

Press Release

THE BOARD OF DIRECTORS APPROVES THE CONSOLIDATED INTERIM REPORT AS AT MARCH 31, 2018

Consolidated financial highlights as at March 31, 2018 compared with March 31, 2017.

- **Gross revenues:** €46.3 million, +2% compared with €45.2 million;
- **Net revenues:** €42.6 million, +4% compared with €41.0 million;
- **EBITDA:** €11.0 million, +12% compared with €9.9 million;
- **EBITDA margin:** 24%, up 2 percentage points compared with 22%;
- **Net profit:** €6.6 million, +23% compared with €5.3 million;
- **Net financial position a positive (cash) €48.3 million**, an improvement on the €38.6 million posted at December 31, 2017 (€27.5 million as at March 31, 2017);
- **CET1:** 26.8% compared with 26.4% at December 31, 2017.

Portfolio under management

- **Gross book value of assets under management (GBV) amounted to €87.5 billion**, an increase on the €76.7 billion registered at the end of 2017 and the €82.5 billion at March 31, 2017 as a result of the gradual onboarding of new servicing contracts over the course of the quarter amounting to more than €12 billion in GBV;
- **Collections amounted to €374.4 million**, down 5% compared with the €393.7 million posted at March 31, 2017. Developments in collections, which matched expectations and the seasonal pattern forecast for 2018, reflect those in the GBV under management, which benefitted from the new management contracts only in the last part of the quarter.

Verona, May 10, 2018 – The Board of Directors of doBank S.p.A. (the “**Company**” or “**doBank**”) today approved the Consolidated Interim Report as at March 31, 2018.

Andrea Mangoni, Chief Executive Officer of doBank, said: “*Our performance in the first quarter is a positive start to the year, demonstrating our execution capability: without yet benefitting from the effect of our new management contracts, the Group still improved its profitability and cash generation. In April, we also officially kicked off our operations in Greece, the Group’s first international foray, in a promising market that will represent a further line of growth in the three-year plan we will be presenting in London on June 19 this year.*”

As at March 31, 2018, doBank had **gross revenues** of €46.3 million, an increase of 2% compared with €45.2 million in the first quarter of 2017.

More specifically, **servicing revenues**, the Group's main business area accounting for 91% of total revenues, amounted to €41.9 million, up 1% on the €41.7 million posted in the year-earlier period. The increase in revenues from base fees, a slight improvement in the average performance fee and an increase in portfolio transfer indemnities more than offset the decline in revenues from performance fees, consistent with developments in collections and the GBV which only benefitted in the last part of the quarter from the major new management contracts taken on in February and March 2018.

Revenues from co-investment and **revenues from ancillary products and minor activities** amounted to €4.3 million overall (9% of total revenues), an increase of 23% on the first quarter of 2017, when they totalled €3.5 million. They benefitted from the revenues produced by the ABSs of the Romeo SPV and Mercuzio Securitisation securitisations and the growth in revenues from business information services, due diligence, master servicing activities and other administrative services.

A decrease in the use of the external network also helped reduce fee and commission expense (-12% compared with the first quarter of 2017, from 9% to 8% of gross revenues), supporting the growth in **net revenues**, which amounted to €42.6 million as at March 31, 2018, up 4% compared with the €41.0 million posted in the first quarter of 2017.

Operating expenses were essentially unchanged at €31.6 million, compared with €31.2 million in Q1 2017. The expected increase in staff expenses (+16% in Q1 2018 compared with a year earlier) was connected with the strengthening of top management and the effect of the new incentive mechanism introduced following the listing. This increase was offset by a decline in other costs, notably IT expenses, mainly due to the insourcing of a number of previously outsourced processes, and Real Estate costs. The increase in other overheads was partly driven by a rise in outsourcing services for ancillary products and the start-up of operations in Greece.

EBITDA as at March 31, 2018 amounted to €11.0 million, up 12% compared with the same period of 2017, when the aggregate totalled €9.9 million. As a percentage of revenues, EBITDA rose significantly, going from 22% in Q1 2017 to 24% in Q1 2018.

Net profit as at March 31, 2018 amounted to €6.6 million, up 23% on the €5.3 million registered as at March 31, 2017 (the latter was adversely impacted by losses on assets held for sale of about €341 thousand).

Net working capital amounted to €82.4 million, an improvement on the €93.1 million posted as at March 31, 2017, thanks to a decline in trade receivables, but a slight increase compared with the end of 2017, reflecting the normal seasonal fluctuations in the business.

The **positive net financial position** (cash) amounted to €48.3 million as at March 31, 2018, compared with €38.6 million at the end of and €27.5 million as at March 31, 2017, and was characterised by the absence of bank debt. Cash generation was especially strong in the first quarter of 2018, amounting to about €9.7 million from the end of 2017, equal to 88% of EBITDA for the period.

Tax assets amounted to €92.8 million as at March 31, 2018, slightly down compared with the end of 2017 (€94.2 million), mainly reflecting the reversal of assets on prior-year tax losses.

The **CET1 ratio** amounted to 26.8% compared with 26.4% as at December 31, 2017.

Portfolio under management

Assets under management (GBV) at March 31, 2018 **amounted to €87.5 billion**, compared with €82.5 billion a year earlier and €76.7 billion at the end of 2017. The substantial increase in the portfolio of loans under management reflected the more than €12 billion in GBV of new servicing contracts. In February, the portfolio transferred by REV, that connected with the Berenice operation and other smaller portfolios were onboarded, while in March the Group began management of the portfolio of loans originated by the MPS Group under a contract with the Italian Recovery Fund. The new servicing contracts were accompanied by about €0.3 billion (GBV) in new volumes from existing customers and the ordinary developments in collections, cancellations and transfers of portfolios.

Collections on loans under management in Q1 2018 **amounted to €374 million**, down on the €394 million posted in the first quarter of 2017 (-5%). Developments in collections, which were in line with expectations and the seasonal pattern of operations forecast for 2018, reflect changes in GBV under management, which only benefitted from the new management contracts in the last part of the period. Excluding new business, GBV in the first quarter of 2018 would have contracted by about 9% compared with the first quarter of 2017, underscoring the resilient performance of collections compared with the decline in GBV.

The collection rate at the end of March 2018 (the ratio of collections in the last 12 months to end-period GBV), excluding new management contracts, held steady at 2.4%, unchanged compared with December 31, 2017; including new servicing contracts – characterised by the dynamics discussed earlier and only partly reflected in collections for the period – the rate was 2.1%.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

Ordinary Shareholders' Meeting

The Shareholders' Meeting of doBank S.p.A. met in ordinary session on April 19, 2018 and approved all items on the agenda, including the appointment of Company directors, who will remain in office until the approval of the financial statements for the year ending December 31, 2020: Giovanni Castellaneta (Chairman), Andrea Mangoni, Nunzio Guglielmino, Giovanni Lo Storto, Emanuela Da Rin, Paola Bruno, Francesco Colasanti and Giuseppe Ranieri, drawn from the list voted by the majority of the shareholders, and Giovanni Battista Dagnino, drawn from the list voted by the minority.

The Meeting also appointed the members of the Board of Auditors for the 2018-2020 term, who will remain in office until the approval of the financial statements for the year ending December 31, 2020: Chiara Molon (Chairman), drawn from the list voted by the minority shareholders, and Francesco Mariano Bonifacio and Nicola Lorito, drawn from the list voted by the majority. Also appointed were the alternate auditors Sara Peron, drawn from the list voted by the minority shareholders, and Roberta Senni, drawn from the list voted by the majority. The Shareholders' Meeting of April 19 was attended, in person or by proxy, by 143 shareholders representing 80.41% of share capital.

Setup of the Greek branch doBank Hellas

Following completion of the passporting of the banking license, in April 2018, doBank Hellas was registered with the Chamber of Commerce of Athens (Greece), the first foreign branch of the doBank Group. The branch is starting the operations in the local market, one of Europe's largest in the servicing of non-performing loans.

OUTLOOK

For 2018, the Group confirms expectations of a substantial increase in assets under management (GBV), in addition to the €12 billion achieved in the first quarter, and an improvement in recovery capacity, which is expected to increase collections. The Group will continue reap the benefits of our operating leverage, with a positive impact on EBITDA and cash generation in terms of EBITDA-Capex. Finally, the Group plans to present an updated medium-term outlook (2018-2020) on June 19, 2018 in London.

ADDITIONAL RESOLUTIONS OF THE BOARD OF DIRECTORS

The Board of Directors, meeting today, also verified that the directors and members of the Board of Auditors appointed on April 19, 2018 by the Shareholders' Meeting complied with applicable regulatory requirements. Specifically, the Board verified that the independence requirements provided for in Article 148, paragraph 3, of Legislative Decree 58/1998 (Consolidated Financial Intermediation Act) and Article 3 of the Corporate Governance Code for listed companies were met by the directors Nunzio Guglielmino, Giovanni Lo Storto and Giovanni Battista Dagnino, as per their declarations, and by all the members of the Board of Auditors, while the independence requirements provided for in Article 148, paragraph 3, of Legislative Decree 58/1998 only, were also met by the director Giovanni Castellaneta.

The Board of Directors, moreover, has verified that directors and members of the Board of Auditors met the regulatory honourability and professionalism requirements.

Webcast conference call

The preliminary results as at March 31, 2018 will be presented on **May 11 at 11:00** 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/dobank180511.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 Statements and Reports" 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 March 31, 2017 will be made available to the public at the Company's headquarters and at Borsa Italiana, as well as on the website www.dobank.com in the Investor Relations / Financial Statements and Reports" 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 the leading player in Italy in the business of managing loans, primarily non-performing. With more than 17 years of experience in the sector and asset under management of Euro 77 billion as of December 31, 2017, the Group is a historical partner to primary Italian and international financial institutions and investors. With an outstanding operating model the Group manages all stages in the life-cycle of the loans and has received top Servicing Ratings at European level.

In 2017, doBank had gross revenues of about Euro 213 million with an EBITDA margin of 33% and a high level of cash generation.

Contacts

Image Building

doBank S.p.A.

Simona Raffaelli – Vanessa Corallino

dobank@imagebuilding.it

Investor Relations

doBank S.p.A.

Manuela Franchi – Fabio Ruffini

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RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€/000)

Condensed consolidated income statement	First Quarter		Change	
	2018	2017	Amount	%
Servicing revenues	41,947	41,721	226	1%
o/w Banks	27,053	38,454	(11,401)	(30)%
o/w Investors	14,894	3,267	11,627	n.s.
Co-investment revenues	236	-	236	n.s.
Ancillary and other revenues	4,069	3,486	583	17%
Gross Revenues	46,252	45,207	1,045	2%
Outsourcing fees	(3,684)	(4,191)	507	(12)%
Net revenues	42,568	41,016	1,552	4%
Staff expenses	(22,496)	(19,436)	(3,060)	16%
Administrative expenses	(9,071)	(11,719)	2,648	(23)%
o/w IT	(3,343)	(6,905)	3,562	(52)%
o/w Real Estate	(1,925)	(1,967)	42	(2)%
o/w SG&A	(3,803)	(2,847)	(956)	34%
Operating expenses	(31,567)	(31,155)	(412)	1%
EBITDA	11,001	9,861	1,140	12%
EBITDA Margin	24%	22%	2%	9%
Impairment/Write-backs on property, plant, equipment and intangible assets	(559)	(506)	(53)	10%
Net Provisions for risks and charges	(211)	(135)	(76)	56%
Net Write-downs of loans	8	70	(62)	(89)%
Net income (losses) from investments	340	-	340	n.s.
EBIT	10,579	9,290	1,289	14%
Net financial interest and commissions	(46)	(46)	-	n.s.
EBT	10,533	9,244	1,289	14%
Income tax for the period	(3,960)	(3,572)	(388)	11%
Profit (loss) from group of assets sold and held for sale net of tax	-	(341)	341	(100)%
Net Profit (Loss) for the period	6,573	5,331	1,242	23%

CONSOLIDATED BALANCE SHEET

(€/000)

		3/31/2018	12/31/2017
Assets			
10	Cash and cash equivalents	14	21
20	Financial assets measured at fair value through profit or loss	22,853	22,998
	c) Other financial assets obligatorily measured at fair value	22,853	22,998
30	Financial assets measured at fair value through comprehensive income	1,002	1,003
40	Financial assets measured at amortised cost	60,110	52,302
	a) Loans and receivables with banks	55,645	49,449
	b) Loans and receivables with customers	4,465	2,853
70	Equity investments	3,219	2,879
90	Property, plant and equipment	1,840	1,819
100	Intangible assets	4,440	4,506
	of which goodwill	-	-
110	Tax assets	92,791	94,187
	a) Current tax assets	155	165
	b) Deferred tax assets	92,636	94,022
120	Non-current assets and disposal groups held for sale	10	10
130	Other assets	115,108	117,775
	Total assets	301,387	297,500
Liabilities and shareholders' equity		3/31/2018	12/31/2017
10	Financial liabilities measured at amortised cost	8,531	12,106
	b) Due to customers	8,531	12,106
60	Tax liabilities	5,944	3,852
	a) Current tax liabilities	5,497	3,405
	b) Deferred tax liabilities	447	447
80	Other liabilities	64,796	37,906
90	Employee termination benefits	10,371	10,360
100	Provisions for risks and charges	27,850	26,579
	c) Other provisions	27,850	26,579
120	Valuation reserves	186	1350
150	Reserves	136,133	119,350
170	Share capital	41,280	41,280
180	Treasury shares (-)	(277)	(277)
200	Net profit (loss) for the period (+/-)	6,573	44,994
	Total liabilities and shareholders' equity	301,387	297,500

OPERATING CASH FLOW

	(€/000)	31/03/2018	31/03/2017
Cash Flow			
EBITDA		11,001	9,861
Net Capex		(439)	(722)
EBITDA-Capex		10,562	9,139
as % of EBITDA		96%	93%
Adjustment for accrual on share-based incentive system payments		1,607	-
Changes in NWC		(4,162)	(13,786)
Changes in other assets/liabilities		1,842	3,466
Operating Cash Flow		9,849	(1,181)
Financial interests paid/collected		(46)	(46)
Free Cash Flow		9,803	(1,227)
(Inv estments)/div estments in financial assets		(73)	(751)
Net Cash Flow of the period		9,730	(1,978)
Net financial Position - Beginning of period		38,605	29,459
Net financial Position - End of period		48,335	27,481
Change in Net Financial Position		9,730	(1,978)



ALTERNATIVE PERFORMANCE INDICATORS

(€/000)

Key performance indicators	3/31/2018	3/31/2017	12/31/2017
Gross Book Value (EoP) - in millions of Euro -	87,523	82,496	76,703
Collections for the period - in millions of Euro -	374	394	1,836
Collections for the Last Twelve Months (LTM) - in millions of Euro -	1,817	1,899	1,836
LTM Collections/GBV (EoP)	2.1%	2.3%	2.4%
LTM Collections Stock/GBV Stock (EoP)	2.4%	2.4%	2.4%
Staff FTE/Total FTE	37%	33%	37%
LTM Collections/Servicing FTE	2,523	2,414	2,510
Cost/Income ratio	74%	76%	64%
EBITDA	11,001	9,861	70,102
EBT	10,533	9,244	68,134
EBITDA Margin	24%	22%	33%
EBT Margin	23%	20%	32%
EBITDA – Capex	10,562	9,139	64,436
Net Working Capital	82,427	93,106	78,265
Net Financial Position of cash/(debt)	48,335	27,481	38,605