

## ILLIMITY APPROVES ITS 2021-25 STRATEGIC PLAN

### SIGNIFICANT AND SUSTAINABLE PROFITABILITY

	2021E	2023E	2025E
<b>ROE<sup>1</sup></b>	<b>10%</b>	<b>15%</b>	<b>20%</b>
<b>NET PROFIT</b>	<b>€60-70MLN</b>	<b>~€140MLN</b>	<b>&gt;€240MLN</b>

### ROBUST CAPITAL BASE INCLUDING DIVIDEND FLOW

- SHAREHOLDERS' EQUITY 1 BILLION EURO IN 2023, 1.4 BILLION IN 2025
- CET1 RATIO CONSTANTLY ABOVE 15%
- CUMULATED DIVIDENDS OF CA. 180 MILLION EURO OVER THE PLAN HORIZON<sup>2</sup>

### STRATEGIC ALLIANCE WITH THE ION GROUP

LICENSE AGREEMENT SIGNED FOR ILLIMITY'S IT PLATFORM WHICH WILL GENERATE REVENUE OF 90 MILLION EURO BY 2025

WIDE-RANGING COLLABORATION AGREEMENT ALSO INCLUDING AN OVERALL INVESTMENT OF UP TO 9.99% IN ILLIMITY'S SHARE CAPITAL TO BE ACHIEVED THROUGH A CAPITAL INCREASE RESERVED TO THE ION GROUP FOR 5.75 MILLION ORDINARY SHARES AND WARRANTS FOR A FURTHER 2.4 MILLION SHARES

RESOLVED TO CONVENE THE EXTRAORDINARY SHAREHOLDERS' MEETING ON 29 JULY 2021 TO ADOPT RESOLUTIONS ON CAPITAL INCREASES

**B-ILTY IS BORN, THE FIRST DIRECT BANK AT THE SERVICE OF SMALL CORPORATES: LAUNCH BY THE FOURTH QUARTER OF 2021**

**NEW HYPE: LAUNCH BY THE THIRD QUARTER OF 2021**

<sup>1</sup> Ratio between net profit for the year and average net equity. Annualised. Rounded figures.

<sup>2</sup> On the assumption that the ECB's current restrictions on dividend payments for the period through 30 September 2021 are not confirmed.

Milan, 22 June 2021 – Chaired by Rosalba Casiraghi, the Board of Directors of illimity Bank S.p.A. (“illimity” or the “Bank”) yesterday approved the illimity Group’s 2021-25 Strategic Plan (the “Plan”).

**THE PLAN IS BASED ON THE SOLID RESULTS ACCOMPLISHED, FIRST AND FOREMOST THE ALREADY ACHIEVED RETURN ON EQUITY (ROE<sup>3</sup>) OF AROUND 8% FOR THE FIRST QUARTER OF 2021 AND EXPECTED AT 10% FOR THE YEAR 2021 AS A WHOLE, WITH A FORECAST NET PROFIT OF BETWEEN 60 AND 70 MILLION EURO WHILE MAINTAINING A LOW RISK PROFILE AND A ROBUST CAPITAL BASE**

The results achieved are based on a series of **strategic decisions** that have proved to be correct:

- illimity has **focussed on loans to SMEs and specifically in three segments of significant interest**:
  - **performing loans to corporates**: a market worth **700 billion euro**<sup>4</sup> where in two years of activity, illimity has succeeded in becoming a reference player, disbursing corporate loans of around 1 billion euro and gaining a key position also in the Acquisition Finance sector;
  - **unlikely to pay (“UTP”) corporate loans**: a rapidly growing market where **transactions of over 35 billion euro**<sup>5</sup> are expected to take place between **2021 and 2025** and where illimity is already positioned as one of the leading operators;
  - **corporate NPLs**: a market where **transactions of over 140 billion euro**<sup>6</sup> are forecast to take place between **2021 and 2025** and where illimity has already succeeded in becoming one of the largest private investors over the past two years.
- illimity has built up a **team of over 650 professionals** with significant expertise that is not always available in the banking sector. In fact, the illimiters come from over 200 different organisations. With 70% of illimiters coming from non-banking entities, particular importance has been given to experience in the various business sectors, with Tutors – experts in industries and districts – playing a central role in the SME investment and lending process;
- illimity has placed considerable focus on **technology** in all its sectors of activity, and among other things has developed proprietary software architecture with features unique of its kind: fully digital, modular, in cloud and therefore highly flexible and totally scalable, capable of continually integrating innovations and new fintech;
- illimity **has built ESG principles into its various activities from the very beginning** and has already achieved important goals with a strong commitment to going beyond, also by including qualitative and quantitative objectives in management’s medium-long term incentive scheme:

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<sup>3</sup> Ratio between net profit for the year and average net equity, annualised.

<sup>4</sup> Bank of Italy figures – “Banks and financial institutions: loans and funding by sector and local area” – December 2020.

<sup>5</sup> <sup>6</sup> Source: Estimates based on various market sources (including, *inter alia*, the Bank of Italy and PwC). Estimates relate to the entire market of transactions in non-performing loans, as accurate projections for the SME segment alone are not available.

- on **Environmental** matters: in 2020 illimity achieved carbon neutrality at a Group level, uses electricity produced 100% from renewable sources, and is committed to extending the adoption of ESG metrics when assessing all its lending positions over the duration of the Plan;
- on **Social** matters: illimity makes people its strength and this is reflected in a system of corporate welfare and training that is one of the best in Italy, in enhancing the values of Diversity & Inclusion at all levels of the organisation. Thanks to this approach, the Bank has obtained Great Place to Work® certification for two consecutive years. With the creation of **Fondazione illimity**, the Bank has gone beyond the boundaries of its organisation, fostering an ecosystem of partnerships which, starting from the regeneration of real estate assets, will give rise to projects with a social impact;
- on **Governance** matters: right from the start, membership of the Board of Directors has been fairly balanced and illimity has already consolidated important processes by setting up a Sustainability Committee and publishing a Voluntary Non-Financial Statement for 2020 as well as the **illimity way policy**. illimity's commitment on this front is to enhance the value of and improve its direct and indirect ESG profile in all its areas of activity.

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## THE PLAN'S ECONOMIC AND FINANCIAL TARGETS PLACE ILLIMITY AT THE TOP OF ITS INDUSTRY

### High and sustainable profitability and capital base:

		2020A	2021E	2023E	2025E
<b>ROE<sup>1</sup></b>		5.5%	10%	15%	20%
<b>Net Profit</b>	(millions of euro)	31	60-70	~140	>240
<b>CET1 Ratio</b>		17.9%	>18%	>15%	>15%

2020 reclassified data. 1 Ratio between net profit for the year and average net equity. Rounded figures.

**Main targets:**

	2020A	2023E	2025E
<b><u>Income statement</u> – millions of euro</b>			
Net interest income	103	238	362
Net fees and commissions	15	85	143
Other income	56	130	154
<b>Operating income</b>	<b>174</b>	<b>452</b>	<b>660</b>
<b>Operating costs</b>	<b>(132)</b>	<b>(216)</b>	<b>(255)</b>
<b>Operating profit</b>	<b>43</b>	<b>236</b>	<b>405</b>
Provisions	(4)	(33)	(47)
Other income from equity investments	-	2	8
<b>Profit (loss) before tax</b>	<b>39</b>	<b>205</b>	<b>366</b>
<b>Net profit</b>	<b>31</b>	<b>~140</b>	<b>&gt;240</b>

	2020A	2023E	2025E
<b><u>Balance sheet</u> – billions of euro</b>			
Cash, due from banks and securities portfolio	1.7	1.6	1.9
Net customer loans	2.2	5.3	7.3
<b>Total assets</b>	<b>4.1</b>	<b>7.6</b>	<b>9.8</b>
<b>RWA</b>	<b>2.9</b>	<b>5.4</b>	<b>7.0</b>
Direct customer funding	2.4	3.6	4.9
Wholesale funding	1.1	2.8	3.3
<b>Shareholders' equity</b>	<b>0.6</b>	<b>1.0</b>	<b>1.4</b>

	2020A	2023E	2025E
<b><u>KPI</u></b>			
<b>ROE<sup>1</sup></b>	<b>5.5%</b>	<b>15%</b>	<b>20%</b>
Cost income ratio	~76%	<50%	<40%
Cost of risk, bps	52	90-100 <sup>7</sup>	~90 <sup>8</sup>
Gross NPE ratio	3.2%	~4%	~6%
<b>CET1 Ratio</b>	<b>17.9%</b>	<b>&gt;15%</b>	<b>&gt;15%</b>
Total Capital ratio	17.9%	~18%	~18%

2020 reclassified data. 1 Ratio between net profit for the year and average net equity. Rounded figures.

<sup>7 8</sup> Ratio of value adjustments on average customer loans for the following areas: Factoring, Cross-over & Acquisition Finance, High Yield Bonds classified as HTC, former BIP, Senior Financing, the B-ILTY project and going concern UTPs (both organic and inorganic).

- **Net profit** of approximately **60-70 million euro as early as 2021**, rising to approximately **140 million euro in 2023** and to over **240 million euro in 2025**, corresponding to an average annual increase of 51% in the period 2020-25;
- **Revenue increasing by an annual average of over 30% in the period 2020-25**, reaching over **450 million euro in 2023** and approximately **660 million euro in 2025**. A gradual rebalancing of the net interest income contribution, from 59% in 2020 to 55% in 2025, is forecast over the duration of the Plan, following the progressive increase in fees and commissions and other income items. Contributing to this latter dynamic are the development of new initiatives - neprix Sales, B-ILTY, capital markets to SMEs, illimity SGR – the recurring profits deriving from the sales and extra-judicial workout activities of the Distressed Credit Division and the increase in the income component arising from credit revaluation events in the Turnaround business;
- **Operating costs are expected to rise proportionately less than revenues**, at an average annual growth rate of 14% in the period 2020-25, with an initial target of operating costs, including depreciation and amortisation, of approximately **216 million euro in 2023** and approximately **255 million euro in 2025**. The dynamic of the costs over the duration of the Plan reflects investments in new initiatives and the rise in business volumes, in a context of significant scalability of the current operating structure of the divisions and central functions. The increase in costs is expected to be more marked in the period 2020-23 (at an average annual growth rate of 18%) due to the initial investments in new initiatives, and more contained (at an average annual growth rate of 9%) over the final years of the Plan. Similarly, it is expected that the hiring of new staff in the period will mostly be concentrated on the development of new initiatives, with a target workforce of approximately 1,100 members of staff by the end of the Plan;
- **A progressive and significant improvement in operating leverage: the cost Income ratio** is forecast to fall from 76% in 2020 to less than **50% in 2023**, with a **further drop to below 40% by 2025**. The scalability of the Bank's operating structure will already be visible in 2021, as confirmed by the decrease in the cost income ratio to 67% in the first quarter of the year;
- **Cost of credit** is expected to rise over the duration of the Plan compared to the starting figures for the first quarter of 2021 which benefit from a significant component of state-backed loans, to approximately **90-100bps<sup>9</sup> in 2023** and approximately **90bps<sup>10</sup> in 2025**. This is based on **prudent assumptions** in terms of the probability of default ("PD") and danger rate of the loan and investment components and on a coverage rate of the organic non-performing components, including the Turnaround activity, at a level of the best industry benchmarks;
- **Cumulated business origination** in the period 2021-25 expected of approximately **11 billion euro**, balanced between the three business Divisions. Performing loans expected to contribute approximately 60% to loans and investments new business origination over the duration of the Plan;
- **Net customer loans** expected at over **5 billion euro in 2023** and **more than 7 billion euro by 2025**, corresponding to an **average annual growth rate of over 25%** between 2020 and 2025. All three of the Bank's divisions are expected to make a significant contribution to growth;
- **Total assets** are expected to **exceed 7 billion euro in 2023** and **rise to around 10 billion euro**

<sup>9 10</sup> Ratio of value adjustments on average customer loans for the following areas: Factoring, Cross-over & Acquisition Finance, High Yield Bonds classified as HTC, former BIP, Senior Financing, the B-ILTY project and going concern UTPs (both organic and inorganic).

**in 2025.** As part of this item, the Bank's securities portfolio is expected to remain steadily at around 10% of total assets, with a relatively contained duration (around 4.5 years) and a good diversification by geographical area and type of investment. In addition, illimity's prudent approach to liquidity management is confirmed, this planned to remain abundant over the duration of the Plan with the cash, due from banks and securities portfolio component firmly around 20% of total assets;

- **RWA:** forecast to rise, consistent with the growth in business volumes, to **5.4 billion euro in 2023** and **7.0 billion euro in 2025**. The effect of capital management measures, such as the introduction of insurance meeting the regulatory requirements to reduce capital absorption in the factoring segment as early as 2021, together with the focus in SME lending with public guarantees (by way of the instruments using Fondo Centrale di Garanzia, MCC and other available schemes over the duration of the Plan), will enable an overall weight-coefficient of RWA over total assets<sup>11</sup> of around 70%;
- **Sources of funding** are forecast to rise from 3.4 billion euro in 2020 to **over 6 billion euro in 2023** and **8 billion euro in 2025**, with a rebalancing taking place over the duration of the Plan towards the wholesale component, which is expected to represent around 40% of the total in 2025. It is planned to issue senior bonds of approximately 1.3 billion euro and Tier 2 subordinated bonds of 150 million euro over the duration of the Plan;
- **Dividends:** in view of the significant size of the Bank's core markets and the relevant growth opportunities, a flexible dividend policy is planned to maximise shareholders' return with a pay-out ratio of between 20% and 30% over the duration of the Plan, this being calibrated from time to time on the basis of the actual availability of investments with a high return on capital. The first dividend will be on the net profit for the year 2022 with a pay-out of 20%. The dividend policy is subject to the removal of the limits set by the Regulator which are currently valid until 30 September 2021;
- **CET1 Ratio:** the Bank confirms its commitment to maintain a robust capital base, with a target **CET1 Ratio of over 15% throughout the duration of the Plan** and a Total Capital Ratio of around 18%. The regulatory ratios – LCR and NSFR – are planned to be well above the regulatory minimum requirements over the duration of the Plan, consistent with the Bank's current situation.

## THE PLAN CONFIRMS THE PROMINENCE OF TECHNOLOGY AND IN THIS CONTEXT A STRATEGIC ALLIANCE WITH THE ION GROUP IS ANNOUNCED

Technology has only just begun to show its effects on the banking sector and over the next few years we can expect to see important developments in terms of data analytics, user experience, programmable assets, smart contracts and, therefore, new business models. To consolidate the technological leadership, it has established over the years, illimity develops a highly **significant strategic alliance with the ION Group** that will consist of:

- a licence agreement for the use of information systems developed by illimity, which will generate

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<sup>11</sup> Including pro-quota of HYPE which is proportionately consolidated.

cumulated revenue of 90 million euro for the Bank in the period 2021-25<sup>12</sup>;

- long-term cooperation agreements in crucial sectors and services, such as, *inter alia*, data analytics, credit scoring and market intelligence.

There are potentially considerable investment and commercial synergies between the two groups at both a national and international level, but the benefits and effects deriving from these have not been included in the Plan forecasts.

In order to consolidate the strategic alliance, the ION Group will subscribe 5.75 million newly-issued illimity ordinary shares by way of a reserved capital increase, with the exclusion of the pre-emptive right pursuant to article 2441, paragraph 4, second part, of the Italian civil code, corresponding to around 7.3% of the new share capital, at a price of 10 euro per share, equal to a total of approximately 57.5 million euro, and warrants to subscribe additional 2.4 million ordinary shares (between March and July 2022) at a price of 12.5 euro per share, such as to reach a total holding of 9.99% of the new share capital for a consideration – as a result of exercise – of additional 30 million euro. To this end, illimity's Board of Directors resolved to call the Extraordinary Meeting of illimity's shareholders on 29 July 2021 to adopt resolutions on the capital increase, which will be executed upon completion of regulatory authorisation of the relevant bylaws amendments.

**Corrado Passera, CEO and Founder** of illimity, commented: *“Today is an especially important day for illimity and its over 650 illimiters. In little more than two years we have built an innovative bank at the service of corporates to satisfy very important needs in credit for growth, in credit for corporates turnaround and in distressed credit. As always, with the aim of developing untapped potential.*

*Our pillar stones are our people and our technologies: we continue to invest in both with a long-term view. The pandemic temporarily slowed us down, but we are emerging from this period – difficult for everybody – further strengthened.*

*We have presented a certainly ambitious Plan today, but concrete as well. We are committed to bringing important profits to our shareholders, but we are also committed to being of considerable use to this country in this period of revival and recovery of confidence.*

*I am extremely pleased to be able to welcome the ION Group as one of our long-term shareholders, and in particular Andrea Pignataro, with whom I share the vision of a highly innovative future. We are expecting highly significant technological and commercial synergies from our partnership that will strengthen our Business Plan even further.”.*

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<sup>12</sup> Effective from the execution of the first capital increase below described.

ALL DIVISIONS WILL CONTRIBUTE TO ACHIEVING THE TARGETS AND THE SIGNIFICANT ADDITIONAL GROWTH IN THE RESULTS OVER THE DURATION OF THE PLAN, INCLUDING THROUGH FURTHER DEVELOPMENT OF THE RECENTLY LAUNCHED INITIATIVES AND THE START-UP OF NEW STRATEGIC PROJECTS

**The Direct Banking Division**, thanks to the significant investments made over the past few years, is already seeing two highly innovative strategic initiatives started in Open Banking in 2021 in both the retail and small corporates segments.

The Division expects to make a significant contribution to the Group's overall results between 2021 and 2025, generating a high level of profitability in 2025.

		2020A	2023E	2025E
Operating income (loss)	(millions of euro)	(6)	60	104
Profit (loss) before tax	(millions of euro)	(22)	19	57
Cost income ratio		n.s.	60%	45%

Rounded figures.

The Plan assigns the following strategic priorities to the Direct Banking Division:

- to launch **B-ILTY** by the end of the year: **the first direct bank for small corporates**. The new bank's offer is based on the specific needs of this sector and arises from the combination of two of the illimity Group's long-established strengths: its fully digital transaction platform at the cutting edge of user experience together with its expertise in the corporate loan sector. B-ILTY's offer is designed around the specific needs of small corporates: short- and medium-term factoring and financing products, a digital transaction platform, and value-added services (e.g. insurance, digital CFO, etc.). The interaction will above all be digital, supported by the availability of dedicated relationship managers specialized also by economic sector, and with digitalized credit scoring processes to ensure a swift response and scalability. When fully operational, B-ILTY plans to serve 30 thousand customers in 2025 and generate a cumulated **new loans origination** over the duration of the Plan of approximately **3.7 billion euro**, these having a contained risk and capital absorption profile thanks to recourse to state guarantees and credit insurance;
- to contribute to the further consolidation of **HYPE**, the JV with Sella Group, current leader in the sector of digital platforms for retail financial services with over 1.4 million customers expected to grow up to 3 million over the duration of the Plan. The **new HYPE** will be presented by the end of the third quarter of this year, and it is planned that this will evolve to becoming a **money management hub** to satisfy customers' needs full circle by extending PSD2 functionality and completing the offer with third-party products (deposits, investments, etc);
- through illimitybank.com and the HYPE and Raisin channels, to ensure direct funding by retail customers of up to **4.4 billion euro by 2025** as support for the rise in the Group's lending, with a simultaneous reduction in the cost.

**The Growth Credit Division, previously named as SME Division**, has completed the construction of its commercial and operating machine and expects to make a significant contribution to the Group's overall results between 2021 and 2025:



		2020A	2023E	2025E
Operating income	(millions of euro)	29	107	165
Profit (loss) before tax	(millions of euro)	6	67	116
Cost income ratio		73%	23%	15%

Rounded figures.

The Plan proposes the following:

- to achieve further growth in lending to support corporates **Turnaround** through the expertise gained in the single names segment, strengthened by the presence of a network of Tutors, enhancing cross-functional expertise with the Distressed Credit Division in the UTP portfolio segment and exploiting the typical ability of specialised banks in providing working capital solutions, by leveraging on factoring activities. It is planned to generate new loans and investments in Turnaround activities of a **total of approximately 1.3 billion euro** in the period 2021-25 with high returns;
- to develop the **Cross-over & Acquisition Finance** lending activity to companies with potential by leveraging on the ability to provide complex financing solutions, thanks to its network di Tutors. In this segment, the Bank sets the objective of **new cumulated loan disbursements totalling around 1.2 billion euro over the duration of the Plan** with **interesting levels of return**, thanks also to the considerable experience in loans with public guarantees gained in the Division;
- to develop **factoring** activities by strengthening the sales team and focusing on reverse factoring transactions capable of providing a strong boost to increasing the customer base. Profitability in this sector will be strengthened through the use of innovative solutions of allocated capital optimisation. It is planned to reach a **turnover of around 4.3 billion euro and customer loans of around 1.1 billion euro**;
- to develop **debt and equity capital markets advisory services** through NOMAD activities on the Italian Alternative Market (AIM), supporting customers in placing mini bonds both on the EXTRA-MOT market and by way of private placements, also ensuring support in the search for risk mitigation solutions, with the aim of earning almost **50 million euro in accumulated fees** over the duration of the Plan.

Of particular importance in the Division's performance is the **quality of its loan book**, which over time has shown considerable resilience with a deterioration rate for transactions initiated by illimity since the start of its activities of less than 1%<sup>13</sup>, one of the lowest on the market.

The development of operating leverage, which will provide an important contribution to the Division's economic results over the duration of the Plan, benefits from the **investments in technology** and in particular the UTP portfolio ad-hoc system and the digital factoring system.

Specific attention will also be placed on **circular economy** projects and on supporting businesses in developing their **green projects**.

<sup>13</sup> Data as of 31/03/2021 related to Crossover & Acquisition Finance, High Yield Bond, Turnaround and Factoring business lines, excluding the former Banca Interprovinciale portfolio.

**The Distressed Credit Division – previously named as DCIS Division**, will continue to strengthen its integrated presence in the area of corporate distressed loans. In just two years, in fact, illimity has succeeded in becoming **one of the three biggest private investors on the Italian market**, carrying out investments for a total of around 8 billion euro at gross nominal value. Alongside its direct investment activity, the Division has created **neprix**, a special servicing company focussing on the management of corporate distressed loans with unique characteristics in Italy. The Division is additionally active in providing funding to non-banking investors in distressed loans.

Already highly efficient and profitable in 2021, in absolute terms the Division continues to be the biggest contributor to the illimity Group's economic results.

		2020A	2023E	2025E
Operating income	(millions of euro)	142	275	375
Profit (loss) before tax	(millions of euro)	87	159	230
Cost income ratio		37%	38%	35%

Rounded figures.

The Division operates with a unique business model on the market, characterised by a specialised management of all the types of distressed loans to corporates with medium-high tickets, supported by an innovative technological platform and an operating model that integrates the entire credit management value chain.

Neprix activities consist of **neprix Distressed Credit Management** and **neprix Sales** (formerly IT Auction). The latter, important player in the judicial real estate and capital goods sector, operates with a fully digital business model using 6 multi-sector web portals capable of covering a broad range of services for enhancing the value of real estate and capital goods.

Between 2021 and 2025 the Distressed Credit Division proposes the following:

- to develop its **investment activity** by purchasing NPL and UTP loans for a total of approximately 3 billion euro over the duration of the Plan, with profitability in line with current levels;
- to develop its **senior financing** activity in order to grant **new loans** to other NPE investors for a **total of approximately 0.4 billion euro** over the duration of the Plan with a focus on high-margin medium-sized transactions;
- to develop its **servicing** activity with the aim of reaching managed assets of over **25 billion euro by the end of 2025**, both captive and on behalf of third parties, achieving revenue of over 110 million euro and an **EBITDA margin of approximately 46%** when fully operational, thanks to the new initiatives undertaken in the two business divisions of neprix:
  - neprix Distressed Credit Management: a gradual increase in managed assets with an incremental contribution in revenue deriving from third-party mandates; in this respect, it should be noted the role of sole special servicer on receivables acquired as part of illimity's recently announced joint venture with **Apollo Global Management Inc.**;
  - neprix Sales: continuation of its path towards affirmation as a key operator in the Italian real estate market, estimated in 115 billion euro at transaction value<sup>14</sup>, by **strengthening its**

<sup>14</sup> Sources: OMI, Report Idealista.it, Scenari Immobiliari, MutuiOnline, AstaSY 2019 report.

**competitive positioning on the judicial market** and **gradually entering the free market** with the offer of a highly technological and integrated service capable of ensuring solution to the pain points in the buying and selling process.

Of particular importance for the Division is its **excellent track record in portfolio workouts**, which since the start of activities have generated **cash flows amounting to almost double those of initial expectations** (cumulative gross cash flow of 297 million euro since the start of activities compared to 161 million euro initially expected).

The additional investment in **technology** and **data** management will contribute to the growth in results, a crucial competitive advantage in the process for valuing loans and the underlying collateral, in the estimate of recovery rates and for speeding up processes, thereby reducing costs along the entire value chain.

An item distinguishing the Division on the market is its commitment in the **Energy segment**, which will contribute to the return to the market of fully efficient energy power plants, capable of producing renewable energy and having positive environmental impacts thanks to the avoided emissions.

**illimity SGR**, lastly, completes the range of illimity's operations in the corporate loan segment, enhancing its ability to generate business beyond the Bank's direct investment opportunities.

Having received authorisation to operate in February 2020, illimity SGR completed the **first closing of the "illimity Credit & Corporate Turnaround"** fund in the first quarter of 2021, contribution fund dedicated to investments in UTP loans due from SMEs with turnaround prospects. The fund's initial value is 120 million euro and consists of loans to 33 companies operating in highly diversified sectors. This fund provides contributing banks with the possibility of benefiting from a professional management of loans without the need to sell the receivables, thereby enabling to maximize their value following the company's business and financial turnaround.

illimity SGR's contribution to the Group's results will become more visible over the upcoming years, even if its potential will only fully emerge after the end of the Plan's term. It is still, though, an important strategic instrument for exploiting illimity's capacity beyond its capital and regulatory restrictions.

		2020A	2023E	2025E
Operating income	(millions of euro)	-	7	12
Profit (loss) before tax	(millions of euro)	(1)	1	5
Assets under management	(billions of euro)	-	0.7	1.2

Rounded figures.

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The main economic targets by segment of illimity Group are reported below.

(millions of euro)	Growth Credit Division			Distressed Credit Division			Direct Banking Division			SGR			Corporate Centre			Total		
	2020A	2023E	2025E	2020A	2023E	2025E	2020A	2023E	2025E	2020A	2023E	2025E	2020A	2023E	2025E	2020A	2023E	2025E
Operating income	29	107	165	142	275	375	(6)	60	104	-	7	12	9	4	4	174	452	660
Profit (loss) before tax	6	67	116	87	159	230	(22)	19	57	(1)	1	5	(31)	(41)	(42)	39	205	366

Pursuant to article 154 bis, paragraph 2, of Legislative Decree no. 58/1998 (the Consolidated Law on Finance), the Financial Reporting Officer, Mr. Sergio Fagioli, declares that the accounting information contained in this press release corresponds to the documented results and the accounting books and records.

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illimity management will be presenting its new 2021-2025 Strategic Plan to the financial community today, 22 June 2021, at 9:00 a.m. CET. The event can be followed via Audio Webcast at the following link: <https://87399.choruscall.eu/links/illimity210622.html> and via conference call at the telephone numbers below. Plan documentation will be made available on the Bank's website [www.illimity.com](http://www.illimity.com) under the Investor Relations section.

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#### **illimity Bank S.p.A.**

illimity is the high-tech banking group founded and headed by Corrado Passera that was created with the aim of responding to specific market needs by way of an innovative and specialist business model. More specifically, illimity extends financing to high-potential SMEs, purchases distressed corporate loans and services these through its platform, neprix, and provides digital direct banking services through [illimitybank.com](http://illimitybank.com). illimity SGR, which sets up and manages alternative investment funds, the first of which dedicated to UTP loans, is also a member of the illimity Group. The story of illimity began in January 2018 with the launch of the special purpose acquisition company SPAXS S.p.A., which ended with a record 600 million euro being raised on the market. SPAXS subsequently acquired Banca Interprovinciale S.p.A., with the resulting merger between the two giving rise to "illimity Bank S.p.A." which has been listed on the Italian Stock Exchange since 5 March 2019 (ticker "ILTY"), first on the MTA exchange and since September 2020 on the Star segment. The banking group, headquartered in Milan, can already count on over 600 employees and ended 2020 with assets exceeding 4 billion euro.