doValue S.p.A.

"Full Year 2021 Preliminary Financial Results Presentation Call"

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ALBERTO GORETTI: Good morning ladies and gentlemen and welcome to doValue Full Year 2021 Preliminary Financial Results Presentation. I am Alberto Goretti, Head of IR, doValue, and I am here in Rome with Andrea Mangoni, our Chief Executive Officer. and Manuela Franchi, our General Manager of Corporate Function and Group CFO. As usual, we will go through the presentation in 30 minutes and leave 30 minutes for Q&A. So without further ado, let me hand it over to Andrea to get started.

Andrea, over to you.

ANDREA MANGONI: Thank you Alberto. Good morning everyone, and thanks for joining us today. I am very satisfied with our 2021 results. Starting from Page 3 of the presentation, the year that's just closed has been a record one in terms of origination activity. We have secured close to €15 billion of new GBV, composed by more than €3 billion of forward flows and more than €11 billion of new mandates, exceeding by a wide range our initial targets for 2021.

The year 2022 has also started very well with about €1.5 billion of new GACS loan in Italy, as well as €500 million mandate won in Greece from Fortress. In addition, we had signed an agreement with a major Italian bank, with which we have been working in the past for a pilot project for the management of a portfolio of granular Early Arrears exposure starting in March, with our new platform exported from Greece. This is the first tangible sign of what we had discussed during our Capital Market Day at the end of January in terms of our willingness to broaden our reference market beyond NPLs and UTPs.

In terms of financial performance, we have beaten our guidance for 2021 both in terms of EBITDA and net income, with a stronger EBITDA margin of 35%. The exceptional performance was mainly driven by a very strong

fourth quarter, where we experienced the strong collection performance and the normalization of the operating environment, in terms of auction, foreclosure and cash-in courts. Collection rate now stands at a solid 4.3%, well ahead compared to the level of 2020, but also above the pre-COVID level of 4.2% in 2019.

In terms of financial leverage, we had now achieved the lower end of our target range, and we can therefore accelerate our dividend payments, starting from €0.50 in 2021, and growing from such level at a rate of at least 20% per annum.

As already mentioned, we are now in a fully normalized environment, as far as, cost activity is concerned, and the expectation is that new NPE generation will pick up in 2022 on the back of the end of moratoria across Southern Europe last year.

On Page 4, we have had a record year in 2021 in terms of origination and mandates secured. We have exceeded our target for forward flows by a multiple of 1.6, and we have exceeded the mid-point of our target for new mandates by a multiple of 1.4. As mentioned, we have already secured about €2 billion of new mandates in the first 2 months of 2022, and we expect to meet or possibly exceed our overall targets of €13-14 billion of inflow for the year.

Moving to Page 5, on the back of our pretty strong fourthquarter, we have been able to beat our guidance both in terms of EBITDA and net income. We are now at bottom end of our leverage target range, and we are confirming our dividend per share indication of 50% for 2021. As mentioned, we expect to pay at least €200 million of dividend for the years 2021 to 2024, and we have other options including share buyback to potentially increase these distributions.

Page 6 is on Q4. The last quarter of 2021 has been particularly strong with gross revenues growing by a multiple of 1.3 quarter-on-quarter. EBITDA growing by a multiple of 1.7 and cash flow growing by a multiple of 1.8. As a reminder, the 2 quarters are fully comparable in terms of consolidation perimeter, but clearly the last quarter of last year shows a full normalization of the operating environment. Also it's worth mentioning that our business in Greece continues to perform pretty much ahead of our underwriting Business Plan, which is something we are extremely pleased of.

Moving to Page 7, we discussed a lot about the doTransformation program during our Capital Markets Day. Here we give you some indication of the activities we have carried out in the last few weeks, such as the merger of 2 NPL platforms into a state-of-the-art one in Italy end of January or the full on-boarding of the Frontier portfolio at the beginning of February in Greece. As a reminder, doTransformation represents for us a complete overhaul of our operational model, and will require investment in terms of money, effort and focus, but we expect it to yield substantial results from 2024 onwards.

Page 8, is on our pipeline. In terms of origination activity, here we can show already some early signs of wins by doValue. In particular, we have won 2 important GACS in Italy for a total value between €1.5 billion and €2 billion, as well as a portfolio in Greece from Fortress for an additional €500 million. We are working on all the potential transactions listed above and hopefully we will be able to give you positive news in due course. As far as, Sareb is concerned, there is no relevant news today versus what we discussed during the Capital Market Day, and we still expect Sareb to make a decision in the next weeks.

Moving to Page 9, I can say I am very proud of our results in 2021, and I believe these results make us even more confident about our Business Plan

targets presented few weeks ago. As you know, 2022 is going to be at a transitional year, mainly due to the Sareb, but also because of the investment required in order to transform our operational machine. I am confident that we will go back to our growth trajectory in terms of EBITDA from 2023 onwards. Our EBITDA margin will reach the 37% target by 2024 and our cash flow generation will remain strong.

On Page 10, a few words on dividend. As you know, we had upgraded our dividend policy in order to give our shareholder more visibility around distributions for the next 3 years. We will recommend to the Board of Director a dividend of 50 cents for 2021, which is set to grow by at least 20% per annum to 2024. Considering the strong, expected cash flow generation for the next 3 years, our current dividend policy will allow to perform M&A. But without material M&A, I think we can definitely increase our distribution even further.

Now, let me hand it over Manuela for the second part on the presentation, over to you, Manu.

MANUELA FRANCHI: Thank you, Andrea. Good morning to everyone. Moving to Page 12, in terms of key financials, our GBV has remained broadly stable in 2021, in particular, considering the tail of mandates won, but not yet on boarded as of the end of 2021. GBV stands at a pro forma level of €158 billion, substantially in line with the level at the end of 2020.

As you know, we just mentioned before that Frontier has been on-boarded in February, so it's part of our actual GBV today. Collection has grown substantially in 2021, partially due to the enlarged consolidation perimeter, but also due to the full normalization of our operating environment. This is partly reflected by the collection rate, which stands at 4.3%, the highest level in the entire history of doValue and very good results considering the

restriction on the auction activity in Italy during the first half of 2021. Gross revenue grew by 56% or 20% on a pro forma basis, if we consider FPS for the full-year of 2020.

Outsourcing cost decreased as a percentage of revenue from 12% to 11%. EBITDA grew by 58%, mainly due to the triple effect of the enlarged consolidation perimeter, the normalization of collection post-COVID and the higher than average profitability of the doValue Greece, which stands at 54% for 2021.

Overall in 2021, we recorded a strong increase in EBITDA margin by almost 5 percentage points from 30% to 35%. Net income grew by multiple of 4.2 times in 2021 on the back of growing EBITDA, partially offset by high D&A, higher provision, interest costs related to the bond, and higher taxes.

Finally, last year, we achieved a substantial de-leveraging, bringing our net debt to EBITDA down to 2 times from 2.6 at the end of 2020. This has been mainly achieved through EBITDA growth, while net debt remains broadly stable, as free cash flow activity was affected by M&A and other one-off items and was mostly dedicated to dividend payments.

Moving now to Page 13, regarding gross book value evolution, the movement in gross book value reflects on the positive side., the mandates won in 2020 and on-boarded in '21, such as the €2.8 billion Icon portfolio in Greece, as well as, the mandate won and on-boarded in '21, including €3.3 billion of forward flows and €5.7 billion of new mandate won in '21 and on boarded before year end. Collection stood at €5.7 billion, reflecting a record collection rate of 4.3%, well ahead of both '19 and 2020 levels.

In terms of write-off and disposal, the main items here is related to the €3.5 billion Saturn portfolio from Alpha Bank in Cyprus, which you know the bank has decided to sell by the first quarter of 2022 and for which we are carrying out today an advisory role for Alpha Bank in the management of the portfolio.

We believe, we are well-positioned to win the management of the NPL portfolio once it is sold by Alpha Bank to a new investor, and we expect to give you some positive news on this point very soon. Disposals mostly related to our business in Italy and partially Spain, but as customary, most of the €5.8 billion disposal were compensated by indemnity fees.

As previously described, the Mexico transaction with Eurobank in Greece is neutral from a GBV perspective and is not included in the disposal bucket, although the indemnity fee was paid by Eurobank to compensate the delta between the initial fees and the fees associated with the securitization structure.

Project Mexico has allowed us to enlarge our customer base by including Waterwheel Capital Management, a US based investor very active in Greece. Although, gross book value has nominally decreased in '21 by €8 billion, we have more than €8 billion of new mandates, which will become GBV during 2022, including also Project Frontier already on-boarded.

Moving to Page 14, our business remains highly diversified in terms of client, geography, security, and business type. In particular, it's quite clear that while Italy makes about half of our GBV, the revenue contribution is more skewed to the Hellenic region, considering the higher fees that characterize the markets in Greece and Cyprus. They have more recent average vintage, but also the fact that Eurobank contract fee reflects the initial fee agreed at the time of the FPS acquisition.

This latest aspect is also quite clear in the difference in contribution of commercial banks in terms of GBV versus gross revenue, in particular in relation to the Santander and Eurobank fees, which still reflects the required remuneration of the capital deployed in purchasing those contracts.

As discussed in many cases, the Sareb contracts expire in July 2022 and represented circa €20 million of EBITDA in 2021. Considering the competitive nature of the Sareb project and the fact that no upfront payment is required by Sareb on the award of the new contract, fees are going to be materially lower than the current one, as discussed during the Capital Market Day. Based on the latest feedback from Sareb, we believe that the contribution of Sareb on EBITDA is likely going to be limited to no more than €2 million per annum from 2023. As anticipated by Andrea, we expect to hear back from Sareb in the coming weeks and we remain positive on our positioning.

Moving to Page 15, in recent years we have complemented our historical core NPL product offering towards higher margin segments such as REO, UTP, and Early Arrears, which offer more favorable fee levels and structure. This is quite well reflected in the difference between GBV and gross revenue associated to those products and our Business Plan foresee a strong focus, in faster expanding our activity in these assets classes.

Moving now to Page 16, gross revenue in 2021 grew by 56% on a reported basis and 20% on a pro forma basis, considering the SPS acquisition from the beginning of 2020. The growth trend is also confirmed comparing the fourth quarter of '21 with the fourth quarter of '20, which are comparable from a perimeter point of view with gross revenue growing by 55%.

All regions reported positive gross revenue growth with Iberia being affected by one-off positive items in 2020, which made comparison more difficult compared to the other regions. The year 2021 also saw a relative decrease of outsourcing costs as a proportion of revenue from 12% to 11%.

Moving to Page 17, operating expenses in 2021 grew by 26% on a reported basis or 14% on pro forma basis, but decreased as a proportion of revenue from 58% to 53%. In particular, all items decreased as a percentage of revenue demonstrating the positive operational leverage, which characterizes our business and the focus on cost control and optimization.

Let's move now to the EBITDA excluding NRIs, which grew by 58% as shown on Page 18 or 27% on pro forma basis, with both Italy and the Hellenic region posting positive growth. The EBITDA trajectory in Iberia was affected by an increase in cost in 2021, partially due also to higher bonuses being paid in '21 versus '20.

Moving to Page 19, collection performance is improving in all regions, yielding 120 bps improvements in collection rates on a consolidated basis compared to 2020, a 10 bps improvement compared to 2019.

While the revenue contribution of the 3 regions is broadly comparable from an absolute point of view, it's quite clear that Greece and Cyprus contribute very positively to the overall profitability of doValue Group. This is a feature, which is likely to characterize our business going forward through the Business Plan period to 2024 as the Italian business fully recovered, Spain will deal with the Sareb negotiation in 2022. And Greece will tackle an attractive pipeline of potential new mandates in the next few quarters.

Please note that the calculation for the Hellenic region collection rate has been updated to reflect the full inclusion of FPS, which has not been

included in the last set of results as of September 2021, as was noted in the previous presentation.

Moving to Page 20, the net income has increased substantially both on a reported basis and also excluding NRI. In particular, net income growth was driven by EBITDA growth, partially offset by an increase in D&A, an increase in provision for risk and charges, of which a large component are occurring, increase in interest costs due to the higher gross debt on the back of the FPS acquisition and higher taxes. As a reminder, 2020 was characterized by the Tax Claim item, which was classified as non-recurring in the 2020 P&L in paid in 2021.

On the cash flow on Page 21. This is certainly affected by certain one-off items, which have impacted the conversion metrics. In particular, the favorable payment terms agreed with Eurobank in 2020 at the time of the closing of the FPS acquisition, and positively impacted the cash flows as 2021 fees were cashed in at the end of 2020.

In addition, the cash flow generation in 2001 was affected by the payment of the €53 million of Spanish Tax Claim and the €5 million share buyback. Now, withstanding these events, we have now achieved the bottom end of our leverage target range of 2-3x.

Moving to Page 22, the bond issuance completed in July this year, and the full reimbursement of the bank debt 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 exclusive bullet profile, which is bringing a meaningful benefit in terms of cash flow generation to our business. Our average debt maturity is almost 4 years and

we have also increased our RCF lines by €35 million in January 2022 with the total RCF available now being €120 million.

Now, let me hand it over to Andrea for his closing remarks.

ANDREA MANGONI: Thanks Manuela and just to conclude on Page 23, I wanted to give you some final considerations. First, we close record year in '21 in terms of inflow and we have started 2022 on the right foot, with already €2 billion of new mandate secured. Second, pandemic is now in the past and our operational activity is fully normalized. Third, our doTransformation Program is progressing well. We'll keep you updated on this and hopefully you'll see the results of the program feeding through our P&L and cash flow generation in the coming quarters. Fourth, we will soon have more clarity on Sareb, which is an important milestone for us. We remain positive on the Sareb process. But as discussed in a number of occasions, Sareb is not that pillar of our Business Plan and we can achieve the target we have set ourselves with or without Sareb.

Lastly, we have definitely shifted to a new paradigm in terms of dividend distribution. Also thanks to our leverage having reached our target, and we believe this will give greater visibility to investors and support our share price. So thank you for your time and attention. We can now start with the Q&A session.

Q&A

ALBERTO GORETTI: Thank you very much, Andrea and Manuela. And as usual to book for question, you need to press "*" and "1"and where you see the questions being registered. Let's maybe start with Nicholas Binda at Intermonte.

NICHOLAS BINDA: Good morning. Thank you for the presentation. I have 3 questions. The first one is related to your 2022 EBITDA, I was wondering if you reiterate the guidance for flat figures, and if so, if the targets are related to the actual results, so €200 million or to the previous guidance, so €190 million, €195 million?

The second one is related to Spain, if the EBITDA in 2021 was 5% above the guidance. So I was wondering, you see room to do better that what indicated in the Business Plan?

And finally, I was wondering if you could provide some sensitivity of your business model to interest rates and inflation. So here any color would be really, really appreciated. All right. Thank you.

ALBERTO GORETTI: Thank you, Nicholas. For your first question on our guidance for 2022. What we've said in the past was that EBITDA was expected to be flat, and for flat we mean flat compared to our previous guidance of €190--195 million for 2021. And now having achieved a better than expected EBITDA for 2021, I think it's fair to say that probably EBITDA for 2022 would be marginally lower than 2021. Again, mostly driven by the Sareb process. We certainly remain positive on 2022. The year has started well in terms of origination. So, you know, we'll keep you updated on the guidance for 2022 during the course of the year.

In terms of interest rate and inflation. The way we frame this internally is that certainly higher inflation and higher interest rates provide proportionately more stress to companies and households. And this might exacerbate distress situations already in place and should lead to higher NPEs being generated in the system.

On the flip side, banks benefit from higher interest rates and therefore they should be accommodating the higher provision without stringent need of disposing those NPEs. But broadly speaking, I think these are items that are positive to our business in terms of generation of NPEs.

Lastly, I think interest rates and high inflation supports generally real-estate prices, which should allow us to collect more on the secured part of the debt we have under management.

When it comes to our P&L, most of our debt structure is fixed interest, a good part of the bond, they are fixed. And we don't have any maturities before 2025, so no impact in the short-term from potentially higher interest rates. And we have a very mild correlation with inflation in our OPEX. Yes, salaries are most linked to an index which has an inflation component but to a moderate degree compared to headline inflation you see.

And on your second question, I think in terms of the business target, they were included in the previous guidance. We'll keep you updated on that and we remain very positive on the Business Plan overall.

NICHOLAS BINDA: Thank you.

ALBERTO GORETTI: I think, the second inline is Luigi from Banca Akros. So Luigi, over to you.

LUIGI TRAMONTANA: Yes, good morning. First question is on your servicing revenues issue. Please can you give us the split between the base fees and the collection fees.

The second question is on the evolution of the cash flow for this year 2022, given that there will be a marginal pressure on the EBITDA generation and additionally, you are going to do some investments for the due

transformation cost cutting plan. We have to expect I think a much lower cash flow generation, possibly an acceleration in the 2 following years. Does this affect your dividend policy or we have to stick to a 20% increase in the dividend per share.

Third question is on the collection rate. So you updated the figure for Greece. Is it possible to have a comparison for 2020 on the same base? Given that you are targeting a 6% collection rate in 2024 for the whole group, how do we have to look at it for the different geographies? So I imagine that the collection rate in Italy will not triple or more than double, let's say. So what we have to expect going forward? Many thanks.

MANUELA FRANCHI: Good morning, Luigi. You asked the first question, it was related to the split in the outsourcing revenue of the base and collection or of the total?

LUIGI TRAMONTANA: Of the servicing revenues, that's information you were giving in the past.

MANUELA FRANCHI: Yeah. It's 33% is coming from the base fee and 66% from the variable. In terms of cash flow for this year, we have as you know from the capital market day presentation, we have 40 million payments on the CAPEX side, also plus EBITDA but this means that there is still a positive free cash flow generation before paying dividends and obviously before any M&A. So basically, our dividend policy is confirmed. So the 20%, it's something we can only do better from.

In terms of collection rate vis-à-vis the previous year was 3.1%. So that is the strong improvement from that to the figures you see now, 4.3%. While on the Italian side, you have seen the results and we think in the medium-term we will go back to the original guidance of 2.4% to 2.6%, but it's not going to be in 2022, but over the Business Plan horizon.

OPERATOR: I think the next in line is Andrea Lisi from Equita. Andrea, over to you.

ANDREA LISI: Hi, thank you for the presentation. My first question is on the rumors about the possible disposal of UTP portfolios by UniCredit. You have a forward flow agreement on NPL generation. If you can elaborate on how this may impact your business in terms of new inflows coming from the agreement with UniCredit?

The second one is if you can provide us some indication of which is the contribution in terms of EBITDA you expect from Frontier already from this year. And the last one, if you can elaborate a bit more on the provision for risks and charges which were posted in the last quarter, so in the fourth quarter, so if you can elaborate which elements are included in this item? Thank you.

ANDREA MANGONI: On UniCredit disposal process of the UTP stock from UniCredit will not impact our projections, because first, our current projection in terms of new NPL inflow from UniCredit are extremely conservative. And second, we are currently discussing with UniCredit the extension of our current contract in terms of size. So again, the impact of the UTP process currently underway will be definitely negligible on our results.

Your second question was on Frontier, yes, the collection of Frontier will start from the onboarding date. So it means February 7 this year. And I handover to Manu for the last question.

MANUELA FRANCHI: Andrea, if you don't mind repeating your last question because we were not able to catch it.

ANDREA LISI: Sorry, it is about which elements are included in the provision for risks and charges which were posted in the last quarter of the year. So it means maybe

related to staff exit and things like that but just if you can elaborate on which elements are included?

MANUELA FRANCHI: Yes, definitely. The first component is related to layoff. So you know we continue on our plan to reduce the personnel and therefore, we have around €10 million related to that, €6 million are related to the adjustment for the value of the Sareb contracts which obviously takes into account the new scenarios of fees. The other components are related to the €3 million adjustment of the price of the Eurobank contract because, as it was contractually agreed, there was a final element to be defined based on the results of the company after 18 months from the closing period which was due this year. And the remaining components are related to general risk provisions that we carry out on our ordinary business, most of which have been there also in the past. So of all the components, probably the element which you see every year is only the last piece.

ANDREA LISI: Thank you.

OPERATOR: Thanks, Andrea. I think I have Andreas Markou from Berenberg on the line. Go ahead, Andreas.

ANDREAS MARKOU: Yes. Hi, everyone. Thanks very much for taking my questions and congrats on the results. A few from me. I want to start with regional performance in Q4. So if we do the math based on the numbers, I get to an EBITDA margin for Italy which is lower quarter-on-quarter and this is a bit surprising given that Q4 is always a much stronger quarter in terms of profitability because of seasonality. And then Spain have actually done much better versus Q3. So maybe, you can comment a little bit here on those 2 regions and then I will come back to Greece. Thank you.

MANUELA FRANCHI: Yeah, on Italy, there is always the element of the Group cost which are pretty much flat over the years where we accumulate also any potential extraordinary cost we have even in the normal activity. As you know Andreas, we classify in general only those related to acquisitions. So you saw the amount this year given that we did a legal expenses related to acquisitions and also the transaction we did in this where we sold the Mexico notes**.** Obviously, we paid advisory cost to structure that transaction, but we also, as you know, recorded a capital gain related to it. So all others extraordinary costs not related to M&A are usually allocated on Italy. So Italy is a little bit like the absorbing point of all the remaining extraordinary elements. So if we look at specifically to Iberia, as we said also in the Capital Markets Day, the performance in the last part of the year has really kicked up in an important way also due to the new management in place, which is putting a stronger foot on the operating machine, especially on the NPL side, which Andrea had mentioned is where we could have done better, and this is already yielding result. So while the cost base has increased before more than proportionally to the result to take into account the changes also in the composition of the personnel that has happened with inclusion of new managers including the CEO and the CFO. The effect of these new personnel is concentrated in the last part of the year. And hope obviously will be leading the performance from 2022 onward. And this is also visible in terms of our scoring with our clients. You know, the reason why we are scoring very highly with Sareb, especially in the second half of 2021 is also due to these operating changes.

ANDREAS MARKOU: Okay. Sorry just to clarify, so in Italy, you said about this kind of one-off costs you're taking, but, I guess, the numbers you're giving us, I'm using EBITDA excluding NRIs?

MANUELA FRANCHI: No, in fact I said everything which is exceptional related to business is not classified as NRI and we put them always in the ordinary cost, we don't separate it. NRI are only for M&A.

ANDREAS MARKOU: Yes. No, that's clear. Thank you. Okay, maybe now go to Greece which Greece has been exceptionally strong you know, more than something like 64% margin in Q4. I understand part of it is driven by the indemnity fee of Mexico. Can you tell us the absolute amount of that? So what would be the margin for Greece excluding this kind of one-off indemnity fee? And then if we think of performance for '22, you obviously have given us a guidance for the group. But how should we think of the different regions? And then what are potential risks, for example, the portfolio you're mentioning with Alpha Bank in Cyprus, my understanding is this has gone to Cerberus. So again, what is the risks here that you actually might not keep the servicing mandate for this portfolio? And is there any other sort of risk you're seeing for this year? Now, we are kind of going to kind of pandemic situation, but as you said, interest rates are rising, default rates are also rising. Are you seeing any potential risk for stress in real estate towards the end of the year, anything else that you know, you are factoring in your guidance or which could be an emerging risk?

MANUELA FRANCHI: On the total indemnities for the group, we are pretty much in line with historical average which is around €20 million. Obviously, I mean, the total disposals were much bigger than the amounts related to Mexico for a totale of €6 billion. Disposals do not include Mexico. So, let's say that the Mexico allocation in this number is probably 3 quarters. And without this element, Greece would still have an EBITDA margin well above 50% for the 4Q.

In terms of guidance of margin by region, because of the reason we said on Spain and Sareb, the contribution only specifically for Sareb, will reduce from €20m to zero. The EBITDA margin in the Iberia region will be just

below 10%. For the Hellenic region will be above 50% and for Italy it will be growing marginally from the levels of 2021.

On the specific transaction you mentioned in Cyprus, this is a portfolio we know extremely well given that we have been managing it for a while and since the acquisition, given the decision of Alpha Bank to dispose it, we took it off from our GBV but we still have an advisory role. So, we feel very confident also about the next phase. We have a very good relationship with Cerberus even if they are not one of our core clients. We have always had dialogue with them. And you will see that our origination capability go well beyond what we have demonstrated to work on with our core clients. In fact, we demonstrated this in Greece and will demonstrate it in Cyprus and now we have long track record in Italy of origination with many other clients which are not the shareholders.

In terms of the risk of the plan, I will address specifically the 2 points you mentioned but I'll leave Andrea to broaden the scope of the answer. Today, we are seeing the elements of the inflation and interest rates not much impacting the collections, but really impacting in a positive way the production of value flows. So, we see a positive performance on the collection and also on the real estate side the prices are actually on the positive trend, but notwithstanding that we have a conservative assumption on real estate prices in our Business Plan across all the country. So we are not including significant relevant upsides taking into account that the situation of stress of the general economy.

ANDREA MANGONI: Yes. I think Manuela is right. All-in-all, we were extremely conservative in our Business Plan. So the execution risk is low, it is lower even in negative macro, just to give you an example, the average growth rate we put in our model is in between 1% and 2%. So we are talking about extremely low default rate. Just to give you a benchmark of the current

situation, in Italy the actual growth rate is well above 3%. So I think we were conservative enough and with low execution risk and basically I think we can do better. We will update you and the financial community during the course of 2022. I'm definitely positive.

ANDREAS MARKOU: Okay, great. I have 2 more. Can I take them now Alberto?

ALBERTO GORETTI: Sure.

ANDREAS MARKOU: Yes. Okay, great. So the first one is on the Ariadne portfolio in Greece. What is the timing of that? And again, what is your positioning where you stand versus competition? What's the likelihood that you will get that significant portfolio?

And then the second is on M&A. Are you looking at anything else currently, anything that might come up this year, I mean, we've talked about kind of performing loan business, how you want to expand there. Should we be expecting anything in the next 6 months or so?

ANDREA MANGONI: Yes. Ariadne is quite important project, it's a big chunk and we will participate to the competitive bidding process. And I think the non binding offer date is set for next week, before end of February. We are positive, because we will work on Ariadne in partnership with Fortress and Bain and this partnership was successful in Frontier. So, considering our positioning in Greece we are positive on Ariadne and this project is one of our main priorities for this year. The portfolio, as you rightly said, is a huge one, so the competitive bidding process would be complex. But again, I think our win on Frontier demonstrated our competitiveness in the Greek market.

MANUELA FRANCHI: On the M&A question, there are different processes which are described on Page 8 which also include some M&A, especially when they include sale

of platforms with forward flow agreement. One example is Starlight and the other one is a Portuguese project. So, these are already examples of, you know, projects where we are working on in our core business, which entail sale of platforms and forward flow agreements that you know are critical and important for us. There are others that will come in several parts of the year also in the Italian markets in terms of opportunity for flow agreements and obviously we will focus on those. And then there is the broader space of the Fintech and Proptech space where we are enlarging our proposition and there we will continue with the small add-on which help us to broaden our reference market, but nothing which impacts in a relevant way our net financial position.

ANDREAS MARKOU: Okay, great. Thank you very much. Thank you.

ANDREA MANGONI: Thank you, Andreas. I think next in line is Filippo from Kepler. So Filippo over to you.

FILIPPO PRINI: Yes, good morning, thank you. I have just one question very briefly, on the GACS in your portfolio. Are you confident to a good recovery of the collection of these portfolios and so you should disclose any risk of subordination or termination that you may incur if it will not perform in terms of collection as expected by the Business Plan of the securitization? Thank you.

ANDREA MANGONI: Yes. On the GACS space. First of all, I think we are the leader by far in this market, because in the last couple of years we won more or less 75% of the transaction with the ex-transactions. But, we are not just here because of the origination capacity, but because our performance considering our current GACS portfolio we do not foresee any risk in terms of termination, additional subordination and in fee subordination et cetera. We are currently on track on our targets and I think this is positive, because it's not a common

situation in this peculiar market. Some of our competitors are late in terms of the contract with the target et cetera. So, I think this year we were seeing the start of GACS secondary market, because probably many investors in junior notes will sell down to the market their investments, and this will be an additional opportunity for doValue considering our unparallel track record on managing these portfolios. And nothing of this is included in our current Business Plan the €4 billion to €4.5 billion acquisition we put in our Business Plan for Italy are before the impact of the secondary market.

FILIPPO PRINI: Thank you.

OPERATOR: And we have probably a last question from Borja at Citi and over to you?

BORJA RAMIREZ: Yes, hello, good morning. Thank you very much for taking my question. I have only one quick question and I apologize if this was already mentioned as I missed some parts of the call. The question is as follows, given higher inflation rate in some countries which is around reaching 6% in some cases as of today, and also potentially rising rates in Europe in the coming quarters at least excited by the market this may potentially affect the payment capacity to some extent. I would like to check if you expect any potential implications of rising inflation or rates on default rates, and in that case which segments or regions could be more impacted? Thank you.

ALBERTO GORETTI: Yes, perfect. So, it's a recurring question. Yes, and our view is that higher inflation, higher interest rates will put more pressure on corporates and households and therefore we will likely generate more of these going forward, which, you know, it's in a way positive towards GBV stock. In terms of the impact for us to collect, you know, remember that 10% of our GBV is somewhat secured to real estate assets and inflation tends to be a positive contributor to real estate prices. So in a way there's a positive support to our collection activity.

As a reminder, you know, the big impairments in our collection activity was when courts were closed in 2020. And this is not happening anymore. So, we don't see any issue with, you know, higher interest rates nor inflation in terms of our ability to collect.

BORJA RAMIREZ: Yes, thank you. Sorry, if I may have not explained myself correctly. What I meant to ask is not on the collections, but rather in the default rate going forward.

ALBERTO GORETTI: Default rates will increase, because of our inflation and higher interest rate, because especially more costs to corporate and household and that is in a way, you know, a contributor to gross GBV or contributor to more NPEs on bank balance sheet.

BORJA RAMIREZ: Very clear. Thank you very much.

ALBERTO GORETTI: Yes, so no more questions in the queue. So, thanks everyone for your time and have a good weekend. Goodbye.

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