

**THE BOD OF BANCA INTERPROVINCIALE S.P.A. APPROVES PRELIMINARY 2018 RESULTS
ILLIMITY, THE NEW DIGITAL BANK SPECIALIZED IN SME LENDING AND
CORPORATE NPL THAT WILL RESULT FROM THE MERGER WITH SPAXS AND
BE LISTED ON THE MTA, BEGINS 2019 WITH STRONG COMMERCIAL
PERFORMANCE AND ROBUST CAPITAL AND LIQUIDITY RATIOS**

- *Strong performance of the Bank in the new businesses set out in the 2018-2023 Strategic Plan, with nearly Euro 175 million worth of new assets generated in the fourth quarter of 2018, after completion of the acquisition of the Bank by SPAXS*
- *Robust capital and liquidity position, largely above system average, to support the future development, as outlined in the Strategic Plan*
- *Significant downsizing of the government bond portfolio, which has shrunk by over 75% in aggregate between HTC and HTCS securities and with the relevant cost entirely expensed in 2018*
- *Banca Interprovinciale posted Euro 29 million net loss in 2018 due to the expenses associated with the Business Combination and the impact of initial investments in resources and technology, in line with what envisaged in the Strategic Plan*

Milan, 11 February 2019 – SPAXS S.p.A. informs that the Board of Directors of its subsidiary Banca Interprovinciale S.p.A. (the “Bank”) approved the preliminary results for the year ended 31 December 2018. As a reminder, it should be noted that the Business Combination between SPAXS and Banca Interprovinciale became effective on 20 September 2018; on that date, SPAXS acquired the Bank.

Corrado Passera, Chief Executive Officer of Banca Interprovinciale, said:

“In 2018, we laid the foundation for launching a highly digital banking start-up specialising in lending to SMEs, with Banca Interprovinciale as the starting point. The merger of the latter with SPAXS will soon be finalised, creating illimity Bank. The result for the year, in line with what the expectations outlined in the Strategic Plan, reflects the costs required to build the new banking model, including early investments in human resources, with the number of employees rising to 138 in a few months, as well as in technology, related to the implementation of a cutting-edge technological platform and the

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development of an innovative digital direct bank, which we aim at launching in 2019. In addition, the result for the year reflects the downsizing of the government bond portfolio, which we proactively decided to reduce in light of the mutated macroeconomic scenario. On the other hand, the new business launched in the fourth quarter, generating Euro 175 million in new assets, will not fully deploy their positive effects until 2019 and are set to benefit from the expected acceleration of the commercial momentum deriving from the progressive completion of the organisational structure”.

Balance Sheet highlights for the year 2018

Banca Interprovinciale S.p.A.	2018	2017	Changes vs. 2017	Changes yoy %
RECLASSIFIED BALANCE SHEET				
<i>Data in millions of Euro</i>				
Cash and cash balances	68	27	41	153%
Due from banks	56	99	(43)	(44%)
Loans to customers, of which:	613	380	233	61%
- NPL Division	143	0	143	
- SME Division	34	0	34	
- Banca Interprovinciale	312	326	(14)	(4%)
- Financial Assets Held To Collect (HTC)	124	54	70	129%
Financial Assets Held To Collect & Sell (HTCS)	108	554	(446)	(81%)
Financial assets at fair value through profit or loss	29	0	29	
Tangible and intangible assets	3	2	1	65%
Other assets (including Tax assets)	32	13	19	153%
Total assets	909	1,074	(165)	(15%)
Due to banks	93	471	(378)	(80%)
Customer deposits	474	435	40	9%
Debt securities in issue	81	94	(13)	(14%)
Shareholders' Equity	228	60	168	279%
Other liabilities (including Tax liabilities)	32	15	18	120%
Total liabilities	909	1,074	(165)	(15%)

Note: The following conventional signs are used in the table above: line (-) when the phenomenon does not exist; "empty space" when the result is not significant or not relevant or, even if mathematically correct, the data has an order of magnitude that is not very significant; "n.a." when the data is not available. Any failure to reconcile the data shown depends entirely on rounding effects.

At 31 December 2018, Banca Interprovinciale net loans to customers amounted to Euro 613 million, up from approximately Euro 380 million in 2017.

Based on the new IFRS9 accounting principle and in accordance with Bank of Italy Circular no. 262, as at 31 December 2018 loans to customers included Italian government bonds with a book value of Euro 124 million and classified as *Held To Collect* (“HTC”).

After the Business Combination between SPAXS and Banca Interprovinciale became effective on 20 September 2018, the Bank started operating in the business segments set out in the Strategic Plan, generating Euro 175 million loans to customers in the fourth quarter – of which Euro 90 million represent the total amount invested to purchase NPL portfolios through a securitisation vehicle. This amount corresponds to a total gross nominal value (*Gross Book*

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Value – “GBV”) of the NPL portfolios acquired by the Bank at 31 December 2018 of approximately Euro 1.15 billion. Most of the portfolio (81% of gross book value) consists of unsecured receivables, and loans to businesses account for nearly 75% of the overall gross book value.

The Bank also granted Euro 51 million in senior financing backed by a portfolio of secured corporate non-performing loans with a gross book value of Euro 1.2 billion.

In addition, the SME Division completed two Turnaround transactions, lending a combined Euro 34 million.

Loans to the Bank's existing customers were essentially unchanged at Euro 312 million, compared to Euro 326 million in 2017.

In 2018, the stock of non-performing loans of Banca Interprovinciale, excluding the acquired NPL portfolios, totalled Euro 30.9 million, versus Euro 18.4 million in 2017, largely because a few positions were reclassified from performing to non-performing. Gross non-performing loans amounted to 7.4% as a proportion of total gross customer loans (excluding the acquired NPL portfolios and the financial assets classified as HTC), compared to 5.4% in 2017. The organic gross non-performing loan coverage ratio stood at 44%, essentially unchanged from 44.6% in the previous year. Net non-performing loans thus amounted to 4.3% as a percentage of total net loans (excluding the acquired NPL portfolios and the financial assets classified as HTC), compared to 3.1% in 2017. This ratio is lower than the average for small-sized banks (“Less significant institutions” based on the classification of the European Supervisor), approximately 7% at June 2018¹.

In 2018, the Management decided to undertake a series of actions to downsize the government bond portfolio of the acquired bank. As a result, the exposure to government bonds classified as *Held To Collect & Sell* (“HTCS”, AFS as per IAS 39) shrunk by approximately 84% to Euro 81 million at the end of 2018. Against a negative impact of Euro 15 million on the income before taxes, the de-risking action allowed to significantly reduce the risk of the HTCS portfolio. In 2019, the Bank sold an additional Euro 65 million in government bonds with a negligible negative economic impact (approximately Euro 400 thousand). Overall, the de-risking of the government bonds portfolio allowed for a reduction of the interest rate risk and the credit risks of the HTCS portfolio to immaterial levels and the overall exposure of the Bank to government bonds, including securities classified as HTC, declined by over 75%.

As a result of the above, at 31 December 2018 the bank's total assets amounted to Euro 909 million, down from nearly Euro 1.1 billion at the end of 2017.

In 2018, retail funding rose slightly compared to the previous year and totalled Euro 556

¹ Source: Bank of Italy's Financial Sustainability Report, November 2018 (data as at June 2018), Table 2.1

million— including Euro 474 million in customer deposits, up 9% from 2017. This shows the strength of the Bank's customer relationships even after the Business Combination with SPAXS. Meanwhile, bonds fell by 14%.

At 31 December 2018, the Bank's shareholders equity totalled Euro 228 million. This amount included the approximately Euro 29.1 million net loss for the year as well as two contributions for future capital increases, totalling a combined Euro 200 million, that SPAXS made in September and December 2018 to allow the Bank to start its new operations while the merger was not yet effective.

At the end of 2018, the Bank's CET1 ratio stood at 42%. The *Net Stable Funding Ratio* ("NSFR") stood at 142% and the *Liquidity Coverage Ratio* ("LCR") at 246%.

Income statement for the year 2018

Banca Interprovinciale S.p.A. RECLASSIFIED INCOME STATEMENT	2018	2017	Change vs. 2017	Changes yoy %
<i>Data in millions of Euro</i>				
Net interest income	12.3	11.6	0.6	5%
Net fees and commissions	4.2	4.3	(0.1)	(3%)
Profits/Losses on financial assets and liabilities designated at fair value	(15.6)	3.9	(19.5)	
Net other income/expenses	0.6	1.0	(0.4)	(39%)
Operating income	1.5	20.9	(19.4)	(93%)
Operating costs	(31.4)	(11.0)	(20.4)	185%
Operating profit	(29.9)	9.9	(39.8)	
Net write-downs of loans	(7.4)	(3.2)	(4.3)	136%
Other net provisions and net impairment losses on other assets	(0.2)	(1.2)	1.0	
Provisions for risks and charges	(2.6)	(0.2)	(2.4)	
Profit before tax	(40.1)	5.3	(45.5)	
Income tax for the period	11.0	(1.9)	12.9	
Net income (loss) per the period	(29.1)	3.4	(32.5)	

Note: The following conventional signs are used in the table above: line (-) when the phenomenon does not exist; "empty space" when the result is not significant or not relevant or, even if mathematically correct, the data has an order of magnitude that is not very significant; "n.a." when the data is not available. Any failure to reconcile the data shown depends entirely on rounding effects.

Net interest income totalled Euro 12 million, up 5% from 2017 as a result of the interest accrued on part of the NPL portfolios acquired in the fourth quarter (Euro 3 million), which more than offset the lower contribution of the government bond portfolio to interest income following the de-risking activity mentioned above. The assets deriving from the Bank's new businesses made a limited contribution to the income statement in the fourth quarter of 2018, as a result of the timing of the completion of the various transactions during the quarter, and the time interval that typically occurs, in the case of NPL portfolios purchase, between the date of the transaction and the date on which the portfolio begins to generate revenues (due to onboarding process and data entry).

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Net commission income associated with traditional banking activities was essentially in line with the previous year at Euro 4 million.

The Bank reported an approximately Euro 16 million trading loss, largely attributable to the losses on the sale of government bonds (nearly Euro 15 million) and the approximately Euro 1 million capital loss on the portfolio classified in the financial statements as financial assets at fair value through profit or loss.

Personnel costs totalled Euro 10 million, including Euro 2 million in non-recurring expenses associated with the execution of the Business Combination. Excluding one-off items, the increase in costs registered in 2018 compared to Euro 5.2 million in 2017 was due to new hiring; overall, employees numbered 138 at the end of 2018 and 184 at the date of this press release.

Net provisions for risks and charges, totalling Euro 2.6 million, included the one-off costs associated with the early termination of the agreement for the outsourcing of the accounting and reporting systems used by the Bank, corresponding to the termination fee and the costs of the migration to the new platform.

Net write-downs on loans totalled approximately Euro 7.4 million, up from the previous year following the above-mentioned reclassification of some exposures to non-performing. The cost of risk, in terms of net impairment losses on loans to customers as a proportion of the net customer loans at the end of the period, amounted to nearly 190 basis points.

The result before taxes from continuing operations, totalling nearly Euro 40.1 million loss, gave rise to nearly Euro 11 million in deferred tax assets, which are deemed entirely recoverable based on the future income prospects.

The Bank thus reported a Euro 29.1 million loss for 2018, in line with what envisaged by the 2018-2023 Strategic Plan.

Acknowledging the preliminary indications provided by SPAXS, the Board of Directors of Banca Interprovinciale also hereby informs that the total cash balance, including what is available in SPAXS, is estimated at Euro 384 million

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Data in millions of Euro

Assets		31.12.2018	31.12.2017 (*)	Change vs. 2017	Change yoy %
10.	Cash and cash balances	68,087,699	26,926,425	41,161,274	
20.	Financial assets measured at fair value through profit	29,349,907	213,952	29,135,955	
	<i>a) financial assets held for trading</i>	29,251,231	114,865	29,136,366	
	<i>c) other financial assets mandatorily measured at fair</i>	98,676	99,087	(411)	(0.4%)
30.	Financial assets measured at fair value through other comprehensive income	107,804,683	553,510,767	(445,706,084)	(80.5%)
40.	Financial assets measured at amortised cost	668,880,629	479,389,002	189,491,627	39.5%
	<i>a) due from banks</i>	55,869,278	99,043,699	(43,174,421)	(43.6%)
	<i>b) loans to customers</i>	613,011,351	380,345,303	232,666,048	61.2%
70.	Investments in associates and companies	10,000	-	10,000	100.0%
80.	Property, equipment and tangible assets	2,463,521	1,652,345	811,176	49.1%
90.	Intangible assets	270,283	6,853	263,430	
	<i>of which:</i>				
	<i>goodwill</i>	-	-	-	
100.	Tax assets	15,724,112	6,285,453	9,438,659	
	<i>a) current</i>	1,971,826	2,995,492	(1,023,666)	(34.2%)
	<i>b) deferred</i>	13,752,286	3,289,961	10,462,325	
120.	Other assets	16,441,581	6,428,618	10,012,963	
	Total Assets	909,032,415	1,074,413,415	(165,381,000)	(15.4%)

(*) The figure as at 31 December 2017 (determined in accordance with IAS 39) is reconciled to the new accounting items according to the reclassifications made necessary on the basis of the new classification criteria introduced by IFRS 9, which therefore do not entail changes in terms of total assets and total liabilities. These are aggregates restated in the financial statement items provided for by Bank of Italy Circular 262/2005 - 5th update of 22 December 2017.

Data in millions of Euro

Liabilities and Shareholders' Equity		31.12.2018	31.12.2017 (*)	Change vs. 2017	Change yoy %
10.	Financial liabilities measured at amortised cost	648,733,013	999,601,478	(350,868,465)	(35.1%)
	<i>a) due to banks</i>	93,062,999	470,623,471	(377,560,472)	(80.2%)
	<i>b) due to customers</i>	474,257,088	434,543,376	39,713,712	9.1%
	<i>c) securities issued</i>	81,412,926	94,434,631	(13,021,705)	(13.8%)
60.	Tax liabilities	90,108	3,716,670	(3,626,562)	(97.6%)
	<i>a) current</i>	-	1,606,563	(1,606,563)	(100.0%)
	<i>b) deferred</i>	90,108	2,110,107	(2,019,999)	(95.7%)
80.	Other liabilities	28,899,022	9,922,576	18,976,446	
90.	Employee termination indemnities	574,930	586,338	(11,408)	(1.9%)
100.	Allowances for risks and charges	2,855,147	516,362	2,338,785	
	<i>a) commitments and guarantees given</i>	119,169	201,728	(82,559)	(40.9%)
	<i>c) other allowances for risks and charges</i>	2,735,978	314,634	2,421,344	
110.	Valuation reserves	(961,377)	2,631,374	(3,592,751)	
140.	Reserves	214,589,011	10,662,284	203,926,727	
160.	Share capital	43,377,000	43,377,000	-	0.0%
180.	Net income (loss) for the period	(29,124,439)	3,399,333	(32,523,772)	
	Total liabilities	909,032,415	1,074,413,415	(165,381,000)	(15.4%)

(*) The figure as at 31 December 2017 (determined in accordance with IAS 39) is reconciled to the new accounting items according to the reclassifications made necessary on the basis of the new classification criteria introduced by IFRS 9, which therefore do not entail changes in terms of total assets and total liabilities. These are aggregates restated in the financial statement items provided for by Bank of Italy Circular 262/2005 - 5th update of 22 December 2017.

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Data in millions of Euro

Income statement		2018	2017 (*)	Change vs. 2017	Change yoy %
10.	Interest and similar income	16,528,929	16,278,352	250,577	1.5%
	<i>of which: interest income calculated using the effective interest rate method</i>	12,107,791	11,688,438	419,353	3.6%
20.	Interest and similar expense	(4,250,004)	(4,633,317)	383,313	(8.3%)
30.	Net interest income	12,278,925	11,645,035	633,890	5.4%
40.	Fee and commission income	4,837,538	4,850,689	(13,151)	(0.3%)
50.	Fee and commission expense	(643,438)	(514,638)	(128,800)	25.0%
60.	Net fee and commission income	4,194,100	4,336,051	(141,951)	(3.3%)
80.	Profits (Losses) on trading	(821,747)	963,374	(1,785,121)	
100.	Profits (Losses) on disposal or repurchase of:	(14,802,063)	2,928,368	(17,730,431)	
	<i>a) financial assets measured at amortised cost</i>	-	(515,913)	515,913	
	<i>b) financial assets measured at fair value through other comprehensive income</i>	(14,802,057)	3,444,248	(18,246,305)	
	<i>c) financial liabilities</i>	(6)	33	(39)	
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	23,190	(1)	23,191	
	<i>a) financial assets and liabilities designated at fair value</i>	-	-	-	
	<i>b) other financial assets mandatorily measured at fair value</i>	23,190	(1)	23,191	
120.	Operating income	872,405	19,872,827	(19,000,422)	(95.6%)
130.	Net losses/recoveries for credit risks associated with:	(7,533,120)	(3,991,585)	(3,541,535)	88.7%
	<i>a) financial assets measured at amortised cost</i>	(7,424,245)	(3,150,935)	(4,273,310)	
	<i>b) financial assets measured at fair value through other comprehensive income</i>	(108,875)	(840,650)	731,775	(87.0%)
150.	Net income from banking activities	(6,660,715)	15,881,242	(22,541,957)	
160.	Administrative expenses:	(31,143,440)	(10,826,424)	(20,317,016)	
	<i>a) personnel expenses</i>	(10,009,868)	(5,200,986)	(4,808,882)	92.5%
	<i>b) other administrative expenses</i>	(21,133,572)	(5,625,438)	(15,508,134)	
170.	Net provisions for risks and charges	(2,648,691)	(189,343)	(2,459,348)	
	<i>a) commitments and guarantees given</i>	(56,297)	(29,018)	(27,279)	94.0%
	<i>b) other net provisions</i>	(2,592,394)	(160,325)	(2,432,069)	
180.	Net adjustments to / recoveries on property and equipment	(250,452)	(176,712)	(73,740)	41.7%
190.	Net adjustments to / recoveries on intangible assets	(4,969)	(3,260)	(1,709)	52.4%
200.	Other operating expenses (income)	604,014	989,752	(385,738)	(39.0%)
210.	Operating expenses	(33,443,538)	(10,205,987)	(23,237,551)	
240.	Goodwill write-downs	-	(327,081)	327,081	
250.	Profits (Losses) on disposal of investments	(2,363)	-	(2,363)	
260.	Income (Loss) before tax from continuing operations	(40,106,616)	5,348,174	(45,454,790)	
270.	Taxes on income from continuing operations	10,982,177	(1,948,841)	12,931,018	
280.	Income (Loss) after tax from continuing operations	(29,124,439)	3,399,333	(32,523,772)	
300.	Net income (loss) for the period	(29,124,439)	3,399,333	(32,523,772)	

(*) The figure as at 31 December 2017 (determined in accordance with IAS 39) is reconciled to the new accounting items according to the reclassifications made necessary on the basis of the new classification criteria introduced by IFRS 9, which therefore do not entail changes in terms of total assets and total liabilities. These are aggregates restated in the financial statement items provided for by Bank of Italy Circular 262/2005 - 5th update of 22 December 2017.

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For further information:

Investor Relations SPAXS S.p.A.

Silvia Benzi +39 349.7846537 / +44 77.41464948 silvia.benzi@spaxs.it, silvia.benzi@illimity.com

Press office: Ad Hoc Communication Advisors

Mario Pellegatta +39 335.303624 mario.pellegatta@ahca.it

Sara Balzarotti +39 335.1415584 sara.balzarotti@ahca.it

Nomad: Banca IMI S.p.A.

spaxs-nomad@bancaimi.com

SPAXS

SPAXS, promoted by Corrado Passera and Andrea Clamer, is the first Italian entrepreneurial SPAC (Special Purpose Acquisition Company) created to acquire and capitalise a company operating in the banking sector. The institutional placement of SPAXS, completed on 26 January 2018 for Euro 600 million, qualified the Company as the largest SPAC in Italy. As of 1 February 2018, SPAXS has been listed on the AIM Italia/Mercato Alternativo del Capitale, organized and operated by Borsa Italiana S.p.A.. On 13 April, it announced the Business Combination with Banca Interprovinciale, which has been operating in the SME segment since 2009 and has approximately Euro 1 billion in total assets and nearly Euro 60 million in equity. The transaction, approved by the SPAXS Shareholders' Meeting on 8 August 2018, was finalised on 20 September 2018 and will be completed with the reverse merger of SPAXS into the Bank at the end of the authorisation process.

illimity

illimity is the new, fully-digital bank specialized in credit for the Italian SMEs and run by Corrado Passera. The bank will take on the name **illimity** once the planned merger between SPAXS and its subsidiary, Banca Interprovinciale, is complete. **illimity** operates in the underserved segments of credit to SMEs with high potential but with a suboptimal financial structure and/or a low rating or unrated, including the segment of non-performing SMEs (known as "Unlikely-To-Pays"); it will purchase and manage Corporate Non-Performing Loans (NPLs), secured and unsecured; from 2019, it will also offer digital direct banking services to retail and corporate customers.

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