2017
REPORTS
AND ACCOUNTS

SERVICING | LENDING | SOLUTIONS

doBank
Servicing | Lending | Solutions

2017 REPORTS AND ACCOUNTS

Registered Office: Piazzetta Monte, 1 – 37121 Verona (Italy)
Share capital € 41,280,000.00 fully paid-up
Registered in the Register of Banks and Parent Company of the Banking Group doBank S.p.A.
Registered at the Banking Groups Public Register – Code no. 10639
ABI Code no. 10639
Registered in the Company Register of Verona, fiscal code no. 00390840239 and VAT no. 02659940239
Member of the National interbank Deposit Guarantee Fund
www.dobank.com

CONTENTS

GOVERNING AND CONTROL BODIES

BOARD OF DIRECTORS

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

AUDIT FIRM	EY S.p.A.
Financial Reporting Officer	Mauro Goatin

At the date this Report was approved

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

REPORT ON OPERATIONS

INTRODUCTION

The summary results and performance-financial indicators are based on data draw from the accounts and are used in the monitoring of performance by management and in management reporting. They are also consistent with the most commonly used metrics in the sector, ensuring the comparability of the figures presented.

THE GROUP'S BUSINESS

doBank is a leader in Italy in the management of primarily non-performing loans for banks, investors and public and private financial institutions (Servicing), with a portfolio under management of about €39 billion (Gross Book Value) at the end of 2017. The doBank
Within the **Servicing** business, the services offered by doBank include, among others:

- "Collection and Recovery": services comprising all loan administration, management and recovery activities, utilising in court and out-of-court recovery processes for and on behalf of third parties with regard to portfolios of performing and mainly non-performing loans (NPL, bad loans);

- "Co-investment": activities of co-investment in loan portfolios in partnership with major financial investors, where such activities are instrumental in obtaining Servicing contracts. This business involves taking minority positions in securities issued by securitisation vehicles governed by Law 130/1999.

Under of **Lending,** doBank offers selected banking products, primarily linked to its Servicing activities, such as granting mortgage loans, mainly in foreclosure auctions, and managing deposit accounts for selected clients.

Under of **Solutions** doBank, doBank deals with Master Servicing and ancillary activities to debt collection carried out through the *Judicial Management* department.
doBank, as special servicer, have been rated "RSS1-/CSS1- " by Fitch Ratings, and "Strong" by Standard & Poor's. The Servicer Ratings assigned to doBank and Italfondiario are the highest of those assigned to Italian operators in the sector. In addition, these ratings were assigned to doBank and Italfondiario back in 2008, before any other operator in the industry in Italy. In 2017, doBank was also assigned a Master Servicer rating of "RMS2/CMS2/ABMS2" by Fitch Ratings.

doBank has long been a major partner of leading Italian and foreign financial institutions and institutional investors. The customer base can be divided into two main categories that reflect the type of activity carried out, Bank Clients and Investor Clients, for which the Bank mainly performs "Collection and Recovery" activities and ancillary activities connected with recovery activities.

MACROECONOMIC ENVIRONMENT

In 2017 the main indicators of economic activity in Italy continued to improve, albeit at growth rates that remain well below the European average.
According to the latest OECD forecasts,[1] the GDP of the euro area countries increased by 2.4% in 2017 and will expand by 2.2% in the current year and 1.9% in 2019. Italy's growth will be slower, having closed 2017 with an increase of 1.6%, which is forecast to slow to 1.5% in 2018 and 1.3% in 2019.
Nevertheless, the trend in Italian GDP in 2017 showed a significant acceleration compared with the previous year (+1.1% in 2016), buoyed by private consumption (+1.4%), the main component of domestic demand, investment and exports. The improvement in the

[1] OECD Economic Outlook, November 2017

macroeconomic environment had a positive effect on the unemployment rate, which fell to 11.2% in 2017 compared with 11.7% in 2016. However, employment levels are still below the euro-area average, which showed an unemployment rate of 9.1% in 2017.
Although fears of deflation have subsided, inflation in the euro area and in Italy remains low, slowed by the persistent moderation of wage growth. The Governing Council of the ECB is inclined to maintain expansionary monetary conditions, aiming for an inflation rate below but close to 2%, compared with the current 1%.
The Italian real estate sector, which is crucial for the special servicing of secured loans, displayed encouraging signs in 2017, such as the increase in the volume of transactions[2] and in the price index.[3] The volume of real estate transactions grew by 3.1%, driven by offices and industrial and residential properties, while the price index rose by 1.4% during the year.
Bank lending to households and firms also expanded (+2.3% in 2017), with average rates reaching an all-time low of 2.69% (compared with 6.2% at the end of 2007);[4] At +3.4%, the annual growth in mortgage lending for homes was higher than average. A continuing source of concern is the narrowing of the spread between the interest rate on loans and that on funding, a key factor for bank profitability: it was equal to 1.84 percentage points in 2017, compared with 1.98 points the previous year.
The quality of Italian banks' assets improved during the year, thanks to the positive impact of the external environment and the focus that banks have devoted to the issue in their business strategies. Gross non-performing loans amounted to about €167 billion,[5] down from around €200 billion at the end of 2016, thanks in part to significant sales and securitisation transactions, which help stimulate the demand for servicing services, the core business of doBank. The stock of net non-performing loans amounted to €66.3 billion,[6] down compared with December 2016 (€86.8 billion). The ratio of NPLs to total lending shows an analogous decrease from 4.89% to 3.74% over the same period.
Finally, in 2017 there were significant changes in the systemic approach to the management of Italian banks' stock of bad loans, including the establishment of the Italian Recovery Fund (formerly Atlante II) and the activity of S.G.A. S.p.A. and REV Gestione Crediti S.p.A .. These entities have already undertaken major operations and are supplementing the activity of leading national and international investment funds, which continue to look at the Italian NPL market with interest.

[2] PWC The Italian NPL market, December 2017; number of units sold, June 2017 figures.

[3] Bloomberg, Scenari Immobiliari S.p.A. December 2017 figures

[4] ABI Monthly Outlook, January 2018

[5] Banca d'Italia, Banche e Moneta: national series, February 2018

[6] ABI Monthly Outlook, January 2018, figures for November 2017

RELATIONS WITH GROUP COMPANIES

During 2017, the structure of the doBank Group was consolidated through:

- the completion of internal reorganizational activities with the aim of centralising management, coordination, direction and control functions within the Parent Company. This process was also finalised with the formalisation of relations with the other companies of the Group in Framework Agreements on corporate activities and control functions and a service contract for the leasing of doBank premises to subsidiaries;

- the effective launch of the operations of the subsidiary doSolutions, which is a new technology hub for Group companies, providing information technology services, organizational support, back office and logistics, thanks to the transfer and demerger of the business units of doBank and Italfondiario with effect from March 1, 2017. On the same date, the merger of Italfondiario RE into the subsidiary doRealEstate was completed.

Moreover, doBank finalised a subservicing agreement with the Italfondiario for the purpose of collecting loans specifically allocated by the Parent Company to the subsidiary. doBank also finalised agreements with other Group subsidiaries performing ancillary activities relating to real estate advisory activities and land registry searches, with doReal Estate and IBIS respectively.

HIGHLIGHTS

(€/000)

Key data of the income statement	Year		Change	
	2017	2016 PF	Amount	%
Gross Revenues	156,197	144,919	11,278	8%
Net Revenues	135,128	125,815	9,313	7%
Operating expenses	(82,085)	(72,418)	(9,667)	13%
EBITDA	53,043	53,397	(354)	(1)%
EBITDA Margin	34%	37%	-3%	(8)%
EBT	50,559	66,542	(15,983)	(24)%
EBT Margin	32%	46%	-14%	(30)%
Net Profit (Loss) for the year	33,930	41,018	(7,088)	(17)%

(€/000)

Key data of the balance sheet	12/31/2017	12/31/2016	Change	
			€	%
Loans and receivables with banks	26,524	44,810	(18,286)	(41)%
Tax assets	91,869	139,524	(47,655)	(34)%
Other assets	84,887	67,895	16,992	25%
Total assets	259,872	290,777	(30,905)	(11)%
Other liabilities	28,441	34,840	(6,399)	(18)%
Provisions for risks and charges	21,895	23,050	(1,155)	(5)%
Shareholders' equity	191,957	207,192	(15,235)	(7)%

(€/000)

Regulatory Indicators	12/31/2017	12/31/2016	Change	
			€	%
Own Funds	131,170	117,223	13,947	12%
RWA	413,003	388,791	24,212	6%
CET 1 capital ratio	31.76%	30.15%	1.61%	5%
Total capital ratio	31.76%	30.15%	1.61%	5%

In order to facilitate an understanding of doBank's performance and financial position, a number of alternative performance metrics have been identified ("Key Performance Indicators" or "KPIs"), summarised in the following table.

(€/000)

Key performance indicators	12/31/2017	12/31/2016
Gross Book Value (Eop) - *in millions of Euro* -	39,281	41,229
Collections for the period- *in millions of Euro* -	1,285	1,188
Collections for the period/GBV (EoP)	3.3%	2.9%
Staff FTE/Total FTE	56%	56%
Collections for the period/Servicing FTE	4,431	4,228
Cost/Income ratio	61%	58%
EBITDA	53,043	53,397
EBT	50,559	66,542
EBITDA Margin	34%	37%
EBT Margin	32%	46%
ROE	17%	15%
EBITDA – Capex	52,133	26,632
Net Working Capital	57,809	46,658
Net Financial Position of cash/(debt)	15,770	24,930

Key

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 expected loan losses.

Collections for the period: used to calculate commissions for the purpose of determining revenues from the servicing business, they illustrate the Bank's ability to extract value from the portfolio under management.

Collections for the period / GBV (Gross Book Value): the ratio between total gross annual collections and the year-end GBV of the total portfolio under management. This indicator represents another metric to analyze collections calculated in relation to the effectiveness rate of collections, i.e. the yield of the portfolio under management in terms of annual collections and, consequently, commission income from management activities.

Staff FTE / Total FTE: the ratio between the number of employees (excluding interns and consultants) who perform support activities and the total number of full-time employees of the Bank. The indicator illustrates the efficiency of the operating structure and the focus on management activities.

Collections for the period / Servicing FTE: the ratio between total collections for the period and the number of employees who perform servicing activities. The indicator provides an indication of the collection efficiency rate, i.e. the yield of each individual employee specialized in servicing activities in terms of annual collections 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 Bank's operating efficiency: the lower the value of the indicator, the greater the efficiency of the Bank.

EBITDA and EBT: together with other relative profitability indicators, they highlight changes in operating performance and provide useful information regarding the Bank's economic performance.

EBITDA Margin and EBT Margin: obtained by 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, it represents an economic measure of the profitability of capital.

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 highlights changes in operating performance and provides an indication on the Bank's ability to generate cash.

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

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

RESULTS AT DECEMBER 31, 2017

Economic Results

(€/000)

Condensed income statement	Year 2017	Year 2016	Change %
Servicing revenues	147,622	142,146	*4%*
o/w Banks	*127,639*	*140,341*	*(9)%*
o/w Investors	*19,983*	*1,805*	*n.s.*
Co-investment revenues	665	25	*n.s.*
Ancillary and other revenues	7,910	2,748	*n.s.*
Gross revenues	**156,197**	**144,919**	***8%***
Outsourcing fees	(21,069)	(19,104)	*10%*
Net revenues	**135,128**	**125,815**	***7%***
Staff expenses	(47,059)	(45,836)	*3%*
Administrative expenses	(35,026)	(26,582)	*32%*
o/w IT	*(6,334)*	*(10,036)*	*(37)%*
o/w Real Estate	*(6,918)*	*(5,546)*	*25%*
o/w SG&A	*(21,774)*	*(11,000)*	*98%*
Operating expenses	**(82,085)**	**(72,418)**	***13%***
EBITDA	**53,043**	**53,397**	**(1)%**
EBITDA Margin	*34%*	*37%*	*(8)%*
Impairment/Write-backs on property, plant, equipment and intangible assets	(286)	(117)	*144%*
Net Provisions for risks and charges	(3,974)	5,002	*n.s.*
Net Write-downs of loans	1,776	8,321	*(79)%*
Net income (losses) from investments	-	(61)	*(100)%*
EBIT	**50,559**	**66,542**	**(24)%**
Net financial interest and commission	689	(419)	*n.s.*
EBT	**51,248**	**66,123**	**(22)%**
Income tax for the year	(17,318)	(25,105)	*(31)%*
Net Profit (Loss) for the year	**33,930**	**41,018**	**(17)%**
Earnings per share	**0.43**	**0.52**	**(17)%**

Revenues from Servicing showed in 2017 an increase of 4% compared to the previous year. That result reflected a significant increase of the performance fees (+13%) followed by a higher volume of collections (+8%) and a collection mix improvement, while in an opposite trend they adversely affect both less base fees (-7%). These factors more than offset the decline in revenues from base fees associated with the contraction in the average gross portfolio (-5%) under management and the small decrease in portfolio transfer indemnities (-€ 3,9 million).
The substantial increase in revenues in the Investors segment and the decline in those in the Banks segment is associated with the addition as from the third quarter of 2017 of revenues from the contract for the management of the Fino 1 and Fino 2 Securitisation portfolios originated by UniCredit, which had already been managed in part by the Bank.
Revenues from co-investment, equal to €665 thousand, represented the revenues from the ABSs of the Romeo SPV and Mercuzio Securitisation securitisations, of which doBank holds 5%.
Revenues from ancillary products and minor activities showed an increase of €5.2 million compared to 2016, mainly due to the signing of the FINO 1 and FINO 2 Securitisation agreements (€2.7 million) in the third quarter, for which doBank acts as Master Servicer and performs other support activities. The increase over 2016 also reflects intercompany income for corporate activities and control functions performed by the Parent Company and revenues from the service contract for the leasing of premises to subsidiaries.
Compared to the same period of the previous year, **fee and commission expense** increased by 10% due to a rise in the volume of collections, partially offset by the reversal of excess provisions recognised in previous periods (€1.6 million) due to a change during the year in the mechanism for remunerating the network and to the greater contribution of doRealEstate in ancillary activities for loan recoveries (facilitation of auctions).

Net revenues therefore amount to €135.1 million, a 7% improvement compared to the previous year.

Staff expenses stood to € 47.1 million and show an increase of 3% compared to the previous year, the direct consequence of the strengthening of top management as a result of the structural changes in the Bank, and the centralization of the control functions to the Parent Company; the increase is in part mitigated by the excess on the personnel funds and MBO bonuses which also reflects the activation of new remuneration policies with a different modulation of variable remuneration. On the side of **administrative costs,** which include costs for intercompany services, there was an increase of 32% due to higher costs on project activities linked to the information system change and the listing, as well as higher real estate costs for the centralization of costs for the entire Group.

Net Revenues improvement (+€9.3 million) and the increase of **operating expenses** (+€9,7 million) resulted an **EBITDA** of €53.0 million in flection of 1% compared to 2016.

The item **Net provisions** showed a negative €4.0 million, compared with a positive balance in 2016 in reflection of reversals of provisions for litigation and disputes that exceeded the actual liability. The increase was affected by the recognition of new provisions for litigation and disputes as well as against credit claims made by suppliers arising from contractual resolutions.

Net write-downs of loans presented a positive balance of € 1.8 million, mainly attributable to collections on previously written-off positions in our own portfolio. The significantly higher value recorded in 2016 is not comparable as it is related to the effects of non-performing portfolio sale.

The item **interest and commissions from finance activities** includes €822 thousand in respect of the dividends on 2016 profits approved by investees. With reference in particular to IBIS and Italfondiario RE, which were acquired during the fourth quarter of 2016, as illustrated in detail in the note on Equity Investments under Assets, dividends are allocated pro-rata as a reduction in the carrying amount of the investment and, for the difference, in the income statement.

The effective income tax was equal to €17.3 million accrual-based. Such amount, as a result of the impact of the provisions of the "Bank Rescue" decree (Decree Law 59 of May 3, 2016), which at the end of 2016 amounted to €4.1 million. modified the entry into force of the DTA fee, postponing it from 2015 to 2016, establishing that amounts paid in 2016 represented the fee due for that period. Consequently, the €2.0 million provisioned in 2016 and paid in 2017 settled the amount due for the year just ended and, accordingly, no new provision has been recognised.

Net result for the period, after tax, was €33.9 million in flection of 17% compared to the previous year.

Earnings per share amounted to €0.43.

Financial position

(€/000)

Main condensed balance sheet items	12/31/2017	12/31/2016	Change	
			€	%
Av ailable-for-sale financial assets	23,959	1,005	22,954	n.s.
Loans and receiv ables with banks	26,524	44,810	(18,286)	(41)%
Loans and receiv ables with customers	5,745	10,626	(4,881)	(46)%
Equity inv estments	26,058	26,703	(645)	(2)%
Tax assets	91,869	139,524	(47,655)	(34)%
Other assets	85,717	68,109	17,608	26%
Total assets	**259,872**	**290,777**	**(30,905)**	**(11)%**
Due to banks	-	10,032	(10,032)	(100)%
Due to customers	11,759	10,850	909	8%
E.T.B. and prov ision for risks and charges	26,851	27,863	(1,012)	(4)%
Other liabilities	29,305	34,840	(5,535)	(16)%
Shareholders' equity	191,957	207,192	(15,235)	(7)%
Total liabilities and shareholders' equity	**259,872**	**290,777**	**(30,905)**	**(11)%**

Available-for-sale financial assets at December 31, 2017 increased considerably compared with 2016 as a result of the following co-investment operations:

- €7.7 million from the valuation of the outstanding of the 5% of the notes subscribed by doBank and issued by the Romeo SPV and Mercuzio Securitisation vehicles;
- €15.2 million represent the amount paid in December for the subscription of 30 units, for a total commitment of €30 million, of the restricted alternative securities investment fund Italian Recovery Fund (formerly Atlante II).

Loans and receivables with banks include the liquidity on current accounts held with UniCredit S.p.A.. Compared to 2016 the reduction was sensibly influenced by the payment on the second quarter of the 2016 dividend to the shareholder Avio, for €52.3 million.

Loans and receivables with customers contracted for €4.9 million compared to the previous December, primarily reflecting the repayment of the bridge loan of €8.4 million granted in 2016 to the Romeo SPV against the commitment to subscribe securities, partially compensated after disbursement of a loan of e3.0 million in favour of the subsidiary doReal Estate.

Equity investments decreased by €645 thousand in the period, reflecting an increase by €100 thousand due to the capital increase of doSolutions following the transfer of the business unit effective from March 1, 2017 and a decrease of €745 thousand in the carrying amount of the equity investments in IBIS and doRealEstate, as the pro-rated recognition of the dividend distributed on 2016 profit pertaining to doBank.

Current tax assets, was interested by an overall decrease of €47.7 million mainly composed of tax credits to offset indirect taxes for €36.2 million (VAT and withholding tax) and the reversal of previously-recognised deferred tax assets for €10.2 million.

The **Other items of the Assets** mainly include receivables from recovery services on mandate and show an increase of €17.6 million in the period, mainly due to receivables for invoices issued and not yet paid as they did not expire while at the end of 2016 there was a liquidation in advance of a series of large invoices by the principal UniCredit.

Due to banks was nil as for the effect write-off of the use of short-term loans granted by various counterparties during the third quarter of 2017. This result was made possible also thanks in part to the considerable collections of fees on invoices to be collected in the same quarter.

Amounts **due to customers** received current accounts and free deposits for €11.8 million referred to the professionals and lawyers affiliated.

E.T.B. and provision for risks and charges showed a reduction in the period of €1.0 million due to the use of staff funds for the provision of premiums referring to the incentive system of the previous year, partially offset by the recording of new allocations on litigation and causes, as well as provisions for disputes for which legal actions are not currently activated. Furthermore, the sizing of the item "Provision for Risks and Charges" also reflects the implementation of new remuneration policies following the listing, which for selected categories of managers have changed the structure of variable remuneration, taking account of deferred pay and the grant of equity instruments.

The **Other items of the liabilities**, which amounted to €29.3 million, mainly included trade payables, staff provisions, fiscal accounts to be paid and residual accounts.

Net working capital

(€/000)

Net working capital	12/31/2017	12/31/2016
Trade receiv ables	78,769	65,593
Trade payables	(20,960)	(18,935)
Total	**57,809**	**46,658**

Net working capital was to €57.8 million, in growth compared to €46.7 million at December 31, 2016, which discounted an early settlement of a series of active invoices for a significant amount due to trade receivables with the principal UniCredit

Net financial position

(€/000)

Net financial position	12/31/2017	12/31/2016
A Cash	2	-
B Current bank accounts	26,524	44,810
C Liquid securities	1,003	1,002
D Liquidity (A)+(B)+(C)	**27,529**	**45,812**
E Current bank debts	-	(10,032)
F Deposits from customers	(11,759)	(10,850)
G Other current financial debts	-	-
H Net current financial position (D)+(E)+(F)+(G)	**15,770**	**24,930**
I Non-current bank debts	-	-
J Other non-current financial debts	-	-
K Net financial position (H)+(I)+(J)	**15,770**	**24,930**

The net financial position (cash position) at the end of 2017 was worsened due to the effect of the shareholder Avio's liquidation of the dividend that took place during the second quarter of the 2016 for the shareholder Avio, for a total of €52.3 million.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Main new servicing contracts

FINO Project

The Fino Project involved the securitisation under the provisions of Law 130/1999 involving a portfolio of bad loans owned by the UniCredit Group with a total original gross value of about €17.7 billion. Most of that portfolio was already under management by doBank as at the end of 2016, and was increased in January 2017 by about €2.7 billion gross. Under the provisions of the Fino Project, doBank will continue to manage the recovery of the positions.
In July 2017 UniCredit completed the operation with the assignment of the loans to two SPVs, Fino 1 Securitisation and Fino 2 Securitisation, dividing the portfolio between the two vehicles in order to enable part of the investment to benefit from a state guarantee in the form of a GACS. The majority of the securities (50.1%) were acquired by funds of the Fortress Group. UniCredit initially retained the remainder (49.9%) before reducing its position below 20% in December 2017 in an agreement with funds operated by King Street Capital Management LP.

In addition to increasing the size of the portfolio under management, doBank was also engaged to perform the new activities of Master Servicer and Corporate Provider and will increase revenues from Ancillary Products thanks to the provision of master legal. The agreement on the new Fino contract was finalised at the end of July 2017

Listing on the Milan Stock Exchange

On July 14, 2017 doBank made its début on the Milan Stock Exchange ahead of schedule in view of the strong interest displayed by the Italian and foreign institutional investors to which the initial placement was directed. The IPO was presented in a series of roadshows in the main European and US financial centres.
The offer price for the shares was €9.00 per share, representing a capitalisation of about €704 million net of treasury shares. A total of 38.2 million shares were placed (47.7% of share capital) after the greenshoe option, including 6.2 million shares for which the shareholder AVIO S.à r.l. exercised the increase option.

New post-listing 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 other managers. For more information, see the "Governance/remuneration" section of the corporate website www.dobank.com.

Italian Recovery Fund (formerly Atlante II)

The Board of Directors of doBank approved the signing of a commitment for the investment of €30 million in the Italian Recovery Fund (formerly Atlante II) operated by Quaestio SGR, which specialises entirely in investing in the junior and mezzanine tranches of securitisations of impaired loans, in line with doBank's co-investment strategy. At December 31, 2017, doBank had paid €15.2 million of its overall commitment, with the investment to be completed in 2018.

Internal organisation model

During the first half of 2017, doBank, completed its internal reorganization activities with the aim of centralising the functions of management, coordination, policy-setting and control with it. In January, it also approved the new Corporate Governance project, which provides for the simplification of the governance of the Bank and the subsidiaries, in accordance with a principle of proportionality, and the strengthening of doBank's management and coordination role as the Parent Company. This model is therefore able to provide the market with an integrated system of services mainly linked to credit recovery, as well as ensuring benefits for the Group in terms of costs/performance, while simultaneously raising the technological level of the services offered and internal processes.

IT projects

Starting on March 1, 2017, the subsidiary doSolutions represents the new technology hub of the Group, with the offer of information technology services, organisational support, back office and logistics services, thanks to the transfer and demerger of the associated business units by doBank and Italfondiario respectively. Furthermore, doBank migrated the IT platform from UBIS of the UniCredit Group to a proprietary platform and started the Management Control development project to implement a new model. That project was completed at the end of 2017 with the integration of all the Group companies. In the information technology area, the progressive replacement of the information system of the companies belonging to the Group continued with a view to ensuring overall standardisation.

Judicial Management

The Judicial Management Division was established during the year. The main developments of the Division included agreements for the provision of legal support for the Fino Project and with UniCredit. In the latter case, the agreements regarded the portfolio under management for that client.

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

Impact of the new international accounting standards IFRS 9 and IFRS 15

During 2017 the Group undertook two projects connected with the implementation of the new accounting standards IFRS 9 - Financial Instruments and IFRS 15 - Revenues from Contracts with Customers, which took effect as from January 1, 2018.
As explained in detail in Part A of the notes to the consolidated financial statements, the quantitative impact of these new standards is nil (for IFRS 15) or insignificant (for IFRS 9).
More specifically, for IFRS 9, the small scale of the impact is a consequence of the size and the composition of the portfolio of the Group's financial assets, which account for 26% of total assets at December 31, 2017. On the composition front, only 5%, mainly represented by performing mortgage loans and current accounts with customers, was subject to a revision of the calculation of impairment under the new rules, which resulted in no increase in write-downs, equal to €5 thousand. Trade receivables, classified under other assets in the balance sheet, account for 33% of total assets and the impact of from the application of the new impairment rules amounted to zero.
With regards to the classification and measurement of financial assets, the most significant change regarded the Romeo SPV and Mercuzio Securitization ABSs and the unit of the Italian Recovery Fund (formerly Atlante II), which changed from recognition of fair value changes in equity to recognition of such changes directly through profit or loss (FVTPL). The remainder of the portfolio, consisting of loans and receivables with banks for the management of Group liquidity (current accounts and deposits) and purchased receivables (mainly non-performing loans) will continue to be measured at amortised cost.

OUTLOOK FOR OPERATIONS

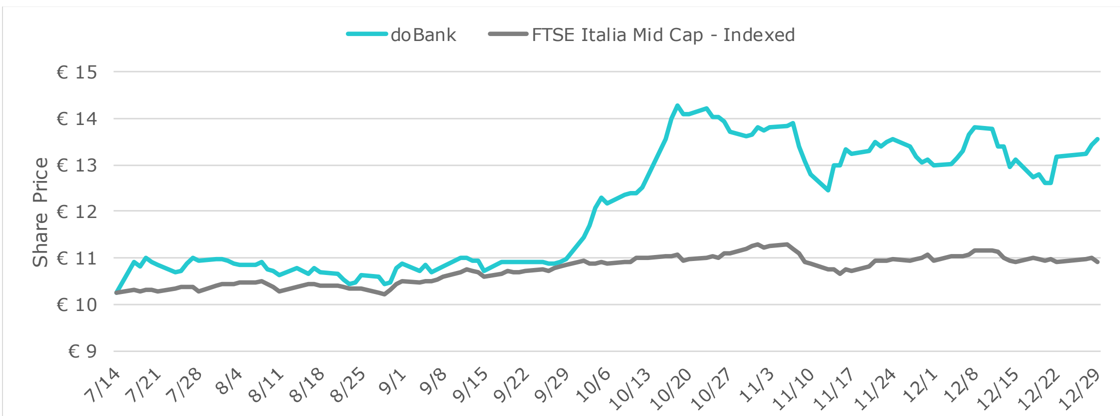
In line with the main strategic guidelines highlighted in the Listing Prospectus, in 2018 doBank intends to further strengthen its leadership position in the market for servicing what are mainly non-performing loan portfolios.
The Bank's commercial development will be aimed at obtaining significant new management contracts from large and medium-sized banking groups and from the broader group of specialised investors. The Bank therefore expects a significant increase in assets under management (in terms of Gross Book Value), also in consideration of the start of management activities for more than €11 billion in the first quarter of the year alone, and a significant increase in collections.
Finally, doBank plans to further develop its ancillary activities, thanks to the contribution of long-term agreements signed in the second half of 2017 and the acquisition of new customers, and to exploit its operating leverage, with a positive impact on EBITDA and the generation of cash in terms of EBITDA-Capex.

MAIN RISKS AND UNCERTAINTIES

In consideration of the activities it performs and the results achieved, the financial position of doBank is adequately scaled to meet its needs.
The financial policy pursued is in fact aimed at fostering the stability of the Bank, which in view of its operations does not currently or prospectively intend to engage in speculative investment activity.
The main risks and uncertainties generated by current conditions in the financial markets do not represent any especially critical threats to the financial equilibrium of the Bank and, as such, do not generate doubts about its operation as a going concern.
Please see Part E of the notes to the financial statements for more information on financial and operational risks.

DOBANK SHARES

One of the major events affecting doBank in 2017 was its debut on the stock exchange.
The offer, which involved doBank's ordinary shares and was directed exclusively at Italian and foreign institutional investors, was completed on July 12 - ahead of schedule – owing to the strong interest displayed by investors, whom top management had met in a series of roadshows in the main European and US financial centres.
The offer price for the shares was €9.00 per share, representing a capitalisation of about €704 million net of treasury shares. A total of 38.2 million shares were placed (47.7% of share capital) after the greenshoe option, including 6.2 million shares for which the shareholder AVIO S.à r.l. exercised the increase option.
From the start of trading on the Mercato Telematico Azionario (electronic stock exchange) operated by Borsa Italiana (MTA) on July 14, the doBank stock steadily posted significant gains, closing 2017 at €13.55 per share, up 50.5% on its IPO price.
In relative terms, that performance outpaced the benchmark index (the FTSE Italia Mid Cap, which rose+6.3%[7]), the index of Italy's largest companies in terms of capitalisation, the FTSE MIB (+1.7%) and the other Italian IPOs carried out in 2017.[8]
doBank shares are traded under ISIN IT0001044996 and ticker symbol DOB [Bloomberg: DOB IM]. The total number of shares in circulation is 78.25 million, as well as 1.75 million treasury shares.
The following chart and table report developments in doBank shares in 2017 and the main associated statistics.



Summary Data	Euro	Date
IPO Price	9.00	7/14/17
Minimum closing price	10.25	7/14/17
Maximum closing price	14.27	10/18/17
Last closing price	13.55	12/29/17
Last official price	13.49	12/29/17
Number of shares issued	80,000,000	12/29/17
of which treasury shares	1,750,000	12/29/17
Capitalization	1,079,200,000	12/29/17
Capitalization (excluding treasury shares)	1,055,592,500	12/29/17

doBank's communications and relations with the financial markets are managed by the Investor Relations department, whose purpose is to facilitate understanding by the financial community of the Group's strategy and objectives, so that they can been appreciated in full by investors.
In order to ensure transparent, timely and comprehensive communication, in 2017 the Investor Relations team and top management participated in numerous meetings with analysts and

[7] Reference period July 14 - December 31, 2017
[8] IPOs in the MTA segment of Borsa italiana

investors, mainly in the form of industry conferences, road shows in leading international financial markets, specific meetings and frequent conference calls.
For more information on developments in the doBank stock and the strategy and performance of the Group, please visit the investor relations section of the corporate website www.dobank.com.

OTHER INFORMATION

Management and coordination by the Parent Company

At December 31, 2017, 50.1% of the shares of doBank are owned by Avio S.à r.l. a company incorporated in Luxembourg, which is jointly owned by the Fortress Group (in December 2017 it was acquired by Softbank Group Corp.) and Eurocastle Investment Limited, which is the majority shareholder.
After listing on the Milan Stock Exchange, 47.7% of the shares were placed on the market and the remaining 2.2% consists of 1,750,000 treasury shares, measured at cost, for a total of €277 thousand held by the Parent Company.
The majority shareholder does not exercise any management or coordination powers over doBank pursuant to Art. 2497 et seq. of the Civil Code, either directly or through the companies belonging to the Fortress Group and Eurocastle Investment.
doBank exercises its management and coordination powers over its direct subsidiaries as provided for in the legislation referred to above.

Transactions in treasury shares

During the year no shares were purchased or sold.
At December 31, 2017, doBank held 1,750,000 treasury shares, equal to 2.2% of total share capital. Their carrying amount is €277 thousand and they are presented in the financial statements as a direct reduction of shareholders' equity under Item 200. "Treasury shares". Item 190. "Reserves" includes the associated equity reserve in the same amount.

Research and development

The company did not engage in research and development activities during the year.

Report on corporate governance and ownership structure

In accordance with the third paragraph of Art. 123 bis of Legislative Decree 58 of February 24, 1998 (the Consolidated Law on Financial Intermediation), a separate report from this report on operations has been prepared. It has been approved by the Board of Directors and published together with the draft financial statements for the financial year ended at December 31, 2017. This document is made available to the public in the "Governance" section of the corporate website www.dobank.com.
Together with that Report, the "Remuneration Report" has also been prepared pursuant to Art. 123 ter of the Consolidated Law.

Consolidated Non-Financial Statement

Legislative Decree 254 of December 30, 2016 and Legislative Decree 32/2007 require to doBank as a public interest entity (bank with listed shares whose size exceeds the minimum thresholds in the decree) to publish each year information on the main risks and uncertainties to which the company is exposed, indicators of non-financial performance relevant to the specific activity of the company, and information on the environment and personnel. The first reference date for this document is December 31, 2017.
doBank has elected the option provided for in the decree to prepare a separate document

from this report on operations. That document is approved by the Board of Directors and published together with the draft financial statements for the financial year ended at December 31, 2017. This document is made available to the public in the "Investor Relations/Financial Reports and Presentations" section of the corproate website www.dobank.com.

Public disclosure by institutions

In compliance with Bank of Italy Circular no. 285 of December 17, 2013 as updated, doBank has prepared the public disclosure by institutions at December 31, 2017, which is approved by the Board of Directors and published together with the draft financial statements for the financial year ended at December 31, 2017. The document is made available to the public in the "Investor Relations/Financial Reports and Presentations" section of the corporate website www.dobank.com.

Transactions with related parties

In compliance with the provisions of the "Rules for Transactions with Related Parties" referred to in Consob Resolution no. 17221 of March 12, 2010, as amended by Resolution no. 19974 of April 27, 2017, as well as the provisions on the prudential supervision of banks in Circular no. 263 of December 27, 2006, Title V, Chapter V on "Exposures and conflicts of interest with related parties" issued by the Bank of Italy, any transaction with related parties and connected persons shall be approved in accordance with the procedure approved by the Board of Directors, whose most recent update was approved at the meeting held on May 25, 2017, which entered force in conjunction with the listing on the Milan Stock Exchange on July 14, 2017.
This document is available to the public in the "Governance" section of the company website www.dobank.com.

The universe of related parties changed near the end of the year following the acquisition of the Fortress Investment Group LLC (NYSE: FIG) ("Fortress") by SoftBank Group Corp. ("SoftBank" or "SBG"). As a result of the transaction, SBG and its subsidiaries gained ownership of the shares of Fortress, which in turn held Avio S.à r.l., doBank's majority shareholder.

Pursuant to the above Consob Regulation, disclosures on transactions with related parties carried out during the year are reported below.

Transactions of greater importance
FINO 1 AND FINO 2 PORTFOLIOS
As indicated in the significant events of the year, in July 2017, doBank entered into Master Servicing, Special Servicing and Corporate Services agreements with the two securitisation vehicles Fino 1 Securitisation Srl and Fino 2 Securitisation Srl, whose securities were partially subscribed by affiliates of the Fortress Group.
The information prospectus for the transaction is available to the public at the registered office of doBank S.p.A. (Piazzetta Monte 1, Verona), the doBank S.p.A. website (www.doBank.com) and the authorised storage system Spafid Connect.

Other transactions
During the course of the year, ordinary transactions were approved that mainly involved due diligence activities carried out in relation to entities affiliated with the Fortress Group.

Please see Part H of the notes to the financial statements for the disclosures provided for by IAS 24 for transactions with related parties.

Statement reconciling the condensed income statement and the statutory income statement

(€/000)

Statement reconciling the condensed income statement and the statutory income statement	Year	
	2017	2016
Servicing revenues	**147,622**	**142,146**
40 fee and commission income	147,622	142,146
Co-investment revenues	**665**	**25**
10 of which: interest income and similar rev enues	665	25
Ancillary and other revenues	**7,910**	**2,748**
10 of which: interest income and similar rev enues	64	65
20 of which: Interest expense and similar charges	(128)	(1)
190 of which: other operating expense and income	7,974	2,684
Gross Revenues	**156,197**	**144,919**
Fee and commission expense	**(21,069)**	**(19,104)**
50 of which: fee and commission expense	(21,069)	(19,104)
Net revenues	**135,128**	**125,815**
Staff expense	**(47,059)**	**(45,836)**
150a of which administrativ e costs: a) staff expense	(47,059)	(45,836)
Administrative costs	**(35,026)**	**(26,582)**
150b of which administrativ e costs: b) other administrativ e expense	(40,068)	(30,611)
190 of which: other operating expense and income	5,042	4,029
Operating costs	**(82,085)**	**(72,418)**
EBITDA	**53,043**	**53,397**
Impairment/Write-backs on property, plant, equipment and intangible assets	**(286)**	**(117)**
170 impairment / write-backs on property, plant and equipment	(72)	(3)
180 impairment / write-backs on intangible assets	(63)	(59)
190 of which: other operating expense and income	(151)	(55)
Net Provisions for risks and charges	**(3,974)**	**5,002**
150a of which administrativ e costs: a) staff expense	(500)	-
160 net prov isions for risks and charges	(3,456)	5,072
190 of which: other operating expense and income	(18)	(70)
Net Write-downs of loans	**1,776**	**8,321**
130 net losses / recov eries on impairment	1,601	3,333
190 of which: other operating expense and income	175	4,600
10 of which: interest income and similar rev enues	-	147
100 gains (losses) on disposal and repurchase	-	241
Net income (losses) from investments	**-**	**(61)**
210 profit (loss) of equity inv estments	-	(61)
EBIT	**50,559**	**66,542**
Net financial interest and commission	**689**	**(419)**
20 of which: Interest expense and similar charges	(90)	(404)
70 div idend income and similar rev enue	822	-
110 gains and losses on financial assets/liabilities at fair v alue through profit or loss	(1)	-
50 of which: fee and commission expense	(42)	(15)
EBT	**51,248**	**66,123**
Income tax for the year	**(17,318)**	**(25,105)**
260 income tax expense from continuing operations	(17,294)	(21,040)
150b of which administrativ e costs: b) other administrativ e expense	(24)	(4,065)
Net Profit (Loss) for the year	**33,930**	**41,018**

ALLOCATION PROPOSAL OF THE YEAR RESULT

Dear Shareholders,

We invite you to approve 2017 Reports and Accounts made with the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity, Cash Flow Statement, Notes to the Financial Statements and integrated with the Report on Operations as presented by the Board of Directors in its overall and single accounts.

As already mentioned, the 2016 financial year ends with a net profit of Euro Euro 33.930.033.

We invite you to approve the following proposal which provides the distribution of dividends related to the fiscal year 2017 for €31,496,000, equal to €0.394, before taxes, per each ordinary share4, corresponding to 70% of consolidated net income (70% payout). No dividend will be distributed to treasury shares held by doBank as of the dividend record date. The dividend, pending approval by the Shareholder's Meeting, will be payable as of May 23, 2018 (with coupon detachment on May 21 and record date on May 22).

Rome, March 13, 2018 The Board of Directors

FINANCIAL STATEMENTS

Balance Sheet

(€)

Assets		12/31/2017	12/31/2016
10	Cash and cash equivalents	1,921	297
40	Available-for-sale financial assets	23,958,687	1,004,575
60	Loans and receivables with banks	26,524,170	44,809,834
70	Loans and receivables with customers	5,744,884	10,626,206
100	Equity investments	26,057,526	26,702,895
110	Property, plant and equipment	632,999	23,938
120	Intangible assets	195,450	190,478
	of which goodwill	-	-
130	Tax assets	91,869,236	139,524,235
	a) Current tax assets	-	36,157,059
	b) Deferred tax assets	91,869,236	103,367,176
	of which pursuant to Law 214/2011	55,406,398	*55,406,398*
150	Other assets	84,887,020	67,894,899
	Total assets	**259,871,893**	**290,777,357**

Liabilities and shareholders' equity		12/31/2017	12/31/2016
10	Due to banks	-	10,031,962
20	Due to customers	11,759,099	10,849,546
80	Tax liabilities	863,479	-
	a) Current tax liabilities	436,663	-
	b) Deferred tax liabilities	426,816	-
100	Other liabilities	28,440,634	34,840,420
110	Employee termination benefits	4,956,413	4,813,897
120	Provisions for risks and charges	21,894,822	23,049,536
	a) Pensions and similar obligations	-	-
	b) Other provisions	21,894,822	*23,049,536*
130	Valuation reserves	1,186,391	216,082
160	Reserves	115,838,187	124,955,233
180	Share capital	41,280,000	41,280,000
190	Treasury shares (-)	(277,165)	(277,165)
200	Net profit (loss) for the year (+/-)	33,930,033	41,017,846
	Total liabilities and shareholders' equity	**259,871,893**	**290,777,357**

Income statement

(€)

Items		12/31/2017	12/31/2016
10	Interest income and similar revenues	729,487	236,509
20	Interest expense and similar charges	(217,645)	(404,329)
30	**Net interest income**	**511,842**	**(167,820)**
40	Fee and commission income	147,622,132	142,146,064
50	Fee and commission expense	(21,110,462)	(19,119,096)
60	**Net fee and commission income**	**126,511,670**	**123,026,968**
70	Dividend income and similar revenue	821,768	-
100	Gains (losses) on disposal and repurchase of:	-	241,257
	b) Available-for-sale financial assets	-	241,257
110	Gains and losses on financial assets/liabilities at fair value through profit and loss	(805)	-
120	**Gross income**	**127,844,475**	**123,100,405**
130	Net losses / recoveries on impairment:	1,600,567	3,332,573
	a) Loans	1,600,567	3,332,573
140	**Net profit from financial activities**	**129,445,042**	**126,432,978**
150	Administrative costs:	(87,651,364)	(80,512,302)
	a) Staff expense	(47,559,056)	(45,836,127)
	b) Other administrative expense	(40,092,308)	(34,676,175)
160	Net provisions for risks and charges	(3,456,176)	5,072,391
170	Impairment / write-backs on property, plant and equipment	(72,092)	(2,538)
180	Impairment / write-backs on intangible assets	(62,801)	(59,697)
190	Other operating expense and income	13,021,705	11,188,041
200	**Operating costs**	**(78,220,728)**	**(64,314,105)**
210	Profit (loss) of equity investments	-	(60,835)
250	**Profit (loss) before tax from continuing operations**	**51,224,314**	**62,058,038**
260	Income tax expense from continuing operations	(17,294,281)	(21,040,192)
270	**Profit (loss) after tax from continuing operations**	**33,930,033**	**41,017,846**
290	**Net profit (loss) for the year**	**33,930,033**	**41,017,846**

Statement of comprehensive income

(€)

Items		12/31/2017	12/31/2016
10.	**Net profit (loss) for the year**	**33,930,033**	**41,017,846**
	Other comprehensive income after tax not recyclable in profit or loss		
20.	Property, plant and equipment	-	-
30.	Intangible assets	-	-
40.	Defined benefit plans	(154,933)	(97,252)
50.	Non-current assets classified as held for sale	-	-
60.	Share of valuation reserves of equity accounted investments	-	-
	Other comprehensive income after tax recyclable in profit or loss		
70.	Hedges of foreign investment	-	-
80.	Exchange differences	-	-
90.	Cash flow hedges	-	-
100.	Available-for-sale financial assets	1,125,242	(713,729)
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**	**970,309**	**(810,981)**
140.	**Comprehensive income (item 10 + 130)**	**34,900,342**	**40,206,865**

Statement of changes in Shareholders' Equity

At 12/31/2016

(€)

				Allocation of profit from previous year		Changes during the year								
						Equity transactions								
	Balance as at 12/31/2015	Changes in opening balance	Balance as at 1/1/2016	Reserves	Dividends and other payouts	Changes in reserves	Issue of new shares	Acquisition of treasury shares	Distribution of extraordinary dividends	Change in equity instruments	Derivatives on own shares	Stock options	Comprehensive income at 12/31/2016	Shareholders' equity as at 12/31/2016
Share capital														
a) ordinary shares	41,280,000	-	41,280,000	-	-	-	-	-	-	-	-	-	-	41,280,000
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserv es														
a) of profits	10,474,800	43,862	10,518,662	-	-	-	-	-	-	-	-	-	-	10,518,662
b) other	303,053,305	(43,861)	303,009,444	(188,572,873)	-	-	-	-	-	-	-	-	-	114,436,571
Valuation reserv es	1,027,062	1	1,027,063	-	-	-	-	-	-	-	-	-	(810,981)	216,082
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(277,165)	-	(277,165)	-	-	-	-	-	-	-	-	-	-	(277,165)
Net profit (loss) for the year	(188,572,873)	-	(188,572,873)	188,572,873	-	-	-	-	-	-	-	-	41,017,846	41,017,846
Shareholders' equity	166,985,129	2	166,985,131	-	-	-	-	-	-	-	-	-	40,206,865	207,191,996

At

At 12/31/2017

(€)

				Allocation of profit from previous year		Changes during the year								
							Equity transactions							
	Balance as at 12/31/2016	Changes in opening balance	Balance as at 1/1/2017	Reserves	Dividends and other payouts	Changes in reserves	Issue of new shares	Acquisition of treasury shares	Distribution of extraordinary dividends	Change in equity instruments	Derivatives on own shares	Stock options	Comprehensive income at 12/31/2017	Shareholders' equity as at 12/31/2017
Share capital														
a) ordinary shares	41,280,000	-	41,280,000	-	-	-	-	-	-	-	-	-	-	41,280,000
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserv es														
a) of profits	10,518,662	-	10,518,662	-	-	(43,862)	-	-	-	-	-	-	-	10,474,800
b) other	114,436,571	-	114,436,571	-	(11,311,866)	43,862	-	-	-	-	-	2,194,820	-	105,363,387
Valuation reserv es	216,082	-	216,082	-	-	-	-	-	-	-	-	-	970,309	1,186,391
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(277,165)	-	(277,165)	-	-	-	-	-	-	-	-	-	-	(277,165)
Net profit (loss) for the year	41,017,846	-	41,017,846	-	(41,017,846)	-	-	-	-	-	-	-	33,930,033	33,930,033
Shareholders' equity	207,191,996	-	207,191,996	-	(52,329,712)	-	-	-	-	-	-	2,194,820	34,900,342	191,957,446

Cash Flow Statement

(€)

Cash Flow Statement (indirect method)	12/31/2017	12/31/2016
A. OPERATING ACTIVITIES		
1. Operations:	**22,209,077**	**30,132,415**
- Profit (loss) for the year (+/-)	33,930,033	41,017,846
- Net losses/recoveries on impairment (+/-)	109,004	3,017,045
- Net write-downs/write-backs on property, plant and equipment and intangible assets (+/-)	134,893	62,236
- Provisions and other income/expenses (+/-)	3,456,176	(5,463,647)
- Unpaid taxes and tax credits (+)	17,480,868	21,049,359
- Other adjustments (+/-)	(32,901,897)	(29,550,423)
2. Liquidity by/used in financial assets:	**66,174,321**	**179,916,414**
- Available-for-sale financial assets	(13,036,919)	130,661
- Loans and receivables with banks: on demand	18,285,664	(28,681,174)
- Loans and receivables with customers	(3,592,818)	162,858,435
- Other assets	64,518,394	45,608,492
3. Liquidity by/used in financial liabilities:	**(36,709,476)**	**(183,353,279)**
- Deposits from banks: on demand	(10,031,963)	10,031,963
- Deposits from customers	909,553	(170,910,877)
- Other liabilities	(27,587,067)	(22,474,365)
Net liquidity generated by/used in operating activities - A (+/-)	**51,673,922**	**26,695,550**
B. Investment activities		
1. Liquidity generated by:	**1,567,137**	**-**
- Dividends collected on equity investments	1,567,137	-
2. Liquidity used in:	**(909,723)**	**(26,695,735)**
- Purchases of equity investments	(100,000)	(26,552,895)
- Purchases of property, plant and equipment	(681,154)	(3,080)
- Purchases of intangible assets	(128,569)	(139,760)
Net liquidity generated by/used in investment activities - B (+/-)	**657,414**	**(26,695,735)**
C. Funding activities		
- Distribution of dividends and other	(52,329,712)	-
Net liquidity generated by/used in funding activities - C (+/-)	**(52,329,712)**	**-**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR - D=A+/-B+/-C	**1,624**	**(186)**
RECONCILIATION		
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR- E	**297**	**483**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR - D	**1,624**	**(186)**
CASH AND CASH EQUIVALENTS: EFFECT OF EXCHANGE RATE VARIATIONS - F	**-**	**-**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR - G=E+/-D+/-F	**1,921**	**297**

NOTES TO THE FINANCIAL STATEMENTS

PART A – ACCOUNTING POLICIES

A.1– General information

SECTION 1 – STATEMENT OF COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

The doBank's financial statements at 31 December 2017 have been prepared in compliance with the international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and the associated interpretations of the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Commission and in force as at December 31, 2017 and transposed into Italian legislation with Legislative Decree 38/2005, which exercised the option provided for in Regulation (EC) no. 1606 of July 19, 2002 concerning international accounting standards.
To facilitate interpretation and support the application of the standards, the following documents have been 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 documentation prepared by the IASB or IFRIC complementing the main standards issued;
- the interpretation documents on the application of the IAS/IFRS in Italy prepared by the Organismo Italiano di Contabilità (Italian Accounting Board - OIC) and Associazione Bancaria Italiana (Italian Banking Association - ABI);
- European Securities and Markets Authority (ESMA) and Consob documents which pertain to the application of specific provisions of the IFRS.

The financial statements are accompanied by the certification of the Financial Reporting Officer pursuant to Article 154-bis of Legislative Decree 58/1998 and have been audited by the audit firm EY S.p.A. in accordance with Legislative Decree 39 of January 27, 2010.

SECTION 2 – BASIS OF PREPARATION

The financial statements have been prepared using the euro as the currency of account, in accordance with Article 5, paragraph 2, of Legislative Decree 38/2005, consist of:

- the **financial statements,** which include the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows (prepared using the "indirect method");
- the **notes to the financial statements**

and are accompanied by the **Report on Operations**.
The amounts stated are expressed in thousands of euros unless otherwise specified.

The schedules used and the associated rules of completing those schedules are compliant with the instructions issued in Circular 262 of the Bank of Italy on December 22, 2005 (4th update of December 15, 2015). In addition to data at December 31, 2017, the schedules also present the analogous comparative information at December 31, 2016 (which did not require adjustment of the figures published in those financial statements and do not report the items and tables of the notes to the financial statements that are not applicable.
The financial statements have been prepared on a going concern basis in accordance with the provisions of IAS 1, and in compliance with the principles of accrual accounting, the relevance and materiality of accounting information and the prevalence of economic substance over legal form and with a view to fostering consistency with future presentations.

These criteria were applied in consistently with past financial statements both for the purposes of preparing the financial statements at December 31, 2017 and in presenting the figures for the previous financial year, with the exception of those highlighted in Part A.2 "Main items of the financial statements", with reference to the entry into force of new standards and interpretations in 2017.

SECTION 3 – SUBSEQUENT EVENTS

In accordance with the provisions of IAS 10, following the closing date of the financial year no significant events occurred that would require an adjustment to the results presented in the financial statements.

Please see the appropriate section of the Report on Operations for a discussion of the most significant events that occurred after the close of the year.

SECTION 4 – OTHER MATTERS

Risks and uncertainties associated with the use of estimates

The application of accounting policies sometimes involves the use of estimates and assumptions that affect the amounts recorded in the financial statements and the disclosures regarding contingent assets and liabilities. For the purposes of the assumptions underlying estimates, we consider all information available at the date of preparation of the financial statements and any hypotheses considered reasonable in the light of past experience and current conditions in the financial markets.
More specifically, estimation processes were adopted to support the carrying amount of certain items recognised in the financial statements at December 31, 2017, as required by accounting standards. These processes are essentially based on estimates of future recoverability of the values recognised and were conducted on a going concern basis. The findings of these processes supported the carrying amounts recognised at December 31, 2017. Estimates and assumptions are reviewed regularly.
in view of the presence of uncertainty in the macroeconomic and market environment, the assumptions made, even if reasonable, might not hold in future scenarios in which the Bank may operate. Accordingly, future results may differ from the estimates made for the purpose of preparing the financial statements, with the consequent probable need to make adjustments that currently cannot be foreseen or estimated to the carrying amount of the assets and liabilities recognised in the financial statements.
The following sections discuss the key accounting policies for the purposes of providing a true and fair representation of the Bank's financial position and performance, both with regard to the materiality of the values in the financial statements and the considerable judgement required in performing the assessments.

Estimation of accruing servicing revenues and the effects of the application of servicing contracts

Sales revenues associated with servicing contracts for the recovery of receivables managed on an agency basis for third parties are recognised on an accruals basis on based on the doBank's activities over time, using management IT procedures and complex accounting processes that take account of the different contractual terms of each agency agreement. Servicing agreements contain numerous clauses specifying the rights and duties of doBank in relations with the participating banks, which can generate income on the one hand and contingent liabilities on the other connected with the possibility of non-performance of contractual obligations.
At the date of the preparation of these financial statements, revenues accrued in the period that have not yet been manifestly accepted by the client are recognised. Depending on the terms of contract and the established practice, that acceptance may take the form of the issuance of an invoice or an explicit notice.
At the date of the preparation of these financial statements, the portion of servicing revenues without such manifest acceptance amounted to 27% of total amounts to be invoiced at December 31, 2017 and 8% of item 40. Fee and commission income of the income statement.
In addition, any certain or contingent liabilities must be prudentially determined in order to assess compliance with the obligations set out in the servicing agreement, taking due account

of natural differences in interpretation of contractual clauses in the context of actual recovery operations.

Determination of the fair value of financial assets
In the presence of financial instruments not listed on active markets or illiquid and complex instruments, it is necessary to adopt appropriate valuation processes that require the use of a certain degree of judgement concerning the choice of valuation models and the related input parameters, which may sometimes not be observable on the market.
A degree of subjectivity is present in the assessment of the observability of certain parameters and the consequent classification in the hierarchy of inputs used in determining fair value.
With particular reference to valuation methods and the non-observable inputs that may be used in fair value measurements, please see section A.4 - Information on fair value.

Estimation of the recoverability of deferred tax assets
The Bank has significant deferred tax assets mainly arising from temporary differences between the date on which certain business costs are recognised in the income statement and the date on which the same those can be deducted. Deferred tax assets are written down to the extent that they are deemed unrecoverable given the outlook for performance and the resulting expected taxable income, taking due account of tax legislation, which allows those assets to be converted into tax credits under certain conditions, regardless of the Bank's ability to generate future profits. In Section 14 - Tax assets and tax liabilities under assets in Part B of these explanatory notes, information is provided on the nature and the assessments conducted with regard to the recognition of deferred tax assets.

Estimation of provisions for risks and charges
The complexity of the situations that underlie outstanding disputes, together with the problems of interpretation concerning the applicable legislation, make it difficult to estimate the liabilities that may emerge when pending litigation is settled. The valuation difficulties impact both the amount and the timing of any manifestation of the liability. These are particularly evident if the proceedings are at an early stage and/or the associated preliminary enquiry is in progress.
For more information on the Bank's main risk positions in respect of legal disputes (revocatory actions in bankruptcy and pending litigation), please see Section 12 - Provisions for risks and charges in Part B - Liabilities of these explanatory notes.

New accounting standards

doBank adopted for the first time a number of accounting standards and amendments that entered force for annual reporting periods beginning on or after January 1, 2017, a summary of which is provided below, noting that those changes did not have a substantive impact on the amounts reported in the balance sheet or the income statement:

- Amendments to IAS 7: Disclosure Initiative. The changes call for disclosures concerning changes in liabilities arising from financing activities, whether connected with changes in cash flows or other changes;
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses. The amendment seeks to clarify how to account for deferred tax assets in respect of debt instruments measured at fair value.
- Annual Improvements to IFRS Standards 2014-2016 Cycle, aimed at clarifying certain provisions concerning the following IFRS:
  - IFRS 12 Disclosure of Interests in Other Entities (application as from January 1, 2017)
  - IFRS 1 First-time Adoption of International Financial Reporting Standards (application as from January 1, 2018)
  - IAS 28 Investments in Associates and Joint Ventures (application as from January 1, 2018);

The European Commission also endorsed the following accounting standards that were not applied as at December 31, 2017 as doBank has not opted for early application, where permitted:

- IFRS 9 – Financial Instruments (application as from January 1, 2018);
- IFRS 15 – Revenue from Contracts with Customers (application as from January 1, 2018);
- IFRS 16 Leases (application as from January 1, 2019, early application is not permitted);
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (application as from January 1, 2018);
- Clarifications to IFRS 15 Revenue from Contracts with Customers (application as from January 1, 2018).

At December 31, 2017 the following new standards, amendments and interpretations issued by the IASB had not yet been endorsed by the European Union:

- IFRS 17 Insurance contracts (application as from January 1, 2021; early application is permitted);
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (application as from January 1, 2018);
- IFRIC 23 Uncertainty over income tax treatment (application as from January 1, 2019).
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (application as from January 1, 2018);
- Amendments to IAS 40: Transfers of Investment Property (application as from January 1, 2018);
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (application as from January 1, 2019);
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (application as from January 1, 2019);
- Annual Improvements to IFRS Standards 2015-2017 Cycle, aimed at clarifying certain provisions concerning the following IFRS (application as from January 1, 2019):
    - IFRS 3 Business Combinations
    - IFRS 11 Joint Arrangements
    - IAS 12 Income Taxes
    - IAS 23 Borrowing Costs

IFRS 9 – Financial Instruments

On November 29, 2016, Regulation (EU) no. 2016/2067 was published in the *Official Journal of the European Union*, introducing the new international accounting standard IFRS 9 Financial Instruments. Starting from January 1, 2018, this standard replaces IAS 39, which, for financial statements for the year ending December 31, 2017, governs the classification and measurement of financial instruments.

IFRS 9 is divided into three different areas, the impact of which on doBank is limited to the first two:

- \- Classification and measurement (C&M) of financial instruments;
- \- Impairment;
- \- Hedge accounting.

With regard to the first area (C&M), the new standard introduces a model under which the classification of financial assets is guided, on the one hand, by the contractual characteristics of the cash flows of the instrument itself (SPPI criterion - Solely Payments of Principal and Interests) and, on the other hand, by the management intent (business model) with which the instrument is held.

The new provisions on financial assets replace the four classes envisaged under IAS 39 with the following categories determined on the basis of the two drivers indicated above:

- Financial assets measured at fair value through profit or loss;
- Financial assets measured at fair value through other comprehensive income;
- Financial assets measured at amortized cost.

Financial assets can be recognised at amortized cost or at fair value through other comprehensive income only if they pass the test on the contractual characteristics of the instrument's cash flows (SPPI test).

Equity securities are always measured at fair value through profit or loss unless the entity

irrevocably elects, at initial recognition, for shares not held for trading to present changes in value in an equity reserve that will never be transferred to profit or loss, even if the financial instrument is transferred (no recycling).
With regard to the provisions on impairment, the criterion of incurred losses has been replaced with that of expected losses, moving forward the recognition of write-downs in profit or loss from the time of impairment to an earlier moment, i.e. the time of a significant increase in the credit risk and requiring in any case a write-down corresponding to the expected loss at 12 months on the entire performing portfolio without a sign of any significant increase in risk. In particular, IFRS 9 requires the recognition of expected losses according to an impairment method divided into three stages of impairment:

- 12-month expected loss (stage 1): this applies to all exposures in the absence of a significant increase in credit risk;
- lifetime expected loss (stage 2 and stage 3): this applies when there has been a significant increase in credit risk, regardless of whether it is recognised on an individual or collective basis.

In 2017 the Bank undertook a specific project with an initial assessment phase to identify the main gaps, a design phase aimed at identifying the steps necessary for the conversion to the new accounting standard and, finally, an implementation phase that is expected to be completed by the first quarter of 2018.
The entire project was developed with the direct involvement of the Administration, Finance and Control and Risk Management Functions in the definition of the guidelines and the policies preparatory to the implementation of IFRS 9, which were submitted for approval to the Board of Directors. Considering the pervasive impacts of IFRS 9, other Bank units were also involved in the project within the framework of thematic working groups (mainly business units like the Banking Function and organizational and IT units).
With regard to **C&M**, the Bank has identified the various business models adopted for financial assets, on the basis of the provisions of IFRS 9.
As regards the SPPI testing of financial assets, an internal methodology was defined on the basis of two types of decision tree, one for loans and receivables and one for debt securities. These decision trees underwent IT implementation within the accounting and management systems currently in use.
Within the scope of the Administration, Finance and Control Function, the SPPI test was centralised with contractual analysis and analysis of cash flows of the Bank's financial assets, the results of which led to the identification of the appropriate classification of financial assets at the time of their first adoption, as summarised below:

(€/000)

IAS 39			IFRS 9 - C&M						FTA impact
Classification	Measurement	As at December 31, 2017	Business Model	SPPI Test	AC	FVOCI	FVTPL	FVO	Reclassification from valuation reserve
40. Available-for-sale financial assets		**23,958**			**-**	**1,003**	**22,955**	**-**	**1,127**
Debt securities		**23,958**			**-**	**1,003**	**22,955**	**-**	**1,127**
Government securities	FVOCI	1,003	HTC&S	pass	-	1,003	-	-	-
Units in collective investment undertakings	FVOCI	15,221	HTC&S	fail	-	-	15,221	-	(53)
Securitizations' ABS	FVOCI	7,734	HTC&S	fail	-	-	7,734	-	1,180
60. Loans and receivables with banks	AC	**26,524**	HTC	pass	**26,524**	**-**	**-**	**-**	**-**
Liquidity in current accounts		26,524			-	-	-	-	-
Time deposits		-			-	-	-	-	-
Debt securities		-			-	-	-	-	-
70. Loans and receivables with customers	AC	**5,745**			**5,745**	**-**	**-**	**-**	**-**
Loans and bank accounts from banking activity	AC	2,173	HTC	pass	2,173	-	-	-	-
Loans to Group companies	AC	3,015	HTC	pass	3,015	-	-	-	-
Purchased loans and receivables	AC	557	HTC	pass	557	-	-	-	-
Total financial assets		**56,227**			**32,269**	**1,003**	**22,955**	**-**	**1,127**

Notes

AC	Amortised cost
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair value though Profit or Loss
FVO	Fair value option
HTC	Hold to Collect
HTC&S	Hold to Collect & Sell

With regard to the impairment, in accordance with the new logic established by IFRS 9, the Bank has drawn up a specific policy that governs:

- guidelines for tracking the credit quality of the portfolios of financial assets measured at amortised cost and at fair value through other comprehensive income;
- the parameters for determining a significant increase in credit risk;
- the criteria and parameters to be used to estimate the impairment for each type of financial asset.

A number of technology upgrades are also being implemented for impairment purposes, in order to optimise and standardise operations related to the monitoring of credit quality, staging, calculation and recognition of value adjustments to financial assets.
The portfolio of loans and debt securities outstanding at December 31, 2017 amounted to €56.2 million and represents 21.6% of total assets. The portion of this portfolio that is not measured at fair value through profit or loss and therefore undergoes impairment testing amounts to €33.2 million (59% of financial assets). If account is taken of the fact that most of this amount regards bank current accounts classified in stage 1 (€26.5 million), the portion of financial assets exposed to a potential increase in impairment following application of the new standard declines to 12%.
This justifies the small amounts reported in the table below, which show no increase in impairment of financial assets at the moment of first-time adoption of IFRS 9 as a result of the increase of €5 thousand in write-downs of loans and receivables with customers and a decrease of the same amount in write-downs of loans and receivables with banks. Impairment of debt securities was also nil.

Trade receivables, classified under Other assets, also underwent impairment testing using the rules indicated in the new standard and incorporated in the internal policy referred to earlier. For those receivables, which amount to €78.8 million – of which €32.7 million already invoiced and €46 million to be invoiced – and account for 30.3% of assets, the relative impact deriving from the application of the new impairment rules is zero.

(€/000)

IAS 39				IFRS 9				FTA impact
Classification	**Measurement**	**As at December 31, 2017**	**Impairment (cumulated adjustments) -B-**	**AC**	**FVOCI**	**Stage (1,2,3)**	**Impairment (cumulated adjustments) -A-**	**Impairment gap C=A-B**
40. Available-for-sale financial assets		**1,003**	**-**	**-**	**1,003**		**-**	**-**
		-	-	-	-		-	-
Debt securities		**1,003**	**-**	-	1,003		-	-
Government securities	FVOCI	1,003	-	-	1,003		-	-
60. Loans and receivables with banks	AC	**26,524**	**-**	**26,524**	**-**		**-**	**-**
Liquidity in current accounts		26,524	-	26,524	-	1	-	-
Time deposits		-	-	-	-		-	-
Debt securities		-	-	-	-		-	-
70. Loans and receivables with customers	AC	**2,730**	**472**	**2,730**	**-**		**467**	**(5)**
Loans and bank accounts from banking activity	AC	2,173	-	2,173	-		4	4
Loans		*1,094*	*2*	*1,094*	-	*1*	*2*	*(0)*
Bank accounts		*469*	*9*	*469*	-	*1,2*	*2*	*(7)*
Liquidity in postal current accounts		*610*	-	*610*	-	*1*	-	-
Liquidity in ITF postal current accounts		-	-	-	-	*1*	-	-
Purchased loans and receivables	AC	557	472	557	-		463	(9)
Purchased bad loans		*265*	*460*	*265*	-	*3*	*460*	-
Fiscal credits		*292*	*12*	*292*	-	*1*	*3*	*(9)*
160. Other assets	AC	**117,775**	**115**	**117,775**	**-**		**115**	**-**
of which commercial credits		*78,769*	*115*	*78,769*	-		*115*	-
o/w Issued invoices		*32,736*	*115*	*32,736*	-	*1,3*	*115*	-
o/w Invoices to be issued		*46,034*	-	*46,034*	-	*1*	-	-
Total assets under impairment		**148,032**	**587**	**147,029**	**-**		**582**	**(5)**

IFRS 15 – Revenues from Contracts with Customers

On October 29, 2017 Regulation (EU) no. 2016/1905 was published in the *Official Journal of the European Union*. It introduced the new international accounting standard IFRS 15 Revenue from Contracts with Customers. Starting from January 1, 2018, this standard changes the set of international accounting standards and interpretations on the recognition of revenues and, in particular, IAS 18 "Revenue".

IFRS 15 establishes a new revenue recognition model that applies to all contracts with customers with the exception of those that fall within the scope of application of other IAS/IFRS such as leases, insurance contracts and financial instruments.

The main changes introduced with the standard are:

- a 5-step revenue–recognition model focused on the transfer of control and the allocation of the transaction price to each separate contractual obligation;
- two possible approaches for revenue recognition ("at a point in time" or "over time");
- a clear reference framework for the estimation of any variable consideration (contingent considerations) present in the contract (bonuses, penalties, etc.);
- the capitalisation of the costs of obtaining and fulfilling the contract under specific conditions;
- an increase in the disclosures to be provided in the notes to the financial statements.

In order to assess the qualitative and quantitative impacts of the introduction of the standard, in 2017 doBank undertook an internal project that mainly involved the Administration, Finance and Control Function.

In particular, the sales contracts to be analysed underwent scoping based on their share of total sales revenues.

An analysis of the contracts identified as most significant was then conducted using a check-list developed on the basis of the provisions of IFRS 15.

The conclusion for all the transactions subject to assessment is that the application of the new standard will have virtually no quantitative or process impacts.

A.2 – Main items of the financial statements

1 – Available-for-sale financial assets

Recognition

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or assets measured at fair value. Such assets are held for an undefined period of time and are held to meet possible liquidity requirements or respond to changes in interest rates, exchange rates or prices.

Classification

Money market instruments, other debt securities and equity securities can be classified as financial investments available for sale. These include share-based investments in the form of minority interests that cannot be classified as controlling interests, joint interests or equity investments in associates.

Measurement

Available-for-sale financial assets are initially recognised on the settlement date at fair value, which normally corresponds to the consideration transferred in the transaction, including costs and revenues directly attributable to the instrument itself.
Interest-bearing instruments are recognised at amortised cost using the effective interest rate method.
These assets are subsequently measured at fair value. For interest-bearing securities, interest is recognised in profit or loss using the amortised cost approach. Profit and loss from changes in fair value is recognised under item 130. "Valuation reserves" in shareholders' equity, with the exception of losses due to impairment and profits and losses on changes in monetary assets (debt securities), which are respectively recognised under item 130.b) "Net losses/recoveries on impairment of available-for-sale financial assets" and item 80. "Gains and losses on financial assets and liabilities held for trading" - until the financial asset is transferred, at which point the accumulated profits and losses are recognised in profit or loss under item 100.b) "Gains (losses) on disposal and repurchase of available-for-sale financial assets".
Fair value changes recognised under item 130. "Valuation reserves" are also recognised in the statement of comprehensive income.
Equity instruments (shares) not listed on an active market and whose fair value cannot be determined reliably due to a lack of or unreliable information for fair value measurement are carried at cost, corresponding to the last reliably measured fair value.
If there is objective evidence that the asset has experienced a lasting reduction in value (impairment), the accumulated loss, recognised directly under item 130 of shareholders' equity, "Valuation reserves", is transferred to the income statement under item 130.b) "Net losses/recoveries on impairment". For debt securities, evidence of impairment is established by circumstances indicating financial difficulties that would prejudice the collection of principal or interest.
For equity instruments, impairment is measured by considering any difficulties the issuer might have in servicing the debt as well as additional indicators such as fair value falling below cost and adverse changes in the situation in which the company operates.
More specifically, in cases in which the reduction of fair value to below cost exceeds 50% or lasts for more than 18 months, the loss of value is generally considered to be lasting.
On the other hand, if the decline in the fair value of the instrument to below cost is less than or equal to 50% but greater than 20% or lasts for less than 18 months but more than 9, the Bank analyses additional income and market information. If the results of this analysis are such to cast doubt on the possibility of recovering the original amount invested, an impairment loss is recognised.
The amount transferred to profit or loss is therefore equal to the difference between the carrying amount (purchase cost net of any previously recognised impairment losses) and the

current fair value.

In the case of instruments carried at cost, the amount of the loss is determined as the difference between the carrying amount of the instruments and the present value of estimated future cash flows, discounted on the basis of the current market rate of return for similar financial assets (i.e. the recoverable amount).

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively connected with an event that occurred in a period subsequent to that in which the impairment loss was recognised, the loss is written back, recognising the corresponding amount in the same item of the income statement. However, the write-back cannot result in a carrying amount that exceeds the value that would result from the application of the amortised cost method if the loss had never been recognised.

Impairment losses for shares, recognised in profit or loss, are subsequently written back with effects in equity when the original reasons prompting the write-down no longer obtain.

Derecognition

Available-for-sale financial assets are derecognised when the assets are is transferred, with transfer of substantially all of the associated risks and rewards, or when the contractual rights expire.

2 – Loans and receivables

Recognition

Loans and receivables consist of non-derivative financial assets with customers and banks, with fixed or determinable payments and that are not listed on an active market. Loans and receivables are recognised on the date the contract is signed, which normally coincides with the date they are disbursed to the counterpart.

Loans and receivables also include, in the appropriate classification, loans involved in securitisations (subsequent to January 1, 2002) that do not meeting the requirements under IAS 39 for derecognition (see Section 18 – Other information– Derecognition).

Measurement

After initial recognition at fair value, including transaction costs directly attributable to the acquisition or to the disbursement of the financial assets (if not yet settled), loans and receivables are carried at amortised cost, using the effective interest rate method, adjusted if necessary to take account of any write-downs/write-backs resulting from the measurement process.

Profits (or losses) on loans and receivables, when not hedged, are recognised in profit or loss:

- when the financial asset in question is eliminated, under item 100.a) "Gains (losses) on disposal and repurchase;

or

- when the financial asset has suffered impairment, under item 130.a) "Net losses/recoveries on impairment".

Interest on loans and receivables disbursed is classified under item 10. "Interest income and similar revenues" and is recognised on an accruals basis.

Loans and receivables undergo testing to identify assets that, following the occurrence of events after recognition, present objective evidence of possible impairment. These impaired loans and receivables are periodically analysed and reviewed, at least once a year.

A loan or receivable is considered impaired when it is felt that the entire amount as determined on the basis of the original contractual conditions, or an equivalent value, will probably not be recovered.

The write-downs applied to the loans and receivables are determined by discounting the expected cash flows from payments of principal and interest. For the purposes of determining the present value of the flows, the key elements used are estimated recoveries, the associated

maturities and the discount rate. In order to estimate collections and the associated maturities of problem positions, detailed payment plans are used when available. If not, estimated and standard amounts determined on the basis of internal time series and sector studies are adopted, taking account of technical form, geographical location, type of guarantees and any other factors considered relevant.
All problem loans and receivables are reviewed and analysed periodically. Every subsequent change in the amount or maturity of expected cash flows that leads to a decrease with respect to the initial estimates prompts the recognition of a write-down under income statement item 130.a) "Net losses/recoveries on impairment of loans".
If the quality of the impaired loan improves and there is reasonable certainty of timely recovery of principal and interest in line with the original contractual terms, a write-back is recognised under the same item of the income statement, up to a maximum limit of the amortised cost value that the asset would have had if the previous write-downs had never been recognised.
In accordance with Bank of Italy rules, set out in Circular no. 272 of July 30, 2008, as amended, impaired exposures – which correspond to the non-performing exposures referred to in the Implementing Technical Standards of the European Banking Association (ITS EBA) - are classified in the following categories:

- bad loans - these comprise formally impaired loans and receivables, consisting of exposures with customers that are insolvent, even if not legally certified as such, or in comparable situations. The positions are normally measured on an analytical basis or, solely in cases in which individual impairment losses have not been recognised and cannot be identified, on the basis of collective measurement by uniform categories of exposure;
- positions unlikely to pay - these are on- and off-balance-sheet exposures that do not meet the conditions necessary for classifying the debtor under bad loans and for which it has been determined that it is improbable, in the absence of actions such enforcement of guarantees, that the debtor will be able to fully settle (both principal and/or interest) their credit obligations. This assessment is carried out independently of the presence of any amounts (or instalments) past due and unpaid.
  Classification under positions unlikely to repay is not necessarily connected with the presence of explicit irregularities (failure to repay), but instead is associated with the existence of evidence that suggests a risk of non-payment by the debtor. Positions unlikely to repay are generally measured analytically, or by applying standard percentages to uniform groups exposures;
- past-due or over-limit exposures - these represent the entire exposure to counterparties who are not classified under the previous categories but who have positions that, at the reference date, are past due or over limit. Such exposures are measured in a standard manner on the basis of historical/statistical criteria, applying (when available) the risk level determined using the appropriate risk factor adopted for the purposes of Regulation (EU) no. 575/2013 (CRR) concerning prudential requirements for credit institutions and investment companies ("loss given default" or LGD).

Collective measurement regards portfolios of unimpaired assets to which a measurable latent loss can be attributed, even though no individual objective evidence of loss has been found, taking due account of the risk factors used for the purposes of the CRR prudential regulatory requirements.
At least every three months, the Bank assesses the risk of credit exposures and recognises any corresponding provisions, so that the presentation of the net value of the asset is consistent with the valuation.
For banking products, this activity is conducted for performing positions at reporting dates, applying a series of expert parameters defined by the Risk Management Unit considering the type of product, the policies applied at the time the loan is disbursed and developments in the relationship. These are revised over time to reflect a variety of factors, including internal

experience.
This approach involves the application of two parameters, PD (probability of default of the counterparty) and LGD (Loss Given Default, the expected loss in the event of customer default). The product of these parameters generates a sort of theoretical expected loss to which the risk attributed to the position, and consequently, the level of provisions corresponds.
For impaired positions the assessment is made on a case-by-case basis at the moment of the classification, on the basis of concrete and conservative assessments of expected recoveries, or at the moment of their revision following a modification of the risk profile. The criteria of the policy are to be considered a minimum benchmark to which exceptions can be made only in the presence of sound evidence.
The review of impaired positions is conducted at least every 3 months, in accordance with current corporate processes.
The Risk Management Unit checks the overall appropriateness and consistency of the provisions, intervening in cases in which it finds shortcomings.
Write-downs for losses on loans and receivables are recognised as a reduction in the carrying amount of the loan.

Derecognition

A loan is fully or partially derecognised when it is considered definitively uncollectable, based on appropriate documentation, or is written off, or when the legal justification for the loan no longer exists.
A loan is also derecognised when:

- the contractual rights to the cash flows from the loan expire;
- the loan is transferred, transferring substantially all the risks and rewards associated with it;
- having either not transferred or retained substantially all the risks and rewards, control over the loan itself is lost.

Write-offs are recognised directly under item 130.a) "Net losses/recoveries on impairment of loans" in the income statement and are recognised as a decrease in the principal amount of the loan. Partial or full recoveries of previously written-down amounts are recognised under the same item. In the case of gains or losses on disposals, the financial effects are recognised under item 100.a) "Gains/losses on disposal and repurchase of loans". Any amounts received in respect of previously derecognised loans and receivables (even if at a time prior to the acquisition) are recognised under item 130.a) "Net losses/recoveries on impairment of loans".

3 – Equity investments

Equity investments fall under the definition of equity instruments, and consequently of financial instruments, under IAS 32.
The criteria for initial recognition and subsequent measurement of equity investments are governed by IAS 27 - Separate Financial Statements - IAS 28 – Investments in Associates and Joint Ventures - and IFRS 11 - Joint Arrangements -.
Investments in equity instruments, carried out with the intention of establishing or maintaining long-term operating relationships in investee companies, can be considered as "strategic actions".
Specifically, these can be classified as:

SUBSIDIARIES

Entities, including structured entities, over which direct or indirect control is held, are considered subsidiaries. Control over an entity is identified through the ability to exercise power in order to influence the variable returns to which a company 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 the entity's objectives, activities that determine its returns and how these activities are

governed;
- power, in order to understand whether there are contractual rights that attribute the ability to direct the relevant activities; to this end only substantive rights that provide practical ability to govern are considered;
- the exposure to the investee, in order to assess whether there are relations with the investee whose returns of which are subject to changes deriving from variations in the investee's performance;
- the existence of potential principal–agent relationships.

If relevant activities are governed through voting rights, the existence of control is ascertained considering the voting rights held, including potential rights, and the existence of any agreement or shareholders' agreements which attribute the right to control the majority of voting rights, to appoint the majority of the members of the governing body or in any case the power to determine the entity's financial and operating policies.
Subsidiaries may also include any "structured entities" in which voting rights are not significant for determining who exercises control, including special purpose entities and investment funds.
In the case of structured entities, the existence of control is ascertained considering both the contractual rights that enable direction of the relevant activities (or those that contribute most to performance) and exposure to the variable returns deriving from these activities.

JOINT VENTURES
A joint venture is an entity in regard to which:
- there is a joint control agreement;
- rights to the net assets of the entity.

In particular, joint control exists when decisions relating to the relevant activities require the unanimous consent of all parties that share control.

ASSOCIATES
An associate is an entity over which an investor has significant influence and which is not a subsidiary or a joint venture. Significant influence is presumed when the investor:
- holds, directly or indirectly, at least 20% of the share capital of another company,

or
- is able to exercise significant influence through:
  - representation on the governing body of the company;
  - participation in the policy-making process, including participation in decisions about dividends or other distributions;
  - the existence of material transactions between the entity and the investee;
  - interchange of managerial personnel;
  - provision of essential technical information.

Equity investments in associates are recognized using the equity method. Equity investments in associates include the goodwill (net of any impairment loss) paid to purchase them. The investor's share in the profit or loss of the associate after the date of acquisition is recognized in the income statement under item 210 "Profit (Loss) of equity investments". Any distribution of dividends is recognised as a reduction in the carrying amount of the equity investment.

If the investor's share of an associate's losses is equal to or greater than its carrying amount, no further losses are recognised, unless the investor has incurred specific obligations or made payments on behalf of the associate.

Gains and losses on transactions between companies subject to line-by-line or proportional consolidation and the associates are eliminated in proportion to the percentage interest in the associate.

Changes in the associates' valuation reserves, which are recognised in respect of changes in the value of assets and liabilities relevant for this purpose, are reported separately in the statement of comprehensive income.

Recognition

Equity investments in subsidiaries, associates and joint ventures are initially recognised at the fair value at the time of acquisition, which substantially corresponds to the purchase price.

The purchase price of an equity investment is determined as the sum of:

- the fair value at the purchase date (equal to the price paid) of the assets transferred. the liabilities assumed and equity instruments issued by the purchaser, in exchange for control acquired over the company;

plus

- any cost directly attributable to the acquisition.

Measurement

If there is evidence that an equity investment may be impaired, the equity investment's recoverable value is calculated. The recoverable value is determined using the value in use of the equity investment, as assessed with internal measurement models, generally used in financial practice and based on discounting future cash flows pertaining to the equity investment (discounted cash flow method).

If it is not possible to obtain sufficient information, the shareholders' equity of the company is used as the value in use.

If the recoverable value is less than the carrying amount, the difference is recognised in the income statement under item 210. "Profit (loss) of equity investments".

When the reason for impairment no longer exists following an event which occurs after the recognition of the impairment, write-backs are recognized through profit or loss.

Derecognition

Equity investments are derecognized when the contractual rights to the cash flows deriving from the activities themselves expire, when substantially all risks and rewards connected with the asset are transferred or when, not having transferred or maintained substantially all risks and rewards, control over the equity investment has been lost.

Profit and loss from transfers of equity investments is recognized in the income statement under item 210. "Profit (loss) of equity investments".

4 – Property, plant and equipment

Recognition

This item includes:

- land and buildings
- furniture and fixtures
- plant and machinery
- other machinery and equipment

and breaks down into the following categories:

- assets used in the business;
- investment property.

Assets used in the business have physical substance, are held for use in production or in the provision of goods and services or for administrative purposes and can be used for more than one financial year. Improvements to leasehold assets are improvements and incremental expenses for identifiable and separable items of property, plant and equipment. In this case, the assets are classified in specific sub-items (e.g. plant), depending on the nature of the asset in question. Normally, these investments are incurred in order to render properties leased from third parties suitable for their intended use.

Improvements and incremental expenses for identifiable and non-separable items of property, plant and equipment are recognised under Item 150. "Other assets".

Investment property refers to real estate investments pursuant to IAS 40, i.e. properties held (owned outright or held through a finance lease) in order to earn rentals and/or for capital appreciation.
Property, plant and equipment is initially recognised at cost, including all charges directly attributable to the "commissioning" of the asset (transaction costs, professional fees, direct costs to transport the asset to the assigned location, installation costs, dismantling expense).
Expenses incurred subsequently are added to the carrying amount of the asset or recognised as separate assets if it is probable that future economic benefits will be received in excess of those initially estimated and the cost can be reliably determined.
All other expenses incurred subsequently (e.g. ordinary maintenance) are recognised through profit or loss in the period in which they are incurred, under the item:

- 150.b) "Other administrative expense", if pertaining to assets used in the business;

or

- 190. "Other operating expense and income", if pertaining to investment property.

Measurement

Subsequent to initial recognition, property, plant and equipment is recognised at cost net of cumulative depreciation and impairment.
Assets with defined useful lives are depreciated at constant rates over their useful life.
Assets with unlimited useful life are not depreciated.
The useful life of property, plant and equipment is reviewed at the end of each period, taking into account the conditions of use of the asset, the state of maintenance, expected obsolescence, etc. and, if these expectations differ from previous estimates, the depreciation charge for the current period and subsequent periods is adjusted.
If there is objective evidence that an individual asset may have incurred an impairment loss, the carrying amount of the asset is compared with its recoverable amount, which is equal to the higher of an assets fair value less costs to sell and its value in use, understood as the present value of expected future cash flows originated by the asset. Any write-downs are recognised under item 170. "Impairment/write-backs on property, plant and equipment" in the income statement.

If the value of a previously written-down asset is written back, the new carrying amount cannot exceed the net carrying amount that it would have had if no impairment loss had been recognised on the asset in previous years.

Derecognition

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any difference between the disposal value and the carrying amount is recognised in the income statement under Item 240. "Gains and losses on disposal of investments".

5 – Intangible assets

Recognition

Intangible assets are non-monetary assets with multi-year utility, are identifiable, lack physical substance, are controlled by the company and will probably generate future economic benefits.
Intangible assets mainly comprise goodwill, software, brands and patents.
Intangible assets other than goodwill are recognised at the purchase cost, including any direct costs incurred to prepare the asset for use, net of accumulated amortisation and any impairment.
Any expenses incurred subsequent to the acquisition:

- are recognised as an increase in the initial cost if they increase the future economic benefits of the underlying assets (i.e. if they increase their value or productive capacity);
- are recognised entirely through profit or loss for the year in which they are incurred in other cases (i.e., when they do not increase the original value of the assets, but merely conserve the original functionality).

Intangible assets with a finite life are amortised on a straight-line basis over their estimated useful life.
Intangible assets with an indefinite useful life are not amortised.

Measurement

If there is objective evidence that an individual asset may have incurred an impairment loss, the carrying amount of the asset is compared with its recoverable amount, which is equal to the higher of its fair value less costs to sell and its value in use, understood as the present value of expected future cash flows originated by the asset. Any write-downs are recognised under item 180. "Impairment/write-backs on intangible assets" in the income statement.
For intangible assets with indefinite life, even if no evidence of impairment is found, the carrying amount is compared with the recoverable amount on an annual basis. If the carrying amount is greater than the recoverable amount, a loss is recognised under Item 180. "Impairment/write-backs on intangible assets" in the income statement in an amount equal to the difference between the two values.
If the value of a previously written-down intangible asset other than goodwill is written back the new carrying amount shall not exceed the net carrying amount that it would have had if no impairment loss had been recognised on the asset in previous years.

Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any difference between the disposal value and the carrying amount is recognised in the income statement under Item 240. "Gains and losses on disposal of investments".

6 – Current and deferred tax

Recognition

Tax assets and tax liabilities are recognised respectively under Item 130. "Tax assets" in assets and Item 80. "Tax liabilities" in liabilities.
In application of the "balance sheet method", items for current and deferred taxes include:

- current tax assets, i.e. excess payment of tax liabilities on the basis of current tax laws governing corporate income;
- current tax liabilities, i.e. tax liabilities to be settled on the basis of current tax laws governing corporate income;
- deferred tax assets, i.e. amounts of income taxes recoverable in future periods as a consequence of:
  - temporary deductible differences (represented mainly by costs deductible in future periods on the basis of current tax laws governing corporate income);
  - unutilised tax losses carried forward;
  - unutilised tax credits carried forward;
- deferred tax liabilities, i.e. income tax liabilities to be settled in future periods as a consequence of temporary taxable differences (mainly represented by the deferral of taxation of revenues or the advance deduction of charges on the basis of current tax laws governing corporate income).

Current tax assets and liabilities are recognised by applying current tax rates and are recognised as charges (income) using the same accrual criteria adopted for the costs and revenues which generated them. In particular, current IRES (corporate income tax) and IRAP were

calculated using the tax rates established in current tax law, using the new rate of 24% for IRES and, for doBank, the surtax of 3.5 percentage points applicable to credit and financial institutions (Law 208 of December 28, 2015.
In general, deferred tax assets and liabilities arise in the cases in which the deductibility or taxability of a cost or revenue is deferred with respect to their recognition for accounting purposes.
Current tax items include payments on account (current assets) and liabilities to settle (current liabilities) for income tax for the period. Current tax liabilities and the associated receivables for payments on account still outstanding at the end of the year are recognized as a net amount in a single item.
Deferred tax assets and liabilities are recognized in the balance sheet in their full amount without offsetting.

Measurement

Deferred tax assets and liabilities are recognised on the basis of the tax rates which, as of the reporting date, are expected to be applicable in the period in which the asset will be realised or the liability will be eliminated, in accordance with current tax legislation. They are periodically reviewed in order to take account of any regulatory changes.
Deferred tax assets are only recognised if their recovery through expected future taxable income is probable, measured on the basis of the Bank's ability to produce taxable income in future financial years. Deferred tax liabilities are always recognised. A requirement for the recognition of deferred tax assets is that it is considered reasonably certain in view of corporate developments that taxable income will be generated against which the temporary deductible differences will be used. In accordance with the provisions of IAS 12, the probability that future taxable income will be sufficient to utilise the deferred tax assets is subject to periodic review. If that review suggests that future taxable income will be insufficient, the deferred tax assets are reduced in a corresponding amount.
Current and deferred taxes are recognised in the income statement under item 260. "Income tax expense from continuing operations", with the exception of taxes which refer to items which are credited or debited, in the same or another financial year, directly in equity, such as, for example, those in respect of profits or losses on available-for-sale financial assets, whose changes in value are recognised directly in valuation reserves in the statement of comprehensive income.

Derecognition

Deferred tax assets and liabilities are derecognised at the time they are recovered/realised.

7 – Provisions for risks and charges

Recognition

Provisions for risks and charges consist of liabilities recognised when:

- the company has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no liability is recognised.

Measurement

The amounts allocated to provisions are determined so that they represent the best estimate of the expense required to settle the obligation. In making this estimate, the risks and uncertainties pertaining to the facts and circumstances involved are taken into account.
Specifically, when the effect of deferring the charge in time is significant, the amount of the provision is determined as the present value of the best estimate of the cost assumed necessary to extinguish the obligation. In this case, the discount rate used reflects current

market assessments.
Provisions are periodically reviewed and adjusted if necessary to reflect the current best estimate. When, following a review, it is found that the charge is unlikely to be incurred, the provision is reversed.

Derecognition

A provision is used only against the charges for which it was initially recognised.
Provisions for the year, recognised under item 160. "Net provisions for risks and charges" in the income statement, include increases in provisions due to the passage of time and are reported net of any reversals.

8 – Other information

Derecognition of financial assets

Derecognition is the removal of a previously recognised financial asset or liability from the balance sheet.
Before evaluating the existence of the conditions for the derecognition of financial assets, IAS 39 establishes that it is necessary to verify whether these conditions apply to the assets in their entirety or whether they refer to only a part of them. The rules governing derecognition are applied to part of the financial assets involved in a transfer only if at least one of the following requirements is met:

- the part comprises only specifically identified cash flows from a financial asset (or group of financial assets), for example, only the interest cash flows pertaining to the asset;
- the part comprises a fully proportionate share of the cash flows identified as percentage of the total (e.g. 90% of all cash flows from the asset);
- the part comprises a fully proportionate share of specifically identified cash flows (e.g. 90% of the cash flows on the pertinent part of the interest on the asset).

If these requirements are not met, the rules governing derecognition shall be applied to the financial asset (or group of financial assets) in its entirety.
The conditions for full derecognition of a financial asset are the natural expiry of the contractual rights to the cash flows, or the transfer of the rights to receive the cash flows from the asset to a counterparty.
The rights to receive cash flows are also considered to have been transferred when the contractual rights to receive the cash flows of the financial asset have been retained, but a contractual obligation is assumed to pay the cash flows to one or more recipients and all three of the following conditions are met (pass-through agreements):

- there is no obligation to pay amounts not received from the original asset;
- the sale or pledging of the original asset is prohibited, unless this is to secure the obligation to pay the cash flows;
- there is an obligation to remit all cash flows collected without delay and there is no right to invest those cash flow, with the exception of investments in short-term liquid assets between the dates of collection and remittance to the recipients, on the condition that the interest earned during the period is also transferred.

In addition, derecognition of a financial asset is subordinate to verification that all the risks and rewards of ownership of the rights have been effectively transferred (true sale). In the case of the transfer of substantially all risks and rewards, the asset (or group of assets) transferred are derecognised, separately recognising the rights and obligations associated with the transfer as assets or liabilities.
Conversely, if the risks and rewards are retained, the asset (or group of assets) transferred shall continue to be recognised. In this case, a liability corresponding to the amount received as payment for the transfer shall also be recognised, and subsequently all income accrued from the asset and all charges accruing on the liability shall be recognised,
The main transactions which under these rules do not permit full derecognition of a financial

asset are loan securitisations, repurchase transactions and securities lending transactions.
In the case of securitisations, the financial assets are not derecognised in the case of the purchase of equity tranches or the provision of other support to the securitisation, where the credit risk associated with the securitised portfolio is retained.

Treasury shares

Changes in treasury shares in the portfolio are recognised directly in equity, i.e. reducing the latter by the value of purchases and increasing it by the value of sales.

This means that in the case of a subsequent transfer the difference between the sales price of the treasury shares and the relative repurchase cost, net of any tax effects, is fully recognised in shareholders' equity.

Employee termination benefits (Trattamento di fine rapporto or TFR)

The provision for TFR for Italy-based employee benefits is treated as a post-employment defined benefit scheme. Its recognition in the financial statements therefore requires the estimation, carried out using actuarial techniques, of the amount of benefits accrued by employees and the discounting of those benefits.
The determination of these benefits was conducted by an external actuary, using the "projected unit credit method". This method uniformly distributes the cost of the benefit over the working life of the employee. Obligations are determined as the discounted value of average future benefit payments, proportioned on the basis of the ratio between years of service accrued and total seniority achieved at the time the benefit is disbursed.
Following the reform of the supplementary pension system with Legislative Decree 252 of December 5, 2005, the termination benefits accrued up to December 12, 2006 (or up to a date selected by the employee between January 1, 2007 and June 30, 2007 in the event the employee elected to transfer accrued TFR to a supplementary pension scheme) remained with the company and continue to be considered "defined-benefit post-employment benefits" and are therefore subject to actuarial measurement, although using simplified actuarial assumptions that no longer take account of forecasts of future wage increases.
TFR accruing after January 1, 2007 (or after the date of election between January 1 and June 30, 2007 by the employee to transfer TFR to (i) a supplementary pension scheme or (ii) leave the TFR with the company, which in turn deposits those contributions with the Treasury Fund operated by the National Social Security Institute (INPS)) is considered to be a "defined contribution" plan.
Actuarial gains and losses, defined as the difference between the carrying amount of the liabilities and the present value of the obligation at the end of the period, are recognised in equity under Item 130. "Valuation reserves" in accordance with the provisions of the IAS 19 Revised.

Share-based payments

Share-based payments are payments made to employees or comparable persons as payment for work or other services/assets received, based on shares representing capital, which consist in the grant of rights to receive shares upon meeting quantitative/qualitative objectives.
The fair value of payments settled the issue of shares is based on their stock market price and is recognised as a cost in the income statement under Item 150.a) "Staff expense" and in the balance sheet under Item 160. "Reserves" in equity, on an accruals basis in proportion to the period in which the service is rendered.

Other long-term employee benefits

Long-term employee benefits - for example, seniority bonuses paid upon reaching a given level of seniority - are recognized under item 100. "Other liabilities" based on the measurement of the commitments undertaken as of the reporting date

RECOGNITION OF REVENUES AND COSTS

Servicing fees and revenues from ancillary products

These revenues are measured at the fair value of the consideration received or due and are recognised when they can be estimated reliably. Revenues for services provided are recognised in conjunction with the completion of the services. They are recognised only when it is probable that the economic benefits of the transaction will flow to the company. Nevertheless, when the recoverability of an amount already recognised under revenues is affected by uncertainty, the revenues originally recognised are adjusted by the unrecoverable amount or the amount whose recovery is no longer certain.

Dividends

Dividends are recognised in profit or loss in the period in which their distribution is authorised.

Costs

Costs are recognised when they are incurred, on an accruals basis.
Impairment losses are recognised through profit or loss in the period in which they are ascertained.

RELEVANT IAS/IFRS DEFINITIONS

The following presents a number of concepts relevant for the purposes of the IAS/IFRS international accounting standards are outlined, in addition to those already addressed in the previous sections.

Amortized cost

The amortised cost of a financial asset or liability is the amount at which it is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and adjusted for any write-down or unrecoverability (impairment).
The effective interest rate method is a method for allocating interest income or expense over the life of a financial asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the life of the financial instrument to the net carrying amount of the financial asset or liability. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.
Fees and commissions that are considered an integral part of the effective interest rate include initial fees received for the disbursement or acquisition of a financial asset not classified as measured at fair value, such as, for example, those received as compensation for the assessment of the debtor's financial condition, the evaluation and registration of guarantees and, more generally, the completion of the transaction.
Transaction costs, in turn, include fees and commissions paid to agents (including employees filling the role of commercial agents), consultants, mediators and other operators, contributions levied by regulatory bodies and securities markets, and taxes and charges on the transfer. Transaction costs do not include lending costs or internal administrative or management costs.

Impairment of financial assets

At every reporting date, financial assets or groups of financial assets are assessed to determine if they have incurred an impairment loss.

An asset or group of financial assets has incurred a reduction in value and the impairment losses are recognised if and only if there is objective evidence of a lasting reduction in value following one or more events occurring after initial recognition of the asset and that loss event had an impact on the future cash flows from the asset that can be reliably estimated.
The impairment may also be the result not of a single event but rather of the combined effect of multiple events.
Losses expected as result of future events, regardless of the probability of occurrence, are not

recognised.
If there is objective evidence for the occurrence of a loss for impairment of loans, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred), discounted at the original effective interest rate of the financial asset. The amount of the loss is recognized in Item 130 of the income statement under "Net losses/recoveries on impairment" and the carrying amount of the asset is reduced. For instruments classified as available-for-sale financial assets, this amount is equal to the balance of the negative valuation reserve.
The process used to estimate impairment considers all credit exposures, not only those with low credit quality, that reflect serious deterioration in the positions.

A.4 – Fair value disclosures

QUALITATIVE DISCLOSURES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction on the principal (or most advantageous) market at the measurement date on current market terms (exit price).
In order to maximise the consistency and comparability of fair value measurements and the associated disclosures, IFRS 13 establishes a fair value hierarchy that divides the inputs used to measure fair value into three levels:

- **Level 1**: the fair value of the instrument is determined on the basis of quoted prices in active markets;
- **Level 2**: the fair value of the instrument is determined on the basis of valuation techniques that use inputs observable on active markets, such as:
  - quoted prices in active markets for similar instruments;
  - observable inputs such as interest rates or yield curves, implied volatilities, early repayment risk, default rates and illiquidity factors;
  - unobservable inputs supported and corroborated by market information.
- **Level 3**: the fair value of the instrument is determined on the basis of valuation techniques that mainly use unobservable inputs that therefore involve the use of internal estimates and assumptions.

This classification is intended to establish a hierarchy based on the objectivity of fair values as a function of the degree of discretion adopted, giving precedence to the use of observable market inputs. The fair value hierarchy is also defined on the basis of the inputs used in the models adopted to determine fair value and not on the basis of the valuation techniques themselves.

A.4.1 – Fair value levels 2 and 3: valuation techniques and inputs used

The following section provides the disclosures required under IFRS 13 on accounting portfolios, both measured at fair value on a recurring basis and not measured at fair value or measured at fair value on a non-recurring basis.

Assets and liabilities measured at fair value on a recurring basis

Asset-backed securities
ABSs are measured using a discounted cash flow model based on the estimation of cash flows paid by the instrument and the estimation of a spread for discounting.

Equity securities
Equity securities are assigned to Level 1 when a quoted price on an active market considered to be liquid is available or to Level 3 when there are no quoted prices or the prices have been suspended for an indeterminate amount of time. These instruments are classified as Level 2 only if the volume of trading on the market has fallen significantly.

For equity securities carried at cost, an impairment loss is recognised when the cost exceeds the recoverable value significantly and/or for a prolonged period of time.

Investment funds
Investment funds are classified as Level 1 if they are listed on an active market. If not, they are classified as Level 3 and are measured using a credit adjustment of the NAV, based on the specific characteristics of the individual fund.

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis

Financial instruments not measured at fair value, including payables and loans and receivables with customers and banks are not managed on a fair value basis.

Cash and cash equivalents
Given their short-term horizon and negligible credit risk, the carrying amount of cash and liquid assets approximates their fair value.

Loans and receivables with banks and customers
The fair value of loans and receivables with banks and customers, recognised at amortised cost, is mainly determined using a present value model, adjusted for risk. Accordingly, the carrying amount of loans and receivables with banks and customers is considered to be an appropriate approximation of their fair value, an aspect that results in their classification in level 3 of the hierarchy.

Description of valuation techniques

In order to measures position for which market sources do not provide a directly observable market price, specific valuation techniques widely used in market practice are used and described below.

Discounted cash flow
Valuation techniques based on discounted cash flows generally consist in estimating the expected future cash flows over the life of the instrument. The model requires an estimate of the cash flows and the adoption of market parameters for the discount: the discount rate or margin reflects the credit and/or lending spread requested by the market for instruments with similar risk profiles and liquidity, in order to determine a "discounted value". The fair value of the contract is equal to the sum of the discounted future cash flows.

Market Approach
This is a valuation technique that uses prices generated in market transactions involving identical or similar assets, liabilities or groups of assets and liabilities.

NAV
The NAV (net asset value) is the difference between the total value of the fund's assets and its liabilities. An increase in NAV coincides with an increase in the fair value measurement. Generally, for funds classified as Level 3, the NAV represents a risk-free measurement. Therefore, in this case the NAV is adjusted to consider the default risk of the issuer.

A.4.2 –Processes and sensitivity of valuations

As required under IFRS 13, the Bank verifies that the value assigned to each position appropriately reflects the current fair value. Fair value measurement of assets and liabilities is done using various techniques, among which (but not solely) discounted cash flow and internal models. On the basis of the observability of the inputs used, all measurements are classified as Level 1, Level 2 or Level 3 in the fair value hierarchy.
For financial instruments measured at fair value and classified in level 3 (the Romeo SPV and Mercuzio Securitisation ABSs), a sensitivity analysis is performed because the procedure for quantifying fair value – the discounted cash flow model – does not permit the development of

alternatives concerning the unobservable inputs used in the measurement process.
For units in the Italian Resolution Fund (formerly Atlante II) acquired towards the end of the year, no sensitivity analysis was performed as the measurement of fair value was carried out using the value of the units at December 31, 2017 notified by Quaestio SGR.

A.4.3 – Fair value hierarchy

Financial instruments are associated with given fair value level on the basis of observability of the inputs used to measure them.

When the fair value is measured directly using an observable price quoted on an active market, the instrument falls in Level 1. When the fair value must be measured using a comparable approach or through the use of a pricing model, it falls in Level 2 or 3, depending on the observability of all the significant inputs used in the measurement.

When selecting between the various valuation techniques, that which maximises utilisation of observable inputs is used.

All transfers between fair value hierarchy levels are carried out with reference to the reporting date for the financial statements.

The main factors that contribute to transfers between fair value hierarchy levels (whether between Level 1 and Level 2 and within Level 3) include changes in market conditions and refinements in measurement models and the relative weights of the unobservable inputs used in measuring the fair value.

QUANTITATIVE DISCLOSURES

A.4.5 – Fair value hierarchy

The following tables report the breakdown of the portfolio of (i) financial assets and liabilities measured at fair value and (ii) assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis, on the basis of the levels discussed earlier.

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

Level 1 includes, among available-for-sale financial assets, government securities (BOTs) acquired during the year in order to ensure compliance with the European regulatory requirement concerning short-term liquidity, namely the Liquidity Coverage Ratio (LCR).

Level 3 for the same item includes the residual value of the notes issued by the Romeo and Mercuzio Securitisation SPVs, equal to 5% of the total value of the notes, issued in the second quarter following the sale by Romeo of the unsecured portion of the portfolio to Mercuzio Securitisation, and €15.2 million in respect of the amount paid in December for the subscription of 30 units of the restricted closed-end alternative securities investment fund denominated Italian Recovery Fund (formerly Atlante II).

(€)

	12/31/2017			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 or loss	-	-	-	-	-	-
3. Available-for-sale financial assets	1,003,150	-	22,955,537	1,002,025	-	2,549
4. Hedging derivatives	-	-	-	-	-	-
5. Property, plant and equipment	-	-	-	-	-	-
6. Intangible assets	-	-	-	-	-	-
Total	**1,003,150**	**-**	**22,955,537**	**1,002,025**	**-**	**2,549**
1. Financial liabilities held for trading	-	-	-	-	-	-
2. Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

A.4.5.2 – Annual changes in assets measured at fair value on a recurring basis (level 3)

(€)

	Held for trading	At fair value through profit or loss	Available for sale	Hedging derivatives	Property, plant and equipment	Intangible assets
1. Opening balances	**-**	**-**	**2,549**	**-**	**-**	**-**
2. Increases	**-**	**-**	**25,474,607**	**-**	**-**	**-**
2.1. Purchases	-	-	23,672,050	-	-	-
2.2. Profits recognized in:	-	-	1,626,941	-	-	-
2.2.1. Income Statement	-	-	-	-	-	-
of which: gains	-	-	-	-	-	-
2.2.2. Equity	-	-	1,626,941	-	-	-
2.3. Trasfer from other levels	-	-	-	-	-	-
2.4. Other increases	-	-	175,616	-	-	-
3. Decreases	**-**	**-**	**(2,521,619)**	**-**	**-**	**-**
3.1. Sales	-	-	-	-	-	-
3.2. Redemptions	-	-	(2,441,880)	-	-	-
3.3. Losses recognized in:	-	-	(79,739)	-	-	-
3.3.1 Income Statement	-	-	(5,156)	-	-	-
of which: losses	-	-	(5,156)	-	-	-
3.3.2 Equity	-	-	(74,583)	-	-	-
3.4. Trasfer to other levels	-	-	-	-	-	-
3.5. Other decreases	-	-	-	-	-	-
4. Closing balances	**-**	**-**	**22,955,537**	**-**	**-**	**-**

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

(€)

	12/31/2017				12/31/2016			
	Carrying amount	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3
1 Held-to-maturity financial assets	-	-	-	-	-	-	-	-
2 Loans and receivables with banks	26,524,170	-	-	26,524,170	44,809,834	-	-	44,809,834
3 Loans and receivables with customers	5,744,884	-	-	5,744,884	10,626,206	-	-	10,626,206
4 Investment property	-	-	-	-	-	-	-	-
5 Non-current assets and disposal groups held for sale	-	-	-	-	-	-	-	-
Total	**32,269,054**	**-**	**-**	**32,269,054**	**55,436,040**	**-**	**-**	**55,436,040**
1 Due to banks	-	-	-	-	10,031,962	-	-	10,031,962
2 Due to customers	11,759,099	-	-	11,759,099	10,849,546	-	-	10,849,546
3 Debt securities in issue	-	-	-	-	-	-	-	-
4 Liabilities associated with non-current assets and disposal groups held for sale	-	-	-	-	-	-	-	-
Total	**11,759,099**	**-**	**-**	**11,759,099**	**20,881,508**	**-**	**-**	**20,881,508**

PART B – BALANCE SHEET

Assets

SECTION 1 – CASH AND CASH EQUIVALENTS – ITEM10

1.1 – Cash and cash equivalents: breakdown

(€/000)

	Total 12/31/2017	Total 12/31/2016
a) Cash	2	-
b) Demand deposits with Central banks	-	-
Total	**2**	**-**

SECTION 4 – AVAILABLE FOR SALE FINANCIAL ASSETS- ITEM 40

4.1 – Available for sale financial assets: breakdown by product

(€/000)

	Total 12/31/2017			Total 12/31/2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	1,003	-	7,734	1,002	-	-
1.1 Structured securities	**-**	**-**	**-**	**-**	**-**	**-**
1.2 Other	*1,003*	-	*7,734*	*1,002*	-	-
2. Equity instruments	-	-	-	-	-	3
2.1 Measured at fair value	-	-	-	-	-	3
2.2 Carried at cost	-	-	-	-	-	-
3. Units in collectiv e inv estment undertakings	-	-	15,222	-	-	-
4. Loans	-	-	-	-	-	-
Total	**1,003**	**-**	**22,956**	**1,002**	**-**	**3**

Available for sale financial assets are mainly represented by:

- €15.2 million in respect of the amount paid in December for the subscription of 30 units of the restricted closed-end alternative securities investment fund Italian Recovery Fund (formerly Atlante II);
- €7.7 million in respect of the residual amount of ABSs from the Romeo SPV and Mercuzio Securitisation securitisations. The amount subscribed by the doBank corresponded to 5% of the total notes issued by the two vehicles in the second quarter of 2017, following the assignment by Romeo of the unsecured portion of the portfolio to Mercuzio Securitisation;
- €1.0 million in respect of Italian Treasury bills (BOTs) purchased in order to meet European regulatory requirements for liquidity (the Liquidity Coverage Ratio or LCR).

The item also includes a residual amount of less than €1 thousand representing the dues for participation in the Interbank Deposit Guarantee Fund, as discussed below.

Disclosures concerning the units of the Italian Recovery Fund (formerly Atlante II)

The Italian Recovery Fund (formerly Atlante II) is a restricted closed-end securities investment fund reserved for professional investors set up in August 2016 and managed by the independent asset management company Quaestio Capital Management SGR S.p.A. Unipersonale ("Quaestio SGR"). The Fund invests solely in NPLs and instruments connected with transactions in NPLs in order to reduce the risk in line with the parameters adopted by the world's major institutional investors. The Fund is currently involved in four securitisations of non-

performing loans with a gross value of €31 billion and a total investment by the Fund of approximately €2.5 billion.
In compliance with the Fund's investment policy, at December 31, three investment transactions were carried out in the non-performing loans of Italian banks.
On December 18, 2017, doBank undertook to subscribe 30 units of the fund for a total of €30 million, of which €15.3 million were paid in December 2017, while the remainder of €14.7 million is recognised under commitments. The units paid are classified under assets available for sale and the fair value is equal to the unit value of the units as at December 31, 2017 communicated by Quaestio SGR: compared with the subscription price, a fair value decrease of €53.2 thousand (net of tax effects) was recognised in equity.

Disclosures on investments in the Voluntary Scheme

The Interbank Deposit Guarantee Fund (FITD) - which represents the national deposit guarantee scheme pursuant to Directive 2014/49/EU - with the changes to the bylaws resolved by the Extraordinary Meeting of November 26, 2015 had, among the other things, provided for the establishment of an internal Voluntary Intervention Scheme to support interventions to resolve crises at participating banks. The doBank Group is a participating member of the scheme. In 2016 the Voluntary Intervention Scheme carried out the recapitalisation of Cassa di Risparmio di Cesena, which initially envisaged a capital increase reserved for the Scheme in the amount of €280 million, with the aim of ensuring that the bank could comply with regulatory capital requirements and supporting the restructuring plan.
On January 19, 2018 the FITD informed the participating banks of the completion of the intervention on December 21, 2017, which involved:

- the recapitalisation of the three banks by the Voluntary Scheme;
- the transfer of the three banks to Credit Agricole Cariparma;
- the subscription by the Voluntary Scheme of €12 million of mezzanine securities and €158 million of junior securities from the securitisation of the NPLs of the three banks.

At the end of the operation, the Voluntary Scheme therefore holds mezzanine and junior securities in the amount of €170 million and cash of €6 million.
In line with FITD notices, the share of €379 continues to be measured at fair value.

4.2 – Available for sale financial assets: breakdown by issuer/borrower

(€/000)

	Total 12/31/2017	Total 12/31/2016
1. Debt securities	**8,737**	**1,002**
a) Governments and Central banks	1,003	1,002
b) Other government entities	-	-
c) Banks	-	-
d) Other issuers	7,734	-
2. Equity instruments	**-**	**3**
a) Banks	-	3
b) Other issuers:	-	-
- Insurance companies	-	-
- Financial companies	-	-
- Non-financial companies	-	
- Other	-	-
3. Units in investment funds	15,222	-
4. Loans	-	-
a) Governments and Central banks	-	-
b) Other government entities	-	-
c) Banks	-	-
d) Other entities	-	-
Total	**23,959**	**1,005**

SECTION 6 – LOANS AND RECEIVABLES WITH BANKS – ITEM 60

6.1 – Loans and receivables with banks: breakdown by product

(€/000)

	31/12/2017				12/31/2016			
	Carrying amount	Fair value			Carrying amount	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. Repurchase agreements	-	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-	-
B. Loans to banks								
1. Loans	26,524	-	-	26,524	44,810	-	-	44,810
1.1 Current accounts and demand deposits	26,524	-	-	26,524	44,810	-	-	44,810
1.2 Time deposits	-	-	-	-	-	-	-	-
1.3 Other loans	-	-	-	-	-	-	-	-
- Repurchase agreements	-	-	-	-	-	-	-	-
- Finance leases	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
2. Debt securities	-	-	-	-	-	-	-	-
2.1 Structured	-	-	-	-	-	-	-	-
2.2 Other	-	-	-	-	-	-	-	-
Total	**26,524**	**-**	**-**	**26,524**	**44,810**	**-**	**-**	**44,810**

Loans and receivables with banks totalling €26.5 million regard cash available on current accounts.

Changes in the period were mainly represented by the payment of dividends to the majority shareholder Avio in the amount of €52.3 million and the periodic flow of collections of fees and

commission from our main customers and payments of suppliers.
In view of the short-term maturity of the exposures, and the floating rate paid on balances, it is reasonable to conclude that the fair value of the items corresponds to their carrying amount.

SECTION 7 – LOANS AND RECEIVABLES WITH CUSTOMERS – ITEM 70

7.1 - Loans and receivables with customers: breakdown by product

(€/000)

	Total 12/31/2017						Total 12/31/2016					
	Carrying amount			Fair value			Carrying amount			Fair value		
		Non-performing						Non-performing				
	Performing	Purchased	Other	Level 1	Level 2	Level 3	Performing	Purchased	Other	Level 1	Level 2	Level 3
Loans												
1. Current accounts	1,079	134	-	-	-	1,213	442	249	-	-	-	691
2. Repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
3. Mortgage loans	1,092	117	-	-	-	1,209	1,171	272	-	-	-	1,443
4. Credit cards and personal loans, including wage assignment loans	-	-	-	-	-	-	-	-	-	-	-	-
5. Finance leases	-	-	-	-	-	-	-	-	-	-	-	-
6. Factoring	-	-	-	-	-	-	-	-	-	-	-	-
7. Other loans	3,309	14	-	-	-	3,323	8,474	18	-	-	-	8,492
Debt securities												
8. Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
9. Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Total	**5,480**	**265**	**-**	**-**	**-**	**5,745**	**10,087**	**539**	**-**	**-**	**-**	**10,626**

At December 31, 2017 the item, which includes €265 thousand in impaired assets represented by the residual part of the non-performing portfolio assigned by doBank in 2016, decreased compared with December 31, 2016 largely as a result of the repayment of the "bridge loan" of €8.4 million, which at December 31, 2016 was recognised under **Other loans**. That loan regarded the portion pertaining to doBank, equal to 5%, of the loan granted to the Romeo SPV by entities that had undertaken to subscribe the notes at the time of their issue.

Performing positions, equal to €5.5 million, regard current account facilities and "auction mortgage loans", as well as the € 3.0 million loan to the subsidiary doRealEstate.

7.2 - Loans and receivables with customers: breakdown by issuer/borrower

(€/000)

	Total 12/31/2017			Total 12/31/2016		
	Performing	Non-performing		Performing	Non-performing	
		Purchased	Other		Purchased	Other
1. Debt securities						
a) Governments	-	-	-	-	-	-
b) Other government entities	-	-	-	-	-	-
c) Other issuers	-	-	-	-	-	-
- *Non-financial companies*	-	-	-	-	-	-
- *Financial companies*	-	-	-	-	-	-
- *Insurance companies*	-	-	-	-	-	-
- *Other*	-	-	-	-	-	-
2. Loans to	**5,480**	**265**	**-**	**10,087**	**539**	**-**
a) Governments	293	-	-	106	-	-
b) Other government entities	-	-	-	-	-	-
c) Other entities	5,187	265	-	9,981	539	-
- *Non-financial companies*	*4,095*	*201*	-	*445*	*479*	-
- *Financial companies*	-	-	-	*8,365*	-	-
- *Insurance companies*	-	-	-	-	-	-
- *Other*	*1,092*	*64*	-	*1,171*	*60*	-
Total	**5,480**	**265**	**-**	**10,087**	**539**	**-**

SECTION 10 – EQUITY INVESTMENTS – ITEM 100

10.1 - Equity investments: information on ownership

Names	Registered Office	Headquarters	Holding %	Voting Rights %
A) Full subsidiaries				
doReal Estate S.p.A.	Verona	Verona	100	100
doSolutions S.p.A.	Roma	Roma	100	100
Italfondiario S.p.A.	Roma	Roma	100	100
IBIS. S.r.l.	Roma	Roma	100	100
B) Companies under joint control				
C) Companies subject to significant influence				

10.2 - Significant shareholdings: carrying amount, fair value and dividends received

(€)

Names	Carrying amount	Fair value	Dividends received
A. Full subsidiaries			
doReal Estate S.p.A.	393,973	393,973	667,137
doSolutions S.p.A.	220,000	220,000	-
Italfondiario S.p.A.	24,904,895	24,904,895	-
IBIS. S.r.l.	538,658	538,658	900,000
B. Companies under joint control	**-**	**-**	**-**
C. Companies subject to significant influence	**-**	**-**	**-**
Total	**26,057,526**	**26,057,526**	**1,567,137**

The item **Equity Investments** reflects:

- an increase of €100 thousand related to the capital increase of doSolutions resulting from the transfer of the business unit effective from March 1, 2017;
- a decrease in the carrying amount of the equity investment in IBIS in the amount of €699 thousand, as the prorated recognition of the dividend distributed on 2016 profit. Since the acquisition of the company was completed in the fourth quarter of the year, the dividend for the whole of 2016, equal to €900 thousand, is recognised as a deduction of the purchase price up to the new equity value after distribution, with the difference (€201 thousand) being recognised in a specific income statement item;
- the elimination of the value of the Italfondiario RE stake and a corresponding increase in the value of the doRealEstate investment as a result of the merger effective from March 1, 2017;
- a decrease in the value of the doRealEstate investment, equal to €46 thousand, due to the reduction in the carrying amount of the merged company Italfondiario Re, equal to the portion of the dividend distributed by it from 2016 earnings (€300 thousand) on the basis of the above criteria for the investee IBIS (€254 thousand in a specific income statement item).

  In 2017, dividends were also paid by the subsidiary doRealEstate (€367 thousand), and recognised in a specific income statement item

In summary, **Dividends received** from subsidiaries (totalling €1,567 thousand) were recognised in a specific income statement item in the amount of €822 thousand, as reported in section 3 - Dividend income and similar revenue - Item 70 of Part C of the notes to the financial statements.

10.3 - Significant equity investments: accounting information

(€/000)

Names	Cash and cash equivalents	Financial assets	Non-financial assets	Financial liabilities	Non-financial liabilities
A. Full subsidiaries					
doReal Estate S.p.A.	2	675	5,046	3,017	2,207
doSolutions S.p.A.	6	1,960	12,576	318	14,213
Italfondiario S.p.A.	8	20,324	45,801	28	57,653
IBIS. S.r.l.	3	134	5,253	-	3,633
B. Companies under joint control	-	-	-	-	-
C. Companies subject to significant influence	-	-	-	-	-

(€/000)

Names	Total revenue	Net interest income	Write-downs and write-backs of property, plant and equipment and intangible assets	Profit (loss) before tax from continuing operations	Profit (loss) after tax from continuing operations	Profit (loss) after tax from disposal groups held for sale	Net profit (loss) (1)	Other comprehensive income after tax (2)	Comprehensive income (3) = (1) + (2)
A. Full subsidiaries									
doReal Estate S.p.A.	2,536	(65)	(1)	839	499	-	499	-	499
doSolutions S.p.A.	(4)	(6)	(1,422)	105	11	-	11	-	11
Italfondiario S.p.A.	47,832	28	(249)	12,704	8,452	-	8,452	-	8,452
IBIS. S.r.l.	(1)	(2)	(207)	2,503	1,757	-	1,757	-	1,757
B. Companies under joint control	-	-	-	-	-	-	-	-	-
C. Companies subject to significant influence	-	-	-	-	-	-	-	-	-

10.5 - Equity investments: annual change

(€/000)

	Total 12/31/2017	Total 12/31/2016
A. Opening balances	**26,703**	**-**
B. Increases	**100**	**26,703**
B1. Purchases	100	26,553
B2. Write-backs	-	150
B3. Revaluations	-	-
B4. Other changes	-	-
C. Decreases	**(745)**	**-**
C1. Sales	-	-
C2. Write-downs	-	-
C3. Other changes	(745)	-
D. Closing balances	**26,058**	**26,703**
E. Total revaluations	**150**	**150**
F. Total write-downs	**5,106**	**5,106**

Item B.1 **Purchases** reports €100 thousand related to the capital increase of doSolutions resulting from the transfer of the business unit effective from March 1, 2017.
Item C.3 **Other changes** reports the decrease in the value of the IBIS investment equal to €699 thousand and that of doRealEstate investment equal to €46 thousand, as specified in the previous paragraphs.

SECTION 11 – PROPERTY, PLANT AND EQUIPMENT – ITEM 110

11.1 – Property, plant and equipment used in the business: breakdown of assets carried at cost

(€/000)

	Total 12/31/2017	Total 12/31/2016
1. Owned assets	633	24
a) Land	-	-
b) Buildings	-	-
c) Furniture	527	4
d) Electronic systems	101	19
e) Other	5	1
2. Assets held under finance lease	-	-
a) Land	-	-
b) Buildings	-	-
c) Furniture	-	-
d) Electronic systems	-	-
e) Other	-	-
Total	**633**	**24**

Property, plant and equipment shows an increase due to investments made in 2017 in the refurbishing of the work stations of Group companies by the Parent Company as a result of the centralisation with the Parent Company of all facility management services.

11.5 – Property plant and equipment used in the business: annual change

(€/000)

	Land	Buildings	Furniture	Electronic systems	Other	Total
A. Gross opening balances	**-**	**-**	**330**	**874**	**86**	**1.290**
A.1 Total net reduction in value	-	-	(326)	(855)	(85)	(1.266)
A.2 Net opening balances	**-**	**-**	**4**	**19**	**1**	**24**
B. Increases:	**-**	**-**	**588**	**89**	**4**	**681**
B.1 Purchases	-	-	588	89	4	681
B.2 Capitalised expenditure on improvements	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Increases in fair value:	-	-	-	-	-	-
a) in equity	-	-	-	-	-	-
b) through profit and loss	-	-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Transfer from properties held for investment	-	-	-	-	-	-
B.7 Other changes	-	-	-	-	-	-
C. Decreases	**-**	**-**	**(65)**	**(7)**	**-**	**(72)**
C.1 Disposals	-	-	-	-	-	-
C.2 Depreciation	-	-	(65)	(7)	-	(72)
C.3 Impairment losses:	-	-	-	-	-	-
a) in equity	-	-	-	-	-	-
b) through profit and loss	-	-	-	-	-	-
C.4 Reduction of fair value:	-	-	-	-	-	-
a) in equity	-	-	-	-	-	-
b) through profit and loss	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) property plant and equipment held for investment	-	-	-	-	-	-
b) assets held for sale	-	-	-	-	-	-
C.7 Other changes	-	-	-	-	-	-
D. Net final balance	**-**	**-**	**527**	**101**	**5**	**633**
D.1 Total net reduction in value	-	-	(391)	(863)	(86)	(1.340)
D.2 Gross closing balances	-	-	918	964	91	1.973
E. Carried at cost	**-**	**-**	**-**	**-**	**-**	**-**

Depreciation charges are calculated on a straight-line basis over the residual useful life of the assets.

11.7 – Commitments to purchase property, plant and equipment

At the closing date of these financial statements, there were not commitments to purchase property, plant or equipment.

SECTION12 – INTANGIBLE ASSETS – ITEM 120

12.1 – Intangible assets: breakdown by type of asset

(€/000)

	Total 12/31/2017		Total 12/31/2016	
	Finite Life	Indefinite Life	Finite Life	Indefinite Life
A.1 Goodwill	-	-	-	-
A.2 Other intangible assets	195	-	190	-
A.2.1 Assets carried at cost:	195	-	190	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	*195*	-	*190*	-
A.2.2 Assets valued at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**195**	**-**	**190**	**-**

The item regards application software.

12.2 – Intangible assets: annual changes

(€/000)

	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total
		Finite Life	Indefinite Life	Finite Life	Indefinite Life	
A. Gross opening balances	**-**	**-**	**-**	**2.804**	**-**	**2.804**
A.1 Total net reduction in value	-	-	-	(2.614)	-	(2.614)
A.2 Net opening balances	**-**	**-**	**-**	**190**	**-**	**190**
B. Increases	**-**	**-**	**-**	**129**	**-**	**129**
B.1 Purchases	-	-	-	129	-	129
B.2 Increases in intangible assets generated internally	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Increases in fair value	-	-	-	-	-	-
- in equity	-	-	-	-	-	-
- through profit or loss	-	-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	**-**	**-**	**-**	**(124)**	**-**	**(124)**
C.1 Disposal	-	-	-	(61)	-	(61)
C.2 Write-downs	-	-	-	(63)	-	(63)
- Amortization	-	-	-	(63)	-	(63)
- Write-downs	-	-	-	-	-	-
+ in equity	-	-	-	-	-	-
+ through profit or loss	-	-	-	-	-	-
C.3 Reduction in fair value	-	-	-	-	-	-
- in equity	-	-	-	-	-	-
- through profit or loss	-	-	-	-	-	-
C.4 Transfer to non-current assets held for sale	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Other changes	-	-	-	-	-	-
D. Net closing balances	**-**	**-**	**-**	**195**	**-**	**195**
D.1 Total net write-down	-	-	-	(1.941)	-	(1.941)
E. Gross closing balance	**-**	**-**	**-**	**2.136**	**-**	**2.136**
F. Carried at cost	**-**	**-**	-	**-**	-	**-**

Amortisation charges are calculated on a straight-line basis over the residual useful life of the assets.

SECTION 13 – TAX ASSETS AND LIABILITIES – ITEM 140 OF ASSETS AND ITEM 80 OF LIABILITIES

13.1 - Deferred tax assets: breakdown

(€/000)

	12/31/2017			12/31/2016		
	IRES	IRAP	Total	IRES	IRAP	Total
Provisions recognized in income statement - administrative expenses	13	-	13	1,989	-	1,989
Provisions recognized in income statement - Risks and charges	6,204	-	6,204	4,620	-	4,620
Provisions recognized in equity	140	-	140	-	-	-
Write-down on loans	47,920	7,660	55,580	47,747	7,660	55,407
Other assets / liabilities	-	-	-	747	-	747
Tax losses carried forward	29,932	-	29,932	40,523	-	40,523
Other items	-	-	-	81	-	81
Total	**84,209**	**7,660**	**91,869**	**95,707**	**7,660**	**103,367**

The item reports deferred tax assets by deductible temporary difference.

Deferred tax assets include amounts in respect of loan writedowns and deferred tax assets determined specifically on the basis of the stocks of the components to which they refer le (litigation, provisions for employees).

In this regard, doBank exercised the option to retain the possibility of converting deferred tax assets into tax credits pursuant to Art. 11 of Legislative Decree 59 of May 3, 2016, ratified with Law 119 of June 30, 2016. This measures introduced the optional regime in order to eliminate issues that emerged at the Community level regarding the incompatibility of the DTA transformation legislation with the rules governing state aid, ensuring that the convertibility of qualifying DTAs into tax credits is only allowed following payment of a specific fee based on the amount of those DTAs.

The law ratifying the "Bank Rescue" Decree no. 15 of February 17, 2017 changed the effective date of the fee, postponing it from 2015 to 2016 with the consequent extension of the commitment to pay an annual instalment up to the year 2030. The exercise of the option makes it possible to maintain both the possibility of transforming these qualifying DTAs (in this case DTAs deriving from writedowns of loans) into tax credits, proportional to the possible loss under accounting rules as reported in the approved financial statements, and the possibility of not deducting these amounts from own funds for prudential purposes, as the requirements of Art. 39 of the CRR (Regulation (EU) 575/2013), which provides for application of a weighting of 100% in the calculation of credit risk, are met.

With regard to deferred tax assets referred to in Law 214/2011, as a result of the express provision of Art. 56 of Decree Law 225 of 29/12/2010, the negative components corresponding to the deferred tax assets transformed into tax credits are not deductible, first offsetting on a priority basis decreases at the nearest maturity in an amount corresponding to a tax equal to the transformed DTAs. As a result of this provision, changes in the amount of deferred tax assets recognized will on begin as from 2021.

With regard to the provisions of IAS 12, deferred tax assets are subject to probability testing, taking account of forecast profits in future years and verifying that future taxable income will be available against which the deferred tax assets can be used.
In particular, for the figures at December 31, 2017, the test performed, which took account of the 2017-2019 Performance and Financial Position statement presented to the Board, found that taxable income would be sufficient to use the deferred tax assets recognised by the bank. Furthermore, as regards the tax credit deriving from the deferred tax assets referred to in Law 214/2011, the same test confirms complete use against projected operating taxation.

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

- deferred tax assets correspond to the amounts of income tax that can be recovered in future years regarding temporary differences;
- the prerequisite for recognising deferred tax assets is the that it is reasonable to expect that taxable income will be earned against which the deductible temporary differences can be used.

IRES and IRAP were calculated by applying the tax rates established under current law, using the new 24% tax rate for IRES purposes and applying the 3.5 percentage-point surtax envisaged for credit and financial institutions (Law 208 of December 28, 2015).

13.2 - Deferred tax liabilities: breakdown

(€/000)

	12/31/2017			12/31/2016		
	IRES	IRAP	Total	IRES	IRAP	Total
Other financial instruments / assets / liabilities	427	-	427	-	-	-
Total	**427**	**-**	**427**	**-**	**-**	**-**

The item mainly consists of deferred tax liabilities in respect of the valuation reserve for AFS securities.

13.3 – Deferred tax assets: annual changes (recognized in income statement)

(€/000)

	Total 12/31/2017	Total 12/31/2016
1. Opening balance	**103,287**	**179,996**
2. Increases	**2,538**	**2,216**
2.1 Deferred tax assets recognized during the year	2,538	2,216
a) in respect of previous years	*275*	-
b) due to changes in accounting policies	-	-
c) write-backs	-	-
d) other	*2,263*	*2,216*
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**(14,095)**	**(78,925)**
3.1 Deferred tax assets derecognised during the year	(14,023)	(16,356)
a) reversals of temporary differences	*(13,767)*	*(16,280)*
b) write-downs of non-recoverable items	-	-
c) change in accounting policies	-	-
d) other	*(256)*	*(76)*
3.2 Reduction in tax rates	-	-
3.3 Other decreases	(72)	(62,569)
a) conversion into tax credits under L. 214/2011	-	(62,569)
b) other	(72)	-
4. Closing balance	**91,730**	**103,287**

Item 2.1 under **Increases – d) other** mainly reports deferred tax assets in respect of risk provisions.
Item 3.1 under **Decreases – a) reversals** mainly reports the recovery of deferred tax assets in respect of prior-year tax losses in the amount of €10.3 million, and the recovery of tax assets following the reduction in the amount of temporary differences for provisions for litigation and charges for personnel.

13.3.1 – Deferred tax assets (L.214/2011): annual changes (recognized in income statement)

(€/000)

	Total 12/31/2017	Total 12/31/2016
1. Opening balance	**55,406**	**117,976**
2. Increases	**-**	**-**
3. Decreases	**-**	**(62,570)**
3.1 Reversals	**-**	**-**
3.2 Conversion into tax credits	-	-
a) due to loss for the year	-	-
b) due to tax losses	-	-
3.3 Other decreases	-	(62,570)
4. Closing balance	**55,406**	**55,406**

The deferred tax assets referred to in Law 214/2011 regard loan writedowns that have not yet been deducted pursuant to Art. 106, paragraph 3, of the Uniform Income Tax Code, the negative components of which are deductible for income tax purposes over a number of tax periods: Art. 16 of Legislative Decree 83 of June 27, 2015 introduced a new form of deductibility for loan writedowns that reformulates the reversal of previously-recognised deferred tax assets. The value reported represents the share that can be considered transformable into tax credits under the provisions of that law if the requirements under those regulations are met.
In 2016 item **3.3 Other decreases** included deferred tax assets transformed into tax credits on the basis of the conditions found in the 2015 Financial Statements.

13.5 – Deferred tax assets: annual changes (recognized in equity)

(€/000)

	Total 12/31/2017	Total 12/31/2016
1. Opening balance	**80**	**89**
2. Increases	**59**	**-**
2.1 Deferred tax assets recognized during the year	59	**-**
a) in respect of previous years	-	**-**
b) due to change in accounting policies	-	**-**
c) other	*59*	**-**
2.2 New taxes or increases in tax rates	-	**-**
2.3 Other increases	-	**-**
3. Decreases	**-**	**(9)**
3.1 Deferred tax assets derecognised during the year	-	(9)
a) reversals of temporary differences	-	*(9)*
b) writedown of non-recoverable items	-	-
c) due to change in accounting policies	-	-
d) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**139**	**80**

13.6 – Deferred tax liabilities: annual changes (recognized in equity)

(€/000)

	Total 12/31/2017	Total 12/31/2016
1. Opening balance	**-**	**317**
2. Increases	**447**	**30**
2.1 Deferred tax liabilities recognized during the year	447	30
a) relating to previous years	-	-
b) due to change in accounting policies	-	-
c) other	*447*	*30*
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**(20)**	**(347)**
3.1 Deferred tax liabilities derecognised during the year	(20)	(347)
a) reversals on temporary differences	*(20)*	*(347)*
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Final amount	**427**	**-**

Item 2.1 is entirely attributable to deferred taxation on the reserve for AFS securities.

13.7 – Other information

Current tax assets: breakdown

(€/000)

	12/31/2017			12/31/2016		
	IRES	IRAP	Total	IRES	IRAP	Total
Payments on account	-	-	-	9,651	2,516	12,167
Tax credit pursuant to law no. 214/2011	-	-	-	30,079	4,824	34,903
Tax liabilities	-	-	-	(7,313)	(3,600)	(10,913)
Total	**-**	**-**	**-**	**32,417**	**3,740**	**36,157**

Current tax liabilities: breakdown

(€/000)

	12/31/2017			12/31/2016		
	IRES	IRAP	Total	IRES	IRAP	Total
Taxes for the year	6,968	3,130	10,098	-	-	-
Net payments on account	(6,344)	(3,317)	(9,661)	-	-	-
Total	**624**	**(187)**	**437**	**-**	**-**	**-**

SECTION 15 – OTHER ASSETS – ITEM 150

15.1 – Other assets: breakdown

(€/000)

	12/31/2017	12/31/2016
Accrued income other than income capitalized in associated financial assets	177	193
Items in processing	29	288
Items deemed definitive but not-attributable to other items:	*46,381*	*49,095*
- Receivables maturing during the period in respect of credit management and recovery activities on behalf of others and from servicing and adm.services carried out for third party companies	*46,034*	*48,663*
- Other residual	*347*	*432*
Tax items other than those included in item 140	4,678	1,235
Other items:	33,622	17,084
- Receivables maturing during the period not yet collected in respect of credit management and recovery activities on behalf of others and from servicing and adm.services carried out for third party companies	*32,735*	*16,930*
- Other items - Other	*887*	*154*
Total	**84,887**	**67,895**

Items deemed definitive but not attributable to other items and **Other items – Receivables maturing during the period not yet collected** report receivables in respect of core loan recovery activities with UniCredit and other customers and other servicing activities. These services are not considered to fall within the definition of "financial services" as indicated in Circular no. 262/2005 of the Bank of Italy and are therefore not classified under Items 60 and 70, Loans and receivables with banks and Loans and receivables with customers.

Other information: operating receivables

(€/000)

	12/31/2017	12/31/2016
Loan management and collection activities under agency agreement - banks	58,151	57,809
Loan management and collection activities under agency agreement - customers	11,387	7,220
Outsourced administrative activities	9,079	374
Other	152	190
Total	**78,769**	**65,593**

Outsourced administrative activities increased reflecting receivables from Group companies as a result of the signing in 2017 of the agreement for corporate and control functions and the service agreement for premises leased by doBank to subsidiaries.

Liabilities

SECTION 1 – DUE TO BANKS – ITEM 10

1.1 – Due to banks: breakdown by product

(€/000)

	Total 12/31/2017	Total 12/31/2016
1. Due to central banks	**-**	**-**
2. Due to banks	**-**	**10,032**
2.1 Current accounts and demand deposits	-	-
2.2 Time deposits	-	-
2.3 Loans	-	10,032
2.3.1 Repos	-	-
2.3.2 Other	-	*10,032*
2.4 Liabilities for commitments to repurchase own equity instruments	-	-
2.5 Other liabilities	-	-
Total	**-**	**10,032**
Fair value - level 1	**-**	**-**
Fair value - level 2	**-**	**-**
Fair value - level 3	**-**	**10,032**
Total fair value	**-**	**10,032**

Due to banks is equal to zero as a result of the repayment during the third quarter of 2017 of drawings on short-term loans granted by various banks.

SECTION 2 – DUE TO CUSTOMERS – ITEM 20

2.1 – Due to customers: breakdown by product

(€/000)

	Total 12/31/2017	Total 12/31/2016
1. Current accounts and demand deposits	11,759	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	-	-
Total	**11,759**	**10,850**
Fair value - livello 1	-	-
Fair value - livello 2	-	-
Fair value - livello 3	11,759	10,850
Total fair value	**11,759**	**10,850**

Current accounts and demand deposits in respect of ordinary customers mainly consist of accounts held by lawyers affiliated with doBank.

SECTION 8 – TAX LIABILITIES – ITEM 80

See Section 13 of Assets.

SECTION 10 – OTHER LIABILITIES – ITEM 100

10.1 – Other liabilities: breakdown

(€/000)

	12/31/2017	12/31/2016
Accrued expense other than that capitalized in the associated financial liabilities	48	188
Share-based payment classified as liabilities under IFRS 2	-	93
Other liabilities due to employees	1,869	2,474
Other liabilities due to other personnel	176	328
Interest and other amounts to be credited to customers	-	1,560
Av ailable amounts to be paid to others	929	393
Items in processing	451	260
Items related to securities transactions	-	97
Items deemed definitiv e but not attributable to other accounts:	23,532	23,427
- Account payable - suppliers	*20,960*	*18,935*
- Other entries	*2,572*	*4,492*
Tax items different from those included in item 80	1,436	6,020
Total	**28,441**	**34,840**

Other liabilities due to employees includes provisions for unused holiday entitlement and performance bonuses, as well as liabilities for termination incentives.

Items deemed definitive but not attributable to other accounts – accounts payable – suppliers essentially report liabilities due to suppliers in respect of invoices to be received and supplies to be settled. **Items deemed definitive but not attributable to other accounts – other entries** include liabilities to the National Social Security Institute (INPS) for employee contributions and other debtor items pending definitive allocation.

Tax items different from those included in item 80 mainly regard the VAT liability to be settled with tax authorities. At December 2016 the item also included the fee for 2016 (€2.0 million) in respect of the exercise of the option to retain the possibility of transforming deferred tax assets into tax credits pursuant to Art. 11 of Legislative Decree 59 of May 3, 2016, ratified with Law 119 of June 30, 2016. The law ratifying the “Bank Rescue” Decree 15 of February 17, 2017, modified the entry into force of the DTA fee, postponing it from 2015 to 2016, establishing that amounts paid in 2016 represented the fee due for that period. Consequently, the €2.0 million provisioned in 2016 and paid in 2017 settled the amount due for the year just ended and, accordingly, no new provision has been recognised.

SECTION 11 – EMPLOYEE TERMINATION BENEFITS – ITEM 110

11.1 – Employee termination benefits: annual change

(€/000)

	Total 12/31/2017	Total 12/31/2016
A. Opening balances	**4,814**	**4,629**
B. Increases	**945**	**254**
B.1 Provision for the period	55	85
B.2 Other increases	890	169
of which write-downs for actuarial estimates	*214*	*169*
C. Decreases	**(803)**	**(69)**
C.1 Severance payments	(78)	(34)
C.2 Other decreases	(725)	(35)
of which write-backs for actuarial estimates	-	(35)
D. Closing balances	**4,956**	**4,814**
Total	**4,956**	**4,814**

Following the reform of the supplementary pension system with Legislative Decree 252 of December 5, 2005, termination benefits (*trattamento di fine rapporto* – TFR) accrued up to December 12, 2006 remained with the company, while termination benefits accruing after January 1, 2007 were, depending on the election of employees (made by June 30, 2007), transferred to a supplementary pension scheme or the Treasury Fund operates by the National Social Security Institute (INPS).
Accordingly:
• termination benefits accruing up to December 31, 2006 (or up to a date selected by the employee between January 1, 2007 and June 06, 2007 – in the event the employee elected to transfer accrued TFR to a supplementary pension scheme) continue to be considered "defined-benefit post-employment benefits" and are therefore subject to actuarial measurement, although using simplified actuarial assumptions that no longer take account of forecasts of future wage increases.
• TFR accruing after January 1, 2007 (or after the date of election between January 1 and June 30, 2007 by the employee to transfer TFR to a supplementary pension scheme) is considered to be a "defined contribution" plan (and the company's obligation terminates at the moment the accrued termination benefits are deposited in the fund selected by the employee) and therefore the relative cost pertaining to the period is equal to the amounts paid to the supplementary pension scheme or to the Treasury Fund operated by the National Social Security Institute (INPS).
As of January 1, 2013, changes to the standard IAS 19 (IAS 19R) took effect. These envisage, in particular, elimination of the "corridor" method, with the requirement to recognise a commitment as the present value of the defined benefit obligation, net of the fair value of the plan assets. Measurement of commitments connected with the present value of benefit obligations at December 31, 2017 show a net imbalance of €214 thousand.

For the definition of the aforementioned aggregates, the actuarial company used the following technical assumptions:
- discount rate 1.35%
- expected inflation rate 1.4%

SECTION 12 – PROVISIONS FOR RISKS AND CHARGES – ITEM 120

12.1 – Provisions for risks and charges: breakdown

(€/000)

	Total 12/31/2017	Total 12/31/2016
1. Pensions and other post-employment benefit obligations	-	-
2. Other prov isions for risks and charges	21,895	23,050
2.1 Legal disputes	*9,746*	*8,554*
2.2 Staff expenses	*5,243*	*8,503*
2.3 Other	*6,906*	*5,993*
Total	**21,895**	**23,050**

Item 2.1 **legal disputes** primarily reports provisions in respect of the risks of litigation brought against the concerning core activities.
Item 2.2 **Staff expenses** reports provisions to finance any bonuses not governed by existing agreements or determinable quantification mechanisms and MBO bonuses. The amount of this component at December 31, 2017 also reflects the new remuneration policies implemented following the listing, which for certain categories of manager envisage changes in the structure of variable remuneration, which provides for deferred amounts and the grant of equity instruments.
Item 2.3 **Other** mainly reports provisions for risks for which no litigation has currently been undertaken.

Risks connected with outstanding litigation

doBank operates in a legal and legislative context that exposes it to a vast range of possible litigation connected with the core business of servicing, loan recovery, potential administrative irregularities and labour litigation.
The associated risks are assessed periodically in order to quantify a specific allocation to the "Provision for risks and charges" whenever an outlay is considered probable or possible on the basis of the information that becomes available, as provided for in the specific internal policies.

12.2 – Provisions for risks and charges: annual changes

(€/000)

	Pension funds	Other provisions	Total
A. Opening balances	-	**23,050**	**23,050**
B. Increases	-	**9,022**	**9,022**
B.1 Provision for the year	-	8,879	8,879
B.2 Changes due to the passage of time	-	-	-
B.3 Differences due to changes in discount rate	-	81	81
B.4 Other changes	-	62	62
C. Decreases	-	**(10,177)**	**(10,177)**
C.1 Use during the year	-	(7,347)	(7,347)
C.2 Differences due to changes in discount rate	-	-	-
C.3 Other changes	-	(2,830)	(2,830)
D. Closing balances	-	**21,895**	**21,895**

At the date of these financial statements, the specific interpretation of a number of contractual clauses is in dispute. The clauses regard reciprocal communication and sharing obligations within the scope of servicing agreements. While the debate does raise the possibility of incomplete compliance with the contractual provisions, the arguments presented and under assessment in the discussions suggest that that that risk is not probable. This conclusion is also supported by specific legal advice on the issue.

12.4 – Provisions for risks and charges – other provisions

(€/000)

	12/31/2017	12/31/2016
Prior-year legal expenses	-	320
Disputes with suppliers	1,305	-
Other Provisions	5,601	5,673
Total	**6,906**	**5,993**

Other provisions include provisions for risks associated with expected outlays for positions managed on an agency basis for which a counterparty has made a claim but for which litigation has not been initiated and for possible disputes regarding trade receivables due from the principals in those agency contracts. It also includes provisions for disputes with suppliers in respect of creditor claims from contract terminations.

SECTION 14 – SHAREHOLDERS' EQUITY – ITEMS 130, 150, 160, 170, 180, 190 AND 200

14.1 – "Share capital" and "Treasury shares": breakdown

Share capital

(€/000)

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

As part of the project to list doBank, it was necessary to increase the number of shares of the bank and eliminate the par value without changing the amount of share capital itself. Accordingly, during the year the number of shares was increased from 8,000,000 to 80,000,000.

Treasury shares

(€/000)

	12/31/2017	12/31/2016
Ordinary shares no. 1,750,000, nominal value Euro 0.516 each, measured at cost	277	277

These shares, originally held by the Federalcasse Banca S.p.A. and originating in a merger, do not exceed 10% of share capital and under applicable legislation can be held by the company with no requirement for disposal.

As a result of the listing process, the number of treasury shares increased from 175,000 to 1,750,000.

14.2 – Share capital - Number of shares: annual change

	Ordinary	Other
A. Shares outstanding as at the beginning of the year	**8,000,000**	**-**
- *fully paid*	*8,000,000*	-
- *not fully paid*	-	-
A.1 Treasury shares (-)	(175,000)	-
A.2 Shares outstanding: opening balance	**7,825,000**	**-**
B. Increases	**70,425,000**	**-**
B.1 New issues	-	-
- against payment:	-	-
- *business combinations*	-	-
- *bond converted*	-	-
- *warrants exercised*	-	-
- *other*	-	-
- bonus:	-	-
- *to employees*	-	-
- *to directors*	-	-
- *other*	-	-
B.2 Sale of treasury shares	-	-
B.3 Other changes	70,425,000	-
C. Decreases	**-**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	-	-
C.3 Disposal of businesses	-	-
C.4 Other changes	-	-
D. Shares outstanding: closing balance	**78,250,000**	**-**
D.1 Treasury shares (+)	**1,750,000**	**-**
D.2. Shares outstanding as at end of the year	80,000,000	-
- *fully paid*	*80,000,000*	-
- *not fully paid*	-	-

As reported in the table, no equity transactions were carried out during the period. The only change was the increase in the number of shares through a stock split.

14.4 – Profit reserves: other information

(€/000)

Reserves from allocation of profits or tax-suspended reserves	12/31/2017	12/31/2016
Legal reserv e	8,256	8,256
Reserv e art. 7 Law 218/90	2,304	2,304
Tax-suspended reserv e from business combination (UniCredit Credit Management Ser	3	3
Reserv e from FTA art. 7 par. 7 Lgs. Decree 38/2005	8,780	8,780
Reserv e established in by laws for purchase of treasury shares	277	277
Reserv e from retained earnings IAS art. 6 par. 2 Lgs. Decree 38/2005	(9,145)	(9,145)
Total	**10,475**	**10,475**

Other reserves	12/31/2017	12/31/2016
Extraordinary reserv e	92,838	104,150
Reserv e, Lgs. Decree 153/99	6,103	6,103
Legal reserv e for distributed earnings	44	44
Reserv e art. 7 Law 218/90	4,179	4,179
Reserv e from business combination (UniCredit Credit Management Serv ice S.p.A.)	4	4
Share Based Payments Reserv e	2,195	-
Total	**105,363**	**114,480**

There were no changes in **Other reserves** compared with December 31, 2016 as it was decided to distribute a dividend equal to consolidated net profit for 2016. Accordingly, the breakdown of the reserves shows a decrease of €11.3 million in the **Extraordinary reserve**.
Finally, reserves increased by €2.2 million as a result of the establishment of the new **Reserve for share-based payments**, recognised in accordance with IFRS 2 following the entry into force of the new post-IPO remuneration policy, which provides for the grant of remuneration in the form of shares to certain categories of manager.

As required by the Article 2427 of the Italian Civil Code, paragraph 7-bis, the following table provides a breakdown of the items of shareholders' equity with an indication of their origin, potential uses and distributability, as well as their use in the last three financial years.

Composition of shareholders’ equity with reference to availability and distributability

(€)

	Amount (*)	Possibility of use (**)	Available portion	Summary of utilisation in last three financial years	
				To cover losses	For other reasons
Shareholders' equity	**41,280,000**				
Reserves:	**115,838,187**	**-**	**113,731,439**	**217,999,386 (2)**	**2,402,800,117 (3)**
Legal reserve	8,299,862	B	8,299,862	-	-
Reserve art. 7 Law 218/90	6,483,557	A, B, C	6,483,557	-	-
Reserve, Lgs. Decree 153/99	6,103,232	A, B, C	6,103,232	-	-
Suspended reserve for taxes from aggregation Share-based (Federalcasse, UCMS, EIM)	6,812	A, B, C	6,812	-	-
Unavailable reserve from FTA art. 7 par. 7 Lgs. Decree 38/2005	8,780,082	-	-	-	-
Reserve from retained earnings IAS art.6 par.2 Lgs. Decree 38/2005	(9,145,319)	-	-	-	-
Extraordinary reserve	92,837,976	A, B, C	92,837,976	217,999,386	412,417,636
Reserve from Aspra Finance S,p.A. merger:	-	-	-	-	1,990,382,481
- of which reserves of purchase of Credits Under Common Control	-	-	-	-	490,382,481
- of which shareholrers' payments for future capital increases	-	-	-	-	1,500,000,000
Reserve for purchase of treasury shares	277,165	-	-	-	-
Reserve for Share Based Payments	2,194,820	-	-	-	-
Valuation reserves	**1,186,391**	-	**1,554,388**	-	-
Monetary revaluation reserves Law 413/91	429,146	A, B, C	429,146	-	-
Reserve for actuarial gains (losses) on defined benefits schemes	(367,997)	-	-	-	-
Reserves from valuation of assets available for sale	1,125,242	A, B, C (1)	1,125,242	-	-
Total	**158,304,578**	**-**	**115,285,827**	**-**	**-**
Portion non-distributable	**-**	**-**	**8,256,000**	**-**	**-**
Residual distributable portion	**-**	**-**	**106,985,965**	**-**	**-**

Key

(*): amounts corresponding to the financial statements as at December 31, 2017 as modified by events summarised in note (3)

(**): **A**: for capital increase; **B**: for covering losses; **C**: for distribution to shareholders

(**1**): if these reserves are used to cover losses for the financial year, profits cannot be distributed until the reserves have been increased or reduced in a corresponding amount. The reduction must be resolved by the Extraordinary Shareholders' Meeting without observance of paragraphs 2 and 3 of Article 2445 of the Civil Code. If the reserve is allocated to capital, it can only be reduced with observation of paragraphs 2 and 3 of Article 2445 of the Civil Code.

(**2**): Reserve used to replenish losses for the financial year 2014 and 2015.

(**3**): Reserves were reduced due to the following events:
- business unit demerger, effective from January 1, 2015: reduction of reserves in the amount of €1,770.4 million;
- shareholder resolution of October 28, 2015: distribution of an extraordinary dividend to UniCredit S.p.A. in the amount of amount of €594.0 million;
- adjustment of value of the former Aspra Finance non-performing loan portfolio to the residual purchase price, which took place in November 2015 as a result of the exit from the UniCredit Group, which led to the elimination of the residual reserve from the sale discount "Reserve from Aspra merger - Reserve for the purchase of UCC loans "in the amount of €27.1 million;
- extraordinary reserve use for €11.3 million for the distribution of dividend for 2016.

14.6 – Other information

(€/000)

Valuation Reserves	12/31/2017	12/31/2016
Monetary equalisation reserve under Law no. 413/91	429	429
Valuation Reserve Available-for-sale financial assets	1,125	-
Reserve for actuarial gains (losses) on employee defined-benefit plans	(368)	(213)
Total	**1,186**	**216**

OTHER INFORMATION

1 – Guarantees issued and commitments

(€/000)

	Amount 12/31/2017	Amount 12/31/2016
1) Financial guarantees issued to	-	-
a) Banks	-	-
b) Customers	-	-
2) Commercial guarantees issued to	2,483	-
a) Banks	-	-
b) Customers	*2,483*	-
3) Other irrev ocable commitments to disburse funds	14,706	-
a) Banks	-	-
i) usage certain	-	-
ii) usage uncertain	-	-
b) Customers	*14,706*	-
i) usage certain	*14,706*	-
ii) usage uncertain	-	-
4) Underlying commitments for credit deriv ativ es: sales of protection	-	-
5) Assets pledged as collateral for third-party obligations	-	-
6) Other commitments	-	-
Total	**17,189**	**-**

The amount €2.5 million of **Commercial guarantees granted** refers to the signing of a number of binding letters of patronage in favour of the subsidiary doSolutions S.p.A., so that it can fulfil commitments made to certain suppliers.
In addition, on December 18, 2017 doBank committed itself to subscribing 30 units for a total amount of €30 million, of which €15.3 million in December 2017, while the remainder €14.7 million is recognised under **Irrevocable commitments to disburse funds** - **Customers**.

4 - Asset management and intermediation on behalf of others

(€/000)

	12/31/2017	12/31/2016
1. Management and trading on behalf of third parties	-	-
a) Purchases	-	-
1. settled	-	-
2. unsettled	-	-
b) Sales	-	-
1. settled	-	-
2. unsettled	-	-
2. Portfolio management	-	-
a) individual	-	-
a) collective	-	-
3. Custody and administration of securities	**42,394**	**27,707**
a) Third-party securities on deposit: relationg to depositary bank		
activities (excluding portfolio management)	-	-
1. Securities issued by companies included in consolidation	-	-
2. Other securities	-	-
b) Third party securities held in deposits (excluding portfolio manc	-	-
1. Securities issued by companies included in consolidation	-	-
2. Other securities	-	-
c) Third-party securities deposited with third parties	-	-
d) Property securities deposited with third parties	42,394	27,707
4. Other	-	-

The stock includes the investment fund, ABSs, government securities and equity investments classified under item 100.

PART C - INCOME STATEMENT

Income Statement

SECTION 1 – INTEREST – ITEMS 10 AND 20

1.1 – Interest income and similar revenues: breakdown

(€/000)

	Debt securities	Loans	Other transactions	12/31/2017	12/31/2016
1. Financial assets held for trading	-	-	-	-	-
2. Av ailable-for-sale financial assets	665	-	-	665	24
3. Held-to-maturity inv estments	-	-	-	-	-
4. Loans and receiv ables with banks	-	-	-	-	2
5. Loans and receiv ables with customers	-	64	-	64	196
6. Financial assets at fair v alue through profit or loss	-	-	-	-	-
7. Hedging deriv ativ es	-	-	-	-	-
8. Other assets	-	-	-	-	15
Total	**665**	**64**	**-**	**729**	**237**

The largest component of this account, **Available-for-sale financial assets,** reports interests on the ABSs of Romeo SPV S.r.l. and Mercuzio Securitisation established under the provisions of Law 130/1999 (the "Securitisation Act"), of which the Group holds 5% of total notes issued.

1.4 – Interest expense and similar charges: breakdown

(€/000)

	Payables	Securities	Other transactions	12/31/2017	12/31/2016
1. Due to central banks	-	-	-	-	-
2. Due to banks	(90)	-	-	(90)	(90)
3. Due to customers	(1)	-	-	(1)	(314)
4. Debt securities in issue	-	-	-	-	-
5. Financial liabilities held for trading	-	-	-	-	-
6. Financial liabilities at fair v alue through profit or loss	-	-	-	-	-
7. Other liabilities and funds	-	-	(127)	(127)	-
8. Hedging deriv ativ es	-	-	-	-	-
Total	**(91)**	**-**	**(127)**	**(218)**	**(404)**

Interest expense of amounts due to banks mainly regards interest on short-term loans granted during the year and on credit facilities.

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

2.1 –Fee and commission income: breakdown

(€/000)

	12/31/2017	12/31/2016
a) Guarantees issued	-	-
b) Credit derivatives	-	-
c) Management, brokerage and consulting services:	-	-
1. Financial instrument 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. Order reception and transmission	-	-
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	47	33
e) Securitization servicing	19,983	3083
f) Factoring	-	-
g) Tax collection services	-	-
h) Management of multilateral trading facilities	-	-
i) Management of current accounts	43	44
j) Other services	127,549	138,986
- Loans granted; ordinary customer loans	*3*	*6*
- Agency operations	*127,543*	*138,954*
- Other services	*3*	*26*
Total	**147,622**	**142,146**

The increase of €5.5 million in **fee and commission income** over 2016 is mainly attributable to the acquisition during 2017 of the new Fino 1 and Fino 2 contracts, with an increase in **securitization servicing**.

As a result of the aforementioned securitization transaction which involved a change in the commercial counterparties and the portfolios under management, there is consequently a significant reduction in **Other services – agency operations**, which reports fee and commission income from the management and recovery of loans on behalf of other customers.

2.3 – Fee and commission expense: breakdown

(€/000)

	12/31/2017	12/31/2016
a) Guarantees received	(22)	(18)
b) Credit derivatives	-	-
c) Management, brokerage and consultancy services:	(7)	-
1. Financial instrument trading	-	-
2. Currency trading	-	-
3. Portfolio management:	-	-
3.1 Own portfolio	-	-
3.2 Third party portfolio	-	-
4. Custody and administration of securities	*(7)*	-
5. Placement of financial instruments	-	-
6. Off-site distribution of financial instruments, products and services	-	-
d) Collection and payment services	(196)	(12)
e) Other services	(20,885)	(19,089)
- Agent operations and sundry intermediation	*(20,851)*	*(19,073)*
- Other services	*(34)*	*(16)*
Total	**(21,110)**	**(19,119)**

Item e) **Other services – agent operations and sundry intermediation,** which reports fee and commission expense payable to our entire network, increased compared with the previous year due to the increase in recoveries by the network.

SECTION 3 – DIVIDEND INCOME AND SIMILAR REVENUE – ITEM 70

3.1 – Dividend income and similar revenue: breakdown

(€/000)

	12/31/2017		12/31/2016	
	Dividend	collective investment undertakings	Dividend	collective investment undertakings
A. Financial assets held for trading	-	-	-	-
B. Available-for-sale financial assets	-	-	-	-
C. Financial assets at fair value through profit or loss	-	-	-	-
D. Equity investments	822	-	-	-
Total	**822**	**-**	**-**	**-**

SECTION 6 – GAIN (LOSSES) ON DISPOSAL/REPURCHASE – ITEM 100

6.1 – Gains (Losses) on disposal/repurchase: breakdown

(€/000)

	12/31/2017			12/31/2016		
	Gains	Losses	Net Result	Gains	Losses	Net Result
Financial assets						
1 Loans and receivables with banks	-	-	-	-	-	-
2 Loans and receivables with customers	-	-	-	-	-	-
3 Available-for-sale financial assets	-	-	-	241	-	241
3.1 Debt securities	-	-	-	*241*	-	*241*
3.2 Equity instruments	-	-	-	-	-	-
3.3 Units in collective investment undertakings	-	-	-	-	-	-
3.4 Loans	-	-	-	-	-	-
4 Held-to-maturity investments	-	-	-	-	-	-
Total assets	**-**	**-**	**-**	**241**	**-**	**241**
	-	-	-	-	-	-
Financial liabilities	-	-	-	-	-	-
1 Due to banks	-	-	-	-	-	-
2 Due to customers	-	-	-	-	-	-
3 Debt securities in issue	-	-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**	**-**
Total Financial assets and liabilities	**-**	**-**	**-**	**241**	**-**	**241**

SECTION 7 – GAINS/LOSSES ON FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS – ITEM 110

7.1 – Net change in financial assets/liabilities at fair value through profit or loss: breakdown

(€/000)

	Unrealized profits (A)	Realized profit (B)	Unrealized losses (C)	Realized losses (D)	Net result 12/31/2017 [(A+B) -(C+D)]
1. Financial assets	-	8	(3)	(6)	**(1)**
1.1 Debt securities	-	8	(3)	(6)	**(1)**
1.2 Equity securities	-	-	-	-	**-**
1.3 Units in investment funds	-	-	-	-	**-**
1.4 Loans	-	-	-	-	**-**
2. Financial liabilities	-	-	-	-	**-**
2.1 Debt securities	-	-	-	-	**-**
2.2 Due to banks	-	-	-	-	**-**
2.3 Due to customers	-	-	-	-	**-**
3. Financial assets and liabilities in foreign currency: exchange	-	-	-	-	**-**
4. Credit and financial derivatives	-	-	-	-	**-**
Total	**-**	**8**	**(3)**	**(6)**	**(1)**

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

8.1 – Net losses on impairment of loans: breakdown

(€/000)

	Write-downs (1)			Write-backs (2)				12/31/2017 (1) + (2)	12/31/2016
	Specific			Specific		Portfolio			
	Write-offs	Other	Portfolio	Interest	Other	Interest	Other		
A. Loans and receivables with banks	-	-	-	-	-	-	-	-	-
- Loans	-	-	-	-	-	-	-	-	-
- Debt securities	-	-	-	-	-	-	-	-	-
B. Loans and receivables with customers	-	**(157)**	**(16)**	**65**	**1,709**	-	-	**1,601**	**3,333**
Purchased non-performing loans and receivables	-	(157)	-	65	1,709	-	-	1,617	-
- Loans	-	(157)	-	65	1,709	-	-	1,617	-
- Debt securities	-	-	-	-	-	-	-	-	-
Other loans	-	-	(16)	-	-	-	-	(16)	**3,333**
- Loans	-	-	(16)	-	-	-	-	(16)	3,333
- Debt securities	-	-	-	-	-	-	-	-	-
C. Total	-	**(157)**	**(16)**	**65**	**1,709**	-	-	**1,601**	**3,333**

The item reports net write-backs mainly attributable to collections on previously written-off positions in our own portfolio.

SECTION 9 – ADMINISTRATIVE COSTS – ITEM 150

9.1 - Staff expense: breakdown

(€/000)

	12/31/2017	12/31/2016
1) Employees	(43,732)	(43,619)
a) Wages and salaries	(31,110)	(30,221)
b) Social contributions	(8,149)	(9,047)
c) Employee termination benefits	(352)	(2,698)
d) Pension costs	-	-
e) Allocation to employee termination benefits provision	(68)	(105)
f) Allocation to provision for post-employment benefits and similar:	-	-
– defined contribution	-	-
- defined benefit	-	-
g) Payments to external supplementary pension funds:	(2,339)	-
– defined contribution	(2,339)	-
- defined benefit	-	-
h) Costs related to share-based payments	(473)	-
i) Other employee benefits	(1,241)	(1,548)
2) Other staff	(50)	-
3) Directors and statutory auditors	(2,922)	(2,111)
4) Retired personnel	-	-
5) Recoveries of payments for second employees to other companies	349	110
6) Refund of expenses for employees seconded to the company	(1,204)	(216)
Total	**(47,559)**	**(45,836)**

Staff expense increased compared with December 31, 2016 (€1.7 million), mainly reflecting the gradual strengthening of top management and the implementation of new post-IPO remuneration policies, which have altered the structure of variable remuneration.

9.2 - Average number of employees by category

	12/31/2017	12/31/2016
Payroll employees	632	635
a) Executiv es	22	14
b) Managers	253	262
c) Other employees	357	359
Other staff	9	-
Total	**641**	**635**

9.4 – Other employee benefits

(€/000)

	12/31/2017	12/31/2016
Voluntary termination incentiv es	(500)	(366)
Seniority bonuses	257	-
Expense for replacement of employee canteen serv ice	(409)	(527)
Supplementary health care	(530)	(596)
Donations to personnel	(36)	(41)
Other	(23)	(18)
Total	**(1,241)**	**(1,548)**

9.5 – Other administrative expense: breakdown

(€/000)

	12/31/2017	12/31/2016
1) Indirect taxes and duties	**(266)**	**(4,641)**
Settled	(266)	(2,658)
Unsettled	-	***(1,983)***
2) Miscellaneous costs and expenses	**(39,826)**	**(30,035)**
Fee to external professionals	(4,672)	(6,927)
Insurance	(1,062)	(561)
Advertising costs	(500)	(184)
Services to third parties	(24,984)	(15,453)
Buildings expenditure	(6,751)	(5,006)
- Rental of real estates	*(4,728)*	*(3,868)*
- Office maintenance	*(402)*	*(385)*
- Office cleaning	*(440)*	*(313)*
- Electricity, gas, heating, concierge and water	*(1,181)*	*(440)*
Maintenance and charges for furniture, machinery and equipment	(59)	(2)
Postage, telephone, printing and stationery	(171)	(588)
Car rental and other personnel expenses	(1,384)	(628)
Commercial information and company reports	(65)	(296)
Contributions to the National Resolution Fund	(54)	(279)
Other expenses	(124)	(111)
Total	**(40,092)**	**(34,676)**

The breakdown shows that **Indirect taxes and duties** reports the DTA fee of €4.1 million for 2016 only. The law ratifying the "Bank Rescue" Decree 15 of February 17, 2017, modified the entry into force of the DTA fee, postponing it from 2015 to 2016, establishing that amounts paid in 2016 represented the fee due for that period. Consequently, the amount provisioned in 2016 and paid in the first half of 2017 settled the amount due for the year just ended.

Miscellaneous costs and expenses posted a substantial increase mainly attributable to services to third parties that report costs for IT services connected to project activities concerning the change of information systems and the listing on the Milan Stock Exchange.
In addition, **Real estate expenses** had a greater impact compared with the previous year due to the centralisation of all facility management services with the Parent Company.
Conversely, the sub-item **Fees for external professionals**, which includes legal expenses, decreased compared with the previous year as a consequence of the transfer of the loan portfolio.

SECTION 10 – NET PROVISIONS FOR RISKS AND CHARGES – ITEM160

10.1 – Net provisions for risks and charges: breakdown

(€/000)

	12/31/2017			12/31/2016		
	Provisions	Reallocation of excess	Total	Provisions	Reallocation of excess	Total
1. Other provisions						
1.1 Legal disputes	(3,332)	1,559	(1,773)	(1,499)	6,671	5,172
- Revocatory actions in bankruptcy	-	-	-	-	-	-
- Disputes regarding employees	*(2)*	*23*	*21*	*(37)*	*553*	*516*
- Disputes for financial instruments and derivative contracts	-	-	-	-	-	-
- Other	*(3,330)*	*1,536*	*(1,794)*	*(1,462)*	*6,118*	*4,656*
1.2 Staff costs	-	-	-	-	-	-
1.3 Other	(1,846)	163	(1,683)	(1,151)	1,051	(100)
Total	**(5,178)**	**1,722**	**(3,456)**	**(2,650)**	**7,722**	**5,072**

Net provisions show a negative balance of €3.5 million, compared with a positive balance in 2016, which reflected the reversal of risk provisions for litigation and disputes that exceeded the actual liability. The increase reflected new provisions for litigation and disputes.

SECTION 11 – IMPAIRMENT/WRITE-BACKS ON PROPERTY, PLANT AND EQUIPMENT – ITEM 170

11.1 – Impairment on property, plant and equipment: breakdown

(€/000)

	Depreciation (a)	Impairment losses (b)	Write-backs (c)	Net impairment/write-back 12/31/2017 (a + b - c)
A. Property, plant and equipment				
A.1 Owned	(72)	-	-	(72)
- used in the business	*(72)*	-	-	*(72)*
- held for investment	-	-	-	-
A.2 Held under finance lease	-	-	-	-
- used in the business	-	-	-	-
- held for investment	-	-	-	-
Total	**(72)**	**-**	**-**	**(72)**

Depreciation charges were determined on an accrual basis in relation to the estimated useful life of the assets.

SECTION 12 – IMPAIRMENT/WRITE-BACKS ON INTANGIBLE ASSETS – ITEM 180

12.1 – Impairment on intangible assets: breakdown

(€/000)

	Depreciation and amortisation (a)	Write-downs for impairment (b)	Write-backs (c)	Net impairment/write-back 12/31/2017 (a + b - c)
A. Intangible assets				
A.1 Owned	*(63)*	-	-	(63)
- Generated internally by the company	-	-	-	-
- Other	*(63)*	-	-	*(63)*
A.2 Held under finance lease	-	-	-	-
Total	**(63)**	**-**	**-**	**(63)**

Depreciation charges were determined on an accrual basis in relation to the estimated useful life of the assets.

SECTION 13 – OTHER OPERATING EXPENSE AND INCOME – ITEM 190

13.1 - Other operating expense: breakdown

(€/000)

	12/31/2017	12/31/2016
Write-downs on leasehold improv emets (non-separable assets)	(151)	(55)
Outlays for miscellaneous charges from prev ious financial years	(17)	(71)
Other operating expenses of the current year	(24)	(15)
Total	**(192)**	**(141)**

13.2 – Other operating income: breakdown

(€/000)

	12/31/2017	12/31/2016
Recov ery of expenses	4,415	3,267
Rev enues from contractual and repetitiv e administrativ e serv ices	8,257	2,831
Various reimbursement of charges paid in prev ious financial years	98	181
Other operating income from current financial year	444	5,050
Total	**13,214**	**11,329**

Revenues from contractual and repetitive services mainly include revenues for administrative servicing and corporate services provider activities, also for Group companies. The increase with respect to the previous year is due to the signing in 2017 of the agreement with the companies of the aforementioned group. In 2016, the item **Other income** for the current year mainly included revenues for collections exceeding the purchase price recorded on the proprietary portfolio that occurred before the effective date of the transfer. The item decreased significantly as a result of the transaction.

SECTION 14 – PROFIT (LOSS) OF EQUITY INVESTMENTS – ITEM 210

14.1 – Profit (loss) of equity investments: breakdown

(€/000)

	12/31/2017	12/31/2016
A. Income	-	150
1. Rev aluations	-	-
2. Gains on disposal	-	-
3. Write-backs	-	150
4. Other Gains	-	-
B. Expense	-	(211)
1. Write-downs	-	-
2. Impairment loss	-	-
3. Losses on disposal	-	-
4. Other expenses	-	(211)
Total	**-**	**(61)**

SECTION 18 – INCOME TAX EXPENSE FROM CONTINUING OPERATIONS – ITEM 260

18.1 – Income tax expense from continuing operations: breakdown

(€/000)

	12/31/2017	12/31/2016
1. Current taxes (-)	(5,535)	(6,900)
2. Adjustment to current tax of prior years (+/-)	(275)	-
3. Reduction of current taxes for the year (+)	-	-
3.bis Reduction in current tax for the year due tax credits under L.214/2011 (+)	-	-
4. Changes in deferred tax assets (+/-)	(11,484)	(14,140)
5. Changes in deferred tax liabilities (+/-)	-	-
6. Taxes expense for the year (-) (-1+/-2+3+/-4+/-5)	(17,294)	(21,040)

18.2 – Reconciliation of theoretical tax charge to actual tax charge

(€/000)

	12/31/2017	12/31/2016
Total profit (loss) before tax from continuing operations (item 270)	**51,224**	**62,058**
Theoretical tax rate	27.50%	27.50%
Theoretical computed taxes on income	(14,087)	(17,066)
1. Different tax rates	-	-
2. Non-taxable income - permanent differences	215	-
3. Non-deductible expenses - permanent differences	(218)	(244)
4. IRAP (regional business tax)	(3,130)	(3,600)
5. Prior years and changes in tax rates	-	-
a) Effect on current taxes	-	-
- tax loss carryforward/unused tax credit	-	-
- other effects of previous periods	-	-
b) Effect on deferred taxes	-	-
- changes in tax rate	-	-
- tax recoveries from previous years deductible costs (-)	-	-
- tax adjustments temporary non-deductible costs (+)	-	-
- establishment of new taxes (-) repeal of previous taxes (+)	-	-
6. Valuation adjustments and non-recognition of deferred taxes assets/liabilities	-	-
- Deferred tax assets write-downs	-	-
- Deferred tax assets recognition	-	-
- Deferred tax assets non-recognition	-	-
- Deferred tax asset/liability non-recognition in accordance with IAS 12.39 and 12.44	-	-
7. Measurement of associates	-	-
8. Other differences	(74)	(130)
Income tax recognised in income statement	**(17,294)**	**(21,040)**

The table was prepared on the basis of a nominal IRES rate of 27.50%, while the IRAP rates were 5.57% for the region of Veneto and 4.82% for the region of Lazio.

SECTION 21 – EARNINGS PER SHARE

21.1 - Average number of ordinary shares with diluted capital

(€)

	12/31/2017	12/31/2016
Net profit	33,930,033	41,017,846
Av erage number of shares in circulation	78,250,000	7,825,000
Earnings per share (€)	0.4336	5.2419

As a result of the listing process, the number of shares was increased, with the number of shares in circulation rising from 7,825,000 to 78,250,000.

PART D – STATEMENT OF COMPREHENSIVE INCOME

DETAILED BREAKDOWN OF COMPREHENSIVE INCOME

(€/000)

			Gross amount	Income tax	Net amount
10.		Net profit (loss) for the year	X	X	33,930
		Other comprehensiv e income not recycled to profit or loss			
20.		Property, plant and equipment	-	-	-
30.		Intangible assets	-	-	-
40.		Defined-benefit plans	(214)	59	(155)
50.		Non-current assets classified as held for sale	-	-	-
60.		Share of v aluation reserv es of equity accounted inv estments	-	-	-
		Other comprehensiv e income not recycled to profit or loss			
70.		Hedges of foreign inv estments:	-	-	-
	a)	fair v alue changes	-	-	-
	b)	reclassification to profit or loss	-	-	-
	c)	other changes	-	-	-
80.		Exchange differences	-	-	-
	a)	fair v alue changes	-	-	-
	b)	reclassification to profit or loss	-	-	-
	c)	other changes	-	-	-
90.		Cash flow hedges	-	-	-
	a)	fair v alue changes	-	-	-
	b)	reclassification to profit or loss	-	-	-
	c)	other changes	-	-	-
100.		Av ailable for sale financial assets	-	-	-
	a)	fair v alue changes	1,552	(427)	1,125
	b)	reclassification to profit or loss	-	-	-
		- impairment losses	-	-	-
		- gains/losses on disposal	-	-	-
	c)	other changes	-	-	-
110.		Non-current assets classified as held for sale	-	-	-
	a)	fair v alue changes	-	-	-
	b)	reclassification to profit or loss	-	-	-
	c)	other changes	-	-	-
120.		Share of v aluation reserv es of equity accounted inv estments	-	-	-
	a)	fair v alue changes	-	-	-
	b)	reclassification to profit or loss	-	-	-
		- impairment losses	-	-	-
		- gains/losses on disposal	-	-	-
	c)	other changes	-	-	-
130.		**Total other comprehensive income**			**970**
140.		**Comprehensive income (items 10 + 130)**			**34,900**

PART E - INFORMATION ON RISKS AND RISK MANAGEMENT POLICIES

Introduction

The Internal Control and Risk Management System consists of the set of rules, procedures and organisational structures designed to identify, measure and monitor the main risks. Consistent with the provisions of Circular no. 285 of December 17, 2013 as updated, doBank assigns strategic importance to the Internal Control System, considering it not only a key element in ensuring effective risk management and the alignment of the company's strategies and policies with the principles of sound and prudent management, but also as a prerequisite for the creation of long-term value, for preserving the quality of the assets and for the appropriate allocation of capital.

doBank has structured the Internal Control System so as to ensure a high level of integration and coordination among the actors within the system, in compliance with the principles of proportionality. The guidelines for the system have been set out in specific internal regulations. The detailed operating instructions and information regarding the controls carried out at the various levels of the company processes are contained in specific policies Regulations and internal procedures.

In line with the risk-based approach, doBank controls and manages the risks to which it is exposed using methods and processes that are monitored and controlled by the Risk Management department, in compliance with prudential supervisory regulations. This department is permanent and independent and performs second level controls.

With regard to risk governance, in line with supervisory requirements, doBank reviews at least annually the strategic guidelines of the "Risk Appetite Framework", which are subject to approval by the Board of Directors, and of the risk management policies.

SECTION 1 – CREDIT RISK

Qualitative disclosures

1. General aspects

During 2017 doBank continued its credit activity, albeit with limited volumes. After routine processing, proposal and authorization activities performed in compliance with the principle of assessing creditworthiness, and in accordance with the instructions of the supervisory authorities, the Bank continue the granting and reviewing of loans, in the form of both revocable unsecured credit facilities and long-term mortgage loans for the purpose of acquiring properties in foreclosure auctions organized by Italian courts.

2. Credit risk management policies

2.1 Organisational aspects

Credit risk is defined as the risk for the creditor that a borrower will not discharge a financial obligation at maturity or subsequently. Against this risk, doBank has adopted appropriate internal management processes (risk measurement, application processing, disbursement, control and monitoring of developments in exposures, review of credit lines, classification of exposures, intervention in the event of anomalies, criteria for the classification, measurement and management of impaired exposures) that have been defined considering the principle of proportionality and undergo periodic review.

Credit operations arising from the performance of banking activities can expose doBank to the risk of default, i.e. the risk of incurring losses due to the failure of a counterparty to perform its contractual obligations or to a reduction in the quality of the credit granted to the counterparty. This type of risk is therefore a function both of the intrinsic solvency of the debtor and of the economic conditions of the market in which the debtor operates.

doBank is also exposed to the credit risk generated by servicing agreements under which doBank accrues trade receivables in respect of counterparties, who may default due to insolvency, political and economic events, liquidity shortages, operational deficiencies or other reasons.

doBank has organizational units devoted to the management and control of credit risk. The Credit Assessment unit within the Risk Management department plays a key role in assessing the creditworthiness of counterparties, actively participating in the phases of the lending process with the issue of non-binding opinions that accompany proposals for the granting and/or modification/revision of a loan before it is submitted to the competent decision-making body of the Bank for approval. The unit also participates in the position monitoring phase and, above all, when the status of an exposure could be deteriorating, delineating the overall situation of the customer and coordinating with the commercial unit in charge of managing the customer relationship. In turn, Risk Management, within the scope of its activities, ensures that the necessary second-level controls are performed to ensure the monitoring of credit exposures, the classification of those exposures and the measurement of the related provisions.

Credit risk is also addressed within the Risk Appetite Statement with the definition of a system of threshold values (Target, Trigger and Tolerance) that Risk Management monitors to ensure compliance.

2.2 Management, measurement and control systems

For the purposes of determining the prudential capital requirement for credit risk, doBank adopts the standardized approach in accordance with prudential regulations (Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013 - the CRR), dividing its exposures into portfolios and applying differentiated prudential treatments to each, consistent with the relevant supervisory regulations. doBank does not use external ratings assigned by external rating agencies (ECAIs), recognized for prudential purposes on the basis of specific regulations, to assess credit worthiness.

With regard to individual non-performing positions (which are marginal in number and in carrying amount), the procedures and tools supporting the activity of the workout units always enable position managers to prepare accurate forecasts of the amounts and timing of expected recoveries on the individual relationships in accordance with the state of progress in the recovery management process. These analytical evaluations take account of all the elements objectively connected with the counterparty and are in any case conducted by the position managers in compliance with the principle of sound and prudent management.

With regard to the granting of loans - a minor activity compared with the core business of the Bank, which is focused mainly on servicing activities - doBank performed control activities for the entire relatively small portfolio. This approach makes it possible to promptly detect any possible deterioration in counterparty creditworthiness, thereby enabling implementation of all the activities deemed appropriate or necessary to ensure compliance with the principle of sound and prudent management of banking assets.

The initiatives implemented undertaken include the updating and revision during the year of the credit policy on the granting of loans and credit lines on current accounts, which contains the guidelines for the two credit products currently offered to doBank customers.

In the second half of the year, doBank activated a process for the implementation of the principles enshrined in IFRS 9 Financial Instruments, the new accounting standard, which came into force on January 1, 2018 to replace the previous IAS 39, with impacts on the methods for the classification and measurement of financial instruments and on the principles and procedures for calculating impairment adjustments.

This process ensures the operational implementation of the principle is aligned with best practices and is as faithful as possible to the substantive intent of the provisions of IFRS 9, taking into consideration the specific nature of the core business of doBank. IFRS 9 introduces a model under which the classification of financial assets is guided, on the one hand, by the contractual characteristics of the cash flows of the instruments and, on the other, by the management intent with which these instruments are held (the doBank's business model).

Within the scope of the IFRS 9 project, doBank carried out in-depth analyses aimed at identifying the main impacts, initiating implementation of the applicative and organizational measures necessary for the consistent, comprehensive and effective adoption of the provisions of the standard. In addition, internal regulations were revised in the light of the new rules, with the aim of formalising the doBank's business model and defining impairment criteria.

.

2.3 Credit risk mitigation techniques

Medium/long-term loans, aimed primarily at consumer households for the purchase of assets in foreclosure auctions, are all secured by suitable collateral in the form of voluntary first mortgages on those assets, which can all be classified as residential buildings.
These guarantees are acquired on the basis of expert appraisals consistent with the model adopted and in compliance with the supervisory regulations in this area.
doBank has adjusted its policies for granting loans secured by mortgages on properties to the applicable regulatory provisions, ensuring that the acquisition and management of mortgages takes place in a manner that ensures both their effectiveness in respect of third parties and their reasonably prompt enforceability.
In order to guarantee the eligibility of mortgage guarantees on residential and non-residential properties, in compliance with supervisory regulations, the Bank verifies the absence of any correlation between the value of the property and the creditworthiness of the borrower, thus ascertaining that the borrower's capacity to repay the loan does not depend to a significant extent on the cash flows generated by the building pledged as collateral, but rather on the borrower's ability to repay the debt by drawing on other documented sources.
In order to ensure an appraisal consistent with the actual risk inherent in the secured asset, the Bank monitors the value of the mortgaged property at least once a year in the case of non-residential properties and once every three years for residential" properties, unless more frequent checks would be warranted by market conditions subject to significant changes, revising the valuation of the property pledged as collateral when the available information indicates that its value could be significantly reduced in relation to the general price level in the reference market.

2.4 Impaired financial assets

Monitoring positions and proposing reclassification to a higher risk category is the responsibility of the units in charge of managing the position, while the Risk Management department is responsible for verifying the appropriateness and consistency of the classifications and the suitability of provisions.
In this context, doBank is equipped with IT units and procedures for the management, classification and control of loans in relation to the nature and composition of its loan portfolio.
doBank assesses its positions using the so-called analytical approach based on the findings of its position monitoring process.
When a debtor belongs to an economic group, an assessment is conducted of the need to consider the exposures of other group entities as impaired as well if those positions are not already considered in default, with the exception of exposures involved in isolated disputes that are not correlated with the solvency of the counterparty.
The principles for the determination of provisions remain unaffected, with those provisions being assessed periodically and any time significant new information is acquired, as well as in relation to the evolution of the outlook for recovery and the strategies implemented.
The main elements considered in an accurate assessment of expected loss are the following:

- assets of the customer and any guarantors (net of any encumbrances);
- the current and prospective performance and financial position of the principal obligor;
- the existence of any repayment plans, duly agreed by all guarantors, and their regular performance;
- the value and enforceability of existing guarantees;
- collateral (most often) or unsecured guarantees obtained voluntarily or acquired through a court order.

The criteria for determining impairment losses are based on the discounting of expected cash flows in respect of principal and interest. For the purpose of determining the present value, the key elements are represented by the identification of the estimated collections, the dates on which they fall due and the discount rate to be applied. To estimate collections on problem loans, analytical forecasts are used. As regards the time component, reference is made to detailed payment plans or, in their absence, estimated values, if available.

Quantitative disclosures

A - CREDIT QUALITY

A.1 - Non-performing and performing loans: amounts, write-downs, changes, distribution by business activity/region

A.1.1 - Breakdown of financial assets by portfolio and credit quality (carrying value)

(€/000)

	Bad loans	Unlikely to pay	Non-performing past-due	Other performing past-due	Performing exposures	Total
1. Available-for-sale financial assets	-	-	-	-	8,737	8,737
2. Held-to-maturity financial instruments	-	-	-	-	-	-
3. Loans and receivables with banks	-	-	-	-	26,524	26,524
4. Loans and receivables with customers	265	-	-	55	5,425	5,745
5. Financial assets at fair value through profit or loss	-	-	-	-	-	-
6. Financial instruments classified as held for sale	-	-	-	-	-	-
Total 12/31/2017	**265**	**-**	**-**	**55**	**40,686**	**41,006**
Total 12/31/2016	**539**	**-**	**-**	**112**	**55,787**	**56,438**

A.1.2 - Breakdown of credit exposures by portfolio and credit quality (gross and net values)

(€/000)

	Non-performing assets			Performing assets			
	Gross exposure	Specific write-downs	Net exposure	Gross exposure	Portfolio adjustments	Net exposure	Total (net exposure)
1. Available-for-sale financial assets	-	-	-	8,737	-	8,737	8,737
2. Held-to-maturity financial instruments	-	-	-	-	-	-	-
3. Loans and receivables with banks	-	-	-	26,524	-	26,524	26,524
4. Loans and receivables with customers	725	(460)	265	5,502	(22)	5,480	5,745
5. Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
6. Financial instruments classified as held for sale	-	-	-	-	-	-	-
Total 12/31/2017	**725**	**(460)**	**265**	**40,763**	**(22)**	**40,741**	**41,006**
Total 12/31/2016	**907**	**(368)**	**539**	**55,905**	**(6)**	**55,899**	**56,438**

As provided for by Circular 262, in the following tables on credit quality, on-balance-sheet exposures include all on-balance-sheet financial assets in respect of banks or customers, regardless of the accounting portfolio in which they have been classified. Accordingly, they also include financial assets held for sale.

A.1.3 - On and off-balance sheet credit exposures to banks: gross and net values and time past-due buckets

(€/000)

	Gross exposure					Specific write-downs	Portfolio adjustments	Net exposure
	Non-performing assets				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: forborne exposures	-	-	-	-	-	-	-	-
b) Unlikely to pay	-	-	-	-	-	-	-	-
- of which: forborne exposures	-	-	-	-	-	-	-	-
c) Non-performing past-due	-	-	-	-	-	-	-	-
- of which: forborne exposures	-	-	-	-	-	-	-	-
d) Performing past-due	-	-	-	-	-	-	-	-
- of which: forborne exposures	-	-	-	-	-	-	-	-
e) Other performing exposures	-	-	-	-	26,524	-	-	26,524
- of which: forborne exposures	-	-	-	-	-	-	-	-
Total A	**-**	**-**	**-**	**-**	**26,524**	**-**	**-**	**26,524**
B. Off-balance sheet exposures	-	-	-	-	-	-	-	-
a) Non-performing	-	-	-	-	-	-	-	-
b) Performing	-	-	-	-	-	-	-	-
Total B	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total A+B	**-**	**-**	**-**	**-**	**26,524**	**-**	**-**	**26,524**

A.1.6 On and off-balance sheet credit exposure to customers: gross and net values and time past-due buckets

(€/000)

	Gross exposure					Specific writedowns	Portfolio adjustments	Net exposure
	Non-performing assets				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	-	-	1	724	-	(460)	-	265
- of which: forborne exposures	-	-	-	-	-	-	-	-
b) Unlikely to pay	-	-	-	-	-	-	-	-
- of which: forborne exposures	-	-	-	-	-	-	-	-
c) Non-performing past-due	-	-	-	-	-	-	-	-
- of which: forborne exposures	-	-	-	-	-	-	-	-
d) Performing past-due	-	-	-	-	60	-	(5)	55
- of which: forborne exposures	-	-	-	-	-	-	-	-
e) Other performing exposures	-	-	-	-	14,179	-	(17)	14,162
- of which: forborne exposures	-	-	-	-	-	-	-	-
Total A	**-**	**-**	**1**	**724**	**14,239**	**(460)**	**(22)**	**14,482**
B. Off-balance sheet exposures	-	-	-	-	-	-	-	-
a) Non-performing	-	-	-	-	-	-	-	-
b) Performing	-	-	-	-	14,706	-	-	14,706
Total B	**-**	**-**	**-**	**-**	**14,706**	**-**	**-**	**14,706**
Total A+B	**-**	**-**	**1**	**724**	**28,945**	**(460)**	**(22)**	**29,188**

On-balance-sheet exposures include all on-balance-sheet financial assets in respect of customers, regardless of the portfolio in which they have been classified (trading, available for sale, held to maturity, loans and receivables, assets measured at fair value, financial assets held for sale), while the "gross" exposure of on-balance-sheet financial assets is equal to:

a) to the book value of final inventories before measurement for those classified as measured at fair value;

b) to the carrying amount of the financial assets gross of specific and portfolio write-downs for other assets.

A.1.7 - On balance sheet exposures to customers: change in gross non-performing exposures

(€/000)

	Bad loans	Unlikely to pay	Non-performing past-due
A. Opening balance - gross exposure	**907**	**-**	**-**
- of which: assets sold but not derecognised	-	-	-
B. Increases	**1,734**	**-**	**-**
B.1 Transfers from performing loans	-	-	-
B.2 transfers from other categories of non-performing exposure	-	-	-
B.3 other increases	1,734	-	-
C. Reduction	**(1,916)**	**-**	**-**
C.1 transfers to performing loans	-	-	-
C.2 write-offs	-	-	-
C.3 collections	(1,916)	-	-
C.4 sales	-	-	-
C.5 losses on disposals	-	-	-
C.6 transfers to other categories of non-performing exposure	-	-	-
C.7 Other reductions	-	-	-
D. Closing balance-gross exposure	**725**	**-**	**-**
- of which: assets sold but not derecognised	-	-	-

A.1.8 - Non-performing on balance sheet credit exposures to customers: changes in overall impairment

(€/000)

	Bad loans		Unlikely to pay		Non-performing exposures	
	Total	- of which: exposures with forbearance	Total	- of which: exposures with forbearance	Total	- of which: exposures with forbearance
A. Total opening write-downs	**367**	**-**	**-**	-	-	**-**
- of which: assets sold but not derecognised	-	-	-	-	-	-
B. Increases	**172**	**-**	**-**	**-**	**-**	**-**
B.1. Write-downs	172	-	-	-	-	-
B.2 Losses on disposals	-	-	-	-	-	-
B.3 transfers from other categories of non-performing exposure	-	-	-	-	-	-
B.4 other increases	-	-	-	-	-	-
C. reductions	**(79)**	**-**	**-**	**-**	**-**	**-**
C.1. write-backs from v aluation	(79)	-	-	-	-	-
C.2. write-backs from collections	-	-	-	-	-	-
C.3 gains on disposal	-	-	-	-	-	-
C.4 write-offs	-	-	-	-	-	-
C.5 transfers to other categories of non-performing exposure	-	-	-	-	-	-
C.6 Other reductions	-	-	-	-	-	-
D. Final gross write-downs	**460**	**-**	**-**	**-**	**-**	**-**
- of which: assets sold but not derecognised	-	-	-	-	-	-

A.2 - Classification of exposures using external and internal ratings

doBank does not use internal ratings or external ratings assigned by recognised rating agencies (ECAI) to assess creditworthiness. Accordingly, no classification in recognised.

A.2.1 - Breakdown of on-balance-sheet and off-balance-sheet credit exposures by external rating class

The distribution of exposures by external rating is not material for doBank, given that its customers are largely unrated. Accordingly, no breakdown is reported.

A.2.2 - Breakdown of on-balance-sheet and off-balance-sheet credit exposures by internal rating class

doBank does not use internal ratings to manage credit risk.

A.3 - Breakdown of secured credit exposures by type of guarantee

A.3.2 - Secured credit exposures to customers

(€/000)

		Collateral (1)				Uncollateralized guarantees (2)								
						Credit derivatives					Guarantees			
							Other derivatives							
	Net exposure	Real estate - mortgages	Real estate - financial lease	Securities	Other collateral	CLN	Governments and Central banks	Other public entities	Banks	Other entities	Governments and Central banks	Other public entities	Banks	Other entities	Total (1) + (2)
1. Secured on balance sheet credit exposures:															
1.1 Fully secured	1,200	1,147	-	-	-	-	-	-	-	-	-	-	-	53	1,200
- of which non-performing	108	55	-	-	-	-	-	-	-	-	-	-	-	53	108
1.2 Partially secured	134	52	-	-	-	-	-	-	-	-	-	-	-	82	134
- of which non-performing	134	52	-	-	-	-	-	-	-	-	-	-	-	82	134
2. Secured off-balance sheet credit exposures:															
2.1 Fully secured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Partially secured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

B - DISTRIBUTION AND CONCENTRATION OF LOAN EXPOSURE

As provided for by the supervisory regulations, note that in the following tables on the distribution and concentration of credit exposures, on-balance-sheet and off-balance-sheet exposures include all on- and off-balance-sheet financial assets in respect of banks or customers, regardless of the accounting portfolio in which they have been classified. Accordingly, they also include financial assets held for sale.
The distribution of on- and off-balance-sheet exposures by economic sector to which debtors and issuers (for guarantees issued) belong is determined in accordance with the classification criteria set out in the document "*Classificazione della clientela per settori e gruppi di attività economica*" (Customer classification by sectors and groups of economic activity) published by the Bank of Italy.

B.1 - Distribution of on- and off-balance sheet credit exposures to customers by sector (carrying amount)

(€/000)

Exposure/Counterparties	Governments			Other public entities			Financial companies		
	Net exposure	Specific write-downs	Portfolio adjustments	Net exposure	Specific write-downs	Portfolio adjustments	Net exposure	Specific write-downs	Portfolio adjustments
A. On balance sheet exposure									
A.1 Bad loans	-	-	-	-	-	-	-	-	-
- of which: forborne exposures	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-	-
- of which: forborne exposures	-	-	-	-	-	-	-	-	-
A.3 Non-performing past-due	-	-	-	-	-	-	-	-	-
- of which: forborne exposures	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	1,297	-	12	-	-	-	7,734	-	-
- of which: forborne exposures	-	-	-	-	-	-	-	-	-
Total A	1,297	-	12	-	-	-	7,734	-	-
B. Off-balance sheet exposures									
B.1 Bad loans	-	-	-	-	-	-	-	-	-
B.2 Unlikely to pay	-	-	-	-	-	-	-	-	-
B.3 Other non-performing exposures	-	-	-	-	-	-	-	-	-
B.4 Performing exposures	-	-	-	-	-	-	-	-	-
Total B	-	-	-	-	-	-	-	-	-
Total 12/31/2017 (A+B)	**1,297**	**-**	**12**	**-**	**-**	**-**	**7,734**	**-**	**-**
Total 12/31/2016 (A+B)	**1,108**	**-**	**(3)**	**-**	**-**	**-**	**8,365**	**-**	**-**

(€/000)

Exposure/Counterparties	Insurance companies			Non-financial companies			Other		
	Net exposure	Specific write-downs	Portfolio adjustments	Net exposure	Specific write-downs	Portfolio adjustments	Net exposure	Specific write-downs	Portfolio adjustments
A. On balance sheet exposure									
A.1 Bad loans	-	-	-	200	(450)	-	64	(10)	-
- of which: forborne exposures	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-	-
- of which: forborne exposures	-	-	-	-	-	-	-	-	-
A.3 Non-performing past-due	-	-	-	-	-	-	-	-	-
- of which: forborne exposures	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	-	-	-	4,085	-	(9)	1,102	-	(2)
- of which: forborne exposures	-	-	-	-	-	-	-	-	-
Total A	-	-	-	4,285	(450)	(9)	1,166	(10)	(2)
B. Off-balance sheet exposures									
B.1 Bad loans	-	-	-	-	-	-	-	-	-
B.2 Unlikely to pay	-	-	-	-	-	-	-	-	-
B.3 Other non-performing exposures	-	-	-	-	-	-	-	-	-
B.4 Performing exposures	-	-	-	29,412	-	-	-	-	-
Total B	-	-	-	29,412	-	-	-	-	-
Total 12/31/2017 (A+B)	**-**	**-**	**-**	**33,697**	**(450)**	**(9)**	**1,166**	**(10)**	**(2)**
Total 12/31/2016 (A+B)	**-**	**-**	**-**	**923**	**(354)**	**(2)**	**1,232**	**(13)**	**(2)**

B.2 - Distribution of on- and off-balance-sheet credit exposures to customers by geographical area (carrying amount)

(€/000)

Exposure/Geographical area	Italy		Other European		Americas		Asia		Rest of the world	
	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
A. On balance sheet exposures										
A.1 Bad loans	265	(460)	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-	-	-
A.3 Non-performing past-due	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	14,217	(22)	-	-	-	-	-	-	-	-
Total A	**14,482**	**(482)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Off-balance sheet exposures										
B.1 Bad loans	-	-	-	-	-	-	-	-	-	-
B.2 Unlikely to pay	-	-	-	-	-	-	-	-	-	-
B.3 Other non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.4 Performing exposures	29,412	-	-	-	-	-	-	-	-	-
Total B	**29,412**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total 12/31/2017 (A+B)	**43,894**	**(482)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total 12/31/2016 (A+B)	**11,628**	**(374)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

B.3 - Distribution of on- and off-balance-sheet credit exposures to banks by geographical area (carrying amount)

(€/000)

Exposure/Geographical area	Italy		Other European		Americas		Asia		Rest of the world	
	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
A. On-balance-sheet exposures										
A.1 Bad loans	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-	-	-
A.3 Non-performing past-due	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	26,524	-	-	-	-	-	-	-	-	-
Total A	**26,524**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Off-balance-sheet exposures										
B.1 Bad loans	-	-	-	-	-	-	-	-	-	-
B.2 Unlikely to pay	-	-	-	-	-	-	-	-	-	-
B.3 Other non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.4 Performing exposures	-	-	-	-	-	-	-	-	-	-
Total B	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total 12/31/2017 (A+B)	**26,524**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total 12/31/2016 (A+B)	**44,810**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

B.4 - Large exposures

This item reports the value (weighted and unweighted amounts) and the number of positions that constitute "large exposures" in accordance with the provisions of Circular no. 286 of December 17, 2013 "Instructions for the compilation of supervisory reports for banks and securities investment firms" issued by the Bank of Italy.

(€/000)

	12/31/2017	12/31/2016
a) Amount (carrying value)	220,870	288,427
b) Amount (weighted value)	112,011	129,713
c) Number of positions	4	3

Other quantitative disclosures on credit risk

With regard to the calculation of capital requirements and in particular the credit risk capital requirement, the reported amounts are given in the following table, indicating nominal and weighted values (in euros):

	12/31/2017	
	Exposure amount (€)	Risk weighted exposure after application of the SMEs support factor (€)
Exposures to central governments or central banks	67,239,413	71,732,218
Exposures to non profit and public-sector entities	188,334	37,667
Exposures to supervised entities	77,915,480	15,583,096
Exposures to corporates and other entities	39,655,143	26,628,707
Retail exposures	458,709	344,032
Exposures secured by real estate	1,092,056	388,053
Past-due exposures	264,872	264,966
Exposure to collective investment undertakings	29,926,682	44,890,023
Equity exposures	26,057,906	26,057,906
Other exposures	2,892,291	2,890,370
Credit risk - Standardadized Approach	**245,690,886**	**188,817,036**

Note that the exposures measured using the standardised approach also include deferred tax assets, broken down as follows:

- those that are not based on future profitability and which meet the requirements of Art. 39 of Regulation 575/2013. As mentioned above, for these components, which amount to €55.4 million, the applicable regulations provide for the application of a 100% risk weighting;
- those that are based on future profitability and originate from temporary differences, and for which the weighting applied is 250%, as provided for by Art. 48 of Regulation 575/2013, as they are within the threshold of 10% of own funds, equal to €6.5 million.

The measurement using the standardised approach of assets, resulted in the recognition of risk weighted assets of €188.8 million, which corresponds to a capital requirement of 8% or €15.1 million.

C - SECURITISATIONS

Qualitative disclosures

On September 30, 2016, the assignment of the non-performing portfolio of doBank to the securitisation vehicle Romeo SPV Srl ("Romeo") was finalised. Romeo was established pursuant to Law 130/1999. Subsequently, during the second quarter of 2017, the unsecured portion of the portfolio was transferred to the vehicle Mercuzio Securitisation S.r.l. ("Mercuzio") and at the same time the issue of ABSs by both the SPVs was completed with a single tranche of securities. doBank, as originator, has subscribed a nominal amount of notes equal to 5% of the total securities issued in order to comply with the provisions of the retention rule referred to in Regulation (EU) 575/2013 (the CRR).
In both operations, doBank plays the role of Servicer and Administrative Services Provider.

Information on securitisations

The tables below summarise the securitisations originated by the Bank whose securities were subsequently sold.

SECURITISATION NAME:	ROMEO SPV
Type of transaction:	Traditional - Self-securitization
Originator:	doBank S.p.A.
Issuer:	Romeo SPV S.r.l.
Servicer:	doBank S.p.A.
Arranger:	-
Target transaction:	Funding
Type of assets securitised:	ordinary loans - mortgages - funding
Quality of assets securitised:	Non-performing loans
Closing date:	9/30/2016
Date of transfer to Mercuzio Securitisation:	4/7/2017
Nominal value of reference portfolio:	1,305,684,292 €
Net amount of pre-existing writedowns/writebacks:	90,166,017 €
Disposal Profit & Loss realized:	0 €
Portfolio disposal price:	90,166,017 €
Issue guarantees granted by the bank:	-
Issue guarantees granted by third parties:	-
Bank lines of credit:	-
Third parties lines of credit:	-
Other credit enhancements:	None
Other relevant information:	None
Ratings Agencies:	No Rating Agency
Amount of CDS or other supersenior risk transferred:	-
Amount and conditions of tranching:	
. ISIN	IT0005248981
. Type of security	Single tranche
. Class	A
. Rating	n.d.
. Quatation	not listed
. Issue date	5/18/2017
. Legal maturity	4/27/2037
. Call option	none
. Expected duration	11 years
. Rate	16.25%
. Subordinated level	none
. Reference position	128,000,000 €
. Nominal value at end of financial year	83,113,599 €
. Security subscribers	Romeo S.C.S; doBank S.p.A.
Distribution of securitised assets by geographic area	
Italy - Northwest	193,564,332 €
- Northeast	156,835,225 €
- Central	692,852,856 €
- South and Islands	260,724,298 €
Other European countries - EU	-
- Non-EU countries	-
America	-
Rest of the World	1,707,581 €
TOTAL	**1,305,684,292 €**
Main economic sectors of transferred debtors:	
Governments	81,761 €
other public bodies	-
banks	1,428,345 €
financial companies	-
insurance	1,173,023,756 €
non-financial companies	131,150,431 €
other subjects	-
TOTAL	**1,305,684,292 €**

SECURITISATION NAME:	**MERCUZIO SECURITISATION**
Type of transaction:	Traditional - Self-securitization
Originator:	Romeo SPV S.r.l.
Issuer:	Mercuzio Securitisation S.r.l.
Servicer:	doBank S.p.A.
Arranger:	-
Target transaction:	Funding
Type of assets securitised:	ordinary loans - mortgages - funding
Quality of assets securitised:	Non-performing loans
Closing date:	4/7/2017
Nominal value of reference portfolio:	1,871,733,955 €
Net amount of pre-existing writedowns/writebacks:	77,136,699 €
Disposal Profit & Loss realized:	-10,409,726 €
Portfolio disposal price:	66,726,973 €
Issue guarantees granted by the bank:	-
Issue guarantees granted by third parties:	-
Bank lines of credit:	-
Third parties lines of credit:	-
Other credit enhancements:	None
Other relevant information:	None
Ratings Agencies:	No Rating Agency
Amount of CDS or other supersenior risk transferred:	-
Amount and conditions of tranching:	
. ISIN	IT0005251126
. Type of security	Single tranche
. Class	A
. Rating	n.d.
. Quatation	not listed
. Issue date	5/30/2017
. Legal maturity	7/26/2037
. Call option	none
. Expected duration	10 years
. Rate	16.25%
. Subordinated level	none
. Reference position	40,000,000 €
. Nominal value at end of financial year	35,351,514 €
. Security subscribers	Fortress Italian NPL Opportunities Series Fund LLC - Series 7; doBank S.p.A.
Distribution of securitised assets by geographic area	
Italy - Northwest	309,827,093 €
- Northeast	287,065,495 €
- Central	832,969,823 €
- South and Islands	437,609,657 €
Other European countries - EU	-
- Non-EU countries	-
America	-
Rest of the World	4,261,928 €
TOTAL	**1,867,472,067 €**
Main economic sectors of transferred debtors:	
Governments	-
other public bodies	29,349 €
banks	-
financial companies	31,574,987 €
insurance	-
non-financial companies	1,660,615,126 €
other subjects	179,514,533 €
TOTAL	**1,871,733,995 €**

Quantitative disclosures

C.1 - Exposures in respect of main own securitizations by type of securitized assets and type of exposure

(€/000)

	On-balance-sheet exposure						Guarantees issued						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Carrying amount	Write-downs/Write-backs	Carrying amount	Write-downs/Write-backs	Carrying amount	Write-downs/Write-backs	Carrying amount	Write-downs/Write-backs	Carrying amount	Write-downs/Write-backs	Carrying amount	Write-downs/Write-backs	Carrying amount	Write-downs/Write-backs	Carrying amount	Write-downs/Write-backs	Carrying amount	Write-downs/Write-backs
A. Fully derecognized																		
Non-performing assets																		
- A.1 Non-performing loans	-	-	-	-	7,558	1,635	-	-	-	-	-	-	-	-	-	-	-	-
Romeo SPV S.r.l.	-	-	-	-	5,351	1,195	-	-	-	-	-	-	-	-	-	-	-	-
Mercuzio Securitisation S.r.l.	-	-	-	-	2,207	440	-	-	-	-	-	-	-	-	-	-	-	-
B. Partially derecognized																		
Type of activity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B. Not derecognized																		
Type of activity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

For the purposes of the table, the share of ABSs subscribed by doBank equal to 5% of the total is classified among the Junior exposures, despite the fact that the two securitisations transactions have a single tranche.

In order to ensure the prevalence of substance over form, in the above table of "self" securitisations, both of the aforementioned transactions are reported, despite the fact that from a formal point of view Mercuzio Securitisation S.r.l. was originated with the transfer of the portfolio from Romeo SPV S.r.l. and not directly originated by doBank.

The write-downs/write-backs show the fair value measurement that was recognised in a special equity valuation reserve.

C.3 – Special purpose securitization vehicles

(€/000)

	Registered office	Consolidation	Assets			Liabilities			
			Loans	Debt securities	Other	Senior	Mezzanine	Junior	
Romeo SPV S.r.l.	Verona	NO	-	5,351	-	-	-	-	-
Mercuzio Securitisation S.r.l.	Verona	NO	-	2,207	-	-	-	-	-

C.4 - Unconsolidated special purpose securitisation vehicles

Nature of the involvement

The securitisation vehicles Romeo SPV S.r.l. and Mercuzio Securitisation S.r.l. fall within the scope of unconsolidated securitisations as the doBank's interest is limited to the subscription of 5% of the total notes issued.

Nature of the risks

The total exposures to Romeo and Mercuzio represented by the ABSs subscribed are indicated below, as well as the maximum exposure to loss deriving from the interest in the vehicles, essentially consisting of the associated carrying amount.

No liabilities or guarantees or other loans have been issued to these entities, either in the form of a contract or implicit in the form of financial support without a contractual obligation.

(€/000)

	Amounts at 12/31/2017						
	Classification under assets	Total Assets (A)	Classification under liabilities	Total Liabilities (B)	Net carrying amount (C=A-B)	Maximum exposure to risk of loss (D)	Difference between exposures to risk of loss and carrying amount (E=D-C)
		7,558	-	**-**	**7,558**	**7,558**	**-**
Vehicle company issuing ABS	*HFT*	-	*Payables*	-	-	-	-
	FVO	-	*Securities*	-	-	-	-
	AFS	7,558	*HFT*	-	-	-	-
	HTM	-	*FVO*	-	-	-	-
	LAR	-	-	-	-	-	-

HFT= Financial assets held for trading
FVO= Financial assets measured at fair value
HTM= Financial assets held-to-maturity
AFS= Financial assets available for sale
L&R= Loans and Receivables

Payables= Due to customers
Securities= Securities issued
HFT= Financial liabilities held for trading
FVO= Financial liabilities measured at fair value

C.5 - Servicer activities – self securitisations: collections on securitised assets and redemption of securities issued by the securitisation vehicle

(€/000)

Vehicle company	Securitised assets (year-end figure)		Loan collections during the year		% of securities redeemed (year-end figure)					
					Senior		Mezzanine		Junior	
	Non-performing	Performing	Non-performing	Performing	Non-performing	Performing	Non-performing	Performing	Non-performing	Performing
Romeo SPV S.r.l.	1,291,388	-	26,594	-	-	-	-	-	35%	-
Mercuzio Securitisation S.r.l.	1,823,038	-	11,777	-	-	-	-	-	11%	-

F - MODELS FOR MEASURING CREDIT RISK

doBank uses the standardised approach, which involves the allocation of exposures to different portfolios depending on the nature of the counterparty or the technical characteristics or nature of the exposure and the application of different weights to each portfolio.
In this process, doBank does not use ratings issued by recognised rating agencies

SECTION 2 – MARKET RISKS

2.1 - Interest rate risk and price risk – supervisory trading book

Qualitative disclosures

A – General aspects

Financial risks are represented by fluctuations in the value of positions as a result of changes in market prices/factors. doBank does not hold exposures exposed to such risks. The Bank does not engage in trading and does not hold trading books of shares or units in collective investment undertakings.

B – Management and measurement of interest rate risk and price risk

The Bank does not engage in trading and does not hold trading books of securities.

The Bank has therefore not implemented special management processes or advanced measurement methods for interest rate risk and price risk. Interest rate risk calculated using standard methods provided for in the applicable supervisory instructions of the Bank of Italy is monitored periodically.

Quantitative disclosures

Nothing to report

2.2 - Interest rate risk and price risk – banking book

Qualitative disclosures

A - General aspects, management and measurement of interest rate risk and price risk

The particular nature of the doBank's balance sheet means that assessing the matching of repricing dates is not significant. This justifies the absence of specific process and methods for measuring interest rate risk.

B - Fair value hedging

Fair value hedging is not conducted in view of the nature of the Bank's assets.

C - Cash flow hedging

Cash flow hedging is not conducted in view of the nature of the Bank's assets.

Qualitative disclosures

1 - Banking book: breakdown by residual maturity (re-pricing date) of financial assets and liabilities

(€/000)

	On demand	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	5 to 10 years	More than 10 years	Unspecified term
1. Balance sheet assets	**27,896**	**3,831**	**3**	**1,010**	**239**	**155**	**7,871**	**-**
1.1 Debt securities	-	-	-	1,003	-	-	7,734	-
- with prepayment option	-	-	-	-	-	-	-	-
- others	-	-	-	1,003	-	-	7,734	-
1.2 Loans to banks	26,524	-	-	-	-	-	-	-
1.3 Loans to customers	1,372	3,831	3	7	239	155	137	-
- current accounts	1,079	-	-	-	68	66	-	-
- other loans	293	3,831	3	7	171	89	137	-
- with prepayment option	-	814	3	7	55	76	137	-
- others	293	3,017	-	-	116	13	-	-
2. Balance sheet liabilities	**11,759**	**30**	**30**	**62**	**196**	**-**	**-**	**-**
2.1 Due to customers	11,759	30	30	62	196	-	-	-
- current accounts	11,759	-	-	-	-	-	-	-
- other loans	-	30	30	62	196	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- others	-	30	30	62	196	-	-	-
2.2 Due to banks	-	-	-	-	-	-	-	-
- current accounts	-	-	-	-	-	-	-	-
- other liabilities	-	-	-	-	-	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- others	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- others	-	-	-	-	-	-	-	-
3. Financial derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
4. Other off balance sheet transactions	**-**	**14,706**	**14,706**	**-**	**-**	**-**	**-**	**-**
+ Long positions	-	-	14,706	-	-	-	-	-
+ Short positions	-	14,706	-	-	-	-	-	-

In addition to government securities of €1.0 million, **Debt securities** include the residual value of the ABSs of the Romeo SPV and Mercuzio Securitisation transactions.
Amounts **due to customers** include current accounts and demand deposits in the amount of €11.8 million.
Other off-balance-sheet transactions report the amount still to be paid in respect of the subscription of 30 units of the Italian Recovery Fund closed-end alternative investment fund (formerly Atlante II).

2.3 Exchange rate risk

doBank is not exposed to exchange rate risk as it does not hold assets or liabilities denominated in foreign currencies.

SECTION 3 – LIQUIDITY RISK

Qualitative disclosures

A - General aspects, management and measurement of liquidity risk

Liquidity risk is the risk that the bank might not be able to meet its obligations when they fall due owing to the inability to raise funds or the presence of limits on the sale of assets. Liquidity is the ability of a bank to finance the growth of its assets and to meet its payment obligations, without incurring unacceptable losses or costs.

Referring to internationally agreed definitions, there is a distinction between Funding Liquidity Risk and Market Liquidity Risk.

Funding Liquidity Risk is the risk that the bank will not be able to raise funds to meet expected and unexpected current and future cash outflows in an economically efficient manner, without jeopardising the day-to-day operations of the bank itself.

Market Liquidity Risk is the risk that the bank will not be able to liquidate a financial asset without incurring capital losses due to an illiquid market or market disorder. The two forms of liquidity risk are often correlated and can manifest themselves upon the occurrence the same triggering factors.

From the organisational point of view, the Treasury unit is responsible for managing the Bank's liquidity and meeting all its liquidity requirements in line with internal procedures, while the Risk Management department is responsible for monitoring the exposure to risk and verifying compliance with the specified limits.

Given the current operations of doBank, the processes for controlling and mitigating liquidity risk focus exclusively on Funding Liquidity Risk.

As part of its management and coordination activities, the Parent Company doBank is responsible for the adoption of a consolidated liquidity risk management system that complies with the regulatory principles of prudential supervision. In this context, responsibility for the strategic decisions on the governance and management of liquidity risk, the setting of the tolerance threshold for liquidity risk and verification of the overall reliability of the liquidity risk management system is assigned to the corporate bodies of the Parent Company.

The liquidity risk management framework comprises strategies and procedures for monitoring this risk and is aimed at ensuring that a sufficient amount of liquid instruments to meet the doBank's commitments is always available in the short term, including in stress scenarios. In the long term it seeks to maintain an appropriate balance in the composition of the Bank's assets and liabilities.

This framework, is organised into the following main phases:

- identification of liquidity risk;
- monitoring of risk exposure even under stress conditions;
- definition of the response plan for crisis situations;
- reporting and information flows.

doBank identifies and monitors liquidity risk on a current and forward-looking basis. In particular, the prospective assessment takes account of probable developments in the cash flows connected with the Bank's business.

For the purposes of this assessment, the Risk Management department performs a weekly survey of cash flows, preparing a maturity ladder (cumulative balances by maturity bucket), based on the reporting flows made available promptly by the Treasury unit. More specifically, all expected cash inflows and outflows are subdivided into time bands, including both reasonably certain flows and those estimated on forward-looking basis. Excesses/shortfalls are calculated for each time band, which are then summed to obtain the overall excess/shortfall for all the time bands.

In addition to the survey of expected cash flows, doBank monitors the sustainability of short-term financial equilibrium with an early warning indicator system. It serves to identify any potential crisis situations, so as to allow organisational units to activate appropriate management measures in order to mitigate the risk as effectively as possible.

The method for identifying and monitoring liquidity risk, in particular the maturity ladder, already incorporates stress scenario in the prudential values adopted. However, doBank remains exposed to the risk of extraordinary events associated with from information/procedural issues (for example the incorrect measurement or forecasting of cash flows), the failed settlement of a significant cash flow by a counterparty or a major liquidity outflow. The Risk Management department therefore conducts stress tests in order to assess the prospective quantitative and qualitative impact of adverse events on the risk exposure.

This process is formalised in the Liquidity Risk Policy, which was approved by the Board of Directors during the second half of last year. The document sets out the principles, methods, rules and processes necessary to prevent the emergence of liquidity crisis situations and the rules to be adopted when such crises occur (contingency funding and recovery plan).

This system is integrated with the overall risk management framework and is consistent with the risk propensity as defined by the Risk Appetite Framework.

Quantitative disclosures

1 - Distribution by residual contractual maturity of financial assets and liabilities

(€/000)

	On demand	1 to 7 days	7 to 15 days	15 days to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Unspecified term
Balance sheet assets	**27,907**	**-**	**-**	7	3,044	21	1,044	476	23,840	-
A.1 Government securities	-	-	-	-	-	-	1,003	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	7,734	-
A.3 Units in collective investment undertakings	-	-	-	-	-	-	-	-	15,221	-
A.4 Loans	27,907	-	-	7	3,044	21	41	476	885	-
- Banks	26,524	-	-	-	-	-	-	-	-	-
- Customers	1,383	-	-	7	3,044	21	41	476	885	-
On balance sheet liabilities	**11,758**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Deposits and current accounts	11,758	-	-	-	-	-	-	-	-	-
- Banks	-	-	-	-	-	-	-	-	-	-
- Customers	11,758	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off balance sheet transactions	-	**-**	**-**	**-**	**-**	**-**	29,411	**-**	**-**	**-**
C.1 Financial derivatives with exchange of principal	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.2 Financial derivatives without exchange of principal	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds	-	-	-	-	-	-	29,411	-	-	-
- Long positions	-	-	-	-	-	-	14,706	-	-	-
- Short positions	-	-	-	-	-	-	14,706	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of principal	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

SECTION 4 – OPERATIONAL RISKS

Qualitative disclosures

A. General aspects, management and measurement of operational risks

Operational risk is the risk of incurring losses due to the inadequacy or the failure of procedures, human resources and internal systems, or to external events. This includes, among other things, losses from fraud, human error, the interruption of operations, system unavailability, contractual breaches and natural disasters. Operational risks include legal risk, while strategic and reputational risks are not included.

doBank pays close to the links between the various types of risk, identifying possible repercussions in terms of operational risks. In particular, full compliance with regulatory and contractual provisions is also relevant for the prevention and containment of operational risks.

In accordance with the recommendations of the Basel Committee on Banking Supervision ("Sound Practices for the Management and Supervision of Operational Risk"), the appropriate management of operational risk means: identification, assessment, monitoring and control/mitigation of risk.

In order to equip the Bank with a comprehensive set of principles and rules to ensure appropriate management, the method adopted by the Bank envisages:

- the identification and assessment of the operational risk inherent in every product, activity, process and system;
- the periodic monitoring of operational risk profiles and exposures to significant losses;
- specific strategies, policies, processes and procedures to control and/or mitigate significant operational risks.

With regard to organisational aspects, doBank has defined the operational risk management system as the set of policies and procedures for the control, measurement and mitigation of operational risks. Operational risk policies are common principles that establish the role of corporate bodies, the risk control function and interactions with other units in the process.

doBank has set up its own risk control structure in compliance with supervisory regulations and the related activities and levels of responsibility have been defined and formalised appropriately in the Company's internal rules and regulations.

The governance structure for operational risks envisages not only the direct involvement of senior management but also an Operational Risks Committee, which was set up to:

- propose action to address risks detected or reported by the Risk Management department or by other units;
- review the operational risk reports;
- propose control procedures and limits on operational risks;
- monitor risk mitigation actions.

The Operational Risks Committee meets quarterly on the basis of a calendar set at the beginning of the year or at the request of one of the Committee members.

To control the operational risks of doBank, activities are centralised with the Operational and Reputational Risks unit within the broader Risk Management department.

Finally, with regard to IT risk, defined as the risk of incurring financial losses, reputational harm or loss of market share as a result of breaches of confidentiality, integrity, availability, execution of unauthorized transactions or the non-traceability of information, in accordance with the applicable supervisory provisions, doBank adopts an integrated representation of business risks in which IT risk is considered as a component of operational and reputational risks.

The IT risk assessment process is aimed at identifying and assessing IT risks in business processes and existing ICT controls that mitigate these risks.

Following the significant changes in the company during the last year, doBank decided it was appropriate to revise the method previously adopted for assessing and monitoring IT risks to ensure it was suitable for the new organisational context. A project was begun to develop a new framework for the ICT risk management process, which has been formalised in the document " IT Risk Management Policy", approved by the Board of Directors on December 19, 2017. This document specifies the roles and responsibilities of the various units involved and the phases of the assessment process, with an indication of the data used and the activities necessary to determine the IT risk exposure and the associated business impacts.

The analysis process provides for the assessment of IT risk as a combination of the level of exposure of IT resources to certain risk scenarios and the impacts that the materialisation of such risks could have on the business. Potential IT risk, i.e. the risk to which the service is potentially exposed, and residual IT risk, i.e. the risk to which the service is exposed once the security measures have been applied, are identified in detail. Specific reports are produced as the output of the IT risk analysis process.
The framework adopted, in line with the provisions of Circular no. 285/2013 of the Bank of Italy as updated, provides for the risk analysis process to be performed with the frequency appropriate to the type of ICT resources and risks present and in response to situations that could change the overall level of IT risk (for example, transactions of greater importance, projects related to major changes, serious incidents).

Quantitative disclosures

In order to manage operational risks, doBank has implemented a structured set of processes, functions and resources dedicated to:

- the collection of internal loss data for the entities belonging to the Group;
- the determination and calculation of risk indicators, preparing corporate reporting;
- the control of capital at risk.

During 2017, doBank selected a multi-company market IT tool to manage, in a single environment, risk process analysis and activities related to other control functions. In particular, for the purposes of the key activities of the Risk Management department, the application will enable a self-assessment of corporate operational risks as well as registration in the same environment of operational losses and the identification of operational risks. This project, currently under way, will be completed in 2018.

With regard to loss data, the Operational and Reputational Risks unit performs an annual analysis of the chart of accounts in order to identify and update a list of accounts that could potentially include operational losses. The analysis of movements on these accounts is conducted quarterly and leads to the determination of operational losses to be recorded in a specific database.

doBank classifies the events in the following categories, in accordance with the New Basel Capital Accord and Regulation (EU) no. 575/2013:

- Internal fraud;
- External fraud;
- Employment practices and workplace safety;
- Customers, products and business practices;
- Damage to physical assets;
- Business disruption and system failures;
- Execution, delivery and process management.

On a quarterly basis, a monitoring report is prepared for the corporate bodies – the Board of Directors and Board of Auditors - containing an analysis of operational losses and operational capital at risk.

At December 31, 2017, the operational loss data mainly concerned the "customers" event type, accounting for approximately 78% of total operational losses.

Among the tools used by doBank for the identification of operational risks, risk indicators are a forward-looking component that promptly reflects improvements or deteriorations in the risk profile as a result of changes in operating segments, in human resources, technological and organisational resources as well as in the internal control system.

Specific risk indicators have been created which are monitored on a monthly basis. About 60 indicators grouped into different risk areas are currently monitored.

The data from the risk indicators are analysed on a monthly basis and compared with the previous month to justify any positive or negative changes in order to highlight any risks in corporate processes. Specific analysis reports are then produced. A specific report is prepared on a quarterly basis for the Risks and Related Party Transactions Committee in addition to the Operational Risks Committee.

An action plan is prepared on at least a quarterly basis for indicators that do not fall within the range established by the Operational Risks Committee.

Finally, doBank has set up a reporting system that ensures timely reporting on operational risks to the corporate bodies and to the managers of the organizational units involved. The frequency and content of reporting is consistent with the level of risk and varies depending on the recipient and the intended use of the information.

For the purpose of calculating the own funds requirement for operational risks, the doBank uses the Basic Indicator Approach (BIA), in compliance with the relevant supervisory provisions. Under the Basic Indicator Approach, the own funds requirement for operational risks is equal to 15% of the three-year average of the relevant indicator as established in Article 316 of Regulation 575/2013 based on the last three annual observations at the end of the financial year. At December 31, 2017, the own funds requirement for doBank calculated using the BIA amounted to €17.93 million.

PART F - SHAREHOLDERS' EQUITY

SECTION 1 – SHAREHOLDERS' EQUITY

A. QUALITATIVE DISCLOSURES

Bank shareholders' equity consists of the sum of the balances of the following balance sheet items:

- Capital net of treasury shares;
- Share premiums;
- Reserves;
- Valuation reserves;
- Capital instruments;
- Result for the period.

The amount of capital is the result of policies and decisions aimed at ensuring that capital is consistent with the activities and risks to which the Bank is exposed, in compliance with the prudential supervisory regulations and the risk propensity defined by the Risk Appetite Framework (RAF).

The RAF is the reference framework that identifies the Bank's appetite for risk, setting ex ante the risk/return objectives that the Bank intends to achieve and the consequent operating limits, both in normal operating conditions and in possible adverse scenarios.

For regulatory purposes, the relevant balance sheet aggregate for this purpose is determined on the basis of the current instructions of the Bank of Italy as well as the "Basel III" framework contained in Directive (EU) 2013/36 (CRD IV) and in Regulation (EU) no. 575/2013 (CRR).

The monitoring of compliance with regulatory capital adequacy rules and minimum supervisory requirements, as well as the limits established by the RAF, is performed on a constant basis by the designated control units and periodically reported to the Board of Directors.

Further analysis and preventive verification of the Bank's capital adequacy takes place in the assessment of "transactions of greater importance", i.e. transactions whose individual size, type or complexity could have a significant impact on the Bank's operations and its financial stability, in terms of the prospective value of assets and potential losses.

Transactions in treasury shares
As of December 31, 2017, doBank held 1.750.000 treasury shares worth €277 thousand, equal to their par value.
During the year, no transactions were carried out in treasury shares. However, in 2018 share-based payments will be made using treasury shares in accordance with the provisions of the post-IPO remuneration policies for 2017.

B. QUANTITATIVE DISCLOSURES

B.1 – Shareholders' equity: breakdown by type of entity

(€/000)

		Total 12/31/2017	Total 12/31/2016
1.	**Share Capital**	**41,280**	**41,280**
2.	**Share premium reserve**	**-**	**-**
3.	**Reserves**	**115,838**	**124,955**
	- from profits	10,518	10,518
	a) legal	8,299	8,299
	b) statutory	-	-
	c) treasury shares	277	277
	d) other	1,942	1,942
	- other	105,320	114,437
4.	**Equity instruments**	**-**	**-**
5.	**(Treasury shares)**	**(277)**	**(277)**
6.	**Valuation reserves**	**1,186**	**216**
	- Available for sale financial assets	1,125	-
	- 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	(368)	(213)
	- Valuation reserves from investments accounted for using the equity method	-	-
	- Special revaluation laws	429	429
7.	**Profit (loss) for the year**	**33,930**	**41,018**
	Total	**191,957**	**207,192**

Other reserves decreased by €9.1 million compared with December 31, 2016 due to the dividend distribution, which was equal to 2016 consolidated net profit of €52.3 million and use of the extraordinary reserve in the amount of €11.3 million, and to the new **Reserve for Share Based Payments** amounting to €2.2 million, accounted for under IFRS 2 following the entry into force of the new post-IPO remuneration policy, which provides for the payment of remuneration to certain categories of managers in the form of shares.

B.2 – Valuation reserves from financial assets available for sale: breakdown

(€/000)

	Total 12/31/2017		Total 12/31/2016	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1 Debt securities	1,179	-	-	-
2 Equity securities	-	(1)	-	-
3 Units in collective investments undertakings	-	(53)	-	-
4 Loans	-	-	-	-
Total	**1,179**	**(54)**	**-**	**-**

The substantial increase in the reserve is attributable to the measurement of the Romeo SPV and Mercuzio Securitisation ABSs.
The valuation reserve for units in collective investment undertakings reports the change in the fair value of the units subscribed in the Italian Recovery Fund (formerly Atlante II).

B.3 – Valuation reserves from financial assets available for sale: annual change

(€/000)

	Debt securities	Equity securities	UCITS units	Loans
1. Opening balances	**-**	-	**-**	-
2. Increases	1,179	-	-	-
2.1 Increases in fair value	1,179	-	-	-
2.2 Reversal to income statement of negative reserves:	-	-	-	-
for impairment	-	-	-	-
for disposal	-	-	-	-
2.3 Other changes	-	-	-	-
3. Decreases	**-**	(1)	**(53)**	-
3.1 Decreases in fair value	-	(1)	(53)	-
3.2 Write-downs for impairment	-	-	-	-
3.3 Reversal to income statement of positive reserves: from sale	-	-	-	-
3.4 Other changes	-	-	-	-
4. Closing balances	**1,179**	**(1)**	**(53)**	-

B.4 – Valuation reserves for defined benefit schemes: annual change

Note that as of January 1, 2013, changes to the standard IAS 19 (IAS 19R) took effect. These envisage, in particular, elimination of the "corridor" method, with the requirement to recognise a commitment as a the present value of the defined benefit obligation, net of the fair value of the plan assets and allocating valuation differences to a specific reserve.

(€/000)

	Total 12/31/2017
1. Opening balance	**(213)**
2. Increases	-
2.1 Increases in fair value	-
2.2 Other changes	-
3. Decreases	**(155)**
3.1 Decreases in fair value	(155)
3.2 Other changes	-
4. Closing balance	**(368)**

SECTION 2 – OWN FUNDS AND CAPITAL RATIOS

2.1 – Own Funds

The Bank's own funds, calculated with reference to the main regulatory standards known as "Basel 3" and contained in Directive 2013/36/EU (CRD IV) and Regulation (EU) no. 575 of June 26, 2013 (CRR), amount to a total of € 131.2 million, summing together Common Equity Tier 1 - CET1, Additional Tier 1 - AT1 and Tier 2 - T2, mainly consisting of Share Capital and the "Reserves" item, net of the deductions provided for in the regulations.

A. QUALITATIVE DISCLOSURES

Pursuant to the CRR and Circular no. 285, the amount of own funds is divided between the following components:
• Tier 1 Capital, consisting in turn of:

- Common Equity Tier 1 - CET1 and
- Additional Tier 1 - AT1;

• Tier 2 Capital;

The sum of Tier 1 and Tier 2 capital makes up total own funds (Total Capital).

The minimum capital requirements applicable as of December 31, 2017 to the doBank Group are equal to the following capital ratios, including the capital conservation buffer, which for 2017 is equal to 1,25% of CET1:

- CET1: 5,75%;
- Tier 1 Capital: 7,25%;
- Total Capital: 9,25%.

May 2017 saw the completion of the supervisory review process (Supervisory Review and Evaluation Process - SREP) carried out by the Bank of Italy with regard to the minimum capital requirements of the Parent Company, doBank. The outcome of that process requires compliance with the following additional capital requirements starting from the own funds reporting at 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 requirement, was set at zero by the Bank of Italy for all quarters in 2017.

With reference to the figures as at 31 December 2017, taking account of the components listed above, the minimum capital requirements for doBank are summarised below:

Indicatori di adeguatezza patrimoniale	Requisiti minimi regolamentari (art. 92 CRR)	Riserva di conservazione del capitale	Requisiti minimi inclusivi della Riserva di conservazione del capitale	Requisiti SREP [1]	Requisiti minimi inclusivi dello SREP[1] e della Riserva di conservazione del capitale	Riserva di capitale anticiclica	Requisiti minimi complessivi
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] Requisiti richiesti a livello della sola Capogruppo

1. - Common Equity Tier 1 - CET1

Common Equity Tier 1 capital consists predominantly of the following elements: share capital, share premium accounts, treasury shares, retained earnings, other reserves, other comprehensive income ("OCI") and minority interests in the qualifying amount under the provisions of the CRR.

As part of the quantification of CET1, in line with the provisions of the "Business plan strategic guidelines" for 2017-2019, a portion of accrued profit at December 31, 2017, equal to 30% of consolidated profit, based on expectations of distribution to shareholders.

The calculation of CET1 also includes prudential filters and regulatory deductions, which mainly include the following aggregates:

- goodwill and other intangible assets;
- deferred tax assets that rely on future profitability and do not arise from temporary differences: this includes the remaining deferred tax assets in respect of the negative taxable income recognised in previous years.

In 2017, different prudential treatment was adopted for the notes issued by the Romeo SPV and Mercuzio Securitisation vehicles held in the AFS portfolio in the total amount of €7,7 million. Following clarifications by the Bank of Italy regarding a specific issue raised by doBank, these notes, in the absence of tranching, are excluded from the prudential rules relating to securitisation transactions and are treated as financial instruments representing the underlying claims. As a result, their carrying amount is no longer deducted from own Funds, but is instead subject to the calculation of credit risk based on the standardised approach, applying the "look through approach" to determine the average weighting of the underlying portfolio.

With regard to deferred tax assets, note that the exercise of the option of retaining the possibility of converting deferred tax assets to tax credits pursuant to Art. 11 of Decree Law 59 of May 3, 2016 ratified with Law 119 of June 30, 2016 and amended by Law 15 of February 17, 2017, entailed the continuation of the exclusion from the calculation of the deductions from own funds of the residual value of the DTAs deriving from impairment losses on loans for which the requirements under Art. 39 of Regulation 575/2013 are met. This provision requires them to be subject to the calculation of credit risk with a weighting of 100% (for a total of €55,4 million). The entire tax credit was used.

2. - Additional Tier 1 – AT1

AT1 is primarily made up of innovative and non-innovative capital instruments net of regulatory deductions.
At December 31, 2017 the Bank had no AT1 capital.

3. - Tier 2 – T2

Tier 2 is primarily made up of subordinated liabilities in the percentage permitted under the applicable regulations, net of regulatory deductions.
At December 31, 2017 the Bank had no T2 capital.

B. QUANTITATIVE DISCLOSURES

(€/000)

		12/31/2017	12/31/2016
A.	**Common Equity Tier 1 (CET1) before prudential filters**	**161,151**	**166,174**
	of which grandfathered CET1 instruments	-	-
B.	CET1 prudential filters (+/-)	-	-
C.	CET1 gross of deductions and transitional adjustments (A+/-B)	161,151	166,174
D.	Items to be deducted from CET1	(30,128)	(49,079)
E.	Transitional adjustment - Effect on CET1 (+/-), including minority interests subject to transitional	147	128
F.	**Common Equity Tier 1 - CET1 (C - D+/-E)**	**131,170**	**117,223**
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)**	**131,170**	**117,223**

Own funds are calculated under the applicable provisions of the transitional regime.

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 € 117.0 milioni;
- the portion of profit for the period as determined above for € 3.1 million.

D. Elements to deduct from CET1

This item includes:

- deferred tax assets recognised on the negative taxable income in previous years €29.9 million;
- other intangible assets € 195.4 thousand.

E. Transitional regime – impact on CET1 (+/-)

This item reports the following transitional adjustment:

- positive filter of €147.2 thousand, equal to 40% of the amount in respect of defined-benefit plans (IAS 19).

2.2 - Capital Adequacy

A. QUALITATIVE DISCLOSURES

With regard to qualitative disclosures on the methods used by the Bank to assess the capital adequacy of own funds in support of current and future operations, please see to "Section 1 – Shareholders' Equity" of this Part F.

At December 31, 2017, own funds amounted to €131.2 million while weighted assets came to € 413.0 million, mainly in respect of operational risks and, to a lesser extent, credit risk.

As shown in the table on the composition of exposures and capital ratios, doBank, at December 31, 2017, had a total capital ratio of 32%, a significant improvement over 2016 and well above the minimum regulatory requirements for the period in question, equal to 10.75% for that ratio.

The prudential ratios at December 31, 2017 take account of the adjustments provided for under the transitional provisions in place for 2017.

B. QUANTITATIVE DISCLOSURES

(€/000)

	Unweighted amounts		Weighted amounts/requirements	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
A. Exposures				
A.1 Credit and counterparty risk	**245,691**	**242,374**	**188,817**	**130,159**
1. Standardized approach	245,691	242,374	188,817	130,159
2. IRB approaches	-	-	-	-
2.1 Foundation	-	-	-	-
2.2 Advanced	-	-	-	-
3. Securitizations	-	-	-	-
B. Capital requirements (1)				
B.1 Credit and counterparty risk			**15,105**	**10,413**
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 Operational risk			**17,935**	**20,691**
1. Basic indicator approach			17,935	20,691
2. Traditional standardized approach			-	-
3. Advanced measurement approach			-	-
B.6 Other calculation elements			-	-
B.7 Total capital requirements			**33,040**	**31,103**
C. Exposures and capital ratios				
C.1 Risk-weighted assets (2)			**413,003**	**388,791**
C.2 Common Equity Tier 1/Risk weighted assets (CET1 capital ratio)			**32%**	**30%**
C.3 Tier 1 Capital/Risk weighted assets (Tier1 capital ratio)			**32%**	**30%**
C.4 Total own funds/Risk-weighted assets (Total capital ratio)			**32%**	**30%**
Capital conservation buffer 1.125% (starting from 1/1/2017) (3)			**5,163**	**2,430**
Total capital requirement			**38,203**	**33,533**

Note:

(1) The capital requirements are equal to 8% of the associated risk.

(2) In items C.2, C.3 and C.4 the amount of risk-weighted assets (C.1) is determined for all banks, regardless of whether they belong to a banking group, as the produce of total capital requirements (B.7) and 12.5 (the inverse of the minimum requirement of 8%)

(3) The capital conservation buffer for 2016 was 0.625%

PART G – BUSINESS COMBINATIONS

SECTION1 – BUSINESS COMBINATIONS COMPLETED IN THE PERIOD

This section provides detailed information on business combinations involving companies or business units undertaken with counterparties outside the Group, which are accounted for using the purchase method as provided for under IFRS 3 "Business combinations".

Business combinations involving companies or business units already controlled directly or indirectly by doBank as part of the Group's internal reorganisations are also reported here. These transactions, which do not have economic substance, are accounted for in the financial statements of the seller and the buyer on a predecessor value basis.

1.1 – External business combinations

In 2017, no business combinations were carried out with companies outside the Group.

1.2 – Internal business combinations

In 2017 the doBank Group continued the reorganisation of its organisational and corporate structure with the following two transactions, which were completed in the first part of the year:

- **doSolutions S.p.A.** started operations on March 1, 2017, following capitalisation with the contribution of a business unit by doBank and the demerger of a business unit by Italfondiario. These transactions were carried out in order to assign doSolutions the information technology and back-office functions that until then had been performed by doBank and Italfondiario.
The creation of doSolutions is intended to pursue the objective of integrating some of the Group's activities currently carried out on an outsourcing basis. In particular, doSolutions performs the following activities for the companies of the doBank Group:

    - information technology and organisational development: functions associated with the management of information technology services and projects and management of the technology supporting processes, as well as constant monitoring of the organisational variables of business processes and the management of change management solutions in accordance with the indications of the Parent Company;

    - back office and logistics: (i) management of administrative functions to support servicing activities and banking services; (ii) support in document management, correspondence and postal processes; and (iii) user support and assistance.

- **Italfondiario RE S.r.l.** was merged, with legal effect from March 1, 2017, into doRealEstate, a company providing real estate services related to credit recovery, of which the Parent Company holds 100%. As a preliminary initiative, on October 24, 2016 the issuer acquired 100% of the equity of Italfondiario RE S.r.l., a company previously entirely held by Italfondiario. This transaction is intended to centralise with a single company all the activities involved in repossession and the provision of administrative, management and marketing services for the real estate assets connected with the non-performing portfolios under management.

SECTION 2 – BUSINESS COMBINATIONS COMPLETED AFTER THE END OF PERIOD

No business combinations were completed after the close of 2017.

SECTION 3 – RETROSPECTIVE ADJUSTMENTS

No retrospective adjustments were made after the close of 2017.

PART H -RELATED-PARTY TRANSACTIONS

INTRODUCTION

The provisions of IAS 24 apply for the purposes of disclosures on related parties. That standard defines the concept of related party and identifies the relationship between related parties and the entity preparing the financial statements.

Pursuant to IAS 24, significant related parties for doBank include:

- the Parent Company;
- associates, joint ventures and their subsidiaries;
- key management personnel;
- close family members of key management personnel and companies controlled, including jointly, by key management personnel or their close family.

For the purposes of managing transactions with related parties, reference is made to the Bank of Italy instructions in Circular no. 263/2006 (Title V, Chapter 5) as well as the provisions of Art. 136 of Legislative Decree 385/1993, under which company officers may assume obligations in respect of the bank that they administer, manage or control only under an unanimous decision of the bank's administrative body.
In compliance with the above regulations and with Consob Resolution no. 17221 of March 12, 2010, doBank has adopted the "doBank Group procedure for the management of transactions with connected persons and related parties and transactions conducted in situations of conflict of interest", published on the corporate website of doBank (www.doBank.com), which defines the principles and rules for managing the risk associated with situations of possible conflict of interest engendered by the proximity of certain parties to decision-making centres.
To manage transactions with related parties, doBank has established a Risks and Related Party Transactions Committee – composed of three independent directors and a non-executive director – which is charged with the task of issuing reasoned opinions reasoned opinions to the Board of Directors regarding transactions with related parties in the cases governed by the procedure.

1. Information on remuneration of key management personnel

The following table provides information on the remuneration of key management personnel in 2017. The definition of key management personnel under IAS 24, includes those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. This category includes the members of the Board of Directors, including the Chief Executive Officer and the Statutory Auditors of the Bank, as well as the other key management personnel designated as “Relevant Personnel” pursuant to Bank of Italy Circular no. 285.

(€/000)

	12/31/2017
Short term benefits	4,720
Post-employment benefits	196
Other long term benefits	-
Sev erance indemnity	415
Share-based payments	2,195
Total	**7,526**

2. Related-party transactions

The following reports information on transactions with related parties pursuant to IAS 24 not included in the previous SECTION relating to information on the remuneration of Directors and Executives.

During the period, low-value transactions with related parties of an ordinary nature and lesser importance were carried out, mainly attributable to contracts for the provision of services relating to loans and mainly with subsidiaries.

All transactions with related parties carried out in 2017 were concluded in the interest of the Bank and on terms similar to those applied for transactions with independent third parties or, in the case of services, were settled on of a minimal basis commensurate with the recovery of the relative production costs.

The following table shows the assets, liabilities and guarantees and commitments outstanding at December 31, 2017, with separate indication for the various types of related parties pursuant to IAS 24.

2.1- Financial transactions

The following table shows the assets, liabilities and guarantees and commitments outstanding at December 31, 2017, with separate indication for the various types of related parties pursuant to IAS 24.

(€/000)

	12/31/2017				
	Parent Company	Unconsolidated subsidiaries	Key management personnel	Other related parties	Total
Available-for-sale financial assets	-	3,017	-	-	3,017
Other assets	-	9,036	-	-	9,036
Total assets	**-**	**12,053**	**-**	**-**	**12,053**
Other liabilities	-	10,430	-	35	10,465
Total Liabilities	**-**	**10,430**	**-**	**35**	**10,465**
Guarantees issued	-	2,483	-	-	2,483
Total Guarantees issued and commitments	**-**	**2,483**	**-**	**-**	**2,483**

Loans and receivables refer to the loan with the subsidiary doRealEstate, while the other assets and other liabilities refer to the subsidiaries doSolutions and Italfondiario S.p.A.

2.2- Costs/Revenues

The following table shows the main costs/revenues for services provided or received by the Bank, with separate indication of the different types of related parties pursuant to IAS 24.

(€/000)

	12/31/2017				
	Parent Company	Unconsolidated Subsidiaries	Key management personnel	Other related parties	Total
Interest income / (expense)	-	16	-	-	16
Fee and commission income /(expense)	-	(3,771)	-	-	(3,771)
Administrative Costs	-	(18,581)	-	(2,521)	(21,102)
Other income /(expense)	-	8,002	-	-	8,002
Total	**-**	**(14,334)**	**-**	**(2,521)**	**(16,855)**

Fee and commission income/(expense) for transactions with **subsidiaries** concerning:

- doReal Estate S.p.A. in the amount of €1.3 million for commission expense in respect of the renewed agreement with doBank for the provision of integrated real estate services, relating to technical advisory and assistance services in the real estate sector, as well as the coordination of activities for the sale of properties associated with the loan recovery activity of the Bank;
- Italfondiario S.p.A. in the amount of €2.5 million for commission expense in respect of the subservicing agreement for loan recovery activities specifically granted by doBank to ITF;

Administrative costs refer to transactions with **subsidiaries** concerning primarily:

- doSolutions in the amount of €16,5 million in respect of the framework agreement signed with the Bank for the provision of information technology services, organisational support, back office and logistics;
- Italfondiario in the amount of €1 million in respect of the pass-through of costs for personnel seconded to doBank for the management of loan portfolios under agency agreements;
- doRealEstate in the amount of €400 thousand for real estate advisory services;
- IBIS in the amount of €400 thousand for land registry searches performed out for the Bank.

Finally, operating income is entirely accounted for by transactions with subsidiaries and arises in respect of agreements signed by all the subsidiaries with doBank for the corporate and control functions performed by doBank for all the Group's companies and the agreement for services for premises leased by doBank to other investees.

Administrative costs in respect of transactions with **other related parties** concern:

- Torre SGR S.p.A.: the company leases the Group a number of properties housing one of the main offices located in Rome in the accrued amount of €2.5 million as at December 31, 2017;

2.3- Transactions with the Holding

As of 11/01/2015 the company which holds the controlling equity investment in the Bank is now Avio Societé à responsabilité limitée (Avio S.àr.l.), operating under Luxembourg law and affiliated with both the Fortress Group and Eurocastle Investment. After the listing on the Milan Stock Exchange, 47.7% of the shares are placed on the market. The remaining 2%, consisting of 175,000 treasury shares, valued at cost, for a total of Euro 277,165.20, is held by the Bank itself.

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

At 12/31/2017, there were no financial or economic balances existing with regard to the holding.

PART I - SHARE-BASED PAYMENT

A. Qualitative disclosures

1. Description of payment agreements based on own equity instruments

At its meeting of June 21, 2017, the Shareholders' Meeting approved the remuneration and incentive policies of doBank, which, in view of the listing on the Milan Stock Exchange on July 14, 2017, include remuneration systems that in some cases provide for the use of the Bank's own financial instruments.

More specifically, the following types of remuneration are envisaged:

- part of the fixed remuneration and the entire variable portion of remuneration based on the annual Management by Objectives (MBO) incentive system for the Chief Executive Officer is paid in shares;
- the IPO Bonus 2017 system linked to the performance of the doBank shares: this linked variable component is equal to 100% of fixed remuneration, to be paid entirely in shares for a sub-category of Relevant Personnel (Beneficiaries 2:1) identified and approved by the Shareholders' Meeting.

Part of the variable component of remuneration indicated above is paid up front and part on a deferred basis. The up-front portion is paid after approval by the Shareholders' Meeting of the financial statements for the accrual period for the incentive (by the end of July).
The deferred variable portion is subject to a deferral ranging from 3 to 5 years depending on the beneficiary.

In order to ensure long-term financial stability, liquidity and the ability to generate risk-adjusted profits, in line with the Bank's long-term strategic objectives, the deferred incentive is paid on condition that the gates relating to financial soundness and liquidity are achieved, measured with reference to the year prior to their vesting (vesting period).
Shares awarded up front are subject to a two-year retention period, while for the deferred portions is subject to a 1-year retention requirement, which runs from the moment they vest.

The Bank uses treasury shares for the remuneration described above.
The reference price for the calculation of the number of shares to be awarded as the equivalent value of variable remuneration is determined using the average stock price in the 30 days prior to the grant date.

In order to reflect performance levels and risk actually assumed, as well as take account of individual conduct, the Bank has established ex-post correction mechanisms (malus and claw-back) defined in accordance with the provisions of the relevant national collective bargaining agreements, where applicable, or any individual contracts/engagements.

For more details on the methods and terms for the award of shares, please see the documentation published on the website of the doBank Group www.dobank.com ("Governance/Remuneration" section).

B. Quantitative disclosures

1. Annual changes

The table on annual changes has not been prepared since the Bank's share-based payment agreements do not meet the requirements established for that table.

2. Other information

The estimated total cost of the above remuneration in 2017, providing for share-based payments, is equal to €4.9 million and is deferred over the entire vesting period provided for in the associated remuneration policies. The charge in profit or loss for the year amounted to €2.2 million and is reflected in a specific equity reserve.

PART L – SEGMENT REPORTING

In 2017 doBank operated in a single business sector, namely the management of non-performing loans.
From the point of view of the geographical scope of operations, during the year, doBank carried out all of its activity in Italy.
Please see the Report on Operations for more information on the results and disclosures on the doBank’s various areas of operation.

ANNEX 1 – TABLE OF FEES FOR THE YEAR FOR SERVICES PROVIDED BY THE AUDITING FIRM AND BY ENTITIES BELONGING TO THE AUDITING FIRM NETWORK EY S.P.A.

(€)

Type of services	Amounts in Eur	EY S.p.A.
Statutory audit of the financial statements		69,030
Other services		401,555
of which assistance and support for the listing on the Milan Stock Exchange		*368,700*
of which Comfort Letter on the 3-year Plan		*32,855*
Reviews for tax returns		8,088
Total		**478,673**

ANNEX 2 – SUBSIDIARIES' FINANCIAL STATEMENTS

doRealEstate

BALANCE SHEET

ASSETS

Note	ASSETS (€)	*12/31/2017*	*12/31/2016*
	NON CURRENT ASSETS		
1	Tangible Assets	2.088	2.069
2	Intangible Assets	501	185
3	Tax Assets	359.103	530.161
	Total non current assets	**361.692**	**532.415**
	CURRENT ASSETS		
4	Inventories	953.246	1.138.246
5	Receivables with customers	3.329.424	810.190
6	Tax receivables	269.045	273.382
7	Other receivables	132.391	87.318
8	Cash and cash equivalents	676.741	1.655.830
	TOTAL CURRENT ASSETS	**5.360.847**	**3.964.966**
	Total Assets	**5.722.539**	**4.497.381**

SHAREHOLDER'S EQUITY

Note	SHAREHOLDERS' EQUITY (€)	*12/31/2017*	*12/31/2016*
	Share Capital	150.000	150.000
	Retained earnings	317.849	56.945
	Net Profit (Loss)	498.842	386.460
9	**Total Shareholders' Equity**	**966.691**	**593.405**

LIABILITIES

Note	LIABILITIES (€)	*12/31/2017*	*12/31/2016*
	NON CURRENT LIABILITIES		
10	Financial liabilities (non current)	3.017.051	2.998.740
11	Benefits to employees	34.295	21.283
12	Reserve for risks and charges	239.607	152.668
	Total non current liabilities	**3.290.953**	**3.172.691**
	CURRENT LIABILITIES		
13	Trade payables	1.289.472	637.454
14	Tax liabilities	16.930	50.433
15	Other liabilities	158.493	43.398
	Total current liabilities	**1.464.895**	**731.285**
	Total liabilities	**4.755.848**	**3.903.976**
	Total liabilities and Equity	**5.722.539**	**4.497.381**

INCOME STATEMENT

Note	INCOME STATEMENT (€)	*12/31/2017*	*12/31/2016*
16	Sale of goods and servicing fees	4.427.647	2.475.022
17	Other revenues	162.985	32.756
	Total revenues	**4.590.632**	**2.507.778**
18	Raw materials and other consumables	(1.050)	(727)
19	Service costs	(2.090.860)	(1.048.881)
20	Payroll costs	(1.267.226)	(334.401)
21	Amortisation of tangible and intangible assets	(1.169)	(16.532)
22	Changes in inventories	(185.000)	(277.000)
23	Provisions for risks and charges	-	(23.000)
24	Other operating charges	(141.690)	(53.350)
	Total operating expenses	**(3.686.995)**	**(1.753.891)**
	Net operating profit or loss	**903.637**	**753.887**
25	Interest Income	23	11
26	Interest expenses	(64.624)	(62.824)
	Total interest income and expenses	**(64.601)**	**(62.813)**
27	Tax income/expense	(340.194)	(304.614)
	Net Profit (Loss)	**498.842**	**386.460**

doSolutions

BALANCE SHEET

ASSETS

Note	ASSETS (€)	12/31/2017	12/31/2016
	NON CURRENT ASSETS		
1	Tangible Assets	3.150.926	2.180
2	Intangible Assets	969.286	-
3	Tax Assets	205.274	-
	Total non current assets	**4.325.486**	**2.180**
	CURRENT ASSETS		
4	Receivables with customers	7.161.115	-
5	Tax receivables	5.162	764
6	Other receivables	1.083.949	115.650
7	Cash and cash equivalents	1.965.903	-
	Total non current assets	**10.216.129**	**116.414**
	TOTAL CURRENT ASSETS	**14.541.615**	**118.594**

SHAREHOLDER'S EQUITY

Note	SHAREHOLDERS' EQUITY (€)	*12/31/2017*	*12/31/2016*
	Share Capital	220.000	120.000
	Retained earnings	926.763	-
	Net Profit (Loss)	11.308	(16.264)
8	**Total Shareholders' Equity**	**1.158.071**	**103.736**

LIABILITIES

Note	LIABILITIES (€)	*12/31/2017*	*12/31/2016*
	NON CURRENT LIABILITIES		
9	Financial liabilities (non current)	318.429	-
10	Benefits to employees	1.447.634	-
11	Reserve for risks and charges	824.684	-
	Total non current liabilities	**2.590.747**	**-**
	CURRENT LIABILITIES		
12	Trade payables	8.782.172	14.387
13	Tax liabilities	961.700	471
14	Other liabilities	1.048.925	-
	Total current liabilities	**10.792.797**	**14.858**
	Total liabilities	**13.383.544**	**14.858**
	Total liabilities and Equity	**14.541.615**	**118.594**

INCOME STATEMENT

	INCOME STATEMENT (€)	01/01/2017-12/31/2017	10/27/2016-12/31/2016
15	Sale of goods and servicing fees	26.154.845	-
16	Other revenues	122.573	-
	Total revenues	**26.277.418**	**-**
17	Raw materials and other consumables	(15.464)	-
18	Service costs	(16.392.331)	(16.135)
19	Payroll costs	(8.330.584)	-
20	Amortisation of tangible and intangible assets	(1.422.061)	(129)
21	Other operating charges	(6.170)	-
	Total operating expenses	**(26.166.610)**	**(16.264)**
	Net operating profit or loss	**110.808**	**(16.264)**
22	Interest expenses	(5.665)	-
	Total interest income and expenses	**(5.665)**	**-**
23	Tax income/expense	(93.835)	-
	Net Profit (Loss)	**11.308**	**(16.264)**

iTALFONDIARIO
The Credit Management Company

BALANCE SHEET

(€)

	Assets	12/31/2017		12/31/2016	
10.	Cash and cash equivalents		7.539		9.851
40.	Financial assets available for sale		1		1
60.	Loans and Receivables		54.346.351		45.842.311
90.	Investments		1.634.673		1.634.673
100.	Property, plant and Equipment (Tangible Assets)		890.633		1.364.007
110.	Intangible Assets		664.274		1.153.209
120.	Tax assets		3.904.568		4.930.234
	a) current	2.318.447		3.606.188	
	b) deferred	1.586.121		1.324.046	
	of which for purposes of L. 214/2011	-		-	
130.	Non-current assets and groups of assets held for sale		10.000		131.868
140.	Others		4.680.371		2.740.573
	TOTAL ASSETS		**66.138.410**		**57.806.727**

(€)

	Liabilities and Shareholders' Equity	12/31/2017		12/31/2016	
10.	Deposits		28.025		255.520
70.	Tax liabilities		2.520.799		20.242
	a) current	2.500.695		-	
	b) deferred	20.104		20.242	
90.	Other liabilities		20.936.657		22.639.578
100.	Italian Staff Severance Pay (Trattamento di Fine Rapporto - "TFR")		3.908.106		5.371.139
110.	Provinsion for risks and charges:		3.612.146		2.009.253
	a) post-retirement benefit obligations	-		-	
	b) other provisions	3.612.146		2.009.253	
120.	Issued Capital		20.000.000		20.000.000
160.	Reserves		7.471.073		12.916.906
170.	Revaluation Reserve		- 789.947		- 933.729
180.	Net proft (loss)		8.451.551		- 4.472.182
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**66.138.410**		**57.806.727**

INCOME STATEMENT

(€)

	Items		2017		2016
10.	Interest income and similar revenues		29.920		46.462
20.	Interest expense and similar charges		- 2.066		- 28.123
	NET INTEREST MARGIN		**27.854**		**18.339**
30.	Fee and commission income		53.948.754		51.658.858
40.	Fee and commission expense		- 1.281.876		- 2.183.283
	NET FEES AND COMMISSIONS		**52.666.878**		**49.475.575**
50.	Dividend income and similar revenues		1		1.000.001
	OPERATING INCOME		**52.694.733**		**50.493.915**
100.	Impaiment losses on:		-		- 134.980
	a) financial assets			- 134.980	
	b) other financial transactions	-		-	
110.	Administrative costs:		- 49.352.986		- 55.676.608
	a) staff expense	- 26.529.617		- 35.027.167	
	b) other administrative expense	- 22.823.369		- 20.649.441	
120.	Impairment/write-backs on property, plant and equipment		- 197.265		- 386.662
130.	Impairment/write-backs on intangible assets		- 164.479		- 8.421.142
150.	Net provisions for risks and charges		207.151		- 382.968
160.	Other operating income and expenses		7.860.675		9.722.803
	OPERATING PROFIT/(LOSS)		**11.047.829**		**- 4.785.642**
170.	Proft (loss) of equity investments		1.656.195		1.533.149
	PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**12.704.024**		**- 3.252.493**
190.	Tax expense (income) related to profit or loss from continuing operations		- 4.252.473		- 1.219.689
	PROFIT (LOSS) AFTERTAX FROM CONTINUING OPERATIONS		**8.451.551**		**- 4.472.182**
200.	Profit (Loss) after tax from continuing operations of asset groups held for disposal		-		-
	NET PROFIT (LOSS)		**8.451.551**		**- 4.472.182**

ITALFONDIARIO BUSINESS INFORMATION SERVICES S.r.l.
In short I.B.I.S. S.r.l. - Single-member

FINANCIAL STATEMENTS AS AT 12/31/2017
BALANCE SHEET PRODUCED UNDER THE ART. 2435-*BIS* OF THE CIVIL CODE

Assets	**12/31/2017**		**12/31/2016**	
B) FIXED ASSETS				
I. Intangible Assets		497.415		735.194
Gross value	1.042.590		1.075.223	
(minus) redemption fund	(545.175)		(340.029)	
II. Property, plant and Equipment (Tangible Assets)		175		225
Gross value	250		28.552	
(minus) redemption fund	(75)		(28.327)	
III. Financial Fixed Assets		42.484		42.484
Total Fixed Assets		**540.074**		**777.903**
C) CURRENT ASSETS				
I. Inventories				
II. Receivables:		4.754.985		2.327.132
of which payable after the following year				
III. Financial assets that not constitue fixed assets				
IV. Cash and cash equivalents		94.671		114.753
Total Current Assets		**4.849.656**		**2.441.885**
TOTAL ASSETS		**5.389.730**		**3.219.788**

€

Liabilities and Shareholders' Equity	12/31/2017	12/31/2016
A) SHAREHOLDERS' EQUITY		
I. Share Capital	100.000	100.000
II. Share Premium Reserve	-	-
III. Valuation Reserve	-	-
IV. Legal Reserve	20.000	20.000
V. Treasury Share Reserve	-	-
VI. Statutory Reserve	-	-
VII. Other Reserves	418.658	403.186
VIII. Profit (Loss) of the previous years	-	-
IX. Net Profit (Loss)	1.757.364	915.472
Total Shareholders' Equity	**2.296.022**	**1.438.658**
B) PROVISION FOR RISKS AND CHARGES	7.800	160.000
C) RESERVE FOR EMPLOYEE SEVERANCE PAY		
Employee Severance Pay Fund	13.128	7.915
Total Reserve for Employee Severance Pay	**13.128**	**7.915**
D) LIABILITIES		
Liabilities	3.072.780	1.613.215
Total Liabilities	**3.072.780**	**1.613.215**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**5.389.730**	**3.219.788**

€

INCOME STATEMENT		12/31/2017		12/31/2016
A) VALUE OF PRODUCTION				
1) Revenue from sales and services		4.374.036		5.466.135
2) Variation inventory of products				
3) Variation contracts in progress				
4) Increases of work performed for own purposes				
5) Other revenues and income		584.114		11.992
Total Value of Production		**4.958.150**		**5.478.127**
B) COSTS OF PRODUCTION				
and supplies				745
7) For services		2.238.402		3.451.353
8) For use of assets owned by others, of third party assets		35.214		118.063
9) For staff:		117.174		253.968
a) salaries and wages	*86.173*		*178.618*	
b) social security	*22.378*		*49.028*	
e) other costs	*8.623*		*26.322*	
10) Amortisation, depreciation and write downs:		207.396		224.392
a) amortisation of intangile assets	*207.346*		*219.648*	
b) amortisation of property, plant and equipment	*50*		*4.744*	
consumables and supplies				
12) Provisions for risks				
13) Other provisions				
14) Other operating costs		15.515		42.435
Total Costs of Production		**2.453.701**		**4.090.956**
DIFFERENCES BETWEEN VALUE AND COSTS OF PRODUCTION		**2.504.449**		**1.387.171**
C) FINANCIAL INCOME AND EXPENSES				
15) Income from investments		-		-
16) Other financial income:		162		122
a) from receivables included under fixed assets		-		-
b) from securities included as fixed assets		-		-
part of investments		-		-
d) other financial income	*162*		*122*	
of which to subsidiary companies		-		-
17) Interest and other financial expenses		(1.854)		(3.234)
17-bis) Exchange rate gains and losses		-		-
Total Financial Income and Expenses		**(1.692)**		**(3.112)**
D) ADJUSTMENTS TO FINANCIAL ASSET VALUES				
18) Revaluation		-		-
19) Impairments		-		-
Total Adjustments to Financial Asset Values		**(1.692)**		**(3.112)**
PROFIT (LOSS) BEFORE TAX		**2.502.757**		**1.384.059**
20) Tax income (expense) for the year, current, deferred and prepaid		(745.393)		(468.587)
21) NET PROFIT (LOSS)		**1.757.364**		**915.472**

CERTIFICATIONS AND REPORTS ON THE FINANCIAL STATEMENTS

CERTIFICATION OF THE DESIGNATED MANAGER RESPONSIBLE FOR DRAFTING THE COMPANY ACCOUNTING DOCUMENTS

Individual/Consolidated Financial Statements Certification pursuant to art.81-ter of Consob Regulation No.11971/99, as amended

1. The undersigned

- Sig. Andrea Mangoni, in his capacity as Chief Executive Officer (CEO);
- Sig. Goatin Mauro, as the Manager Charged with preparing the financial reports of doBank S.pA., of also in compliance with Art.154-bis, (paragraphs 3 and 4) of Italian Legislative Decree No.58 of 24 February 1998, do hereby certify:
  - the adequacy in relation to the Legal Entity's features and
  - the actual application of the administrative and accounting procedures employed to draw up the 2017 Individual/Consolidated Financial Statements.

2. The adequacy of administrative and accounting procedures employed to draw up the 2017 Consolidated Financial Statements has been evaluated by applying a model developed by doBank SpA, in accordance with the Internal Control – Integrated Framework model issued by Committee of Sponsoring Organizations of Tradeway Commission (COSO) which represent generally accepted international standards for internal control system and for financial reporting in particular.
3. The undersigned also certify that:
   3.1. the 2017 Individual/Consolidated Financial Statements:
   a) were prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation No.1606/2002 of 19 July 2002;
   b) correspond to the results of the accounting books and records;
   c) are suitable to provide a fair and correct representation of the economic and financial situation of the issuer and of the group of companies included in the scope of consolidation;
   3.2. the Report on Operations includes a reliable analysis of the operating trend and results, as well as of the situation of the issuer and of the Legal Entities included in the scope of consolidation, together with a description of the main risks and uncertainties they are exposed to

Rome, March 13, 2018

Andrea Mangoni
Chief Executive Officer

Mauro Goatin
Manager Charged

RELAZIONE DEL COLLEGIO SINDACALE

ALL'ASSEMBLEA DEGLI AZIONISTI DEL 19 APRILE 2018

Signori Azionisti,

ai sensi dell'art. 153 del D. Lgs. n. 58/1998 e dell'art. 2429, comma 2 del Codice Civile, vi diamo conto dell'attività svolta dal Collegio Sindacale nel corso dell'esercizio chiusosi il 31.12.2017, il cui Bilancio è sottoposto alla Vostra approvazione e che il Consiglio di Amministrazione ha messo a disposizione, unitamente alla Relazione sulla gestione ed agli altri documenti prescritti, nei termini previsti dalla vigente normativa.

Il Collegio Sindacale in carica alla data della presente Relazione è stato nominato dall'Assemblea degli Azionisti del 30 ottobre 2015, ed è composto dal Presidente Dott. Francesco Mariano Bonifacio, dai Sindaci Effettivi Dott. Nicola Lorito e Dott. Massimo Fulvio Campanelli e dai Sindaci Supplenti Dott. Maurizio de Magistris e Dott. Giovanni Parisi.

Nei documenti d'informazione presentati all'Assemblea risultano descritti e adeguatamente illustrati l'andamento della Banca e delle Società controllate, con indicazione dei dati patrimoniali ed economici e dei risultati conseguiti nell'esercizio 2017.

Sono inoltre ampiamente indicati i fatti, le operazioni e i progetti che hanno caratterizzato l'esercizio interessando, nella logica di Gruppo, doBank Spa e le altre Società del Gruppo.

Attività di vigilanza e controllo del Collegio Sindacale

Nello svolgere l'attività di controllo e vigilanza, ci siamo attenuti alle norme dettate dal Codice Civile, dal Decreto Legislativo n. 58/1998 in ragione della avvenuta quotazione in corso di esercizio, dal Decreto Legislativo n. 39/2010, dalle Disposizioni di Vigilanza per le banche (Circolare n. 285 del 17 dicembre 2013 e successivi aggiornamenti) nonché alle ulteriori Comunicazioni emanate dalle citate Autorità di Vigilanza.

Ci siamo altresì attenuti ai principi di comportamento raccomandati dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili e alle indicazioni contenute nel Codice di Autodisciplina del Comitato per la *Corporate Governance*.

Abbiamo partecipato a tutte le riunioni del Consiglio di Amministrazione seguendo, con continuità, lo sviluppo delle decisioni aziendali e l'andamento della Banca nella sua evoluzione ed acquisendo, sulle medesime tematiche, periodiche informazioni sulle Società del Gruppo.

Il Presidente del Collegio Sindacale e/o gli altri sindaci hanno partecipato a tutte le riunioni dei Comitati endoconsiliari.

Abbiamo accertato che gli organismi delegati hanno sempre riferito al Consiglio di Amministrazione sulle operazioni compiute in funzione dei poteri loro attribuiti.

Possiamo dare atto che l'adeguata frequenza con cui si sono tenute le riunioni del Consiglio di Amministrazione, nonché le ampie informazioni fornite nelle riunioni medesime, hanno costituito

esaurienti adempimenti alle prescrizioni di Legge e di Statuto in materia di informativa.
Gli Amministratori hanno previamente informato, ai sensi dell'art. 2391 del Codice Civile e dell'art. 136 D. Lgs. n. 385 del 01.09.1993, sulle operazioni ritenute in potenziale conflitto di interessi che sono state deliberate con osservanza della specifica normativa.
Il collegamento costante con le Funzioni Aziendali di Controllo, gli incontri con la Società di Revisione, nonché con i diversi servizi della Banca, hanno fornito un importante e continuo flusso di informazioni, le quali, integrate da osservazioni dirette e da specifica attività di vigilanza, hanno consentito adeguate valutazioni delle diverse tematiche oggetto della vigilanza e dei controlli di competenza del Collegio Sindacale.
L'Alta Direzione aziendale ha sempre fornito utili elementi conoscitivi e di valutazione, in particolare relativamente alle operazioni di maggiore rilievo finanziario, patrimoniale ed economico, circa l'operatività e i processi deliberativi ed esecutivi delle stesse, nonché su ogni altro argomento oggetto di osservazione nell'ambito dell'attività dell'organo di controllo.
Dai responsabili delle strutture aziendali non sono pervenute al Collegio Sindacale segnalazioni di particolare rilievo in merito alla gestione aziendale e alle attività operative.
Abbiamo sempre esaminato i flussi informativi derivanti dalle relazioni trasmesse dalle Funzioni di Controllo relativamente alle attività del Gruppo.
Quali Sindaci della Società Capogruppo abbiamo tenuto riunioni allargate ai Presidenti dei Collegi Sindacali delle Società del Gruppo per acquisire informazioni in osservanza all'art. 151, comma 2 del D. Lgs. 58/1998 e per trattare tematiche di comune interesse. I flussi informativi sono stati in ogni caso agevolati dalla presenza di almeno un sindaco della Capogruppo nei Collegi Sindacali delle Società controllate.
La Società di Revisione costituisce, come sempre, un importante interlocutore del Collegio Sindacale in quanto la sua attività di controllo contabile e sul bilancio integra il quadro generale delle funzioni di controllo stabilite dalla normativa; con la Società di Revisione Ernst & Young SpA, cui sono affidati, ai sensi dell'art. 14 del D. Lgs. n. 39/2010, i controlli sulla regolare tenuta della contabilità e sul bilancio individuale e consolidato, sono stati organizzati periodici incontri, anche in occasione della revisione del bilancio d'esercizio e del bilancio consolidato.
Sono stati esaminati, tra l'altro, la corretta applicazione dei principi contabili/amministrativi e la migliore appostazione e rappresentazione nei prospetti del bilancio di elementi significativi sia sotto l'aspetto economico che finanziario e patrimoniale.
In ottemperanza a quanto previsto dall'art 19 del D. Lgs.39/2010, che ha identificato nel Collegio Sindacale il "Comitato per il controllo interno e la revisione contabile", nel corso dell'esercizio abbiamo svolto la prescritta attività di vigilanza sull'attività esercitata dalla Società di Revisione.

Fatti significativi e rilevanti del 2017 e dei primi mesi del 2018

Nella loro relazione gli Amministratori hanno fornito una esauriente illustrazione dell'andamento della Banca e del Gruppo nell'esercizio 2017.

b

Sulla base delle evidenze acquisite nello svolgimento della nostra attività abbiamo individuato alcuni eventi rilevanti che hanno caratterizzato il 2017 ed i primi mesi del 2018, di cui riteniamo opportuno fare un sintetico cenno.

La quotazione

Evento centrale che ha caratterizzato l'esercizio 2017 è stato sicuramente il processo di quotazione, con effetto dal 14 luglio 2017, che ha fatto seguito alla riorganizzazione del Gruppo, perfezionatasi nel corso dell'esercizio 2016. La Banca ed il Gruppo si sono pertanto dotate di un assetto normativo ed organizzativo coerente con la specifica normativa dettata per le Società che fanno ricorso al mercato dei capitali di rischio.
Da rilevare come nel periodo dal 30 gennaio 2017 al 12 maggio 2017 doBank Spa è stata sottoposta ad accertamento ispettivo da parte della Banca d'Italia. Delle preziose indicazioni sulle esigenze di miglioramento individuate dall'Autorità di Vigilanza, la Banca ha tenuto conto nella costruzione del nuovo assetto organizzativo. Da parte sua il Collegio ne ha costantemente monitorato l'attuazione.

L' acquisizione di nuovi mandati di servicing

L'esercizio 2017 ed i primi mesi del 2018 sono stati caratterizzati da significativi risultati in termini di acquisizione di mandati di *servicing*; infatti doBank Spa e le Società del Gruppo sono stati attori in molte delle principali operazioni che hanno interessato il mercato dei *Non Performing Loans*.
Nel mese di luglio 2017 UniCredit ha perfezionato l'operazione FINO cartolarizzando un portafoglio originario in sofferenza di circa 17,7 miliardi di Euro a favore di n. 2 SPV (Fino 1 *Securitisation* e Fino 2 *Securitisation*) suddividendo il portafoglio con l'obiettivo di far beneficiare una parte dell'investimento della garanzia di stato (GACS). La maggioranza dei titoli (50,1%) è stata acquisita da fondi del Gruppo Fortress mentre UniCredit, che inizialmente deteneva la quota rimanente, ha ridotto la propria quota a fine 2017 al di sotto del 20%. Il Gruppo doBank, che già gestiva una buona parte del portafoglio cartolarizzato, è stato confermato come *Special Servicer* delle due cartolarizzazioni, così incrementando di circa 2,7 miliardi di Euro (in termini di *gross book value*) il portafoglio gestito ed ha inoltre acquisito le attività di *Master Servicer* e *Corporate Provider* delle citate cartolarizzazioni.
In data 20 febbraio 2018, in esecuzione di impegni preliminari assunti nel corso del 2017, doBank Spa ha sottoscritto un accordo definitivo per la gestione di circa 8 miliardi di Euro di crediti in sofferenza originate dal Gruppo Monte dei Paschi di Siena (poco più del 30% del valore complessivo di circa 26 miliardi di Euro) e acquisite dal Fondo *Italian Recovery Fund* (già Atlante II) gestito da Quaestio SGR, in qualità di *Special Servicer*. La gestione di tale portafoglio si è resa operativa nel corso del primo trimestre 2018.
Nel mese di dicembre 2017, nell'ambito del processo di salvataggio riguardante le Casse di Risparmio di Rimini, Cesena e San Miniato, messo in atto dal Fondo *Italian Recovery Fund*, il Gruppo doBank ha sottoscritto un contratto di *Special Servicer* relativo alla gestione di circa 1 miliardo di Euro di sofferenze (operazione Berenice) che ha visto iniziare l'operatività nel primo trimestre 2018.

Nel mese di gennaio 2018 il Gruppo doBank ha sottoscritto un accordo, in qualità di *Special Servicer*, con REV Gestione Crediti SpA per la gestione di circa 2,4 miliardi di Euro di sofferenza originati da Banca delle Marche, Banca dell'Etruria e del Lazio, Cassa di Risparmio di Ferrara e Cassa di Risparmio di Chieti. Tale accordo è stato subito reso operativo.
La presenza nel mercato di riferimento, in linea con la strategia di co-investimento contenuta nei piani del Gruppo, è stata altresì caratterizzata dalla sottoscrizione di un impegno ad investire Euro 30 milioni nel Fondo *Italian Recovery Fund* e dedicato ad investimenti in *tranche junior* e mezzanine di cartolarizzazione con sottostante crediti deteriorati.
A seguito della quotazione sulla Borsa di Milano, è stata adottata una nuova politica di remunerazione che coinvolge l'Amministratore Delegato e un numero selezionato di *manager*.

Nuovo assetto della struttura organizzativa della capogruppo

Come già anticipato, nel corso del primo semestre del 2017 la Capogruppo doBank ha completato le attività di riorganizzazione interna con l'intento di accentrare presso di sé le funzioni di direzione, coordinamento, indirizzo e controllo approvando il nuovo Progetto di Governo Societario che prevede una semplificazione della governance della Banca e delle controllate, secondo un principio di proporzionalità, ed un rafforzamento del ruolo di direzione e coordinamento di doBank Spa in qualità di Capogruppo.
Particolare attenzione è stata posta alle soluzioni delle problematiche nel settore IT. A riguardo, la controllata doSolutions Spa, che ha avviato la propria operatività nei primi mesi del 2017, rappresenta il nuovo polo tecnologico del Gruppo con l'offerta di servizi di *information technology*, *back office* e logistica.
In tale contesto è stata effettuata la migrazione della piattaforma IT dal fornitore UBIS (del Gruppo Unicredit) a una diversa piattaforma ed è stato avviato il progetto di sviluppo del Controllo di Gestione verso un nuovo modello la cui migrazione si è completata alla fine del 2017, con integrazione di tutte le Società del Gruppo.

Rapporti infragruppo e con parti correlate

In ottemperanza alla specifica normativa, doBank Spa ha adottato la "Procedura del Gruppo doBank per la gestione delle Operazioni con Soggetti Collegati, con Parti Correlate e delle Operazioni in Conflitto di Interessi".
La gestione delle operazioni con soggetti collegati, è stata attribuita al Comitato Rischi e Operazioni con Soggetti Collegati, composto da tre amministratori indipendenti e da un amministratore non esecutivo. A tale organismo è affidato il compito di rilasciare, nelle ipotesi disciplinate dalla procedura, pareri motivati al Consiglio di Amministrazione in merito alle operazioni con soggetti collegati.
Possiamo conseguentemente confermare che i rapporti infragruppo e con parti correlate sono oggetto di puntuale verifica di coerenza da parte del Consiglio di Amministrazione.
Possiamo altresì confermare, in merito alle operazioni in oggetto, il cui quadro complessivo è illustrato con indicazioni ed evidenze contabili nei documenti d'informazione all'Assemblea e in

particolare nella Nota Integrativa, che le stesse operazioni:

- rispecchiano i criteri di competenza e correttezza sostanziale e procedurale indicati nella normativa di riferimento;
- rientrano nell'ambito dell'ordinaria operatività in quanto effettuate nel rispetto dei valori di mercato e deliberati sulla base di criteri di reciproca convenienza economica.

Relativamente all'operatività infragruppo, i rapporti e le relazioni poste in essere tra le Società appartenenti al Gruppo bancario doBank si collocano nell'ambito del modello organizzativo adottato dalla Capogruppo.

La messa a fattor comune di attività e servizi specialistici è regolata sulla base di appositi accordi contrattuali infragruppo, che riguardano in particolare le prestazioni di servizi da parte della Capogruppo alle Società controllate in area organizzativa, comunicazione, legale e affari societari, contabile-amministrativa e gestionale, *internal auditing*, *risk management* e *compliance*, gestione e amministrazione del personale. I contratti tra la controllata doSolutions SpA e le altre Società del Gruppo attengono la gestione del sistema informativo, della sicurezza e di *back office*.

Gli effetti economici di detti accordi sono regolati da parametri oggettivi e costanti nel tempo improntati a criteri di trasparenza. La quantificazione dei corrispettivi previsti a fronte dei servizi erogati è definita e formalizzata secondo parametri, che tengono conto dell'effettivo utilizzo da parte di ciascuna Società utente.

I rapporti con le altre parti correlate diverse dalle Società appartenenti al Gruppo, sono regolati a condizioni di mercato per le specifiche operatività.

Nell'esercizio 2017 è stata assunta una sola deliberazione ai sensi dell'articolo 136 del TUB, inerente la modifica del contratto in essere con l'Amministratore Delegato.

Le informazioni di dettaglio relative ai rapporti infragruppo e con parti correlate, comprese le informazioni sull'incidenza delle operazioni o delle posizioni in essere con dette controparti sulla situazione patrimoniale e finanziaria e sul risultato economico, accompagnate dalle tabelle riepilogative di tali effetti, sono contenute nella parte H della Nota Integrativa - Operazioni con parti correlate.

Operazioni atipiche e/o inusuali

Nel corso dell'esercizio, nessuna operazione atipica o inusuale, anche con Società del Gruppo o con parti correlate che abbiano influito in misura rilevante sulla situazione patrimoniale o sui risultati delle Società è stata effettuata.

Informazioni e attestazioni sugli accertamenti eseguiti

Richiamata l'attività di vigilanza e di controllo eseguita, e in base alle conoscenze dirette e alle informazioni assunte, considerando la Comunicazione CONSOB n.1025564 del 6 aprile 2001 e successive modifiche e integrazioni, il Collegio sindacale può riferire e ragionevolmente attestare quanto segue:

- Osservanza della Legge, dello Statuto

Come già accennato, abbiamo partecipato a tutte le riunioni del Consiglio di Amministrazione, acquisendo adeguate informazioni sull'attività svolta e sulle operazioni di maggior rilievo economico, finanziario e patrimoniale poste in essere dalla Banca e dalle sue Controllate.
Possiamo ragionevolmente affermare, anche sulla base delle informazioni assunte, che le stesse operazioni sono state compiute in conformità della Legge e dello Statuto e sempre nell'interesse della Banca e che non sono apparse manifestamente imprudenti o azzardate, in conflitto d'interessi, in contrasto con le delibere assunte dall'Assemblea o, comunque, tali da compromettere l'integrità del patrimonio sociale.
Su dette operazioni risultano ampie informazioni e considerazioni nella Relazione sulla Gestione e, con le opportune evidenze contabili, in Nota Integrativa.

- Società di Revisione - emissione relazioni

La Società di Revisione Ernst & Young Spa ha rilasciato in data odierna la propria Relazione sul Bilancio d'esercizio al 31.12.2017 di doBank Spa.
Nella Relazione viene espresso un giudizio positivo senza rilievi ed eccezioni.
Anche in merito al Bilancio Consolidato la Società di Revisione ha espresso, in pari data, un giudizio positivo senza rilievi ed eccezioni.
I Revisori, per quanto di loro competenza, hanno espresso giudizio positivo sulla coerenza della Relazione sulla Gestione con i Bilanci d'esercizio e Consolidato al 31.12.2017 nonché di conformità della Relazione stessa alle norme di legge che ne regolano fa formazione.

- Società di Revisione - principi di indipendenza

La Società di Revisione Ernst & Young Spa ha segnalato i corrispettivi percepiti da essa e dai soggetti appartenenti alla sua rete derivanti da prestazioni rese nel corso dell'anno 2017.
Detti compensi sono indicati da doBank Spa in allegato al Bilancio d'esercizio chiuso al 31 dicembre 2017, ai sensi di quanto stabilito dall'art. 17, comma 9, del D. Lgs 39/2010 e dall'art.149-*duodecies* del Regolamento Emittenti.
Circa la verifica delle situazioni di incompatibilità previste dal succitato art. 17 del D. Lgs.39/2010, la Società Ernst & Young Spa si è dichiarata indipendente nei confronti di doBank Spa, delle sue controllate e collegate.
Si dà evidenza delle attività richieste dal Gruppo doBank svolte dalla Ernst & Young Spa nel corso dell'anno 2017. I compensi non includono le spese sostenute per lo svolgimento del lavoro, l'IVA e i contributi previsti dalle norme ove applicabili.

Ernst & Young S.p.A
doBank SpA

Tipologia di Servizi			**Corrispettivi in Euro**
Revisione legale del Bilancio			69.030
Altri servizi:	*di cui assistenza e supporto agli adempimenti collegati alla quotazione alla Borsa di Milano*	368.700	401.555
	di cui Comfort Letter sul Piano Triennale	32.855	
Verifiche per sottoscrizione dichiarazioni fiscali			8.088
Totale			**478.673**
	Società controllate		
Revisione legale del Bilancio			120.587
Verifiche per sottoscrizione dichiarazioni fiscali			5.221

Oltre a quanto sopra indicato non risultano conferiti, alla data di riferimento del bilancio, altri incarichi né a Ernst & Young né a soggetti del network della Società di Revisione incaricata dei controlli contabili.

- Collegio Sindacale - Pareri obbligatori

Il Collegio Sindacale ha rilasciato al Consiglio di Amministrazione, tra gli altri, pareri in merito a:

- progetto di Governo Societario del Gruppo bancario doBank;
- funzioni aziendali di controllo di Gruppo e designazioni referenti presso Italfondiario SpA;
- nomina del Dirigente Preposto alla redazione dei documenti contabili societari;
- aggiornamento della struttura del sistema di incentivazione – incremento del limite dell'incidenza della remunerazione variabile in relazione a quella fissa sino ad un massimo di 2:1;
- processo di controllo prudenziale (ICAAP): resoconto ICAAP al 31 dicembre 2016;
- relazione annuale 2016 *Internal Audit* e Piano *Audit* 2017 ;
- relazione annuale della funzione AML sulle attività del 2016 e report di autovalutazione dei rischi di riciclaggio e di finanziamento del terrorismo;
- relazione annuale della funzione compliance, compliance plan e relazione reclami;
- sistema dei controlli interni del risk management: resoconto attività 2016 doBank Spa - programmazione 2017 gruppo doBank;
- relazione annuale 2016 sui controlli sulle funzioni operative importanti esternalizzate;
- approvazione del Memorandum sul sistema di controllo di gestione responsabilità ai fini del deposito presso Borsa italiana nel contesto del progetto di quotazione;
- aggiornamento del progetto di governo societario del gruppo bancario doBank;
- verifica requisiti Amministratori e Sindaci anche ai fini IPO;
- modifiche al contratto di collaborazione con l'Amministratore Delegato;

- aggiornamento del progetto di governo societario del Gruppo bancario doBank;
- riscontro alle risultanze dell'accertamento ispettivo da parte della Banca d'Italia, ex articoli 54 e 68 TUB.

- Riunioni degli Organi Societari e dei Comitati di Governance

Nell'esercizio 2017 si sono tenute tre Assemblee convocate in seduta Ordinaria e due in seduta Straordinaria.
Nel corso del 2017, Il Consiglio di Amministrazione ha effettuato 17 riunioni.
In conformità alle previsioni del Codice di Autodisciplina ed a seguito del processo di quotazione, risultano costituiti tre Comitati endoconsiliari (in luogo dei due in precedenza vigenti) con funzioni propositive, consultive e di coordinamento:

- il Comitato per le Nomine;
- il Comitato per la Remunerazione;
- il Comitato Rischi e Operazioni con Soggetti Collegati.

Tenuto conto della propria composizione nonché numero e della disponibilità dei Consiglieri indipendenti e non esecutivi, in Consiglio di Amministrazione ha optato per una composizione dei Comitati endoconsiliari formata da membri in maggioranza indipendenti, tra i quali individuare il Presidente.
Tutti i Comitati endoconsiliari in carica alla data della presente Relazione sono costituiti da almeno tre Amministratori non esecutivi, in maggioranza indipendenti; tra i quest'ultimi sono stati scelti i rispettivi Presidenti. I componenti dei Comitati endoconsiliari risultano in possesso delle competenze ed esperienze necessarie per gestire compiti e ruoli attribuiti ai comitati medesimi.
Nel corso del 2017 si sono tenute le seguenti riunioni:

- il Comitato Nomine e Remunerazioni, operante sino alla quotazione della Società avvenuta il 14 luglio 2017, si è riunito nove volte;
- il Comitato per le Nomine, operante dalla quotazione della Società, si è riunito due volte;
- il Comitato per la Remunerazione, operante dalla quotazione della Società, si è riunito 4 volte;
- il Comitato Rischi e Operazioni con Soggetti Collegati, si è riunito diciotto volte.

Il Collegio Sindacale nel corso del 2017 ha effettuato n. 16 riunioni e verifiche per l'attività di vigilanza e controllo, ha partecipato alle Assemblee degli Azionisti, alle riunioni del Consiglio di Amministrazione e dei Comitati endoconsiliari.

- Principi di corretta amministrazione

Abbiamo acquisito conoscenza e vigilato, anche acquisendo informazioni dai Responsabili delle funzioni, sul rispetto dei principi di corretta amministrazione, di sana e prudente gestione e di trasparenza informativa sull'andamento gestionale e non abbiamo osservazioni al riguardo.
Dall'attività di vigilanza e dalle informazioni assunte possiamo affermare che le operazioni di maggior rilievo economico, finanziario e patrimoniale sono state improntate a principi di corretta amministrazione e riteniamo altresì di poter escludere che siano state manifestamente imprudenti,

azzardate, in conflitto di interessi, in contrasto con delibere della Banca o tali da compromettere l'integrità del patrimonio.
Le operazioni di maggior rilievo economico finanziario e patrimoniale che riguardano la Società Capogruppo e altre Società del Gruppo sono ampiamente descritte nella Relazione sulla Gestione con le opportune evidenze contabili nelle rispettive Note Integrative.

- Adeguatezza della struttura organizzativa

Abbiamo vigilato e acquisito conoscenza circa l'adeguatezza della struttura organizzativa della Banca. La struttura organizzativa e le deleghe di poteri attribuite dal Consiglio di Amministrazione risultano coerenti con la dimensione dell'impresa e con le specificità dell'attività esercitata.
Come già anticipato, nel corso dell'esercizio sono state realizzate modifiche ai modelli organizzativi e societari di Gruppo al fine di adeguarli, laddove necessario, al mutato contesto regolamentare e di mercato.

- Adeguatezza del sistema dei controlli interni e del sistema amministrativo e contabile

Il Collegio ha valutato la completezza, l'adeguatezza, la funzionalità e affidabilità del sistema dei controlli interni e del *Risk Appetite Framework* (RAF) e l'adeguatezza del processo ICAAP e dell'attività dei preposti al controllo attraverso riscontri diretti e informazioni acquisite dalle Funzioni di Controllo, nonché dalle relazioni periodiche predisposte sulla specifica attività, svolte dalle richiamate Funzioni.
Da informazioni acquisite dalla Società di Revisione, dal Dirigente Preposto alla redazione dei documenti contabili e societari, nonché da riscontri diretti, si può ragionevolmente attestare, per quanto di competenza, l'adeguatezza del sistema amministrativo contabile nonché l'affidabilità dello stesso nel rappresentare correttamente i fatti di gestione.
Per quanto concerne l'attività di vigilanza di competenza del Collegio si ritiene di poter confermare la completezza, l'adeguatezza, la funzionalità e affidabilità del sistema e la competenza dei responsabili e degli addetti per cui non vi sono osservazioni in merito.

- Disposizioni impartite alle Società Controllate

Il Collegio ritiene adeguate le disposizioni impartite dalla Capogruppo alle Società Controllate, ai sensi dell'art. 114 comma 2 del D. Lgs. 58/1998, e non ha osservazioni sull'adeguatezza dei flussi informativi dalle controllate verso la Capogruppo per il tempestivo adempimento degli obblighi di comunicazione ai sensi di Legge.

- Società di Revisione - Informazioni in merito a fatti censurabili

Nel corso degli incontri avuti con la Società di Revisione, il Collegio non ha ricevuto comunicazioni di aspetti meritevoli di segnalazione e/o di fatti censurabili.

- Relazione annuale sul Governo Societario

Risulta predisposta e allegata ai documenti informativi all'Assemblea degli Azionisti, la Relazione

\B

annuale sul Sistema di Governo Societario adottato.
La Relazione sul Governo Societario relativa all'esercizio 2017, approvata dal Consiglio di Amministrazione in data 13.03.2018, è ritenuta dal Collegio Sindacale adeguata in quanto fornisce una corretta informazione sull'attuale situazione ad avvenuto recepimento a livello di Gruppo di tutti gli interventi di adeguamento normativo e sulla realizzazione delle peculiari caratteristiche che il Governo Societario deve presentare ai fini di "una sana e prudente gestione".

- Dichiarazione non Finanziaria

Risulta predisposta e allegata ai documenti informativi all'Assemblea degli Azionisti, la Dichiarazione non Finanziaria consolidata, redatta ai sensi degli articoli 3 e 4 del D. Lgs. 254716 del 30 dicembre 2016, nel rispetto della Delibera CONSOB n. 20267 del 18 gennaio 2018.
La Società di Revisione Ria Grant Thornton SpA in data odierna ha rilasciato la propria relazione rilevando come non siano pervenuti elementi tali da far ritenere che la Dichiarazione non Finanziaria non sia stata redatta in conformità alla Legge e alla metodologia autonoma di rendicontazione prescelta dalla Società.

- Valutazioni di indipendenza

Il Collegio Sindacale ha verificato, senza dover esprimere osservazioni, l'applicazione dei criteri di accertamento adottati dal Consiglio per valutare l'indipendenza dei propri membri.
I Sindaci, sempre in tema di indipendenza, hanno confermato il persistere della propria.

- Modello Organizzativo di Vigilanza e Controllo ai sensi del D. Lgs. 231/2001

Nel mese di gennaio 2017 è stata avviata la realizzazione di un progetto di revisione e allineamento dei Modelli di Organizzazione, Gestione e Controllo ex D.Lgs. 231/2001 delle Società appartenenti al Gruppo doBank, che si è concluso con l'approvazione del Modello di Capogruppo aggiornato, nella seduta del Consiglio di Amministrazione della stessa tenutasi il 12 febbraio 2018.
Tale progetto ha consentito, attraverso la definizione e applicazione di un approccio metodologico comune a livello di Gruppo, di pervenire a un sistema integrato e coordinato per la gestione dei rischi in materia di responsabilità amministrativa delle Società del Gruppo. Ciò anche tramite la formalizzazione di linee guida di Gruppo in materia, anch'esse approvate dal Consiglio di Amministrazione della Capogruppo e recepite dalle Controllate, le quali – fra l'altro unitamente al Codice Etico di Gruppo – costituiscono parte integrante dei Modelli.
Dall'attività svolta dall'Organismo di Vigilanza, coincidente con il Collegio Sindacale, non sono risultate criticità nelle attività operative e nelle attività di controllo interno eseguite.

- Privacy

Il Consiglio di Amministrazione ha approvato, in data 27 luglio 2017 la *Policy Privacy* di Gruppo.

- Policy e Regolamento in materia di antiriciclaggio e antiterrorismo

Nel corso del 2017 è stato portato a termine un progetto volto a definire il nuovo modello

organizzativo della Funzione Antiriciclaggio, finalizzato ad assicurare un sistema di gestione e controllo efficiente a livello consolidato.
In particolare, il modello ha visto l'accentramento presso la Capogruppo della Funzione Antiriciclaggio con la previsione presso la controllata Italfondiario Spa, intermediario ex art. 106 del TUB, di un presidio specialistico.
In data 13 marzo 2018 è stata sottoposta al Consiglio di Amministrazione la Relazione annuale della funzione, completa della parte dedicata alla formazione erogata nel 2017.
In pari data è stato presentato il *report* di autovalutazione dei rischi di riciclaggio e finanziamento del terrorismo.

- Gestione dei reclami della Clientela

Nel corso del 2017 è stata accentrata presso la Capogruppo la gestione dei Reclami. A riguardo è stata effettuata una attività di *risk assessment* al fine di verificare in recepimento delle buone prassi individuate dall'Autorità di Vigilanza.

- Politiche retributive

Conformemente alle disposizioni in materia di politiche e prassi di remunerazione e incentivazione nelle banche e nei gruppi bancari emanate dalle competenti Autorità, abbiamo verificato l'adeguatezza e rispondenza al quadro normativo delle politiche di incentivazione e remunerazione consuntivate per il 2017 ed adottate per il 2018 dal Gruppo.
Abbiamo altresì esaminato i contenuti dei reports delle funzioni di Controllo che hanno attestato, per quanto di competenza, la conformità delle citate politiche ai principi di cui alle disposizioni normative vigenti nonché alla regolamentazione interna e l'allineamento con gli obiettivi e i valori aziendali, le strategie di lungo periodo e le politiche di prudente gestione del rischio.
Riteniamo pertanto di valutare adeguato il sistema di remunerazione e incentivazione del Gruppo doBank, sia sotto il profilo normativo che sotto quello applicativo.

- Autovalutazione della dimensione, composizione e funzionamento del Consiglio

Il Collegio dà atto che, in attuazione di quanto previsto dalle norme vigenti, l'Organo Amministrativo ha effettuato l'annuale autovalutazione della dimensione, composizione e funzionamento dello stesso e dei suoi comitati che trova riscontro nel "Documento di autovalutazione del Consiglio di Amministrazione".

- Autovalutazione e funzionamento del Collegio Sindacale

Anche il Collegio Sindacale ha condotto il processo di autovalutazione, al termine del quale è stata prodotta la "Relazione relativa all'esito dell'Autovalutazione del Collegio Sindacale" ed è stato redatto ed adottato un proprio Regolamento.

- Controlli Interni L. 262/05: formazione del Bilancio Consolidato e d'esercizio

Il Dirigente Preposto ha attestato l'adeguatezza e l'effettiva applicazione delle procedure amministrative e contabili per la formazione del Bilancio Consolidato 2017. Ha inoltre confermato che il Bilancio è redatto in conformità ai principi contabili internazionali applicabili, corrisponde alle risultanze dei libri e delle scritture contabili ed è idoneo a fornire una rappresentazione veritiera e corretta della situazione patrimoniale, economica e finanziaria della Società emittente.

- Relazione della Società di Revisione ex art. 11 del Regolamento UE 537/2014

Il Collegio Sindacale dà atto che, ai sensi di quanto disposto dall'articolo 11 del Regolamento UE 537/2014, la Società di Revisione, in data odierna, ha presentato al Comitato per il controllo interno e la revisione contabile la "relazione aggiuntiva" ivi prevista che contiene, tra l'altro, la dichiarazione di indipendenza.

Conclusioni

Signori Azionisti,

il Collegio Sindacale, richiamando quanto esposto nella presente Relazione, può ragionevolmente assicurarVi che dall'attività svolta e dalle informazioni assunte, non sono emersi fatti censurabili e/o irregolarità od omissioni che richiedano menzione nella presente Relazione.

I Sindaci possono pertanto concludere che, attraverso l'attività di vigilanza e controllo svolta nell'esercizio, hanno potuto accertare:

- l'osservanza della Legge e dello Statuto;
- il rispetto dei principi di corretta amministrazione;
- l'adeguatezza della struttura organizzativa e, per gli aspetti di competenza, del sistema di controllo interno e del sistema amministrativo contabile nonché l'affidabilità dello stesso nel rappresentare correttamente i fatti di gestione;
- la concreta attuazione delle regole di governo societario previste dal Codice di Autodisciplina e dalle disposizioni di vigilanza in materia di organizzazione interna e di governo societario delle banche;
- l'adeguatezza delle disposizioni impartite dalla Banca alle Società controllate ai sensi dell'art. 114, comma 2 del D. Lgs. 58/1998.

Relativamente al Bilancio d'esercizio e a quello Consolidato, il Collegio conferma che sono redatti in conformità ai principi contabili internazionali IAS/IFRS emanati dall' *International Accounting Standard Board* (IASB) e che sono stati predisposti sulla base delle istruzioni emanate dalla Banca d'Italia.

Con riferimento al Bilancio d'esercizio e al Bilancio consolidato del Gruppo doBank chiusi al 31.12.2017, si attesta che il Presidente del Consiglio di Amministrazione e il Dirigente preposto alla redazione dei documenti contabili societari hanno sottoscritto, con apposita relazione, le attestazioni relative al Bilancio d'esercizio e consolidato previste dall'art. 81-ter del Regolamento CONSOB n. 11971 del 14.05.1999 e successive modifiche e integrazioni, che richiama l'art. 154 bis comma 5 del D.Lgs. 58/1998.

Le attestazioni confermano in ogni loro parte la regolarità degli adempimenti, come normativamente richiesto, senza osservazioni o esistenza di problematiche e/o anomalie.

La Società di Revisione Ernst & Young Spa, a cui sono affidati, ai sensi dell'art. 14 del D.Lgs. 39/2010, il controllo sulla contabilità e sui bilanci, nelle proprie relazioni, ha espresso giudizio positivo, senza rilievi, eccezioni e/o richiami di informativa, sia sul Bilancio d'esercizio che sul Bilancio Consolidato e, per quanto di competenza, ha espresso, in merito alla Relazione sulla Gestione, giudizio positivo relativamente alla coerenza della stessa con i Bilanci ed alla conformità normativa.

Per quanto di nostra competenza abbiamo riscontrato, anche attraverso le informazioni acquisite, che il Bilancio d'esercizio è stato predisposto secondo i principi generali di redazione e con criteri di valutazione conformi ai principi contabili e che nelle sue componenti strutturali riflette, senza deroghe, le norme generali e speciali che ne disciplinano la formazione.

La Nota Integrativa completa il Bilancio con i dati e gli elementi dovuti e fornisce ampie e dettagliate informazioni.

Relativamente al Bilancio Consolidato il Collegio Sindacale ha riscontrato la correttezza nell'applicazione dei principi contabili, nella formazione dell'area di consolidamento e nell'osservanza della normativa di riferimento che ne disciplina la formazione ed ha assunto informazioni circa i diversi livelli di controllo accertando l'adeguatezza dell'assetto organizzativo-procedurale per gestire i flussi informativi ai fini del consolidamento.

Indicazioni e commenti sui dati patrimoniali ed economici, nonché in merito ai risultati conseguiti nell'esercizio 2017, sono riportati in Nota Integrativa e negli altri documenti di informazione all'Assemblea.

La Relazione risulta esauriente e ottempera al disposto dell'art. 2428 del Codice Civile con le modifiche e integrazioni di cui al D. Lgs. 136/2015; risulta coerente con le delibere dell'organo amministrativo e fornisce le informazioni previste dalla normativa con riferimento anche alle operazioni e processi che hanno riguardato la Banca e le Società del Gruppo.

Considerato quanto dianzi esposto, richiamate le attestazioni sottoscritte dal Presidente del Consiglio di Amministrazione e dal Dirigente Preposto alla redazione dei documenti contabili, considerato altresì il giudizio positivo senza rilievi ed eccezioni espresso dalla Società di Revisione Ernst & Young Spa, considerato infine che, per quanto di nostra competenza, non vi sono ragioni ostative, possiamo proporre all'Assemblea degli Azionisti l'approvazione del Bilancio d'esercizio chiuso al 31.12.2017 e della proposta di destinazione dell'utile di esercizio così come formulata dal Consiglio di Amministrazione.

Roma 28 marzo 2018

Il Collegio Sindacale

Dott. Francesco Mariano Bonifacio, Presidente

Dott. Nicola Lorito, Sindaco Effettivo

Dott. Massimo Fulvio Campanelli, Sindaco Effettivo

doBank S.p.A.

Financial statements as at December 31, 2017

Independent auditor’s report in accordance with article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

EY S.p.A.
Via Isonzo, 11
37126 Verona

Tel: +39 045 8312511
Fax: +39 045 8312550
ey.com

Independent auditor's report in accordance with article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
doBank S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of doBank S.p.A. ("the Company" or "The Bank"), which comprise the statement of financial position as at December 31, 2017, and the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flows statement for the year then ended, and the notes to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of doBank S.p.A. as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005 and article 43 of Legislative Decree n. 136/2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.
We are independent of doBank S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matter:

Key Audit Matter	Audit Response
Estimate of the revenues related to servicing contracts and connected contractual obligations The Bank operates in the management and recovery of loans, mainly non-performing, under mandate of banks and financial institutions, and the related revenues are recorded on an accruals basis, through the use of IT and management information procedures and complex reporting processes on the activity carried out, considering the different contractual specificities of each mandate. These revenues, recorded under item 40. Commission income of the income statement, for approximately 86% of the total amount are related to credit management and recovery services and for the remainder to the servicing activity for securitization transactions. The aforesaid contracts also provide for detailed rights and duties clauses for the Bank in relationships with its counterparties, which may also generate contingent liabilities from any failure to meet contractual obligations. At year-end, the Directors determine part of these revenues with a complex procedure for estimating the amounts accrued over the period, considering the detailed contractual provisions, the trend of actual recoveries, as well as any contractual indemnities to be recognized in relation to particular events or specific circumstances. At the financial year-end, the portion of servicing revenues without a clear acceptance by the counterparty amounted to 27% of the total amount of invoices to be issued and to 8% of item 40. Commission income of the income statement. For these reasons, the estimate of the revenues related to servicing contracts and the connected contractual obligations has been considered a key audit matter. The disclosure relating to the commission income from credit management and recovery and the methods adopted to their estimation is included in	The audit response included several procedures, the most relevant of which are outlined below: · an understanding of the process for recognizing commission income and charges from contractual provisions and of the related key controls, as well as the testing of these controls; · verification of the underlying assumptions of the estimation models used, as well as the carrying out of compliance procedures on the controls considered key among those detected; · the assessment of the appropriateness of the methodology and the reasonableness of the assumptions adopted for the purposes of the estimates made; · the execution of substantive procedures concerning the actual application of the estimation methodology and the related assumptions in determining the commission income, both fixed and variable; · the comparison of estimates related to the previous year with the those subsequently reported and the analysis of the deviations in order to support the reliability of the estimation process. · we assessed the adequacy of the disclosures provided in the explanatory notes.

Parts A - Accounting policies, B - Information on the balance sheet and C - Information on the income statement of the notes to the financial statements.

Responsibilities of Directors and Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005 and article 43 of Legislative Decree n. 136/2015, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Statutory Auditors ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; have designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of doBank S.p.A., in the general meeting held on June 17, 2016, engaged us to perform the audits of the separate and consolidated financial statements of each years ending December 31, 2016 to December 31, 2024.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of doBank S.p.A. in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the Board of Statutory Auditors ("Collegio Sindacale") in their capacity as audit committee, prepared in accordance with article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of doBank S.p.A. are responsible for the preparation of the Report on Operation and of the Report on Corporate Governance and Ownership Structure of doBank S.p.A. as at December 31, 2017, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of doBank S.p.A. as at December 31, 2017 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operation and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of doBank S.p.A. as at December 31, 2017 and comply with the applicable laws and regulations.

With reference to the statement required by article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of doBank S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by the Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by other auditor.

Verona – March 28, 2018

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

This report has been translated into the English language solely for the convenience of international readers.