

SECTOR	Financials	OPERATIONAL, STRUCTURAL DATA (June 2020)	* Member shareholders: 814,083
INDUSTRY	Banking		* Employees: 22,196
SUB-INDUSTRY	Banking		* Branches: 2,552
MAIN SHAREHOLDERS (242 shareholders as of Sept. 2020)	BCC Roma (6.373%) BCC Ravennate (3.124%) Emil Banca (3.104%) BCC Milano (3.067%)		* Customers with Loans: 1.23m (88% Households/SMEs, 12% Corp.)
TOP MANAGEMENT	Giuseppe Maino (Chairman) Mauro Pastore (General Manager)	CAPITAL RATIOS (June 2020)	* Depositors: 3.12m (95% Households/SMEs, 5% Corporate)
FINANCIAL CALENDAR	n.a.	LEVERAGE RATIO (June 2020)	CET1 16.1%, TCR 16.9%
		LIQUIDITY RATIOS (June 2020)	Transitional 6.2%, Fully Loaded 5.5%
			LCR 287%, NSFR 130%

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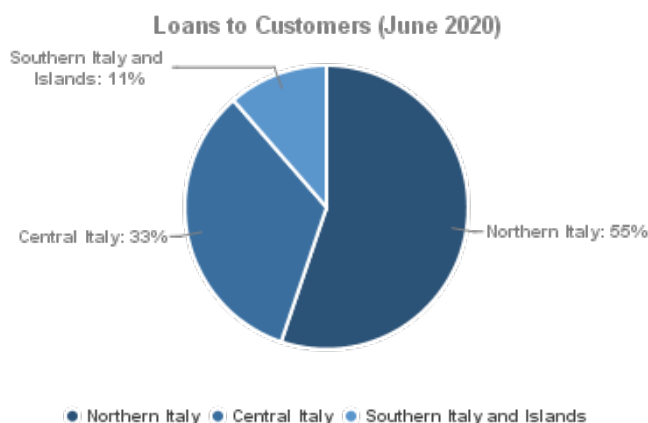
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OVERVIEW

Iccrea Banca SpA is the head company of the **Iccrea Cooperative Banking Group (ICBG)**, the fourth Italian banking group by total assets (EUR168.5bn as of June 2020) and the third in the country by number of branches (10.5% of the nation's total). ICBG was formally established as recently as 2019, within the broader process of **reform of Italy's cooperative credit sector**, but the origins of Iccrea (Italian acronym for Credit Institution of Rural and Artisan Banks) date back to 1963, when around 190 rural banks signed its charter. The Group, which currently encompasses **136 Cooperative Credit Banks (BCCs)**, is directly supervised by the European Central Bank.

COMPANY PROFILE

- BCCs** - The **BCC Reform Law** introduced by the Italian government in 2016 (and subsequently amended in 2018) provided for the **aggregation** of more than 300 Italy-based BCCs, Rural Banks and Raiffeisen Banks within so-called **Cooperative Banking Groups (CBGs)**. **Iccrea CBG** is the largest of these new legal entities, trailed by **Cassa Centrale Banca CBG** (that includes 79 BCCs as of May 2020). On the other hand, the 39 **Alto Adige-based Raiffeisen banks** opted for the establishment of an Institutional Protection Scheme, in accordance with European law. BCCs joining a CBG hold **at least 60% of the group head company's share capital**, but the head company has the power to **manage and coordinate** the activities of all its affiliated banks, pursuant to a **cohesion contract**. The degree of **managerial autonomy** of each BCC is proportional to its own financial soundness, according to a **risk-based approach**. A **liability-sharing mechanism** provides that the obligations undertaken by the head company and its affiliates are classified as **joint and several liabilities** of the Group (cross guarantee scheme). Within a CBG, each BCC remains the holder of its own **banking license**, provides credit mainly to **its shareholders** (at least 95% in its area of geographical competence) and allocates no less than **70% of net income** to legal reserve. The reform also confirmed the **"one person, one vote"** principle to regulate shareholders' meetings.
- FOOTPRINT** - As of June 2020, ICBG is **active in 1,808** out of 5,221 Italian **municipalities** served by banks (34.6% of the total). In **282 municipalities** its branches are the **only banking presence**, in line with the community-centric mission typical of cooperative lenders. About 57% of the Group's branches are located in **Lombardy, Veneto, Tuscany** and **Emilia-Romagna**. The only regions in which ICBG has no banking presence are **Valle d'Aosta, Liguria** and **Trentino-Alto Adige** (although it has branches in the latter two). At a national level, the Group's banks hold a market share of **5.2%** of customer **loans** and **6.1%** of customer **deposits**.
- GOVERNANCE** - **Mauro Pastore** (1965) was appointed General Manager of Iccrea Banca in June 2019. Pastore started his career at Arthur Andersen and subsequently held positions as auditor or director in several Italian companies (many of which belonging to the world of cooperative credit). He joined BCC Roma in 2004 and acted as its General Manager from 2010 to 2019. Iccrea Banca's BoD is chaired by **Giuseppe Maino** (1952), who has built his career in the cooperative credit industry since 1981, eventually becoming BCC Milano's Chairman, as well as Director of Federcasse (the Italian Federation of BCCs and Rural Banks) and ABI (Italy's Banking Association).
- 1H20** - In 1H20, ICBG posted a consolidated **net income** of **EUR127m** (-30% YoY). As of June 2020, the ratio between **gross Non-Performing Loans** and gross customer loans was 11.5% (14.1% in 1H19), while the ratio between **net NPLs** and net loans was 5.9% (7.7% in 1H19). The ratio between **net bad loans** and **net Unlikely-To-Pay** on net loans was 2.1% and 3.2%, respectively (from 3% and 4.2% in 1H19). The **coverage ratio** of bad loans and UTPs stood at 66.6% and 39.6%, respectively (from 63.9% and 35.4% in 1H19).



FINANCIALS

INCOME STATEMENT

(in EURm)	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
+ Net Interest Income	2354,22	344,59	321,88	73,00	82,92
+ Adjusted Total Non-Interest Income	2077,78	716,20	754,97	468,71	n.a.
Net Revenue	4432,00	1060,79	1076,85	541,71	529,81
- Provision for Loan Losses	667,46	96,83	146,33	-4,65	-0,75
Net Revenue after Provisions	3764,54	963,96	930,52	546,36	530,56
- Total Non-Interest Expense	3421,21	983,43	869,78	542,19	513,74
Operating Income (Loss)	343,33	-19,47	60,75	4,17	16,83
- Non-Operating (Income) Loss	-13,06	-15,37	-9,25	1,96	n.a.
- Abnormal Losses (Gains)	46,39	25,02	23,36	0,00	0,00
Pretax Income (Loss)	310,00	-29,12	46,63	2,21	16,83
- Income Tax Expense (Benefit)	65,05	-36,62	11,13	-18,87	7,58
Income (Loss) from Cont Ops	244,95	7,50	35,50	21,08	9,25
- Net Extraordinary Losses (Gains)	-0,02	0,00	0,00	0,00	0,00
- Minority Interest	6,49	1,84	6,15	0,00	0,00
NET INCOME	238,48	5,67	29,36	21,08	9,25

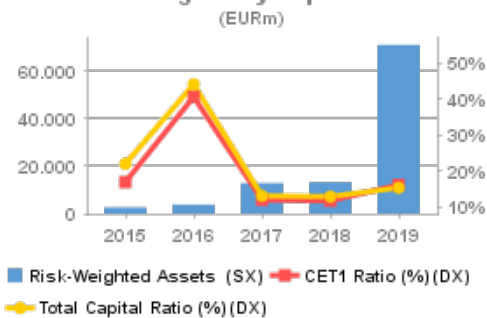
BALANCE SHEET

(in EURm)	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
ASSETS					
+ Cash & Cash Equivalents	956,48	129,09	110,64	98,42	91,04
+ Interbanking Assets	11341,04	20441,46	20992,51	31921,00	33348,30
+ ST And LT Investments	11049,81	1032,48	3146,71	7685,80	9240,28
+ Net Loans	124528,44	18391,23	11740,12	3260,29	2668,71
+ Net Fixed Assets	2842,54	709,93	734,01	12,57	7,79
+ Total Intangible Assets	146,46	68,71	49,41	5,68	8,73
+ Investments in Associates	88,89	120,96	111,68	1139,96	263,61
+ Total Deferred Tax Assets	1702,42	312,20	212,11	30,43	n.a.
+ Total Derivative Assets	157,76	8,47	291,26	14,98	n.a.
+ Discontinued Operations	33,86	39,03	n.a.	n.a.	n.a.
+ Other Assets	2682,77	565,78	739,03	226,44	6244,27
TOTAL ASSETS	155530,47	41819,32	38127,49	44395,57	45789,34
LIABILITIES + EQUITY					
+ Demand Deposits	80905,31	1478,50	1329,95	276,01	466,98
+ Interest Bearing Deposits	6483,27	269,86	75,17	2,22	11,36
+ Other Deposits	18192,53	13032,93	1328,92	631,20	645,23
+ ST Borrowings & Repos	18787,48	19162,41	26569,93	37222,90	39052,15
+ LT Debt	16628,14	5419,99	5688,87	4207,52	4369,00
+ Total Deferred Tax Liabilities	86,83	3,25	4,00	1,97	n.a.
+ Total Derivative Liabilities	321,43	69,03	362,15	51,81	n.a.
+ Discontinued Operations	n.a.	20,37	n.a.	n.a.	n.a.
+ Other Liabilities	3892,89	731,20	1092,22	396,09	734,95
TOTAL LIABILITIES	145297,88	40187,52	36451,20	42789,72	45279,67
+ Share Capital & APIC	2460,39	1157,13	1155,79	1155,79	216,91
- Treasury Stock	1212,26	4,61	30,85	30,07	n.a.
+ Retained Earnings	238,48	5,67	29,36	21,08	9,25
+ Other Equity	8675,24	380,73	456,56	459,03	283,51
+ Minority/Non Controlling Interest	70,74	92,88	65,42	0,00	0,00
TOTAL EQUITY	10232,59	1631,79	1676,28	1605,84	509,67

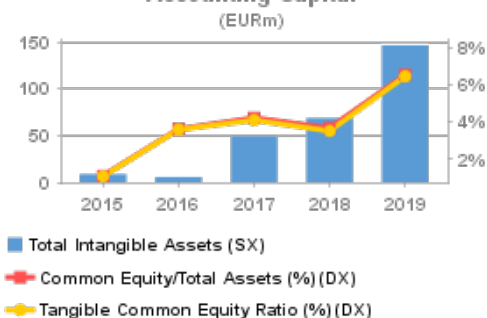
RATIOS

(in %)	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
CET1 Ratio (%)	16,30	11,86	12,12	40,75	17,08
Tangible Common Equity/RWA (%)	14,08	11,10	12,17	41,95	19,07
RWA Density (%)	45,73	31,67	33,66	8,59	5,74
Texas Ratio (%)	105,28	83,52	89,88	3,45	10,67
Return on Assets (%)	0,24	0,01	0,07	0,05	0,02

Regulatory Capital



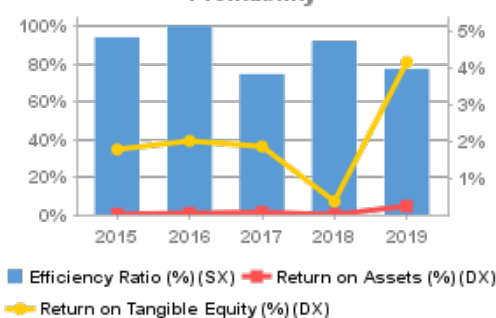
Accounting Capital



Asset Quality



Profitability



Liquidity



Source: Bloomberg -- Note: Financials audited by EY; Decimal separator ","

Total Assets (EURm)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Iccrea Banca SpA	155530,47	41819,32	38127,49	44395,57	45789,34
Intesa Sanpaolo SpA	816102,00	787790,00	796861,00	725100,00	676496,00
UniCredit SpA	855647,00	832172,00	836789,72	859532,77	860433,38
Banco BPM SpA	167038,20	160464,79	161206,77	168254,92	171414,74

Common Equity/Total Assets (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Iccrea Banca SpA	6,53	3,68	4,22	3,62	1,11
Intesa Sanpaolo SpA	6,29	6,34	6,49	6,45	6,93
UniCredit SpA	6,52	6,22	6,54	4,30	5,60
Banco BPM SpA	7,10	6,39	7,38	7,10	8,22

Non-Perf Loans/Total Loans (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Iccrea Banca SpA	8,53	11,06	19,55	1,71	2,13
Intesa Sanpaolo SpA	8,14	9,55	13,01	15,93	17,49
UniCredit SpA	5,74	8,35	9,58	12,48	17,40
Banco BPM SpA	9,61	11,44	22,20	21,48	n.a.

Prov for Loan Losses/Tot Loans (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Iccrea Banca SpA	0,93	0,60	1,79	-0,15	-0,03
Intesa Sanpaolo SpA	0,57	0,64	0,82	0,83	0,77
UniCredit SpA	0,78	0,57	0,45	2,63	0,84
Banco BPM SpA	0,75	1,78	1,10	n.a.	n.a.

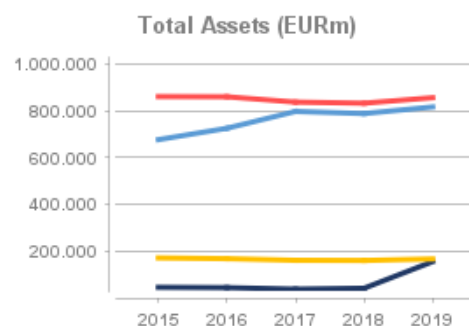
Res for Loan Losses/Tot Loans (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Iccrea Banca SpA	0,06	5,70	9,75	1,13	1,44
Intesa Sanpaolo SpA	4,89	5,76	8,00	8,28	8,95
UniCredit SpA	4,33	5,64	6,13	7,43	9,15
Banco BPM SpA	7,02	6,67	11,12	8,39	n.a.

Return on Common Equity (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Iccrea Banca SpA	4,08	0,36	1,83	1,99	1,75
Intesa Sanpaolo SpA	8,26	7,97	14,86	6,64	5,98
UniCredit SpA	6,27	7,71	11,94	-27,69	3,54
Banco BPM SpA	7,21	-0,54	21,95	-12,36	23,12

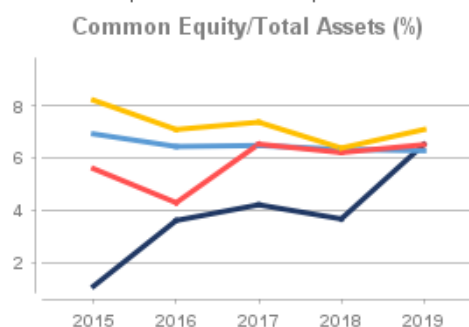
Efficiency Ratio (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Iccrea Banca SpA	77,36	92,13	74,56	100,16	94,12
Intesa Sanpaolo SpA	58,74	60,23	56,82	64,95	62,18
UniCredit SpA	68,17	70,11	72,88	99,29	80,16
Banco BPM SpA	73,75	71,38	61,06	91,36	68,83

Loans to Deposits Ratio (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Iccrea Banca SpA	118,02	131,95	475,78	362,60	240,99
Intesa Sanpaolo SpA	118,24	127,39	132,43	136,53	153,66
UniCredit SpA	104,78	108,26	115,27	113,98	124,61
Banco BPM SpA	117,30	124,25	136,91	103,34	n.a.

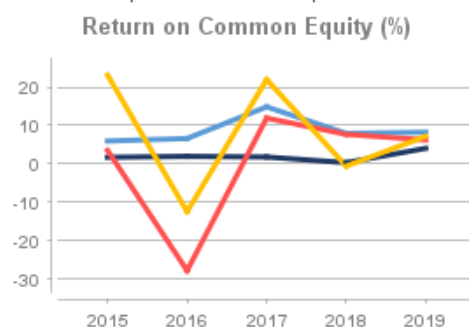
After-Tax WACD (%)					
Company	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Iccrea Banca SpA	1,25	1,95	0,53	0,75	0,31
Intesa Sanpaolo SpA	0,48	0,71	1,03	1,06	0,80
UniCredit SpA	0,49	0,98	0,95	1,42	1,07
Banco BPM SpA	0,57	1,42	0,86	0,07	0,89



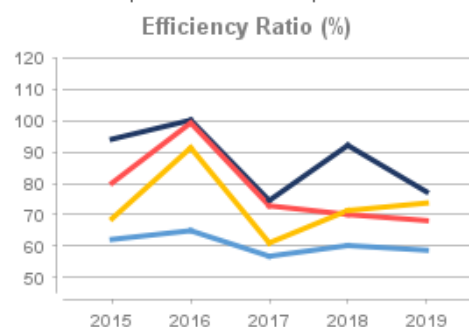
Legend: Iccrea Banca SpA (dark blue), Intesa Sanpaolo SpA (blue), UniCredit SpA (red), Banco BPM SpA (yellow)



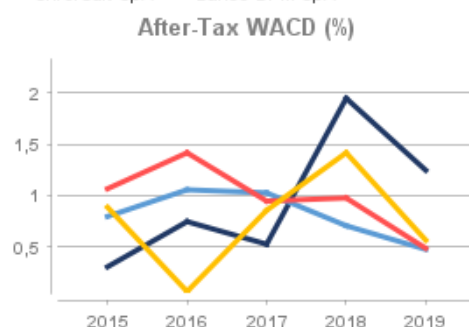
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Source: Bloomberg -- Note: Decimal separator ","

DEBT PROFILE

Iccrea Banca SpA (ICCREA) - Snr Pref - EUR - Fixed to Float (2.25% > 3M EURIBOR + 2.75%) - 20 Oct. 2025 - XS2239094936 (RegS)			
YIELD TO WORST	2.266%	COUNTRY RATING (Italy, Last Review Date)	Moody's: Baa3/Stable (11/06/2020)
MODIFIED DURATION	3.687		S&P: BBB/Stable (10/23/2020)
COUPON FREQUENCY	Annual > Quarterly (Reset Date 10/20/2024)		Fitch: BBB-/Stable (07/10/2020)
DAY COUNT	ACT/ACT > ACT/360	LT ISSUER RATING (Last Review Date)	DBRS: BBB(high)/Negative (10/30/2020)
AMT ISSUED / OUTST	EUR500m / EUR500m		S&P: BB/Negative (10/23/2020)
MIN PIECE / INCREMENT	EUR100k / EUR1k		Fitch: BB-/Negative (03/24/2020)
CLEARING HOUSES	Euroclear, Clearstream	1Y DEFAULT PROB	DBRS: BBB(low)/Negative (04/02/2020)
EXCHANGES	EuroTLX, LuxSE		0.8388%
LQA LIQUIDITY SCORE	90/100		5Y IMPLIED CDS SPREAD
SERIES	EUR3bn EMTN Programme	G-SPREAD	226.7bps (vs. EUR Italy Sovereign Curve)
		I-SPREAD	273.0bps (vs. Euro Swaps Curve)
		Z-SPREAD	276.8bps
ECB ELIGIBLE	Yes (Non Own Use Haircut @ 38.4%)	ASW SPREAD	271.8bps
USE OF PROCEEDS	Capital Expenditures, GCP	GOVERNING LAW	Italian Law
COVENANTS	Collective Action Clause		MiFID II TGT MKT
STANDARD CALL	On 10/20/2024 @ 100		

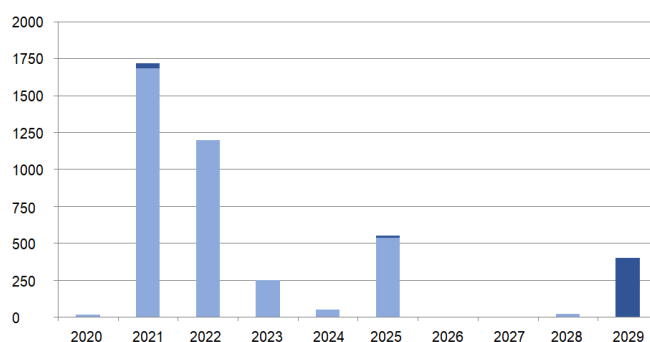
KEY DOWNSIDE / UPSIDE RISKS

Covid-19 ↓

Source: Bloomberg, Iccrea Banca, Banca Promos

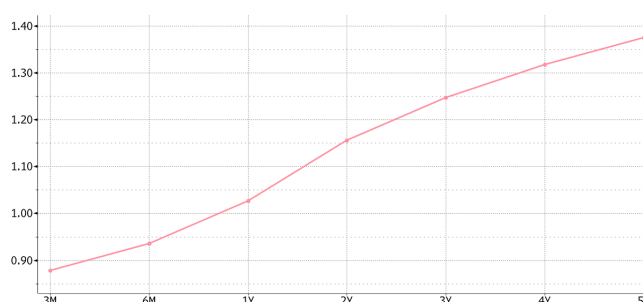
- BOND** - On **13 October 2020**, Iccrea Banca sold a EUR500m senior preferred fixed-to-floating 5NC4 bond, as part of its EUR3bn EMTN programme. The notes, which attracted **orders** above **EUR600m** from more than **90 institutional investors** (76% Italian, 24% foreign; 69% banks, 23% asset managers, 8% insurance companies/others), priced at **275bps** over the **Mid Swap** rate, equal to a yield of 2.266% (IPT MS+280bps area). As of November 2020, **outstanding bonds** issued by Iccrea Banca amount to a total of **EUR4.2bn** (20 securities), with a **weighted average maturity** of **2.5 years**, data compiled by Bloomberg show.
- S&P RATING** - On 26 March 2020, S&P affirmed Iccrea Banca's **BB** Long-Term Issuer Credit Rating, revising the outlook to **Negative** from Stable. According to the agency, the economic support measures by Italian and European authorities will likely contain the **rise in ICBG's Loan Loss Provisions** and ensuing pressure on its capitalization. Nevertheless, S&P believes that downside risks for ICBG remain material, taking into account its high **exposure to vulnerable SMEs** and its relatively **modest** business and revenue **diversification**. Italy's sharp economic downturn in 2020 could reverse Iccrea's efforts to reduce its **large stock of Non-Performing Exposures**, although the risks embedded in the Group's loan portfolios are comparatively lower than during the previous recession, S&P added. The agency noted that, amid the nationwide lockdown, the **less advanced digitalization** of the Group's BCC channels and the more granular physical presence in Italy could slow down activities more than peers. At the same time, the Group has a **stronger-than-peers funding and liquidity profile**, thanks to the BCC members' large and sticky retail customer base.
- DBRS RATING** - On 2 April 2020, DBRS Morningstar confirmed Iccrea Banca's **BBB(low)** Long-Term Issuer Rating, revising the outlook to **Negative** from Stable. According to DBRS, the economic and financial crisis due to the coronavirus pandemic will likely affect the bank's revenues, asset quality and **cost of risk**, creating **new operational challenges**, given the complexity of the Group and the high granularity of its customer base. Despite the recent reduction in Non-Performing Loans, the Group's asset quality is still affected by a large stock of impaired loans and its **NPL ratios** continue to **compare unfavourably with** domestic and international **peers**. The coronavirus crisis could contribute to the build-up of new NPLs, especially considering Iccrea's sizable exposure to SMEs.
- FITCH RATING** - On 24 March 2020, Fitch cut Iccrea Banca's Long-Term Issuer Default Rating to **BB-** from **BB**, bringing the outlook to **Negative** from Stable. According to Fitch, the bank entered the economic downturn due to the Covid-19 pandemic from a **position of significant weakness**, given its below-average asset quality and **fragile profitability** compared with that of peers, the latter resulting from a less diversified business model and **weak cost efficiency**.

Iccrea Banca SpA: Bond Maturity Profile (EURm)



Source: Bloomberg

Iccrea Banca SpA: EUR (Bid) Yield Curve (%)



Source: Bloomberg

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