



illimity

BANCA OLTRE LA FORMA

illimity 4Q21 & FY21 Results

11 February 2022

Key highlights

Corrado Passera, CEO



illimity - 2021: year of strong delivery



2021 guidance met: operating profit up >100% vs FY20, **€66mIn net profit**, corresponding to **10% ROE**



Robust growth in business origination to **€1.1bn in FY21** – up **24% vs FY20**



On track with Strategic Plan timetable to deliver our **new tech-led initiatives:** **launch of b-ilty today, new proptech imminent**



Partnership with ION Group – to fully exploit the shift from analogue to digital in the financial services market and materialise into new projects



Further progress at illimity SGR with multiple closing of first Turnaround fund

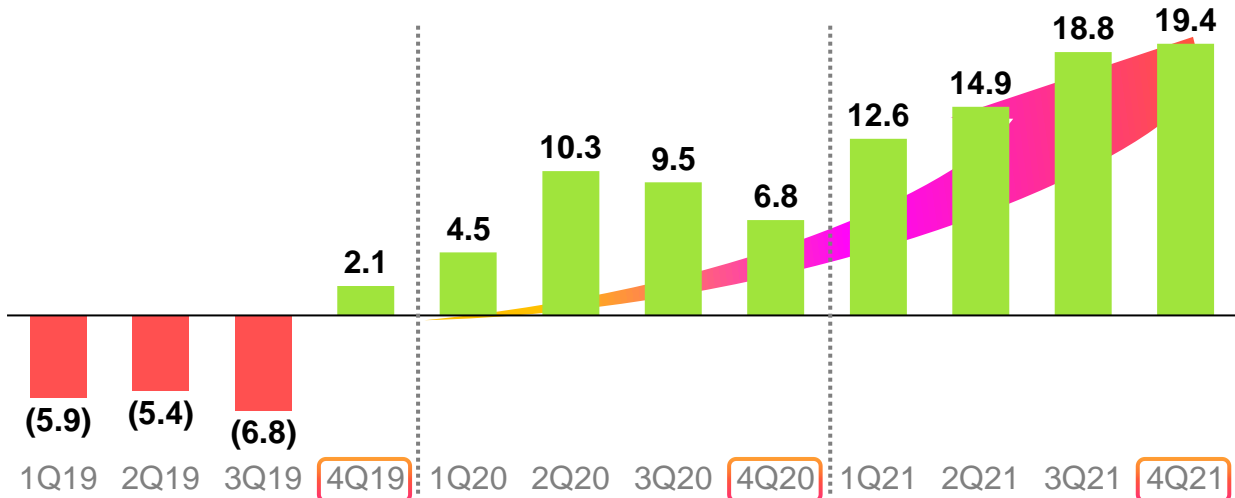


Further progress in our Sustainability journey: **carbon neutrality, Great Place to work** for third year in a row, **illimity Foundation, UN Global Compact**

illimity - From start-up to 10% ROE in 3 years

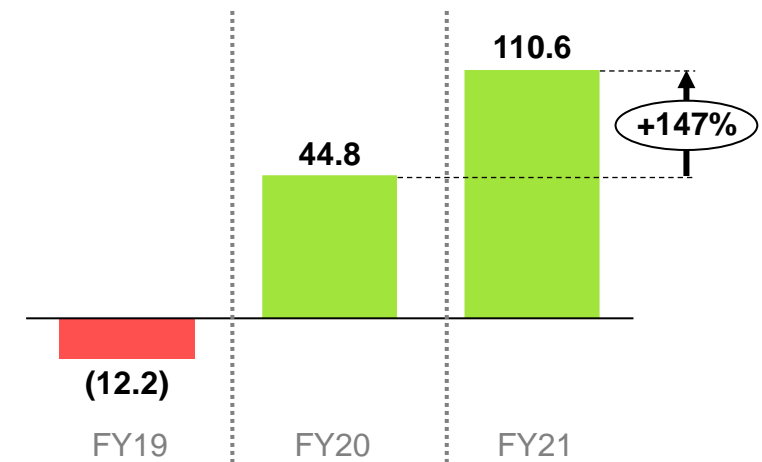
NET RESULT EVOLUTION

Data in €mln



OPERATING PROFIT

Data in €mln



2021 Highlights



10%
FY21 ROE⁽¹⁾



18.8%
CET1 Ratio



0.7%
Gross Organic
NPE ratio⁽²⁾







~€4.7bn
Total Assets



>700
illimiters

illimity - Growth in business origination despite moratorium

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

	Originated Business ⁽¹⁾					Terms agreed ⁽²⁾ to be signed	Advanced pipeline ⁽³⁾	
	FY20	FY21	Δ%YoY	4Q21	Jan'22			
 Growth Credit Division	~919	~1,141	+24%	~511	~209	~101	~299	Strong momentum in all business segments, with positive outlook confirmed by Jan-2022 origination
	435	793	+82%	383	~82	~59	~89	
 Factoring turnover	736	1,179	+60%	495	95			<i>Factoring exceeded €1bn in turnover</i>
 Distressed Credit Division	484 ⁽⁴⁾	348 ⁽⁴⁾	-28%	128	127	42	210	Business origination driven by specialisation
 Servicing GBV⁽⁵⁾	~9,142	~8,533	-7%	204	0	84	905	Total AUM⁽⁶⁾ as of 31 Dec-2021 €8.5bn
	<small>AUM end of period</small>	<small>AUM end of period</small>						

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, value of property and capital goods managed by annex and a portion of portfolios related to Senior Financing transactions recorded as of 31 December 2021, net of collections and portfolio disposals.

illimity - 2022: three factors drive growth



Attractive core markets confirmed

- **Core markets** – SME performing loans and distressed credit – **larger than expected**
- Solid and sustainable **competitive advantages**



New fintech initiatives underway

- **From 2022 new tech initiatives** built over last few years will **come on stream** (great scalability could provide further upside)
- Asset mix increasingly skewed towards **highly scalable activities**



Material potential synergies with ION Group

- Huge potential **synergies** with **ION Group not factored in our 2021-25 Strategic Plan targets**

illimity - New tech-led initiatives underway with very significant upside potential

b-ilty
illimity

lendtech

Commercial *launch*
TODAY

**New
proptech⁽¹⁾**

proptech

Commercial
launch in *next*
few weeks

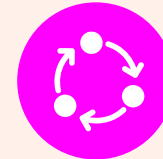
HYPE

fintech

New strategic initiatives
to be unveiled *during*
2022



Huge markets



**Highly scalable
operations**

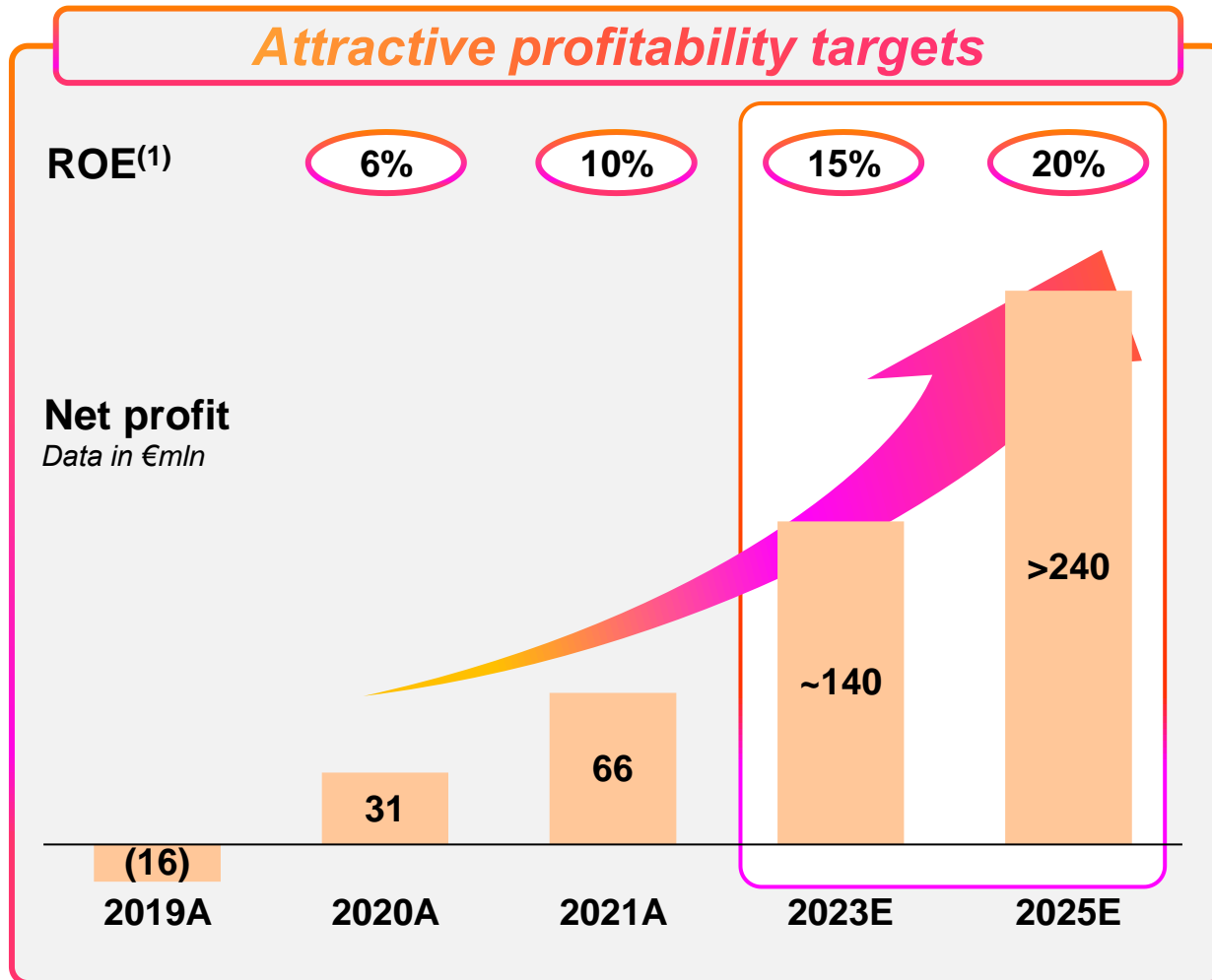


**Suitable for partnership or
IPO**



**Open to entry in foreign
markets**

illimity - Our Business Plan embeds attractive profitability targets with further potential upside



Upside drivers

- Real potential of new initiatives not fully exploited
- Potential boosters (e.g. partnership) not included
- Synergies with ION Group not yet included
- Potential additional upside from macroeconomic scenario

Note: (1) Return on average equity.

4Q21 and FY21 Financial review

Francesco Mele, CFO & Head of Central Functions



illimity - **FY21 profit guidance fully met**



Net profit of €65.6mIn, fully in line with our guidance despite recognition of income from IT license started to accrue only in second half of the year



Strong revenue progression – up 34% YoY in 4Q21, +56% YoY in FY21 – with **well-balanced contribution** between net interest income and non-interest income



Visible operating leverage gains on yearly basis with Cost income ratio for FY21 down 15 p.p. to 59%



Low organic cost of risk reflects **strong asset quality** and public guarantees benefit. **Change of workout strategy** for selected distressed credit positions

illimity - Rebalance towards yielding assets

Data in €mln

Reclassified Balance sheet	31.12 2020	31.03 2021	30.06 2021	30.09 2021	31.12 2021	Δ 31.12.2021 QoQ %	Δ 31.12.2021 YoY %
1 Cash and cash equivalent	954	752	514	774	508	(34)%	(47)%
Due from banks and other financial institutions	632	657	608	543	468	(14)%	(26)%
2 Customer loans	2,205	2,234	2,330	2,473	2,762	12%	25%
- Distressed Credit ¹ investments	972	973	943	939	923	(2)%	(5)%
- Distressed Credit ¹ senior financing	336	316	311	300	336	12%	0%
- Growth Credit ²	817	869	1,006	1,165	1,434	23%	76%
- Cross-over & Acq. Finance ³	416	452	517	566	628	11%	51%
- Turnaround	243	260	303	389	438	13%	81%
- Factoring	158	157	186	211	368	75%	133%
- b-ilty	-	-	-	-	3	n.s.	n.s.
- Non-core former Banca Interprovinciale	80	76	70	69	66	(4)%	(18)%
Financial assets Held To Collect & Sell (HTCS) ⁴	91	310	315	280	300	7%	228%
Financial assets measured at FVTPL ⁵	19	50	139	88	77	(13)%	314%
Investments in associates and companies subject to joint control	-	86	84	82	80	(2)%	n.s.
Goodwill	36	36	36	36	36	0%	0%
3 Intangible assets	33	33	37	40	49	24%	48%
Other assets (Incl. Tangible and tax assets) ⁶	156	157	267	330	382	16%	144%
Total assets	4,126	4,316	4,331	4,646	4,661	0%	13%
Due to banks	534	627	582	546	411	(25)%	(23)%
4 Due to customers	2,552	2,568	2,643	2,714	2,818	4%	10%
Bond/Securities	301	302	304	507	500	(1)%	66%
Shareholders' Equity	583	665	681	756	773	2%	33%
Other liabilities	156	154	121	123	159	29%	2%
Total liabilities	4,126	4,316	4,331	4,646	4,661	0%	13%
5 Common Equity Tier 1 Capital	509	530	543	625	642	3%	26%
6 Risk Weighted Assets	2,851	3,018	3,168	3,111	3,411	10%	20%

1 **Robust liquidity profile** – around **€0.7bn** between cash, net adjusted interbank position and liquidity buffers – even after strong deployment in new loans and investments

2 **Net customer loans advancing 12% QoQ** – and +25% YoY – driven mostly by Growth Credit Division (+23% QoQ). Initial €3mln loans to customers generated by **b-ilty** in test phase

3 **Intangible assets increase reflects significant investments on new initiatives**

4 **Retail & corporate funding up to €2.6bn**

5 **CET1 Capital advancing on profit generated in quarter**

6 **RWA up due to growth in business**

Notes: Rounded figures; (1) Distressed Credit Division previously named DCIS; (2) Growth Credit Division previously named SME; (3) 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; (4) HTCS: Financial assets measured at fair value through comprehensive income; (5) FVTPL: other financial assets at fair value through profit or loss. 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 purchased via a joint venture, as part of the Distressed Credit Division's activities; (6) It includes assets arising from the purchasing of tax assets (the so-called "Ecobonus") for €92 million and senior notes for approximately €43 million resulting from the securitisation of a distressed credit portfolio that are expected to be sold.

illimity - FY21 profit guidance met

Data in €mln

Reclassified Profit & Loss	4Q20	1Q21	2Q21	3Q21	4Q21	Δ Q/Q%	Δ Y/Y%	FY20	FY21	Δ Y/Y%
Interest income	43.1	46.0	47.5	50.6	50.8	0%	18%	146.0	195.0	34%
Interest expenses ¹	(12.3)	(14.8)	(14.3)	(16.4)	(16.4)	(0%)	34%	(42.7)	(61.8)	45%
1 Net interest income	30.8	31.2	33.2	34.2	34.5	1%	12%	103.3	133.1	29%
2 Net fees and commissions	6.5	4.9	8.7	10.3	11.6	13%	78%	14.8	35.6	140%
Net result from trading	2.7	3.8	1.1	7.5	6.2	(18%)	124%	8.5	18.6	119%
3 Net other income/expenses	4.1	2.0	2.1	7.4	6.6	(12%)	60%	4.8	18.2	275%
4 Profit from closed purchased distressed credit positions²	14.0	11.4	26.0	7.1	19.0	168%	35%	42.6	63.5	49%
Gain (loss) from disposal of investments	-	2.3	-	-	-	-	-	-	2.3	-
Operating income	58.2	55.7	71.1	66.6	77.8	17%	34%	174.1	271.2	56%
Staff costs	(16.0)	(16.6)	(19.0)	(15.9)	(22.2)	40%	39%	(52.1)	(73.7)	42%
Other operating expenses	(23.8)	(16.5)	(19.2)	(17.1)	(23.3)	37%	(2%)	(68.6)	(76.2)	11%
Depreciation & Amortisation	(2.5)	(3.0)	(2.2)	(2.6)	(2.9)	9%	18%	(8.6)	(10.7)	25%
5 Operating costs	(42.3)	(36.1)	(40.4)	(35.6)	(48.5)	36%	15%	(129.3)	(160.6)	24%
Operating profit	15.9	19.5	30.7	31.0	29.4	(5%)	84%	44.8	110.6	147%
Loan loss provision charges	(1.7)	0.8	(1.6)	(0.4)	0.6	n.s.	n.s.	(5.9)	(0.7)	(89%)
6 Value adjustments on purchased distressed credit	(4.2)	3.9	(4.6)	(0.1)	(14.1)	n.s.	235%	2.5	(14.8)	n.s.
Value adjustments on securities and loans to banks	0.2	(1.6)	0.3	0.5	(0.4)	n.s.	n.s.	0.1	(1.2)	n.s.
Other net provisions for risks and charges	(0.4)	(0.0)	0.0	-	(0.2)	-	(49%)	(0.5)	(0.2)	(53%)
Other income from equity investments	-	(2.1)	(1.9)	(2.0)	(1.8)	(10%)	-	-	(7.8)	-
Contribution to banking sector schemes	(1.4)	(1.4)	(0.6)	(1.8)	(1.4)	(23%)	(6%)	(2.3)	(5.1)	119%
Profit (loss) before tax	8.3	19.1	22.4	27.2	12.1	(55%)	46%	38.7	80.8	109%
7 Income tax	(1.6)	(6.5)	(7.5)	(8.5)	7.3	n.s.	n.s.	(7.6)	(15.3)	101%
Net result	6.8	12.6	14.9	18.8	19.4	3%	187%	31.1	65.6	111%

- 1 Nil broadly flat QoQ** on reported number; **up ~4% QoQ excluding one-off** TLTRO III gain posted in 3Q21
- 2 Tonic progression in net fees and commissions** on business origination, neprix sales' performance and Factoring
- 3 Net other income** includes €4.25mln quarterly income from IT **license agreement**
- 4 Continued contribution from Distressed Credit closed portfolio** including ~6mln gain from sale of repossessed asset
- 5 Operating expenses** rising on scheduled investment in new initiatives, top up of variable compensation on good results, and business related costs
- 6 Value adjustments on purchased distressed credit** reflect change of workout strategy on several distressed credit positions
- 7 Income tax** benefits from goodwill tax recognition

Notes: Rounded figures; It should be noted that starting from the fourth quarter of 2021 operating costs are restated as a result of the reclassification of contribution to banking sector schemes to a specific item in the Group's income statement, in line with industry practice. (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 - Growth Credit ramping-up, Distressed Credit continues delivering


GROWTH
CREDIT
DIVISION
(BIP included)


DISTRESSED
CREDIT
DIVISION


DIRECT
BANKING
DIVISION

 illimity
SGR


CORPORATE
CENTRE


TOTAL

Data in €mln	FY20		FY21		FY20		FY21		FY20		FY21	
Net interest income	18.9	20.9	90.7	108.0	(6.3)	4.2	-	-	-	-	103.3	133.1
Net fees and commission	7.3	24.0	7.4	9.6	0.1	0.3	-	1.7	-	-	14.8	35.6
Other income	5.8	9.6	49.4	80.9	-	10.8	-	0.1	0.8	1.1	56.0	102.5
Operating income	32.0	54.5	147.5	198.5	(6.2)	15.3	-	1.8	0.8	1.1	174.1	271.2
Staff costs	(10.9)	(12.3)	(17.0)	(27.0)	(3.8)	(7.8)	(0.6)	(2.3)	(19.8)	(24.3)	(52.1)	(73.7)
Other operating expenses and D&A	(10.0)	(10.0)	(35.9)	(41.3)	(11.5)	(11.9)	(0.5)	(0.5)	(19.3)	(23.2)	(77.2)	(86.9)
Operating costs	(20.9)	(22.3)	(52.9)	(68.3)	(15.3)	(19.7)	(1.1)	(2.8)	(39.1)	(47.5)	(129.3)	(160.6)
Operating profit	11.1	32.2	94.6	130.2	(21.5)	(4.4)	(1.1)	(1.0)	(38.3)	(46.4)	44.8	110.6
Provisions	(2.2)	1.4	(1.6)	(18.3)	-	-	-	-	-	-	(3.8)	(16.9)
Other income from equity investments	-	-	-	0.4	-	(8.2)	-	-	-	-	-	(7.8)
Contribution to banking sector schemes	(0.6)	(1.0)	(0.3)	(0.7)	(0.2)	(0.8)	-	-	(1.2)	(2.6)	(2.3)	(5.1)
Profit (loss) before tax	8.3	32.6	92.7	111.6	(21.7)	(13.4)	(1.1)	(1.0)	(39.5)	(49.0)	38.7	80.8
Interest earning assets	937	1,649	1,378	1,529	-	3	-	0	1,586	976	3,901	4,157
Other assets	4	96	88	95	-	89	-	-	134	224	226	504
RWA	757	1,017	1,939	2,020	n.m.	61	n.m.	3	155	311	2,851	3,411



Growth Credit contribution to Group profit soared in FY21 on strong business origination and new initiatives driving significant operating jaws. Cost income ratio from 65% in FY20 to 41% in FY21



Distressed Credit still major profit maker contributing ~73% to group's FY21 revenue. Pre-tax profit up 20% YoY in FY21 boosted by strong profitability on existing business with Cost income ratio further down YoY to an excellent 34%



Direct Banking benefiting from IP licence agreement on IT platform while operating costs reflects investments in new initiatives (b-ilty) which will become income-producing in 2022



Corporate Centre posting €49mln negative result before tax reflecting costs to build scalable infrastructure

Note: Rounded figures. FY20 restated for a like-for-like comparison with FY21. Operating costs restated for reclassification of contribution to banking sector schemes to a specific item in the Group's income statement.

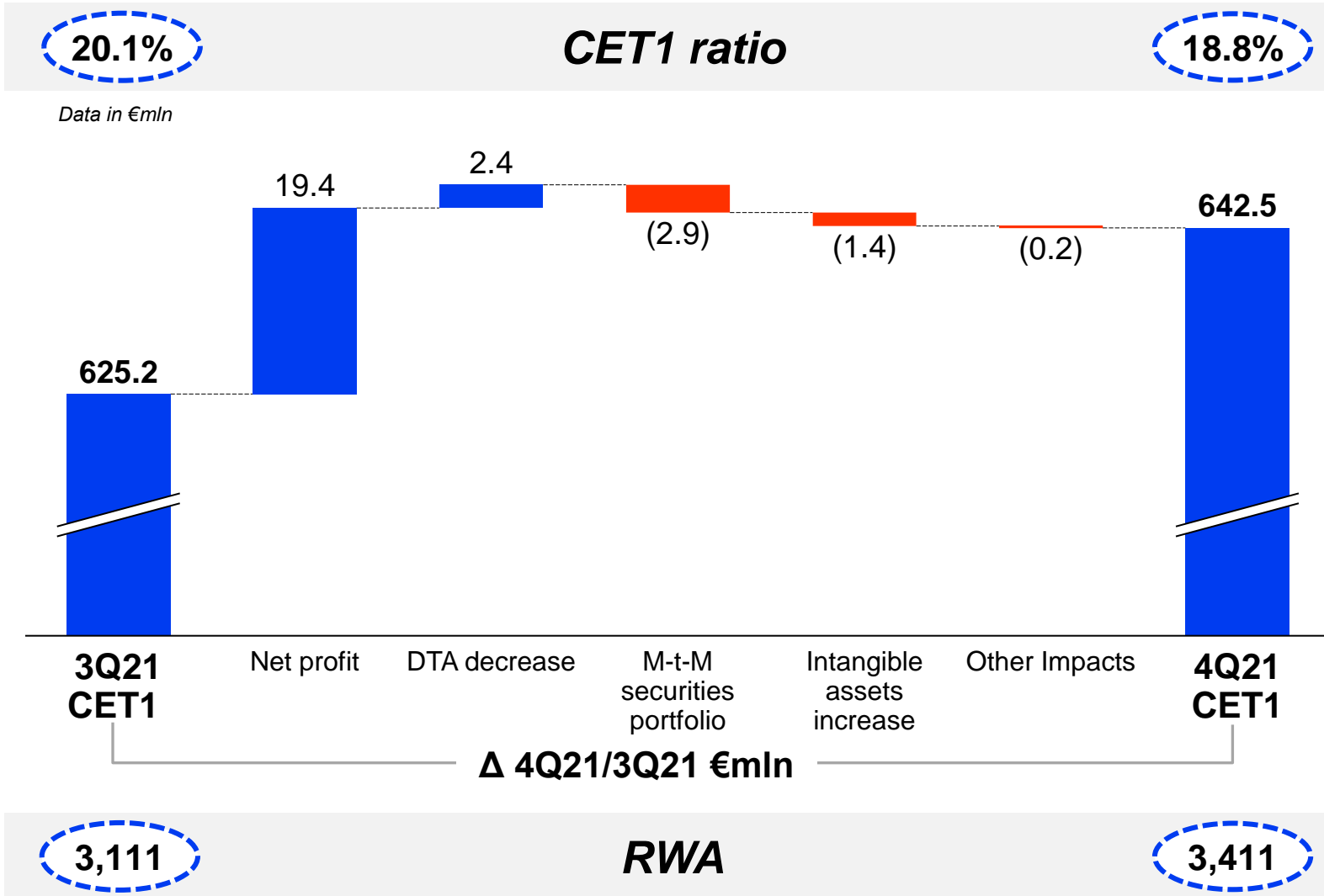
illimity - Positive operating jaws in FY21

	FY20	1Q21	2Q21	3Q21	4Q21	FY21
Cost income ratio ⁽¹⁾	74%	65%	57%	53%	62%	59%
Organic cost of risk (bps) annualised ⁽²⁾	52bps	Net write-backs	50bps	12bps	Net write-backs	4bps
Gross organic NPE ratio ⁽³⁾	3.2%	3.0%	3.0%	2.5%	2.3%	2.3%
LCR	>700%	>450% ⁽⁴⁾	~700%	>300%	~180%	~180%
CET1 Ratio	17.9%	17.6%	17.2%	20.1%	18.8%	18.8%
Total Capital Ratio	17.9%	17.6%	17.2%	26.5%	24.7%	24.7%

- Substantial operating leverage gains with **Cost income ratio on yearly basis falling to 59%** - down 15 p.p. vs FY20
- **4Q21 net write-backs** on organic loans portfolio due to partial release of risk model conservative buffers; **FY21 at 4bps reflect strong underlying asset quality**
- Best in class **Organic NPE ratio at around 0.7% for business originated by illimity**; circa **2.3%** including former BIP portfolio
- Ample liquidity buffer
- **NSFR** comfortably above minimum requirements
- **High CET1 Ratio at 18.8% despite strong business growth**
- **TCR benefits** from €200m In Tier 2 issuance

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 2021 (€1,704 million) for the segments Factoring, Cross-over, Acquisition Finance, performing Turnaround (including returns to performing loans), the loan portfolio of the former Banca Interprovinciale and Senior Financing to non-financial investors in distressed loans – though excluding UTP loans purchased as part of the Turnaround business and investments in distressed loan portfolios; (3) See 'Gross organic NPE ratio' in the Glossary at the end of this document. Any failure to reconcile the stated figures arises exclusively from rounding; (4) 1Q21 restated for equity accounting of HYPE applied to liquidity ratios from 2Q21.

illimity - Growth fueled by strong 18.8% CET1 Ratio

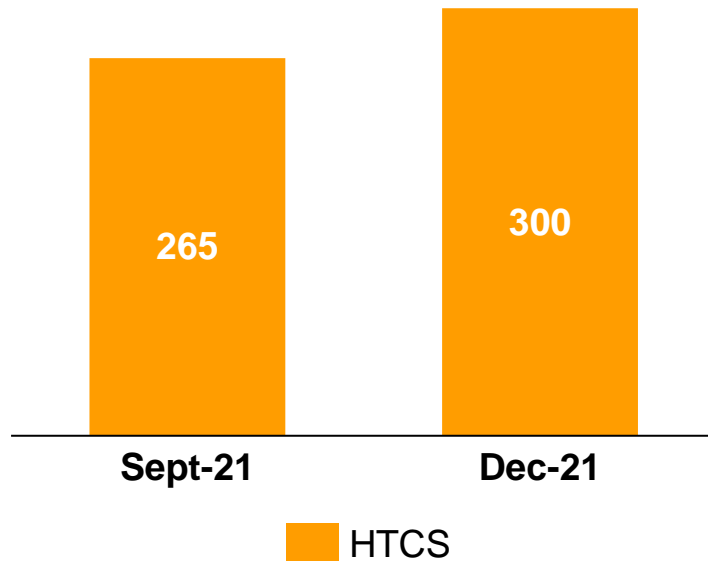


- **CET1 Capital increase by 3% QoQ**, primarily driven by 4Q21 net profit
- **RWA up 10% QoQ** due to investments made during 4Q21
- Including special shares, CET1 Ratio would reach around **19.3% on pro-forma basis⁽¹⁾**
- **Total Capital Ratio at 24.7%**

illimity - Dynamic securities portfolio

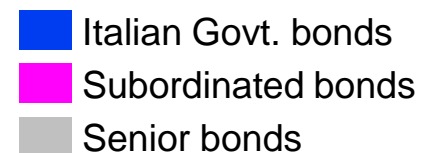
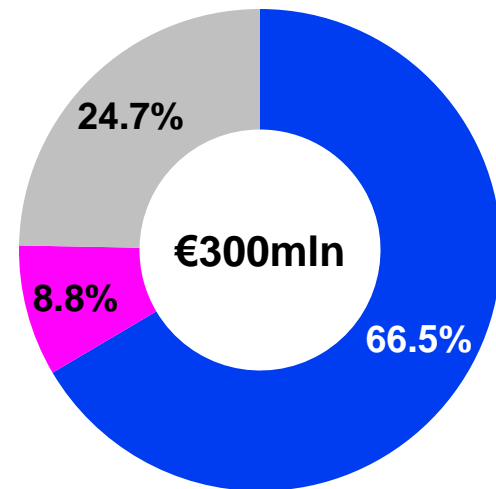
Securities portfolio

Data in €mln



Portfolio composition

31 December 2021



- Gradual rebuilding of securities portfolio in accordance with our investment strategy
- Duration **6.0 years**
- Average yield approx. **2.0%**

illimity - Credit rating upgraded to BB-

 **FitchRatings**
Upgrades illimity rating on 17 November 2021

	PRIOR RATING	NEW RATING
Long-term IDR ⁽¹⁾	B+	BB-
Viability Rating	b+	bb-
Senior preferred	B	BB-
Subordinated	B-	B



The improved rating reflects

- **Consistent generation of positive profitability** since 4Q19
- **Increased diversification of funding sources** also following the issue of:
 - Senior preferred bond in December 2020
 - Subordinated Tier 2 bond in July 2021



illimity's strengths highlighted

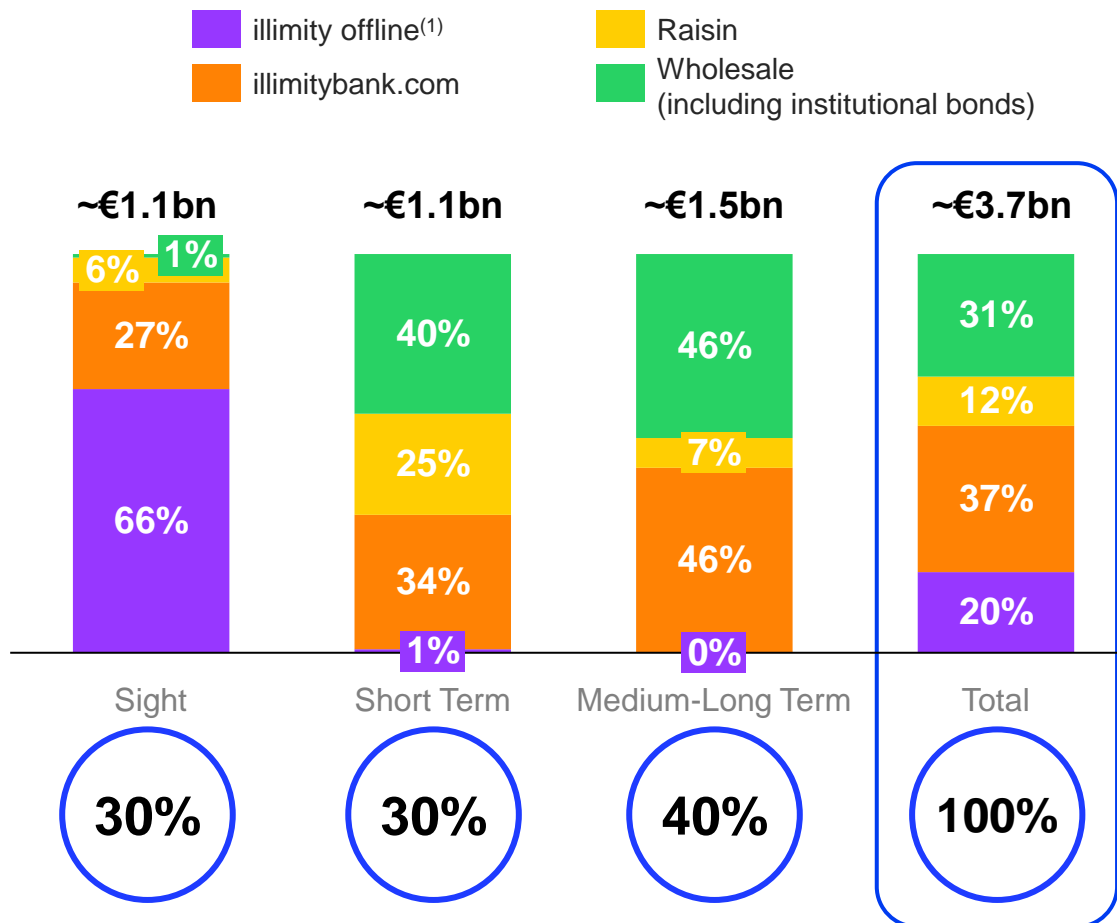
- **Strong capital ratios**
- **Robust liquidity**
- **Contained gross organic NPE ratio**

Notes: (1) Long-Term Issuer Default Rating.

illimity - Stable and well diversified funding mix

Maturity mix

Data as of 31 December 2021



Medium-Long Term funding maturity remains around **3 years**



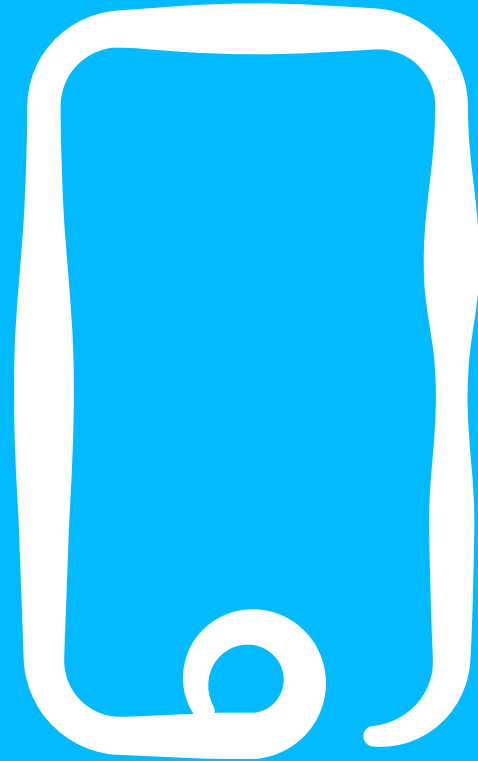
Blended average cost of funding down to **~1.6%**



€300mln senior preferred **bond** issued in Dec-2020 and **€200mln Tier 2** issued in July 2021

Direct Banking Division

Carlo Panella



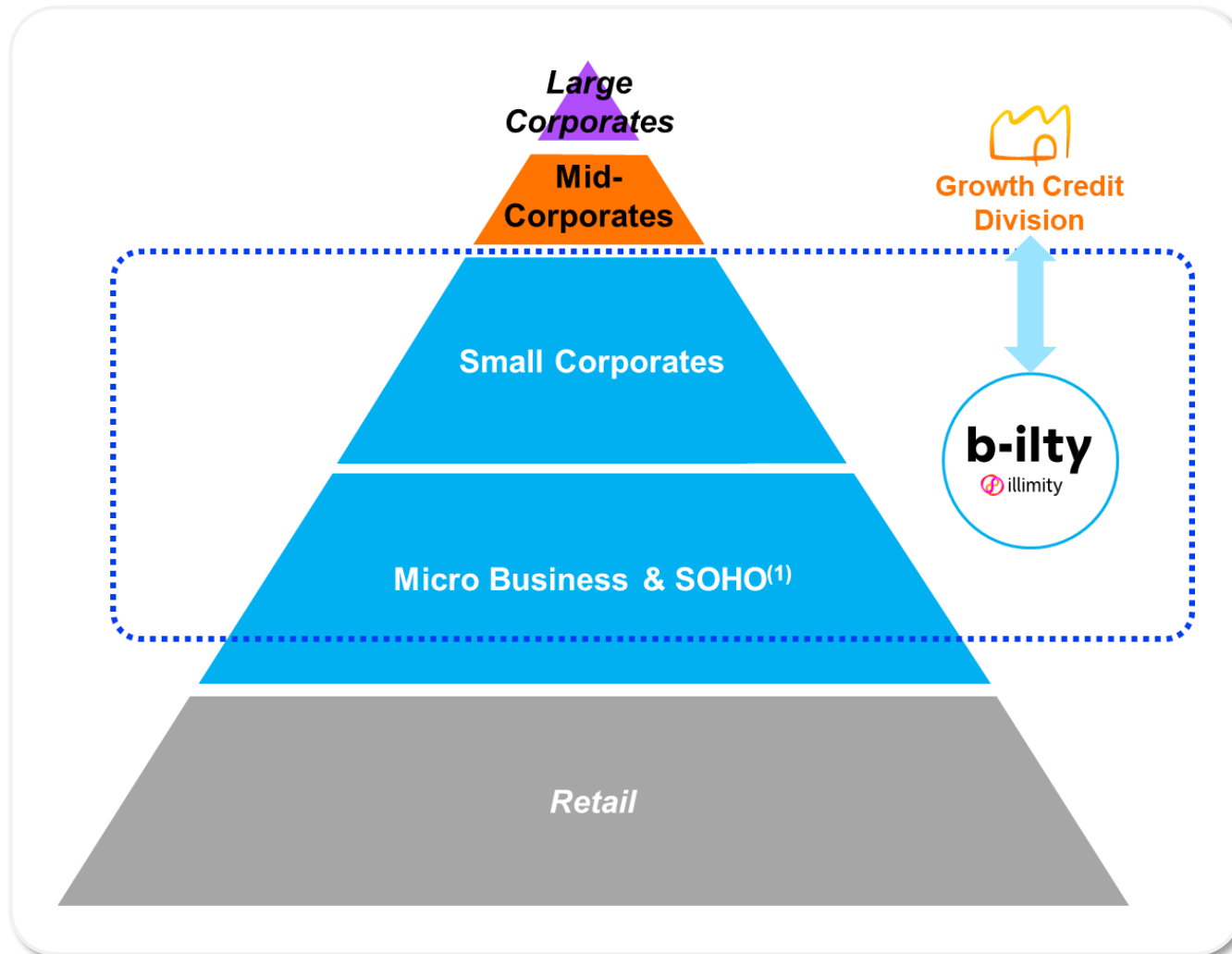


presents

b-ilty

the first digital business store for Small Corporates

b-ilty - New market, huge potential



- Market potential up to **1 million** (SMEs with turnover in approx. €2-10mln range)
- Small Corporate segment is still **underserved**, both traditional players and newcomers
- **New market** for illimity finally addressed from **today**

b-ilty - For Small Corporates by Entrepreneurs



We listened to **Entrepreneurs...**

b-ilty
COMMUNITY
INTERVIEWS



~600

**COMPANIES WE
SPOKEN TO**

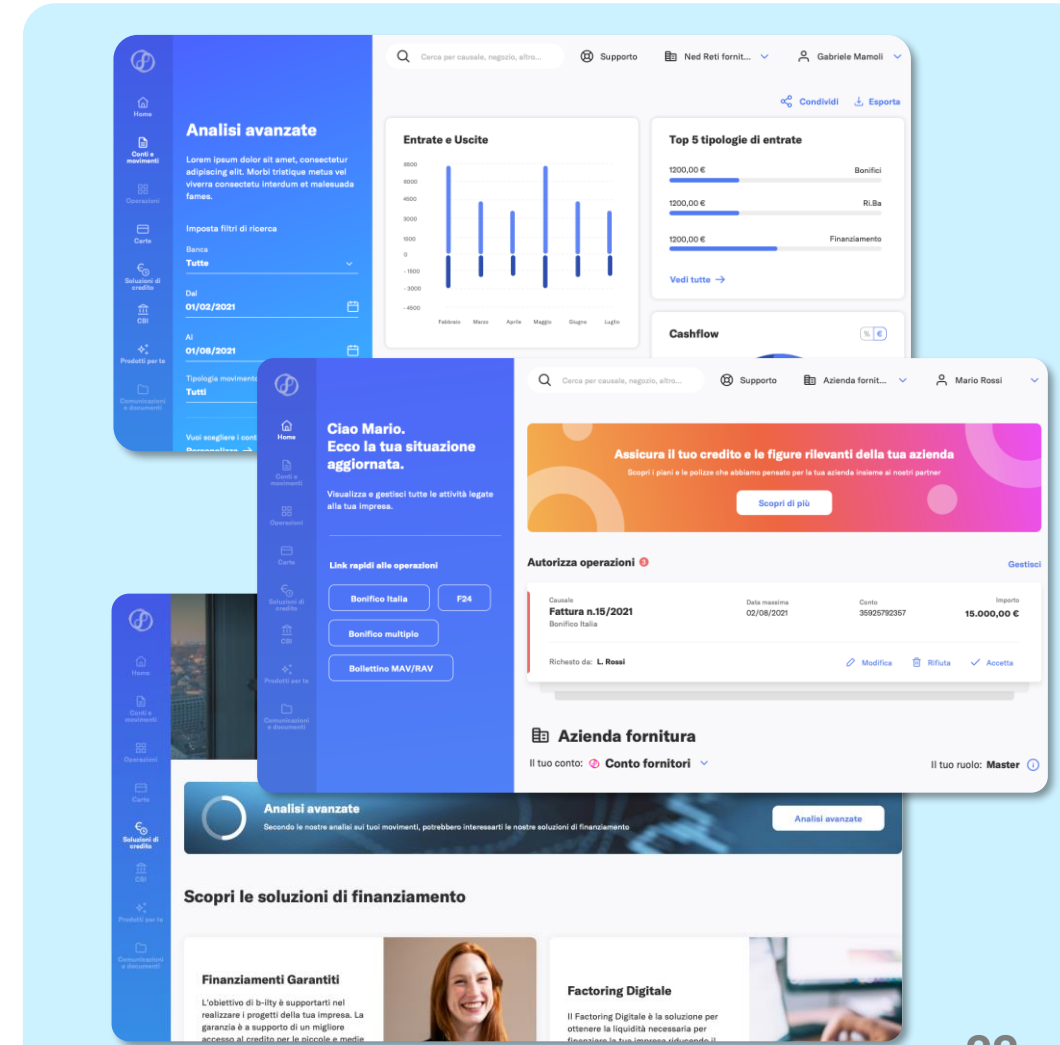
...they asked for:

- ✓ *Financial and credit products, **dedicated** to Small Corporates*
- ✓ ***Fast** credit solutions*
- ✓ ***Fully digital** experience, 100% paperless*
- ✓ ***Human touch***
- ✓ ***Simple** to use*
- ✓ ***Control** of their financial state*

b-ilty - Fully fledged, fully digital offer designed around Small Corporate needs



-  **Complete transaction offer**
-  **Complete credit offer:** factoring, short-term lending, mid-term lending
-  **VAS** both internally developed and outsourced from top quality third-party providers
-  Born **ESG ready** also thanks to our partnership with 
-  **Always accessible:** 24 hours a day 7 days a week
-  Open an account in **less than 30 minutes**



Digital but also personal: human empowered business model

RELATIONSHIP MANAGERS



Providing **advice** and guidance when needed



Relationship managers specialised both on **industries...**



...and **geography**



Structured to address both **direct** and **indirect sales channels** (i.e., credit brokerage companies)

SMART CARE



Supporting **customer operation**

CHANNELS



Scopri gli altri Relationship Manager



Parla con il nostro Smart Care

Per sapere di più o per parlare con il nostro Smart Care, clicca sul pulsante in basso a destra.



b-ilty - Fast: Credit Engine, b-ilty's secret weapon



b-ilty digital credit platform

DATA SOURCE



PSD2 DATA



RISK ANALYTICS



EXTERNAL DATA SOURCE



INDUSTRY SECTOR DATA



BUREAU



ESG

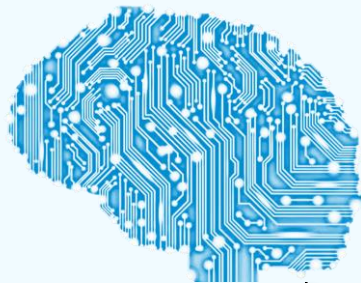


TRANSACTIONAL



WEB REPUTATION

ALGORITHM-BASED CREDIT ENGINE



REQUEST

ANALYSIS

RESOLUTION

CLOSING

MONITORING

Key strengths



CONTINUOUS MACHINE LEARNING



SCALABILITY



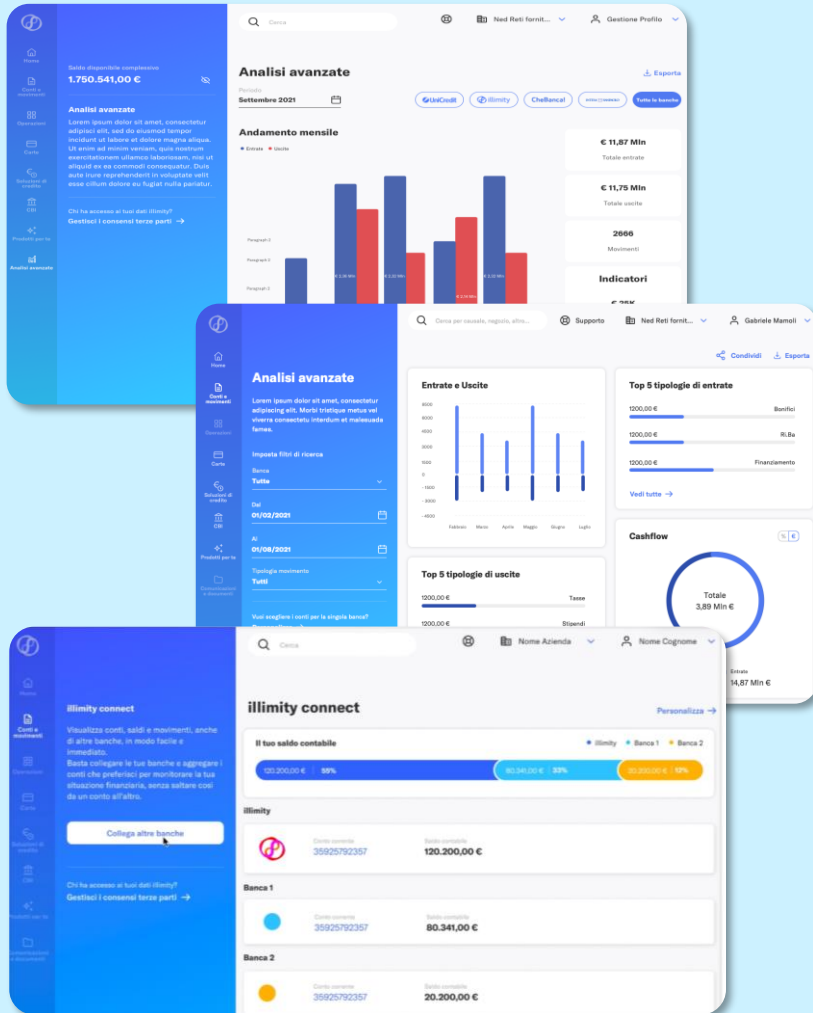
FAST TIME-TO-YES



INDUSTRY-SPECIFIC KPIs

Empowering Entrepreneurs by providing advanced dashboard

Enabling Entrepreneurs to **monitor company economic and liquidity trends** by providing a complete view of financial framework:



PSD2: all current accounts in one touchpoint

Coming soon



Advanced insights: providing insight on your customers and supply chain, to improve your business opportunities

Coming soon



Peer comparisons and **benchmarking analysis** of main financial indicators vs average market value

Coming soon



Digital CFO and other best in class **software solutions** to help you run your business

Simple: first subscription based online banking service



ALL-IN-ONE

All-in-one: **monthly subscription, unlimited transactions⁽¹⁾**, no hidden costs



TRY & BUY

3 months to **try and choose** b-ilty as your new bank



EASY TO USE

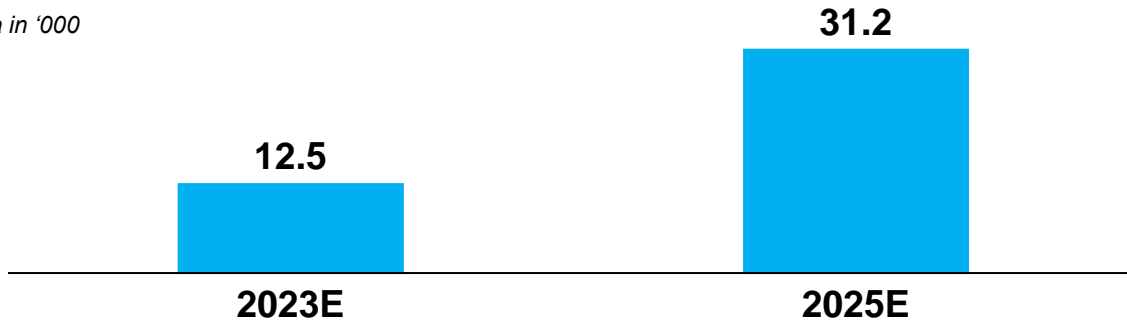
easy to use, thanks to native digital experience and our “*one-less-click*” policy

b-ilty - Our Goals: €3.7bn cumulated business origination



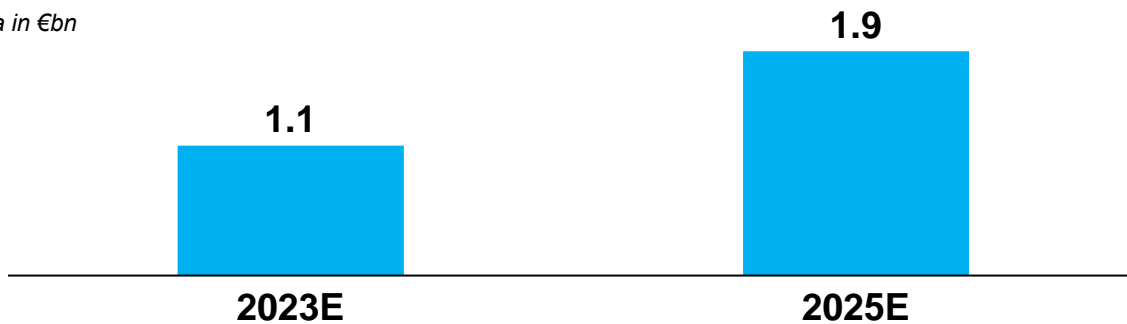
Customer target

Data in '000



Net customer loan stock

Data in €bn



Our Goals

~€3.7bn

CUMULATED BUSINESS ORIGINATION 2022-2025⁽¹⁾

~€1.9bn

NET CONSUMER LOANS STOCK (2025)

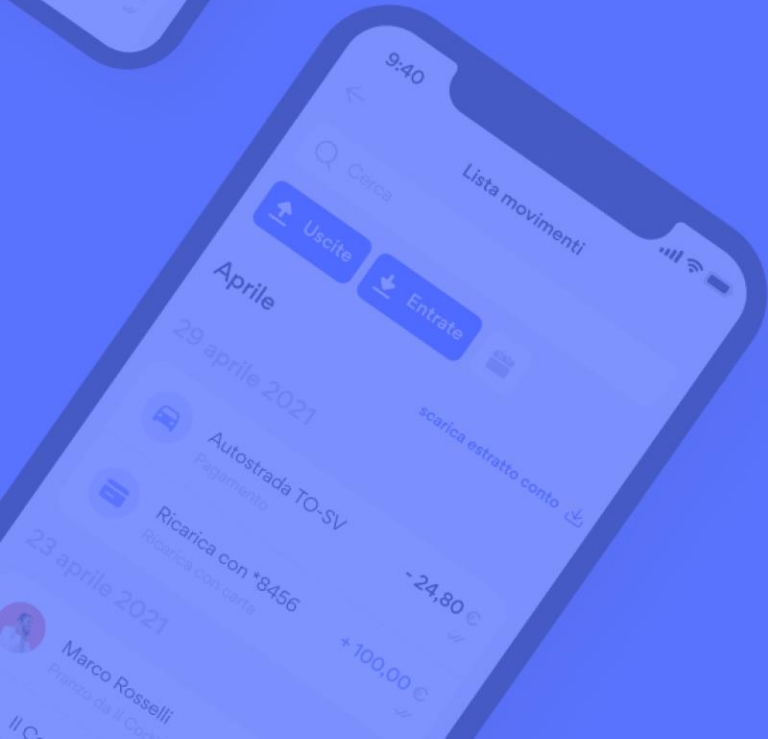
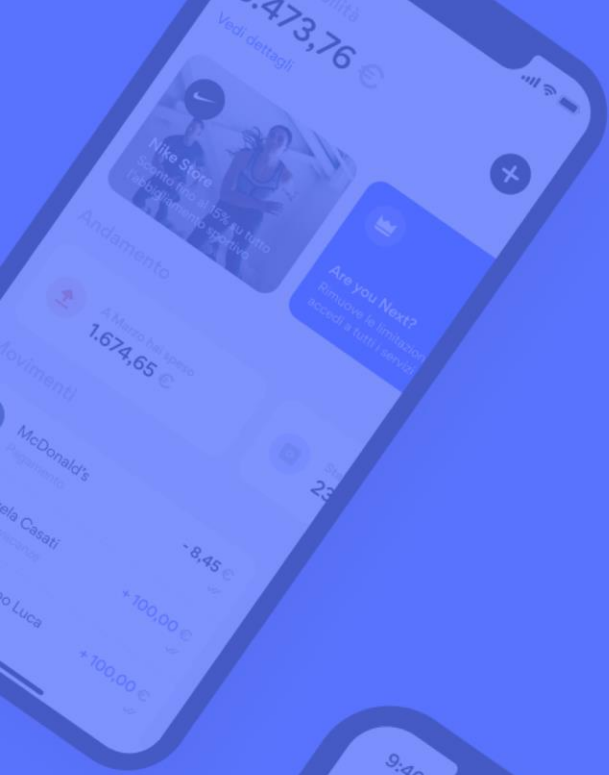
€80-90mln

TOTAL REVENUE⁽²⁾ (2025)

Note: (1) Factoring origination considered as incremental stock YoY as a proxy; (2) Total revenue calculated as net interest income and net fees and commission.



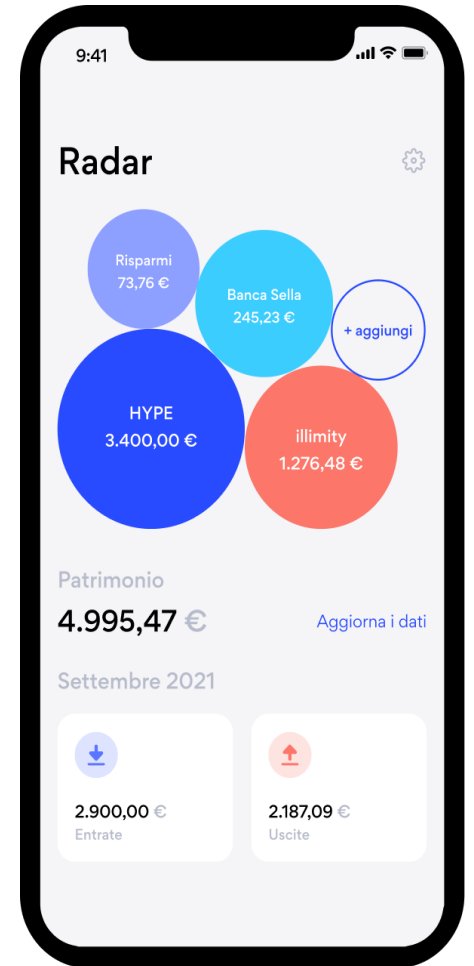
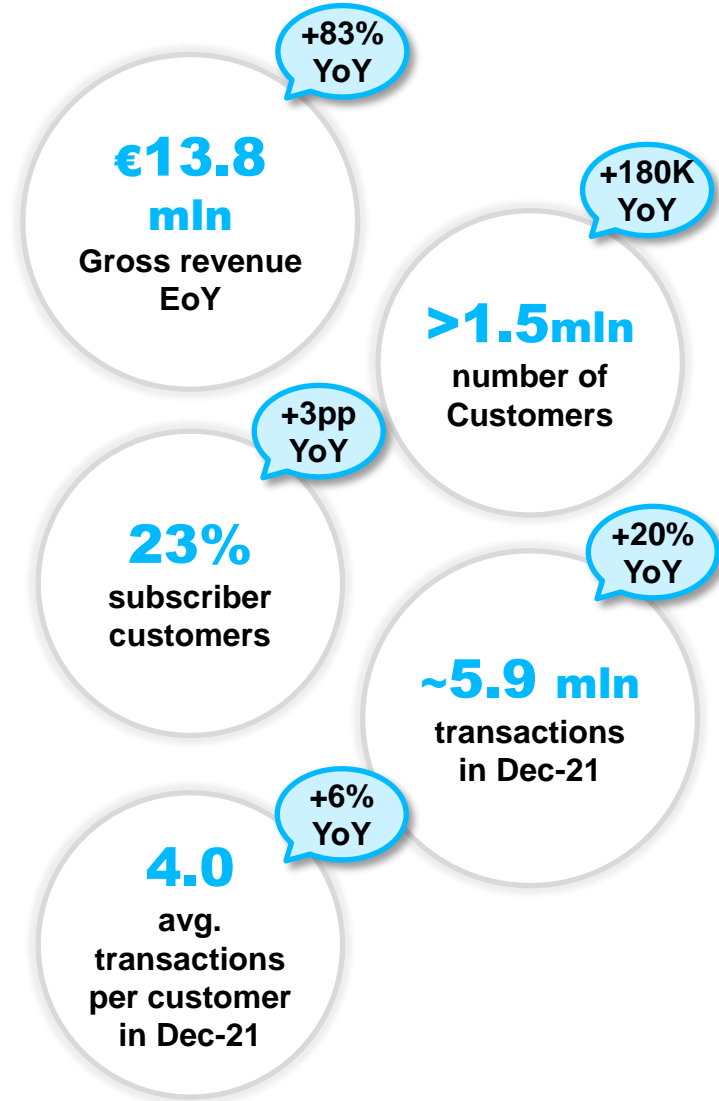
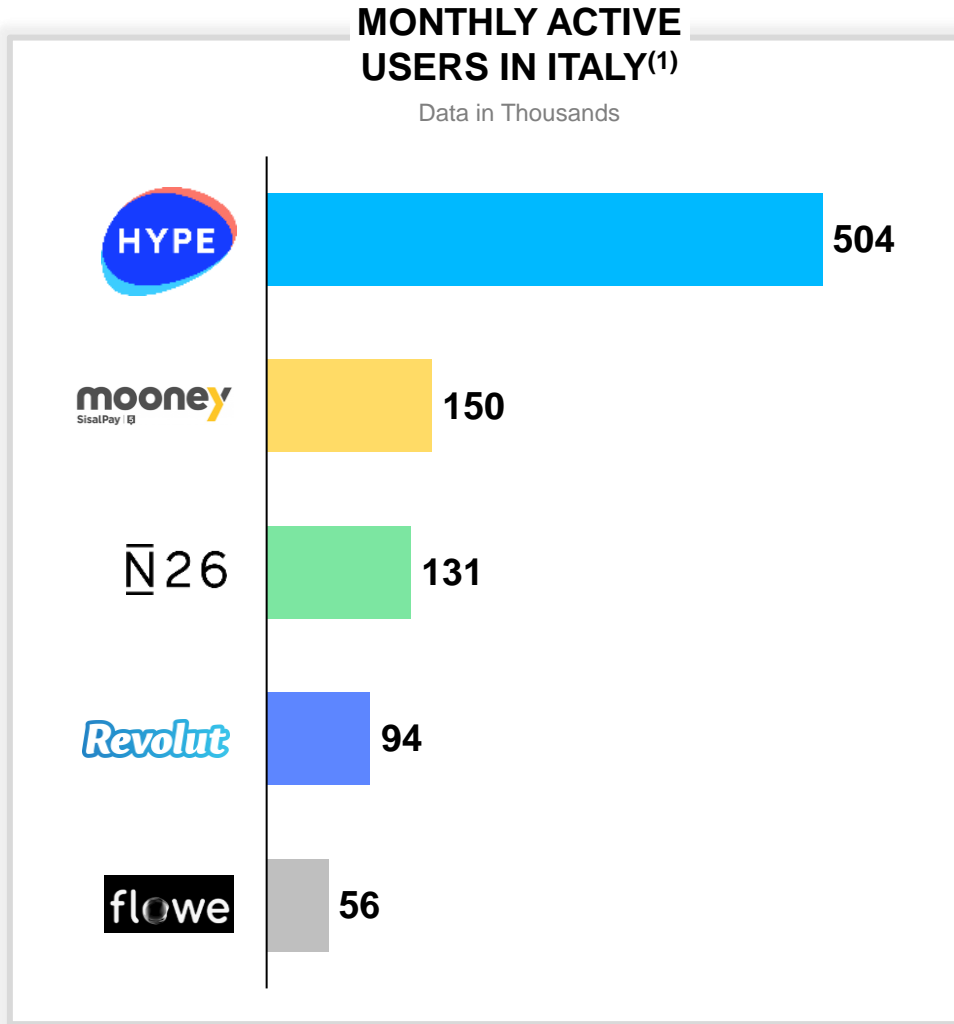
Fintech Market Leader





- Market leader in Fintech

Data as of 31 December 2021



Note: (1) Data provided by SimilarWeb and based on android users – MAUs defined as users having used the app at least one time during the month

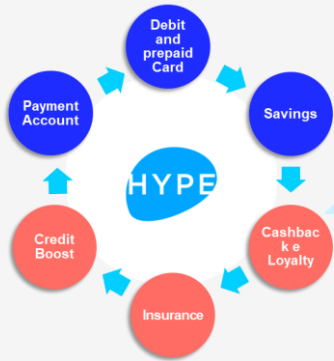


- From payment method to money management hub



The Joint Venture is live:

- Hype welcomes 21 (hyper)illimiters
- Transfer of illimity's *Open Banking technology*



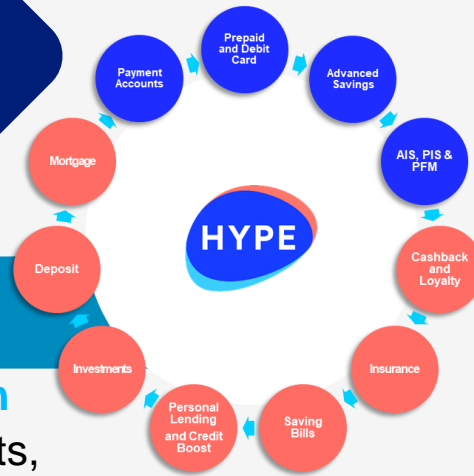
Continuous **Technology Improvement**
(*Cloud migration*)



New **markets and business models:**
B2B2C, PMI



LAUNCH OF NEW HYPE
(September '21)

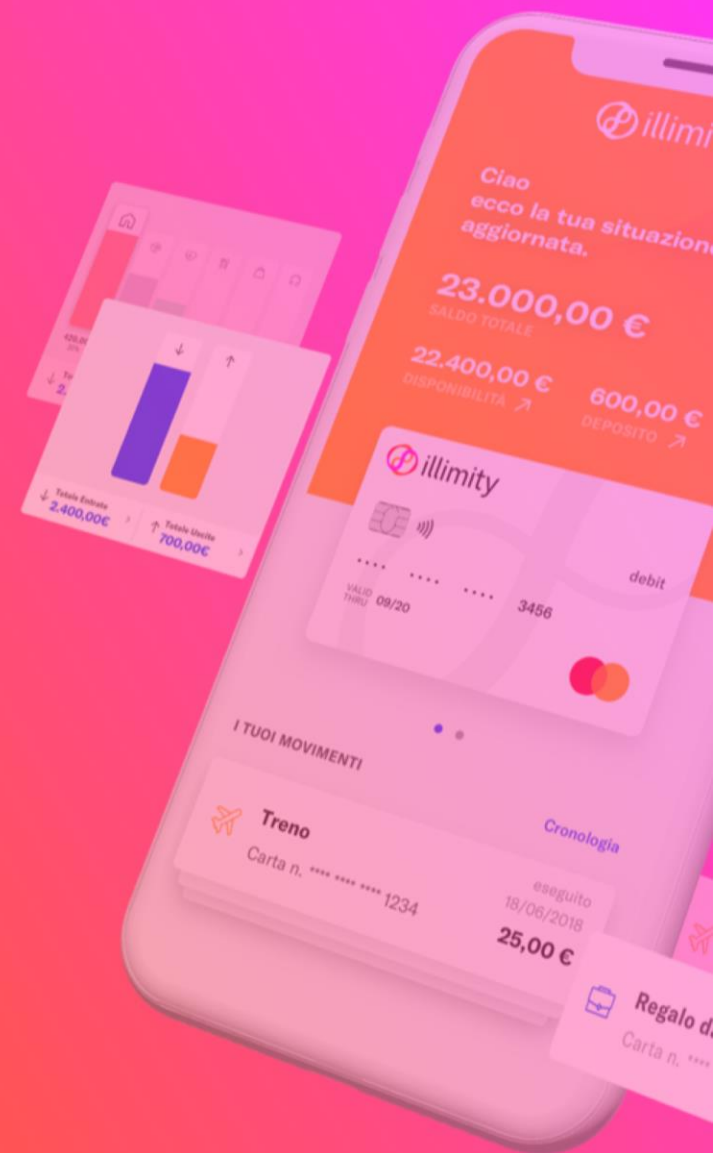


New **Logo** and new **Brand Identity**

Scale up of company organisation:
consolidation of *central functions*

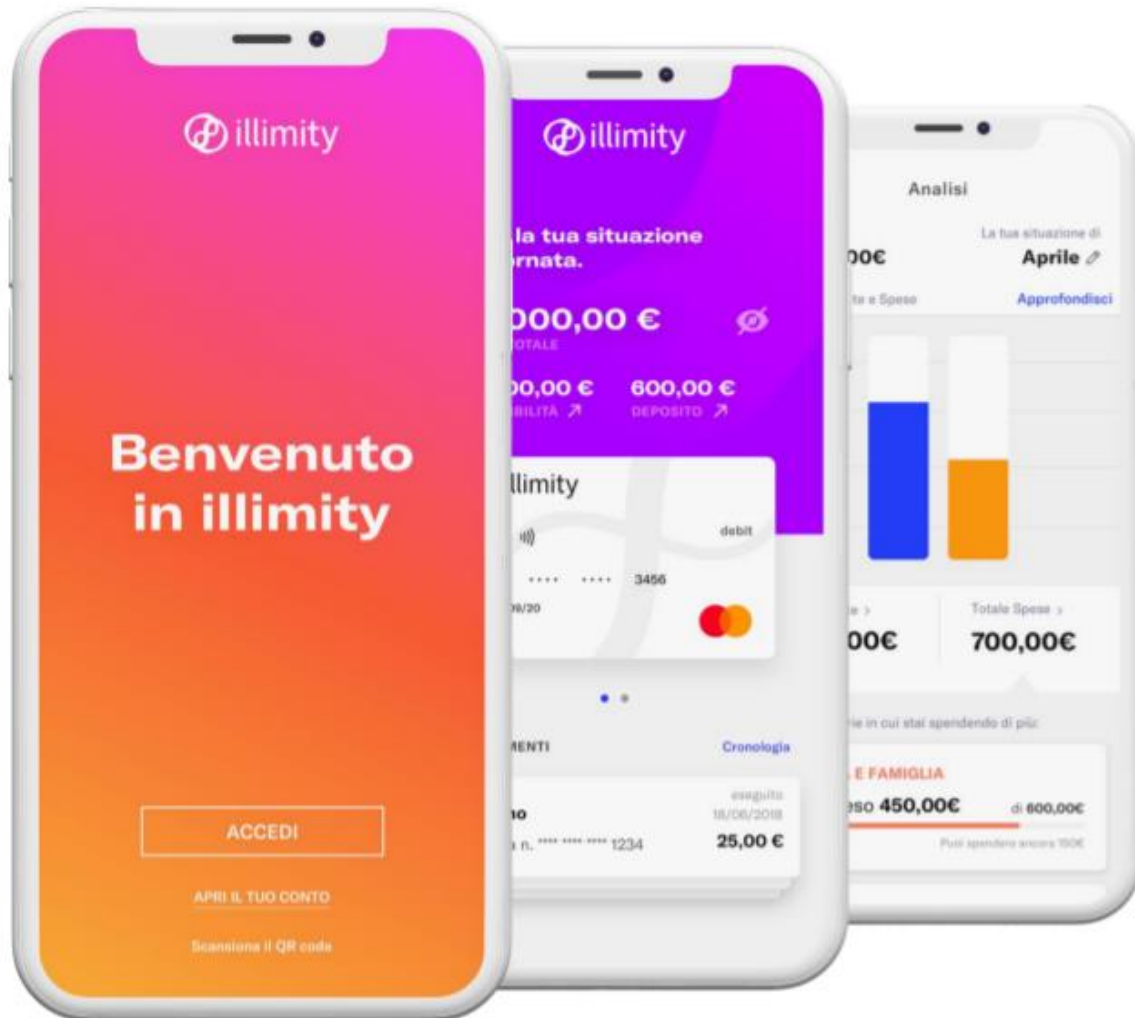
Value Proposition completion: deposits, mortgages, PSD2 credit boost

illimitybank.com



illimity - illimitybank.com: secures funding goals while preserving outstanding customer experience

Data as of 31 December 2021



✓ STABLE FUNDING

€1.4bn
Funding on
illimitybank.com

-35bps
decreasing Cof,
Dec 21 vs Dec 20

✓ ENGAGED CUSTOMERS

>55k
Customers
as of February '22

88%
Active Customers
as of February '22

37%
Loyal Customers
as of February '22

✓ APPRECIATED BY THE MARKET

46
NPS
2021

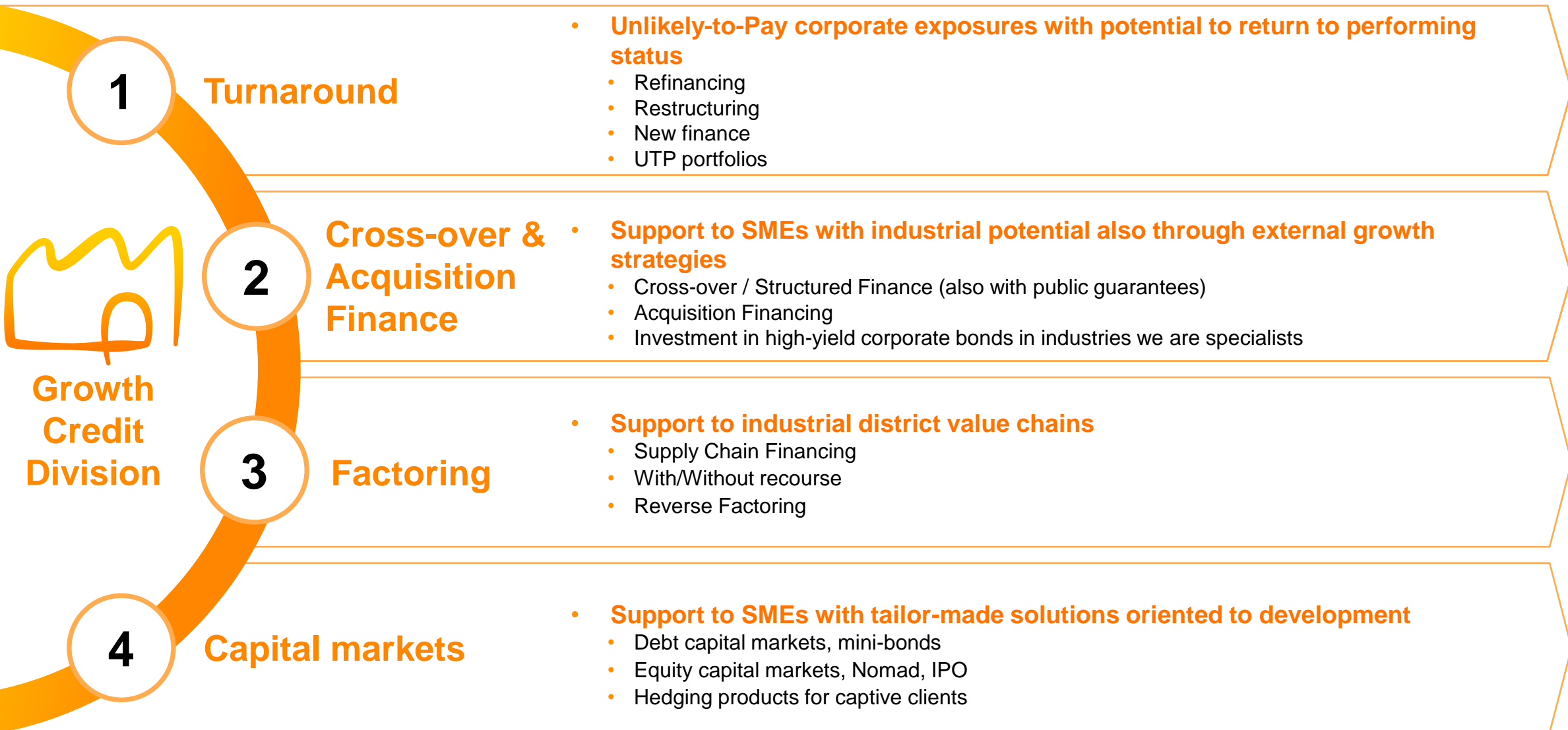
28%
Awareness
avg 4Q21

Growth Credit Division

Enrico Fagioli



illimity - Italian SMEs specialist partner



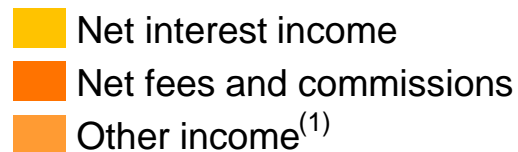
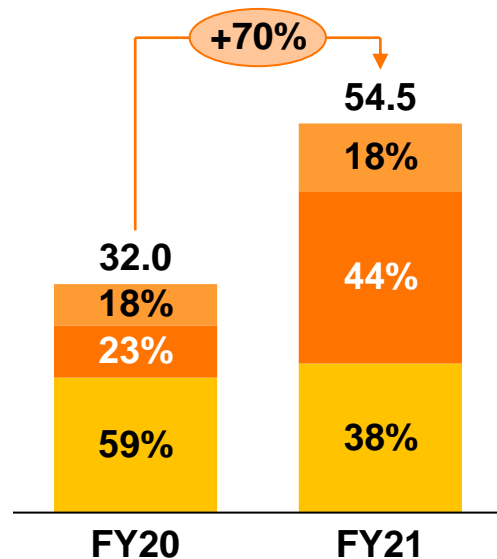
illimity - **Great 4Q21 makes 2021 a turning point**

-  **Strong revenue growth and visible operating leverage gains**, with solid contribution from non-interest components
-  **Momentum in business origination accelerated further in 4Q21** across all business lines and continued into Jan-2022
-  **Significant proportion of new business with capital guarantees set to continue at least up to June 2022**, supporting high profitability on capital
-  **Asset quality remains excellent despite two years into pandemic** with Division's Gross Organic NPE ratio at ~0.9% excluding BIP
-  **Strong pick-up in Capital Markets activity**: 3 IPO completed in 2021 with promising pipeline already visible in 1Q22

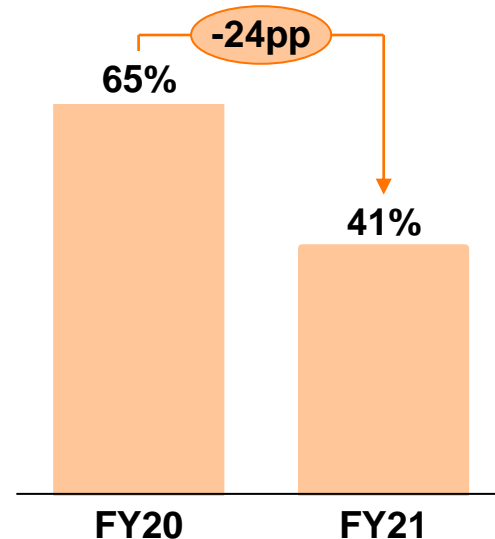
illimity - Revenue growth and positive operating jaws driving profitability

Revenue breakdown

Data in €mln



Cost income ratio



Cost income ratio



Significant increase in net fees and commissions on business origination, Factoring and new initiatives launched in 2021, namely Capital Markets desk



Progressive strengthening of net interest income underpinned by strong business origination



Other income includes credit revaluation as recurring feature of Division's performance



Strong operating leverage gains in FY21 and set to further benefit from b-ilty's digital operations cross-fertilisation

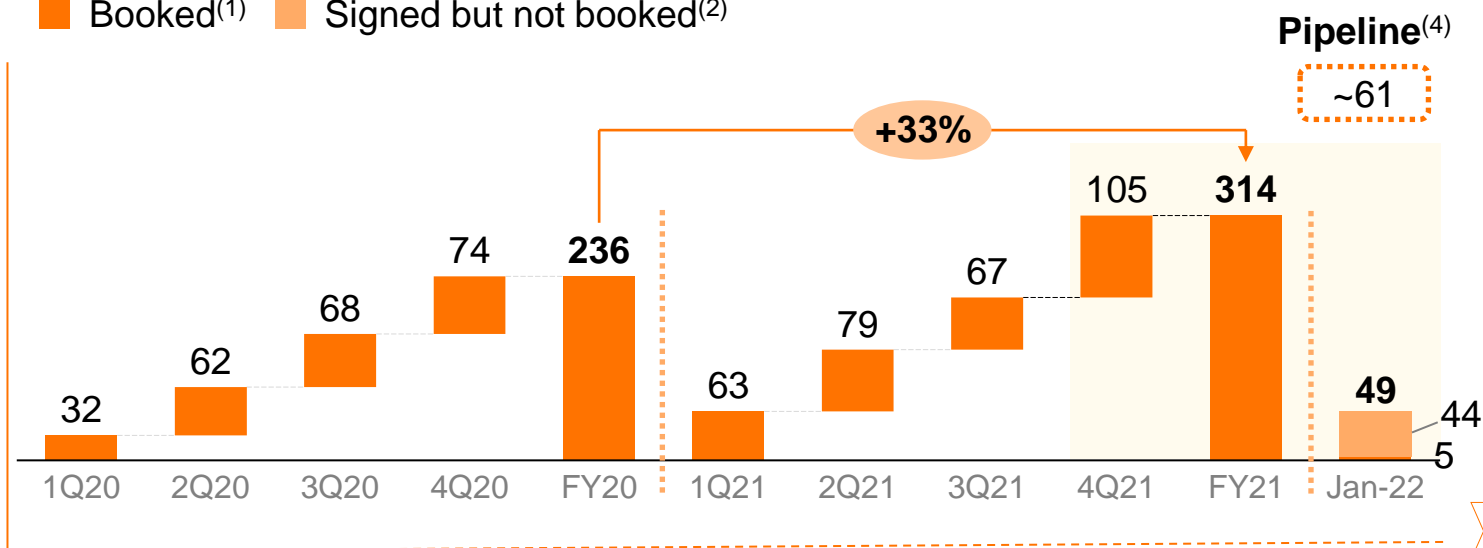
illimity - Business momentum accelerating in 4Q21

Originated business

Data in €mln

■ Booked⁽¹⁾ ■ Signed but not booked⁽²⁾

 **Cross-over & Acq. Finance⁽³⁾**

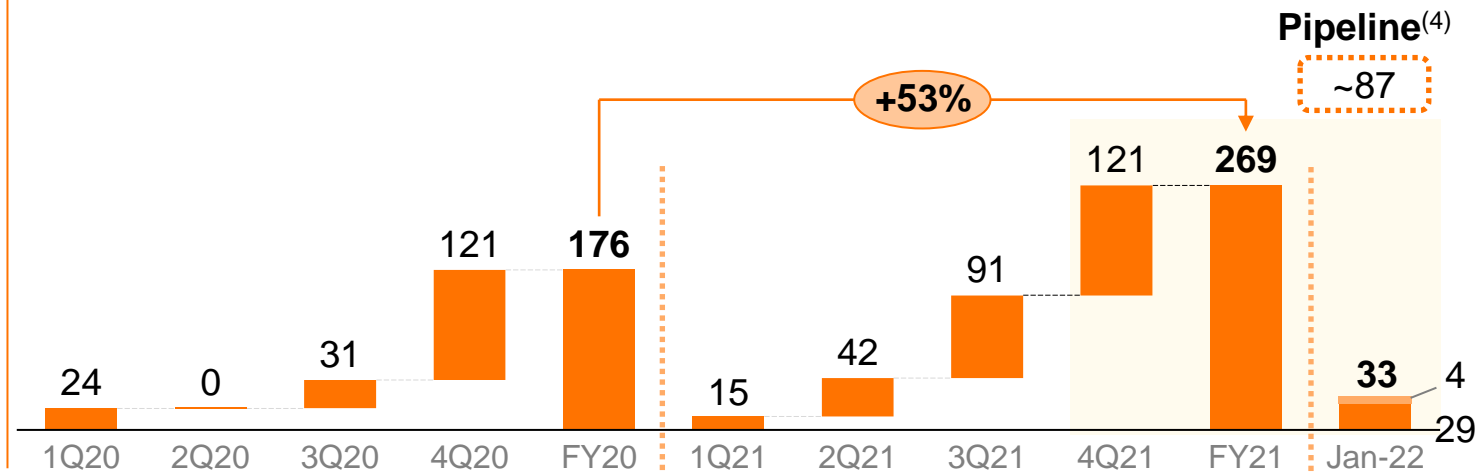


Loans under moratorium down to **€18mln** as of Dec-21 and **zeroed as of Jan-22**



Over 40% of lending with public guarantees in 4Q21, significant pipeline expected over 1H22

 **Turnaround**



Strong acceleration of turnaround in 4Q21 and Jan-22, with notable pipeline ahead

Notes: Rounded figures; (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, 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 - Factoring: above €1bn turnover in 2021

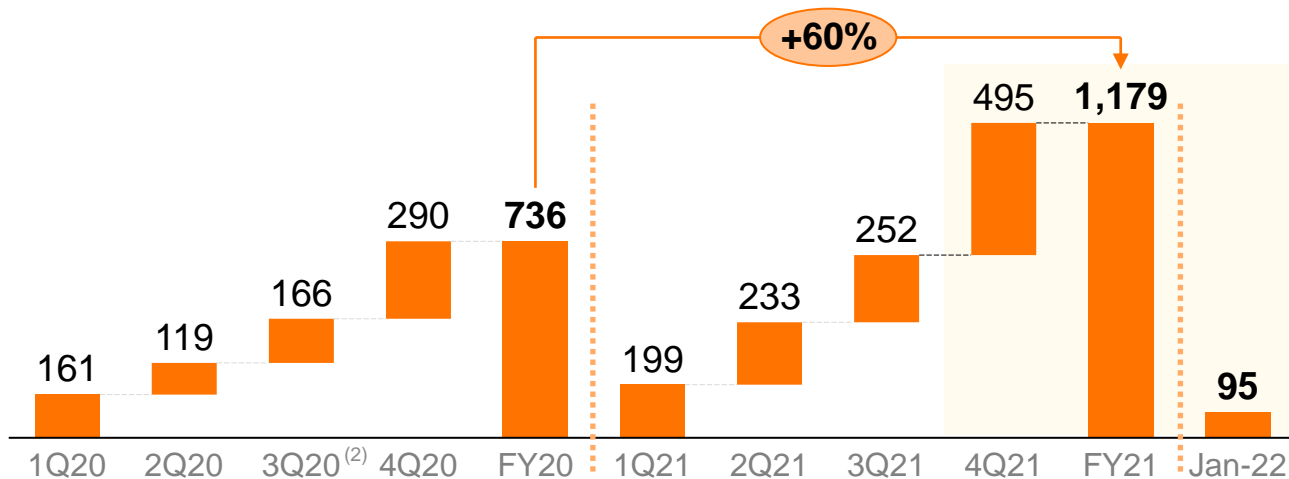
Originated business

Data in €mln

Net Customer loans




Turnover⁽¹⁾



 **Consistently advancing throughout 2021**, and further strong growth foreseen in 2022

 **Double-digit ROE thanks to capital management solutions:** at YE21 RWA density at ~50%

 **Snowball effect in customer base growth:** number of clients⁽³⁾ at YE21 increasing further to almost 190 with more than 850 debtors

Notes: Rounded figures; Non accounting figures; (1) Turnover: in a Factoring transaction, the total amount of receivables transferred over a defined period of time; (2) Restatement due to a contract advance where illimity received a commitment fee, converted into turnover in 4Q20; (3) The corporate that transfers its account receivables to the Bank (so-called factor).

illimity - **Capital markets services gaining pace**



Equity & Debt Capital Markets



Activities up and running
since 1Q21



3 IPO closed, with further
Nomad and advisory
mandates generating **€3.6mIn**
of fees and commissions



**Debt Solutions already in
place (i.e., Basket Bond)**, with
further Structuring mandates
under negotiation



Risk mitigation solutions



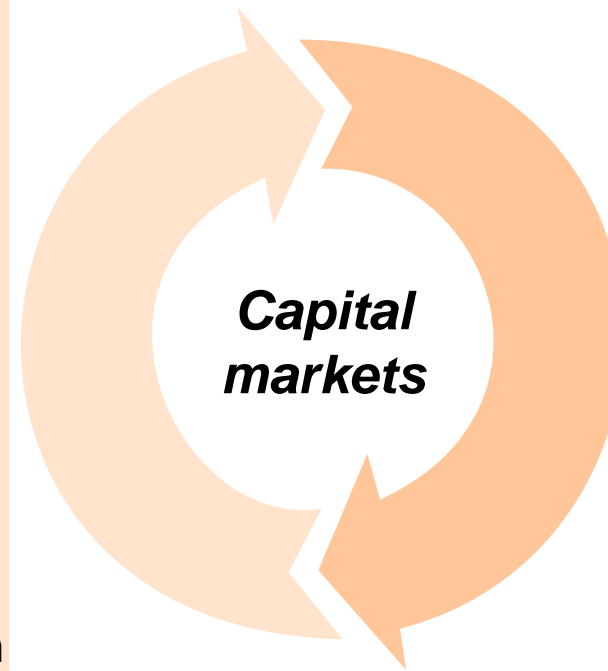
**Interest rate hedging
solutions platform for SMEs**
customers set up in July 2021



**~€120mIn notional amount
booked** with ~€0.9mIn of net
results from trading



**Offer extended to further
hedging solutions (incl. FX)**

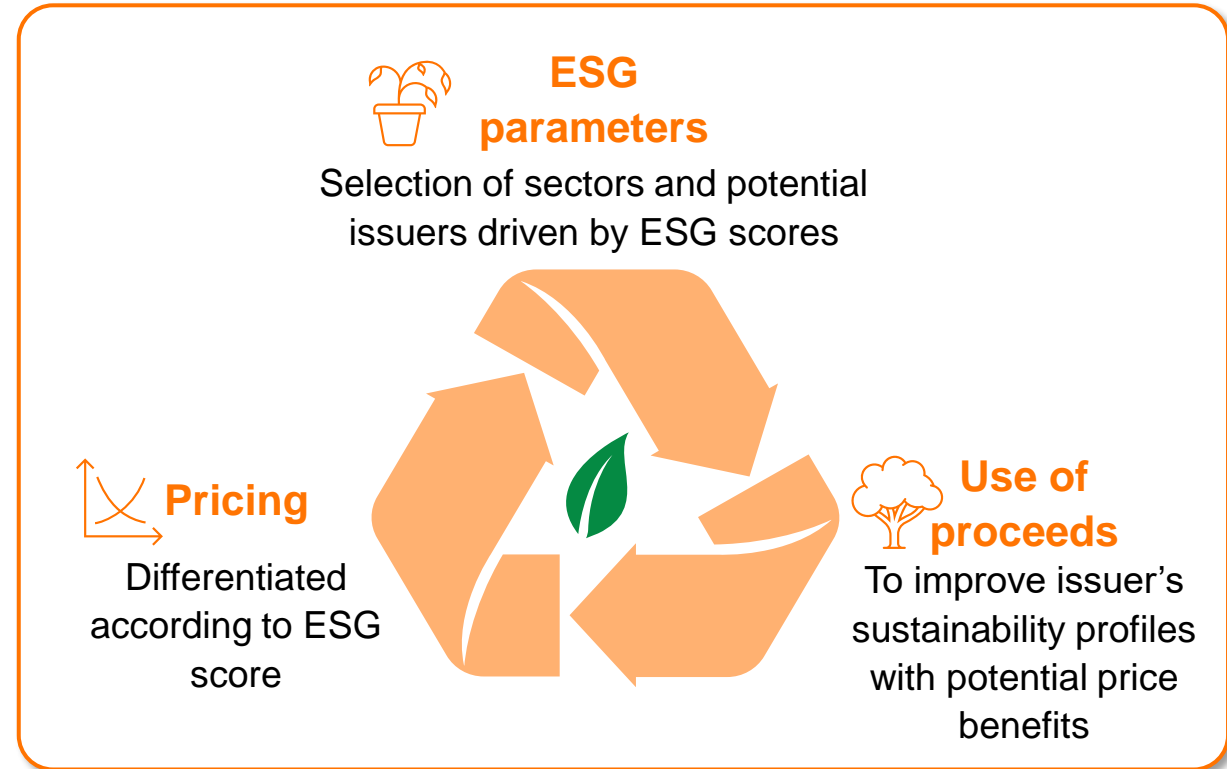
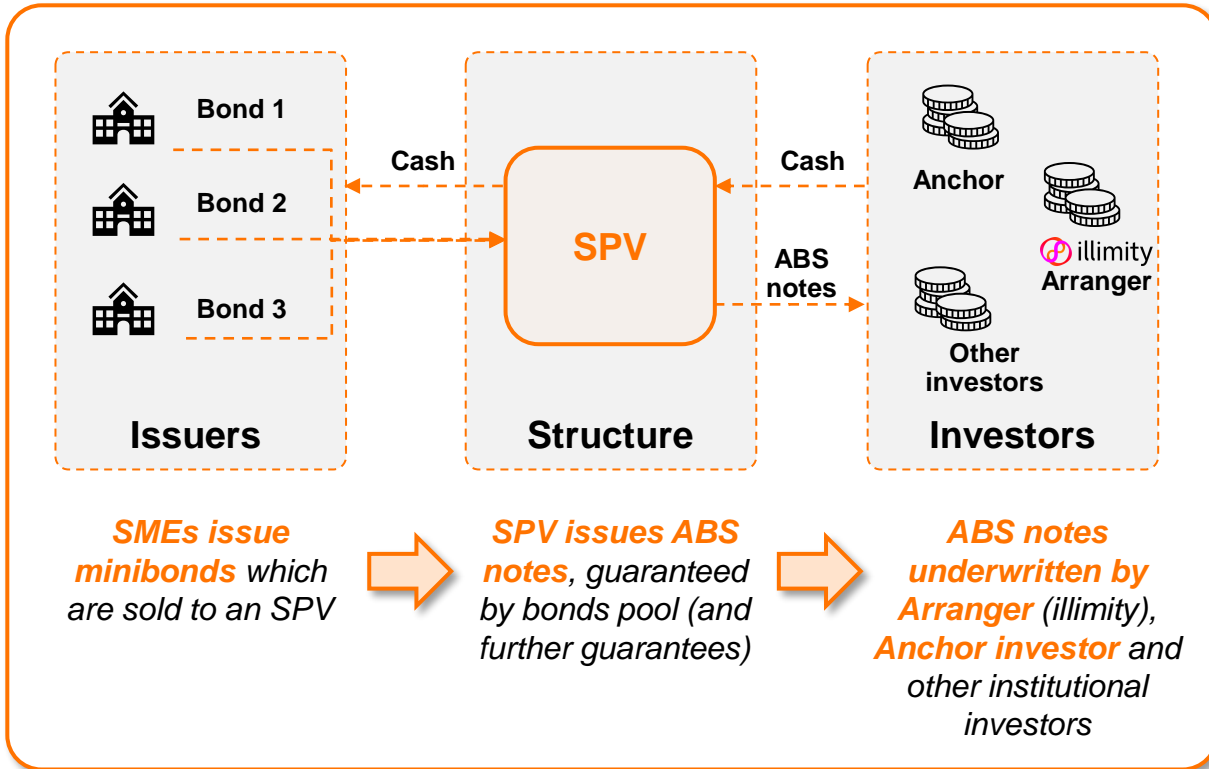


Strong pipeline ahead

illimity - First basket bond to accelerate SME growth and promote ESG adoption



First closing by 1H22

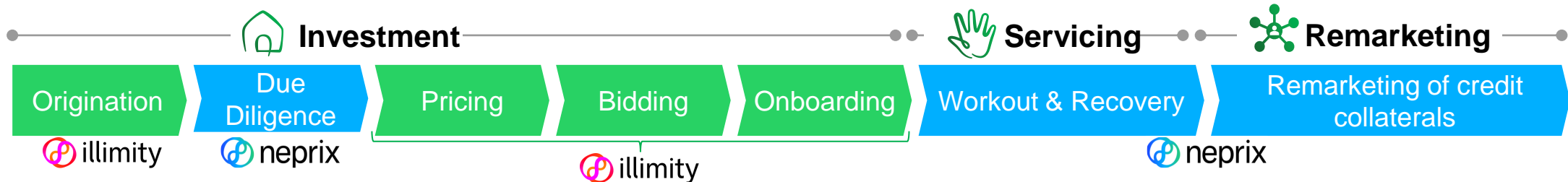
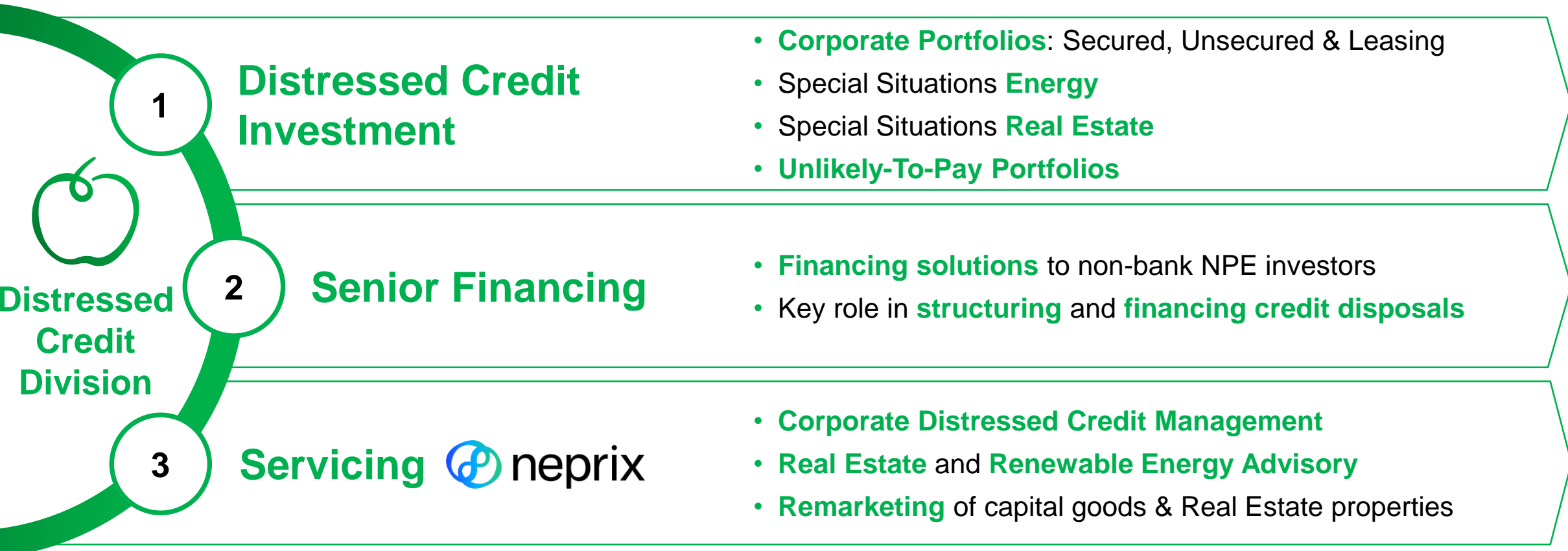


Distressed Credit Division

Andrea Clamer



illimity - Specialised player in Corporate Distressed Credit



illimity - **Continual value creation**



Strong performance in portfolio cash flow continues both on gross cash flows and gains from dynamic workout activity – DPOs & disposals



Entry in public procurements claims (PPC) market segment – confirming illimity as **specialist of illiquid assets** where high technical skills are key



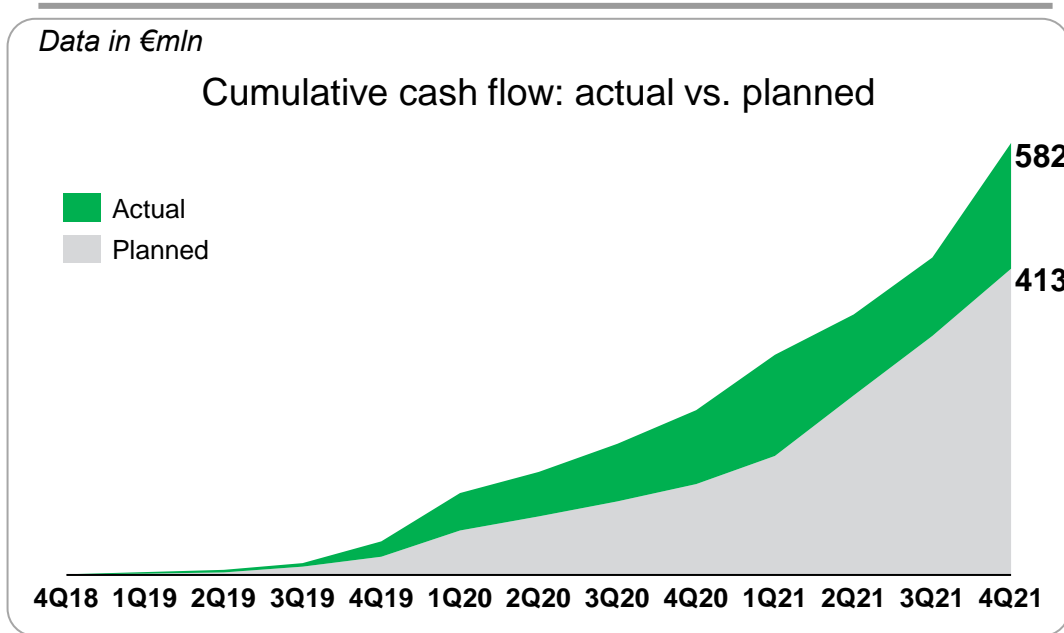
Results also fueled by the successful **valorisation of real estate and renewable energy assets**, thanks to unique business model



Strategic repositioning of neprix: **consolidation of Distressed Credit Management** as leader on big ticket real estate market and **launch of most innovative Italian proptech**

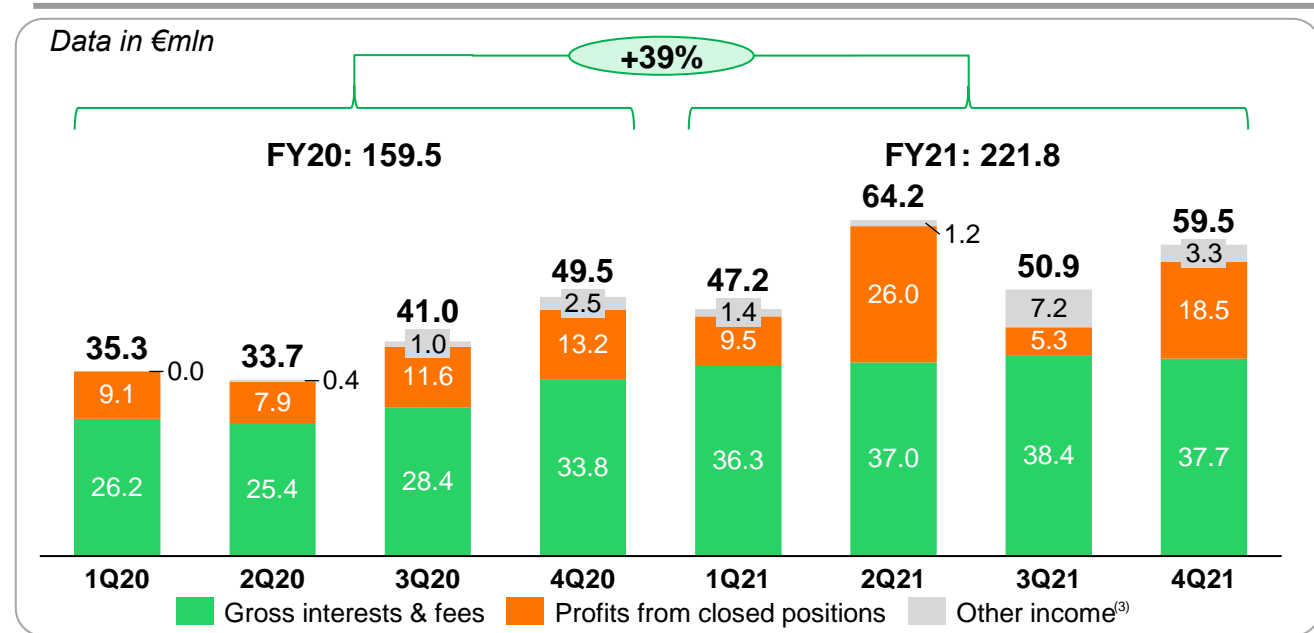
illimity - Strong results continue

Cash flow view⁽¹⁾



- **Strong Cash flow overperformance:** ca. **+41%** above initial collection plans
- Workout strategy is primarily focused **on out-of-court settlement and opportunistic disposal**

Economic view⁽²⁾



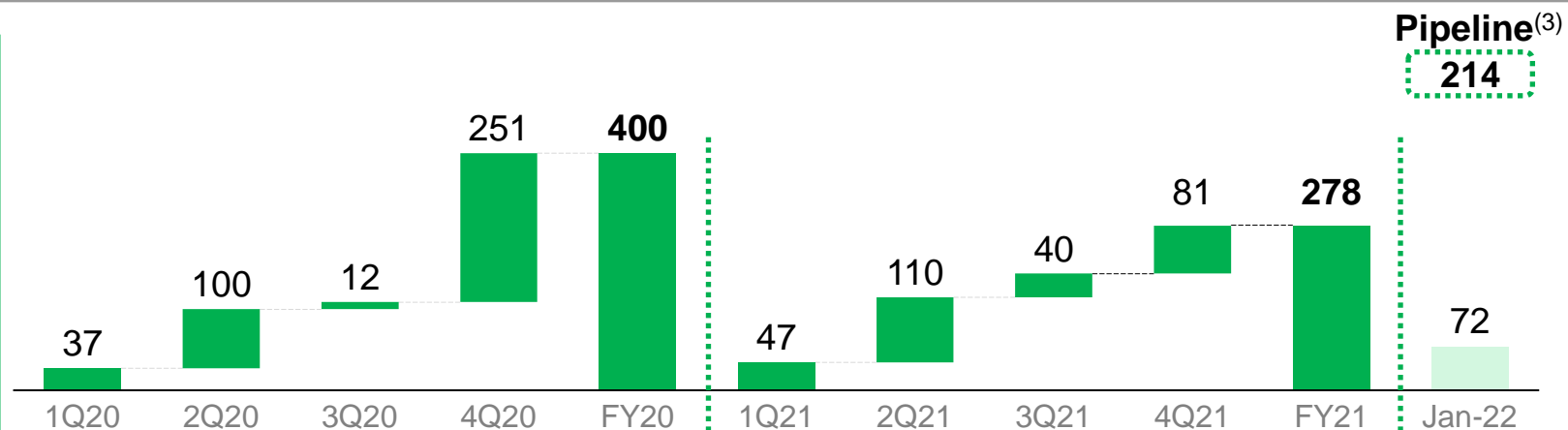
- **Profits from disposals and DPOs**, recurring feature of Division's performance, **reached €59mIn in FY21 (+42% vs FY20)**
- **Strong contribution** in 4Q21 from **Other income** due to gain from sale of renewable energy assets for €2.8mIn


illimity - Market share stable and volumes ready to take off

Originated business

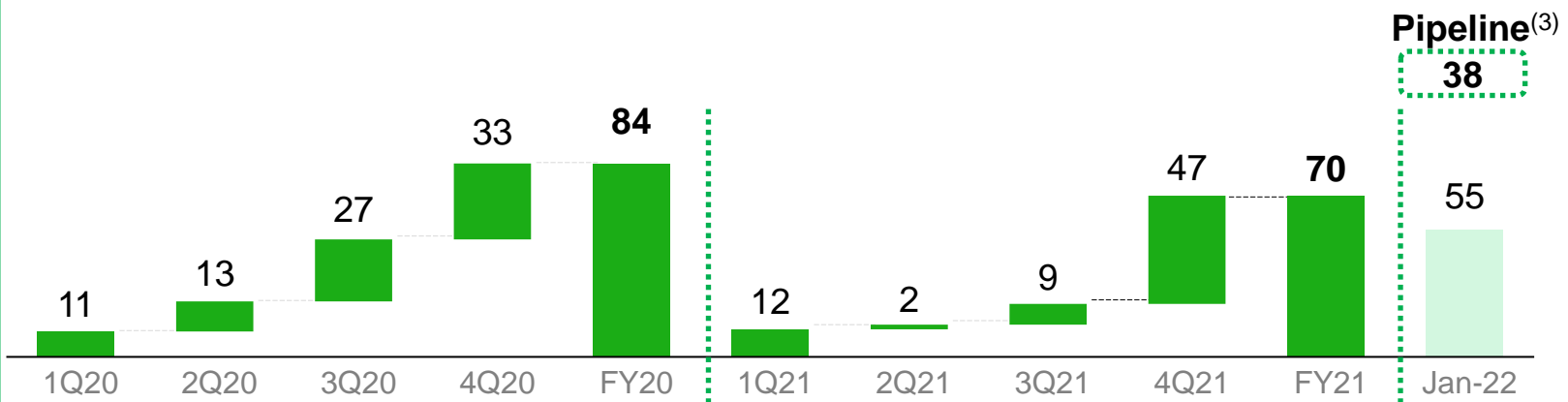
Data in €mln



**Distressed
Credit
Investment**




Investments driven by specialist market segments with robust pipeline in forthcoming months (due to seasonality shift effect)


**Senior
Financing**




Origination in line with expectation, with promising pipeline ahead

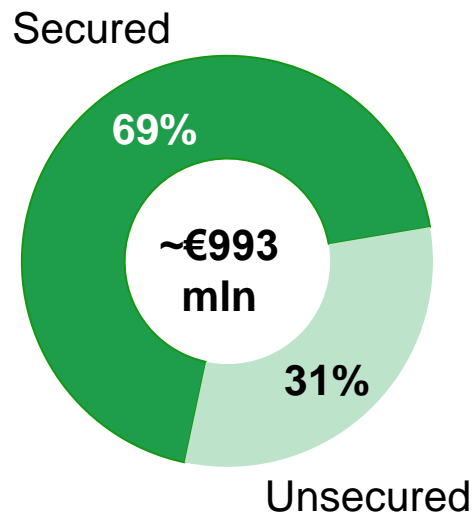
■ Booked⁽¹⁾ ■ Signed but not booked⁽²⁾

Notes: Rounded figures; (1) Distressed Credit Investments booked, and Senior Financing loans granted in the period; (2) 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; (3) It includes both item 'Terms agreed to be signed' and 'Advanced Pipeline'.

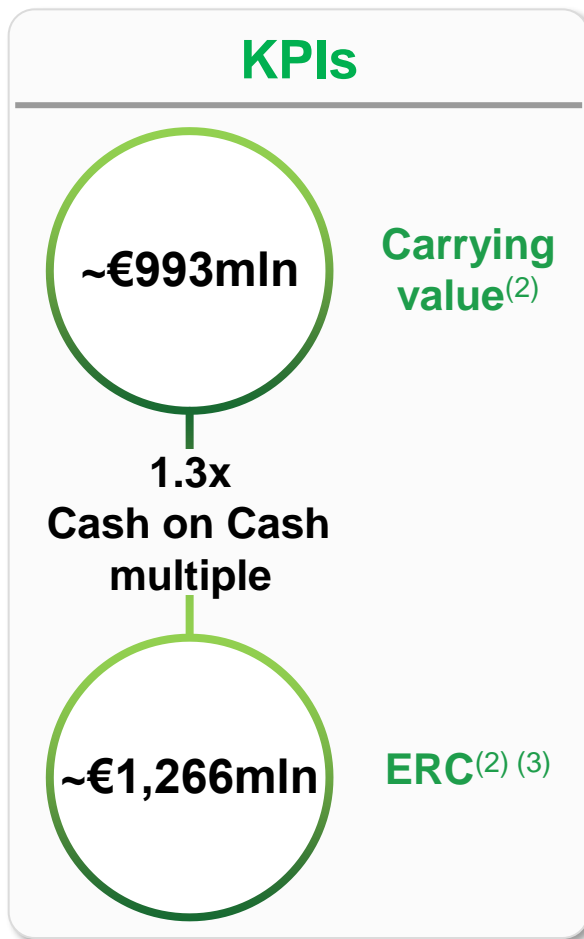
illimity - Increasing focus on secured portfolios

Data as of 31 December 2021⁽¹⁾

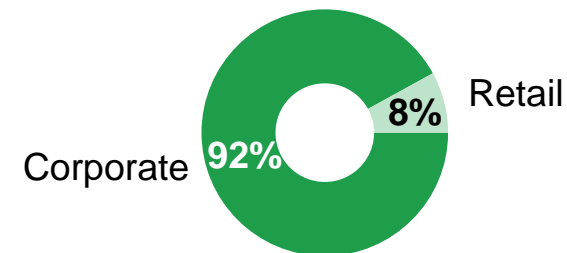
NBV breakdown by type of guarantee



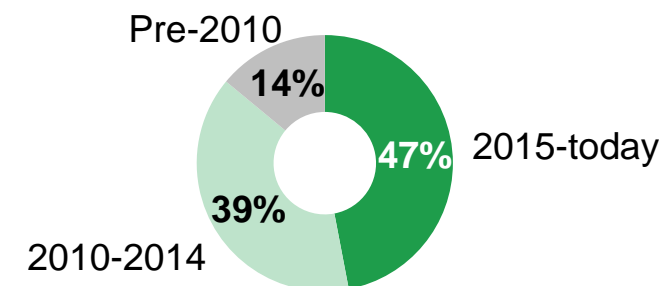
KPIs



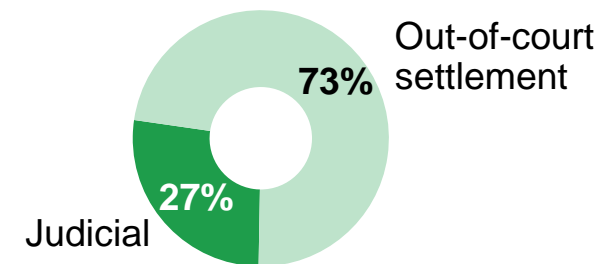
Type of borrower (GBV breakdown)



Vintage (GBV breakdown)



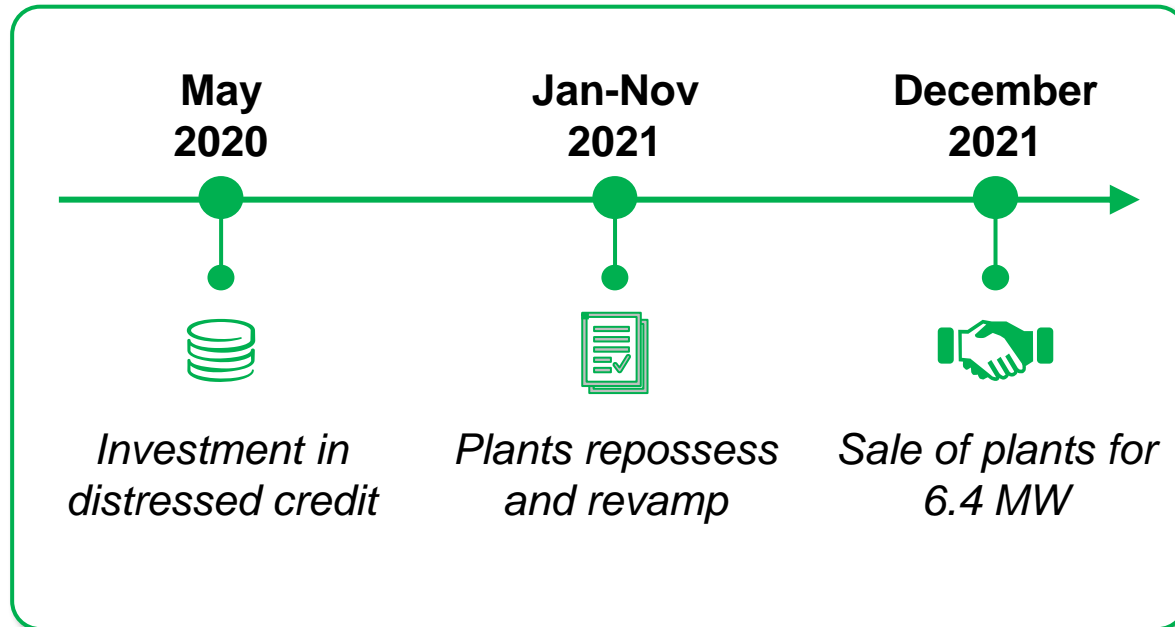
Actual workout strategy (Cash flow breakdown)



Notes: Rounded figures; (1) Data does not include assets repossession (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.

illimity - Energy desk: proven execution capability

First deal successfully completed



Dedicated team with specific asset management skills



Avoidance of CO2 emissions for ~1,624 tons⁽¹⁾ during the possession period of illimity

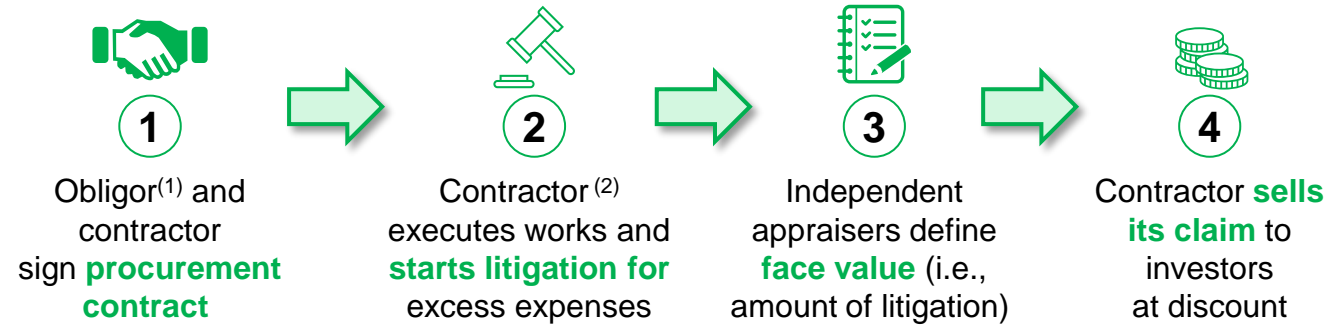


Overall deal gross IRR: ~29%

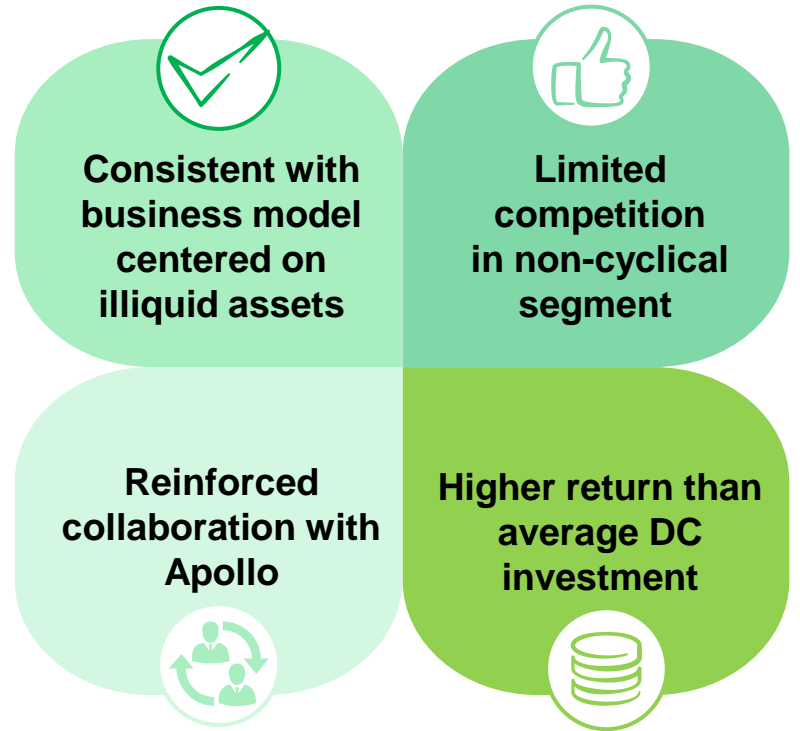
We are strongly committed to sustain the 2030 EU sustainable agenda

illimity - Entry in Public Procurement Claims segment

What public procurement claims (PPC) are

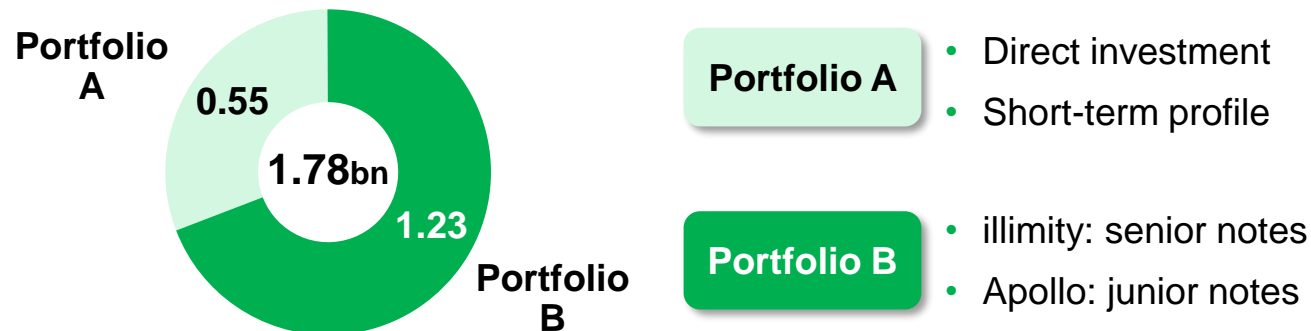


Investment opportunity



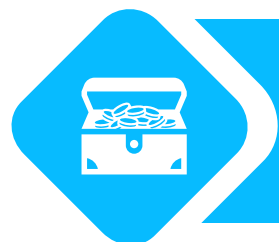
Portfolio features

Data in €bn of face value



neprix - Moving towards real estate big tickets

*Leverage key competences gained
in specific asset classes...*



€6.4bn Total AuM



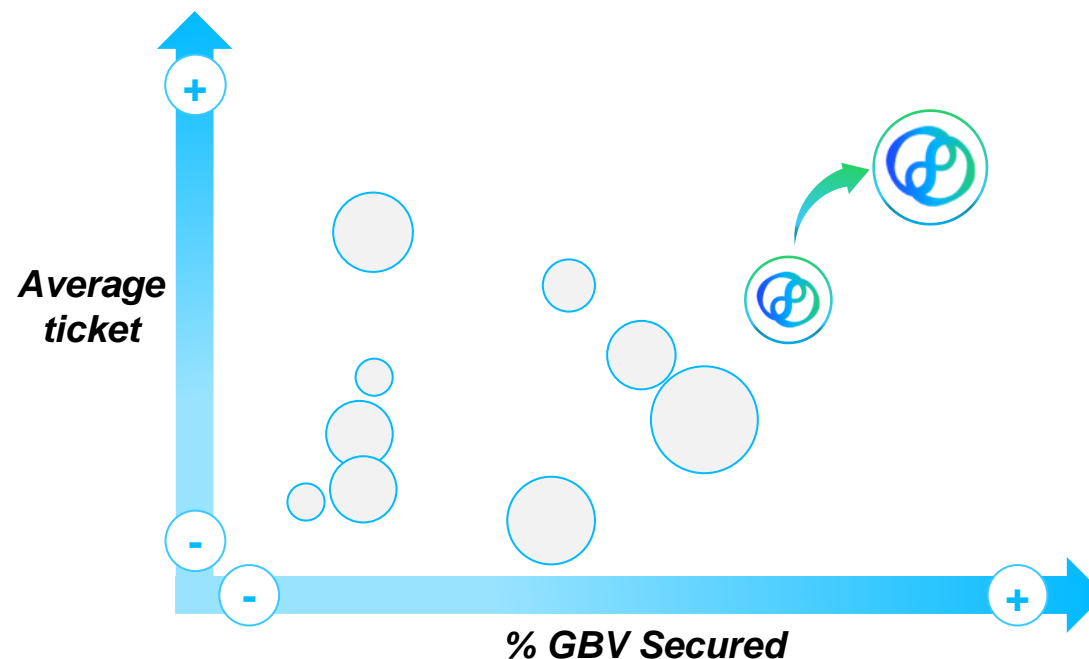
**45 Specialised
Asset Managers**



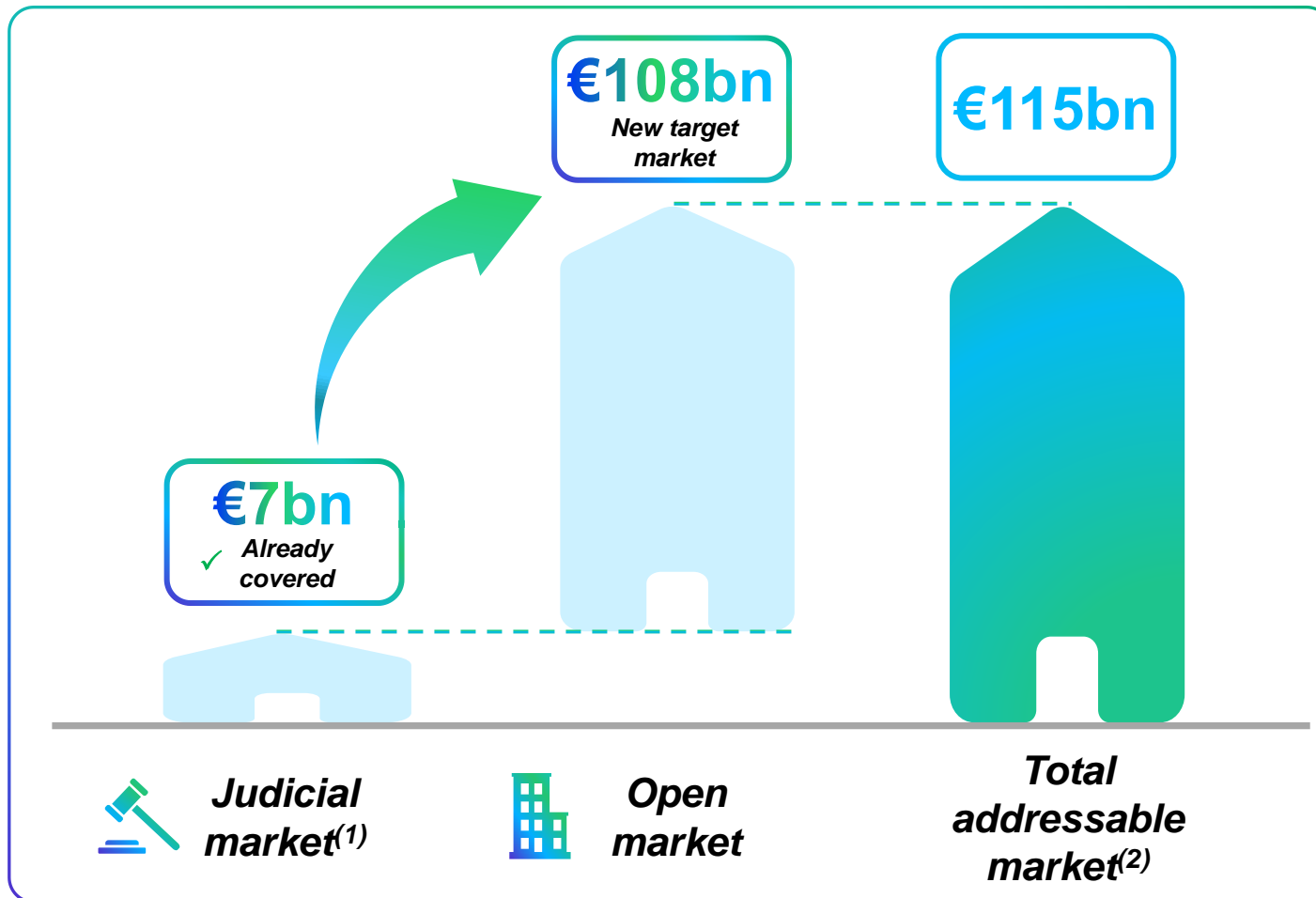
**30k Tickets under
management**

Data as of 31 December 2021

*...to increasingly focus on real estate
big tickets corporate distressed credit*



neprix - Most innovative proptech in Italy coming soon





Concluding remarks

Corrado Passera, CEO

illimity - Glossary

- **Advanced pipeline:** Specific business opportunities for which the Bank envisages there is a reasonable expectation to close the transactions in the forthcoming months
- **Servicing GBV:** it equals to the Asset Under Management of the servicing unit. It includes the gross book value of distressed credit and the value of property and capital goods managed by neprix, including a portion of portfolios related to Senior Financing transactions
- **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 performing (including UTP exposures returned to performing), 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
- **Originated business:** This aggregate includes Growth Credit Division loans granted/purchased (for factoring only the difference of carrying amount period-on-period), Distressed Credit Investments booked, Senior Financing loans granted in the period and the value of the deals signed but yet to be 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 formalization of the agreement/contractual terms



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