



## illimity 3Q21 Results

11 November 2021

# Key highlights

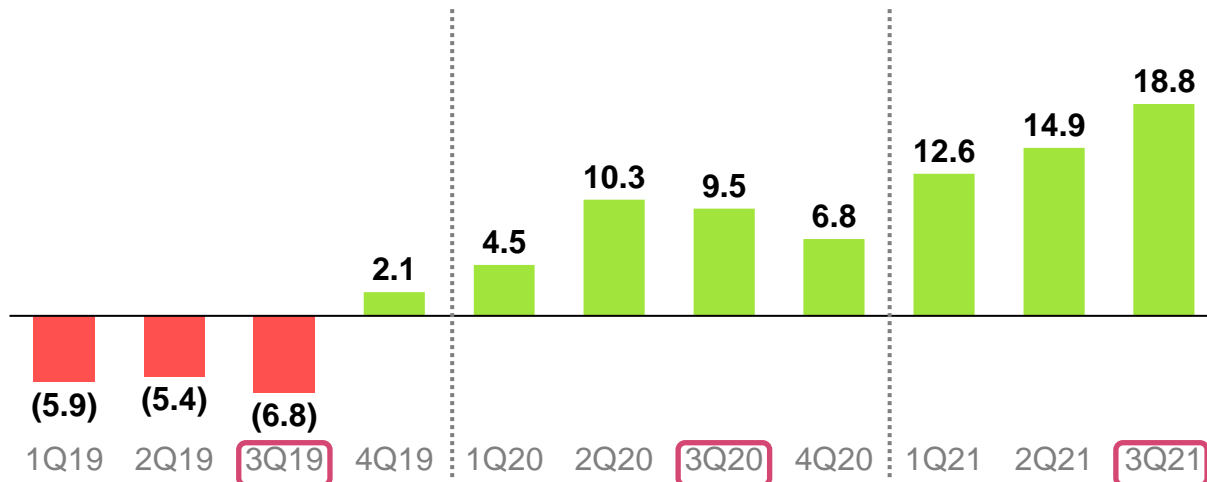
*Corrado Passera*, CEO



# illimity - 9M21: very strong results

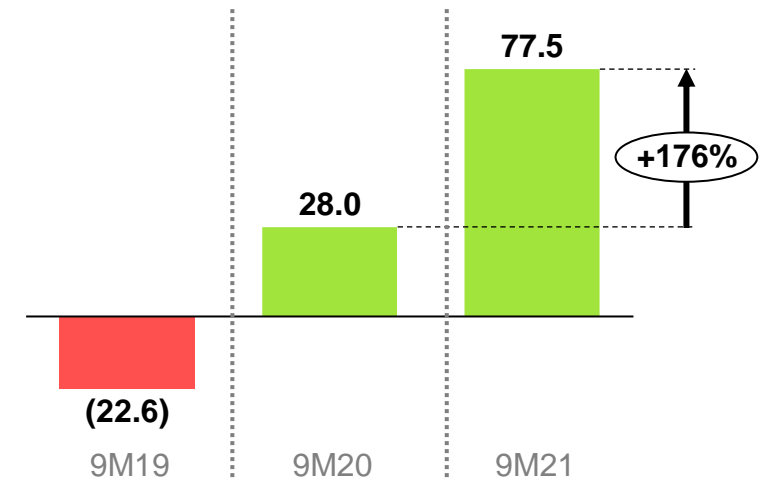
## NET RESULT EVOLUTION

Data in €mln



## OPERATING PROFIT

Data in €mln



## 3Q21 Highlights



**9%**

**9M21 ROE<sup>(1)</sup> annualised**



**20.1%**

**CET1 Ratio**



**€1.1bn**

**Liquidity<sup>(2)</sup>**

# illimity - **FY21 targets led by strong overall performance**



**Revenue up 49% YoY** in 3Q21 on **core businesses** with **increasingly diversified mix**



**Cost income ratio fell further to 56% in 3Q21** notwithstanding investment in new projects and initiatives not yet income-producing



**Excellent quality of existing business:** gross organic NPE ratio<sup>(1)</sup> excluding former BIP portfolio around 0.5%; excellent performance of Distressed Credit existing portfolio with strong cash flows driving returns above expectations

# illimity - Solid business origination

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

Originated Business <sup>(1)</sup>				Terms agreed <sup>(2)</sup> to be signed	Advanced pipeline <sup>(3)</sup>
1Q21	2Q21	3Q21	October 2021		
~137	~233	~207	~122	~141	~450

Robust business origination from **all market segments** with **solid pipeline**

## Growth Credit Division

 **Cross-over & Acq. Finance**

~63	79	67	~71	~47	~51
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 **Turnaround**

~15 <sup>(4)</sup>	42 <sup>(4)</sup>	91	~40	~61	~85
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**Factoring turnover**

~199	233	252	110
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**Factoring Δ net customer loans**

(1)	29	25	(6)
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Strong momentum in Factoring turnover

## Distressed Credit Division



**Distressed Credit Investments**

47 <sup>(4)</sup>	110 <sup>(4)</sup>	40	11	17	246
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**Senior Financing**

12	2	9	-	16	68
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Business origination driven by **Energy and Real Estate desks**



**Servicing GBV<sup>(5)</sup>**

276	284	357	32	41	1,063
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**Total AUM<sup>(6)</sup> as of 30 Sept. 2021 €8.8bn**

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 'AuM' 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 neprix and a portion of portfolios related to Senior Financing transactions recorded as of 30 September 2021, net of collections and portfolio disposals.

# illimity- **New initiatives on track**



**Consolidating domestic leadership** in 9M21, with customer numbers outpacing 1.5 million and transaction numbers in Sept-21 up 46% YoY. Open banking services and new products launched in Sept-21 will **further boost HYPE's already remarkable growth** supporting a journey to profitability by 2023

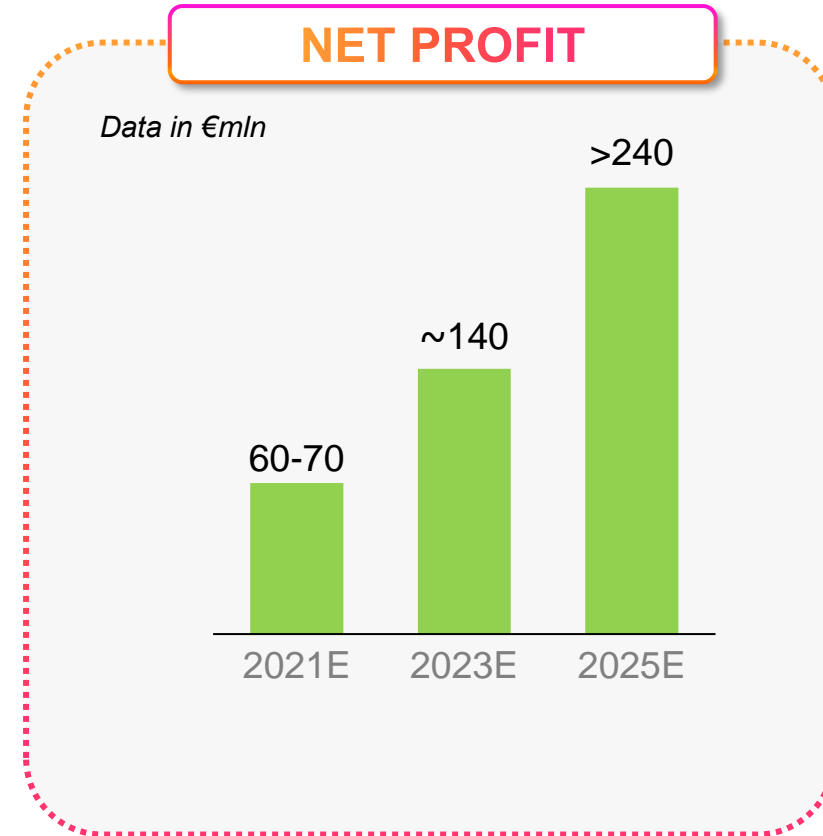
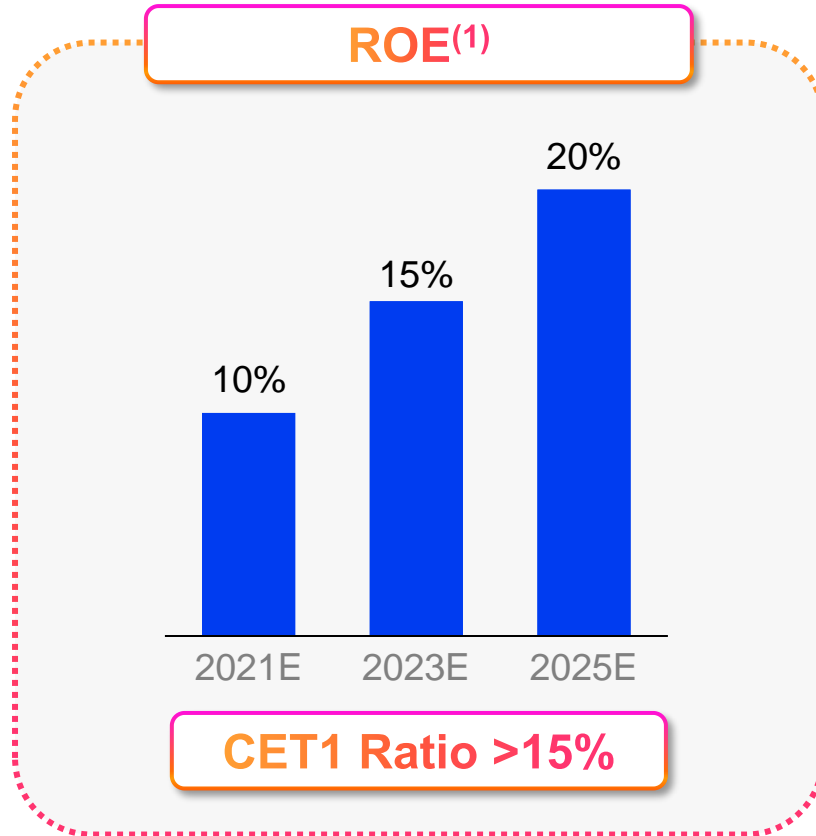


**Paradigm shift in the way small corporates bank.** B-ILTY will be first fully-fledged bank for small corporates, built using best technology. **Initial loans disbursed in 3Q21, ready for full launch in 1Q22**



**Leader in digital remarketing of real estate assets via online portals – 903k registered users, 19 million visits in 9M21** – ready to take further leap entering free real estate market. **Launch** planned in **1Q22**

# illimity - Targets confirmed



- Strategic Plan embeds ~€180mIn worth of cumulated dividends
- 20%-30% dividend pay-out ratio from 2022 according to high ROE business opportunities






# 3Q21 Financial review

*Francesco Mele*, CFO & Head of Central Functions





# illimity - 3Q21 heading for FY21 profit guidance

-  **Solid recurring revenue**, up 49% YoY, **evenly balanced** between net interest income and non-interest income
-  **Net interest income** affected by soft trend in Distressed Credit market and anticipated Tier 2 bond placement
-  **Pick-up** in **net fees and commissions**, boosted by business origination, solid performance from neprix Sales and new initiatives launched in 2021 already delivering significant results (e.g. structuring, Ecobonus and capital markets)
-  **Distressed Credit Division** continues to generate **strong recurring profitability** recognised in profit from closed positions and trading income
-  **Confirmed profit guidance for FY21** including €9mln pre-tax contribution from ION licence agreement

# illimity - Steadily growing balance sheet

Data in €mln

Reclassified Balance sheet	30.09 2020	31.12 2020	31.03 2021	30.06 2021	30.09 2021	Δ 30.09.2021 QoQ %	Δ 30.09.2021 YoY %
1 Cash and cash equivalent	543	945	733	508	745	47%	37%
Due from banks and other financial institutions	645	641	676	615	571	(7)%	(11)%
2 <b>Customer loans</b>	<b>1,831</b>	<b>2,205</b>	<b>2,234</b>	<b>2,330</b>	<b>2,473</b>	<b>6%</b>	<b>35%</b>
- Distressed Credit <sup>1</sup> Investments	733	972	973	943	939	(0)%	28%
- Distressed Credit <sup>1</sup> Senior Financing	331	336	316	311	300	(4)%	(9)%
- Growth Credit <sup>2</sup>	685	817	869	1,006	1,165	16%	70%
- Cross-over & Acq. Finance <sup>3</sup>	389	416	452	517	566	9%	45%
- Turnaround	173	243	260	303	389	28%	125%
- Factoring	123	158	157	186	211	13%	72%
- Non-core former Banca Interprovinciale	83	80	76	70	69	(2)%	(17)%
Financial assets Held To Collect & Sell (HTCS) <sup>4</sup>	137	91	310	315	280	(11)%	105%
Financial assets measured at FVTPL <sup>5</sup>	17	19	50	139	88	(37)%	411%
Investments in associates and companies subject to joint control	-	-	86	84	82	(2)%	n.s.
Goodwill	36	36	36	36	36	0%	0%
Intangible assets	29	33	33	37	40	7%	36%
3 Other assets (Incl. Tangible and tax assets) <sup>6</sup>	154	156	157	267	330	24%	114%
<b>Total assets</b>	<b>3,392</b>	<b>4,126</b>	<b>4,316</b>	<b>4,331</b>	<b>4,646</b>	<b>7%</b>	<b>37%</b>
Due to banks	541	534	627	582	546	(6)%	1%
4 Due to customers	2,123	2,552	2,568	2,643	2,714	3%	28%
5 Bond/Securities	2	301	302	304	507	67%	>1,000%
Shareholders' Equity	575	583	665	681	756	11%	32%
Other liabilities	151	156	154	121	123	2%	(19)%
<b>Total liabilities</b>	<b>3,392</b>	<b>4,126</b>	<b>4,316</b>	<b>4,331</b>	<b>4,646</b>	<b>7%</b>	<b>37%</b>
6 Common Equity Tier 1 Capital	478	509	530	543	625	15%	31%
7 <b>Risk Weighted Assets</b>	<b>2,497</b>	<b>2,851</b>	<b>3,018</b>	<b>3,168</b>	<b>3,111</b>	<b>(2)%</b>	<b>25%</b>

- Robust liquidity profile:** around **€1.1bn** between cash, net adjusted interbank position and liquidity buffers, due to expected pick-up of investments in 4Q21
- Net customer loans** increased 6% QoQ – and +35% YoY – driven by Growth Credit Division (+70% YoY); Distressed Credit largely stable
- Other assets** increased 24% QoQ mainly due to tax assets tripling to €62mln (so-called Ecobonus)
- Retail & corporate funding up to €2.5bn**
- Bond** include €200mln of Tier 2 issued in early July
- CET1 Capital growth** due to ION Group's capital injection and profit generated in quarter
- RWA down** benefitting from capital optimisation in Factoring and reshuffling securities portfolio

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. This item includes the Bank's securities portfolio and loans of ca. €16 million of the Distressed Credit Division which will be sold; (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 €62 million and senior notes for approximately €62 million resulting from the securitisation of a distressed credit portfolio that are expected to be sold.

# illimity - Significant profit progression

Data in €mln

Reclassified Profit & Loss	3Q20	1Q21	2Q21	3Q21	Δ Q/Q%	Δ Y/Y%	9M20	9M21	Δ 9M Y/Y%
Interest income	37.7	46.0	47.5	50.6	7%	34%	102.9	144.1	40%
Interest expenses <sup>1</sup>	(10.4)	(14.8)	(14.3)	(16.4)	15%	57%	(30.4)	(45.5)	49%
<b>1 Net interest income</b>	<b>27.2</b>	<b>31.2</b>	<b>33.2</b>	<b>34.2</b>	<b>3%</b>	<b>26%</b>	<b>72.5</b>	<b>98.6</b>	<b>36%</b>
<b>2 Net fees and commissions</b>	<b>3.2</b>	<b>4.9</b>	<b>8.7</b>	<b>10.3</b>	<b>18%</b>	<b>224%</b>	<b>8.3</b>	<b>23.9</b>	<b>189%</b>
<b>3 Net result from trading</b>	<b>2.1</b>	<b>3.8</b>	<b>1.1</b>	<b>7.5</b>	<b>610%</b>	<b>264%</b>	<b>5.7</b>	<b>12.4</b>	<b>117%</b>
<b>4 Net other income/expenses</b>	<b>0.5</b>	<b>2.0</b>	<b>2.1</b>	<b>7.4</b>	<b>248%&gt;1000%</b>		<b>0.7</b>	<b>11.6</b>	<b>&gt;1000%</b>
<b>3 Profit from closed purchased distressed credit positions<sup>2</sup></b>	<b>11.6</b>	<b>11.4</b>	<b>26.0</b>	<b>7.1</b>	<b>(73%)</b>	<b>(39%)</b>	<b>28.6</b>	<b>44.5</b>	<b>55%</b>
Gain (loss) from disposal of investments	-	2.3	-	-	n.s.	n.s.	-	2.3	n.s.
<b>Operating income</b>	<b>44.5</b>	<b>55.7</b>	<b>71.1</b>	<b>66.6</b>	<b>(6%)</b>	<b>49%</b>	<b>115.9</b>	<b>193.4</b>	<b>67%</b>
Staff costs	(11.5)	(16.6)	(19.0)	(15.9)	(16%)	38%	(36.0)	(51.5)	43%
Other operating expenses	(16.9)	(17.9)	(19.8)	(18.8)	(5%)	12%	(45.7)	(56.6)	24%
Depreciation & Amortisation	(2.3)	(3.0)	(2.2)	(2.6)	20%	15%	(6.2)	(7.8)	27%
<b>5 Operating costs</b>	<b>(30.6)</b>	<b>(37.5)</b>	<b>(41.0)</b>	<b>(37.4)</b>	<b>(9%)</b>	<b>22%</b>	<b>(87.9)</b>	<b>(115.9)</b>	<b>32%</b>
<b>Operating profit</b>	<b>13.9</b>	<b>18.1</b>	<b>30.2</b>	<b>29.2</b>	<b>(3%)</b>	<b>110%</b>	<b>28.0</b>	<b>77.5</b>	<b>176%</b>
<b>6 Loan loss provision charges</b>	<b>(0.3)</b>	<b>0.8</b>	<b>(1.6)</b>	<b>(0.4)</b>	<b>(74%)</b>	<b>26%</b>	<b>(4.3)</b>	<b>(1.3)</b>	<b>(71%)</b>
Value adjustments on purchased distressed credit	(0.6)	3.9	(4.6)	(0.1)	(99%)	(90%)	6.7	(0.8)	(112%)
Value adjustments on securities and loans to banks	0.3	(1.6)	0.3	0.5	84%	74%	(0.1)	(0.8)	721%
Other net provisions for risks and charges	(0.0)	(0.0)	0.0	-	n.s.	n.s.	(0.0)	-	n.s.
<b>7 Other income from equity investments</b>	<b>-</b>	<b>(2.1)</b>	<b>(1.9)</b>	<b>(2.0)</b>	<b>8%</b>	<b>n.s.</b>	<b>-</b>	<b>(6.0)</b>	<b>n.s.</b>
<b>Profit (loss) before tax</b>	<b>13.2</b>	<b>19.1</b>	<b>22.4</b>	<b>27.2</b>	<b>22%</b>	<b>107%</b>	<b>30.4</b>	<b>68.7</b>	<b>126%</b>
Income tax	(3.7)	(6.5)	(7.5)	(8.5)	13%	129%	(6.0)	(22.5)	272%
<b>Net result</b>	<b>9.5</b>	<b>12.6</b>	<b>14.9</b>	<b>18.8</b>	<b>26%</b>	<b>98%</b>	<b>24.3</b>	<b>46.2</b>	<b>90%</b>

- 1 Flat QoQ net interest income** as Tier 2 bond placement in July 2021 weighted on interest expenses
- 2 Strong progression in net fees and commission** (+224% YoY) on business origination, strong performance of neprix sales, and visible results from new initiatives (structuring, Ecobonus<sup>(3)</sup> and capital markets)
- 3 Steady profit generation from Distressed Credit portfolio** including €5.3mln profit from closed positions and approx. €6.5mln cash credit revaluation<sup>(4)</sup>. Additional €1.8mln of profit from closed positions from credit revaluation events in Turnaround
- 4 €5mln income from licence agreement** for IT platform accounted for as **other income**
- 5 Operating costs under control despite new investments** owing also to seasonal savings on staff costs and lower due diligence costs
- 6 Loan loss provisions** benefit from new origination largely in loans with public guarantees and organic NPE successful collection
- 7 Pro-rata economic result of HYPE**

Notes: Rounded figures; (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; (3) Income from tax assets related to eco-driven Real Estate renovations; (4) Cash based revaluation of equity-like instruments part of Distressed Credit Investments.

# 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**

9M21 data in €mln

	GROWTH CREDIT DIVISION (BIP included)	DISTRESSED CREDIT DIVISION	DIRECT BANKING DIVISION	illimity SGR	CORPORATE CENTRE	TOTAL
Net interest income	14.3	81.2	3.1	-	-	98.6
Net fees and commission	15.7	7.6	(0.2)	0.8	-	23.9
Other income	5.9	57.3	7.2	-	0.5	70.9
<b>Operating income</b>	<b>35.9</b>	<b>146.1</b>	<b>10.1</b>	<b>0.8</b>	<b>0.5</b>	<b>193.4</b>
Staff costs	(8.8)	(18.7)	(5.7)	(1.6)	(16.7)	(51.5)
Other operating expenses and D&A	(8.4)	(28.6)	(9.1)	(0.3)	(18.0)	(64.4)
<b>Operating costs</b>	<b>(17.2)</b>	<b>(47.3)</b>	<b>(14.8)</b>	<b>(1.9)</b>	<b>(34.7)</b>	<b>(115.9)</b>
<b>Operating profit</b>	<b>18.7</b>	<b>98.8</b>	<b>(4.7)</b>	<b>(1.1)</b>	<b>(34.2)</b>	<b>77.5</b>
Provisions	0.4	(3.2)	-	-	-	(2.8)
Other income from equity investments	-	(0.1)	(5.9)	-	-	(6.0)
<b>Profit (loss) before tax</b>	<b>19.1</b>	<b>95.5</b>	<b>(10.6)</b>	<b>(1.1)</b>	<b>(34.2)</b>	<b>68.7</b>
Interest earning assets	1,356	1,547	-	0	1,317	4,220
Other assets	66	107	87	-	166	426
<b>RWA</b>	<b>805</b>	<b>1,998</b>	<b>34</b>	<b>0</b>	<b>274</b>	<b>3,111</b>



**Growth Credit** contribution to Group profit increasingly visible on revenue growth underpinned by business origination and new initiatives. Material operating leverage gains with Cost income ratio down to 48% in 9M21 from 60% in 1H21



**Distressed Credit** still major profit maker contributing ~76% to group's 9M21 Group revenue. Cost income ratio still excellent stable at 32%



**Direct Banking** first recognition of IP licence agreement on IT platform while operating costs reflects investments in new initiatives (B-ILTY) not yet income-producing



**Corporate Centre** posting €34.2mln negative result before tax reflecting costs to build scalable infrastructure

Note: Rounded figures.

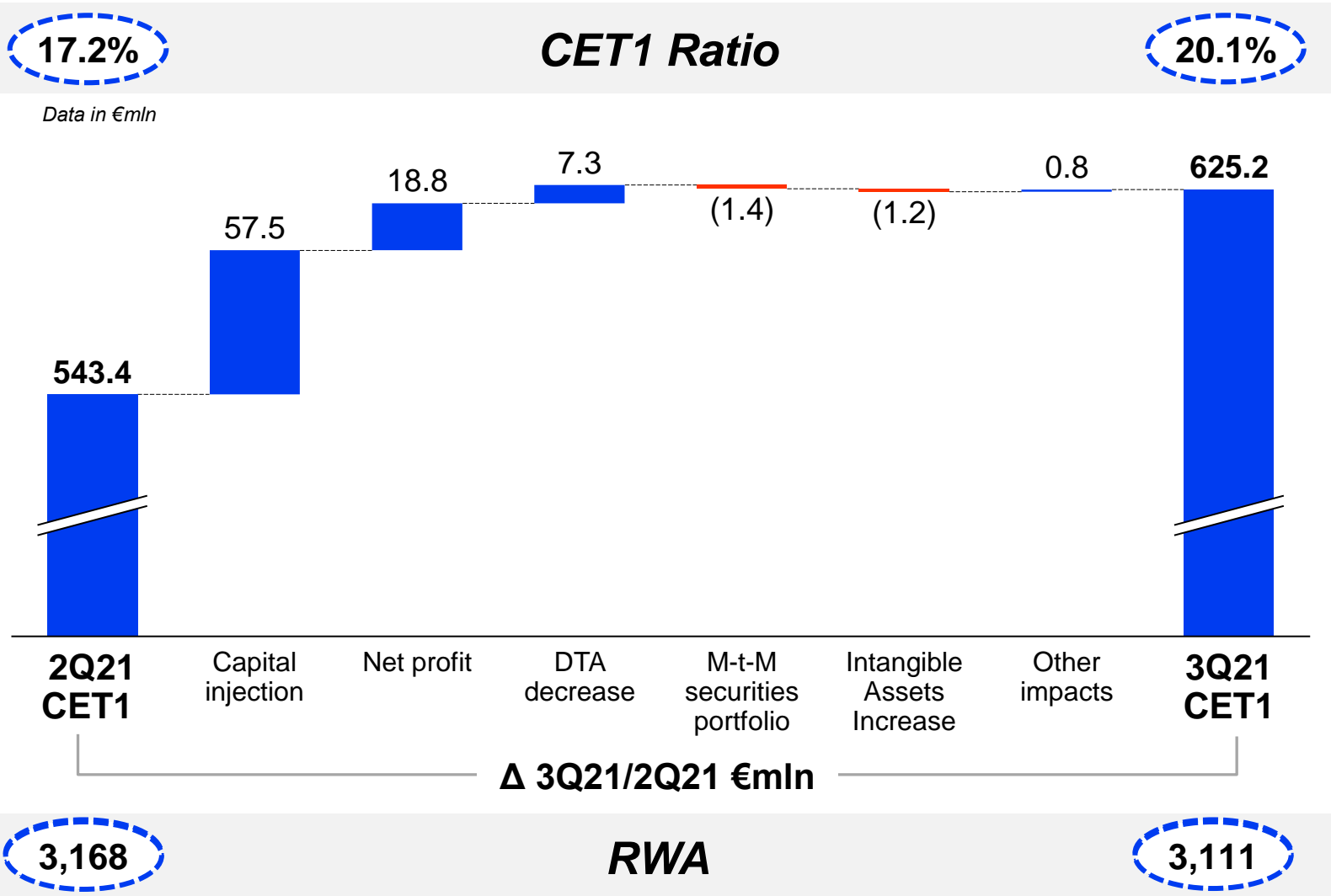
# illimity - Strong asset quality and capital ratios

	3Q20	1Q21	2Q21	3Q21	9M20	9M21
Cost income ratio	69%	67%	58%	56%	76%	60%
Organic cost of risk (bps) annualised <sup>(1)</sup>	13bps	Net write-backs	50bps	12bps	58bps	12bps
Gross organic NPE ratio <sup>(2)</sup>	3.8%	3.0%	3.0%	2.5%	3.8%	2.5%
LCR	~700%	>450% <sup>(3)</sup>	~700%	>300%	~700%	>300%
CET1 Ratio	19.2%	17.6%	17.2%	20.1%	19.2%	20.1%
Total Capital Ratio	19.2%	17.6%	17.2%	26.5%	19.2%	26.5%

- Improving operating leverage with **Cost income ratio at 56%** in 3Q21
- Annualised **organic cost of risk still at very low level** in 3Q21 on new volumes backed by public guarantees and solid asset quality
- Sustained improvement in asset quality** with decreasing Organic NPE ratio to 2.5%; around 0.5% excluding former BIP portfolio
- Ample liquidity buffer
- NSFR** comfortably above minimum requirements
- CET1 Ratio up to 20.1%** benefitting from ION Group's capital injection
- TCR benefits** from €200m In Tier 2 issuance

Notes: (1) Calculated as the ratio between loan loss provisions and net organic loans at 30 September 2021 (€1,419 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; (2) 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; (3) 1Q21 restated for equity accounting of HYPE applied to liquidity ratios from 2Q21.

# illimity - CET1 Ratio increase to 20.1%

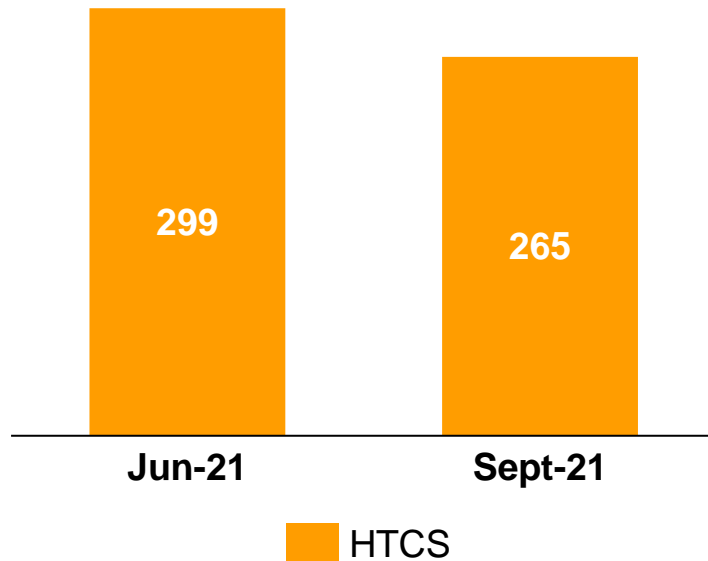


- **CET1 Capital increase by 15% QoQ**, primarily driven by ION Group's capital injection and 3Q21 net profit
- **RWA down 2% QoQ** benefitting from capital optimisation in Factoring and reshuffling securities portfolio
- Including special shares, CET1 Ratio would reach around **20.6% on pro-forma basis<sup>(1)</sup>**
- **Total Capital Ratio at 26.5%**

# illimity - Stable securities portfolio

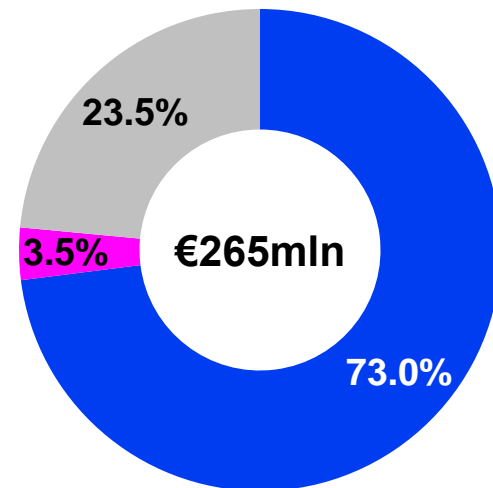
## Securities portfolio

Data in €mln



## Portfolio composition

30 September 2021



- Italian Govt. bonds
- Subordinated bonds
- Senior bonds

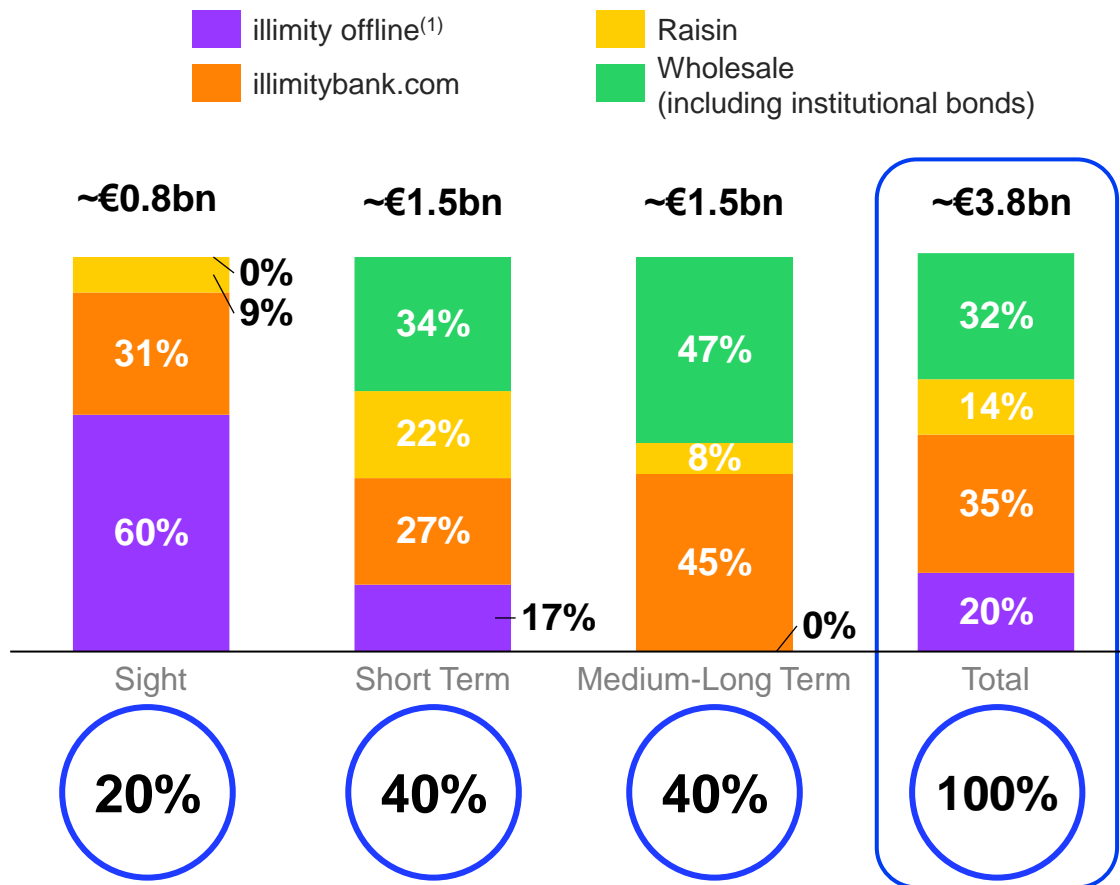
- Securities portfolio's **size largely stable**
- Tactic reposition of portfolio mix
- Duration **6.7 years**
- Average yield approx. **1.6%**



# illimity - Tier 2 enabling longer and more diversified funding mix

## Maturity mix

Data as of 30 September 2021



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



~**1.7%** blended average cost of funding



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

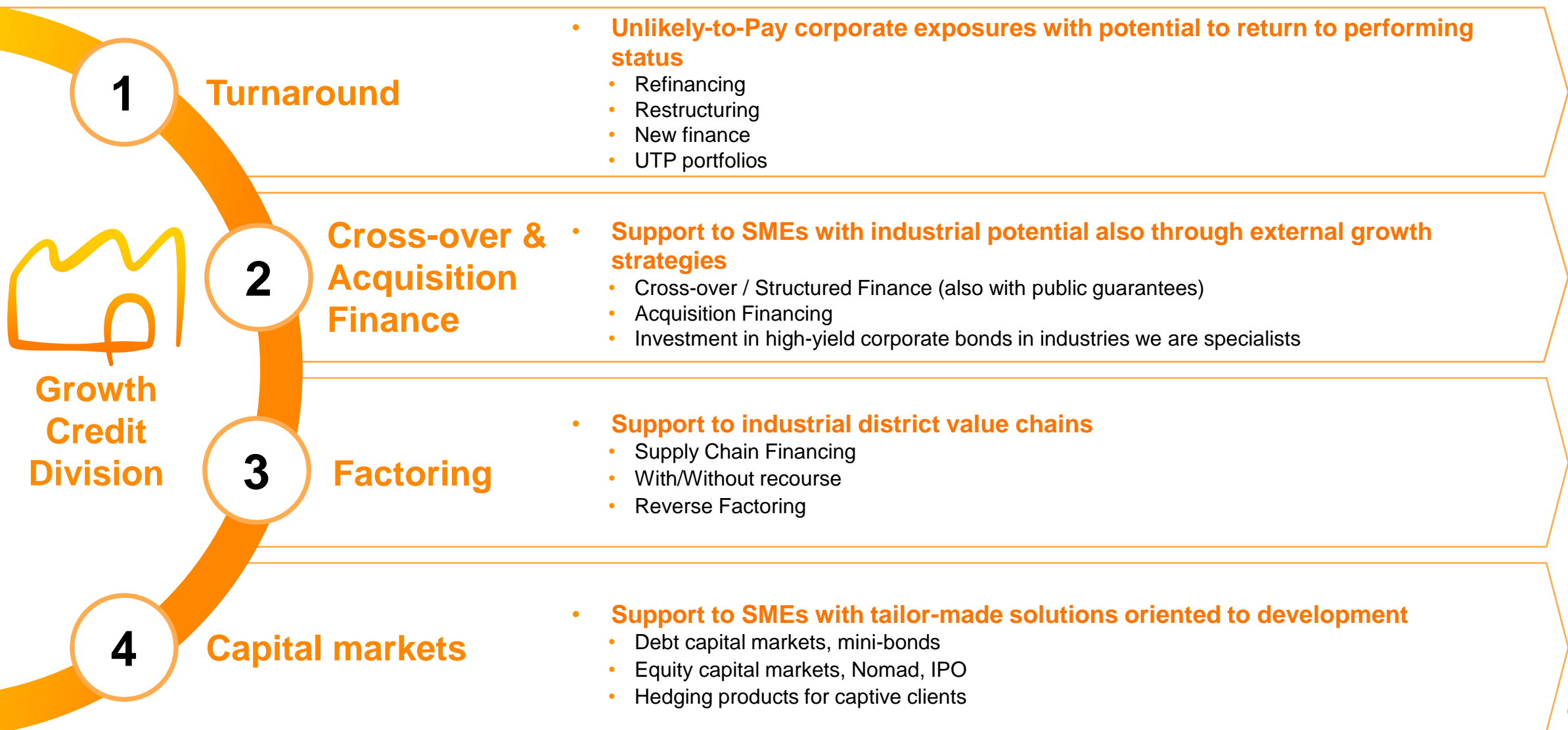


# Growth Credit Division

*Enrico Fagioli*



# illimity - Italian SMEs specialist partner



# illimity - **Solid momentum**



**Strong 3Q21 volume with contribution to growth from all market segments**

- €158mln Cross-over & Acq. Finance and Turnaround, €252mln Factoring turnover - with **robust pipeline** continuing into year-end



**Commission income reaching €7.5mln in 3Q21** underpinned by **deal structuring, capital markets** and tax assets investment (“**Ecobonus**”)



Additional revenue from **credit revaluation events** in **Turnaround** amounting to around €2.8mln in 3Q21 vindicating our business model

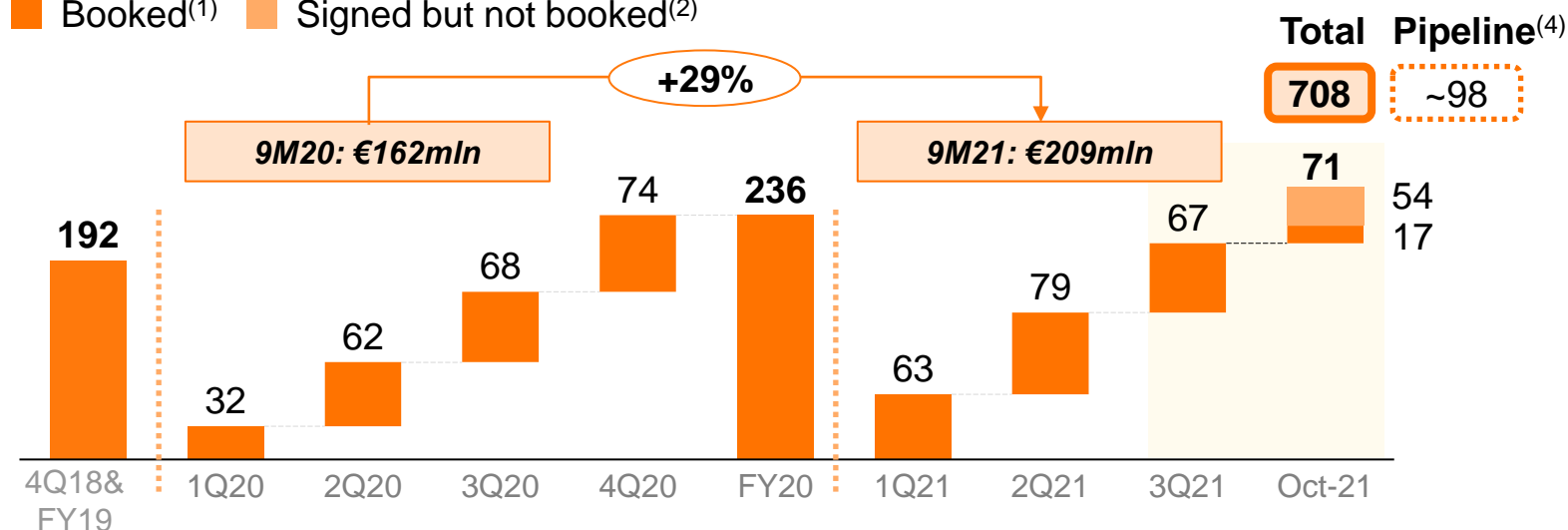
# illimity - Strong business origination and pipeline

## Originated business

Data in €mln

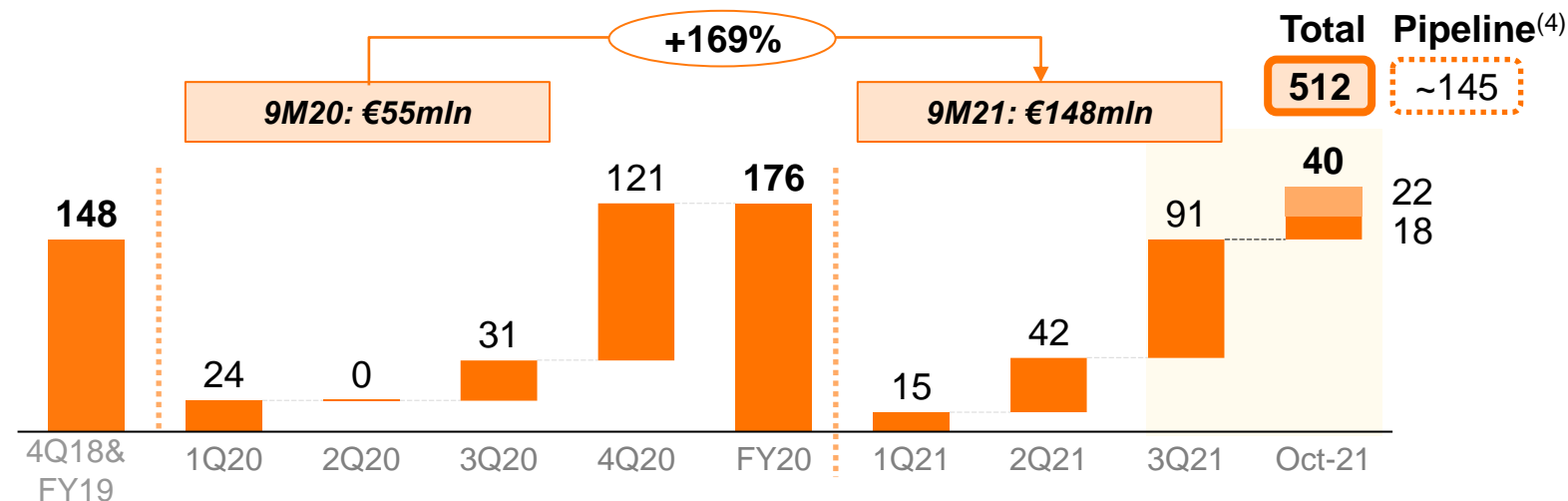
■ Booked<sup>(1)</sup> ■ Signed but not booked<sup>(2)</sup>

 **Cross-over & Acq. Finance<sup>(3)</sup>**



Loans under moratorium further down to €19mln as of September – less than 2% of Division's overall loan book

 **Turnaround**



Around 70% of business origination in the quarter in lending with public guarantees (~50% of stock)

Robust pipeline spanning across broad spectrum of deals

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: growth continues...

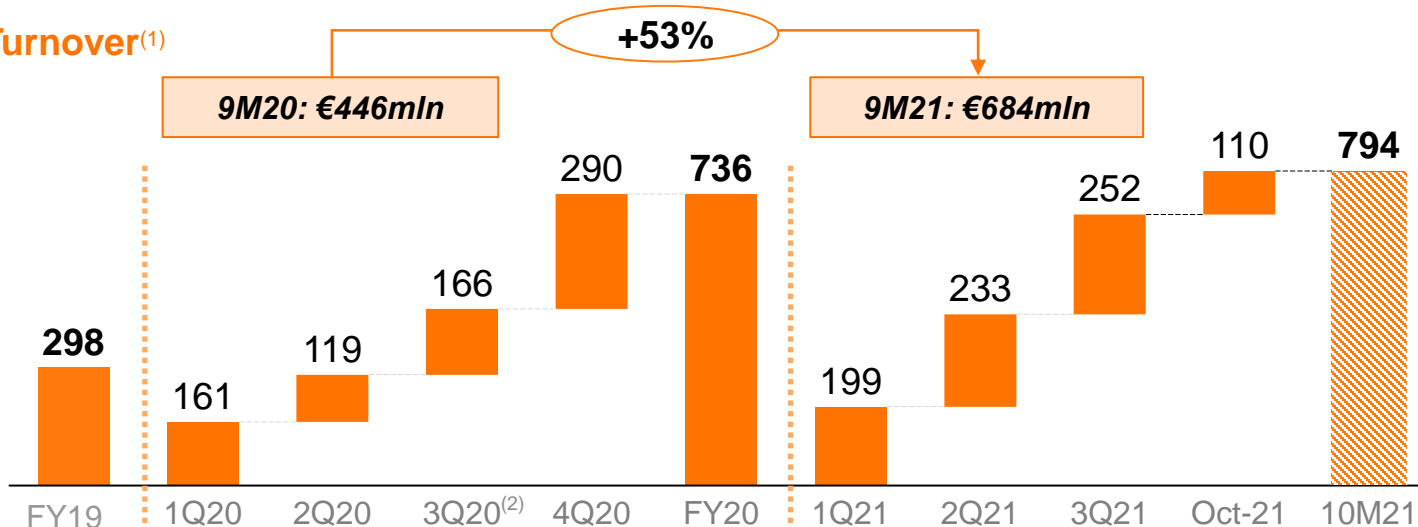
## Originated business

Data in €mln

### Net Customer loans



### Turnover<sup>(1)</sup>



**Momentum in Factoring turnover accelerated further in 3Q21 and continued into October**



**Including Oct-21 total turnover YTD already exceeded whole turnover of 2020**



**Number of clients<sup>(3)</sup> increasing further to over 160 with over 750 debtors**

# Illimity - ... confirming key success factors identified in Strategic Plan



## FACTORING: KEY SUCCESS FACTORS

**Double-digit ROE thanks to capital management solutions**

Combination of credit **insurance** with **CRR-eligible protection** leading to **lower credit risk**, **lower capital absorption** and ultimately generating **double-digit ROE**

As at  
30.09.2021  
RWA density  
equal to **44%**

**Robust relationships with clients**

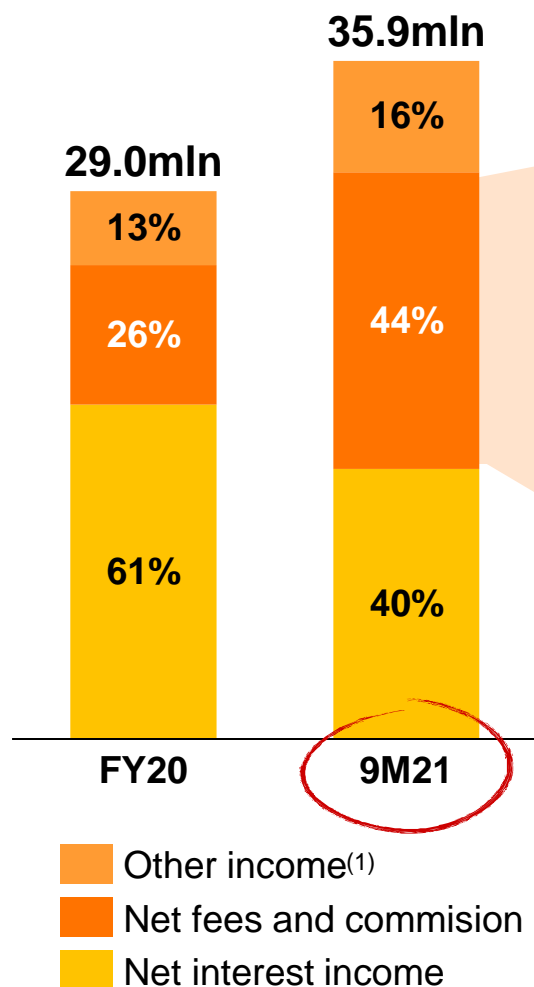
**Solid and long-standing relationship with clients** built upon **speed of response** and **ability to offer tailored financing solutions**

**Snowball effect in customer base growth**

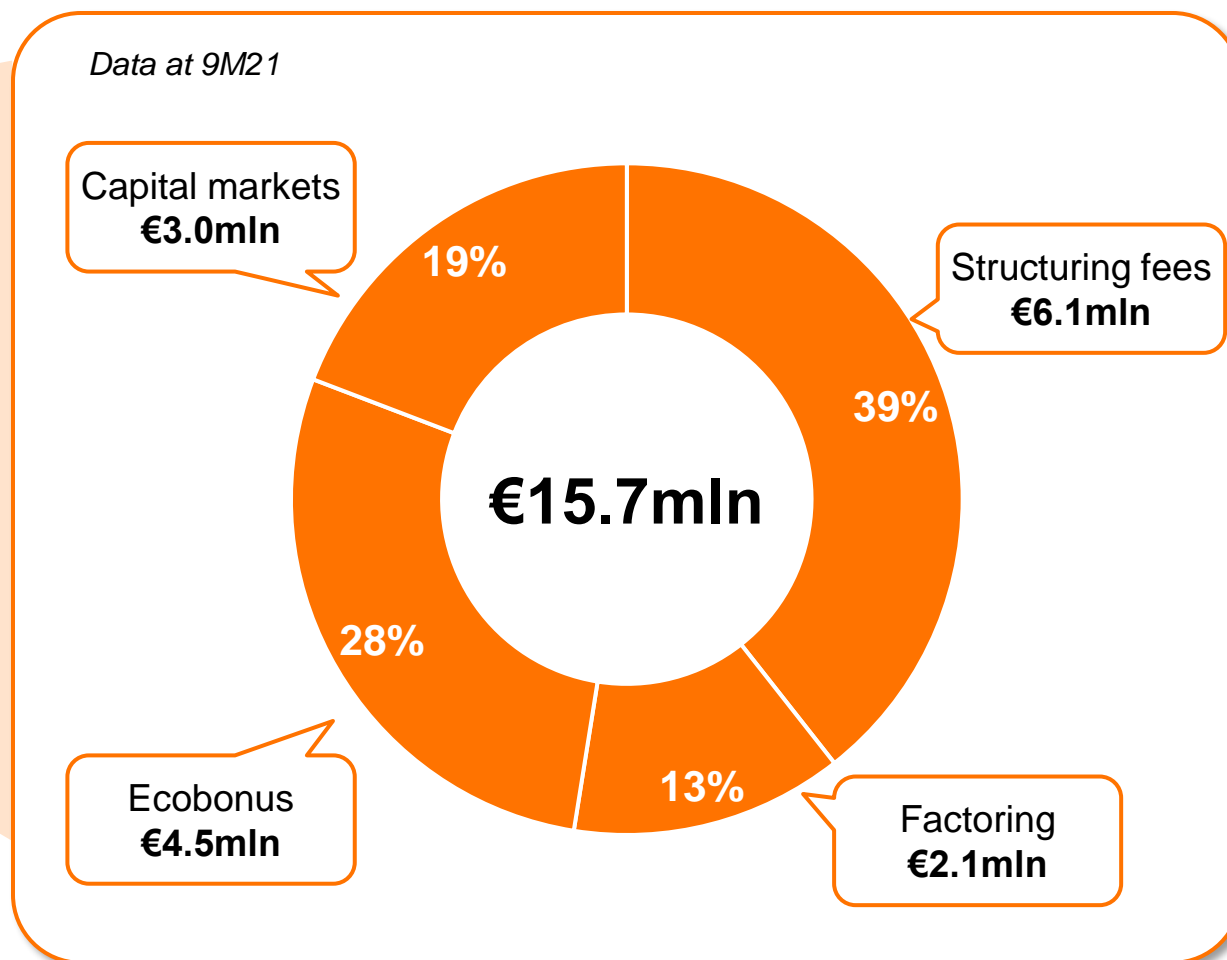
**Significant increase** in number of **customer** and **debtors** in 2021

# illimity - Well diversified revenue mix

## Revenue breakdown



## Net fees and commission breakdown



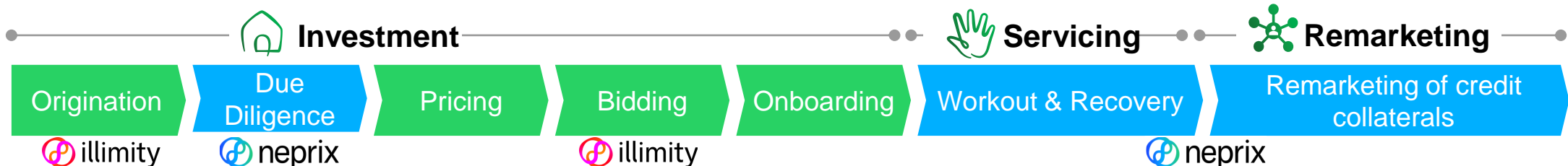
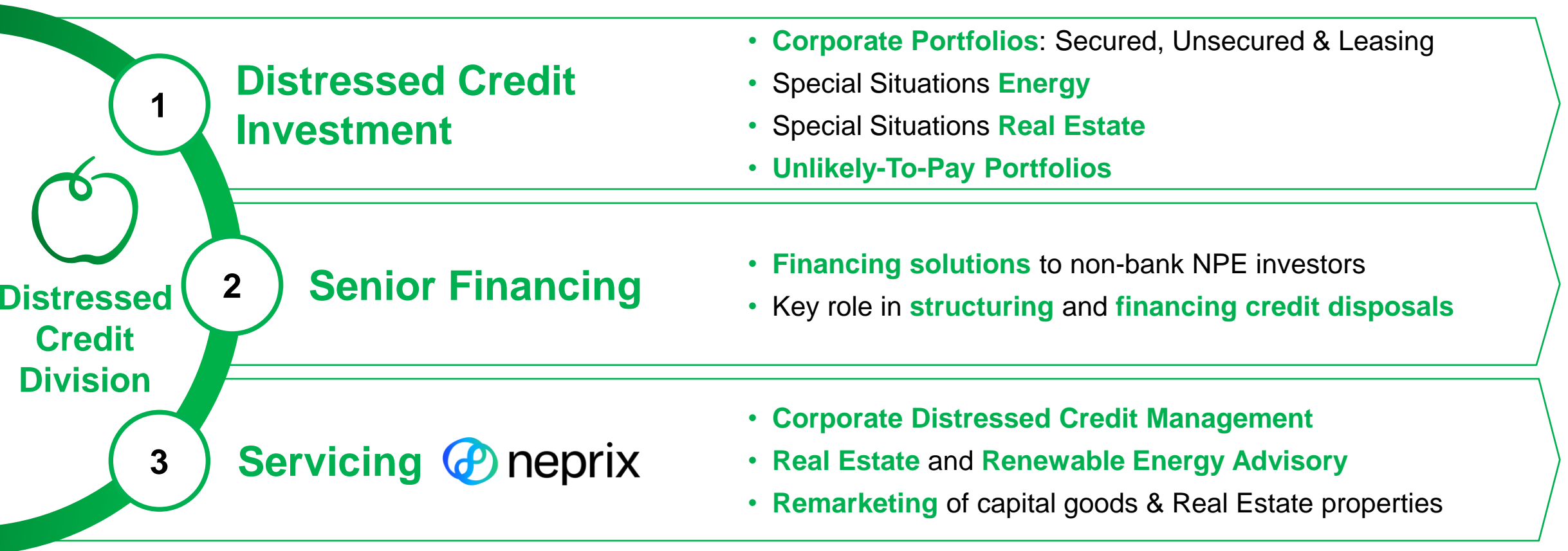
# Distressed Credit Division

*Andrea Clamer*





# illimity - Specialised player in Corporate Distressed Credit



# illimity - **Specialisation drives origination**



**Excellent performance on existing portfolio continued in 3Q21** on both gross cash flows and gains from workout activity



**Special Situations Real Estate** and **Energy** desks drive business origination in soft quarter

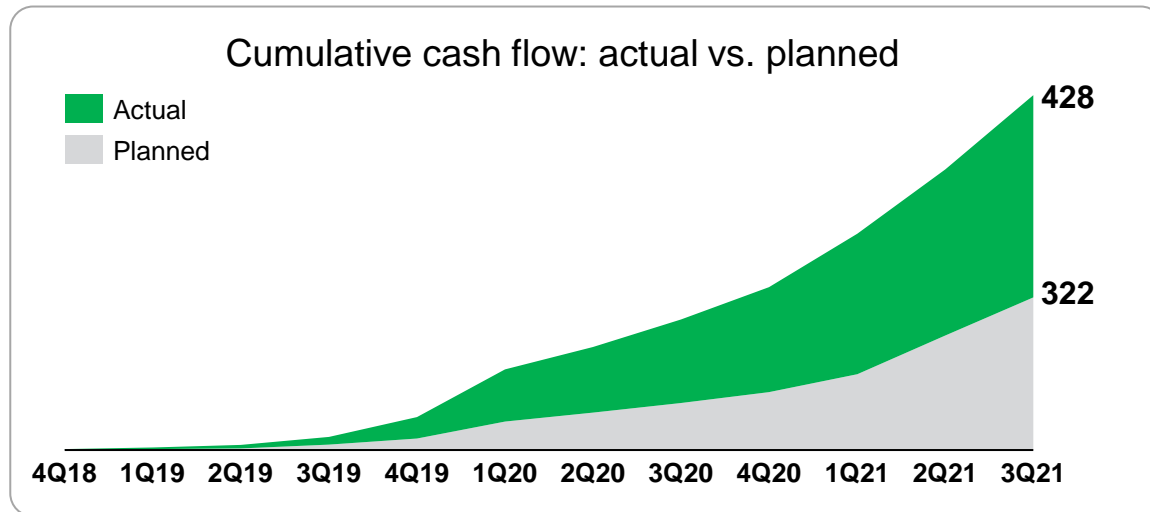


**Robust business pipeline** expected **in 4Q21** on back of revamp in distressed credit market transactions since October

# illimity - Outstanding performance is our new normal

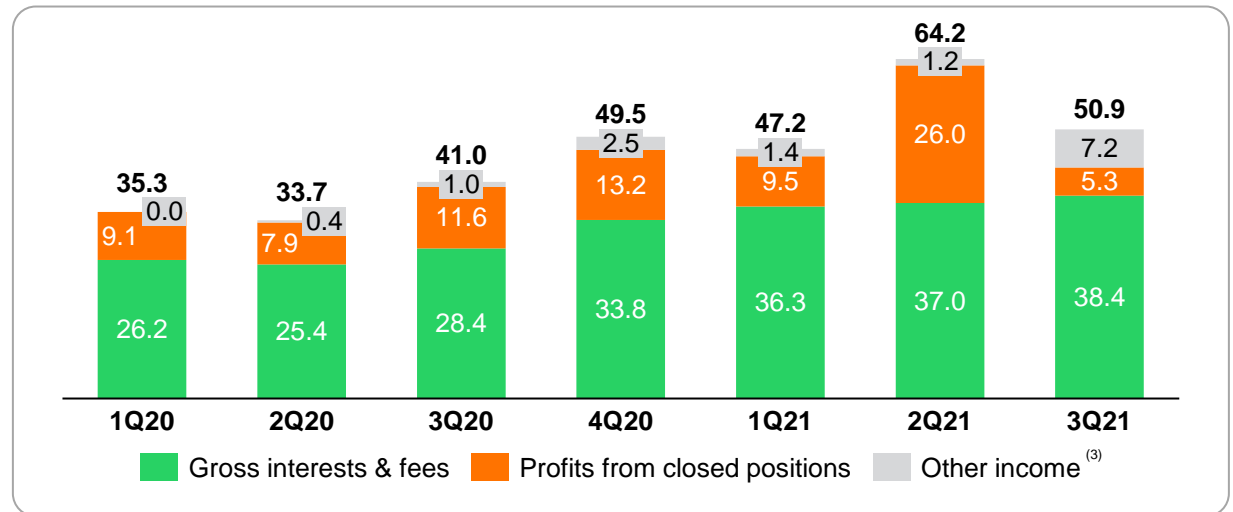
## Cash flow view<sup>(1)</sup>

Data in €mln



## Economic view<sup>(2)</sup>

Data in €mln



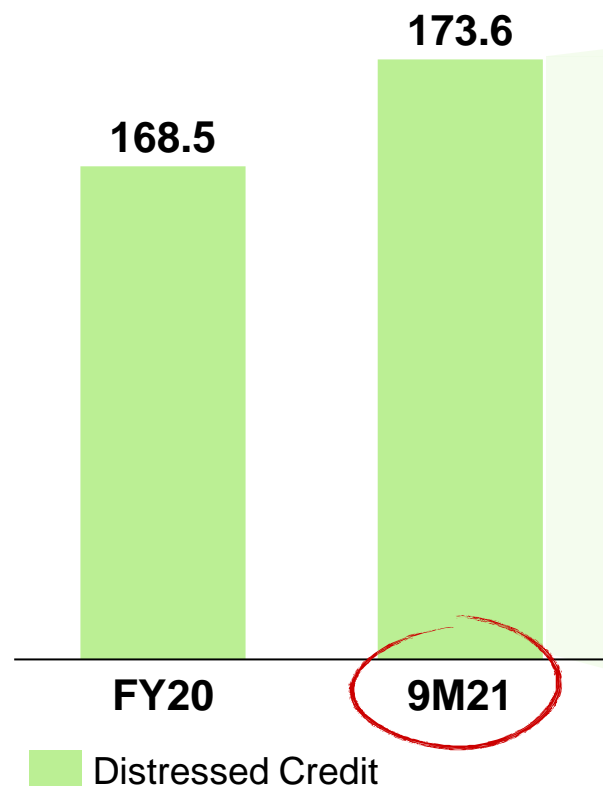
- **Strong Cash flow overperformance:** ca. **€106mln** above initial collection plans
- Workout strategy is primarily focused **on out-of-court settlement and opportunistic disposal**

- **Profits from disposals and DPOs** as recurring feature of Division's performance
- **Additional €6.5mln income from workout activity<sup>(4)</sup>** (Special Situations Real Estate & Energy) accounted for in Other income

# illimity - 9M21 Revenue very strong and well diversified

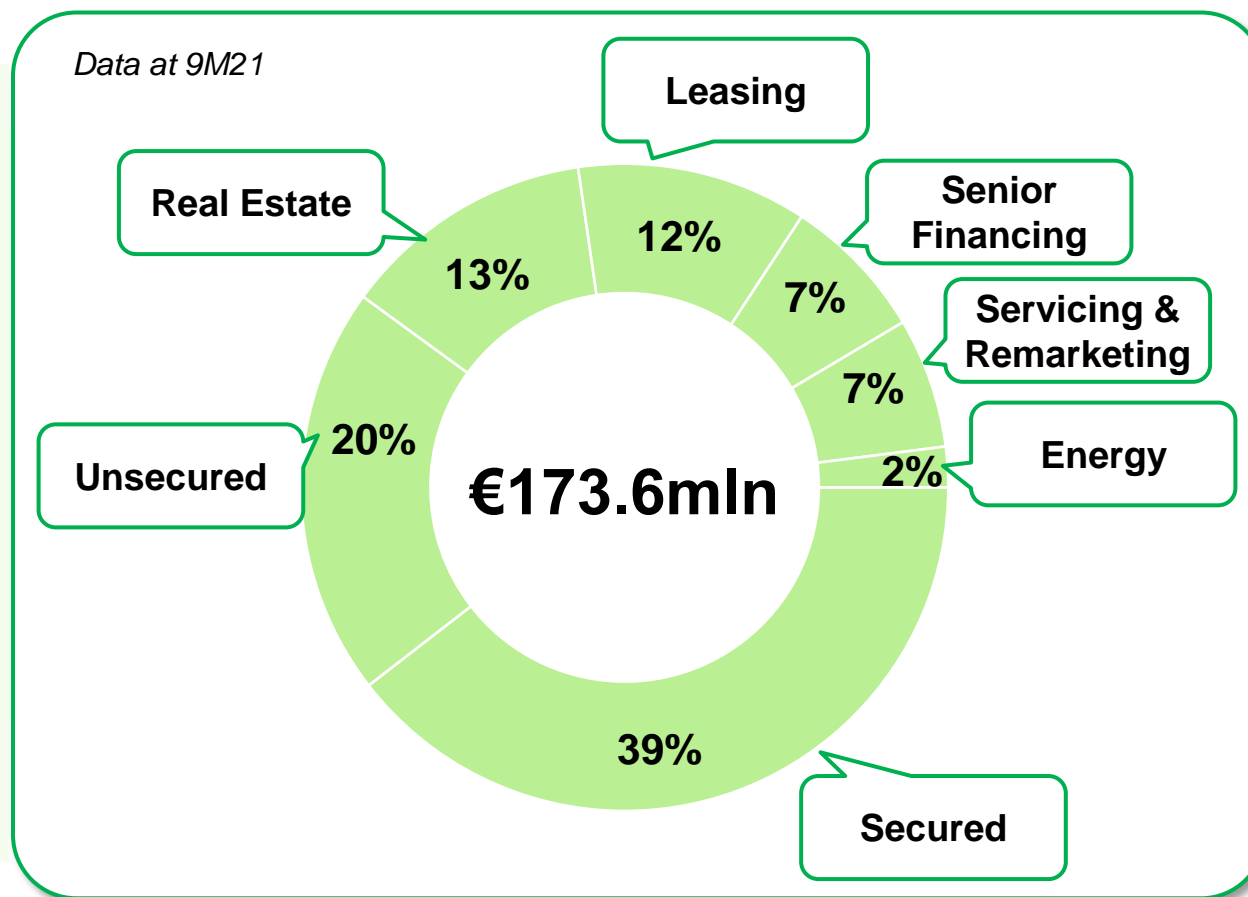
## Division's Gross Revenue<sup>(1)</sup>

Data in €mln



## Breakdown of Distressed Credit Gross Revenue<sup>(1)</sup>

Data at 9M21

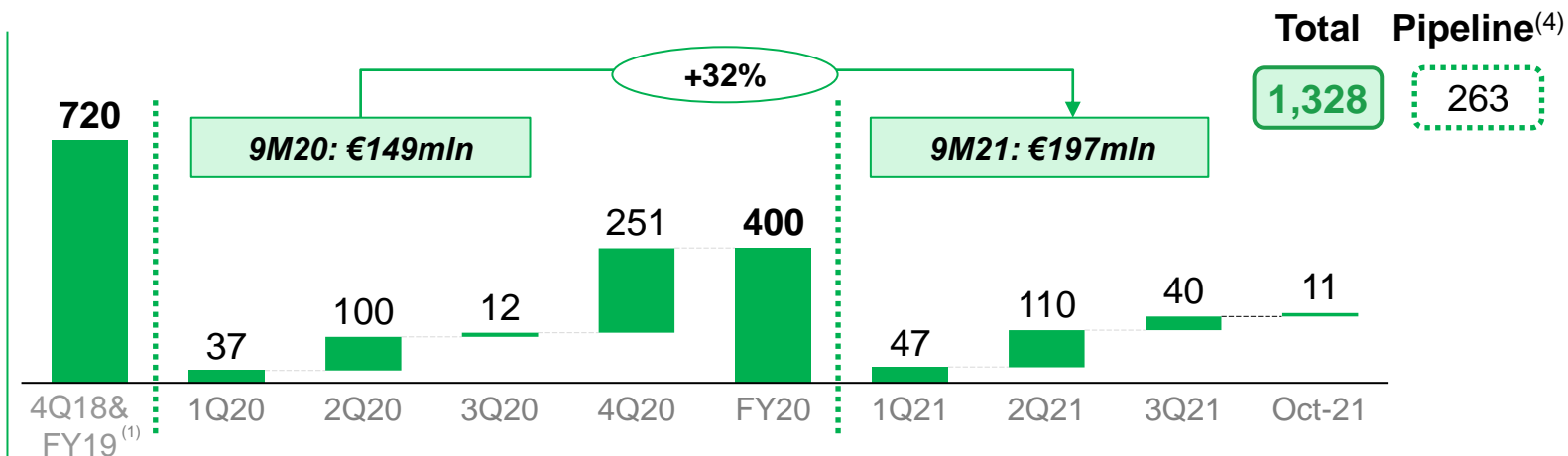


# illimity - Energy & Real Estate desks drive business origination above 9M20

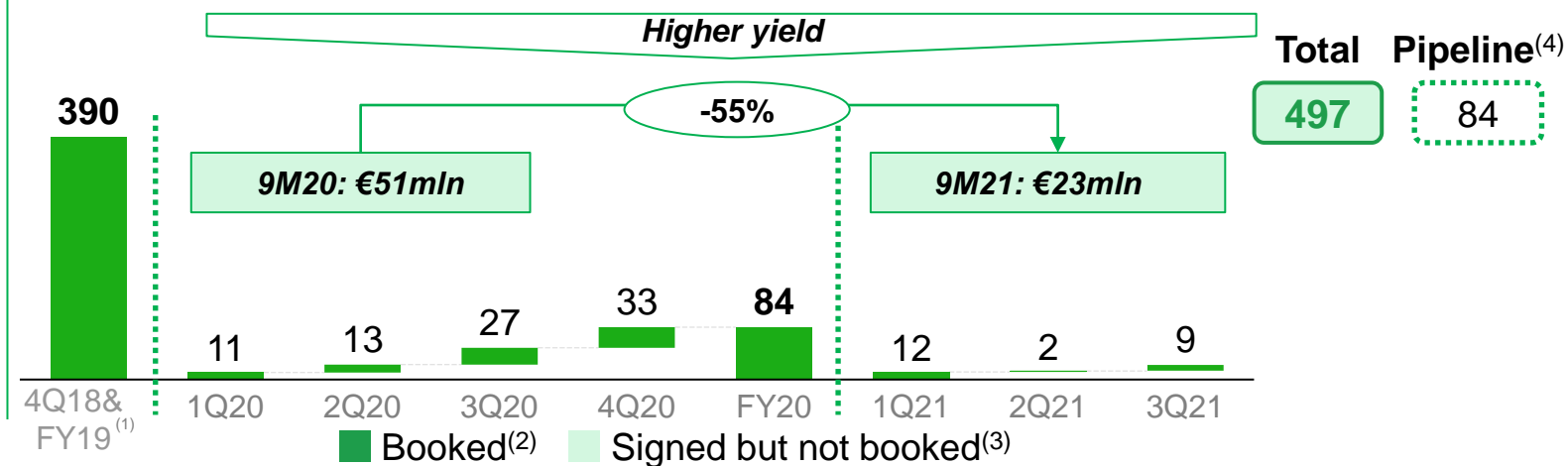
## Originated business

Data in €mln

  
**Distressed  
Credit  
Investment**



  
**Senior  
Financing**



- Increasing contribution of **Energy and Real Estate desks**
- Relevant origination in **secondary market** in 3Q21

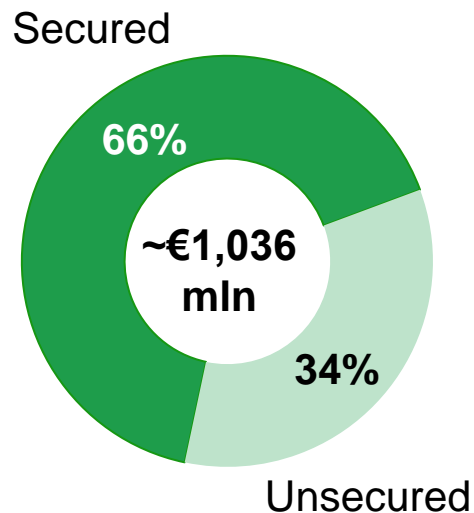
- Focus on high-yield opportunities and **strong pipeline ahead**

Notes: Rounded figures; (1) Including September 2018; (2) Distressed Credit Investments booked, and Senior Financing loans granted in the period; (3) Deals signed but not yet booked, owing to a settlement structure in multiple tranches or to a time lag between the signing of the master agreement and the date of loan disbursement/purchase, in place at the end of the month; (4) It includes both item 'Terms agreed to be signed' and 'Advanced Pipeline'.

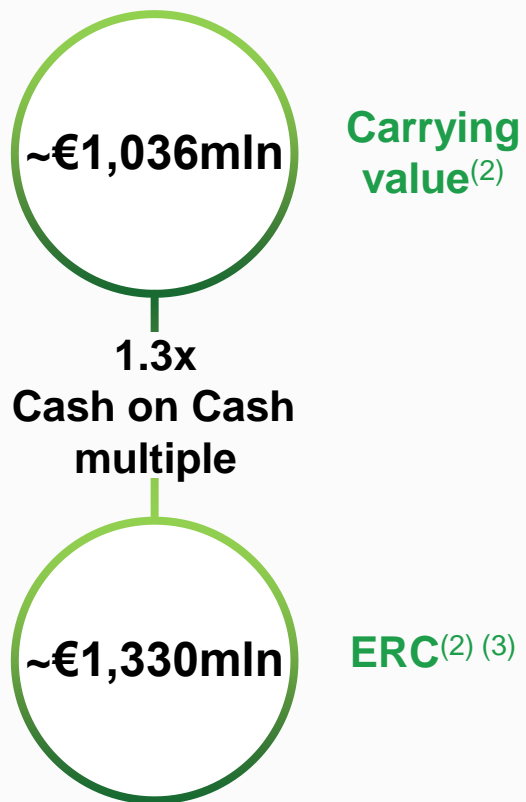
# illimity - High quality portfolio

Data as of 30 September 2021<sup>(1)</sup>

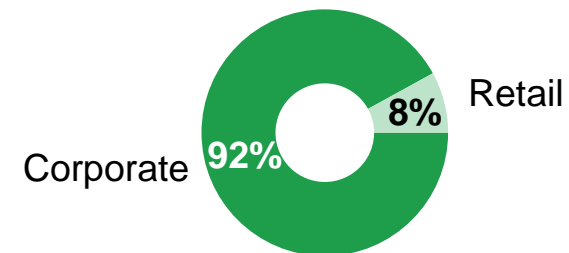
## NBV breakdown by type of guarantee



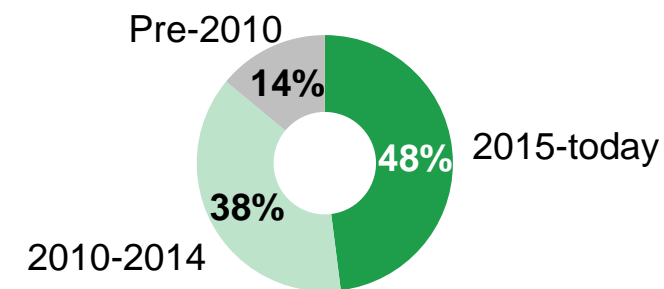
## KPIs



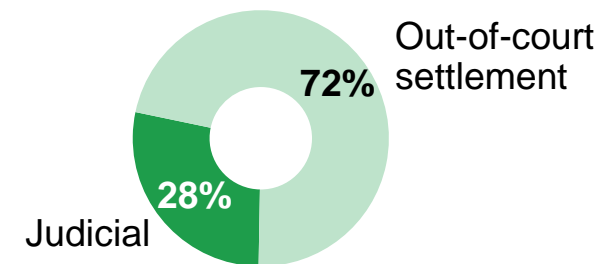
## Type of borrower (GBV breakdown)



## 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.

# neprix - Solid performance across all activities



Servicing



Remarketing

## Workout & Recovery



### Distressed Credit Management



**€6.5bn**  
Total AuM



**42**  
# Specialized Asset  
Managers



**30k**  
# Tickets

Data as of 30 September 2021

## Remarketing of credit collaterals



### Sales



**€2.3bn**  
RE & Capital goods



**903k** **+49% YoY**  
# Registered users on  
our portals



**19mln** **+30% YoY**  
# Visits in neprix Sales  
portals YTD

Data as of 30 September 2021



**Enrichment of credit servicing activities** with additional services, such as **servicing for third parties**



**Strong acceleration of neprix sales activities:** increased interest from potential buyers and sellers, increased purchases and sales on real estate market

# neprix Sales – We are ready to expand in a huge market

Total transactions in 2019  
Italian RE market (€bn)


 **Judicial market<sup>(1)</sup>**

**Commercial  
(non-Offices)**

**Commercial  
(Offices)**

**Residential**

  
1

  
1

  
5

7



Market already covered by neprix Sales



**Free market**

New / Under Construction buildings

  
1

  
0.3

  
30

31



First step of expansion in the free market of "new" assets

Second-Hand buildings

  
10

  
2

  
65

77



Possibility to further expand in the second-hand market

**Total**

12

3

100

115



# Direct Banking Division

*Carlo Panella*



# illimity- **Leading new strategic initiatives**



**Paradigm shift in the way small corporates bank.** B-ILTY will be the first fully-fledged Bank for small corporates, built using best technology. **Initial loans disbursed in 3Q21, ready for full launch in 1Q22**



**Consolidating domestic leadership** in 9M21, with customer numbers outpacing 1.5 million and transaction numbers in Sept-21 up 46% YoY. Open banking services and new products launched in Sept-21 will **further boost HYPE's already remarkable growth** supporting a journey to profitability by 2023



The leader in digital remarketing of real estate assets via online portals – **903k registered users, 19 million visits in 9M21** – is ready to take further leap entering the **free real estate market. Launch** planned in **1Q22**

# illimity - **B-ILTY: small corporates game-changer**

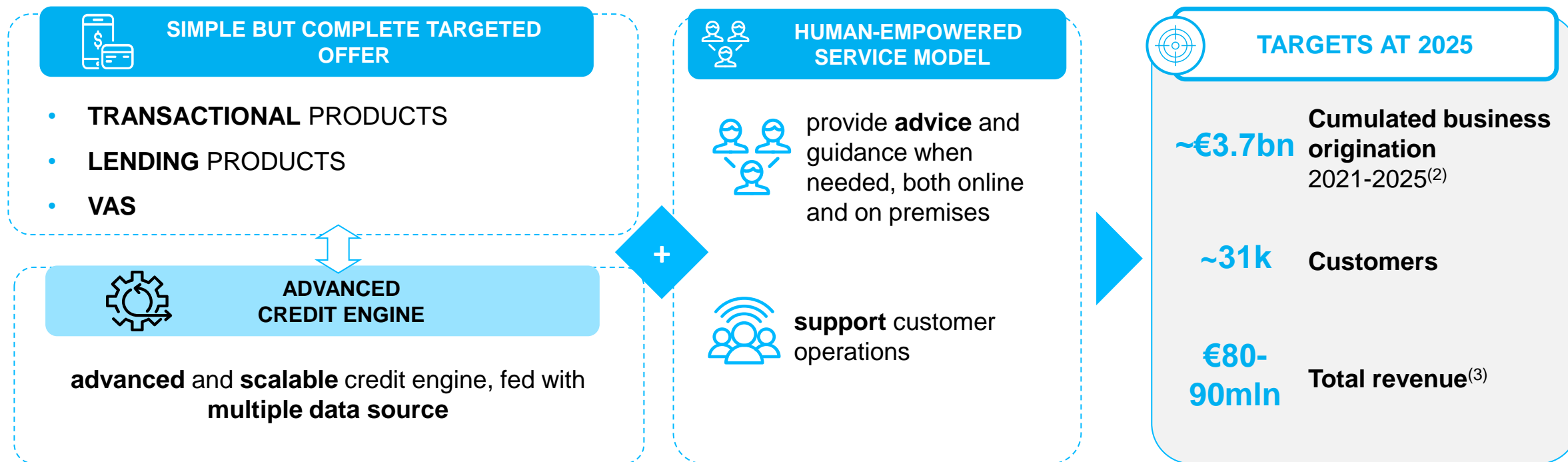
**b-ilty**



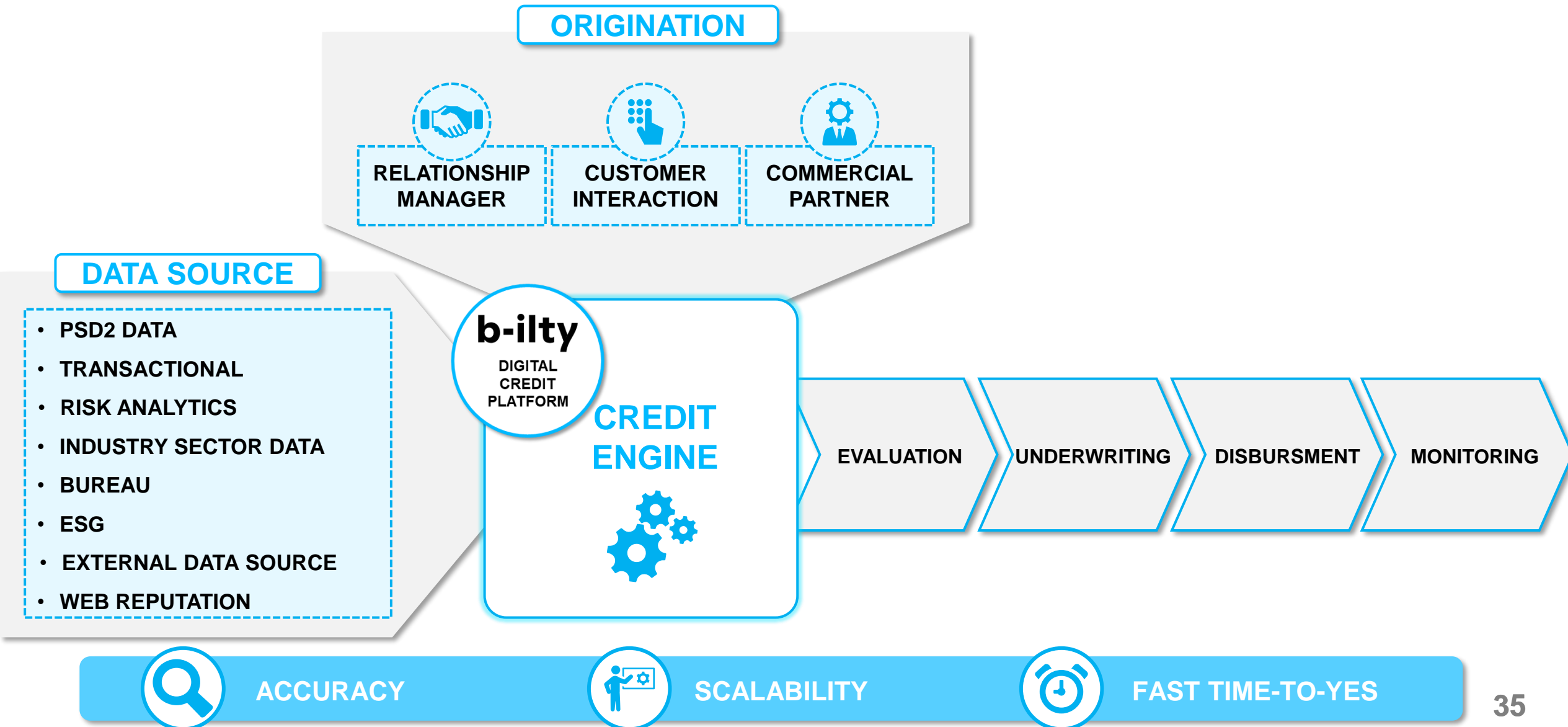
- Potential market ~ **1 million<sup>(1)</sup> corporates**
- **Complete offer** with lending as hook product
- **Digital first fully-fledged** banking platform

✓ **880** Developed web pages

✓ **170** Digitalised processes



# illimity - **B-ILTY Credit Engine: the digital heart**



# illimity - **B-ILTY: Sustainability in our DNA**

## **b-ilty** & open-es

### **ESG SCORING**

new project for corporates' sustainable growth

- ✓ **FULL SUITE OF DIGITAL BANKING PRODUCTS** TO SUPPORT SUSTAINABILITY GOALS
- ✓ **ECOSYSTEM OF PARTNERS AND COMPANIES** TO BOOST SUSTAINABILITY
- ✓ **LENDING PRODUCTS** TO SUPPORT ENERGETIC TRANSITION
- ✓ **ESG SCORING** EMBEDDED IN CREDIT PROCESSES



**b-ilty**  
 illimity

## **b-ilty** & amazon

### **BUILDING EMPOWERMENT**

sharing knowledge and experience to help corporates' digitalisation

- ✓ **TARGETED SURVEYS** TO FIND OUT DIGITAL JOURNEY NEEDS
- ✓ **VIDEO CLASSES** AND WEBINARS WITH SPECIAL FOCUS ON CREDIT AND SUSTAINABLE GROWTH
- ✓ **A COMMUNITY** TO SHARE CROSS-INDUSTRIES EXPERIENCE AND IDEAS
- ✓ **FREE CONTENT** AVAILABLE IN ILLIMITY AND AMAZON PROPERTIES

 **amazon** Accelera con Amazon

# illimity - HYPE: fintech market leader



Data as of 30 September 2021

**€9.2mIn**  
gross  
revenue YTD

**+82%  
YoY**

**1.5mIn**  
number of  
customers

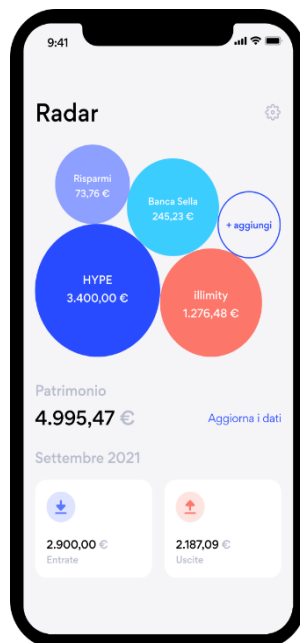
**+15%  
YoY**

**22%**  
subscriber  
customers

**+3pp  
YoY**

**4.0**  
avg.  
transactions  
per customer  
in Sept-21

**+26%  
YoY**

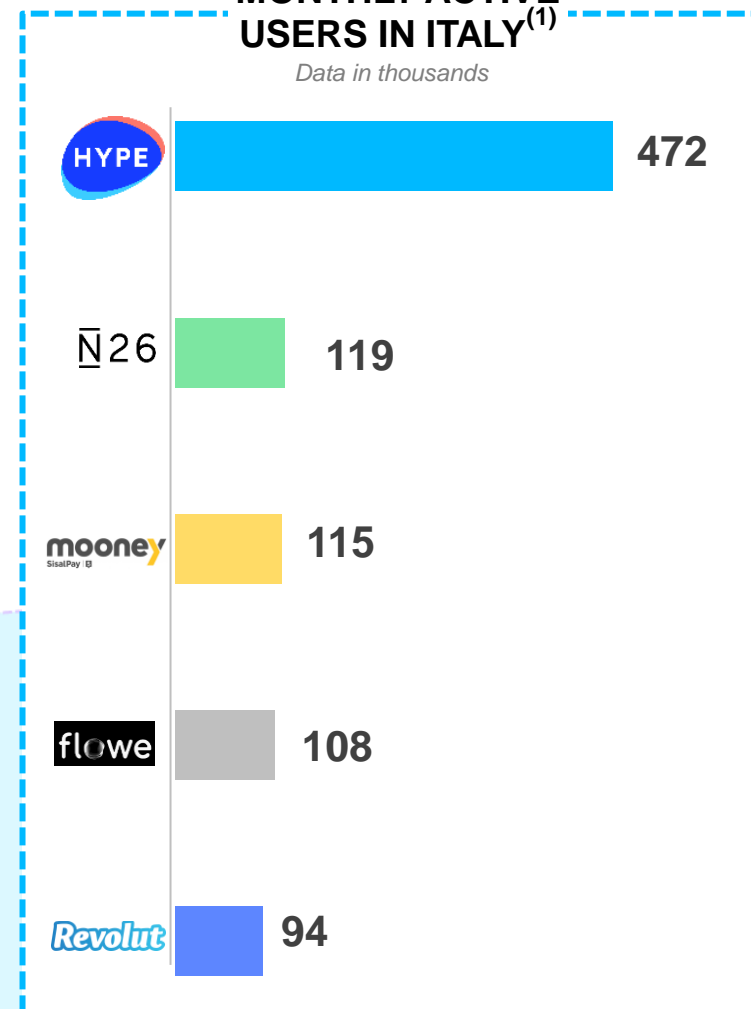


**~5.9mIn**  
transactions  
in Sept-21

**+46%  
YoY**

## MONTHLY ACTIVE USERS IN ITALY<sup>(1)</sup>

Data in thousands

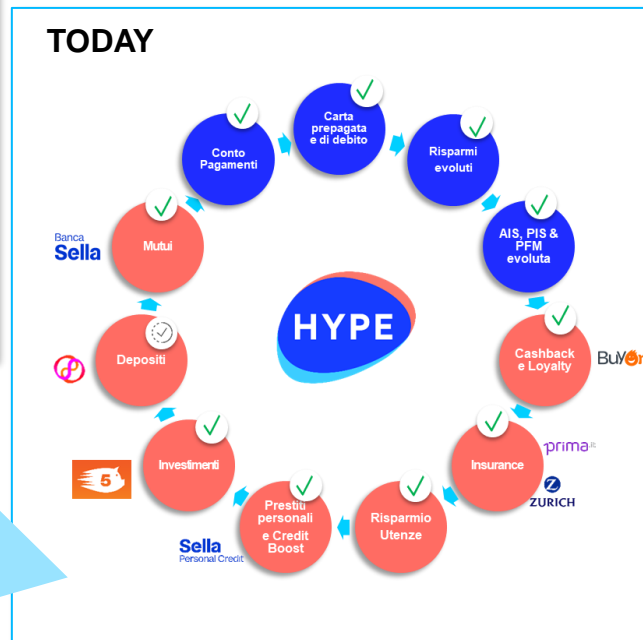


Note: (1) Data in thousands as of September 2021. Data provided by SimilarWeb and based on android users – MAUs defined as users having used the app at least one time during the month.

# illimity - From wallet to money management hub: New HYPE is born



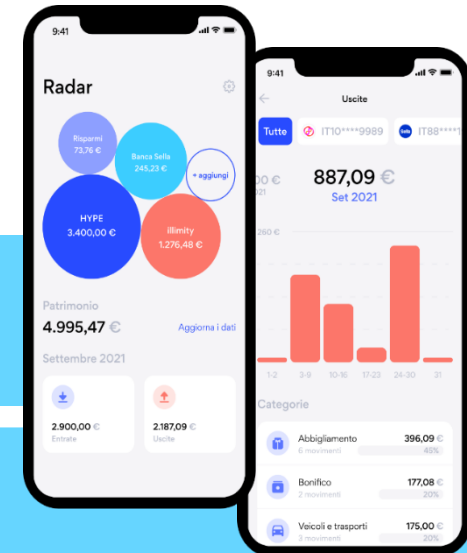
New HYPE presented at the press conference on 20 September:  
**becoming MONEY MANAGEMENT HUB**



- ✓ **PSD2 features** as key to build-up engagement
- ✓ **Even more complete Product Offering:** Investment, Mortgages, ...
- ✓ **New CRM strategy** to push conversion
- ✓ **Enhances in-app User Experience**

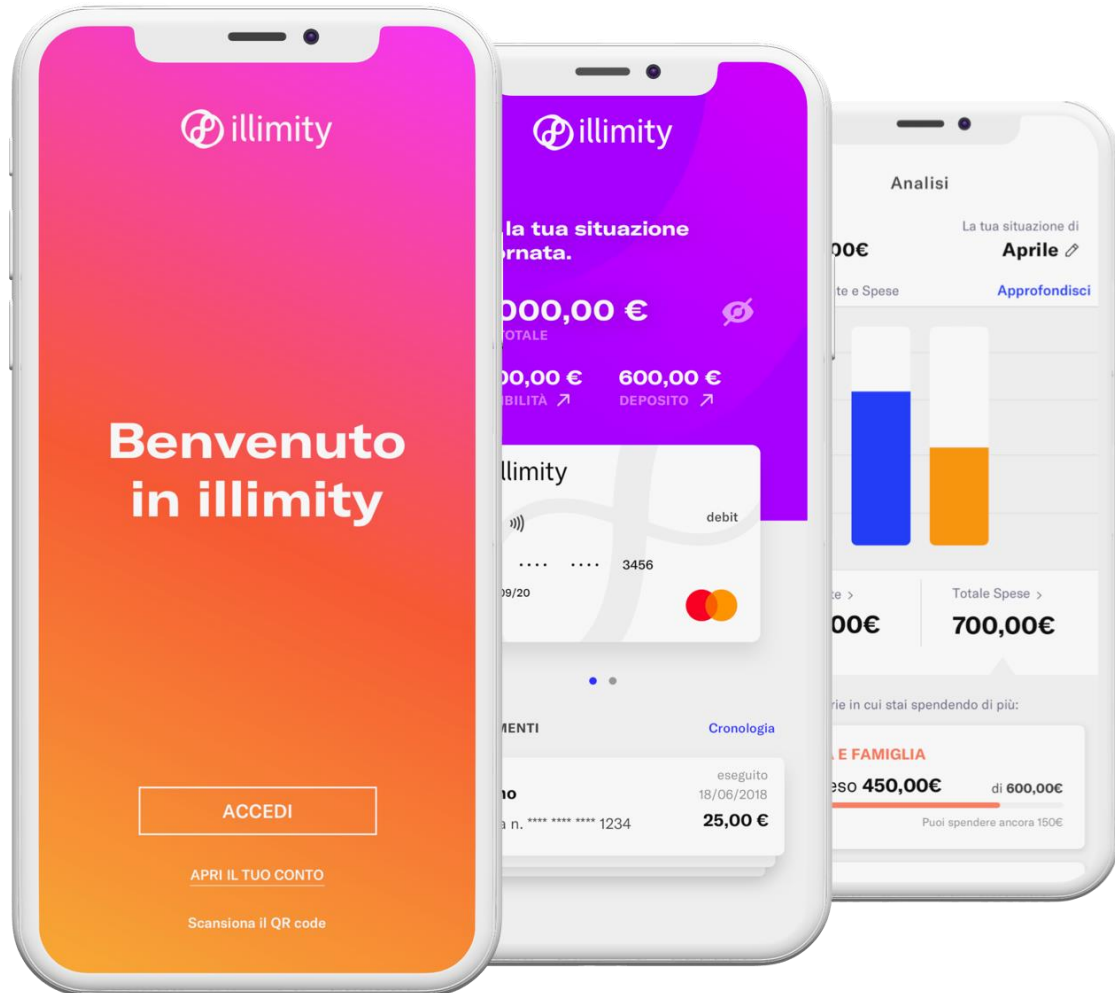
**+40% Next clients**  
post vs pre marketing campaign<sup>(1)</sup>

**press coverage over 70 articles**  
in online and paper articles, agency takes, cover on newspaper and TV service



# illimity - [illimitybank.com](https://illimitybank.com): stable funding with an outstanding customer experience

Data as of 30 September 2021



A Digital Bank designed to increase stickiness and customer engagement:

## ✓ STABLE FUNDING

**1.3bn**

Funding on  
illimitybank.com

**-31bps**

decreasing Cof,  
Sep '21 vs Sep '20

## ✓ ENGAGED CUSTOMERS

**~53k**

Customers  
as of October '21

**88%**

Active  
Customers

**34%**

Loyal  
Customers

## ✓ APPRECIATED BY THE MARKET

**48**

NPS 3Q21

**27%**

Awareness





# 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
- **AuM:** 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, 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. This aggregate does not include factoring
- **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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