



illimity

BANCA OLTRE LA FORMA



illimity 3Q20 results

11 November 2020

Key highlights

Corrado Passera, CEO



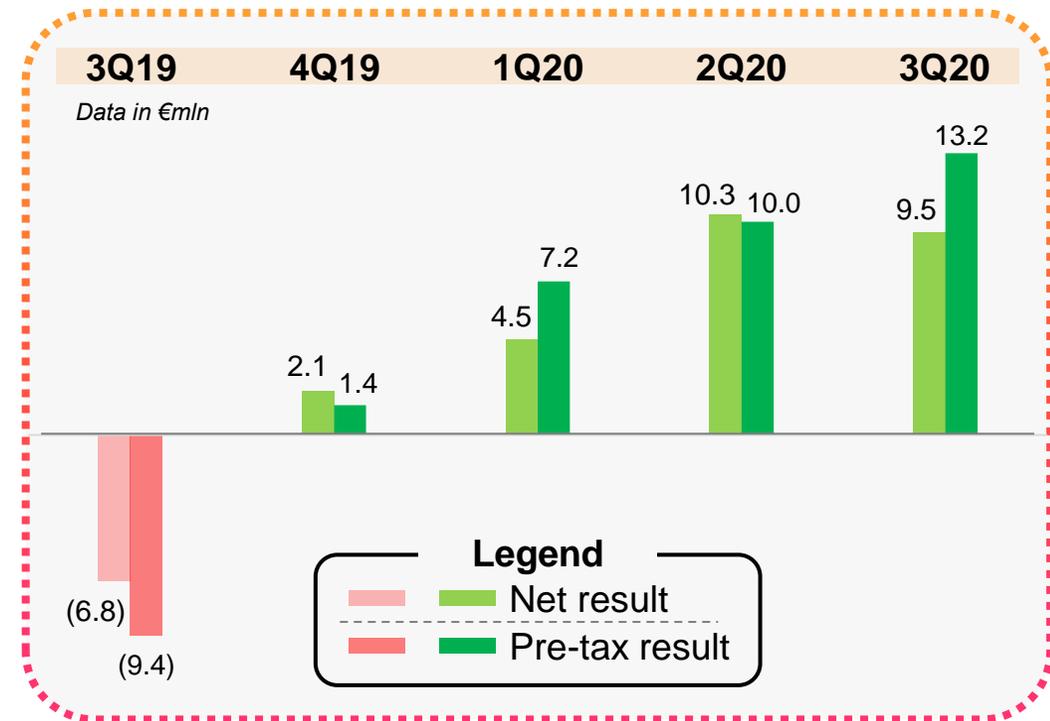
Profitability - On track to reach our €30m guidance for the FY20 equal to a 5% ROE

 Customer loans and investments +4% qoq

 Pre-tax profit increasing to €13.2m in 3Q20, net profit at €9.5m

 Quality of existing business confirmed

 CET1 ratio above 19% and >20% pro-forma; liquidity at €700m



illimity - Despite selectivity, business origination progresses further

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



**SME
Division**



**Distressed
Credit I&S
Division**



**Cross-over
& Acq. Finance**



Turnaround



Factoring



**Distressed Credit
Investments**



Senior Financing



Servicing⁽⁹⁾

AUM (GBV/Managed assets)

| | A | B | C | A+B+C | BP 2018-23 Target 2020 |
|--|---|--|-------------------------------------|---------------|---------------------------|
| | Originated Business ⁽¹⁾ inception to date (10 November 2020) | Terms agreed ⁽²⁾ to be signed | Advanced pipeline ⁽³⁾ | Total | |
| | ~2,441 | ~201 | ~474 | ~3,116 | ~3,000-3,500 |
| | 475 ⁽⁴⁾ | ~83 | ~48 | ~606 | ~300 |
| | 243 ⁽⁵⁾ | ~29 | ~87 | ~359 | 600-700 |
| | 128 ⁽⁶⁾ T/O 586⁽⁷⁾ | ~79 | ~107 ⁽⁸⁾ | ~314 | ~300 |
| | 1,154 ⁽⁵⁾ | ~10 | ~185 | ~1,349 | 1,700-2,000 |
| | 441 | - | ~47 | ~488 | 100-200 |
| | ~9,400 | ~60 | ~1,800 | ~11,300 | 5,100-6,300 |

Notes: Non accounting figures; (1) This aggregate includes the SME loans granted/purchased, distressed credit investments booked, senior financing loans granted in the period and the value of the deals signed but yet to be booked, owing to a settlement structure based on multiple tranches or to a time lag between the signing of the master agreement and the date of loan disbursement/onboarding. This aggregate additionally includes part of the net loans to existing customers of BIP, due to their features considered consistent with illimity's SME segment for about €60mln. It includes also the portfolio sold; (2) Deals in final stage of the formalization of the agreement/contractual terms; (3) Specific business opportunities for which the bank envisages there is a reasonable expectation to close the transactions in the forthcoming months; (4) Including BIP core SME for about €60mln and high yield bond for €27mln; (5) It includes financial instruments, accounted for in the balance sheet item "20. c) Other financial assets mandatorily at fair value" for accounting purposes; (6) Gross Book Value at 31 October 2020; (7) Turnover related to Factoring only for the year 2020; (8) Credit line to be granted; (9) The AUM of the servicing unit includes the gross book value of distressed credit and the value of property and capital goods managed by IT Auction, net of cash flows and portfolio disposals

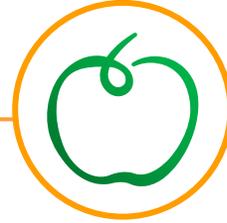
illimity - Emerging opportunities in all target markets



SME

Selective business origination with **focus on guarantees**

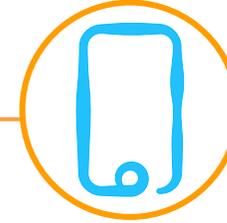
No loan book deterioration, moratorium unchanged



Distressed Credit I&S

Dynamic portfolio management consistently produces sizable profits

Continued **performance** in **gross cash flow**



Direct banking

illimitybank.com keeps delivering according to plan

JV with Fabrick in HYPE, the leading Italian fintech platform in digital financial services

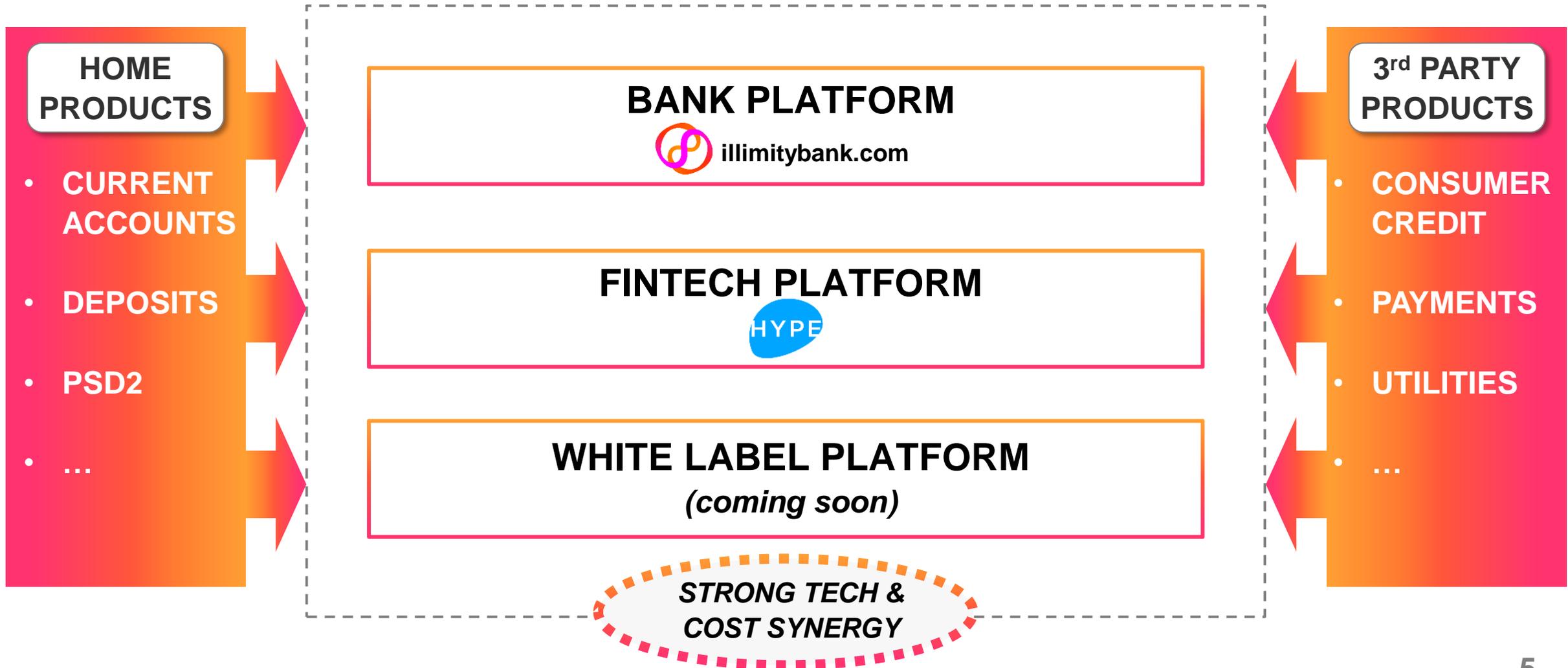
Resilient and dynamic core businesses

Investing to play new market opportunities

*Unique value proposition in **UTP portfolio opportunities** based on cross-competencies*

*Strong impulse to digitalisation paves the way to success of **Open banking platforms***

illimity - Our unique approach captures the retail banking evolution



illimity - How to make Open banking profitable

TRADITIONAL RETAIL BANKING

- Branches + Home banking
- Home product factories
- High costs



**DECREASING VOLUMES
NEGATIVE P&L**

OPEN BANKING for most players

- Mostly machine-based relationship
- Presence in many countries without any local leadership
- Mostly commodity products



**INCREASING VOLUMES
NEGATIVE P&L**

OPEN BANKING at illimity

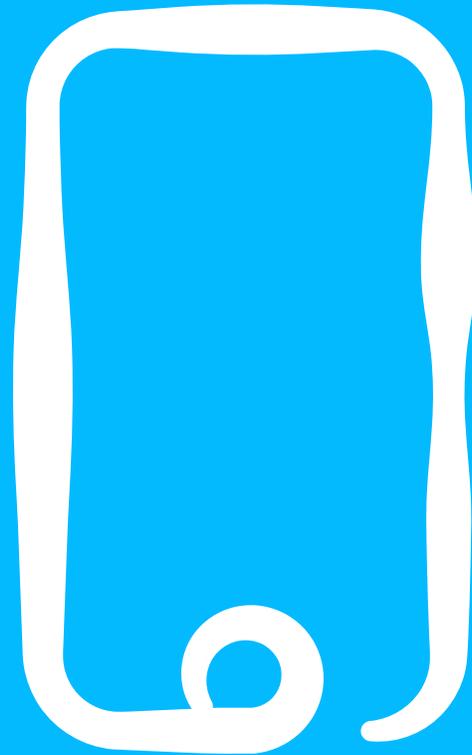
- **Digital + Human** approach
- Multiple choice of **open platforms with strong synergies**
- **Leadership position** in selected countries
- **Wide range** of valuable third-party products



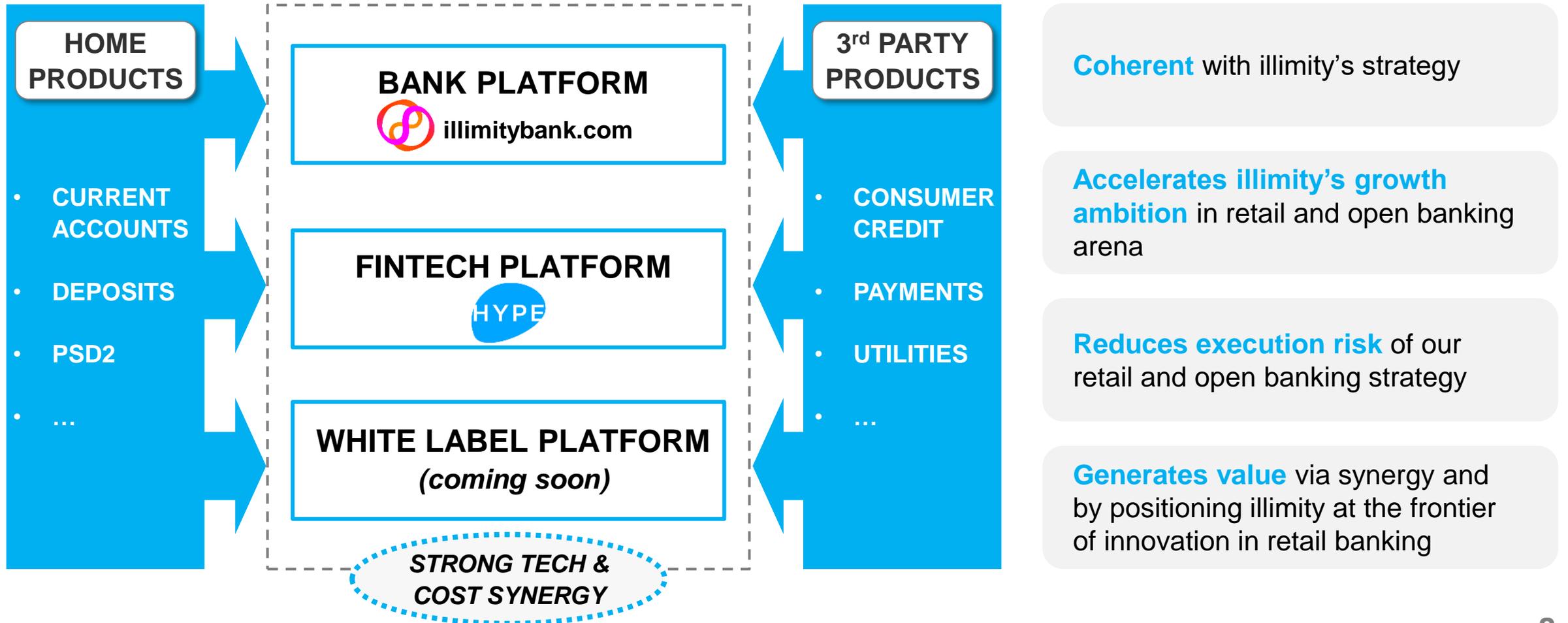
**INCREASING VOLUMES
PROFITABLE**

Direct Banking

Carlo Panella



illimity - The JV: a unique way to address the retail banking arena

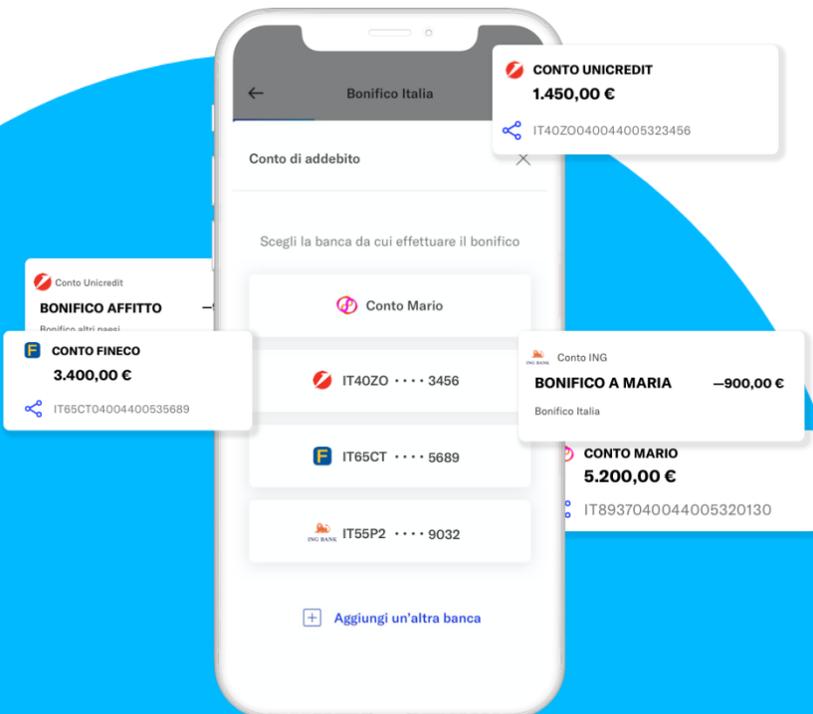


illimity - illimitybank.com continues to record impressive results in customer engagement

Data as of 31 October 2020

- Funding goals over-achieved thanks to **€1bn funding** with a decreasing cost of funding
(-30bps cost of funding on illimitybank.com Oct. vs Jan. 2020)

- Focus on **Digital Platform enhancement and improvement** to increase **stickiness** and **customer engagement**



~39k

Total Customers
at 31 October 2020

85%

Active Customers
o/w 28% already chosen illimity as primary bank

+85%

Conveyed payrolls
October vs January

+152%

SDD⁽¹⁾
October vs January

30%

Brand Awareness

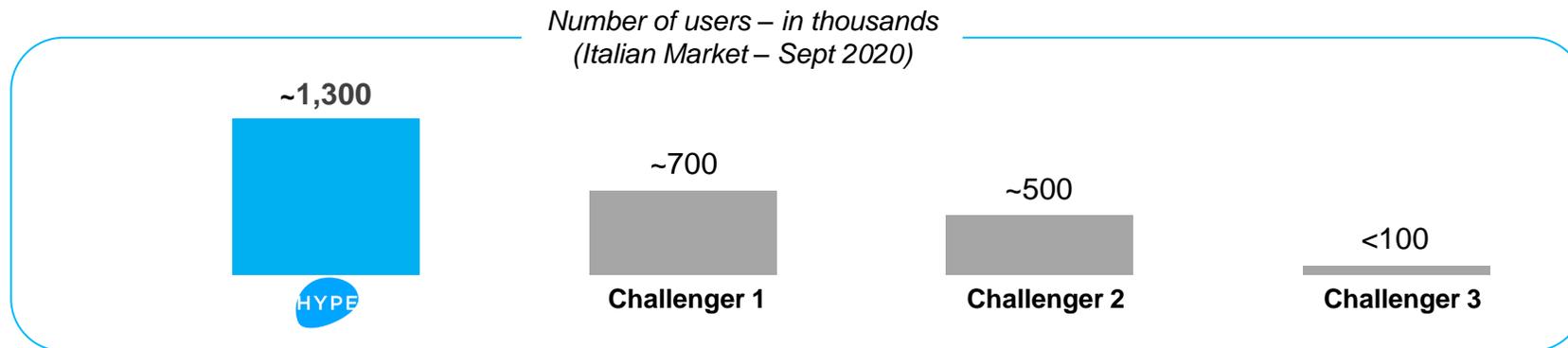
51

Net Promoter Score
September (vs 9 fmarket average)

Illimity - HYPE: by far the leading fintech challenger in Italy per number of users

- HYPE is the **first Fintech challenger** in Italy per number of users

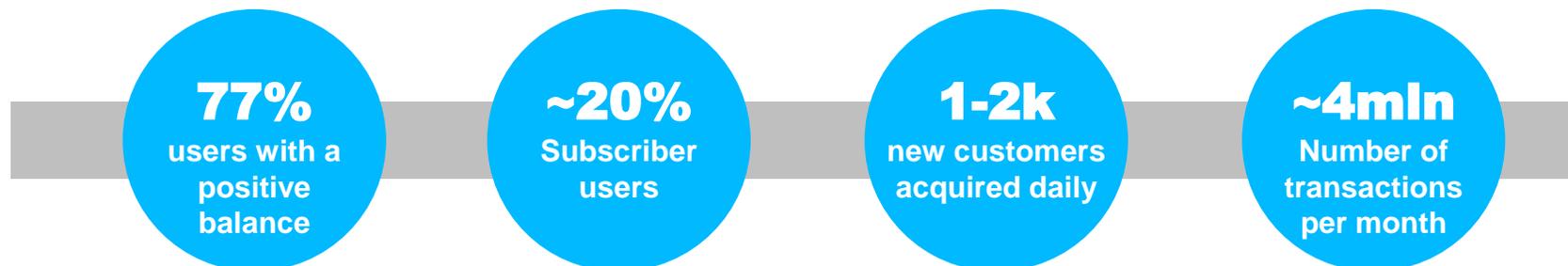
**# 1
Fintech
challenger**



**Distinctive
features**

- **Simple and straightforward user experience**
- **Wide product offering** (proprietary products and third-party offering)

Main KPIs



illimity - HYPE: becoming one of the challengers with the most complete proposition

| # of users Italian Market only | | HYPE 1.3mln | Challenger 1 ~0.7mln | Challenger 2 ~0.5mln | Challenger 3 <0.1mln |
|-----------------------------------|----------------------------|----------------|-------------------------|-------------------------|-------------------------|
| BANKING | Payment Account | ✓ | ✓ | ✓ | ✓ |
| | Debit Card | ✓ | ✓ | ✓ | ✓ |
| | SEPA Transfer | ✓ | ✓ | ✓ | ✓ |
| | International Transfer | ✗ | ✓ | ✓ | ✗ |
| PSD2 | Account Aggregation (AISP) | ✗ | ✓ | ✗ | ✗ |
| | Move Money (PISP) | ✗ | ✗ | ✗ | ✗ |
| PFM | Spending Categories | ✓ | ✓ | ✓ | ✓ |
| | Budgets | ✓ | ✓ | ✗ | ✗ |
| | Saving tool | ✗ | ✗ | ✗ | ✗ |
| | Expense forecast | ✗ | ✗ | ✗ | ✗ |
| | Saving goals / projects | ✓ | ✓ | ✓ | ✓ |
| | Peer Comparison | ✗ | ✗ | ✗ | ✓ |
| 3PP | Marketplace | ✓ | ✓ | ✓ | ✓ |

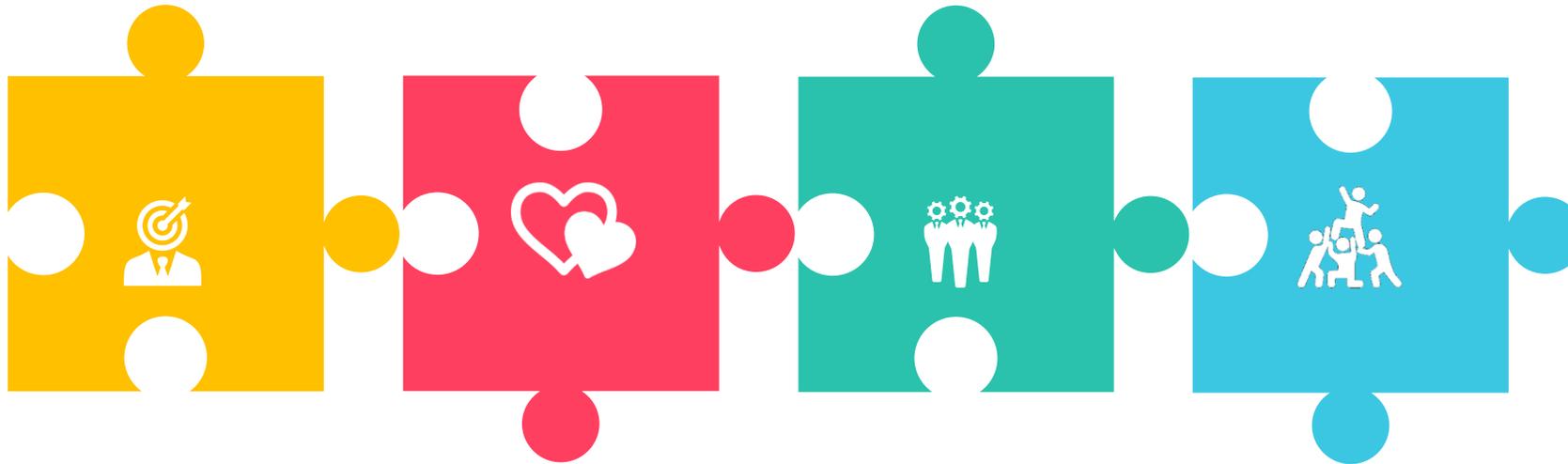
- HYPE already has a comprehensive offer, in line with main competitors...
- ...and thanks to **illimity synergy** in PSD2 and PFM services, HYPE offer will become **one of the most complete and appealing in the market**

 Contribution from illimity

illimity - Strong benefits from integration of technology and expertise

 **HYPE strong customer acquisition capacity**
1-2k customers acquired per day

 **Technology**
Strengthen market positioning and enriching HYPE product offering thanks to technology integration, coupled with important **cost benefits**



 **illimity engagement engine**
85% of active clients
28% of clients where illimity is the primary bank

 **Resources**
Creation of a highly qualified team, thanks to the **integration of illimity and HYPE expertise**

illimity - **HYPE** key targets fuelled by Joint Venture



**3 million customers
by 2025**



**Net profit
€3.5m by 2023
€17m by 2025**

HYPE transaction

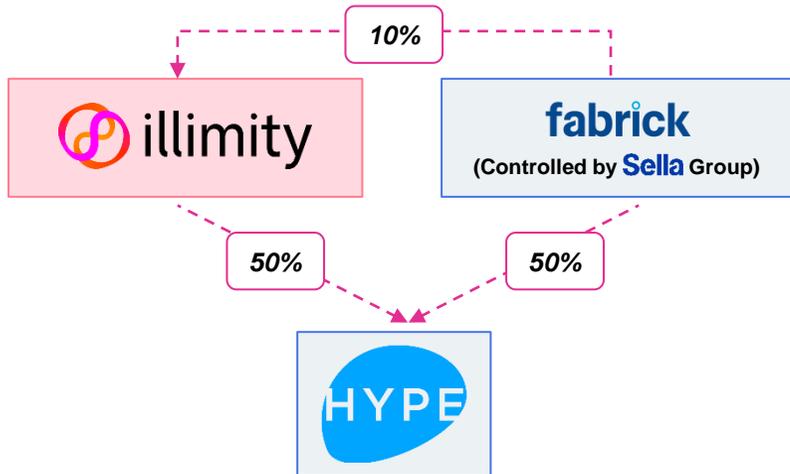
3Q20 Financial review

Francesco Mele, CFO & Head of Central Functions



illimity - HYPE partnership transaction structure

DEAL STRUCTURE



illimity will acquire 50% of HYPE's share capital through the following corporate transactions:

€30mIn

HYPE cash capital increase reserved to illimity

€45mIn

Newly issued illimity shares for 7.5% of its share capital reserved to Fabrick at an issue price of €8.337 per share

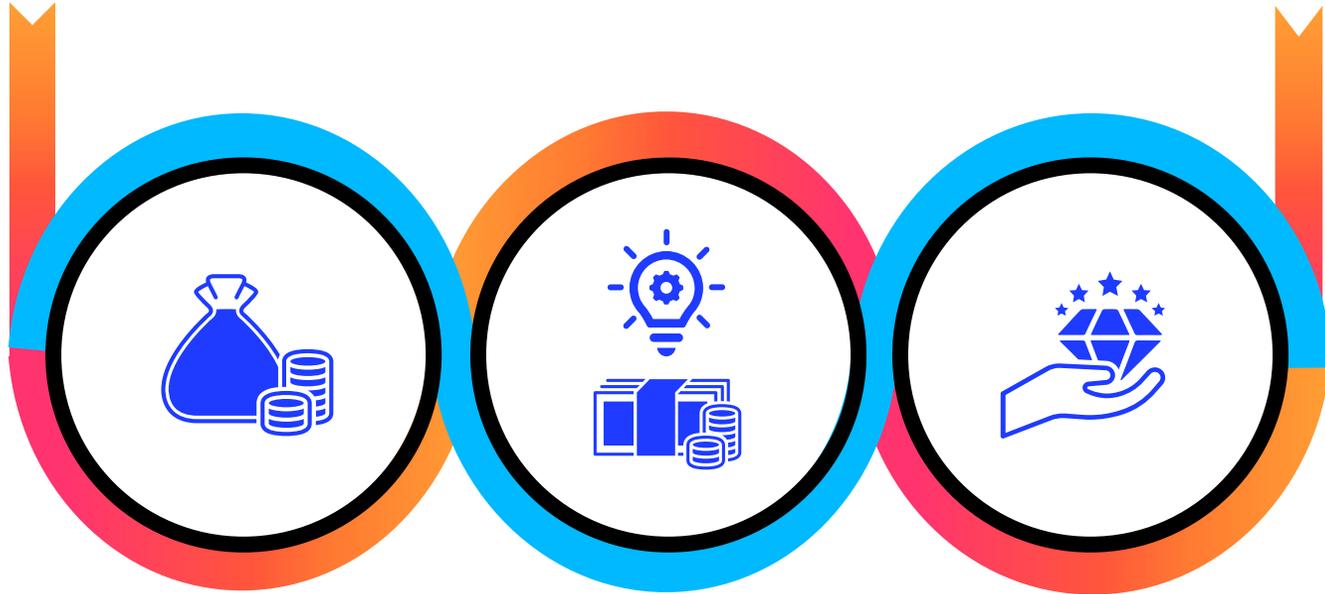


Selected illimity technology asset contributed to HYPE

At the closing date, the Sella Group will underwrite an additional share capital increase regulated in cash equal to 2.5% of illimity's share capital, thus bringing its total shareholding in illimity to 10%. illimity issue price for the entire 10% stake set at €8.337 per share

Earnout for an additional stake in illimity linked to HYPE results in 2023 and 2024 bringing Sella total stake up to a maximum of 12.5%

illimity - **HYPE will create substantial value for illimity**



Cost synergies

- Immediate lower costs in illimity Direct Banking Division
- Funding diversification with lower cost of funding

Revenue synergies

- Placement of illimity's products

Pro-rata HYPE profit

- €3.5mIn in 2023
- €17mIn in 2025



Positive contribution

to illimity's net results already in the first year and due to grow to:

€10mIn in 2023

€20mIn in 2025



EPS including synergy substantially neutral



~20bps positive impact on CET1 ratio at closing and increasing in following years

illimity - **3Q20: another resilient quarter**

-  **Steady revenue progression** with further growth in net interest income and resumed commissions
-  **SME Division: resilient performance with robust new business origination in lending with public guarantees**
-  **Low level of provisions** in 3Q20 reflecting **strong asset quality** and new origination backed by public guarantees
-  **DCIS Division: strong performance** in gross cash flow and steady profits from closed positions
-  **CET1 ratio increased to over 19% despite loan book growth**

illimity - Solid balance sheet

Data in €mln

| Reclassified Balance sheet | 30.09 2019 | 31.12 2019 | 30.03 2020 | 30.06 2020 | 30.09 2020 | Δ30.09.20/ 30.06.20% | Δ30.09.20/ 30.09.19% |
|---|---------------|---------------|---------------|---------------|---------------|-------------------------|-------------------------|
| 1 Cash and cash equivalent | 110 | 772 | 219 | 311 | 543 | 74% | 391% |
| Due from banks and other financial institutions | 271 | 345 | 657 | 643 | 645 | 0% | 138% |
| 2 Customer loans | 1,255 | 1,638 | 1,662 | 1,766 | 1,831 | 4% | 46% |
| - DCIS ¹ investments | 488 | 667 | 674 | 724 | 733 | 1% | 50% |
| - DCIS ¹ senior financing | 334 | 341 | 334 | 337 | 331 | (2%) | (1%) |
| - SME ² | 320 | 527 | 556 | 613 | 685 | 12% | 114% |
| - Cross-over & Acq. Finance ² | 219 | 261 | 278 | 315 | 366 | 16% | 67% |
| - High yield bond | - | - | - | 13 | 23 | 80% | n.s. |
| - Turnaround | 61 | 131 | 154 | 156 | 173 | 11% | 184% |
| - Factoring | 40 | 135 | 123 | 129 | 123 | (5%) | 207% |
| - Non-core former Banca Interprovinciale | 113 | 103 | 99 | 92 | 83 | (10%) | (27%) |
| Financial assets Held To Collect (HTC) | 103 | - | - | - | - | n.s | n.s |
| 3 Financial assets Held To Collect & Sell (HTCS) ³ | 92 | 126 | 335 | 286 | 137 | (52%) | 49% |
| Financial assets measured at FVTPL ⁴ | 10 | 9 | 8 | 12 | 17 | 41% | 76% |
| Goodwill | 22 | 22 | 36 | 36 | 36 | 0% | 67% |
| Intangible assets | 15 | 19 | 22 | 26 | 29 | 13% | 92% |
| Other assets (Incl. Tangible and tax assets) | 78 | 95 | 114 | 158 | 154 | (2%) | 97% |
| Total assets | 1,956 | 3,025 | 3,052 | 3,238 | 3,392 | 5% | 73% |
| Due to banks | 397 | 377 | 468 | 583 | 541 | (7%) | 36% |
| 4 Due to customers | 906 | 1,979 | 1,911 | 1,915 | 2,125 | 11% | 135% |
| Shareholders' Equity | 543 | 544 | 537 | 563 | 575 | 2% | 6% |
| Other liabilities | 110 | 125 | 135 | 176 | 151 | (14%) | 38% |
| Total liabilities | 1,956 | 3,025 | 3,052 | 3,238 | 3,392 | 5% | 73% |
| 5 Common Equity Tier 1 Capital | 466 | 462 | 439 | 466 | 478 | 3% | 3% |
| 6 Risk Weighted Assets | 1,613 | 2,162 | 2,347 | 2,548 | 2,497 | (2%) | 55% |

1 **Robust liquidity profile: €700mln** between cash, net adjusted interbank position and liquidity buffers owing to strong deposits gathering and Treasury portfolio divestment

2 **Net customer loans up 4% qoq** mostly on growth in SME lending with a strong contribution from loans with public guarantees

3 **Securities portfolio reduced to €137mln** – negative mark-to-market (M-t-M) to equity down to €1.7mln after tax

4 **Retail & corporate funding up 7% to €1.9bn** on further growth in deposits at illimitybank.com

5 **CET1 capital up to €478mln** mainly underpinned by profit generated in the quarter and the lower M-t-M of the securities portfolio

6 **RWA slightly down** notwithstanding growth in business thanks to early benefits of RWA optimization initiatives

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

illimity - Solid revenue progression drives resilient economic performance

Data in €mln

| Reclassified Profit & Loss | 4Q19 | 1Q20 | 2Q20 | 3Q20 | Δ 3Q20/ 2Q20 % | 9M20 |
|--|---------------|---------------|---------------|---------------|-------------------|---------------|
| Interest income | 27.5 | 32.1 | 33.2 | 37.7 | 13% | 102.9 |
| Interest expenses ¹ | (9.0) | (10.2) | (8.9) | (10.0) | 12% | (29.2) |
| 1 Net interest income | 18.5 | 21.8 | 24.3 | 27.6 | 14% | 73.8 |
| 2 Net fees and commissions | 1.5 | 2.5 | 2.1 | 2.9 | 38% | 7.6 |
| Net result from trading | 8.9 | 3.7 | (0.0) | 2.1 | n.s. | 5.7 |
| Net other income/expenses | 1.6 | 0.0 | 0.2 | 0.5 | n.s. | 0.7 |
| 3 Gains from closed purchased distressed credit positions² | 9.1 | 9.1 | 7.9 | 11.6 | 46% | 28.6 |
| Operating income | 39.7 | 37.2 | 34.5 | 44.7 | 29% | 116.4 |
| Staff costs | (9.1) | (11.3) | (13.2) | (11.5) | (13%) | (36.0) |
| Other operating expenses | (19.0) | (16.3) | (12.9) | (17.0) | 32% | (46.2) |
| Depreciation & Amortisation | (1.1) | (1.8) | (2.0) | (2.3) | 13% | (6.2) |
| 4 Operating costs | (29.2) | (29.4) | (28.2) | (30.8) | 9% | (88.4) |
| Operating profit | 10.4 | 7.8 | 6.4 | 13.9 | 118% | 28.0 |
| 5 Loan loss provision charges | (1.0) | (2.7) | (1.2) | (0.3) | n.s. | (4.3) |
| Value adjustments on purchased distressed credit | (8.2) | 2.8 | 4.6 | (0.4) | n.s. | 6.9 |
| Value adjustments on HTC securities and loans to banks | 0.0 | (0.3) | 0.2 | (0.1) | n.s. | (0.1) |
| Other net provisions | 0.1 | (0.5) | 0.2 | 0.4 | n.s. | - |
| Provisions for risks and charges | 0.1 | 0.1 | (0.1) | (0.2) | 138% | (0.2) |
| 6 Profit (loss) before tax | 1.4 | 7.2 | 10.0 | 13.2 | 31% | 30.4 |
| Income tax | 0.6 | (2.7) | 0.3 | (3.7) | n.s. | (6.0) |
| Net result | 2.1 | 4.5 | 10.3 | 9.5 | (8%) | 24.3 |

- 1 Growth in net interest income** benefiting from the onboarding of the business originated at the end of the previous quarter and by new business growth. It includes **€0.4mln credit revaluation event** in Turnaround
- 2 Pick up in net fees** supported mainly by resumed IT Auction's activity and factoring business
- 3 Steady stream of gains** from closed distressed credit positions either sold to third parties or agreed with debtors (DPO⁽³⁾)
- 4 Operating costs** increasing vs 2Q20 mainly on higher collections and onboarding costs and despite normalisation of staff costs
- 5 Low level of provisions in 3Q20** on stable asset quality and new origination backed by public guarantees
- 6 Pre-tax profit increasing 31% qoq**

Notes: Rounded figures; IT Auction consolidated for the first time in 1Q20; (1) Interest expenses restated to exclude costs related to Debt for leasing, now reclassified as administrative costs; (2) Gains from definitive closure of non-performing exposures either through disposal to third parties or through discounted payoff agreed with the debtor; (3) Discounted pay off recovery strategy (the so-called "saldo e stralcio").

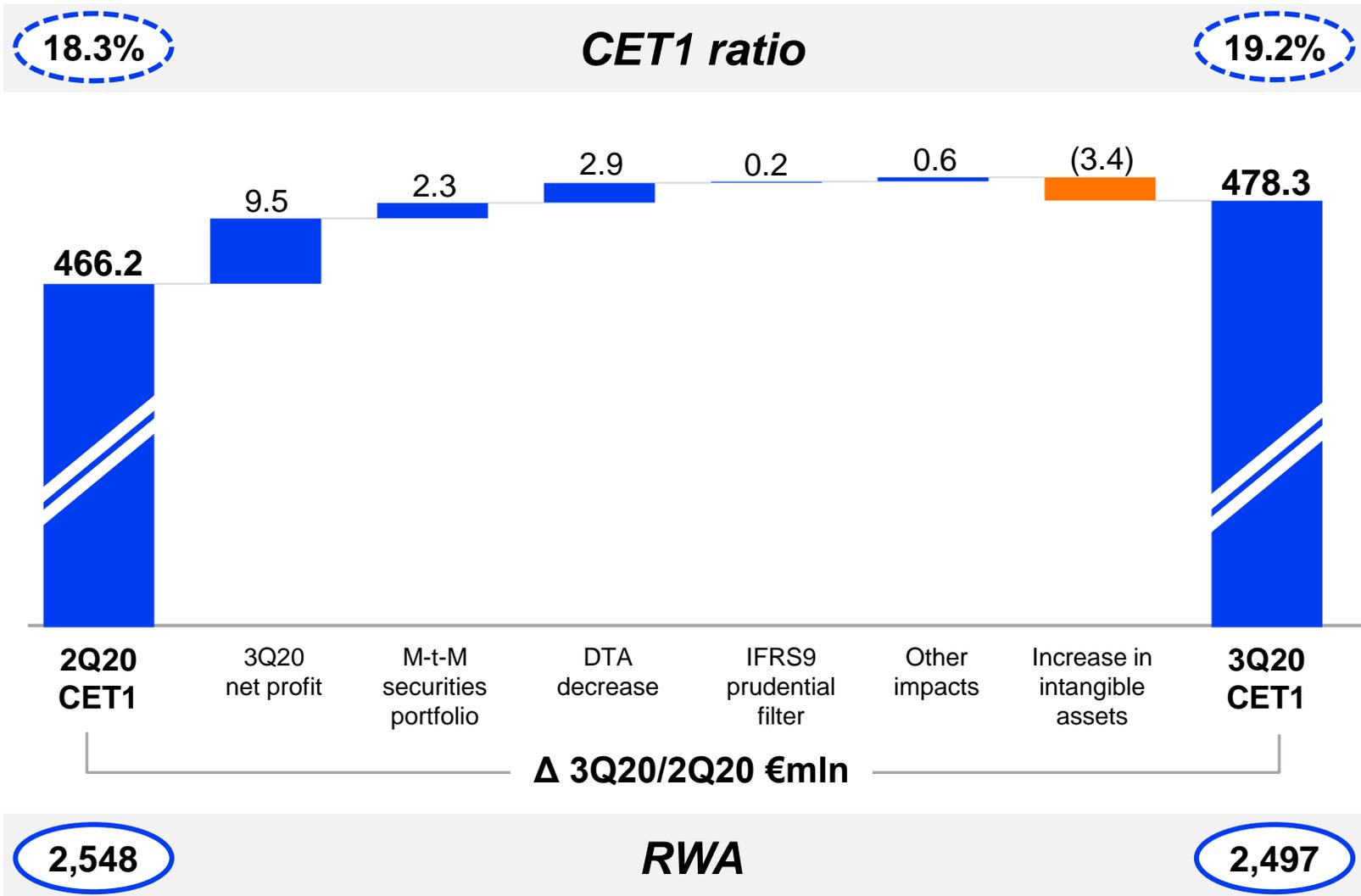
illimity - KPIs confirming strong asset quality and robust capital and liquidity

| | 4Q19 | 1Q20 | 2Q20 | 3Q20 | 9M20 |
|--|---------|---------|---------|-------|-------|
| Cost-Income | 73% | 79% | 82% | 69% | 76% |
| Organic Cost of Risk (bps) annualised ⁽¹⁾ | 46bps | 124bps | 52bps | 13bps | 58bps |
| Gross Organic NPE ratio ⁽²⁾ | 4.2% | 4.2% | 4.2% | 3.8% | 3.8% |
| LCR | >1,000% | >1,000% | >1,000% | ~700% | ~700% |
| CET1 ratio | 21.4% | 18.7% | 18.3% | 19.2% | 19.2% |

- **Improving operating leverage** with Cost-Income ratio down to 69% in 3Q20
- Stable asset quality and new origination mostly in loans with public guarantees driving **Cost of Risk annualised to 13bps in 3Q20** – 58bps for the 9M20
- **Organic NPE ratio further down to 3.8%**
- Ample liquidity buffer
- **NSFR** comfortably above minimum requirements
- **CET1 ratio increasing to 19.2%**

Notes: (1) Ratio of loan loss provisions to net loans to customers end of period (€975.2mln as of 3Q20) from Factoring, Cross-over, Acquisition Finance, High-yield bond, BIP legacy book and Senior Financing - thus excluding UTP loans purchased or originated as part of the Turnaround business and the investments in Distressed Credit portfolios; (2) Ratio of gross NPE to total gross loans to customers from Factoring, Cross-over, Acquisition Finance, High-yield bond, BIP legacy book and Senior Financing to non-bank Distressed Credit investors - thus excluding UTP loans purchased or originated as part of the Turnaround and the investments in Distressed Credit portfolios. Any failure to reconcile the stated figures arise exclusively from rounding.

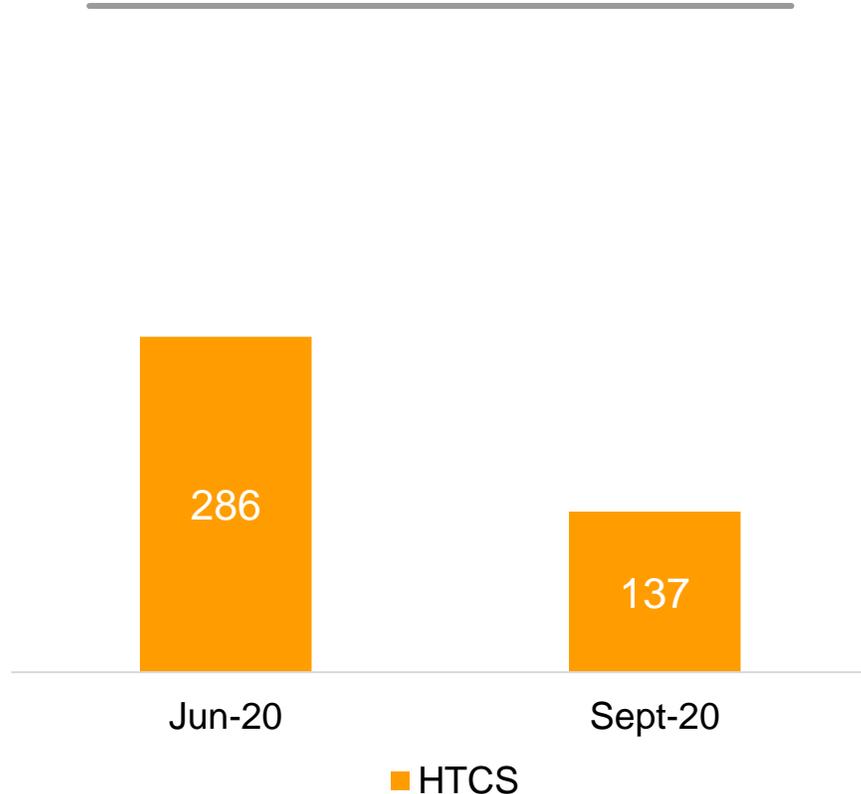
illimity - CET1 Ratio above 19%



- **CET1 Capital increasing by 3% qoq** mostly on positive net profit contribution and reduction in negative M-t-M of securities
- **Decline in RWA** in spite of volume growth in the quarter **driven by capital optimisation initiatives** – more to come in forthcoming quarters
- Including special shares⁽¹⁾ and estimated benefit from the EU banking package, CET1 ratio would reach around **20.4% on a pro-forma basis**

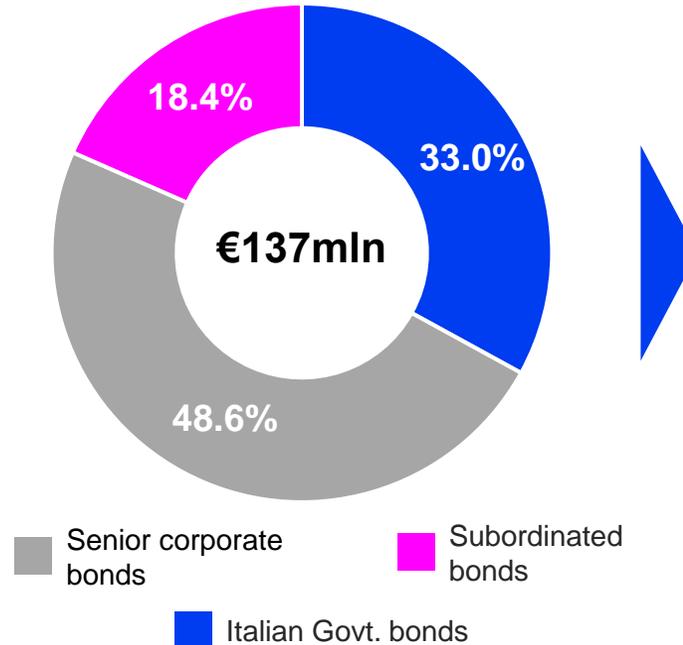
illimity - Dynamic securities portfolio

Securities portfolio



Portfolio composition

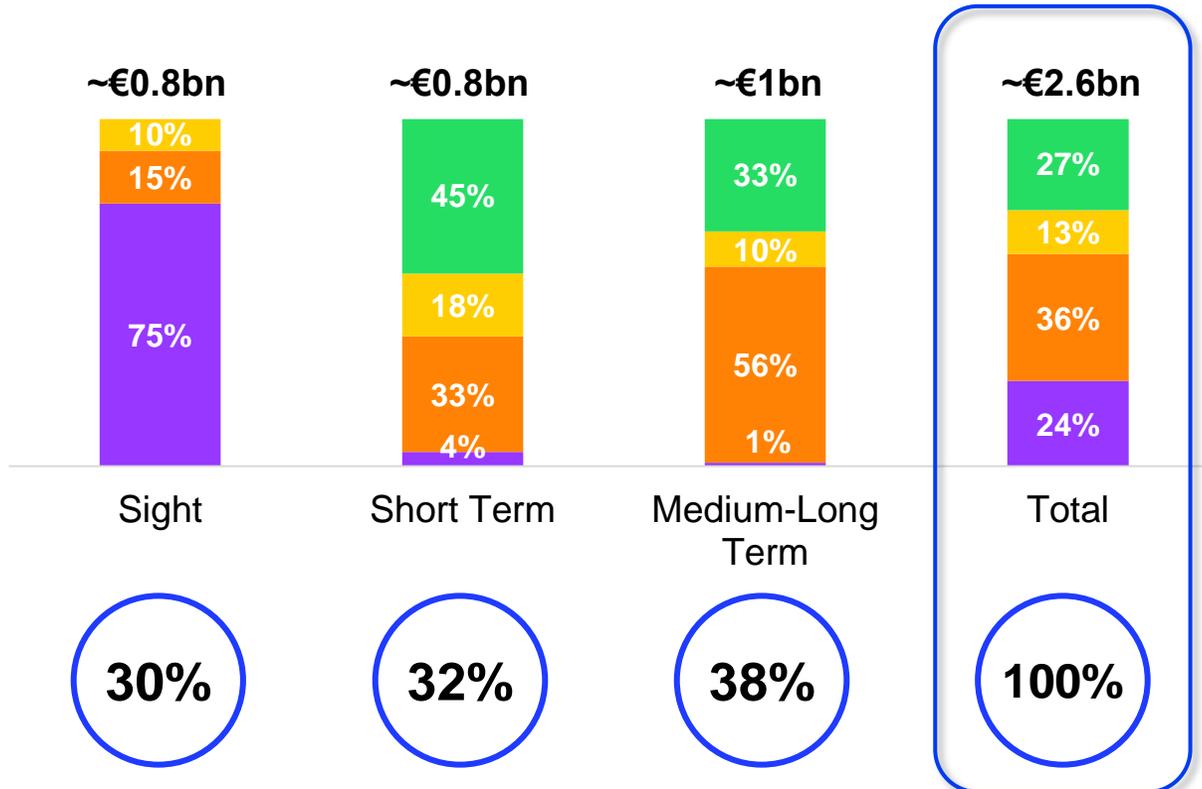
30 September 2020



- **Dynamic treasury portfolio management** to reduce exposure to market volatility, mostly through tactical divestment of Italian Government bonds
- Negative **M-t-M⁽¹⁾** at approx. **€1.7m** after tax on 30 September
- Duration **2.3 years**
- Average yield approx. **1.2%**

illimity - **Balanced and inexpensive funding**

Maturity mix



Medium-Long Term funding maturity **3.2 years**



~1.4% blended average cost of funding



€185m In TLTRO-III

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

SME Division

Enrico Fagioli



illimity - Specialist partner of Italian SME



Cross-over and Acquisition Finance

SME with industrial potential and support to external growth strategies



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



Turnaround finance

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



- Refinancing
- Restructuring
- New finance
- UTP portfolios



Factoring

Support to industrial districts value chain



- Short-term financing through factoring

illimity - Public guarantees supporting robust new business origination



Strong acceleration in business origination across all sectors with a robust pipeline



Good share of new business in loans with public guarantees, a profitable segment in great demand



Pick-up in new business origination in Turnaround and additional credit revaluation booked for the second quarter in a row

illimity - Strong and very selective business origination

Selective approach

- **446 deals analysed** since inception worth **~€4.5bn** in nominal value
- **292 deals declined** worth **~€3.2bn**
- **19 deals with terms agreed** and **to be signed shortly** worth **~€112m**
- **13 deals** currently under evaluation in **advanced status** worth **~€135m**
- **Other opportunities** identified for additional **~€398m**

66 deals signed since inception

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

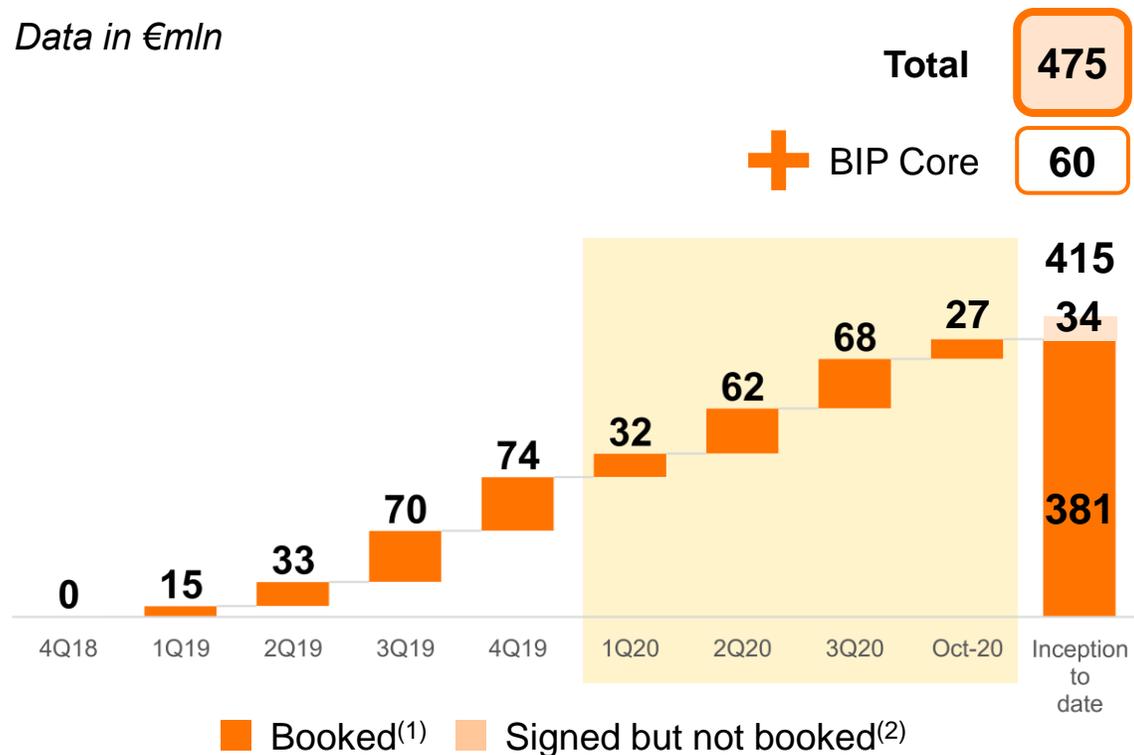
| | A | B | C | A+B+C | BP 2018-23 Target 2020 |
|--|---|--|----------------------------------|---------------|---------------------------|
| | Originated business ⁽¹⁾ | | | | |
| | Inception to date (10 November 2020) | Terms agreed ⁽²⁾ to be signed | Advanced pipeline ⁽³⁾ | Total | |
|  Cross-over & Acq. Finance | 475 ⁽⁴⁾ | ~83 | ~48 | ~606 | ~300 |
|  Turnaround | 243 ⁽⁵⁾ | ~29 | ~87 | ~359 | 600 - 700 |
|  Factoring | 128 ⁽⁶⁾ T/O⁽⁷⁾ 586 | ~79 | ~107 ⁽⁸⁾ | ~314 | ~300 |
| Total SME Originated business | 846 | ~191 | ~242 | ~1,279 | ~1,200-1,300 |

Notes: Non accounting figures; (1) This aggregate includes the loans originated/purchased in the period, thus already income-producing, and the deals signed but yet to be booked, due to a settlement structure in multiple tranches or to a time lag between the signing and the date of loan disbursement; (2) Deals in final stage of the formalization of the agreement/contractual terms; (3) Specific business opportunities for which the bank envisages there is a reasonable expectation to close the transactions in the forthcoming months; (4) Including BIP core SME for about €60m and high yield bond for €27m; (5) It also includes financial instruments, such as quasi-equity instruments, which are accounted for in the balance sheet item: "20. c) Other financial assets mandatorily at fair value" for accounting purposes; (6) Gross Book Value at 31 October 2020; (7) Turnover related to Factoring only for the year 2020; (8) Credit line to be granted.

illimity - Cross-over & Acq. Finance: robust origination continued into 3Q20

Originated business

Data in €mln



A

B

C

A+B+C

Target 2020
~300

Terms agreed to be signed
~83

Advanced pipeline
~48

Total
~606



More than half of business origination in 3Q20 is in lending with **public support measures**



Confirmed **selective approach to pipeline** in a dynamic market

Notes: Rounded figures; (1) Income-producing loans; (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.

illimity - Turnaround: taking opportunities from public measures

Originated business

Data in €mln



A

B

C

A+B+C

Target 2020
600 - 700

Terms agreed to be signed

Advanced pipeline

Total

~29

~87

~359



Pick-up in business origination in deals with the support of public measures



Over €20mln potential revenue upside⁽³⁾ from credit revaluation events – additional €0.4mln booked in 3Q

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

illimity - Factoring: back to pre-Covid level

Originated business

Data in €mln

Outstanding⁽¹⁾



Turnover⁽²⁾



A

B

C

A+B+C

Target 2020

| | | |
|---------------------------|-------------------|-------|
| Terms agreed to be signed | Advanced pipeline | Total |
| ~79 | ~107 | ~314 |

Total 128



Strong pick up in factoring in 3Q20 with turnover monthly average back to pre-Covid level



Outstanding nearly ready for SRT⁽⁴⁾ initiatives which will **free-up capital**



Signed **agreement for €73mln credit lines**, to produce revenue from 4Q20

Notes: Rounded figures; Non accounting figures; (1) Outstanding: in a factoring transaction, the outstanding amount is the amount of receivables transferred and not yet collected at a certain date; (2) Turnover: in a factoring transaction, the total amount of receivables transferred over a defined period of time; (3) Start-up phase; (4) Significant Risk Transfer, a capital management initiative that reduces capital absorption.

illimity - Effective use of public measures

REGULATORY FRAMEWORK



'Cura Italia'
l. 27/2020



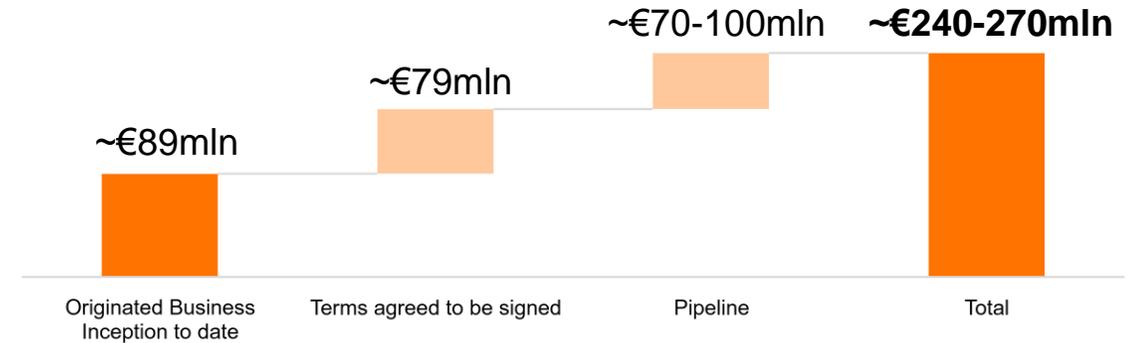
'Liquidità'
l. 40/2020

PUBLIC GUARANTEES⁽¹⁾

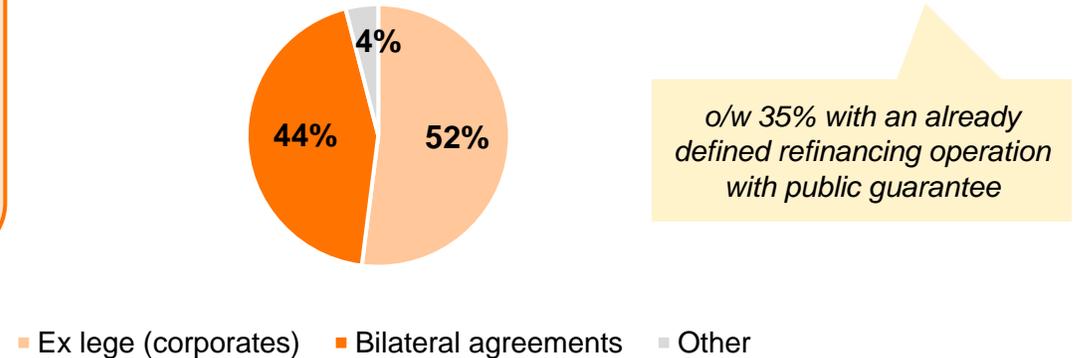
- *Fondo Centrale Garanzia*
- *SACE*

MORATORIUM

- *Art. 56 DL 18/2020*
- *ABI Moratorium*
- *Bilateral agreements*

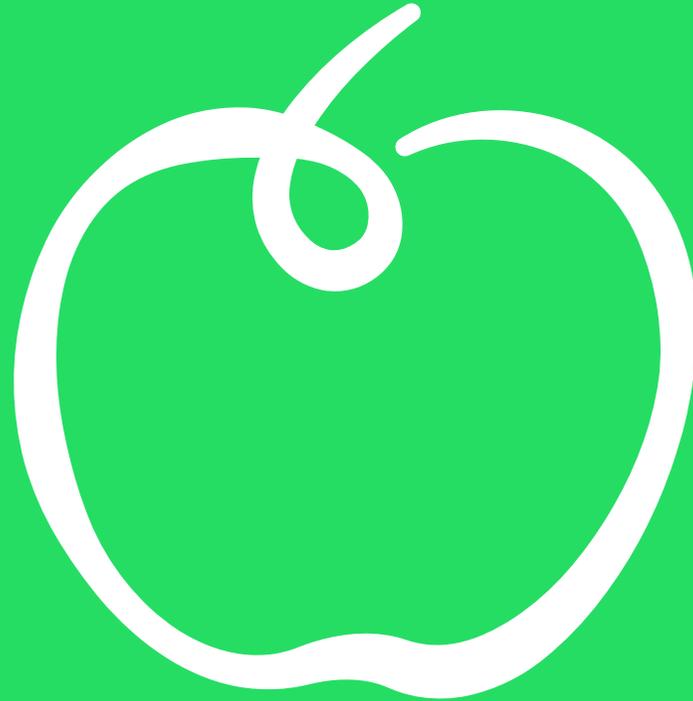


Requests for moratorium unchanged at ~€86m

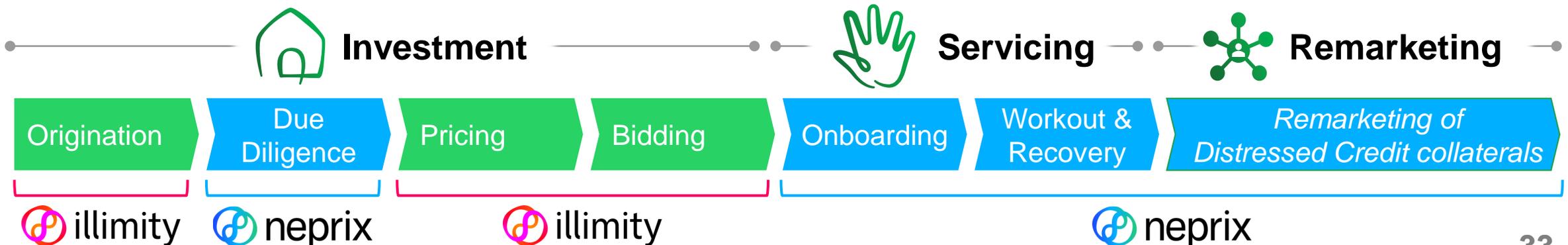
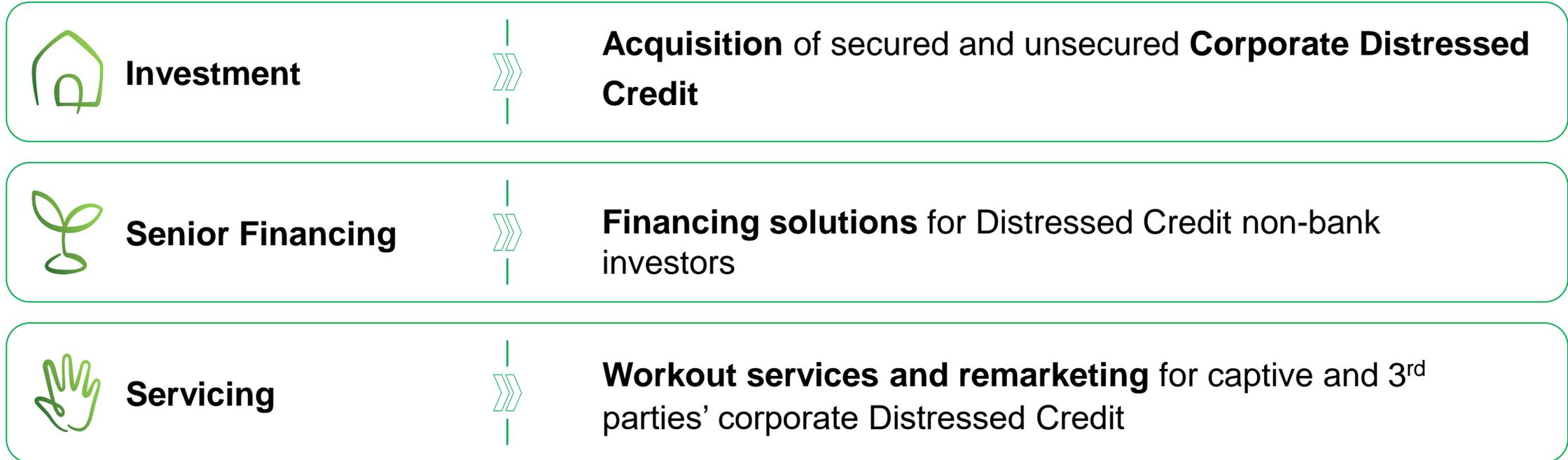


Distressed Credit I&S Division

Andrea Clamer



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



illimity - **Strong performance and dynamic portfolio management continued in 3Q20**



Gross cash flow in 3Q: robust and ahead of initial plans



Additional **€11.6mIn profit** from our **dynamic approach to portfolio management** and workout strategy led by **out-of-court settlement**

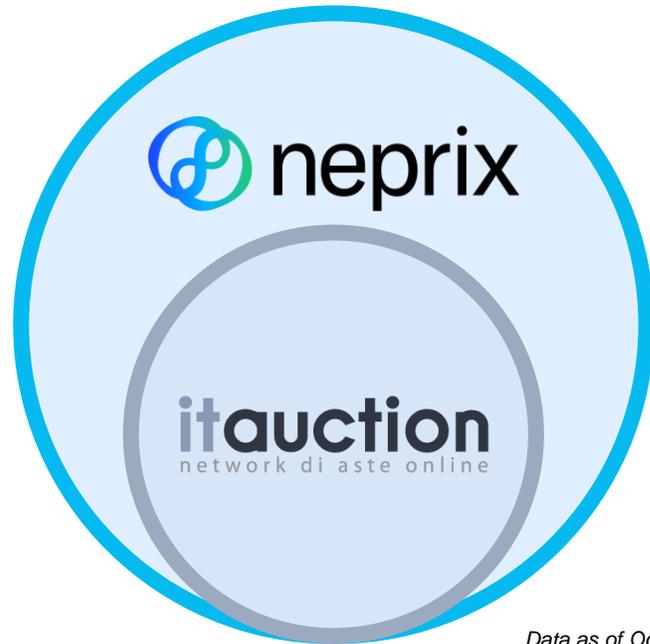


Landmark transaction in UTP portfolios confirms the strength of illimity's business model based on integrated competencies of DCIS, SME and neprix



Distressed credit market remains dynamic and with diminishing competition – **strong pipeline ahead**

illimity - Building the **Italian Servicing Champion**



Data as of October 2020

€9.4bn

GBV AUM

~220

Total FTE

>700k

Registered users
online portals

~22mIn

Yearly online portals
webpage views

From January 2021 **itauction** network di aste online will be **fully merged** in **neprix** creating the **first fully integrated servicer**



Enhances neprix's market positioning by broadening its range of services



Cross-fertilization of competencies across the entire credit management value chain

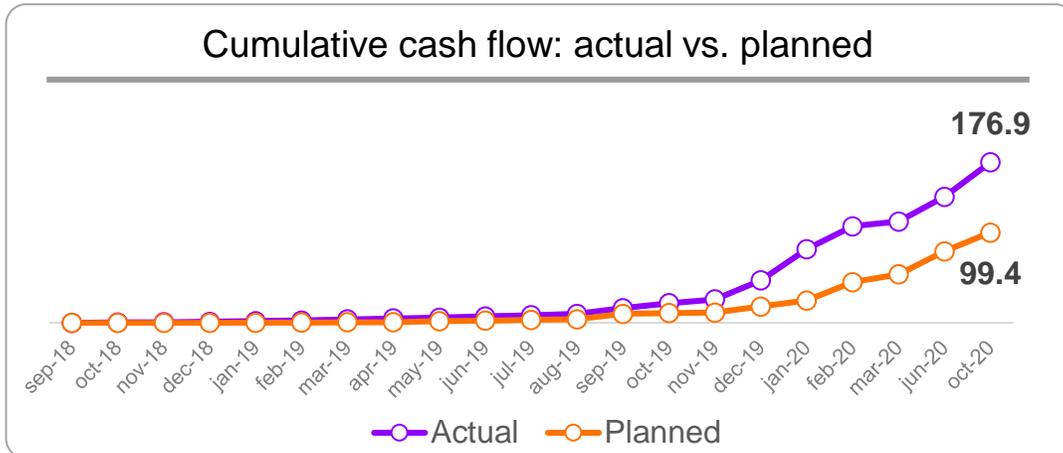


Full integration will maximise costs and revenue **synergy**

illimity - Outperformance of cash flow continued into 3Q20

Cash Flow view⁽¹⁾

Data in €mln

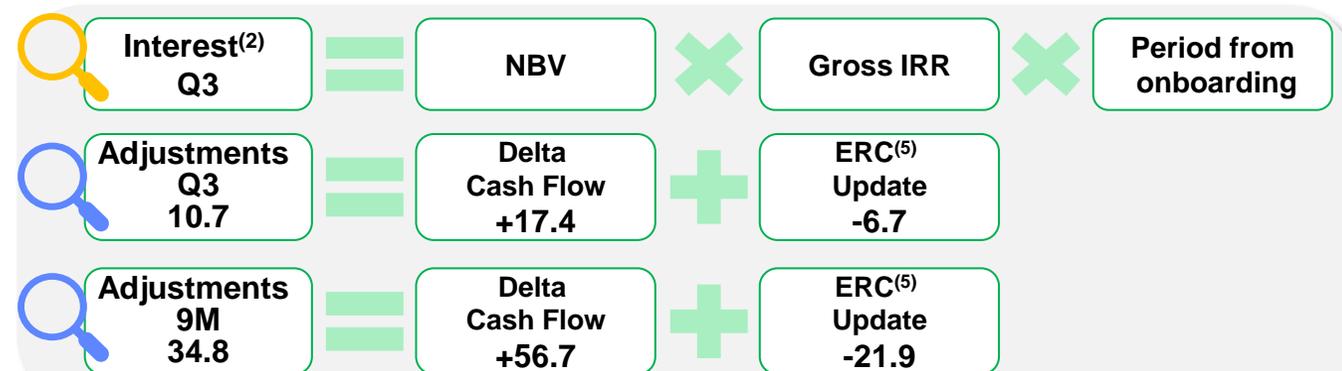


| | Actual Cash Flow | Expected Cash Flow | Delta Cash Flow |
|-------------------|------------------|--------------------|-----------------|
| Q3 20 | 38.0 | 20.6 | +17.4 |
| Cumulative | 176.9 | 99.4 | +77.4 |

3Q20 Economic view

Data in €mln

| | Interest income ⁽²⁾ | Fee income | Adjustments ⁽³⁾ | Gross Revenues ⁽⁴⁾ |
|-------------------------|--------------------------------|------------|----------------------------|-------------------------------|
| Investment | 24.1 | - | 10.7 | 34.8 |
| Senior Financing | 3.8 | 0.5 | - | 4.3 |
| Total | 27.9 | 0.5 | 10.7 | 39.1 |



illimity - Landmark transaction in UTP portfolios

illimity's value proposition

 illimity
SME Division: Turnaround
Restructuring competencies

 illimity
DCI Division
Distressed credit workout competencies

 neprix
*Management of granular positions,
both going and gone concern*



€600mIn transaction in UTP portfolio via competitive bid



illimity features a **unique business model** that combines **cross-divisional competencies**



illimity positions as **a leading player** in this attractive market segment

illimity - A disciplined business origination

Strong discipline drives selective approach

- ~€54bn of GBV analysed since inception
- ~€42bn of GBV declined/lost since inception
- ~€8bn of GBV signed since inception
- ~€4bn of GBV currently under evaluation

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

| | A | B | C | A+B+C | |
|---|--------------------------------------|--|----------------------------------|---------|------------------------|
| | Originated business ⁽¹⁾ | | | | BP 2018-23 Target 2020 |
| | Inception to date (10 November 2020) | Terms agreed ⁽²⁾ to be signed | Advanced pipeline ⁽³⁾ | Total | |
|  Distressed Credit Investment | 1,154 ⁽⁴⁾ | ~10 | ~185 | ~1,349 | 1,700-2,000 |
|  Senior Financing | 441 | - | ~47 | ~488 | 100-200 |
| Total Originated Business | 1,595 | ~10 | ~232 | ~1,837 | 1,800-2,200 |
|  Servicing⁽⁵⁾ <i>AUM (GBV/Managed assets)</i> | ~9,400 | ~60 | ~1,800 | ~11,300 | 5,100-6,300 |

Notes: Non accounting figures; (1) This aggregate includes Distressed Credit investments booked, Senior Financing loans granted in the period, and deals signed but yet to be booked, owing to a settlement structure in multiple tranches or to a time lag between the signing of the master agreement and the date of loan disbursement/onboarding. It includes also the portfolio sold; (2) Deals in final stage of the formalisation of the agreement/contractual terms; (3) Specific business opportunities for which the bank envisages there is a reasonable expectation to close the transactions in the forthcoming months; (4) It also includes financial instruments, such as quasi-equity instruments which are accounted for in the balance sheet item "20. c) Other financial assets mandatorily at fair value" for accounting purposes corresponding to the investments in energy distressed credit; (5) The AUM of the servicing unit includes the gross book value of distressed credit and the value of property and capital goods managed by IT Auction, net of cash flows and portfolio disposals.

illimity - Entering the most dynamic season of the year

Originated business

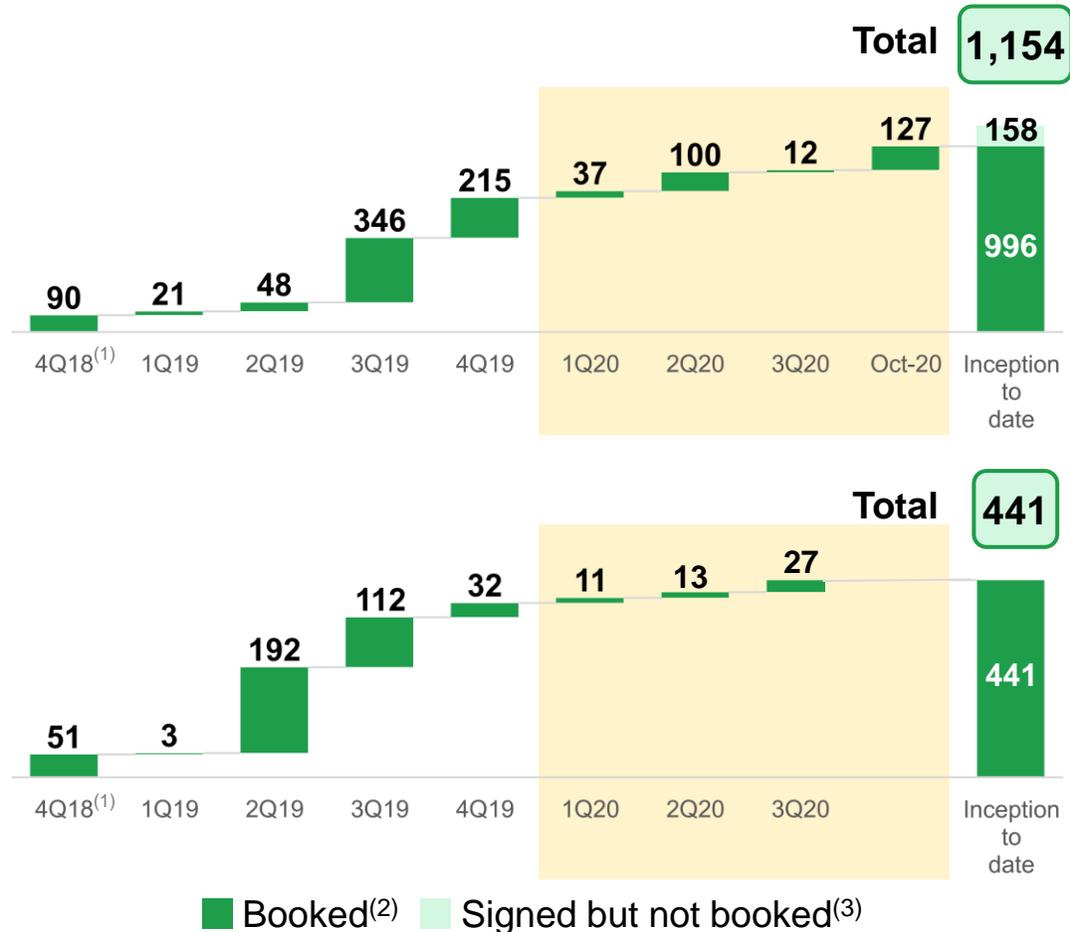
Data in €mln



**Distressed
Credit
Investment**



**Senior
Financing**



Business **origination** affected by **seasonality** and small delay of some closing after the end of the quarter

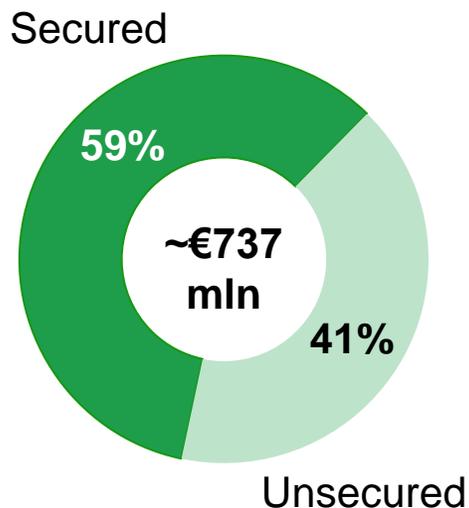


Senior financing focused on **high yield investments**

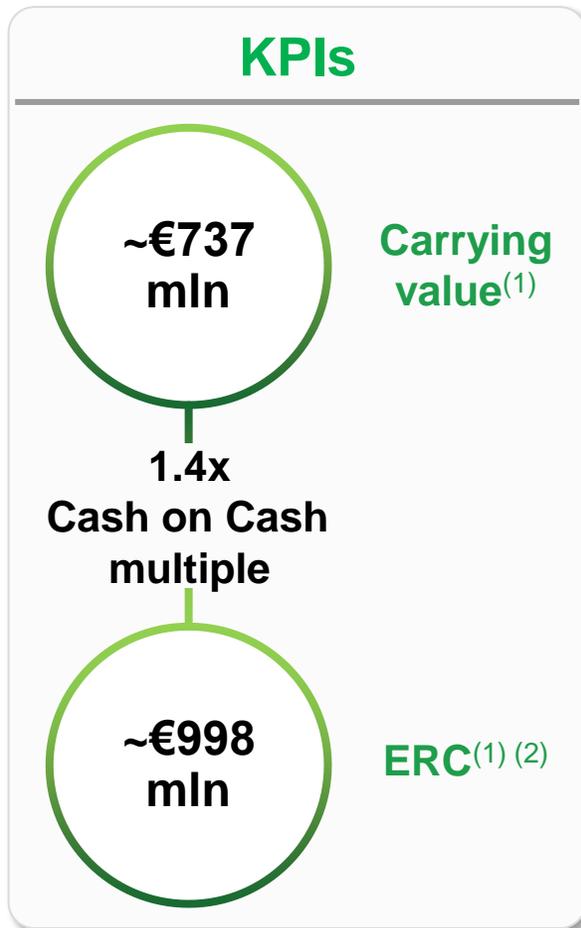
illimity - High quality portfolio in line with targets

Data as of 30 September 2020

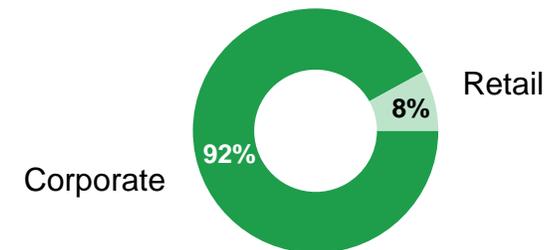
NBV breakdown by type of guarantee



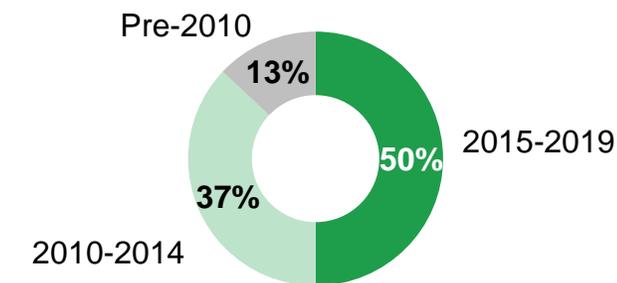
KPIs



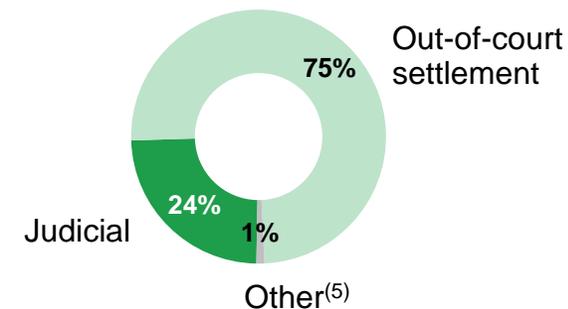
Type of borrower (GBV breakdown)



Vintage⁽³⁾ (GBV breakdown)



Actual workout strategy (Cash flow breakdown⁽⁴⁾)



Notes: Rounded figures; (1) This includes distressed credits purchased by the Energy desk, which for accounting purposes are recognised at Fair Value (item 120 c); (2) Estimated Remaining Collections on booked investments; (3) Only considering bad loans; (4) It does not include assets repossession (through ReoCo and *datio in solutum*); (5) Mainly refers to positions for which data remediation is ongoing.



Concluding remarks

Corrado Passera, CEO



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