

# GRUPPO CASSA CENTRALE CREDITO COOPERATIVO ITALIANO

**Fixed Income Presentation**

**February 2023**

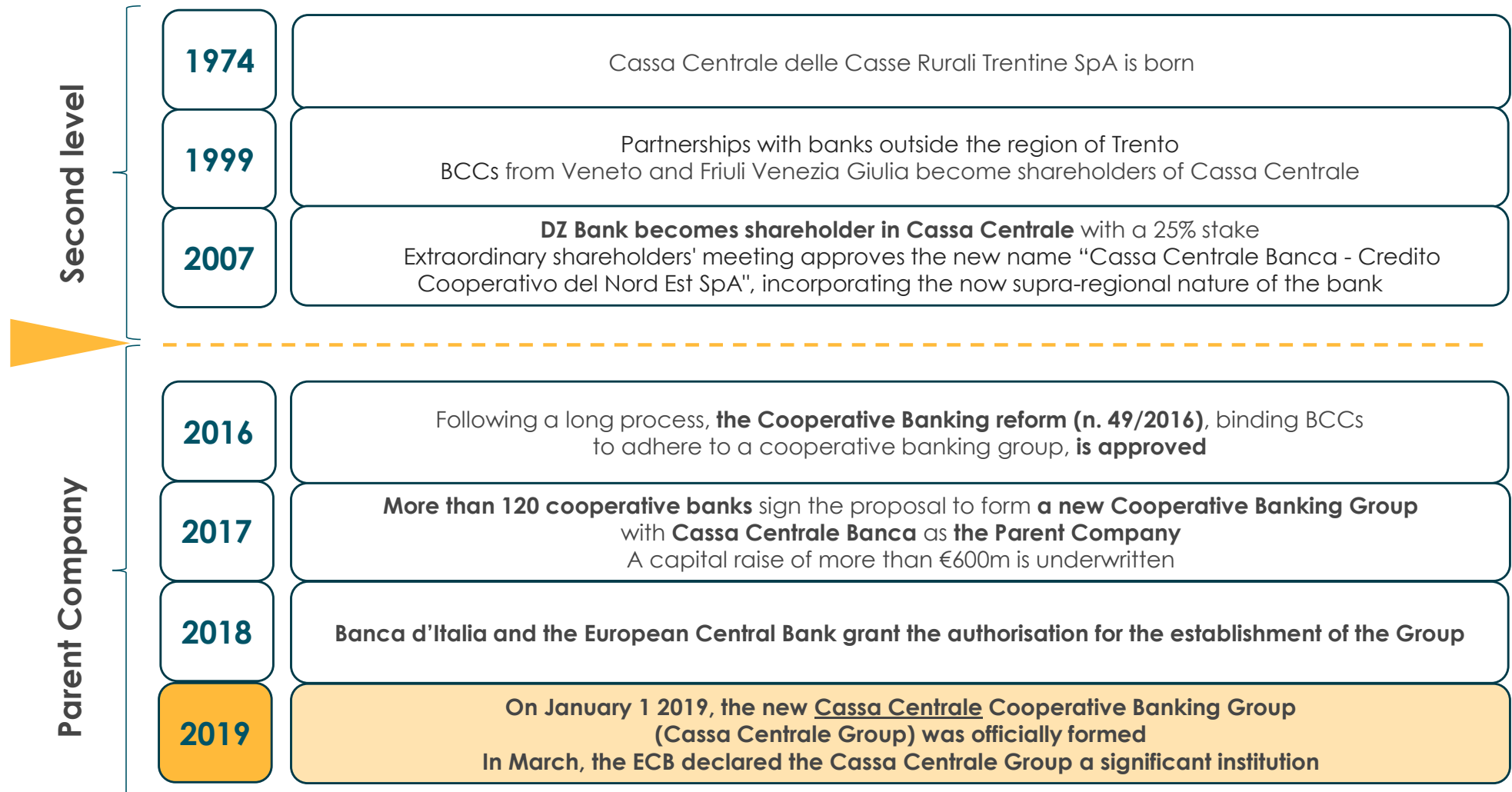
# TABLE OF CONTENTS

History and Structure of the Group	3
Cassa Centrale Group at a Glance	6
Business Activity	14
Asset Quality	18
Funding, Liquidity and Financial Portfolio	27
Regulatory Capital	33
Strategic Plan 2022-2025	38
Road to Sustainability	41
Expected Transaction Overview	44
Appendix	47

# *HISTORY AND STRUCTURE OF THE GROUP*

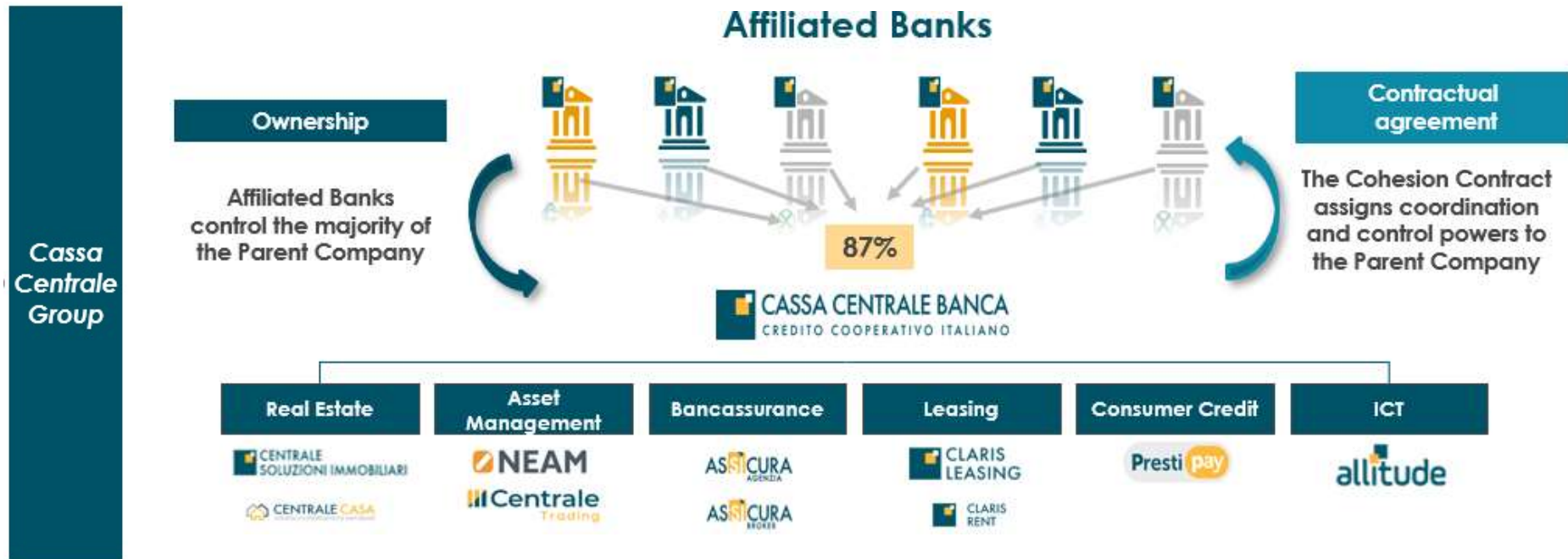
# KEY MILESTONES OF THE GROUP

## From “second level” bank to Parent Company of the Cooperative Banking Group



# GROUP STRUCTURE

Affiliated Banks are both the shareholders and controlled entities of Cassa Centrale Banca



## Group's constituent elements

### Cohesion Contract

Defines the **operating regulations** of the Group and the **control and coordination powers** attributed to Cassa Centrale Banca

### Guarantee Agreement

States that **the Affiliated Banks mutually commit to jointly guarantee all liabilities towards third parties** and to constitute funds readily available to each member of the Group

### Risk Based Model

Analyzes the performance of the Affiliated Banks and identifies **four macro classes on which the management autonomy of the Affiliated Banks depends**

### Internal control system

**The Internal Control Functions of the Affiliated Banks are outsourced to the Parent Company**

# CASSA CENTRALE GROUP AT A GLANCE

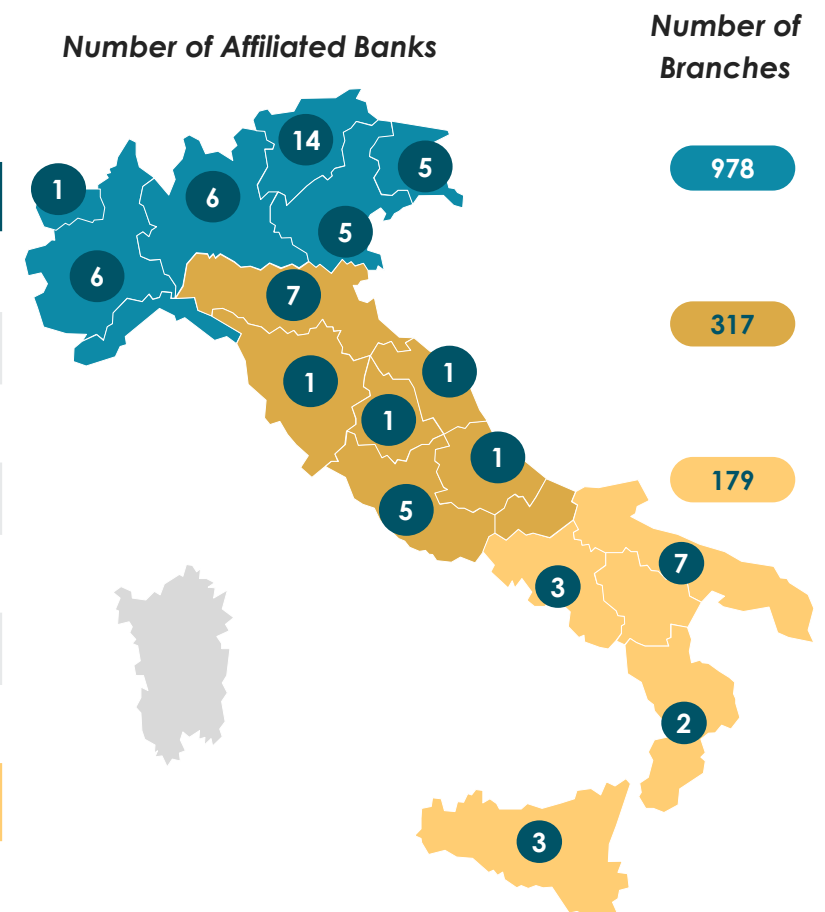
# BRIEF OVERVIEW OF THE GROUP'S KPIs

## Strong presence across Italy

We are a major Group with a **capillary presence** throughout Italy, thanks to the **68 local Banks** that are **well-rooted in the different territories**

Our commitment to keep the Group stable, safe and efficient comes from our **high degree of equity solidity**, the **low risk profile** and the highly-efficient organisational model

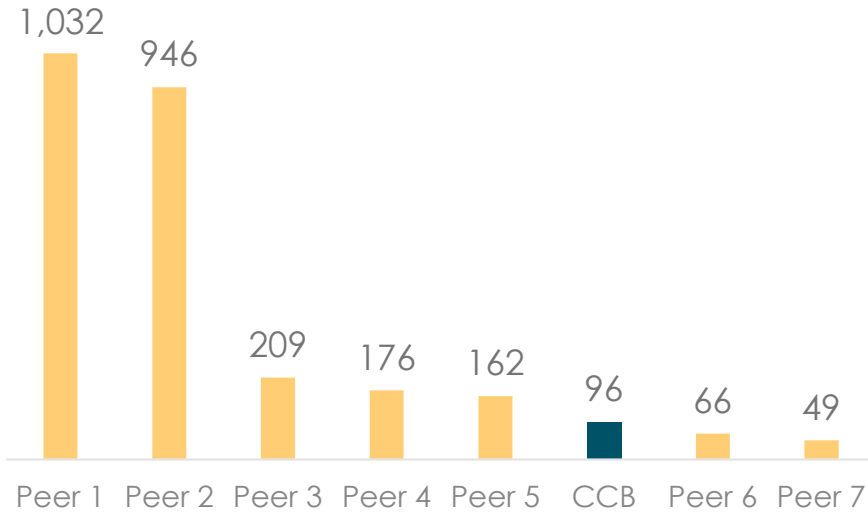
Key Figures (€ mn, %)	YE20	H121	YE21	H122
TOTAL ASSETS	86,797	91,392	91,150	95,829
NET PROFIT	245	307	333	445
ROE	3.6%	8.8%	4.8%	12.3%
NPL RATIO	6.9%	6.1%	5.5%	5.0%
NPL COVERAGE RATIO	64.0%	66.5%	73.6%	76.0%
CET1 RATIO	21.46%	20.90%	22.59%	22.32%
COST INCOME RATIO	60.8%	61.0%	61.5%	57.3%
AFFILIATED BANKS (#)	77	77	71	<b>68</b> (January 2023)



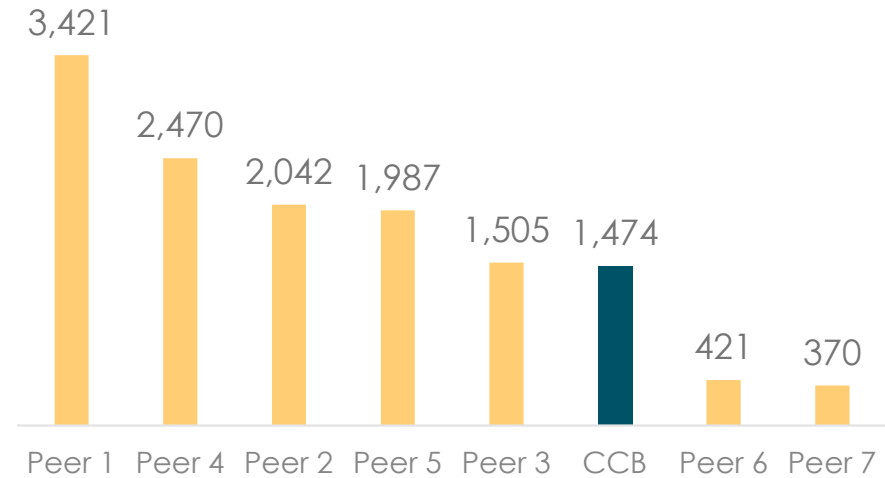
# COMPETITIVE POSITIONING

## A distribution network with a national footprint

TOTAL ASSETS<sup>1</sup> (€ bn)



BRANCHES IN ITALY<sup>1</sup>



3.20% of Loans to Customers Italian Market

3.33% of Direct Funding Italian Market

> 450k Shareholders

> 11k Employees

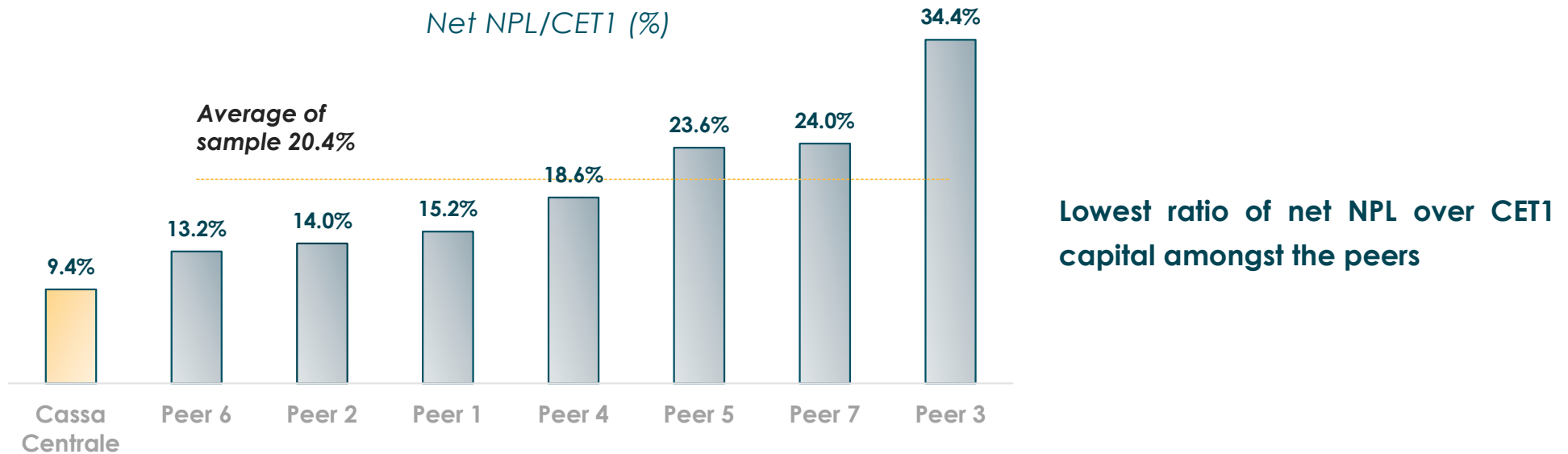
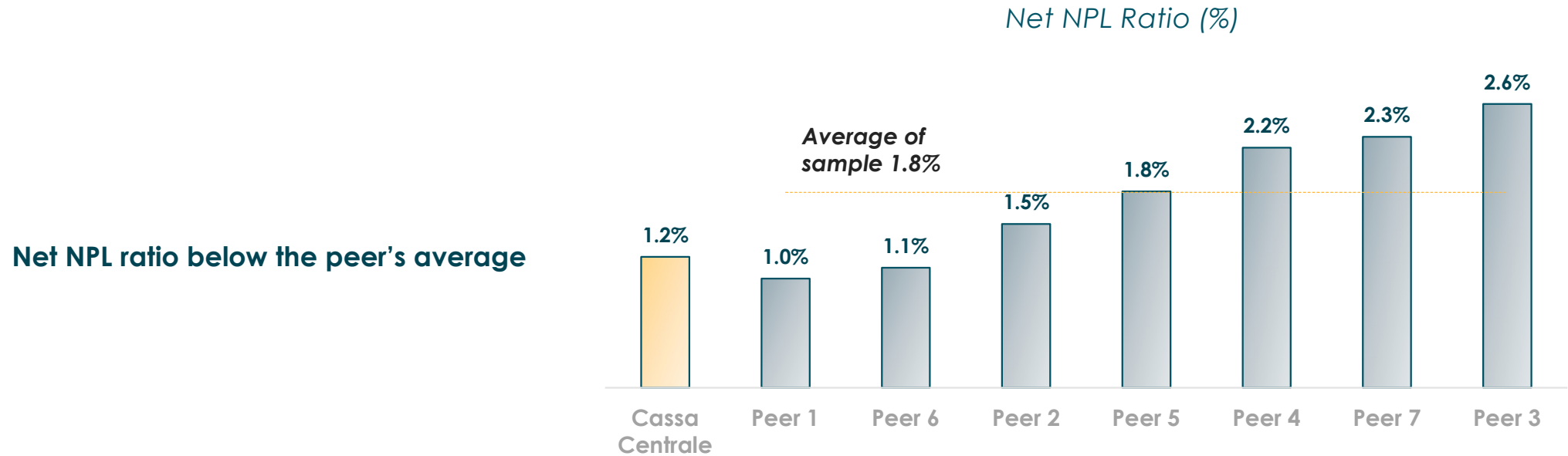
H122 – Data elaborated on ABI Monthly Outlook

<sup>1</sup>Info from corporate documents as of 30 June 2022

Peers: Intesa Sanpaolo, Unicredit, BancoBPM, Bper Banca, Gruppo Iccrea, Banca Popolare di Sondrio, Credito Emiliano

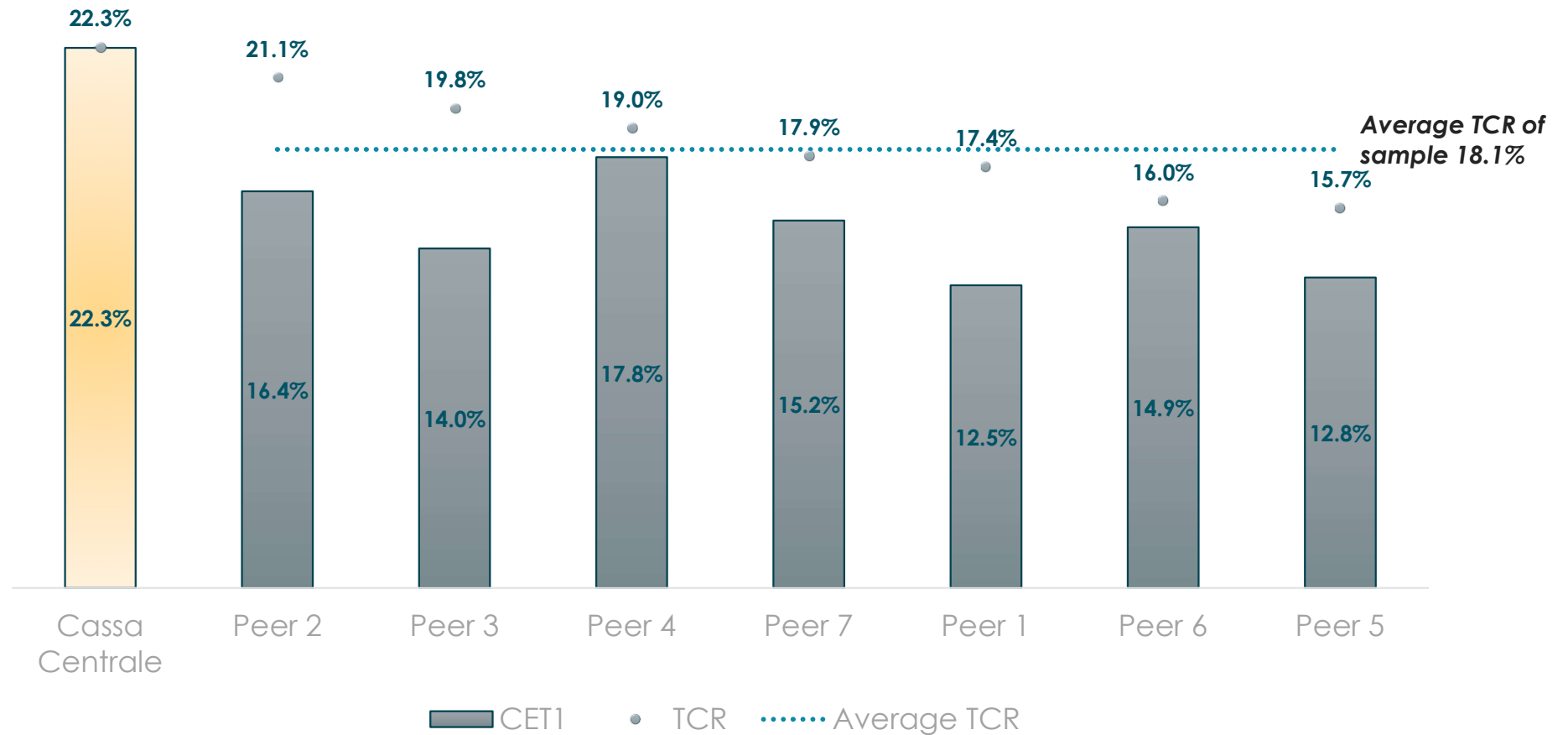


# ASSET QUALITY BENCHMARKING





# CAPITAL POSITION BENCHMARKING

Highest CET1 ratio among Italian peers and TCR well above the peers' average



# RATING

Cassa Centrale Banca's expected upcoming senior preferred issuance will be rated by Fitch and DBRS

Cassa Centrale Rating Overview		
	Long Term Issuer Rating	<b>BBB-</b>
	Outlook	Stable
	Release date	November 2022
	Long Term Issuer Rating	<b>BBB (low)</b>
	Outlook	Stable
	Release date	February 2023

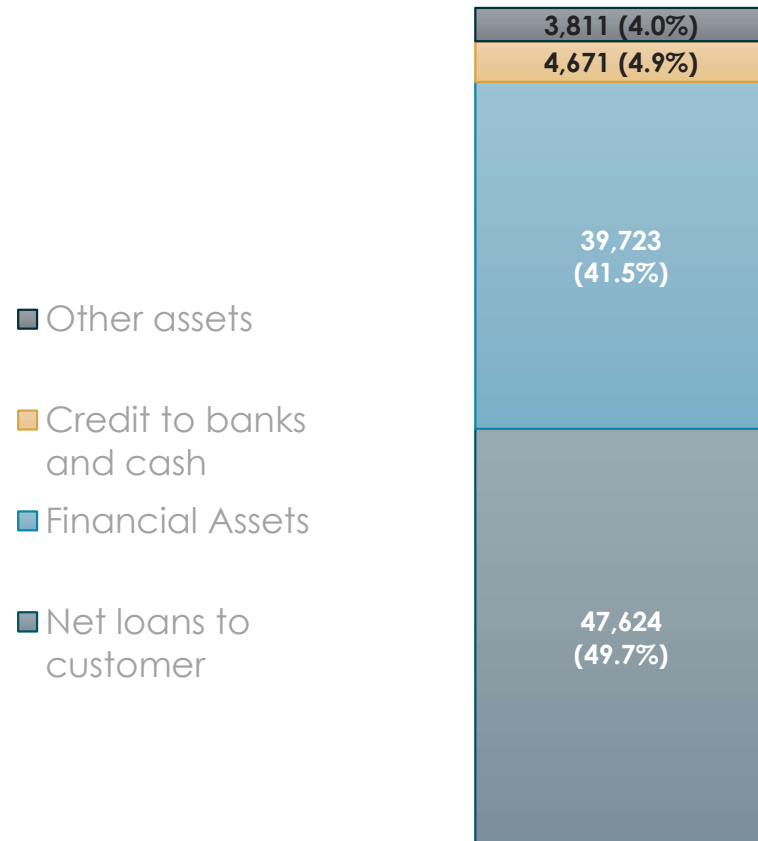


Moody's BCA	FITCH	DBRS	Average rating*	2 <sup>nd</sup> best rating*
baa3	BBB	-	BBB-	BBB-
ba1	BBB-	BBBL	BBB-	BBB-
ba1	BB+	BBB	BB+	BB+
ba2	BBB-	BBB	BB+	BB+
-	BB+	BBBL	BB+	BB+

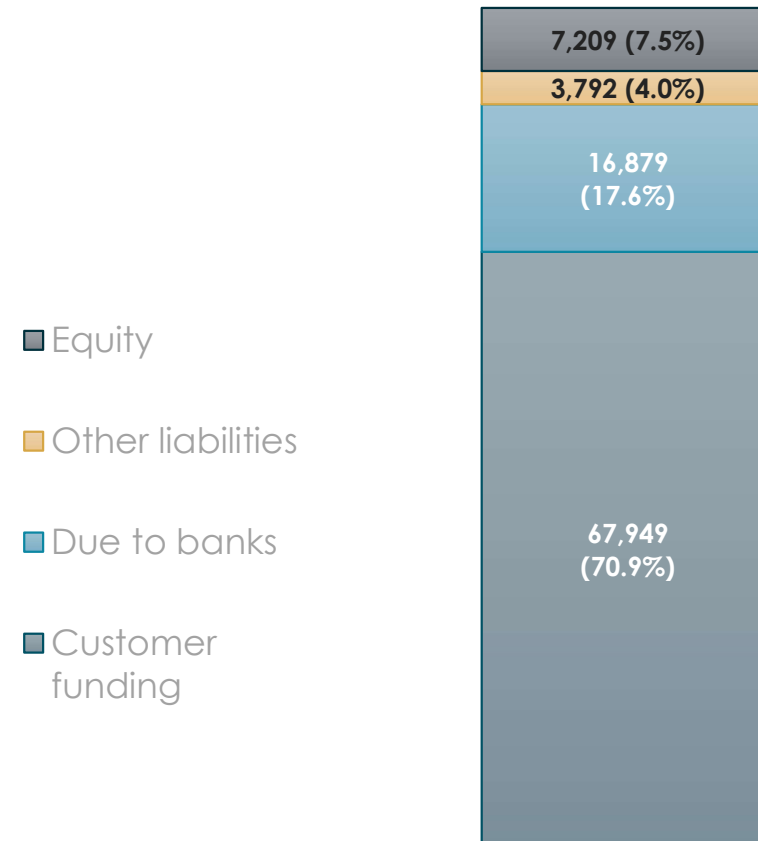
# BALANCE SHEET STRUCTURE

**Solid and straightforward balance sheet with low-risk profile, strong liquidity buffer due to the investment of large excess liquidity on liquid assets**

Total Assets (EUR 95,829 mn) – H122



Total Liabilities (EUR 95,829 mn) – H122



By law cooperative credit banks' exposures outside the area of territorial jurisdiction must not exceed 5% of the total assets. Threshold of 5% does not include: i) Central administrations of the Italian Republic and other countries of the Eurozone; ii) the European Central Bank and Bank of Italy; iii) the Parent Company and other companies of the cooperative banking group to which it belongs

# OVERVIEW OF THE P&L ACCOUNTS

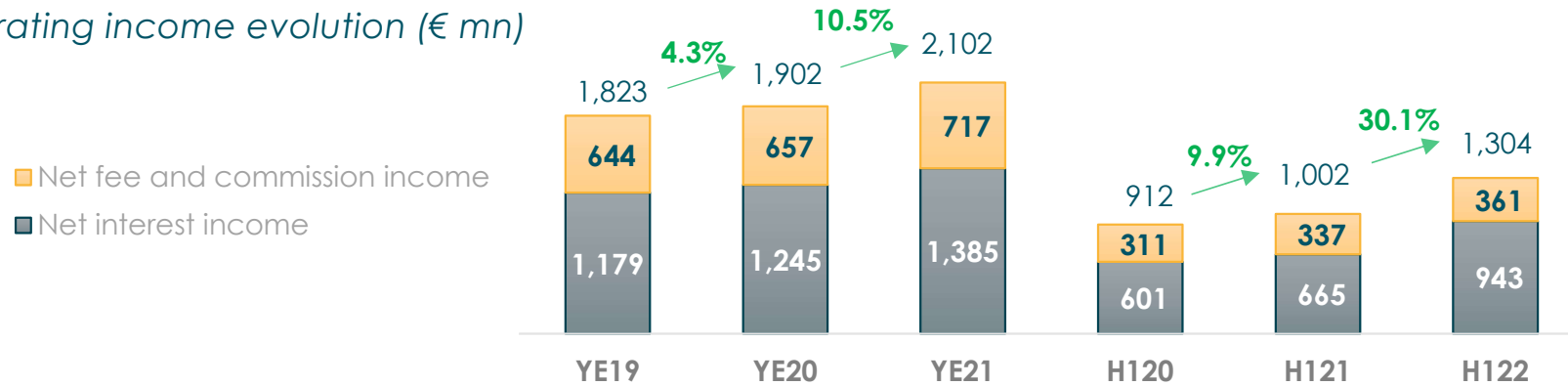
(Figures in millions of euro)	H12020	H12021	H12022	change H122 vs H121	% change
<b>Net interest income</b>	<b>601</b>	<b>665</b>	<b>943</b>	<b>278</b>	<b>41.8%</b>
Net fee and commissions	311	337	361	24	7.1%
Dividends	1	2	3	1	50.0%
Net trading revenues	92	175	48	(127)	(72.6%)
<b>Net interest and other banking income</b>	<b>1,005</b>	<b>1,179</b>	<b>1,355</b>	<b>176</b>	<b>14.9%</b>
Net value adjustments /write-backs	(171)	(113)	(62)	51	(45.1%)
<b>Income from financial activities</b>	<b>831</b>	<b>1,066</b>	<b>1,293</b>	<b>227</b>	<b>21.3%</b>
Operating charges	(763)	(825)	(867)	(42)	5.1%
Net allocations to provisions for risks and charges	(36)	(5)	(7)	(2)	40.0%
Other income (charges)	115	111	97	(14)	(12.6%)
Profit (loss) from disposals of investments and equity investments	1	(1)	1	2	n.s.
<b>Profit before tax</b>	<b>148</b>	<b>346</b>	<b>517</b>	<b>171</b>	<b>49.4%</b>
Income tax	(31)	(40)	(71)	(31)	77.5%
Profit (loss) for the year attributable to minority interests	-	1	(1)	(2)	n.s.
<b>Net result of the parent company</b>	<b>117</b>	<b>307</b>	<b>445</b>	<b>138</b>	<b>45.0%</b>

# *BUSINESS ACTIVITY*

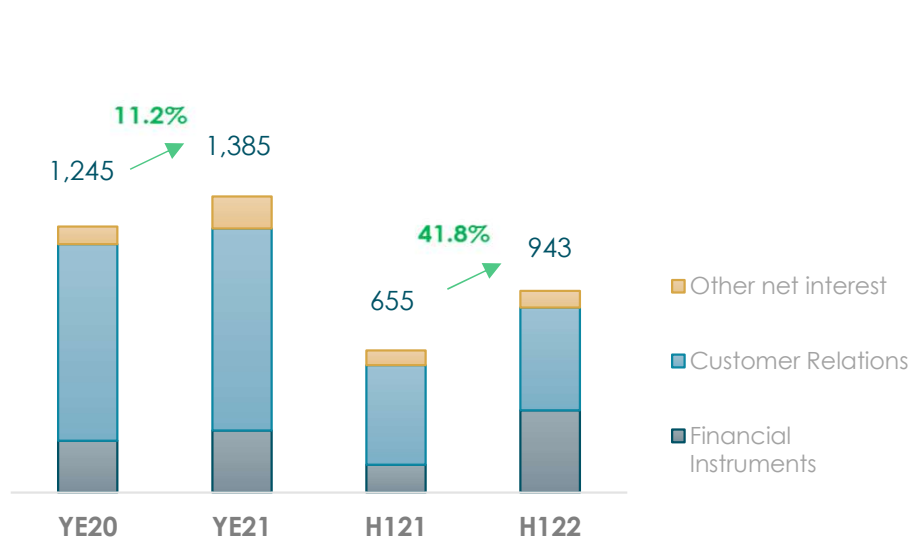
# CORE BANKING ACTIVITIES

Solid trend of revenue growth, accelerated in the first part of 2022

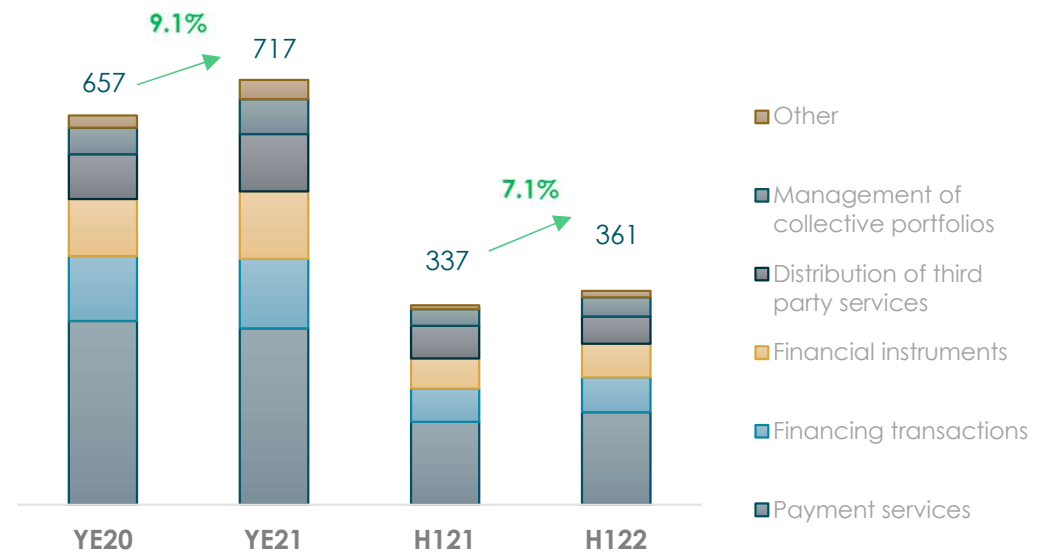
Operating income evolution (€ mn)



Interest margin evolution (€ mn)



Fees and commissions evolution (€ mn)



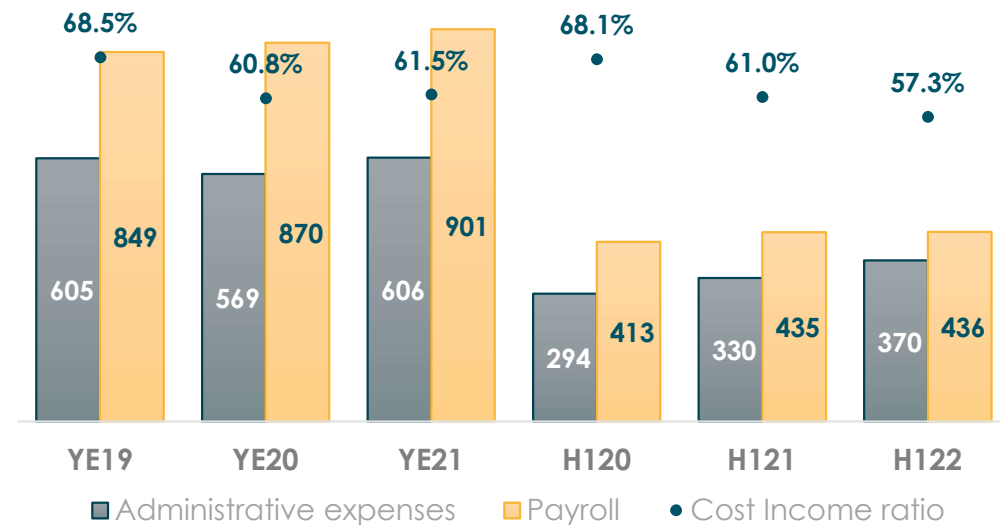
# OPERATING COSTS AND D&A

## Cost income ratio constantly decreasing since the Group's establishment

The Group's **Cost/Income** is more than **10 basis points lower** than it was in **1H 2019** at **57.3%**.

- Increase in personnel costs are mainly related to redundancy expenses
- Increases in administrative expenses are due to higher contributions paid to the Deposit Guarantee Schemes, Single Resolution Fund and for the European Central Bank Supervision
- Other operating income items reflect the revenues of instrumental companies from parties outside the Group.

Operating costs evolution (€ mn)



€ mn	YE19	YE20	YE21	H120	H121	H122
<b>Administrative expenses and payroll</b>	(1,454)	(1,439)	(1,507)	(707)	(765)	(806)
<b>D&amp;A</b>	(121)	(117)	(121)	(56)	(60)	(61)
<b>Other operating income<sup>1</sup></b>	202	179	192	79	106	90
<b>Total operating costs</b>	<b>(1,373)</b>	<b>(1,377)</b>	<b>(1,436)</b>	<b>(684)</b>	<b>(719)</b>	<b>(777)</b>



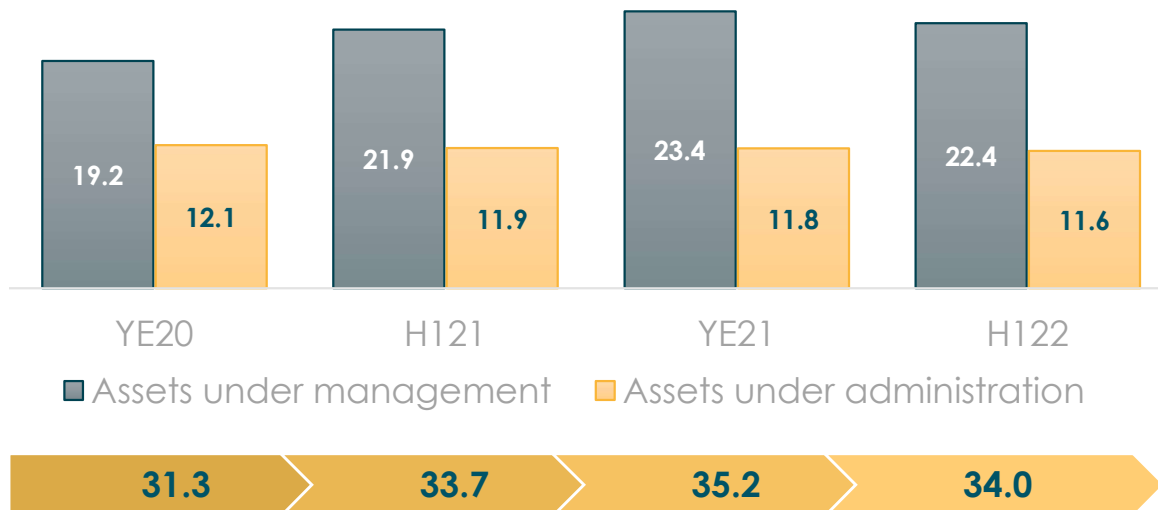
# INDIRECT FUNDING

## The Group is strongly committed to increasing indirect funding

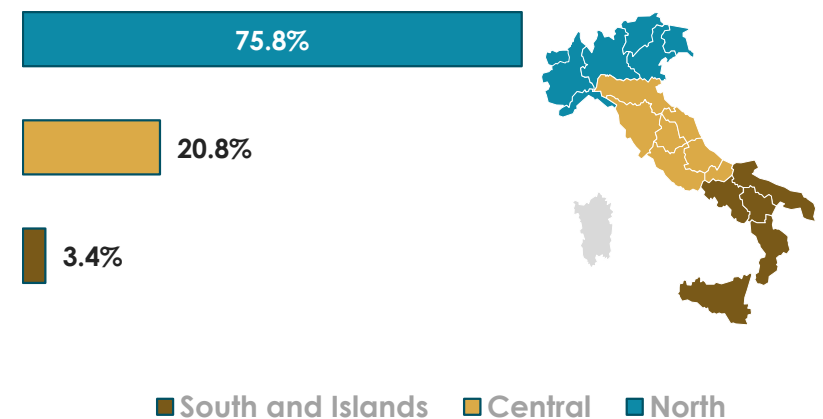
Managed and insurance funding products are the main contributors to indirect funding within the Group. In this regard, Affiliated Banks are closing the gap with the rest of the peers as they have historically favored the placement of direct funding products

As highlighted below, this trend has changed in recent years with significant investments aimed at increasing the Group's competitive position in the indirect funding segment

Indirect funding breakdown (€ bn) – market value



Indirect funding by area (% , H122)



# *ASSET QUALITY*

# CREDIT BOOK EVOLUTION

**As of June 2022, net loans to customers of the Group amounted to EUR 47.6 billion (+5.5% YoY)**

The consolidated stock of lending exposure has been **growing** since the Group's constitution

As of June 2022, 64.6% of long-term loans is represented by mortgage loans

*Net loans to customers evolution (€ bn)*



€ bn	YE19	H120	YE20	H121	YE21	H122
Total	41.2	41.8	43.6	45.1	46.1	47.6
Δ%YoY			5.8%	7.9%	5.7%	5.5%

# CREDIT PORTFOLIO BREAKDOWN (1/2)

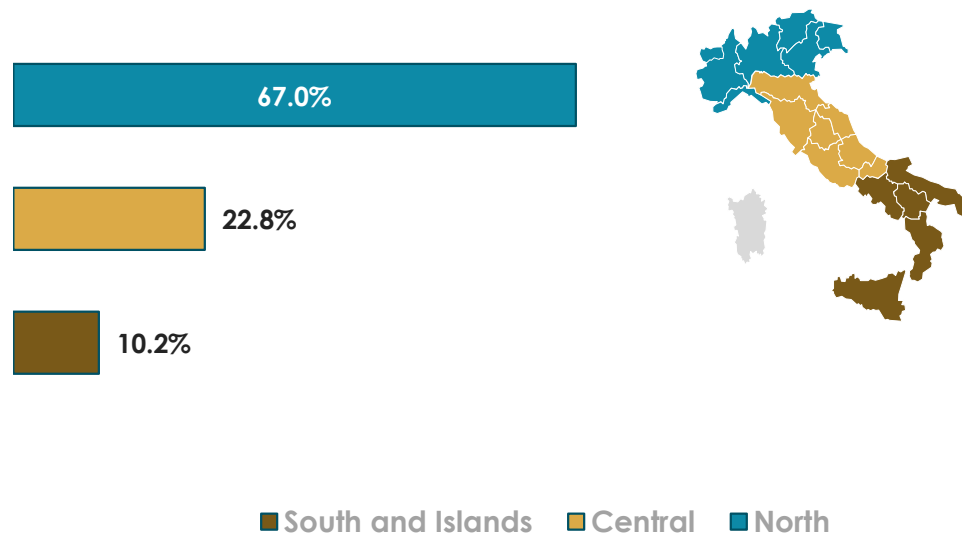
## Loan portfolio focused on the wealthier regions of Italy

Prevalent exposure towards borrowers in wealthier northern regions and elevated borrower diversification and collateralisation

€ 25.6 bn of gross loans are backed by real estate assets

### Gross loans to customers of our Affiliated Banks network

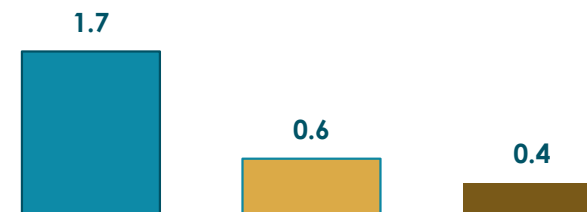
Gross Loans to customers geographical breakdown  
(%, H122)



Gross NPLs geographical breakdown  
(%, H122)



Gross NPLs geographical breakdown  
(€ bn, H122)



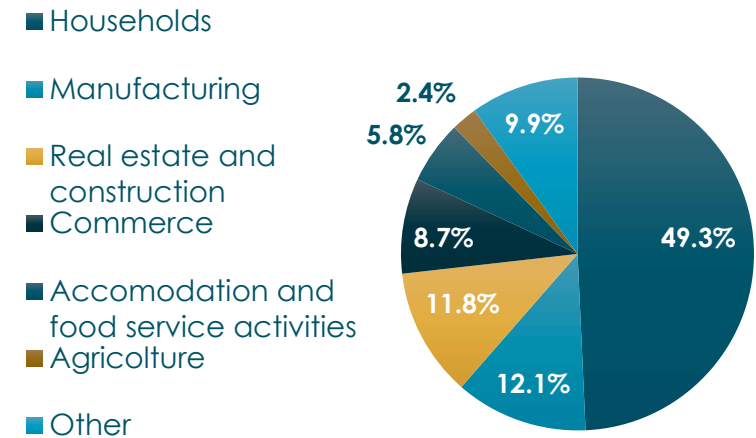
# CREDIT PORTFOLIO BREAKDOWN (2/2)

About 77.9% of the Group's credit portfolio in terms of GBV is made up of loans to Households (€ 24.8 bn) and SMEs (€ 14.4 bn)

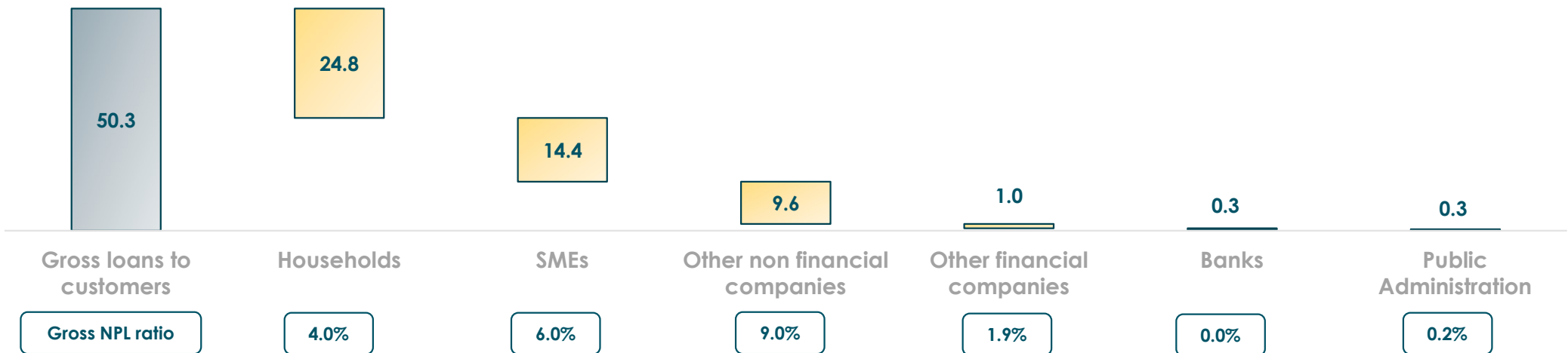
Households represents almost half of Group's credit portfolio (49.3%) and among the other components the most relevant are manufacturing, real estate and construction, commerce and accomodation and food service activities.

The large proportion of loans backed by collateral is attributable to the unique business model of cooperative banking, which **primary lends to households and to small and medium-sized enterprises.**

Gross loans breakdown by economic segment of counterparty (% , H122)



Gross loans breakdown by type of counterparty (€ bn, H122)



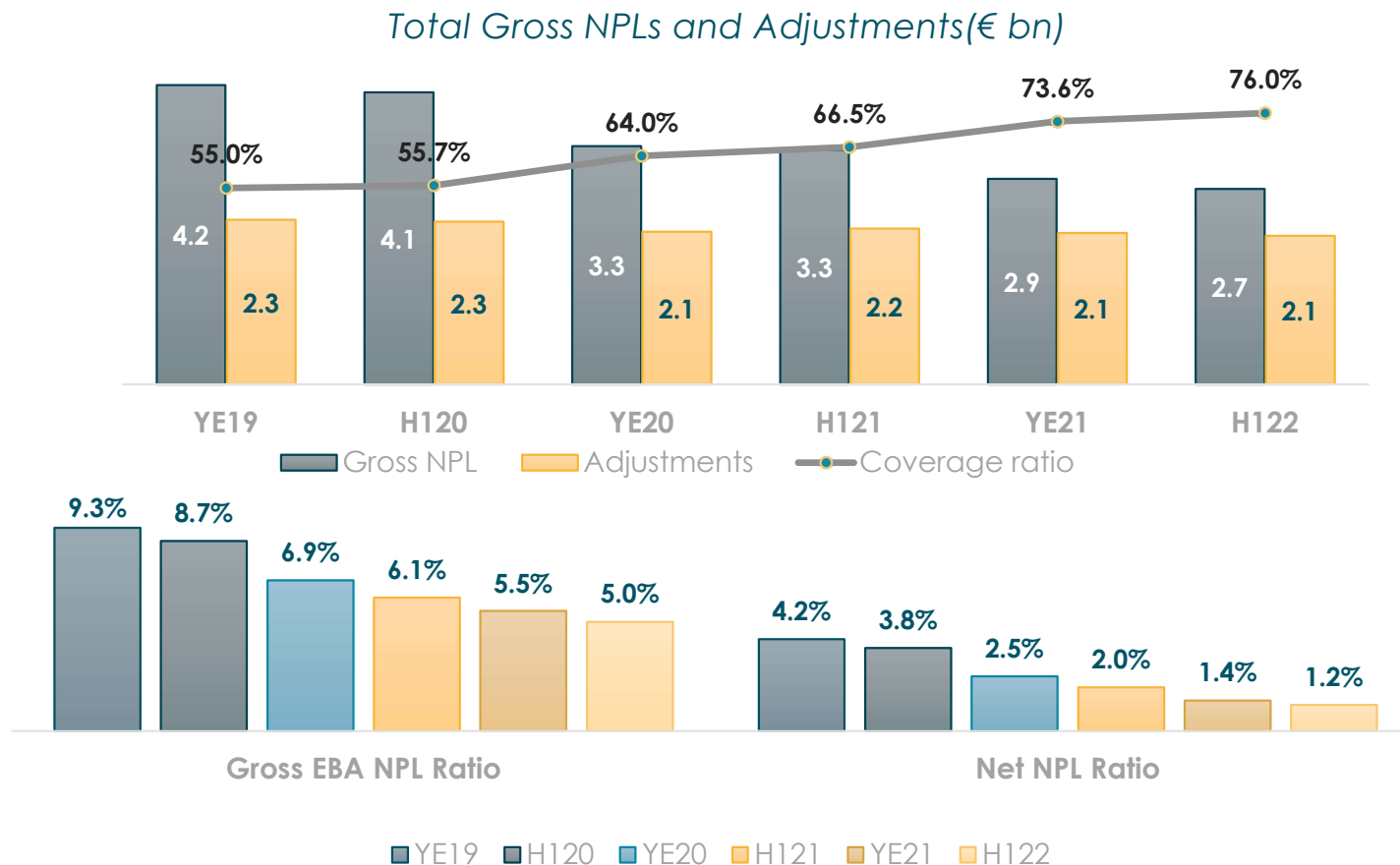
# ASSET QUALITY OF CREDIT BOOK

## Strong contraction of non-performing loans paired with high coverage ratio (76.0%)

NPL coverage ratio has improved 21 p.p. since 2019. **Net NPLs have fallen to € 658 million and represent just 0.7% of total assets**

Gross NPL ratio went down from 9.3% in 2019 to 5.0% as of June 2022 (the stock of Gross NPL has fallen by 36% since 2019)

This trend confirms the focus of the Group on **asset quality** and **reduction** in the **stock of NPL** also through **portfolio disposals**



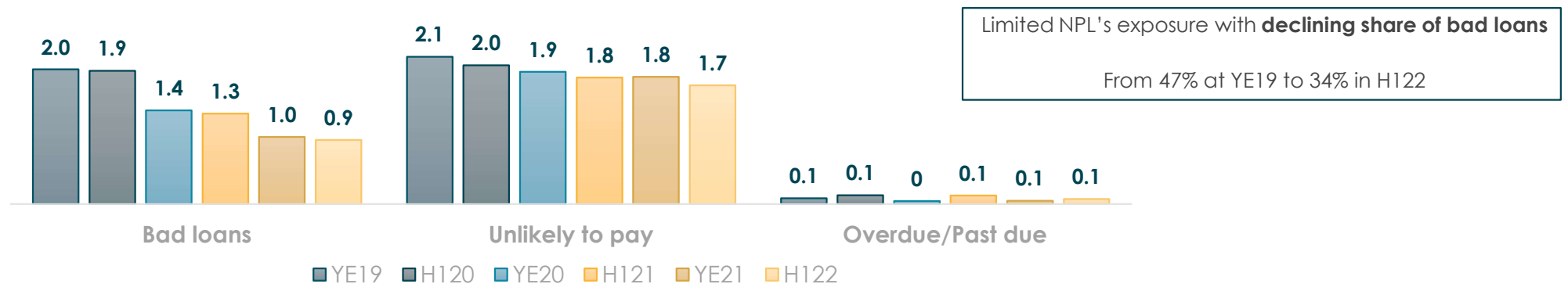
# NPLs BREAKDOWN

## Acceleration on asset quality

NPLs' stock reduction as a result of active portfolio management including disposals during the period (GACS on two disposals, Buonconsiglio 3 and Buonconsiglio 4) 2020-2021

30 <sup>th</sup> June 2022	Volumes (€ mn)		Weight (%)		Ratios (%)		Coverage %
	Gross	Net	Gross	Net	Gross	Net	
<b>Total NPLs</b>	2,736	658	100.0%	100.0%	5.4%	1.4%	76.0%
o/w Non Performing/Bad Loans	934	101	34.1%	15.3%	1.9%	0.2%	89.2%
o/w Unlikely to Pay	1,727	509	63.1%	77.4%	3.4%	1.1%	70.5%
o/w Overdue/Past due	75	48	2.7%	7.3%	0.1%	0.1%	36.0%
Performing Loans	47,546	46,966	-	-	94.6%	98.6%	1.2%
<b>Total Loans</b>	50,282	47,624	-	-	100.0%	100.0%	5.3%

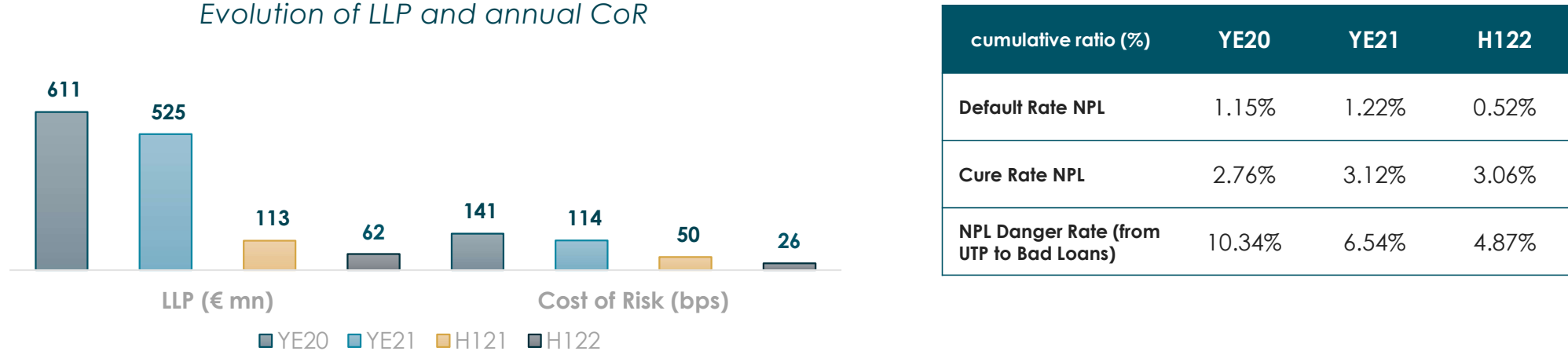
### Historical evolution NPL (€ bn)



# LOAN LOSS PROVISIONS AND COST OF RISK

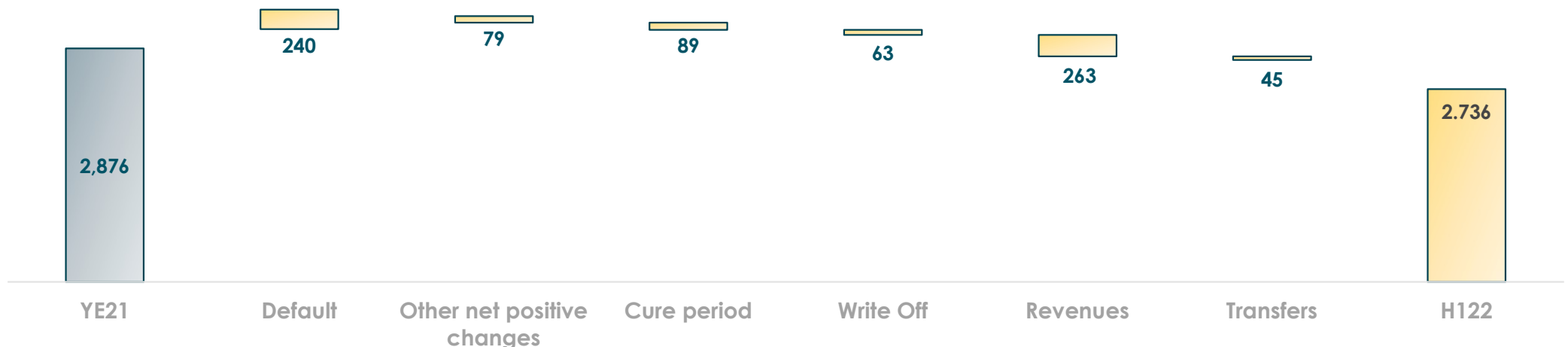
In the past years LLPs have reflected the strong effort started in 2020 to anticipate a possible cliff effect from Covid-19 moratoria and the adjustment following the AQR

Evolution of LLP and annual CoR



cumulative ratio (%)	YE20	YE21	H122
Default Rate NPL	1.15%	1.22%	0.52%
Cure Rate NPL	2.76%	3.12%	3.06%
NPL Danger Rate (from UTP to Bad Loans)	10.34%	6.54%	4.87%

NPE Flows (€ mn, H122)





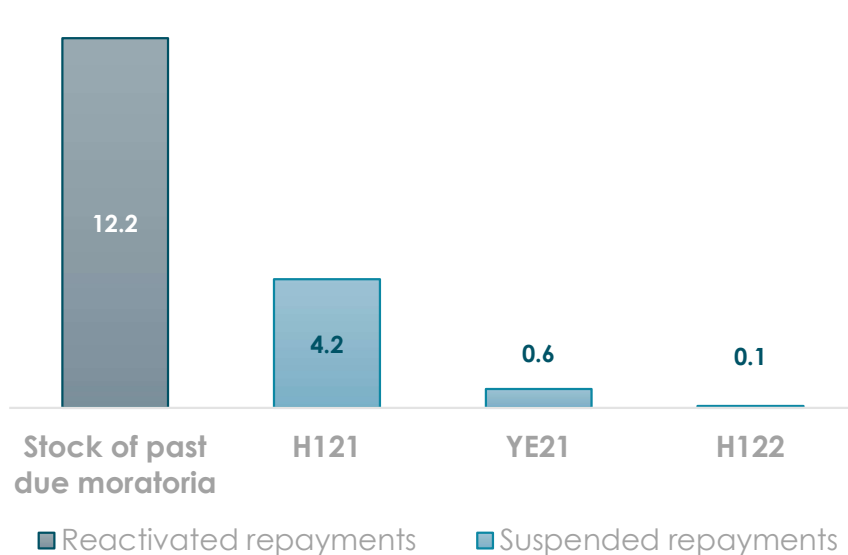
# MORATORIA UNDER COVID-19

## Outstanding moratoria granted to borrowers have strongly reduced

The number of loans that had not yet resumed normal amortization under the original plan as of 30 June 2022 fell to a minimal amount (0.49% of the total outstanding debt of all agreements that benefited from a Covid moratorium)

This confirms the gradual return to normality, despite other sources of tension in the economy

Existing moratoria (€/bn)



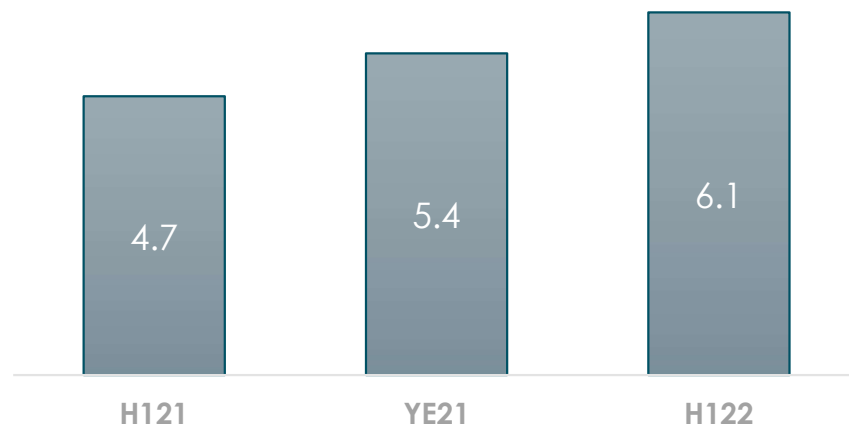
	H122 (€ mn)	Number of loans	Gross amount	Performing	Impaired	% impaired amounts
Existing moratoria		1,074	61	55	5	8.2%
Past due		122,291	12,201	11,360	842	6.9%
o/w Households		49,776	4,136	3,866	271	6.6%
o/w NFC		62,871	7,939	7,372	567	7.1%

# STATE GUARANTEED LOANS

The Group continued to provide support to the economy with the disbursement of “guaranteed loans”, which reached approximately € 6.1 billion, up by more than € 1.4 billion year on year basis

Publicly backed loans increased following a much flatter curve compared to the sharp increase in debt observed with the onset of the pandemic in 2020

Loans granted with a State guarantee  
(€/bn)



H122 (€ mn)	Number of loans	Gross amount	% Total Gross Loans
Total loans granted	73,240	6,082	12.1%
o/w Households	30,947	853	1.7%
o/w NFC	42,040	5,215	10.4%
<b>By residual duration:</b>			
Less than/equal to 12 months	370	40	
More than 12 months	72,870	6,042	

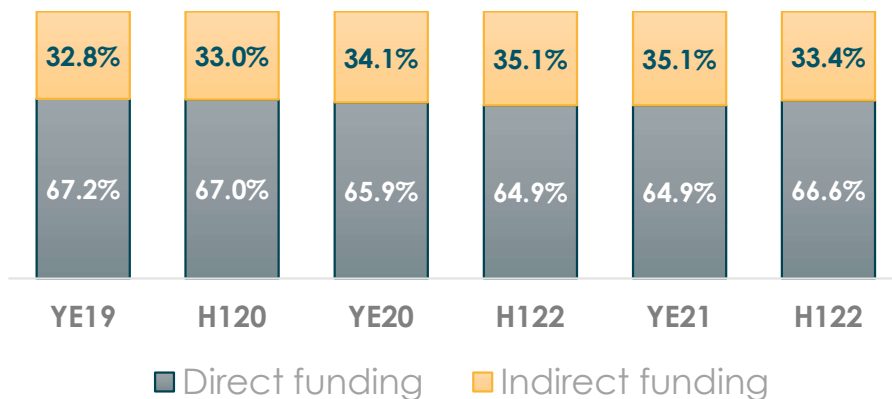
# *FUNDING, LIQUIDITY AND FINANCIAL PORTFOLIO*

# FUNDING MIX

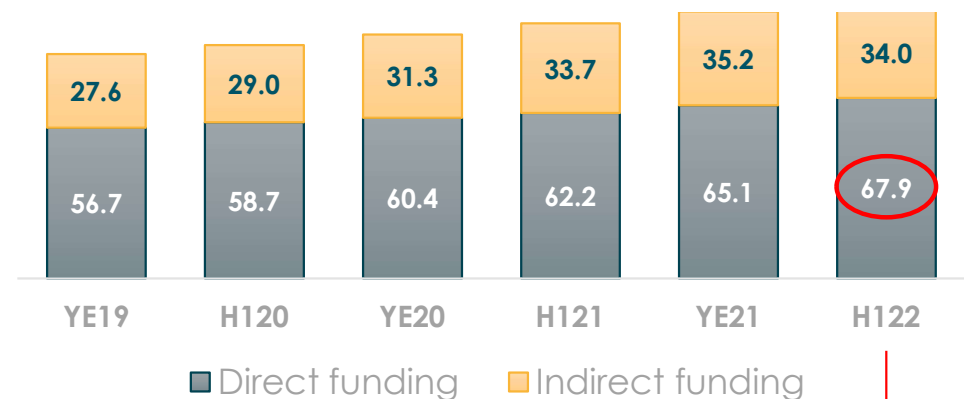
## High level of direct funding is based on the strong link to local communities and customers

The Group is gradually increasing the share of indirect funding despite the strong growth of sight deposits following the pandemic emergency

Funding composition (%)



Funding evolution (€ bn)



The Group's direct funding is largely composed of deposits from retail customers, families and SMEs, and to a lesser extent of bonds and certificates of deposit.

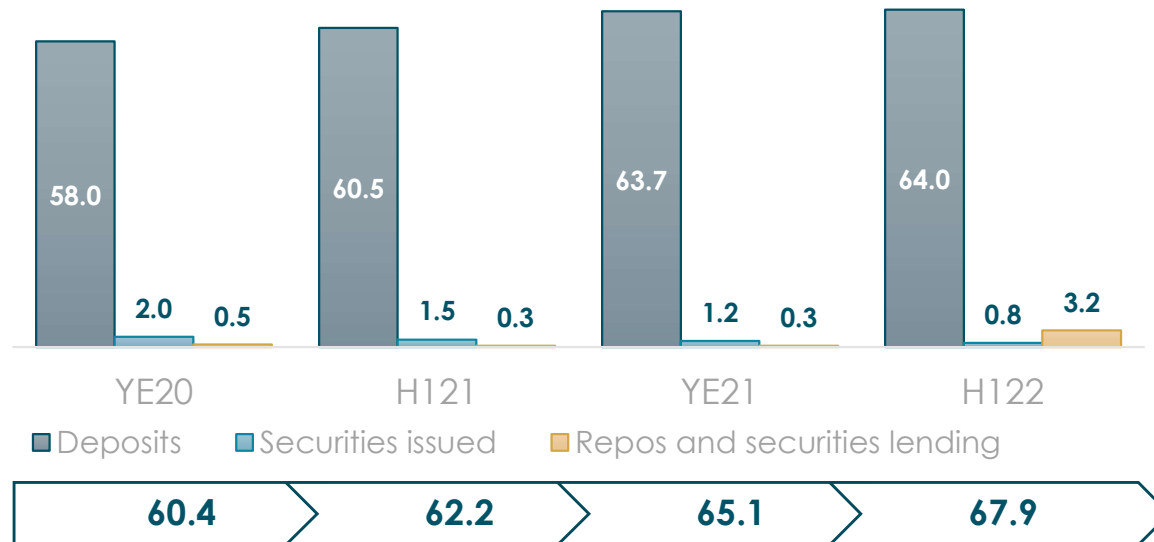
Direct Funding breakdown	H122 - € bn
Current accounts and deposits on demand	58.9
Fixed-term deposits, certificates of deposits and other	5.1
Bonds	0.8
Repos and securities lending	3.2

# DIRECT FUNDING

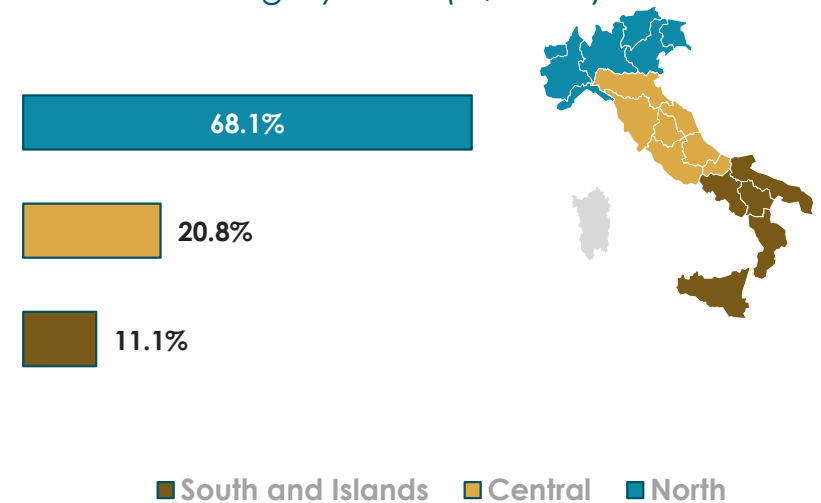
The Group has an extensive retail customer base, mainly composed of families and SMEs

Deposits represent a structural source of funding for the Group and guarantee a very stable liquidity profile due to strong links with the customer base. Low reliance on capital markets thanks to a large and sticky retail deposit base

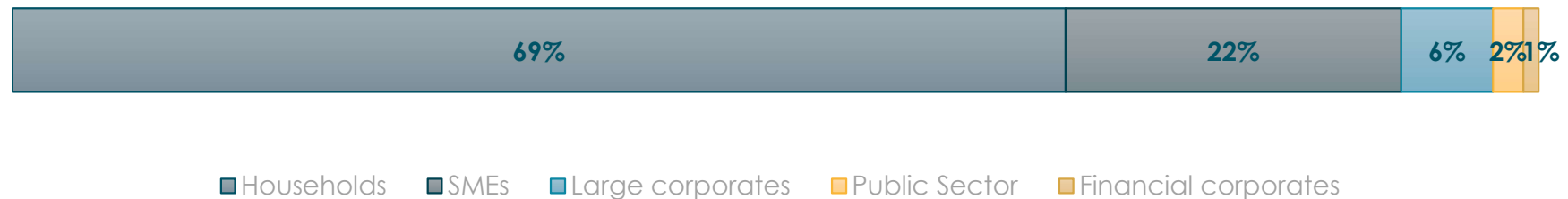
Direct funding breakdown (€ bn)



Direct funding by area (% , H122)



Direct funding source (% , H122)



# FINANCIAL PORTFOLIO

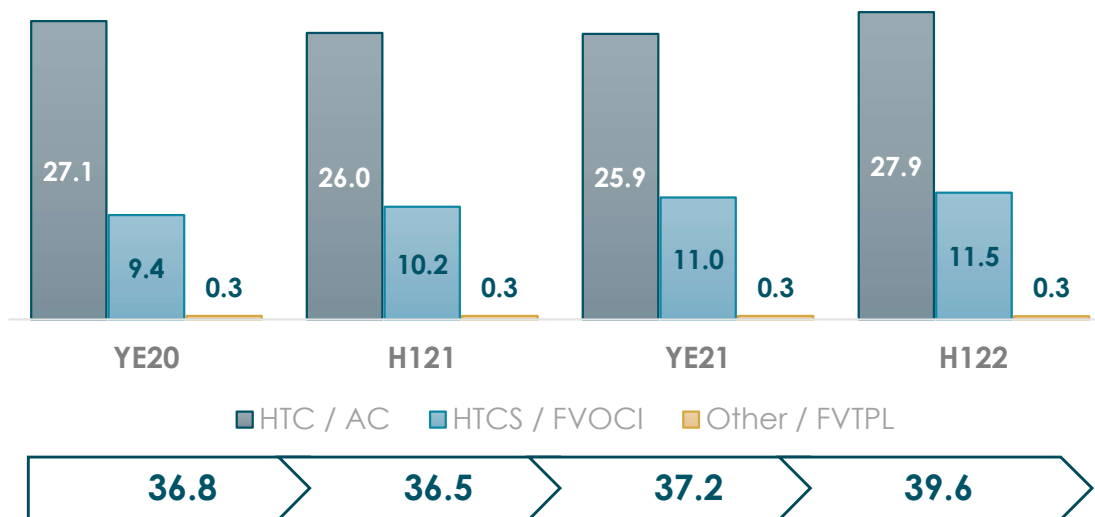
## Financial portfolio equal to € 39.6 bn

- Reduced sensitivity to ITA spreads as the largest part of the financial portfolio is measured at **amortized cost** (above **70% of total portfolio**) in line with the traditional business model that characterizes the Affiliated Banks, aimed at benefiting from the coupon yield and not exposing own funds to volatility risks
- Large support from floating and inflation-linked bonds that are benefiting from rate increase
- Prudent and very flexible approach with short duration and low risk appetite
- Effective Duration of 3.1

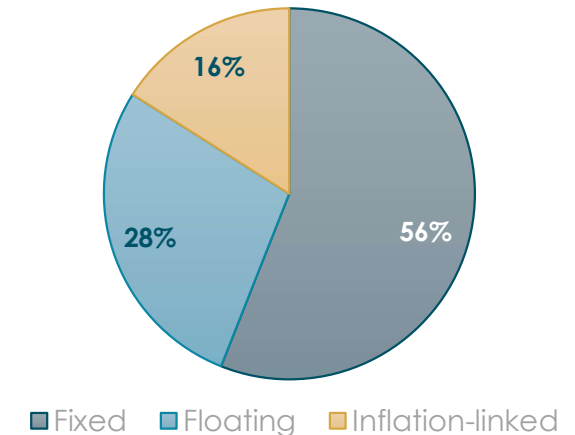
### Portfolio composition (%<sup>1</sup>, H122)

Italian sovereign bonds	84.7%
Other sovereign and supranational bonds	13.3%
Other (corporate bonds, funds, equity)	1.9%

### Financial portfolio (€ bn – book value)



### Rate Type (%<sup>1</sup>, H122)



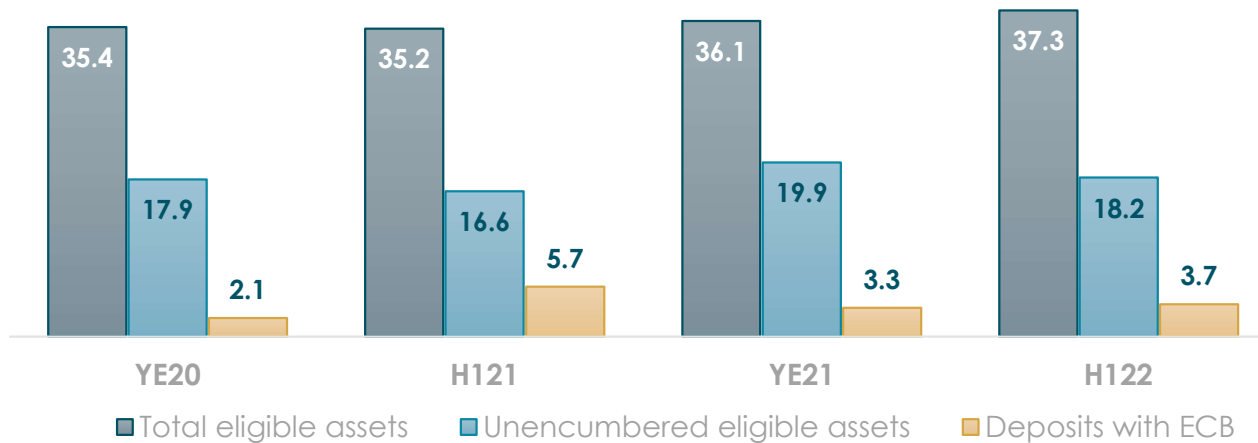
By law cooperative credit banks' exposures outside the area of territorial jurisdiction must not exceed 5% of the total assets. Threshold of 5% does not include: i) Central administrations of the Italian Republic and other countries of the Eurozone; ii) the European Central Bank and Bank of Italy; iii) the Parent Company and other companies of the cooperative banking group to which it belongs

# LIQUIDITY PROFILE

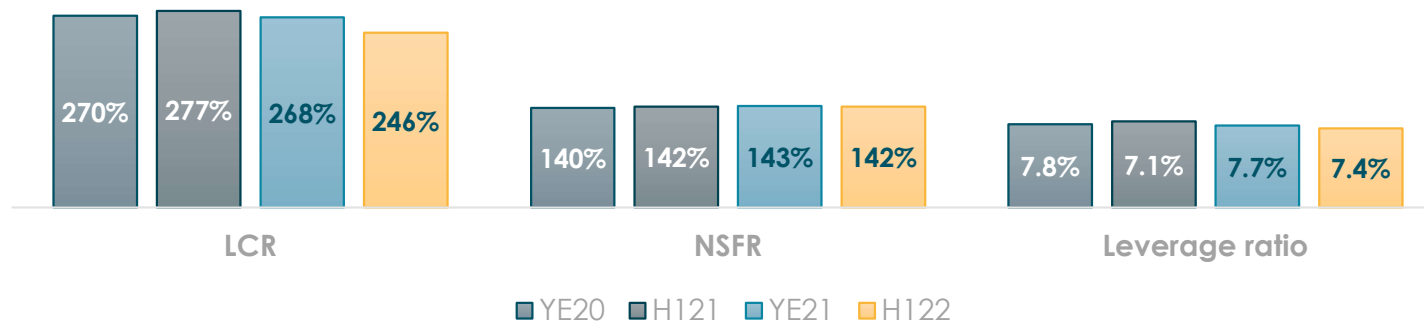
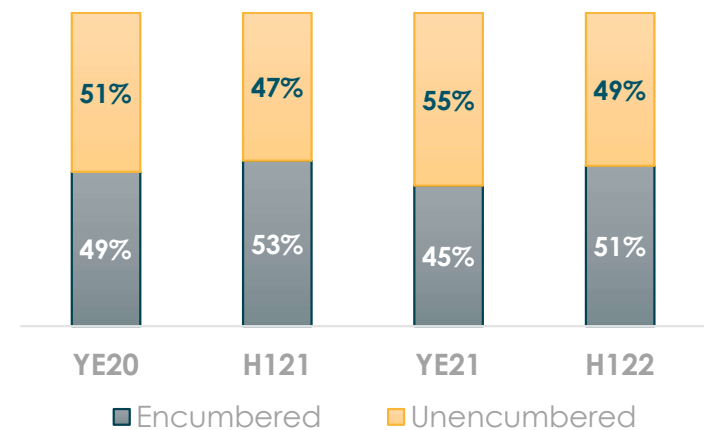
Comfortable liquidity position granted by a large stock of unencumbered eligible assets, almost all sovereign bond, and deposits with Central Bank

Strong liquidity ratios supported by a **broad and stable retail base**. LCR and NSFR ratios would be close to current levels and both well above the regulatory thresholds even excluding TLTRO from the calculation

Total eligible Assets evolution (€ bn) – net of ECB haircut

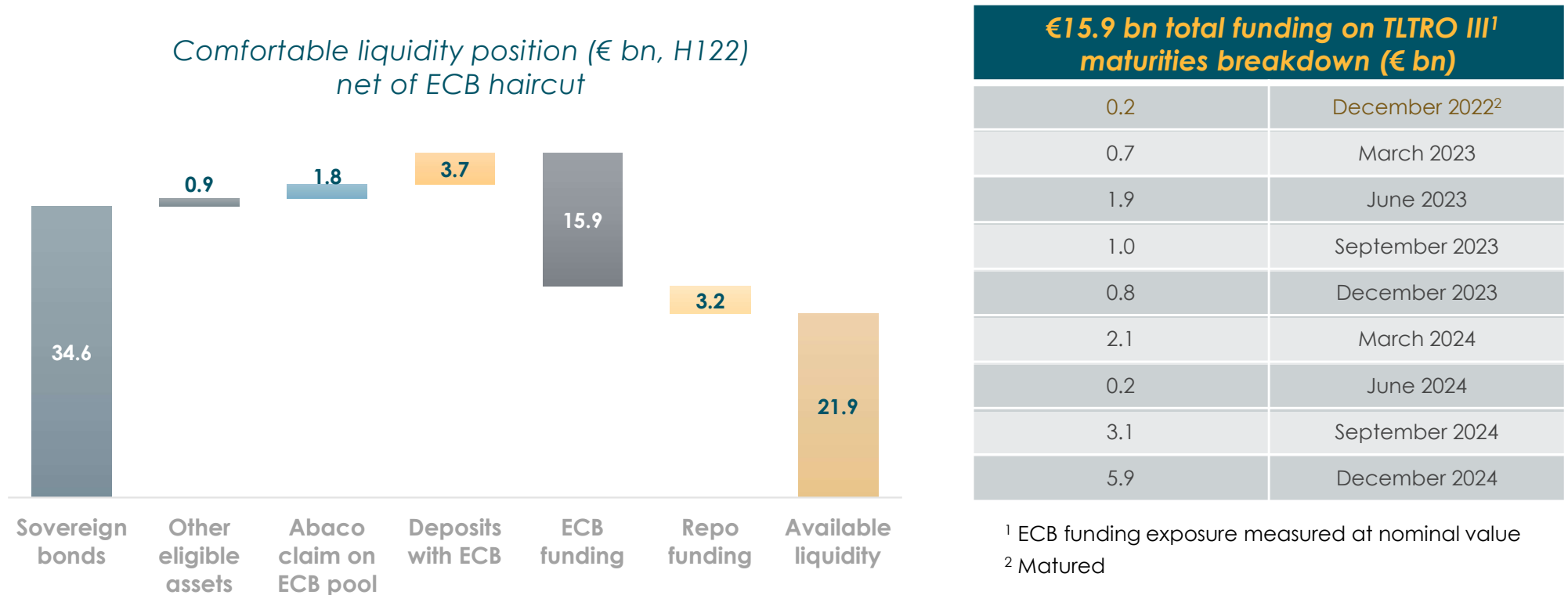


Encumbered eligible assets(%)



# TLTRO FUNDING AND LIQUID RESOURCES

Large and stable buffer of available high quality liquidity assets, exceeding TLTRO exposure



Group's central bank funding exposure is largely below unencumbered eligible assets, providing a solid liquidity source to smooth maturities profile

The Group intends to keep TLTRO funding until the mandatory payment periods and the repayments will be granted by maturing financial portfolio



# *REGULATORY CAPITAL*

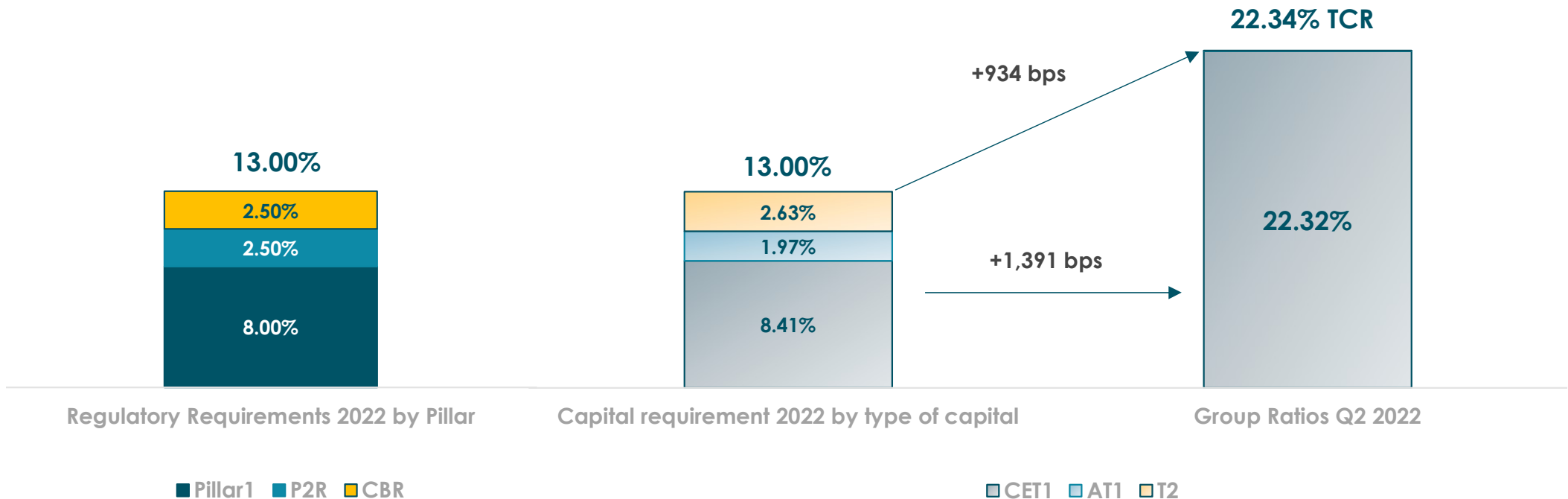
# LEADING CAPITAL POSITION

**Very strong capital position widely exceeding minimum regulatory requirements**

- High quality capital composed **mainly of CET1** - AT1 & T2 buffers fully available
- **As of June 2022 the buffer versus CET1 SREP is 1,391 basis points**
- **Buffer versus SREP OCR is 934 basis points**

SREP REQUIREMENTS		
CET1	TCR	P2R
8.41%	13.00%	2.50%

**Buffer on SREP Capital Requirements – H122**

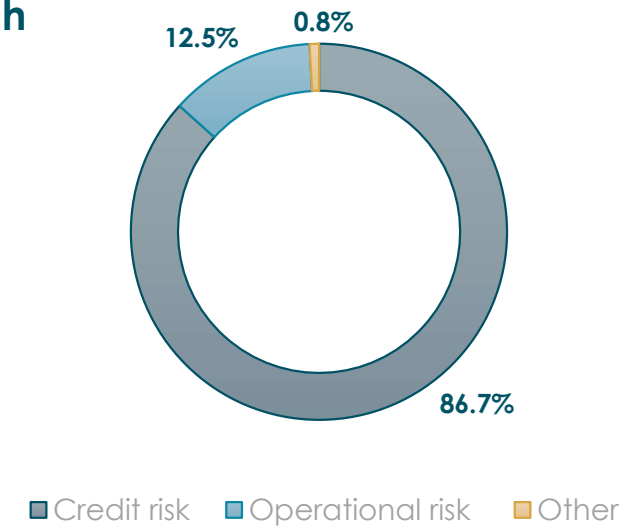


# CAPITAL POSITION EVOLUTION

**Statutory limits on the distribution of earnings is the main driver of high capitalisation**

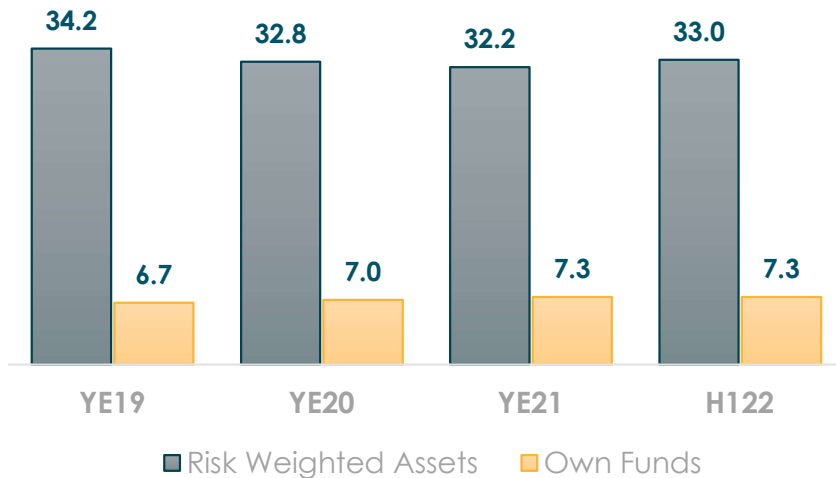
RWA density above the average due to 100% use of the **standard approach for calculating capital adequacy requirements**

RWA breakdown (% , H122)

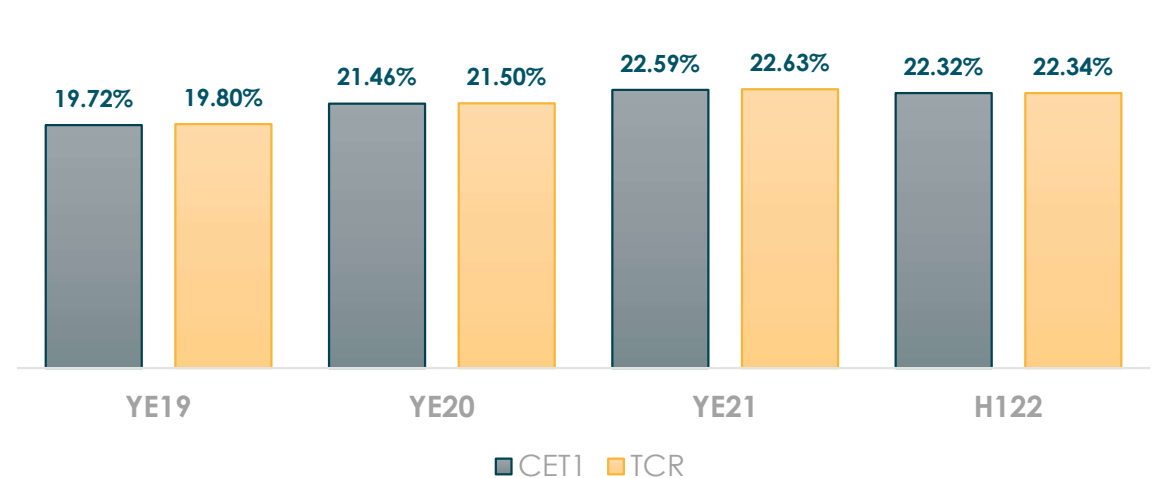


	CET1	TCR
<b>Phased-in</b>	<b>22.32%</b>	<b>22.34%</b>
<b>Fully Loaded</b>	<b>21.36%</b>	<b>21.38%</b>

Capital position evolution (€ bn)



Phased-in capitalisation ratio evolution (%)



# MREL REQUIREMENT

## Preferred resolution strategy for Cassa Centrale Group

**Bail-in "single-point-of-entry" (SPE) Cassa Centrale Banca**, according to which the instruments and the powers of the Resolution Authority would be applied exclusively to the Parent Company considered the "resolution entity" of the Resolution Group.

**The Cassa Centrale Group** shall comply **on a consolidated basis** at the level of resolution group with the **MREL requirement**.

The final MREL decision implements the new Banking Package (BRRD2 and SRMR2) and is calibrated on the basis of the **"General-Hybrid" approach** which considers for the following:

- (i) calibration of the Group RWAs or Group LREs, and
- (ii) meeting the **own funds at Group level and eligible liabilities of Cassa Centrale Banca**.

The final MREL decision (received in April 2022) provides an updated **final target level of 24.29%** of RWAs (including the CBR - 2.5% of RWAs) **to be met by 1<sup>st</sup> January 2024** and 5.91% LRE.

**The Group actually stands well above the intermediate target of 20.69%** of RWAs (including the CBR) to be met by 1<sup>st</sup> January 2022.

Strategic Plan 2022 - 2025 encompasses senior preferred issuances to satisfy final target as the Group needs to increase the level of eligible liabilities in order to cover the prospective shortfall.

## MREL positioning and funding strategy

**Funding Plan on the same horizon includes €1.3 bn issuance of MREL eligible liabilities** by Cassa Centrale Banca, partially already executed.

Further support to strong capital position from **internal capital generation** through derisking and profitability, as regulatory provisions limits earning distribution.

# CURRENT AND PROSPECTIVE MREL POSITION

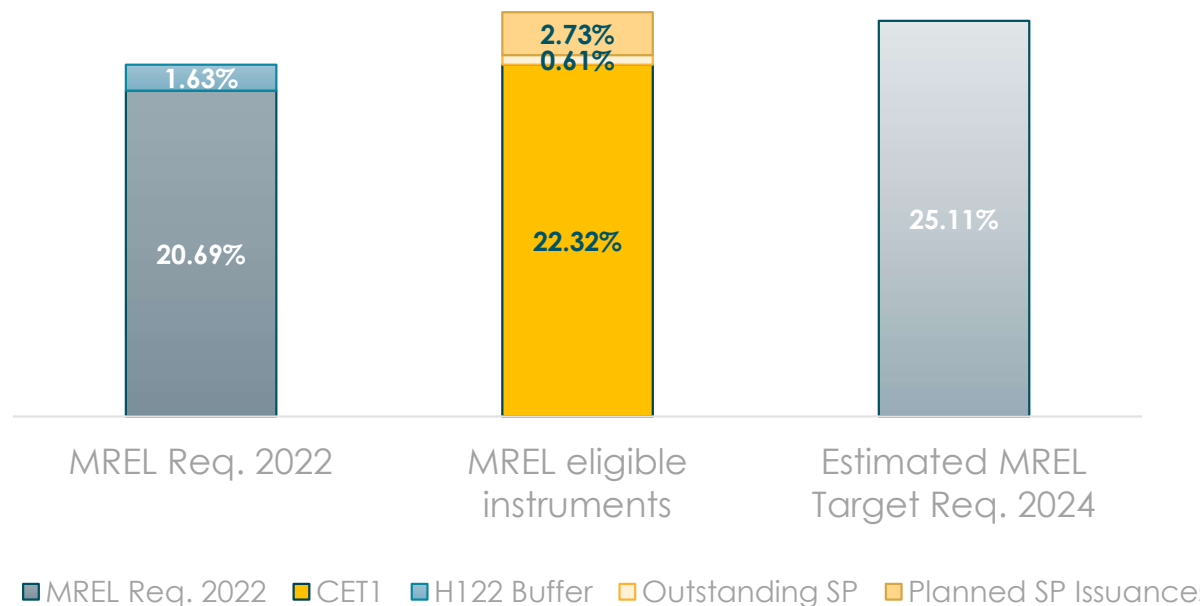
## MREL interim requirement comfortably met

As of 30 June 2022, the buffer over RWA based requirement amounts to € 538 mn (1.63% H122 RWAs) as **CET1 exceeds the binding target**

The Group is already on its linear path towards the final requirement and will work on building a sufficient management buffer, in line with its business model and risk profile

In the absence of a subordination requirement, for the purpose of meeting MREL, target instruments will be comprised of Senior Preferred debt, for which the Group is able to offer **full investment grade credit ratings**

*MREL Requirement TREA (%), buffer at H122*



# *STRATEGIC PLAN 2022 - 2025*

# BUSINESS PLAN INITIATIVES

## BUSINESS DEVELOPMENT

BASED ON THE SERVICE MODEL OF TERRITORIAL BANKING BY EXPANDING SERVICES OFFERING AND THE CUSTOMER BASE



**Evolution** toward the **Group's target distribution model**



**Support to National Recovery and Resilience Plan initiatives (PNRR)**



**Strengthening the asset management offer**



**Strengthening of the Bancassurance business**

## OPERATIONAL EFFICIENCY

INCREASING THE EFFICIENCY OF THE GROUP BUSINESS MODEL THROUGH THE IT SYSTEM EVOLUTION, DIGITALIZATION AND CENTRALIZATION OF ADMINISTRATIVE AND BACK-OFFICE ACTIVITIES



**Local presence evolution**



**Modernization of core banking** with a view to **digital transformation**



**Data platform evolution**



**Digital transformation of processes and channels** to reduce **operational time** and **costs**



**Back-office services centralization** (economies of scale and skill specialization)

## CREDIT QUALITY AND RISK

FOCUS ON CAPITAL AND RISK PROFILES THROUGH THE ACTIVE MANAGEMENT OF NPE PORTFOLIO, NPL PORTFOLIO MONITORING AND MANAGEMENT OF FINANCIAL RISKS



**Efficiency of capital requirements** through **RWA optimization**



**NPE Portfolio Management**

## ENABLING FACTORS

ENABLING INITIATIVES IDENTIFIED THROUGH HUMAN CAPITAL ENHANCEMENT AND INTEGRATION OF ESG MODELS INTO OPERATIONAL PROCESSES AND BUSINESS OFFERINGS



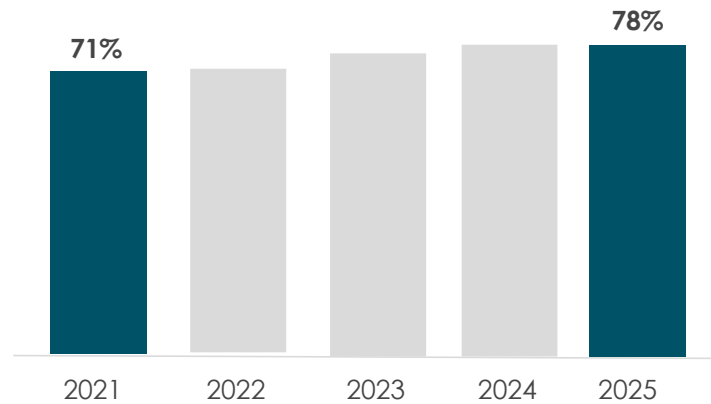
**Generational change and enhancement of human capital**



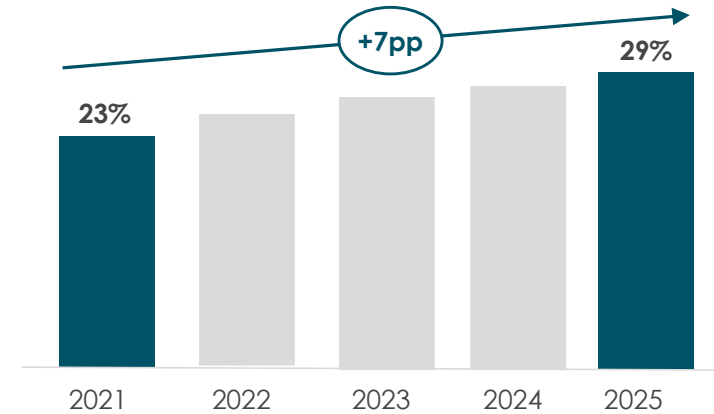
**Integration of ESG models** into key **business processes**

# BUSINESS PLAN: MAIN KPIs

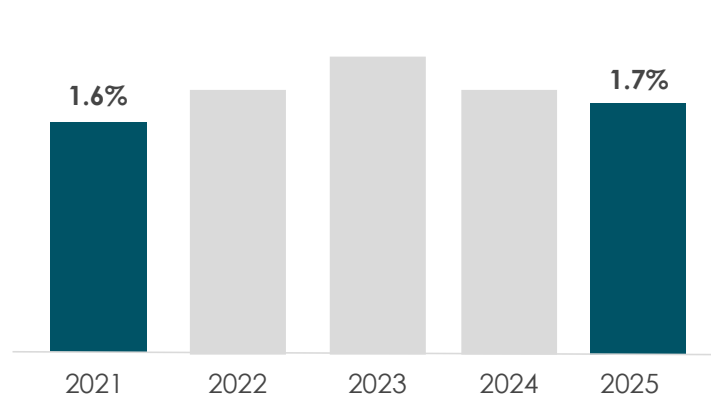
## LOAN TO DEPOSIT (%)



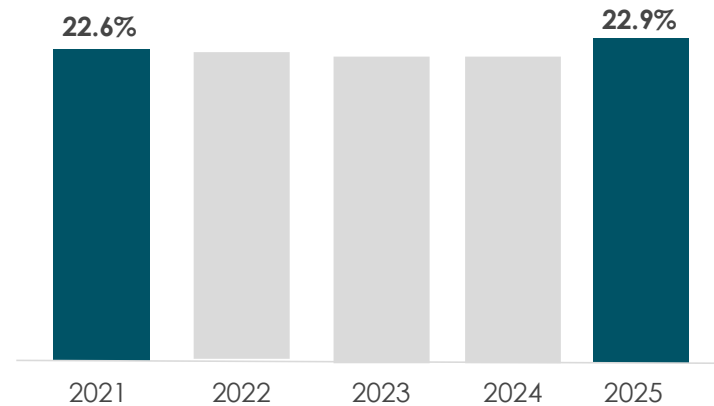
## ASSET UNDER MANAGEMENT<sup>1</sup> (%)



## NET NPL RATIO (%)



## CET 1 RATIO (%)





# *ROAD TO SUSTAINABILITY*

# SUSTAINABILITY FOR THE CASSA CENTRALE GROUP

In defining its approach to Sustainability, the Group chose to embark upon a **journey respectful of its specific characteristics**, its way of interpreting the concept of “bank” and the sustainable development goals identified by the 2030 Agenda.

For these reasons, **four main action areas** were identified within the recently approved 2022-2025 Sustainability Plan: **Environment, Employees, Community, Shareholders and Customers, ESG governance, strategy and reporting.**



## Cooperative by nature

The organisation as a Cooperative Banking Group explicitly refers to the **principles of mutual credit cooperation** and supports their implementation in daily operations.



## Sustainable from the very beginning

The Cassa Centrale Group is a **system of Banks comprising people** working for the Community, and as such seeks to **create wealth to pass on to future generations.**



## Responsible by vocation

The Cassa Centrale Group lives in the communities in which it operates. Thus, it seeks their growth and well-being through a **sustainable path and common values to pass on to future generations.**



# THE MAIN TARGETS OF THE 2022-25 SUSTAINABILITY PLAN



## Environment

- Conducting of a **carbon neutrality assessment**
- Supply of an increasing percentage of electricity from **renewable sources**



- **95%** renewable electricity

- **Definition of a sustainable mobility plan (Cassa Centrale / Allitude)**



- Identification and formalisation of the figure of the **Mobility Manager**
- Definition of **Home-Work Travel Plans**



## Communities, Shareholders and Customers

- Strengthening of oversight of **national and European subsidies**



- Signing of the **EIB Convention**
- **NRRP**: Disbursement of the **1 billion credit line**

- Evolution and streamlining of **dematerialised product placement processes**
- Constant evolution of **direct digital channels (Inbank Web and App)**



- 100% paperless processes
- Group-wide platform for off-premises offerings
- Remote Offering



## Employees

- **Staff** (including the board) **ESG and Sustainable Finance awareness and training**



- Definition of an **ESG and Sustainable Finance Training Plan**
- **70%** new entrants on ESG and Sustainable Finance courses

- Steady introduction of dedicated **corporate welfare** solutions and programmes



- Drafting of **Group policies**
- Identification of **Group platform**
- **Work Life Balance Awareness Activities**



## ESG governance, strategy and reporting

- **Expansion of the 'sustainable' product range** offered by BCC/CR/Raika (cumulative growth)
- Strengthening of **governance arrangements** for and **climate and environmental risks**



- **1 bn assets** in ethical sub-funds (NEF Funds)
- **2 bn volume** of SGs related to **Article 8/9 products** of EU Reg. 2088/2019
- **1 billion 'Safe' products**
- **Integration of internal and organisation** regulations with assignments of responsibilities for **climatic and environmental risks**

- Definition and development of a **catalogue of 'green' and ESG financing products** for retail customers
- Definition of a performance management system with assignment of **sustainability targets** within the **corporate variable remuneration system**



- Definition of **"green"/ESG** retail credit products



- Selection of **sustainability goals** identified in the **Sustainability Plan** to be included as **remuneration-related KPIs (MbO ESG)**

# *APPENDIX*

## THE GROUP HAS UNIQUE FEATURES DERIVING FROM A SPECIFIC REGULATORY FRAMEWORK

The Italian reform of cooperative credit, issued in 2016, requires:

- **Participation to a Cooperative Banking Group as a condition to operate under the cooperative credit structure**
- Cooperative Banking Group must be composed of a **Parent Company**, whose **majority share capital is held by** the **Affiliated Banks** (more than 60%), and the Subsidiaries (affiliated cooperative banks and other entities)
- Cooperative Credit Banks **must sign-off a Cohesion Contract** to be part of a Cooperative Banking Group: **under this contract, the affiliated banks and the Parent Company regulate their mutual duties, responsibilities, rights and joint guarantees deriving from joining and belonging to the Cooperative Banking Group. Each bank accepts to be subject to the Parent Company's management and coordination.**
- Adhering **banks maintain autonomy** according to their level of risk, which is measured by objectively identified parameters (Risk Based Model).
- **The Cohesion Contract includes innovative and unique mechanisms** such as **the Early Warning System (for risk control, interventions and sanctions)** and **the Cross-guarantee Scheme (for stability and capital protection).**
- The **Cross Guarantee Scheme is an intragroup financial support mechanism** through which the **participating banks provide financial support to each other to ensure solvency and liquidity. Members of the Group** commit themselves to:
  - I. **be jointly liable** to all obligations towards third parties and **cross-guarantee each other;**
  - II. **constitute readily available funds.**
- The Agreement is **based on a stress testing approach** applied to each member of the Group. The overall guarantee requirements are estimated through a vulnerability analysis in adverse conditions (Stress test EBA compliant). Each member **contributes proportionally to its risk exposure** and **within the limits of its free capital.**

# PERFORMANCE INDICATORS

STRUCTURE	YE20	H121	YE21	H122
LOANS TO CUSTOMERS* / TOTAL ASSETS	50.3%	49.4%	50.6%	49.7%
DIRECT FUNDING / TOTAL LIABILITIES	75.5%	73.7%	77.4%	76.7%
EQUITY / TOTAL ASSETS	7.7%	7.6%	7.7%	7.5%
LOANS TO DEPOSIT <sup>1</sup>	78.7%	77.9%	75.1%	73.4%
NET LOANS TO CUSTOMERS / DIRECT FUNDING	72.2%	72.6%	70.8%	70.1%
CREDIT QUALITY	YE20	H121	YE21	H122
TEXAS RATIO <sup>3</sup>	18.0%	15.9%	10.6%	9.5%
INCIDENCE NET BAD LOANS <sup>4</sup>	0.7%	0.6%	0.3%	0.2%
PROFITABILITY RATIOS	YE20	H121	YE21	H122
NET PROFIT / TOTAL ASSETS (ROA)	0.3%	0.7%	0.4%	0.9%
INTEREST MARGIN/NET INTEREST AND OTHER BANKING INCOME	55.0%	56.4%	59.3%	69.6%
NET COMMISSIONS/NET INTEREST AND OTHER BANKING INCOME	29.0%	28.6%	30.7%	26.6%
NET INTEREST AND OTHER BANKING INCOME/TOTAL ASSETS	2.6%	2.6%	2.6%	2.8%

[1] Net loans to customers / Due to customers








[2] Total Assets / (Net equity – Intangible assets)

[3] Net NPLs / (Net equity – Intangible assets)

[4] Net bad loans / Net loans to costumers

# CORE SUBSIDIARIES

Cassa Centrale Group is also composed of operating subsidiaries and service companies

Firm	Core activity
	<ul style="list-style-type: none"> <li>Specialized in IT and back-office outsourcing activities for the banking industry</li> </ul>
	<ul style="list-style-type: none"> <li>Supply insurance products and brokering services to the distributing banks</li> </ul>
	<ul style="list-style-type: none"> <li>Clariss Leasing offers lease transactions on instrumental assets, real estate and boats</li> <li>Clariss Rent provides long-term rental services for the mobility and operating lease of capital goods</li> </ul>
	<ul style="list-style-type: none"> <li>Offers consumer credits services to customers of the banks belonging to the Group</li> </ul>
	<ul style="list-style-type: none"> <li>The company that manages NEF, a multi-manager, multi-segment Luxembourgian mutual investment fund</li> </ul>
	<ul style="list-style-type: none"> <li>Provides support and assistance to Banks using on-line trading services</li> </ul>
	<ul style="list-style-type: none"> <li>Manages the Group's instrumental real estate activities, aiming to defend the real value of properties guaranteeing the non-performing loans disbursed by the Group</li> </ul>

# DISCLAIMER

This presentation has been prepared by Cassa Centrale Banca exclusively for informative purposes. The information contained in this document is exclusively owned by Cassa Centrale Banca. As such, they cannot be reproduced, published, neither in whole nor in part.

The financial information contained in this document has not been verified by independent auditors or by any authority. None of the contents of this document represents financial, legal, tax-related or any other kind of advisory information, neither it can be used as a base for any contract or agreement.

The forward-looking statements, projections, objectives and estimates included in this presentation are subject to a number of uncontrollable factors and may differ materially from the actual results. Cassa Centrale Banca does not represent that any of the information contained therein is complete and accurate and it should not be relied upon as such.

All forward-looking statements included herein are based on information available to the Company as of the date hereof. The Company undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law.

Cassa Centrale Banca and its representatives and advisors decline any responsibility, for negligence or for any loss due to the use of this document and its contents.



## Contacts

### Investor Relations

[investor.relations@cassacentrale.it](mailto:investor.relations@cassacentrale.it)

**Gabriella Mazzalai** - Head of IR

+39 0461 313 660

**John Patrick Zani** - IR

+39 342 189 4954

Sede legale e Direzione Generale

Via Segantini, 5 - 38122 Trento

Tel. 0461.313111

[www.cassacentrale.it/en](http://www.cassacentrale.it/en)