

# GRUPPO CASSA CENTRALE CREDITO COOPERATIVO ITALIANO

**Investor Presentation**

**FY 2022 Results**

# OVERVIEW FY 2022 RESULTS

# MAIN INDICATORS

## HIGH CAPITALIZATION



**€92.8bn**

Total Assets



**22.8%**

CET1 Ratio

Phased-in



**0.9%**

Net NPL Ratio



**82%**

Coverage Ratio

## SUSTAINABLE BUSINESS MODEL



**€1.8bn**

Net Interest  
Margin



**€0.8bn**

Net  
Commissions



**€562m**

Net Income<sup>1</sup>



**7.8%**

ROE

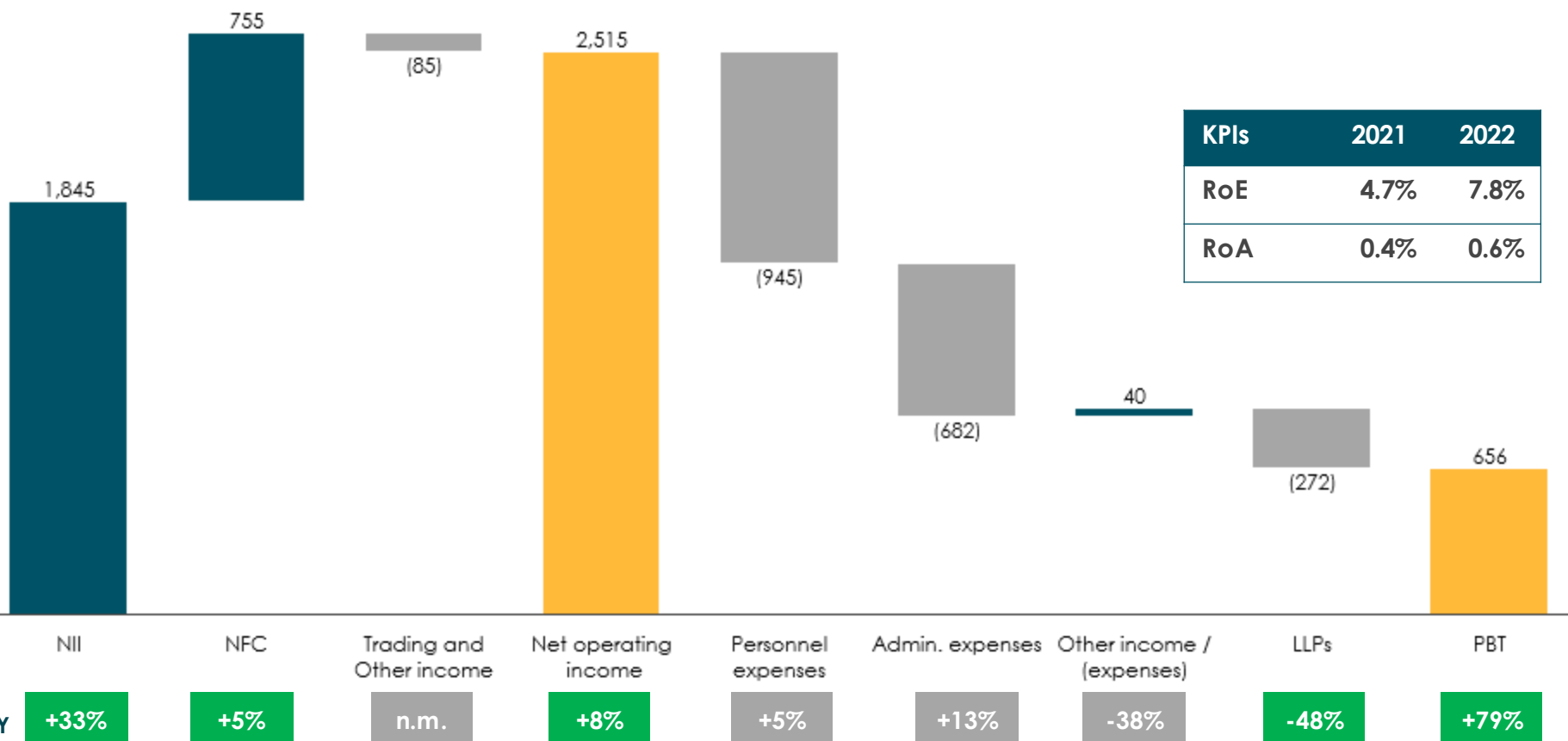
# P&L SNAPSHOT FY '19 – '22

€m	2019	2020	2021	2022	% YoY '22 vs '21	CAGR '19-'22
<b>Net interest income</b>	<b>1,179</b>	<b>1,245</b>	<b>1,385</b>	<b>1,845</b>	<b>33.2%</b>	<b>16.1%</b>
Net fees and commission income	644	657	717	755	5.3%	5.4%
Dividends	3	2	3	4	33.3%	10.1%
Net trading revenues	177	359	230	(89)	n.m.	n.m.
<b>Net interest and other banking income</b>	<b>2,003</b>	<b>2,263</b>	<b>2,335</b>	<b>2,515</b>	<b>7.7%</b>	<b>7.9%</b>
Loan loss provisions	(313)	(616)	(526)	(273)	(48.1%)	(4.5%)
<b>Income from financial activities</b>	<b>1,690</b>	<b>1,647</b>	<b>1,809</b>	<b>2,242</b>	<b>53.5%</b>	<b>9.9%</b>
Operating expenses (incl. D&A)	(1,575)	(1,556)	(1,628)	(1,760)	8.1%	3.8%
Net provisions for risks and charges	(20)	(56)	(34)	(12)	(64.7%)	(15.7%)
Other income (charges)	194	236	225	187	(38.7%)	(1.2%)
Profit (loss) from disposals of investments (incl. equity investments)	(4)	(1)	(5)	(1)	(80.0%)	(37.0%)
<b>Profit before tax</b>	<b>285</b>	<b>270</b>	<b>367</b>	<b>656</b>	<b>78.7%</b>	<b>32.0%</b>
Income tax	(60)	(25)	(36)	(94)	161.1%	16.1%
Profit (loss) for the year attributable to minority interests	4	-	(2)	2	n.m.	(20.6%)
<b>Net result to the Parent company</b>	<b>221</b>	<b>245</b>	<b>333</b>	<b>560</b>	<b>68.2%</b>	<b>36.3%</b>

# FY 2022 RESULTS – MAIN DRIVERS

Whilst remaining prudent, the Group registered its **best results** since inception

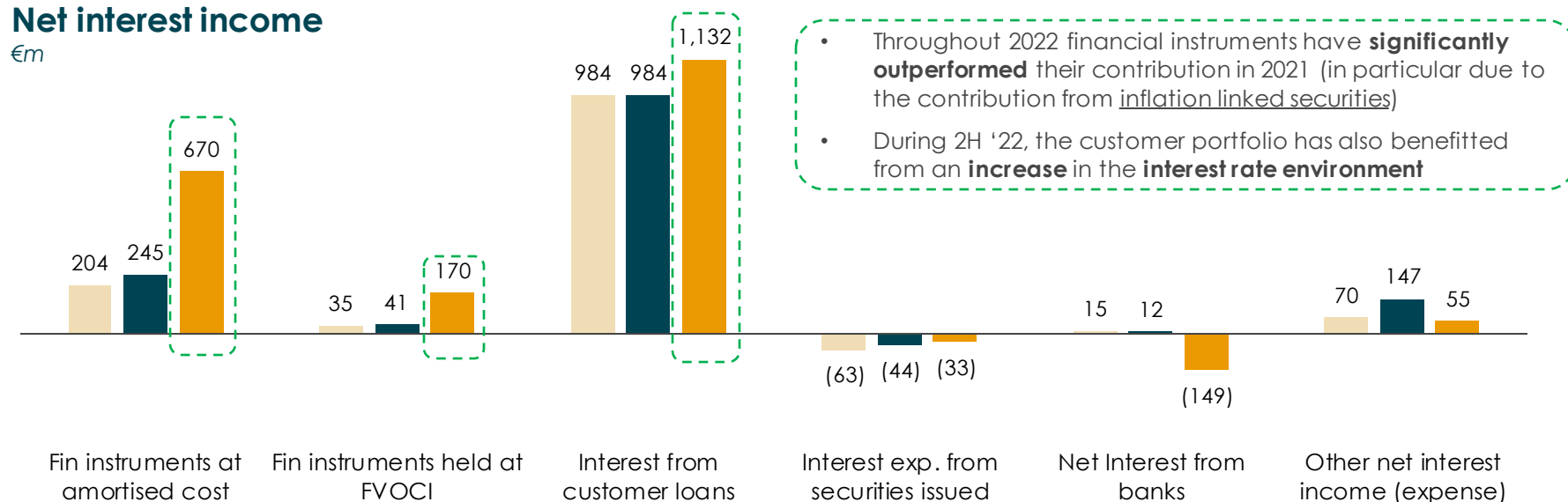
€m



# NET INTEREST AND FEES REVENUE BREAKDOWN

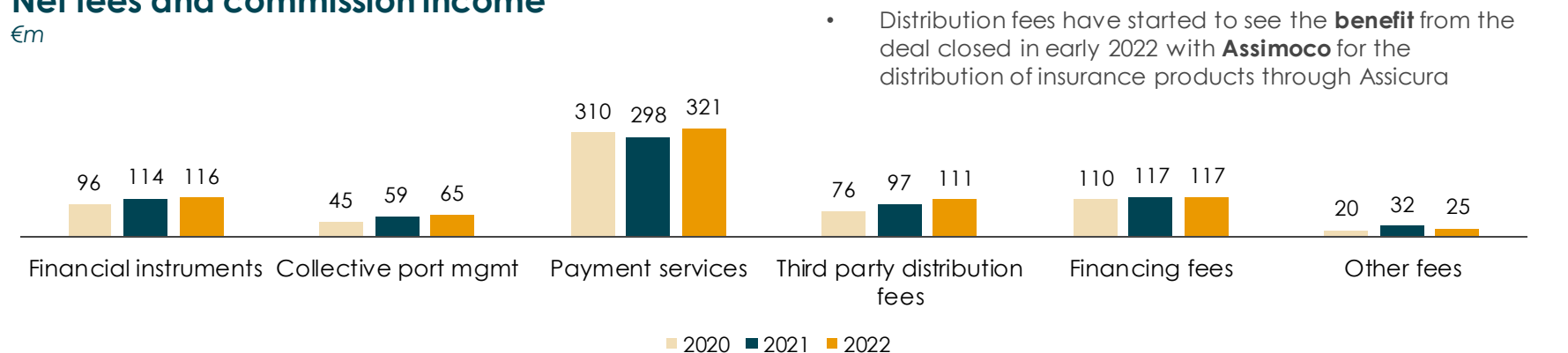
## Net interest income

€m



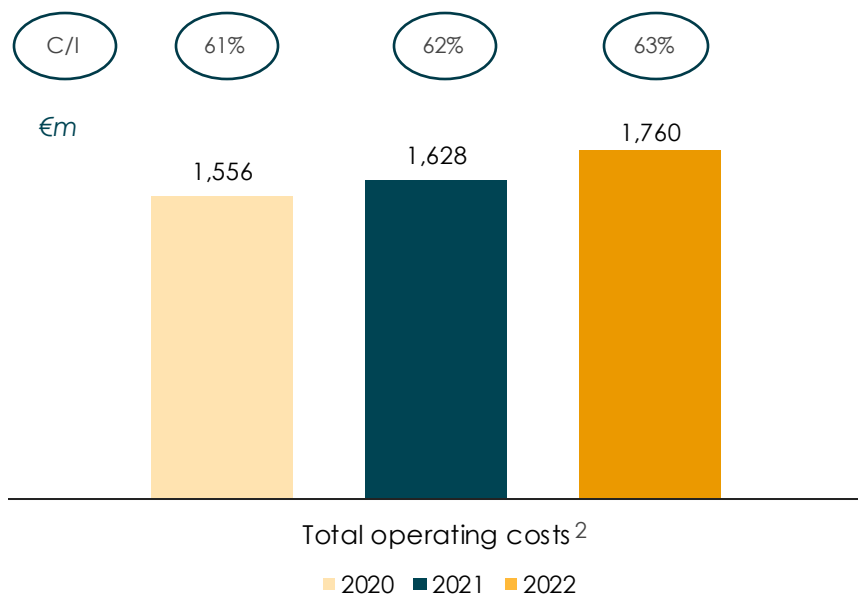
## Net fees and commission income

€m



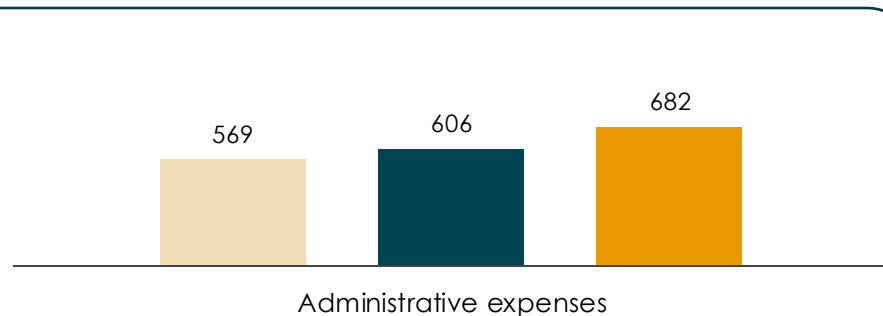
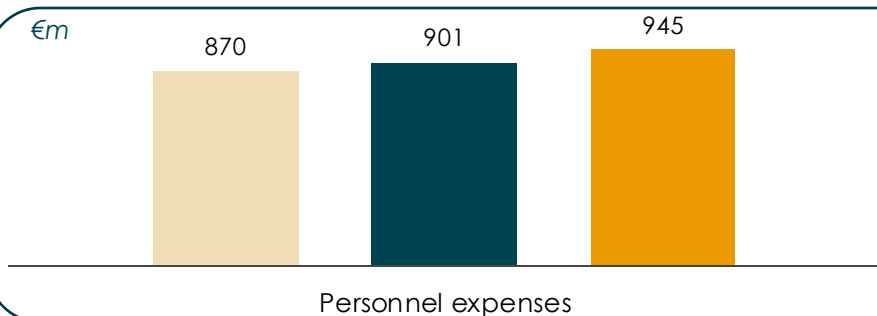
# STABLE COST BASE EVOLUTION

Growth in cost base remains **under control** despite the **strong inflationary pressure**



- Cost / income ratio remains **significantly below** the average of **European retail lenders** (77.2% as of December 2022)<sup>1</sup>
- Increase in personnel expenses is caused by **higher salaries**, following contracts renegotiation, and a **higher number of FTEs**
- Growth in administrative expenses is driven by **higher general cost levels** (incl. IT and office running costs) and **greater contributions** to resolution and regulatory fees

## Breakdown of key contributors to operating expenses



# BALANCE SHEET COMPOSITION & ASSET QUALITY

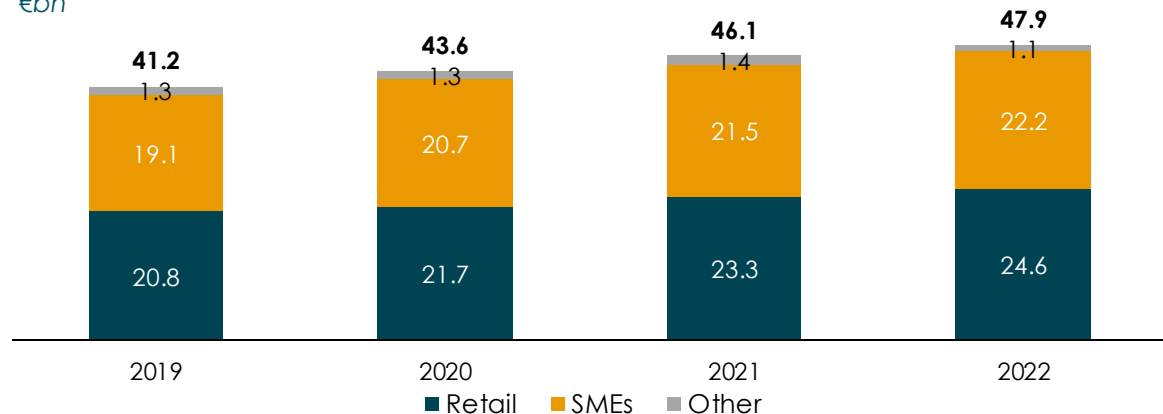


# CREDIT AND PORTFOLIO TRENDS

Credit exposure has **grown constantly** since 2019

## Net loans to customers by type of exposure

€bn

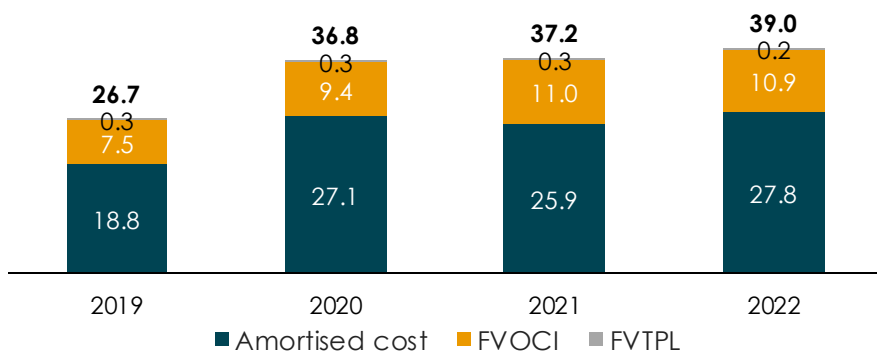


- Customer loans have **grown steadily** since the start of the Group in 2019 (c. 5.1% per year)
- Portfolio is **highly fragmented** with exposure in almost every region across Italy<sup>1</sup>

Financial portfolio **has peaked** and is expected to **reduce in the coming years** as per the Strategic Plan

## Financial instruments<sup>2</sup>

€bn



### Portfolio composition (% at mkt value , FY 22)

Italian sovereign bonds	84.5%
Other sovereign and supranational bonds	13.7%
Other (corporate bonds, funds, equity)	1.8%

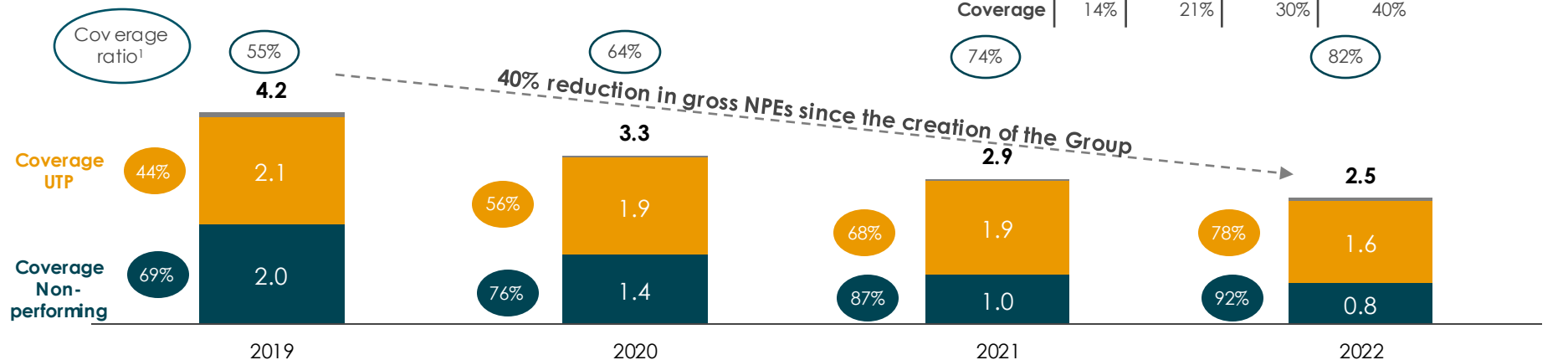
- Financial portfolio has peaked and is set to reduce with the **upcoming TLTRO repayments**
- Exposure to Italian government bonds will be **reduced** as part of the Strategic Plan
- Portfolio maintains a very **short duration** and **limited risk appetite**

# FOCUS ON ASSET QUALITY

Non-performing exposures have maintained a **trend of reduction** with **outstanding coverage levels**

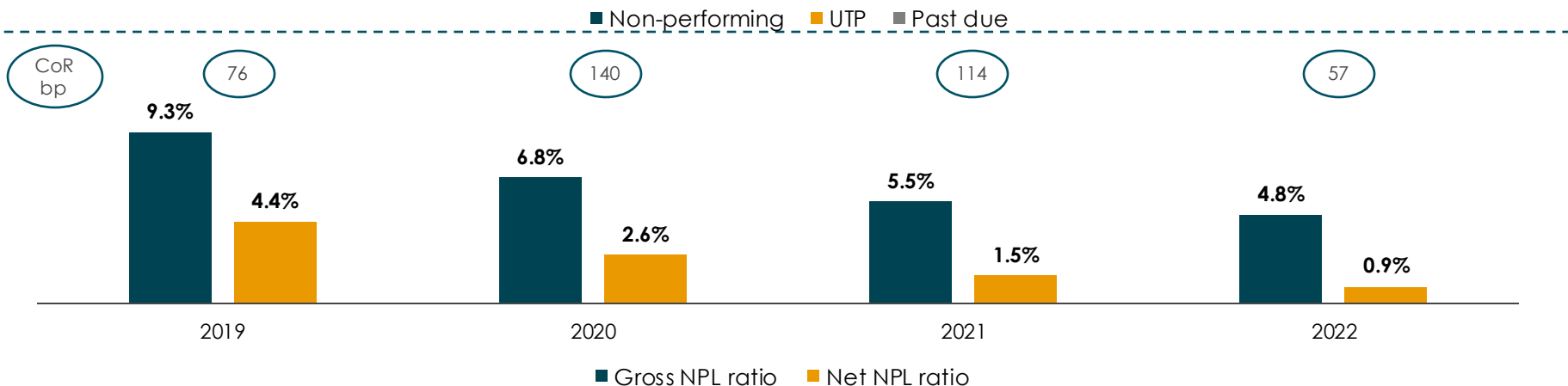
## Breakdown gross non-performing exposure and NPL ratios

€bn



## Past due gross exposure (€m) and coverage

	2019	2020	2021	2022
€m	87	47	50	64
Coverage	14%	21%	30%	40%



# FUNDING & CAPITAL

# STABLE AND DIVERSIFIED FUNDING

The funding of the Cassa Centrale Group is represented by a **solid** and **diversified customer base**.  
The Group maintains **excellent liquidity coverage levels**

## Funding overview

€bn

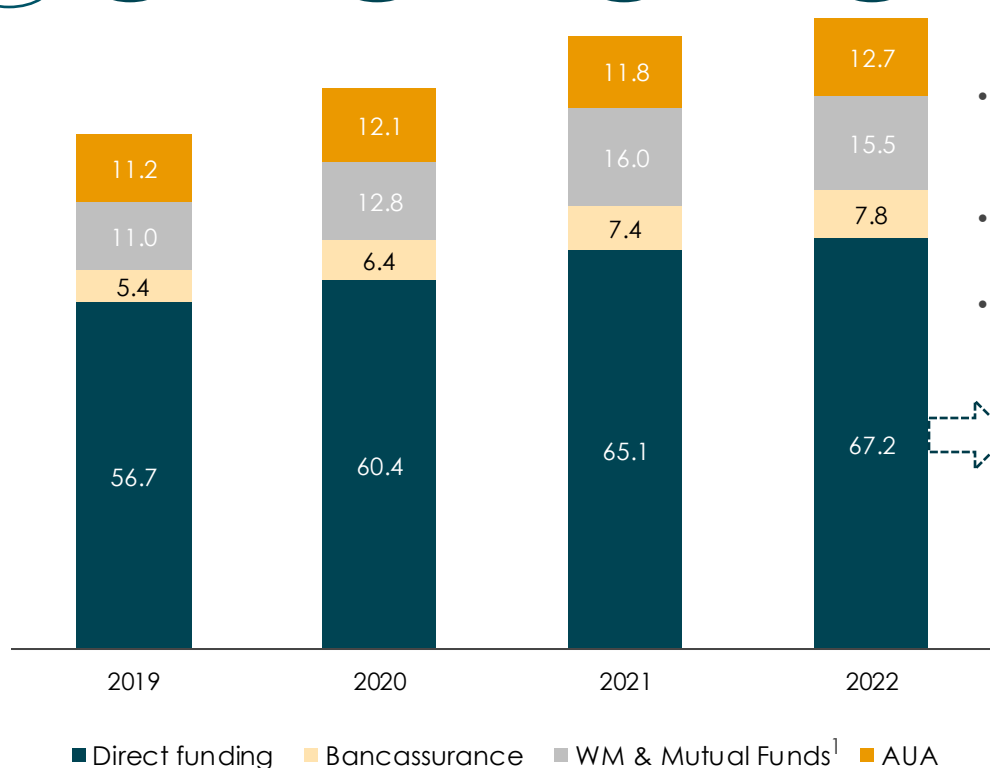
LCR

300%

270%

268%

248%



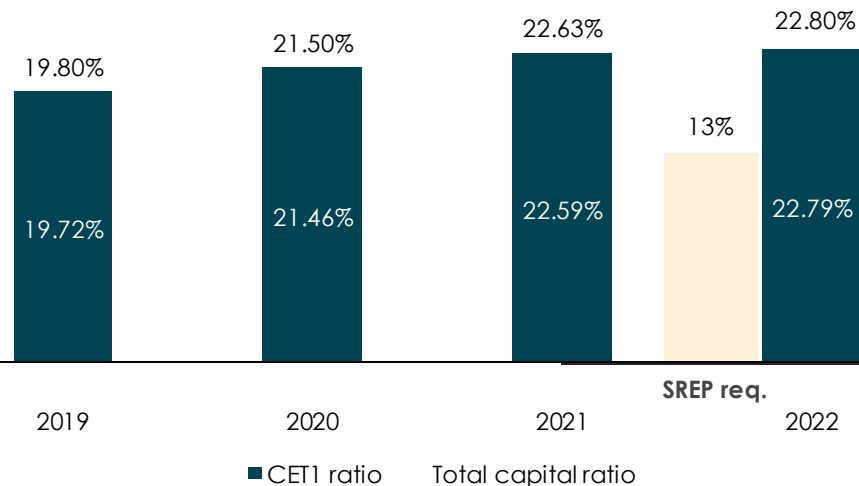
- The Group confirms its **attractiveness** for **depositors** in particular through times of **uncertainty (+3.5% YoY)**
- A **€200m senior preferred (SP) bond issuance** in the form of a private placement to Cassa Depositi e Prestiti was concluded in the 2H of 2022
- An additional **€500m** inaugural SP MREL eligible bond issuance was concluded in February 2023 with an **oversubscription in excess of 3x**
- The WM & mutual funds segment has been negatively affected by **general weakness** in the **financial markets**
- Increase in securities lending reflects the impact from the **change in TLTRO economic conditions**

Direct funding breakdown		
€m	2021	2022
Current accounts and sight deposits	58,289	60,310
Term deposits	2,070	1,575
Securities lending	271	1,480
Bonds	1,165	764
Other financing liabilities	3,328	3,068
<b>Total direct funding</b>	<b>65,123</b>	<b>67,197</b>

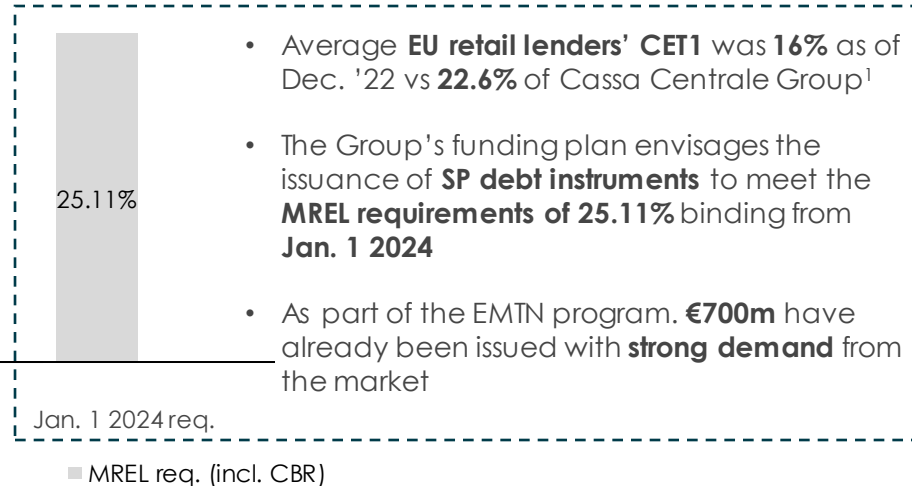
# BEST IN CLASS CAPITAL POSITION

The **elevated capitalisation levels** combined with **strong capital generation** put the Group at the top of the European banking market and are **largely above the regulatory capital requirements**

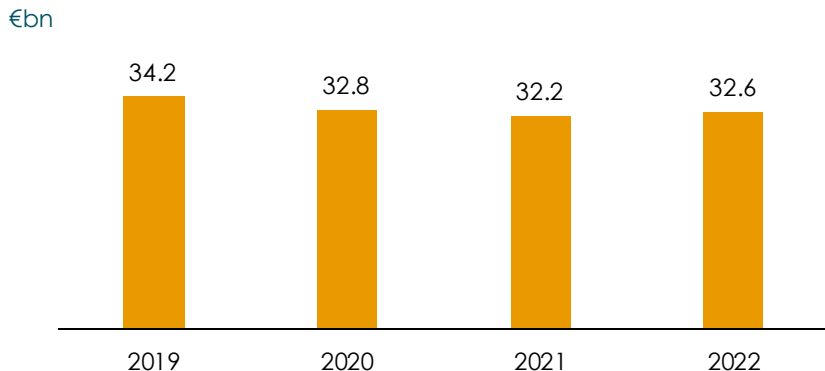
## CET1 and TCR



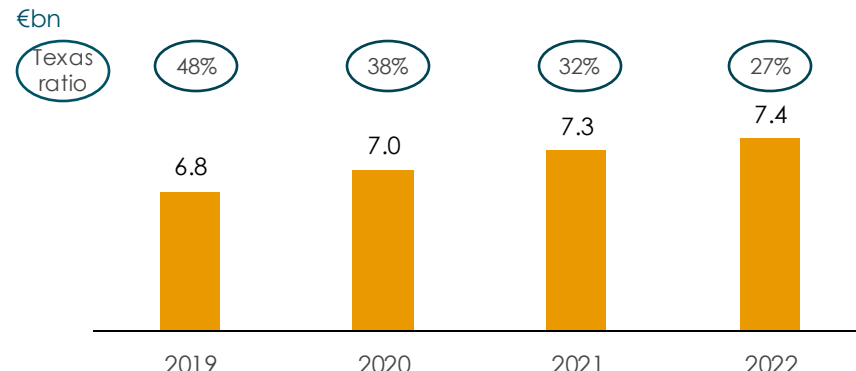
## MREL requirement



## RWAs evolution



## Own funds



# RATING

Below is an overview of the ratings currently assigned to Cassa Centrale

Fitch	Long Term	LT Outlook	Short Term
Issuer Rating	Investment grade <del>BBB</del>	Stable	F3
Bank Deposits	BBB	-	F3

DBRS	Long Term	LT Outlook	Short Term
Issuer Rating	Investment grade <del>BBB (low)</del>	Stable	R-2 (middle)
Senior Debt	Investment grade <del>BBB (low)</del>	Stable	R-2 (middle)
Bank Deposits	BBB	Stable	R-2 (high)

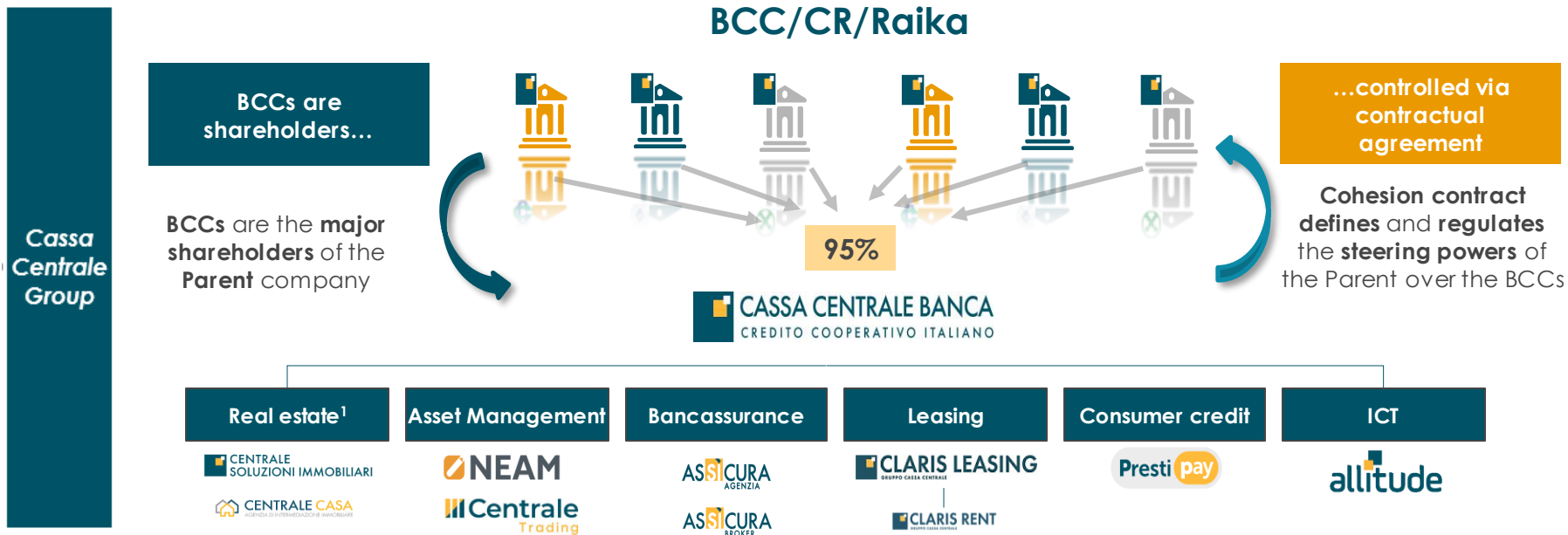
# APPENDIX

# STRUCTURE OF THE GROUP



# ORGANIZATIONAL FRAMEWORK

Affiliated Banks are both **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

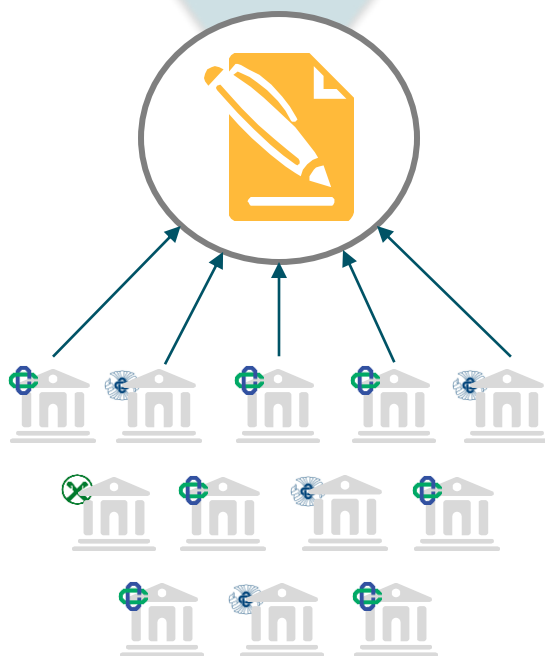
Analyzes the performance of the Affiliated Banks and identifies **four macro classes** on which **the management autonomy** of the **Affiliated Banks depends**

### Internal control system

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

1

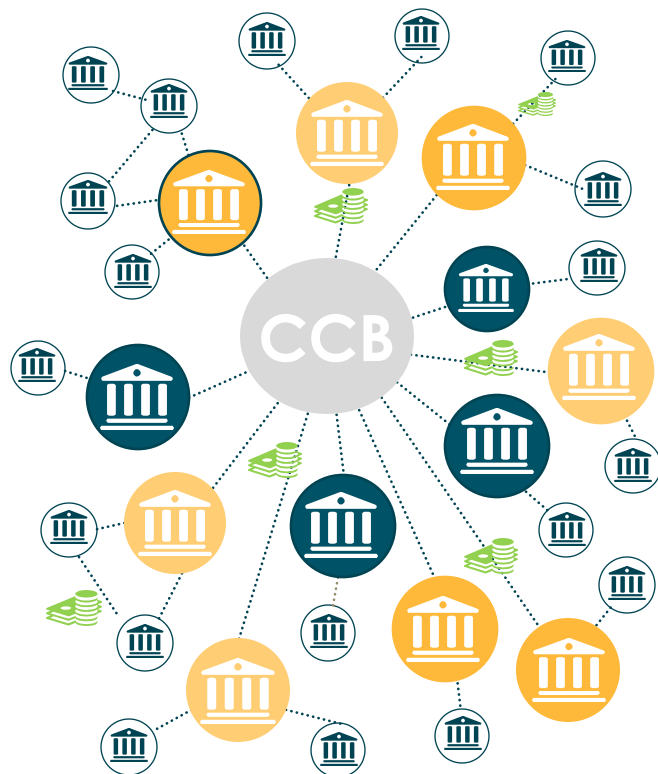
# COHESION CONTRACT DEFINES RIGHTS AND OBLIGATIONS OF THE PARENT AND BCCs



- The Cohesion Contract constitutes the **founding document of the Group**
- Along with Governance rules, it defines:
  - **functioning and operating policies** of the Group
  - **steering and control powers** attributed to **Cassa Centrale Banca**
- **Adhering banks** maintain **autonomy according to their level of risk**, which is measured by objectively identified parameters (**Risk Based Model**)

2

# GUARANTEE AGREEMENT CONTRIBUTES TO THE STABILITY OF THE GROUP



- According to the Guarantee Agreement the **members of the Group** commit themselves to:
  - **be jointly liable** to all obligations towards third parties and also to **cross-guarantee each other**
  - **constitute readily available funds**
- This mechanism oversees the compensation system between **BCCs that receive financial support** and **those that provide funds**
- Each member **contributes proportionally to its RWAs** and **within the limits of its free capital**

3

# RISK BASED MODEL IDENTIFIES 4 RISK CLASSES ON WHICH THE AUTONOMY OF A BCC DEPENDS

## ■ The Group's **Risk-Based Model**:

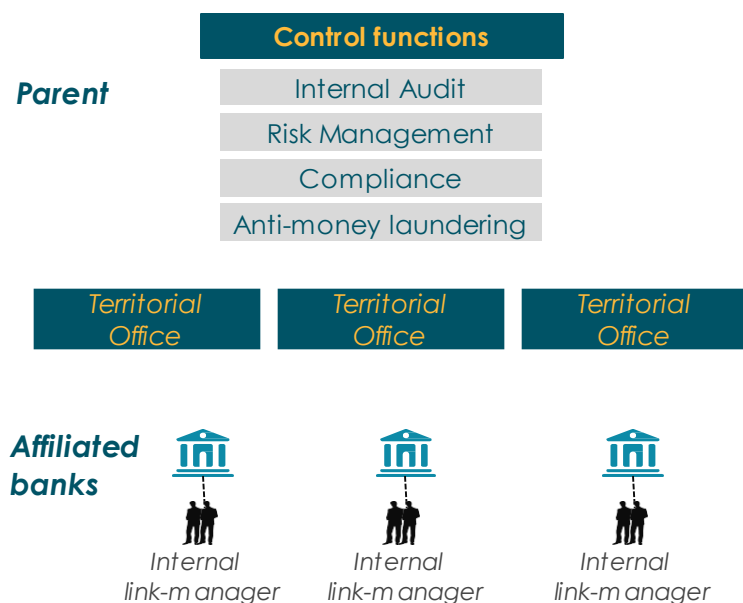
- provides a valuation of the BCCs' performance based on a **building block approach** assessing the following key areas: **business, asset quality, capital and liquidity and funding** includes the assessment of each **Internal Control Function** on all relevant **Governance** aspects of each bank providing a combined ICF score with a scale from 1 (best mark) to 4
- combines the assessment of the ICFs with the observation, carried out by the RBM committee, of the respect of the internal Directives by the banks resulting in a **final Governance Score**
- is overseen by a **dedicated RBM Committee** which proposes a **final RBM ranking for each bank**

The scope and impact of the RBM on each of the following blocks is specified within the Cohesion Contract



4

# THE PARENT PROVIDES THE GROUP WITH AN INTEGRATED INTERNAL CONTROL SYSTEM



- **Internal Control functions of affiliated banks are all outsourced to the Parent Company** through an outsourcing contract that formalizes the respective rights, obligations and expected service levels
- **Internal link-managers** of the affiliated banks report:
  - **functionally** to the Parent's structures
  - **hierarchically** to the bodies of their affiliated bank
- **Affiliated banks only perform operating activities**
- This system permits **effective control over the group of affiliated banks**

# BUSINESS AREAS

# PRODUCTS AND SERVICES

Thanks to a widespread local network and the use of the latest technologies, also leveraging its **single proprietary core banking platform**, the Group is able to provide all relevant **products** and **services** to its **retail** and **SME customers**



ACCOUNTS AND  
CARDS



PAYMENTS



BANK ASSURANCE



FINANCING



INVESTMENTS



PENSION



INTERNET AND  
MOBILE



CONSULTING

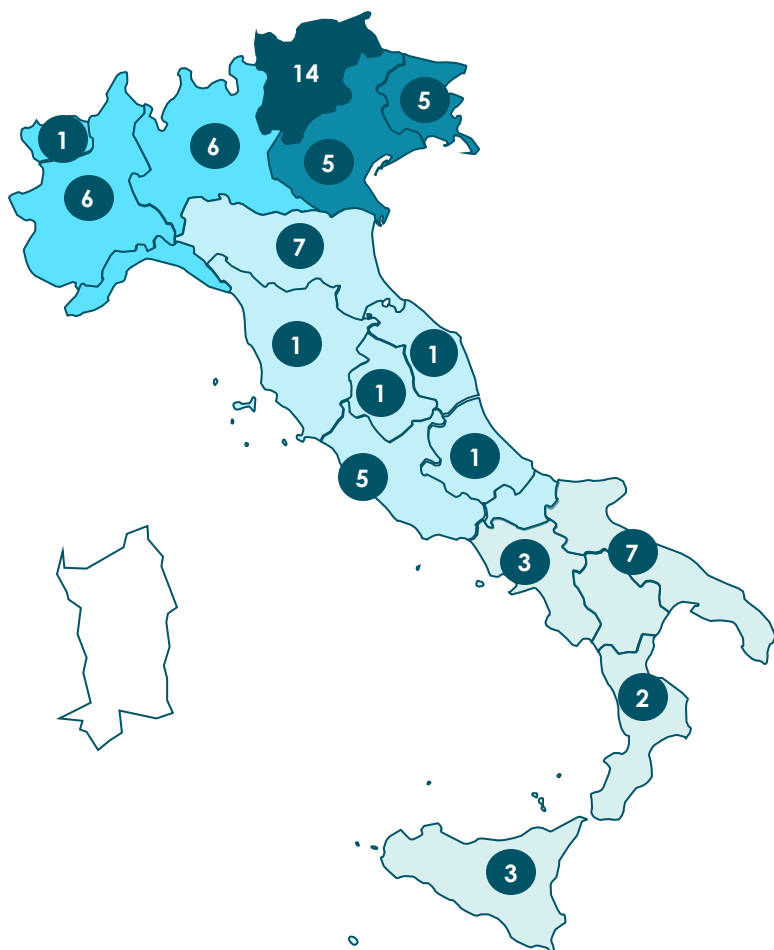


INTERNATIONAL

# EXTENSIVE GEOGRAPHICAL COVERAGE

## Territorial presence of the Group's 68 banks

(# of banks as of January 2023)



## KPIs<sup>1</sup>








(as of December 2022)

	Performing loans	# Branches
<b>Trentino Alto Adige</b>	€10.2bn	298
<b>Northeast</b>	€10.4bn	321
<b>Northwest</b>	€10.3bn	357
<b>Central</b>	€10.6bn	317
<b>South &amp; Islands</b>	€4.6bn	181
<b>Total</b>	<b>€46.0bn</b>	<b>1,474</b>



# CORE SUBSIDIARIES

The Group includes service companies **supporting BCCs** and **external customers**

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 Unit

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

Sede legale e Direzione Generale

Via Segantini, 5 - 38122 Trento

Tel. 0461.313111

[gruppocassacentrale.it](http://gruppocassacentrale.it)