

## Press release

# Iccrea Cooperative Banking Group: 2021 consolidated financial statements approved.

Growth in banking operations compared with 2020, with loans to ordinary customers rising to € 89 billion euro and direct funding from ordinary customers to € 122 billion.

Consolidated net profit of € 461 million, CET1 ratio of 17.7%, TC ratio of 18.9% and net NPL ratio of 2.7%.

**Rome, 8 April 2022**

The Board of Directors of Iccrea Banca has approved the consolidated results of the Iccrea Cooperative Banking Group at 31 December 2021 which show:

- **NET LOANS TO CUSTOMERS OF € 88.8 BILLION EURO**, UP BY 1.5 BILLION COMPARED WITH THE PREVIOUS YEAR, WITH AN IMPROVEMENT IN CREDIT QUALITY THAT GIVES A **GROSS NPL RATIO OF 6.9%** (9.1% in 2020) AND A **NET NPL RATIO OF 2.7%** (4.3% in 2020), THANKS TO A COVERAGE RATIO OF 62.7% (55.7% in 2020), CONSIDERABLY HIGHER THAN THE MARKET AVERAGE;
- **DIRECT FUNDING FROM ORDINARY CUSTOMERS OF € 122 BILLION**, UP BY MORE THAN € 8.8 BILLION COMPARED WITH DECEMBER 2020;
- **SHAREHOLDERS' EQUITY OF € 10.7 BILLION AND OWN FUNDS OF € 12 BILLION** ;
- **CET1 RATIO OF 17.7% AND A TC RATIO OF 18.9%**;
- **LIQUIDITY LEVELS AT 290.5% IN TERMS OF LCR AND 134.3% IN TERMS OF NSFR**, SOLID AND CONSISTENT;
- **NET PROFIT FOR THE YEAR OF € 461 MILLION**, UP COMPARED WITH € 202 MILLION IN 2020, WITH A COST/INCOME RATIO OF 64.0%;
- **BY 2024**, THE GROUP WILL REACH A **NET NPL RATIO LOWER THAN 2%**, A **TC RATIO HIGHER THAN 18%** AND - IN LINE WITH THE COOPERATIVE NATURE - **ROE AT 5%**.

In 2021, the BCC Iccrea Group, now made up of 123 Cooperative Credit Banks (128 at 31 December 2021), confirmed its strong roots in the areas where the banks are

located, providing loans to customers for a total of € 88.8 billion, up by € 1.5 billion on 2020, with an improvement in general credit quality.

In fact, the programme of derisking the non-performing loan (NPL) portfolio continued, leading to a net NPL ratio of 2.7%, compared with December 2020 (4.3%), and a gross NPL ratio of 6.9% (9.1% at 31.12.20), with an increase in the coverage of NPLs to 62.7%, 7 percentage points more than in 2020 (55.7%).

The ratio of net bad loans and net unlikely-to-pay loans (UTP) to net loans was 0.6% and 1.5%, respectively. In particular, coverage stood at 78.8% for bad loans (70.4% at 31.12.20) and 53.9% for UTP (43.6% at 31.12.20).

Total consolidated assets at 31 December 2021 came to € 179 billion, an increase of € 9.7 billion (+5.7%) compared with 31 December 2020.

Confidence on the part of the market towards the Cooperative Credit Banks (CCBs) belonging to the Group has also grown in 2021, with funding from ordinary customers of € 122 billion, up by € 9 billion on 2020 (+7.8%).

Consolidated shareholders' equity rose to € 10.7 billion and own funds to € 12 billion.

The indicators of capital solidity are far above the regulatory requirements and among the highest in Italy.

The Group's CET1 ratio is 17.7% while the TC ratio is 18.9%.

Risk-weighted assets (RWAs) came in lower than at the end of 2020 (€ 63.7 billion, approximately -3.6%), mainly as a result of reducing the amount of capital absorbed by portfolios in default, the sales of NPLs carried out, the significant additional provisions made in the latter part of the year and the increase in loans backed by government guarantees.

Despite the impacts of the pandemic, in 2021 the Iccrea Cooperative Banking Group recorded a net profit of € 461 million, a strong increase compared with 2020 (€ 202 million), with an ROE of 4.3%.

During the year, the Group continued the industrial path started with the 2020-2023 Transformation Plan, now largely implemented. Despite the uncertainty of the current context, the Group aims by 2024 to maintain a margin in line with its cooperative nature (ROE of approximately 5%), continuing the derisking process until it reaches values in line with those of the national market (net NPL ratio below 2%) and to maintain a solid capital profile (TC ratio above 18%).

Given the conflict between Russia and Ukraine, the Iccrea Cooperative Banking Group together with other mutual banks and in collaboration with Caritas in Italy and Europe has opened a current account to raise funds for children and teenagers who are victims of the war. The Group has already made a contribution in the name of all the affiliated CCBs.

Mauro Pastore - General Manager of Iccrea Banca – has commented: "Despite the persistence of the pandemic, 2021 was a year of recovery for our economy and the

results achieved are the fruit of intense activity by our Group's Cooperative Banks (CCBs) in the field, where we allocated to consumer households and small and medium-sized enterprises (SMEs) more than 85% of total credit lines, respectively. As evidence of our support, since the beginning of the pandemic we have granted moratoriums for over € 20 billion, now almost completely repaid, and support loans for almost € 9 billion.

Also in the next three years our Group will continue to pursue its mission as a system with a territorial vocation, expanding the range of services offered to the customers of CCBs, combining elements of innovation and security. Despite the geopolitical tensions, by 2024 we aim to further improve our asset quality (net NPLs below 2%), maintaining a robust capital position (total capital ratio above 18%) and aiming for a level of profitability that is consistent with the cooperative nature of the Group (around 5%)."

*The **Iccrea Cooperative Banking Group** today is made up of 123 CCBs (number valid from 11 April of this year), present in over 1,700 Italian municipalities with almost 2,500 branches, and other banking, financial and product companies controlled by the parent company, Iccrea Banca. The CCBs of the Group at 31 December 2021 made around € 88.8 billion of net loans throughout Italy and took in direct funding from ordinary customers of around € 122 billion, with than 3 million customers and 845 thousand shareholders. The Group has a CET 1 Ratio of 17.7% and a TCR of 18.9% (at 31/12 2021).*

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