

Press release

BCC Iccrea Group: Consolidated results as at 30 June 2023

- *The Group's strong local roots confirmed by volumes that were substantially in line with the end of 2022: direct funding from customers of € 126 billion and net loans to customers of € 90 billion.*
- *Gross income amounted to € 2.7 billion (+9.1% compared to 1H22) with a positive trend in net fee and commission income (+1.9%).*
- *The Group's solid capital and liquidity position was confirmed: CET1 ratio of 19.9%, TC ratio of 21.1%. LCR of 257%, NSFR of 148%.*
- *Gross NPL ratio of 4.5% and Net NPL ratio at 1.5%. Including the effects deriving from the recent agreement¹ for the sale of € 570 million of bad loans and UTP, Gross NPL ratio would be 4% and Net NPL ratio would be 1.4%.*

Rome, 14 August 2023

The Board of Directors of Iccrea Banca examined the consolidated results of the BCC Iccrea Group as at 30 June 2023.

In the first half of the year, the BCC Iccrea Group, Italy's largest cooperative banking group, recorded positive trends in both the main income statement items and the main balance sheet, financial and liquidity indicators.

Net loans to customers stood at € 89.6 billion (€ 90.9 billion at year-end 2022), maintaining the same level of credit quality as at year-end 2022, showing a gross NPL ratio of 4.5% and a net NPL ratio of 1.5%. The coverage ratio of non-performing loans was particularly high and further increased at 69.3% (67.4% at the end of 2022). Including the effects of the recent agreement for the sale of € 570 million of bad loans and UTP, Gross NPL ratio would be at approx. 4% and Net NPL ratio at 1.4%.

The main liquidity indicators remained well above regulatory requirements and among the highest in the system, with the NSFR at 148%, (144% at the end of 2022) and LCR

¹ For more info please see the relative press release on the corporate website (Investor Relations section)

at 257% (231% at the end of 2022). Direct funding from customers amounted to € 126.3 billion (€ 128.3 billion in December 2022).

In terms of revenue, the Group reported a gross income of € 2,697 million in the first half of 2023 (+9.1% over the first half of 2022), thanks mainly to the positive trend in net interest income, which amounted to € 1,948 million (+16.7% versus the first half of 2022). Net commissions also performed well, amounting to € 672 million (+1.9% compared to 1H 2022).

Operating costs amounted to € 1,557 million (€ 1,508 million in 1H 2022). In the first half 2023, there are also accounted “systemic charges” (represented mainly by the contributions to SRF and DGS) for an amount of €128 million (€ 8 million in Q1 2023 and € 120 million in Q2 2023).

The Group's cost/income ratio thus stood at 57.7% (61.0% in 1H 2022).

Net adjustments for credit risk amounted to € 195 million (€ 182 million in 1H 2022) in order to maintain a prudent and relevant control on credit risk. Cost of credit annualised² is equal to 44 bps.

Net profit amounted to € 797 million (€ 683 million in 1H 2022).

Consolidated equity rose to € 12.6 billion (11.9 billion at the end of 2022) and own funds to € 13.2 billion (13.0 billion at the end of 2022).

Risk-weighted assets (RWA) stood at € 62.9 billion, down slightly from the € 63.9 billion at the end of 2022.

The good result of the year allowed a further increase (among the highest in the system) for the capital ratios: CET1 ratio at 19.9% and TC ratio at 21.1%, well above regulatory requirements.

Main events after the reporting period³:

- July 14, 2023: Signed an agreement with BPM to create the Italy's second largest pole in the payment business together with FSI
- July 28, 2023: Signed a strategic agreement with Allfunds for the sale of Banca Corrispondente

² Net adjustments for credit risk/net loans to customers

³ For more details please see the relative press releases published in the corporate website (Investor Relations section)

- July 28, 2023: EBA Stress Test Results that showed the strong resilience of BCC Iccrea Group in the adverse scenario, with capital ratios among the highest in the system
- August 4, 2023: Chosen two partners (Assimoco and BNP Cardif) to pursue exclusive negotiations in the bancassurance
- August 11, 2023: Agreement for the sale of € 570 million of bad loans and UTP

The BCC Iccrea Group is the largest cooperative banking group, the only national banking group with 100% Italian capital and the fourth largest in Italy in terms of assets, with total consolidated assets as at 30 June 2023 amounting to € 168.2 billion. Today the BCC Iccrea Group is made up of 117 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 2023 made around € 90 billion of net loans throughout Italy and took in direct funding from customers of around € 126 billion, with over 5 million customers and about 850 thousand shareholders. The BCC Iccrea Group is among the best banking groups in terms of capital quality with a CET 1 Ratio of 19.9% (data as at 30 June 2023).

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The consolidated financial statements as at 30 June 2023 used for the preparation of this document were subjected to a limited audit by the auditing firm Mazars Italia 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).

CONSOLIDATED INCOME STATEMENT

(€mln)	1H 23	1H 22	Δ 1H 22	Δ % 1H 22	Statutory financial statements items
Net interest income	1,948	1,670	278	16.7%	(30)
Net fee and commission income (expense)	672	659	13	1.9%	(60)
Other financial income	77	144	(66)	(46.1%)	(70; 80; 90; 100; 110)
Gross Income	2,697	2,472	224	9.1%	(120)
Net writedowns / writebacks for credit risk	(197)	(182)	(15)	8.1%	(130; 140)
Operating expenses	(1,557)	(1,508)	(48)	3.2%	(240)
Personnel expenses	(931)	(855)	(76)	8.9%	(190a)
Other administrative expenses	(666)	(671)	4	(0.6%)	(190b)
Net provisions	(9)	(20)	11	(55.1%)	(210; 220)
Net adjustments	(114)	(116)	2	(2.0%)	(200)
Other operating expenses/income	163	153	11	6.9%	(230)
Operating Result	943	782	161	20.7%	
Other	2	(7)	9	(129.9%)	(250; 260; 270; 280)
Profit before taxes	945	774	171	22.1%	(290)
Taxes	(149)	(108)	(40)	37.3%	(300)
Profit after tax from discontinued operations	--	17	(17)	(100.0%)	(320)
Net Profit	797	683	113	16.6%	(330)

CONSOLIDATED BALANCE SHEET

(€mln)	1H 23	FY 22	Δ FY 22	Δ % FY 22	Statutory financial statements items
Financial assets	65.066	68.014	(2.948)	(4.3%)	Assets items: 20; 30. Financial assets item 40
Net loans to customers	89.604	90.869	(1.264)	(1.4%)	Net loans to customers item 40
Net loans to banks	1.535	1.557	(22)	(1.4%)	Net loans to banks item 40
Other assets	12.036	13.103	(1.067)	(8.1%)	Assets items:10; 50; 60; 70; 90; 100; 110; 120; 130
Total Assets	168.240	173.542	(5.302)	(3.1%)	
Financial liabilities to customers	115.923	119.116	(3.193)	(2.7%)	Financial liabilities to customers item 10b
Securities issued	10.338	9.196	1.143	12.4%	Securities issued item 10c
Financial liabilities to banks	23.025	28.518	(5.493)	(19.3%)	Financial liabilities to banks item 10a
Other liabilities	6.329	4.842	1.486	30.7%	Liabilities items: 20; 30; 40; 50; 60; 70; 80; 90; 100
Group shareholder's equity	12.626	11.871	755	6.4%	Liabilities items: 110; 120; 130; 140; 150; 160; 170; 180; 200
Total liabilities and shareholders' equity	168.240	173.542	(5.302)	(3.1%)	

ASSET QUALITY (€/m and %)

	1H 23	FY 22	Δ FY 22	Δ FY 22 %
Past due	285	367	(82)	(22%)
UTP	2,481	2,477	4	0%
Bad Loans	1,425	1,401	24	2%
Gross Non Performing Loans	4,191	4,244	(53)	(1%)
Performing Loans - Stage 1	82,355	82,832	(477)	(1%)
Performing Loans - Stage 2	6,889	7,665	(776)	(10%)
Total gross loans to customers	93,435	94,741	(1,306)	(1%)
Gross NPL ratio	4.5%	4.5%	0%	0%
Writedowns	2,904	2,877	26	1%
Coverage Ratio NPL	69.3%	67.8%	1.5%	2%
Coverage Ratio past due	30.8%	28.4%	2.4%	8%
Coverage Ratio UTP	66.6%	64.7%	1.9%	3%
Coverage Ratio bad loans	84.3%	83.5%	0.8%	1%
Coverage Ratio Performing Loans	1.0%	1.1%	(0.1%)	(9%)
Coverage Ratio Performing Loans - Stage 1	0.6%	0.6%	(0%)	(2%)
Coverage Ratio Performing Loans - Stage 2	6.5%	6.5%	(0%)	(0%)
Net Non Performing Loans	1,287	1,367	(79)	(6%)
Net NPL Ratio	1.5%	1.5%	(0%)	(0%)

CAPITAL RATIOS (€/m and %)

	1H 23	FY 22	Δ FY 22	Δ FY 22 %
RWA	62,854	63,891	(1,037)	(1.6%)
CET 1	12,497	12,286	212	1.7%
Total Capital	13,232	13,025	207	1.6%
CET1 ratio	19.9%	19.2%	0.7%	3.4%
TC ratio	21.1%	20.4%	0.7%	3.3%