

illimity Bank S.p.A.

2Q22 Results Conference Call

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MODERATORS: CORRADO PASSERA, CHIEF EXECUTIVE OFFICER
FRANCESCO MELE, CHIEF FINANCIAL OFFICER AND HEAD OF CENTRAL FUNCTION
ANDREA CLAMER, HEAD OF DISTRESSED CREDIT DIVISION
ENRICO FAGIOLI, HEAD OF GROWTH CREDIT DIVISION
CARLO PANELLA, HEAD OF DIRECT BANKING DIVISION

Corrado Passera - CEO

Good morning and thank you for joining us.

With me, today, I have:

- Francesco Mele, CFO & Head of Central Functions
- Enrico Fagioli, Head of Growth Credit Division
- Andrea Clamer, Head of Distressed Credit Division
- Carlo Panella, Head of Direct Banking Division

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Slide 2 – Solid 1H22 results supporting continuous growth

Illimity closed another very good quarter:

- Steady progression of profitability, in line with our budget targets.
- Excellent asset quality and capital base extremely robust.
- Very significant new business pipeline much stronger than predicted.
- Successful acquisition of Arec, a move that reinforces our market position in corporate UTPs.
- Continuous commitment to Sustainability with important upgrades in our ESG rating

Let's see each of these points more in detail.

Slide 3 – Steady revenue growth drives profit

Net profit stood at nearly 16mIn euro, bringing the first half of 2022 to 32mIn, a healthy 15% advance versus the same period last year. It is higher than our budget target.

Revenue growth, the engine of our profitability performance, was up 25% in the six months to June 2022.

Cost/Income ratio for the first six months of the year shows a further small gain, notwithstanding continuous investments in new initiatives: nearly €9mIn worth of costs, in fact, are related to activities that will produce material revenue only from next year onwards. Our operating leverage targets are confirmed.

Operating profit is up by over 30%, despite costs and investment related to new initiatives.

Moving on to Slide 4

Slide 4 – Solid balance sheet fuels future growth

CET1 ratio remains very robust at more than 17% despite net customer loans up 13%.

Let me spend a few words on the 14-euro threshold. It is reasonable to expect that the special SPAC shares will not convert into ordinary shares in a 1 to 8 ratio, but only in a 1 to 1 ratio. This will remove the dilution currently discounted by some of the equity research analysts.

I will personally have a stern word with Mr. Putin on this subject ... as soon as I find the right phone number.

Moving on.

Our liquidity profile is very robust, with 600 million euro in either cash or liquid items.

Our asset quality remained one of the strongest in the industry and represents a key factor in our continuous success for the foreseeable future:

- the gross organic NPE ratio of originated business remains well below 1%;
- the proportion of our Growth Credit portfolio either guaranteed or insured, has increased further and stood at a remarkable 50% as of June 2022;
- our business portfolios have had negligible direct exposure to either Russia or Ukraine. We are working proactively with all our clients who have been directly or indirectly affected by the situation to manage any impact.

Slide 5 – Business momentum continues with a remarkable pipeline ahead

Business origination in Q2 stood at around €400mIn, a remarkable 50% advance from the same period last year: all our divisions and business lines contributed to this result.

The pipeline for the second half of the year looks solid across all our markets, surpassing our previous expectations.

Finally the value of loans and other assets managed by our servicer, neprix, and by Quimmo exceeds 12bn. This result is also due to the completion of the Arec acquisition.

Slide 6 – Arec acquisition successfully completed: ready to exploit the UTP market potential

The Arec acquisition.

Andrea will offer more details, but for now, I want to emphasise that this acquisition completes our strategy in the corporate UTP sector.

We are now the third largest player on the market and one of the most focused.

This is a segment we expect to show strong growth and high dynamism in forthcoming years and where we expect to deploy a sizeable portion of our capital and resources.

Slide 7 – Our digital platforms will greatly push value creation

We are developing and progressively launching a number of digital platforms that once fully operational and sizeable, will represent a significant booster to shareholder value: actually, I expect they will potentially be worth even more than the current illimity market cap.

- illimitybank.com: our full-fledged direct bank for retail clients. Until now it has achieved all its targets and has recently been confirmed at the top of the industry in terms of service quality.
- In February, we announced b-ilty: a very innovative fully-fledged, digital banking platform for small corporates in Italy. An immense market that can be served with a subscription model.
- In the retail sector we also own 50% of Hype, the leading Italian fintech, which has over 1.6 million clients and average daily new subscriptions in excess of one thousand.
- At the beginning of April, we launched Quimmo: a proptech company that aims to become the most innovative online broker in the Italian real estate market

Andrea and Carlo will further elaborate.

Slide 8 – Strong ESG commitment

Since we were born, our commitments to ESG have always been a priority.

It is for this reason, that I am extremely proud to share with you, today, our rapid improvement in terms of our ESG ratings, by two of the most important and credible rating agencies: MCSI and Standard Ethics. They position us among the leading players in the entire Italian banking sector. This has been achieved within just three years from our foundation.

Allow me to hand you over to Francesco for a more detailed look at 2Q trends.

Francesco Mele – CFO & Central Functions

Slide 10 – Solid 2Q performance

Thank you, Corrado, and good morning everyone.

Let's move to slide 10.

2Q results confirmed the good performance registered in the first quarter.

Operating results were driven by significant origination of new business.

Revenue were up 13% y/y with a balanced contribution from net interest and non-interest income, inline with the business plan target mix.

Our pipeline remains promising and well diversified.

Asset quality confirmed its resiliency with cost of risk mostly driven by generic provisions on new business and by analytic provisions on selected positions. The extensive use of public guarantees has continued in the quarter.

Let's now look at the figures.

Slide 11 – Diversified and balanced growth

Starting from the balance sheet on slide 11.

Liquidity remained strong at €0.6bn between cash, the net adjusted interbank position and liquidity buffers, and remains available to be redeployed to fund our pipeline.

Turning to business volumes, customer loans went up 13% q/q driven by Growth Credit – which itself went up 22% q/q driven by Turnaround and Factoring both up by nearly 30% q/q - with Distressed Credit substantially stable as new business was offset by collections and disposals.

Our financial portfolio slightly grew to more than €570mln thanks to selective investments in the held to collect component.

Switching to liabilities, retail and corporate funding remained stable at €2.8bn whilst wholesale increased, driven by some additional ECB funding.

Finally, CET1 capital decreased to €642mln, due to quarterly profit and Arec-related capital increase on one side and a larger negative mark to market of our securities portfolio and goodwill from the Arec acquisition on the other. RWAs increased to €4bn due to business volumes, an increase that was substantially offset by the amendment of art. 127 of the CRR which became effective in early July.

Slide 12 – Steady progression in operating performance

Moving to profit and loss on slide 12, where we can see a robust progression across all business lines, leading to our best net quarterly result ever in terms of revenue at €80.6mln, up 13% y/y.

Net interest income was up 14% y/y to €38mln representing 47% of total operating income. It was driven mostly by the Growth Credit volumes progression.

Commissions continued to grow - up 15% q/q or 70% y/y to €14.8mln, mostly linked to business origination.

Net other income included the €4.25mln quarterly income from the IT license agreement.

One of the recurring features of our P&L, profits from closed positions, were confirmed in 2Q with €16.2mln mostly generated by the Distressed Credit division. The energy desk contribution came through fair value profits, alongside hedging solution margins structured by our Investment Banking dedicated unit. On the costs side, operating costs were up 20% y/y, mainly due to a larger headcount, to the €1.5mln seasonal ESOP cost and to the anticipated investments. Again, a significant portion of these costs refer to initiatives which are only starting to produce results this year and which we are confident will be key contributors to our P&L in coming years.

Loan loss provisions at €2.5mln are mostly due to generic provisions on newly originated business and some analytic adjustments to certain positions.

€3.2mln of value adjustments on the existing distressed credit portfolio reflect some business plan updates for selected distressed credit positions. To be read in conjunction with the €16.2mln profit from closed positions reported in the operating income, the performance of the Distressed Credit division is confirmed to be very strong.

The net result of €15.8mln, up 6% y/y, takes into account Hype's pro-rata negative result, a bit higher than expected.

Slide 13 – Growth Credit and Investment Banking accelerating

Let's look at the divisional performance on slide 13 ... where we can see both highly profitable and accelerating results.

DC remains the largest contributor with 68% of total revenue and a dominant share of operating profit with €69mln, flat y/y. Cost income remained strong, despite marginally increasing to 36% in light of investments in new initiatives such as Quimmo.

Growth Credit/SME acceleration continued with revenue representing 20% of operating income, almost doubled y/y to €31.9mln. Cost income is steadily improving and reached 32%.

The performance is even more remarkable if we consider also Investment Banking as its dedicated team works closely with Growth Credit to exploit business opportunities. Combined revenue in 1H reached around €40mln, substantially doubled y/y.

The Direct Bank benefitted from the IT licence fee, while operating costs mostly refer to new initiatives set to produce revenue from the second part of 2022.

The SGR reduced its net loss to €0.2mln thanks to the performance of the UTP fund which further grew via multiple closings in the last part of 2021. We are working on 3 new funds, 2 will be launched by year end.

The Corporate Centre absorbed €28mln in net costs mostly due to the investment in the IT and credit machine teams.

Slide 14 – Solid KPIs

Let's move to KPIs on slide 14, where we can see strong asset quality and solid capitalisation.

Cost income slightly increased to 60% due to scheduled investments in connection with new initiatives.

Backed by strong asset quality, annualised organic Cost of risk stood at 49bps mostly due to generic provisions on new business and to analytic adjustments to selected factoring and crossover positions, mostly covered by state guarantee or insurance. On a semi-annual basis it remains very low at 30bps as it still reflects significant government guaranteed lending and resilient asset quality.

The solid asset quality is confirmed by the gross organic NPE ratio of the portfolio originated by illimity marginally up to 0.9% (or 2.2% if we include Banca Interprovinciale's legacy portfolio).

In terms of liquidity, LCR stands at around 365%.

Lastly, CET1 and Total Capital ratios remained robust at 16.1% and 21.3% respectively despite a significant growth in business volumes.

Slide 15 – CET1 Ratio phased-in at 17.7% on pro-forma basis

Let me now shed more light on CET1 capital on slide 15 ...

During the quarter, CET1 capital decreased to €642mln. This was driven by the goodwill resulting from the Arec acquisition and the increase in negative valuation reserves for our securities portfolio, which offset the positive contribution from quarterly profits net of the pro rata accrued dividend and the Arec-related capital increase. The €12mln increase of the negative valuation reserves on securities portfolio is net of a 40% temporary filter on sovereign bonds mark to market which accounted for €11mln. We are now ready to introduce in 2H hedge accounting which will allow – where applied - to neutralise the impact of future increase in interest rates and to amortise over the life of the portfolio the existing negative reserves.

Considering the much awaited amendment of art. 127 of the CRR, which came into force in early July reducing our RWA by nearly €300mIn and will flow into statutory reporting by 3Q, pro forma RWA would remain stable at €3.7bn despite the increase in business volumes which was mitigated also by the extensive use of public guarantees. Pro forma CET1 ratio would therefore increase to 17.3%.

As a usual reminder, if we include €14.4mIn of illimity special shares, which will automatically convert into ordinary shares by September, our CET1 ratio will reach 17.7%.

Slide 16 – Further diversification portfolio strategy into HTC

Moving to our securities portfolio on slide 16.

As you may recall at the beginning of the year we decided to gradually introduce a Hold to Collect investment strategy alongside the existing Hold to Collect and Sell in order to:

optimise the duration mix of our portfolio; maximise the P&L impact without affecting our liquidity buffers; reduce capital volatility.

As we reconfirm the original strategy of limited exposure to financial assets and govies during 2Q our total portfolio increased to €572mIn - representing 11% of total assets -with a further shift into HTC which increased to €161mIn.

The asset mix remains broadly unchanged with 71% in govies, 20% in senior bonds and 9% in subordinated bonds.

Our portfolio duration was reduced to 5.3 years with an average yield of 1.7%.

Slide 17 – Well-diversified funding mix confirmed

Let's close with funding on slide 17 ...

In 2Q our total funding increased to around €4.2bn.

As you can see, term funding now represents 78% of the total, and the maturity of the medium-to-long term component is 2.7 years to ensure consistency with asset duration.

Wholesale increased to 32% of total funding, consistent with the trajectory set in the business plan.

Despite the average cost of funding in 2Q remaining largely stable at 1.5%, we expect funding cost to increase in 2H due to inflationary pressure and ECB monetary actions. We will mitigate such an increase leveraging on secured funding (our encumbrance ratio is low at 18%). In any event raising rates are going to benefit our net interest income as most of our SME lending is floating.

Now over to Enrico.

Enrico Fagioli – Head of Growth Credit Division

Thank you, Francesco, now moving onto the Growth Credit Division.

Slide 19 – Italian SME specialist

This opening slide gives you a summary of the Growth Credit Division's core business.

We have become a well-known partner for Italian SMEs, providing them with a complete range of solutions for companies with potential. As illustrated in the previous quarter, the provision of capital markets advisory services and products previously included in the Growth Credit Division is now part of a dedicated division run by Fabiano Lionetti and we are currently exploiting the relevant synergies between the two, with positive results.

Slide 20 – A strong quarter across the board

The second quarter of this year confirms the strong momentum in all our businesses.

The business origination was impressive in all our market segments. We expect this trend to continue in coming months based on the relevant pipeline across all business lines.

Solid revenue progression continued in the quarter, leading to almost double the 1H22 revenue on a yearly basis.

The operating leverage, increasingly visible, drove cost income ratio further down to 32% in 1H22, from 58% in 1H21.

The asset quality of our portfolio remains excellent and is confirmed by a Gross Organic NPE ratio at 1,1%, while the Gross Organic NPE net of public guarantees is around 0.5%.

Slide 21 – Business momentum accelerating further

Starting with Cross-over & Acquisition Finance: business origination progression during 2Q22 was very strong, reaching 127 million euro in the quarter, for a total of almost 200 million euro in the semester, up 40% vs. last year, and strengthened in July with an additional 95 million euro executed or signed. Our advanced pipeline is very rich and stands at more than 50 million euro.

We experienced an impressive advance in Turnaround with business origination reaching 169 million euro in 2Q22, for a total of 249 million euro in the semester, up 337% YoY vs. last year. Moreover, in July we executed an additional 28 million euro and we are working on a very robust pipeline of approximately 110 million euro.

Before going through the next slide, let me say that our strong pipeline continues to give us a very positive outlook for these two segments also for the remaining part of 2022.

Slide 22 – Factoring continues delivering on targets

Further to the positive start in 1Q22, our Factoring business continued to post significant progression in 2Q22 as well.

Indeed, Turnover reached over 450 million euro in 2Q22, bringing the total Turnover for the first six months to almost 800 million euro, a 82% jump vs last year.

The number of clients at 2Q22 increased further to over 200 and almost 1,000 debtors, and this will support additional growth in factoring also in the remaining part of 2022. The amount of net customer loans reached 372 million euro at the end of June, doubling the levels achieved a year ago.

Slide 23 – Strong revenue growth drives profitability

Growth Credit Division's business case is one of operating leverage gains. And yet again in Q2, this business case found firm confirmation.

On the back of the remarkable volumes pick up I described above, total revenue for the first six months of 2022 almost doubled YoY, driven by net interest income and net commissions.

Over the same period, costs remained almost flat, driving cost income ratio down to 32% in 1H22 from 58% in 1H21. We believe this positive trend has further room to go in the forthcoming quarters, driven by the robust pipeline ahead.

Slide 24 – Solid asset quality confirmed

Our asset quality confirmed to be robust despite the two year pandemic and the Russia-Ukraine conflict putting strain on the corporates.

The gross organic NPE ratio of the business we originated since the start of our activity is still very low at 1.1% and stage 2 loans represent only 2% of the outstanding division's loan book.

The quality of our lending has benefited from public guarantees, which represent over 50% of the Crossover and Turnaround loan book

Considering also Factoring, which is largely backed by credit insurance, almost 50% of the overall stock to SMEs is guaranteed or insured, hence the risk is limited.

With reference to the Russia-Ukraine conflict, we updated our recent assessment related to the impact of the war on our clients, and confirm that only 1% of our clients have significant exposure and a relevant risk profile. We also recall that these loans have public guarantees or are insured.

Our cost of risk for the quarter reflects collective provisions on significant new loan origination and a prudent approach.

Slide 25 – Investment Banking: increasingly visible P&L contribution and relevant opportunities ahead

To conclude, let me give you an update on our Investment Banking activities which represent an important enhancement to our offer for SMEs. Revenues more than double YoY, reaching 7.6 million.

Throughout 2Q22, in Capital Markets we completed two IPOs, that, in addition to some advisory mandates contributed to revenue growth. The pipeline includes further mandates to be executed in the second part of the year.

The activities related to risk mitigation solutions continue to deliver. We also manage a bond portfolio of 115 million euro, 96 million of which are corporate bonds under an HTCS model.

In structuring, we closed the first mandate as Arranger in 2Q22. Additional mandates in place will generate revenues in 2022.

I will now hand you over to Andrea for the Distressed Credit Division results.

Andrea Clamer – Head of Distressed Credit Division

Thank you, Enrico, and good morning, everyone.

Let's start with a brief overview of the Division today.

Slide 27– Leading player in Corporate Distressed Credit

Illimity is a leading player in the Italian distressed credit industry, relying on a fully integrated value chain that boosts our ability to generate value.

- I) starting from investment and financing activities, where we provide dedicated services on under-served segments that require specialist knowledge;
- II) through to servicing, where we are highly specialised in managing both UTP and NPL assets;
- III) and lastly remarketing activities, where we have enhanced a prop-tech focused on the brokerage of real estate and capital goods.

Let's move on to slide 28.

Slide 28– Value creation gains further traction

We can confirm that our value creation has gained further traction in the second quarter.

To start off with, we have strengthened our business origination, with well-diversified new investments across all our target markets and a highly impressive pipeline.

Secondly, we have accelerated the positive trend of our workout activity, thanks to our ever more dynamic approach towards portfolio management, as well as through successful credit and asset disposals.

In addition, the integration of AREC into neprix is leading towards a stronger position in both UTP and large-ticket real estate deals. As demonstrated by the last PWC report, we are now the third largest Italian player in the UTP management industry.

Lastly, Quimmo, our innovative prop-tech, is successfully operating within the open market, where key partnership agreements, that will further enhance our overall performance, are in the process of taking place.

Slide 29– Continuous investment opportunities and huge pipeline ahead

Moving over to slide 29, you will see that the positive trend in investment has been confirmed and we have an excellent pipeline ahead of us.

Our year-to-date originated business (including booked and signed but not book deals') shows a remarkable total amount of €407mIn of investment, bolstered by our highly specialized approach which focused on multiple asset classes.

As a results, the new business consists of different asset classes such as credit and leasing portfolios as well as single name classified both as UTP and NPL and underlying energy assets.

In Senior financing, volumes have already overtaken the total amount invested over the entire course of last year. The average yield of these has also increased.

The pipeline ahead of us indicates some extremely promising opportunities that we are preparing to take full advantage of.

Slide 30 – Good performance continues

On the next slide, slide 30, I will very briefly highlight our solid economic performance.

As you can see in the top chart, we maintained our track record of overperformance. Thanks to our dynamic approach to portfolio management, our cumulated cash flow is much higher than had been predicted in the initial business plan. From an economic point of view, the total gross revenue for the second quarter amounted to around 56mln euro, with the support of a recurring profit stream from closed positions

Slide 31 – Diversified credit portfolio

Onto slide 31. Let's see how the solid performance is coupled with our diversified credit portfolio composition

I would like to focus on 2 key aspects:

- 1) Firstly, the chart on the left shows a very diversified portfolio breakdown by asset class. Specialist market segments, such as UTP, Leasing, Real Estate, Energy and PPC, are of growing importance. These now total more than 50% of our portfolio. The average ticket size has increased by almost 40% growing to 320 thousand euro.
- 2) Secondly, as you can see on the right, we successfully focused on corporate customers who now represent 94% of our gross book value. Below that, 64% of our net book value is secured, and 73% of our cash flows come from out-of-court settlements.

Slide 32 – Ongoing new initiatives to boost value creation

Moving to slide 32, let me show you how we continue to pursue new initiatives to boost value creation

Since our inception, the Division's AuMs have grown exponentially.

Initially, our servicing capability was aimed at covering only captive mandates.

Since then, we have equipped our companies to successfully serve the open market, and we are now recognized as an important player within it. We now have the capability of serving non-captive clients, which currently make up 33% of our total assets under management.

Additionally, new servicing mandates with leading banking Groups are currently being negotiated.

Slide 33 – Increasingly recognised player in open market

On slide 33, I would like to highlight some notable initial results of Quimmo, our prop-tech platform for the sale and purchase of real estate that was launched in April 22.

Many initiatives, such as marketing campaigns, have taken place, targeting sellers to secure new mandates.

Focusing on the AuM, you can see that the substantial share of non-captive assets (approximately 86%) is already under management allowing us to have an increased visibility on the market.

Moreover, this positive trend has already resulted in a progression of units sold – around 1,253 in 1H22 (+22% compared to 1H21) and we are confident that this will increase over time. .

To conclude, the division's results have been very positive. The affirmative trends, which go back to our launch, have been continuing. However, I am confident that our forward-thinking attitude will enable us to deliver even more value as we move ahead.

It is my pleasure to now hand over to Carlo, so he can deliver his news. Over to you Carlo.

Carlo Pannella – Head of Direct Banking Division

Thank you Andrea, and good morning, everybody.

Let me show you the main activities of the Direct Bank division on slide 35;

Slide 35 – Direct banking: our 360° value proposition

we have:

- illimitybank.com the online bank for retail customers;
- B-ilty, our digital business store for Small Corporates;
- and Hype, the Fintech market leader.

Slide 37 – illimitybank.com: solid funding and strong customer engagement

Let's go now directly to slide 37 for an update on the illimitybank.com results.

Illimitybank.com is the retail bank of illimity and represents a benchmark for quality and engagement of customer base: almost 90% active customers and talking about market appreciation, we can report an average 43 Net Promoter Score in Q2 22. Very few banks show similar scores.

And illimitybank.com is also the primary funding channel for illimity group. As we can see, the stable funding is at 1.5 billion € while having the cost of funding decreasing.

Let me know give you a quick view of b-ilty results, on slide 39

Slide 39 – Fully-fledged initiative: human expertise, top technologies and complete offering

First, let me give you a quick reminder about B-ilty and the distinctive business model.

B-ilty is the first digital business store designed together with Small Corporates specifically for Small Corporates, and includes an innovative platform, a wide range of products, simplified processes and tools, and professional support.

B-ilty is based on four fundamental pillars:

- a state-of-the-art fully digital ecosystem with a one-less-click experience that offers customers an end-to-end solution;
- a best-in-class credit engine, thanks to its credit approval process and digital operations;
- human expertise, thanks to the highly-skilled Relationship managers and a state-of-the-art 7 days a week customer service;
- and last, but not least, first-class partnerships that help us improve the variety of products and services we offer small corporates.

Moving to the following slide, let me show you the major milestones that we have reached since our launch.

Slide 40 – Initial phase successfully completing

B-ilty was announced in February

We are completing, as planned, the beta-phase and we are gaining market resonance and interest, thanks to many engagement activities, such as webinars, b-ilty talks and other promotional activities.

The beta phase is proving extremely useful to further enrich the product offering, better integrate both direct and indirect origination channels and enhance the calibration of our credit algorithms thanks to more than 400 credit requests analyzed as of the end of July. The underwriting process is now mainly automated especially for small tickets, after a dual test phase.

Some products and services have been modified and enriched, and the first partnerships have been launched. Two examples: Italiana Assicurazioni for insurance solutions and Zucchetti for ERP and Digital CFO.

b-ILTY can now rely on more than 40 credit brokers most of whom have been onboarded in the last few weeks, and there is more to come.

Let's now move on to the following slide

Slide 41 – State-of-art digital ecosystem operational and ready to scale

First of all, I would like to highlight the major projects that we have already completed, among all, and that enabled us to set the baseline for solid growth:

- an accelerated onboarding process that grants the customer the possibility of opening an account in less than 30 minutes;
- the availability of debit, credit cards and international payment;
- “illimity connect” our PSD2 account aggregation tool.

On top of this, we have several new initiatives coming soon, to name a few:

1. The “fast lending” process, a simplified, very fast, approval process for small-sized tickets;
2. The “power dashboard”: a business management tool useful for customers who want to monitor their company cash-flow;
3. Additional credit products to be launched within the year, for example supporting Small Corporates in the Transition to green.

And this is just the tip of the iceberg, there is much more in our pipeline!

Thanks to all this, we are now ready to scale up in the last quarter.

Let's now continue with an update on our retail initiative HYPE in the next slide.

Slide 43 – Fintech Market Leader

As you know, HYPE is the Fintech we jointly own with the Sella Group.

HYPE confirms again its leadership position also for the 2nd Q 2022 with its 1.6 million customer base.

Looking at the table on the left, and comparing Hype with its direct competitors, in terms of number of operating customers, we can clearly notice that, all together, the the four followers, do not totalreach, all together, Hype's results

And the second Quarter was very positive:

- Almost 160 thousand customers growth Year on Year;
- Gross Revenue almost reaching 9 million euro, +48% Year on Year;
- Almost 24 million transactions, +28% Year on Year;
- 1 thousand new customers on average per working day in June 22.

Excellent results that confirm the positive trend of the previous quarters.

Let's now turn to economics on slide 44

Slide 44 – Stable path towards profitability

Also here, we are very proud to confirm the positive trend in terms of P&L data: HYPE reports for the second consecutive quarter a positive contribution margin, tracing a solid and stable path towards profitability.

This is all for Direct Bank, I hand you over to Corrado for his final remarks.

FINAL CEO remarks 2Q22

This time, my final remarks will not focus on the positive results just presented, but rather, I would like to spend the last few minutes, giving much deserved praise to Francesco Mele and a warm welcome to our new CFO.

Francesco was among the first people to join illimity, when it was just an idea, and he has contributed enormously to our success. Francesco has always worked passionately, and he has always been dedicated to illimity, even when we were faced with some challenges.

While we are deeply sorry that Francesco will not be with us in the second phase of illimity's development, that is bound to be exciting, we understand the reasons he accepted such an important position, that will indeed benefit the entire country.

So, first of all from me, and then on behalf of all the 800 illimiters, a huge thank you to Francesco from the bottom of our hearts. We will miss you, Francesco.

Francesco led the CFO function - as well as coordinating some of the central functions - and it is with much pride and pleasure that today, I announce that the ideal CFO to continue this journey is one of our own, a true illimiter; Silvia Benzi!

Silvia has been with us since the launch of SPAXS and not only does she have all the skills and experience to excel in this role, but she is also already loved and appreciated by everyone. We welcome Silvia with open arms and look forward to a successful future.