



illimity

BANCA OLTRE LA FORMA

4Q23 & FY23 Consolidated Results

9th February 2024

Key highlights

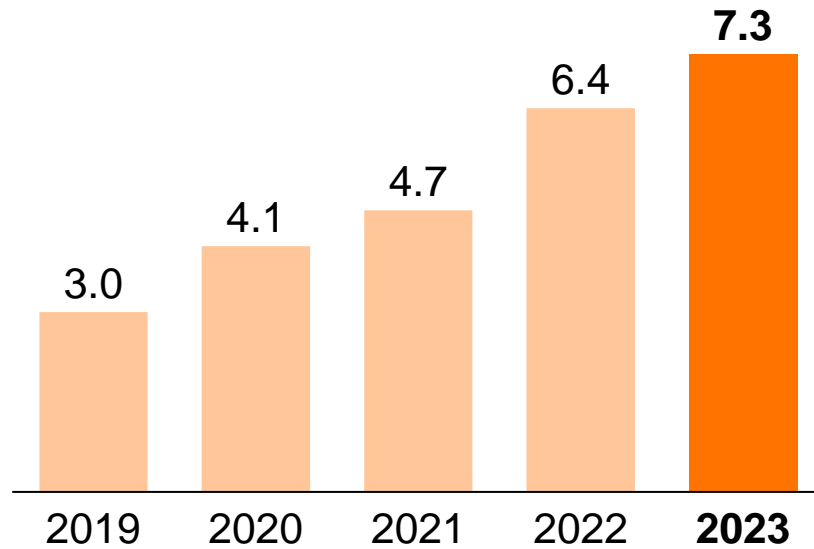
Corrado Passera, CEO



illimity - Uninterrupted growth story

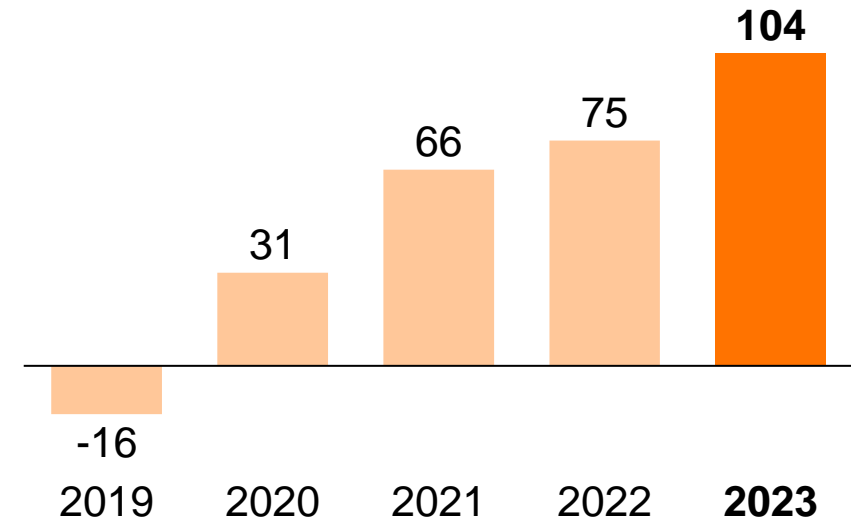
TOTAL ASSETS

€bn



NET RESULT

€mln



illimity - **FY23: Very good numbers**

4Q23 net profit at €29mIn (ca. +30% Q/Q)

bringing FY23 to €104mIn (ca. +40% Y/Y) in line with guidance

Record year for our Corporate & Investment Banking business

in both profitability (PBT +47% Y/Y) and volumes (Net Customer loans +24% Y/Y)

Distressed credit division posted strong profitability

maximising value creation from NPE portfolio

Solid capital position to support future growth

CET 1 ratio at 14.7% (+510bps vs. SREP 2024)

Resilient asset quality with high share of public guarantees

Gross NPE ratio¹ at 1.3% and Cost of risk at 43bps

Ongoing advancements in Tech Ventures

toward breakeven, expected in 2024



illimity - Key strategic advances



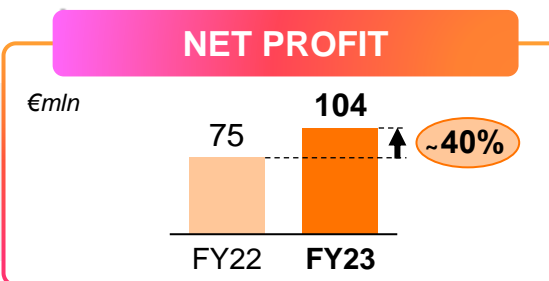
Digital Division from cost/investment center to profit center
(+€54mln revenue)

Distressed Credit business to exit NPL direct investments
and evolve into asset-based financing

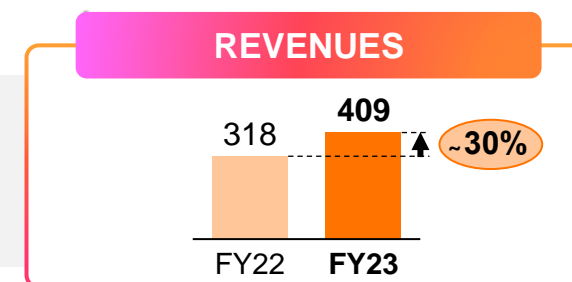
Quimmo (proptech) entered non-judicial real estate brokerage market
thanks to partnership with COIMA

illimity - FY23 net profit at €104m on target

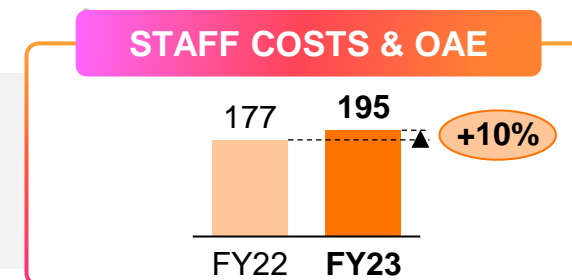
- Significant increase in profitability with **Net profit up ca. +40% Y/Y**



- Revenue up ca. +30% Y/Y¹** driven by NII (+19% Y/Y) and Net commissions (+25% Y/Y), profits from NPE related gains* (+42% Y/Y) as well as new IT partnership revenue



- Staff costs and OAE up 10% Y/Y** (excl. one-offs and perimeter change) mainly due to staff hirings in late 2022, marketing costs, MBO and renewal of national labour contract



- LLPs reflect contained **cost of risk at 43bps**



illimity - **Solid capital position**



14.7%
CET1 ratio



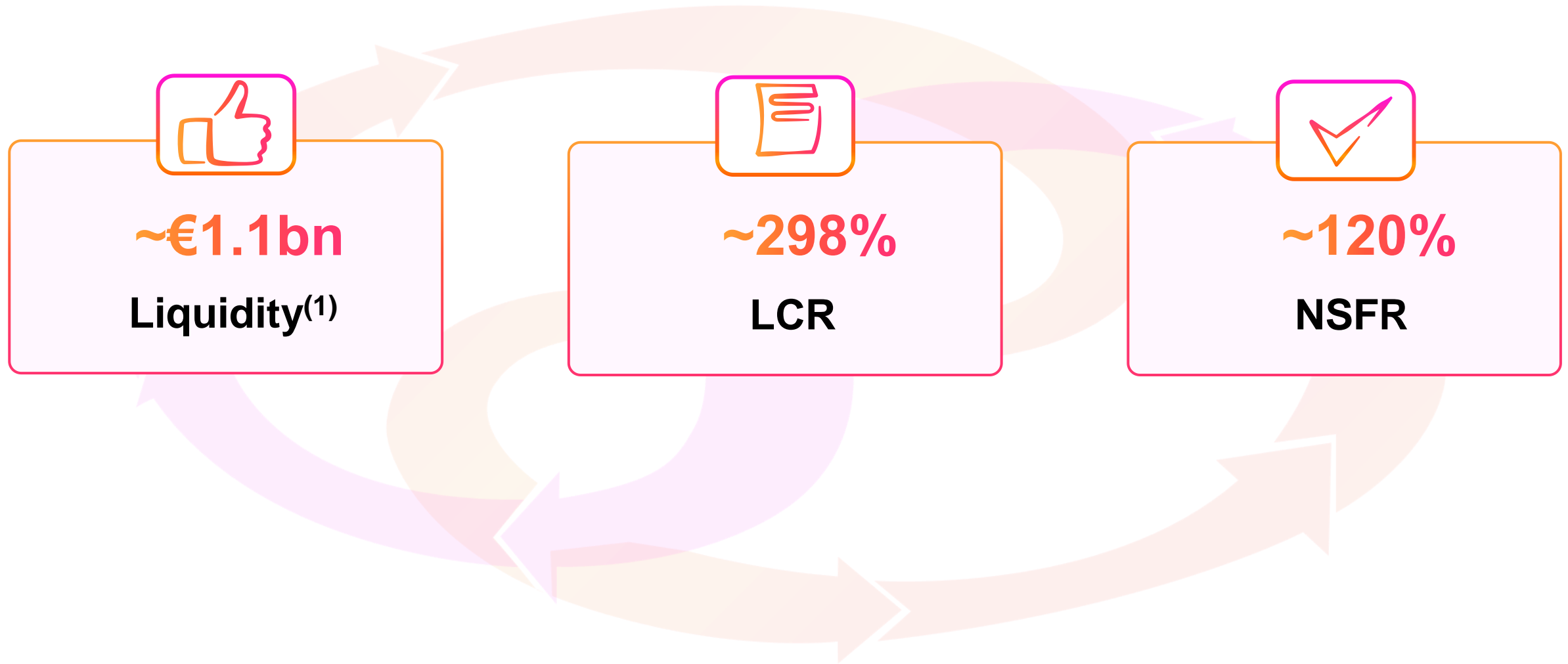
+510bps
Buffer vs. SREP



18.7%
Total Capital ratio

**Negligible unrealised losses on HTC securities at €1.8mln
(0.2% of Shareholders' Equity)**

illimity - Sound liquidity profile



Notes: (1) Including Cash and High Quality Liquid Assets.

Pillimity - Corporate & Investment Banking business posts strong profitability and volumes



GROWTH CREDIT DIVISION

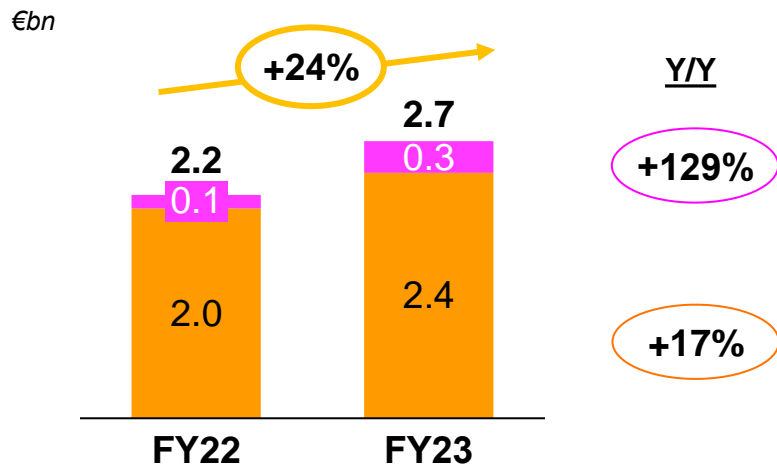
- **Net customer loans up 17% YoY**, despite early repayments
- **Excellent operating leverage**
- **Strong profitability increase**: profit before tax at €80mln up 49% Y/Y



INVESTMENT BANKING DIVISION

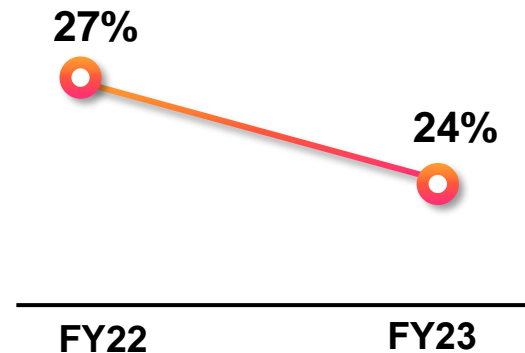
- **Strong volumes acceleration**: +129% Y/Y
- **Upsurge in structuring and capital market activity** (9 IPOs since inception, of which 4 completed in 2023)
- **4Q23 best quarter ever**, with FY23 Profit before tax at €10.1mln up 29% Y/Y

Net customer loans

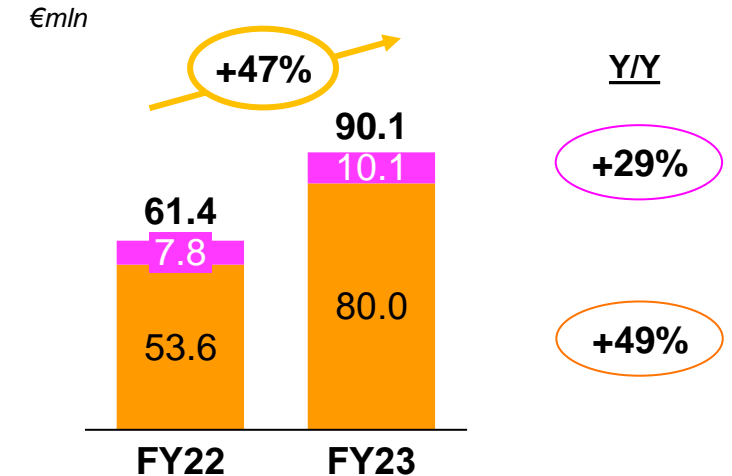


 Growth Credit  Investment Banking

Cost Income (GC+IB)



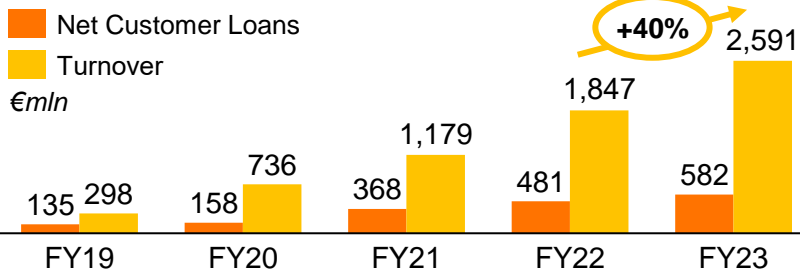
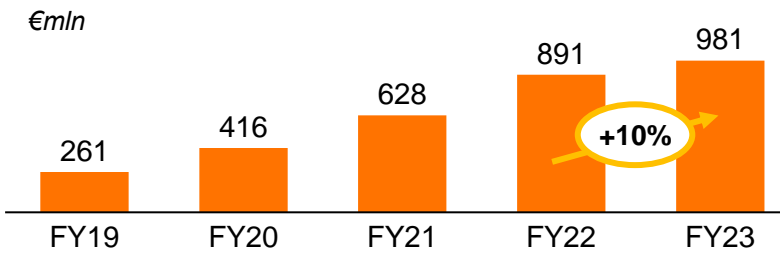
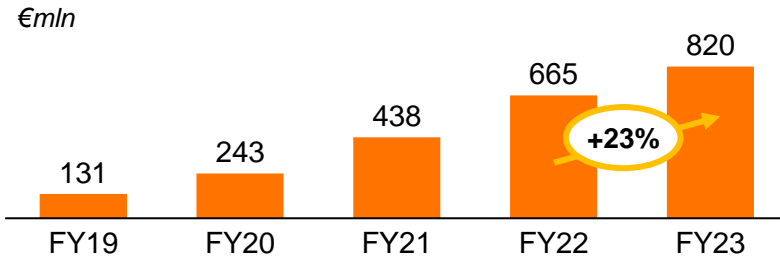
Profit before tax



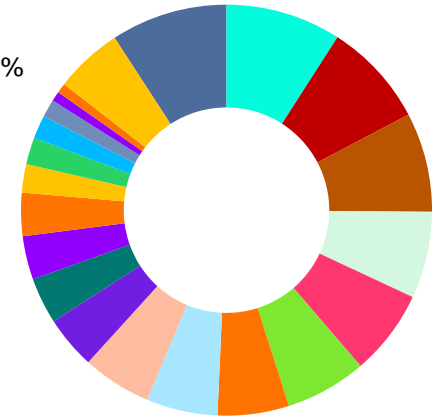
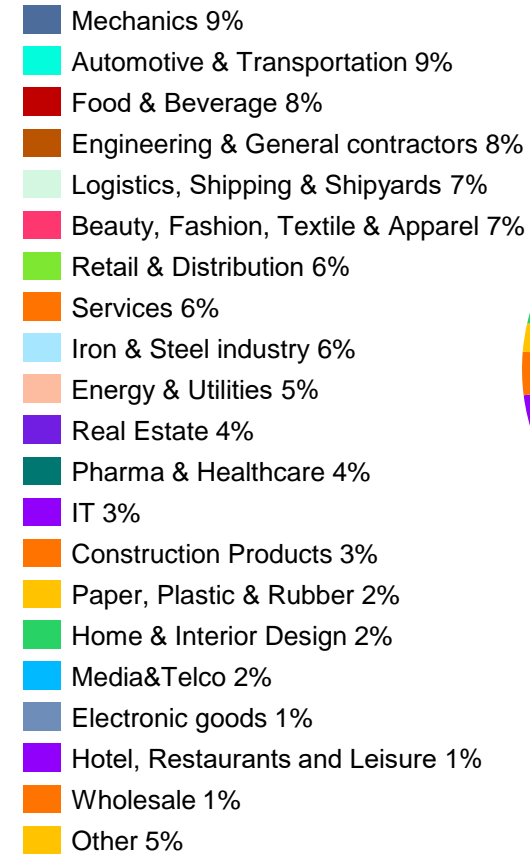
 Growth Credit  Investment Banking

illimity - Significant volume progression with high diversification

NET CUSTOMER LOANS



LOAN BOOK BREAKDOWN BY ECONOMIC SECTOR⁽¹⁾



illimity - Asset quality in SME lending under control



43BPS

Cost of Risk



~54%

**Guaranteed/Insured
loans**

as % of total gross loans ⁽²⁾



~3.8%

Stage 2 Loans

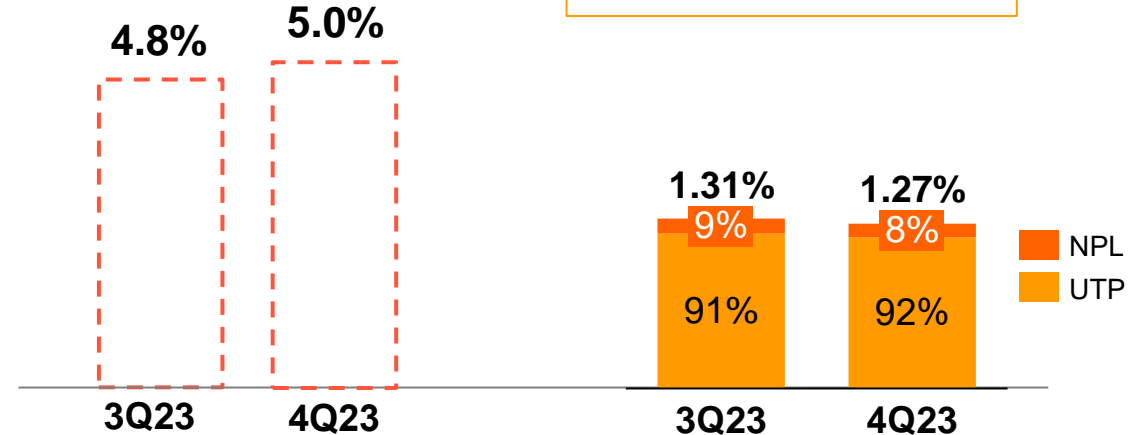
as % of total gross loans ⁽²⁾⁽³⁾

GROSS NPE RATIO⁽¹⁾

Gross NPE ratio
(including State
guaranteed positions)

Gross NPE ratio
(excluding State
guaranteed positions)

Most exposures under
restructuring process
aimed at back to bonis



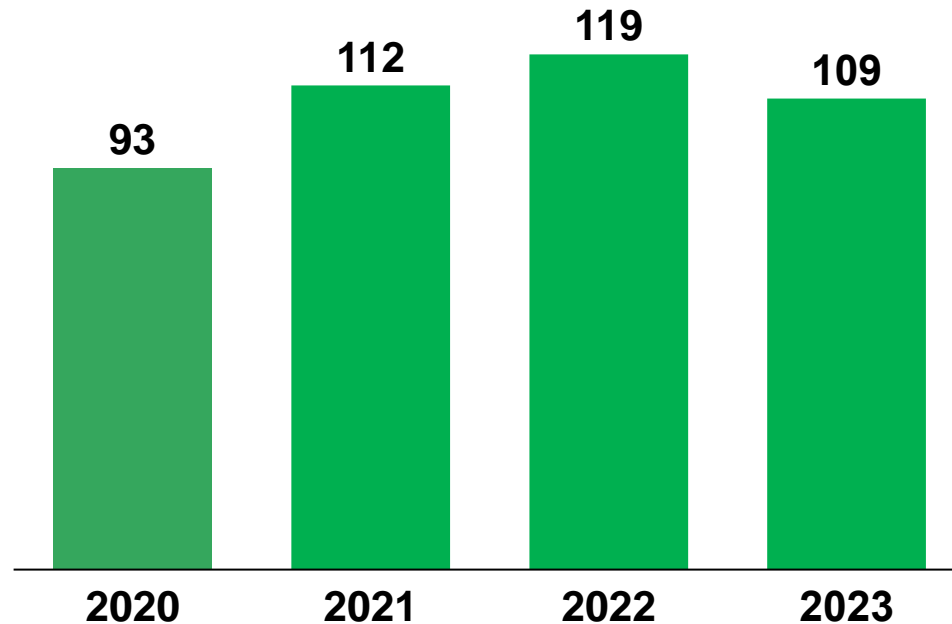
Notes: (1) Excluding BIP legacy portfolio, see 'Gross organic NPE ratio' in the Glossary at the end of this document for further details; (2) Including Growth Credit, b-ilty and BIP legacy portfolio; (3) Considering only stage 2 loans arising from credit deterioration

illimity - Distressed credit division delivered high profits also in 2023 despite very challenging market

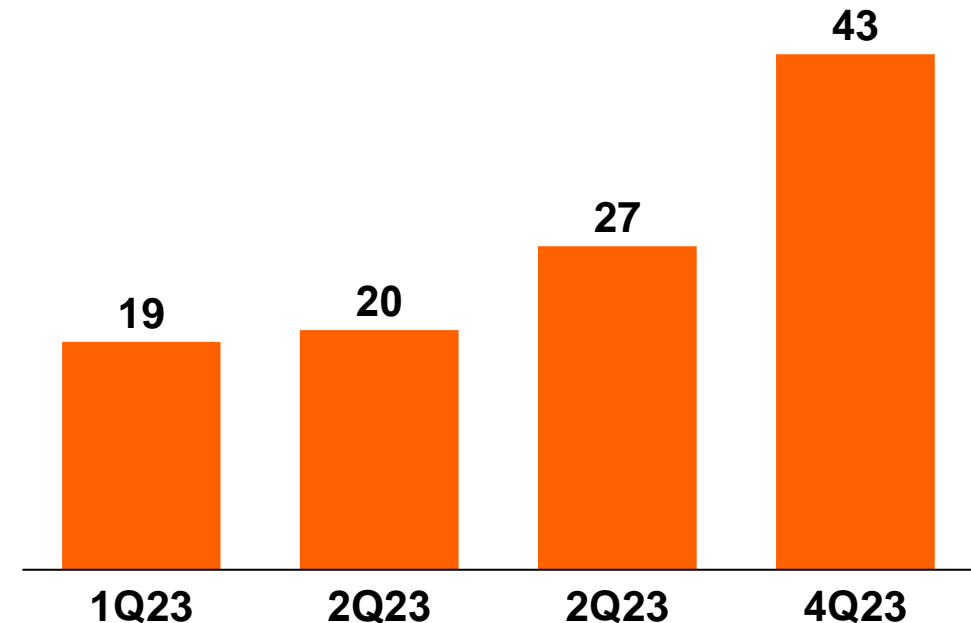
Distress Credit Division - Profit Before Tax

€mln

Yearly trend



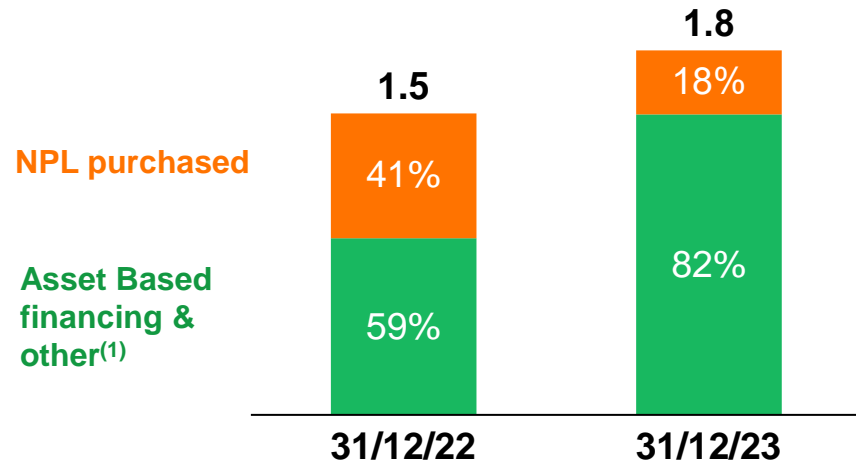
2023 quarterly trend



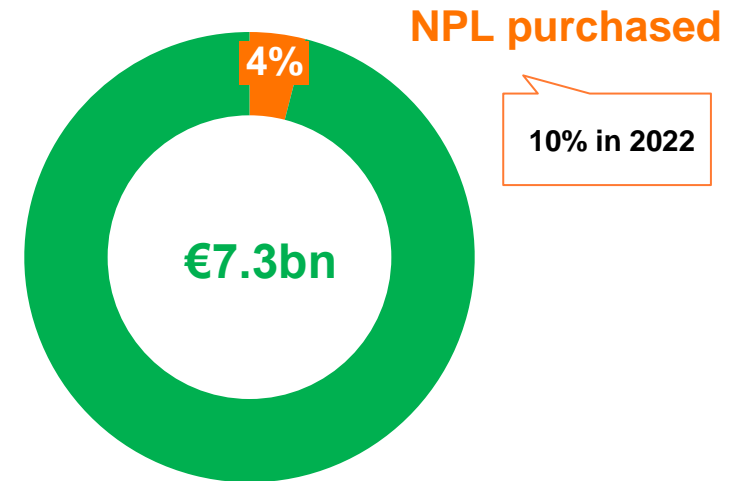
illimity - From Distressed Credit to Specialised Credit focusing on asset-based financing

Division's asset mix

€bn



NPL purchased on total assets



Distressed Credit Division



NPL PURCHASED

GONE CONCERN



Specialised Credit Division




ASSET-BASED FINANCING

GOING CONCERN

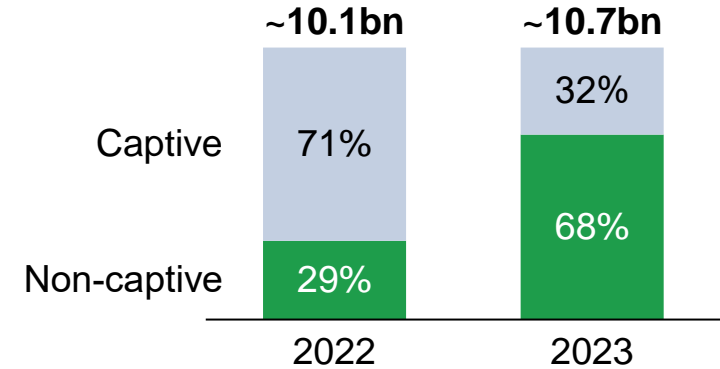
AREC neprix - Strong profitability increase (+38% Y/Y) despite challenging servicing market

 4Q23, EBITDA at 11€mIn (+521% Q/Q), driving full year results to ~16€mIn (+38% Y/Y), despite challenging servicing market

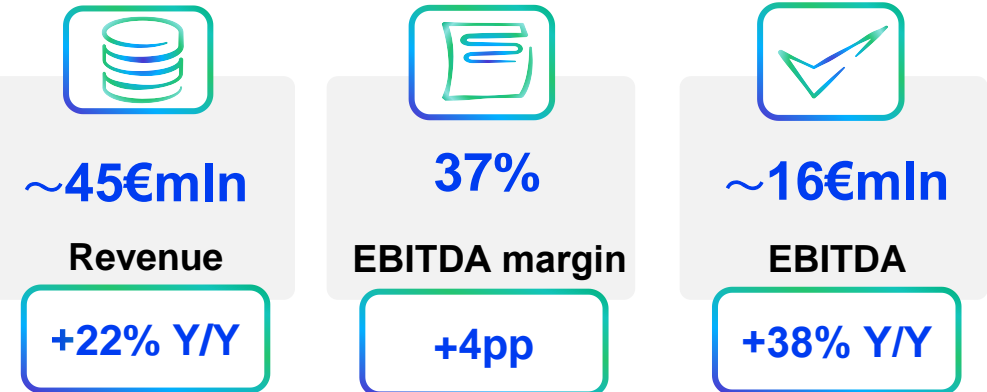
 Consolidation of market position as 3rd largest market player in corporate UTP management ⁽¹⁾ with almost €11bn of managed assets

 Increase in third party mandates. Asset manager and credit servicer for Olympus fund⁽²⁾, one of Italy's largest

Managed Assets



Key results FY23



illimity - Profits rise with +52% AUM growth

FUNDS LAUNCHED

Launched in
March 2021

Credit & Corporate Turnaround Fund

- UTP
- AuM⁽¹⁾: €260mln

Launched in
August 2022

Real Estate Credit (iREC) Fund

- NPE
- AuM⁽¹⁾: €171mln

Launched in
April 2023

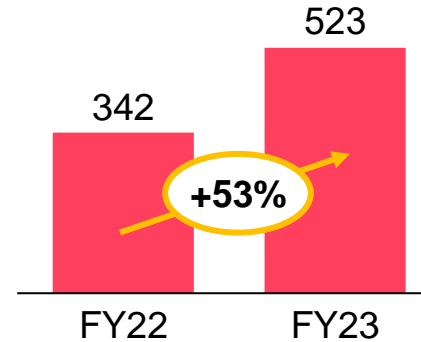


Selective Credit Fund (art. 8 SFDR)⁽²⁾

- Single name performing unlisted SMEs
- First closing for €92mln finalised, of which 35% already invested

AUM

€mln



• **Total AUM** increased to **€523mln⁽¹⁾** thanks to:

- **Launch of new fund** art. 8 SFDR⁽²⁾ (Selective Credit Fund)
- **~€60mln new inflows** in iREC Fund reaching today 7 banking groups as unit-holders

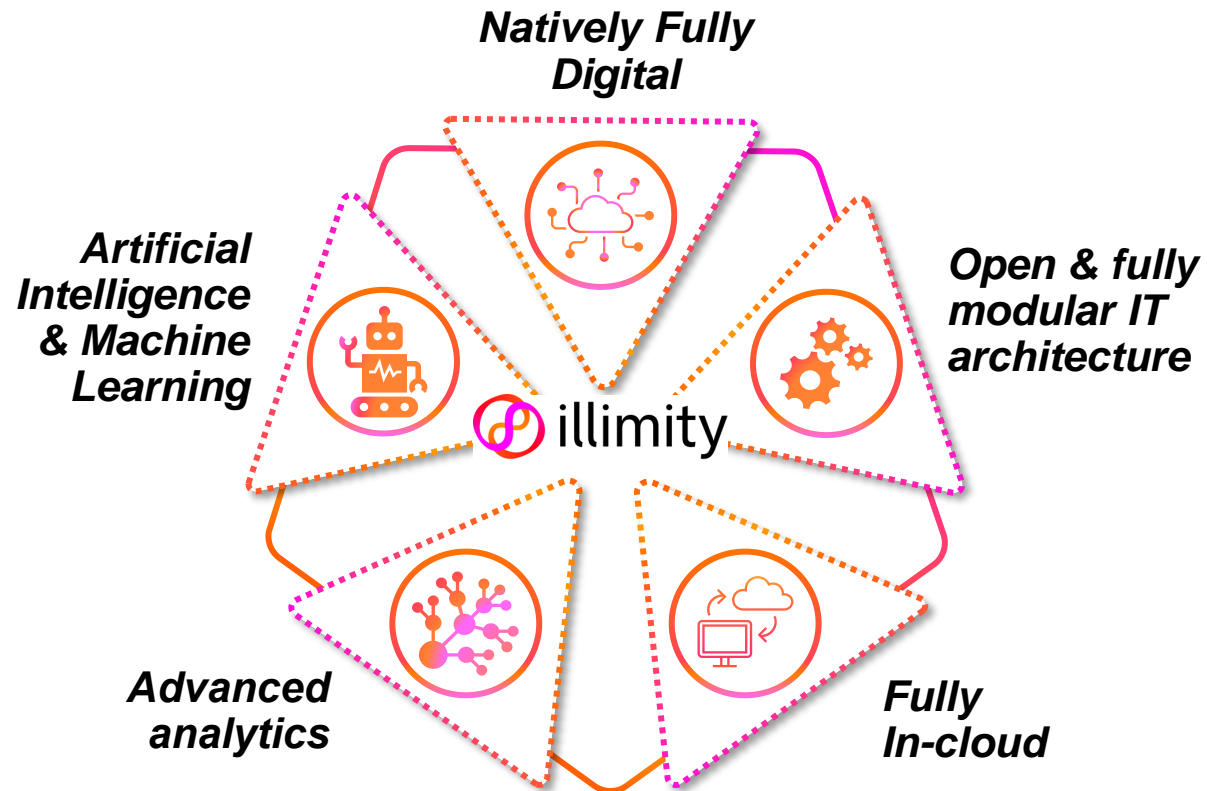


Revenue at €5.3mln up 39% YoY, driving **Profit before tax** at **€1.7mln from €0.8mln in 2022**



Two new funds to be launched in 2024: one of them being additional art. 8 SFDR Fund⁽²⁾, **in line with development of Group's Sustainability Strategy**

illimity - Unique IT architecture boosted by partnership with Engineering in 2023



Partnership with Engineering on illimity IT platform

€55.5mIn

Revenue booked in
2Q23

+

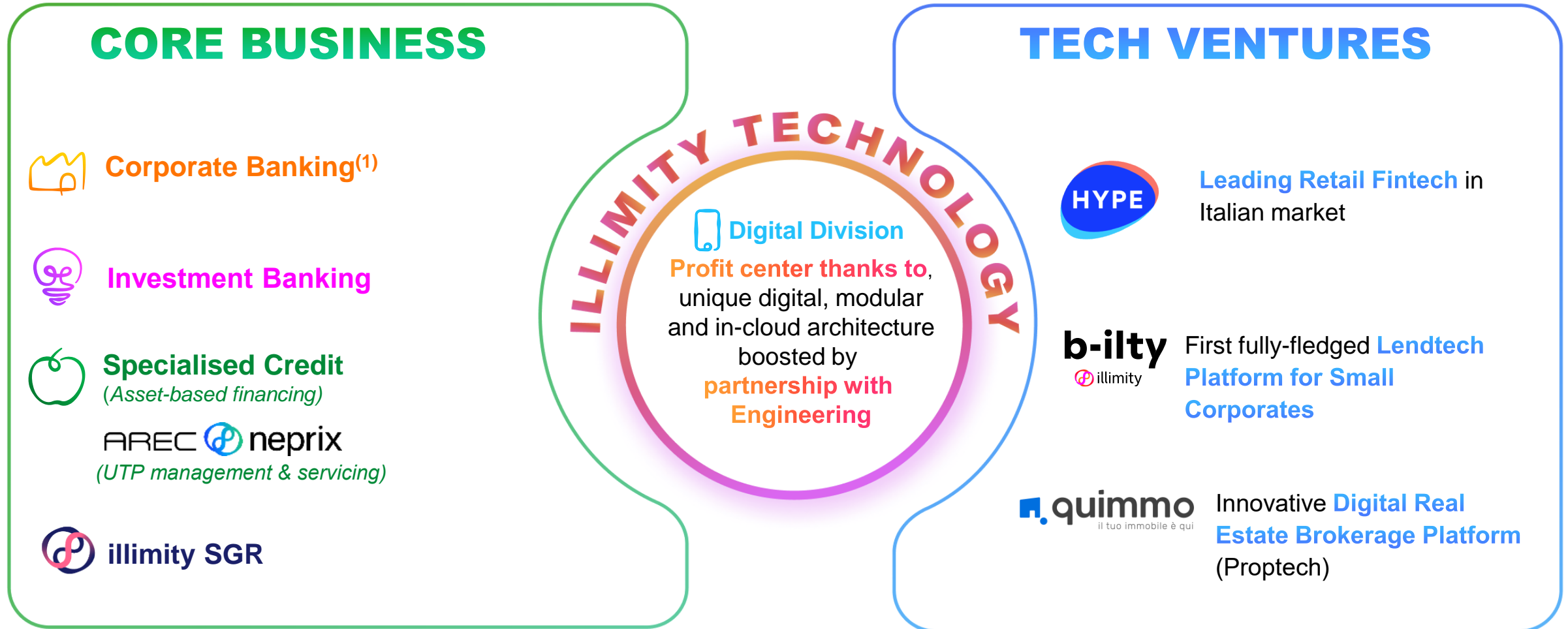
€4.5mIn

in return for further platform
upgrades over 2024-2032

**Significant royalties expected over
10 years**

**State-of-art solutions, immediately available to
market in proprietary, licensing or "as service"
solutions**

illimity - Leveraging tech for further core business growth



(1) Former Growth Credit Division renamed Corporate banking Division as of 01/01/2024



- Steady profitability improvement

Top retail fintech in Italy

~1.8m

+6%
YoY

Growing accounts

~74

+22%
YoY

Average transactions per client in FY23

€39.2m

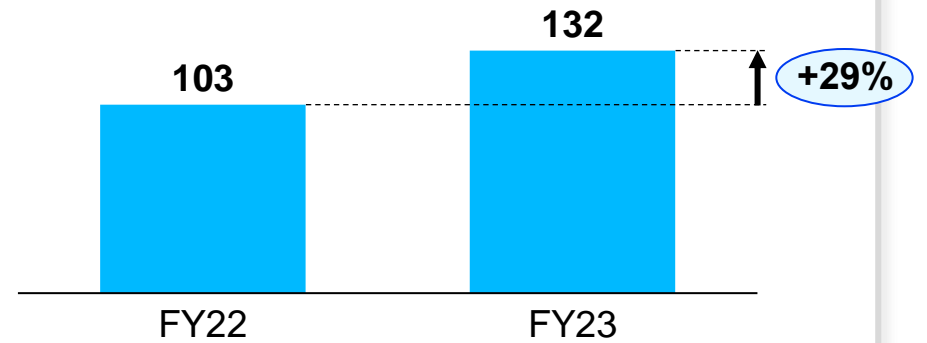
+77%
YoY

Gross revenue (including NII)
in FY23

Profitability set for significant improvement in 2024

TRANSACTION NUMBERS

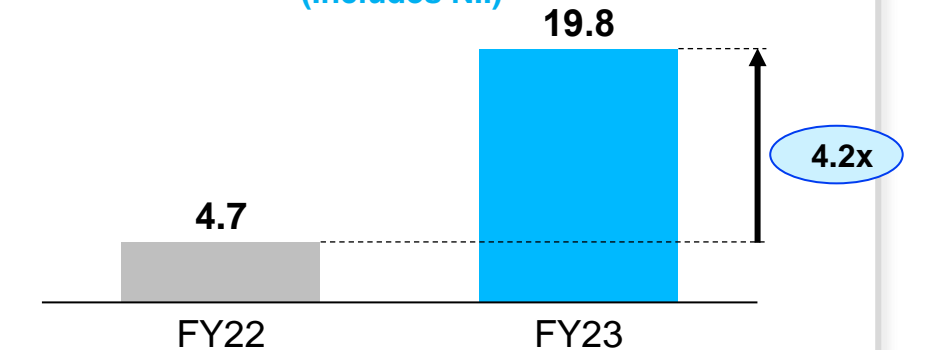
€mln



CONTRIBUTION MARGIN⁽¹⁾

€mln

(Includes NII)



b-ilty - Acceleration toward breakeven



Net customer loans at €309mln up 43% QoQ and 524% YoY



Clear improvement in profitability
(FY23 PBT at -€5.8mln vs -€10.4mln in FY22)

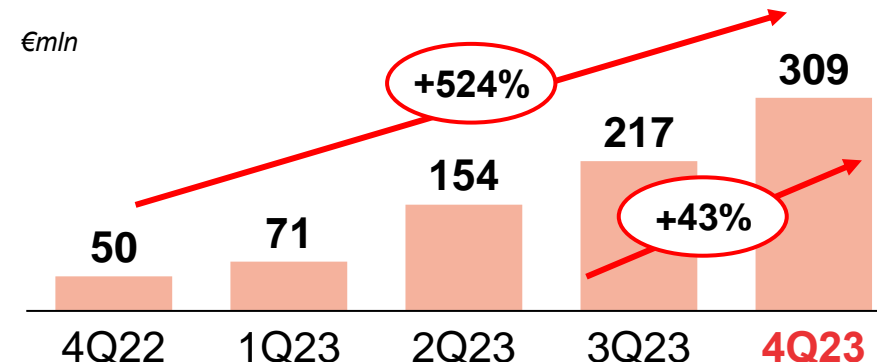


All customer loans are assisted by **public guarantees**

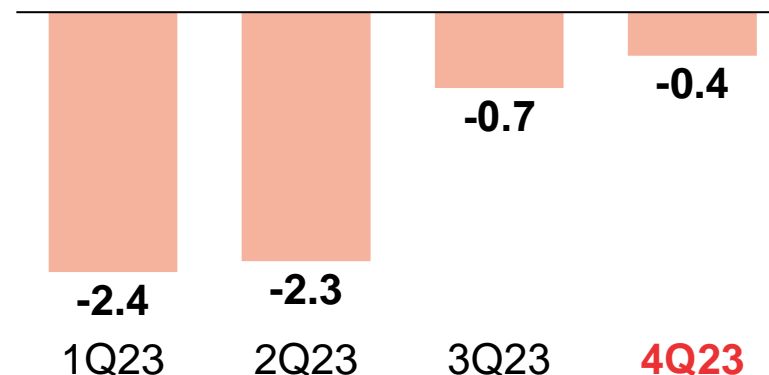


Counterparty numbers increased.
>2,000 from 325 at end of 2022

Net Customer Loans



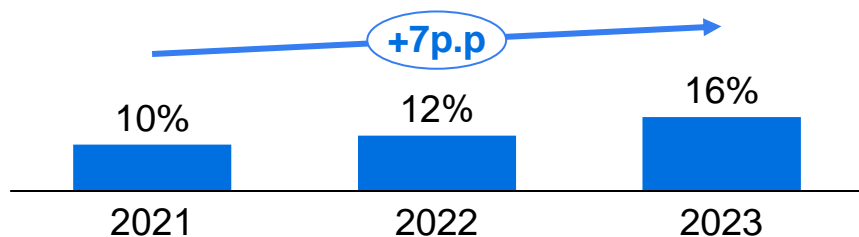
Profit Before Tax



quimmo - Proptech leader in judicial market sets pace for open market strategy

JUDICIAL MARKET

- Leader in judicial market with growing market share



OPEN MARKET

- Signed partnership in open residential market brokerage with COIMA⁽¹⁾
- Pipeline of €1bn, with impact on profitability starting from 2024



- Assets sold in FY23: €332mln
- Generated leads in FY 23: 46K



- AuM ~€1.9bn, of which 94% non-captive



- FY23 EBITDA at €-3.8m⁽²⁾, set to improve in 2024 following ongoing acceleration in judicial market (+16% Y/Y bankruptcies in 4Q23³)

illimity - Strong sustainability commitment drives ESG achievements

Environmental



Green, Social & Sustainability-linked Loans Framework embedded in the credit offer



Carbon Neutrality Scope 1&2 & disclosure of Scope 3 cat. 15 "Investments" according to PCAF & GHG Protocol



100% of electricity used from renewable sources at the Group's main locations



Art. 8 SFDR "Selective Credit Fund" launched by illimity SGR

Social



3 consecutive years in Europe and 5 in Italy, as a Great Place to Work



Adoption of an internal Anti-harassment Policy inspired by ILO & UN principles



Confirmation of Gender equality certification UNI PdR 125:2022



Doubled the number of women in managerial roles

Governance



"AA" by MSCI moving from "Average" to "Leader" in its industry



Signatory of PRINCIPLES FOR RESPONSIBLE BANKING



Adoption of an ESG Investment Policy for corporate finance



Signatory of Principles for Responsible Investment by illimity SGR

Financial review

Silvia Benzi, CFO



illimity - Loan mix refocusing on SME lending

Data in €mln

	31.12.2022	31.03.2023	30.06.2023	30.09.2023	31.12.2023	Δ 31.12.23/ 30.09.23	Δ 31.12.23/ 31.12.22
Reclassified Balance sheet							
Cash and cash equivalent	681	340	536	321	432	34%	(37)%
Due from banks and other financial institutions	183	213	228	120	113	(6)%	(38)%
1 Customer loans	3,776	3,927	4,222	4,207	4,064	(3)%	8%
- Distressed Credit investments	1,021	991	1,054	911	554	(39)%	(46)%
- Distressed Credit senior financing	469	505	429	403	445	10%	(5)%
- Growth Credit	2,037	2,116	2,294	2,330	2,383	2%	17%
- Cross-over & Acq. Finance ¹	891	903	933	979	981	0%	10%
- Turnaround	665	725	833	848	820	(3)%	23%
- Factoring	481	488	528	503	582	16%	21%
- b-ilty	50	71	154	217	309	43%	524%
- Investment banking	133	178	223	278	305	10%	129%
- Non-core former Banca Interprovinciale	66	65	67	68	67	(1)%	2%
Financial assets Held To Collect (HTC) ²	428	403	428	485	585	21%	37%
Financial Assets Held To Collect & Sell (HTCS) ³	392	384	451	454	457	1%	17%
2 Financial assets measured at FVTPL⁴	105	111	118	159	528	232%	402%
Investments in associates and companies subject to joint control	76	83	82	81	81	--	6%
Goodwill	65	65	70	70	70	--	7%
Intangible assets	70	72	75	75	84	11%	20%
Other assets (incl. Tangible and tax assets) ⁵	579	500	514	858	846	(1)%	46%
Total assets	6,355	6,098	6,724	6,831	7,259	6%	14%
3 Due to banks	1,205	899	951	949	942	(1)%	(22)%
Due to customers	3,409	3,411	3,863	3,928	4,487	14%	32%
Bond/Securities	653	662	731	740	612	(17)%	(6)%
Shareholders' Equity ⁶	841	857	899	923	956	4%	14%
Other liabilities	246	270	281	291	262	(10)%	6%
Total liabilities	6,355	6,098	6,724	6,831	7,259	6%	14%

Q/Q
+6%
Y/Y
+27%
 Excluding DC Investments

- Net customer loans** trend in Q4 affected by strategy to reduce distressed credit direct investments. Excluding this component, loans are up **+6% Q/Q (+27% Y/Y)** thanks to **SME lending growth** driven by all business lines
- Financial assets at FV** reflect investments in Olympus fund and other fund units (illimity SGR)
- Funding** increased driven by retail deposits

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) This figure includes the Bank's securities portfolio classified at amortised cost; (3) HTCS: financial assets measured at fair value through comprehensive income; (4) 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, 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 €119mln and Assets held for sale for €364mln; (6) Includes 0.6€mln of minority interests.

illimity - Strong profitability growth










Data in €mln

	Reclassified Profit & Loss	1Q23	2Q23	3Q23	4Q23	Δ Q/Q%	FY22	FY23	Δ Y/Y%
	Interest income	86.3	94.6	106.3	110.1	4%	238.7	397.3	66%
	Interest expenses ¹	(37.9)	(45.2)	(56.3)	(65.3)	16%	(76.5)	(204.8)	168%
1	Net interest income	48.4	49.4	50.0	44.8	(10)%	162.2	192.5	19%
2	Net fees and commissions	15.1	17.1	18.7	25.8	38%	61.6	76.7	25%
	Net result from trading and Fair Value assets	(0.1)	(0.9)	1.5	(1.0)	n.s.	13.2	(0.5)	n.s.
3	Net other income/expenses	1.0	55.3	2.3	1.3	(44)%	23.8	59.9	151%
	Profit from closed purchased distressed credit positions ²	7.8	11.1	5.3	6.1	14%	63.8	30.3	(52)%
	Operating income	72.1	132.1	77.8	77.0	(1)%	324.6	358.9	11%
	Staff costs	(23.1)	(27.2)	(22.2)	(32.8)	48%	(86.1)	(105.4)	22%
	Other operating expenses	(21.6)	(23.2)	(23.3)	(30.8)	32%	(90.7)	(99.0)	9%
	Depreciation & Amortisation	(5.2)	(5.2)	(5.3)	(6.8)	27%	(16.8)	(22.6)	35%
4	Operating costs	(50.0)	(55.7)	(50.8)	(70.4)	39%	(193.6)	(227.0)	17%
	Operating profit	22.1	76.4	26.9	6.5	(76)%	131.0	131.9	1%
5	Loan loss provision charges	(2.8)	(3.1)	(1.7)	(6.4)	>100%	(7.4)	(14.0)	90%
6	Value adjustments on purchased distressed credit	0.8	(4.4)	13.3	40.7	>100%	(6.9)	50.5	n.s.
	Value adjustments on securities and loans to banks and off-balance	(0.7)	(0.1)	0.2	(0.1)	n.s.	(1.5)	(0.7)	(53)%
	Other net provisions for risks and charges	(0.2)	0.4	-	(0.5)	n.s.	(0.0)	(0.3)	n.s.
	Other income from equity investments	(1.2)	(1.3)	(0.8)	(0.2)	(74)%	(7.6)	(3.5)	(54)%
	Contribution to banking sector schemes and other non-recurring charges	(6.0)	(0.2)	(3.6)	(2.3)	(35)%	(6.7)	(12.1)	81%
	Profit (loss) before tax	12.1	67.7	34.3	37.7	10%	100.9	151.7	50%
	Income tax	(4.3)	(23.3)	(11.7)	(8.6)	(26)%	(25.5)	(47.9)	88%
	Minority Interest	-	0.0	0.2	0.3	36%	-	0.6	n.s.
	Net result	7.8	44.4	22.8	29.4	29%	75.3	104.4	39%

- Net interest income -10% Q/Q** mainly due to increasing cost of funding and reduction of NPL investments. **FY23 +19% Y/Y** benefitting of higher volumes and repricing of our performing SME business.
- Net fees and commissions up +38% Q/Q** thanks to increase in Investment Banking activity and new third-party mandates in servicing. **FY23 +25% Y/Y** mainly driven increase in volumes of SME lending business.
- Other income in FY23** benefited from partnership on our **IT platform**, with profits recorded in **2Q**.
- Operating costs +39% Q/Q** driven by quarterly seasonality both in staff costs and business operations. **FY23 +17% Y/Y** mainly due increase in staff costs following rightsizing of central functions completed in late 2022, IT investments and change in perimeter.
- Organic loan loss provisions up Q/Q** on some analytical adjustments and generic provisions
- Positive value adjustments on purchased distressed credit**

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 - Core business and technology boost profitability

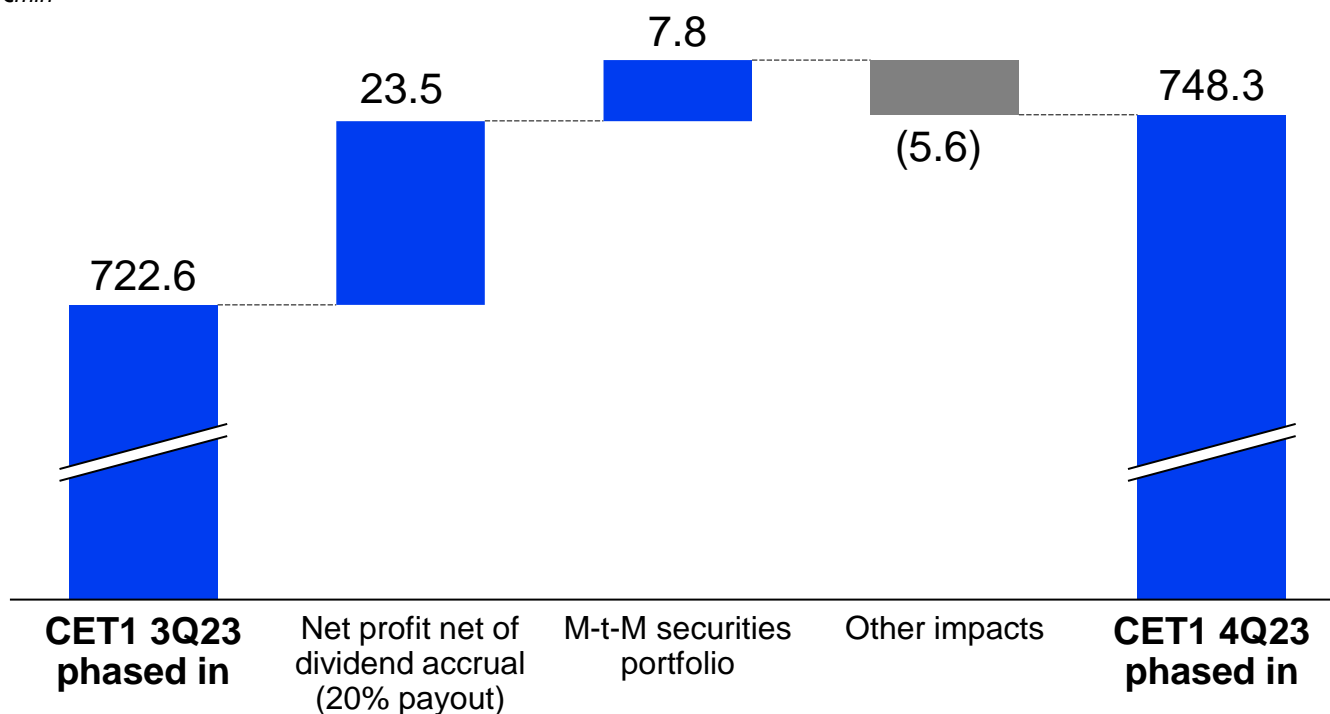
	 GROWTH CREDIT <small>(BIP included)</small>		 INVESTMENT BANKING		 DISTRESSED CREDIT		 illimity SGR		 DIGITAL DIVISION		 HQ FUNCTIONS		 b-ilty <small>illimity</small>		 HYPE		 TOTAL	
Data in €mln	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23
Net interest income	38.9	72.8	5.0	8.3	113.2	100.5	-	-	4.5	6.3	-	-	0.6	4.6	-	-	162.2	192.5
Net fees and commissions	27.4	27.2	8.8	9.8	21.8	32.0	3.7	4.9	(0.9)	(1.1)	-	-	0.8	3.9	-	-	61.6	76.7
Other income	7.4	3.9	1.3	(0.4)	75.0	31.3	0.1	0.4	17.0	54.5	-	-	-	-	-	-	100.8	89.7
Operating income	73.7	103.9	15.1	17.7	210.0	163.8	3.8	5.3	20.6	59.7	-	-	1.4	8.5	-	-	324.6	358.9
Operating costs ¹	(17.9)	(21.8)	(5.7)	(7.1)	(79.4)	(97.0)	(3.0)	(3.6)	(33.6)	(41.9)	(42.8)	(45.5)	(11.3)	(10.1)	-	-	(193.6)	(227.0)
Operating profit	55.8	82.1	9.4	10.6	130.6	66.8	0.8	1.7	(13.0)	17.8	(42.8)	(45.5)	(9.9)	(1.6)	-	-	131.0	131.9
Provisions & value adjustments	(2.2)	(1.4)	(1.6)	(0.5)	(11.5)	41.8	-	-	-	-	-	-	(0.5)	(4.2)	-	-	(15.8)	35.7
Contribution to banking sector schemes & other non-recurring charges	-	(0.7)	-	-	(0.3)	-	-	-	-	(4.3)	(6.7)	(7.8)	-	-	(7.3)	(3.1)	(14.3)	(15.9)
Profit (loss) before tax	53.6	80.0	7.8	10.1	118.8	108.6	0.8	1.7	(13.0)	13.5	(49.5)	(53.3)	(10.4)	(5.8)	(7.3)	(3.1)	100.9	151.7
Cost income ratio	24%	21%	38%	40%	38%	59%	79%	68%	n.s.	70%	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	60%	63%

Notes: Rounded figures; Operating costs restated for reclassification of contribution to banking sector scheme to a specific item in the Group's income statement.

illimity - Solid CET1 ratio at 14.7%

19.0%	Total Capital ratio	18.7%
14.7%	CET1 ratio	14.7%

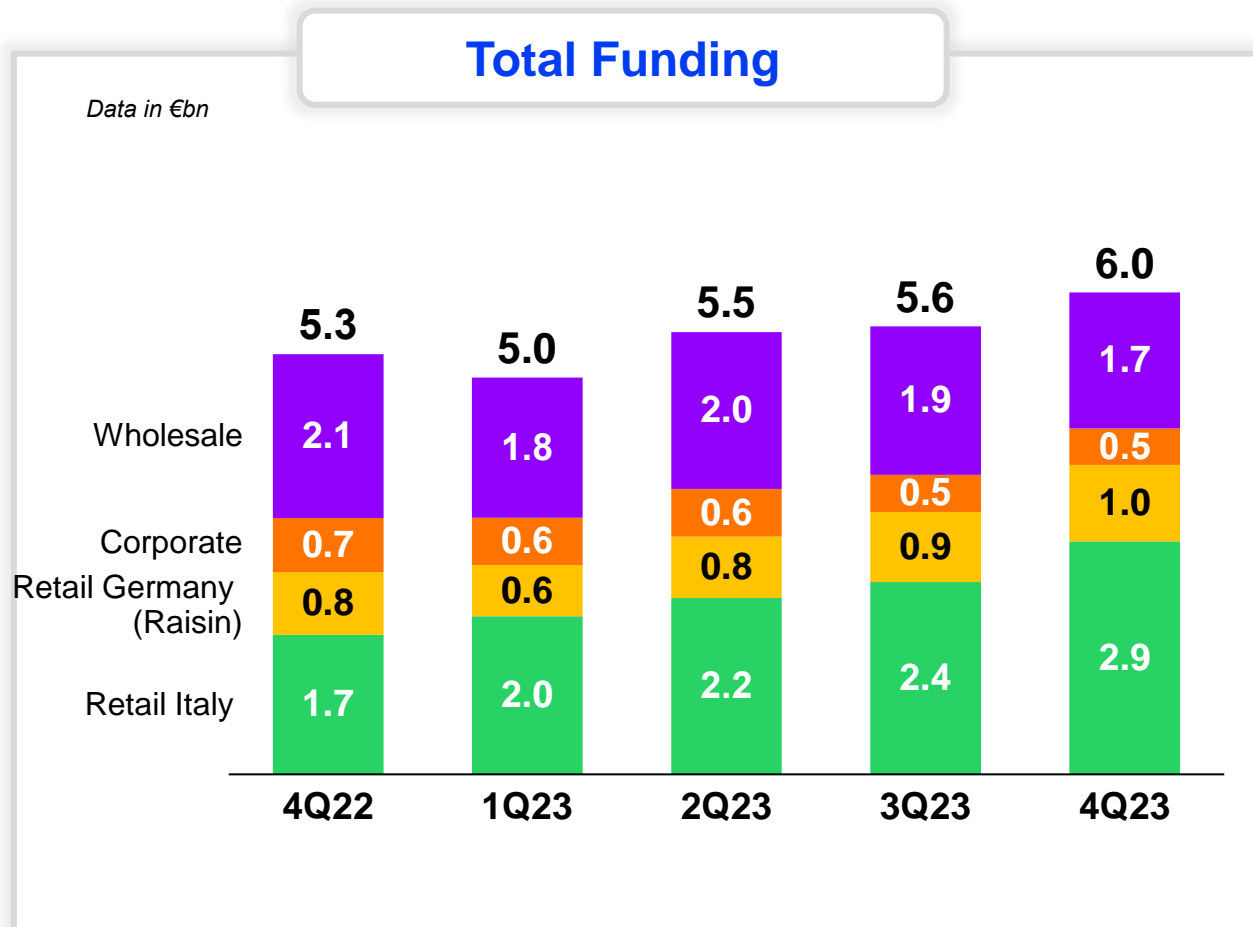
Data in €mln



4,900	RWA	5,080
-------	------------	-------

- **CET1 ratio phased-in to 14.7%** (14.7% fully loaded) flat Q/Q
- **CET1 Capital⁽¹⁾ in 4Q23** increased by about €25mln, driven by profit generation in quarter
- RWA slightly up in 4Q23 following increase in customer loans

illimity - Direct banking leads funding advance



Retail deposits totalled €3.9bn, up 18% QoQ with strong contribution from our proprietary retail platform illimitybank.com



Wholesale funding is slightly down QoQ, mainly due to institutional bond maturity



Well-diversified funding mix with balanced contribution from all sources

Appendix



illimity - KPIs trend

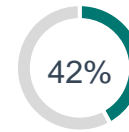
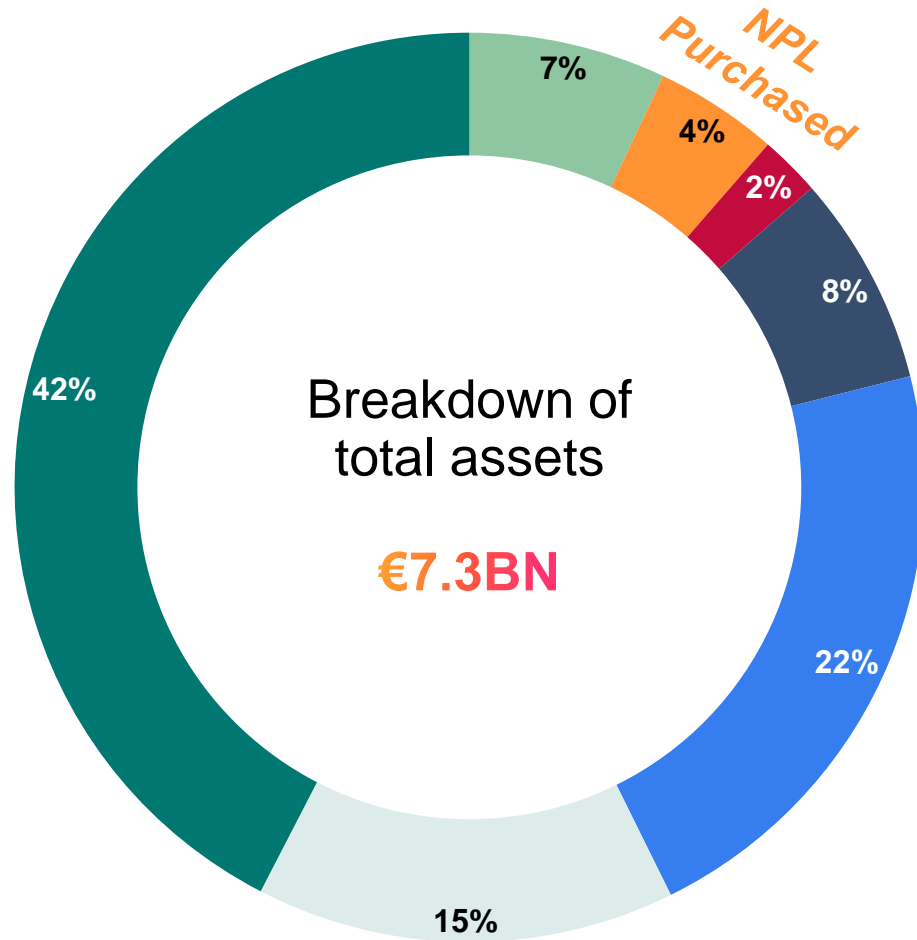
	3Q23	4Q23	FY22	FY23
CET1 Ratio ⁽¹⁾	14.7%	14.7%	15.8%	14.7%
Total Capital Ratio	19.0%	18.7%	20.4%	18.7%
LCR	235%	298%	317%	298%
NSFR	114%	120%	116%	120%
Cost income ratio ⁽²⁾	65%	92%	60%	63%
Gross organic NPE ratio (excluding BIP) ⁽³⁾	4.8%	5.0%	1.4%	5.0%
Gross organic NPE ratio ⁽⁴⁾	5.6%	5.8%	2.6%	5.8%
Organic cost of risk (bps) annualised ⁽⁵⁾	22bps	79bps	30bps	43bps

1.3% excluding State guarantees⁽³⁾

- Solid capital position with **robust CET1 Ratio**
- **LCR** and **NSFR** comfortably above minimum requirements
- **Cost income at 63%** reflecting IT platform agreement. C/I core business at 45%.
- **Organic NPE ratio on portfolio originated by illimity at 5.0%** (5.8% including former BIP portfolio) but 1.3% excluding State guarantees
- **Organic cost of risk down contained at 43bps**, reflecting high share of guaranteed loans

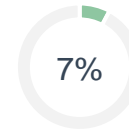
Notes: (1) Phased-in definition; (2) Cost income ratio restated due to contribution to banking sector schemes reclassified out of Operating costs; (3) Excluding BIP legacy portfolio, see 'Gross organic NPE ratio' in the Glossary at the end of this document for further details; (4) See 'Gross organic NPE ratio' in the Glossary at the end of this document. Any failure to reconcile the stated figures arises exclusively from rounding; (5) Calculated as the ratio between loan loss provisions and net organic loans at 31 December 2023 (€3,237 million) for the segments Factoring, Cross-over, Acquisition Finance, Turnaround, b-ilty, Alternative Debt 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;

illimity - Strong asset diversification to remain key strength to adapt to evolving scenario



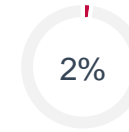
Performing Loans

Including Growth Credit, Senior financing, Investment Banking, b-ility, PPC and Other loans

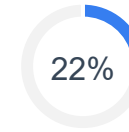


UTP Purchased

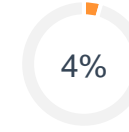
Includes €9mIn Past due purchased



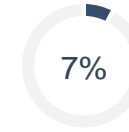
NPE Organic



Financial Assets



NPL Purchased



Liquidity









Other assets

Include tangible and intangible assets, fiscal assets and other

illimity - Originated volumes

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

		Originated Business ⁽¹⁾			
		FY22	FY23	Δ%YoY	Pipeline ⁽²⁾
		~1,610	~1,553	-4%	>890
 Growth Credit Division	 STRUCTURED FINANCE TURNAROUND	827	558	-33%	>300
	 Factoring Turnover	1,847	2,591	+40%	
	 Investment Banking Division	189	249	+32%	>90
	 Distressed Credit Division	543	470	-13%	>400
	 b-ilty	50	273	443%	>100

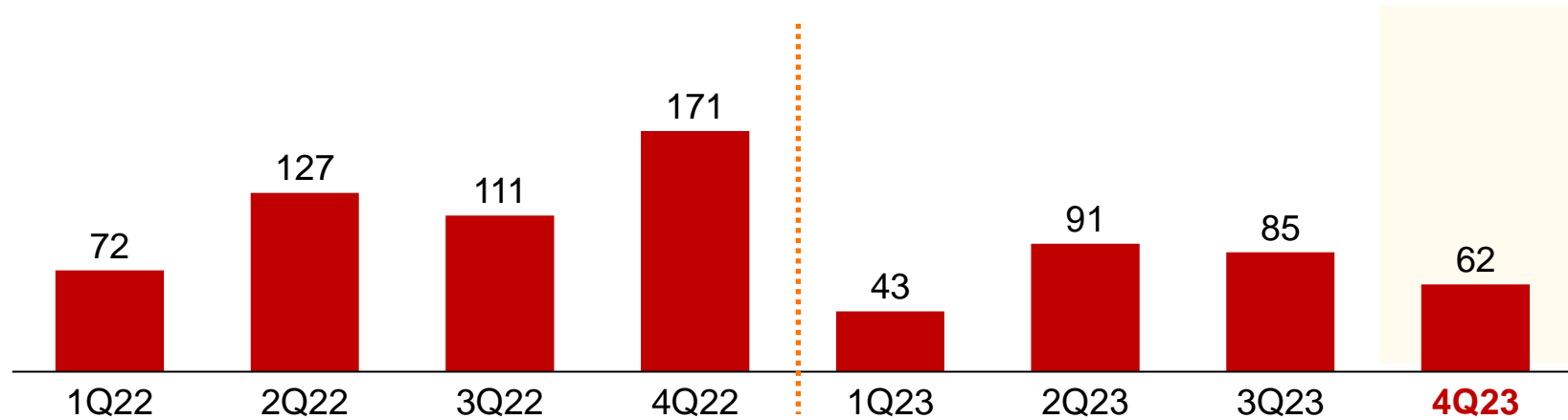
Notes: Non accounting figures; (1) See 'Originated Business' in the Glossary at the end of this document; (2) See 'Pipeline' in the Glossary at the end of this document.

illimity - Originated business Growth Credit: Structure & Acquisition Finance and Turnaround

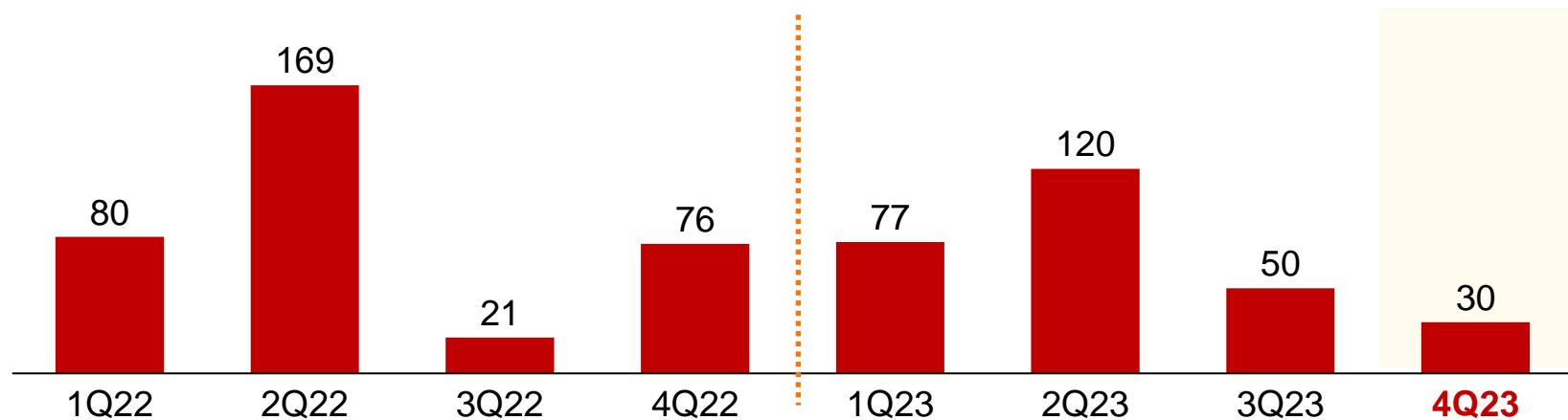
Originated business

Data in €mln


**Structure &
Acq. Finance⁽¹⁾**



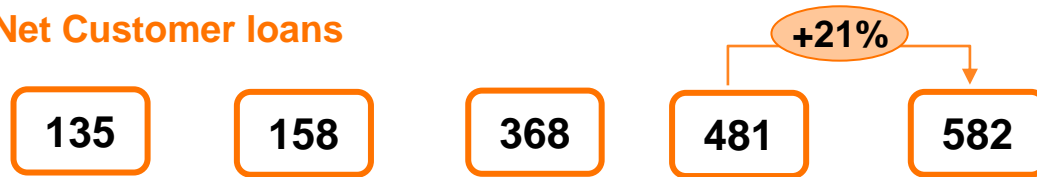

Turnaround



illimity - Originated business Growth Credit: Factoring

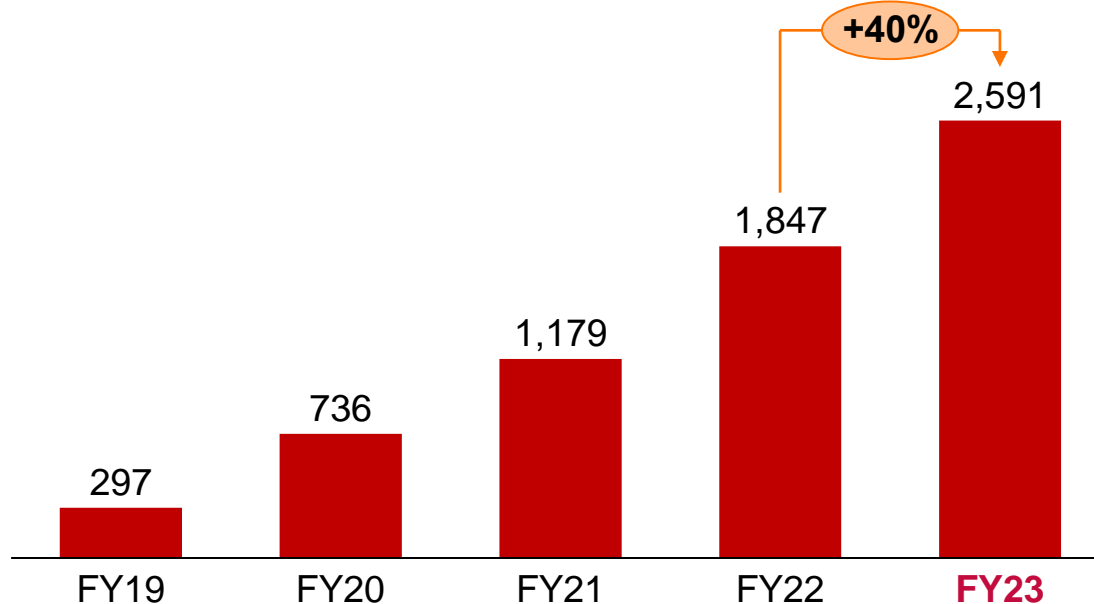
Originated business

Net Customer loans



Net Customer loans up 21% YoY

Turnover⁽¹⁾



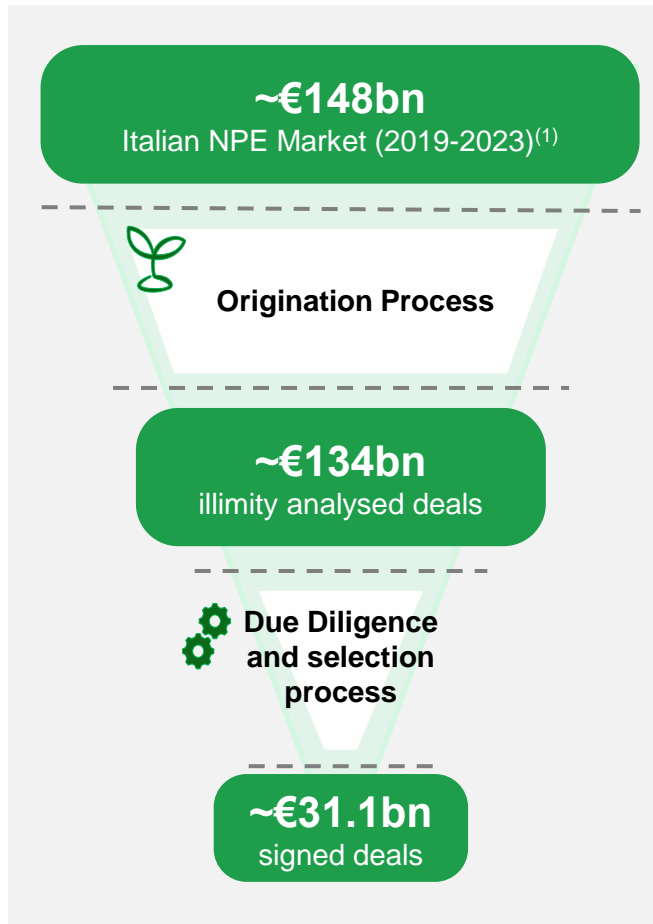
FY23 Factoring turnover up 40% YoY



Number of clients⁽²⁾ at 4Q23 increasing further to 282 and ca.1,300 debtors

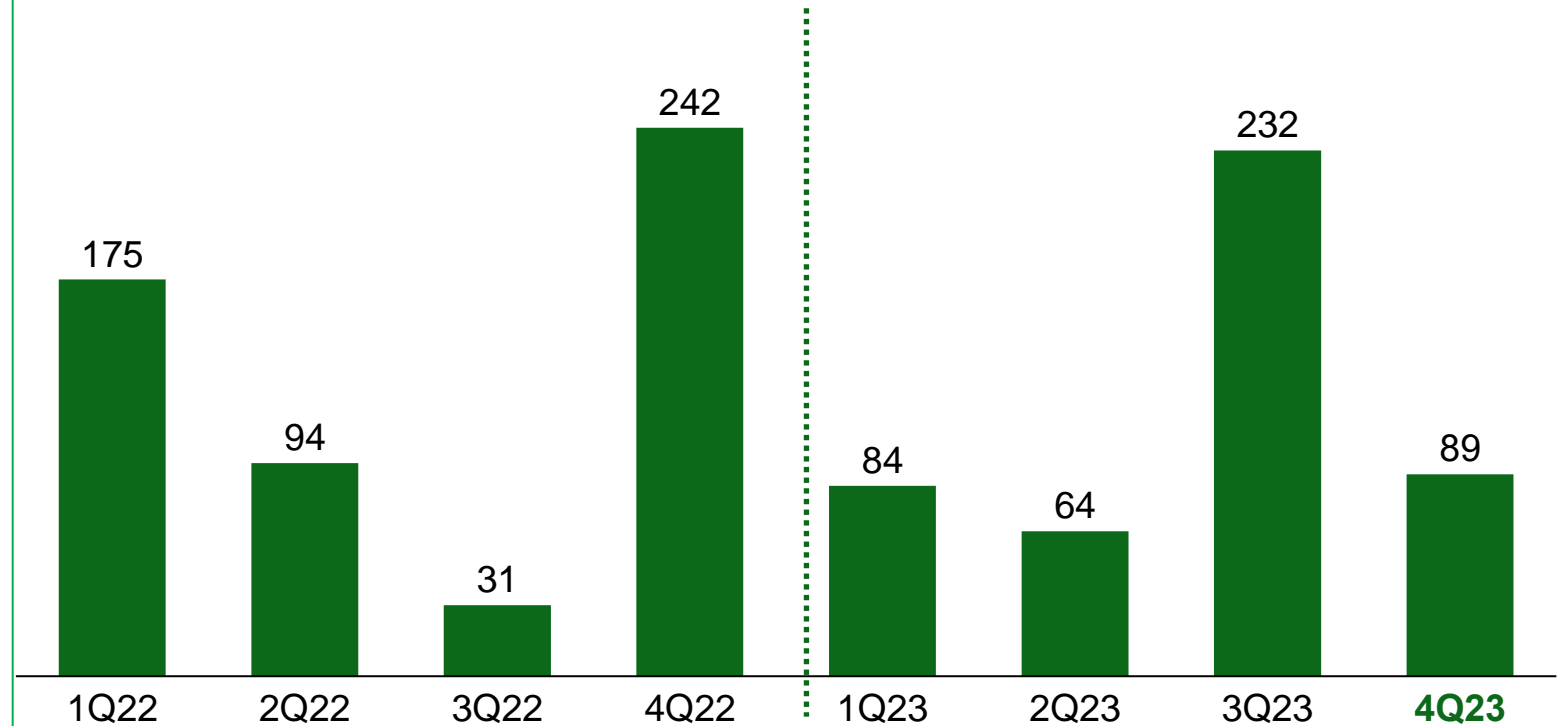
illimity - Originated business Distressed Credit

Selective approach



Originated business⁽²⁾

Data in €mln

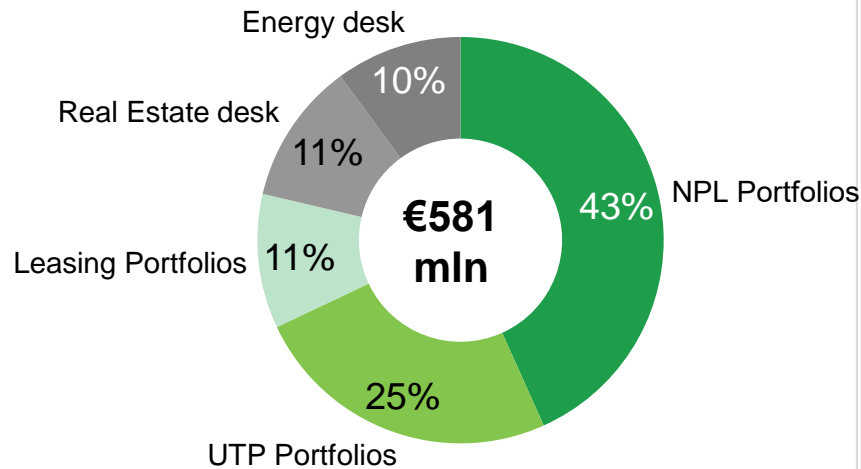


Notes: Rounded figures; (1) Source: NPE transactions. PwC, "The Italian NPE market" July 2023; (2) Distressed Credit Investments booked, and Senior Financing loans granted in the period;

illimity - Distressed Credit portfolio highlights

Data as of 31 December 2023⁽¹⁾

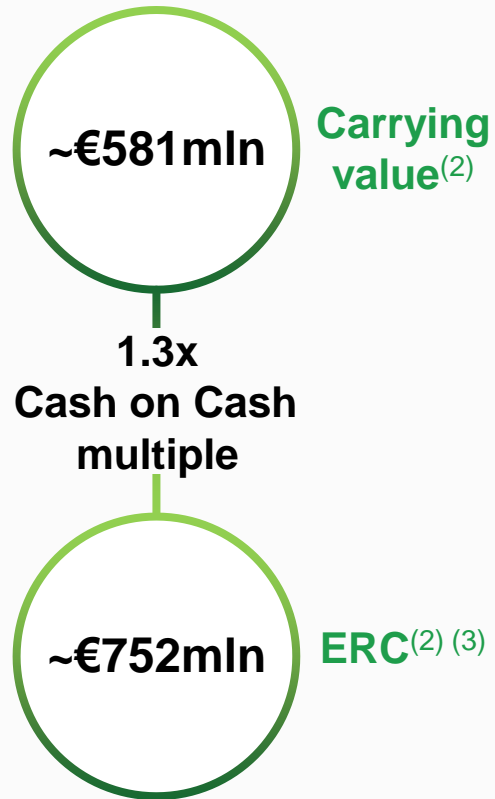
NBV breakdown by asset class



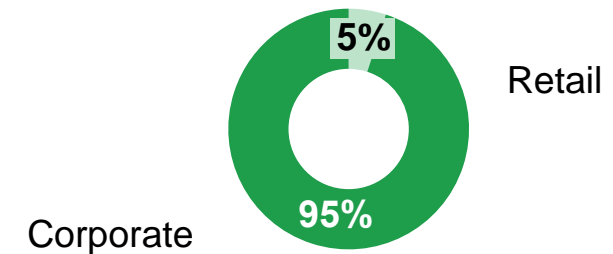
~€300k

Average ticket size
(GBV)

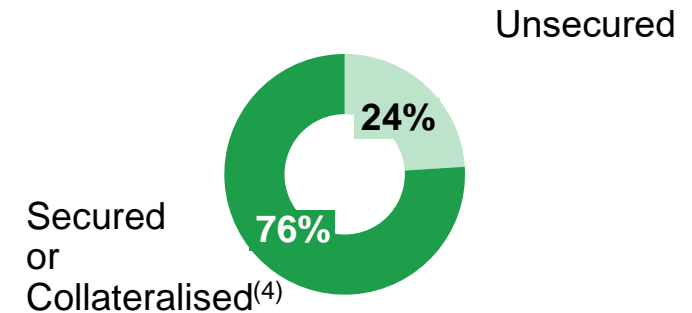
KPIs



Type of borrower (GBV breakdown)



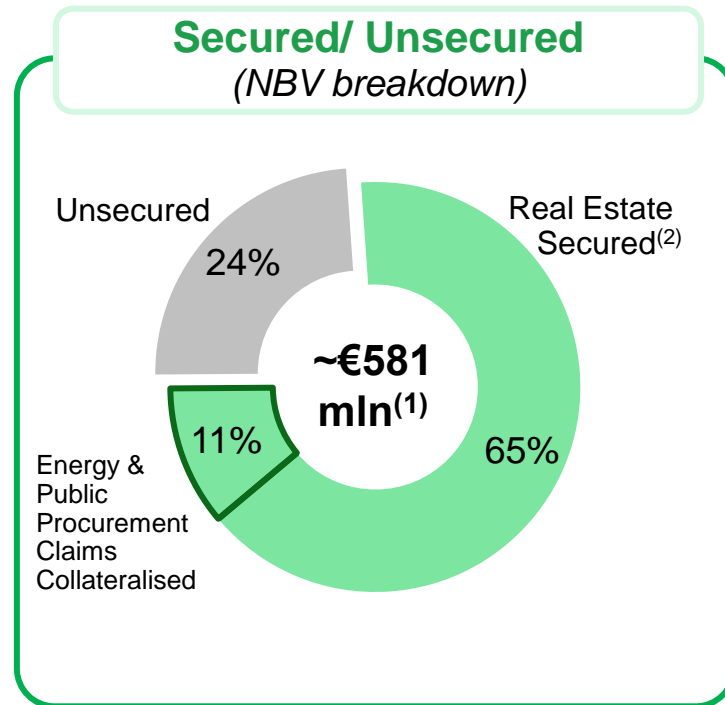
Secured/ Unsecured (NBV breakdown)



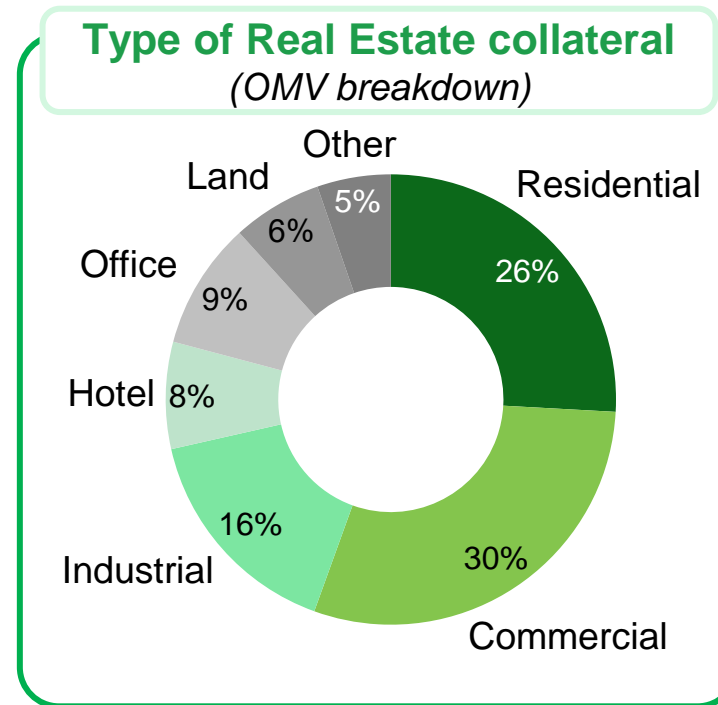
Notes: Rounded figures; (1) Data does not include repossessed assets (through ReoCo and *datio in solutum*); (2) Includes Distressed Credits investments, assets purchased by the Energy desk and some senior financing assets; (3) Estimated Remaining Collections on booked investments. See 'ERC' in the Glossary at the end of this document; (4) Secured portion includes Public Procurement Claims (15% of total) and Energy (6% of total).

illimity - NPE investments backed by 2.9x buffer on collateral values with high diversification

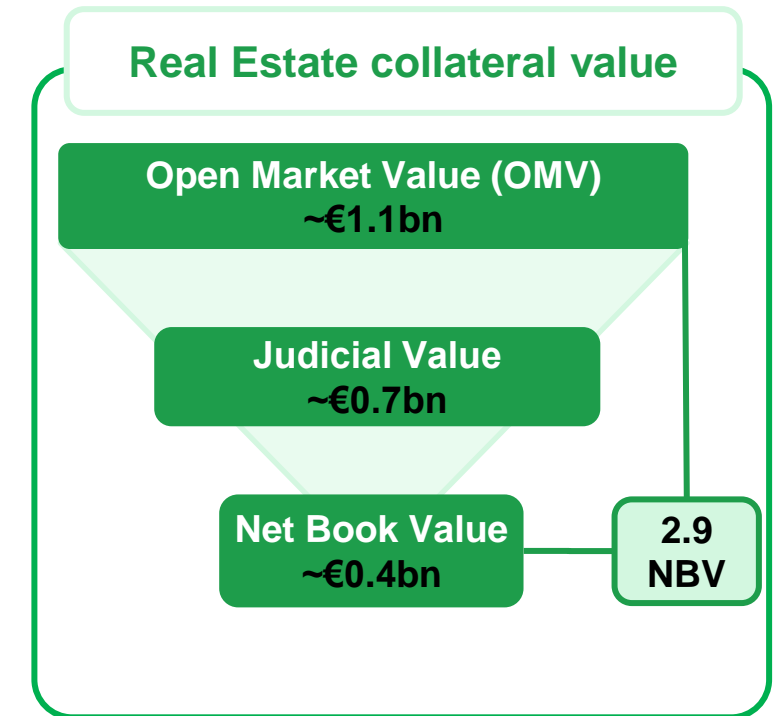
Data as of 31 December 2023



76% of portfolio Secured or Collateralised



Strong diversification in type of collateral



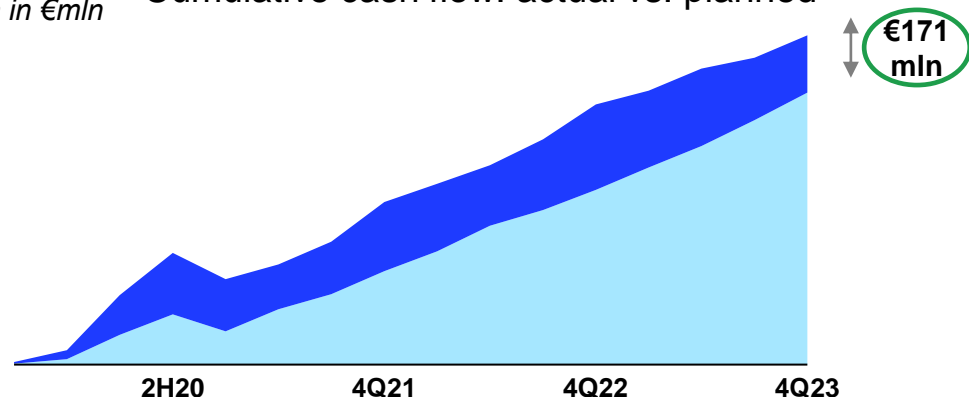
Solid real estate values, with high buffer vs. Open Market Value

Notes: Rounded figures. (1) Includes Distressed Credits investments, assets purchased by the Energy desk and some senior financing assets. (2) Secured portion includes Public Procurement Claims (18% of total) and Energy (7% of total).

illimity - Distressed Credit key data

Cash flow view ⁽¹⁾

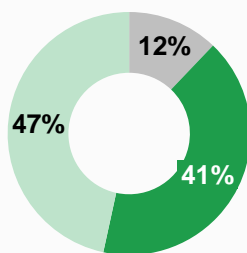
Data in €mln Cumulative cash flow: actual vs. planned



➤ **+€171mln**
cumulated cash
flow in excess of
initial plan since
inception

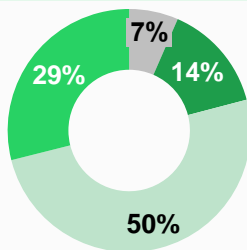
Workout strategy in pricing model

(Cash flow breakdown)



Actual workout strategy

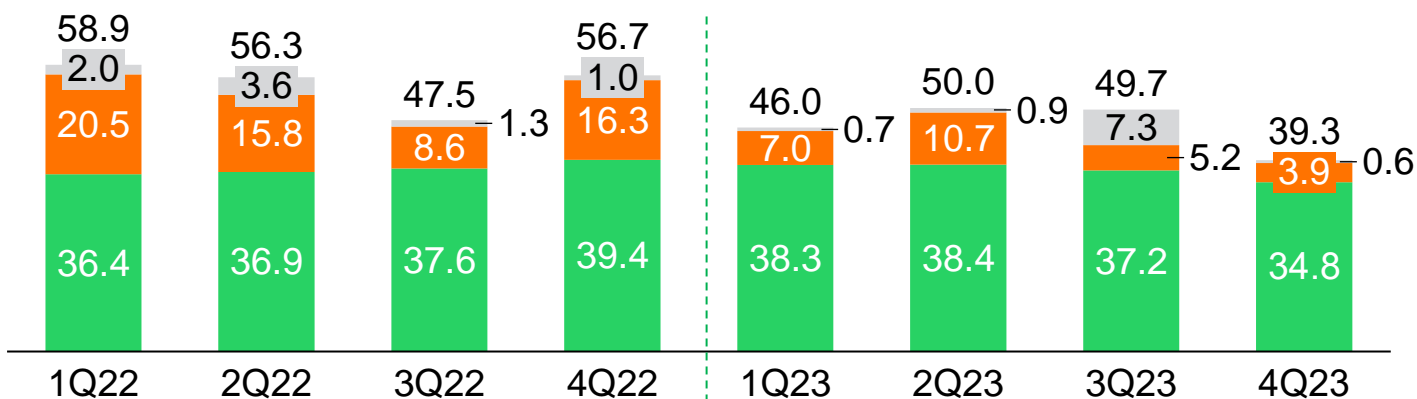
(Cash flow breakdown)



■ Judicial
■ Disposal
■ Out-of-court settlement
■ Other

Economic view ⁽²⁾

Data in €mln



■ Other income
 ■ Profits from closed positions
 ■ Gross interests & fees

illimity - P&L contribution from Distressed Credit business supported by high level of collections

CASH TO P&L Contribution

Data in €mln

	FY2020	FY2021	FY2022	FY2023
P&L contribution ⁽¹⁾	152	180	195	216
Cash collections	267	403	488	380
Cash to P&L ratio	1.7x	2.2x	2.5x	2.1x

(1) Includes: (i) interest income, (ii) Profit from closed purchased distressed credit positions and (iii) Value adjustments on purchased distressed credits

Stable contribution to P&L supported by solid portfolio constantly regenerated

Cash to P&L ratio boosted by different workout strategies aimed at maximising revenue and reducing recovery time

illimity - Strong SME and technology contribution

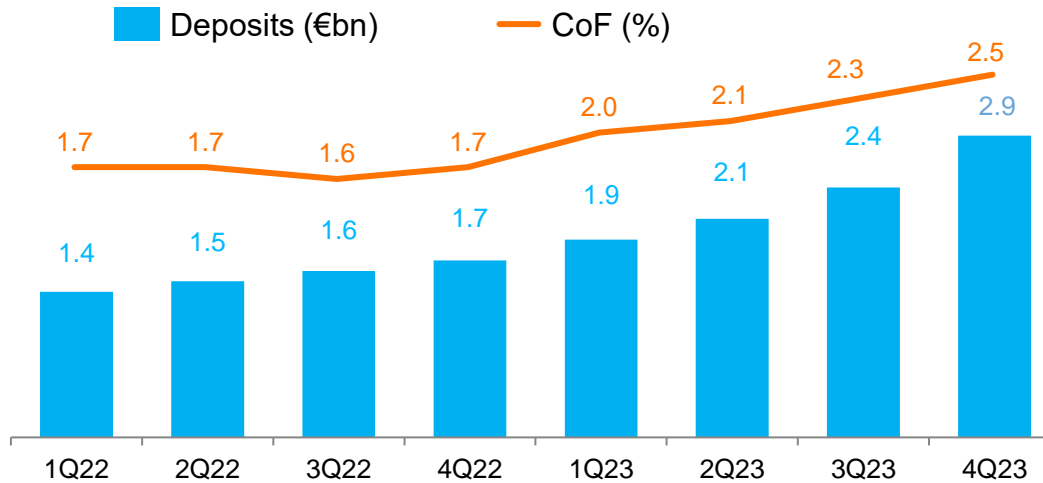
	GROWTH CREDIT (BIP included)		INVESTMENT BANKING		DISTRESSED CREDIT		illimity SGR		DIGITAL DIVISION		HQ FUNCTIONS		b-ilty		HYPE		TOTAL	
Data in €mln	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23
Net interest income	38.9	72.8	5.0	8.3	113.2	100.5	-	-	4.5	6.3	-	-	0.6	4.6	-	-	162.2	192.5
Net fees and commissions	27.4	27.2	8.8	9.8	21.8	32.0	3.7	4.9	(0.9)	(1.1)	-	-	0.8	3.9	-	-	61.6	76.7
Other income	7.4	3.9	1.3	(0.4)	75.0	31.3	0.1	0.4	17.0	54.5	-	-	-	-	-	-	100.8	89.7
Operating income	73.7	103.9	15.1	17.7	210.0	163.8	3.8	5.3	20.6	59.7	-	-	1.4	8.5	-	-	324.6	358.9
Staff costs	(11.4)	(14.6)	(3.8)	(4.6)	(33.7)	(43.4)	(2.5)	(2.9)	(7.4)	(10.1)	(23.1)	(24.6)	(4.2)	(5.2)	-	-	(86.1)	(105.4)
Other operating expenses and D&A	(6.5)	(7.2)	(1.9)	(2.5)	(45.7)	(53.6)	(0.5)	(0.7)	(26.2)	(31.8)	(19.7)	(20.9)	(7.1)	(4.9)	-	-	(107.5)	(121.6)
Operating costs	(17.9)	(21.8)	(5.7)	(7.1)	(79.4)	(97.0)	(3.0)	(3.6)	(33.6)	(41.9)	(42.8)	(45.5)	(11.3)	(10.1)	-	-	(193.6)	(227.0)
Operating profit	55.8	82.1	9.4	10.6	130.6	66.8	0.8	1.7	(13.0)	17.8	(42.8)	(45.5)	(9.9)	(1.6)	-	-	131.0	131.9
Provisions & value adjustments	(2.2)	(1.4)	(1.6)	(0.5)	(11.5)	41.8	-	-	-	-	-	-	(0.5)	(4.2)	-	-	(15.8)	35.7
Other net provisions and contribution to banking sector schemes	-	(0.7)	-	-	-	0.4	-	-	-	(4.3)	(6.7)	(7.8)	-	-	-	-	(6.7)	(12.4)
Other income from equity investments	-	-	-	-	(0.3)	(0.4)	-	-	-	-	-	-	-	-	(7.3)	(3.1)	(7.6)	(3.5)
Profit (loss) before tax	53.6	80.0	7.8	10.1	118.8	108.6	0.8	1.7	(13.0)	13.5	(49.5)	(53.3)	(10.4)	(5.8)	(7.3)	(3.1)	100.9	151.7
Cost income ratio	24%	21%	38%	40%	38%	59%	79%	68%	163%	70%	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	60%	63%
Interest earning assets	2.497	2.996	265	523	1.872	2.127	-	1	-	-	864	544	67	350	-	-	5.564	6.542
Other assets	161	163	0	2	226	177	-	0	87	130	241	164	1	1	76	81	791	717
RWA	1,532	1,813	169	230	2,100	2,429	5	7	89	130	376	330	14	96	44	45	4,330	5,080

Notes: Rounded figures; Operating costs restated for reclassification of contribution to banking sector scheme to a specific item in the Group's income statement.

illimity - **illimitybank.com**: fulfilling funding needs of Group

End of Quarter results

✓ FUNDING QUALITY



€ 2.9 bn

Funding on
illimitybank.com
at 31/12/23

86%

Term Deposits on
Total Funding
as of 31-Dec

✓ ENGAGEMENT

~84k

Total
Customers
as of 30-Dec

92%

Active
Customers
as of 30-Dec

40%

Loyal
Customers
as of 30-Dec

✓ APPRECIATION

48

NPS
avg
4Q23

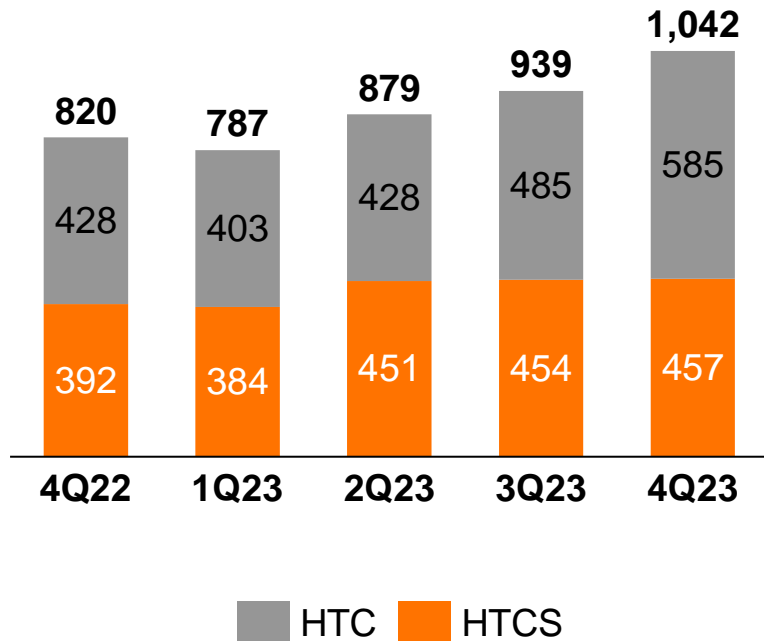
39%

Awareness
avg
4Q23

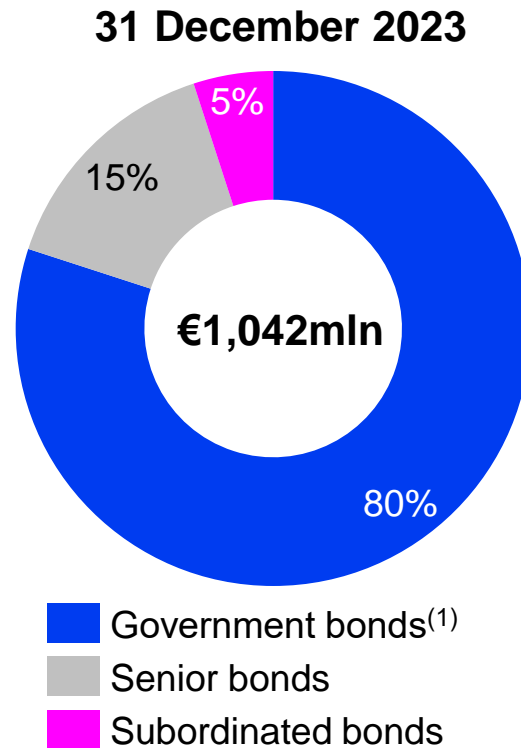
illimity - Prudent strategy on securities portfolio

Securities portfolio

Data in €mln



Portfolio composition HTCS / HTC



- **Prudent strategy** with **government bonds** representing **80%** of total securities portfolio
- **Negligible unrealised losses on HTC securities, hedge accounting strategy in place on a large part of HTCS securities** to mitigate impact from further interest rates volatility
- Duration **~2.8 years**
- Average yield approx. **3.3%**

- **Pipeline:** Specific business opportunities for which the Bank envisages there is a reasonable expectation to close the transactions in the forthcoming months
- **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, b-ilty, Alternative Debt 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
- **Business origination:** This aggregate includes Growth Credit Division loans granted/purchased (for factoring only the difference of carrying amount of the period with the historical peak, if positive), Distressed Credit Investments booked, Senior Financing, Alternative Debt and b-ilty loans granted in the period and the value of the deals signed but yet 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

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- Prospective investors must rely on their own evaluation that a potential investment in the transaction described herein does not contravene the laws and regulations of the country of residence of the investor and must also be responsible for obtaining any necessary prior authorization required to make the investment.*
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- Acceptance of delivery of the Document by the recipient constitutes acceptance of the terms and conditions set out in this Disclaimer.*
- Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the ordinary shares and other instruments of illimity Bank S.p.A. (the "Securities") have been subject to a product approval process, which has determined that such Securities are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment").*
- Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Securities may decline and investors could lose all or part of their investment; the Securities offer no guaranteed income and no capital protection and an investment in the Securities is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Manufacturers will only procure investors who meet the criteria of professional clients and eligible counterparties.*
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