2024 FIRST SEMESTER RESULTS

NET PROFIT AT €23 MILLION,
(+43% Y/Y EXCLUDING EXTRAORDINARY INCOME RELATED TO THE PARTNERSHIP ON THE IT PLATFORM[1])

NET PROFIT IN THE SECOND QUARTER INCREASED TO €12.2 MILLION (+13% Q/Q) DESPITE ADVANCE PAYMENT OF SYSTEMIC CONTRIBUTIONS

CONTINUED GROWTH IN THE PROFITABILITY OF THE CORPORATE & INVESTMENT BANKING BUSINESS[2] WITH PRE-TAX PROFIT UP 35% Y/Y AND 26% Q/Q

EXIT FROM THE NPE PORTFOLIO DIRECT INVESTMENT BUSINESS SUBSTANTIALLY COMPLETED
SPECIALISED CREDIT DIVISION ACCELERATES BUSINESS ORIGINATION IN ASSET-BASED FINANCING (+79% Q/Q)

CUSTOMER LOANS UP BY 9% Y/Y WITH A MIX EVEN MORE FOCUSED ON SPECIALISED LENDING TO SMES

CREDIT QUALITY UNDER CONTROL WITH A GROSS NPE RATIO[3] FALLING SHARPLY IN THE SECOND QUARTER TO 0.6%

SOLID CAPITALISATION WITH A PHASED-IN CET1 RATIO OF 14.6%

FURTHER IMPROVEMENT IN HYPE AND B-ILTY PROFITABILITY

Milan, 8 August 2024 - The Board of Directors of illimity Bank S.p.A. ("**illimity**" or the "**Bank**"), chaired by Rosalba Casiraghi, met yesterday to approve the results of the illimity Group as at 30 June 2024.

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[1] Partnership with the Engineering Group finalised on 30 June 2023, which had generated €54 million in revenue booked in the second quarter of 2023.
[2] Including the Corporate Banking and Investment Banking divisions.
[3] Excluding positions with public guarantees.

Corrado Passera, **CEO** and **Founder** of **illimity**, commented: "*We are pleased with the results achieved, considering that this is the first semester after our exit from the direct NPE investment market with a business that now sees us even more focused on the world of specialised lending to SMEs*. *In fact, the second quarter of the year showed rising profitability, despite the advance payment of systemic charges, driven by strong growth in the business origination of all our divisions, while maintaining a solid capital and liquidity position.*

Our tech initiatives confirm the growth trend observed at the beginning of the year, and in the future will further support illimity's earnings growth.

We were able to react to a market environment that did not evolve as expected and did so in an unpredictable way, adapting our strategy to the new scenario thanks to the flexibility of our business model. We were able to support profitability with the ability to enhance the value of our assets and we expect to continue to do so in the future.

Our commitment to continue growth in order to achieve a high level of sustainable profitability is now stronger than ever."

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Key dynamics:

- **illimity ended the first semester of 2024 with a net profit of €23 million.** Excluding the positive contribution of €54 million[4] related to the IT platform partnership signed with Engineering, recognised in the first half of 2023, **the figure is up 43% y/y**, thanks to an operating profit up 22% y/y, driven by both the increase in revenue (+5% y/y) and the decrease in operating expenses (-2% y/y).

- **Profit for the second quarter of 2024 stood at €12.2 million, up 13% q/q,** despite the contribution to the Deposit Guaranteed Scheme of €6.8 million, accounted for the second quarter of the year (in 2023 that charge had been recorded in the second semester). **Excluding this contribution, profit for the quarter increased by 56% q/q**.

  The quarter's growth was driven in particular by the increase in **revenues** (+12% q/q), driven in particular by the strong rise in **net fee and commission** income (+56% q/q), which benefited from the acceleration of loans disbursed (+95% q/q), the growing contribution of ARECneprix's third-party servicing business and the Investment Banking division's structuring business.

- The **Corporate & Investment Banking** business confirms rising profitability, with pre-tax profit up 35% y/y and 26% q/q. Operating leverage remains excellent with a cost/income ratio of 19%. Loans in the segment amounted to €2.6 billion, up 4% y/y, thanks to strong business origination, which more than offset early repayments.

- The **Specialised Credit** division substantially completed its exit from the NPE portfolio investment business, which now accounts for about 1.6% of the Bank's total assets (12% in the first half of 2023), through securitisation transactions involving the sale of junior notes to market

[4] €36.1 million after tax.

participants . In the second quarter of the year, the division accelerated its business repositioning by focusing in particular on the asset-based financing business with a new origination of €68 million, a strong increase over the previous quarter (+79% q/q) and a potential new disbursements pipeline for the second half of the year of over €200 million. The division's profitability, which is lower compared to the first half of last year due to the aforementioned strategic repositioning, is expected to gradually increase, benefiting from both the expected increase in volumes and the cost savings related to the management activity of the NPE portfolios.

- **Asset quality** remains strong, with a high level of loans backed by public guarantees (57% of the total), with a NPE ratio, net of those positions, markedly down to 0.6% from 1.7% in the first quarter of 2024. The cost of credit stood at 83 basis points and incorporated adjustments related both to the strengthening of the coverage of certain positions under restructuring and to the disposal of impaired positions. The cost of credit is therefore expected to normalize to lower levels over the coming quarters.

- The **liquidity position** remained strong at €900 million, with indicators well above regulatory limits (LCR at 232% and NSFR at 117%). **Total funding** was highly diversified across various funding sources and amounted to €6.9 billion up 24% y/y, driven by increases in both the wholesale (+34% y/y) and retail (+25% y/y) components. Specifically, the latter amounted to €3.7 billion, of which €3 billion came from the illimitybank.com platform, an increase of (+38% y/y). In addition, it should be noted that retail funding is highly stable, with term deposits representing 87% of the total.

- The **capital base** is also very robust, with a phased-in CET1 ratio of 14.6%, demonstrating a substantial buffer (500 basis points) compared to the SREP requirement (9.60%).

- **Tech initiatives continue on the improvement path undertaken.** In particular, **HYPE** reported a net profit of €1.5 million compared to a loss of €4.5 million in the first half of the year, with a steadily growing number of transactions and customers. **b-ilty** consolidated the break-even achieved in the previous quarter compared to a loss of €4.7 million in the first half of 2023, with volumes growing further (+30% q/q).

Income statement figures

Figures in millions of Euros

Reclassified Income Statement	2Q23	1Q24	2Q24	Δ Q/Q%	1H23	1H24	Δ H/H%
Interest income	94.6	104.4	109.3	5%	180.9	213.7	18%
Interest expenses[1]	(45.2)	(64.9)	(70.3)	8%	(83.2)	(135.2)	63%
Net interest income	**49.4**	**39.6**	**38.9**	**(2)%**	**97.7**	**78.5**	**(20)%**
Net fees and commissions	17.1	18.1	28.3	56%	32.3	46.3	44%
Net result from trading and fair value assets	(0.9)	8.3	11.6	41%	(1.0)	19.9	n.s.
Net other income/expenses	55.3	2.6	2.3	(11)%	56.3	4.8	(91)%
Profit from closed purchased distressed credit positions[2]	11.1	6.0	2.3	(62)%	18.9	8.2	(56)%
Operating income	**132.1**	**74.4**	**83.4**	**12%**	**204.2**	**157.8**	**(23)%**
Staff costs	(27.2)	(23.5)	(24.9)	6%	(50.4)	(48.4)	(4)%
Other operating expenses	(23.2)	(21.1)	(21.7)	3%	(44.9)	(42.8)	(5)%
Depreciation & Amortisation	(5.2)	(6.2)	(6.2)	1%	(10.5)	(12.4)	18%
Operating costs	**(55.7)**	**(50.8)**	**(52.8)**	**4%**	**(105.7)**	**(103.6)**	**(2)%**
Operating profit	**76.4**	**23.7**	**30.5**	**29%**	**98.5**	**54.2**	**(45)%**
Loan loss provision charges	(3.1)	(7.5)	(9.3)	24%	(6.0)	(16.8)	>100%
Value adjustments on purchased distressed credit	(4.4)	(0.7)	(0.6)	(3)%	(3.6)	(1.3)	(64)%
Value adjustments on securities and loans to banks and off-balance	(0.1)	(0.9)	0.5	n.s.	(0.8)	(0.4)	(49)%
Other net provisions for risks and charges	0.4	(0.1)	(0.1)	56%	0.2	(0.2)	n.s.
Other income from equity investments	(1.3)	0.2	0.5	>100%	(2.4)	0.8	n.s.
Contribution to banking sector schemes and other non-recurring charges	(0.2)	(0.4)	(6.9)	>100%	(6.2)	(7.3)	18%
Profit (loss) before tax	**67.7**	**14.4**	**14.6**	**1%**	**79.8**	**29.0**	**(64)%**
Income tax	(23.3)	(3.7)	(2.5)	(32)%	(27.6)	(6.2)	(77)%
Minority Interest	0.0	0.1	0.1	n.s.	0.0	0.2	n.s.
Net result	**44.4**	**10.8**	**12.2**	**13%**	**52.2**	**23.0**	**(56)%**

1. *This item does not include any costs relating to leasing liabilities, which have been classified as operating costs; it does include commission expenses and stamp duty for deposits on the Raisin platform.*
2. *Proceeds from the resolution of distressed credit positions realised through payment recovery strategies agreed with the debtor ("settlement and release") and from disposals of positions.*
Any discrepancies in the data shown are solely due to the effect of rounding.

Key income statement figures:

Net interest income amounted to **€78.5 million**, down 20% y/y due to both the increase in the cost of funding and the decrease in investments in NPE portfolios, following the strategic repositioning of the Specialised Credit division's business.

Interest income of **€213.7 million** contributed to this trend, up 18% y/y despite the effect of the aforementioned repositioning, benefiting from the growth in customer loans, higher interest rates and a greater contribution from the proprietary portfolio. **Interest expenses** were up 63% y/y, mainly due to the increase of both the retail and institutional funding stock and the cost of funding as a result of the increase in market rates.

In the second quarter Net interest was down by 2% q/q and is expected to stabilise gradually by the end of the year, benefiting from stable funding costs and the increase in business origination volumes.

Net fees and commissions increased by 44% y/y, reaching approximately €46.3 million. This was driven by higher volumes in SME lending and third-party mandates in the servicing business. In the second quarter, the figure increased by 56% q/q, benefiting from the strong increase in business origination (+95% q/q) and the growing contribution from third-party servicing activities.

The **Net result from trading and Fair-value assets** amounted to €19.9 million compared to a loss of €1 million in the first half of 2023, thanks in particular to the higher contribution from securities trading and fair-value assets. In the quarter, the figure increased by 41% q/q, mainly due to the higher contribution from fair-value assets including UCITS units.

Other operating income amounted to €4.8 million compared to €56.3 million in the first half of 2023, which included revenue of €54 million from the IT platform partnership. The figure for the quarter was €2.3 million compared to €2.6 million in the previous quarter.

The **profit from closed purchased distressed credit positions** was €8.2 million, down from €18.9 million in the first half of 2023, mainly due to the decrease of the contribution in direct investments in NPEs, partially offset by the positive closure of positions related to the Turnaround business and Specialised Credit divisions. Similar dynamics can be seen in the quarterly data.

Due to the aforementioned dynamics, **operating income** stood at €157.8 million, up 5% y/y, excluding the already mentioned extraordinary profit from the IT platform booked in the second quarter 2023. The figure was €83.4 million, up 12% q/q.

Operating costs for the first half of 2024 amounted to **€103.6 million,** down 2% y/y. In particular, the aggregate comprising **Staff costs and Other administrative expenses** decreased by 4% y/y, as a result of measures to streamline the cost base. **Depreciation and amortisation** costs amounted to €12.4 million, an increase of 18% y/y due to the IT investments. Operating expenses increased by 4% q/q, mainly due to a seasonal effect. A downward trend is expected in the coming quarters as a result of expected savings on servicing activities, following the transactions finalised in the first half of the year as part of the strategy to reduce direct investments in NPE portfolios.

Therefore, **operating profit** stood at **€54.2 million, up 22% y/y,** excluding the aforementioned IT platform extraordinary revenue accounted for last year. The quarterly figure closed up 29% q/q.

The loan loss provision charges for the half-year amounted to €16.8 million (€6 million in the first half of 2023), and included adjustments related to both the reinforcement of the hedging of some positions under restructuring and the closure of some impaired loans. Therefore, the annualised cost of credit is currently at 83 basis points and is expected to normalise to lower levels in the second half of the year.

Value adjustments on purchased distressed credit were negative €1.3 million, compared to €3.6 million for the first half of 2023.

Other income from equity investments, which includes the pro-quota consolidation of HYPE, shows a profit of €0.8 million compared to the loss of €2.4 million booked in the first half of 2023. HYPE's result is booked using the equity method.

Contributions and other non-recurring charges amounted to €7.3 million, compared to €6.2 million in the first half of 2023, and included the contribution to the Deposit Guarantee Scheme of €6.8 million booked in the second quarter of 2024 (in 2023 this charge was recognised in the second semester).

Therefore, the net profit for the first half of 2024 amounted to €23 million, an **increase of 43%**

y/y compared to 2023 first semester, excluding the extraordinary income from the IT platform of €54 million (€36.1 million net of taxes) recorded under "Other operating charges/income". **The second quarter profit was €12.2 million**, up 13% q/q.

Balance sheet figures

Figures in millions of Euros

Reclassified Balance sheet	31.03 2023	30.06 2023	30.09 2023	31.12 2023	31.03 2024	30.06 2024	Δ % 30.06.2024 / 31.03.2024	Δ % 30.06.2024 / 30.06.2023
Cash and cash equivalent	340	536	321	432	273	321	17%	(40)%
Due from banks and other financial institutions	213	228	120	113	106	194	84%	(15)%
Customer loans	**3,927**	**4,222**	**4,207**	**4,064**	**4,073**	**4,601**	**13%**	**9%**
- NPE Direct Investments	*739*	*806*	*598*	*415*	*137*	*134*	*(2)%*	*(83)%*
- Asset Based Financing & Other	*758*	*677*	*716*	*584*	*864*	*1,246*	*44%*	*84%*
- Corporate Banking	*2,116*	*2,294*	*2,330*	*2,383*	*2,280*	*2,301*	*1%*	*0%*
- Structured Finance [1]	*903*	*933*	*979*	*981*	*1,005*	*1,027*	*2%*	*10%*
- Turnaround & S.S. Finance	*725*	*833*	*848*	*820*	*723*	*727*	*1%*	*13%*
- Factoring	*488*	*528*	*503*	*582*	*552*	*546*	*(1)%*	*3%*
- b-ilty	*71*	*154*	*217*	*309*	*420*	*547*	*30%*	*256%*
- Investment banking	*178*	*223*	*278*	*305*	*304*	*308*	*1%*	*38%*
- Non-core former Banca Interprovinciale	*65*	*67*	*68*	*67*	*66*	*65*	*(2)%*	*(3)%*
Financial assets Held To Collect (HTC)[2]	403	428	485	585	870	934	7%	118%
Financial Assets Held To Collect & Sell (HTCS)[3]	384	451	454	457	619	766	24%	70%
Financial assets measured at FVTPL[4]	111	118	159	528	544	559	3%	373%
Investments in associates and companies subject to joint control	83	82	81	81	81	82	1%	0%
Goodwill	65	70	70	70	70	70	--	--
Intangible assets	72	75	75	84	82	87	6%	17%
Other assets (incl. Tangible and tax assets)[5]	500	514	858	846	847	509	(40)%	(1)%
Total assets	**6,098**	**6,724**	**6,831**	**7,259**	**7,565**	**8,124**	**7%**	**21%**
Due to banks	899	951	949	942	802	877	9%	(8)%
Due to customers	3,411	3,863	3,928	4,487	4,898	5,092	4%	32%
Bond/Securities	662	731	740	612	621	926	49%	27%
Shareholders' Equity[6]	857	899	923	956	973	962	(1)%	7%
Other liabilities	270	281	291	262	272	268	(1)%	(4)%
Total liabilities	**6,098**	**6,724**	**6,831**	**7,259**	**7,565**	**8,124**	**7%**	**21%**
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Common Equity Tier 1 Capital	677	710	723	748	757	757	--	7%
Risk Weighted Assets	**4,344**	**4,601**	**4,900**	**5,080**	**5,067**	**5,184**	**2%**	**13%**

1. *This includes part of the net loans to existing customers of Banca Interprovinciale, which, due to their nature, are considered consistent with illimity's Corporate Banking segment. The classification also includes corporate high-yield bonds designated as HTCs.*
2. *This includes the Bank's securities portfolio classified at amortised cost.*
3. *HTCS: financial assets at fair value with an impact on comprehensive income. This item comprises the Bank's securities portfolio and any loans held by the Specialised Credit Division for potential sale.*
4. *FVTPL (fair value through profit or loss): other financial assets measured at fair value with an impact on the income statement. This item includes Participatory Financial Instruments acquired as part of turnaround transactions, and units of funds acquired as part of the activities of the Specialised Credit and Corporate Banking divisions.*
5. *This includes assets arising from the purchasing of tax assets (the so-called "Ecobonus") for €132 million and groups of assets held for sale for about €342 million.*
6. *The Profit (loss) for the period attributable to minority interests is €179 thousand.*
   Any discrepancies in the data shown are solely due to the effect of rounding.

As at 30 June 2024, the Bank's **assets** stood at **€8.1 billion**, an increase of 21% compared to the same period last year and of 7% on a quarterly basis.

Within this aggregate, **net customer loans and investments exceed €4.6 billion**, with a mix increasingly focused on loans to SMEs, against the aforementioned strategy of gradually reducing direct exposure to NPE portfolios (-83% y/y).

The stock of loans increased by 9% y/y as a result of strong business origination, which more than offset significant early repayments, in particular the growth in volumes in the b-ilty division, which more than tripled compared to the first half of last year. In the second quarter, the figure was up 13% due to both an increase in loans and the subscription of senior notes of €330 million against the NPE portfolios sold in the quarter.

In terms of asset quality, the **gross organic impaired positions** on the business originated by illimity since its inception amounted to approximately €180 million. Excluding public guaranteed or insured positions, **the ratio of organic gross doubtful loans to total organic gross loans** declined sharply to **0.6%** (1.7% in the first quarter of 2024), comprising about 90% of UTP exposures under active restructuring. The gross ratio also including guaranteed positions is currently 4.5%[5], a decrease from 4.8% at the end of March 2024.

illimity's **securities portfolio** reached approximately **€1.7 billion**, up 14% q/q and 93% y/y. Of this total, the **securities classified as HTC,** represented by Italian government bonds, accounted for €934 million, up 7% q/q and more than double the first semester of 2023. The average duration of these securities is just over three years. The **Held to Collect and Sell ("HTCS") securities** portfolio totalled €766 million, up by 24% q/q and 70% y/y, primarily driven by an increase in the stock of government bonds. The mark-to-market of the HTCS securities portfolio, taking into account the contribution of hedge accounting and net of the tax effect, was negative for €27 million, broadly in line with the previous quarter. Overall, the securities portfolio is comprised of approximately 82% Italian government bonds, 15% senior bonds and 3% subordinated bonds.

Financial assets measured at fair value amounted to €559 million, up from €118 million in the first semester of 2023, mainly due to the investment made at the end of 2023 in units of the Olympus funds, one the largest Italian real estate equity contribution funds, established in October 2023, focused on management of loans secured by real estate assets, mainly UTPs[6].

The item "**Other assets**" decreased by 40% q/q mainly due to the decrease in the item "Assets held for sale" as a result of the Specialised Credit division's sale of NPE portfolios for €324 million.

illimity's **total funding** stood at approximately **€6.9 billion** at the end of June 2024, an increase of 24% y/y, with a good mix between the various sources. In particular, **retail funding** amounted to **€3.7 billion**, up 25% y/y and slightly down compared to the figure at the end of March 2024 (-4%) as a result of the reduction in the **Raisin** channel, whose stock amounted to approximately **€720 million** (-6% y/y and -20% q/q). The funding from the ***illimitybank.com*** platform stands at **€3 billion**, up 38% y/y, in addition to €50 million from the b-ilty channel.

Institutional funding amounted to €**2.6 billion**, up 34% y/y, also following the third senior preferred bond issue in the second quarter of 2024, for a total amount of €300 million.

Deposits from corporate customers amounted to €530 million (€476 billion as at 31 March 2024).

CET1 Capital stood at **€757 million**, stable compared to the figure at the end of March 2024.

Total risk-weighted assets (RWAs) were approximately €5,184 million, an increase on the previous

[5] Including the portfolio inherited from Banca Interprovinciale (€31.9 million gross impaired loans and €68.1 million gross performing loans), the Group's organic NPE ratio is 5.2%.
[6] Further information can be found in the press release dated 27 October 2023.

quarter (€5,067 million), following customer loan growth.

As the result of these dynamics, illimity's **phased-in CET1 Ratio** stood at a robust **14.6%** (14.6% fully loaded) at the end of June 2024.

The **Total Capital Ratio (phased-in)**, which includes in the total regulatory Tier 2 capital subordinated bond of €206 million, was **18.6%** (18.5% fully loaded).

The **Liquidity Coverage Ratio (LCR)** at the end of June 2024 was about **232%**, confirming the significant liquidity buffer. The **Net Stable Funding Ratio (NSFR)** was **117%** also **significantly above the regulatory minimum requirements.**

Contribution of business segments to Group results

The table below summaries the main figures for the illimity Group's divisions in the first semester of 2024.

1H24, Data in millions of euros	Corporate Banking	Investment Banking	Specialised Credit	SGR	Digital Division	HQ Functions	b-ilty	HYPE	Total
Net interest income	34.8	4.4	29.7	-	3.9	-	5.7	-	78.5
Net fees and commissions	15.1	2.3	22.5	2.5	-	-	3.9	-	46.3
Other income	13.1	4.6	13.5	0.7	0.5	-	0.5	-	32.9
Operating income	**63.0**	**11.3**	**65.7**	**3.2**	**4.4**	**-**	**10.2**	**-**	**157.8**
Staff costs	(6.1)	(3.3)	(17.8)	(1.4)	(5.4)	(11.7)	(2.7)	-	(48.4)
Other operating expenses and D&A	(3.3)	(1.5)	(21.5)	(0.3)	(15.8)	(9.8)	(3.0)	-	(55.2)
Operating costs	**(9.4)**	**(4.8)**	**(39.3)**	**(1.7)**	**(21.2)**	**(21.5)**	**(5.7)**	**-**	**(103.6)**
Operating profit	**53.6**	**6.5**	**26.4**	**1.5**	**(16.8)**	**(21.5)**	**4.5**	**-**	**54.2**
LLPs and value adjustmets on DC portflio e securities	(8.0)	0.2	(6.8)	-	-	-	(3.9)	-	(18.5)
Net provisions on other financial assets and contribution to banking sector schemes	(0.1)	-	(0.1)	-	-	(7.3)	-	-	(7.5)
Other income from equity investments	-	-	-	-	-	-	-	0.8	0.8
Profit (loss) before tax	**45.5**	**6.7**	**19.5**	**1.5**	**(16.8)**	**(28.8)**	**0.6**	**0.8**	**29.0**
Cost Income Ratio	15%	42%	60%	53%	n.s.	n.s.	56%	n.s.	66%
Interest earning assets	3,088	722	1,866	-	5	515	667	-	6,864
Other assets	225	34	624	2	119	174	2	82	1,260
RWA	**1,806**	**378**	**2,349**	**9**	**117**	**371**	**107**	**47**	**5,184**

Any discrepancies in the data shown are solely due to the effect of rounding.

Core Businesses (Corporate Banking, Investment Banking, Specialised Credit and illimity SGR):

Corporate Banking Division

The Corporate Banking Division confirmed increased profits, recording **a profit before tax** of €45.5 million, a 24% y/y increase, driven by revenues that reached €63 million (+30% y/y). The cost/income ratio was excellent and amounted to 15%, improved compared to 20% in the first semester of 2023, confirming the Division's high scalability.

The Division's **net customer loans** amounted to approximately **€2,3 billion**. In particular, volumes in the *Structured Finance and Factoring* business segments grew 10% and 2% y/y respectively. Loans in the *Turnaround & Special Situation* segment fell 13% y/y, as a result of €213 million euro in early repayments, confirming the success of the restructuring processes in favour of the corporate clients.

Furthermore, the significant impact of loans backed by public guarantees and insured loans was once again evident, representing approximately half of the division's customer loans. This enabled the Bank to achieve a high return on capital due to its low risk profile and limited capital absorption.

Business of the Structured Finance and Turnaround & Special Situation segments originated in the quarter amounted to €268 million, up sharply from €86 million in the previous quarter, with a robust pipeline of new disbursements.

Investment Banking Division

The Investment Banking Division posted a **pre-tax profit** of **€6.7 million**, up sharply from €1.8 million in the first half of the previous year. Revenues **more than doubled y/y** to €11.3 million, driven by growth in business volumes, capital markets activities and trading in hedging derivatives. The cost/income ratio stood at 42%, down sharply from 69% in the first semester of 2023.

Lending volumes amounted to €308 million, an increase of 38% compared to €223 million in the first semester of 2023, with a robust pipeline of new initiatives exceeded €100 million in new initiatives. Additionally, the consistent progress in financial markets should be noted, with two IPOs completed during the first half (11 since the division began operations).

Specialised Credit Division

The division's net customer loans and investments amounted to **€1.8 billion** up 21% y/y. In the half-year, the division substantially completed the divestment and enhancement of direct investments in NPE portfolios, following the strategy launched at the end of 2023, which envisages an increased focus on asset-based financing and UTP management business. This strategy resulted in the stock of NPE direct investments decreasing by 83% y/y and 2% q/q, to €134 million, or 1.6% of the Bank's total assets.

The division closed the second quarter of 2024 with a profit before tax of approximately €10 million, bringing the half-year profit to ca. €20 million, lower compared to the ca. €39 million recorded in the first half of 2023, due to the aforementioned change in strategy. The division's profitability is expected to gradually improving, benefiting from both the cost savings relative from reduced management activities for its NPE portfolio and the expected growth in the stock of loans. In fact, in the second quarter, business origination stood at €68 million, up 79% q/q, with a potential new disbursements pipeline of more than 200 by 2024.

With reference to **ARECneprix**, in the first half of the year the company consolidated its position as a major player in Italy in the corporate UTP credit management market, thanks to its high degree of specialisation in structuring complex transactions in the management of real estate assets.

Assets under management stood at **€10 billion**, with a mix where non-captive business grew strongly to 89% of the total, up from 29% in the first half of 2023, also as a result of the strategy of reducing direct investments in NPEs in favour of senior financing positions. The company closed the first half with an EBITDA significantly increasing to €9.7 million from €3.0 million in the same period of the previous year, thanks to a 39% increase in revenues y/y, driven by an increase in third-party mandates and advisory and structuring fees.

illimity SGR

illimity SGR reported a **pre-tax profit of around €1.5 million**, up 67% y/y, with revenues up 23% y/y, due to the effect of both the increase in assets under management and the consolidation of its operating efficiency.

Total AUM amounted to approximately **€550 million**, in terms of invested assets and commitments, up 20% y/y, following the increase in the assets of the “Credit & Corporate Turnaround” and “Real Estate Credit” funds, net of income distributions made in the first half of the year.

Digital Division

The Digital Division, which includes all activities and costs related to the management and development of the Bank's IT architecture and of the *illimitybank.com* banking platform, showed a pre-tax loss of €16.8 million, compared to a pre-tax profit of €30.9 million in the first half of 2023, which included the aforementioned €54 million revenue related to the IT platform.

Tech initiatives:

HYPE

A Joint Venture between illimity and Banca Sella Holding, HYPE again confirmed its leading position among retail fintechs for the first half of 2024, with a customer base of over €1.8 million, up 4% y/y. The number of transactions also increased, amounting to 74 million in the first half of the year, up 22% y/y.

In the first half 2024, the company also confirmed its ongoing progress in relation to profitability, closing with a net profit of €1.5 million compared to a loss of €4.5 million in the first half of last year. The net pro-rata the net profit pertaining to illimity amounted to €751 thousand.

b-ilty

The first digital bank for small businesses, b-ilty experienced its best semester ever in terms of profitability.

The **pre-tax result** achieved break-even, moving from a loss of €4.7 million in the first half of 2023 to a profit of €0.6 million in the first half of 2024. The improvement in profitability was driven by higher revenues, which increased to €10.2 million compared to €2.5 million in the first semester of 2023, with stable costs.

Customer loans rose to **€547 million**, an increase of 30% compared to the previous quarter (+256% compared to €154 million in the first half of 2023). It is noted in addition that the disbursed loans are all backed by public guarantees.

Over the past year, the number of businesses served increased significantly, from 435 in the first quarter of 2023 to approximately 3,200.

Quimmo

Proptech **Quimmo** manages approximately €1.6 billion in assets, the majority of which are non-captive.

Already a leader in the judicial market with a market share of 16% at the end of 2023 and up from 10% in 2021, last year Quimmo entered into the non-judicial real estate brokerage market thanks to the partnership signed with COIMA.

The company closed the first half 2024 with a loss of €1.2 million (-€1.4 million in the first half of 2023), still impacted by the significant decline in the number of bankruptcy proceedings seen in the Italian market in recent years. Profitability is expected to gradually recover, due to the trend in bankruptcy proceedings reversing at the end of 2023 and the aforementioned partnership that brings in a potential pipeline of projects worth more than €1 billion focused on high-quality residential properties.

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Business outlook

The economic situation in the Euro zone is growing moderately, with a more muted decline in consumer inflation due to the still sustained service sector prices dynamics. However, downside risks to economic growth related to uncertainties about the evolving geo-political situation remain.

Against this backdrop, illimity is considered to be well positioned to meet the current challenges of the macroeconomic environment, benefiting from a strong capital position, a robust liquidity profile and well diversified funding.

SME lending volumes are expected to grow, benefiting from an expected increase in business origination across all business divisions against a robust pipeline, with a mix increasingly focused on specialised corporate performing and re-performing loans, in particular: Structured Finance, Turnaround, Factoring and Asset-Based Financing.

In terms of operating trends, the second half of the year is expected to be characterised by a net interest income that is expected to gradually stabilise, with operating costs benefiting from the new strategy on distressed loan portfolios and, therefore, down compared to the same period last year.

Future profitability should also be boosted by the potential to generate value from the Group's assets.

The asset quality of the portfolio will continue to be characterised by a high presence of customer loans backed by public guarantees, taking into account that a good portion of the new loans disbursed by the Corporate Banking Division and that all of b-ilty’s loans will adopt this approach, with the cost of credit expected to settle on more contained values.

* * *

Following the change in the relevant capitalisation threshold for qualification as an "**SME**" (Small and Medium Enterprise), established by Italian Law No. 21 of 5 March 2024 ("**Capital Law**"), the Bank informs that it qualifies as an SME as per CONSOB Executive Resolution No. 105 of 22 May 2024 (updating the previous Resolution of 25 January 2024).

It should be noted that illimity's qualification as a SME entails raising the minimum significant shareholdings threshold to be disclosed pursuant to Article 120 of Italian Legislative Decree no. 58/1998 (Italian Consolidated Law on Finance) from 3% to 5%.

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The manager in charge of preparing the company's accounting records, Mr. Sergio Fagioli, certifies that - in accordance with Article 154-bis, paragraph 2, of Italian Legislative Decree no. 58/1998 (Italian Consolidated Law on Finance) - the accounting information contained in this press release corresponds to the documentary evidence, company books and accounting records.

*** * ***

The management of illimity will present the results of the first semester of 2024 to the financial community today **at 9:00 CET.** The event can be followed via Live Audio Webcast at the following link: https://87399.choruscall.eu/links/illimity240808.html or by conference call at this link.

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illimity is the high-tech banking group founded and headed by Corrado Passera, created with the aim of meeting specific market needs through an innovative and specialist business model. Specifically, illimity provides credit to high-potential SMEs, integrating the entire value chain of credit management: investment, financing, and servicing, the latter managed through ARECneprix, its own asset management and structuring platform. It also offers direct digital bank services through illmitybank.com. illimity SGR, which establishes and manages three Alternative Investment Funds to support institutions and companies, both in the UTP and in the Private Capital areas, is also part of the Group. The illimity Group's story began in January 2018 with the launch of the special purpose acquisition company SPAXS S.p.A. This was followed by successful fundraising, with a record €600 million 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. With headquarters in Milan, the banking Group employs 927 people and ended as at 30 June 2024 with assets of around €8.1 billion.

CONSOLIDATED INCOME STATEMENT

(Figures in thousands of euros)

		1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	1H23	1H24
10	Interest income and similar income	86,291	94,612	106,307	110,081	104,443	109,256	180,903	213,699
20	Interest expenses and similar charges	(37,580)	(44,921)	*(55,753)*	*(64,475)*	*(64,553)*	*(69,828)*	*(82,501)*	*(134,381)*
30	**Net interest margin**	**48,711**	**49,691**	**50,554**	**45,606**	**39,890**	**39,428**	**98,402**	**79,318**
40	Commission receivable	16,383	18,429	19,901	27,535	19,635	30,973	34,812	50,608
50	Commission expense	(1,696)	(1,712)	(1,870)	(2,558)	(1,871)	(3,246)	(3,408)	(5,117)
60	**Net commission**	**14,687**	**16,717**	**18,031**	**24,977**	**17,764**	**27,727**	**31,404**	**45,491**
70	Dividends and similar income	-	-	45	-	-	-	-	-
80	Net trading result	(994)	(370)	1,298	(393)	3,359	2,538	(1,364)	5,897
90	Net hedging result	(41)	(11)	(12)	(322)	52	15	(52)	67
100	Gain (loss) from disposal and repurchase of:	1,026	(1,792)	(3)	(86)	3,592	(66)	(766)	3,526
	a) financial assets measured at amortized cost	*1,025*	*(1,008)*	-	*(148)*	*3,381*	*435*	*17*	*3,816*
	b) financial assets measured at fair value through other comprehensive income	*1*	*(784)*	*(3)*	*62*	*211*	*(501)*	*(783)*	*(290)*
	c) financial liabilities	-	-	-	-	-	-	-	-
110	Gain (loss) on other financial assets and liabilities measured at fair value through profit or loss	(75)	1,263	6,492	(184)	1,269	9,144	1,188	10,413
	a) financial assets and liabilities designated at fair value	-	-	-	-	-	-	-	-
	b) other financial assets subject to mandatory fair-value valuation	*(75)*	*1,263*	*6,492*	*(184)*	*1,269*	*9,144*	*1,188*	*10,413*
120	**Net interest and other banking income**	**63,314**	**65,498**	**76,405**	**69,598**	**65,926**	**78,786**	**128,812**	**144,712**
130	Net write-downs/write-backs for credit risks relating to:	4,689	3,277	18,999	38,581	(5,476)	(6,996)	7,966	(12,472)
	a) financial assets measured at amortized cost	*4,930*	*3,423*	*18,880*	*38,443*	*(4,784)*	*(7,815)*	*8,353*	*(12,599)*
	b) financial assets measured at fair value through other comprehensive income	*(241)*	*(146)*	*119*	*138*	*(692)*	*819*	*(387)*	*127*
140	Gain/loss from contract amendments without cancellations	-	-	-	-	-	-	-	-
150	**Net result from banking activities**	**68,003**	**68,775**	**95,404**	**108,179**	**60,450**	**71,790**	**136,778**	**132,240**
180	**Net result from banking and insurance activities**	**68,003**	**68,775**	**95,404**	**108,179**	**60,450**	**71,790**	**136,778**	**132,240**
190	Administrative expenses:	(47,663)	(51,862)	(50,433)	(67,594)	(46,525)	(55,281)	(99,525)	(101,806)
	a) staff costs	*(23,068)*	*(27,131)*	*(22,127)*	*(32,731)*	*(23,403)*	*(24,817)*	*(50,199)*	*(48,220)*
	b) other administrative expenses	*(24,595)*	*(24,731)*	*(28,306)*	*(34,863)*	*(23,122)*	*(30,464)*	*(49,326)*	*(53,586)*
200	Net provisions for risks and charges	83	573	(1,979)	*540*	*2,306*	*(263)*	*656*	*2,043*
	a) commitments and financial guarantees issued	*233*	*178*	*(1,979)*	*1,057*	*2,372*	*(160)*	*411*	*2,212*
	b) other net provisions	*(150)*	*395*	-	*(517)*	*(66)*	*(103)*	*245*	*(169)*
210	Net value adjustments to/recoveries on tangible assets	(1,143)	(1,000)	(6,539)	(1,213)	(985)	(994)	(2,143)	(1,979)
220	Net value adjustments to/recoveries on intangible assets	(4,105)	(4,232)	(4,417)	(5,526)	(5,193)	(5,244)	(8,337)	(10,437)
230	Other operating income/expenses	(2,102)	56,665	2,984	2,842	4,117	4,058	54,563	8,175
240	**Operating expenses**	**(54,930)**	**144**	**(60,384)**	**(70,951)**	**(46,280)**	**(57,724)**	**(54,786)**	**(104,004)**
250	Profit (loss) on investments in associates and companies subject to joint control	(1,162)	(1,270)	(845)	(216)	228	536	(2,432)	764
260	Valuation differences on tangible and intangible assets measured at fair value	-	-	-	-	-	-	-	-
270	Adjustments in value of goodwill	-	-	-	-	-	-	-	-
280	Gain (loss) from disposal of investments	147	-	140	707	-	10	147	10
290	**Pre-tax profit (loss) before tax from continuing operations**	**12,058**	**67,649**	**34,315**	**37,719**	**14,398**	**14,612**	**79,707**	**29,010**
300	Tax income (expenses) for the period on continuing operations	(4,269)	(23,296)	(11,715)	(8,647)	(3,716)	(2,521)	(27,565)	(6,237)
310	**Profit (loss) after tax from continuing operations**	**7,789**	**44,353**	**22,600**	**29,072**	**10,682**	**12,091**	**52,142**	**22,773**
320	Profit (loss) after tax from discontinued operations	-	-	-	-	-	-	-	-
330	**Profit (loss) for the period**	**7,789**	**44,353**	**22,600**	**29,072**	**10,682**	**12,091**	**52,142**	**22,773**
340	Profit (loss) for the period attributable to minority interests	-	27	237	322	71	108	27	179
350	**Profit (loss) for the period attributable to the Parent Company**	**7,789**	**44,380**	**22,837**	**29,394**	**10,753**	**12,199**	**52,169**	**22,952**

CONSOLIDATED BALANCE SHEET

(Figures in thousands of euros)

	Assets	30.06.2023	30.09.2023	31.12.2023	31.03.2024	30.06.2024
10	Cash and cash balances	536,342	321,388	431,696	273,391	321,142
20	Financial assets measured at fair value through profit or loss	118,250	158,970	527,840	544,469	559,007
	a) financial assets held for trading	33,555	34,780	25,917	28,990	25,700
	b) financial assets designated at fair value	-	-	-	-	-
	c) other financial assets mandatorily measured at fair value	84,695	124,190	501,923	515,479	533,307
30	Financial assets measured at fair value through other comprehensive income	450,641	453,886	456,643	618,570	766,471
40	Financial assets measured at amortised cost	4,877,608	4,812,252	4,761,729	5,048,293	5,729,126
	a) due from banks	111,655	119,724	112,702	85,929	160,622
	b) loans to customers	4,765,953	4,692,528	4,649,027	4,962,364	5,568,504
50	Hedging derivatives	29,204	31,393	21,393	22,961	24,024
60	Fair value change of financial assets in hedged portfolios (+/-)	-	-	-	-	-
70	Investments in associates and companies subject to joint control	81,953	81,194	81,199	81,341	81,961
80	Insurance assets	-	-	-	-	-
90	Tangible Assets	134,048	92,777	88,223	88,941	88,758
100	Intangible assets	144,688	145,294	153,768	152,095	157,311
	of which goodwill	69,992	69,992	69,992	69,992	69,992
110	Tax assets	77,622	77,393	62,756	58,451	72,101
	a) current	12,737	12,568	1,837	1,864	17,924
	b) deferred	64,885	64,825	60,919	56,587	54,177
120	Non-current assets held for sale and discontinued operations	-	350,039	364,151	342,020	47,142
130	Other assets	273,392	306,015	309,649	334,462	277,195
	Total Assets	**6,723,748**	**6,830,601**	**7,259,047**	**7,564,994**	**8,124,238**

	Liabilities	30.06.2023	30.09.2023	31.12.2023	31.03.2024	30.06.2024
10	Financial liabilities measured at amortized cost	5,571,964	5,643,882	6,067,828	6,348,320	6,921,362
	a) due to banks	*950,545*	*948,598*	*941,995*	*801,868*	*876,954*
	b) due to customers	*3,890,806*	*3,954,828*	*4,514,092*	*4,925,734*	*5,118,498*
	c) debt securities issued	*730,613*	*740,456*	*611,741*	*620,718*	*925,910*
20	Financial liabilities held for trading	28,731	28,270	19,476	24,620	22,676
30	Financial liabilities designated at fair value	-	-	-	-	-
40	Hedging derivatives	34,485	33,541	19,770	17,545	16,447
50	Adjustments in value of generic hedging financial liabilities (+/-)	-	-	-	-	-
60	Tax liabilities	29,762	40,820	24,970	26,764	4,719
	a) current	*25,630*	*37,041*	*21,704*	*23,189*	*378*
	b) deferred	*4,132*	*3,779*	*3,266*	*3,575*	*4,341*
70	Liabilities associated with non-current assets held for sale and discontinued operations	-	392	-	-	-
80	Other liabilities	149,464	148,391	157,611	164,225	186,985
90	Employee termination indemnities	4,010	3,949	5,030	5,071	4,979
100	Provisions for risks and charges:	6,590	8,692	8,260	5,751	5,568
	a) commitments and guarantees issued	*4,453*	*6,431*	*5,374*	*3,002*	*3,163*
	b) pensions and similar obligations	*30*	*34*	*37*	*39*	*41*
	c) other provisions for risks and charges	*2,107*	*2,227*	*2,849*	*2,710*	*2,364*
110	Insurance liabilities	-	-	-	-	-
	a) insurance policies issued that constitute liabilities	-	-	-	-	-
	b) disposals in reinsurance that constitute liabilities	-	-	-	-	-
120	Valuation reserves	(37,480)	(37,813)	(30,020)	(24,649)	(24,175)
130	Redeemable shares	-	-	-	-	-
140	Equity instruments	-	-	-	-	-
150	Reserves	200,268	201,596	197,584	302,239	281,844
160	Share premium reserves	624,583	624,583	624,583	624,583	624,937
170	Share capital	54,671	54,691	54,691	54,691	54,789
180	Treasury shares	(747)	(747)	(747)	(747)	(5,354)
190	Minority interests	*5,278*	*5,348*	*5,611*	*5,828*	*6,509*
200	Profit (loss) for the period attributable to the Group (+/-)	52,169	75,006	104,400	10,753	22,952
	Group equity	**893,464**	**917,316**	**950,491**	**966,870**	**954,993**
	Total liabilities and equity	**6,723,748**	**6,830,601**	**7,259,047**	**7,564,994**	**8,124,238**