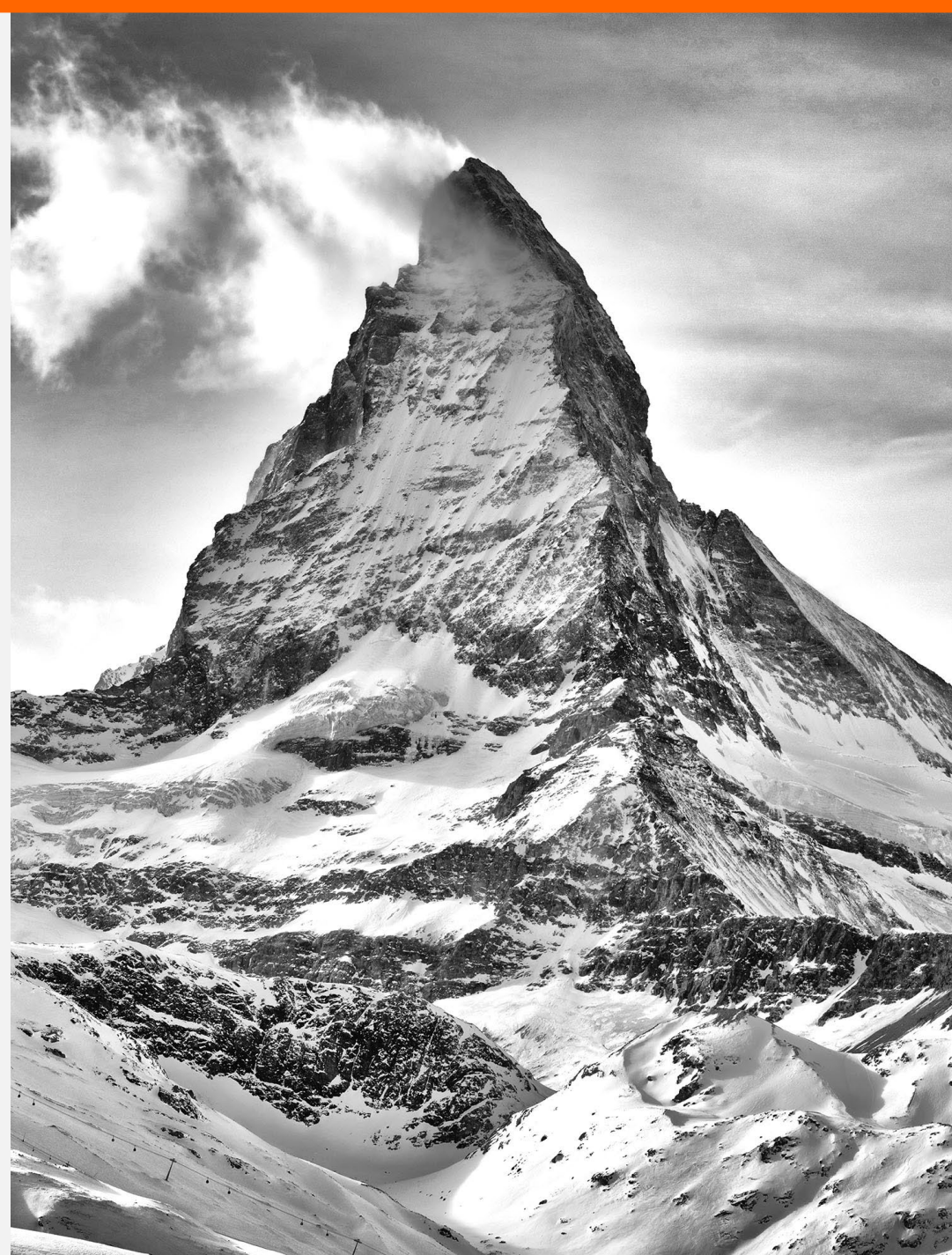




## Q1 2022 report

19 May 2022

Presenters: Florian Nowotny, CEO, and  
Fredrik Olsson, CFO



# AGENDA

1. Key Developments

2. Financials Q1 2022

3. Summary



# DDM is a well diversified platform

A specialized multinational investor in situations arising out of the general strategic challenges in the European banking markets

## DDM Group

1

### DDM Core European Debt Purchaser



#### Loans & Assets Investments

- Acquisition of under performing, non-core and non-performing loan portfolios in SEE/CEE markets
- Since inception DDM has acquired 2.3 million receivables with a nominal value of over **EUR 4 billion**

#### Range of Services



Acquisition of Non-core and Distressed Assets

#### Income Source



ERCs – Cash Returns on Investments

2

### Consumer Banking

SWISS BANKERS Addiko Bank

#### Consumer Banking

- Swiss Bankers acquisition of a **highly scalable platform** for payments with attractive opportunity to **extend product offering** into alternative banking / embedded finance solutions.
- Addiko Group is a consumer and SME specialist banking group, serving **0.8 million customers** in C&SEE countries with **EUR 6 billion total assets**

#### Range of Services



Consumer & SME lending  
Payment Services

#### Income Source



Interest Income &  
Commission Income

3

### Real Estate & Special Situation Assets

BORGOSIA 1873

#### SEE REO-Platform

- Well established Southern European loan-to-built investment platform
- Investments in distressed banking loans **secured by real estate**
- In-house expertise to develop, promote and sell the finished projects into the market
- Access to proprietary deal flow with target investment volume amounts to up to **EUR 100 million over a three-year horizon**.

#### Range of Services



Asset Management, Capital  
Appreciation

#### Income Source



Management Fees, Return on  
Investment

4

### Loan & Asset Servicing

axFina



#### Loan & Asset Servicing

- Servicing outsourced to AxFina, which is held by the parent company of DDM and EBRD
- AxFina offers captive and 3rd party portfolio servicing, business process outsourcing ("BPO"), and digital banking solutions to financial institutions and sponsors
- Currently, AxFina has more than **EUR 2.5 billion assets under management**, 120 employees and operates in 7 countries

#### Range of Services



Asset & Loan Servicing (incl 3rd  
party) & BPO Digital Banking

#### Income Source



Servicing Fees and  
Subscription Fees

# Key highlights: Q1 2022

## Key highlights

- Strategic acquisition in Swiss Bankers nears completion
- Acquisitions:
  - NPL portfolio containing secured corporate receivables in Croatia with a gross collection value (face value) of over EUR 20m
  - Completion of the structuring of the co-investment alongside Borgosesia in an NPL portfolio containing secured residential receivables with a gross collection (face value) of over EUR 10m
- Well-positioned with c. EUR 63m of cash to invest
  - Investment activity continues to intensify enabling us to capitalize on market opportunities and expand our investment portfolio
- High cash conversion ratio
  - Cash EBITDA over 88% as a percentage of adjusted net collections

Gross collections Q1 2022 LTM<sup>1)</sup>  
**EUR 62m**

Cash EBITDA Q1 2022 LTM<sup>2)</sup>  
**EUR 39m**

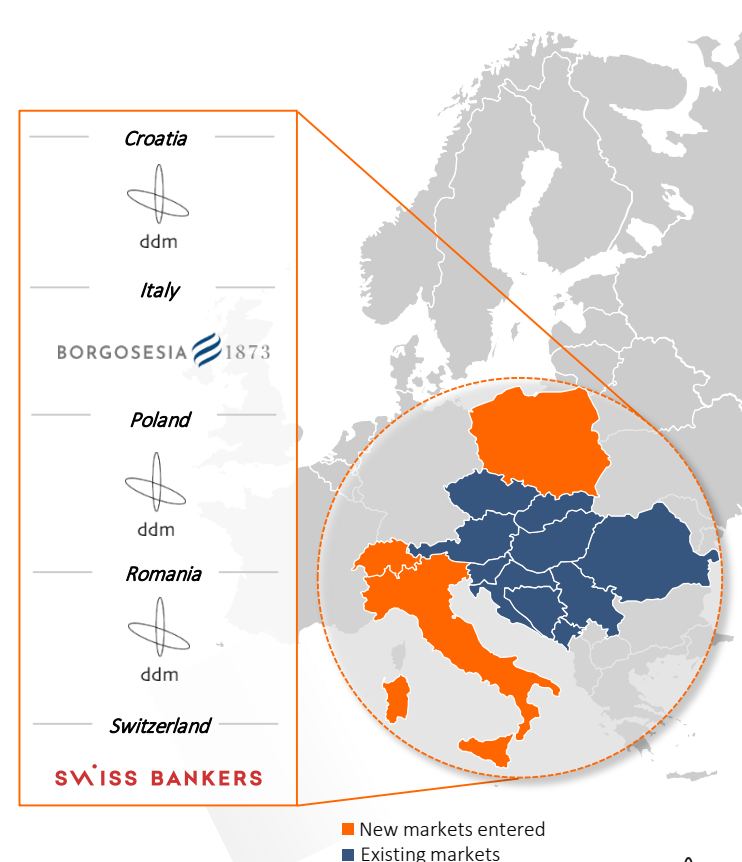
Cash Q1 2022  
**EUR 63m**

120-month ERC Q1 2022  
**EUR 298m**

1) Includes incremental gross distribution from associate and joint venture and distributions from financial assets at fair value

2) Includes incremental net distribution from associate and joint venture and distributions from financial assets at fair value

## Geographies



# Investment in Swiss Bankers nears completion

Attractive opportunity to acquire leading Swiss payments company

## Background

- Established in 1975 by a consortium of banks, Swiss Bankers is a market-leading payments player, with prepaid and money transfer products and services, and international growth ambitions.
- The company wants to grow internationally, outgrowing its initial purpose of a “shared infrastructure” established by its Swiss bank owners.
- As the current key products are dependent on outbound international travel from Switzerland, Covid hit the business hard.
- Pre-Covid EBITA of ~CHF 10m, +/- 0/1 in 2020 and 2021.
- Total Assets: CHF 402m.
- 87 FTEs (all in Switzerland).
- Authorised by Swiss FINMA and holder of a Liechtenstein e-money licence (eligible for passporting into EU).

SWISS BANKERS



## Transaction Overview

- **Acquisition of 100% of Swiss Bankers** signed on 17th December, closing subject to regulatory approval.
- This is another example of the underlying DDM investment theme to invest into opportunities arising out of the transformation of the European Banking sector.
- Swiss Bankers is sold by its current bank owners as the business has outgrown its owners and they are facing pressure to concentrate on their core businesses.
- Acquisition of a **highly scalable platform** for payments with attractive opportunity to **extend product offering into alternative banking / embedded finance solutions**.
- **Restructuring opportunity** for legacy products.



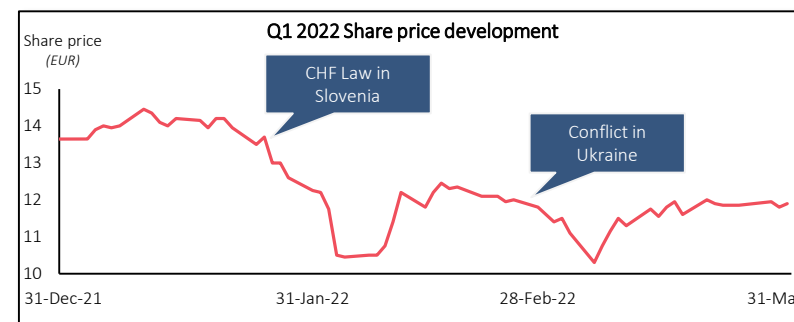
# Investment in Addiko Bank

EUR 3.4m mark-to-market loss on the investment in Addiko Bank triggered by a recent proposed change in CHF law in Slovenia

## Addiko Bank and CHF law in Slovenia

- Addiko Bank is an Austrian headquartered banking group, with operations in regional markets in the Western Balkans. The 3 largest markets are Croatia, Serbia and Slovenia
- DDM is the largest shareholder with 9.9% of Addiko
- On 25 January 2022, the National Assembly of Slovenia approved a “Law on limitation and distribution of currency risk among creditors and borrowers on loans in Swiss francs”
- The purpose of the law is to restructure consumer loans denominated in CHF that were concluded up to 18 years ago, between 28 June 2004 and 31 December 2010 in Slovenia
- On 10 March 2022, the Constitutional Court of the Republic of Slovenia adopted a decision to temporarily suspend the implementation of the law pending a final decision regarding its constitutionality
- On 2 February 2022, Addiko Bank announced that no regular dividends are expected to be paid out for the financial years 2021 and 2022 as a result of the proposed CHF law
- As a result, DDM’s investment in Addiko Bank measured at a closing share price of EUR 11.90/share at 31 March 2022 (31 December 2021: EUR 13.65/share) resulted in a fair value loss of EUR 3.4m in financial expenses in Q1 2022
- On 11 May 2022, Addiko Bank announced strong Q1 2022 results with higher profit of EUR 6.5m compared to last year and brand repositioning to boost customer growth

### Key highlights



1) Calculated as Group on-balance non-performing loans divided by credit risk exposure

# AGENDA

1. Key Developments

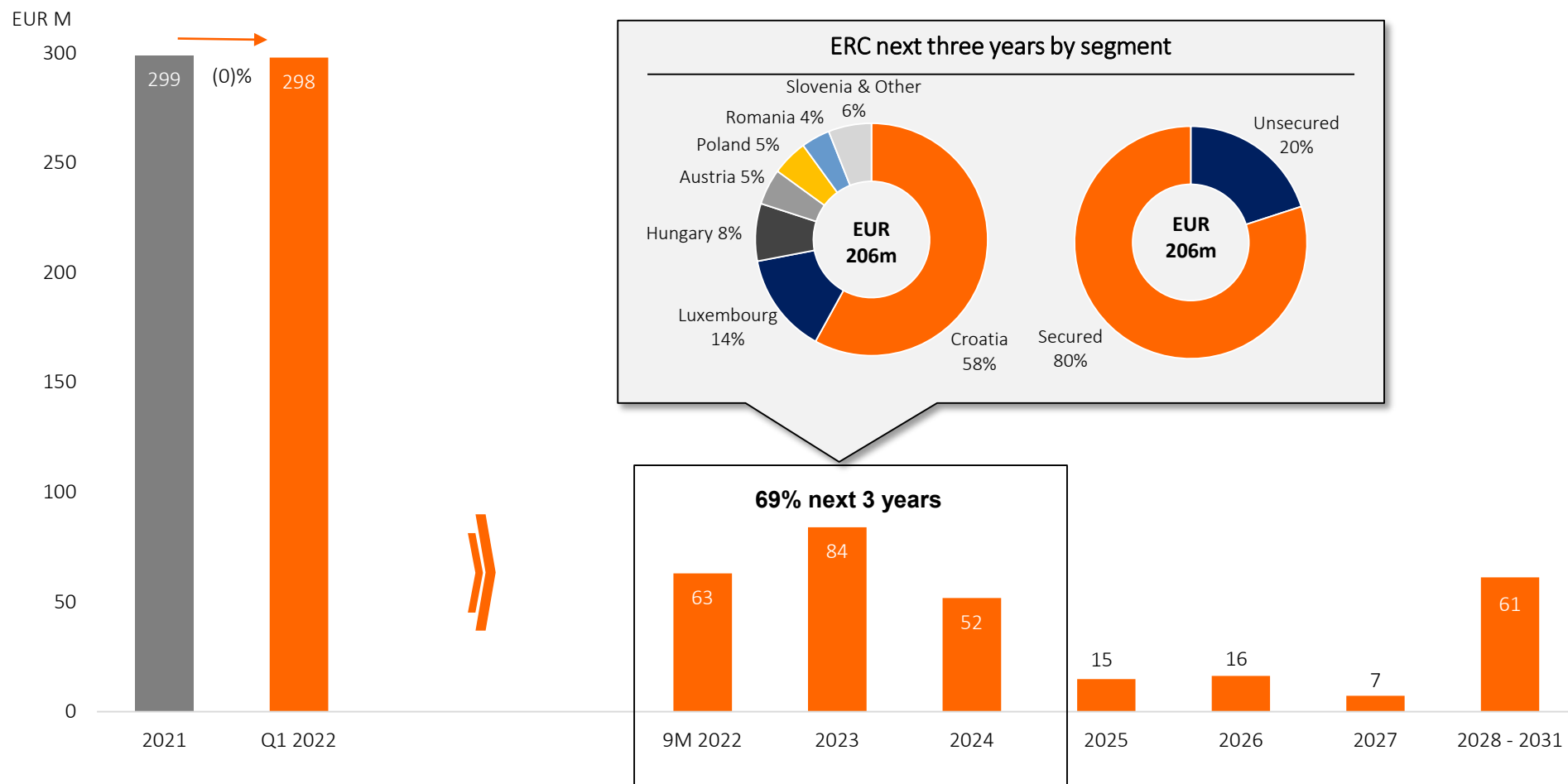
2. Financials Q1 2022

3. Summary



# Majority of ERC is secured and expected to be received in the next 3 years

Historic 120-months gross ERC and projected future collections on existing portfolios, 31 March 2022\*

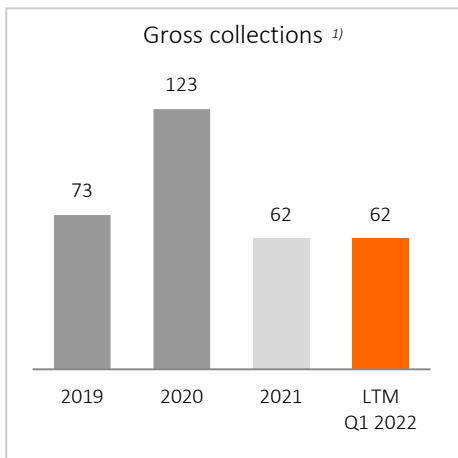


\* ERC at 31 March includes the investment in Addiko Bank AG at DDM's 9.9% share of equity attributable to shareholders as of 31 December 2021 less any dividends received to 31 March 2022.  
Secured ERC includes DDM's share of underlying assets

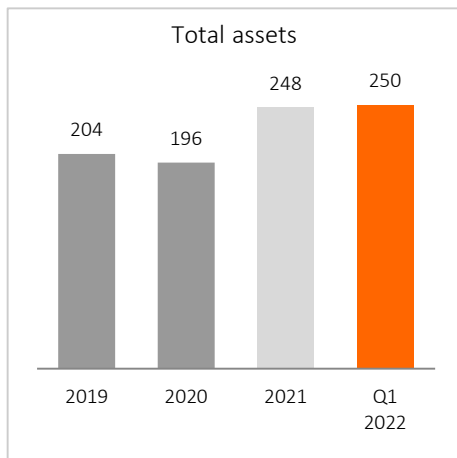


# Our Financial KPIs

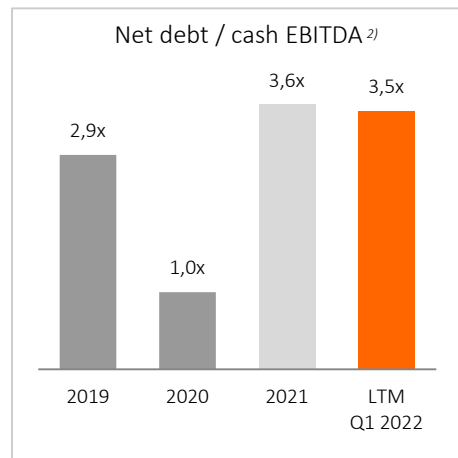
## Income statement



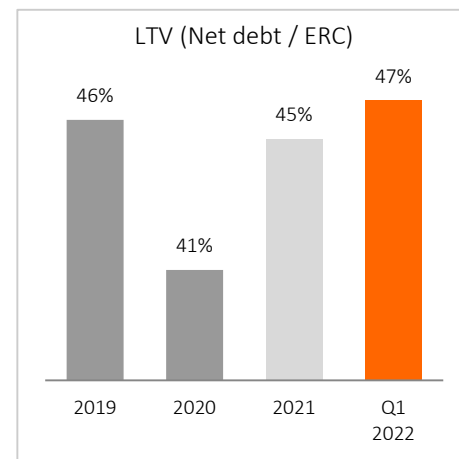
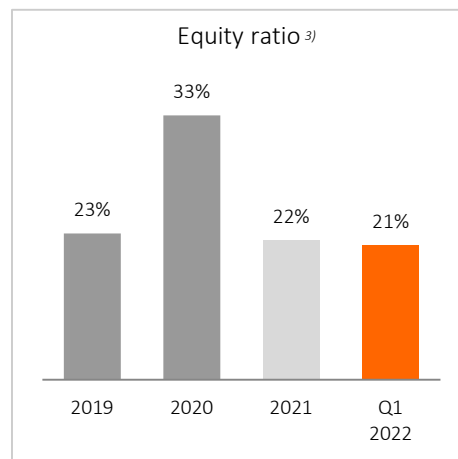
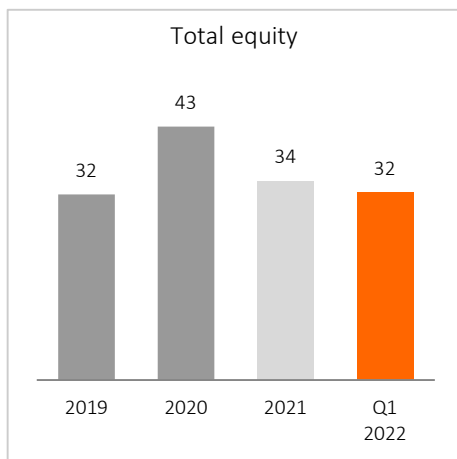
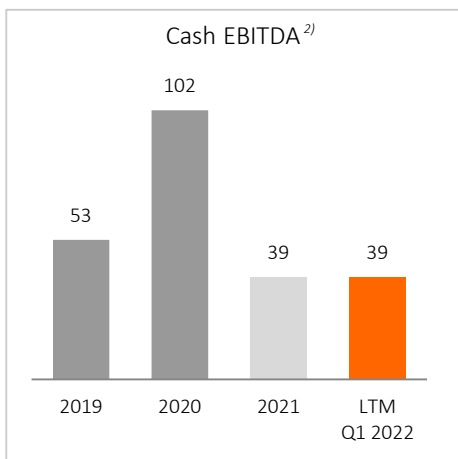
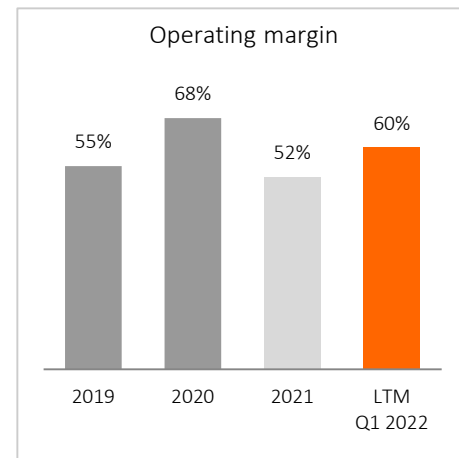
## Balance sheet



## Leverage



## Efficiency



Note: All figures are in EURm.

1) Gross collections are adjusted to include incremental gross distributions from associate and joint venture of EUR 7.2m in FY 2019, EUR 10.1m in FY 2020, EUR 15.6m in FY 2021 and EUR 17.2m in LTM Q1 2022 and include gross collections on sale of invested assets of EUR 4.5m in FY 2019 and distributions from financial assets at fair value of EUR 1.0m in FY 2021 and EUR 1.6m in LTM Q1 2022.

2) Cash EBITDA is adjusted to include incremental net distributions from associate and joint venture of EUR 3.8m in FY 2019, EUR 5.3m in FY 2020, EUR 10.2m in FY 2021 and EUR 11.5m in LTM Q1 2022 and includes net collections on sale of invested assets of EUR 4.5m in FY 2019 and distributions from financial assets at fair value of EUR 1.0m in FY 2021 and EUR 1.6m in LTM Q1 2022.

3) The equity ratio of the DDM Debt Group according to the senior secured bond terms

# AGENDA

1. Key Developments

2. Financials Q1 2022

3. Summary



# Key takeaways

- 1 Well diversified platform across NPLs, Consumer Finance, Real Estate & Special Sits and Asset & Loan Servicing
- 2 Further investments in Croatia and Italy in the quarter
- 3 Firm collections largely in line with the prior year
- 4 Acquisition of Swiss Bankers pending regulatory approval which is nearing completion
- 5 Well-positioned with approximately EUR 63m of cash available to invest at 31 March
- 6 Majority of ERC of EUR 298m is secured by real estate and is expected to be received in the next three years



# Q&A

## Upcoming IR events

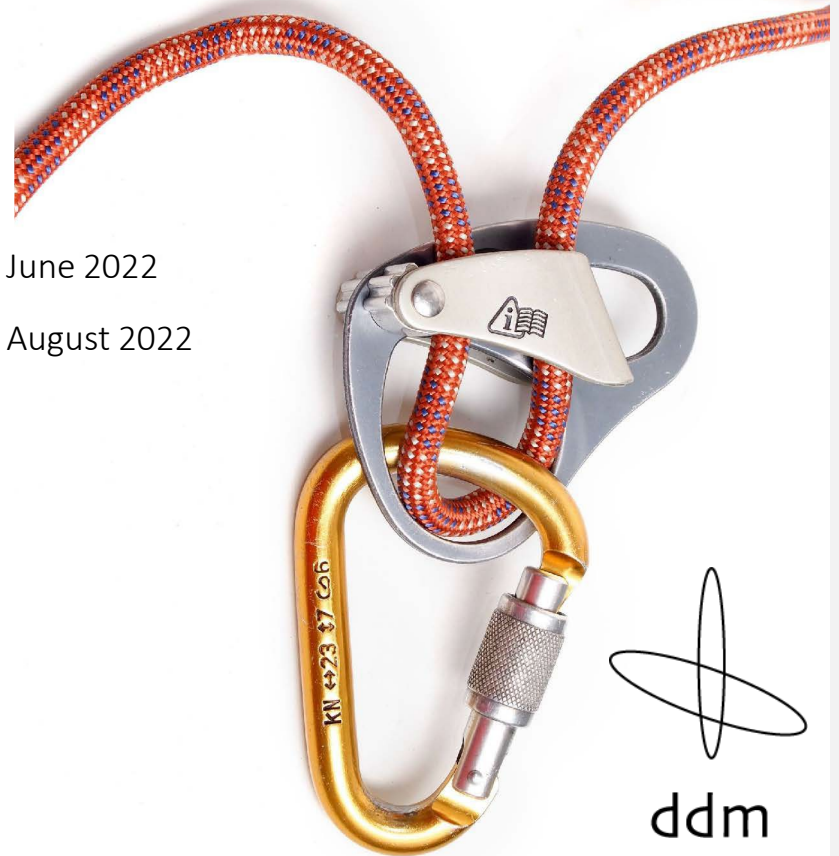
Annual General Meeting:

23 June 2022

Interim report January – June 2022:

25 August 2022

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