



illimity

BANCA OLTRE LA FORMA

Company Presentation

May 2023



Foundations for success: people, technology and values



Core business drives profitability: SME business & Distressed Credit business



Tech Initiatives to create high value



Our recent results: 1Q23

illimity - A new paradigm bank

Focused strategy

We were born to serve the most attractive segments of the Italian corporates market:

- Loans and services to SMEs with high potential
- Distressed corporate credit to create new opportunities

Unique business model



No legacy, no branches



Innovative IT architecture

Fully digital, fully modular, fully in-cloud



Constant investment in our human capital

Incubator of tech initiatives

b-ilty

 illimity

Lendtech

 quimmo

Proptech

HYPE

Fintech

illimity - We focus on immense and growing core markets

**SME
Lending Business**

**SME
Distressed Credit Business**


GROWTH
CREDIT DIVISION


INVESTMENT
BANKING

b-ilty
 illimity


DISTRESSED
CREDIT DIVISION

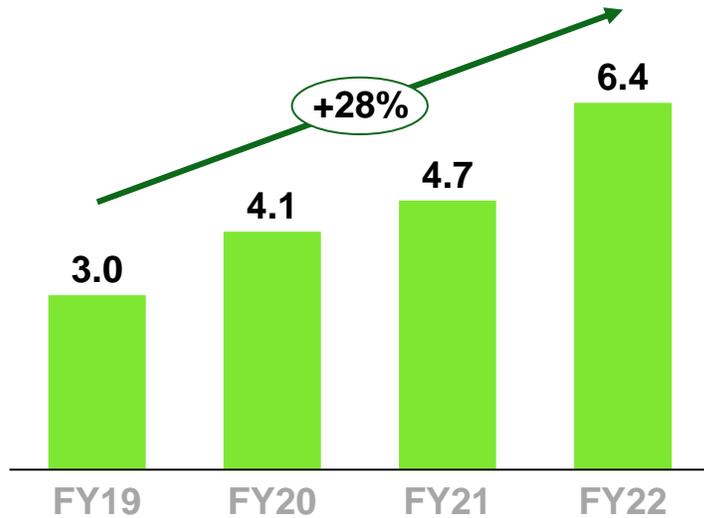
AREC  neprix

 **illimity**
SGR

illimity - Remarkable combination of growth and profit trends with investments for the future

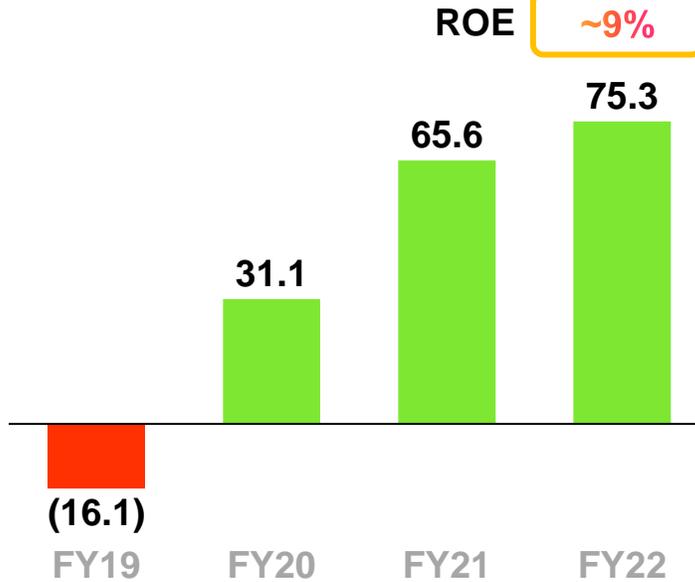
TOTAL ASSET GROWTH

Data in €bn



NET PROFIT PROGRESSION

Data in €mln



RELEVANT INVESTMENTS FOR THE FUTURE

- *New tech initiatives:*
  
- *Completion of our unique IT system*
- *Completion of our central and control functions*

illimity - Forerunner in ESG commitment

ESG purpose



Support SMEs in developing and restructuring

ESG integrated in our business model



ESG embedded in RAF & in credit risk assessment



ESG objectives linked to bonuses

ESG ratings already in line with best practices⁽¹⁾

MSCI 

A



CDP 

B



standard ethics 

EE-



SUSTAINALYTICS 

Low Risk



The lowest Scope 1 & 2 emission intensity



Great Place to Work® award for 4 years



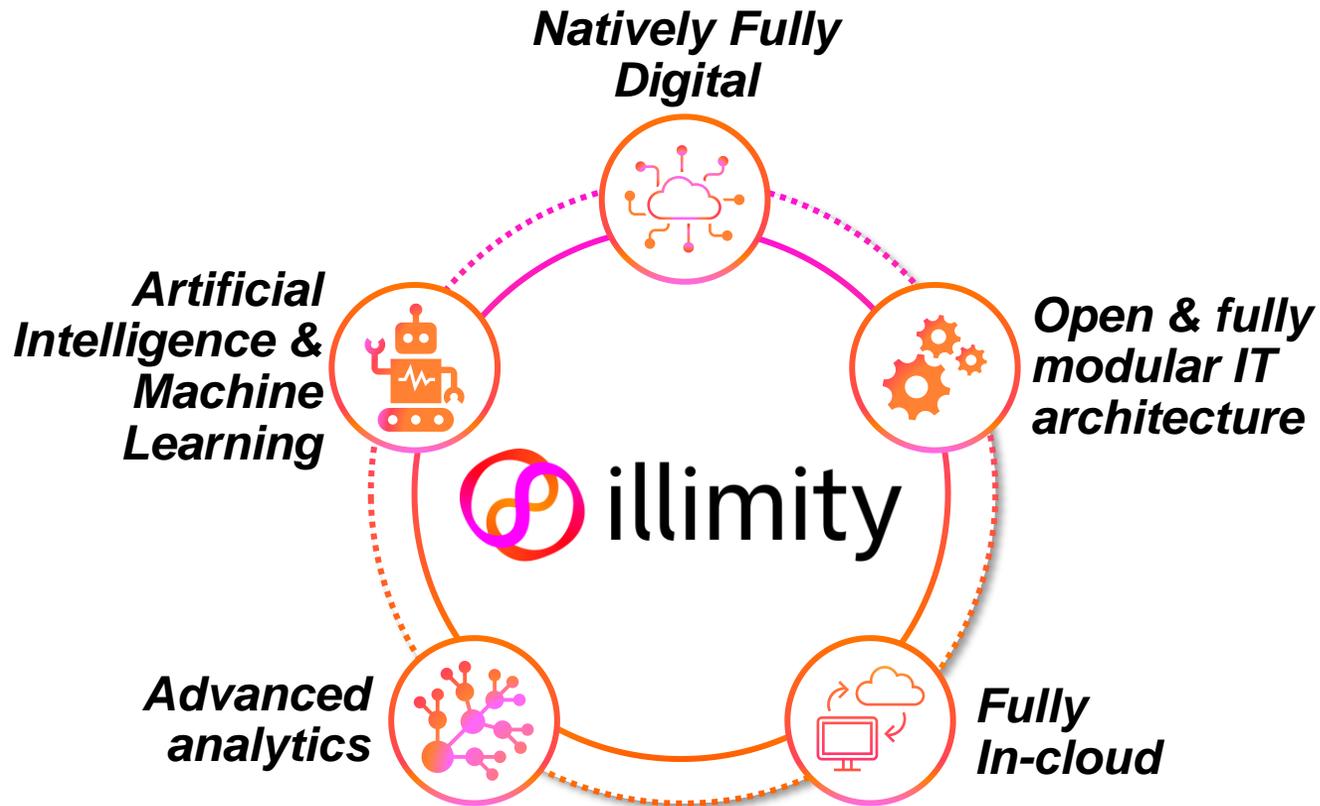
Gender equality certification UNI PdR 125:2022

fondazione 

Real estate impact projects through illimity Foundation

Notes: (1) See in appendix for the full list of ratings upgraded.

illimity - Exploiting shift from analogue to digital in financial services market: products, channels and processes



Unique state-of-art IT architecture and digital platform: fully digital and data driven, fully modular and scalable, thanks to in cloud native infrastructure

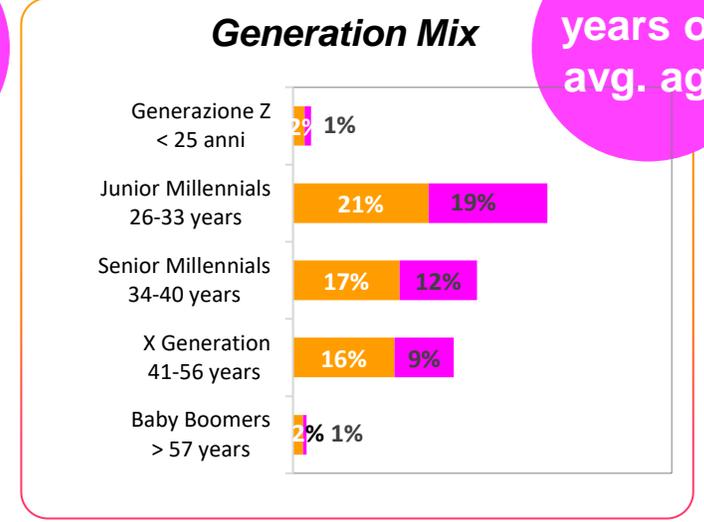
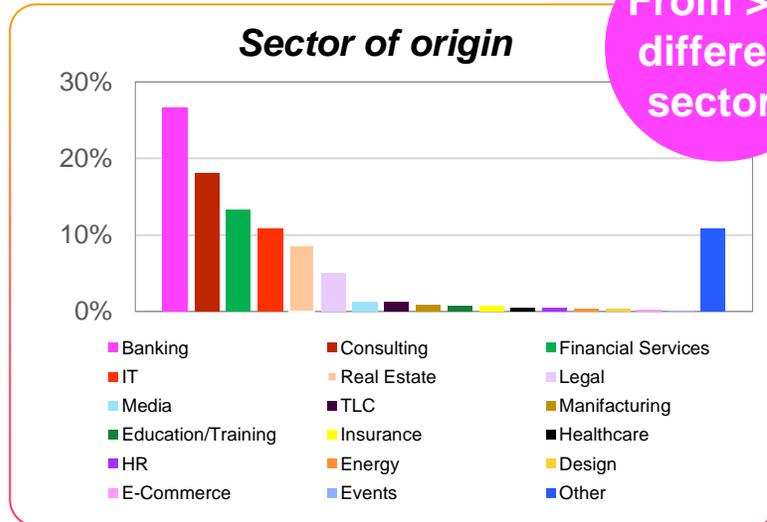
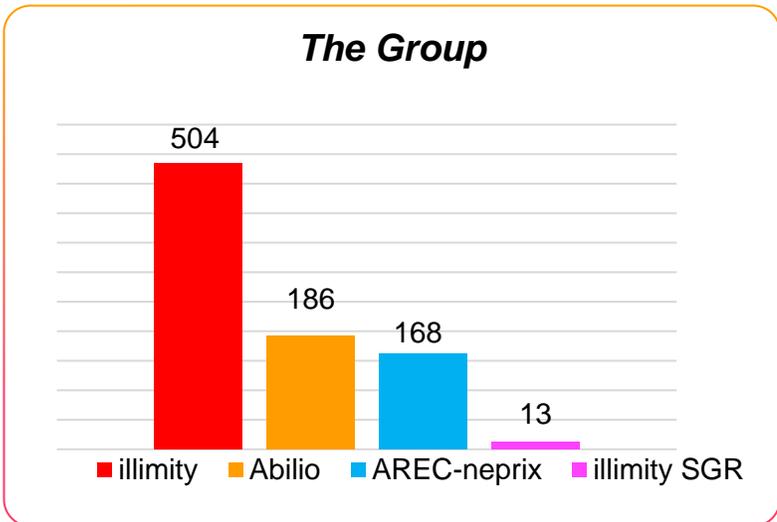
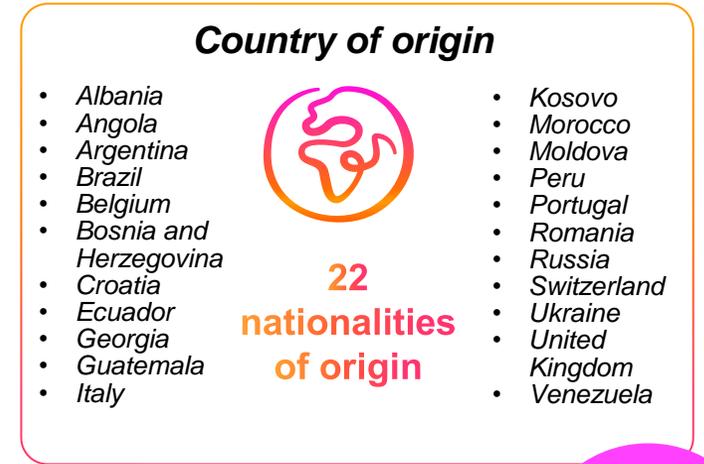
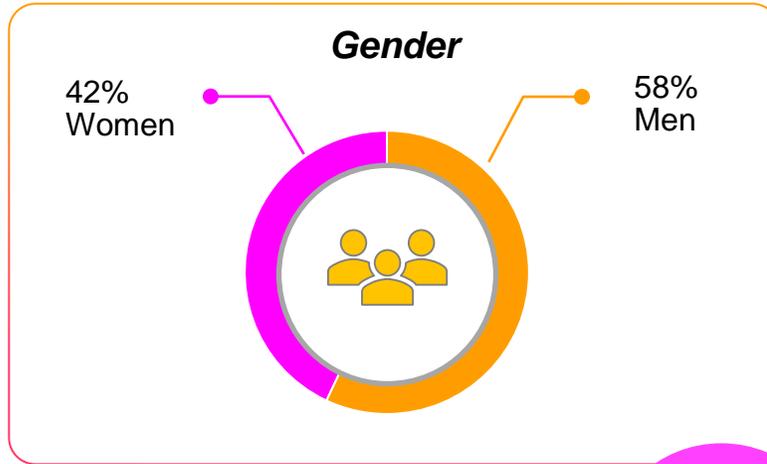
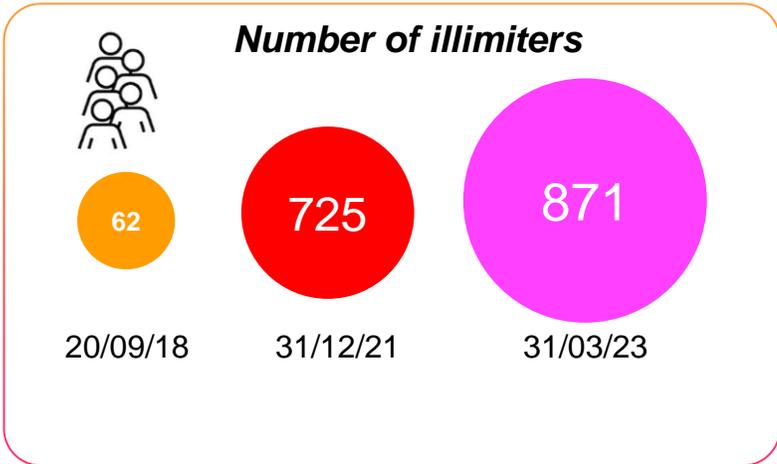
Fully fledged IT architecture with best-in-class fintech solutions: supporting all our businesses

Peak of investments over, making IT platform now highly scalable and enabling greater efficiency and best use of data models (AI)

illimity one of only 20 Italian companies included in

 **EURONEXT**
Tech Leaders

illimity - The illimiters: talent and diversity fosters innovation



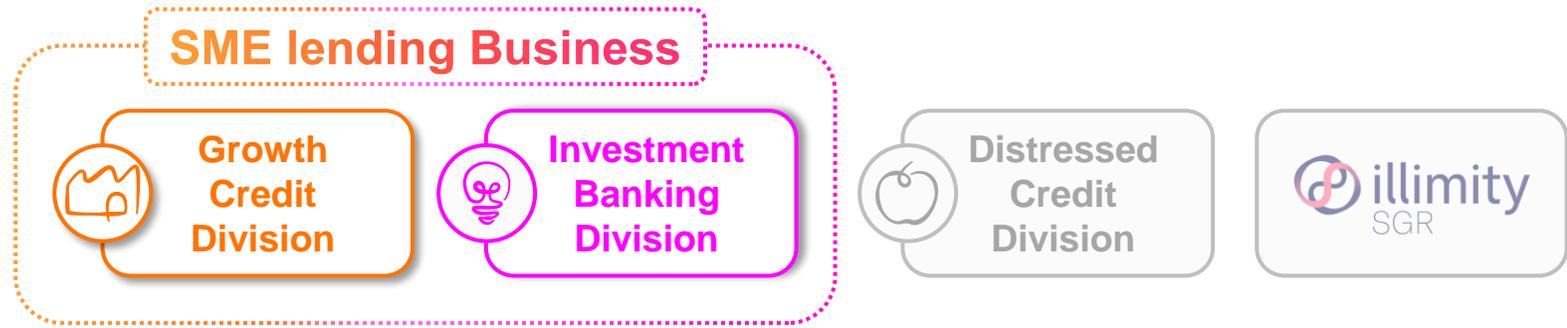
36 years old avg. age



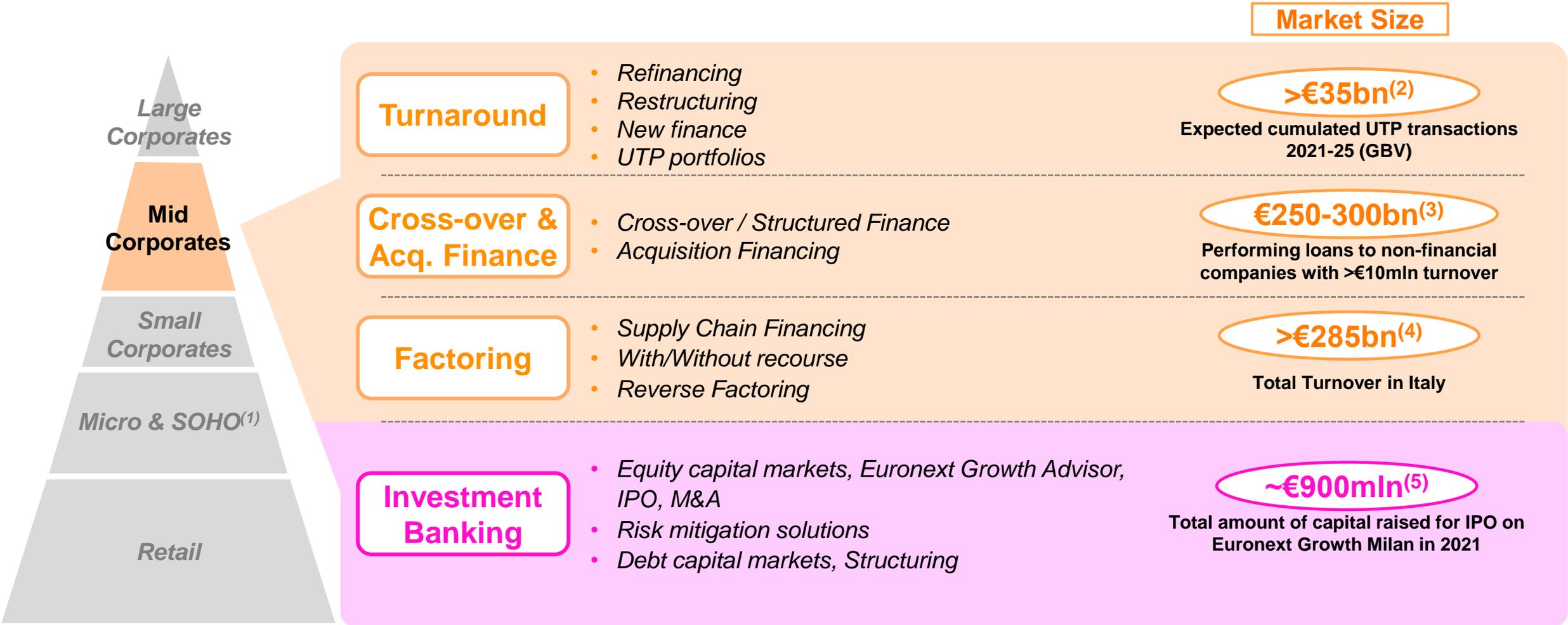
Foundations for success: people, technology and values



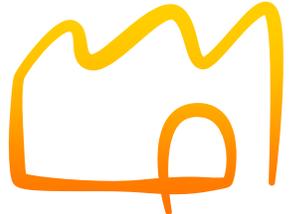
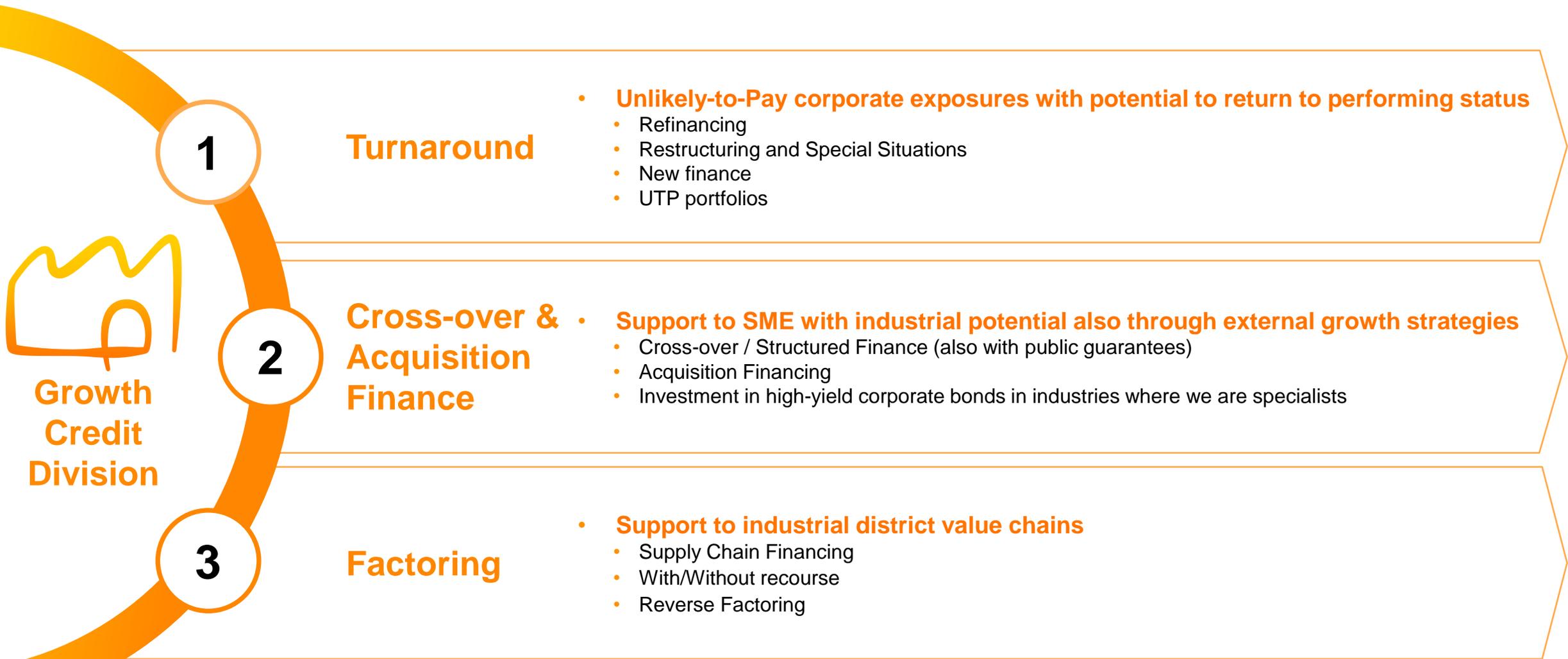
Core business drives profitability: SME lending business & Distressed Credit business



illimity - Large and growing Italian SME market



Notes: (1) Small Office Home Office; (2) Market estimates based on various sources (among others Bank of Italy, PwC). Estimates refer to the entire NPE transaction market as there are no available estimates on the SME segment only - See Disclaimer attached at the end of this Document; (3) Management estimates based on Bank of Italy data; (4) Preliminary report Assifact as of December 2022; (5) Source: Borsa Italiana. This aggregate does not include SPAC (special purpose acquisition companies); (6) Source: Osservatori Entrepreneurship Finance & Innovation – 8° Report italiano sui Minibond – Politecnico Milano - March 2022.

 **illimity - Italian SME specialist**

**Growth
Credit
Division**

illimity - Italian SMEs specialist partner



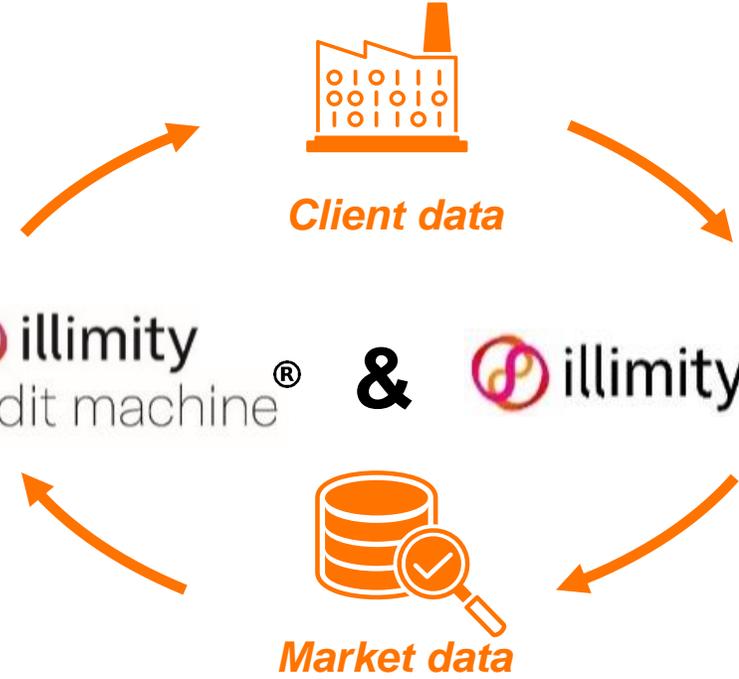
Bank specialists
Strong banking expertise based on our team of specialists



Tutors
Tutors with financial and industries expertise



illimity credit machine® & illimity.AI®

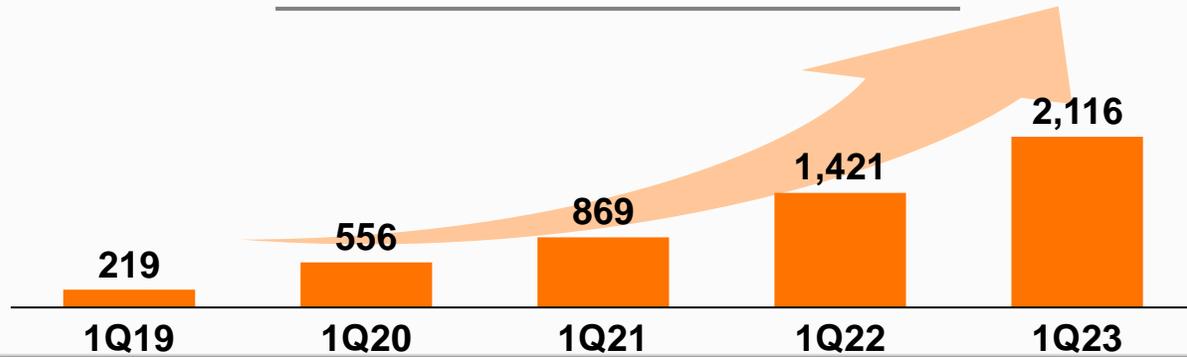


Tutors support the whole process from credit underwriting to monitoring

illimity - Outstanding growth

Data as of 31.03.2023

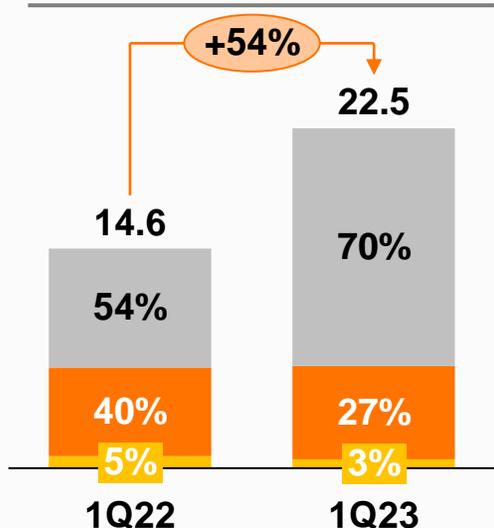
Net customer loans (€mln)



€2.9bn⁽¹⁾

Business origination since inception
Well-recognised player in the market with a very selective approach

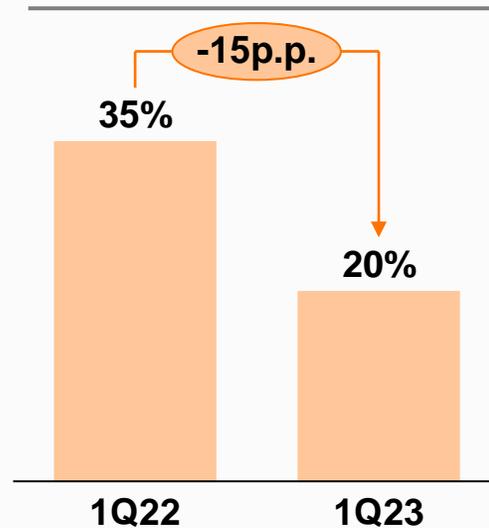
Revenue breakdown (€mln)



~€22.5 mln
+54% yoy

Well-diversified and growing revenue

Cost income ratio



20%

Cost income ratio
Increasingly visible operating leverage gains

illimity - Investment Banking division: remarkable growth after just one year from set up



Capital Markets

- IPO operations on **Euronext Growth Milan**
- **Debt** transactions
- Placement of **financial instruments** on **primary** and **secondary** market
- **M&A** activities and **advisory** services



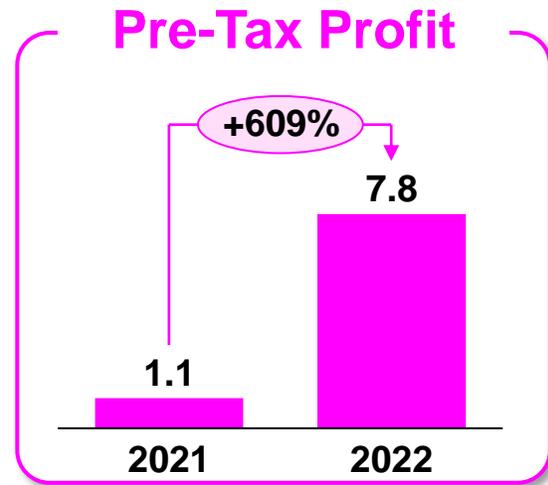
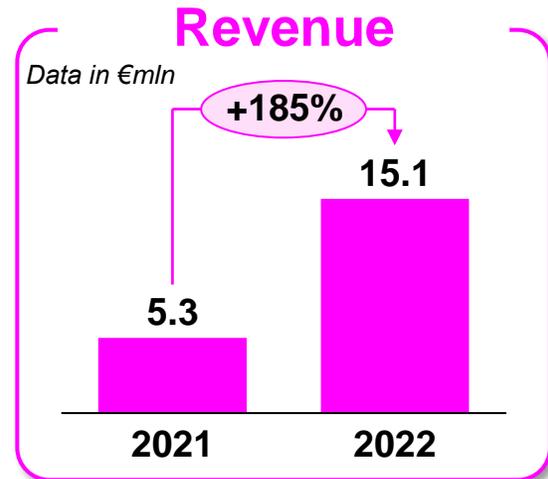
Corporate Solutions

- Investments in **primary** and **secondary** market of **Corporate Bonds and Alternative Debt**
- **Risk hedging solutions** for companies (derivative instruments)



Structuring

- **Structuring of secured and alternative finance transactions** (securitizations, SRT transactions, Basket Bonds ...)
- Structuring of **funding transactions** (securitizations, EMTN ...)

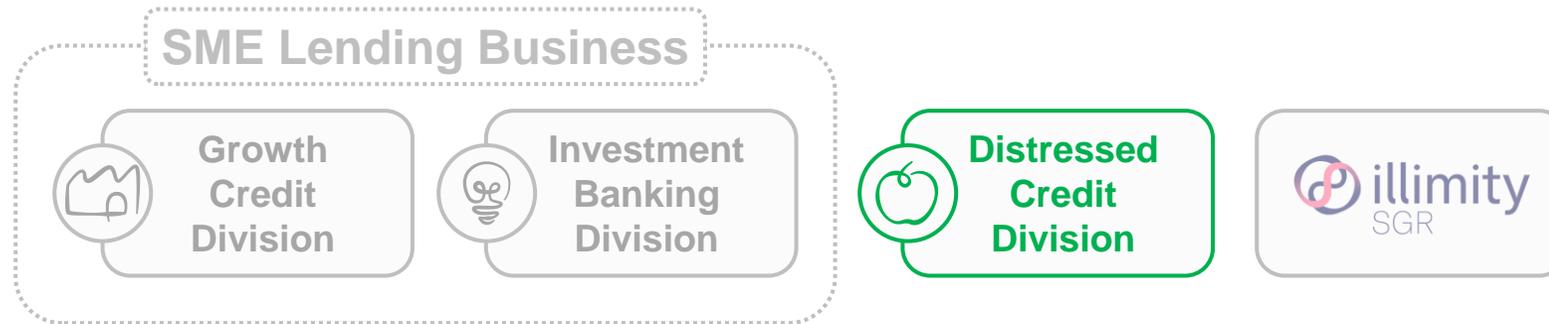




Foundations for success: people, technology and values



Core business drives profitability: SME lending business & Distressed Credit business



illimity - A national champion in Corporate distressed credit

Distressed Credit Division

Distressed Credit Investment business

Investment specialist desks

- **Corporate Portfolios:** Secured, Unsecured & Leasing
- Special Situations **Energy**
- Special Situations **Real Estate**
- **Unlikely-To-Pay Portfolios**
- **Public Procurement Claims**

Senior financing

- **Financing solutions** to non-bank NPE investors
- **Structuring and financing credit disposals**

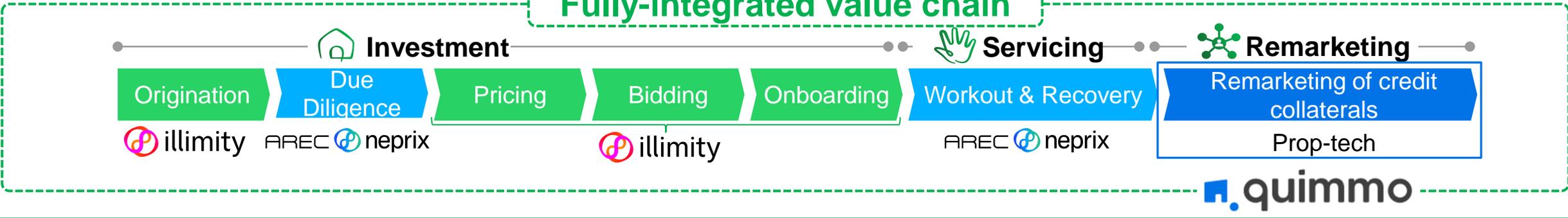
Servicing

- **Corporate Distressed Credit Management**
- **Unlikely-To-Pay corporate loans**
- **Real Estate and Renewable Energy Advisory**

Proptech

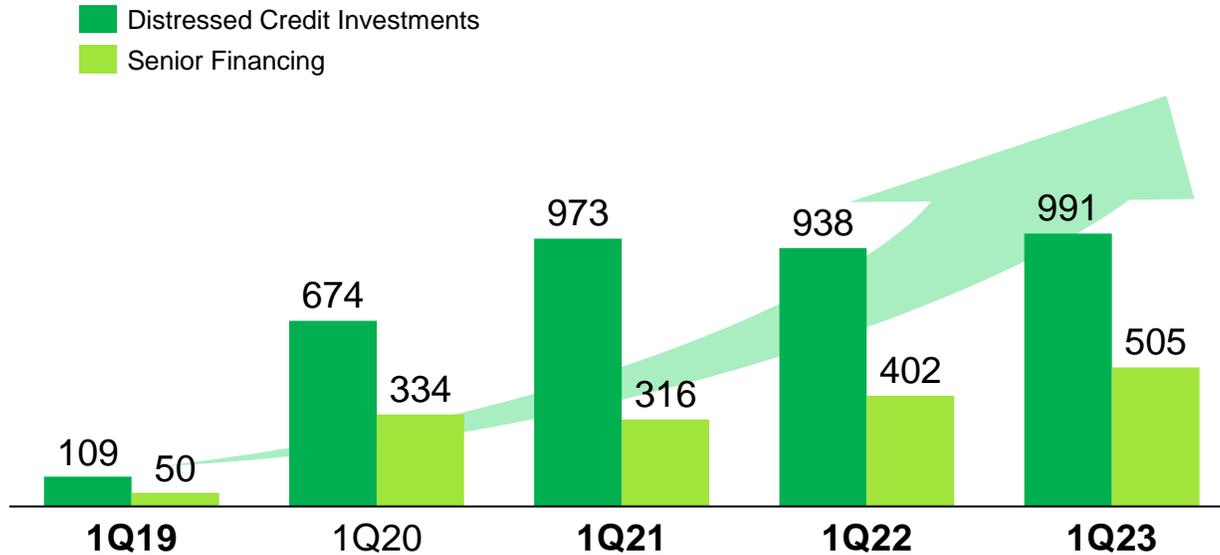
- **Remarketing** of capital goods & Real Estate properties
- **Real estate brokerage** on free market

Fully-integrated value chain



illimity - Top investor with very strong track record

Net customer loans (€mln)



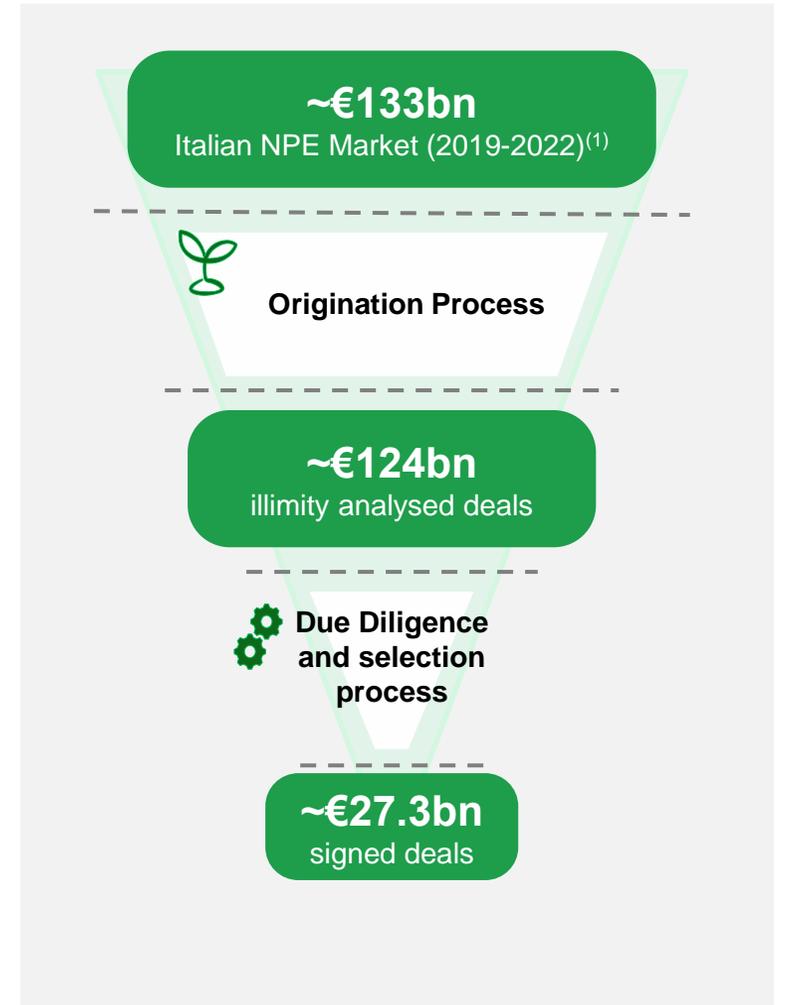
€2.6bn

Business origination since inception
 Among **top investors in Europe** leveraging on highly-specialised market segments

~ €13bn⁽¹⁾

Servicing & Remarketing GBV
 Between credit and assets being already one of the largest special servicers in corporate NPEs

Selective approach



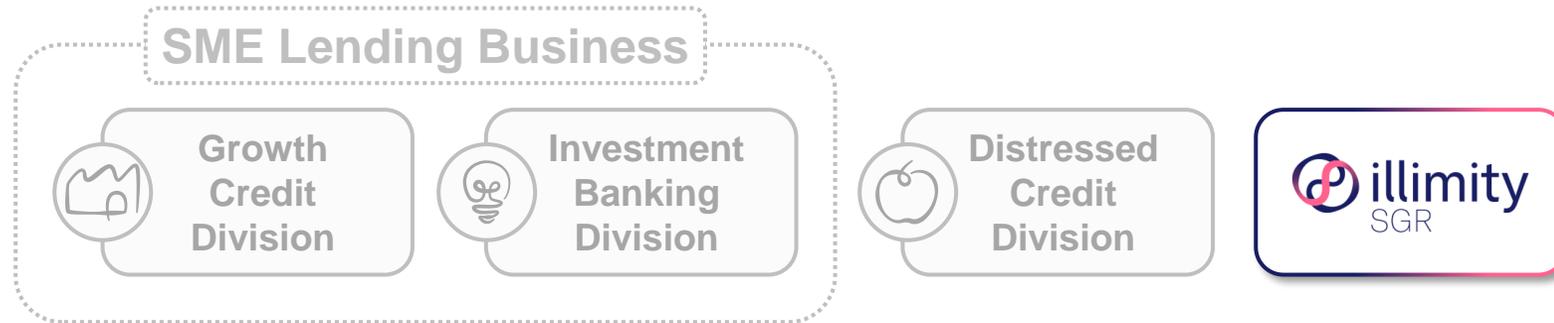
Note: (1) See "Servicing & Remarketing GBV" in the Glossary at the end of this document



Foundations for success: people, technology and values



Core business drives profitability: SME lending business & Distressed Credit business



Momentum accelerates. Total AUM up to ca. €440mln

LAUNCHED

Credit & Corporate Turnaround Fund

- UTP
- AuM⁽¹⁾ of around €232mln

Real Estate Credit Fund

- NPE
- AuM⁽¹⁾: €114mln

Selective Credit Fund (art. 8 SFDR)

- Performing unlisted SMEs.
- First closing for €90mln finalized.

Launched
in April
2023

Total AUM at ca. €440mln⁽¹⁾ achieved in just two years, expected to further increase

Synergies between **SGR**, and business divisions **already visible** and set to generate further benefits in next few years

NEW FUNDS TO BE LAUNCHED



Capital light tool allowing illimity to **generate fee-based revenue stream**



ESG metrics and **digital approach** in alternative fund management



Foundations for success: people, technology and values



Core business drives profitability: SME lending business & Distressed Credit business



Tech Initiatives to create high value

illimity - Tech initiatives advancing toward high value creation.

 quimmo

Proptech

Already leading prop-tech in Italian RE brokerage market

Strategic partnership completed in free market

 b-ilty

 illimity

Lendtech

First Italian fully-fledged digital bank for small corporates

Operational from 1Q23

 HYPE

Fintech

Italian fintech leader in retail world⁽¹⁾

Moving towards breakeven



presents

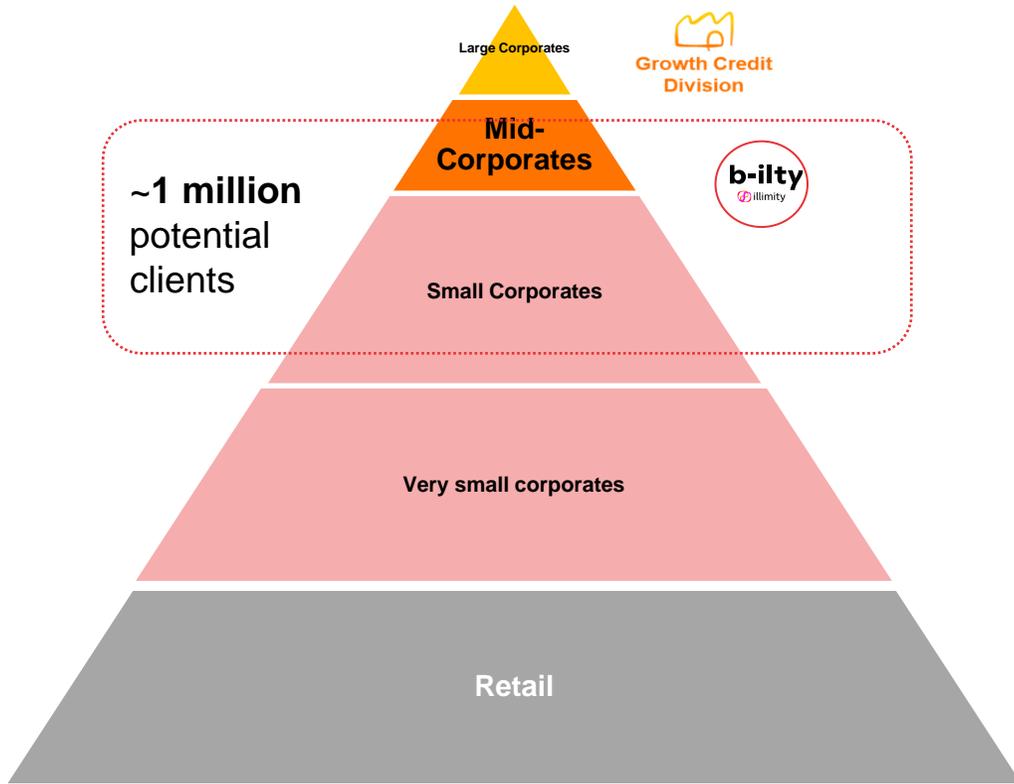
b-ilty

the first digital business store for Small Corporates

b-ilty - First fully-fledged digital bank for small corporates



Immense potential market



Unique complete digital offer for SME

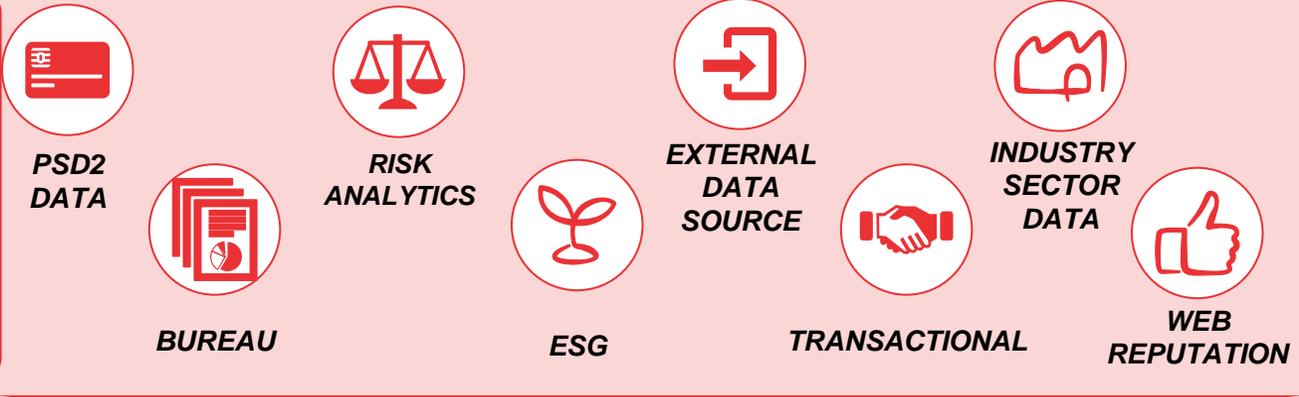


b-ilty - Fast response time: Credit Engine

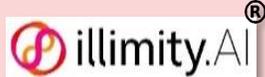
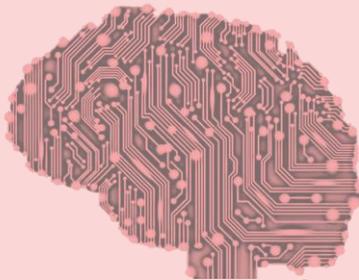


b-ilty digital credit platform

DATA SOURCE



ALGORITHM-BASED CREDIT ENGINE



Key strengths

- CONTINUOUS MACHINE LEARNING
- SCALABILITY
- FAST TIME-TO-YES
- INDUSTRY-SPECIFIC KPIs

Business up and running from 1Q23 and already gaining momentum

KEY MESSAGES



Unique digital banking offer for small corporates



Digital platform up and running with AI based credit engine fully operational



In 1Q23 loan origination in line with targets driven by business origination, with solid pipeline ahead (>€150mIn)



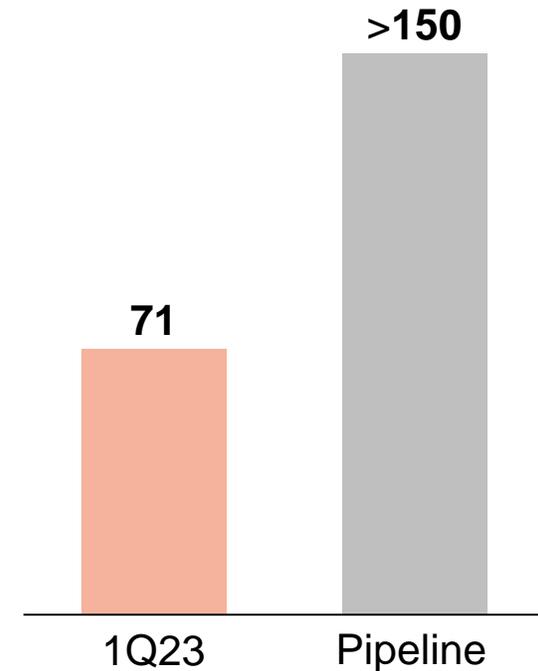
All loan exposures are **assisted by public guarantees**



Commercial distribution agreements further increased to foster origination opportunities

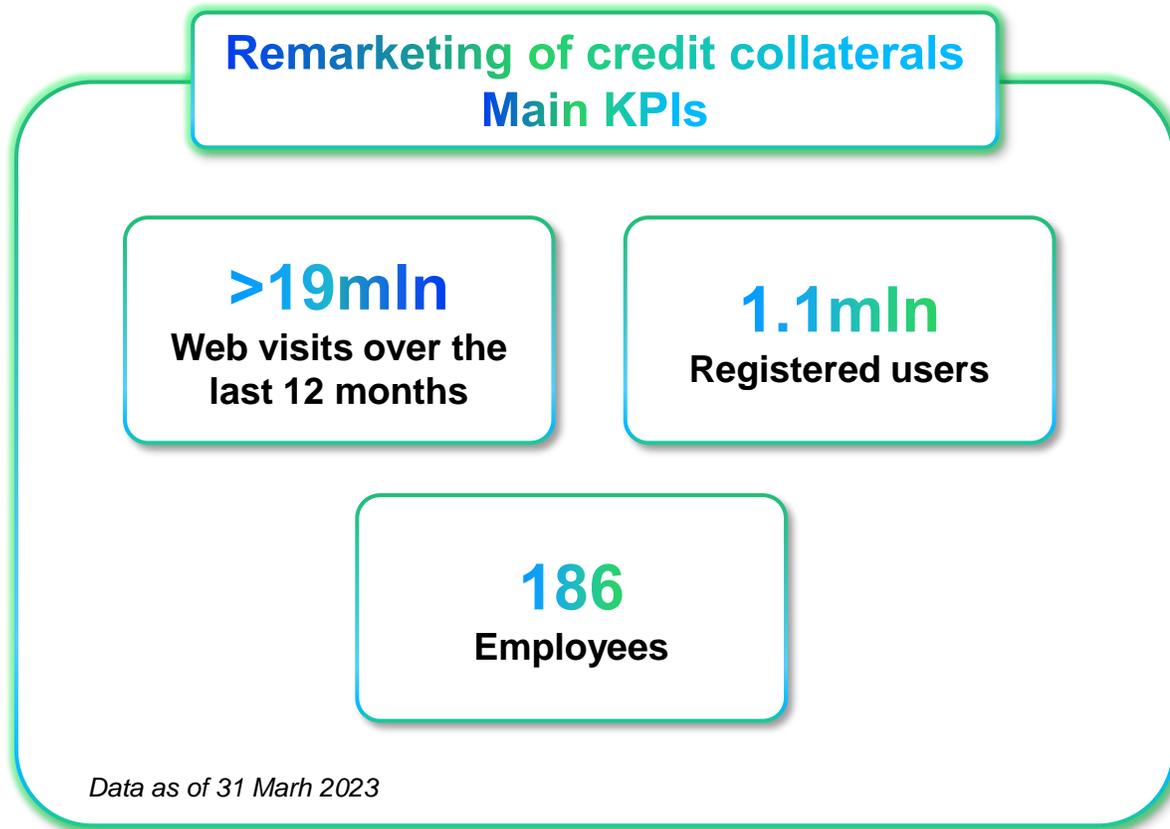
Net Customer Loans

Data in €mIn



 quimmo
il tuo immobile è qui

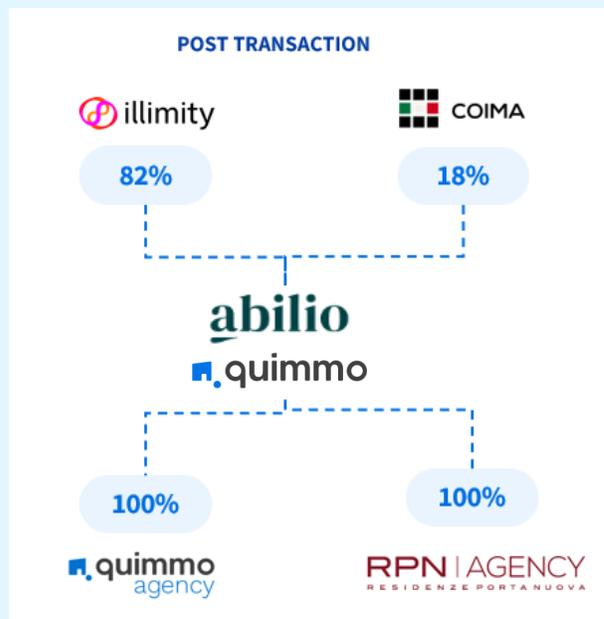
quimmo - Leading brokerage proptech in Italy



Digital-native business model

- Developer teams** for UX and Digital Marketing
- Specialised multichannel service** across entire chain value
- Digital and highly specialised processes**

quimmo - Equity partnership in real estate brokerage to accelerate open market strategy



Coima acquires 18% stake of Abilio by transferring 100% of its brokerage service company active in Italian residential sector

OPEN MARKET

- April 2023 - Signed partnership in RE brokerage with COIMA⁽²⁾
- Expected boost following commercial synergies with pipeline of more than €1bn
- Boosting relevance in open market potentially worth €140bn

JUDICIAL MARKET

- Leader in Judicial market leveraging increased market share (from 11% to 13%)
- Increasing relevance in judicial market potentially worth €7bn



Assets sold €362mln in FY22, €76mln in 1Q23



AuM⁽³⁾ ~€2.4bn, of which 94% non captive



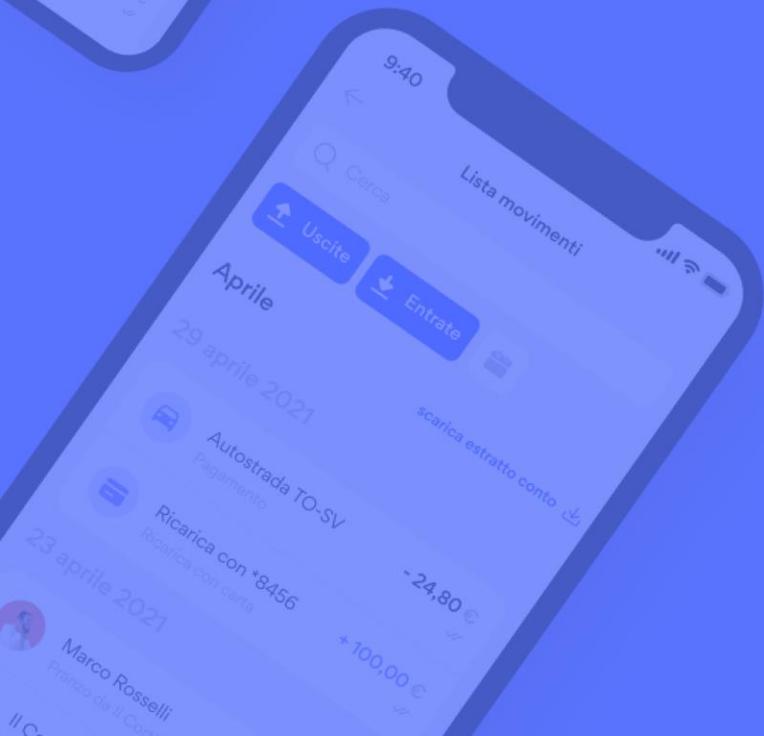
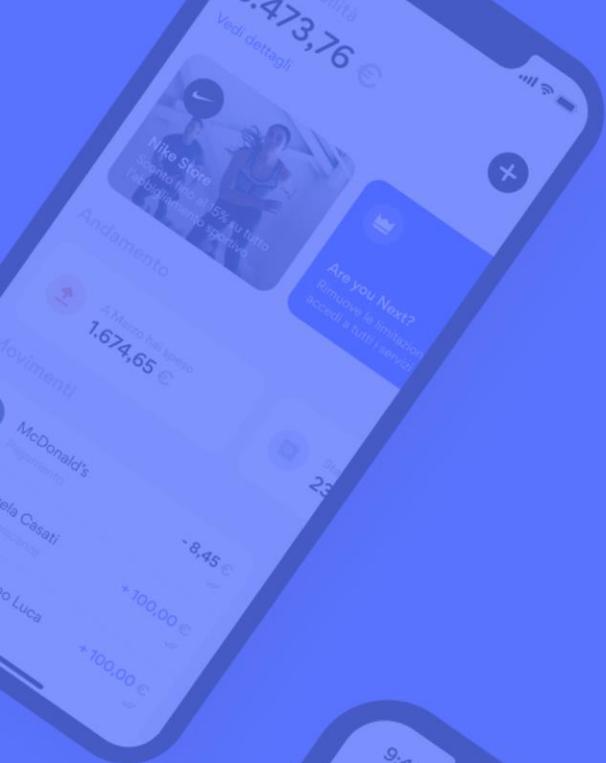
Generated leads 44K in FY22, 14K in 1Q23



As of 1Q23 revenue at €4.2m with pre-tax result of €-0.8m⁽⁴⁾

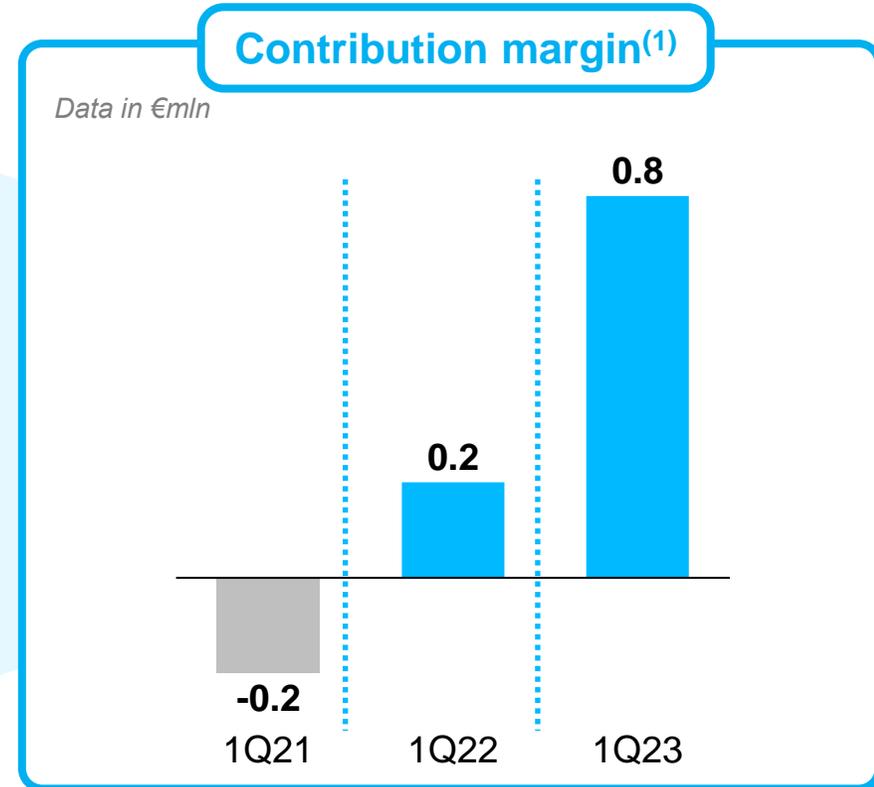
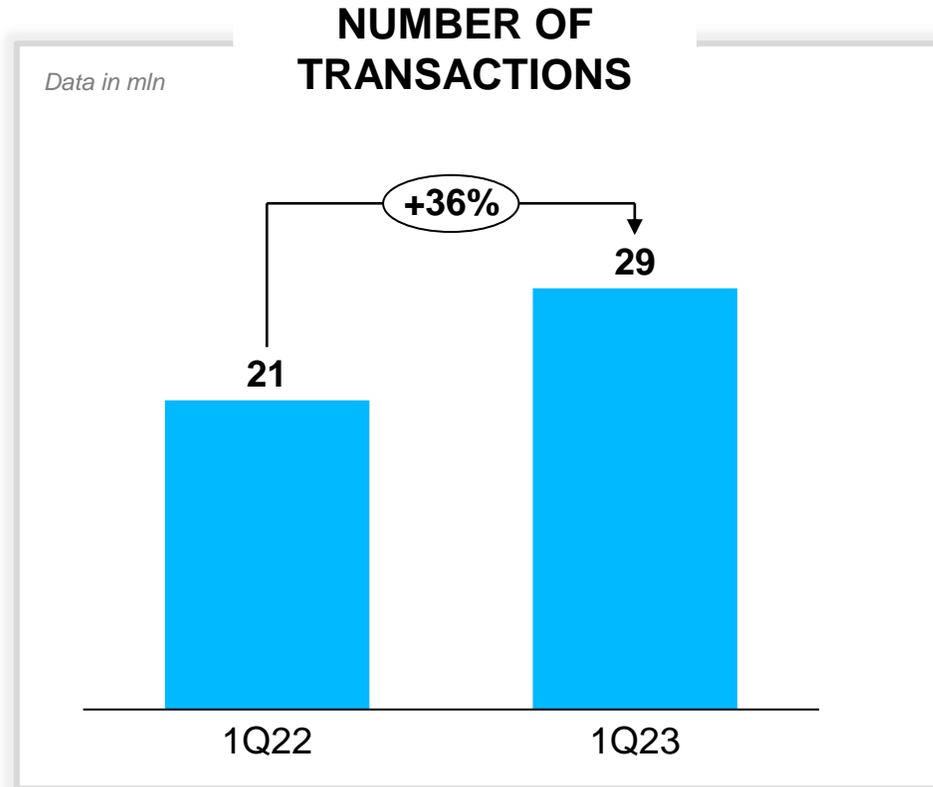


Fintech Market Leader





- Top retail fintech in Italy with 1.7 million customers (+11%YoY)

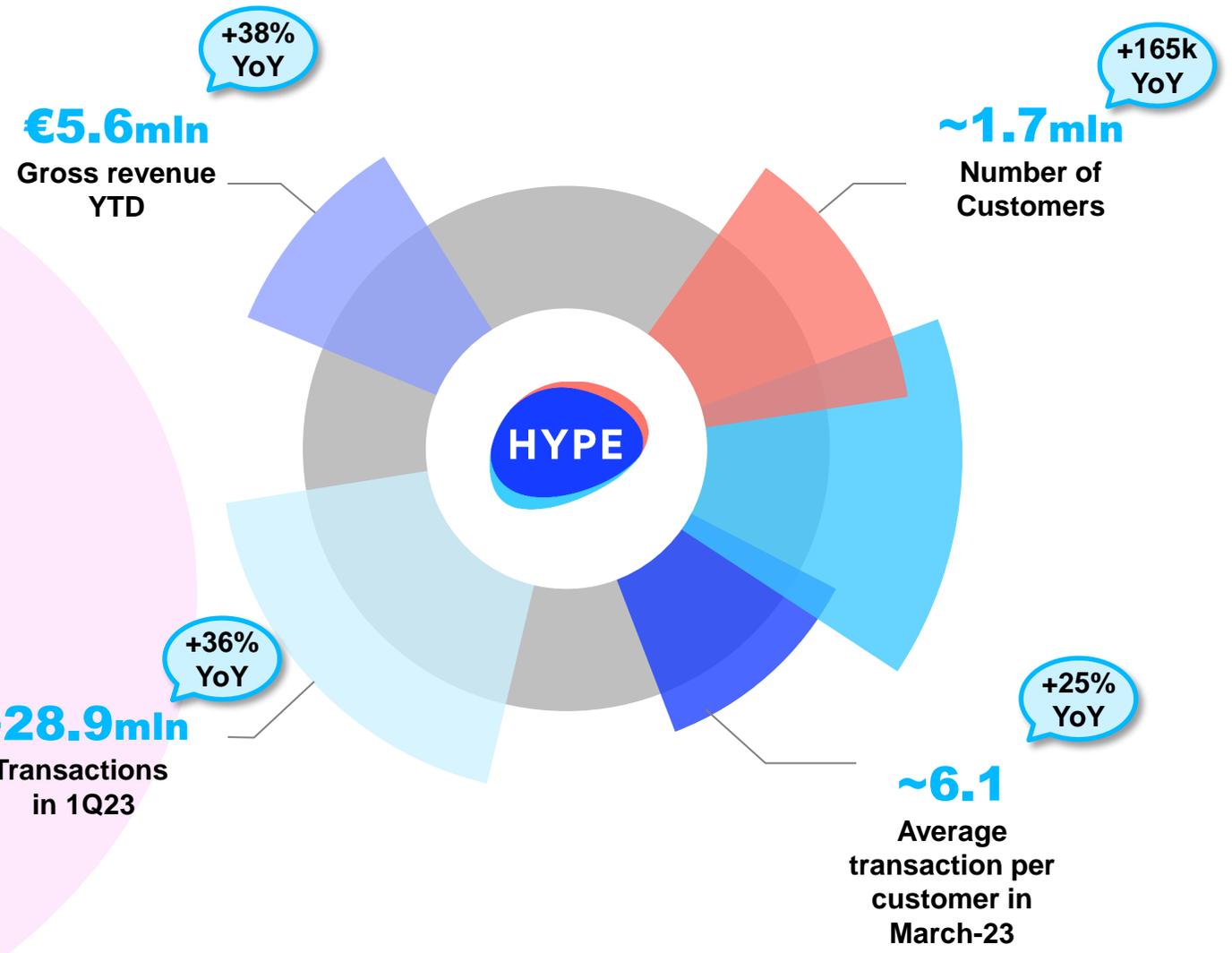
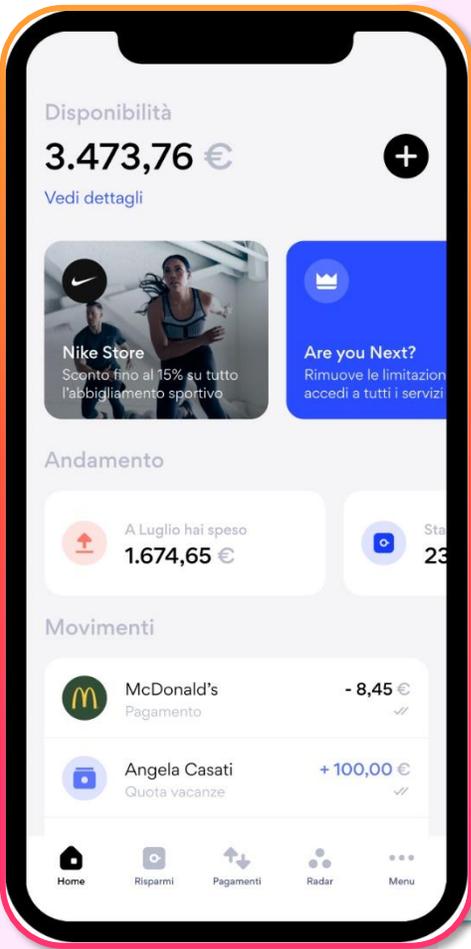


Average customer transaction in 1Q23 **~17** +25% YoY



- Recognised Market Leader

Data as of 31 March 2023



Notes: Non accounting figures.



Foundations for success: people, technology and values



Core business drives profitability: SME lending business & Distressed Credit business



Tech Initiatives to create high value



Our recent results: 1Q23

illimity - **Key strategic milestones driving positive start to 2023**



illimity solid liquidity and capital position respond effectively to concerns raised by banking market turmoil at start of 2023



Long-term industrial **partnership with Engineering Group on IT platform to bolster 2023 and long-term profitability**



1Q23 results in line with our expectations.
IT deal renders them not comparable with previous quarters



Three tech ventures have all made important progress in their own strategic development. Strategic partnership signed in real estate sector between Quimmo and Coima

illimity - Robust liquidity position with positive inflow of retail deposits in 1Q23



~0.9€bn
Liquidity⁽¹⁾



~310%
LCR



114%
NSFR



+€200mIn
Retail deposits
illimitybank.com



84%
Term deposits
on retail funding

illimity - Solid capital position supports future business growth



15.6%
CET1 ratio



+650bps
Buffer vs. SREP

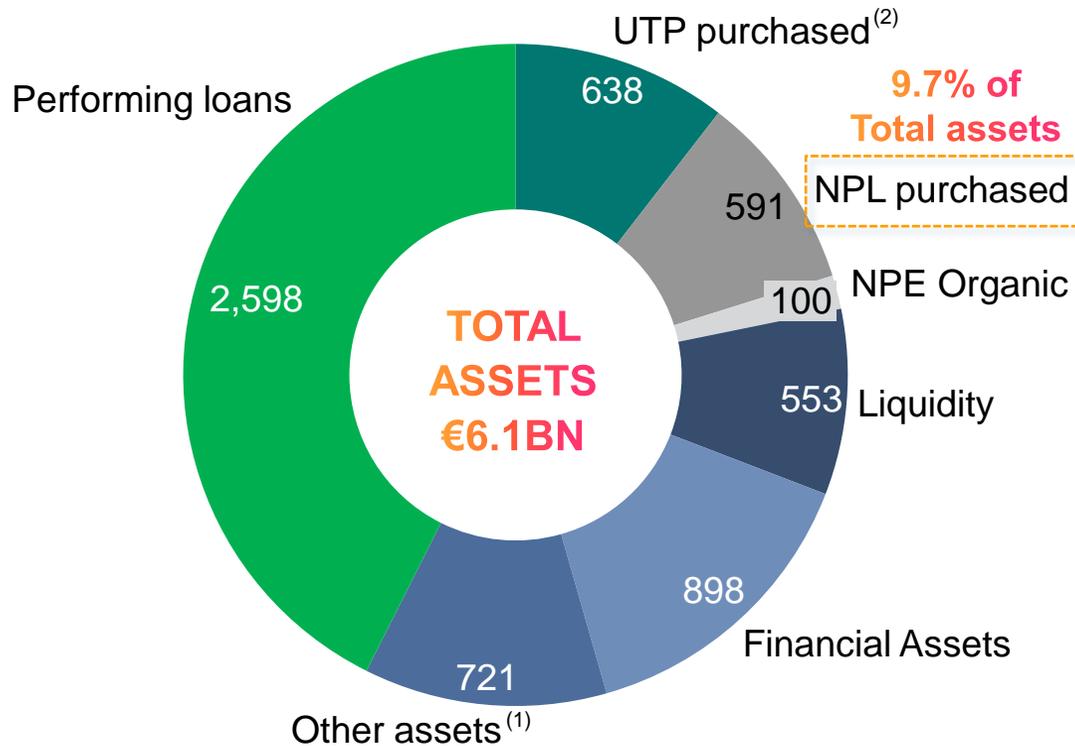


20.3%
Total Capital ratio

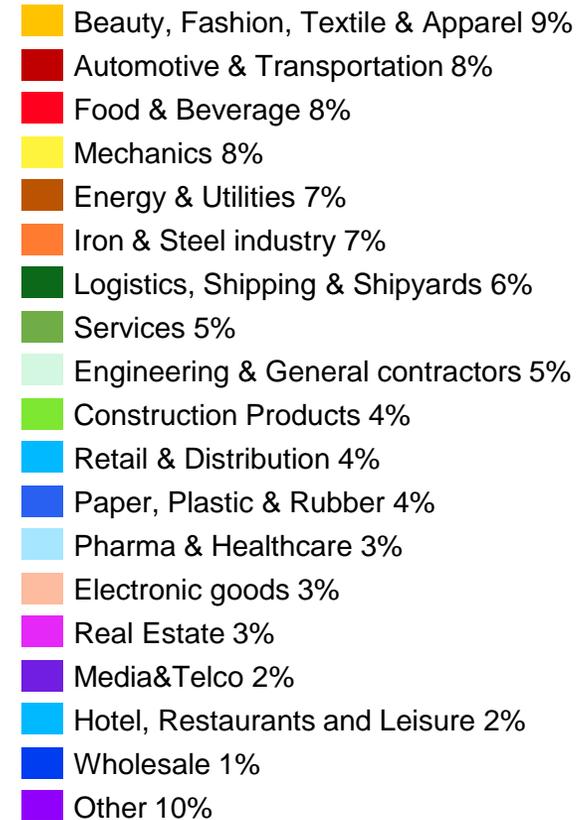
**Unrealised losses on HTC securities limited to 1.5% of Shareholders' Equity
(under €15mln euro)**

illimity - Cyclical stability through asset diversification

BREAKDOWN OF TOTAL ASSETS



LOAN BOOK BREAKDOWN BY ECONOMIC SECTOR⁽³⁾



illimity - Expected Asset quality trend with contained cost of risk at 43 bps



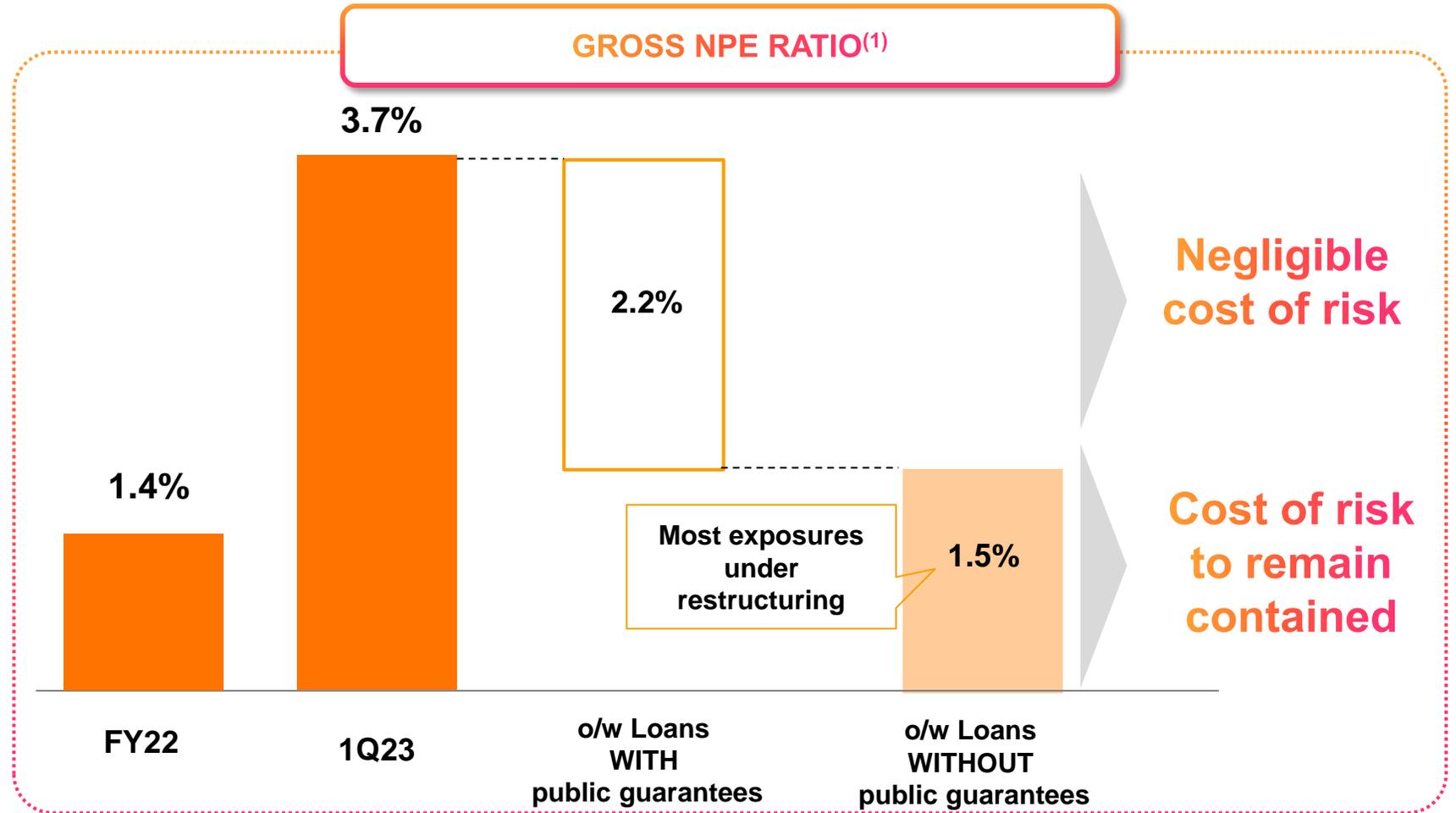
~56%

Guaranteed/Insured loans
as % of total gross loans ⁽²⁾



~2%

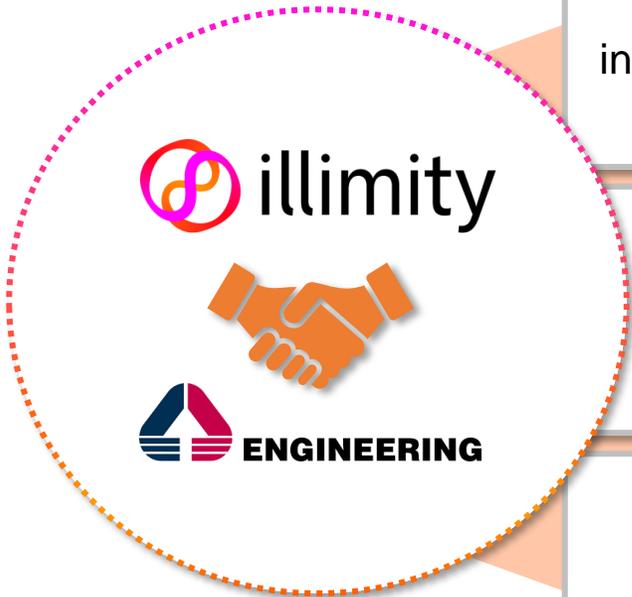
Stage 2 Loans
as % of total gross loans ⁽²⁾⁽³⁾



Notes: (1) Excluding BIP legacy portfolio, see 'Gross organic NPE ratio' in the Glossary at the end of this document for further details; (2) Including Growth Credit, b-ilty and BIP legacy portfolio; (3) Considering only stage 2 loans arising from credit deterioration.

illimity - Game-changing partnership with Engineering Group to bolster 2023 and beyond

18 April 2023: Signed long-term industrial agreement for period 2023-2032 concerning illimity's unique IT platform, distribution to third parties and future development



€55.5mIn

in 2023 for sale of copy of IT platform source codes

+

€4.5mIn

in return for further optional platform upgrades (€0.5mIn per year in period 2024-2032)

Significant royalties for 10 years

bolstering long term profitability

Long-term IT service contract

(with investments already included in our plan)
that will allow us to plan IT investments in long term at favorable conditions

illimity - 1Q23 trends as we expected, comparability affected by IT platform deal

Reclassified Profit & Loss	1Q22	1Q23
Business origination⁽¹⁾	337	324
Net interest income	36.0	48.4
Net fees and commissions	12.8	15.1
Other revenues	29.6	8.7
Operating income	78.5	72.1
Operating costs	(44.9)	(50.0)
Operating profit	33.5	22.1
Loan loss provision charges	(0.5)	(2.8)
Other income from equity investments	(1.8)	(1.2)
Contribution to banking sector schemes and other non-recurring charges	(2.0)	(6.0)
Profit (loss) before tax	24.1	12.1
Income tax	(8.4)	(4.3)
Net result	15.7	7.8

Robust origination despite very soft distressed credit

Strong growth in NII and Net commissions
+30% YoY

Comparability affected by mutual termination of previous IT agreement and closed positions (particularly high in 1Q22)

Comparability affected by mutual resolution of previous IT platform license agreement (-€8.5mIn)

illimity - SME businesses profitability up 74% y/y



GROWTH CREDIT DIVISION

- **Net Customer loans up 49% YoY. QoQ up 4%** despite early repayments. Robust pipeline ahead (€277mIn)⁽¹⁾
- **Strong operating leverage** further improved
- **Significant progression in profitability** with pre-tax profit up 91% y/y

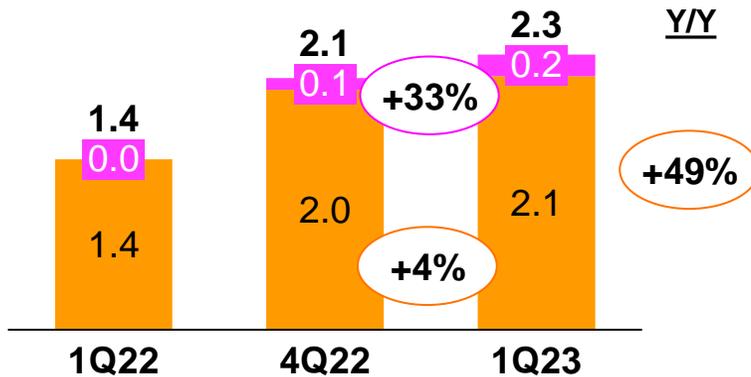


INVESTMENT BANKING DIVISION

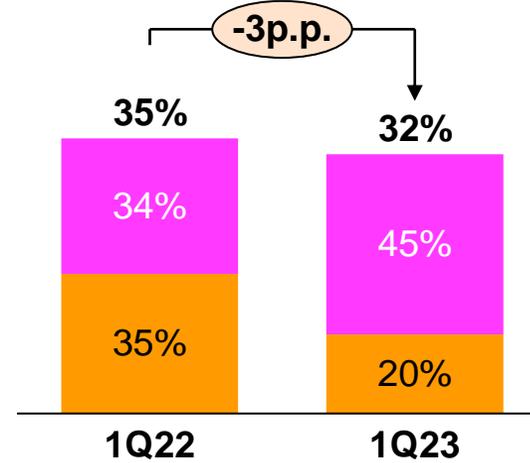
- **Volumes up 33% QoQ** thanks to strong start of year in terms of business origination: €90mIn 1Q23 vs.~190mIn FY22
- **Alternative debt stock reached €178mIn**
- **Pre-tax profit at €2.1 mIn in line YoY**

Net customer loans

Data in €bn

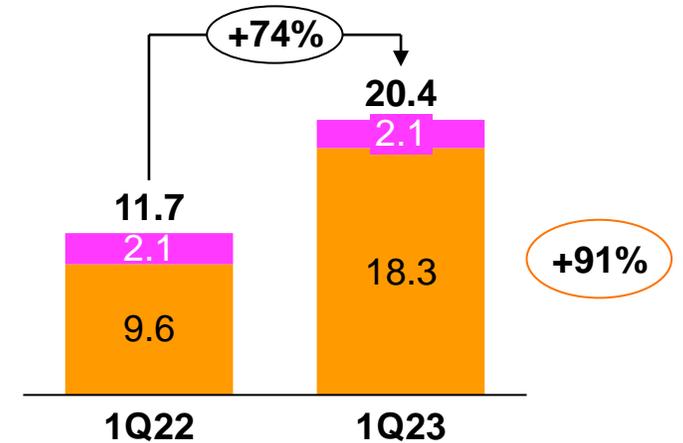


Cost Income



Profit before tax

Data in €mIn



■ Growth Credit ■ Investment Banking

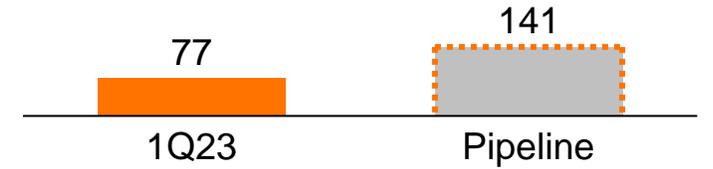
illimity - SME lending activity to accelerate further



Turnaround

Steady robust business origination with solid pipeline ahead

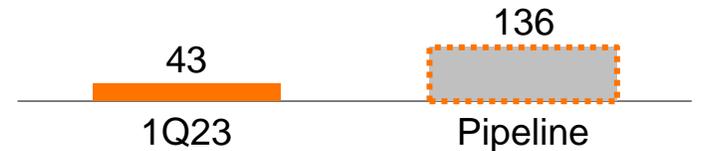
Turnaround pipeline



Cross-over & Acquisition Finance

Business origination to pick up thanks to robust pipeline

CO&AF pipeline



Factoring

Turnover up 98% Y/Y driving 1Q23 level above seasonally high 4Q last year

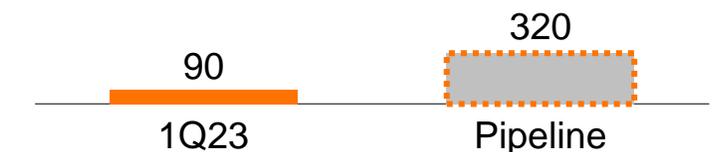
Turnover



Investment Banking

Significant pick-up in corporate solutions and structuring activity with remarkable pipeline ahead

IB pipeline



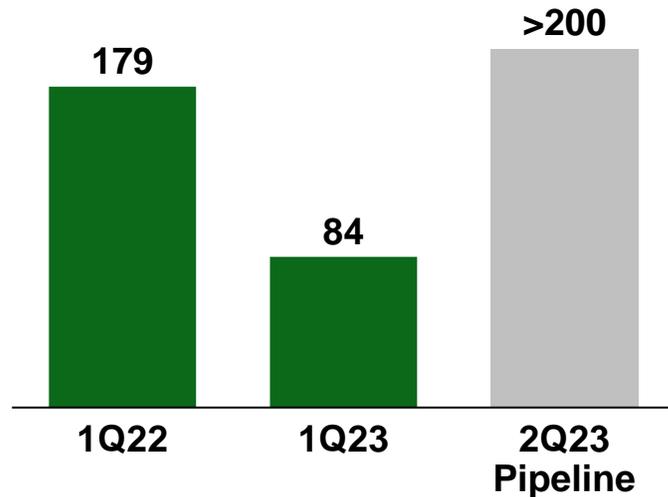
illimity - Anticipated soft market start with strong pipeline ahead

Soft market in 1Q23 but **renewed dynamism since April with robust pipeline especially in highly specialised markets** (Special Situation Real Estate, Senior Financing & Energy)

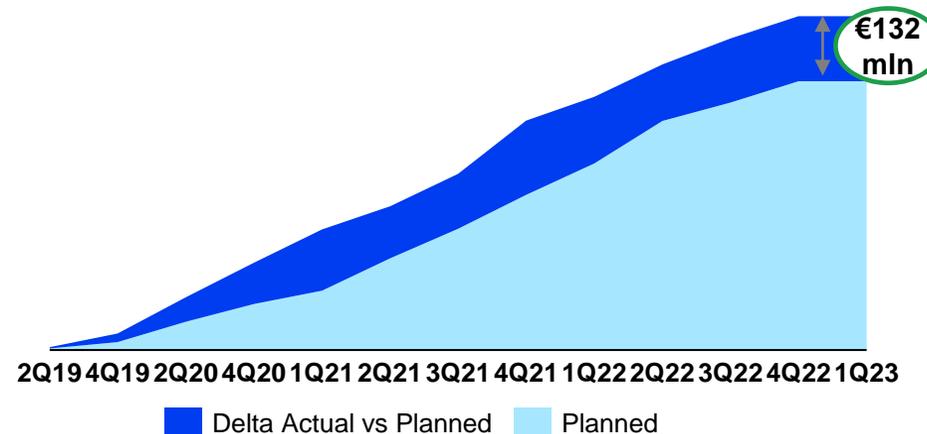
Resilient asset quality with stable overperformance in cash collections

Business origination⁽¹⁾

Data in €mln

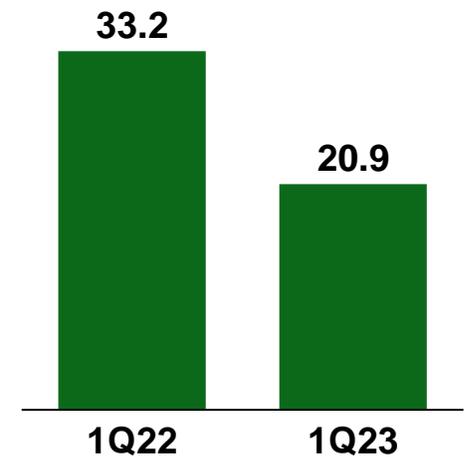


Cumulated cash flow: actual vs. planned



Pre-tax profit DC Investment

Data in €mln



Notes: Non accounting figures. (1) See 'Business origination' in the Glossary at the end of this document.

illimity - P&L contribution from Distressed Credit business supported by high level of collections

CASH TO P&L Contribution

Data in €mln

	FY2020	FY2021	FY2022	1Q2023
P&L contribution ⁽¹⁾	152	180	195	44
Cash collections	267	403	488	114
Cash to P&L ratio	1.7x	2.2x	2.5x	2.6x

(1) Includes: (i) interest income, (ii) Profit from closed purchased distressed credit positions and (iii) Value adjustments on purchased distressed credits

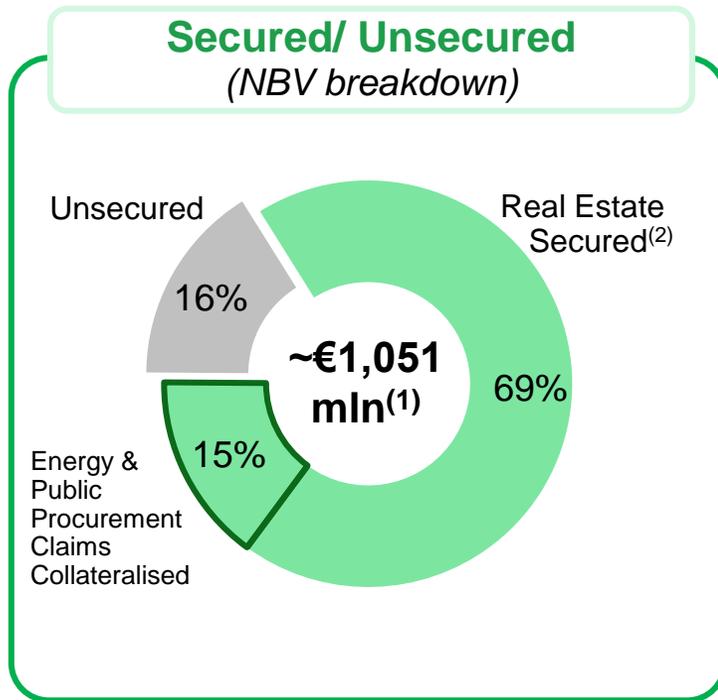
Stable contribution to P&L supported by solid portfolio constantly regenerated

Strong and consistent cash flow generation

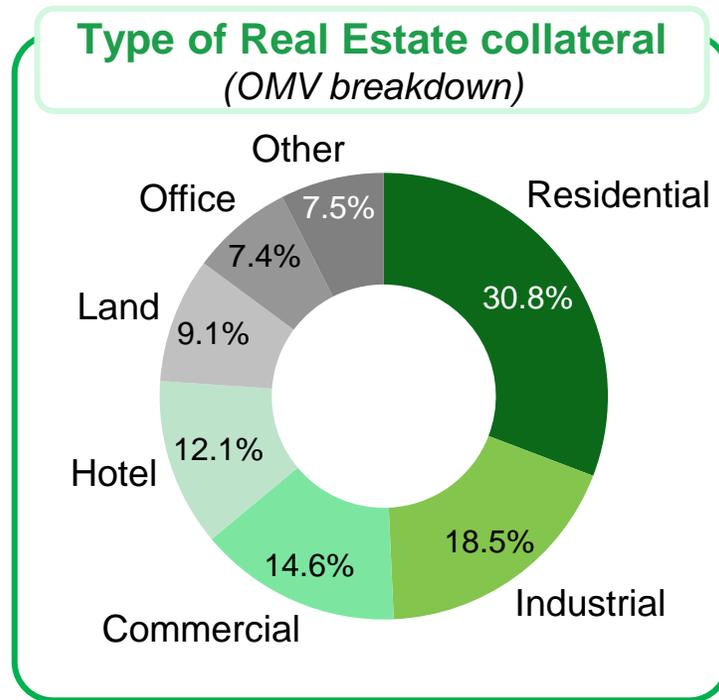
Cash to P&L ratio boosted by different workout strategies aimed at maximising revenue and reducing recovery time

illimity - Highly collateralised and diversified Distressed Credit investments

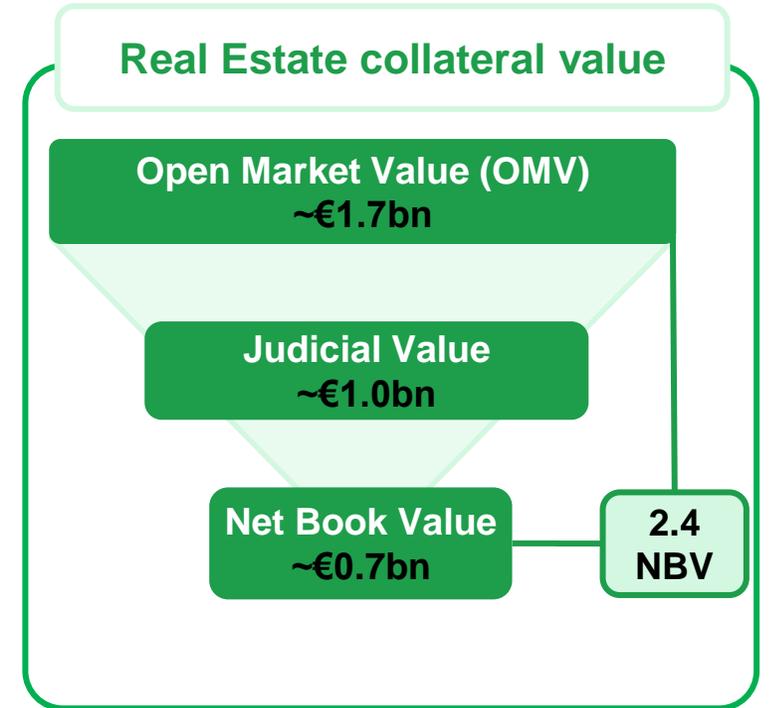
Data as of 31 March 2023



84% of portfolio Secured or Collateralised



Strong diversification in type of collateral



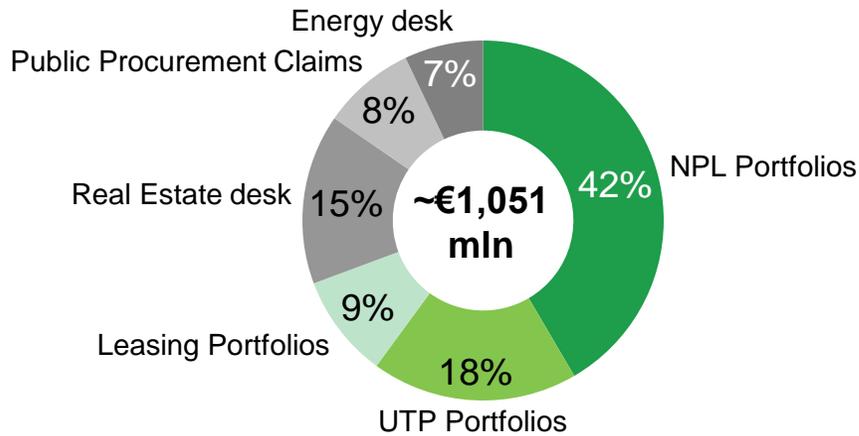
Solid real estate values, with high buffer vs. Open Market Value

Notes: Rounded figures. (1) Includes Distressed Credits investments, assets purchased by the Energy desk and some senior financing assets. (2) Secured portion includes Public Procurement Claims (8% of total) and Energy (7% of total).

illimity - Distressed Credit portfolio highlights

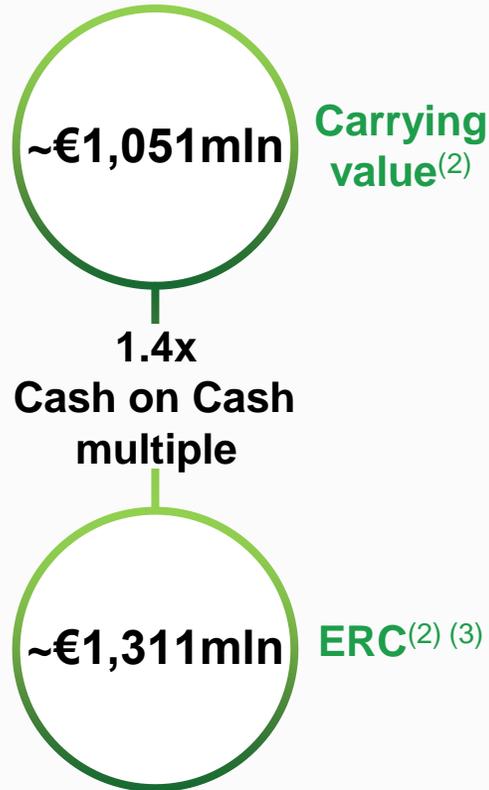
Data as of 31 March 2023⁽¹⁾

NBV breakdown by asset class

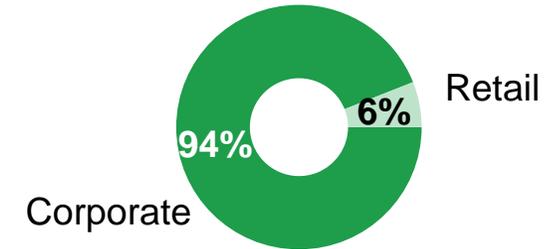


~€300k Average ticket size (GBV)

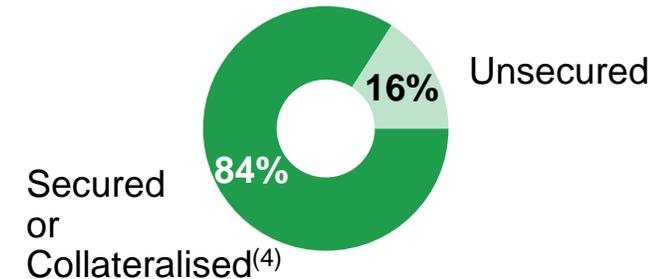
KPIs



Type of borrower (GBV breakdown)



Secured/ Unsecured (NBV breakdown)



Notes: Rounded figures; (1) Data does not include repossessed assets (through ReoCo and *datio in solutum*); (2) Includes Distressed Credits investments, assets purchased by the Energy desk and some senior financing assets; (3) Estimated Remaining Collections on booked investments. See 'ERC' in the Glossary at the end of this document; (4) Secured portion includes Public Procurement Claims (8% of total) and Energy (7% of total).

AREC neprix - Leading market operator with end-to-end asset management services fully operational



3rd largest market player in corporate UTP management industry in Italy⁽¹⁾ with ~€10bn AuM



From servicing to **end-to-end asset management company** (distressed credit and real estate) supporting clients across entire value chain



Trusted advisor for banks and investors in large-scale real estate management deals



Profitability in 2023 expected to benefit from important pipeline of third-party mandates, focused on Real Estate assets valorisation

Data in €bn

Asset Under Management

Non Captive



Captive

Key results 1Q23⁽²⁾



€8.4mln
Revenue



23%
EBITDA margin



€1.7mln
Pre-tax profit

Financial review

1Q23 Results



illimity - Steady volume growth

Reclassified Balance sheet	31.03 2022	30.06 2022	30.09 2022	31.12 2022	31.03 2023	Δ 31.03.2023 / 31.12.2022	Δ 31.03.2023 / 31.03.2022
1 Cash and cash equivalent	695	397	364	681	340	(50)%	(51)%
Due from banks and other financial institutions	215	191	184	183	213	17%	(1)%
2 Customer loans	2,832	3,194	3,318	3,776	3,927	4%	39%
- Distressed Credit investments	938	921	860	1,021	991	(3)%	6%
- Distressed Credit senior financing	402	436	446	469	505	8%	26%
- Growth Credit	1,421	1,733	1,800	2,037	2,116	4%	49%
- Cross-over & Acq. Finance ¹	643	731	809	891	903	1%	40%
- Turnaround	488	630	612	665	725	9%	49%
- Factoring	289	372	379	481	488	2%	69%
- b-ilty	7	24	38	50	71	44%	878%
- Investment banking	-	16	108	133	178	33%	n.s.
- Non-core former Banca Interprovinciale	64	64	64	66	65	(0)%	2%
3 Financial assets Held To Collect (HTC) ²	108	161	215	428	403	(6)%	275%
Financial Assets Held To Collect & Sell (HTCS) ³	424	416	396	392	384	(2)%	(9)%
Financial assets measured at FVTPL ⁴	82	118	150	105	111	5%	34%
Investments in associates and companies subject to joint control	78	76	78	76	83	9%	6%
Goodwill	36	71	65	65	65	0%	80%
Intangible assets	52	56	65	70	72	3%	37%
Other assets (incl. Tangible and tax assets) ⁵	400	446	455	579	500	(14)%	25%
Total assets	4,922	5,127	5,291	6,355	6,098	(4)%	24%
Due to banks	412	539	581	1,205	899	(25)%	118%
4 Due to customers	3,065	3,107	3,186	3,409	3,411	0%	11%
Bond/Securities	505	510	515	653	662	1%	31%
Shareholders' Equity	777	802	813	841	857	2%	10%
Other liabilities	163	169	196	246	270	10%	66%
Total liabilities	4,922	5,127	5,291	6,355	6,098	(4)%	24%

1 **Strong liquidity position** – with approx. **€0.9bn** liquidity buffer

2 **Solid net customer loans growth** – up **39% YoY** and **4% QoQ**, driven by our performing loans businesses, with b-ilty and Investment Banking division taking off

3 **Financial portfolio** largely stable

4 **Further growth in customer funding in 1Q23**, especially in retail component, while wholesale funding declined

Notes: Rounded figures; (1) This figure includes part of the net loans to existing customers of Banca Interprovinciale, which due to their features are considered consistent with illimity's Growth Credit Division segment; it also includes corporate high yield bonds classified as HTC; (2) This figure includes the Bank's securities portfolio classified at amortised cost; (3) HTCS: financial assets measured at fair value through comprehensive income; (4) This item includes equity financial instruments purchased as part of a Turnaround transaction, junior tranches acquired as part of Senior Financing transactions and investments in distressed credits, as part of the Distressed Credit Division's activities; (5) It includes assets arising from the purchasing of tax assets (the so-called "Ecobonus") for ~€102mln.

illimity - Core business in line with budget

Data in €mln

Reclassified Profit & Loss	1Q22	2Q22	3Q22	4Q22	1Q23	Δ Q/Q%	Δ Y/Y%
Interest income	51.7	54.4	59.1	73.5	86.3	17%	67%
Interest expenses ¹	(15.7)	(16.4)	(17.0)	(27.3)	(37.9)	39%	142%
1 Net interest income	36.0	38.0	42.0	46.1	48.4	5%	34%
2 Net fees and commissions	12.8	14.8	14.1	19.8	15.1	(24)%	18%
Net result from trading and fair value assets	2.8	5.9	4.6	(0.1)	(0.1)	15%	n.s.
3 Net other income/expenses	6.3	5.7	5.2	6.7	1.0	(86)%	(85)%
4 Profit from closed purchased distressed credit positions²	20.6	16.2	8.6	18.5	7.8	(58)%	(62)%
Gain (loss) from disposal of investments	-	-	-	-	-	-	-
Operating income	78.5	80.6	74.5	91.0	72.1	(21)%	(8)%
Staff costs	(20.7)	(22.8)	(20.9)	(21.8)	(23.1)	6%	12%
Other operating expenses	(20.8)	(21.9)	(21.4)	(26.6)	(21.6)	(19)%	4%
Depreciation & Amortisation	(3.4)	(3.9)	(4.6)	(4.9)	(5.2)	8%	54%
5 Operating costs	(44.9)	(48.5)	(46.9)	(53.2)	(50.0)	(6)%	11%
6 Operating profit	33.5	32.1	27.6	37.8	22.1	(41)%	(34)%
Loan loss provision charges	(0.5)	(2.5)	(0.6)	(3.7)	(2.8)	(24)%	423%
Value adjustments on purchased distressed credit	(4.6)	(3.2)	7.3	(6.4)	0.8	n.s.	n.s.
Value adjustments on securities and loans to banks and off-balance	(0.5)	(0.2)	(0.2)	(0.5)	(0.7)	36%	44%
Other net provisions for risks and charges	(0.0)	(0.0)	-	-	(0.2)	n.s.	n.s.
Other income from equity investments	(1.8)	(2.0)	(1.8)	(2.0)	(1.2)	(41)%	(36)%
7 Contribution to banking sector schemes and other non-recurring charges	(2.0)	(0.1)	(2.6)	(2.0)	(6.0)	202%	207%
Profit (loss) before tax	24.1	24.0	29.6	23.2	12.1	(48)%	(50)%
Income tax	(8.4)	(8.2)	(10.4)	1.5	(4.3)	n.s.	(49)%
Net result	15.7	15.8	19.1	24.7	7.8	(68)%	(50)%

- 1 Net interest income up 5%** mainly benefitting from higher volumes, and more than compensating for increase in interest expenses owing to sizeable wholesale funding issued in Dec-2022
- 2 Net fees and commissions up +18% YoY** driven by higher contribution from all business divisions. Comparison with 4Q22 affected by business seasonality
- 3 Other income** affected by termination of previous IT platform agreement
- 4 Profit from closed purchased DC positions** impacted by soft NPE market
- 5 Operating costs** up YoY due to annualization of costs related to completion of bank's operating structure and IT investments carried out during 2022
- 6 Organic loan loss provisions at €2.8mln** due to some analytical adjustments on non performing exposures
- 7 Contribution to banking sector schemes and other non-recurring charges** include one-off impact related to waiver of part of previous IT platform agreement claim

Notes: Rounded figures; Arc included starting from 3Q22. (1) Interest expenses restated to exclude costs related to Debt for leasing, now reclassified as administrative costs, and to include commission expenses and stamp duty of European deposit platform (Raisin), previously classified as commission expenses and other operating expenses; (2) Gains from definitive closure of non-performing exposures either through disposal to third parties or through discounted payoff agreed with the debtor. See 'Profit from closed purchased distressed credit positions' in the Glossary at the end of this document.

illimity - Core businesses drive profitability



Data in €mln	DISTRESSED CREDIT DIVISION		GROWTH CREDIT DIVISION (BIP included)		INVESTMENT BANKING		b-ilty		CIO DIVISION		HQ FUNCTIONS		illimity SGR		HYPE		TOTAL	
	1Q22	1Q23	1Q22	1Q23	1Q22	1Q23	1Q22	1Q23	1Q22	1Q23	1Q22	1Q23	1Q22	1Q23	1Q22	1Q23	1Q22	1Q23
Net interest income	26.5	28.7	7.9	15.8	0.5	2.1	-	0.4	1.1	1.4	-	-	-	-	-	-	36.0	48.4
Net fees and commissions	3.5	5.4	5.9	6.2	2.8	2.0	0.1	0.5	(0.1)	(0.2)	-	-	0.6	1.2	-	-	12.8	15.1
Other income	24.2	8.0	0.8	0.6	0.5	0.1	-	-	4.3	0.1	-	-	(0.1)	(0.1)	-	-	29.7	8.7
Operating income	54.2	42.1	14.6	22.5	3.8	4.2	0.1	0.9	5.3	1.3	-	-	0.5	1.1	-	-	78.5	72.1
Staff costs	(7.3)	(9.4)	(3.3)	(2.9)	(1.1)	(1.2)	(1.1)	(1.5)	(1.7)	(1.9)	(5.6)	(5.5)	(0.6)	(0.7)	-	-	(20.7)	(23.1)
Other operating expenses and D&A	(9.6)	(11.1)	(1.8)	(1.4)	(0.2)	(0.7)	(2.1)	(1.2)	(6.4)	(7.8)	(3.9)	(4.6)	(0.2)	-	-	-	(24.2)	(26.8)
Operating costs	(16.9)	(20.5)	(5.1)	(4.4)	(1.3)	(1.9)	(3.2)	(2.7)	(8.1)	(9.7)	(9.5)	(10.1)	(0.8)	(0.7)	-	-	(44.9)	(50.0)
Operating profit	37.3	21.6	9.5	18.1	2.5	2.3	(3.1)	(1.8)	(2.8)	(8.4)	(9.6)	(10.1)	(0.3)	0.4	-	-	33.5	22.1
Provisions	(5.3)	(2.1)	0.1	0.2	(0.4)	(0.2)	-	(0.6)	-	-	-	-	-	-	-	-	(5.6)	(2.7)
Other net provisions for risks and charges	-	(0.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.2)
Other income from equity investments	(0.1)	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	(1.7)	(1.1)	(1.8)	(1.2)
Contribution to banking sector schemes and other non-recurring charges	-	-	-	-	-	-	-	-	-	(4.3)	(2.0)	(1.8)	-	-	-	-	(2.0)	(6.0)
Profit (loss) before tax	31.9	19.3	9.6	18.3	2.1	2.1	(3.1)	(2.4)	(2.8)	(12.7)	(11.6)	(11.8)	(0.3)	0.4	(1.7)	(1.1)	24.1	12.1
Interest earning assets	1,698	1,809	1,685	2,612	93	321	8	83	-	0	910	553	0	1	-	-	4,394	5,378
Other assets	102	210	119	163	-	2	-	1	73	83	156	179	0	0	78	83	528	721
RWA	2,112	2,070	1,034	1,601	92	169	3	23	86	93	298	339	3	5	35	44	3,662	4,344

Combined: ~€20.4mln
+74% YoY

Distressed Credit profitability affected by a soft NPE market, as expected, while 1Q22 benefited by some large disposal transactions

Growth Credit significant profitability increase with visible operating leverage gains

Investment Banking in line with last year

b-ilty Activity has visibly kicked-in, with remarkable revenue progression while costs are declining as bulk of set-up investments incurred in 2022

illimity SGR higher commissions driven by new funds

CIO negative pre-tax impacted by termination of previous IT license agreement

Corporate centre in line YoY with set-up substantially completed and target sizing reached



illimity - KPIs

	1Q22	2Q22	3Q22	4Q22	1Q23
Cost income ratio ⁽¹⁾	57%	60%	63%	58%	69%
Gross organic NPE ratio (excluding BIP) ⁽²⁾	0.7%	0.9%	0.7%	1.4 %	3.7%
Gross organic NPE ratio ⁽³⁾	2.3%	2.2%	2.0%	2.6%	4.7%
Organic cost of risk (bps) annualised ⁽⁴⁾					
LCR	~220%	~365%	~307%	~317%	~310%
NSFR	123%	115%	120%	116%	114%
CET1 Ratio ⁽⁵⁾	17.7%	16.1%	18.0%	15.8%	15.6%
Total Capital Ratio ⁽⁵⁾	23.2%	21.3%	23.6%	20.4%	20.3%

- **Cost income at 69%** reflect one-off impact from termination of previous IT platform license agreement and soft distressed credit market. C/I in 2023 expected to be well below FY22
- **Organic NPE ratio on portfolio originated by illimity at 3.7%** (4.7% including former BIP portfolio) but nearly half of it with guarantees
- **Organic cost of risk still contained** backed by high share of guaranteed loans
- **LCR and NSFR** comfortably above minimum requirements
- Solid capital position with **robust CET1 Ratio at 15.6%**

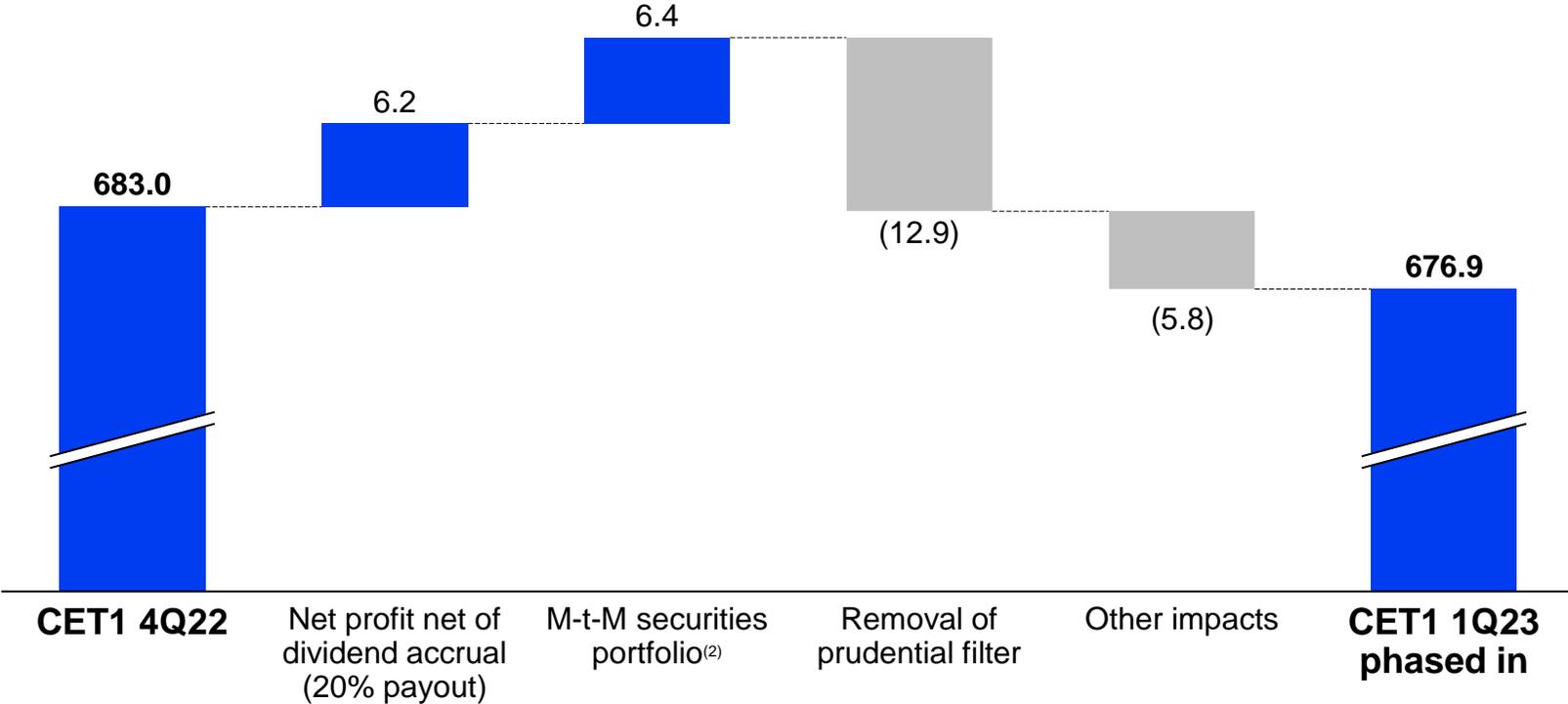
Notes: (1) Cost income ratio restated due to contribution to banking sector schemes reclassified out of Operating costs (2) Excluding BIP legacy portfolio, see 'Gross organic NPE ratio' in the Glossary at the end of this document for further details; (3) See 'Gross organic NPE ratio' in the Glossary at the end of this document. Any failure to reconcile the stated figures arises exclusively from rounding; (4) Calculated as the ratio between loan loss provisions and net organic loans at 31 March 2023 (€2,459 million) for the segments Factoring, Cross-over, Acquisition Finance, Turnaround, b-ilty, Alternative Debt and receivables purchased as part of distressed loan portfolios that have undergone a change of credit quality classification subsequent to the time of purchase or disbursement (excluding credits acquired as bad loans), the loan portfolio of the former Banca Interprovinciale and Senior Financing to non-financial investors in distressed loans; (5) Phased-in definition.

illimity - Robust CET1 ratio at 15.6%

20.4% **Total Capital ratio** **20.3%**

15.8% **CET1 ratio** **15.6%**

Data in €mln

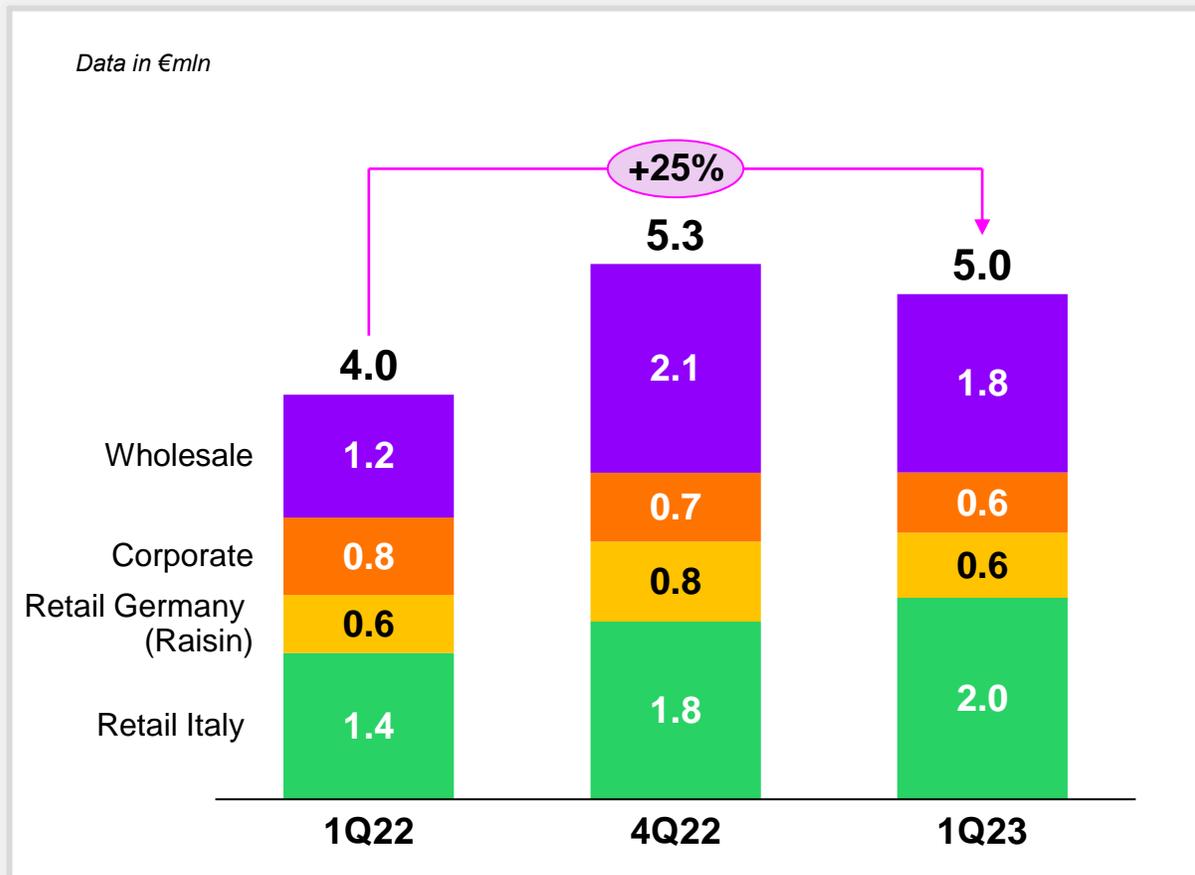


4,330 **RWA** **4,344**

- CET1 ratio phased-in to 15.6% (15.5% fully loaded) – more than 650bps vs. SREP requirement
- CET1 Capital⁽¹⁾ in 1Q23 decreased by about €6mln, driven by removal of prudential filter on negative reserve valuation related to Government bonds
- RWA and RWA density stable
- Total Capital ratio phased-in at 20.3% (20.1% fully loaded)

Notes: Rounded figures; (1) Phased-in definition; (2) Including also other minor components.

illimity - Well balanced funding sources with increasing retail component



Well-diversified funding mix through access to all funding sources



Retail deposits totalled €2.6bn, up 3% QoQ with strong contribution from our proprietary retail platform illimitybank.com



Wholesale funding down 15% QoQ owing to reduction in short-term component (mostly ECB funding)

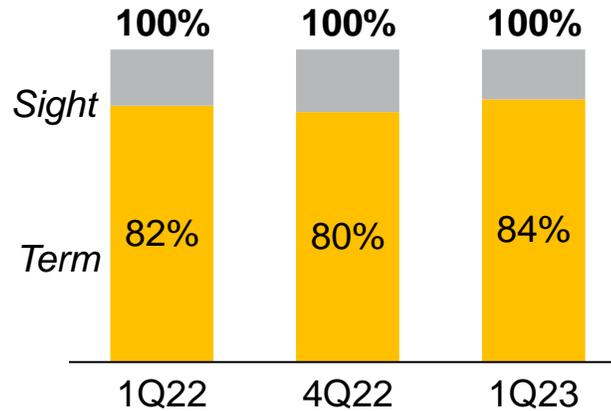
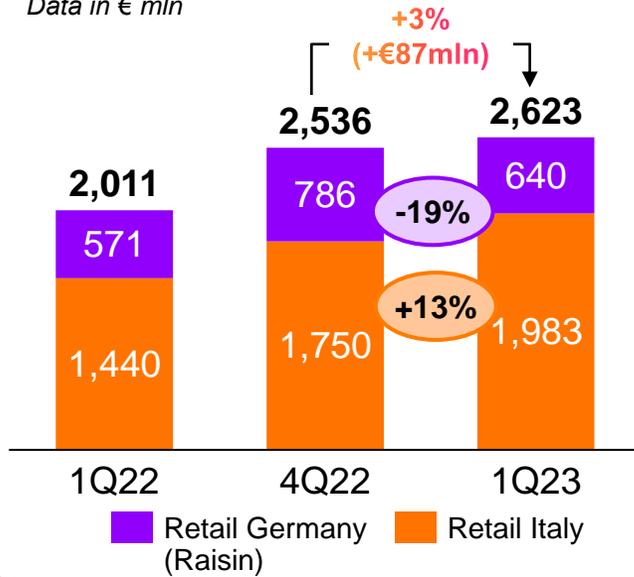


Blended average cost of funding for 1Q23 at 2.7% owing to higher market rates and sizeable long-term funding measures completed in Dec-2022

illimity - Retail funding is core to funding strategy

FOCUS ON RETAIL FUNDING

Data in € mln



illimitybank.com drives retail funding growth, up 13% QoQ, while Raisin declined, in line with our strategy



Term funding represents a high **84% of total retail funding**



New retail banking offer with **remuneration of current accounts** to satisfy customer expectations in structurally high-rate environment and supporting the acceleration we expect in business origination in forthcoming quarters

Premium bank account

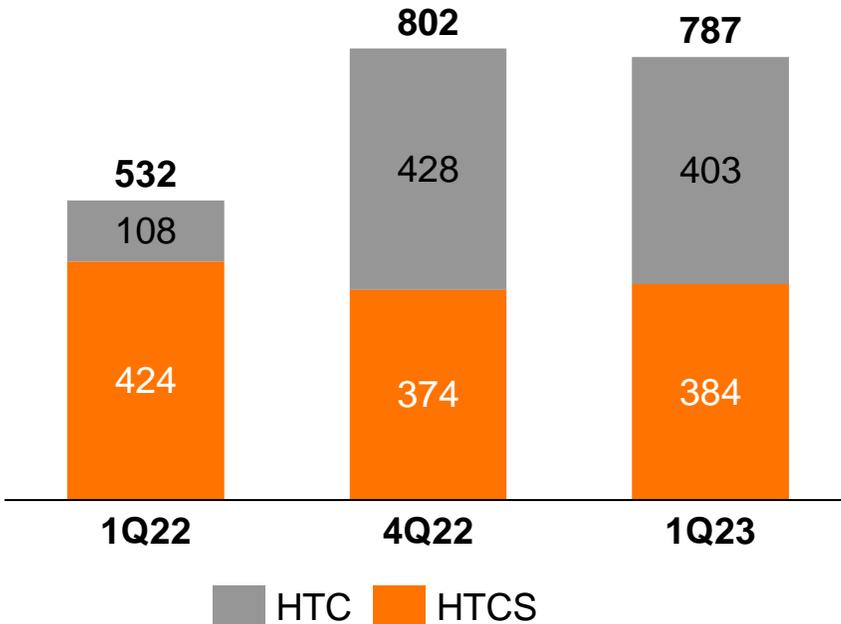
Deposit account is paid by 2.5%

- Deposit account remuneration at 2.5% until 31 December 2024
- Term Deposit with rates up to 4.75%
- Stamp duty paid by illimity
- Credit and debit cards are free of charge on request
- Priority Assistant

illimity - Prudent strategy on securities portfolio

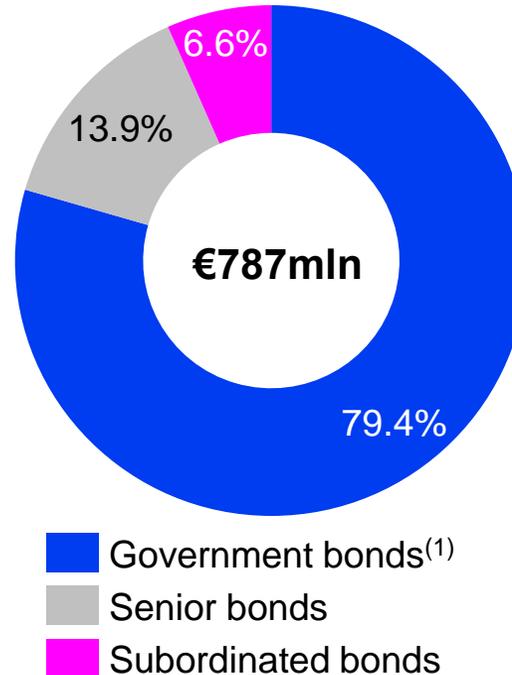
Securities portfolio

Data in €mln



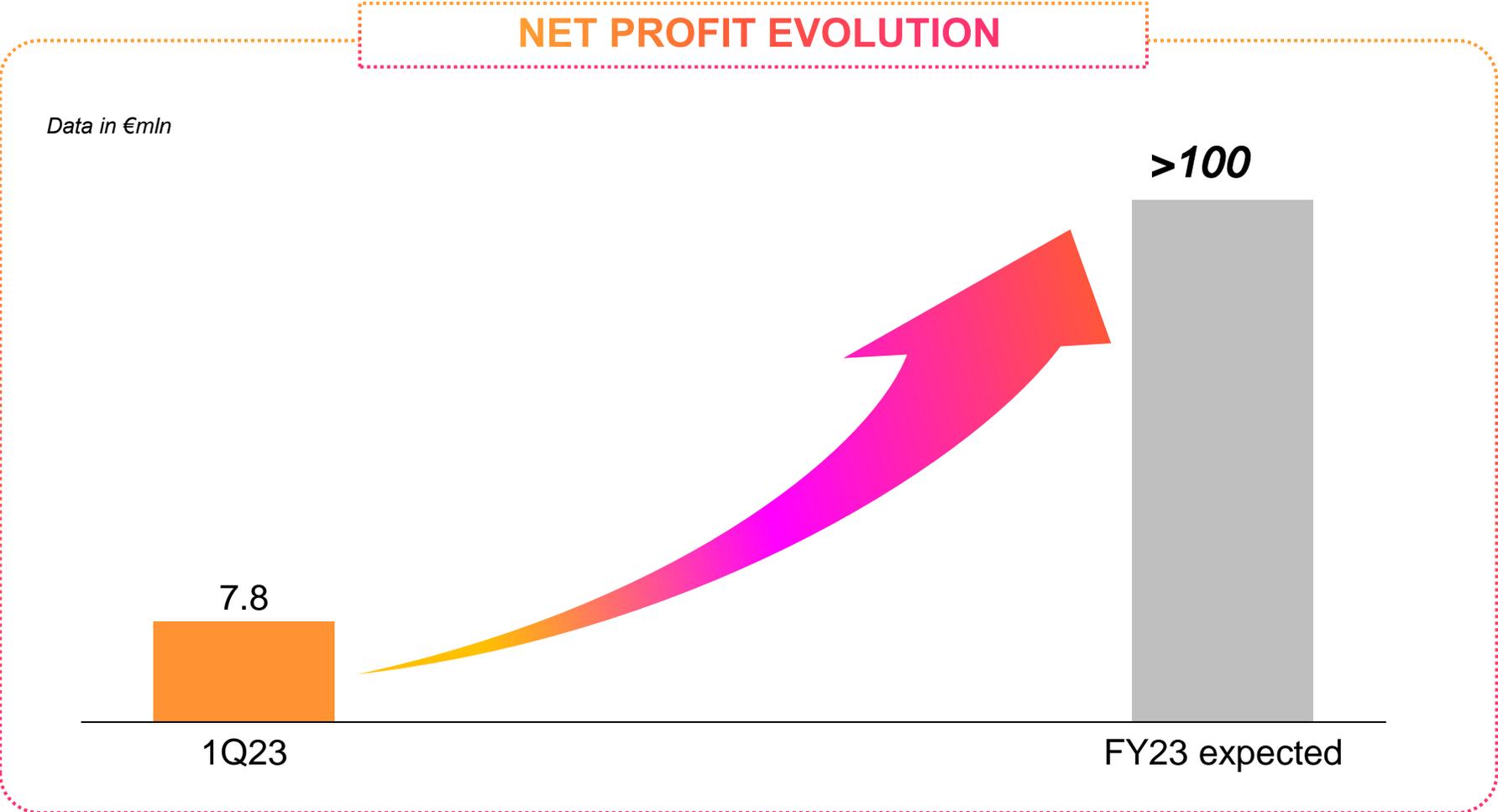
Portfolio composition HTCS / HTC

31 March 2023



- **Prudent strategy** with securities portfolio hold for liquidity purposes representing less than 47% of illimity shareholders' equity
- **Negligible unrealised losses on HTC securities, hedge accounting strategy in place on a large part of HTCS securities** to mitigate impact from further interest rates volatility
- Duration **~3.0 years**
- Average yield approx. **2.9%**

illimity - Outlook: 2023 net profit progression skewed towards second half



Appendix



illimity - Originated volumes

Data in €mln
Customer loans where not otherwise stated.
Non accounting figures.

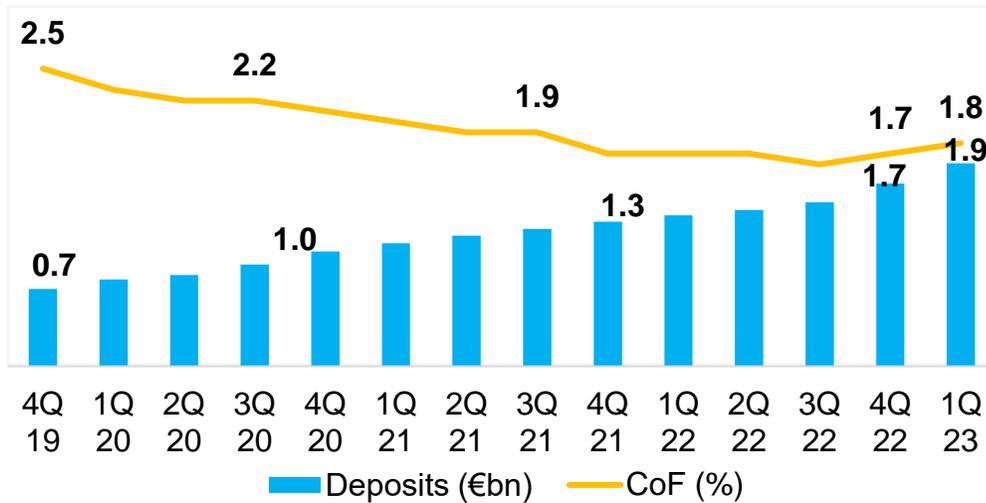
		Originated Business ⁽¹⁾			
		1Q22	1Q23	Δ%YoY	Pipeline ⁽²⁾
	Growth Credit Division	~337	~324	-2%	~1,668
		152	127	-16%	277
	Factoring turnover	332	658	+98%	~795
	Investment Banking Division	-	90	n.m.	320
	Distressed Credit Division	179 ⁽³⁾	84 ⁽³⁾	-53%	921
	b-ilty	6	23	n.m.	150

Notes: Non accounting figures; (1) See 'Originated Business' in the Glossary at the end of this document; (2) See 'Pipeline' in the Glossary at the end of this document; (3) It also includes financial instruments, such as quasi-equity instruments which are accounted for in the balance sheet item "20. c) Other financial assets mandatorily at fair value" for accounting purposes;

illimity - illimitybank.com: fulfilling funding needs of Group

End of quarter results

✓ FUNDING QUALITY



€1.93bn

Funding on
illimitybank.com
at 31/03/23

82%

Term Deposits on
Total Funding
as of 31-Mar

✓ ENGAGEMENT

~74k

Total
Customers
as of 31-Mar

91%

Active
Customers
as of 31-Mar

39%

Loyal
Customers
as of 31-Mar

✓ APPRECIATION

45

NPS
avg
1Q23

31%

Awareness
avg
1Q23

1Q funding strategy

**Premium bank
account**

Deposit account is paid by 2.5%

+204 mln €

New stock
illimitybank

3,01%

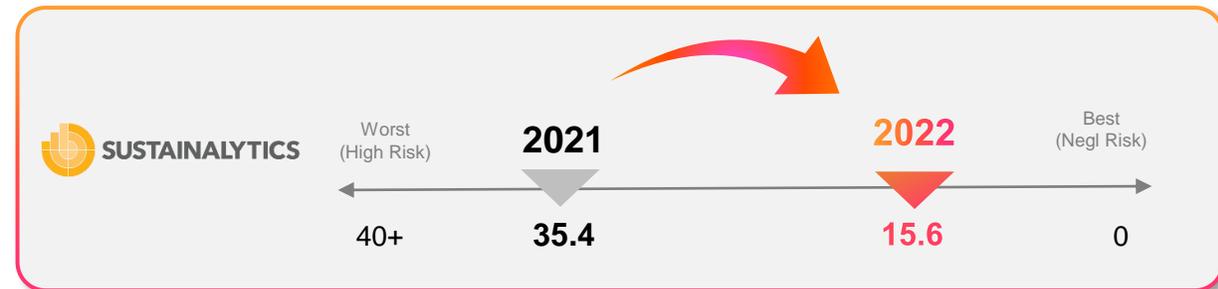
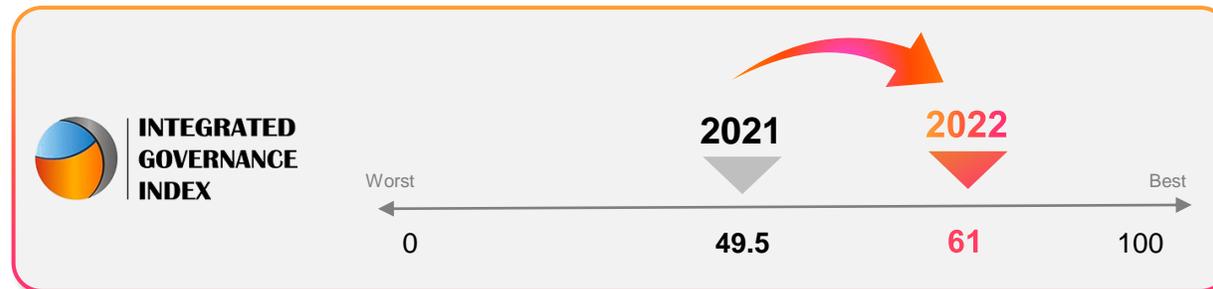
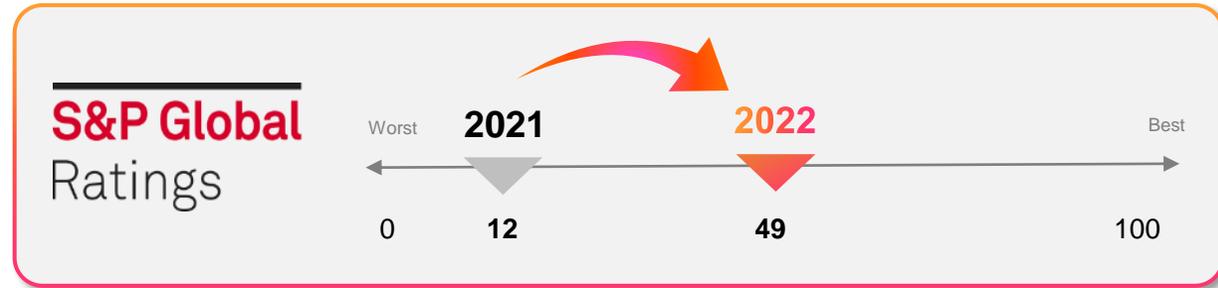
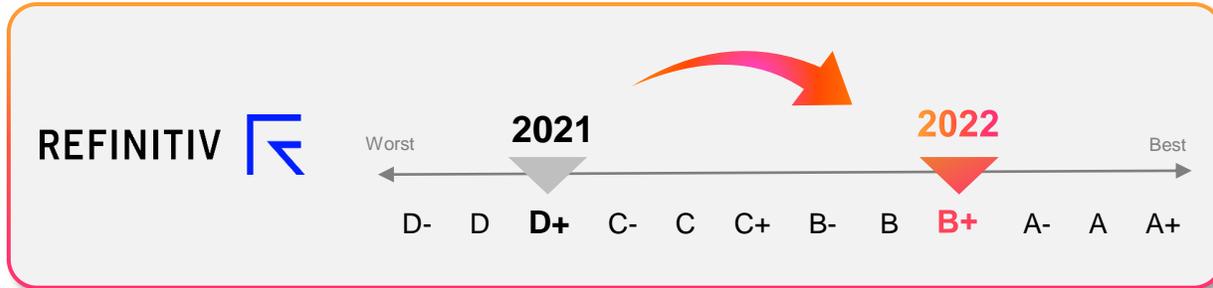
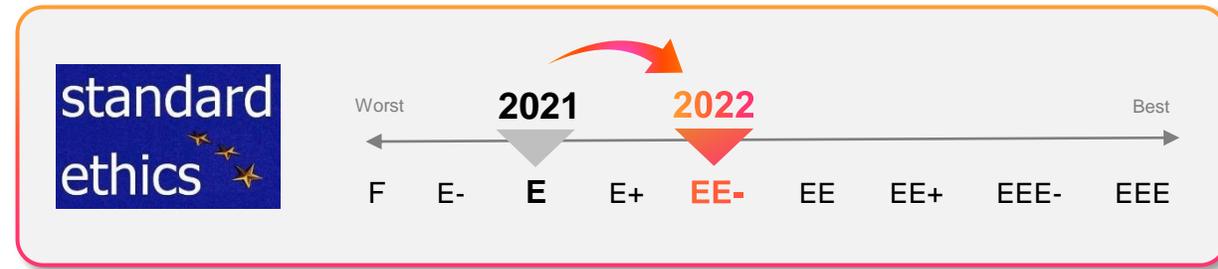
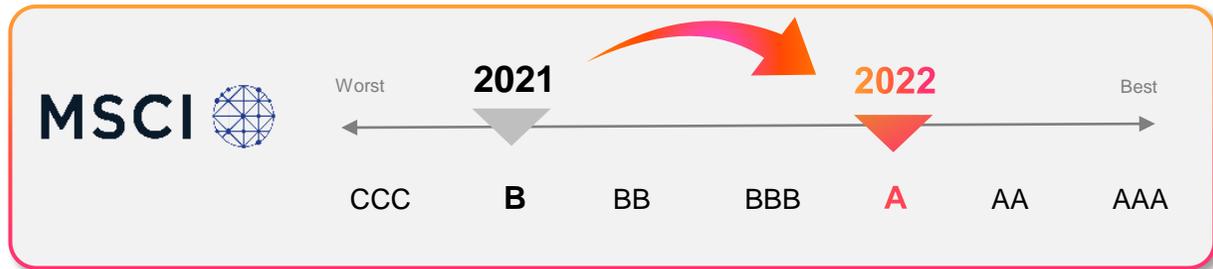
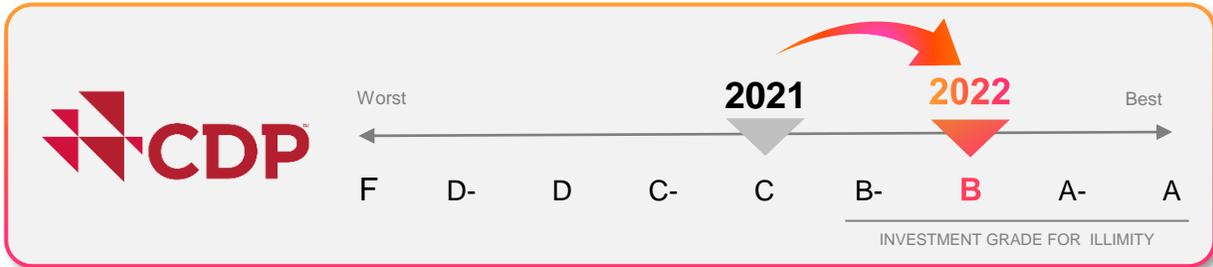
Average
cost of new funding

-2,5 mln€

Lower interest and funding
costs compared to using
Raisin channel

Data as of 31 March 2023

illimity - ESG scores improvements in 2022



illimity - Glossary

- **Servicing & Remarketing GBV:** it equals to the Asset Under Management of the servicing unit - ARECneprix - and Quimmo initiative. It includes the gross book value of distressed credit and the value of property managed by neprix also on behalf of third-parties - including a portion of portfolios related to Senior Financing transactions - and the real estate and capital goods assets managed within the remarketing activity
- **ERC:** Estimated Remaining Collections. It is the Bank's estimated remaining gross cash flows on purchased distressed loans
- **Gross organic NPE ratio:** Ratio of gross organic NPE to total gross loans to customers from Factoring, Cross-over, Acquisition Finance, Turnaround, b-ilty and receivables purchased as part of distressed loan portfolios that have undergone a change of credit quality classification subsequent to the time of purchase or disbursement (excluding credits acquired as bad loans), the loan portfolio of the former Banca Interprovinciale and Senior Financing to non-financial investors in distressed loans
- **Originated business:** This aggregate includes Growth Credit Division loans granted/purchased (for factoring only the difference of carrying amount of the period with the historical peak, if positive), Distressed Credit Investments booked, Senior Financing, Alternative Debt and b-ilty loans granted in the period and the value of the deals signed but yet booked in the period, owing to a settlement structure based on multiple tranches or to a time lag between the signing of the master agreement and the date of loan disbursement/onboarding.
- **Profit from closed purchased distressed credit positions:** Gains from definitive closure of non-performing exposures either through disposal to third parties or through discounted payoff ("DPO") agreed with the debtor

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