

Press Release

BCC Iccrea Group: consolidated results as of September 30, 2024

- *Direct funding¹ of about €135 billion and net loans to customers² at €93 billion, slightly up from the end of 2023.*
- *Gross income amounted to €4.5 billion with positive dynamics in net interest income and net fees.*
- *Group's capital and liquidity position at the top of the Italian banking system: CET1 ratio at 23.7%, TC ratio at 24.8%, LCR at 277%, NSFR at 158%.*
- *Ongoing improvement in asset quality: net NPL ratio of 1.0%.*
- *New positive rating action from Morningstar DBRS in October.*

Rome, November 13, 2024

The Board of Directors of Iccrea Banca examined the consolidated results of BCC Iccrea Group as of September 30, 2024.

In the first nine months of 2024, the BCC Iccrea Group, the largest Italian cooperative banking group, recorded a positive trend in both the main income statement items and key capital, financial, and liquidity indicators.

Net loans to customers stood at €93.6 billion (€90.9 billion at the end of 2023). Credit quality improved compared to the end of 2023, with a gross NPL ratio of 3.6% and a net NPL ratio of 1.0%. The improvement of the indicators was also facilitated by the Group's de-risking initiatives. In the third quarter of 2024, the BCC Iccrea Group completed a multi-originator sale of non-performing loans to various investors, involving unlikely-to-pay (UTP) loans and bad loans from 66 affiliated banks. Approximately €0.3 billion of non-performing loans were sold, which, along with other de-risking initiatives, enabled the Group to achieve an NPL ratio of 3.6% by the end of September 2024.

¹ Financial liabilities to customers and Securities issued

² Includes operations (mainly repurchase agreements) with institutional counterparties of about €4.3 billion (about €1.6 billion as of Dec. 31, 2023)

The coverage ratio of non-performing loans remained high, at 72.9% (72.2% at the end of 2023). This figure is particularly noteworthy considering the significant portion of non-performing loans secured by collateral and the increasingly limited share of bad loans in the portfolio (less than one-third of the total non-performing portfolio).

Direct funding stood at €135 billion, showing a slight increase compared to the end of 2023. Key liquidity indicators remained well above supervisory requirements and among the highest in the sector, with the NSFR at 158% and the LCR at 277%, substantially unchanged from the end of 2023. The Group's readily available liquidity reserves amounted to €44.3 billion.

In terms of revenues, the Group reported a gross income of €4,501 million in the first nine months of 2024 (+7.7% y/y), driven particularly by the positive performance of the net interest income, which amounted to €3,310 million (+11.0% y/y). Net commissions also performed positively in the nine months (+2.3% y/y) and in the third quarter (+1.8% vs 2Q24).

Operating costs amounted to €2,288 million (+2.3% y/y).

Consequently, the Group's cost/income ratio stood at 50.8% (compared to 55.4% at the end of 2023).

Net adjustments for credit risk amounted to €225 million (€304 million over the first nine months of 2023), defining an annualized cost of risk of 32 basis points (45 basis points over the first nine months of 2023).

Net profit for the period was €1,679 million (€1,401 million in the first nine months of 2023).

Consolidated equity rose to €15.5 billion (€13.9 billion at the end of 2023), and own funds reached €15.9 billion (€14.3 billion at the end of 2023).

Risk-weighted assets (RWA) stood at €64.2 billion (€64.4 billion at the end of 2023).

Capital ratios remained well above regulatory requirements and showed further growth, with a CET1 ratio of 23.7% and a TC ratio of 24.8%.

Key events after the nine-month period close

On October 1, 2024, the partnership between Banco BPM, the BCC Iccrea Group, and FSI on Numia was finalized.

On October 21, 2024, Morningstar DBRS upgraded Iccrea Banca's ratings; specifically, the long-term rating was raised to "BBB" from "BBB (low)," and the short-term rating was upgraded to "R-2 (high)" from "R-2 (middle)."

The BCC Iccrea Group is the largest cooperative banking group in Italy, the only national banking group with entirely Italian capital, and the fourth-largest banking group in Italy by assets, with consolidated total assets amounting to €165 billion as of September 30, 2024. The BCC Iccrea Group currently comprises 114 Cooperative Credit Banks, operating in over 1,700 Italian municipalities with nearly 2,500 branches, along with other banking, financial, and instrumental companies controlled by BCC Banca Iccrea. As of September 30, 2024, the Group's Cooperative Banks achieved approximately €93 billion in net loans and €135 billion in direct funding across Italy, serving over 5.2 million customers and around 880,000 members. The BCC Iccrea Group ranks among the top banking groups in terms of capital quality, with a CET1 Ratio of 23.7%, and in terms of liquidity, with an LCR of 277%. The Group is affiliated with Tertio Millennio ETS Foundation, a nonprofit organization established in 2002 within the Cooperative Credit system, dedicated to promoting social solidarity activities in Italy and abroad, particularly within the Cooperative Credit Banks and Rural Banks.

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The consolidated financial statements as of 30 September 2024 used for the preparation of this document were subjected to a limited audit by the auditing firm Forvis Mazars S.p.A. for the sole purpose of issuing the certificate required by Article 26, paragraph 2 of Regulation (EU) no. 575/2013 of 26 June 2013 (CRR) and European Central Bank Decision no. 2015/656. This is the certificate required for the application to be submitted to the ECB for the inclusion of the result for the period in common equity tier 1 (CET1).



The manager responsible for preparing the company's financial reports, Marianna Di Prinzio, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

Rome, November 13, 2024

Iccrea Banca S.p.A.

The manager responsible for the preparation of corporate accounting documents,

Marianna Di Prinzio

RECLASSIFIED CONSOLIDATED INCOME STATEMENT *(figures in millions of euros)*

(€mln)	9M24	9M23	Δ 9M23 vs 9M24	Δ % 9M23 vs 9M24	Statutory financial statements items
Net interest income	3,310	2,982	328	11.0%	(30)
Net fees and commission income (expense)	1,032	1,009	23	2.3%	(60)
Other financial income	159	188	(29)	(15.3%)	(70; 80; 90; 100; 110)
Gross Income	4,501	4,179	322	7.7%	(120)
Net writedowns / writebacks for credit risk	(225)	(304)	79	(25.9%)	(130; 140)
Operating expenses	(2,288)	(2,237)	(51)	2.3%	(240)
Personnel expenses	(1,471)	(1,367)	(103)	7.5%	(190a)
Other administrative expenses	(880)	(925)	46	(4.9%)	(190b)
Net provisions	(22)	(13)	(9)	67.4%	(200)
Net adjustments	(169)	(173)	4	(2.4%)	(210; 220)
Other operating expenses/income	254	243	12	4.9%	(230)
Operating Result	1,988	1,638	350	21.4%	
Other	(3)	16	(19)	(115.7%)	(250; 260; 270; 280)
Profit before taxes	1,986	1,654	332	20.1%	(290)
Taxes	(338)	(258)	(80)	31.2%	(300)
Profit after tax from discontinued operations	32	5	27	551.9%	(320)
Net profit (loss)	1,679	1,401	278	19.8%	(330)

INCOME STATEMENT - QUARTERLY EVOLUTION *(figures in millions of euros)*

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	Δ 3Q24 vs 2Q24	Δ % 3Q24 vs 2Q24
Net interest income	957	991	1,035	1,113	1,088	1,113	1,110	(3)	-0.3%
Net fees and commission income (expense)	338	333	337	340	336	344	351	6	1.8%
Other financial income	31	46	110	(41)	73	33	54	21	64.5%
Gross Income	1,326	1,371	1,482	1,411	1,497	1,490	1,514	24	1.6%
Net writedowns / writebacks for credit risk	(22)	(175)	(107)	(104)	(43)	(136)	(46)	90	-66.0%
Operating expenses	(711)	(846)	(680)	(859)	(735)	(841)	(712)	129	-15.4%
Personnel expenses	(470)	(461)	(437)	(532)	(489)	(521)	(461)	61	-11.7%
Other administrative expenses	(270)	(397)	(259)	(327)	(272)	(331)	(277)	54	-16.3%
Net provisions	6	(15)	(5)	(36)	(3)	(22)	3	26	
Net adjustments	(56)	(58)	(60)	(76)	(58)	(58)	(54)	4	-7.0%
Other operating expenses/income	79	84	80	111	87	91	76	(15)	-16.8%
Operating Result	594	349	695	449	720	512	756	243	47.5%
Other	(1)	3	14	(8)	6	1	(9)	(9)	
Profit before taxes	593	352	709	440	726	513	747	234	45.6%
Taxes	(97)	(52)	(109)	(77)	(117)	(96)	(126)	(30)	31.2%
Profit after tax from discontinued operations	0	0	5	93	0	29	2	(27)	
Net profit	496	301	605	457	610	446	623	177	39.6%

RECLASSIFIED CONSOLIDATED BALANCE SHEET *(figures in millions of euros)*

Assets (€mln)	Sept-24	Jun-24	Dec-23	Δ Sept-24 vs Dec-23	Δ % Sept-24 vs Dec-23	Statutory financial statements items
Financial Assets	58,336	60,125	61,126	(2,790)	(4.6%)	Assets items: 20; 30; Financial assets item 40
Net loans to customers	93,603	93,006	90,886	2,717	3.0%	Net loans to customers: item 40
Net loans to banks	3,323	2,951	7,613	(4,290)	(56.3%)	Assets items: 10; Net loans to banks item 40
Other assets	9,384	10,109	14,888	(5,504)	(37.0%)	Assets items: 50; 60; 70; 90; 100; 110; 120; 130
Total Assets	164,645	166,191	174,513	(9,867)	(5.7%)	
Liabilities and shareholders' equity (€mln)	Sept-24	Jun-24	Dec-23	Δ Sept-24 vs Dec-23	Δ % Sept-24 vs Dec-23	Statutory financial statements items
Financial liabilities to customers	120,565	122,991	122,523	(1,958)	(1.6%)	Financial liabilities to customers item 10b
Securities issued	14,613	14,554	12,350	2,263	18.3%	Securities issued item 10c
Financial liabilities to banks	8,081	10,103	17,923	(9,842)	(54.9%)	Financial liabilities to banks item 10a
Other liabilities	5,886	3,795	7,828	(1,942)	(24.8%)	Liabilities items: 20; 30; 40; 50; 60; 70; 80; 90; 100
Group shareholders' equity	15,501	14,749	13,889	1,612	11.6%	Liabilities items: 110; 120; 130; 140; 150; 160; 170; 180; 200
Total liabilities and shareholders' equity	164,645	166,191	174,513	(9,867)	(5.7%)	

ASSET QUALITY *(figures in millions of euros and %)*

	Sept-24	Dec-23	Δ Dec-23	Δ % Dec-23
Past Due	357	327	30	9%
UTP	1,967	2,242	(274)	(12%)
Bad Loans	1,017	1,080	(63)	(6%)
Gross Non-Performing Loans	3,342	3,649	(307)	(8%)
Performing Loans - Stage 1	80,569	80,113	456	1%
Performing Loans - Stage 2	8,521	9,051	(530)	(6%)
Total Gross Loans to customers	92,432	92,813	(381)	(0%)
Gross NPL Ratio	3.6%	3.9%	(0.3%)	(8%)
Writedowns	2,435	2,636	(201)	(8%)
Coverage Ratio NPL	72.9%	72.2%	0.6%	1%
Coverage Ratio Past Due	45.1%	40.5%	4.6%	11%
Coverage Ratio UTP	70.3%	69.6%	0.6%	1%
Coverage Ratio Bad Loans	87.6%	87.3%	0.4%	0%
Coverage Ratio Performing Loans	0.8%	1.0%	(0.1%)	(15%)
Coverage Ratio Performing - Stage 1	0.4%	0.4%	(0.1%)	(13%)
Coverage Ratio Performing - Stage 2	5.0%	5.6%	(0.6%)	(11%)
Net Non-Performing Loans	907	1,013	(106)	(10%)
Net NPL Ratio	1.0%	1.1%	(0.1%)	(10%)

CAPITAL REQUIREMENTS *(figures in millions of euros and %)*

	Sept-24	Dec-23	Δ Dec-23
RWA	64,227	64,392	(165)
CET 1	15,194	13,572	1,622
Total Capital	15,943	14,302	1,641
CET1 ratio	23.7%	21.1%	2.6%
TC ratio	24.8%	22.2%	2.6%