

Press release

THE BOARD OF DIRECTORS APPROVES THE CONSOLIDATED HALF-YEAR REPORT AS AT JUNE 30, 2018

Consolidated financial highlights as at June 30, 2018 compared with June 30, 2017.

- **Gross revenues: €105.3 million**, broadly unchanged on €105.1 million;
- **Net revenues: €94.4 million**, unchanged compared with €94.5 million;
- **EBITDA: €34.1 million, +13%** compared with €30.3 million;
- **EBITDA margin: 32%**, up 3 percentage points compared with 29%;
- **Net profit: €21.0 million, +7%** compared with €19.7 million;
- **Net financial position: a positive (cash) €29.7 million**, after dividend payments of €30.9 million (a positive €38.6 million at December 31, 2017);
- **CET1 ratio: 28.7%** compared with 26.4% at December 31, 2017 (CET1 of CRR Group at 24.3% compared with 29.8% at December 31, 2017).

Portfolio under management

- **Gross book value of assets under management (GBV) amounted to €86.8 billion**, an increase on the €76.7 billion registered at the end of 2017 and the €79.5 billion at June 30, 2017 as a result of the gradual on-boarding of new servicing contracts over the course of the first half, amounting to more than €12 billion in GBV;
- **Collections amounted to €882 million**, down 1% compared with the €888 million posted at June 30, 2017. 2018 collections only partially reflected the impact of new servicing mandates, acquired during the period, and compare with 2017 collections which displayed a higher concentration in the first half of the year, also due to a different timing of the incentive system, making comparisons more difficult.

Andrea Mangoni, Chief Executive Officer of doBank, remarked: *“We are working to achieve the targets set out in the 2018-2020 Business Plan presented last June. doBank is especially proud of our agreement with the four systemic banks in Greece, which involves a portfolio of €1.8 billion in UTPs and NPLs, the most important servicing contract signed to date in the local market. The portfolio will be managed by the doBank Hellas branch and was obtained through a competitive process that saw the participation of 30 of the main servicers in Italy and Europe”.*

doBank S.p.A.

Piazzetta Monte, 1 – 37121 Verona (VR)
T: 800 44 33 94 – F: +39 045 8764 831
Mail: info@dobank.com
dobank.pec@actaliscertymail.it
Sito web: www.dobank.com

doBank S.p.A. – Sede Legale in Verona, Piazzetta Monte n. 1
Banca iscritta all'Albo delle Banche e Capogruppo del Gruppo Bancario doBank – Albo dei Gruppi Bancari cod. 10639, cod. ABI 10639 – Iscrizione al Registro Imprese CCIAA di Verona CCIAA/NREA: VR/19260 – Codice Fiscale n° 00390840239 e Partita IVA n° 02659940239 – Capitale Sociale € 41.280.000 interamente versato – Aderente al Fondo Interbancario di Tutela dei Depositi.

Bari: Via Abate Giacinto Gimma, 93 - Bologna: Galleria Ugo Bassi 1 - Brescia: Via Sorbanella, 26 - Catania: Corso Italia, 104 - Firenze: Via Spartaco Lavagnini, 44/C - Lecce: Via Giacomo Leopardi, 132 - Messina: Via XXVII Luglio, 62 - Milano: Viale Brenta 18/B - Napoli: Piazza Municipio, 4 - Palermo: Via del Fervore 15 - Perugia: Via Francesco Baracca, 5 - Roma: Lungotevere Flaminio, 18; Via Mario Carucci, 131 - Torino: Via Nizza, 150 - Verona: Via Giuseppe Garibaldi, 2 - doBank Hellas Branch: Atene Leoforos Kifisias 66, 15125 – Marousi

Verona, August 7, 2018 – The Board of Directors of doBank S.p.A. (the “**Company**” or “**doBank**”) today approved the Consolidated Half-Year Report as at June 30, 2018.

In the first half of 2018, doBank had **gross revenues** of €105.3 million, unchanged compared with €105.1 million in the first half of 2017.

Servicing revenues, the Group’s core business accounting for 90% of total revenues, amounted to €94.6 million, compared with €95.8 million (-1%) in the same period of the previous year, essentially due to a decline in portfolio transfer indemnities in view of the smaller size of the portfolio under management sold by customers (€0.4 billion at June 30, 2018 compared with €1.9 billion in the same period of 2017). There were slight increases in revenues from base fees, reflecting the increase in assets under management, and in performance fees, the effect of an increase in the average fee. The change in servicing revenues was affected by the partial impact of new servicing contracts in the first half of 2018 and by differences in the concentration of collections in the first half of 2017, which was greater than in the two previous years (the first half of 2017 accounted for 48% of the total for that year, compared with an average of 40% in the first halves of 2015 and 2016), making the comparison with 2018 more difficult.

Revenues from co-investment and revenues from ancillary products and minor activities totalled €10.6 million, an increase of 14% compared with the first six months of 2017 (10% of total revenues, thereby achieving the target for end-2019 well in advance). The performance benefitted from the revenues produced by the ABSs of the Romeo SPV and Mercuzio Securitisation securitisations and the growth in revenues from business information services, due diligence, master servicing activities and other administrative services. The increase of 3% in outsourcing fees, from €10.6 million in the first half of 2017 to €10.9 million in the first half of 2018, reflected a reduction in fee and commission expense connected with servicing activities (-€0.6 million) as a result of making less use of the external network, and an increase in fee and commission expense connected with ancillary products, which have been reclassified under fee and commission expense as from the first half of 2018, having previously been classified under operating expenses. Accordingly, **net revenues** amounted to €94.4 million at June 30, 2018, virtually unchanged compared with the first six months of 2017 (€94.5 million).

Operating expenses amounted to €60.3 million, compared with €64.2 million in the first half of 2017. The decline is attributable to a reduction in IT costs as a result of making less recourse to outsourced services and to the absence of projects present in 2017. A smaller factor was the cost saving achieved in general expenses. As expected, staff expenses increased (from €40.5 million in the first half of 2017 to €45.1 million in the first half of 2018) as a result of the strengthening of top management and the introduction of the new post-listing incentive system.

EBITDA as at June 30, 2018 amounted to €34.1 million, up 13% compared with the same period of the previous year (€30.3 million). As a percentage of revenues, EBITDA rose from 29% in the first half of 2017 to 32% in the first half of 2018, an increase of 3 percentage points.

Net profit as at June 30, 2018 amounted to €21.0 million, up 7% compared with €19.7 million at June 30, 2017. The slower growth in net profit compared with that posted in EBITDA is attributable to higher taxes, which in 2018 reflected the provisioning of the charge for the DTA fee of €956 thousand, a charge that was not present in 2017 owing to legislation passed that year (Law 15 of February 17, 2017 ratifying the “Bank Rescue” decree).

Net working capital amounted to €76.6 million, an improvement compared with €78.3 million at December 31, 2017 and with €107.0 million at June 30, 2017. The improvement was associated with the expansion of the Investors customer portfolio, which has a more favourable working capital cycle.

The **net financial position was a positive** €29.7 million (cash) at June 30, 2018, compared with €38.6 million

at the end of 2017 and a negative €8.1 million (debt) at June 30, 2017. It was characterised by the absence of bank debt. The positive net financial position is especially significant considering the fact that during the period the Group paid dividends of €30.9 million and finalised the investment in units of the Italian Recovery Fund (formerly Atlante II) with an additional outlay of €13 million.

Tax assets amounted to €87.5 million at June 30, 2018, a moderate decrease compared with the end of 2017 (€94.2 million), mainly reflecting the reversal of assets on prior-year tax losses.

The **CET1 ratio** was 28.7%, compared with 26.4% at December 31, 2017 (the CET1 ratio for the CRR Group was 24.3%, compared with 29.8% at December 31, 2017).

Portfolio under management

Assets under management (GBV) at June 30, 2018 **amounted to €86.8 billion**, compared with €79.5 billion a year earlier and €76.7 billion at the end of 2017. The increase in the portfolio of loans under management reflected the more than €12 billion in GBV of new servicing contracts. In February, the portfolio transferred by REV, the Berenice portfolio and other smaller portfolios were on-boarded, while in March the Group began the on-boarding of the portfolio of loans originated by the MPS Group under a contract with the Italian Recovery Fund. The new servicing contracts were accompanied by about €0.7 billion (GBV) in new volumes from existing customers as well ordinary developments in collections, cancellations and transfers of portfolios.

Collections on loans under management in the first half of 2018 **amounted to €882 million**, down slightly on the €888 million posted in the first half of 2017 (-1%). Developments in collections, which improved in the second quarter (+1% compared with the second quarter of 2017), reflected the GBV of assets under management, which only gradually benefitted from the new management contracts over the course of the period. The trend is also difficult to compare with the year-earlier period in view of the concentration of 2017 collections in the first half of that year.

As a result of the mentioned trend, the collection rate at the end of June 2018 (the ratio of collections in the last 12 months to end-period GBV), excluding new management contracts, was 2.4% (2.4% at December 31, 2017). Including new servicing contracts, the rate would be 2.1%, unchanged on March 31, 2018.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

Servicing contract with the four leading Greek banks

On August 1, 2018 doBank announced that it had signed an agreement with the four systemic Greek banks, Alpha Bank, National Bank of Greece, Eurobank and Piraeus Bank, under the terms of which the doBank Group will manage a portfolio of non-performing loans with a gross book value of around €1.8 billion. The agreement will be managed by the local branch doBank Hellas.

OUTLOOK

In line with the objectives of the 2018-2020 Business Plan, presented on June 19 this year, in 2018 the Group intends to continue strengthening its leadership in the credit servicing market.

By obtaining new management contracts with a gross book value of between €15 billion and €17 billion and improving operating efficiency, the Group expects to achieve collections of more than €2 billion and, with the contribution of ancillary services as well, post gross revenues of over €230 million. The growth in revenues will be accompanied by an expansion of our operating margin (ordinary EBITDA margin), substantial cash generation and a dividend payout of at least 65% of ordinary consolidated net income.

Webcast conference call

The preliminary results as at June 30, 2018 will be presented on **August 8 at 11:00 (CET)** in a conference call in audio-webcast format held by the Group's top management.

The conference call can be followed via webcast by connecting to the bank's website at www.dobank.com or the following URL: <http://services.choruscall.eu/links/dobank180808.html>.

As an alternative to the webcast, it will be possible to participate in the conference call by calling one of the following numbers:

ITALY: +39 02 805 88 11

UK: +44 121 281 8003

USA: +1 718 705 8794

The presentation by top management will be available as from the start of the conference call on the www.dobank.com site in the "Investor Relations/Financial Reports and Presentations" section.

Certification of the financial reporting officer

Mauro Goatin, in his capacity as the officer responsible for preparing corporate accounting documents, certifies – pursuant to Article 154-bis, paragraph 2, of Legislative Decree 58/1998 (the Consolidated Financial Intermediation Act) – that the accounting information in this press release is consistent with the data in the accounting documentation, books and other accounting records.

The Consolidated Half-Year Report as at June 30, 2018 will be made available to the public at the Company's headquarters and at Borsa Italiana, as well as on the website www.dobank.com in the Investor Relations / Financial Statements and Presentations" section by the statutory deadlines.

doBank S.p.A.

doBank, listed on the Electronic Stock Market (*Mercato Telematico Azionario*) organised and operated by Borsa Italiana S.p.A. since July 2017, is a leader in Italy in the business of managing primarily non-performing loans. With more than 17 years of experience in the sector, the Group is a long-standing partner of leading financial institutions and national and international investors. It had a portfolio of assets under management of €77 billion (in terms of gross book value) at December 31, 2017. Managing all phases of the loan lifecycle with an advanced operational approach and the highest servicer ratings in Europe, in 2017 the Group had gross revenues of about €213.0 million, with an EBITDA margin of 33% and strong cash generation.

Contact info

Image Building

doBank S.p.A.

Simona Raffaelli – Emilia Pezzini

dobank@imagebuilding.it

Investor Relations

doBank S.p.A.

Fabio Ruffini

06 47979154

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€/000)

Condensed consolidated income statement	First Half		Change	
	2018	2017	Amount	%
Servicing revenues	94,641	95,816	(1,175)	(1)%
o/w Banks	61,767	89,242	(27,475)	(31)%
o/w Investors	32,874	6,574	26,300	n.s.
Co-investment revenues	475	159	316	n.s.
Ancillary and other revenues	10,158	9,134	1,024	11%
Gross Revenues	105,274	105,109	165	0%
Outsourcing fees	(10,879)	(10,563)	(316)	3%
Net revenues	94,395	94,546	(151)	(0)%
Staff expenses	(45,070)	(40,543)	(4,527)	11%
Administrative expenses	(15,192)	(23,683)	8,491	(36)%
o/w IT	(6,324)	(12,419)	6,095	(49)%
o/w Real Estate	(4,157)	(4,047)	(110)	3%
o/w SG&A	(4,711)	(7,217)	2,506	(35)%
Operating expenses	(60,262)	(64,226)	3,964	(6)%
EBITDA	34,133	30,320	3,813	13%
EBITDA Margin	32%	29%	4%	12%
Impairment/Write-backs on property, plant, equipment and intangible assets	(1,188)	(837)	(351)	42%
Net Provisions for risks and charges	(80)	(1,179)	1,099	(93)%
Net Write-downs of loans	388	221	167	76%
Net income (losses) from investments	340	1,494	(1,154)	(77)%
EBIT	33,593	30,019	3,574	12%
Net financial interest and commissions	536	(68)	604	n.s.
EBT	34,129	29,951	4,178	14%
Income tax for the year	(13,084)	(9,903)	(3,181)	32%
Profit (loss) from group of assets sold and held for sale net of tax	-	(390)	390	(100)%
Net Profit (Loss) for the period	21,045	19,658	1,387	7%
Minorities	-	-	-	n.s.
Net Profit (Loss) attributable to the Group before PPA	21,045	19,658	1,387	7%
Economic effects of "Purchase Price Allocation"	-	-	-	n.s.
Goodwill impairment	-	-	-	n.s.
Net Profit (Loss) attributable to the Group	21,045	19,658	1,387	7%
Earnings per share	0.27	0.25	0.02	7%

CONSOLIDATED BALANCE SHEET

€/000)

Assets		6/30/2018	12/31/2017
10	Cash and cash equivalents	16	21
20	Financial assets measured at fair value through profit or loss	36,586	22,998
	a) Financial assets held for trading	-	-
	b) Financial assets designated at fair value	-	-
	c) Other financial assets mandatorily measured at fair value	36,586	22,998
30	Financial assets measured at fair value through comprehensive income	1,000	1,003
40	Financial assets measured at amortised cost	43,269	52,302
	a) Loans and receivables with banks	40,744	49,449
	b) Loans and receivables with customers	2,525	2,853
50	Hedging derivatives	-	-
60	Changes in fair value of portfolio hedged items (+/-)	-	-
70	Equity investments	2,033	2,879
80	Insurance reserves attributable to reinsurers	-	-
90	Property, plant and equipment	2,922	2,772
100	Intangible assets	4,462	4,506
	of which goodwill	-	-
110	Tax assets	87,504	94,187
	a) Current tax assets	165	165
	b) Deferred tax assets	87,339	94,022
120	Non-current assets and disposal groups held for sale	10	10
130	Other assets	111,677	116,822
Total assets		289,479	297,500

Liabilities and shareholders' equity		6/30/2018	12/31/2017
10	Financial liabilities measured at amortised cost	12,226	12,106
	a) Due to banks	-	-
	b) Due to customers	12,226	12,106
	c) Debt securities in issue	-	-
20	Financial liabilities held for trading	-	-
30	Financial liabilities designated at fair value	-	-
40	Hedging derivatives	-	-
50	Changes in fair value of portfolio hedged items (+/-)	-	-
60	Tax liabilities	8,477	3,852
	a) Current tax liabilities	8,457	3,405
	b) Deferred tax liabilities	20	447
70	Liabilities associated with non-current assets and disposal groups held for sale	-	-
80	Other liabilities	38,257	37,906
90	Employee termination benefits	10,136	10,360
100	Provisions for risks and charges	20,667	26,579
	a) Commitments and guarantees issued	3	-
	b) Pensions and similar obligations	-	-
	c) Other provisions	20,664	26,579
110	Insurance reserves	-	-
120	Valuation reserves	364	1,350
130	Share capital repayable on demand	-	-
140	Equity instruments	-	-
150	Reserves	137,273	119,350
160	Share premium	-	-
170	Share capital	41,280	41,280
180	Treasury shares (-)	(246)	(277)
190	Minorities (+/-)	-	-
200	Net profit (loss) for the period (+/-)	21,045	44,994
Total liabilities and shareholders' equity		289,479	297,500

RECLASSIFIED CASH FLOW STATEMENT

(€/000)

Cash Flow	6/30/2018	6/30/2017
EBITDA	34,133	30,320
Capex	(1,638)	(2,146)
EBITDA-Capex	32,495	28,174
as % of EBITDA	95%	93%
Adjustment for accrual on share-based incentive system payments	2,763	-
Changes in NWC	1,704	(27,716)
Changes in other assets/liabilities	(2,996)	12,877
Operating Cash Flow	33,966	13,335
Tax paid (IRES/IRAP)	-	(475)
Free Cash Flow	33,966	12,860
(Investments)/divestments in financial assets	(11,966)	1,903
Dividend paid	(30,907)	(52,330)
Net Cash Flow of the period	(8,907)	(37,567)
Net financial Position - Beginning of period	38,605	29,459
Net financial Position - End of period	29,698	(8,108)
Change in Net Financial Position	(8,907)	(37,567)

ALTERNATIVE PERFORMANCE INDICATORS

(€/000)

Key performance indicators	6/30/2018	6/30/2017	12/31/2017
Gross Book Value (Eop) - in millions of Euro -	86,819	79,522	76,703
Collections for the period - in millions of Euro -	882	888	1,836
Collections for the Last Twelve Months (LTM) - in millions of Euro -	1,830	1,978	1,836
LTM Collections/GBV (EoP)	2.1%	2.5%	2.4%
LTM Collections Stock/GBV Stock (EoP)	2.4%	2.5%	2.4%
Staff FTE/Total FTE	37%	33%	37%
LTM Collections/Servicing FTE	2,479	2,542	2,509
Cost/Income ratio	64%	68%	64%
EBITDA	34,133	30,320	70,102
EBT	34,129	29,951	68,134
EBITDA Margin	32%	29%	33%
EBT Margin	32%	28%	32%
EBITDA – Capex	32,495	28,174	63,545
Net Working Capital	76,561	107,036	78,265
Net Financial Position of cash/(debt)	29,698	(8,108)	38,605