



**illimity**

BANCA OLTRE LA FORMA

 **illimity 4Q20 & FY20 results**

11 February 2021

# Key highlights

*Corrado Passera*, CEO



# illimity - FY20 profit of €31m, equal to 5.5% ROE

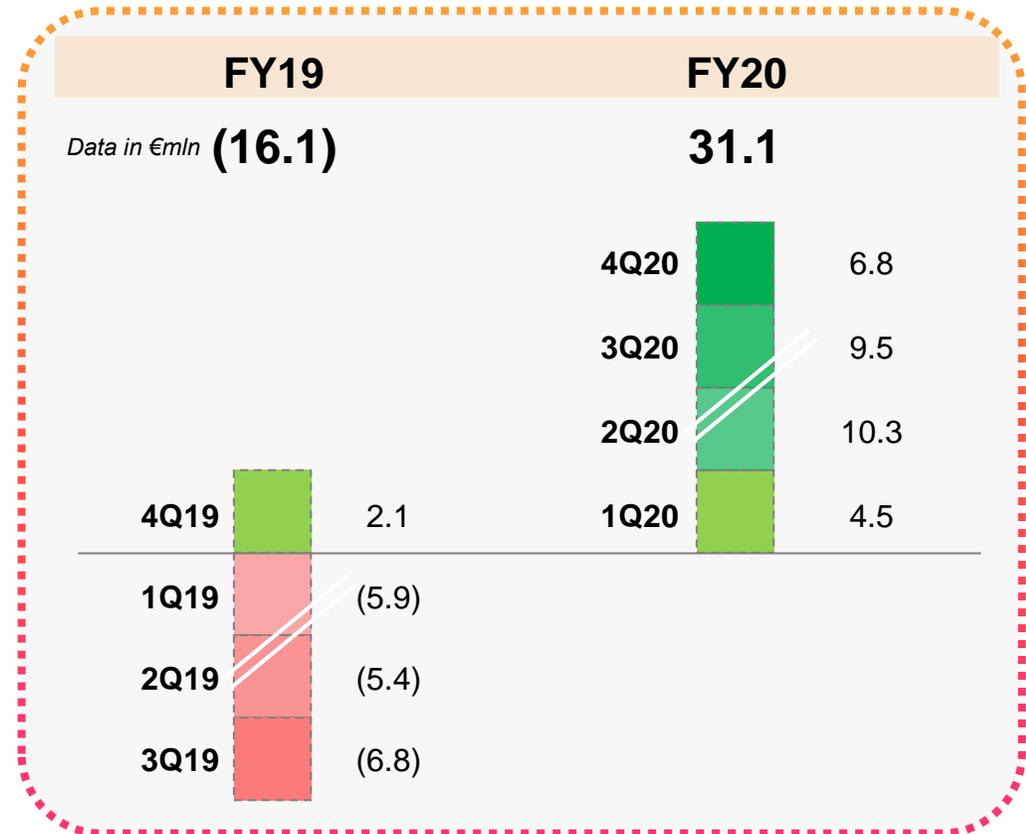
 Net profit for FY20 at €31m fully meets the mid-year guidance

 Customer loans and investments exceed €2.2bn, +35% yoy and +20% qoq

 Quality of existing business confirms to be rock-solid

 CET1 ratio at 17.9% and 18.4% pro-forma; liquidity exceeding €980m

## NET RESULT EVOLUTION



# illimity - Strong business origination despite harsh environment

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



**SME  
Division**



**Distressed  
Credit I&S  
Division**



**Cross-over  
& Acq. Finance**



**Turnaround**



**Factoring**



**Distressed Credit  
Investments**



**Senior Financing**



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

	A	B	C	A+B+C	BP 2018-23 Target 2020
<b>Originated Business<sup>(1)</sup> inception to date (31 January 2021)</b>	<b>~2,681</b>	<b>~130</b>	<b>~399</b>	<b>~3,210</b>	<b>~3,000-3,500</b>
	538 <sup>(4)</sup>	~37	~40	~615	~300
	332 <sup>(5)</sup>	~16	~81	~429	600-700
	159 <sup>(6)</sup> <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">T/O<sup>(7)</sup> 736</span>	~68	~20 <sup>(8)</sup>	~247	~300
	1,168 <sup>(5)</sup>	~9	~234	~1,411	1,700-2,000
	484	-	~24	~508	100-200
	~9,142	~42	~2,046	~11,230	5,100-6,300

Notes: Non accounting figures; (1) This aggregate includes the SME 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, owing to a settlement structure based on multiple tranches or to a time lag between the signing of the master agreement and the date of loan disbursement/onboarding. This aggregate additionally includes part of the net loans to existing customers of BIP, due to their features considered consistent with illimity's SME segment for about €54mln. It includes also portfolios sold; (2) Deals in final stage of the formalization of the agreement/contractual terms; (3) Specific business opportunities for which the bank envisages there is a reasonable expectation to close the transactions in the forthcoming months; (4) Including BIP core SME for about €54mln; (5) 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 corresponding to the investments in energy distressed credit; (6) Net Book Value at 31 January 2021; (7) Turnover related to Factoring only for the year 2020; (8) Credit line to be granted; (9) The AUM of the servicing unit includes the gross book value of distressed credit and the value of property and capital goods managed by IT Auction, net of cash flows and portfolio disposals.

# illimity - Investments lead to future benefits



**UTP portfolio market entry** with a landmark transaction



**Asset management company** set-up devoted to **investment in corporate debt**. UTP fund close to launch



Lead position in **Open banking** as a combination of customer engagement capability of **illimitybank.com** and wide customer base in HYPE



Successful debut in fixed income institutional markets with **first senior preferred bond**



# illimity - **Significant profit growth ahead**

-  **Large and growing core markets** – in some cases ahead of our initial expectations
-  **Significant revenue growth** fueled by business generated in 4Q20 and strong pipeline
-  **Further investments to further strengthen the market positioning** of all our core businesses
-  **Confidence** in the **quality of our business portfolios**

# 4Q20 and FY20 financial review

*Francesco Mele*, CFO & Head of Central Functions



# illimity - **FY20 mid-year guidance fully met**

-  **Strong revenue growth** with steady progression in net interest income
-  **SME Division:** strong acceleration in business origination driving **growth in net commission**
-  **DCIS Division:** steady **profits from closed positions** and continuous performance in cash flow
-  **Costs** increase in 4Q20 reflecting **growth in business** and the anticipated **early investments in new initiatives**
-  **Provisions** in 4Q20 reflecting **strong asset quality** and new origination backed by public guarantees

# illimity - Business assets grow steadily

Data in €mln

Reclassified Balance sheet	31.12.2019	31.03.2020	30.06.2020	30.09.2020	31.12.2020	Δ 31.12.2020 / 30.09.2020	Δ 31.12.2020 / 31.12.2019
1 Cash and cash equivalent	772	219	311	543	945	74%	22%
Due from banks and other financial institutions	345	657	643	645	641	(1%)	86%
2 <b>Customer loans</b>	<b>1,638</b>	<b>1,662</b>	<b>1,766</b>	<b>1,831</b>	<b>2,205</b>	<b>20%</b>	<b>35%</b>
- DCIS <sup>1</sup> investments	667	674	724	733	972	33%	46%
- DCIS <sup>1</sup> senior financing	341	334	337	331	336	2%	(2%)
- SME <sup>2</sup>	527	556	613	685	817	19%	55%
- Cross-over & Acq. Finance <sup>2</sup>	261	278	315	366	412	13%	58%
- High yield bond	-	-	13	23	4	(82%)	n.s.
- Turnaround	131	154	156	173	243	40%	85%
- Factoring	135	123	129	123	158	29%	18%
- Non-core former Banca Interprovinciale	103	99	92	83	80	(3%)	(22%)
Financial assets Held To Collect (HTC)	-	-	-	-	-	n.s.	n.s.
Financial assets Held To Collect & Sell (HTCS) <sup>3</sup>	126	335	286	137	91	(33%)	(27%)
Financial assets measured at FVTPL <sup>4</sup>	9	8	12	17	19	8%	114%
Goodwill	22	36	36	36	36	-	67%
Intangible assets	19	22	26	29	33	14%	73%
Other assets (Incl. Tangible and tax assets)	95	114	158	154	156	1%	64%
<b>Total assets</b>	<b>3,025</b>	<b>3,052</b>	<b>3,238</b>	<b>3,392</b>	<b>4,126</b>	<b>22%</b>	<b>36%</b>
Due to banks	377	468	583	541	534	(1%)	42%
3 Due to customers	1,963	1,901	1,913	2,123	2,552	20%	30%
4 Bond/Securities	15	10	2	2	301	13,241%	1,860%
Shareholders' Equity	544	537	563	575	583	1%	7%
Other liabilities	125	135	176	151	156	3%	24%
<b>Total liabilities</b>	<b>3,025</b>	<b>3,052</b>	<b>3,238</b>	<b>3,392</b>	<b>4,126</b>	<b>22%</b>	<b>36%</b>
5 Common Equity Tier 1 Capital	462	439	466	478	509	6%	10%
6 <b>Risk Weighted Assets</b>	<b>2,162</b>	<b>2,347</b>	<b>2,548</b>	<b>2,497</b>	<b>2,851</b>	<b>14%</b>	<b>32%</b>

1 **Robust liquidity profile:** over **€980mln** between cash, net adjusted interbank position and liquidity buffers also on the back of bond placement

2 **Net customer loans up 20% qoq and +35% yoy** with strong contribution from both SME and DCIS divisions. High yield bond portfolios unwound due to reorganisation under broader investment desk and tactical profit-taking

3 **Retail & corporate funding up 22% qoq to €2.4bn** on further growth in direct deposits at illimitybank.com and at the offline platform

4 Successful placement of **€300mln senior preferred bond** in Dec-2020

5 **CET1 capital up to €509mln** mainly underpinned by profit generated in the quarter and the benefit from the introduction of the Banking Package

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

Notes: Rounded figures; IT Auction consolidated for the first time in 1Q20; (1) DCIS: Distressed Credit Investment & Servicing Division (previously named NPL I&S); (2) This figure includes part of the net loans to existing customers of Banca Interprovinciale, which due to their features are considered consistent with illimity's SME segment; (3) HTCS: Financial assets measured at fair value through comprehensive income; (4) FVTPL: other financial assets at fair value through profit or loss. This item includes equity financial instruments purchased as part of a Turnaround transaction, 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 DCIS division's activities.

# illimity - Solid revenue progression drives resilient economic performance

Data in €mln

Reclassified Profit & Loss	1Q20	2Q20	3Q20	4Q20	Δ 4Q20/ 3Q20 %	FY19	FY20	Δ 12M20/ 12M19 %
1 Interest income	32.1	33.2	37.7	43.1	14%	62.7	146.0	133%
Interest expenses <sup>1</sup>	(10.2)	(8.9)	(10.0)	(11.5)	14%	(13.4)	(40.7)	204%
<b>Net interest income</b>	<b>21.8</b>	<b>24.3</b>	<b>27.6</b>	<b>31.6</b>	<b>14%</b>	<b>49.3</b>	<b>105.3</b>	<b>114%</b>
2 Net fees and commissions	2.5	2.1	2.9	5.9	101%	6.6	13.5	104%
Net result from trading	3.7	(0.0)	2.1	2.7	33%	10.3	8.5	(17%)
Net other income/expenses	0.0	0.2	0.5	4.1	790%	1.9	4.8	153%
3 Gains from closed purchased distressed credit positions <sup>2</sup>	9.1	7.9	11.6	14.0	21%	9.1	42.6	368%
<b>Operating income</b>	<b>37.2</b>	<b>34.5</b>	<b>44.7</b>	<b>58.4</b>	<b>31%</b>	<b>77.2</b>	<b>174.8</b>	<b>126%</b>
Staff costs	(11.3)	(13.2)	(11.5)	(16.0)	39%	(31.1)	(52.1)	68%
Other operating expenses	(16.3)	(12.9)	(17.0)	(25.4)	49%	(55.2)	(71.6)	30%
Depreciation & Amortisation	(1.8)	(2.0)	(2.3)	(2.5)	7%	(3.1)	(8.6)	174%
4 <b>Operating costs</b>	<b>(29.4)</b>	<b>(28.2)</b>	<b>(30.8)</b>	<b>(43.9)</b>	<b>42%</b>	<b>(89.4)</b>	<b>(132.3)</b>	<b>48%</b>
<b>Operating profit</b>	<b>7.8</b>	<b>6.4</b>	<b>13.9</b>	<b>14.5</b>	<b>4%</b>	<b>(12.2)</b>	<b>42.5</b>	<b>n.s.</b>
5 Loan loss provision charges	(2.7)	(1.2)	(0.3)	(1.7)	420%	(7.6)	(5.9)	(21%)
Value adjustments on purchased distressed credit	2.8	4.6	(0.4)	(3.4)	684%	(8.2)	3.5	n.s.
Value adjustments on HTC securities and loans to banks	(0.3)	0.2	(0.1)	0.1	n.s.	(0.0)	(0.0)	24%
Other net provisions	(0.5)	0.2	0.4	0.1	(77%)	0.0	0.1	n.s.
Provisions for risks and charges	0.1	(0.1)	(0.2)	(1.2)	405%	(0.5)	(1.4)	167%
<b>Profit (loss) before tax</b>	<b>7.2</b>	<b>10.0</b>	<b>13.2</b>	<b>8.3</b>	<b>(37%)</b>	<b>(28.5)</b>	<b>38.7</b>	<b>n.s.</b>
6 Income tax	(2.7)	0.3	(3.7)	(1.6)	(58%)	12.4	(7.6)	n.s.
<b>Net result</b>	<b>4.5</b>	<b>10.3</b>	<b>9.5</b>	<b>6.8</b>	<b>(29%)</b>	<b>(16.1)</b>	<b>31.1</b>	<b>n.s.</b>

- Steady growth in net interest income** on volume progression despite a large share of the business origination occurring at the end of the period
- Pick up in net fees** supported mainly by new business origination and continuous growth in IT Auction's activity and factoring business
- Additional strong profit contribution** from closed distressed credit positions either sold to third parties or agreed with debtors (DPO<sup>(3)</sup>)
- Operating expenses** rising on seasonal adjustments of variable compensation, further growth in business and **early investments in new initiatives**
- Provisions in 4Q20** reflect stable asset quality and new origination in loans backed by public guarantees
- €1.3mln positive effect from IT Auction goodwill tax recognition

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

# illimity - DCIS delivers, SME gaining momentum



Data in €mln	SME (BIP included)	DCI&S	DIRECT BANKING	SGR	CORPORATE CENTER	TOTAL
Net interest income	17.7	88.5	(4.3)	-	3.4	105.3
Net fees and commission	7.4	7.7	(1.2)	-	(0.4)	13.5
Other income	3.9	45.8	-	-	6.3	56.0
<b>Operating income</b>	<b>29.0</b>	<b>142.0</b>	<b>(5.5)</b>	<b>-</b>	<b>9.3</b>	<b>174.8</b>
Staff costs	(10.9)	(17.0)	(3.8)	(0.6)	(19.8)	(52.1)
Other administrative expenses and D&A	(10.4)	(36.2)	(12.4)	(0.5)	(20.7)	(80.2)
<b>Operating costs</b>	<b>(21.3)</b>	<b>(53.2)</b>	<b>(16.2)</b>	<b>(1.1)</b>	<b>(40.5)</b>	<b>(132.3)</b>
<b>Operating profit</b>	<b>7.7</b>	<b>88.8</b>	<b>(21.7)</b>	<b>(1.1)</b>	<b>(31.2)</b>	<b>42.5</b>
Provisions	(2.2)	(1.6)	-	-	-	(3.8)
<b>Profit (loss) before tax</b>	<b>5.5</b>	<b>87.2</b>	<b>(21.7)</b>	<b>(1.1)</b>	<b>(31.2)</b>	<b>38.7</b>
Interest earning assets	905	1,319	-	-	1,677	3,901
Other assets	4	88	-	0	133	226
<b>RWA</b>	<b>706</b>	<b>1,845</b>	<b>n.m.</b>	<b>n.m.</b>	<b>300</b>	<b>2,851</b>

Contribution to profitability consistent with the nature of the business and expected speed of deployment of our businesses

 **DCIS** faster deployment as expected with strong performance in cash flow and profit from closed position, contributing over 80% of total revenue. Cost income already below 40%

 **SME** more gradual deployment as expected further affected by 2020 pandemic with momentum in volume growth in 2H20 leading to €5.5mln of pre-tax profit

 **Direct Banking** on track with cost sharing and cross selling synergy expected from JV in Hype

 **Corporate Center** absorbing €31mln in terms of negative result before tax and reflecting costs to build a scalable infrastructure

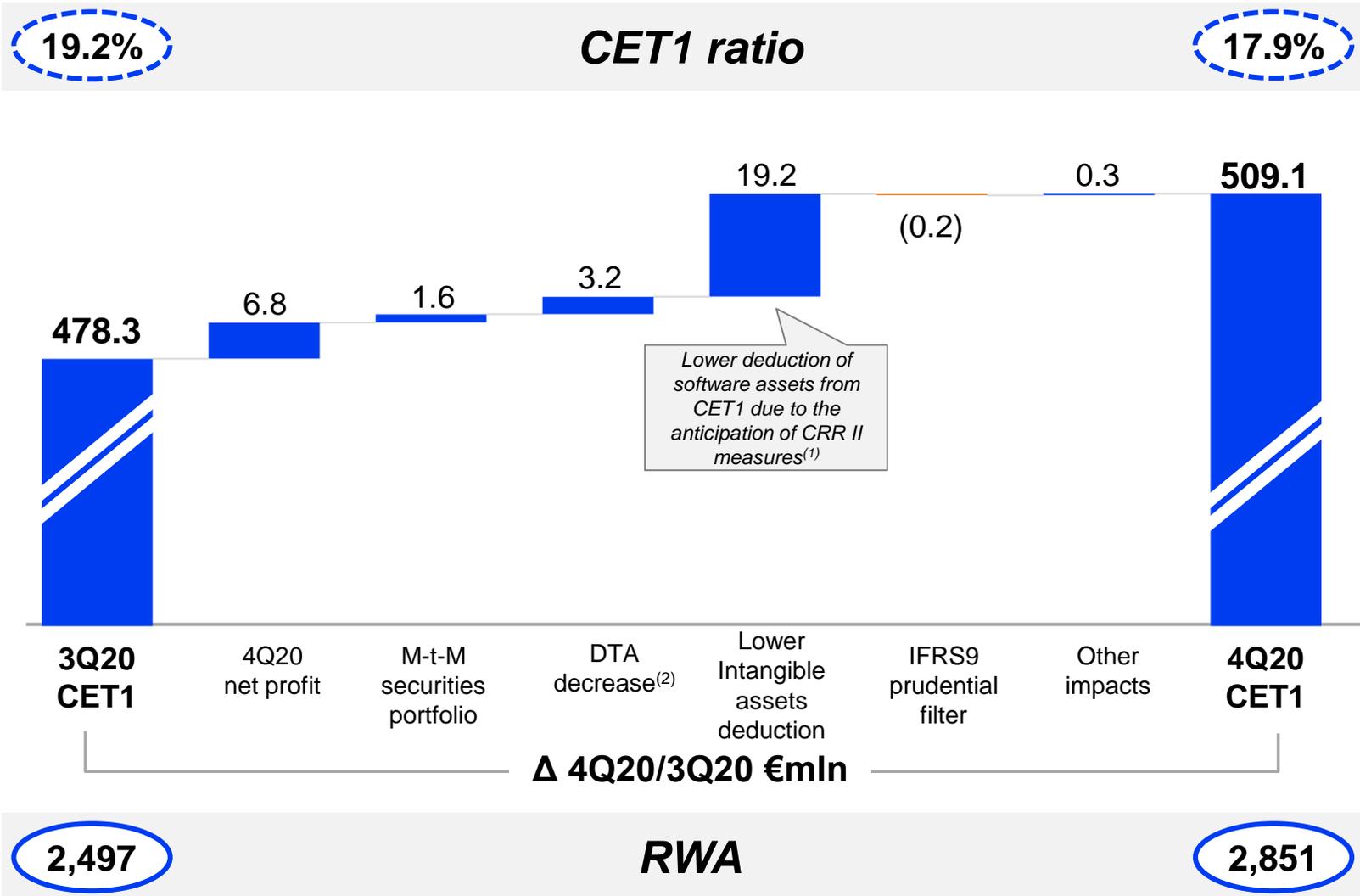
# illimity - KPIs confirm strong asset quality and robust capital

	1Q20	2Q20	3Q20	4Q20	12M20
Cost income	79%	82%	69%	75%	76%
Organic cost of risk (bps) annualised <sup>(1)</sup>	124bps	52bps	13bps	59bps	52bps
Gross organic NPE ratio <sup>(2)</sup>	4.2%	4.2%	3.8%	3.2%	3.2%
LCR	>1,000%	>1,000%	~700%	>700%	>700%
CET1 ratio	18.7%	18.3%	19.2%	17.9%	17.9%

- **Cost income ratio** reflects revenue not fully benefiting from volumes built in the quarter
- Annualised **cost of risk contained at 59bps in 4Q20** on new volumes backed by public guarantees and solid asset quality
- **Organic NPE ratio further down to 3.2%**
- Ample liquidity buffer
- **NSFR** comfortably above minimum requirements
- **CET1 ratio still at nearly 18% on strong business growth**

Notes: (1) Ratio of loan loss provisions to net loans to customers end of period (€1,150m as of 4Q20) from Factoring, Cross-over, Acquisition Finance, High-yield bond, 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 business and the investments in Distressed Credit portfolios; (2) Ratio of gross NPE to total gross loans to customers from Factoring, Cross-over, Acquisition Finance, High-yield bond, 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. Any failure to reconcile the stated figures arise exclusively from rounding.

# illimity - Resilient CET1 Ratio at 17.9%

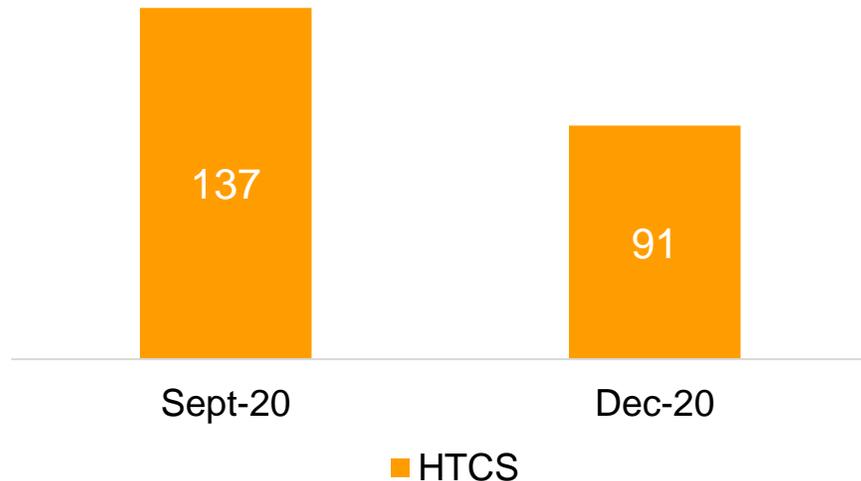


- **CET1 capital increased by more than 6% qoq**, mostly due to the partial deduction of software assets from CET1 and the positive net profit contribution
- **Increase in RWA (+14% qoq)** due to investments made during 4Q and operational risk increase
- Including special shares, CET1 ratio would reach around **18.4% on a pro-forma basis**

Notes: Rounded figures; (1) As part of the "banking package" issued by the European Commission; (2) Considering DTA on fiscal losses and on Allowance for Corporate Equity (ACE).

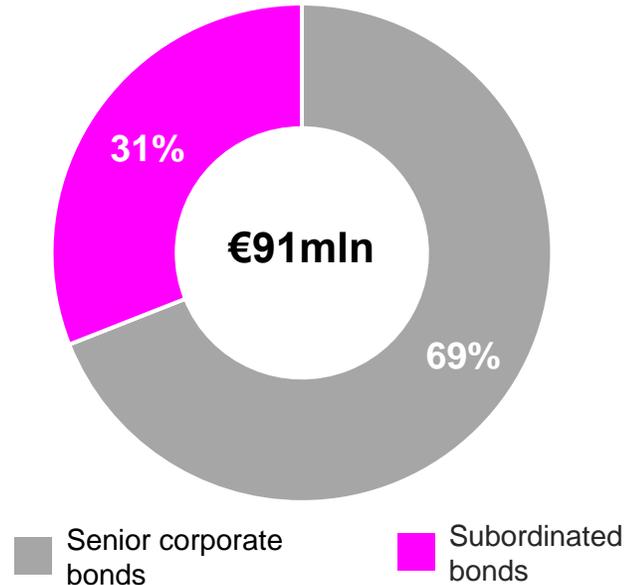
# illimity - Dynamic securities portfolio

## Securities portfolio



## Portfolio composition

31 December 2020

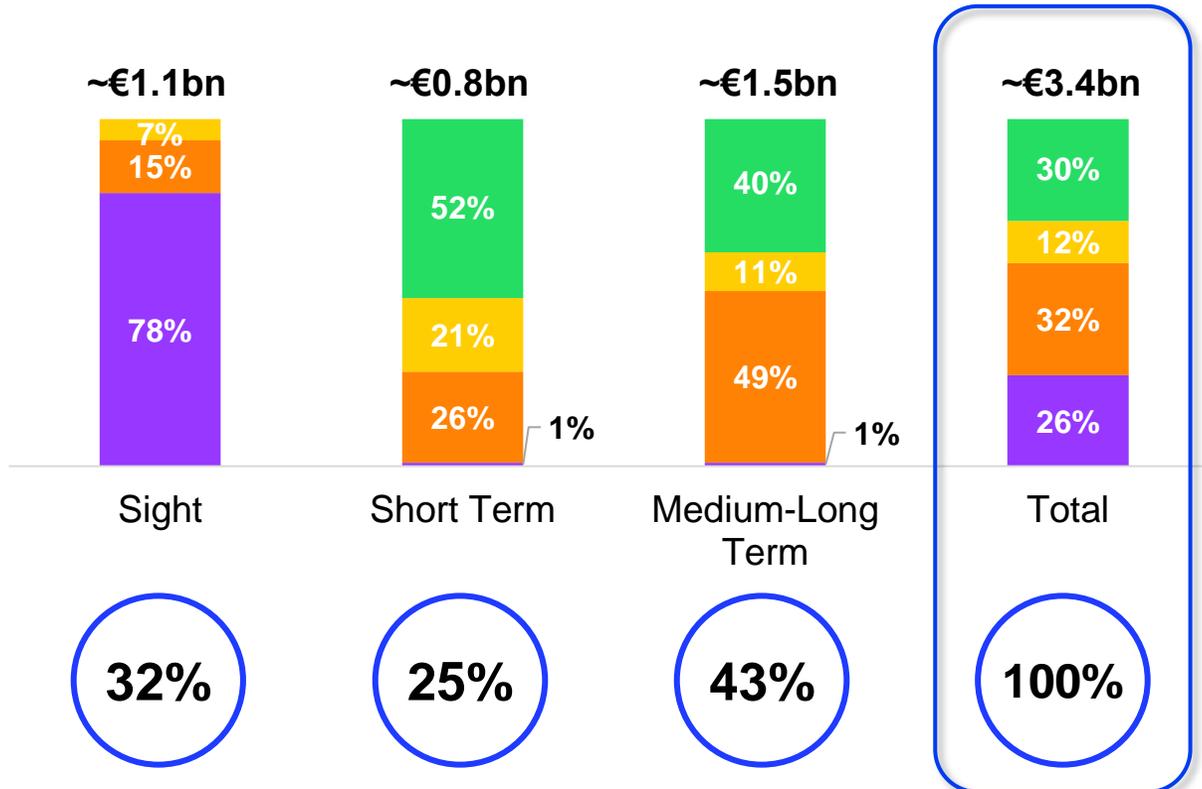


- **Dynamic treasury portfolio management** to reduce exposure to market volatility
- **Negligible impact from M-t-M<sup>(1)</sup> at 31 December 2020**
- Duration **3 years**
- Average yield approx. **1.7%**

# illimity - Longer funding maturity due to bond issuance

## Maturity mix

- illimity offline<sup>(1)</sup>
- Raisin
- illimitybank.com
- Wholesale



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



**~1.6%** blended average cost of funding



€185m In **TLTRO-III**

Notes: Rounded figures; Non accounting figures; short term maturity includes funding with residual maturity below 18 months; (1) illimity offline channels, mostly corporate deposits.

# illimity - Successful placement of first bond



Long-Term

**B+**

(Outlook: Stable)

Short-Term

**B**

Viability Rating

**b+**



€300mIn bond senior preferred with **3-year maturity set at 3.375%**



Robust demand for issuance touching **one billion euro from 160 investors** well distributed between domestic and foreign institutions



**Further diversification of funding sources**

# SME Division

*Enrico Fagioli*



# illimity - Specialist partner of Italian SME



## Cross-over and Acquisition Finance

SME with industrial potential and support to external growth strategies



- Cross-over
- Acquisition Financing
- Investment in high yield corporate bonds in industries in which we are specialists



## Turnaround finance

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



- Refinancing
- Restructuring
- New finance
- UTP portfolios



## Factoring

Support to industrial districts value chain



- Short-term financing through factoring

# illimity - 2020: satisfactory despite challenges



## 2020 Highlights



Successful **entry in UTP portfolios market**, leveraging on cross-competencies with the DCIS division



**Robust origination in public guarantee loans**, high profitable financing instruments in great demand set to continue into 2021



**Tangible evidence of profit from credit revaluation events in Turnaround business** – more to come in forthcoming years based on current backlog



**Healthy recovery of factoring** activities after 2Q



Very good start for our strategy in **corporate high yield bond business**



## Performance in 4Q20



Strong **acceleration in business origination** in loans with public guarantees



**Several credit revaluations events** in the Turnaround business



**Good level of asset quality** notwithstanding difficult market conditions

# illimity - Strong business origination

## Selective approach

- **489 deals analysed** since inception worth **~€4.9bn** in nominal value
- **320 deals declined** worth **~€3.5bn**
- **10 deals** with **terms agreed** and **to be signed shortly** worth **~€53m**
- **14 deals** currently under evaluation in **advanced status** worth **~€121m**
- **Other opportunities** identified for additional **~483m**

**90 deals signed since inception**

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

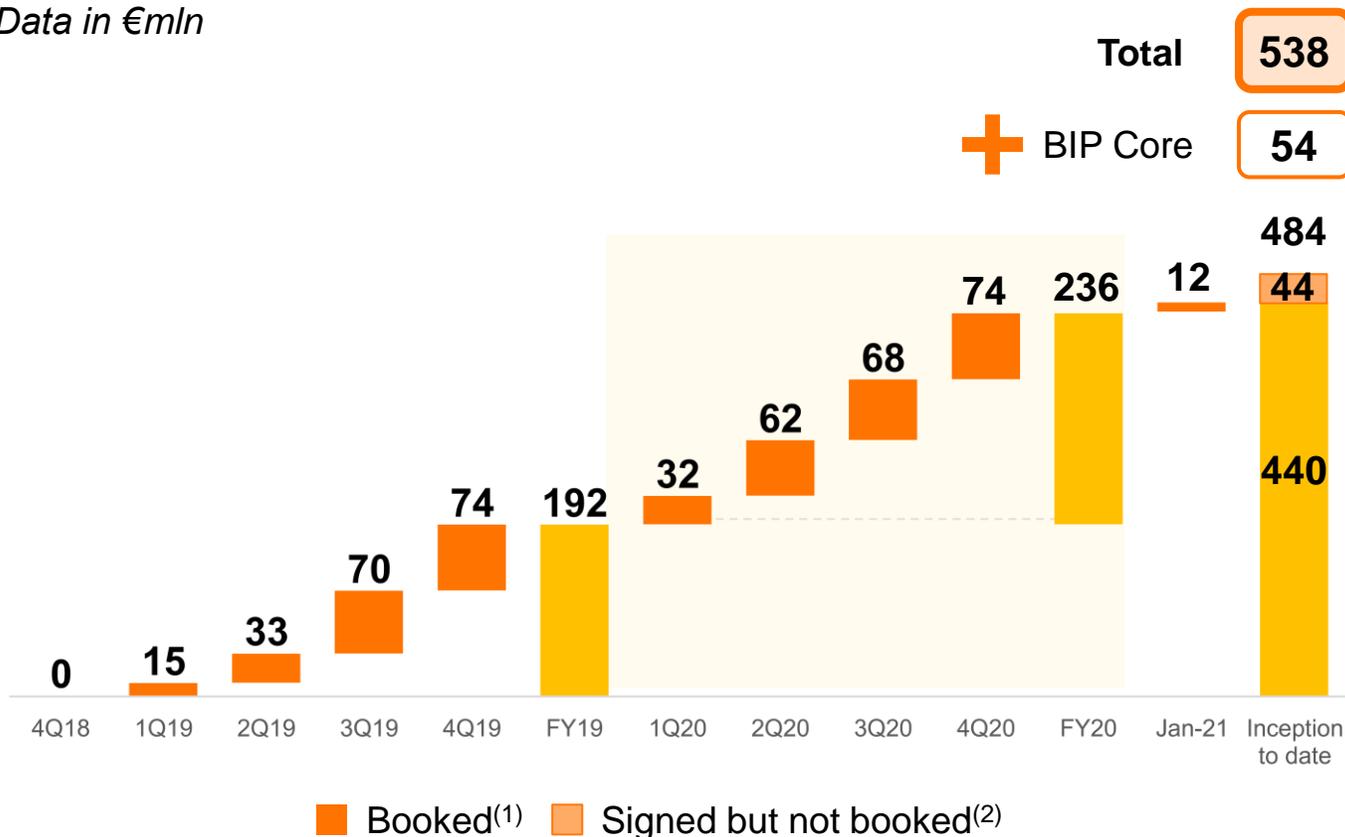
	A	B	C	A+B+C	BP 2018-23 Target 2020
	Originated business <sup>(1)</sup>	Terms agreed <sup>(2)</sup> to be signed	Advanced pipeline <sup>(3)</sup>	Total	
 <b>Cross-over &amp; Acq. Finance</b>	Inception to date (31 January 2021) 538 <sup>(4)</sup>	~37	~40	~615	~300
 <b>Turnaround</b>	332 <sup>(5)</sup>	~16	~81	~429	600 - 700
 <b>Factoring</b>	159 <sup>(6)</sup> <span style="border: 1px solid gray; border-radius: 50%; padding: 2px;">T/O<sup>(7)</sup> 736</span>	~68	~20 <sup>(8)</sup>	~247	~300
<b>Total SME Originated business</b>	<b>1,029</b>	<b>~121</b>	<b>~141</b>	<b>~1,291</b>	<b>~1,200-1,300</b>

Notes: Non accounting figures; (1) This aggregate includes the loans originated/purchased in the period, thus already income-producing, and the deals signed but yet to be booked, due to a settlement structure in multiple tranches or to a time lag between the signing and the date of loan disbursement; (2) Deals in final stage of the formalization of the agreement/contractual terms; (3) Specific business opportunities for which the bank envisages there is a reasonable expectation to close the transactions in the forthcoming months; (4) Including BIP core SME for about €54m and high yield bond for €27m; (5) 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; (6) Net Book Value at 31 January 2021; (7) Turnover related to Factoring only for 2020; (8) Credit line to be granted.

# illimity - Cross-over & Acq. Finance: acceleration in 4Q20

## Originated business

Data in €mln



**Momentum in business origination** continued in 4Q20



**Half** of 4Q20 business origination in **lending with public guarantees**

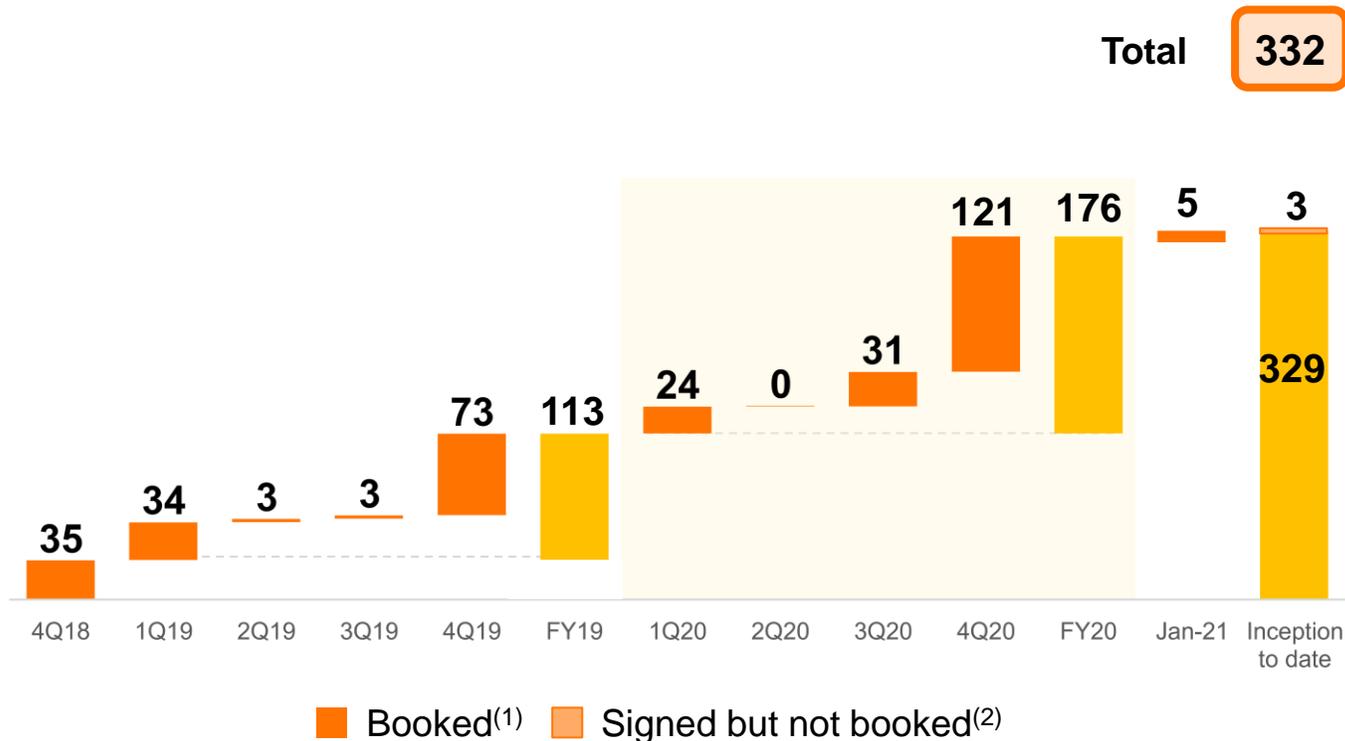


**# 36 deals 2020** (# 22 in 2019)  
Avg ticket €6mln

# illimity - Turnaround: strong pick up in 4Q20

## Originated business

Data in €mln



**Strong business origination capability** mostly in deals with the support of public measures



**€6mln profit generation** in FY20 on **credit revaluation events<sup>(3)</sup>**



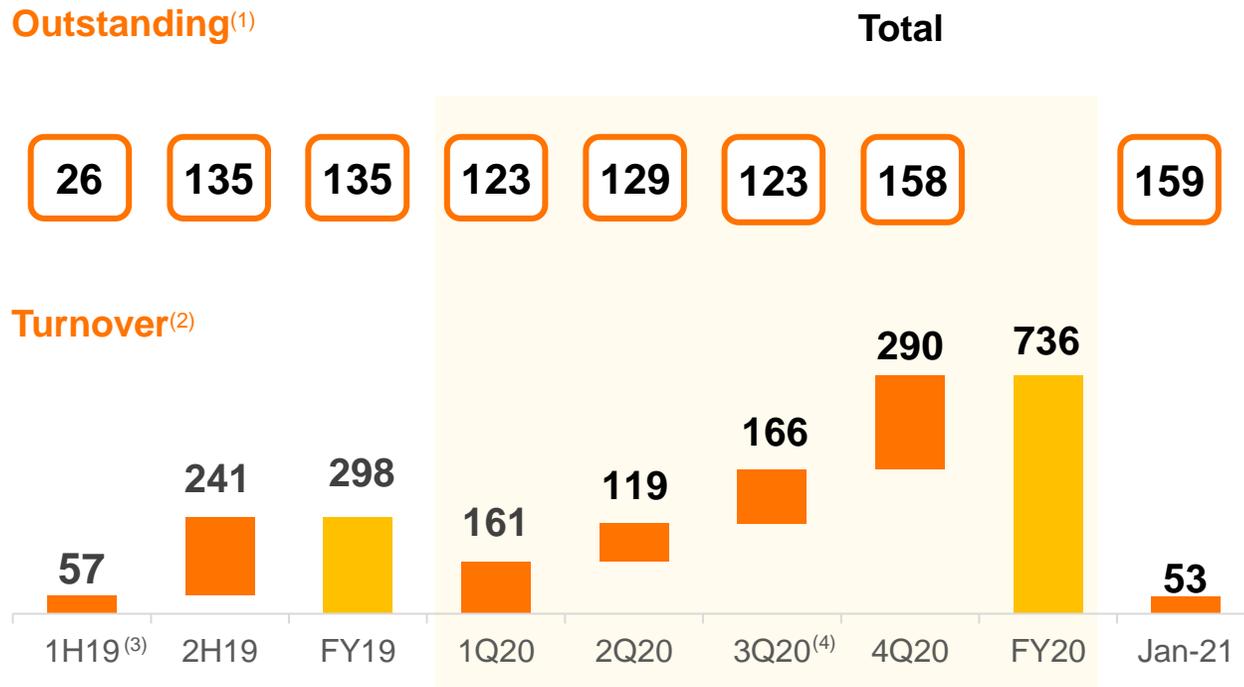
**Strong momentum** set to continue **into 2021**

Notes: Rounded figures; (1) Income-producing gross loans origination, including new finance, acquired credit and related instruments. It includes financial instruments, such as quasi-equity instruments, which are accounted for in the balance sheet item: "20. c) Other financial assets mandatorily at fair value" for accounting purposes; (2) deals signed but not yet booked, due to a time lag between the signing of the master agreement and the date of loan disbursement; (3) Non accounting figures. Credit revaluation events related only to corporate events.

# illimity - Factoring: growth continues

## Originated business

Data in €mln



Turnover **more than doubled** vs. 2019



Around **120 clients<sup>(5)</sup>** and **over 500 debtors**



Turnover **positive trend** continues in Jan-2021

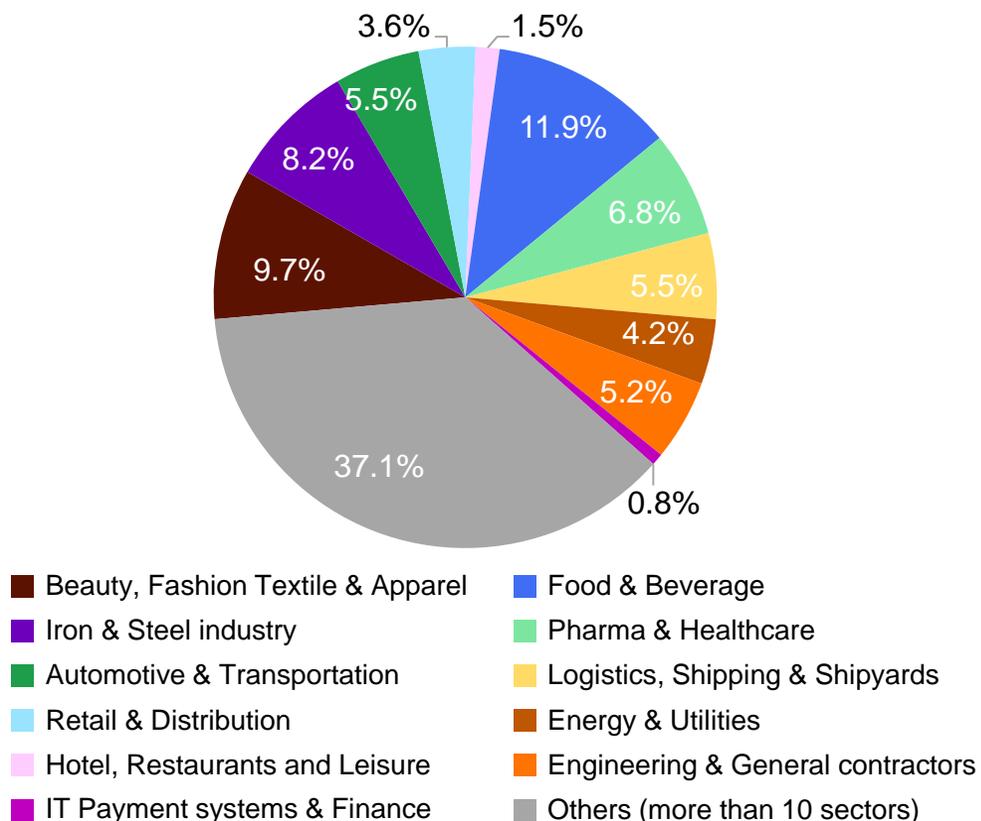
Notes: Rounded figures; Non accounting figures; (1) Outstanding: in a factoring transaction, the outstanding amount is the amount of receivables transferred and not yet collected at a certain date; (2) Turnover: in a factoring transaction, the total amount of receivables transferred over a defined period of time; (3) Start-up phase; (4) Restatement due to a contract advance where illimity received a commitment fee, converted into turnover in 4Q20; (5) The corporate that transfers its account receivables to the bank (so-called factor).

# illimity - Further diversification of our loan book

## GBV breakdown by sector<sup>(1)</sup>

As % total SME lending

Data as of 31 December 2020



As of end 2020, exposures spread across **over 25 sectors**



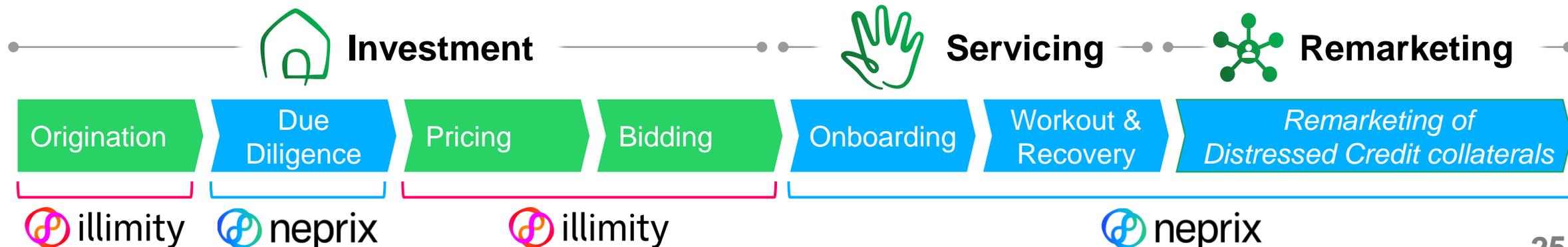
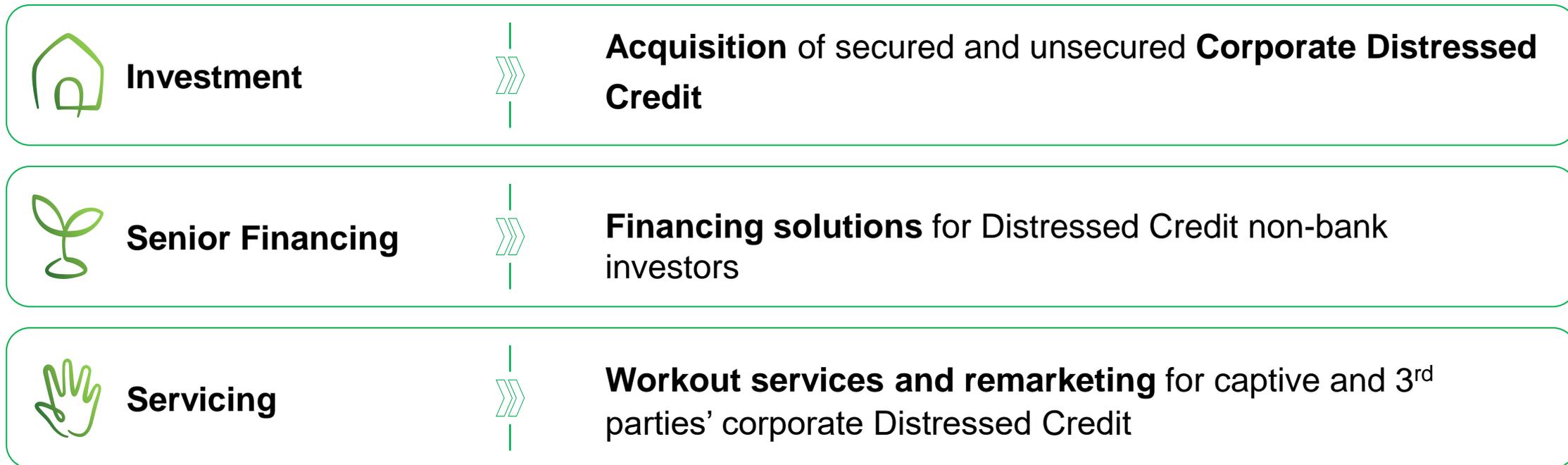
Loan moratorium down to **€47mIn** as of Jan-2021, approximately 5% of total SME loan book

# Distressed Credit I&S Division

*Andrea Clamer*



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



# illimity - Strong performance in 2020



## 2020 Highlights



**Robust business origination capabilities**



**Strong cash flow** ahead of initial plan and **dynamic approach to portfolio management** leading to strong profit contribution



**Entry in the UTP portfolios market** with a landmark transaction, leveraging on cross-competencies with the SME division



Development of specialist desks: **energy** and **special situation real estate**



Building a **unique strategic positioning** of neprix sales<sup>(1)</sup> underway



## Performance in 4Q20



**€284mIn business origination in 4Q20**, seasonally the strongest quarter in the year, bringing total origination for FY20 to €484mIn



**Strong pipeline** bodes well for continuous growth into 2021



**Ongoing robust performance** of cash flow and profits from disposals/DPOs

# illimity - A disciplined business origination

## Strong discipline drives selective approach<sup>(1)</sup>

- ~€56bn of GBV analysed since inception
- ~€46bn of GBV declined/lost since inception
- ~€8bn of GBV signed since inception
- ~€2bn of GBV currently under evaluation

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

	A	B	C	A+B+C	
	Originated business <sup>(2)</sup>	Terms agreed <sup>(3)</sup> to be signed	Advanced pipeline <sup>(4)</sup>	Total	BP 2018-23 Target 2020
 <b>Distressed Credit Investment</b>	1,168 <sup>(5)</sup>	~9	~234	~1,411	1,700-2,000
 <b>Senior Financing</b>	484	-	~24	~508	100-200
<b>Total Originated Business</b>	<b>1,652</b>	~9	~258	~1,919	1,800-2,200
 <b>Servicing<sup>(6)</sup></b> <i>AUM (GBV/Managed assets)</i>	~9,142	~42	~2,046	~11,230	5,100-6,300

Notes: Non accounting figures; (1) Refers only to Distressed Credit Investments (2) This aggregate includes Distressed Credit investments booked, Senior Financing loans granted in the period, and deals signed but yet to be booked, owing to a settlement structure in multiple tranches or to a time lag between the signing of the master agreement and the date of loan disbursement/onboarding. It includes also the portfolios sold; (3) Deals in final stage of the formalisation of the agreement/contractual terms; (4) Specific business opportunities for which the bank envisages there is a reasonable expectation to close the transactions in the forthcoming months; (5) 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 corresponding to the investments in energy distressed credit; (6) The AUM of the servicing unit includes the gross book value of distressed credit and the value of property and capital goods managed by neprix sales, net of cash flow and portfolio disposals.

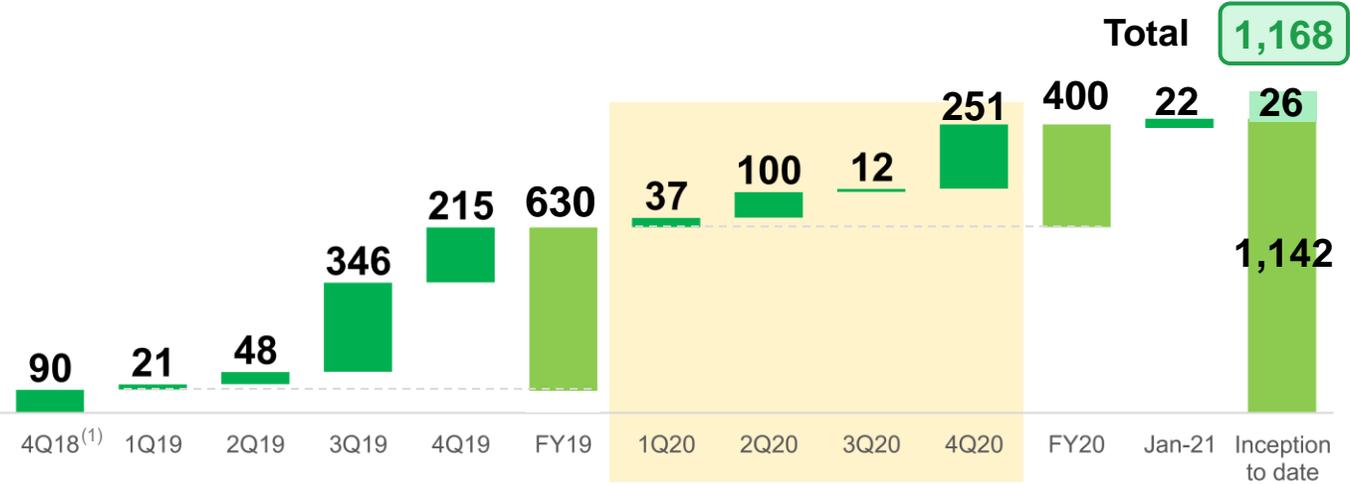
# illimity - Business origination matures

## Originated business

Data in €mln



Distressed  
Credit  
Investment



Investments in 2020

€2.3bn GBV

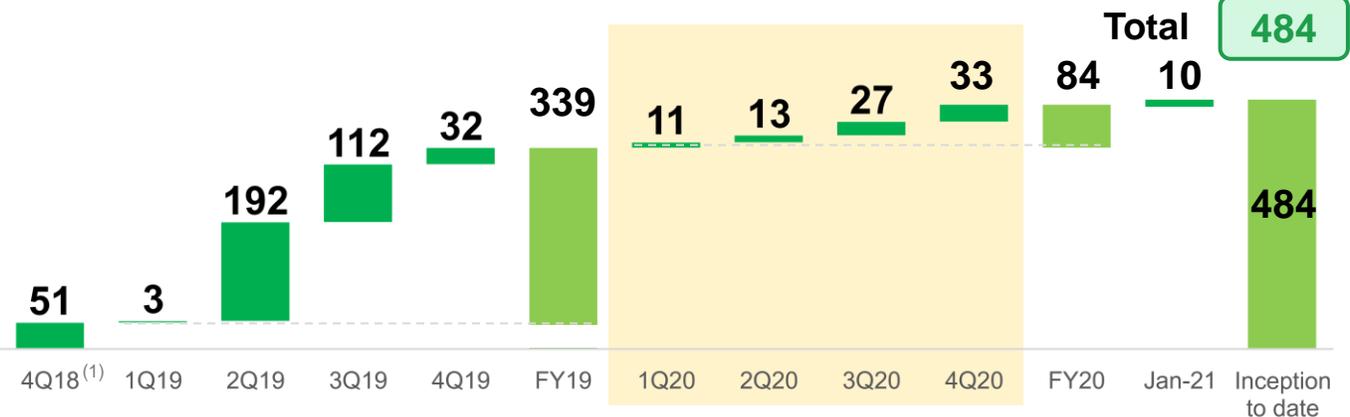
~1,900 # positions



Investments in 2020 concentrated on **corporate secured and UTP portfolios**



Senior  
Financing



Senior financing investment selection in 2020 refocusing on **high yield transactions**

■ Booked<sup>(2)</sup> ■ Signed but not booked<sup>(3)</sup>

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.

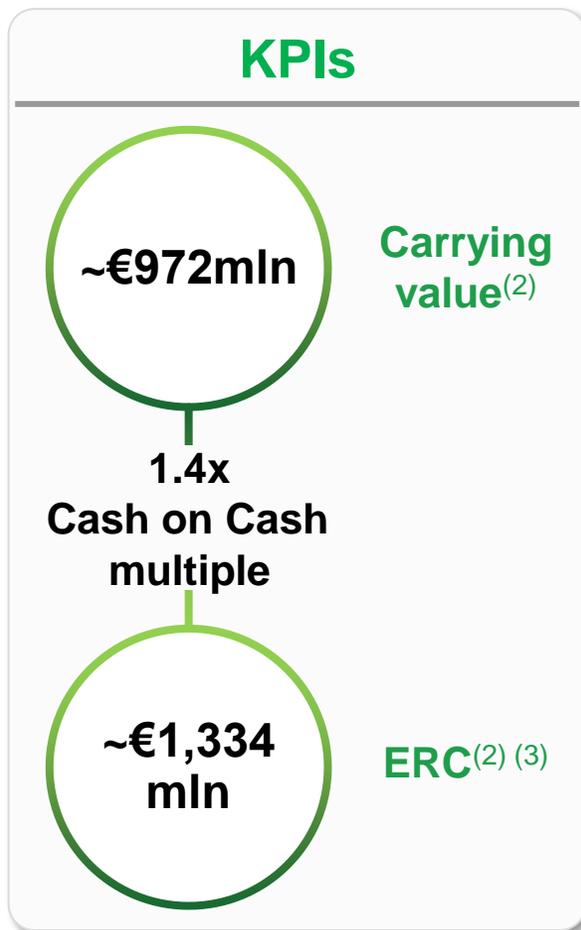
# illimity - High quality portfolio in line with targets

Data as of 31 December 2020<sup>(1)</sup>

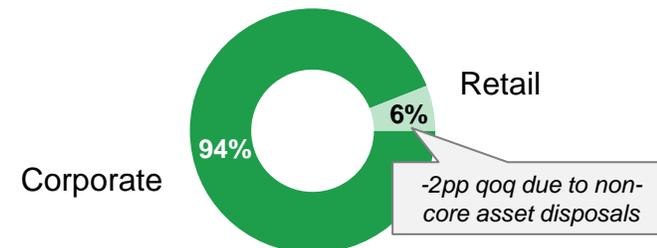
## NBV breakdown by type of guarantee



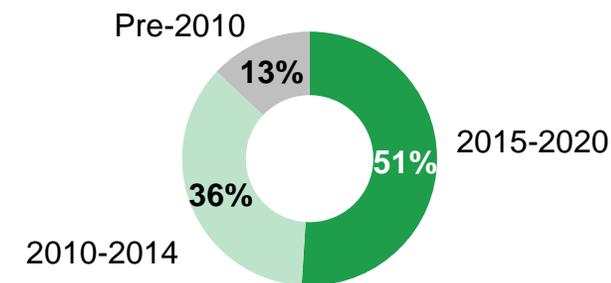
## KPIs



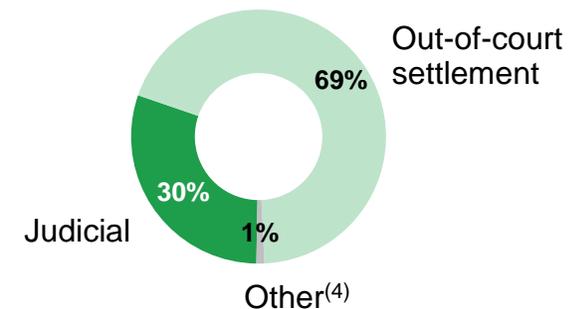
## Type of borrower (GBV breakdown)



## Vintage (GBV breakdown)



## Actual workout strategy (Cash flow breakdown)

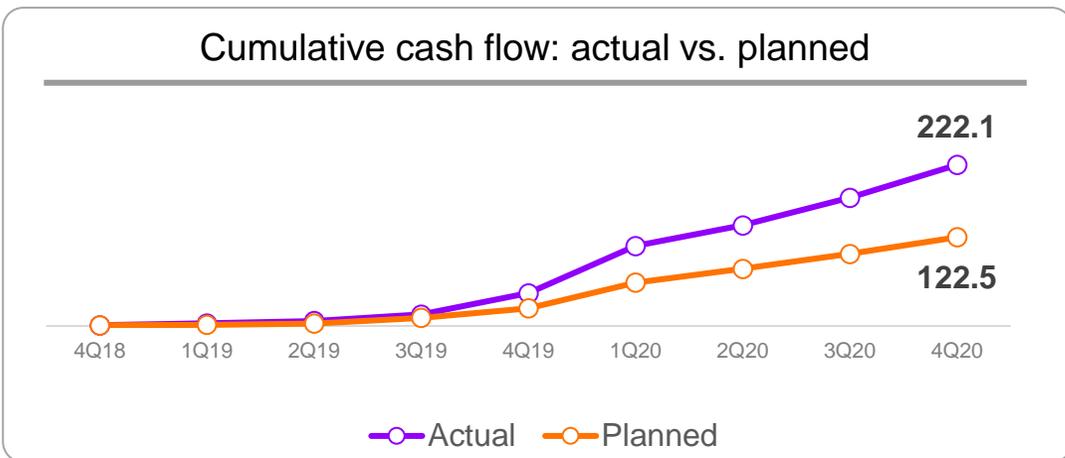


Notes: Rounded figures; (1) Data does not include assets repossession (through ReoCo and *datio in solutum*); (2) This includes distressed credits purchased by the Energy desk, which for accounting purposes are recognised at Fair Value (item 120 c); (3) Estimated Remaining Collections on booked investments; (4) Mainly refers to positions for which data remediation is ongoing.

# illimity - Ongoing outperformance of cash flow

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

Data in €mln

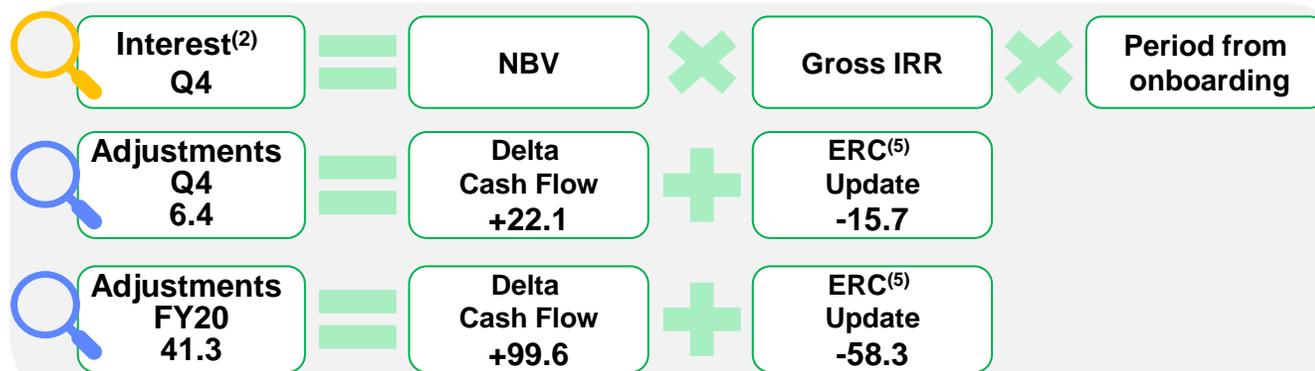


## 4Q20 Economic view

Data in €mln

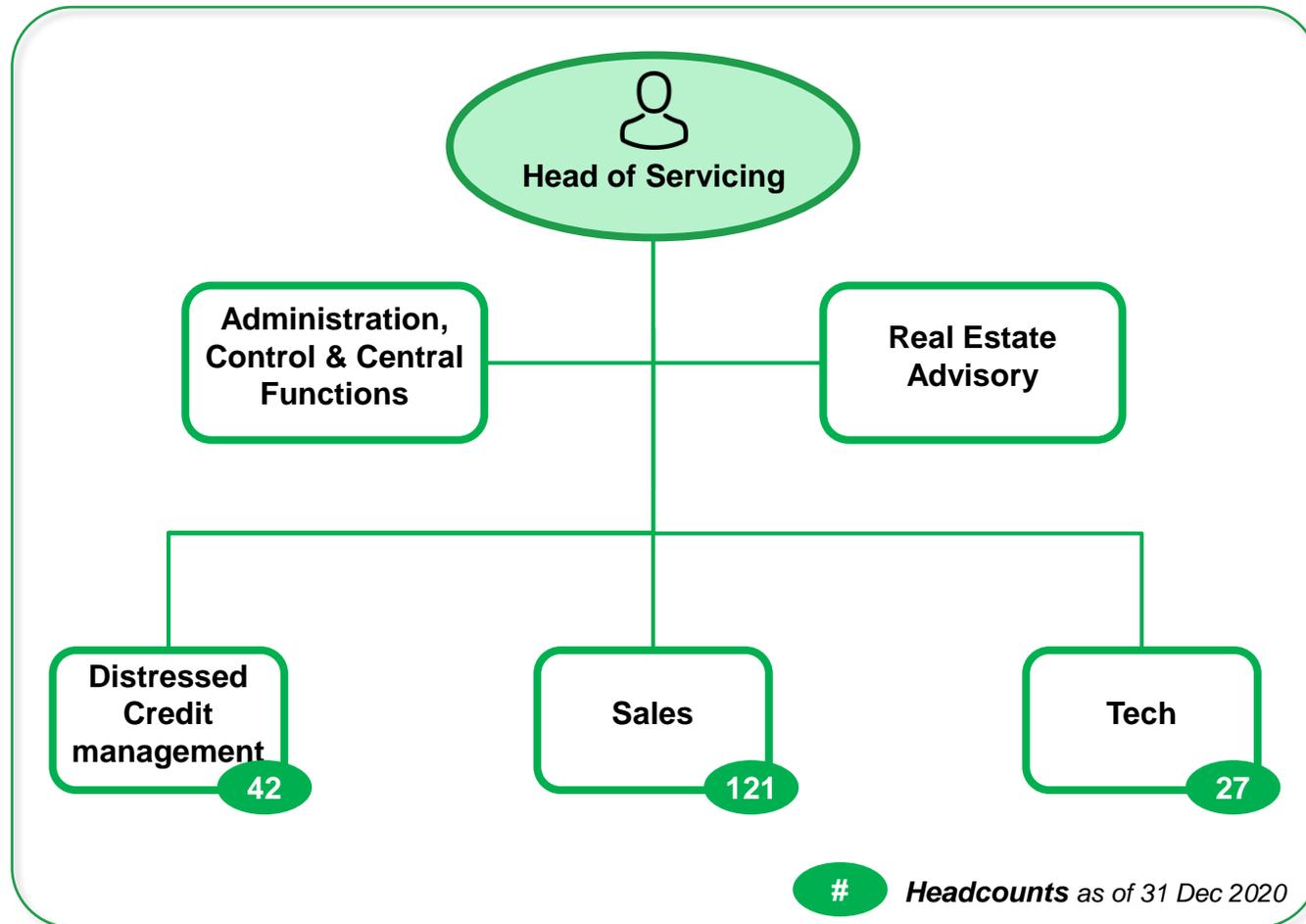
	Interest income <sup>(2)</sup>	Fee income	Adjustments <sup>(3)</sup>	Gross Revenues <sup>(4)</sup>
<b>Investment</b>	29.3	-	6.4	35.7
<b>Senior Financing</b>	3.7	0.9	-	4.6
<b>Total</b>	33.0	0.9	6.4	40.3

	Actual Cash Flow	Expected Cash Flow	Delta Cash Flow
<b>Q4 20</b>	45.2	23.1	+22.1
<b>Cumulative</b>	222.1	122.5	+99.6



Notes: Rounded figures; (1) Cash flow from receivables; (2) Measured based on amortized cost; (3) Outcome of the Distressed Credit business plan periodic review; it includes €13.2mln reclassified in operating income (gains from closed purchased distressed credit positions), -€7.0mln accounted as value adjustments on purchased distressed credit and €0.2mln recognized as fair value adjustments; (4) Revenues before any cost of funding; (5) Estimated Remaining Collection.

# neprix - The new neprix: technology boosts performances



**New neprix organisational structure** following IT Auction incorporation focuses on 3 business areas:



**Distressed Credit management** managing **€6.5bn AuM GBV** and ~31,000 tickets, responsible for due diligence and distressed credit servicing



**Sales** executing property management, remarketing and sale of real estate assets and capital goods



**Tech** providing IT solutions and process improvement services

# neprix - neprix sales: more than a window for corporate asset remarketing

## Full network



### Key financials

**Real Estate & capital goods**

**€2.6bn** AuM  
**780k** Registered Users

### Statistics of network during 4Q20



Pages viewed

**23 mln**  
+40% vs. 4Q19  
**249k per day**



Visits

**6.3 mln**  
+46% vs. 4Q19  
**68k per day**



Users

**4 mln**  
+57% vs. 4Q19  
**44k per day**



New users registered

**48k**  
+81% vs. 4Q19  
**521 per day**

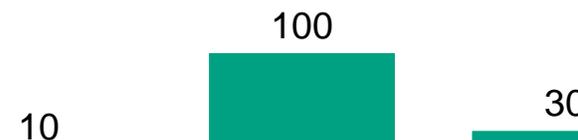
## Real Estate



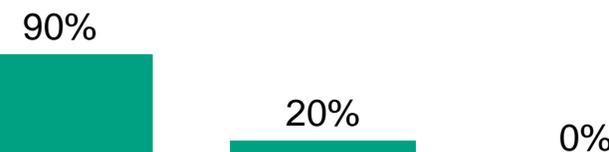
Some comparisons of RE traffic on the web site with other key players on RE advertising

neprix sales    Player 1    Player 2

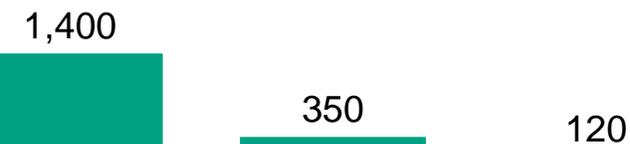
**Mln visits / year**



**% Growth rate in Visits (YoY)**

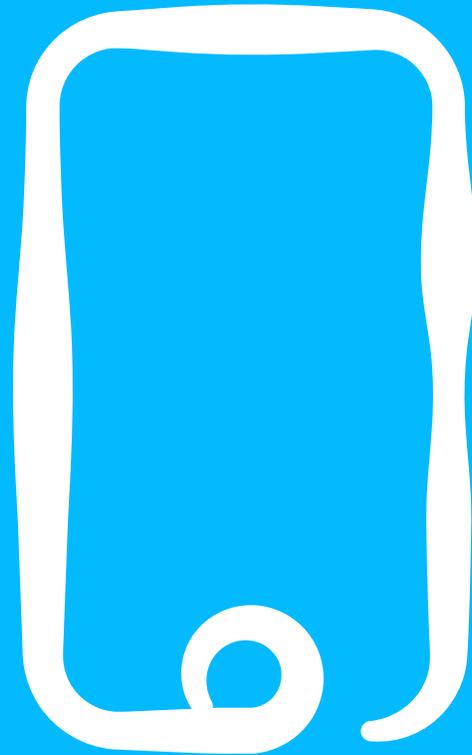


**Visits / # properties on website**

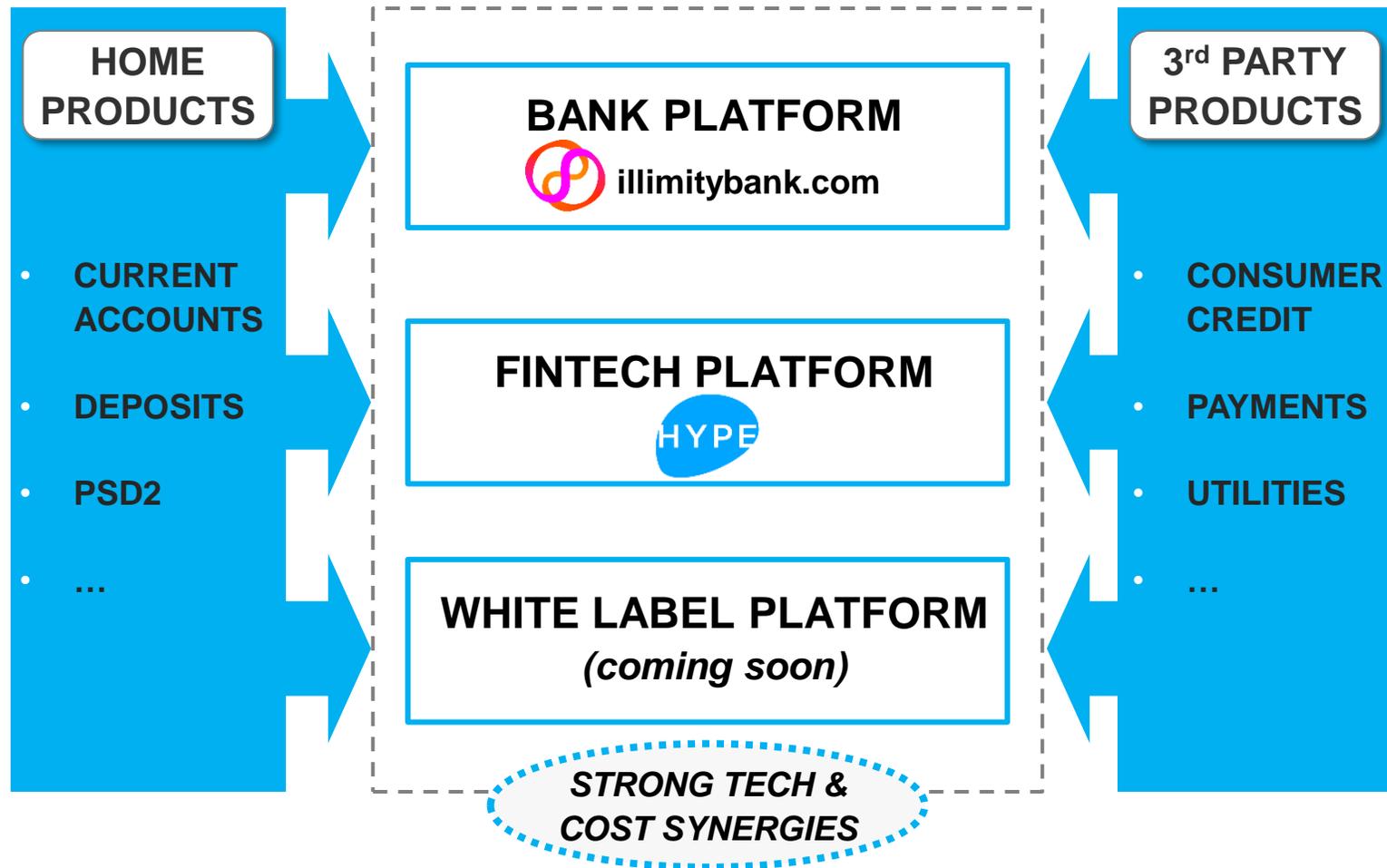


# Direct Banking

*Carlo Panella*



# illimity - Our mission in direct banking



Fully-fledged and PSD2 driven **bank platform**, addressing customer banking needs with an end-to-end digital experience

**Fintech platform** as accelerator of illimity's growth ambitions in the retail and open banking arena

**White Label platform** under construction to address new uncovered market needs

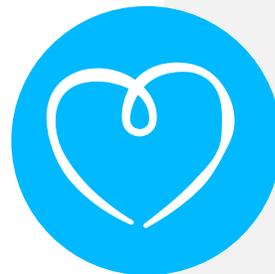
**Generating value** via synergies and positioning illimity at the frontier of innovation in retail banking

# illimity - illimitybank.com collects impressive results on 3 main levels

Data as of 31 December 2020



**Securing funding goals** thanks to over **€1bn funding** on illimitybank.com with a **decreasing cost of funding** (-36bps cost of funding on illimitybank.com Dec. vs Jan. 2020)



**Building long-term relations with our customers** thanks to continuous engagement initiatives

**+43k**  
Customers  
as of 31/01/21

**86%**  
Active  
Customers

**29%**  
Loyal  
Customers

**+131%**  
Conveyed payrolls  
(Dec vs Jan '20)

**+205%**  
Sepa Direct Debit  
(Dec vs Jan '20)



**Being relevant and valuable** for both customers and the market

**31%** Brand Awareness

**45** Net Promoter Score  
(avg Q4)

# illimity - **HYPE: strategic and operational update**

## 2020: a year of impressive results...



Main KPIs

**1.4mln**  
Customers

**21%**  
Subscriber

**€3.3bn**  
Transactions  
Volume



Main Initiatives

### Product offering enrichment

New products and initiatives: insurance, credit boost, cash top-up, MGM

### New subscription accounts

New accounts: Hype Premium and Hype Next

### Focus on Innovation

First player to allow customers to adhere via app to the **statal Cashback**



New **REBRANDING** in process, to be announced in the next months



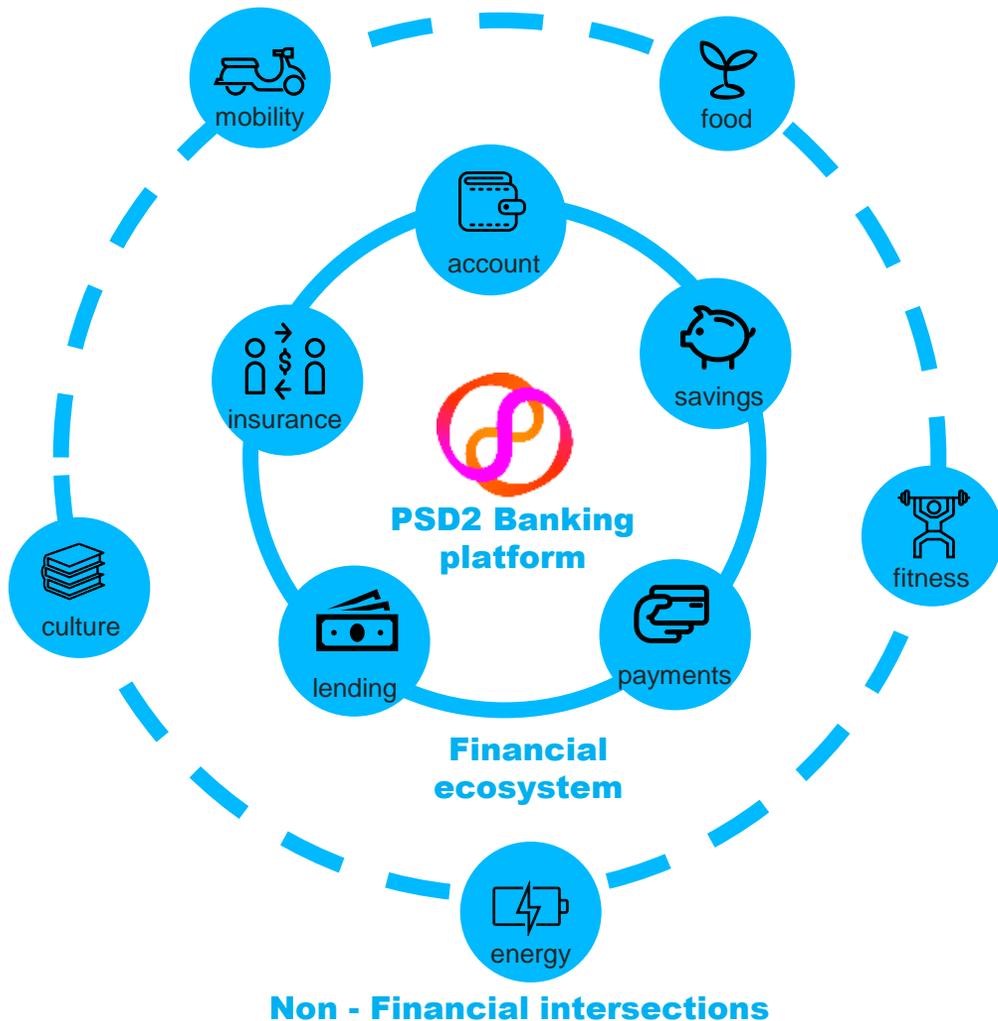
Working to include **OPEN BANKING** features as distinctive drivers to boost high-value plans



Building **INTEGRATED PROCESSES**, leveraging the existing synergies on the technological assets

...already  
working on  
**2021**

# illimity - the new “ABC” of Open Banking



Capitalising illimity’s technological **Assets** to enable partner **Brands** to better address their **Customer base** needs

With three possible offers:



**API “micro processes”**



**API “embedded”** in third parties applications



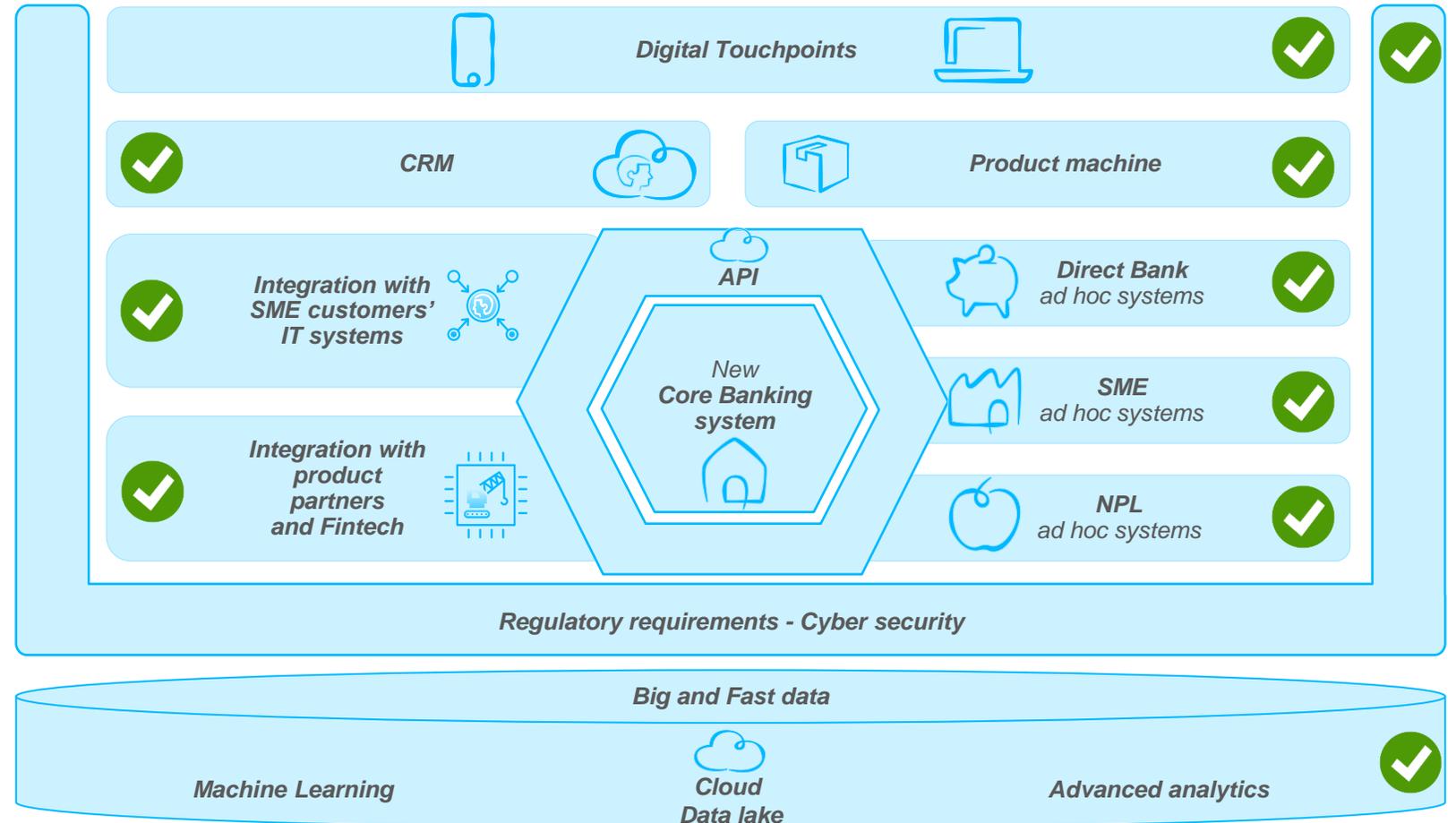
**API “all in”** with both financial and non financial layers



# illimity - Leveraging IT Infrastructure

We have built an enabling **architecture**:

- Fully in **Cloud**
- **API Based**
- **Fully fledged** with best in class Fintech solution
- Based on **data** and **advanced analytics**





# Concluding remarks

*Corrado Passera, CEO*



**Silvia Benzi**

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

Mobile: +39 349 7846537 - +44 7741 464948

Email: [silvia.benzi@illimity.com](mailto:silvia.benzi@illimity.com)

# Disclaimer (1/2)

- *This document (the "Document") has been prepared by and is the sole responsibility of illimity Bank S.p.A. (the "Company") solely for information purposes. In accessing the Document you agree to be bound by the following terms and conditions. A limited number of copies have been made or may be made and these are strictly reserved for the person to whom they are or will be addressed: for this reason the information contained in the Document is confidential and must not be used, in whole or in part, or disclosed to third parties or copied, distributed, transmitted or reproduced.*
- *The Document is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of, or located in, any locality, state, country or other jurisdiction where such distribution or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. The Document is not for publication, release or distribution in the United States, Australia, Canada or Japan or in any jurisdiction where it is unlawful to do so. The release or distribution of the Document or access to this document in other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions (when applicable) may constitute a violation of the laws of any such other jurisdiction.*
- *The information and data contained in the Document are not intended and do not constitute in any way investment advice or a solicitation to purchase securities, nor is it an offer or invitation or promotional message for the purchase, sale or underwriting by any person in any jurisdiction or country where such activity is contrary to law or regulation, except where there are exemptions that apply under related law.*
- *The terms, data and information contained in the Document are subject to revision and update; the Company and its consultants assume no responsibility to communicate, in advance or subsequently, should such revisions and updates become necessary or opportune nor for any damages that may result from improper use of the information (including communications of revisions and updates) included in the Document. Within the limits of law, the Company, its corporate executives, managers, employees, and consultants make no statement, give no guarantee or assume any responsibility, express or implied, regarding the accuracy, the adequacy, completeness and up to date nature of the information contained in the Document nor regarding any eventual errors, omissions, inaccuracies or oversights contained herein. The Document does not attempt to describe all terms and conditions that will pertain to the proposed transaction nor does it set forth the specific phrasing to be used in the documentation.*
- *The securities referred to herein (the "Securities") have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state of the United States or any other jurisdiction and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.*
- *This Document does not constitute or form part of, and should not be construed as an offer or the solicitation of an offer to subscribe for or purchase the Securities, and nothing contained therein shall form the basis of or be relied on in connection with any contract, commitment or investment decision in relation thereto whatsoever, nor does it constitute a prospectus relating to the Securities or a recommendation by the Company or any of the Company's advisers and/or agents regarding the Securities.*
- *It is recommended that any eventual investment decision regarding an investment be based on the formal documents prepared by the Company as part of the transaction which may contain information different from those included in the Document and on audit from the investors own independent, professional financial and tax advisers.*
- *No representation, warranty or undertaking, express or implied, is made or given by the Company or any of its affiliates, parent or subsidiary undertakings, directors, officers, advisers, agents or employees or any other person as to, and no reliance should be placed on, the fairness, adequacy, accuracy, truthfulness, reasonableness, completeness or correctness of the Document or the opinions contained therein. The Document has not been independently verified and will not be updated. No responsibility or liability whatsoever (whether arising in tort, contract or otherwise) is accepted by the Company or any of its affiliates, parent or subsidiary undertakings, directors, officers advisers, agents or employees, or any other person for any loss howsoever arising, directly or indirectly, from any use of the Document or opinions contained therein or otherwise arising in connection therewith. The Document, including but not limited to forward-looking statements, applies only as of the date of this document and is not intended to give any assurances as to future results. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to the Document, including any financial data or forward-looking statements, and will not publicly release any revisions it may make to the Document that may result from any change in the Company's expectations, any change in events, conditions or circumstances on which these forward-looking statements are based, or other events or circumstances arising after the date of this document. Market data used in the Document not attributed to a specific source are estimates of the Company and have not been independently verified.*
- *Any expected return is not guaranteed and is based on data shown in Euro. The Document contains "forward-looking" and targets information which are based upon certain assumptions about future and/or ongoing events or conditions and may also be based on Company's expectations on ongoing and/or potential new initiatives and is exclusively intended to illustrate hypothetical target results under those assumptions (not all of which are specified herein). Such forward looking statements include all matters that are not historical facts. Forward-looking statements give the Company's intentions, beliefs or current expectations concerning, amongst other things, the Company's financial condition, liquidity, prospects, growth, potential deals, strategies and the industry in which it operates. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur, in whole or in part, in the future. These statements may include, without limitation, any statements preceded by, followed by or including words such as "target," "outcome," "believe," "expect," "aim," "intend," "may," "anticipate," "estimate," "insight," "plan," "project," "will," "can have," "likely," "should," "would," "could" and other words and terms of similar meaning or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the Company's actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements take into account the Company's current expectations on the possible achievement of already disclosed or new targets or estimates, which are in no way guaranteed and may be reviewed in light of up to date market and business conditions. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which it operates and will operate in the future.*
- *Actual events or conditions are unlikely to be consistent with, and may differ materially from, those assumed. In addition, not all relevant events or conditions may have been considered in developing such assumptions. Accordingly, actual results will vary, and the variations may be material. Prospective investors should understand such assumptions and evaluate whether they are appropriate for their purposes. Any data on past performance, modeling, scenario analysis or back-testing contained herein is no indication as to future performance. No representation is made as to the reasonableness of the assumptions made within or the accuracy or completeness of any modeling, scenario analysis or back-testing; for investors resident in EC countries that are not part of the Eurozone these returns can increase or decrease due to exchange rate movements.*

## Disclaimer (2/2)

- *The tax consequences of an investment depend on the individual circumstances of each investor and may be subject to change in the future; therefore, the present document may not be considered to have been prepared in order to offer an opinion, legal advice or tax opinion regarding the possible tax consequences of the transaction. Every prospective investor is advised to evaluate any potential investment in the transaction on the basis of independent accounting, fiscal and legal advice and should also obtain from their own financial advisors analyses of the adequacy of the transaction, the risks, the protection and the cash flows associated with the transaction, insofar as such analyses are appropriate for ascertaining the risks and merits of the transaction.*
- *Prospective investors must rely on their own evaluation that a potential investment in the transaction described herein does not contravene the laws and regulations of the country of residence of the investor and must also be responsible for obtaining any necessary prior authorization required to make the investment.*
- *Certain industry and market data contained in this Document has come from third party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company believes that each of these publications, studies and surveys has been prepared by a reputable source, neither the Company nor its respective affiliates has independently verified the data contained therein. In addition, certain of the industry and market data contained in this document comes from the Company's own internal research and estimates based on the knowledge and experience of the Company's management in the market in which the Company operates. While the Company believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change without notice. Accordingly, no reliance should be placed on any of the industry or market data contained in the information. By receiving this document and attending the presentation, you are certifying that (a) if you are in the European Economic Area, you are a "Qualified Investor"; (b) if you are in the United Kingdom, you are a "Relevant Person"; (c) you are not located in a jurisdiction where it is unlawful to do so and (d) you acknowledge and agree to the limitations and conditions set forth herein.*
- *Acceptance of delivery of the Document by the recipient constitutes acceptance of the terms and conditions set out in this Disclaimer.*
- *Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the ordinary shares and other instruments of illimity Bank S.p.A. (the "Securities") have been subject to a product approval process, which has determined that such Securities are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment").*
- *Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Securities may decline and investors could lose all or part of their investment; the Securities offer no guaranteed income and no capital protection and an investment in the Securities is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Manufacturers will only procure investors who meet the criteria of professional clients and eligible counterparties.*
- *For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Securities.*
- *Each distributor is responsible for undertaking its own target market assessment in respect of the Securities and determining appropriate distribution channels.*
- *By accepting or accessing this Document, you shall be deemed to have represented and warranted that (i) you have read and agreed to comply with the foregoing limitations and restrictions, (ii) you are able to receive this presentation without contravention of any applicable legal or regulatory restrictions, (iii) if you are in a member state of the European Economic Area (other than the United Kingdom), you are a Qualified Investor; (iv) if you are in the United Kingdom, you are a Relevant Person; (v) if you are in Italy, you are an Italian Qualified Investor; and (vi) you acknowledge that you understand that there are legal and regulatory sanctions attached to the misuse, disclosure or improper circulation of this document.*
- *This document includes industry and market data pertaining to Company's business and markets. Such information is based on the Company's analysis of multiple sources such as industry publications and surveys, industry reports prepared by consultants, internal surveys and customer feedback. The market, economic and industry data have primarily been derived and extrapolated from reports provided by third parties. In addition, certain statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to Company's business and markets in this document are not based on published data obtained from independent third parties or extrapolations therefrom, but rather are based upon analysis, which are in turn based upon multiple third party sources.*
- *All figures and numbers included in this document are rounded.*
- ***Pursuant to Article 154-bis, paragraph 2, of the Legislative Decree no. 58/1998 (Unified Financial Act), the Financial Reporting Officer, Mr. Sergio Fagioli, declares that the accounting information contained in this Document corresponds to the document results, books and accounting records.***