Press release

BCC Iccrea Group: Consolidated results as at 30 September 2023

- *The Group's local relevance was confirmed by volumes that were substantially in line with the end of 2022: direct funding from customers of €131 billion and net loans to customers of €89 billion.*
- *Gross income amounted to €4.2 billion (+12.9% compared to the first nine months of 2022) with a positive trend in net interest income (+16.0%) and net fee and commission income (+2.5%).*
- *Capital and liquidity position of the Group at the top of the system: CET1 ratio of 20.8%, TC ratio of 21.9%. LCR of 267%, NSFR of 157%.*
- *Asset quality indicators also improved: Gross NPL ratio at 4.1% and net NPL ratio at 1.2%.*
- *Positive newsflow from rating agencies in October*

Rome, 14 November 2023

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

In the first nine months of 2023, the BCC Iccrea Group, Italy's largest cooperative banking group, recorded positive trends in both the main profit and loss statement items and the main balance sheet, financial and liquidity indicators.

Net loans to customers stood at €89.2 billion (€90.9 billion at year-end 2022) with an improvement in credit quality compared to year-end 2022: gross NPL ratio of 4.1% and a net NPL ratio of 1.2%. The coverage ratio of NPL remained particularly high and growing, at 70.6% (67.8% at the end of 2022).

The main liquidity indicators remained well above regulatory requirements and among the highest in the system, with the NSFR at 157% (144% at the end of December 2022) and LCR at 267% (231% at 31 December 2022). Liquidity reserves above € 37 billion. Direct funding from customers amounted to € 131.0 billion (€ 128.3 billion in December 2022).

In terms of revenue, the Group reported gross income or total revenues of €4,179 million (+12.9% over the nine months of 2022), thanks mainly to the positive trend in net interest income, which amounted to €2,982 million (+16.0% versus 9M22), and benefited mainly from the trend in interest rates. Net commissions also performed well, amounting to €1,009 million (+2.5% compared to the same period in 2022).

Operating costs amounted to €2,237 million (€2,196 million in the nine months of 2022).

The Group's cost/income ratio thus stood at 53.5% (59.3% at year-end 2022).

Net adjustments for credit risk amounted to €304 million (€318 million in the first nine months of 2022) with a cost of credit (annualised) of 45 basis points (47 basis points in 9M22).

Net profit amounted to €1,401 million (€1,462 million in the first nine months of 2022).

Consolidated net equity rose to € 13.3 billion (11.9 billion at the end of 2022) and own funds to € 13.8 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.

Thanks to the result for the period, capital ratios rose further (and to the top of the system): the CET1 ratio is 20.8% and the TC ratio is 21.9%, well above requirements.

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Italian Decree Law no. 4 of 10 August 2023 converted with amendments by Italian Law no. 136 of 9 October 2023 provided for an extraordinary tax calculated on the increase in net interest income for Italian banks. The content of paragraph 5-bis introduced upon conversion also provided that, instead of paying the amount as determined above, upon approval of the financial statements for 2023 banks falling within the scope of the tax could allocate an amount that was not less than two and a half times the calculated tax to a non-distributable reserve identified for this purpose. Taking into account the economic result accrued as at 30 September 2023 and the expected result at the end of the year, as well as the obligation for cooperative credit banks to allocate 70% of profits to reserves, no charge for the aforementioned tax was recognised in the profit and loss statement and consolidated accounts.

Main events after the end of the first nine months of 2023[1]:

- 23 October 2023: DBRS Morningstar upgraded Iccrea Banca's rating to Investment Grade
- 25 October 2023: S&P Global Ratings improved Iccrea Banca's outlook from stable to positive
- 31 October 2023: Iccrea Banca successfully placed a new €500 million Covered Bond issue for institutional investors
- 3 November 2023: Iccrea Banca Group received a “low” ESG Risk rating from Morningstar Sustainalytics

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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 September 2023 amounting to €171.5 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 September 2023 made around € 90 billion of net loans throughout Italy and took in direct funding from customers of around € 131 billion, with over 5 million customers and about 860 thousand shareholders. The BCC Iccrea Group is among the best banking groups in terms of capital quality with a CET1 Ratio of 20.8% and a liquidity position with an LCR of 267% (data as at 30 September 2023).

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[1] For more information see the relevant press releases on the Group's institutional website in the Investor Relations section

The consolidated financial statements as at 30 September 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).

RECLASSIFIED CONSOLIDATED PROFIT AND LOSS STATEMENT

	9M 23	9M 22	Δ 9M 22	Δ % 9M 22	Statutory financial statements items
Net Interest Income	2,982	2,570	412	16.0%	(30)
Net fee and commission income (expense)	1,009	984	25	2.5%	(60)
Other financial income	188	147	40	27.5%	(70; 80; 90; 100; 110)
Gross Income	**4,179**	**3,702**	**477**	**12.9%**	(120)
Net writedowns/writebacks for credit risk	(304)	(318)	14	(4.5%)	(130;140)
Operating expenses	**(2,237)**	**(2,196)**	**(40)**	**1.8%**	(240)
Personnel expenses	(1,367)	(1,285)	(83)	6.4%	(190a)
Other administrative expenses	(925)	(947)	22	(2.3%)	(190b)
Net provisions	(13)	(16)	2	(14.6%)	(210;220)
Net adjustments	(173)	(172)	(1)	0.6%	(200)
Other operating expenses/income	243	223	19	8.6%	(230)
Operating result	**1,638**	**1,187**	**451**	**38.0%**	
Other	16	(8)	24	(293.5%)	(250;260;270;280)
Profit before taxes	**1,654**	**1,179**	**475**	**40.3%**	(290)
Taxes	(258)	(157)	(101)	63.9%	(300)
Profit after tax from discontinued operations	5	440	(435)	(98.9%)	(320)
Net profit	**1,401**	**1,462**	**(61)**	**(4.1%)**	(330)

RECLASSIFIED CONSOLIDATED BALANCE SHEET

Assets (€mln)	9M 23	FY 22	Δ FY 22	Δ % FY 22	Statutory financial statements items
Financial Assets	64,679	68,014	(3,335)	(4.9%)	Assets items: 20;30. Financial assets item 40
Net loans to customers	89,174	90,869	(1,695)	(1.9%)	Net loans to customers item 40
Net loans to banks	1,373	1,557	(184)	(11.8%)	Net loans to banks item 40
Other assets	16,287	13,103	3,183	24.3%	Assets items:10; 50; 60; 70; 90; 100; 110; 120; 130
Total assets	**171,512**	**173,542**	**(2,030)**	**(1.2%)**	

Liabilities and shareholders' equity (€mln)	9M 23	FY 22	Δ FY 22	Δ % FY 22	Statutory financial statements items
Financial liabilities to customers	119,848	119,116	732	0.6%	Financial liabilities to customers item 10b
Securities issued	11,164	9,196	1,968	21.4%	Securities issued item 10c
Financial liabilities to banks	19,394	28,518	(9,125)	(32.0%)	Financial liabilities to banks item 10a
Other liabilities	7,820	4,842	2,978	61.5%	Liabilities items : 20; 30; 40; 50; 60; 70; 80; 90; 100
Group shareholder's equity	13,287	11,871	1,417	11.9%	Liabilities items: 110; 120; 130; 140; 150; 160; 170; 180; 200
Total liabilities and shareholders' equity	**171,512**	**173,542**	**(2,030)**	**(1.2%)**	

ASSET QUALITY (€/m and %)

	9M 23	FY 22	Δ FY 22	Δ % FY 22
Past Due	363	367	(4)	(1%)
UTP	2,223	2,477	(253)	(10%)
Bad Loans	1,205	1,401	(196)	(14%)
Gross Non Performing Loans	**3,791**	**4,244**	**(453)**	**(11%)**
Performing Loans - Stage 1	80,971	82,832	(1,861)	(2%)
Performing Loans - Stage 2	7,995	7,665	330	4%
Total gross loans to customers	**92,757**	**94,741**	**(1,984)**	**(2%)**
Gross NPL ratio	**4.1%**	**4.5%**	**(0.4%)**	**(9%)**
Writedowns	2,678	2,877	(199)	(7%)
Coverage Ratio NPL	**70.6%**	**67.8%**	**2.9%**	**4%**
Coverage Ratio past due	36.0%	28.4%	7.6%	27%
Coverage Ratio UTP	68.2%	64.7%	3.4%	5%
Coverage Ratio bad loans	85.6%	83.5%	2.1%	3%
Coverage Ratio performing loans	1.0%	1.1%	(0.1%)	(7%)
Coverage Ratio Performing Loans - Stage 1	0.5%	0.6%	(0.1%)	(11%)
Coverage Ratio Performing Loans - Stage 2	5.9%	6.5%	(0.6%)	(9%)
Net Non Performing Loans	1,113	1,367	(254)	(19%)
Net NPL ratio	**1.2%**	**1.5%**	**(0.3%)**	**(17%)**

CAPITAL REQUIREMENTS (€/m and %)

	9M 23	FY 22	Δ FY 22	Δ FY 22 %
RWA	62,898	63,891	(993)	(1.6%)
CET 1	13,069	12,286	784	6.4%
Total Capital	13,802	13,025	776	6.0%
CET1 ratio	**20.8%**	**19.2%**	**1.5%**	**8.1%**
TC ratio	**21.9%**	**20.4%**	**1.6%**	**7.6%**