



**illimity**

BANCA OLTRE LA FORMA



**illimity 2Q20 results**

4 August 2020

# Key highlights

*Corrado Passera*, CEO



# illimity - 2Q20: a resilient quarter



**Good economic results in 2Q20: €10mln net profit**



**Net customer loans and investments up 9% qoq** in 2Q20 on a pro-forma basis despite an even more selective approach and **solid pipeline ahead**

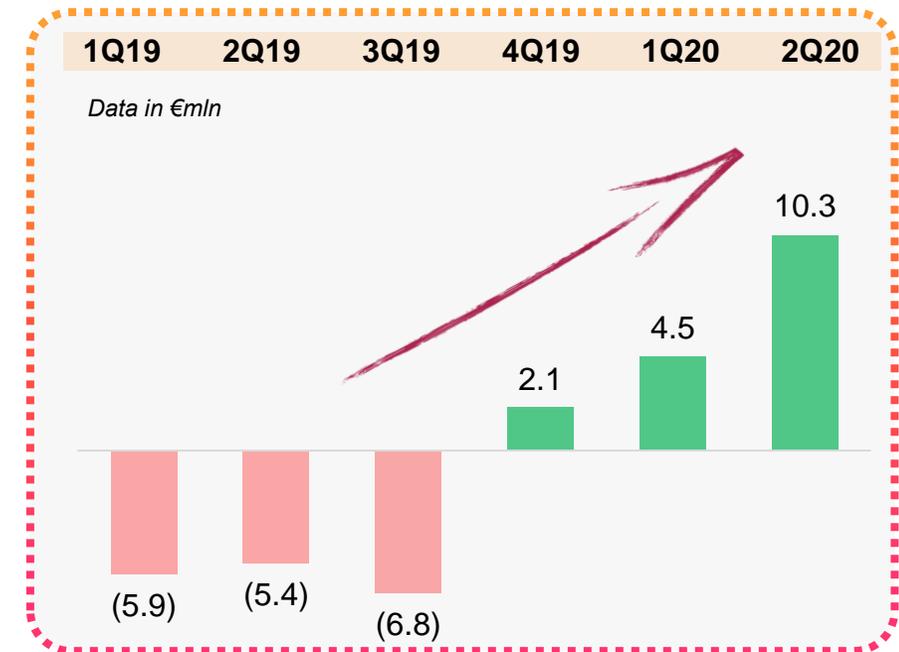


**Quality of the existing business confirmed:** no deterioration in the SME Division loan book, strong cash flow in the DCIS Division



**Robust capital at over 18% - reaching up to 19.5%** on a pro-forma basis

## NET RESULT EVOLUTION



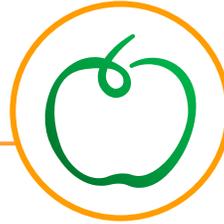
# illimity - Resilience driven by diversification and fast decision-making process



## SME

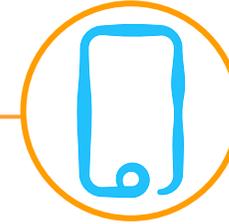
**Recovery in activity** since June and **new customers acquisition** even during lockdown

Profitable use of **public support measures**



## Distressed Credit I&S

**Strong performance continued** in **gross cash flow** despite limited contribution from judicial strategies



## Direct banking

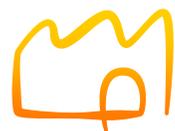
**Investments in user experience** is paying off: strong increase in number of transactions and active customers

Launch of **illimity Hubs**: opening the platform to non-financial partners – a further step in our unique open banking strategy

**Unique value proposition**  
to exploit **UTP portfolios**  
opportunities leveraging on  
cross-competencies

# illimity - Good progress in business origination

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



**SME  
Division**



**Distressed  
Credit I&S  
Division**



**Cross-over  
& Acq. Finance**



**Turnaround**



**Factoring**



**Distressed Credit  
Investments**



**Senior Financing**



**Servicing<sup>(9)</sup>**  
AUM (GBV/Managed assets)

	A	B	C	A+B+C	BP 2018-23 Target 2020
<b>Originated Business<sup>(1)</sup> inception to date (31 July 2020)</b>	<b>~2,096</b>	<b>~231</b>	<b>~670</b>	<b>~3,000</b>	<b>~3,000-3,500</b>
<b>Cross-over &amp; Acq. Finance</b>	425 <sup>(4)</sup>	~82	~121	~628	~300
<b>Turnaround</b>	196 <sup>(5)</sup>	~18	~50	~264	600-700
<b>Factoring</b>	137 <sup>(6)</sup> <span style="border: 1px solid orange; border-radius: 10px; padding: 2px;">T/O 339<sup>(7)</sup></span>	~115	~101 <sup>(8)</sup>	~353	~300
<b>Distressed Credit Investments</b>	913	-	~346	~1,259	1,700-2,000
<b>Senior Financing</b>	425	~16	~52	~493	100-200
<b>Servicing<sup>(9)</sup></b>	~8,600	-	~1,800	~10,400	5,100-6,300

Notes: Non accounting figures; (1) This aggregate includes both the SME loans granted/purchased and the distressed credit investments booked in the period already income-producing, and the value of the deals signed but yet to be booked, 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. This aggregate additionally includes part of the net loans to existing customers of BIP, due to their features considered consistent with illimity's SME segment for about €65mln. It includes also the portfolio sold; (2) Deals in final stage of the formalization of the agreement/contractual terms; (3) Specific business opportunities for which the bank envisages there is a reasonable expectation to close the transactions in the forthcoming months; (4) Including BIP core SME for about €65mln and contribution of high yield bond for €23mln; (5) It also includes financial instruments, such as quasi-equity instruments, which are included in the balance sheet item "20. c) Other financial assets mandatorily at fair value" for accounting purposes; (6) Outstanding at 31 July 2020; (7) Turnover related to Factoring only for the year 2020; (8) Credit line to be granted; (9) The AUM of the servicing unit includes the gross book value of distressed credit and the value of property and capital goods managed by IT Auction.

# illimity - Outlook for full year 2020



We aim at reaching a **FY20 net profit in the range of €30mln**



In 2020 we **are laying the foundations for a number of strategic initiatives** – also in response to the changes and the new opportunities we see across our markets – which **will start paying off from next year**



**Revenue** reinforced by **business generated since outset** and further boosted by our **solid pipeline**

# 2Q20 Financial review

*Francesco Mele*, CFO & Head of Central Functions



# illimity - **Doubled net profit without trading contribution**



**Net customer loans and investments up 9% qoq** on selective volume growth concentrated in the last part of the quarter<sup>(1)</sup>



**Steady revenue with good progression in net interest income**, lower commissions and no trading profits



**SME Division resilient performance** with first recognition of a credit revaluation event in Turnaround



**DCIS Division**: strong performance in gross cash flow and steady generation of profits from closed positions



**Provisioning stabilising** in 2Q20

# illimity - Steady growth despite selective approach

Data in €mln

Reclassified Balance sheet	30.06 2019	31.12 2019	31.03 2020	30.06 2020	Δ 30.6/ 31.3.2020	Δ 30.6.2020 / 30.6.2019
1 Cash and cash equivalent	42	772	219	311	42%	634%
Due from banks and other financial institutions	123	345	657	643	(2%)	424%
2 <b>Customer loans</b>	<b>775</b>	<b>1,638</b>	<b>1,662</b>	<b>1,766</b>	<b>6%</b>	<b>128%</b>
- DCIS <sup>1</sup> investments	158	667	674	724	8%	359%
- DCIS <sup>1</sup> senior financing	241	341	334	337	1%	40%
- SME <sup>2</sup>	247	527	556	613	10%	148%
- Cross-over & Acq. Finance <sup>2</sup>	162	261	278	315	13%	95%
- High yield bond	-	-	-	13	n.s.	n.s.
- Turnaround	59	131	154	156	1%	164%
- Factoring	26	135	123	129	5%	397%
- Non-core former Banca Interprovinciale	129	103	99	92	(7%)	(29%)
Financial assets Held To Collect (HTC)	103	-	-	-	0%	n.s.
3 Financial assets Held To Collect & Sell (HTCS) <sup>3</sup>	90	126	335	286	(15%)	218%
Financial assets measured at FVTPL <sup>4</sup>	17	9	8	12	61%	(30%)
Goodwill	22	22	36	36	-	67%
Intangible assets	9	19	22	26	19%	186%
Other assets (Incl. Tangible and tax assets)	72	95	114	158	39%	118%
<b>Total assets</b>	<b>1,253</b>	<b>3,025</b>	<b>3,052</b>	<b>3,238</b>	<b>6%</b>	<b>158%</b>
Due to banks	239	377	468	583	25%	144%
4 Due to customers	381	1,979	1,911	1,915	0%	402%
Shareholders' Equity	549	544	537	563	5%	3%
Other liabilities	84	125	135	176	31%	110%
<b>Total liabilities</b>	<b>1,253</b>	<b>3,025</b>	<b>3,052</b>	<b>3,238</b>	<b>6%</b>	<b>158%</b>
5 Common Equity Tier 1 Capital	480	462	439	466	6%	(3%)
<b>Risk Weighted Assets</b>	<b>995</b>	<b>2,162</b>	<b>2,347</b>	<b>2,548</b>	<b>9%</b>	<b>156%</b>

1 **Robust liquidity profile:** approximately €500mln between cash, net adjusted interbank position and liquidity buffers

2 **Net customer loans up 6% - and 9%** restated for repossessed assets<sup>(5)</sup> – with good contribution from both DCIS and SME Divisions

3 **Securities portfolio at €286mln** with reduced negative mark-to-market from equity of approximately €4mln after tax

4 **Retail & corporate funding up 3% to nearly €1.8bn** on further growth in deposits at illimitybank.com

5 **CET1 capital up to €466mln** mainly underpinned by profit generated in the quarter, the effect of the buyout of 30% of IT Auction and the lower M-t-M of the securities portfolio

Notes: Rounded figures. IT Auction consolidated for the first time in 1Q20; (1) DCIS: Distressed Credit Investment & Servicing Division (previously named NPL I&S); (2) 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 SME segment; (3) HTCS: Financial assets measured at fair value through comprehensive income; (4) FVTPL: other financial assets at fair value through profit or loss. This item includes equity financial instruments purchased as part of a turnaround transaction and junior tranches acquired as part of senior financing transactions and investments in distressed energy credit purchased as part of the DCIS division's activities. (5) ~€49mln of real estate assets owned directly by the Bank as of 30.6.2020 as a result of a *datio in solutum* transaction and other repossession workout strategies, accounted for as tangible assets.

# illimity - Doubled net profit without trading contribution

Data in €mln

	4Q19	1Q20	2Q20	Δ 2Q20/ 1Q20 %
<b>Reclassified Profit &amp; Loss</b>				
1 Interest income	27.5	32.1	33.2	4%
Interest expenses <sup>1</sup>	(9.0)	(10.2)	(8.9)	(13%)
<b>Net interest income</b>	<b>18.5</b>	<b>21.8</b>	<b>24.3</b>	<b>11%</b>
2 Net fees and commissions	1.5	2.5	2.1	(15%)
Net result from trading	8.9	3.7	(0.0)	n.s.
Net other income/expenses	1.6	0.0	0.2	n.s.
3 Gains from closed purchased distressed credit positions <sup>2</sup>	9.1	9.1	7.9	(13%)
<b>Operating income</b>	<b>39.7</b>	<b>37.2</b>	<b>34.5</b>	<b>(7%)</b>
Staff costs	(9.1)	(11.3)	(13.2)	17%
Other operating expenses	(19.0)	(16.3)	(12.9)	(21%)
Depreciation & Amortisation	(1.1)	(1.8)	(2.0)	11%
4 <b>Operating costs</b>	<b>(29.2)</b>	<b>(29.4)</b>	<b>(28.2)</b>	<b>(4%)</b>
<b>Operating profit</b>	<b>10.4</b>	<b>7.8</b>	<b>6.4</b>	<b>(18%)</b>
5 Loan loss provision charges	(1.0)	(2.7)	(1.2)	(55%)
6 Value adjustments on purchased distressed credit	(8.2)	2.8	4.6	64%
Value adjustments on HTC securities and loans to banks	0.0	(0.3)	0.2	n.s.
Other net provisions	0.1	(0.5)	0.2	n.s.
Provisions for risks and charges	0.1	0.1	(0.1)	n.s.
<b>Profit (loss) before tax</b>	<b>1.4</b>	<b>7.2</b>	<b>10.0</b>	<b>40%</b>
7 Income tax	0.6	(2.7)	0.3	n.s.
<b>Net result</b>	<b>2.1</b>	<b>4.5</b>	<b>10.3</b>	<b>130%</b>

- 1 Growth in net interest income** only partially benefiting from the business originated at the end of the quarter. Interest income includes **€0.8mln** arising from the **first recognition of a credit revaluation event** on a **Turnaround** transaction
- 2 Net fees** affected by lower contribution from factoring and IT Auction's subdued activity due to Law court inactivity
- 3 Steady stream of gains** from closed distressed credit positions either sold to third parties or agreed with debtors (DPO<sup>(3)</sup>)
- 4 Operating costs** largely flat vs 1Q20; include €0.9mln of costs related to the ESOP<sup>(4)</sup> plan (a cost typically booked in the second quarter of each year)
- 5 Stabilisation of collective provisioning** following 1Q20 conservative approach
- 6 €4.6mln Distressed Credit positive value adjustments** mostly driven by actual cash flow in excess of expectations
- 7 Positive tax effect** due to goodwill tax recognition

Notes: Rounded figures. IT Auction consolidated for the first time in 1Q20; (1) Interest expenses restated to exclude costs related to Debt for leasing, now included as administrative costs; (2) Gains from definitive closure of non-performing exposures either through disposal to third parties or through discounted payoff agreed with the debtor; (3) Discounted pay off recovery strategy (the so-called "saldo e stralcio"); (4) Employee Stock Ownership Plan.

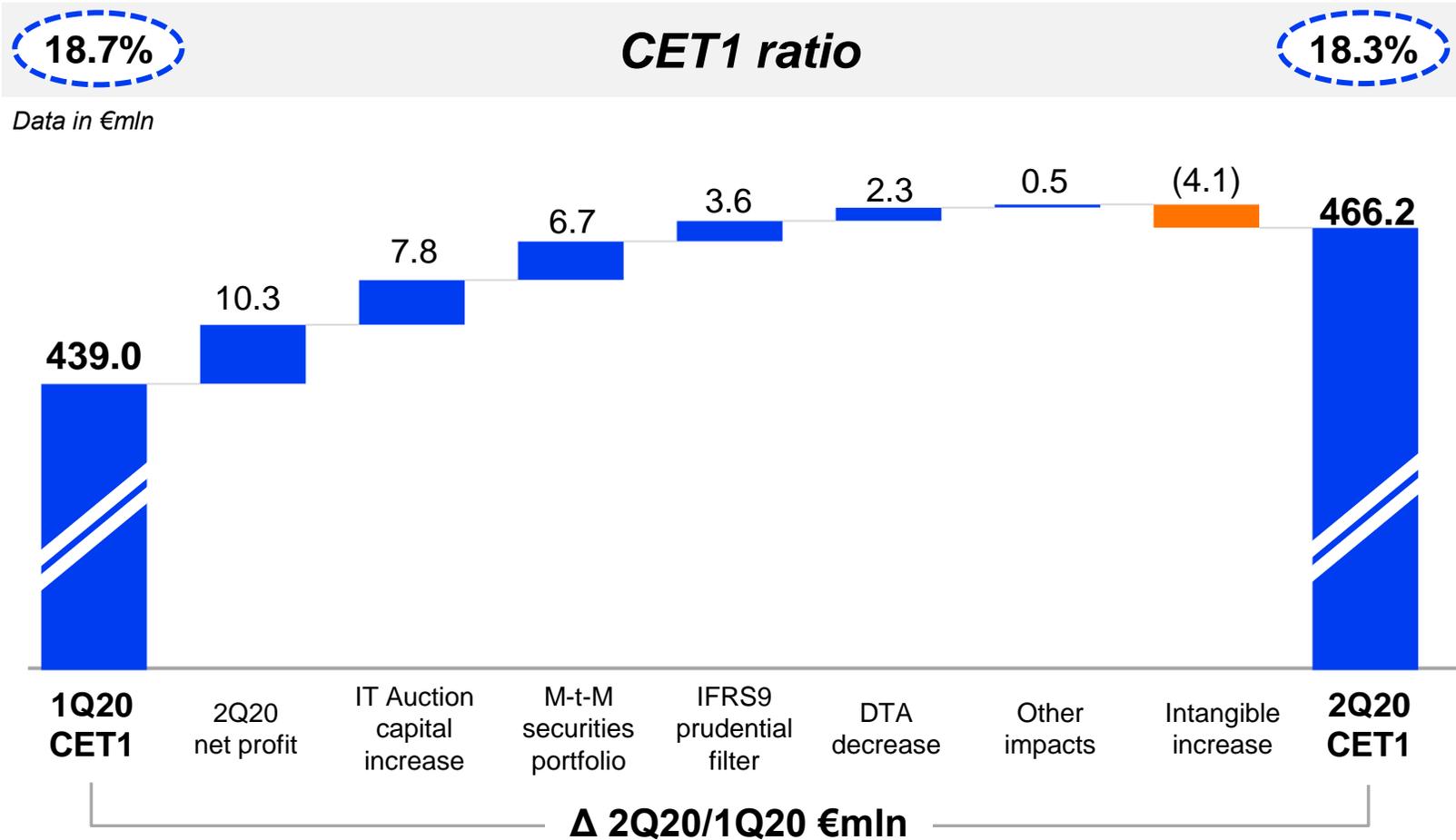
# illimity - KPIs confirming strong asset quality and liquidity

	4Q19	1Q20	2Q20
Cost-Income	73%	79%	82%
Organic Cost of Risk (bps) annualised <sup>(1)</sup>	46bps	124bps	52bps
Gross Organic NPE ratio <sup>(2)</sup>	4.2%	4.2% <sup>(3)</sup>	4.2%
LCR	>1,000%	>1,000%	>1,000%
CET1 ratio	21.4%	18.7%	18.3%

- **Cost of risk** at 52bps on normalization of provisioning after very conservative approach in 1Q20; **coverage ratio of performing loans<sup>(4)</sup> stable at 1.56%**
- **Organic NPE ratio stable at around 4%**
- Ample liquidity buffer
- **NSFR** comfortably above minimum requirements
- **CET1 ratio at 18.3%**

Notes: (1) Ratio of loan loss provisions to net loans to customers end of period (€926.4mln as of 2Q20) from factoring, cross-over, acquisition finance, BIP legacy book and senior financing - thus excluding UTP loans purchased or originated as part of the Turnaround business and the investments in Distressed Credit portfolios; (2) Ratio of gross NPE to total gross loans to customers from factoring, cross-over, acquisition finance, BIP legacy book and senior financing to non-bank Distressed Credit investors - thus excluding UTP loans purchased or originated as part of the Turnaround and the investments in Distressed Credit portfolios. Any failure to reconcile the stated figures arise exclusively from rounding; (3) Restated for the exclusion of loans to financial institutions other than banks (4) Excluding factoring.

# illimity - Building up CET1 capital



- Including special shares<sup>(1)</sup> and estimated benefit from the EU banking package, CET1 ratio would reach around **19.5% on a pro-forma basis**
- Increase in RWA density as of June 2020 expected to revert in 2H20
- Capital optimisation initiatives expected to generate 5-10% RWA relief



Note: Rounded figures. (1) Following EBA approval process.

# illimity - Securities M-t-M moving in right direction

## Securities portfolio



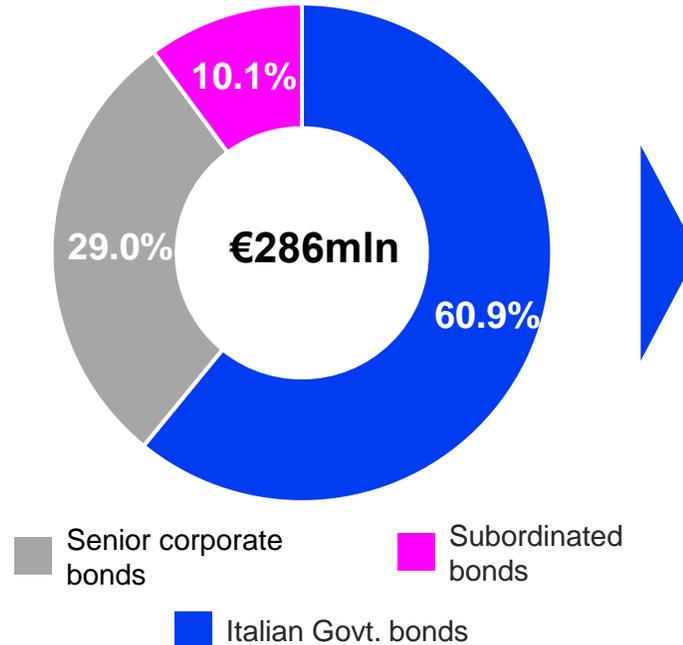
Mar-20

Jun-20

HTCS

## Portfolio composition

30 June 2020



Senior corporate bonds

Subordinated bonds

Italian Govt. bonds

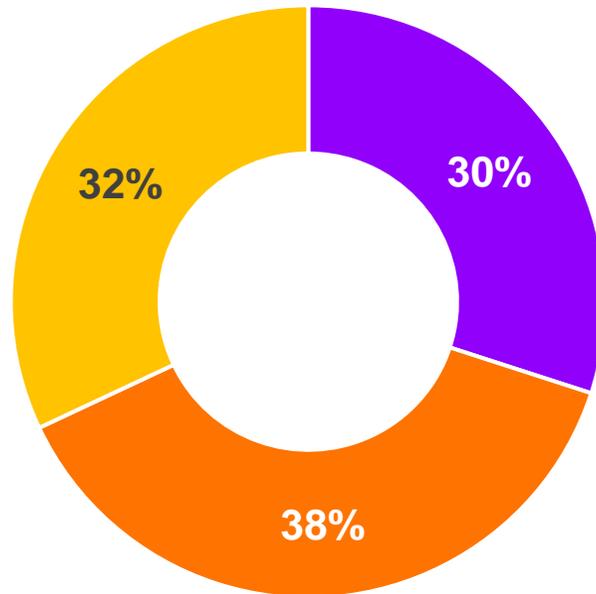
## Dynamic treasury management

- Dynamic treasury portfolio management to reduce exposure to market volatility
- Portfolio size in line with target of 10% of total assets by YE20
- M-t-M at approx. €4m on 30 June, further reduced to around €2m as of today
- Duration 3.6 years
- Average yield approx. 1.0%

# illimity - **Balanced and inexpensive funding**

## Maturity mix

Total funding  
€2.5bn



■ Sight ■ Short Term ■ Medium-Long Term



Medium-Long Term funding  
maturity **3.5 years**



**~1.5%** blended average cost  
of funding



€185mIn **TLTRO-III**

# illimity - **Looking positively at full year 2020**

 **Significant volumes expected in the last part of 2020** with SME volumes concentrated in 3Q and DCIS seasonally stronger in 4Q20

 **Strong progression in net interest income** driven by business origination coupled with limited growth in interest expenses, due to the re-composition of funding towards less expensive maturities and mix

 **Rebound in net commission** on revamping business activity in IT Auction and factoring

 **Costs increase** will also reflect **investments in new strategic initiatives**, some of which are set to bear fruit as early as 4Q20

 Recently introduced **initiatives** and **measures** – in support of the economy and the banking sector – will be beneficial in terms of stabilising provisions and contributing to capital optimisation strategies

# SME Division

*Enrico Fagioli*



# illimity - Specialist partner of Italian SME



## Cross-over and Acquisition Finance

SMEs with industrial potential and support of external growth strategies



- Cross-over
- Acquisition Financing



## Turnaround finance

Unlikely-to-pay corporate exposures with potential to return to a performing status



- Refinancing
- Restructuring
- New finance
- UTP portfolios



## Factoring

Support to industrial districts value chain



- Short-term financing through factoring

# illimity - **Growth and pipeline with a selective approach**



## **Visible recovery in business origination since June**

- Encouraging signs of recovery starting from June after Covid-19 related slowdown in business origination in April and May
- Continual selective approach
- Strong pipeline for 2H20



First deals with **public guarantees** signed: risk mitigation, capital optimisation and opportunity to originate new business



Launch of **high yield bonds** desk capitalising on deep market knowledge



Turnaround business model put to work: first **credit revaluation** booked

# illimity - Originated business: selectiveness and return on capital

## Selective approach

- **397 deals analysed** since inception worth **~€4.2bn** in nominal value
- **265 deals declined** worth **~€3.0bn**
- **13 deals with terms agreed and to be signed shortly** worth **~€100m**
- **21 deals** currently under evaluation in **advanced status** worth **~€171m**
- **Other opportunities** identified for additional **~€360m**

**50 deals signed since inception**

Data in €mln  
Customer loans unless otherwise stated  
Non accounting figures

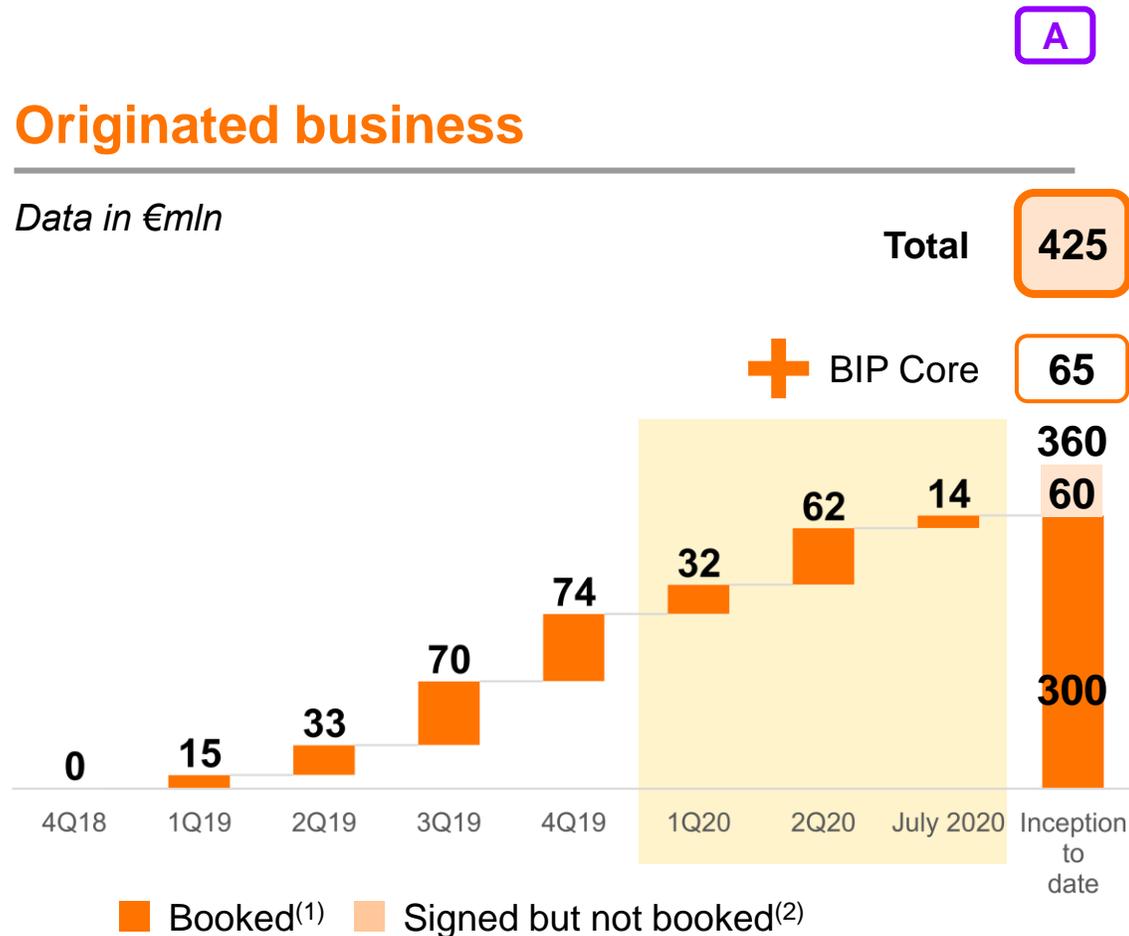
	A Originated business <sup>(1)</sup>	B Terms agreed <sup>(2)</sup> to be signed	C Advanced pipeline <sup>(3)</sup>	A+B+C Total	BP 2018-23 Target 2020
 <b>Cross-over &amp; Acq. Finance</b>	Inception to date (31 July 2020) 425 <sup>(4)</sup>	~82	~121	~628	~300
 <b>Turnaround<sup>(5)</sup></b>	196	~18	~50	~264	600 - 700
 <b>Factoring</b>	137 <sup>(6)</sup> <span style="border: 1px solid gray; border-radius: 50%; padding: 2px;">T/O<sup>(7)</sup> 339</span>	~115	~101 <sup>(8)</sup>	~353	~300
<b>Total SME Originated business</b>	<b>758</b>	<b>~215</b>	<b>~272</b>	<b>~1,245</b>	<b>~1,200-1,300</b>

Notes: Non accounting figures; (1) This aggregate includes the loans originated/purchased in the period, thus already income-producing, and the deals signed but yet to be booked, due to a settlement structure in multiple tranches or to a time lag between the signing and the date of loan disbursement; (2) Deals in final stage of the formalization of the agreement/contractual terms; (3) Specific business opportunities for which the bank envisages there is a reasonable expectation to close the transactions in the forthcoming months; (4) Including BIP core SME for about €65m and contribution from high yield bond for €23m; (5) It also includes financial instruments, such as quasi-equity instruments, which are included in "20. c) Other financial assets mandatorily at fair value" for accounting purposes; (6) Outstanding at 31 July 2020; (7) Turnover related to Factoring only for the year 2020; (8) Credit line to be granted.

# illimity - Cross-over & Acq. Finance: solid business origination and de-risking

## Originated business

Data in €mln



A	B	C	A+B+C	Target 2020
	Terms agreed to be signed	Advanced pipeline	Total	
	~82	~121	~628	~300

- Business origination** in the quarter largely with **new customers**
- Selective de-risking** of existing portfolio through use of public guarantees
- Confirmed **selective approach to pipeline** in a dynamic market

Notes: (1) Income-producing loans; (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.

# illimity- **Bond desk**: an **extension of our Cross-over activity** by capitalising on our industry expertise



## Business opportunity

Purchase of **listed bonds** issued by **performing** corporates on the **secondary market**



## Strategic rationale

- **Profitability booster**
- Capitalise on our deep industry know-how to exploit **undervalued bonds' pricing**
- Loan book **diversification**

## Main features



- Bonds generally listed on **Italian exchanges** (MOT, Extra MOT, TLX)
- **Hold-to-Collect** business model<sup>(2)</sup>
- **Avg. ticket size** approx. 3-5mln

€27mln

**INVESTMENT<sup>(1)</sup>**

€23mln

**CARRYING AMOUNT**

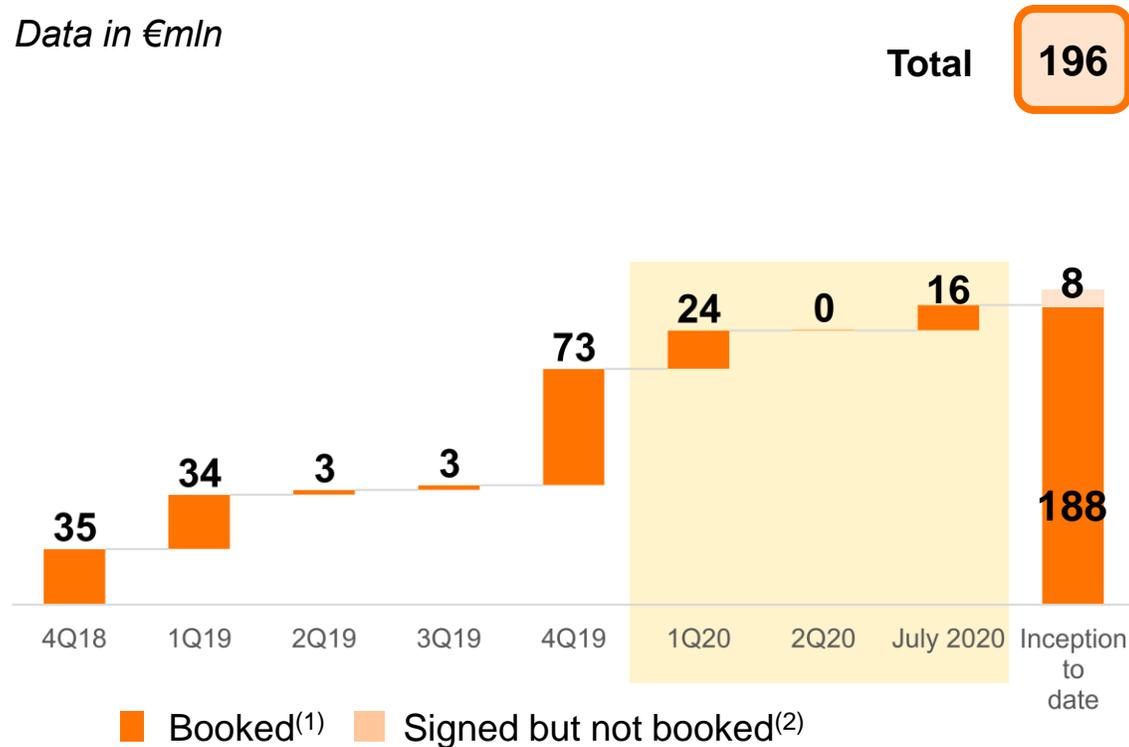
~10%

**AVG. YIELD**

# illimity - **Turnaround**: ready to acquire going-concern UTP portfolios

## Originated business

Data in €mln



**A**

**B**

**C**

**A+B+C**

**Target 2020**  
**600 - 700**

Terms agreed to be signed

Advanced pipeline

Total

~18

~50

~264



Over €20mln **potential revenue upside**<sup>(3)</sup> from credit revaluation events – of which first €0.8mln booked in 2Q



**No sign of increase in credit risk** in existing portfolio



**Emerging new opportunities** from public measures for eligible turnaround situations

Notes: (1) Income-producing gross loans origination, including new finance, acquired credit and related instruments. It includes financial instruments, such as quasi-equity instruments, which are included in "20. c) **21** Other financial assets mandatorily at fair value" for accounting purposes; (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; (3) Additional potential revenue related to revaluation of equity, quasi-equity instruments and credit revaluation.

# illimity - Factoring: strong recovery from June

## Originated business

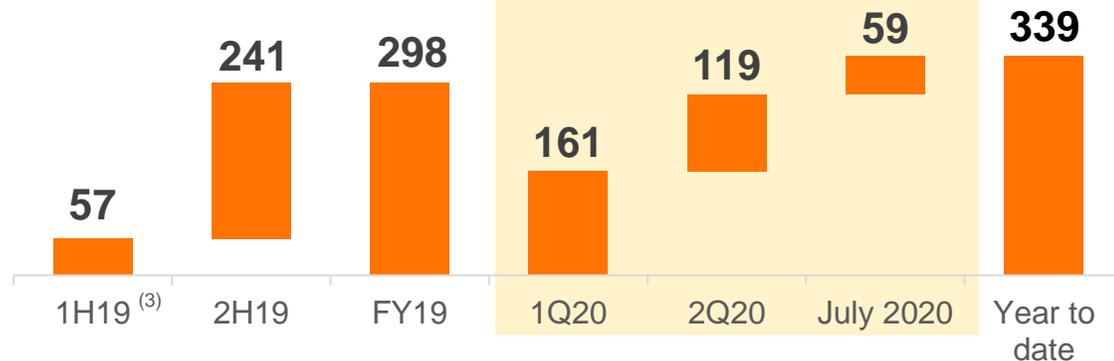
Data in €mln

Outstanding<sup>(1)</sup>



Total **137**

Turnover<sup>(2)</sup>



**A**

**B**

**C**

**A+B+C**

**Target 2020**  
~300

<b>B</b>	<b>C</b>	<b>A+B+C</b>
Terms agreed to be signed	Advanced pipeline	Total
~115	~101	~353



**New clients acquired even during the lockdown**, bringing number of clients<sup>(4)</sup> to over 100 and debtors to nearly 500



Due to COVID-19 forcing a slowdown, our clients' sales and turnover **started recovering from June**

# Illimity - First impact from **significant public measures and guarantees**

## REGULATORY FRAMEWORK



**'Cura Italia'**  
l. 27/2020



**'Liquidità'**  
l. 40/2020

### MORATORIUM

- Art. 56 DL 18/2020
- ABI Moratorium
- Bilateral agreements

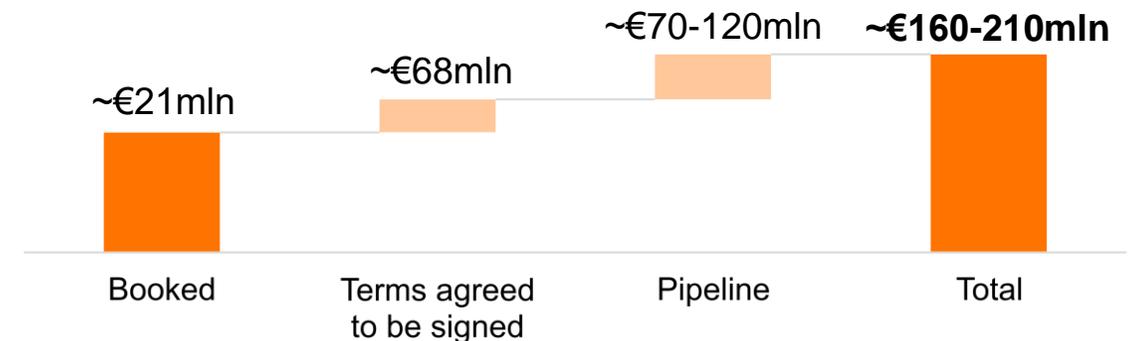
Agreed requests for **~€86mIn**

*o/w 35% with an already defined refinancing operation with public guarantee*

Enhanced monitoring on these positions

### PUBLIC GUARANTEES<sup>(1)</sup>

- Fondo Centrale Garanzia
- SACE

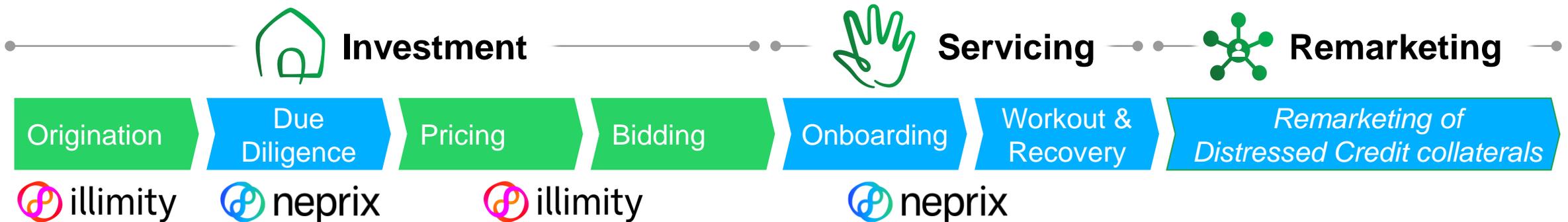
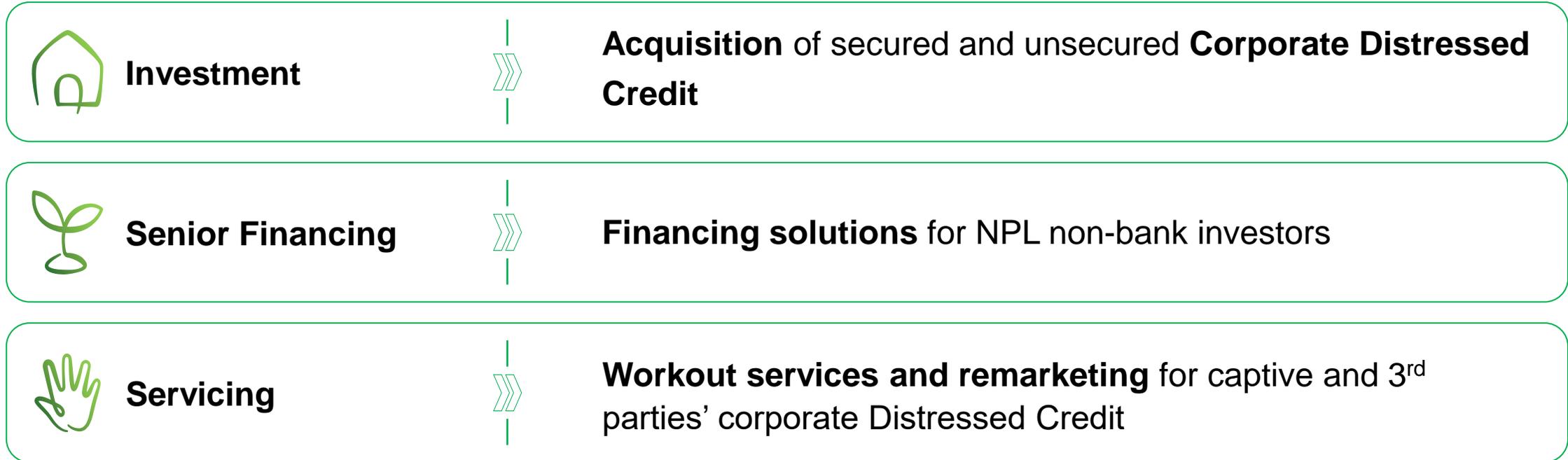


# Distressed Credit I&S Division

*Andrea Clamer*



# illimity - Building the **Italian Corporate Distressed Credit champion**



# illimity - A very positive 2Q20 with limited impact from COVID-19



Outperformance of **gross cash flow** in 2Q, underpinned by the out-of-court workout component, a key feature of our activity



For the third quarter in a row, our **dynamic portfolio strategy generated sizeable profit**



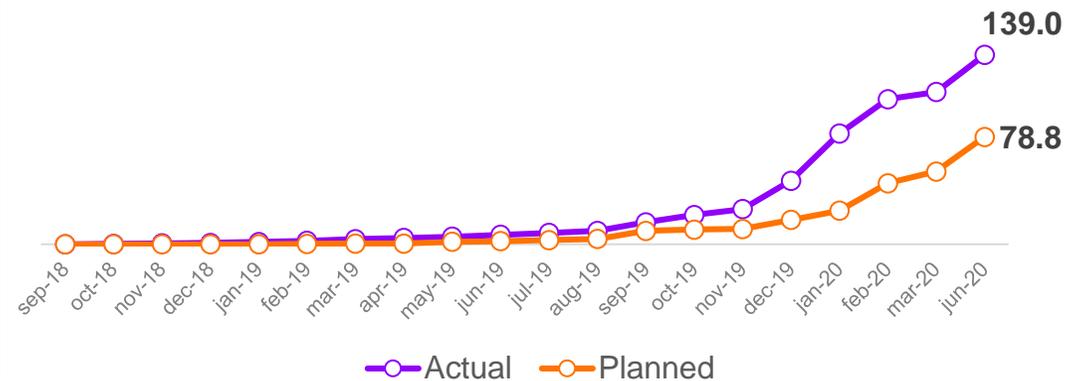
Distressed credit market very dynamic and with lower competition – **strong pipeline ahead**

# illimity - Outperformance of cash flow continued despite lockdown

## Cash Flow view<sup>(1)</sup>

Data in €mln

Cumulative cash flow: actual vs. planned



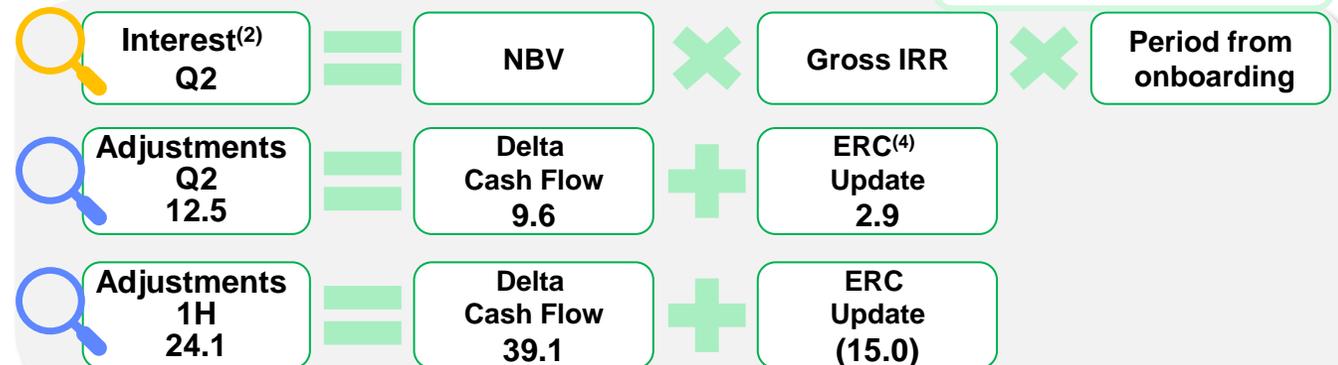
	Actual Cash Flow	Expected Cash Flow	Delta Cash Flow
<b>Q2 20</b>	<b>28.5</b>	<b>18.9</b>	<b>+9.6</b>
<b>Cumulative</b>	<b>139.0</b>	<b>78.8</b>	<b>+60.1</b>

## Economic quarterly view

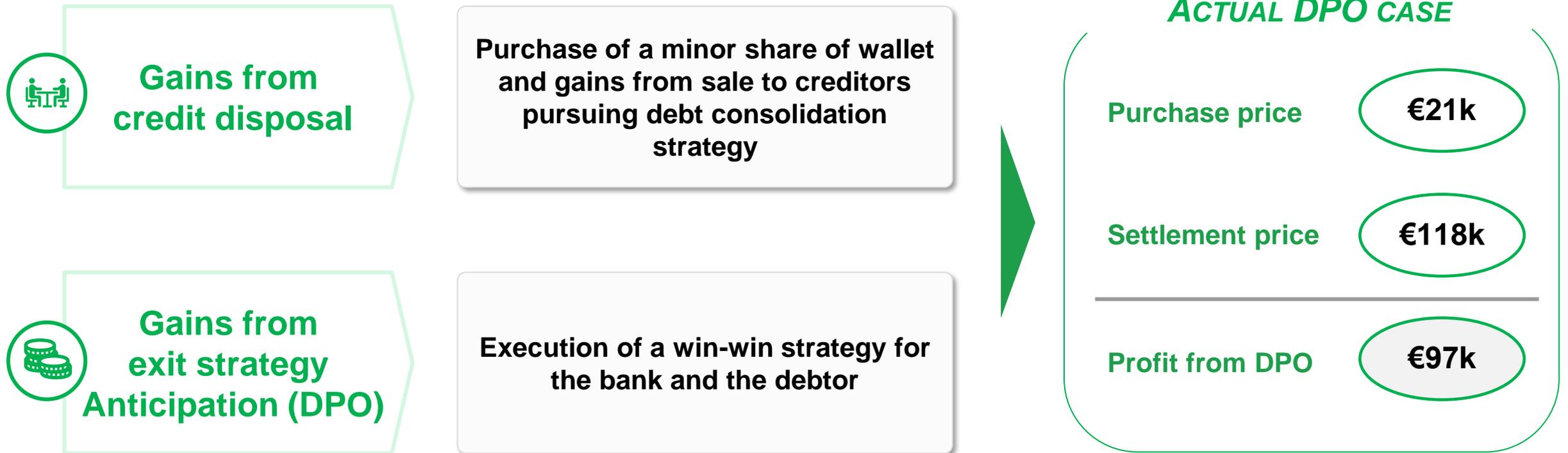
Data in €mln

	Interest <sup>(2)</sup> Q2	Fee income Q2	Adjustments <sup>(3)</sup> Q2	Revenues Q2
<b>Investment</b>	21.5	-	12.5	34.0
<b>Senior Financing</b>	3.6	0.3	-	3.9
<b>Total</b>	<b>25.1</b>	<b>0.3</b>	<b>12.5</b>	<b>37.9</b>

Of which €7.9mln from credit disposal or DPO



# Illimity - Revenue from closed positions are core to the DCIS business model



Dynamic approach to portfolio management facilitated by very conservative pricing

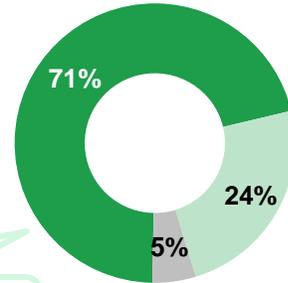
# illimity - Strong out-of-court workout component drives cash flow performance

Data as of 30 June 2020



## Pricing vs. actual workout strategy

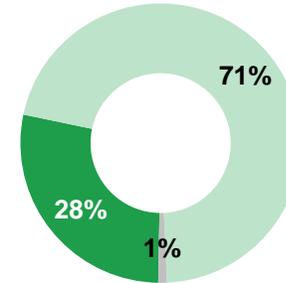
Workout strategy in pricing model (NBV breakdown)



On Judicial strategy, real estate asset value is 50% below market value

Judicial<sup>(1)</sup> Out-of-court settlement Other<sup>(2)</sup>

Actual workout strategy (Cash flow breakdown)

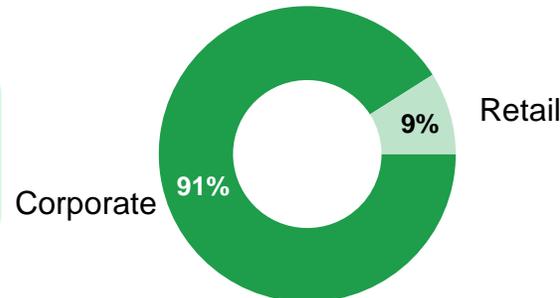


Out-of-court settlement represents >70% of actual gross cash flow – vs ~24% in pricing model



## Type of borrower

Type of borrower (GBV breakdown)



- Retail borrowers **strategically non-core** (will be sold in due course)
- ~ 40% of DCIS stock has a GBV ticket size > €2.5mln

Our debtors usually have significant assets

# illimity - A resilient business origination combined with pricing discipline

## Strong discipline drives selective approach

- ~€50bn of GBV analysed since inception
- ~€40bn of GBV declined/lost since inception
- ~€6bn of GBV signed since inception
- ~€4bn of GBV currently under evaluation

Data in €mln  
Customer loans unless otherwise stated  
Non accounting figures

	A	B	C	A+B+C	BP 2018-23 Target 2020
	Originated business <sup>(1)</sup>	Terms agreed <sup>(2)</sup> to be signed	Advanced pipeline <sup>(3)</sup>	Total	
 <b>Distressed Credit Investment</b>	Inception to date (31 July 2020) 913	-	~346	~1,259	1,700-2,000
 <b>Senior Financing</b>	425	~16	~52	~493	100-200
<b>Total Originated Business</b>	<b>1,338</b>	~16	~398	~1,752	1,800-2,200
 <b>Servicing<sup>(4)</sup></b> <i>AUM (GBV/Managed assets)</i>	~8,600	-	~1,800	~10,400	5,100-6,300

Notes: Non accounting figures; (1) This aggregate includes the origination/purchase of income-producing loans and Distressed Credit investments, and deals signed but yet to be 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/onboarding. It includes also the portfolio sold within the Dynamic Portfolio management strategy; (2) Deals in final stage of the formalisation of the agreement/contractual terms; (3) Specific business opportunities for which the bank envisages there is a reasonable expectation to close the transactions in the forthcoming months; (4) The AUM of the servicing unit includes the gross book value of distressed credit and the value of property and capital goods managed by IT Auction.

# illimity - Diversified growth

## Originated business

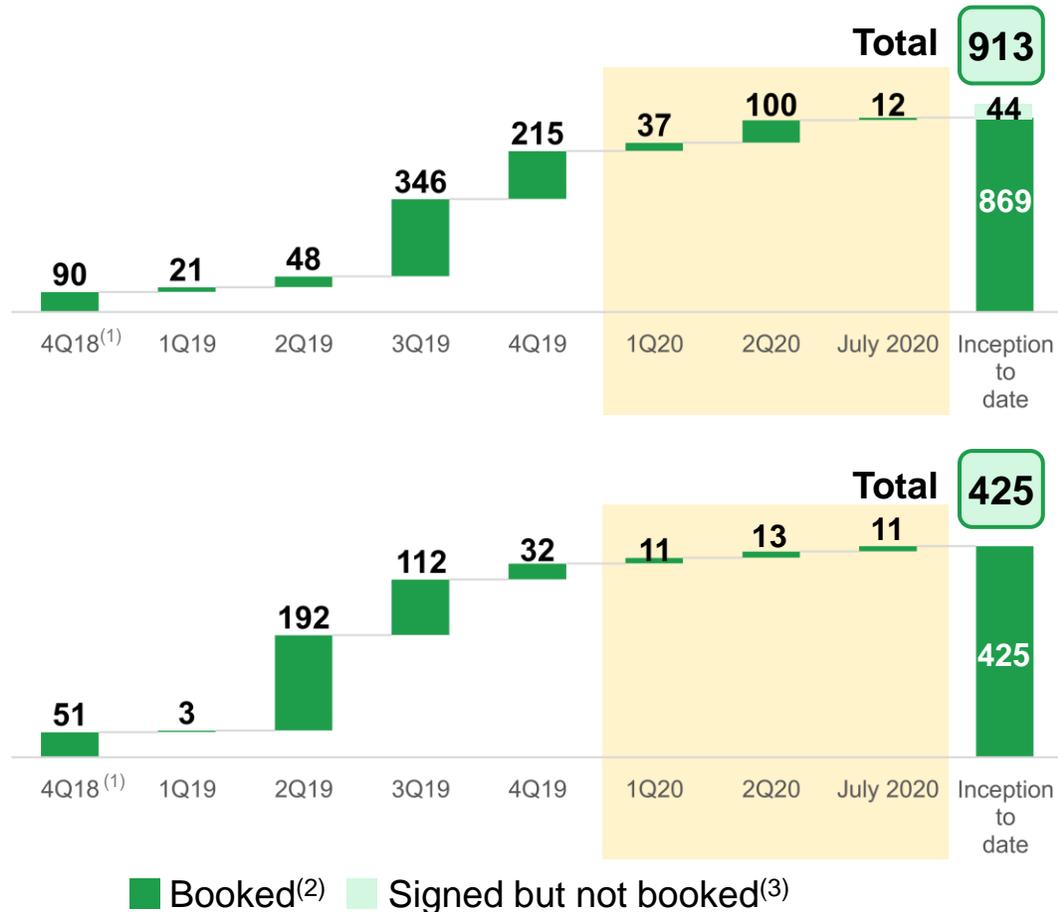
Data in €mln



**Distressed  
Credit  
Investment**



**Senior  
Financing**



Business **origination**  
**doubled** compared to 2Q19



First investment in the  
**Energy sector**

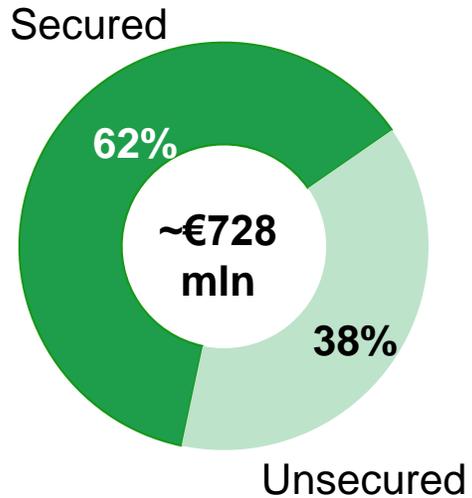


Very dynamic **Special  
Situation Real Estate**

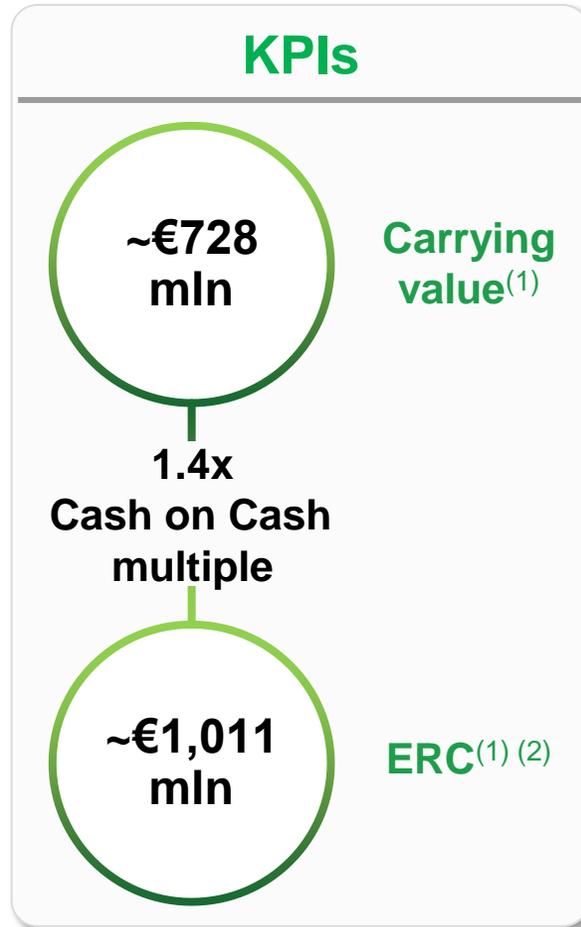
# illimity - Portfolio growing steadily

Data as of 30 June 2020

## NBV breakdown by type of guarantee



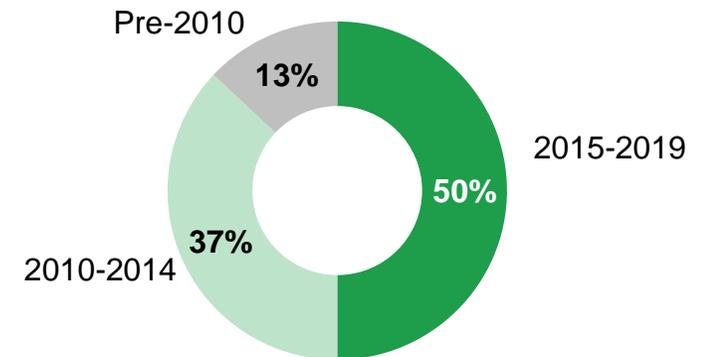
## KPIs



Not considered **€49mln** of real estate assets owned directly by the Bank

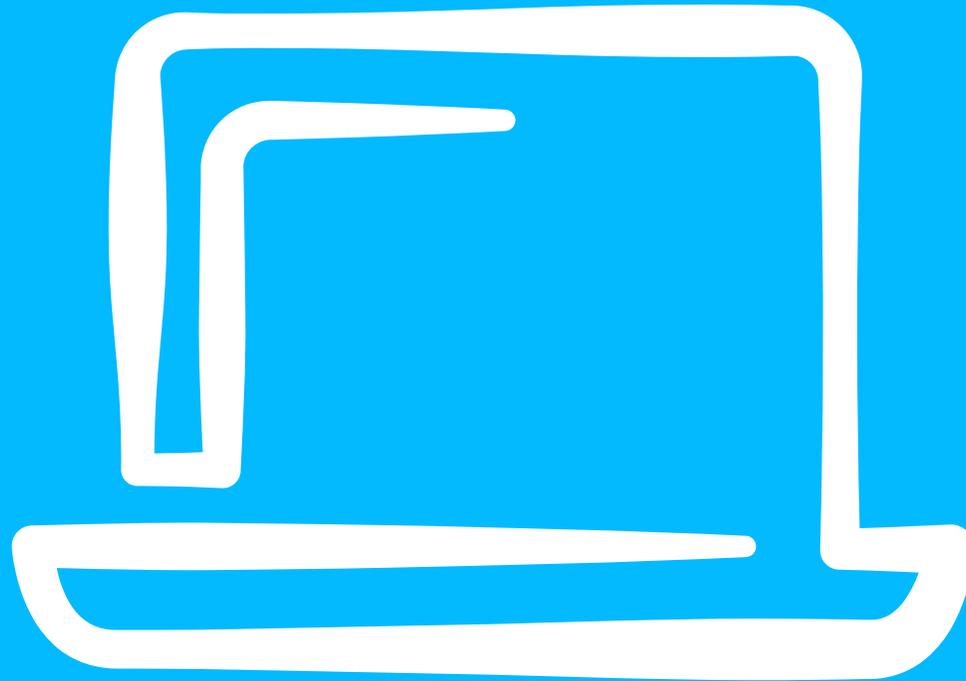
- Repossession/datio-in-solutum as part of workout strategy
- To be pursued very selectively

## Vintage<sup>(3)</sup> (GBV breakdown)



# Digital Operations

*Carlo Panella*



# illimity - IT Infrastructure leverage

## Phase 1: Completed

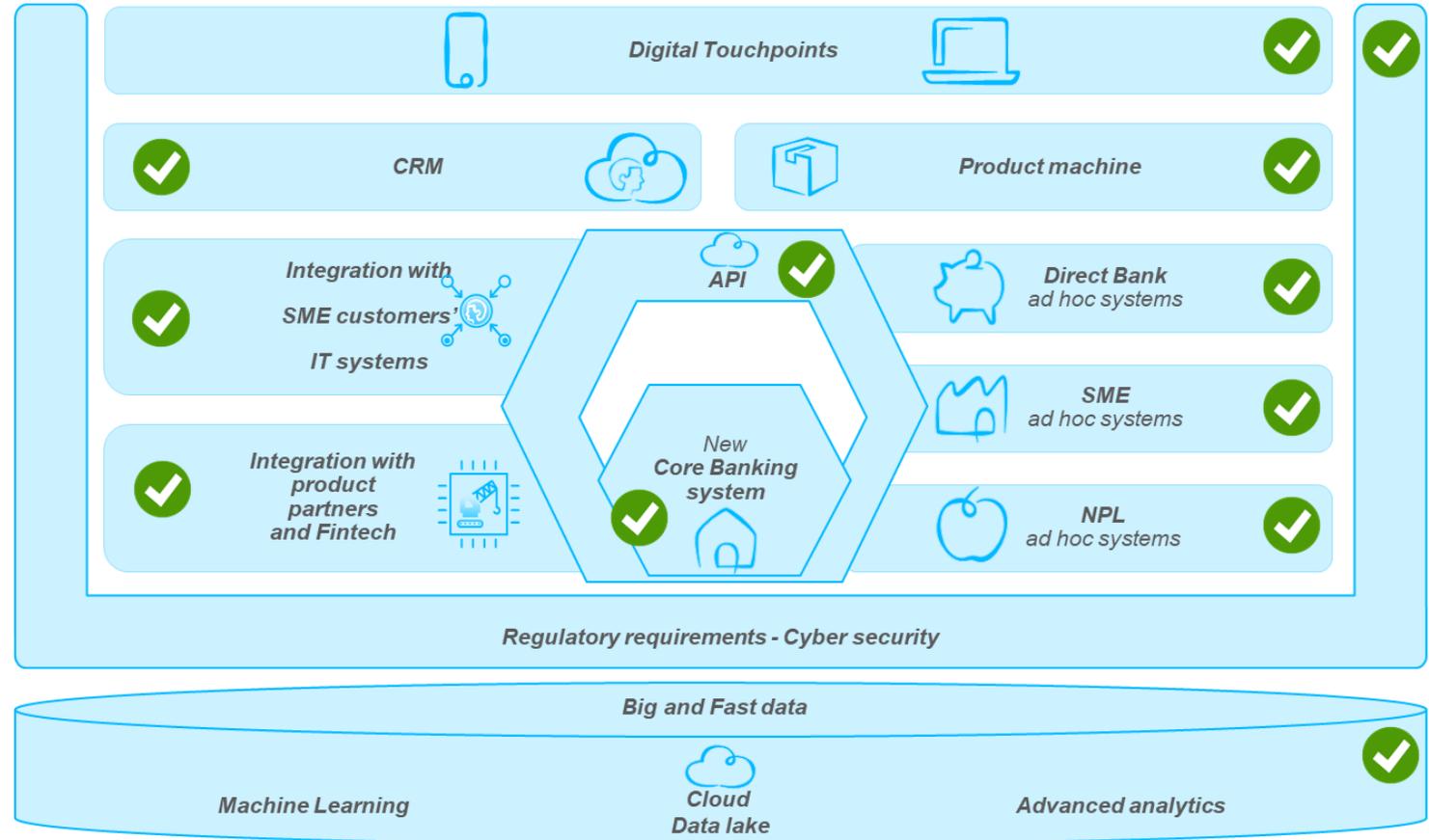
Building a fully-fledged and fully in cloud modular platform

## Phase 2: Well underway

Continuous innovation based on data, digital platform and AI technologies

Currently on the way:

- A unique solution to manage NPL
- A brand new system to manage complex credit solutions, with flexibility
- A tool to support customer management in UTP portfolios



# Direct Banking

*Carlo Panella*



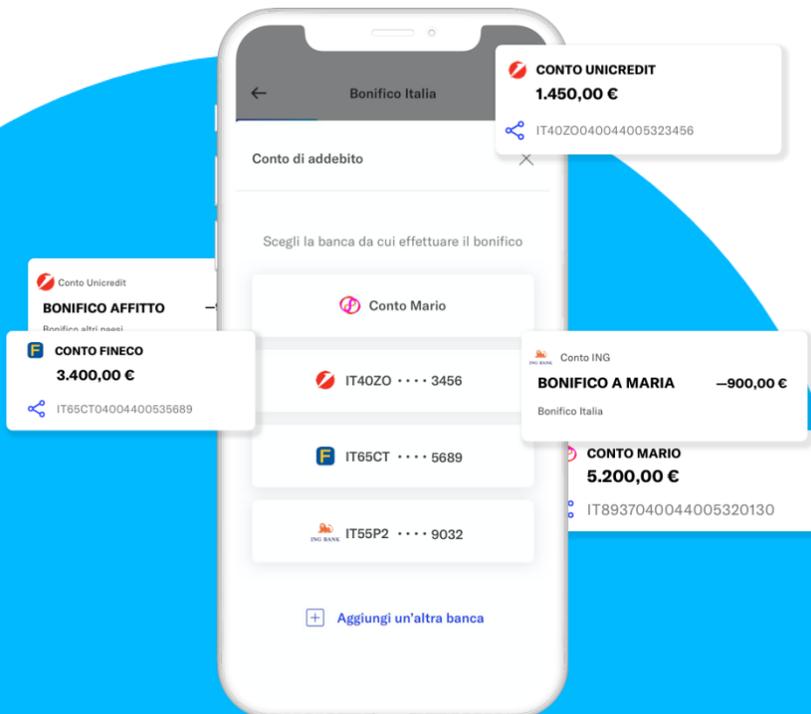
# illimity - Combined features of [illimitybank.com](https://illimitybank.com) make it unique



- Focused on the Retail segment and **designed together with our customers**
- **A complete offer**, thanks to the integration of illimity products with third parties products
- **PSD2 native, open by design**
- Fully digital bank, but with a **human touch**
- Born to support customers in their saving goals, thanks to **advanced analytics to give users insight and a better understanding of their financial wellbeing**

# illimity - [illimitybank.com](http://illimitybank.com) now a benchmark in customer engagement

- Funding goals over-achieved thanks to a stable **€1.8bn funding** with a decreasing cost of funding (-20bps on *illimitybank.com* June vs January)



- Focus on the **Digital Platform enhancement and improvement** to increase **stickiness** and **customer engagement**

**36k**

**Total Customers**  
at 31 July 2020

**83%**

**Active Customers**  
o/w 26% already chosen illimity as primary bank

**+70%**

**Conveyed payrolls**  
June vs January

**~15%**

**« PSD2 » customers**

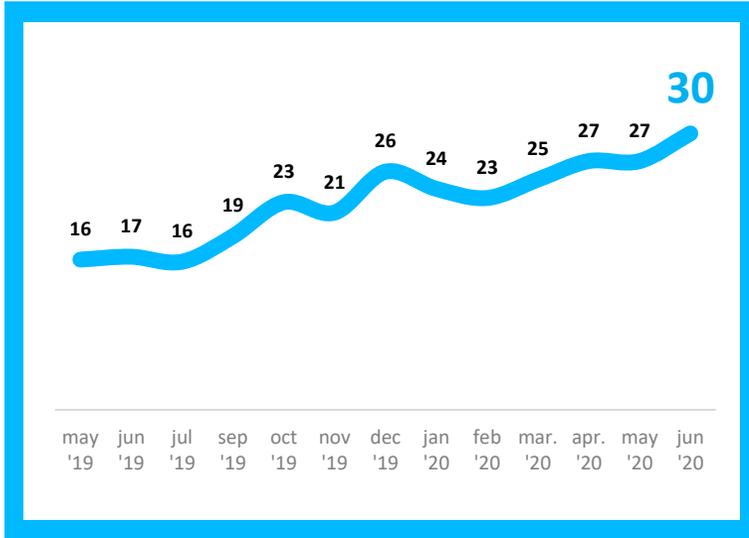
**30%**

**Advanced analytics users<sup>(1)</sup>**

Note: Data as of 30 June 2020. Non accounting figures  
(1) Web users who interact with the Analysis tools

# illimity - What do they say about us...

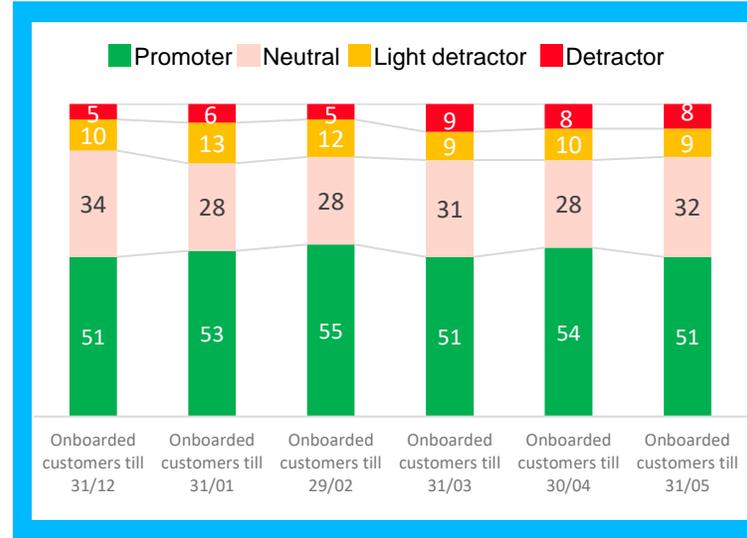
## Market



**30%**  
Brand  
Awareness

% of interviewed users who know illimity brand

## Customers



**35**  
Net Promoter  
Score

vs **9** avg market value

## Institutions



**ABI**  
Award

for most innovative Retail Bank for families and young users

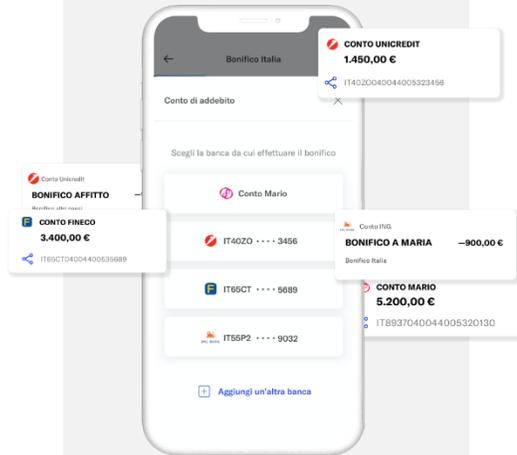
# illimity - The path towards an API-based economy

BUILD



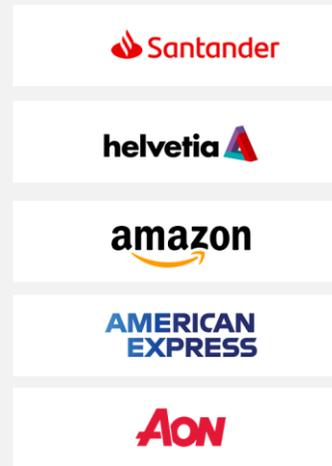
Development and launch of a **fully digital** direct bank

PSD2 NATIVE



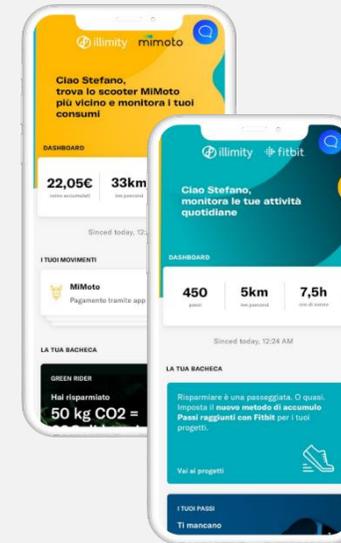
Born to be **PSD2 compliant**: first bank in Italy to launch both *Account Information* and *Payment Initiator Services*

FULLY FLEDGED



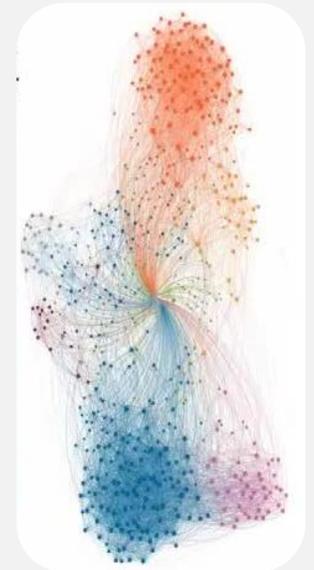
Enrichment of the commercial proposition with **Third Parties Products**, in order to provide customers with a complete product portfolio

PLATFORM



From Open Banking to Open Business with the new **illimity Hubs**: a complete and value-added integration of non-financial partners within the illimity app

API ECONOMY



What is the next level?  
To keep **scaling on the banking and data platform**



**Silvia Benzi**

***Head of Investor Relations & Strategic Planning***

Mobile: +39 349 7846537 - +44 7741 464948

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