

Press Release

THE BOARD OF DIRECTORS APPROVES THE CONSOLIDATED INTERIM REPORT AS AT SEPTEMBER 30, 2018

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

- **Gross revenues: €161.9 million, +11%** on €145.7 million;
- **Net revenues: €145.9 million, +10%** compared with €132.4 million;
- **EBITDA: €54.4 million, +30%** compared with €41.7 million;
- **EBITDA margin: 34%**, up 5 percentage points compared with 29%;
- **Net profit: €34.8 million, +29%** compared with €26.9 million;
- **Net financial position: a positive (cash) €37.5 million**, after dividend payments of €30.9 million (a positive €38.6 million at December 31, 2017);
- **CET1: 29.1%** compared with 26.4% at December 31, 2017 (CET1 of CRR Group at 24.4% compared with 29.8% at December 31, 2017).

Portfolio under management

- **Gross book value of assets under management (GBV) amounted to €83.5 billion** (€76.7 billion at the end of 2017 and €78.9 billion at September 30, 2017), with the rise reflecting the progressive onboarding since the start of 2018 of new servicing contracts with a GBV of more than €12 billion. The GBV of assets under management amounted to €85.3 billion including the €1.8 billion contract awarded by Greece's four systemic banks.
- **Collections amounted to €1,334 million, +8%** compared with €1,234 million at September 30, 2017. Developments in collections benefitted from a significant acceleration in the third quarter of the year, in line with expectations, reflecting the impact of the onboarding of new management contracts in the first half of the year. The sharp growth in collections in the third quarter of 2018 also reflected a favourable basis of comparison compared with the same period of 2017, a year in which annual collections were more highly concentrated in the first half of the year.

Andrea Mangoni, Chief Executive Officer of doBank, remarked: *"The results for the third quarter demonstrate the resilience of doBank's business model, with collections and profit sharply higher, and testify to the soundness and effectiveness of our operations, despite the uncertain macroeconomic environment. We are therefore continuing to execute the Business Plan, confirming its targets for 2018 - 2020".*

doBank S.p.A.

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

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

Verona, November 9, 2018 – The Board of Directors of doBank S.p.A. (the “**Company**” or “**doBank**”) today approved the Consolidated Interim Report as at September 30, 2018.

In the first nine months of the year, doBank had **gross revenues** of €161.9 million, an increase of 11% compared with €145.7 million in the same period of 2017.

Servicing revenues, the Group’s core business accounting for 89% of total revenues, amounted to €144.2 million, compared with €132.1 million (+9%) in the same period of the previous year. An expansion in the volume of recoveries led to a consequent increase in performance fees, while base fees also increased, due to the expansion of assets under management, as did revenues from portfolio transfer indemnities from customers. The increase in servicing revenues, which was in line with expectations, accelerated considerably in the third quarter of the year, reflecting collections on new servicing contracts.

Revenues from co-investment and revenues from ancillary products and minor activities totalled €17.8 million, an increase of 31% compared with the first nine months of 2017, equal to 11% of total revenues. The expansion of this component of revenues reflected income from the ABSs issued in the Romeo SPV and Mercuzio Securitisation securitisations, the growth in data remediation, business information, due diligence and master servicing activities and the reimbursement of expenses incurred by the doBank Hellas branch in Greece, which amounted to €1.5 million.

Fee and commission expense amounted to €16.0 million (€13.3 million in the first nine months of 2017), with the increase in line with the expansion of collections and ancillary services. Fee and commission expense connected with servicing activities was unchanged as a percentage of revenues compared with 2017. **Net revenues** amounted to €145.9 million at September 30, 2018, up 10% on the first nine months of 2017 (€132.4 million).

Operating expenses rose marginally, totalling €91.5 million compared with €90.7 million in the first nine months of 2017 (+1%), despite the double-digit growth in revenues, underscoring the Group’s operating leverage. The expected increase in staff expenses (from €58.8 million at September 30, 2017 to €68.0 million in the first nine months of 2018), due to the strengthening of top management and the effect of the new incentive mechanism introduced following the listing, was largely offset by a decline in IT costs owing to a reduction in the outsourcing of services and the absence of projects under way in 2017 as well as gains from cost efficiencies in overheads.

EBITDA at September 30, 2018 amounted to €54.4 million, up more than €12 million (+30%) on the first nine months of 2017 (€41.7 million). The EBITDA margin improved by 5 percentage points from 29% at September 30, 2017 to the current 34%. The period also registered start-up costs connected with the launch of operations in Greece and the development of the unlikely-to-pay (UTP) business in Italy amounting to €0.8 million, all of which are reflected in the operating expenses reported above.

The profit/loss of equity investments at September 30, 2018 came to €0.9 million, reflecting the gain recognized following the sale to the Iccrea Banking Group of the 45% stake in BCC Gestione Crediti S.p.A., a company belonging to the Iccrea Banking Group.

Net profit as at September 30, 2018 amounted to €34.8 million, up 29% compared with €26.9 million at September 30, 2017, in line with the growth in EBITDA.

Net working capital amounted to €82.7 million, slightly up on the €78.3 million registered at December 31, 2017, reflecting the normal seasonal fluctuations in the collections-payments cycle, and an improvement on the €83.6 million at September 30, 2017 despite the double-digit expansion in revenues. The positive developments in net working capital are expected to continue, as they are linked to the shift of the portfolio towards the Investor customer segment, which has a more favourable working capital cycle.

The **positive net financial position** (cash) amounted to €37.5 million at September 30, 2018, compared with €38.6 million at the end of 2017 and €25.4 million at September 30, 2017, and was characterised by the absence of bank debt. The figure is especially significant bearing in mind the outlay of €30.9 million for the distribution of dividends and the payment of €13 million in respect of an additional financial investment in units of the Italian Recovery Fund (formerly Atlante II). Free cash flow generation in the first nine months of 2018 amounted to €38.5 million.

Deferred tax assets amounted to €84.3 million at September 30, 2018, slightly down compared with the end of 2017 (€94.0 million), mainly reflecting the reversal of assets on prior-year tax losses.

The **CET1 ratio** was 29.1%, compared with 26.4% at December 31, 2017 (the CET1 ratio for the CRR Group was 24.4%, compared with 29.8% at December 31, 2017).

Portfolio under management

Assets under management (GBV) at September 30, 2018 **amounted to €83.5 billion**, an increase on €78.9 billion at the end of September 2017 and €76.7 billion at the end of 2017, primarily reflecting the entry of more than €12 billion in GBV from new servicing contracts. During 2018, the portfolio transferred by REV, the Berenice portfolio, the portfolio of loans originated by the MPS Group under a contract with the Italian Recovery Fund and other smaller portfolios were onboarded. These flows were accompanied by about €0.9 billion (GBV) in loans from existing customers as well ordinary developments in collections, cancellations and transfers of portfolios. If we also include the recent €1.8 billion contract signed with Greece's four systemic banks, currently in the business planning stage, the portfolio under management at the end of September would amount to €85.3 billion.

At September 30, 2018, collections on loans under management **amounted to €1,334 million**, an increase of 8% compared with €1,234 million in the first nine months of 2017. Developments in collections, which improved over the course of the year, especially in July-September, reflected the GBV of assets under management, which only gradually began to benefit from the new management contracts, in line with expectations. The performance of collections in 2018 also reflected differences in the seasonal distribution of collections compared with 2017, when they were more highly concentrated in the first half of the year.

The collection rate at the end of September 2018 (the ratio of collections in the last 12 months to end-period GBV), excluding new management contracts, was 2.5% (2.4% at December 31, 2017 and June 30, 2018), with the improvement reflecting the increase in collections in July-September; including new servicing contracts, the indicator would be 2.3%, an improvement on the 2.1% posted at June 30, 2018 and a slight decline, in line with expectations, on the 2.4% registered at the end of 2017. The developments in collections observed so far in 2019 confirm the forecasts in the 2018-2020 Business Plan, including the target of raising the collection rate to more than 2.6% in 2020.

SIGNIFICANT EVENTS DURING AND AFTER THE END OF THE PERIOD

Disposal of investment in BCC GeCre

During the third quarter, Italfondario S.p.A. sold to the Iccrea Banking Group its 45% stake in BCC Gestione Crediti S.p.A. ("BCC GeCre"), a company belonging to the Iccrea Banking Group, for €2.6 million, with the recognition of a gain of € 0.9 million.

The Iccrea Banking Group, which already held a 55% stake in BCC GeCre, had submitted an application to the supervisory authorities to perform the role of Parent Company of the Mutual Banking Group ("Gruppo

bancario Cooperativo”) now being formed, pursuant to Article 37-bis of the Consolidated Banking Act, in response to recent developments in the strategic and regulatory requirements of mutual banks in the Italian banking industry. In this changed environment, it was therefore needed to redefine the strategies concerning the investment in BCC GeGre. The sale of the investment was conducted in accordance with the terms and conditions established in the shareholders' agreement between Italfondario S.p.A. and the Iccrea Banking Group on December 15, 2014 and amended on July 13, 2016.

The sale of the investment in BCC GeCre is in line with the 2018-2020 Business Plan presented in June 2018 by doBank. doBank continues to collaborate closely with the Iccrea Banking Group as a Special and Master Servicer and expects to expand the scope of this collaboration with the award of loan management contracts.

New Group structure: update

As part of the corporate restructuring announced on June 19 this year, which among other things is intended to make the Group's structure more consistent with the business mix of doBank, following the issue of the authorisation of the Bank of Italy pursuant to Article 57 of Legislative Decree 385/1993, on November 2, 2018 the plan for the merger of doRealEstate S.p.A. into doBank S.p.A. and the plan for the partial demerger of Italfondario S.p.A. into doBank were filed, respectively, with the Company Registers of Rome and Verona, as provided for under Articles 2501-ter and 2506-bis of the Italian Civil Code. The changes will group Special Servicing activities in a single doBank company and Master Servicing activities with Italfondario.

In line with the guidelines of the 2018-2020 Business Plan, the new Group structure, thanks in part to the corporate transactions just mentioned, will be implemented by the end of 2018 and will be characterised by greater specialisation of the operating companies and will generate synergies consistent with the integration of the management platforms.

OUTLOOK

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

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

Webcast conference call

The preliminary results as at September 30, 2018 will be presented on Friday, **November 9 at 15:00** in a conference call in audio-webcast format held by the Group's top management.

The conference call can be followed via webcast by connecting to the bank's website at www.dobank.com or the following URL: <http://services.choruscall.eu/links/dobank181109.html>.

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



ITALY: +39 02 805 88 11

UK: +44 121 281 8003

USA: +1 718 705 8794

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

Certification of the financial reporting officer

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

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

doBank S.p.A.

doBank, listed on the Electronic Stock Market (*Mercato Telematico Azionario*) organised and operated by Borsa Italiana S.p.A. since July 2017, is a leader in Italy in the business of managing primarily non-performing loans. With more than 18 years of experience in the sector, the Group is a long-standing partner of leading financial institutions and national and international investors. It had a portfolio of assets under management of €77 billion (in terms of gross book value) at December 31, 2017. Managing all phases of the loan lifecycle with an advanced operational approach and the highest servicer ratings in Europe, in 2017 the Group had gross revenues of about €213.0 million, with an EBITDA margin of 33% and strong cash generation.

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RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€/000)

| Condensed consolidated income statement | First nine months | | Change | |
|--|-------------------|-----------------|---------------|------------|
| | 2018 | 2017 | Amount | % |
| Servicing revenues | 144,172 | 132,112 | 12,060 | 9% |
| o/w Banks | 93,007 | 114,866 | (21,859) | (19)% |
| o/w Investors | 51,165 | 17,246 | 33,919 | n.s. |
| Co-investment revenues | 714 | 418 | 296 | 71% |
| Ancillary and other revenues | 17,037 | 13,151 | 3,886 | 30% |
| Gross Revenues | 161,923 | 145,681 | 16,242 | 11% |
| Outsourcing fees | (16,008) | (13,300) | (2,708) | 20% |
| Net revenues | 145,915 | 132,381 | 13,534 | 10% |
| Staff expenses | (68,092) | (58,808) | (9,284) | 16% |
| Administrative expenses | (23,430) | (31,871) | 8,441 | (26)% |
| o/w IT | (9,323) | (14,047) | 4,724 | (34)% |
| o/w Real Estate | (6,169) | (5,836) | (333) | 6% |
| o/w SG&A | (7,938) | (11,988) | 4,050 | (34)% |
| Operating expenses | (91,522) | (90,679) | (843) | 1% |
| EBITDA | 54,393 | 41,702 | 12,691 | 30% |
| EBITDA Margin | 34% | 29% | 5% | 17% |
| Impairment/Write-backs on property, plant, equipment and intangible assets | (1,797) | (1,619) | (178) | 11% |
| Net Provisions for risks and charges | 148 | (1,189) | 1,337 | (112)% |
| Net Write-downs of loans | 450 | 210 | 240 | 114% |
| Net income (losses) from investments | 917 | 1,901 | (984) | (52)% |
| EBIT | 54,111 | 41,005 | 13,106 | 32% |
| Net financial interest and commissions | 487 | (145) | 632 | n.s. |
| EBT | 54,598 | 40,860 | 13,738 | 34% |
| Income tax for the year | (19,834) | (13,556) | (6,278) | 46% |
| Profit (loss) from group of assets sold and held for sale net of tax | - | (390) | 390 | (100)% |
| Net Profit (Loss) for the period | 34,764 | 26,914 | 7,850 | 29% |
| Earnings per share | 0.44 | 0.34 | 0.10 | 29% |

CONSOLIDATED BALANCE SHEET

(€/000)

| Condensed balance sheet | 9/30/2018 | 12/31/2017 | Change | |
|---|----------------|----------------|----------------|-------------|
| | | | € | % |
| Cash and liquid securities | 49,483 | 50,364 | (881) | (2)% |
| Financial assets | 39,245 | 25,960 | 13,285 | 51% |
| Equity investments | - | 2,879 | (2,879) | (100)% |
| Tangible assets | 2,927 | 2,772 | 155 | 6% |
| Intangible assets | 7,064 | 6,041 | 1,023 | 17% |
| Tax assets | 93,595 | 103,941 | (10,346) | (10)% |
| Trade receivables | 98,551 | 99,337 | (786) | (1)% |
| Assets on disposal | 10 | 10 | - | n.s. |
| Other assets | 9,983 | 6,196 | 3,787 | 61% |
| Total assets | 300,858 | 297,500 | 3,358 | 1% |
| Financial liabilities: due to customers | 11,982 | 11,759 | 223 | 2% |
| Trade payables | 15,865 | 21,072 | (5,207) | (25)% |
| Tax Liabilities | 11,523 | 6,105 | 5,418 | 89% |
| Employee Termination Benefits | 10,029 | 10,360 | (331) | (3)% |
| Provision for risks and charges | 18,838 | 26,579 | (7,741) | (29)% |
| Other liabilities | 18,089 | 14,928 | 3,161 | 21% |
| Total Liabilities | 86,326 | 90,803 | (4,477) | (5)% |
| Share capital | 41,280 | 41,280 | - | n.s. |
| Reserves | 138,734 | 120,700 | 18,034 | 15% |
| Treasury shares | (246) | (277) | 31 | (11)% |
| Result for the period | 34,764 | 44,994 | (10,230) | (23)% |
| Total shareholders' equity | 214,532 | 206,697 | 7,835 | 4% |
| Total liabilities and shareholders' equity | 300,858 | 297,500 | 3,358 | 1% |

OPERATING CASH FLOW

(€/000)

| Cash Flow | 9/30/2018 | 9/30/2017 |
|---|----------------|----------------|
| EBITDA | 54,393 | 41,702 |
| Capex | (3,250) | (3,812) |
| EBITDA-Capex | 51,143 | 37,890 |
| as % of EBITDA | 94% | 91% |
| Adjustment for accrual on share-based incentive system payments | 3,835 | 1,001 |
| Changes in NWC | (4,421) | (4,302) |
| Changes in other assets/liabilities | (6,464) | 11,770 |
| Operating Cash Flow | 44,093 | 46,359 |
| Tax paid (IRES/IRAP) | (5,582) | (475) |
| Free Cash Flow | 38,511 | 45,884 |
| (Investments)/divestments in financial assets | (11,318) | 739 |
| Equity (investments)/divestments | 2,610 | 1,694 |
| Dividend paid | (30,907) | (52,330) |
| Net Cash Flow of the period | (1,104) | (4,013) |
| Net financial Position - Beginning of period | 38,605 | 29,459 |
| Net financial Position - End of period | 37,501 | 25,446 |
| Change in Net Financial Position | (1,104) | (4,013) |

ALTERNATIVE PERFORMANCE INDICATORS

(€/000)

| Key performance indicators | 9/30/2018 | 9/30/2017 | 12/31/2017 |
|--|-----------|-----------|------------|
| Gross Book Value (Eop) - in millions of Euro - | 83,549 | 78,863 | 76,703 |
| Collections for the period - in millions of Euro - | 1,334 | 1,234 | 1,836 |
| Collections for the Last Twelve Months (LTM) - in millions of Euro - | 1,936 | 1,913 | 1,836 |
| LTM Collections/GBV (EoP) | 2.3% | 2.4% | 2.4% |
| LTM Collections Stock/GBV Stock (EoP) | 2.5% | 2.5% | 2.4% |
| Staff FTE/Total FTE | 36% | 34% | 37% |
| LTM Collections/Servicing FTE | 2,600 | 2,485 | 2,510 |
| Cost/Income ratio | 63% | 68% | 64% |
| EBITDA | 54,393 | 41,702 | 70,102 |
| EBT | 54,598 | 40,860 | 68,134 |
| EBITDA Margin | 34% | 29% | 33% |
| EBT Margin | 34% | 28% | 32% |
| EBITDA – Capex | 51,143 | 37,890 | 63,545 |
| Net Working Capital | 82,686 | 83,622 | 78,265 |
| Net Financial Position of cash/(debt) | 37,501 | 25,446 | 38,605 |

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