

November 2022

# Financial results

*30 September 2022*

# Agenda



GBCI at a Glance



Financial Highlights

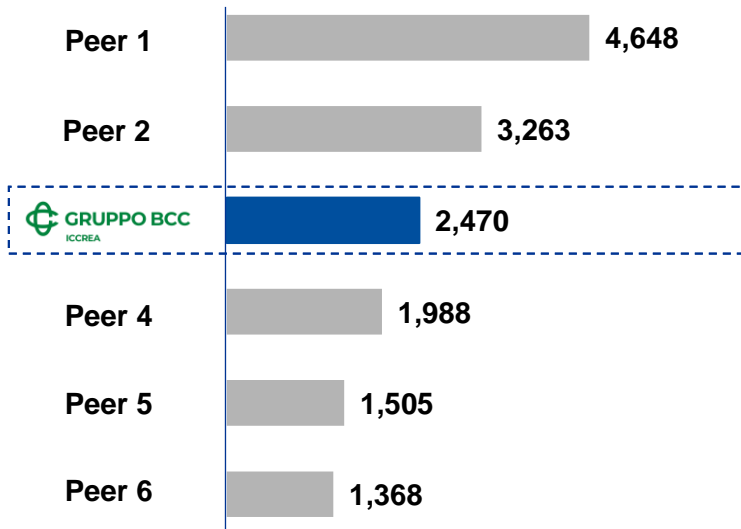
# The GBCI (Iccrea Cooperative Banking Group): Key highlights

Sep-22

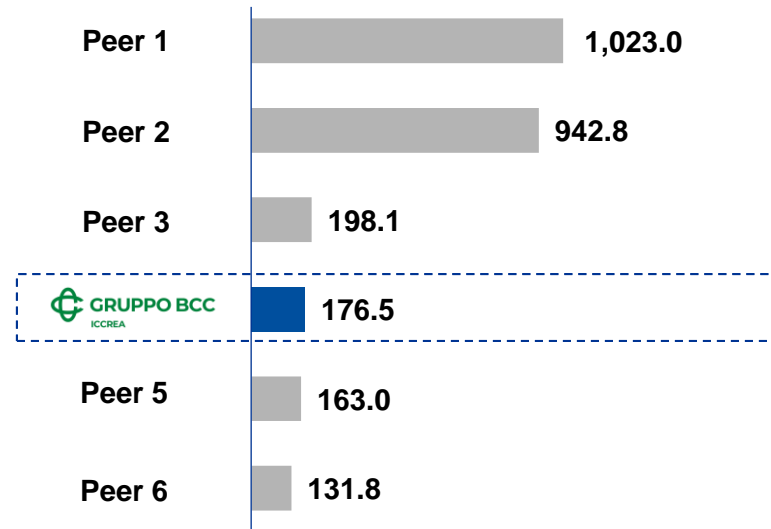
## Key indicators



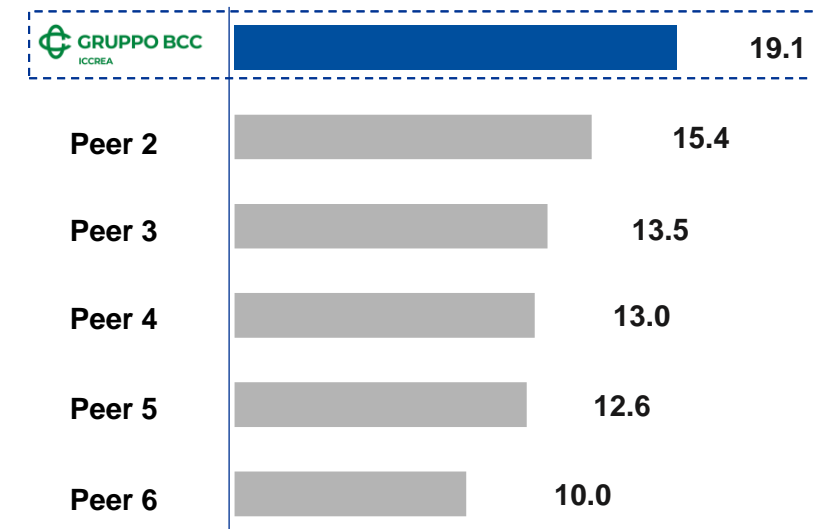
### Third largest Italian Banking Group by branches <sup>(1)(2)</sup> (#)



### Fourth largest Italian Banking Group by total assets <sup>(1)</sup> (€b)



### Top CET1 ratio (phased in) among national systemically Significant banks <sup>(1)</sup> (%)



*Banking operations up from the end of 2021*

**Customer loans** 90.0 bn  
**Direct funding** 120.6 bn

*The third quarter confirms solid earnings performance (Gross profit equal to 404 mln)*

**Current Gross profit**  
1,179 mln (+200% vs bdg)

*Extraordinary income from the disposal of E-Money business (Net profit equal to 440 mln)*

**Net profit**  
1,462 mln

*Profitability and efficiency indicators above targets, supported by the current rate and inflation scenario (inflation-linked securities)*

**ROE** 12.7%  
**Cost/Income** 59.3%

*Capital indicators growing «structurally» and already above 2024 targets enabling less use of «MREL eligible» issuances*

**CET1r** 19.1%  
**TCr** 20.3%

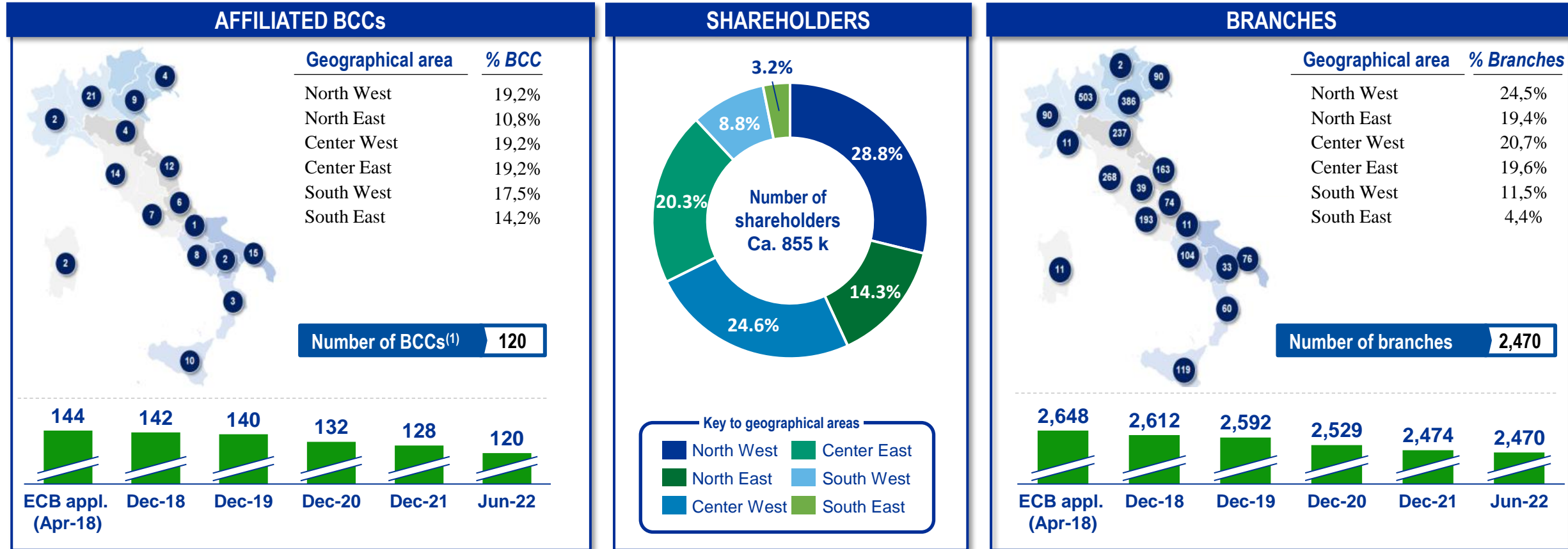
*Ongoing improvement in asset quality, expected to improve further by the end of 2022*

**GNPLr** 5.7%  
**NNPLr** 2.0%

# The Group's structure and branch network

## Highlights

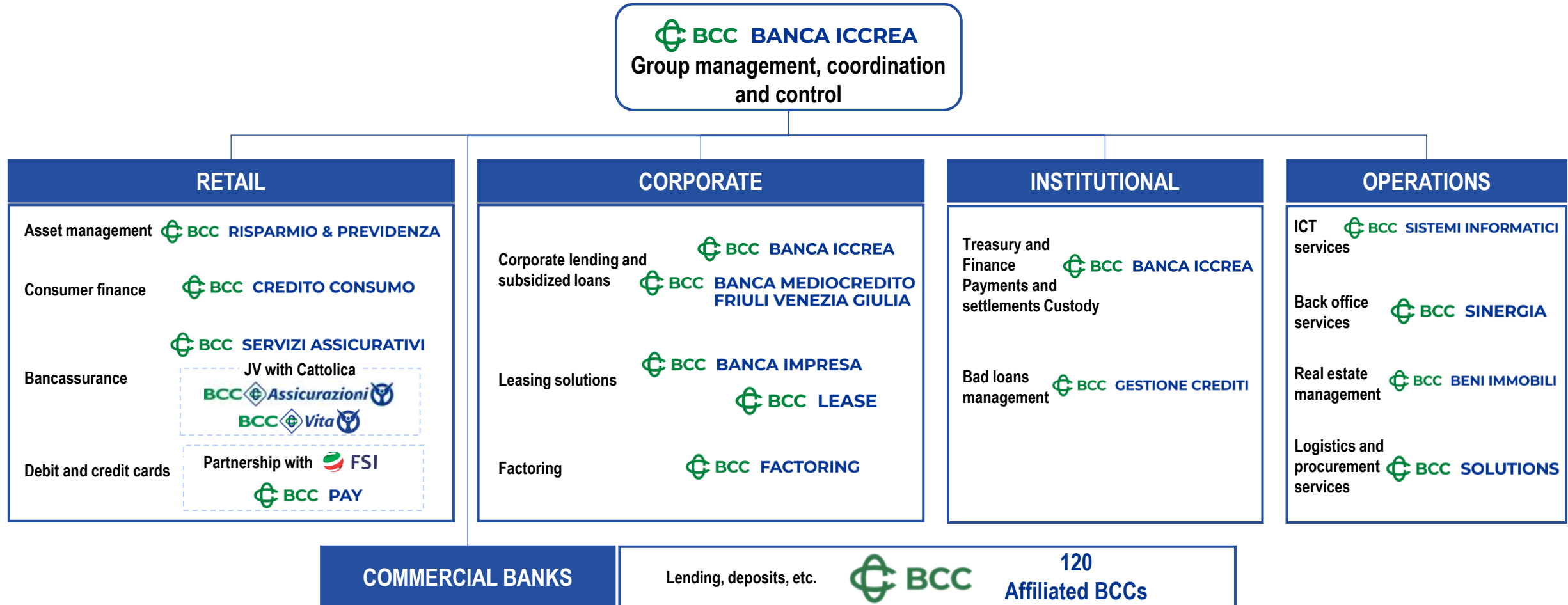
- GBCI is made up of 120<sup>(1)</sup> Affiliated BCCs located throughout the national territory. GBCI has 2,470 branches in 1,700 municipalities around Italy (giving it a market share of branches at a national level of 11.65%)
- With reference to the shareholding structure, BCCs' shareholders are 854,985, increasing by 21,698 compared with June 30, 2021 (+2.6%)



# Structure of the Group

Sep-22

Iccrea Banca and the other Subsidiaries<sup>(1)</sup> provide products and services to Affiliated BCCs (corporate lending, leasing, asset management, consumer credit, ICT, etc.)

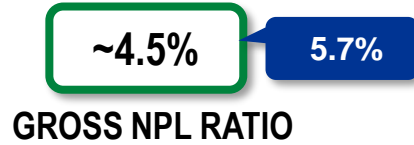


# Positive positioning compared to midterm target 22-24

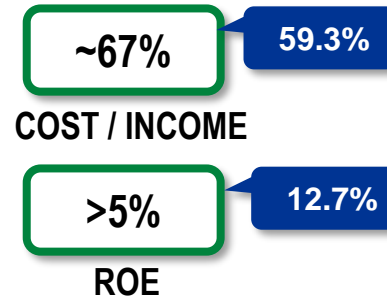
Sep-22



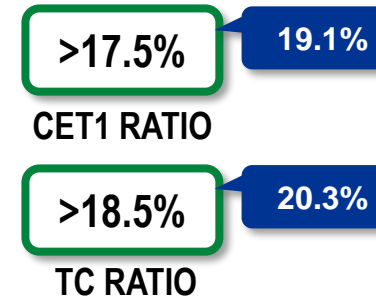
## ASSET QUALITY



## PROFITABILITY



## CAPITAL STRUCTURE



## ESG

Support the development of local communities, **facilitate the ecological transition**, enhance staff and facilitate innovation and digitization

TARGET 2024

Strategic initiatives

- New production **credit quality improvement**
- More **control on high risk performing positions**
- Work out **processes improvement**
- **Disposals program**

- Management of **BCCs at risk sustainability**
- **Territorial development plan**
- **Cost Excellence**
- **Operations Strategy**
- **Efficiency of HR and turnover processes**
- **New bancassurance agreement**
- Full potential business «**e-bank**»
- **BCC service and distribution model**
- Corporate, Retail and Wealth Management

- Execution of the **funding MREL** plan (T2, SNP, SP) approx. 5 €/b
- Execution of **capital management** transactions to manage RWAs evolution

- **E:** Environmental impact reduction of headquarters and emissions, Paperless culture
- **S:** Enhancement of territories and community support, Third sector
- **G:** Gender equality, New ESG governance & policy, initiatives communication, and disclosure
- **Cross actions:** Sustainable finance, Digitalization, Evolution of framework ESG risk identification, measurement and valuation

# Agenda



GBCI at a Glance



Financial Highlights



# Highlights of 9M 2022 results (1/2)

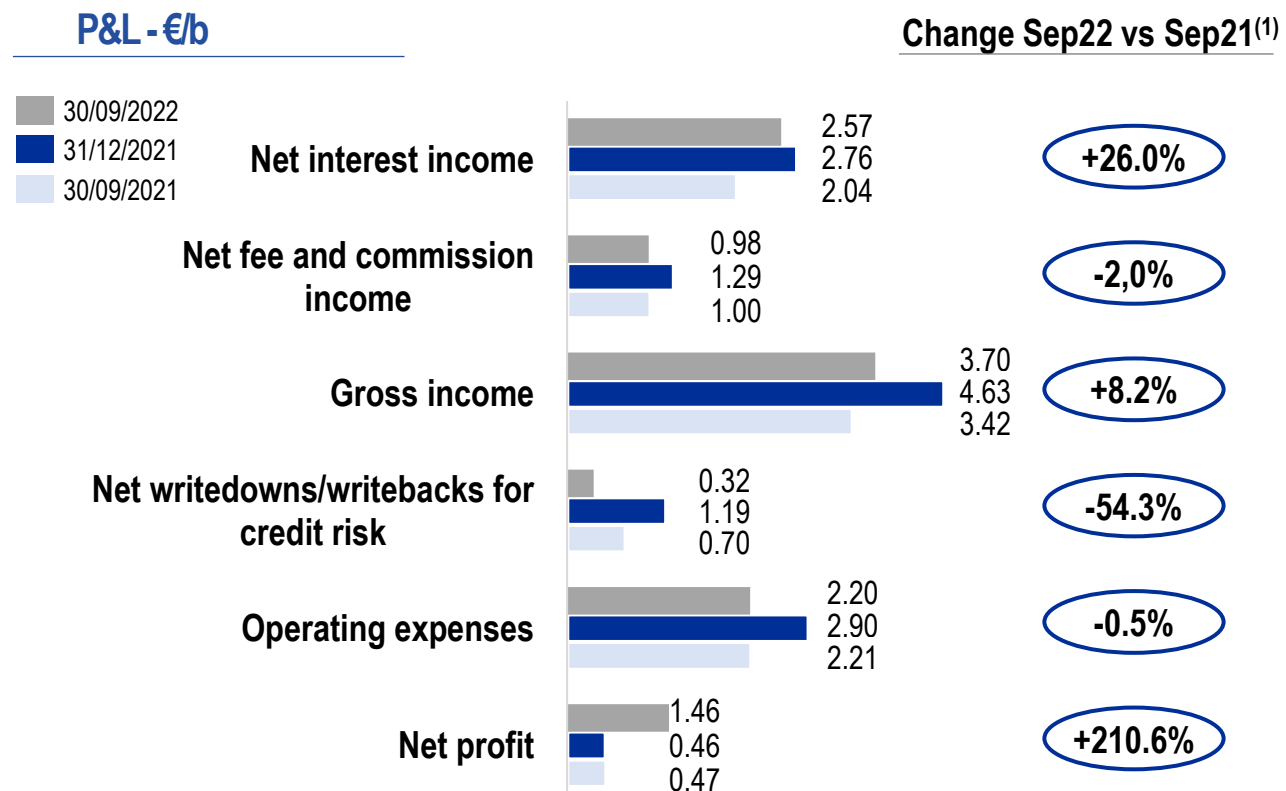
## P&L and Balance Sheet key figures evolution

Sep-22

### Highlights

- Increase in net profit reflects the increase in gross income as well as the decrease in net adjustments for credit risk, equal to 0.3 €/b, down by 0.4 €/b compared with the first 9 months of last year, also in relation to the robust monitoring of non-performing positions implemented by the Group.
- Net of "Monetica" related fees, other Net fees and commission income increase by 5.8%

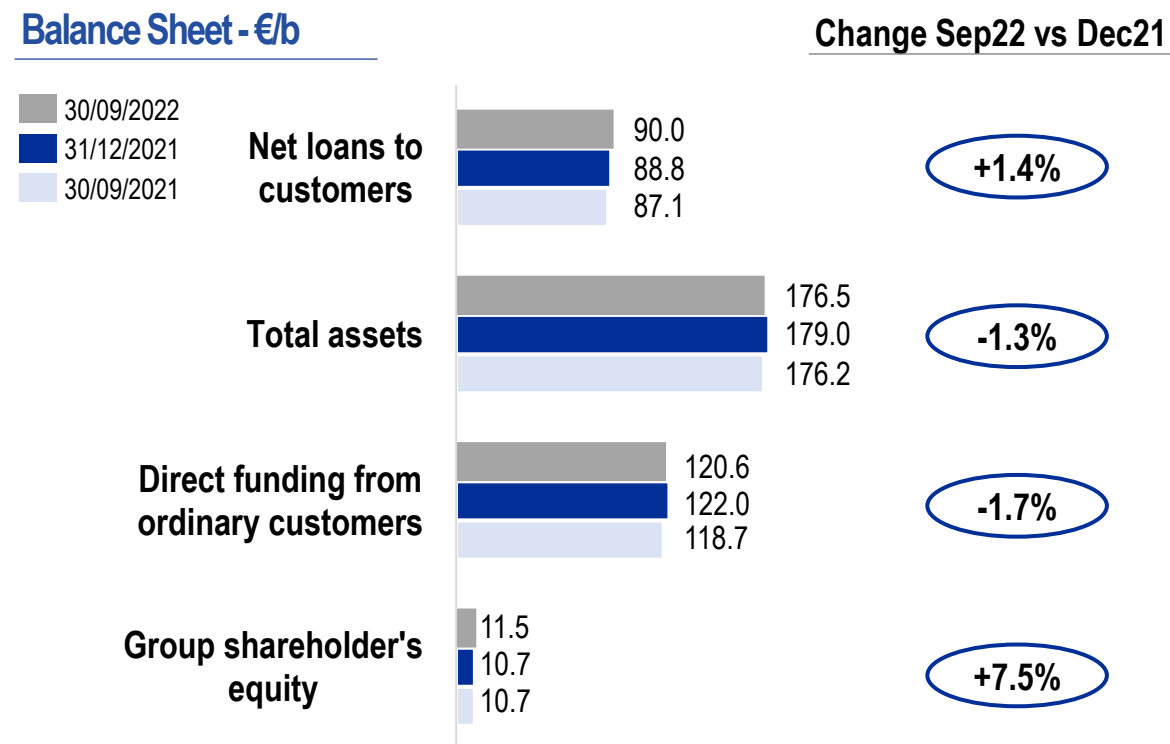
### P&L - €/b



### Highlights

- Total assets equal to 176.5 €/b, down 2.5 €/b (-1.4%) on December 31, 2021
- Net loans to customers of 90.0 €/b, up 1.2 €/b (+1.4%) on December 31, 2021

### Balance Sheet - €/b

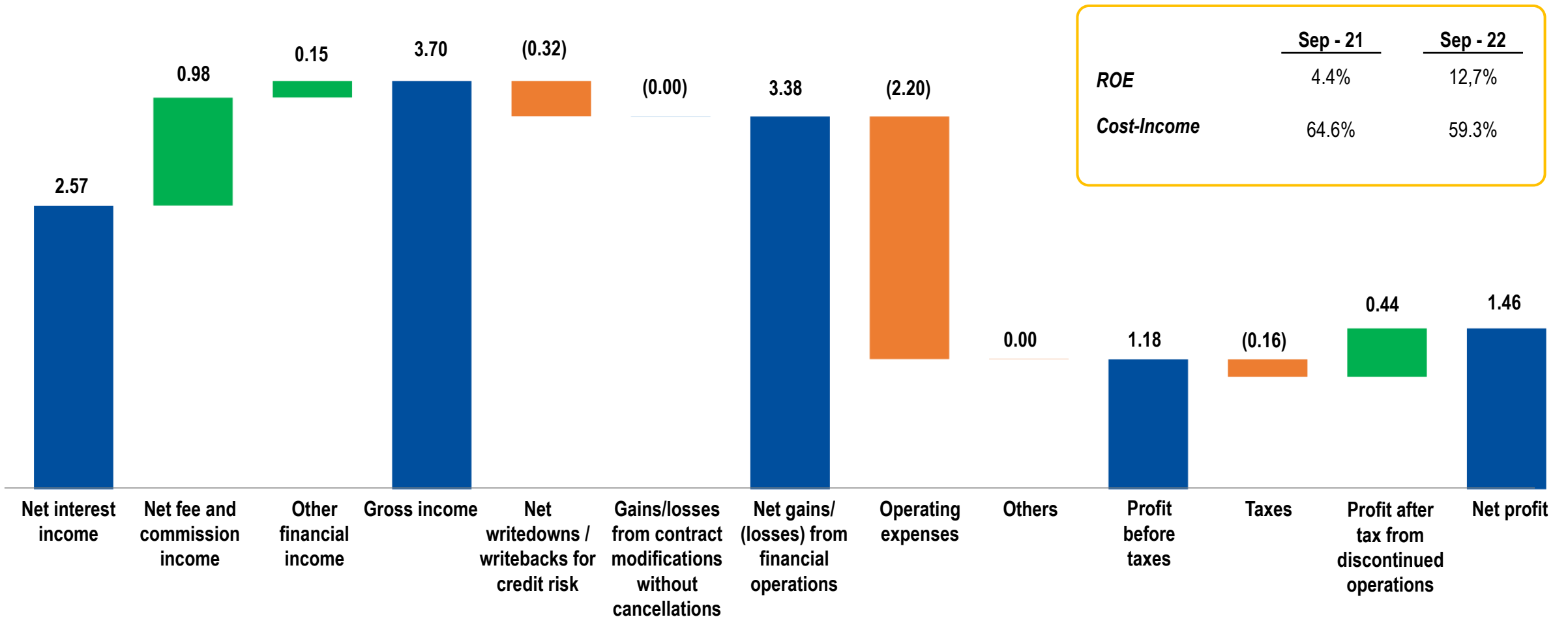


# Highlights of 9M 2022 results (2/2)

Sep-22

## P&L overview

P&L – €/b



	Sep - 21	Sep - 22
ROE	4.4%	12,7%
Cost-Income	64.6%	59.3%

# Loan portfolio focused on wealthiest regions (1/2)

Sep-22

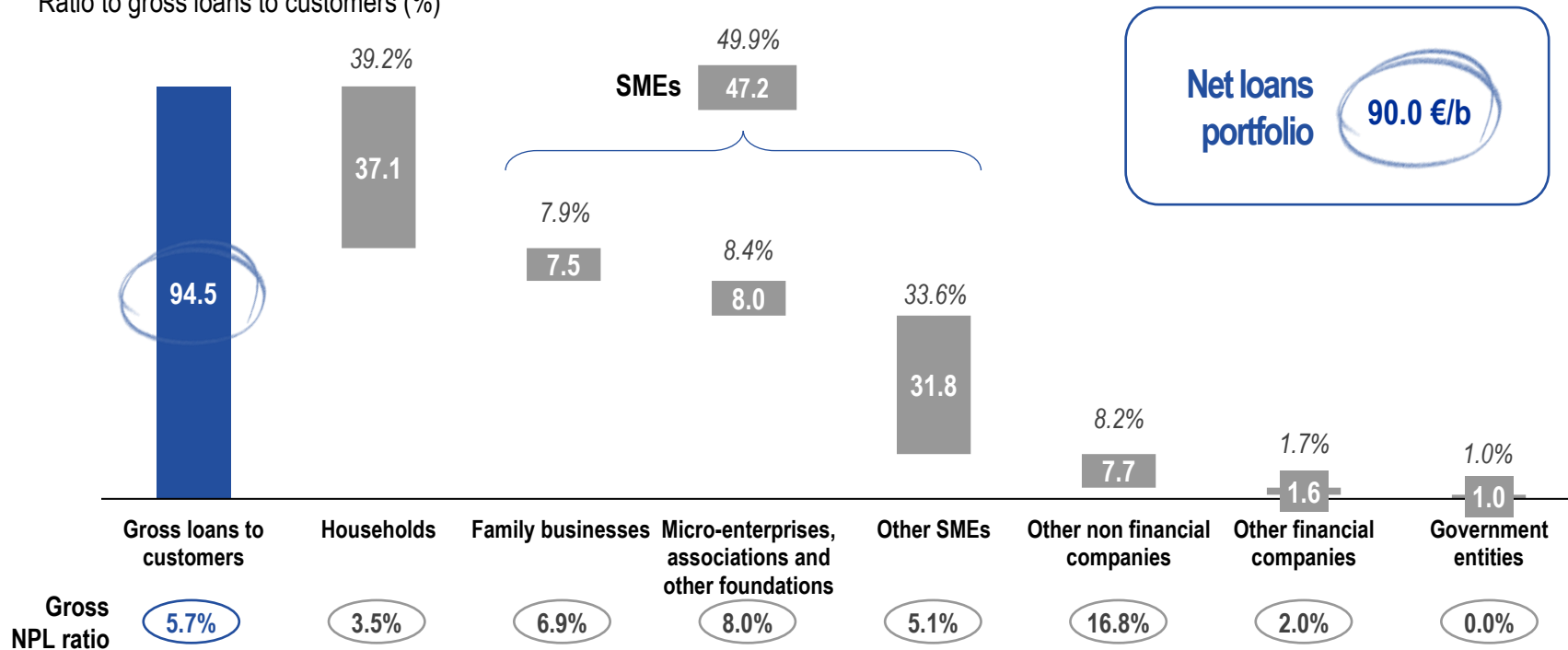
GBCI target service model leverages on territorial proximity and an extensive client base with long term relationships

## Highlights

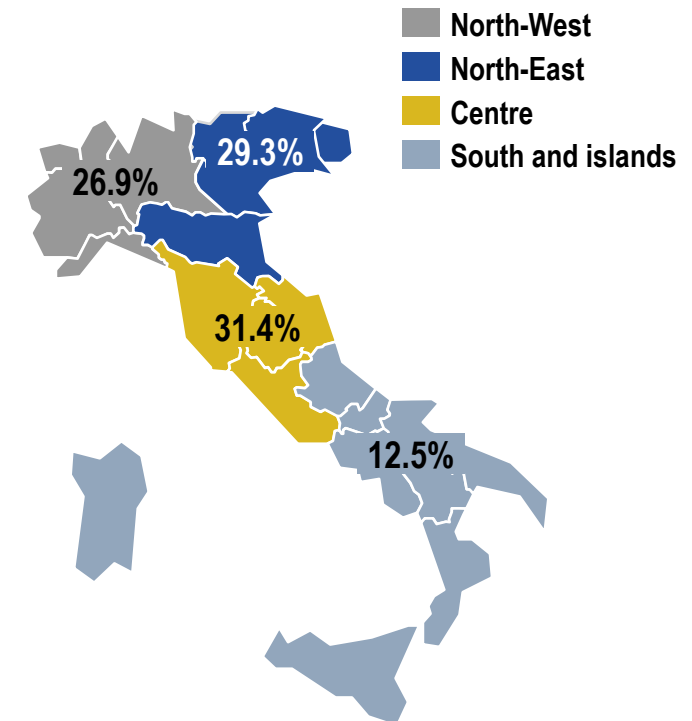
- The business model of Affiliated BCCs, which represent the larger part of total assets and total loans to customers, is reflected by the breakdown of loans by counterparty type: about 89.1% of the Group's credit portfolio in terms of GBV is made up of loans to Households (37.1 €/b) and SMEs (47.2 €/b)

## Gross loans breakdown by type of counterparty - €/b

Ratio to gross loans to customers (%)



## Gross loans geographical distribution<sup>(1)</sup>



# Loan portfolio focused on wealthiest regions (2/2)

Sep-22

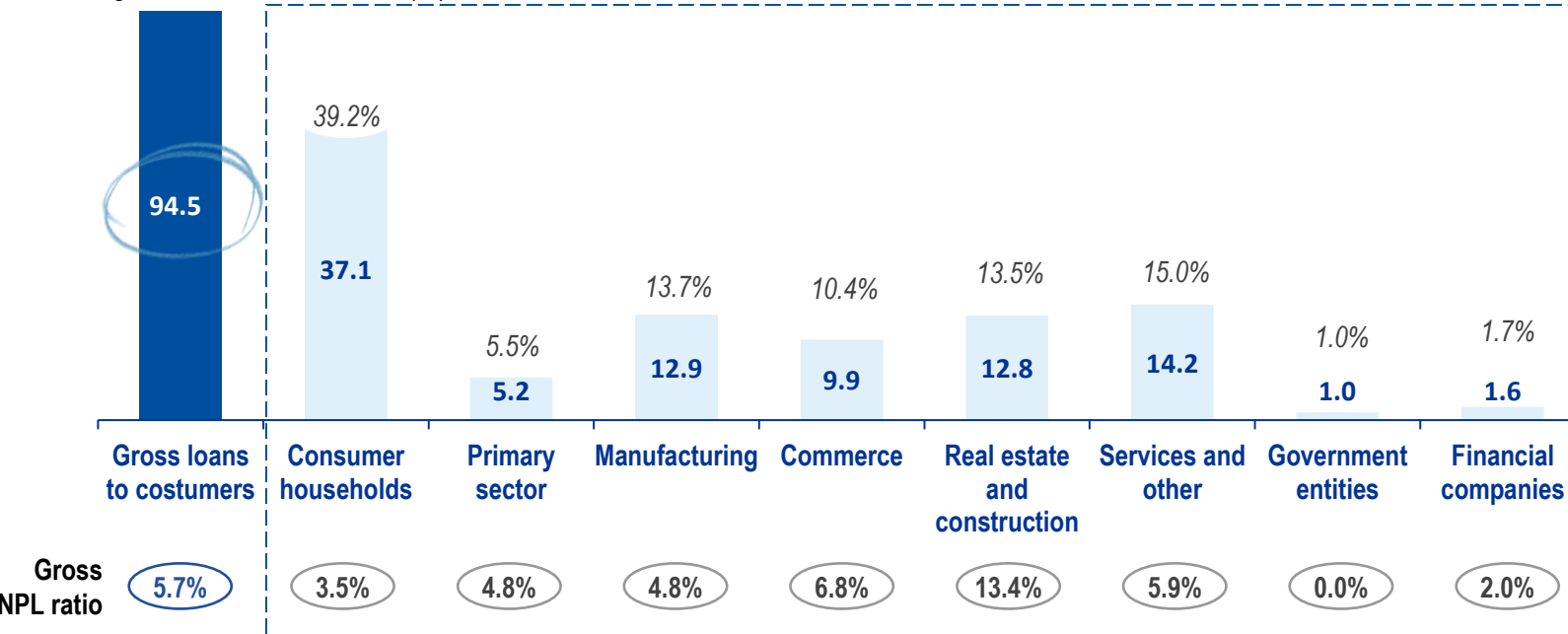
*GBCI target service model leverages on territorial proximity and an extensive client base with long term relationships*

## Highlights

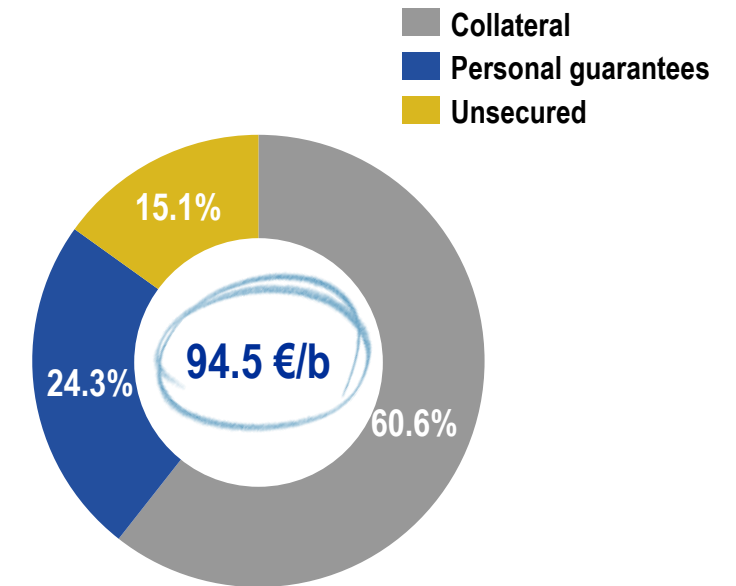
- In terms of the economic activity conducted by our customers, consumer households take the lion's share (39.2%). The other relevant segments are services and others (15.0%), manufacturing (13.7%), real estate and construction (13.5%), and wholesale and retail trade (10.4%). The market share of lending to the primary sector (5.5%)
- The large proportion of loans backed by collateral (over 60%) is attributable to the unique business model of cooperative banking, which primarily lends to households and small and medium-sized enterprises

## Gross loans breakdown by economic segment of counterparty - €/b

Ratio to gross loans to customers (%)



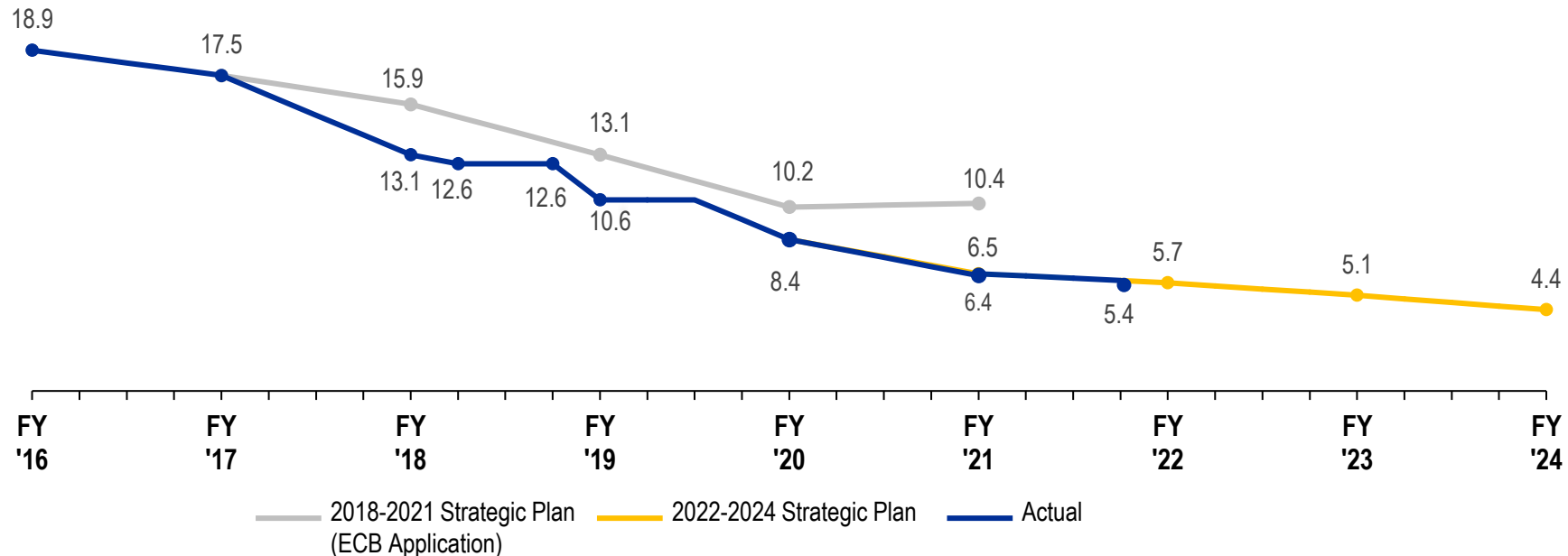
## Breakdown by type of guarantees – Gross loans



## Highlights and 2022-2024 target

- NPE reduction efforts pursued in 2022 – in line with the strategy that the Group has been pursuing since 2018, prior to creation of the Group in its current form – focused on achieving the targets and implementing the de-risking levers defined in the Group’s 2022–2024 NPE strategy approved in March 2022 with the new 2022–2024 Strategic Plan. The new NPE plan defines the levels of asset quality and cost of risk expected for the next three years and outlines a path of gradual de-risking aimed at achieving the target GNPL ratio of 4.5% by 2024.
- Specifically, with reference to the de-risking carried out in the first 9 months of 2022, the sixth securitisation of NPLs (GACS VI) was completed in May. It involved an overall portfolio of approximately 535 €/m of loans relating to the Group. With this transaction, also considering the previous securitisations (from GACS I to GACS V), the Group deconsolidated its non-performing positions for a total of approximately 8 €/b. In addition, in the second half of 2022, a new multi-originator sale of non-performing loans was initiated, and its completion is expected by December 2022

## Gross NPL stock evolution - €/b



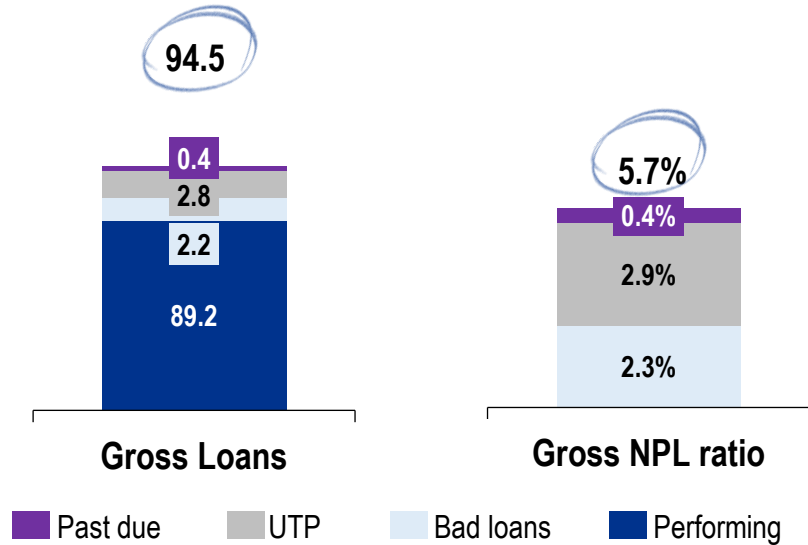
# Improving asset quality (2/2)

Sep-22

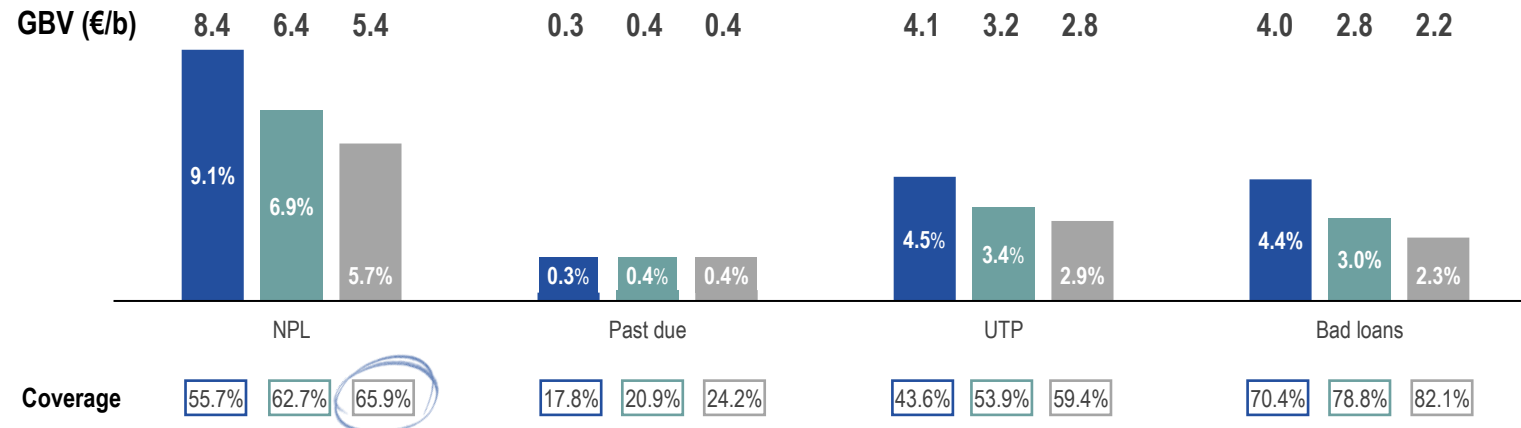
## Highlights

- Gross NPL ratio at 5.7% (vs. 6.9% at the end of 2021)
- Net NPL ratio at 2.0% (vs. 2.7% at the end of 2021)
- The reduction in the NPE Ratio vs. 2021 and 2020 is mainly due to the de-risking activity carried out by Iccrea Banca
- Initiatives launched to improve the Group's risk profile are also reflected into more prudent valuation policies which have allowed to strengthen the Group's coverage level of NPLs up to 65.9% (+ 3.2% compared to the previous year)

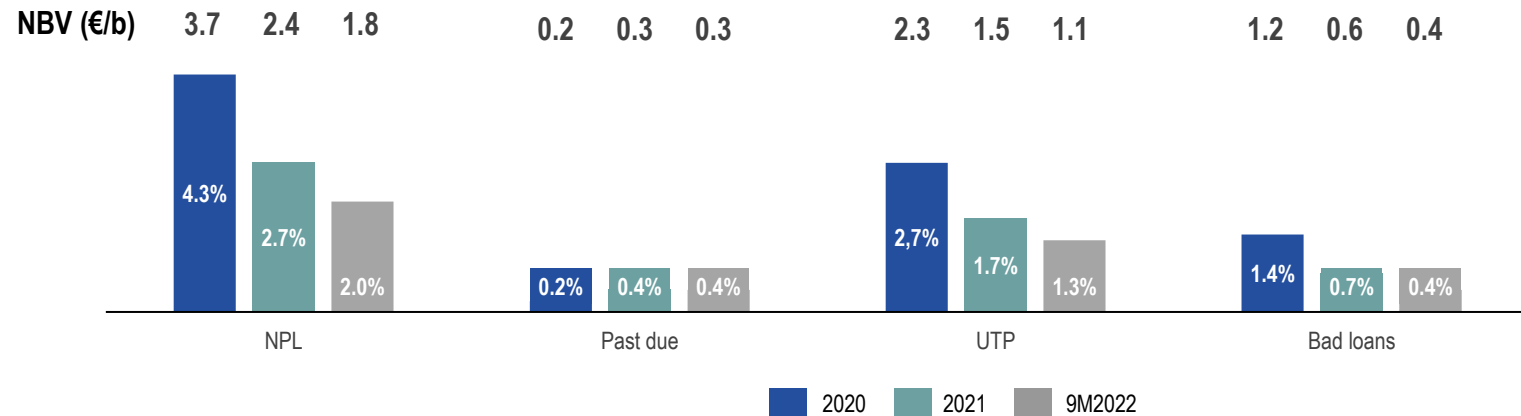
## Asset quality - €/b



## Gross NPL ratio



## Net NPL ratio



# Financial and Liquidity Profile

Financial portfolio equal to 71.9 €/b

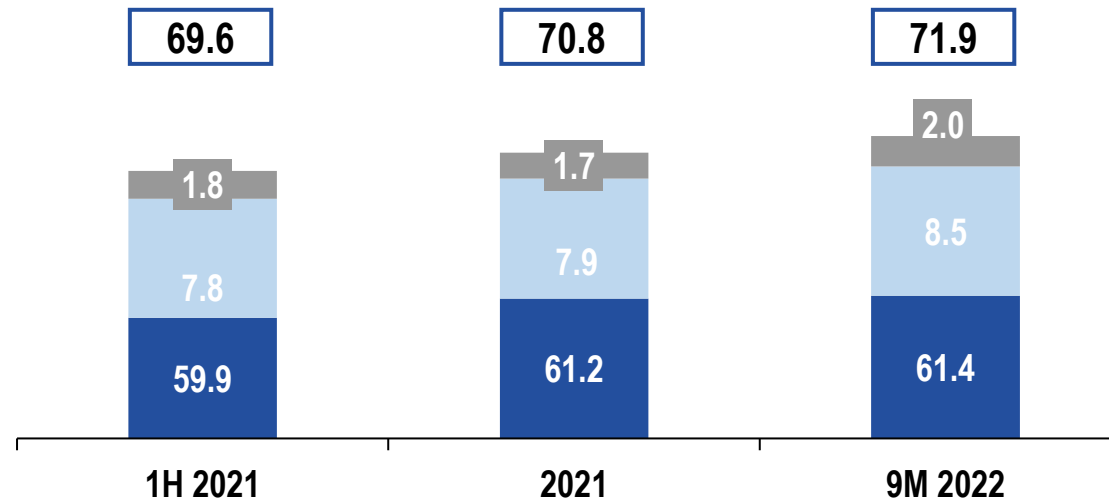
Sep-22

## Highlights

- In line with December 2021, debt securities measured at amortized cost (HTC business model) amounted to 61.4 €/b, in large part represented by Italian government bonds
- The portfolio of financial assets measured at fair value amounted to 10.5 €/b, mainly represented by government bonds held in accordance with the HTCS business model

## Financial portfolios - €/b (book value)

- HTC
- HTCS
- Other



# Leading capital position (1/2)

## Sound capital, well above requirements

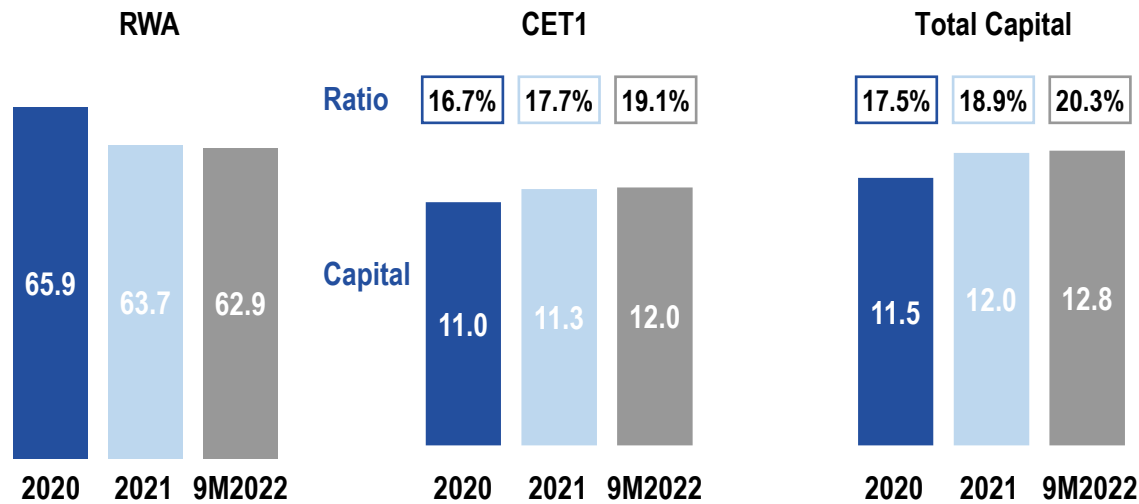
Sep-22

### Capital position - €/b

#### Highlights

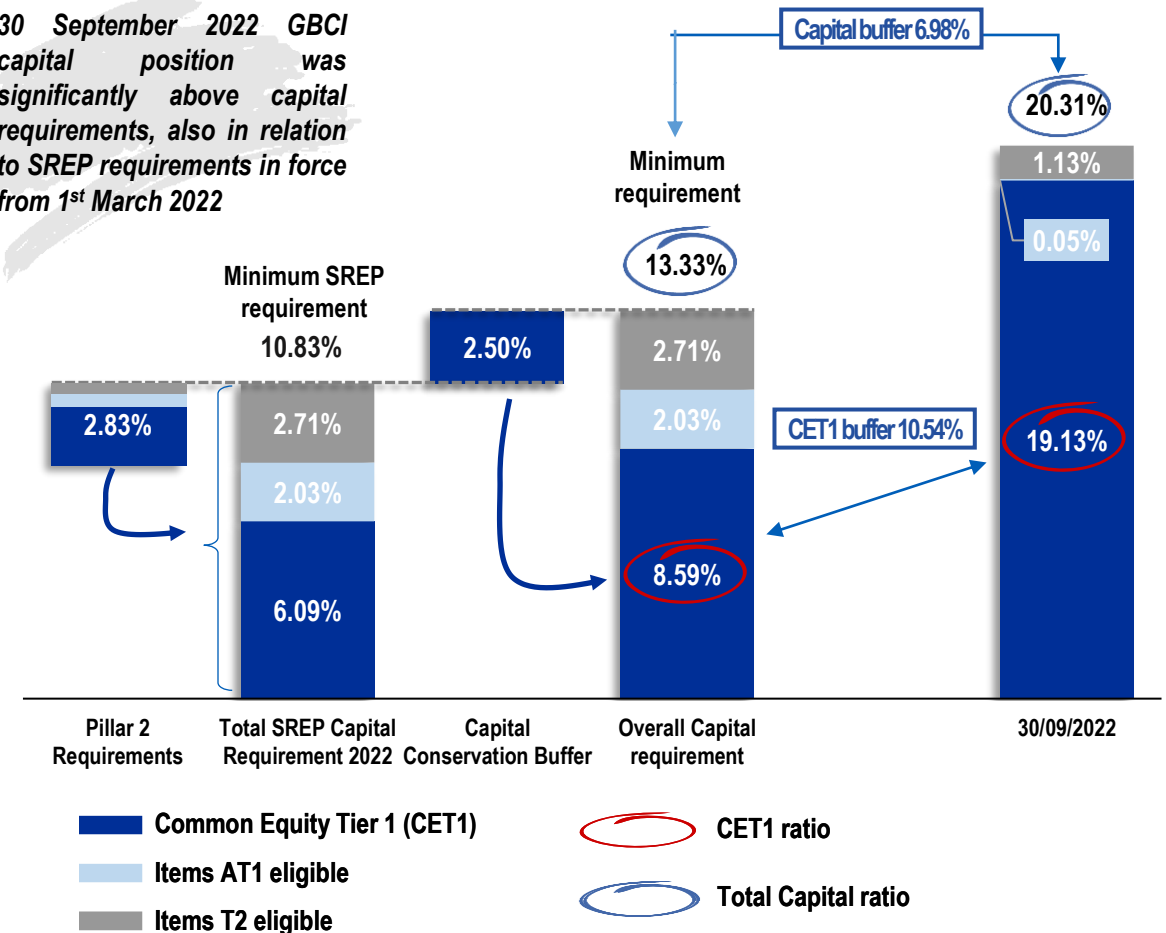
- As at 30 September 2022, the CET1 ratio was 19.1%, while the TCR was 20.3%; both indicators, as shown in the following graph, recorded a relevant increase compared to December 2021 (respectively equal to 17.7% and 18.9%)
- The Group cooperative structure does not entail dividend distribution

■ 9M2022  
■ 2021  
■ 2020



### Capital buffer (phased-in) - %

30 September 2022 GBCI capital position was significantly above capital requirements, also in relation to SREP requirements in force from 1<sup>st</sup> March 2022





# Leading capital position (2/2)

## Minimum Requirement of Eligible Liabilities (MREL)

Sep-22

### Preferred Resolution Strategy for GBCI

- In March 2022, Iccrea Banca, as the Resolution Entity of the Group, received from the Single Resolution Board its decision regarding the **minimum requirement of own funds and eligible liabilities (MREL)** with which to comply **on a consolidated basis at the level of its resolution group**
- The **target minimum requirement is 24.75% of RWA and 6.57% LRE to be achieved by 1 January 2026**. The target subordination requirement is 17.14% of TREA and 6.57% of LRE to be met by 1 January 2026

### MREL Group position

- At 30 September 2022, Iccrea Banca complies with the **intermediate target** on a consolidated basis, with a **surplus of +1,596 €/m in terms of RWA and +2,775 €/m in terms of LRE**, and with the **intermediate target of the subordination requirement** on a consolidated level, with a **surplus of 2,767 €/m in terms of RWA and +1,073 €/m in terms of LRE**

# Funding structure and liquidity profile

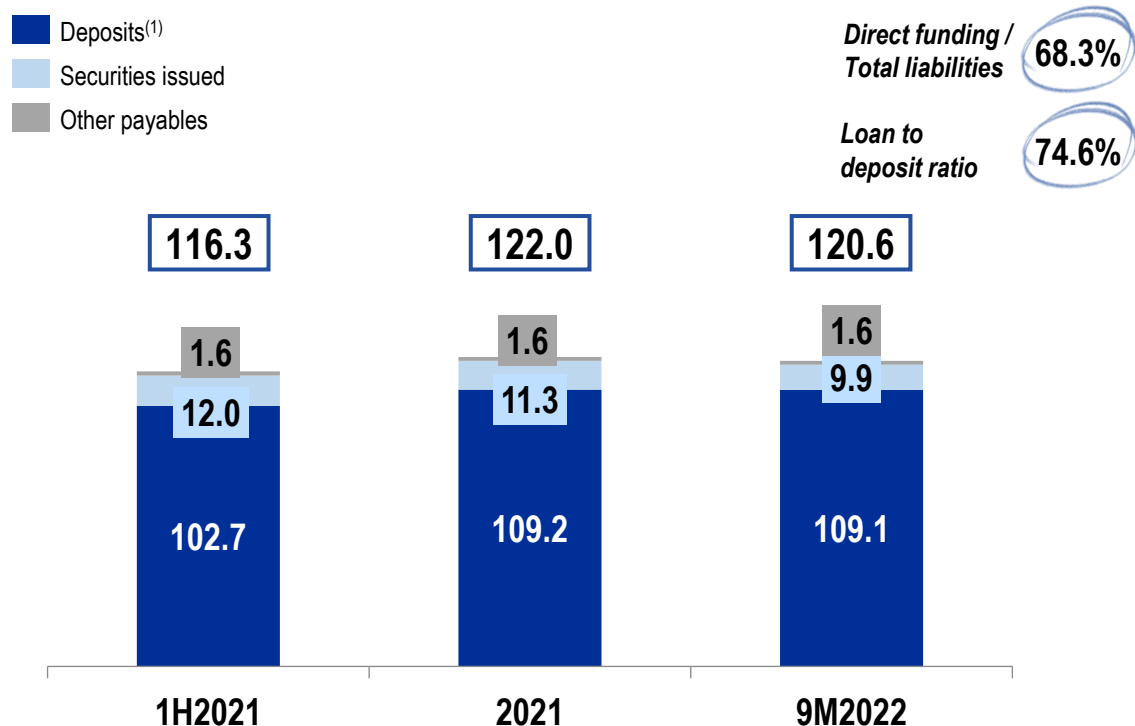
Sep-22

## Total direct funding and liquidity position

### Highlights

- The overall amount of direct funding from ordinary customers is approximately 120.6 €/b, slightly below the amount registered at the end of 2021 due to a reduction of securities issued since the gradual maturity of the latter is not accompanied by new issuances (-1.4 €/b)
- Still solid liquidity position with LCR and NSFR respectively at approximately 233% and 142%

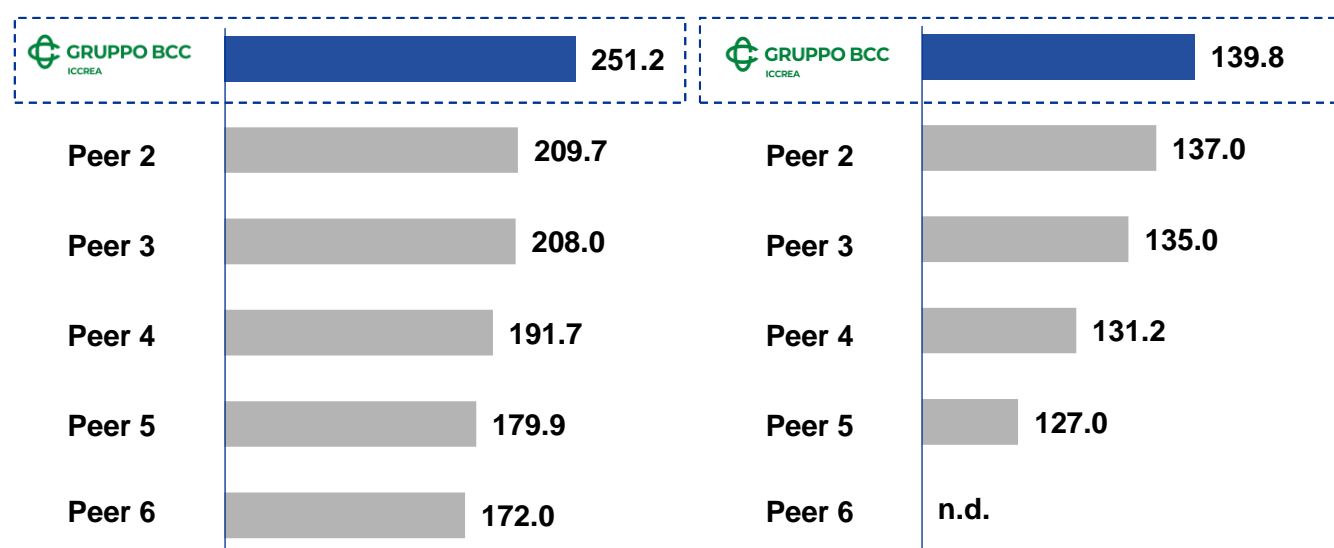
### Direct funding from ordinary customers - €/b



### First Italian Banking Group in terms of <sup>(2)</sup><sub>(3)</sub>:

#### Liquidity Coverage Ratio - %

#### Net Stable Funding Ratio - %



# Issuer rating



	Release date	Long Term	Outlook	Short Term
Fitch Ratings	February 2022	BB-	Positive	B
S&P Global Ratings	November, 23 2022	BB+	Stable	B
DBRS	November, 28 2022	BB (high)	Positive	R-3

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The consolidated accounting statements as at 30 September 2022, used to prepare the herewith attached reclassified accounting statements, have undergone a limited audit by the external auditing firm Mazars Italia S.p.A. exclusively aimed at providing the assurance required under art. 26, paragraph 2, of Regulation (EU) no. 575/2013 of 26 June 2013 (CRR) and the Decision of the European Central Bank no. 2015/656, namely, the audit report to be attached to the letter addressed to the ECB asking for permission to include interim profits in CET1 capital.

## Contacts

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