



The right direction.

Iccrea  **Banca**

Investor Presentation

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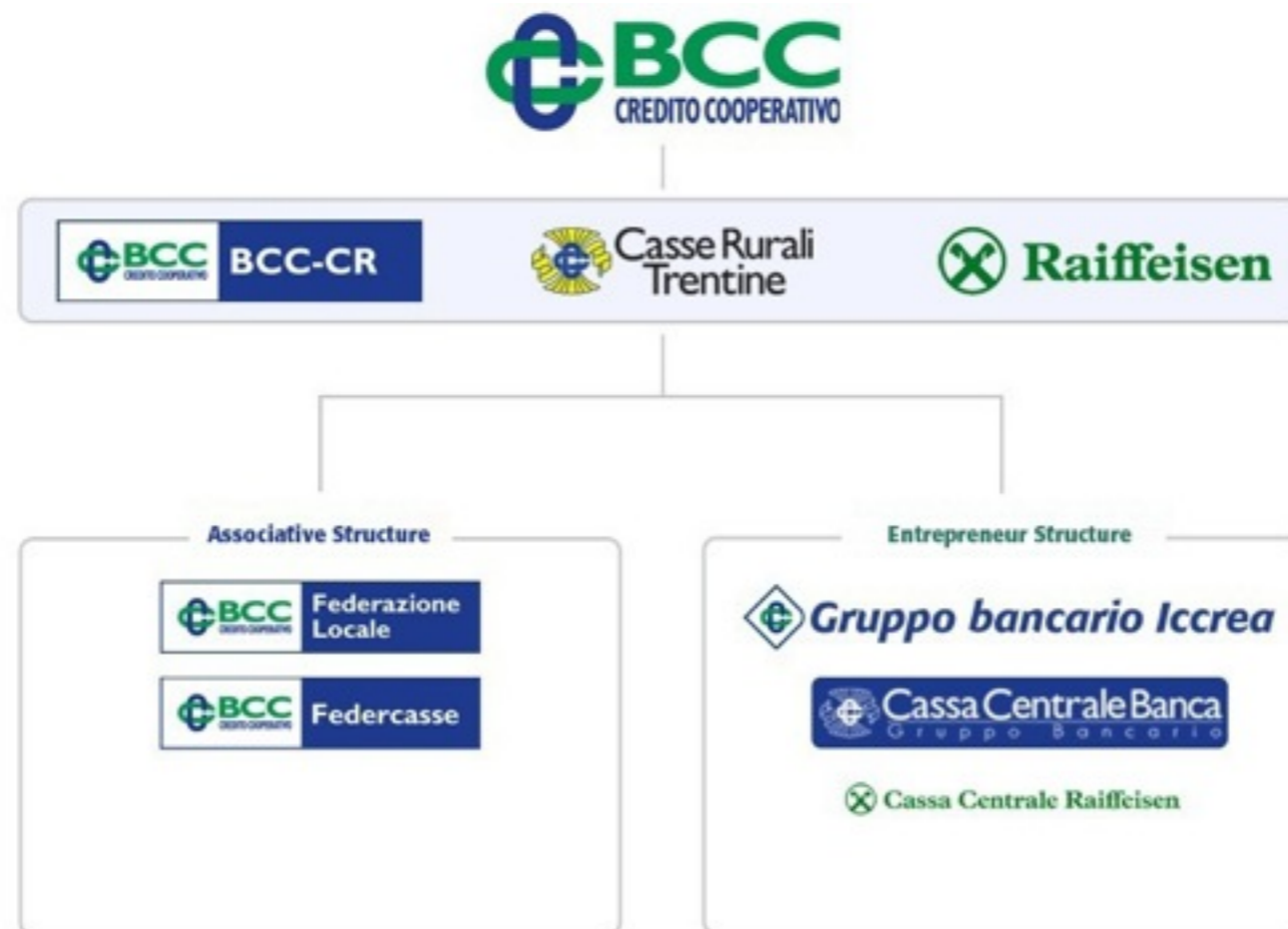
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- ◆ ***Gruppo bancario Iccrea***
- ◆ ***Iccrea Banca***



The Italian Cooperative Banking System

The Italian Cooperative Banking System



1.

Iccrea banking Group is the central institution of the Italian Cooperative Banking System

2.

Iccrea Banca is the parent company of the Iccrea banking Group (Gruppo bancario Iccrea - GBI)

3.

GBI supplies its customers, primarily Cooperative Banks (BCCs), with high quality cost efficient banking, insurance, financial products and services

The Italian Cooperative Banking System

Geographical Distribution as of 30 June 2017

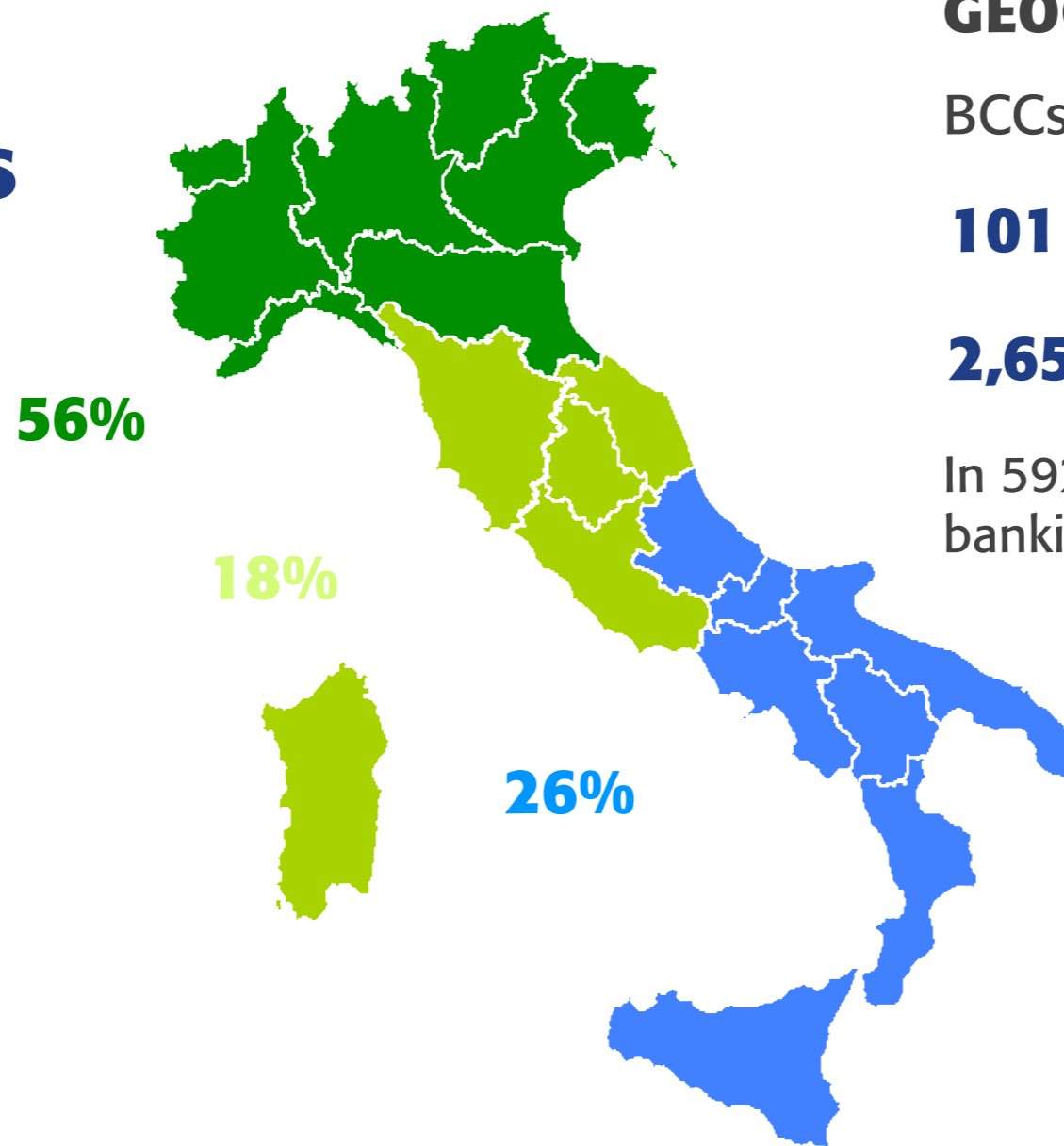
313 BCCs

53,9% of all banks operating in Italy

4.270

BRANCHES

15,2% of the Italian banking System



BCCs BRANCHES DISTRIBUTION

GEOGRAPHICAL LOCALIZATION

BCCs are present in:

101 ITALIAN PROVINCES

2,654 MUNICIPALITIES

In 592 Municipalities BCCs are the only banking institution.

Source: Federcasse

The Italian Cooperative Banking System

Key figures as of 31 Dec 2016

	BCCs	Italian Banking System
Total Liabilities	€217,6 bn -1,5% vs FY 2015	+0,8%
Customer Loans	€133 bn -0,8% vs FY 2015	-0,6%
Gross Bad Loans/Total Loans	11%	10,8%
Gross Doubtful Loans/Total Loans	7,4%	7,2%
Net Bad Loans/Total Net Loans	5,1%	4,8%
Net Doubtful Loans/Total Net Loans	5,7%	5,3%
Bad Loans Coverage Ratio	57,6%	59,9%
Doubtful Coverage Ratio	29,7%	32,4%
Operating Cost Income Ratio	70,1%	73,6%
Total Capital	€19,2 bn -3,3% vs FY 2015	
Tier 1 Ratio	16,8%	12%
Total Capital Ratio	17,1%	14,2%



36.000

EMPLOYEES

including BCCs and other companies of the system

1,25 mln

SHAREHOLDERS

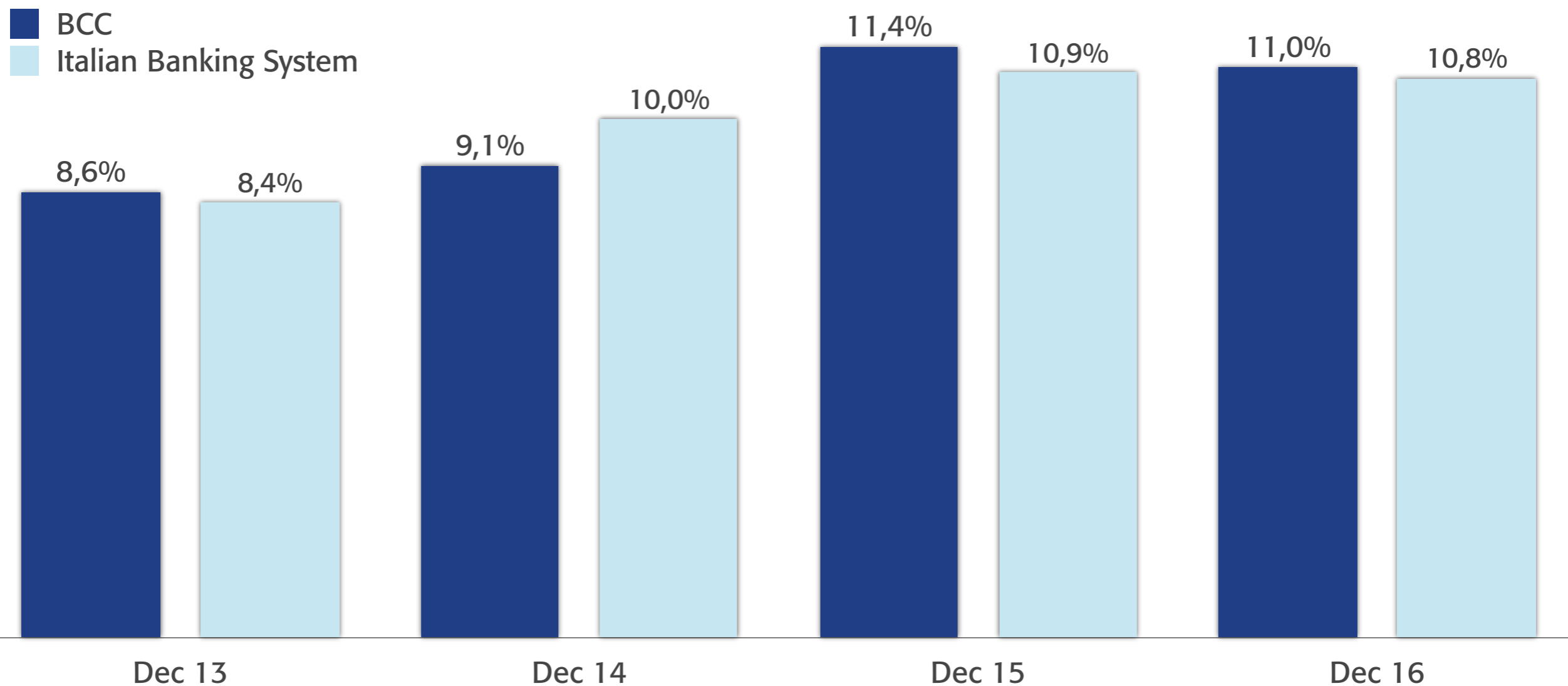
+0,2% vs FY2015

Source: Federcasse

The Italian Cooperative Banking System

Credit Quality

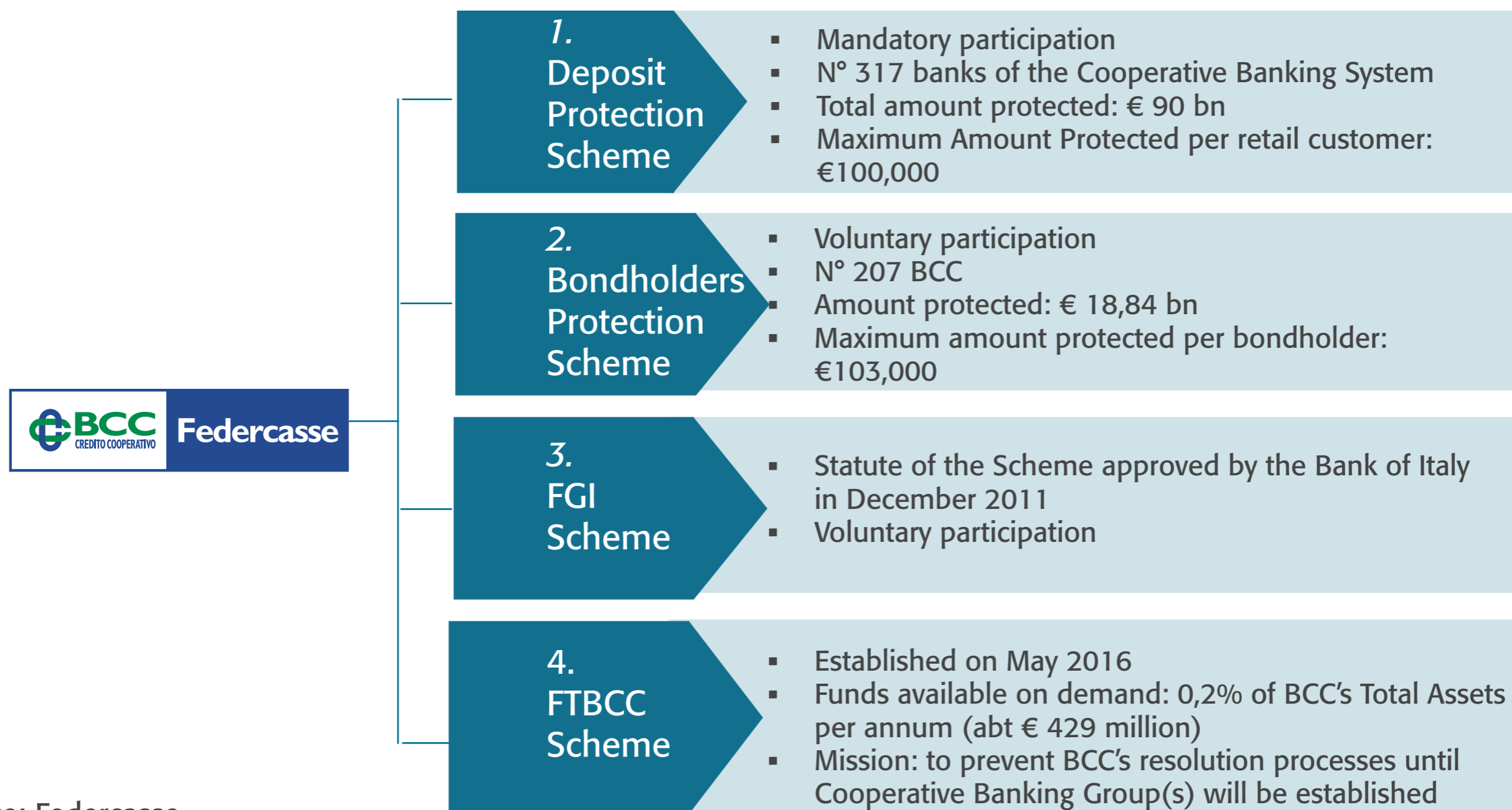
Gross Bad Loans/Total Loans



Source: Federcasse

The Italian Cooperative Banking System

The Italian Cooperative Banking System can rely on a robust safety network to protect its clients



Source: Federcasse

Reform of the Cooperative Banking System

Key features of the Reform (1/2)

The reform of the Cooperative Banking System (Law n.49/2016, April 8th 2016) reaffirms and protects the identity and role of BCCs while introducing substantial changes on the structure and organization of the whole system.

Values untouched by the Reform

1. They all have fully-fledged banking license
2. Lending is granted mainly to members of the local bank
3. At least 70% of profits must be set aside as indivisible reserves
4. At least 95% of credit is granted within the local area of the bank
5. The members' general meeting appoints the Board of Directors and the Board of Supervisor.
The one-head-one-vote principle is untouched by the reform
6. BCCs undergo co-operative supervision audit on a regular basis

Objectives

- Enhancing of the cooperative banking model and its capacity to access capital markets
- Combining higher BCCs' solvency and stability with their deeply-rooted regional identity
- Allowing a higher capacity to adapt to changes in European industry and regulatory trends
- Generating economies of scale and scope

Reform of the Cooperative Banking System

Key features of the Reform (2/2)

1. Participation to a cooperative credit banking group (GbC)

Participation to GbC will be a condition to operate under the cooperative credit structure.

2. GbC composition

- A Parent Company with banking license and a minimum net equity of €1 bn
- BCCs that subscribe to the Contract
- Other banking, financial and service companies controlled by the Parent Company

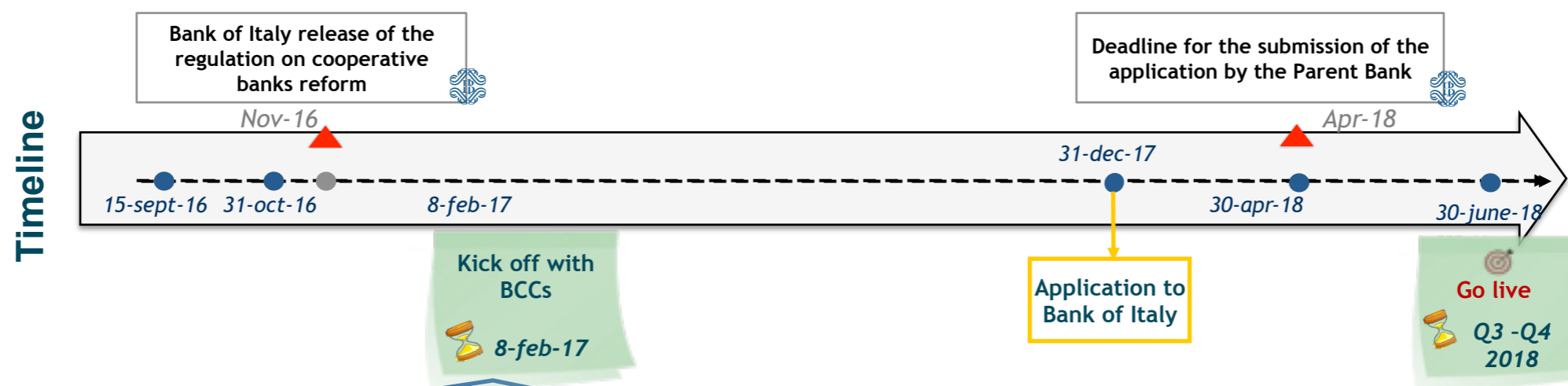
3. Institutional Roles

- The acceptance or refusal of the application request made by the BCCs is authorized by Bank of Italy.
- The Ministry of Economy and Finance, in accordance with Bank of Italy, enacts:
 1. the guarantee features
 2. the minimum organizational and operating requirements
 3. the minimum number of BCCs for the stability of the GbC

4. The Cohesion Agreement

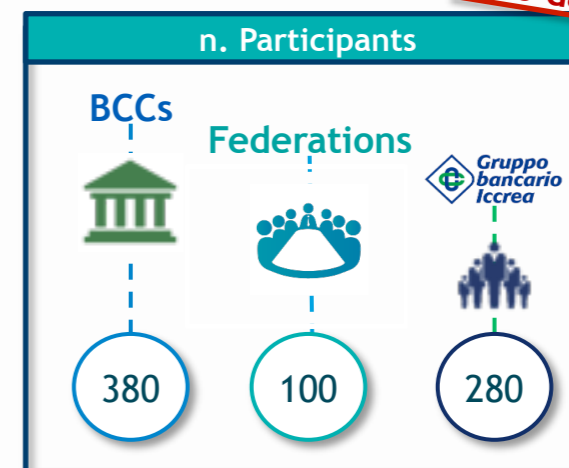
- In order to be members of the GbC, BCCs shall underwrite a Cohesion Agreement. The GbC will be a bank in the form of joint stock company.
- BCCs will remain separate legal entities maintaining varying degrees of autonomy on a risk based approach.

Latest developments on mutual bank reform



Project Kick off held last 8th February involving BCCs, National and Local Federations in 3 Thematic Programmes (Risk, Governance and Business) and 15 project streams

Between April-June, BCCs submit their preliminary non-binding pre-membership preference to ICCREA, CCB or Raiffeisen Cooperative Banking Groups in line with Bank of Italy recommendations



The project organizational chart

Each of the 15 thematic streams have been included into a Thematic Programme, and are composed by both BCCs and GBI representatives and are guided by Internal PMOs and 3 Thematic PMOs



Main Project Outputs

#40 projects

Required for the Application to Bank of Italy

14

Required for the Go-live stage

24

Nice to have

2

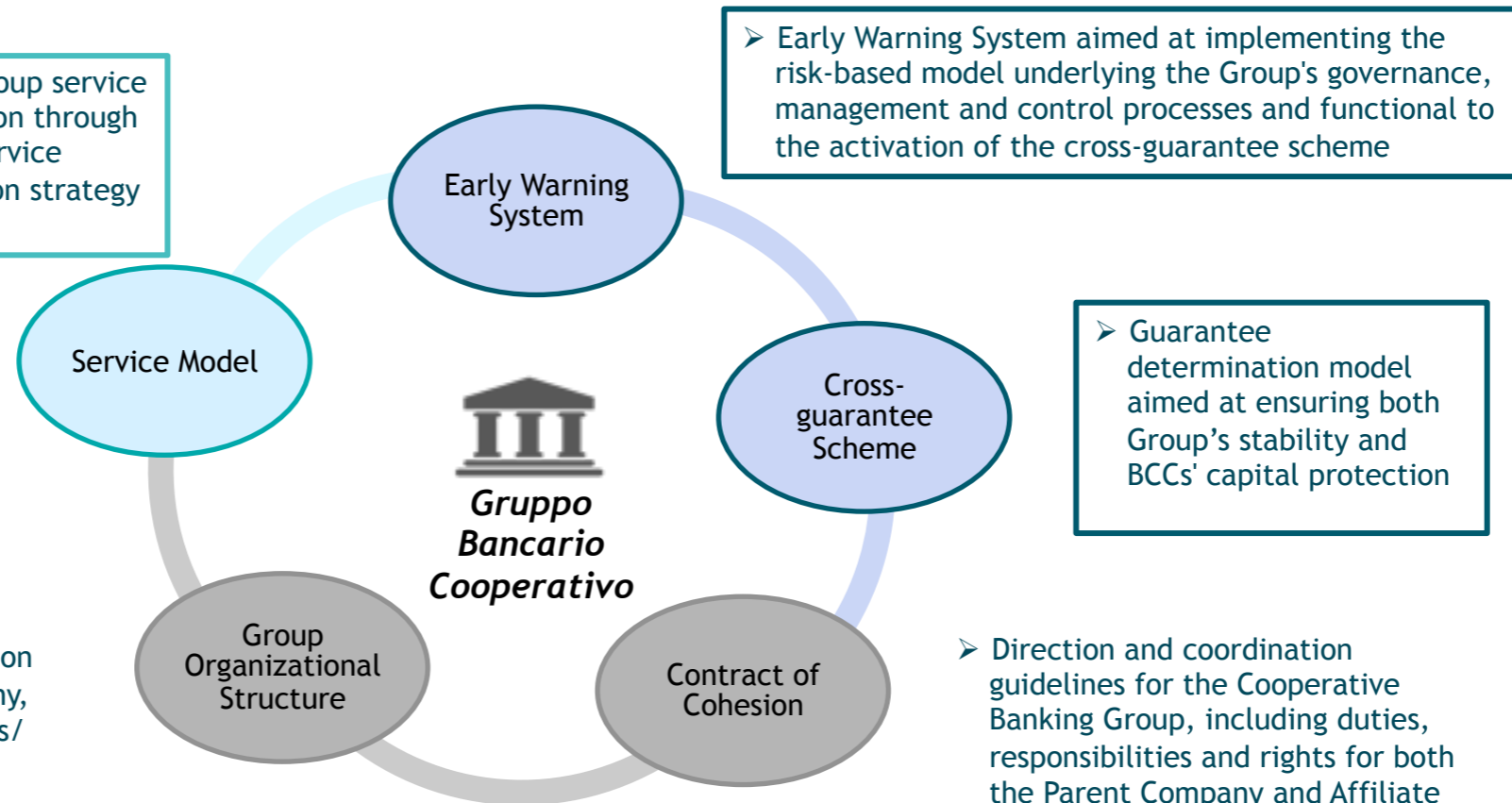
➤ Strategic guidelines for the Group service model in terms of value creation through the identification of: target service models, positioning, distribution strategy and digital solutions

➤ Early Warning System aimed at implementing the risk-based model underlying the Group's governance, management and control processes and functional to the activation of the cross-guarantee scheme

➤ Guarantee determination model aimed at ensuring both Group's stability and BCCs' capital protection

➤ Organizational model for the Group including the organizational chart and function diagram for the Parent Company, Affiliate Banks and local offices/ headquarters

➤ Direction and coordination guidelines for the Cooperative Banking Group, including duties, responsibilities and rights for both the Parent Company and Affiliate Banks



GBC – Key figures

Aggregate data



NORTH
(Valle d'Aosta, Piemonte, Lombardia, Trentino Alto Adige, Friuli Venezia Giulia, Veneto, Emilia Romagna)

CENTER
(Toscana, Lazio, Umbria, Abruzzo, Marche)

SOUTH and ISLANDS
(Molise, Campania, Basilicata, Puglia, Calabria, Sicilia, Sardegna)



GBC

Including intercompany adjustments

BCC (#) Branches (#)	Loans (€b)	Direct Funding (€b)	Assets (€b)	Own funds (€b)
53 1,354	43.3	62.5	69.8	5.9
46 740	24.8	36.6	40.9	3.1
55 405	7.4	13.3	15.3	1.5
154 ¹ 2,499	75.5	112.4	126.0	10.5
92	34.8	44.0	46.9	1.7
2,591	90.4	135.1	150.6	11.2

The Iccrea Cooperative Banking Group is geographically spread across Italy with over 50% of the branches located in the northern regions and over 28% in Central Italy. BCC loans breakdown shows the same composition (i.e. 58% in the north and 33% in the center)

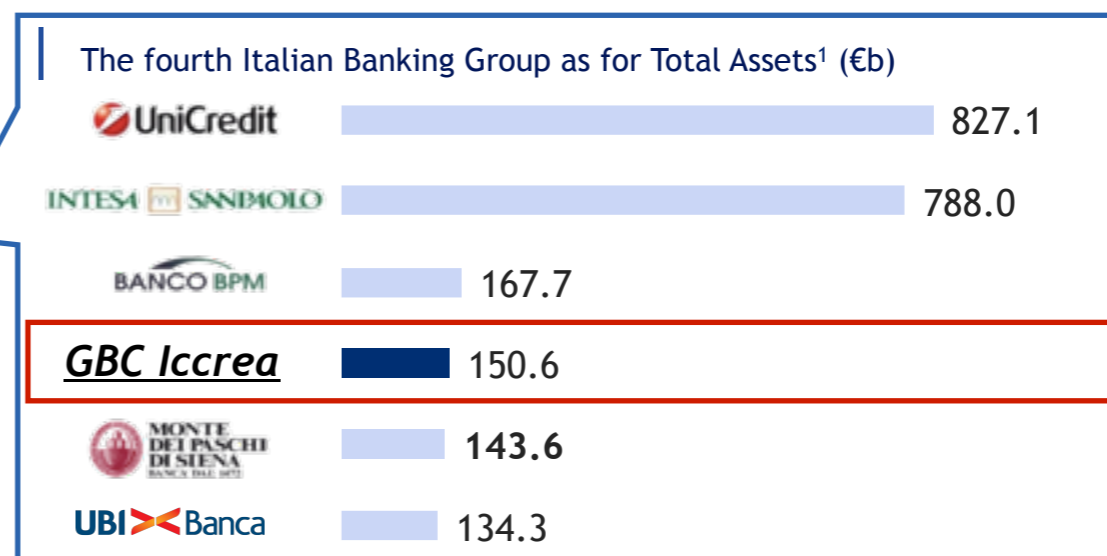
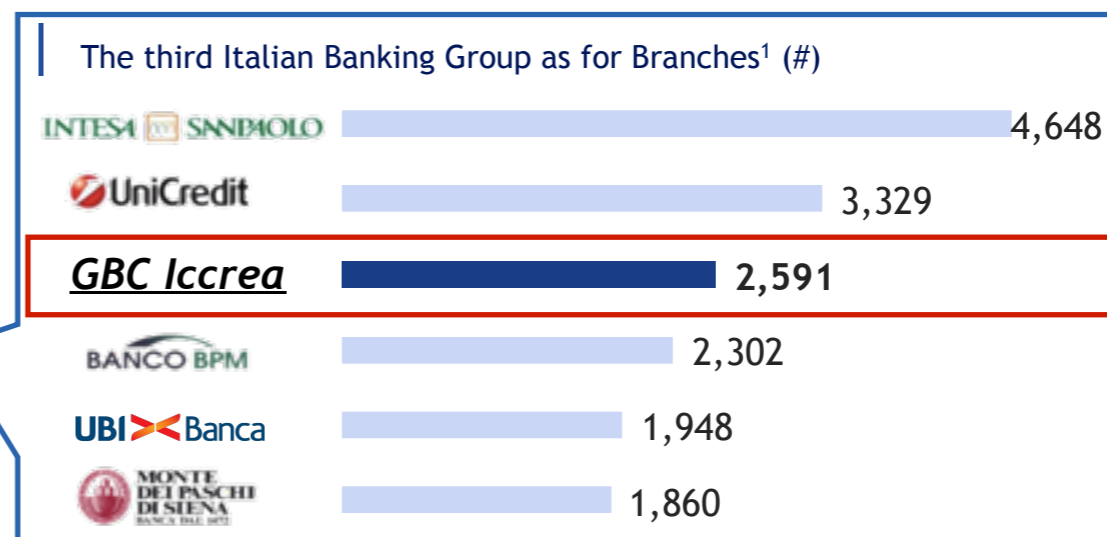
Source: Analyses are based on BCC and GBI data as of 31.12.16. Data is composed by BCCs' aggregated values and include intercompany (estimates) and Parent Company values

(1) Number subject to change due to potential ongoing mergers

GBC- Key figures - Ranking

Aggregate data

Key figures (Iccrea Banking Group and BCCs)	Dec. 2016 €B
Branches - #	2,591
Staff - #	20,662
Total own funds	11.2
Total Capital Ratio	15.67%
Direct Funding	135.1
Total Assets	150.6
Financial Assets	51.6
Customers Loans	90.4



Source: Analyses are based on BCC and GBI data as of 31.12.16. Data is composed by BCCs' aggregated values and include intercompany (estimates) and Parent Company values

(1) Panel data as of 30.06.2017, GBC Iccrea data as of 31.12.2016 (last data available)



Gruppo bancario Iccrea

Gruppo bancario Iccrea

1.

BCCs are at the same time shareholders and customers of the Group.

The mission of Gruppo bancario Iccrea is to provide BCCs with high quality banking, financial and insurance products and services at competitive conditions

2.

The key objectives of the offering system of the Group are:

- Quality of products and services provided
- Cost competitiveness
- Time to market: anticipating and guiding BCCs' needs in accordance with market developments
- Offering based on the specific needs of the BCCs and their customers, mainly represented by retail and SMEs

3.

Shareholders' value is enhanced through dividends and commission fees (€194,1m in June 2017); the latter recognized to BCCs for the distribution of products and services of the Group to their customers.

Strategy

Key points of Gruppo bancario Iccrea's strategy are:

- Focus on the BCCs market
- Increase the range and quality of products and services provided to the BCCs
- Limit its risk exposures through a careful credit selection process and hedging policies of interest rate and market risks
- Diversify funding sources and carefully manage liquidity risk
- Maintain sound levels of capitalization and profitability
- Strengthen the relationships with its European cooperative partners

Gruppo bancario Iccrea

Organizational layout



Gruppo bancario Iccrea

Business Model

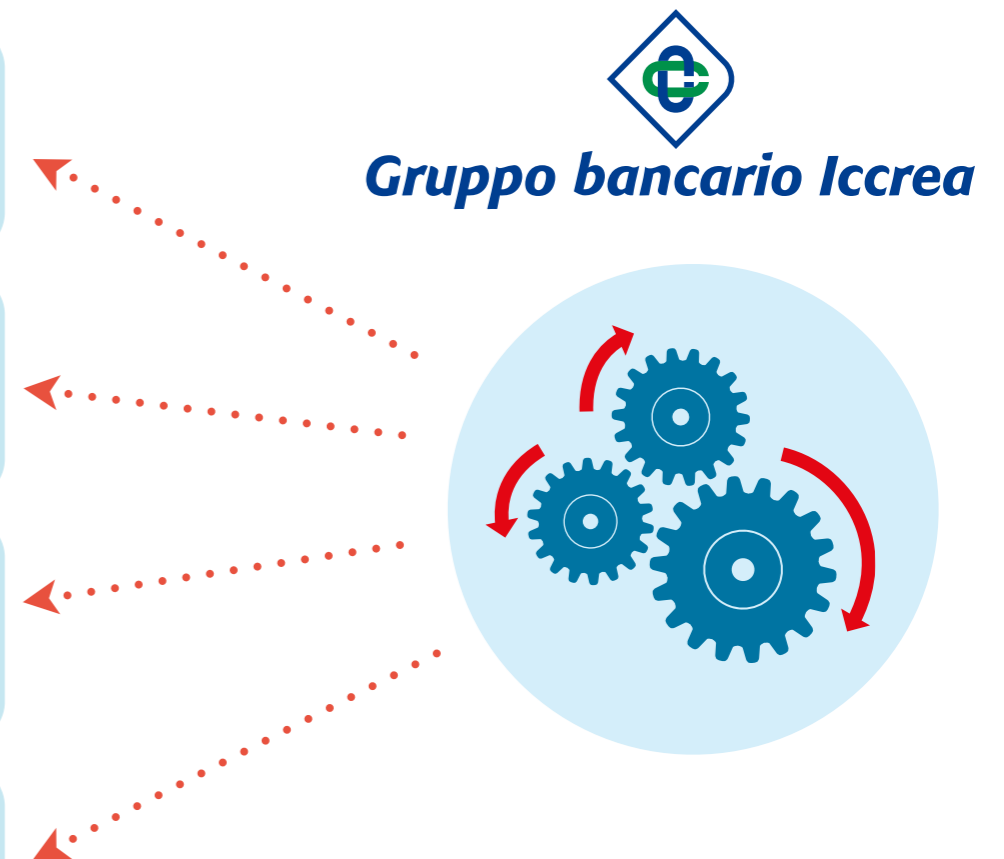
In order to improve efficiency and effectiveness, **Gruppo bancario Iccrea** has completed a restructuring process to redefine its business model with the aim of:

1. *Focusing the activities of Group companies on specific business areas*

2. *Centralising staff and support functions*



3. *Enhancing risk and cost control procedures*

4. *Extending the offering through strategic alliances with industrial partners*



Gruppo bancario Iccrea

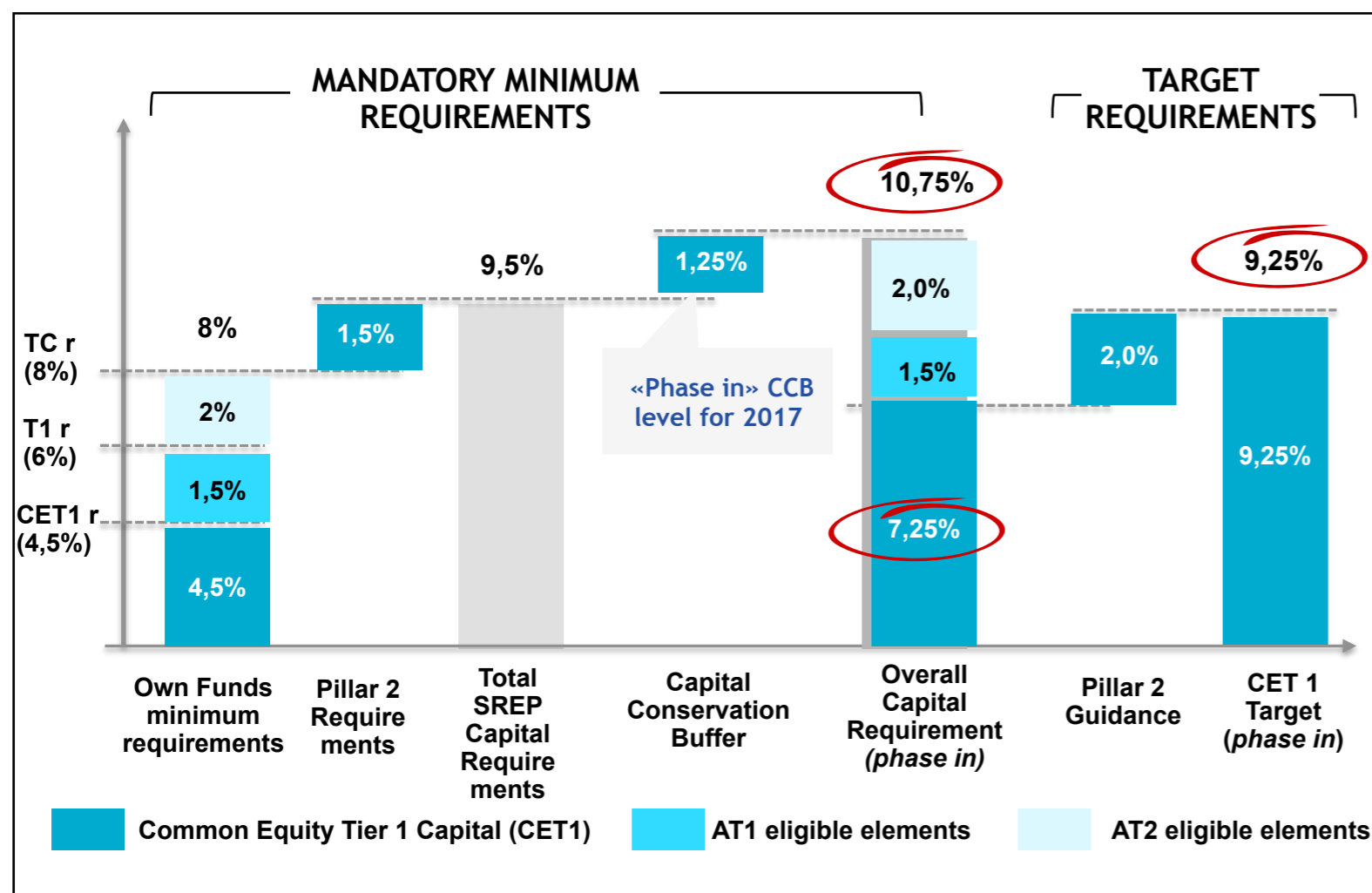
Ratings

	Fitch Ratings LT / OUTLOOK / ST	STANDARD & POOR'S LT/OUTLOOK/ST
Iccrea  Banca	BB+ / Stable / B	BB / Stable / B
Iccrea  BancaImpresa	BB+ / Stable / B	BB / Stable / B

Gruppo bancario Iccrea

SREP decision 2016

The Supervisory Authority informed the Parent Company of the decision on the level of prudential requirements envisaged for GBI for 2017, also defining the minimum ranking with respect to the quality of capital elements to be held



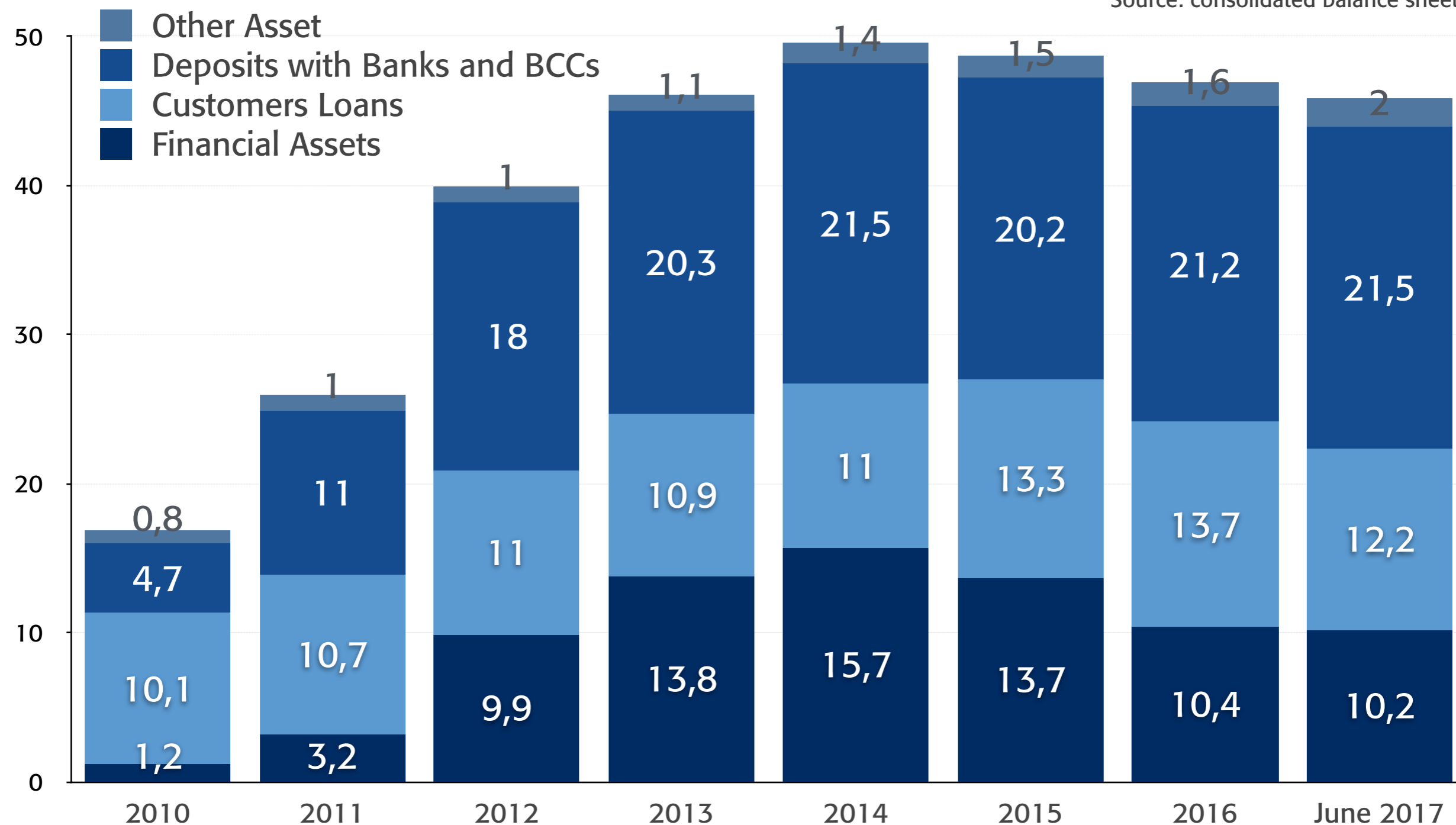
Highlights

- Minimum levels to be held in 2017 that activate MDA restrictions are expressed in terms of:
 - CET1 ratio 7,25%
 - Total Capital ratio 10,75%
- Target level to be held in 2017 in terms of CET1 ratio is equal to 9,25%
- Minimum ranking of capital elements to be held:
 - 9,25% CET1% 9,25% of Common Equity Tier 1
 - 10,75% TC% 1,5% Common Equity Tier 1 or AT1 or T2

Gruppo bancario Iccrea

Evolution of Consolidated Assets

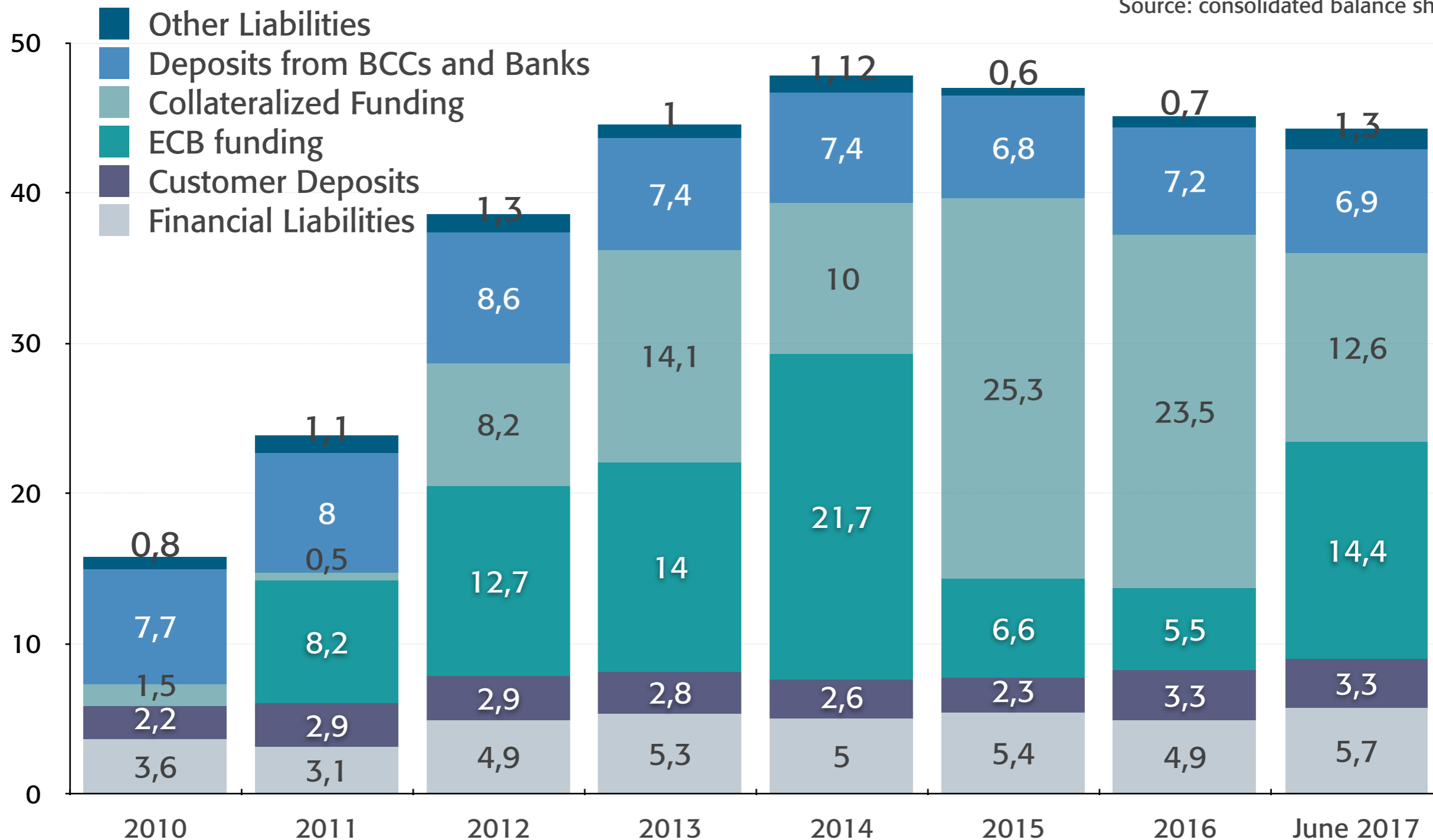
Source: consolidated balance sheet



Gruppo bancario Iccrea

Evolution of Consolidated Liabilities

Source: consolidated balance sheet



Gruppo bancario Iccrea

Consolidated Key Figures as of June 2017

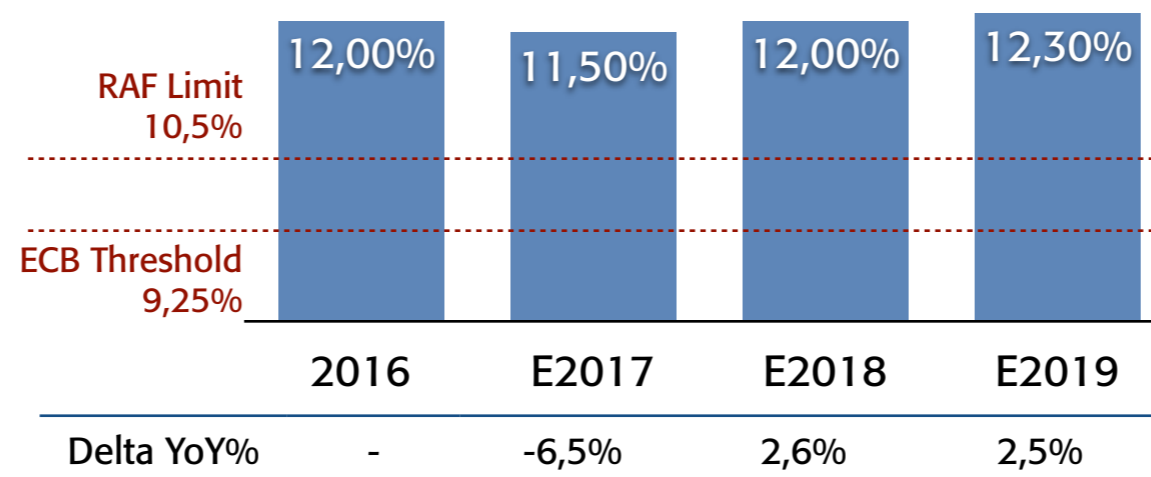
Assets		Liabilities	
	June 2017		June 2017
Deposits with Banks and BCCs	21,5 € bn	Deposits from Bccs and Banks	6,9 € bn
Financial Assets	10,2 € bn	ECB Funding	14,4 € bn
Customer Loans	12,2 € bn	Customer Deposits	3,3 € bn
Other Assets	2,0 € bn	Collateralized Funding	12,6 € bn
		Financial Liabilities	5,7 € bn
		Other Liabilities	1,3 € bn
Total Assets	45,8 € bn	Total Liabilities	44,2 € bn
		Capital and reserves	1,6 € bn
Credit Quality		Capital Structure	
	June 2017		June 2017
Net Doubtful Loans/ Total Net Loans	6,4%	Regulatory capital	1,7 € bn
Doubtful Loans Coverage Ratio	31,8%	RWA	12,6 € bn
Net Bad Loans/ Total Net Loans	4,0%	Tier 1 ratio	12,36%
Bad Loans Coverage Ratio	61,3%	Total Capital ratio	13,46%

Source: consolidated balance sheet

Capital adequacy ratios

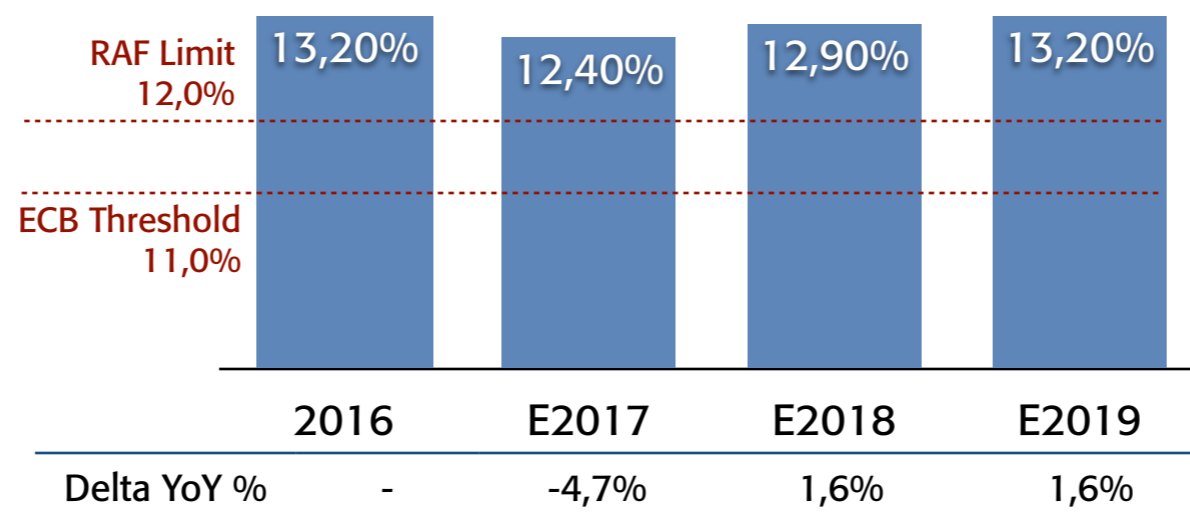
Common Equity Tier1

(CET1 ratio %)



Total Capital Ratio

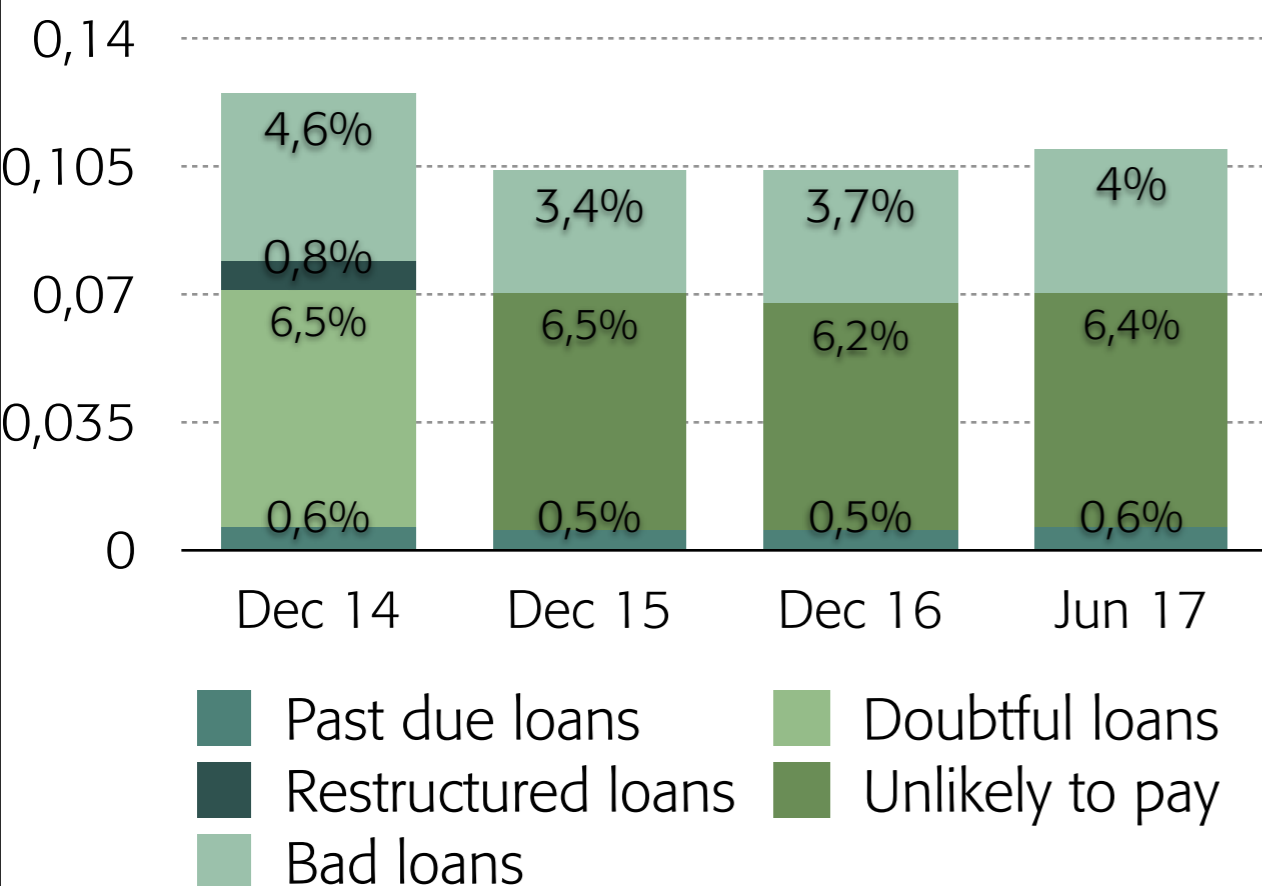
(TCR %)



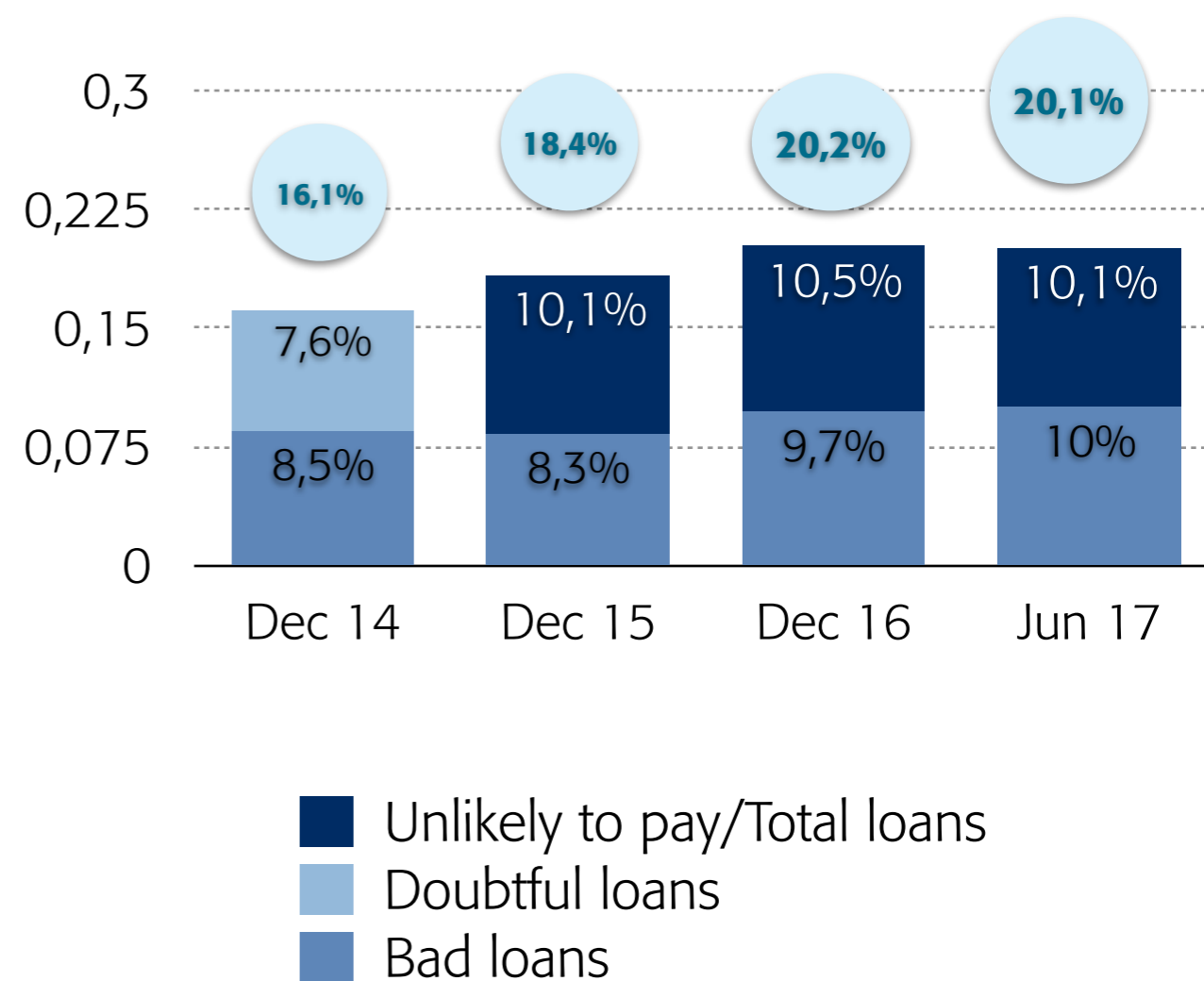
Gruppo bancario Iccrea

Lending Portfolio

Net non performing Loans/Total Loans



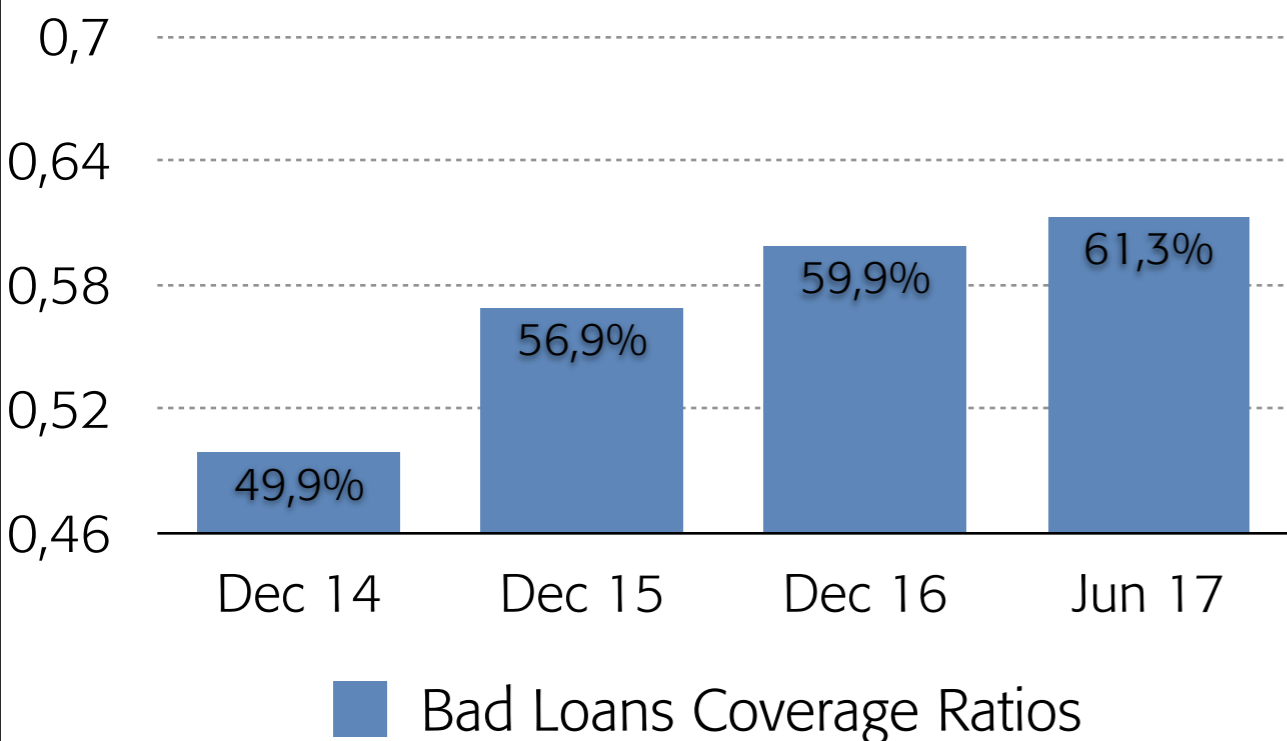
Gross non performing loans/Total loans



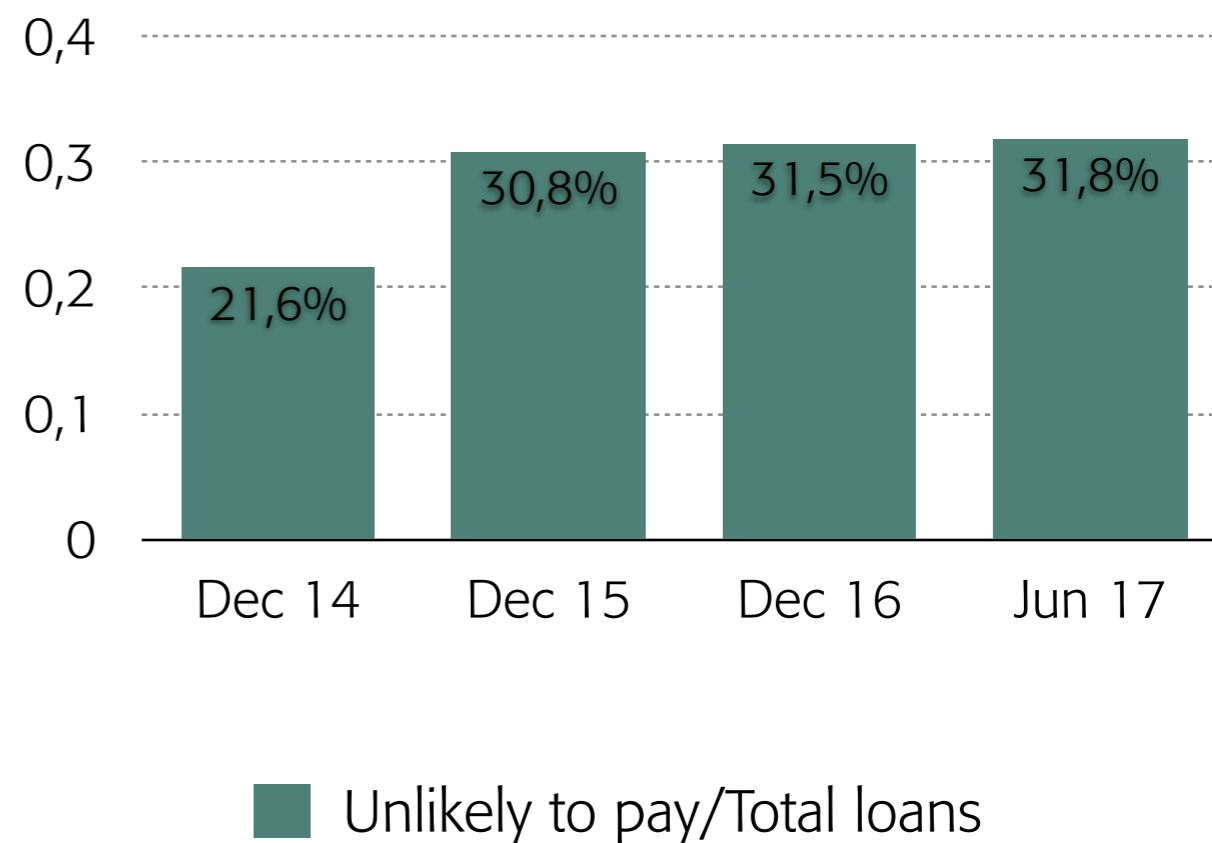
Gruppo bancario Iccrea

Lending Portfolio

Bad loans coverage ratios



Unlikely to pay coverage ratios



Gruppo bancario Iccrea

Consolidated Income statement as of 30 June 2017 (Values in €/m)

	1H 2017	FY 2016	1H 2016	Delta
Profit/(loss) before tax	11,7	-41,3	62,5	-50,8
Profit/(loss) before tax (net FVO)	11,1	-43,4	60,4	-49,4
	1H 2017	FY 2016	1H 2016	Delta
Gross Income	293,2	625,1	338,9	-45,7
Net interest income	156,4	344,6	178,3	-21,9
Net fee and commission income	100,3	192,8	91,0	9,2
Net gain (loss) on the asset disposal (AFS)	25,8	83,4	65,4	-39,6
Net gain (loss) on financial assets and liabilities at fair values	0,7	2,1	2,1	-1,4
Net provisions for risks and charges	-71,7	-158,9	-91,7	20,0
Operating expenses	-202,6	-477,2	-185,4	-17,2
<i>Personnel Expenses</i>	-94,2	-215,8	-97,4	3,3
<i>Other Administrative Expenses</i>	-142,7	-319,8	-120,6	-22,1
<i>Depreciation and Net provisions for risk and charges</i>	-14,3	-37,2	-14,3	-0,1
<i>Other Operating income</i>	48,7	95,7	46,9	1,7
	1H 2017	FY 2016	1H 2016	Delta
Net profit	11,6	-21,7	48,5	-36,9
Net profit (excluding FVO)	11,0	-23,8	47,1	-36,1
Cost income ratio (%)	69,1%	76,3%	54,7%	14%

Source: consolidated balance sheet

Iccrea  *Banca*

Iccrea Banca

Iccrea Banca

1.

Iccrea Banca's primary objective, in cooperation with the other Group companies, is to make the activities of BCC's, a large and cohesive network of small Italian cooperative banks, more complete and effective, by supporting and developing their activities via lending, offering technical services and financial assistance in all forms.

2.

Iccrea Banca is not listed.

3.

Iccrea Banca has a large customer base made by approximately 154 banks, mainly BCCs.

4.

The territorial network is committed to marketing, sale and post-sale activities with the BCCs.

5.

As of 30th June 2017, Iccrea Banca has 839 employees.

Iccrea Banca

Business Activities

Iccrea Banca has a well diversified business model with a wide spectrum of services provided to the BCC's



Iccrea Banca

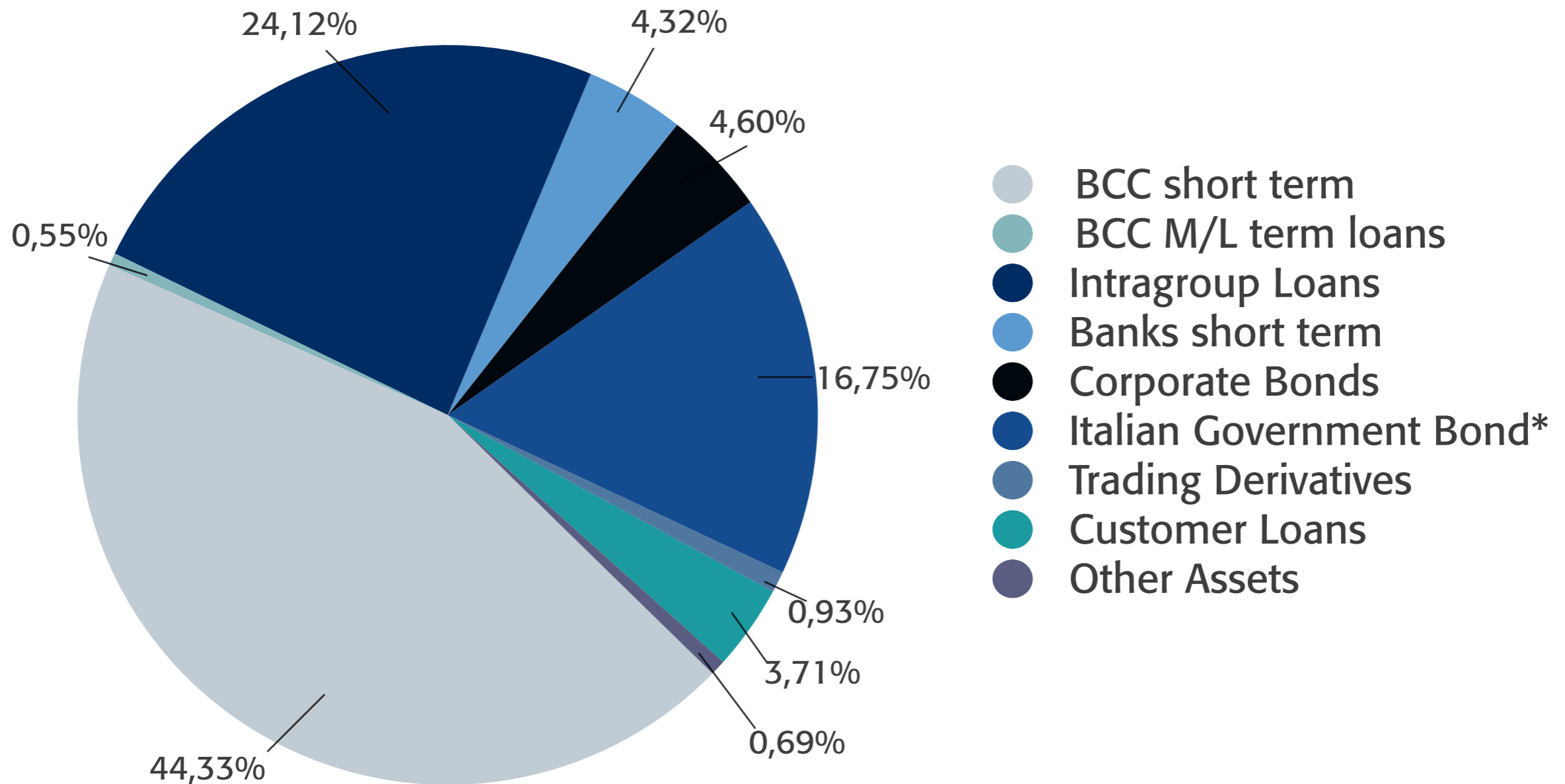
Key Figures - Assets (Values in €/m)

Assets	H1 2017	FY 2016
Customer Loans	€ 1.613	€ 2.703
BCC short term	€ 19.271	€ 19.884
BCC M/L term Loans	€ 240	€ 226
Banks short term	€ 1.877	€ 964
Intragroup Loans	€ 10.487	€ 11.509
Italian Government Bonds*	€ 7.283	€ 6.787
Corporate Bonds	€ 2.001	€ 1.783
Trading Derivatives	€ 405	€ 266
Other Assets	€ 298	€ 274
Total Asset	€ 43.476	€ 44.396

* Assets available for sale and assets held for trading are carried at Fair Value while Assets held to maturity are measured at amortising cost.

Iccrea Banca

Key Figures - Assets Breakdown H1 2017



* Assets available for sale and assets held for trading are carried at Fair Value while Assets held to maturity are measured at amortising cost.

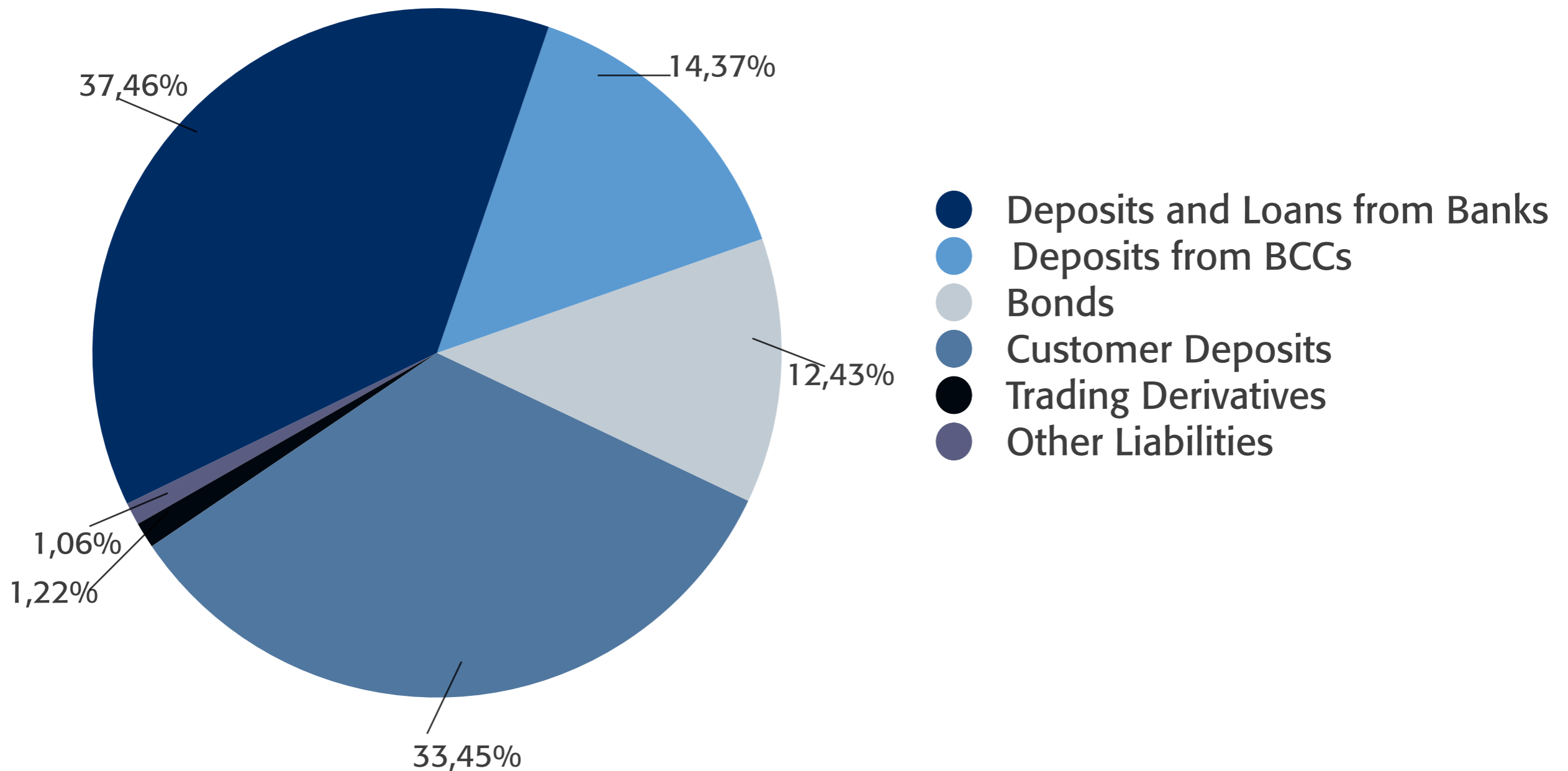
Iccrea Banca

Key Figures - Liabilities (Values in €/m)

Liabilities	H1 2017	FY 2016
Customer Deposits	€ 14.013	€ 24.445
Deposits from BCCs	€ 6.021	€ 5.964
Deposits and Loans from Banks	€ 15.692	€ 7.301
Bonds	€ 5.208	€ 4.207
Trading Derivatives	€ 509	€ 325
Other Liabilities	€ 445	€ 458
Total Liabilities	€ 41.887	€ 42.790
Capital and Reserves	€ 1.589	€ 1.606

Iccrea Banca

Key Figures - Liabilities Breakdown H1 2017



Iccrea Banca

Capital Structure and Ratios as of June 2017

Capital Structure and Ratios	H1 2017			FY 2016		
Tier 1 Capital	€	1.556	m	€	1.555	m
Tier 2 Capital	€	132	m	€	134	m
Total Regulatory Capital	€	1.717	m	€	1.716	m
Tier 1 Ratio		40,0%			40,8%	
Total Capital Ratio		43,4%			44,3%	
RWA	€	3.890	m	€	3.815	m

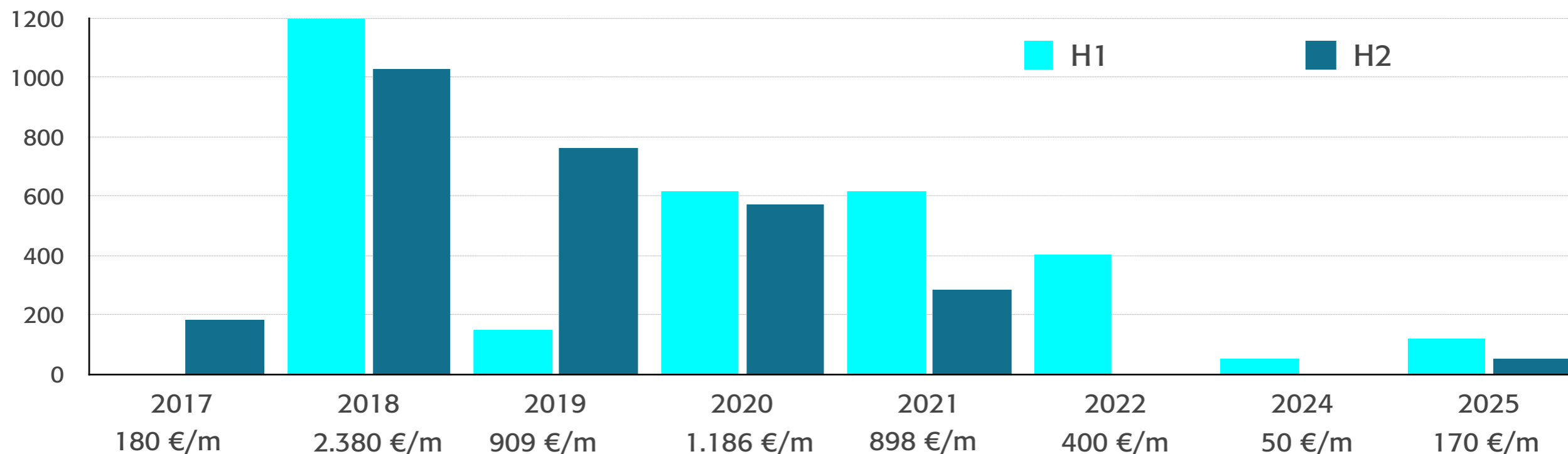
Iccrea Banca

Income Statement

Income Statement	H1 2017	FY 2016
Net Interest Income	€ 13,7 m	€ 50,2 m
Other Net Income	€ 135,0 m	€ 276,1 m
Total Revenue	€ 148,7 m	€ 326,3 m
Personnel Expenses	€ -38,8 m	€ -92,6 m
Other expenses	€ -91,7 m	€ -212,7 m
Total operating expenses	€ -130,5 m	€ -305,3 m
Gross operating profit	€ 18,2 m	€ 21,0 m
Total provisions and losses	€ -31,2 m	€ -17,1 m
Net operating profit	€ -13,0 m	€ 3,9 m
Tax	€ 14,0 m	€ 18,8 m
Net Income	€ 1,0 m	€ 21,1 m
Cost Income ratio	87,76%	93,56%

Iccrea Banca

Funding information / Debt maturity and composition breakdown As of 30 June 2017

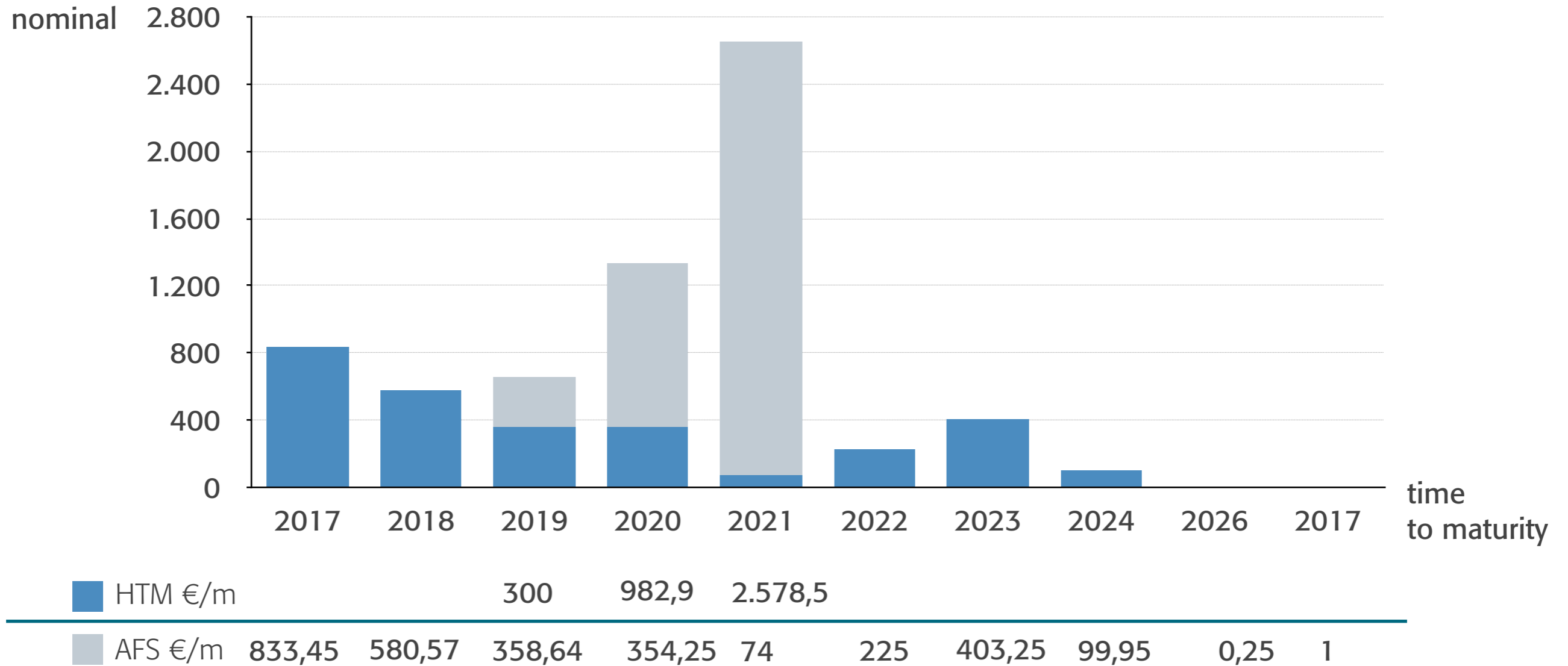


	Total debt (€/m)	Retail	BCC	Institutional	Intra-group bonds
2017	€ 180	54,30%	0,00%	4,20%	41,60%
2018	€ 2.380	15,30%	44,40%	18,50%	21,80%
2019	€ 909	20,70%	34,90%	31,20%	13,20%
2020	€ 1.186	44,60%	21,20%	29,50%	4,60%
2021	€ 898	98,90%	0,00%	1,10%	0,00%
2022	€ 400	0,00%	100,00%	0,00%	0,00%
2024	€ 50	0,00%	0,00%	100,00%	0,00%
2025	€ 170	7,10%	92,90%	0,00%	0,00%
(*) % total debt	€ 6.172	33,70%	35,40%	18,50%	12,40%

Iccrea Banca

Investment information

Italian Government bonds maturity breakdown



Total outstanding Italian Government bonds: € 6,792 billion

As of 30 Jun 2017

Notes

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Notes

A series of horizontal dotted lines for writing notes.



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