

PRESS RELEASE

AMCO: 9 MONTHS 2022 RESULTS COLLECTIONS AT €978 MILLION (+4%) AND ASSETS UNDER MANAGEMENT AT €36.2 BILLION

- Collection performance improved to €978 million in 9M22 (+4% y/y)
- Collection rate increased¹ from 3.8% in 9M21 to 4.1% in 9M22
- Assets under Management rose to €36.2 billion on a proforma basis² (+12% y/y), with a business mix consisting of NPLs for 64% and UTPs for 36%
- EBITDA net of cost of debt³ stood at €85.5 million in 9M22; -10.5% y/y due to an extraordinary revenue item realised in 2021 and to the increase in legal and collection expenses related to credit management activities that have been started and will generate future collections
- The team is strengthened by new hirings: 48 more in 12 months, with headcount totalling 368 as of 30 September 2022
- Confirmed our sustainable approach to patient credit management, aimed at favouring corporates' business continuity, according to AMCO's Value System

Milan, 7 November 2022 – The Board of Directors of [AMCO – Asset Management Company S.p.A.](#) met today and approved the results for the first nine months of 2022 that confirm the sound collection performance achieved by all Business Divisions through a flexible credit management model.

The sustainable approach to credit management adopted by AMCO has been embedded in the company's Value System, Code of Ethics and 10 Principles of Credit Management, which are the guidelines for the day-to-day operations with the objective of managing customer relationships responsibly.

¹ Annualised collection rate calculated as the ratio of collections to average managerial GBV for the period.

² Pro-forma for the acquisition agreements of Intesa Sanpaolo leasing and single names portfolios and of MPS and UnipolRec NPL portfolios. The underlying contracts have already been signed but are expected to become effective by the end of 2022.

³ EBITDA less net interest from financial activity.

9 MONTHS 2022 RESULTS⁴

In the first nine months of the year, **collections rose** to €978 million, posting an increase of 4% compared to €942 million in the same period of the previous year. Overall, annualised **collection rate**⁵ improved from 3.8% in the first nine months of 2021 to 4.1% in the first nine months of 2022, confirming the strengthened collection capabilities.

Such positive collection trend reflects the result of the continuous credit management activities implemented on the purchased portfolios as well as the value of the operational leverage provided by the in-house/outsourcing model.

Growth in collections was mainly driven by the **Special Partnerships & Servicers (SP&S) Division, which reported the highest growth (+17% y/y)**. Regarding the **Workout Division** (collections +4% y/y), in-court settlements increased while out-of-court activity contributed less with a view to protecting the value of the portfolio. The decrease in value posted by the **UTP Division** (collections -4% y/y) was linked to the natural reduction in assets under management occurred in the period compared to 9M21; annualised collection rate of UTPs increased from 5.8% in 9M21 to 6.0% in 9M22.

As of the end of September 2022, **pro-forma Assets under Management (AuM) stood at €36.2 billion**, with a business mix consisting of NPLs for 64% and UTPs for 36%. Such figure reflects the loan acquisition agreements entered into in the course of the third quarter, and expected to become effective by the end of the year, with: Intesa Sanpaolo Group for €1.4 billion lease loans and €120 million single names, UnipolREC and MPS for, respectively, €2.6 billion and €208 million of NPLs.

Excluding these transactions, AuM as of 30 September 2022 stood at about €32 billion (59% NPLs and 41% UTPs), slightly down from €32.5 billion at end 2021 due to collections and the natural dynamics of the portfolio.

Income statement for first nine months of 2022

EBITDA net of interest from financial activity stood at €85.5 million, down 10.5% y/y due to an extraordinary revenue item realised in 2021 and a significant increase in costs experienced in 2022, despite the lower cost of debt resulting from the early repayment of the secured debt occurred in June 2021.

EBITDA came in at €133.1 million, -14% compared to the first nine months of 2021 (€155.1 million). EBITDA margin stood at 58.7%.

⁴ 2022 results refer to individual financial statements, while 2021 results refer to consolidated financial statements: effective 1 March 2022, following the liquidation of the SPV Fucino NPL's Srl, AMCO no longer prepares consolidated financial statements.

⁵ Annualised collection rate calculated as the ratio of collections to average managerial GBV for the period.

Revenues in the first nine months of 2022 amounted to €226.6 million, down 3% y/y. In the first nine months of 2021, revenues were positively impacted by a significant cash recovery on a single position. Excluding such effect, the y/y change in revenues would be positive.

In detail, servicing fees declined due to the natural dynamics of off-balance portfolios, only partially offset by the increase in fees arising from new AuM contributions to the Cuvée fund.

Interest from customers reached €151.1 million (+8% y/y), mainly driven by higher Time Value interest accrued on the MPS portfolio as recoveries envisaged in the plans approach.

Other income/expenses from operating activities dropped to €42.1 million, -26% from €56.7 million of the first nine months of 2021 due to the extraordinary recovery item recorded in 2021. Net of this effect, the figure for 2022 is substantially stable compared to 9M21.

Euro/million ⁶	9M21	9M22	% change
Servicing fees	35.2	33.4	-5%
Interest and fees from customers	140.6	151.1	8%
Other operating income/expenses from ordinary activity	56.7	42.1	-26%
Total revenues	232.5	226.6	-3%
Personnel expenses	(28.3)	(28.4)	1%
Net operating costs	(49.1)	(65.1)	33%
Total costs	(77.4)	(93.5)	21%
Ebitda	155.1	133.1	-14%
Ebitda margin	66.7%	58.7%	n.a.
Net interest from financial activity	(59.6)	(47.5)	-20%
Ebitda net of interest (Ebtida)	95.6	85.5	-10.5%

Total costs amounted to €93.5 million, up 21% y/y. In detail, net operating costs stood at €65.1 million, up 33% y/y, mainly due to the increase in legal and collection expenses (€27.6 million) related to credit management activities that have been started and will generate future collections. In addition, net operating costs include outsourcing fees (€13.1 million) — related to collections on the portfolios outsourced to external servicers — which were up y/y due to higher collections recorded. Other net operating costs (€24.3 million) relates to IT and business information costs as well as costs relating to other services provided to business operations and other functions.

⁶ 2022 results refer to the separate financial statements, while 2021 results refer to the consolidated financial statements: effective 1 March 2022, following the liquidation of the SPV Fucino NPL's Srl, AMCO no longer prepares consolidated financial statements.

Personnel expenses stood at €28.4 million and were in line with the first nine months of 2021, as new hirings offset the labour costs of the staff seconded from MPS and exited in November 2021.

As of 30 September 2022, AMCO's headcount totalled 368, 48 more compared to the same period of 2021, due to the hiring of new employees deployed in both business operations and central functions.

SIGNIFICANT EVENTS IN THE PERIOD

GLAM – Guaranteed Loans Active Management: DG Comp's approval and primary legislation

After having reviewed the structure of the GLAM Platform, the DG Comp Department of the European Commission concluded that the initiative does not qualify as state aid, [communicating its greenlight to go ahead with the project](#) on 26 August 2022. Thus, under [Article 42-quater of Law No. 142 dated 21 September 2022](#), the Italian government regulated the GLAM project, whose execution awaits the related decrees.

The scope of project GLAM is a portion of the loans guaranteed by the Central Guarantee Scheme (Fondo Centrale di Garanzia, FCG), granted by Italian banks pursuant to Article 13 of "Liquidity Decree" (Decreto Liquidità) to small and medium-sized enterprises to support them after Covid outbreak. The platform entails the disposal to it of the above-mentioned loans - in respect of which no request for enforcement of the guarantee has been submitted - as well as of other credit lines related to the same debtors, in exchange for the issuance of notes which could be retained by the originating banks or sold in the market to institutional investors.

As AMCO will not purchase the notes, there will be no impact on AMCO's capital ratios. No additional burden for the State, on top of the already issued guarantee on such loans, will arise as a consequence of the execution of project GLAM.

AMCO will operate by coordinating the platform and involving an extensive network of servicer partners, leveraging on the skills and specialised expertise of the servicing industry.

The "patient" management approach to guaranteed loans through the GLAM platform aims at preventing credit deterioration by normalising peaks of default in the banking system and reducing the risks of massive enforcement of public guarantees covering such loans, with potential benefits for the companies as well as for all the stakeholders involved.

AMCO successfully issued a €500 million 3.5-year senior unsecured bond

On 20 September 2022, AMCO successfully placed a 3.5-year senior unsecured bond with maturity 27 March 2026, for a notional amount of €500 million.

The 3.5-year bond carries a fixed annual coupon of 4.375% and an issue price of 99.896%. The notes are listed on the Luxembourg Stock Exchange. The bond, reserved to institutional investors,

was issued under the €6 billion EMTN Programme renewed on 16 September 2022, with a BBB rating by both Standard & Poor's and Fitch.

Update on AMCO's ratings: S&P's reaffirmed 'BBB', stable outlook; Fitch confirmed the special servicer ratings

On 28 July 2022, S&P Global Ratings revised AMCO's outlook from positive to stable, while confirming the long-term rating at 'BBB' and the short-term rating at 'A-2'. The revision follows the review of the outlook on Italy's rating by S&P.

On 2 August 2022, Fitch Ratings confirmed AMCO's commercial, residential and asset-backed special servicer ratings at 'CSS2', 'RSS2', 'ABSS2', with stable outlooks.

SIGNIFICANT EVENTS AFTER THE PERIOD

New organisational model aimed at strengthening support functions

On 26 October 2022, the Board of Directors approved the new organisational model that provides for the establishment of the Credit & Portfolio Management Department, headed by Marco Dinu, and the Loan Operations Function created within the Chief Operating Officer Department. The Credit & Portfolio Management Department is the evolution of the Portfolio Analysis & Monitoring Department and has the objective of strengthening the business planning and monitoring activities with a view to continuously enhance the collections' performance.

The Loan Operations Function will coordinate the administrative and operational processes supporting credit management (middle and back office) and the GLAM platform.

STATEMENT BY THE COMPANY'S FINANCIAL REPORTING OFFICER

I, the undersigned Marina Natale, in my capacity as ad interim Financial Reporting Officer, hereby declare, in accordance with paragraph 2, Article 154-bis of the Testo Unico della Finanza (Italian Consolidated Law on Financial Intermediation), that the accounting information disclosed in this press release reflects documentary evidence, accounting entries and other records of the company.





AMCO – Asset Management Company S.p.A.

With €36.2 billion of pro-forma NPEs at the end of September 2022, of which €13.2 billion of UTPs related for 75% to over 41 thousand Italian companies, coupled with a 20-year track record (as SGA), AMCO is a leading company in the management of impaired loans, a reference point in the NPE market in Italy, serving the country and the real economy.

Owned by the Ministry of Economy and Finance, AMCO is a full-service credit management company operating in the market. Supervised by the Bank of Italy and “Corte dei Conti” as well as subject to the control of its transactions by the Directorate General for Competition (DGComp), which acts at EU level, AMCO operates according to a flexible, innovative business model that respects debtors, creditors, originating banks, bondholders and individuals.

The management approach is designed to avoid creating financial and reputational stress and is aimed at promoting business sustainability, including by directly granting new financing to support business continuity and industrial turnaround, so as to re-inject resources and energy into the system for the benefit of the country’s economy.

Thanks to a diversified management strategy encompassing NPLs and UTPs and to the skills and expertise of its 368 professionals operating in Milan, Naples and Vicenza, AMCO fully addresses the process of managing impaired loans and any kind of portfolio, including large ones, relying on an effective and flexible operating structure.

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