

BILANCIO | 2020

BANCA POPOLARE del CASSINATE

Albo delle Banche n°4523.7.0
Capitale Sociale 31.12.2020 Euro 54.551.270



2020 was a difficult year: the pandemic had and still has a major impact, not only from the point of view of the healthcare system, but also from a social and economic one; the burden and the aftermath of such a global emergency could only be measured in the years to come.

Despite the crisis triggered by the pandemic, BPC was able to increase its own capital, reduce risks and strengthen its presence in the market, thus being confirmed as the leading bank in its operating area. Thanks to this, BPC could and is still able to support those who chose to share our growth path with us: it is our duty to face such a difficult time, with the hope and the certainty that thanks to everyone's resilience we will all be able to go back to normality, feel back the taste for simple things that we may have given for granted until last year.

We are sure to be able to go on working for our bank and territory, thanks to a relationship of mutual trust, promoting a sustainable joint development and looking at the future with optimism: we will do all this together, living up to the teachings of those who came before us, preserving their legacy and keeping on working and following in their footsteps, thus creating a better future for younger generations.

Despite the difficulties in the framework outlined, our Bank therefore managed to honour its history and pay dividends to its own shareholders, as it has always done in the previous 65 years, meeting some objective parameters and, mainly, keeping an adequate capital base.

Total business as at 31st December 2020 showed a remarkable and general increase in all its components: the overall collection exceeded one billion Euros, with a percentage change increasing by about 12% (897 million Euros at the end of 2019), while the item "receivables from customers" increased by more than 22%, about 528,727 Euros (432,589 Euros at the end of 2019).

At the same time, the management cost of treasury kept decreasing: in this context, stocks were reduced in particular in the finance sector, whereas financial assets as securities fell below 700 million Euros (811,988 thousand Euros at the end of 2019), thus confirming again the fulfilment of the objectives detailed in the previous financial statements, i.e. progressive asset repositioning towards the corporate core business. The debt toward the ECB was reduced by about 21%, falling under 500 million Euros (586,240 thousand Euros at the end of 2019); furthermore, the replacement of procurement contracts has almost been completed, where the specific impact of longer-term refinancing auctions (TLTRO III), aimed at supporting the real economy more, is replacing the LTRO subscribed starting from 2011: the latter have already completely eliminated in April 2021; at the same time, a further revision of the thresholds by the ECB allowed an additional tranche of TLTRO III equal to 18,120 thousand Euros to be subscribed at the end of March 2021.

From the economic point of view, despite the difficulties due to the longer or less long and repeated lockdown periods, the main balance sheet indicators show the net result to be less dependent on the component of the net interest income, which weighted for about 55% at the end of 2020 compared to 64% at the end of 2019 and a reduction of the cost-to-income ratio, i.e. of the ratio between the items operating expenses and net interest and other banking income, which went from 53.20% in 2019 to 49.20% in 2020.

The gross profit of the financial year increased by 0.94%, around 14.191 thousand Euros (14.058 thousand Euros in the previous financial year), while the net profit closed at 9.258 thousand Euros, increasing by 0.720 million Euros (+8.42%) compared to the data at the end of the last year.

It is worth underlining how improved financial performances were not related to an increased risk: from this point of view, our Bank, as already envisaged in the report of the previous financial year, completed a securitization transaction under the Italian "GACS" scheme and a transaction for the assignment of trade receivables defined as the so-called UTP, Unlikely To Pay, to a closed-ended alternative investment fund, for an overall gross amount of about 24 million Euros, besides taking securities under the Italian Guarantee Scheme (Fondo Centrale di Garanzia) on the loans pursuant to the Italian Law n. 662/96. Following those assignments and due to increased allocations (provisioning) on impaired loans, the impact of gross non-performing loans on the overall amount of loans (gross NPL Ratio) stopped at 6.79% as at 31 December 2020 (it was 12.75% as at 31 December 2019). The same indicator net of provisioning was reduced by 384 basis points, stopping at 4.54% as at 31 December 2020 (it was 8.38% as at 31 December 2019).

Summary of results	31/12/2020	31/12/2019	Change
Balance sheet figures			
Loans to customers	528,727	432,589	22.22%
Other receivables at FV	58,340	80,937	(27.92%)
Financial assets	686,012	811,988	(15.51%)
Due from banks	110,051	78,809	39.64%
Total assets	1,481,505	1,502,653	(1.41%)
Direct funding from customers	881,697	789,967	11.61%
Indirect funding from customers	123,152	107,203	14.88%
Due to banks	463,090	586,240	(21.01%)
Equity (not including profit for the period)	96,202	97,301	(1.13%)
Income Statement figures			
Net interest income	21,582	23,720	(9.01%)
Net interest and other banking income	39,332	37,159	5.85%
Net income from financial activities	33,470	33,865	(1.17%)
Net income from operating activities	14,191	14,058	0.94%
Income taxes for the period	(4,932)	(5,519)	(10.63%)
Profit for the period	9,258	8,539	8.42%
Balance sheet indicators %			
Net interest income / Total assets	1.46%	1.58%	
Net income from financial activities / Total assets	2.26%	2.25%	
Net interest income / Net interest and other banking income	54.87%	63.83%	
Operating expenses / Net interest and other banking income	49.20%	53.20%	
Profit for the period / Total assets	0.62%	0.57%	
Profit / Equity (not including profit for the period)	9.62%	8.78%	
Net impaired assets / Net loans to customers	4.54%	8.38%	
Capital Ratios			
Common equity Tier 1 Capital (CET1) / Risk-weighted assets	20.81%	19.94%	
Tier 1 Capital / Risk-weighted assets	20.81%	19.94%	
Total Capital Ratio / Risk-weighted assets	20.81%	19.94%	

(thousand Euros)

The dynamics described had a positive impact on corporate own funds, whose overall amount reached 109,737 thousand Euros (increased by 0.86% compared to the data of the previous year). Furthermore, due to a reduction of risk-weighted assets (RWA), from 546 million Euros in fiscal year 2020 to 527 million Euros (-3.35%), the regulatory capital ratios (Common equity, Tier1 and Total Capital Ratios) were equal to 20.81% (increasing by about 0.87% compared to the closing of the previous financial year). Ultimately, despite the reference context proved to be highly difficult, both from the economic and healthcare point of view, our Bank was able to maintain its ambition to follow its development path and reach the goals set, minimizing the risk and confirming the payment of an important return on the investments of its own shareholders, who are the true beating heart of Banca Popolare del Cassinate.

Annual Report as at 31/12/2020

Financial Statements

Balance sheet

Profit and Loss Statement

Statement of comprehensive income

Statement of changes in equity

Statement of cash flows

Balance sheet			
	Assets	31-12-2020	31-12-2019
10.	Cash and cash equivalents	10,004,688	9,346,769
20.	Financial assets measured at fair value through profit or loss (IFRS 7 par. 8 letter a))	75,850,557	88,388,694
	a) financial assets held for trading;	17,510,314	7,452,159
	b) financial assets designated at fair value;		
	c) other financial assets mandatorily measured at fair value	58,340,244	80,936,536
30.	Financial assets measured at fair value through other comprehensive income (IFRS 7 par. 8 letter h))	1,587,468	4,814,144
40.	Financial assets measured at amortised cost (IFRS 7 par. 8 letter f))	1,305,691,931	1,311,118,897
	a) Due from banks	110,050,992	78,808,707
	b) loans to customers	1,195,640,939	1,232,310,190
80.	Property, plant and equipment	59,343,599	61,057,844
90.	Intangible assets	174,990	191,527
	of which:		
	- goodwill		
100.	Tax assets	11,207,335	10,934,555
	a) current	1,378,032	58,092
	b) deferred	9,829,303	10,876,463
110.	Non-current assets and group of assets held for sale and discontinued operations		
120.	Other assets	17,644,897	16,800,476
	Total assets	1,481,505,466	1,502,652,907

In Euros

Chairman of the Board of Directors
Vincenzo Formisano

Statutory Auditors
Sergio Lanni - Chairman
Roberto Molle
Marco Taccone



BALANCE SHEET			
	Liabilities and shareholders' equity	31-12-2020	31-12-2019
10.	Financial liabilities measured at amortised cost (IFRS 7 par. 8 letter g))	1,344,786,201	1,376,206,554
	a) Due to banks	463,089,596	586,240,000
	b) Due to customers	833,699,445	734,668,752
	c) debt securities in issue	47,997,160	55,297,802
60.	Tax liabilities	389,799	717,669
	a) current	63,066	341,351
	b) deferred	326,733	376,318
80.	Other liabilities	25,933,340	14,958,344
90.	Employee severance pay	1,420,740	1,429,330
100.	Provisions for liabilities and charges:	3,515,319	3,500,919
	a) commitments and guarantees given	939,522	603,830
	b) pensions and other post-employment benefits		
	c) other provisions for liabilities and charges	2,575,797	2,897,090
110.	Valuation reserves	(3,996,914)	(1,026,232)
140.	Reserves	38,128,024	35,537,570
150.	Share premium	7,519,598	7,519,598
160.	Share Capital	54,551,270	55,270,330
180.	Profit (Loss) for the period (+/-)	9,258,089	8,538,824
	Total liabilities and shareholders' equity	1,481,505,466	1,502,652,907

In Euros

General Manager
Nicola Toti

Chief Accountant
Pasquale Iannicelli

PROFIT AND LOSS STATEMENT

	Items	31-12-2020	31-12-2019
10.	Interest income and similar income	25,138,658	28,385,207
11.	of which Interest income calculated according to the effective interest method	23,964,430	26,929,693
20.	Interest expenses and similar charges	(3,556,533)	(4,664,978)
30.	Net interest income	21,582,125	23,720,229
40.	Fees and commission income	7,492,635	7,516,916
50.	Fees and commission expense	(1,856,841)	(2,000,165)
60.	Net fees and commission income	5,635,794	5,516,750
70.	Dividends and similar income	203,977	39,863
80.	Net trading income	(16,380)	290,629
90.	Fair value adjustments in hedge accounting		
100.	Profits/Losses from disposal or repurchase of:	11,991,527	7,440,684
	a) Financial assets measured at amortised cost	11,991,527	7,440,684
	b) Financial assets measured at fair value through other comprehensive income		
	c) Financial liabilities		
110.	Net income from other financial assets and liabilities measured at fair value through profit or loss	(65,248)	150,779
	b) financial assets and liabilities designated at fair value		
	c) other financial assets mandatorily measured at fair value	(65,248)	150,779
120.	Net interest and other banking income	39,331,794	37,158,934
130.	Net adjustments/reversals for credit risk on:	(5,819,347)	(3,262,842)
	a) Financial assets measured at amortised cost	(5,819,347)	(3,262,842)
	b) Financial assets measured at fair value through other comprehensive income		
140.	Profits/Losses on contract modifications without derecognition	(42,479)	(30,798)
150.	Net income from financial activities	33,469,968	33,865,295
160.	Administrative expenses:	(20,527,577)	(21,045,201)
	a) personnel expenses	(10,104,413)	(11,161,916)
	b) other administrative expenses:	(10,423,164)	(9,883,286)
170.	Net allocations to provisions for liabilities and charges	(258,834)	(27,012)
	a) commitments and guarantees given	(335,693)	990,748
	b) other net allocations	76,859	(1,017,761)
180.	Net adjustments/reversals on property, plant and equipment	(1,707,557)	(1,792,077)
190.	Net adjustments/reversals on Intangible assets	(37,763)	(53,227)
200.	Other operating charges/income	3,180,334	3,150,371
210.	Operating expenses	(19,351,396)	(19,767,145)
250.	Profits/Losses from disposal of investments	71,977	(40,094)
260.	Profit (Loss) before tax from continuing operations	14,190,549	14,058,055
270.	Income taxes for the period on continuing operations	(4,932,460)	(5,519,231)
280.	Profit (Loss) after tax from continuing operations	9,258,089	8,538,824
290.	Profit (Loss) after tax from discontinued operations		
300.	Profit (Loss) for the period	9,258,089	8,538,824

In Euros

STATEMENT OF COMPREHENSIVE INCOME			
	Items	31-12-2020	31-12-2019
10.	Profit (Loss) for the period	9,258,089	8,538,824
70.	Other comprehensive income after tax that may not be reclassified to the Profit and Loss: Defined benefit plans	4,544	(10,764)
140.	Other comprehensive income after tax that may be reclassified to the Profit and Loss: Financial assets (other than equities) measured at fair value through other comprehensive income	(2,975,226)	(606,680)
170.	Total other comprehensive income after tax	(2,970,683)	(617,445)
180.	Comprehensive income (Item 10+170)	6,287,407	7,921,379

In Euros

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR 2020			
	Balance as at 31.12.2019	Change in opening	Balance as at 1.1.2020
Share Capital:			
a) ordinary shares	55,270,330		55,270,330
b) other shares			
Share premium	7,519,598		7,519,598
Reserves:			
a) retained earnings	35,537,569		35,537,569
b) other			
Valuation reserves	(1,026,232)		(1,026,232)
Equity instruments			
Treasury shares			
Profit (Loss) for the period	8,538,824		8,538,824
Equity	105,840,090	0	105,840,090

In Euros

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR 2019			
	Balance as at 31.12.2018	Change in opening	Balance as at 1.1.2019
Share Capital:			
a) ordinary shares	55,270,330		55,270,330
b) other shares			
Share premium	7,519,598		7,519,598
Reserves:			
a) retained earnings	23,229,635		23,229,635
b) other			
Valuation reserves	(408,787)		(408,787)
Equity instruments			
Treasury shares			
Profit (Loss) for the period	17,371,723		17,371,723
Equity	102,982,499	0	102,982,499

In Euros

Allocation of profit for the previous period		Change for the period								
Reserves	Dividends and other allocations	Changes in reserves	Equity transactions						Comprehensive income for financial year 2020	Equity as at 31/12/2020
			Issue of new shares	Purchase treasury shares	Extraordinary distribution of dividends	Change in equity instruments	Derivates on treasury shares	Stock options		
				(719,060)						54,551,270
										7,519,598
3,475,035				(1,430,929)						37,581,675
		546,349								546,349
									(2,970,683)	(3,996,914)
3,475,035	(5,063,789)								9,258,089	9,258,090
0	(5,063,789)	546,349		(2,149,989)					6,287,407	105,460,067

Allocation of profit for the previous period		Change for the period								
Reserves	Dividends and other allocations	Change in reserves	Equity transactions						Comprehensive income for financial year 2019	Equity as at 31/12/2019
			Issue of new shares	Purchase treasury shares	Extraordinary distribution of dividends	Change in equity instruments	Derivates on treasury shares	Stock options		
										55,270,330
										7,519,598
12,307,934										35,537,569
									(617,445)	(1,026,232)
										-
12,307,934	(5,063,789)								8,538,824	8,538,824
0	(5,063,789)			0					7,921,379	105,840,090

STATEMENT OF CASH FLOWS (DIRECT METHOD)		
	Amount	
A. OPERATING ACTIVITIES	31-12-2020	31-12-2019
1. Operations	(2,723,787)	696,827
- Interest income (+)	25,138,658	28,385,207
Interest expenses (-)	(3,556,533)	(4,664,978)
- dividends and similar income (+)	203,977	39,863
- Net fees and commission income (+/-)	5,635,794	5,516,750
- personnel expenses (-)	(10,104,413)	(11,161,916)
- other expenses (-)	(18,366,002)	(16,039,989)
- other earnings (+)	3,257,193	4,141,120
- taxes (-)	(4,932,460)	(5,519,231)
2. Cash Flow generated/used by financial assets	20,074,577	431,146,594
- financial assets held for trading	(10,058,155)	(5,227,724)
- other financial assets mandatorily measured at fair value	22,596,292	(1,482,588)
- financial assets measured at fair value through other comprehensive income	3,226,676	651,102
- financial assets measured at amortised cost	5,426,966	437,902,523
- other assets	(1,117,201)	(696,719)
3. Cash Flow generated/used by financial liabilities	(30,405,530)	(438,629,979)
- financial liabilities measured at amortised cost	(31,420,353)	(432,662,733)
- other liabilities	1,014,823	(5,967,246)
Cash Flow generated/used by operating activities	(13,054,739)	(6,786,55)
B. INVESTMENT ACTIVITIES		
1. Cash Flow generated by	11,909,899	7,882,092
- sale of equity investments		
- dividends collected on equity investments		
- sales/repayments of financial assets	11,909,899	7,882,092
- sale of property, plant and equipment		
- sale of intangible assets		
- sales of subsidiaries and business units		
2. Cash Flow used by	1,730,782	(996,906)
- purchase of equity investments		
- purchase of property, plant and equipment	1,714,245	(956,340)
- purchase of intangible assets	16,537	(40,566)
- purchase of subsidiaries and business units		
Cash Flow generated/used by investment activities	13,640,681	6,885,186
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares		
- distribution of dividends and other purposes	71,977	(40,094)
Cash Flow generated/used by funding activities	71,977	(40,094)
CASH FLOW GENERATED/USED IN THE PERIOD	657,919	58,533

RECONCILIATION	Amount	
	31-12-2020	31-12-2019
Balance sheet items		
Cash and cash equivalents at the beginning of the period	9,346,769	9,288,235
Cash flow generated/used in the period	657,919	58,533
Cash and cash equivalents due to exchange rate fluctuations	0	0
Cash and cash equivalents at the end of the period	10,004,688	9,346,769