OPERATING PROFIT OF 110.6 MILLION EURO (+147%)

NET PROFIT OF 65.6 MILLION EURO IN 2021 (+111%)
IN LINE WITH GUIDANCE

AT 10% IN 2021 ROE[1] IS ONE OF THE HIGHEST IN THE SECTOR

STRONG GROWTH OF NET LOANS TO CUSTOMERS AND INVESTMENTS (+25% ON AN ANNUAL BASIS) TO REACH 2.8 BILLION EURO

SOLID CAPITAL BASE AVAILABLE FOR GROWTH (CET1 AT 18.8% - 19.3% PRO-FORMA)

EXCELLENT ASSET QUALITY: GROSS ORGANIC NPE RATIO OF THE BUSINESS ORIGINATED BY ILLIMITY AT 0.7% AND LOANS WITH MORATORIUM REDUCED TO ZERO WITHOUT THE NEED FOR ANY SIGNIFICANT FORBEARANCE MEASURES

SOLID PROSPECTS OF VOLUME AND PROFIT GROWTH IN 2022

B-ILTY, THE FIRST DIGITAL BUSINESS STORE FOR A MILLION SMALL CORPORATES STARTS OPERATIONS TODAY

Milan, 11 February 2022 – Chaired by Rosalba Casiraghi, the Board of Directors of illimity Bank S.p.A. ("**illimity**" or the "**Bank**") yesterday approved the illimity Group's results at 31 December 2021.

illimity fully achieved its 2021 profit guidance, posting a **net profit of 65.6 million euro** for 2021, more than double the figure for 2020 (31.1 million euro). **ROE for 2021** amounted to ca. **10%**. **Net profit for the fourth quarter of 2021 rose to 19.4 million euro** (from 18.8 million euro in the third quarter of 2021, +3% q/q and +187% over net profit of 6.8 million euro for the fourth quarter of 2020).

In detail, the year was characterised by:

- **More than doubled operating profit of 110.6 million euro for 2021** (+147% compared to operating profit of 44.8 million euro for 2020).

- **Significant business growth**, with **loan and investment volumes of more than 1.1 billion euro originated in 2021**, representing a rise of 24% on an annual basis. Volume growth was above all driven by the Growth Credit Division, which saw an acceleration in lending and

[1] ROE – Return on Equity: calculated as net profit for the year as a percentage of average shareholders' equity during the year (1/1-31/12/2021).

investing activity in all its business lines, while the Distressed Credit Division maintained its positioning as leading operator on the Italian market thanks to its ability to identify new investment opportunities in profitable and highly specialist market segments. In the fourth quarter alone the Bank originated volumes of 511 million euro (+120% q/q).

- **A sharp increase in operating income to reach 271.2 million euro (+56% y/y) in 2021**, increasingly diversified and balanced between the net interest income and other income components. Operating income reached 77.8 million euro in the fourth quarter, representing a sustained rise on both a quarterly (+17%) and annual (+34%) basis. The Distressed Credit Division confirms to be the largest contributor to revenues, generating 73% of the total revenues earned in the year.
- **A visible improvement in operating leverage**: the Cost income ratio fell considerably during the year to 59% compared to 74% in 2020. The Cost income ratio for the fourth quarter amounted to 62% (-11 percentage points over the fourth quarter of 2020).
- **Organic credit quality remained at excellent levels**: the ratio between gross doubtful organic loans and total gross organic loans originated since the start of illimity's operations stood at 0.7% at 31 December 2021 – a figure amounting to 2.3% if the loan portfolio of the former Banca Interprovinciale is included; organic cost of risk[2] stood at 4 bps for the full year 2021.
- **A robust capital base** with indicators positioned at the top levels of the system – a CET Ratio of 18.8% (19.3% pro-forma with the inclusion of the special shares) – and a **sound liquidity position** (of approximately 0.7 billion euro) despite the significant deployment in new loans and investments in the quarter.

Moreover, 2021 saw the foundations laid for **solid growth in profits and profitability also in 2022**, in line with the guidelines for growth included in the Strategic Plan:

- we entered a **partnership agreement with the ION Group.** Initially centred on the licence agreement for the use of our IT platform, we are now working to extend this to other key sectors;
- we have made additional progress on our **sustainable growth** path, developing our ESG values further in relations both with our customers and our staff; we have joined the **United Nations Global Compact**, the biggest business sustainability initiative;
- we have **invested in all our activities** and strengthened our presence in the key markets, amongst which we note the following:
    - **illimity SGR**, which has successfully completed further closings of its first Turnaround fund;
    - the **capital markets activity focused on SMEs**, which has already provided a visible contribution to our results;
    - the **Energy** desk of the Distressed Credit Division, which has consolidated its presence on the market, taking the first investment-divestment cycle to completion

[2] Calculated as the ratio between loan loss provisions and net organic loans to customers at 31 December 2021 (1,704 million euro) for the segments Factoring, Cross-over, Acquisition Finance, performing Turnaround (including returns to performing loans), the loan portfolio of the former Banca Interprovinciale and Senior Financing to non-financial investors in distressed loans – though excluding UTP loans purchased as part of the Turnaround business and investments in distressed loan portfolios.

and achieving significant economic results;

   - **entry into the public procurement claims segment**, a large field with limited competition and high returns;
   - the strengthening of our product offering and the technology platform of **HYPE**, Italy's leading fintech;

- we have laid the foundations for the **launch of two completely new initiatives, based on technology**, that will take our future profitability well above the average for the sector. In 2022 illimity will become even more "tech":

   - **b-ilty, the first digital business store for credit and financial services developed by illimity to help SMEs to grow**. b-ilty is a fully digital banking platform, conceived on the basis of the suggestions received from hundreds of small corporates and inspired by examples typical of the most globally widespread digital solutions;

   - thanks to our digital and real estate expertise, over the next few weeks we will also be launching the most innovative **proptech** company in Italy. An evolution of the strategy of our servicing unit which, as remarketing leader on the judicial real estate market, will enter the open real estate market, currently characterised by its large scale and significant need for innovation, with a new brand and an innovative platform.

Corrado Passera, **CEO** and **Founder** of **illimity**, commented: "*We ended 2021 with considerable satisfaction and are starting 2022 with a great deal of confidence.*

A new phase of further growth is beginning in 2022. The performing, restructuring and distressed credit markets on which we have been concentrating since we were first established are even bigger than we initially envisaged and we have shown that we have strong and sustainable competitive advantages. Our growth will be further supported by three highly technological initiatives that are already operative today: b-ilty (the first complete digital platform for credit and financial services for SMEs), our proptech NewCo (a highly innovative proptech that will begin operations over the next few weeks) and HYPE (Italy's leading fintech). These initiatives all have in common the fact that they serve large markets and meet unsatisfied needs, that they have a highly scalable operating model and that they can open up to partnerships with key players.

Lastly, the synergies we will gradually unleash with the ION Group in all our business areas will bring further acceleration to illimity's growth path.

Our results and the work we have carried out to date enable us to be confident that the growth and profitability objectives included in the 2021-25 Strategic Plan (net profit of >240 million euro) are fully within our reach. "

Key balance sheet figures

Figures in millions of euro

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

1. *Distressed Credit Division, formerly the DCIS Division.*
2. *Growth Credit Division, formerly the SME Division.*
3. *This figure includes part of the net loans to existing customers of Banca Interprovinciale, which due to their features are considered consistent with illimity's Growth Credit segment. It also includes the corporate high-yield bonds classified as HTC.*
4. *HTCS: financial assets measured at fair value through comprehensive income. This item includes the Bank's securities portfolio and any loans of the Distressed Credit Division which will probably be sold.*
5. *FVTPL: other financial assets at fair value through profit or loss. This item includes equity financial instruments purchased as part of Turnaround transactions, junior tranches of securitised non-performing loans acquired as part of Senior Financing transactions and investments in distressed energy credit purchased as part of the DC Division's activities.*
6. *This includes assets of ca.92 million deriving from the purchase of tax credits (the "Ecobonus" scheme) and senior notes of ca. 43 million resulting from the securitisation of a portfolio of non-performing loans classified as assets held for sale.*

Any failure of the above figures to reconcile arises exclusively from rounding.

At 31 December 2021, the Bank's **total assets** stood at **4.7 billion euro**, a rise of 13% over the same period of the previous year and effectively unchanged over the quarter ending 30 September 2021, albeit with a different mix by virtue of a decrease in liquid items balanced by an increase in interest-earning assets.

Net customer loans and investments at December 2021 reached almost **2.8 billion euro**, up by 12% over the previous quarter and by 25% over 31 December 2020. The main contribution to growth was provided by the Growth Credit Division, which saw a significant acceleration in volumes during the year – as a whole +23% on a quarterly basis and +76% over the same period of the previous year – in all business lines. The Distressed Credit Division's balance of investments and loans remained essentially unchanged due to the excellent performance in collections and disposals, leading to a significant positive economic contribution, in a market with a limited number of transactions due to the extension of the moratoria and some transactions of a significant amount concluded in January.

In addition, stated in the balance sheet for the first time are the net customer loans relating to b-ilty, the first digital store for small and medium-sized corporates, which saw a pilot phase involving selected businesses being carried out over the months prior to today's official commercial launch.

The quality of the Bank's loan portfolio remains highly solid and positioned at the top levels of the system. Of the total **new credit originating from illimity**, **gross impaired positions amount to 11.1 million euro**, corresponding to a ratio of gross doubtful organic loans to total gross organic loans of approximately **0.7%**. If the portfolio inherited from Banca Interprovinciale is also included, the stock of gross doubtful organic loans rises to 39.6 million euro, corresponding to a ratio between **gross doubtful organic loans and total gross organic loans of 2.3%**, a decrease over the previous quarter's 2.5% and one of the best in the Italian banking system. The stock of **net doubtful organic loans** at 31 December 2021 amounted to **21.0 million euro**, corresponding to a **ratio of 1.2% between net doubtful organic customer loans and total net organic customer loans** compared to 1.3% at the end of the previous quarter.

At the end of 2021, loans with **moratorium** applications totalled only **18 million euro**, equal to **around 1.2% of the loan portfolio of the Growth Credit Division**, mostly regarding the portfolio inherited from Banca Interprovinciale. In addition, as a result of the expiry of the moratorium on loans on 31 December 2021, the moratorium balance has been largely reduced to zero, there being no requirement for any additional forbearance measures.

In the fourth quarter the Bank's **liquidity** position – which consists of cash, the net interbank position and high-quality liquid securities – remained highly solid, despite the significant deployment of funds for new credit and investments during the quarter, and stood at **0.7 billion euro**.

At the end of 2021, illimity's **securities portfolio** stood at approximately **300 million euro**, a rise of 13% over the figure of 265 million euro posted at the end of September 2021. The securities portfolio mark-to-market net of tax stood at negative 5.8 million euro at the end of the quarter (2.9 million euro at the end of the previous quarter). The securities portfolio, all of which classified as Held to Collect and Sell, consisted of Italian government bonds (66%) and senior bonds (25%), with the balance being subordinated bonds (9%).

The line item "**Other assets**" consists of balances arising from the purchase of tax credits – the government's "Ecobonus" scheme – this amounting to 92 million euro, a figure which stood at 62 million at the end of January 2022 and which following the recent changes in legislation introduced by the "Sostegni Ter" decree will only be used to offset tax charges.

illimity's **total financing** stood at **3.7 billion euro** at 31 December 2021, a decrease of 1% over the figure at the end of September 2021.

CET1 Capital increased to **642 million euro** in the fourth quarter, mainly as a result of the net profit for the quarter and the utilisation of deferred tax assets.

Risk-weighted assets (RWAs) rose by around 10% during the quarter to over **3.4 billion euro**, mainly due to the significant rise in loans and investments in the fourth quarter of 2021 and the annual revision of operating risk. The ratio between the Bank's RWAs and its total assets, slightly increasing over the previous quarter, remained contained at around 70%.

As a result of the above dynamics, illimity's **CET1 Ratio** remained robust at **18.8%** at 31 December 2021. If special shares of 14.4 million euro are included in own funds, the Bank's pro-forma CET1 Ratio becomes 19.3%.

The **Total Capital Ratio**, which includes the 200 million euro Tier 2 subordinated bond in regulatory capital, amounted to **24.7%.**

The **Liquidity Coverage Ratio (LCR)** stood at **approximately 180%** at the end of 2021, confirming a considerable liquidity buffer, while the **Net Stable Funding Ratio (NSFR)** was **significantly above minimum regulatory requirements**.

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Key income statement figures

Figures in millions of euro

Reclassified Income Statement	4Q20	1Q21	2Q21	3Q21	4Q21	Δ Q/Q%	Δ Y/Y%	FY20	FY21	Δ FY Y21/Y20%
Interest income	43.1	46.0	47.5	50.6	50.8	0%	18%	146.0	195.0	34%
Interest expenses[1]	(12.3)	(14.8)	(14.3)	(16.4)	(16.4)	(0%)	34%	(42.7)	(61.8)	45%
Net interest income	**30.8**	**31.2**	**33.2**	**34.2**	**34.5**	**1%**	**12%**	**103.3**	**133.1**	**29%**
Net fees and commissions	6.5	4.9	8.7	10.3	11.6	13%	78%	14.8	35.6	140%
Net result from trading	2.7	3.8	1.1	7.5	6.2	(18%)	124%	8.5	18.6	119%
Net other income/expenses	4.1	2.0	2.1	7.4	6.6	(12%)	60%	4.8	18.2	275%
Profit from closed purchased distressed credit positions[2]	14.0	11.4	26.0	7.1	19.0	168%	35%	42.6	63.5	49%
Gain (loss) from disposal of investments	-	2.3	-	-	-	-	-	-	2.3	-
Operating income	**58.2**	**55.7**	**71.1**	**66.6**	**77.8**	**17%**	**34%**	**174.1**	**271.2**	**56%**
Staff costs	(16.0)	(16.6)	(19.0)	(15.9)	(22.2)	40%	39%	(52.1)	(73.7)	42%
Other operating expenses	(23.8)	(16.5)	(19.2)	(17.1)	(23.3)	37%	(2%)	(68.6)	(76.2)	11%
Depreciation & Amortisation	(2.5)	(3.0)	(2.2)	(2.6)	(2.9)	9%	18%	(8.6)	(10.7)	25%
Operating costs	**(42.3)**	**(36.1)**	**(40.4)**	**(35.6)**	**(48.5)**	**36%**	**15%**	**(129.3)**	**(160.6)**	**24%**
Operating profit	**15.9**	**19.5**	**30.7**	**31.0**	**29.4**	**(5%)**	**84%**	**44.8**	**110.6**	**147%**
Loan loss provision charges	(1.7)	0.8	(1.6)	(0.4)	0.6	n.s.	n.s.	(5.9)	(0.7)	(89%)
Value adjustments on purchased distressed credit	(4.2)	3.9	(4.6)	(0.1)	(14.1)	n.s.	235%	2.5	(14.8)	n.s.
Value adjustments on securities and loans to banks	0.2	(1.6)	0.3	0.5	(0.4)	n.s.	n.s.	0.1	(1.2)	n.s.
Other net provisions for risks and charges	(0.4)	(0.0)	0.0	-	(0.2)	-	(49%)	(0.5)	(0.2)	(53%)
Other income from equity investments	-	(2.1)	(1.9)	(2.0)	(1.8)	(10%)	-	-	(7.8)	-
Contribution to banking sector schemes	(1.4)	(1.4)	(0.6)	(1.8)	(1.4)	(23%)	(6%)	(2.3)	(5.1)	119%
Profit (loss) before tax	**8.3**	**19.1**	**22.4**	**27.2**	**12.1**	**(55%)**	**46%**	**38.7**	**80.8**	**109%**
Income tax	(1.6)	(6.5)	(7.5)	(8.5)	7.3	n.s.	n.s.	(7.6)	(15.3)	101%
Net result	**6.8**	**12.6**	**14.9**	**18.8**	**19.4**	**3%**	**187%**	**31.1**	**65.6**	**111%**

1. *This item does not include costs relating to leasing liabilities, which have been classified as administration costs; on the other hand it includes commission expenses and stamp duty related to deposits on the Raisin platform.*
2. *Gains from the definitive closure of non-performing exposures either through disposal to third parties or through a discounted payoff strategy ("saldo e stralcio") agreed with the debtor.*

Any failure of the above figures to reconcile arises exclusively from rounding.

illimity has fully met the 2021 profit guidance it announced to the market when presenting its 2021-25 Strategic Plan on last 22 June, reporting **net profit of 65.6 million euro** for the year.

Net interest income in the fourth quarter of 2021 totalled **34.5 million euro**, essentially unchanged on a quarterly basis and rising by 12% over the fourth quarter of 2020. Of this total, **50.8 million euro** came from **interest income**, this also stable on a quarterly basis but increasing by ca. 4% if the non-recurring income of around 1 million euro arising from the TLTRO III which was recognised in the third quarter is excluded. Compared to the same period of the previous year, interest income rose by 18%. **Interest expense** for the fourth quarter of 2021 remained stable at **16.4 million euro**, although rose by 34% over the same period in 2020, mostly due to the placement of the first Tier 2 subordinated bond in July 2021 for a total amount of 200 million euro.

Taken as a whole, **net interest income reached 133.1 million euro in 2021** (+29% y/y), benefiting not only from the significant contribution made by the Distressed Credit Division, which generated 108.0 million euro in the year, but also from the sharp acceleration of the Growth Credit Division which provided 20.9 million euro.

Net fees and commissions continued their constant growth in the fourth quarter of 2021 to reach **11.6 million euro**, corresponding to a rise of 13% on a quarterly basis and of 78% over the same period in 2020. This positive dynamic is mainly due to loans disbursed by the Growth Credit Division, including factoring activities, and the excellent performance of the remarketing activities carried out by neprix Sales, which benefited from a particularly vigorous real estate market during the last part of 2021.

Net fees and commissions accordingly reached a total of **35.6 million euro** in 2021, up by 140% over 2020, with 24.0 million euro coming from the Growth Credit Division, which also benefited from the contribution of the new Capital Markets desk, and a further 9.6 million euro arriving from the Distressed Credit Division, 1.7 million euro from illimity SGR and 0.3 million euro from the Direct Banking Division.

Net profit from trading activities reached **6.2 million euro** in the fourth quarter of 2021, with the majority represented by revenues earned from the Bank's ordinary investment activity and from customer services. This component also includes income of around 2.0 million euro arising from the Distressed Credit Division's **workout strategies**, which are classified as part of the **net result from trading** as they regard financial instruments relating to the Energy and Real Estate sectors accounted for at fair value. The item also includes net income of ca. 0.9 million euro arising from the interest rate risk hedging activity carried out for customers by the Capital Markets desk and the revaluation of an equity item relating to a Turnaround position amounting to 2.3 million euro. The total also includes net income of 0.4 million deriving from the Bank's securities portfolio.

Other operating income of **6.6 million euro** includes the quarterly revenues of 4.25 million euro **due under the licence agreement entered into with the ION Group** for the use of the IT system developed by illimity. This agreement was developed as part of a strong strategic alliance with the ION Group which will give rise to important synergies, currently being worked on, capable of creating value in all the illimity Group's activities.

Income from closed distressed credit positions confirmed itself as a significant and distinctive item of illimity's revenues, with profits of **19.0 million euro** being earned in the fourth quarter of 2021 (+168% q/q and +35% y/y). This income arises almost exclusively from the Distressed Credit Division and was generated from the final settlement of positions using "discounted payoff" transactions and from the sale of positions, which in the quarter include profits on the sale of repossessed property (for around 6 million euro). Income from closed distressed credit positions accordingly reached **63.5 million euro in 2021** (a rise of 49% over 2020), of which 4.2 million euro attributable to positions in the Turnaround segment.

As a result of the above items, **operating income** reached **77.8 million euro** in the fourth quarter of 2021, representing a rise of 34% over the figure for the fourth quarter of 2020 and 17% over the previous quarter. In this way **operating income for 2021** rose to **271.2 million euro**, an increase of 56% over 2020.

Operating costs for the fourth quarter of 2021 totalled **48.5 million euro**, up by 15% over the same period of 2020. 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.

Comparison with the third quarter 2021, which indicates an increase of 36% in operating costs, is in part affected by the positive seasonality from which staff costs benefited in the previous quarter. It also reflects the increase in the variable component of staff remuneration, arising from the positive results achieved during the year, and the significant investments made in the new initiatives launched in the first part of 2022, which will already begin producing visible results in the current year.

Taken as a whole, **operating costs for 2021** amounted to **160.6 million euro**, representing a rise of 24% over 2020.

As a consequence of the above dynamics, the **Cost income ratio for the whole of 2021 closed at 59%, a fall of 15 percentage points over the 2020 figure of 74%.** This result is in line with the forecasts in the 2021-25 Strategic Plan which – it will be remembered – envisages that the Cost income ratio will drop to below 50% by 2023 and decrease further to below 40% by 2025.

Net positive adjustments to loans of ca. 0.6 million euro were recognised during the quarter. The persistence of robust credit quality, due also to the high component of loans with public guarantees made available by government decrees (over 40% of new loans disbursed during the quarter by the Growth Credit Division), and the excellent quality of the portfolio of originated loans, led to the partial reversal of certain conservative assumptions previously built into the risk models. As a result of this dynamic, **organic cost of risk**[3] **for 2021 as a whole** stood at particularly contained levels and amounted to **4 bps**.

During the fourth quarter of 2021 the Bank recognised **net write-downs of purchased distressed credit** of **14.1 million euro**, mainly as the result of a change in workout strategy (from extrajudicial to judicial) on certain specific positions in the Distressed Credit Division, inspired by a conservative approach to managing credit risk.

The **pro-rata consolidation of HYPE** led to a loss of **2.3 million euro**[4] in the fourth quarter, accounted for as **Other income from equity investments**. Other income from equity investments[5] generated a loss of **7.8 million euro** for 2021 as a whole. It is recalled that HYPE's results are consolidated using the equity method and that these results, along with only partially benefiting from the contribution expected to arrive from the new Open banking services and products launched at the end of September 2021, reflect the anticipation of certain investments designed to strengthen the company's technological infrastructure and organisational structure.

It is further noted that the Bank has opted to pay a one-off substitute tax, pursuant to article 15, paragraph 10-ter of Decree Law no. 185/2008, on the higher value recognised in its consolidated

[3] Calculated as the ratio between loan loss provisions and net organic loans to customers at 31 December 2021 (1,704 million euro) for the segments Factoring, Cross-over, Acquisition Finance, performing Turnaround (including returns to performing loans), the loan portfolio of the former Banca Interprovinciale and Senior Financing to non-financial investors in distressed loans – though excluding UTP loans purchased as part of the Turnaround business and investments in distressed loan portfolios.
[4] In the fourth quarter of 2021, the item "Other income from equity investments" also includes ca. 0.5 million euro arising from the pro-rata portion of the investment in SpicyCo S.r.l..
[5] The item "Other income from equity investments" for the year 2021 includes ca. 0.5 million euro arising from the pro-rata portion of the investment in SpicyCo S.r.l., recognised in the fourth quarter, and ca. 54 thousand euro of pro-rata losses referring to another investment vehicle in the Distressed Credit Division, recognised in the third quarter of 2021.

balance sheet on the purchase of its 50% interest in HYPE. As a result of the **fiscal recognition of the goodwill**, a net tax benefit of 10.9 million euro was generated in the fourth quarter, leading to net positive income tax of **7.3 million euro** for the period.

The quarter accordingly closed with a **net profit of 19.4 million euro**, taking **net profit for 2021 as a whole to 65.6 million euro**, more than double 2020 earnings of 31.1 million.

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Contribution of the business units to the Group's results

The following table sets out the key figures summarising the way in which the illimity Group's business segments evolved during 2021.

FY21, data in million euro	Growth Credit Division	Distressed Credit Division	Direct Banking Division	illimity SGR	Corporate Centre	Total
Net interest income	20.9	108.0	4.2	-	-	133.1
Net fees and commissions	24.0	9.6	0.3	1.7	-	35.6
Other income	9.6	80.9	10.8	0.1	1.1	102.5
Operating income	**54.5**	**198.5**	**15.3**	**1.8**	**1.1**	**271.2**
Staff costs	(12.3)	(27.0)	(7.8)	(2.3)	(24.3)	(73.7)
Other operating expenses and D&A	(10.0)	(41.3)	(11.9)	(0.5)	(23.2)	(86.9)
Operating costs	**(22.3)**	**(68.3)**	**(19.7)**	**(2.8)**	**(47.5)**	**(160.6)**
Operating profit	**32.2**	**130.2**	**(4.4)**	**(1.0)**	**(46.4)**	**110.6**
Provisions	1.4	(18.3)	-	-	-	(16.9)
Other income from equity investments	-	0.4	(8.2)	-	-	(7.8)
Contribution to banking sector schemes	(1.0)	(0.7)	(0.8)	-	(2.6)	(5.1)
Profit (loss) before tax	**32.6**	**111.6**	**(13.4)**	**(0.98)**	**(49.0)**	**80.8**
Interest earning assets	1,649	1,529	3	0	976	4,157
Other assets	96	95	89	-	224	504
RWA	**1,017**	**2,020**	**61**	**3**	**311**	**3,411**

Growth Credit Division (previously the SME Division)

Through the positive contribution of all its business lines, the Growth Credit Division achieved very positive results in the fourth quarter of 2021, in terms of both new business volumes originated and its contribution to consolidated profits.

Net customer loans of the Division stood at **1,434 million euro**, up by 23% on a quarterly basis and by 76% over 31 December 2020.

The **Cross-over & Acquisition Finance** segment **disbursed new loans of 105 million euro during the fourth quarter of 2021, of which around 50% in loans with public guarantees**, highly-profitable lending for the Bank due to the low risk profile and limited capital absorption. New lending amounted to around 5 million euro in January 2022, to which should be added 44 million euro of loans not yet booked but already approved. Taken overall, in 2021 the Cross-over &

Acquisition Finance segment disbursed volumes of 314 million euro, an increase of 33% over 2020.

The **Turnaround** segment saw vigorous acceleration during the fourth quarter of 2021, generating **new business volumes of 121 million euro**. This dynamism continued in January 2022, with the generation of new business amounting to 29 million euro, to which should be added 4 million euro of loans not yet booked but already approved. In total, the Turnaround segment generated volumes of 269 million euro in 2021, representing an increase of 53% over 2020.

At the end of 2021, around 50% of customer loans in the Cross-over & Acquisition Finance and Turnaround segments were backed by public guarantees.

The pipelines of both business lines are significant and amount as a whole to almost 150 million euro, making it possible to envisage a promising performance for them both during the first few months of 2022.

Factoring enjoyed a particularly vigorous fourth quarter in 2021, generating **turnover of 495 million euro** and taking the figure to **1,179 million euro for 2021 as a whole**, representing a rise of 60% over 2020. Customer loans stood at 368 million euro at 31 December 2021, an increase of 75% over September 2021 and more than double the figure at 31 December 2020. The positive dynamic of this business was supported by the gradual increase in the number of customers – clients and debtors – which had reached 190 and over 850 respectively by the end of 2021, up by ca. 58% and 70% since the beginning of the year. Furthermore, this line of business provides an excellent return on capital, due also to the new insurance coverage responding to the requirements of regulatory provisions for the purpose of reducing capital absorption, which enabled a significant reduction to be achieved in the risk weighting for such assets (ratio between RWAs and net loans below 50%).

It is worth mentioning the important results achieved by the **capital markets** activity, which is aimed at the SME segment. Since being launched in the first quarter of 2021, this has already successfully concluded three IPOs and obtained additional mandates as Euronext Growth Advisor (formerly known as Nomad - Nominated Adviser), generating fees and commissions totalling **3.6 million euro in 2021**. In addition, in July 2021, the capital markets unit created a platform for solutions hedging against interest rate risk, again directed at SMEs, which in 2021 generated profits of 0.9 million euro from trading activity, based on a notional of approximately 120 million euro.

Lastly, a key event for the Growth Credit Division in the fourth quarter of 2021 was the launch of the **Basket Bond business**. Realised in collaboration with Eni S.p.A. and ELITE (a company of the Borsa Italiana/Euronext Group), the “Basket Bond – Sustainable Energy” programme is the first innovative financial tool aimed at all companies within the integrated energy chain, with a specific focus on SMEs and dedicated to sustainable development goals. Companies who quality for the programme will access to financial resources – on favourable terms according to their current and expected sustainability profile – to be used in projects and investments directed at achieving the United Nations’ Sustainable Development Goals. As Arranger, illimity will look after the structuring of the operation and determine the financial characteristics supporting the companies involved in issuing and placing bonds.

Turning to the main items in the income statement, the Division ended 2021 with **operating income of 54.5 million euro** (+71% over 2020) and **pre-tax income of 32.6 million euro** (around four times the 2020 figure). These results benefited from the strong thrust to volume growth that supported net interest income and from the significant contribution of fees and commissions resulting from the disbursement of new loans and from the new initiatives launched in 2021.

As a result of the above dynamics, by virtue of a progressive and constant improvement in operating leverage, the **Cost income ratio for 2021** fell to approximately **41%**, a sharp improvement over September 2021 (46%) and 2020 as a whole (65%).

<u>Distressed Credit Division</u> (previously the Distressed Credit Investment & Servicing Division)

At the end of 2021 **net loans to customers** in the Distressed Credit Division stood at around **1,259 million euro**, up by ca. 2% over September 2021 and falling slightly (by around 4%) over the figure of the previous year, also due to the solid performance of collections and disposals during the year and the completion of certain significant transactions only in the first days of 2022.

In the year just ended the Distressed Credit Division originated new investments totalling **278 million euro**, of which **81 million euro in the last quarter of the year**, followed by **transactions of 72 million euro already approved but not yet booked in January**, due also to a shifting in the timing of completion. The distressed credit transaction market in Italy was affected in 2021 by the extension of business support measures (including in particular the moratorium on loans). In this context, illimity was able to maintain its primary market positioning thanks to its ability to originate new investment opportunities in attractive segments characterised by low competition where highly specialist expertise is required, such as the Energy and Real Estate segments.

As confirmation of this ability, illimity announced its **entry into the public procurement claims segment** in January, with the purchase of a portfolio having a total face value of ca. 1.8 billion euro[6]. These positions relate to claims raised by construction companies against public procurement bodies for unforeseen costs incurred in the construction of infrastructure which, in the specific cases, has been completed and tested.

In this respect there is a promising pipeline of ca. 214 million euro for the next few months.

In **Senior Financing, transactions amounted to 47 million euro in the fourth quarter of 2021**, up by 42% over the fourth quarter of 2020. A further 55 million euro of loans were approved but not yet booked in January 2022. In 2021, therefore, **Senior Financing transactions totalled ca. 70 million euro**, down by 17% over 2020. There is a pipeline of 38 million euro in Senior Financing over the next few months.

The total assets managed by **neprix**, the illimity Group company specialising in servicing distressed corporate loans and remarketing activities, stood at **8.5 billion euro** at 31 December 2021 in terms of the gross book value ("GBV") of the loans serviced and the real estate assets and capital goods held for sale.

During the fourth quarter of 2021, the Distressed Credit Division laid the foundations for refocusing neprix's strategy, designed to further develop its positioning on target markets. The company's Credit Management Division will gradually increase its focus and specialisation on distressed corporate loans secured by real estate, typically of medium to large amounts. The Sales Division, already leader in the judicial auction market in Italy, will be channelled into a new proptech company in 2022, and already over the next few weeks – with a new brand and an innovative digital platform – will also begin operating on the open real estate market, an enormous market having a decisive need for innovation.

[6] Reference should be made to the press release issued on 25 January 2022 for further details of this transaction.

With **pre-tax profits of 111.6 million euro**, the Distressed Credit Division once again proved itself to be the main contributor to consolidated profits in 2021. The Division's **Cost income ratio** remained at excellent levels reaching **34%** in 2021. The main factors underlying the Division's significant profitability are to be found in its excellent performance in existing portfolios collection, in a business model based on the dynamic management of distressed credit, capable of capturing market opportunities to generate value and lastly in the excellent performance of neprix Sales which, by taking advantage of opportunities on a real estate market in turmoil has proved itself to be a distinctive player, one by now close to becoming the most innovative proptech on the Italian market.

<u>Direct Banking Division</u>

Combining the considerable expertise developed by the Bank in SME lending and Open banking, illimity is today launching **b-ilty** on the market: the first digital business store for credit and financial services developed to help small and medium-sized businesses to grow. b-ilty is fully digital at birth, but at the same time is also made up of people: every one of b-ilty's customers will have a clearly identified person in charge of their relationship, as well as a professional call centre – Smart Care – available every day of the week.

With the small and medium-sized businesses – those with a turnover of between 2 and 10 million euro – which will be added to the companies already supported by the Growth Credit Division, the target market of potential customers for illimity will be significantly enlarged.

The pilot phase led to the origination of customer loans of around 3 million euro at the end of 2021. B-ilty will be officially presented to the market today and is aiming to disburse net customer loans of ca. 3.7 billion euro between now and 2025.

On the retail customer front, the Direct Banking Division continued its growth path in this quarter both as a banking platform through ***illimitybank.com*** and as a fintech platform in the retail segment via HYPE, the joint venture set up by illimity together with Fabrick of the Sella Group. This growth is founded on the same fully open banking and data-driven approach that also led the development of b-ilty.

At the end of 2021 **direct funding** by customers had risen by 3% over September 2021 to reach **2.6 billion euro**, an increase of 9% on an annual basis. Within this total, the funding of ***illimitybank.com* rose by 5% on a quarterly basis** (and by +26% y/y) to reach 1.4 billion euro by the end of 2021. At February 2022, the number of clients had risen to more than **55,000**, of whom around 37% use *illimitybank.com* as their main bank, with a customer engagement of a good 88% and a high level of appreciation for the quality of the service (average Net Promoter Score – NPS – at 46 points in the fourth quarter of 2021).

The deposits gathered through the partnership with **Raisin** – the pan-European platform for the collection of deposits on the German market – fell by 10% over September 2021 to reach **459 million euro** at the end of the year, but rose by 12% over the figure for the previous year.

The growth of **HYPE**, the leading Italian fintech by number of users, continued also during the fourth quarter of 2021. HYPE presents significant results at the end of 2021: over 1.5 million customers, with an increase of 40 thousand customers in the fourth quarter; 23% of customers holders of a subscription account, a figure rising by one percentage point over September 2021 and by three percentage points over the previous year; and around 5.9 million transactions in December 2021, effectively unchanged with respect to September 2021 but up by 20% over December 2020. Gross revenues for the quarter amounted to 4.6 million euro, an increase over the figure of 3.3 million euro for the previous quarter, which took accumulated revenues for 2021 as a whole to 13.8 million euro (+83% y/y). The company ended the fourth quarter of 2021 with a loss of 4.5 million euro, only partially benefiting from the new initiatives which were launched towards the end of September 2021 and have transformed the fintech from a digital portfolio to an authentic complete money-management hub, and after anticipating certain investments designed to strengthen HYPE's technological infrastructure and organisational structure. It is recalled that the joint control investment in HYPE is accounted for using the equity method and was carried at 79.5 million euro at the end of 2021, including the pro-rata loss of 2.3 million euro for the fourth quarter.

It is noted that the **licence agreement between illimity and the ION Group for the use of the IT platform developed by illimity** got under way in the third quarter of 2021, and this will lead to revenues of 90 million euro over a five-year period. The Division's results for the fourth quarter of 2021 include 4.25 million euro arising under this agreement.

Taken overall, the Division ended **2021 with a pre-tax loss of 13.4 million euro**.

illimity SGR

illimity SGR was set up to complete illimity's range of operations in the corporate loan segment and to enhance the Bank's ability to generate business beyond the opportunities for direct investment.

In the fourth quarter of 2021, illimity SGR reported **fees and commissions of ca. 0.9 million euro** deriving from the "illimity Credit & Corporate Turnaround" fund, which focuses on investments in UTP loans to SMEs with turnaround prospects, taking the contribution for 2021 as a whole to **ca. 1.7 million euro**.

In line with the objectives of the Strategic Plan presented on last 22 June, the company is involved in structuring and launching new investment funds, including a new real estate contribution fund that will be launched during 2022.

As a result of these dynamics, illimity SGR ended **2021** with a **pre-tax loss of ca. 1.0 million euro**.

*** * ***

Business Outlook

A robust increase in business volumes is expected over the next few months in all of the Bank's operating segments.

Further growth in the volume of customer loans is envisaged for the Growth Credit Division in 2022, also due to the extension to June of the scheme for loans backed by public guarantees. The pipeline for the first few months of 2022, including loans already approved, is promising and amounts to around 150 million euro.

A vigorous rebound in transactions from 2022 is expected for the Distressed Credit Division, also as a result of the ending of the moratoria, as suggested by the pipeline of investment opportunities which is already highly significant at the beginning of 2022 and amounts to over 250 million euro.

The new business volumes will drive growth in net interest income, which is also expected to remain robust in 2022.

The positive trend in net fees and commissions is forecast to continue throughout 2022, supported by the above-mentioned growth in business volumes and by the further development of the new initiatives: alongside the capital markets activity focusing on SMEs and the activities of illimity SGR, for which a sharp rise is expected, the initial contribution of the b-ilty and the proptech NewCo will become increasingly visible in 2022. To this should be added the profits from distressed credit positions, a recurring item in illimity's business model.

The licensing agreement for the use of the IT platform, signed between illimity and the ION Group in the third quarter of 2021, will lead to income of 4.25 million euro per quarter for an annual total of 17 million euro.

An increase in costs is also expected in 2022 as the result of investments in strategic projects, however proportionally less than the forecast rise in revenues.

In light of the excellent quality of the existing corporate loan book and the significant contribution of loans with public guarantees, which concerns a good part of the Growth Credit Division's portfolio, the cost of risk is expected to remain at contained levels.

As a result of the above dynamics, the excellent results reported in 2021 and current prospects confirm the trajectory of achieving the short and medium-long term results envisaged in the 2021-25 Strategic Plan presented on last 22 June.

To conclude, the high capacity of own funds and the expected generation of profits will ensure that the Common Equity Tier 1 Ratio will remain significantly above regulatory requirements, despite a rise in risk-weighted assets arising from the increase in business volumes.

*** * ***

Pursuant to article 154-bis, paragraph 2 of Legislative Decree no. 58/1998 (the Consolidated Law on Finance), the Financial Reporting Officer, Mr. Sergio Fagioli, declares that the accounting information contained in this press release corresponds to the documented results and the accounting books and records.

* * *

illimity Management will present the 2021 results to the financial community **at 9:00 a.m. CET** today **11 February 2022**. The event can be followed via Live Audio Webcast at the following link: https://87399.choruscall.eu/links/illimity220211.html or by conference call at the following numbers:

ITALY:	+39 02 8020911
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illimity Bank S.p.A.

illimity is the high-tech banking group founded and headed by Corrado Passera that was created with the aim of responding to specific market needs by way of an innovative and specialist business model. More specifically, illimity extends financing to high-potential SMEs, purchases distressed corporate loans and services these through its platform neprix, and provides digital direct banking services through *illimitybank.com*. illimity SGR, which sets up and manages alternative investment funds, the first of which dedicated to UTP loans, is also a member of the Group. The story of the illimity Group began in January 2018 with the launch of the special purpose acquisition company SPAXS S.p.A., which ended with a record 600 million euro being raised on the market. SPAXS subsequently acquired Banca Interprovinciale S.p.A., with the resulting merger between the two giving rise to "illimity Bank S.p.A." which has been listed on the Italian Stock Exchange since 5 March 2019 (ticker "ILTY"), first on the MTA exchange and since September 2020 on the Star Segment. The banking group, headquartered in Milan, can already count on over 700 employees and closed the financial statements as at 31 December 2021 with assets of around 4.7 billion euro.

illimity
BANCA OLTRE LA FORMA

CONSOLIDATED BALANCE SHEET

(Data in thousands of euro)

		31.12.2020	31.03.2021	30.06.2021	30.09.2021	31.12.2021
10	Cash and cash balances	953,608	752,174	513,830	773,979	507,779
20	Financial assets measured at fair value through profit or loss	18,502	50,475	138,977	87,656	76,679
	a) financial assets held for trading	52	32,174	33	114	928
	b) financial assets designated at fair value	-	-	-	-	-
	c) other financial assets mandatorily measured at fair value	18,450	18,301	138,944	87,542	75,751
30	Financial assets measured at fair value through other comprehensive income	91,375	310,461	315,336	280,460	299,508
40	Financial assets measured at amortised cost	2,837,047	2,890,283	2,938,786	3,015,980	3,229,766
	a) due from banks	522,146	516,608	438,603	373,040	267,969
	b) loans to customers	2,314,901	2,373,675	2,500,183	2,642,940	2,961,797
50	Hedging derivatives	-	-	-	-	-
60	Fair value change of financial assets in hedged portfolios (+/-)	-	-	-	-	-
70	Investments in associates and companies subject to joint control	-	85,564	83,727	81,775	79,953
80	Technical insurance reserves reassured with third parties	-	-	-	-	-
90	Tangible Assets	78,434	77,585	79,047	78,105	68,735
100	Intangible assets	69,382	69,606	73,324	75,881	85,249
	of which goodwill	36,224	36,224	36,257	36,257	36,257
110	Tax assets	35,403	31,088	29,449	24,247	45,672
	a) current	3,206	3,175	4,077	4,061	5,168
	b) deferred	32,197	27,913	25,372	20,186	40,504
120	Non-current assets held for sale and discontinued operations	-	-	61,402	61,908	43,117
130	Other assets	42,538	48,801	96,876	165,578	224,132
	Total Assets	**4,126,289**	**4,316,037**	**4,330,754**	**4,645,569**	**4,660,590**

(Data in thousands of euro)

		31.12.2020	31.03.2021	30.06.2021	30.09.2021	31.12.2021
10	Financial liabilities measured at amortized cost	3,410,034	3,519,411	3,551,095	3,788,786	3,752,384
	a) due to banks	*534,345*	*626,660*	*581,628*	*546,046*	*411,314*
	b) due to customers	*2,574,709*	*2,590,349*	*2,665,400*	*2,735,623*	*2,841,282*
	c) debt securities issued	*300,980*	*302,402*	*304,067*	*507,117*	*499,788*
20	Financial liabilities held for trading	-	-	-	-	59
30	Financial liabilities designated at fair value	-	-	-	-	-
40	Hedging derivatives	-	-	-	-	-
50	Adjustments in value of generic hedging financial liabilities (+/-)	-	-	-	-	-
60	Tax liabilities	4,207	6,859	5,268	8,354	20,256
	a) current	*3,460*	*5,512*	*3,977*	*7,554*	*19,156*
	b) deferred	*747*	*1,347*	*1,291*	*800*	*1,100*
70	Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-	-
80	Other liabilities	121,789	115,632	85,422	83,161	105,595
90	Employee termination indemnities	2,656	2,680	2,896	3,137	3,695
100	Provisions for risks and charges:	4,481	5,962	5,331	6,369	5,781
	a) commitments and guarantees issued	*3,296*	*4,602*	*4,086*	*4,975*	*4,482*
	b) pensions and similar obligations	*7*	*8*	*8*	*11*	*18*
	c) other provisions for risks and charges	*1,178*	*1,352*	*1,237*	*1,383*	*1,281*
110	Technical reserves	-	-	-	-	-
120	Valuation reserves	(278)	(559)	(1,502)	(2,941)	(6,057)
130	Redeemable shares	-	-	-	-	-
140	Equity instruments	-	-	-	-	-
150	Reserves	21,766	61,733	62,980	63,122	63,904
160	Share premium reserves	487,373	543,803	543,803	597,589	597,589
170	Share capital	44,007	48,792	48,870	52,620	52,620
180	Treasury shares	(832)	(832)	(832)	(832)	(832)
190	Minority interests	-	-	*5*	*5*	*5*
200	Profit (loss) for the period attributable to the Group (+/-)	31,086	12,556	27,418	46,199	65,591
	Group equity	**583,122**	**665,493**	**680,737**	**755,757**	**772,815**
	Profit (loss) for the period attributable to minority interests (+/-)	-	-	-	-	-
	Equity of minority interests	**-**	**-**	***5***	***5***	***5***
	Total liabilities and equity	**4,126,289**	**4,316,037**	**4,330,754**	**4,645,569**	**4,660,590**

CONSOLIDATED INCOME STATEMENT

(Data in thousands of euro)

		4Q20	1Q21	2Q21	3Q21	4Q21	FY2020	FY2021
10	Interest income and similar income	43,055	45,968	47,510	50,111	50,699	145,983	194,288
20	Interest expenses and similar charges	(11,845)	(14,687)	(14,171)	(16,241)	(16,124)	(42,205)	(61,223)
30	**Net interest margin**	**31,210**	**31,281**	**33,339**	**33,870**	**34,575**	**103,778**	**133,065**
40	Commission receivable	7,828	5,994	9,815	11,741	12,733	18,529	40,283
50	Commission expense	(1,887)	(1,274)	(1,361)	(1,711)	(1,362)	(5,013)	(5,708)
60	**Net commission**	**5,941**	**4,720**	**8,454**	**10,030**	**11,371**	**13,516**	**34,575**
70	Dividends and similar income	-	-	-	-	-	-	-
80	Net trading result	59	347	1,062	350	1,408	(389)	3,167
90	Net hedging result	-	-	-	-	-	-	-
100	Gain (loss) from disposal and repurchase of:	2,042	2,814	671	1,522	386	7,699	5,393
	a) financial assets measured at amortized cost	*1,863*	*302*	-	-	-	*1,863*	*302*
	b) financial assets measured at fair value through other comprehensive income	*179*	*2,512*	*671*	*1,522*	*386*	*5,837*	*5,091*
	c) financial liabilities	-	-	-	-	-	*(1)*	-
110	Gain (loss) on other financial assets and liabilities measured at fair value through profit or loss	646	672	(670)	5,673	4,359	1,176	10,034
	a) financial assets and liabilities designated at fair value	-	-	-	-	-	-	-
	b) other financial assets subject to mandatory fair-value valuation	*646*	*672*	*(670)*	*5,673*	*4,359*	*1,176*	*10,034*
120	**Net interest and other banking income**	**39,898**	**39,834**	**42,856**	**51,445**	**52,099**	**125,780**	**186,234**
130	Net write-downs/write-backs for credit risks relating to:	9,051	16,041	19,875	8,417	(1,198)	40,264	43,135
	a) financial assets measured at amortized cost	*8,969*	*17,545*	*19,514*	*7,958*	*(1,512)*	*40,182*	*43,505*
	b) financial assets measured at fair value through other comprehensive income	*82*	*(1,504)*	*361*	*459*	*314*	*82*	*(370)*
140	Gain/loss from contract amendments without cancellations	-	-	-	-	196	-	196
150	**Net result from banking activities**	**48,949**	**55,875**	**62,731**	**59,862**	**51,097**	**166,044**	**229,565**
180	**Net result from banking and insurance activities**	**48,949**	**55,875**	**62,731**	**59,862**	**51,097**	**166,044**	**229,565**
190	Administrative expenses:	(41,788)	(35,134)	(39,385)	(35,608)	(47,592)	(125,054)	(157,719)
	a) staff costs	*(15,977)*	*(16,614)*	*(18,926)*	*(15,849)*	*(22,174)*	*(51,944)*	*(73,563)*
	b) other administrative expenses	*(25,811)*	*(18,520)*	*(20,459)*	*(19,759)*	*(25,418)*	*(73,110)*	*(84,156)*
200	Net provisions for risks and charges	(1,213)	(1,532)	215	(1,305)	-	(1,449)	(2,622)
	a) commitments and financial guarantees issued	*(785)*	*(1,507)*	*190*	*(1,305)*	*218*	*(981)*	*(2,404)*
	b) other net provisions	*(428)*	*(25)*	*25*	-	*(218)*	*(468)*	*(218)*
210	Net value adjustments to/recoveries on tangible assets	(696)	(1,030)	(692)	(678)	(732)	(2,719)	(3,132)
220	Net value adjustments to/recoveries on intangible assets	(1,760)	(1,940)	(1,523)	(1,971)	(2,166)	(5,895)	(7,600)
230	Other operating income/expenses	4,831	2,708	2,879	8,417	7,417	7,765	21,421
240	**Operating expenses**	**(40,626)**	**(36,928)**	**(38,506)**	**(31,145)**	**(43,073)**	**(127,352)**	**(149,652)**
250	Profit (loss) on investments in associates and companies subject to joint control	-	(2,123)	(1,851)	(1,996)	(1,788)	-	(7,758)
260	Valuation differences on tangible and intangible assets measured at fair value	-	-	-	-	-	-	-
270	Adjustments in value of goodwill	-	-	-	-	-	-	-
280	Gain (loss) from disposal of investments	-	2,278	-	-	6,066	-	8,344
290	**Pre-tax profit (loss) before tax from continuing operations**	**8,323**	**19,102**	**22,374**	**26,721**	**12,302**	**38,692**	**80,499**
300	Tax income (expenses) for the period on continuing operations	(1,558)	(6,546)	(7,512)	(8,315)	7,212	(7,606)	(15,161)
310	**Profit (loss) after tax from continuing operations**	**6,765**	**12,556**	**14,862**	**18,406**	**19,514**	**31,086**	**65,338**
320	Profit (loss) after tax from discontinued operations	-	-	-	375	(122)	-	253
330	**Profit (loss) for the period**	**6,765**	**12,556**	**14,862**	**18,781**	**19,392**	**31,086**	**65,591**
340	Profit (loss) for the period attributable to minority interests	-	-	-	-	-	-	-
350	**Profit (loss) for the period attributable to the Parent Company**	**6,765**	**12,556**	**14,862**	**18,781**	**19,392**	**31,086**	**65,591**