

## **Preliminary results as of 31.12.2021. Record profit due to strong income growth, with risk reduction, improvement in cost-income and strengthening of capital strength indicators.**

The Board of Directors of Cassa di Risparmio di Bolzano, chaired by Gerhard Brandstätter, today approved the preliminary financial and income statements at bank and group level as of 31.12.2021 for the determination of own funds for supervisory purposes.

**Consolidated profit** reached EUR **72.6 mln** and profit **at bank level** was EUR **71.3 mln**. Both results are at historical highs for the bank, underlining its ability to deliver profitability and significant shareholder returns even in a complex environment as the current one.

The 2021 consolidated result also benefited from non-recurring items of approximately net EUR 22.2 mln, deriving from the securities portfolio and tax benefits.

Excluding these items, the consolidated result would amount to EUR 50.4 mln and the result at bank level to EUR 52.0 mln, still an increase of 66% and 79%, respectively, compared with 2020.

Looking at the income statement in detail, the group's good performance, and of the bank in particular, is the result of significant **income** growth.

**Net interest income** amounted to EUR **149.4 mln** and increased by **7.2%** compared with 2020 thanks to the increase in volumes and the optimisation of funding sources.

**Services income** amounted to EUR **94.0 mln** and grew by **13.1%** compared with the previous year, confirming the growing trend of diversification also in 2021.

**Financial income** amounted to EUR **28.0 mln** and thanks to a non-recurring item of approximately EUR 12.6 mln it recorded an increase of more than **300%**.

**Operating costs** amounted to EUR **152.9 mln**, up **3.1%** due to the implementation of initiatives set out in the business plan that aim at strengthening and innovating the bank.

In view of these trends in income and costs, with the latter increasing much less than the rise in income, efficiency has also significantly improved as illustrated by the "**cost-income ratio**", which fell from 64.8% to **56.4%**. Even excluding non-recurring items, the figure would still have improved, reaching **60.5%**.

**New issuance** of medium/long-term **loans** amounted to **EUR 1,175 mln** during the year, of which EUR 828 mln went to businesses and EUR 347 mln to households.

Looking at the balance sheet data, progress has been made in all areas:

- ✓ **Direct deposits** up by **9.6%**
- ✓ **Managed investment products** up by **18.6%**
- ✓ **Gross loans** to customers up by **2.7%**

The new flows into managed investment products amounted to **EUR 232 mln**, compared with the already excellent figure for 2020 of EUR 129 mln, highlighting how Sparkasse is increasingly becoming a bank specialised in asset management.

The capital ratios have strengthened, with the **CET1 ratio** rising from 13.83% to **14.86%** and the **Total Capital Ratio** from 15.07% to **16.09%**. This reinforcement strategy has been in course for 6 years and demonstrates the desire to reach levels of capital strength that will allow us to withstand potential adverse scenarios in the best possible way or to seize investment opportunities.

The improvement in the risk profile is particularly significant: the indicators relating to non-performing loans fell, with the **gross NPE ratio** down from 5.3% at **3.9%** and the **net** ratio down from 1.8% at **1.3%**. These values together with a substantial coverage level of 67.5% mean that within the Italian banking system the bank continues to figure among those institutions that have a stock of loans to customers with the lowest levels of impairment.

Sparkasse concludes the **three-year period 2019-2021** with **EUR 132.2 mln in profits** and after the distribution of dividends for a total of **EUR 27.2 mln**. In 2019 a three-year plan was launched with the aim of achieving cumulative profits of EUR 99 mln.

These results are the best basis for launching the takeover bids announced on 9th of December 2021 aimed at acquiring control of **CiviBank**. We remind one that the necessary authorisation requests have been submitted to the competent authorities (ECB/Bank of Italy and the Italian Competition Authority - AGCM). The AGCM gave the go-ahead on 19th of January 2022. Should the ECB/Bank of Italy grant authorisation and the documents are subsequently approved by Consob, the period of offer acceptance could begin with the hope of completing the transaction in the second quarter of 2022. Please note that in the event of acquiring control of the Friulian bank, the new group will be the biggest local banking group based in the Northeast. Its new size will make it possible to achieve significant economies of scale and generate business synergies that will strengthen both banks. For any further information in relation to the takeover bids, pending the publication of the offer document, please refer to the communication of Cassa di Risparmio di Bolzano of the 9<sup>th</sup> of December 2021 published on the bank's website ([www.sparkasse.it](http://www.sparkasse.it)), as well as on the Global Information Agent Morrow Sodali SpA website ([www.morrowsodali-transactions.com](http://www.morrowsodali-transactions.com)).

*"The Board of Directors is particularly satisfied and proud of these results which are the result of a forward-looking strategy that has given priority in recent years to the pursuit of medium to long-term goals," commented Chairman **Gerhard Brandstätter**. "The choices made have led to significant growth at the Cassa di Risparmio Group in 2021 both from a commercial point of view as well as from a point of view of capital reinforcement and credit risk reduction. In recent years, shareholders have benefited from increasing dividend pay-outs and at this year's shareholder meeting we can propose yet another certainly satisfactory pay-out. These results have also had a positive impact on the Sparkasse share price, which rose by 8.8% in 2021. All this forms the basis for enablement of the strategic operation decided in December 2021 by the Board of Directors to acquire CiviBank, the next step towards a prospect of even greater sustainability for our bank as well as CiviBank."*

*"A clear vision of how to interpret the role of a modern bank that is also attentive to the needs within its territory have made Sparkasse one of the few entities in the banking world in recent years that have grown their business while decreasing the risks and without failing to support businesses and households even in the difficult moments of the health crisis," added Vice President **Carlo Costa**. "We strongly believe in the CiviBank transaction and are fully committed to completing it."*

*"Strong business growth and improved indicators across the board reflect the state of health of a bank that is ready to face new challenges," concluded Chief Executive Officer and General Manager **Nicola Calabrò**. "We believe that the work our bank carries out must be highly attentive to the needs of our customers. Every year, customers confirm their satisfaction with our services by increasing the flows and requests that lead to a steady increase in our business activities. After having achieved important results in terms of profitability, invested significant resources in innovation in recent years while strengthening the bank in terms of capital, we are ready to continue on our path and address a transition in 2022 by inorganic growth to reach a size threshold that will further improve efficiency and investment capabilities."*

# Preliminary consolidated results

## FINANCIAL STATEMENT

(Figures in thousands of euro)

Assets	31.12.2021	31.12.2020	Absolute change	Percentage change
Cash and liquid funds	119.146	101.935	17.211	16,9%
Financial assets at fair value through profit or loss	293.206	264.003	29.203	11,1%
a) Financial assets held for trading	51.129	50.078	1.051	2,1%
b) Other financial assets mandatory at fair value	242.077	213.925	28.152	13,2%
Financial assets at fair value with an impact on overall profitability	375.426	125.532	249.894	199,1%
Zu fortgeführten Anschaffungskosten bewertete Finanzanlagen	9.875.020	9.119.970	755.050	8,3%
a) Loans to banks	539.307	530.237	9.070	1,7%
b) Loans to customers	9.335.713	8.589.734	745.979	8,7%
Hedging derivative transactions	5.588	0	5.588	
Value adjustment of financial assets subject to macro hedging (+/-)	(5.403)	4.055	(9.458)	-233,2%
Shareholdings	6.384	0	6.384	
Fixed assets	317.795	316.691	1.104	0,3%
Intangible assets	17.043	12.139	4.904	40,4%
- Goodwill	0	0	0	
Tax assets	95.599	136.864	(41.265)	-30,2%
a) current	802	11.947	(11.145)	-93,3%
b) deferred	94.798	124.917	(30.119)	-24,1%
Non-current assets and groups of assets held for sale	929	9.289	(8.360)	-90,0%
Other assets	190.195	165.580	24.615	14,9%
<b>Total assets</b>	<b>11.290.928</b>	<b>10.256.058</b>	<b>1.034.870</b>	<b>10,1%</b>

Liabilities and net assets	31.12.2021	31.12.2020	Absolute change	Percentage change
Financial liabilities at amortised cost	10.096.301	9.183.225	913.076	9,9%
a) Liabilities to banks	2.335.732	2.102.438	233.294	11,1%
b) Liabilities to customers	7.664.491	6.986.078	678.413	9,7%
c) Securities in circulation	96.078	94.710	1.368	1,4%
Financial liabilities from trading	508	221	287	129,9%
Financial liabilities fixed at fair value	14.275	14.802	(527)	-3,6%
Hedging derivative transactions	504	5.159	(4.655)	0,0%
Tax liabilities	5.610	19.476	(13.866)	-71,2%
a) current	4.316	415	3.901	940,0%
b) deferred	1.294	19.061	(17.767)	-93,2%
Liabilities related to assets held for sale	507	483	24	5,0%
Other liabilities	235.325	170.096	65.229	38,3%
Staff severance fund	673	771	(98)	-12,7%
Provisions for risks and commitments	67.687	79.594	(11.907)	-15,0%
a) Commitments and guarantees	8.623	10.573	(1.950)	-18,4%
b) Supplementary pension fund and similar commitments	46.170	51.858	(5.688)	-11,0%
c) Other provisions for risks and commitments	12.893	17.163	(4.270)	-24,9%
Valuation reserve	6.449	32.199	(25.750)	-80,0%
Capital instruments	45.228	45.228	0	0,0%
Reserves	131.978	58.718	73.260	124,8%
Share premium	151.257	151.270	(13)	0,0%
Capital	469.331	469.331	0	0,0%
Treasury shares (-)	(7.326)	(4.830)	(2.496)	51,7%
Third-party assets (+/-)	12	12	0	0,0%
Profit (loss) for the financial year (+/-)	72.609	30.303	42.306	139,6%
<b>Total liabilities and net assets</b>	<b>11.290.928</b>	<b>10.256.058</b>	<b>1.034.870</b>	<b>10,1%</b>

## RECLASSIFIED INCOME STATEMENT

(Figures in thousands of euro)

Items	31.12.2021	31.12.2020	Absolute change	Percentage change
Interest income	149.363	139.355	10.008	7,2%
Fee and commission income	94.001	83.094	10.907	13,1%
Financial income	27.953	6.546	21.407	327,0%
<b>Operating income</b>	<b>271.317</b>	<b>228.995</b>	<b>42.322</b>	<b>18,5%</b>
Administrative expenses	(154.630)	(148.413)	(6.217)	4,2%
a) Personnel expenses	(91.791)	(88.393)	(3.398)	3,8%
b) Other material expenses	(62.839)	(60.020)	(2.819)	4,7%
Net income from value adjustments/reversals on fixed assets	(12.256)	(11.346)	(910)	8,0%
Net income from value adjustments/reversals on intangible assets	(3.657)	(2.343)	(1.314)	56,1%
Other operating expenses/income	17.612	13.820	3.792	27,4%
<b>Operating expenses</b>	<b>(152.931)</b>	<b>(148.282)</b>	<b>(4.649)</b>	<b>3,1%</b>
Net income from value adjustments/reversals for credit risks	(10.730)	(15.938)	5.208	-32,7%
Contributions made to the banking system (deposit insurance and resolution funds)	(12.439)	(9.951)	(2.488)	25,0%
Net provisions for funds for risks and other expenses	(2.303)	(8.649)	6.346	-73,4%
<b>Total expenses</b>	<b>(178.403)</b>	<b>(182.820)</b>	<b>4.417</b>	<b>-2,4%</b>
Profit (loss) of shareholdings	384	0	384	
<b>Profit (loss) before tax from operations</b>	<b>93.298</b>	<b>46.175</b>	<b>47.123</b>	<b>102,1%</b>
Income tax for the financial year from operations	(20.289)	(15.583)	(4.706)	30,2%
<b>Profit (loss) after tax from operations</b>	<b>73.009</b>	<b>30.592</b>	<b>42.417</b>	<b>138,7%</b>
Loss (profit) from non-current assets held for sale less tax	(400)	(289)	(111)	38,4%
<b>Profit (loss) for the financial year</b>	<b>72.609</b>	<b>30.303</b>	<b>42.306</b>	<b>139,6%</b>
Profit (loss) for the financial year - attributable to third parties	0	0	0	
<b>Profit (loss) for the financial year - attributable to the parent company</b>	<b>72.609</b>	<b>30.303</b>	<b>42.306</b>	<b>139,6%</b>

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