

Press release

The Board of Directors of Iccrea Banca approves the preliminary half-year results of the BCC Iccrea Group.

At 30 June 2022, banking operations grew compared with the end of 2021, with loans to customers for €90.1 billion and direct customer funding of €120.6 billion.

Consolidated net profit of €683.3 million (405 million as at 30.06.21).

Net NPL ratio of 2.2%.

Capital soundness indicators among the highest in Italy with CET1 at 17.8% and TCR at 19.0%.

Rome, 11 August 2022

The Board of Directors of Iccrea Banca approved the financial results of the BCC Iccrea Group as at 30 June 2022.

In the first six months of the year, the Group consisting of 120 Cooperative Credit Banks as at 30 June 2022 confirmed its strong local presence with loans to customers totalling €90.1 billion, up by €1.3 billion (+1.4%) compared to €88.8 billion at the end of 2021, showing an improvement in overall credit quality despite the economic uncertainty caused by the Russia/Ukraine conflict.

The derisking of the non-performing portfolio continued, which saw the execution of a multi-originator securitisation transaction (GACS VI) with the reduction of non-performing loans by a further approximate €500 million.

Moreover, the other management initiatives envisaged in the Business Plan aimed at further improving risk indicators continued, resulting in a gross NPL ratio of 5.9% (6.9% at end-2021) and net NPL ratio of 2.2% (2.7% at end-2021), also in the presence of a better-than-expected rate of deterioration of performing loans. During the first half of

the year, the stock of loans to customers subject to the moratorium under the Cure Italy Decree-Law was substantially cancelled, without the customers concerned having generally experienced any particular difficulties so far.

The cost of risk in June 2022 – at €190 million – was lower than in the first half of 2021. Furthermore, the prudent strategy of robust monitoring of impaired positions implemented by the Group since its incorporation continued, with a coverage ratio of 64.1% (62.7% at the end of 2021), a particularly high figure considering the increasingly low proportion of non-performing loans in the portfolio and the high component of non-performing loans backed by collateral.

In the first half of 2022, direct funding from ordinary customers stood at €120.6 billion, broadly in line with the figure for the first half of 2021.

In terms of revenues, net interest income as at June 2022 reached €1.7 billion, up by more than €300 million (+18%) compared to the first half of last year, due in part to the more favourable financial conditions from which the yields on securities in the portfolio benefited. Proforma net commissions rose to €711 million, some €55 million more than in June 2021 (+8%).

The Group's overall profitability is consistent with the characteristics of its member BCCs, which are inspired by the principles of cooperation and mutuality, favouring the relationship with the regions and the cooperative members of the individual banks.

Operating costs amounted to €1.5 billion, stable compared to the first half of 2021. In this context, revenue growth brought the cost/income ratio to 60.8%, an improvement from 64.8% in the same period last year.

Consolidated net profit amounted to €683.3 million, up from €405 million in June 2021.

The BCC Iccrea Group closed the first half of the year with capital solidity indicators among the highest in Italy, with a CET1 ratio of 17.8% and a TCR of 19%.

"It's important to emphasise", said Giuseppe Maino, Chairman of Iccrea Banca, "how in a post-pandemic world influenced by great uncertainty due to the Russia/Ukraine conflict and its potential repercussions on the national economy, our Group has continued its commitment to the development of the regions it operates in, further increasing the stock of loans to customers. A commitment that has been repaid by the trust of our members and customers, which is also demonstrated by the strong stability of collections".

"The BCC Iccrea Group", added Mauro Pastore, General Manager of Iccrea Banca, "is strongly focused on the new Strategic Plan, and the results of the first half of the year show that we are following the right guidelines both with respect to initiatives aimed at improving structural profitability and in terms of overall risk control. Also contributing to the robust economic result, which further consolidated one of the best asset positions nationwide, were the positive results from the growth in service margins. On the risk front, while remaining alert to the possible consequences of the evolution of the Russia/Ukraine conflict, in the absence of any major direct exposure to these countries we are satisfied with the great work done. In the second half of the year we will continue

to carry out the numerous initiatives already defined that will further improve the Group's overall technical situation".

*Today the **BCC Iccrea Group** is made up of 120 BCCs, present in over 1,700 Italian municipalities with almost 2,500 branches, and other banking, financial and product companies controlled by BCC Banca Iccrea. The BCCs of the Group at 30 June 2022 made around €90 billion of net loans throughout Italy and took in direct funding from ordinary customers of around €120 billion, with more than 3 million customers and about 850 thousand shareholders. The Group has a CET1 Ratio of 17.8% and a TCR of 19% (at 30/06/2022).*

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