



## illimity 2Q22&1H22 Results

5 August 2022


# Key highlights

*Corrado Passera*, CEO





# illimity - **Solid 1H22 results supports continuous growth**

 **Steady profitability progression in 1H22** driven by further business expansion

 **Robust balance sheet** provides resilience in current scenario supporting future growth

 **Impressive pipeline ahead** across all business lines

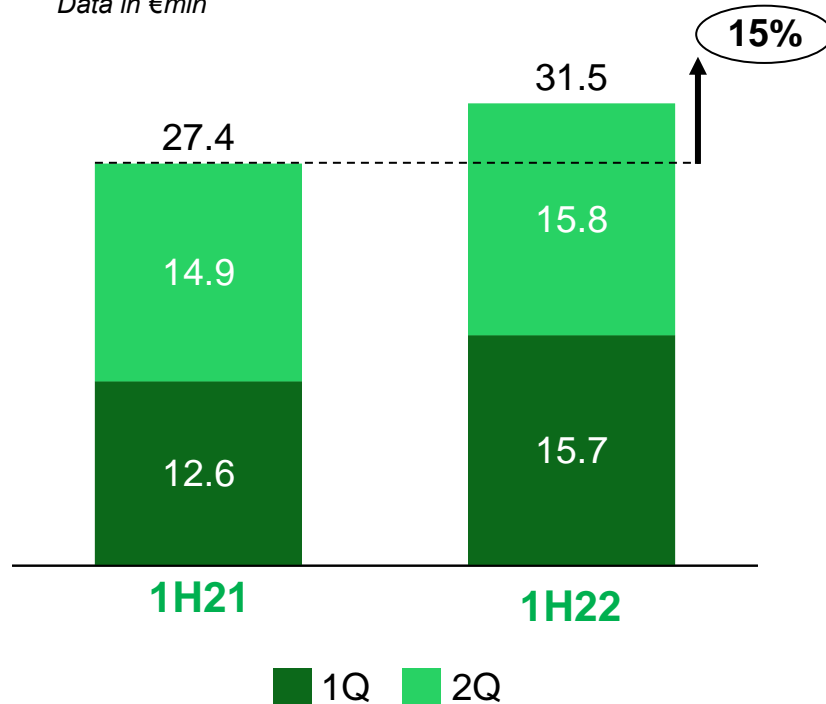
 **Arec**  **acquisition completed** reinforcing our position in large ticket real estate corporate UTP with good pipeline of third-party mandates

 **Strong ESG commitment** with significant **ESG rating upgrades** by MSCI and Standard Ethics

# illimity - Steady revenue growth drives profit

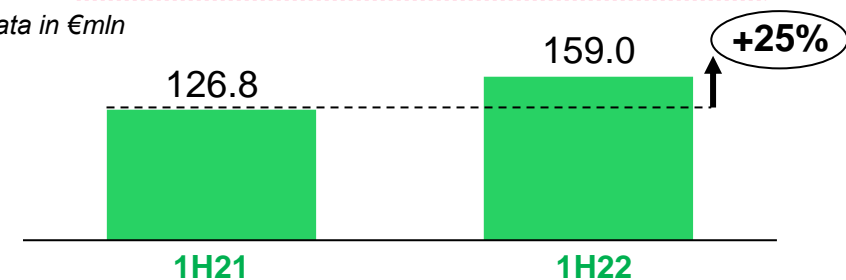
## NET RESULT EVOLUTION

Data in €mln

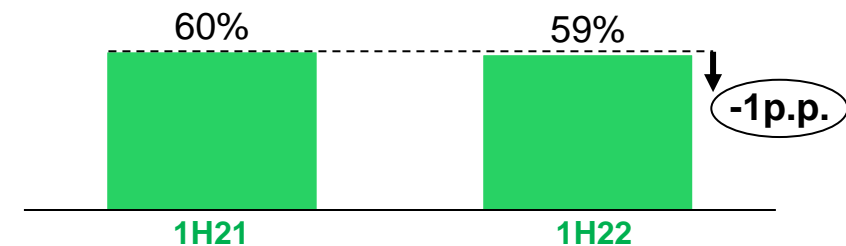


## OPERATING INCOME

Data in €mln

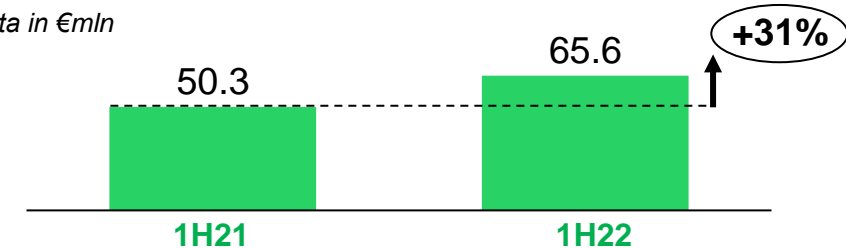


## COST INCOME RATIO

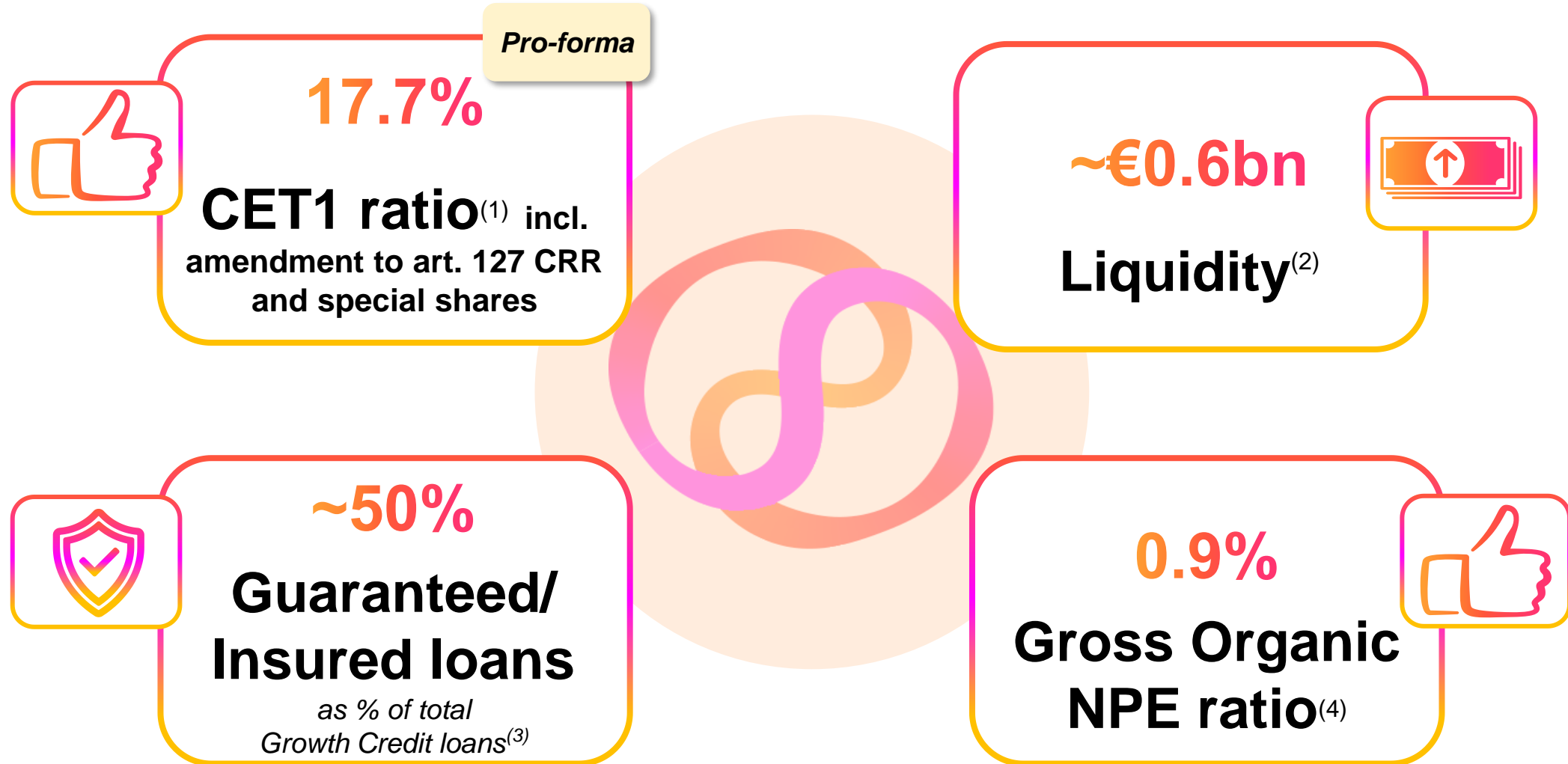


## OPERATING PROFIT

Data in €mln







# illimity - Solid balance sheet fuels future growth



Notes: (1) Phased-in definition; (2) Cash, net adjusted interbank position and liquidity buffers; (3) Including BIP legacy portfolio; (4) Excluding BIP legacy portfolio, see 'Gross organic NPE ratio' in the Glossary at the end of this document for further details.

# illimity - Business momentum continues with remarkable pipeline ahead

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

Originated Business <sup>(1)</sup>				Terms agreed <sup>(2)</sup> to be signed	Advanced pipeline <sup>(3)</sup>	
	2Q21	2Q22	Δ%YoY	Jul-22		
 <b>Growth Credit Division</b>	261	394	+51%	335	71	1,093
	149 <sup>(4)</sup>	300 <sup>(4)</sup>	+101%	123	71	92
 <b>Factoring turnover</b>	233	454	+95%	143		
 <b>Distressed Credit Division</b>	112 <sup>(4)</sup>	94 <sup>(4)</sup>	-16%	212 <sup>(7)</sup>	-	1,001
 <b>Servicing &amp; remarketing GBV<sup>(5)</sup></b>	~8.7bn <small>AUM EoP</small>	12.3bn <sup>(6)</sup> <small>AUM EoP</small>	+41%		-	2.4bn
						<b>Total AUM<sup>(5)</sup> €12.3bn</b>

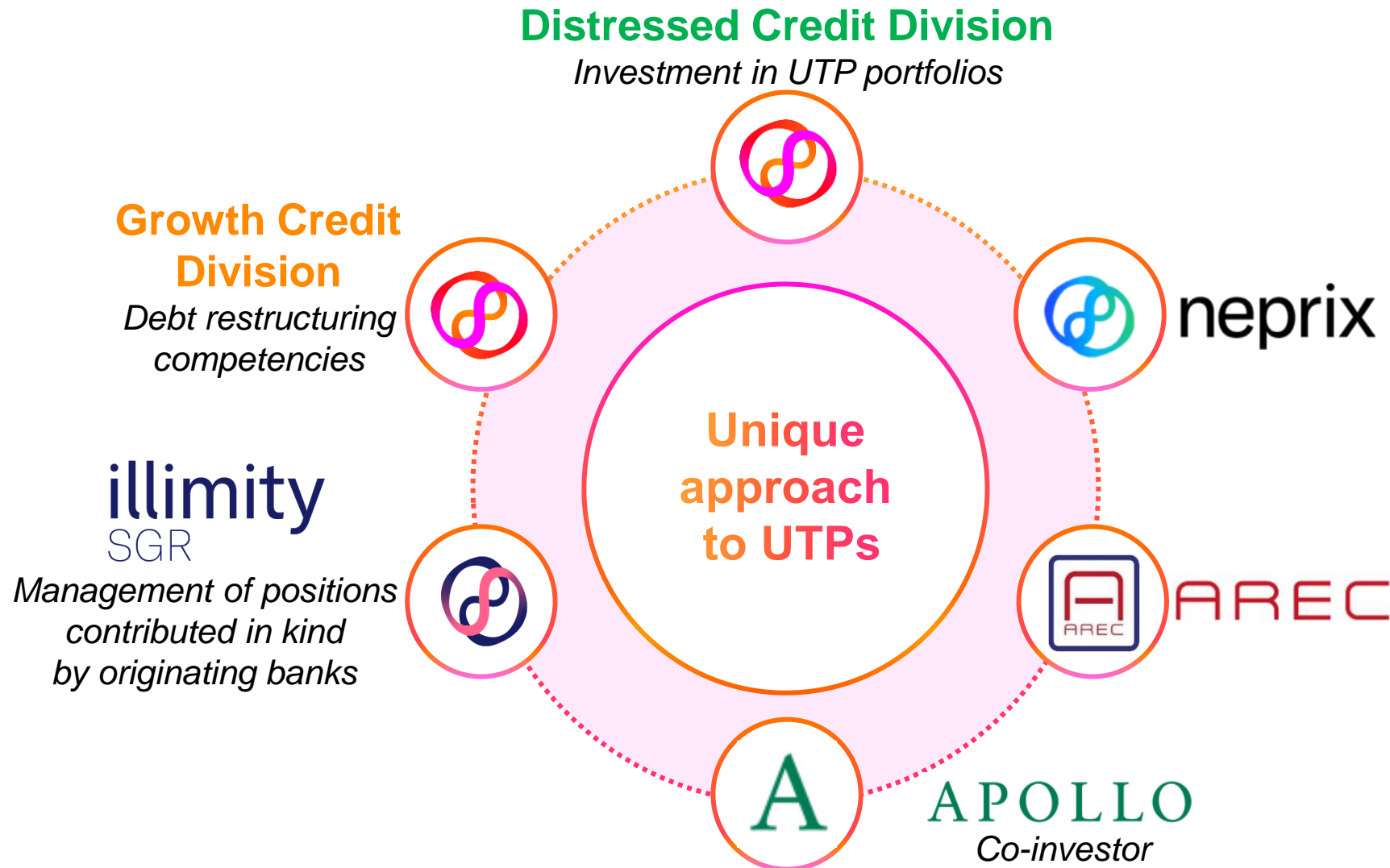
**Solid origination confirmed** in all business segments with robust pipeline

Factoring continues delivering

**Significant origination** and impressive pipeline ahead

Notes: Non accounting figures; (1) See 'Originated Business' in the Glossary at the end of this document; (2) See 'Terms agreed to be signed' in the Glossary at the end of this document; (3) See 'Advanced pipeline' in the Glossary at the end of this document; (4) It also includes financial instruments, such as quasi-equity instruments which are accounted for in the balance sheet item "20. c) Other financial assets mandatorily at fair value" for accounting purposes; (5) See 'Servicing & Remarketing GBV' in the Glossary at the end of this document; (6) Including Arc in light of the acquisition finalized on 30/6/22 and deals signed on 4/8/22, whose execution is subject to the positive conclusion of the authorisation process with the Supervisory Authority; (7) Includes deals signed on 4/8/22, whose execution is subject to the positive conclusion of the authorisation process with the Supervisory Authority.

# illimity - Arec acquisition successfully completed: ready to exploit UTP market potential



 **illimity**

**€4bn<sup>(1)</sup>**

**Corporate UTPs**  
*under*  
**Management**  
**(GBV)**

**€11bn<sup>(1)</sup>**

**Total AuM**  
**(GBV)**

Note: (1) illimity data as of 30 June 2022 – not included AuM referred to remarketing activity amounting to ~€2.1bn; neprix figures including deals signed until 4/8/22, whose execution is subject to the positive conclusion of the authorisation process with the Supervisory Authority; illimity SGR figures as of 31 March 2022. Within Corporate UTPs under management considered also ~€0.6bn moved from UTP to Bonis thanks to Arec activity.

# illimity - Our digital platforms will greatly push value creation

illimitybank.com



Direct bank

Top open banking platform for retail customers

**b-ilty**



Lendtech

Unique fully-fledged digital platform for small corporates

**HYPE**

Fintech

Top fintech challenger in Italy<sup>(1)</sup>

**quimmo**

Proptech

Leading real estate digital brokerage platform on market

## Potential future value upsides



**Highly scalable operations**



**Suitable for partnership or IPO**



**New channels & products**



**Open to entry in foreign markets**



# illimity - Strong ESG commitment

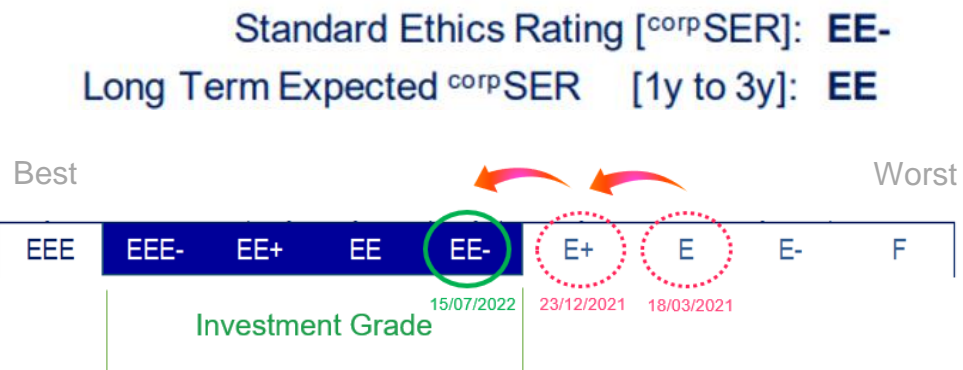
MSCI



illimity has been awarded “A” ESG rating by MSCI, one of world's leading index and benchmark provider agencies, moving from “B”

MSCI considers illimity leader on corporate governance front

standard  
ethics



illimity received “EE-” rating by Standard Ethics, leading independent agency that assesses corporate sustainability, moving from “E+”

Upgrade obtained thanks to:  
✓ Alignment with indications of UN, OECD, European Union

✓ Integrated sustainability management model

# 2Q22 Financial review

*Francesco Mele*, CFO & Head of Central Functions



# illimity - **Solid 2Q22 performance**



**Significant volume growth in quarter**, particularly in SME lending, **driving further progression in net interest income and commissions** and more to come in forthcoming quarters as large part of new business was originated at end of period



**Steady revenue progression** in 2Q22 – up 13% YoY and 3% QoQ – with consistent diversification



**Cost income** at ~60% includes costs related to new initiatives whose contribution will become visible in coming months



**Resilient asset quality** with **organic cost of risk** still at low levels and reflecting strong business origination in quarter

# illimity - Diversified and balanced growth

Data in €mln

Reclassified Balance sheet			30.06 2021	31.03 2022	30.06 2022	Δ 30.06.2022 / 31.03.2022	Δ 30.06.2022 / 30.06.2021
1	Cash and cash equivalent		514	695	397	(43)%	(23)%
	Due from banks and other financial institutions		608	215	191	(11)%	(69)%
2	<b>Customer loans</b>		<b>2,330</b>	<b>2,832</b>	<b>3,194</b>	<b>13%</b>	<b>37%</b>
	- Distressed Credit investments		943	938	921	(2)%	(2)%
	- Distressed Credit senior financing		311	402	436	8%	40%
	- Growth Credit		1,006	1,421	1,733	22%	72%
	- Cross-over & Acq. Finance <sup>1</sup>		517	643	731	14%	41%
	- Turnaround		303	488	630	29%	108%
	- Factoring		186	289	372	29%	100%
	- b-ilty		-	7	24	232%	n.s.
	- Investment Banking		-	-	16	n.s.	n.s.
	- Non-core former Banca Interprovinciale		70	64	64	0%	(9)%
3	Financial assets Hold To Collect (HTC) <sup>2</sup>		-	108	161	50%	n.s.
	Financial assets Hold To Collect & Sell (HTCS) <sup>3</sup>		315	424	416	(2)%	32%
	Financial assets measured at FVTPL <sup>4</sup>		139	82	118	43%	(15)%
	Investments in associates and companies subject to joint control		84	78	76	(3)%	(9)%
	Goodwill		36	36	71	96%	96%
	Intangible assets		37	52	56	8%	52%
	Other assets (Incl. Tangible and tax assets) <sup>5</sup>		267	400	446	12%	67%
	<b>Total assets</b>		<b>4,331</b>	<b>4,922</b>	<b>5,127</b>	<b>4%</b>	<b>18%</b>
	Due to banks		582	412	539	31%	(7)%
4	Due to customers		2,643	3,065	3,107	1%	18%
	Bond/Securities		304	505	510	1%	68%
	Shareholders' Equity		681	777	802	3%	18%
	Other liabilities		121	163	169	4%	40%
	<b>Total liabilities</b>		<b>4,331</b>	<b>4,922</b>	<b>5,127</b>	<b>4%</b>	<b>18%</b>
5	Common Equity Tier 1 Capital		543	646	642	(1)%	18%
6	<b>Risk Weighted Assets</b>		<b>3,168</b>	<b>3,662</b>	<b>3,974</b>	<b>9%</b>	<b>25%</b>

- Ample liquidity buffer** – almost **€0.6bn** between cash, net adjusted interbank position and liquidity buffers – even after remarkable new business volumes
- Net customer loans up 13% QoQ** mostly driven by Growth Credit Division; b-ilty beta phase being completed
- Increasing investments in securities portfolio**, progressively rebalanced towards HTC investments, in line with our investment strategy
- Retail & corporate funding stable at €2.8bn**
- CET1 Capital phased-in slightly down to €642mln** due to quarterly profit and Arec-related capital increase on one side, offset by negative mark to market on securities portfolio and goodwill from Arec acquisition on other side
- RWA up due to increase in business volumes**; benefit from amendment to art. 127 CRR will be effective starting from 3Q22

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. This item includes €4.5 million of Investment Banking Division alternative debt classified HTCS; (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 €84 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	2Q21	1Q22	2Q22	Δ Q/Q%	Δ Y/Y%	1H21	1H22	Δ Y/Y%
Interest income	47.5	51.7	54.4	5%	15%	93.5	106.1	14%
Interest expenses <sup>1</sup>	(14.3)	(15.7)	(16.4)	4%	15%	(29.1)	(32.1)	10%
<b>1 Net interest income</b>	<b>33.2</b>	<b>36.0</b>	<b>38.0</b>	<b>5%</b>	<b>14%</b>	<b>64.4</b>	<b>74.1</b>	<b>15%</b>
<b>2 Net fees and commissions</b>	<b>8.7</b>	<b>12.8</b>	<b>14.8</b>	<b>15%</b>	<b>70%</b>	<b>13.6</b>	<b>27.6</b>	<b>103%</b>
<b>3 Net result from trading and Fair Value assets</b>	<b>1.1</b>	<b>2.8</b>	<b>5.9</b>	<b>114%</b>	<b>454%</b>	<b>4.9</b>	<b>8.6</b>	<b>76%</b>
Net other income/expenses	2.1	6.3	5.7	(9%)	166%	4.1	12.0	189%
<b>4 Profit from closed purchased distressed credit positions<sup>2</sup></b>	<b>26.0</b>	<b>20.6</b>	<b>16.2</b>	<b>(21%)</b>	<b>(38%)</b>	<b>37.4</b>	<b>36.8</b>	<b>(2%)</b>
Gain (loss) from disposal of investments	-	-	-	-	-	2.3	-	(100%)
<b>Operating income</b>	<b>71.1</b>	<b>78.5</b>	<b>80.6</b>	<b>3%</b>	<b>13%</b>	<b>126.8</b>	<b>159.0</b>	<b>25%</b>
Staff costs	(19.0)	(20.7)	(22.8)	10%	20%	(35.6)	(43.5)	22%
Other operating expenses	(19.2)	(20.8)	(21.9)	5%	14%	(35.8)	(42.7)	19%
Depreciation & Amortisation	(2.2)	(3.4)	(3.9)	15%	77%	(5.2)	(7.3)	41%
<b>5 Operating costs</b>	<b>(40.4)</b>	<b>(44.9)</b>	<b>(48.5)</b>	<b>8%</b>	<b>20%</b>	<b>(76.6)</b>	<b>(93.5)</b>	<b>22%</b>
<b>Operating profit</b>	<b>30.7</b>	<b>33.5</b>	<b>32.1</b>	<b>(4%)</b>	<b>4%</b>	<b>50.3</b>	<b>65.6</b>	<b>31%</b>
<b>6 Loan loss provision charges</b>	<b>(1.6)</b>	<b>(0.5)</b>	<b>(2.5)</b>	<b>358%</b>	<b>55%</b>	<b>(0.8)</b>	<b>(3.0)</b>	<b>259%</b>
Value adjustments on purchased distressed credit	(4.6)	(4.6)	(3.2)	(31%)	(31%)	(0.7)	(7.8)	993%
Value adjustments on securities and loans to banks	0.3	(0.5)	(0.2)	(50%)	n.m.	(1.3)	(0.7)	(43%)
Other net provisions for risks and charges	0.0	(0.0)	(0.0)	(64%)	(140%)	-	(0.0)	n.m.
Other income from equity investments	(1.9)	(1.8)	(2.0)	11%	9%	(4.0)	(3.8)	(3%)
Contribution to banking sector schemes	(0.6)	(2.0)	(0.1)	(94%)	(78%)	(2.0)	(2.1)	6%
<b>Profit (loss) before tax</b>	<b>22.4</b>	<b>24.1</b>	<b>24.0</b>	<b>(0%)</b>	<b>7%</b>	<b>41.5</b>	<b>48.1</b>	<b>16%</b>
Income tax	(7.5)	(8.4)	(8.2)	(2%)	9%	(14.1)	(16.6)	18%
<b>Net result</b>	<b>14.9</b>	<b>15.7</b>	<b>15.8</b>	<b>1%</b>	<b>6%</b>	<b>27.4</b>	<b>31.5</b>	<b>15%</b>

- 1 Steady growth in net interest income** on volume progression, largely supported by Growth Credit
- 2 Remarkable progression in net fees and commissions** fueled by business origination
- 3 Strong result from trading and FV assets income** driven by solid performance of distressed credit energy desk and IB customers activities
- 4 Profit from Distressed Credit closed positions** remains a steady feature of our business model
- 5 Operating costs up** largely on seasonal €1.5mln<sup>(3)</sup> costs related to the ESOP plan and investments related to new initiatives
- 6 Organic loan loss provision charges are due to collective provisions** on a robust loan origination and some **analytic adjustment to certain positions**

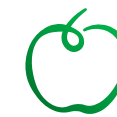
Notes: Rounded figures; It should be noted that starting from the fourth quarter of 2021 operating costs are restated as a result of the reclassification of contribution to banking sector schemes to a specific item in the Group's income statement, in line with industry practice. (1) Interest expenses 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; (3) Non accounting figures.

# illimity - Growth Credit and Investment Banking accelerating

	 DISTRESSED CREDIT DIVISION		 GROWTH CREDIT DIVISION (BIP included)		 INVESTMENT BANKING		 DIRECT BANKING DIVISION		 illimity SGR		 CORPORATE CENTRE		 TOTAL	
Data in €mln	1H21	1H22	1H21	1H22	1H21	1H22	1H21	1H22	1H21	1H22	1H21	1H22	1H21	1H22

Data in €mln	1H21	1H22	1H21	1H22	1H21	1H22	1H21	1H22	1H21	1H22	1H21	1H22	1H21	1H22
Net interest income	54.3	54.8	7.7	15.8	0.6	1.3	1.8	2.2	0.0	-	0.0	-	64.4	74.1
Net fees and commission	4.9	7.3	6.3	13.4	2.0	5.6	-	-	0.5	1.3	(0.1)	-	13.6	27.6
Other income	42.3	45.6	3.4	2.7	0.3	0.7	2.3	7.0	0.0	(0.1)	0.5	1.5	48.8	57.4
<b>Operating income</b>	<b>101.5</b>	<b>107.7</b>	<b>17.4</b>	<b>31.9</b>	<b>2.9</b>	<b>7.6</b>	<b>4.1</b>	<b>9.2</b>	<b>0.5</b>	<b>1.2</b>	<b>0.4</b>	<b>1.5</b>	<b>126.8</b>	<b>159.0</b>
Staff costs	(12.8)	(15.5)	(5.0)	(6.1)	(1.0)	(1.8)	(4.1)	(3.8)	(1.1)	(1.2)	(11.6)	(15.1)	(35.6)	(43.5)
Other operating expenses and D&A	(19.7)	(23.0)	(5.1)	(4.0)	(0.6)	(0.5)	(6.0)	(8.7)	(0.1)	(0.2)	(9.3)	(13.6)	(40.9)	(50.0)
<b>Operating costs</b>	<b>(32.5)</b>	<b>(38.5)</b>	<b>(10.1)</b>	<b>(10.1)</b>	<b>(1.6)</b>	<b>(2.3)</b>	<b>(10.1)</b>	<b>(12.5)</b>	<b>(1.2)</b>	<b>(1.4)</b>	<b>(21.0)</b>	<b>(28.7)</b>	<b>(76.5)</b>	<b>(93.5)</b>
<b>Operating profit</b>	<b>69.0</b>	<b>69.2</b>	<b>7.3</b>	<b>21.8</b>	<b>1.2</b>	<b>5.3</b>	<b>(6.0)</b>	<b>(3.3)</b>	<b>(0.7)</b>	<b>(0.2)</b>	<b>(20.5)</b>	<b>(27.2)</b>	<b>50.3</b>	<b>65.6</b>
Provisions	(2.5)	(8.9)	0.4	(1.9)	(0.8)	(0.6)	-	(0.1)	-	-	0.1	-	(2.8)	(11.5)
Other income from equity investments	-	(0.1)	-	-	-	-	(4.0)	(3.7)	-	-	-	-	(4.0)	(3.8)
Contribution to banking sector schemes	(0.3)	(0.3)	(0.4)	(0.4)	-	-	(0.3)	(0.4)	-	-	(1.0)	(1.0)	(2.0)	(2.1)
<b>Profit (loss) before tax</b>	<b>66.2</b>	<b>59.8</b>	<b>7.3</b>	<b>19.5</b>	<b>0.4</b>	<b>4.7</b>	<b>(10.3)</b>	<b>(7.5)</b>	<b>(0.7)</b>	<b>(0.2)</b>	<b>(21.4)</b>	<b>(28.2)</b>	<b>41.5</b>	<b>48.1</b>
Interest earning assets	1,612	1,717	1,193	2,055	41	130	-	26	-	-	1,122	588	3,968	4,515
Other assets	91	145	25	135	-	-	84	89	-	-	163	243	362	611
<b>RWA</b>	<b>2,055</b>	<b>2,146</b>	<b>818</b>	<b>1,270</b>	<b>38</b>	<b>119</b>	<b>28</b>	<b>73</b>	<b>0</b>	<b>3</b>	<b>229</b>	<b>363</b>	<b>3,168</b>	<b>3,974</b>

Combined 1H22 ~€24mln  
+214% YoY



**Distressed Credit** still major profit contributor with ~68% of Group's 1H22 revenue. Operating profit dynamic reflects costs related to new initiatives whose contribution will become visible in coming months



**Growth Credit** contribution to Group Operating profit almost tripling YoY in 1H22 thanks to strong business origination and increasingly visible operating jaws. Cost income ratio down from 58% in 1H21 to 32% in 1H22



**Investment Banking** visible contribution, more than doubling revenue YoY in 1H22



**Direct Banking** benefiting from IP license agreement on IT platform while operating costs still reflect investments in b-ilty whose contribution to revenue will be visible in 2H22 as beta phase is now being completed



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

Note: Rounded figures. 1H21 restated for a like-for-like comparison with 1H22. Operating costs restated for reclassification of contribution to banking sector schemes to a specific item in the Group's income statement.





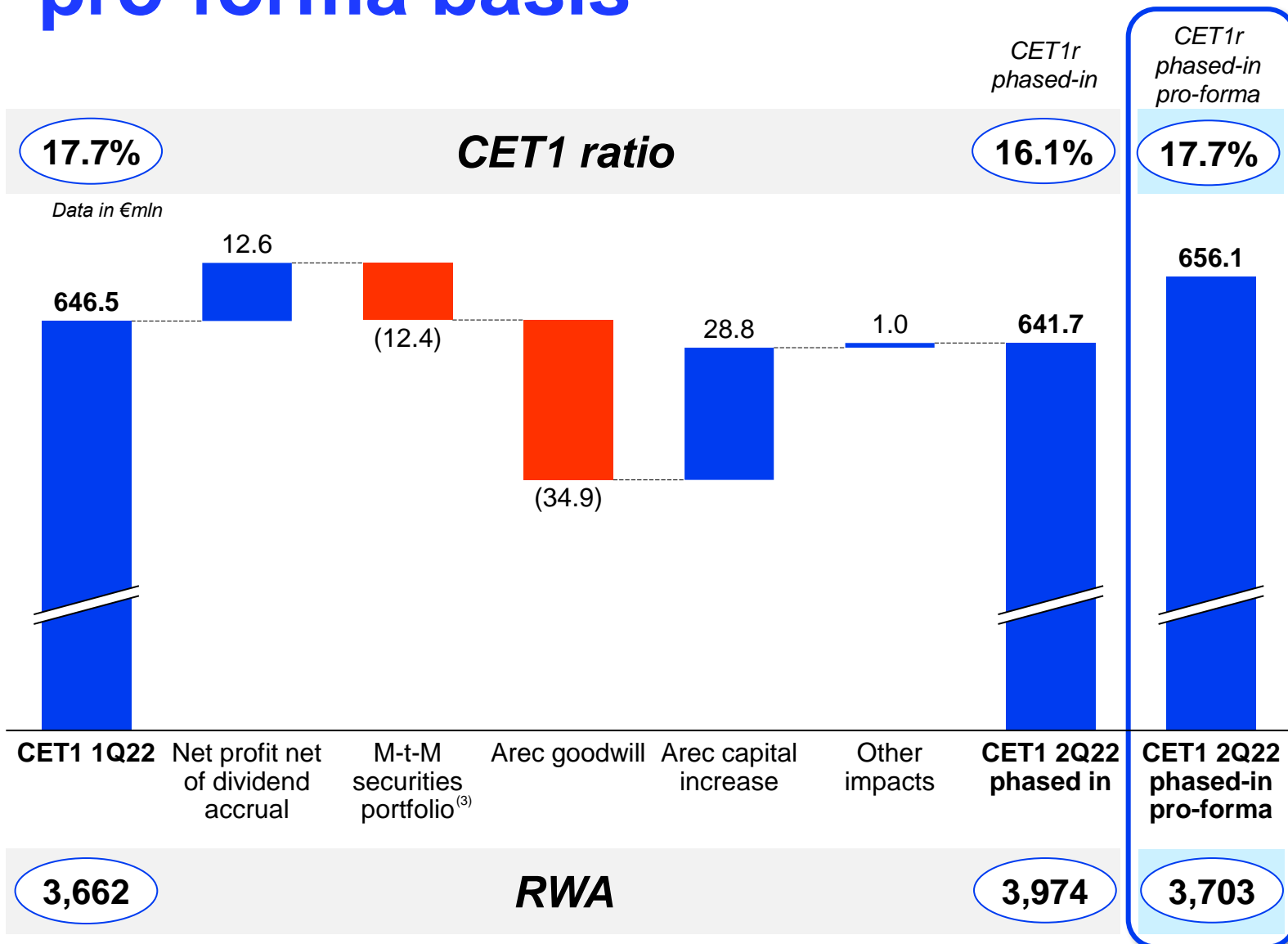
# illimity - Solid KPIs

	2Q21	1Q22	2Q22	1H21	1H22
Cost income ratio <sup>(1)</sup>	57%	57%	60%	60%	59%
Organic cost of risk (bps) annualised <sup>(2)</sup>	50bps	13bps	49bps	13bps	30bps
Gross organic NPE ratio (excluding BIP) <sup>(3)</sup>	0.5%	0.7%	0.9%	0.5%	0.9%
Gross organic NPE ratio <sup>(4)</sup>	3.0%	2.3%	2.2%	3.0%	2.2%
LCR	~700%	~220%	~365%	~700%	~365%
CET1 Ratio <sup>(5)</sup>	17.2%	17.7%	16.1%	17.2%	16.1%
Total Capital Ratio <sup>(5)</sup>	17.2%	23.2%	21.3%	17.2%	21.3%

- **Cost income ratio slightly increased to 60%** due to scheduled investments in connection with new initiatives
- **Annualised cost of risk remained low at 49bps** mostly due to **generic provisions on new business** and to **analytic adjustments** to selected positions
- Best in class **Organic NPE ratio at 0.9% for business originated by illimity**; circa **2.2%** including former BIP portfolio
- Ample liquidity buffer and **NSFR** comfortably above minimum requirements
- **CET1 Ratio<sup>(5)</sup> remains robust at 16.1%** 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 30 June 2022 (€2,031 million) for the segments Factoring, Cross-over, Acquisition Finance, Turnaround, b-ilty 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) Phased-in definition.

# illimity - CET1 Ratio phased-in at 17.7% on pro-forma basis



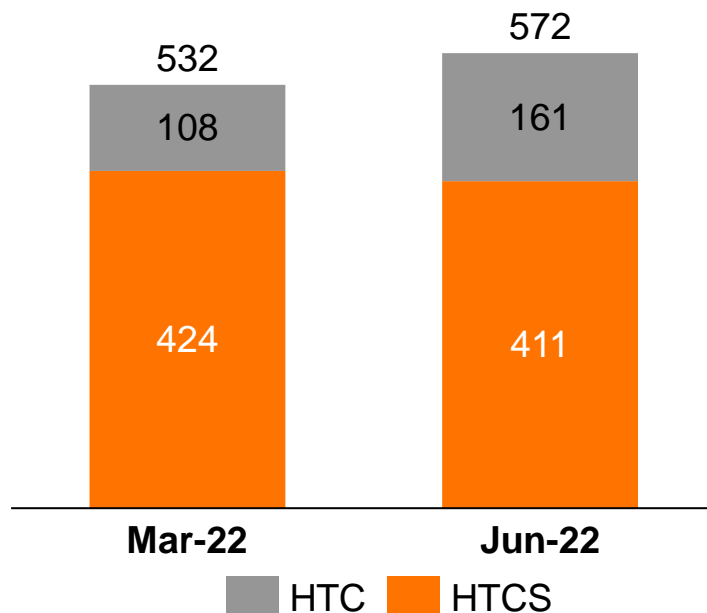
- **CET1 Capital<sup>(1)</sup> in 2Q22** slightly down on negative valuation reserves on securities portfolio and goodwill from Arec transaction
- **RWA up 9% QoQ** due to increase in business volumes in 2Q22; including benefits from amendments to art. 127 CRR, RWA would be up 1% QoQ
- CET1 ratio phased-in would reach **17.7%** (17.3% fully loaded) **on pro-forma basis<sup>(2)</sup>** including special shares and amendment to art.127 CRR
- **Total Capital Ratio phased-in at 21.3%** (and 23.3% pro-forma) and fully loaded at 21.0% (22.9% pro-forma)



# illimity - Further diversification portfolio strategy into HTC

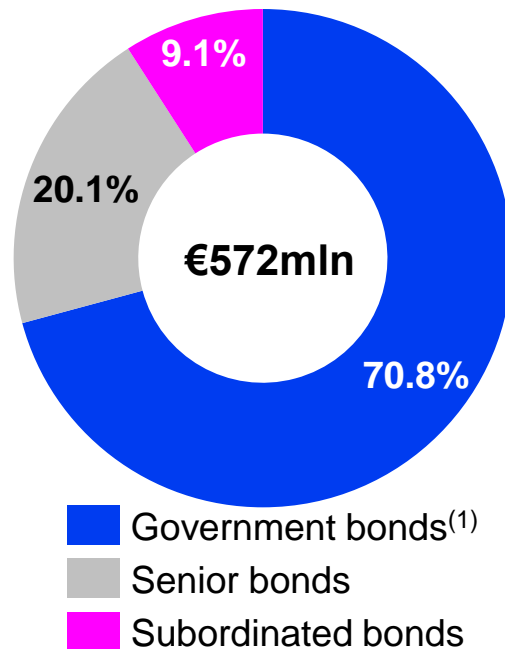
## Securities portfolio

Data in €mIn



## Portfolio composition HTCS / HTC

30 June 2022

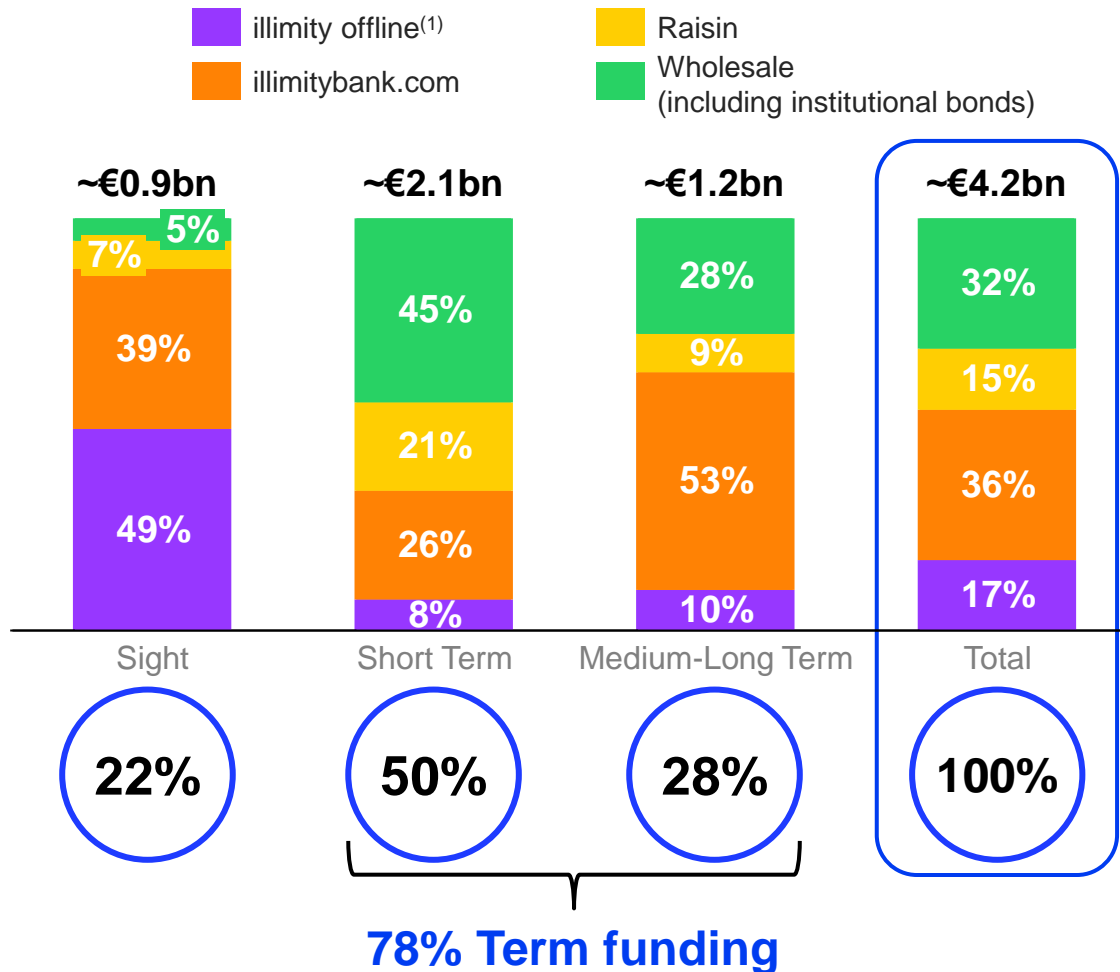


- **HTC** share continues to increase reaching **28% of securities portfolio**
- Duration **5.3 years**
- Average yield approx. **1.7%**

# illimity - Well diversified funding mix confirmed

## Maturity mix

Data as of 30 June 2022



Medium-Long Term funding maturity around **2.7 years**



Blended average cost of funding broadly stable at **~1.5%**



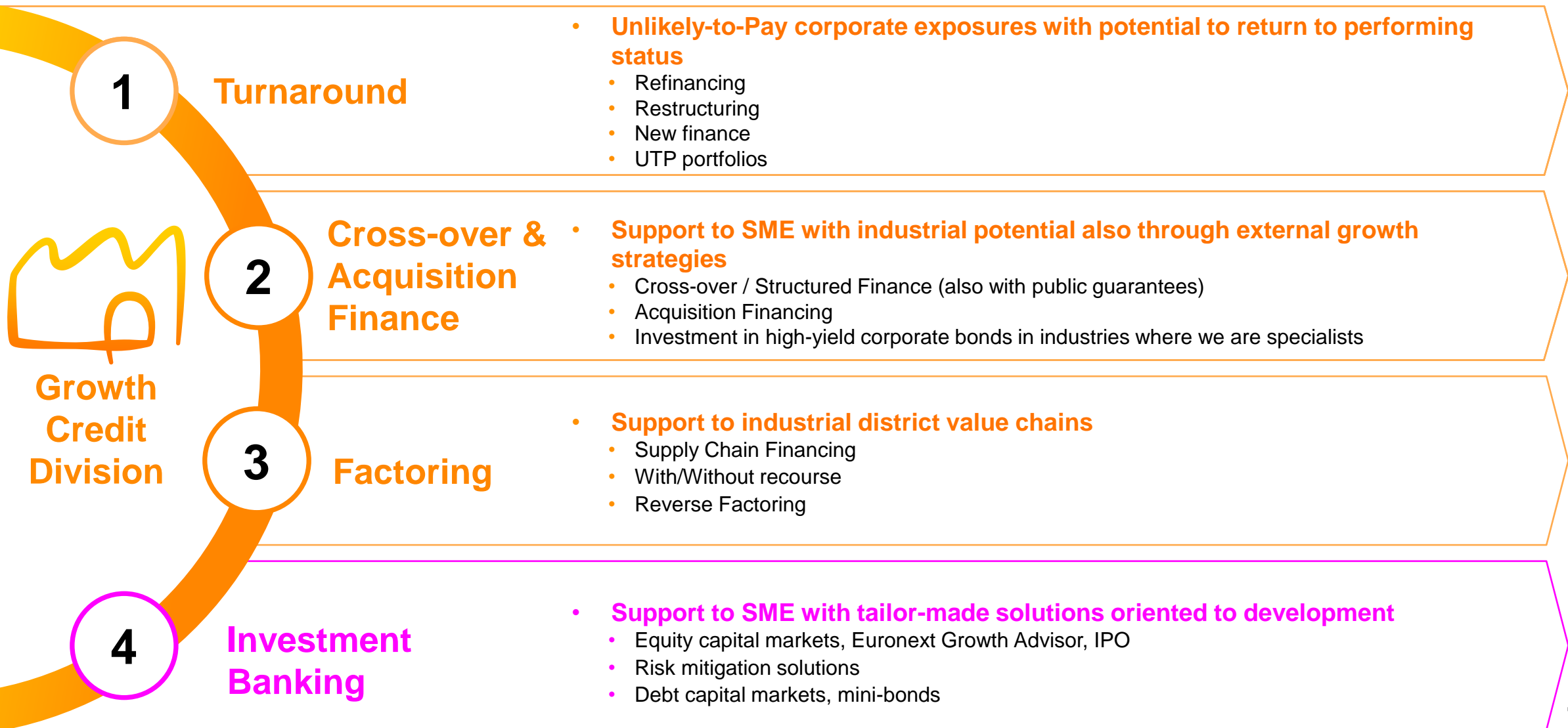
**€300mIn** senior preferred **bond** issued in Dec-2020 and **€200mIn** **Tier 2** issued in July 2021

# Growth Credit Division

*Enrico Fagioli*



# illimity - Italian SME specialist



# illimity - **A strong quarter across the board**

 **Strong momentum in new business origination in 2Q22** with noticeable acceleration in all business lines, especially in Turnaround, robust pipeline ahead

 **1H22 revenue almost doubled YoY** fuelled by both interests and commissions

 Volume progression driving **further operating leverage gains**

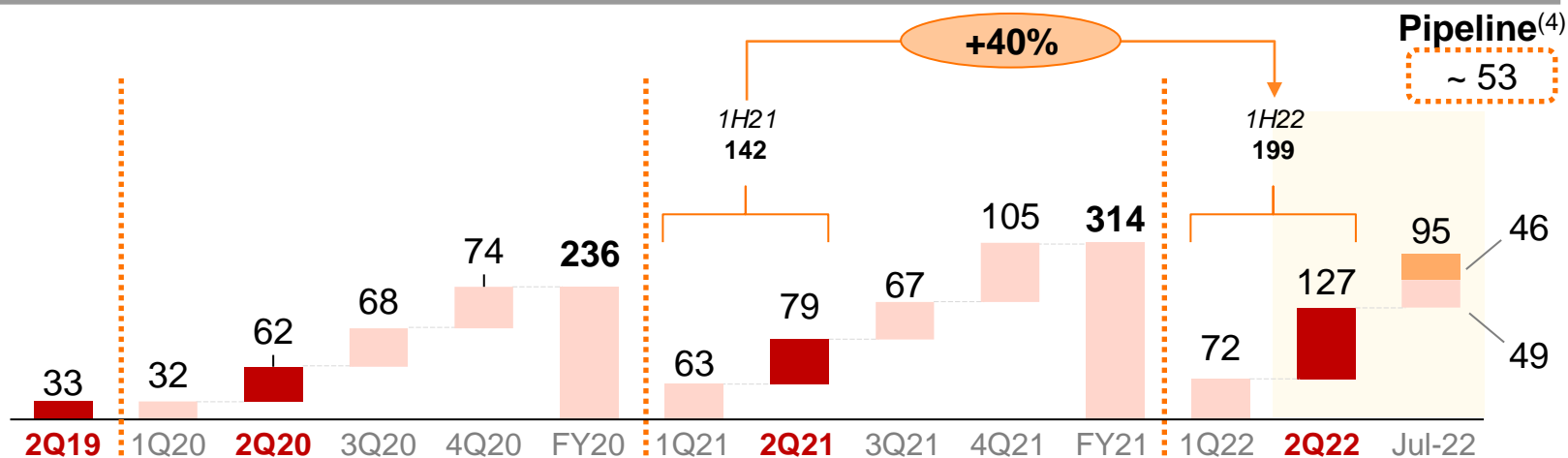
 **Excellent asset quality confirmed** with Gross Organic NPE ratio still very low

# illimity - Business momentum accelerating further

## Originated business

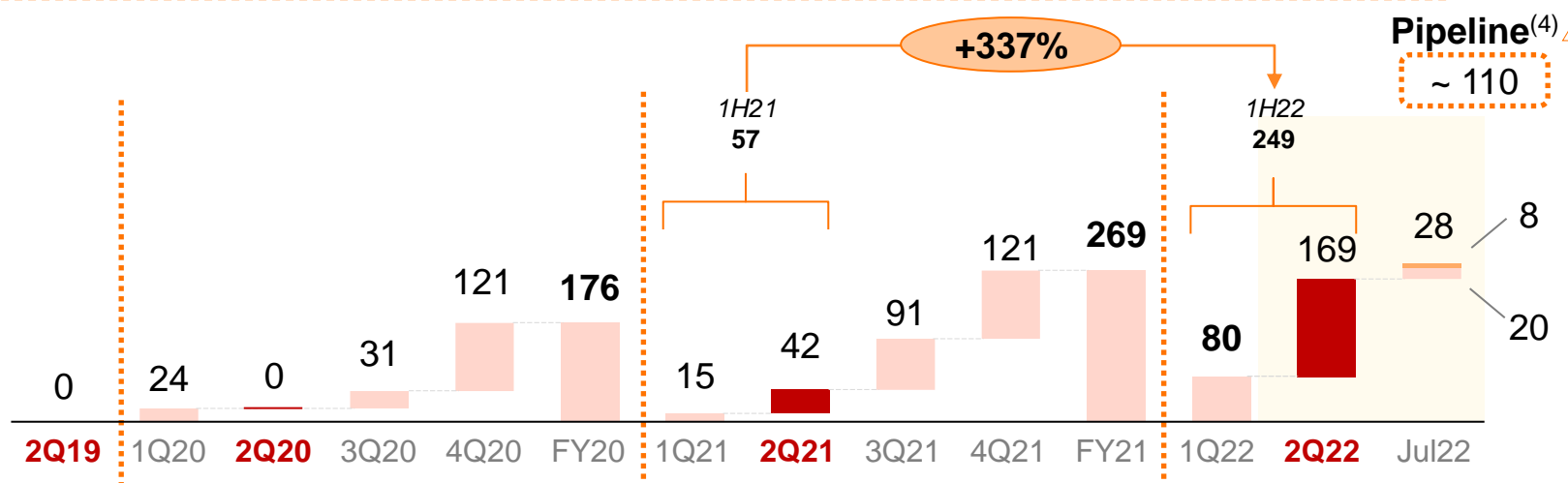
Data in €mln

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



**Growth in business origination accelerating further** with remarkable pipeline ahead

  
**Turnaround**



**Around 47%** of new lending with public guarantees in 2Q22

**Best quarter ever in Turnaround and Crossover & AF** with business origination fueled by public guarantees

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

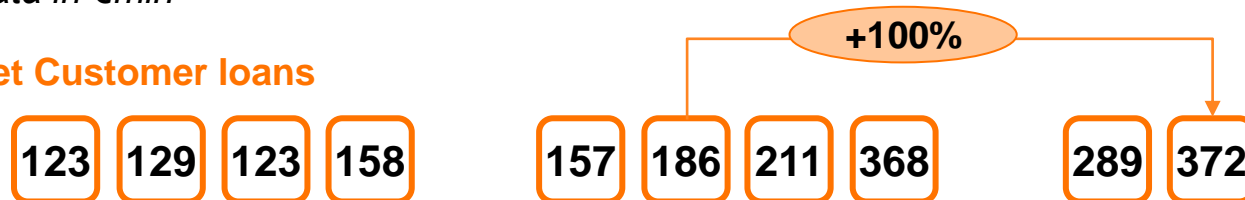
Notes: Rounded figures; (1) Income-producing loans including for 2021 high-yield corporate bonds classified as Financial assets Held To Collect & Sell (HTCS), now within Investment Banking Division; (2) Deals signed but not yet booked, due to a time lag between the signing of the master agreement and the date of loan disbursement, in place at the end of the month; (3) Including new investment in the period in corporate high yield bond HTC; (4) It includes both items 'Terms agreed to be signed' and 'Advanced Pipeline'.

# illimity - Factoring continues delivering on targets

## Originated business

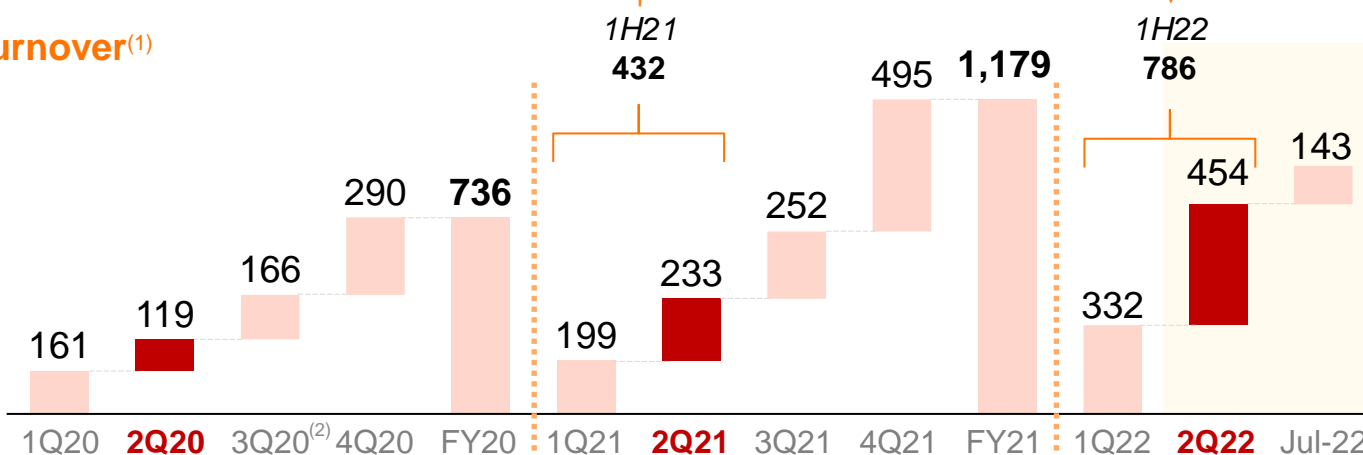
Data in €mln

### Net Customer loans



Net Customer loans in line with FY21 despite seasonality

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



1H22 Factoring turnover up 82% YoY confirming strong 2022 start

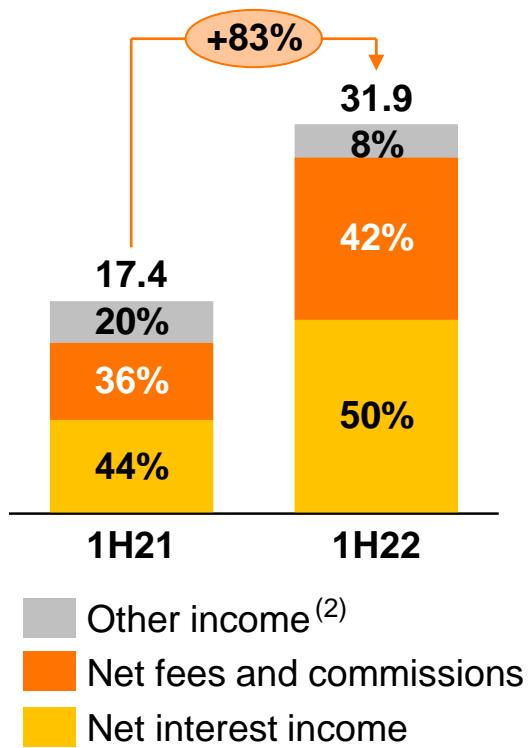


Number of clients<sup>(3)</sup> at 2Q22 increasing further to 210 and ~1,000 debtors

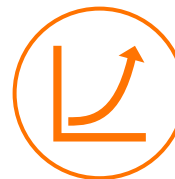
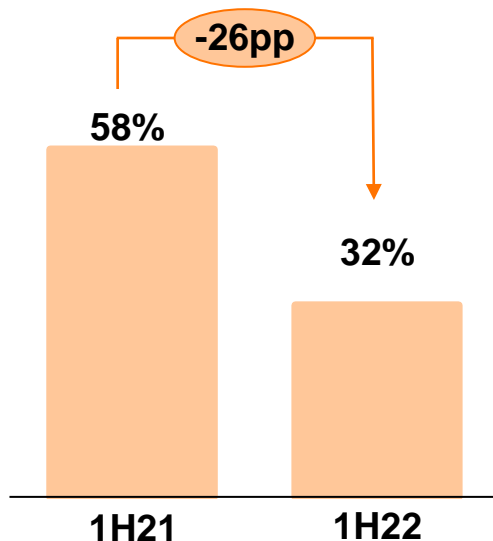
# illimity - Strong revenue growth drives profitability

## Revenue breakdown<sup>(1)</sup>

Data in €mln



## Cost income ratio<sup>(1)</sup>



**Revenue almost doubled YoY** fuelled by strong business origination momentum



**Net fees and commissions on strong growth path** with incremental contribution to Division's revenue



**Operating efficiency continues to improve** with Cost Income ratio almost halved YoY



# illimity - Solid asset quality confirmed



**1.1%**  
**Gross  
Organic NPE  
ratio<sup>(1)</sup>**



**~50%**  
**Guaranteed/  
Insured loans**  
*as % of total  
Growth Credit loans<sup>(2)</sup>*



**~2%**  
**Stage 2  
Loans**  
*as % of total  
Growth Credit loans<sup>(2)(3)</sup>*



**Direct exposure to Russia-Ukraine Conflict  
reviewed down to ~1% of Growth Credit loans**

# Illimity - Investment Banking: increasingly visible P&L contribution and good opportunities ahead

## Capital Markets

- 2 IPOs closed in 2Q22 together with other advisory mandates
- Further mandates to be executed by 2022

## Corporate Solutions

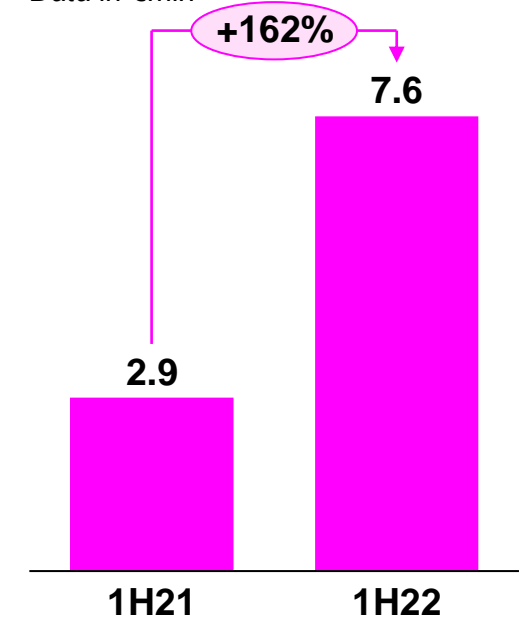
- Risk mitigation solution activities continue to deliver
- Bond portfolio at ~€115mIn<sup>(1)</sup>, of which €96mIn are HTCS corporate bonds

## Structuring

- First mandate as Arranger closed in 2Q22
- 4 additional mandates in place with underwriting opportunities expected to generate revenue in 2022

## Revenue growth

Data in €mIn



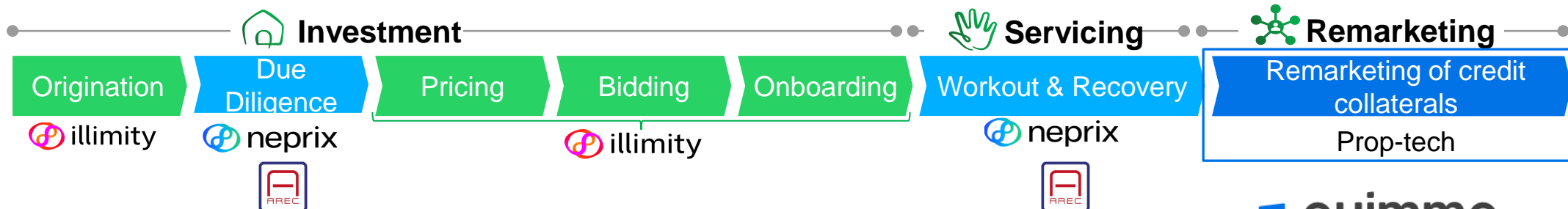
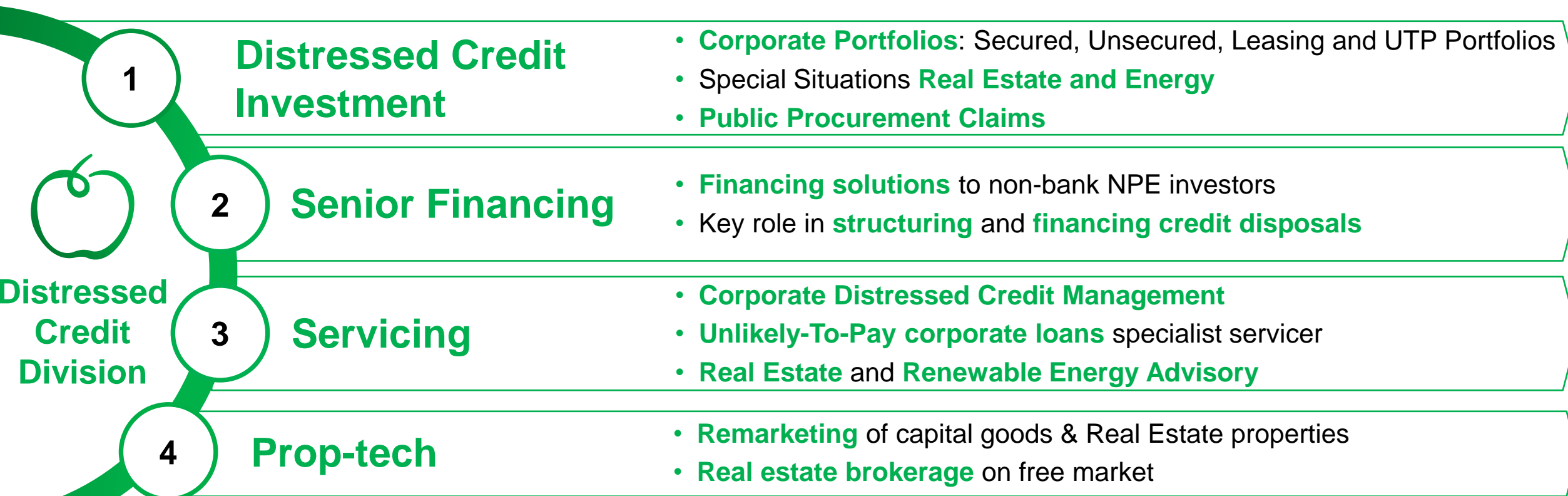
Launched activities in early 2021 and already delivering important results despite difficult market conditions

# Distressed Credit Division

*Andrea Clamer*



# illimity - Leading player in Corporate Distressed Credit



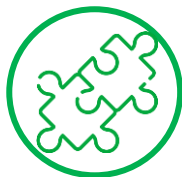
# illimity - **Value creation gains further traction**



**Solid business origination in quarter** with new investments well diversified across all asset classes and **impressive pipeline ahead**



**Solid economic performance in 2Q22** benefitting from profits from closed positions



**neprix' servicing business gaining pace** following completion of Arec acquisition, with good pipeline of third-party mandates



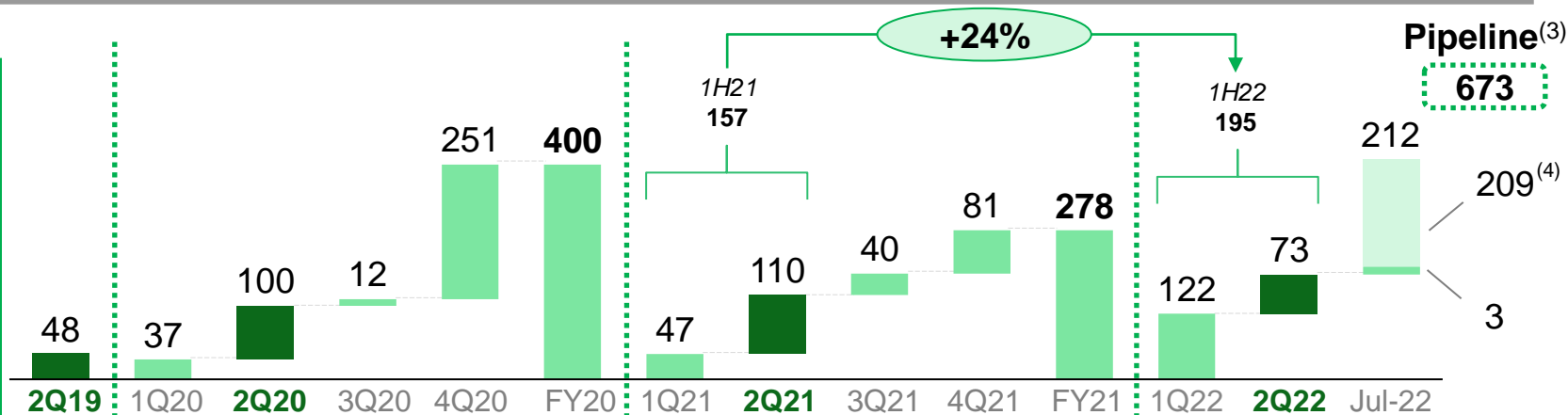
**Increasing presence of Quimmo** in open market through marketing campaign targeting sellers and new dedicated app

# illimity - Continuous investment opportunities and huge pipeline ahead

## Originated business

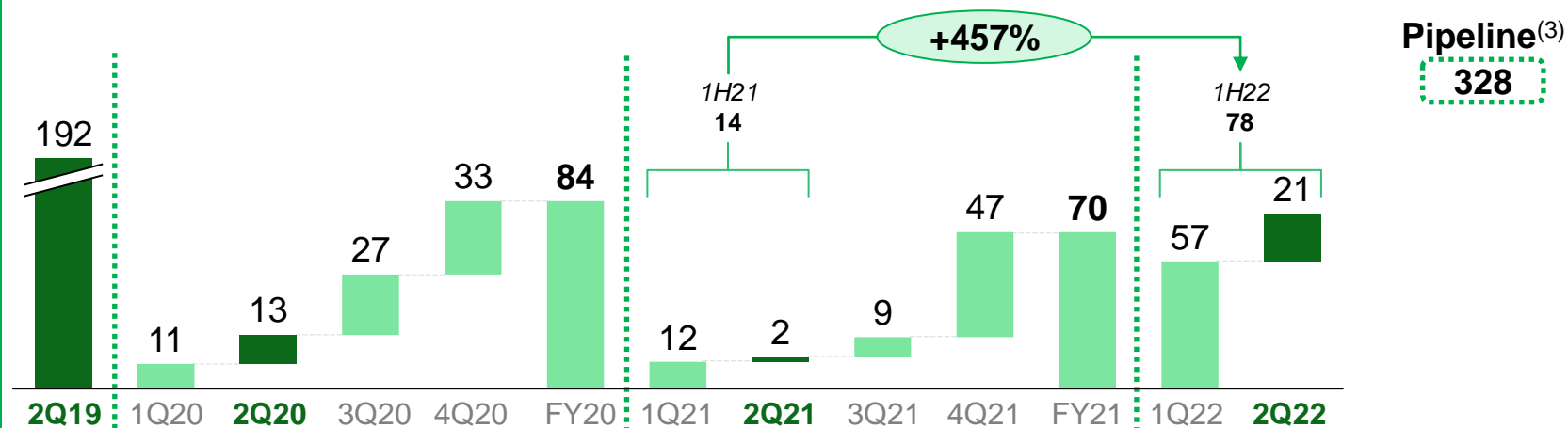
Data in €mln

  
**Distressed  
Credit  
Investment**



**Diversified business origination** driven by high specialization in multiple asset classes, with **impressive pipeline ahead**

  
**Senior  
Financing**



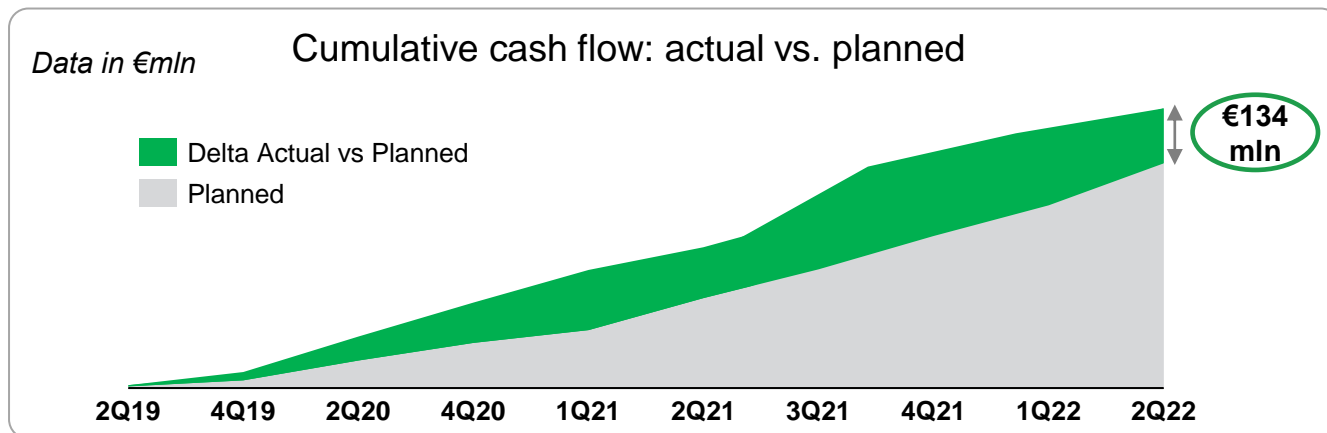
**Origination in 1H22 already exceeding overall FY21 levels**, keeping focus on high-yield opportunities and leveraging on strong expertise in real estate

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

Notes: Rounded figures; (1) Distressed Credit Investments booked, and Senior Financing loans granted in the period; (2) Deals signed but not yet booked, owing to a settlement structure in multiple tranches or to a time lag between the signing of the master agreement and the date of loan disbursement/purchase, in place at the end of the month; (3) It includes both item 'Terms agreed to be signed' and 'Advanced Pipeline'; (4) It includes deals signed on 4/8/22 but not yet booked, whose execution is subject to the positive conclusion of the authorisation process with the Supervisory Authority.

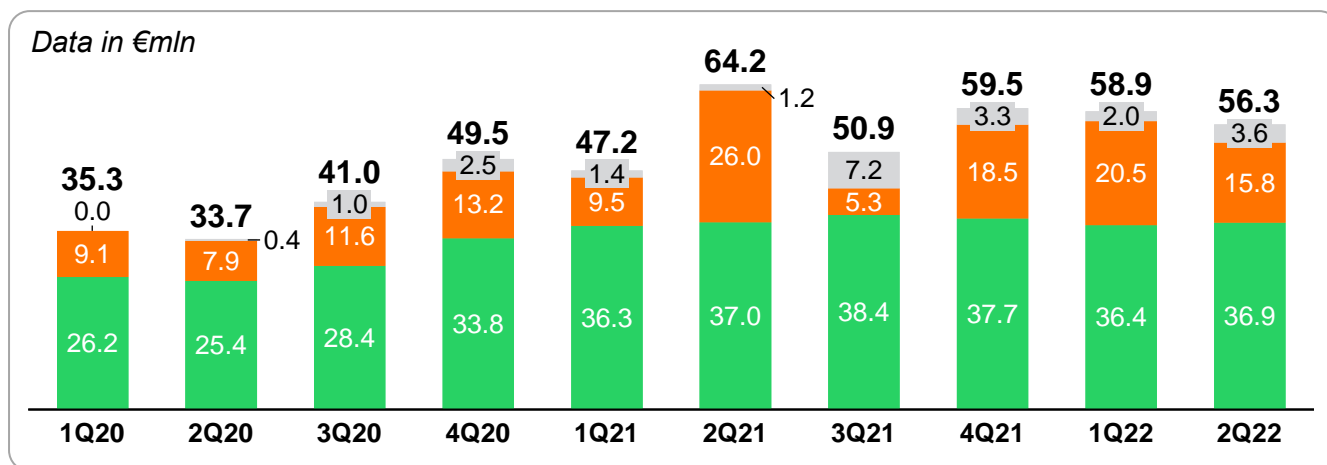
# illimity - Good performance continues

## Cash flow view (1)



➤ **Overperformance continues:**  
+€134mln cumulated cash flow since inception

## Economic view (2)



➤ **Dynamic portfolio management**  
supports recurring profit stream from closed position

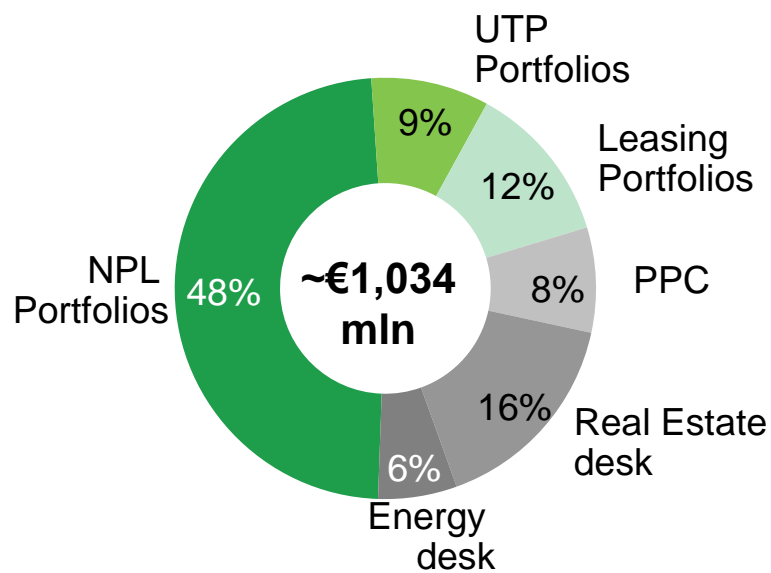
Legend: Gross interests & fees (Green), Profits from closed positions (Orange), Other income<sup>(3)</sup> (Grey)

Notes: Rounded figures; (1) Cash flow from receivables; (2) Gross revenue before any cost of funding and other divisional rebates; (3) Profit from rental income on repossessed assets and other income on assets accounted for as FVTPL.

# illimity - Diversified credit portfolio

Data as of 30 June 2022<sup>(1)</sup>

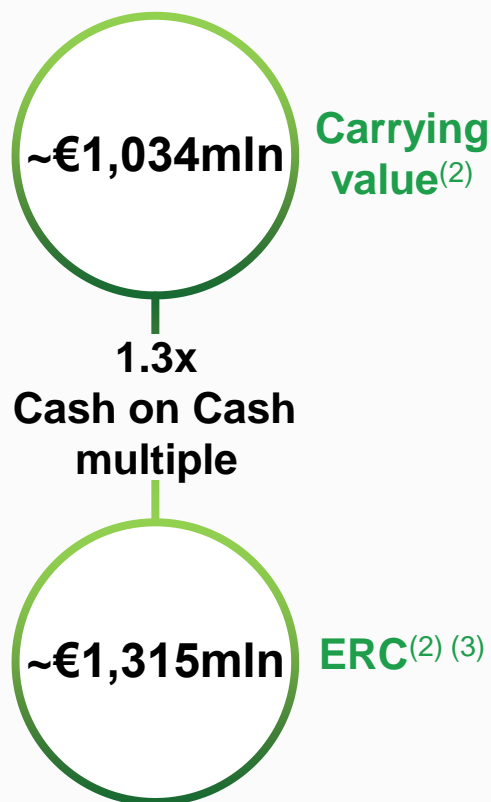
## NBV breakdown by asset class



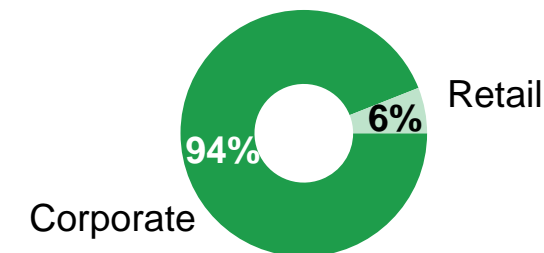
~€320k

Average ticket size  
(GBV)

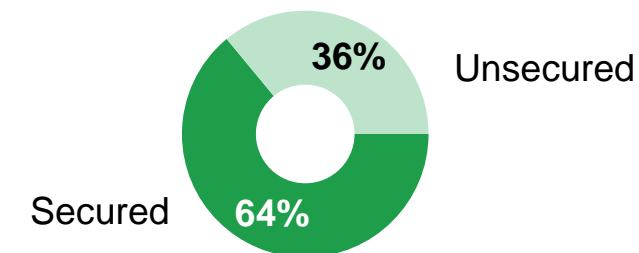
## KPIs



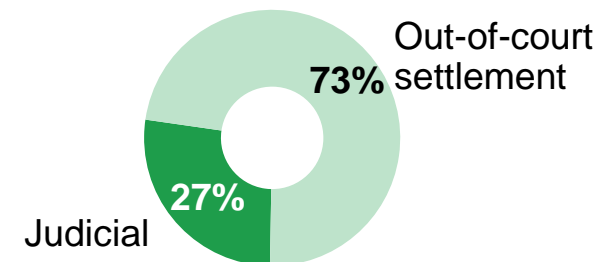
## Type of borrower (GBV breakdown)



## Secured/ Unsecured (NBV breakdown)



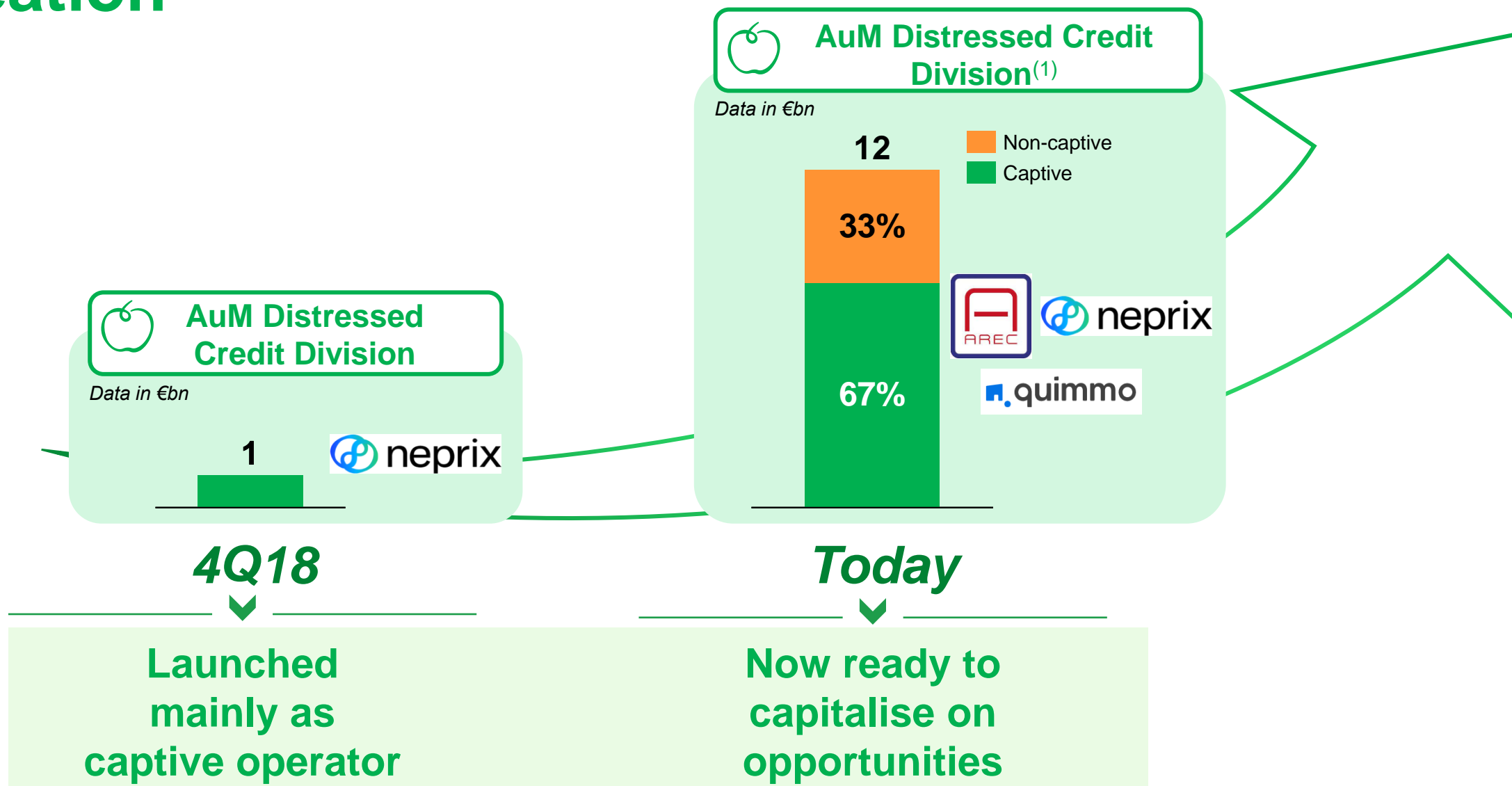
## Actual workout strategy (Cash flow breakdown)



Notes: Rounded figures; (1) Data does not include repossessed assets (through ReoCo and *datio in solutum*); (2) This includes distressed credits purchased by the Energy desk, which for accounting purposes are recognised at Fair Value (item 120 c) and distressed credit classified as 'Financial assets measured at fair value through other comprehensive income' (item 30); (3) Estimated Remaining Collections on booked investments. See 'ERC' in the Glossary at the end of this document.

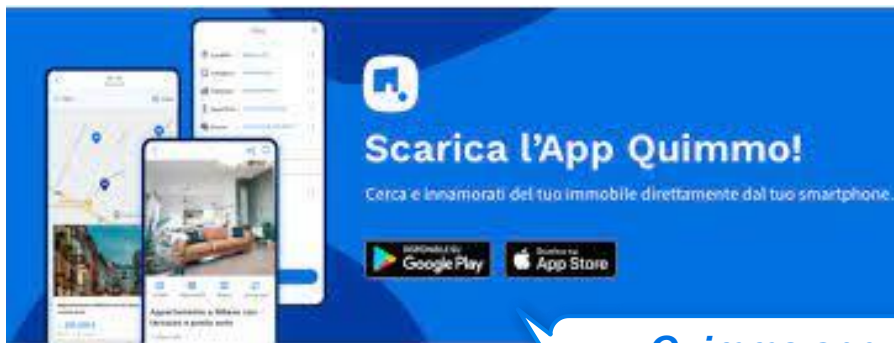


# illimity - Ongoing new initiatives to boost value creation



Notes: Rounded figures. (1) It includes deals signed on 4/8/22 but not yet booked, whose execution is subject to the positive conclusion of the authorisation process with the Supervisory Authority.

# ■.quimmo - Increasingly recognised player in open market



*Quimmo app  
released June-2022*



**Launched marketing campaign** targeting sellers to secure new mandates



**~€2.1bn of assets under management<sup>(1)</sup>**, with 86% from non-captive business



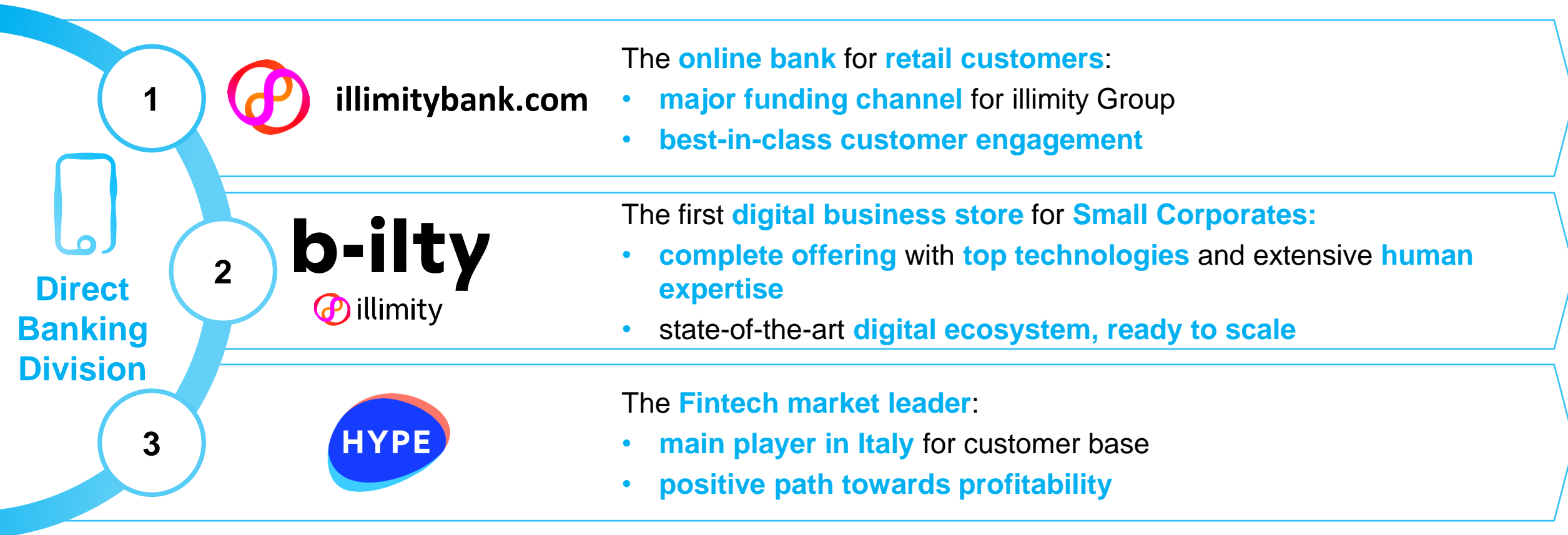
**Remarkable progression of units sold** – 1,253 in 1H22, up 22% vs 1H21

# Direct Banking Division

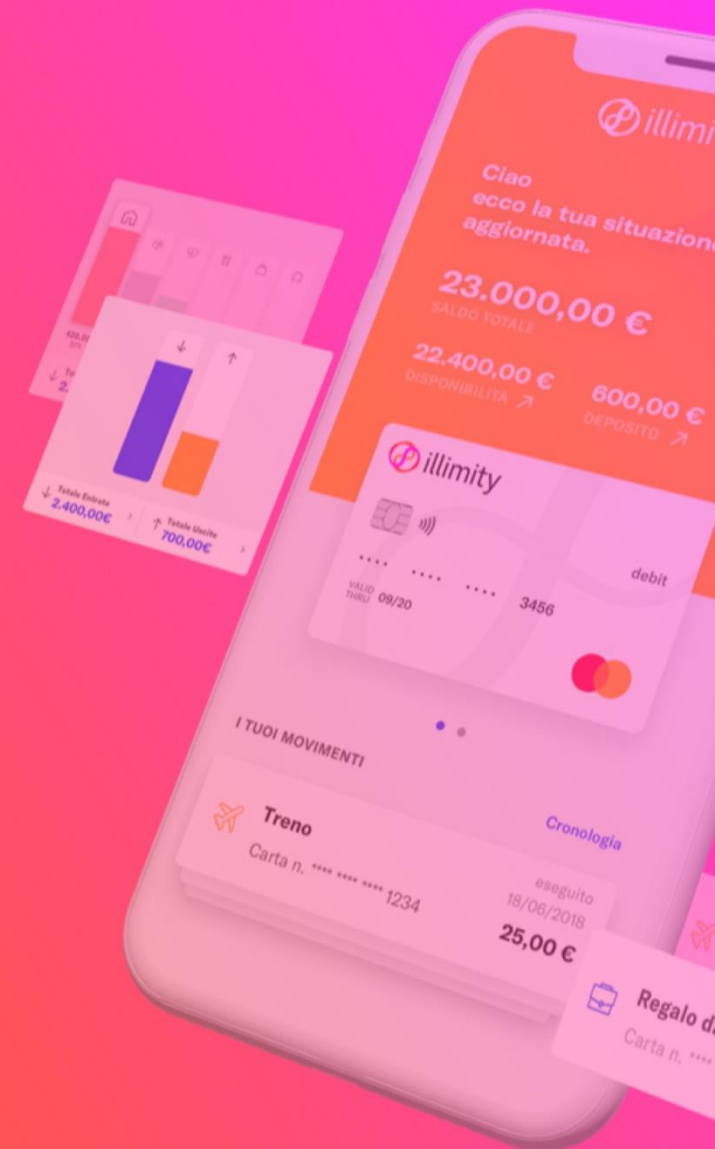
*Carlo Panella*



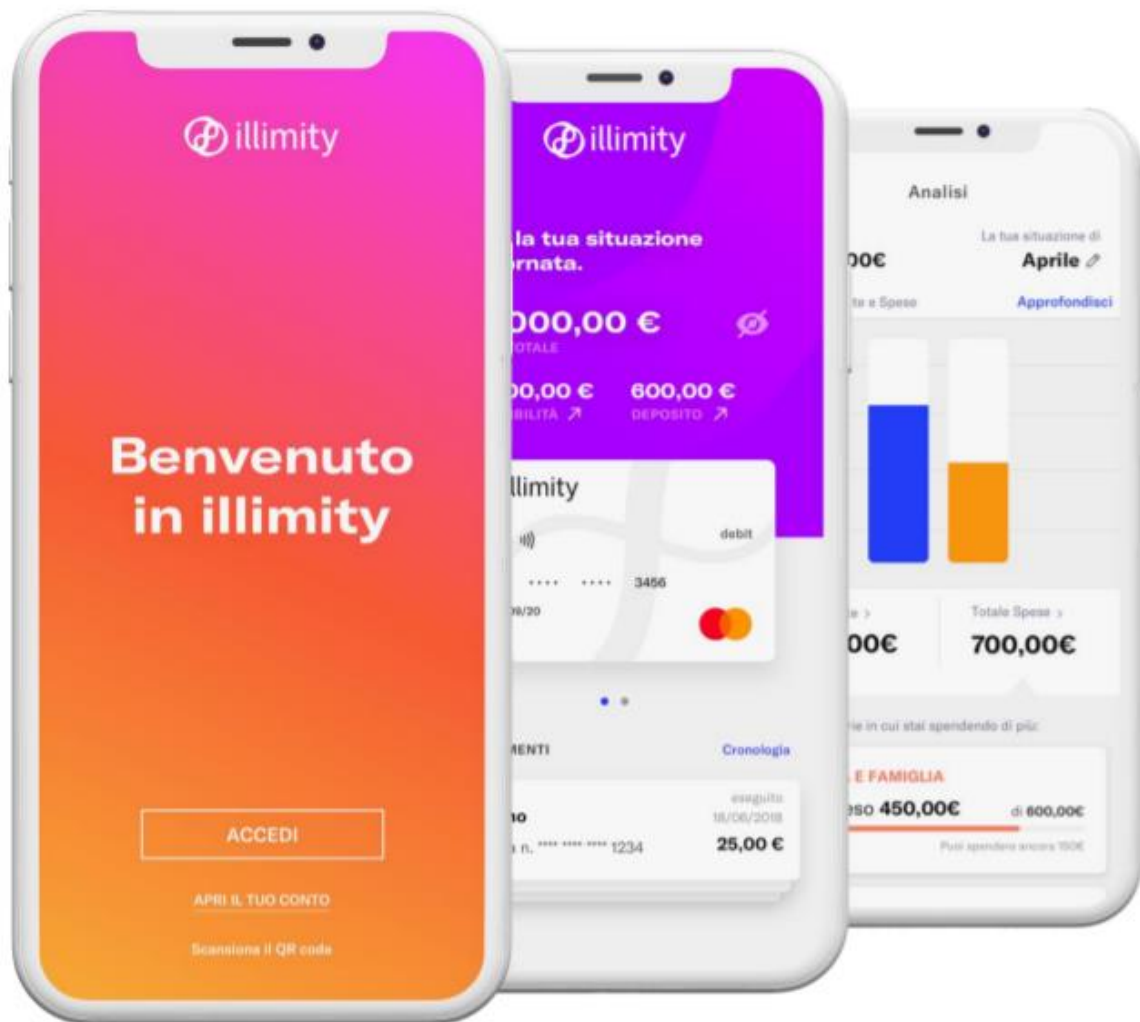
# illimity - **Direct banking: our 360° value proposition**



[illimitybank.com](https://illimitybank.com)



# illimity - **illimitybank.com: solid funding and strong customer engagement**



## ✓ STABLE FUNDING

**~€1.5bn**

Funding on  
illimitybank.com  
at 30/6/22

**-25bps**

Decreasing Cof,  
30/6/22 vs 30/6/21

## ✓ ENGAGED CUSTOMERS

**~60k**

Customers  
as of end of July

**89%**

Active Customers  
as of end of July

**40%**

Loyal Customers  
as of end of July

## ✓ APPRECIATED BY THE MARKET

**43**

NPS  
avg 2Q22

**28%**

Awareness  
avg 2Q22



presents

# b-ilty

**the first digital business store for Small Corporates**



# b-ilty - Fully-fledged initiative: human expertise, top technologies and complete offering



*The first digital business store designed by Small Corporate for Small Corporate*

## Fully-digital ecosystem

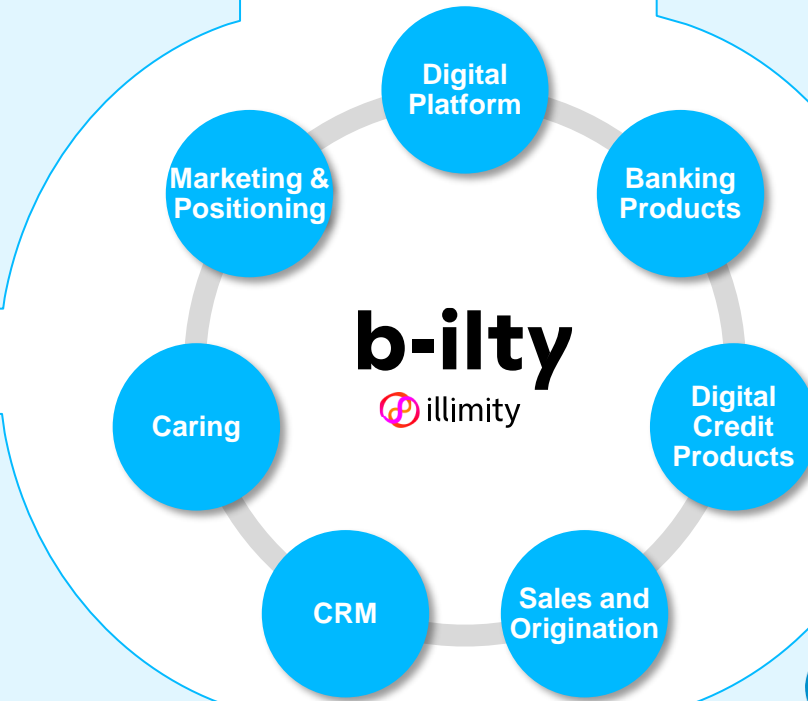
- End-to-end **digital solution**
- **Simplified** customer experience

## Extensive human expertise

- **Relationship managers** focused on customer base
- **7/7 customer service** with SME expertise

## Best-in-class credit engine

- Fully **automated credit approval** process
- Solid algorithm
- **Digital processes**



## First class partnerships



Accelera con Amazon



# **b-ilty** - Initial phase successfully completing



## Fully deployed credit engine

beta phase completing

**>400**

requests analysed since inception at end of July 22



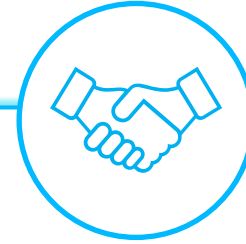
## Enriched product offering

increased payments options and integrated third-party products

ITALIANA ASSICURAZIONI

helvetia

ZUCCHETTI



## Strengthened commercial network

new agreements signed to foster origination opportunities

**>40**

operative credit brokers as of the end of July 22



## Widely engaged the audience


Engagement initiatives with external partners (webinars, b-ilty talk, radio campaign)

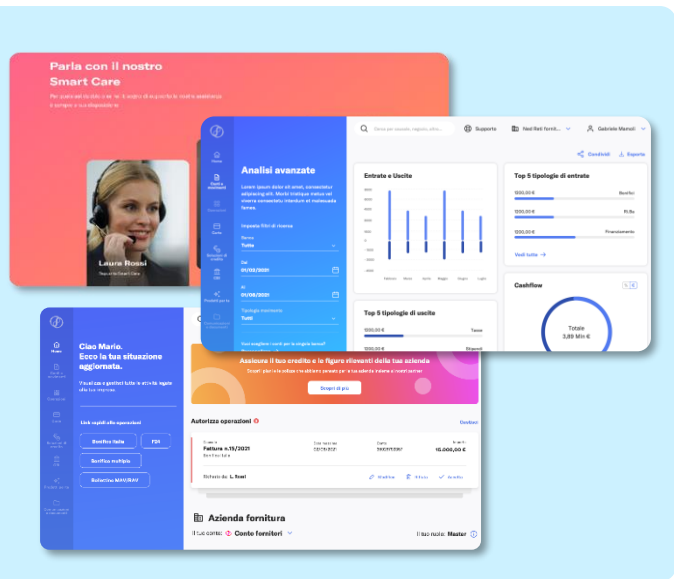
Radio24


iab.italia

Goals achieved since February launch

# b-ilty - State-of-art digital ecosystem operational and ready to scale

 Coming soon



 Additional credit products  
Customer power dashboard  
“Fast lending”

 30-minutes onboarding process

Complete transactional offer

PSD2 feature

Digital lending products

180 digitalized processes

## Baseline set for solid growth:

- ✓ Beta phase being completed
- ✓ Fully-operative digital platform
- ✓ Active customer-base
- ✓ Further improvements on way



**READY TO SCALE**



Fintech Market Leader

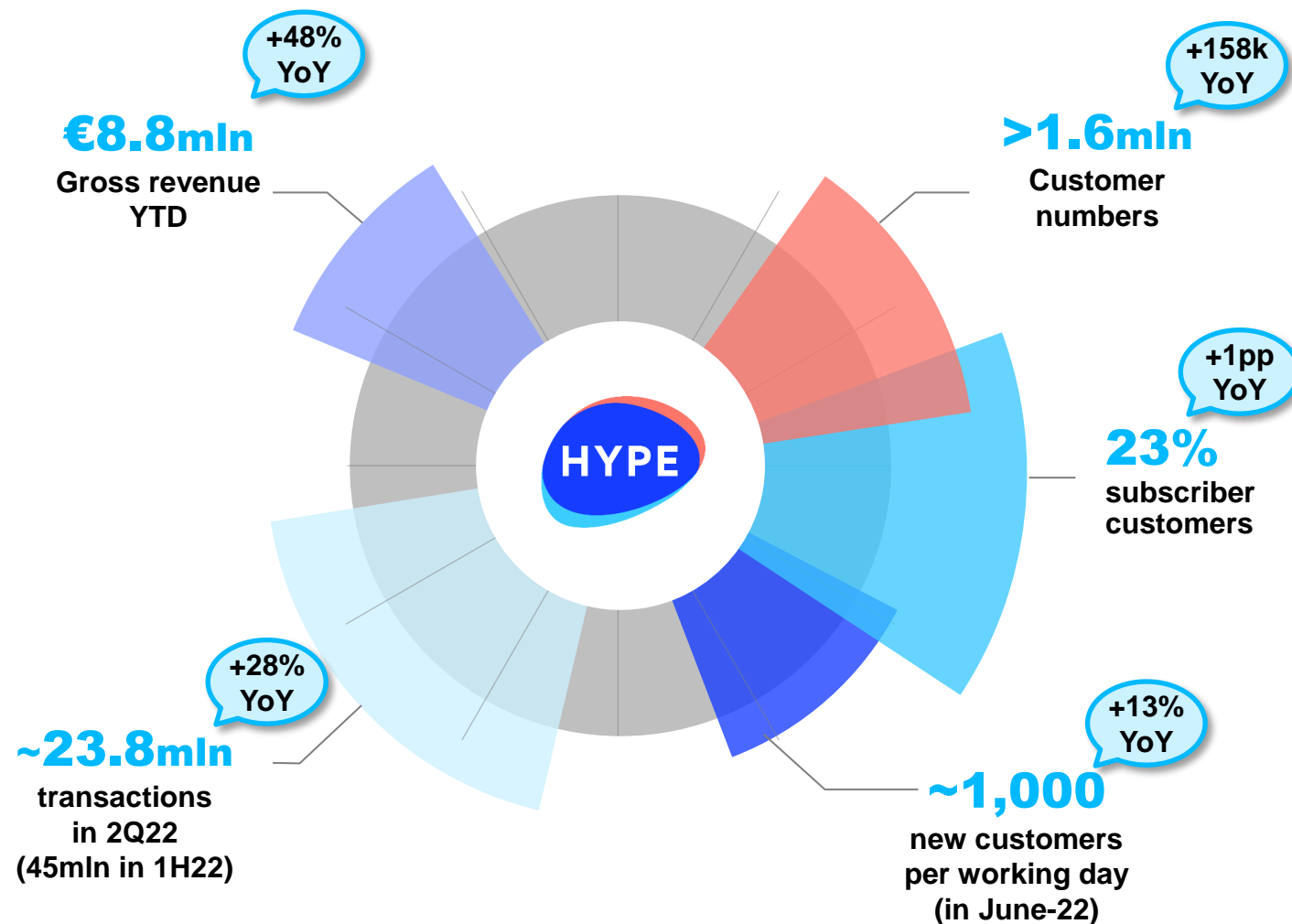
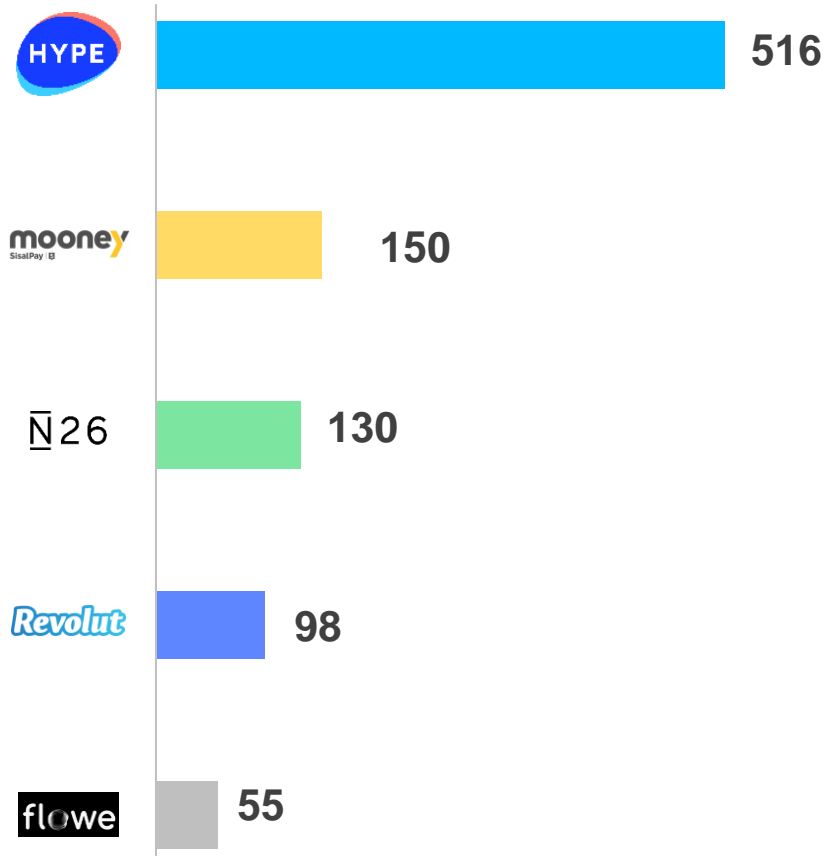


# - Fintech Market Leader

Data as of 30 June 2022

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

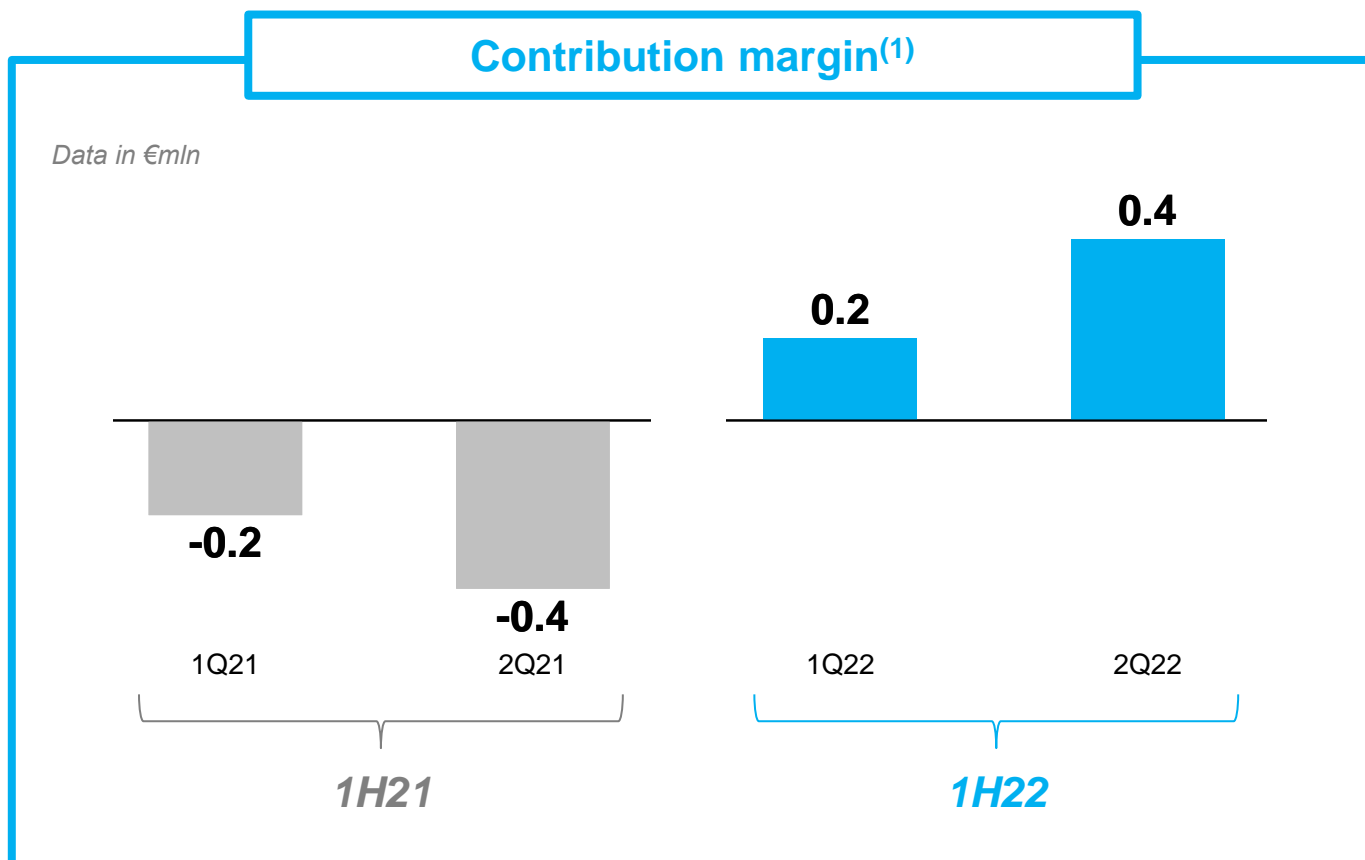
Data in '000 of users



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



# - Stable path towards profitability



*The path started in 1Q22 continues to show positive contribution margin<sup>(1)</sup> for “new Hype”, thanks to major improvements and innovations introduced in previous months – new features, new products, new businesses*

# Concluding remarks

*Corrado Passera*, CEO



- **Advanced pipeline:** Specific business opportunities for which the Bank envisages there is a reasonable expectation to close the transactions in the forthcoming months
- **Servicing & Remarketing GBV:** it equals to the Asset Under Management of the servicing unit - including Arec - and Quimmo initiative. It includes the gross book value of distressed credit and the value of property managed by neprix also on behalf of third-parties - including a portion of portfolios related to Senior Financing transactions - and the real estate and capital goods assets managed within the remarketing activity
- **ERC:** Estimated Remaining Collections. It is the Bank's estimated remaining gross cash flows on purchased distressed loans
- **Gross organic NPE ratio:** Ratio of gross organic NPE to total gross loans to customers from Factoring, Cross-over, Acquisition Finance, Turnaround 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
- **Originated business:** This aggregate includes Growth Credit Division loans granted/purchased (for factoring only the difference of carrying amount of the period with the historical peak, if positive), Distressed Credit Investments booked, Senior Financing loans granted in the period and the value of the deals signed but yet booked in the period, owing to a settlement structure based on multiple tranches or to a time lag between the signing of the master agreement and the date of loan disbursement/onboarding.
- **Profit from closed purchased distressed credit positions:** Gains from definitive closure of non-performing exposures either through disposal to third parties or through discounted payoff ("DPO") agreed with the debtor
- **Terms agreed to be signed:** Deals in final stage of the formalization of the agreement/contractual terms





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