

COMMUNICATION TO THE PUBLIC OF INSIDE INFORMATION PURSUANT TO ART. 17 OF REGULATION (EU) NO. 596/2014 AND REGULATED INFORMATION PURSUANT TO DIRECTIVE 2004/109/EC AS AMENDED

Cassa Centrale Group: 2023 full year results

Capitalization and solidity remain at the highest level in the Italian banking sector.

The Group's consolidated net profit grew to € 871 million (+55%).

Significant investments in technology and evolution of the service model to be even closer to our cooperative members and customers.

- **Capital position at the top of the banking system with a CET1 ratio of 24.6%**
- **Consolidated net profit of € 871 million (€ 562 million in 2022)**
- **Total funding up 8.9% to over € 110 billion**
- **New lending of over € 8 billion, for a gross credit exposure to customers above € 50 billion**
- **Constant focus on asset quality: net NPL ratio of 0.7% and coverage ratio of 85%**
- **Large liquidity buffers: LCR of 275% and NSFR of 168%**
- **Cost/income ratio improving strongly at 52% (-7 percentage points below FY 2022)**

Trento, 22 February 2024 – The Board of Directors of Cassa Centrale Banca – Credito Cooperativo Italiano S.p.A. examined the Group's consolidated yearly financial statements for the fiscal year ending on 31 December 2023.

"The excellent results achieved by the Cassa Centrale Group, 5 years after its establishment – says Chairman **Giorgio Fracalossi** with satisfaction - testify to the relevance of a service model based on the relationship with the cooperative members, customers and local communities of the 66 BCCs - Rural Banks - Raiffeisenkassen that are part of the Group: the 1,480 branches of the member banks are the critical success factor of our development path, always consistent with the cooperative values that distinguish us".

"I cannot hide my satisfaction," comments **Sandro Bolognesi**, Chief Executive Officer of Cassa Centrale Banca, "in confirming a significant growth trend with further improved economic results compared to last year, even in a context of great economic instability. The Group's net profit amounted to € 871 million, and with a CET1 ratio of 24.6% we confirm a capital position at the top of the banking system. In line with the strategic evolution that we are pursuing with the Group, the goal of combining the territorial presence (in the last two years we have opened 50 new branches, demonstrating the concrete proximity to our communities) with the

development of digital channels with a focus on new technologies, in order to meet the needs of members and customers in an omnichannel service logic, is also proceeding at a rapid pace. In short, we want to concretely combine the values that make our BCCs unique with the challenges of tomorrow's bank".

Consolidated income statement: key figures

Net interest income for 2023 amounted to € 2.4 billion, up 30% compared to December 2022. In a context characterized by substantial interest rate hikes by global central banks, the net interest contribution from lending activities stood at € 1.9 billion, while the contribution of the financial portfolio was only marginally higher than in 2022, standing at € 845 million.

Net fee and commission income in 2023 confirmed the positive trend that has been underway since the Group's creation and grew by more than 5% compared to 2022 to € 795 million, confirming the Group's growing ability to diversify its primary revenues, offering members and customers an increasing number of products and services, capable of meeting the spectrum of financial, insurance and payment system needs. The most significant contribution came mainly from the growth in wealth management and bancassurance fees.

In 2023, **net interest and other banking income** reached € 2.8 billion, up 13% compared to the results achieved in 2022, and improving upon the challenging profitability targets that the Group set with the 2023-2026 Strategic Plan.

Operating costs amounted to € 1.7 billion, up 9.5% compared to 2022 as a result of substantial investments in IT and the inflationary trend that characterized the first part of 2023.

The **Group's cost income ratio**¹, (excluding extraordinary and non-recurring items), was 52%, a strong improvement compared to 2022 when it was 59%.

Net provisions on loans amounted to € 80 million corresponding to a low cost of risk on the back of the prudent provisioning policy adopted by the Group over the last three years and of a credit management that is sensitive to the needs of the local

members and customers based in the territories of the BCCs - Rural Banks - Raiffeisenkassen that form the Cassa Centrale Cooperative Group.

Profit before tax in 2023 stood at € 1.027 billion, compared to a result of € 657 million in 2022.

Consolidated net profit amounted to € 871 million (€ 562 million in 2022).

Consolidated balance sheet: key figures

In a year characterised by a cooling of credit demand, **gross performing loans** increased by € 130 million, closing at € 48.2 billion. New credit origination to members and customers amounted to over € 8 billion, distributed evenly in the areas of operation of the BCCs - Rural Banks - Raiffeisenkassen belonging to the Group. These results confirm the importance of cooperative credit in supporting the financial needs of households and SMEs in the areas where the Group is located.

Gross non-performing loans further decreased by € 345 million to € 2.1 billion composed of € 600 million in **bad loans**, € 1.5 billion in **unlikely-to-pay** and € 60 million in **past due**.

The combined effect of the growth in performing loans and the constant reduction in non-performing loans make it possible to progressively improve the **gross NPL ratio**, which falls to 4.2% (4.8% in 2022) and, together with the prudent coverage policy, result in a **net NPL ratio** of 0.7% (0.9% in 2022), placing the Group at the top of the national banking system. The **NPL coverage ratio**, already at the highest levels in the Italian and European banking sector, improved further to 85%, compared to 82% in December 2022.

Direct funding² increased by 1.5% compared to 2022, reaching € 67 billion. **Indirect funding** benefited from the positive market performance during 2023, which supported asset management products, and from the sharp increase in government bond yields, which led to an increased interest from customers for administered saving products. Overall, indirect funding at the end of December 2023 reached € 44 billion, an increase of 23% compared to December 2022.

Total funding in December 2023 therefore grew to € 111 billion (+8.9% on December 2022), a result that confirms the trust that customers place in the BCCs - Rural Banks - Raiffeisenkassen that are part of the Group.

Financial assets amounted to € 35.6 billion, of which € 34.5 billion composed of securities issued by governments and other supranational entities, mainly represented by Italian government bonds.

Capital ratios and liquidity indicators

The capital ratios as of 31 December 2023 were the following:

- **Common Equity Tier 1 ratio (CET1)** phase-in of **24.6%** (22.79% at 31 December 2022);
- **Total Capital ratio (TCR)** phase-in equal to **24.6%** (22.80% as of 31 December 2022).

The Group's **consolidated equity**, including the result for the period, amounted to € 8.2 billion (up from € 7.2 billion at the end of 2022).

The **LCR** ("Liquidity Coverage Ratio") reached 275% (from 248% in December '22) and the **NSFR** ("Net Stable Funding Ratio") 168% as of December 2023 (151% as of FY '22). Both indicators have improved compared to December 2022 and remain well above regulatory requirements confirming the strong liquid position of the Group since its onset.

The consolidated financial statements as at 31 December 2023 used for the preparation of this document have been approved by the Board of Directors. It should be noted that the independent auditors Deloitte & Touche S.p.A. issued the certification in accordance with the provisions contained in Article 26(2) of Regulation (EU) No. 575/2013 (ECB 2015/4) for the purposes of calculating the profit for the year 2023 in Common Equity Tier 1 capital as at 31 December 2023. The Independent Auditors are completing the statutory audit of the financial statements. The draft of the 2023 Financial Statements and the Consolidated Financial Statements will be submitted to the Board of Directors for approval, scheduled for 28 March, and will be subject to subsequent publication.

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Reclassified income statement¹ as of 31 December 2023

| (€ million) | 31/12/2023 | 31/12/2022 | Change | Change % |
|---|--------------|--------------|------------|--------------|
| Net interest income | 2,396 | 1,845 | 551 | 29.9% |
| Net fees & commissions | 795 | 755 | 40 | 5.3% |
| Dividends | 4 | 4 | - | 0.0% |
| Net trading revenues | (361) | (89) | (272) | n.m. |
| Net interest and other banking income | 2,834 | 2,515 | 319 | 12.7% |
| Loan loss (provisions) / recoveries | (81) | (273) | 192 | n.m. |
| Income from financial activities | 2,753 | 2,242 | 511 | 22.8% |
| Operating expenses | (1,905) | (1,760) | (145) | 8.2% |
| Net allocations to provisions for risks and expenses | (13) | (12) | (1) | 8.3% |
| Other income (expenses) | 195 | 199 | (4) | (2.0%) |
| Impairment losses on goodwill and other intangible assets | | (1) | 1 | n.m. |
| Profit (loss) from disposal of investments and equity investments | (3) | (12) | 9 | n.m. |
| Profit before tax | 1,027 | 656 | 371 | 56.6% |
| Income tax | (156) | (94) | (62) | 66.0% |
| Profit (loss) for the year for minority interests | | (2) | 2 | n.m. |
| Net income of the Parent Company | 871 | 560 | 311 | 55.5% |

¹ In order to provide a better management representation of the results, the reclassified financial data differ from the financial statements provided for pursuant to Bank of Italy Circular 262 of 2005, 7th update.

Reclassified balance sheet² as of 31 December 2023

| (€ million) | 31/12/2023 | 31/12/2022 | Change | Change % |
|--------------------------------|---------------|---------------|----------------|---------------|
| ASSETS | | | | |
| Cash and cash equivalents | 579 | 558 | 21 | 3.8% |
| Exposures to banks | 910 | 913 | (3) | (0.3%) |
| Exposures to customers | 47,898 | 47,884 | 14 | 0.0% |
| <i>of which at fair value</i> | 126 | 233 | (107) | (45.9%) |
| Financial assets | 35,575 | 39,130 | (3,555) | (9.1%) |
| Equity investments | 54 | 58 | (4) | (6.9%) |
| Tangible and intangible assets | 1,306 | 1,314 | (8) | (0.6%) |
| Tax assets | 585 | 783 | (198) | (25.3%) |
| Other assets | 2,672 | 2,196 | 475 | 21.6% |
| Total assets | 89,579 | 92,836 | (3,258) | (3.5%) |

| (€ million) | 31/12/2023 | 31/12/2022 | Change | Change % |
|---|---------------|---------------|----------------|---------------|
| LIABILITIES | | | | |
| Due to banks | 10,216 | 16,391 | (6,175) | (37.7%) |
| Direct funding | 69,002 | 67,197 | 1,805 | 2.7% |
| <i>o/w due to customers</i> | 63,299 | 64,114 | (815) | (1.3%) |
| <i>o/w issued securities</i> | 5,703 | 3,083 | 2,620 | 85.0% |
| Other financial liabilities | 9 | 9 | - | 0.0% |
| Provisions (risks, charges and personnel) | 522 | 467 | 55 | 11.8% |
| Tax liabilities | 49 | 36 | 13 | 36.1% |
| Other liabilities | 1,561 | 1,529 | 32 | 2.1% |
| Total liabilities | 81,359 | 85,629 | (4,270) | (5.0%) |
| Minority interests | | | - | |
| Group's equity | 8,220 | 7,207 | 1,013 | 14.1% |
| Consolidated equity | 8,220 | 7,207 | 1,013 | 14.1% |
| Total liabilities and equity | 89,579 | 92,836 | (3,257) | (3.5%) |

² In order to provide a better management representation of the results, the reclassified financial data differ from the financial statements provided for pursuant to Bank of Italy Circular 262 of 2005, 7th update.

Performance indicators

| Financial indicators | 31/12/2023 | 31/12/2022 |
|---|------------|------------|
| Structural ratios | | |
| Loans to customers ³ / Total assets | 53.5% | 51.6% |
| Direct funding / Total assets | 74.4% | 72.4% |
| Net equity / Total assets | 9.2% | 7.8% |
| Net loans / Direct funding from customers | 71.8% | 71.4% |
| Texas ratio ⁴ | 21% | 27.0% |
| Profitability ratios | | |
| Net profit / Equity (ROE) | 10.6% | 7.8% |
| Net profit / Total assets (ROA) | 1.0% | 0.6% |
| Cost income ratio | 52% | 59% |
| Cost of risk ⁵ | 17 bp | 59 bp |
| Net interest and other banking interest / Total assets | 3.2% | 2.7% |
| Net commissions / Net interest and other banking interest | 28% | 30% |
| Operating effectiveness indices | | |
| Operating costs / Traded volumes ⁶ | 1.1% | 1.1% |
| Traded volumes per employee (mln) ⁷ | 13.2 | 12.8 |
| Prudential supervisory indicators | 31/12/2023 | 31/12/2022 |
| Phased-in own funds (€ millions) | | |
| Common Equity Tier 1 (CET1) | 8,114 | 7,429 |
| Total own funds | 8,115 | 7,432 |
| Risk-weighted assets (RWA) | 33,001 | 32,598 |
| Phased-in capital ratios and liquidity ratios | | |
| CET1 ratio | 24.59% | 22.79% |
| Tier 1 ratio | 24.59% | 22.79% |
| Total capital ratio | 24.59% | 22.80% |
| Liquidity coverage ratio (LCR) | 275% | 248% |
| Net stable funding ratio (NSFR) | 168% | 151% |

¹ The cost/income ratio is calculated on the basis of the income statement reclassified as the ratio of operating costs to net banking income excluding extraordinary and non-recurring items.

² It includes payables to customers and securities outstanding.

³ Loans to customers include loans and advances to customers at amortized cost and fair value; They therefore differ from the customer exposures represented in the financial statements.

⁴ The calculation of the Texas ratio (which in the numerator includes gross non-performing loans) – follows the EBA data model (EBA methodological guidance on risk indicators, last update October 2021).

⁵ Cost of Risk is determined as the ratio of net provisions for credit risk and net customer loans.

⁶ Intermediate assets are calculated taking into account non-performing gross customer loans and total deposits excluding the repurchase agreement with the Cassa di Compensazione e Garanzia and the eligible MREL issues.

⁷ The number of employees of the Group considers the exact figure at the reference date.

The Cassa Centrale – Credito Cooperativo Italiano Group has 66 BCCs - Rural Banks - Raiffeisenkassen and 1,480 branches throughout Italy, more than 12 thousand employees and over 470 thousand Cooperative Members. With a balance sheet surplus of € 89.6 billion, as of 31.12.2023, the Group ranks among the top 10 nationally.