

Volksbank continues to improve profitability and solidity: net profit and dividend grow again in 2022

The Board of Directors today approved the 2022 annual results of Volksbank, with a net profit of over Euro 75 million, equal to Euro 1.58 per share, leading to a ROTE of 9.6%. Tangible equity rose to Euro 846 million, equal to Euro 17.7 per share. The Board of Directors will propose to the Shareholders' Meeting a dividend increase to Euro 0.62.

Volksbank's financial year 2022 results confirm the excellent performance achieved on all major business components, and without extraordinary items. The targets of the "Sustainable 2023" Business Plan have already been largely exceeded.

The most noteworthy results are:

- **a 15% increase in the Bank's core revenues, which reached more than 310 million euros**, thanks to significant growth in fees and commissions which exceeded 100 million euros for the first time (+7% increase, driven in particular by the **excellent new digital services**), and an increase of around 19% in net interest income, supported by both the customer and the finance portfolio components;
- **prudent credit risk management**, which allowed for a 58% reduction in the cost of risk, to 30 basis points, and a 15% reduction of the net NPL ratio to 2.26%;
- **careful cost management**, down year-on-year by 1.2%, despite adjustments to personnel expenses from the application of the National Collective Agreement and the inflationary environment affecting energy costs and third-party services in particular. The Bank's **Cost to Income Ratio (CIR)** is confirmed at 51%, one of the best among Italian commercial banks;
- **excellent net profitability**, with a return on tangible equity (ROTE) at 9.6%, the best result in the Bank's history; the application of the 40% dividend payout led the Board of Directors to propose to the Shareholders' Meeting the distribution of Euro 0.62 per share, compared to earnings per share at 1.58 euros;
- **a role as area driver**, with Euro 216 million of value added (in terms of employment, sponsorships, dividends, supplies and revenue stamps), in addition to Euro 38 million in income taxes and actions to contain mortgage rate increases for households.

The prudent management approach in terms of risk containment and return paid to shareholders allows a further **increase in the Bank's solidity**, also confirmed by the rating agencies that have raised the Volksbank rating to BB+ Stable.

As a result, Volksbank's tangible shareholder's equity grew further to 846 million euro, with over 360 million euro of **phased-in common equity buffer exceeding the regulatory requirements**, and a phased-in total capital ratio (TCR) at 16.7%.

Chairman **Lukas Ladurner** said: *"Volksbank's 2022 results show further improvements in both core revenues growth and costs and risks containment, demonstrating the concerted efforts of our employees. I would like to personally thank them for their demonstrated professionalism and dedication to customers, which has been also demonstrated by the external awards received during the year. The further growth in the net result, achieved without the extraordinary contributions of 2021, consolidates the Bank's ability to generate good profitability for shareholders, and allows the Board of Directors to propose to the Shareholders' Meeting the best dividend ever, at 0.62 euros per share"*.

General Manager **Alberto Naef** added: *"We are very satisfied with the results achieved in 2022, which complete the path outlined in the "Sustainable 2023" Business Plan, far exceeding the targets set. It is a record balance sheet in terms of net interest and other banking income, net fees and commissions (above 100 million euros for the first time), profit before taxes (also for the first time over Euro 100 million) and net profit. The Bank has now organically recovered its solidity and profitability levels in the European banking context, showing consistency in its operations and ability to anticipate scenarios. Our priorities now shift to managing the macroeconomic environment - which presents significant challenges - and to further develop the Bank's business, via organic growth and new branch openings. These results also allow us to strengthen our support for the territories we are present (which reached Euro 216 million in sponsorships, dividends, revenue stamps, local suppliers and salaries) and as a driver for a sustainable transition, thanks to approximately Euro 1.5 billion in new loans to households and businesses"*.



Contacts:

Banca Popolare dell'Alto Adige Spa
Media Relations

Maria Santini
Tel. +39 0471 996548
Mobile +39 334 6353522
maria.santini@volksbank.it

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Volksbank (founded in 1886) with its registered office in Bolzano, is present as a regional bank not only in its home market of Alto Adige but also in the North-East of Italy in the provinces of Trento, Belluno, Treviso, Pordenone, Vicenza, Padua and Venice. Volksbank has a total of 160 branches. The Bank has approximately 1,300 employees.

Summary data

Main income statement items	31/12/2022	31/12/2021	Abs. change	% change
<i>(figures in €/000)</i>				
Interest margin	210,022	176,521	33,501	19.0%
Net fees and commission income	100,625	93,994	6,631	7.1%
Net operating income	310,647	270,515	40,132	14.8%
Financial income	8,955	48,624	(39,669)	-81.6%
Net interest and other banking income	319,602	319,139	464	0.1%
Cost of risk	(22,083)	(53,169)	31,085	58.5%
Operating profit	297,519	265,970	31,549	11.9%
Operating costs	(185,147)	(187,347)	2,200	-1.2%
Other comprehensive income	1,213	(171)	1,384	n.s.
Profit (Loss) before taxes	113,585	78,451	35,135	44.8%
Income taxes	(38,058)	(8,376)	(29,682)	354.4%
Net Profit (loss) for the year	75,527	70,076	5,451	7.8%

Solidity ratios	31/12/2022	31/12/2021
CET 1 ratio (fully loaded)	14.4%	14.6%
CET 1 ratio (phased-in)	14.9%	15.5%
Total capital ratio (fully loaded)	16.2%	17.2%
Total capital ratio (phased-in)	16.7%	18.0%
Tangible equity <i>(in € mln)</i>	846	816
Net NPL ratio	2.3%	2.8%
Gross NPL ratio	5.0%	5.8%
Texas ratio	36.2%	42.3%
Coverage ratio of doubtful loans	70.7%	67.8%
Coverage ratio of unlikely to pay loans (UTP)	44.8%	40.6%
Coverage ratio of performing loans	1.14%	1.22%
Cost-income ratio	51.4%	51.3%