SOLID OPERATING AND COMMERCIAL PROGRESS FOR ILLIMITY IN ITS FIRST QUARTERLY REPORT

EUR 745 MILLION IN BUSINESS VOLUMES[1] GENERATED BY APRIL

QUARTERLY RESULTS IN LINE WITH EXPECTATIONS

ALL BUSINESS PLAN DEADLINES AND TARGETS MET

ROBUST CAPITAL (CET1 83%) AND LIQUIDITY (EUR 430 MILLION) TO SUPPORT GROWTH

- ***illimity, the new digital banking start-up specialising in high value-added segments of the SME market, born from the merger between SPAXS and Banca Interprovinciale and listed on the MTA of the Italian Stock Exchange since 5 March 2019, ended its first quarterly report as of 31 March 2019 with net loans to customers of EUR 513 million, representing a rise of 6% over the end of 2018, cash and high quality liquid assets of EUR 430 million and a CET1 ratio of approximately 83%***

- ***With EUR 745 million in business volumes generated [1] since the start of operations in September 2018 to the end of April and a robust pipeline, illimity confirms the volume trajectory envisaged in its 2018-2023 business plan***

- ***illimity additionally met key strategic and operating goals in the first part of 2019, fully in line with the deadlines set in the business plan:***
  - ***increase in staff to reach around 240 illimiters***
  - ***merger and listing on the MTA Stock Market***
  - ***launch of the NPL Neprix servicing platform and the partnership with IT Auction***
  - ***kick-off of the partnership with Raisin***
  - ***migration to the target IT system - digital, open, modular and cloud-based***

- ***The net result for the first quarter, a loss of EUR 5.9 million, is in line with expectations and consistent with the start-up phase***

Milan, 13 May 2019 – The Board of Directors of **illimity Bank S.p.A.** ("**illimity**" or the "**Bank**"), the company arising from the merger of SPAXS S.p.A. into Banca Interprovinciale S.p.A. which became effective on 5 March **2019**, approved the Bank's results for the first quarter of 2019 on 10 May. These results represent the new Bank's first quarter**ly** report and relate to the business plan presented to the market on 6 March 2019.

[1] Loans granted or purchased by the SME Division and the NPL Investment & Servicing, including the transactions agreed but yet to be booked (thus not yet income-producing), owing to a settlement structure based on multiple tranches or to a time lag between the signing of the master agreement and the date of loan disbursement/onboarding. This aggregate additionally includes part of the net loans to existing customers of Banca Interprovinciale, due to their features considered consistent with **illimity**'s SME segment. Non accounting figures.

illimity made significant commercial progress in the first part of the year, with net customer loans reaching EUR 513 million at 31 March 2019, representing growth of 6% over the end of 2018, a trend which becomes even more significant taking into account the progressive run-off of the assets of Banca Interprovinciale not in line with the type of product/customer envisaged in the business plan. Within customer loans, the volume of assets in the specialist businesses to SME customers and in the NPL corporate segment reached EUR 375 million at 31 March 2019, a rise of 11% compared to the end of 2018.

From the start of operations in September 2018 to the end of April the Bank originated[2] business in the segments encompassed by the business plan amounting to approximately EUR 745 million, confirming the volumes growth path set out in the 2018-2023 plan.

illimity also maintained robust capital and liquidity positions at 31 March 2019, with a CET ratio of approximately 83% and readily marketable securities and cash of approximately EUR 430 million, which will support the entire growth path of the volumes envisaged in the five-year plan.

The result for the quarter, a net loss of EUR 5.9 million, is in line with the plan and consistent with the construction phase of the new bank model: against progressive revenue generation the results reflect start-up costs, of which the non-recurring part totalled EUR 2.6 million before tax.

illimity additionally made considerable strategic and operating progress in the first quarter of 2019. The merger between SPAXS and Banca Interprovinciale was concluded, effective 5 March 2019, with simultaneous listing on the Electronic Stock Market (MTA) organised and managed by Borsa Italiana.

The Bank became active in all areas of the NPL Corporate business, including servicing actvities, thanks to the launch of Neprix, an innovative NPL servicing platform, and the partnership with IT Auction S.r.l., a leading specialist in the management and commercialization of property and capital goods through its own network of online platforms/auctions and professionals.

A partnership agreement was signed with Raisin, effective today, an open banking fintech platform for the distribution of German retail customer deposits, which will represent an important source of diversification for the Bank's funding.

In addition, **illimity** successfully completed migration to its target IT system based on a completely digital, open, modular and cloud-based platform, with the simultaneous closing of the branches operating with the Banca Interprovinciale brand. This step represents a key change of paradigm, centred on data, around which vertical business, analytics, artificial intelligence and machine learning modules are developed, enabling **illimity** to create an innovative servicing model and an evolved offer with a top-rate user experience for customers.

Finally, work continued on building up a team which now consists of around 240 "illimiters" following the arrival of over 100 new members of staff since the beginning of 2019.

Corrado Passera, **illimity CEO**, commented as follows: "*We are very pleased with the results of our first quarter and the objectives we have reached during the period. We have met all the deadlines included in the 2018-2023 business plan and generated robust business volumes.*

The bottom line is therefore fully in line with our expectations and reflects the start-up nature of the new bank, whose results still do not include the benefits of operating leverage or the contribution of the earn-out components of the turnaround business, which we expect will materialize to a significant extent over the business plan horizon.

[2] Cf. note 1 on the previous page.

We have been working on and investing in establishing the structure and start of operations in a phase in which the originated business generates revenues gradually. Over the next few months the robust pipeline will support the gradual rise in revenues, while we continue to work and invest as envisaged in the plan with the aim of completing the launch of the digital direct bank scheduled for June 2019".

Key balance sheet figures

illimity - Reclassified Balance sheet	**4Q18[(1)]**	**1Q19**	**QoQ €mln**	**QoQ %**
Data in €mln				
Cash and cash equivalent	68	171	103	151%
Due from banks	372	137	(235)	-63%
Customer loans	**484**	**513**	**30**	**6%**
- NPL	*138*	*156*	*18*	*13%*
- SME[(2)]	*198*	*219*	*21*	*10%*
- Non-core former Banca Interprovinciale	*148*	*139*	*(9)*	*-6%*
Financial Assest Hold To Collect (HTC)[3]	114	117	3	3%
Financial Assest Hold To Collect & Sell (HTCS)[4]	108	78	(30)	-28%
Financial Assets valued at FVTPL[5]	29	17	(12)	-42%
Goodwill	22	22	-	-
Intangible assets	0	6	5,384	n.m.
Other assets (incl. Tangible assets and Tax assets)	39	60	21	54%
Total assets	**1,235**	**1,120**	**(115)**	**-9%**
Due to banks	109	71	(37)	-34%
Customer deposits	454	383	(71)	-16%
Debt securities in issue	81	64	(18)	-22%
Shareholders' Equity	557	552	(5)	-1%
Other liabilities (incl. Tax liabilities)	34	50	16	46%
Total liabilities	**1,235**	**1,120**	**(115)**	**-9%**
Common Equity Tier 1 Capital	527	494	(33)	-6%
Risk Weighted Assets	**587**	**598**	**11**	**2%**

1. *The comparative figures in the reclassified balance sheet refer to the consolidated results of SPAXS at 31.12.2018.*
2. *The figures include part of the net loans to existing customers of Banca Interprovinciale, which due to their features are considered consistent with **illimity**'s SME segment.*
3. *HTC: Financial assets at amortised cost.*
4. *HTCS: Financial assets at fair value through comprehensive income. This item includes participating financial instruments valued at approximately EUR 7 million, purchased as part of a turnaround deal.*
5. *FVTPL: other financial assets at fair value through profit or loss..*

Any failure to reconcile the stated figures arise exclusively from rounding.

illimity had total assets of EUR 1,120 million at 31 March 2019, compared to EUR 1,235 million at 31 December 2018, consisting mainly of loans to customers of EUR 513 million, representing an increase of 6% over the balance of EUR 484 million at 31 December 2018 as the result of the volumes of the new businesses concluded during the period.

The **SME Division** generated volumes of EUR 57 million in the first quarter, attributable to the Turnaround Area, the Crossover Area and the start of activities in the Factoring Area. After the quarter end **illimity** concluded Turnover and Crossover transactions for a total of EUR 26 million and entered agreements for a further EUR 36 million, for which settlement will take place in the upcoming months. In particular, the Factoring Area became fully operational in the quarter to reach gross outstanding loans of EUR 8.5 million by the end of March 2019, corresponding to a total turnover of approximately EUR 14 million, both of which have risen to EUR 14 million and EUR 25 million respectively as of today. Taken as a whole, from the start of operations in September 2018 to the end of April the SME Division originated volumes of EUR 291 million, also taking into account the stock of existing loans with customers in the previous Banca Interprovinciale, which given its features is consistent with the SME segment of **illimity**.

At 31 December 2018 the **NPL Investment & Servicing Division** had purchased NPL portfolios and single name for a gross book value ("GBV") of EUR 1.15 billion at a price of approximately EUR 90 million. During the first quarter of 2019, the Division concluded the purchase of new NPL portfolios and single name for an invested value of EUR 21 million. As a result of these transactions, the overall gross book value of NPL portfolios and single name purchased by the Bank totalled EUR 1.2 billion, of which 80% was represented by corporate portfolios, corresponding to a carrying value of approximately EUR 109 million at 31 March 2019. In addition, **illimity** entered further agreements for the purchase of NPL Leasing portfolios for a total purchase price of EUR 207 million. It is envisaged that these transactions will be finalised in multiple tranches over a time horizon of between 3 and 15 months from the date of signing the respective agreements.

Moreover, over the course of the quarter the Bank disbursed NPL senior financing of EUR 3 million, and the customer loan stock relating to these transactions amounts to over EUR 50 million. After the end of the quarter, **illimity** concluded a further senior financing operation for an amount of EUR 82 million. Taken as a whole, these loans are secured on NPL portfolios having an aggregated gross book value of approximately EUR 2 billion.

Since the start of operations in September 2018, the NPL Investment & Servicing Division has originated business in the various operating segments for a total of EUR 454 million.

In March 2019 **illimity**'s robust liquidity base was confirmed, consisting of cash and a net positive interbank position of approximately EUR 290 million; to this, a further liquidity buffer of EUR 140 million should be added consisting of high-quality liquid financial assets and other marketable securities.

The de-risking and diversification of the securities portfolio continued in the first part of 2019, implemented by management in the context, among other things, of concluding the business combination between SPAXS and Banca Interprovinciale. In the first quarter **illimity** sold securities with a value of approximately EUR 88 million (of which EUR 65 million in Italian government bonds), mostly classified as HTCS, and purchased EUR 59 million of other securities, including subordinated bank debt securities, corporate bonds, U.S. government bonds and government bonds of countries in the euro core area. As the result of this activity the stock of HTCS financial assets fell by 28% to EUR 78 million in the quarter. The total of government bonds classified as HTC remained unchanged at EUR 114 million[3].

[3] The balance sheet item Hold to Collect (HTC) securities portfolio also includes EUR 3 million arising from the NPL senior financing transaction carried out by subscribing to debt notes issued by the securitisation vehicle.

The increase of EUR 15 million in tangible assets during the quarter was due to the recognition “Right of Use” of assets, in particular those acquired under the lease agreement governing the use of the building in which the company has its headquarters, which have been accounted for in accordance with IFRS 16 which became effective on 1 January 2019.

Intangible assets other than goodwill, amounting to EUR 5.7 million, arise from the capitalisation of costs and investments relating to the development of the IT platform and the digital direct bank.

In March 2019 the ratio between gross doubtful organic loans and gross total organic loans to customers (and therefore excluding purchased NPLs and UTPs) was approximately 8.2%[4]. The stock of net doubtful organic loans remained essentially unchanged at approximately EUR 18 million, corresponding to a ratio between net doubtful organic loans and net total loans to customers (excluding the purchased NPL portfolios and securities classified as HTC) of 4.7% compared to 4.3% in 2018.

In the first quarter the stock of customer deposits fell by EUR 71 million compared to the end of 2018, concentrated mostly in demand deposits from corporate customers. This trend is in line with the business plan in relation to the Bank’s strategy of repositioning its distribution model on wholly digital channels and focusing on medium-long term direct funding by retail customers acquired through the European deposit platform – **Raisin** – active from today, and **illimity**’s propriety digital direct bank platform which will be operational by the end of June 2019.

Lastly, the Common Equity Tier 1 ratio remained at a significant level of approximately 83%. The reduction in Tier 1 Capital in the quarter can be explained by the temporary suspension of the special shares from the computation of regulatory capital until authorisation is received from the supervisory authorities, the reduction in deferred tax assets based on prior year losses and the capitalisation of investments and costs for developing the digital platform, as described earlier.

The Liquidity Coverage Ratio amounted to 813% at the end of the first quarter of the year, compared to 491% at the end of 2018.

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Key income statement figures

illimity - Reclassified Profit & Loss	4Q18[(1)]	1Q19	QoQ €mln	QoQ %
Data in €mln				
Net interest income	4.7	7.2	2.5	53%
Net fees and commissions	0.1	0.6	0.5	603%
Net result from trading	(2.1)	0.9	3.0	n.s.
Net other income/expenses	(0.1)	0.3	0.4	n.s.
Operating income	**2.6**	**9.0**	**6.4**	**253%**
Operating costs	**(17.4)**	**(16.9)**	**0.6**	**-3%**
Operating profit	**(14.8)**	**(7.9)**	**7.0**	**n.s.**
Loan loss provisions	(3.3)	0.0	3.3	n.s.
of which loan loss provision charges	*(4.6)*	*(1.4)*	*3.2*	*-70%*
of which value adjustments on NPL portfolios	*1.3*	*1.4*	*0.1*	*7%*
Other net provisions	(0.1)	(0.2)	(0.1)	n.s.
Provisions for risks and charges	(2.4)	(0.2)	2.2	n.s.
Profit before tax	**(20.7)**	**(8.3)**	**12.3**	**n.s.**
Income tax	4.8	2.4	(2.5)	n.s.
Minorities	0.1	-	(0.1)	n.s.
Net result	**(15.7)**	**(5.9)**	**9.8**	**n.s.**

1. *The comparative figures in the reclassified income statement for the fourth quarter refer to the consolidated results for SPAXS as of 31.12.2018.*

Any failure to reconcile the stated figures arise exclusively from rounding.

Net interest income of EUR 7.2 million was earned in the quarter ended 31 March 2019, an increase over the result for the fourth quarter of 2018 as the result of the new businesses initiated by the Bank.

In line with the business plan, the NPL Investment & Servicing Division made a significant contribution, with collections on the purchased portfolios exceeding those envisaged in the relevant collection plans. In addition, the improved performance in this first quarter led to a positive adjustment to value of the NPL portfolios when the periodic revision of cash flows projections was performed.

Revenues for the period include EUR 0.9 million arising from the sale of a further EUR 65 million of government bonds during the quarter.

Personnel expenses of EUR 6.5 million reflect the recruitment of new staff, with the number of “illimiters” rising from 138 at the end of 2018 to 210 in March and increasing further to 240 as of today.

Other administrative expenses consist of costs for consultancy (such as technical, legal, fiscal, etc.) and costs of EUR 2.6 million arising from the start-up phase that can be considered of a non-recurring nature.

The net balance of value adjustments to receivables was effectively nil in the quarter. This result is the effect of two components: (i) net loan loss provision charges of approximately EUR 1.4 million, corresponding to an annualised cost of risk of approximately 124bps, and (ii) the above-mentioned positive effects of EUR 1.4 million deriving from the periodic assessment of NPL portfolio cashflow projections.

The quarter therefore ended with a net loss of EUR 5.9 million, in line with what was foreseen in relation to the Bank's start-up phase, during which the costs incurred for the implementation of the Bank's operating structure have preceded the revenues deriving from the originated business, and accordingly the current economic results do not yet reflect the benefits of the operating leverage or the significant revenue component arising from the participating financial instruments and/or from the earn-out components related to the Turnaround transactions at their relevant due date.

Pursuant to Article 154 bis, paragraph 2 of the Legislative Decree no. 58/1998 (Unified Financial Act), the Financial Reporting Officer, Mr. Sergio Fagioli, declares that the accounting information contained in this Document corresponds to the document results, books and accounting records.

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illimity management will present the results for the first quarter of 2019 to the financial community at 17:00 C.E.T. today. The event can be followed via Live Audio Webcast using the following link http://services.choruscall.eu/links/illimity190513.html or by conference call on the following numbers.

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It should further be noted that on 10 March **illimity**'s Board of Directors also approved the capital increase to service the "Employee Stock Ownership Plan – ESOP" for a total of EUR 30,661.81, corresponding to 43,022 ordinary shares, thereby partially implementing the powers under article 5, paragraph 5, of the company's bylaws granting it mandate for such purpose. This is equivalent to a dilution of 0.07%.

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illimity Bank S.p.A.

illimity is the banking start-up formed in 2019 with a strongly innovative and high-tech business model, specialising in lending to SMEs and headed by Corrado Passera. **illimity** extends financing to businesses that are high-potential but still have a low credit rating or no rating, including the non-performing (Unlikely-to-Pay) SME segment; it acquires secured and unsecured Corporate NPLs with the aim of servicing these through its platform. By the end of the first half of 2019 it will start providing cutting-edge direct digital banking services for retail and corporate customers. The story of **illimity** began in January 2018 with the launch of SPAXS S.p.A. — the first Italian SPAC (special purpose acquisition company) set up to acquire and capitalise an entity operating in the banking industry — which raised EUR 600 million. Just two months after its launch, SPAXS announced the acquisition of Banca Interprovinciale S.p.A., with the resulting business combination finalised in September 2018 after obtaining the approval of the shareholders of SPAXS in August 2018. The merger between SPAX and the Bank gave rise to **illimity Bank S.p.A.**, which began trading on Borsa Italiana's MTA exchange on 5 March 2019 (ticker "**ILTY**")

FINANCIAL STATEMENT

	Assets	***31.03.2019***	***31.12.2018***
10	Cash and cash balances	170,668	68,088
20	Financial assets measured at fair value through profit or loss	17,066	29,350
	a) financial assets held for trading	*10,284*	*29,251*
	b) financial assets designated at fair value	-	-
	c) other financial assets mandatorily measured at fair value	*6,782*	*99*
30	Financial assets measured at fair value through other comprehensive income	77,886	107,913
40	Financial assets measured at amortised cost	767,383	969,559
	a) due from banks	*137,373*	*372,158*
	b) loans to customers	*630,010*	*597,401*
50	Hedging derivatives	-	-
60	Fair value change of financial assets in hedged portfolios (+/-)	-	-
70	Investments in associates and companies subject to joint control	-	-
80	Technical insurance reserves reassured with third parties	-	-
90	Tangible Assets	17,581	2,495
100	Intangible assets	27,297	21,913
	of which goodwill	*21,643*	*21,643*
110	Tax assets	23,407	19,462
	a) current	*1,989*	*1,972*
	b) deferred	*21,418*	*17,490*
120	Non-current assets held for sale and discontinued operations	-	-
130	Other assets	18,665	16,661
	Total Assets	**1,119,953**	**1,235,441**

	Liabilities	31.03.2019	31.12.2018
10	Financial liabilities measured at amortised cost	517,744	643,976
	a) due to banks	*71,361*	*108,842*
	b) due to customers	*382,701*	*453,721*
	c) securities issued	*63,682*	*81,413*
20	Financial liabilities held for trading	-	-
30	Financial liabilities designated at fair value	-	-
40	Heging derivatives	-	-
50	Fair value change of financial liabilities in hedged portfolios (+/-)	-	-
60	Tax liabilities	946	280
	a) current	*1*	*-*
	b) deferred	*945*	*280*
70	Liabilities associated with non-current assets held for sale and discontinued operations	-	-
80	Other liabilities	47,394	30,511
90	Employee termination indemnities	608	575
100	Allowances for risk and charges	1,011	2,855
	a) commitments and guarantees given	*148*	*119*
	b) post-employment benefits	*-*	*-*
	c) other allowances for risks and charges	*863*	*2,736*
120	Valuation reserves	560	26
130	Redeemable shares	-	-
140	Equity instruments	-	-
150	Reserves	34,740	-
160	Share premium reserve	479,609	517,827
170	Share capital	43,377	62,781
180	Treasury shares (-)	(96)	
200	Net income (loss) (+/-)	(5,940)	(23,543)
	Shareholders' equity	**552,250**	**557,091**
	Income (loss) pertaining to minorities (+/-)	-	(120)
190	**Minority interests (+/-)**	**-**	**153**
	Total liabilities and Shareholders' equity	**1,119,953**	**1,235,441**

	Income statement	31.03.2019	31.12.2018
10	Interest and similar income	8,584	5,839
	of which: interest income calculated using the effective interest rate method	*7,296*	*4,949*
20	Interest and similar expense	(1,401)	(1,149)
30	**Net interest income**	**7,183**	**4,690**
40	Fee and commission income	1,511	1,230
50	Fee and commission expense	(899)	(1,143)
60	**Net fee and commission income**	**612**	**87**
70	Dividends and similar income	-	-
80	Profits (Losses) on trading	36	(30)
90	Fair value adjustments in hedge accounting	-	-
100	Profts (Losses) on disposal or repurchase of:	888	(1,952)
	a) financial assets measured at amortised cost	*53*	*-*
	b) financial assets measured at fair value through other comprehensive income	*835*	*(1,952)*
	c) financial liabilities	*-*	*-*
110	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	-	(104)
	a) financial assets and liabilities designated at fair value	*-*	*-*
	b) other financial assets mandatorily measured at fair value	*-*	*(104)*
120	**Net interest and other banking income**	**8,719**	**2,691**
130	Net losses/recoveries for credit risks associated with:	(211)	(3,412)
	a) financial assets measured at amortised cost	*26*	*(3,296)*
	b) financial assets measured at fair value through other comprehensive income	*(237)*	*(116)*
140	Profits (Losses) on changes in contracts without derecognition	(1)	-
150	**Net income from banking activities**	**8,507**	**(721)**
160	Net insurance premiums	-	-
170	Other net insurance income (expense)	-	-
180	**Net income from banking and insurance activities**	**-**	**-**
190	Administrative expenses:	(16,386)	(17,366)
	a) personnel expenses	*(6,364)*	*(3,799)*
	b) other administrative expenses	*(10,022)*	*(13,567)*
200	Net provisions for risks and charges	(243)	(2,411)
	a) commitments and guarantees given	*(29)*	*(33)*
	b) other net provisions	*(214)*	*(2,378)*
210	Net adjustments to / recoveries on property and equipment	(391)	(77)
220	Net adjustments to / recoveries on intangible assets	(87)	(3)
230	Other operating expenses (income)	277	(83)
240	**Operating expenses**	**(16,830)**	**(19,940)**
250	Profits (Losses) on investments in associates and companies subject to joint control	-	-
260	Valuation differences on property, equipment and intangible assets measured at fair value	-	-
270	Goodwill impairment	-	-
280	Profits (Losses) on disposal of investments	-	-
290	**Income (Loss) before tax from continuing operations**	**(8,323)**	**(20,661)**
300	Taxes on income from continuing operations	2,383	4,844
310	**Income (Loss) after tax from continuing operations**	**(5,940)**	**(15,817)**
320	Income (Loss) after tax from discontinued operations	-	-
330	**Net income (loss)**	**(5,940)**	**(15,816)**
340	Minority interests	-	120
350	**Parent Company's net income (loss)**	**(5,940)**	**(15,696)**