Financial Results to 30 September 2018

November 9, 2018

doBank

Servicing | Lending | Solutions

Summary

Financial results 9M18 vs 9M17

- ✓ **Gross Collections:** €1.33bn vs €1.23bn in 9M17 (**+8%**), with significant acceleration in Q3
- ✓ **Gross Revenues**: €162m, **+11%** vs €146m in 9M17, higher fees and ancillary revenues
- ✓ **Net Revenues:** €146m, **+10%** vs €132m in 9M17, stable NPL outsourcing fees as % of revenues
- ✓ **EBITDA:** €54m vs €42m in 9M17 (**+30%**), **EBITDA margin up from 29% to 34%**
- ✓ **Net Income:** €35m vs €27m in 9M17 (**+29%**), including €0.9m (pre-tax) gain from BCC GeCre 45% stake sale to Iccrea
- ✓ **Net Cash Position**: **€38m** post dividend payment and second tranche of Italian Recovery Fund investment (€13m); improving NWC and **Cash conversion** (EBITDA-Capex) **at 94%**

Main events YTD

- ✓ **Large portfolio wins in a growing Italian NPL servicing market: +€15bn GBV**
  - ✓ On-boarding of €12.1bn new mandates: impact of collections fully visible in Q3
  - ✓ €2.8bn recent awards (BAPR and Iccrea), size and terms in line with expectations
- ✓ **2018-2020 Business Plan** providing a mid-term path to revenue growth and margin expansion
  - ✓ Re-organization of operating companies approved by Regulator to be completed by YE
  - ✓ Greek market entry, landmark €1.8bn GBV servicing mandate with four systemic banks
  - ✓ Actively looking at M&A opportunities with focus on Southern Europe and the participation in the Banco BPM process (binging offer phase in November)

What's next

- ✓ **Market outlook:** doBank currently taking part in several processes within an active short-term pipeline, both in Italy NPL, Italy UTP and Greece
  - ✓ Confirmed 2018 guidance for new portfolio wins in NPL Italy (on top of the €12.1bn already on-boarded), **lower end of guidance already achieved**
- ✓ **Business Plan execution:** development of UTP and Greek servicing businesses, IT investments to deliver significant increase in operational efficiency
- ✓ **Focus on cost control and operating leverage** while **actively exploring M&A opportunities**, counting on available leverage up to approx. 3x Net Debt/EBITDA from 2019

Active short-term pipeline in Italy in excess of €30bn GBV

- ECB NPL guidelines and Calendar Provisioning combined with IFRS9 introduction and GACS scheme have provided an incentive for banks to continue improving their asset quality
- Future secondary market opportunity following the ~€70bn and >€60bn transactions in 2017 and 2018

Primary transaction pipeline

SELLER	GBV (€bn)	Details
BANCO BPM	Up to 8.0	NPL secured and unsecured
UniCredit	1.5-2.0	UTP real estate
MONTE DEI PASCHI DI SIENA BANCA DAL 1472	2.6	NPL unsecured, project "Merlino"
MONTE DEI PASCHI DI SIENA BANCA DAL 1472	1.7	NPL and UTP leasing, project "Morgana"
UniCredit	1.0	NPL secured, project "Milano"
UniCredit	1.0	NPL unsecured, project "Torino"
BANCA CARIGE	1.0	NPL securitization (GACS), project "Riviera"
Multi-originator	1.0	UTP shipping portfolio
BANCO BPM	0.7	NPL leasing portfolio
BANCA CARIGE	0.5	UTP, Project "Isabella"
MONTE DEI PASCHI DI SIENA BANCA DAL 1472	0.4	NPL Secured, project "Alpha 2"
Others	1.4	4 portfolios, NPL and UTP, secured and unsecured, €0.5bn single names

Secondary transaction pipeline

SELLER	GBV (€bn)	Details
CRÉDIT AGRICOLE	5.4	NPL secured and unsecured, project "Poppy"
CRC & Bayview	2.0	Mixed NPL, project "Beyond the Clouds"
Others	2.4	5 transactions, secured and unsecured

No signs of slowdown in transaction pipeline, strong investor interest confirmed

Source: doBank analysis on press reports

Servicing market to offer significant growth potential

		Market potential	Recent updates

Core business	Bad loans servicing
	
	Italy
		▪ **Servicing market at ca.240bn in M/T**
		▪ **Regulatory framework still supportive**, lots of work to do for banks:
		  ▪ Total new inflows (including portfolio sales): €84bn in 2018E, €20bn in 2019E, and €13bn in 2020E
		  ▪ Growing outsourcing levels
		▪ Following jumbo deals, **market focused on mid-sized GACS transactions and platform sales** with long-term flow agreements
			€2.8bn new NPL mandates already achieved, reinforcing conviction on 2018 GBV target of up to €5bn (in addition to the new mandates already secured in YTD 2018)

Core business	UTP servicing Italy	▪ **UTP** exposures expected to become **the next area of focus for banks' asset quality** ▪ **Servicing market at €18bn in 2018E, expected at >€25bn in M/T**	▪ Strengthening of UTP team capabilities continues ▪ Ongoing discussion with **major Italian banks** on **UTP servicing mandates** ▪ Currently doing Due Diligence with investors in UTP sales processes
Contiguous business	UTP and bad loans servicing Greece	▪ **Early stage market with significant growth potential and no incumbent** ▪ €40bn NPL reduction by 2019 target by BoG/SSN out of more than €90bn total NPL	▪ **€1.8bn mandate with 4 systemic banks** proceeding well, currently in business planning phase, collections to begin in January 2019 ▪ **Currently doing Due Diligence with investors in NPE sales processes**

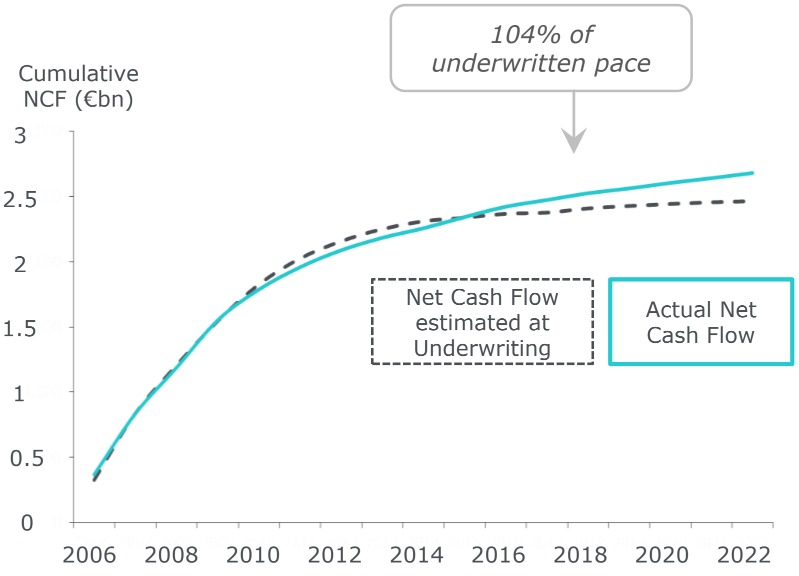
Confirmed focus on core Italian Bad Loans market while adding new sources of growth by products and countries

Resiliency to macro cycles: a long-dated track record

- No indication of possible regulatory changes in Italy affecting our business model
- Track record of meeting KPIs during the previous cycles, managing the effect of macro cycles on collections

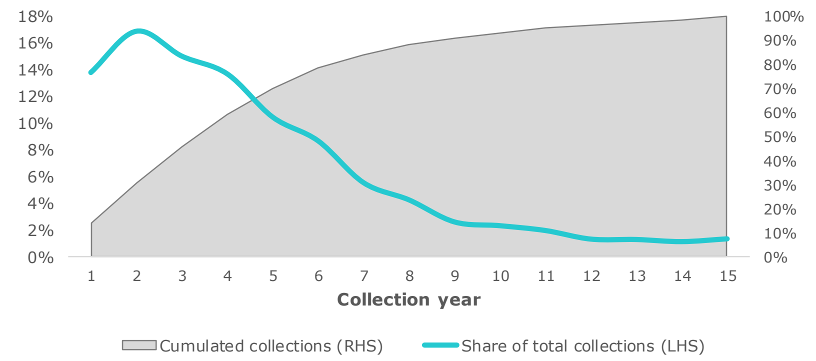
Investors portfolios performance[1]

- Strong, consistent performance across economic cycles for Investors clients' portfolios
- Limited underperformance during recession
- Actual pace of cash collections averaged 104% of forecasted collections

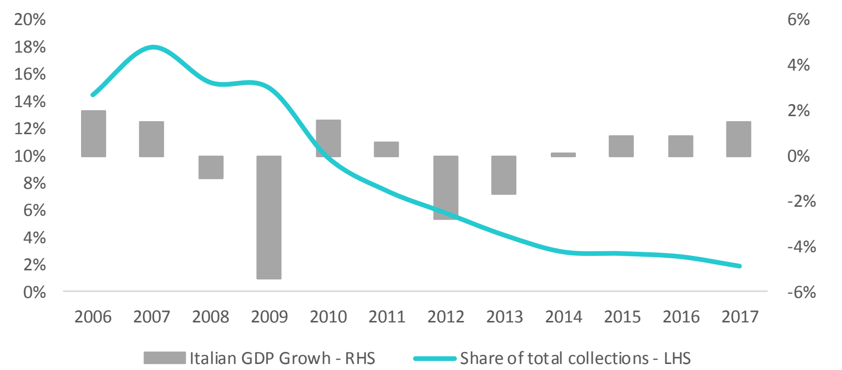


Collections during the previous cycles in line with typical collection curve

Illustrative collection curve



Example of a closed investor portfolio (no new inflows) managed over the past 12 years



1. Represents total collections received to date versus underwriting projections for the same period

Key strategic pillars of doBank business plan

Increase revenue per GBV

- Continue exploiting Italian NPL market opportunity
- Develop in contiguous products/markets (UTP, Greece)
- Extract value with ancillaries (Commercial info, Data Quality, Real Estate and Judicial services)
- Build on Experience in Master Servicing and co-investment
- Maintain banking license upside

Do more with less

- More efficient operating machine (one single platform)
- Higher efficacy with growing collections per FTE
- Reduce HQ fixed cost base and run-rate costs
- Rationalize geographical footprint and staff expenses

Maximize cash flow generation and optimize debt capacity

- Improve working capital management
- New tax regime once listed company is not anymore a bank
- Minimum 65% ordinary dividend policy
- Debt capacity to grow by M&A and profitable investments

2. Financial Review

Key financial highlights

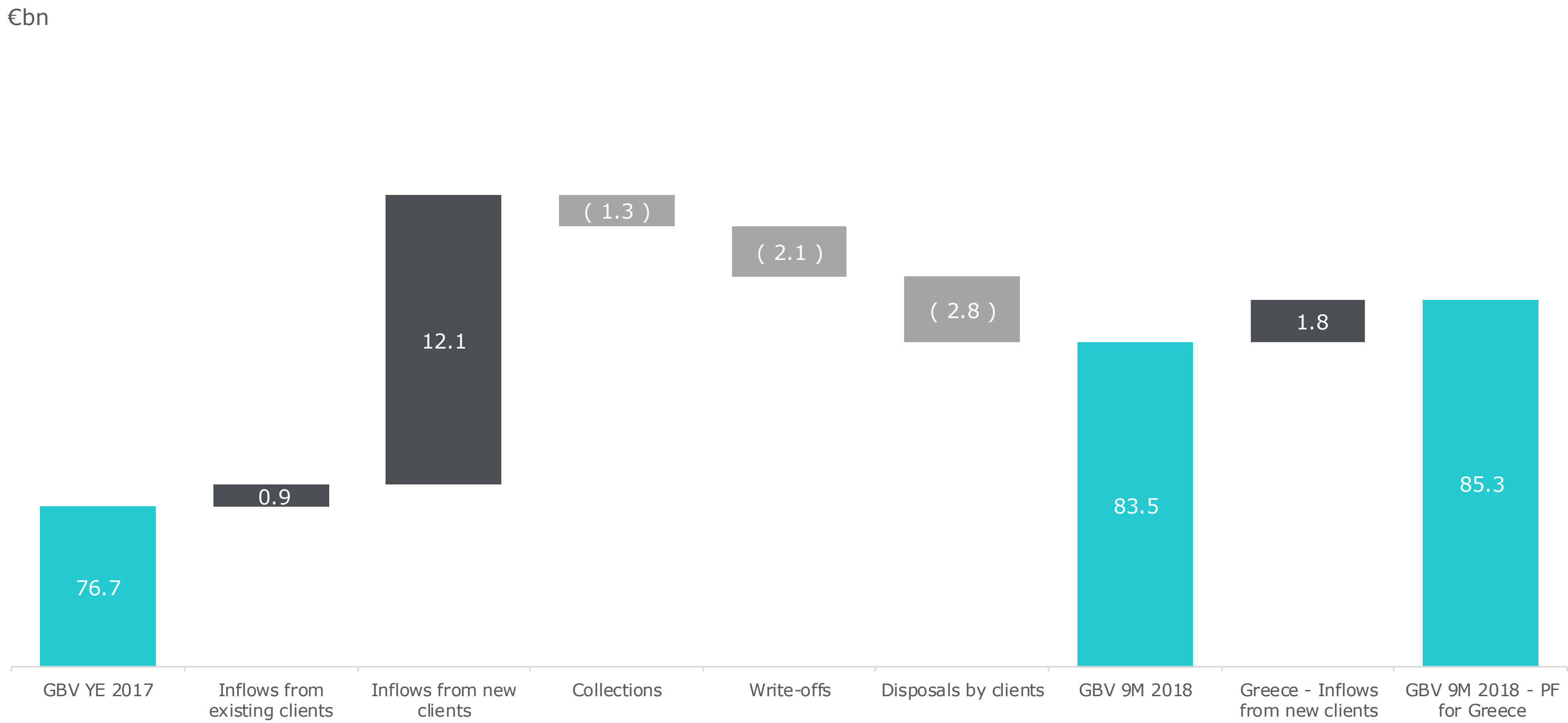
			9M 2017	9M 2018	Δ (%)	
Revenue drivers	Largest servicing portfolio in the Italian market	GBV EoP	€78.9bn	€83.5bn	+5.9%	▪ ~€12.1bn new servicing mandates on-boarded progressively in 2018 YTD ▪ €0.9bn inflows from existing clients
	Best-in-class collections	Gross collections	€1.23bn	€1.33bn	+8.1%	▪ Strong pick up in Q3 also due to seasonality of collections, as expected
Simple P&L structure	Visible revenue base	Gross revenues	€145.7m	€161.9m	+11.1%	▪ Growth in performance and base fees, in line with collections and higher GBV ▪ Ancillary revenues at >10% of total
	Operating leverage	Operating costs	€90.7m	€91.5m	+0.9%	▪ Lower costs driven by IT and SG&A efficiencies ▪ Fixed HR costs at 87% of total HR costs
	Proven profitability	EBITDA	€41.7m	€54.4m	+30.4%	▪ Tangible evidence of operating leverage with a 30% expansion of EBITDA and EBITDA margin at 34% ▪ EBITDA includes €0.8m start-up costs (Greece, UTP and Banking)
		EBITDA margin	28.6%	33.6%	+5.0 p.p.	
		Net income	€26.9m	€34.8m	+29.2%	▪ Including €0.9m (pre-tax) gain from BCC GeCre 45% stake sale to Iccrea
Cash generation	Limited capex	Cash conversion[1]	€37.9m	€51.1m	+35.0%	▪ 94% cash conversion rate[1] ▪ Most of IT and other investments expensed at income statement
	Benefits from tax assets	Tax Assets	€94.0m	€84.3m	(10%)	▪ Tax assets fully off-settable against direct and indirect taxes

1. EBITDA – Capex

Evolution of gross book value under management

- Strong growth in GBV to €85.3bn driven by new servicing mandates, confirming #1 position in Italian market
- REV, Berenice, MPS and other minor portfolios on-boarded during the period, plus Greek mandate with systemic banks
- €0.9bn inflows from existing clients, in line with expectations; €2.8bn portfolio sales (doBank compensated with indemnity fees)

GBV evolution

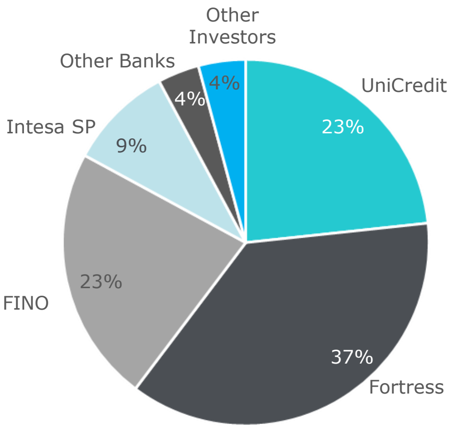


Portfolio composition: large, diversified, secured, corporate

GBV Composition

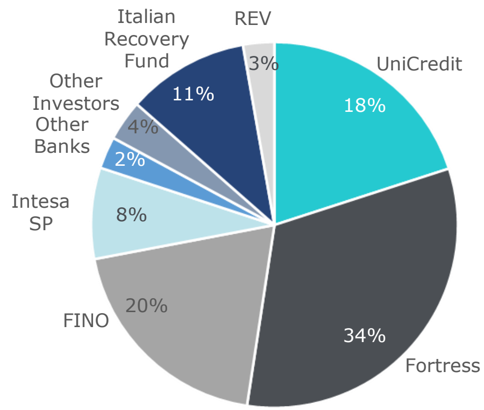
YE 2017

Investors 64% / Banks 36%

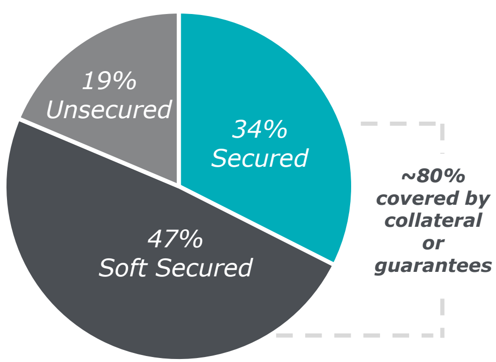


9M 2018

Investors 71% / Banks 29%



Portfolio Profile 9M 2018



Personal guarantees, real guarantees & other

Loan Profile 1H 2018

# of Claims	655k
Loan Size	€127k
% "Large" Loans (> €500k GBV)	54%
% Corporate	71%
% Northern/Central Italy	68%

- Higher client diversification vs IPO time:
  - Banks at 29% of GBV (60% at IPO)
  - Investors at 71% of GBV (40% at IPO)
- All new GBV from IPO provided by new clients, reinforcing doBank's role as independent servicer
- Intrum/Intesa transaction is expected to impact only a portion of the Intesa portfolio managed. Partial impact in 4Q18
- Portfolio skewed towards highly secured, corporate, mid to large size loans, in line with market

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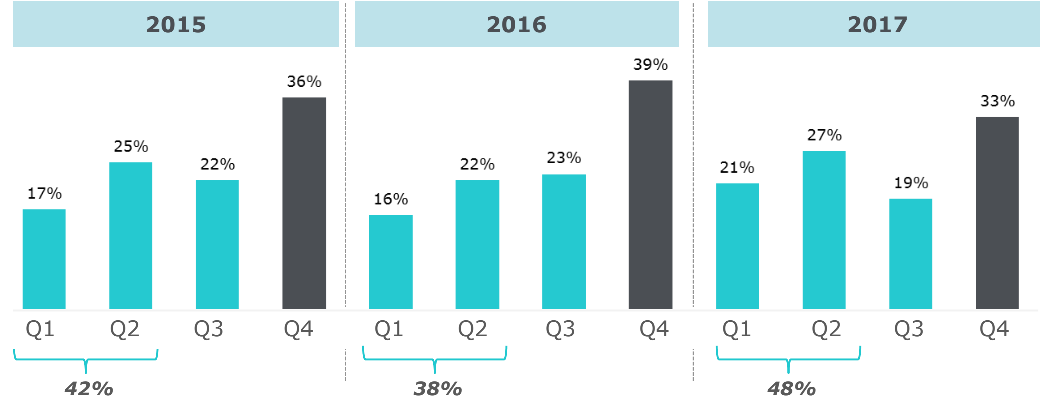
Seasonality of collections across quarters

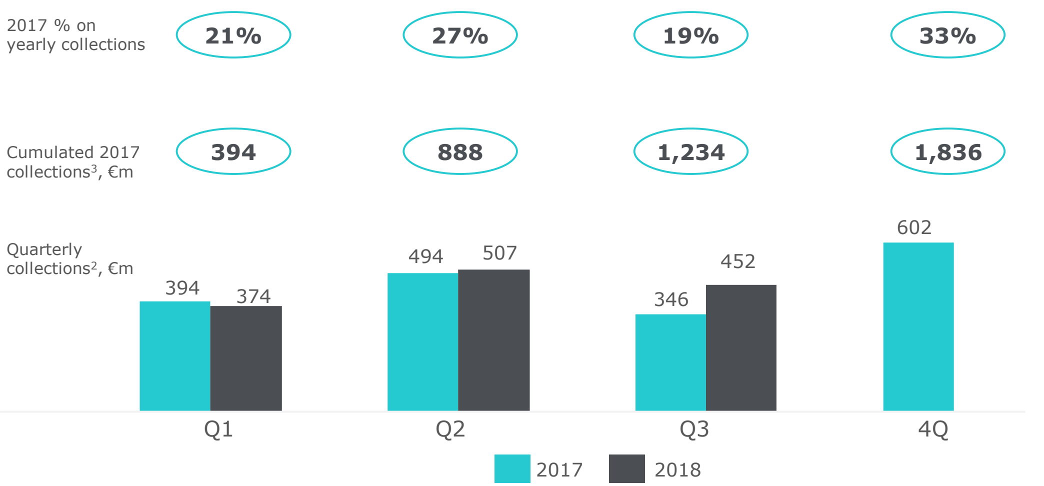
Historical quarterly pattern

% on yearly collections[1]

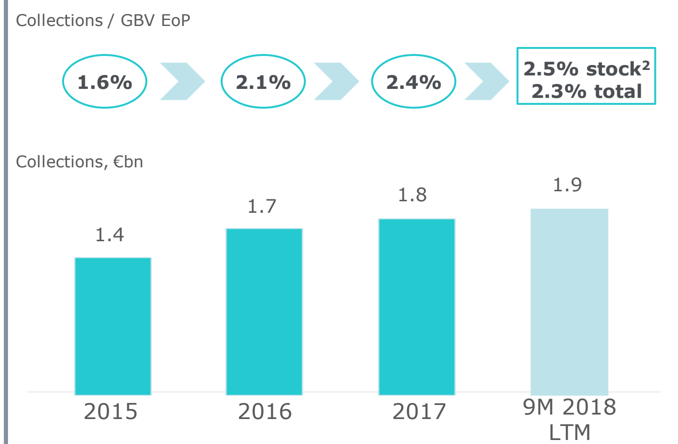


- Highly seasonal collections, Q3 2018 collection growth benefiting from comparison base effect
- Growing LTM collection rate on stock[2] GBV (2.5% in 9M 2018 LTM, 2.4% in the previous quarter) due to initial benefits of recently on-boarded GBV
- Collection rate trend in line with timing of portfolio on-boarding, target of >2.6% by 2020 confirmed
- Target 2018 collections in line with Plan

2018 vs. 2017 Quarterly performance



Collections vs GBV



1. Collections for 2015 based on Italfondiario only. Italfondiario collections for 2015-16 are accounted for as net cash flow consistent with their historical reporting 3. 2017 and 2018collections are accounted for as gross collections
2. Stock GBV excludes new servicing mandates on-boarded progressively in 2018, not yet fully reflected in collections of the period

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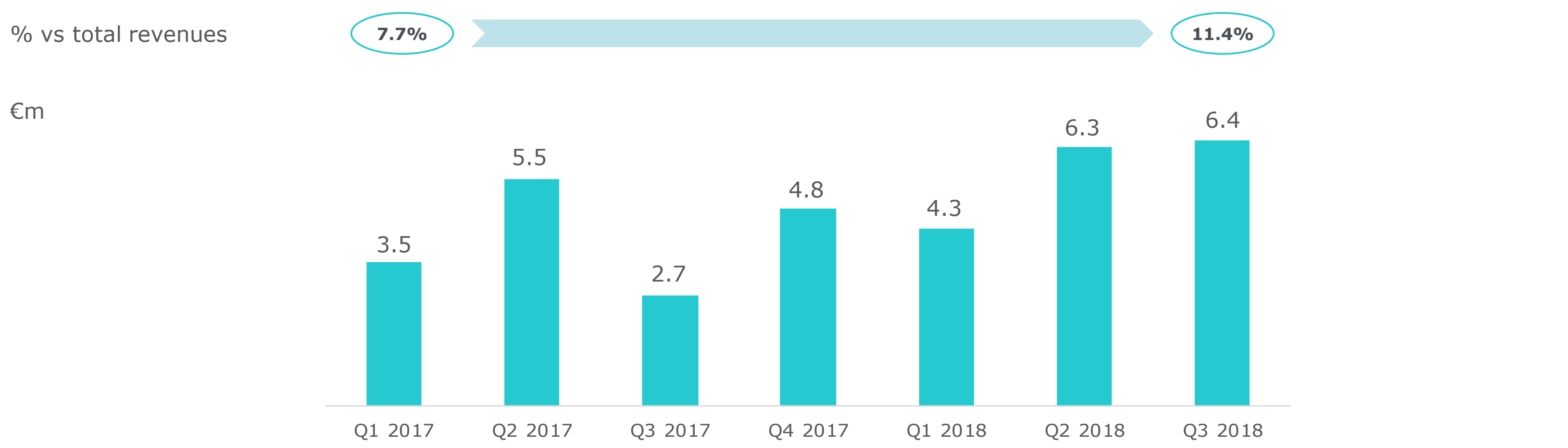
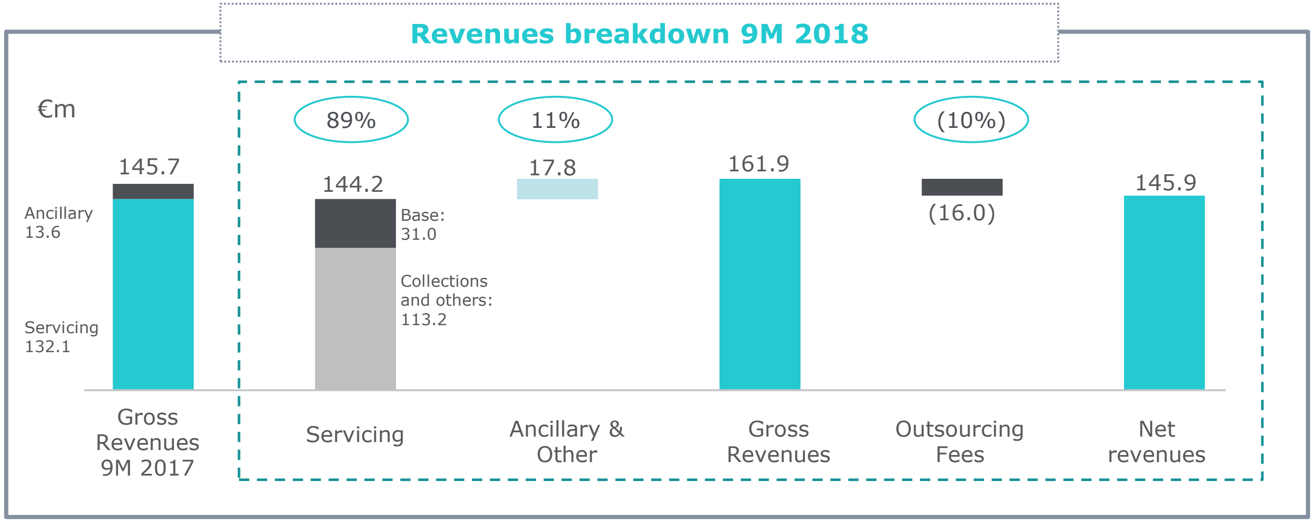
Ancillary and other revenues

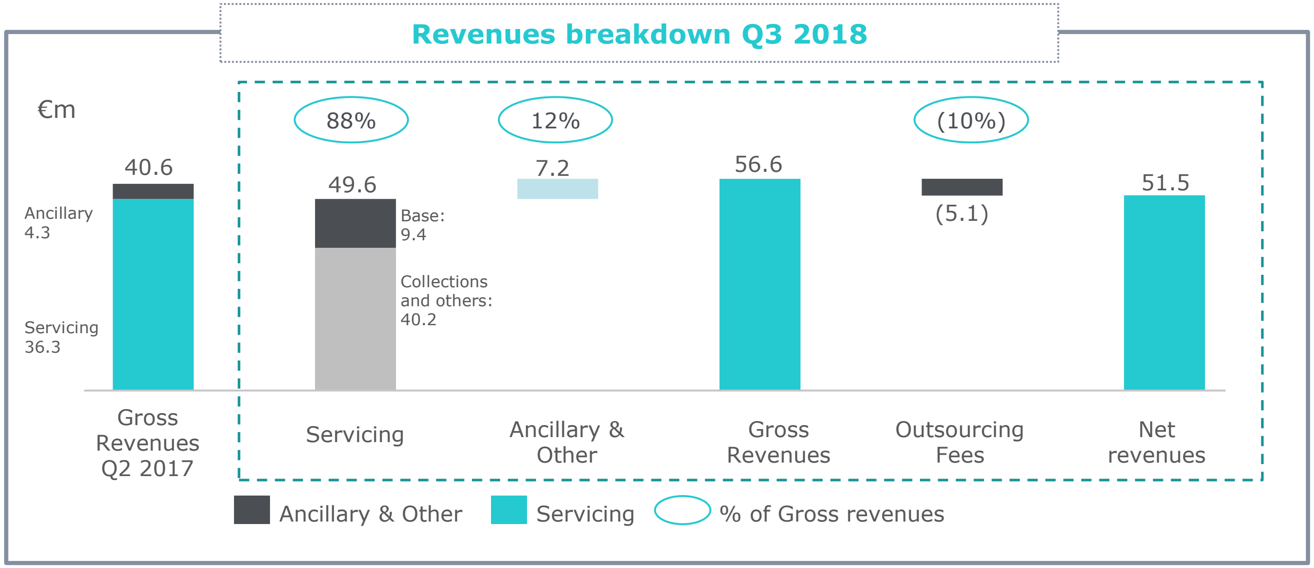
- Ancillary and other revenues above 10% of Group total which was IPO target for 2019YE
- New contracts related to new on-boarded clients (eg. REV, MPS, etc.)
- Data remediation contracts agreed on non-captive portfolios are already yielding revenue
- Several due diligence ongoing and in the pipeline for 4Q18 (e.g. BAMI process and others)
- Others include Greek branch revenues for €1.5m, which represents cost reimbursement by the local banks

Quarterly revenues trend



From gross to net revenues

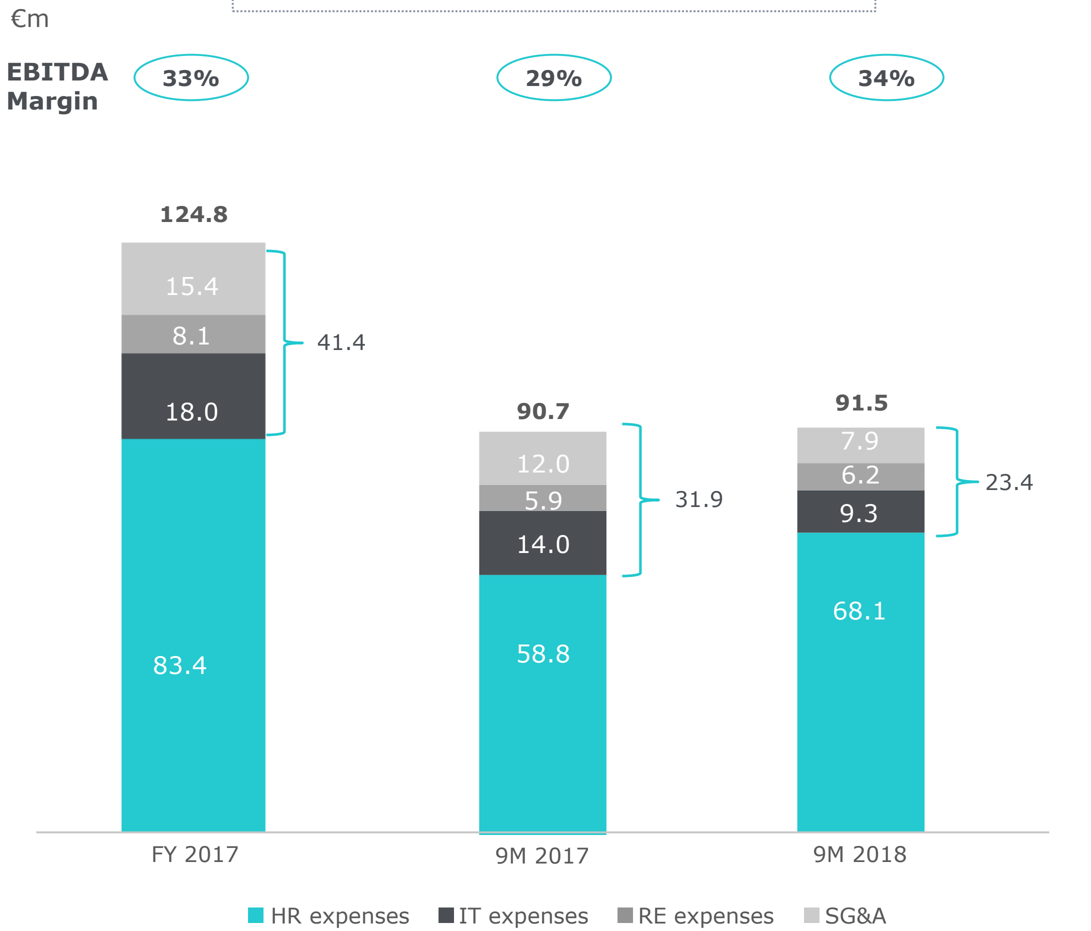




- Significant pick-up in collection fees, in line with recovery curves on new servicing mandates
- New portfolio under management driving a +€0.8m growth in base fee (at 22% of total fees)
- Stable average collection fee
- Outsourcing fees growing in line with revenues, stable at 10% of Gross revenues

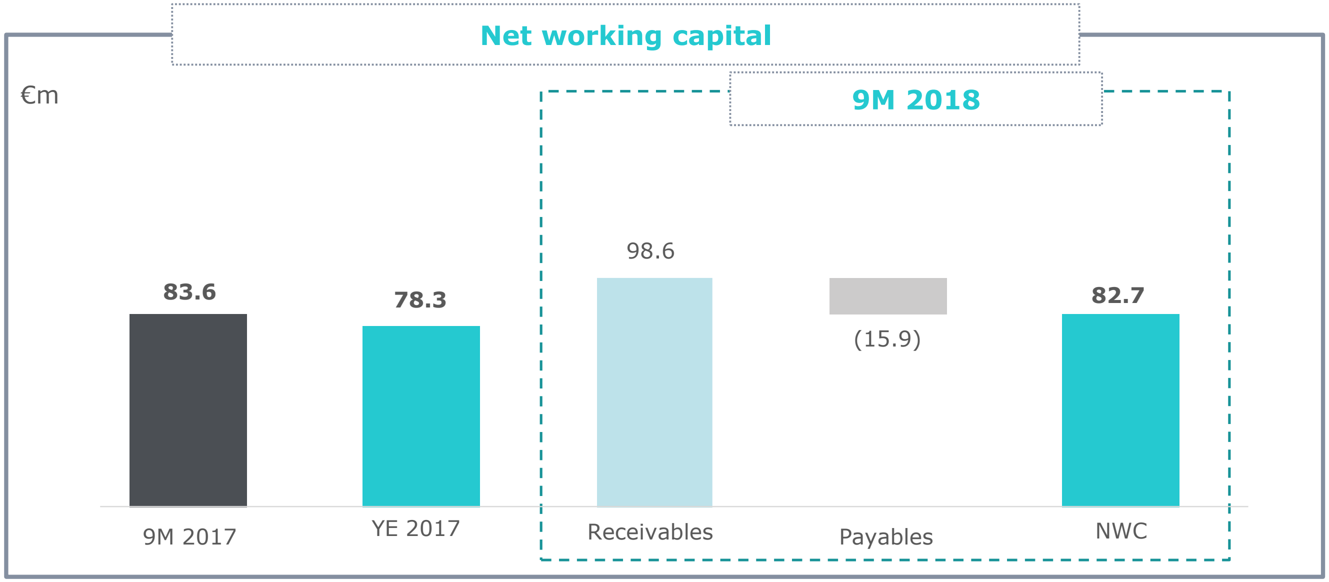
Focus on operating expenses

Operating expenses breakdown

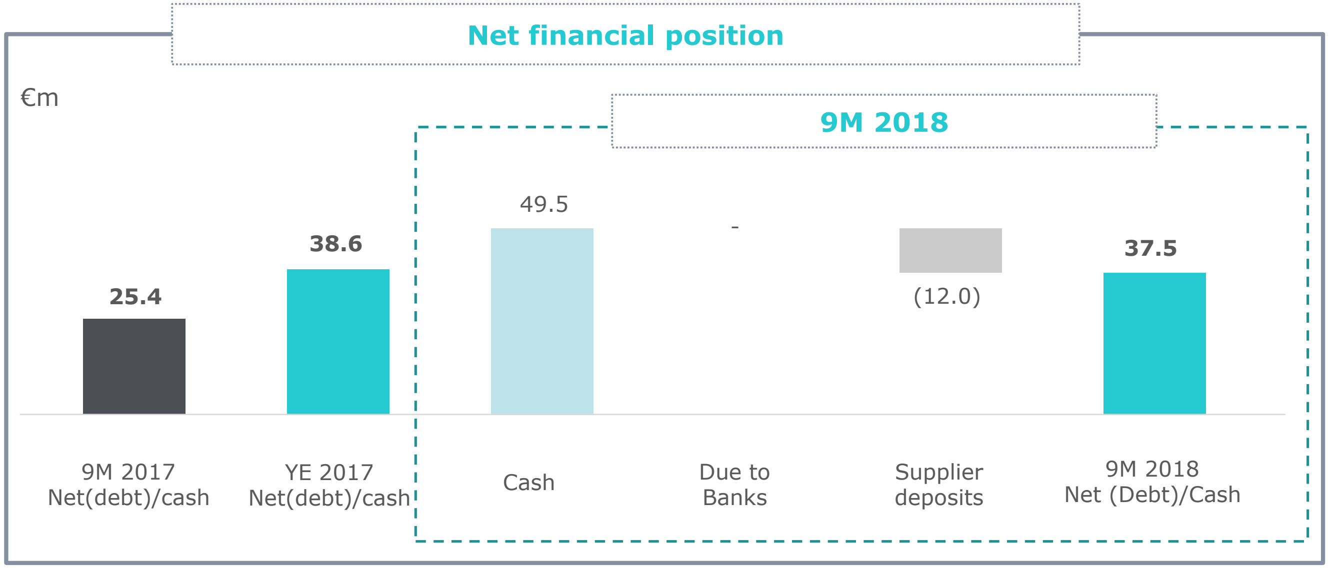


- Total costs up by 1% despite a +11% growth in revenues, confirming operating leverage
- Personnel cost at 74% of total cost; increase, as anticipated, due to new management team and IPO incentive plan from July 2017
  - 13% of HR costs variable
  - One-off redundancies costs, part of the Business Plan 2018-2020 expected in 2019, due to timing of on-going discussions with unions; plan confirmed
- IT cost reduction due to concentration of IT projects in 2H 2018 vs 1H 2017
- Savings in Real Estate confirmed on a 2018FY basis
- Lower SG&A year on year due also to one-off 2017 costs linked to stock exchange listing
- 9M 2018 include €0.8m start-up costs (Greece, UTP and Banking)

NWC and net financial position



- €1m yearly improvement in net working capital despite 2-digit growth in revenues
- Quarterly improvement from YE 2017 expected to continue, since positively impacted by on-going shift of client base from Banks towards Investors



- Structurally self financed and cash generative business, low capex needs and fully offsettable tax assets
- Significant Net Cash position at €38m
- €38m Free Cash Flow generation in 9M 2018 before dividend payment (€31m) and second €13m tranche of Italian Recovery Fund investment
- No use of bank credit facilities

3. Appendix

Condensed consolidated income statement 9M 2018

(€/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%**

Condensed consolidated balance sheet 9M 2018

(€/000)

Condensed balance sheet	9/30/2018	12/31/2017	Change €	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%**

Consolidated cash flow 9M 2018

(€/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 incentiv e 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**
(Inv estments)/div estments in financial assets	(11,318)	739
Equity (inv estments)/div estments	2,610	1,694
Div idend 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)**

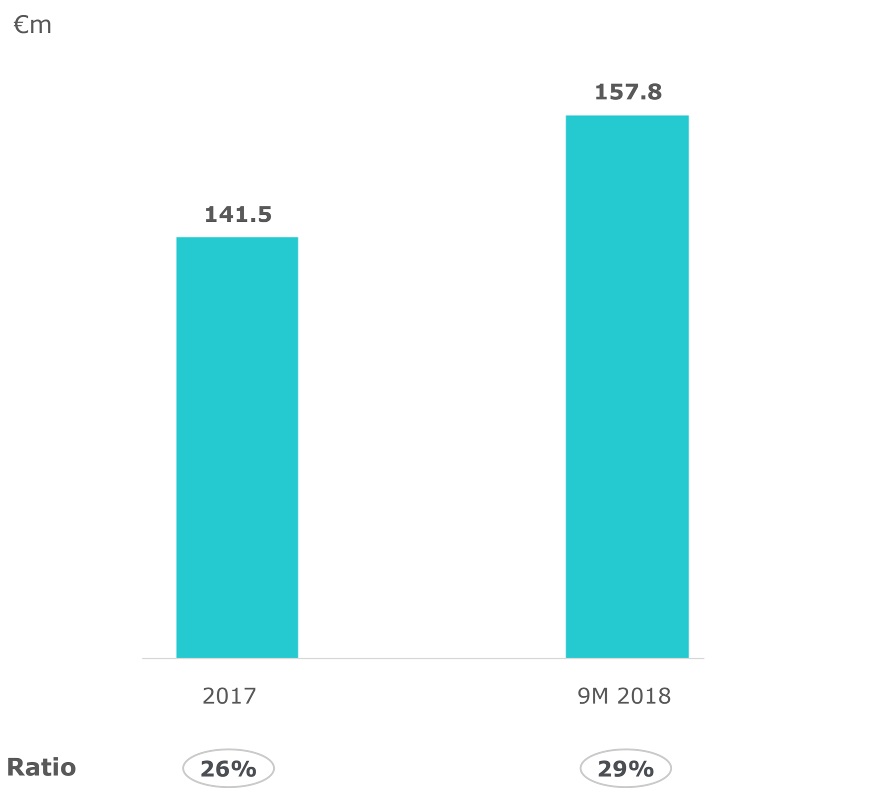
Key Performance Indicators 9M 2018

(€/000)

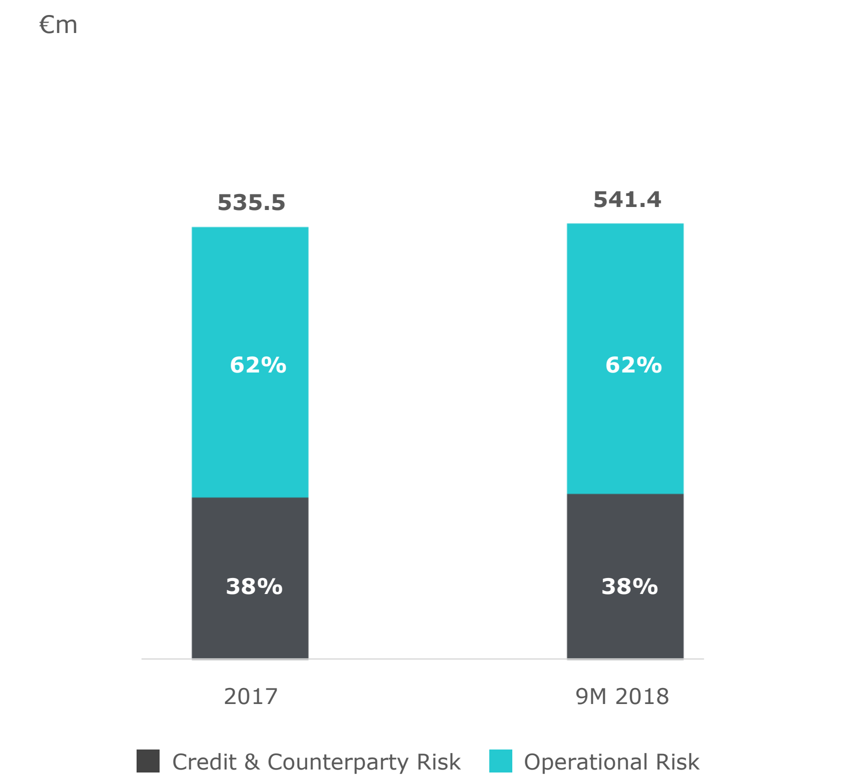
Key performance indicators	9/30/2018	9/30/2017	12/31/2017
Gross Book Value (Eop) - in millions of Euro -	83,549	78,863	76,703
Collections for the period - in millions of Euro -	1,334	1,234	1,836
Collections for the Last Twelv e Months (LTM) - in millions of Euro -	1,936	1,913	1,836
LTM Collections/GBV (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/Serv icing 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

Regulatory capital

CET 1



RWA Breakdown

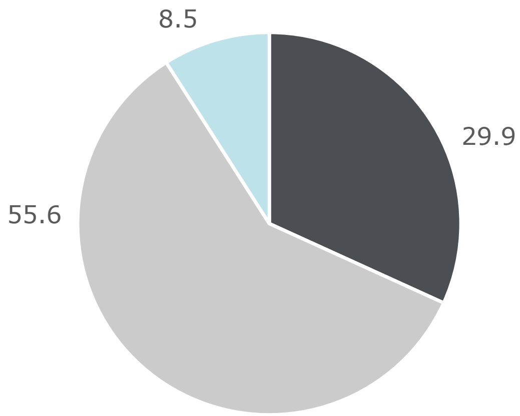


Excess capital to support business growth through M&A and investments as well as to remunerate investors

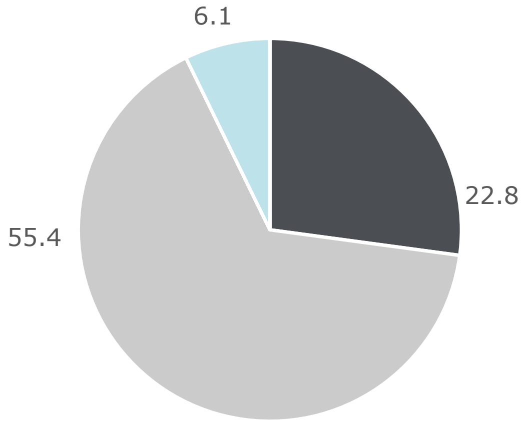
Tax assets

Tax assets breakdown

€m



FY 2017: 94.0



9M 2018: 84.3

Tax assets are originated from 2015 UCCMB transaction in 2015

A DTAs (Loss Carry forward):

- Can be used to off-set future direct and indirect taxes, subject to future profitability of the company
- Currently fully deducted from CET1 capital
- To be fully exploited through future profit generation

B DTAs (Net Write-down):

- Can be used to off-set future direct and indirect taxes, with no maturity, starting from 2021
- Currently risk-weighted at 100%

C DTAs on temporary differences

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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.