<i>a) Due from banks</i>	31,078,082	911,643,848
<i>b) Due from customers</i>	5,749,501,367	8,714,986,946
Hedging instruments	-	4,174,790
Equity investments	87,944	13,209,320
Property, plant, and equipment	18,014,021	37,451,565
Intangible assets	36,675,140	135,679,445
<i>- of which: goodwill</i>	30,874,236	111,891,261
Tax assets	15,333,003	119,913,895
<i>a) current</i>	4,090,128	45,315,569
<i>b) deferred</i>	11,242,874	74,598,326
Other assets	27,179,709	193,148,626
<b>Total Assets</b>	<b>6,051,313,567</b>	<b>11,039,011,594</b>

Liabilities and Equity	31/12/2020 (BFF stand-alone reported)	30/06/2021
Financial liabilities measured at amortized cost	5,415,184,174	9,393,104,644
<i>a) deposits from banks</i>	1,034,654,607	926,160,029
<i>b) deposits from customers</i>	3,571,621,161	8,284,709,975
<i>c) securities issued</i>	808,908,406	182,234,640
Financial Liabilities Held for Trading	-	543,709
Financial liabilities designated at fair value	-	-
Hedging derivatives	-	657,801
Tax liabilities	83,697,710	106,956,722
<i>a) current</i>	5,824,367	5,683,063
<i>b) deferred</i>	77,873,344	101,273,659
Other liabilities	82,804,576	757,575,484
Employee severance indemnities	666,641	3,843,144
Provisions for risks and charges:	6,381,691	21,538,065
<i>a) guarantees provided and commitments</i>	527,436	219,350
<i>b) pension funds and similar obligations</i>	4,776,556	5,471,149
<i>c) other provisions</i>	1,077,699	15,847,566
Valuation reserves	1,456,095	6,319,724
Reserves	241,473,311	330,476,658
Share premium	693,106	66,442,541
Share capital	131,400,994	142,625,674
Treasury shares	(3,517,312)	(1,392,207)
Minority interests	-	-
Profit for the year	91,072,581	210,319,634
<b>Total Liabilities and Equity</b>	<b>6,051,313,567</b>	<b>11,039,011,594</b>

## Consolidated Income Statement (Values in €)

Profit & Loss items	1H 2020 (BFF stand-alone reported)	1H 2021
Interest and similar income	116,536,347	102,193,906
Interest and similar expenses	(26,039,651)	(24,509,564)
<b>Net interest income</b>	<b>90,496,696</b>	<b>77,684,342</b>
Fee and commission income	3,267,928	43,304,618
Fee and commission expenses	(935,541)	(11,379,916)
<b>Net fees and commissions</b>	<b>2,332,387</b>	<b>31,924,702</b>
Dividend income and similar revenue	(0)	3,671,395
Gains (Losses) on trading	3,955,929	2,678,391
Fair value adjustments in hedge accounting	-	(1,847,826)
Gains (Losses) on disposals/repurchases of:	77,390	(12,662,994)
<i>a) financial assets measured at amortized cost</i>	-	(15)
<i>b) financial assets measured at fair value through OCI</i>	21,389	(13,109)
<i>c) financial liabilities</i>	56,001	(12,649,870)
Net income from other financial assets and liabilities at fair value	-	992,786
<i>a) financial assets and liabilities designated at fair value</i>	-	-
<i>b) other financial assets compulsorily valued at fair value</i>	-	992,786
<b>Net banking income</b>	<b>96,862,402</b>	<b>102,440,797</b>
Impairment losses/reversals on:	(2,329,201)	249,275
<i>a) receivables and loans</i>	(2,329,890)	395,864
<i>b) available-for-sale financial assets</i>	689	(146,589)
<b>Net profit from banking activities</b>	<b>94,533,201</b>	<b>102,690,071</b>
<b>Net profit from financial and insurance activities</b>	<b>94,533,201</b>	<b>102,690,071</b>
Administrative expenses:	(42,254,145)	(82,016,155)
<i>a) personnel costs</i>	(20,593,829)	(34,069,284)
<i>b) other administrative expenses</i>	(21,660,316)	(47,946,870)
Net provisions for risks and charges:	(186)	1,690,817
<i>a) guarantees provided and commitments</i>	(67,842)	313,052
<i>b) pension funds and similar obligations</i>	67,656	1,377,765
Net adjustments to/writebacks on property, plant, and equipment	(1,872,186)	(2,306,139)
Net adjustments to/writebacks on intangible assets	(1,034,530)	(4,234,187)
Other operating income/expenses	2,966,580	175,221,995
Operating expenses	(42,194,467)	88,356,332
Gains (Losses) on equity investments	-	102,922
<b>Profit before tax from continuing operations</b>	<b>52,338,734</b>	<b>191,149,326</b>
Income taxes on profit from continuing operations	(14,799,409)	19,170,308
Profit after taxes from continuing operations	37,539,325	210,319,634
<b>Profit for the year</b>	<b>37,539,325</b>	<b>210,319,634</b>
<b>Profit for the year attributable to owners of the Parent Company</b>	<b>37,539,325</b>	<b>210,319,634</b>

## Consolidated Capital Adequacy – BFF Banking Group ex TUB

	30/06/2019	30/06/2020	31/12/2020	30/06/2021
<i>Values in €m</i>	(BFF stand-alone and pre "New DoD")	(BFF stand-alone and pre "New DoD")	(BFF stand-alone and post "New DoD")	(post "New DoD")
Credit and Counterparty Risk	144.4	153.0	96.6	124.8
Market Risk	-	-	-	0.1
Operational Risk	29.6	32.5	32.6	51.9
<b>Total Capital Requirements</b>	<b>174.1</b>	<b>185.4</b>	<b>129.3</b>	<b>176.8</b>
<b>Risk Weighted Assets (RWAs)</b>	<b>2,175.8</b>	<b>2,317.9</b>	<b>1,615.7</b>	<b>2,210.0</b>

<b>CET 1</b>	<b>251.7</b>	<b>266.0</b>	<b>251.1</b>	<b>410.4</b>
<b>Tier I</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tier II</b>	<b>98.2</b>	<b>98.2</b>	<b>98.2</b>	<b>98.2</b>
<b>Own Funds</b>	<b>349.9</b>	<b>364.2</b>	<b>349.4</b>	<b>508.674</b>

<b>CET 1 Capital ratio</b>	<b>11.6%</b>	<b>11.5%</b>	<b>15.5%</b>	<b>18.6%</b>
<b>Tier I Capital ratio</b>	<b>11.6%</b>	<b>11.5%</b>	<b>15.5%</b>	<b>18.6%</b>
<b>Total Capital ratio</b>	<b>16.1%</b>	<b>15.7%</b>	<b>21.6%</b>	<b>23.0%</b>

## Asset quality – Reported data

	30/06/2021 (after 20% RW application)		
€ 000	Gross	Provisions	Net
Non-performing loans (NPLs)	91,852	(17,385)	74,468
Unlikely to pay	18,750	(4,431)	14,319
Past due	2,149	(51)	2,097
<b>Total impaired assets</b>	<b>112,751</b>	<b>(21,867)</b>	<b>90,884</b>

	31/12/2020 (after 20% RW application)		
€ 000	Gross	Provisions	Net
Non-performing loans (NPLs)	81,582	(14,761)	66,821
Unlikely to pay	18,743	(3,040)	15,703
Past due	42,232	(127)	42,105
<b>Total impaired assets</b>	<b>142,557</b>	<b>(17,928)</b>	<b>124,629</b>

	30/06/2020 (before 20% RW application)		
€ 000	Gross	Provisions	Net
Non-performing loans (NPLs)	79,743	(14,156)	65,588
Unlikely to pay	18,350	(2,283)	16,067
Past due	49,915	(1,048)	48,868
<b>Total impaired assets</b>	<b>148,008</b>	<b>(17,487)</b>	<b>130,522</b>

	30/06/2019 (before 20% RW application)		
€ 000	Gross	Provisions	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
<b>Total impaired assets</b>	<b>108,830</b>	<b>(14,609)</b>	<b>94,221</b>