



illimity 1Q22 Results

11 May 2022

Key highlights

Corrado Passera, CEO





illimity - Solid start to 2022

 **Profitability progression** ahead of budget forecasts

 **Strong capital base** and **low risk profile** confirmed

 **Acceleration of business origination**: strongest 1Q ever and pipeline ahead of expectations

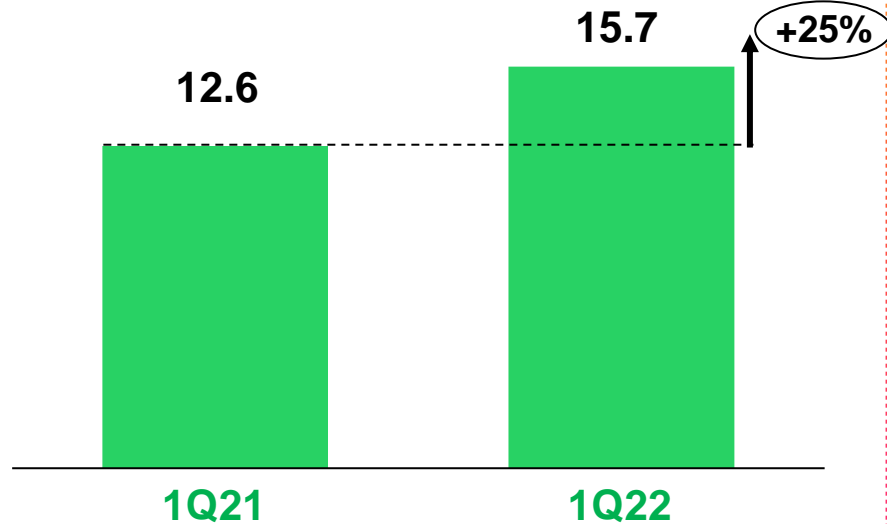
 Successful launch of the two **tech-led initiatives planned**: **b-ilty** and  **quimmo**

 **Acquisition of Arec corporate UTP**  to build leadership **in large ticket real estate**

illimity - Profitability advances ahead of budget forecasts

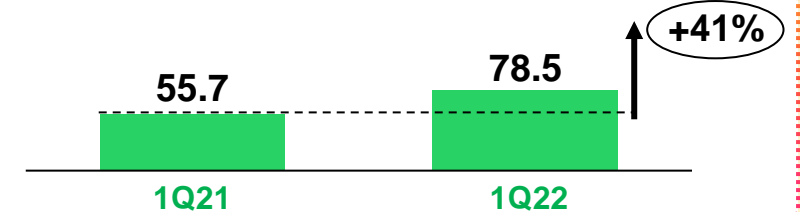
NET RESULT EVOLUTION

Data in €mln

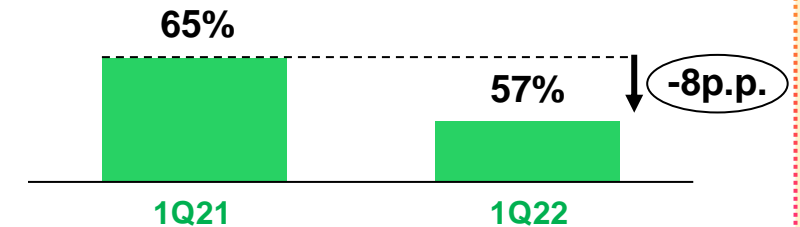


OPERATING INCOME

Data in €mln

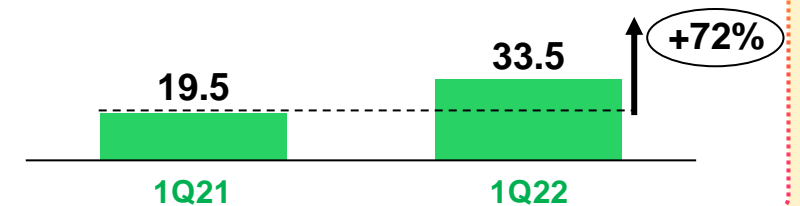


COST INCOME RATIO

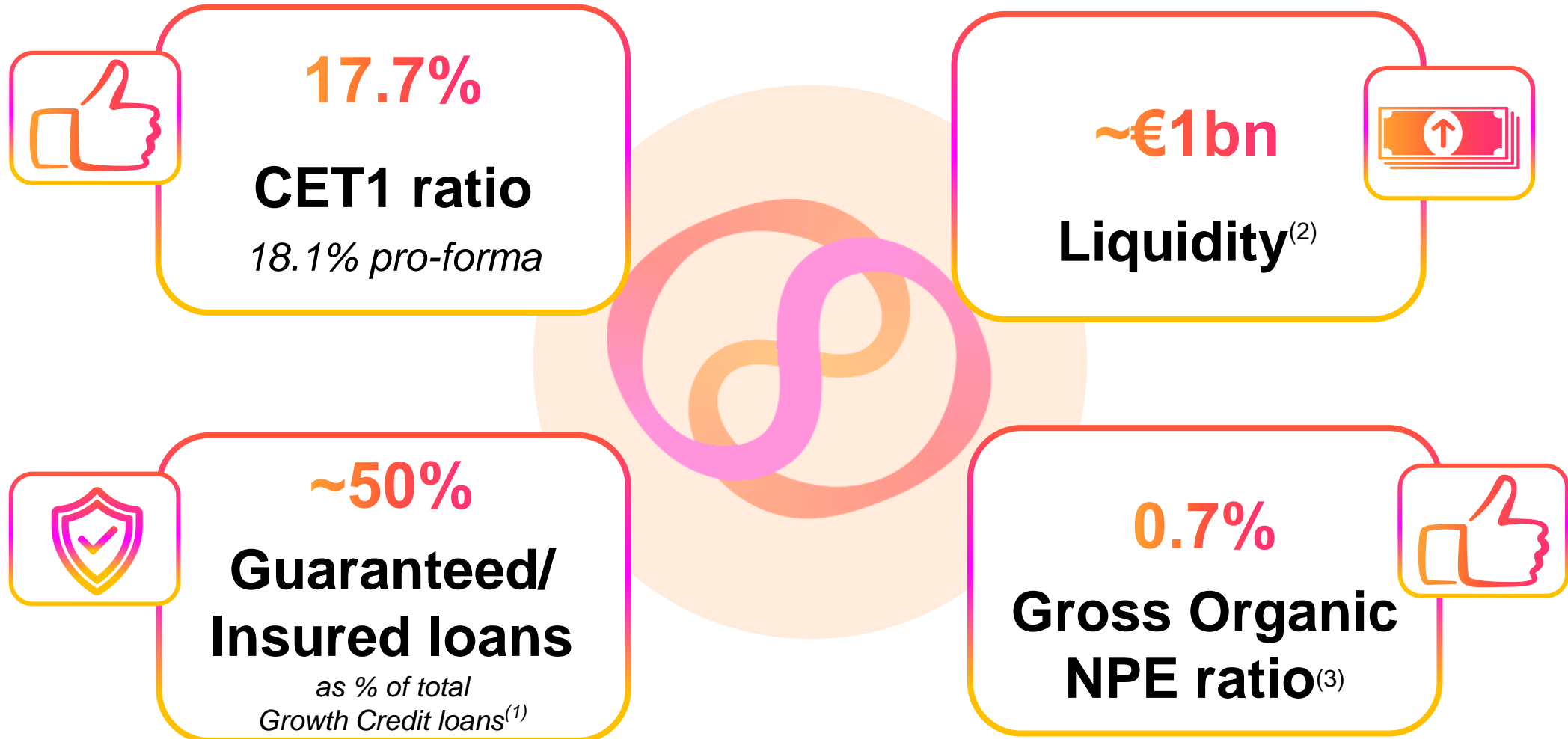


OPERATING PROFIT

Data in €mln



illimity - Robust capital base and excellent asset quality



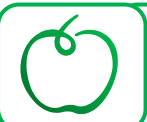



Note: (1) Including BIP legacy portfolio; (2) Cash, net adjusted interbank position and liquidity buffers; (3) Excluding BIP legacy portfolio, see 'Gross organic NPE ratio' in the Glossary at the end of this document for further details.

illimity - Business Origination accelerates

Strongest 1Q ever with pipeline ahead of expectations

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

		Originated Business ⁽¹⁾		Terms agreed ⁽²⁾ to be signed		Advanced pipeline ⁽³⁾
		1Q21	1Q22	Δ%YoY	Apr-22	
	Growth Credit Division	~137	~331	+142%	163	202
		78 ⁽⁴⁾	152 ⁽⁴⁾	+95%	126	202
	Factoring turnover	199	332	+67%	113	
	Distressed Credit Division	59 ⁽⁴⁾	179 ⁽⁴⁾	+203%	37	-
						395
	Servicing GBV⁽⁵⁾	~6.6bn	7.0bn	+6%	-	1.5bn
		AUM end of period	AUM EoP			

~€9.1bn pro-forma AuM of combined entity with Arec⁽⁶⁾

Strong momentum in all business segments, with **positive outlook** confirmed also by Apr-2022 origination

Factoring very robust 2022 start despite seasonality

Strongest first quarter ever fueled by **specialisation** in PPC and Real Estate desks

Total AUM⁽⁵⁾ as of 31 March-22 €7.0bn

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 GBV' in the Glossary at the end of this document; (6) Data Arec as of 31 December 2021.

illimity - New tech-led initiatives launched according to plans



b-ilty

 illimity

Lendtech

launched on
11 February 2022

- **Unique fully-fledged digital platform** for **SME** with **already ~100¹ SME clients**
- Beta phase period to be completed by beginning of June

 **quimmo**

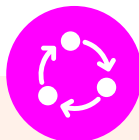
Proptech

launched on
5 April 2022

- Already **a leading real estate digital brokerage platform** on the market (over 2k units sold in 2021)
- **Over 560 units sold in 1Q22 with strong backlog** of property to intermediate



Huge markets



**Highly scalable
operations**

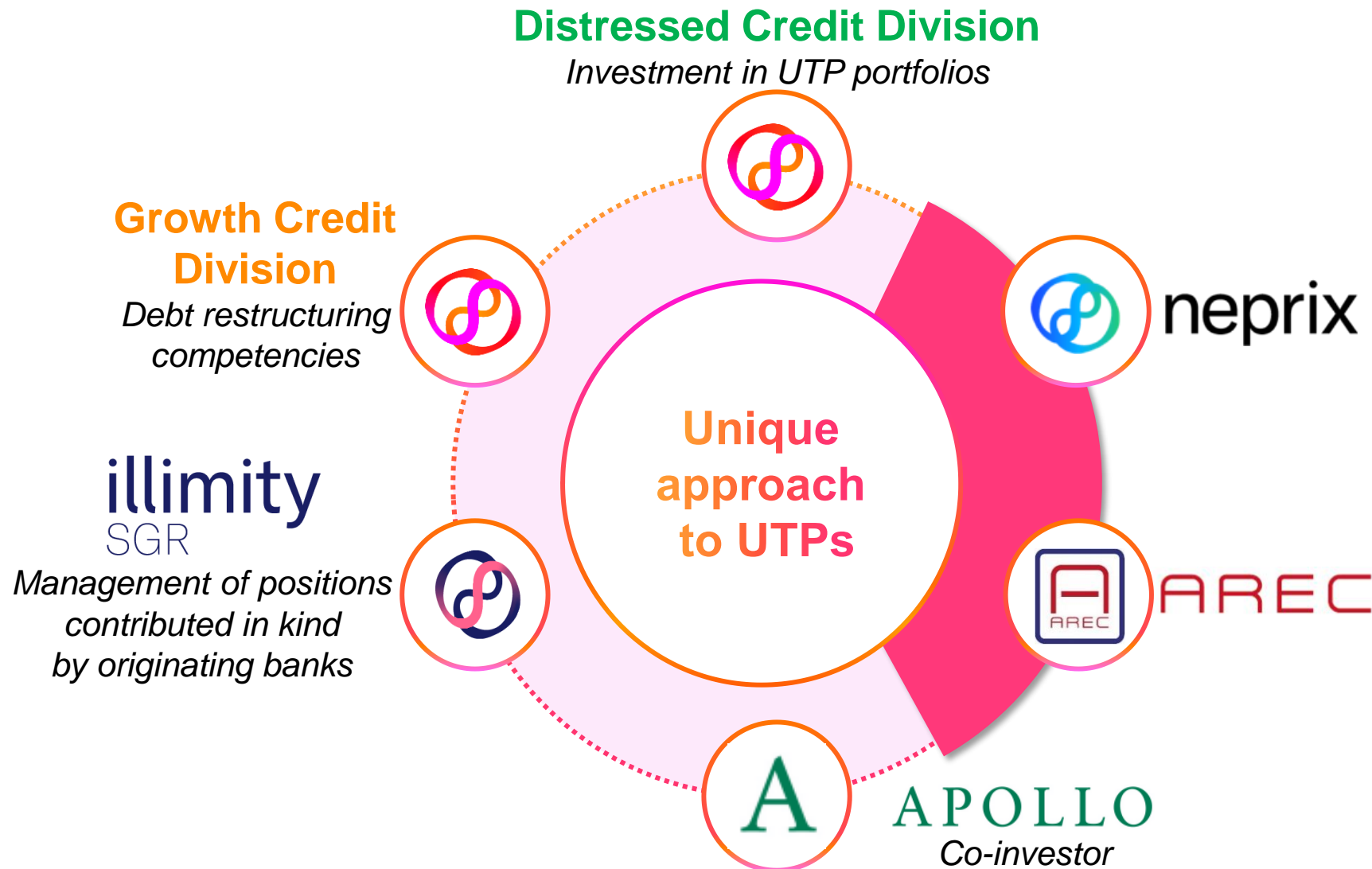


**Suitable for
partnerships or IPO**



**Open to entry in
foreign markets**

illimity - Creating leading player in large tickets real estate corporate UTPs



 **illimity**

~€4bn⁽¹⁾

Corporate UTPs
under
Management
(GBV)


~€10bn⁽¹⁾

Total AuM
(GBV)

illimity - Looking ahead with confidence





Core markets
even more
attractive

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



Becoming
increasingly
“tech”

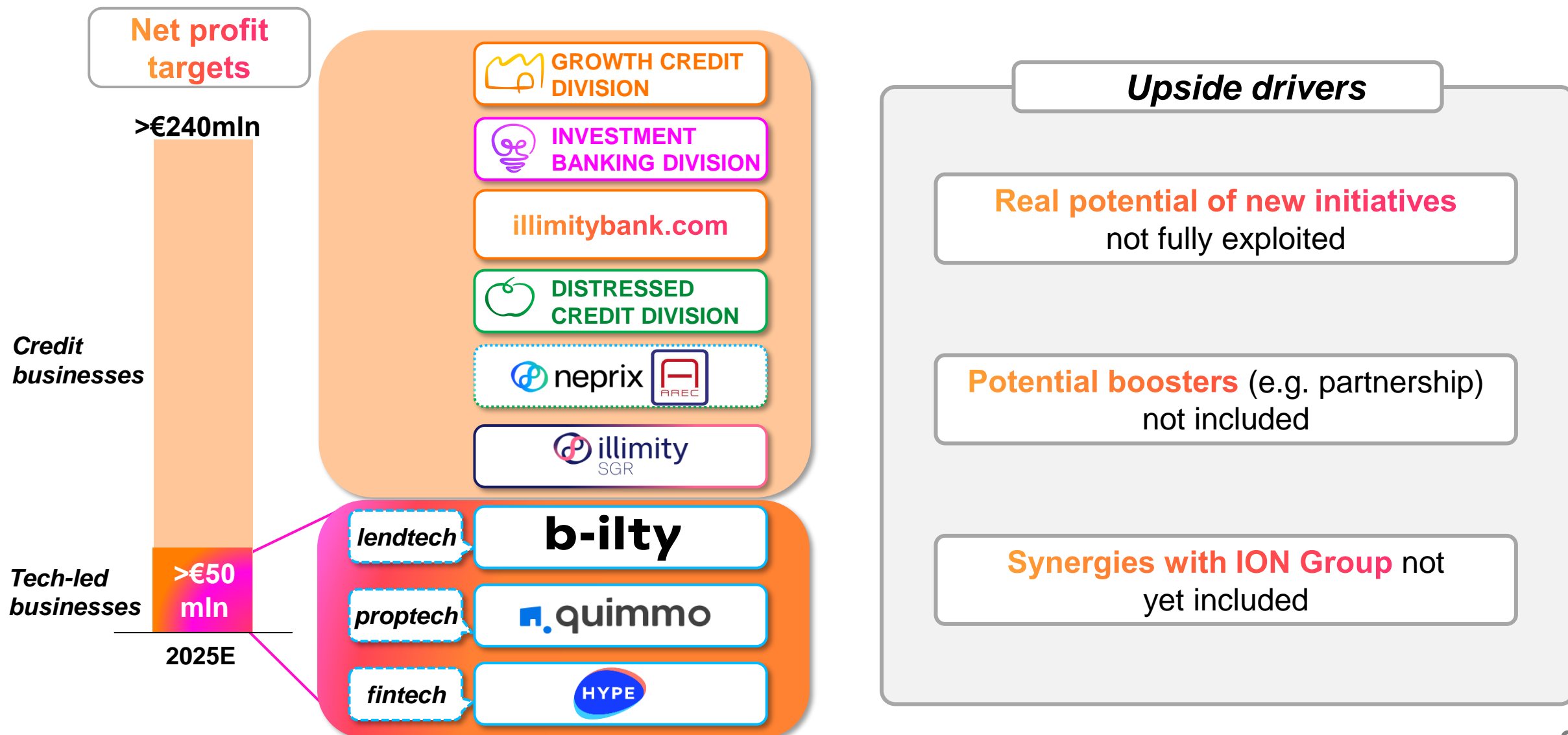
- **Tech-led initiatives** – **b-ilty**,  **quimmo** and  – are now **all live** and **ready to scale up**
- In coming years incubating tech initiatives will become **key driver of growth and value creation**



Ready to seize
opportunities

- **Strong pipeline** of new business and partnerships
- **Cooperation initiatives with ION Group underway**

illimity - Hidden value in Sum-Of-Parts



1Q22 Financial review

Francesco Mele, CFO & Head of Central Functions



illimity - **Solid start to 2022**



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



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



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



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



Results ahead of budget considering usual quarterly seasonality

illimity - Diversified and balanced growth

Data in €mln

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

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

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

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

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

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

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

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

illimity - Steady progression in operating performance








Data in €mln

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

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

Notes: Rounded figures; It should be noted that starting from the fourth quarter of 2021 operating costs are restated as a result of the reclassification of contribution to banking sector schemes to a specific item in the Group's income statement, in line with industry practice. (1) Interest expenses restated to exclude costs related to Debt for leasing, now reclassified as administrative costs, and to include commission expenses and stamp duty of European deposit platform (Raisin), previously classified as commission expenses and other operating expenses; (2) Gains from definitive closure of non-performing exposures either through disposal to third parties or through discounted payoff agreed with the debtor. See 'Profit from closed purchased distressed credit positions' in the Glossary at the end of this document.

illimity - Distressed Credit continues performing, Growth Credit accelerates

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



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



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



Investment Banking already tangible contribution and gaining pace

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



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



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

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

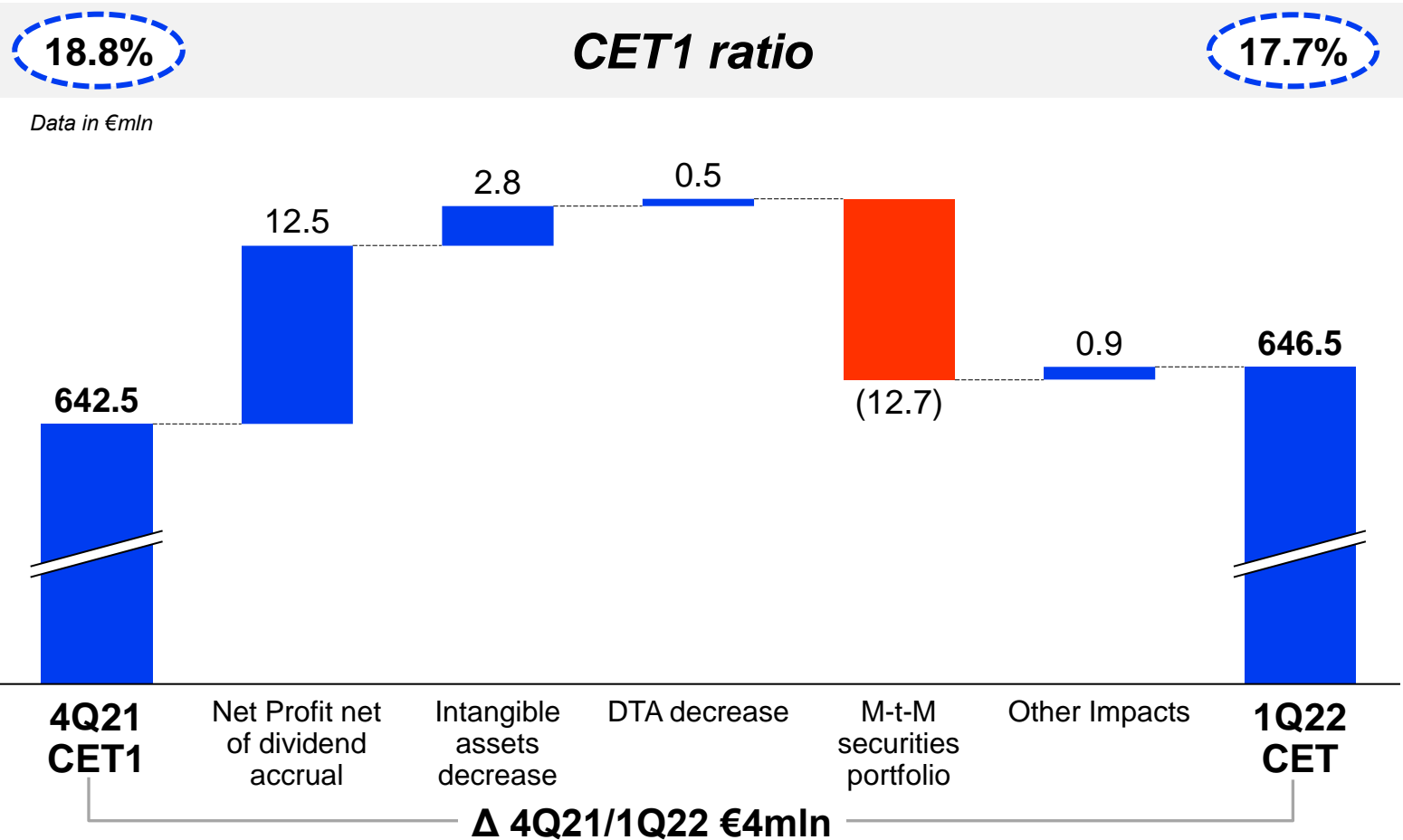
illimity - Further improvements in KPIs

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

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

Notes: (1) Cost income ratio restated due to contribution to banking sector schemes reclassified out of Operating costs; (2) Calculated as the ratio between loan loss provisions and net organic loans at 31 March 2022 (€1,679 million) for the segments Factoring, Cross-over, Acquisition Finance, Turnaround and receivables purchased as part of distressed loan portfolios that have undergone a change of credit quality classification subsequent to the time of purchase or disbursement (excluding credits acquired as bad loans), the loan portfolio of the former Banca Interprovinciale and Senior Financing to non-financial investors in distressed loans; (3) Excluding BIP legacy portfolio, see 'Gross organic NPE ratio' in the Glossary at the end of this document for further details; (4) See 'Gross organic NPE ratio' in the Glossary at the end of this document. Any failure to reconcile the stated figures arises exclusively from rounding; (5) LCR at 1Q21 restated for equity accounting of HYPE applied to liquidity ratios from 2Q21.

illimity - Robust CET1 Ratio at 17.7%



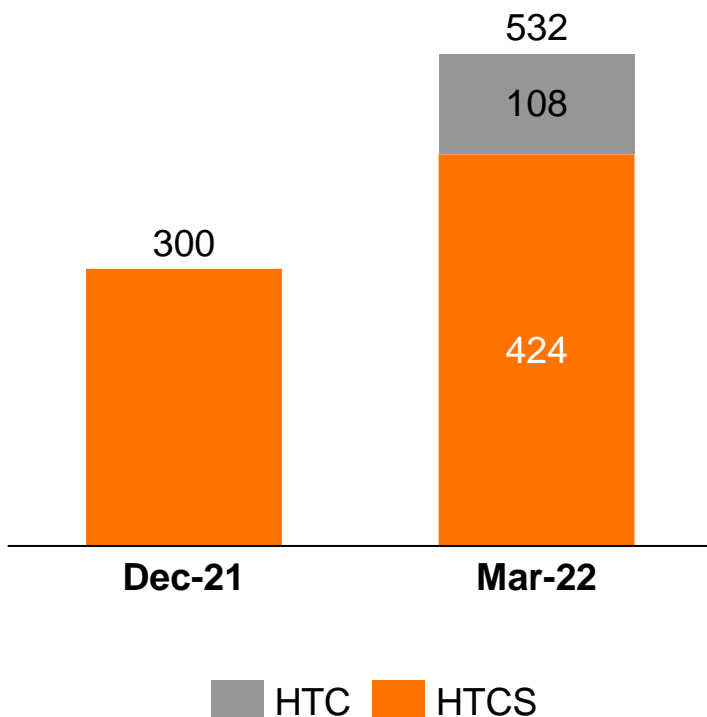
- **Trend in CET1 Capital in 1Q22** reflects negative M-t-M on revaluation reserves and pro-rata accrual for first time of dividend at 20% pay-out
- **RWA up 7% QoQ** due to investments made during 1Q22
- Including special shares, CET1 Ratio would reach around **18.1% on pro-forma basis⁽¹⁾**
- **Total Capital Ratio at 23.2%**



illimity - Diversifying portfolio strategy into HTC

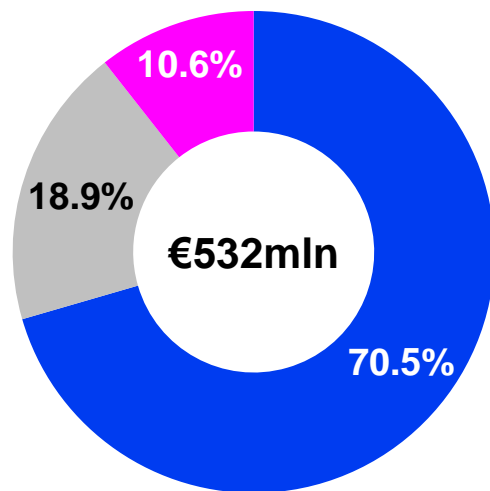
Securities portfolio

Data in €mln



Portfolio composition HTCS / HTC

31 March 2022



- Italian Govt. bonds
- Senior bonds
- Subordinated bonds

Introduced **HTC investment** strategy alongside HTCS to:

- **Optimise duration mix** with HTCS focused on shorter maturities
- **Optimise** bank **liquidity profile and P&L impact**
- **Reduce capital exposure to market volatility**

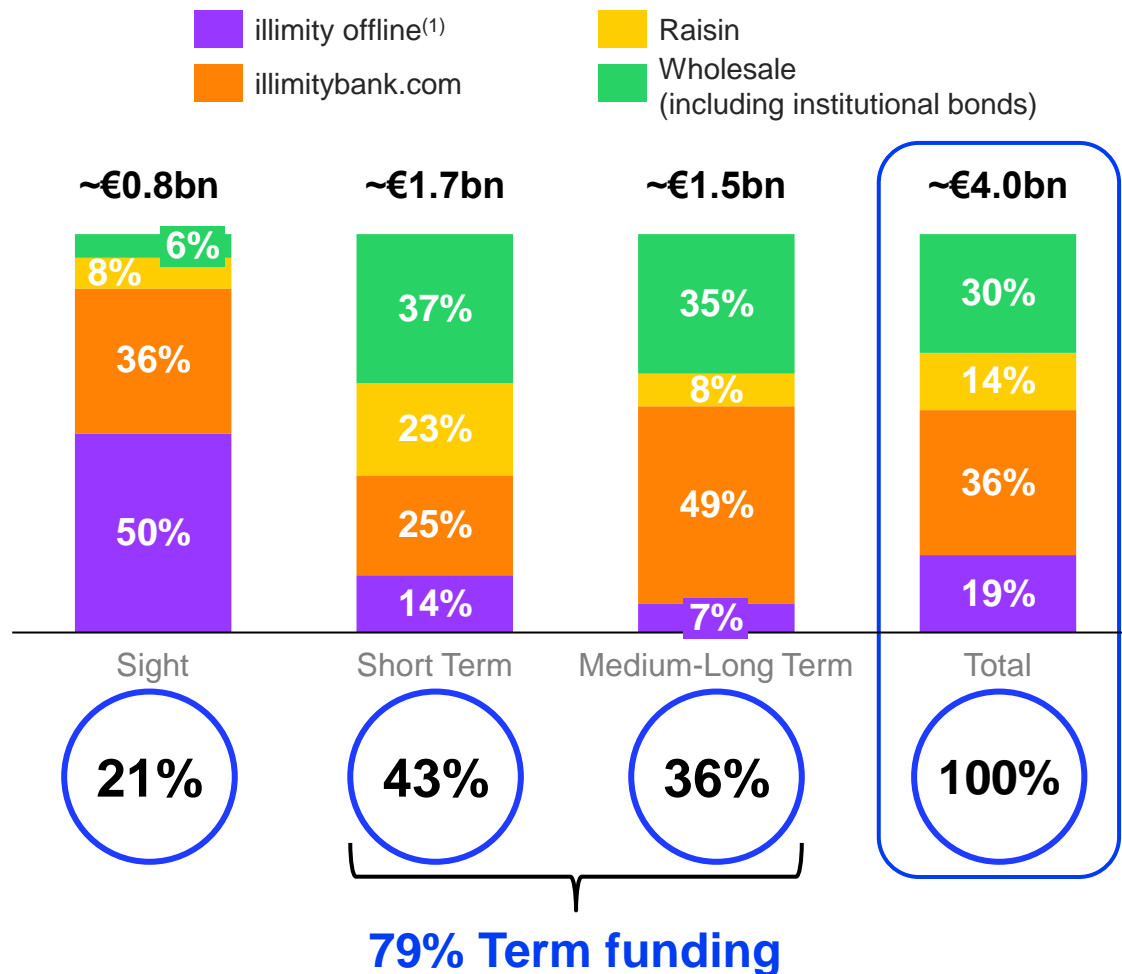
- Duration **5.8 years**

- Average yield approx. **1.6%**

illimity - Confirmed well diversified funding mix

Maturity mix

Data as of 31 March 2022



Medium-Long Term funding maturity around **2.5 years**



Blended average cost of funding broadly stable at **~1.6%**



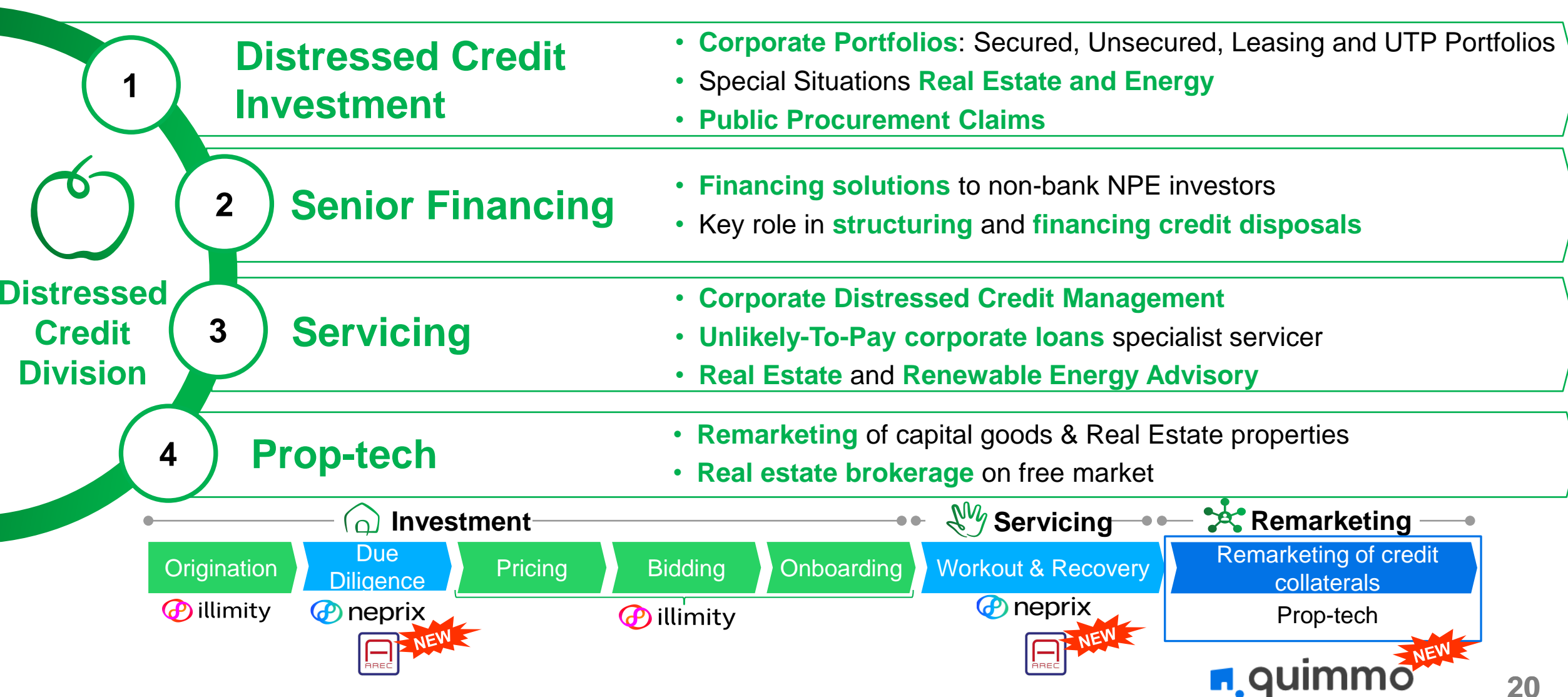
€300mIn senior preferred **bond** issued in Dec-2020 and **€200mIn** **Tier 2** issued in July 2021

Distressed Credit Division

Andrea Clamer



illimity - Leading player in Corporate Distressed Credit



illimity - Strong today and ready for new opportunities



Outstanding business origination also thanks to highly-specialised market segments – such as Energy and Real Estate desks – and recent entry in Public Procurement Claims



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

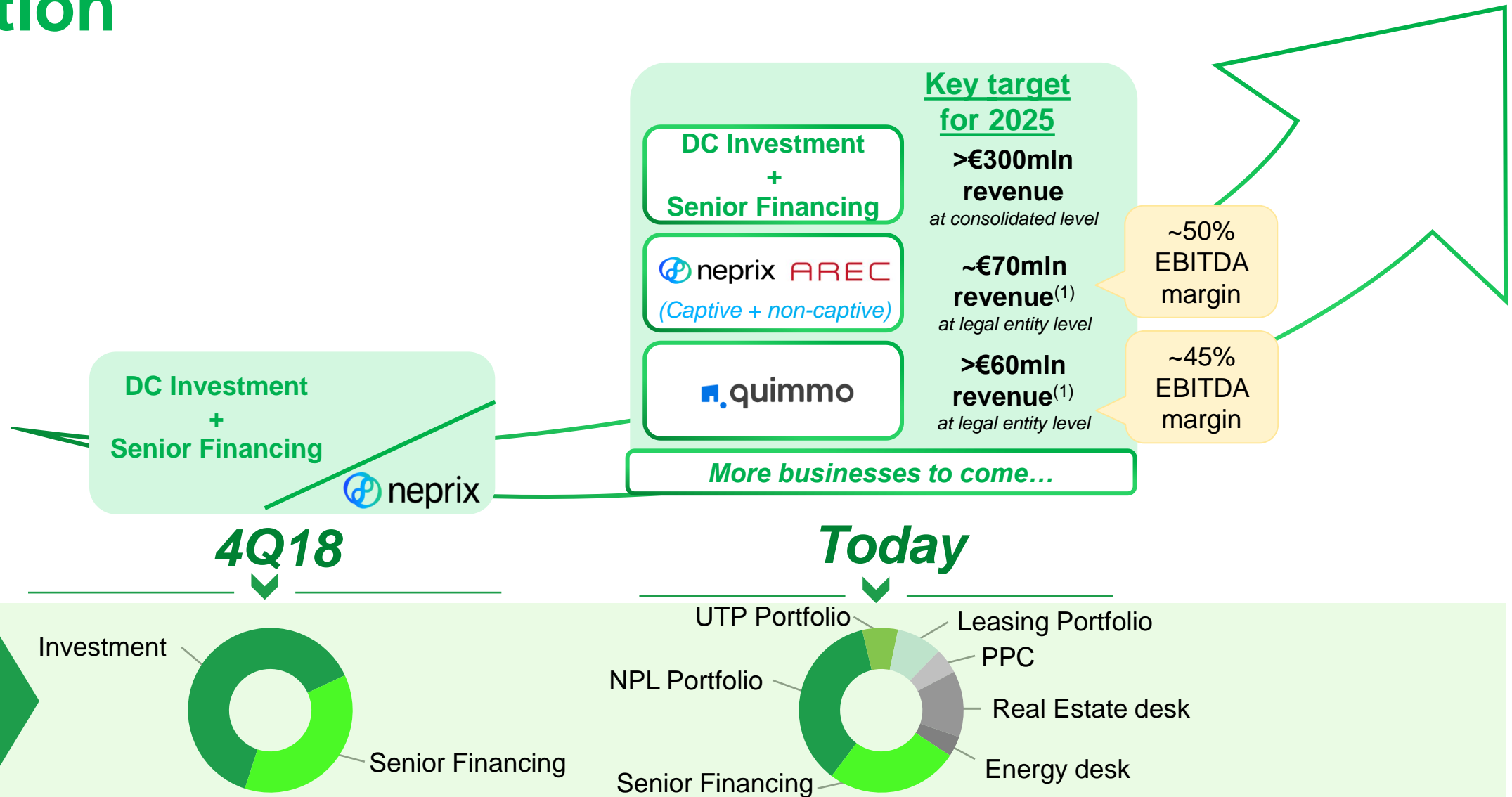


Acquisition and subsequent integration of **Arec** in neprix set to further strengthen our **market positioning in UTPs and real estate**



Launch of Quimmo, innovative prop-tech company that aims to become real disruptor in real estate market

illimity - Continual new initiatives to boost value creation

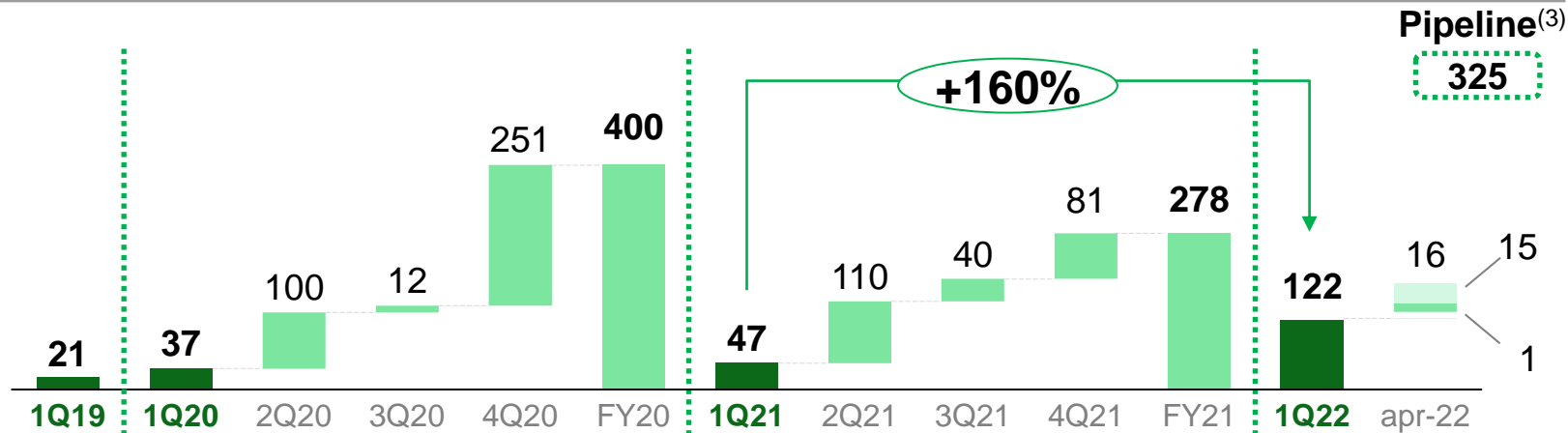


illimity - Very high volumes in first quarter

Originated business

Data in €mln

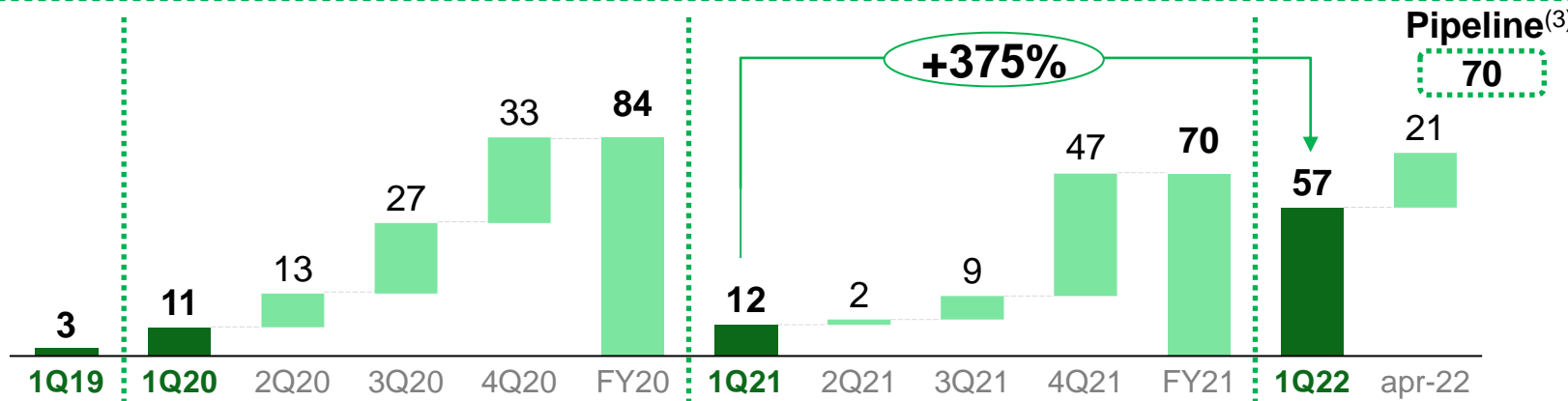

**Distressed
Credit
Investment**



1Q22 origination nearly half as much as the whole FY21

- Significant **Real Estate investments** fuelled by partnership with **Apollo**
- Entry in **Public Procurement Claims** ("PPC")


**Senior
Financing**



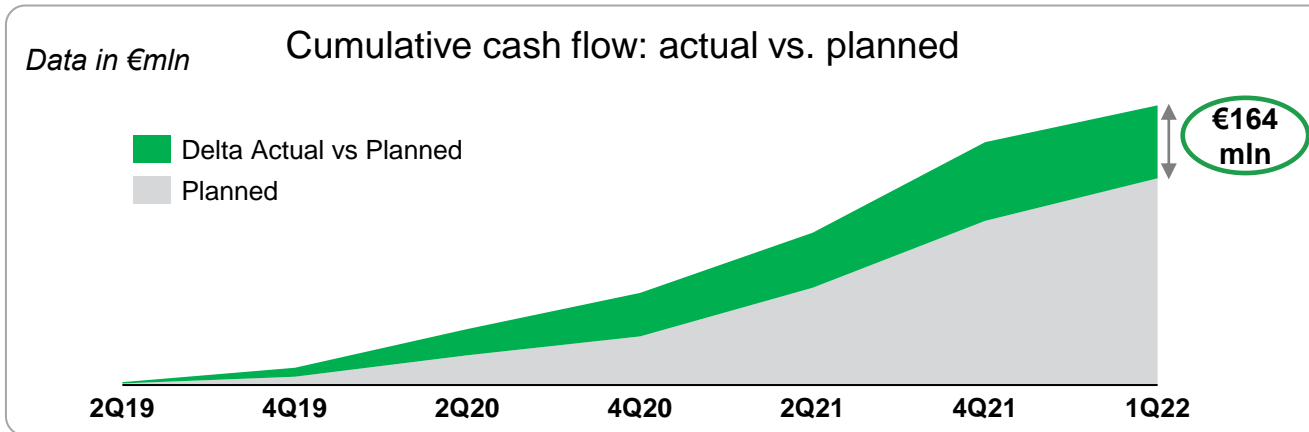
Strong business origination at higher yield backed by PPC and real estate financing opportunities

■ Booked⁽¹⁾ ■ Signed but not booked⁽²⁾

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'.

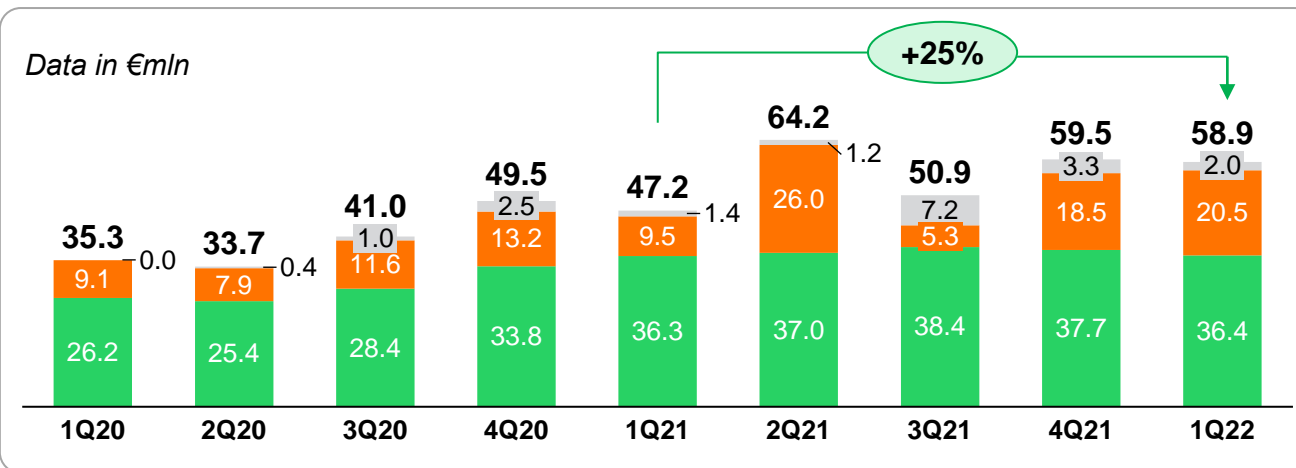
illimity - Solid economic performance

Cash flow view⁽¹⁾



- **Overperformance continues:**
+€164mln cumulated cash flow since inception

Economic view⁽²⁾



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

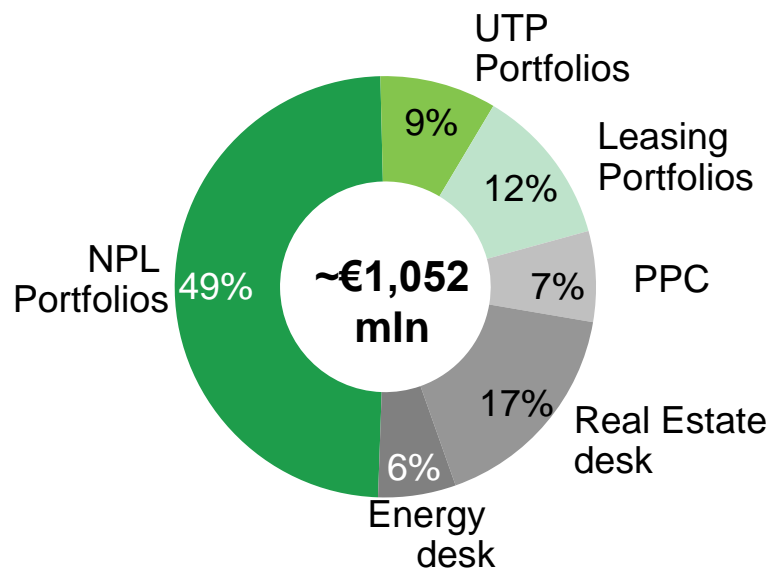
Legend: Gross interests & fees (Green), Profits from closed positions (Orange), Other income⁽³⁾ (Grey)

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 composition

Data as of 31 March 2022⁽¹⁾

NBV breakdown by asset class



~€230k

Average ticket size (GBV)

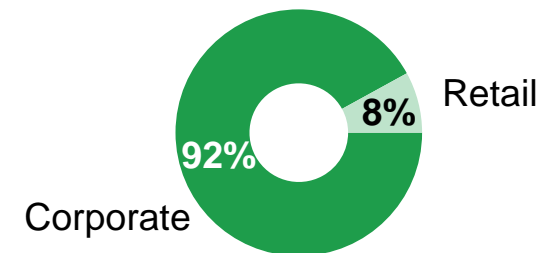
KPIs

~€1,052mln Carrying value⁽²⁾

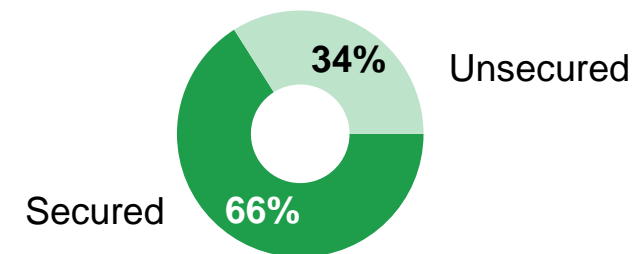
1.3x Cash on Cash multiple

~€1,316mln ERC^{(2) (3)}

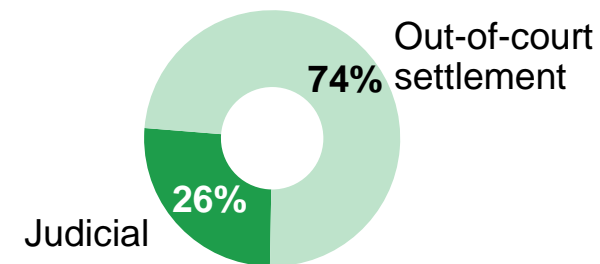
Type of borrower (GBV breakdown)



Secured/Unsecured (NBV breakdown)



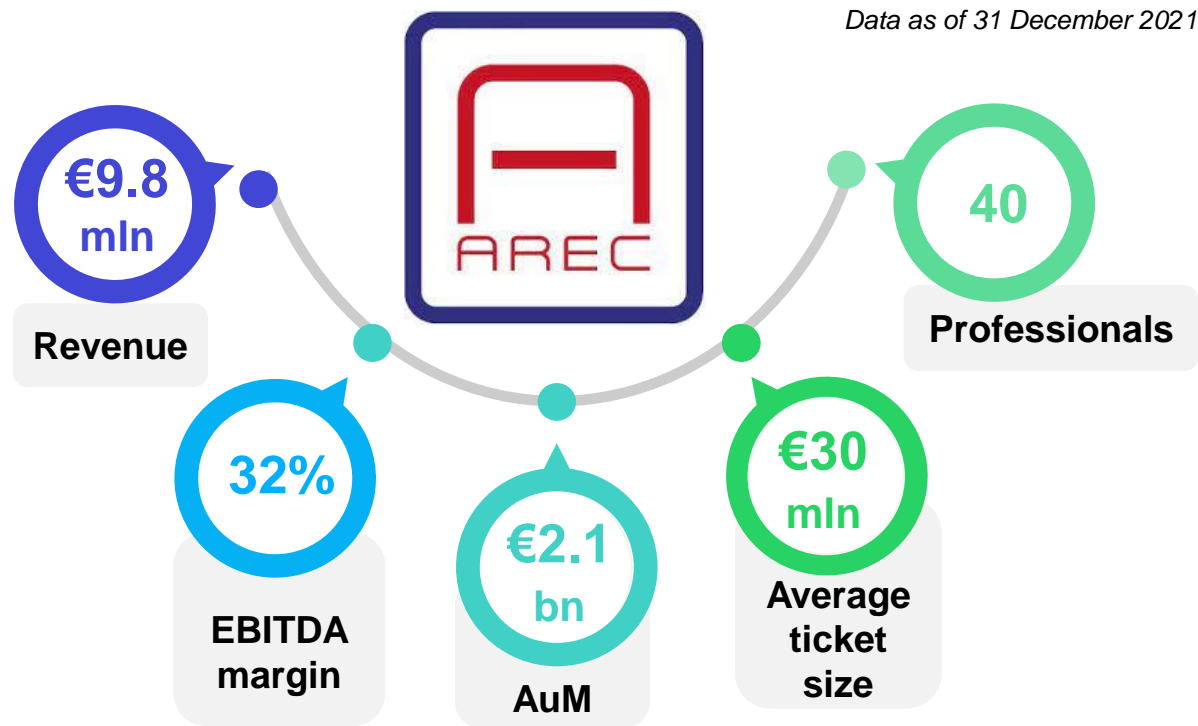
Actual workout strategy (Cash flow breakdown)



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.

neprix - Arec acquisition creates leader in large tickets real estate

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



Combination will consolidate our positioning on corporate UTP servicing

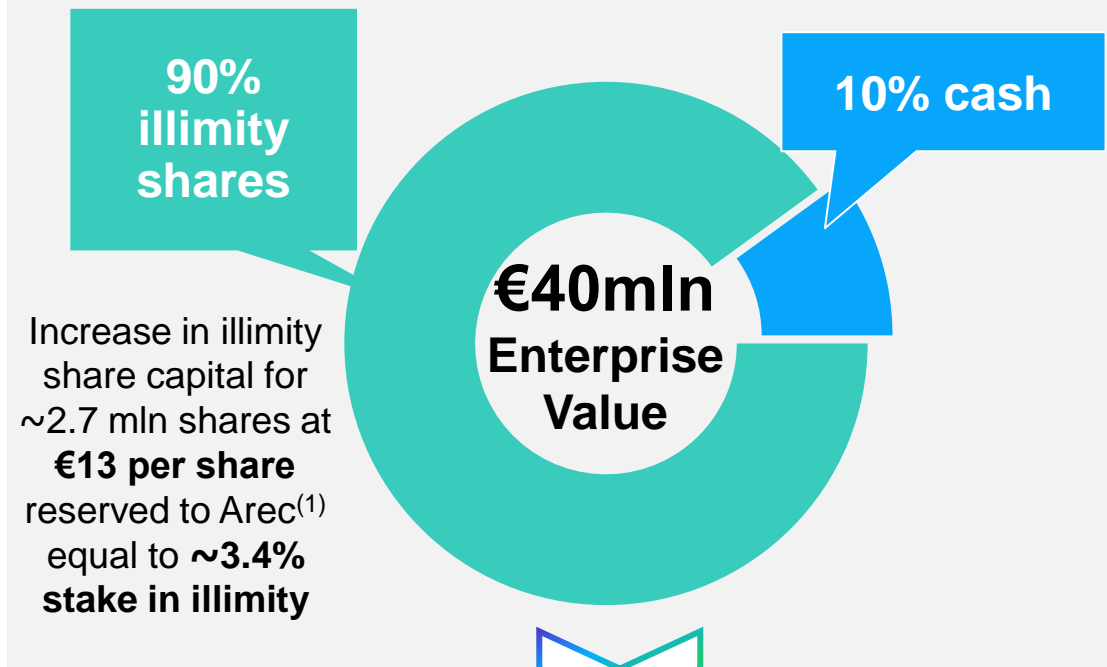


STRATEGIC RATIONALE

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

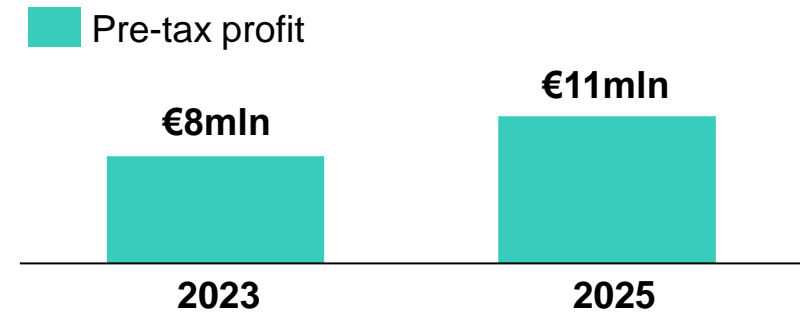
neprix - Arec acquisition boosts neprix results

TRANSACTION KEY TERMS⁽²⁾



Valuation reflects both ordinary operating business and variable fees related to specific portfolios under management

ADDITIONAL GROUP'S PRE-TAX PROFIT FROM DEAL



KEY DRIVERS

- ▶ **CONSOLIDATION OF AREC'S EXPECTED FUTURE PROFIT**
- ▶ **POTENTIAL SYNERGIES**
 - Additional **third-party mandates**
 - Incremental **fees** from deal structuring
 - Value **enhancement** of managed **RE assets**
 - Further **investment opportunities** in **UTPs**

Notes: (1) Issue price for new illimity shares of €13 taking into consideration the stock market price before the start of the geo-political tension arising from the crisis between Russia and Ukraine; (2) Transaction aimed at subsequent integration with neprix, subject to completion of the authorization process and to resolution of illimity shareholders' meeting, to which the proposal for the capital increase for the transaction shall be submitted.

neprix - Moving towards large tickets NPE

Neprix-Arec combined KPIs⁽¹⁾



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



>80 Specialised Asset Managers



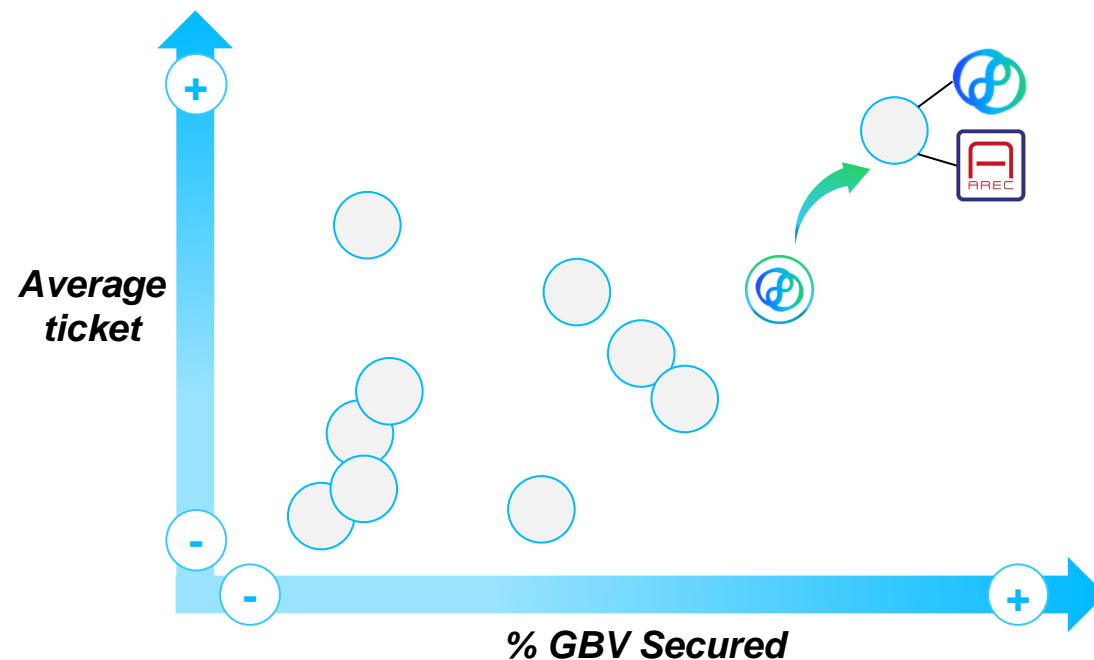
>30% of Corporate UTPs out of total AuM



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



Increasing focus on real estate large tickets corporate distressed credit



quimmo - Most innovative proptech in Italy is live

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



 One stop shop for real estate buyers and sellers

 Coverage of entire value chain

 Widespread coverage of commercial network

...with solid performances already achieved



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



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



Ongoing finalisation of partnership agreements with primary real estate developers

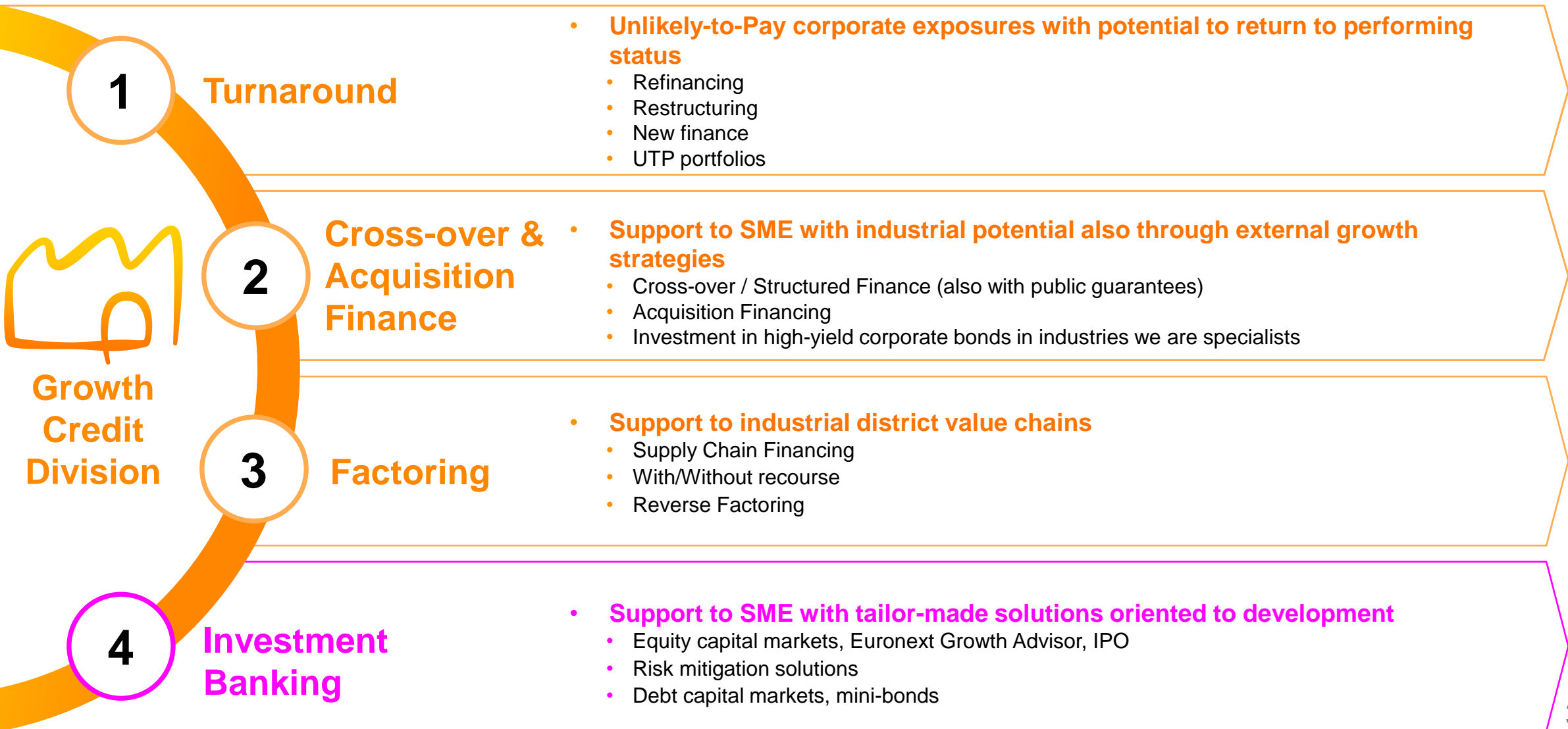
>€60MLN REVENUE TARGET⁽¹⁾ BY 2025

Growth Credit Division





Enrico Fagioli



illimity - Italian SME specialist



illimity - **Strong start to 1Q22**

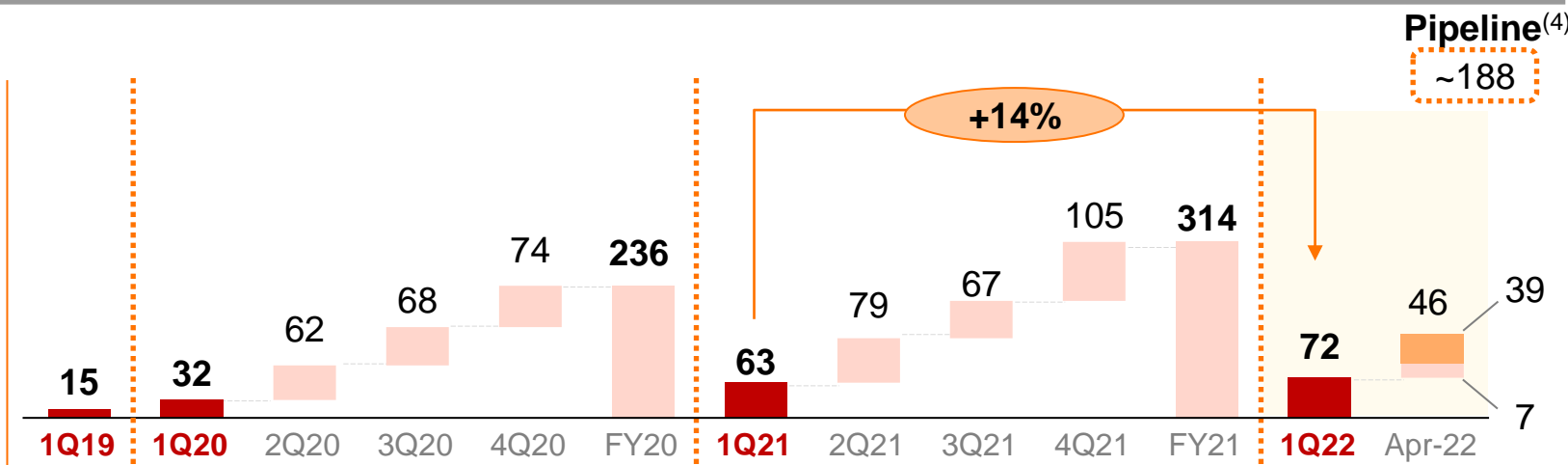
-  **Solid business origination in 1Q22 with large share in loans with public guarantees** benefiting return on capital
-  **Remarkable revenue progression** of +59% YoY
-  Operating leverage increasingly visible, with **cost income further down to 33% in 1Q22**
-  **Asset quality remains excellent** with Division's Gross Organic NPE ratio at **~0.9%** excluding BIP

illimity - Robust business origination continues

Originated business

Data in €mln


Cross-over & Acq. Finance⁽³⁾

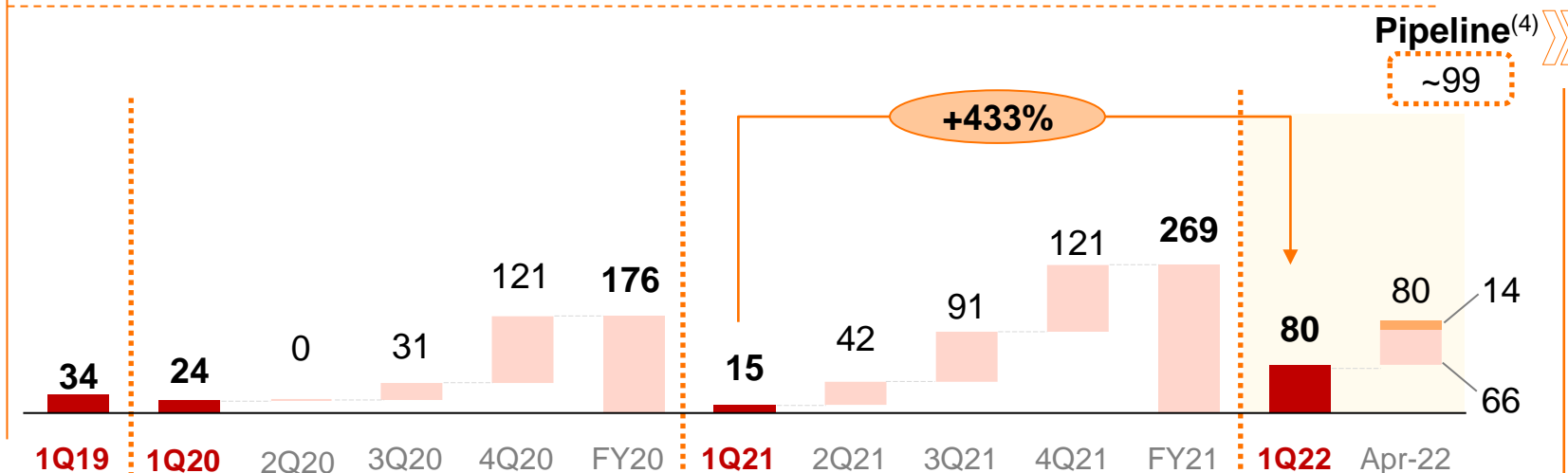


Solid business origination with remarkable pipeline ahead



Around 60% of new lending with public guarantees in 1Q22


Turnaround



Turnaround origination sustained by **new finance opportunities**

■ Booked⁽¹⁾ ■ Signed but not booked⁽²⁾

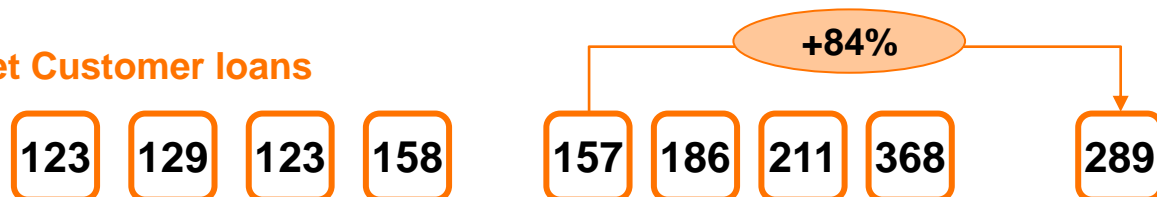
Notes: Rounded figures; (1) Income-producing loans including for 2021 high-yield corporate bonds classified as Financial assets Hold To Collect & Sell (HTCS), now within Investment Banking Division; (2) Deals signed but not yet booked, due to a time lag between the signing of the master agreement and 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 - Further momentum in Factoring

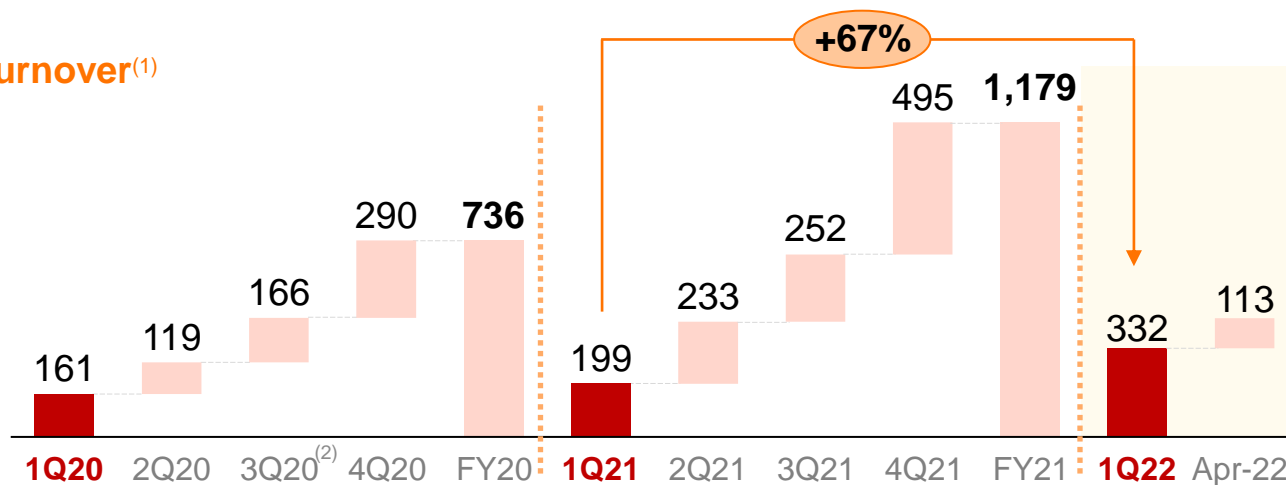
Originated business

Data in €mln

Net Customer loans



Turnover⁽¹⁾



1Q22 Factoring turnover up 67% YoY
bodes well for a strong 2022

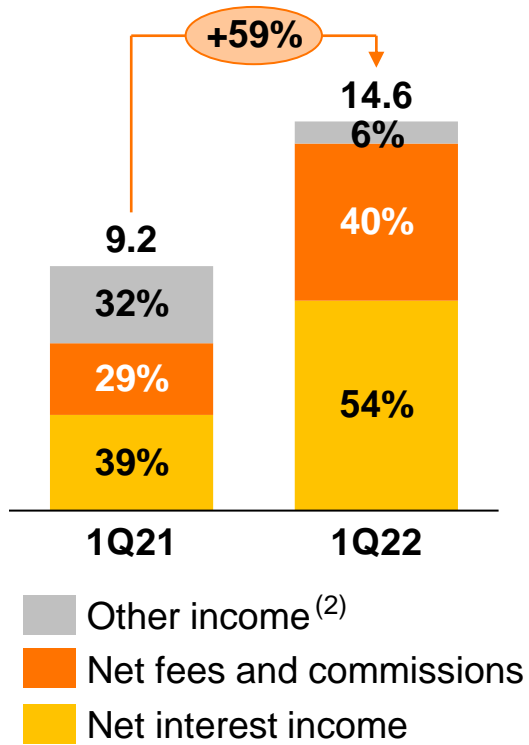


Number of clients⁽³⁾ at
1Q22 increasing further to over
190 and around 850 debtors

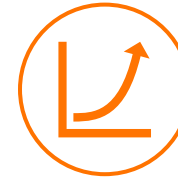
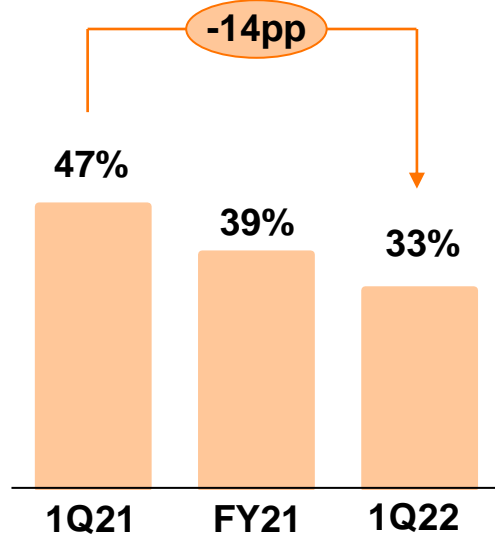
illimity - Operating leverage improving further

Revenue breakdown⁽¹⁾

Data in €mln



Cost income ratio⁽¹⁾



Revenue growth momentum continues fueled by strong business origination



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



Operating leverage continues to improve in 1Q22

illimity - Solid asset quality



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

illimity - Investment Banking: gaining pace to support SME growth

Capital Markets

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

Corporate Solutions

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

Structuring

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

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



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

Direct Banking Division

Carlo Panella





presents

b-ilty

the first digital business store for Small Corporates

b-ilty - Beta phase successfully launched: already 1,000 requests to join business store



Data as of 9 May 22

Beta phase announced at February 11 Press Conference:

1,200+

Attendees at the Press Conference

300+

Newspapers, websites, radio that have talked about b-ilty

~1,000

Registration requests to b-ilty digital business store received

b-ilty - Unique offering now on market



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



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



Full digital experience: 100% paperless and easy to use



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



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



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

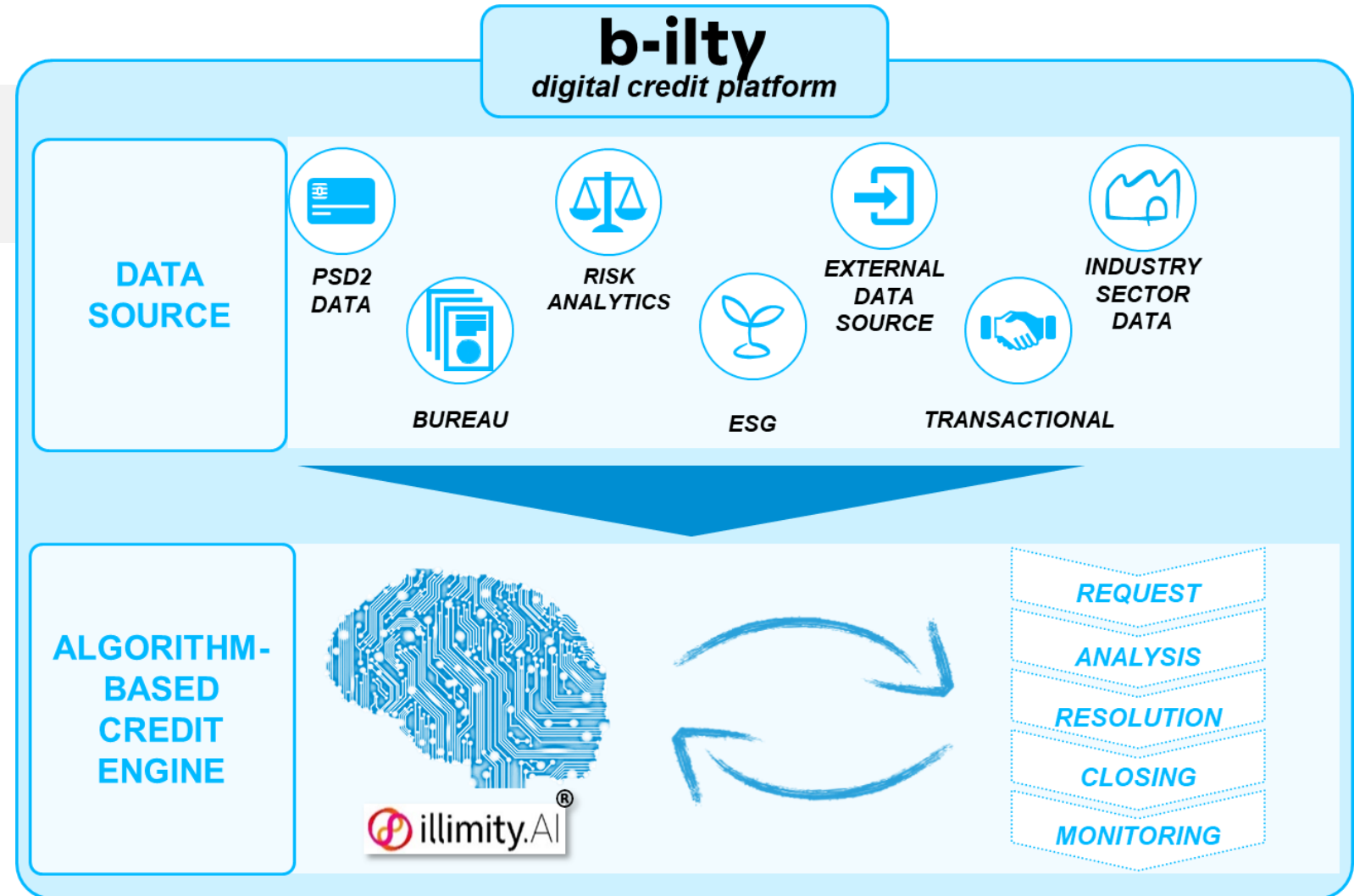
b-ilty - Credit platform fully operational and ready to scale



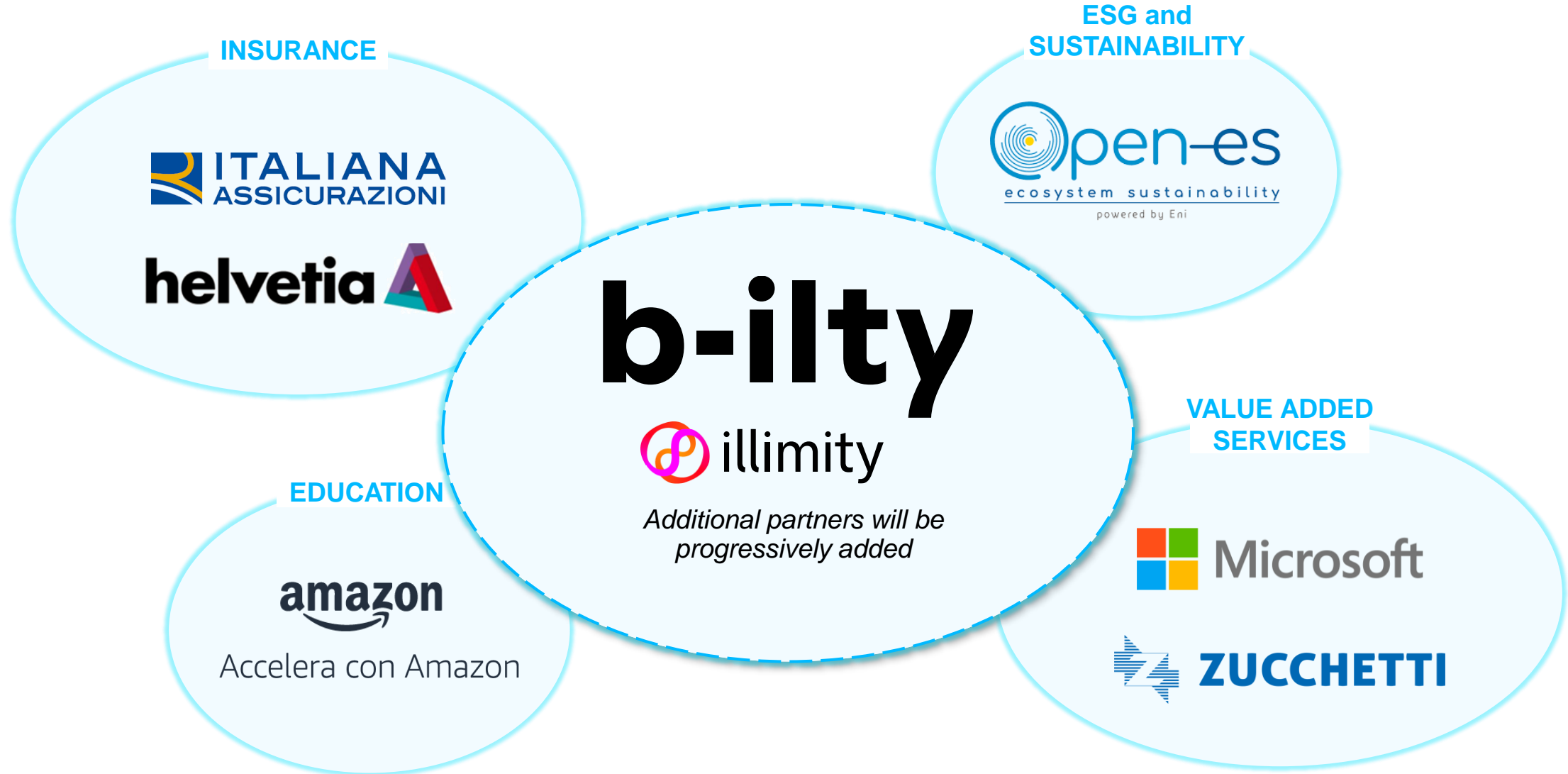
B-ilty digital credit platform is up and running, first deals have been concluded during the Beta Phase

- ✓ *Technical configuration and end-to-end digitalisation of processes have been completed*
- ✓ *Digital credit platform AI has been successfully tested*
- ✓ *Further improvements underway to train the AI algorithm to automatically address industry-specific needs*

Ongoing Beta phase finalisation,
READY TO SCALE



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



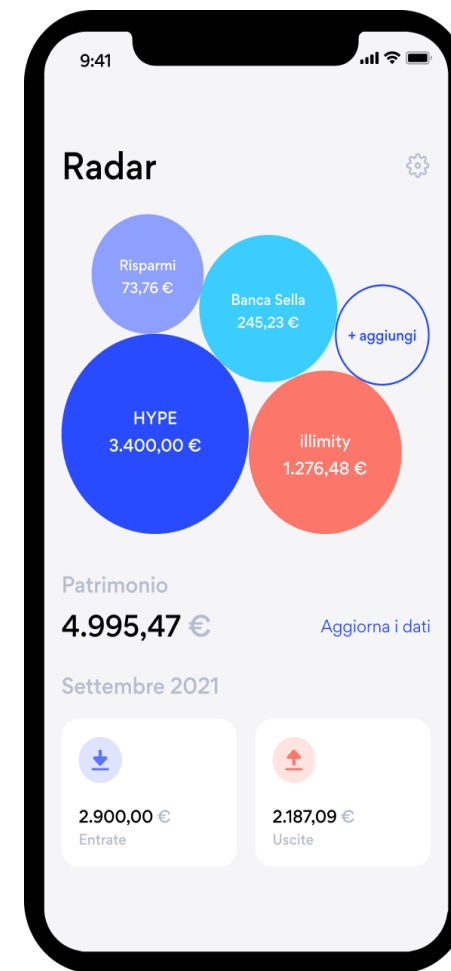
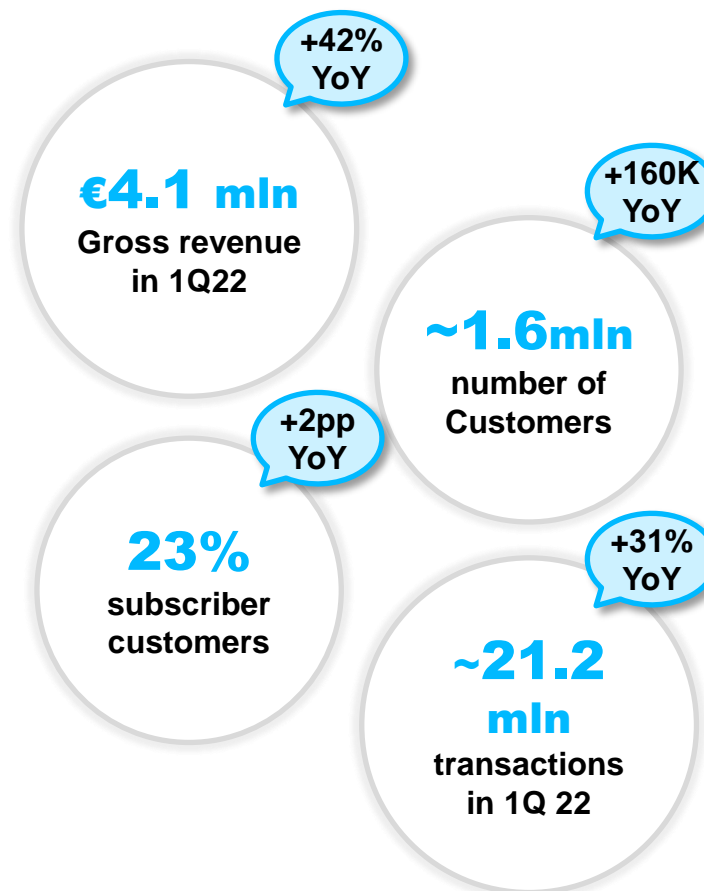
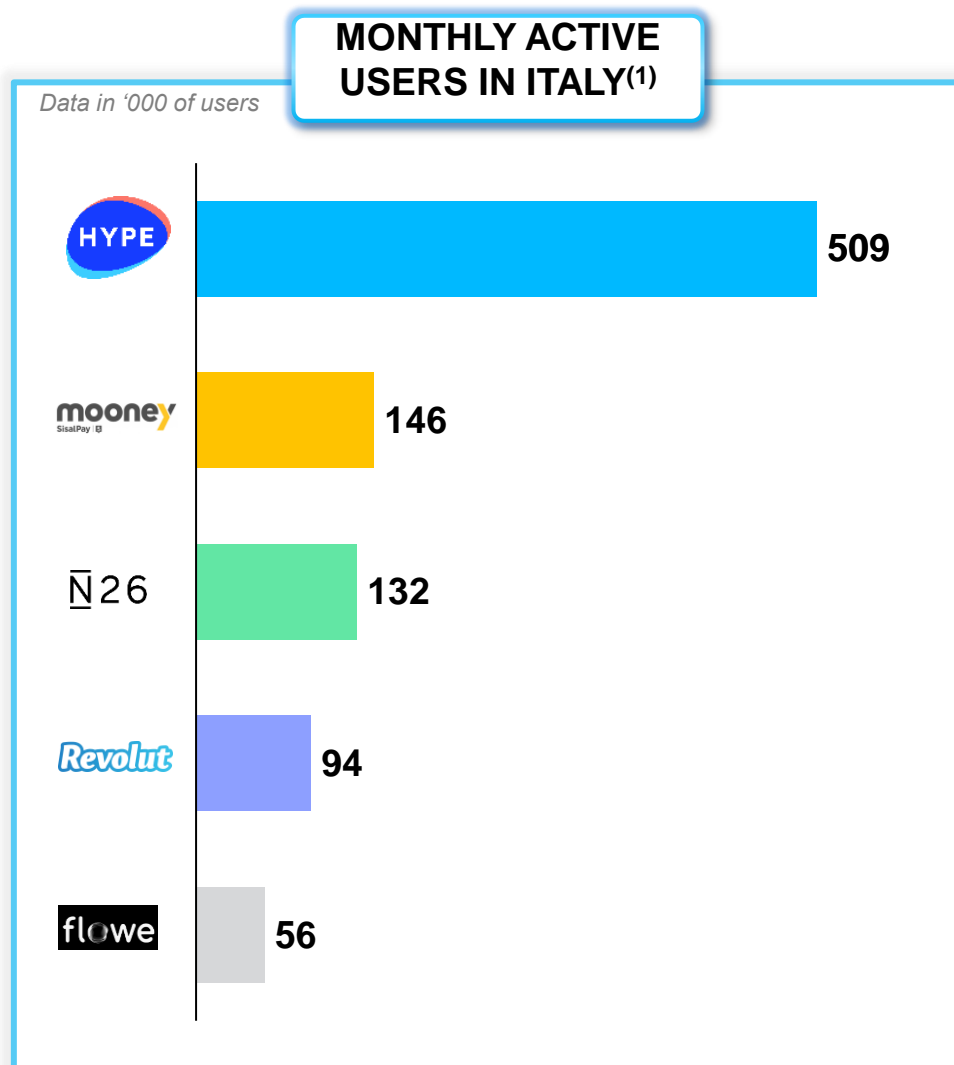


Fintech Market Leader



- Market leader in Fintech

Data as of 31 March 2022



Note: (1) Data provided by SimilarWeb and based on Android users – MAUs defined as users having used the app at least one time during the month of March 2022.



- Positive contribution margin in 1Q22

Data as of 31 March 2022

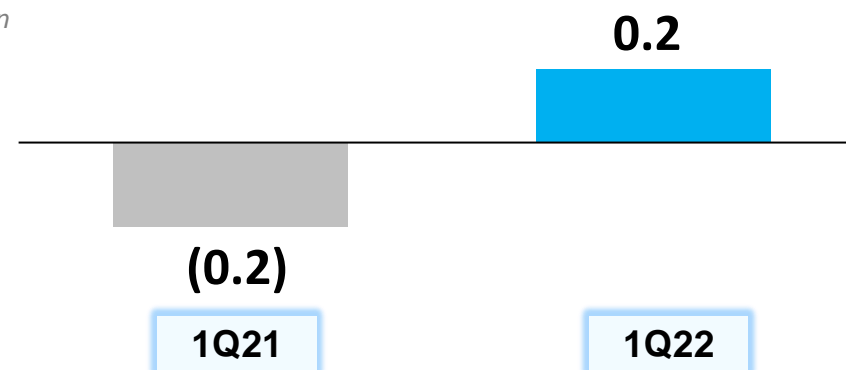
PATH TO PROFITABILITY



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

Contribution Margin⁽¹⁾ 1Q22 vs 1Q21

Data in €mln



Note: (1) Non accounting figures. Calculated as Gross Revenues net of Direct Costs (Transaction Costs, Account Management Costs, Customer Relationship Costs) and non-recurring Revenues.

Concluding remarks

Corrado Passera, CEO



illimity - Glossary

- **Advanced pipeline:** Specific business opportunities for which the Bank envisages there is a reasonable expectation to close the transactions in the forthcoming months
- **Servicing GBV:** it equals to the Asset Under Management of the servicing unit. 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
- **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 period-on-period), Distressed Credit Investments booked, Senior Financing loans granted in the period and the value of the deals signed but yet to be 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



Silvia Benzi
Head of Strategy, Sustainability & Investor Relations
Mobile: +39 349 7846537 - +44 7741 464948
Email: silvia.benzi@illimity.com

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