

OPERATOR: Good morning. This is the Chorus Call conference operator. Welcome, and thank you for joining the Voluntary Public Purchase and Exchange Offer of illimity Bank Shares Conference Call. As a reminder, all participants are in listen-only mode. After the presentation, there will be an opportunity to ask questions. Should anyone need assistance during the conference call, they may signal an operator by pressing "*" and "0" on their telephone.

At this time, I would like to turn the conference over to Mr. Frederik Geertman, Chief Executive Officer of Banca Ifis. Please go ahead, sir.

FREDERIK GEERTMAN: Thank you, madam, and welcome everybody to this conference call. I'm joined in this call by our Chairman, Ernesto Fürstenberg Fassio, by our Senior Management and by our Advisors, and I'll be assisted by Roberto Ferrari, our CFO, and Martino Da Rio, the Investor Relator.

We're very pleased to announce that we're making a voluntary public purchase and exchange offer for illimity Bank shares. A lot of work went into this in the last week, so let us dive right in. I will, as usual, briefly present the slides that we've prepared, and I will take your questions at the end. And assuming that you've read the disclaimers, I would take you straight to Page 4.

Page 4 is the executive summary. I will read this together with you, because the messages we think are important and want to convey them clearly. So Banca Ifis is making a share and cash offer for 100% of the shares of illimity with the objective to merge the 2 banks. The proposed transaction aims to further strengthen our position as an SME-focused leader in specialty finance and will allow a full expression of illimity's capabilities. Both banks have a similar sector focus that can generate significant synergies, and we think illimity's specific skills can be more fully leveraged with Banca Ifis's distribution capacity, also capturing the necessary benefits of scale and efficiency.

Our Founder, Sebastien Fuerstenberg, and the indirect Controlling Shareholder, Ernesto Furstenberg Fassio, who is also our Chairman, support the proposed transaction by allowing, for the first time in the bank's 42-year history, the decrease of their indirect shareholder in Banca Ifis below 50%, while still envisaging to maintain control over the bank.

The transaction offers illimity shareholders the opportunity to join a well-established entity with over 40-year history and a proven financial and industrial track record, thereby enhancing long-term investment returns. The envisaged business combination is beneficial to all stakeholders. Illimity shareholders can participate in recurring industrial profits and consequent dividends. Employees can find growth opportunities in a larger and solid SME specialist. Clients can access a wider and sophisticated product range.

I take you to Page 5. The proposed transaction will broaden Banca Ifis's scalable commercial banking business. We think the graphics are quite revealing. I'll briefly take you through it. So, in commercial banking, the main business lines are factoring, where you see Banca Ifis is significantly larger than illimity, roughly 5 times. We are a leader in SME factoring with a strong focus on profitability. You know we have a very diversified client base, by sector, by geography, and I would add we have unparalleled expertise in this area.

Leasing and rental, where illimity is not present, we're focused on SME leasing and rental. We finance mostly marketable assets, with mostly remarketing contracts in place. As you know, we don't do real estate/nautical leasing, and we have fairly short and small ticket contracts.

Loans to pharmacies is also an area where illimity is not present, €700 million roughly. We are in a leading position in financing the Italian

pharmacy sector, coming both from Credifarma and the more recently acquired FarBanca that together make up Banca Credifarma today.

Then we get 2 areas where the 2 banks are slightly more balanced. First of all, medium-term lending, Banca Ifis has a stock of roughly €700 million, illimity has a stock of €600 million, we place the b-ilty volumes here. So we both offer state-guaranteed lending to SMEs and to the higher part of small business, I would add. And then in corporate and investment banking, we both offer structured finance and private equity solutions for innovative and fast-growing Italian SMEs. In this area, illimity has a wider product range and track record and client base in the SME investment banking business.

Finally, turnaround and special situations where Banca Ifis is marginally present. We have recently launched a distressed factoring business and where illimity has a dedicated business unit for turnaround situation and restructuring activities.

So you can see also graphically that both players serve the Italian SME market but with a highly complementary mix of skills and in addition, Banca Ifis has its own national distribution capacity with 28 branches, roughly 250 bankers that are dedicated to the distribution and that the combined entity will be able to leverage.

Taking you to Page 6, transaction will also allow us to expand Banca Ifis's leadership in the NPL sector. The banks are present in slightly different modes, also consequent to illimity's revision of its presence there.

Starting from Banca Ifis, it entered in 2011, pioneered the market actually, is considered national leader in small-ticket unsecured NPLs. Its focus is on efficiencies in the recovery, it's a well-oiled machine. We focus on the social impact of our NPL activities and have a sustainable, tailor-made approach that aims to re-include financially the clients in the

financial system. We have a long-term service agreement with Mediobanca Credit Solutions that follows from the acquisition of Revalea and we are quite ahead in defining the solution to calendar provisioning, managing it with capital light vehicles.

Our portfolio has a gross book value of roughly €23 billion, 90% is small-ticket unsecured, 10% is small-ticket secured. We have a third-party servicing business of roughly €2 billion for a few selected counterparties.

Going to illimity on the right, it entered in 2018, it's more focused on medium-large secured and unsecured corporate NPLs. It is now focused on third-party servicing in these sectors, so medium-large secured and unsecured corporate NPLs. They have ARECneprix as a servicer. It services around €10 billion of gross book value, where the servicing of the portfolio that was transferred has been maintained. We believe that the combination of these slightly different skill sets in NPL management will allow to increase Banca Ifis's footprint in medium-large secured and unsecured corporate NPLs. And here too, you can see that it's the same business, NPLs, with fundamentally complementary skills.

Page 7, the contribution analysis, you can see that in terms of market cap, latest data, the contribution is roughly 80% Banca Ifis, 20% illimity, combined it would be €1.4 billion. And then, on the basis of 9 month results, so be careful, these are not annual results, the numbers that you see, 71% contribution on revenues from Banca Ifis, 80% contribution of consolidated net income that more or less reflects the market cap. Terms of total assets, 61% Ifis, 39% illimity, and net equity 65%-35%. Combination of the 2 banks would lead to a net book equity in excess of €2.5 billion.

KPIs, cost/income, Ifis 57% versus 61% illimity, NPE ratio, net, 3.2% Ifis, 5.2% illimity, ROE 9.6%, Ifis 4.3% illimity, and CET1 ratio, 16.4% Ifis and 14.4% illimity. The combined B4 [ph] synergies, I should

stress, would be a cost/income of 58%, net NPE ratio of 3.9%, ROE north of 8%, net of synergies, I stress, and CET1 ratio above 14%. So, it's quite apparent, I think, from the asset contribution and the net profit contribution that enhancing illimity's operational efficiency, leveraging on Banca Ifis scale, expertise, and track record is a reasonable goal of this transaction.

Page 8, let's provide some strategic context on the transaction. We are a challenger bank with one long-term controlling shareholder with 42 years of track record. You know that the bank was founded by Sebastien Fuerstenberg in 1983. It's currently controlled by Ernesto Furstenberg Fassio through La Scogliera. The only material asset of La Scogliera is Banca Ifis and Ernesto Furstenberg Fassio became a controlling shareholder after a generational handover that was executed in 2019. Both Ernesto Furstenberg Fassio and Sebastien Egon Fuerstenberg have a mid and long-term strategic and industrial vision for a group with a skilled and professional management that has significant expertise in the banking sector, also outside of the bank. They've pursued a sound, profitable, and value-creating strategy across the various business sectors of the bank over time.

In the last 5 years, this philosophy and this control structure has led us to further increase solidity, self-funding our growth, digitalization, ESG focus, and continue to both create good profits, high profitability and remuneration for the shareholders through a) consistent industrial and managerial approach, and b), maintaining the progressive dividend policy that was adopted, so generous dividends. We have, in the last years, ensured a prudent approach to risk, but we have also, at times, seized some industrial opportunities. You will recall the acquisition of Revalea in 2023.

Now, for the first time in 42 years, given this context, La Scogliera is ready to increase...to decrease its shareholding in Banca Ifis to below 50% to allow the completion of the transaction, which, as you might

have read, contains a share component. Banca Ifis's controlling shareholder strongly supports the proposed transaction and strategic rationale that maintains a long-term value creation opportunity for both illimity's and Ifis shareholders, and after the implementation of the transaction and the envisaged merger between the 2 banks, La Scogliera envisages to maintain control over Banca Ifis in line with its commitment to a long-term value creation for its stakeholders, so there is no disengagement at all.

At Page 9, the combined group will be an attractive value proposition for all shareholders. Presence at scale in market segments with high margins, and I would say defensible margins due to our specialization. Value creation driven by the synergies that we will get to in a minute. Reliable execution capacity due to our track record in integration, and we'll explore that a bit further in detail later as well. Growing, sustainable, and recurrent profitability driven by core business. This is important.

Enhanced funding capabilities by broadening the deposit base and facilitating access to capital markets due to size, obviously. Maintenance, as I mentioned, of a stable controlling shareholder with a long-term view. Strategic partnership with Italian SMEs in digital and environmental transaction. You will recall and be aware of our competence in tech leasing, rental, and these types of areas. Very attractive shareholder remuneration through a consistent semi-annual dividend payment. And finally, a solid capital base. We foresee CET1 ratio higher than 14% upon completion of the merger.

There are also benefits on Page 10 for the other stakeholders. Let's start on the left with the brand. Banca Ifis has built a strongly distinguished brand with a continuously growing value and has quite a distinctive positioning on social and on inclusion activities, you will surely appreciate the very significant investments that were made in these areas in the last years and that can benefit both entities.

People, we think the transaction offers a very good proposition for the staff as well, being part of a larger, more visible, stronger group with more differentiated career opportunities given the wider range of the group. A diverse and inclusive workshop.

And finally, the communities on the right. A wider range of products and services to Italian SMEs to enhance their ESG transition, also their energy transition, and increased positive social impact on communities and individuals through new initiatives that will be more easily funded with a larger and more profitable bank.

Getting to Page 11, the synergies. We think the transaction will generate significant value. We've calculated roughly €75 million of pre-tax annual synergies leveraging on Banca Ifis's and illimity's combined strengths. That means sharing resources, competencies, knowledge, which can create significant value and operational efficiencies also given the fact that both players cater to the same client segments fundamentally.

Revenue synergies, €25 million, all from the increase in productivity per client, that's cross-selling basically, due to the integration of high value-added products and services like factoring, leasing into the existing client basis, and as I mentioned, the leverage of Banca Ifis's distribution capability. €50 million pre-tax cost synergies from economies of scale, integrating and rationalizing central functions, procurement efficiency, eliminating duplications and sharing resources, and leveraging on key competencies of the staff of the 2 banks. These 2 elements, so the €25 million and the €50 million, are made possible with an estimate of roughly €110 million pre-tax integration costs. There would be one-off, obviously.

Further synergies, not quantified, may be achieved by more efficiently being able to finance the continuous investments in technologies that are

required by the market and by enhancing funding capabilities of the combined entity, allowing to operate a bit more efficiently and effectively in the market. We think the combination of Banca Ifis and illimity will allow for the full realization of illimity's potential and the creation of greater value than what could be achieved through a standalone path. Synergies obviously require the combination.

Page 12. Track record, I mentioned it briefly. Track record in integration on Page 12 and track record financially on Page 13. Let's start from Page 12. Here you can see from 2011 onwards the acquisitions that were made in the various sectors by Banca Ifis. So it starts with Toscana Finanza in 2011, which basically means the entry into the NPL markets. Interbanca was acquired in 2016. 2018 saw the acquisition of FBS, NPL player, Capitalfin and Credifarma. 2019 the acquisition of FarBanca. 2023 the acquisition of Revalea.

I draw your attention to the blue bubbles below the graph. If you look at the progression of shareholders' equity, you can see that in these years we go from €196 million to €1.2 billion to €1.5 billion to €1.765 billion at 30th of September 2024. So that's the creation of real book equity. And you can see that consistently with this, the FTEs, they grow from 400 to 2,000 roughly. So it's fair to say that Banca Ifis is also the result of its previous acquisitions. And we think it's also fair to say that we have 40 years of experience in successful business combinations with consistent value creation based on a socially responsible and inclusive approach to integration.

Page 13, financially. We're at the end of our third year of the last Business Plan. So we don't have obviously the official numbers yet, but we can use the guidance. So we had a target cumulative of net income for the plan of €415 million. We have already achieved €428 million in September '24. If the guidance is met, which we confirm, we could add another €33 million roughly to those numbers in the fourth quarter, and

that leads us to €460 million of combined cumulated net income, which is more than 10% in excess of the Business Plan.

Bottom left, the payout ratio. At the beginning of this plan, we have increased the payout ratio with a progressive dividend payout policy. So the net profits over €100 million are entirely distributed. And that leads us to a payout ratio that's close to 70%. So that's 20% more than the plan. As a consequence, cumulated dividends, they were planned as roughly €200 million in the course of the plan, and we are on track to paying out €290 million, that would mean 45% more dividends than what the Business Plan projected.

What's important to underline is that whilst the dividends increased, the performance of the bank in terms of CET1 ratio has also increased. So where the Business Plan said that we would end with 15.1% of CET1 ratio, we have closed, or expect to close, with 16.4%. We have closed, sorry, in September 24 with 16.4%. So that's 130 basis points, more than what the plan had imagined. As a result of this, the end of our previous Business Plan with this financial leads us obviously to evaluate opportunities, including the present transaction that we are proposing today.

Main terms of the offer. I'll be a bit precise here. We're making a voluntary public exchange offer for all the ordinary shares of illimity. We are offering 8.4 million newly issued shares, plus €118.9 million in cash for each illimity share tendered. We plan to delist and subsequently merge the 2 banks. Obviously, this is subject to the General Meetings for approval, both of the capital increase and obviously we need the regulatory approvals. And the expected closing of the transaction would be in September 2025. So the consideration offered for each illimity ordinary share would be 0.1 Banca Ifis share with a cash component of €1.414. This is 60% shares, 40% cash, roughly, as a mix. The consequent price is €3.55 per illimity share. Total consideration, very close to €300 million. Relative to illimity's share price for the last

trading day, it's a premium of close to 6%. Last month, average 8%. Last 3 months, average 3%.

Expected timetable, the last slide of the presentation. Today, on January 08th, we announced the tender offer. Before January 28th, because we have 20 days, we need to submit the offer document to CONSOB and file the necessary request of application for the tender offer from the competent regulatory authorities. We've planned an Extraordinary Shareholders Meeting of Banca Ifis on April 17th, delegating the Board of Directors to resolve upon the share capital increase reserved for the tender offer. And then, by the end of May, beginning June, obtainment of the required authorizations from the authorities and approval of the offer document by CONSOB. This depends also on the authorities, of course.

This would lead us to an acceptance period of June/July for the tender offer and the settlement in July of the tender offer. Of course, if these times can be compressed, would be that...we will, of course, do that. So, the earlier the better. But this is a reasonable timetable that we expect to follow.

Thank you for your attention so far. I will take your questions and I will wait for any questions to come up. Thank you.

Q&A

OPERATOR: This is the Chorus Call conference operator. We will now begin the question and answer session. Anyone who wishes to ask a question may press "*" and "1" on their touchtone telephone. To remove yourself from the question queue, please press "*" and "2." Please pick up the receiver when asking questions. Anyone who has a question may press "*" and "1" at this time.

First question is from Manuela Meroni, Intesa Sanpaolo. Please go ahead.

MANUELA MERONI: Good morning. The first question is on the premium that you offered. You are offering a 5.8% premium on yesterday's market price. That represents a rather limited premium. Can you please comment on that and how did you define it also considering the significant synergies that you expect to achieve?

The second question is on your dividend policy. I'm wondering if you can confirm your dividend policy also including the deal with illimity.

The third question is on synergies. I'm wondering if you can give us an idea of the phasing of synergies so how many synergies will be achieved in 2025, '26, and '27. The third question is more strategic. I'm wondering if you can share with us your strategy on the distress credit and senior financing portfolio of illimity. The company was disengaging from this kind of business so what do you expect to do with this portfolio?

And the last question is again on the strategy. Illimity invested a significant amount of money in the tech initiatives HYPE, b-ilty, and Quimmo. What is your strategy on those initiatives? Are you planning to dispose of them or do you think that you can use these, let's say, activities in order to support your ordinary business? Thank you.

FREDERIK GEERTMAN: Thank you, Manuela. Yes, a comment on the premium was a question one could expect. We think this is...we have offered...we are offering a fair price that reflects the actual value today of the company and takes into account synergies and restructuring costs, integration costs. And we think that for the illimity shareholders this is a very interesting opportunity especially with respect or comparing it to a standalone situation both because the share offer...the share component of the offer will give them exposure to the future benefits of this

integration and because the liquidity obviously of the combined entity of the shares, of the combined entity will be much better. So we think the offer is a fair reflection of what...of the value of the transaction and we stand-by this offer for now.

In terms of dividend policy, I can confirm we have a long history of generous dividends and as you've seen, we've nonetheless been able to grow our Tier 1 ratio. It is definitely our strategy and in our interest to confirm the dividend policy that we have today.

Synergies and when they will come up, 2025, 2026, 2027, I'll be maybe a bit schematic about it. I would say in 2025, we will book the integration costs. We do not expect synergies. In 2027, we expect the full synergies and in the year in the middle, 2026, having to sort of project, we would say half. So you can see them phasing in linearly but we do not expect to make them in 2025. In 2025, we'll have the integration costs.

Distressed credit financing. Well, there are 2 areas. First of all, if you talk about the NPL business, there's an NPL servicing business that has skills that are complementary to ours. So we're looking at staying in the NPL business and leveraging these skills in the future.

In terms of turnaround financing, so if you're on the commercial banking side, that is actually a skill set that we're quite interested in. It's complementary to ours. I would also add the investment banking track record of illimity is an area that we're looking at with a lot of interest. So expect those to be present and to be developed also in the combined groups.

You asked about the tech initiatives. In general, our approach will be to first take a good look and not to rush into forced sales of assets. We don't need forced sales. We don't need book gains. We don't need any financial results out of those. So we would take a long-term view on

what the potential values of these assets could be. I make an exception for HYPE in this area. The 50% stake in HYPE is for us an obvious candidate to be sold. And it's the first thing that we will evaluate as we think it is not in line with the SME focus that we are proposing as a strategy.

I think I answered them all, Manuela, right? There were actually 6 questions, by the way. You said 3.

MANUELA MERONI: Sorry for that. Thank you very much.

FREDERIK GEERTMAN: That's fine.

OPERATOR: The next question is from Irene Rossetto with KBW. Please go ahead.

IRENE ROSSETTO: Yes, hello to everyone. 3 questions from my side. Why did you select this timeframe to launch the offer? Then what will be the stake of La Scogliera following the transaction? And the last one, can you discuss the EPS creation and the net income target following the acquisition? Thank you.

FREDERIK GEERTMAN: Yes, let me just write them down. Okay, so timeframe. Well, timeframe is actually more connected to us than to any external factors. As we showed you, we closed our 3 year plan on December 31st, and we closed it with a financial and balance sheet situation that gave us quite some degrees of freedom. So in the last months of the plan, we started to think about, obviously, the next plan and we have considered this excess capital as an opportunity, as excess capital that can be put to work also inorganically. You might have read the comments of our Chairman in his recent interview on that subject. So the timeframe came simply because as we moved towards the end of our plan, we started looking at M&A opportunities and then we progressively started to take a closer look at illimity and the 2 things combined. So here we are after Christmas and after New Year and at the beginning right of a new year

after the closure of our 3 year plan, where we right away and proactively try to make the next step.

Stake of La Scogliera, so in the scenario of 100% of acceptance of the offer because you need to make, obviously, an assumption there, and the stake of La Scogliera will be roughly 45%, okay.

Finally, accretion. I'll give you both the numbers that you asked, accretion and net profit. So as I mentioned, we think the synergies will be fully present in 2027. We are looking at a net profit in 2027 higher than €250 million. As a consequence with the numbers of shares that are issued, we're looking at an accretion of 30% roughly for Illimity shareholders. So those are roughly the KPIs you asked.

IRENE ROSSETTO: Thank you. Thank you very much.

OPERATOR: The next question is from Simonetta Chiriotti, Mediobanca. Please go ahead.

SIMONETTA CHIRIOTTI: Yes, good morning. The first question is on NPL. Illimity is focused on a different segment, so large tickets, secured and unsecured. They are now just servicers or plan to be. Do you intend to invest in this new segment?

And the second question is more general. The merger, the integration of these 2 banks looks relatively complex, I would say, because you are in...you have a broad range of activities. Illimity has a broad range of activities. Do you think that the new group will require to refocus a bit in terms of services offered? Thank you.

FREDERIK GEERTMAN: Thank you. So first of all, on the NPLs, we are not presently in the position to make an investment strategy in terms of portfolio mix in the future, but certainly the combination of the skillsets between the 2 banks allows us to evaluate different investments and different portfolio

mixes than we have done historically. Typically, in the past, where illimity...where Banca Ifis participated in the auctions, when mixed portfolios became available, we needed to partner up with other players, sell pieces, or jointly bid. It has generated quite some complexity in quite a lot of situations. And it actually also sometimes has caused us to lose in an auction because you know maybe we would be okay with our small tickets unsecured price, but the partner might have been a bit more prudent on the other side, and then the combined result of the offer would be insufficient. So, on the back of this type of experience, we are open to evaluate broadening our investments in this NPL...in other NPL sectors, leveraging these skills that are available, but we don't have a specific capital allocation for you yet.

In terms of integration and complexity. Well, first of all, let's define complexity because if you look at any universal bank, and many of them exist also of intermediate size, right, you will find many, many businesses in there. You will find retail individuals, you will find small business, you will find private banking, you will find corporate, you will find payment systems, you will find credit cards, you will find mortgages. So, let's define complexity because if we look at Banca Ifis, it is a player with an SME focus, credit to SMEs, and an NPL focus, small tickets unsecured. If you look at illimity, it's a player with an SME focus and an NPL focus.

In terms of individual products, we saw that there are complementarities and that's the part we like about this transaction. And I'm not sure the level of complexity you described is unmanageable at all. Actually, we think that an SME and NPL focus has been quite beneficial to us in the last years. Obviously, if there are bits and pieces that look a little bit less central to our offer, we will be open to other strategies. Historically, we've never sold much, but as I mentioned, there are certain assets in the illimity perimeter that we might take a look at. And so, it's not that we need to retain everything that we do, but the premise of your question

about this great and unmanageable complexity, I would challenge that. I hope I answered your question.

SIMONETTA CHIRIOTTI: Yes, thank you.

OPERATOR: The next question is from Davide Giuliano, Equita. Please go ahead.

DAVIDE GIULIANO: Hi, good morning everybody and thank you for taking my question. The first one is on the rationale. What do you see in the transaction at the industrial level compared to an organic growth process?

The second one on integration cost that you estimate. Do you include strengthening the coverage of some position? And if so, what amount do you estimate?

And the last one, you mentioned before on some degrees of flexibility allowed by excess capital. Are there any impacts from the transaction on the wealth management project that was discussed in his interview by the Chairman? Thank you.

FREDERIK GEERTMAN: Thank you, Davide. May I ask you to please repeat the first question because I didn't fully get it, sorry.

DAVIDE GIULIANO: Sure. What do you see in the transaction at the industrial level compared to an organic growth process?

FREDERIK GEERTMAN: Yes, well, that's very simple. Organic growth would be a long, gradual and progressive commitment of capital to new businesses and new clients. This transaction obviously would accelerate that significantly. So first of all, we would get access to the assets that put our capital to work much more quickly. Secondly, we would gain access to skills that we deeply respect and that we want to explore and that can jointly also be leveraged, we think, better in the integrated group. So compared to an organic strategy, this is an acceleration. We are

committed to the transaction. We think it will, in the end, happen. If not, organic growth will continue and our excess capital will remain available. So, there can be other opportunities. But, as I said, for now, this is our clear and present focus, and we think it is in terms of...also, as I mentioned, given the integration track record, we think it is a very reasonable way to put our excess capital to work.

Your second question, integration costs. So, it's a mix. There's a bit of fund for voluntary access for people that might want to go with their pension a bit earlier. There's a component of IT integration. There's a component of group rationalization, maybe some losses that need to be taken on certain transactions. And there's a component of adjustment of cost of risk. The mix of all these is estimated to be 110. We're not giving you a breakdown because it might be that one is a bit high...in giving you the aggregate number and we think that is adequate.

The third question, flexibility of the excess capital and the ability to still execute on the project that was described by our Chairman. We think the answer is, yes. We are quite...we have made quite some progress on that front. We will be able to share with the market in the coming months some news probably on that. It involves different structures of the bank than those that would be involved in the illimity transaction. And so, yes, we are quite confident that we can manage both. I hope I answered your questions, Davide. I think I got all 3, right?

DAVIDE GIULIANO: Yes, thank you.

OPERATOR: The next question is from Giuseppe Grimaldi, BNP Paribas. Please go ahead.

GIUSEPPE GRIMALDI: Good morning, everybody, and thanks for the presentation. I guess there's been an intense start of the year, so let me wish you all the best. I have actually just one quick question. Can you give us a sense of how

much of the cost synergies that you have assumed comes from basically the lower cost of funding?

FREDERIK GEERTMAN: Yes, the answer to that is zero, meaning that we expect it, but we haven't quantified it. So there could be some there by slightly broader deposit base, easier access to capital markets, but it's a bit early to estimate. It's not the key part of the synergies. If we had bought a business with a traditional retail branch base and a couple hundred thousand or million mass market consumers with free deposits, basically, then that would have been probably a transaction rationale. But given that this is not the case and that the funding strategies of the 2 banks are quite similar, we're talking about you know rather more incremental, I would say, benefits, and we haven't yet quantified those.

GIUSEPPE GRIMALDI: So should we think of this as something that may come on top of what you announced maybe in the years to come?

FREDERIK GEERTMAN: Yes, it may come on top, but it's quite progressive because, as we mentioned, the type of things that you can get benefit from, they don't really materialize on day one, right.

GIUSEPPE GRIMALDI: Yes,

FREDERIK GEERTMAN: So, for instance, I'll give you an example. You become a more frequent issuer of larger bonds, okay. That gives you access to a slightly wider investor community. Many of them don't want to invest in issues that are smaller. How much is that worth? It's really hard to guess, right? And it will be progressive. So we will find out over time. It's not something that on day one I would add, if I were you, to your spreadsheet as an additional source of value.

GIUSEPPE GRIMALDI: Thanks a lot. That has been very clear.

OPERATOR: The next question is from Luigi Tramontana, Banca Akros. Please go ahead.

LUIGI TRAMONTANA: Yes, thank you for the presentation. Good morning. Happy New Year. 2 questions left on my side. The first one is on the use of the bad-will. You are acquiring illimity at a pretty low price to book...to tangible book multiple. There is almost €0.7 billion of bad-will or negative goodwill that you are able to use. I would like to know how...what are your assumptions when you say that your Common Equity Tier 1 ratio will be above 14%? How much of it is recognized upfront and how much is used to re-evaluate the value of the acquired assets? So what's the PPA in the future?

And the second question is on the NPL segment, and the calendar provisioning. Do you see an opportunity in this acquisition to deconsolidate in the future your NPL portfolios to create I would say some funds with other investors based on the scheme that illimity has already used and keeping the servicing of those portfolios? If you can elaborate. Thank you.

FREDERIK GEERTMAN: Yes, thank you. So on the bad-will, it's quite simple. It's a bit schematic. So we intend to use the bad-will in 2025 to cover the integration costs and the remaining part will be put as capital. And that's what leads you to a Tier 1 ratio north of 14% whilst acquiring a larger...quite a large organization. So in the profit guidance I gave you for 2027, there's no PPA from this transaction because we will use it upfront, okay, in order to keep the CET1 ratio comfortable.

In terms of your question on the NPL segment, no, I don't think we will deconsolidate our NPL business. In terms of capital light, it's a much more gradual thing and the structures that we are looking at are slightly different in nature than the ones we saw in illimity. So expect us to buy with some co-investor's portfolios in the future with structures that allow us not to consolidate and not have the calendar provisioning. But no,

we do not think that the structures that we found in illimity will lead us to deconsolidate our portfolios as you asked.

LUIGI TRAMONTANA: Many thanks.

OPERATOR: As a reminder, if you wish to register for a question, please press "*" and "1" on your telephone.

FREDERIK GEERTMAN: Apparently there are no more questions.

OPERATOR: There are no more questions registered at this time.

FREDERIK GEERTMAN: Very good. So thanks for your time and attention. We are really pleased and excited about this opportunity. We will engage the shareholders in the coming days and weeks and we are quite sure and confident that we will be able to share the value that we see and the rationale for what we are doing. We think it's a wonderful new chapter in the history of Banca Ifis and we are going to work very hard and focus on this in the next weeks and months and there will be for sure opportunities to keep the investor community updated as the quarters progress. So for now, thanks for your time and attention and we will be in touch soon.