

Press release

BCC Iccrea Group: Consolidated results as at 31 December 2022

- *Growth in banking operations compared with 2021, with loans to ordinary customers rising to € 91 billion and direct funding from ordinary customers to € 121 billion.*
- *Net interest and other banking income at € 5.1 billion (+12.6% versus 2021).*
- *CET1 ratio of 19.2%, TC ratio of 20.4%.¹*
- *Net NPL ratio of 1.5%.²*
- *LCR of 231%, NSFR of 144%.*

Rome, 24 February 2023

The Board of Directors of Iccrea Banca examined the consolidated results of the BCC Iccrea Group as at 31 December 2022.

In 2022, the BCC Iccrea Group, the largest cooperative banking group, confirmed its strong roots in the areas where the banks are located, providing loans to customers for a total of € 90.9 billion, up by 2.4% versus 2021 equal to over € 2.1 billion, with an improvement in general credit quality.

Indeed, in keeping with the Group's strategic objectives aimed at fostering derisking while maintaining robust capital safeguards, a competitive process was concluded that led to the definition of a transaction for the disposal of NPEs (UTPs and bad loans) for a total amount of about €0.5 billion,³ the finalisation and relative definitive derecognition of which is expected within Q1 2023, and other transactions of smaller amounts were finalised that also involved the lease segment.

These operations, together with ordinary management and recovery actions, led to a significant improvement in credit quality, which at year-end showed a gross NPL ratio⁴ of 4.5% (6.9% in 2021) and a net NPL ratio of 1.5% (2.7% in 2021). The coverage ratio on total impaired loans further improved to 67.4%, 5 percentage points higher than in 2021 (62.7%) and about 12 points higher than in 2020 (55.7%). This figure is

¹ Phased-in data

² Proforma figure excluding credit items included in discontinued assets (€ 461 million gross and € 147 million net, pursuant to IFRS 5) subject to the sale finalised in February 2023.

³ See also the related press release of 7 February 2023.

⁴ Proforma figure excluding credit items included in discontinued assets (€ 461 million gross and € 147 million, pursuant to IFRS 5) subject to the sale finalised in February 2023.

particularly significant in view of the high proportion of non-performing loans backed by collateral and the increasingly small share of bad loans in the portfolio (about 1/3 of total NPLs).

Confidence of the market towards the Cooperative Credit Banks (BCCs) belonging to the Group remained high in 2022, with funding from ordinary customers of € 120.8 billion, substantially in line with the figures at the end of 2021.

The main liquidity indicators remain well above regulatory requirements: LCR of 231% and NSFR of 144%.

In terms of revenue, the Group reported net interest and other banking income of € 5,104 million in 2022 (+12.6% over 2021), thanks mainly to the positive trend in net interest income, which amounted to € 3,694 million (+34% versus 2021) and benefited from the market environment (rising interest rates and higher yields on inflation-linked bonds in the portfolio). Net commissions also performed well, amounting to € 1,338 million (+4.1% compared to 2021).

Operating costs amounted to € 3,026 million.

The Group's cost/income ratio thus stood at 59.3% (64.0% in 2021).

The net profit was € 1,795 million, up from € 461 million in 2021, due both to the aforementioned positive trend in net interest income and the presence of non-recurring items (extraordinary income of € 442 million from the sale of the monetics/BCC Pay).

Consolidated shareholders' equity rose to € 11.9 billion (10.7 billion in 2021) and own funds to € 13.0 billion (12.0 billion in 2021).

Risk-weighted assets (RWA) stood at € 63.9 billion, broadly in line with the end of 2021 (€ 63.7 billion).

The Group's CET1 ratio was 19.2% (17.7% at the end of 2021) while the TC ratio was 20.4% (18.9% at the end of 2021), well above regulatory requirements.

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 2022 amounting to €173.5 billion. Today the BCC Iccrea Group is made up of 118 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 2022 made around € 91 billion of net loans throughout Italy and took in direct funding from ordinary customers of around € 121 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 19.2% (data as at 31 12 2022).

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The consolidated financial statements as at 31 December 2022 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). Note that the auditing firm is completing the legal audit of the financial statements. The draft 2022 Financial Statements, the draft Consolidated Financial Statements and the related accounting and management schedules will be submitted to the Board of Directors for approval, currently scheduled for 31 March, and will be published at a later date.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€mln)	FY 22	FY 21	Δ FY 21	Δ % FY 21	Statutory financial statements items
Net interest income	3,694	2,761	933	33.8%	30
Net fee and commission income (expense)	1,338	1,286	52	4.1%	60
Other financial income	72	487	(415)	(85.3%)	(70; 80; 90; 100; 110)
Gross Income	5,104	4,533	571	12.6%	120
Net writedowns / writebacks for credit risk	(475)	(1,194)	719	(60.3%)	(130; 140)
Operating expenses	(3,026)	(2,903)	(123)	4.2%	240
Personnel expenses	(1,805)	(1,706)	(99)	5.8%	(190a)
Other administrative expenses	(1,249)	(1,212)	(37)	3.1%	(190b)
Net provisions	(50)	(73)	23	(31.9%)	200
Net adjustments	(237)	(233)	(4)	1.6%	(210; 220)
Other operating expenses/income	314	322	(8)	(2.4%)	230
Others	(34)	2	(36)	n.s.	(250; 260; 270; 280)
Profit before taxes	1,569	438	1,131	258.3%	290
Taxes	(216)	(2)	(214)	n.s.	300
Profit after tax from discontinued operations	442	25	417	n.s.	320
Net Profit	1,795	461	1,334	289.5%	330

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(€mln)	FY 22	FY 21	Δ FY 21	Δ % FY 21	Statutory financial statements items
Financial assets	68,015	70,786	(2,771)	(3.9%)	Assets items: 20; 30. Financial assets item 40
Net loans to customers	90,869	88,758	2,111	2.4%	Net loans to customers item 40
Net loans to banks	1,557	9,265	(7,708)	(83.2%)	Net loans to banks item 40
Other assets	13,103	10,176	2,927	28.8%	Assets items: 10; 50; 60; 70; 90; 100; 110; 120; 130
Total Assets	173,544	178,985	(5,441)	(3.0%)	
Financial liabilities to customers	119,116	117,436	1,680	1.4%	Financial liabilities to customers item 10b
Securities issued	9,196	11,306	(2,110)	(18.7%)	Securities issued item 10c
Financial liabilities to banks	28,518	34,585	(6,067)	(17.5%)	Financial liabilities to banks item 10a
Other liabilities	4,845	4,963	(118)	(2.4%)	Liabilities items: 20; 30; 40; 50; 60; 70; 80; 90; 100
Group shareholder's equity	11,870	10,695	1,175	11.0%	Liabilities items: 110; 120; 130; 140; 150; 160; 170; 180; 200
Total liabilities and shareholders' equity	173,544	178,985	(5,441)	(3.0%)	

ASSET QUALITY

(€mln)	FY22	FY 21	Δ FY 21	Δ % FY 21
Past due	359	421	(62)	(15%)
UTP	2,432	3,191	(758)	(24%)
Bad Loans	1,473	2,834	(1,361)	(48%)
Gross Non Performing Loans	4,264	6,445	(2,181)	(34%)
Performing Loans - Stage 1	82,832	76,273	6,558	9%
Performing Loans - Stage 2	7,665	11,215	(3,550)	(32%)
Total gross loans to customers	94,761	93,933	828	1%
Gross NPL Ratio	4.5%	6.9%	(2.4%)	(34%)
Writedowns	2,874	4,041	(1,167)	(29%)
Coverage Ratio NPL	67.4%	62.7%	4.7%	7%
Coverage Ratio Past Due	29.0%	20.9%	8.1%	39%
Coverage Ratio UTP	65.8%	53.9%	12.0%	22%
Coverage Ratio Bad Loans	79.4%	78.9%	0.5%	1%
Coverage Ratio Performing Loans	1.1%	1.3%	(0.2%)	(15%)
Coverage Ratio Performing Loans - Stage 1	0.6%	0.6%	(0.0%)	(6%)
Coverage Ratio Performing Loans - Stage 2	6.5%	5.8%	0.7%	13%
Net Non Performing Loans	1,390	2,404	(1,014)	(42%)
Net NPL Ratio	1.5%	2.7%	(1.2%)	(44%)

CAPITAL RATIOS

(€mln)	FY 22	FY 21	Δ FY 21	Δ % FY 21
RWA	63,937	63,670	267	0%
CET 1	12,286	11,279	1,040	9.2%
Total Capital	13,025	12,006	1,020	8.5%
CET1 Ratio	19.2%	17.7%	1.6%	8.8%
TC Ratio	20.4%	18.9%	1.5%	8.0%