

HALF-YEARLY CONSOLIDATED FINANCIAL REPORT AS AT JUNE 30, 2017

SERVICING | LENDING | SOLUTIONS

doBank
Servicing | Lending | Solutions

HALF-YEARLY CONSOLIDATED FINANCIAL REPORT AS AT JUNE 30, 2017

Registered Office and Headquarter Piazzetta Monte, 1 – 37121 Verona (Italy)

Share Capital € 41,280,000.00

Registered in the Register of Banks and Parent Company of the Banking Group doBank S.p.A. – Banking Groups Public Register code no. 10639

Registered in the Company Register of Verona: VR/19260, Fiscal Code no. 00390840239 and VAT no. 02659940239 Member of the National Interbank Deposit Guarantee Fund

Shareholder: Avio S.à r.l.

www.dobank.com

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GOVERNING AND CONTROL BODIES

BOARD OF DIRECTORS

Chairman	Giovanni Castellaneta
CEO	Andrea Mangoni
Directors	Fabio Balbinot Edovige Catitti (4) (5) Francesco Colasanti (2) (4) Nunzio Guglielmino (1) (6) Giovanni Lo Storto (2) (3) (6) Giuseppe Ranieri (6) Charles Robert Spetka

BOARD OF STATUTORY AUDITORS

Chairman	Francesco Mariano Bonifacio (7)
Standing Auditors	Massimo Fulvio Campanelli (8) Nicola Lorito (8)
Alternate Auditors	Maurizio De Magistris Giovanni Parisi

AUDITING COMPANY

EY S.p.A.

Corporate Accounting Documents Officer

Mauro Goatin

At the date of approval of the Half-Yearly Consolidated Financial Report

Notes

- (1) Chairman of Appointments Committee
- (2) Member of Appointments Committee
- (3) Chairman of Remuneration Committee
- (4) Member of Remuneration Committee
- (5) Chairman of Risk and Operations with Affiliated Persons Committee
- (6) Member of Risk and Operations with Affiliated Persons Committee
- (7) Chairman of Supervisory Committee, pursuant to Legislative Decree 231/2001
- (8) Member of Supervisory Committee, pursuant to Legislative Decree 231/2001



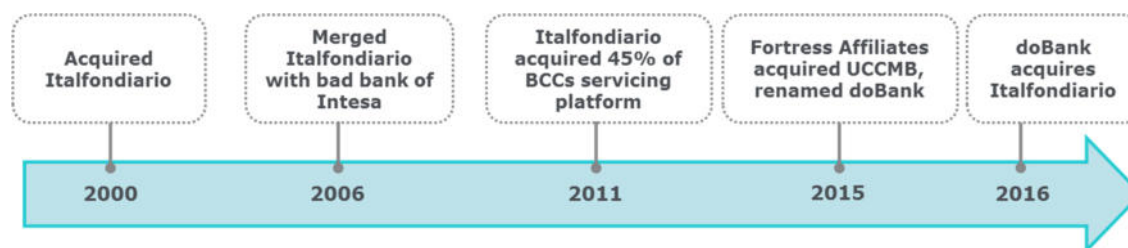
STRUCTURE OF THE GROUP

The following chart shows the structure of the doBank Group at June 30, 2017:



doBank was born in 2015 from the Fortress-led acquisition of the two largest Italian independent Servicers.

In 2016 doBank acquired 100% of Italfondiatario, one of the main operators in Italy in the field of outsourced management of performing and non-performing loans: hence the birth of the doBank Group.





HALF-YEARLY REPORT ON OPERATIONS

Half-Yearly Report on Operations

INTRODUCTION

The summarised financial results and the economic and financial indicators are based on accounting data and are used by the management for the purpose of monitoring the performance and in the context of executive reporting of doBank Group. They are also in line with the most widespread measurement metrics used in the sector of reference, guaranteeing the comparability of the information presented.

THE GROUP'S BUSINESS

The doBank Group is a leader in Italy, among independent servicers, in the business of managing primarily non-performing loans in favour of banks and public and private financial institutions (*Servicing*). The doBank Group also provides ancillary commercial, real estate and legal products and services (Ancillary Products) as well as other minor banking activities.

Within the doBank Group, the Issuer and its subsidiary Italfondario perform Servicing activities, while the offer of Ancillary Products is carried out through other companies (IBIS and doRealEstate) or internal structures (Judicial Support).

In the context of the Servicing, the services offered by the doBank Group include, among others:

- "Collection and Recovery": services incorporating all loan administration, management and recovery activities, utilizing in court and out-of-court recovery processes for and on behalf of a third party on a Performing, Sub-Performing and Non-Performing (Bad Loans) portfolios;
- "Due Diligence": services including the collection and organization of information in Data Room environments as well as the analysis and assessment of loan portfolios;
- "Structuring": services including structuring securitisation transactions under Italian Law 130/1999 as well as performing the role of authorized entity in securitisation transactions; and
- "Co-investment": activities of investment in loan portfolios in partnership with major banks and investors, where such instruments are instrumental in obtaining Servicing contracts. Such Co-Investments are made by subscribing as a minority shareholder for securities issued by securitisation vehicles that are governed by Italian Law 130/1999.

The Ancillary Products provided by the Group include the collection, processing and provision of commercial and real estate information relating to debtors as well as the co-ordination of legal services provided by Judicial Support. Among the minor activities, the Group offers selected banking products, primarily in relation to its Servicing activities including granting mortgages, mainly at the judicial auction stage, and managing deposit accounts for selected clients.

Both doBank and Italfondario, in their capacity as servicers, have received the following ratings: "RSS1- / CSS1-" from Fitch Ratings and "Strong" from Standard & Poor's. The Servicer Ratings of doBank and Italfondario are the highest Servicer Ratings of those assigned to Italian operators in the sector. In addition, these ratings were attributed to doBank and Italfondario back in 2008 before any other operator in the sector in Italy.



The doBank Group is historically the main partner of leading Italian and foreign financial institutions and institutional investors. The customer base of the doBank Group can be divided into two main categories also according to the type of activity carried out: (i) Banks, for which it mainly performs "Collection and Recovery" activities and (ii) Investors, for which doBank carries out also "Due Diligence" and "Structuring" activities.

THE GROUP'S MAIN FIGURES

The table below presents the condensed consolidated income statement at June 30, 2017 compared with the same period of 2016, the consolidation scope of which included, besides the parent company doBank, the companies doRealEstate and Immobiliare Veronica 84 in liquidation. The *Carve-Out Aggregate* income statement at June 30, 2016 is also presented. This has been prepared with the intention of retroactively reflecting the significant effects of the two extraordinary operations that occurred in the second half of 2016 and therefore were not included in the financial results at June 30, 2016: (i) the acquisition of 100% of the share capital of Italfondario, (ii) the derecognition of the loan portfolio ("Romeo Transaction") and (iii) the sale of the equity investment Immobiliare Veronica 84 in liquidation, as if these events were carried out on January 1, 2016.

(€/000)

CONDENSED CONSOLIDATED INCOME STATEMENT	FIRST HALF YEAR				CHANGE		
	2017	2016		AMOUNT	%	1HY 2016	%
		CARVE-OUT	AGGREGATE				
<i>Servicing revenues</i>	95,816	84,287	11,529	14%	63,878	50%	
o/w Banks	89,242	77,538	11,704	15%	63,878	40%	
o/w Investors	6,574	6,749	(175)	-3%	-	n.s.	
Co-investment revenues	159	14	145	n.s.	14	n.s.	
Ancillary and other revenues	8,798	6,654	2,144	32%	1,728	n.s.	
Gross Revenues	104,773	90,955	13,818	15%	65,620	60%	
<i>Outsourcing fees</i>	(9,184)	(8,091)	(1,093)	14%	(7,016)	31%	
Nef revenues	95,589	82,864	12,725	15%	58,604	63%	
Staff expenses	(40,686)	(37,307)	(3,379)	9%	(20,775)	96%	
Administrative expenses	(24,582)	(18,737)	(5,845)	31%	(11,944)	106%	
o/w IT	(12,362)	(5,775)	(6,587)	114%	(3,953)	n.s.	
o/w Real Estate	(4,047)	(4,589)	542	-12%	(2,651)	53%	
o/w SG&A	(8,173)	(8,373)	200	-2%	(5,340)	53%	
Operating expenses	(65,268)	(56,044)	(9,224)	16%	(32,719)	99%	
EBITDA	30,321	26,820	3,501	13%	25,885	17%	
<i>EBITDA Margin</i>	29%	29%	-1%	-2%	39%	-27%	
Impairment/Write-backs on property, plant, equipment and intangible assets	(837)	(825)	(12)	1%	(47)	n.s.	
Net Provisions for risks and charges	(1,179)	(1,079)	(100)	9%	(359)	n.s.	
Net Write-downs of loans	220	3	217	n.s.	6,211	-96%	
Net income (losses) from investments	1,494	-	1,494	n.s.	-	n.s.	
EBIT	30,019	24,919	5,100	20%	31,690	-5%	
Net financial interest and commission	(68)	(66)	(2)	3%	(281)	-76%	
EBT	29,951	24,853	5,098	21%	31,409	-5%	
Income tax for the period	(9,903)	(10,209)	306	-3%	(13,904)	-29%	
Profit (loss) from group of assets sold and held for sale net of tax	(390)	-	(390)	n.s.	-	n.s.	
Net Profit (Loss) for the period	19,658	14,644	5,014	34%	17,505	12%	
Minorities	-	-	-	n.s.	-	n.s.	
Net Profit (Loss) attributable to the Group before PPA	19,658	14,644	5,014	34%	17,505	12%	
Economic effects of "Purchase Price Allocation"	-	-	-	n.s.	-	n.s.	
Goodwill impairment	-	-	-	n.s.	-	n.s.	
Net Profit (Loss) attributable to the Group	19,658	14,644	5,014	34%	17,505	12%	
Dividend per share	0.25	0.22	0.03	12%	0.19	34%	



The table below presents the condensed consolidated income statement for the quarter ending 30 June 2017 compared with the same period of 2016 *Carve-out Aggregate*. It is also presented the comparison with the same period of 2016 when the consolidation scope included, besides the parent company doBank, also doRealEstate and Immobiliare Veronica 84 in liquidation.

(€/000)

CONDENSED CONSOLIDATED INCOME STATEMENT	2Q		CHANGE		CHANGE		
	2017	2016		AMOUNT	%	2Q 2016	%
		CARVE-OUT	AGGREGATE				
Servicing revenues	54,095	49,735	4,360	9%	37,124	46%	
o/w Banks	50,788	46,087	4,701	10%	37,124	37%	
o/w Investors	3,307	3,648	(341)	-9%	-	n.s.	
Co-investment revenues	159	8	151	n.s.	8	n.s.	
Ancillary and other revenues	5,346	3,073	2,273	74%	(392)	n.s.	
Gross Revenues	59,600	52,816	6,784	13%	36,740	62%	
Outsourcing fees	(5,063)	(4,077)	(986)	24%	(3,577)	42%	
Net revenues	54,537	48,739	5,798	12%	33,163	64%	
Staff expenses	(21,194)	(19,103)	(2,091)	11%	(10,634)	99%	
Administrative expenses	(12,884)	(9,658)	(3,226)	33%	(4,936)	n.s.	
o/w IT	(6,055)	(2,864)	(3,191)	111%	(1,963)	n.s.	
o/w Real Estate	(1,938)	(2,364)	426	-18%	(1,377)	41%	
o/w SG&A	(4,891)	(4,430)	(461)	10%	(1,596)	n.s.	
Operating expenses	(34,078)	(28,761)	(5,317)	18%	(15,570)	119%	
EBITDA	20,459	19,978	481	2%	17,593	16%	
EBITDA Margin	34%	38%	-3%	-9%	48%	-28%	
Impairment/Write-backs on property, plant, equipment and intangible assets	(331)	(209)	(122)	58%	(23)	n.s.	
Net Provisions for risks and charges	(1,044)	(741)	(303)	41%	(14)	n.s.	
Net Write-downs of loans	150	2	148	n.s.	4,394	-97%	
Net income (losses) from investments	1,494	-	1,494	n.s.	-	n.s.	
EBIT	20,728	19,030	1,698	9%	21,950	-6%	
Net financial interest and commission	(22)	(37)	15	-41%	(133)	-83%	
EBT	20,706	18,993	1,713	9%	21,817	-5%	
Income tax for the period	(6,330)	(7,636)	1,306	-17%	(10,503)	-40%	
Profit (loss) from group of assets sold and held for sale net of tax	(49)	-	(49)	n.s.	-	n.s.	
Net Profit (Loss) for the period	14,327	11,357	2,970	26%	11,314	27%	
Minorities	-	-	-	n.s.	-	n.s.	
Net Profit (Loss) attributable to the Group before PPA	14,327	11,357	2,970	26%	11,314	27%	
Economic effects of "Purchase Price Allocation"	-	-	-	n.s.	-	n.s.	
Goodwill impairment	-	-	-	n.s.	-	n.s.	
Net Profit (Loss) attributable to the Group	14,327	11,357	2,970	26%	11,314	27%	
Dividend per share	0.18	0.14	0.04	27%	0.15	26%	

It is premised that the comments on the tables above focus on the comparisons of semesters or quarters with the same perimeter (data 2017 compared with the *Carve-Out Aggregate* 2016).

The table below presents the main balance sheet indicators at June 30, 2017 compared with the same figure at December 31, 2016.



(€/000)

MAIN CONSOLIDATED BALANCE SHEET ITEMS	6/30/2017	12/31/2016	Change	
			€	%
TOTAL ASSETS	286,077	328,434	(42,357)	-13%
LOANS AND RECEIVABLES WITH BANKS	14,865	52,575	(37,710)	-72%
LOANS AND RECEIVABLES WITH CUSTOMERS	2,881	10,820	(7,939)	-73%
TAX ASSETS	108,578	143,030	(34,452)	-24%
OTHER ASSETS	146,593	114,103	32,490	28%
DEPOSITS FROM BANKS	13,115	13,076	39	0%
DEPOSITS FROM CUSTOMERS	10,920	11,060	(140)	-1%
OTHER LIABILITIES	50,073	55,986	(5,913)	-11%
SHAREHOLDERS' EQUITY	177,967	210,744	(32,777)	-16%
OWN FUNDS	120,177	106,945	13,232	12%
RWA	507,540	519,347	(11,807)	-2%
CET1 CAPITAL RATIO	23.68%	20.59%	3%	15%
TOTAL CAPITAL RATIO	23.68%	20.59%	3%	15%

In order to facilitate understanding of the doBank Group's economic and financial performance, a number of alternative performance measures ("Key Performance Indicators" or "KPIs") have been identified; these are summarised in the table below.

(€/000)

KEY PERFORMANCE INDICATORS	1HY 2017	1HY 2016	FY 2016	1HY 2016
		CARVE-OUT AGGREGATE	PRO-FORMA ¹	
Gross Book Value - in millions of Euro -	79,507	83,272	80,901	43,817
Collections of the period- in millions of Euro -	888	650	1,694	463
Collections of the period / GBV	1.1%	0.8%	2.1%	1.1%
Staff FTE / Total FTE	42.2%	40.6%	37.8%	44.4%
Collections of the period / Servicing FTE	1,326	972	2,229	1,351
Cost/Income ratio	68.3%	67.6%	65.9%	55.8%
EBITDA	30,321	26,820	64,307	25,885
EBT	29,951	24,853	64,222	31,409
EBITDA Margin	28.9%	29.5%	31.2%	39.4%
EBT Margin	28.6%	27.3%	31.1%	47.9%
ROE	10.1%	8.4%	21.8%	10.4%
EBITDA - Capex	28,176	23,662	62,645	23,400
Net Working Capital	107,036	84,083	79,320	56,405
Net Financial Position	(8,108)	(4,472)	29,459	(4,140)

¹ Pro-Forma produced in accordance with the Consob Communication no. DEM/1052803 of 2001. For further insights, please refer to the Registration Document published on the website www.dobank.com. For Net Working Capital and Net Financial Position, data derive from the Consolidated Financial Statements as at 12/31/2016 of the doBank Group

The doBank Group has selected the following KPIs, thus defined:

Gross Book Value (EoP): Indicates the book value of the loans under management at the end of the reference period, gross of any potential write-downs due to the expected loan losses.

Collections of the period: used to calculate the commissions for the purposes of determining the revenue from the servicing business; collections allow to illustrate the Group's ability to extract value from the portfolio under management.

Collections of the period / GBV (Gross Book Value): ratio between the total of gross annual collections and the year-end GBV of the total managed portfolio. This indicator represents a further metric to analyze collections calculated in relation to the efficacy rate of the collections, or the yield of the portfolio under management in terms of annual collections and, as a secondary measure, commissions receivable from management.



Staff FTE/Total FTE: ratio between the number of employees who perform support activities and the total number of full-time employees of the Group. The indicator makes it possible to illustrate the efficiency of the operating structure and the doBank's focus on the management activities.

Collections of the period / Servicing FTE: ratio between the total collections of the period and the number of employees who perform servicing activities. The indicator provides an indication on the collection efficiency rate, that is the yield of every single employee specialised in the servicing activity in terms of annual collections made on the portfolio under management.

Cost/Income ratio: calculated as the ratio between operating expenses and total operating revenues presented in the reclassified income statement. It is one of the main indicators of the Group's operating efficiency: the lower the value expressed by this indicator, the greater the efficiency of the Group.

EBITDA and **EBT** together with other relative profitability indicators represent the changes in operating performance and provide useful information regarding the Group's economic performance.

EBITDA Margin and **EBT Margin:** obtained dividing EBITDA and EBT by Gross Revenues.

ROE (Return on Equity): obtained as the ratio between net profit for the period and the average of shareholders' equity at the start and the end of the period, represents an economic measure of the profitability of doBank's capital. The indicator is used to verify the remuneration rate of the capital, that is how much is earned by the capital contributed to the company by its shareholders.

EBITDA – Capex: calculated as EBITDA net of investments in fixed capital (including property, plant and equipment and intangible and financial assets) ("Capex"). Together with other relative profitability indicators, it makes it possible to illustrate the changes in operating performance and provides an indication on the Group's ability to generate cash.

Net Working Capital: this is represented by receivables for fees invoiced and due, net of payables to suppliers due to invoices accounted for and falling due in the period.

Net Financial Position: this is calculated as cash, cash equivalents and highly-liquidable securities, net of amounts due to banks for loans and due to customers for the current accounts opened with the Group.



KEY HIGHLIGHTS

- “**Gross Revenues**” of the Group in the period amounted to €104.8 million, with a 15% increase compared to the first half of 2016. In particular, “**Servicing Revenues**” of €95.8 million recorded an increase of €11.5 million, +14%, due to better results in terms of higher collections carried-out by doBank (+29%) and Italfondario (+55%). “**Co-investment revenues**”, of €159 thousand, were the result of investments in securitisation transactions – Romeo SPV and Mercuzio Securitisation - completed in the period with the subscription of 5% the securities by the Group. “**Revenues from ancillary products and minor activities**” show an increase of 32%, which equals to an increase of €2.1 million compared to the first half of 2016 primarily referable to business information, administrative servicing and due diligence activities and to new services supplied to the Group’s main customers coupled with increased collaborations with the existing clients. In the context of “**Fee and Commission Expense**”, the 14% increase recorded compared to the same period of 2016 is attributable to the effect of higher volume of recoveries in comparison with the Carve-Out Aggregate. “**Net revenues**” of the period thus came out at €95.6 million, +15% compared to the Carve-Out Aggregate of the same period.
- “**Operating costs**” show an increase of 16% which was mainly due to extraordinary investments in IT and staff expenses, expected to reduce in the second half of the year. In particular, the increase of “**Staff expenses**” of 9% with respect to the first half of 2016 Carve-Out Aggregate is due to an increase in the average cost of staff as a result of the gradual strengthening of the top management, that is consistent with the Group’s structural changes implemented up to now. Also with reference to “**Administrative expenses**”, there is an increase of +31% which is mainly related to higher IT costs of projects (change in the information systems and migration from UBIS), partially offset by the savings achieved in Real Estate and in SG&A including the lower legal expenses on the Romeo portfolio that has been sold in September 2016. Additional operating cost savings are expected during the second semester.
- **EBITDA** of the period came out at €30.3 million showing an improvement of 13% compared to the Carve-Out Aggregate of the same period.
- Among the items under EBITDA we can note the significant difference of “**Net Write-downs of loans**” as a result of the substantial reduction to zero in 2017 of net income deriving from the non-performing loan portfolio deconsolidated in September 2016, the amount of which was adjusted in preparing the 2016 Carve-Out Aggregate. The “**Net income (losses) from investments**” recorded in the period a capital gain (net of the reversal of the consolidation reserve) made following the sale, in April 2017, of the equity investment in Gextra, classified among assets held for sale already in December 2016. The amount recorded in “**Profit (loss) from group of assets sold and held for sale net of tax**” (-€390 thousand) also refers to Gextra. This represents the contribution to the Group’s income statement in the months in which this company was included in the consolidation scope.
- The comparison of the **second quarter** 2017 with the same of 2016 shows positive differences both in terms of higher Gross Revenues (+13% compared to 2016 Carve-Out Aggregate), and in terms of higher Net Revenues (+12%). The Operating costs of the quarter show a growth versus 2016, +18% compared to the Carve-Out Aggregate. This trend resulted +2% EBITDA for the quarter. Under the EBITDA line, the three months results were positively affected by the sale of Gextra with an overall positive impact on EBIT and on EBT (+9%).



- Total **Assets** showed a 13% reduction compared to the situation at December 2016. In particular, we highlight a significant decrease (-72%) in the Group's cash and cash equivalents represented substantially by "**Loans and receivables with banks**" impacted by the cash-out for the dividends in favour of the shareholder Avio of €52.3 million paid in May. Cash and cash equivalents are also affected by the ordinary seasonal trend of collection commissions from the main customers and payments to suppliers. This trend, represented summarily by **Net Working Capital**, showed in the period a worsening compared to December (€107 million against €79.3 million) determined mainly by certain delays in collections of invoices from customers, and by an increased pattern in the liquidation of suppliers, although of a lower amount. We can note that the liquidity position at June, 30 had significantly improved in July, following a significant collection of invoices from one of the main customers for an amount of approximately €20 million in the month of July; the relevance of this liquid event led to the "normalisation" of the calculation of the Net Working Capital which would therefore amount to €87 million on a normalized basis, as also of the Net Financial Position which, taking account this event would amount to €12 million at the end of June 2017.
- "**Loans and receivables with customers**" fell by €7.9 million compared to last December, as a result of the repayment made in the period of the "bridgeing loan" of €8.4 million granted to the SPV Romeo by subjects investors that undertook to subscribe the notes at the moment of their issuance on the market, together with the sale by the SPV Romeo to the SPV Mercuzio Securitisation of the unsecured portion of the portfolio that occurred in the second quarter of 2017. doBank subscribed a portion of 5% stake of the securities issued on the market in both securitisations. The securities were recognised under the item "**Available-for-sale financial assets**" of €6.3 million corresponding to the residual values of these notes at the end of the period.
- "**Tax assets**" were characterised by a total decrease of €34.5 million in the period of reference, determined mainly from the use of the tax credit offsetting indirect taxes of €28.4 million (VAT and tax withholdings), from the reversal of deferred tax assets on the tax loss of €4.7 million and from the reversal of other temporary differences of €1.1 million.



SEGMENT REPORTING

The doBank Group's business model can be defined according two main dimensions of analysis:

- Customers;
- Business Lines.

The doBank Group's customer base can be divided into two main categories, as previously highlighted: Banks and Investors.

Business lines represent the aggregation of products / services offered by the Group, and are summarized by two categories: Servicing and Ancillary Products and Others.

Based on these criteria, the following table shows revenues and EBITDA of business segments.

(€/000)

CONDENSED CONSOLIDATED INCOME STATEMENT	FIRST HALF YEAR 2017						
	Banks	Investors	Total Servicing	%	Ancillary & Others	%	Total
Servicing revenues	89,239	6,576	95,814		2		95,816
o/w Banks	89,239	2	89,240		2		89,242
o/w Investors	-	6,574	6,574		-		6,574
Co-investment revenues	-	-	-		159		159
Ancillary and other revenues	1,503	449	1,952		6,846		8,798
Gross Revenues	90,742	7,025	97,766	93%	7,007	7%	104,773
Outsourcing fees	(9,111)	(71)	(9,181)		(3)		(9,184)
Net revenues	81,631	6,954	88,585	93%	7,004	7%	95,589
Staff expenses	(34,734)	(2,689)	(37,422)		(3,264)		(40,686)
Administrative expenses	(21,324)	(1,651)	(22,974)		(1,608)		(24,582)
o/w IT	(10,723)	(830)	(11,553)		(809)		(12,362)
o/w Real Estate	(3,511)	(272)	(3,782)		(265)		(4,047)
o/w SG&A	(7,090)	(549)	(7,639)		(534)		(8,173)
Operating expenses	(56,058)	(4,340)	(60,396)		(4,872)		(65,268)
EBITDA	25,573	2,614	28,189	93%	2,132	7%	30,321
EBITDA Margin	28%	37%	29%		30%		29%

During the first half of 2017 Gross Revenues (€97.8 million) and EBITDA (€28.2 million) of the Servicing segment represent approximately 93% of the respective totals.

GENERAL MACROECONOMIC CONTEXT

In the first half of 2017 the recovery of the Italian economy continued, although only gradually. After an increase in Gross Domestic Product (GDP) of 0.4% in the first quarter compared to the previous quarter, the Bank of Italy's estimates for the current year were revised upwards (+1.4%) compared to 0.9% in the economic bulletin of this past January.

The estimates for the next two years also improved (+1.3% in 2018 +1.2% in 2019).

Although some indicators are not yet stably showing positive signs (for example in April industrial production recorded -0.4% compared to the previous month), the overall trend is of constant improvement: household consumption up by 1.3% in the first quarter of the year compared to the previous quarter boosted by the improvement in available income; growth, albeit limited, in employment (+0.2%) in the two months April/May compared to the previous two months as a result above all of the temporary events. Foreign trade was also characterised by great liveliness in both imports and exports: in the period February-April exports improved by 1.1% while imports increased by 1.4%.



The figures on bad bank loans continue to be quite high: the figure for gross bad loans at the end of May was €202 billion, while net bad loans were €76.5 billion. The ratio between net bad loans and total loans was 4.4%, an improvement compared to 4.9% at the end of 2016 (Source: Bank of Italy).

During the last few weeks the foundations were laid for the resolution of 3 large transactions on the Italian bad loans market for a gross amount of approximately €60 billion: €26 billion of BMPS bad loans with the intervention of Atlante, €18.8 billion of the Veneto Banks (Veneto Banca and Banca Popolare di Vicenza) with the intervention of Intesa and SGA and €18 billion of UniCredit with Fino Transaction in which doBank is directly involved in its capacity as Special Servicer and Master Servicer.

SIGNIFICANT EVENTS IN THE PERIOD

During the first half of 2017 the parent company doBank continued in the internal reorganisation activities with the intention of centralising in the parent company the functions of management, coordination, guidance and control and also approving, in January, the new Corporate Governance project which provides for simplified Governance of the Bank and its subsidiaries, according to a principle of proportionality and a stronger role of management and coordination of doBank in its capacity as parent company.

This model is therefore capable of providing to the market an integrated set of services related mainly to credit recovery and guarantying benefits to the Group especially in relation to the cost/performance ratio improving at the same time the level of technological content of the services offered and of the internal processes.

Starting from March 1, 2017 the subsidiary doSolutions S.p.A. has been set up to represent the new technological hub, offering information technology, organisational support, back office and logistic services to the Group, thanks to the demerger and contribution of the corresponding business units respectively of doBank and Italfondionario. In addition, the parent company doBank carried out the migration of the IT platform from the external supplier UBIS, of the UniCredit Group, to a proprietary platform and launched the project to transfer management control systems towards a new model which will be completed by the end of 2017 with integration of all the Group companies onto one platform. In the field of information technology, the gradual replacement of the Group companies' IT systems therefore continued, with a view to standardising operations.

Moreover, from March 2017 the merger between the Group's two real estate companies, Italfondionario RE and doRealEstate came into effect; this is aimed at integrating in a single unit the ancillary Real Estate services related to credit recovery.

In April, the company Gextra S.r.l. was sold to third parties. In the Financial Statements at December 31, 2016 Gextra was classified as an asset held for sale under the terms of IFRS 5. The sale of this company was part of the Group's reorganisation project and led to the achievement of a total capital gain of €1.6 million, with a positive impact on the Group's result for the period.

During the first half of 2017 the Group acquired further loan portfolios in management for €3.6 billion in terms of Gross Book Value, of which:

- €0.9 billion of non-performing loans acquired under agreements in place with Bank and Investor customers;
- €2.7 billion of non-performing loans acquired with new management contracts.



This increase reflects the Group's ability to finalise contracts in negotiations, contractual options and commercial opportunities transforming them into asset under management.

During the second quarter of 2017 the SPV Romeo completed the issue of notes which were subscribed by doBank for a total of €6.4 million, of which €2.2 million had already been repaid on the first interest payment date, as a result of the collections received. In the same period, the aforementioned SPV Romeo also transferred the unsecured portion of the portfolio to the vehicle Mercuzio Securitisation S.r.l. ("Mercuzio") which in May issued the related notes. These were subscribed for 5% by doBank, for a total nominal value of €2.0 million.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

FINO PROJECT

The Fino Project involves the securitisation under the terms of Italian Law 130/1999 of a portfolio of bad loans owned by the UniCredit group for an original total gross amount of approximately €17.7 billion. The transfer of the loans, which occurred in July 2017 to the two SPVs (Fino 1 Securitisation and Fino 2 Securitisation), confirmed that the servicing contract will remain with doBank. This portfolio was already mostly managed by doBank at the end of 2016, and it was further increased in January 2017 by approximately €2.7 billion gross book value. The split of the portfolios between the two vehicles is aimed at enabling a part of the investment to benefit from a state guarantee in the form of the GACS scheme.

The majority of the securities (50.1%) were acquired by funds of the Fortress group, while UniCredit holds the remaining portion (49.9%).

The doBank Group therefore, as well as increasing the amount of the non-performing portfolio under management, will carry out the new activities of Master Servicer and Corporate Services Provider and will increase the revenues deriving from Ancillary Products, thanks to the services offered of master legal servicer, commercial information providing, property appraisals, also through its subsidiaries (doRealEstate and IBIS). The agreement on the new Fino contract was finalised at the end of July.

JUDICIAL SUPPORT

The Judicial Support (formerly Judicial Management) Division was set up in the first half of the year and finalised in July 2017 the agreement related to the Fino Project for performance of the legal support activities and on the aforesaid portfolio under management. *Judicial Support* is currently finalising other contracts for the provision of legal services with captive customers of the doBank Group.

LISTING

On July 14, 2017 doBank made its debut on the Milan Stock Exchange with its first day of listing, timing wise in advance compared to the initial plans given the strong interest raised by Italian and foreign institutional investors. The IPO was presented through a series of roadshows in the main European and American financial centers.

The offer price of the shares was €9.00 per share thus determining a capitalisation of approximately €704 million net of treasury shares. 38.2 million shares were placed (47.7% of the share capital) after the greenshoe option and including 6.2 million shares for which the shareholder AVIO S.à r.l. exercised the increase option.

NEW POST-IPO REMUNERATION POLICY

Following the listing on the Milan Stock Exchange, a new remuneration policy was adopted, involving the Chief Executive Officer and a selected number of managers as detailed in the Registration Document published on the Group's website www.dobank.com.



OTHER INFORMATION

Corporate Governance

At June 30, 2017, the shares of doBank were held by Avio S.à r.l., operating under Luxembourg law, affiliated equally to the Fortress Group and to Eurocastle Investment Limited, which holds 97.8% of the Share Capital. The remaining 2.2%, consisting of no. 1,750,000 treasury shares, valued at cost, for a total of Euro 277 thousand, is held by the Parent Company itself.

The shareholder does not exercise any management or coordination activities under the terms of Arts 2497 ff. of the Italian Civil Code, either directly or through the companies within the Fortress Group or Eurocastle Investment. The Parent Company doBank exercises its direct and indirect management activities under the aforementioned regulations.

Treasury share transactions

During the period, no shares of the Parent Company doBank were purchased or sold.

At June 30, 2017, no. 1,750,000 treasury shares, representing 2.2% of the total share capital, were in the portfolio. Their carrying amount was €277 thousand and they are recognised in the financial statements directly reducing shareholders' equity in item 200. "Treasury shares". Item 190. "Reserves" includes the envisaged equity reserve of the same amount.

Research and development activities

The Group did not carry out any research or development activities.



Statement reconciling the condensed consolidated income statement and the statutory consolidated income statement

(€/000)

STATEMENT RECONCILING THE CONDENSED CONSOLIDATED INCOME STATEMENT AND THE STATUTORY INCOME STATEMENT	FIRST HALF YEAR		1HY 2016 (*)
	2017	2016 CARVE-OUT AGGREGATE	
Servicing revenues	95,816	84,287	63,878
40 fee and commission income	95,709	83,855	63,878
220 of which: other net operating income	107	432	-
Co-investment revenues	159	14	14
40 fee and commission income	159	14	14
220 of which: other net operating income	-	-	-
180b of which administrative costs: b) other administrative costs	-	-	-
Ancillary and other revenues	8,798	6,654	1,728
10 of which: interest income and similar revenues	50	48	37
20 di cui: interessi passivi e proventi assimilati	(24)	(1)	-
220 of which: other net operating income	8,619	6,666	1,874
40 of which: fee and commission income	405	131	7
180b of which administrative costs: b) other administrative costs	(252)	(190)	(190)
Gross Revenues	104,773	90,955	65,620
Fee and commission expense	(9,184)	(8,091)	(7,016)
50 of which: fee and commission expense	(9,184)	(8,091)	(7,016)
Net revenues	95,589	82,864	58,604
Staff expenses	(40,686)	(37,307)	(20,775)
180a of which administrative costs: a) staff expenses	(40,686)	(37,307)	(20,775)
180b of which administrative costs: b) other administrative costs	-	-	-
Administrative expenses	(24,582)	(18,737)	(11,944)
180b of which administrative costs: b) other administrative costs	(25,225)	(19,163)	(14,201)
50 of which: fee and commission expense	-	(639)	-
220 of which: other net operating income	643	1,065	2,282
180a of which administrative costs: a) staff expenses	-	-	(25)
Operating expenses	(65,268)	(56,044)	(32,719)
EBITDA	30,321	26,820	25,885
Impairment/Write-backs on property, plant, equipment and intangible assets	(837)	(825)	(47)
200 impairment / write-backs on property, plant and equipment	(120)	(146)	(1)
210 impairment / write-backs on intangible assets	(633)	(595)	(16)
220 of which: other net operating income	(84)	(84)	(30)
Net Provisions for risks and charges	(1,179)	(1,079)	(359)
190 net provisions for risks and charges	(1,179)	(1,048)	(328)
220 of which: other net operating income	-	(31)	(31)
Net Write-downs of loans	220	3	6,211
130 net losses / recoveries on impairment	48	-	2,197
220 of which: other net operating income	172	3	3,884
10 of which: interest income and similar revenues	-	-	130
20 of which: interest expenses and similar charges	-	-	-
100 gains / losses on disposal and repurchase	-	-	-
Net income (losses) from investments	1,494	-	-
240 profit / loss of equity investments	-	-	-
270 gains and losses on disposal investments	1,494	-	-
EBIT	30,019	24,919	31,690
Net financial interest and commission	(68)	(66)	(281)
10 of which: interest income and similar revenues	-	4	4
20 of which: interest expenses and similar charges	(63)	(59)	(274)
70 dividend income and similar revenue	-	-	-
110 gains and losses on financial assets/liabilities at fair value through profit and loss	6	-	-
50 of which: fee and commission expense	(11)	(11)	(11)
EBT	29,951	24,853	31,409
Income tax for the period	(9,903)	(10,209)	(13,904)
290 tax expense (income) related to profit (loss) from continuing operations	(9,903)	(9,216)	(10,829)
180b of which administrative expenses: b) other administrative expenses	-	(993)	(3,075)
Profit (loss) from group of assets sold and held for sale net of tax	(390)	-	-
310 profit / loss after tax from discontinued operations	(390)	-	-
Net Profit (Loss) for the period	19,658	14,644	17,505
Minorities	-	-	-
330 minorities	-	-	-
Net Profit (Loss) attributable to the Group before PPA	19,658	14,644	17,505
Economic effects of "Purchase Price Allocation"	-	-	-
220 of which: other net operating income	-	-	-
Goodwill impairment	-	-	-
260 goodwill impairment	-	-	-
Net Profit (Loss) attributable to the Group	19,658	14,644	17,505

(*) The data for the previous year were restated to guarantee a uniform comparison. This reclassification concerned the costs related to legal professionals for out-of-court activities which in 2016 were included in item 180b). Other administrative expense, while starting from the third quarter of 2016, are classified within heading 50. fee and commission expense



Rome, 2 August 2017

The Board of Directors





CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS

Consolidated balance sheet

(€/000)

Assets	06/30/2017	12/31/2016
10 Cash and cash equivalents	20	18
40 Available-for-sale financial assets	7,410	1,047
60 Loans and receivables with banks	14,865	52,575
70 Loans and receivables with customers	2,881	10,820
100 Equity investments	1,608	1,608
120 Property, plant and equipment	1,513	638
130 Intangible assets	2,599	2,079
140 Tax assets	108,578	143,030
a) Current tax assets	8,941	37,722
b) Deferred tax assets	99,637	105,308
of which pursuant to Law 214/2011	55,406	55,406
150 Non-Current assets held for sale and discontinued operations	10	2,516
160 Other assets	146,593	114,103
Total assets	286,077	328,434

Liabilities and shareholders' equity	06/30/2017	12/31/2016
10 Deposits from banks	13,115	13,076
20 Deposits from customers	10,920	11,060
80 Tax liabilities	176	219
a) Current tax liabilities	157	199
b) Deferred tax liabilities	19	20
90 Liabilities associates with non-current assets held for sale and discontinued operations	-	1,738
100 Other liabilities	50,073	55,986
110 Employee termination indemnities	10,243	10,240
120 Provision for risks and charges	23,583	25,371
b) Other provisions	23,583	25,371
140 Valuation reserves	151	256
170 Reserves	117,155	117,155
190 Share capital	41,280	41,280
200 Treasury shares (-)	(277)	(277)
220 Net profit (loss) (+/-)	19,658	52,330
Total liabilities and shareholders' equity	286,077	328,434



Consolidated income statement

(€/000)

Items	06/30/2017	06/30/2016 (*)
10 Interest income and similar revenues	209	185
20 Interest expenses and similar charges	(87)	(274)
30 Net interest income	122	(89)
40 Fee and commission income	96,113	63,885
50 Fee and commission expense	(9,196)	(7,027)
60 Net fee and commission income	86,917	56,858
110 Gains and losses on financial assets/liabilities at fair value through profit and loss	6	-
120 Operating income	87,045	56,769
130 Net losses / recoveries on impairment:	48	2,196
a) Loans	48	2,196
140 Net profit from financial activities	87,093	58,965
170 Net profit from financial and insurance activities	87,093	58,965
180 Administrative costs:	(66,164)	(38,265)
a) Staff expense	(40,686)	(20,799)
b) Other administrative expense	(25,478)	(17,466)
190 Net provisions for risks and charges	(1,179)	(328)
200 Impairment / write-backs on property, plant and equipment	(120)	(1)
210 Impairment / write-backs on intangible assets	(632)	(16)
220 Other net operating income	9,459	7,978
230 Operating costs	(58,636)	(30,632)
270 Gains and (losses) on disposal of investments	1,494	-
280 Profit (loss) before tax from continuing operations	29,951	28,333
290 Tax (expense) recovery on income from continuing operations	(9,903)	(10,828)
300 Profit (loss) after tax from continuing operations	20,048	17,505
310 Profit (loss) after tax from discontinued operations	(390)	-
320 Net profit (loss) for the period	19,658	17,505
340 Profit (loss) for the period attributable to the Parent Company	19,658	17,505

(*) The data referred to the first semester 2016 were restated to guarantee a homogeneous compare. That reclassification regarded the expenses due to lawyers for out-of-court activities which were included in 2016 in the item 180.b) Administrative costs – Other administrative expense, while starting from the third quarter 2016 have been classified in the item 50. Fee and commission expenses.



Consolidated statement of comprehensive income

(€/000)

Items	06/30/2017	06/30/2016
10. Net profit (loss) for the period	19,658	17,505
Other comprehensive income after tax not reversed in profit and loss		
20. Property, plant and equipment	-	-
30. Intangible assets	-	-
40. Defined benefit plans	(105)	-
50. Non-current assets classified as held for sale	-	-
60. Share of valuation reserves of equity accounted investments	-	-
Other comprehensive income after tax reversed in profit and loss		
70. Hedges of foreign investment	-	-
80. Exchange differences	-	-
90. Cash flow hedges	-	-
100. Available-for-sale financial assets	-	81
110. Non-current assets classified as held for sale	-	-
120. Share of valuation reserves of equity accounted investments	-	-
130. Total other comprehensive income after tax	(105)	81
140. Comprehensive income (item 10 + 130)	19,553	17,586
150. Consolidated comprehensive income attributable to minorities	-	-
160. Consolidated comprehensive income attributable to the Parent Company	19,553	17,586



Consolidated statement of changes in shareholders' equity

As at 06/30/2016

(€/000)

	Balance as at 12/31/2015	Changes in opening balance	Allocation of profit from previous year		Changes during the period Shareholders' equity transactions							Comprehensive income at 6/30/2016	Shareholders' equity Group as at 06/30/2016	Shareholders' equity Minorities as at 06/30/2016		
			Balances as at 1/1/2016	Reserves	Dividends and other payout	Changes in reserves	Issue of new share	Acquisition of treasury share	Distribution of extraordinary dividends	Change in equity instruments	Own shares derivatives				Stock options	Changes in shareholdings
Issued capital																
- ordinary shares	41,280	-	41,280	-	-	-	-	-	-	-	-	-	-	-	41,280	-
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves																
- from profits	10,476	-	10,476	-	-	-	-	-	-	-	-	-	-	-	10,476	-
- other	273,791	-	273,791	(167,112)	-	-	-	-	-	-	-	-	-	-	106,679	-
Valuation reserves	1,027	-	1,027	-	-	-	-	-	-	-	-	-	81	1,108	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(277)	-	(277)	-	-	-	-	-	-	-	-	-	-	(277)	-	-
Net profit (loss) for the period	(167,112)	-	(167,112)	167,112	-	-	-	-	-	-	-	-	17,505	17,505	-	-
Shareholders' equity Group	159,185	-	159,185	-	-	-	-	-	-	-	-	-	17,586	176,771	-	-
Shareholders' equity Minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

As at 12/31/2016

(€/000)

	Balance as at 12/31/2015	Changes in opening balance	Allocation of profit from previous year		Changes during the year Shareholders' equity transactions							Comprehensive income at 12/31/2016	Shareholders' equity Group as at 12/31/2016	Shareholders' equity Minorities as at 12/31/2016		
			Balances as at 1/1/2016	Reserves	Dividends and other payout	Changes in reserves	Issue of new share	Acquisition of treasury share	Distribution of extraordinary dividends	Change in equity instruments	Own shares derivatives				Stock options	Changes in shareholdings
Share capital																
- ordinary shares	41,280	-	41,280	-	-	-	-	-	-	-	-	-	-	-	41,280	-
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves																
- of profits	10,476	-	10,476	-	-	-	-	-	-	-	-	-	-	-	10,476	-
- other	273,791	-	273,791	(167,112)	-	-	-	-	-	-	-	-	-	-	106,679	-
Valuation reserves	1,027	-	1,027	-	-	-	-	-	-	-	-	-	(771)	256	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(277)	-	(277)	-	-	-	-	-	-	-	-	-	-	(277)	-	-
Net profit (loss) for the year	(167,112)	-	(167,112)	167,112	-	-	-	-	-	-	-	-	52,330	52,330	-	-
Shareholders' equity Group	159,185	-	159,185	-	-	-	-	-	-	-	-	-	51,559	210,744	-	-
Shareholders' equity Minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



As at 06/30/2017

(€/000)

	Balance as at 12/31/2016	Changes in opening balance	Allocation of profit from previous year		Changes during the period								Comprehensive income at 06/30/2017	Shareholders' equity Group as at 06/30/2017	Shareholders' equity Minorities as at 06/30/2017	
			Balances as at 1/1/2017	Reserves	Dividends and other payout	Changes in reserves	Issue of new share	Acquisition of treasury share	Distribution of extraordinary dividends	Change in equity instruments	Own shares derivatives	Stock options				Changes in shareholdings
Issued capital																
- ordinary shares	41,280	-	41,280	-	-	-	-	-	-	-	-	-	-	41,280	-	-
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves																
- from profits	10,476	-	10,476	52,330	(52,330)	-	-	-	-	-	-	-	-	10,476	-	-
- other	106,679	-	106,679	-	-	-	-	-	-	-	-	-	-	106,679	-	-
Valuation reserves	256	-	256	-	-	-	-	-	-	-	-	-	(105)	151	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(277)	-	(277)	-	-	-	-	-	-	-	-	-	-	(277)	-	-
Net profit (loss) for the period	52,330	-	52,330	(52,330)	-	-	-	-	-	-	-	-	19,658	19,658	-	-
Shareholders' equity Group	210,744	-	210,744	-	(52,330)	-	-	-	-	-	-	-	19,553	177,967	-	-
Shareholders' equity Minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



Consolidated cash flow statement (indirect method)

(€/000)

Consolidated Cash Flow Statement (indirect method)	06/30/2017	06/30/2016
A. OPERATING ACTIVITIES		
1. Operations:	(19,963)	(34,637)
- Profit (loss) for the period (+/-)	19,658	20,765
- Capital gains/losses on financial assets/liabilities held for trading and on assets/liabilities designed at fair through profit and loss (+/-)	-	-
- Capital gains/losses on hedging operations (+/-)	-	-
- Net losses/recoveries on impairment (+/-)	(48)	(8,608)
- Net write-offs/write-backs on tangible and intangible assets (+/-)	752	17
- Provisions and other income/expenses (+/-)	1,179	385
- Uncollected net premiums (-)	-	-
- Other uncollected incomes and expenses from insurance activities (-/+)	-	-
- Unpaid taxes and tax credits (+)	5,706	4,659
- Impairment/write-backs on discontinued operations, net of tax (-/+)	-	-
- Other adjustments (+/-)	(47,210)	(51,855)
2. Liquidity generated/absorbed by financial assets:	116,329	29,806
- Financial assets held for trading	-	-
- Financial assets at fair value	-	-
- Available-for-sale financial assets	(6,363)	300
- Loans and receivables with banks: on demand	37,732	2,924
- Loans and receivables with banks: other receivables	-	-
- Loans and receivables with customers	8,016	14,341
- Other assets	76,944	12,241
3. Liquidity generated/absorbed by financial liabilities:	(41,888)	7,016
- Deposits from banks: on demand	16	2,383
- Deposits from banks: other liabilities	23	-
- Deposits from customers	(140)	1,839
- Debt certificates including bonds	-	-
- Financial liabilities held for trading	-	-
- Financial liabilities designated at fair value	-	-
- Other liabilities	(41,787)	2,794
Net liquidity generated/absorbed by operating activities - A (+/-)	54,478	2,185
B. Investment activities		
1. Liquidity generated by:		
- Sales of equity investments	-	-
- Collected dividends on equity investments	-	-
- Sales of financial assets held to maturity	-	-
- Sales of tangible assets	-	-
- Sales of intangible assets	-	-
- Sales of subsidiaries and divisions	-	-
2. Liquidity absorbed by:	(2,146)	(2,485)
- Purchases of equity investments	-	(2,482)
- Purchases of financial assets held to maturity	-	-
- Purchases of tangible assets	(996)	(3)
- Purchases of intangible assets	(1,150)	-
- Purchases of divisions	-	-
Net liquidity generated/absorbed by investment activities - B (+/-)	(2,146)	(2,485)
C. Funding activities		
- Issues/purchases of treasury shares	-	-
- Issues/purchases of equity instruments	-	-
- Distribution of dividends and other scopes	(52,330)	300
Net liquidity generated/absorbed by funding activities - C (+/-)	(52,330)	300
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD - D=A+/-B+/-C	2	-
RECONCILIATION		
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD - E	18	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD - D	2	-
CASH AND CASH EQUIVALENTS: EFFECT OF EXCHANGE RATE VARIATIONS - F	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD - G=E+/-D+/-F	20	-





EXPLANATORY NOTES



Explanatory Notes

Part A-Accounting Policies

Part B – Consolidated Balance Sheet

Part C – Consolidated Income Statement

Part E – Information on risks and related hedging policies

Part F – Consolidated Shareholders' Equity

Part G- Business Combinations

Part H-Related-party transactions

PART A

ACCOUNTING

POLICIES



Part A – Accounting Policies

A1 – GENERAL

Section 1 - Statement of Compliance with international accounting principles

Section 2 - Preparation Criteria

Section 3 - Consolidation Procedures and Scope

Section 4 - Subsequent Events

Section 5 - Other Matters

A2 – MAIN ITEMS OF THE ACCOUNTS

A4 – INFORMATION ON FAIR VALUE

Qualitative information

Quantitative information



A1 – General

SECTION 1 – STATEMENT OF COMPLIANCE WITH INTERNATIONAL ACCOUNTING PRINCIPLES

This Condensed Consolidated Half-Yearly Financial Report, in application of Italian Legislative Decree no. 38 of February 28, 2005, is prepared in compliance with the accounting standards issued by the International Accounting Standards Board (IASB), including the SIC and IFRIC interpretation documents, endorsed by the European Commission, as foreseen in European Union Regulation no. 1606 of July 19, 2002.

They are an integral part of the Half-Yearly Consolidated Financial Report as at June 30, 2017 which includes the Half-Yearly Report on Operations.

In particular, for the purposes of preparing the present Condensed Consolidated Half-Yearly Financial Report the provisions of the standard IAS 34 "Interim Financial Statements" has been adopted, in relation to the imminent publication of the Registration Document, taking into account the planned listing on the stock exchange described in the Half-Yearly Report on Operations.

SECTION 2 – PREPARATION CRITERIA

The Condensed Consolidated Half-Yearly Financial Report was prepared, as noted above, on the basis of the international accounting standards endorsed by the European Commission. In terms of interpretation and to support their application, the following documents were used, even if they have not all been endorsed by the European Commission:

- The Conceptual Framework for Financial Reporting;
- Implementation Guidance, Basis for Conclusions, IFRIC and any other documents prepared by the IASB or IFRIC (International Financial Reporting Interpretations Committee) complementing the main standards issued;
- the interpretation documents on application of the IASs/IFRSs in Italy prepared by the Organismo Italiano di Contabilità (OIC) and Associazione Bancaria Italiana (ABI);
- the ESMA (European Securities and Markets Authority) and CONSOB documents which pertain to application of specific IFRS provisions.

The Condensed Consolidated Half-Yearly Financial Report, prepared in thousands of Euro (if not otherwise stated) consists of the Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Shareholders' Equity, the Consolidated Statement of Cash Flows (prepared using the indirect method) and the Explanatory Notes to the Financial Statements and is accompanied by the Directors' Half-Yearly Report on Operations. The tables of the Condensed Consolidated Half-Yearly Financial Report present, besides the amounts of the reference period, also the corresponding comparative data referred to June 30, 2016 for the income statement and the statement of cash flows, while at December 31, 2016 for the balance sheet.

The tables used and the associated rules for compilation, are in line with the provisions of Circular no. 262 issued by the Bank of Italy with its measure of December 22, 2005 (4th update of December 15, 2015). Please note that, as provided for in the said circular, the items and tables with zero amounts are not indicated in the Notes to the Consolidated Financial Statements.

The Condensed Consolidated Half-Yearly Financial Statements were prepared with the assumption of the company continuing as a going concern, in compliance with the provisions of the accounting standard IAS 1, and in accordance with the accounting concept of accrual, in observance of the principles of relevance and significance of the accounting information, of the prevalence of economic substance over legal form and with a view to facilitating consistency with future presentations.



The accounting standards adopted in preparing the present Condensed Consolidated Half-Yearly Financial Report, with reference to the phases of classification, recognition, measurement and derecognition of the equity items, and recognition of the costs and revenues are the same adopted for the 2016 Consolidated Reports and Accounts, to which you are referred for a full reading, with the exception of entry into force starting from 2017 of a number of amendments to certain international accounting standards described below in Section 5 – Other Matters.

RISK AND UNCERTAINTY RELATED TO THE USE OF ESTIMATES

In compliance with the international accounting principles, company management must formulate assessments, estimates and assumptions that affect application of the accounting standards and the amounts of assets, liabilities, costs and revenues shown in the financial statements, as well as the disclosures related to contingent assets and liabilities. The estimates and related assumptions are based on previous experience and other factors considered reasonable for the specific cases and are adopted to estimate the carrying value of assets and liabilities that cannot be easily determined from other sources.

In particular, estimate processes are adopted to support the recognition of the largest items recognized in the Condensed Consolidated Half-Yearly Financial Statements as at June 30, 2017, as foreseen in the accounting standards and the reference regulations described above. These processes are based in large part on estimates of the future recoverability of the amounts recognized in the financial statements, based on the rules dictated by the regulations in effect and have been made with an eye to the company being a going concern, that is leaving aside the hypothesis of forced liquidation of the items being measured. The processes adopted support the values recognized at June 30, 2017. The measurement process was particularly complex in consideration of the current macroeconomic and market situation.

The parameters and information used to verify the amounts initially mentioned were therefore significantly affected by the said factors, which could see rapid changes not foreseeable at present, so that the possibility of consequent effects on future book values cannot be excluded.

The estimates and assumptions used are reviewed regularly. Any changes made consequent to said reviews are recognized in the period in which the review is carried out, if it is relevant only to that period. If the review involves either current or future periods, the change is recognized in the period in which the review is carried out and in future periods.

The risk of uncertainty for estimates is seen substantially in determining the figure for:

- fair value for financial instruments not quoted on active markets;
- loans and receivables, equity investments and, in general, all other financial assets/liabilities;
- provisions for risks and charges and contingent assets;
- deferred tax assets

for which quantification is mainly connected to both changes in the Italian and international socio-economic situation, and trends on the financial markets, which provoke consequent impacts on the performance of interest rates, fluctuations in prices, actuarial data, and more generally, the creditworthiness of counterparties.

With particular reference to measurement methods, non-observable inputs that may be used in fair value measurement and sensitivity to changes in the same, please refer to section A.4 Information on fair value.

SECTION 3 – CONSOLIDATION PROCEDURES AND SCOPE

Below are the consolidation criteria and principles adopted in preparing the Condensed Consolidated Financial Half-Yearly Report as at June 30, 2017.



In preparing the Half-Yearly Consolidated Financial Report at June 30, 2017, the following were used:

- the half-yearly financial report as at June 30, 2017 of the parent company doBank S.p.A.;
- the half-yearly financial reports as at June 30, 2017, approved by the relevant bodies and departments of the companies consolidated line by line: doRealEstate S.p.A., Italfondario S.p.A., IBIS S.r.l. and doSolutions S.p.A.. These accounting records were appropriately reclassified and adjusted to take consolidation requirements into account and, when necessary, render them compliant with the Group's accounting standards.

Subsidiaries

Entities in which doBank holds direct or indirect control are considered subsidiaries. Control over an entity is identified through the ability of the parent to exercise power in order to influence the variable returns to which the group is exposed through its relationship with the same.

In order to ascertain the existence of control, the following factors are considered:

- the purpose and establishment of the investee in order to identify what the entity's objectives are, the activities that determine its returns and how these activities are governed;
- the power in order to understand whether the parent has contractual rights that attribute the ability to govern the relevant activities; to this end only substantial rights that provide practical ability to govern are considered;
- the exposure held in relation to the investee in order to assess whether the parent has relations with the investee, the returns of which are subject to changes that depend on changes in the investee's performance;
- existence of potential "principal-agent" relationships.

The carrying amount of equity investments in companies consolidated on a line-by-line basis, held by the parent company, is eliminated - against the assumption of the assets and liabilities of the investees - as a counter-entry for the corresponding portion of shareholders' equity attributable to the Group.

Financial relationships, receivable and payable, off-balance-sheet transactions, income and expense, as well as profit and loss occurring between companies within the scope of consolidation are cancelled out completely, in line with the consolidation methods adopted.

Costs and revenues of a subsidiary are included in the consolidated figures as of the date control was acquired. Costs and revenues of a subsidiary disposed of are included in the consolidated income statement until the date of disposal, that is until the moment in which control over the investee is lost. The difference between the amount received for the subsidiary and the carrying value of its net assets as of the same date is recognized in the Income Statement under item 270. "Gains and losses on disposal of investments" for companies subject to line by line consolidation.

For companies included within the scope of consolidation for the first time, the fair value of the cost incurred to obtain control over the said equity investment, inclusive of ancillary expenses, is measured as of the acquisition date.

If the disposal does not involve a loss of control, the difference between the amount received to dispose of a stake held in a subsidiary and the related carrying amount of the net assets is recognized in a counter-entry in Shareholders' equity.

Associates

An associate is an entity over which an investor has significant influence and which is not controlled exclusively or jointly controlled. Significant influence is presumed when the investor:



- holds, directly or indirectly, at least 20% of the share capital of another company, or
- is able, including through shareholders' agreements, to exercise significant influence through:
 - o representation on the governing body of the company;
 - o participation in the policy-making process, including participation in decisions about dividends or other distributions;
 - o the existence of significant transactions;
 - o interchange of managerial personnel;
 - o provision of essential technical information.

It is specified that companies under significant influence are only those entities that are governed through voting rights.

Equity investments in associates are recognized using the equity method. In accordance with IAS 36, the carrying value of associated companies is measured as a single asset, comparing this with the recoverable value (defined as the greater between value in use and fair value net of disposal costs).

Equity Method

Equity investments in companies measured according to the equity method, include the goodwill (net of any impairment loss) paid to purchase them. The investor's share of the profit and loss of the investee after the acquisition date is recognized in the Income Statement under item 240. "Profit (Loss) of equity investments". Any dividends distributed reduce the carrying amount of the equity investment.

If the investor's share of a subsidiary's losses is equal to or more than its carrying amount, no further losses are recognized, unless the investor has incurred specific obligations or made payments on behalf of the company.

Gains and losses on transactions with associated companies or those with joint control are eliminated according to the percentage interest in said company.

Any changes in the associates' or jointly-controlled companies' revaluation reserves, recorded as contra entries for changes in the value of phenomena relevant to this purpose, are recognized separately in the Statement of Comprehensive Income.

At June 30, 2017, the stake in BCC Gestione Crediti was measured using the Equity Method.

1. Investments in subsidiaries

The table below shows the companies included on a line-by-line basis in the consolidation:

Name companies	Administrative Office	Registered Office	Type of Relationship (1)	Owner relationship		Voting rights % (2)
				Held by	Holding %	
1. doBank S.p.A.	Verona	Verona		Holding		
2. doReal Estate S.p.A.	Verona	Verona	1	doBank S.p.A.	100%	100%
3. Italfondiaro S.p.A.	Rome	Rome	1	doBank S.p.A.	100%	100%
4. Ibis S.r.l.	Rome	Rome	1	doBank S.p.A.	100%	100%
5. doSolutions S.p.A.	Rome	Rome	1	doBank S.p.A.	100%	100%

Notes to the table

(1) Type of relationship:

1 = majority of voting rights at ordinary shareholders' meeting

2 = dominant influence at ordinary shareholders' meeting

3 = agreements with other shareholders

4 = other types of control

5 = centralized management pursuant to paragraph 1 of art. 39 of "Legislative decree 136/2015"

6 = centralized management pursuant to paragraph 2 of art. 39 of "Legislative decree 136/2015"

(2) Voting rights available in general meeting. Voting rights are disclosed only if different from the percentage of ownership



Changes in the consolidation scope

During the first semester of 2017 the reorganization of the Group continued; this had begun the last quarter of 2016 with acquisition of the equity investment in Italfondario S.p.A..

With juridical effect from March 1, 2017 the merger by incorporation di Italfondario RE S.r.l. into doRealEstate S.p.A. was in fact carried out. This is aimed at centralizing in a single instrumental company the activities associated with property management ancillary to the recovery of credit managed under mandate.

Moreover during the month of April, 2017 the company Gextra S.r.l. has been transferred, who was exposed in the assets held for disposal in the 2016 Consolidated Reports and Accounts to the sense of IFRS 5.

2. Significant assessments and assumptions for determining the scope of consolidation

The doBank Group determines the existence of control and, as a consequence, the consolidation scope, by ascertaining the following with reference to entities in which it holds exposures:

- the existence of power over significant activities;
- exposure to variable returns;
- the ability to use the power held to influence the returns to which it is exposed.

The factors considered for the purpose of this assessment depend on the entity's method of governance, its purpose and its equity structure. To that end, the holding includes entities governed through voting rights within the consolidation scope.

At June 30, 2017 doBank holds a majority of voting rights in all the companies within the consolidation scope.

SECTION 4 – SUBSEQUENT EVENTS

After June 30, 2017, no significant events occurred that would have led to adjusting the results described in the Half-Yearly Consolidated Financial Report as at June 30, 2017. For further details and information please see the Half-Yearly Report on Operations.

SECTION 5 – OTHER MATTERS

The European Commission endorsed in 2016 the following accounting standards that are not applied to the financial statements as at June 30, 2017, because the Group did not make use, in any cases provided for, of application in advance:

- IFRS 9 – Financial Instruments (application from January 1, 2018);
- IFRS 15 – Revenue from Contracts with Customers (application from January 1, 2018).

At the end of the first semester of 2017, the following new accounting standards, amendments and interpretations were issued by the IASB, but have not been yet endorsed by the European Commission:

- IFRS 14 Regulatory Deferral Accounts (the European Commission has decided not to launch the process of endorsement of the new interim standard, pending the final version of the principle);
- IFRS 16 Leases (application from January 1, 2019, early application is not permitted);
- IFRS 17 Insurance contracts (application from January 1, 2021, early application is permitted);
- Amendments IFRS 10 e IAS 28 (in December 2015, the IASB postponed the entry into force of the amendments without specifying the date);
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses (application from January 1, 2017, early application is permitted);
- Amendments to IAS 7: Disclosure Initiative (application from January 1, 2017);



- Clarifications to IFRS 15 Revenue from Contracts with Customers (application from January 1, 2018);
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (application from January 1, 2018);
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (application from January 1, 2018);
- Annual Improvements to IFRS Standards 2014-2016 Cycle, aimed to clarify certain provisions relating to the following IFRS accounting principles:
 - IFRS 12 Disclosure of Interests in Other Entities (application from January 1, 2017)
 - IFRS 1 First-time Adoption of International Financial Reporting Standards (application from January 1, 2018)
 - IAS 28 Investments in Associates and Joint Ventures (application from January 1, 2018);
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (application from January 1, 2018);
- Amendments to IAS 40: Transfers of Investment Property (application from January 1, 2018);
- IFRIC 23 Uncertainty over income tax treatment (application from January 1, 2019).

This Half-Yearly Consolidated Financial Report is subject to auditing by the auditing firm EY S.p.A., pursuant to Italian Legislative Decree no. 39 of January 27, 2010.



A2 – Main items of the accounts

As regards the qualitative information on fair value, please see what is illustrated in the same Part A.4 of the Notes to the Consolidated Financial Statements as at December 31, 2016.

A.4 – Information on fair value

QUALITATIVE INFORMATION

As regards the qualitative information on fair value, please see what is illustrated in the same Part A.4 of the Notes to the Consolidated Financial Statements at December 31, 2016.

QUANTITATIVE INFORMATION

A.4.5 – Fair value hierarchy

The tables below indicate the breakdown of the portfolio of (i) financial assets and liabilities measured at fair value, as well as (ii) assets and liabilities not measured at fair value or measured at fair value through profit or loss on a non-recurring basis, on the basis of the aforementioned levels.

A.4.5.1 – Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value levels

(€/000)

Financial assets / Liabilities carried at fair value	06/30/2017			12/31/2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets held for trading	-	-	-	-	-	-
2. Financial assets at fair value through profit and loss	-	-	-	-	-	-
3. Available for sale financial assets	1,002	-	6,366	1,002	-	-
4. Hedging derivative assets	-	-	-	-	-	-
5. Property, plant and equipment	-	-	-	-	-	-
6. Intangible assets	-	-	-	-	-	-
Total	1,002	-	6,366	1,002	-	-
1. Financial liabilities held for trading	-	-	-	-	-	-
2. Financial liabilities at fair value through profit and loss	-	-	-	-	-	-
3. Hedging derivative liabilities	-	-	-	-	-	-
Total	-	-	-	-	-	-

Level 1 includes, in the item available-for-sale financial assets, government securities (BOT) acquired during the year in order to strengthen further the coverage on the European regulatory requirement in terms of short-term liquidity, the Liquidity Coverage Ratio (LCR).

Level 3 of the same item mainly includes the residual value of the notes issued by SPVs Romeo and Mercuzio Securitisation, equal to 5% of total securities issued in the second quarter, after SPV Romeo's sale of the unsecured portion of the portfolio to SPV Mercuzio Securitisation.



A.4.5.4–Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value level

(€/000)

Assets / Liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value level	06/30/2017				12/31/2016			
	Book Value	Level 1	Level 2	Level 3	Book Value	Level 1	Level 2	Level 3
1. Held to maturity investments	-	-	-	-	-	-	-	-
2. Loans and receivables with banks	14,865	-	-	14,865	52,575	-	-	52,575
3. Loans and receivables with customers	2,881	-	-	2,881	10,820	-	-	10,820
4. Property, plant and equipment held for investment	-	-	-	-	-	-	-	-
5. Non-current assets held for sale and discontinued operations	10	-	-	10	2,516	-	-	2,516
Total	17,756	-	-	17,756	65,911	-	-	65,911
1. Deposits from banks	13,115	-	-	13,115	13,076	-	-	13,076
2. Deposits from customers	10,920	-	-	10,920	11,060	-	-	11,060
3. Debt securities in issue	-	-	-	-	-	-	-	-
4. Liabilities included in disposal groups classified as held for sale	-	-	-	-	1,738	-	-	1,738
Total	24,035	-	-	24,035	25,874	-	-	25,874





PART B CONSOLIDATED BALANCE SHEET



Part B – Consolidated Balance Sheet

ASSETS

- Section 4 - Available-for-sale financial assets - Item 40
- Section 6 - Loans and receivables with banks - Item 60
- Section 7 - Loans and receivables with customers - Item 70
- Section 10 – Equity investments - Item 100
- Section 13 – Intangible assets - Item 130
- Section 14 - Tax assets and liabilities - Item 140 (assets) and Item 80 (liabilities)
- Section 15 - Non-current assets and disposal groups classified as held for sale and associated
Liabilities - Item 150 (assets) and item 90 (liabilities)
- Section 16 – Other assets – Item 160

LIABILITIES

- Section 1 - Deposits from banks - Item 10
- Section 2 – Deposits from customers – Item 20
- Section 8 – Tax liabilities – Item 80
- Section 9 - Liabilities associated with non-current assets held for sale
and discontinued operations - Item 90
- Section 10 - Other liabilities - Item 100
- Section 11 – Employee termination indemnities – Item 110
- Section 12 - Provisions for risks and charges - Item 120
- Section 15 – Group Shareholders' Equity - Items 140, 160, 170, 180, 190, 200 and 220



Assets

SECTION 4 – AVAILABLE-FOR-SALE FINANCIAL ASSETS – ITEM 40

4.1 – Available-for-sale financial assets: product breakdown

(€/000)

Items / Amounts	06/30/2017			12/31/2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	1,002	-	6,363	1,002	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other	1,002	-	6,363	1,002	-	-
2. Equity instruments	-	-	45	-	-	45
2.1 Measured at fair value	-	-	3	-	-	3
2.2 Carried at cost	-	-	42	-	-	42
3. Units in investment funds	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
Total	1,002	-	6,408	1,002	-	45

The item Available-for-sale financial assets mainly contains for an amount of €6.4 million the residual value of the notes issued by the SPVs Romeo and Mercuzio Securitisation, equal to 5% of the total notes issued during the second quarter, after the transfer by Romeo SPV of the unsecured portfolio portion to SPV Mercuzio Securitisation. In that item also appears the government securities investment (BOT) for approximately €1.0 million in order to maintain observance of the European regulatory requirement in terms of short/term Liquidity Coverage Ratio (LCR).

SECTION 6 – LOANS AND RECEIVABLES WITH BANKS – ITEM 60

6.1 – Loans and receivables with banks: product breakdown

(€/000)

Type of transaction / values	06/30/2017				12/31/2016			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Loans to Central Banks								
1. Time deposits	-	-	-	-	-	-	-	-
2. Compulsory reserves	-	-	-	-	-	-	-	-
3. Reverse Repos	-	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-	-
B. Loans to banks								
1. Loans	14,743	-	-	14,743	52,455	-	-	52,455
1.1 Current accounts and demand deposits	14,743	-	-	14,743	52,455	-	-	52,455
1.2 Time deposits	-	-	-	-	-	-	-	-
1.3 Other Loans	-	-	-	-	-	-	-	-
- Reverse Repos	-	-	-	-	-	-	-	-
- Financial leases	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
2. Debt securities	122	-	-	122	120	-	-	120
2.1 Structured	-	-	-	-	-	-	-	-
2.2 Other	122	-	-	122	120	-	-	120
Total	14,865	-	-	14,865	52,575	-	-	52,575

Loan and receivables with banks totaling €14.9 million, refer mainly to the cash available in current accounts.



The reduction compared to 2016 was mainly due to payment of dividends to Avio partner for €52.3 million and the trend of periodic collection flows of fee and commission to the main customers and payments to suppliers.

In consideration of the short-term duration of these exposures, as well as the variable interest rate to which they refer, it is reasonable to consider that the fair value of these items corresponds to the related book value.

SECTION 7 – LOANS AND RECEIVABLES WITH CUSTOMERS – ITEM 70

71 – Loans and receivables with customers: product breakdown

(€/000)

Type of transactions / Amounts	06/30/2017						12/31/2016					
	Book value			Fair value			Book value			Fair value		
	Non-performing			Level 1	Level 2	Level 3	Non-performing			Level 1	Level 2	Level 3
	Performing	Purchased	Other				Performing	Purchased	Other			
Loans												
1. Current accounts	918	250	-	-	-	1,168	636	249	-	-	-	885
2. Reverse repos	-	-	-	-	-	-	-	-	-	-	-	-
3. Mortgages	1,236	134	-	-	-	1,370	1,171	272	-	-	-	1,443
4. Credit cards and personal loans, including wage assignment loans	-	-	-	-	-	-	-	-	-	-	-	-
5. Finance leases	-	-	-	-	-	-	-	-	-	-	-	-
6. Factoring	-	-	-	-	-	-	-	-	-	-	-	-
7. Other loans	322	21	-	-	-	343	8,474	18	-	-	-	8,492
Debt securities												
8. Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
9. Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Total	2,476	405	-	-	-	2,881	10,281	539	-	-	-	10,820

At June 30, 2017 the item which included €0.4 million of non-performing assets as residual of non-performing portfolio transferred by doBank during 2016, leads to a reduction compared to December 31, 2016 mainly due to the reimburse of the "bridging loan" of €8.4 million which was in the item Other loans at December 31, 2016; that loan was related to portion 5%, pertaining to doBank, granted to the SPV Romeo by the subjects that undertook to subscribe the notes at the moment of their issue on the market.

Performing loans, equal to €2.5 million, are mostly made of "auctioned mortgage loans" and current accounts overdrafts.



72 – Loans and receivables with customers: breakdown by issuer/borrower

(€/000)

Type of transactions / Amounts	06/30/2017			12/31/2016		
	Performing	Non-Performing		Performing	Non-Performing	
		Purchased	Other		Purchased	Other
1. Debt securities						
a) Governments	-	-	-	-	-	-
b) Other public entities	-	-	-	-	-	-
c) Other issuers	-	-	-	-	-	-
- non-financial companies	-	-	-	-	-	-
- financial companies	-	-	-	-	-	-
- insurance companies	-	-	-	-	-	-
- other	-	-	-	-	-	-
2. Loans to	2,476	405	-	10,281	539	-
a) Governments	328	-	-	106	-	-
b) Other public entities	-	-	-	-	-	-
c) Other entities	2,148	405	-	10,175	539	-
- non-financial companies	913	342	-	639	479	-
- financial companies	-	-	-	8,364	-	-
- insurance companies	-	-	-	-	-	-
- other	1,235	63	-	1,172	60	-
Total	2,476	405	-	10,281	539	-

SECTION 10 – EQUITY INVESTMENTS – ITEM 100

10.1 Equity investments: information on shareholding

Names	Registered Office	Administrative Office	Type of relationship	Ownership Relationship		Voting Rights %
				Investor company	Holding %	
a) Companies under joint control						
b) Companies subject to significant influence						
BCC Gestione Crediti S.p.A.	Rome	Rome	Associate	Italfondario S.p.A.	45.00%	45.00%



SECTION 13 – INTANGIBLE ASSETS – ITEM 130

13.1 – Intangible assets: breakdown by asset type

(€/000)

Assets / Values	06/30/2017		12/31/2016	
	Finite Life	Indefinite Life	Finite Life	Indefinite Life
A.1 Goodwill	-	-	-	-
A.1.1 attributable to the Group	-	-	-	-
A.1.2 attributable to minorities	-	-	-	-
A.2 Other intangible assets	2,599	-	2,079	-
A.2.1 Assets carried at cost:	2,602	-	2,082	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	2,602	-	2,082	-
A.2.2 Assets valued at fair value:	(3)	-	(3)	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	(3)	-	(3)	-
Total	2,599	-	2,079	-

The item refers to software.

SECTION 14 – TAX ASSETS AND LIABILITIES – ITEM 140 (ASSETS) AND ITEM 80 (LIABILITIES)

14.1 – Deferred tax assets: breakdown

(€/000)

	06/30/2017			12/31/2016		
	IRES	IRAP	Total	IRES	IRAP	Total
Provisions - administrative expenses	559	-	559	2,368	-	2,368
Provisions - Risks and charges	6,615	10	6,625	5,207	7	5,214
Provisions - Shareholders' equity	2	-	2	-	-	-
Write-down on loans	47,921	7,660	55,581	47,749	7,660	55,409
Other assets / liabilities	258	52	310	1,029	57	1,086
Tax losses carried forward in the future	36,441	-	36,441	41,136	-	41,136
Other items	117	2	119	93	2	95
Total	91,913	7,724	99,637	97,582	7,726	105,308

The item shows deferred tax due to temporary differences deductible in future financial years.

The item Deferred tax assets includes portions related to write-downs of loans and deferred tax assets, determined on the basis of the amounts remaining in the components to which they referred (disputes, provisions for personnel)

We can note on this point that the parent company has exercised the option to maintain the possibility of transforming deferred tax assets into tax credits under the terms of Art. 11 of Italian Law Decree no. 59 of 05/03/2016 converted by Italian Law no. 119 of 06/30/2016. This law introduced the optional arrangement with the purpose of removing the critical issues that had emerged at the community level concerning the incompatibility of the rules of transforming DTAs with the legislation on the subject of state aid ensuring that the convertibility into tax credits of qualified DTAs is guaranteed only against a specific fee to be paid on the amount of such DTAs.



The Law no.15 of February 17, 2017 converting Decree-Law "Salva-banca" amended the deadline for this fee to be postponed from 2015 to 2016, with the consequent extension of the commitment to pay an annual fee up to the year 2030. Exercising the option enables the company to maintain both the possibility of transforming (starting from the 2015 tax year) such qualified DTAs (in the specific case DTAs deriving from write-downs of loans) into tax credits, proportionally to any statutory loss resulting from the financial statements approved, and the possibility of not proceeding to detract these amounts from Own Funds for prudential purposes, because the requirements laid down in Art. 39 of the CRR (575/2013), which provides for their being subjected to the credit risk calculation with a 100% weighting, remain met.

With reference to the deferred tax assets pursuant to Italian Law 214/2011, for express legislative provision pursuant to art. 56 of Italian Law no. 225 of 12/29/2010, the negative components corresponding to deferred tax assets transformed into tax credits are not deductible, proceeding to cancel out as a priority decreases maturing sooner for an amount to which corresponds a tax equal to the DTAs transformed. As a result of the above provisions of the law, the amount of deferred tax assets recognized will begin to "move" only starting from 2021.

With reference to the indications of IAS 12, deferred tax assets are subjected to a probability test, taking foreseeable economic projections for future financial years into account, in order to verify whether there will be future taxable income against which the deferred tax assets can be used.

Specifically, for the figures at December 31, 2016, the test carried out, which took into account the 2017–2019 Capital and Economic Plan presented to the Corporate Bodies, showed a large taxable base capable of absorbing the deferred tax assets recognized.

In addition, as regards the tax credit deriving from deferred tax assets pursuant to Law 214/2011, the same test guaranteed full use against foreseen operating taxes.

The criteria used for recognition of deferred tax assets can be summarized as follows:

- Deferred tax assets correspond to the amounts of income tax for the year that can be recovered in future financial years, pertaining to temporary differences;
- A requirement for the recognition of said deferred tax assets is the consideration that, with respect to possible corporate changes, it is believed with reasonable certainty that taxable income will be achieved, against which the temporary deductible differences will be used.

A rate of 27.5% was used as the IRES rate contemplated under article 77 of the Income Tax Consolidation Act (TUIR) for doBank S.p.A. and Italfondario S.p.A., whereas a rate of 24% was used for the other consolidated equity investments. For IRAP (regional business tax) a rate of 5.57% and 4.82% was used depending on the company.

142 – Deferred tax liabilities: breakdown

(€/000)

	06/30/2017			12/31/2016		
	IRES	IRAP	Total	IRES	IRAP	Total
Equity investments	-	-	-	-	-	-
Other items	19	-	19	20	-	20
Total	19	-	19	20	-	20



14.7 – Other information

Current tax assets: breakdown

(€/000)

	06/30/2017			12/31/2016		
	IRES	IRAP	Total	IRES	IRAP	Total
Paid in advance	6,611	1,390	8,001	10,092	2,959	13,051
Tax credit pursuant to law no. 214/2011	6,689	1,073	7,762	30,079	4,824	34,903
Tax credit pursuant to tax statement	1,379	21	1,400	1,414	454	1,868
Other loans	-	-	-	2	-	2
Tax liabilities	(6,502)	(1,720)	(8,222)	(7,801)	(4,301)	(12,102)
Total	8,177	764	8,941	33,786	3,936	37,722

Current tax liabilities: breakdown

(€/000)

	06/30/2017			12/31/2016		
	IRES	IRAP	Total	IRES	IRAP	Total
Taxes for the period	36	374	410	201	49	250
Net accounts paid	-	(253)	(253)	(40)	(11)	(51)
Total	36	121	157	161	38	199



SECTION 15 – NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE AND ASSOCIATED LIABILITIES - ITEM 150 (ASSETS) AND ITEM 90 (LIABILITIES)

15.1 – Non-current assets and disposal groups classified as held for sale: breakdown by asset type

(€/000)

Type of operations / Values	06/30/2017	12/31/2016
A. Individual Assets	-	-
A.1 Financial assets	10	10
A.2 Equity investments	-	-
A.3 Property, plant and equipment	-	-
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	-
Total A	10	10
of which carried at cost	-	-
of which designated at fair value, Level 1	-	-
of which designated at fair value, Level 2	-	-
of which designated at fair value, Level 3	10	10
B. Asset groups (discontinued operations)	-	-
B.1 Financial assets held for trading	-	-
B.2 Financial assets at fair value through profit and loss	-	-
B.3 Available for sale financial assets	-	-
B.4 Held to maturity investments	-	-
B.5 Loans and receivables with banks	-	302
B.6 Loans and receivables with customers	-	5
B.7 Equity investments	-	-
B.8 Property, plant and equipment	-	48
B.9 Intangible assets	-	117
B.10 Other assets	-	2,034
Total B	-	2,506
of which carried at cost	-	-
of which designated at fair value, Level 1	-	-
of which designated at fair value, Level 2	-	-
of which designated at fair value, Level 3	-	2,506
C. Liabilities associated with individual assets classified as held for sale	-	-
C.1 Deposits	-	-
C.2 Securities	-	-
C.3 Other Liabilities	-	-
Total C	-	-
of which carried at cost	-	-
of which designated at fair value, Level 1	-	-
of which designated at fair value, Level 2	-	-
of which designated at fair value, Level 3	-	-
D. Liabilities associated with groups of assets classified as held for sale	-	-
D.1 Deposit from banks	-	-
D.2 Deposit from customers	-	-
D.3 Debt securities in issue	-	-
D.4 Financial liabilities held for trading	-	-
D.5 Financial liabilities at fair value through profit and loss	-	-
D.6 Provisions	-	-
D.7 Other Liabilities	-	(1,738)
Total D	-	(1,738)
of which carried at cost	-	-
of which designated at fair value, Level 1	-	-
of which designated at fair value, Level 2	-	-
of which designated at fair value, Level 3	-	(1,738)



As at June 30, 2017 the item Non-current assets and disposal groups classified as held for sale included the Balance Sheet items referring to the subsidiary Gextra S.r.l., which was put up for sale at the end of last year and sold in April 2017.

SECTION 6 – OTHER ASSETS – ITEM 160

16.1 – Other assets: composizione

(€/000)	06/30/2017	12/31/2016
Consolidation assets adjustments (IC eliminations)	659	19
Accrued income other capitalised income	1,780	1,382
Items in processing	1,141	289
Items deemed definitive but not-attributable to other items:	76,690	78,812
Other operations	76,690	78,812
- Receivables maturing during the period, deriving from credit management and recovery activities through mandates and from servicing and adm.services carried out for third party companies	72,480	74,978
- Advances paid to suppliers	251	145
- Other residual	3,959	3,689
Tax items other than those included in item 140	4,824	3,848
Other items:	61,499	29,753
- Tangible assets closing balance (IAS 2)	1,055	1,138
- Receivables maturing during the period not yet collected, deriving from credit management and recovery activities through mandates and from servicing and adm.services carried out for third party companies	59,548	27,707
- Other items - Other	896	908
Total	146,593	114,103

The item "Items deemed definitive but not-attributable to other items" and the item "Other items - receivables maturing during the period not yet collected" includes receivables deriving from the core business with UniCredit and other customers for collection services through mandates and other servicing activities. Note that these services are not included within the definition of "Financial Services" as indicated in Bank of Italy Circular 262/2005 and therefore are not classified within items 60 and 70, respectively Loans and receivables with banks and loans and receivables with customers.

Item "Other items – Tangible assets closing balance" includes the properties owned by the subsidiary doRealEstate.



Liabilities

SECTION 1 – DEPOSITS FROM BANKS – ITEM 10

1.1 – Deposits from banks: product breakdown

(€/000)

Type of transaction / Group component	06/30/2017	12/31/2016
1. Deposit from central banks	-	-
2. Deposit from banks	13,115	13,076
2.1 Current accounts and demand deposits	3,015	2,999
2.2 Time deposits	-	-
2.3 Loans	10,055	10,032
2.3.1 Repos	-	-
2.3.2 Other	10,055	10,032
2.4 Liabilities for commitments to repurchase own equity instruments	-	-
2.5 Other liabilities	45	45
Total	13,115	13,076
	<i>Fair value - level 1</i>	-
	<i>Fair value - level 2</i>	-
	<i>Fair value - level 3</i>	13,115
Total fair value	13,115	13,076

Item Deposits from banks includes €3.0 million for a credit line granted by UniCredit S.p.A. to doRealEstate dedicated to repossession and friendly repossession activities, whereas €10 million includes the short-term loans taken out by the parent company doBank including the relevant interest accrued.



SECTION 2 – DEPOSITS FROM CUSTOMERS – ITEM 20

2.1 – Deposits from customers: product breakdown

(€/000)

Type of transaction / Group component	06/30/2017	12/31/2016
1. Current accounts and demand deposits	10,758	10,850
2. Time deposits	-	-
3. Loans	-	-
3.1 Repos	-	-
3.2 Other	-	-
4. Liabilities for commitments to repurchase own equity instruments	-	-
5. Other liabilities	162	210
Total	10,920	11,060
<i>Fair value - level 1</i>	-	-
<i>Fair value - level 2</i>	-	-
<i>Fair value - level 3</i>	10,920	11,060
Total Fair Value	10,920	11,060

Item Current account and demand deposits with ordinary customers consists mainly of relationships held with affiliated lawyers.

SECTION 9 – LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS – ITEM 90

In regard to liabilities included in disposal groups classified as under for disposal, please refer to Section 15 of the Assets.



SECTION 10 – OTHER LIABILITIES – ITEM 100

10.1 – Other liabilities: breakdown

(€/000)

	06/30/2017	12/31/2016
Accrued expense other than that capitalized on the financial liabilities concerned	1	7
Other liabilities due to employees	7,718	9,808
Other liabilities relative to other staff	501	550
Interest and amount to be credited to customers	1,560	1,560
Available amounts to be paid to others	3,539	3,848
Items in processing	1,865	1,443
Items deemed definitive but not attributable to other lines:	28,487	31,418
- <i>Account payable - suppliers</i>	24,992	23,365
- <i>Other entries</i>	3,495	8,053
Tax items different from those included in item 80	6,336	7,052
Other entries	66	300
Total	50,073	55,986

Item Other liabilities due to employees includes provisions related to holidays not taken and profitability bonuses as well as payables for early retirement incentives.

The Items deemed definitive but not attributable to other lines - account payable - suppliers essentially includes accounts payable to suppliers for invoices to be received and for supplies that are to be settled. The item "Items deemed definitive but not attributable to other lines - other entries" includes the payable to the INPS for employee contributions and other sundry payable items awaiting definitive allocation.

Item Tax items different from those included in item 80 includes besides the payable to the Tax Authority for VAT to be paid. On December 2016, the item also took account of the fee amount to the year 2016 (€2.0 million) related to the parent company exercising the option to maintain the possibility of transforming deferred tax assets into tax credits under the terms of Art. 11 of Italian Law Decree no. 59 of 5/3/2016 converted by Italian Law no.119 of June 30, 2016. The Law no.15 of February 17, 2017 converting Decree-Law "Salva-banca" amended the deadline for this fee to be postponed from 2015 to 2016, by providing that the amount paid in 2016 represents the relevant fee due for the same period. Consequently, the amount of €2.0 million set aside in 2016 and paid during the first semester 2017 ends with the amount due for the current year and therefore no new provision has been made.

The Other entries includes the residual items.



SECTION 11 – EMPLOYEE TERMINATION INDEMNITIES – ITEM 110

11.1 – Employee termination indemnities: annual change

(€/000)

	06/30/2017	12/31/2016
A. Opening balances	10,240	4,629
B. Increases	199	5,817
B.1 Provision for the period	48	108
B.2 Other increases	151	5,709
C. Reductions	(196)	(206)
C.1 Severance payments	(78)	(117)
C.2 Other decreases	(118)	(89)
D. Closing balances	10,243	10,240
Total	10,243	10,240

SECTION 12 – PROVISIONS FOR RISKS AND CHARGES – ITEM 120

12.1 – Provisions for risks and charges: breakdown

(€/000)

Items / Components	06/30/2017	12/31/2016
1. Pensions and other post-retirement benefit obligations	-	-
2. Other provisions for risks and charges	23,583	25,371
2.1 <i>Legal disputes</i>	10,297	9,427
2.2 <i>Staff expenses</i>	6,873	9,002
2.3 <i>Other</i>	6,413	6,942
Total	23,583	25,371

Item 2.1 "Legal disputes" mainly contains the provision for risks for disputes coming from the Group's core business and that of its subsidiaries.

Item 2.2 "Staff expenses" includes allocations recognized necessary to finance possible premiums that do not pertain to pre-existing agreements or determinable quantification mechanism and MBO bonuses and is mainly decremented by the payment during the semester of MBO bonuses referred to the previous year.

Item 2.3 "Other" mainly includes provisions set aside to cover risks for which legal cases have not yet been begun.

Risks associated with existing legal disputes

The Group operates in a legal and regulatory context which exposes it to a vast range of legal disputes, associated with the core business related to the activity of servicing credit recovery on mandates, to any administrative irregularities, and to employment law litigation.

The related risks are the subject of periodical analysis in order to proceed to set aside specific provisions for risks and charges, if the outlay is considered probable or possible, on the basis of the information available each time, as provided for in the "Guidelines for determining provisions for risks and charges".



SECTION 15 – GROUP SHAREHOLDERS' EQUITY – ITEMS 140, 160, 170, 180, 190, 200 AND 220

15.1 – “Share capital” and “Treasury shares”: breakdown

Share capital

(€/000)

	06/30/2017	12/31/2016
Ordinary shares no. 80,000,000	41,280	41,280

As part of the project aimed to the listing procedure of the doBank Group, it was necessary to increase the number of the ordinary shares related to share capital of the Bank and the cancellation of the nominal value without any change in share capital. Therefore, the number of the ordinary shares was modified from 8,000,000 to 80,000,000.

Treasury shares

(€/000)

	06/30/2017	12/31/2016
Ordinary shares no. 1,750,000, measured at cost	277	277

Based on Italian law, these shares, which were originally held by the incorporated Federalcasse Banca S.p.A., as they come through a merger and do not represent more than 10% of the share capital, can be kept in company equity, without an obligation for disposal.

As a result of the listing project, the number of the own treasury shares was modified from 175,000 to 1,750,000.



15.4 – Reserves from allocation of profit: other information

(€/000)

Reserves from allocation of profits from previous years	06/30/2017	12/31/2016
Legal reserve	8,256	8,256
Reserve art. 7 Law 218/90	2,305	2,305
Susp. reserve for taxes from aggregation (UniCredit Credit Management Service S.p.A.)	3	3
Reserve from FTA art. 7 par. 7 Lgs. Decree 38/2005	8,780	8,780
Statutory reserve for purchase of treasury shares	277	277
Reserve from retained earnings IAS art.6 par.2 Lgs. Decree 38/2005	(9,145)	(9,145)
Total	10,476	10,476

Other Reserves	06/30/2017	12/31/2016
Extraordinary reserve	92,837	104,149
Reserve, Lgs. Decree 153/99	6,103	6,103
Legal reserve for distributed earnings	44	44
Reserve art. 7 Law 218/90	4,179	4,179
Reserve from aggregation (UniCredit Credit Management Service S.p.A.)	4	4
Consolidation Reserve	3,512	(7,800)
Total	106,679	106,679

With regards to the Other Reserves, there was no relevant changes compared to December 31, 2016 because it was deliberated to distribute the dividend equal to the 2016 consolidated profit. Therefore, the change in reserves showed a decrease of €11.3 million referred to distribution of a portion of the Extraordinary reserve, and in parallel, an increase of the same amount in the Consolidation reserve.





PART C

CONSOLIDATED INCOME STATEMENT



Part C – Consolidated income statement

Section 2 – Fee and commission income and expense – Items 40 and 50

Section 8 – Net losses/recoveries on impairment – Item 130

Section 11 – Administrative costs – Item 180

Section 12 – Net provisions for risks and charges – Item 190

Section 14 – Impairments/write-backs on intangible assets – Item 210

Section 15 – Other net operating income – Item 220

Section 21 – Profit (loss) after tax from discontinued operations – Item 310

Section 24 – Earnings per share



SECTION 2 – FEE AND COMMISSION INCOME AND EXPENSE – ITEMS 40 AND 50

21 –Fee and commission income: breakdown

(€/000)

Type of services / Amounts	06/30/2017	06/30/2016
a) Guarantees given	-	-
b) Credit derivatives	-	-
c) Management, brokerage and consultancy services:	-	-
1. Security trading	-	-
2. Currency trading	-	-
3. Portfolio management	-	-
3.1. Individual	-	-
3.2. Collective	-	-
4. Custody and administration of securities	-	-
5. Custodian bank	-	-
6. Placement of securities	-	-
7. Reception and transmission of orders	-	-
8. Advisory services	-	-
8.1 Related to investments	-	-
8.2 Related to financial structure	-	-
9. Distribution of third-party services	-	-
9.1. Portfolio management	-	-
9.1.1. Individual	-	-
9.1.2. Collective	-	-
9.2. Insurance products	-	-
9.3. Other products	-	-
d) Collection and payment services	23	16
e) Securitization servicing	15,613	1538
f) Factoring	-	-
g) Tax collection services	-	-
h) Management of multilateral trading facilities	-	-
i) Management of current accounts	17	22
j) Other services	80,460	62,309
- Loans granted; ordinary customer loans	3	-
- Mandate operations	80,049	62,204
- Other services	408	105
Total	96,113	63,885

The most important item "Other services - mandate operations" includes fee and commission income accrued for management and collection of loans received through mandates.

The increase of €32.2 million in fee and commission income compared to the previous periods is associated mainly with the expansion of the consolidation scope with the contribution of €23.7 million by Italfondario S.p.A. for fees and commissions referred to management of the non-performing loan portfolio and servicing fees in securitization transaction.

The item also increased as a result of the increase in the volume of collections referred to the servicing contract ("MSA") between UniCredit and the parent company doBank.



22 – Fee and commission expense: breakdown

(€/000)

Services/ Value	06/30/2017	06/30/2016
a) Guarantees received	(23)	(4)
b) Credit derivatives	-	-
c) Management, brokerage and consultancy services:	(6)	-
1. Trading financial instruments	-	-
2. Currency trading	-	-
3. Portfolio management:	-	-
3.1 Own portfolio	-	-
3.2 Third party portfolio	-	-
4. Custody and administration of security	(6)	-
5. Placement of financial instruments	-	-
6. Off-site distribution of financial instruments, products and	-	-
d) Collection and payment services	(8)	(8)
e) Other services	(9,159)	(7,015)
- Mandate operations and intermediaries	(8,909)	(7,004)
- Other services	(250)	(11)
Total	(9,196)	(7,027)

Preliminarily the total amount of the item as at June 30, 2016 does not correspond to the data reported in the half-yearly consolidated financial report at the time, cause the item "Other services – Mandate operations and intermediaries" was increased by €1.9 million related to the fees and commissions due to legal professionals for out-of-court activities, decreasing it from the item 180. b) "Administrative costs - other administrative expense" (see the table on paragraph 11.5 Other administrative expenses - breakdown), for a more appropriate reclassification of that type of fee and commission.

The item "e) Other services – Mandate operations and intermediaries" therefore recognized fees and commissions to the asset management network and showed an increase compared to the previous period due to a consolidation scope change and an increase of recoveries made by the network.

SECTION 8 – NET LOSSES/RECOVERIES ON IMPAIRMENT – ITEM 130

8.1 – losses on impairment of loans and receivables: breakdown

(€/000)

Transactions / Profit and Loss Items	Write-downs (1)			Write-backs (2)				06/30/2017 (1) + (2)	06/30/2016
	Specific		Portfolio	Specific		Portfolio			
	Write-offs	Other		Interest	Other	Interest	Other		
A. Loans and receivables with banks	-	-	-	-	-	-	-	-	-
- Loans	-	-	-	-	-	-	-	-	-
- Debt securities	-	-	-	-	-	-	-	-	-
B. Loans and receivables with customers	-	-	(8)	42	14	-	-	48	2,196
Non-performing related to purchase agreement	-	-	-	42	14	-	-	56	-
- Loans	-	-	-	42	14	-	-	56	-
- Debt securities	-	-	-	-	-	-	-	-	-
Other loans	-	-	(8)	-	-	-	-	(8)	2,196
- Loans	-	-	(8)	-	-	-	-	(8)	2,196
- Debt securities	-	-	-	-	-	-	-	-	-
C. Total	-	-	(8)	42	14	-	-	48	2,196



Overall the item recorded a negligible positive net balance compared to that of June 30, 2016 as a result of the non-performing portfolio transfer realized in September 2016.

SECTION 11 – ADMINISTRATIVE COSTS – ITEM 180

11.1 – Staff expense: breakdown

(€/000)

Type of expense / Sectors	06/30/2017	06/30/2016
1) Employees	(40,036)	(20,341)
a) Wages and salaries	(28,801)	(14,695)
b) Social charges	(7,071)	(3,734)
c) Severance pay	(283)	-
d) Social security costs	-	-
e) Allocation to employee severance pay provision	(103)	(61)
f) Provision for retirements and similar provisions:	-	-
- defined contribution	-	-
- defined benefit	-	-
g) Payments to external pension funds:	(2,054)	(1,317)
- defined contribution	(2,054)	(1,317)
- defined benefit	-	-
h) Costs related to share-based payments	-	-
i) Other employee benefits	(1,724)	(534)
2) Other staff	245	(22)
3) Directors and statutory auditors	(895)	(436)
4) Early retirement costs	-	-
Total	(40,686)	(20,799)

Staff expenses showed an increase compared to June 30, 2016 (€19.9 million) mainly resulting from the extension of the consolidation scope, other than a progressive strengthening of Top Management.

11.2 – Average number of employees by category

	06/30/2017	06/30/2016
Employees	1,175	620
a) Executives	29	14
b) Managers	469	261
c) Remaining employees staff	677	345
Other staff	-	-
Total	1,175	620



11.5 – Other administrative expense: breakdown

(€/000)

Type of expense / Sectors	06/30/2017	06/30/2016
1) Indirect taxes and duties	(86)	(3,415)
1a. Settled	(86)	(3,415)
1b. Unsettled	-	-
2) Miscellaneous costs and expenses	(25,392)	(14,051)
Advertising marketing and communication	(230)	(36)
- Advertising costs - mass media communication	(86)	-
- Marketing and promotions	(148)	(25)
- Sponsorship	6	(11)
- Convention and internal communication	(2)	-
Expenses related to credit risk	(549)	(2,386)
- Credit recovery expenses	(55)	(2,345)
- Commercial information and company reports	(494)	(41)
Indirect expenses related to personnel	(665)	(368)
- Staff training	(17)	(22)
- Renting car and other personnel expenses and PFA	(224)	(64)
- Travel expenses	(344)	(179)
- Rents and property leases for personal use	(80)	(103)
Information & communication technology expenses	(9,033)	(3,831)
- Hardware costs: rent and maintenance	(49)	-
- Software costs: rent and maintenance	(2,747)	(1,195)
- ICT service	(5,818)	(2,605)
- Financial infoprovder	(34)	(19)
- ICT other expenses	(385)	(12)
Consulting and professional services	(7,093)	(1,499)
- Advice on ordinary activities (no projects)	(2,846)	(901)
- Advice for one-off project - updating legislation	(389)	(182)
- Strategy, business evolution and organizational optimization consulting	(3,175)	(133)
- Legal expenses	(683)	(283)
Real estate expenses	(4,053)	(2,308)
- Real estate servicing	(111)	(139)
- Fomiture, machines, equipments maintenance	(7)	-
- Offices maintenance	(301)	(154)
- Rent for real estate rentals	(2,696)	(1,822)
- Offices cleaning	(385)	(139)
- Utilities	(553)	(54)
Operative costs	(3,769)	(3,623)
- Surveillance and security services	(203)	(84)
- Postage and transport documents	(255)	(84)
- Administrative and logistic services	(2,135)	(2,905)
- Insurance	(698)	(413)
- Printing and stationery	(255)	(36)
- Association dues, fees and contribution to the admin.exp. Deposit Guarantee Sche	(136)	(6)
- Contribution to the Single Resolution Fund	-	(47)
- Other administrative expenses - Other	(87)	(48)
- Charity	(9)	-
- Other	(78)	(48)
Total	(25,478)	(17,466)



Preliminarily the total amount of the item as at June 30, 2016 does not correspond to the data reported in the half-yearly consolidated financial report at the time, cause the item "Miscellaneous costs and expenses" was decreasing of €2.9 million due to the fees and commissions for legal professionals for out-of-court activities, by reclassification to the item "Fee and commission expenses" (see the table 2.3 Fee and commission expenses: breakdown).

In detail, we can note that the item Indirect taxes and duties contains only for 2016 the DTA detection fee for €3.1 million. The Law no.15 of February 17, 2017 converting Decree-Law "Salva-banca" amended the deadline for this fee to be postponed from 2015 to 2016, by providing that the amount paid in 2016 represents the relevant fee due for the same period. Consequently, the amount set aside in 2016 and paid in the first semester 2017 covers all the amount due for this current year.

Item Miscellaneous costs and expenses overall recorded a sensible increase mostly due to the extension of the consolidation scope.

In particular, the subitem "Expenses related to credit risk – Credit recovery expenses", which includes the overheads and legal expenses was significantly reduced compared to the previous period as a consequence of the aforementioned sale of the portfolio

In the first semester compared to correspondent previous period, we can note a greater impact of property maintenance services and rents and of IT services connected also with planning activities related to the change in IT systems.

SECTION 12 – NET PROVISIONS FOR RISKS AND CHARGES – ITEM 190

12.1 – Net provisions for risks and charges: breakdown

(€/000)

	06/30/2017			06/30/2016		
	Provisions	Reattributions of excess	Total	Provisions	Reattributions of excess	Total
1. Other provisions						
1.1 Legal disputes	(2,935)	1,670	(1,265)	(1,142)	773	(369)
- Revocations	-	-	-	-	-	-
- Disputes regarding employees	(162)	23	(139)	(17)	47	30
- Disputes for financial instruments and derivative contracts	-	-	-	-	-	-
- Other	(2,773)	1,647	(1,126)	(1,125)	726	(399)
1.2 Staff costs	(52)	-	(52)	(5)	-	(5)
1.3 Other	(385)	523	138	(70)	116	46
Total	(3,372)	2,193	(1,179)	(1,217)	889	(328)

SECTION 14 – IMPAIRMENTS/WRITE-BACKS ON INTANGIBLE ASSETS – ITEM 210

14.1 – Impairments on intangible assets: breakdown

(€/000)

Assets / Profit and Loss Items	Depreciation and amortisation	Write-downs for impairment	Write-backs	Net result 06/30/2017	Net result 06/30/2017
	(a)	(b)	(c)	(a + b - c)	
A. Intangible assets					
A.1 Owned	(632)	-	-	(632)	(16)
- Generated internally by the company	-	-	-	-	-
- Other	(632)	-	-	(632)	(16)
A.2 Finance leases	-	-	-	-	-
Total	(632)	-	-	(632)	(16)

The amortisation was determined pro-rata temporis on the basis of the estimated useful life.



SECTION 15 – OTHER NET OPERATING INCOME – ITEM 220

15.1 – Other operating expense: breakdown

(€/000)

	06/30/2017	06/30/2016
Write-downs on leasehold improvements (non-separable assets)	(84)	(30)
Outlays for miscellaneous charges from previous financial years	(47)	(30)
Other operating expenses of the current period	(421)	(2,169)
Total	(552)	(2,229)

15.2 – Other operating income: breakdown

(€/000)

	06/30/2017	06/30/2016
Recovery of expenses	342	1,851
Revenues from contractual and repetitive administrative services	6,491	1,642
Excess VAT	-	60
Various reimbursement of charges paid in previous financial years	31	10
Non-existence of liabilities	41	816
Other operating income from current financial period	3,106	5,828
Total	10,011	10,207

The item Revenues from contractual and repetitive administrative services includes mainly revenues for Servicing and Corporate Servicing Provider services.

SECTION 19 – GAINS AND LOSSES ON DISPOSAL OF INVESTMENTS – ITEM 270

19.1 – Gains and losses on disposal of investments: breakdown

(€/000)

	06/30/2017	06/30/2016
A. Property		
- Gains on disposal	-	-
- Losses on disposal	-	-
B. Other assets	1,494	-
- Gains on disposal	1,494	-
- Losses on disposal	-	-
Net Profit	1,494	-

The item includes the proceeds from the sale made in April of the equity investment in Gextra S.r.l. equal to € 1.6 million, net of the reversal of the consolidation reserve present at the date of the divestment of €162 thousand.



SECTION 21 – PROFIT (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS – ITEM 310

21.1 Profit (loss) on groups of discontinued assets/liabilities after tax: breakdown

(€/000)

Profit and Loss items / Sectors	06/30/2017	06/30/2016
1. Incomes	796	-
2. Expenses	(1,149)	-
3. Valuation of discontinued operations and related liabilities	-	-
4. Profit (loss) on disposal	-	-
5. Tax	(37)	-
Profit (Loss)	(390)	-

The item includes the income and expenses referring to the subsidiary Gextra S.r.l. that was put up for at the end of the last year which was transferred on April 2017.

SECTION 24 – EARNING PER SHARE

24.1 Average number of ordinary shares - diluted

(€)

	06/30/2017	06/30/2016
Net profit	16,074,168	18,521,124
Average number of shares in circulation	78,250,000	7,825,000
Earnings per share (€)	0.2054	2.3669

As a result of the listing project, there was an increase of the number of shares and therefore, the number of shares in circulation was modified from 7,825,000 to 78,250,000.



PART E

INFORMATION ON

RISKS AND RELATED

HEDGING POLICIES



Part E – Information on risks and related hedging policies

INTRODUCTION

Section 1 – Banking Group risks

- 1.1 Credit risk
 - Qualitative information
 - General aspects
 - Credit risk management policies
 - Quantitative information
 - A. Credit quality

- 1.4 – Banking Group – operational risks
 - Qualitative information
 - Quantitative information



Section 1 – Banking group risks

1.1 CREDIT RISK

Qualitative information

General aspects

The main component of the Group's assets subject to credit risk is no longer represented mainly by non-performing positions classifiable in the risk category of bad loans, as was the case in previous years

This change in the perimeter of assets subject to credit risk is ascribable to the securitization transaction put in place by the parent company on September 30, 2016, which involved the entire non-performing NPL portfolio, subject to what is better specified in the section devoted to non-performing financial assets.

During the first semester of 2017 the parent company continued the activity - although still a marginal one - of granting credit facilities to performing counterparties, not only in relation to legal professionals (lawyers or associated law offices) already in a relationship, through for example agreements signed with the Bank, but also in relation to customers belonging to the category of consumers. After the routine activities of enquiry, proposal and resolution in observance of the principle of assessing creditworthiness, and observing the internal regulations and the guidelines of the Supervisory Authority, the activities of granting and reviewing credit continued in fact, both in the form of open on-demand credit and in the form of medium/long-term mortgage loans having as final goal the award of property complexes subject to enforcement and/or arrangement proceedings at the local courts.

Credit risk management policies

Organizational aspects

Factors that generate credit risk, organizational structure for its management and related operational methods

Credit risk is defined as the possibility for a creditor that a financial obligation is not met, either at maturity or later. Based on a principle of proportionality, the Bank must provide itself with an internal process to manage said risk (risk measurement, investigation, disbursement, performance control and monitoring of exposures, review of credit lines, classification of positions at risk, actions in the case of anomaly, classification criteria, assessment and management of non-performing exposures) that is adequate, coherent and periodically verified.

Therefore, in carrying out its banking activities, the Bank is exposed to the risks that its receivables, held for whatever reason, will not be honored by third-party debtors at maturity and that they must be written off, entirely or partially, due to the worsening of said debtors' financial conditions.

Most of the activities that go beyond traditional banking activities can create further exposure to credit risk for the Bank. For example, "non-traditional" risk may derive from the signing of contracts to provide credit recovery services, pursuant to which the company accrues trade receivables in relation to counterparties. The counterparties associated with these transactions could default due to insolvency, political or economic events, a lack of liquidity, operational problems or other reasons.



The parent company has developed an organizational structure functional to achieving an effective and efficient process in terms of managing and controlling credit risk, both performing and in default, a structure which is evolving also following the Bank's development, both at the individual level and in its capacity as parent company of the doBank banking group.

A specific internal unit of the Risk Management Department carries out the activity of assessing the creditworthiness of performing counterparties, intervening in the stages of loan disbursement and monitoring of the progress of the relationships. Specifically, this Unit intervenes in the credit granting process by issuing a non-binding Risk Opinion which obligatorily must accompany any proposal to grant and/or modify/revise a bank loan before the same is submitted to the review and decision-making assessment of the Bank's competent decision-making body. This unit intervenes, in addition, also in the stages of loan monitoring and above all in the stage of any worsening change in the status of the loan itself, coordinating with the commercial unit that manages the relationship.

The Risk Management department guarantees that the due checks are performed aimed at ascertaining, also on a periodic basis, that the monitoring of the loan exposures, their classification, the measurement of the related provisions, is carried out observing effective, efficient and reliable internal procedures, specifically with reference to the ability to report in a timely manner any anomalies that arise and/or to ensure adequate levels as regards write-downs and write-offs, or cancellations of loans.

Management, measuring and control systems

Specifically, for the purposes of determining the minimum capital requirement for credit risk, the Group, adopting the standardized approach, divided its exposures into portfolios applying to each of them differentiated prudential treatments. On this point, the Group does not make use, for assessment of creditworthiness, of external ratings attributed by external assessment agencies (ECAs) recognized for prudential purposes on the basis of the provisions of specific regulations.

The monitoring of credit quality is guaranteed through oversight at the level of both single counterparties and any groups they belong to.

In particular, as regards the component associated with individual bad positions (which remain marginal in terms of their number and amount), the logic of the processes and instruments supporting the activity of the Workout structures always allow the relevant employees (primarily Asset Managers) to prepare accurate forecasts of expected amounts and time frames of expected recovery for individual positions, based on the related progress of the recovery management process. These analytical evaluations take into account all elements which objectively pertain to the counterparty and, in any case, are performed by the account managers observing the principle of sound and prudential management.

Also in the segment of the typical banking business of granting loans - an area that still plays a marginal role with respect to the Group's real core business focused mainly on the servicing business - the parent company has not shifted its attention away from controls not on samples but, in relation again to not a high number, at the level of the complete perimeter.

Credit Risk Mitigation techniques

The parent company continues to disburse the balance and discharge medium/long-term mortgage-property loans having as final goal the award in auctions/sales of property complexes subject to enforcement and/or arrangement proceedings. These lending operations were all supported by appropriate real guarantees in the form of voluntary substantial first degree mortgages on the assets awarded, which can be classified as residential properties.



These guarantees were acquired, on the basis of the appraisals made following the adopted model, as elements representing the accessory nature with respect to the loan approved and granted, without prejudice to the principles underlying the assessment of the counterparty/customer's creditworthiness and even if mortgages represent one of the fundamental elements in forecasts for collection.

At the moment of assessing creditworthiness in relation to the offering to consumers of property loan contracts, doBank adopts the new community and national regulatory guidelines which state that the bank, before concluding any loan contract, has an obligation to perform an assessment of an in-depth nature of the creditworthiness of consumers in order to verify their ability - current and prospective - to fulfil their contractual obligations and, to do this, the bank itself must take into account, among other things, the consumers' earning capacity; the factors that reduce, or could prospectively reduce, the ability of the said consumers to fulfil the obligations deriving from the loan contract, and any other payment commitments already assumed by the said consumers.

The parent company doBank has updated its policies regarding the granting of loans guaranteed by mortgages on properties to comply with the current regulatory provisions, guaranteeing that the acquisition and management of the mortgages is done using methods able to guarantee enforceability and collectability, and in reasonable time.

Non-performing financial assets

Monitoring of the positions and proposals for classification as at greater risk are the responsibility of the structures that are in charge of managing the position, while Risk Management has the responsibility for checking the correctness and consistency of the classifications.

In this context, the parent company doBank is organized with IT structures and procedures for the management, classification and monitoring of loans, on the basis of the nature and composition of its loan portfolio.

doBank is oriented to a method of assessing its positions that follows the so-called analytical approach according to the results that emerge from the process of monitoring the same.

When a debtor belongs to an economic group, the need to consider as non-performing also the exposures of the other entities in the group must be assessed, if they are not already considered in default, with the exception of exposures involved in isolated disputes not related to the solvency of the said counterparty. Unlike in previous years, as of today, the Group's loan portfolio no longer consists mainly of non-performing positions, in particular bad loans. The principles for determining provisions remain unchanged, with regular frequency and at any time significant new circumstances emerge, and in relation to the evolution of recovery prospects and to the strategies put in place.

The main elements considered in order to correctly measure forecast losses are as follows:

- the assets of the customer and of any guarantors (net of any encumbrances);
- the current and prospective financial and economic situation of the main debtor;
- the existence of any repayment plans, duly signed by all guarantors, and regular compliance with the same;
- amount and enforceability of any existing accessory guarantees; real (more often) or personal guarantees obtained voluntarily or acquired through legal action.

The criteria used to determine write-downs is based on discounting of expected financial flows from principal and interest. In terms of determining current value, the fundamental elements used are estimated recoveries, the related maturities and the discount rate to be applied. To estimate recoveries from problem loans, analytical forecasts are used. As regards the time component, analytical plans or, if not available, estimated values are used, if these are available.



Qualitative information

A. CREDIT QUALITY

A1 Non-Performing and performing credit exposures: amounts, write-downs, trends, economic and geographical breakdown

A1.1 Breakdown of financial assets by portfolio and credit quality (book value)

(€/000)

Portfolio / Quality	Bad loans	Unlikely to pay	Non-performing Past-due	Performing Past-Due	Performing exposures	Total
1. Available-for-sale financial assets	-	-	-	-	7,365	7,365
2. Held-to-maturity financial instruments	-	-	-	-	-	-
3. Loans and receivables with banks	-	-	-	-	14,865	14,865
4. Loans and receivables with customers	405	-	-	-	2,476	2,881
5. Financial assets at fair value through profit or loss	-	-	-	-	-	-
6. Financial instruments classified as held for sale	-	-	-	-	10	10
Total 06/30/2017	405	-	-	-	24,716	25,121
Total 12/31/2016	539	-	-	-	64,165	64,704

A1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)

(€/000)

Portfolio / Quality	Non-Performing assets			Performing assets			Total (net exposure)
	Gross exposure	Specific write-downs	Net exposure	Gross exposure	Portfolio adjustments	Net exposure	
1. Available-for-sale financial assets	-	-	-	7,365	-	7,365	7,365
2. Held-to-maturity financial instruments	-	-	-	-	-	-	-
3. Loans and receivables with banks	-	-	-	14,865	-	14,865	14,865
4. Loans and receivables with customers	8,803	(8,398)	405	2,490	(14)	2,476	2,881
5. Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
6. Financial instruments classified as held for sale	-	-	-	10	-	10	10
Total 06/30/2017	8,803	(8,398)	405	24,730	(14)	24,716	25,121
Total 12/31/2016	907	(368)	539	64,171	(6)	64,165	64,704

As foreseen in Circular 262, we note that in the tables below related to credit quality, on-balance-sheet exposures include all cash financial assets due from banks or customers, whatever accounting portfolio they are in, therefore also including financial instruments classified as held for sale.



A1.3 Banking Group - On- and off-balance sheet credit exposures with banks: gross and net values, and past-due buckets

(€/000)

Type of exposure/Amounts	Gross exposure				Performing assets	Specific write-downs	Portfolio adjustments	Net exposure
	Non-performing assets							
	Up to 3 months	3 to 6 months	6 months to 1 year	More than 1 year				
A. On balance sheet exposures								
a) Bad loans	-	-	-	-	-	-	-	-
- of which: forbome exposures	-	-	-	-	-	-	-	-
b) Unlikely to pay	-	-	-	-	-	-	-	-
- of which: forbome exposures	-	-	-	-	-	-	-	-
c) Non-performing Past-due	-	-	-	-	-	-	-	-
- of which: forbome exposures	-	-	-	-	-	-	-	-
d) Performing Past-due	-	-	-	-	-	-	-	-
- of which: forbome exposures	-	-	-	-	-	-	-	-
e) Performing exposures	-	-	-	-	14,865	-	-	14,865
- of which: forbome exposures	-	-	-	-	-	-	-	-
Total A	-	-	-	-	14,865	-	-	14,865
B. Off-balance sheet exposures								
a) Non-performing	-	-	-	-	-	-	-	-
b) Performing	-	-	-	-	-	-	-	-
Total B	-	-	-	-	-	-	-	-
Total A+B	-	-	-	-	14,865	-	-	14,865



A.1.6 - Banking Group – On - and off-balance sheet credit exposures with customers: gross and net values, and past-due buckets

(€/000)

Type of exposure/Amounts	Gross exposure					Performing assets	Specific write-downs	Portfolio adjustments	Net exposure
	Non-Performing assets								
	Up to 3 months	3 to 6 months	6 months to 1 year	More than 1 year					
A. On balance sheet exposures									
a) Bad loans	-	12	8,210	581	-	(8,398)	-	405	
- of which: forbore exposures	-	-	-	-	-	-	-	-	
b) Unlikely to pay	-	-	-	-	-	-	-	-	
- of which: forbore exposures	-	-	-	-	-	-	-	-	
c) Non-performing Past-due	-	-	-	-	-	-	-	-	
- of which: forbore exposures	-	-	-	-	-	-	-	-	
d) Performing Past-due	-	-	-	-	388	-	(9)	379	
- of which: forbore exposures	-	-	-	-	-	-	-	-	
e) Performing exposures	-	-	-	-	9,478	-	(5)	9,473	
- of which: forbore exposures	-	-	-	-	-	-	-	-	
Total A	-	12	8,210	581	9,866	(8,398)	(14)	10,257	
B. Off-balance sheet exposures	-	-	-	-	-	-	-	-	
a) Non-performing	-	-	-	-	-	-	-	-	
b) Performing	-	-	-	-	-	-	-	-	
Total B	-	-	-	-	-	-	-	-	
Total A+B	-	12	8,210	581	9,866	(8,398)	(14)	10,257	

On-balance-sheet credit exposures include all on-balance-sheet financial assets due from customers, whatever accounting portfolio they are in (trading, available for sale, held to maturity, receivables, assets measured at fair value, financial assets held for sale), while the "gross" exposure of on-balance-sheet financial assets corresponds:

- for those in the portfolio measured at fair value, to the book value of the closing balances, prior to the valuations made for the balance sheet;
- for others, to the book value of the financial assets gross of any specific and portfolio write-downs.

F. Banking Group - Credit risk measurement models

Within the Group companies, the use of internal portfolio models for the measurement of exposure to credit risk is not reported. The doBank Group adopts the standardized methodology as described in the paragraph of management, measuring and control systems



1.4 BANKING GROUP OPERATIONAL RISKS

Qualitative information

A. General aspects, management and measuring of operating risk

Operational Risk – definition

Operational risk is the risk of loss due to errors, violations, interruptions, damages caused by internal processes, personnel, systems, or caused by external events. This definition includes legal and compliance risk, but excludes strategic and reputational risk. For example, losses deriving from internal or external fraud, employment relationships or workplace safety, customer complaints, distribution of products, fines and other sanctions deriving from violation of regulations, damages to the company's assets, interruptions of operations and malfunctioning systems and management of processes can all be defined as operational risks.

Methodology

In order to calculate operational risk capital the Group adopted the BIA (Basic Indicator Approach) method.

Organizational requirements for management of operating risks

The doBank Group has defined a management system for operating risks, with a combination of policies and procedures to control, measure and mitigate operational risks. The operational risk policies are shared principles that establish the roles of company departments, the risk control department and the interactions with the other departments involved in the process.

doBank Group has developed its risk control structure observing the Supervisory Regulations and the related activities and levels of responsibility have been determined and formalized in an appropriate manner in the company's Internal Regulations and Rules.

The governance structure in terms of operating risk foresees, in addition the direct involvement of top management, the participation of the Operational Risk Committee, which was established to monitor exposure to operational risk, as well as mitigation actions and methods to measure and control it. In addition, a permanent Mitigation Actions workgroup has been established, in order to identify risk areas and implement specific corrective actions in response.



Quantitative information

To manage operational risk, doBank has a structured combination of processes, departments and employees dedicated to collecting and determining the following elements:

- internal data on operating losses;
- determining and calculating risk indicators;
- preparing corporate reporting;
- determining risk capital.

Internal data on operating losses

doBank collects data on operating losses and classifies them within the following reference classes, based on what is defined in the New Basel Agreement on Capital and Regulation (EU) no. 575/2013 of the European Parliament and the Council of June 26, 2013:

- Internal fraud;
- External fraud;
- Employment contracts and workplace safety;
- Customers, products and business practices;
- Damage to property, plant and equipment;
- System failure or breakdown;
- Process execution, delivery and management.

On a quarterly basis, a monitoring report is prepared for corporate bodies - the Board of Directors and the Board of Statutory Auditors - containing the analysis of operational losses and capital at operational risk. During the first semester of 2017 operating losses were recognized exclusively in relation to the "Customer" Event Type.

Risk indicators

Risk indicators are a prospective component that reflects changes in the risk profile for better or worse in a timely manner, following changes in operating segments or in the human, technological and organizational resources, as well as in the internal control system.

Risk indicators have been created for doBank and Italfondinario, and these are monitored on a monthly basis. With particular reference to the parent company doBank, on a quarterly basis, an action plan is prepared for any indicators not falling within the range established by the Operational Risk Committee.

Reporting System

The doBank Group has created a reporting system that ensures information on operational risks reaches the company bodies and managers of the relevant organizational departments in a timely manner. The frequency and content of the reporting is in line with the level of risk and varies based on the recipient and how they use the information.



Quantification of Operational Risk at June 30, 2017

In particular, we refer to Circular no. 285 "Supervisory provisions for banks", issued by the Bank of Italy on December 17, 2013. With regard to operational risk, this circular fully implements Regulation 575/2013 "Capital Requirement Regulations (CRR)", issued by the European Parliament on June 26, 2013, containing the updated definition of the relevant indicator.

In the context of the basic indicator approach, the requirement on the subject of own funds for operational risk is 15% of the three-year average of the relevant economic indicator as laid down in article 316 of the CRR 575/2013 on the basis of the last three year-end figures on an annual basis.

At June 30, 2017, risk capital for the doBank Group, calculated using the Basic indicator approach method, came to €29.9 million.



PART F

CONSOLIDATED SHAREHOLDERS' EQUITY



Part F - Consolidated Shareholders' Equity

Section 1. Consolidated Shareholders' Equity

- A. Qualitative information
- B. Quantitative information

Section 2. Own funds and banking regulatory ratios

- A. Qualitative information
- B. Quantitative information



Section 1 - Consolidated Shareholders' Equity

A. QUALITATIVE INFORMATION

The Group's shareholders' equity is represented by the sum of the following items of shareholders' liabilities:

- Share capital net of treasury shares;
- Share premium reserve;
- Reserves;
- Valuation reserves;
- Equity instruments;
- Profit for the period.

The value of shareholders' equity is the result of company policies and decisions aimed at ensuring that this is in line with the activities and risks to which the Group is exposed, in accordance with prudential supervision regulations and the risk forecast defined by the Risk Appetite Framework (RAF).

RAF represents the relative framework which enables the identification of risks, setting ex ante the risk/reward objectives which the Group aims to achieve and the consequent operational limits, taking into account the interconnections with other companies belonging to the Group, both in terms of regular operating conditions and any possible adverse scenarios.

For the purposes of supervision, the total capital relevant to this context is determined on the basis of current Bank of Italy provisions as well as the "Basilea III" framework referred to in EU Directive 2013/36 (CRD IV) and EU Regulation no. 575/2013 (CRR).

The monitoring activities in relation to the adjustment of regulatory capital and the minimum supervision requirements, as well as the limits established by the RAF, are carried out continuously by the relevant control departments and are periodically reported to the Board of Directors.

A further preventative analysis and supervision activity for the adjustment of Group equity is carried out with reference to the evaluation of "Major Transactions", whose consolidated size, type or complexity may significantly impact on the Group's operational capacity and its financial and capital stability in terms of the projected value of said activities and potential losses.

Treasury share transactions

On June 30, 2017, doBank held 1,750,000 treasury shares for a value of €277 thousand, equal to the nominal share value.

In the semester, no treasury share transactions were made.



B. QUANTITATIVE INFORMATION

B.1 - Consolidated Shareholders' Equity: breakdown by type of company

(€/000)

Net Equity Items	Banking Group	Insurance Companies	Other Companies	Consolidation Adjustments and Eliminations	Total
Share Capital	61,750	-	-	(20,470)	41,280
Share premium reserve	-	-	-	-	-
Reserves	122,774	-	-	(5,619)	117,155
Equity instruments	-	-	-	-	-
(Treasury shares)	(277)	-	-	-	(277)
Valuation reserves	(835)	-	-	986	151
- Available for sale financial assets	-	-	-	-	-
- Property, plant and equipment	-	-	-	-	-
- Intangible assets	-	-	-	-	-
- Hedges of foreign investments	-	-	-	-	-
- Cash flow hedge	-	-	-	-	-
- Exchange difference	-	-	-	-	-
- Non-current assets classified held for sale	-	-	-	-	-
- Actuarial gains (losses) on defined benefits plans	(1,264)	-	-	986	(278)
- Valuation reserves from investments accounted for using the equity r	-	-	-	-	-
- Special revaluation laws	429	-	-	-	429
Profit (loss) for the period - Minority interests	20,639	-	-	(981)	19,658
Shareholders' equity	204,051	-	-	(26,084)	177,967



Section 2 - Own funds and banking regulatory ratios

21 Regulatory framework

Bank of Italy Circular no. 285 of December 17, 2013, as amended, transposing the regulatory principles of Directive 2013/36/UE (CRD IV) and EU Regulation no. 575/2013 (CRR), states that the prudential consolidation elements from the assets and liabilities are calculated on the basis of the consolidation methods outlined in the regulations on financial statements (Bank of Italy Circular no. n.262).

In terms of prudential regulatory reporting, the aforementioned European regulations were transposed by Bank of Italy Circular no. 286 of December 17, 2013, as amended.

In general, the scope of prudential consolidation is constructed on the basis of prudential regulations and differs from the scope of consolidation in the Consolidated Financial Statements, which refers to the IAS/IFRS standards. With reference to the interim consolidated financial report of June 30, 2017, the prudential consolidation scope and the IAS/IFRS accounting scope are aligned.

The regulatory provisions relative to own funds provide for the gradual introduction of the new regulatory framework over a transition period, generally until 2017, during which certain elements which according to the scheme would be wholly calculable or deductible will only impact a holding percentage.

22 Own funds

A. QUALITATIVE INFORMATION

In accordance with the CRR and Circular no. 285, the amount of own funds is subdivided into the following components:

- Tier 1 Capital, composed of:
 - Common Equity Tier 1 - CET1
 - Additional Tier 1 - AT1;
- Tier 2 Capital.

The sum of Tier 1 Capital and Tier 2 Capital constitute the total Own Funds (Total Capital).

The minimum equity requirements applicable to the doBank Group on June 30, 2017 are composed of the following equity ratios which include the capital conversation reserve, calculable for 2017 at 1.25% of CET1:

- CET1: 5.75%;
- Tier 1 Capital: 7.25%;
- Total Capital: 9.25%.

In May 2017, the Supervisory Review and Evaluation Process (SREP) carried out by the Bank of Italy with reference to the minimum equity requirements of the parent company doBank was concluded; the outcome required the compliance with the following additional equity requirements starting from the Own Funds report of June 30, 2017:

- CET1: 0.84%
- Tier 1 Capital: 1.13%;
- Total Capital: 1.50%.

The countercyclical capital buffer, to be considered in addition to the SREP requirements, was set at zero by the Bank of Italy for the first and second quarters of 2017.



With reference to the data as at June 30, 2017, taking into account the components listed above, the total minimum share capital requirements for the doBank Group¹ are summarised below:

Capital adequacy ratios	Minimum regulatory requirements (art. 92 CRR)	Capital conservation buffer	Minimum requirements included in the capital conservation buffer	SREP Requirements ¹	Minimum requirements including SREP ¹ and the capital conservation buffer	Countercyclical capital buffer	Total minimum requirements
Common Equity Tier 1 Ratio	4,50%	1,25%	5,75%	0,84%	6,59%	0,00%	6,59%
Tier 1 Capital Ratio	6,00%	1,25%	7,25%	1,13%	8,38%	0,00%	8,38%
Total Capital Ratio	8,00%	1,25%	9,25%	1,50%	10,75%	0,00%	10,75%

¹ Requirements required at the level of the Parent Company, prudently also exposed at consolidated level

1. Common Equity Tier 1 - CET1

Tier 1 common equity is predominantly formed of the following elements: share capital, share premium reserve, treasury shares, retained profits, other reserves, other comprehensive income (OCI) and minority interests for the eligible amount recognised by the CRR.

As part of the quantification of tier 1 common equity, in line with the provisions of the Business Plan Strategic Guidelines for the years 2017-2019, a percentage of the profits as at June 30, 2017, accounting for 35% of consolidated profit, has been deemed admissible in the calculation of own funds, based on the expected profit distribution to shareholders.

The calculation of tier 1 common equity also includes prudential filters and regulatory deductions, formed principally of the following aggregates:

- Goodwill and other intangible assets;
- Deferred tax liabilities, based on future profitability and not deriving from temporary differences: in this case, the residual deferred taxes applicable to negative taxable income that arose in the previous years mainly in the financial statement of the parent company are considered;
- Exposures deducted from Tier 1 common equity in place of the RWA weighting of 1,250%: in this case, the exposures represented by ABS securities in respect of SPV Romeo S.r.l. securitizations (originating from doBank) and Mercuzio S.r.l. securitizations are considered; the latter securitization was created in the second quarter of 2017 from the transfer of the unsecured portfolio quota of the previous Romeo SPV transaction. The quota of securities nominally subscribed by doBank for both aforementioned SPVs amounts to 5% of the total notes issued on the market.

In addition, as illustrated in the Financial Statement at December 31, 2016, it is noted that exercising the option to maintain the possibility of transforming deferred tax assets into tax credits in accordance with Art. 11 of the Law Decree no.59 of 05/03/2016, converted by the Law no. 119 of 06/30/2016 and amended by the Law no. 15 of 02/17/2017, resulted in the continuation of the practice to exclude from the calculation of the deductions from own funds both the remaining value of the DTAs deriving from write-downs of loans which therefore still meet the requisites required by Art. 39 of the CRR 575/2013 which provides for them being included in the calculation of credit risk with the weighting of 100% (for a total of €55.4 million), and the total value of the portion transformed into tax credits in the previous financial year (for an original €62.5 million and a remaining €7.8 million at June 30, 2017), which is also included in the credit risk calculation, with a weighting factor of zero%.

2. Additional Tier 1 - AT1

AT1 is composed mainly of innovative and non-innovative financial instruments net of regulatory deductions.

As at June 30, 2017, there were no elements classified as Additional Tier 1.

¹ Although the definition by the Bank of Italy of the SREP requirements refers to own funds at an individual level, while the SREP process at a consolidated level is still ongoing, the requirements shown here are also applicable to consolidated equity capital.



3. Tier 2 - T2

Tier 2 is composed mainly of subordinated liabilities issued, for the quota that may be calculated in accordance with legislation, net of regulatory deductions.
As at June 30, 2017, there were no items classified as Tier 2.

B. QUANTITATIVE INFORMATION

(€/000)

	06/30/2017	12/31/2016
A. Common Equity Tier 1 (CET1) before prudential filters	165,469	158,414
of which grandfathered CET1 instruments	-	-
B. CET1 prudential filters (+/-)	-	-
C. CET1 gross of deductions and transitional adjustments (A+/-B)	165,469	158,414
D. Items to be deducted from CET1	(45,403)	(51,573)
E. Transitional adjustment - Effect on CET1 (+/-), including minority interests subject to transitional	111	104
F. Common Equity Tier 1 - CET1 (C - D+/-E)	120,177	106,945
G. Additional Tier 1 (AT1) gross of deductions and transitional adjustments	-	-
of which grandfathered AT1 instruments	-	-
H. Items to be deducted from AT1	-	-
I. Transitional adjustments - Effect on AT1 (+/-), including qualifying instruments issued by subsidiaries and computable in AT1 due to transitional provisions	-	-
L. Additional TIER 1 Capital - AT1 (G-H+/-I)	-	-
M. Tier 2 (T2) Capital gross of deductions and transitional adjustments	-	-
of which grandfathered T2 instruments	-	-
N. Items to be deducted from T2	-	-
O. Transitional adjustments - Effect on T2 (+/-), including qualifying instruments issued by subsidiaries and computable in T2 due to transitional provisions	-	-
P. Tier 2 Capital (M - N +/- O)	-	-
Q. Total Own Funds (F + L + P)	120,177	106,945

Own funds are calculated taking into account the transitional regime periodically applicable.

A. Common Equity Tier 1 - CET1

This item includes:

- fully paid-up share capital of €41.3 million;
- negative treasury shares reserve of €277 thousand;
- other reserves of €117.3 million;
- the percentage profit admissible for the period as determined above of €7.2 million.

D. Items to be deducted from CET1

This item includes:

- deferred tax assets recognised on negative taxable income of the previous years of €36.4 million;
- exposure to the Romeo SPV and Mercuzio SPV securitizations, classified by the available for sale financial assets, for a total of €6.4 million;
- other intangible assets, equal to €2.6 million.

E. Transitional regime - Impact on CET1 (+/-)

This item includes the following transitional adjustments:

- positive filter of €111 thousand, equal to 40% of the amount related to defined-benefit plans (IAS 19).



23 Capital Adequacy

A. Qualitative information

As regards qualitative information surrounding the procedures used by the Group to evaluate the capital adequacy of own funds for current and future activities, please refer to Section 1 - Consolidated Shareholders' Equity contained in Part F.

At June 30, 2017, consolidated Own Funds amounted to €120.2 million, against weighted assets of €507.5 million, mainly deriving from operating risks and, to a lesser extent, credit risk.

As shown by the summary table of risk assets and capital ratios, at June 30, 2017 the doBank Group presents a total capital ratio of 24%, well above the minimum regulatory requirements for the relevant period of 10.75% for the same indicator.

The prudential ratio at June 30, 2017 takes into account the adjustments provided for by the transitional provisions in place for 2017.

B. Quantitative information

(€/000)

Items / Values	Unweighted amounts		Weighted amounts/requirements	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
A. Risk assets				
A.1 Credit and counterparty risk	240,601	283,070	134,215	146,026
1. Standardized approach	240,601	283,070	134,215	146,026
2. IRB approaches	-	-	-	-
2.1 Foundation	-	-	-	-
2.2 Advanced	-	-	-	-
3. Securitizations	-	-	-	-
B. Capital requirements				
B.1 Credit and counterparty risk			10,737	11,682
B.2 Credit valuation adjustment risk			-	-
B.3 Settlement risk			-	-
B.4 Market risk			-	-
1. Standard approach			-	-
2. Internal models			-	-
3. Concentration risk			-	-
B.5 Operating risk			29,866	29,866
1. Basic indicator approach			29,866	29,866
2. Traditional standardized approach			-	-
3. Advanced measurement approach			-	-
B.6 Other calculation elements			-	-
B.7 Total capital requirements			40,603	41,548
C. Risk assets and capital ratios				
C.1 Risk-weighted assets			507,540	519,347
C.2 Common Equity Tier 1/Risk weighted assets (CET1 capital ratio)			24%	21%
C.3 Tier 1 Capital/Risk weighted assets (Tier1 capital ratio)			24%	21%
C.4 Total own funds/Risk-weighted assets (Total capital ratio)			24%	21%
Additional Requirement for Conservation Buffer Capital (1)			6,344	3,246
Total requirement amount			46,947	44,794

Notes:

(1) In the calculation of prudential requirements, the figures for the interim period of 2017 and 2016 take into account a requirement of 8% and an additional capital conservation requirement of 1.25% and 0.625% respectively.

(2) In items C.2, C.3 and C.4, the amount of risk-weighted assets (C.1) is determined for all Banks, independent of whether or not they belong to a banking group, as the product of all total capital requirements (item B.7) and 12.5 (the inverse of the minimum capital ratio of 8%).





PART G

BUSINESS

COMBINATIONS



Part G – Business Combinations

SECTION 1 – BUSINESS COMBINATIONS COMPLETED IN THE PERIOD

In this section detailed information is provided on business combinations regarding companies and business units carried out with counterparties external to the Group which are accounted for on the basis of the “acquisition method” as provided for in the accounting standard IFRS 3 “Business Combinations”.

Business combinations regarding companies or business units already controlled directly or indirectly by doBank, in the context therefore of internal reorganizations of the Group, are therefore also reported. These transactions, with no economic substance, are accounted for in the financial statements of the transferor and of the transferee on the basis of the principle of continuity of values.

1.1 External business combinations

In the first semester of 2017 no business combinations were carried out with companies external to the Group.

1.2 Internal business combinations

The doBank Group continued in the first semester 2017 with the reorganization of its organizational and corporate structure through the following two operations:

- **doSolutions** began its business starting from March 1, 2017, following the capitalization by means of contribution of a business unit by doBank and the demerger of a business unit by Italfondiaro. These operations were carried out in order to attribute to doSolutions the information technology and back-office functions which up to then had been performed by doBank and Italfondiaro. The creation of doSolutions pursues the objective of integrating a number of the Group's activities currently performed in outsourcing. In particular, doSolutions carries out for the doBank Group companies activities of:
 - -Information technology and organizational development: functions connected with the management of the service and of the information technology projects and supervision of the technology in support of the processes, as well as constant supervision of the organizational variables of the corporate processes and management of the solutions capable of meeting the change management needs according to the indications of the parent company;
 - -Back-office and logistics: (i) management of the administrative functions in support of the Servicing activities and the banking services; (ii) support in managing documents, correspondence and posting processes and (iii) support and assistance to users.
- **Italfondiaro RE S.r.l.**, with legal effect from March 1, 2017, was merged by incorporation into **doRealEstate**, the company dedicated to the real estate services associated with credit recovery, of which the parent company holds 100% of the share capital. As a preparatory initiative, the previous October 24, 2016 the purchase was completed by the Issuer of 100% of the shares of Italfondiaro RE S.r.l., a company previously held entirely by Italfondiaro.



This operation is aimed at centralizing in a single company all the activities involving repossession and provision of administrative, management and marketing services concerning the property assets connected with the non-performing portfolios under management.

SECTION 2 – BUSINESS COMBINATIONS COMPLETED AFTER THE SEMESTER-END

No business combinations occurred after the end of first semester 2017.

SECTION 3 – RETROSPECTIVE ADJUSTMENTS

No retrospective adjustments were made after the end of first semester 2017.



PART H

RELATED-PARTY TRANSACTIONS



Part H - Related-party transactions

INTRODUCTION

For the purposes of the disclosure of related-party transactions, the IAS 24 document which defines the concept of related parties and outlines the correlation between this and the company that produces the financial statement is applied.

In accordance with IAS 24, related parties of the doBank Group include:

- Subsidiary companies;
- non-consolidated doBank subsidiaries;
- Associates and joint-ventures as well as their subsidiaries;
- doBank executives with strategic responsibilities;
- Close family members of executives with strategic responsibilities and the subsidiaries, including joint-subsidiaries, of executives with strategic responsibilities or their close family members.

Also for the purposes of related-party transactions, the provisions of Bank of Italy circular no 263/2006 (Item V, Chapter 5), as well as the provisions of Art. 136 of Legislative Decree no. 385/1993 are applicable, according to which company representatives may assume administrative, directive or control obligations for the bank only on the unanimous agreement of the Bank's Board of Directors.

As the entity under supervision, doBank has adopted the "Policy for the management of transactions with subjects with conflicts of interest", published on the doBank company website (www.doBank.com), aimed at defining the rules and regulations for the management of risk deriving from situations of possible conflict of interest determined by the proximity of certain subjects to the Bank's decision-making centres.

For the purposes of transactions with related parties, doBank has created the Risk and Transactions with Related Parties Committee, formed of two independent administrators and one non-executive administrator, tasked with issuing, in the cases governed by the procedure, opinions to the Board of Directors as regards related-party transactions.

1. Details of Top Managers' compensation

Information regarding the remuneration of the Top Managers in reference to the interim period of 2017 are given below. According to IAS 24, top managers are defined as subjects with the power or responsibility, both directly or indirectly, to plan, direct and control Company activities. This category includes members of the Board of Directors, including the Managing Director, Statutory Auditors and General Managers of the parent company and all subsidiary companies, as well as other managers with strategic responsibilities falling into the category of "Significant Personnel" in accordance with Bank of Italy Circular no. 285.



(€/000)

	06/30/2017
Short term benefits	3,430
Post-employment benefits	124
Other long term benefits	-
Severance indemnity	-
Share-based payments	-
Total	3,554

2. Related-party transactions

Details of transactions with related parties in accordance with IAS 24 are given below.

During the period, ordinary related-party transactions were carried out, mainly in the category of service contracts.

All related-party transactions made in the course of the interim period of 2017 were concluded in the interests of the Group and according to market or standard conditions.

The table below shows the assets, liabilities, securities and commitments as at June 30, 2017, subdivided into the various related-party categories in accordance with IAS 24.

(€/000)

Balance Sheet Items	06/30/2017						Total
	Parent Company	Unconsolidated Subsidiaries	Associates	Joint Ventures	Top Managers	Other related parties	
Available-for-sale financial assets	-	-	-	-	-	6,363	6,363
Other Assets	-	-	1,414	-	-	7,135	8,549
Total Assets	-	-	1,414	-	-	13,498	14,912
Other liabilities	-	-	-	-	-	786	786
Total Liabilities	-	-	-	-	-	786	786

(€/000)

Income Statement Items	06/30/2017						Total
	Parent Company	Unconsolidated Subsidiaries	Associates	Joint Ventures	Top Managers	Other related parties	
Fee and commission income /(expenses)	-	-	-	-	-	5,089	5,089
Other income /(expenses)	-	-	1,030	-	-	1,000	2,030
Total	-	-	1,030	-	-	6,089	7,119

The **parent company**, from November 1, 2015, is Avio Société à responsabilité limitée (Avio S.à r.l.), a company under Luxembourg law affiliated equally to the Fortress Group and Eurocastle Investment. This company holds 97.8% of the share capital. The remaining 2.2% consists of no. 1,750,000 treasury shares valued at cost, for a total of €277 thousand.

Avio S.à r.l. does not carry out management or coordination activities with the Bank, as defined under articles 2497 and subsequent amendments of the Civil Code.



Relationships with **associates** relate to transactions with BCC Gestione Crediti S.p.A. deriving from the provision of services and from the secondment of staff.

The main transactions with **other related parties** include:

- SPVs of Securitisations: as described in the Interim Report of Operations and in Part B, doBank exposes the residual value of the underwritten securities of Romeo SPV and Mercuzio Securitisation among available assets for sale; In addition, according to the servicing contract under way with the two securitisations, the relevant commissions relating to the semester of the period are €1.1 million. It is also noted that €3.8 million in fees and other income of €0.8 million have been accrued on the basis of existing contracts with other SPVs. These contracts have led to account trade receivables and advance payments for €2.7 million;
- Torre SGR S.p.A.: the company provides the Group for the rental of one of the main offices located in Rome for a cost of €1.0 million that is included in item "other income / (expenses)" in the table above; trade payables related to this service amount to €0.8 million.
- Protos S.p.A.: the expenses accrued in the first half of 2017 for this supplier amount to €0.3 million and refer to administrative outsourcing services.





EY REPORT ON THE CONSOLIDATED FINANCIAL REPORT AS AT JUNE 30, 2017



Review report on the interim condensed consolidated financial statements

(Translation from the original Italian text)

To the Shareholders of
doBank S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the balance sheet as of June 30, 2017, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and cash flows for the period then ended and the related explanatory notes, of doBank S.p.A. and its subsidiaries (the "doBank Group"). The Directors of doBank S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of doBank Group as of June 30, 2017 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Verona, August 3, 2017

EY S.p.A.
Signed by: (Marco Bozzola), Partner

Certification pursuant article 154 BIS, Section 2, of the Uniform Financial Code

Pursuant to Article 154 bis, Section 2, of the Uniform Financial Code, the Corporate Accounting Documents Officer, Mr Mauro Goatin, declares that the accounting information contained in this document is consistent with the data in the supporting documents and the Group's books of accounts and other accounting records.

Rome, August 2, 2017

Mauro Goatin

Corporate Accounting
Documents Officer





doBank
Servicing | Lending | Solutions