

1H23 Results

We look to the future by changing the present

27 July, 2023



Financial results

1H23

Solidity and performance drive our work



AUM (+11% y/y)
€36.1 bn



Collections (+14% y/y)
€760 m



Revenues (+63% y/y)
€245 m



EBITDA (+82% y/y)
€165 m



Net income (+131% y/y)
€22 m



CET1 ratio
33.9%

Sustainability: our «made in AMCO» GSSE Strategy. 1H23 highlights



- «made in AMCO» 2022-2025 Sustainability Plan under execution



- Sustainability Report referring to 2022 published on a voluntary basis



- 94% of UTP collections, 43% of NPL collections and 64% of collections from SMEs and individuals from extra-judicial activities



- 100% of electricity purchased from renewable sources from January 2023



- Milan headquarters LEED Gold certified in February 2023



- First steps towards the integration of climate and environmental risks into portfolio analysis accomplished

Some successful transactions in 1H23: we approach clients in several industries with sustainable solutions

Real Estate/ Vulcano Buono



€42m
restructured debt
Closing May-23

AMCO supported the recovery plan of the shopping center extending the debt maturities and agreeing to the investments to revamp the facilities, together with the other creditors, providing the area of Nola (NA) with an important multi-functional area

Real Estate/ Bagnolifutura



€28m
restructured debt
Closing May-23

AMCO favored an extra-judicial solution aimed at accelerating the transformation of the former Italsider area of Bagnoli (NA) into an urban park

Hotellerie/ Maritalia



85 employees

€13m
restructured debt
Closing Jun-23

Following the takeover by the new shareholder, AMCO supported the reorganisation of the group, becoming the only lender, with the refinancing and provision of a new credit line for the development of the hotel facilities

1H23 Results- Overview

1H23: sound collections performance and strong capital structure



AuM at €36.1bn as of June 2023; €0.8bn AuM purchased¹ through competitive processes. Growth of the multi-originator platform Cuvée that reaches €2.3bn² AuM



Collections up to €760m (+14% y/y), equal to 4.2%³ of AuM (4.1% in 1H22), due to the sound performance of Workout and collections related to big tickets. Sustainable credit management approach confirmed, through extra-judicial agreements



EBITDA up to €164.6m (+82% y/y) due to revenue growth linked to interest income. **EBITDA margin** at **67%**

Net income at €22.1m (+131% y/y), net of provisions – impacted by a single-name file – and after absorbing higher funding costs

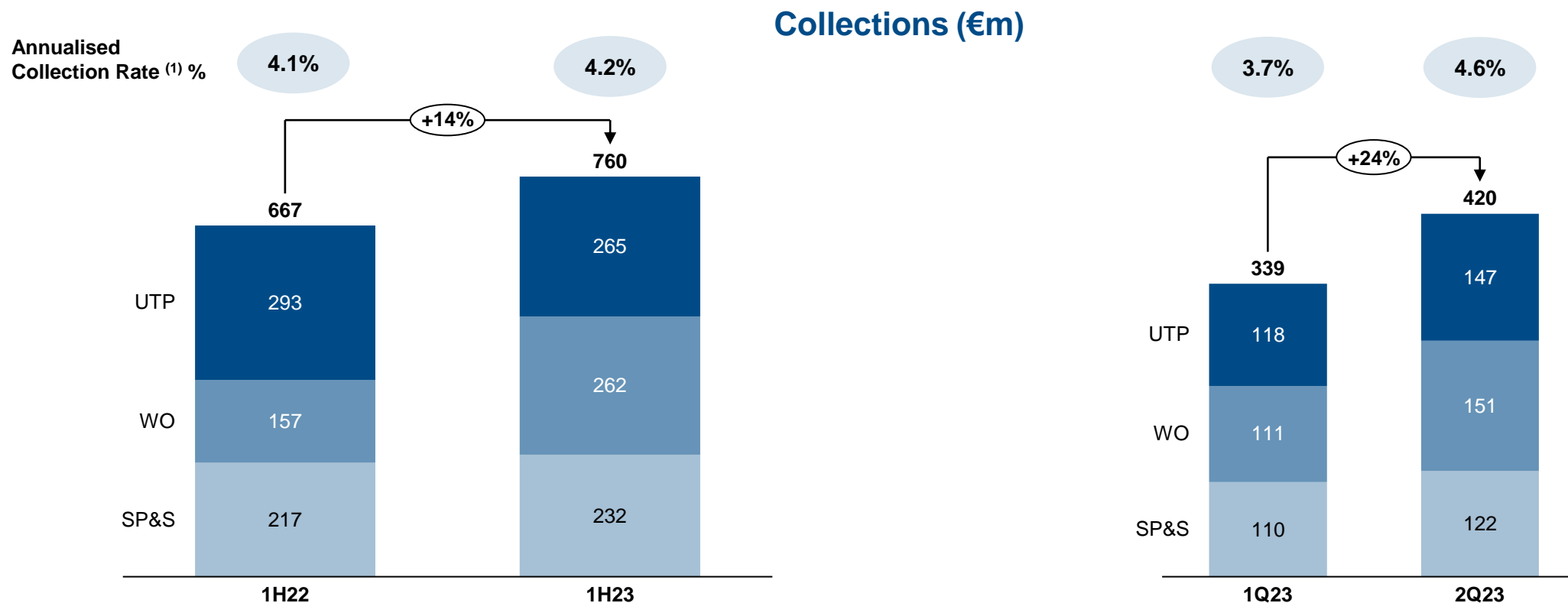


Strong capital structure confirmed: CET1 ratio at 33.9%⁴, Net Debt/Equity ratio of 1.3x

Net financial position improved thanks to the cash generated by collections from on-balance portfolios

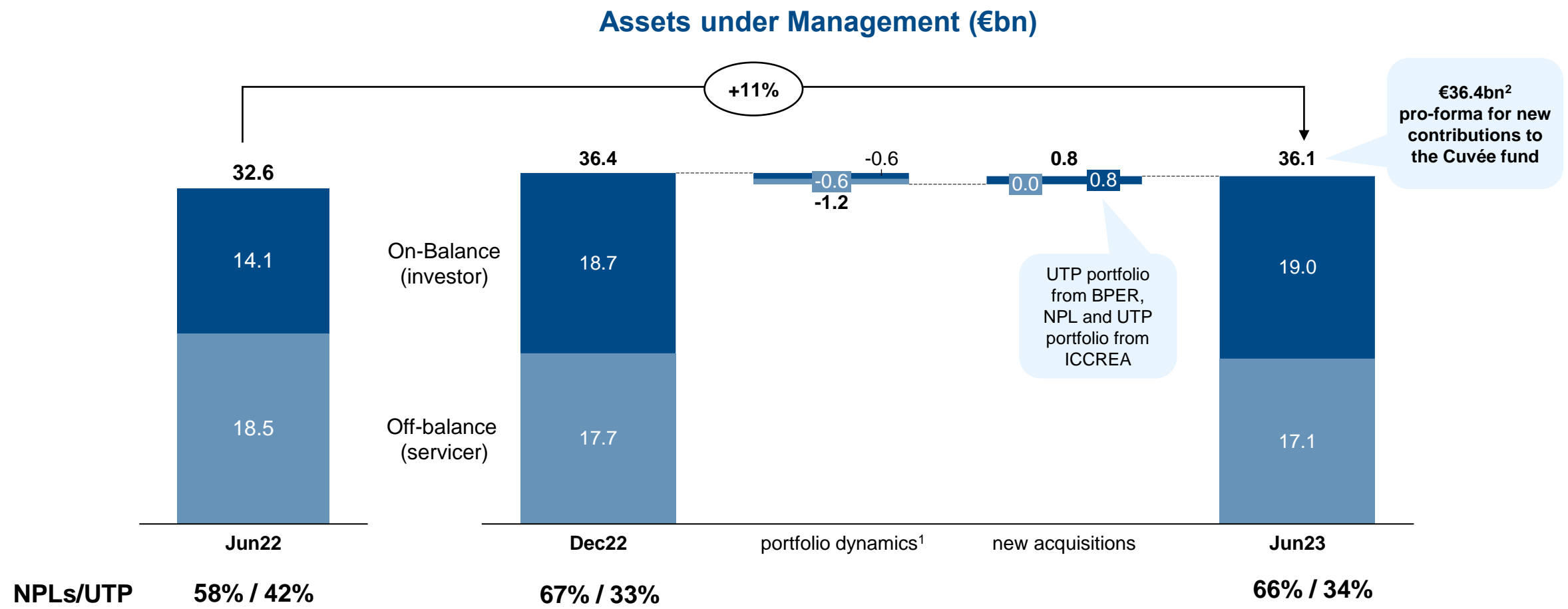
- Fitch (Apr-23) and S&P (May-23): ratings L-T/S-T at BBB/F2 and BBB/A-2 confirmed, with stable outlook
- January 2023: issuance of a €500m 4-year bond (coupon 4.625%) and, concurrently, repurchase of part (€400m) of the bond with maturity July 2023
- July 2023: the remaining €850m of the bond repaid at maturity with available liquidity

Collections at 4.2% of AuM, growing double digit y/y thanks to Workout performance and collections related to big tickets



- **Collections +14% y/y**, due to sound performance of Workout. **Total collection rate at 4.2%** (+0.1pp vs 1H22). UTP collections down due to lower AuM, with collection rate increasing to 6.1% (vs 6.0% at 1H22)
- **Acceleration on a quarterly basis, +24% 2Q/1Q**, mainly due to collections related to big tickets
- Solid performance combined with **sustainable credit management**: 94%² of collections from UTP loans and 43%³ of collections from NPL loans from extra-judicial activities

Acquisitions offset impacts related to portfolio dynamics



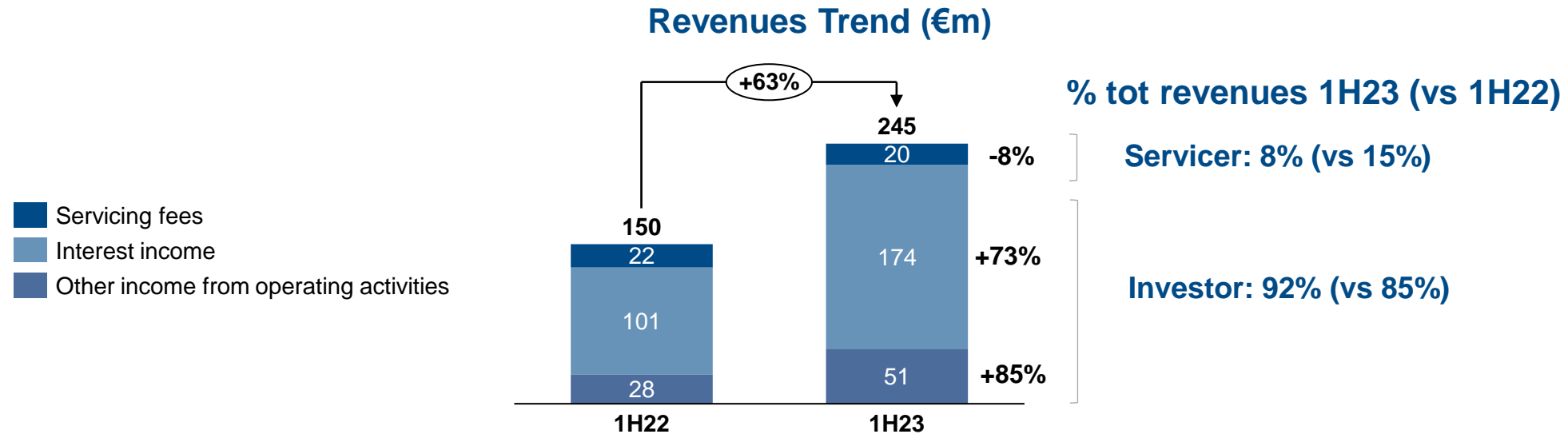
- **AuM up 11% y/y** mainly due to **portfolio purchases** in 2H22³

Operating results and net income up due to business expansion

€m	1H22	1H23	Change%
Total Revenues	150.2	245.0	63.1%
Total Costs	(59.6)	(80.4)	34.9%
EBITDA	90.6	164.6	81.7%
EBITDA margin	60.3%	67.2%	n.m.
Net impairment gains/losses	(42.9)	(80.0)	n.m.
Depreciation	(2.1)	(2.7)	27.7%
Amortisation	(0.1)	(0.1)	n.m.
Other operating income/expenses	9.3	(4.7)	n.m.
Net result from financial activities	(7.7)	1.5	n.m.
EBIT	47.1	78.7	67.2%
Net interests from financial activities	(31.5)	(45.5)	44.3%
Pre-tax income	15.6	33.2	113.6%
Income taxes	(6.0)	(11.1)	86.1%
Net income	9.6	22.1	130.6%

- **EBITDA up to €164.6m** (+82% y/y) due to **revenue growth** mainly **related** to interest income from **new portfolios**. **EBITDA margin** at **67%**
- Higher **interest expenses** (+44% y/y) due to both the increase in debt outstanding and the growth in market rates that affected last year's bond issuances
- **Net income up to €22.1m** (+131% y/y) net of **provisions** impacted by a single-name file. The overall cost of risk net of such file falls from 68bps in 1H22 to 9bps in 1H23

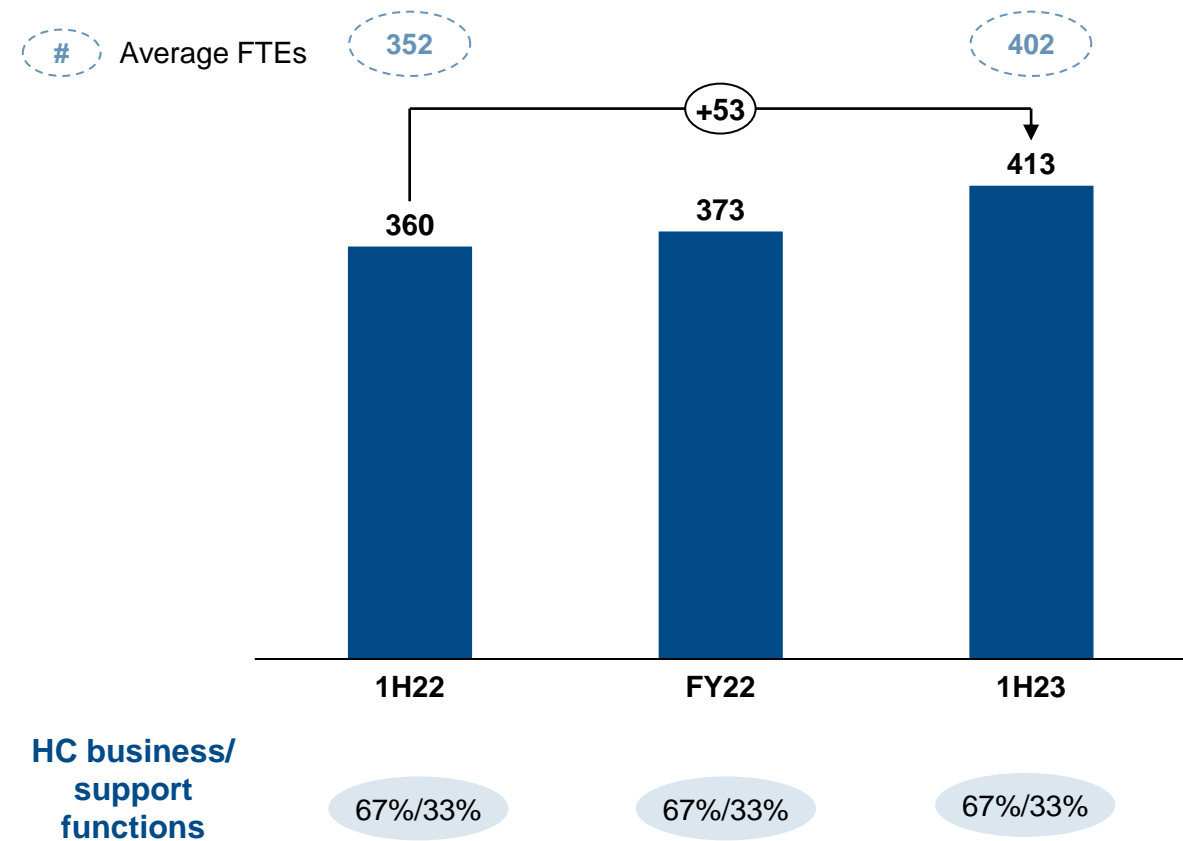
Revenues up 63% y/y thanks to higher interest income



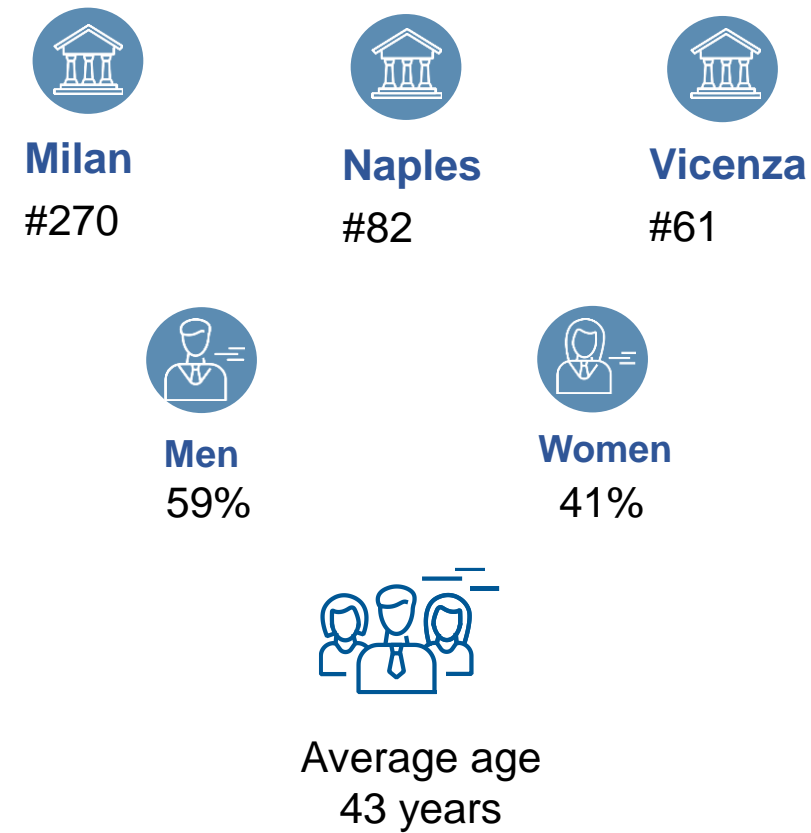
- **Servicing fees** slightly down due to the natural dynamics of the off-balance **portfolio of former Veneto Banks**, only partially offset by fees from the Cuvée fund
- **Interest income** at €174m (+73% y/y), mainly due to the contribution of new portfolios
- **Other income from operating activities** strongly up (+85% y/y) - all cash-based and related to collections exceeding expected recovery plans

Staff growth has strengthened business, control, and support functions while maintaining high levels of operational efficiency

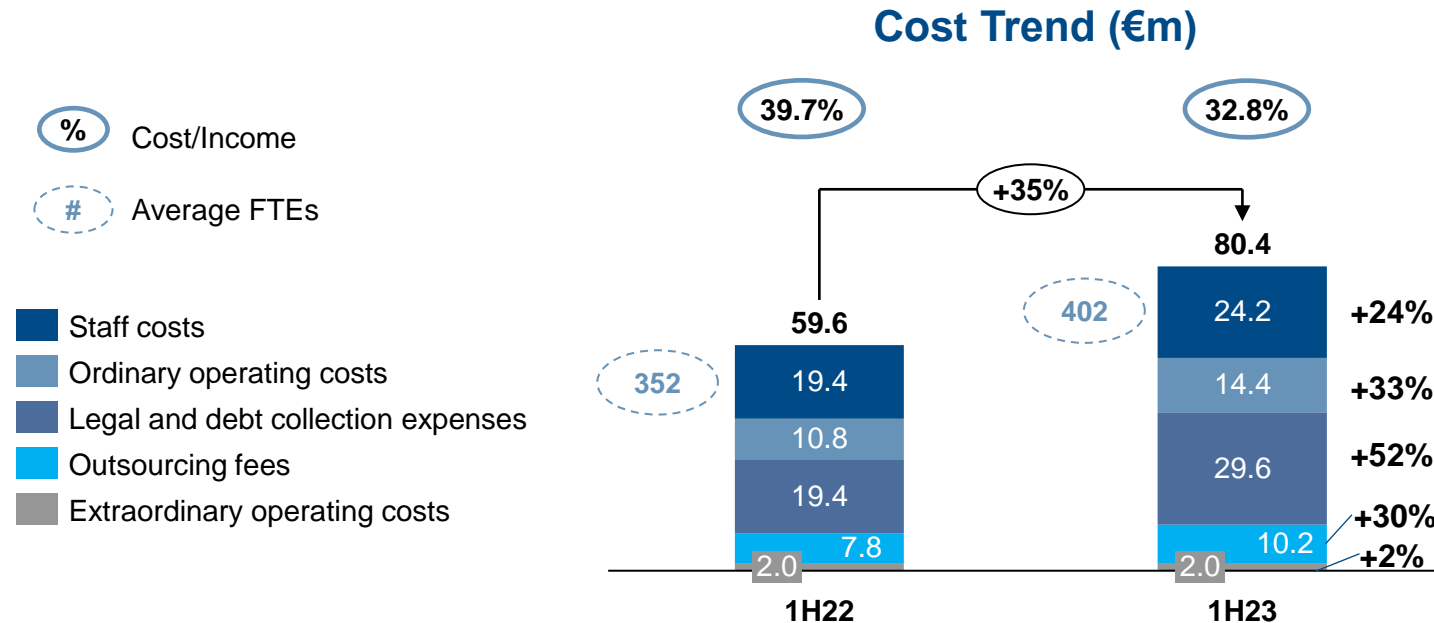
Staff evolution



Staff composition as of 30.06.2023



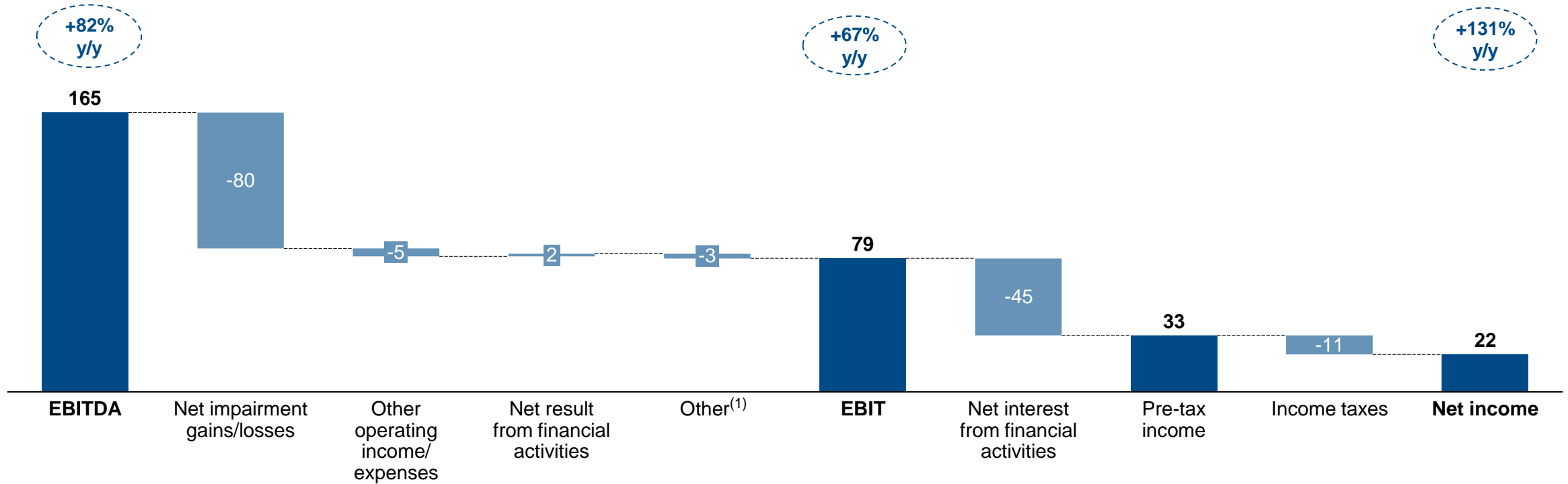
Cost increase y/y linked to the company's growth



- Increase in **staff costs** related to the evolution of the workforce to support the company's growth
- Growth in **ordinary operating costs** (+33% y/y) mainly related to information technology and inflationary dynamics
- Increase in **legal and debt collection expenses** (+52% y/y) due to management actions implemented
- Growth in **outsourcing fees** due to higher collections on the portfolio managed by external servicers

Net income up after loan provisions and higher funding costs

€m



- **Net impairment gains/losses** (-€80m) reflect provisions for the lengthening of the expected recovery of a single-name file related to a multi-year project
- Higher **interest expenses** from financial activities (-€45m, +44% y/y) due to both the increase in debt outstanding and the growth in market rates that affected recent bond issuances (September 2022 and January 2023)

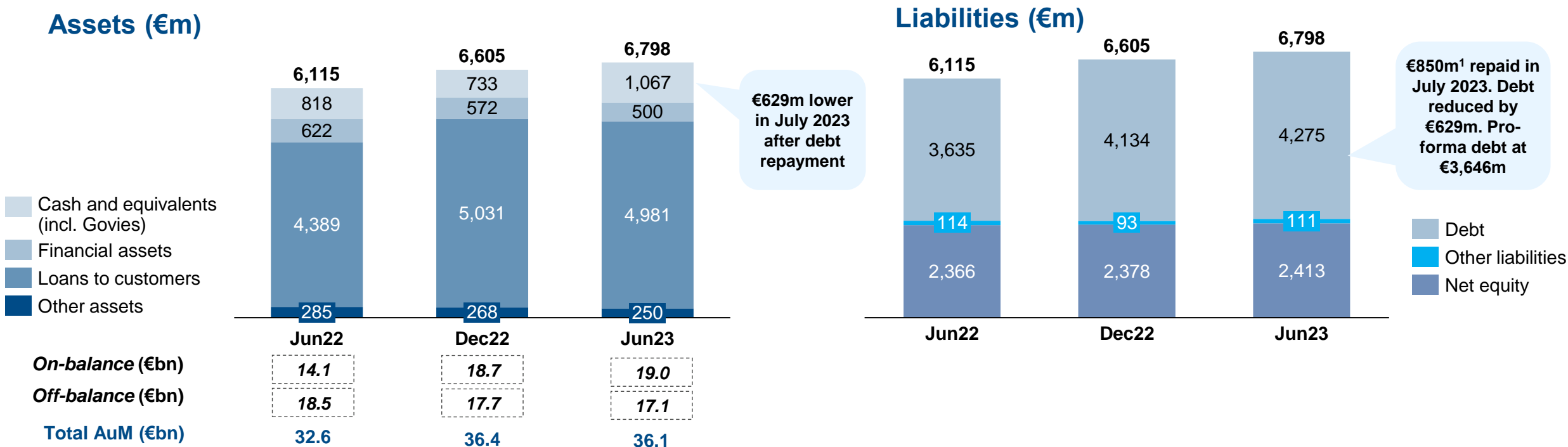
Pre-tax income for Workout and SP&S; UTP division impacted by provisions on a single-name file

1H23 Results	AMCO
Servicing fees	20
Interest income	174
Other income from operating activities	51
Total Revenues	245
Staff costs	(24)
Net operating costs	(56)
Total Costs and Expenses	(80)
EBITDA	165
Net impairment gains/losses	(80)
Other ²	(6)
EBIT	79
Net interests from financial activities	(45)
Pre-tax income	33

WORKOUT	UTP	SP&S	REAL ESTATE	Other ¹
5	6	8	3	(2)
34	42	42	0	56
24	4	18	0	5
63	52	68	3	59
(3)	(4)	(2)	(1)	(14)
(17)	(9)	(34)	(1)	6
(20)	(14)	(36)	(3)	(8)
43	39	31	0	51
(25)	(50)	(5)	0	0
(1)	(1)	(1)	(0)	(4)
17	(12)	26	0	48
0	0	0	0	(45)
17	(12)	26	0	2

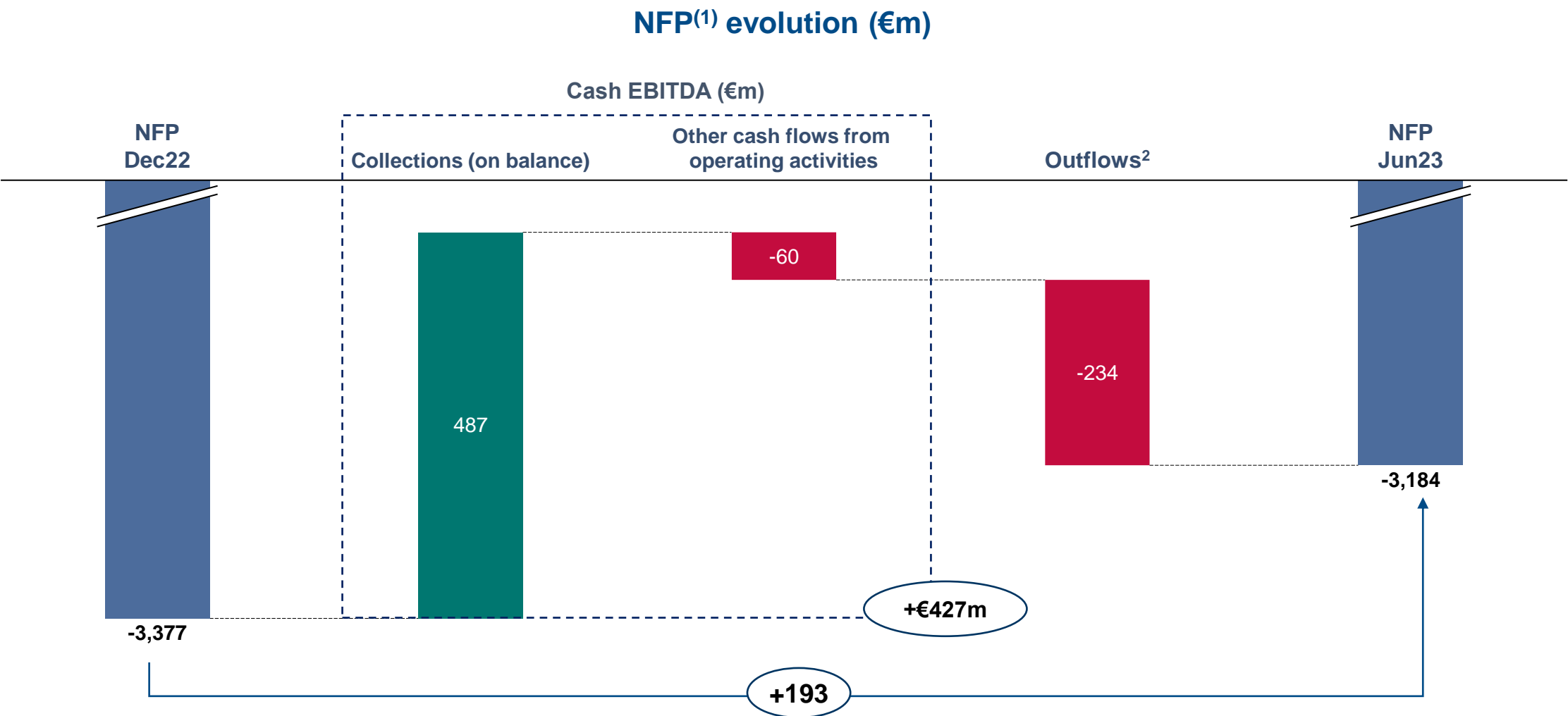
Assets' growth due to the increase of on-balance portfolios.

Balanced liabilities composition



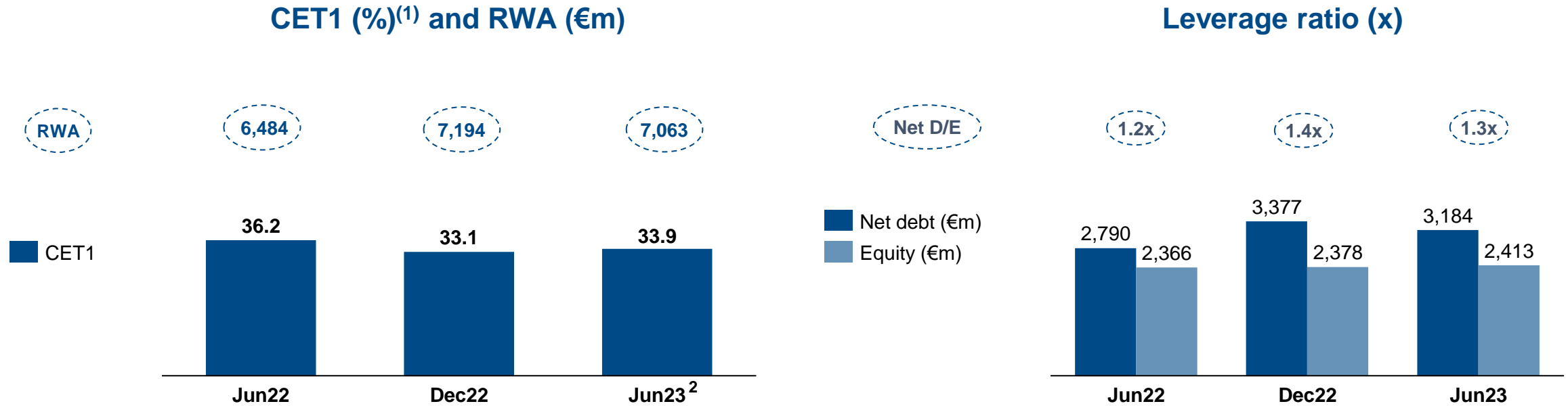
- Loans to customers increase y/y due to purchases, net of the natural dynamics of on-balance portfolios
- Increase in cash and cash equivalents thanks to the cash generated by business operations. Excess cash is invested in Italian Government bonds accounted at Fair Value
- Higher debt (entirely fixed-rate) to finance part of the purchases of new portfolios
- July 2023: repayment of €850m of debt at maturity using part of the available liquidity

Net debt improves thanks to the solid cash generation by the business



Note (1): Sum of cash and cash equivalents, financial assets measured at Fair Value, and debt securities issued.
Note (2): Sum of cash-outs for the purchase of new portfolios, interest expenses and liquidity absorbed/generated by financial activities.

Strong capital structure with CET1 at 33.9%



- **Strong capital structure confirmed;** as of June 2023:
 - **CET1 ratio** at **33.9%²**, and
 - **Net Debt/Equity ratio** of **1.3x**

1H23 Financial Statements

Consolidated Balance Sheet as of 30.06.2023 – Banca d'Italia format

Assets items (€)	30.06.2023	31.12.2022
10. Cash and cash equivalents	217.076.380	46.826.299
20. Financial assets measured at fair value through profit and loss	543.333.571	571.520.635
a) financial assets held for trading	20.952	23.411
b) financial assets measured at fair value	-	-
c) other financial assets mandatorily measured at fair value	543.312.619	571.497.224
30. Financial assets measured at fair value through other comprehensive income	548.991.678	687.013.261
40. Financial assets measured at amortised cost	5.239.039.872	5.031.060.745
a) loans and receivables with banks	301.075.140	14.431.403
b) loans and receivables with financial companies	72.399.444	77.690.824
c) loans and receivables with customers	4.865.565.288	4.938.938.518
50. Hedging derivatives	-	-
60. Change in value of financial assets object of a generic hedge (+/-)	-	-
70. Equity investments	20.604	9.826
80. Property, plant and equipment	30.146.892	27.391.462
90. Intangible assets	3.453.086	3.975.046
of which:	-	-
- goodwill	-	-
100. Tax assets	177.425.728	197.686.288
a) current	10.272.786	11.879.314
b) deferred	167.152.942	185.806.974
110. Non-current assets and groups of assets held for disposal	-	-
120. Other assets	38.874.604	39.198.187
Total assets	6.798.362.415	6.604.681.749

Consolidated Balance sheet as of 30.06.2023 – Banca d'Italia format

Liabilities and Shareholders' equity items (€)	30.06.2023	31.12.2022
10. Financial liabilities measured at amortised cost	4.274.676.866	4.133.630.725
a) payables	62.655.481	23.087.471
b) debt securities issued	4.212.021.385	4.110.543.254
20. Financial liabilities held for trading	51.277	71.225
30. Financial liabilities measured at fair value	-	-
40. Hedging derivatives	-	-
50. Change in value of financial liabilities object of a generic hedge (+/-)	-	-
60. Tax liabilities	4.301.380	4.307.176
a) current	1.700.000	1.705.796
b) deferred	2.601.380	2.601.380
70. Liabilities associated to assets held for disposal	-	-
80. Other liabilities	92.838.648	72.322.878
90. Staff severance indemnity	449.229	449.568
100. Provisions for risks and charges	13.472.215	15.876.655
a) commitments and guarantees issued	-	-
b) pensions and similar obligations	191.272	168.255
c) other provisions for risks and charges	13.280.943	15.708.400
110. Share capital	655.153.674	655.153.674
120. Treasury shares (-)	(72.294)	(72.294)
130. Equity instruments	-	-
140. Share premiums	604.552.228	604.552.228
150. Reserves	1.184.224.883	1.141.970.428
160. Valuation reserves	(53.406.062)	(65.834.969)
170. Profit (Loss) for the year	22.120.371	42.254.455
180. Non-controlling interests	-	-
Liabilities and net equity	6.798.362.415	6.604.681.749

Consolidated income statement as of 30.06.2023 – Banca d'Italia format

Items (€)	30.06.2023	30.06.2022
10. Interest and similar income	178.426.378	100.501.782
of which: net interest income calculated with the effective interest method	-	99.420.845
20. Interest and similar expenses	(51.478.176)	(33.057.572)
30. Interest margin	126.948.202	67.444.210
40. Fee and commission income	21.304.434	23.606.375
50. Fee and commission expense	(8.817)	(53.830)
60. Net fees and commissions	21.295.617	23.552.545
70. Dividends and similar revenues	1.328.918	838.515
80. Trading activity net result	(45.487)	15.786.233
100. Profit/loss on sale/repurchase of:	(1.802.976)	-
a) financial assets measured at amortised cost	(940.973)	-
b) financial assets measured at fair value through other comprehensive income	(990.026)	-
c) financial liabilities	128.023	-
110. Net result of other financial assets and liabilities measured at fair value through profit and loss	(1.174.715)	(7.639.273)
a) financial assets and liabilities measured at fair value		
b) other financial assets mandatorily measured at fair value	(1.174.715)	(7.639.273)
120. Brokerage margin	146.549.559	99.982.230
130. Net value adjustments/reversals for credit risk of:	(25.928.461)	(16.218.956)
a) financial assets measured at amortised cost	(26.178.449)	(15.779.920)
b) financial assets measured at fair value through other comprehensive income	249.988	(439.036)
150. Net result of financial management	120.621.098	83.763.274
160. Administrative expenses:	(84.540.733)	(64.248.584)
a) staff costs	(24.170.578)	(19.446.293)
b) other administrative expenses	(60.370.155)	(44.802.291)
170. Net provisions for risks and charges	(84.574)	(128.123)
a) commitments and guarantees issued	-	-
b) other net provisions	(84.574)	(128.123)
180. Net value adjustments/reversals on property, plant and equipment	(1.433.143)	(1.769.339)
190. Net value adjustments/reversals on intangible assets	(1.131.223)	(377.559)
200. Other operating income/expenses	(130.800)	(1.681.083)
210. Operational costs	(87.320.473)	(68.204.688)
230. Net result of the measurement at fair value of property, plant and equipment and intangible assets	(74.000)	-
260. Profit (Loss) of current operating activities before taxes	33.226.625	15.558.586
270. Income taxes for the year on current operating activities	(11.106.254)	(5.966.997)
280. Profit (Loss) of current operating activities after taxes	22.120.371	9.591.589
290. Profit (Loss) from discontinued operations after taxes	-	-
300. Profit (Loss) for the year	22.120.371	9.591.589

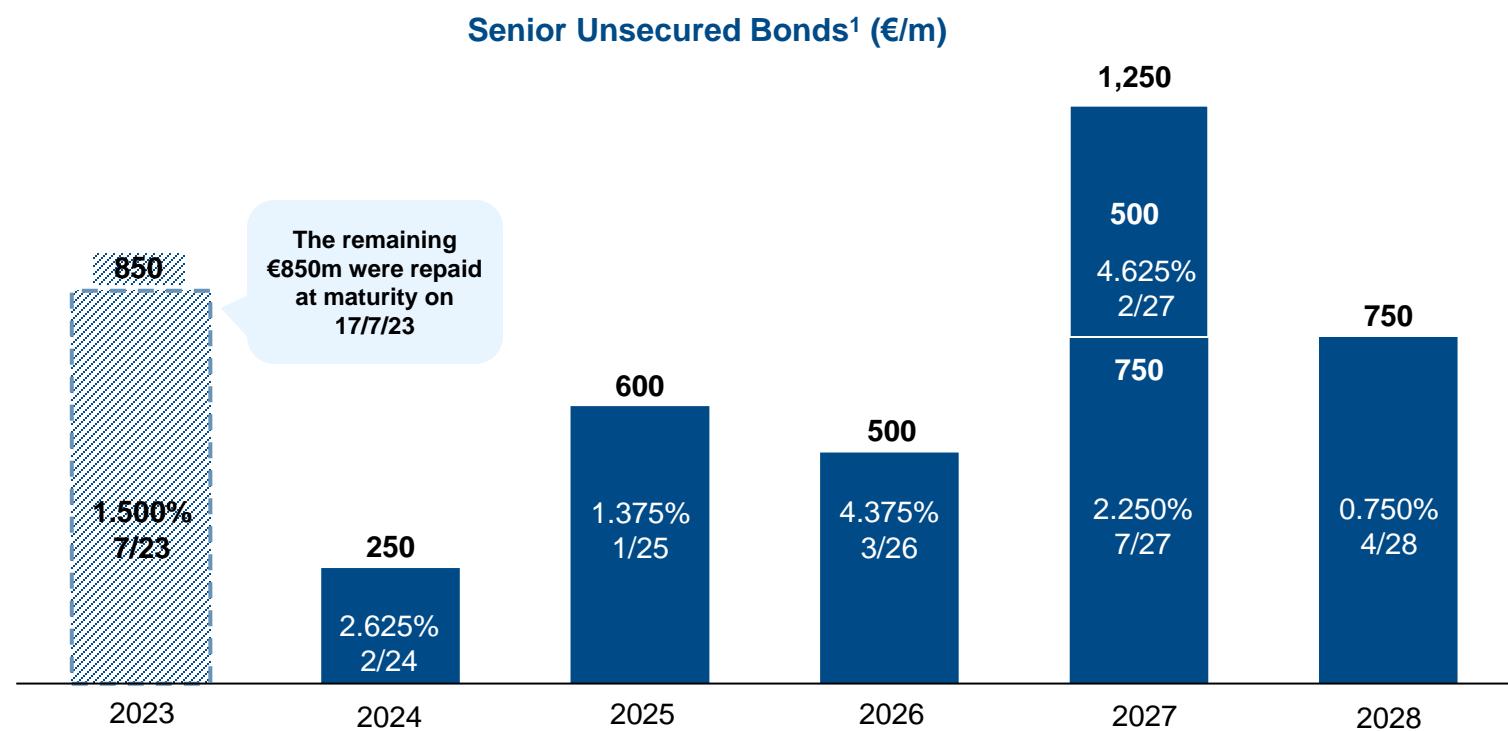
Appendix

- Rating
- Focus on Outstanding Debt
- AuM Breakdown

AMCO has an investment grade rating by S&P and Fitch

Agency	Rating	Outlook	Last review
S&P Global Ratings	Issuer Default <ul style="list-style-type: none">Long-Term: BBBShort-Term: A-2	Stable	29 May 2023: Rating and outlook confirmed
Fitch Ratings	Issuer Default <ul style="list-style-type: none">Long-Term: BBBShort-Term: F2	Stable	20 April 2023: Rating and outlook confirmed
Fitch Ratings	Special Servicer <ul style="list-style-type: none">Residential: RSS2Commercial: CSS2Asset-Backed: ABSS2	Stable	2 August 2022: Rating confirmed Outlook assigned

AMCO's financial debt is entirely unsecured and well spread over several maturities

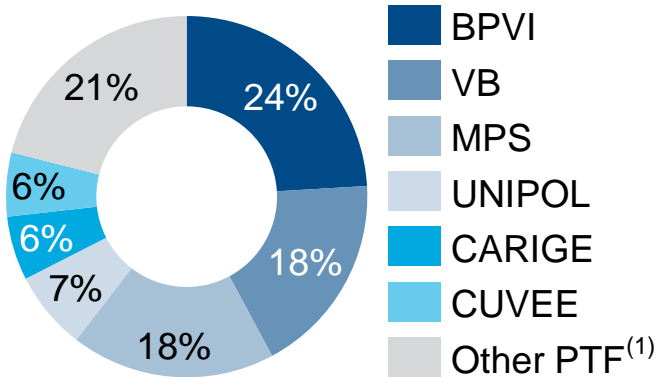


- In February 2023, AMCO successfully closed the liability management exercise on the €1.25bn bond with maturity July 2023, repurchasing €400m of such bond with part of the proceeds from the €500m bond issued on 30 January 2023 with maturity 2027
- On 17 July 2023, the remaining €850m of the bond were repaid with available liquidity, therefore the average residual maturity of AMCO's total debt is 3.26 years

Breakdown of €36.1bn AuM as of 30 June 2023 (1/2)

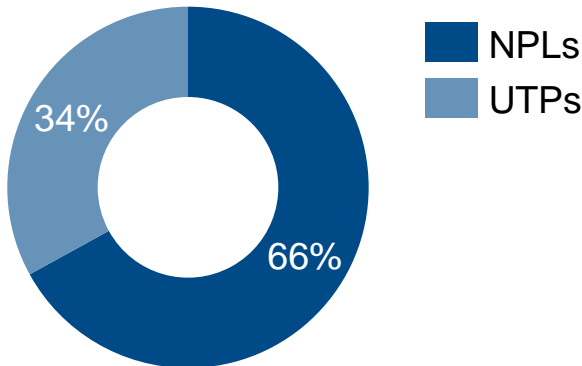
Portfolios (% GBV)

42% Former Veneto Banks



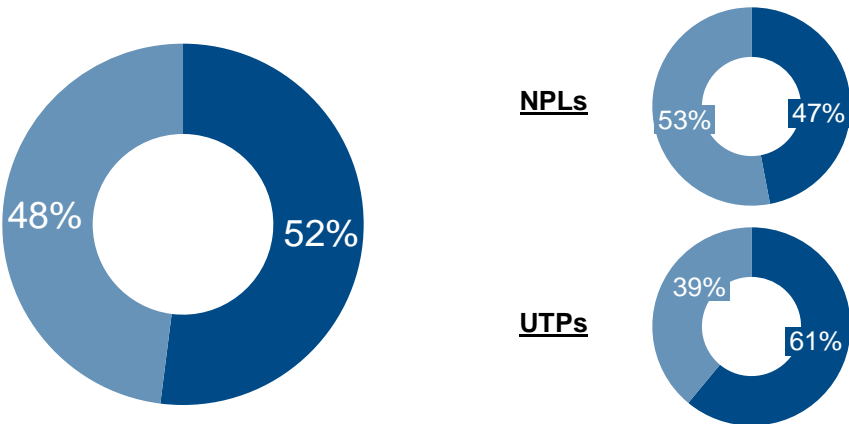
Classification (% GBV)

34% UTPs



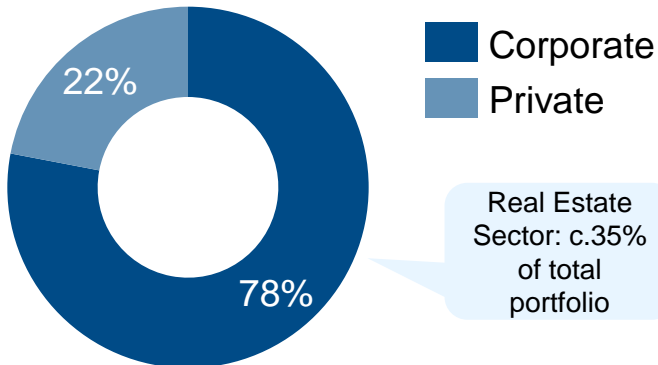
Secured/Unsecured (% GBV)

Secured⁽²⁾
Unsecured



Counterparty (% GBV)

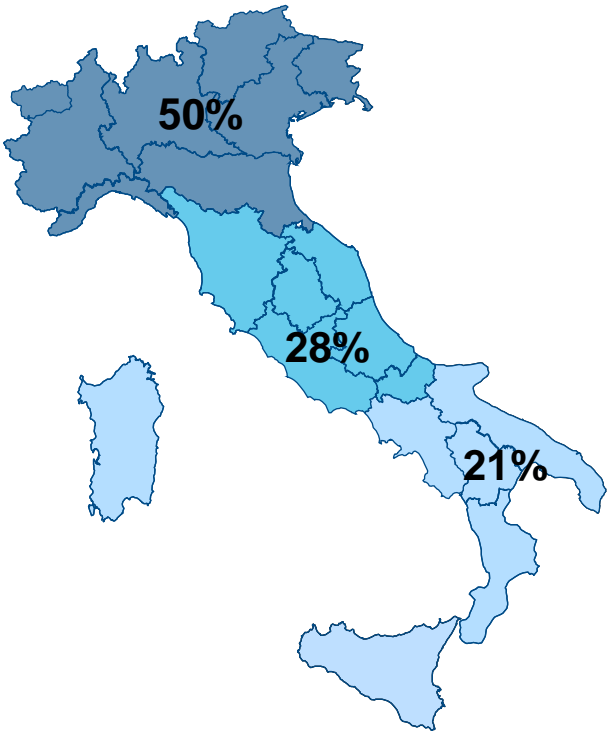
78% corporate counterparties



Breakdown of €36.1bn AuM as of 30 June 2023 (2/2)

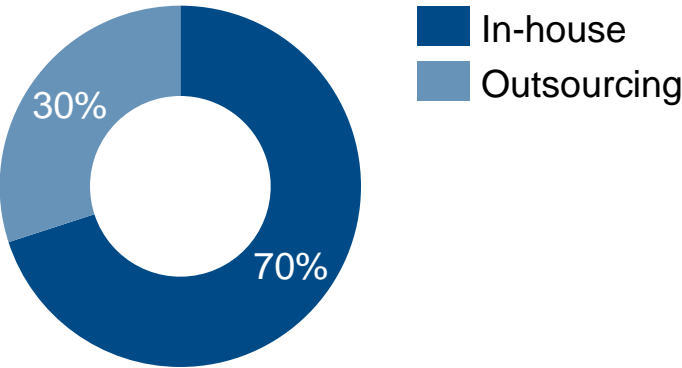
Geography (% GBV)

50% concentrated in Northern Italy¹



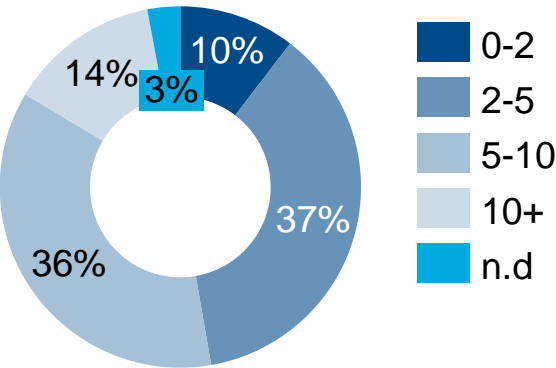
30% managed by servicers

Management (% GBV)



47% with vintage under 5 years

Vintage² (% GBV)



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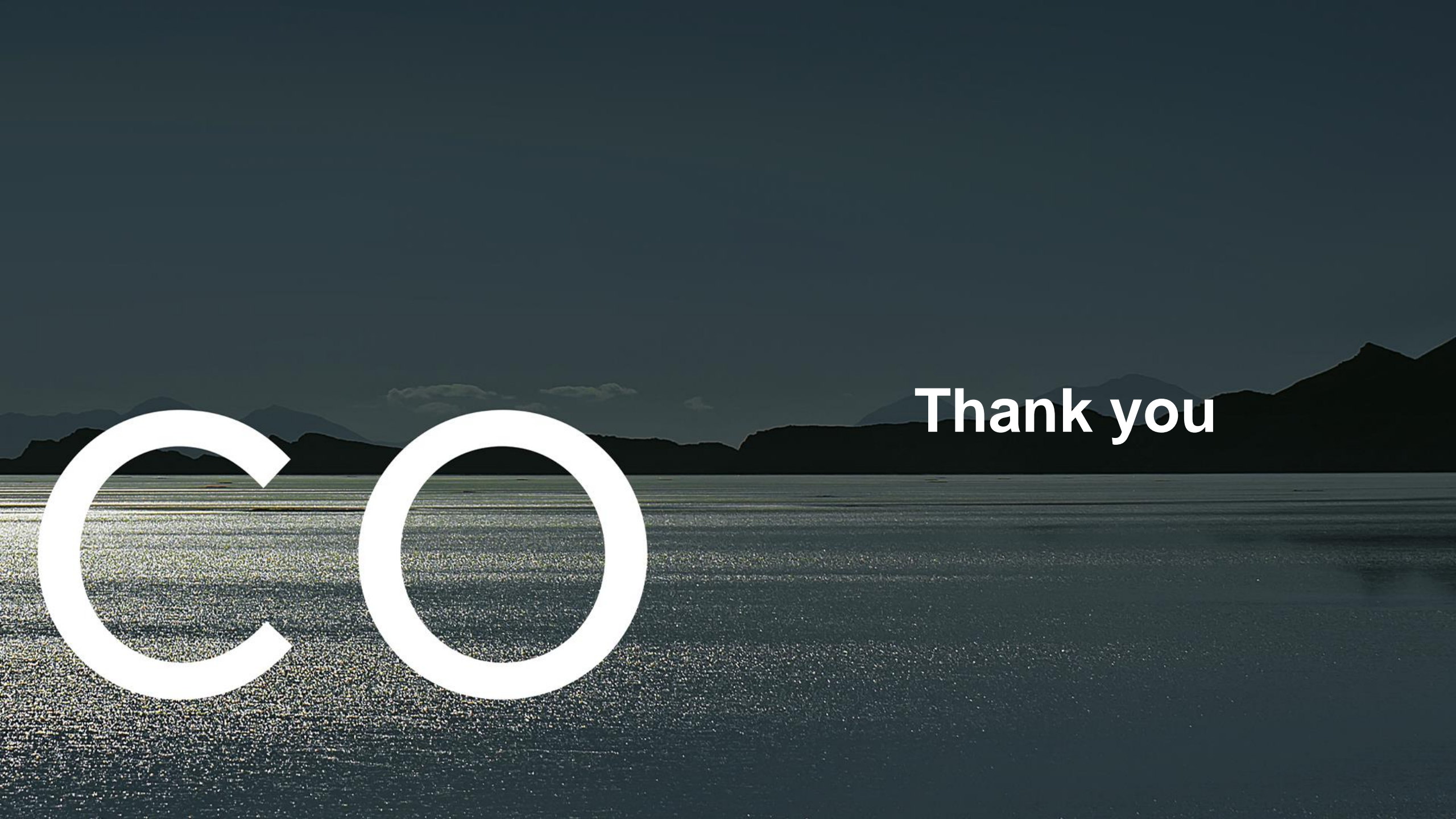
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Pursuant the Leg. Decree of 24 February 1998, no. 58, par. 2, (“Testo Unico della Finanza”), the manager in charge for the preparation of the company’s financial reports, Luca Lampugnani, declares that the accounting information contained in the Presentation reflect the AMCO’s documented results, financial accounts and accounting records.



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Thank you