doValue S.p.A.

"Nine Months 2021 Financial Results Conference Call"

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ALBERTO GORETTI, HEAD OF INVESTOR RELATIONS

OPERATOR: Good morning. This is the Chorus Call conference operator. Welcome and thank you for joining the doValue 9 Months 2021 Financial Results Conference Call. As a reminder, all participants are in listen-only mode. After the presentation, there will be an opportunity to ask questions. Should anyone need assistance during the conference call, they may signal an operator by pressing "*" and "0" on their telephone.

At this time, I would like to turn the conference over to Mr. Alberto Goretti, Head of Investor Relations of doValue. Please go ahead, sir.

ALBERTO GORETTI: Thank you. Good morning, ladies and gentlemen. I am pleased to welcome you all to doValue nine months 2021 results presentation, I am here with our CEO, Andrea Mangoni and our Group CFO and General Manager of Corporate functions, Manuela Franchi. In the first part of the presentation, Andrea will walk you through the latest developments of doValue business activity. In the second part of the presentation, Manuela will give you an overview of the financial performance of doValue. Andrea will then wrap up, illustrating our financial guidance for 2021 and to give you some final remarks. Following the presentation, we will be glad to answer all of your questions. Andrea, over to you.

ANDREA MANGONI: Thank you, Alberto. Good morning, everyone, and thanks for joining us today.

Starting from Page 3 of the presentation, so far this year we made very good progress in terms of inflows. In particular, in terms of mandates from existing customers under our forward workflow agreements, but also in terms of mandates from new clients. Including the project Frontier in Greece, we had a total of €14 billion of additional gross book value in

2021 so far, a record level for doValue. Project Frontier in Greece is a landmark mandate for doValue, as it allow us to start relationship with National Bank of Greece, the only sizable Greek bank which has not sold its credit servicing activity. With Project Frontier, doValue becomes the undisputed leading independent servicer in Greece, with €32 million of GBV and we are now best positioned there for future HAPS securitizations in the country.

The financial performance for the first 9 months of the year has been strong, reflecting a normalization of the trading conditions across the geographies in which we operate, plus the full contribution of the FPS acquisition closed in mid-2020, and fully included in our 9 months results for 2021.

Project Mexico demonstrates our ability to offer bespoke solution to strategic clients through pricing underwriting and reselling of complex portfolios. We have been able to structure and execute the successful transaction for Eurobank allowing us to retain a key servicing mandate, whilst at the same time booking a profit on the sales of the notes.

Following the acquisition of 10% stake in Quero Quitar in May, we are adding today another important element to our M&A strategy with the acquisition of 15% stake in BidX1, an Irish Prop-Tech company specialized in online real estate auctions. The transaction is consistent with our strategy of increasing growth through targeted acquisition of high growth companies in adjacent sectors to our traditional credit servicing activities.

Moving to Page 4, here we have a summary of the mandates won so far this year. In particular, the forward flow agreements in place with some of

our clients continue to contribute to supporting our gross book value in the tune of approximately €1 billion per quarter. In addition, in 2021 year-to-date, we have won mandates from new clients for €5.6 billion in total, which including also the €5.7 billion related to the Project Frontier brings us to a total additional book value of €14 billion secured in 2021 year-to-date. All-in-all, we have already exceeded the targets we have set for 2021 at the beginning of the year, in terms of forward flow and we are working towards also meeting the target in terms of new mandates.

Moving to Page 5, as anticipated, secured Project Frontier is an important step for doValue. The transaction represents the first securitization of National Bank of Greece and it was awarded through a very competitive process. The consortium composed by Bain Capital and Fortress and ourselves won not only by submitting a competitive price to NBG, but also leveraging on credibility and operational track record. Project Frontier might represent the first of a series of securitization by National Bank of Greece, which is the only sizable bank in Greece, which has not sold its credit servicing operation. NBG still has an NPE ratio close to 13%.

On Page 6, Project Mexico represents for us a successful transaction on a number of fronts. Firstly, we had managed to retain servicing mandate for a sizable portfolio in a strategic market. Secondly, through our big knowledge of the portfolio itself, we managed to offer a competitive backstop offer to Eurobank and in line with our strategy of being a pure servicer to resell the portfolio in the market, in an auction process, ultimately sharing a net capital gain. Lastly, the difference in fee structure due to the securitization of the portfolio is compensated by the payment of a contractual indemnity from Eurobank in the fourth quarter of 2021. As a reminder, a similar transaction was structured with UniCredit between the

end of 2020 and the beginning of 2021, in the context of the securitization of the €1.6 billion Relais portfolio where doValue also booked a net capital gain.

On Page 7, here are some more details regarding the acquisition of a 15% stake in BidX1, the leading pan European prop tech company in the online real estate auction segment. Through its own platform BidX1, takes care of the entire sale process for the property including the provision of contractual documentations, visits to the property and the finalization of the purchase following the auction. The strategic relevance of the acquisition for doValue is the potential to build a more articulated ecosystem of value-added services, so supporting our NPL and area of activities and the potential to improve and optimize our business further.

All-in-all, going forward, we plan to allocate some of the cash flow generated by our traditional credit servicing activity to the acquisition of minority or control stakes in high growth business in adjacent sectors with the aim of further diversifying our activities and support the sustained long term growth of our business.

Moving to Page 8, the key message here is that we are very close to a full normalization of the regulatory framework in our relevant markets, both in terms of moratoria and also in terms of the lifting of foreclosure restrictions. In addition, court activity in Italy is accelerating significantly in 2021 compared to 2020 and it's approaching 2019 level.

Slide 9 is on collection, the improved market condition are also reflected in our collection performance in both Italy and Spain. In line with the figures already disclosed for the first half of 2021, the collection performance in the first 9 months of 2021 sees Italy reducing the distance

to 2019 and Spain having already surpassed the pre-COVID levels. When looking at third quarter collections, both Italy and Spain are ahead compared to 2019 level. As a reminder, Greece is not included here because of the limited comparability between years in terms of the scope of FPS activity pre and post-acquisition by doValue. We expect a further normalization of activity in the fourth quarter of 2021.

Moving to Page 10, we are proud that MSCI has increased our ESG rating from A to AA, reaching the top end of the financial services industry. We are particularly proud of the fact that MSCI ESG Ratings recognizes our improved workforce management practices, as well as, the enhancement made in order to mitigate cyber security risk. All in all, doValue is very focused on ESG and sustainability and we are in the process of formalizing our sustainability strategy will be published in 2022.

Now, let me hand it over to Manuela for the second part of the presentation.

MANUELA FRANCHI: Thank you, Andrea. Good morning, everyone. Moving to Page 12, here you have the summary of the main KPIs for the first 9 months of 2021. As anticipated by Andrea, the first 9 months displays strong growth, both on a reported basis and on a pro forma basis, confirming that the post-COVID recovery is well underway, and that we are close to normalize trading conditions.

The trend is also confirmed that when looking at performance of the third quarter of 2021 versus the third quarter of 2020. In particular, gross revenue in the third quarter of '21 were up 12% versus the third quarter of 2020. We expect a further acceleration of performance in Q4 2021, considering that the typical seasonality of our business will be further

compounded by the post-COVID normalization process and the recognition of the Mexico indemnity fee.

In particular, it's worth highlighting that indemnity fees have been recurring elements of our activities, and have been booked as gross revenue from an accounting point of view. Indemnity fees have accounted on average for €20 million per annum in 2017-2020 period, and also likely to contribute to the 2021-2022 P&L for similar amounts.

As a reminder, indemnity fees are received by doValue from clients when portfolios are sold or securitized, in order to compensate doValue for the loss or reduction in fees. So the net present value of the future cash flows of the contract do not change, but there is an upfront, which will balance the lower revenue and lower fees going forward.

Moving to Page 13, the movements in gross book value reflects on the positive side the mandates won in 2020, and on boarded in '21, such as the icon portfolio in Greece, as well as, the mandates won and on boarded in '21, including €2.7 billion of forward flow, and €1.9 billion of new mandates won in '21, and already on boarded as of September 30.

In terms of write-offs and disposals, the main item here is related to the €3.5 billion Saturn portfolio from Alpha Bank in Cyprus. As a reminder, Project Saturn was initially announced in October '19, and it originally entails the management of €4.3 billion, Saturn NPL, REO portfolio, plus future flow generated by Alpha Bank in Cyprus, with no upfront payment and no people onboarding.

In the first part of '21, Alpha Bank decided to sell the NPL portfolio of the Saturn book, accounting for €3.5 billion because the difference vis-à-vis

the 4.3 had already been collected as of this date and doValue role was transformed into an advisory role in preparation for the disposal of the portfolio, as it commonly happens when banks want to leverage their balance sheet. We will try to be best positioned with investors to regain the management of the NPL portfolio, which we already are managing until the end of the same process.

As previously described, the Mexico transaction with Eurobank in Greece is neutral from GBV point of view. Albeit gross book value decreased in the first 9 months of 2021,we have a €10 billion of new mandates that will be on boarded in the next few months, including Project Frontier, which will more than compensate the recent write-offs and disposal.

Moving to Page 14, our gross book value remains highly diversified in terms of clients', geography, security, and business tasks. As previously anticipated, the Sareb contract are currently representing 15% of our gross book value expires in July 2022 and represents around €50 million of revenue in 2021 and €20 million of EBITDA.

The RFP process for the Sareb contract has started last summer, we are participating and keen to be retained as one of the servicers. We believe that Sareb is going to shortlist candidates between November and December 2021, with the final negotiation leading to an appointment in February or March '22. The time between March and July of next year is going to be used by Sareb and the selected servicers to upgrade the operating model and perform any onboarding procedures required.

We understand Sareb is keen to reduce the number of servicers from the current 4, to 2 or 3 servicers. So that would be a chance for the doValue to increase its life of the total GBV assigned by Sareb, if confirmed that

servicer, although we are already one of the largest servicer of the Sareb book, managing €24 billion of the total €80-85 billion.

We believe fees are going to be materially reduced by Sareb with a strong skew towards collection fee, as opposed to base fee also in light of the end of Sareb mission in 2027. All of these elements made us quite cautious regarding the likely profitability of the Sareb contract in its new form. A few months ago, we estimated the Sareb contract contribution in terms of EBITDA would drop from around €20 million to €7-8 million contribution in 2022.

Now, based on the latest feedback from Sareb and also taking into account the potential negative impact of some initial setup cost that will be required we believe that the contribution of Sareb on 2022 EBITDA is likely to be minimal. While there will be an increase in 2023. The new contract is likely to run from 2022 to close to maturity of Sareb institutional mandate.

In parallel, in recent years, we have complemented our historical core NPL product offering with higher margin segment such REOs, UTPs and Earlier Arrears, which offer more favorable fee levels and structure, especially on UTP in earlier years.

The segments nowrepresent 21% of our GBV and represented 30% of our 9 months to 2021 revenue. In particular, the direct margin attributable to UTP and Early Arrears is 94%. Approximately 2-3 percentage points higher than the traditional NPL business.

Already in Q3 2021, we've won €250 million of real estate mandates in Italy, which is on top of the €1 billion already managed in Portugal and

Cyprus. All in all real estate is an area, which we expanded leveraging on Altamira capabilities and fully deploying the Altamira platform outside Spain?

In addition, our UTP business in Italy is also growing and currently sitting at more than €800 million of GBV. On top of the €8 billion already managed in Greece.

Moving to Page 15, gross revenue in the first 9 months of 2021 grew by 57% on a reported basis, or 13% on a pro forma basis, considering the contribution of the SPS acquisition since the beginning of 2020. The growth trend is also confirmed comparing the third quarter of '21 with the third quarter of 2020, which are comparable from a perimeter point of view with gross revenue growing by 12%.

In terms of gross revenue breakdown, we confirm that increase of a base fee as a percentage of gross revenue versus recent history is in line with the higher base fee of our Spanish, Greek and Cypriotcontracts compared to Italy. Collection fees are also growing in absolute and relative terms reflecting the improved collection performance across all regions.

Page 16 shows operating expenses, which in the first 9 months of "21 grew by 25% on the reported basis or by 13% on a pro forma basis. The increase is mainly due to the hand of the special condition that characterize 2020, which implies lower bonuses paid to employees and positive contribution by the Italian stake through the Cassa Integrazione scheme. The cost base is now normalized in 2021, with bonuses being paid again and the Cassa Integrazione scheme no longer available.

Moving to Page 17, collection performance is improving in all regions, yielding a 30 basis points improvement in collection rates on a consolidated basis in the last 3 months and 90 basis points improvement, compared to the end of 2020. Whilst the revenue contribution of the 3 regions is comparable from an absolute point of view is quite apparent that the Greek and Cypriot regions contribute very positively to the overall marginality of the doValue Group. This is a feature which is likely to characterize our business going forward, as the Italian business fully recovers. Spain will deal with the Sareb renegotiation in 2022. And Greece will tackle an attractive pipeline of potential new mandates in the next few quarters.

Moving to Page 18, this is just to give an historical perspective on collection rates by countries. Demonstrating, how the post-COVID recovery is now pretty much achieved across all regions with current collection rates, only 20 bps away from the ones in December '19. These levels are likely to be reached in the next few months as the accumulated backlog of activity by the courts is absorbed.

Moving to Slide 19, cash flow for the first 9 months of '21 and in pursuit the third quarter of '21 is affected by certain one-off items, which we have impacted the cash flow conversion metrics. In particular, the favorable payment terms agreed with Eurobank in 2020 at the time of the closing of the FPS acquisition, have positively impacted the cash flows of '21 fees which were cashed in at the end of '20.

In addition, the cash generation in the third quarter of '21 was affected by the payment of the €33 million Spanish tax claim and the €5 million share buyback. The leverage levels are 2.6 at the end of September has already

reduced to 2.4 in mid-October, and we expect leverage it to further reduced 2 times by year-end.

Moving to Page 20, the bond issuance completed in July this year and the full reimbursement of the bank that facility related to the acquisition of Altamira has greatly improved the profile of our debt structure. Moving from a mix of bullets and amortizing that profile to an exclusively bullet profile, which is bringing a meaningful benefit in terms of cash flow generation to our business.

Our last bond issued in July 2021 and with maturity in '26 currently trades with a yield to maturity of 3.2%, which gives you a proxy for our current cost of debt. Our average debt maturity is approximately 4.4 years.

Now, let me handover to Andrea again for his closing remarks.

ANDREA MANGONI: Thanks, Manuela. Just to conclude on Page 22, I wanted to give you an indication in terms of where we expect to close the year on the main financial metrics. We estimate that we will close the year with gross revenues in the range of €565 million to €575 million and with EBITDA ex NRI in the range of €190 million to €195 million in line with current consensus estimates.

As already mentioned, we expected leverage to be raised towards 2 time level by year-end. In terms of dividend, we intend to set the 2021 dividend payable in 2022 in order to provide the shareholders with an attractive and sustainable remuneration.

In particular, we believe that we will be in a position to recommend our Board of Directors to set a 2021 dividend of at least €0.50 per share,

which will provide sustainable basis for a medium-term dividend policy. In terms of medium-term outlook for 2022, we expect performance to be affected by the Sareb negotiation with minimal contribution from the Frontier portfolio.

Both Sareb and Frontier will have a positive impact from 2023 onwards. When it comes to market activity, we estimate the new NPEs formation to be close to €90 billion in 2022 in the 5 markets in which we operate, corresponding to new market opportunity for us in the region of €30 billion, €35 billion. We are currently involved in several processes in our country of reference, some of which of relevant sides, including 3 opportunities, ranking between €3 billion and €6 billion each in the Hellenic region post Frontier which will hopefully secured in 2022. More details around our mid-term outlook and financial targets will be presented in our dedicated Capital Market Day, which will be held in the second half of January 2022. And we think in January, we can give you some positive news both in terms of growth and dividend payment.

So thank you for your time and attention. We can now start the Q&A section.

Q&A

OPERATOR: Excuse me, this is the Chorus Call conference operator. We will now begin the question and answer session. Anyone who wishes to ask a question may press "*" and "1" on their touchtone telephone. To remove yourself from the question queue, please press "*" and "2." Please pick up the receiver when asking questions. Anyone who has a question may press "*" and "1" at this time.

The first question is from Nicholas Binda with Intermonte SIM. Please go ahead.

NICHOLAS BINDA: Good morning. And thank you for the presentation. I have 3 questions. The first one is on your guidance, in particular on net debt. I was wondering, if you could tell us what kind of assumption in terms of net working capital and other assets and liabilities evolution you are embedding in the fourth quarter?

The second one is on the operational side looking at countries figures. I noticed that EBITDA margin in Spain is still at 20% in the third quarter while in Italy it surged above 25%. I was wondering if you could provide some update and what kind of expectation you expect in the next quarters.

And finally on Sareb if you could repeat your expectation of the contribution for 2022 and onwards. Thank you.

MANUELA FRANCHI: Hi, Nicholas, I will go through your question. On net debt, the drivers of the net working capital are a net working capital change which will increase from around €144 million and the 9 months 2021 by around €15 million to €20 million to year-end. this is in line with the growth of revenue. While we expect on the other asset liability at this stage neutral to non-effect.

On the contribution of Sareb,as I mentioned during my presentation, we expect that the €20 million contribution in 2021 become pretty neutral or slightly positive for 2022. And then, recovering because the effect of the new fee in 2022 is balanced by also the costs for the activation of new operating model that Sareb is requesting for the new services and obviously the potential migration costs because there will be portfolio

shifts even if you keep the contracts among the remaining servicers. Obviously, these one-off effects for 2022 will disappear with a pickup from there, although at lower levels of profitability than the historical one.

ANDREA MANGONI: Just to clarify this point on Sareb. The estimation Manuela just said is on a standalone basis. It means, if the size of the contract will be the same in terms of GBV we have under management right now. The aim of Sareb is reduce the number of players from 4 to 3 or 2. So if we will win the Sareb contract, we will probably have a couple of impacts. The first one is negative because of the reduction in fees Manuela explained before, but the second could be positive, because of the increase in the size of the contract. So we put in our current estimation just the first of these 2 effects, the negative one. But I hope we are coming back to you in January during our Capital Market Day with some positive update on Sareb both in terms of shortlist and in terms of the size of the contract we can in theory win.

OPERATOR: The next question is from Andrea Lisi with Equita. Please go ahead.

ANDREA LISI: Hi, thank you for taking my questions, I have several questions

ANDREA MANGONI: Sorry, I think we missed the question on the EBITDA margin. EBITDA margin in Spain, the question is right because the EBITDA margin is still lower than our expectation, but we think we will recover in the last quarter of the year reaching our target for 2021.

OPERATOR: Okay. So the next question is from Andrea Lisi with Equita. Please go ahead.

ANDREA LISI: Thank you. First question is on the indemnity from the Mexico project. Can you quantify the amount of the indemnity? So the magnitude of that and also the amount of the capital gain you realized from the disposal of the notes related to Mexico project. And if we should see them also in the fourth quarter and if you consider them as recurring revenues or someway not recurring and so not to be included in the recurring EBITDA.

Then the second question is again on Sareb. You at some point talked about €7-€8 million contribution. I missed if this €7-€8 million contribution were related to the possible contribution after 2022, so starting from 2023 onwards or are related to something else, so if you can elaborate a bit more on that.

Then still on Spain. I would like to understand better the correlation that we'd seen between the collection activity and the EBITDA because I see that collection activity has surpassed pre-COVID levels but EBITDA does not. So if you can elaborate on that and on what you are observing there. And then last question, I know that you said that you will provide new guidance in your Capital Market Day but if in current environment given what you are observing in the market are able to provide some early indication on 2022 assuming everything remains the same, so for example assuming that Sareb will expire in June 2022 as it is today with no news. Thank you.

MANUELA FRANCHI, Good morning, Andrea. On the indemnity of Mexico, as well as the remaining indemnity of 2021, we confirm the contribution which is similar to the contribution of the same category we have had in the last 3 years between '17 and '20 which was around €20 million per annum. Because as you have seen not only we shifted Mexico but we also have other disposals which are traditional in this business and have been

occurring this year. For example, disposal of portfolio from Intesa, the usual UniCredit disposals and the likes.

And in terms of capital gain on the notes, we are at around €3 million which is definitely much similar also to the Relais transaction which was around €4 million. This is also a very good result for our business because we are diversifying even more on the underwriting space with internalization of all the capabilities that usually are executed by consultants and advisory firms that help banks to sell portfolios to our clients. Now, we do all these activities internally with our specialized people who do the underwriting, the teaching, the contract negotiation and the structuring of this transaction without any external support.

In terms of recurring versus non-recurring revenue, the indemnity is not exceptional but we wanted to highlight which has been the historical contribution because it's important to understand and to explain in a more clear way than probably we have done in the past. Of course every time .you receive an indemnity, you are either losing the portfolio because it is sold to a third party or if you are maintaining it, you are maintaining it at lower fees..The profitability of the portfolio remains the same but you are up fronting a piece of the revenue with the indemnity and which offsets the difference in the fees from the current level to the future level. In the Mexico case, we have the benefit to retain the portfolio while receive the indemnity to balance for the lower fee schedule.

On the Sareb contribution, regarding the €7-8 million, I wanted to explain the guidance that we gave in the past of saying that Sareb would reduce from the contribution of circa €20 in 2021 at current fees to around €7-8 million if the new contract was in place 2022 at fees in line with Haya last contract with Sareb. Today we believe these are not the fees at which we

would settle for in the steady state for 2023 given that probably the fees are going to be much lower than original estimates because of the competitive dynamics assuming no increase of GBV, as Andrea said on the GBV side. So we expect something a bit lower than the €7-8 million steady state. The €7-€8 million referenced before was to explain the previous indication.

On the collections for Spanish contract and impact on EBITDA margin, you might remember that in the past there has been several disposals in Spain. So the average new fee scheme for retained portfolios are at lower levels, at securitization levels rather than banking levels That is why you see similar collection vis-à-vis 2019 but lower contribution to profitability and EBITDA margin.

On the overall guidance for 2022, I leave it to Andrea to comment.

ANDREA MANGONI: The main question mark for 2022 is Sareb. Both in terms of impact of the new fees on our P&L and as I said before, in terms of hypothetical positive impact of the new size of the contract. Leaving aside Sareb, we are positive on 2022 both in terms of growth and in terms of dividend policy but I really prefer to postpone this answer and to give you a more detailed one to January at our Capital Market Day.

ANDREA LISI: Thank you very much.

OPERATOR: The next question is from Andreas Markou with Berenberg. Please go ahead.

ANDREAS MARKOU: Hi, everyone. Thanks very much for the presentation for taking my questions. So 2 of them. The first one is, basically on what you

mentioned on disposals in Spain, basically lower fees going forward for the new contracts you're getting? Is it fair to assume that the margins in Spain will basically remain much lower compared to what they were pre-COVID not only because of Sareb but also because of the lower fees on the new contracts? And my understanding is that this is a case with Italy as well. So if we think historically, you were doing margins of higher than 30% both in Spain and Italy. So basically going forward, a more normalized margin for both regions, could be something closer to 25 or like high 20s? So that's the first one.

And then the second one is, I respect your previous answer saying that basically you're going to give us a bit more detail about FY '22 guidance in January. But if I may dig a bit deeper here. So my understanding is that you are kind of expecting more or less flat EBITDA year-on-year versus '21 and which is about 10% cut to consensus. And then if I think about the cut consensus, you know, my view is that this is driven partly by SAREB, also by the lower fees you're getting, because of the Mexico transaction. And maybe also by the third reason,as the third reason what I mentioned earlier, basically lower profitability going forward in Spain and Italy versus pre-COVID situation. Can you maybe comment on this? And maybe also, just give us a few preliminary thoughts on EBITDA growth for '23 and '24. So do you still expect to show some growth at the group level at the EBITDA level in '23 and '24? Thank you.

MANUELA FRANCHI: Andreasm in terms of fees, yes, anytime there is a switch from a bank book to a securitization book, there is always a different fee change, because as you know contracts with banks are usually paid and the prices is equal to the NPV of the future profitability above the market levels.. Fees for securitizations and investors are in line with market. So for example, in Italy this happened when we have shifted from €40 billion in

2016-2017 of UniCredit book, which had a certain set of fees above market to today, with less than €5 billion of UniCredit book, All the shift has been done towards securitization structures which are at market terms. Now, if we compare the fees within the same type of cluster of counterparty, so banks or securitizations or investors we have actually a positive trend in fees. We will show in the Capital Market Day how this has moved for each of these clusters based on latest base fee and collection fee since 2017 because the market has been positively impacted by the consolidation affect and to the fly-to-quality effect. So focusing on better quality services, especially since COVID, there has been an improvement on the fee structure. The Italian case is a bit different because the Italian shift towards new type of clients has started earlier, so we have started earlier also the process of decreasing the cost base. Therefore the impact on fees has been partially compensated by lower cost base, and this element coupled with increasing collection of next year and going forward, we see overall an improvement in profitability from this level to the target level. We have also mentioned that in the medium term, we see the target level to approach the 40% level.

On the guidance after 2022, as Andrea indicated, we prefer to give more details in the Capital Market Day, but we see a growth after 2022 of the EBITDA based on the level of 2021-2022 because of the shift in mix to more profitable products and the relevant contribution from Greece. We will continue to reduce and improve the cost base to become more flexible, but to reach a breakeven point which is lower than the current, and you can appreciate that this has already happened in the last couple of years.

In terms of your reference to consensus, In the past, we gave guidance on the 2021 consensus. So the 2022 for many analyst did not include also our

indication of the lower profitability on Sareb moving from the historical level to the 4% Group EBITDA contribution that we mentioned. So, that is the primary reason for some of the discrepancy between the 2022 consensus you have mentioned and the new indication. Just to give an example, the €20 million historical Sareb levels versus the previous guidance of €7 million to €8 million is already €12 million difference that was not captured by some analysts.

ANDREAS MARKOU: Sorry, just to confirm that we're all on the same page, on Sareb. So the €20 million is Sareb for 2021 or 2020. That's the first one. And then into…yes…

MANUELA FRANCHI: it is for 2021.

ANDREAS MARKOU: '21. Okay, yes. So Sareb will…so the renegotiation starts in July '22. So effectively until July, you would still be getting the same fee structure. So you know, roughly it's actually 5 months next year, plus the cost impact. So for '22, the impact of Sareb is €10 million, let's say €12 million given that you have the operational cost. So if I look at consensus, this was at €216 million for '22. This obviously did not include Frontier. So roughly, if we include Frontier that's €220 million. So going down from €220 million to €193 million, which is consensus EBITDA for this year that's €27 million impact. So if we say that Sareb next year is €12 million, that's less than half of the impact. So can you explain what is wrong in my calculations or if I'm missing anything? Thanks.

MANUELA FRANCHI: The consensus was €215 million and the guidance is in line with this year which is €195 million. So the difference is €20 million. Now, we said that the Sareb was €20 million last year and old guidance was €7 million to €8 million, which is calculated for the full year. This number thanks

into account he timing of the ending of the contract. So only for this fee reduction the gap is €12 million. Now we are now saying the €7 million to €8 million could be reduced slightly because of the fee negotiation dynamics, plus you have the onboarding costs, which are only for 2022 on Sareb specifically. On top the Mexico fees are reducing too from next year.

And then on the Frontier point. For Frontier, we gave an indication that it contributing around €5 million per annum, but you have the onboarding cost of 2022 plus you have the onboarding only in the middle of the first half. So you have half of this amount for 2022 offset partially by the onboarding cost. This should explain you the €20 million difference.

ANDREAS MARKOU: Okay. Thank you very much.

OPERATOR: As a reminder, if you wish to register for a question, please press "*" and "1" on your telephone. The next question is a follow up from Andrea Lisi with Equita. Please go ahead.

ANDREA LISI: Thank you. Just a follow up, looking at the slide of project Frontier in one point there is a reason that you can retain certain upside on the notes, if you can elaborate a bit more on that and which potentially be the entity of this upside?

MANUELA FRANCHI: Yes, the structure of the notes give us an additional kicker which sometimes we tend to have with investor clients, we have also in some of the securitization in Italy. This is a further upside that the investor provide when there is a performance above the underwriting Business Plan. So, if this is achieved, on top of your collection collection fee, you have

additional fee paid the NPV of those is around the €5 million to €6 million in the medium term.

ANDREA LISI: Okay. Thank you. And sorry, just really last follow up is on the average fee in the new average fee on project Mexico, how much do you expect to lose on a recurring basis in terms of revenues from that?

MANUELA FRANCHI: Taking into account that Mexico is €3.2 billion booked, and in the fees in the market in Greece are above 20 bps of base fee. So, here we are talking about half of this fees, so still above, you know, the even the Spanish levels and the Italian levels. But, in line with the other securitisations in the Greek markets.

ANDREA LISI: Thank you.

OPERATOR: Once again if you wish to register for a question, please press "*" and "1" on your telephone. The next question is a follow up from Andreas Markou with Berenberg. Please go ahead.

ANDREAS MARKOU: Hi, everyone. One more from me on M&A, so you mentioned last time about some platforms in Italy and Spain currently on the market. Is it still on your agenda that we might see some last scale M&A of you guys consolidating the Italian and/or the Spanish market potentially sometime towards the end of the next year, when also your balance sheet position would be at an even better shape?

MANUELA FRANCHI: Yes. The M&A market is open in these countries, but we want to achieve a level of stability and both in terms of market conditions and in terms of leverage which is coherent with the targets we have indicated. And always making a very thorough analysis between the risk reward of any

acquisition vis-à-vis distribution of dividends to shareholders, which is a key question that we always ask ourselves. We think that Spain is a market where we need to wait the dynamics of Sareb because Sareb will really create a devide between services who are going to keep the contracts with lower profitability but retain strategic importance in terms of size of the people and GBV managed coupled with the infrastructure and investment made so you become a more relevant player in the market vis-à-vis others which are going to eventually weaken, and will have a knock on effect on the players not wining it, in terms of eventually losing also other mandates. So, to approach a consolidation in this moment when these things are not clear, it does not gives you enough visibility on the post Sareb world. It is key to understand who are the remaining contracts that the servicers would be left with beyond Sareb itself.

Then I wouldn't, you know, underestimate the transition we are doing also to other revenue contributors that are building growth in our story. You have seen that if we only stayed with only NPL servicing, the profitability gain we are getting with the new products would not be there. Today, non-NPL products represent 30% of revenue and have been growing over time.

The RE diversification is quite a strategic move in the sense that it is a platform which not only operates on NPL assets but also on performing assets. It operates not only in the countries where we are present, but also outside these countries. From an IT perspective, it goes through all the chain of the sale of assets. So, it's very close to what we used to do but goes further to the commercialization of the REOs managed in all the countries because we are active with our REO platform in all the countries now. The acquisition of BidX1 further enhances these capabilities. They are very relevant in Cyprus for example, where the REO

activities is proficient. They are very active also with our competitors in Spain where the REO business is extremely critical, and they are deploying their capabilities in Italy. So coupled with our…NPL platform in the Italian market, this could be a very successful instrument, notwithstanding the independent growth they might have with other clients and in other segments which is the performing real estate assets sale, which have their own growth trajectory on their own.

Andrea might want to add anything on the strategic assets.

ANDREA MANGONI: Yes. Andreas, on the consolidation process on Spain as Manuela said before, the M&A market is completely frozen because of the Sareb bidding process, and it will probably accelerate after the conclusion of the bidding process itself, because the process will literally reshape the market. On Italy, I think the situation is completely different from a year ago, because as Manuela said before, in the Italian market we are experiencing a strong flight to quality effect.

Just to give you an example, this year, we won I think 4 out of 6 transactions in the market. But, most importantly, we won this more or less 75% of the GBV without any reduction in the fees we offer to the originator. So, I think the pressure on the margin came to an end. So, we are positive on standalone basis in terms of profitability, because this couple of factors, like quality and a stable or even higher fee. But, I think this dynamic will have an effect on the consolidation process, because some of our competitor are at risk, in term to be put out of the market.

ANDREAS MARKOU: Okay. Thank you very much. That's very clear.

OPERATOR: For any further questions, please press "*" and "1" on your telephone. The next question is a follow-up from Andrea Lisi with Equita. Please go ahead.

ANDREA LISI: Sorry, last one, about the pipeline you said, €13 billion, €15 billion, is that for the next year right or for the following years? Thank you.

MANUELA FRANCHI: This is 2022 Andrea. In the analysis of the market are done by third parties estimated total addressable market of €90 billion next year. In terms of new NPE production, obviously of this new NPE production, we are cleaning that number out of flows that go naturally to other servicers because of flow agreements in place with banks or via securitization which are going to the servicer who already manage that book for a certain bank. So, we are just mentioning in the 30-35 billion euro, what we see as potential new opportunity relevant for us. I referenced also 3 active projects in the Hellenic region for a size of 3 to 6 billion each, 2 in Greece after Frontier, possibly Frontier 2 or PQH and in Cyprus from, Hellenic Bank, from Bank of Cyprus and Saturn which we are managing today. These are not prospective trades, but are trades in the market already, very, very active pipeline.

ANDREA LISI: Thank you.

OPERATOR: Gentlemen, there are no more questions registered at this time.

ALBERTO GORETTI: Thank you very much then. And have a good weekend. Goodbye.

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