

Iccrea Banca's Board of Directors approved 1H21 preliminary consolidated results of the Iccrea Cooperative Banking Group.

In 1H21, banking operations grew compared to the end of 2020, with customer loans reaching € 86.6 billion, up by € 1.4 billion and direct funding up to € 105.6 billion, with an increase of € 3.9 billion. Consolidated net profit reported at € 400 million, CET1 ratio at 16.4% and net NPL ratio at 4.1%.

Rome, 11 August 2021



Iccrea Banca's Board of Directors approved 1H21 preliminary consolidated results - reported to the Supervisory Authorities - of the Iccrea Cooperative Banking Group. The approval of the Intermediate Financial Report 2021 is expected by the end of September 2021, once the ordinary auditing activities are completed.

In 1H21 the Group, consisting of 130 Cooperative Banks, confirmed its strong presence in the areas where Affiliated BCCs operate, with customer loans, mainly granted to member small and medium-sized enterprises and households, reaching € 86.6 billion up from € 85.2 billion at the end of 2020. At the same time, loans granted with respect to Covid-19 related government measures (article 13 of the Liquidity Decree) continued to grow, rising from € 6 billion at the end of 2020 to € 8 billion at the end of June 2021, while the reduction of exposures under moratoria (Cura Italia Legislative Decree and voluntary moratoria) continued, decreasing from € 23.3 billion at the end of 2020 to € 6.2 billion at the end of June 2021.

An increase in direct funding from ordinary customers was also registered, up to € 105.6 billion, from € 101.7 billion at the end of 2020, confirming the market's confidence in the Group and its Affiliated BCCs.

In terms of asset quality, the important de-risking process activated by the Group - which has allowed in just three years and a half, from December 2017 to June 2021, to reduce by half the stock of gross NPLs (from around € 17.5 billion to around € 8.3 billion), the gross NPL ratio (from around 18.9% to around 8.9%) and the net NPL ratio (from around 11.1% to around 4.1%) - will continue in the second half of the year. In particular, a new multi-originator securitisation (GACS V) and other disposal transactions are planned for an estimated of € 2 billion of GBV, in addition to other management initiatives aimed at further improving asset quality levels.

The cost of risk as at June 2021 - amounting to € 390 million - is in line with the first half of last year and - based on preliminary estimates - is such as to increase the level of NPL coverage to over 57% (as compared to 55.7% at the end of 2020).

The Group's overall profitability reflects the distinctive features of its Affiliated BCCs, which are inspired by the principles of cooperation and prevalent mutuality and which privilege the relationship with local communities and the cooperative members of each bank.

In terms of revenues, net interest income as at June 2021 amounted to € 1.4 billion, up by more than € 150 million in 1H20. Net fee and commission income also grew, reaching € 650 million, € 50 million more than in 1H20. Other financial income amounted to over € 320 million.

Operating costs stood at € 1.5 billion in June 2021, with a cost/income ratio of 64.8%, improving from 71.7% in 1H20.

Consolidated net profit is equal to € 400 million, up from € 122 million of June 2020. Expectations for year-end results are influenced by the cost of risk, which is expected to increase as a result of the Group's prudent management policy, which aims at constantly improving asset quality, including de-risking initiatives.

The Group's CET1 ratio is around 16.4% while TCR is around 17.1%, a capital position among the most solid in Italy.

"It is important to underline - said Giuseppe Maino, Chairman of Iccrea Banca - how in the current particular economic phase the Group's banking operations have grown, with loans amounting to € 86.6 billion and direct funding amounting to € 105.6 billion, which have reached the highest levels ever, confirming the traditional focus of the BCCs on local communities and members and the first signs of economic recovery from the health crisis".

"The Iccrea Cooperative Banking Group - said Mauro Pastore, General Manager of Iccrea Banca - is continuing the process begun with the Strategic Plan. The overall results for the first half of 2021 are growing compared to the first half of last year as a result of an economic context that proved to be less negative than expected. We are satisfied with the strong decrease of exposures under moratoria. This is a positive signal that shows that the economic activity is picking up and makes us optimistic for the future. Encouraged also by the results of the Comprehensive Assessment, the improvement in the economy leaves us further margins for the implementation of measures to strengthen asset quality and coverage levels, even beyond the already prudent provisioning policies adopted and the de-risking process, which - as planned - will continue with vigour in the second half of the year. During the year, we will continue to implement all the other initiatives defined in the Strategic Plan which will lead to an improvement in the Group's overall technical situation, while maintaining our solid capital position, already one of the highest in the market".

The Iccrea Cooperative Banking Group is the largest Italian cooperative banking group, with wholly Italian capital, and consists today of 129 Cooperative Credit Banks together with other banking, financial and instrumental companies controlled by Iccrea Banca. The Gruppo Iccrea is the third Italian banking group in terms of number of branches - 2,529 in more than 1,700 Italian municipalities – and the fourth one in terms of total assets with more than € 169 billion. The Group also has € 92.8 billion of gross loans and an overall funding (direct and indirect) of about € 140 billion, with more than 3 million of clients and 824 thousand shareholders. The Group has a CET 1 Ratio of 16.7% and a TCR of 17.5 % (data as of December 31, 2020).

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