

A photograph of a modern, multi-story building with a glass and metal facade. The building has a prominent entrance with a series of columns. In the foreground, there is a large, stylized sculpture that resembles a stylized 'C' or a knot. The sky is blue with some clouds.

GRUPPO BCC ICCREA

Credit Update 1H23

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The consolidated financial statements as at 30 June 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).

Agenda

Group Overview –Data as of Dec 22

Financial highlights – 1H23

Gruppo BCC Iccrea, one of the leading players in the Italian banking sector...

1st

by CET 1 ratio *(phased in)*⁽¹⁾

3rd

by no. of branches⁽¹⁾

4th

by total assets⁽¹⁾



5.2 Mln
Customers



22,144
Employees



120.6 €/b
Direct funding from customers⁽²⁾



94.8 €/b
Gross loans to customers⁽²⁾



13.0 €/b
Own funds



15.1%
ROE

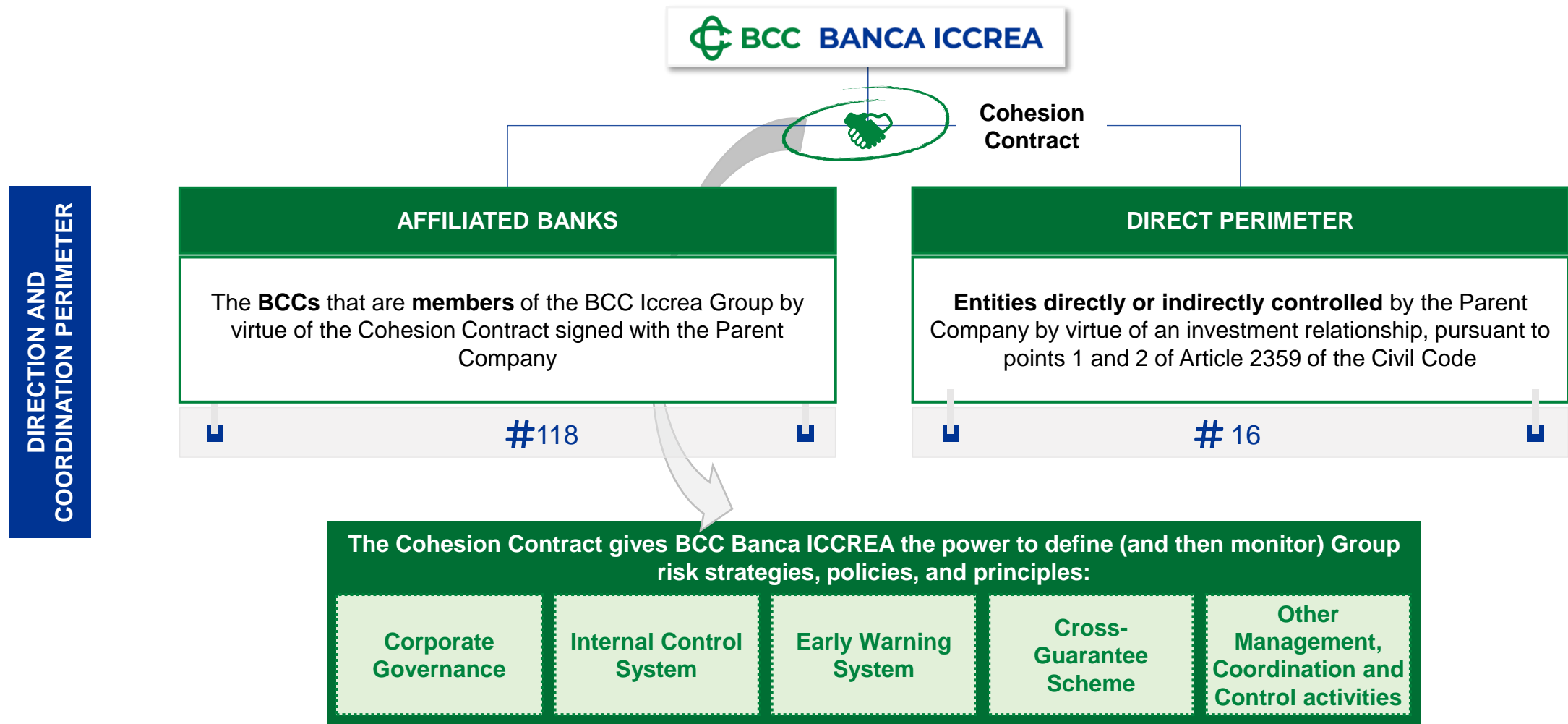


20.4%
Total Capital ratio

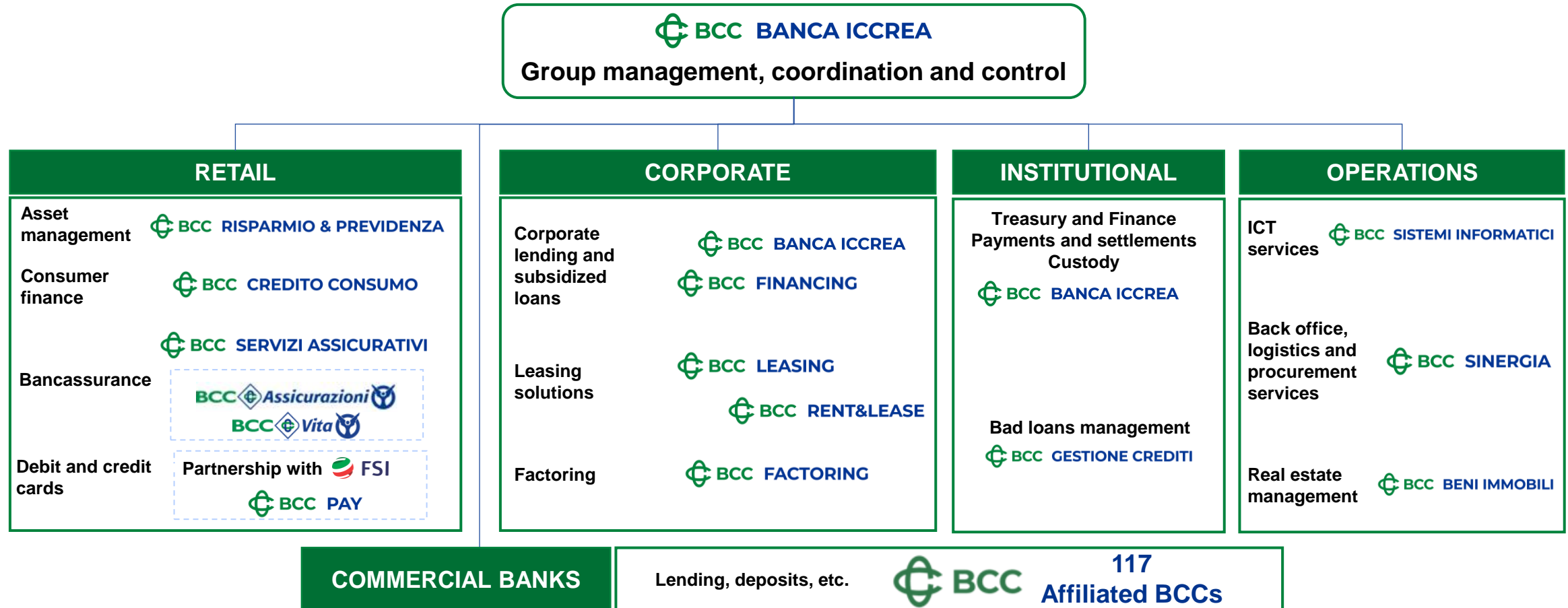


LCR **231%**
NSFR **144%**

... the first cooperative banking group in Italy, leveraging on 118 Affiliated Banks operating as a single entity...



... and entities dedicated to offering a full set of financial services and an efficient operating model



The mutualistic nature of Cooperative Banks: distinctive features of the business model of the Group...

BANKS - Joint Stock Companies



SHAREHOLDERS



PROFIT DRIVEN



DIVIDEND



GEOGRAPHY – NO SPECIFIC LIMIT ON LENDING



COUNTERPART - NO SPECIFIC LIMIT ON LENDING



PROFIT: NO LIMIT IN PAY-OUT RATIO



SUPERVISION: BANK OF ITALY/ECB

BCC - Mutual Banks



MEMBERS



UTILITY DRIVEN



BUSINESS IN FAVOUR OF MEMBERS AND COMMUNITY



LENDING: AT LEAST 95% WITHIN BANK'S TERRITORY



LENDING MAINLY TO MEMBERS (50.1%)

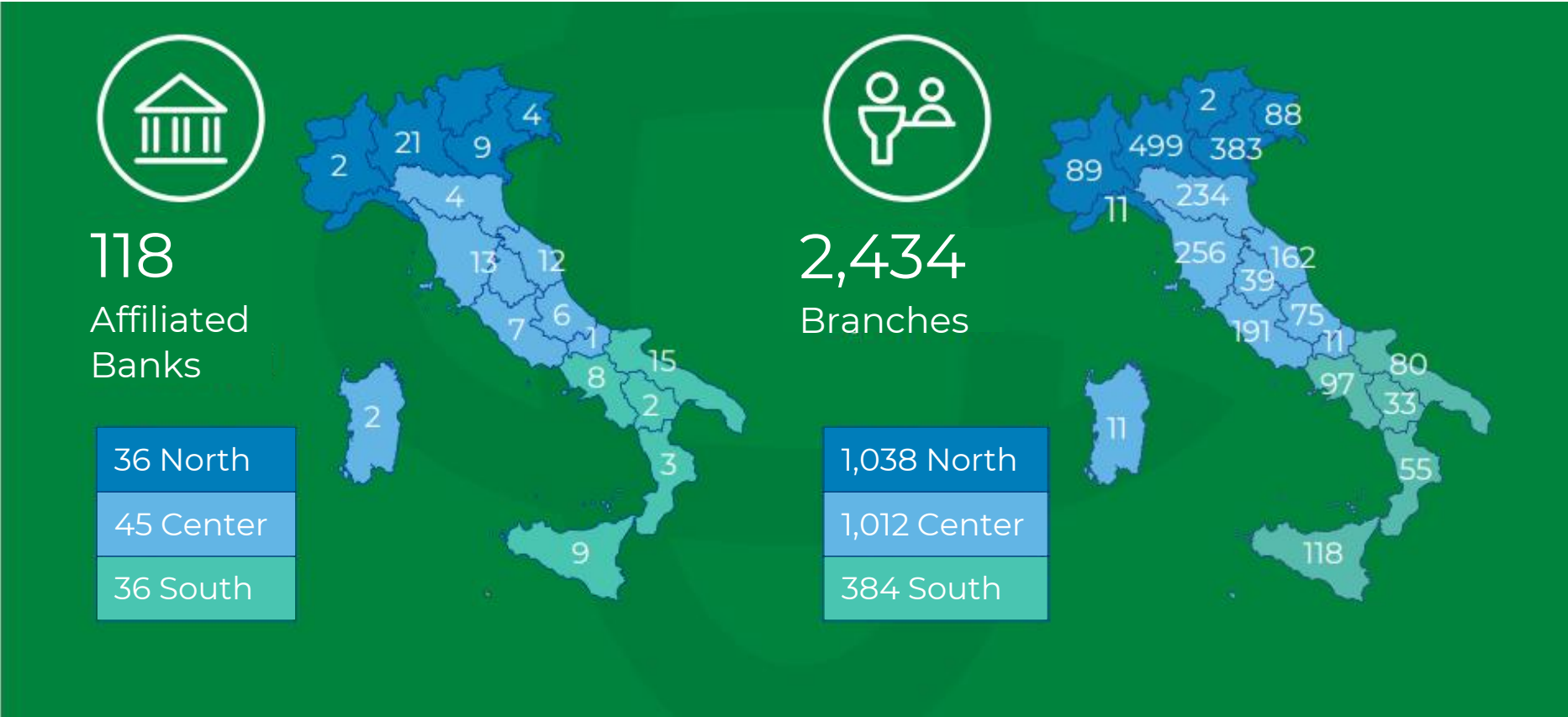


PROFIT: AT LEAST 70% TO LEGAL RESERVE, 3% TO MUTUALISTIC FUNDS FOR COOPERATION

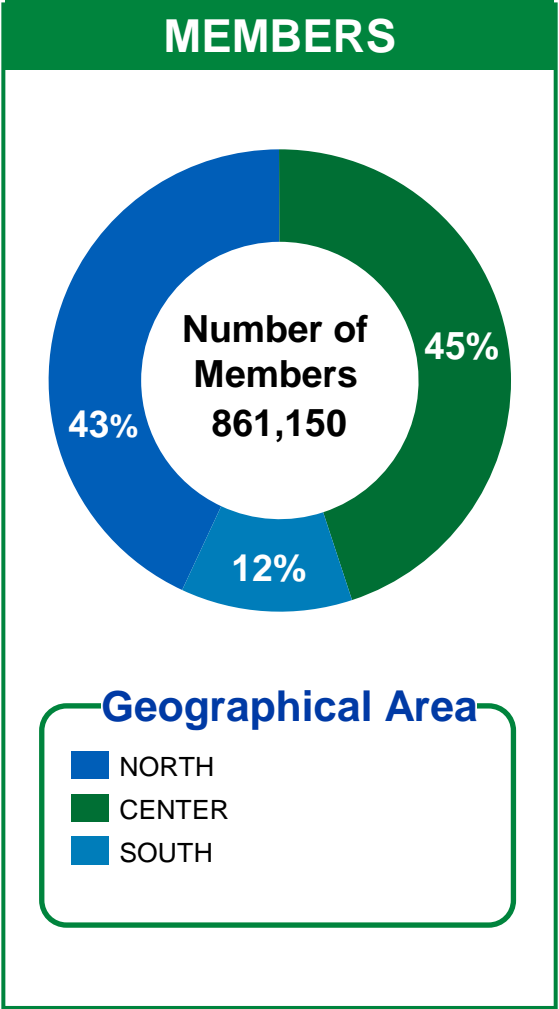


SUPERVISION: BANK OF ITALY/ECB

... the widespread presence in the country...



The group is present with at least 1 branch in **1,680** municipalities (35% of the total number of banking municipalities). In 335 municipalities (20% of the total), the group's branches represent **the only banking presence**



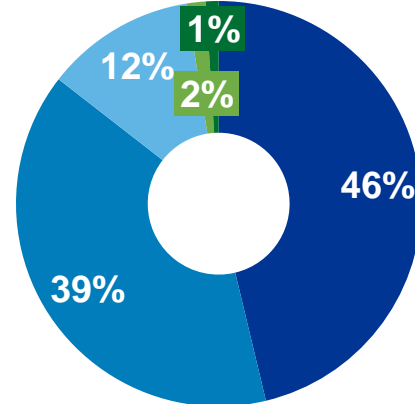
... and a traditional and typical customer base.....

Gross loans to customers as at 31/12/2022

Breakdown by counterparty

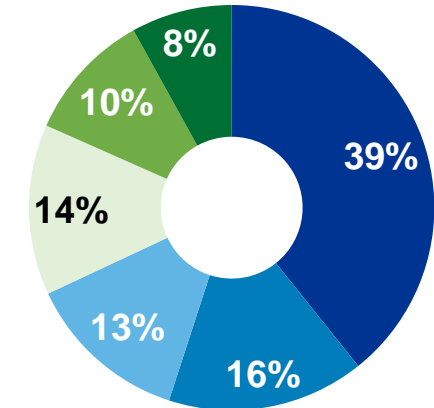
- Small and medium enterprises
- Consumer households
- Other non financial companies
- Other financial companies
- Public administration

**85% OF CREDIT TO
HOUSEHOLDS AND
SMEs**



Breakdown by economic sector of the counterparty

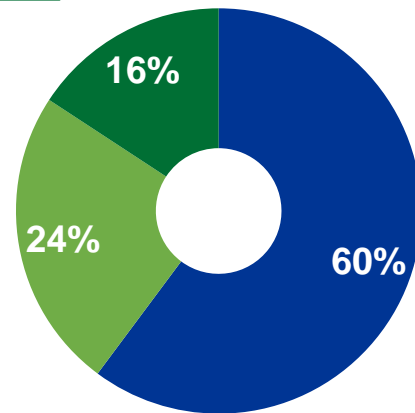
- Consumer households
- Services and others
- Real estate and construction
- Manufacturing
- Trade
- Primary sector and other



Breakdown by guarantee

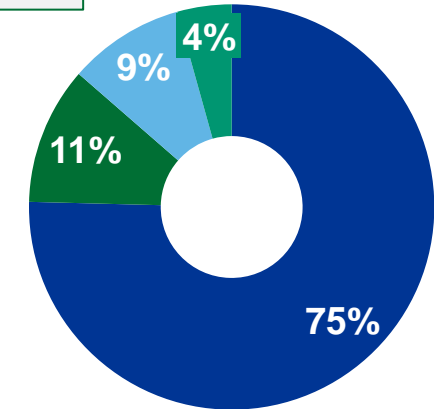
- Collateral
- Personal guarantees
- Unsecured

**85% OF LOANS ARE
SECURED**



Breakdown by type

- Medium-long term loans*
- Deposits and current accounts
- Personal loans and other
- Leasing



... in line with an ESG approach by nature

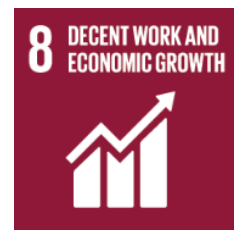
SUSTAINABLE BY NATURE

"In carrying out its activities, the Company is inspired ... by the principles of mutuality without the purpose of private speculation. It aims to benefit members and members of local communities by pursuing the improvement of their moral, cultural and economic conditions as well as social cohesion and the responsible and sustainable growth of the territory in which it operates. The Company is distinguished by its social orientation and by its choice to build the common good".

Statute of Cooperative Credit Banks, Article 2



SUSTAINABLE DEVELOPMENT GOALS



The path taken by the Group since its recent inception has enabled to consolidate its identity...

Unique business model among major Italian banks

The Group is distinguished by the mutualistic purpose that inspires its actions and its business model, which is characterized by its special relationship with members, customers and the local area and by its organizational model

Operating model consolidation

Single administrative services hub, centralization of IT services and platforms, Partnerships (salary-backed loan and E-money); and "Factories" (Leasing and Factoring) repositioning

Rooted presence in the country

Second Italian Bank in terms of number of branches. A widespread network with presence in small municipalities no more served by large banking groups

Issuer on the Institutional market

Funding in the institutional market (3 bn from 2019), with good feedback also outside Italy with a path of rating improvement aimed at a progressive alignment with main competitors

ESG-oriented by nature

Promoting and investing on initiatives to improve and preserve local communities (from Nov-21 to date, 2 Social Senior Preferred issuances for a total amount of 1 bn)










Relevant «derisking» process

Since 2019, strong reduction in the stock of NPLs (from around 10.6 bn to around 4.3 bn), mainly through disposals (around 10 bn since 2019) under the GACS scheme

Solid capital and financial profile

High capital ratios (buffer approx. 780bps over SREP requirement) to face highly stressed macro scenarios and liquidity ratios (LCR 231%) to ensure ample buffers in managing TLTRO repayment plan

... and to achieve tangible improvements in business, capital and financial performance...

	FY 19	FY 22	Δ 19-22
 Loans to customers <i>Market share</i>	86.0 €/b 4.9%	91.5 €/b 6.1%	+2.1% (CAGR) +1.2 pp
 Direct funding <i>Market share</i>	105.4 €/b 6.0%	120.6 €/b 6.4%	+4.6% (CAGR) +0.4 pp
 Gross NPL ratio	11.6%	4.5%	-7.1 pp
 Net NPL ratio	6.1%	1.5%	-4.6 pp
 Cost / Income	73.9%	59.2%	-14.7 pp
 ROE	2.4%	15.1%	+12.7 pp
 CET1r	15.5%	19.2%	+3.7 pp
 TCr	16.3%	20.4%	+4.1 pp
 MREL_{RWA} Profile	20.0%	23.4%	+3.4 pp

... allowing also the first positive feedbacks from the financial markets

FitchRatings

S&P Global
Ratings

MORNINGSTAR | DBRS

MOODY'S | ESG Solutions

2020	
Long Term	Outlook
BB-	Stable
BB	Negative
BB (high)	Stable
<hr/>	
ESG	
A2	

TODAY	
Long Term	Outlook
BB+	+2 Notch STABLE
BB+	+1 Notch STABLE ▲
BB (high)	POSITIVE ▲
<hr/>	
ESG	
A1	+1 Notch

Agenda

Group Overview - Data as of Dec 22

Financial highlights – 1H23

1H23 results: Executive Summary

Resilient and growing results

- 1 1H23 Net Profit at 797 €/mln (683 €/mln in 1H22)
- 2 Sound revenue growth (+9.1%) underpinned mainly by NII (+16.7% YoY)
- 3 Asset Quality ratios stable: NPL ratio at 4.5% (gross) and 1.5% (net). Coverage at 69.3%. Signed (Aug 11, 2023) agreement for the sale of 570 €/mln of UTP and bad loans: positive impact of 50 bps on Gross NPL ratio (down to 4% after the sale)
- 4 Strong capital position confirmed: CET1r at 19.9%, TCr at 21.1%
- 5 Sound liquidity profile: LCR at 257%, NSFR at 148%

1H23 results: Highlights

P&L and Balance sheet yearly evolution

Profit & Loss – 1H23 vs 1H22 -

(€mln)	1H 23	1H 22	Δ 1H 22	Δ % 1H 22
Net interest income	1,948	1,670	278	16.7%
Net fee and commission income (expense)	672	659	13	1.9%
Other financial income	77	144	(66)	(46.1%)
Gross Income	2,697	2,472	224	9.1%
Net writedowns / writebacks for credit risk	(197)	(182)	(15)	8.1%
Operating expenses	(1,557)	(1,508)	(48)	3.2%
Personnel expenses	(931)	(855)	(76)	8.9%
Other administrative expenses	(666)	(671)	4	(0.6%)
Net provisions	(9)	(20)	11	(55.1%)
Net adjustments	(114)	(116)	2	(2.0%)
Other operating expenses/income	163	153	11	6.9%
Operating Result	943	782	161	20.7%
Other	2	(7)	9	(129.9%)
Profit before taxes	945	774	171	22.1%
Taxes	(149)	(108)	(40)	37.3%
Profit after tax from discontinued operations	--	17	(17)	(100.0%)
Net Profit	797	683	113	16.6%

Balance Sheet – June 23 vs Dec 22 -

(€mln)	1H 23	FY 22	Δ FY 22	Δ % FY 22
Financial assets	65,066	68,014	(2,948)	(4.3%)
Net loans to customers	89,604	90,869	(1,264)	(1.4%)
Net loans to banks	1,535	1,557	(22)	(1.4%)
Other assets	12,036	13,103	(1,067)	(8.1%)
Total Assets	168,240	173,542	(5,302)	(3.1%)
Financial liabilities to customers	115,923	119,116	(3,193)	(2.7%)
Securities issued	10,338	9,196	1,143	12.4%
Financial liabilities to banks	23,025	28,518	(5,493)	(19.3%)
Other liabilities	6,329	4,842	1,486	30.7%
Group shareholder's equity	12,626	11,871	755	6.4%
Total liabilities and shareholders' equity	168,240	173,542	(5,302)	(3.1%)

1H23 results: Highlights

P&L: quarterly evolution

Profit & Loss – 2Q23 vs 1Q23

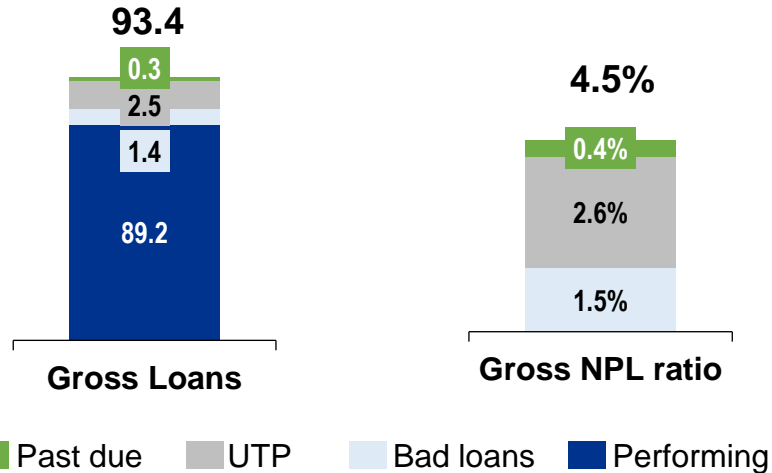
(€mln)	2Q 23	1Q 23	Δ 1Q 23	Δ % 1Q 23
Net interest income	991	957	34	3.6%
Net fee and commission income (expense)	333	338	(5)	(1.5%)
Other financial income	46	31	15	49.2%
Gross Income	1.371	1.326	44	3.3%
Net writedowns / writebacks for credit risk	(175)	(22)	(154)	705.5%
Operating expenses	(846)	(711)	(135)	19.0%
Personnel expenses	(461)	(470)	10	(2.1%)
Other administrative expenses	(397)	(270)	(127)	47.1%
Net provisions	(15)	6	(20)	(350.7%)
Net adjustments	(58)	(56)	(1)	2.5%
Other operating expenses/income	84	79	4	5.3%
Operating Result	349	594	(244)	(41.2%)
Other	3	(1)	4	(441.7%)
Profit before taxes	352	593	(240)	(40.6%)
Taxes	(52)	(97)	45	(46.4%)
Profit after tax from discontinued operations	--	--	--	n.a.
Net Profit	301	496	(196)	(39.4%)

Include "systemic charges" represented by the contribution to the BRRD SRF/DGS (120 €/mln in 2Q23 vs 8 €/mln in 1Q23)

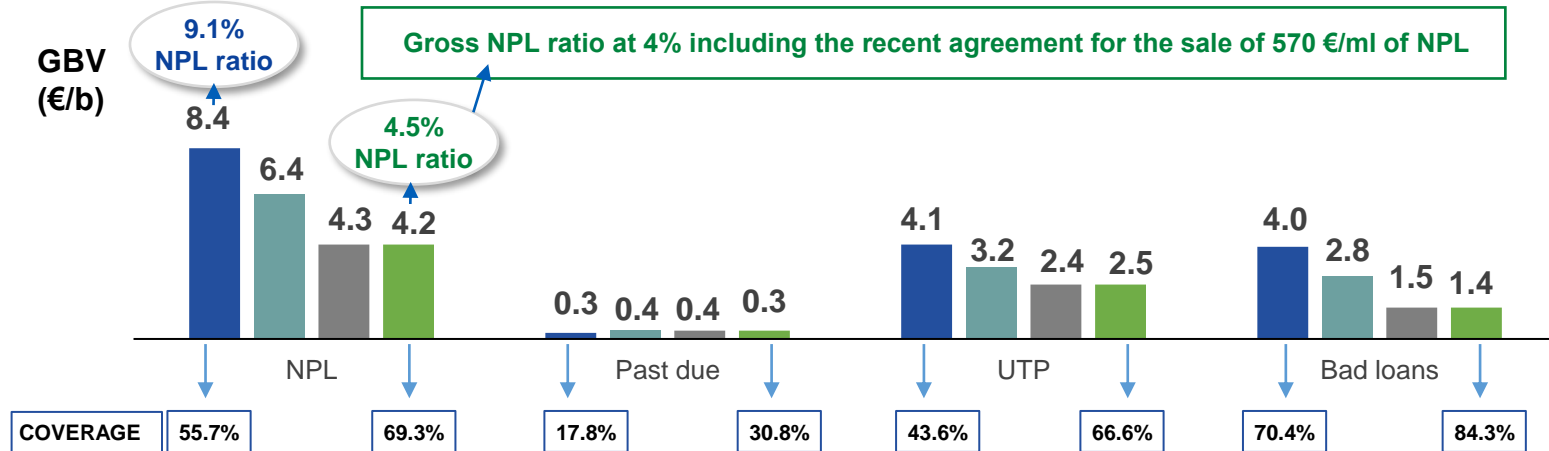
Asset quality: NPE Ratio (net) at 1.5%. Texas Ratio¹ at 10%

Decreasing stock and increasing coverage (69.3%).

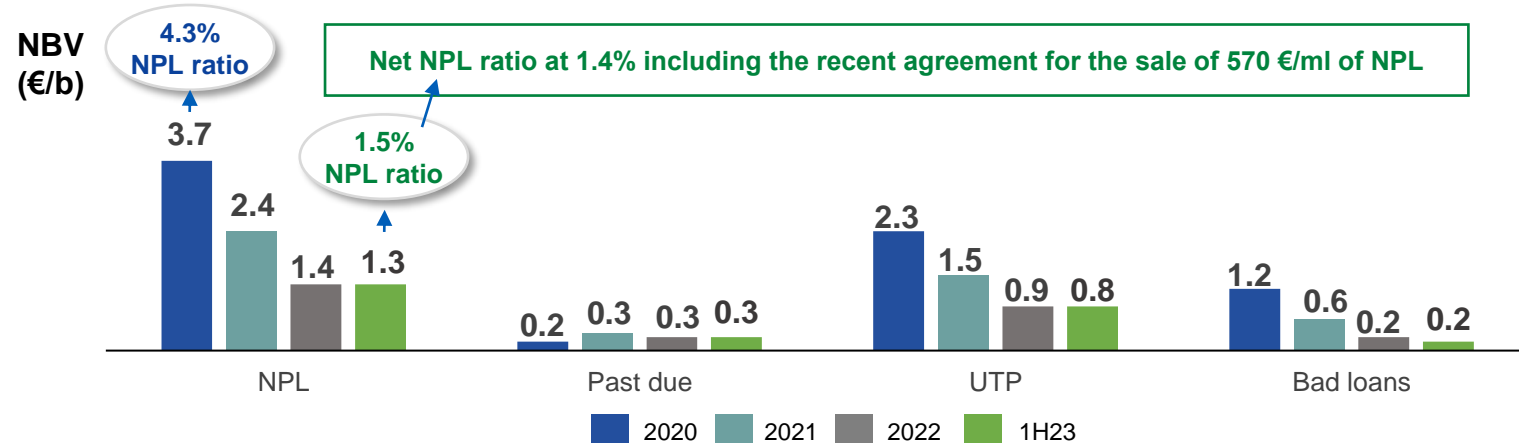
Asset Quality (gross) - €/b and ratio in %



Gross NPL: Stock and ratio evolution



Net NPL: Stock and ratio evolution

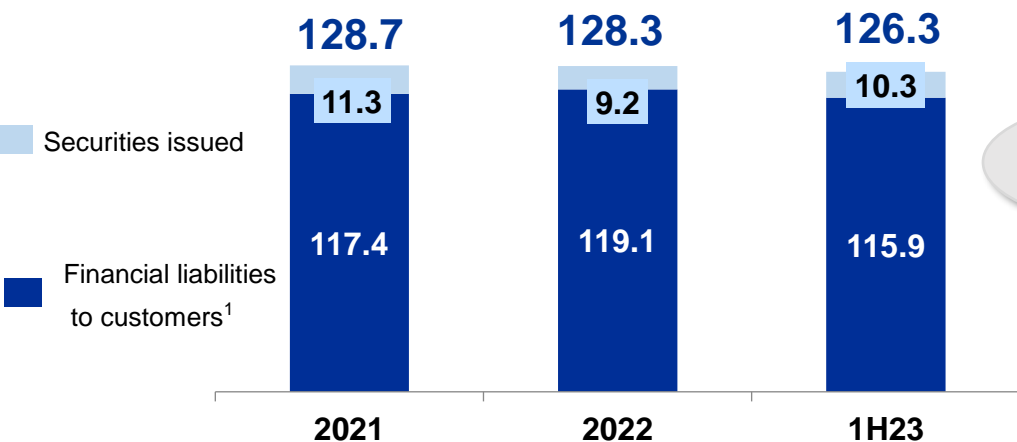


- Gross NPL ratio at 4.5% (stable vs. Dec 22)
- Stage 2: 7.4% of total gross loan portfolio
- Net NPL ratio at 1.5% (stable vs. Dec 22)
- NPE Ratio evolution has been also supported by the de-risking activity carried out by Iccrea Banca. NPL ratio (gross) at 4.0% including the recent (Aug. 2023) agreement for the sale of 570 €/mln of bad loans and UTP
- Initiatives aimed to improve the Group's risk profile are also reflected by the prudent approach adopted by the Group: NPL coverage at 69.3% (+ 1.5 p.p. compared to Dec 22)

Funding structure: A sound liquidity profile

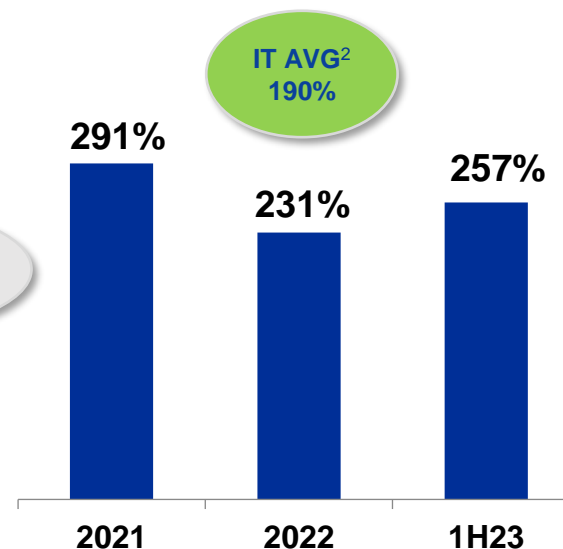
LCR at 257%, NSFR at 148%. Ample liquidity buffers

Direct Funding Evolution - €/b

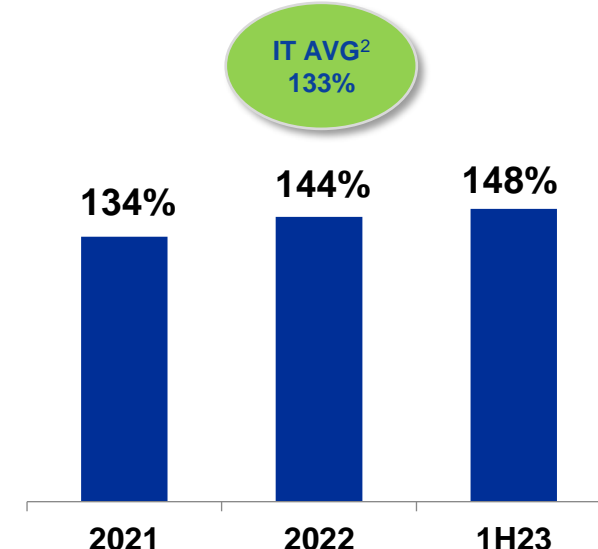


DIRECT
FUNDING/TOTAL
LIABILITIES: 75%

Liquidity Coverage Ratio



Net Stable Funding Ratio

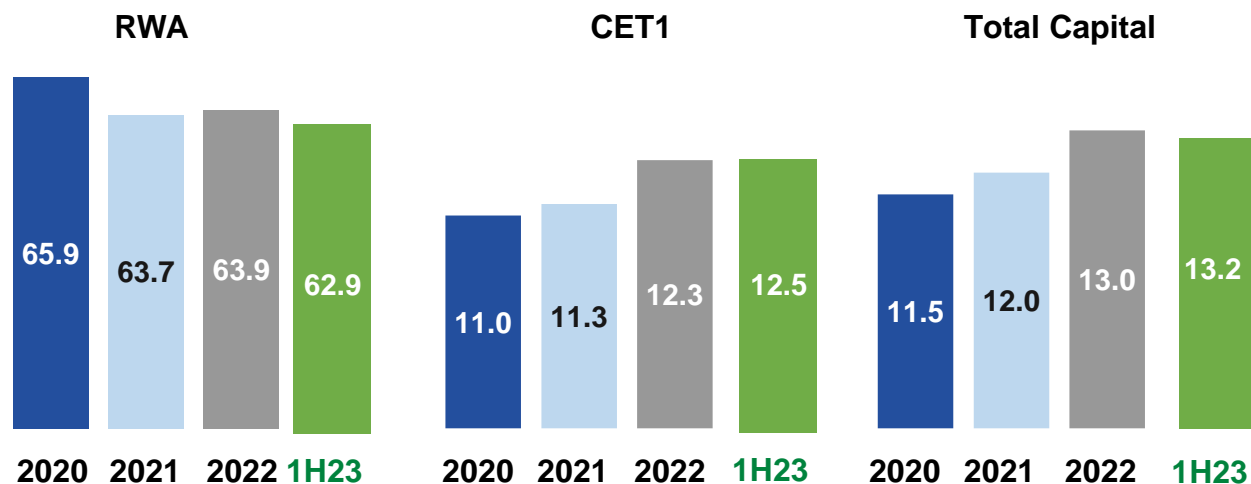


- Direct funding at 126.3 €/b slightly down vs 2022 level
- A very solid liquidity position: LCR and NSFR respectively at 257% and 148% well above Italian peers average

Leading capital position: Focus on capital ratios and buffer

CET 1 at 19.9%, TCR at 21.1%

Capital Position Evolution - €/b



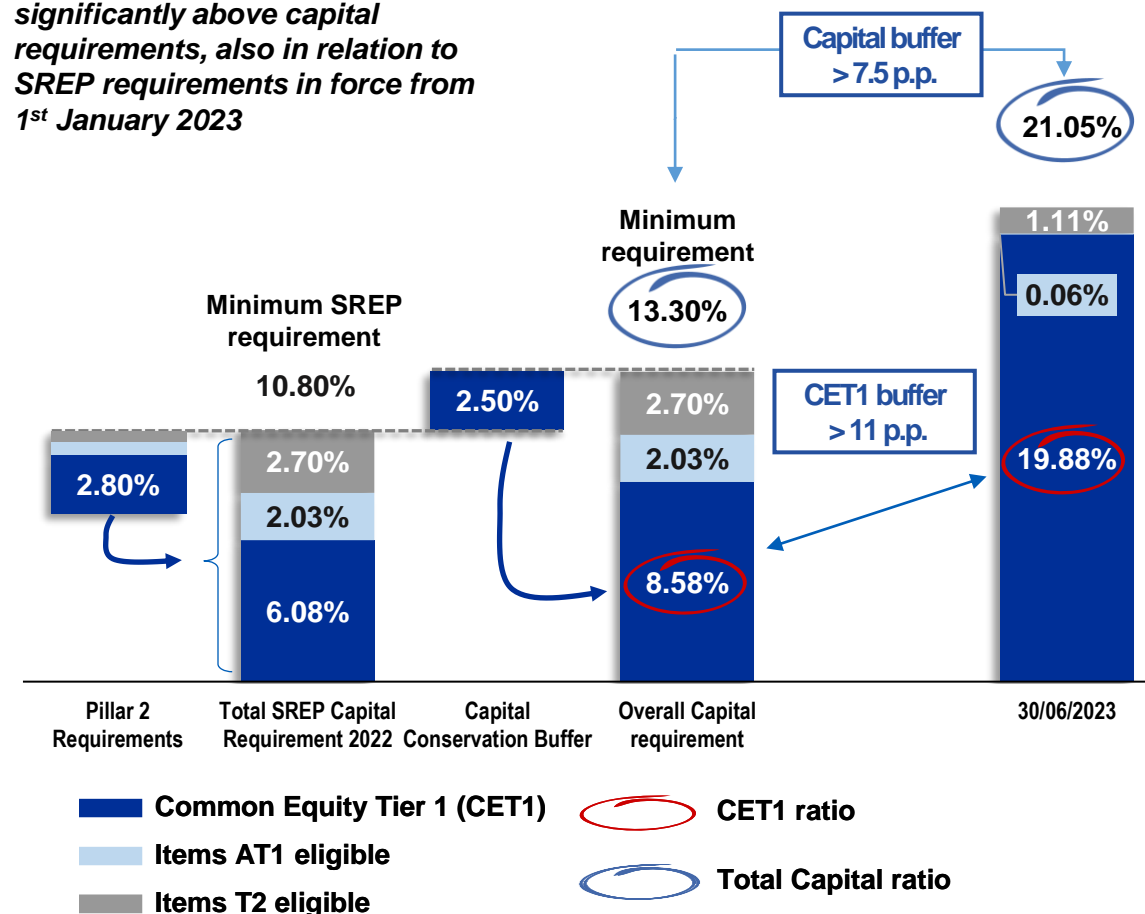
Capital Ratios evolution

	6M 23	FY 22	DELTA
RWA	62,854	63,891	(1,037)
CET 1	12,497	12,286	212
Total Capital	13,232	13,025	207
CET1 ratio	19.9%	19.2%	0.7%
TC ratio	21.1%	20.4%	0.7%

- 1H23 capital generation able to more than absorb the phase out (31 March 2023) of the filters related to the "transitional regime"

Capital Buffer (phased in) - %

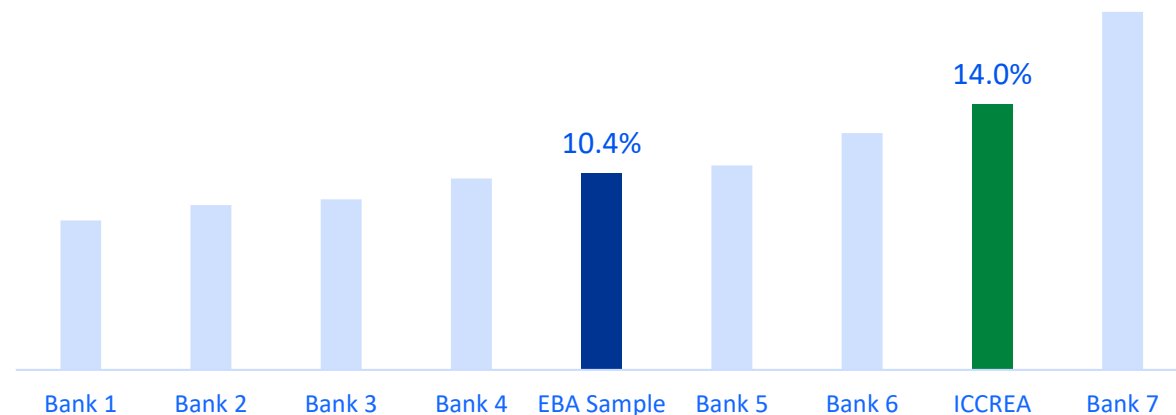
GBCI capital position significantly above capital requirements, also in relation to SREP requirements in force from 1st January 2023



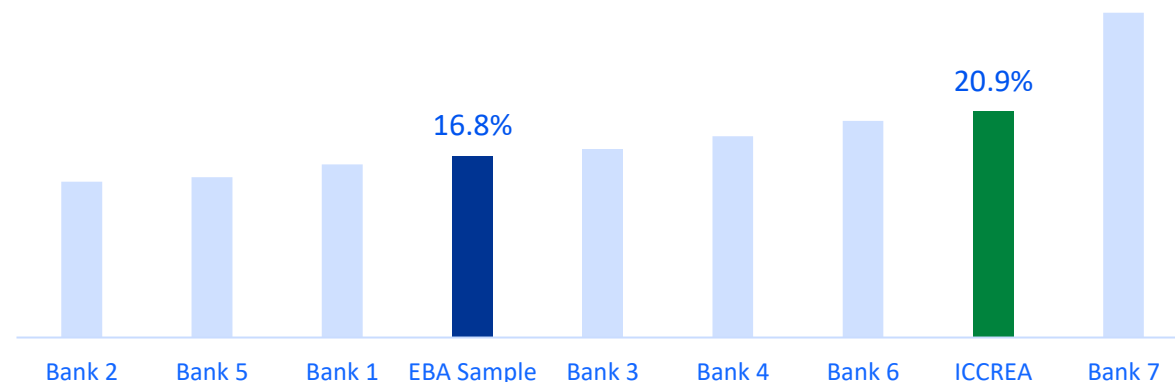
2023 EBA EU-Wide Stress Test results

Outstanding results: Among the best in Europe and second position in Italy

2025 CET1: Italian Banks - Adverse Scenario -



2025 CET1: Italian Banks - Baseline Scenario -



Capital position confirmed at the top of the European banking system

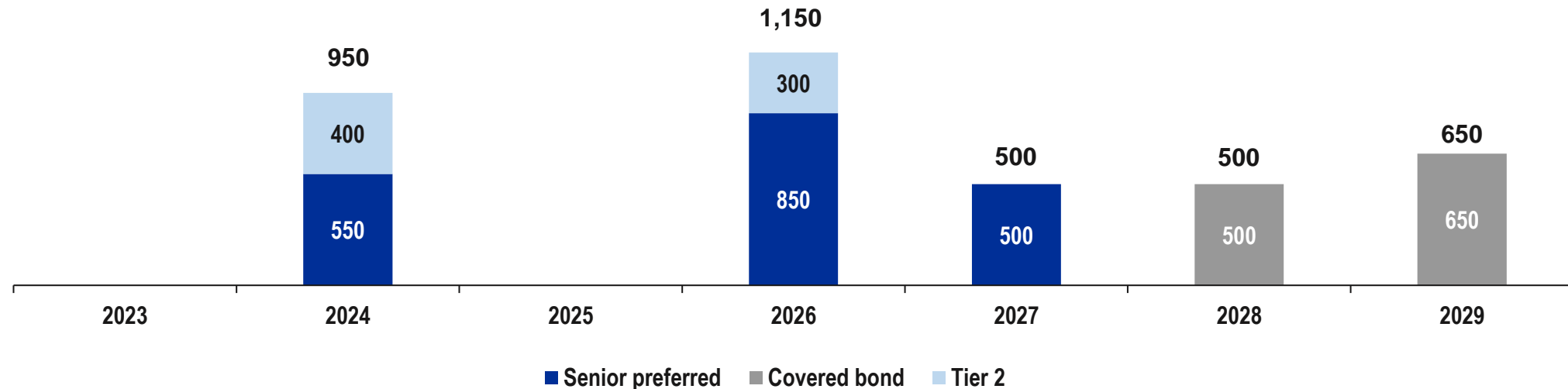
Iccrea in the Institutional Bond market

A more established and frequent Issuer

- Iccrea Banca issued 7 institutional bonds since November 2020:
 - 4 Senior Preferred bonds for an aggregate amount of 1,850 €/m (including 2 Social issuances)
 - A 300 €/m Subordinated Tier 2
 - 1,000 €/m Covered Bond in 2 different issuances (last one in July 23)

Issuer	Instrument Type	Announcement date	Coupon (%)	Maturity	Next Call Date	Outstanding Amount (€)
Iccrea Banca SpA	Senior Preferred	10-Jun-14	3.116	19-Jun-24	-	50,000,000
Iccrea Banca SpA	Tier 2	21-Nov-19	4.125	28-Nov-29	28-Nov-24	400,000,000
Iccrea Banca SpA	Senior Preferred	13-Oct-20	2.250	20-Oct-25	20-Oct-24	500,000,000
Iccrea Banca SpA	Covered Bond	13-Sept-21	0.010	23-Sep-28	-	500,000,000
Iccrea Banca SpA	Tier 2	05-Oct-21	4.750	18-Jan-32	18-Jan-26	300,000,000
Iccrea Banca SpA	Social Senior Preferred	10-Nov-21	2.125	17-Jan-27	16-Jan-26	500,000,000
Iccrea Banca SpA	Senior Preferred	13-Sep-22	6.375	Sep-27	Sep-26	350,000,000
Iccrea Banca SpA	Social Senior Preferred	12-Jan-23	6.875	Jan-28	Jan-27	500,000,000
Iccrea Banca SpA	Covered Bond	4-July-23	3.875	12-Jan-29	-	650,000,000

Institutional Bonds, Maturity/Call profile -€/m



Issuer rating: Actual situation

Recent upgrades from all rating agencies



	Release date	Long Term	Outlook	Short Term
FitchRatings	February, 1 2023	BB+ +2 Notch (FEB 23)	Stable	B
S&P Global Ratings	November, 23 2022	BB+ +1 Notch (Nov 22)	Stable	B
MORNINGSTAR DBRS	November, 28 2022	BB (high)	Positive Improved on Nov 22	R-3

2023-2025 Business Plan Initiatives well on track.

Update on recent strategic initiatives

August 2023

Agreement for the sale of 570 €/mln of UTP and bad loans: Positive impact for approx. 50 bps on Gross NPL ratio and no negative impact on P&L



July 2023

Allfunds signs a strategic agreement with BCC Iccrea Group to acquire the local paying agent business (Banca Corrispondente) of Iccrea Banca



July 2023

Agreement with BPM for the creation of the second largest pole in the Payment business together with FSI



August 2023

Bancassurance: Chosen two partners (BNP Paribas Cardif and Assimoco) to pursue exclusive negotiations



Before year-end

IT Project/Revision of the sourcing model

DE-RISKING

DEVELOPMENT OF THE
BUSINESS MODEL



ANNEXES AND CONTACTS

UPDATE ON ITALIAN ECONOMY¹

GDP AND INFLATION PROJECTIONS

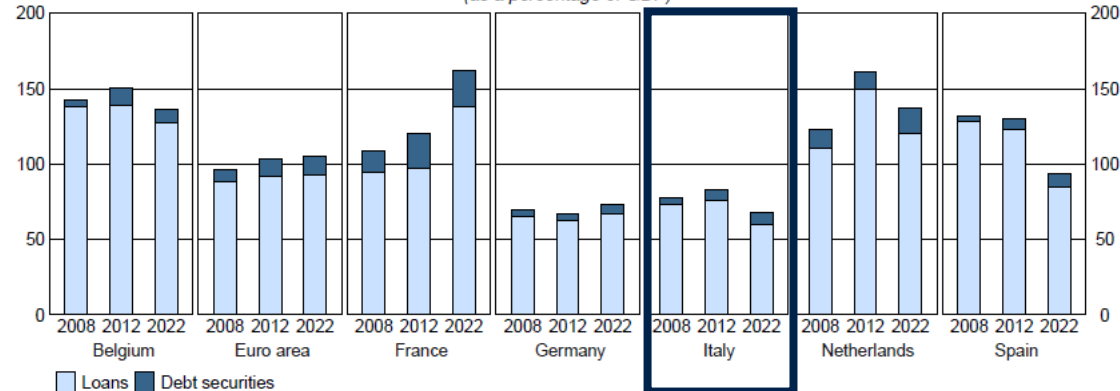
(percentage change on previous period)

Italy						
	Growth			Inflation (1)		
	2023	2024	2025	2023	2024	2025
Bank of Italy (July) (2)	1.3	0.9	1.0	6.0	2.3	2.0
European Commission (May) (3)	1.2	1.1	n.a.	6.1	2.9	n.a.
IMF (July) (4)	1.1	0.9	1.1	5.2	2.5	2.2
OECD (June) (5)	1.2	1.0	n.a.	6.4	3.0	n.a.
Consensus Economics (July) (6)	1.1	0.8	n.a.	6.1	2.5	n.a.

Euro Area						
	Growth			Inflation (1)		
	2023	2024	2025	2023	2024	2025
Eurosystem/ECB (June) (7)	0.9	1.5	1.6	5.4	3.0	2.2
European Commission (May) (3)	1.1	1.6	n.a.	5.8	2.8	n.a.
IMF (July/Apr.) (4)	0.9	1.5	n.a.	5.3	2.9	2.2
OECD (June) (5)	0.9	1.5	n.a.	5.8	3.2	n.a.
Consensus Economics (July) (6)	0.5	0.9	n.a.	5.4	2.4	n.a.

FIRMS' FINANCIAL DEBT

(as a percentage of GDP)



Source: based on ECB and Eurostat data.

(1) The data refer to the non-financial corporations sector. End-of-period data.

HOUSEHOLD: INCOME, SAVING RATE AND DEBT

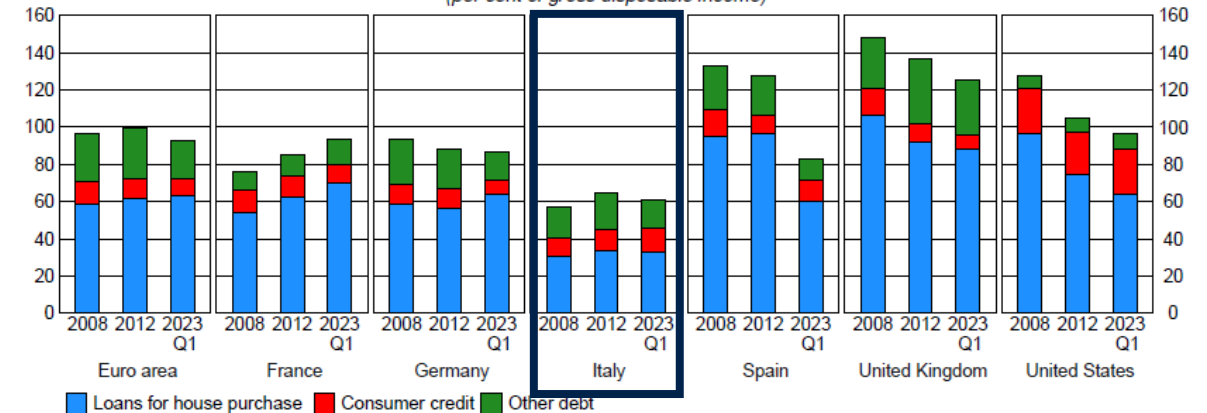
7 – Household income and saving

(seasonally adjusted quarterly data)



19 – Financial debt of households (1)

(per cent of gross disposable income)



Sources: Bank of Italy and Istat for Italy, ECB for euro-area countries, Office for National Statistics and Bank of England for the United Kingdom, Federal Reserve System - Board of Governors and Bureau of Economic Analysis for the United States.

(1) Data refer to consumer and producer households; for the United States data refer to only consumer households. End-of-period data.

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FY23: FINANCIAL CALENDAR

NOVEMBER 14, 2023:

FINANCIAL RESULTS AS AT 30 SEPT 2023

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