

## First half-year results confirm Cassa Centrale Group's growth trajectory

- **Loans to customers remained stable at the end of 2022, while total funding increased. New savings for €3 billion were entrusted to the Group in the first half of the year**
- **Credit quality improved with the net NPE ratio dropping to 0.9%.**
- **Capital strength further increased: phased-in CET1 Ratio at 23.8%**

**Trento, 31.08.2023** – “The results for the first half of 2023 confirm the Cooperative Banking Group's ability to generate value”, stated the Chairman Giorgio Fracalossi. “Through our banks, we work every day alongside our shareholders and our customers to support the economy of our territory and create a path of sustainable growth together”.

The consolidated results of the Group in the first half of 2023, approved by the Board of Directors of Cassa Centrale Banca, show a general improvement of its financial and operational indicators.

From an operational point of view, the half-year was characterised by a sustained increase in **total funding**, which at 30 June 2023 reached €105 billion. The increase of around €3 billion, compared to the end of 2022 figure, is attributable to **indirect funding** (€41 billion) which recorded an increase of almost €5 billion, against a decrease in **direct funding** (€64 billion) of €1.7 billion. In the context of indirect funding, assets under administration recorded the highest growth in relation to customers' investments in government securities; assets under management also show interesting growth rates in all areas: Asset Management, Funds and BancAssurance.

Furthermore, in the first half of the year, the demand for new credit substantially matched the repayment of outstanding exposures by customers with available liquidity, resulting in a loan portfolio value of €50 billion, stable on the levels of year-end 2022. Credit quality confirms an improvement trend with the gross NPL ratio<sup>1</sup> down to 4.65% (4.8% at the end of December 2022) with an overall coverage of 82%. Consequently, the net NPL ratio reaches one of the lowest values in the national banking system at 0.9%.

At the **income statement** level, the contextual situation and the trends of volumes translated into growth in the net interest and other banking income (+8% compared to the first half of 2022, at €1,458 million), and in the increase in operating costs (+9%, to €846 million), which include the growing expenses for the important investments in IT connected with the implementation of the

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<sup>1</sup> Gross and net NPL ratio calculated according to the EBA methodology

Strategic Plan. The consolidated net income of the Group stands at €587 million (+32% compared to the first half of 2022).

The Group's **total assets** fall to €91 billion (€93 billion at the end of 2022), reflecting the ongoing deleveraging policies of the Strategic Plan.

The Group's capital strength was further increased with **phased-in CET1 and Total Capital Ratio** both at 23.8%, as a combined effect of increased profitability and lower RWA (€32.2 billion as at 30 June 2023).

The Chief Executive Officer Sandro Bolognesi expressed his satisfaction by saying, "Today's results stem from the hard work carried out over the years by our people. The Group is becoming more and more conscious of its solid equity levels, resilient business model and high asset quality. Such features will be key to implementing the guidelines set out in our Strategic Plan and to achieving new development targets, with positive spill-over effects on our country's economy".

## Annex

## Income statement formats (€ million)

ITEMS	30/06/2023	30/06/2022
10. Interest income and similar revenues	1,584	1,013
of which: interest income calculated with the effective interest method	1,572	1,008
20. Interest expenses and similar charges	(410)	(70)
<b>30. Interest margin</b>	<b>1,174</b>	<b>943</b>
40. Commission income	447	418
50. Commission expenses	(62)	(57)
<b>60. Net commissions</b>	<b>385</b>	<b>361</b>
70. Dividend and similar income	3	3
80. Net result from trading	(1)	9
90. Net result from hedging	2	4
100. Profit (loss) from disposal/repurchase of:	(107)	71
a) financial assets measured at amortised cost	(59)	55
b) financial assets measured at fair value through other comprehensive income	(48)	16
c) financial liabilities	-	-
Net result of other financial assets and liabilities measured at fair value through profit or loss	2	(36)
110. a) financial assets and liabilities measured at fair value	-	-
b) other financial assets obligatorily measured at fair value	2	(36)
<b>120. Net interest and other banking income</b>	<b>1,458</b>	<b>1,355</b>
130. Net value adjustments/write-backs due to credit risk relative to:	73	(62)
a) financial assets measured at amortised cost	73	(61)
b) financial assets measured at fair value through other comprehensive income	-	(1)
140. Profits/losses from contractual changes without derecognitions	-	-
<b>150. Net income from financial activities</b>	<b>1,531</b>	<b>1,293</b>
<b>160. Result of insurance services</b>	-	-
a) insurance revenues deriving from insurance contracts issued	-	-
a) costs for insurance services deriving from insurance contracts issued	-	-
c) insurance revenues deriving from outward reinsurance	-	-
c) costs for insurance services deriving from outward reinsurance	-	-
<b>170. Balance of revenues and costs of a financial nature relating to insurance management</b>	-	-
a) net costs/revenues of a financial nature relating to the insurance contracts issued	-	-
b) net revenues/costs of a financial nature relating to outward reinsurance	-	-
<b>180. Net income from financial and insurance activities</b>	<b>1,531</b>	<b>1,293</b>

ITEMS	30/06/2023	30/06/2022
190. Administrative expenses:	(883)	(806)
a) personnel costs	(479)	(436)
b) other administrative expenses	(404)	(370)
200. Net allocations to provisions for risks and charges	-	(7)
a) commitments and guarantees issued	2	(1)
b) other net allocations	(2)	(6)
210. Net value adjustments/write-backs to tangible assets	(52)	(52)
220. Net value adjustments/write-backs to intangible assets	(7)	(9)
230. Other operating charges/income	96	97
<b>240. Operating costs</b>	<b>(846)</b>	<b>(777)</b>
250. Profits (losses) on equity investments	(1)	1
260. Net result of fair value measurement of tangible and intangible assets	-	-
270. Value adjustments to goodwill	-	-
280. Profit (loss) from disposal of investments	2	-
<b>290. Profit (loss) before tax from current operating activities</b>	<b>686</b>	<b>517</b>
300. Income taxes for the year on current operating activities	(99)	(71)
<b>310. Profit (loss) after tax from current operating activities</b>	<b>587</b>	<b>446</b>
320. Profit (loss) after tax from discontinued operations	-	-
<b>330. Profit (loss) for the year</b>	<b>587</b>	<b>446</b>
340. Profit (loss) for the year for minority interests	-	(1)
<b>350. Profit (loss) for the parent company</b>	<b>587</b>	<b>445</b>

## Balance sheet formats (€ million)

ASSETS		30/06/2023	31/12/2022
10.	Cash and cash equivalents	672	710
20.	Financial assets measured at fair value through profit or loss	363	473
	a) financial assets held for trading	8	7
	b) financial assets measured at fair value	1	1
	c) other financial assets obligatorily measured at fair value	354	465
30.	Financial assets measured at fair value through other comprehensive income	10,306	10,919
40.	Financial assets measured at amortised cost	75,300	76,376
	a) loans to banks	1,505	1,445
	b) loans to customers	73,795	74,931
50.	Hedging derivatives	112	125
60.	Adjustment of the financial assets subject to macro-hedging (+/-)	(108)	(118)
70.	Equity investments	57	58
80.	Insurance assets	-	-
	a) issued insurance contracts constituting assets	-	-
	b) outward reinsurance constituting assets	-	-
90.	Tangible assets	1,239	1,234
100.	Intangible assets	86	80
	of which:	-	-
	- goodwill	27	27
110.	Tax assets	690	783
	a) current	115	131
	b) prepaid	575	652
120.	Non-current assets and groups of assets held for disposal	1	1
130.	Other assets	2,389	2,195
<b>Total assets</b>		<b>91,107</b>	<b>92,836</b>

LIABILITIES AND EQUITY		30/06/2023	31/12/2022
10.	Financial liabilities measured at amortised cost	79,560	83,588
	a) due to banks	12,865	16,391
	b) due to customers	62,050	64,114
	c) debt securities in issue	4,645	3,083
20.	Financial liabilities held for trading	5	7
30.	Financial liabilities measured at fair value	1	1
40.	Hedging derivatives	1	1
50.	Adjustment of the financial liabilities subject to macro-hedging (+/-)	-	-
60.	Tax liabilities	44	36
	a) current	31	20
	b) deferred	13	16
70.	Liabilities associated to assets held for disposal	-	-
80.	Other liabilities	3,230	1,529
90.	Provision for severance indemnity	92	95
100.	Provisions for risks and charges	390	372
	a) commitments and guarantees issued	137	141
	b) retirement and similar obligations	-	-
	c) other provisions for risks and charges	253	231
110.	Insurance liabilities	-	-
	a) issued insurance contracts constituting liabilities	-	-
	b) outward reinsurance constituting liabilities	-	-
120.	Valuation reserves	(177)	(231)
130.	Repayable shares	-	-
140.	Equity instruments	1	1
150.	Reserves	6,889	6,399
160.	Share premium	75	74
170.	Share capital	1,276	1,271
180.	Own shares (-)	(867)	(867)
190.	Third party minority interests (+/-)	-	-
200.	Profit (loss) for the year (+/-)	587	560
<b>Total liabilities and equity</b>		<b>91,107</b>	<b>92,836</b>

The **Cassa Centrale - Credito Cooperativo Italiano Group** includes 67 BCCs - Rural Banks - Raiffeisenkassen and 1,478 branches across Italy, more than 11,900 employees and over 460 thousand Cooperative Partners. With balance sheet assets of 91.1 billion as at 30 June 2023, the Group ranks among the top 10 on a national basis.