



illimity

BANCA OLTRE LA FORMA

Company Presentation

June 2022



Foundations for success: people, technology and values



2022: three factors will further drive growth



6 valuable and fast-growing business units

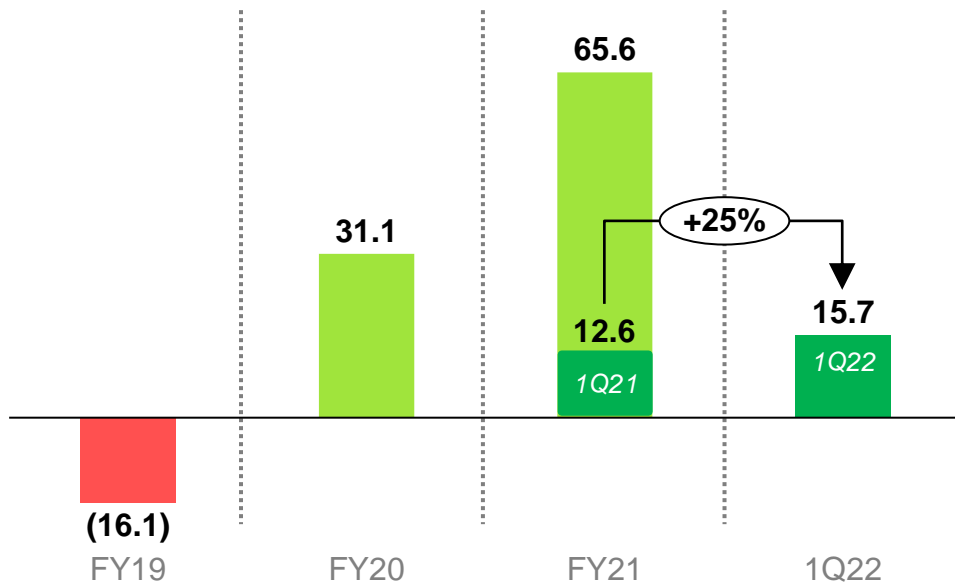


Hidden value with Sum-Of-Parts

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

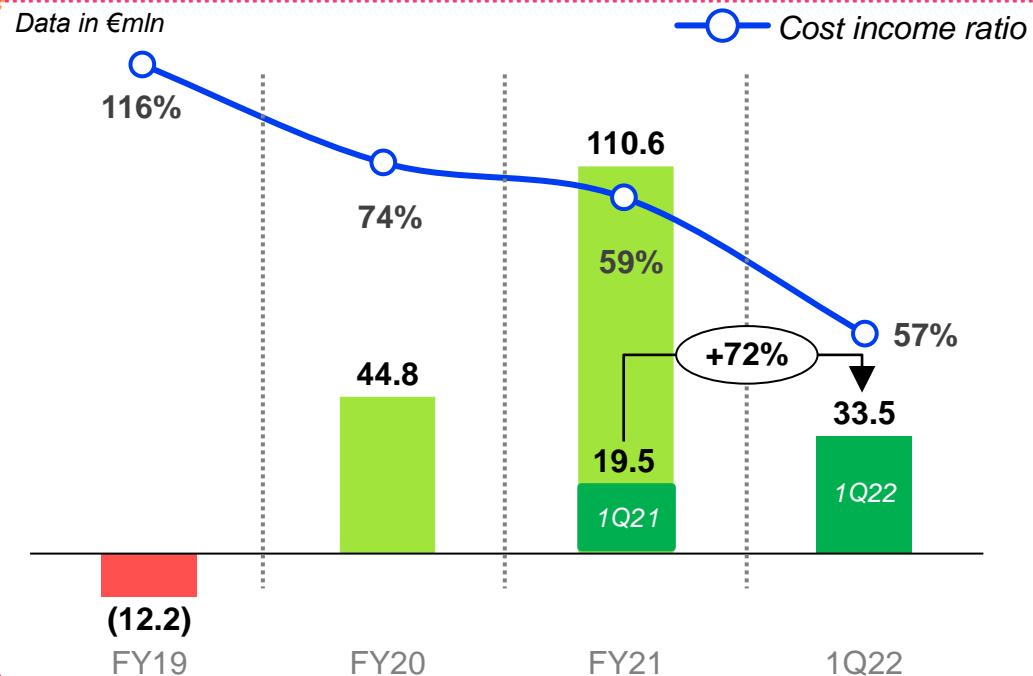
NET RESULT EVOLUTION

Data in €mln



OPERATING PROFIT AND COST INCOME RATIO

Data in €mln



Highlights



10%
FY21 ROE⁽¹⁾



17.7%
1Q22 CET1 Ratio



0.7%
1Q22 Gross
Organic NPE ratio⁽²⁾

illimity - Experience and diversity to foster innovation and creativity

Founders



Corrado Passera
CEO



Andrea Clamer
Distressed Credit
Division



Francesco Mele
CFO & Head of Central
Functions



Enrico Fagioli
Growth Credit
Division



Carlo Panella
Direct Banking
Division

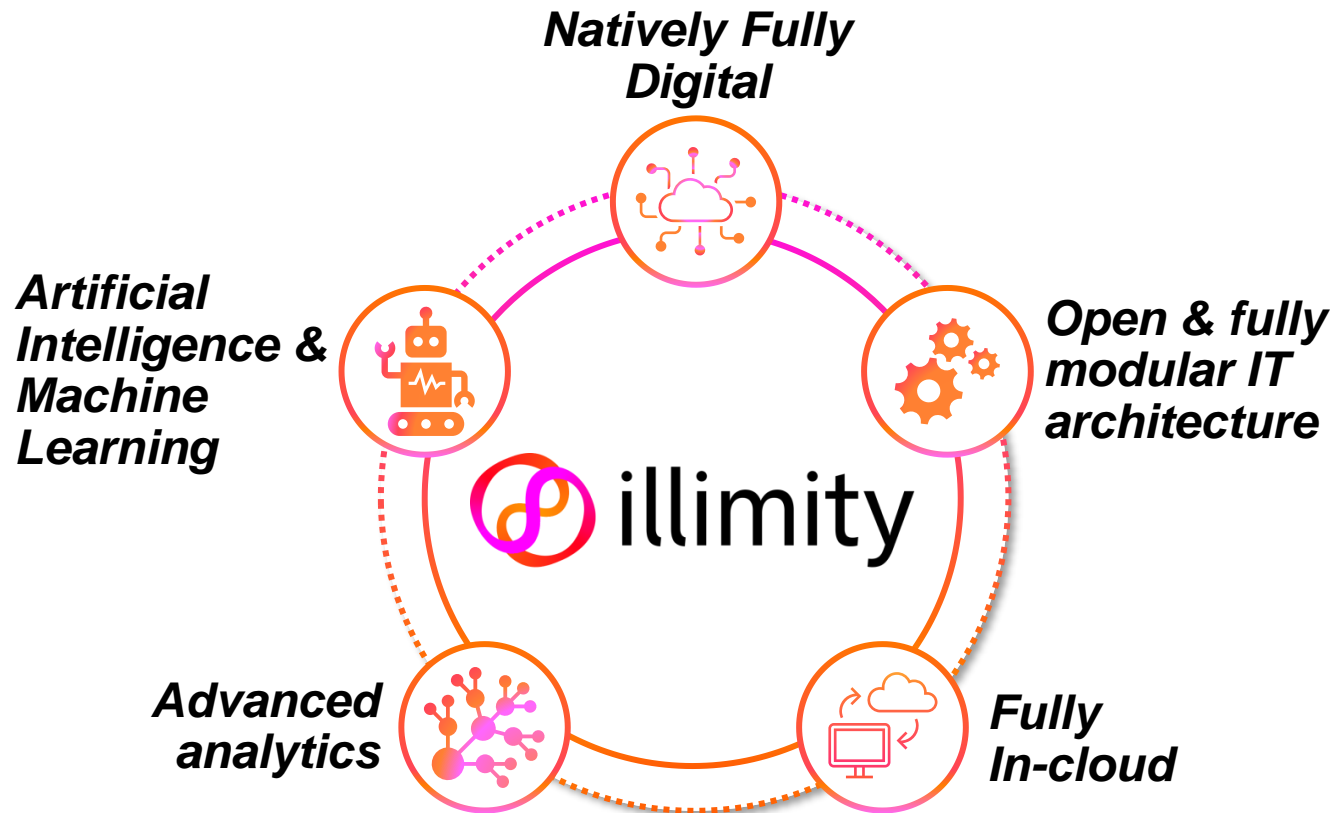
- **Highly-experienced top management** team
- **Entrepreneurial attitude**
- **Strong diversity** in illimiters by industry, gender and age

Our People

>760 illimiters

- *balanced gender mix*
- *36 years average age*
- *from >300 different organizations of more than 20 industries*
- *over two-third from industries other than banking*

illimity - We want to fully exploit the shift from analogic to digital in the financial services market: products, channels and processes



- **Pervasive digitalisation** in our products, processes and procedures with **data-driven decision making**
- **Open architecture** to foster innovation and increase efficiency
- Combination of **digital & human**

Partnership with ION Group will boost our potential

illimity - Strong ESG values



ENVIRONMENT

- Maintain **carbon neutrality on Scope 1-2** (*already achieved in 2020*)
- Assess and address **financed emissions** (Scope 3)
- **We commit to finance green projects**, also by re-activating **renewable energy** plants



SOCIAL

- Top employer in Europe: **Great Place to Work®** award for 3 consecutive years
- We launched **illimity Foundation**
- **Inclusive & diverse workplace** by **gender, age, nationalities** and **sectors**
- No **gender pay gap**⁽¹⁾



GOVERNANCE

- We joined the **United Nations Global Compact (UNGC)**
- We embed ESG criteria in credit **risk assessment** and in **Risk Appetite Framework**
- Integrate **ESG Goals** in **incentive plans**
- **Board gender equality** (~46% women)
- **Sustainability Committee**

High sustainability ambitions for the future



Foundations for success: people, technology and values



2022: three factors will further drive growth



6 valuable and fast-growing business units




Hidden value with Sum-Of-Parts

illimity - 2022: three factors will further drive growth





Core markets
even more
attractive

- **Core markets** – SME performing loans and distressed credit – poised to become **even larger** in current scenario
- **Acquisition of**  to further **strengthen our ability to capture future opportunities in UTPs**



Becoming
increasingly
“tech”

- **Tech-led initiatives** – **b-ilty**,  **quimmo** and  – are now **all live** and **ready to scale up**
- In coming years incubating tech initiatives will become **key driver of growth and value creation**



Progressive
digitalisation &
synergies with
ION Group

- **Digitalisation of products, procedures and processes** more and more pervasive
- **Cooperation initiatives with ION Group underway** with huge potential **synergies not factored in our 2021-25 Strategic Plan targets**

illimity - Immense and growing core markets

SME Performing loans

~€700bn⁽¹⁾

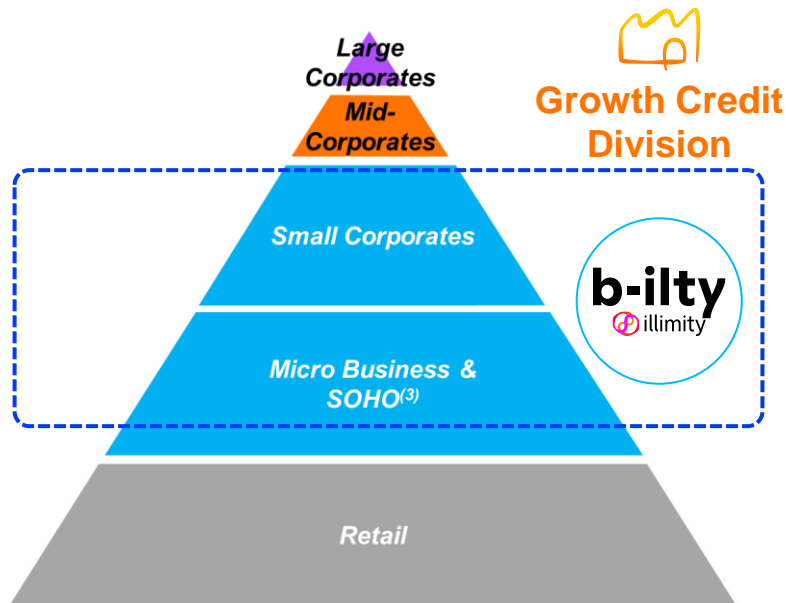
stock



SME Distressed Credit

~€180bn⁽²⁾

Expected cumulated transactions
2021-25 (GBV)



Customised value
proposition

Digital automatized
value proposition



**Direct
Investments**

- Corporate Portfolios
- Special Situations Energy
- Special Situations Real Estate
- Unlikely-To-Pay Portfolios
- Public Procurement Claims



**Senior
Financing**

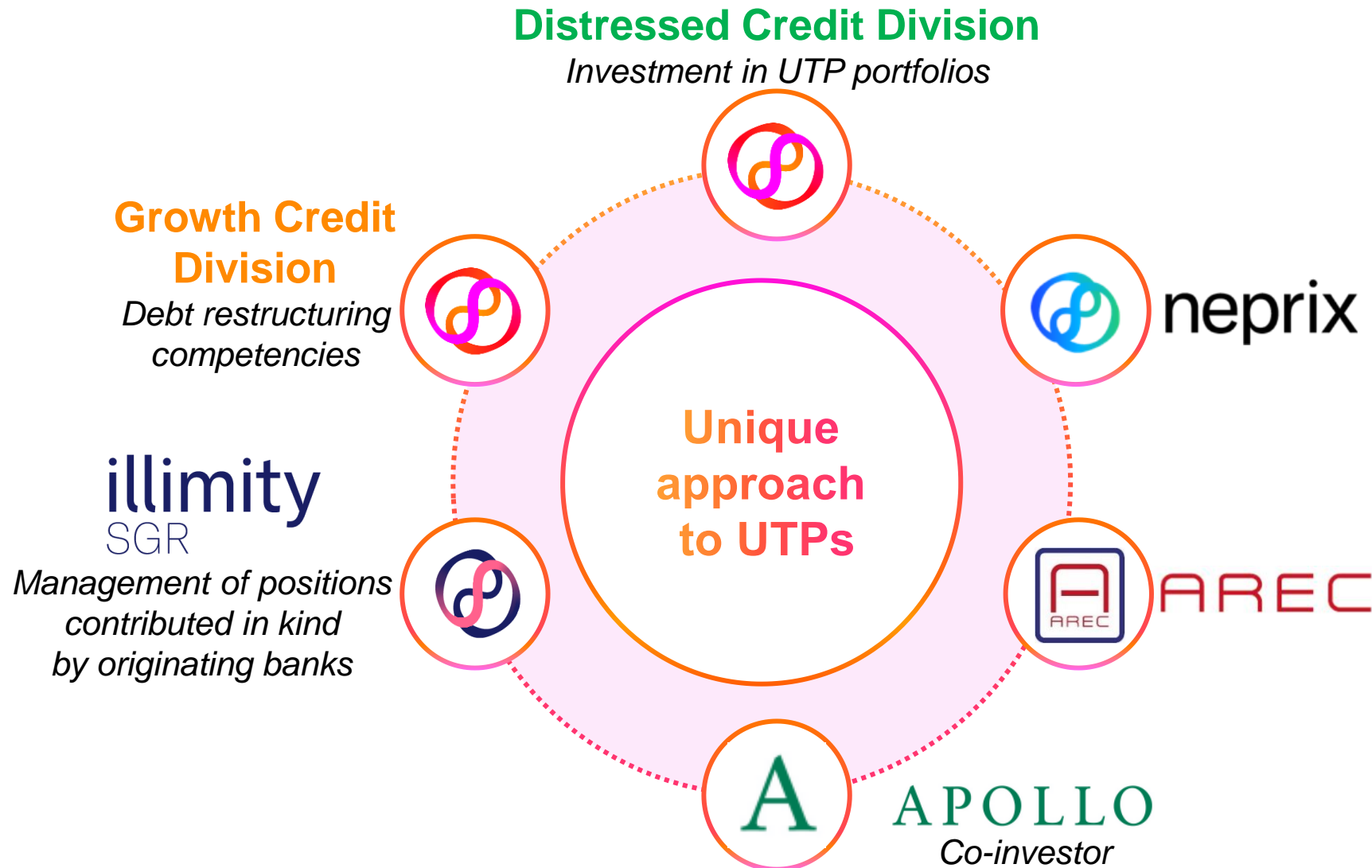


Servicing



Proptech

illimity - Leading player in large tickets real estate corporate UTPs



 **illimity**

~€4bn⁽¹⁾

Corporate UTPs
under Management (GBV)

~€10bn⁽¹⁾

Total AuM
(GBV)

illimity - New tech-led initiatives launched according to plans

b-ilty

 illimity

lendtech

Launched 11 Feb 2022

 **quimmo**⁽¹⁾

proptech

*Launched
5 Apr 2022*

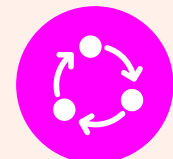
HYPE

fintech

*New strategic initiatives
to be unveiled **during**
2022*



Huge markets



**Highly scalable
operations**



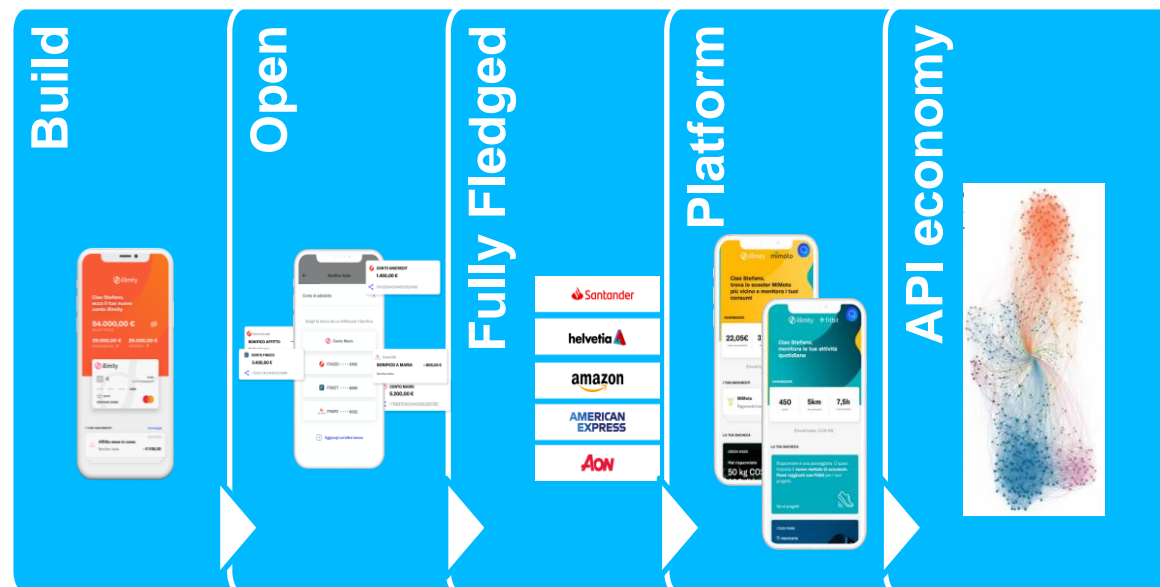
**Suitable for partnership
or IPO**



**Open to entry in
foreign markets**

illimity - We are ready to exploit the digital wave

ILLIMITY DIGITAL JOURNEY FOR RETAIL AND SMALL CORPORATES CUSTOMERS



Fully digital direct bank

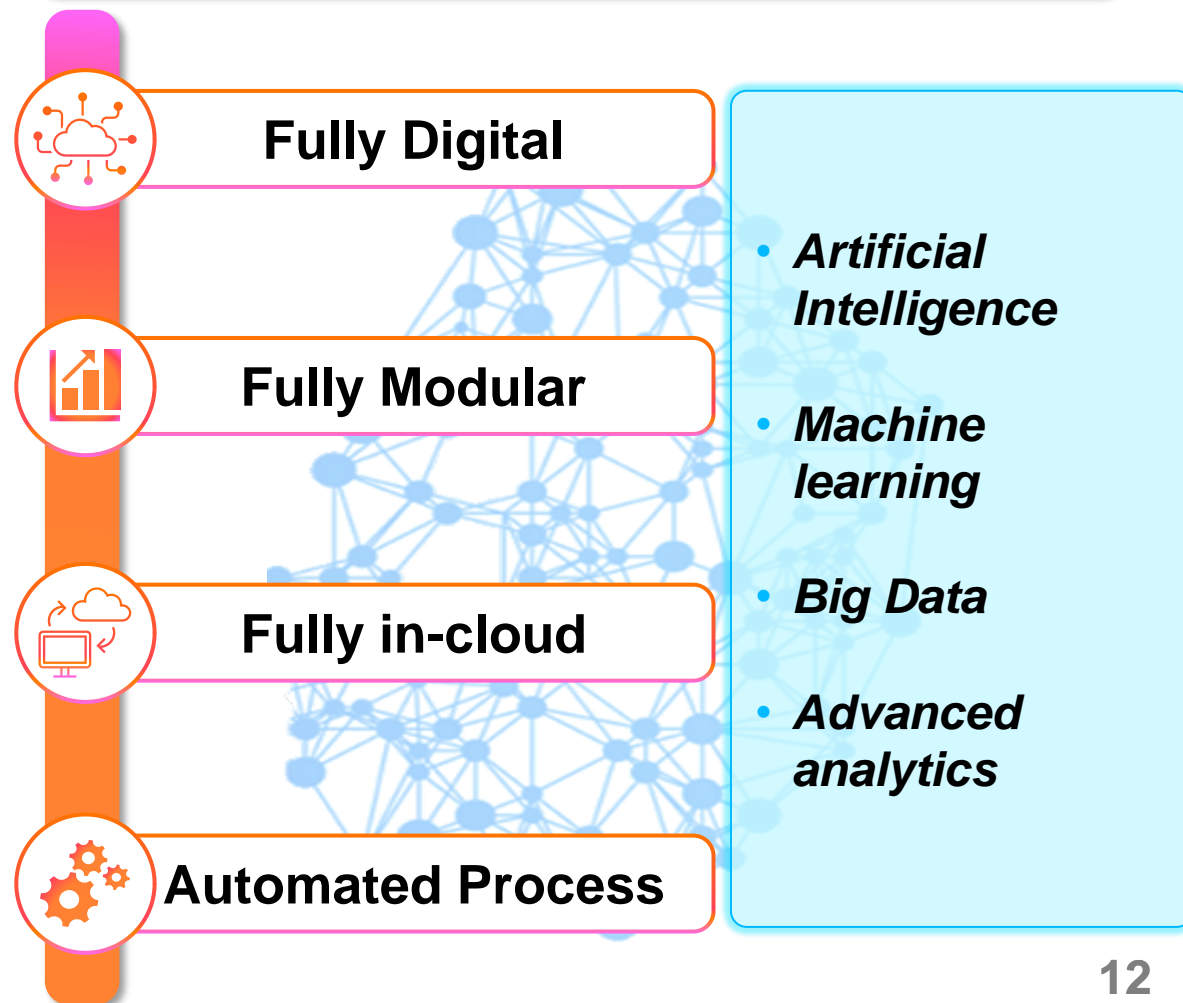
PSD2 Native

Third Parties Products

illimity HUBS

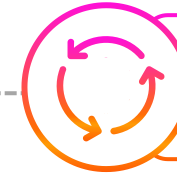
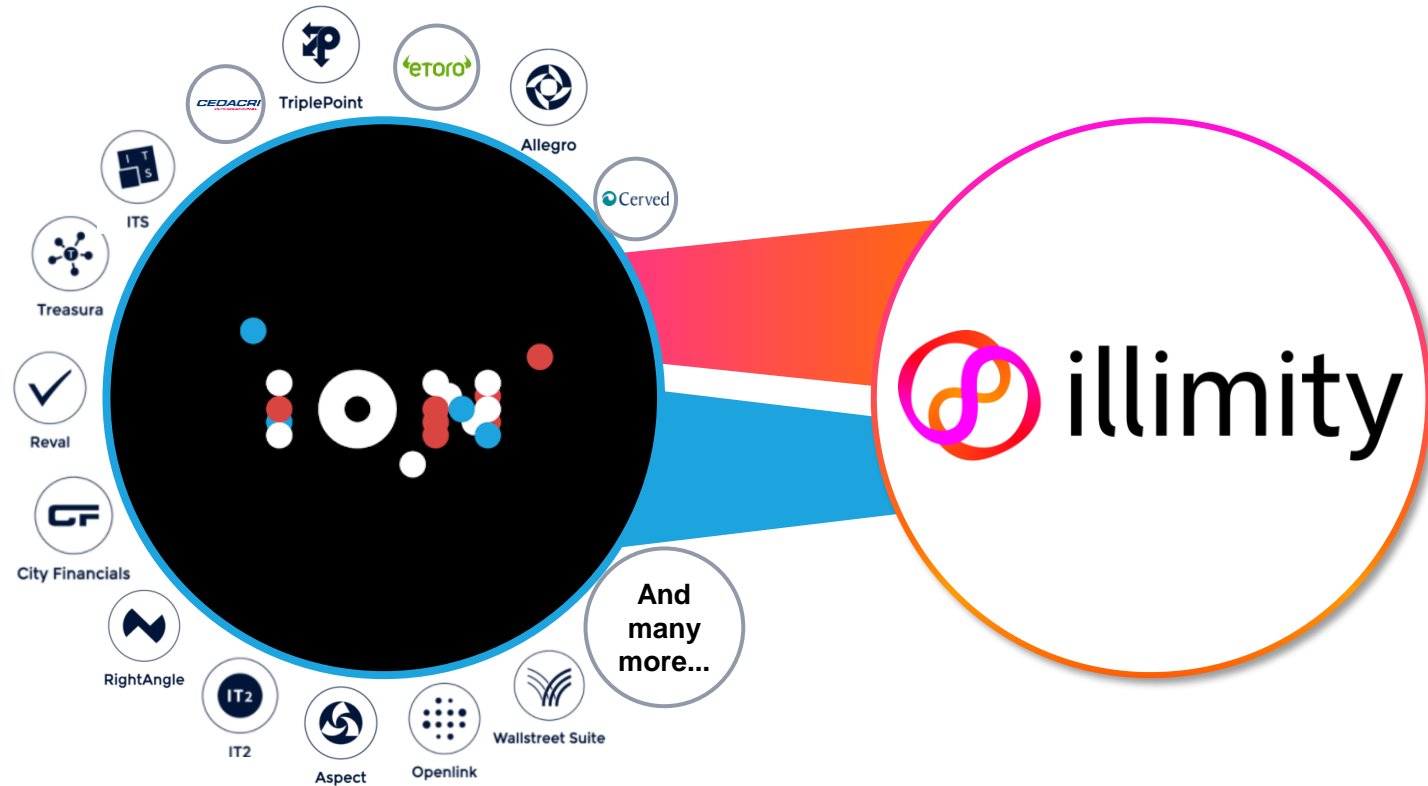
...

NATIVELY DIGITAL IN PROCESSES, PROCEDURES AND SYSTEMS



- **Artificial Intelligence**
- **Machine learning**
- **Big Data**
- **Advanced analytics**

illimity - Huge potential from synergies with ION Group



SYNERGIES IN:

- Credit scoring
- Data analytics
- Software development
- Market intelligence
- Banking as a platform



Foundations for success: people, technology and values



2022: three factors will further drive growth



6 valuable and fast-growing business units



**Growth Credit
Division**

*Credit and services to
SMEs*

b-ilty
illimity

*Lending to small
corporates*



**Distressed
Credit Division**

*NPE Investments,
financing and servicing*

 **illimity**
SGR

 **quimmo**

Proptech

HYPE

Retail fintech

illimity - Large and growing Italian SME market



Growth Credit Division

Market Size

>€35bn⁽²⁾

Expected cumulated UTP transactions
2021-25 (GBV)

€250-300bn⁽³⁾

Performing loans to non-financial
companies with >€10mln turnover

~€250bn⁽⁴⁾

Total Turnover in Italy

~€490mln⁽⁵⁾

Total amount of capital raised for IPO on
Euronext Growth Milan in 2021

~€380mln⁽⁶⁾

Corporates mini-bond issued in Italy in
2021

Turnaround

- Refinancing
- Restructuring
- New finance
- UTP portfolios

Cross-over & Acq. Finance

- Cross-over / Structured Finance
- Acquisition Financing

Factoring

- Supply Chain Financing
- With/Without recourse
- Reverse Factoring

Investment Banking

- Equity capital markets, Euronext Growth Advisor, IPO
- Risk mitigation solutions
- Debt capital markets, mini-bonds

Large Corporates

Mid Corporates

Small Corporates

Micro & SOHO⁽¹⁾

Retail

illimity - Italian SMEs specialist partner



Bank specialists

*Strong banking expertise
based on our team of
specialists*



Tutors

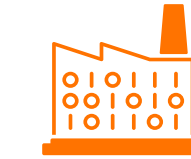
*Tutors with financial and
industries expertise*



 **illimity**
credit machine[®]

&

 **illimity.AI**[®]



Client data



Market data

REQUEST

EVALUATION

RESOLUTION

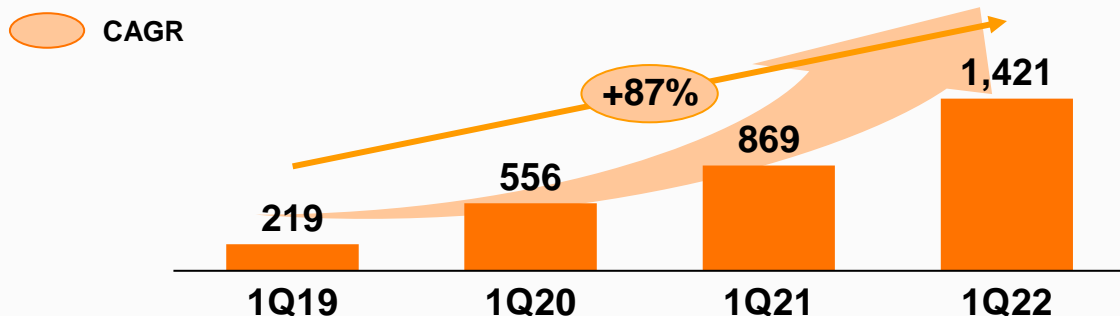
CLOSING

MONITORING

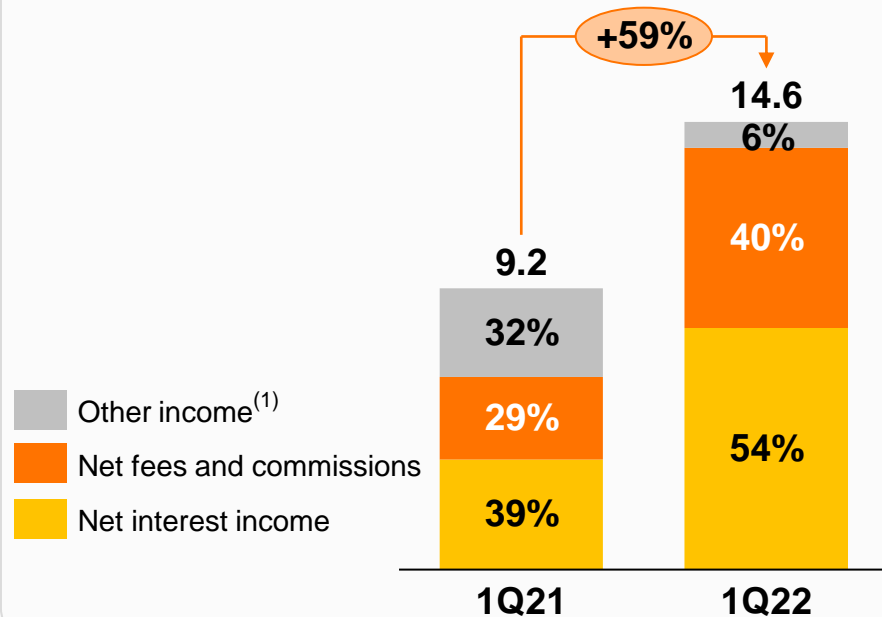
Tutors support the whole process from credit underwriting to monitoring

illimity - Outstanding growth and quality

Net customer loans (€mln)



Revenue breakdown (€mln)



€1.9bn⁽³⁾

Business origination since inception

Well-recognised player in the market with a very selective approach

€14.6mln

Well diversified 1Q22 revenue mix

Among net interest income, net fees and commission and other income⁽¹⁾

0.9%

Excellent quality of business

Division's Gross organic NPE ratio⁽²⁾

57%

RWA density

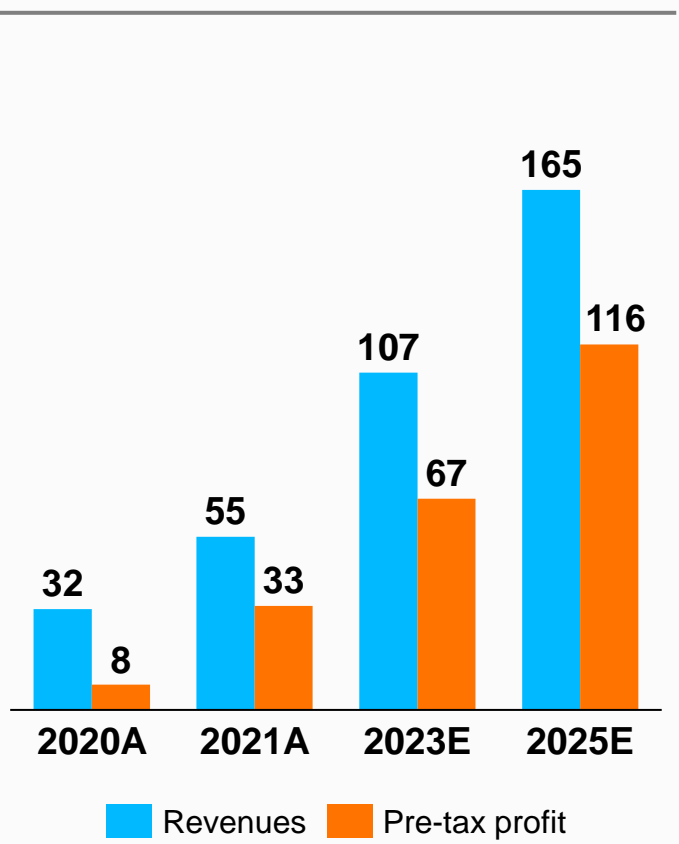
Thanks to capital management solutions and public guarantees

Data as of 31.03.2022

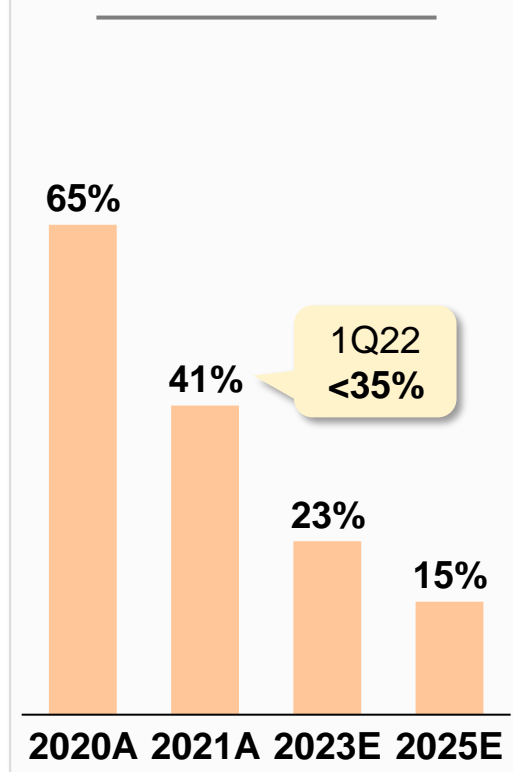
illimity - Operating leverage gains drive profitability

Growth Credit Division – Key targets

Revenues & pre-tax profit (€mln) ⁽¹⁾



Cost income ratio ⁽¹⁾



~€3.7 bn

Strong business origination in 2021-25



Highly **scalable organization** with **operating leverage** to become increasingly visible as volumes grow



Profitability of Turnaround business in terms of profit from **credit revaluation** to significantly materialise towards end of Plan horizon



Asset quality to remain at excellent level

Note: (1) Data includes the contribution now referred to the Investment Banking Division.

illimity - Solid asset quality



Only 2% of Growth Credit loans are potentially at risk related to exposure to Russia and Ukraine and are in any case covered by either public guarantees or insurance

illimity - Investment Banking: gaining pace to support SME growth

Capital Markets

- 1 IPO closed, together with further advisory mandates generating **€2.6mIn⁽¹⁾ of fees** in 1Q22
- 2 IPO mandates already signed to be executed by 3Q22 and strong pipeline ahead

Corporate Solutions

- **€1.2mIn⁽¹⁾ of P&L contribution⁽²⁾ in 1Q22** from risk mitigation solutions
- Portfolio of HTCS corporate bonds at **~€84mIn of NBV**

Structuring

- 4 mandates as Arranger in place with potential underwriting opportunities expected to generate revenue in 2Q22
- Pipeline well above **€100mIn**

Basket bond on sustainable energy, securitisation of receivables (up to €100mIn) **and of third parties SME loans** with public guarantee (2 mandates for ~€110mIn overall)



Launched activities in early 2021 and already delivering important results
Increasingly widening range of services exploiting market opportunities with high return on capital



Foundations for success: people, technology and values



2022: three factors will further drive growth



6 valuable and fast-growing business units



Growth Credit Division

Credit and services to SMEs

b-ilty
illimity

Lending to small corporates



Distressed Credit Division

NPE Investments, financing and servicing

illimity
SGR

quimmo

Proptech

HYPE

Retail fintech

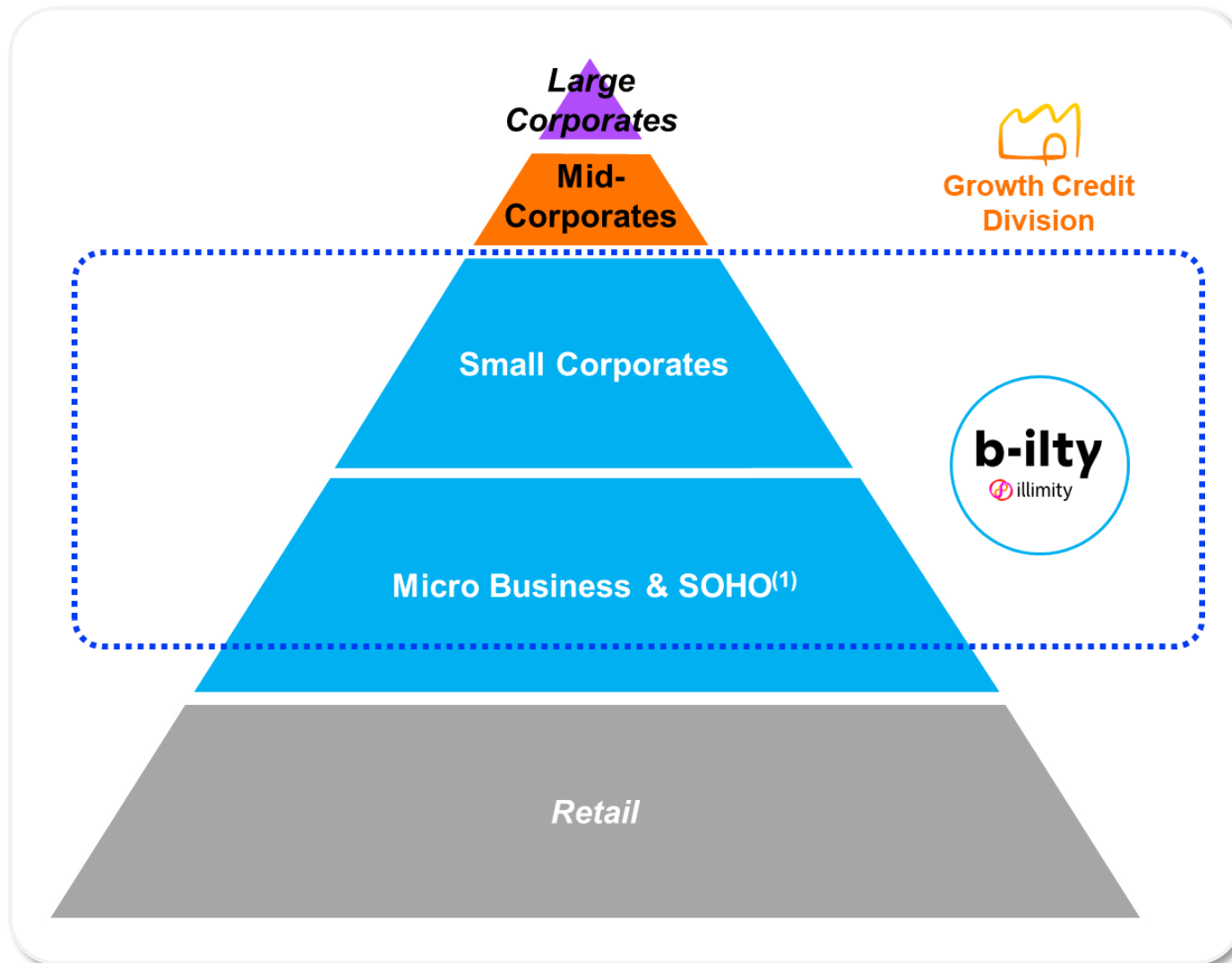


presents

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. €2-10m range)
- Small Corporate segment is still **underserved** by both traditional players and newcomers

b-ilty - Unique offering now on market



More than just lending: the first digital business store dedicated for small corporates



Complete product suite: financial and credit products dedicated for Small Corporates



Full digital experience: 100% paperless and easy to use



Digital but also human interface: contact centre 7 days a week and professional relationship managers



Advanced analytics to be in **control** of their financial state



Try & Buy subscription formula: one monthly fee, unlimited transactions. Free for the first 3 months.

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 **try and buy**



EASY TO USE

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

b-ilty - Fast response time: 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

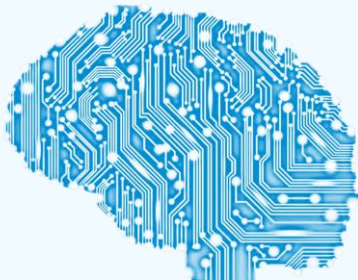


TRANSACTIONAL



WEB
REPUTATION

ALGORITHM-
BASED
CREDIT
ENGINE



illimity.AI[®]



REQUEST

ANALYSIS

RESOLUTION

CLOSING

MONITORING

Ongoing Beta phase finalisation,
READY TO SCALE

Key strengths



CONTINUOUS
MACHINE LEARNING



SCALABILITY



FAST TIME-TO-YES



INDUSTRY-SPECIFIC
KPIs

b-ilty - Best-in-class partner for small corporates



INSURANCE



ESG and SUSTAINABILITY



b-ilty



Additional partners will be progressively added

EDUCATION



Accelera con Amazon

VALUE ADDED SERVICES



PSD2: all current accounts in one touchpoint



Advanced insights: providing insight on your customers and supply chain



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



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

Scalability drives strong profitability towards exponential growth after 2025

KEY TARGETS 2025



Total revenue⁽¹⁾

€80-90mIn

Cost income ratio

30-35%

Cost of risk⁽²⁾ 50-100bps

Net customer loans stock
(2025)

~€1.9bn

RWA density⁽³⁾ ~25%

Customer
(2025) in '000

31.2

Potential boosters not
included in Plan

Partnerships

Synergies with ION

Entry in foreign markets



Foundations for success: people, technology and values



2022: three factors will further drive growth



6 valuable and fast-growing business units



Growth Credit
Division

*Credit and services to
SMEs*

b-ilty
illimity

*Lending to small
corporates*



Distressed
Credit Division

*NPE Investments,
financing and servicing*

illimity
SGR

quimmo

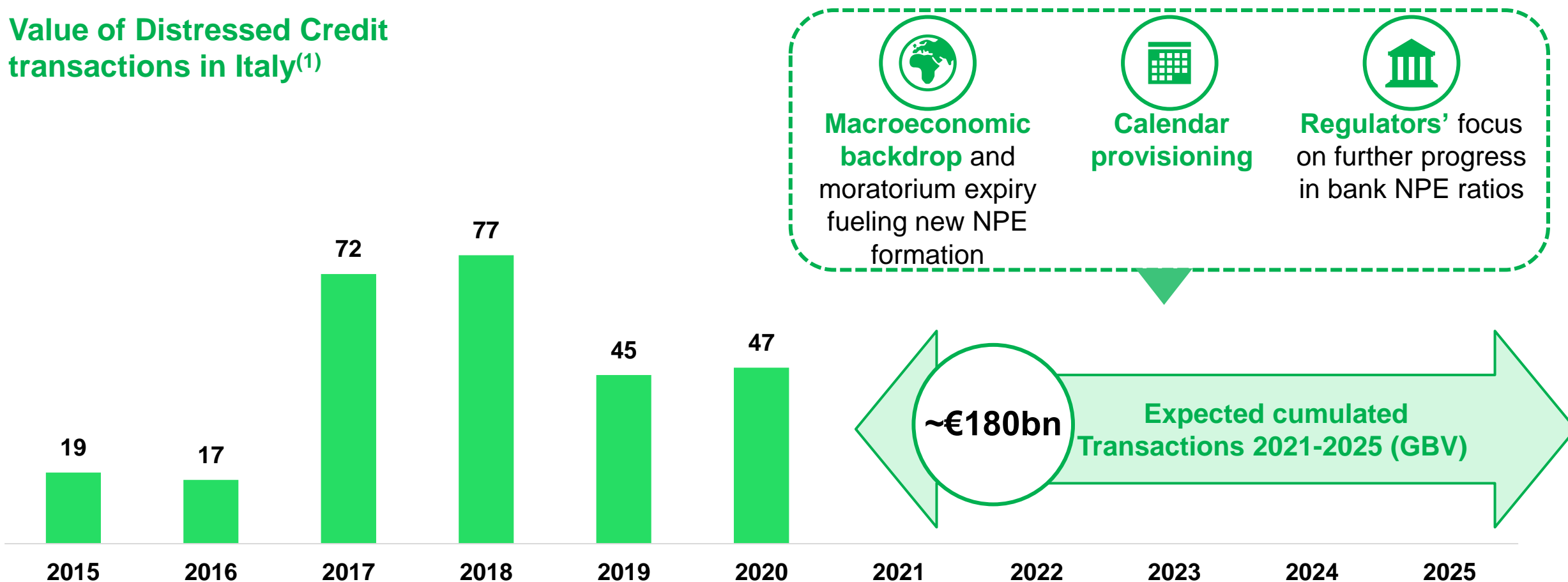
Proptech

HYPE

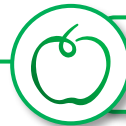
Retail fintech

illimity - Large and dynamic addressable distressed credit market

Value of Distressed Credit transactions in Italy⁽¹⁾



illimity - A national champion in Corporate distressed credit



Distressed Credit Division



Distressed Credit Investment

- Specialist desks**
- **Corporate Portfolios:** Secured, Unsecured & Leasing
 - Special Situations **Energy**
 - Special Situations **Real Estate**
 - **Unlikely-To-Pay Portfolios**
 - **Public Procurement Claims**



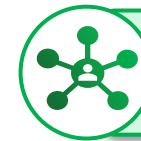
Senior Financing

- **Financing solutions** to non-bank NPE investors
- **Structuring and financing portfolio disposals**



Servicing

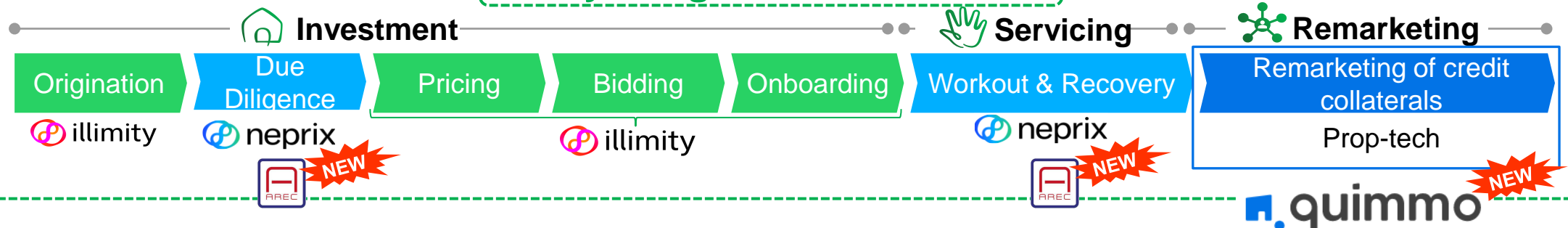
- **Corporate Distressed Credit Management**
- **Unlikely-To-Pay corporate loans**
- **Real Estate and Renewable Energy Advisory**



Proptech

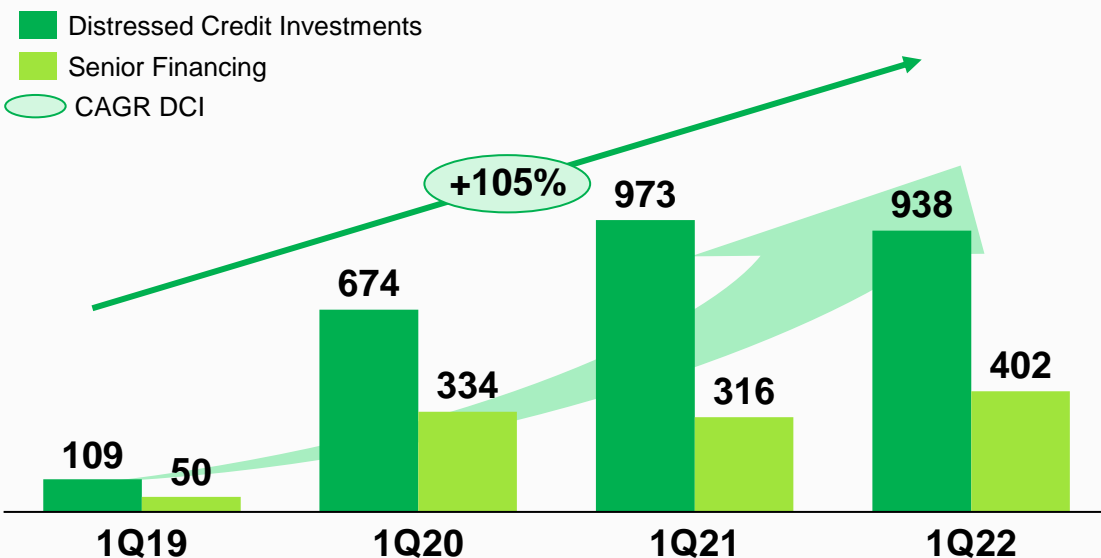
- **Remarketing** of capital goods & Real Estate properties
- **Real estate brokerage** on free market

Fully-integrated value chain



illimity - Top investor with very strong track record

Net customer loans (€mln)



Data as of 31.03.2022

€2.2bn⁽¹⁾

Business origination since inception
Among **top investors in Europe** leveraging on highly-specialised market segments

€9.1bn⁽²⁾

Servicing Asset Under Management
Between credit and assets being already one of the largest special servicers in corporate NPEs

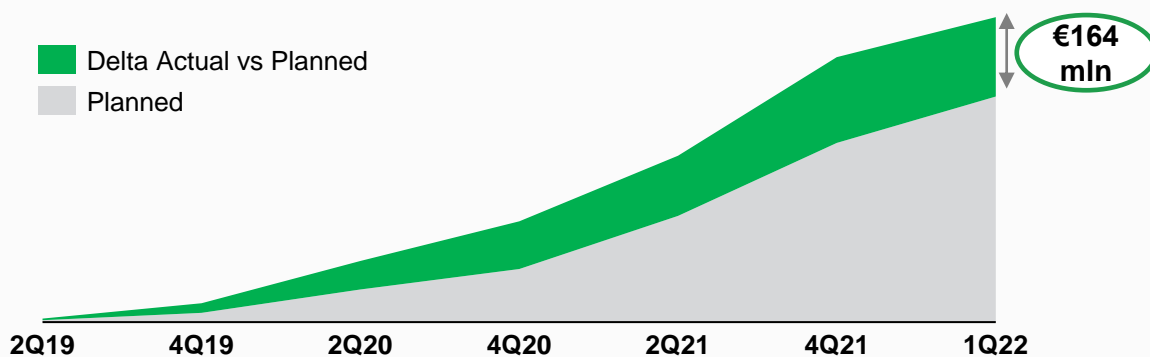
€1,316mln

Estimated Remaining Collections on booked investments

€164mln

Strong Cash flow overperformance
workout strategy focused on out-of-court settlement and opportunistic disposal

Cumulative cash flow: actual vs. planned (€mln)



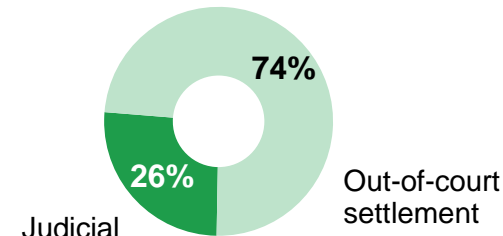
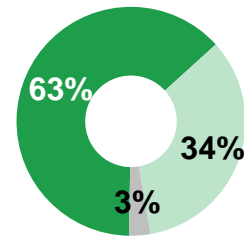
illimity - Strong out-of-court workout component drives cash flow performance

Data as of 31 March 2022

Workout strategy in pricing model
(NBV breakdown)

Actual workout strategy
(Cash flow breakdown)

Pricing vs. actual
workout strategy

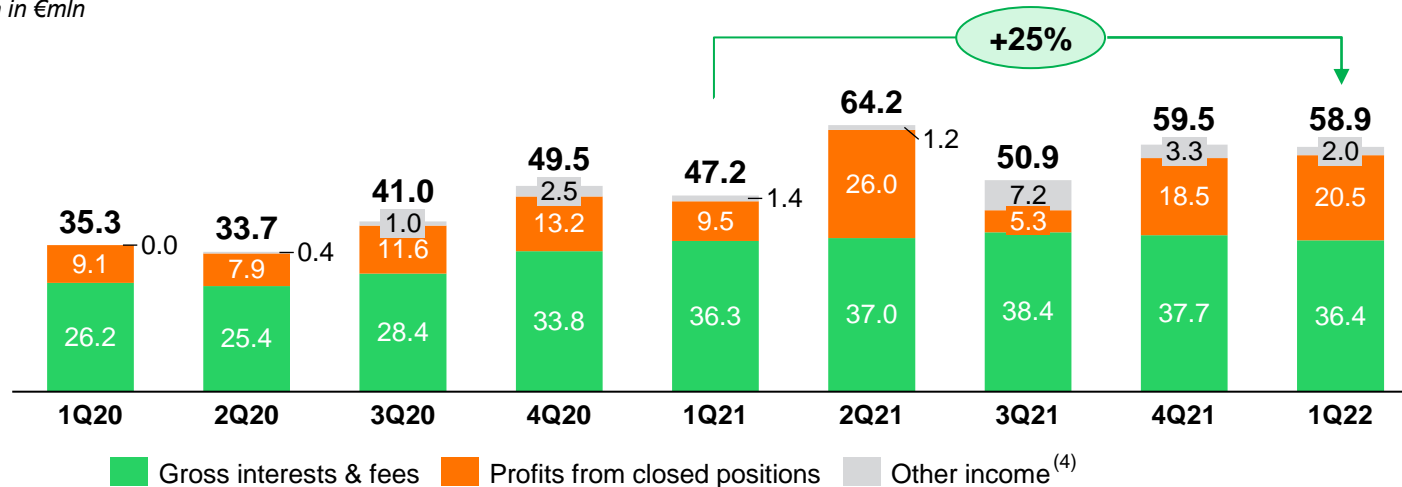


➤ Out-of-court settlement represents >70% of actual gross cash flow – vs ~34% in pricing model

Judicial⁽¹⁾ Out-of-court settlement Other⁽²⁾

Economic view⁽³⁾

Data in €mln

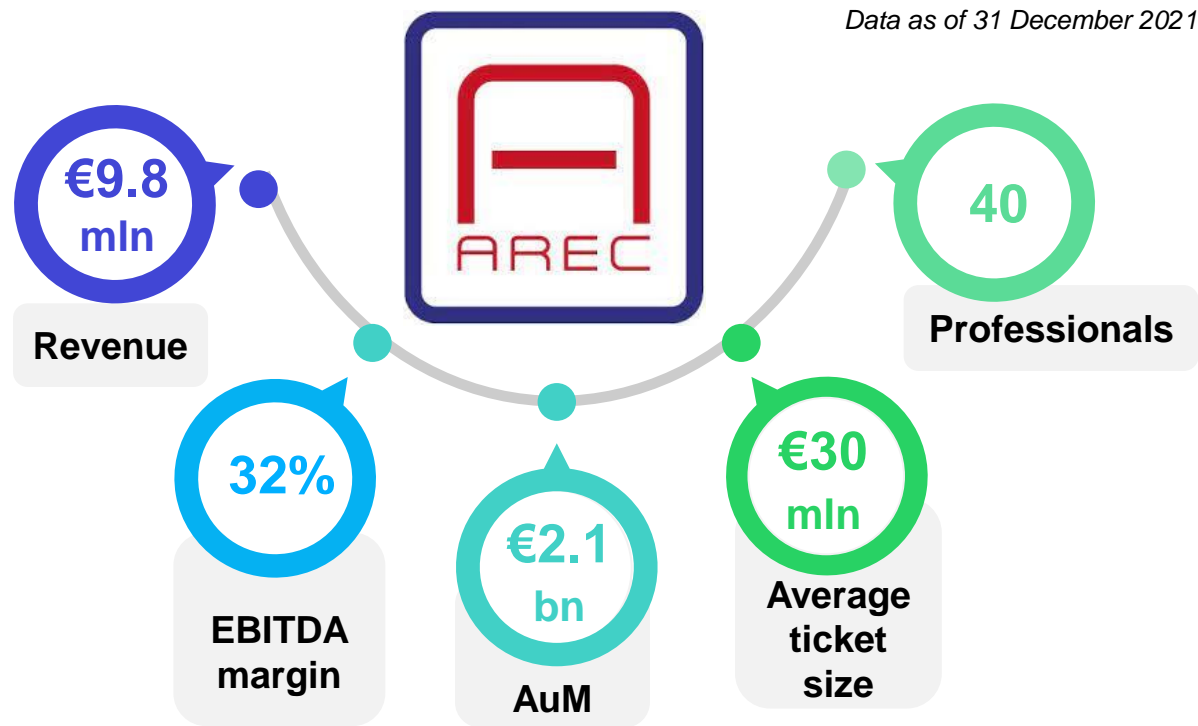


➤ Excellent economic performance in 1Q22 fuelled by profits from closed positions, recurring feature of Division's performance

Notes: (1) Purchase prices as % of GBV in Judicial strategies are generally lower than in out-of court strategies as the result of longer collection period, lower cash flow and higher legal costs; (2) Includes assets repossession (through ReoCo), *datio in solutum* transactions and blended strategies; (3) Gross revenue before any cost of funding and other divisional rebates; (4) Profit from rental income on repossessed assets and other income on assets accounted for as FVTPL.

neprix - Arec acquisition creates leader in large tickets real estate

Third corporate UTP Servicer in Italy focused on large tickets real estate



Combination will consolidate our positioning on corporate UTP servicing



STRATEGIC RATIONALE

- Strengthen neprix non-captive business and its ability to attract third-party mandates
- Enhance expertise in large-scale real estate deals
- Leverage on excellent relationship of Arec with primary banks in Italy

neprix - Moving towards large tickets NPE

Neprix-Arec combined KPIs⁽¹⁾



>€9bn Total AuM
of which ~30% third-party mandates



>80 Specialised Asset Managers



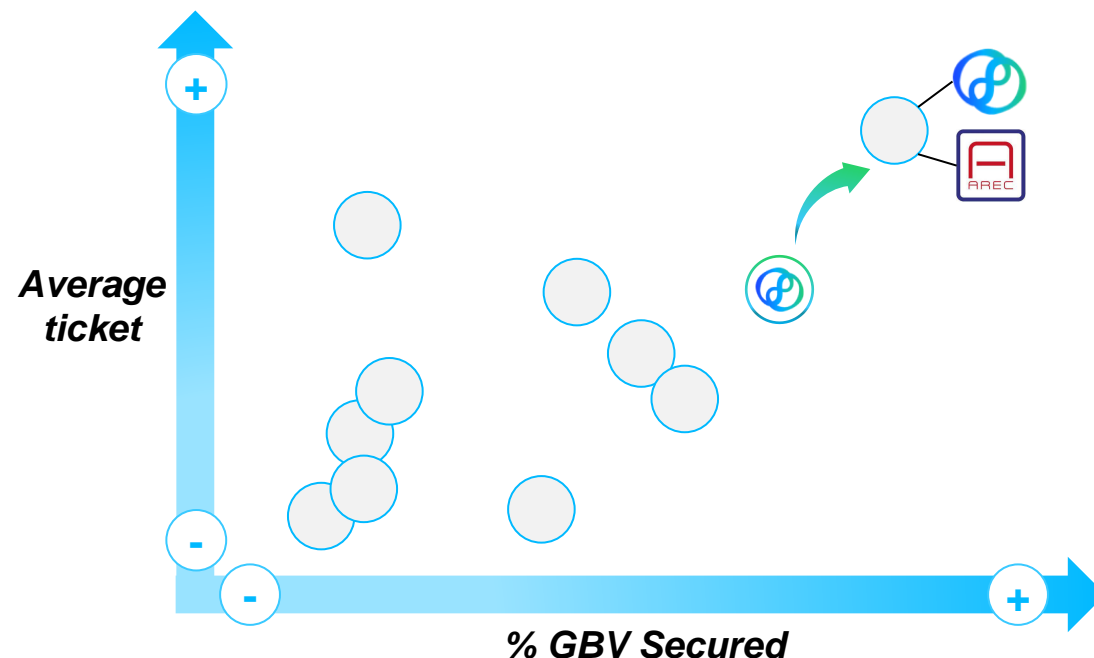
>30% of Corporate UTPs out of total AuM



Pre-tax profit of combined entity
• ~ €18mIn in 2023
• >€30mIn in 2025



Increasing focus on real estate large tickets corporate distressed credit



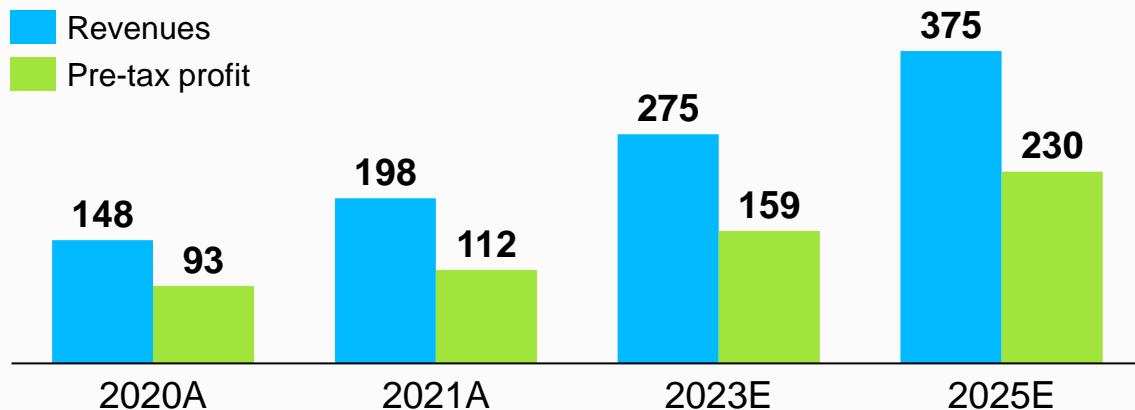
illimity - Significant growth and profitability driver

Distressed Credit Division – Key targets

Revenues & Pre-tax profit (€mln)⁽¹⁾

**COST INCOME
TARGET**

Revenues
Pre-tax profit



BUSINESS ORIENTATION 2021-2025 (NBV)

~€3bn

DC Investments

~€0.4bn

Senior Financing

AVG. GROSS IRR

>12%



Strong and well diversified revenue growth underpinned by **volume progression**



Strong operating efficiency across the Plan horizon



Investments in **data-driven business model** leading to **successful performance**



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SGR

 **quimmo**

Proptech

 **HYPE**

Retail fintech



LAUNCHED



Credit & Corporate Turnaround Fund

- Investment focus on UTP contributed by originating banks

Launch scheduled in 2022



Private Capital Fund


- Investment focus on performing corporate financial instruments (including sub-debt and private equity)

NEW

Launch scheduled in 2022



Real Estate UTP Fund

- Investment focus on secured UTP
-  neprix role in real estate servicing

NEW

Synergies with illimity

Growth Credit Division
Turnaround

Growth Credit Division
Crossover & Acquisition Finance

Distressed Credit Division
& neprix



Capital light tool allowing illimity to generate fee-based revenue stream

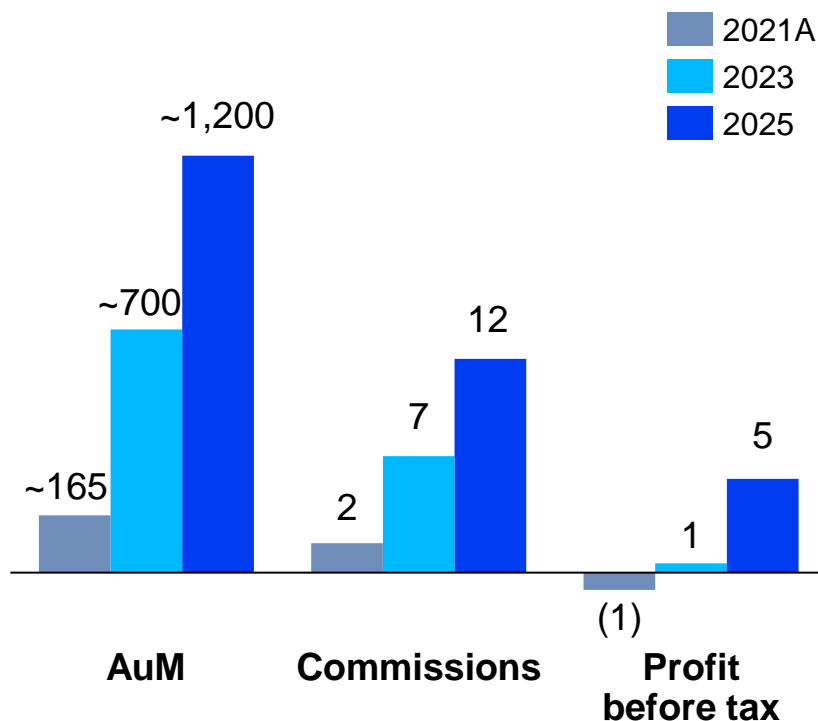


ESG metrics and **digital approach** in alternative fund management

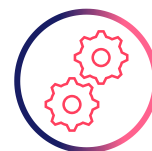
Ambitions for illimity SGR

KEY TARGETS

Data in €mln



~1% Avg. Management Fees



Carried interest to start contributing from 2027



~20 FTE in 2023
and flat onwards

Potential upside not included in Plan

Additional funds under study



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HYPE

Retail fintech

quimmo - Quimmo is already a leading player in digital remarketing of real estate assets

 **NOW LIVE**

Remarketing of credit collaterals Main KPIs

~26mln

Web visits over the last 12 months

~900k

Registered users

~560

RE assets sold in 1Q22

~3,000

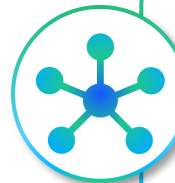
RE assets to be sold as 2022 target

Data as of 31 March 2021

Digital-native business model



Developer teams for UX and Digital Marketing



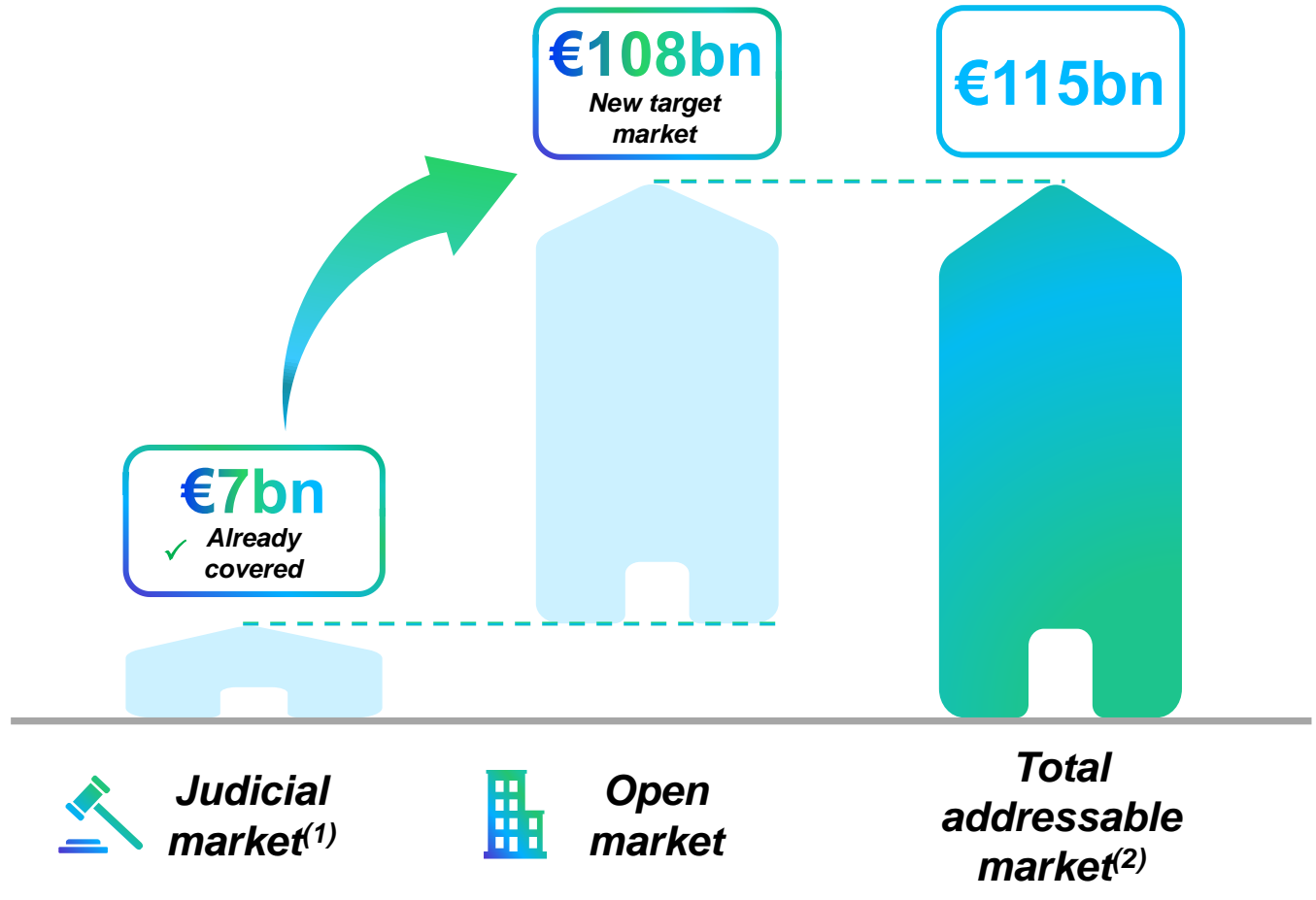
Specialised multichannel service across entire chain value



Digital and highly specialised processes

quimmo - Huge market with underserved needs

Real Estate market



Several pain points across entire value chain



Fragmented offer among agents with differing prices and services



On-site visit tough to organize and inefficient



Information asymmetry between buyer, purchaser and intermediary

quimmo - Most innovative proptech in Italy is live

A unique value proposition in Italian real estate brokerage market...



-  One stop shop for real estate buyers and sellers
-  Coverage of entire value chain
-  Widespread coverage of commercial network

...with solid performances already achieved



Already leading real estate digital brokerage platform on market (over 2k units sold in 2021)




~560 units sold in 1Q22 with strong backlog of property to intermediate to reach ~3,000 target in 2022



Ongoing finalisation of partnership agreements with primary real estate developers

- Ambitions for Quimmo

KEY TARGETS 2025		
	2021	2025
Revenue ⁽¹⁾	~€19mln	>€60mln
EBITDA margin	~17%	~45%

Potential boosters not included in Plan

Partnerships

Synergies with ION

Entry in foreign markets



Foundations for success: people, technology and values



2022: three factors will further drive growth



6 valuable and fast-growing business units



Growth Credit
Division

*Credit and services to
SMEs*

b-ilty
illimity

*Lending to small
corporates*



Distressed
Credit Division

*NPE Investments,
financing and servicing*

illimity
SGR

quimmo

Proptech

HYPE

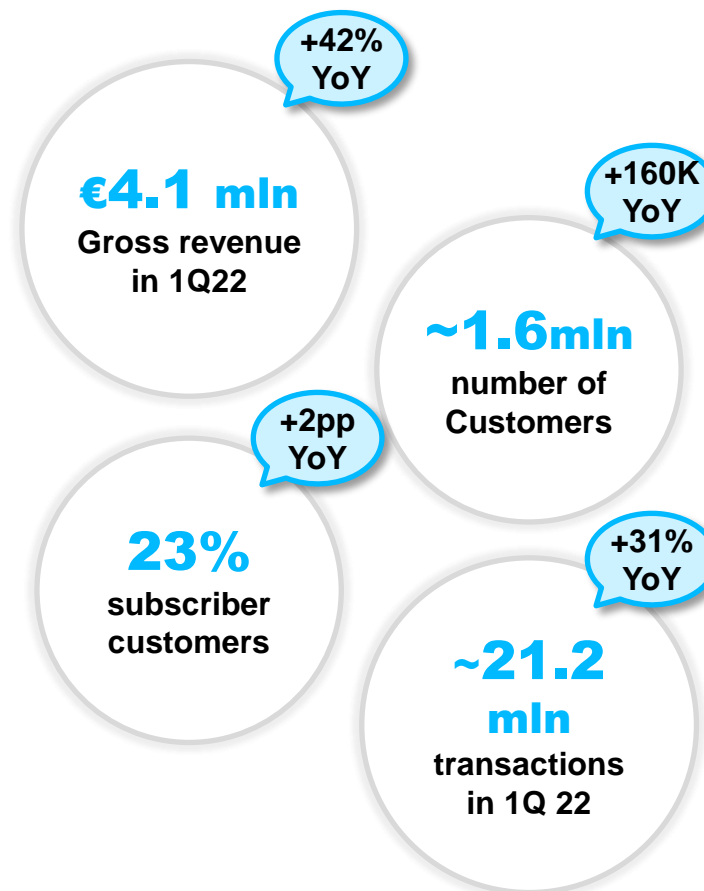
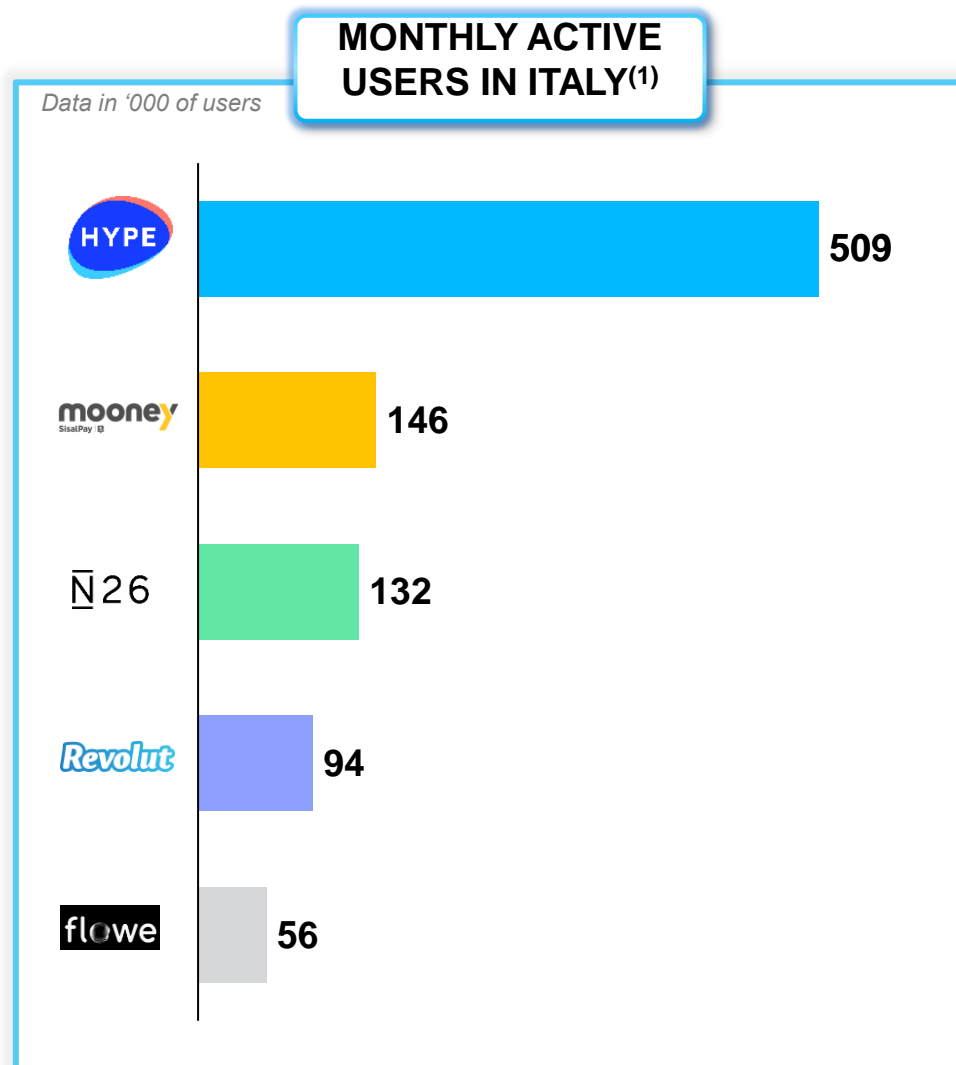
Retail fintech



- Market leader in Fintech



Data as of 31 March 2022



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 of March 2022.

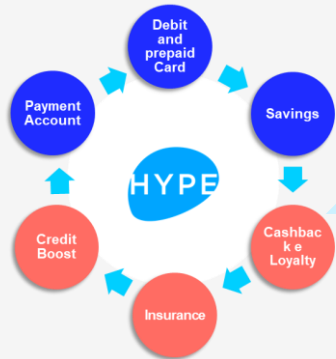


- From payment to money management hub



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, SMEs

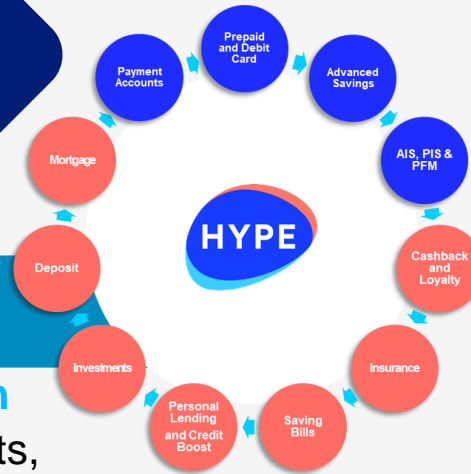
DOTS



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

Value Proposition completion: deposits, mortgages, PSD2 credit boost

LAUNCH OF NEW HYPE
(September '21)



- Positive contribution margin in 1Q22

Data as of 31 March 2022

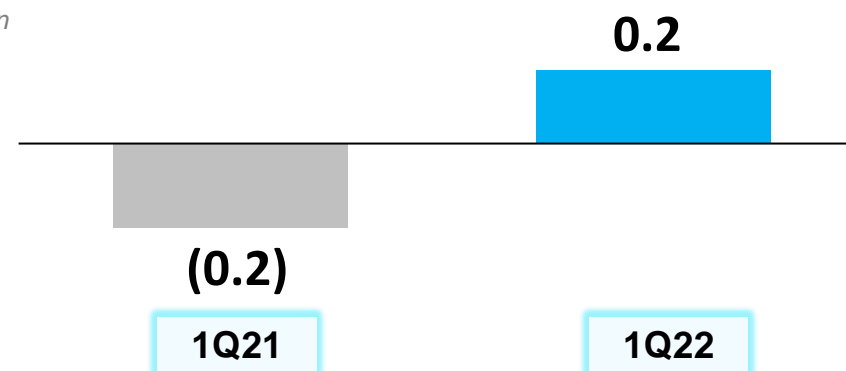
PATH TO PROFITABILITY



The innovations introduced in the previous months - **new features, new CRM, new products, new businesses** - show their effects by **demonstrating the effectiveness of the path taken**: it is the first time that **Hype displays a positive contribution margin⁽¹⁾**

Contribution Margin⁽¹⁾ 1Q22 vs 1Q21

Data in €mln





- Ambitions for HYPE



KEY TARGETS 2025

Pro-rata HYPE profit

~8mln

Customers

>3 million

Potential boosters not
included in Plan

Partnerships

New channels &
products

Entry in foreign markets



Foundations for success: people, technology and values



2022: three factors will further drive growth

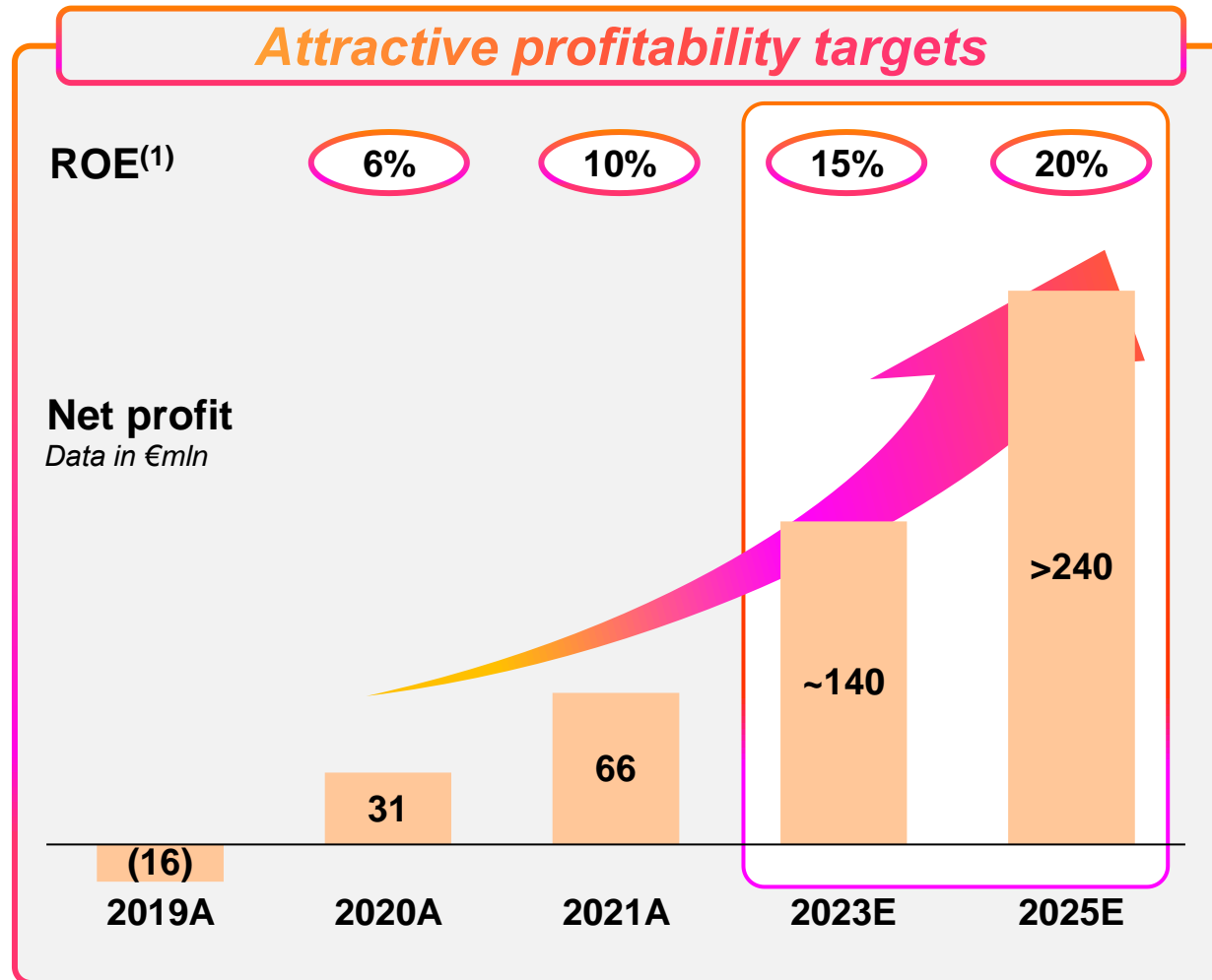


6 valuable and fast-growing business units



Hidden value with Sum-Of-Parts

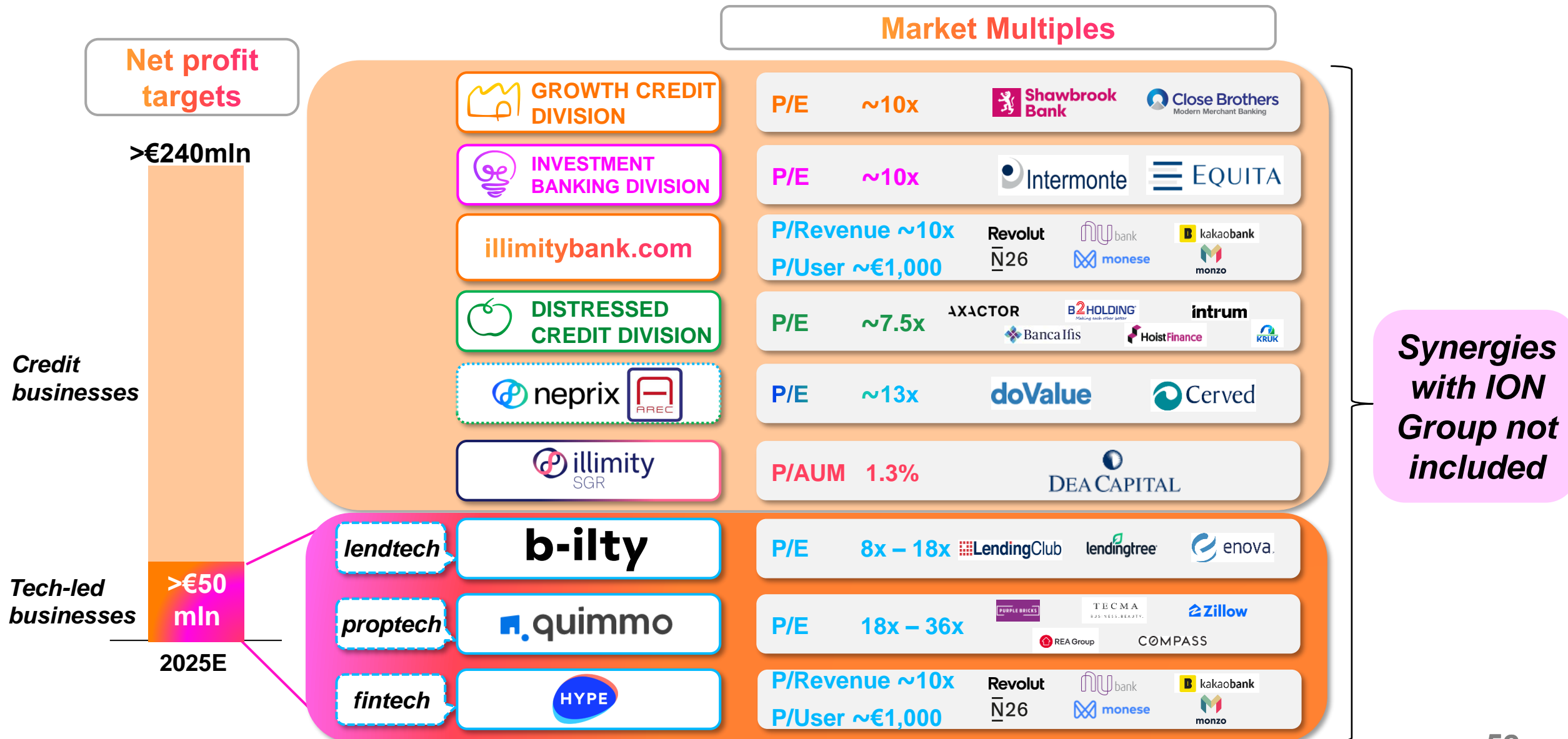
illimity - Our Business Plan embeds attractive profitability targets with further potential upside



Upside drivers

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

illimity - Much more than a bank: Sum-Of-Parts



illimity - A complete new paradigm bank for SMEs

Commercial Banking

- **SMEs**
 - Cross-over & Acq.Finance, Turnaround, Factoring
 - ECM, DCM, derivatives...

 **GROWTH CREDIT DIVISION**

 **INVESTMENT BANKING DIVISION**

- **Small Corporates**
Fully fledged digital offer

b-ilty

- **Retail**
Fully fledged digital offer

illimitybank.com



- **Real estate broker**



- **SME distressed credit** (Stage 2 & 3)
 - Management
 - Investment
 - Senior financing



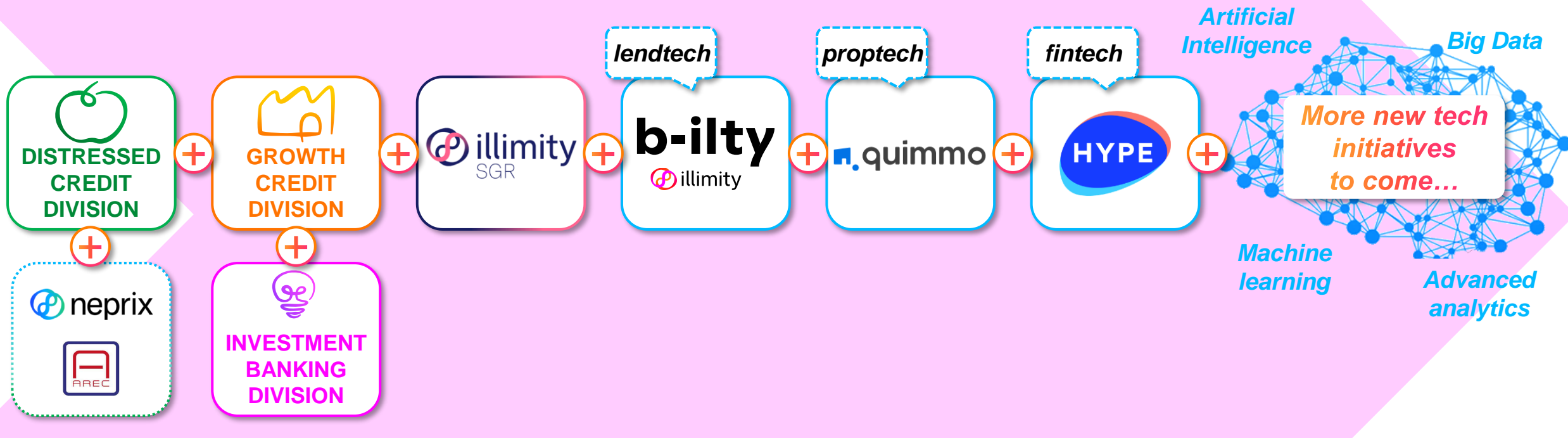


Asset management

- **Asset management**



illimity - The best is yet to come



Recent financial results

1Q22



illimity - **Solid start to 2022**



Good progression in net interest income and more to come as most volume growth is concentrated in last part of quarter, while pipeline is robust and well diversified



Continued revenue progression – up 41% YoY – with **well-balanced contribution** between net interest income and non-interest income



Operating leverage gains confirms its trajectory with Cost income ratio for 1Q22 improving further to 57% despite ongoing costs and investments being incurred on new initiatives not yet producing revenue



Low organic cost of risk reflects **resilient asset quality** and public guarantees benefit



Results ahead of budget considering usual quarterly seasonality

illimity - Diversified and balanced growth

Data in €mln

Reclassified Balance sheet	31.03 2021	31.12 2021	31.03 2022	Δ 31.03.2022 / 31.12.2021	Δ 31.03.2022 / 31.03.2021
1 Cash and cash equivalent	752	508	695	37%	(8)%
Due from banks and other financial institutions	657	468	215	(54)%	(67)%
2 Customer loans	2,234	2,762	2,832	3%	27%
- Distressed Credit investments	973	923	938	2%	(4)%
- Distressed Credit senior financing	316	336	402	20%	27%
- Growth Credit	869	1,434	1,421	(1)%	64%
- Cross-over & Acq. Finance ¹	452	628	643	2%	42%
- Turnaround	260	438	488	11%	88%
- Factoring	157	368	289	(21)%	84%
- b-ilty	-	3	7	173%	n.s.
- Non-core former Banca Interprovinciale	76	66	64	(3)%	(16)%
3 Financial assets Hold To Collect (HTC) ²	-	-	108	n.s.	n.s.
Financial assets Hold To Collect & Sell (HTCS) ³	310	300	424	42%	37%
Financial assets measured at FVTPL ⁴	50	77	82	7%	63%
Investments in associates and companies subject to joint control	86	80	78	(2)%	(9)%
Goodwill	36	36	36	--	0%
Intangible assets	33	49	52	7%	57%
Other assets (Incl. Tangible and tax assets) ⁵	157	382	400	5%	154%
Total assets	4,316	4,661	4,922	6%	14%
Due to banks	627	411	412	0%	(34)%
4 Due to customers	2,568	2,818	3,065	9%	19%
Bond/Securities	302	500	505	1%	67%
Shareholders' Equity	665	773	777	1%	17%
Other liabilities	154	159	163	3%	6%
Total liabilities	4,316	4,661	4,922	6%	14%
5 Common Equity Tier 1 Capital	530	642	646	1%	22%
6 Risk Weighted Assets	3,018	3,411	3,662	7%	21%

1 **Robust liquidity profile** – almost **€1bn** between cash, net adjusted interbank position and liquidity buffers – even after remarkable new business volumes

2 **Net customer loans advancing 3% QoQ** mostly driven by DC Division; b-ilty in beta phase

3 **Increasing investments in securities portfolio** in line with our investment strategy; introduction of HTC investment strategy

4 **Retail & corporate funding up to €2.8bn** owing to growth in term funding

5 **CET1 Capital increased to €646m** due to quarterly profit on one side and larger negative mark to market on other side

6 **RWA up due to increase in business volumes**

Notes: Rounded figures; (1) This figure includes part of the net loans to existing customers of Banca Interprovinciale, which due to their features are considered consistent with illimity's Growth Credit Division segment; it also includes corporate high yield bonds classified as HTC; (2) Includes securities portfolio classified as financial assets measured at amortised cost; (3) HTCS: Financial assets measured at fair value through comprehensive income; (4) FVTPL: other financial assets at fair value through profit or loss. This item includes equity financial instruments purchased as part of a Turnaround transaction, 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; (5) It includes assets arising from the purchasing of tax assets (the so-called "Ecobonus") for €69 million and senior notes for approximately €38 million resulting from the securitisation of a distressed credit portfolio that are expected to be sold.

illimity - Steady progression in operating performance








Data in €mln

Reclassified Profit & Loss	1Q21	4Q21	1Q22	Δ Q/Q%	Δ Y/Y%
Interest income	46.0	50.8	51.7	2%	13%
Interest expenses ¹	(14.8)	(16.4)	(15.7)	(4%)	6%
1 Net interest income	31.2	34.5	36.0	5%	16%
2 Net fees and commissions	4.9	11.6	12.8	10%	160%
Net result from trading and Fair Value assets	3.8	6.2	2.8	(55%)	(28%)
3 Net other income/expenses	2.0	6.6	6.3	(5%)	213%
4 Profit from closed purchased distressed credit positions²	11.4	19.0	20.6	8%	80%
Gain (loss) from disposal of investments	2.3	-	-	-	n.s.
Operating income	55.7	77.8	78.5	1%	41%
Staff costs	(16.6)	(22.2)	(20.7)	(7%)	24%
Other operating expenses	(16.5)	(23.3)	(20.8)	(11%)	26%
Depreciation & Amortisation	(3.0)	(2.9)	(3.4)	18%	15%
5 Operating costs	(36.1)	(48.5)	(44.9)	(7%)	24%
Operating profit	19.5	29.4	33.5	14%	72%
Loan loss provision charges	0.8	0.6	(0.5)	n.s.	n.s.
6 Value adjustments on purchased distressed credit	3.9	(14.1)	(4.6)	(67%)	n.s.
Value adjustments on securities and loans to banks	(1.6)	(0.4)	(0.5)	25%	(69%)
Other net provisions for risks and charges	(0.0)	(0.2)	(0.0)	(87%)	12%
Other income from equity investments	(2.1)	(1.8)	(1.8)	2%	(14%)
Contribution to banking sector schemes	(1.4)	(1.4)	(2.0)	45%	40%
Profit (loss) before tax	19.1	12.1	24.1	98%	26%
Income tax	(6.5)	7.3	(8.4)	n.s.	n.s.
Net result	12.6	19.4	15.7	(19%)	25%

- 1 Nil up ~5% QoQ** especially fuelled by Growth Credit; investments in Public Procurement Claims not contributing as not accounted for at amortised cost
- 2 Remarkable progression in net fees and commissions** on new business origination, Investment Banking deals and real estate remarketing activity
- 3 Net other income** includes ~€4.3mln quarterly income from **IP license agreement with ION Group**
- 4 Relevant contribution from Distressed Credit closed positions**
- 5 Operating costs down** on normalised staff costs and despite investments in new initiatives
- 6 Value adjustments on purchased distressed credit** reflect update of workout business plan

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 - Distressed Credit continues performing, Growth Credit accelerates

	 DISTRESSED CREDIT DIVISION		 GROWTH CREDIT DIVISION (BIP included)		 INVESTMENT BANKING		 DIRECT BANKING DIVISION		 illimity SGR		 CORPORATE CENTRE		 TOTAL	
<i>Data in €mln</i>	1Q21	1Q22	1Q21	1Q22	1Q21	1Q22	1Q21	1Q22	1Q21	1Q22	1Q21	1Q22	1Q21	1Q22
Net interest income	26.6	26.5	3.6	7.9	0.2	0.5	0.7	1.1	-	-	0.1	-	31.2	36.0
Net fees and commission	2.1	3.5	2.7	5.9	0.3	2.8	-	-	-	0.6	(0.2)	-	4.9	12.8
Other income	13.9	24.3	2.9	0.8	-	0.5	2.3	3.5	-	(0.1)	0.4	0.7	19.5	29.7
Operating income	42.6	54.3	9.2	14.6	0.5	3.8	3.0	4.6	-	0.5	0.3	0.7	55.7	78.5
Staff costs	(5.9)	(7.3)	(2.3)	(3.1)	(0.4)	(0.9)	(1.5)	(1.9)	(0.5)	(0.6)	(6.0)	(6.9)	(16.6)	(20.7)
Other operating expenses and D&A	(7.9)	(10.7)	(2.0)	(1.7)	(0.3)	(0.2)	(2.7)	(4.5)	(0.1)	(0.2)	(6.5)	(6.9)	(19.5)	(24.2)
Operating costs	(13.8)	(18.0)	(4.3)	(4.8)	(0.7)	(1.1)	(4.2)	(6.4)	(0.6)	(0.8)	(12.5)	(13.8)	(36.1)	(44.9)
Operating profit	28.8	36.3	4.9	9.8	(0.2)	2.7	(1.2)	(1.8)	(0.6)	(0.3)	(12.2)	(13.2)	19.5	33.5
Provisions	2.8	(5.5)	1.5	0.3	(1.2)	(0.4)	-	-	-	-	-	-	3.1	(5.6)
Other income from equity investments	-	(0.1)	-	-	-	-	(2.1)	(1.7)	-	-	-	-	(2.1)	(1.8)
Contribution to banking sector schemes	(0.2)	(0.3)	(0.3)	(0.4)	-	-	(0.2)	(0.4)	-	-	(0.7)	(0.9)	(1.4)	(2.0)
Profit (loss) before tax	31.4	30.4	6.1	9.7	(1.4)	2.3	(3.5)	(3.9)	(0.6)	(0.3)	(12.9)	(14.1)	19.1	24.1
Interest earning assets	1,505	1,698	1,046	1,685	44	93	-	8	-	0	1,409	910	4,003	4,394
Other assets	88	96	4	120	-	-	86	90	-	-	135	222	313	528
RWA	1,994	2,112	788	1,034	41	92	30	69	-	3	165	353	3,018	3,662



Distressed Credit still major profit contributor with ~69% of Group's 1Q22 revenue. Operating profit up 26% YoY in 1Q22 boosted by strong profit from closed positions



Growth Credit contribution to Group profit continues to increase in 1Q22 thanks to strong business origination and increasingly visible operating jaws. Cost income ratio down from 47% in 1Q21 to 33% in 1Q22



Investment Banking already tangible contribution and gaining pace

Combined revenue with corporate clients almost doubled YoY in 1Q22 to over €18mln



Direct Banking benefiting from IP license agreement on IT platform while operating costs still reflect investments in b-ilty whose contribution to NII will be visible in second part of 2022



Higher cost at **Corporate centre** reflecting strengthening of organizational structure to support growth

Note: Rounded figures. 1Q21 restated for a like-for-like comparison with 1Q22. Operating costs restated for reclassification of contribution to banking sector schemes to a specific item in the Group's income statement.

illimity - Further improvements in KPIs

	1Q21	4Q21	1Q22
Cost income ratio ⁽¹⁾	65%	62%	57%
Organic cost of risk (bps) annualised ⁽²⁾	Net write-backs	Net write-backs	13bps
Gross organic NPE ratio (excluding BIP) ⁽³⁾	0.6%	0.7%	0.7%
Gross organic NPE ratio ⁽⁴⁾	3.0%	2.3%	2.3%
LCR	>450% ⁽⁵⁾	~180%	~220%
CET1 Ratio	17.6%	18.8%	17.7%
Total Capital Ratio	17.6%	24.7%	23.2%

- Further operating leverage gains with **Cost income ratio on quarterly basis falling to 57%** - down 5 p.p. vs 4Q21
- Annualised **cost of risk of 13bps** on organic loans portfolio as new business origination largely backed by public guarantees (around **30bps** adjusted for reversal of provisioning due to some early repayments)
- Best in class **Organic NPE ratio at 0.7% for business originated by illimity**; circa **2.3%** including former BIP portfolio
- Ample liquidity buffer and **NSFR** comfortably above minimum requirements
- **CET1 Ratio remains robust at 17.7%** despite larger negative M-t-M of financial portfolio

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 March 2022 (€1,679 million) for the segments Factoring, Cross-over, Acquisition Finance, Turnaround and receivables purchased as part of distressed loan portfolios that have undergone a change of credit quality classification subsequent to the time of purchase or disbursement (excluding credits acquired as bad loans), the loan portfolio of the former Banca Interprovinciale and Senior Financing to non-financial investors in distressed loans; (3) Excluding BIP legacy portfolio, see 'Gross organic NPE ratio' in the Glossary at the end of this document for further details; (4) See 'Gross organic NPE ratio' in the Glossary at the end of this document. Any failure to reconcile the stated figures arises exclusively from rounding; (5) LCR at 1Q21 restated for equity accounting of HYPE applied to liquidity ratios from 2Q21.

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