

Acquisition of Altamira

Creating the undisputed leader in NPL and REO servicing in Southern Europe

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doBank
Servicing | Lending | Solutions

Strategic Highlights of a Landmark Acquisition for doBank

Altamira Asset Management

- Leading debt recovery and real estate platform in Europe, with c.55bn AuM, full cycle capabilities and long-term servicing agreements with 14 strategic clients
- Independent, pure asset light, international presence and with a strong management team

doBank and Altamira: the #1 gateway for NPL/RE investors into Southern Europe

- AuM >€140bn, leader in Italy, Spain, Greece and Cyprus and a top player in Portugal
- Pure servicing platform granting investors an exposure to over €650bn NPAs in the region
- Diversification to hedge across single macro cycles: multi-client, multi-country and multi-product

Highly complementary businesses with potential for improved performance

- Expectation to improve standalone Altamira's NPL performance and doBank's REO¹ performance
- Cross-selling revenue through know-how sharing in NPL and REO¹
- Greater operational efficiency due to the integration of management platforms

Attractive financial impacts with EPS and DPS accretion from onset

- Ordinary EPS accretion from 2019E, >20% accretion in 2020E before synergies
- DPS accretion from 2019E, confirming the Group's dividend policy (at least 65% of consolidated ordinary Net Income)

Executing on a significant pillar of the 2018-2020 Business Plan

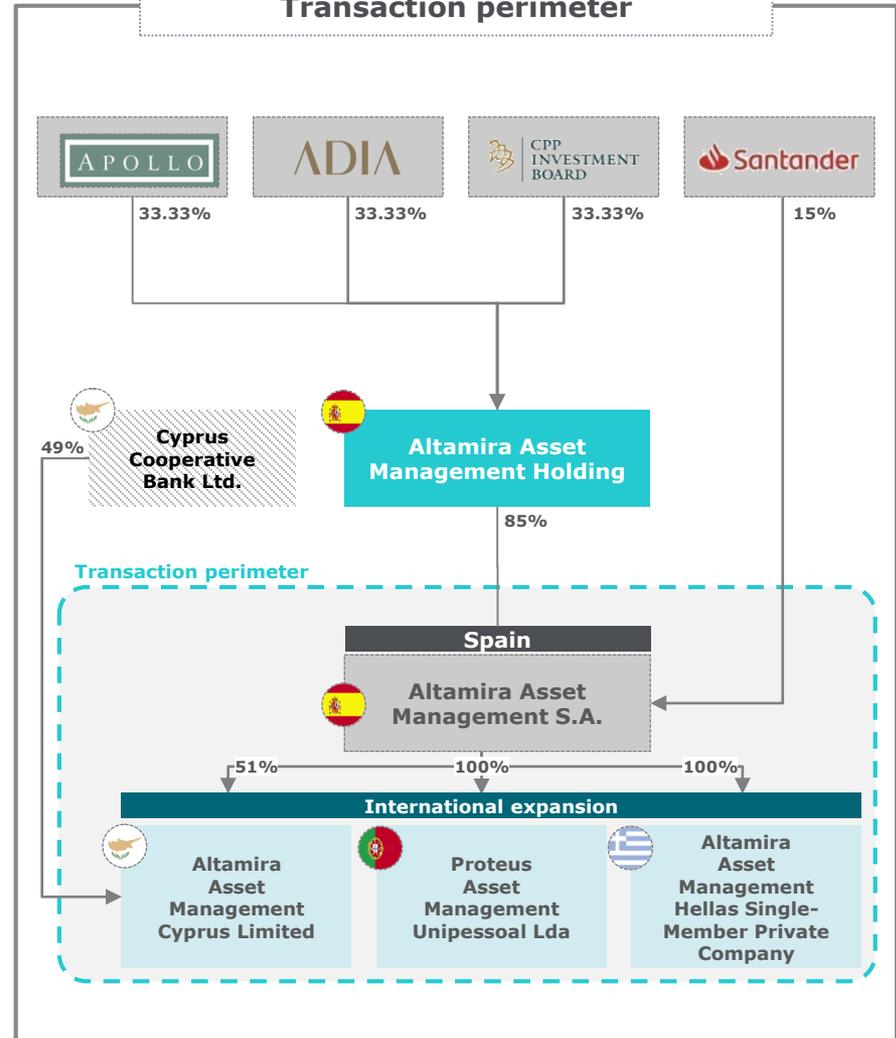
- doBank tapping into the structurally growing and profitable servicing market in Southern Europe
- Financial discipline of capital deployment and peak leverage below 3x Net Debt/EBITDA with rapid decline due to expected cash generation

Acquisition Structure Overview

Transaction structure

- Acquisition of an 85% stake of Altamira Asset Management valued - for 100% - €412m Enterprise Value plus an earn-out of up to €48m linked to the developments of the international business
- doBank to maintain a controlling interest in Altamira
 - Tag-along right of Santander
 - Potential re-investment of another current holder of Altamira
- Transaction to be financed via new senior debt already committed of up to €450m ¹, targeting a PF net leverage below 3.0x (in line with Business Plan), reducing quickly due to high cash flow generation
- Closing expected by May 2019 subject to the receipt of regulatory approvals from relevant authorities and the completion of doBank's corporate reorganization when doBank will cease to be a Banking Group

Transaction perimeter



Altamira: a Leading Independent Debt and Real Estate Servicer...

Company overview

- **Leading** debt recovery and real estate servicing platform in Europe with **c.€55bn GBV** and with full cycle capabilities
- **Fully independent** company since 2014 following the acquisition of a 85% stake by Apollo, ADIA and CCPIB from Banco Santander post carve-out
- **Broad asset scope** including secured and unsecured debt (NPLs) as well as residential, commercial and land real estate assets (REOs)
- **Long term servicing agreements both stock and flow** with strategic clients as well as well known investment funds for 3rd party advisory
- European coverage with **c.1,000 specialized FTEs** in **>18 regional offices** across Europe and a network of external professionals

Key features

One stop shop

Pure servicer with asset light model

LT contracts with top financial institutions

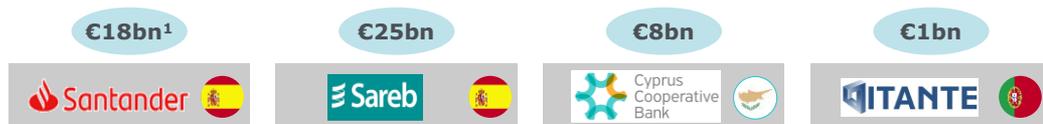
Market leadership in Spain

Profitable and scalable business model

Independent

High margins and stable cash flows

Key contracts (GBV)



Key operating activities



Key metrics (2018E)

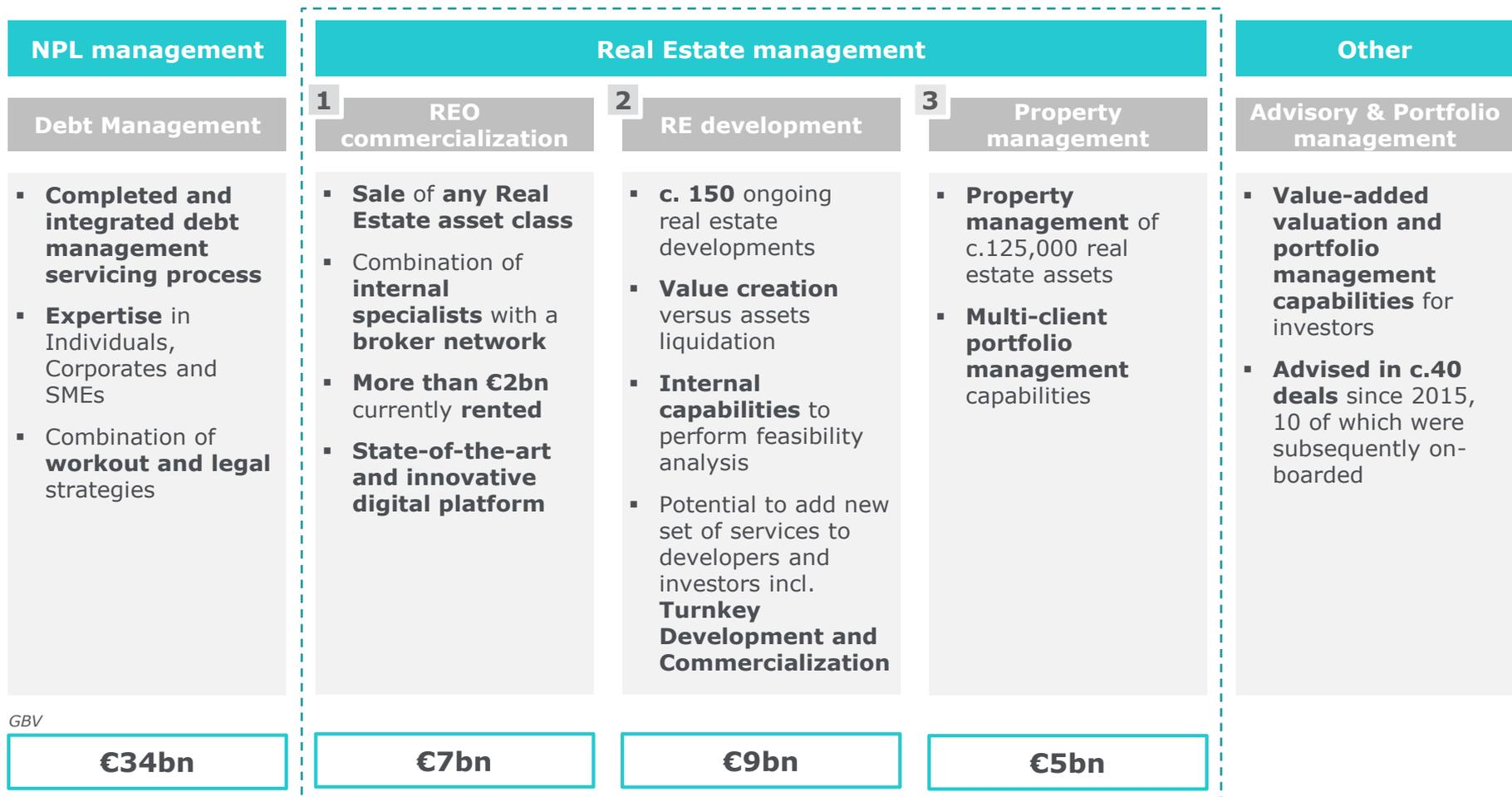
GBV	€55bn
Adj. revenues ²	€255m
Adj. EBITDA ²	€95m
Adj. EBITDA ² Margin (%)	37%

Source: Company information

1. Figure does not reflect the impact of the sale of Apple portfolio (i.e.€1.6bn residential assets), subject to closing in 1Q 2019

2. Figures adjusted by the €188m advance payment from Santander to Altamira in June 2018, in exchange for lowering fees paid by Santander

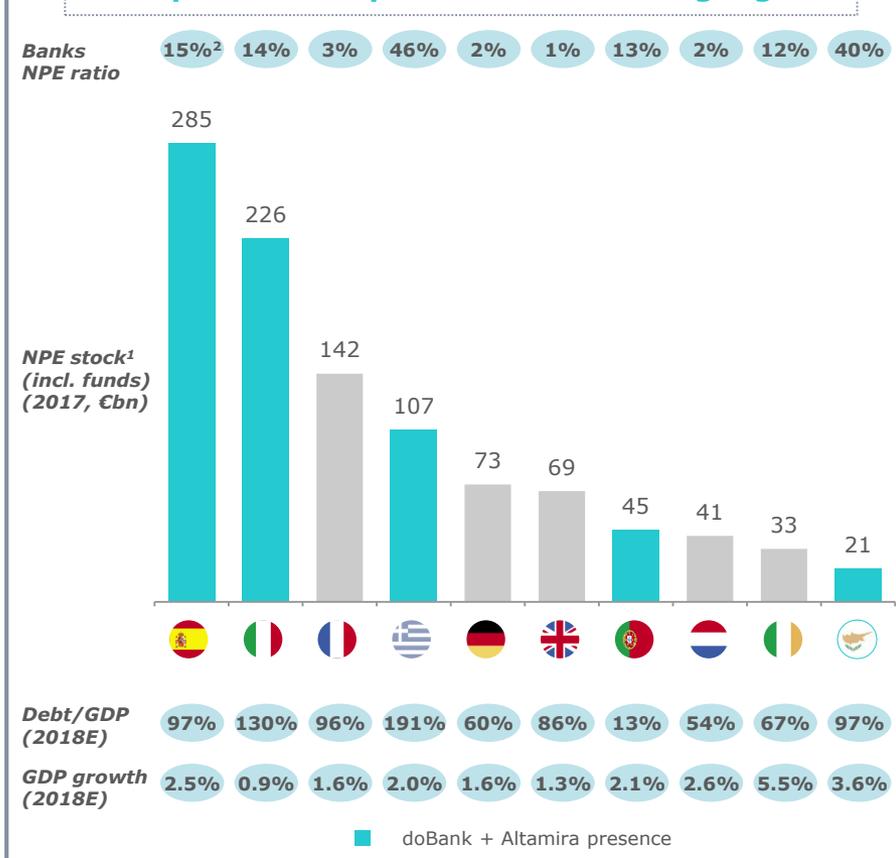
...with a Full Range of Servicing Capabilities



Full recovery process structure resulting in an integrated resolution lifecycle for Altamira's managed debt and real estate assets

A Gateway to the Largest European NPE Markets

European NPE exposure and macro highlights



doBank 2018-2020 Business Plan market screening criteria



■ Tier 1 targets ■ Tier 2 targets

- Market size and deleveraging targets
- Presence of global investors
- Complex legal system
- Collateral management
- Market timing: servicing in early stage (greenfield entry) or in consolidation phase (M&A option)

doBank gains exposure to the European markets with the highest potential, in line with 2018-2020 Business Plan guidelines

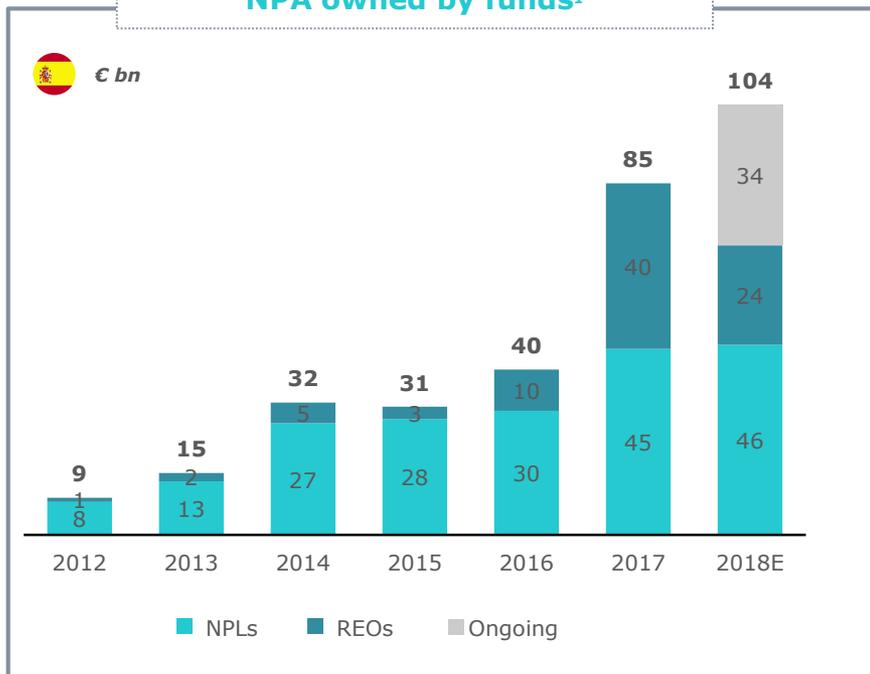
Source: NPA in Spain (November 2018, Oliver Wyman), EIU, IMF

1. REO assets included for countries where data is available. Figures for each country includes NPLs of domestic banking groups and foreign (EU & non-EU) controlled subsidiaries and branches
2. Spain data includes SAREB and REO assets

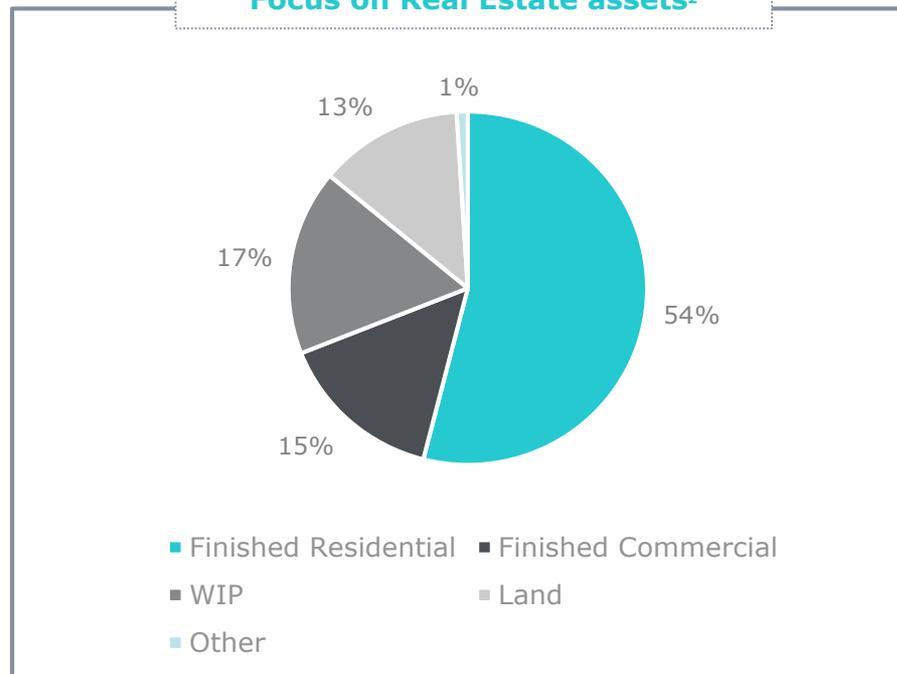
Key Features of the Spanish NPA Market

- Large market with an established NPL secondary market and in the context of an improving macro and property market
- Servicing penetration at 75% of total, with 50% from banks and 25% from funds. Top 5 servicers at 60% market share
- Out of the total €285bn of NPAs, €230bn are RE related assets of which ~69% are finished and ~31% are WIP and land
- Real estate transactions growing at high-single-digit CAGR since 2013 driven by the residential market with improving pricing

NPA owned by funds¹



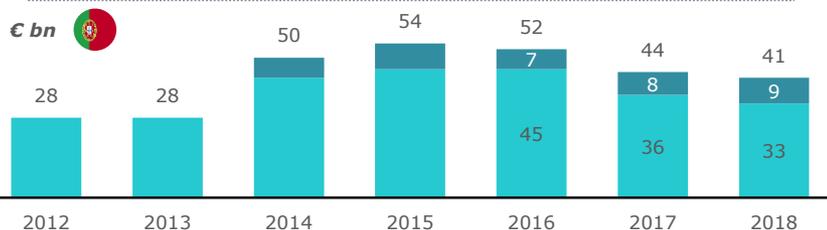
Focus on Real Estate assets²



Increasing funds presence and servicing penetration with significant secondary market pipeline available to doBank

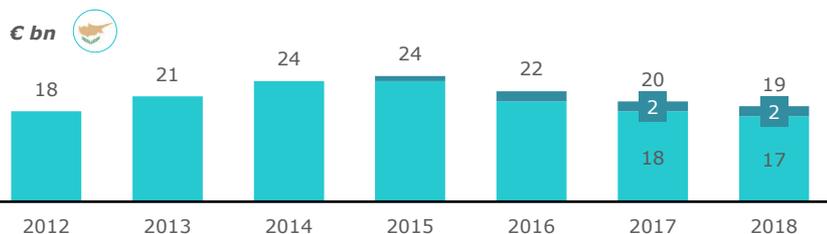
doBank Positioned to Capture Growth in Portugal, Cyprus and Greece

Portugal NPE



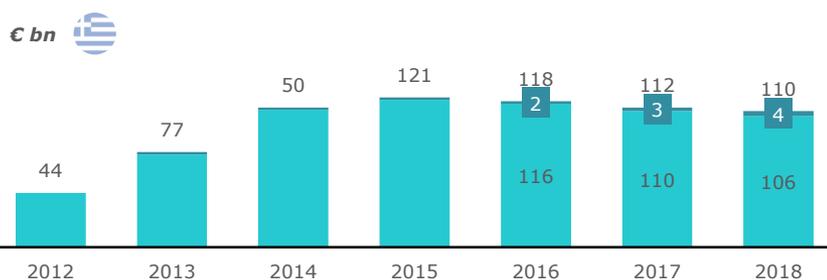
- Growing momentum with NPA owned by funds in 2018E at €14bn from €4bn in 2016
- Servicing market penetration at ~50% with top 5 (including Altamira) at >90% market share based on GBV
- Real Estate transactions growing high-single-digit since 2012, mainly driven by growth in Residential
- Real Estate pricing on an upward trajectory since 2012

Cyprus NPE



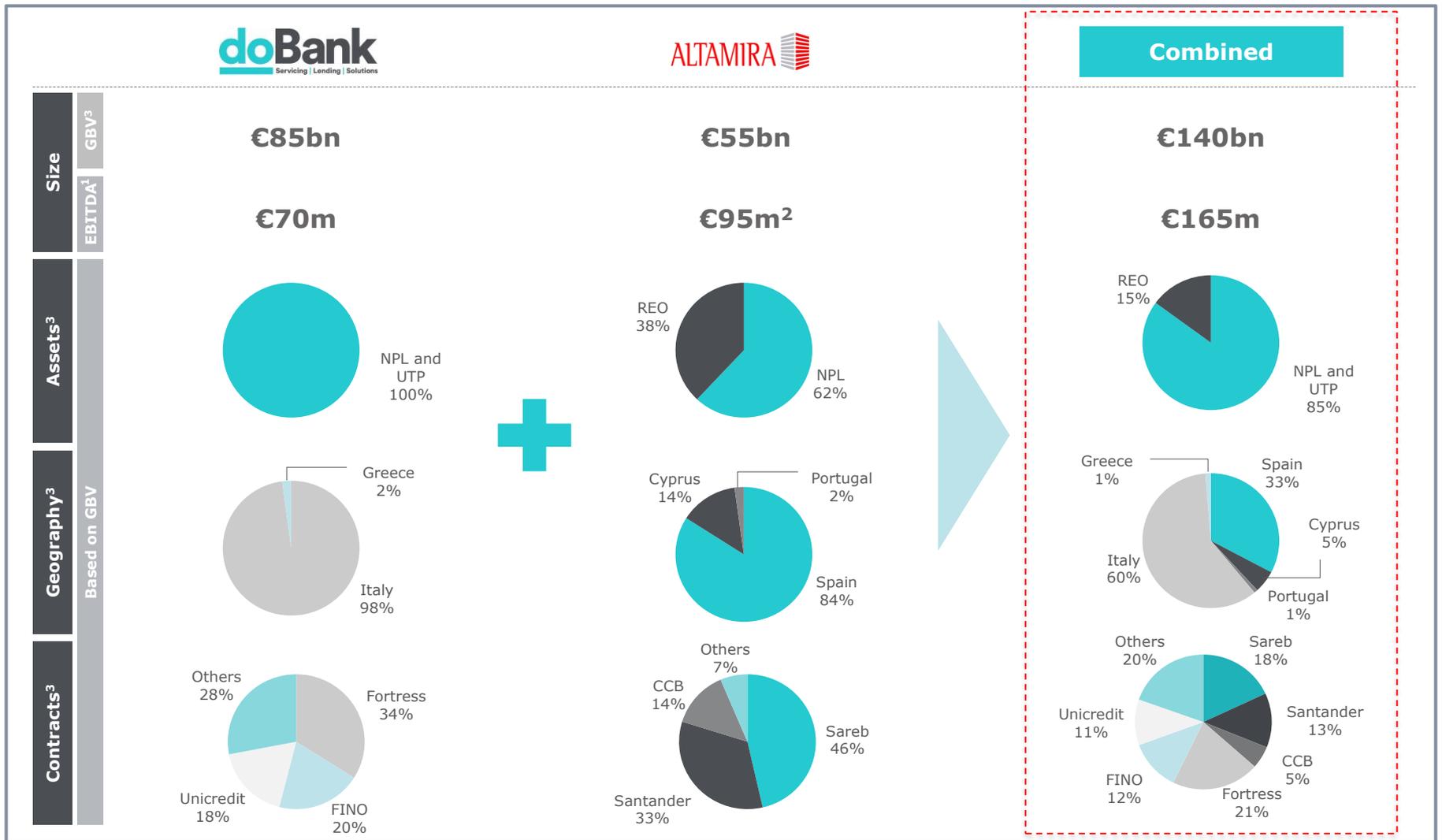
- NPA sales limited until 2018 due to legal constraints. Current pipeline at ~€6bn potential transactions
- Servicers penetration at ~60% of total
- Altamira #1 with 38% market share
- Strong growth in RE transactions with volumes at pre-crisis levels; price recovery since 2016, still below pre-crisis levels

Greece NPE



- Early-stage servicing market with strong fundamentals and banks' commitment to quick deleveraging
- ~95% of NPAs still owned by banks
- ~€16bn transactions in the last two years, with an additional pipeline of ~€15.5bn expected
- Servicing penetration at ~15%, doBank awarded the most significant mandate to date (€1.8bn AuM)
- One less competitor for doBank

doBank by far the largest independent pure servicer in Europe



1. 2018 estimates for Altamira. 2017 Actual for doBank.
 2. Figures adjusted by the €188m advance payment from Santander to Altamira in June 2018, in exchange for lowering fees paid by Santander.
 3. For Altamira as of Jun 18. For doBank as of Sep 18
 4. Includes ISP, Italian Recovery Fund, REV and other banks and institutional investors for doBank (17%) and Oitante and others for Altamira (3%)

Altamira preliminary key financial metrics

2018E

Profit & Loss	NPL Collections	<ul style="list-style-type: none"> Spain only: €1.3bn
	Revenues	<ul style="list-style-type: none"> Altamira total: €255m <ul style="list-style-type: none"> Santander/SAREB: ~70% Spain Other: ~5% International: ~25%
	EBITDA	<ul style="list-style-type: none"> Altamira total €95m, similar profitability across markets and business lines
	Net Income	<ul style="list-style-type: none"> Tax rate <25% Accretive since 2019 on Reported Net Income, despite higher D&A vs doBank

Comments and expected trend

- Higher weight of base fees vs doBank
- Conservative acquisition business plan assumes growing Altamira EBITDA in the medium term
 - Upsides from performance improvement in collection rates
 - Upsides from international development
 - Upsides from revenue and cost synergies
- Net Income growth above EBITDA growth due to progressively reducing depreciation charges
- Strong operating cash flow generation at approx. €90m in 2018E

Balance Sheet H1 '18	Total Assets		Liabilities & Equity	
	Servicing contracts	361	Accounts Payable	272
	Other intangibles	113	Financial and other liabilities	277
	Cash & other assets	223	Equity	148
	Total assets	697	Total liabilities & equity	697

- Santander and SAREB contracts included in intangible assets and accounts payable, reflecting past investments. Depreciation affecting Net Income
- Other intangibles goodwill and patent, license and brand
- Financial liabilities include bank debt to be refinanced post acquisition within doBank's bank debt of up to €450m

Preliminary figures ahead of PPA and assessment of depreciation policies

Concluding Remarks

Transformational transaction consistent with our strategy

- ✓ Creation of the undisputed leader in pure servicing in Southern Europe
- ✓ Significantly more diversified business and geographic profile, creating opportunities for clients and reducing macro volatility to each country's macro cycle
- ✓ Execution on a major pillar of the 2018-2020 Business Plan

Strong strategic and business fit

- ✓ Aligned business models: independent pure servicer, asset light, leaders in key markets
- ✓ Long-term and forward-flow agreements with leading financial institutions as well as well-known investment funds for third party advisory and portfolio management
- ✓ Complementary management team with experience and strong track record
- ✓ Unique platform to take advantage of the sector's strong fundamentals in Southern Europe

Attractive financial impacts and value creation potential

- ✓ Performance and commercial improvement of current Altamira's NPL business and doBank's REO business as well as operational efficiencies due to the integration of management platforms with very low execution risk
- ✓ Attractive EPS and DPS accretion from year 1, also before synergies
- ✓ Optimised capital structure post transaction, with quick deleveraging thanks to strong cash generation

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