

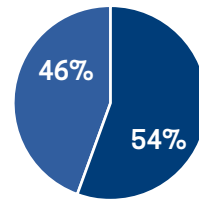
NPL Funds

DeA Capital Alternative Funds entered into the NPL business in November 2019 following the acquisition of the NPL business division from Quaestio SGR. Italian Recovery Fund, now managed by DeA Capital Alternative Funds, is one of the largest NPL fund in Europe that acquired c. EUR30bn (notional) of non-performing loans in different transactions from Italian banks. IRF typically acquired notes of different seniorities (mainly mezzanine and junior tranches) issued by SPV130 vehicles in the context of securitization transactions.

The NPL portfolios acquired by IRF are extremely variegated and diversified.

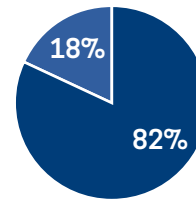
The main area of "sensitivity" for the NPLs business is the compliance with ESG best practises, codes and policies by Special Servicers to which are delegated the credit management and recovery activities.

Borrower Type (Sec / Unsec)



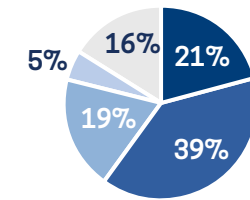
■ Secured
■ Unsecured

Borrower Type (Corp / Ind)



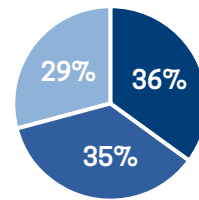
■ Corporate
■ Individual

Geographic Area



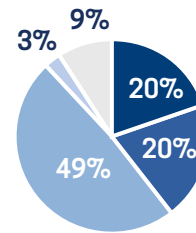
■ North East
■ Center
■ North West
■ South
■ Islands

Vintage



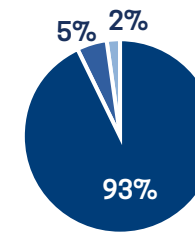
■ 2015-2017
■ 2012-2014
■ Before 2012

GBV size



■ 03.150-500K
■ 02.500-1.5M
■ 04.50-150K
■ 01.>1.5M
■ 05.50K<

Type (Npl / Utp / Leasing)



■ NPL
■ Leasing
■ UTP

Tol

SS

AGRO

CCR

FOF

NPL

NPL Funds



✔ Achieved
⚙ Work in progress
▶ To be started

ESG Assessment and Monitoring tool

Tool to assess and monitor the ESG performance of the Special Servicers developed and launched
100% of Special Servicers assessed using the tool

2021 ▶
2021 ▶

Engagement with the Special Servicers

100 % of Special Servicers engaged on ESG (ESG assessment results, improvement areas and DeA Alternative Funds's objectives)

2022 ⚙

Monitoring of Special Servicers

Annual monitoring of Special Servicers performances on ESG metrics and evaluation of scoring improvement (with respect 2021 assessment)

2022 ⚙

Share ESG commitments and best practices among Special Servicers

100% of Special Services acknowledged DeA Alternative Funds's ESG Policy

2021 ▶

Organize an annual meeting/seminar with Special Servicers to share best practices

2022 ⚙

Identify main information available for real estate collaterals

Perform an analysis to identify the available information on real estate collaterals.

2021 ▶

Evaluate the possibility to identify and assess the ESG risks of the repossessed properties in leasing, periodically monitoring them

According with the properties mapping performed in the previous phase, ESG risks assessment performed for some properties in portfolio.

2021 ▶

Increasing the annual ESG risks monitoring for selected properties in portfolio (following 2021 assessment).

2022 ⚙

Tol

SS

AGRO

CCR

FOF

NPL

NPL Funds

Questionnaire to Special Servicers

In the ESG process, DeA Capital Alternative Funds NPL Investment team's efforts focused on the **relationship with servicers** while for the future the aim **is to increase sustainability into the NPL collection process** of those servicers.

Following the NPL business unit's acquisition, external consultants have been identified to help the investment team building a **roadmap to make the goal of a more sustainable approach** to the business more achievable.

To identify any ESG issues within special servicers, a **proprietary questionnaire** has been developed, focusing on a series of detailed questions on several ESG aspects for **the evaluation of the awareness and maturity of Special Servicers**. Feedback has been received and shows that overall, all Servicers complies with main ESG principles.

The most interesting ESG aspects that emerge from the Servicers' responses in the questionnaire are the following:

all Servicers used by **DeA Capital Alternative Funds** implement energy efficiency systems.

80% are implementing Green Mobility.

80% are improving their carbon footprint or plan to do so in short time.

The gender mix among employees is perfectly balanced (about **50%**).

90% of their employees have permanent contracts.

17 is the average training hours for person.

All Servicers have **231** Model with related policies and a compliance system in line with best practices.

>50% out-of-court settlement (on all managed portfolios historically) which is faster, less burdensome and more debtor-friendly.

ToI

SS

AGRO

CCR

FOF

NPL