

A man and a woman are seated at a green cylindrical table with a white logo. The woman is on the left, wearing a green jacket and brown pants, with a white bag. The man is on the right, wearing a dark suit, looking at a laptop. The table has a white logo. In the background, there is a market stall with various fruits and vegetables, and a man in a blue apron stands behind the counter. The scene is set outdoors on a cobblestone street with a historic building in the background.

# GRUPPO BCC ICCREA

## Credit Update 1Q23



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Certain data in this Presentation may have been rounded. As a result of such rounding, the totals of data prescribed in this Presentation may vary slightly from the arithmetic total of such data.

The consolidated financial statements as at 31 March 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 at Dec 22**

**Financial highlights – 1Q23**

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

1<sup>st</sup>

by CET 1 ratio *(phased in)<sup>(1)</sup>*

3<sup>rd</sup>

by no. of branches<sup>(1)</sup>

4<sup>th</sup>

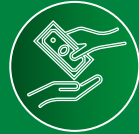
by total assets<sup>(1)</sup>



5.2 Mln  
Customers



22,144  
Employees



120.6 €/b  
Direct funding from customers<sup>(2)</sup>



94.8 €/b  
Gross loans to customers<sup>(2)</sup>



13.0 €/b  
Own funds



15.1%  
ROE

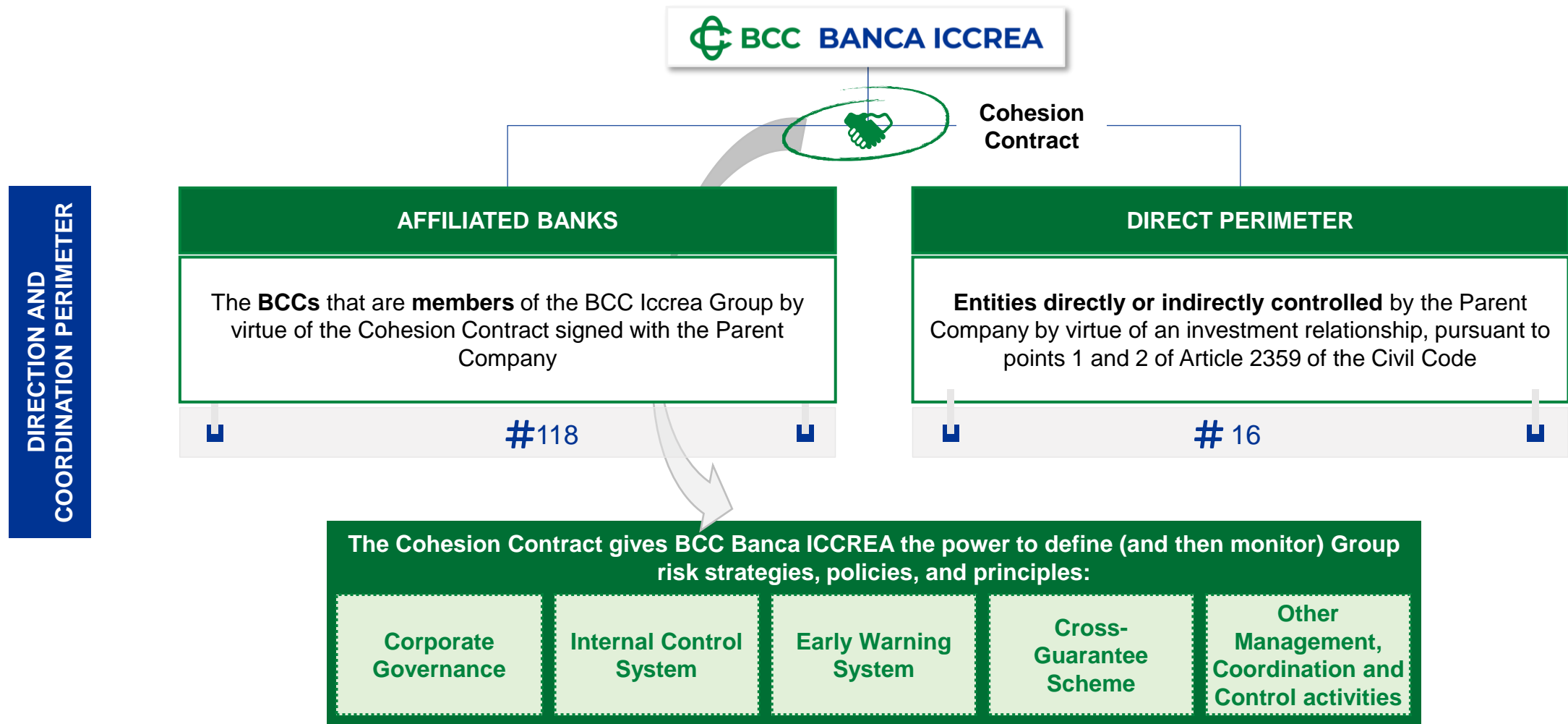


20.4%  
Total Capital ratio

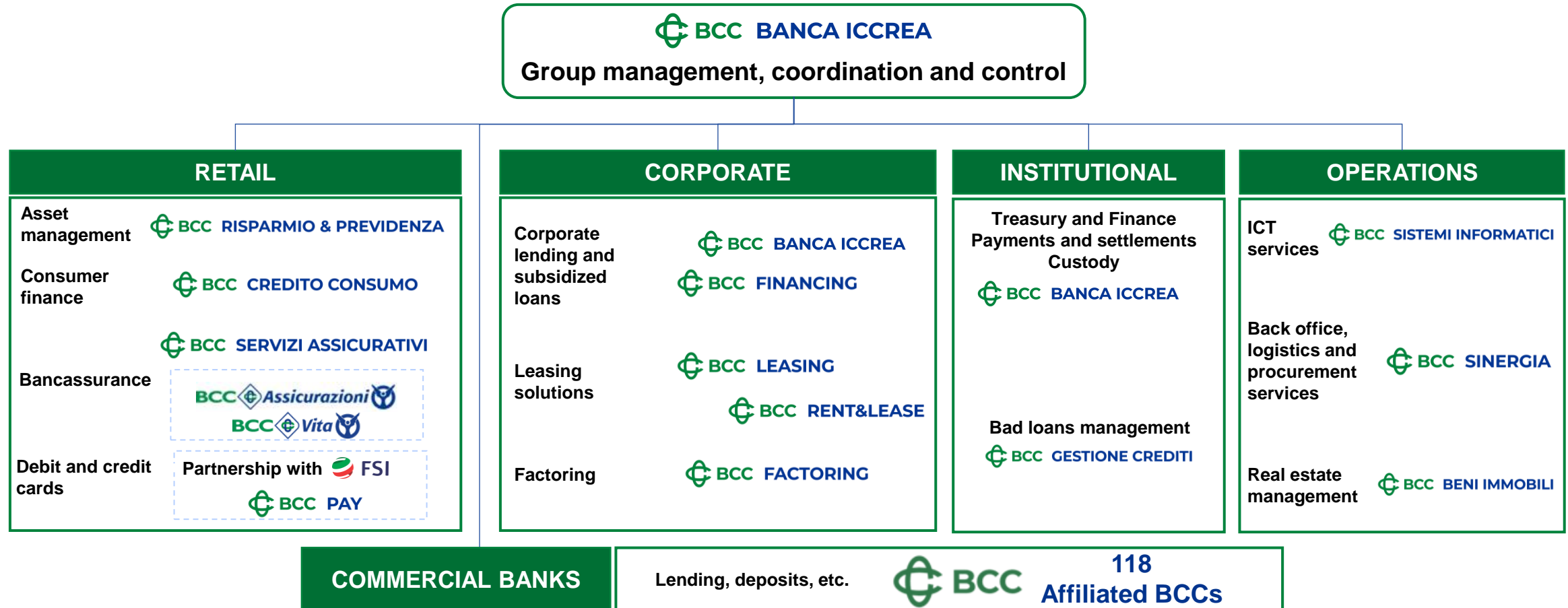


LCR **231%**  
NSFR **144%**

... 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%)



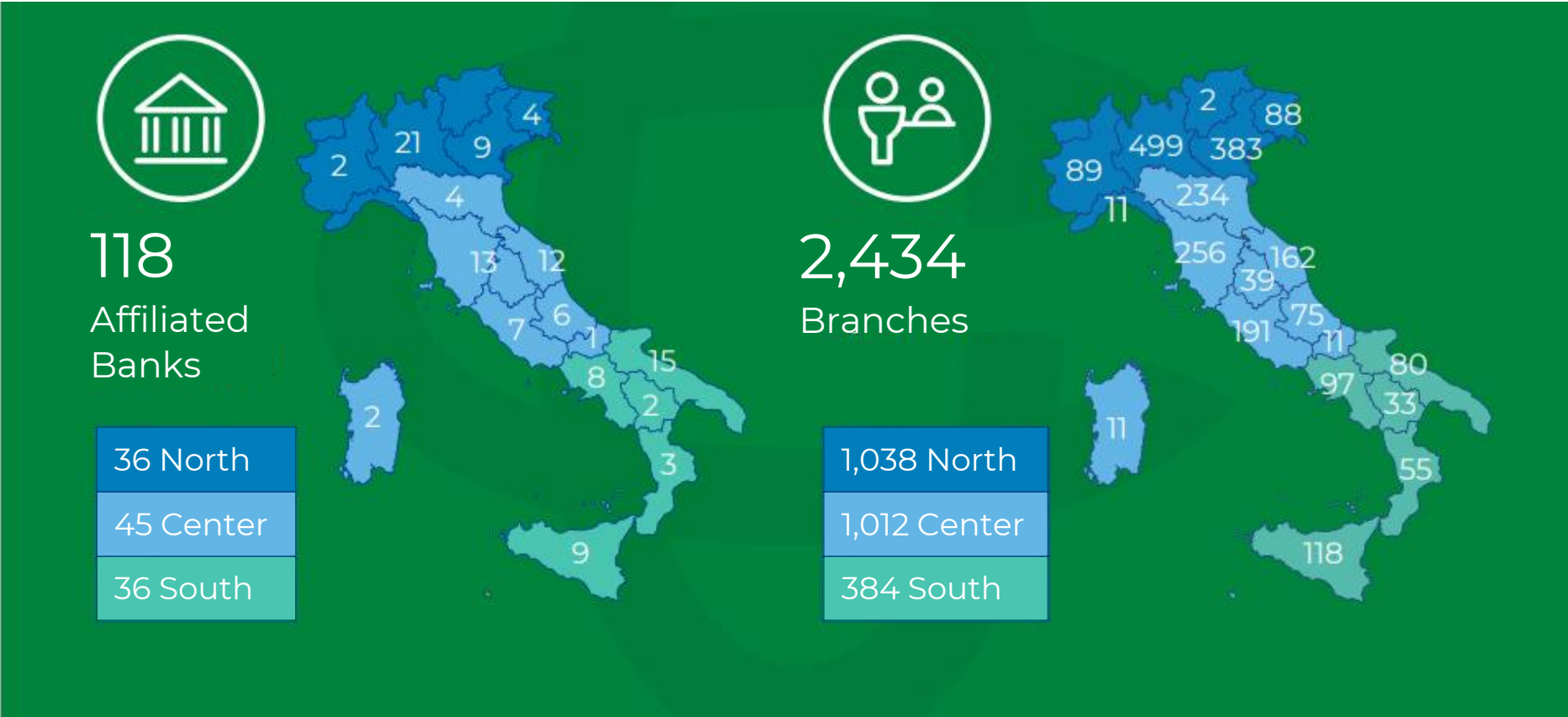
PROFIT: AT LEAST 70% TO LEGAL RESERVE, 3% TO MUTUALISTIC FUNDS FOR COOPERATION



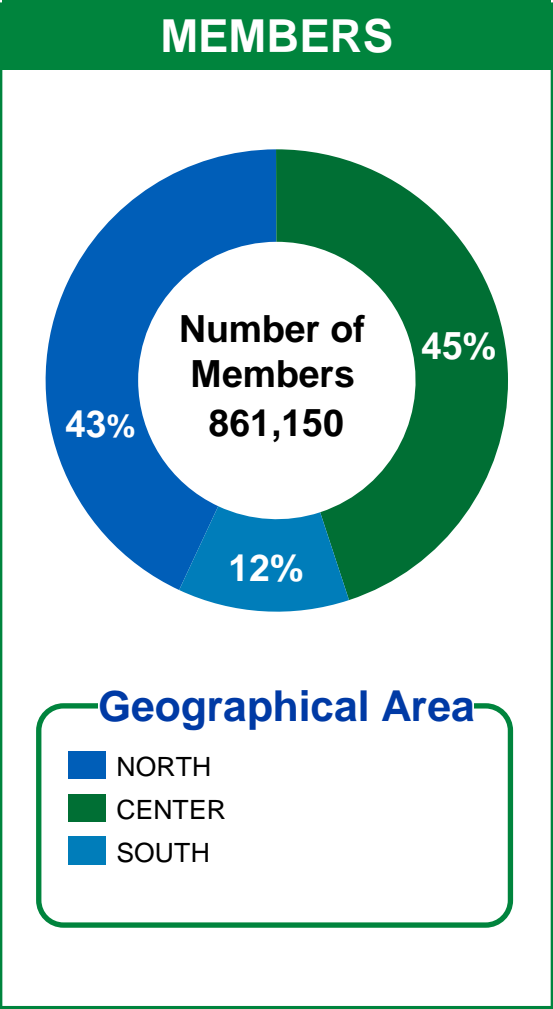
SUPERVISION: BANK OF ITALY/ECB



... 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**



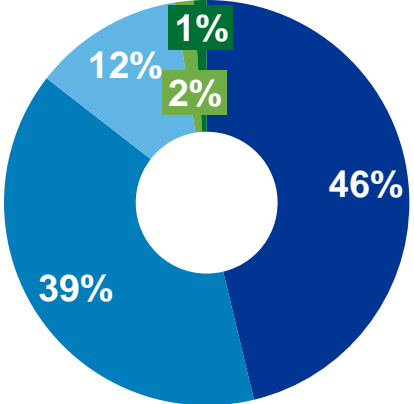


... and a traditional and typical customer base.....

Gross loans to customers as at 31/12/2022

Breakdown by counterparty

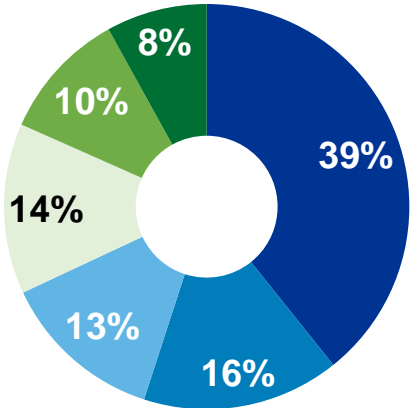
- Small and medium enterprises
- Consumer households
- Other non financial companies
- Other financial companies
- Public administration



85% OF CREDIT TO HOUSEHOLDS AND SMEs

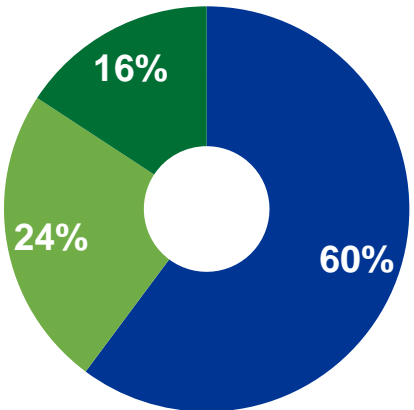
Breakdown by economic sector of the counterparty

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



Breakdown by guarantee

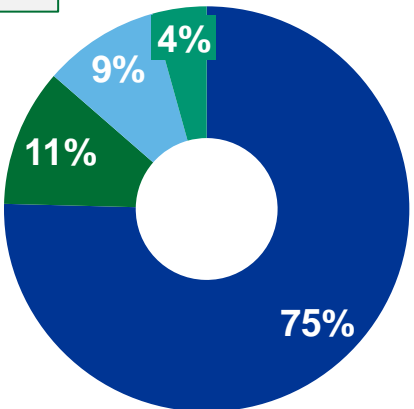
- Collateral
- Personal guarantees
- Unsecured



85% OF LOANS ARE SECURED

Breakdown by type

- Mortgages
- Deposits and current accounts
- Personal loans and other
- Leasing



75% OF LOANS ARE MORTGAGES

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

**Financial highlights – 1Q23**

# 1Q23 results: Executive Summary

*Resilient and growing results*

1 1Q23 Net Profit at 496 €/mln

2 Sound revenue growth (+4.5%) underpinned mainly by NII (+16.0% YoY)

3 Asset Quality ratios stable: NPE ratio at 4.5% (gross) and 1.5% (net). Coverage at 68.9%

4 Strong capital position confirmed: CET1r at 19.3%, TCr at 20.4%

5 Sound liquidity profile: LCR at 250%, NSFR at 145%

# 1Q23 results: Highlights

## P&L and Balance Sheet key figures evolution

### Profit & Loss

(€mIn)	3M 23	3M 22	Δ 3M 22	Δ % 3M 22
Net interest income	957	825	132	16.0%
Net fees	338	319	19	6.0%
Other financial income	31	125	(94)	(75.2%)
<b>Gross Income</b>	<b>1,326</b>	<b>1,269</b>	<b>57</b>	<b>4.5%</b>
Net writedowns / writebacks for credit risk	(22)	(50)	28	(56.1%)
Operating expenses	(711)	(726)	15	(2.0%)
Personnel expenses	(470)	(432)	(38)	8.9%
Other administrative expenses	(270)	(293)	24	(8.1%)
Net provisions	6	(4)	10	(248.3%)
Net adjustments	(56)	(60)	4	(6.3%)
Other operating expenses/income	79	64	16	24.9%
<b>Operating Result</b>	<b>594</b>	<b>494</b>	<b>100</b>	<b>20.2%</b>
Other	(1)	(2)	1	(52.2%)
<b>Profit before taxes</b>	<b>593</b>	<b>492</b>	<b>101</b>	<b>20.4%</b>
Taxes	(97)	(70)	(27)	37.7%
Profit after tax from discontinued operations	--	9	(9)	(100.0%)
<b>Net Profit</b>	<b>496</b>	<b>431</b>	<b>66</b>	<b>15.2%</b>

### Balance Sheet

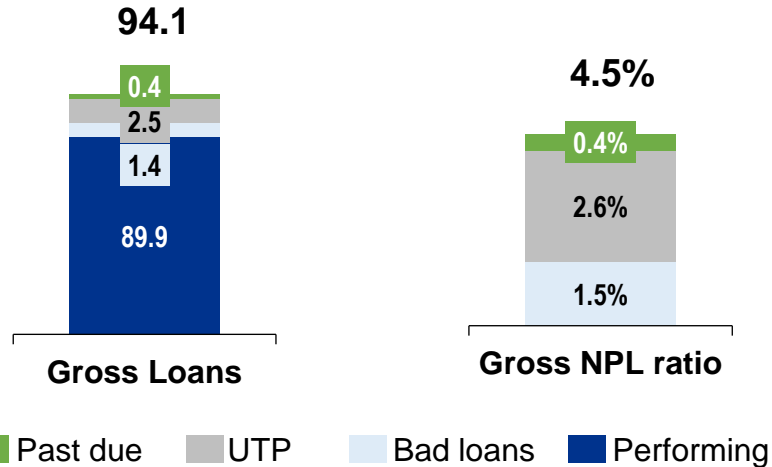
(€mIn)	1Q23	FY 22	Δ FY 22	Δ % FY 22
Financial assets	66,548	68,015	(1,467)	(2.2%)
Net loans to customers	90,300	90,869	(569)	(0.6%)
Net loans to banks	2,788	1,557	1,231	79.1%
Other assets	11,830	13,103	(1,273)	(9.7%)
<b>Total Assets</b>	<b>171,466</b>	<b>173,544</b>	<b>(2,078)</b>	<b>(1.2%)</b>
Financial liabilities to customers	119,612	119,116	497	0.4%
Securities issued	9,801	9,196	606	6.6%
Financial liabilities to banks	23,760	28,518	(4,758)	(16.7%)
Other liabilities	5,956	4,845	1,111	22.9%
Group shareholder's equity	12,337	11,870	467	3.9%
<b>Total liabilities and shareholders' equity</b>	<b>171,466</b>	<b>173,544</b>	<b>(2,078)</b>	<b>(1.2%)</b>



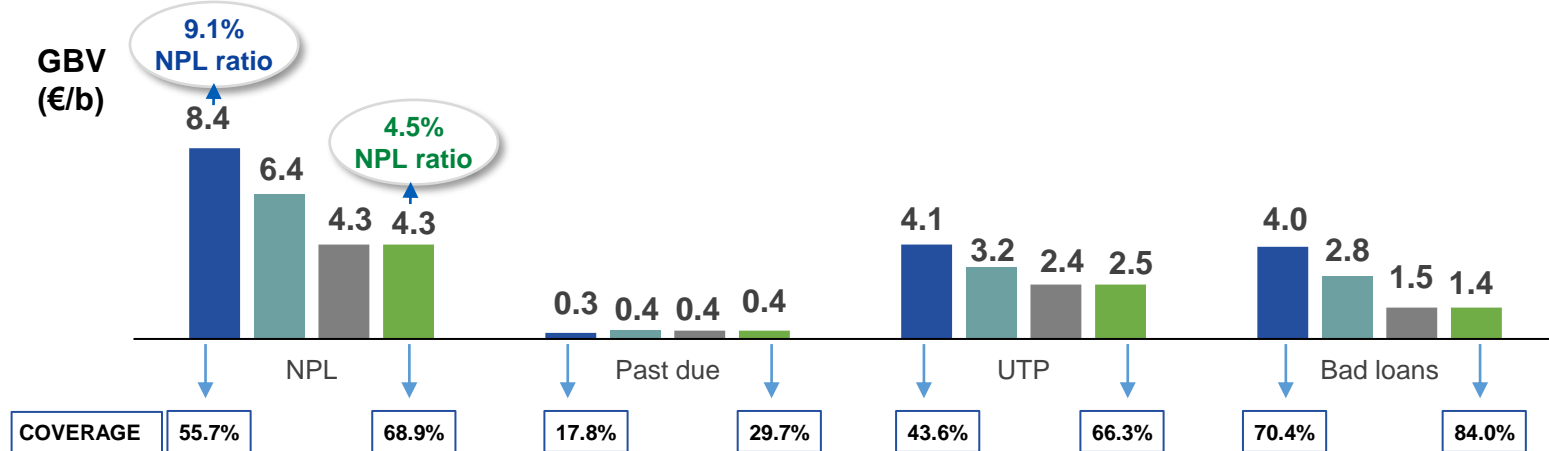
# Asset quality: NPE Ratio (net) at 1.5%

Stock stable and increasing coverage (69%)

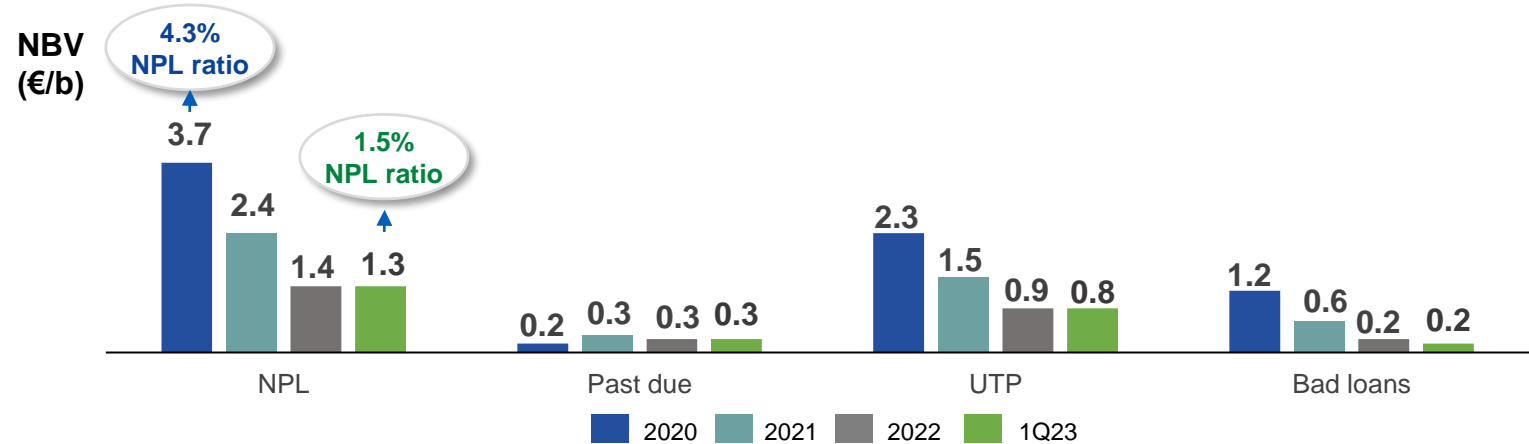
## Asset Quality (gross) - €/b and ratio in %



## Gross NPL: Stock and ratio evolution



## Net NPL: Stock and ratio evolution

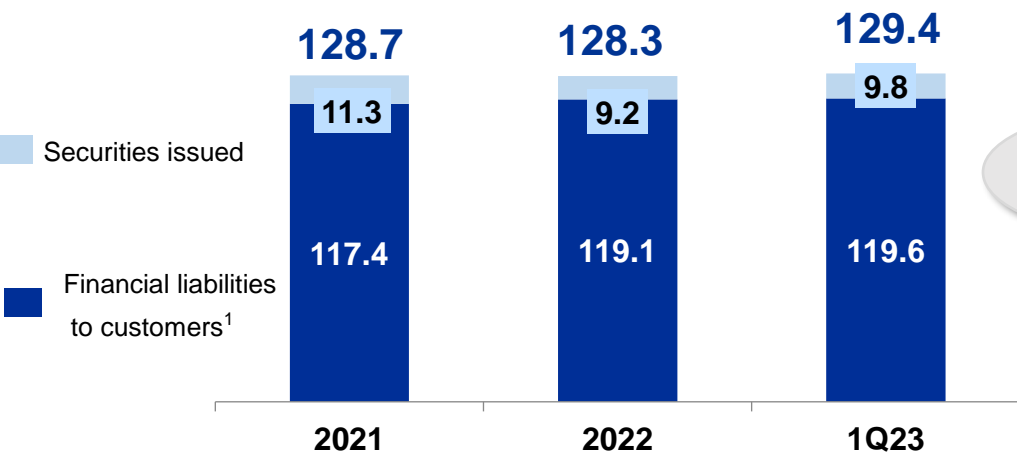


- Gross NPL ratio at 4.5% (stable vs. Dec 22)
- Stage 2: 6.6% of total gross loan portfolio
- Net NPL ratio at 1.5% (stable vs. Dec 22)
- NPE Ratio evolution has been also supported by the de-risking activity carried out by Iccrea Banca
- Initiatives aimed to improve the Group's risk profile are also reflected by the prudent approach adopted by the Group: NPL coverage at 68.9% (+ 1.5 p.p. compared to Dec 22)

# Funding structure: A sound liquidity profile

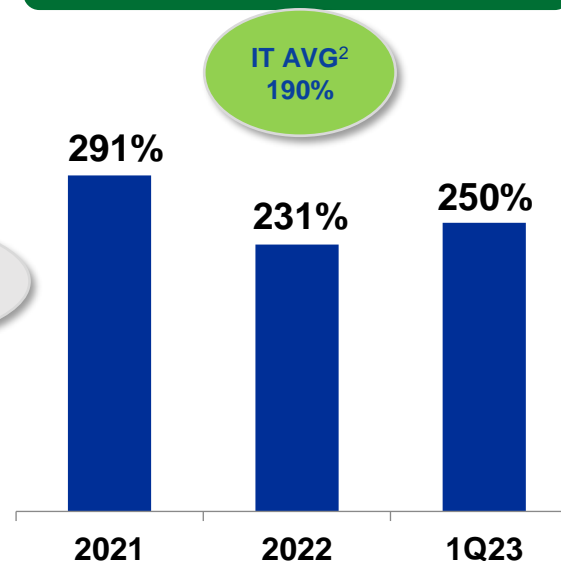
LCR at 250%, NSFR at 145%. Ample liquidity buffers

## Direct Funding Evolution - €/b

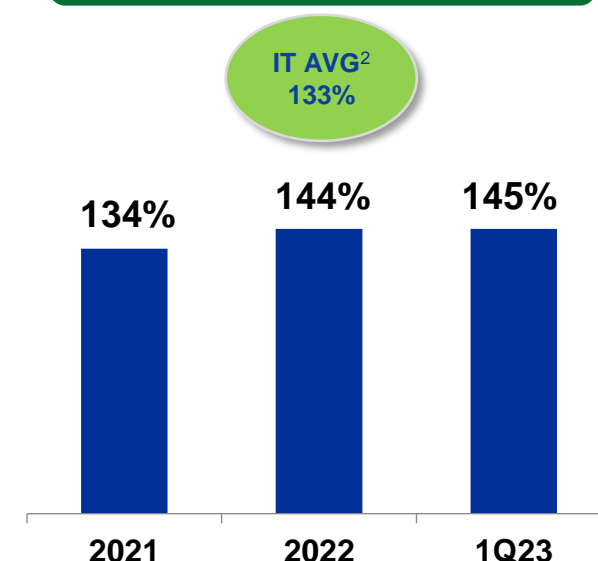


DIRECT  
FUNDING/TOTAL  
LIABILITIES: 75%

## Liquidity Coverage Ratio



## Net Stable Funding Ratio

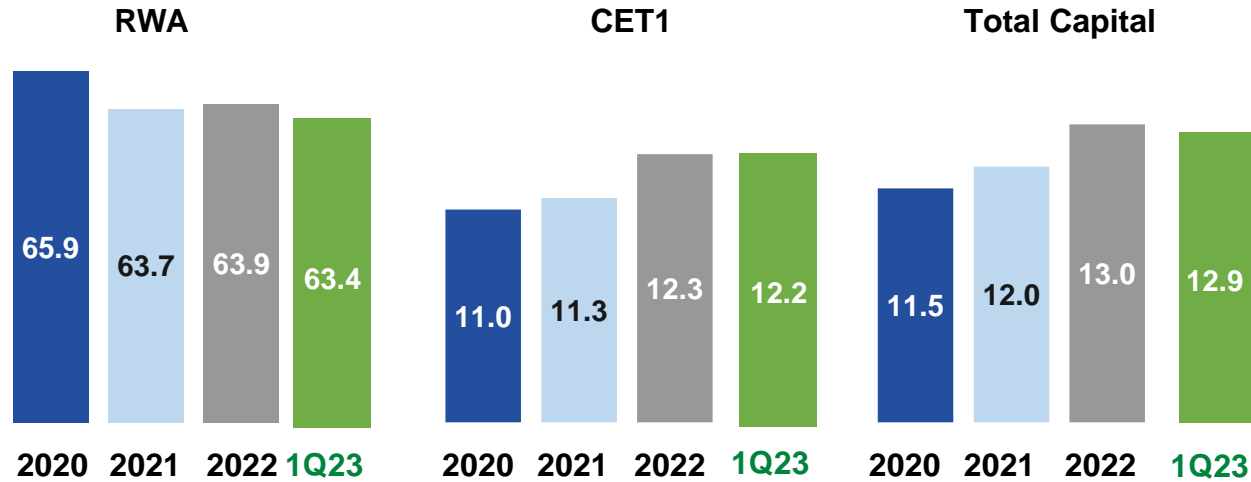


- Direct funding at 129.4 €/b slightly up vs 2022 level also thanks to the increase in repos and securities issued
- A very solid liquidity position: LCR and NSFR respectively at 250% and 145% well above Italian peers average

# Leading capital position: Focus on capital ratios and buffer

CET 1 at 19.3%, TCR at 20.4%

## Capital Position Evolution - €/b



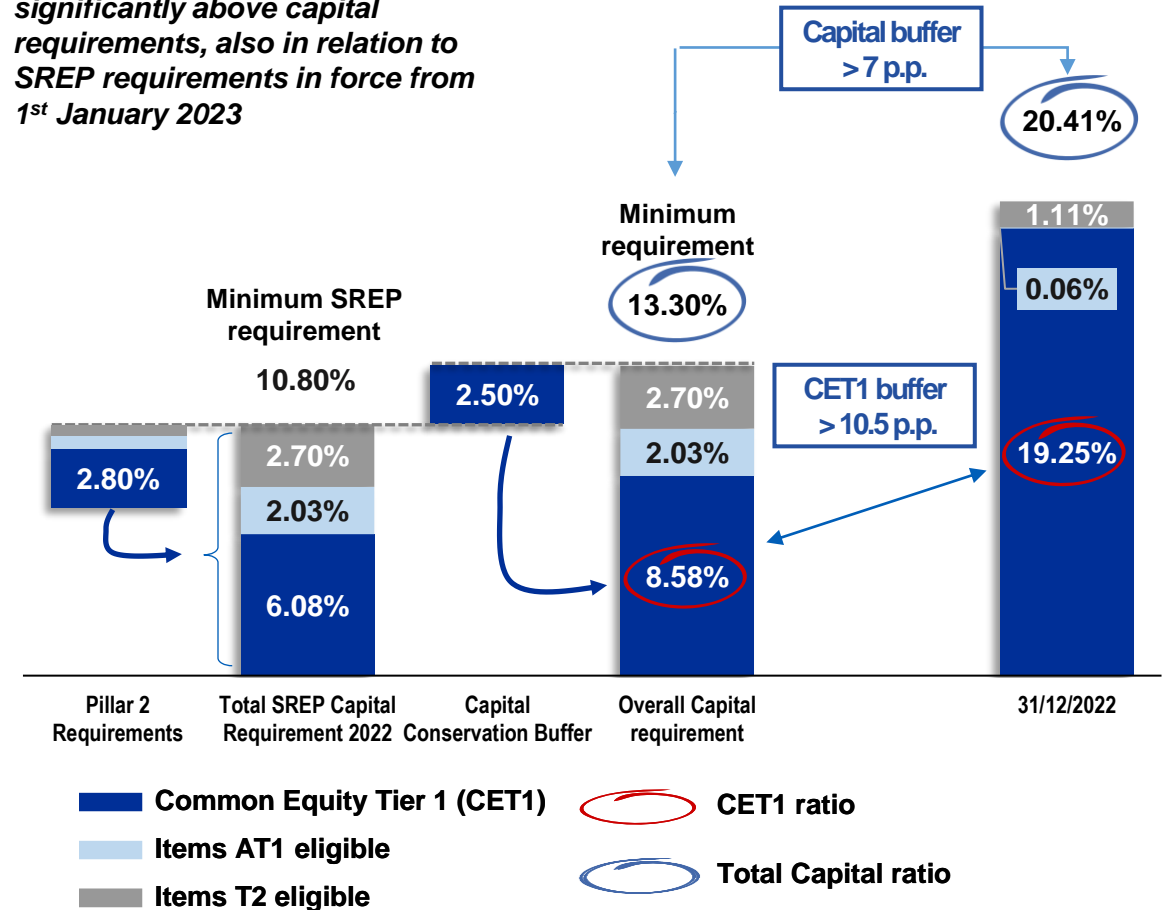
## Capital Ratios evolution

	3M 23	FY 22	Δ FY 22
RWA	63,426	63,937	(511)
CET 1	12,210	12,286	(76)
Total Capital	12,947	13,025	(78)
CET1 ratio	19.3%	19.2%	0.1%
TC ratio	20.4%	20.4%	0%

- The Group cooperative structure does not entail dividend distribution
- 1Q23 capital generation able to fully 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 1<sup>st</sup> January 2023



# Iccrea in the Institutional Bond market

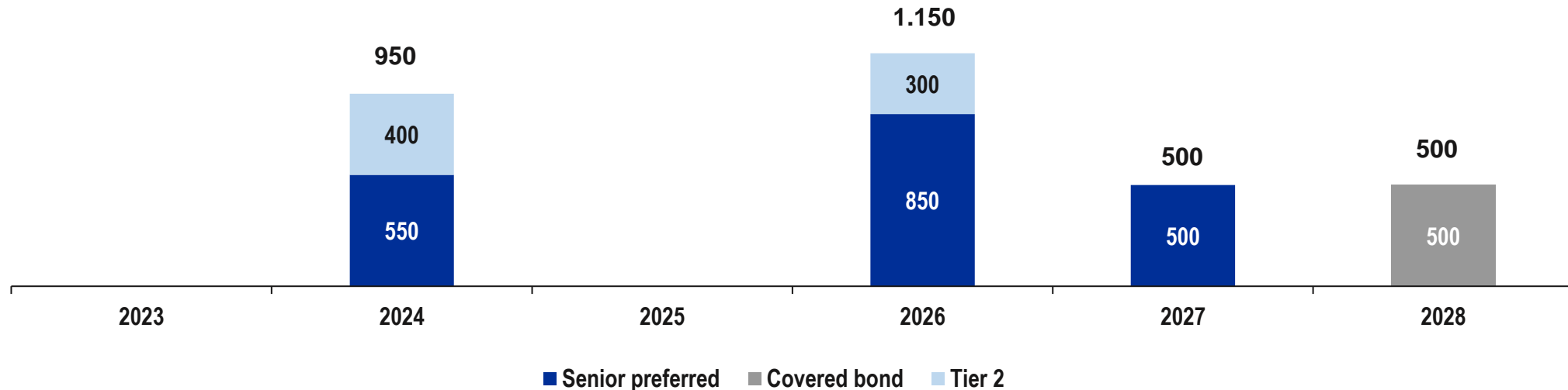
*A more established and frequent Issuer*

- Iccrea Banca issued 6 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
- A 500 €/m inaugural Covered Bond

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

## Institutional Bonds, Maturity/Call profile -€/m





# Issuer rating: Actual situation

*Recent upgrades from all rating agencies*



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



# FINANCIAL CALENDAR AND CONTACTS

## FY23: FINANCIAL CALENDAR

**May 26, 2023:** Shareholders' Meeting for the approval of the Annual Financial Report as at 31 December 2022

**August 14, 2023:** Financial results as at 30 June 2023

**November 14, 2023:** Financial results as at 30 September 2023

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