SOLID START FOR ILLIMITY IN THE FIRST QUARTER OF 2020

NET PROFIT OF 4.5 MILLION EURO AND A ROBUST CAPITAL AND LIQUIDITY POSITION

- ***Net profit driven by growth in revenue, which more than offsets the prudent increase in collective loan loss provisions in light of the COVID-19 emergency***
- ***CET1 ratio of 18.7% and liquidity of approximately 750 million euro***
- ***COVID-19 emergency: to date, the expectation of a positive result for the current year is confirmed, albeit at more contained figures than beginning of year expectations***

Milan, 12 May 2020 – The Board of Directors of illimity Bank S.p.A. ("illimity" or the "Bank"), the high-tech bank specialising in lending to SMEs with potential, the purchase and management of distressed loans and direct digital banking services, on 11 May approved the illimity Group's results for the first quarter ended 31 March 2020.

illimity reacted promptly to the situation caused by the COVID-19 emergency thanks to its highly technological and flexible structure, safeguarding employees and ensuring **business continuity** through the use of smart-working while at the same time continuing to work on all its strategic projects.

Despite this difficult situation the Bank posted solid results for the first quarter of 2020, with further progress being made in revenue, and notwithstanding its decision to take a prudent approach to loan loss adjustments by increasing collective provisions, ended the quarter with **pre-tax profit for the period of 7.2 million euro**, a five-fold increase over the previous quarter, and **net profit of approximately 4.5 million euro**.

The **Bank's assets** remained essentially unchanged at **3.1 billion euro** compared to the quarter ended 31 December 2019. **Customer loans rose to 1,662 million euro** compared to 1,638 million at the end of 2019, that had already seen strong growth. As part of this total, the SME Division's loans rose by 5% over the year-end figure (of which +7% Cross-over and Acquisition Finance business and +17% Turnaround business); on the other hand the limited growth in the DCIS Division[1] reflects the seasonality typical of this business, which sees distressed credit transactions concentrated in the last part of the year, and the effect of the sale of certain positions.

The Bank's robust **liquidity** base, consisting of cash, net interbank position and high-quality liquid assets and other marketable securities and amounting to approximately **750 million euro** was confirmed **at 31 March 2020**.

Direct funding by the Bank's retail and corporate customers rose further in the first quarter of the year to reach **1.7 billion euro** (+7% over 31 December 2019). Growth was primarily driven by the direct digital bank *illimitybank.com*, whose activities continued in the first quarter with around 7,000 new customers and an increase in deposits of 12% compared to the end of last year, consistent with lower funding targets following its successful launch in 2019.

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[1] Distressed Credit Investment & Servicing, previously known as the NPL Investment & Servicing Division.

The Bank's CET1 ratio confirmed a robust position at 18.7%, a decrease over the figure of 21.4% at the end of 2019, mainly due to the effect of the goodwill arising from the acquisition of IT Auction, consolidated from 1 January 2020, and the negative valuation reserve of 11 million euro arising from the HTCS securities caused by market volatility. These are high quality liquid assets having an average duration of around 3 years. Considering the positive effect of approximately 7.7 million euro resulting from the buyout of the remaining 30% of IT Auction, to be realised by way of a capital increase reserved to its shareholders other than the Bank, and the inclusion in the Bank own funds of special shares for 14.4 million euro following the completion of the approval process by the EBA, the Bank's pro-forma CET1 ratio would end up at around 20%. The Bank's pro-forma CET1 ratio does not include yet the effects of the national and international measures approved in support to businesses and banks.

Risk-weighted assets increased by 9% to **2.3 billion euro** in the quarter as the result of an increase in financial assets and interbank exposure, a component which will be gradually replaced as new customer business will be booked.

In terms of economic results **revenue before non-recurring items rose once again in the first quarter** (+10% compared to the fourth quarter of 2019). The Distressed Credit Investment & Servicing Division posted an excellent performance, with collections exceeding expectations, generating profits of 9 million euro from sales of positions and discounted pay-off settlements, in advance and at a higher value compared to the respective business plans. The Division additionally benefited from the positive effects in terms of commission income arising from the first-time consolidation of IT Auction. The SME Division also showed constant progress, with new business volumes rising in particular in the factoring business.

The Bank decided to follow a **prudent approach** in the quarter, consistent with a COVID-19 scenario, which led to **loan loss adjustments of 2.7 million euro** (annualised cost of risk of 118bps[2] compared to 46bps in the fourth quarter 2019). In light of the negligible deterioration to date in the loan portfolio of the Bank's SME Division, this increase can be entirely attributed to the estimated collective provisions needed to face a potential asset quality deterioration that might materialise in the future, depending on the economic effect of the crisis. This approach has led to a coverage ratio of over 1.5% for performing organic loans (excluding the factoring business, already covered to a large extent by credit insurance).

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Business outlook

The upcoming months will continue to be dominated by the situation caused by the COVID-19 emergency. The growth of the business, which continued into April, will accordingly have to take into account the uncertainty caused by the macroeconomic scenario and by the application of the supporting and regulatory measures, yet to be fully established. Capital preservation will therefore remain the central focus of illimity's strategy in 2020, also as a means of seizing new business opportunities. In this respect it is believed that the size and the competitive dynamic of the markets in which the Bank operates will continue to be very attractive in the future, even beyond our initial forecasts, and possibly open up additional new opportunities.

Revenue growth is expected to continue over the following quarters, in line with the forecast

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[2] Excluding value adjustments and corresponding exposures to financial institutions other than banks, the annualised cost of credit in the first quarter would be 124bps.

increase in business volumes and as the already agreed volumes of 112 million euro in the DCIS Division (mainly leasing) gradually being finalised and booked.

Operating expenses are expected to experience a moderate rise in 2020 in a logic of managing the cost basis in line with the planned rise in revenue.

Given the conservative approach taken by the Bank in its collective loan loss adjustment policy in the first quarter of the year, and the resulting provisions, on the assumption of an economic pick-up in 2021, the loan adjustments made in the following quarters are not expected to exceed the amount recognised in the first quarter in annualised terms.

A positive evolution in Common Equity Tier 1 Capital is expected over the upcoming quarters arising from profit generation, the buy-out of the remaining 30% of IT Auction by means of a capital increase reserved to its existing shareholders and the introduction of a series of initiatives including strategies of reducing capital absorption for new and existing assets, also by using the measures recently issued by the Government in support of enterprises' liquidity (measures known as the "Decreto Cura Italia" and "Decreto Liquidità"). Alongside these there will be the inclusion of special shares following the completion by the EBA of its approval procedure.

As the result of the economic situation arising from the emergency caused by COVID-19, an impact is expected on the Bank's earnings targets for 2020 as the result of a likely temporary slowdown in gross business origination and by the above-mentioned prudent approach to loan loss provisions. The benefits arising from the recently introduced measures in support of the banking sector and all the other sectors of the economy will contribute to further mitigating the effects of the new scenario on the Bank's results.

Corrado Passera, illimity CEO, commented: "*The COVID-19 emergency is a challenge for all of us, for the business world and the banking industry.*

However in what is an unprecedented situation the Bank has been able to affirm its dynamism, backed by a lean and highly technological organisation and business model. We reacted promptly, on the one hand by safeguarding our staff and ensuring full operational continuity by remote, providing daily support to our corporate clients to assist them in defining the best ways of running their business in the present phase.

All the initiatives we have promptly taken and the solid results we have achieved in the first quarter will help to limit the economic impacts of the COVID-19 emergency on the results initially targeted for 2020.

In the medium term we additionally believe that the size and competitive dynamic of the markets in which the Bank operates will not only confirm itself positive, but will also provide new and interesting opportunities. In this context the contribution to the country's relaunch that a bank such as illimity can provide, with its focus on businesses with solid growth and restructuring plans, on corporate distressed assets and on direct bank services, will become increasingly significant."

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illimity
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Key balance sheet figures

illimity began operations on 20 September 2018 following the acquisition by SPAXS of a controlling interest in Banca Interprovinciale. It is accordingly considered more useful to present a comparison of trends in results and balance sheet items at a progressive quarterly level.

IT Auction was consolidated for the first time in illimity in the first quarter of 2020.

Amounts in million euro

Reclassified Balance sheet	31.12 2019	31.03 2020	Δ 31.3.2020 / 31.12.2019
Cash and cash equivalent	772	219	(72%)
Due from banks and other financial institutions	345	657	90%
Customer loans	**1,638**	**1,662**	**1%**
- DCIS[1] investments	*667*	*674*	*1%*
- DCIS[1] senior financing	*341*	*334*	*(2%)*
- SME[2]	*527*	*556*	*5%*
- Cross-over & Acq. Finance[2]	*261*	*278*	*7%*
- Turnaround	*131*	*154*	*17%*
- Factoring	*135*	*123*	*(8%)*
- Non-core former Banca Interprovinciale	*103*	*99*	*(4%)*
Financial assets Held To Collect & Sell (HTCS)[3]	126	335	166%
Financial assets measured at FVTPL[4]	9	8	(13%)
Goodwill	22	36	67%
Intangible assets	19	22	13%
Other assets (Incl. Tangible and tax assets)	95	114	19%
Total assets	**3,025**	**3,052**	**1%**
Due to banks	377	468	24%
Due to customers	1,979	1,911	(3%)
Shareholders' Equity	544	537	(1%)
Other liabilities	125	135	8%
Total liabilities	**3,025**	**3,052**	**1%**

1. *DCIS: Distressed Credit Investment & Servicing Division (previously named NPL I&S)*
2. *This figure includes 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. *HTCS: Financial assets measured at fair value through comprehensive income*
4. *FVTPL: other financial assets at fair value through profit or loss. This item includes equity financial instruments purchased as part of a turnaround transaction and junior tranches acquired as part of senior financing transactions*

Any failure to reconcile the stated figures arise exclusively from rounding

SME Division

At 31 March 2020 the **net customer loans** of the **SME Division** had reached **556 million euro**, representing a rise of approximately 5.5% over 31 December 2019.

Within this total, the **Cross-over and Acquisition Finance** business displayed **solid growth in customer loans in the quarter to reach 278 million euro** (+7% over 31 December 2019), effectively reaching the business plan targets a year in advance. **Business origination[3]**

[3] Loans purchased or disbursed, including transactions agreed but yet to be booked (thus not yet income-producing),

continued in the first quarter of 2020 **to arrive at a total of 362 million euro by the end of April 2020 since the start of operations**, albeit with a more selective approach in a market filled with opportunities.

The **Turnaround** business – UTP exposures with restructuring and return to performing status prospects – which originated[4] 11 transactions for **a total of 180 million euro** between the **start of operations and the end of April 2020**, grew during the quarter, even if to a more limited extent. In addition, the management team of illimity SGR S.p.A., the asset management company 100% owned by the illimity group, expanded during the quarter, while the launch of the first fund, which will invest in UTP loans contributed in kind and/or sold by banks, is planned to take place during the year.

Factoring activities, which took off in July 2019 following the launch of the dedicated application integrated in the Bank's systems, enjoyed a strong boost in the first few months of 2020, developing **turnover of 161 million euro in the first quarter of 2020**, equal to 54% of the business generated in the whole of 2019, resulting in **loans of 123 million euro** outstanding at 31 March 2020. The positive dynamic of the first quarter of 2020, backed by the number of counterparties involved (more than 90 clients and over 500 debtors), suffered a slowdown in April due to the effects of COVID-19. Lastly, it should be remembered that the Bank has insurance cover on a considerable part of the portfolio.

Taken as a whole the **SME Division originated business worth around 660 million euro** between the start of operations in September 2018 and the end of April 2020.

Distressed Credit Investment & Servicing ("DCIS") Division

Following the significant business growth achieved in 2019 the **Distressed Credit Investment & Servicing Division's** investment activities also continued in the first quarter of 2020, concluding purchases of distressed loans of approximately **37 million euro**, an increase over the figure of 21 million euro for the first quarter of 2019. The **stock of customer loans amounted to 674 million euro** in the quarter, representing a slight rise (1%) over the figure at the end of 2019. Quarterly growth would be approximately 6% taking into account the sale of non-core retail portfolios and certain distressed loan positions, in line with the recovery strategies being pursued by the Bank.

Including the investments of 90 million euro made in 2018 and those of 630 million euro made in 2019, by the end of April the Bank had concluded transactions for investments in distressed loans amounting in total to approximately 757 million euro. To this should be added investments of 112 million euro for which agreements have already been entered but which have yet to be booked, which take the **total of originated business**[5] from the start of operations to the end of April 2020

owing to a settlement structure based on multiple tranches or a time lag between the signing of the contract and the date of loan disbursement or completion of the transaction. This aggregate additionally includes part of the net loans to existing customers of Banca Interprovinciale, amounting to 69 million euro, as their features are considered to be consistent with illimity's SME segment. Non accounting figures.

[4] Loans purchased or disbursed, including 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 contract and the date of loan disbursement or completion of the transaction. This aggregate additionally includes quasi-equity instruments purchased as part of turnaround transaction. Non accounting figures.

[5] Distressed loans purchased, including 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 onboarding. Non accounting figures.

to **869 million euro**.

It is recalled that on 9 January 2020 **neprix**, the illimity Group company in which all the Bank's distressed loan servicing activities are concentrated, completed the acquisition of 70% of **IT Auction** – a company specialising in the management and remarketing of capital goods and real estate assets by way of online auctions on its portals network – on the basis of a pro-rata enterprise value of 10.5 million euro. On 5 March 2020, illimity's Board of Directors approved an **extraordinary transaction to purchase the remaining 30% of the company** – held by its current shareholders, including senior management of the company – with the aim of acquiring 100% ownership of the company and fully integrating it into the illimity banking group. This acquisition will be carried out by increasing the Bank's share capital by approximately 7.7 million euro, reserved to the current shareholders of IT Auction other than the Bank, and therefore with the exclusion of pre-emption rights pursuant to article 2441, paragraph 4, of the Italian civil code, with consideration being settled through the contribution in kind by the current shareholders of their shareholdings, which represent the remaining 30% of IT Auction's share capital. By acquiring IT Auction, neprix establishes itself as the first integrated operator specialising in corporate distressed credit with widespread coverage throughout Italy. At 31 March 2020, **managed assets** in terms of the gross book value ("GBV") of the loans and real estate and business assets under management, amounted to approximately **8.5 billion euro**.

Lastly, the **Senior Financing** unit concluded transactions amounting to a total of **11 million euro** in the first quarter of 2020, mostly in support of leading investment funds and companies specialising in the purchase of non-performing loans. Considering also the business of 339 million euro developed in 2019 and that of 51 million euro developed in 2018, disbursements of senior financing totalling **approximately 401 million euro** were made between the start of operations and the end of April 2020.

Taken as a whole, the **Distressed Credit Investment & Servicing Division originated business**[6] **of over 1.2 billion euro** between the start of operations and the end of April 2020.

Direct Bank Division

The activity of the direct digital bank ***illimitybank.com*** continued in the first quarter of the year: direct customer funding amounted to approximately **819 million euro** at the end of March 2020, a rise of 12% over the corresponding figure at the end of 2019, split between current accounts and deposits of which 60% with maturities equal to or greater than 4 years. By the end of April funding had risen to approximately **835 million euro**.

The bank continued to attract additional customers, **gaining around 7,000 new customers in the quarter**, thereby taking the total to around 30,500 at the end of March and **32,000 at the end of April**. Approximately 83% of the customer base is active, and it is estimated that of these customers around 25% use *illimitybank.com* as their bank of reference.

In the same period, direct funding from retail and corporate customers acquired by illimity on offline channels rose slightly, while the contribution from the partnership with Raisin - the pan-European platform for the collection of retail deposits on the German market - remained

[6] Loans purchased or disbursed, including 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. Non accounting figures.

unchanged. Taken as a whole, **illimity direct customer funding** through its digital channel *illimitybank.com*, the partnership with Raisin and retail and corporate customers acquired offline currently exceeds **1.7 billion euro**, an increase over the figure of 1.6 billion euro at the end of December 2019.

In addition the development continues of the new services of the Bank, the first in Italy to introduce Payment Initiation Services (PIS) which enable customers to make payments from several current accounts aggregated on a single platform, *illimitybank.com*. By way of this initiative illimity is aiming to establish itself as the leading integrated management platform for the finances of its customers, to whom it will continue to provide an increasingly advanced range of functionalities and services.

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At 31 March 2020, illimity's total assets remained stable compared to the end of 2019 at approximately 3 billion euro.

Putting into practice its announced strategy in the **securities portfolio**, the Bank initiated the investment process during the first quarter of 2020 by purchasing hig-quality liquid securities, mostly Italian government bonds with a short term duration. At 31 March 2020 illimity's securities portfolio amounted to **335 million euro** compared to 126 million euro at the end of 2019, fully classified in the Hold to Collect and Sell strategy, of which approximately 75.6% relating to Italian government bonds, approximately 16.4% to corporate senior bonds and 8.0% to subordinated bonds. As a result of the significant volatility of the market at the end of the quarter, the post-tax mark-to-market of the securities portfolio was negative by approximately 11 million euro.

At the end of March 2020 illimity had a robust **liquidity base of 750 million euro**, consisting of cash, net interbank position and high-quality liquid assets and other marketable securities.

At the end of March 2020, the stock of the Bank's **gross organic doubtful loans** amounted to **38.3 million euro**, a slight increase over 31 December 2019. Due to the growth in volumes, the ratio between gross doubtful organic loans and gross total organic loans to customers at the same date (and therefore excluding purchased NPLs and UTPs) had fallen further to approximately 3.9% from around 4.2% at the end of December 2019. The stock of **net doubtful organic loans** amounted to **20.0 million euro** at the end of March 2020, this too representing a slight increase over the previous quarter and corresponding to a ratio between net doubtful organic loans and net total loans to customers (excluding purchased NPLs and UTPs) of approximately 2.1% compared to 2.2% in the previous quarter.

The Bank's CET1 ratio confirmed a robust position at 18.7%, a decrease compared to the figure of 21.4% at the end of 2019 mainly due to the acquisition of 70% of IT Auction, consolidated from 1 January 2020, which led to a negative effect on CET1 capital of approximately 16.5 million euro arising from goodwill and other intangible assets. Part of this effect will be reabsorbed by the end of June 2020 as the result of the completion of the buyout of the remaining 30% of the company, to be achieved through a capital increase of approximately 7.7 million euro reserved to the shareholders of IT Auction other than the Bank as announced on 9 January 2020. To the effects arising from the acquisition of IT Auction in the period should be added the negative valuation reserve of 11 million euro caused by the consequences of market volatility on the Bank's HTCS securities portfolio.

Risk-weighted assets increased by 9% in the quarter to **2.3 billion euro** as the result of an increase in financial assets and interbank exposure, a component which will be gradually replaced as new customer business will be booked.

The **Liquidity Coverage Ratio** was over 1,000% at the end of the first quarter, confirming a significant liquidity buffer, while the **Net Stable Funding Ratio (NSFR)** was considerably above the minimum regulatory requirements.

Key income statement figures

The results of IT Auction are consolidated in illimity from the first quarter of 2020.

Amounts in million of euro

Reclassified Profit & Loss	4Q19	1Q20	Δ 1Q20/ 4Q19 %
Interest income	27.5	32.1	16%
Interest expenses	(9.4)	(10.6)	13%
Net interest income	**18.1**	**21.4**	**18%**
Net fees and commissions	1.5	2.5	65%
Net result from trading	8.9	3.7	(58%)
Net other income/expenses	1.6	0.0	(97%)
Gains from closed purchased distressed credit positions[1]	9.1	9.1	0%
Operating income	**39.3**	**36.8**	**(6%)**
Staff costs	(9.1)	(11.3)	25%
Other operating expenses	(18.7)	(15.9)	(15%)
Depreciation & Amortisation	(1.1)	(1.8)	64%
Operating costs	**(28.8)**	**(29.0)**	**1%**
Operating profit	**10.4**	**7.8**	**(26%)**
Loan loss provision charges	(1.0)	(2.7)	165%
Value adjustments on purchased distressed credit	(8.2)	2.8	n.s.
Value adjustments on HTC securities and loans to banks	0.1	(0.3)	n.s.
Other net provisions	0.1	(0.5)	n.s.
Provisions for risks and charges	0.1	0.1	n.s.
Profit (loss) before tax	**1.4**	**7.2**	**408%**
Income tax	0.6	(2.7)	n.s.
Net result	**2.1**	**4.5**	**119%**

1. *Gains from definitive closure of non-performing exposures either through disposal to third parties or through discounted payoff strategy (the so-called "saldo e stralcio") agreed with the debtor.*

Any failure of the stated figures to reconcile is due exclusively to rounding.

Interest income accelerated further in the first quarter of 2020, with a **rise of 16% being achieved over the previous quarter**, driven by the business originated in the final months of 2019 (and amounting to approximately 160 million euro).

Interest expense increased by 13% over the previous quarter as a result of the mentioned increase in funding and the partial shifting of wholesale funding towards relatively more expensive sources. As a consequence of these dynamics, **net interest income** amounted to **21.4 million euro** in the first quarter of 2020, **a rise of 18%** over the previous quarter. The DCIS Division provided a significant contribution, in line with what envisaged in the business plan.

Net fees and commissions amounted to approximately **2.5 million euro** in the first quarter of 2020, representing significant growth (of 65%) over the previous three months **as a result of the contribution provided by IT Auction**, whose results are consolidated in illimity from the first quarter of 2020.

Trading income amounted to 3.7 million euro, being the result of the Bank's portfolio being reshaped, which as stated earlier does not include instruments classified as Hold to Collect.

In order to provide a more effective representation of the Bank's performance in this business, a reclassification of the economic components of the DCIS Division was carried out in the first quarter of 2020. The gains achieved on the definitive settlement of distressed credit positions achieved by means of payment recovery strategies agreed with the debtor ("discounted payoff" strategy or so-called "saldo e stralcio") and the sale of positions are now included as revenue. This component, which for accounting purposes is classified under line item 130 of the income statement ("Net write-downs/write-backs from credit risks"), will henceforth be broken down in the two items "Gains from closed purchased distressed credit positions" – reclassified as revenue – and "Value adjustments on purchased distressed credit" – which will continue to be presented as value adjustments. For consistency of presentation, the results for the fourth quarter of 2019 have also been classified using this criterion.

During the first quarter the **DCIS Division** generated **income from closed positions, based on the above-mentioned definition, of approximately 9.1 million euro**.

Including this item, **operating income** closed at **36.8 million euro** in the first quarter of 2020 compared to 39.3 million in the previous quarter. Excluding the non-recurring items recognised in both quarters and relating mainly to income from securities portfolio trading, **quarterly revenue would rise by approximately 10%**.

Operating expenses in the first quarter of 2020 remained **stable** at approximately 29.0 million euro. They include 1.8 million euro of costs related to IT Auction and 0.8 million euro of non-recurring items.

As a result of the above movements the cost-income ratio for the first quarter of 2020 reached 79%, slightly higher than the reclassified figure for the previous quarter (of 73%).

As stated earlier, the Bank decided to adopt a conservative approach consistent with the COVID-19 situation, which led to a **write-down in customer loans** of 2.7 million euro. Including exposures to financial institutions other than banks, these adjustments correspond to an **annualised organic cost of risk** of approximately **118bps** in the first quarter of 2020, representing an increase over the previous quarter. Excluding value adjustments and the corresponding exposures to financial institutions other than banks, the annualised cost of risk amounts to **124bps** for the first quarter. In light of the negligible deterioration to date in the loan portfolio of the SME Division, the increase in the adjustments can be wholly attributed to the collective provisions estimated to protect against a potential deterioration in positions that might materialise in the future, depending on the economic effect of the crisis. This approach has led to a **coverage ratio of the Bank's performing loans at 31 March 2020 of over 1.5%**, excluding the factoring business which is already covered to a large extent by credit insurance.

As a result of the above dynamics, **the quarter ended with net profit of 4.5 million euro**.

Pursuant to Article 154 bis, paragraph 2, of Legislative Decree no. 58/1998 (the Consolidated Law on Finance), the Financial Reporting Officer, Mr. Sergio Fagioli, declares that the accounting information contained in this press release corresponds to the documented results and the accounting books and records.

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illimity management will present the results for the first quarter of 2020 to the financial community today 12 May 2020 at 9:00 a.m. CET. The event can be followed by Live Audio Webcast using the following link: http://87399.choruscall.eu/links/illimity200512.html or by conference call on the following numbers.

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illimity Bank S.p.A.

illimity is the high-tech bank specialising in lending to SME and headed by Corrado Passera. illimity extends financing to high-potential businesses even if they still have a low credit rating or are unrated, including the non-performing (Unlikely-to-Pay) SME segment; it also purchases secured and unsecured distressed corporate loans and services these through its platform, neprix. Finally, it provides innovative direct digital banking services for retail and corporate customers through its digital direct bank, **illimitybank.com.** The story of **illimity** began in January 2018 with the launch of SPAXS S.p.A. - the first Italian entrepreneurial 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 SPAXS 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**").

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CONSOLIDATED BALANCE SHEET

(values in thousands of euro)

		31.12.2019	31.03.2020
10	Cash and cash balances	772,125	219,063
20	Financial assets measured at fair value through profit or loss	8,665	7,567
	a) financial assets held for trading	63	62
	b) financial assets designated at fair value	-	-
	c) other financial assets mandatorily measured at fair value	8,602	7,505
30	Financial assets measured at fair value through other comprehensive income	125,788	335,187
40	Financial assets measured at amortised cost	1,982,722	2,318,513
	a) due from banks	344,858	566,799
	b) loans to customers	1,637,864	1,751,714
50	Hedging derivatives	-	-
60	Fair value change of financial assets in hedged portfolios (+/-)	-	-
70	Investments in associates and companies subject to joint control	-	-
80	Tangible Assets	25,395	25,775
90	Intangible assets	40,804	57,808
	of which goodwill	21,643	36,224
100	Tax assets	37,061	39,043
	a) current	5,127	3,152
	b) deferred	31,934	35,891
110	Non-current assets held for sale and discontinued operations	-	-
120	Other assets	32,662	48,814
	Total Assets	**3,025,222**	**3,051,770**

(values in thousands of euro)

		31.12.2019	31.03.2020
10	Financial liabilities measured at amortized cost	2,377,250	2,401,891
	a) due to banks	*376,747*	*468,190*
	b) due to customers	*1,985,145*	*1,923,399*
	c) debt securities issued	*15,358*	*10,302*
20	Financial liabilities held for trading	-	-
30	Financial liabilities designated at fair value	-	7,719
40	Hedging derivatives	-	-
50	Adjustments in value of generic hedging financial liabilities (+/-)	-	-
60	Tax liabilities	770	2,156
	a) current	*53*	*1,125*
	b) deferred	*717*	*1,031*
70	Liabilities associated with non-current assets held for sale and discontinued operations	-	-
80	Other liabilities	100,568	100,006
90	Employee termination indemnities	1,097	1,712
100	Provisions for risks and charges:	1,082	1,047
	a) commitments and guarantees issued	*598*	*459*
	b) pensions and similar obligations	*-*	*3*
	c) other provisions for risks and charges	*484*	*585*
110	Valuation reserves	939	(10,946)
120	Redeemable shares	-	-
130	Equity instruments	-	-
140	Reserves	36,188	20,217
150	Share premium reserves	480,156	480,156
160	Share capital	43,408	43,408
170	Treasury shares	(96)	(96)
180	Profit (loss) for the period attributable to the Group (+/-)	(16,140)	4,500
	Group equity	**544,455**	**537,239**
	Profit (loss) for the period attributable to minority interests (+/-)	-	-
	Equity of minority interests	**-**	**-**
	Total liabilities and equity	**3,025,222**	**3,051,770**

BANCA OLTRE LA FORMA

CONSOLIDATED INCOME STATEMENT

(values in thousands of euro)

		4Q19	1Q20
10	Interest income and similar income	27,543	32,061
20	Interest expenses and similar charges	(9,416)	(10,627)
30	**Net interest margin**	**18,127**	**21,434**
40	Commission receivable	3,662	3,862
50	Commission expense	(2,148)	(1,366)
60	**Net commission**	**1,514**	**2,496**
70	Dividends and similar income	-	-
80	Net trading result	41	2
90	Net hedging result	-	-
100	Gain (loss) from disposal and repurchase of:	9,363	4,914
	a) financial assets measured at amortized cost	*7,710*	*-*
	b) financial assets measured at fair value through other comprehensive income	*1,653*	*4,916*
	c) financial liabilities	*-*	*(2)*
110	Gain (loss) on other financial assets and liabilities measured at fair value through profit or loss	(513)	(1,220)
	a) financial assets and liabilities designated at fair value	*(1)*	*-*
	b) other financial assets subject to mandatory fair-value valuation	*(512)*	*(1,220)*
120	**Net interest and other banking income**	**28,532**	**27,626**
130	Net write-downs/write-backs for credit risks relating to:	(38)	8,399
	a) financial assets measured at amortized cost	*(93)*	*8,936*
	b) financial assets measured at fair value through other comprehensive income	*55*	*(537)*
140	Gain/loss from contract amendments without cancellations	-	-
150	**Net result from banking activities**	**28,494**	**36,025**
160	Net insurance premiums	-	-
170	Other net insurance income/expenses	-	-
180	**Net result from banking and insurance activities**	**28,494**	**36,025**
190	Administrative expenses:	(28,180)	(27,389)
	a) staff costs	*(9,263)*	*(11,260)*
	b) other administrative expenses	*(18,917)*	*(16,129)*
200	Net provisions for risks and charges	124	105
	a) commitments and financial guarantees issued	*62*	*141*
	b) other net provisions	*62*	*(36)*
210	Net value adjustments to/recoveries on tangible assets	(539)	(660)
220	Net value adjustments to/recoveries on intangible assets	(578)	(1,173)
230	Other operating income/expenses	2,088	253
240	**Operating expenses**	**(27,085)**	**(28,864)**
250	Profit (loss) on investments in associates and companies subject to joint control	-	-
260	Valuation differences on tangible and intangible assets measured at fair value	-	-
270	Adjustments in value of goodwill	-	-
280	Gain (loss) from disposal of investments	-	-
290	**Pre-tax profit (loss) before tax from continuing operations**	**1,409**	**7,161**
300	Tax income (expenses) for the period on continuing operations	645	(2,661)
310	**Profit (loss) after tax from continuing operations**	**2,054**	**4,500**
320	Profit (loss) after tax from discontinued operations	-	-
330	**Profit (loss) for the period**	**2,054**	**4,500**
340	Profit (loss) for the period attributable to minority interests	-	-
350	**Profit (loss) for the period attributable to the Parent Company**	**2,054**	**4,500**