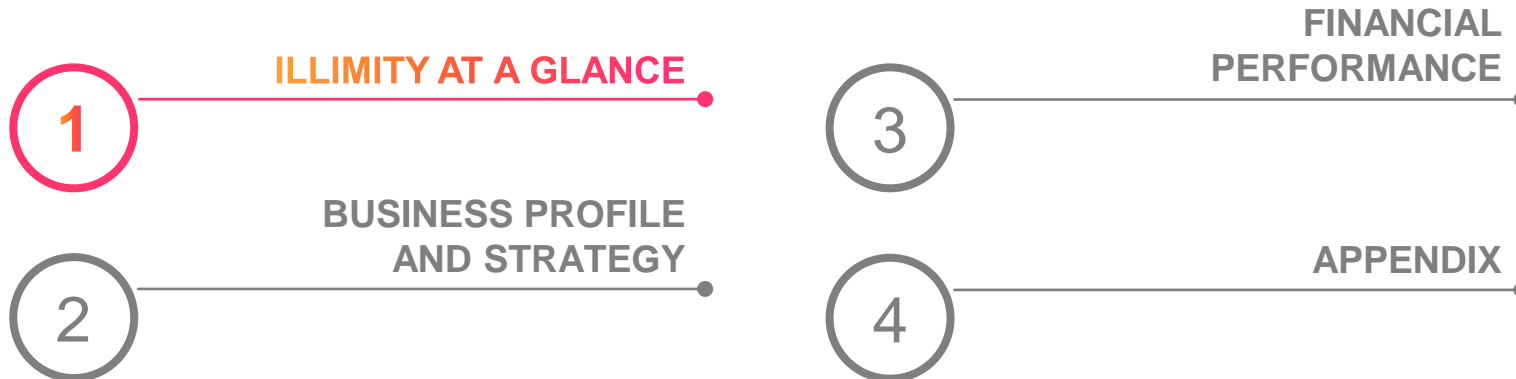




Company Presentation

September 2020

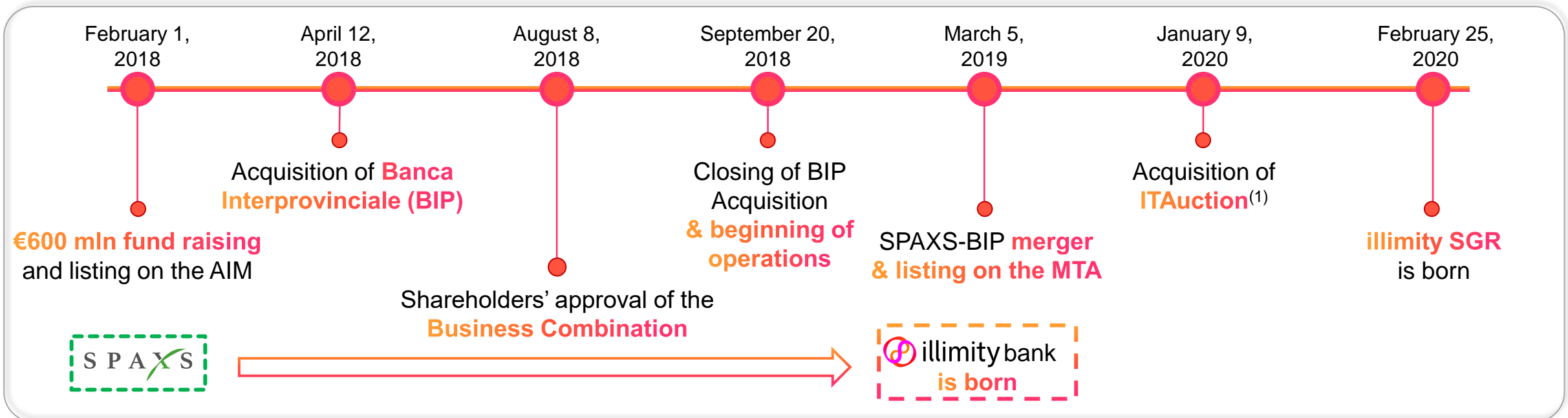
illimity - Agenda



illimity - **At a glance**

Who is illimity?

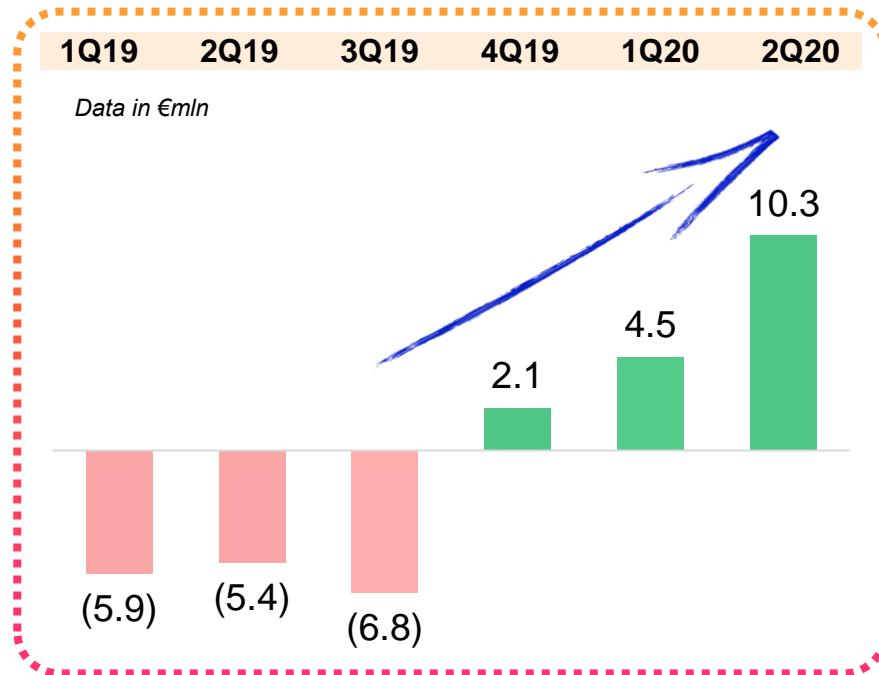
- **Banking start-up** formed in 2018 with a strongly **innovative and high-tech business model** headed by **Corrado Passera**
- illimity extends **financing to high-potential businesses** that have a low credit rating or are unrated, **including the non-performing (Unlikely-to-Pay) SME segment**
- illimity also acquires **secured distressed corporate credit** to then service these through its Neprix platform
- **Innovative direct digital banking services** for retail and corporate customers, **illimitybank.com**



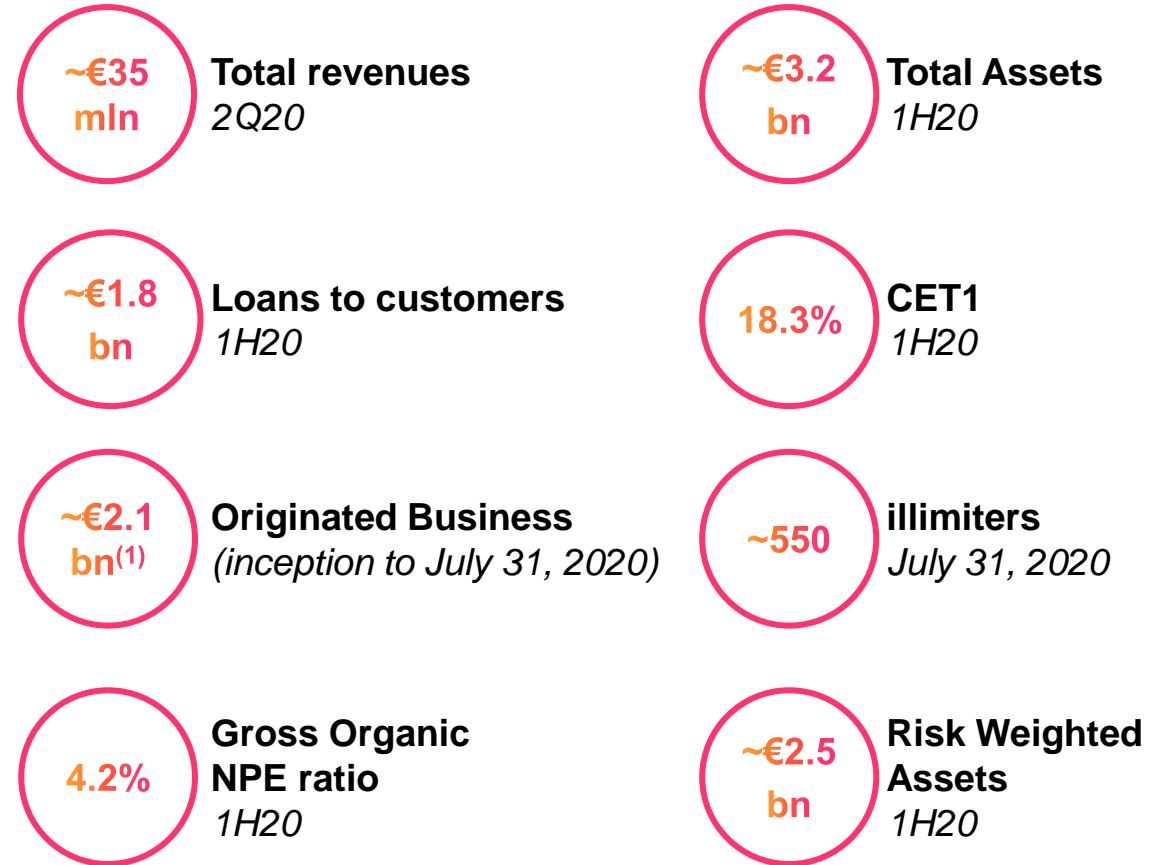
Note: (1) Acquisition of a 70% stake in Jan-20 and buyout of the remaining 30% in May-20

illimity - 2Q20 exceeding initial expectations

Net result evolution

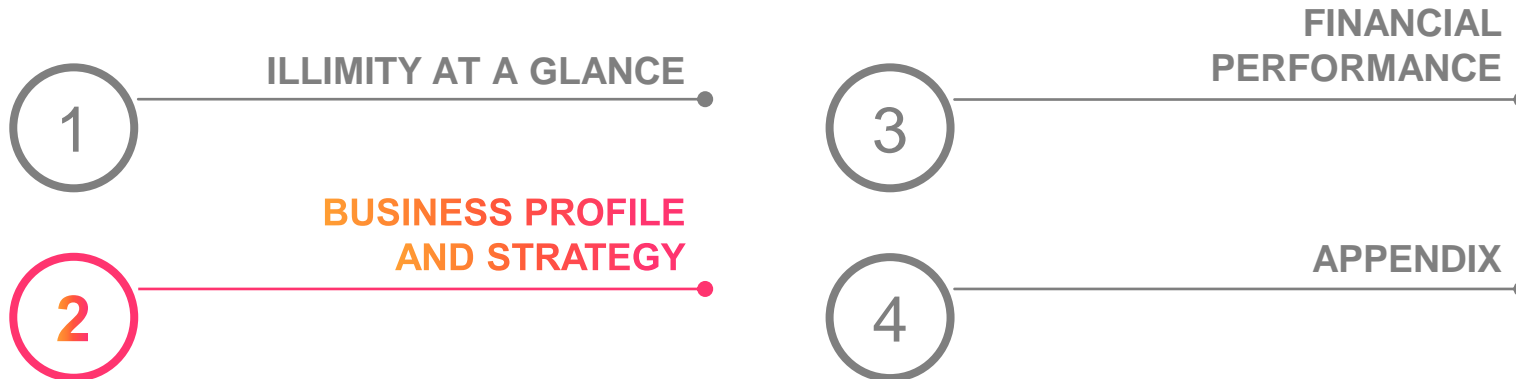


Key numbers

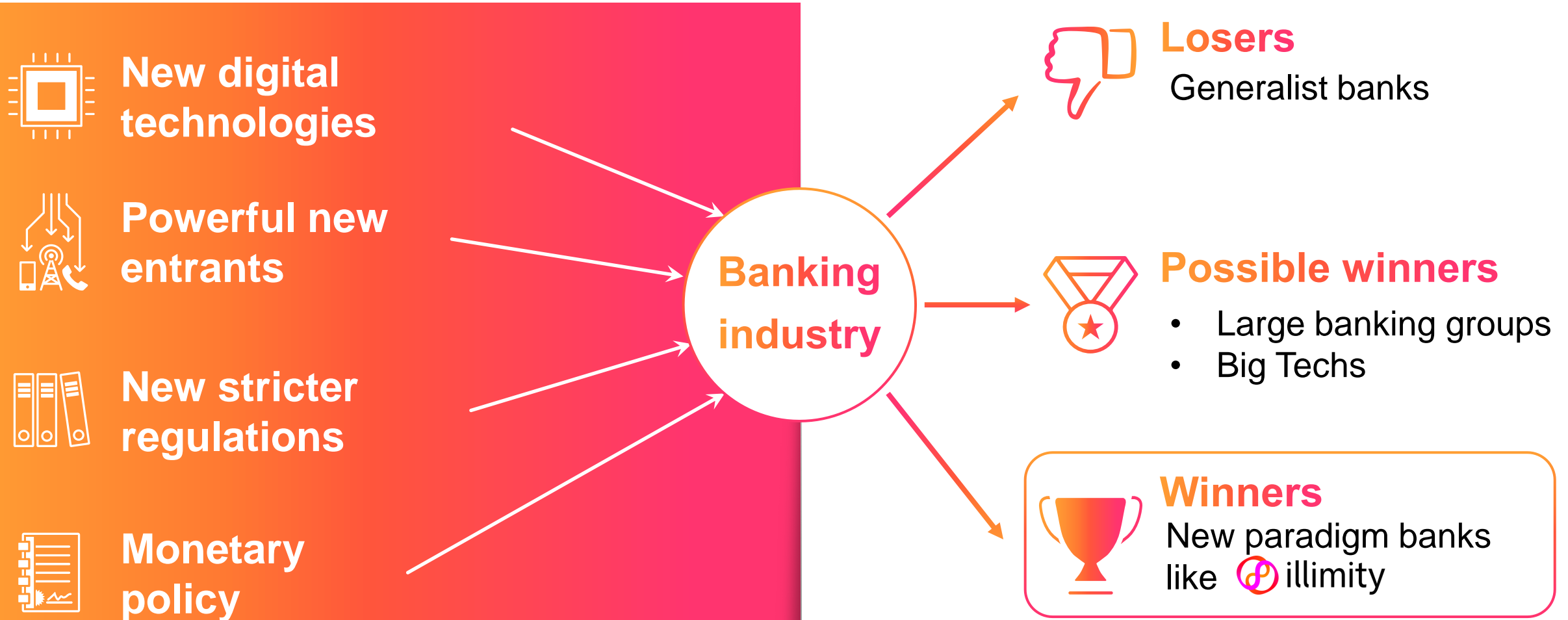


Notes: (1) Non accounting figures. This aggregate includes both the SME loans granted/purchased and the distressed credit investments booked in the period already income-producing, and the value of the deals signed but yet to be booked, owing to a settlement structure based on multiple tranches or to 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 €65mln. It includes also the portfolio sold.

illimity - Agenda



illimity - Our **new paradigm bank** is the **answer to banking industry's challenges**



illimity - What is unique about illimity

Competitive advantages



Significant and sustainable
cost advantages



No legacy – now or in the future



Fully digital – with **human touch**

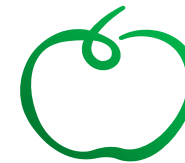


Fully on cloud and capable to integrate
fintech solutions

Focused strategy



SME specialist



**Corporate
Distressed
Credit** specialist



State-of-the-art
digital banking

illimity - The 3 Divisions of the Bank



SME Division



**Cross-over
& Acq. Finance**



Turnaround



Factoring



High yield bond desk



illimity SGR



DCIS Division



**Distressed Credit
Investments**



Senior Financing



**Servicing and Re-
marketing**



Direct Bank



Deposits



Payment services



**Personal Financial
Management services**



Third-party products

illimity - Specialist partner of Italian SME



Dedicated approach

Tutors

- **Professionals combining industrial and financial competence** to support SMEs in finding appropriate financing solutions and generate opportunities

Advanced technologies

- Proprietary tools to perform a **deep data analysis** based on big data and artificial intelligence



High-value products & services

Cross-over & Acquisition Finance

- Lending to **performing SMEs** with **sub-optimal financial structure, low rating or no rating**
- Financing corporates and Private Equity funds pursuing **M&A opportunities**

Turnaround

- Purchase portfolios or single name **UTP loans** where we see potential for restructuring, often combining **new finance and refinancing opportunities**

Factoring

- Factoring offered via **digital platform** with focus on **companies part of industrial districts** ("filiera")
- Leverage for **effective asset-based funding**



Specialist partner of Italian SME

illimity - A **distinctive business model** in SME

Top professional expertise with top technologies



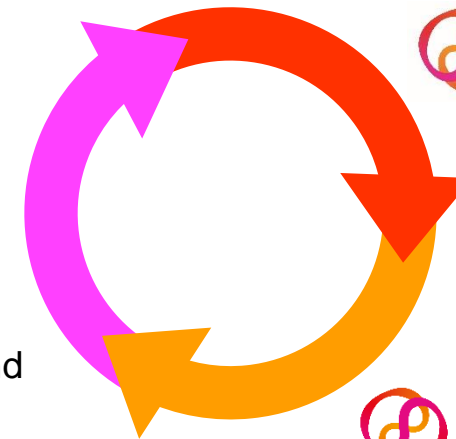
Bank specialists

Strong banking expertise based on our team of specialists



Tutors

Tutors with financial and industries expertise⁽¹⁾



 illimityAI[®]

 illimity
creditmachine[®]

Value for clients

- **Tailor-made** credit solutions
- **Best response** time

Value for illimity

- **Competitive advantage** in credit underwriting and monitoring

Illimity - **Bond desk**: an **extension of our Cross-over activity** by capitalising on our industry expertise



Business opportunity

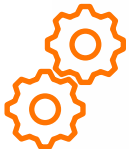
Purchase of **listed bonds** issued by **performing** corporates on the **secondary market**



Strategic rationale

- **Profitability booster**
- Capitalise on our deep industry know-how to exploit **undervalued bonds' pricing**
- Loan book **diversification**

Main features



- Bonds generally listed on **Italian exchanges** (MOT, Extra MOT, TLX)
- **Hold-to-Collect** business model⁽³⁾
- **Avg. ticket size** approx. 3-5mln

€27mln

INVESTMENT⁽¹⁾

€23mln

CARRYING AMOUNT⁽²⁾

~10%

AVG. YIELD

illimity - SGR as SME business booster



- illimity SGR - fully owned by illimity - is set up to manage the assets of **closed-ended alternative collective investment schemes**. Authorization on February 25th
- **Credit Corporate Turnaround Fund** is the first fund to be launched by illimity SGR and will be focused on UTP exposures, a market segment with attractive risk/return profiles, where illimity bank is already strategically present with its SME division
- The fund will **invest in UTP loans** to Italian companies in financial distress but with concrete possibilities of recovery through an appropriate financial or industrial turnaround

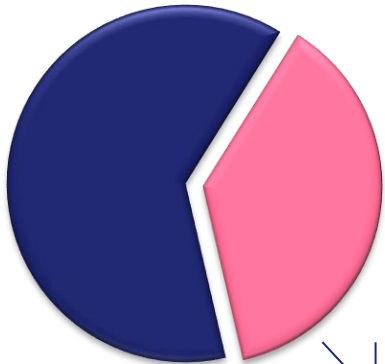
Fund holding period: **8 years + 1 (potential) + 1 (potential)**

Credit & Corporate
Turnaround fund

Target dimension: ~€350mln

**CREDIT
Units**

- **Contribution in kind/sale** of UTP loans by the originating banks in exchange for Fund's Units



25% / 50%

**FINANCE
Units**

- Funds raised with **institutional investors**. illimity Bank will subscribe ~20%
- Cash invested in **UTP loans purchase, new finance and equity** to the Targets - all part of a strategy aimed at **maximizing the success of the restructuring** of the Targets and ensure the **highest recovery of the exposures**

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



Investment



Acquisition of secured and unsecured Corporate Distressed Credit



Senior Financing



Financing solutions for NPL non-bank investors



Servicing



Workout services and remarketing for captive and 3rd parties' corporate Distressed Credit



Investment



Servicing



Remarketing

Origination

Due
Diligence

Pricing

Bidding

Onboarding

Work-out &
Recovery

Remarketing of
Distressed Credit collaterals

illimity

neprix

illimity

neprix

illimity - We built a unique digital retail bank



- Fully-fledged digital bank
- Direct and paperless: mobile&web
- First Payment Initiator Service Provider on the Italian market as evolution of the PSD2 service
- Advanced Personal Financial Management
- illimity Hubs: enhancement of services provided through new partnership with non-financial players

illimity - State of the art **IT Infrastructure**

Phase 1: Completed

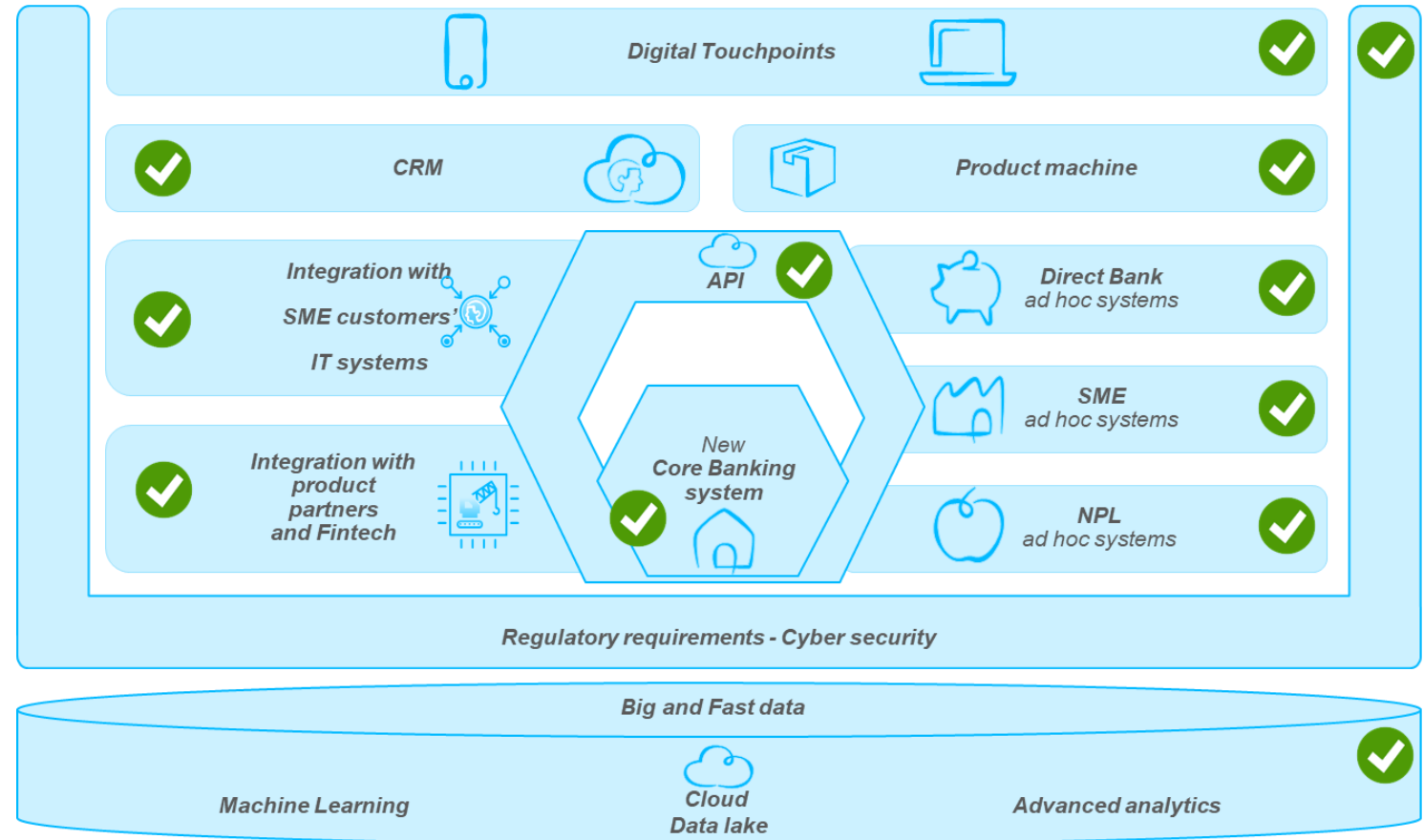
Building a fully-fledged and fully in cloud modular platform

Phase 2: Well underway

Continuous innovation based on data, digital platform and AI technologies

Currently on the way:

- A unique solution to manage NPL
- A brand new system to manage complex credit solutions, with flexibility
- A tool to support customer management in UTP portfolios



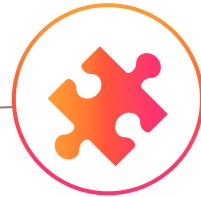
Illimity - Good practices to mitigate risk



illimity - Outlook for full year 2020



We aim at reaching a **FY20 net profit in the range of €30mIn**



In 2020 we **are laying the foundations for a number of strategic initiatives** – also in response to the changes and the new opportunities we see across our markets – which **will start paying off from next year**



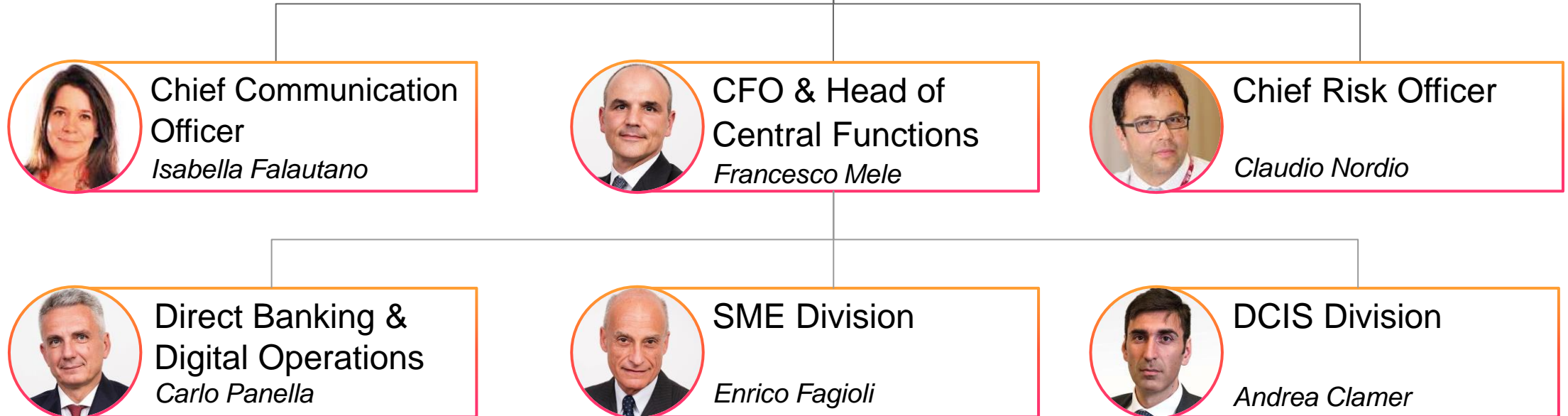
Revenue reinforced by **business generated since outset** and further boosted by our **solid pipeline**

illimity - Management team

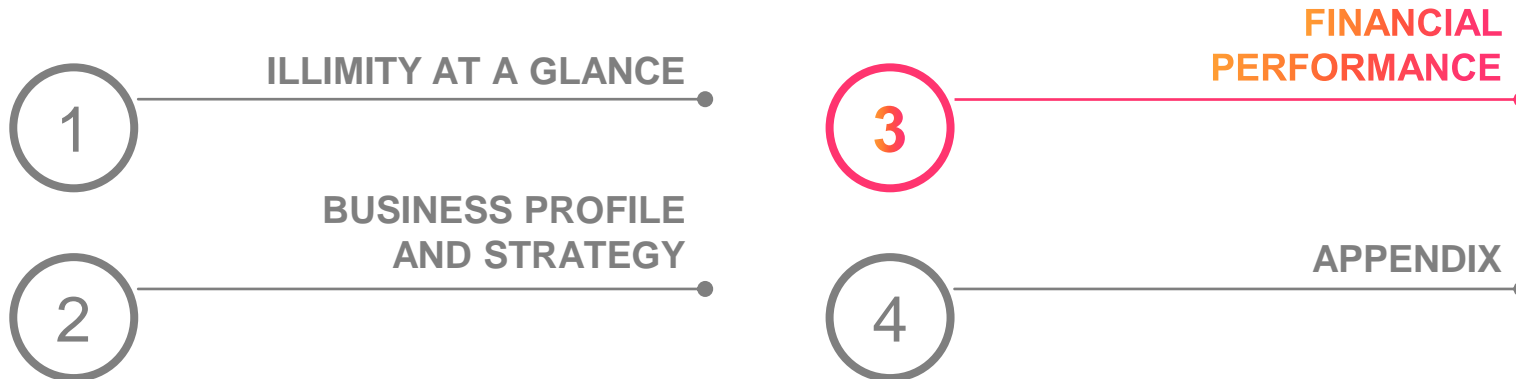
Internal Audit
Fabio Marchesi



CEO
Corrado Passera



illimity - Agenda



illimity - **Strong progression of economic results**



Good economic results in 2Q20: €10mln net profit



Net customer loans and investments up 9% qoq in 2Q20 on a pro-forma basis despite an even more selective approach and **solid pipeline ahead**







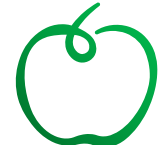



Quality of the existing business confirmed: no deterioration in the SME Division loan book, strong cash flow in the DCIS Division



Robust capital at over 18% - reaching up to 19.5% on a pro-forma basis

illimity - Business origination to 31 July 2020

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

		A	B	C	A+B+C
		Originated Business ⁽¹⁾ inception to date (31 July 2020)	Terms agreed ⁽²⁾ to be signed	Advanced pipeline ⁽³⁾	Total
		~2,096	~231	~670	~3,000
 SME Division	 Cross-over & Acq. Finance	425 ⁽⁴⁾	~82	~121	~628
	 Turnaround	196 ⁽⁵⁾	~18	~50	~264
	 Factoring	137 ⁽⁶⁾ T/O 339⁽⁷⁾	~115	~101 ⁽⁸⁾	~353
 Distressed Credit I&S Division	 Distressed Credit Investments	913	-	~346	~1,259
	 Senior Financing	425	~16	~52	~493
	 Servicing⁽⁹⁾ AUM (GBV/Managed assets)	~8,600	-	~1,800	~10,400

Notes: Non accounting figures; (1) This aggregate includes both the SME loans granted/purchased and the distressed credit investments booked in the period already income-producing, 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 €65mln. 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 €65mln and contribution of high yield bond for €23mln; (5) It also includes financial instruments, such as quasi-equity instruments, which are included in the balance sheet item "20. c) Other financial assets mandatorily at fair value" for accounting purposes; (6) Outstanding at 31 July 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.

illimity - Steady growth despite selective approach

Data in €mln

	30.06 2019	31.12 2019	31.03 2020	30.06 2020	Δ 30.06/ 31.03.2020	Δ 30.06.2020 / 30.06.2019
Reclassified Balance sheet						
1 Cash and cash equivalent	42	772	219	311	42%	634%
Due from banks and other financial institutions	123	345	657	643	(2%)	424%
2 Customer loans	775	1,638	1,662	1,766	6%	128%
- DCIS ¹ investments	158	667	674	724	8%	359%
- DCIS ¹ senior financing	241	341	334	337	1%	40%
- SME ²	247	527	556	613	10%	148%
- Cross-over & Acq. Finance ²	162	261	278	315	13%	95%
- High yield bond	-	-	-	13	n.s.	n.s.
- Turnaround	59	131	154	156	1%	164%
- Factoring	26	135	123	129	5%	397%
- Non-core former Banca Interprovinciale	129	103	99	92	(7%)	(29%)
Financial assets Held To Collect (HTC)	103	-	-	-	0%	n.s.
3 Financial assets Held To Collect & Sell (HTCS) ³	90	126	335	286	(15%)	218%
Financial assets measured at FVTPL ⁴	17	9	8	12	61%	(30%)
Goodwill	22	22	36	36	-	67%
Intangible assets	9	19	22	26	19%	186%
Other assets (Incl. Tangible and tax assets)	72	95	114	158	39%	118%
Total assets	1,253	3,025	3,052	3,238	6%	158%
Due to banks	239	377	468	583	25%	144%
4 Due to customers	381	1,979	1,911	1,915	0%	402%
Shareholders' Equity	549	544	537	563	5%	3%
Other liabilities	84	125	135	176	31%	110%
Total liabilities	1,253	3,025	3,052	3,238	6%	158%
5 Common Equity Tier 1 Capital	480	462	439	466	6%	(3%)
Risk Weighted Assets	995	2,162	2,347	2,548	9%	156%

1 **Robust liquidity profile:** approximately **€500mln** between cash, net adjusted interbank position and liquidity buffers

2 **Net customer loans up 6% - and 9%** restated for repossessed assets⁽⁵⁾ – with good contribution from both DCIS and SME Divisions

3 **Securities portfolio at €286mln** with reduced negative mark-to-market from equity of approximately €4mln after tax

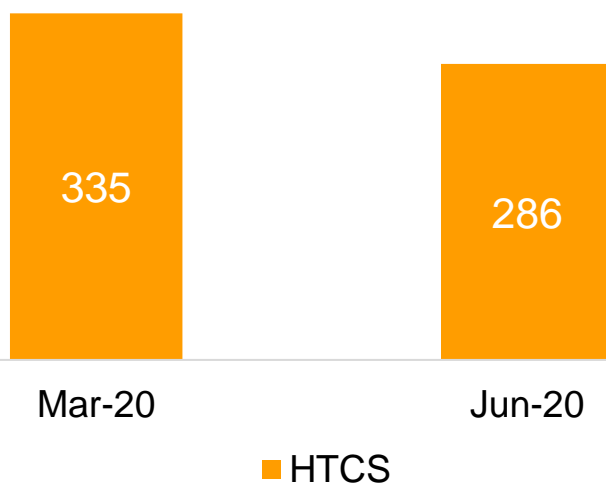
4 **Retail & corporate funding up 3% to nearly €1.8bn** on further growth in deposits at illimitybank.com

5 **CET1 capital up to €466mln** mainly underpinned by profit generated in the quarter, the effect of the buyout of 30% of IT Auction and the lower M-t-M of the securities portfolio

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 energy credit purchased as part of the DCIS division's activities. (5) ~€49mln of real estate assets owned directly by the Bank as of 30.6.2020 as a result of a *datio in solutum* transaction and other repossession workout strategies, accounted for as tangible assets.

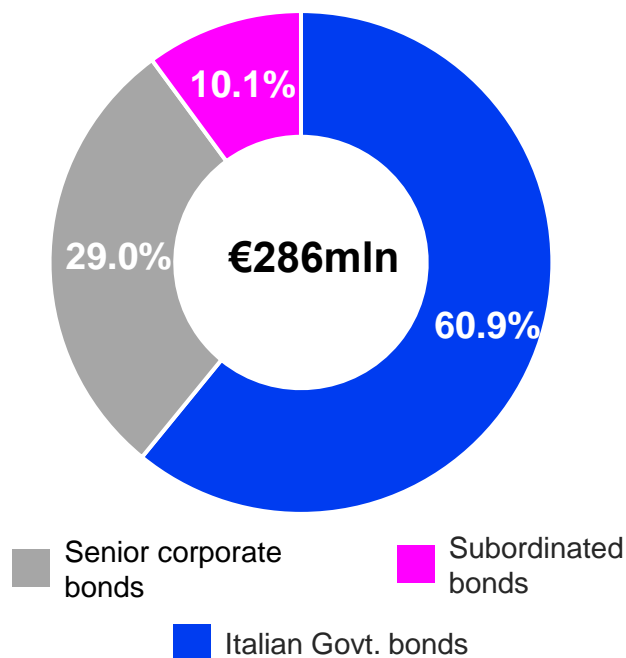
illimity - Securities M-t-M moving in right direction

Securities portfolio



Portfolio composition

30 June 2020



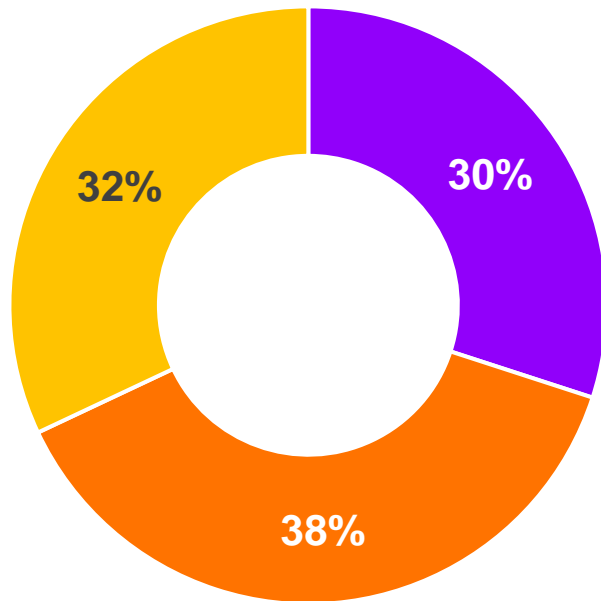
Dynamic treasury management

- Dynamic treasury portfolio management to reduce exposure to market volatility
- Portfolio size in line with target of 10% of total assets by YE20
- Negative M-t-M⁽¹⁾ at approx. €4m on 30 June, further reduced to around €2m as of August 4th
- Duration 3.6 years
- Average yield approx. 1.0%

illimity - **Balanced and inexpensive funding**

Maturity mix

Total funding | 30 June 2020
€2.5bn



■ Sight ■ Short Term ■ Medium-Long Term



Medium-Long Term funding
maturity **3.5 years**

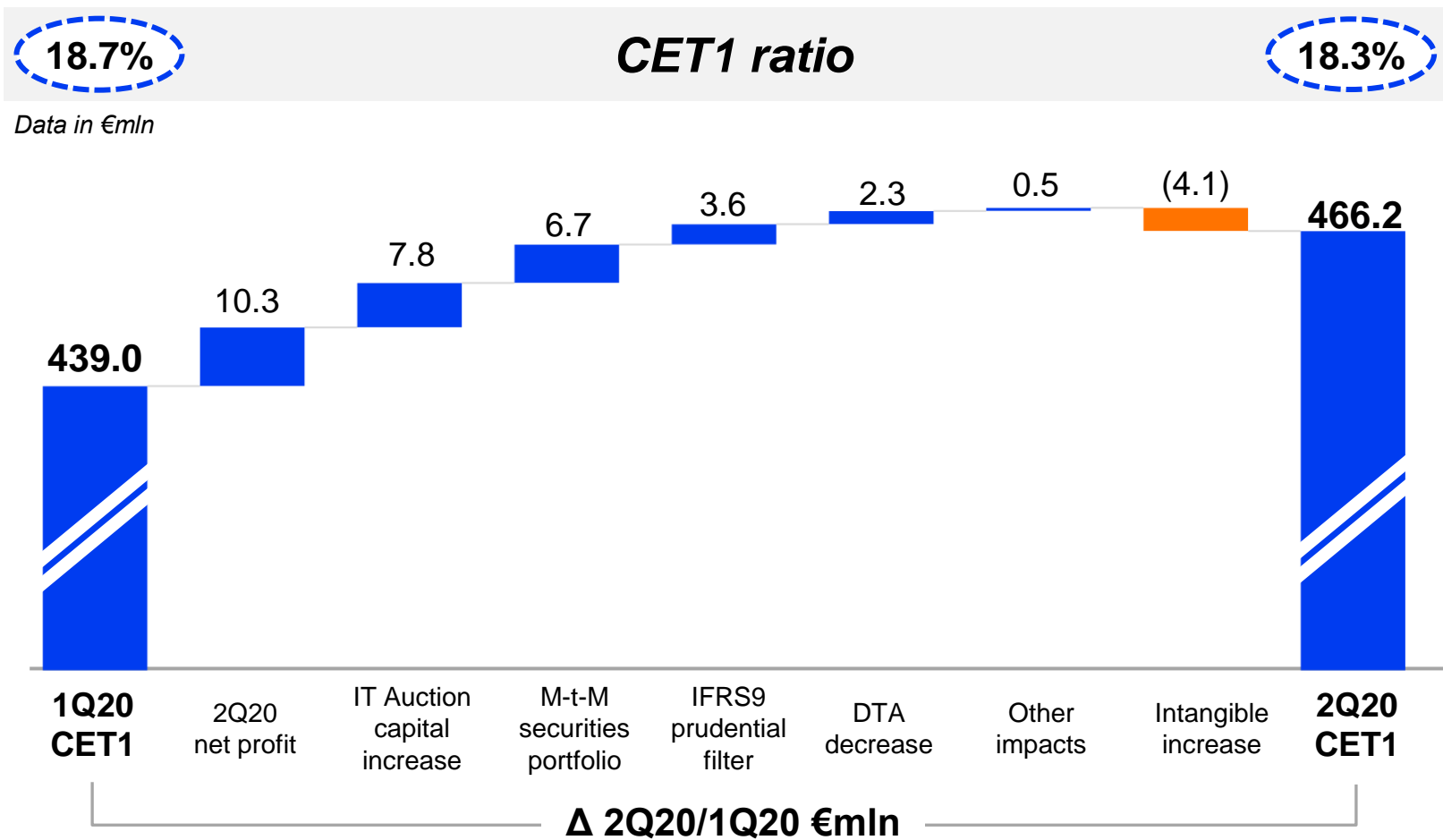


~1.5% blended average cost
of funding



€185mln **TLTRO-III**

illimity - CET1 capital bridge in 2Q20



- Including special shares⁽¹⁾ and estimated benefit from the EU banking package, CET1 ratio would reach around **19.5% on a pro-forma basis**
- Increase in RWA density as of June 2020 expected to revert in 2H20
- Capital optimisation initiatives expected to generate 5-10% RWA relief



illimity - Doubled net profit without trading contribution

Data in €mln

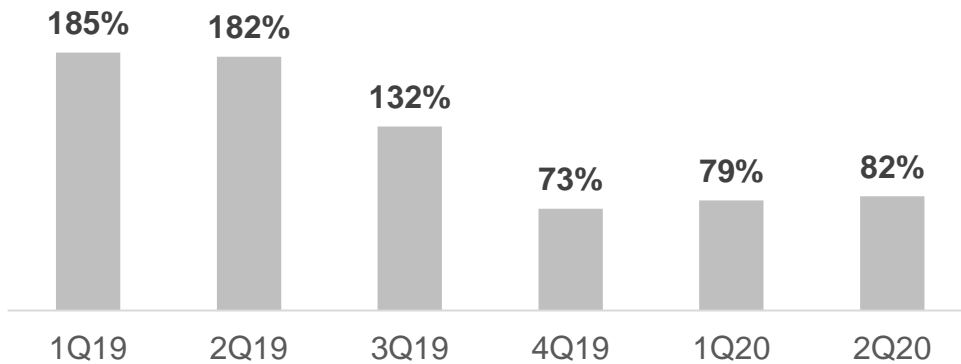
	Reclassified Profit & Loss	4Q19	1Q20	2Q20	Δ 2Q20/ 1Q20 %
1	Interest income	27.5	32.1	33.2	4%
	Interest expenses ¹	(9.0)	(10.2)	(8.9)	(13%)
	Net interest income	18.5	21.8	24.3	11%
2	Net fees and commissions	1.5	2.5	2.1	(15%)
	Net result from trading	8.9	3.7	(0.0)	n.s.
	Net other income/expenses	1.6	0.0	0.2	n.s.
3	Gains from closed purchased distressed credit positions ²	9.1	9.1	7.9	(13%)
	Operating income	39.7	37.2	34.5	(7%)
	Staff costs	(9.1)	(11.3)	(13.2)	17%
	Other operating expenses	(19.0)	(16.3)	(12.9)	(21%)
	Depreciation & Amortisation	(1.1)	(1.8)	(2.0)	11%
4	Operating costs	(29.2)	(29.4)	(28.2)	(4%)
	Operating profit	10.4	7.8	6.4	(18%)
5	Loan loss provision charges	(1.0)	(2.7)	(1.2)	(55%)
6	Value adjustments on purchased distressed credit	(8.2)	2.8	4.6	64%
	Value adjustments on HTC securities and loans to banks	0.0	(0.3)	0.2	n.s.
	Other net provisions	0.1	(0.5)	0.2	n.s.
	Provisions for risks and charges	0.1	0.1	(0.1)	n.s.
	Profit (loss) before tax	1.4	7.2	10.0	40%
7	Income tax	0.6	(2.7)	0.3	n.s.
	Net result	2.1	4.5	10.3	130%

- Growth in net interest income** only partially benefiting from the business originated at the end of the quarter. Interest income includes **€0.8mln** arising from the **first recognition of a credit revaluation event** on a **Turnaround** transaction
- Net fees** affected by lower contribution from factoring and IT Auction's subdued activity due to Law court inactivity
- Steady stream of gains** from closed distressed credit positions either sold to third parties or agreed with debtors (DPO⁽³⁾)
- Operating costs** largely flat vs 1Q20; include €0.9mln of costs related to the ESOP⁽⁴⁾ plan (a cost typically booked in the second quarter of each year)
- Stabilisation of collective provisioning** following 1Q20 conservative approach
- €4.6mln Distressed Credit positive value adjustments** mostly driven by actual cash flow in excess of expectations
- Positive tax effect** due to goodwill tax recognition

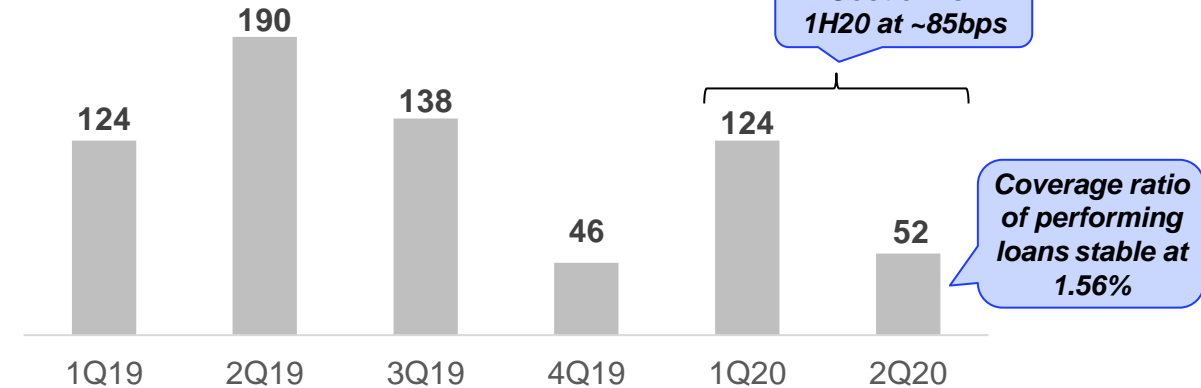
Notes: Rounded figures. IT Auction consolidated for the first time in 1Q20; (1) Interest expenses restated to exclude costs related to Debt for leasing, now included as administrative costs; (2) Gains from definitive closure of non-performing exposures either through disposal to third parties or through discounted payoff agreed with the debtor; (3) Discounted pay off recovery strategy (the so-called "saldo e stralcio"); (4) Employee Stock Ownership Plan.

illimity - KPIs confirming strong asset quality and liquidity

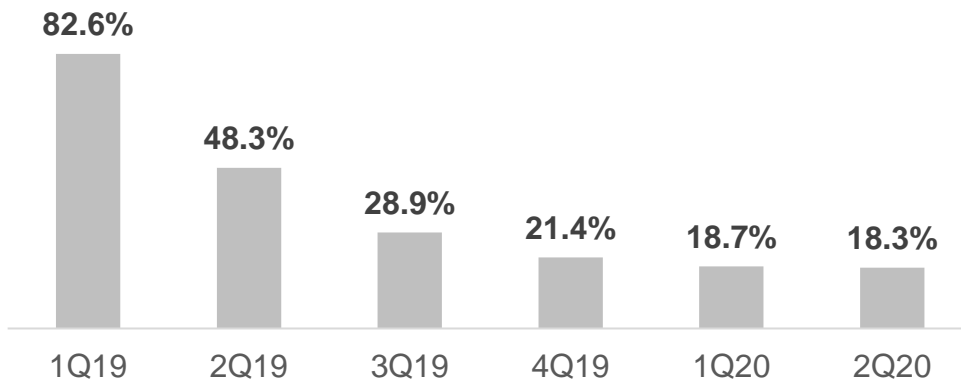
Cost/Income



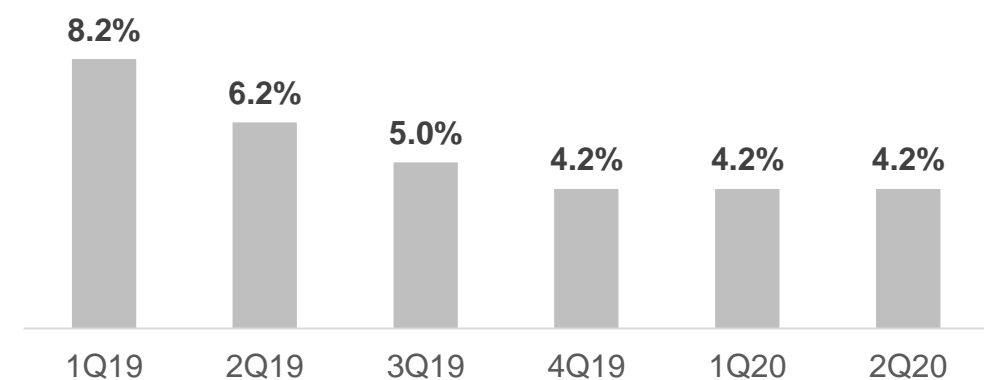
Organic cost of risk (bps)⁽¹⁾



CET1 ratio



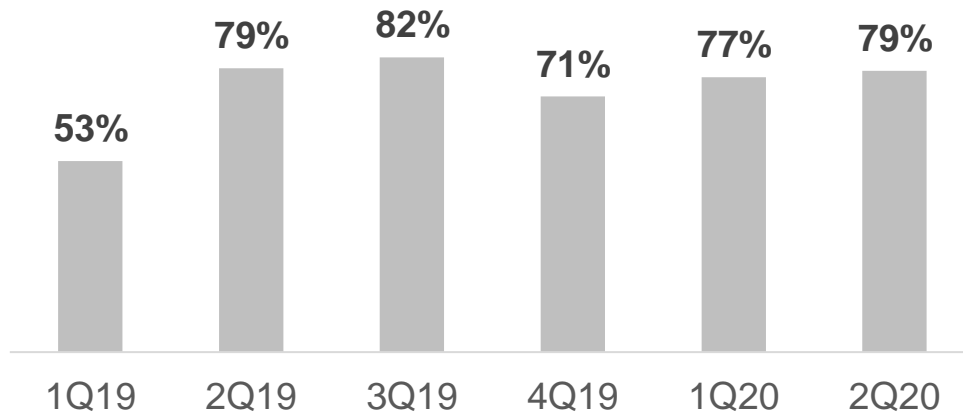
Organic NPE Ratio⁽²⁾



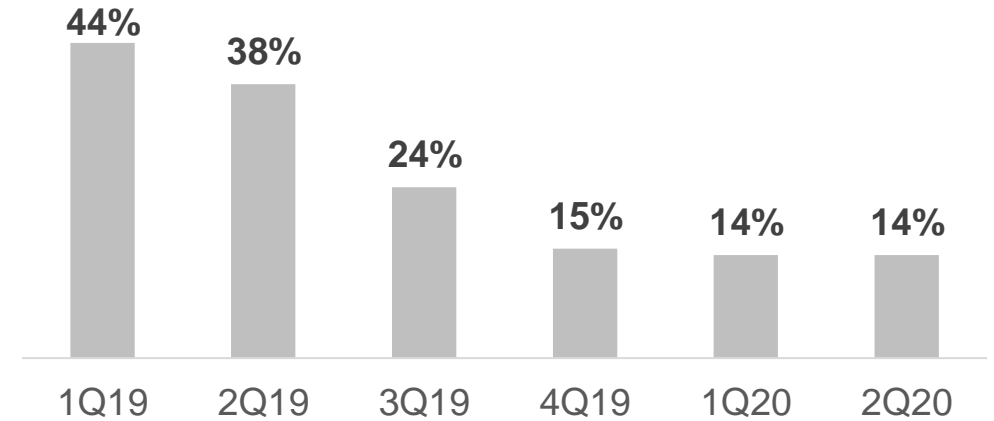
Notes: (1) Ratio of loan loss provisions to net loans to customers end of period (€926.4mln as of 2Q20) from factoring, cross-over, acquisition finance, BIP legacy book and senior financing - thus excluding UTP loans purchased or originated as part of the Turnaround business and the investments in Distressed Credit portfolios; (2) Ratio of gross NPE to total gross loans to customers from factoring, cross-over, acquisition finance, 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 - Other Regulatory Ratios

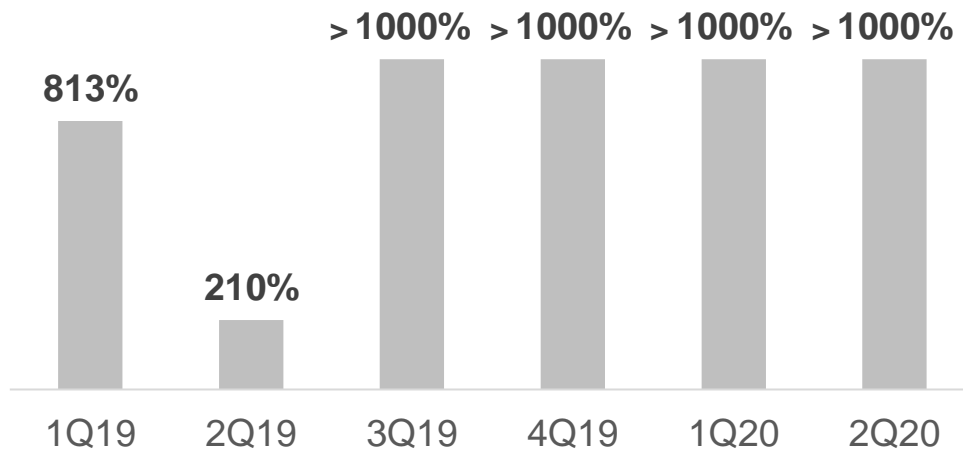
RWA Density⁽¹⁾



Leverage ratio



LCR



- **LCR confirms a significant liquidity buffer**
- **Net Stable Funding Ratio above the minimum regulatory requirements**

Encumbrance Ratio
1H20

~23%

Cash and high quality liquid assets
1H20

~€500mln

Notes: (1) Calculated as the ratio of total RWA to Total Assets

SME Division

Enrico Fagioli



illimity - From start-up to recognised player in the market



SME

€758mIn

Originated Business⁽¹⁾

€613mIn

Customer Loans⁽²⁾

€328mIn

o/w Cross-over & Acq. Finance

€156mIn

o/w Turnaround

€129mIn

o/w Factoring (Outstanding)
€339mIn di Turnover as of July 2020

#50

deals signed since inception⁽¹⁾
~400 deals analysed



Business origination becoming even more selective



Turnaround: high discount purchases with super seniority position compared to the debtor's other creditors



Relevant **portion** of the exposure **covered by credit insurance**

illimity - Growth and pipeline with a selective approach



Visible recovery in business origination since June

- Encouraging signs of recovery starting from June after Covid-19 related slowdown in business origination in April and May
- Continual selective approach
- Strong pipeline for 2H20



First deals with **public guarantees** signed: risk mitigation, capital optimisation and opportunity to originate new business



Launch of **high yield bonds** desk capitalising on deep market knowledge



Turnaround business model put to work: first **credit revaluation** booked




illimity - Originated business: selectiveness and return on capital

Selective approach

- **397 deals analysed** since inception **worth ~€4.2bn** in nominal value
- **265 deals declined** worth **~€3.0bn**
- **13 deals** with **terms agreed** and **to be signed shortly** worth **~€100mln**
- **21 deals** currently under evaluation in **advanced status** worth **~€171mln**
- **Other opportunities** identified for additional **~€360mln**

50 deals signed since inception

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

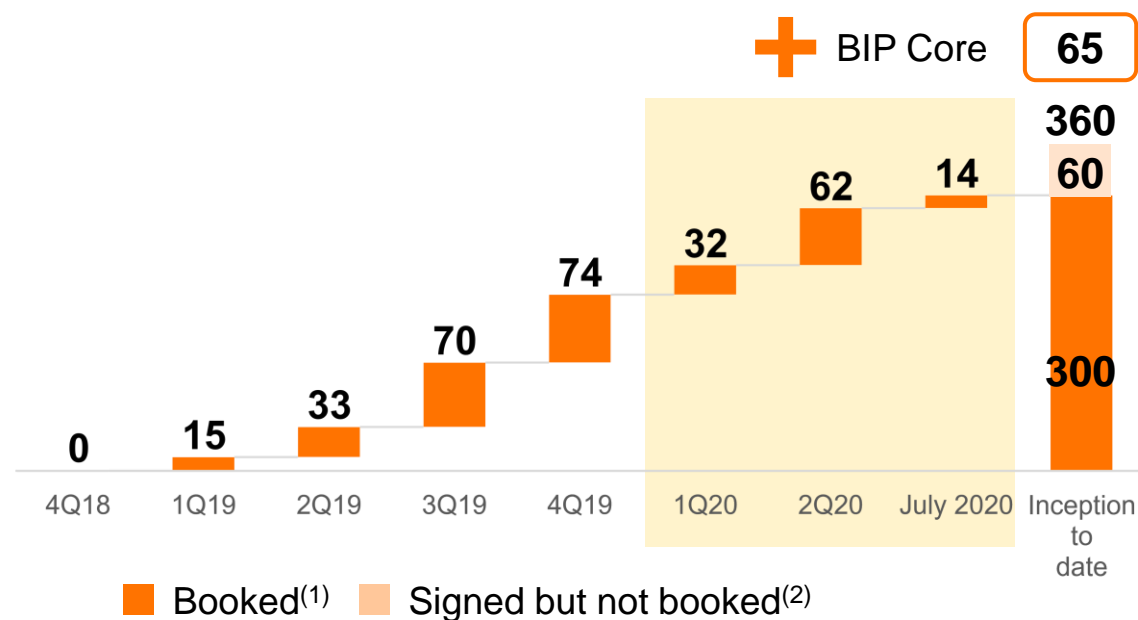
	A	B	C	A+B+C	
	Originated business ⁽¹⁾				BP 2018-23 Target 2020
	Inception to date (31 July 2020)	Terms agreed ⁽²⁾ to be signed	Advanced pipeline ⁽³⁾	Total	
 Cross-over & Acq. Finance	425 ⁽⁴⁾	~82	~121	~628	~300
 Turnaround⁽⁵⁾	196	~18	~50	~264	600 - 700
 Factoring	137 ⁽⁶⁾ T/O⁽⁷⁾ 339	~115	~101 ⁽⁸⁾	~353	~300
Total SME Originated business	758	~215	~272	~1,245	~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 €65mln and contribution from high yield bond for €23mln; (5) It also includes financial instruments, such as quasi-equity instruments, which are included in "20. c) Other financial assets mandatorily at fair value" for accounting purposes; (6) Outstanding at 31 July 2020; (7) Turnover related to Factoring only for the year 2020; (8) Credit line to be granted.

illimity - **Cross-over & Acq. Finance**: solid business origination and de-risking

Originated business

Data in €mln



A

B

C

A+B+C

Target 2020

Terms agreed to be signed

Advanced pipeline

Total

~82

~121

~628

~300



Business origination in the quarter largely with **new customers**



Selective de-risking of existing portfolio through use of public guarantees

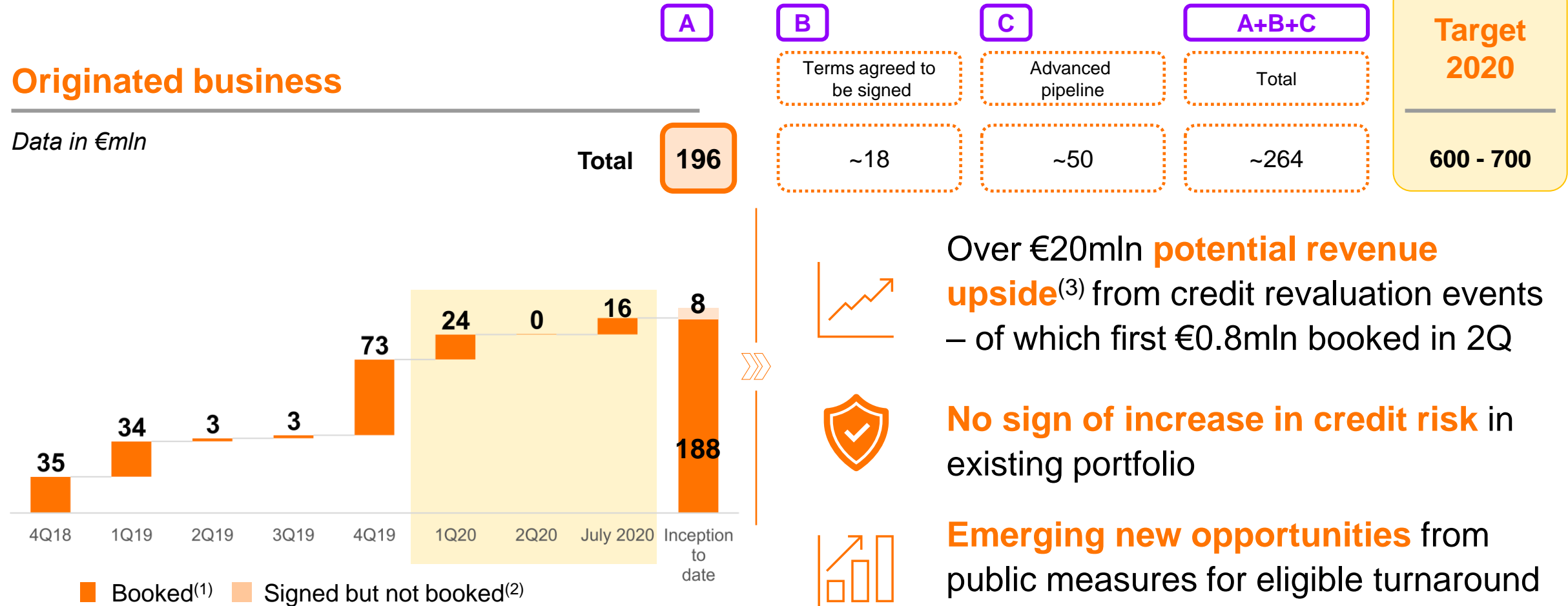


Confirmed **selective approach to pipeline** in a dynamic market

illimity - **Turnaround**: ready to acquire going-concern UTP portfolios

Originated business

Data in €mln



Over €20mln **potential revenue upside**⁽³⁾ from credit revaluation events – of which first €0.8mln booked in 2Q

No sign of increase in credit risk in existing portfolio

Emerging new opportunities from public measures for eligible turnaround situations

Notes: (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 included in "20. c) **33** 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**: strong recovery from June

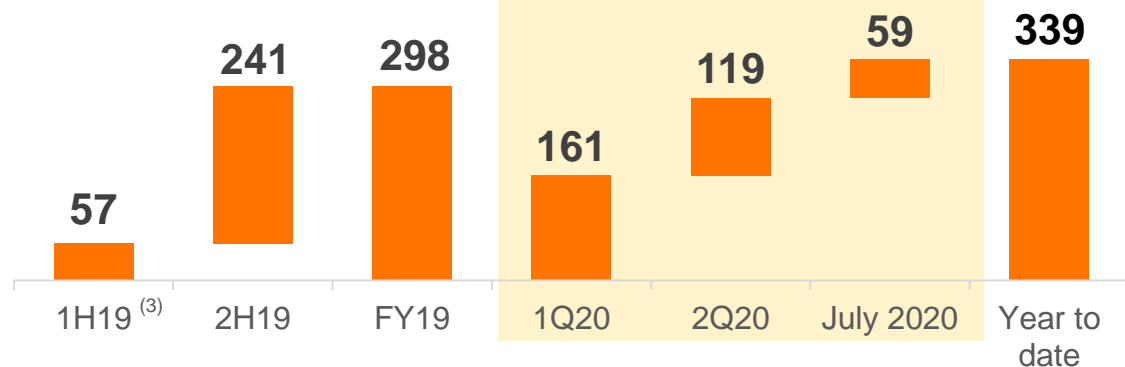
Originated business

Data in €mln

Outstanding⁽¹⁾



Turnover⁽²⁾



A

B

C

A+B+C

**Target
2020**

Terms agreed to
be signed

Advanced
pipeline

Total

~115

~101

~353

~300



New clients acquired even during the lockdown, bringing number of clients⁽⁴⁾ to over 100 and debtors to nearly 500



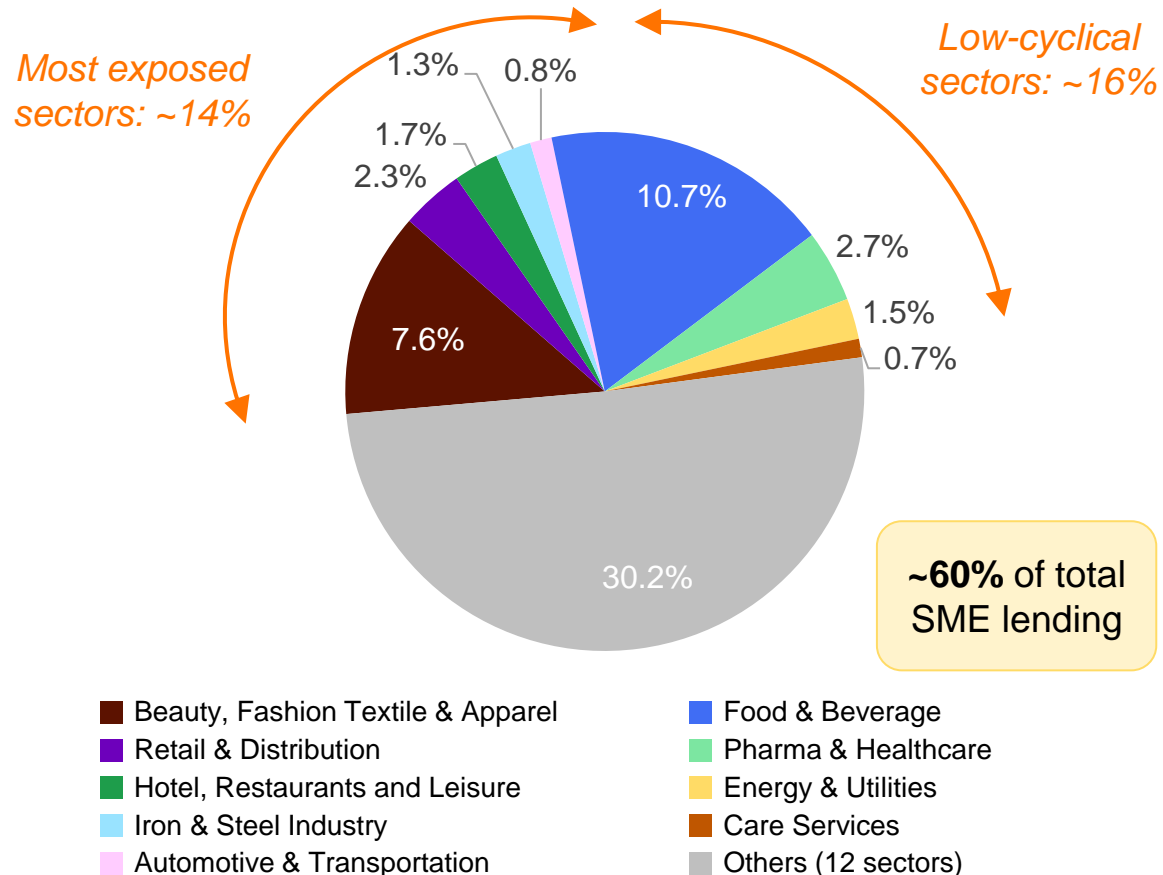
Due to COVID-19 forcing a slowdown, our clients' sales and turnover **started recovering from June**

illimity - Cross-over & Acq. Finance: a well diversified loan book

GBV breakdown by sector⁽¹⁾

As % total SME lending

Data as of 30 June 2020



Exposures spread across over # 20 sectors



~14% exposure towards sectors most exposed to COVID-19

Risk reduced by debtor's characteristics and public measures



~16% exposure towards low-cyclical sectors



Conservative collective loan provisions

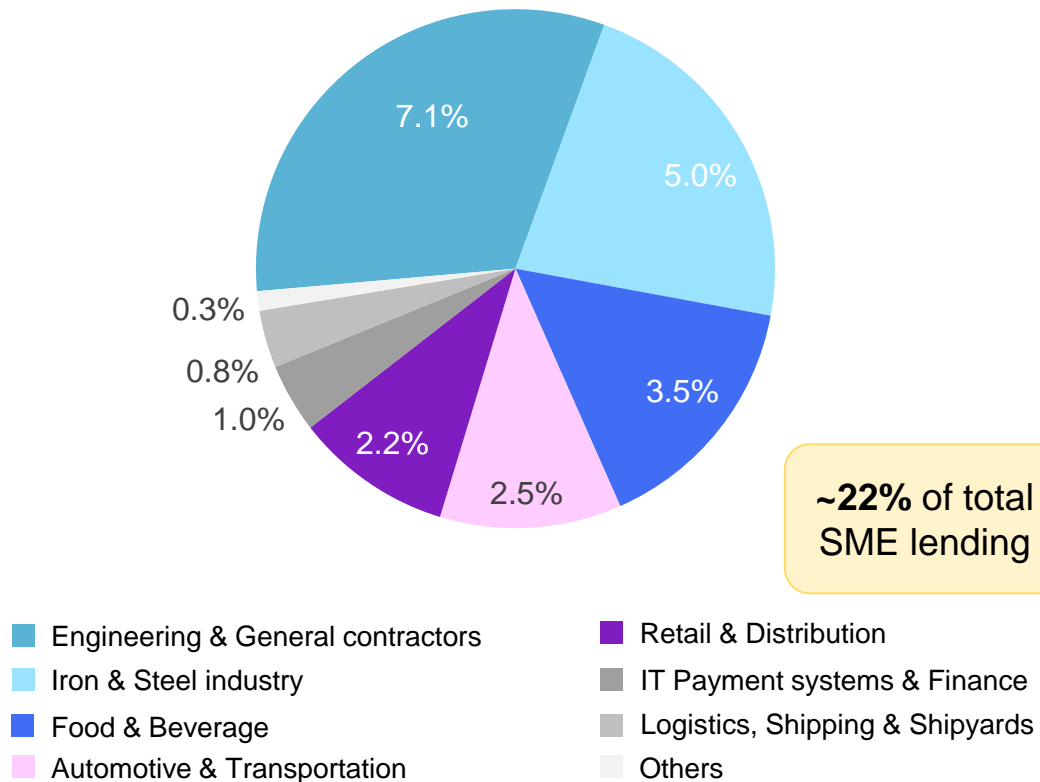
Note: Non accounting figures; (1) Excluding bad loans and including BIP Core and BIP non-core. This aggregate also includes financial instruments, such as quasi-equity instruments, which are included in "20. c) Other financial assets mandatorily at fair value" for accounting purposes.

illimity - **Turnaround:** limited impact on existing exposures

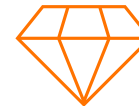
GBV breakdown by sector⁽¹⁾

As % total SME lending

Data as of 30 June 2020



Underwriting based on heavily stressed scenario



In some significant cases, super seniority position compared to the debtor's other creditors



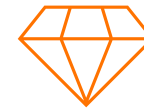
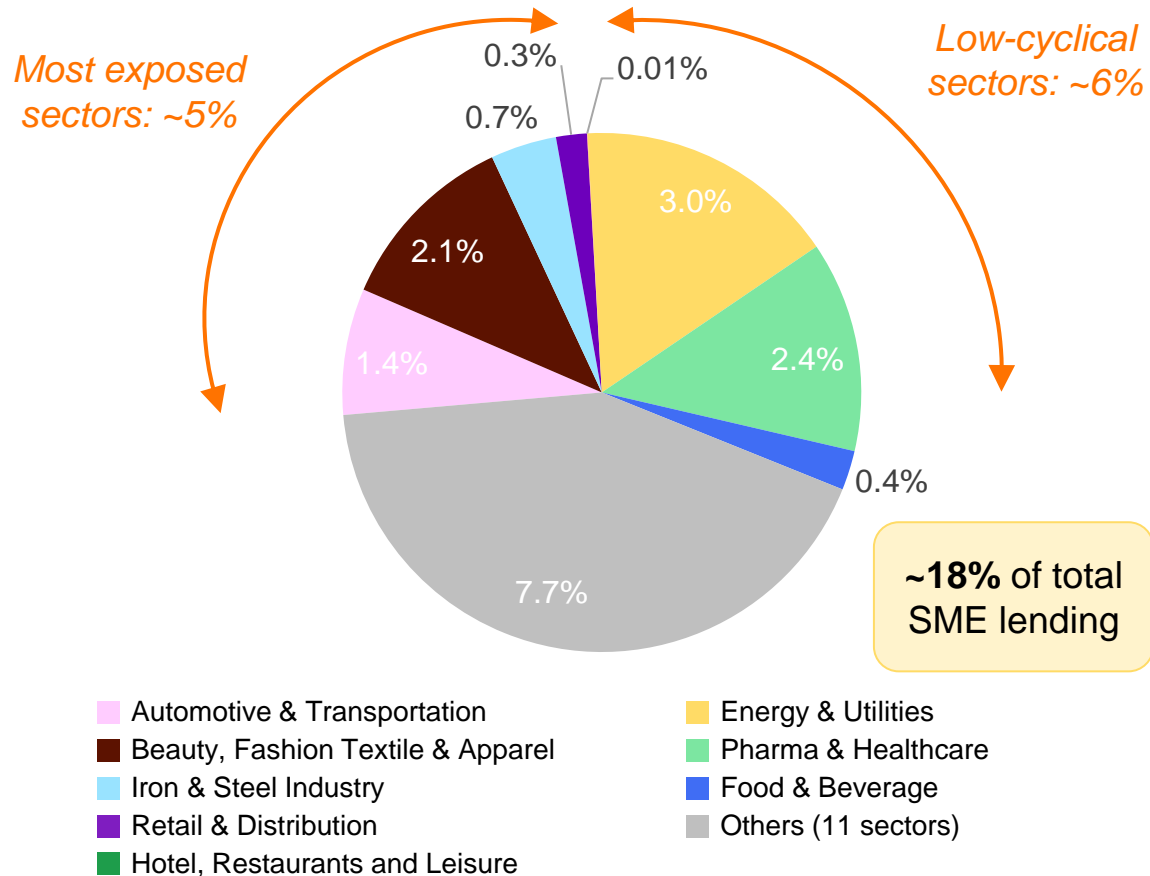
Limited number of counterparties, constantly monitored

illimity - Factoring covered by credit insurance

GBV breakdown by sector⁽¹⁾

As % total SME lending

Data as of 30 June 2020



Relevant portion of the exposure covered by credit insurance



Balanced sector exposure

Notes: Non accounting figures; (1) Excluding bad loans and including financial instruments, such as quasi-equity instruments, which are included in "20. c) Other financial assets mandatorily at fair value" for accounting purposes.

Illimity - First impact from significant public measures and guarantees

REGULATORY FRAMEWORK



'Cura Italia'
l. 27/2020



'Liquidità'
l. 40/2020

MORATORIUM

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

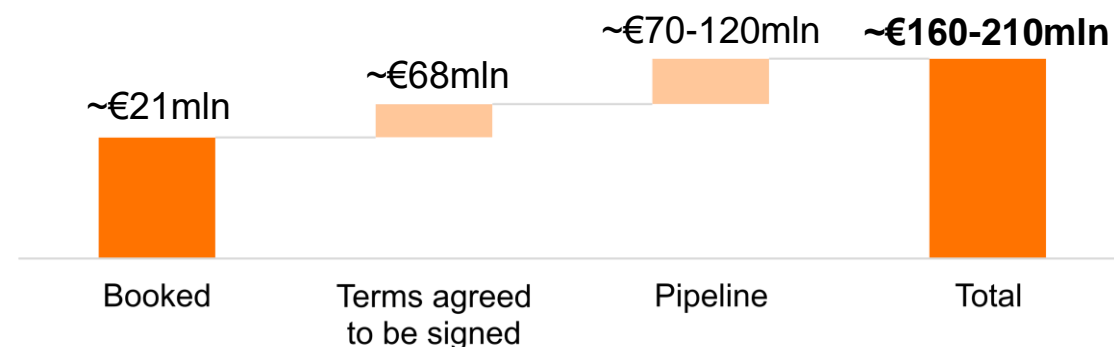
Agreed requests for **~€86mIn**

o/w 35% with an already defined refinancing operation with public guarantee

Enhanced monitoring on these positions

PUBLIC GUARANTEES⁽¹⁾

- Fondo Centrale Garanzia
- SACE

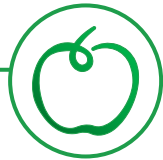


Distressed Credit I&S Division

Andrea Clamer



illimity - A well-recognized player



Distressed Credit I&S

€1.3bn

Originated business⁽¹⁾ »



Most active investor in Italian market in 2019

€1.1bn

DCIS book value⁽²⁾

€0.7bn

Of which Investments in Distressed Credits

€0.3bn

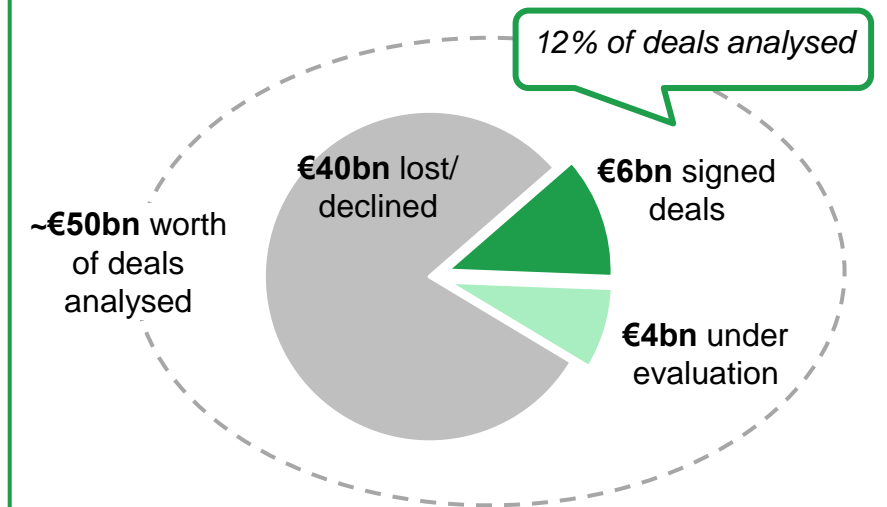
Of which Senior Financing

€8.6bn

AuM managed in Servicing⁽¹⁾



Even more selective on investments
(GBV since inception)



illimity - A very positive 2Q20 with limited impact from COVID-19



Outperformance of **gross cash flow** in 2Q, underpinned by the out-of-court workout component, a key feature of our activity



For the third quarter in a row, our **dynamic portfolio strategy generated sizeable profit**



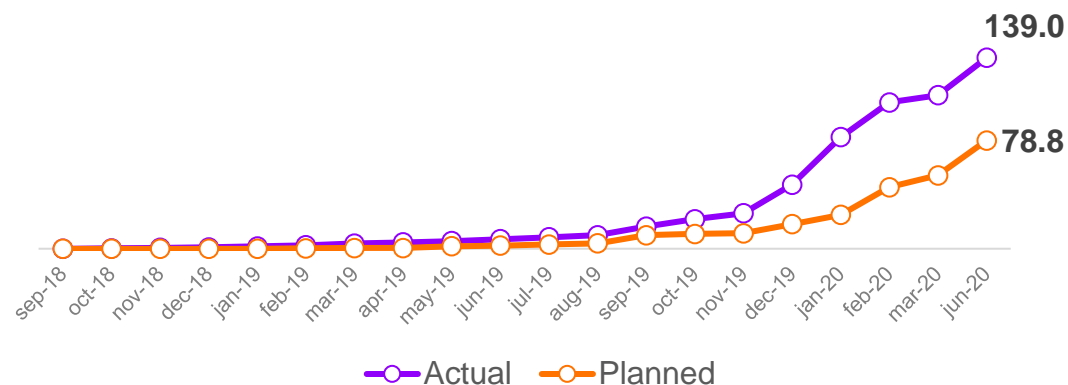
Distressed credit market very dynamic and with lower competition – **strong pipeline ahead**

illimity - Outperformance of cash flow continued despite lockdown

Cash Flow view⁽¹⁾

Data in €mln

Cumulative cash flow: actual vs. planned



	Actual Cash Flow	Expected Cash Flow	Delta Cash Flow
Q2 20	28.5	18.9	+9.6
Cumulative	139.0	78.8	+60.1

Economic quarterly view

Data in €mln

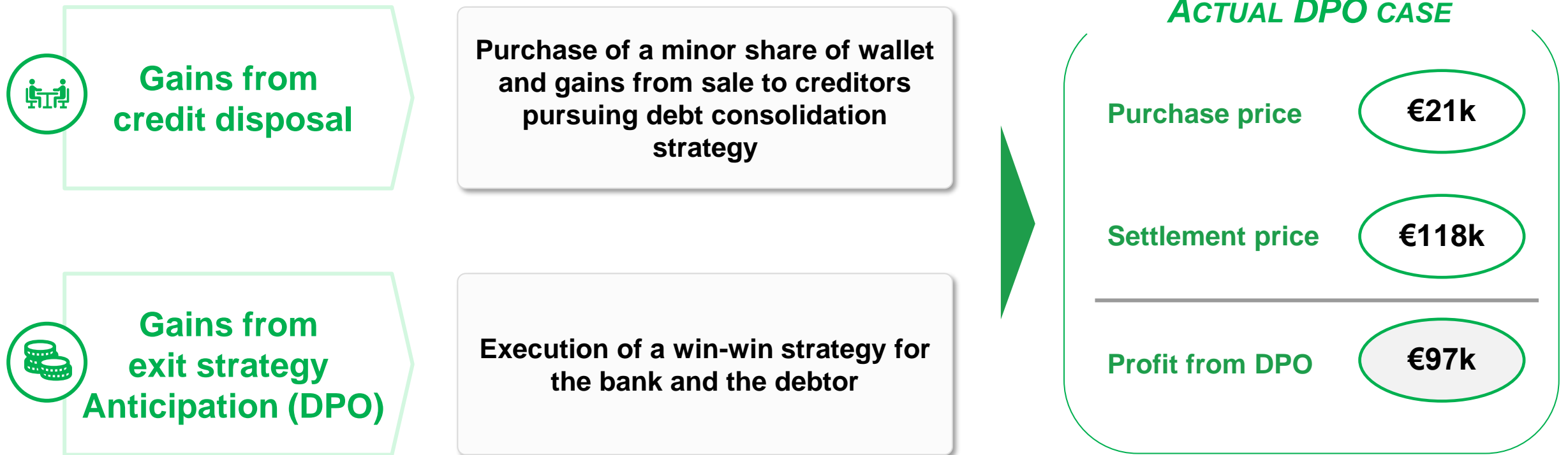
	Interest ⁽²⁾ Q2	Fee income Q2	Adjustments ⁽³⁾ Q2	Revenues Q2
Investment	21.5	-	12.5	34.0
Senior Financing	3.6	0.3	-	3.9
Total	25.1	0.3	12.5	37.9

Of which €7.9mln from credit disposal or DPO

Interest ⁽²⁾ Q2	=	NBV	×	Gross IRR	×	Period from onboarding
Adjustments Q2 12.5	=	Delta Cash Flow 9.6	+	ERC ⁽⁴⁾ Update 2.9		
Adjustments 1H 24.1	=	Delta Cash Flow 39.1	+	ERC Update (15.0)		

Notes: Rounded figures; (1) Cash flow from receivables; (2) Measured based on amortized cost; (3) Outcome of the Distressed Credit business plan periodic review; it includes €7.9mln reclassified in operating income (gains from closed purchased distressed credit positions) and €4.6mln accounted for in value adjustments on purchased distressed credit. (4) Estimated Remaining Collection.

illimity - Revenue from closed positions are core to the DCIS business model



Dynamic approach to portfolio management facilitated by very conservative pricing

illimity - Strong out-of-court workout component drives cash flow performance

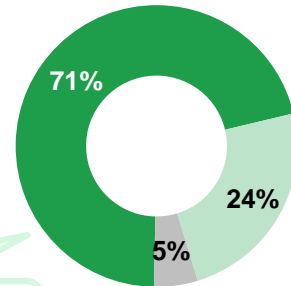
Data as of 30 June 2020



Pricing vs. actual workout strategy

On Judicial strategy, real estate asset value is 50% below market value

Workout strategy in pricing model (NBV breakdown)

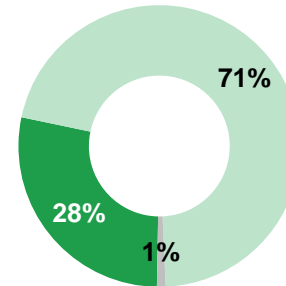


Judicial⁽¹⁾

Out-of-court settlement

Other⁽²⁾

Actual workout strategy (Cash flow breakdown)

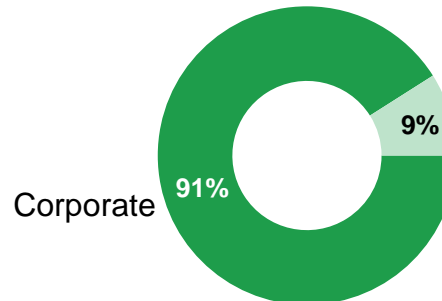


Out-of-court settlement represents >70% of actual gross cash flow – vs ~24% in pricing model



Type of borrower

Type of borrower (GBV breakdown)



Corporate

Retail

- Retail borrowers **strategically non-core** (will be sold in due course)
- ~ 40% of DCIS stock has a GBV ticket size > €2.5mIn

Our debtors usually have significant assets




Notes: (1) Purchase prices as % of GBV in Judicial strategies are generally lower than in out-of court strategies as the result of longer collection period, lower cash flow and higher legal costs; (2) Includes assets repossession (through ReoCo), *datio in solutum* transactions and blended strategies.

illimity - A resilient business origination combined with pricing discipline

Strong discipline drives selective approach

- ~€50bn of GBV analysed since inception
- ~€40bn of GBV declined/lost since inception
- ~€6bn 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⁾			
	Inception to date (31 July 2020)	Terms agreed ⁽²⁾ to be signed	Advanced pipeline ⁽³⁾	Total
 Distressed Credit Investment	913	-	~346	~1,259
 Senior Financing	425	~16	~52	~493
Total Originated Business	1,338	~16	~398	~1,752
 Servicing⁽⁴⁾ <i>AUM (GBV/Managed assets)</i>	~8,600	-	~1,800	~10,400

Notes: Non accounting figures; (1) This aggregate includes the origination/purchase of income-producing loans and Distressed Credit investments, 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 within the Dynamic Portfolio management strategy; (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) 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.

illimity - Diversified growth

Originated business

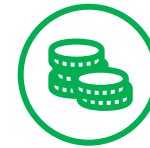
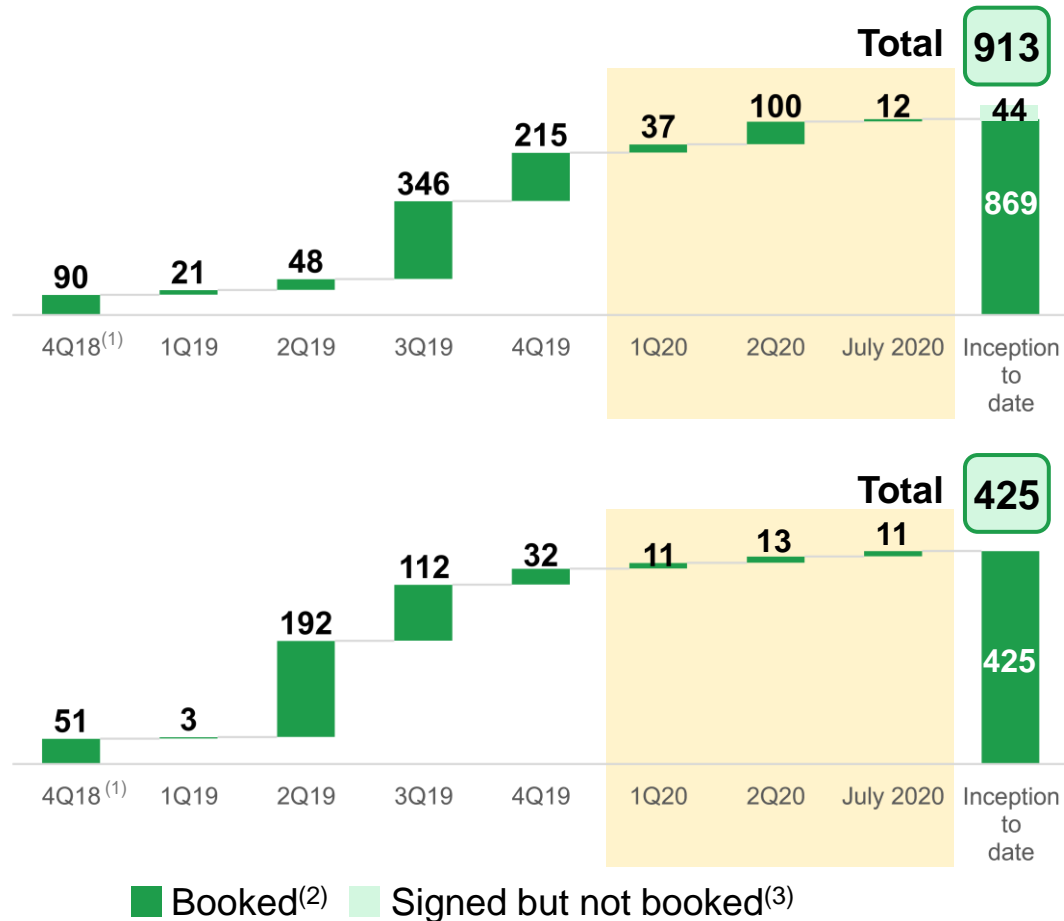
Data in €mln



**Distressed
Credit
Investment**



**Senior
Financing**



Business **origination**
doubled compared to 2Q19



First investment in the
Energy sector

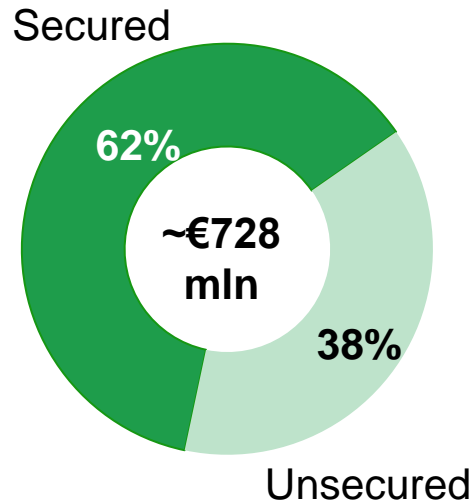


Very dynamic **Special
Situation Real Estate**

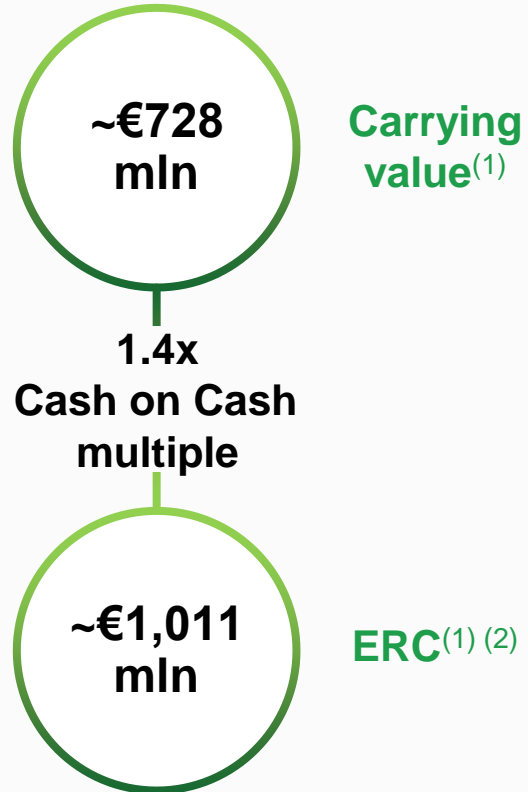
illimity - Portfolio growing steadily

Data as of 30 June 2020

NBV breakdown by type of guarantee



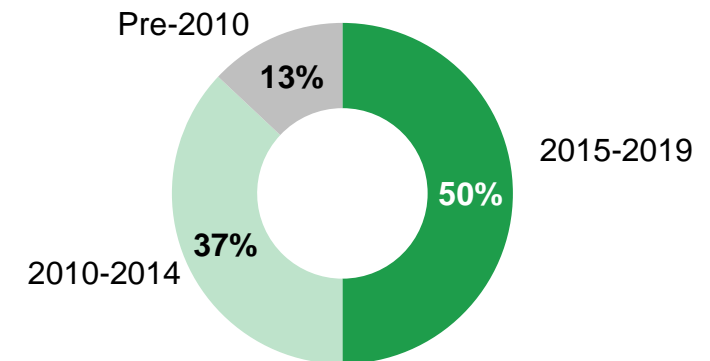
KPIs



Not considered **€49mln** of real estate assets owned directly by the Bank

- Repossession/datio-in-solutum as part of workout strategy
- To be pursued very selectively

Vintage⁽³⁾ (GBV breakdown)



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.

Direct Banking

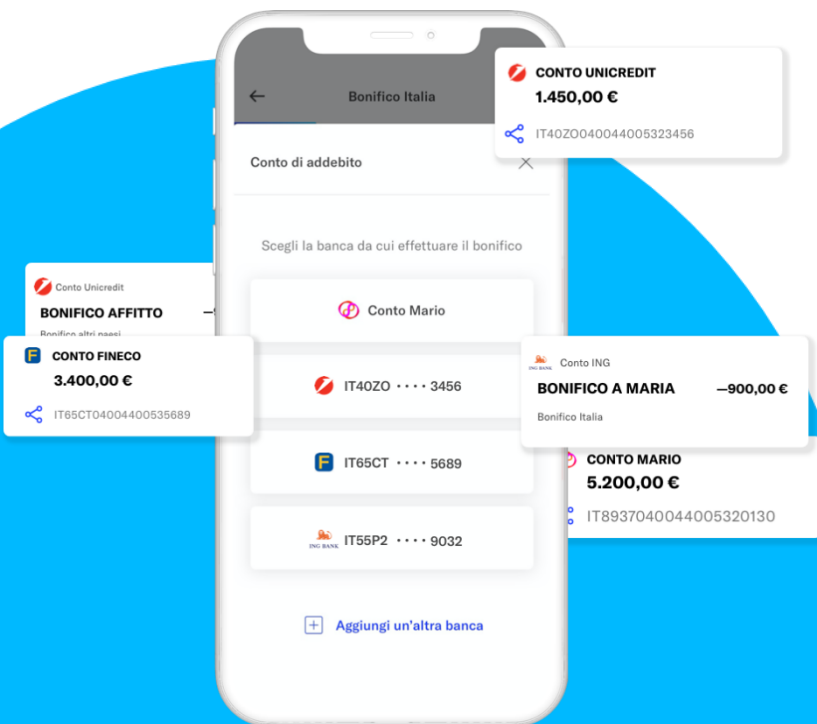
Carlo Panella



illimity - illimitybank.com now a benchmark in customer engagement

- Funding goals over-achieved thanks to a stable **€1.8bn funding** with a decreasing cost of funding (-20bps on illimitybank.com June vs January)

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



36k

Total Customers
at 31 July 2020

83%

Active Customers
o/w 26% already chosen illimity as primary bank

+70%

Conveyed payrolls
June vs January

~15%

« PSD2 » customers

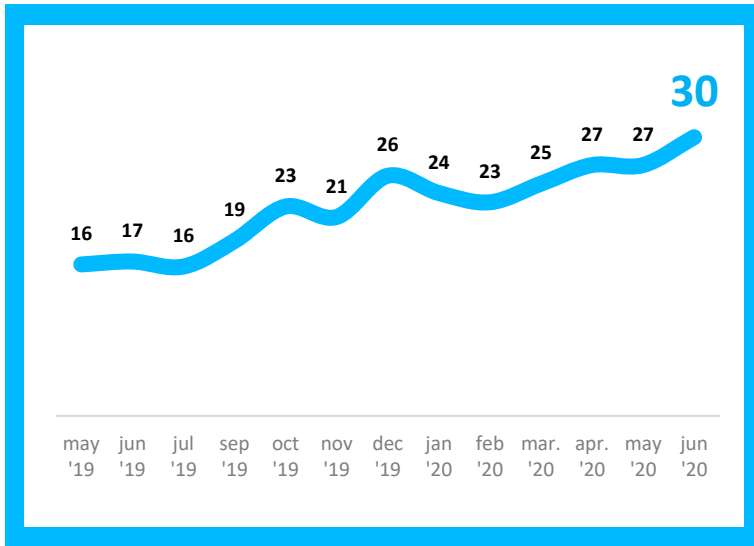
30%

Advanced analytics users⁽¹⁾

Note: Data as of 30 June 2020. Non accounting figures
(1) Web users who interact with the Analysis tools

illimity - What do they say about us...

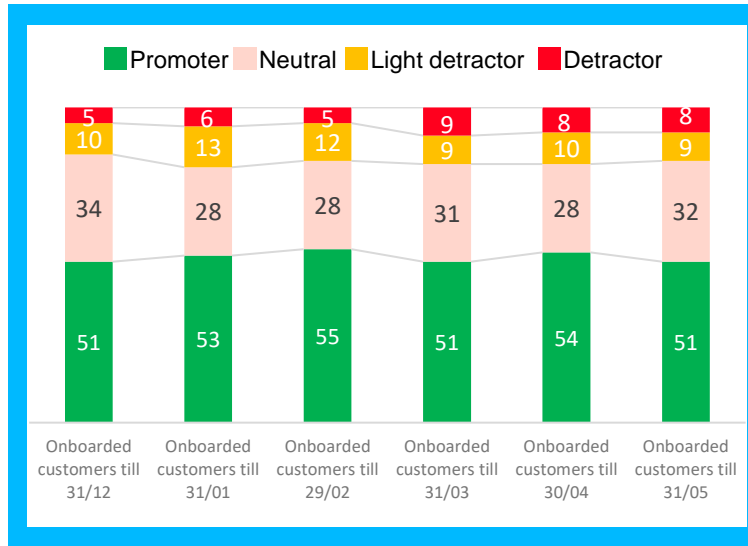
Market



30%
Brand
Awareness

% of interviewed users who know illimity brand

Customers



35
Net Promoter
Score

vs **9** avg market value

Institutions



ABI
Award

for most innovative Retail Bank for families and young users

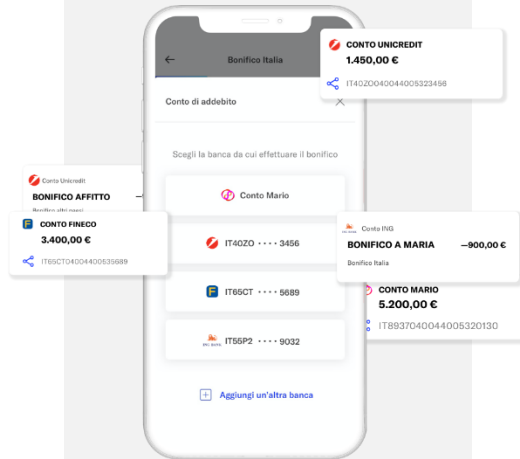
illimity - The path towards an API-based economy

BUILD



Development and launch of a **fully digital** direct bank

PSD2 NATIVE



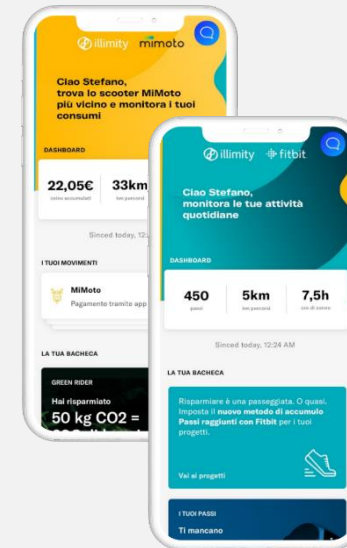
Born to be **PSD2 compliant**: first bank in Italy to launch both *Account Information* and *Payment Initiator* Services

FULLY FLEDGED



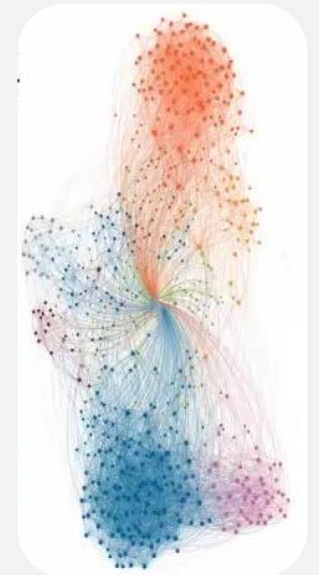
Enrichment of the commercial proposition with **Third Parties Products**, in order to provide customers with a complete product portfolio

PLATFORM



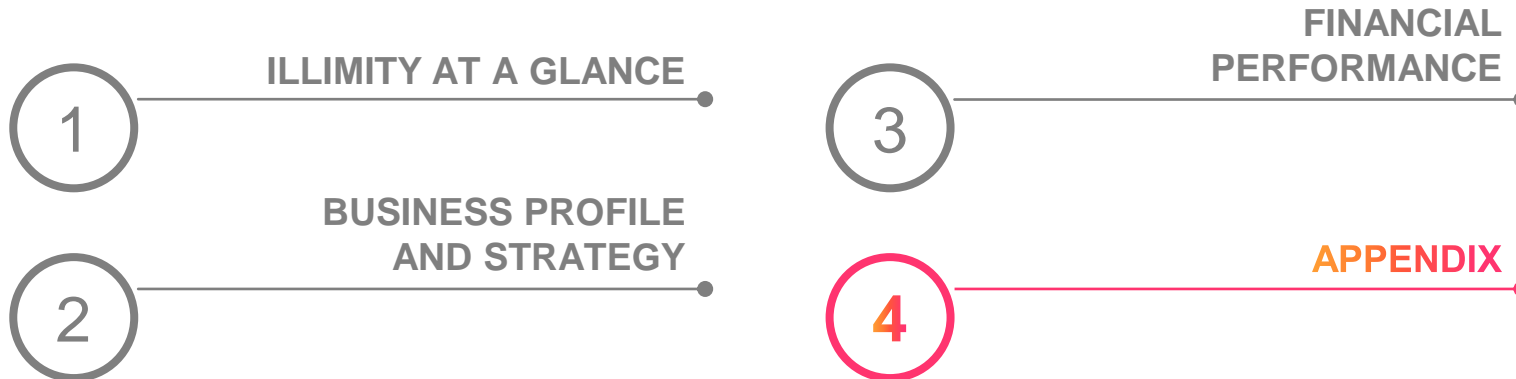
From Open Banking to Open Business with the new **illimity Hubs**: a complete and value-added integration of non-financial partners within the illimity app

API ECONOMY



What is the next level?
To keep **scaling on the banking and data platform**

illimity - Agenda



illimity - Listed on the STAR segment of the MTA

Since March 5, 2019, illimity ordinary shares are listed on the Mercato Telematico Azionario (MTA) managed and organised by Borsa Italiana. On September 2 illimity shares entered the STAR segment.



- Average daily volume since 20-Feb: ~227,000 shares
- Market capitalisation: €542m

illimity - Management team Biographies



Corrado Passera

Proven track record and extensive experience in the banking sector

- **Minister of Economic Development and Minister of Infrastructures/ Transportation** (2011–2013)
- **Intesa Sanpaolo – Group CEO** (2002–2011)
- **Poste Italiane – CEO** (1998–2002)



Andrea Clamer

Deep knowledge of the Italian NPL market (10 years)

- **Banca IFIS – Head of NPL Business** (2012-2017)
- **Toscana Finanza – Head of New Markets** (2008-2011)



Enrico Fagioli

Long-standing career in the banking sector, with strong credit know-how and deep knowledge of the Italian Corporates

- **JV Questio-Cerved – CEO** (Oct-2017/May-2018)
- **BPVicenza – CFO and Deputy GM** (Jan-Sept 2017)
- **BMPS – Head of NPL and Non-Core Unit** (2014 – 2017)



Carlo Panella

Strong knowledge of banking operations and digital banking

- **CSE Consulting – General Manager** (2013-2018)
- **WeBank – General Manager/ Commercial Director** (2009-2013)



Francesco Mele

Deep knowledge and strong track record in the Italian Financial Sector

- **BMPS – Group CFO** (2016–2018)
- **Nomura International – Head of Investment Banking Italy** (2010–2016)
- **Goldman Sachs Italy – FIG team** (1996–2010)



Isabella Falautano

Strong experience in Communication, Corporate Responsibility and Stakeholder Engagement

- **AXA Italy – Director of Communications, Corporate Responsibility and Public Affairs** (2007-2018)



Claudio Nordio

Wide experience in risk management, quantitative modelling and structuring

- **Banca Carige – CRO** (2015-2018)
- **Banco Popolare – Head of Internal Validation** (2010-2015)



Fabio Marchesi

Strong experience in Internal Audit, with strong credit know-how

- **UBI Banca - Credit Audit Manager** (2012-2018)
- **UBI Banca - Internal Audit Project Manager** (2007-2012)



Silvia Benzi

Head of Investor Relations & Strategic Planning

Mobile: +39 349 7846537 - +44 7741 464948

Email: silvia.benzi@illimity.com

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- Pursuant to Article 154-bis, paragraph 2, of the Legislative Decree no. 58/1998 (Unified Financial Act), the Financial Reporting Officer, Mr. Sergio Fagioli, declares that the accounting information contained in this Document corresponds to the document results, books and accounting records.**