

Press release

THE BOARD OF DIRECTORS APPROVES THE PRELIMINARY RESULTS FOR 2017

Main consolidated results as at December 31, 2017 compared with the pro-forma¹ figures as at December 31, 2016.

Gross revenues: €213.0 million, +3% compared with €206.2 million in 2016:

- **Net revenues: €194.9 million, +3%** compared with €188.4 million;
- **EBITDA: €70.1 million, +9%** compared with €64.3 million;
- **EBITDA margin: 33%**, an increase of 2 percentage points compared with 31%;
- **Net profit: €45.0 million, +11%** compared with €40.4 million;
- **Earnings per share: €0.58, +11%** compared with €0.52;
- **Net financial position a positive (cash) €38.6 million**, an improvement on the €29.5 million posted at December 31, 2016;
- **CET1: 26.4%**, compared with 20.6% at December 31, 2016;
- The Board of Directors has shared to submit to the approval of the competent bodies the distribution of a **dividend equal to 70% of net income (70% payout)**.

Portfolio under management

- **Gross book value (GBV) of assets under management amounted to €76.7 billion**, compared with €80.9 billion at December 31, 2016;
- **Collections amounted to €1.84 billion, +8%** compared with €1.69 billion in 2016,² in line with the guidance.

Verona, February 12, 2018 – The Board of Directors of doBank S.p.A. (the “**Company**” or “**doBank**”) today approved the draft schedules of the separate financial statements and consolidated financial statements at December 31, 2017 (the “preliminary results”). The Board will meet on March 13, 2018 to approve the separate financial statements and the consolidated financial statements at December 31, 2017.

Andrea Mangoni, Chief Executive Officer of doBank, remarked: “*We are very satisfied with the results achieved in 2017, with regard to both the growth in our core servicing activities, where we hit the targets announced to investors, and to the successful completion of major special projects in the IT field and the listing on the Milan stock exchange. The organic growth in collections and revenues, which was substantial considering the lower volume of assets under management, demonstrates the effectiveness of our portfolio management. Cost containment enabled us to raise our EBITDA margin by 2 percentage points, contributed to the double-digit growth in profits and expanded the Group’s cash position. We are playing a leading role in all of the main servicing transactions in the Italian market, gaining new portfolios under management of more than €11 billion in the first quarter of 2018 alone. The market continues to offer multiple growth opportunities that*

¹ The pro-forma 2016 figures have been prepared in conformity with Consob Notice no. DEM/1052803 of 2001 in order to retrospectively reflect the significant effects of the special operations that took place in the second half of 2016, namely (i) the acquisition of 100% of Italfondario, and (ii) the derecognition of the securitised loan portfolio (“Romeo Transaction”) and other minor connected transactions, as though they had taken place as at January 1, 2016.

² The growth rate of 8% refers to net collections in 2016 for Italfondario; alternatively, if we consider gross collections in 2016 for Italfondario, the growth rate would be +3%.

justify the optimism with which we are looking towards the new year”.

At December 31, 2017, doBank had **gross revenues** of €213.0 million, up 3% compared with €206.2 million the previous year (2016 pro-forma).

More specifically, **servicing revenues**, generated by the Group's core business, amounted to €196.6 million, an increase of 3% compared with the €191.8 million posted in 2016. Contributing to this performance were both the increase in collections and a slight rise in average fees due to the collection mix, factors that more than offset the decline in revenues from base fees associated with the contraction in the average gross portfolio under management and the small decrease in portfolio transfer indemnities.

Revenues from co-investment and revenues from ancillary products and minor activities, which totalled €16.5 million overall, increased by 14% compared with 2016, when they had amounted to €14.4 million, thanks to the contribution of master servicing activities, administrative, property and business information services, as well as the growth in profits from co-investment.

Net revenues at December 31, 2017 amounted to €194.9 million, +3% compared with the €188.4 million registered in 2016. Fee and commission expense totalled €18.1 million compared with €17.8 million in 2016, a slight decline as a percentage of gross revenues.

EBITDA at December 31, 2017 amounted to €70.1 million, an increase of 9% compared with 2016 pro-forma, when the figure was €64.3 million. As a percentage of revenues, EBITDA rose significantly, from 31% in 2016 to 33% in 2017.

Operating expenses were broadly unchanged at €124.8 million, compared with €124.1 million in 2016. The increase in staff expenses, +2% in 2017 compared with the previous year, associated with the strengthening of top management and the introduction of a new incentive mechanism following the listing, was almost entirely offset by savings in other cost areas, including real estate costs and other overheads, confirming the inherent operating leverage in the business.

Net income (losses) from investments as at December 31, 2017 amounted to €2.8 million, including the net result on the sale of Gextra and the positive impact of the profit from the investment in BCC Gestione Crediti, which is accounted for using the equity method.

Net profit at December 31, 2017 amounted to €45.0 million, up 11% compared with the €40.4 million posted at December 31, 2016.

Net working capital amounted to €78.3 million, an improvement compared with the €79.3 million registered at December 31, 2016, attributable to a decrease in trade receivables. The **positive net financial position** (cash) amounted to €38.6 million at December 31, 2017, compared with €29.5 million at the end of 2016 and €25.4 million at September 30, 2017. In 2017 doBank finalised the project to consolidate the Parent Company's credit lines, agreeing new 3-year bank facilities on improved terms and conditions.

Tax assets amounted to €94.2 million at the end of 2017, down from the €143.0 million a year earlier, mainly reflecting the use of tax credits to offset indirect taxes (VAT and withholding tax).

The CET1 ratio was equal to 26%, compared with 21% as at December 31, 2016, with the improvement mainly associated with the increase in own funds.

Portfolio under management

Assets Under Management (GBV) at December 31, 2017 **totalled €76.7 billion**, compared with €80.9 billion at the end of 2016, reflecting the effect of new assets under management of €3.0 billion, net of the impact of collections, cancellations and portfolio sales. In the last quarter of 2017, in line with Group expectations, a number of major special servicing agreements for portfolios of non-performing loans were signed. These included the preliminary agreement for the management of around €8 billion (GBV) originated by the MPS Group and the definitive agreement for the management of a portfolio of about €1 billion (GBV) associated with the Berenice operation. On January 24, 2018 a definitive accord was signed with REV S.p.A. for the management as special servicer of a portfolio of non-performing loans of about €2.4 billion (GBV). Considering the value of the new agreements, which is in line with Group expectations, assets under management (GBV) at the end of 2017 would amount to €88.1 billion.

Collections on loans under management in 2017 **amounted to €1,836 million, an increase of +8%** compared with €1,694 million (considering net collections for Italfondario in 2016), or +3% (considering gross collections), thanks to the increased effectiveness of management operations and the capacity to exploit the improvement in economic conditions, despite the contraction of about 5% compared with 2016 in the average portfolio under management (GBV). Collections in 2017 represented 2.4% of assets under management (GBV) at the end of the period, a significant increase on the 2.1% posted in 2016.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

There were no significant events after the end of the period.

OUTLOOK

For 2018, the Group expects a substantial increase in assets under management (GBV), of which more than €11 billion in the first quarter alone, and an improvement in collection capacity which is expected to significantly increase collections. The Group will continue to benefit from its operating leverage, with a positive impact on EBITDA and cash flow generation in terms of EBITDA-Capex. doBank expects to provide an update of its industrial plan within the first half of 2018.

Webcast conference call

The preliminary results as at December 31, 2017 will be presented on February 12 **at 14:30** 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/dobank180212.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 7058794

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 Annual Financial Report as at December 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., is a leader among independent servicers in Italy in the business of managing primarily non-performing loans for banks and public and private financial institutions, with a loan portfolio under management of €76.7 billion (in terms of gross book value) at December 31, 2017. The gross revenues of the doBank Group at December 31, 2017 were about €213.0 million, of which 92% from servicing revenues and the remaining 8% from revenues from ancillary products and revenues generated by minor banking activities.

Contacts

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CONDENSED CONSOLIDATED INCOME STATEMENT

(€/000)

Condensed consolidated income statement	Year		Change		Year	Change
	2017	2016 PF	Amount	%	2016	%
Servicing revenues	196.554	191.754	4.800	3%	160.512	22%
Co-investment revenues	665	25	640	n.s.	25	n.s.
Ancillary and other revenues	15.796	14.402	1.394	10%	3.672	n.s.
Gross Revenues	213.015	206.181	6.834	3%	164.209	30%
Outsourcing fees	(18.087)	(17.767)	(320)	2%	(17.276)	5%
Net revenues	194.928	188.414	6.514	3%	146.933	33%
Staff expenses	(83.391)	(81.570)	(1.821)	2%	(58.638)	42%
Administrative expenses	(41.435)	(42.537)	1.102	(3)%	(30.279)	37%
o/w IT	(17.784)	(14.253)	(3.531)	25%	(12.444)	43%
o/w Real Estate	(8.086)	(9.114)	1.028	(11)%	(6.340)	28%
o/w SG&A	(15.565)	(19.170)	3.605	(19)%	(11.495)	35%
Operating expenses	(124.826)	(124.107)	(719)	1%	(88.917)	40%
EBITDA	70.102	64.307	5.795	9%	58.016	21%
EBITDA Margin	33%	31%	2%	6%	35%	(7)%
Impairment/Write-backs on property, plant, equipment and intangible assets	(2.284)	(1.720)	(564)	33%	(588)	n.s.
Net Provisions for risks and charges	(4.041)	1.538	(5.579)	n.s.	5.549	n.s.
Net Write-downs of loans	1.776	114	1.662	n.s.	8.186	(78)%
Net income (losses) from investments	2.765	179	2.586	n.s.	7.625	(64)%
EBIT	68.318	64.418	3.900	6%	78.788	(13)%
Net financial interest and commission	(184)	(196)	12	(6)%	(502)	(63)%
EBT	68.134	64.222	3.912	6%	78.286	(13)%
Income tax for the period	(22.750)	(23.550)	800	(3)%	(26.763)	(15)%
Profit (loss) from group of assets sold and held for sale net of tax	(390)	(1.435)	1.045	(73)%	(350)	11%
Net Profit (Loss) for the period	44.994	39.237	5.757	15%	51.173	(12)%
Minorities	-	-	-	n.s.	-	n.s.
Net Profit (Loss) attributable to the Group before PPA	44.994	39.237	5.757	15%	51.173	(12)%
Economic effects of "Purchase Price Allocation"	-	1.157	(1.157)	(100)%	1.157	(100)%
Goodwill impairment	-	-	-	n.s.	-	n.s.
Net Profit (Loss) attributable to the Group	44.994	40.394	4.600	11%	52.330	(14)%
Earnings per share	0,58	0,52	0,06	11%	0,67	(14)%

CONSOLIDATED BALANCE SHEET

€/000)

Assets		12/31/2017	12/31/2016	Change Amount	%
10	Cash and cash equivalents	21	18	3	17%
40	Available-for-sale financial assets	24.001	1.047	22.954	2192%
60	Loans and receivables with banks	49.449	52.575	(3.126)	-6%
70	Loans and receivables with customers	2.853	10.820	(7.967)	-74%
100	Equity investments	2.879	1.608	1.271	79%
120	Property, plant and equipment	1.819	638	1.181	185%
130	Intangible assets	4.506	2.079	2.427	117%
	of which goodwill	-	-	-	n.s.
140	Tax assets	94.187	143.030	(48.843)	-34%
	a) Current tax assets	165	37.722	(37.557)	-100%
	b) Deferred tax assets	94.022	105.308	(11.286)	-11%
	of which pursuant to Law 214/2011	55.406	55.406	-	0%
150	Non-current assets and disposal groups held for sale	10	2.516	(2.506)	-100%
160	Other assets	117.775	114.103	3.672	3%
	Total assets	297.500	328.434	(30.934)	-9%

Liabilities and shareholders' equity		12/31/2017	12/31/2016	Change Amount	%
10	Due to banks	-	13.076	(13.076)	ns
20	Due to customers	12.106	11.060	1.046	9%
80	Tax liabilities	3.852	219	3.633	1659%
	a) Current tax liabilities	3.405	199	3.206	1611%
	b) Deferred tax liabilities	447	20	427	2135%
90	Liabilities associates with non-current assets and disposal groups held for	-	1.738	(1.738)	-100%
100	Other liabilities	37.906	55.986	(18.080)	-32%
110	Employee termination benefits	10.360	10.240	120	1%
120	Provisions for risks and charges	26.579	25.371	1.208	5%
	a) Pensions and similar obligations	-	-	-	n.s.
	b) Other provisions	26.579	25.371	1.208	5%
140	Valuation reserves	1.350	256		
170	Reserves	119.350	117.155	2.195	2%
190	Share capital	41.280	41.280	-	0%
200	Treasury shares (-)	(277)	(277)	-	0%
210	Minorities (+/-)	-	-		
220	Net profit (loss) (+/-)	44.994	52.330	(7.336)	-14%
	Total liabilities and shareholders' equity	297.500	328.434	(30.934)	-9%

KEY PERFORMANCE INDICATORS

(€/000)

Key performance indicators	12/31/2017	12/31/2016 PF	12/31/2016
Gross Book Value (Eop) - <i>in millions of Euro</i> -	76.703	80.901	80.901
Collections for the period- <i>in millions of Euro</i> -	1.836	1.694	1.188
Collections for the period/GBV (EoP)	2,4%	2,1%	1,5%
Staff FTE/Total FTE	44%	40%	40%
Collections for the period/Servicing FTE	2.812	2.368	1.662
Cost/Income ratio	64%	66%	61%
EBITDA	70.102	64.307	58.016
EBT	68.134	64.222	78.286
EBITDA Margin	33%	31%	35%
EBT Margin	32%	31%	48%
ROE	22%	22%	0%
EBITDA– Capex	64.436	62.645	85.284
Net Working Capital	78.265	79.320	79.320
Net Financial Position of cash/(debt)	38.605	29.459	29.459