Press release

BCC Iccrea Group: 2023 financial statements and 2024-2026 Business Plan approved with updated Group targets.

Main elements and targets of the Business Plan:

- ***Strong support for the economy****: new loans for approximately €50 billion over the three-year period. Stock of net loans close to €95 billion in 2026.*
- ***Positioning at the top of the system in terms of capital strength and liquidity****: CET 1 Ratio equal to 23.4% and LCR at 213% in 2026.*
- ***Asset quality in line with the average of the leading players in the Italian market****: Net NPL ratio of 1.3% in 2026, even with extremely conservative assumptions.*
- ***Digitisation and ESG****: further acceleration in the Group's digitisation process and focus on ESG issues (decarbonization strategies and consolidation of green commercial offer), in keeping with the Group's DNA.*
- ***Sustainable and healthy profitability****: net profit in excess of €1.1 billion in 2026, also thanks to the gradual diversification of revenue sources and major investments (more than €650 million over the three-year period).*

Rome, 28 March 2024

Today the Board of Directors of Iccrea Banca examined and approved the draft financial statements and the Group's consolidated financial statements as at 31 December 2023, confirming the preliminary results already analysed and approved on 13 February 2024. In 2023 the Group saw extremely strong results, further strengthening its already solid capital (CET 1 at 21.1%) and liquidity ratios (LCR at 265%), aligning itself with market best practices also with respect to credit quality (net NPL ratio at 1.1%) and confirming a highly positive profitability. These results were also warmly welcomed by financial markets, with the Group reaching the investment grade status with the S&P Global Rating, Fitch and DBRS Morningstar rating agencies, not to mention the strong success of the latest bond issues on the institutional market.

Iccrea Banca's Board of Directors also approved the BCC Iccrea Group's 2024-2026 Business Plan.

The extension of the Plan's horizon to 2026 stemmed from the need to update the Group's targets after achieving/surpassing the main 2025 objectives at the end of 2023 (two years ahead of schedule) and the presence of a scenario (especially the interest rate scenario) that is substantially different from the forecasts made in the previous Plan.

The 2024-2026 Plan maintains the drivers for the Group's development and growth envisaged in the previous Plan, confirming its evolution towards an even more robust capital position, asset quality in line with the average of the leading Italian banks, sustainable profitability, including by diversifying revenue sources, and a solid liquidity position, all while maintaining a strong local and mutualistic imprint in keeping with the values underlying cooperative credit.

In summary, the macro assumptions behind the 2024-2026 Plan are as follows:

- GDP growth in Italy: +0.4% in 2024, +0.9% in 2025 and +0.7% in 2026
- 3-month Euribor (annual average values): 3.7% in 2024, 2.7% in 2025 and 2.5% in 2026

The Plan's development vectors are as follows: asset quality, capital and liquidity profile, volumes and profitability, digitisation, IT and ESG.

These are the main 2026 targets

Asset quality

- Gross NPL ratio: 3.3%
- Net NPL ratio: 1.3%
- Coverage: Past due at 31%, UTP at 61% and non-performing at 83%.
- Cost of credit: 71 bps

The plan factors in the uncertainties of the current macroeconomic landscape, very conservatively forecasting an average default rate of close to 2% compared to 1.3% in both 2023 and early 2024. These forecasts are extremely cautious in view of both the current evidence and the outlooks of the main market players. However, the adoption of marked levels of prudence, consistent with the Group's conservative approach to risk, is functional to the objective of ensuring substantial capital buffers even in stressed scenarios.

Capital and liquidity profile

- **CET1 ratio**: 23.4%
- **TC ratio**: 23.8%
- **RWA**: €71.2 billion (CAGR +3.4% mainly related to the credit component). Regulatory changes introduced by CRR3 also impacted RWA growth by around €2.8 billion.
- **LCR**: 213%
- **NSFR**: 154%

Volumes and profitability

- **Net customer loans**: €94.6 billion (CAGR 23-26: +1.3%, supported by around €50 billion in new lending)
- **Financial assets:** €55.9 billion (CAGR 23-26: -2.9%)
- **Direct funding**: €137.5 billion (CAGR 23-26: +0.6%, i.e. +2.7 billion over the three-year period)
- **Indirect funding**: €75.2 billion (CAGR 23-26: +6.4%, i.e. an increase of €12.7 billion over the course of the plan driven by growth in qualified funding)

- **Net interest income**: €3.7 billion (CAGR 23-26: -3.1%)
- **Net fee and commission income:** €1.5 billion (CAGR 23-26: +3.6%)
- **Banking income**: €5.2 billion (CAGR 23-26: -2.1%)
- **Operating costs**: €3.2 billion (CAGR 23-26: +1.4%)
- **Cost/income**: 61.5%
- **Net profit**: approximately €1,150 million (€1,858 million in 2023)
- **ROA**: 0.7% average over the three-year period

Digitisation and IT

The 24-26 Digital Strategy confirms the intention to strengthen the BCCs' "**omnichannel**" approach with a digital channel development process to improve customer relations, reduce operating costs and increase sales.

The Group also initiated a project to support business evolution through a revision of the **IT sourcing model**. The revision of the sourcing model and the initiatives launched, which follow the same lines of action identified by the previous IT Plan, support the efforts to achieve the Group's transformational objectives (innovation, speed and cost optimisation) in the IT field.

ESG

With regard to the **Environmental** component, the Plan envisages the definition by 2024 of a decarbonisation strategy for the credit portfolio as well as the continuation of initiatives aimed at reducing direct CO_2 emissions.

With regard to the **Social** component, important initiatives relating to inclusion and financial education will continue, as well as the evolution of the method for measuring the Group's social impact.

On the **Governance** front, the ESG strategies call for numerous training initiatives to strengthen and increase ESG culture.

The main initiatives with a cross-cutting nature include actions relating to **Sustainable Finance**, and specifically the increase in operations in the area of so-called taxonomy-aligned financing products, not to mention insurance products, asset management and e-money with ESG connotations.

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A detailed presentation on the 2024-2026 Business Plan will be made available to the public on 10 April on the Group's website https://www.gruppobcciccrea.it/.

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The BCC Iccrea Group is Italy's 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 31 December 2023 amounting to €175 billion. Today the BCC Iccrea Group is made up of 115 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 31 December 2023 made around € 91 billion of net loans throughout Italy and took in direct funding of around € 135 billion, with around 5.2 million customers and about 850 thousand shareholders. The BCC Iccrea Group is among the best banking groups in terms of capital quality with a CET1 Ratio of 21.1% and a liquidity position with an LCR of 265%.
The Group is a member of the Fondazione Tertio Millennio ETS, a non-profit organisation set up in 2002 within the Cooperative Credit sector that focuses exclusively on developing social solidarity activities in Italy and abroad, particularly within the system of Cooperative Credit Banks and Rural Banks.
www.gruppobcciccrea.it

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