



SPARKASSE
CASSA DI RISPARMIO

Press release 7th February 2019

The 2018 consolidated and individual financial statements have been approved: Consolidated net profit of €236 million and €25.4 million at bank level, which represents the best result of the last 10 years.

The Board of Directors of Cassa di Risparmio di Bolzano, chaired by Gerhard Brandstätter, today approved the consolidated financial statements of the Group. for the year ended 31st December 2018.

The principal consolidated results are as follows:

- ✓ Consolidated net profit amounted to 23.6 million euros, up 63.5% on the previous year's result of 14.4 million. At the individual level, the net profit amounts to 25.4 million euros (+80.5% compared to 14 million euros in 2017).

- ✓ The reduction in risks represented by (NPL ratio) credit indicator is particularly significant. It fell to a Group gross level of 8.73% for 2018 from 13.30% in 2017, which corresponds to a net value of 4.03%, placing Sparkasse among the most virtuous banks in the Italian banking system. The reduction of risk has been one of the bank's most important objectives and the 2018 data show how the bank is successfully pursuing the path it has undertaken since 2015.

- ✓ Sparkasse Group further improves coverage levels for impaired loans bringing them to the highest historical levels: 2018 closes with a value of 56.43% compared to 50.41% of the previous year, confirming the willingness to maintain a high level of caution. A high level of coverage is indicative of the willingness to equip the bank with provisions that will make it possible in the future not to have additional risks arising from non-payment of loans.

- ✓ Significant strengthening of capital indicators* which measure the solidity of the bank. The primary capital indicator (CET1 ratio) reaches the highest level on record of 12.30% compared to 11,44 % at the end of 2017. The other principal capital indicators have also

improved markedly, the Tier 1 Ratio has risen from 12.23% to 13.14% and the Total Capital Ratio rose from 13.13% to 13.78%.

- ✓ Investment and insurance products at the end of 2018 amounted to €2,256 million (up 2.5% compared to the previous year) placing Sparkasse among the few banks that have managed to increase volumes despite the negative dynamics of the financial markets. This result highlights the important role of the bank towards private clients who choose Sparkasse for the value of the advice offered in this area.
- ✓ The bank also registered a strong acceleration in the granting of medium-long term loans to businesses and households with a growth of close to 22%. In particular, mortgages granted to companies rise from a total in 2017 of €502 million to €670 million in 2018, an increase of 34%, representing an important support to the local economy.
- ✓ Revenues from services, which represent one of the most important items and which reflect the bank's ability to provide specialist advice successfully, in particular with regard to services relating to savings and insurance products, reaching the record level of 80.3 million euros, which in addition to being up by 1.8% compared to 2017, is the highest level on record reached by the bank. This confirms the bank's capacity to further express its vocation as " the consulting bank".

The consolidated balance sheet

- ✓ Direct funding amounted to 6.7 billion euro with an increase of 6.7% compared to the end of the previous year (6.3 billion euros).
- ✓ Investment products amounted to 1,374 million euros, up 2.1% on the previous year (1,346 million euro).
- ✓ Insurance products amounted to 882 million euro, an increase of 3.2% compared to the previous year end (854 million euros).
Loans to customers amounted to 6.3 billion euros, up 5.4% compared to the previous year end (6.0 billion euros).
- ✓ Non performing loans amounted to 503 million euro compared with 807 million euro at the end of 2017, a fall of 37.7%.
- ✓ The balance sheet total is 9.1 billion euros, an increase of 1.7% compared to the end of 2017.

The consolidated income statement

- ✓ Net interest income amounted to 126.2 million euros (+1.3%).
- ✓ Net interest income from services amounted to 80.3 million euros (+1.8%).
- ✓ Operating expenses amounted to 152.4 million euros and increased by 2.0% after indirect taxes, and provisions for risks and charges, as a result of investments and new project activities for growth.
- ✓ Gross profit amounted to 28.7 million euros (+38.9%).
- ✓ Provisions for credit risks amounted to 37.1 million euros (-13%).
- ✓ Net Profit amounted to 23.6 million euros (+63.5%).

Main indicators at consolidated level*

- ✓ CET 1: 12.30% (2018); 11.44% (2017)
- ✓ Tier 1: 13.14% (2018); 12.23% (2017)
- ✓ Total Capital Ratio: 13.78% (2018); 13.13% (2017)
- ✓ LCR: 182.71% (2018); 129.16% (2017)
- ✓ Gross NPL ratio: 8.73% (2018); 13.30% (2017)
- ✓ Coverage of impaired loans: 56.43% (2018); 50.41% (2017)
 - ✓ *of which for probable defaults: 49.88% (2018); 39.18% (2017)*
 - ✓ *of which for non-performing loans: 69.80% (2018); 62.41% (2017)*
- ✓ Cost Income Ratio: 68.82% (2018); 69.87% (2017)

* 2018 Capital ratios are IFRS9 "phased in".

President Gerhard Brandstätter stated: "The 2018 balance sheet reflects the capacity of the bank to continue to grow, strengthen and express its role as a reference structure at the service of the territory. These results will allow us to arrive at the general assembly of April 9th to present a bank that continues to create value for its shareholders, customers and employees and more generally in favour of the communities in which the bank operates. We are confident that the current state of our bank and the positive outlook can lead over time to shareholder satisfaction, also with regard to the share price."

Vice-President Carlo Costa said: "The determination in the work carried out in these last years allows our bank to achieve levels of excellence thanks to the commitment of a cohesive, close-knit team. The path taken a few years ago is confirmed to be the right one and all indicators continue to improve."

Chief Executive Officer and General Manager Nicola Calabrò said: "The numbers are

very clear and easily read: growth in revenues, sharply declining risks, indicators of solid capital structure

and increasing profitability. The bank also continues to engage in its traditional role of lending to families and businesses while adding new lines of business which contribute to generating significant growth in operating revenues. We innovate because the changing world also requires us to be attentive to making our bank more modern. We are innovating the branches and investing in the training of our people and we will continue to broaden our offering of quality services for our customers to make the bank stronger and more competitive."