

June 2022

Investor Presentation

FY 2021

Agenda



GBCI at a Glance



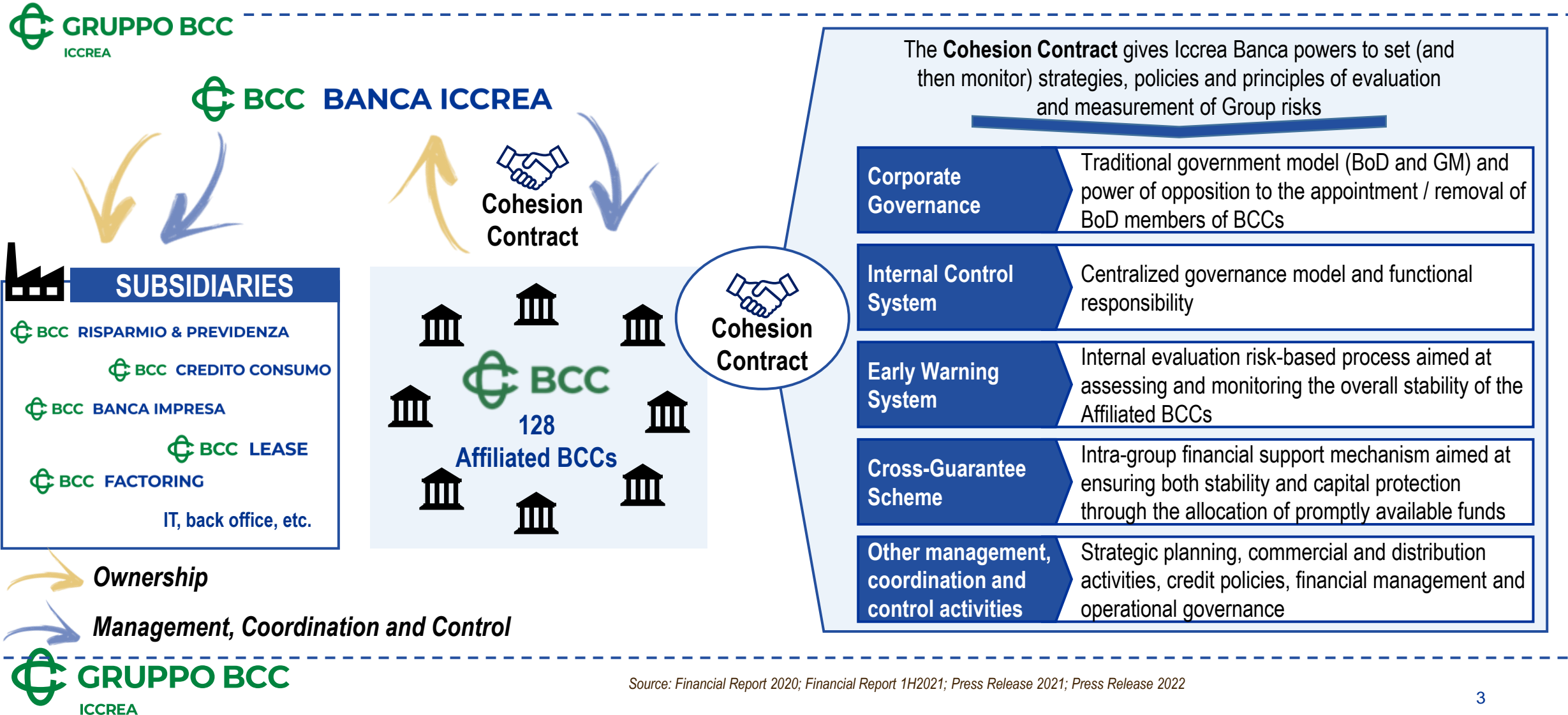
Financial Highlights



Sustainability at GBCI

GBCI Structure

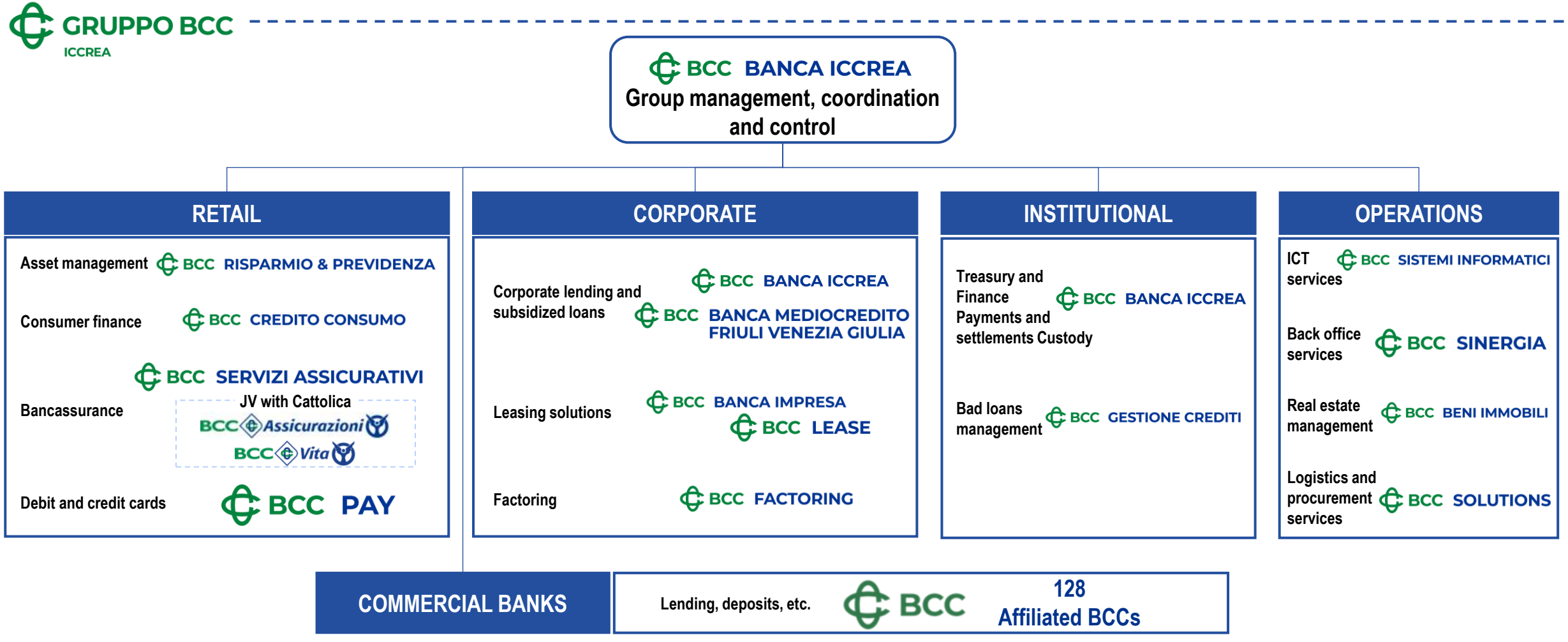
BCCs signed a Cohesion Contract to belong to GBCI and each BCC accepted to be subject to Iccrea Banca management, coordination and control



Source: Financial Report 2020; Financial Report 1H2021; Press Release 2021; Press Release 2022

Main strategic areas of the Group

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



Group overview

Dec-21

Ogranization



2,474

Branches
(10% mkt share)



22,084

Staff



845.1 k

Shareholders



4.9 m

Costumers

Key indicators



12.0 €b

Total Own Funds



88.8 €b

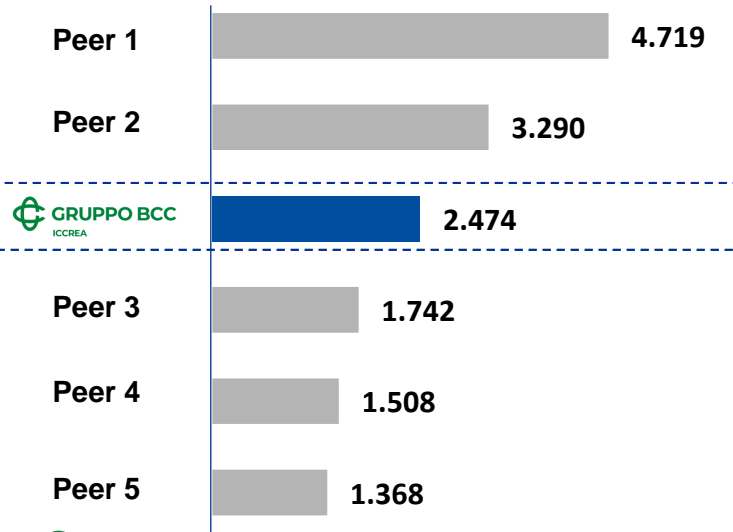
Customer loans



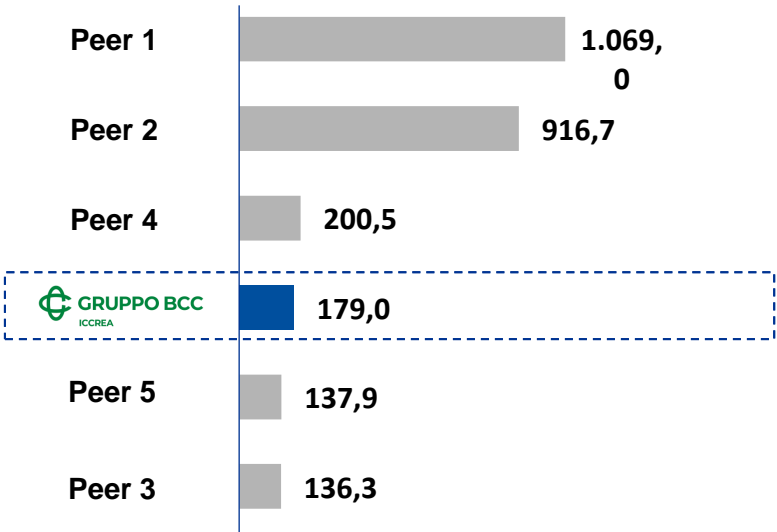
122.0 €b

Direct funding from
customers

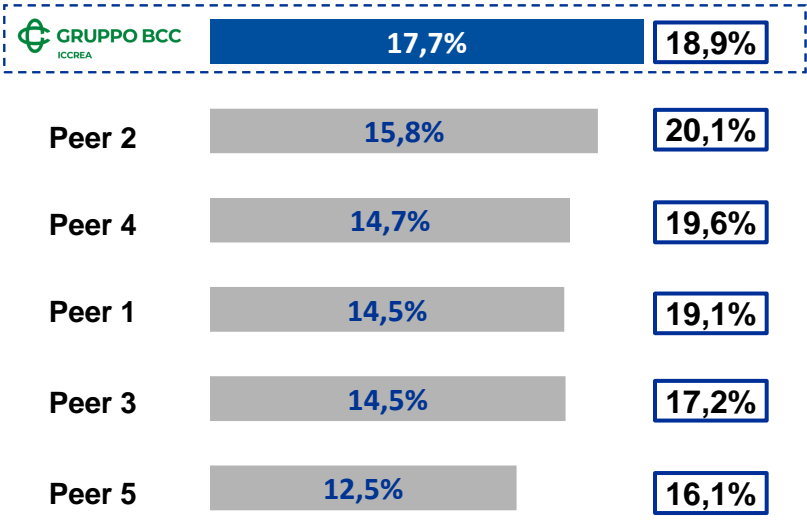
Third largest Italian Banking Group by branches ⁽¹⁾ (#)



Fourth largest Italian Banking Group by total assets ⁽¹⁾ (€b)



High-quality capital above the average of national systemically Significant banks ⁽¹⁾



Source: Financial Report 2020; Financial Report 1H2021; Press Release 2021; Press Release 2022;
(1) Peers sample: Intesa Sanpaolo, UniCredit, Banco BPM, MPS, BPER

■ CET1 ratio (phased-in)
□ Total Capital Ratio

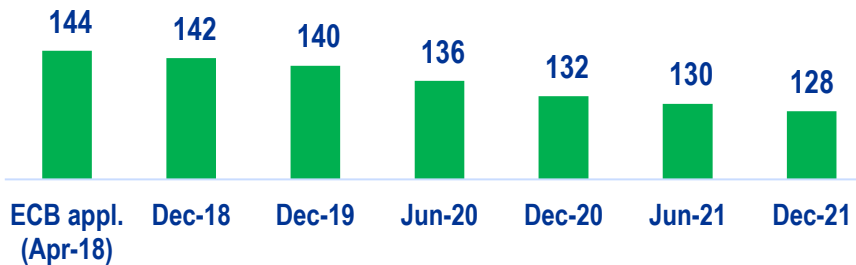
The group's structure and branch network

Dec-21

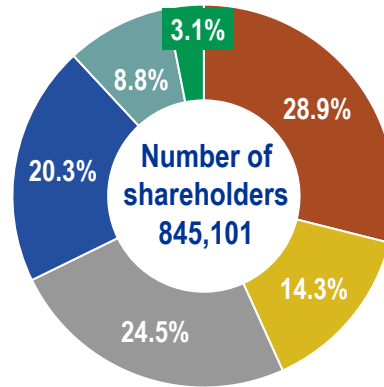
AFFILIATED BCCs

Geographical areas	% BCCs
North-West	19%
North-East	11%
Center-West	18%
Center-East	18%
South-West	19%
South-East	15%

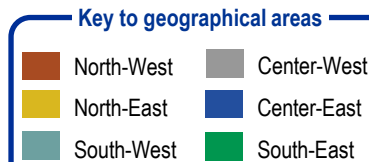
Number of BCCs **128**



SHAREHOLDERS



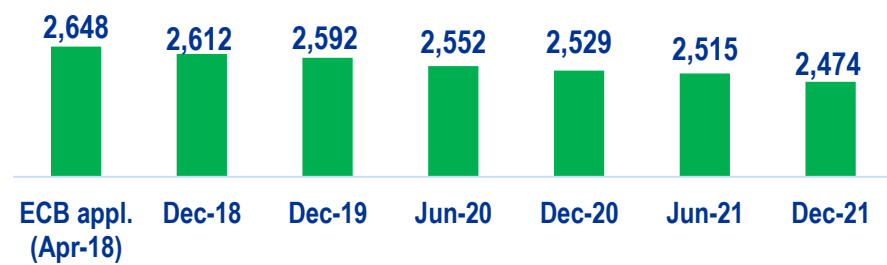
Number of shareholders
845,101



BRANCHES

Geographical areas	% Branches
North-West	25%
North-East	19%
Center-West	21%
Center-East	19%
South-West	11%
South-East	5%

Number of branches **2,474**



Highlights

- GBCI consists of 128⁽¹⁾ Affiliated BCCs located throughout the national territory. GBCI has 2,474 branches in over 1,700 municipalities around Italy (giving it a market share of branches at a national level of 10%)
- With reference to the shareholding structure, BCCs' shareholders are 845,101, increasing by 20,491 compared with December 31, 2020 (+2.5%)

Agenda

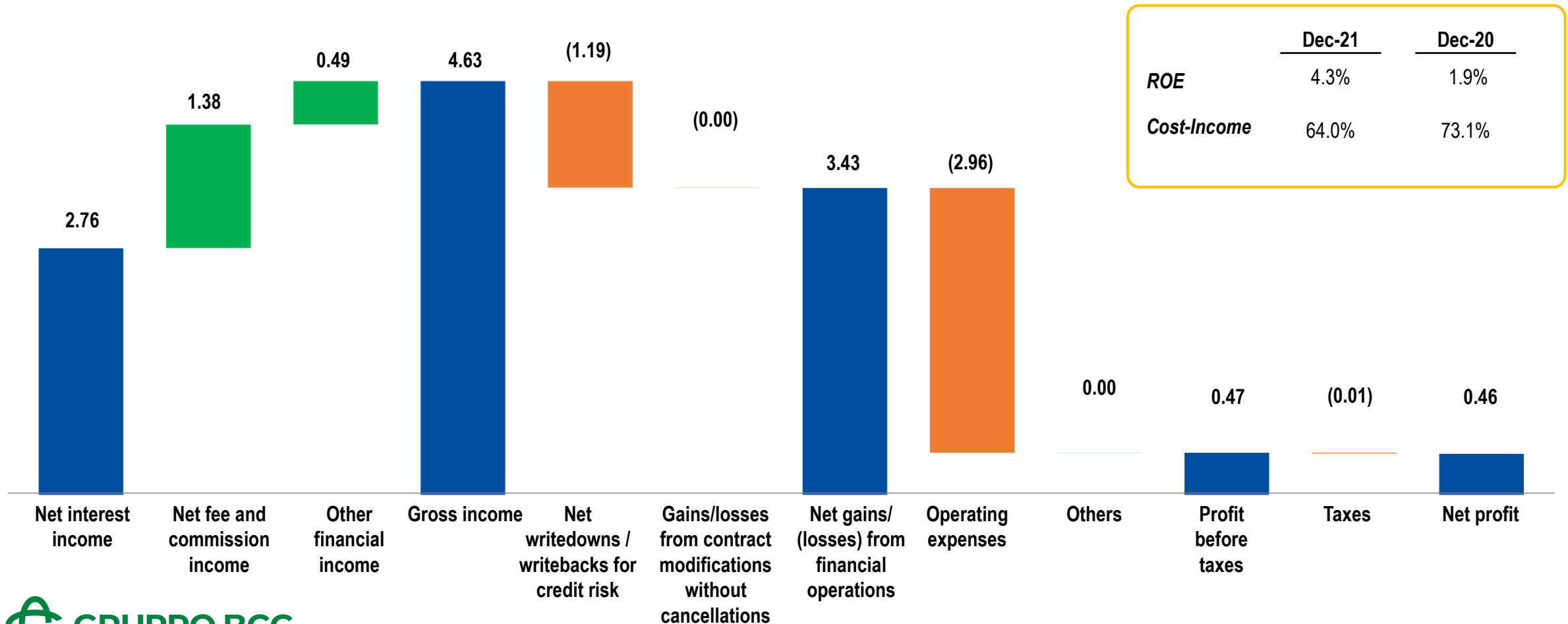
- ☐ GBCI at a Glance
- ☒ Financial Highlights
- ☐ Sustainability at GBCI

Highlights of 2021 results (1/2)

P&L overview

Dec-21

P&L – €/b

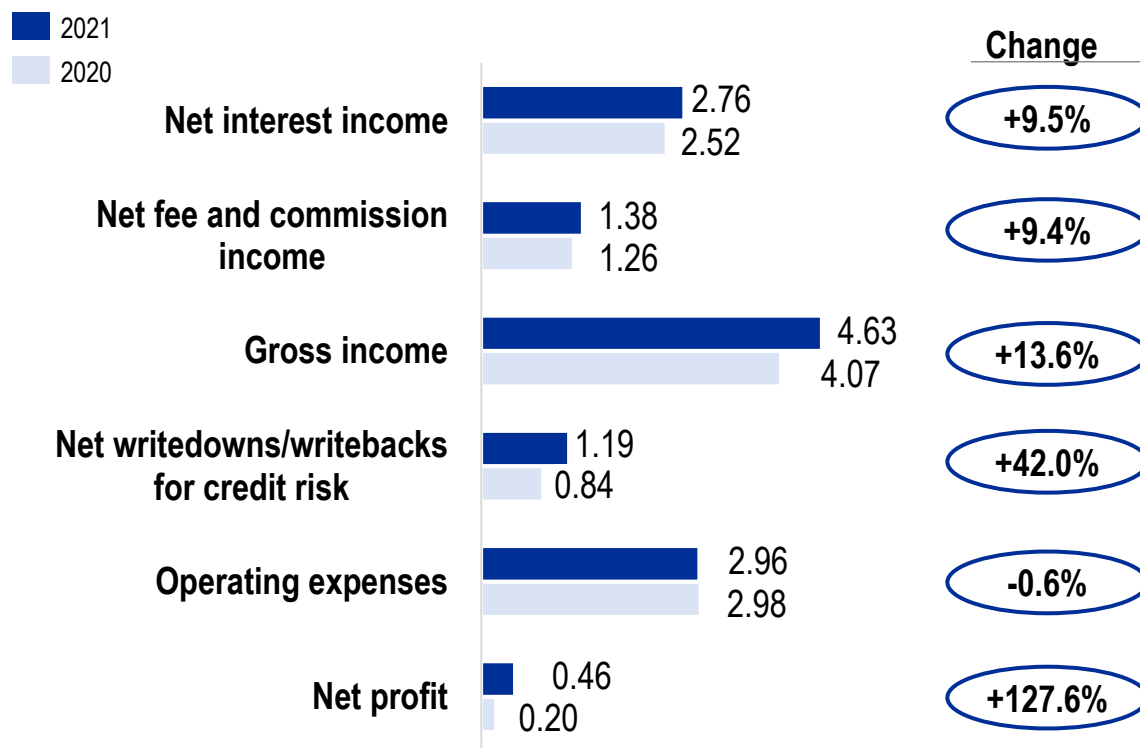


Highlights of 2021 results (2/2)

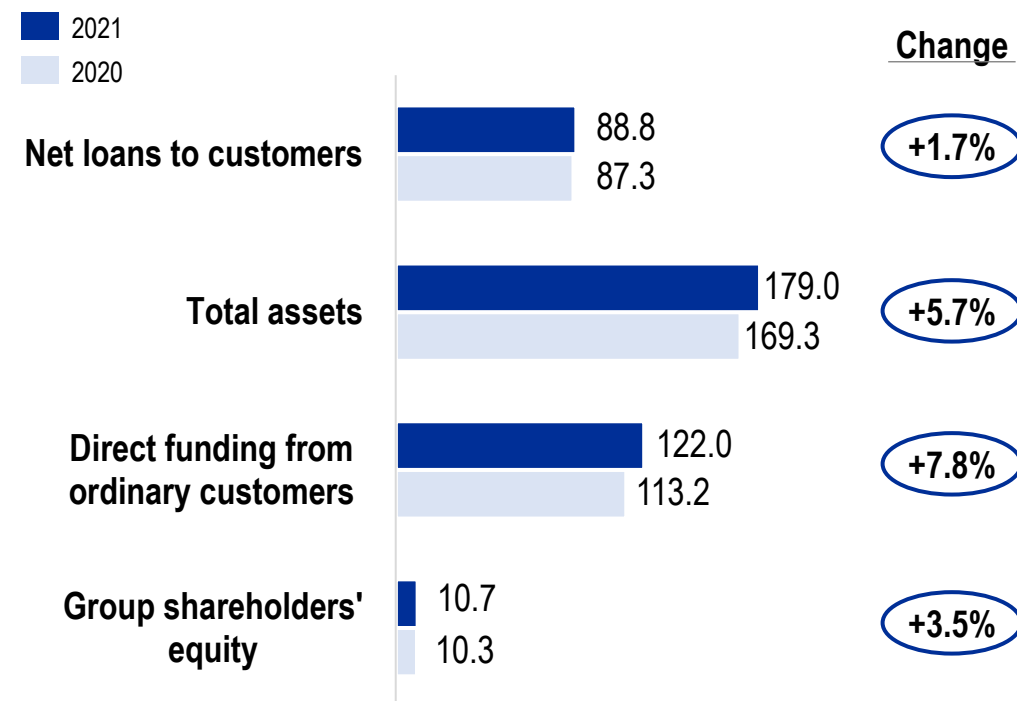
P&L and Balance Sheet key figures evolution

Dec-21

P&L - €/b



Balance Sheet - €/b



Highlights

- Increase in gross income reflects the increase in net profit. Operating costs, equal to 2.9 €/b, remain substantially in line with 2020
- Net adjustments for credit risk, equal to 1.2 €/b, up 354 €/m compared with the previous year due to the more conservative and prudent policies adopted in the measurement of NPLs



Highlights

- Total assets equal to 179.0 €/b, up 9.7 €/b (+5.7%) on December 31, 2020
- Net loans to customers of 88.8 €/b, up 1.5 €/b (+1.7%) compared with the previous year

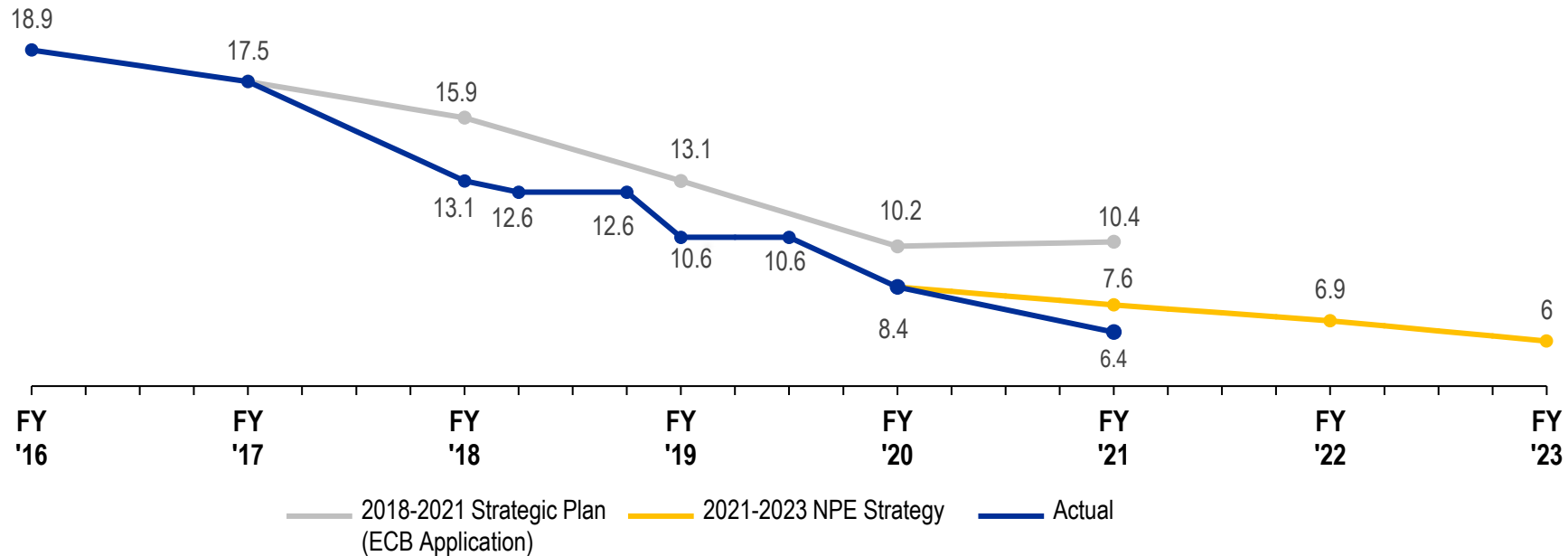
Source: Financial Report 2020; Financial Report 1H2021; Press Release 2021, Press Release 2022

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Improving asset quality with de-risking plan ahead of schedule (1/2)

Dec-21

Gross NPL stock evolution - €/b

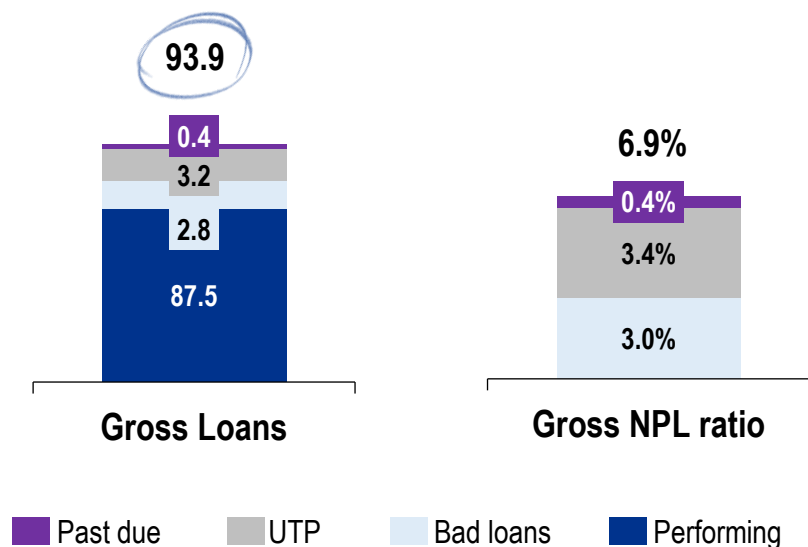


Highlights and 2021-2023 target

- The activities to reduce NPLs carried out in 2021 - consistent with the strategy launched in 2019, the year the Group was founded - were directed by quantitative objectives and derisking measures defined in the Group's NPE Strategy 2021-2023. At the end of 2021, the gross NPE ratio target defined in the NPE Strategy was met by an ample margin (6.9% vs a target of 8.3%), also thanks to the further boost given to the process of gradually but substantially reducing the proportion of non-performing loans
- Specifically, with reference to the derisking carried out in 2021, the fifth securitisation of NPLs (GACS V) was completed in November. It involved an overall portfolio of approximately 1 €/b of loans relating to the Group. With this transaction, also considering the previous securitisations (from GACS I to GACS IV), the Group deconsolidated its non-performing positions for a total of approximately 7.4 €/b. In addition, the Group carried out various without-recourse sales of NPLs during 2021 (mainly UTPs); just talking about the main ones, 4 sales of UTPs were completed for a total of 380 €/m

Improving asset quality with de-risking plan ahead of schedule (2/2)

Asset quality - €/b



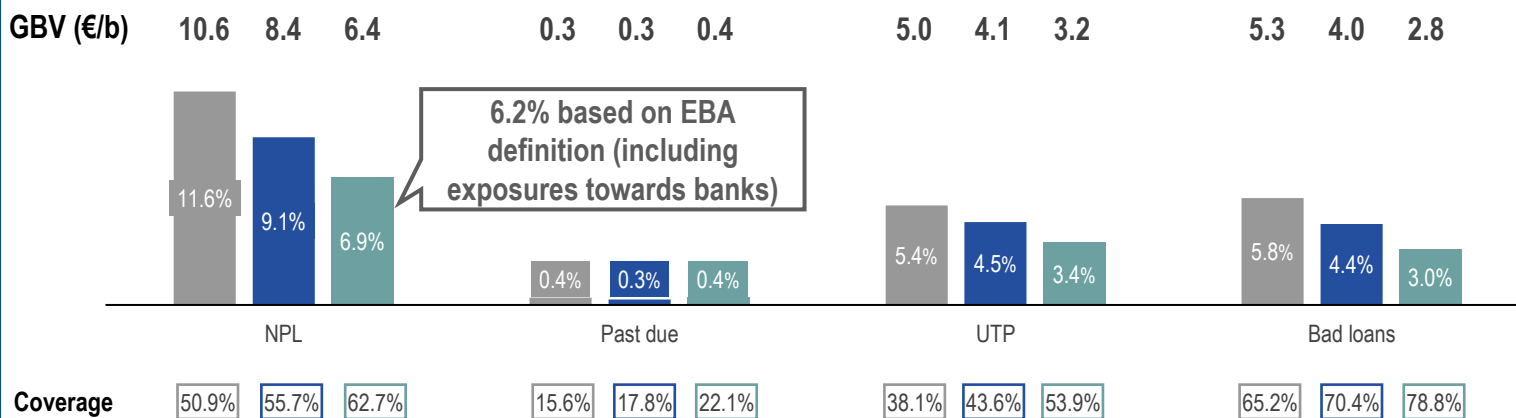
Highlights

- Gross NPL ratio at 6.9% (vs. 9.1% at the end of 2020)
- Net NPL ratio at 2.7% (vs. 4.3% at the end of 2020)
- Coverage of NPLs rose to 62.7%, improving from 55.7% at the end of 2020 and 50.9% at the end of 2019
- The reduction in the NPE Ratio vs. 2020 is mainly due to the de-risking activity carried out by Iccrea Banca

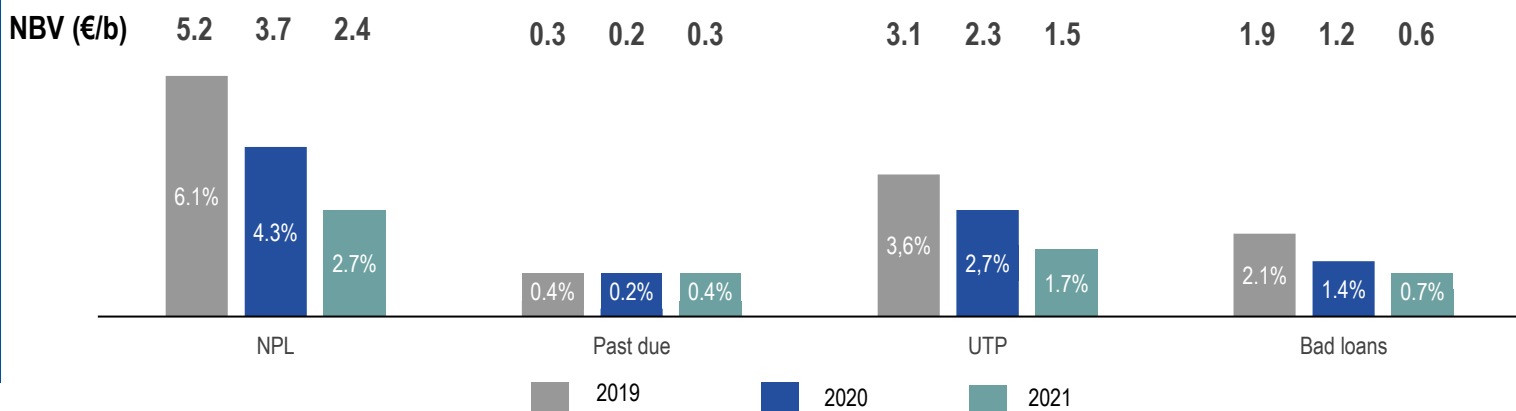


Gross NPL ratio

Dec-21



Net NPL ratio



Source: Financial Report 2020; Financial Report 1H2021; Press Release 2021, Press Release 2022

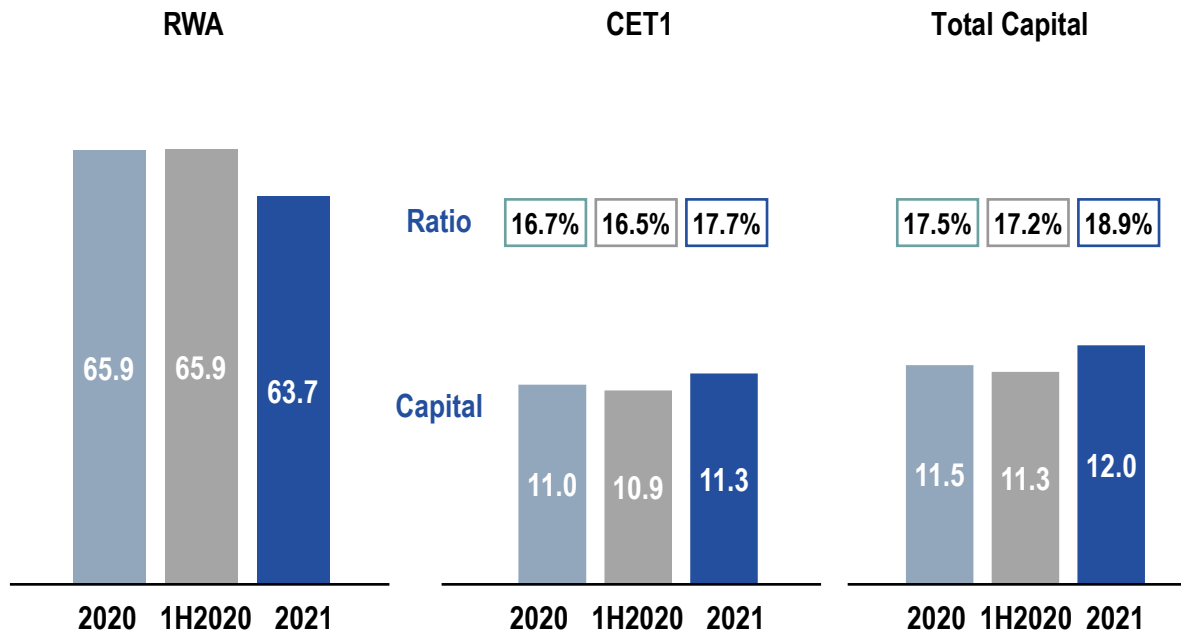
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Leading capital position (1/2)

Sound capital, well above requirements

Dec-21

Capital position - €/b

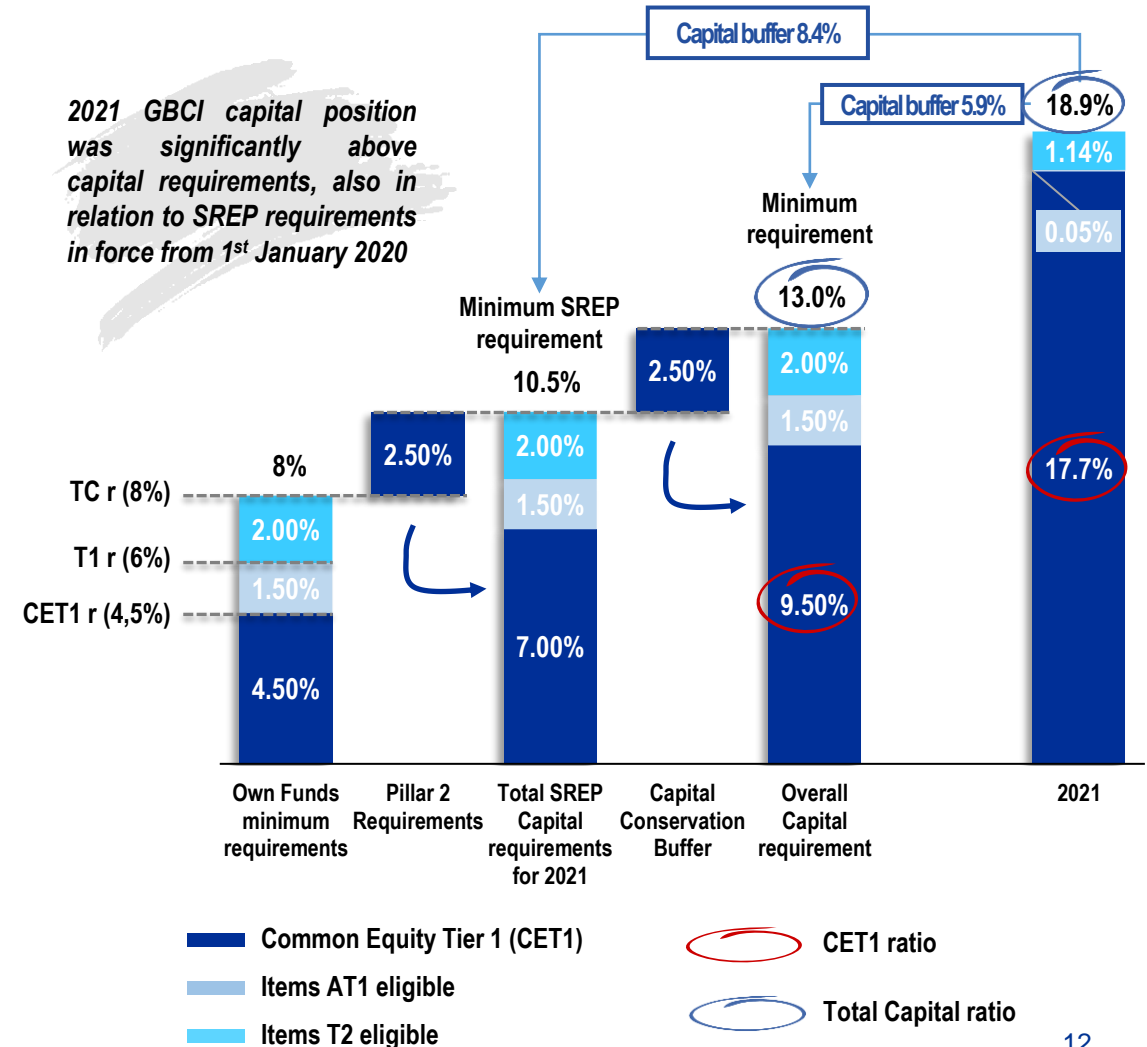


Highlights

- As at December 31, 2021, the capital ratios stood at 17.7% for the CET1 ratio and at 18.9% for the TCR, values increasing to those at the end of 2020 (respectively equal to 16.7% and 17.5 %) and above the average of the national banking system



Capital buffer (phased-in) - %



Source: Financial Report 2020; Financial Report 1H2021; Press Release 2021, Press Release 2022

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Leading capital position (2/2)

Minimum Requirement of Eligible Liabilities (MREL)

Dec-21

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 TREA and 6,57% LRE to be met 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

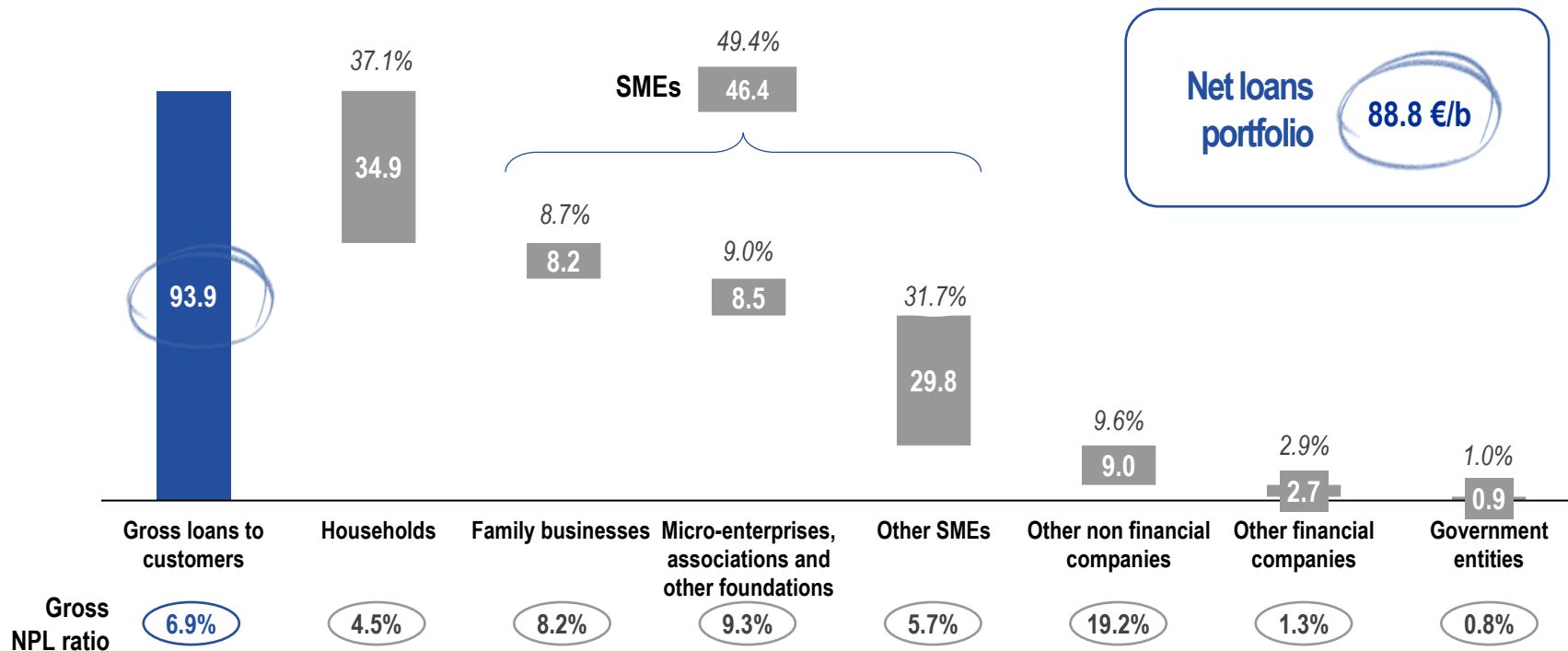
- At 31 December 2021, Iccrea Banca complies with the **intermediate target** on a consolidated basis, with a **surplus of 360 €/m**, and with the **intermediate target of the subordination requirement** on a consolidated level, with a **surplus of 606 €/m**

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

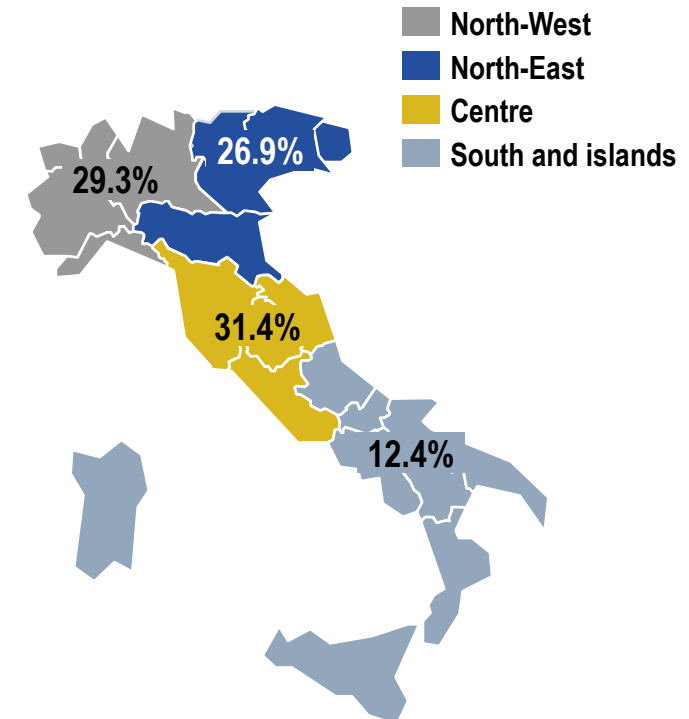
GBCI target service model leverages on territorial proximity and an extensive client base with long term relationships

Dec-21

Gross loans breakdown by type of counterparty - €/b



Gross loans geographical distribution



Highlights

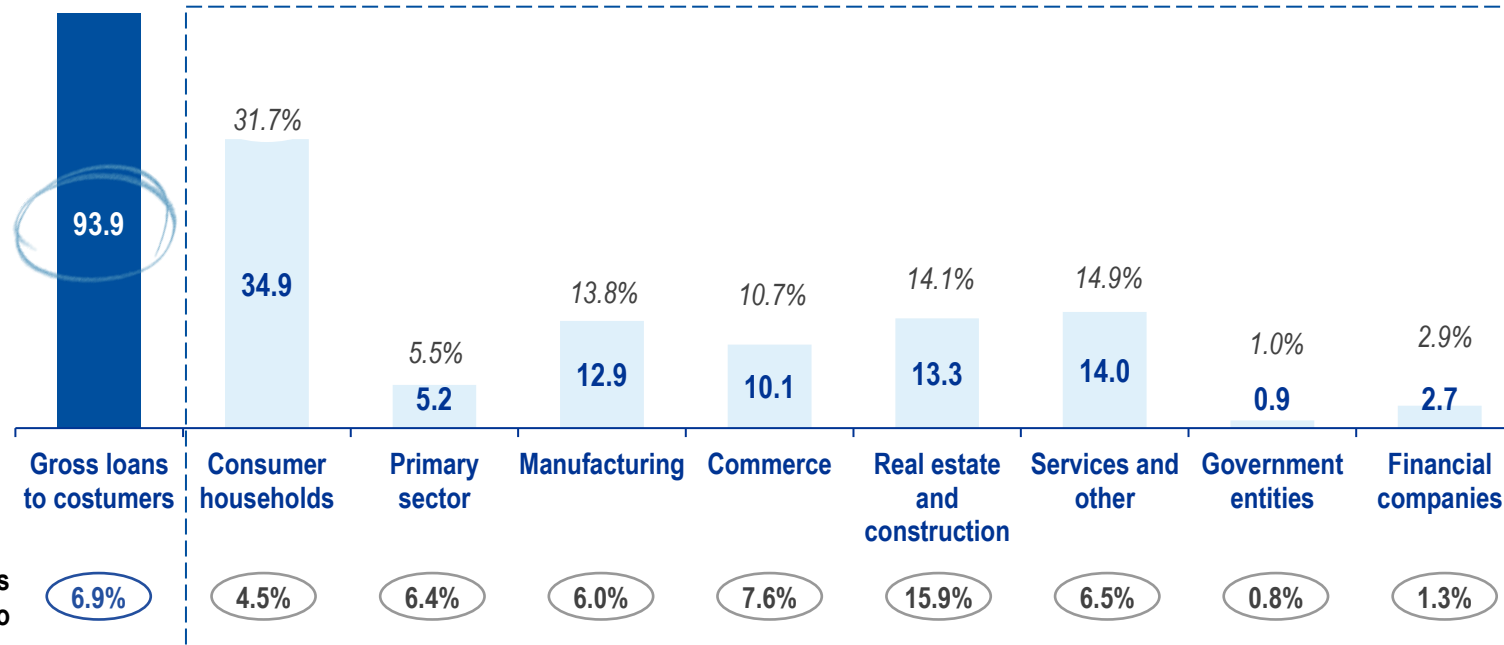
- The business model of Affiliated BCCs, which represent the larger part of total assets and total loans to customers, is reflected by the breakdown of loans by counterparty type: about 86.5% of the Group's credit portfolio in terms of GBV is made up of loans to Households (34.9 €/b) and SMEs (46.4 €/b)

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

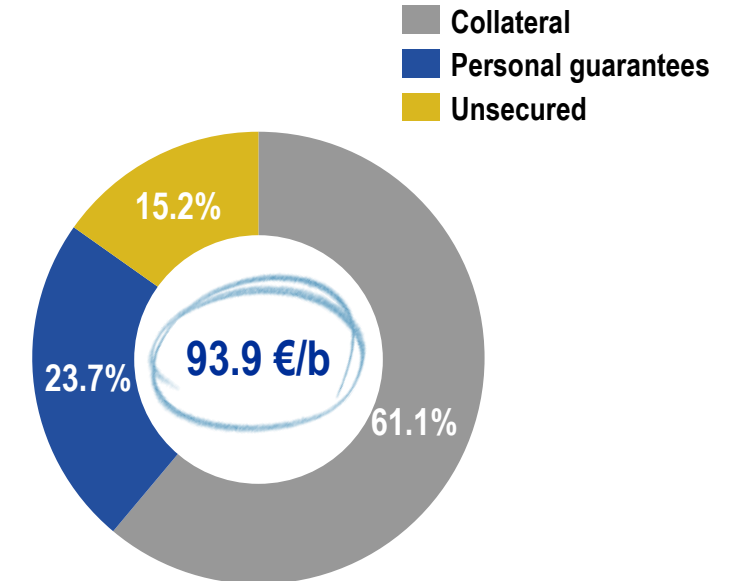
GBCI target service model leverages on territorial proximity and an extensive client base with long term relationships

Dec-21

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



Breakdown by type of guarantees – Gross loans



Highlights

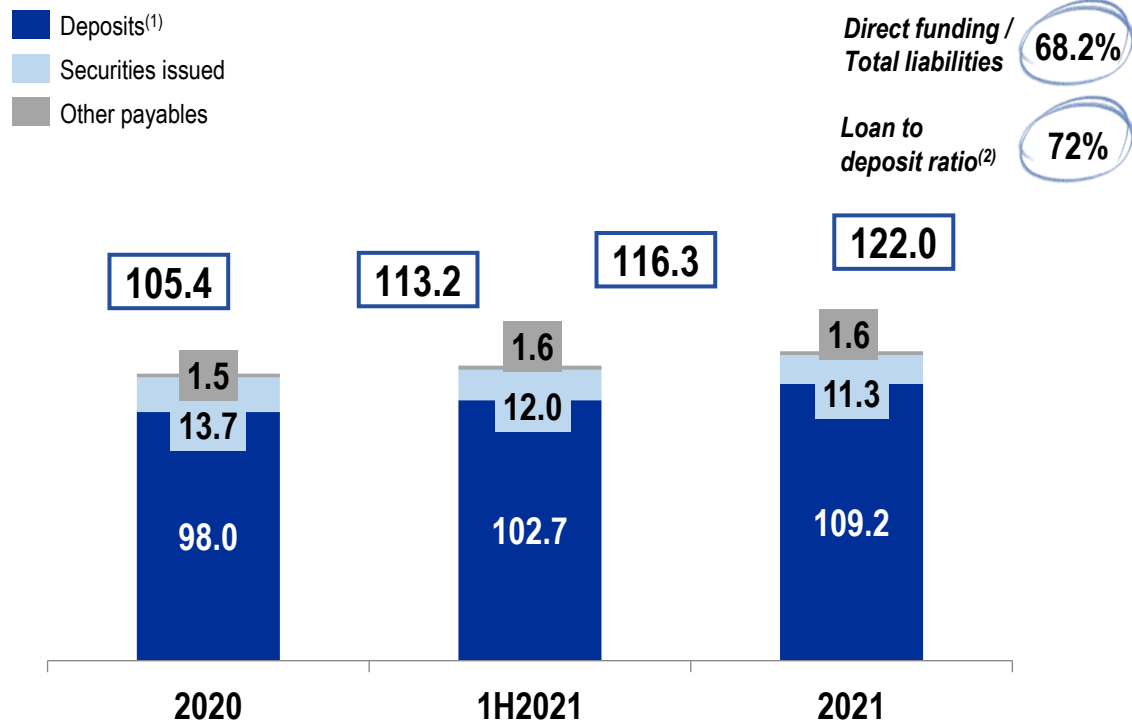
- In terms of the economic activity conducted by our customers, consumer households take the lion's share (31.7%). The other relevant segments are real estate and construction (14.1%), services and others (14.9%), manufacturing (13.8%) and wholesale and retail trade (10.7%). The market share of lending to the primary sector (5.5%) is also above the national average
- The large proportion of loans backed by collateral (61.1%) is attributable to the unique business model of cooperative banking, which primarily lends to households and small and medium-sized enterprises

Funding structure and liquidity profile (1/2)

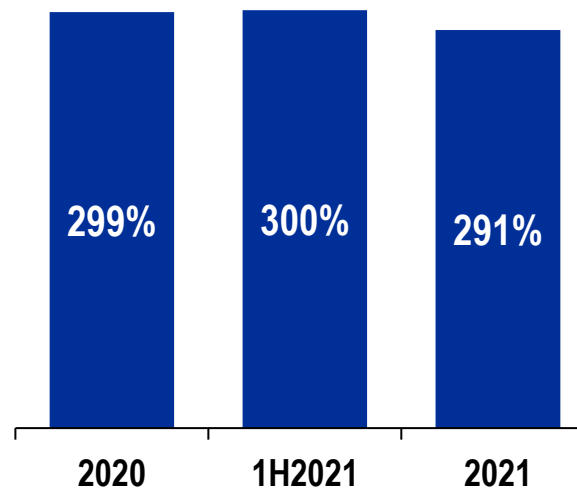
Total direct funding and liquidity position

Dec-21

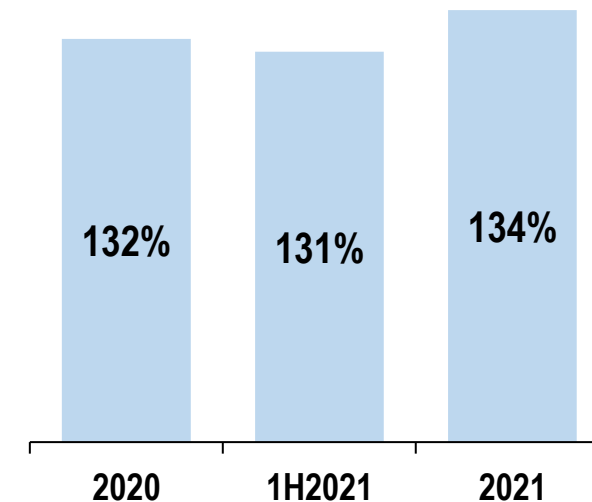
Direct funding from ordinary customers - €/b



Liquidity Coverage Ratio - %



Net Stable Funding Ratio - %



Highlights

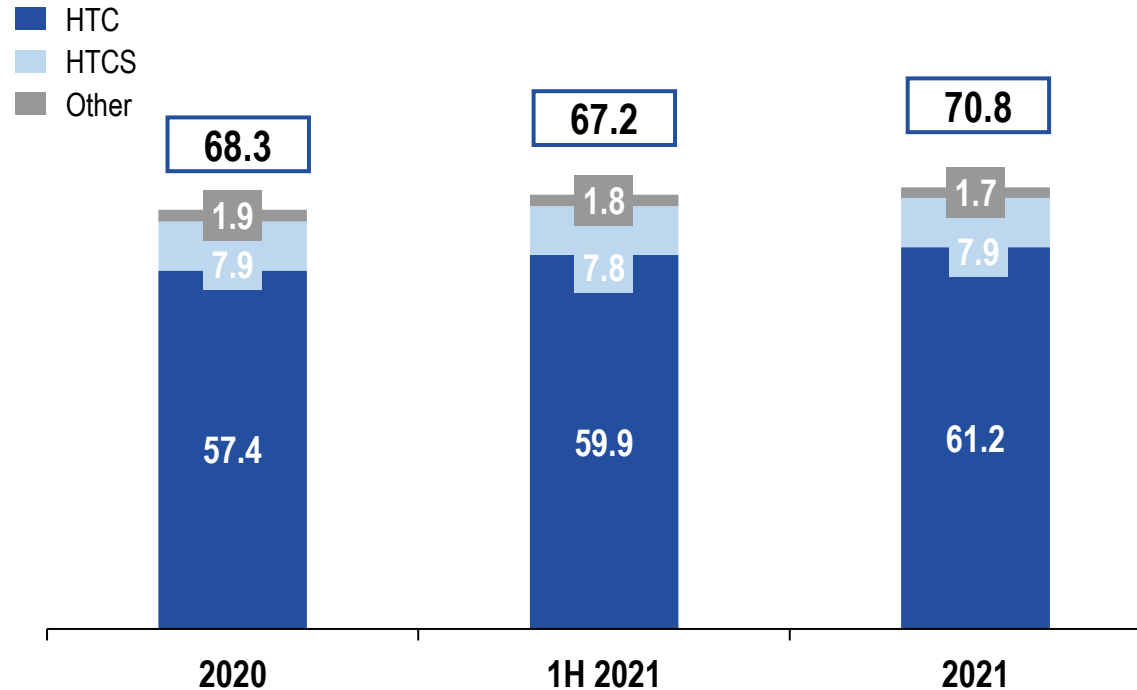
- Strong links with local communities are the basis of the high component of direct funding (122.0 €/b, including deposit certificates and excluding repos).
- Stable liquidity position with LCR and NSFR respectively at approximately 290.5% and 134.3%

Funding structure and liquidity profile (1/2)

Financial portfolio equal to 69.6 €/b

Dec-21

Financial portfolios - €/b (book value)



Highlights

- Debt securities measured at amortized cost (HTC business model) amounted to 61.2 €/b, in large part represented by Italian government bonds
- The portfolio of financial assets measured at fair value amounted to 7.9 €/b, mainly represented by government bonds held in accordance with the HTCS business model

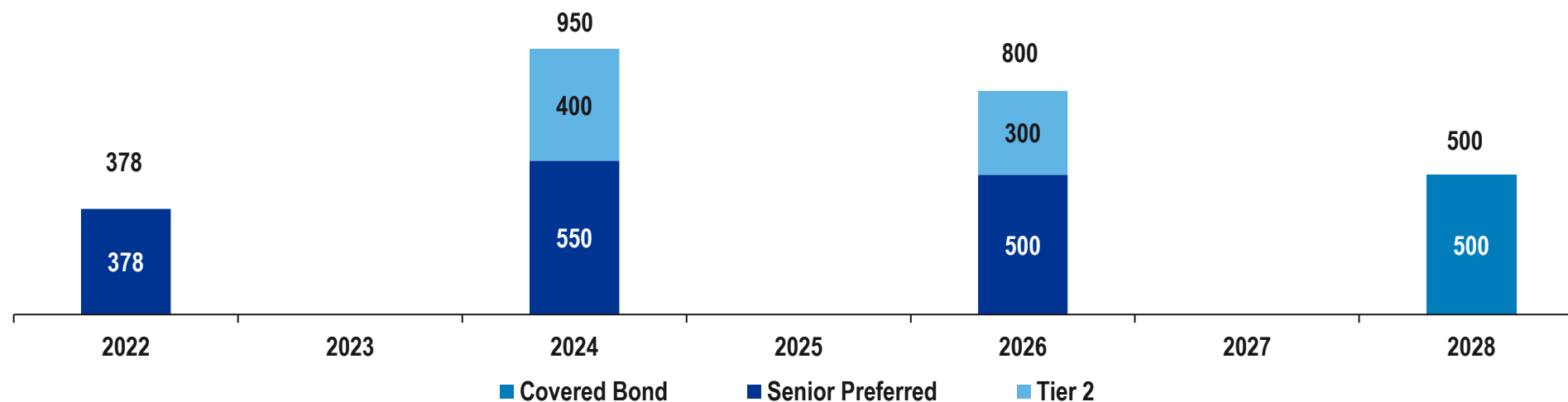
Iccrea in the Institutional Bond market

A more established and regular Issuer

- Iccrea Banca issued 4 institutional bonds since November 2020:
 - Two Senior Preferred bonds for an aggregate amount of 1 €/bn (including the inaugural Social issuance)
 - 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	Social Senior Preferred	10-Nov-21	2.125	17-Jan-27	17-Jan-26	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	Covered Bond	13-Sep-21	0.010	23-Sep-28	-	500,000,000
Iccrea Banca SpA	Senior Preferred	13-Oct-20	2.250	20-Oct-25	20-Oct-24	500,000,000
Iccrea Banca SpA	Tier 2	21-Nov-19	4.125	28-Nov-29	28-Nov-24	400,000,000
Iccrea Banca SpA	Senior Preferred	04-Oct-17	1.500	11-Oct-22	-	378,041,000 ¹
Iccrea Banca SpA	Senior Preferred	10-Jun-14	3.116	19-Jun-24	-	50,000,000

Institutional Bonds, Maturity / Call profile



Issuer rating



	Release date	Long Term	Outlook	Short Term
FitchRatings	February 10, 2022	BB-	Positive	B
S&P Global Ratings	January 31, 2022	BB	Stable	B
DBRS	December 1, 2021	BB (high)	Stable	R-3

Zero risk weighting waiver for intragroup exposures

ECB authorization

On December, 16 2021 ECB approved the «Waiver» ex art. 113.6 CRR which enables the GBCI...

...to apply a zero risk weighting factor to intragroup exposures (with the exception of T1 and T2 instruments)

Positive impacts on liquidity profiles

The approval of the waiver by the ECB will allow:

- a reduction, on an individual basis of RWAs, making available capital to support potential credit expansion;
- an incentive to intragroup liquidity flows;
- an improvement in Group Liquidity and Investment Management;
- full activation of the ECB Additional Credit Claims refinancing scheme, with a significant impact on liquidity profiles and ratios.

Agenda



GBCI at a Glance



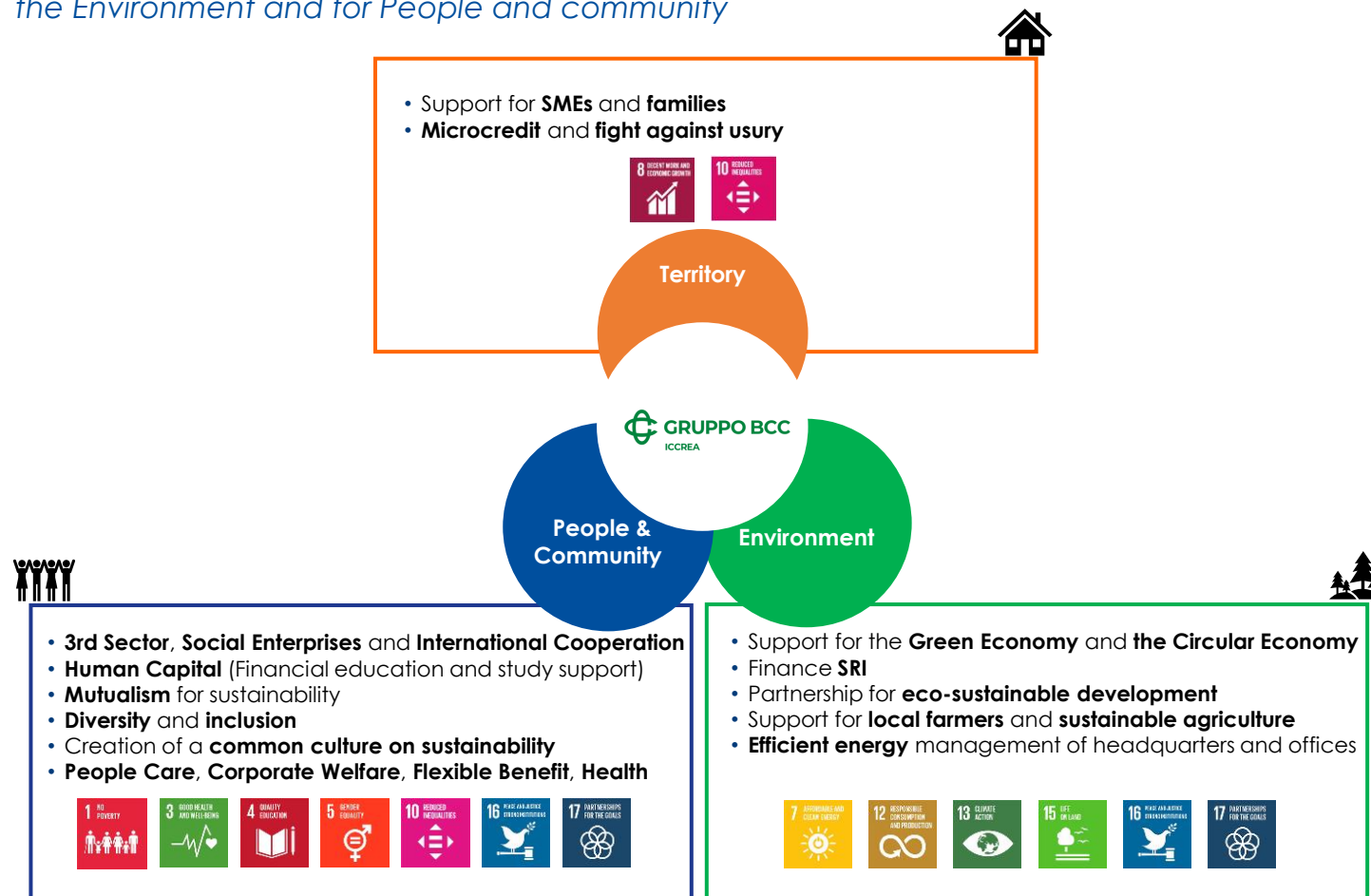
Financial Highlights



Sustainability at GBCI

Sustainability at GBCI: Sustainability Plan Objectives

The Sustainability Plan set medium-long term objectives, to which specific Targets are associated to be achieved through concrete Actions, put in place by the Group to create value for the Territory, for the Environment and for People and community



Sustainability Rating

In December 2021 Iccrea obtained a Sustainability rating from Moody's ESG Solutions

Rating & ESG Performance Overview



Overall		56					
Environment	48	Social	59	Governance	55		
Reputation	51	Operational efficiency	53	Human Capital	60	Legal Security	61

Strengths

- Advanced commitment to **integrate ESG into investments and lending**
- Advanced commitment to **environmental protection**
- Comprehensive means implemented to address local social and economic development issues
- Limited support to sustainable finance with respect to the total Group's AuM
- Limited commitment to promote financial inclusion
- BoD diversity below good governance standards

Key Takeaways

Impacts

Iccrea displays a limited energy transition score. While the group has increased the number of its financing products dedicated to environmental projects and related activities, its focus on sustainable finance remains recent and limited. **Iccrea's value creation performance benefits mainly from the bank's defining and traditional strategic focus on SMEs**

Management

Iccrea shows the intention to proactively integrate ESG factors into its strategy and operations. Its approach is supported by wide-ranging commitments in most categories. However, means and processes do not always extend beyond regulator's requirements to address some of the material challenges. **The absence of controversies strengthens nonetheless our assurance on the company's ability to manage stakeholders' relationships**

Risks

Iccrea's risk management system appears to cover some of the most material ESG risks. **The company displays robust capacity to safeguard and enhance its reputation and operational efficiency, while advanced scores are observed on factors that could affect its legal security and human capital cohesion**

Green, Social and Sustainability Bond Framework

GBCI's Green, Social and Sustainability Bond Framework (the "Framework") has been structured in accordance with the 2021 edition of the Green Bond Principles ("GBP"), the 2021 Social Bond Principles ("SBP") and the 2021 Sustainability Bond Guidelines ("SBG") published by ICMA, with the intention of seeking alignment with market best-practices and in force European Taxonomy Regulation

Use of Proceeds



- The **net proceeds** raised from any of the Group's Green, Social or Sustainability Bonds issued under this Framework will be exclusively **allocated to** finance and/or re-finance, in whole or in part, new and/or existing loans/projects ("**Eligible Green Assets**" and/or "**Eligible Social Assets**", together "**Eligible Assets**")
- **Look back period: 2 years**
- The Issuer commits, where feasible, to align Eligible Green Assets to the EU Taxonomy

Project Evaluation and Selection



- Credit Department will be in charge of evaluating and selecting loans to be included in the Portfolio
- An Internal Working Group will review proposed loans based on the defined Eligible Categories
- The allocation of the loans to the Portfolio will be approved by the Finance Committee
- Loans determined as eligible will be marked accordingly and added into the Portfolio and into the Green, Social and Sustainability Bond Register

Management of Proceeds



- The proceeds from the Bonds issued under this Framework will be managed on a **portfolio basis**
- Iccrea will establish the Register for all the Green, Social and Sustainability Bonds issued under the Framework and the Eligible Assets enabling their recording and tracking
- In case of divestment or if a loan/project no longer meets the eligibility criteria listed above, Iccrea intends to reallocate the funds to other Eligible Assets during the term of the relevant bond

Reporting



- Iccrea will **report annually on the allocation** of the proceeds of the bonds issued under this Framework **and the relative impact** of the projects at category level, in accordance with the portfolio approach

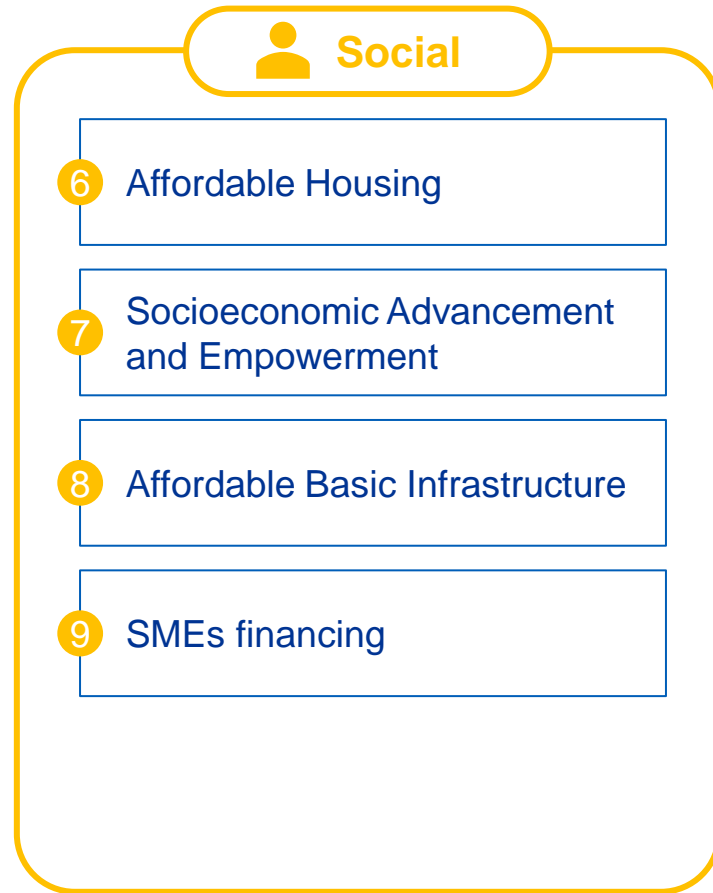
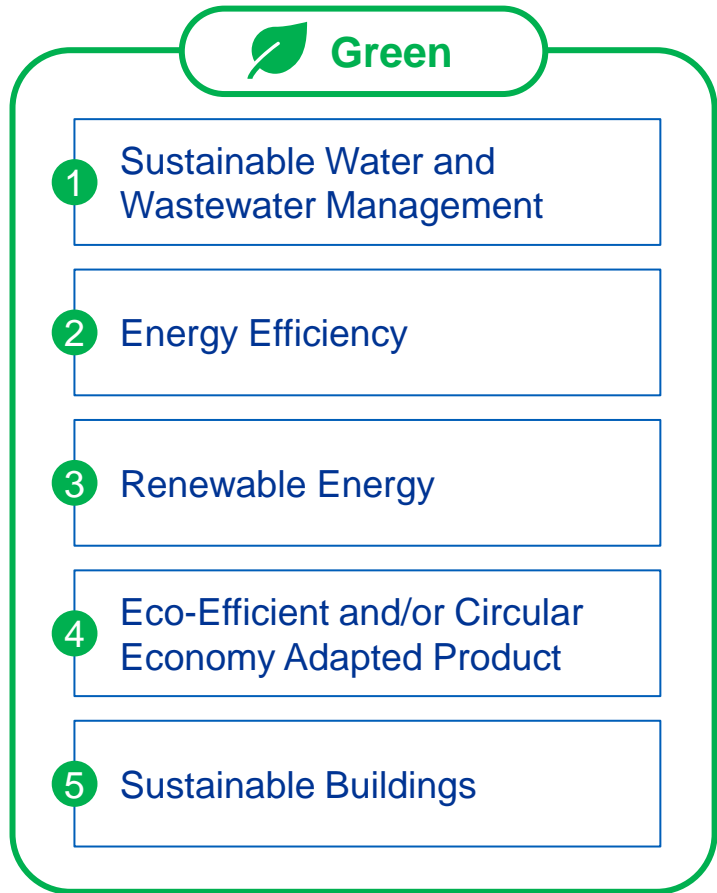
External Review



- **Vigeo - Eiris considers that Iccrea's Framework is aligned** with the four core components of ICMA's Green Bond Principles 2021 ("GBP") & Social Bond Principles 2021 ("SBP")
- A **verification** or assurance of the reporting may be released on an annual basis **by a third party ESG agency or financial auditor**

Green, Social and Sustainability Bond Framework

Eligible categories



For each category the Framework identifies:



Eligibility criteria



Benefits and target populations



Relevant SDGs

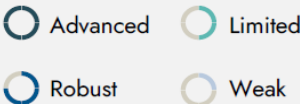
Second Party Opinion



Second Party Opinion released by Vigeo-Eiris

Framework

Contribution to Sustainability :



	Weak	Limited	Robust	Advanced
Expected impacts				
ESG risks management				

SDG Mapping



Characteristics of the Framework

Green/Social Project Categories	5 Green Categories 4 Social Categories
Target populations	Defined for each Social Category in the Framework
Project locations	Italy
Existence of framework	Yes
Share of refinancing	To be disclosed before each Bond issuance
Look back period	24 months

Coherence

Coherent
Partially coherent
Not coherent

V.E considers that the contemplated Framework is coherent with ICCREA Banca’s strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer’s sustainability commitments.

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