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Testo del comunicato

Vedi allegato

PRESS RELEASE

AI TURNS SUB PERFORMING LOANS INTO OPPORTUNITIES:

DOVALUE AND CARDO AI TOGETHER TO INNOVATE STAGE 2 CREDIT MANAGEMENT

Rome/Milan, May 7th, 2024 - According to a recent report by PwC[1] on Non Performing Loans market in Italy, over the past five years the volume of Stage 2 loans[2], those still categorized as performing but with increasing riskiness, has grown by more than 25 percent, exceeding 200 billion euros in December 2023. While an evolved industry for the management of bank non-performing loans (Non-Performing Loans) has developed over the years, a leader of which is doValue, targeted strategies to reduce the risk arising from this segment in the credit merit for Stage 2 loans have not yet become widespread.

Proactive management of Stage 2 loans, given their high volume, would bring several benefits to the banking system in terms of lower capital absorption and prudential provisions, with positive impact on the income statement as well, limiting and preventing their further deterioration into Stage 3 (Non Performing), a category that can have a significant impact on the lending bank, which finds itself setting aside a greater share of capital to cope with the risk of the borrower's default.

The best way to manage Stage 2 credit requires careful monitoring, analysis and the creation of an information flow to quickly pick up any signs of deterioration. Technology and experience are therefore essential to put in place a process based on the enhancement of *early warning* signals and the quick definition of corrective mechanisms. In this context, **doValue**, a company listed on the STAR segment and active in credit management services, and **Cardo AI**, a fintech specializing in the development of technologies for structured finance, announce a strategic partnership for effective and proactive Stage 2 management.

The exclusive partnership focuses on specialized monitoring of Stage 2 loans for the purpose of assisting banks through proprietary models for dynamic risk management and default prediction. Data are integrated with traditional and alternative external sources for a comprehensive and up-to-date view of the financial health of households and businesses. This innovative approach enables early detection of emerging trends and more informed decision-making based on a wide range of unconventional indicators. From this data, predictive models are then developed to estimate and recalculate portfolio risk and cash-flow metrics, leveraging on artificial intelligence algorithms. Such models make it possible to guide the most appropriate management strategies in relation to the individual client type.

In line with doValue's 2024-2026 business plan, which aims for a more widespread and pervasive use of technology to increase process efficiency as well as a diversification of its business with respect to Non Performing Loans, the partnership with Cardo AI is part of a broader collaboration between the two players that currently has new products and services related to credit management under study.

"*Our partnership with Cardo AI represents a crucial step in doValue's strategic growth plan, geared toward greater diversification into credit segments beyond NPLs and the adoption of advanced IT solutions to optimize our processes. We firmly believe in the added value of a proactive and technologically advanced approach to Stage 2 credit management. We believe that by combining doValue's expertise in credit management with Cardo AI's skills in developing financial artificial intelligence models, we will be able to significantly improve asset quality and profitability in the banking system*", **Manuela Franchi, CEO of doValue,** comments

"*We are proud to partner with a top player like doValue, a leader in the credit management industry, to put our expertise in the use of alternative data and our Artificial Intelligence solutions at the service of the real economy. This collaboration is an important step toward creating a more efficient and transparent credit management system*", commenta **Altin Kadareja, Founder and CEO of Cardo AI,** comments

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[1] Source: PwC, "The Italian NPE market. Chasing Tomorrow," December 2023
[2] Stage 2 status is given to exposures that have shown a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date), but have no objective evidence of impairment

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The doValue Group is the leading operator in Southern Europe in credit and real estate management services. With an experience of more than 20 years and approximately €116 billion in assets under management (Gross Book Value) as at 31 December 2023 across Italy, Spain, Portugal, Greece and Cyprus, the doValue Group's business contributes to the economic growth by fostering the sustainable development of the financial system. The doValue Group offers an integrated range of credit management services: servicing of Non-Performing Loans (NPL), Unlikely To Pay (UTP), Early Arrears, performing loans, Master Legal, Due Diligence, data processing and Master Servicing.
The shares of doValue are listed on the STAR segment of Euronext Milan (EXM) and, in 2023, the Group reported Gross Revenue of €486 million and EBITDA excluding non-recurring items of €179 million.

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Cardo AI - Specialized advanced technology platform for the structured finance market. Cardo AI is a global fintech company with the mission to make the market more efficient, transparent and accessible to all players. Using proprietary technology that integrates software, intelligence, and infrastructure, Cardo AI accompanies banks, credit originators, servicers, asset managers, and asset owners throughout the entire process from managing data, formulating predictive analytics, and optimizing portfolios with machine learning and artificial intelligence algorithms. To date, it manages more than €24 billion through its technology platforms, drawing on a team of more than 120 talents.

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