



Innovation in Banking and Digital Finance

Banking context and evolution The AideXa case

Roberto Nicastro, Chairman AideXa

ROME - MARCH 5, 2024

Introduction: Fintech is a transformational movement

- ✘ Fintech is a broad transformation of the banking business model...
 - ✘ Extremely granular
 - ✘ Typically based on:
 - 1) New technologies
 - 2) Simple and compelling UX
 - 3) Transparency
 - ✘ Delivers clear distinctive value propositions to customers
 - ✘ Where technology often substitutes “scale”
 - ✘ Can be applied to both the front-end and the back-end of the financial services industry
- ✘ ...accelerated by Covid – that induced a broad and expedited digital adoption and increasingly by the Generative A.I.
- ✘ ...that normally needs clients, i.e. a “go-to-market” strategy and material investments

Introduction: Banks' opposite standing

- ✘ They have millions of customers in house... but a cumbersome and hard to change business model
 - ✘ Highest complication (# of products, channels, customers' mix)
 - ✘ ICT legacy (complex proprietary hyperexpensive technology and Core Banking System, never cloud-native)
 - ✘ People legacy (mindset, skills, ...)
 - ✘ Traditional branches less effective (eg. UX, new customers' acquisition, cashless economy, albeit precious for funding stability)
 - ✘ Organization siloes
 - ✘ Quarterly results / short term pressure
- ✘ Cost of innovating for banks is huge

Introduction: where is BigTech? (the Apple case)

- ✘ Robust entry into US retail banking ('14 Apple Pay, '19 Apple Card, '22 Apple Pay Later, '23 Apple Tap-to-Pay, '23 Apple Savings)
- ✘ Apple “Banking” (no banking license, partnership with incumbents, segments’ cherry picking) rather than Apple “Bank”
- ✘ KFS (superior UX, 1bn in-house customers, trust, massive resources, targeted partners)
- ✘ Europe strategy (Kudo / UK but... fragmented market)
- ✘ Possible second thoughts?
 - ✘ Regulators’ Reactions (Apple “share of data”)
 - ✘ Lower IRR?
 - ✘ Limits of no banking license
- ✘ What will Google / Android do?

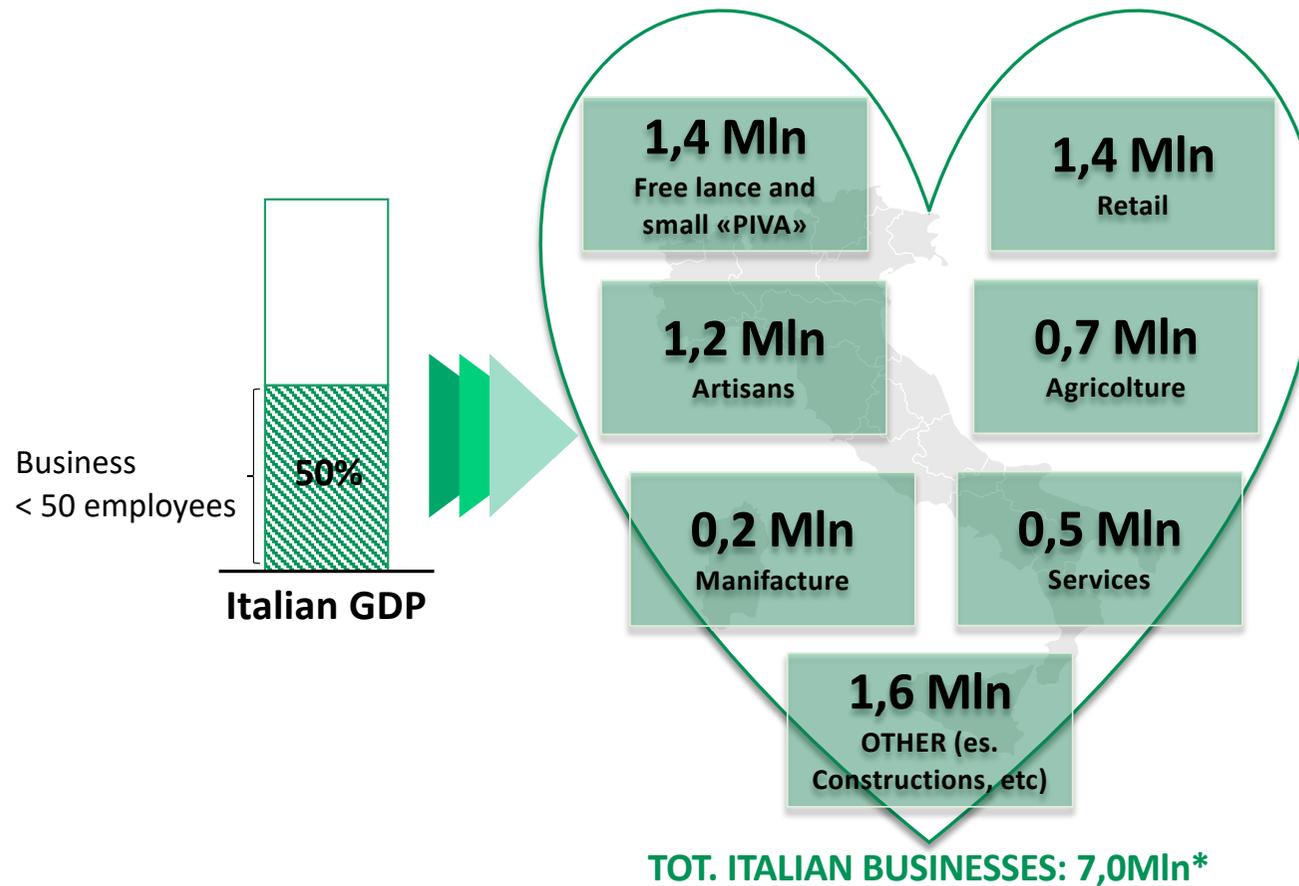


**AideXa is a
Bank with full
Fintech DNA**



AideXa is tailored for the heart of the country

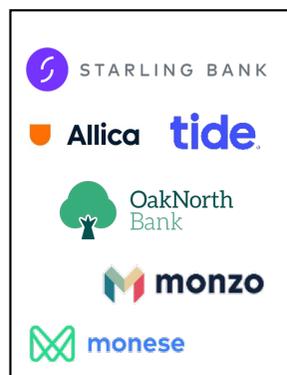
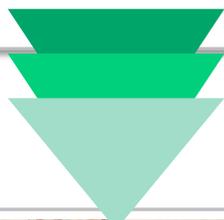
The biggest European market of small businesses



Source: Unioncamere-InfoCamere, Movimprese. *Total inclusive of «P. IVA» not registered CCIAA

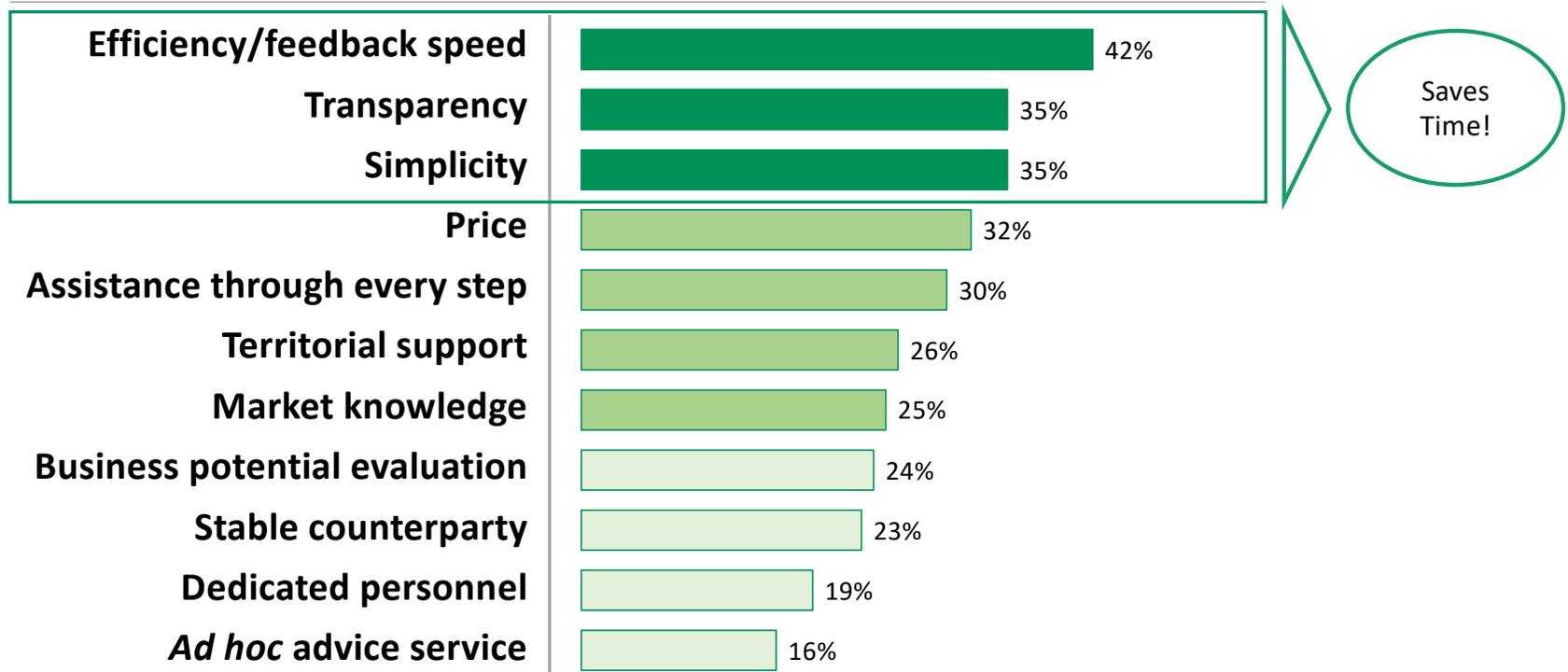
AideXa, focused on small entrepreneurs, in the frame of a very clear European and global trend (c.d. «Open Banking for SME»)

Fintech **dedicated** and **specialized** only for entrepreneurs



AideXa is the answer to small entrepreneurs' genuine needs

Small businesses' expectations for financial services (%)¹



1. Source: GFK analysis, focus groups

AideXa – the *Mission*

“

To facilitate Entrepreneurs' activity, building together simple, **fast, transparent and safe** financial experiences

”



Our mission and value proposition

Mission

Become the **first fintech bank** focused on **Micro/Small Businesses in Italy**:

- **Data driven, PSD2** enriched
- Fastest **time to credit** answer
- **Proprietary credit engine** based on AI and advanced analytics
- Top **customer experience**
- **Digital**, with human touch
- **Capital light** approach

VP for clients



Simple

5 data required
Real time credit response



Fast

10 min time to answer
48h time to cash



Unique UX

Simple and paperless products , «one click» model, Business Bankers always available for remote digital relationships



VP for investors

Innovative

AI and Open Banking-native
Proprietary advanced credit models
Sophisticated targeting approach
Cloud-native



Cost efficient

Automated processes and
Open ICT



Capital light

Capital efficient products
Value creation focus



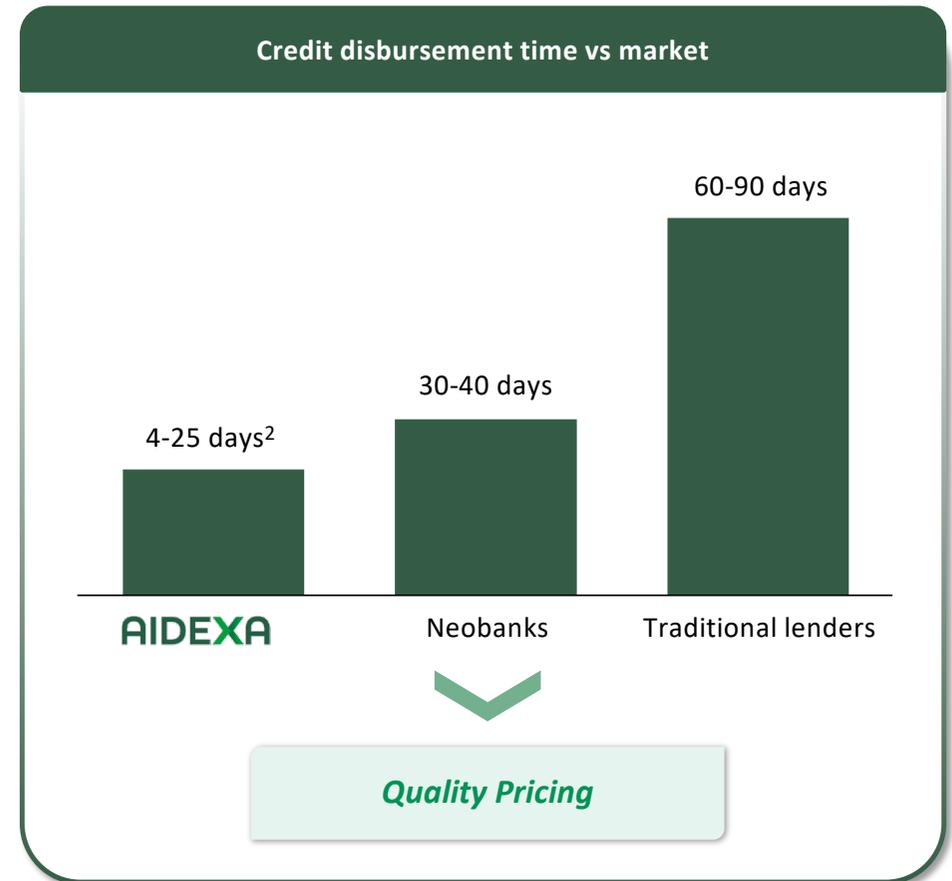
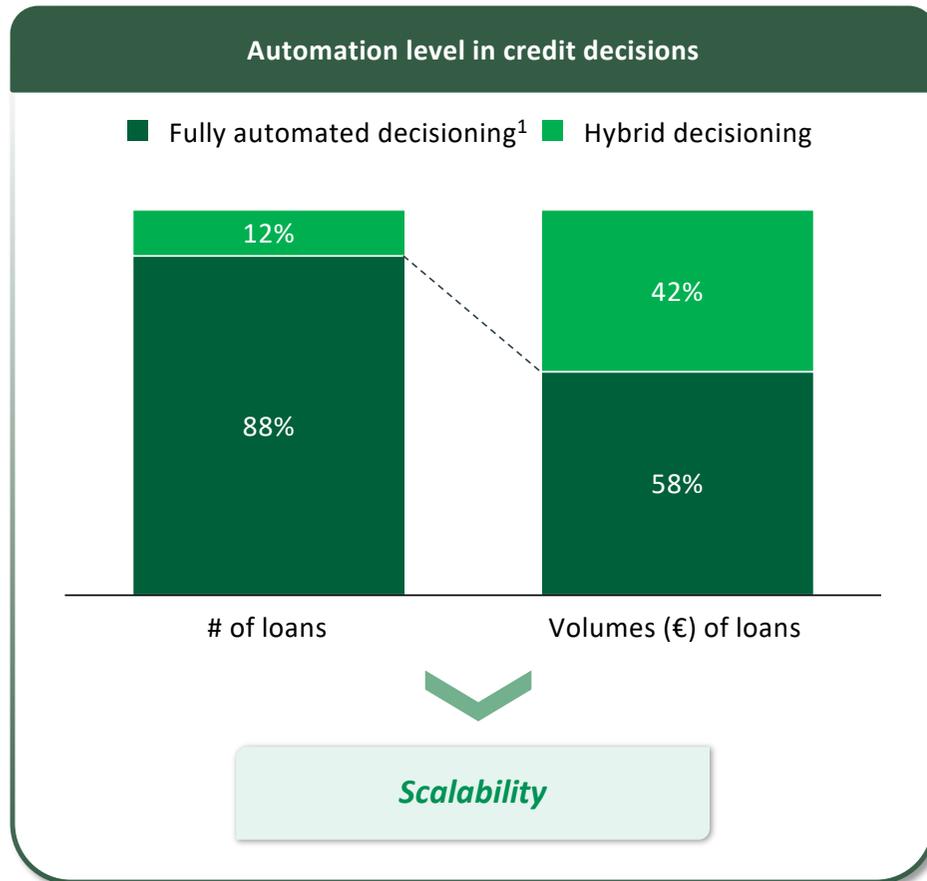
Open banking allows a new competitive paradigm

Levers for Small Business Credit Assessment	Weight	Availability to competing banks	
		Before Open Banking	After Open Banking
Customers' Financials		✓	✓
Customers' Credit Track Record		✓	✓
Customer C/A Flows		- (*)	

Open Banking: The customer can grant **visibility** in real time of its own bank accounts to third parties, to receive **new services and offers**

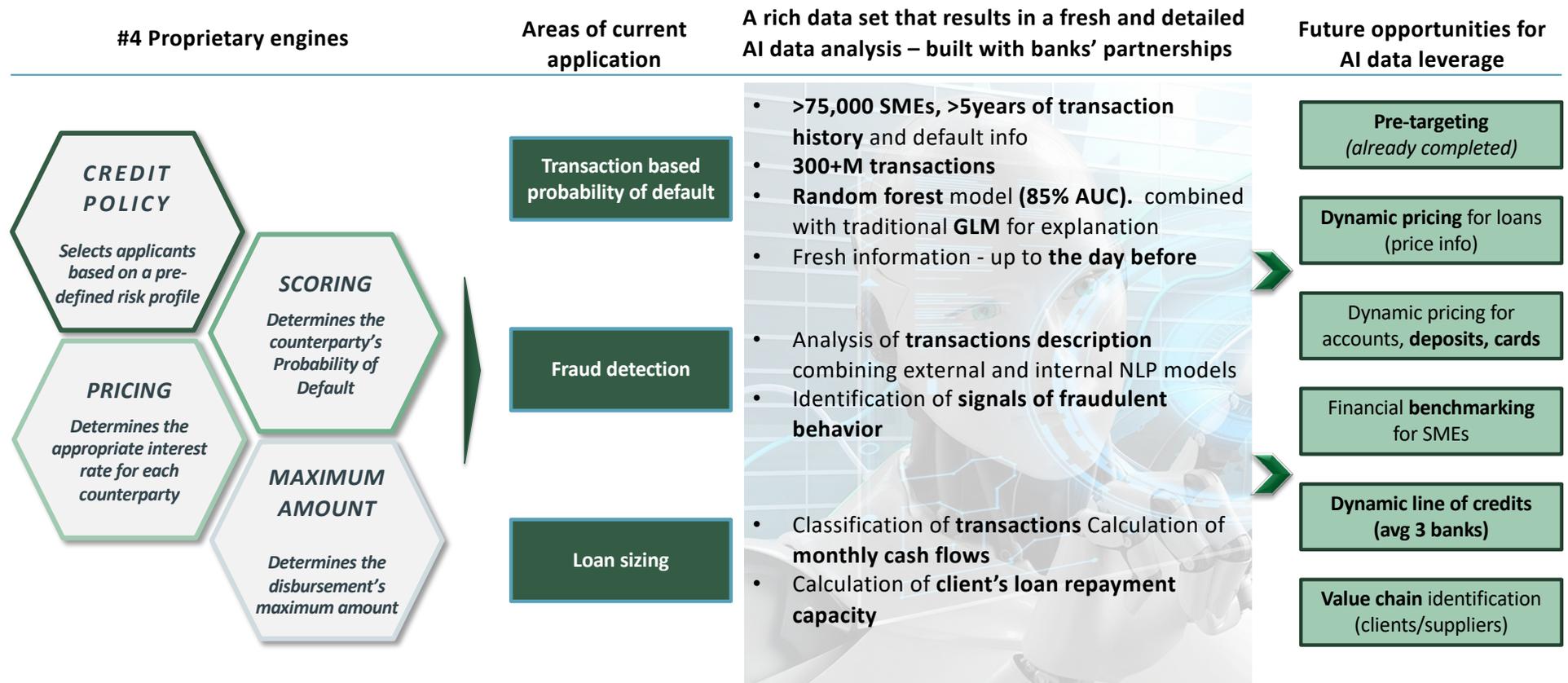
(*) Only available to the main customer bank

Almost 90% of credit decisioning fully automated X-score and faster disbursement vs. market



12 Notes: ¹ In 3% of cases with «manual» antifraud investigation; ² 2-4 days for small unsecured up to 100k

A robust and innovative AI-PSD2 Model built with 5 years data records... with further opportunities on advanced data usages for multiple purposes



AideXa has a unique digital, tech and agile business model vs traditional banks

- ...but also different from a pure fintech:
- ✗ Risk appetite
 - ✗ No MVP
 - ✗ No gradual equity top-ups
 - ✗ More rigid \$ incentive schemes
 - ✗ Less flexible processes

		Traditional banks	VS	AIDEXA
Digital, innovation, agility	IT architecture	1-10% cloud		100% cloud
	Physical branches	Main channel		None
	Average age (<i>employees</i>)	≈ 45 – 50		≈ 33
	Data lake (<i>proprietary</i>)	Often not available		Full proprietary
	Technological platform	Rigid and designed for internal		Scalable and opened to BaaS
	% FTE tech / total FTE	<10%		>35%
Distinctive commercial effectiveness	Commercial processes	Manual with branch support		Digital native and paperless
	Time to Yes	30 – 60 days		15 min – 10 days
	Time to disbursement	30 – 60 days		4 – 25 days
	Credit automation process	Incomplete and onerous		95% supported by AI algorithms
	PSD2 – data usage	Absent (largely in banking system)		Yes

Digital but always close to clients thanks to *business bankers* and *physical origination* («digitale dolce»)



Specialized advisors to be always close to clients

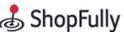
AideXa attracted a high performing team with a mix of senior finance, digital, data and tech experience, combined with young top talents

Seasoned and industry experienced executive team, outstanding international experience across European countries (i.e. Germany, France, Spain and CEE countries), supported by...

... young, highly skilled and diverse talents providing different perspectives from several industries – coming from best in class companies/know how

 33% MBA

Roberto Nicastro Chairman			Marzio Pividori Chief Executive Officer
Walter Rizzi Chief Data, Product & Digital Officer			Andrea Correale Chief Strategy & Financial Officer
Giovanni Beninati Chief Risk Officer			Andrea Bernardini Chief Commercial Officer
Elena Adorno Chief Operating Officer			

<p>80 AideXers!</p> <p> 40%  60%</p> <p> >35% Tech background</p> <p> 33 average years</p>	<p>BANKING & FINANCE</p> <p>48%</p> <p>         </p>
	<p>DIGITAL & INNOVATION</p> <p>32%</p> <p>             </p>
	<p>CONSULTING</p> <p>20%</p> <p>      </p>

Remarkable 'travel mates' joined us in the highest Fintech «seed round» in 2020 in Europe

**Main Investors
(> 10%)**



GENERALI

Sella



Banca Ifis

ISA | ISTITUTO
ATESINO
DI SVILUPPO

▪ *Main investors con with relevant synergies and potential partnership agreements in various areas*

**+30
Institutional
Investors,
Angel and
Family Office**

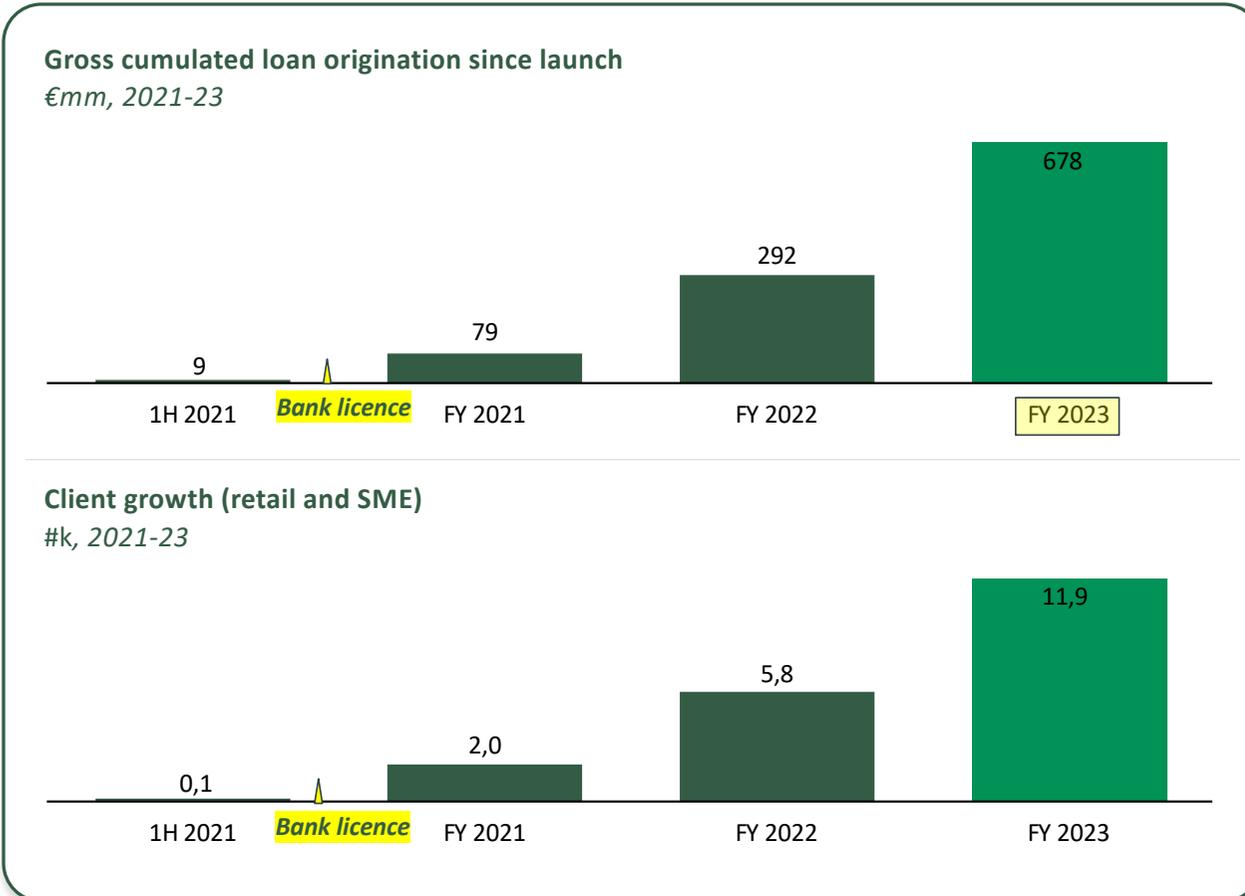
MEDIOCREDITO
CENTRALE

INVITALIA



▪ *Venture Capital funds, Family Office, Angel Investors and special stakeholders, grant strategic value to the Project*

We are accelerating our growth speed, quickly establishing a solid track record...



Scaling-up growth on-going

- Completion of the «Test & learn» phase in 1H 2021 for credit scoring with solid PDs and default rates in line with expectations
- Strong commercial acceleration in client acquisition, products and volumes since Q4 2021 with boost post introduction of state guaranteed loans
- Break-even expected in Q4 2024