



illimity 4Q22 & FY22 Results

10 February 2023

Key highlights

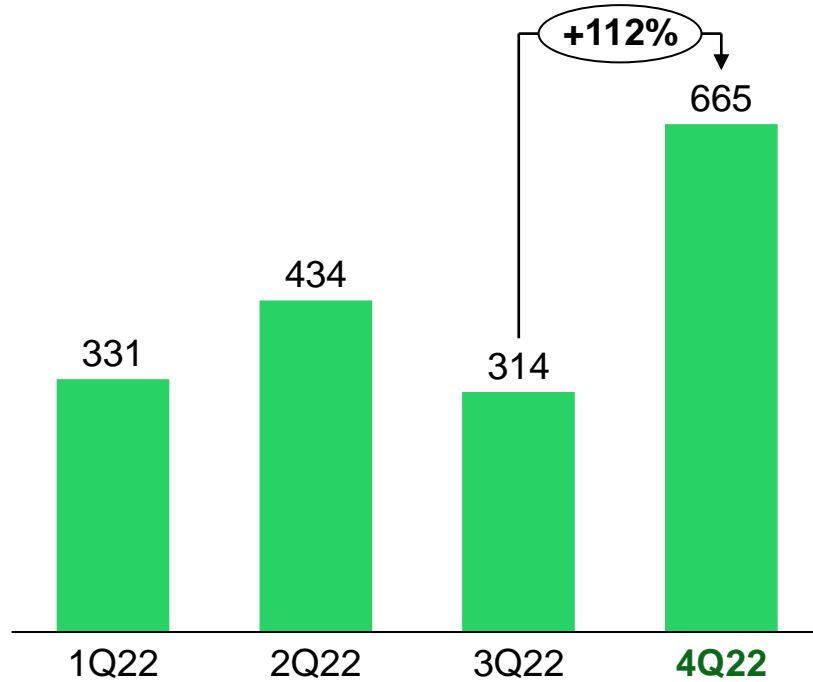
Corrado Passera, CEO



illimity - 4Q22 best quarter ever

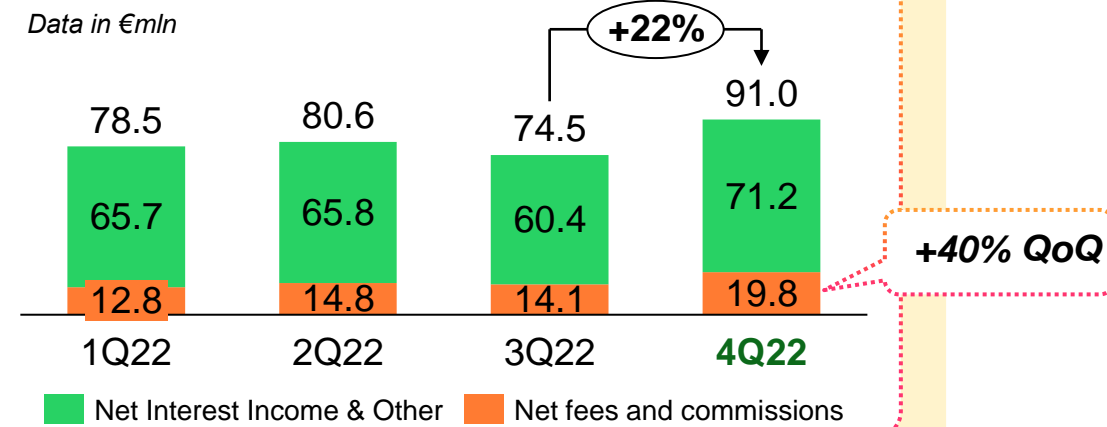
ORIGINATED BUSINESS⁽¹⁾

Data in € mln



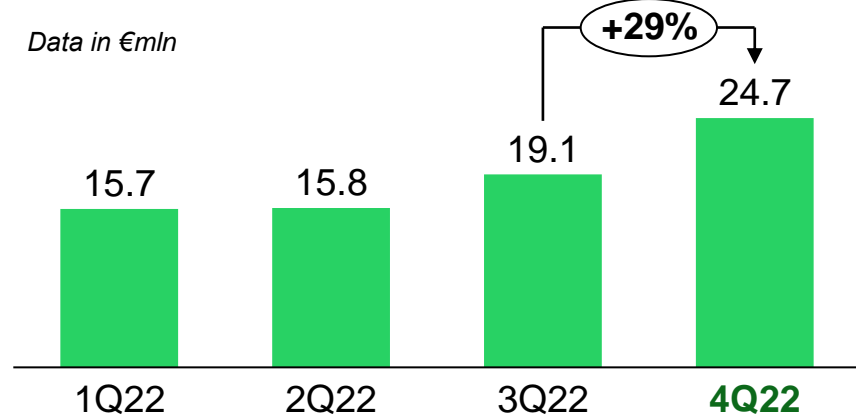
OPERATING INCOME

Data in € mln



NET RESULTS

Data in € mln



illimity - FY22 results: improving profitability combined with excellent asset quality and solidity



Profit guidance met.

Profit before tax €100.9mIn and Net Result €75.3mIn (+15%YoY)

ROE⁽¹⁾

~9%



Significant loan book expansion

**Net customer
loans**

€ 3.8bn
(+37%YoY)



Asset quality among best in class

**Gross organic
NPE ratio⁽²⁾**

1.4%



High capital level confirmed

CET1 ratio⁽³⁾

15.8%



Robust liquidity to support future growth

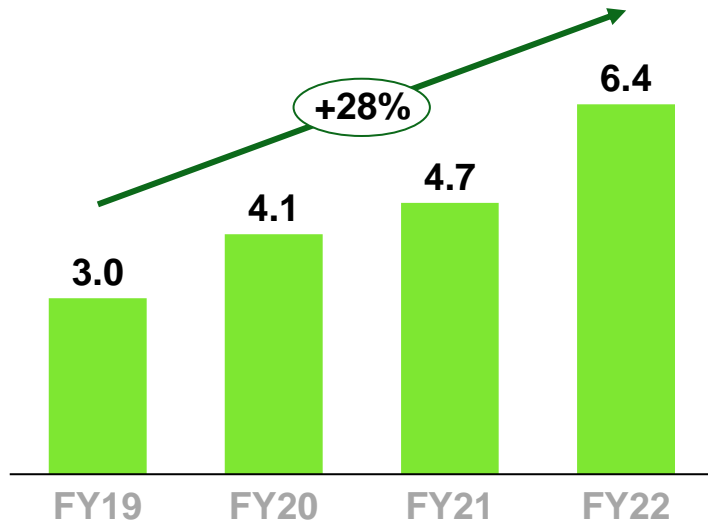
Liquidity⁽⁴⁾

€ 0.6bn

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

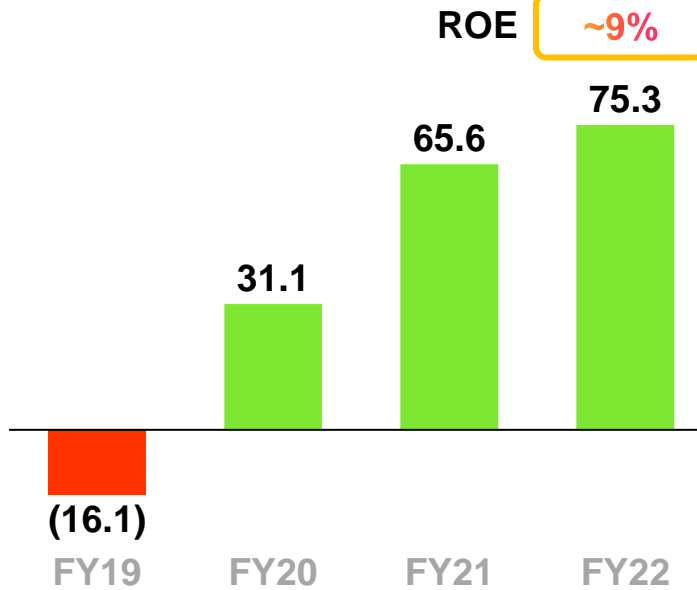
TOTAL ASSET GROWTH

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
 illimity

Real estate impact projects through illimity Foundation

illimity - Excellent results in SME businesses



GROWTH CREDIT DIVISION

- **Significant volume growth** driven by strong business origination up 18% YoY
- **Operating leverage always best in class**
- **Further strong progression in profitability**

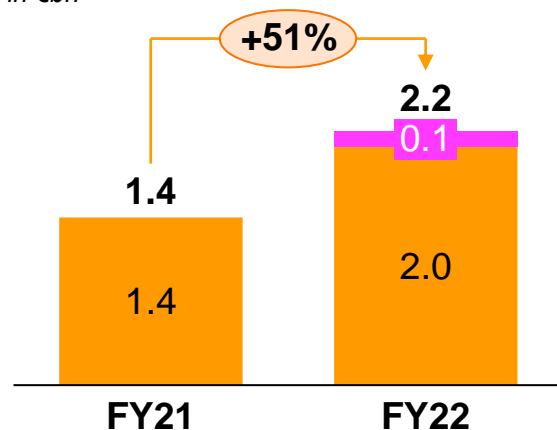


INVESTMENT BANKING DIVISION

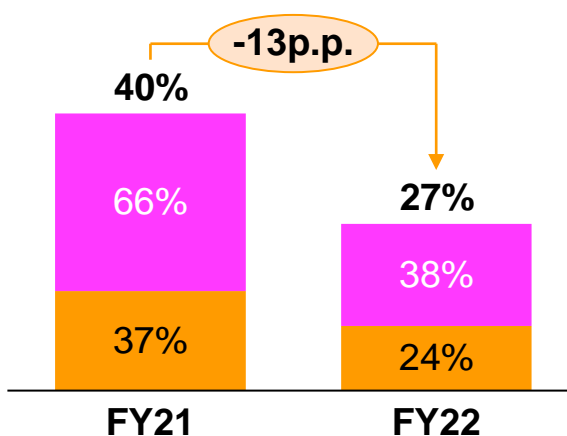
- **5 IPOs completed since inception**. Solid pipeline ahead
- **Alternative debt stock reached €151m⁽¹⁾** from €20m as of June 2022
- **Significantly progression in profit before tax**, with strong operating leverage gain

Net Customer Loans

Data in €bn

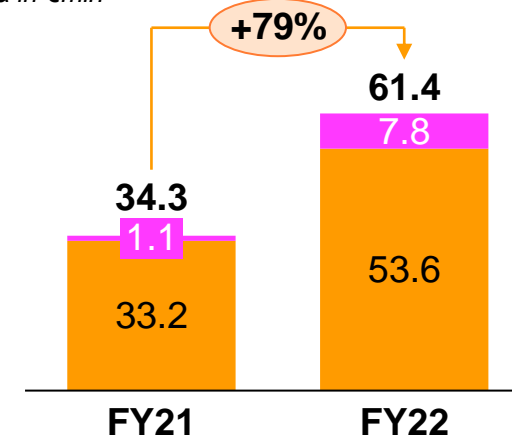


Cost Income



Profit before tax

Data in €m



 Growth Credit  Investment Banking

Notes: (1) Including ~€18m of instruments classified Financial assets Hold To Collect & Sell (HTCS) and ~€0.4m classified as Financial asset Fair Value Through Profit & Loss (FVTPL).

illimity - Growth Credit: excellent asset quality of SME loan book

Solid asset quality



**Gross Organic
NPE ratio⁽¹⁾**

1.8%

0.5% excluding
loans with public
guarantees



**Guaranteed/Insured
loans**

~55%

as % of total Growth Credit loans ⁽²⁾

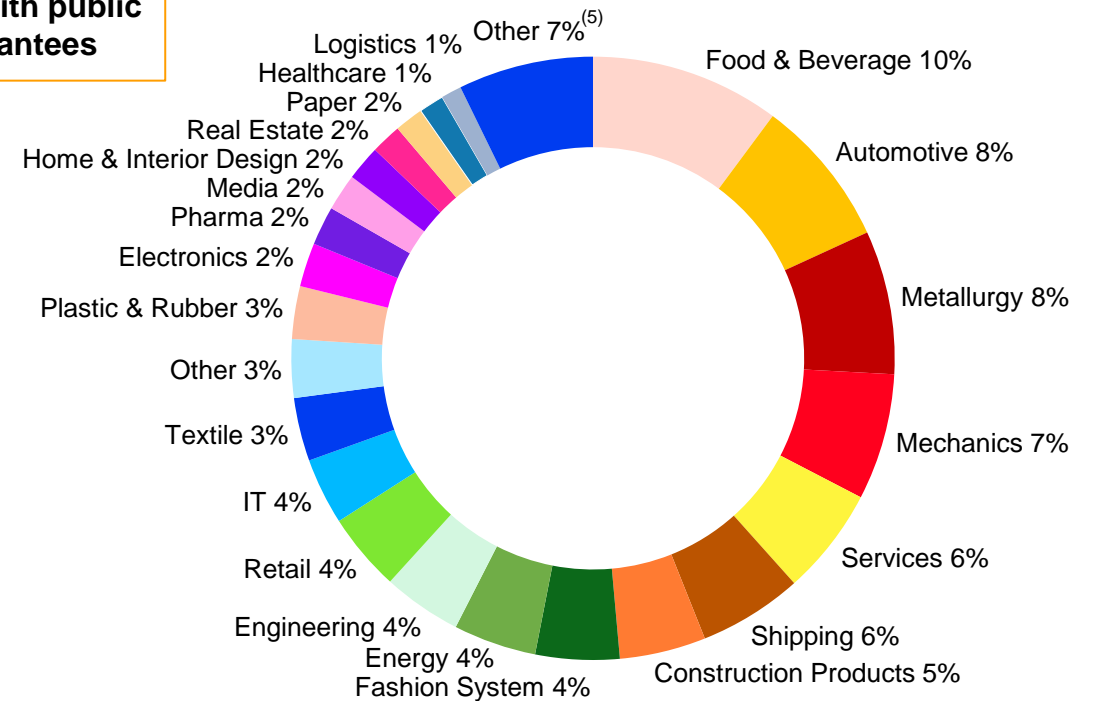


Stage 2 Loans

~3%

as % of total Growth Credit loans ⁽²⁾⁽³⁾

Diversified portfolio⁽⁴⁾



illimity - Solid results in Distressed Credit Investment business

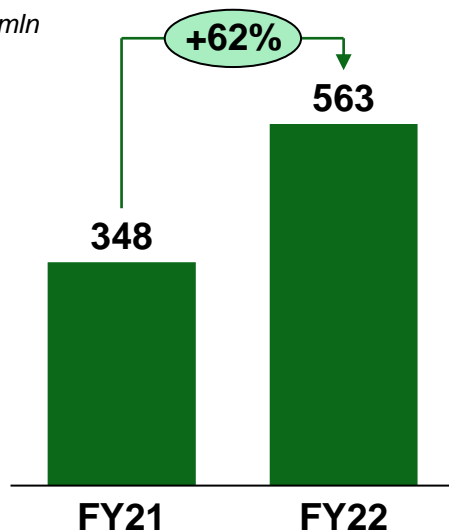
Robust business origination in 2022 with well-diversified investments across all target markets

High profitability confirmed and further improved (not including mark to model revaluation)

Strong track record in cash flow (+€156mln overperformance)

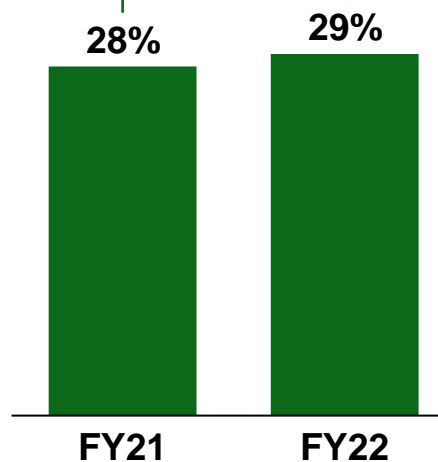
Originated Business⁽¹⁾

Data in €mln



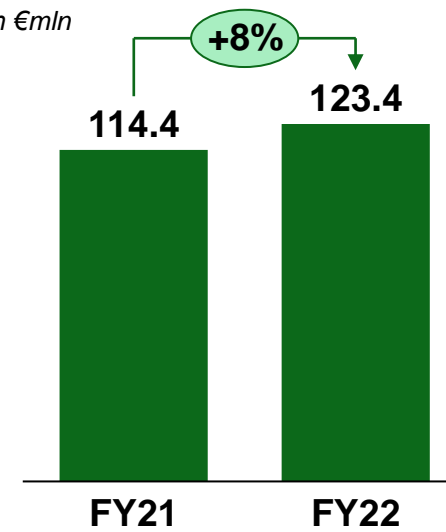
Cost Income

+1p.p.



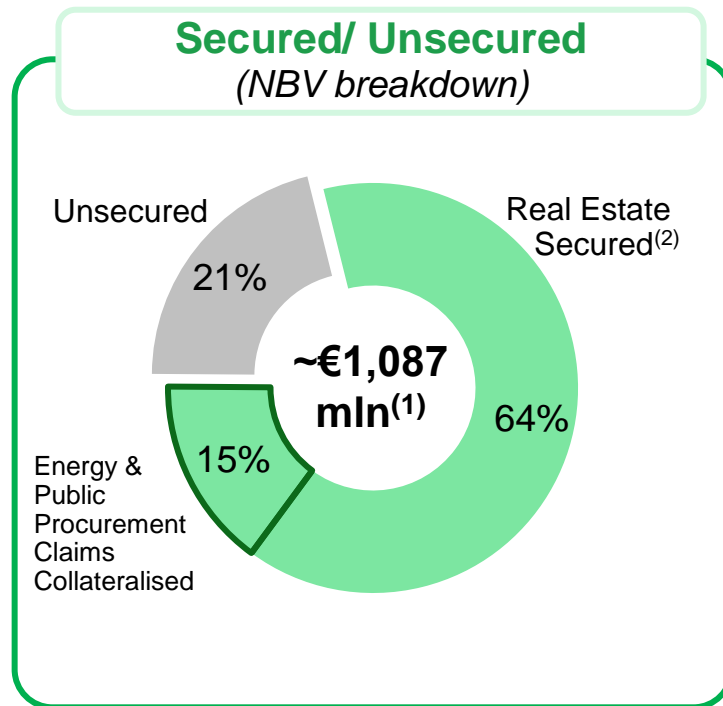
Profit before tax

Data in €mln

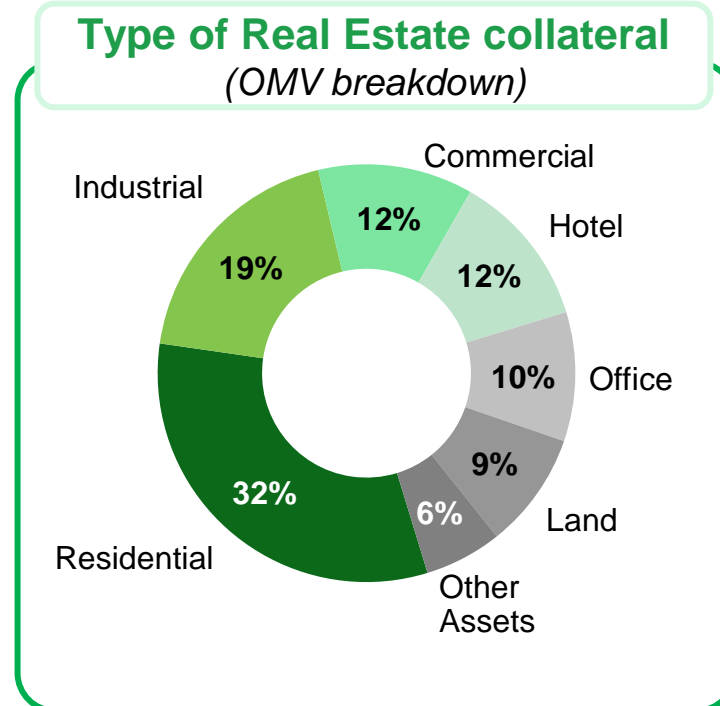


illimity - Distressed Credit Investment business: prudent valuation criteria

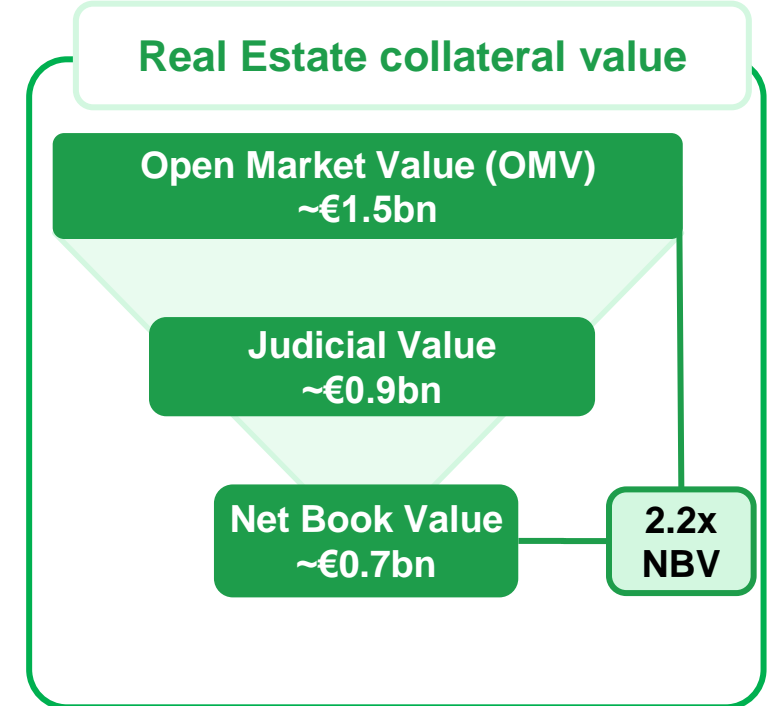
Data as of 31 December 2022



79% 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) This includes distressed credits purchased by the Energy desk, which for accounting purposes are recognised at Fair Value (item 120 c) and distressed credit classified as 'Financial assets measured at fair value through other comprehensive income' (item 30). Data does not include repossessed assets (through ReoCo and *datio in solutum*); (2) Secured portion includes Public Procurement Claims (8% of total) and Energy (7% of total).

AREC neprix - Servicing business accelerating and evolving through AREC acquisition



3rd largest player in corporate UTP management industry in Italy⁽¹⁾



€10bn AuM (+57% YoY) driven by new mandates



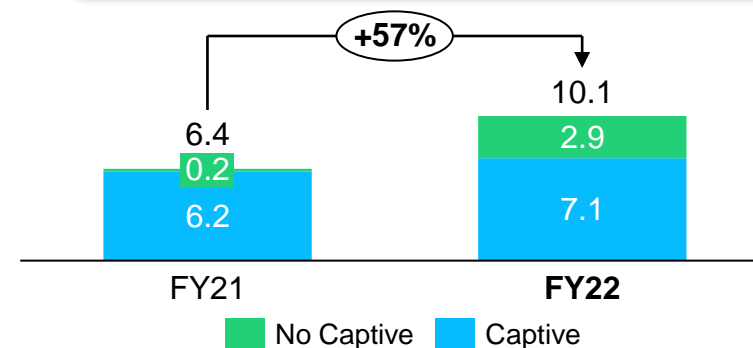
From servicing to asset management with greater focus on RE asset valorisation



Highly scalable structure and operations

Asset Under Management

Data in €bn



Revenue⁽⁴⁾

FY22⁽²⁾

€ 23.5mIn

FY22
Pro forma⁽³⁾

€ 34.7mIn

EBITDA margin ⁽⁴⁾

31%

33%

Profit before tax

€ 7.0mIn

€ 11.4mIn

illimity - Tech initiatives set to create high value for illimity

b-ilty



Lendtech

First fully-fledged digital bank for small corporates

 **quimmo**

Proptech

Already leading proptech in Italian real estate brokerage market

HYPE

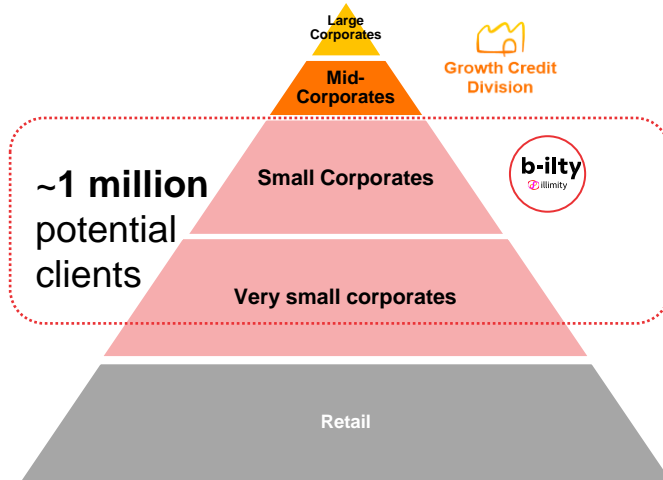
Fintech

Italian fintech leader in retail world⁽¹⁾

b-ilty - **First fully-fledged digital bank for small corporates: ready to scale**



Immense potential market



Unique complete offer

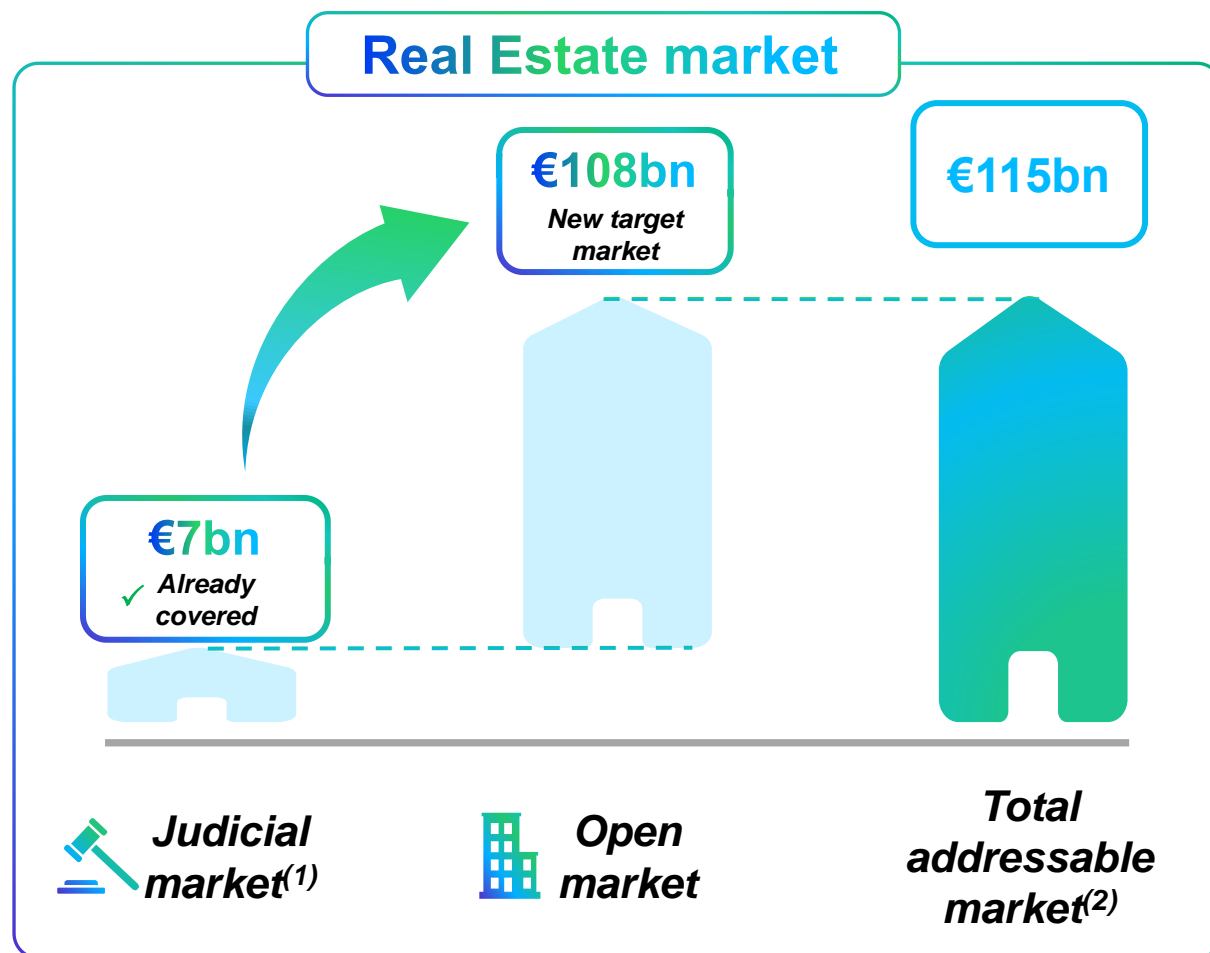


Well trained AI credit engine

- ✓ Completion of beta test-phase
- ✓ Credit engine trained on >€ 375mln requests since inception

✓ **Now ready to go**

quimmo - Leading brokerage proptech in Italy already close to breakeven in 2022



~€2.2bn of assets under management⁽³⁾,
of which almost 90% non-captive



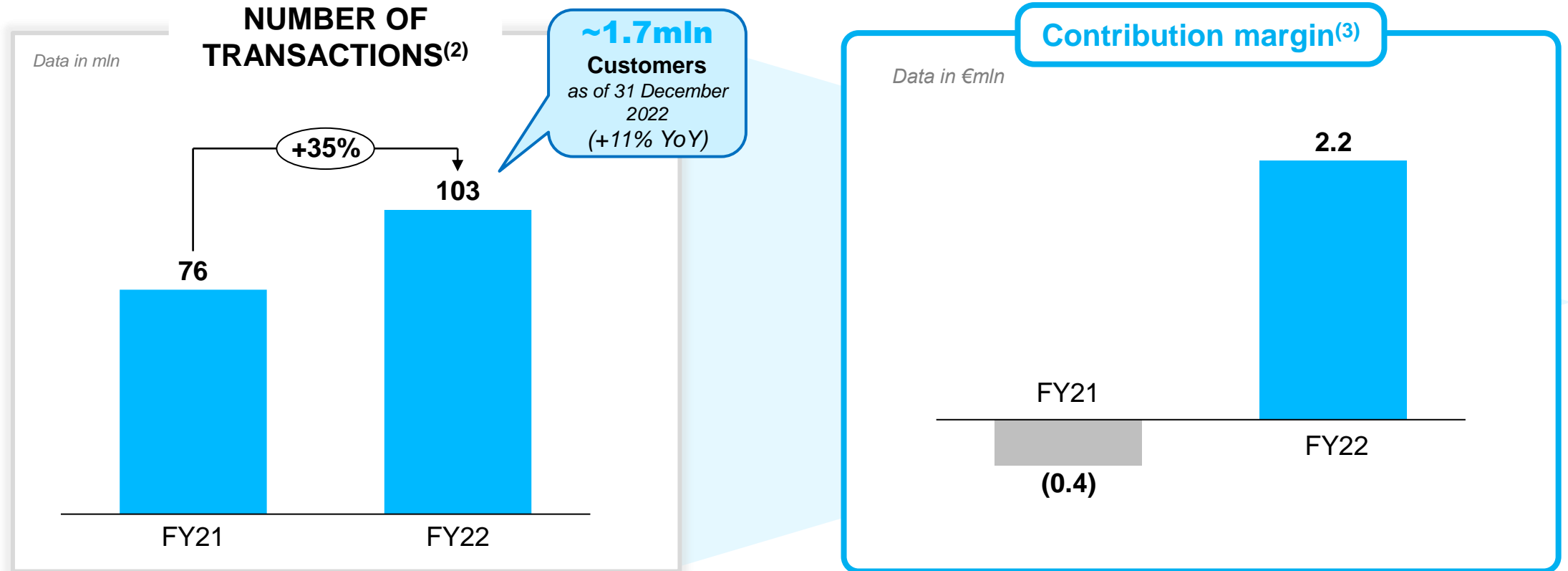
In 2022, revenue at € 18.4mIn⁽⁴⁾ with pre-tax result of -€3.2mIn⁽⁴⁾ following investments to complete entry into new free market segment



Visible profitability expected already in 2023



- Already top retail fintech in Italy⁽¹⁾



illimity - **Strong competitive advantage in technology**



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

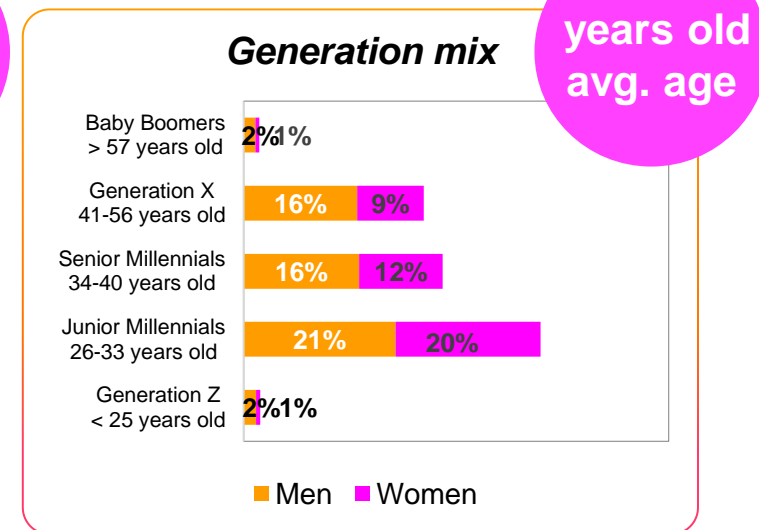
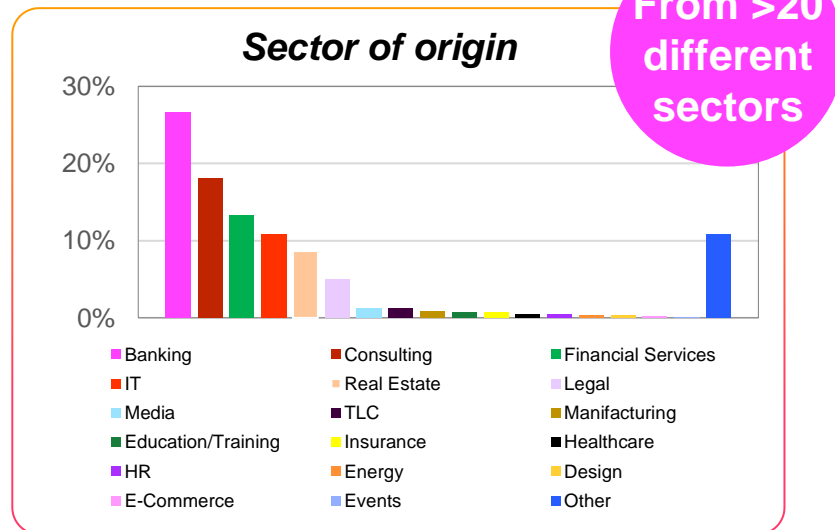
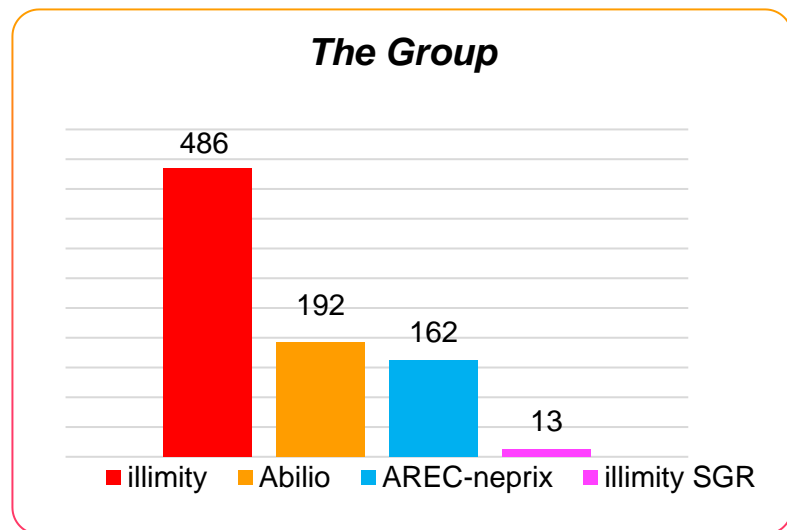
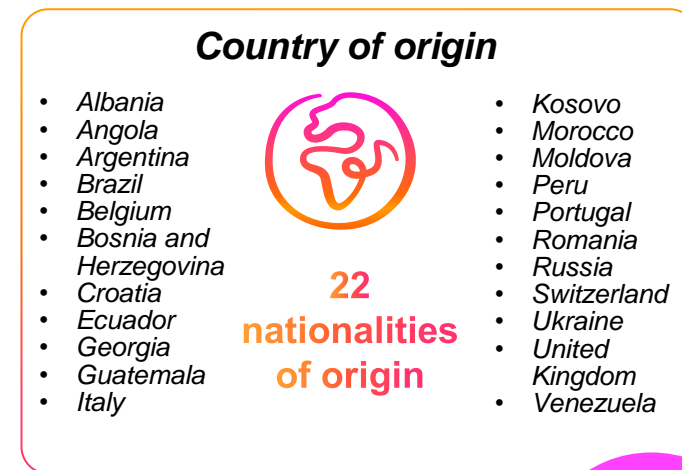
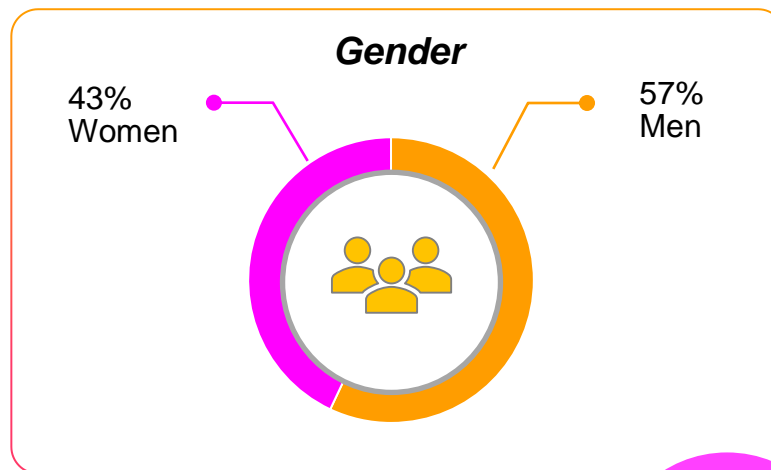
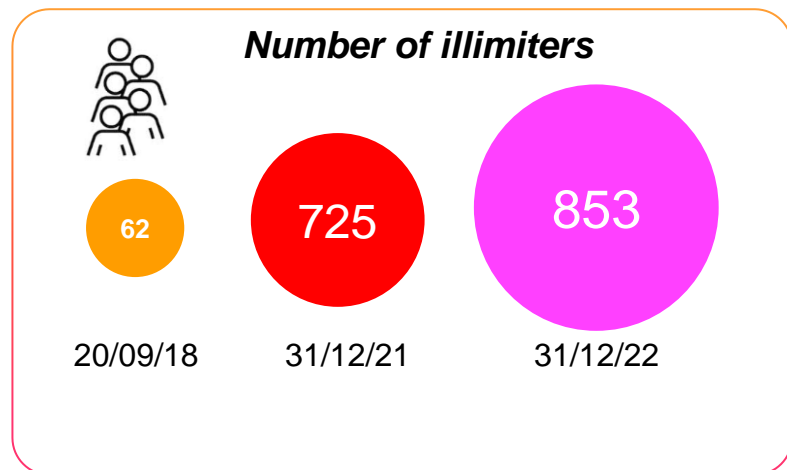


Fully fledged IT architecture with best-in-class fintech solutions: supporting all our businesses



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

illimity - The illimiters: talent and diversity fosters innovation



illimity - **Key pillars of strategy and business model confirmed**



Continuous focus on most interesting segments of both SME and Corporate Distressed markets

The diagram features a large, curved, multi-colored arc (pink, orange, and red) on the left side. A circular icon of a classical column is positioned within the arc. Six white circles are spaced along the arc, each connected by a thin grey line to a corresponding text box on the right. The text boxes are white with orange and pink borders. The text in the boxes is bold and black.

Optimisation in use of capital thanks to dynamic approach and strengthening of illimity SGR

Full deployment of our three tech initiatives

Maintaining our technological edge

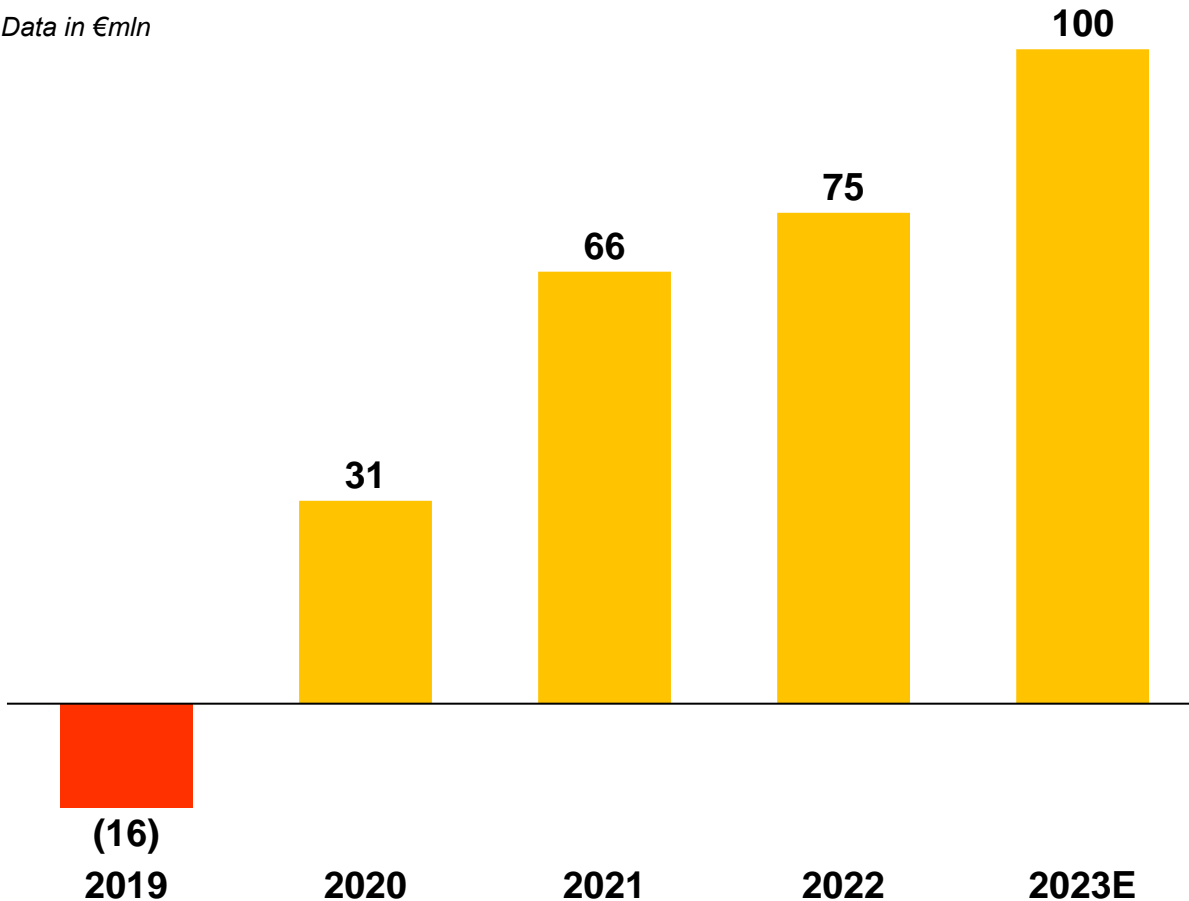
Constant investment in our human capital

Strong commitment toward sustainability

illimity - Outlook 2023

NET PROFIT

Data in €mIn



- **Prudent assumptions** on profitability evolution due to high uncertainties on macroeconomic and geopolitical scenarios
- **€100mIn net profit target in 2023**

FY22 Financial review

Silvia Benzi, CFO



illimity - Steady balance sheet growth driven by interest-earning assets

Reclassified Balance sheet	31.12 2021	31.03 2022	30.06 2022	30.09 2022	31.12 2022	Δ 31.12.22 / 30.09.22	Δ 31.12.22 / 31.12.21
1 Cash and cash equivalent	508	695	397	364	681	87%	34%
Due from banks and other financial institutions	468	215	191	184	183	(0)%	(61)%
2 Customer loans	2,762	2,832	3,194	3,318	3,776	14%	37%
- Distressed Credit investments	923	938	921	860	1,021	19%	11%
- Distressed Credit senior financing	336	402	436	446	469	5%	40%
- Growth Credit	1,434	1,421	1,733	1,800	2,037	13%	42%
- Cross-over & Acq. Finance ¹	628	643	731	809	891	10%	42%
- Turnaround	438	488	630	612	665	9%	52%
- Factoring	368	289	372	379	481	27%	31%
- b-ilty	3	7	24	38	50	29%	>100%
- Investment Banking	-	-	16	108	133	23%	n.m.
- Non-core former Banca Interprovinciale	66	64	64	64	66	2%	(1)%
3 Financial assets Hold To Collect (HTC)	-	108	161	215	428	99%	n.m.
Financial assets Hold To Collect & Sell (HTCS) ²	300	424	416	396	392	(1)%	31%
Financial assets measured at FVTPL ³	77	82	118	150	105	(30)%	37%
Investments in associates and companies subject to joint control	80	78	76	78	76	(3)%	(4)%
Goodwill	36	36	71	65	65	-	80%
Intangible assets	49	52	56	65	70	7%	42%
Other assets (Incl. Tangible and tax assets) ⁴	382	400	446	455	579	27%	52%
Total assets	4,661	4,922	5,127	5,291	6,355	20%	36%
Due to banks	411	412	539	581	1,205	>100%	>100%
4 Due to customers	2,818	3,065	3,107	3,186	3,409	7%	21%
Bond/Securities	500	505	510	515	653	27%	31%
Shareholders' Equity	773	777	802	813	841	3%	9%
Other liabilities	159	163	169	196	246	26%	55%
Total liabilities	4,661	4,922	5,127	5,291	6,355	20%	36%

1 **Strong liquidity position** – approx. **€0.6bn** between cash, net adjusted interbank position and liquidity buffers

2 **Robust net customer loans growth** – up **37% YoY and 14% QoQ**, with all Divisions and business lines contributing positively

3 **Increase in financial portfolio** driven by investments in hold-to-collect, almost doubled in 4Q22

4 **Funding expansion continued in 4Q22** driven by both retail and wholesale funding, thus keeping strong diversification of funding sources

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 item includes ~€17mln of Investment Banking Division Alternative Debt classified HTCS; (3) 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 in the energy sector, as part of the Distressed Credit Division's activities; (4) It includes assets arising from the purchasing of tax assets (the so-called "Ecobonus") for ~€99mln.

illimity - Strong increase in overall profitability

Data in €mln

Reclassified Profit & Loss	4Q21	1Q22	2Q22	3Q22	4Q22	Δ Q/Q%	FY21	FY22	Δ Y/Y%
Interest income	50.8	51.7	54.4	59.1	73.5	24%	195.0	238.7	22%
Interest expenses ¹	(16.4)	(15.7)	(16.4)	(17.0)	(27.3)	60%	(61.8)	(76.5)	24%
Net interest income	34.5	36.0	38.0	42.0	46.1	10%	133.1	162.2	22%
Net fees and commissions	11.6	12.8	14.8	14.1	19.8	40%	35.6	61.6	73%
Net result from trading and Fair Value assets	6.2	2.8	5.9	4.6	(0.1)	n.m.	18.6	13.2	(29%)
Net other income/expenses	6.6	6.3	5.7	5.2	6.7	30%	18.2	23.8	31%
Profit from closed purchased distressed credit positions ²	19.0	20.6	16.2	8.6	18.5	>100%	63.5	63.8	0%
Gain (loss) from disposal of investments	-	-	-	-	-	-	2.3	-	(100%)
Operating income	77.8	78.5	80.6	74.5	91.0	22%	271.2	324.6	20%
Staff costs	(22.2)	(20.7)	(22.8)	(20.9)	(21.8)	4%	(73.7)	(86.1)	17%
Other operating expenses	(23.3)	(20.8)	(21.9)	(21.4)	(26.6)	24%	(76.2)	(90.7)	19%
Depreciation & Amortisation	(2.9)	(3.4)	(3.9)	(4.6)	(4.9)	6%	(10.7)	(16.8)	56%
Operating costs	(48.5)	(44.9)	(48.5)	(46.9)	(53.2)	13%	(160.6)	(193.6)	21%
Operating profit	29.4	33.5	32.1	27.6	37.8	37%	110.6	131.0	18%
Loan loss provision charges	0.6	(0.5)	(2.5)	(0.6)	(3.7)	>100%	(0.7)	(7.4)	>100%
Value adjustments on purchased distressed credit	(14.1)	(4.6)	(3.2)	7.3	(6.4)	n.m.	(14.8)	(6.9)	(53%)
Value adjustments on securities and loans to banks	(0.4)	(0.5)	(0.2)	(0.2)	(0.5)	>100%	(1.2)	(1.5)	29%
Other net provisions for risks and charges	(0.2)	(0.0)	(0.0)	-	-	-	(0.2)	(0.0)	(83%)
Other income from equity investments	(1.8)	(1.8)	(2.0)	(1.8)	(2.0)	8%	(7.8)	(7.6)	(2%)
Contribution to banking sector schemes	(1.4)	(2.0)	(0.1)	(2.6)	(2.0)	(24)%	(5.1)	(6.7)	32%
Profit (loss) before tax	12.1	24.1	24.0	29.6	23.2	(22)%	80.8	100.9	25%
Income tax	7.3	(8.4)	(8.2)	(10.4)	1.5	n.m.	(15.3)	(25.5)	67%
Net result	19.4	15.7	15.8	19.1	24.7	29%	65.6	75.3	15%

1 Net interest income up 22% YoY mainly benefitting from core business volume growth. **4Q22 up 10% QoQ** despite cost of funding increase

2 Net fees and commissions +73% YoY and +40% QoQ driven by strong business origination, acceleration in third-party servicing mandates, and good contribution from investment banking and asset management unit

3 Strong contribution to revenue from Distressed closed positions confirmed both on yearly and quarterly basis









4 Operating costs up YoY on sizeable new hirings and investments to complete operational structure and launch new businesses. 4Q22 increase related to business growth and acceleration in funding plan

5 Organic loan loss provisions up on generic provisions and some analytical adjustments


6 Value adj. on purchased distressed credit reflect workout strategies updates and conservative approach to potential impact of economic slowdown


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


	 DISTRESSED CREDIT DIVISION		 GROWTH CREDIT DIVISION <small>(BIP included)</small>		 INVESTMENT BANKING		 b-ilty <small>illimity</small>		 illimity SGR		 CIO DIVISION		 CORPORATE CENTRE & HYPE⁽¹⁾		 TOTAL	
<i>Data in €mIn</i>	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22
Net interest income	107.9	113.2	19.7	38.9	1.3	5.0	-	0.6	-	-	4.2	4.5	-	-	133.1	162.2
Net fees and commission	9.6	21.8	20.4	27.4	3.6	8.8	-	0.8	1.7	3.7	0.3	(0.9)	-	-	35.6	61.6
Other income	81.2	75.0	9.2	7.4	0.4	1.3	-	-	0.1	0.1	11.6	17.0	-	-	102.5	100.8
Operating income	198.7	210.0	49.3	73.7	5.3	15.1	0.0	1.4	1.8	3.8	16.1	20.6	0.0	0.0	271.2	324.6
Staff costs	(26.9)	(33.7)	(10.5)	(11.4)	(2.4)	(3.8)	(4.0)	(4.2)	(2.3)	(2.5)	(7.7)	(7.4)	(19.9)	(23.1)	(73.7)	(86.1)
Other operating expenses and D&A	(39.8)	(45.7)	(7.7)	(6.5)	(1.1)	(1.9)	(2.6)	(7.1)	(0.5)	(0.5)	(18.4)	(26.2)	(16.8)	(19.6)	(86.9)	(107.5)
Operating costs	(66.7)	(79.4)	(18.2)	(17.9)	(3.5)	(5.7)	(6.6)	(11.3)	(2.8)	(3.0)	(26.1)	(33.6)	(36.7)	(42.7)	(160.6)	(193.6)
Operating profit	132.0	130.6	31.1	55.8	1.8	9.4	(6.6)	(9.9)	(1.0)	0.8	(10.0)	(13.0)	(36.7)	(42.7)	110.6	131.0
Provisions	(18.3)	(11.5)	2.1	(2.2)	(0.7)	(1.6)	-	(0.5)	-	-	-	-	-	-	(16.9)	(15.8)
Other income from equity investments	0.4	(0.3)	-	-	-	-	-	-	-	-	-	-	(8.2)	(7.3)	(7.8)	(7.6)
Contribution to banking sector schemes	-	-	-	-	-	-	-	-	-	-	-	-	(5.1)	(6.7)	(5.1)	(6.7)
Profit (loss) before tax	114.1	118.8	33.2	53.6	1.1	7.8	(6.6)	(10.4)	(1.0)	0.8	(10.0)	(13.0)	(50.0)	(56.7)	80.8	100.9
Interest earning assets	1,514	1,872	1,625	2,497	40	265	3	67	-	0	-	-	976	864	4,157	5,564
Other assets	101	226	96	161	-	0	-	1	-	-	53	87	254	317	504	791
RWA	2,017	2,100	977	1,532	44	169	2	14	3	5	76	89	294	420	3,411	4,330

Combined: ~€61.4mIn
+79% YoY


 **Distressed Credit** major profit contributor with ~65% of Group's FY22 revenue. Operating profit growing slightly despite investments in new initiatives.


 **Growth Credit** significant profitability increase contributing 23% to Group's revenue. Visible operating leverage gains

 **Investment Banking** generating excellent profitability even after only one year in business

 **b-ilty** negative pre-tax profit contribution reflects set-up costs and investments

 **illimity SGR** small positive result for year backed by successful launch of a new fund in 2022

 **CIO** limited negative pre-tax result despite strong investments in unique IT infrastructure and Open banking platform illimitybank.com

 **Corporate centre** set-up substantially completed; target sizing reached by end-2022. Hype contribution here included still negative albeit mildly improving



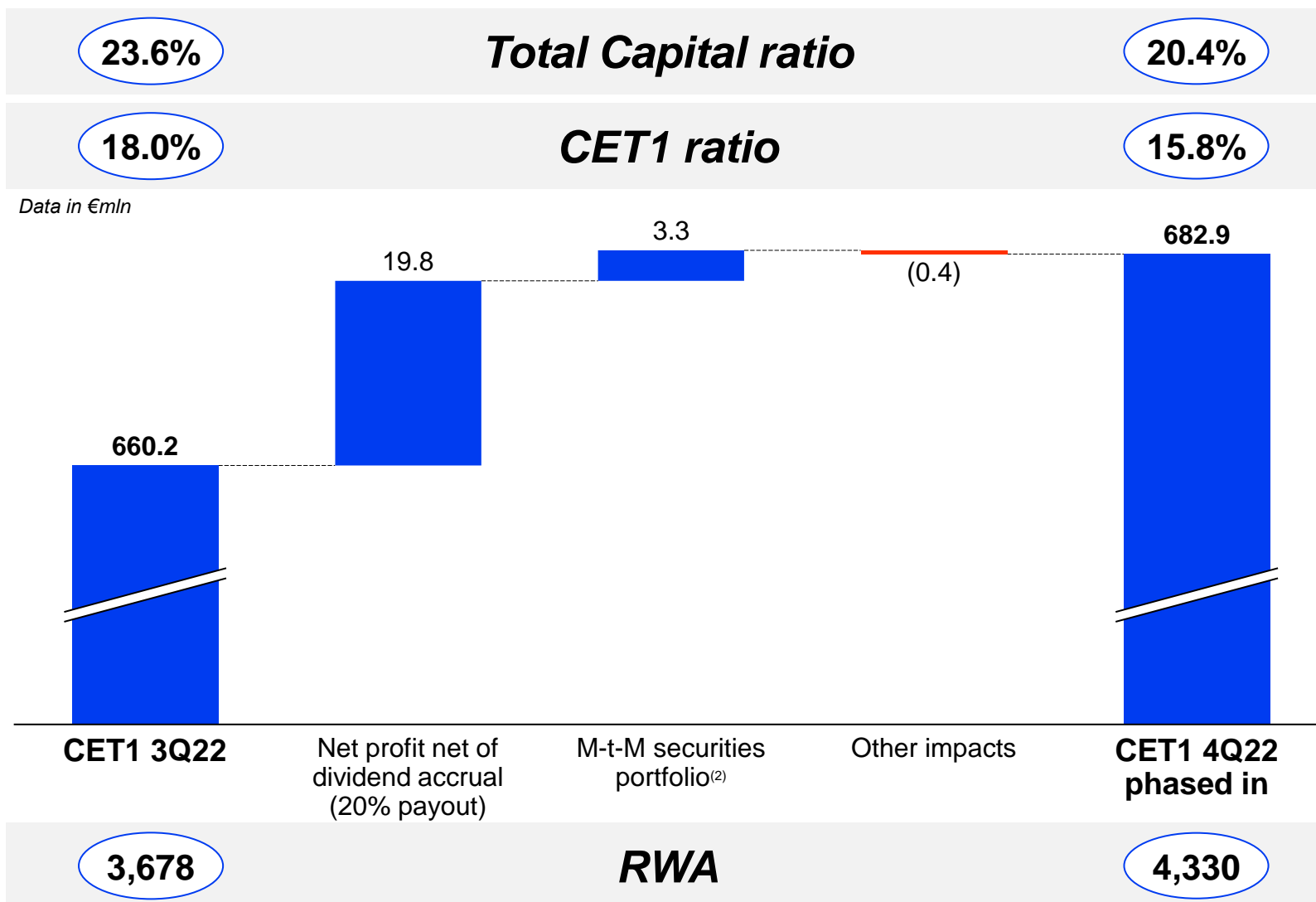
illimity - Solid KPIs

	4Q21	1Q22	2Q22	3Q22	4Q22	FY21	FY22
Cost income ratio ⁽¹⁾	62%	57%	60%	63%	58%	59%	60%
Organic cost of risk (bps) annualised ⁽²⁾	Net write-backs	13bps	49bps	11bps	61bps	4bps	30bps
Gross organic NPE ratio (excluding BIP) ⁽³⁾	0.7%	0.7%	0.9%	0.7%	1.4 %	0.7%	1.4%
Gross organic NPE ratio ⁽⁴⁾	2.3%	2.3%	2.2%	2.0%	2.6%	2.3%	2.6%
LCR	~180%	~220%	~365%	~307%	~317%	~180%	~317%
CET1 Ratio ⁽⁵⁾	18.8%	17.7%	16.1%	18.0%	15.8%	18.8%	15.8%
Total Capital Ratio ⁽⁵⁾	24.7%	23.2%	21.3%	23.6%	20.4%	24.7%	20.4%

- **Cost income up at 60%** excluding investments in 2022 to establish new tech initiatives (b-ilty and Quimmo) would be 52%
- **Organic cost of risk remains low** backed by resilient book and high proportion of guaranteed loans
- **Organic NPE ratio on portfolio originated by illimity at 1.4%** (2.6% including former BIP portfolio), with limited loan book deterioration in last part of year
- **LCR and NSFR** comfortably above minimum requirements
- Solid capital position with **robust CET1 Ratio at 15.8%**

Notes: (1) Cost income ratio restated due to contribution to banking sector schemes reclassified out of Operating costs; (2) Calculated as the ratio between loan loss provisions and net organic loans at 31 December 2022 (€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; (3) Excluding BIP legacy portfolio, see 'Gross organic NPE ratio' in the Glossary at the end of this document for further details; (4) 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; (5) Phased-in definition.

illimity - Robust CET1 ratio at 15.8%

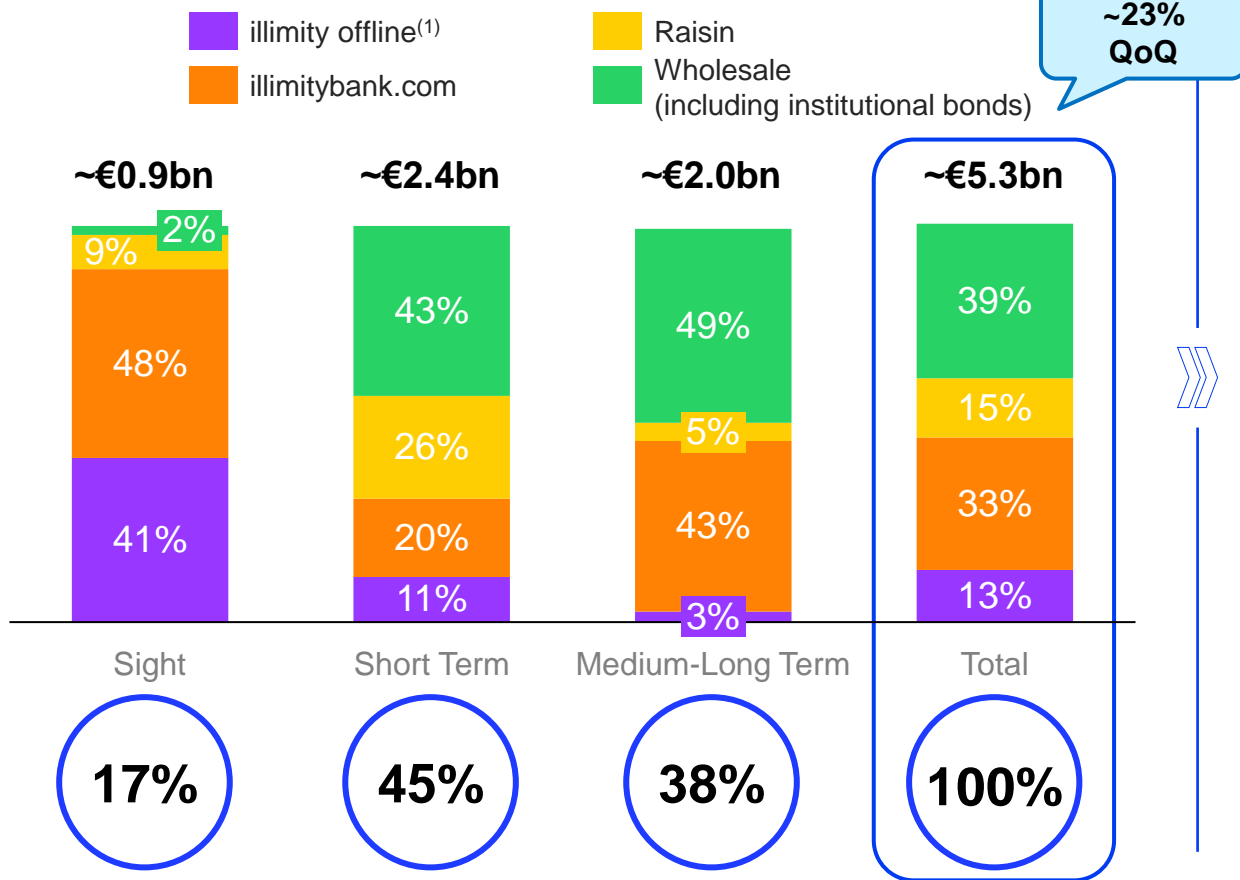


- **RWA increased 18% QoQ** as result of strong business origination in 4Q22. RWA density decreased to 68%
- **Higher RWA drove CET1 ratio phased-in to 15.8%** (15.3% fully loaded) – **more than 660bps vs. SREP requirement**
- **CET1 Capital⁽¹⁾ in 4Q22** increased by almost €23mln, mostly driven by internal capital generation
- **Total Capital ratio phased-in at 20.4%** (19.9% fully loaded)

illimity - Accelerating funding plan to support business momentum

Maturity mix

Data as of 31 December 2022



In 4Q22 total funding up 23% QoQ with well-diversified mix



Corporate & Retail component amounts to €3.2bn euro, up 9% QoQ thanks to successful campaign on illimitybank.com



Wholesale funding at €2bn up >60% QoQ, following issuance of 3Y senior bond finalised in December 2022 as part of liability management transaction and collateralised funding



Blended average cost of funding slightly up to ~2.1% as of December 2022 bringing average Cost of Funding for FY22 at 1.7%

illimity - €100mIn net profit guidance for 2023







-  **Strong business origination** in 2023 **across all core markets** with current scenario expected to foster additional opportunities
-  **Steady revenue progression. NII** boosted by volumes growth and loan repricing, more than offsetting higher expected cost of funding. Continual growth in **net fees** and **other revenue**
-  **Moderate costs growth** mostly related to new business, while operational and technology infrastructure reached optimal sizing hence becoming largely scalable. **Operating leverage gains expected to become clearly visible**
-  **Tech initiatives** will move **close to breakeven in 2023**, producing **positive contribution from 2024**
-  **Organic cost of risk** expected to grow but still below initial Plan expectations
-  **Quarterly results expected to accelerate throughout the year** with progression further skewed toward second half

Appendix



illimity - Originated volumes

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

Originated Business ⁽¹⁾						Terms agreed ⁽²⁾ to be signed	Advanced pipeline ⁽³⁾
	FY21	FY22	Δ%YoY	4Q22	Jan'23		
 Growth Credit Division	~1,141	~1,744	+53%	~665	~201	~116	~548
	793	940	+18%	349	~118	~107	~143
 Factoring turnover	1,179	1,847	+57%	588	~218		
 Investment Banking Division	-	189	n.m.	42	-	-	~161
 Distressed Credit Division	348 ⁽⁴⁾	563 ⁽⁴⁾	+62%	258	80	-	~194
 Servicing GBV⁽⁵⁾	~6,400	~10,072	57%				
	AUM end of period	AUM end of period					
 b-ilty	-	52	n.m.	15	3	9	~50

Notes: Non accounting figures; (1) See 'Originated Business' in the Glossary at the end of this document; (2) See 'Terms agreed to be signed' in the Glossary at the end of this document; (3) See 'Advanced pipeline' in the Glossary at the end of this document; (4) 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; (5) See 'Servicing GBV' in the Glossary at the end of this document; (6) The AUM of the servicing unit, in terms of gross book value of distressed credit managed by neprix and a portion of portfolios related to Senior Financing transactions recorded as of 31 December 2022, net of collections and portfolio disposals.

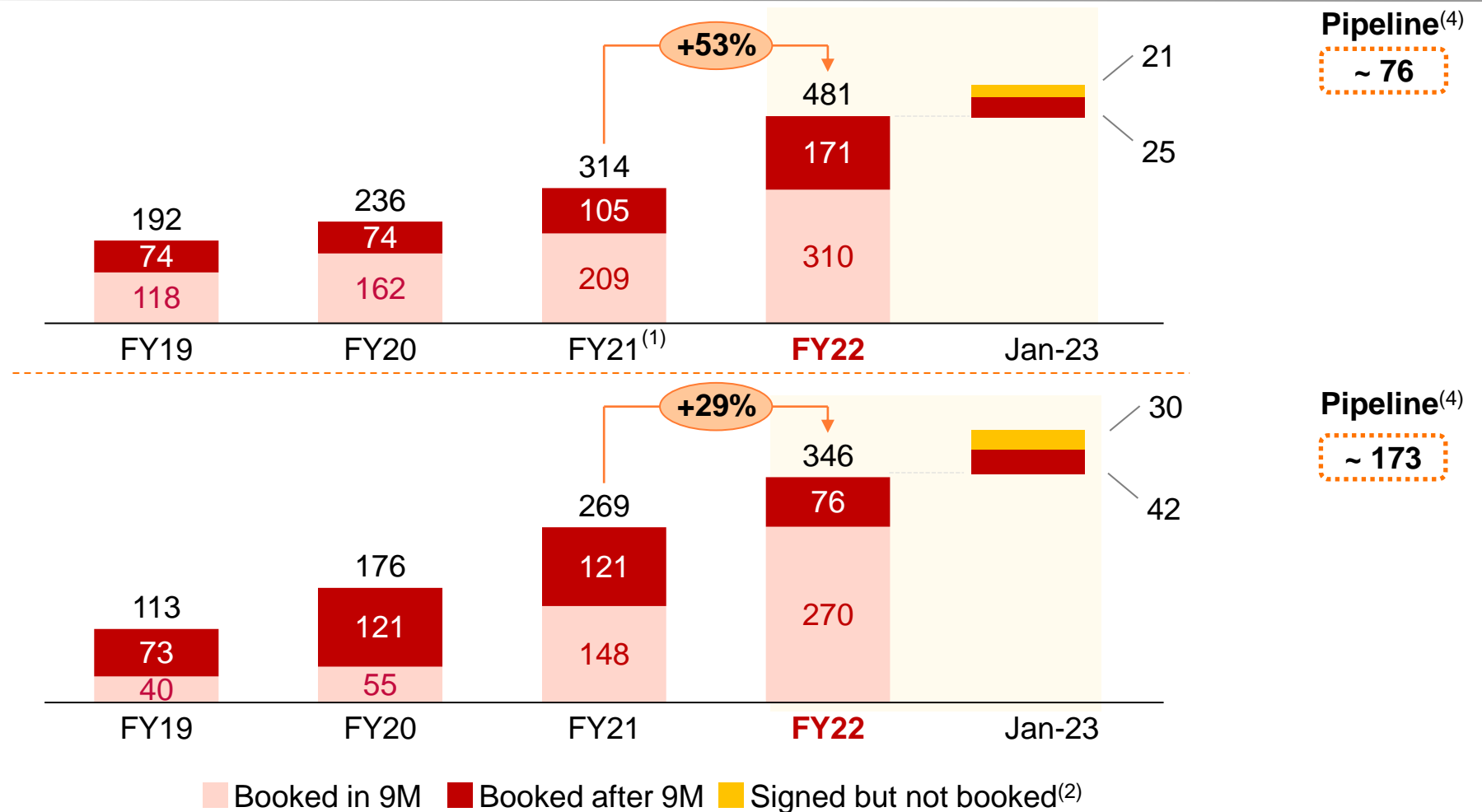
illimity - Originated business Growth Credit: focus on Cross-over & Acquisition Finance and Turnaround

Originated business

Data in €mln


Cross-over & Acq. Finance⁽³⁾


Turnaround



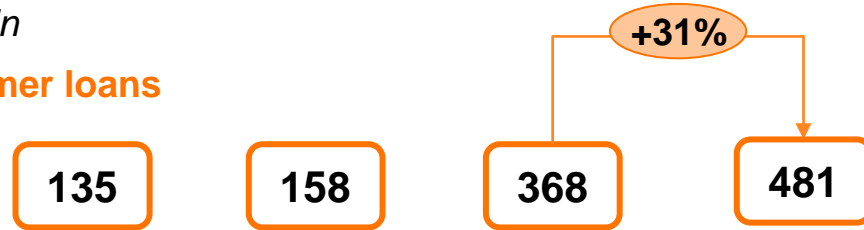
Notes: Rounded figures; (1) Income-producing loans including for 2021 high-yield corporate bonds classified as Financial assets Hold To Collect & Sell (HTCS), now within Investment Banking Division; (2) Deals signed but not yet booked, due to a time lag between the signing of the master agreement and the date of loan disbursement, in place at the end of the month; (3) Including new investment in the period in corporate high yield bond HTC; (4) It includes both items 'Terms agreed to be signed' and 'Advanced Pipeline'.

illimity - Originated business Growth Credit: focus on Factoring

Originated business

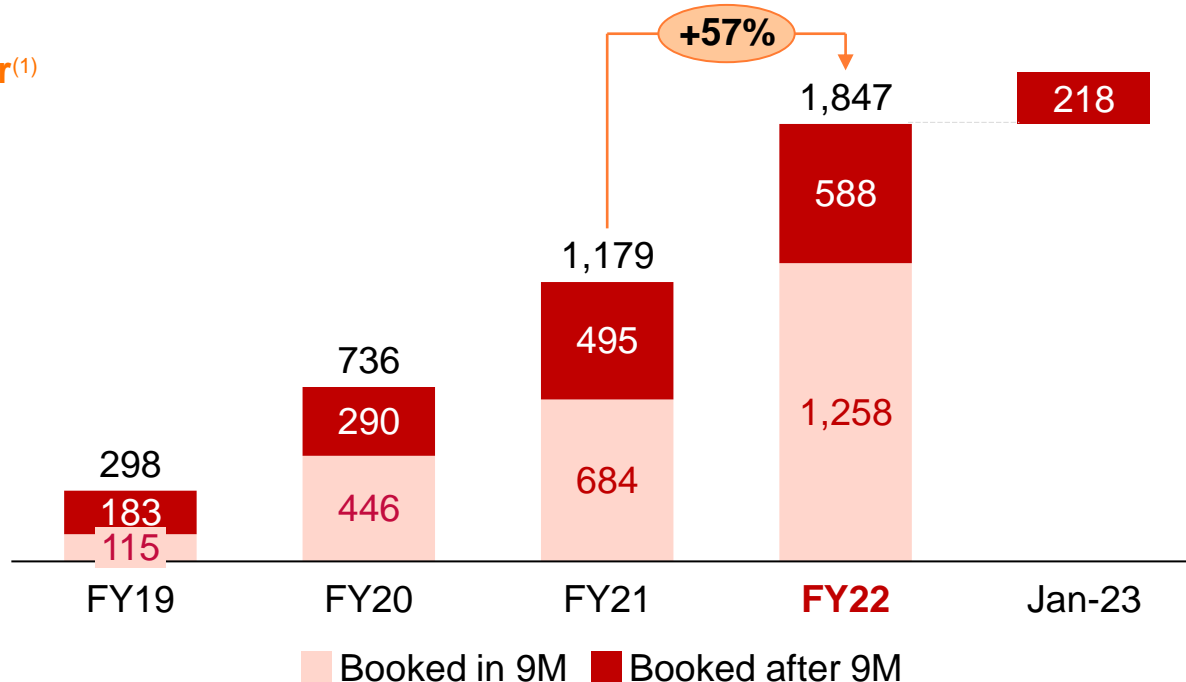
Data in €mln

Net Customer loans



Net Customer loans up 31% YoY

Turnover⁽¹⁾



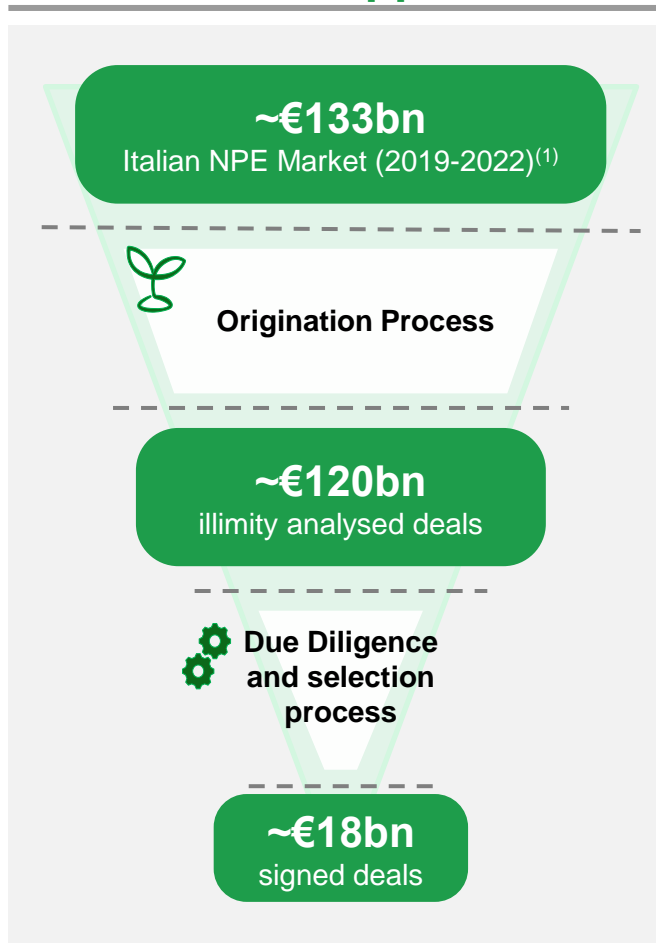
FY22 Factoring turnover up 57% YoY



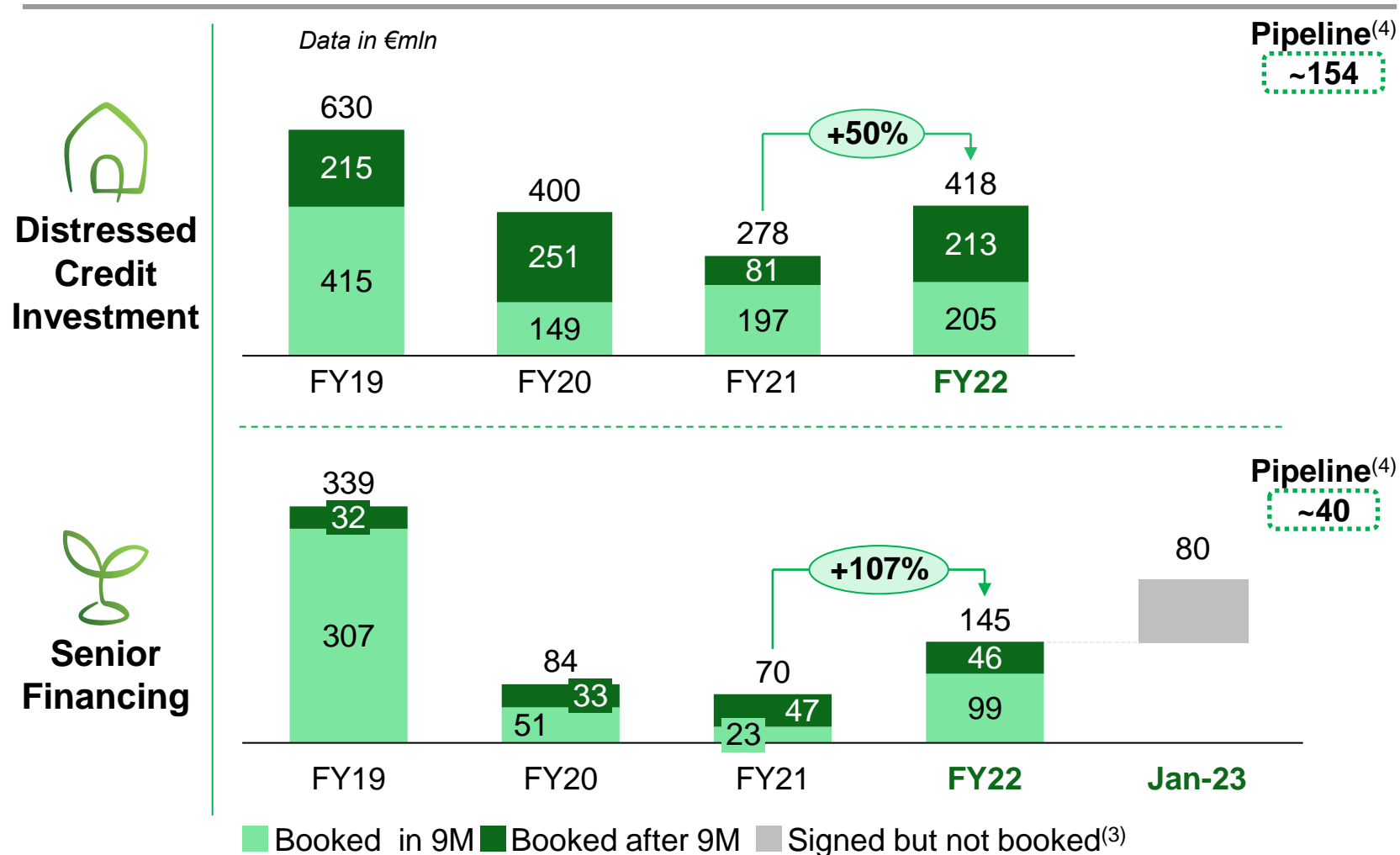
Number of clients⁽²⁾ at FY22 increasing further to 240 and approximately 1,000 debtors

illimity - Originated business Distressed Credit

Selective approach



Originated business⁽²⁾

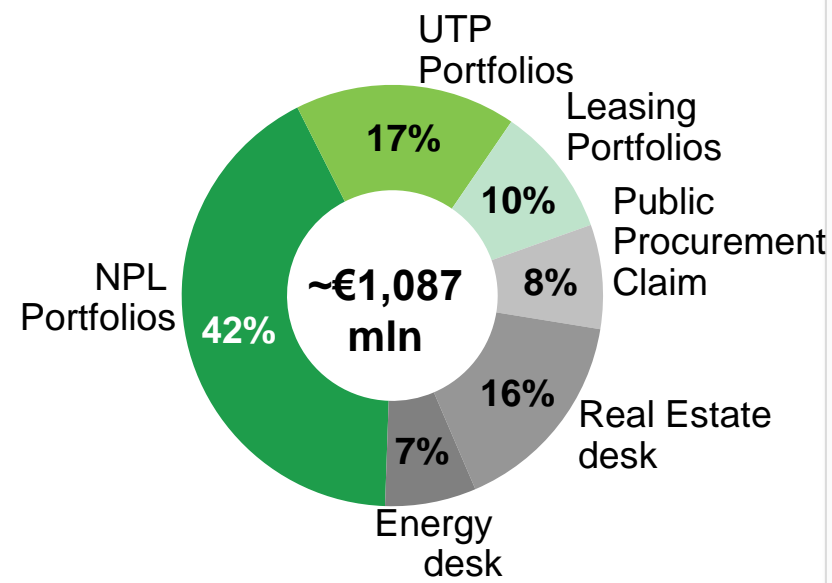


Notes: (1) Rounded figures; (1) Source: PwC, "The Italian NPE market"; (2) Distressed Credit Investments booked, and Senior Financing loans granted in the period; (3) Deals signed but not yet booked, owing to a settlement structure in multiple tranches or to a time lag between the signing of the master agreement and the date of loan disbursement/purchase, in place at the end of the month; (4) It includes both item 'Terms agreed to be signed' and 'Advanced Pipeline'.

illimity - Distressed Credit portfolio highlights

Data as of 31 December 2022⁽¹⁾

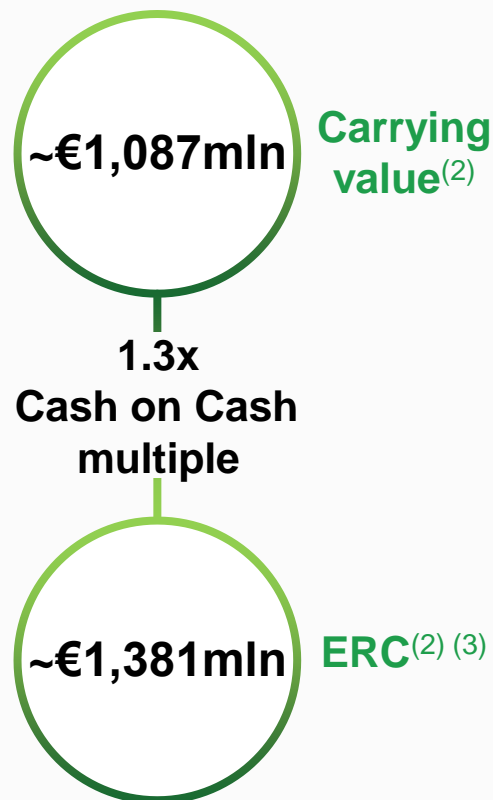
NBV breakdown by asset class



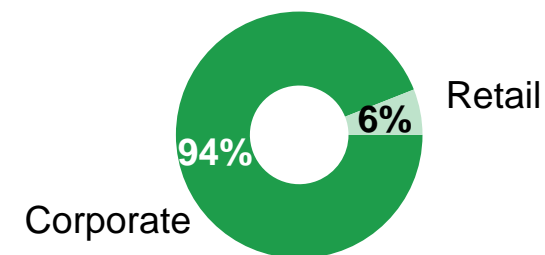
~€300k

Average ticket size
(GBV)

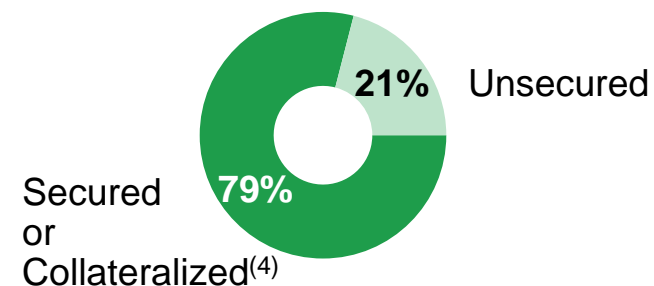
KPIs



Type of borrower (GBV breakdown)



Secured/ Unsecured (NBV breakdown)

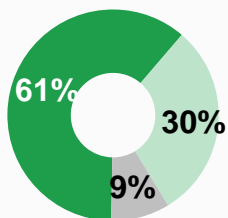


Notes: Rounded figures; (1) Data does not include repossessed assets (through ReoCo and *datio in solutum*); (2) This includes distressed credits purchased by the Energy desk, which for accounting purposes are recognised at Fair Value (item 120 c) and distressed credit classified as 'Financial assets measured at fair value through other comprehensive income' (item 30); (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).

illimity - Distressed Credit key data

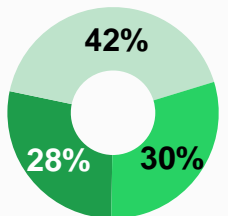
Workout strategy in pricing model

(Cash flow breakdown)



Actual workout strategy

(Cash flow breakdown)

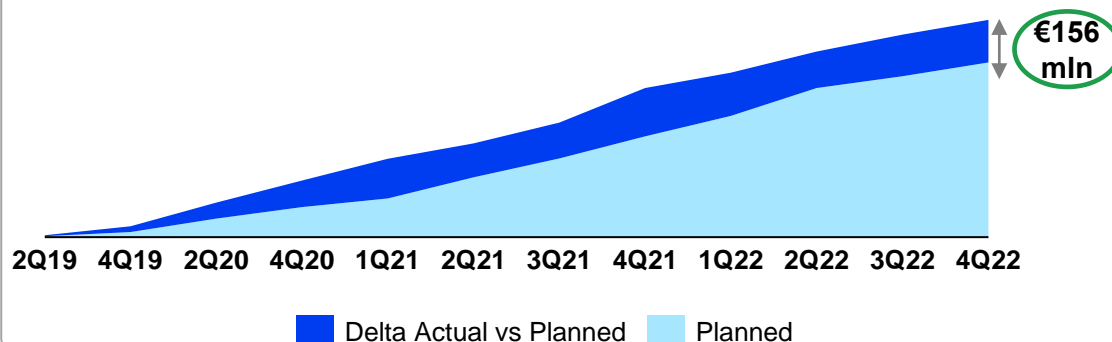


■ Judicial
■ Disposal
■ Out-of-court settlement
■ Other

Cash flow view (1)

Data in €mln

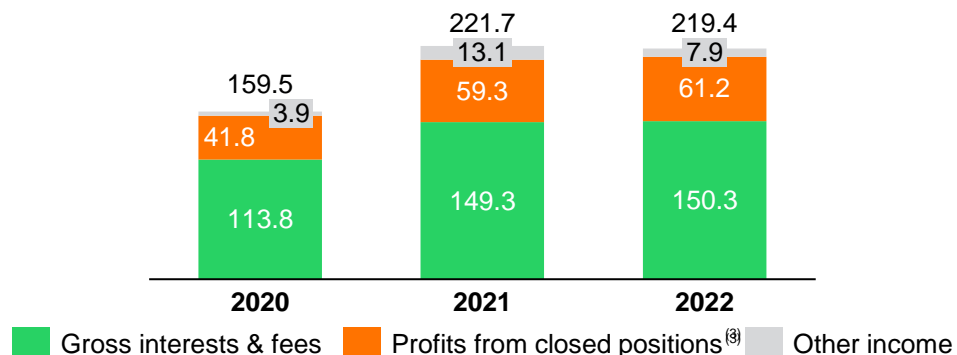
Cumulative cash flow: actual vs. planned



➤ **+€156mln** cumulated cash flow in excess of initial plan since inception

Economic view (2)

Data in €mln



➤ **Dynamic portfolio management continue** confirmed as recurring component of Operating Income

LAUNCHED




Credit & Corporate Turnaround Fund

- UTP contributed by originating banks
- AuM⁽¹⁾ of around €220mln as of 4Q22



Real Estate Credit Fund

- Secured NPE contributed by originating banks
- AREC  neprix role in real estate servicing
- Second closing in December for additional €27mln contribution
- AuM⁽¹⁾ of around €110mln

TO BE LAUNCHED



NPL Granular Fund

- Granular NPL small medium tickets



Selective Credit Fund

- Performing corporate financial instruments (including sub-debt and private equity)



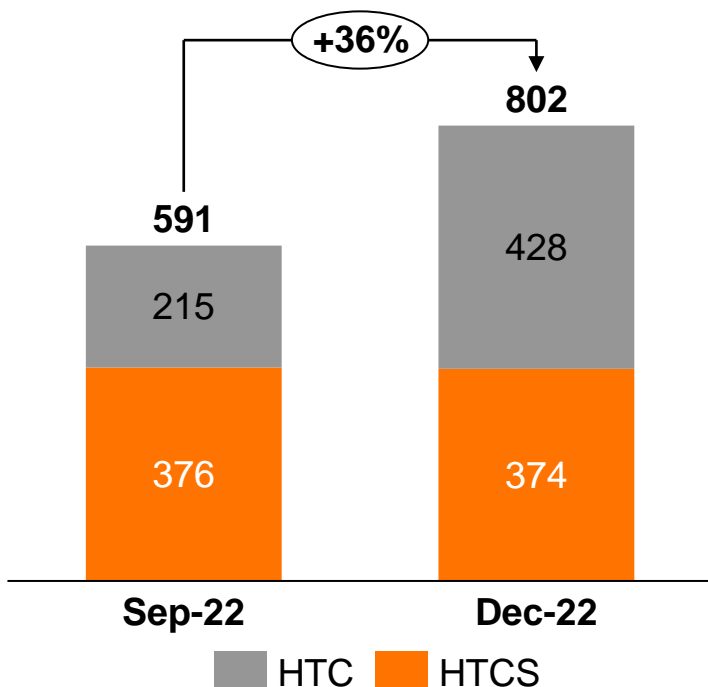
Capitale Rilancio Fund

- Corporate restructuring (flexible debt and equity fund)

illimity - Securities portfolio

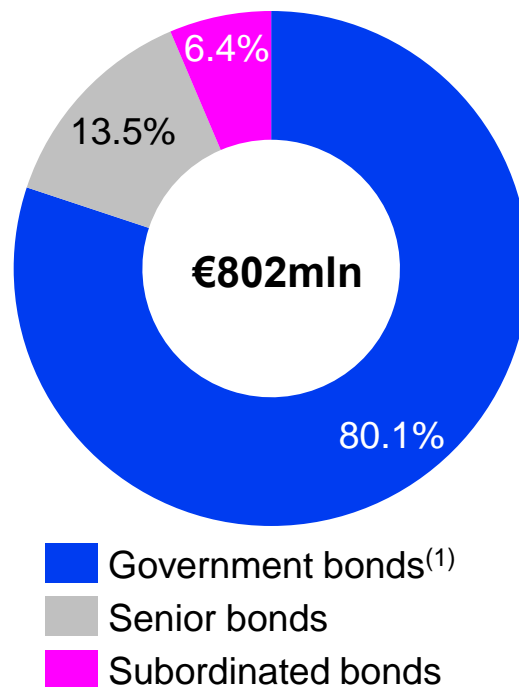
Securities portfolio

Data in €mln



Portfolio composition HTCS / HTC

31 December 2022

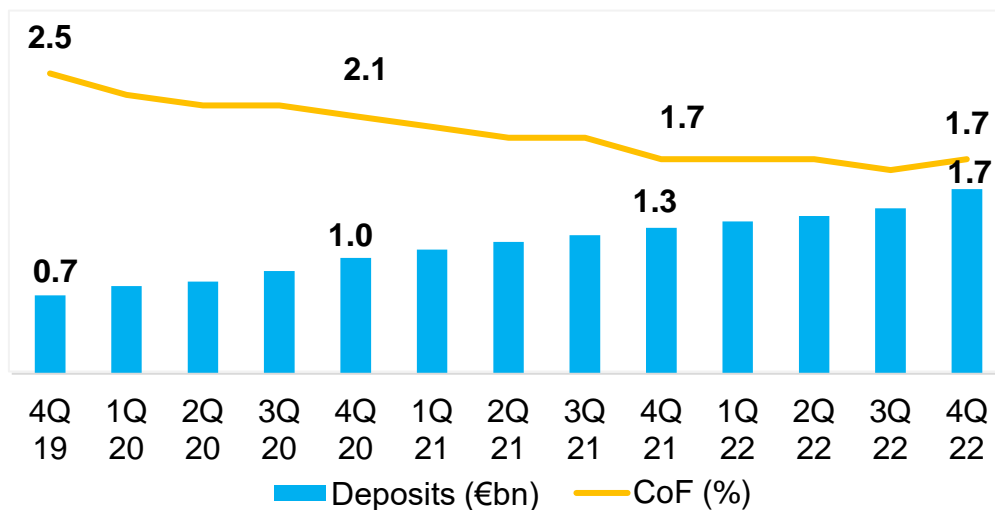


- **Securities portfolio growing at € 802mln up 36% QoQ** driven by the HTC strategy, now representing more than 50% of securities portfolio
- **Hedge accounting strategy in place** to largely mitigate impact on valuation reserves from further interest rates volatility
- Duration **~3.2 years**
- Average yield approx. **2.7%**

illimity - illimitybank.com: fulfilling Group's funding needs

End of Quarter results

✓ FUNDING EVOLUTION



€1.7bn

Funding on
illimitybank.com
at 31/12/22

77%

Term Deposits on
Total Funding
as of 31-Dec

✓ ENGAGEMENT

~70k

Total
Customers
as of 31-Dec

90%

Active
Customers
as of 31-Dec

39%

Loyal
Customers
as of 31-Dec

✓ APPRECIATION

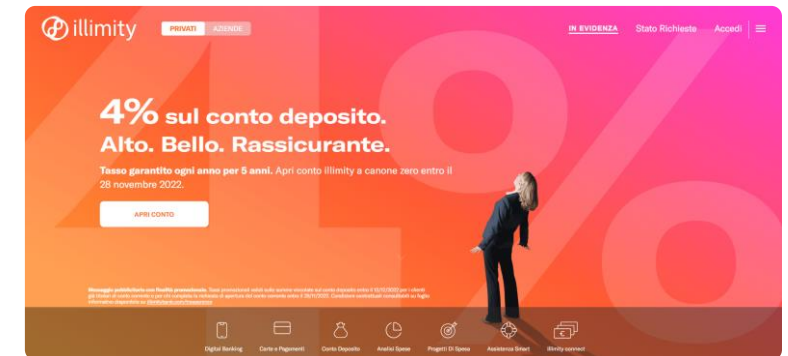
43

NPS
avg
4Q22

34%

Awareness
as of 31-Dec

4Q funding campaign preview



€381mln

New funding

2,9%

Average
cost of funding

88%

Share of term
deposits

51 months

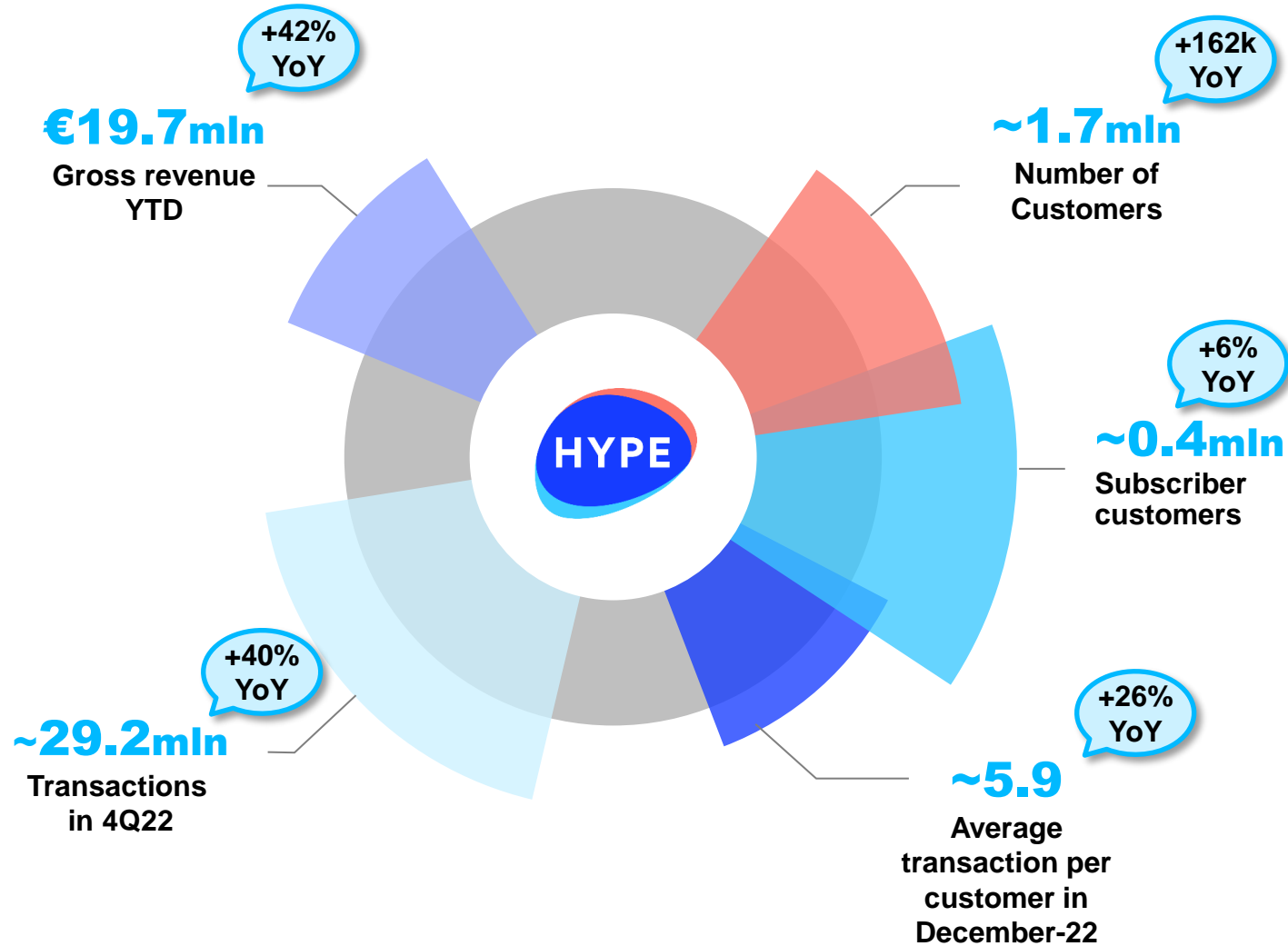
Average term
duration

Data as of 31 December 2022

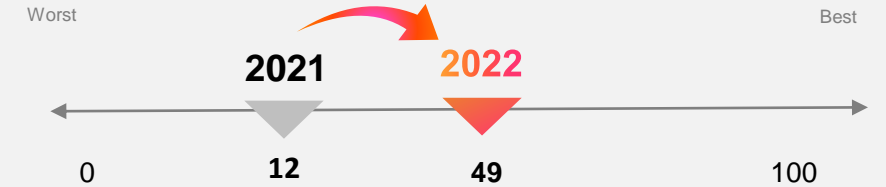
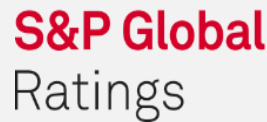
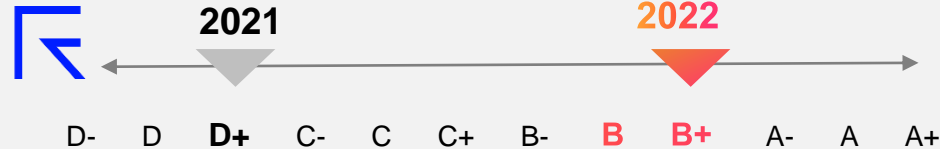
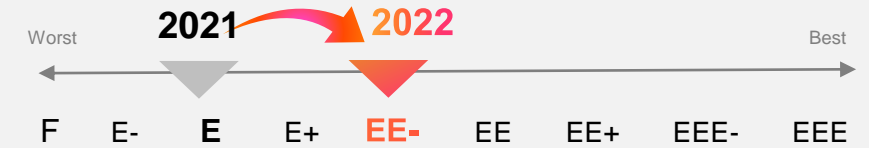
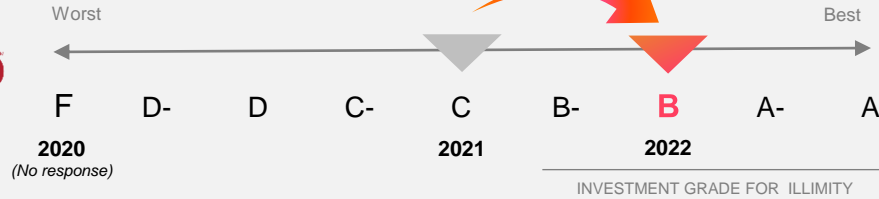


- Recognised Market Leader

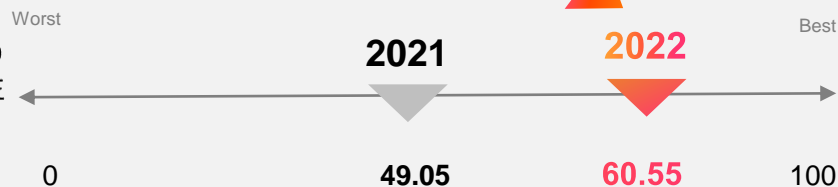
Data as of 31 December 2022



illimity - ESG scores improvements in 2022



INTEGRATED
GOVERNANCE
INDEX



SUSTAINALYTICS



- **Advanced pipeline:** Specific business opportunities for which the Bank envisages there is a reasonable expectation to close the transactions in the forthcoming months
- **Servicing & Remarketing GBV:** it equals to the Asset Under Management of the servicing unit - including Arec - 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, 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
- **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
- **Terms agreed to be signed:** Deals in final stage of the formalisation of the agreement/contractual terms



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Email: Fabio.pelati@illimity.com

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- Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Securities may decline and investors could lose all or part of their investment; the Securities offer no guaranteed income and no capital protection and an investment in the Securities is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Manufacturers will only procure investors who meet the criteria of professional clients and eligible counterparties.*
- For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Securities.*
- Each distributor is responsible for undertaking its own target market assessment in respect of the Securities and determining appropriate distribution channels.*
- By accepting or accessing this Document, you shall be deemed to have represented and warranted that (i) you have read and agreed to comply with the foregoing limitations and restrictions, (ii) you are able to receive this presentation without contravention of any applicable legal or regulatory restrictions, (iii) if you are in a member state of the European Economic Area (other than the United Kingdom), you are a Qualified Investor; (iv) if you are in the United Kingdom, you are a Relevant Person; (v) if you are in Italy, you are an Italian Qualified Investor; and (vi) you acknowledge that you understand that there are legal and regulatory sanctions attached to the misuse, disclosure or improper circulation of this document.*
- This document includes industry and market data pertaining to Company's business and markets. Such information is based on the Company's analysis of multiple sources such as industry publications and surveys, industry reports prepared by consultants, internal surveys and customer feedback. The market, economic and industry data have primarily been derived and extrapolated from reports provided by third parties. In addition, certain statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to Company's business and markets in this document are not based on published data obtained from independent third parties or extrapolations therefrom, but rather are based upon analysis, which are in turn based upon multiple third party sources.*
- All figures and numbers included in this document are rounded.*
- Pursuant to Article 154-bis, paragraph 2, of the Legislative Decree no. 58/1998 (Unified Financial Act), the Financial Reporting Officer, Mr. Sergio Fagioli, declares that the accounting information contained in this Document corresponds to the document results, books and accounting records.**