Consolidated interim report as of
30 September 2022

illimity
BANCA OLTRE LA FORMA

Contents

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Composition of Corporate Bodies

Board of Directors(*)

Chair
Rosalba Casiraghi

Chief Executive Officer
Corrado Passera

Directors
Filippo Annunziata
Marco Bozzola
Massimo Brambilla
Patrizia Canziani
Stefano Caringi
Elena Cialliè
Nadia Fontana
Paola Elisabetta Galbiati
Giovanni Majnoni D'Intignano
Francesca Lanza Tans
Marcello Valenti

Management Control Committee

Chair
Marco Bozzola

Members
Stefano Caringi
Nadia Fontana

(*) Board Director appointed by the Shareholders' Meeting of 28 April 2022.

Board Committees

Nominations Committee
Marcello Valenti, Chair
Giovanni Majnoni D'Intignano
Rosalba Casiraghi

Remuneration Committee
Paola Elisabetta Galbiati, Chair
Francesca Lanza
Marcello Valenti

Risks Committee
Elena Cialliè, Chair
Filippo Annunziata
Patrizia Canziani
Stefano Caringi

Committee for Related Party Transactions
Giovanni Majnoni D'Intignano, Chair
Nadia Fontana
Paola Elisabetta Galbiati

Sustainability Committee
Rosalba Casiraghi, Chairperson
Massimo Brambilla
Patrizia Canziani
Elena Cialliè

Financial Reporting Officer

Sergio Fagioli

Independent Auditors

KPMG S.p.A.

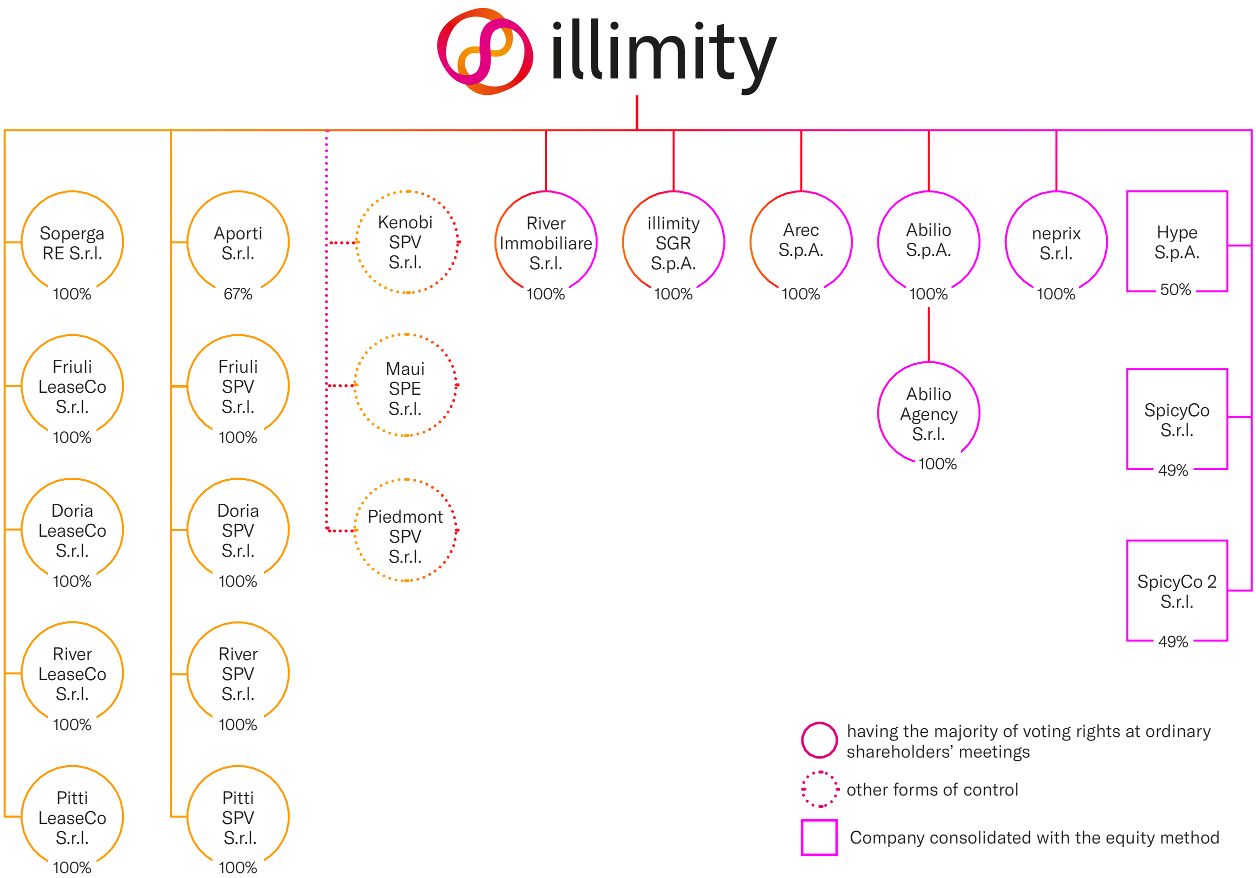
Consolidated interim report

as of 30 September 2022

illimity

The illimity Group

This Consolidated Interim Financial Report illustrates the performance and the related financial results for the first nine months of 2022 of illimity Bank S.p.A. (“illimity” or the “Bank”) and of the entities included in the scope of consolidation (together with the Bank, the “illimity Group” or the “Group”). illimity performs management and coordination functions for the Group and has its registered office in Milan, at via Soperga, 9[1].



The illimity Group is engaged in the provision and management of credit through the Growth Credit, Distressed Credit and Direct Banking Divisions, and, starting on 1 January 2022, the Investment Banking Division. Specifically, illimity provides credit to high-potential SMEs, purchases distressed corporate credit and manages it through its own platform – neprix – and offers direct digital banking services through illimitybank.com. Moreover, the Group includes illimity SGR, which sets up and manages Alternative Investment Funds.

Starting on 30 June 2022, AREC entered the Group, a company through which illimity aims to strengthen its positioning and innovative approach to servicing distressed corporate loans

illimity Bank's business also make use of the operations of the other Group companies. The scope of the Group includes the LeaseCos, which support the bank in the management of lease operations, the ReoCos, which are active in the management of the properties linked to the acquired portfolios, and the Special Purpose Vehicles (SPVs) established to undertake securitisation operations.

1 The Bank also operates a branch office located in Modena, at F. Lamborghini 88/90.

Alternative performance measures as of 30 September 2022

The Group's main consolidated measures are set out below.

The figures presented, although not covered by IAS/IFRS, are provided in compliance with indications in CONSOB Communication No. 6064293 of 28 July 2006 and the ESMA Recommendations on alternative performance measures.

(amounts in thousands of euros)

PERFORMANCE MEASURES	30 September 2022	30 September 2021	Chg.	Chg. %
Total net operating income	233,594	193,373	40,221	21%
Operating expenses	(140,367)	(112,159)	(28,208)	25%
Operating profit (loss)	93,227	81,214	12,013	15%
Total net adjustments/recoveries	(5,162)	(2,792)	(2,370)	85%
Profit (loss) from operations before taxes	77,651	68,714	8,937	13%
Profit (loss) for the period	50,597	46,199	4,398	10%

(amounts in thousands of euros)

BALANCE SHEET MEASURES	30 September 2022	31 December 2021	Chg.	Chg. %
Net non-performing loans - organic[2]	**26,086**	**21,025**	**5,061**	**24%**
of which: Bad loans	*5,864*	*4,987*	*877*	*18%*
of which: Unlikely-to-pay	*20,099*	*15,902*	*4,197*	*26%*
of which: Past-due positions	*123*	*136*	*(13)*	*(10%)*
Net non-performing loans - inorganic (POCI)[3]	**930,911**	**1,048,358**	**(117,447)**	**(11%)**
of which: Bad loans	*599,889*	*699,429*	*(99,540)*	*(14%)*
of which: Unlikely-to-pay	*331,022*	*348,929*	*(17,907)*	*(5%)*
Performing loans – inorganic (Public Procurement Claims)	**83,382**	**-**	**83,382**	**N/A**
Net non-performing securities - inorganic (POCI)	**88,742**	**10,037**	**78,705**	**>100%**
of which: Unlikely-to-pay	*88,742*	*10,037*	*78,705*	*>100%*
Net performing HTC securities - Government Bonds	**215,290**	**-**	**215,290**	**N/A**
Net performing HTC securities - Business	**407,037**	**242,019**	**165,018**	**68%**
of which: Growth Credit securities	*79,577*	*24,229*	*55,348*	*>100%*
of which: Distressed Credit securities	*259,562*	*217,790*	*41,772*	*19%*
of which: Investment Banking Securities	*67,898*	*-*	*67,898*	*N/A*
Loans to financial entities	**145,115**	**199,857**	**(54,742)**	**(27%)**
Net performing loans to customers	**1,781,662**	**1,440,501**	**341,161**	**24%**
Financial instruments (HTCS + FV)	**546,531**	**376,187**	**170,344**	**45%**
Direct customer funding	**3,700,726**	**3,317,934**	**382,792**	**12%**
Total Assets	**5,291,109**	**4,660,590**	**630,519**	**14%**
Shareholders' equity	**813,452**	**772,820**	**40,632**	**5%**

2 The definition of organic receivables and securities (performing and non-performing) includes organic loans to customers on the factoring, cross-over, acquisition finance and turnaround segments and receivables acquired in investing in portfolios of distressed loans, which underwent a change in accounting status following the purchase or disbursement (excluding receivables acquired as bad loans), the loan portfolio of the former Banca Interprovinciale and senior financing to non-financial investors in distressed loans.

3 POCI = Purchased or Originated Credit Impaired

RISK RATIOS	30 September 2022	31 December 2021
Gross Organic NPE Ratio[4]	2.0%	2.3%
Net Organic NPE Ratio[5]	1.2%	1.2%
Coverage ratio for organic non-performing loans[6]	42.7%	46.8%
Coverage ratio for organic bad loans[7]	71.3%	73.8%
Coverage ratio for performing loans[8]	0.6%	0.6%
Cost of organic credit risk (BPS)[9]	22	4

STRUCTURAL RATIOS	30 September 2022	31 December 2021
Shareholders' equity/Total Liability	15.4%	16.6%
Interbank Funding/Total Funding	13.6%	11.0%
Liquidity coverage ratio	>300%	~180%
Net Stable Funding Ratio	>100%	>100%
Net loans with customers/Total assets[10]	66.8%	59.3%
Direct customer funding/Total Liability	69.9%	71.2%

PROFITABILITY RATIOS	30 September 2022	30 September 2021
Cost/Income ratio (Operating expenses/Net operating income)	60%	58%
ROAE[11] [Profit (Loss) for the period/Average Shareholders' equity]	8.5%	9.2%

CAPITAL RATIOS	30 September 2022	31 December 2021
Tier I capital ratio (Tier I capital/Total weighted assets)	17.95%	18.83%
Total capital ratio [(Tier I + Tier II)/Total weighted assets]	23.59%	24.71%
Own Funds	867,447	842,899
of which: Tier I capital	660,205	642,467
Risk-weighted assets	3,677,919	3,411,468

4 Ratio of gross organic non-performing loans to the gross value of organic loans to customers on the factoring, cross-over, acquisition finance and turnaround segments and receivables acquired in investing in portfolios of distressed loans, which underwent a change in accounting status following the purchase or disbursement (excluding receivables acquired as bad loans), the loan portfolio of the former Banca Interprovinciale and senior financing to non-financial investors in distressed loans.

5 Ratio of net organic non-performing loans to the net value of organic loans to customers on the factoring, cross-over, acquisition finance and turnaround segments and receivables acquired in investing in portfolios of distressed loans, which underwent a change in accounting status following the purchase or disbursement (excluding receivables acquired as bad loans), the loan portfolio of the former Banca Interprovinciale and senior financing to non-financial investors in distressed loans.

6 Ratio of write-downs/write-backs on organic non-performing loans to gross exposure of non-performing organic loans.

7 Ratio of write-downs/write-backs on organic bad loans to gross exposure of organic bad loans.

8 Ratio of write-downs/write-backs on performing client loans to gross exposure of performing client loans.

9 Ratio of the sum of annualised losses on performing customer loans (net of investments with financial entities and government bonds), organic non-performing loans and HTC securities to net exposures of same at the end of the period.

10 Ratio of customer loan, government bonds and Distressed Credit, Growth Credit and Investment Banking securities at amortised cost to total assets.

11 The profit (loss) for the period is rendered *pro forma* through annualisation. The average shareholders' equity is calculated as the arithmetic average of the opening balance and the closing balance.

Composition and organisational structure

illimity operates in the banking sector and is authorised to provide banking, investment and trading services. illimity currently has four Business Divisions:

- Distressed Credit
- Growth Credit
- Investment Banking
- Direct Banking.

There is also the Asset Management Company ("SGR"), which manages the assets of closed-end alternative investment funds, established with own funds and the funds of third-party institutional investors.

The Bank's organisational structure also comprises other units supporting the Business and monitoring risks.

Below is a description of the Bank's organisational structure as of 30 September 2022.

Distressed Credit Division

The Distressed Credit Division is the business area operating in the following segments:

- purchase of secured and unsecured corporate distressed loans in competitive processes or off-market purchases, on both the primary and secondary markets;
- financing services, mainly in the form of senior financing, to investors in distressed loans;
- management (servicing) of corporate NPL portfolios and underlying assets, through a specialised servicing platform developed internally or under commercial agreements with specialised operators.

The Distressed Credit Division has the following structure:

1) Portfolios, Senior Financing, Special Situations – Real Estate and Special Situations – Energy and Unit Claims Solutions Areas, responsible for the origination of the investment opportunities in distressed loans, in the area of litigation (Public Procurement Claims) and in Senior Financing operations, as well as the coordination of the entire negotiation and bidding process, until the final closing phase;
2) The Portfolio & Asset Optimisation Area, which is responsible for optimising portfolio, single name and Repossessed Property management by identifying market opportunities for their sale (or redevelopment in the case of properties), in accordance with the thresholds set by the Bank, while coordinating the entire process, from the initial analysis phase to post-sales;
3) The Pricing Area, responsible, under the supervision of the Risk Management Function, for developing, implementing and maintaining the pricing models of portfolios/single name (special situations)/ senior financing and the capital structure of all investments, as well as the activities of Due Diligence Coordination;
4) Monitoring & Analytics Area, responsible for governing and managing the cost monitoring process, the income statement and the portfolios/single names or the trend in performance of the Division;
5) The Operating Model & Servicing Coordination Area, tasked with coordinating and monitoring the Division's activities, overseeing and coordinating the Servicing companies, relations with other Bank units and decision-making bodies and providing legal advice related to individual investment opportunities and initiatives.
6) The Project Area, responsible for identifying and developing strategies to start up the alternative investment business on the Distressed Credit market.

In more detail, the "Investments" perimeter, which includes the organisational units Portfolios, Special Situations – Real Estate and Special Situations – Energy and Claims Solutions, is responsible for overseeing the market for opportunities to acquire distressed credit assets (financial receivables classified as bad loans or UTPs from corporate counterparties, partly backed by first-degree mortgage guarantees or leased assets ("secured") and partly devoid of underlying real estate or secured by second-degree mortgages ("unsecured"), in addition to Public Procurement Claims). Credits are acquired both in the "primary" market, i.e. directly from the credit intermediaries that originally granted the credit to the counterparties, and in the "secondary" market, i.e. from other investors who in turn purchased the credits from the aforementioned credit intermediaries.

The Investments perimeter is divided into four organisational units, described below:

a) Portfolios, aimed at investments in distressed credit portfolios, mainly or totally represented by the corporate type (any retail receivables purchased are destined for sale on the secondary market);
b) Special Situations – Real Estate, aimed at investment opportunities in "single name" receivables, meaning exposures to a single borrower or, at most, a cluster of corporate counterparties, both secured and unsecured;
c) Special Situations – Energy, aimed at investment opportunities in single name loans involving corporate counterparties operating in the renewable energy sector;
d) Claims Solutions, aimed at seeking out, assessing, investing in and managing investment opportunities in the area of litigation (Public Procurement Claims) and at intervening in all the phases of the process of investment and management of disputes.

On the other hand, the Senior Financing Area is responsible for overseeing, both at the commercial and product level, the market of asset-backed financing opportunities to third-party investors who purchase or have purchased non-performing loans (bad loans/UTPs) and for monitoring the related operations in their structuring and throughout all phases until finalisation of the contractual documentation and disbursement.

At the organisational level, the aforementioned structures report to the Head of the Distressed Credit Division and interact with the other areas of the Division (Pricing, Operating Model & Servicing Coordination and Portfolio Monitoring & Analytics) and the Bank's structures (General Counsel, Administration & Accounting, CRO, Budget & Control and Chief Compliance Officer), acting as an interface between internal units and investors.

In line with illimity's business model of internalising the entire value chain, the Bank is supported by neprix for the management of distressed loans, and forms commercial agreements with servicers selected from time to time on the basis of the characteristics of the assets acquired.

neprix, the company where servicing activities for NPLs acquired by illimity are centralised, relies on the services of professionals with specific experience and know how in due diligence and in managing non-performing loans.

Following the merger with IT Auction S.r.l., Mado S.r.l. and Core S.r.l. (the company acquired by the Group in 2020) into neprix S.r.l. with legal effect from 1 February 2021, the neprix Sales Area was created. That area, along with a portion of Neprix Tech, was then demerged from neprix S.r.l. through a partial proportionate spin-off, resulting in the contribution of those areas to Abilio S.p.A., a company incorporated and wholly-owned by the Bank, operational since 1 April 2022. The new company manages and sells property and capital goods originating from insolvency proceedings and foreclosure, through its own network of platforms/online auctions and a network of professionals operating nationwide.

On 30 June 2022, the acquisition by illimity of the business unit of AREC was finalised, through which illimity aims to strengthen its positioning and innovative approach to servicing distressed corporate loans, through neprix, confirming its position as a comprehensive market leader capable of covering the entire value chain of the management process, from investment to the remarketing of assets guaranteeing these loans.

To carry out its operations concerning distressed credit, illimity works with the vehicles Aporti, Friuli SPV, Doria SPV, River SPV, Pitti SPV, Maui SPE and Kenobi SPV, and with the companies Soperga RE, Friuli LeaseCo, Doria LeaseCo, River LeaseCo, Pitti LeaseCo, River Immobiliare, SpicyCo and SpicyCo 2.

Growth Credit Division

The objective of the Growth Credit Division is to serve businesses, usually medium-sized, with a credit standing that is not necessarily high, but that have a good industrial potential and which, due to the complex nature of operations to finance, or their financial difficulties, require a specialist approach to supporting business development programmes or plans to rebalance and relaunch industrial activities.

Therefore the Division mainly focuses on structuring detailed funding operations that meet the complex needs of its clients, directly supporting companies and, if considered appropriate, acquiring credit positions with third-party banks, mainly at a discount, for turnaround operations.

The Growth Credit Division is active in the following segments:
- factoring: financing of the supply chain of the operators of Italian chains and industrial districts through the activity of recourse and non-recourse purchasing of customers' trade receivables, through a dedicated digital channel;
- crossover & acquisition finance: financing to high-potential businesses with a suboptimal financial structure and/or with a low rating or no rating; the crossover segment also includes financing solutions dedicated to acquisition activities (acquisition finance);
- turnaround: the purchase of loans classified as unlikely-to-pay (UTP), with the aim of recovering and restoring them to performing status by identifying optimal financial solutions, which may include new loans or the purchase of existing loans.

The Growth Credit Division is organised by specialised business areas, on the basis of the segments and products defined above, each of which is responsible for managing activities for its own customers. Each Area is tasked with analysing the customers and sector within its portfolio to design the optimal financing solution, assess the risk level of each position, define product pricing or transaction specifications, interface with customers to monitor the risk profiles of counterparties and intervene promptly, where necessary, in the event of problems, in coordination with the Bank unit responsible for monitoring loans.

These areas, specialised by Business segment, are flanked by dedicated units, supporting business activities: the Legal SME Area supports the business areas regarding legal and contractual aspects; the Business Operations & Credit Support Area manages the annual reporting of the Division, monitors relations with tutors, manages the Modena branch and oversees the portfolio of the former Banca Interprovinciale regarding progressive divestment.

Investment Banking Division

The Investment Banking Division is responsible for defining and executing capital markets operations (both in the equity segment and the debt segment for corporate customers), for derivatives trading on own behalf and for third parties, for structuring structured finance transactions for funding and capital optimisation purposes to support the other units of the Bank.

The Division’s Value Proposition provides:
- alternative solutions for companies in addition to those already offered by the Bank, exploiting the synergies with the Growth Credit and Distressed Credit Divisions (i.e. Basket Bonds, Basket Loans, Securitisations of secured and unsecured single tranche loans, IPOs, M&A, derivatives);
- structuring funding transactions and capital optimisation (i.e. SRTs), also supporting other Company Divisions and Functions.

The Division is divided into three organisational units, described below:

a) Capital Markets, which provides complementary solutions to companies in relation to the Growth Credit Division's offering;
b) Corporate Solutions, which invests in corporate bonds and alternative debt and offers solutions to SMEs and Mid Caps to hedge market risks;
c) Structuring, which takes care of implementing complex financial transactions for the Bank and for companies.

In order to conduct its Investment Banking business, illimity also works with the vehicle Piedmont SPV.

Direct Banking Division

Through its Direct Banking Division, illimity offers digital banking products and services to Retail and Corporate customers. The Division aims to develop a range of products and services that can fulfil the needs of the market and to manage the online and app channels. It is responsible for designing the value proposition and its relative commercial and pricing components, and for formulating the characteristics of the front-end and the overall user experience for the customer. In addition, it formulates the Bank's communications plan and brand development strategy to ensure positioning, customer acquisition results and optimal customer management. This is achieved through a platform supported by the most innovative technologies available. The optimisation of the service is also supported by the Contact Centre, Back Office and design of processes, as well as by dedicated data management oversight.

The Direct Banking Value Proposition currently extends to the following products and services categories:

1) Deposits accounts with competitive rates and a simple, customisable product structure;

2) Spending projects, to simply and automatically save to achieve goals;

2) Current accounts, offered through an innovative, digital User Experience, with associated credit, debit and prepaid cards managed in collaboration with nexi;

3) Account Aggregator and Payment Initiation Service, i.e. features that enable the aggregation in each customer's home banking of accounts held with other banks, providing an overview of the customer's financial situation within a single screen, and bank credit transfers from the accounts of participating banks directly from the customer's illimity personal area;

4) A complete range of other products, including personal loans, American Express credit cards and insurance products, made available to customers through partnerships with selected market operators.

The Division's offering is completed by digital credit products, targeted to small and medium-sized enterprises with turnover of EUR 2 million to EUR 10 million, with the goal of improving their financial management.

Asset Management Company

illimity SG S.p.A. is the Asset Management Company ("SGR") of the illimity Bank Group which manages the assets of closed-end alternative investment funds, established with own funds and the funds of third-party institutional investors.

The SGR was set up with the aim of operating and developing activities in the strategic areas indicated by its parent company illimity Bank S.p.A. and the banking group of which the latter is the parent, and is a professional operator for establishing, administering, managing, organising, promoting and selling alternative investment funds.

To pursue its business objectives in an effective and consistent manner, the SGR has adopted a "traditional" governance model, which has a structure comprising a Board of Directors and a Board of Statutory Auditors. The structure, described below, has been set up for the best management possible of the operational model defined for the Company in line with regulatory principles and guidelines, and also with guidance from the Parent Company. In accordance with the characteristics of its own operations, with future planned developments and with the guidelines of the long-term business plan of the SGR and the Group it belongs to, the SGR has the following organisation:

"Business Areas" comprising:

- The UTP & Turnaround Funds Area, focused on setting up and managing AIFs with investment strategies and policies centred on the turnaround market and on businesses in financial difficulty with prospects for relaunch;
- the Private Capital Funds Area, focused on setting up and managing AIFs with investment strategies and policies targeting asset classes with underlying financial instruments issued by performing companies.
- The NPL Small Medium Tickets Funds Area, focused on setting up and managing AIFs with investment strategies and policies in the granular (typically unsecured) Non-Performing Loans (NPL) market, with potential counterparties both small corporates and retail businesses, and different areas of origination (utilities, consumer, commercial credit, etc.).

A transversal support area named Operations & Administration, which supports the organisation as a whole in all formal, administrative and operational aspects connected with managing AIFs and the SGR.

Lastly, the SGRs will establish Compliance and AML, Risk Management and Internal Audit functions, outsourced to the central units of the parent company illimity Bank, in order to have a structured system to monitor internal controls. It also appoints a Supervisory Body pursuant to Legislative Decree 231/01, whose composition, in accordance with the approach adopted by the Group, consists of the Company's Board of Statutory Auditors.

Other functions - Corporate Centre

The organisation also monitors risk management and support activities through functions directly reporting to the Chief Executive Officer:

- The *Chief Financial Officer,* responsible for coordinating the complex process of planning, control and administration, managing strategic planning and relations with the financial community, as well as developing the Corporate Social Responsibility Plan;
- The *Chief HR & Organisation Officer*, responsible for optimising operating and procurement costs, managing human resources, as well as managing the organisational activities of supervision and transversal coordination for the Bank;
- The *General Counsel*, responsible for legal and corporate support and managing the corporate secretariat, as well as general affairs and relations with authorities;
- The *Chief Risk Officer*, responsible for guaranteeing the strategic oversight and definition of risk management policies;
- The *Chief Lending Officer*, who monitors credit analysis and approval activities;
- The *Chief Information Officer*, responsible for IT infrastructure management;
- The *Compliance & AML Officer*, responsible for compliance risk management and oversight of money laundering and terrorist financing risk;
- the *Chief Communication Officer*, responsible for promoting and supporting the development of a single, shared identity of the Bank among the stakeholders.

Bank branches and offices

The Bank's branches and offices are as follows:

- Milan – Via Soperga, 9 (registered office);
- Modena – Via F. Lamborghini 88/90.

Human resources

As of 30 September 2022, the Bank's registered employees numbered 851 (725 as of 31 December 2021). A breakdown of the workforce is given below, divided by job level:

Category	30/09/2022			31 December 2021			Changes	
	Number of employees	in %	Average age	Number of employees	in %	Average age	Number of employees	in %
Senior managers	69	8%	46	67	9%	47	2	3%
Middle managers	360	42%	38	303	42%	38	57	19%
Other employees	422	50%	33	355	49%	33	67	19%
Employees	851	100%		725	100%		126	17%

Note that on 30 June AREC joined the Group, contributing 28 resources to the workforce as at 30 September 2022.

Macroeconomic scenario

In the third quarter of 2022, the global economy continued to be impacted by the steady increase in inflation, the worsening of the financial scenario and the growing uncertainty triggered by the Russia- Ukraine crisis. After initially expanding in the first half of the year, the GDP in the Eurozone stagnated once again in the summer months, due to sharp new hikes in energy commodities and significant uncertainty. Inflation rose to 9.9% in September, also expected to continuously increase in the short term, while the 3-year forecasts stabilised, and the 5- and 10-year predictions, taken from financial indexes, remained stably around 2%.

The extremely high energy prices have reduced the purchasing power of household income and, though they are easing, the supply side bottlenecks continue to slow economic activities. Those forecasts are reflected in the latest projections on economic growth formulated by experts, which were revised sharply downwards for the remainder of this year and for all of 2023. Currently, experts expect the European economy to grow 3.1% in 2022, 0.9% in 2023 and 1.9% in 2024.

The Governing Council of the ECB decided on two interest rate increases at the meetings in July and September, for a total of 1.25 percentage points, and an additional 0.75 percentage points in October.

In Italy, the GDP decreased slightly in the summer quarter, also due to the sharp increases in energy costs and the uncertainty on how the war in Ukraine will evolve. The drop in industrial production was joined by signs of weakening in the construction segment. Conversely, activities in the services sector remained stable, due to the still positive contributions from the tourism and recreation segment. On the demand side, household expenditure was hampered by the loss of purchasing power due to high inflation. The most recent estimates indicate that, in the baseline scenario, the GDP would increase by 3.3% over the entire year, slow to 0.3% in 2023 and grow by 1.4% in 2024. Nonetheless, these projections continue to be subject to significant downwards risks.

In the second quarter, the volume of exports increased, boosted by both the goods component and, to a greater extent, the services component. However, total imports grew more sharply. In the two-month period July-August, foreign sales of goods slowed slightly. Employment continued to grow in the second quarter. However, signs of slowdown arose in the summer months. The trend in contractual remuneration remained moderate overall: the most recent renewals set out wage increases for the period of validity of the contracts, in line with inflation forecasts.

During the summer, Italian inflation increased further, reaching 9.4% in September, continuing to feel the effects of the exceptional rises in energy prices, and the transfer of those increases to the prices of other goods and services. The measures adopted by the government to mitigate the impact of energy price hikes on the budgets of households and businesses reduced inflation by around 2 percentage points in the third quarter. Thus, average consumer inflation for 2022 stood at 8.5%, and according to forecasts, that percentage will decrease to 6.5% in 2023, to then decline to slightly more than 2% in the following year.

Bank loans to businesses accelerated, reflecting the increased need for working capital due to the higher cost of inputs and less use of bond funding. The increase in official interest rates last July was only partially transferred to the cost of credit to households and businesses, which remains at low levels overall. Conditions worsened on the financial markets, in a context of persistent inflationary pressures and fears of a deterioration of the cyclical scenario. The increase in monetary policy interest rates and the expectations of new increases translated into a significant increase in bond yields, more marked for short-term maturities. Compared to the beginning of July, the yield spreads between Italian and German 10-year bonds grew.

At the end of September, the Italian government updated the estimates for the public accounts for the current year and for the three-year period 2023-25. Net debt is estimated at 5.1% of the GDP in 2022, around a half percentage point lower than that planned last April. The debt/GDP ratio should decrease more than indicated in the spring. In recent months, additional measures were implemented to combat the effects of the increases in energy prices on the budgets of households and businesses, in line with the budget deviations authorised by the Parliament.

Significant events in the first nine months of 2022

The economic scenario created by the COVID-19 epidemic and the business continuity of the illimity Group

In the current context, which is still influenced – both at economic and operational levels – by the evolution of the COVID-19 epidemic, the illimity Group continues to maintain the primary measures for mitigating the related risks, including the use of teleworking for employees and the factoring in of the framework of reference (macro forecasts, fiscal and monetary policy choices, regulatory developments, etc.), the management of credit strategies and policies and credit risk, the portfolio of financial assets, customer relations and the governance of its own business models.

The effectiveness of illimity's commercial and technological proposal has been a strength in understanding and meeting the increased demand for remote financial services.

The Group's highly conservative approach to pricing investments and providing funding, continuous monitoring and its limited exposure to economic sectors or asset classes most affected by the pandemic, are all factors that demonstrate the resilience of the business model in a reference scenario still characterised by considerable risks.

The managerial committees and governing boards of the Group carry out assessments at regular intervals on the actual and potential economic, financial and operational impacts of the pandemic on the strategic and operational choices of the various business lines.

Finally, the macro scenarios that also take into account the evolution of the epidemiological context and the responses of the Authorities, markets, companies and consumers were used to guide the prospective capital adequacy (ICAAP) and liquidity (ILAAP) assessments and the preparation of the Recovery Plan, as required by the prudential supervisory regulations, for the update of the Risk Appetite Framework and the sustainability assessment of the new 2021-2025 Strategic Plan.

Impacts of the Ukraine crisis on the strategic and operational context of the illimity Group

The outbreak of the military conflict in Ukraine in the first quarter of 2022 had considerable consequences in terms of political and economic-financial actions by various countries and multilateral organisations, with the tightening of sanctions on Russia and, in general, significant effects in terms of stress on the global financial and money markets (primarily the spike in commodities prices).

In this context, the illimity Group set up managerial and operational actions in line with the measures that characterised its handling of the effects of the pandemic since early March 2020.

At governance level, a specific managerial committee has been set up that usually meets periodically, with the aim of continuously monitoring the situation and updating the Group's governance bodies with regard to the actual and potential impacts, of an economic-financial and operational nature, of the crisis, and in order to render the process of managing risk mitigation actions more efficient.

Furthermore, a group of market indicators has been identified that is continuously monitored and reported to the aforementioned committee, in order to make it aware of the current context.

Specifically, since the start of the conflict, the direct and indirect exposures to Russian counterparties or those who depend on Russian operators and markets for their business (supply, sales, orders, etc.) were quantified in order to assess the possible impacts in terms of credit and liquidity risk. The initial analyses conducted and direct discussions with businesses show a low level of exposure, though subject to constant monitoring, given that the continuation of the crisis could produce negative impacts also on companies that are demonstrating resilience in this phase, also due to the measures implemented by company management, specifically those regarding supply chain continuity and management of commodities and energy prices. The Compliance & AML Department also operated in that context, to ensure, for borrowers, compliance with the provisions of the sanctions imposed by Italy and European and international bodies to Russian parties (natural and legal persons).

Secondly, with a view to mitigating the financial risks associated with the management of the HTCS and HTC financial portfolios, it has been ascertained that the current risk profile of the portfolios is under control, there is no direct exposure to Russia or Ukraine and that the relevant development activities, as envisaged in the 2022 Budget, are being implemented, taking due consideration of the changed context. Furthermore, considering that said portfolios relate to debts, monetary policy decisions, which could be revised given the evolution of the crisis, are continuously monitored.

Lastly, the impacts of the Ukraine-Russia crisis were factored into the (baseline and stressed) macroeconomic scenarios used to support the forward-looking assessments of capital adequacy (ICAAP 2022) and liquidity (ILAAP 2022) and in preparing the Recovery Plan, transmitted to the Supervisory Authorities at the end of April 2022.

Overall, we can confirm the resilience of illimity's business model, even in a complex and uncertain context like the current one, as a result of both its contained exposure to direct risks and its business mix, in which lines of activity have limited correlation.

Corporate transactions

On 21 February 2022, the Extraordinary Shareholders' Meeting approved the new text of the Articles of Association for the adoption by the Bank of the "one-tier" method of administration and control. The changes to the Articles of Association also entail the explicit inclusion of "sustainable success".

On 1 April 2022, the spin-off to Abilio S.p.A. of the scope of assets and liabilities of the neprix Sales area, previous comprised within neprix, of the equity investment in Abilio agency S.r.l. (formerly Neprix Agency S.r.l.) and of a portion of the Tech area, also previously included within neprix, was approved. The accounting and tax effects of the operation were set for 1 April 2022.

On 28 April 2022, the Shareholders' Meeting approved the financial statements of illimity Bank as of 31 December 2021 and approved the appointment of the Board of Directors, following approval of the move to the "single-tier" governance system previously approved by the Shareholders' Meeting of 21 February 2022.

On 15 June 2022, the Illimity Board of Directors approved the capital increases serving the incentive plans and, specifically:

i. the "Employee Stock Ownership Plan – ESOP" (for 2022) for a total of EUR 76,865.41, corresponding to 117,946 ordinary shares, in partial execution of the authority contained in Article 5, paragraph 3 of the Articles of Association; and
ii. the "MBO" Plan (for 2021) for a total of EUR 11,621.11, corresponding to 17,832 ordinary shares, in partial execution of the authority contained in Article 5, paragraph 4 of the Articles of Association, granting a mandate for the purposes of the related execution.

The Board of Directors also approved the use of 10,060 ordinary shares already in the portfolio.

On 21 June 2022, the Extraordinary Shareholders' Meeting of illimity approved, with a unanimous vote of those attending, the share capital increase of illimity reserved for Aurora Recovery Capital S.p.A. ("AREC"), to be freed up through contribution, and without option rights pursuant to Art. 2441, paragraph 4, first line of the Italian civil code. That operation, authorised in advance by the Supervisory Authorities pursuant to law, is part of the larger acquisition by the bank of AREC's business unit.

On 30 June 2022, the cash and cash equivalents purchase by illimity of 10% of AREC S.p.A. Shares was finalised and the deed regarding the contribution to illimity of the shares representing the remaining equity investment of 90% of the share capital of AREC, for the purpose of the acquiring the entire company and the subsequent planned merger with the servicer of the illimity group, neprix.

On 21 September 2022 illimity Bank announced the new composition of its share capital, following the conversion of 1,440,000 special shares of illimity into an equal number of ordinary shares having the same features of those outstanding, without any modification of the amount of the share capital.

Other significant information

On 11 February 2022, illimity presented b-ilty, the first digital business store for financial and credit services for small and medium-sized enterprises. b-ilty was created with the aim of making life easier for entrepreneurs, thanks to a latest-generation platform that combines specialist expertise with cutting-edge technology and offers customers the products and services of an all-round bank.

In April 2022, illimity presented Quimmo, the Italian pro-tech created to meet the needs of both private and institutional buyers and sellers. A cutting-edge platform created to simplify the purchase and sale of properties and cover the entire value chain.

Quimmo was created the illimity Group's extensive investment in technology and its experience in the field accumulated in property brokerage in recent years. It is now one of illimity's significant operations which, in 2021 alone, generated 26 million visits to the portal, 900 thousand registered users and over 2,000 property transactions, also due to the presence of over 200 professionals, both central and local structures.

On 3 May 2022, illimity presented its Consolidated Non-Financial Statement ("NFS") pursuant to Legislative Decree 254/2016. Illimity's Non-Financial Statement provides comprehensive disclosure to all stakeholders on sustainability performance. The document, drawn up based on the figures as of 31 December 2021, was prepared in compliance with the GRI Sustainability Reporting Standards ("GRI Standards") – Core option, to which voluntary qualitative and quantitative indicators were added.

On 20 July 2022, illimity obtained an "A" ESG rating from MSCI, among the leading agencies providing global indices and benchmarks, and an "EE-" rating from Standard Ethics, a leading independent agency that rates the sustainability of companies. It is also noted that on 11 October 2022, illimity Bank S.p.A. Had its ESG Risk rating upgraded by Sustainalytics, one of the world's leading providers of indices and benchmarks. In detail, illimity's rating improved by two risk categories, from 35.4 (High Risk) to 15.6 (Low Risk), a level that places it at the top levels of the Italian banking sector. Sustainalytics upgraded illimity's rating in light of the sound management of ESG risks, the policies and programmes launched in that area and the high level of responsibility demonstrated by the bank in relation to its stakeholders.

On 13 September 2022 illimity SGR S.p.A. completed the first closing of "illimity Real Estate Credit" (also "iREC"), a contribution Fund dedicated to investments in distressed credits – mainly UTPs – secured by real estate assets, under both the form of mortgage loans and lease agreements. The initial portfolio consists of loans with a gross nominal value of over EUR 170 million, almost entirely secured, to 77 companies operating mainly in the real estate sector with highly diversified activities (industrial, commercial, residential, hospitality, energy, etc.). These loans have been sold by banking groups that were already unit holders in illimity SGR's first fund, "illimity Credit & Corporate Turnaround" ("iCCT"), as well as by illimity Bank itself.

On 20 September 2022 b-ilty enriched its offer by way of a new partnership with Microsoft Italia and Information Workers Group (IWG).

Through this partnership, b-ilty customers have Microsoft services at their disposal, to foster sharing, collaboration and the improvement of business and staff productivity, making work environments increasingly smart and secure, and will have the support of IWG to integrate these services into their business processes.

Reclassified consolidated financial statements as of 30 September 2022

This consolidated interim financial report has been prepared on the basis of tables in the Bank of Italy Circular no. 262 of 22 December 2005, as amended.

In this document, the mandatory financial statements have been reclassified according to a managerial approach better suited to representing the Group's financial performance and financial position, in view of the typical characteristics of the financial statements of a banking group. The goal has been to simplify the use of these financial statements through the specific aggregations of line items and reclassifications detailed below. This consolidated interim report therefore includes a reconciliation between the financial statements presented and the mandatory financial reporting format laid down in Bank of Italy Circular no. 262, the values from which have been included in the items of the reclassified financial statements.

Reconciliation with the items of the mandatory financial statements aids in reclassification of the items in question, but above all facilitates the understanding of the criteria adopted in constructing the consolidated interim report. Additional details useful to this end are provided below:

- recoveries of taxes recognised among other operating expenses/income are deducted directly from the indirect taxes included among other administrative expenses and therefore their amount has been set off against the relevant item of the mandatory financial statements;
- the cost components related to Raisin's operations are deducted from the net interest margin;
- dividends received from financial assets measured at fair value through profit or loss were included in the Profits (losses) on trading and financial assets and liabilities;
- personnel expenses also include documented, itemised reimbursements of room, board and travel expenses incurred by employees on business trips and the costs of mandatory examinations;
- contributions and membership fees are excluded from other administrative expenses and recognised separately, in a dedicated item;
- interest expense resulting from the *lease liability* (IFRS 16) is recognised under other administrative expenses;
- net write-downs/write-backs on closed positions include profits and losses generated from the sale of property investments and *datio in solutum* transactions;
- net credit exposure to customers on closed positions is shown separately from net losses/recoveries for credit risk.

Some assets and liabilities in the statement of financial position were grouped together, concerning:

- the inclusion of hedging derivative assets, assets held for sale and cash and cash equivalents in the residual item other assets;
- the aggregation in a single item of property and equipment and intangible assets;
- the aggregation of financial assets designated at fair value through other comprehensive income and financial assets held for trading;
- separate indication of loans to financial entities and securities at amortised cost;
- the reclassification of *Lease* agreement liabilities, recognised under payables to customers based on IFRS 16, to other liabilities for operational purposes;
- the inclusion of hedging derivative liabilities, the Provision for Risks and Charges and employee severance pay in residual items of other liabilities;
- the aggregate indication and items comprising shareholders’ equity.

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(amounts in thousands of euros)

Components of official items of the Statement of Financial Position	Assets	30 September 2022	31 December 2021	Chg.	Chg. %
20 a) + 30	Own portfolio – Derivatives and securities at FV	428,554	300,436	128,118	43%
20 c)	Financial instruments mandatorily measured at fair value	95,477	75,751	19,726	26%
20 c)	Loans mandatorily measured at fair value	22,500	-	22,500	N/A
40 a)	Due from banks	38,504	267,969	(229,465)	(86%)
40 b)	Loans to financial entities	145,115	199,857	(54,742)	(27%)
40 b)	Loans to customers HTC	2,822,041	2,509,884	312,157	12%
40 b)	Government Bonds HTC	215,290	-	215,290	N/A
40 b)	Securities at amortised cost – Growth Credit	89,952	34,266	55,686	>100%
40 b)	Securities at amortised cost – Distressed Credit	337,929	217,790	120,139	55%
40 b)	Securities at amortised cost – Investment Banking	67,898	-	67,898	N/A
70	Investments in equity	78,336	79,953	(1,617)	(2%)
90 + 100	Property and equipment and intangible assets	248,943	153,984	94,959	62%
	of which: Goodwill	*65,372*	*36,257*	*29,115*	*80%*
110	Tax assets	65,934	45,672	20,262	44%
10 + 50 +120 + 130	Other assets	634,636	775,028	(140,392)	(18%)
	of which: Cash and cash equivalents	*364,019*	*507,779*	*(143,760)*	*(28%)*
	Total assets	**5,291,109**	**4,660,590**	**630,519**	**14%**

(amounts in thousands of euros)

Components of official items of the Statement of Financial Position	Liabilities	30 September 2022	31 December 2021	Chg.	Chg. %
10 a)	Due to banks	581,314	411,314	170,000	41%
10 b)	Amounts due to customers	3,186,094	2,818,146	367,948	13%
10 c)	Securities issued	514,632	499,788	14,844	3%
20	Financial liabilities held for trading	24,293	59	24,234	>100%
60	Tax liabilities	28,476	20,256	8,220	41%
40 + 80 + 90 + 100	Other liabilities	142,848	138,207	4,641	3%
(*)	Shareholders' equity	813,452	772,820	40,632	5%
	Total liabilities and shareholders' equity	**5,291,109**	**4,660,590**	**630,519**	**14%**

(*) 120 + 150 + 160 + 170 + 180 + 190 + 200.

Summary of consolidated statement of financial position data

The Group's total assets amounted to EUR 5,291.1 million as of 30 September 2022, up by 14% on 31 December 2021, when they amounted to EUR 4,660.6 million. The increase in the nine months, equal to EUR 630.5 million, is mainly linked to the increase in volumes of financial assets held with a Held to Collect & Sell (HTCS) business model and financial assets measured at amortised cost.

The own portfolio measured at fair value, equal to EUR 428.6 million as at 30 September 2022 and up by 43% on the comparative figure, includes financial assets held for trading and financial assets held with an HTCS business model. Specifically, financial assets held for trading amounted to EUR 32.4 million and were mainly comprised of financial derivatives – operations that were consolidated during 2022.

Financial assets held with an HTCS business model were mainly represented by government bonds and securities issued by other banks and financial entities and high yield corporate bonds. The item totalled EUR 396.2 million, up sharply by EUR 96.7 million on 31 December 2021 following the purchases by ALM & Treasury and Investment Banking.

As of 30 September 2022, the Group had a total negative net valuation reserve of EUR 51.1 million, due primarily to a general rise in interest rates and the worsening of the current macroeconomic context.

Financial assets mandatorily measured at fair value through profit and loss amounted to EUR 118 million as of 30 September 2022, up by EUR 42.2 million on 31 December 2021. The increase is mainly attributable to the disbursement of a new loan measured at fair value referring to the Growth Credit Division for EUR 22.5 million and the subscription of units of the iREC fund for EUR 20.6 million, attributable to the Distressed Credit Division.

As of 30 September 2022, those assets included, in addition to the new loan and the units of the iREC fund mentioned, instruments linked to the operations of the Energy Business for EUR 59.9 million, Equity Instruments/Earnouts referring to the Growth Credit Division for EUR 9.1 million, notes of securitisation vehicles for EUR 0.9 million, debt securities for EUR 1.8 million referring to the Investment Banking Division, investments in Senior Financing for EUR 2.9 million and units of UCIs for EUR 0.3 million.

Loans due from banks totalled EUR 38.5 million, down compared to 31 December 2021 due to the closing of reverse repurchase agreements. That item was mainly comprised of deposits.

Loans to financial entities – which amounted to EUR 145.1 million as of 30 September 2022, were also down on the end of the previous year, when they amounted to EUR 199.9 million.

The Group's assets as of 30 September 2022 mainly included financial assets arising from loans to customers measured at amortised cost of EUR 2,822 million (up compared to EUR 2,509.9 million recorded as of 31 December 2021). The increase in the item was mainly attributable to the new disbursements made by the Growth Credit Division, driven by loans with a SACE guarantee, new acquisitions of POCI portfolios and of Public Procurement Claims carried out by the Distressed Credit Division, in addition to the new operations implemented in the period by the Investment Banking Division.

During the first nine months of 2022, the Bank’s ALM & Treasury Unit increased its portfolio, compared to the stock at the end of 2021, mainly due to the launch of the new business strategy of purchasing government bonds, recognised in the HTC portfolio.

It is also noted that the securities measured at amortised cost (Held to Collect business model) include securities of the Growth Credit Division for EUR 90 million, securities of the Distressed Credit Division for EUR 337.9 million and securities of the Investment Banking Division for EUR 67.9 million.

The “Equity investments” item, which amounted to EUR 78.3 million as of 30 September 2022, consists predominantly of the value of the equity investment held by illimity in Hype, insofar as it was consolidated using the equity method.

As of 30 September 2022, property and equipment and intangible assets amounted to EUR 248.9 million, increasing by approximately EUR 95 million compared to 31 December 2021, due to the acquisition of AREC (as illustrated in greater detail below) and the entry into the portfolio of properties accounted for pursuant to IAS 2 through the vehicle Kenobi SPV – established pursuant to Article 7.2 of the Law on securitisations – for EUR 22.7 million, in addition to generally due to *datio in solutum* transactions finalised during the period.

Intangible assets, equal to EUR 130.6 million, include the specific intangible assets identified in carrying out the Purchase Price Allocation process following the acquisition of the business unit of AREC, equal to EUR 7.6 million as of 30 September 2022, in addition to the residual difference to be allocated, recorded provisionally under goodwill for EUR 29.1 million. The item also includes goodwill from the acquisition of IT Auction (the company now merged into neprix), and its subsidiaries during 2020 (for EUR 14.6 million), as well as the goodwill recognised following the business combination of SPAXS with Banca Interprovinciale (equal to EUR 21.6 million), as well as the goodwill - although marginal - recognised on the acquisition of 100% of the units in the securitisation vehicles Doria SPV S.r.l., Friuli SPV S.r.l., Pitti SPV S.r.l., River SPV S.r.l., and 66.7% of the units of the securitisation vehicle Aporti SPV S.r.l. This item also includes the IT investments made by Group companies.

Group property and equipment, equal to EUR 118.4 million, mainly consisted of assets covered by IAS 2, namely *datio in solutum* real estate involved in the lending business and items for functional use arising from the recognition of the right of use of assets acquired through lease agreements (IFRS 16).

Tax assets amounted to EUR 65.9 million, up on the EUR 45.7 million recognised as of 31 December 2021, and comprise EUR 4.9 million in current tax and EUR 61 million in deferred tax assets. Deferred tax assets other than those convertible into tax credits (Article 2, paragraph 55 et seq., of Italian Legislative Decree no. 225/2010) are recognised on the basis of the likelihood of earning taxable income in future years able to reabsorb the temporary differences. Deferred tax assets also include the effects of the exercise of the tax relief option on goodwill and other intangible assets recognised in the financial statements following extraordinary operations and purchases of equity investments. The increase in deferred tax assets compared to the end of the previous year is mainly due to the deferred tax assets recorded in the negative net valuation reserve on government bonds managed through the HTCS business model.

Total consolidated liabilities and shareholders' equity as of 30 September 2022 amounted to EUR 5,291.1 million. Amounts due to customers, net of the lease liability referred to IFRS 16, amounted to EUR 3,186.1 million, increasing compared to 31 December 2021. Due to banks – including the central bank component – amounted to EUR 581.3 million and was also up on the comparative figure as of 31 December 2021. Securities issued were equal to EUR 514.6 million, up on the figure for the end of 2021, mainly due to the components of interest accrued pro-rata during the first nine months of 2022.

Financial liabilities held for trading, equal to EUR 24.3 million as of 30 September 2022, were fully comprised of derivative liabilities. The balance recorded a net increase on the comparative figure, as these operations were consolidated over the period.

Consolidated shareholders' equity of the Group came to EUR 813.5 million, up on the end of 2021 due to the new issues of shares destined for the acquisition of the business unit of AREC, the issue of shares as part of the ESOP program and, lastly, due to the contribution of the profit accrued in the period, net of the negative changes recorded in the valuation reserves.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(amounts in thousands of euros)

Components of official items of the Income Statement	Income Statement items	30 September 2022	30 September 2021	Chg.	Chg. %
10 + 20 + 320	Net interest margin	116,100	98,649	17,451	18%
40 + 50	Net fee and commission income	41,791	23,917	17,874	75%
70 + 80 + 100 + 110	Profits/losses on financial assets and liabilities	13,288	12,441	847	7%
130 a) + 130 b) + 200 a) + 280	Net write-downs/write-backs on closed positions	45,304	44,503	801	2%
280	Other profits (losses) from the disposal of investments	-	2,278	(2,278)	(100%)
140 + 230	Other operating expenses and income (excluding taxes)	17,111	11,584	5,527	48%
Total net operating income		**233,594**	**193,373**	**40,221**	**21%**
190 a)	Personnel expenses	(64,369)	(51,470)	(12,899)	25%
190 b)	Other administrative expenses	(64,087)	(52,855)	(11,232)	21%
210 + 220	Net adjustments/recoveries on property and equipment and intangible assets	(11,911)	(7,834)	(4,077)	52%
Operating expenses		**(140,367)**	**(112,159)**	**(28,208)**	**25%**
Operating profit (loss)		**93,227**	**81,214**	**12,013**	**15%**
130 a)	Net losses/recoveries for credit risk - HTC Banks	64	45	19	42%
130 a)	Net losses/recoveries for credit risk - HTC Financial entities	50	(129)	179	N/A
130 a)	Net losses/recoveries for credit risk - HTC Clients	(4,117)	923	(5,040)	N/A
130 b)	Net losses/recoveries for credit risk - HTCS	(918)	(684)	(234)	34%
200 a)	Net adjustments/recoveries for commitments and guarantees	(241)	(2,947)	2,706	(92%)
Total net adjustments/recoveries		**(5,162)**	**(2,792)**	**(2,370)**	**85%**
200 b)	Other net provisions	(38)	-	(38)	N/A
250	Other income (expenses) on investments	(5,665)	(5,970)	305	(5%)
190 b)	Contributions and other non-recurring expenses	(4,711)	(3,737)	(974)	26%
Profit (loss) from operations before taxes		**77,651**	**68,714**	**8,937**	**13%**
300 + 320	Income tax for the period on continuing operations	(27,054)	(22,515)	(4,539)	20%
Profit (loss) for the period		**50,597**	**46,199**	**4,398**	**10%**

Consolidated income statement highlights

The Group's total net operating income for the period ended 30 September 2022 amounted to EUR 233.6 million, up sharply on the same period of the previous year, when it came to approximately EUR 193.4 million.

The increase in total operating income is to be attributed to the introduction and expansion of various lines of business by the Bank during the fourth quarter of 2021 and the first nine months of 2022, which contributed to the increase in the net interest margin of the Group from EUR 98.6 million as of 30 September 2021 to EUR 116.1 million as of 30 September 2022. Specifically, the increase of EUR 17.5 million in interest income is mainly attributable to the greater disbursements made by the Growth Credit Division and the higher interest deriving from the HTC and HTCS securities portfolios.

Net fee and commission income, which amounted to EUR 41.8 million as at 30 September 2022, also increased on the comparative figure by EUR 17.9 million, on one side, due to greater operations of the Growth Credit and Investment Banking Divisions, and, on the other, as a result of the entry of AREC in the Group. That item also includes the revenues of Abilio and its subsidiary Abilio Agency, which contribute to the item through the "auction commissions" accrued for the use of the proprietary real estate portals.

The total net operating income also included the net profit/loss on positions closed in the first nine months of 2022 for a total of EUR 45.3 million (44.5 million as of 30 September 2021), a figure that includes both net recoveries on closed customer POCI positions and the profits (losses) on the sale of properties and on *datio in solutum* transactions.

Lastly, the balance of other operating expenses/income went up significantly, due primarily to licence rights granted to ION for the IT platform developed by illimity, which made a positive contribution of EUR 12.8 million in the first nine months of 2022.

Operating expenses of EUR 140.4 million for the period ended 30 September 2022 were up by approximately EUR 28.2 million compared to the same period of the previous year.

In detail, personnel expenses increased compared to the previous year by approximately EUR 12.9 million, as a result of new resources being employed, to support the increased activities of the Bank's Divisions, and also due to the operating activities of neprix and the entry of AREC into the Group.

Other administrative expenses amounted to approximately EUR 64.1 million, increasing by EUR 11.2 million compared to the same period of the previous year, and refer primarily to IT and software expenses, expenses for professional services and legal and notary's fees.

Finally, the item includes net adjustments/recoveries for property and equipment and intangible assets totalling around EUR 11.9 million, up by EUR 4.1 million compared to 30 September 2021, both due to the amortisation of IT investments and depreciation of materials managed in application of IFRS 16 and due to the amortisation of the specific intangible assets identified in the Purchase Price Allocation process relating to the acquisition of the business unit of AREC.

Overall net losses/recoveries on portfolio positions were negative for EUR 5.2 million. In detail, net losses on positions measured at amortised cost are primarily related to individual and collective assessments of loans to customers and the effects of the revision of expected cash flows from the NPL portfolios.

Moreover, expenses on investments, related to results for the period of consolidated companies with the equity method, came to EUR 5.7 million.

Contributions and other non-recurring expenses were also recorded for around EUR 4.7 million, mainly attributable to the contributions allocated to the Interbank Deposit Protection Fund.

Based on the above, profit for the period ended 30 September 2022, before taxes, amounted to EUR 77.7 million.

Net of income tax for the period on continuing operations, equal to approximately EUR 27.1 million, consolidated net profit as of 30 September 2022 stood at EUR 50.6 million, compared to a profit of EUR 46.2 million as of 30 September 2021.

Basic earnings per share as of 30 September 2022, calculated by dividing the result for the period by the weighted average number of ordinary shares issued, was equal to EUR 0.63, while diluted earnings per share as of the same date amounted to EUR 0.61.

Moreover, trailing earnings per share as of 30 September 2022 of the Group, calculated considering the economic results and weighted average number of ordinary shares issued in the last twelve months, would amount to EUR 0.87 per share in the basic scenario, compared to EUR 0.86 in the diluted scenario.

See the section "Basic and diluted earnings per share" for details of the methodology used to calculate earnings per share.

Key data on capital

Invested assets

A table of invested assets broken down by Business Division and/or type of financial asset, is shown below:

(amounts in thousands of euros)

DETAILS OF INVESTED ASSETS	30 September 2022		31 December 2021		Change	
	Book value	Inc. %	Book value	Inc. %	Absolute	Chg. %
Cash and cash equivalents	**364,019**	**7.9%**	**507,779**	**12.3%**	**(143,760)**	**(28%)**
Financial assets held for trading	**32,374**	**0.7%**	**928**	**0.0%**	**31,446**	**>100%**
Financial instruments mandatorily measured at fair value	**117,977**	**2.5%**	**75,751**	**1.8%**	**42,226**	**56%**
- Distressed Credit Division	*84,231*	*1.8%*	*62,332*	*1.5%*	*21,899*	*35%*
- Growth Credit Division	*31,779*	*0.7%*	*13,289*	*0.3%*	*18,490*	*>100%*
- ALM & Treasury portfolio	*130*	*0.0%*	*130*	*0.0%*	*-*	*0%*
- Structured Products Portfolio	*1,837*	*0.0%*	*-*	*0.0%*	*1,837*	*n.a*
HTCS Financial assets	**396,180**	**8.6%**	**299,508**	**7.3%**	**96,672**	**32%**
- ALM & Treasury portfolio	*281,759*	*6.1%*	*261,566*	*6.4%*	*20,193*	*8%*
- Structured Products Portfolio	*94,514*	*2.0%*	*37,942*	*0.9%*	*56,572*	*>100%*
– Alternative Debt Portfolio	*19,907*	*0.4%*	*-*	*0.0%*	*19,907*	*n.a*
Due from banks	**38,504**	**0.8%**	**267,969**	**6.5%**	**(229,465)**	**(86%)**
- of which: Repurchase agreements	*-*	*0.0%*	*191,291*	*4.7%*	*(191,291)*	*(100%)*
Loans to financial entities	**145,115**	**3.1%**	**199,857**	**4.9%**	**(54,742)**	**(27%)**
Government Bonds	**215,290**	**4.7%**	**-**	**0.0%**	**215,290**	**n.a**
Loans to customers	**2,822,041**	**61.0%**	**2,509,884**	**61.0%**	**312,157**	**12%**
- Organic non-performing loans	*26,086*	*0.6%*	*21,025*	*0.5%*	*5,061*	*24%*
- Inorganic non-performing loans	*930,911*	*20.1%*	*1,048,358*	*25.5%*	*(117,447)*	*(11%)*
- Performing loans	*1,781,662*	*38.5%*	*1,440,501*	*35.0%*	*341,161*	*24%*
– Public Procurement Claims	*83,382*	*1.8%*	*-*	*0.0%*	*83,382*	*n.a*
Loans to customers - Securities	**495,779**	**10.7%**	**252,056**	**6.1%**	**243,723**	**97%**
- Distressed Credit Division (Senior Financing) - performing	*259,562*	*5.6%*	*217,790*	*5.3%*	*41,772*	*19%*
– Distressed Credit Division – inorganic POCI	*78,367*	*1.7%*	*-*	*0.0%*	*78,367*	*n.a*
- Growth Credit Division - inorganic POCI	*10,375*	*0.2%*	*10,037*	*0.2%*	*338*	*3%*
- Growth Credit Division - performing	*79,577*	*1.7%*	*24,229*	*0.6%*	*55,348*	*>100%*
– Investment Banking Division - performing	*67,898*	*1.5%*	*-*	*0.0%*	*67,898*	*n.a*
Total invested assets	**4,627,279**	**100%**	**4,113,732**	**100%**	**513,547**	**12%**

Loans to customers amounted to approximately EUR 2,822 million, up from EUR 2,509.9 million at the end of the previous year, due primarily to the new disbursements by the Growth Credit Division and the transactions finalised by the Investment Banking Division. The item also includes inorganic NPLs of approximately EUR 930.9 million classified as POCI (Purchased or Originated Credit Impaired), down from EUR 1,048.4 million recorded as of 31 December 2021, due to the disposal transactions concluded by the Divisions. As of 30 September 2022, Public Procurement Claims were also included among Group invested assets for a total of EUR 83.4 million, acquired during the period. Considering securities with customer counterparties, financing to customers amounted to EUR 3,317.8 million (+20.1%).

Financial assets mandatorily measured at fair value through profit and loss amounted to EUR 118 million as of 30 September 2022, up by EUR 42.2 million on 31 December 2021. The increase is mainly attributable to the disbursement of a new loan measured at fair value referring to the Growth Credit Division for EUR 22.5 million and the subscription of units of the iREC fund for EUR 20.6 million, attributable to the Distressed Credit Division.

As of 30 September 2022, those assets included, in addition to the new loans and the units of the iREC fund mentioned, instruments linked to the operations of the Energy Business for EUR 59.9 million, Equity Instruments/Earnouts referring to the Growth Credit Division for EUR 9.1 million, notes of securitisation vehicles for EUR 0.9 million, debt securities for EUR 1.8 million referring to the Investment Banking Division, investments in Senior Financing for EUR 2.9 million and units of UCIs for EUR 0.3 million.

Financial assets measured at fair value through other comprehensive income, held within a held-to-collect-and-sell business model were mainly represented by government bonds and securities issued by other banks and financial entities and high yield corporate bonds. The item totalled EUR 396.2 million, up sharply by EUR 96.7 million on 31 December 2021 following the purchases by ALM & Treasury and Investment Banking.

The remainder of the securities, equal to EUR 711.1 million, was measured at amortised cost (held-to-collect business model). That portfolio was composed of EUR 215.3 million in government bonds, EUR 259.6 million in senior financing securities, EUR 78.4 million in inorganic securities relating to the Distressed Credit Division, EUR 10.4 million in inorganic securities relating to the Growth Credit Division, EUR 79.6 million in high-yield securities in the Growth Credit Division and EUR 67.9 million in investments in the Investment Banking Division.

(amounts in thousands of euros)

INVESTED ASSETS BY TECHNICAL FORM	30 September 2022		31 December 2021		Change	
	Book value	Inc. %	Book value	Inc. %	Absolute	Chg. %
Cash and cash equivalents	**364,019**	**7.9%**	**507,779**	**12.3%**	**(143,760)**	**(28%)**
Due from banks	**38,504**	**0.8%**	**267,969**	**6.5%**	**(229,465)**	**(86%)**
Current accounts and deposits	38,504	0.8%	76,678	1.9%	(38,174)	(50%)
Reverse Repurchase Agreements	-	0.0%	191,291	4.7%	(191,291)	(100%)
Loans to financial entities	**145,115**	**3.1%**	**199,857**	**4.9%**	**(54,742)**	**(27%)**
Loans to customers	**2,822,042**	**61.0%**	**2,509,884**	**61.0%**	**312,158**	**12%**
Current accounts held by customers	184,653	4.0%	229,126	5.6%	(44,473)	(19%)
Loans	2,554,007	55.2%	2,280,758	55.4%	273,249	12%
Public Procurement Claims	83,382	1.8%	-	-	83,382	N/A
Loans mandatorily measured at fair value	**22,500**	**0.5%**	**-**	**0.0%**	**22,500**	**N/A**
Securities and financial derivatives	**1,235,099**	**26.7%**	**628,243**	**15.3%**	**606,856**	**97%**
Debt securities	1,172,688	25.3%	613,059	14.9%	559,629	91%
- Government bonds	*439,387*	*9.5%*	*199,178*	*4.8%*	*240,209*	*>100%*
- Bank bonds	*79,565*	*1.7%*	*61,405*	*1.5%*	*18,160*	*30%*
- Financial companies	*552,985*	*12.0%*	*299,932*	*7.3%*	*253,053*	*84%*
- Non-financial companies	*100,751*	*2.2%*	*52,544*	*1.3%*	*48,207*	*92%*
Financial Derivatives	32,345	0.7%	896	0.0%	31,449	>100%
Financial instruments/earnouts	9,135	0.2%	10,352	0.3%	(1,217)	(12%)
Equity securities	20	0.0%	19	0.0%	1	5%
Units of UCIs	20,911	0.5%	3,917	0.1%	16,994	>100%
Total	**4,627,279**	**100%**	**4,113,732**	**100%**	**513,547**	**12%**

In accordance with document no. 2011/226, issued by the European Securities and Markets Authority (ESMA) on 28 July 2011, the table above shows the incidence of the various technical forms on total invested assets.

Loans due from banks totalled EUR 38.5 million, down compared to 31 December 2021 due to the closing of reverse repurchase agreements, and were mainly comprised of deposits. Loans to customers also increased, mainly due to the new disbursements by the Growth Credit Division, driven by loans with a SACE guarantee, new acquisitions of POCI portfolios and of Public Procurement Claims carried out by the Distressed Credit Division, in addition to the new operations implemented in the period by the Investment Banking Division.

Lastly, debt securities amounted to EUR 1,172.7 million and mainly related to government entities and financial companies. The main changes on the end of the previous year were related to the Convivio transaction, subscribed by illimity in a joint venture with Apollo Global Management, and the purchase of government bonds.

The following is a summary of loans to customers measured at amortised cost broken down by business division.

(amounts in millions of euros)

FINANCING BY BUSINESS DIVISION	30 September 2022	Inc. %	31 December 2021	Inc. %	Chg.	Chg. %
Distressed Credit Division	1,307	35.5%	1,259	42.5%	48	4%
Growth Credit Division	1,772	48.2%	1,400	47.3%	372	27%
Investment Banking Division	108	2.9%	-	0.0%	108	N/A
Direct Banking Division	38	1.0%	3	0.1%	35	>100%
Loans to ordinary former BIP customers (Growth Credit)	93	2.5%	100	3.4%	(7)	(7%)
Total due from customers (Loans and Securities)	**3,318**	**90.2%**	**2,762**	**93.2%**	**556**	**20%**
Loans to financial entities	145	3.9%	200	6.8%	(55)	(28%)
Government Bonds	215	5.8%	-	0.0%	215	N/A
Financing to customers and financial entities measured at amortised cost	**3,678**	**100%**	**2,962**	**100%**	**716**	**24%**

The exposures of the Direct Banking Division include loans relating to the b-ilty business, for net exposure as of 30 September 2022 equal to around EUR 36 million, in addition to EUR 2 million in factoring transactions.

Financial assets measured at amortised cost

The table below provides an overview of the Group's main financing at amortised cost, compared with the relevant values as of 31 December 2021.

(amounts in thousands of euros)

FINANCIAL ASSETS AT AMORTISED COST	30 September 2022						31 December 2021					
	Gross Exposure	Inc. %	Write-downs/ write-backs	Book value	Inc. %	Coverage ratio (*)	Gross Exposure	Inc. %	Write-downs/ write-backs	Book value	Inc. %	Coverage ratio (*)
Due from banks	**38,541**	**0.9%**	**(37)**	**38,504**	**1.0%**	**0.10%**	**268,226**	**8.2%**	**(257)**	**267,969**	**8.3%**	**0.10%**
- Loans	38,541	0.9%	(37)	38,504	1.0%	0.10%	268,226	8.2%	(257)	267,969	8.3%	0.10%
- Stage 1-2	38,541	0.9%	(37)	38,504	1.0%	0.10%	268,226	8.2%	(257)	267,969	8.3%	0.10%
Loans to financial entities	**145,339**	**3.3%**	**(224)**	**145,115**	**3.9%**	**0.15%**	**200,131**	**6.1%**	**(274)**	**199,857**	**6.2%**	**0.14%**
- Loans	145,339	3.3%	(224)	145,115	3.9%	0.15%	200,131	6.1%	(274)	199,857	6.2%	0.14%
- Stage 1-2	145,339	3.3%	(224)	145,115	3.9%	0.15%	200,131	6.1%	(274)	199,857	6.2%	0.14%
Government Bonds	215,625	5.0%	(335)	215,290	5.8%	0.16%	-	0.0%	-	-	0.0%	N/A
- Stage 1-2	215,625	5.0%	(335)	215,290	5.8%	0.16%	-	0.0%	-	-	0.0%	N/A
Loans to customers	**3,942,452**	**90.8%**	**(624,632)**	**3,317,820**	**89.3%**	**N/A**	**2,790,810**	**85.6%**	**(28,870)**	**2,761,940**	**85.5%**	**N/A**
Securities	498,084	11.5%	(2,305)	495,779	13.3%	0.46%	253,354	7.8%	(1,298)	252,056	7.8%	0.51%
- Stage 1-2	409,342	9.4%	(2,305)	407,037	11.0%	0.56%	243,317	7.5%	(1,298)	242,019	7.5%	0.53%
- Stage 3	88,742	2.0%	-	88,742	2.4%	0.00%	10,037	0.3%	-	10,037	0.3%	0.00%
Loans	2,768,449	63.8%	(29,790)	2,738,659	73.7%	1.08%	2,537,456	77.9%	(27,572)	2,509,884	77.7%	1.09%
- Stage 1-2	1,791,985	41.3%	(10,323)	1,781,662	47.9%	0.58%	1,449,544	44.5%	(9,043)	1,440,501	44.6%	0.62%
- Stage 3	976,464	22.5%	(19,467)	956,997	25.7%	N/A	1,087,912	33.4%	(18,529)	1,069,383	33.1%	N/A
Public Procurement Claims	675,919	15.6%	(592,537)	83,382	2.2%	N/A	-	0.0%	-	-	0.0%	N/A
Total	**4,341,957**	**100%**	**(625,228)**	**3,716,729**	**100%**	**N/A**	**3,259,167**	**100%**	**(29,401)**	**3,229,766**	**100%**	**N/A**

(*) In the column "Coverage ratio", the value "n/a" was inserted as it refers to net write-downs/write-backs and therefore is not correlated to the gross exposure in terms of coverage representation.

Financial assets at amortised cost, equal to EUR 3,716.7 million as of 30 September 2022, were mainly composed of loans to customers, which comprise 89.3% of the total of the item, in addition to due from banks, which comprise 1% of the total, loans to financial entities and government bonds, which comprise 3.9% and 5.8% of the total, respectively.

In terms of the quality of loans, most of the assets at amortised cost refer to performing financial assets, which comprise 71.9% of the total, while the remainder is composed of non-performing loans. That figure has naturally been influenced by the component of inorganic securities and loans, which comprise the core business of the Distressed Credit Division.

Compared to the composition of the portfolio as of 31 December 2021, loans at amortised cost now include Government Bonds of EUR 215.3 million and Public Procurement Claims of EUR 83.4 million.

(amounts in thousands of euros)

LOANS TO CUSTOMERS	30 September 2022						31 December 2021					
	Gross Exposure	Inc. %	Write-downs/ write-backs	Book value	Inc. %	Coverage ratio (*)	Gross Exposure	Inc. %	Write-downs/ write-backs	Book value	Inc. %	Coverage ratio (*)
- Non-performing loans – organic	**45,553**	**1.2%**	**(19,467)**	**26,086**	**0.8%**	**42.73%**	**39,554**	**1.4%**	**(18,529)**	**21,025**	**0.8%**	**46.84%**
- Bad loans	20,467	0.5%	(14,603)	5,864	0.2%	71.35%	19,014	0.7%	(14,027)	4,987	0.2%	73.77%
- Unlikely-to-pay positions	24,933	0.6%	(4,834)	20,099	0.6%	19.39%	20,370	0.7%	(4,468)	15,902	0.6%	21.93%
- Past-due positions	153	0.0%	(30)	123	0.0%	19.61%	170	0.0%	(34)	136	0.0%	20.00%
Non-performing loans - inorganic	**930,911**	**23.6%**	**-**	**930,911**	**28.1%**	**N/A**	**1,048,358**	**37.6%**	**-**	**1,048,358**	**38.0%**	**N/A**
- Bad loans	599,889	15.2%	-	599,889	18.1%	N/A	699,429	25.1%	-	699,429	25.3%	N/A
- Unlikely-to-pay positions	331,022	8.4%	-	331,022	10.0%	N/A	348,929	12.5%	-	348,929	12.6%	N/A
Non-performing securities - Inorganic	**88,742**	**2.3%**	**-**	**88,742**	**2.7%**	**N/A**	**10,037**	**0.4%**	**-**	**10,037**	**0.4%**	**N/A**
- Unlikely-to-pay positions	88,742	2.3%	-	88,742	2.7%	N/A	10,037	0.4%	-	10,037	0.4%	N/A
Public Procurement Claims	**675,919**	**17.1%**	**(592,537)**	**83,382**	**2.5%**	**N/A**	**-**	**0.0%**	**-**	**-**	**0.0%**	**N/A**
Performing loans	**2,201,327**	**55.8%**	**(12,628)**	**2,188,699**	**66.0%**	**0.57%**	**1,692,861**	**60.7%**	**(10,341)**	**1,682,520**	**60.9%**	**0.61%**
- Securities	409,342	10.4%	(2,305)	407,037	12.3%	0.56%	243,317	8.7%	(1,298)	242,019	8.8%	0.53%
Growth Credit	80,859	2.1%	(1,282)	79,577	2.4%	1.59%	24,741	0.9%	(512)	24,229	0.9%	2.07%
Distressed Credit	260,479	6.6%	(917)	259,562	7.8%	0.35%	218,576	7.8%	(786)	217,790	7.9%	0.36%
Investment Banking	68,004	1.7%	(106)	67,898	2.0%	0.16%	-	0.0%	-	-	0.0%	N/A
- Loans	1,791,985	45.5%	(10,323)	1,781,662	53.7%	0.58%	1,449,544	51.9%	(9,043)	1,440,501	52.2%	0.62%
Total	**3,942,452**	**100%**	**(624,632)**	**3,317,820**	**100%**	**N/A**	**2,790,810**	**100%**	**(28,870)**	**2,761,940**	**100%**	**N/A**

(*) In the column "Coverage ratio", the value "n/a" was inserted as it refers to net write-downs/write-backs and therefore is not correlated to the gross exposure in terms of coverage representation.

Organic non-performing loans amounted to EUR 26.1 million, due to the inflows of positions to the UTP portfolio, and increased slightly on the figure recorded as of 31 December 2021. The coverage ratio for organic non-performing loans as of 30 September 2022, equal to 42.7%. That figure decreased on the comparative figure, due to the different percentages of risk statuses out of the total.

Inorganic non-performing loans amounted to EUR 930.9 million, of which:

- EUR 599.9 million relating to purchase transactions concluded by the Growth Credit and Distressed Credit Divisions classified as Bad loans, registering a decrease compared to EUR 699.4 million as of 31 December 2021;
- EUR 331.0 million relating to purchase transactions concluded by the Growth Credit and Distressed Credit Divisions classified as unlikely-to-pay positions, registering an increase compared to EUR 348.9 million as of 31 December 2021.

Instead, inorganic non-performing securities, equal to EUR 88.7 million as of 30 September 2022, increased on the comparative figure by EUR 78.7 million. That change is mainly connected with illimity's subscription of the Convivio transaction, in a joint venture with Apollo Global Management.

Performing loans amounted to EUR 1,781.7 million, in addition to EUR 83.4 million in Public Procurement Claims, thus resulting in a total of EUR 1,865.1 million. Performing securities amounted to EUR 407 million as of 30 September 2022, up on 31 December 2021 in relation to increased operations of both the Distressed Credit Division and the Growth Credit Division, and the entry of the Investment Banking Division. The total performing portfolio thus grew compared to EUR 1,682.5 million as of 31 December 2021.

The coverage ratio for performing loans of the Bank as of 30 September 2022, net of Public Procurement Claims, was equal to 0.58%, generally in line with the comparative figure as of 31 December 2021.

Funding

(amounts in thousands of euros)

CUSTOMER FUNDING BY TECHNICAL FORM	30 September 2022		31 December 2021		Change	
	Book value	Inc. %	Book value	Inc. %	Absolute	Chg. %
Amounts due to customers (A)	3,186,094	74.4%	2,818,146	75.6%	367,948	13.1%
Securities issued (B)	514,632	12.0%	499,788	13.4%	14,844	3.0%
Total direct customer funding (A) + (B)	**3,700,726**	**86.4%**	**3,317,934**	**89%**	**382,792**	**11.5%**
Due to banks (C)	581,314	13.6%	411,314	11.0%	170,000	41.3%
Total debt (A) + (B) + (C)	**4,282,040**	**100%**	**3,729,248**	**100%**	**552,792**	**14.8%**

The Group's liabilities present total "direct funding" of EUR 4,282 million, broken down between customers for EUR 3,700.7 million and banks for EUR 581.3 million. The increase was mainly due to the growth in customer funding in the form of time deposits. Due to banks – including the central bank component – was up on the comparative figure as of 31 December 2021. Securities issued were equal to EUR 514.6 million, up on the figure for the end of 2021, mainly due to the components of interest accrued pro-rata during the first nine months of 2022.

Property and equipment and intangible assets

Property and equipment as of 30 September 2022 amounted to approximately EUR 118.4 million, up from EUR 68.7 million as of 31 December 2021, due mainly to the inclusion in the portfolio of property accounted for pursuant to IAS 2, in the context of the finalisation of the Kenobi transactions and, more generally, as part of *datio in solutum* transactions. In accordance with IFRS 16, the item includes the rights of use of assets acquired through lease agreements, of approximately EUR 22.1 million, net of accumulated depreciation.

Intangible assets of the Group include the specific intangible assets identified in carrying out the Purchase Price Allocation process following the acquisition of the business unit of AREC, equal to EUR 7.6 million as of 30 September 2022, in addition to the residual difference to be allocated, recorded provisionally under goodwill for EUR 29.1 million. The item also includes goodwill from the acquisition of IT Auction (the company now merged into neprix), and its subsidiaries during 2020 (for EUR 14.6 million), as well as the goodwill recognised following the business combination of SPAXS with Banca Interprovinciale (equal to EUR 21.6 million), as well as the goodwill - although marginal - recognised on the acquisition of 100% of the units in the securitisation vehicles Doria SPV S.r.l., Friuli SPV S.r.l., Pitti SPV S.r.l., River SPV S.r.l., and 66.7% of the units of the securitisation vehicle Aporti SPV S.r.l. This item also includes the IT investments made by Group companies.

Tax assets and tax liabilities

Tax assets amounted to approximately EUR 65.9 million as of 30 September 2022, up from the EUR 45.7 million recognised as of 31 December 2021. Details of the breakdown of tax assets are shown below.

(amounts in thousands of euros)

TAX ASSETS	30 September 2022	31 December 2021	Chg.	Chg. %
Current	4,928	5,168	(240)	(5%)
Deferred	61,006	40,504	20,502	51%
Total	**65,934**	**45,672**	**20,262**	**44%**

Deferred tax assets other than those convertible into tax credits (Article 2, paragraph 55 et seq., of Italian Legislative Decree no. 225/2010) are recognised on the basis of the likelihood of earning taxable income in future years able to reabsorb the temporary differences.

Deferred tax assets also include the effects of the exercise of the tax relief option on goodwill and other intangible assets recognised in the financial statements following extraordinary operations and purchases of equity investments.

The increase in deferred tax assets compared to the end of the previous year is mainly due to the deferred tax assets recorded in the negative net valuation reserve on government bonds managed through the HTCS business model.

Tax liabilities amounted to approximately EUR 28.5 million as of 30 September 2022, up from the EUR 20.3 million recognised as of 31 December 2021. Details of the breakdown of tax liabilities are shown below.

(amounts in thousands of euros)

TAX LIABILITIES	30 September 2022	31 December 2021	Chg.	Chg. %
Current	25,103	19,156	5,947	31%
Deferred	3,373	1,100	2,273	>100%
Total	**28,476**	**20,256**	**8,220**	**41%**

The increase recorded in deferred tax liabilities is linked to the posting of the tax effect deriving from the recognition of the specific intangible assets identified in carrying out the Purchase Price Allocation process following the acquisition of the business unit of AREC.

Capital adequacy

On 1 January 2014, the new prudential requirements for banks and investment firms came into force, which are contained in Regulation (EU) No 575/2013 (Capital Requirements Regulation, the CRR) and in Directive 2013/36/EU (Capital Requirements Directive, the CRD IV), which have transposed into the EU the standards set by the Basel Committee on Banking Supervision (Basel 3 Framework). The CRR entered into effect in the Member States directly, whereas the rules laid down in CRD IV were transposed into Italian law by Legislative Decree no. 72 of 12 May 2015, which entered into force on 27 June 2015. Following a public consultation process launched in November, on 17 December 2013 the Bank of Italy published Circular no. 285, "Prudential supervisory regulations for banks", implementing the new EU rules to the extent of its competency, together with Circular no. 286, "Instructions for completing prudential reports for banks and securities brokerage firms" and the update to Circular no. 154 "Supervisory reports by credit and financial institutions. Reporting formats and instructions for submitting data streams" (the above set of rules has been updated on several occasions).

On 17 March 2022 illimity Bank, following the Supervisory Review and Evaluation Process (SREP) performed on the illimity Banking Group, received notification from the Bank of Italy of the prudential requirements to be observed at the consolidated level with effect from 31 March 2022. To ensure compliance with the binding requirements even in the event of a deterioration in the economic and financial scenario (Pillar 2 Guidance - P2G), the Bank of Italy communicated the following capital levels, which the illimity Banking Group was invited to maintain on an ongoing basis:

- Common Equity Tier 1 (CET1) ratio of 9.10%;
- Tier 1 ratio of 11.00%;
- Total Capital ratio of 13.50%.

In that regard, it is noted that the Bank continues to substantially comply with the original voluntary commitment to maintain the CET1 ratio at a level above 15% on an ongoing basis.

In determining own funds the profit (loss) for the period was allocated net of all charges and dividends that may be forecast pursuant to the CRR, article 26, paragraph 2, letter b) and Delegated Regulation (EU) 241/2014, articles 2 and 3. In particular, CET1 capital included 80% of profits for the period, based on a consolidated payout ratio of 20%, in line with the current business plan. That being said, the breakdown of own funds at the reporting date was as follows:

Capital ratios	30 September 2022	31 December 2021
Common Equity Tier 1 (CET1) capital	**660,205**	**642,467**
Additional Tier 1 (AT1) capital	**-**	**-**
Tier 2 (T2) capital	**207,242**	**200,432**
Total own funds	**867,447**	**842,899**
Credit risk	*271,308*	*253,619*
Credit valuation adjustment risk	*-*	*-*
Settlement risks	*-*	*-*
Market risks	*4,408*	*780*
Operational risk	*18,518*	*18,518*
Other calculation factors	*-*	*-*
Total minimum requirements	**294,234**	**272,917**
Risk-weighted assets	**3,677,919**	**3,411,468**
Common Equity Tier 1 ratio (*Phased-in*)	**17.95%**	**18.83%**
Common Equity Tier 1 ratio (*Fully Loaded*)	**17.49%**	**18.74%**
Total capital ratio (*Phased-in*)	**23.59%**	**24.71%**
Total capital ratio (*Fully Loaded*)	**23.13%**	**24.61%**

Note that the capital of the illimity Group as of 30 September takes account of the conversion on 21 September 2022 of 1,440,000 000 special shares into ordinary shares, which resulted in a benefit amounting to EUR 14.4 million.

The difference between the Fully Loaded ratio and the Phased-in ratio is due to the application of Regulation 2020/873, specifically: temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income in view of the COVID-19 pandemic, and to a residual extent to the application of IFRS 9 to own funds and capital ratios.

Note that on 21 June, Regulation 2022/954 amending the regulatory technical standards as regards the calculation of specific and general credit risk adjustments was published in the Official Journal of the European Union. The application of that regulation, in force from July 2022, requires, for credit exposures acquired with a discount of 20% or more, a weighting factor of 100% on the non-guaranteed portion (instead of 150%). The benefit amounted to around EUR 250 million on own funds.

Changes in shareholders’ equity

Consolidated shareholders' equity came to EUR 813.5 million, up on the end of 2021 due to the share capital increase destined for the acquisition of the business unit of AREC, the issue of shares as part of the ESOP program and, lastly, due to the contribution of the profit accrued in the period, net of the negative changes recorded in the valuation reserves.

Items/Technical forms	30 September 2022	31 December 2021
1. Share capital	54,514	52,620
2. Share premium reserve	624,583	597,589
3. Reserves	135,635	63,904
4. Equity instruments	-	-
5. (Treasury shares)	(747)	(832)
6. Valuation reserves	(51,135)	(6,057)
7. Profit (loss) for the period	50,597	65,591
Total shareholders’ equity attributable to the Group	**813,447**	**772,815**
Shareholders’ equity attributable to minority interests	5	5
Total shareholders' equity	**813,452**	**772,820**

Share capital and ownership structure

As of 30 September 2022, the Bank's share capital amounted to EUR 56,083,976.14, of which EUR 54,513,905.72 was subscribed and paid up, divided into 83,645,108 ordinary shares.

The Ordinary Shares were admitted to trading on the Euronext Milan market organised and managed by Borsa Italiana S.p.A. on 5 March 2019. By order of the Bank of Italy no. 8688 of 2 September 2020, the ordinary shares were admitted to trading on the STAR (Securities with High Requirements) segment of the Euronext Milan market.

Treasury shares

As of 30 September 2022, the Bank held 88,445 treasury shares for a value of EUR 747 thousand, down on the figures as of 31 December 2021, due to the allocation of 10,060 ordinary shares held to the MBO plan. The Bank's subsidiaries do not hold any shares in it. The Bank's subsidiaries do not hold any shares in it.

Parent company reconciliation - consolidated

The table below gives a reconciliation of the shareholders' equity and the result of illimity Bank S.p.A. with the respective data for the Group as of 30 September 2022:

	Shareholders' equity	Result
illimity Bank S.p.A.	**824,590**	**57,055**
Effect of consolidation of subsidiaries	(3,170)	-
Result of subsidiaries	(1,229)	(1,229)
Consolidation adjustments	6,632	436
Dividends	-	-
Effect of measuring associates and joint ventures using the equity method	(13,376)	(5,665)
Group	**813,447**	**50,597**

Financial performance

Net interest margin

(amounts in thousands of euros)

Items/Technical forms	Loans/ Payables	Debt securities	Other transactions	30 September 2022	30 September 2021	Absolute changes	Change %
Interest and similar income							
1. Financial assets measured at fair value through profit or loss	-	1,258	-	1,258	810	448	55%
Held for trading	-	-	-	-	*80*	*(80)*	*(100%)*
Carried at FV	-	-	-	-	-	-	*N/A*
Mandatorily measured at fair value	-	*1,258*	-	*1,258*	*730*	*528*	*72%*
2. Financial assets at FV through other comprehensive income	-	5,690	-	5,690	3,198	2,492	78%
3. Financial assets at amortised cost	136,542	19,137	-	155,679	137,680	17,999	13%
Due from banks	*140*	-	-	*140*	*534*	*(394)*	*(74%)*
Loans to customers	*136,402*	*19,137*	-	*155,539*	*137,146*	*18,393*	*13%*
4. Hedging derivatives	-	-	(93)	(93)	-	(93)	N/A
5. Other assets	-	-	1,744	1,744	173	1,571	>100%
6. Financial liabilities	-	-	-	947	2,245	(1,298)	(58%)
Total interest income	**136,542**	**26,085**	**1,651**	**165,225**	**144,106**	**21,119**	**15%**
Interest expenses							
1. Amounts due to customers	(30,495)	(14,844)	-	(45,339)	(41,102)	(4,237)	10%
Due to central banks	*(23)*	-	-	*(23)*	*(24)*	*1*	*(4%)*
Due to banks	*(2,427)*	-	-	*(2,427)*	*(3,692)*	*1,265*	*(34%)*
Amounts due to customers	*(28,045)*	-	-	*(28,045)*	*(27,222)*	*(823)*	*3%*
Securities issued	-	*(14,844)*	-	*(14,844)*	*(10,164)*	*(4,680)*	*46%*
2. Financial liabilities held for trading	-	-	-	-	-	-	N/A
3. Financial liabilities carried at FV	-	-	-	-	-	-	N/A
4. Other liabilities and provisions	-	-	(2,078)	(2,078)	(1,475)	(603)	41%
5. Hedging derivatives	-	-	(80)	(80)	-	(80)	N/A
6. Financial assets	-	-	-	(1,628)	(2,880)	1,252	(43%)
Total interest expenses	**(30,495)**	**(14,844)**	**(2,158)**	**(49,125)**	**(45,457)**	**(3,668)**	**8%**
Net interest margin	**106,047**	**11,241**	**(507)**	**116,100**	**98,649**	**17,451**	**18%**

As of 30 September 2022, the net interest margin amounted to approximately EUR 116.1 million, up on the same period of the previous year, when it amounted to approximately EUR 98.6 million.

The change described above is mainly due to the increase in interest income accrued on financial assets at amortised cost: in particular, interest on loans to customers increased by EUR 18.4 million compared to the same period of the previous year. This increase is due to larger portfolio volumes in the Bank's assets.

Interest income also increased on financial assets measured at fair value through profit and loss and through other comprehensive income due the purchase of securities assigned to this own portfolio.

Interest expense increased by approximately EUR 3.7 million compared to 30 September 2021, due to the rise of EUR 4.7 million in interest expense on securities issued - mainly following the issue of ordinary and subordinated bonds, which was partially offset by the reduction in interest expense on amounts due to banks for EUR 1.3 million, linked to the reduction in repurchase agreement operations with banking counterparties.

Net fee and commission income

(amounts in thousands of euros)

Items/Technical forms	30 September 2022	30 September 2021	Absolute changes	Change %
Fee and commission income				
a) Financial instruments	1	3	(2)	(67%)
b) Corporate Finance	4,524	3,014	1,510	50%
e) Collective portfolio management	2,079	806	1,273	>100%
f) Custody and administration	-	1	(1)	(100%).
i) Payment services	925	864	61	7%
j) Distribution of third party services	115	91	24	26%
l) Servicing activities for securitisation operations	2,809	-	2,809	n.a
n) Financial guarantees issued	211	51	160	>100%
o) Loan operations	20,940	9,554	11,386	>100%
p) Currency trading	38	38	-	0%
r) Other fee and commission income	13,154	13,128	26	0%
Total	**44,796**	**27,550**	**17,246**	**63%**
Fee and commission expense				
a) Financial instruments	-	(198)	198	(100%)
d) Custody and administration	(171)	(113)	(58)	51%
d) Collection and payment services	(1,137)	(1,358)	221	(16%)
f) Servicing activities for securitisation operations	(280)	(1,065)	785	(74%)
h) Financial guarantees received	-	(1)	1	(100%)
k) Other fee and commission expense	(1,417)	(898)	(519)	58%
Total	**(3,005)**	**(3,633)**	**628**	**(17%)**
Net fee and commission income	**41,791**	**23,917**	**17,874**	**75%**

Net fee and commission income amounted to EUR 41.8 million, up significantly compared to the period ended 30 September 2021, when it amounted to EUR 23.9 million. The increase was primarily generated by fee and commission income referring to the Growth Credit and Investment Banking Divisions.

As regards commission income from servicing, the entry of AREC into the Group provided a positive contribution of EUR 2.3 million to the item.

Lastly, note that Other fee and commission income includes the fee and commission income deriving from the specific business of Group companies, referring to neprix, Abilio and Abilio Agency – and specifically the auction commissions and commissions from associated services, accrued on the use of the company's real estate portals – for around EUR 8.2 million.

Other operating expenses and income

(amounts in thousands of euros)

Items/Technical forms	30 September 2022	30 September 2021	Absolute changes	Change %
Other operating expenses				
Amortisation of expenses for improvements on third party assets	(102)	(65)	(37)	57%
Other operating expenses	(885)	(1,363)	478	(35%)
Total	**(987)**	**(1,428)**	**441**	**(31%)**
Other operating income				
Recoveries of expenses from other customers	2,724	1,275	1,449	>100%
Other income	13,564	9,711	3,853	40%
Rental income	1,810	2,026	(216)	(11%)
Total	**18,098**	**13,012**	**5,086**	**39%**
Other operating income/expenses	**17,111**	**11,584**	**5,527**	**48%**

The item includes operating income and expenses of the Bank and its subsidiaries. Other operating income is mainly from the amount regarding ION to use the licence on the IT platform developed by illimity, for EUR 12.8 million, and sales revenues of neprix and the Group's real estate companies. Other main components refer to rental income for the management of real-estate complexes, recognised under Property and Equipment, acquired through the NPL business.

Personnel expenses

(amounts in thousands of euros)

Items/Technical forms	30 September 2022	30 September 2021	Absolute changes	Change %
1. Employees	(62,139)	(48,366)	(13,773)	28%
2. Other personnel in service	(371)	(1,462)	1,091	(75%)
3. Directors and statutory auditors	(1,859)	(1,642)	(217)	13%
Personnel expenses	**(64,369)**	**(51,470)**	**(12,899)**	**25%**

Personnel expenses amounted to approximately EUR 64.4 million and consist mainly of employee wages and salaries and the related social security contributions. This item went up compared to the same period of the previous year due to new personnel being employed to support the Group's new, increased operations.

The Group had a total of 851 employees as of 30 September 2022, up on 30 September 2021 (when it was equal to 703).

Note that on 30 June AREC joined the Group, contributing 28 resources to the workforce as at 30 September 2022.

Other Administrative expenses

(amounts in thousands of euros)

Items/Technical forms	30 September 2022	30 September 2021	Absolute changes	Change %
Insurance	(2,561)	(2,422)	(139)	6%
Various consulting services	(7,797)	(6,046)	(1,751)	29%
Cost of services	(3,318)	(2,540)	(778)	31%
Financial information	(2,385)	(1,773)	(612)	35%
Adverts and advertising	(4,352)	(1,727)	(2,625)	>100%
Financial statement audit	(602)	(551)	(51)	9%
IT and software expenses	(18,089)	(15,654)	(2,435)	16%
Legal and notary's fees	(6,763)	(4,208)	(2,555)	61%
Property management expenses	(3,907)	(2,711)	(1,196)	44%
Expenses for professional services	(7,593)	(6,680)	(913)	14%
Utilities and services	(1,200)	(1,113)	(87)	8%
Other indirect taxes and duties	(3,888)	(6,523)	2,635	(40%)
Others	(1,632)	(907)	(725)	80%
Total other administrative expenses	**(64,087)**	**(52,855)**	**(11,232)**	**21%**

Other administrative expenses amounted to approximately EUR 64.1 million, increasing by EUR 11.2 million compared to the same period of the previous year, and refer primarily to IT and software expenses, expenses for professional services, advertising expenses and legal and notary's fees.

Net adjustments/recoveries on property and equipment and intangible assets

(amounts in thousands of euros)

Items/Technical forms	30 September 2022	30 September 2021	Absolute changes	Change %
Net adjustments/recoveries on property and equipment				
Property and equipment with functional use				
of which: own Property and equipment	*(416)*	*(672)*	*256*	*38%*
of which: Inventories	*(107)*	*-*	*(107)*	*n.a*
of which: Rights of use acquired through lease agreements	*(2,178)*	*(1,728)*	*(450)*	*26%*
Total	**(2,701)**	**(2,400)**	**(301)**	**13%**
Net adjustments/recoveries on intangible assets				
Finite useful life	(9,210)	(5,434)	(3,776)	69%
Indefinite useful life	-	-	-	n.a
Total	**(9,210)**	**(5,434)**	**(3,776)**	**69%**
Net adjustments/recoveries on property and equipment and intangible assets	**(11,911)**	**(7,834)**	**(4,077)**	**52%**

Net adjustments/recoveries on property and equipment and intangible assets amounted to approximately EUR 11.9 million, compared to EUR 7.8 million as of 30 September of the previous year. The increase was due to the amortisation of considerable IT investments made by the Bank, as well as greater depreciation for right of use assets, acquired through lease agreements, as indicated in IFRS 16, as well as the amortisation of intangible assets recognised in accordance with IFRS 3, following the acquisition of AREC.

Net losses/recoveries for assets measured at amortised cost

(amounts in thousands of euros)

Transactions/ Income components	Losses (1)						Recoveries (2)				30 September 2022
	Stage one	Stage two	Stage three		Purchased or originated impaired		Stage one	Stage two	Stage three	Purchased or originated impaired	
			Write-offs	Others	Write-offs	Others					
A. Due from banks	**(14)**	**-**	**-**	**-**	**-**	**-**	**240**	**-**	**-**	**-**	**226**
- loans	(14)	-	-	-	-	-	240	-	-	-	226
- debt securities	-	-	-	-	-	-	-	-	-	-	-
B. Loans to customers:	**(4,878)**	**(806)**	**-**	**(2,305)**	**-**	**(83,509)**	**2,743**	**380**	**1,180**	**128,484**	**41,289**
- loans	(3,079)	(553)	-	(2,305)		(83,509)	2,150	262	1,180	128,484	42,630
- debt securities	(1,799)	(253)	-	-		-	593	118	-	-	(1,341)
Total	**(4,892)**	**(806)**	**-**	**(2,305)**	**-**	**(83,509)**	**2,983**	**380**	**1,180**	**128,484**	**41,515**

Net adjustments/recoveries for assets measured at amortised cost amounted to EUR 41.5 million. In particular, net recoveries on POCI loans amounted to EUR 45 million, as shown in the table above, primarily attributable to closed positions. Item 130 a) also includes net adjustments/recoveries relating to banks, financial entities and open POCI positions. The sub-item "purchased or originated impaired financial assets" refers to the amount of losses/recoveries on loans classified as purchased or originated credit impaired as a result of collections or revisions of business plans.

Basic and diluted earnings (losses) per share

The basic earnings (loss) per share is calculated by dividing the Group's net profit (loss) for the period by the weighted average number of ordinary shares in issue during the same period.

(amounts in thousands of euros)

Basic and diluted earnings per share	Profit/(Loss) for the period	Average number of shares	Basic and diluted earnings per share
Period ended 30 September 2022	50,597	80,334,892	0.63
Period ended 30 September 2021	46,199	73,269,601	0.63

(amounts in thousands of euros)

Diluted earnings (losses) per share	Profit/(Loss) for the period	Average number of shares	Diluted earnings (losses) per share
Period ended 30 September 2022	50,597	82,365,986	0.61
Period ended 30 September 2021	46,199	73,269,601	0.63

Trailing earnings per share as of 30 September 2022 of the Group, calculated considering the economic results and weighted average number of ordinary shares issued in the last twelve months, would amount to EUR 0.87 per share in the basic scenario, compared to EUR 0.86 in the diluted scenario.

Quarterly trend

The quarterly trend of the reclassified consolidated statement of financial position and consolidated income statement is presented below.

Reclassified Statement of Financial Position

(amounts in thousands of euros)

Assets	30 September 2022	30 June 2022	31 March 2022	31 December 2021	30 September 2021
Own portfolio - Securities at FV	428,554	432,345	428,100	300,436	264,768
Loans to customers HTCS	-	-	-	-	15,806
Financial instruments mandatorily measured at fair value	95,477	79,237	78,634	75,751	87,021
Loans mandatorily measured at fair value	22,500	22,500	-	-	521
Due from banks	38,504	30,737	54,729	267,969	373,040
Loans to financial entities	145,115	160,022	159,964	199,857	169,825
Loans to customers	3,317,820	3,194,213	2,831,749	2,761,940	2,473,115
Government Bonds HTC	215,290	160,846	107,565	-	-
Investments in equity	78,336	76,145	78,147	79,953	81,775
Property and equipment and intangible assets	248,943	218,739	168,091	153,984	153,986
Tax assets	65,934	61,302	51,144	45,672	24,247
Other assets	634,636	690,578	964,286	775,028	1,001,465
Total assets	**5,291,109**	**5,126,664**	**4,922,409**	**4,660,590**	**4,645,569**

(amounts in thousands of euros)

Liabilities	30 September 2022	30 June 2022	31 March 2022	31 December 2021	30 September 2021
Due to banks	581,314	539,198	412,190	411,314	546,046
Amounts due to customers	3,186,094	3,106,712	3,064,799	2,818,146	2,713,706
Securities issued	514,632	509,630	504,681	499,788	507,117
Financial liabilities in own portfolio – instruments at FV	24,293	13,413	1,855	59	-
Tax liabilities	28,476	16,211	26,747	20,256	8,354
Other liabilities	142,848	139,636	134,710	138,207	114,584
Shareholders' equity	813,452	801,864	777,427	772,820	755,762
Total liabilities and shareholders' equity	**5,291,109**	**5,126,664**	**4,922,409**	**4,660,590**	**4,645,569**

Reclassified Income Statement

(amounts in thousands of euros)

Income Statement items	3Q2022	2Q2022	1Q2022	4Q2021	3Q2021
Net interest margin	42,045	38,009	36,046	34,484	34,227
Net fee and commission income	14,145	14,809	12,837	11,639	10,275
Profits/losses on financial assets and liabilities	4,647	5,890	2,751	6,153	7,545
Net write-downs/write-backs on closed positions	8,553	16,195	20,556	18,956	7,076
Other profits (losses) from the disposal of investments	-	-	-	-	-
Other operating expenses and income	5,155	5,694	6,262	6,579	7,443
Total net operating income	**74,545**	**80,597**	**78,452**	**77,811**	**66,567**
Personnel expenses	(20,900)	(22,768)	(20,701)	(22,215)	(15,871)
Other administrative expenses	(21,414)	(21,859)	(20,814)	(23,337)	(17,083)
Net adjustments/recoveries on property and equipment and intangible assets	(4,587)	(3,912)	(3,412)	(2,898)	(2,649)
Operating expenses	**(46,901)**	**(48,539)**	**(44,927)**	**(48,450)**	**(35,603)**
Operating profit (loss)	**27,644**	**32,058**	**33,525**	**29,361**	**30,964**
Net losses/recoveries for credit risk - HTC Banks	43	(162)	183	(137)	48
Net losses/recoveries for credit risk - HTC Other financial entities	59	(8)	(1)	(30)	-
Net losses/recoveries for credit risk - HTC Clients	7,351	(5,679)	(5,789)	(13,699)	1,159
Net losses/recoveries for credit risk - HTCS	(205)	(171)	(542)	(222)	459
Net adjustments/recoveries for commitments and guarantees	(875)	110	524	218	(1,630)
Total net adjustments/recoveries	**6,373**	**(5,910)**	**(5,625)**	**(13,870)**	**36**
Other net provisions	-	(10)	(28)	(218)	-
Other income (expenses) on investments	(1,817)	(2,020)	(1,828)	(1,788)	(1,996)
Contributions and other non-recurring expenses	(2,622)	(127)	(1,962)	(1,351)	(1,765)
Profit (loss) from operations before taxes	**29,578**	**23,991**	**24,082**	**12,134**	**27,238**
Income tax for the period on continuing operations	(10,449)	(8,198)	(8,407)	7,258	(8,457)
Profit (loss) for the period	**19,129**	**15,793**	**15,675**	**19,392**	**18,781**

The net interest margin in the third quarter of 2022 amounted to EUR 42 million, up on the previous quarter and up strongly on the same period of 2021, following the purchases of NPL and PPC portfolios in the period and the disbursements carried out by the Growth Credit Division. The Distressed Credit Division was able to make a significant contribution also to the result for the period, in spite of the challenging market conditions.

Total net operating income for the third quarter of 2022 amounted to EUR 74.5 million. Besides net interest, revenues for the quarter included net commission for EUR 14.1 million, a net gain on positions closed in the quarter for approximately EUR 8.6 million, a positive contribution from trading for EUR 4.6 million and other net income, attributable to both more operations in the real estate sector connected with the management of securitised NPL portfolios, and the sale to ION of licence rights for the IT platform developed by illimity.

Operating expenses in the third quarter of 2022, equal to approximately EUR 46.9 million, improved over the previous quarter. Personnel costs decreased, despite the increase in staff, attributable to summer holidays taken by the staff of the Bank and subsidiaries, besides the cost of the ESOP, for EUR 1.5 million identified exclusively in the second quarter. Other administrative expenses, net of contributions and non-recurring expenses, were substantially in line with the previous quarter.

Net losses/recoveries, positive in the amount of EUR 6.4 million, are essentially linked to the valuation of the Customer HTC portfolio, with an impact significantly improving on the previous quarter, and deriving from the usual ongoing analysis of individual positions carried out by the management.

Lastly, expenses on investments, related to results for the period of companies consolidated using the equity method, came to EUR 1.8 million, in addition to membership fees and other non-recurring expenses for approximately EUR 2.6 million, mainly relating to the contributions to the SRF.

As a result of the above dynamics, the third quarter of 2022 ended with a profit before taxes on continuing operations equal to EUR 29.6 million. The net profit realised by the Group in the quarter amounted to EUR 19.1 million.

Contribution of operating segments to the Group's results

The illimity Group operates through an organisational structure comprising five Operating Segments:

a. Distressed Credit
b. Growth Credit
c. Investment Banking
d. Direct Banking;
e. Asset Management Company.

In addition, the Corporate Centre has the function of steering, coordinating and controlling the entire Group.

illimity Group segment reporting is based on elements that management uses to make its operating decisions ("management approach"), in line with the reporting requirements of IFRS 8.

The next table shows the main data summarising developments in the operating segments of the illimity Group in the first nine months of 2022.

Economic performance	Distressed Credit	Growth Credit	Investment Banking	Direct Banking	SGR	Corporate Centre	30 September 2022
Net interest margin	84.6	25.0	2.7	3.8	-	-	116.1
Net fee and commission income	13.1	19.9	6.7	-	2.1	-	41.8
Other economic components	56.8	4.6	1.5	10.5	-	2.3	75.7
Total net operating income	**154.5**	**49.5**	**10.9**	**14.3**	**2.1**	**2.3**	**233.6**
Personnel expenses	(24.1)	(8.6)	(2.6)	(5.7)	(1.7)	(21.7)	(64.4)
Other administrative expenses and Net adjustments/ recoveries on property and equipment and intangible assets	(35.2)	(5.3)	(1.3)	(13.2)	(0.4)	(20.6)	(76.0)
Operating expenses	**(59.3)**	**(13.9)**	**(3.9)**	**(18.9)**	**(2.1)**	**(42.3)**	**(140.4)**
Operating profit (loss)	**95.2**	**35.6**	**7.0**	**(4.6)**	**-**	**(40.0)**	**93.2**
Total net adjustments/ recoveries and other provisions	(1.6)	(2.7)	(0.8)	(0.1)	-	-	(5.2)
Contributions and other non-recurring expenses	(0.7)	(0.8)	-	(1.0)	-	(2.2)	(4.7)
Other income (expenses) on investments	(0.2)	-	-	(5.5)	-	-	(5.7)
Profit (loss) from operations before taxes	**92.7**	**32.1**	**6.2**	**(11.2)**	**-**	**(42.1)**	**77.7**

Amounts in millions of euros. Any discrepancies between the figures presented are due solely to rounding.

Financial data	Distressed Credit	Growth Credit	Investment Banking	Direct Banking	SGR	Corporate Centre	30 September 2022
Financial assets measured at fair value through profit or loss	60.0	77.7	12.6	-	0.1	-	150.4
Loans to customers	968.8	1,774.4	40.3	38.5	-	-	2,822.0
Asset securities at amortised cost	445.5	191.7	72.8	1.1	-	-	711.1
Property and Equipment	94.4	-	-	-	-	24.0	118.4
Amounts due to customers and Securities issued	-	-	-	2,341.6	-	1,386.0	3,727.6
RWAs	1,869.2	1,265.3	139.5	81.5	3.3	319.1	3,677.9

Shown below are the main economic data illustrating developments in the operating segments of the illimity Group in the first nine months of 2021.

Economic performance	Distressed Credit	Growth Credit	Investment Banking	Direct Banking	SGR	Corporate Centre	30 September 2021
Total net operating income	146.1	31.5	4.4	10.1	0.8	0.5	193.4
Operating expenses	(46.8)	(14.1)	(2.3)	(14.2)	(1.9)	(32.9)	(112.2)
Profit (loss) from operations before taxes	**95.5**	**17.5**	**1.6**	**(10.6)**	**(1.1)**	**(34.2)**	**68.7**

The Distressed Credit Division reported approximately EUR 84.6 million of net interest income in the first nine months of 2022, and a net operating income of EUR 154.5 million (approximately 66.1% of the Group's net operating income). Profits before taxes amounted to EUR 92.7 million for the period.

The Growth Care Division reported a profit before taxes of EUR 32.1 million in the first nine months of 2022, a net increase compared to the result achieved in the same period of the previous year, which amounted to EUR 17.5 million.

The Investment Banking Division, established on 1 January 2022, reported operating profit of approximately EUR 7 million, especially due to Capital Markets and structuring commissions.

The Direct Banking Division, as of 30 September 2022, reported an operating loss of approximately EUR 4.6 million and includes the positive contribution deriving from the granting of the licence to use the IT platform between illimity and the ION Group. The joint venture in Hype is expected to produce benefits, above all significant cost sharing, as well as revenues enabled from cross selling opportunities.

The SGR contributed to consolidated results as of 30 September 2022 with an operating result substantially break-even. It is believed that the growing operation of illimity SGR will gradually benefit the Group, especially in terms of improving the commission margin.

Lastly, the central functions of the Corporate Centre reported an operating loss of EUR 40 million in the first nine months of 2022, which is consistent with its nature as a cost centre for all other functions of the Group.

Distressed Credit

Direct Acquisitions

As of 30 June 2022, the Distressed Credit Division had purchased EUR 10.7 billion of distressed loans, in terms of gross book value, for the price of approximately EUR 1.5 billion.

During the third quarter of 2022, a total of approximately EUR 10 million was directly invested in loans, for a total nominal value of around EUR 114 million.

As of 30 September 2022, business opportunities were finalised through three different structures:

- acquisitions completed through securitisation vehicles pursuant to Law 130/1999: these transactions were concluded by subscribing 100% of the notes issued by the securitisation vehicles (with the exception of the Convivio transaction, of which illimity subscribed 50% of the single-tranche note as part of a joint venture with Apollo Global Management), which in turn receive from illimity the funding necessary for the acquisition of the loans. In this case, the purchase may only concern positions classified as bad loans, or in any case revoked credit lines;
- acquisitions or new loan disbursements executed directly by illimity: loans are purchased (or disbursed) directly by illimity and accounted for in the Bank's financial statements; this case is necessary, for example, for the purchase of still-active positions, usually classified as unlikely-to-pay, for which the transfer of both the credit right and the associated banking relationship is required.
- acquisitions of Public Procurement Claims finalised through securitisation vehicles pursuant to Italian Law 130/1999: those operations were carried out through the subscription of 100% of the notes issued by the securitisation vehicles.

Also taking into account investments made in previous years, as of 30 September 2022 the Distressed Credit Division finalised investment transactions in distressed loans, both on its own and through controlled securitisation vehicles, for a total amount of approximately EUR 1.5 billion, as shown below.

(Amounts in millions of euros)

Investment transactions in Distressed Loans	Price	GBV
Investments up to 31/12/2020	**1,120**	**7,567**
Q1 2021	47	245
Total as of 31/03/2021	**1,167**	**7,812**
Q2 2021	49	213
Total as of 30/06/2021	**1,216**	**8,025**
Q3 2021	35	352
Total as of 30/09/2021	**1,251**	**8,377**
Q4 2021	81	217
Total as of 31/12/2021	**1,332**	**8,594**
Q1 2022	119	631
Total as of 31/03/2022	**1,451**	**9,225**
Q2 2022	73	1,427
Total as of 30/06/2022	**1,524**	**10,652**
Q3 2022	10	114
Total as of 30/09/2022	**1,534**	**10,766**

Senior Financing Operations

During the third quarter of 2022, an operation was finalised by the Senior Financing area for a total of EUR 20 million, referring to the subscription of the units of the new “illimity Real Estate Credit” Fund of illimity SGR.

Also taking into consideration the investments made by the Senior Financing area in previous years, as of 30 September 2022 the Bank signed asset-backed loan-agreements in support of professional investors in the distressed credit and distressed assets sectors, for a total of EUR 584 million, as shown below.

(Amounts in millions of euros)

Asset-backed financing on Distressed Loans	Amount paid
Investments up to 31/12/2020	**456**
Q1 2021	12
Total as of 31/03/2021	**486**
Q2 2021	2
Total as of 30/06/2021	**488**
Q3 2021	9
Total as of 30/09/2021	**497**
Q4 2021	17
Total as of 31/12/2021	**486**
Q1 2022	57
Total as of 31/03/2022	**543**
Q2 2022	21
Total as of 30/06/2022	**564**
Q3 2022	20
Total as of 30/09/2022	**584**

Special Situations - Real Estate Operations

In the third quarter of 2022, the Group concluded the disbursement of a bridge loan for a total of EUR 21 million.

Taking into account investments made in previous years, as of 30 September 2022 the Bank subscribed notes with the support of the Special Situations - Real Estate area, for a total amount of approximately EUR 79 million. Note that that figure does not include the Convivio transaction, as it is already included in the new investments in distressed loans in the amount of 50%, as illimity's contribution to the joint venture with Apollo Global Management.

Special Situations - Energy Operations

The current positions of Special Situations - Energy in the portfolio are recognised under the item "financial instruments mandatorily measured at fair value" in a note (a brief description of an investment in an asset portfolio), and recognise the following income components overall in profit or loss:

- a monthly component of coupon interest related to the outstanding amount of the underwritten note, reflecting a business plan equal to 3% of portfolio profitability;
- an extra-return component recognised under the item "Net result of assets mandatorily measured at fair value", to the extent that an amount of cash is received (therefore, net of costs and cash reserves of the operation identified by the securitisation vehicle), greater than the amount of the coupon, on condition that future cash flows of the business plan are confirmed and therefore extra cash is not attributable to time advances of future cash flows;
- a component consisting of recoveries or adjustments to increase or decrease the return recognised under the item «Net result of assets mandatorily measured at fair value» in relation to the valuation of positions for which the repossess of the plant has been completed and is expected to be sold within the next 12 months.

In addition to the above, illimity granted a revolving credit line to SpicyCo S.r.l. and Spicy Green SPV S.r.l. for a maximum agreed amount of EUR 10 million as of 30 September 2022.

In the third quarter of 2022, there were no new investments in the Special Situations - Energy segment.

In light of that illustrated, also considering the investments made in the previous years, as of 30 September 2022 the Distressed Credit Division had finalised investments in the Special Situations - Energy segment through the securitisation vehicle Spicy Green SPV S.r.l. (of which illimity holds 77.6% of the note, while 22.4% is held by the co-investor VEI Green), for a total of around EUR 88 million in terms of purchase price of the positions, with a gross nominal value of the purchased positions of approximately EUR 117 million, plus it used approximately EUR 7.2 million of the granted Revolving Credit Facility. Considering the share of investment held by illimity in the note, the total amount in terms of net book value invested by the Bank in the Special Situations - Energy segment as of 30 September 2022 amounted to around EUR 77 million.

Growth Credit Division

As of 30 June 2022, the Growth Credit portfolio had a gross exposure of EUR 1,850 million, broken down as follows:

- former BIP portfolio, amounting to EUR 111 million (6%);
- Turnaround amounting to approximately EUR 656 million (36%);
- Crossover and Acquisition Finance amounting to EUR 708 million (38%);
- Factoring, amounting to EUR 375 million (20%).

In the third quarter of 2022, receivables of the Growth Credit Division grew by approximately EUR 68 million, mainly due to new investments (disbursements and acquisition of loans) of approximately EUR 187 million and repayments for approximately 123 million, as well as an increase in factoring loans of EUR 7 million and in investments in corporate bonds of EUR 3 million.

The portfolio of corporate bonds as of 30 September 2022 totalled EUR 54 million, up by EUR 3 million compared to 30 June 2022. In that regard, it is noted that on 1 January 2022, with the revision of the corporate organisation and the introduction of the Investment Banking Division, the HTCS bond portfolio was removed from the responsibility of the Growth Credit Division.

In brief, the main qualitative trends relating to the third quarter of 2022 are as follows:

a) new loans secured by public guarantees for a total of approximately EUR 136 million, of which EUR 76 million relating to the Turnaround Area and EUR 60 million relating to the Crossover & Acquisition Finance Area;
b) disbursement of unsecured loans for almost EUR 51 million, mainly attributable to the Crossover & Acquisition Finance Area;
c) repayments for approximately EUR 123 million, of which EUR 12 million connected with refinancing operations and EUR 111 million referring to early repayment.

As regards factoring, there was growth in loans, which were at values higher than those recorded as of 31 December 2021, equal to EUR 370 million. The trend in turnover was also positive, amounting to EUR 472 million in the third quarter, which brought the total figure since the beginning of the year to EUR 1,258 million.

The run-off of the former BIP portfolio continues, which, in the third quarter of 2022 recorded a decrease in exposures of almost EUR 1 million. Note that due to operating practices the aggregate also includes loans granted to illimity Group employees.

As of 30 September 2022, the Growth Credit portfolio had a gross exposure of EUR 1,918 million, broken down as follows:

- former BIP portfolio, amounting to EUR 110 million (6%);
- Turnaround amounting to approximately EUR 638 million (33%);
- Crossover and Acquisition Finance amounting to EUR 788 million (41%);
- Factoring, amounting to EUR 382 million (20%).

Direct Banking

Direct Banking projects

The Division continues its growth process, aimed at enriching its offering and expanding its customer base, composed of both retail clients and small corporates, due to the *b-ilty* strategic initiative.

In detail, in July, a promotional funding campaign was launched, offering interest rates among the highest on the market, up to a gross annal rate of 2.75%, reserved for time deposits of 60 months. At the end of the quarter, a new campaign was launched on the deposit account, with gross annual interest rates of up to 4% on time deposits of 60 months. The campaign on the deposit account was also accompanied by the launch of a marketing campaign to advertising the initiative, which involved activating online and offline communications channels. As a result of that initiative, significant results are expected in terms of new funding for the last quarter of the year.

During the third quarter, we reached the third year since the launch of *illimitybank* on the market, and, to celebrate "illimity's birthday", specific initiatives and promotions dedicated to customers were launched on banking services (including prepaid cards, cash deposits and the current account fee).

In the same period, *b-ilty* completed the steps set out in the timeline of the development phase, guided by three main drivers: optimising processes and customer experience, enriching the offering and defining a scalable business model.

Specifically, the completed streams of project planning include:

- Fast-lending, an initiative that aims to simplify and accelerate the assessment and approval of loan applications on tickets of low amounts. After the pilot phase was completed, the project continues towards consolidation, in order to achieve high levels of automation and standardisation of procedures;
- Power Dashboard, functionalities available to customers and a business management tool to monitor and analyse the cash flows of one's company that flow through an account among those aggregated on *b-ilty,* leveraging the PSD2;
- New partnerships, through which *b-ilty* customers have Microsoft services at their disposal to foster sharing, collaboration and the improvement of business and staff productivity, with the support of IWG, a company specialising in IT Consulting, to integrate these services into their business processes.

As regards advertising initiatives, the digital advertising campaigns continued, to promote the functionalities and services of the platform, with specific objectives of awareness, consideration and performance. During the quarter, the calendar of scheduled "*b-ilty* webinars" continued. Two webinars were held dedicated to the are of credit and products, and a specific one on issues linked to individuals (business emotions). A further three "*b-ilty talks*" were held, meetings in local areas dedicated to industrial districts, to create dialogue for listening and connecting with entrepreneurs.

With the same goal, workshops were set up with a sample of entrepreneurs representing a specific production sector, to examine in-depth their specific needs.

Retail Business performance

As of 30 September 2022, Direct Bank funding was broken down as follows:

- the partnership with the German fintech platform Raisin, operational since 2019, contributed EUR 733 million to funding thanks to its over 19,300 customers. During the specific quarter, stock of funding grew by approximately EUR 127 million (+21% quarter on quarter) and over 3,200 new customers;
- the digital bank *illimitybank.com* (including the customers acquired through the strategic partnership with Azimut) contributed EUR 1,543 million to funding. The funding increased by approximately EUR 75 million during the last quarter, and by approximately EUR 253 million compared to the same period of 2021 (+20%). The customer base currently comprises some 62,000 customers (+19% compared to the end of the third quarter of 2021, and around 3,300 customers more in the third quarter of 2022).

Total direct funding in the direct banking channels amounted to EUR 2.29 billion, with a cost of funding of around 1.74%.

As regards the main KPIs that describe the Division's operations on the Retail segment, the following is reported:

- *Brand Awareness* stood at 32% in the third quarter of 2022, up slightly on the previous quarters (4pts) due to the support to promotional campaigns on the deposit account;
- The *Net Promoter Score (NPS)* came to 47 as of 30 September 2022, up by 4pts on the previous quarters, confirming the excellent customer satisfaction levels, with a promoter score of 57% of customers interviewed;
- The number of *active customers*, i.e. customers who use the Bank's services, grew to date, amounting to 90%, reflecting a *customer base* that is satisfied and engaged;
- The number of *loyal customers*, who use the products and services of the Bank to a considerable extent, which currently stands at 41%, with an increase of +36% in the number of customers choosing illimity as the Bank their salary is paid into, compared to the same quarter of 2021;
- The number of customers that access the platform each month stands at 69%, in line with the same quarter of 2021, with approximately 90% accessing from smartphones.

b-ilty Business Performance

As of 30 September 2022, the b-ilty portfolio had a gross exposure (GBV) of approximately EUR 38 million, broken down as follows:

- Portfolio of medium/long-term loans (MLT) amounting to approximately EUR 36 million (95%);
- Factoring, amounting to approximately EUR 2 million (5%).

With regard to MLT loans, the following is noted:

- Loans were disbursed of around EUR 37 million, of which EUR 15 million disbursed in the third quarter. Moreover, in the last few days of the quarter, the threshold of the first 100 customers to which loans were disbursed since operations began.
- The outstanding portfolio recorded an average rate and maturity in line with those assumed in the planning phase and an average ticket of around EUR 370 thousand.
- In the portfolio of medium and long-term loans, there were no customers in default and, thus, the risk profile was low.
- Projections to 31 October show an additional EUR 27 million, approximately, of loan applications in the advanced pipeline, including that approved by the Bank's Loans Office and disbursed following the end of the quarter, or about to be disbursed.

With regard to Factoring operations, as of 30 September, the Division's operations resulted in a turnover of approximately EUR 8 million.

It is also noted that, following the release of CPI (Credit Protection Insurance) Policies in partnership with Helvetia in the second quarter, in July the placement of the first digital policies began. These protect a company's ability to cover its financial commitments in the event of unforeseen events involving the company or its key officers.

Alongside the business results reported, and with the support provided by investments in the area of awareness, engagement and consideration, as of 30 September 2022 – after only eight months since the commercial launch – over 416 thousand visits to the website by over 340 thousand users were recorded. This made it possible to generate origination growing by 58% on the previous quarter, due to the work of a fully operational sales network now comprised of 13 people.

Lastly, in the third quarter of 2022, the strengthening of the networks of credit mediators continued: as of 30 September 2022 there were over 40 companies fully operational on the segment, supporting both the disbursement of MLT loans and factoring operations.

Asset Management Company ("SGR")

During the first nine moths of 2022, the SGR continuously performed the activities connected with managing the illimity Credit & Corporate Turnaround Fund, also implementing the necessary activities in preparation of deciding whether to invest in additional receivables, in line with the provisions of the Management Regulation and the Fund's policies and investment strategy.

Moreover, in August 2022, the SGR completed the first closing of “illimity Real Estate Credit” (the “iREC Fund”), a contribution Fund dedicated to investments in non-performing credits – mainly UTPs – secured by real estate assets, under both the form of mortgage loans and lease agreements, established on 29 March 2022.

The initial portfolio of the iREC Fund consists of loans with a gross nominal value of over EUR 170 million, almost entirely secured, to 77 companies operating mainly in the real estate sector with highly diversified activities (industrial, commercial, residential, hospitality, energy, etc.).

These loans have been sold by banking groups that were already unit holders in illimity SGR’s first fund, “illimity Credit & Corporate Turnaround” (“iCCT”), as well as by illimity Bank itself.

In line with the strategies of the SGR and of the specific Group , in the rest of the year, the SGR of illimity will implement the necessary activities to pursue and differentiate business opportunities, in line with its status, having conducted the analyses necessary to ensure compliance with the regulations applicable in each case, and the consistently with its organisational structure. To that end, it is specifically noted that, in accordance with the prospects outlined in its 2021-2025 Business Plan, the SGR has launched a series of project activities aimed at extending its operations:
- in the performing loans sector, through the creation of a Private Capital AIF in the context of the Private Capital Area.
- in the UTP exposures sector, through the project of a new, flexible (Equity/Debt) AIF for selected Italian SEMs undergoing temporary financial imbalance;
- The NPL Small Medium Tickets Funds sector, through the setting up of an AIF with investment strategies and policies in the granular Non-Performing Loans (NPL) market, with potential counterparties both small corporates and retail businesses, and different areas of origination (utilities, consumer, commercial credit, etc.)

Investment Banking

On 1 January 2022, the new business division named Investment Banking was established, which targets companies, financial companies and public institutions in order to support them in structuring market and private operations, to meet their needs for capital, debt and strategic growth, not only through IPOs, but also through bond issues and structuring securitisations. The offering also includes the structuring and provision of risk hedging operations and consulting for operations such as mergers, spin-offs, incorporations, acquisitions and corporate restructuring.

The Division’s operations break down into the following activities:
- Capital Markets;
- Corporate Solutions;
- Structuring.

These activities are managed by dedicated, separate organisational structures in the Division.

As of 30 September 2022, the Division’s KPIs were as follows (considering the previous operations carried out in 2021 within the other business divisions):
- Five IPOs successfully concluded on Euronext Growth Milan, for total funding of EUR 81 million since the date of establishment of the Unit Capital Markets;
- investment portfolio (corporate bonds and alternative debt) of approximately EUR 120 million;
- EUR 220 million in nominal value of instruments traded with customers;
- Two securitisations of trade receivables for EUR 100 million and EUR 85 million, respectively and a multi-originator securitisation of a portfolio of secured corporate loans for EUR 40 million.

Capital Markets Operations

Capital Markets operations aim to structure strategic development plans for small and medium-sized enterprises, also through accessing the capital market,s defining organic and inorganic growth solutions and optimising the financial structure.

As part of IPOs, the Capital Markets structure performs the role of Global Coordinator and Euronext Growth Advisor (EGA), assisting companies in their processes of listing on the Euronext Growth Milan (EGM) market. With regard to bond issues, the structure holds the role of Arranger and placement agent on the market with institutional investors. illimity's Capital Markets also acts as strategic advisor for extraordinary finance transactions and corporate broking.

As of 30 September 2022, in addition to acquiring numerous Global Coordinator, EGA and advisory mandates, the Division successfully completed an IPO on EGM for a total of EUR 27 million in placements.

From the date of establishment of the Unit to 30 September 2022, five IPOs were successfully concluded on the EGM for a total of EUR 81 million.

Corporate Solutions Operations

The Corporate Solutions structure manages the Division's investment portfolio and structures solutions such to manage and hedge risks for companies, by trading derivatives.

With regard to the management of the investment portfolio, the structure invests in the (primary and secondary) markets of corporate bonds and alternative debt (*tranches* of securitisations, hybrid instruments, etc.) to support companies and finance their current operations and growth, guaranteeing quick execution and time-to-market.

As of 30 September 2022, the investment portfolio managed by Corporate Solutions amounted to a nominal value of approximately EUR 120 million, with the following characteristics:

- extensive single name, geographical and sector diversification (the portfolio is invested in over 90 instruments, with over 70% of investments made in domestic issuers and in around 30 industries);
- an average duration limited to 4 years.

Due to the synergies with the other business divisions, the Investment Banking Division offers customers a wide range of risk hedging solutions, providing them with the necessary instruments to reduce and limit the risks linked to their operations and statement of financial position structures. From the time it began operating up to 30 September 2022, it has managed and structured a total of EUR 220 million (of which EUR 160 million in the first quarter of 2022).

Structuring Operations

The activities of the Structuring Unit consist of defining and identifying efficient structured financing solutions that require extensive financial specialisation and expertise to achieve the objectives of diversifying funding sources, improving companies' financial positions and optimising the capital of our customers.

The Unit operates as an Arranger and Lead Manager in structurings and placements on the market, for institutional investors, of securitisations, basket bonds and alternative debt.

Since its creation in September 2022, the Structuring Unit has successfully concluded two securitisations of trade receivables for maximum programme amounts of EUR 100 million and EUR 85 million, respectively. The Unit structured the first multi-originator securitisation of a portfolio of secured corporate loans for an amount of EUR 40 million. An additional two mandates were also acquired, in which the Unit will act as arranger for basket bonds, and one securitisation of trade receivables.

Corporate Centre

The Corporate Centre, which oversees the steering, coordination and control of the Entire Group, manages financial data arising from:

- activities supporting other Group segments, overseen by CIO;
- planning and control, administration and risk management overseen by the central units;
- treasury activities, own portfolio management and Asset & Liability Management overseen by the Finance Department.

CIO

During the third quarter of 2022, activities continued in line with the previous months.

All illimiters work at the company and remotely as necessary, facilitated by the IT architecture present as per the Bank's policy.

IT platform projects

As part of IT4IT projects, initiatives dedicated to the technological evolution of infrastructure continued. Specifically, a project was launched to upgrade the technological API management platform, which will move from an "IAAS" to a "Hybrid PAAS" paradigm. The design and analysis phases have been completed, while the execution phase will be finalised by the end of 2022. The intervention will reduce infrastructure and platform management costs.

In the area of Data Governance, as regards the definition of ownership/responsibilities over the Core Banking data, ownership was assigned on all of the data tables available to the Bank, following meetings with the operating structures.

In the same area, the "Data Quality" project is active, which, through the web app "Data Quality Dashboard" and the "Data Quality Monitor" dashboard, accessible by Data Owners and Data Users, enables the creation, constant monitoring and analysis of the results produced by Data Quality controls.

The solution implemented for Data Quality was integrated with Jira to facilitate the reporting of anomalies detected by controls, and monitor their remediation.

The projects are under continuous development: new functionalities developed on the basis of user feedback will be the subject of the upcoming releases to production. These include the addition of graphics that illustrate the results of controls up to the latest execution and the option to download the detailed results, choosing the filters and format the user wishes. The Data Governance team supports Data Owners in creasing data quality controls, monitors the outcomes in support of the business officers and checks the actual data reconciliation, if necessary.

In the area of security, project activities are under way to develop an Identity Governance framework. Those activities will enable the control of access to company systems based on "least privilege" and "need to know" principles. The automation of Open Source Intelligence (OSINT) is under way to prevent fraud by prospects, both in the retail and business areas.

In addition, the IT team manages Disaster Recovery and Business Continuity activities on a continual basis, also overseeing their development and consolidation. During the weekend of 18-20 March, Disaster Recovery tests were conducted for the scenario "Unavailability of the IT system – Microsoft" for all Group entities(illimity, neprix and the SGR). The areas in which tests were conducted are:

1. Retail Banking (web&app)
2. Institutional websites and public websites
3. b-ilty Corporate Banking
4. Credit ecosystem

For all four areas, the overall result was positive and the tests were successfully completed. Tests on the additional scenarios set out in the Business Continuity Plan are scheduled during the year.

Projects in support of the other divisions

In addition, the IT Function is supporting the Direct Banking, Growth Credit, Investment Banking and Distressed Credit Divisions in developing the projects identified in their respective masterplans:

Direct Banking Division

- In the first quarter of 2022, the evolved digital transactional platform B-ilty was issued, with an inclusive value proposition of credit products and value-added services dedicated to small and micro-enterprises. The digital acquisition process is subject to prior assessment of potential prospects. In the second quarter of 2022, acquisition was extended to the entire public, save for the acceptance criteria defined by the Business.
- The evolution of Open Banking for Payment Initiation and Account Information services also continued, for the purpose of ensuring that the platform aligns with the Directives of the EBA and BankIT.
- During the last quarter, the following are planned: a new Green Credit product, a floating-rate MLT loan and the option to add prepayment in instalments to the MLT loan.
- During the last quarter, a new project based on CRM is planned to be released, called Omni Channel, which will streamline the work of our back office and the user experience and reduce costs.

Growth Credit Division/CLO

- The development of the module which will centralise the management of write-downs/write-backs and reclassification of loan accounts in the Group's portfolio in a single point was completed.
- The first release of the Early Warning Dashboard was completed, which will monitor the Bank's loan portfolio through external scores, data from info providers (e.g. Registry events, protests, prejudicial events) and internal and external performance data (e.g. Central Risk Register). The project was also launched to acquire information from external info providers in order to input it.
- The Capital Relief project is under way, with the goal of automating the updating of the ceilings of the insurance policies of factoring receivables in the K4F database programme.

Investment Banking Division

- The extension of the scope managed to listed derivatives (specifically BTP futures), the extension of FX derivatives to corporate customers and the definition of the target process for managing alternative debt instruments on a wide range of possible underlyings (receivables, basket bonds/minibonds and basket loans) were completed;
- The management of EGEA securitisations and basket loans was implemented, insourcing the management of supervisory reports significant for the latter, and a centralised reporting system was implemented to provide users with automated monitoring of business activities. Analyses and development of frameworks for early warning and monitoring of the origination of transactions are under way.

Distressed Credit Division

The main projects under way during the third quarter of 2022 were:

- Upgrading the BP Module in order to manage:
  - The new escalation process for the review of BP deriving from the Single Credit Procedure;
  - New reasons for review to simplify the review for asset managers;
- Upgrading of the Real Estate module to manage the Receivables Cycle of the ReoCos and LeaseCos within illimity's perimeter;
- Upgrading of the Cost Administrative Database "on actual cost basis". That administrative database enables the management of purchasing cycle "on an actual cost basis, relating to the SPVs, the ReoCos and the LeaseCos within illimity's perimeter, as well as partial management of the purchasing cycle at bank level (integration to be completed on Zucchetti);
- Delivery of the New Application Administrative Database, which will result in the disposal of the current database EPC through the porting on COMS of a wide range of functionalities;
- Upgrading of the LDT Module to be able to upload tapes personalised by the pricing user, which will be used in modelling;
- Upgrading of the pricing model to manage new functionalities that make the "Blockly" section easier to use, as well as simplification through a revised user experience;

- Closing of Wave 1 analysis of the new Due Diligence application for captive and non-captive customers;
- Release to production of the Senior Financing module with a view to periodic monitoring of Senior Financing transactions;
- Delivery of the Single Real Estate DB that centralises the real estate data at the level of the illimity Group;
- Implementation of the Servicing Fees module, which will go to production at the start of the fourth quarter, in order to configure the rules underlying the applications of fees receivable (Neprix to illimity) and payable (subservicer to Neprix);
- Data activities to guarantee the input and alignment between the data managed on COMS applications and the databases.

Central Functions

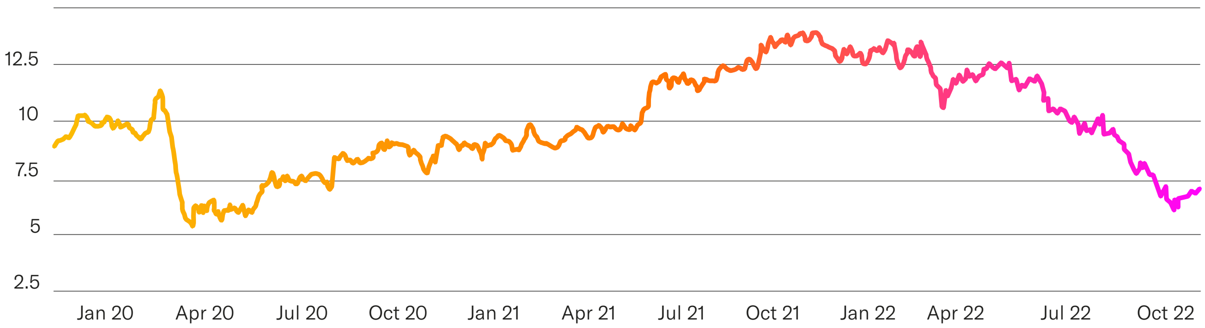
With regard to the main projects under way, dedicated to the Central Functions, micro and macro measures are continuing to constantly improve the Corporate Performance Management systems, in line with the evolution of the Bank's scope of business. The reporting functionality for the calculation engine for the ITR (internal transfer rate, whose expected benefits include a better understanding and measurement of business income as well as enabling active management of interest rate risk) for managing liquidity, treasury mismatches and integration into the management control models is being released.

The calculation engine for profitability by product is being released, which will analyse profitability by single product/cluster and supplement the data in the forward-looking assessments of management control.

The analysis and feasibility assessment was launched for the ESG projects aimed at providing the Bank with an ESG assessment for originating transactions for customers, producing reports to the market-investors, and preparing the Non-Financial Report.

illimity Bank share performance

The ordinary shares of illimity are traded on the Mercato Telematico Azionario Euronext Milan organised and managed by Borsa Italiana since 5 March 2019. From 10 September 2020, the ordinary shares were admitted to trading on the STAR (Securities with High Requirements) segment of the Euronext Milan market. Share performance in the last three years is reported below:



Significant shareholders with a stake of at least 5% in the share capital with voting rights in illimity, with the percentages calculated by the Bank based on the number of shares resulting from the most recent information available and number of ordinary shares issued, updated at 07 November 2022, are reported below:

Declaring entity, i.e. subject at the head of the control chain	Direct shareholder	Share held	Holding % of the ordinary capital	Holding % of the voting capital
Banca Sella Holding S.p.A.	Banca Sella Holding S.p.A.	Owned	10.00%	10.00%
LR Trust - FIDIM	Fidim Srl	Owned	8.12%	8.12%
ION Investment Corporation Sàrl	FermION Investment Group Limited	Owned	7.26%	7.26%
Tensile Capital Management LLC	Tensile-Metis Holdings Sàrl	Owned	7.01%	7.01%
Atlas Merchant Capital LLC	AMC Metis Sàrl	Owned	6.56%	6.56%

In relation to the ownership structure, AMC Metis S.a.r.l., Metis S.p.A. and Corrado Passera entered into an agreement on 18 March 2019 pertaining directly and indirectly to shares of Tetis S.p.A. (a company nearly wholly-owned by Metis S.p.A. which in turn is 90% owned by Corrado Passera and holds ordinary and special shares in the company) and ordinary shares of illimity, containing shareholders' agreement measures. Specifically, this agreement, which governs AMC Metis S.a.r.l.'s pre-emptive right to ordinary illimity shares held by Tetis subject to certain conditions, provides among other things that Corrado Passera and Metis S.p.A. take steps to ensure that the illimity shareholders' meeting appoints, depending on the make-up of the Company's Board of Directors, one or two non-executive directors nominated by AMC Metis S.a.r.l.

Subsequent events

On 19 October 2022, Nexi, the European PayTech, and illimity Bank S.p.A. announced a new partnership to support Italian SMEs: b-ilty, illimity's digital store of banking and credit services dedicated to small and medium-sized enterprises, expands its offering with Nexi's digital collection solutions.

It is noted that no events occurred after the reporting date of the Consolidated Interim Report as of 30 September 2022 that had effects on the statement of financial position, income statement or cash flows of the Bank or the Group.

Business outlook

Also in the last part of the year, the market context continues to feature extensive uncertainty linked to inflation trends, the difficult geopolitical situation and the volatility of interest rates.

illimity is deemed to be in a good position to handle that scenario, due to its robust credit quality, significant financial solidity and the income statement results of the first nine months of the year, which confirmed the Group's resilience, also due to the growing diversification and progress in implementing new high-tech and high potential initiatives.

In its core businesses, illimity has already built a consolidated market presence, and has reached an extensive operational scale and efficiency. The current market scenario is expected to provide significant growth opportunities for all of the Bank's activities, thanks to its business model and the competitive advantages achieved, and this is confirmed by the robust pipeline of new loans and investments available in the upcoming months. Therefore, even maintaining an extremely selective approach, net loans to customers and investments are expected to grow in the last part of the year.

All the business segments of the Growth Credit Division will continue to grow, being able to count on a robust and diversified pipeline worth over EUR 300 million. Loans backed by public guarantees will continue to play an important role in terms of the contribution made to new disbursements in the Cross-Over & Acquisition Finance segment, while increasingly more restructuring deals are expected to be seen in the Turnaround segment. Factoring will also continue its growth in the last part of the year.

As regards the Distressed Credit Division, compared to a third quarter that was impacted by the seasonality of transactions on the market of non-performing loans, the fourth quarter is expected to be highly dynamic, with originated volumes in October alone equal to EUR 186 million (figure higher than the amount originated in the entire quarter just ended) and a pipeline of around EUR 450 million.

The Investment Banking Division will continue its operations in Corporate Solutions and Structuring services, and in the last part of the ear will also resume Capital Markets activities.

The envisaged growth in business volumes in the last part of the year will drive up the net interest margin in the fourth quarter, which is expected to make further progress due also to the positive sensitivity to an increase in market interest rates, despite the predictable rise in the cost of funding.

Net fee and commission income is also expected to increase, driven by the support to new initiatives already launched – illimity SGR, investment banking services, Quimmo and b-ilty – as well as the continuing positive contribution deriving from the dynamic management of the distressed loans portfolio.

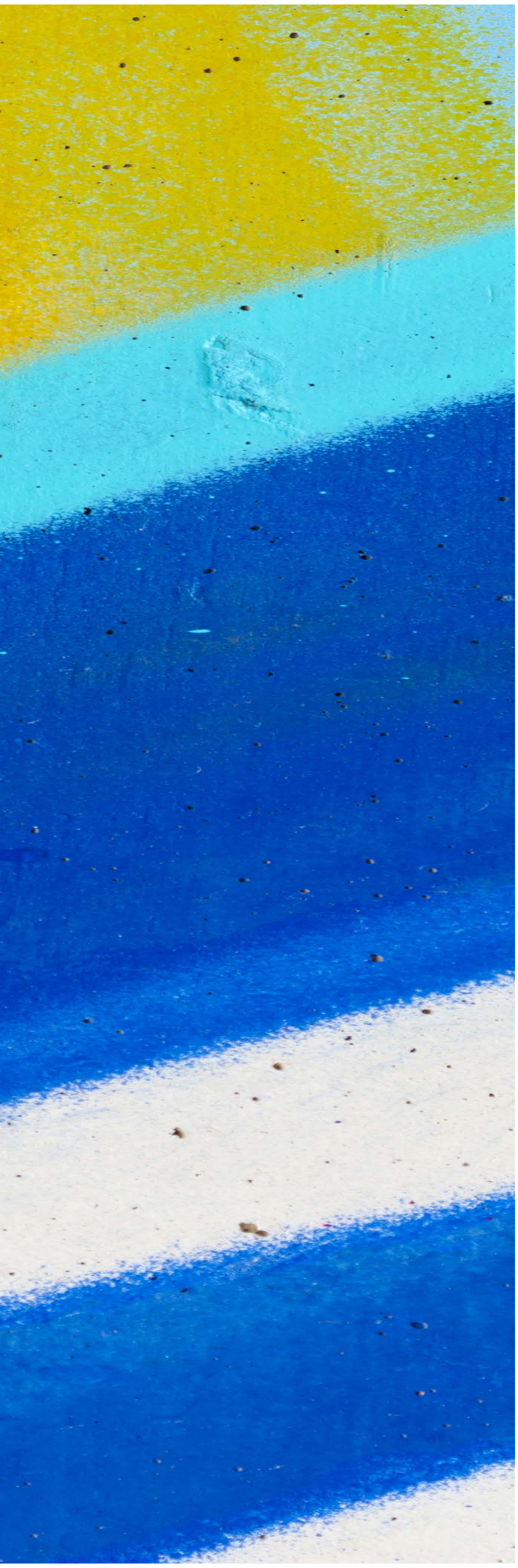
Operating expenses are expected to grow also in the last part of the year, due to the continuous development of the business and the investments in the afore-mentioned strategic projects.

Illimity continued with its investment in the creation of three high-tech initiatives during 2022 – b-ilty, Quimmo and Hype. Taken as a whole, it is estimated that these activities will generate a pre-tax loss for the year of approximately EUR 20 million. The size of the reference markets and the high scalability of the respective business models will significantly reduce that negative impact already by 2023, with the initiatives beginning to contribute to the Group's profit starting from 2024.

Considering the quality of the portfolio regarding companies, and the contribution of the loans backed by public guarantee in which a significant part of the new business generated by the Growth Credit Division will be channelled, the cost of credit for the entire year is expected to stay low, and, at least, lower than those set out in the business plan.

The sound results of the first nine months of 2022 and the positive outlook for the last part of the year are expected to lead to net profit for 2022 of at least EUR 75 million.

Lastly, positive trends in own funds through the generation of profits, despite further growth in weighted risk assets as a result of growing business volumes, will ensure a common equity tier 1 ratio significantly above regulatory requirements.



Consolidated financial statements

as of 30 September 2022

illimity

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Assets	30 September 2022	31 December 2021
10.	Cash and cash equivalents	364,019	507,779
20.	Financial assets measured at fair value through profit or loss	150,351	76,679
	a) financial assets held for trading	32,374	928
	b) financial assets at fair value	-	-
	c) other financial assets mandatorily measured at fair value	117,977	75,751
30.	Financial assets measured at fair value through other comprehensive income	396,180	299,508
40.	Financial assets measured at amortised cost	3,716,729	3,229,766
	a) due from banks	38,504	267,969
	b) loans to customers	3,678,225	2,961,797
50.	Hedging derivatives	28,263	-
60.	Fair value change of financial assets in hedged portfolios (+/-)	-	-
70.	Equity investments	78,336	79,953
80.	Technical reinsurance reserves	-	-
90.	Property and equipment	118,377	68,735
100.	Intangible assets	130,566	85,249
	of which:		
	- goodwill	65,372	36,257
110.	Tax assets	65,934	45,672
	a) current	4,928	5,168
	b) deferred	61,006	40,504
120.	Non-current assets held for sale and discontinued operations	-	43,117
130.	Other assets	242,354	224,132
	Total assets	**5,291,109**	**4,660,590**

CONTINUED: CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Liabilities and shareholders' equity		30 September 2022	31 December 2021
10.	Amounts due to customers	4,308,912	3,752,384
	a) due to banks	581,314	411,314
	b) due to customers	3,212,966	2,841,282
	c) securities issued	514,632	499,788
20.	Financial liabilities held for trading	24,293	59
30.	Financial liabilities designated at fair value	-	-
40.	Hedging derivatives	1,908	-
50.	Fair value change of financial liabilities in hedged portfolio (+/-)	-	-
60.	Tax liabilities	28,476	20,256
	a) current	25,103	19,156
	b) deferred	3,373	1,100
70.	Liabilities associated with non-current assets held for sale and discontinued operations	-	-
80.	Other liabilities	105,071	105,595
90.	Employee severance pay	3,371	3,695
100.	Allowances for risks and charges	5,626	5,781
	a) commitments and guarantees given	4,076	4,482
	b) post-employment benefits	28	18
	c) other allowances for risks and charges	1,522	1,281
110.	Technical reserves	-	-
120.	Valuation reserves	(51,135)	(6,057)
130.	Redeemable shares	-	-
140.	Equity instruments	-	-
150.	Reserves	135,635	63,904
160.	Share premium reserve	624,583	597,589
170.	Share capital	54,514	52,620
180.	Treasury shares (-)	(747)	(832)
190.	Equity attributable to minority interests (+/-)	5	5
200.	Profit (loss) for the period (+/-)	50,597	65,591
	Total liabilities and shareholders' equity	**5,291,109**	**4,660,590**

CONSOLIDATED INCOME STATEMENT

Items		30 September 2022	30 September 2021
10.	Interest income and similar income	165,225	143,589
	of which: interest income calculated according to the effective interest method	161,860	139,324
20.	Interest expenses and similar charges	(48,286)	(45,099)
30.	**Net interest margin**	**116,939**	**98,490**
40.	Fee and commission income	44,796	27,550
50.	Fee and commission expense	(4,208)	(4,346)
60.	**Net fee and commission income**	**40,588**	**23,204**
70.	Dividends and similar income	200	-
80.	Profits (losses) on trading	6,141	1,759
90.	Fair value adjustments in hedge accounting	-	-
100.	Profits (losses) on disposal or repurchase of:	(68)	5,007
	a) financial assets measured at amortised cost	15	302
	b) financial assets measured at fair value through other comprehensive income	(83)	4,705
	c) financial liabilities	-	-
110.	Profits (losses) on other financial assets and liabilities measured at fair value through profit or loss	7,015	5,675
	a) financial assets and liabilities designated at fair value	-	-
	b) other financial assets mandatorily measured at fair value	7,015	5,675
120.	**Total net operating income**	**170,815**	**134,135**
130.	Net losses/recoveries for credit risks associated with:	40,597	44,333
	a) financial assets measured at amortised cost	41,515	45,017
	b) financial assets measured at fair value through other comprehensive income	(918)	(684)
140.	Profits/losses on changes in contracts without derecognition	-	-
150.	**Net result from banking activities**	**211,412**	**178,468**
160.	Net premiums	-	-
170.	Other net insurance income (expense)	-	-
180.	**Profits (losses) of banking and insurance management**	**211,412**	**178,468**
190.	Administrative expenses:	(135,531)	(110,127)
	a) personnel expenses	(64,183)	(51,389)
	b) other administrative expenses	(71,348)	(58,738)
200.	Net allowances for risks and charges	94	(2,622)
	a) commitments and guarantees given	132	(2,622)
	b) other net provisions	(38)	-
210.	Net adjustments/recoveries on property and equipment	(3,211)	(2,400)
220.	Net adjustments/recoveries on intangible assets	(9,210)	(5,434)
230.	Other operating income/expenses	19,839	14,004
240.	**Operating expenses**	**(128,019)**	**(106,579)**
250.	Profits (losses) on equity investments	(5,665)	(5,970)
260.	Net gains/losses on the measurement at fair value of property and equipment and intangible assets	-	-
270.	Adjustments/recoveries of goodwill	-	-
280.	Profits (losses) on disposal of investments	(77)	2,278
290.	**Profit (loss) before tax from continuing operations**	**77,651**	**68,197**
300.	Income tax for the period on continuing operations	(27,054)	(22,373)
310.	**Profit (loss) after tax from continuing operations**	**50,597**	**45,824**
320.	Net income (loss) from discontinued operations after tax	-	375
330.	**Profit (Loss) for the period**	**50,597**	**46,199**
340.	Profit (Loss) for the period attributable to minority interests	-	-
350.	**Profit (Loss) for the period attributable to the Parent Company**	**50,597**	**46,199**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

		30 September 2022	30 September 2021
10.	**Profit (loss) for the period**	**50,597**	**46,199**
	Other comprehensive income, after tax, that may not be reclassified to the income statement		
20.	Equity instruments measured at fair value through other comprehensive income	1	-
30.	Financial liabilities measured at fair value through profit or loss (changes in creditworthiness)	-	-
40.	Hedging of equity instruments measured at fair value through other comprehensive income	-	-
50.	Property and equipment	-	-
60.	Intangible assets	-	-
70.	Defined-benefit plans	1,022	133
80.	Non-current assets held for sale and discontinued operations	-	-
90.	Share of valuation reserves for equity investments measured at equity:	42	(5)
	Other comprehensive income, after taxes, that may be reclassified to the income statement		
100.	Hedging of foreign investments	-	-
110.	Foreign exchange differences	-	-
120.	Cash flow hedges	-	-
130.	Hedging instruments (undesignated elements)	-	-
140.	Financial assets (other than equities) measured at fair value through other comprehensive income	(46,143)	(2,791)
150.	Non-current assets held for sale and discontinued operations	-	-
160.	Share of valuation reserves for equity investments measured at equity	-	-
170.	**Total other comprehensive income (after tax)**	**(45,078)**	**(2,663)**
180.	**Other comprehensive income (Item 10+170)**	**5,519**	**43,536**
190.	Consolidated comprehensive income attributable to minority interests	-	-
200.	**Consolidated comprehensive income attributable to the parent company**	**5,519**	**43,536**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AS OF 30 SEPTEMBER 2022

	Balance as of 31 December 2021	Change in opening balances	Balance as of 1 January 2022	Allocation of result for the previous year: Reserves	Allocation of result for the previous year: Dividends and other allocations	Change in reserves
Share capital:						
a) ordinary shares	51,682	-	51,682	-	-	-
b) other shares	938	–	938	–	–	–
Share premium reserve	597,589	–	597,589	–	–	–
Reserves:						
a) retained earnings	29,801	–	29,801	65,591	–	–
b) other	34,103	–	34,103	–	–	–
Valuation reserves	(6,057)	–	(6,057)	–	–	–
Equity instruments	–	–	–	–	–	–
Treasury shares	(832)	–	(832)	–	–	–
Profit (loss) for the period	**65,591**	**–**	**65,591**	**(65,591)**	**–**	**–**
Group shareholders' equity	**772,815**	**–**	**772,815**	**–**	**–**	**–**
Shareholders' equity attributable to minority interests	**5**	**–**	**5**	**–**	**–**	**–**

CONTINUED

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AS OF 30 SEPTEMBER 2021

	Balance as of 31 December 2020	Change in opening balances	Balance as of 1 January 2021	Allocation of result for the previous year: Reserves	Allocation of result for the previous year: Dividends and other allocations	Change in reserves
Share capital:						
a) ordinary shares	43,069	–	43,069	-	–	–
b) other shares	938	–	938	-	–	–
Share premium reserve	487,373	–	487,373	-	–	–
Reserves:						
a) retained earnings	(4,229)	–	(4,229)	31,086	–	–
b) other	25,995	–	25,995	-	–	7
Valuation reserves	(278)	–	(278)	-	–	–
Equity instruments	-	–	-	-	–	–
Treasury shares	(832)	–	(832)	-	–	–
Profit (loss) for the period	**31,086**	**–**	**31,086**	**(31,086)**	**–**	**–**
Group shareholders' equity	**583,122**	**–**	**583,122**	**-**	**–**	**7**
Shareholders' equity attributable to minority interests	**–**	**–**	**–**	**–**	**–**	**–**

CONTINUED

	Changes in the period									
	Shareholders' equity transactions									
	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Change in equity instruments	Derivatives on treasury shares	Stock options	Changes in equity interests	Comprehensive income for the period	Shareholders' equity attributable to the Group as of 30/09/2022	Shareholders' equity attributable to minority interests at 30/09/2022
Share capital:										
a) ordinary shares	1,806	-	-	938	-	88	-	-	**54,514**	3
b) other shares	–	–	–	(938)	–	–	–	–	**–**	–
Share premium reserve	26,994	–	–	–	–	–	–	–	**624,583**	–
Reserves:										
a) retained earnings	–	–	–	–	–	4,784	–	–	**100,176**	2
b) other	(100)	–	–	–	–	1,456	–	–	**35,459**	–
Valuation reserves	–	–	–	–	–	–	–	(45,078)	**(51,135)**	–
Equity instruments	–	–	–	–	–	–	–	–	**–**	–
Treasury shares	–	–	–	–	–	85	–	–	**(747)**	–
Net profit (loss) (+/-) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**50,597**	**50,597**	–
Group shareholders' equity	**28,700**	**–**	**–**	**–**	**–**	**6,413**	**–**	**5,519**	**813,447**	–
Shareholders' equity attributable to minority interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5**

	Changes in the period									
	Shareholders' equity transactions									
	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Change in equity instruments	Derivatives on treasury shares	Stock options	Changes in equity interests	Comprehensive income for the period	Shareholders' equity attributable to the Group as of 30/09/2021	Shareholders' equity attributable to minority interests at 30/09/2021
Share capital:										
a) ordinary shares	8,534	–	–	–	–	79	–	-	**51,682**	3
b) other shares	-	–	–	–	–	-	–	-	**938**	-
Share premium reserve	110,216	–	–	–	–	-	–	-	**597,589**	-
Reserves:										
a) retained earnings	-	–	–	–	–	(79)	–	-	**26,778**	2
b) other	8,486	–	–	–	–	1,856	–	-	**36,344**	-
Valuation reserves	-	–	–	–	–	-	–	(2,663)	**(2,941)**	-
Equity instruments	-	–	–	–	–	-	–	-	**-**	-
Treasury shares	-	–	–	–	–	-	–	-	**(832)**	-
Net profit (loss) (+/-) for the period	**-**	**–**	**–**	**–**	**–**	**-**	**–**	**46,199**	**46,199**	-
Group shareholders' equity	**127,236**	**–**	**–**	**–**	**–**	**1,856**	**–**	**43,536**	**755,757**	-
Shareholders' equity attributable to minority interests	**–**	**–**	**–**	**–**	**–**	**–**	**5**	**–**	**–**	**5**

Accounting policies

as of 30 September 2022

Accounting policies

General section

illimity Bank S.p.A. is a company limited by shares with legal personality organised according to the laws of the Italian Republic having its registered office in Milan at Via Soperga 9. It is registered in the Milan Companies Register, with taxpayer identification number 03192350365, Representative of the "illimity" VAT Group, VAT no. 12020720962, Italian Banking Association Code 03395 and Register of Banks no. 5710.

Section 1 – Declaration of compliance with IAS/IFRS

The consolidated interim report has been prepared in accordance with paragraph 5 of Article 154-ter, of Legislative Decree No. 58 of 24 February 1998. The income statement and statement of financial position line items presented in this document have been valued and measured on the basis of the international accounting standards (IASs/IFRSs) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission, include the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC), as well as the guidance in Bank of Italy Circular no. 262 of 22 December 2005 (seventh revision of 29 October 2021), and in the Communication of 21 December 2021 - with particular reference to the impacts of COVID-19 and measures to support the economy - in accordance with the accounting policies adopted in preparing the consolidated financial statements of the illimity Bank Group for the year ended 31 December 2021.

There were no departures from IAS/IFRS.

Section 2 – Basis of Preparation

The Consolidated Interim Report comprises the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity and the Accounting Policies. The Consolidated Interim Report has been prepared using euros as the functional currency. The amounts presented in this document are stated in thousands of euro, unless otherwise indicated. Any discrepancies between the figures presented are due solely to rounding.

The Consolidated Interim Report has been prepared assuming that the Group will continue as a going concern, since there are no significant uncertainties regarding events or conditions that may entail the emergence of doubts as to the Group's ability to continue to operate as a going concern. The valuation criteria adopted are therefore consistent with the business continuity assumption and comply with the principles of competence, relevance and materiality of accounting information and the precedence of economic substance over legal form. These criteria remained unchanged from the previous year.

The Consolidated Interim Report as of 30 September 2022 has been prepared according to recognition and measurement principles and policies consistent with those adopted in the consolidated financial statements of the illimity Bank Group as of 31 December 2021, to which the reader is referred for a complete description of the principles and policies adopted, with the exception of the application of the new standards that entered into force with effect from 1 January 2022, the effects of which are described in the paragraph "New documents issued by the IASB and endorsed by the EU to be adopted on a mandatory basis with effect from financial statements for years beginning on or after 1 January 2022".

The Consolidated Interim Report has been drafted with clarity and provides a true and fair view of the financial situation and economic result of illimity Bank S.p.A. (the "Parent Company") and subsidiaries and/or consolidated companies as of 30 September 2022, as described in the section "Consolidation scope and methods".

The general principles used in the preparation of the accounts are outlined below:

- going concern basis: the valuations are made on a going-concern basis;
- matching principle: costs and revenues are recognised in the period in which they accrue in relation to the services received and supplied, regardless of the date of cash settlement;
- consistency of representation: to guarantee the comparability of the data and information in the financial statements and related tables, the representation and classification methods are kept the same over time, unless they have to be changed to comply with international accounting standards or interpretations, or unless there is a need to make the presentation of data more significant and reliable;

- relevance and aggregation: each major class of items with a similar nature or function is shown separately in the statement of financial position and income statement; items with different functions or of different types, if important, are highlighted separately;
- prohibition of set off: a prohibition on set off applies, unless a set-off is provided for or permitted by the international accounting standards or interpretations, or by the Bank of Italy Circular 262 of 22 December 2005 as amended;
- comparability with the previous year: the financial statements and formats show the amounts from the previous year, which may be restated to ensure that they can be compared;
- the financial statements are prepared on the basis of substance over form and in accordance with the principle of relevance and materiality of information.

Section 3 – Consolidation scope and methods

The consolidation policies and principles adopted in preparing the Consolidated Interim Report for the period ended 30 September 2022 are unchanged with respect to the consolidated financial statements for the year ended 31 December 2021.

The Consolidated Interim Report includes the accounting values of illimity and of the companies over which it directly or indirectly exercises control as of 30 September 2022, encompassing within the scope of consolidation – as specifically required by the international accounting standard IFRS 10 – the financial statements or reports of companies operating in business segments dissimilar to that of the Parent Company.

The scope of consolidation of the financial statements as of 30 September 2022 includes the following entities:

i. **Aporti S.r.l.** (“Aporti”), in which the Bank holds a 66.7% stake, established to undertake the securitisation of Non-Performing Loans (hereinafter "NPLs"), through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

ii. **Soperga RE S.r.l.** (REOCO) (“Soperga RE”) a wholly-owned subsidiary of the Bank, established to manage the real estate assets associated with the portfolios of acquired NPLs pursuant to Article 7.1 of Italian Law no. 130/1999 on securitisation;

iii. **Doria LeaseCo S.r.l.** (“Doria LeaseCo”), a wholly-owned subsidiary of the Bank, established to service the lease transactions included in the portfolios of acquired NPLs, operating in accordance with Article 7.1 of Italian Law no. 130/1999 on securitisation;

iv. **Doria SPV S.r.l.** (“Doria SPV”), a wholly-owned subsidiary of the Bank, established to undertake the securitisation of NPL leases, through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

v. **Friuli LeaseCo S.r.l.** (“Friuli LeaseCo”), a wholly-owned subsidiary of the Bank, established to service the lease transactions included in the portfolios of acquired NPLs, operating in accordance with Article 7.1 of Italian Law no. 130/1999 on securitisation;

vi. **Friuli SPV S.r.l.** (“Friuli SPV”), a wholly-owned subsidiary of the Bank, established to undertake the securitisation of NPL leases, through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

vii. **Pitti LeaseCo S.r.l.** (“Pitti LeaseCo”), a wholly-owned subsidiary of the Bank, established to service the lease transactions included in the portfolios of acquired NPLs, operating in accordance with Article 7.1 of Italian Law no. 130/1999 on securitisation;

viii. **Pitti SPV S.r.l.** (“Pitti SPV”), a wholly-owned subsidiary of the Bank, established to undertake the securitisation of NPL leases, through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

ix. **River LeaseCo S.r.l.** (“River LeaseCo”), a wholly-owned subsidiary of the Bank, established to service the lease transactions included in the portfolios of acquired NPLs, operating in accordance with Article 7.1 of Italian Law no. 130/1999 on securitisation;

x. **River SPV S.r.l.** (“RiverSPV”), a wholly-owned subsidiary of the Bank, established to undertake the securitisation of NPL leases, through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

xi. **River Immobiliare S.r.l.** ("River Immobiliare"), a wholly-owned subsidiary of the Bank, set up for the purchase, the sale and management - aimed at the disposal - of the properties owned by the company.

xii. **neprix S.r.l.** ("neprix"), a wholly-owned subsidiary of the Bank mainly operating in the NPL sector, relying on the services of professionals with specific experience and know-how in assessing and managing non-performing loans;

xiii. **AREC S.p.A.** ("AREC"), a company in which illimity holds 100% of the share capital, established to include the assets and liabilities sold by Aurora Recovery Capital S.p.A. As part of the acquisition of the business of that company for its future incorporation into neprix;

xiv. **illimity SGR S.p.A.** ("illimity SGR") wholly-owned by the Bank, which manages the assets of closed-end alternative investment funds (AIFs), established with own funds and the funds of third-party institutional investors;

xv. **Abilio S.p.A.** ("Abilio"), whose entire share capital is held by illimity, and whose purpose is to execute real estate operations and develop and organise sales through online and offline public auctions;

xvi. **Abilio Agency S.r.l.** ("Abilio Agency"), wholly-owned by Abilio, a real-estate broker that handles sales and leases and certifies the value of properties and companies for third parties;

xvii. **MAUI SPE S.r.l.** ("MAUI SPE"), established to undertake the securitisation of NPL leases, through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

xviii. **Kenobi SPV S.r.l.** ("Kenobi SPV"), established to undertake the securitisation of NPL leases, through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

xix. **Piedmont SPV S.r.l.** ("Piedmont SPV"), established to undertake the securitisation of receivables, through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

xx. **Hype S.p.A.** ("Hype"), held 50% by illimity through a joint venture with Fabrick (a company of the Sella group), that operates with a payment institute licence and is the digital solution for simple, efficient day-to-day money management. On the market since 2015, Hype has anticipated the response to the growing need of the public to access banking services in an entirely new way, offering other added value services.

xxi. **SpicyCo S.r.l.** ("SpicyCo"), of which illimity holds 49% of the share capital, which is responsible for the acquisition, management and sale of equity investments. Based on the company's Articles of Association, the economic and financial rights pertaining to illimity have been defined at 77.63%.

xxii. **SpicyCo 2 S.r.l.** ("SpicyCo 2"), of which illimity holds 49% of the share capital, which is responsible for the acquisition, management and sale of equity investments. Based on the company's Articles of Association, the economic and financial rights pertaining to illimity have been defined at 77.63%.

This scope has changed with respect to the consolidated financial statements for the year ended 31 December 2021. Below is a summary of the transactions that led to the change in the scope of consolidation.

Increases

a) Establishment of the company Abilio through a proportionate spin-off from neprix, consolidated on a line-by-line basis;

b) Full subscription of the monotranching note issued by the vehicle MAUI SPE S.r.l., consolidated on a line-by-line basis;

c) Full subscription of the monotranching note issued by the vehicle Kenobi SPV S.r.l., consolidated on a line-by-line basis;

d) Full subscription of the monotranching note issued by the vehicle Piedmont SPV S.r.l., consolidated on a line-by-line basis;

e) Acquisition of 100% of the share capital of AREC S.p.A., consolidated on a line-by-line basis.

Decreases

a) Full redemption of the monotranching note issued by the vehicle Beagle SPV S.r.l., previously consolidated on a line-by-line basis;

For further information on changes in the scope of consolidation during 2022, reference is made to Section 5 - Other aspects.

Details of the type of control and consolidation method for the scope of consolidated entities as of 30 September 2022 are given below:

Name	Operational headquarters	Registered office	Type of relationship (*)	Ownership relationship	
				Held by	Holding % (**)
Parent Company					
A.0 illimity Bank S.p.A.	Milan	Milan			
Companies consolidated on a line-by-line basis					
A.1 Aporti S.r.l. (SPV)	Milan	Milan	1-4	A.0	66.7%
A.2 Soperga RE S.r.l.	Milan	Milan	1	A.0	100.0%
A.3 Doria Leasco S.r.l.	Milan	Milan	1	A.0	100.0%
A.4 Doria SPV S.r.l. (SPV)	Milan	Milan	1-4	A.0	100.0%
A.5 Friuli LeaseCo. S.r.l.	Milan	Milan	1	A.0	100.0%
A.6 Friuli SPV S.r.l. (SPV)	Milan	Milan	1-4	A.0	100.0%
A.7 Pitti Leasco S.r.l.	Milan	Milan	1	A.0	100.0%
A.8 Pitti SPV S.r.l. (SPV)	Milan	Milan	1-4	A.0	100.0%
A.9 River Leasco S.r.l.	Milan	Milan	1	A.0	100.0%
A.10 River SPV S.r.l. (SPV)	Milan	Milan	1-4	A.0	100.0%
A.11 River immobiliare S.r.l.	Milan	Milan	1	A.0	100.0%
A.12 neprix S.r.l.	Milan	Milan	1	A.0	100.0%
A.13 AREC S.p.A.	Rome	Rome	1	A.0	100.0%
A.14 illimity SGR	Milan	Milan	1	A.0	100.0%
A.15 Abilio S.p.A.	Faenza	Faenza	1	A.0	100.0%
A.16 Abilio Agency S.r.l.	Faenza	Faenza	1	A.15	100.0%
A.17 MAUI SPE S.r.l.	Milan	Milan	4	A.0	
A.18 Kenobi SPV S.r.l.	Milan	Milan	4	A.0	
A.19 Piedmont SPV S.r.l.	Milan	Milan	4	A.0	
Companies consolidated on an equity basis					
A.20 Hype S.p.A.	Biella	Biella	5	A.0	50.0%
A.21 SpicyCo S.r.l.	Milan	Milan	6	A.0	49.0%
A.22 SpicyCo 2 S.r.l.	Milan	Milan	6	A.0	49.0%

(*) Type of relationship:
1 = majority of voting rights at ordinary meeting of shareholders (as per Article 2359, paragraph 1(1))
2 = dominant influence at the ordinary meeting of shareholders
3 = arrangements with other shareholders
4 = other forms of control
5 = joint control
6 = significant influence.

(**) Availability of votes in the ordinary shareholders' meeting: the participation quota represents voting rights in the shareholders' meeting.

Section 4 - Subsequent events

No events occurred after the reporting date of the Consolidated Interim Report having an effect on the financial position, performance or cash flows of the Group which need to be reported.

Section 5 – Other aspects

5.1 - Spin-off of the neprix Sales business unit to Abilio S.p.A.

Note that on 17 March 2022, the deed of partial spin-off of the sales business unit of neprix S.r.l. to Abilio S.p.A. was entered into. The operation became effective on 1 April 2022. The accounting and tax effects of the operation started from 1 April 2022.

That operation had no effects on the consolidated financial statements, as both companies were controlled by the Group as of 31 March 2022 and included in the consolidated financial statements on a line-by-line basis.

5.2 - Acquisition of AREC S.p.A.

On 30 June 2022, the cash purchase by illimity of 10% of AREC shares was finalised and the deed regarding the contribution to illimity of the shares representing the remaining equity investment of 90% of the share capital of AREC, for the purpose of the acquiring the entire company and the subsequent planned merger with the servicer of the illimity group, neprix S.r.l.

5.3 - New documents issued by the IASB and endorsed by the EU, adoption of which is mandatory with effect from financial statements for years beginning on or after 1 January 2022.

Document title	Issue date	Effective date	Date endorsed	EU regulation and publication date
Improvements to IFRS (2018–2020 cycle) [Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41]	May 2020	1 January 2022	28 June 2021	(UE) 2021/1080 02 July 2021
Property, plant and equipment – Proceeds before Intended Use (Amendments to IAS 16)	May 2020	1 January 2022	28 June 2021	(UE) 2021/1080 02 July 2021
Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	May 2020	1 January 2022	28 June 2021	(UE) 2021/1080 02 July 2021
Reference to the Conceptual Framework (Amendments to IFRS 3)	May 2020	1 January 2022	28 June 2021	(UE) 2021/1080 02 July 2021

As shown in the above table, the adoption of several amendments to accounting standards endorsed by the European Commission in 2022 is mandatory with effect from 2021. These amendments are not particularly relevant to the Group.

5.4 - New documents issued by the IASB and endorsed by the EU, adoption of which is mandatory with effect from financial statements for years beginning on or after 1 January 2023.

During 2022 the following (EU) Regulations were published in the Official Journal of the European Union, with which two documents previously published by the International Accounting Standards Board ("IASB Board") were endorsed:

- Regulation (EU) no. 2022/1392 of 11 August 2022, which endorsed the document "Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)', published by the IASB Board on 7 May 2021;
- Regulation (EU) no. 2022/1491 of 8 September 2022, which endorsed the document "Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17)", published by the IASB Board on 9 December 2021.

For the purpose of completeness, note that on 27 October 2022 the document *IFRS Financial Statements as of 31/12/2022 – Disclosure on the transition to IFRS 17 and to IFRS 9* was jointly issued by the Bank of Italy, Consob and IVASS. The effects of that document are not particularly relevant to the Group.

5.5 - Use of estimates and assumptions in preparing the Consolidated Interim Report

According to the IFRS framework, the preparation of the Consolidated Interim Report requires the use of estimates and assumptions that may influence the values stated in the statement of financial position and income statement.

The use of reasonable estimates is thus an essential part of preparing this document. The financial statement items subject to significant use of estimates and assumptions are indicated below:

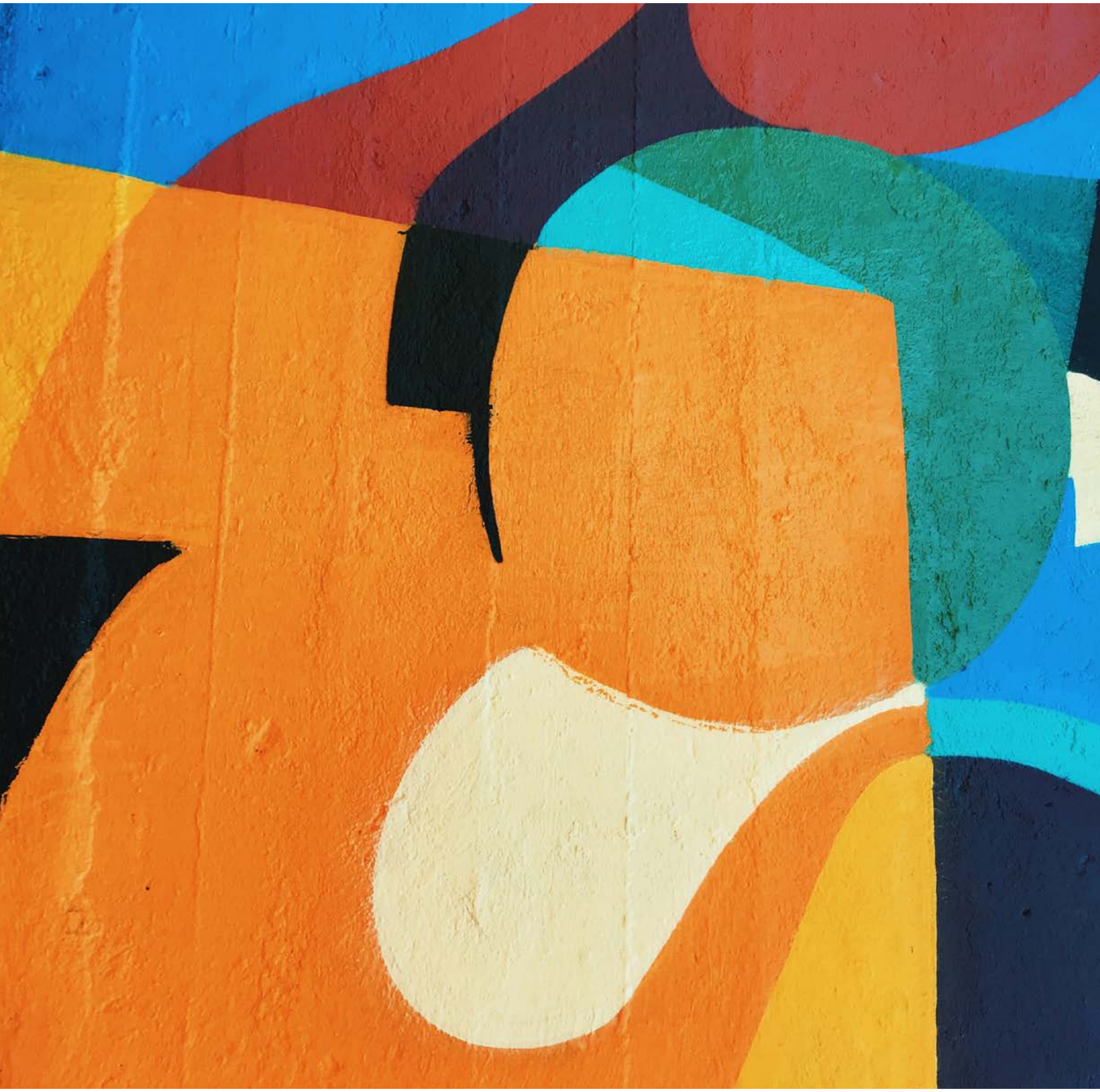
- measurement of loans;
- appraisal of properties;
- measurement of financial assets not quoted in active markets;
- determination of the amount of accruals to allowances for risks and charges;
- determination of the amount of deferred taxation;
- assessments regarding the recoverability of goodwill;
- definition of the depreciation and amortisation of property and equipment and intangible assets with finite useful lives.

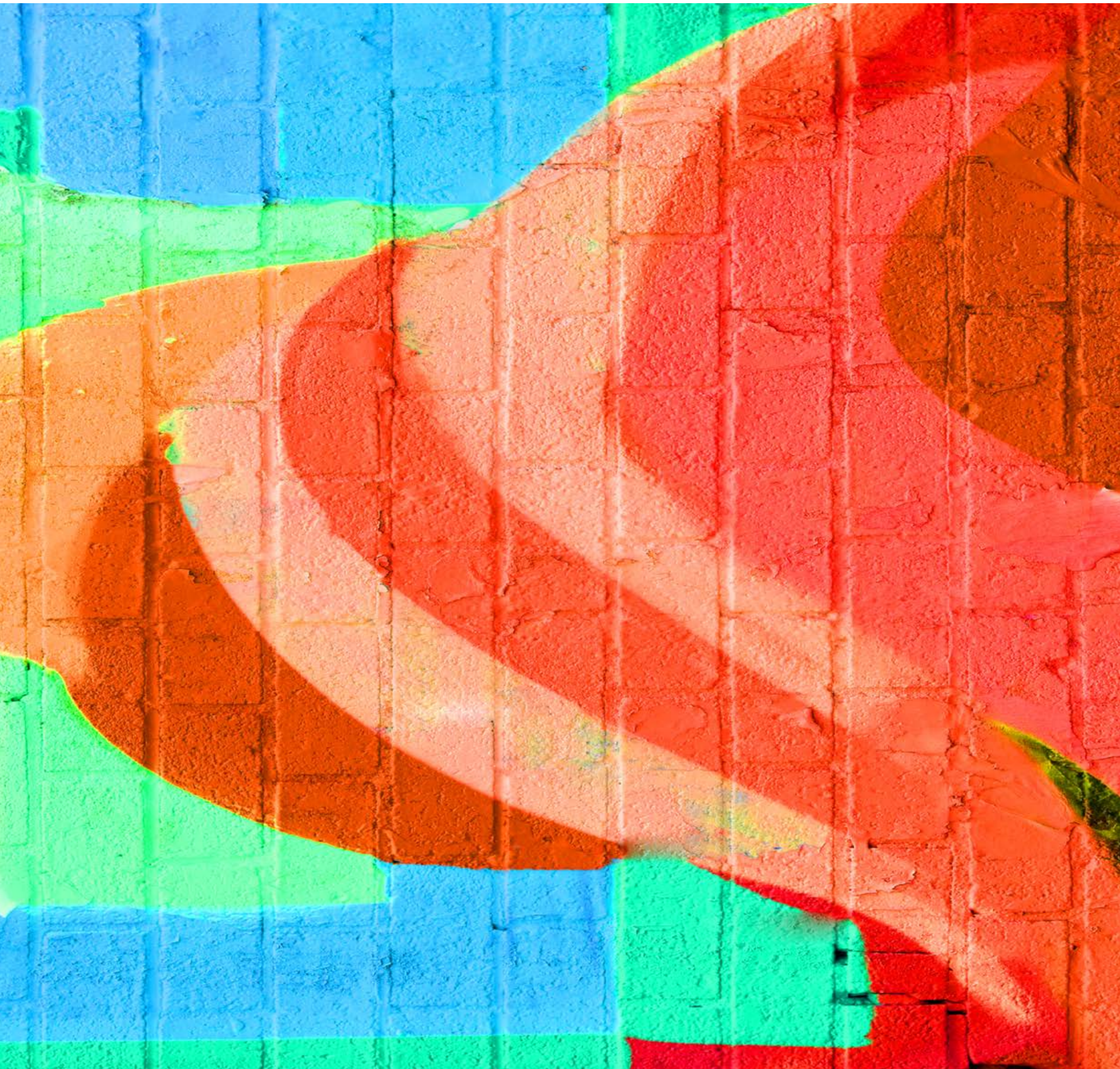
It should also be noted that an estimate may also be adjusted due to changes in the circumstances on which it was based, new information or greater experience. By nature, the estimates and assumptions used may change from one period to the next. Accordingly, the values presented in this Consolidated Interim Report may differ, including to a significant degree, from current estimates. Any changes in estimates are applied prospectively and therefore result in an impact on the income statement in the period in which the change occurs as well as that for future years, pursuant to IAS 8.

Statement of the Financial Reporting Officer

The Financial Reporting Manager, Sergio Fagioli, declares, pursuant to paragraph 2, Article 154-bis of the Consolidated Finance Act, that the accounting information contained in this interim report for the period ended 30 September 2022 corresponds to the contents of accounting documents, books and records.

Signature of the Financial
Reporting Officer
Sergio Fagioli
Signature





Annexes

illimity

Annex 1 – Reconciliation between the reclassified statement of financial position and income statement and financial statements

Below are the reconciliation schemes used for the preparation of the reclassified statement of financial position and income statement. Any discrepancies between the figures presented are due solely to rounding.

Reclassified Consolidated Statement of Financial Position

Assets	Values as of 30/09/2022
Property portfolio - Securities at FV	**428,554**
Item 20. a) Financial assets held for trading	32,374
Item 30. Financial assets measured at fair value through other comprehensive income	396,180
To be deducted:	
Loans to customers - HTCS	-
Loans to customers - HTCS	**-**
Financial instruments mandatorily measured at fair value	**95,477**
Item 20. c) Other financial assets mandatorily measured at fair value	117,977
To be deducted:	
Loans mandatorily measured at fair value	*(22,500)*
Loans mandatorily measured at fair value	**22,500**
Due from banks	**38,504**
Item 40. a) Due from banks	38,504
Loans to financial entities	**145,115**
Loans to financial entities	*145,115*
Government Bonds	**215,290**
Loans to customers - HTC	**2,822,041**
Item 40. b) Loans to customers	3,678,225
To be deducted:	
Loans to financial entities	*(145,115)*
Government Bonds	*(215,290)*
Loans to customers - Securities	*(495,779)*
Securities at amortised cost - Growth Credit	**89,952**
Item 40. b) Loans to customers	3,678,225
To be deducted:	
Loans to customers	*(2,822,041)*
Government Bonds	*(215,290)*
Loans to financial entities	*(145,115)*
Distressed Credit Business securities	*(337,929)*
Investment Banking Business Securities	*(67,898)*
Securities at amortised cost – Distressed Credit	**337,929**
Item 40. b) Loans to customers	3,678,225
To be deducted:	
Loans to customers	*(2,822,041)*
Government Bonds	*(215,290)*
Loans to financial entities	*(145,115)*
Business Growth Credit securities	*(89,952)*
Investment Banking Business Securities	*(67,898)*
Securities at amortised cost – Investment Banking	**67,898**
Item 40. b) Loans to customers	3,678,225
To be deducted:	
Loans to customers	*(2,822,041)*
Government Bonds	*(215,290)*
Loans to financial entities	*(145,115)*
Business Growth Credit securities	*(89,952)*
Distressed Credit Business securities	*(337,929)*

Assets	Values as of 30/09/2022
Investments in equity	**78,336**
Item 70. Equity investments	78,336
Property and equipment and intangible assets	**248,943**
Item 90. Property and equipment	118,377
Item 100. Intangible assets	130,566
Tax assets	**65,934**
Item 110. Tax assets	65,934
Other assets	**634,636**
Item 10. Cash and cash equivalents	364,019
Item 50. Hedging derivatives	28,263
Item 120. Non-current assets held for sale and discontinued operations	-
Item 130. Other assets	242,354
Total assets	**5,291,109**

Liabilities and shareholders' equity	Values as of 30/09/2022
Due to banks	**581,314**
Item 10. a) Due to banks	581,314
Amounts due to customers	**3,186,094**
Item 10. b) Due to customers	3,212,966
To be deducted:	
Lease Liability (IFRS 16)	*(26,872)*
Securities issued	**514,632**
Item 10. c) Securities issued	514,632
Financial liabilities in own portfolio - instruments at FV	**24,293**
Item 20. Financial liabilities held for trading	24,293
Tax liabilities	**28,476**
Item 60. Tax liabilities	28,476
Other liabilities	**142,848**
Item 80. Other Liabilities	105,071
Increase:	
Lease Liability (IFRS 16)	*26,872*
Item 40. Hedging derivatives	1,908
Item 90. Employee severance pay	3,371
Item 100. Allowances for risks and charges	5,626
Shareholders' equity	**813,452**
Capital and reserves	
Item 120. Valuation reserves	(51,135)
Item 150. Reserves	135,635
Item 160. Share premium reserves	624,583
Item 170. Share capital	54,514
Item 180. Treasury shares (-)	(747)
Item 190. Equity attributable to minority interests (+/-)	5
Item 200. Profit (loss) for the period	50,597
Total liabilities and shareholders' equity	**5,291,109**

Reclassified consolidated income statement

Income Statement items	Values as of 30/09/2022
Net interest margin	**116,100**
Item 10. Interest income and similar income	165,225
Reclassification from Profit (Loss) from discontinued operations	-
Item 140. Profits/losses on changes in contracts without derecognition	-
Item 20. Interest expenses and similar charges	(48,286)
Reclassification of Raisin operating components	*(2,078)*
To be deducted:	
IFRS 16 interest expenses	*1,239*
Net fee and commission income	**41,791**
Item 40. Fee and commission income	44,796
Item 50. Fee and commission expense	(4,208)
Reclassification of fee and commission expense HFS	-
To be deducted:	
Raisin operating components	*1,203*
Profits/losses on financial assets and liabilities	**13,288**
Item 70. Dividends and similar income	200
Item 80. Net trading result	6,141
Item 100. Profits (losses) from disposal or repurchase	(68)
Item 110. Profits (losses) on other financial assets and liabilities measured at fair value through profit or loss	7,015
Net write-downs/write-backs on closed positions	**45,304**
of which: Net write-downs/write-backs on closed positions - Clients - POCI	*45,381*
Reclassification from item 130. Losses/recoveries for credit risk associated with: a) financial assets measured at amortised cost - Recoveries on Datio in solutum transactions	*510*
Reclassification from item 210. Net adjustments/recoveries on property and equipment - Adjustments on Datio in solutum transactions	*(510)*
Reclassification from item 280. Profits (losses) on disposal of investments	*(77)*
Other profits (losses) from the disposal of investments	**-**
Item 280. Profits (losses) on disposal of investments	(77)
To be deducted:	
Reclassification to Net write-downs/write-backs on closed positions	*77*
Other operating expenses and income	**17,111**
Item 230. Other operating income/expenses	19,839
To be deducted:	
Reclassification of recovery of other operating expenses/income to Other administrative expenses	*(2,728)*
Total net operating income	**233,594**
Personnel expenses	**(64,369)**
Item 190. Administrative expenses: a) Personnel expenses	(64,183)
To be deducted:	
Reclassification of HR expenses from other administrative expenses	*(186)*
Other administrative expenses	**(64,087)**
Item 190. Administrative expenses: b) Other administrative expenses	(71,348)
Reclassification of IFRS 16 interest expenses	*(1,239)*
Reclassification of HR expenses to personnel expenses	*186*
Reclassification of recovery of other operating expenses/income to Other administrative expenses	*2,728*
Raisin operating components	*875*
Reclassification of contributions and other non-recurring expenses	*4,711*
Net adjustments/recoveries on property and equipment and intangible assets	**(11,911)**
Item 210. Net adjustments/recoveries on property and equipment	(3,211)
Item 220. Net adjustments/recoveries on intangible assets	(9,210)
To be deducted:	
Reclassification from item 210. Net adjustments/recoveries on property and equipment - Adjustments on Datio in solutum transactions	*510*
Operating expenses	**(140,367)**
Operating profit (loss)	**93,227**

Income Statement items	Values as of 30/09/2022
Net losses/recoveries for credit risk - HTC Banks	**64**
Net losses/recoveries for credit risk - HTC Financial entities	**50**
Net losses/recoveries for credit risk - HTC Clients	**(4,117)**
Item 130. Losses/recoveries for credit risk associated with: a) financial assets measured at amortised cost	41,515
Reclassification of Net write-downs/write-backs on closed positions - HTC&S Clients - POCI to item 130b	-
Reclassification of Net write-downs/write-backs on closed positions - HTC Clients - POCI off-balance to item 200	*373*
To be deducted:	
Net losses/recoveries for credit risk - HTC Banks	*(64)*
Net losses/recoveries for credit risk - HTC Financial entities	*(50)*
Losses/recoveries for credit risk associated with: a) financial assets measured at amortised cost - Recoveries on Datio in solutum transactions	*(510)*
Net write-downs/write-backs on closed positions - Clients - POCI	*(45,381)*
Net losses/recoveries for credit risk - HTCS	**(918)**
Item 130. Losses/recoveries for credit risk associated with: b) financial assets measured at fair value through other comprehensive income	(918)
To be deducted:	
Net write-downs/write-backs on closed positions - HTC&S Clients - POCI	-
Net adjustments/recoveries for commitments and guarantees	**(241)**
Item 200. Net allowances for risks and charges: a) commitments and guarantees given	132
To be deducted:	
Net write-downs/write-backs on closed positions - HTC Clients - POCI off-balance	*(373)*
Total net adjustments/recoveries	**(5,162)**
Other net provisions	**(38)**
Item 200. Net allowances for risks and charges: b) other net provisions	(38)
Other income (expenses) on investments	**(5,665)**
Item 250. Profits (losses) on equity investments	(5,665)
Contributions and other non-recurring expenses	**(4,711)**
of which: Contributions and other non-recurring expenses	(4,711)
Other profits (losses) from the disposal of investments	**-**
Item 280. Profits (losses) on disposal of investments	(77)
To be deducted:	
Reclassification to Net write-downs/write-backs on closed positions	*77*
Profit (loss) from operations before taxes	**77,651**
Income tax for the period on continuing operations	**(27,054)**
Item 300. Income tax for the period on continuing operations	(27,054)
Reclassification from Profit (Loss) from discontinued operations	-
Item 320. Net income (loss) from discontinued operations after tax	**-**
Item 320. Net income (loss) from discontinued operations after tax	-
To be deducted:	
Interest income and similar income	-
Fee and commission expense HFS	-
Income tax for the period on continuing operations	-
Profit (loss) for the period	**50,597**

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Gruppo illimity Bank S.p.A.

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November 2022

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