

SECTOR	Financials		
INDUSTRY	Banking	CET1 RATIO (FY19)	16.12% (vs. 7.75% FY20 OCR)
SUB-INDUSTRY	Banking	TIER 1 RATIO (FY19)	16.12% (vs. 9.35% FY20 OCR)
SHAREHOLDERS	Raiffeisen banks (99.6903%) Other cooperatives (0.3097%)	TOTAL CAPITAL RATIO (FY19)	16.12% (vs. 11.50% FY20 OCR)
TOP MANAGEMENT	Hanspeter Felder (Chairman) Zenone Giacomuzzi (MD)	LIQUIDITY COVERAGE RATIO (FY19)	133.30% (vs. 118.46% FY18)
		EMPLOYEES (FY19)	201 (+2% YoY)
		FINANCIAL CALENDAR	n.a.

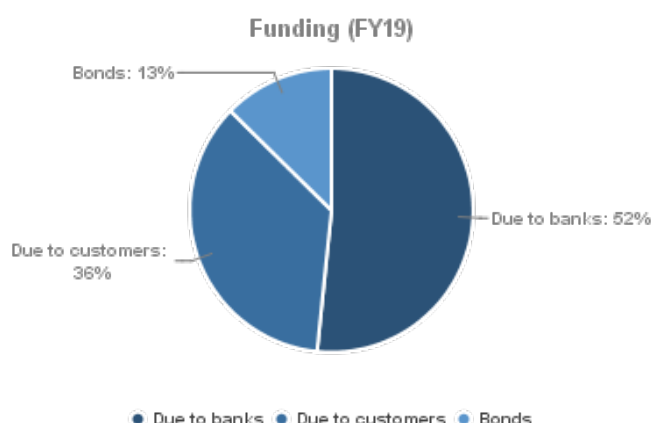
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OVERVIEW

Cassa Centrale Raiffeisen dell'Alto Adige SpA (also known by its German name, Raiffeisen Landesbank Südtirol AG) is the central institution of a network of 39 Alto Adige/Südtirol-based raiffeisen banks (169 branches, as of YE19). The lender **supports** and **coordinates raiffeisen banks'** activities on credit and financial markets (providing services such as accounting, risk management and clearing), while acting as a traditional **commercial bank** for businesses and individuals.

COMPANY PROFILE

- **SHAREHOLDERS** - Incorporated in 1973 by a group of 18 cooperative lenders and cooperative companies, Cassa Centrale Raiffeisen currently has **68 shareholders** (August 2020), of which **41** are **raiffeisen banks** holding about **99.7% of its share capital**. The remaining 0.3% is held by a group of fruit cooperatives, social wineries and dairies, other cooperative firms, and federations. At the extraordinary shareholders' meeting of 15 October 2018, the bank's BoD has been delegated to carry out a **share capital increase**, in one or more tranches, for a maximum amount of **EUR50m**, within **October 2023**. In November 2019, Cassa Centrale Raiffeisen has completed the **first half** of the transaction, raising its share capital to **EUR225m** from EUR200m.
- **GOVERNANCE** - In May 2020, after 23 years at the helm of the bank, **Michael Gruner** (1955) has handed over Cassa Centrale Raiffeisen's chairmanship to then-Vice Chairman **Hanspeter Felder** (1972). Felder is also Chairman of Cassa Raiffeisen di Brunico (for 5 years now) and CEO of Cooperativa Produttori Sementi della Val Pusteria (since 2006). An expert ski mountaineer, veteran Chairman Gruner has died on 3 January 2021, together with his wife **Monika Gamper** (1968), overwhelmed by an avalanche in Val Senales. Following statutory changes, the number of members of the lender's **next BoD** (to be elected in 2021) will decrease to **9 from 11**.
- **STRUCTURE** - Following the **reform of Italy's cooperative credit sector** (implemented from 2016 to 2018), the raiffeisen banks of the province of Bolzano have decided to set up an **Institutional Protection Scheme**, favouring this structure over the creation of a Cooperative Banking Group (the option adopted by the other two players affected by the reform, Rome-based **Iccrea Banca** and Trento-based **Cassa Centrale Banca**). The IPS, which in November 2020 has been authorized by the Bank of Italy, is based on a **joint and several guarantee** scheme covering all the liabilities of Cassa Centrale Raiffeisen and the other member lenders.
- **FOOTPRINT** - Cassa Centrale Raiffeisen is based in **Bolzano**, an autonomous province within the special statute region of **Trentino-Alto Adige/Südtirol**. The area, located in Italy's affluent north-east, bordering Austria and Switzerland, enjoys a high degree of **political and financial autonomy** from Rome's central government. The bank's **loan portfolio** is geographically **narrow**, mirroring the structure of **Alto Adige's economy** (significant exposure to SMEs and the tourism industry).
- **INDUSTRY** - According to data compiled by the Bank of Italy, at YE19, **62 banks** were active in the **province of Bolzano**, of which 49 (79% of the total) had their registered office in the province (of the latter, 41 were cooperative credit banks). According to Cassa Centrale Raiffeisen, **bilingualism** in Alto Adige represents an important **barrier to entry** for non-local intermediaries and explains the limited presence in the area of major Italian and foreign banks. The lender's main competitors are **Cassa di Risparmio di Bolzano** and **Banca Popolare dell'Alto Adige**.



FINANCIALS

INCOME STATEMENT

(in EURm)	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
+ Net Interest Income	42,72	40,88	53,46	43,11	40,82
+ Trading Account Profit	12,45	-0,75	9,88	3,84	11,03
+ Commissions & Fees Earned	27,31	24,95	22,23	20,43	20,67
+ Other Operating Income	5,99	4,17	3,29	3,15	3,09
Net Revenue	88,47	69,26	88,86	70,54	75,61
- Provisions for Loan Losses	5,03	1,22	11,52	7,57	10,75
Net Revenue After Provisions	83,44	68,04	77,35	62,97	64,87
- Non-Interest Expense	47,86	39,97	36,94	36,10	37,10
Operating Income or Losses	35,58	28,08	40,41	26,86	27,77
- Net Non-Operating Losses (Gains)	-4,24	0,77	-0,61	3,07	1,47
Pretax Income	39,82	27,31	41,02	23,80	26,30
- Income Tax Expense (Benefit)	10,52	8,26	12,35	7,32	8,19
NET INCOME/NET PROFIT (LOSSES)	29,30	19,05	28,68	16,48	18,11

BALANCE SHEET

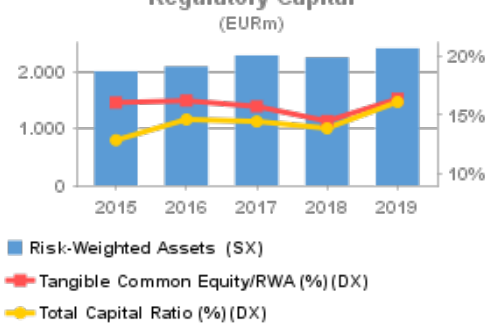
(in EURm)	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
ASSETS					
+ Cash & Near Cash Items	6,30	37,72	100,92	5,65	4,97
+ Interbanking Assets	1919,82	1329,82	1314,31	1185,80	701,64
+ Short-Term Investments	139,69	122,73	1034,96	1003,35	859,29
+ Total Loans	2518,02	2110,97	1524,06	1409,80	1437,14
- Reserve for Losses on Loans	41,49	47,29	41,84	n.a.	32,02
+ Long-Term Investments	341,11	695,17	143,98	35,15	29,82
+ Net Fixed Assets	14,77	13,69	14,22	14,82	15,35
+ Other Assets	66,65	72,86	69,96	61,91	56,18
TOTAL ASSETS	4964,87	4335,67	4160,57	3716,49	3072,37
LIABILITIES + EQUITY					
+ Demand Deposits	662,34	650,56	599,15	555,51	647,28
+ Time Deposits	177,41	151,64	192,75	195,60	208,36
+ Other Deposits	86,89	92,84	99,27	110,70	96,72
+ ST Borrowings & Repos	3021,03	2682,34	2508,19	2102,35	1444,89
+ Other Short-Term Liabilities	2,23	7,01	8,21	2,41	16,73
+ Long-Term Borrowings	571,28	383,65	321,83	340,71	265,80
+ Other Long-Term Liabilities	49,32	41,79	71,76	70,38	70,45
TOTAL LIABILITIES	4570,50	4009,82	3801,15	3377,66	2750,23
+ Share Capital & APIC	225,00	200,00	200,00	200,00	175,00
+ Retained Earnings & Other Equity	169,37	125,85	159,41	138,82	147,14
TOTAL EQUITY	394,37	325,85	359,41	338,82	322,14

RATIOS

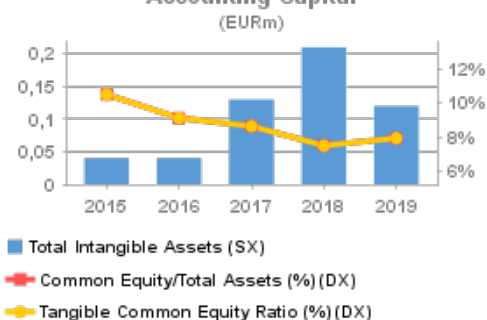
(in %)	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
CET1 Ratio	16,12	13,88	14,46	n.a.	12,86
Tier 1 Capital Ratio	16,22	13,88	14,46	14,62	12,86
Total Capital Ratio	16,12	13,88	14,46	14,63	12,86
Tangible Common Equity Ratio	7,94	7,51	8,64	9,12	10,48
Tangible Common Equity/RWA	16,38	14,49	15,74	16,23	16,07
RWA Density	48,47	51,82	54,85	56,18	65,24
Texas Ratio	12,38	19,54	20,73	n.a.	37,30
Actual Loan Losses/Provisions	339,32	724,34	n.a.	n.a.	196,79
Return on Tangible Equity	8,14	5,56	8,22	4,99	5,72
Return on Assets	0,63	0,45	0,73	0,49	0,58

Source: Bloomberg -- Note: Financials audited by PwC; Decimal separator " , "

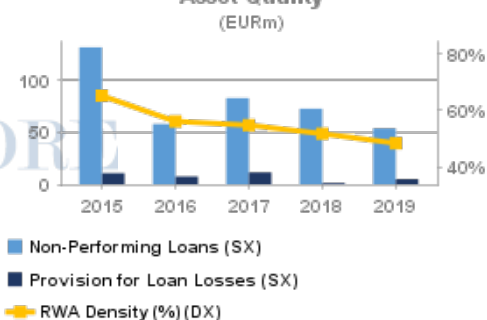
Regulatory Capital



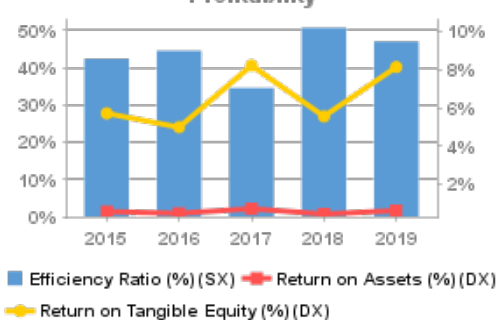
Accounting Capital



Asset Quality



Profitability



Liquidity



Total Assets (EURm)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
CC Raiffeisen	4964,87	4335,67	4160,57	3716,49	3072,37
BP dell'Alto Adige	10561,76	10275,56	9637,94	9316,09	8715,32
Iccrea Banca	155530,47	41819,32	38127,49	44395,57	45789,34
BP di Sondrio	41146,19	41128,19	41624,65	37196,33	35537,65

Common Equity/Total Assets (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
CC Raiffeisen	7,94	7,52	8,64	9,12	10,49
BP dell'Alto Adige	7,10	8,13	9,06	9,25	8,92
Iccrea Banca	6,53	3,68	4,22	3,62	1,11
BP di Sondrio	6,91	6,45	6,44	6,96	7,21

Non-Perf Loans/Total Loans (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
CC Raiffeisen	2,14	3,45	5,46	4,12	9,19
BP dell'Alto Adige	5,99	7,94	12,62	n.a.	9,09
Iccrea Banca	8,53	11,06	19,55	1,71	2,13
BP di Sondrio	10,88	12,72	15,80	16,52	16,79

Prov for Loan Losses/Tot Loans (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
CC Raiffeisen	0,22	0,07	0,79	0,53	0,78
BP dell'Alto Adige	0,85	0,47	0,74	1,31	0,72
Iccrea Banca	0,93	0,60	1,79	-0,15	-0,03
BP di Sondrio	0,64	0,81	0,88	0,96	1,54

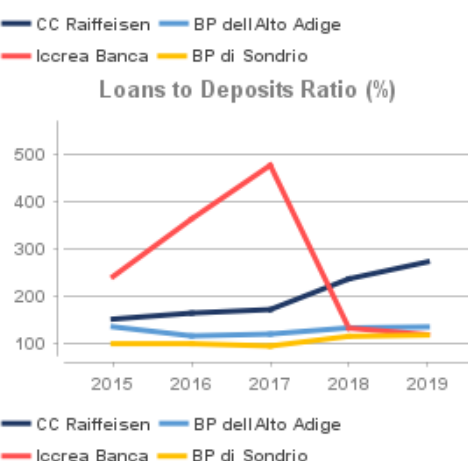
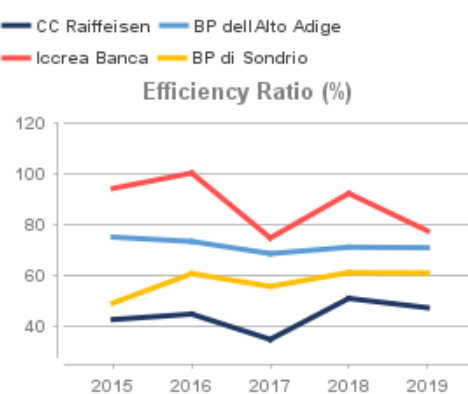
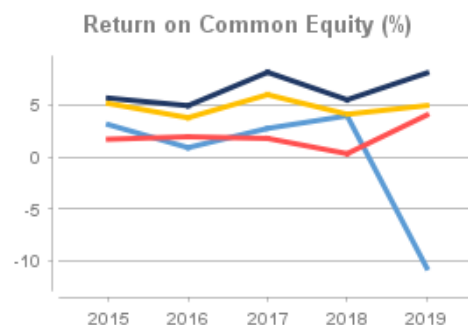
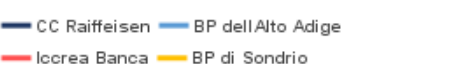
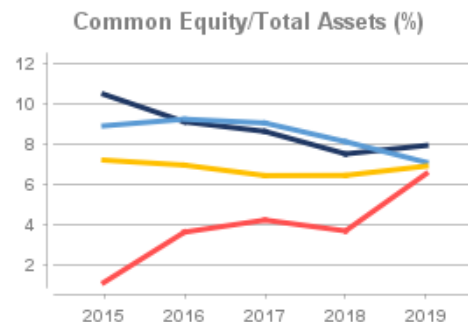
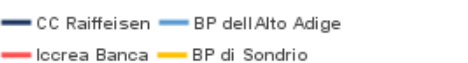
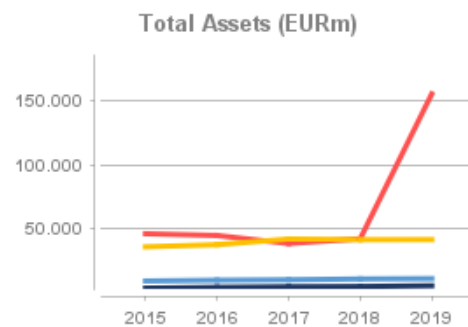
Res for Loan Losses/Tot Loans (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
CC Raiffeisen	1,65	2,24	2,75	n.a.	2,23
BP dell'Alto Adige	3,84	4,05	6,27	n.a.	6,64
Iccrea Banca	0,06	5,70	9,75	1,13	1,44
BP di Sondrio	6,65	7,44	8,27	8,15	8,09

Return on Common Equity (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
CC Raiffeisen	8,14	5,56	8,21	4,99	5,72
BP dell'Alto Adige	-10,65	4,01	2,80	0,94	3,16
Iccrea Banca	4,08	0,36	1,83	1,99	1,75
BP di Sondrio	5,00	4,16	6,05	3,83	5,20

Efficiency Ratio (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
CC Raiffeisen	47,04	50,72	34,56	44,54	42,39
BP dell'Alto Adige	70,73	70,91	68,40	73,18	74,89
Iccrea Banca	77,36	92,13	74,56	100,16	94,12
BP di Sondrio	60,74	60,91	55,45	60,50	48,92

Loans to Deposits Ratio (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
CC Raiffeisen	271,74	235,85	171,02	163,59	150,90
BP dell'Alto Adige	134,46	132,43	119,33	115,43	134,59
Iccrea Banca	118,02	131,95	475,78	362,60	240,99
BP di Sondrio	117,09	114,52	94,03	98,91	98,91

After-Tax WACD (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
CC Raiffeisen	0,29	0,67	0,25	0,31	0,24
BP dell'Alto Adige	0,79	1,23	0,92	1,47	1,34
Iccrea Banca	1,25	1,95	0,53	0,75	0,31
BP di Sondrio	0,51	1,05	0,57	1,11	0,78



Source: Bloomberg -- Note: Decimal separator ","

DEBT PROFILE

Cassa Centrale Raiffeisen dell'Alto Adige SpA (CACENR) - Snr Pref - EUR - Fixed 1.125% - 27 Sept. 2024 - XS2056427730 (RegS)			
YIELD TO WORST	0.996%	COUNTRY RATINGS (Italy, Last Review Date)	S&P: BBB/Stable (10/23/2020)
MODIFIED DURATION	3.580		Moody's: Baa3/Stable (11/06/2020)
COUPON FREQUENCY	Annual (27 Sept.)		Fitch: BBB-/Stable (12/04/2020)
DAY COUNT	ACT/ACT		DBRS: BBBh/Negative (10/30/2020)
AMT ISSUED / OUTST	EUR150m / EUR150m	ISSUER / BOND RATING (Last Review Date)	Moody's: Baa2/Developing (07/21/2020)
MIN PIECE / INCREMENT	EUR100k / EUR1k		
CLEARING HOUSES	Euroclear, Clearstream		
EXCHANGES	EuroTLX, LuxSE	1Y DEFAULT PROB	0.0759%
LQA LIQUIDITY SCORE	55/100	5Y IMPLIED CDS SPREAD	63bps
SERIES	Euro Medium Term Note	G-SPREAD	116.0bps (vs. EUR Italy Sovereign Curve)
ECB ELIGIBLE	Yes (Non own use haircut @ 22.4%)	I-SPREAD	148.5bps (vs. Euro Swaps Curve)
USE OF PROCEEDS	n.a.	Z-SPREAD	148.6bps
		ASW SPREAD	146.6bps
COVENANTS	Collective Action Clause	GOVERNING LAW	English law
ISSUER CALL	Due to MREL disqualification event (@ 100)	MiFID II TGT MKT	Eligible counterparties, professional clients only

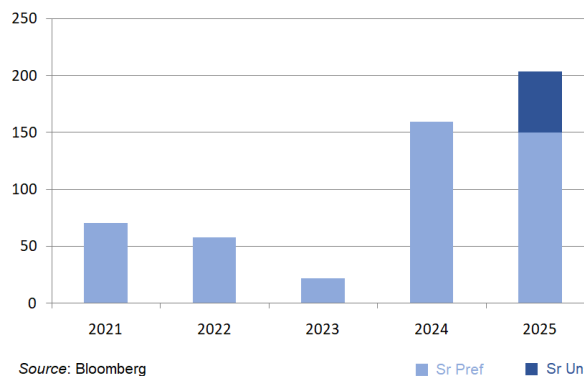
KEY DOWNSIDE / UPSIDE RISKS

Covid-19 pandemic	↓	Italy rating downgrade	↓
IPS net transfer of risk	↓	Issue of bail-in-able debt	↑

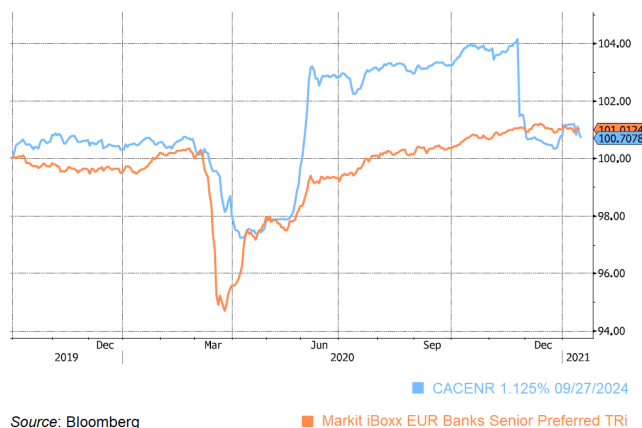
Source: Bloomberg, Cassa Centrale Raiffeisen, Moody's, Banca Promos

- BOND FUNDING** - The **EUR150m CACENR 1.125% 2024** bond (see table) has been issued by Cassa Centrale Raiffeisen in September 2019, as part of its **EUR750m EMTN Programme**. The lender has priced the notes at **160bps** over **Mid Swaps** (IPT MS+175 area) on the back of more than **EUR250m** of **orders** (bid-to-cover 1.7x). According to data compiled by Bloomberg, Cassa Centrale Raiffeisen has **49 outstanding bonds** for a total amount of **EUR515m**. The **weighted average maturity** of the bank's bond debt is about **3.4 years**.
- GREEN BOND** - In **November 2020**, Cassa Centrale Raiffeisen has sold its **first green bond** (IT0005426306), a **EUR15m 5-year** unsecured note with **step-up** coupons, gathering bids from 352 investors. The proceeds from the sale (the first of a green bond in Alto Adige) will be used to finance **renewable energy** projects (hydroelectric power plants, photovoltaic plants, wind farms), and **energy restructuring** and **sustainable mobility** projects.
- MOODY'S RATING** - On 21 July 2020, Moody's has confirmed Cassa Centrale Raiffeisen's **Baa2** rating at the end of a **review for downgrade** initiated on 26 March 2020, following the outbreak of the **coronavirus** pandemic.
- The agency's action reflects the bank's **strong fundamentals**, its capacity to cope with more difficult operating conditions, and its **stable funding structure**.
- Raiffeisen has continuously reduced its **NPL levels** in recent years but its **loan book** is **concentrated** on **SMEs**, which makes the lender vulnerable to the Covid-19 economic crisis, although it operates in one of the wealthiest regions in Italy.
- Moreover, the bank holds a large portfolio of **Italian government bonds** (about 1/4 of total assets, according to Moody's) due to its role as "treasurer" of raiffeisen banks.
- The **Developing outlook** reflects, on the one hand, the negative pressure of the **epidemiological crisis** on the bank's fundamentals and, on the other hand, a potential reduction in risk for senior liabilities should the bank be able to issue a larger volume of **senior debt** in 2020/2021 (as it currently contemplates).

CACENR: Bond Maturity Profile (EURm)



CACENR 1.125% 2024 vs. EUR Banks SP Index (27 Sept. 2019 = 100)



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