

illimity Bank S.p.A.

1Q22 Results Conference Call

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MODERATORS: CORRADO PASSERA, CHIEF EXECUTIVE OFFICER
FRANCESCO MELE, CHIEF FINANCIAL OFFICER AND HEAD OF CENTRAL FUNCTION
ANDREA CLAMER, HEAD OF DISTRESSED CREDIT DIVISION
ENRICO FAGIOLI, HEAD OF GROWTH CREDIT DIVISION
CARLO PANELLA, HEAD OF DIRECT BANKING DIVISION

Corrado Passera - CEO

Good morning and thank you for joining us today.

Here with me I have:

- Francesco Mele, CFO & Head of Central Functions
- Andrea Clamer, Head of Distressed Credit Division
- Enrico Fagioli, Head of Growth Credit Division
- Carlo Panella, Head of Direct Banking Division

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Slide 2 - Solid start to 2022

illimity started 2022 very strongly.

Once again, our operating profit made a strong advance both y-o-y and q-o-q, and was even greater than predicted in our initial budget forecasts. We certainly confirm our BP targets.

We can confirm a very solid capital base and an excellent quality of assets; both are at the top of the industry range.

Our business origination accelerated and Q1 marked the strongest first quarter in our history. Our pipeline is also looking stronger than expected.

We launched Bilty and Quimmo: two new, innovative tech-based initiatives that will create value for our shareholders.

Finally, we reinforced our strength on the UTP market through the acquisition of AREC. This deal positions illimity as a leading player in large ticket real estate corporate UTPs.

Slide 3 - Profitability advances ahead of budget forecasts

Net profit reached nearly €16 mln posting a remarkable 25% advance versus the same period last year.

Our operating income shows a rise of 41% compared to the same period of last year.

The more our business grows, the more visible our operating leverage becomes. Cost/Income decreased 8 percentage points despite the costs and investments needed to launch new initiatives.

The combination of these last two factors made our operating profits grow over 70% y/y.

Slide 4 - Robust capital base and excellent asset quality

Our balance sheet remains one of the strongest in town.

Notwithstanding the significant growth in business volumes - which brought total assets to almost 5 billion euro – our CET1 ratio is robust at almost 18%.

Liquidity profile is also very robust, with 1 billion euro in either cash or liquid items.

Our asset quality remained firmly strong,

- the gross organic NPE ratio of originated business still well below 1%.
- around 50% of our Growth Credit portfolio is either guaranteed or insured.
- none of our business portfolios had direct exposure to either Russia or Ukraine and the few lending clients which did, have so far shown superb resilience

Slide 5 - Business origination accelerates: strongest 1Q ever and pipeline ahead of expectations

In just one quarter, between loans and investments, we originated over 330 million euro, almost tripling the business origination achieved in 1Q21.

All our divisions and business lines contributed to this result:

- in our distressed credit division, against a soft market during 2021, this year's Q1 was the strongest first quarter since illimity's creation.
- in turnaround, acquisition finance and crossover lending, origination continued strongly with a large chunk being supported by public guarantees.
- factoring turnover reached €332mIn, almost 70% growth on 1Q21

The pipeline ahead is very robust

Slide 6 - New tech-led initiatives launched according to plans

As outlined in our Business Plan, illimity is becoming an incubator of new tech-led initiatives:

- In February we launched b-ilty: the first fully fledged digital platform for small corporates. An immense market that can be served with a subscription model. The results achieved in the weeks of the "beta phase" are very promising; Carlo will provide further details
- At the beginning of April we launched Quimmo: Italy's most innovative proptech company.

Thanks to our platforms we were already the leading real estate digital brokerage on the judicial market with more than 2 thousand units sold in 2021. Through Quimmo we now aim to become the most innovative online brokerage also for the open real estate market

With these new initiatives now live, and with HYPE – our fintech challenger progressing further through its strategy - we are becoming increasingly more "tech".

All these three ventures share a number of common traits:

- they serve huge markets;
- their technology and the operations they use are massively scalable and
- their results can exponentially grow, through partnerships and, maybe, expansion into other countries.

Slide 7 - Creating leading player in large tickets real estate corporate UTPs

From the very beginning, illimity has played an important role in the UTP market.

We are able to effectively operate in the corporate UTP market with an accumulated portfolio of almost 4 billion euro:

- We invest in UTP loans, both directly and in co-investment with Apollo and perform servicing activities.
- We restructure the debt of going concern corporates to facilitate their turnaround and we support, through illimity SGR specialized funds, other banks to manage their own UTP positions.

To fulfil this strategy, we have now reached an agreement to purchase AREC: a leading player in large tickets real estate corporate UTPs.

The integration of AREC into Neprix will give rise to a leading servicing operator in corporate NPE's of more than 9 billion euro.

Andrea will explain more in detail

Slide 8 – Looking ahead with confidence

In 2022, illimity is entering a new phase of growth.

Our core markets – performing SMEs and SMEs distressed credit – are poised to become even larger in the current scenario.

With HYPE, Bilty and Quimmo - we are becoming more and more “tech”. Scaling these three businesses in the coming years will be a key booster for our growth and shareholders' value creation. Others will certainly follow.

The pipeline of new business and partnership opportunities is very strong and, as planned, 2022 will be the year when the first significant synergies with the ION Group will materialize.

Slide 9 – Hidden value in the Sum-Of-Parts

I'd like to conclude by showing a slide that summarizes our Business Plan Targets alongside the different components of our business portfolio.

We expect to reach a net profit of 240 million euro by 2025. As you see on the left hand side, we use a very prudent forecast for the contribution of our tech initiatives.

My partners will now delve deeper into each relevant component.

Francesco Mele – CFO & Central Functions

Slide 11 – Solid start to 2022

Thank you Corrado and good morning everyone.

Let's move to slide 11. As Corrado mentioned, 2022 has started on a very sound note.

- 1Q operating performance was driven by solid recurring revenue with good progression in net interest income despite most business was closed and booked in the last part of the quarter. We are also working on a promising and well diversified pipeline
- Revenue were up 41% y/y with a balanced contribution from net interest and non-interest income, in line with business plan target mix.
- Operating income was driven by strong origination in both Distressed Credit and SME, continued progression in commissions and important contribution from profit from distressed credit closed positions.
- Despite continued costs and investments in new initiatives, operating leverage further improved with cost income down to 57%.
- Cost of risk remained low, reflecting resilient asset quality and loss given default driven down by the extensive use of public guarantees. We are closely monitoring our portfolio in relation to direct and indirect exposure to current headwinds and continue supporting our clients in these challenging times.
- Last but not least, 1Q results are ahead of budget considering the usual quarterly seasonality and, despite volatile markets, we remain aligned to the business plan trajectory.
- Let's now look at the figures.

Slide 12 - Diversified and balanced growth

... starting from the balance sheet on slide 12 ...

- Liquidity increased to €1.0bn between cash, the net adjusted interbank position and liquidity buffers and remains available to be redeployed to fund our pipeline.
- Turning to business volumes, customer loans went up 3% q/q driven by Distressed Credit – which itself went up 6% q/q driven by Special Situations Real Estate and senior financing - with Growth Credit marginally decreasing as new business was offset by some early repayments and reduction in factoring stock due to increasing rotation. B-ilty continued its beta phase.
- Tax assets from the so-called Ecobonus decreased to €69mIn due to activity being toned down to be consistent with our estimated tax capacity in light of recent changes which limit the disposal to third parties.

- Switching to liabilities, retail and corporate funding increased to €2.8bn driven by growth in term funding.
- Finally, CET1 capital increased to €646mln, due to quarterly profit on one side and a larger negative mark to market of our securities portfolio on the other side. RWAs are up 7% to €3.7bn due to business volumes.

Slide 13 - Steady progression in operating performance

Moving to profit and loss on slide 13 ... where we can see a robust progression across all business lines, leading to our best net quarterly result ever in terms of revenue at €78.5mln and operating profit at €33.5mln, up 41% and 72% y/y respectively.

- Net interest income was up 5% q/q to €36mln representing 46% of total operating income. It was driven mostly by Growth Credit volumes as accounting of Public Procurement Claims is not at amortised cost but cash based and will start contributing to our P&L through valuation adjustments.
- Commissions continued to grow - up 10% q/q or 160% y/y to €12.8mln, mostly due to structuring fees generated by business origination, Neprix sales solid performance and investment banking deals.
- Net other income included the €4.25mln quarterly income from the IT license agreement.
- One of the recurring features of our P&L, profits from closed positions, were confirmed in 1Q with €20.6mln generated by the Distressed Credit division.
- On the costs side, operating costs were down 7% q/q to €45mln but increased by 24% y/y, mainly due to a larger headcount and to the anticipated investments. Again, a significant portion of these costs refer to initiatives which are only starting to produce results this year and which we are confident will be key contributors to our P&L in coming years.
- Loan loss provisions remained low thanks to origination, largely in loans backed by a state guarantee and by the reversal of provisioning arising from some early repayments.
- €4.6mln of value adjustments on the existing distressed credit portfolio reflect some business plan updates for selected distressed credit positions. To be read in conjunction with the €20.6mln profit from closed positions reported in the operating income, the performance of the Distressed Credit division is confirmed to be very strong.
- The net result of €15.7mln, up 25% y/y, takes into account the contribution to banking sector schemes and Hype's pro-rata negative result.

Slide 14 - Distressed Credit continues performing, Growth Credit accelerates

Let's look at the divisional performance on slide 14 ... where we can see both highly profitable and accelerating results

- Let's look at the divisional performance on slide 14 ... where we can see both highly profitable and accelerating results.
- DC remains the largest contributor with 69% of total revenue and a dominant share of operating profit with €36.3mIn, up 26% y/y. Cost income remained strong at 33%.
- Growth Credit/SME acceleration continued with revenue representing 19% of total and pre-tax profits up 59% y/y to €9.7mIn. Cost income is steadily improving and reached 33%.
- The performance is even more remarkable if we consider also Investment Banking operations which will be highlighted separately going forward despite the dedicated team working closely with Growth Credit to exploit business opportunities. Our Investment Banking practice has become more and more relevant and already provides a tangible contribution to our results with profit before tax of €2.3mIn in 1Q.
- The Direct Bank benefitted from the IT licence fee, while operating costs mostly refer to new initiatives set to produce revenue from the second part of 2022 (particularly thanks to b-ilty's expected business volumes).
- The SGR reduced its net loss by half to €0.3mIn thanks to the performance of the UTP fund which further grew via multiple closings in the last part of 2021. We are working on 3 new funds, 2 will be launched by year end.
- The Corporate Centre absorbed €14.1mIn in net costs mostly due to the investment in the IT and credit machine teams.

Slide 15 - Further improvement in KPIs

Let's move to KPIs on slide 15 ... where we can see strong asset quality and improving operating efficiency.

- Starting from cost income ... which confirmed the positive trend, despite some scheduled investment in connection with new initiatives decreasing to 57%, and down 5 percentage points compared to the previous quarter.
- Cost of risk on loans to customers remained low - on an annualised basis - to 13bps as it still reflects significant government guaranteed lending and resilient asset quality. It also benefits from the reversal of provisioning due to some early repayments. If such positive reversals are excluded cost of risk would reach around 30bps.
- The solid asset quality is confirmed by the gross organic NPE ratio of the portfolio originated by illimity stable at 0.7% (or 2.3% if we include Banca Interprovinciale legacy portfolio).
- In terms of liquidity, LCR stands at around 220%.
- Lastly, CET1 and Total Capital ratios remained solid at 17.7% and 23.2% respectively despite a significant growth in business volumes.

Slide 16 - Robust CET1 ratio at 17.7%

Let me now shed more light on CET1 capital on slide 16...

- During the quarter, CET1 capital increased to €646mln. This was driven by quarterly profits net of the pro rata accrued dividend, decrease of intangibles and DTA release, which were mostly offset by an increase in negative valuation reserves for our securities portfolio.
- RWA increased by around €250mln in the quarter to €3.7bn due to business volumes for a CET1 ratio of 17.7%.
- As a usual reminder, if we include €14.4mln of illimity special shares our CET1 ratio will reach 18.1% on a pro forma basis.

Slide 17 - Diversifying portfolio strategy into HTC

Moving to our securities portfolio on slide 17.

- At the beginning of the year we decided to gradually introduce a Hold to Collect investment strategy alongside the existing Hold to Collect and Sell. As we reconfirm the original strategy of limited exposure to financial assets and govies - which remains well below our peers (our securities portfolio represents 11% of total assets) - this diversification aims at:
 - optimising the duration mix of our portfolio with HTCS portfolio being more focused on shorter maturities;
 - optimising the P&L impact without affecting our liquidity buffers;
 - reducing capital volatility.
- During 1Q our total portfolio increased to €532mln of which €108mln under the HTC business model.
- The asset mix remains broadly unchanged with 70% in Italian govies, 19% in senior bonds and 11% in subordinated bonds.
- Our portfolio has a duration of just short of 6 years and an average yield of 1.6%.

Slide 18 - Confirmed well-diversified funding mix

Switching to funding on slide 18 ...

- In 1Q our total funding increased to around €4.0bn mostly due to more term funding.
- As you can see, term funding now represents 79% of the total, and the maturity of the medium-to-long term component is 2.5 years to ensure consistency with asset duration.
- Wholesale represents 30% of total funding, consistent with the trajectory set in the business plan.
- And the average cost of funding remained largely stable at 1.6%.

Now over to Andrea.

Andrea Clamer - Head of Distressed Credit Division

Thank you, Francesco, and good morning, everyone.

The first quarter of 2022 was a real turning point for us.

Not only am I extremely proud of the performance of the Distressed Credit Division – but I am also truly excited about the unique opportunities we are creating, which should ensure an *even more* prosperous future for the group moving ahead.

Let's begin with a brief overview about the position of the Division today.

Slide 20 - Leading player in Corporate Distressed Credit

We are **a leading player in the distressed credit industry**, focused on corporate credit and specialised in highly attractive market segments.

We operate in 4 main spaces: distressed credit investments, senior financing, servicing, and asset disposal through a PropTech arm.

We are *fully* integrated within the industry's value chain - from investment origination to work-out and remarketing of collateral assets.

Slide 21 - Strong today and ready for new opportunities

Next, on slide 21, I'd like to highlight that we are **strong today and better equipped for tomorrow's opportunities**

In the first quarter of 2022 investments were pushed by the market segments where we are highly specialised, such as Public Procurement Claims and Special Situations Real Estate, and also our main markets, where we have always been present.

We also announced the acquisition of AREC, and its subsequent planned integration into neprix, which we are *extremely* confident will lead towards a stronger positioning in both UTP and large-ticket real estate deals.

Lastly, but by no means least, we launched Quimmo, our innovative prop-tech.

Moving on to slide **22**, let's examine the...

Slide 22 - Continual new initiatives to boost value creation

The Division along with the entire bank – is an ongoing incubator of value-boosting initiatives.

Back in 2018, we started out as an NPL investor, with neprix acting as a full captive servicer.

Fast forward to 2022 and we now run *three* core businesses, each independent and self-sustainable:

- Firstly, our Investing and Financing businesses that are specialised in underserved segments;
- Secondly, servicing, represented by neprix and from now on AREC;
- And finally, there's Quimmo: a new and disruptive player in the prop-tech industry;

All in all, our approach is delivering relevant financial results and creating additional value through diversification

Slide 23 - Very high volumes in first quarter

Moving to slide **23** you will see we had **very high volumes in this quarter!**

Our year-to-date origination is already half that of the entire fiscal-year 2021, which is a truly remarkable feat.

Fuelled by the partnership with Apollo, investments in Special Situations Real Estate made a much stronger contribution, and our entry in the Public Procurement Claims sector added to our performance. A robust pipeline will foster our business origination even more in the coming months.

In Senior financing the volumes have already overtaken the total amount granted over the entire course of last year. The average yield of these has also increased.

Slide 24 - Solid economic performance

On the next slide, slide **24** I will very briefly highlight our **solid economic performance**

As you can see in the top chart, we maintained our track record of overperformance, in terms of cash flow in Q1, thanks to our dynamic approach to portfolio management.

Slide 25 – Diversified credit portfolio composition

On slide **25**. Let's see how the solid performance is coupled with **our diversified credit portfolio composition**

The first chart, on the left, shows the portfolio breakdown by asset class; we can see that NPL portfolios still represent about half of our booked credits. However, specialist market segments, such as UTP, Leasing, Real Estate, Energy and PPC are of growing importance.

The other charts are substantially in line with previous quarters.

Slide 26 – Arec acquisition creates leader in large tickets real estate

Moving on to slide **26**, I'll show how the **acquisition of AREC will create a leader in large tickets real estate**

AREC is the third largest corporate UTP servicer in Italy and focuses on large-ticket deals backed by real estate collateral. AREC's portfolio is worth 2.1 billion euro of Assets under Management, with an average ticket value of 30 million euro. In 2021, it realised 3.1 million euro in EBITDA, and a revenue of around 10 million.

Through the acquisition of AREC, we aim to bolster our position in the very promising segment of corporate Real estate UTP. At the same time, it provides an excellent opportunity to boost neprix's own non-captive business.

Slide 27 - Arec acquisition boosts neprix results

On Slide **27** let's see how the **AREC acquisition will boost neprix's results**

AREC, which is valued at 40 million euro, was bought with 90% of illimity shares, valued at 13 euro per share. Part of the enterprise value is related to the expected variable fees coming from specific portfolios. These fees are larger than the average overperformance fees and for sure relevant to the deal.

We estimate an incremental pre-tax profit of our integrated servicing unit of approximately 8 million euro, in 2023, and 11 million euro in 2025.

We believe this acquisition represents outstanding value for money: not only do we expect some seriously impressive returns, but it should also add to the overall value of the group as a whole.

Slide 28 – Moving towards large tickets NPE

Looking at slide **28** you will see how we are rapidly **moving towards large tickets NPE**

After the integration in neprix, the combined entity will have more than 9-billion-euro worth of Assets under Management, of which approximately 3 billion in UTP corporate loans, and it is expected to generate a pre-tax profit above 30 million in 2025.

We will then be the 2nd Italian private player in the UTP management industry.

Becoming leaders in the Corporate UTP management industry is a primary goal for us.

Slide 29 - Most innovative proptech in Italy is live

On slide **29**, I would like to end with the recent launch of Quimmo, the **most innovative proptech in Italy** in the Real Estate brokerage industry.

As promised, we launched Quimmo on time and in great shape, in April 2022. It is now live!

Its value proposition is truly unique in the Italian market.

Quimmo is a one-stop-shop for the sale and purchase of real estate. Its full integration of the value chain, from add posting to agency, leads to a simplified sale and purchasing process and helps improve the equivalence of information between buyer and seller.

It has already made an impressive start, with around 560 properties sold in the first quarter.

Our aim is to surpass the goal of achieving 60 million euro in revenue by 2025.

To conclude, Q1 really was a superb quarter for the Division: its contribution to illimity's overall performance has certainly been felt.

Thank you! I am pleased to hand you over to Enrico.

Enrico Fagioli - Head of Growth Credit Division

Thank you, Andrea, now moving onto the Growth Credit Division.

Slide 31 - Italian SME specialist

This opening slide gives you a summary of the Growth Credit Division's core business.

We have become a well-known partner for Italian SMEs, providing them with a complete range of solutions for companies with potential. The provision of capital markets advisory services and products previously included in the Growth Credit Division is now part of a dedicated division run by Fabiano Lionetti and we are exploiting the relevant synergies in between

Slide 32 - Strong start to 1Q22

We had a strong start to 2022.

1Q22 was an excellent quarter for us with regards to business origination in all our market segments, and the positive trend continued into April.

A significant share of new business over the past four months originated in loans with public guarantees. We expect this trend to continue until the end of 2022. Furthermore, we have executed our first loans with EIF guarantees, another interesting products in term of return on capital and which will become a permanent feature of our business.

Our division posted a remarkable revenue progression in 1Q22, with solid contribution from non-interest components.

The operating leverage became increasingly visible in 1Q22, with cost income further down to 33%, an improvement of over 10 percentage points with respect to 1Q21.

The quality of our Division's loan portfolios remains excellent with Gross Organic NPE ratio of 0.9%.

Slide 33 - Robust business origination continues

Starting with Cross-over & Acquisition Finance: business origination throughout 1Q22 was solid, reaching 72 million euro, up 14% compared to 1Q21, and strengthened in April with an additional 46 million euro executed or signed. Our advanced pipeline is very rich and stands at approximately 190 million euro.

We experienced another very strong quarter for Turnaround: 80 million euro in 1Q22. Moreover, in April we executed an additional 80 million euro and we are working on a very robust pipeline of approximately 100 million euro.

Let me conclude this slide by saying that our strong pipeline gives us a very positive outlook for these two segments in remaining part of 2022 as well.

Slide 34 - Further momentum in Factoring

Our Factoring business started up well in 1Q22.

Turnover exceeded 330 million euro in 1Q22, a 67% advance compared to 1Q21.

The number of clients at 1Q22 increased further to over 190 and almost 850 debtors, and this will support further strong growth in factoring in the remaining part of 2022.

Net customer loans reached 289 million euro at the end of March, an amount almost double than what was achieved at the end of March 2021.

Slide 35 - Operating leverage improving further

Our 1Q22 results clearly show a positive impact of operating leverage.

Total revenue reached approximately 15 million euro, a rise of almost 60% compared to 1Q21. Our revenue mix is well balanced between interest and non-interest income, thanks to a strong contribution by net fees and commissions fuelled by business origination.

Over the same period, costs grew at a much lower pace of 13%; as we largely anticipated, over the past years we have built our capacity and we are now scaling it up. As a result, division's cost income is down from 47% in 1Q21 to 33% in 1Q22. We expect operating leverage to become even more visible in forthcoming years the more we grow our business.

Slide 36 - Solid asset quality

Our asset quality remained firmly on the robust side despite we are now two years into the pandemic and the Russia-Ukraine conflict puts strains on the corporates.

The gross organic NPE ratio of the business we originated since the start of our activity is still well below 1% and stage 2 loans represent only 2% of the outstanding division's loan book.

Overall, our lending has benefited from public guarantees, which represents over 50% of the Crossover and Turnaround loan book

On top, a large portion of factoring outstanding is backed by credit insurance. So overall, around 50% of the overall stock of loans to SMEs is guaranteed or insured, hence the risk is limited.

With reference to the Russia Ukraine conflict, we have recently performed a deep assessment of our portfolio. We have evaluated the impact of relevant risk factors on our clients: main risk factors taken into consideration are the evolution of energy prices, the evolution of raw materials and commodities prices, the capacity to transfer cost increases on to prices, and the supply chain disruptions. Only 2% of our net customer loans, extended to corporates with exposures to Russia and Ukraine have a high risk profile and these loans have public guarantees or are insured.

Slide 37 - Investment Banking gaining pace to support SME growth

Let me give you a few highlights on our Investment Banking activities, which is a relevant enrichment of our offer to SMEs.

Despite its recent launch Investment Banking is already delivering significant and visible results.

We are currently focused on three business lines: capital markets, corporate solutions and structuring.

In Capital Markets we assist Italian SME in Equity and Debt Capital Markets deals. In 1Q we completed one IPO – probably the only IPO in current markets - and some advisory mandates for overall fees of €2.6mln. The pipeline is solid and includes 2 IPO mandates to be executed in the second part of the year.

Through the Corporate Solutions unit we provide risk mitigation solutions – mostly interest rate hedging. Contribution in 1Q reached €1.2mln. We also manage a portfolio of corporate bonds under an HTCS model with a net book value of €84mln.

In the Structuring business line, we act as an arranger and underwriter in financing deals. We are currently working on 4 deals including a basket bond on sustainable energy, a securitisation of commercial receivables and 2 securitisation of third-parties SME loans with public guarantee. The transactions generate mostly fees but also interest income minimising capital absorption.

I'll now hand you over to Carlo for the Direct Banking Division results.

Carlo Panella - Head of Direct Banking Division

Thank you Enrico and good morning everybody.

Slide 39 – b-ilty

The most important event of this quarter was the launch of Bilty, a unique digital platform to serve Small Corporates.

Slide 40 - Beta phase successfully launched: already 1,000 requests to join business store

The b-version of b-ilty was presented on February 11th during an event with over 1.200 attendees and more than 300 articles followed, demonstrating concrete interest for this initiative.

After this period of market sounding, we can confirm very positive feedback from the first 1.000 customers who were involved in the testing phase.

At the same time we completed the marketing and operational structure:

- The commercial setup is complete and ready to grow
- Operations & Backoffice are up and running
- The Credit Engine is being trained

In one sentence: the testing phase was a success and b-ilty is now ready to scale!

Let me give you some details on the unique Bilty features on page 41

Slide 41 – Unique offering now on market

b-ilty is much more than just lending.

- It is a complete product suite:
 - All banking products, for daily needs
 - And Credit solutions to support working capital and investment needs
- It is a state-of-the-art Digital platform, with a fully digital experience:
 - Completely paperless
 - Easy to use
 - Easy to customize: different managers or external consultants can be delegated to perform different tasks
- It is Fully Digital, but with people responsible for each relationship, because small corporates often need a human contact to complement the digital tools. So we have
 - A Contact centre 7 days a week
 - And Relationship managers with industry sector expertise
- It is Advanced Analytics, to support entrepreneurs to be in control of their financial status. Thanks to PSD2 functionalities all the corporate's bank accounts are in one place and in the same platform
- It is Subscription based - one monthly fee, unlimited transactions, no hidden costs – and with a Try & Buy Formula

As well as these unique features, let me now brief you on Bilty's secret weapon: its credit engine which is now fully operative!

Slide 42 – Credit platform fully operational and ready to scale

Credit is Bilty's core product

The underwriting engine is based on the deep industry know how that Illimity developed over the past three years, and it's based on an AI engine already well "trained" and that will keep learning from experience.

The key to our success is the effectiveness and efficiency of both the underwriting and the monitoring processes. They are fully automated and supported by innovative AI techniques

Key components of the process are technology and data coming from information providers and in the future from all current accounts thanks to PSD2. So, a mix of traditional sources and big data is enriching the customer view

At the same time, we are performing a parallel credit scoring to fine-tune the engine, and this is providing good results: the first 60 million euro portfolio we accumulated, is the best evidence!.

Let's go to slide 43 to present the first partners with whom we are already collaborating

Slide 43 – Best-in-class partners for small corporates

In addition to existing partners, we are also integrating Microsoft for digital solutions, and Zucchetti for ERP and electronic billing systems.

Operational and corporate risk protection services are being integrated in our offer thanks to Italiana Assicurazioni, a leading Italian insurance company.

All these invaluable services will be part of Bilty's overall offering

And I am very proud to say that we developed the first-ever digital Corporate Credit Protection Product with a fully integrated Digital process.

Slide 45 – Market leader in Fintech

HYPE is the Fintech we jointly own with Sella Group

HYPE confirms its leadership position also for the 1st Q 2022 thanks to its 1.6 million customer base.

Looking at the table on the left, and compare Hype with its direct competitors, in terms of customer numbers, we can see that if we add together the four competitors' underneath HYPE, they do not equal Hype's size.

And the first Quarter was very positive

- 160 thousand customers growth Year on Year

- Gross Revenue over 4 million euro, +42% Year on Year
- 21 million transactions, +30% Year on Year

And let me add that Hype recently launched a new offer dedicated to Soho.

So, you can see that HYPE never stops.

Let's turn to economics on slide 46

Slide 46 – Positive contribution margin in 1Q22

Not only are we making good ground with HYPE's evolution, we also have good news on the P&L side: for the first time since inception HYPE shows a positive contribution margin.

This is all for Direct Bank, I hand you over to Corrado for his final remarks.

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FINAL CEO remarks 1Q22

To conclude, 2022 has started well. All our businesses are progressing according to plans and even stronger than our budget forecasts.

We see growing opportunities in our core markets, and will keep working on new tech initiatives to create further value.

We look at 2022 with confidence.