

ILLIMITY'S BOARD OF DIRECTORS APPROVES THE DRAFT ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019, CONFIRMING ILLIMITY REACHED 3 BILLION EURO ASSETS IN THE FIRST YEAR OF ACTIVITY, WITH A POSITIVE NET RESULT IN THE FOURTH QUARTER

THE ACQUISITION OF THE REMAINING 30% OF IT AUCTION IS APPROVED

RESOLUTION TO CONVENE THE SHAREHOLDERS' MEETING ON 22 APRIL 2020

Milan, 5 March 2020 – At its meeting today the Board of Directors of **illimity Bank S.p.A.** (“**illimity**” or the “**Bank**”) **approved the Bank's draft annual account and the Group's draft consolidated financial statements at 31 December 2019**, confirming the preliminary results for the year already approved by the Board and disclosed in a press release on 12 February, to which reference should be made.

illimity achieved significant results in 2019, the first year of the Bank's activity, **meeting all the deadlines and strategic objectives set in its business plan**. The construction of illimity was completed during the year with the launch of the direct digital bank, the set-up of the distressed loans servicing platform – which ensures a distinctive positioning on the market – and with SME lending activities, investment activities together with the provision of financing services in the distressed loan segment becoming fully operational. In addition, **the team was completed and strategic initiatives** going beyond those envisaged in the plan **got under way**. In its first year of activity illimity **assets reached 3 billion** and the Bank posted a **net profit already in the fourth quarter of 2019**.

The approval of the draft annual accounts includes the proposal to carry forward the consolidated loss of 16.1 million euro for 2019 to the following year.

At today's meeting illimity's Board of Directors also approved an **extraordinary transaction for the acquisition of the entire share capital of IT Auction S.r.l.** (“**IT Auction**”) by purchasing the remaining 30% currently held, through the vehicle Core S.r.l., essentially by the company's shareholders including senior management who sold the Bank the original 70% interest on the basis of an agreement announced in June 2019. This step is aimed at acquiring full ownership of the company and be able to integrate it fully into the illimity Banking Group.

In this respect on 25 June 2019 illimity entered a preliminary agreement with the shareholders of IT Auction for the purchase – through its subsidiary Neprix S.r.l. (“**Neprix**”) – of a controlling interest of 70% in IT Auction's share capital, subsequently completed on 9 January 2020. By way of this acquisition, illimity gives rise to the first operator specializing in Corporate distressed credit with a distinctive end-to-end positioning thanks to its ability to cover the entire value chain in non-performing loan management, ranging from acquisition to management to the best possible sale on the market of the assets associated with those loans.

In light of the positive results of the collaboration initiated in 2019 and the results for the year achieved by IT Auction, arriving at a 100% interest in the company also has the aim of accelerating

the full integration of the company into the illimity Group – from both an organisational and corporate standpoint – with the objective of fostering commercial synergies to the full, given the extent to which IT Auction’s business complements the activities of illimity and Neprix, and of making organisational and operational processes more efficient by rationalising the corporate structure.

This operation - conditional, *inter alia*, on obtaining the prescribed authorisations from the Bank of Italy pursuant to article 56 of Legislative Decree no. 385/1993 (the Consolidated Law on Banking or “TUB”) for the consequent changes to be made to the bylaws and which will be submitted for approval to the forthcoming Shareholders’ Meeting of illimity - will be carried out through an increase in the Bank’s share capital reserved for the current shareholders of IT Auction, and therefore with the exclusion of pre-emption rights pursuant to article 2441, paragraph 4, of the Italian civil code, with a contribution-in-kind being made by the current shareholders of the vehicle Core S.r.l., which holds all the shares representing the remaining 30% of IT Auction’s share capital. For the purposes of the transaction the vehicle Core S.r.l. has been valued on the basis of an enterprise value of 100% of IT Auction’s share capital established in 22.5 million euro, adjusted to take account of the net financial position and re-proportioned to the investment held in Core S.r.l., as agreed by the parties involved. The value of the contribution has been confirmed by an appraisal performed by an independent expert pursuant to article 2443-ter, paragraph 2b), of the Italian civil code. The documentation underlying the proposal to be used for the Shareholders’ Meeting, including the report on the capital increase, will be made available following the notice of call of the Meeting and within the time period laid down by law.

New illimity ordinary shares for allocation to the contributing shareholders will be issued against the contribution, having the same rights as currently outstanding illimity ordinary shares. The new illimity ordinary shares will be issued at 10.0037 euro each, being the volume weighted average stock market price for the three months preceding 29 February 2020. As a result of the above matters, the capital increase will amount to approximately 7.7 million euro and the newly issued illimity ordinary shares will represent approximately 1.2% of the currently outstanding ordinary shares.

Following the integration, the main shareholder of the vehicle Core S.r.l, who is also IT Auction’s founder and CEO and who as the result of the closing on 9 January has already taken on an important managerial role in the organisation of Neprix, has assumed a three-year lock-up commitment towards illimity with respect to the new ordinary shares issued as part of the capital increase, in accordance with best market practice for similar transactions.

The above transaction as a whole has been submitted to the Committee for Transactions with Related Parties and Parties Associated with the Bank for its opinion, to the extent of its competence.

The Bank further announces that by way of a letter dated 2 March 2020, Sigieri Diaz della Vittoria Pallavicini handed in his resignation as an independent director of illimity with effect from the date of the meeting of the Bank’s shareholders scheduled for April, in light of present and future professional commitments which will no longer enable him sufficient time to dedicate to the Bank’s activities. In a letter dated 3 March 2020, the shareholder SDP RAIF Genesis, through fund manager SDP Capital Management Ltd., notified the Bank that it would like to propose the name of Luca Rovati as a supplementary member of illimity’s Board of Directors.

At its meeting today illimity’s Board of Directors approved a resolution to call a combined Ordinary

and Extraordinary General Meeting of the Shareholders of illimity Bank S.p.A. at Via Soperga 9, Milan at 10:00 a.m. on 22 April 2020.

The meeting will discuss and adopt resolutions on the following matters:

- The annual accounts at 31 December 2019 accompanied by the Report of the Board of Directors, the External Auditors' Report and the Report of the Statutory Auditors. Presentation of the consolidated financial statements at 31 December 2019.
- The Report on remuneration policy and compensation pursuant to article 123-*ter* of the Consolidated Law on Finance.
- A remuneration scheme based on financial instruments for the Chief Executive Officer and Top management, pursuant to article 114-*bis* of the Consolidated Law on Finance.
- Regulation of the MBO incentive plan (for 2020).
- Authorisation for the purchase and disposal of treasury shares.
- An increase in the share capital of illimity Bank S.p.A. with the exclusion of pre-emption rights pursuant to article 2441, paragraph 4, of the Italian civil code to be carried out by way of a contribution to the Bank of the interest representing 100% of the share capital of Core S.r.l. (which holds 30% of the share capital of IT Auction S.r.l.). Amendments to the Bank's bylaws.
- Integration of the Board of Directors by appointment of a director.

The notice of call of the Shareholders' Meeting and the documentation relating to the approval of the annual accounts at 31 December 2019, including the Report on corporate governance and ownership structure pursuant to article 123-*bis* of the of the Consolidated Law on Finance, the reports on the other items on the agenda and the relevant documentation will be published and made available to the public in accordance with the procedures and time limits laid down by current law.

In conclusion, it is noted that by way of a provision dated 25 February 2020 the Supervisory Authority authorised **illimity SGR S.p.A.**, a wholly owned subsidiary of illimity, to provide collective asset management services pursuant to article 34 of the Consolidated Law on Finance. This provision confirms the effective start of operations by illimity SGR S.p.A..

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 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").