

Press release

THE BOARD OF DIRECTORS APPROVES PRELIMINARY RESULTS FOR 2018

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

- **Gross revenues: €233.5 million, +9%** on €213.5 million;
- Net revenues: €209.6 million, +8% on €193.4 million;
- **EBITDA** excluding non-recurring items¹ amounted to **€84.0 million (+20%** compared with €70.1 million in 2017); EBITDA amounted to €81.3 million, +16% compared with €70.1 million;
- **EBITDA margin** excluding non-recurring items amounted to **36%**, up 3 points compared with 33% in 2017; the EBITDA margin amounted to 35% (33% in 2017);
- **Net profit** excluding non-recurring items amounted to **€52.6 million, +17%** compared with €45.0 million; net profit amounted to €50.9 million, +13% compared with €45.0 million;
- **Net financial position: a positive (cash) €67.9 million**, after dividend payments of €30.9 million (a positive €38.6 million at December 31, 2017);
- CET1: 26.1% compared with 26.4% at December 31, 2017 (CET1 of CRR Group at 19.4% compared with 29.8% at December 31, 2017);
- The Board of Directors agreed to ask the competent corporate bodies to approve the **distribution of a dividend equal to 70% of net profit** excluding non-recurring items (70% payout).

Portfolio under management

- **Gross book value of assets under management (GBV) amounted to €82.2 billion** (€76.7 billion at the end of 2017), with the rise reflecting the progressive onboarding since the start of 2018 of new servicing contracts with a GBV of €13.2 billion, in addition to €1.2 billion in GBV in respect of flows under existing contracts. The GBV of assets under management amounted to €86.4 billion including the €1.8 billion contract awarded by Greece's four systemic banks and the servicing contracts acquired in the last quarter of 2018, the onboarding of which will be completed in the first quarter of 2019.
- **Collections amounted to €1,961 million, +7%** compared with €1,836 million at December 31, 2017. The increase in collections reflects the growth in assets under management and the organic growth in the collection rate, expressed as the ratio of collections to end-period GBV, which was 2.5% in 2018 compared with 2.4% in 2017, excluding the impact of new contracts, which are not yet fully reflected in collections for the period (stock collection rate). Including new contracts, the ratio of collections to end-period GBV was unchanged at 2.4%.

¹ Excluding non-recurring items connected with the launch of our new businesses, notably our operations in Greece and in the UTP segment, and part of the costs associated with the acquisition of Altamira Asset Management

doBank S.p.A.

Piazzetta Monte, 1 – 37121 Verona (VR)
T: 800 44 33 94 – F: +39 045 8764 831
Mail: info@dobank.com
dobank.pec@actaliscertymail.it
Sito web: www.dobank.com

doBank S.p.A. – Sede Legale in Verona, Piazzetta Monte n. 1 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.

Verona, February 11, 2019 – The Board of Directors of doBank S.p.A. (the “**Company**” or “**doBank**”) today approved the preliminary results at December 31, 2018. The Board will meet on March 12, 2019 to approve the separate financial statements and the consolidated financial statements at December 31, 2018.

Andrea Mangoni, Chief Executive Officer of doBank, remarked: *“2018 closed with significant progress achieved in executing the Business Plan, both organically, with EBITDA expanding by 20% and free cash flow of more €65 million generated, and through M&A. With this performance and the acquisition of Altamira, we are approaching the European credit servicing market with optimism and continue to see growth opportunities in the markets and product segments in which we are a leader.”*

In 2018, doBank had **gross revenues** of €233.5 million, up 9% compared with the previous year (€213.5 million) thanks to the expansion of all the main revenue components.

More specifically **servicing revenues**, the focus of the Group’s operations and representing 88% of consolidated revenues, amounted to €205.5 million, compared with €194.7 million (+6%) the previous year. The growth mainly reflects the increase in performance fees, connected with developments in collections and assets under management, as well as portfolio transfer indemnities. The average level of base fees and performance fees was stable in 2018 compared with the previous year, reflecting the criteria adopted in selecting new contracts, which gave preference to those with the greatest fee-generation potential.

Revenues from co-investment and **revenues from ancillary products and minor activities** totalled €28.0 million, an increase of 49% compared with 2017, equal to 12% of total revenues. The expansion reflected income from the ABSs issued in the Romeo SPV and Mercuzio Securitisation securitisations, the growth in revenue from 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 €3.2 million.

Fee and commission expense amounted to €23.9 million (€20.1 million in 2017), with the rise reflecting the expansion of collections and ancillary services. **Net revenues** amounted to €209.6 million at December 31, 2018, up 8% on 2017 (€193.4 million).

Operating expenses amounted to €128.3 million, up 4% compared with €123.3 million in 2017, despite the increase of 9% in revenues and the launch of new initiatives in Greece and Italy, underscoring the Group’s operating leverage. The rise in staff expenses (from €83.4 million at December 31, 2017 to €94.0 million in 2018) is attributable to the strengthening of top management and the introduction of the new incentive mechanism introduced following the listing. This increase was attenuated by a decline in IT costs, due to lower running costs and the absence of the projects under way in 2017, as well as gains from cost efficiencies in overheads.

EBITDA before non-recurring items at end of 2018 amounted to €84.0 million, up about €13.9 million (+20%) compared with 2017 (€70.1 million). As a percentage of revenues, EBITDA before non-recurring items improved by 3 percentage points, going from 33% in 2017 to 36% in 2018. Including the non-recurring costs recognised in the year, which were equal to €2.7 million and included the start-up costs incurred to begin operations in Greece, those associated with the development of the UTP business in Italy and part of the costs connected with the Altamira acquisition, EBITDA would have amounted to €81.3 million, up 16% compared with 2017 (and an EBITDA margin of 35%).

The **profit/loss of equity investments** at December 31, 2018 amounted to €0.9 million, reflecting the gain on the disposal of the 45% stake in BCC Gestione Crediti S.p.A., a member of the Iccrea Banking Group.

Net profit excluding non-recurring items amounted to €52.6 million in 2018, up 17% compared with the €45.0 million posted at December 31, 2017. Net profit for 2018 amounted to €50.9 million, an increase of 13% compared with the previous year.

Net working capital amounted to €77.4 million, an improvement on the €78.3 million registered at December 31, 2017 despite the higher revenues. The positive developments in working capital, in line with expectations, 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 €67.9 million at December 31, 2018, a substantial improvement on the €38.6 million posted at the end of 2017, and was characterised by the absence of bank debt. The net financial position includes the distribution of dividends of €30.9 million and the investment in units of the Italian Recovery Fund (formerly Atlante II) of €13 million. Free cash flow generation in 2018 amounted to €65.6 million.

Deferred tax assets amounted to €81.4 million at December 31, 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 26.1%, compared with 26.4% at December 31, 2017 (the CET1 ratio for the CRR Group was 19.4%, compared with 29.8% at December 31, 2017).

Portfolio under management

Assets under management (GBV) at December 31, 2018 **amounted to €82.2 billion**, an increase on €76.7 billion at the end of 2017, primarily reflecting the entry of €13.2 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, by Banca Agricola Popolare di Ragusa and that associated with the “Milano” project, together with minor portfolios, were gradually onboarded. These contracts were accompanied by about €1.2 billion (GBV) in loans from existing customers as well ordinary developments in collections, cancellations and transfers of portfolios. If we also include the €1.8 billion contract signed with Greece’s four systemic banks, for which active management began in 2019 following completion of the onboarding and business planning stages, the €2 billion contract granted by the Iccrea Banking Group and the “Riviera” portfolio, assets under management at the end of December would amount to €86.4 billion.

At December 31, 2018, **collections** on loans under management **amounted to €1,961 million**, an increase of 7% compared with €1,836 million in 2017, in line with developments in the GBV of assets under management, which gradually increased over the course of the year.

The collection rate at the end of 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). Including new servicing contracts, the indicator would be 2.4%, unchanged on the 2.4% registered at the end of 2017. The developments in collections in 2018 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 AFTER THE END OF THE PERIOD

There were no significant events following the close of the period.

OUTLOOK FOR OPERATIONS

Performance in 2018 confirms the objectives of the 2018-2020 Business Plan, presented in June 19 this year, which is focused on strengthening doBank's leadership in the European credit servicing market.

More specifically, Group revenues are expected to grow by an average of 8% to 9% per year between 2017 and 2020 (CAGR), while Group EBITDA is forecast to rise by at least 15% per year on average over the same period, with earnings per share expanding faster than EBITDA and a dividend payout ratio of at least 65% of consolidated net profit.

In view of the importance of the agreement for the acquisition of Altamira Asset Management (press release of December 31, 2018), the Group plans to update its Business Plan targets following the closing of the acquisition, which is expected by May 2019.

Webcast conference call

The preliminary results as at December 31, 2018 will be presented on Monday, **February 11 at 16:00** 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/dobank190211.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 Annual Financial Report as at December 31, 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 subscribes to the simplified regime stipulated by articles 70, clause 8 and 71, clause 1-bis, of Consob Regulation for issuers n. 11971/1999, as subsequently modified, taking advantage of the possibility to waive the obligation to publish information documents as per articles 70, clauses 6 and 71, clause 1 of the said Regulation in case of significant transactions of merger, spin-off, capital increase via contribution in kind, acquisitions and divestitures.

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.

Contact info

Image Building

doBank S.p.A.

Simona Raffaelli – Emilia Pezzini

dobank@imagebuilding.it

Investor Relations

doBank S.p.A.

Fabio Ruffini

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RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€/000)

Condensed consolidated income statement	Year		Change	
	2018	2017	Amount	%
Servicing revenues	205,539	194,746	10,793	6%
Co-investment revenues	911	665	246	37%
Ancillary and other revenues	27,054	18,136	8,918	49%
Gross Revenues	233,504	213,547	19,957	9%
Outsourcing fees	(23,910)	(20,141)	(3,769)	19%
Net revenues	209,594	193,406	16,188	8%
Staff expenses	(94,054)	(83,391)	(10,663)	13%
Administrative expenses	(34,246)	(39,913)	5,667	(14)%
o/w IT	(13,529)	(16,486)	2,957	(18)%
o/w Real Estate	(8,459)	(8,086)	(373)	5%
o/w SG&A	(12,258)	(15,341)	3,083	(20)%
Operating expenses	(128,300)	(123,304)	(4,996)	4%
EBITDA	81,294	70,102	11,192	16%
EBITDA Margin	35%	33%	2%	6%
Non-recurring items included in EBITDA	(2,712)	-	(2,712)	n.s.
EBITDA excluding non-recurring items	84,006	70,102	13,904	20%
EBITDA Margin excluding non-recurring items	36%	33%	3%	10%
Impairment/Write-backs on property, plant, equipment and intangible assets	(2,750)	(2,284)	(466)	20%
Net Provisions for risks and charges	(318)	(4,041)	3,723	(92)%
Net Write-downs of loans	876	1,776	(900)	(51)%
Net income (losses) from investments	917	2,765	(1,848)	(67)%
EBIT	80,019	68,318	11,701	17%
Net financial interest and commissions	198	(184)	382	n.s.
EBT	80,217	68,134	12,083	18%
Income tax for the year	(29,362)	(22,750)	(6,612)	29%
Profit (loss) from group of assets sold and held for sale net of tax	-	(390)	390	(100)%
Net Profit (Loss) attributable to the Group	50,855	44,994	5,861	13%
Non-recurring items included in Net Profit (Loss) attributable to the Group	(1,784)	-	(1,784)	n.s.
Net Profit (Loss) attributable to the Group excluding non-recurring items	52,639	44,994	7,645	17%
Earnings per share (Euro)	0.65	0.58	0.07	13%
Earnings per share excluding non-recurring items (Euro)	0.67	0.58		

CONSOLIDATED BALANCE SHEET

(€/000)

Condensed balance sheet	12/31/2018	12/31/2017	Change	
			€	%
Cash and liquid securities	74,443	50,364	24,079	48%
Financial assets	36,312	25,960	10,352	40%
Equity investments	-	2,879	(2,879)	(100)%
Tangible assets	2,810	2,772	38	1%
Intangible assets	8,327	6,041	2,286	38%
Tax assets	87,356	103,941	(16,585)	(16)%
Trade receivables	99,224	99,337	(113)	(0)%
Assets on disposal	710	10	700	n.s.
Other assets	7,855	6,196	1,659	27%
Total assets	317,037	297,500	19,537	7%
Financial liabilities: due to customers	-	11,759	(11,759)	(100)%
Trade payables	21,848	21,072	776	4%
Tax Liabilities	10,174	6,105	4,069	67%
Employee Termination Benefits	9,577	10,360	(783)	(8)%
Provision for risks and charges	20,754	26,579	(5,825)	(22)%
Liabilities associated with non-current assets and disposal groups held for sale	6,532	-	6,532	n.s.
Other liabilities	15,362	14,928	434	3%
Total Liabilities	84,247	90,803	(6,556)	(7)%
Share capital	41,280	41,280	-	n.s.
Reserves	140,901	120,700	20,201	17%
Treasury shares	(246)	(277)	31	(11)%
Result for the period	50,855	44,994	5,861	13%
Total shareholders' equity	232,790	206,697	26,093	13%
Total liabilities and shareholders' equity	317,037	297,500	19,537	7%

OPERATING CASH FLOW

(€/000)

Cash Flow	12/31/2018	12/31/2017
EBITDA	81,294	70,102
Capex	(5,408)	(6,557)
EBITDA-Capex	75,886	63,545
as % of EBITDA	93%	91%
Adjustment for accrual on share-based incentive system payments	5,814	2,195
Changes in NWC	889	1,055
Changes in other assets/liabilities	(6,471)	6,666
Operating Cash Flow	76,118	73,461
Tax paid (IRES/IRAP)	(10,480)	(1,170)
Free Cash Flow	65,638	72,291
(Investments)/divestments in financial assets	(8,035)	(12,509)
Equity (investments)/divestments	2,610	1,694
Dividend paid	(30,907)	(52,330)
Net Cash Flow of the period	29,306	9,146
Net financial Position - Beginning of period	38,605	29,459
Net financial Position - End of period	67,911	38,605
Change in Net Financial Position	29,306	9,146

ALTERNATIVE PERFORMANCE INDICATORS

(€/000)

Key performance indicators	12/31/2018	12/31/2017
Gross Book Value (Eop) - in millions of Euro -	82,179	76,703
Collections for the period - in millions of Euro -	1,961	1,836
Collections for the Last Twelve Months (LTM) - in millions of Euro -	1,961	1,836
LTM Collections/GBV (EoP)	2.4%	2.4%
LTM Collections Stock/GBV Stock (EoP)	2.5%	2.4%
Staff FTE/Total FTE	37%	37%
LTM Collections/Servicing FTE	2,668	2,510
Cost/Income ratio	61%	64%
EBITDA	81,294	70,102
Non-recurring items	(2,712)	-
EBITDA excluding non-recurring items	84,006	70,102
EBT	80,217	68,134
EBITDA Margin	35%	33%
EBITDA Margin excluding non-recurring items	36%	33%
EBT Margin	34%	32%
Earning per share (Euro)	0.65	0.58
Earning per share excluding non-recurring items (Euro)	0.67	0.58
EBITDA – Capex	75,886	63,545
Net Working Capital	77,376	78,265
Net Financial Position of cash/(debt)	67,911	38,605