amco

ASSET MANAGEMENT COMPANY

Interim financial report 2019

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01

corporate officers and independent auditors

BOARD OF DIRECTORS

Chairman	Alessandro Rivera
Chief Executive Officer	Marina Natale
Director	Domenico Iannotta

BOARD OF STATUTORY AUDITORS

Chairman	Giampiero Riccardi
Permanent Auditor	Giuseppa Puglisi
Permanent Auditor	Giovanni Battista Lo Prejato
Substitute Auditor	Maurizio Accarino
Substitute Auditor	Delia Guerrera

INDEPENDENT AUDITORS	Deloitte & Touche S.p.A.[1]

MANAGER IN CHARGE OF FINANCIAL REPORTING

Manager in Charge	Silvia Guerrini[2]

PARTIES APPOINTED TO CARRY OUT THE FINANCIAL CONTROL BY THE COURT OF AUDITORS (IT. LAW NO. 259/58)

Principal Appointee	Giulia De Franciscis
Substitute Appointee	Carmela de Gennaro

SUPERVISORY BODY pursuant to Italian Legislative Decree No. 231/2001

Chairman	Arturo Betunio
Member (external)	Olga Cuccurullo
Member (internal)	Lorenzo Lampiano

At the date of closing of the Interim Report as at 30 June 2019

[1] The mandate for the regulatory audit was assigned with resolution of the Shareholders' Meeting of 12 February 2019 and with effect from the date of approval of the 2018 Annual Report by the Shareholders' Meeting.
[2] Appointed by resolution of the Board of Directors of 15 March 2019 with effect of the mandate from the date of approval of the 2018 Annual Report by the Shareholders' Meeting.

02

introduction

On the 19 July 2019 the Extraordinary Shareholders' Meeting of the Company resolved about the change of the business name form Società per la Gestione delle Attività – SGA S.p.A. into AMCO – Asset Management Company S.p.A., together with a full review of Company's image, with the purpose to highlight the changing in the market position and mission. The resolution was transcribed in the Commercial Register at Naples on 4 September 2019, becoming effective against third parties since that date.

The renaming and rebranding contribute to the company evolution, with the aim of playing a role in the Non Performing Exposures (NPEs) sector in Italy.

The new brand identity reflectsthe value of an historical company with a twenty years track record in a modern and innovative way, but it also underlines the effort for transforming problematic credit portfolios in new opportunities for the borrowers.

The new brand identity reflects the nature of a real full credit management company, able to entirely oversee the process of management and recovery of impaired loans, acting with promptness, concreteness, sustainability and innovation in management approaches. AMCO reflects the historical identity of SGA, but also underlines its innovation path, making it internationally recognizable.

S.p.A. – AMCO - Asset Management Company S.p.A (hereinafter also "AMCO" or the "Company") is a financial intermediary pursuant to art. 106, specialised in management and recovery of non-performing loans.

Since 1997 the Company has operated in the context of legislative and regulatory interventions pursuant to Law no. 588 of 19 November 1996 (conversion into Law from Legislative Decree no. 497 of 24 September 1996, laying down "urgent provisions for the reorganisation, restructuring and privatisation of Banco di Napoli") and of art. 3 of Italian Ministerial Decree of 14 October 1996. In this context, the Company became a bulk assignee, pursuant to art. 58 of the Consolidated Banking Act, of loans and other assets of problematic recoverability of Banco di Napoli and of other Banco di Napoli Group companies (ISVEIMER and BN Commercio e Finanza), represented mainly by non-performing or bad loans, in addition to assets deriving from the reorganisation, equity investments and securities.

With Ministerial Decree of 22 February 2018 published in Official Gazette no. 123 of 29/05/2018, the Ministry of Economy and Finance, in implementing the powers granted by art. 5, paragraphs 1 and 5 of Italian Decree Law 99 of 25 June 2017, arranged for AMCO, through Segregated Assets nominated "Gruppo Veneto" and "Gruppo Vicenza", to become the assignee of non-performing loans, assets of problematic recoverability and connected juridical relationships respectively of Veneto Banca S.p.A. in Liquidazione Coatta Amministrativa (hereinafter, also "VB LCA") and of Banca Popolare di Vicenza S.p.A. in Liquidazione Coatta Amministrativa (hereinafter, also "BPVI LCA"), together also the "former Veneto Banks" (hereinafter the "LCA"), both subject to administrative compulsory liquidation since June 2017, with the objective of maximising the recovery value over time and at the same time optimising the management of relationships with debtors.

The transfer had, as its object, the loans classified or classifiable as bad loans, unlikely to pay and past due as of the date of the launch of the administrative compulsory liquidation procedures and not transferred to and/or retroceded by ISP in accordance with Articles 3 and 4 of the afore-mentioned Decree Law, together with assets, agreements and legal rights and obligations accessory to the same, including securitisation notes issued by the securitisation vehicles Flaminia SPV S.r.l. (hereinafter also "Flaminia") and Ambra SPV S.r.l. (hereinafter also "Ambra"), with the exclusion from this scope of certain assets, liabilities, agreements and rights and obligations identified in the transfer agreements on a consistent basis with the criteria laid down by Ministerial Decree of 22 February 2018.

During 2018 the Company also acquired the ownership of foreign loans relative to banks already controlled by Veneto Banca S.p.A. in Croatia, Albania and Moldavia, as well as the Romanian branch of the same for an overall gross book value of around EUR 700 million. Management and collection of loans, partially outsourced to foreign companies specialised in credit recovery, as well as to SGA S.r.l., the newly established Romanian company fully owned by AMCO, started in the second quarter of 2018 and has mainly affected loans to residents in Romania, Croatia and Albania. With regard to the Moldovan portfolio, the process to fulfil the obligations required by local regulations connected to the transfer of loans and guarantees, aimed at guaranteeing an effective management and recovery activity, is currently being finalised.

Furthermore, the LCA granted AMCO, again on 11 April 2018, a full outsourcing mandate to manage the exposures deriving from credit operations through which the purchase of shares or subordinated bonds of the former Veneto Banks ("Financed Capital") were financed, in total or in part.

The shareholders' meeting resolution of 19 July 2019 also changed the corporate purpose set out in the AMCO Articles of Association to the following:

"The Company's corporate purpose involves the purchase and management for selling purposes, according to economic criteria, of loans and accounts originating from banks enrolled in the register set forth in Article 13 of Italian Legislative Decree No. 385 dated 1 September 1993 (hereinafter TUB), from companies belonging to bank groups enrolled in the register set forth in Article 64 of the TUB and from financial intermediaries enrolled in the register set forth in Article 106 of the TUB, even if not part of a banking group. The Company may also purchase on the market equity investments and other financial assets, including securitisation securities with underlying loans originated from banks, companies belonging to banking groups and financial intermediaries that need not belong to banking groups, as well as closed-end investment fund units, reserved for professional investors, set up for the subscription of shares issued by banks or for the subscription and/or purchase of securities issued by companies set up to finance the acquisition of loans originating from banks, companies belonging to banking groups and financial intermediaries that need not belong to banking groups, or for the direct acquisition of such loans. The Company – also through the Segregated Assets constituted pursuant to article 5 of Law Decree no. 99 of 25 June 2017, converted with amendments into Law no. 121 of 31 July 2017, and the revisions of ministerial decrees adopted pursuant to this regulation – may (i) directly or indirectly issue loans, in the various forms indicated in article 2 of Ministerial Decree no. 53 of 2 April 2015, to transferred debtors pursuant to this article or managed by the same pursuant to article 2 below, as well as to vehicles or to collective investment undertakings established to acquire and manage, directly or indirectly, loans and accounts originated from banks, financial intermediaries that need not belong to banking groups and companies belonging to banking groups, provided that those loans pursue, even with an intermediary management platform, the objective of maximising the value of the underlying loans (and of any other loans, assets legal relationships accessory or linked to them); and (ii) exercise the financial lease business, as well as the operating and hire lease businesses, becoming the assignee of assets and obligations deriving from resolved or ongoing lease contracts, stipulated between third parties, and of the underlying assets, and concluding new lease contracts in order to reallocate the leased assets acquired. The Company also deals with the management of third party judicial and extrajudicial recovery of performing loans originating from banks, companies belonging to banking groups and financial intermediaries that need not belong to banking groups. In this context, the Company, where it operates on behalf of securitisation companies constituted pursuant to Law no. 130 of 30 April 1999, will be able to carry out the role of subject mandated to the collection of transferred loans, payments and the verification of the compliance of transactions with the law

and the information prospectus, pursuant to article 2, paragraph 6 and 6-bis, of Law no. 130 of 30 April 1999. The activities referred to in paragraphs 1 and 2 of this article will focus on non-performing loans and, ancillary to these, loans that at the time of investment or when they are subsequently taken over are classified as performing. These activities will be carried out in Italy and, in compliance with current legislation and the regulatory rules possibly applicable, abroad. In order to achieve the corporate purpose, the Company may carry out operations for the management, in any form, divestment and sale of loans and receivables, equity investments and other financial assets; as well as, in furtherance of the company purpose, any other commercial, financial, securities and real estate transactions, in compliance with current regulations. Pursuant to art. 18, paragraph 3 of Legislative Decree no. 58 of 24 February 1998, the Company can exercise with respect to transfer debtors, in connection with the activities described in paragraph 1 of this article, trading services and activities on its own behalf and order execution services on behalf of clients, in each case limited to derivative financial instruments. The Company can also issue bonds in compliance with current legislative and statutory provisions. It is for the Board of Directors to decide on the issue of financial instruments other than shares or non-convertible into such. The adoption of a program to issue financial instruments other than shares or non-convertible into such and aimed at regulated markets, or a single issue of such instruments not realised on the basis of a program authorised by the Shareholders' Meeting, may only be implemented in case of identified financial needs of the Company and with the prior authorisation of the Shareholders' Meeting pursuant to article 2364, paragraph 1, no. 5 of the Italian Civil Code.”

03

corporate structure

In accordance with Article 12 of Italian Law No. 259 dated 21 March 1958, since it is a company entirely invested in by the Ministry for the Economy and Finance, Corte dei Conti monitors AMCO financial activities.

At present, AMCO holds the entire equity investment in the company Immobiliare Carafa S.r.l. in liquidation (Board resolution of 24 May 2019), a company established for the optimum realisation of mortgages and used for auction measures and *datio in solutum* transactions, and in Società per la Gestione di Attività S.r.l., a Romanian registered company dealing with the management of non-performing loans to Romanian residents, held by the Segregated Assets of Veneto Group.

AMCO's corporate structure as at 30 June 2019 is shown in the following diagram:

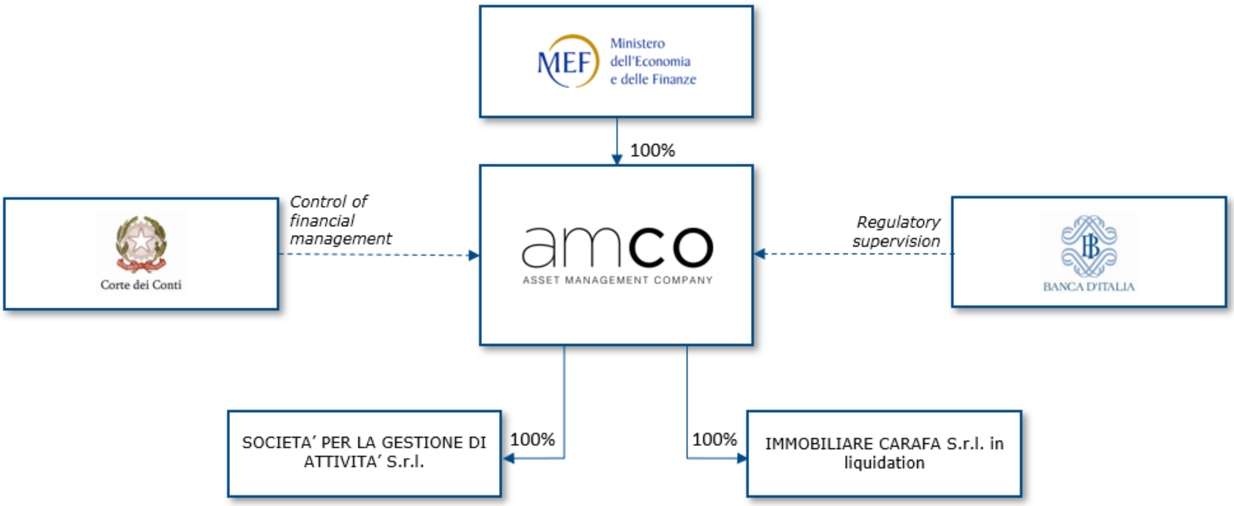

Diagram 1 - Corporate Structure as at 30 June 2019

The fully paid-in share capital is divided into 3,000,000 ordinary shares without nominal value and amounts to EUR 3,000,000.

04

organizational structure

The current organisational structure of AMCO was approved by the Board of Directors on 21 June 2019, determining some changes to the Organisation Chart approved on 11 June 2018.

AMCO's organisational structure as at 30 June 2019 is shown below:

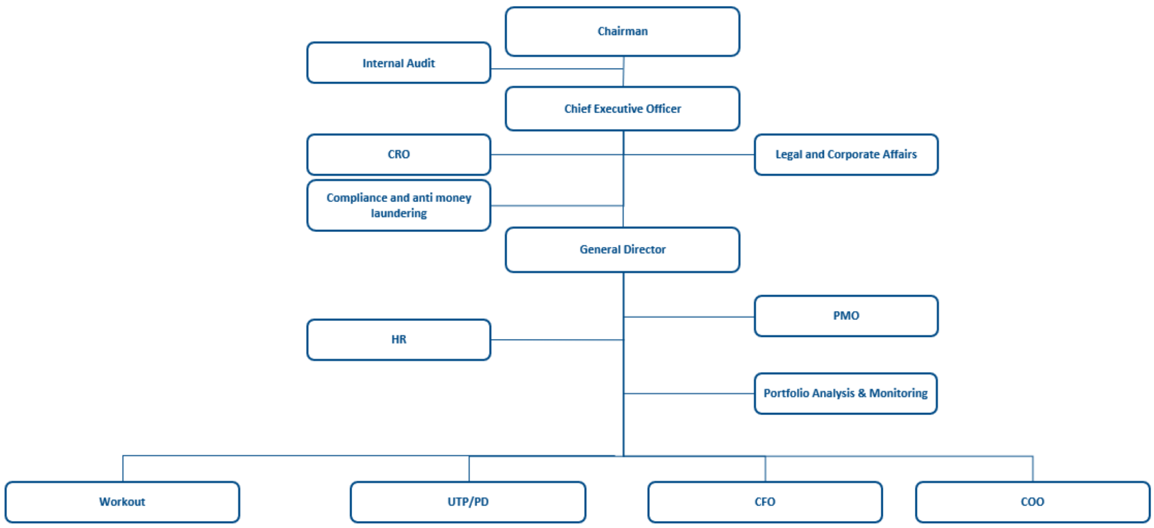

Diagram 2 - AMCO's organisational structure as at 30 June 2019

At 30 June 2019, the following activities were outsourced:

- IT system for administrative and accounting management;
- software and hardware consulting and support;
- preparation of payroll and related relations with public offices;
- tax consultancy.

In order to prevent the commission of offences from which might derive the administrative liability of entities pursuant to Legislative Decree no. 231/2001, the Company has adopted an Organisational, Management and Control Model, last updated with resolution of the Board of Directors of 21 June 2019. In compliance with the above-mentioned regulation, the Company has also provided to appoint a Supervisory Board, whose members have proven experience in financial, corporate and juridical issues. The mandate will expire with the approval of the financial statements as at 31 December 2020.

The Company, with resolution of 19 October 2016, established the figure of the "Manager in Charge of Financial Reporting", as required by the Articles of Association and on a consistent basis with the change in its shareholding structure (i.e. full control by the Ministry for the Economy and Finance).

Breakdown of the workforce

As at 30 June 2019, AMCO's employees were 211 in total, increasing from 31 December 2018 (n.144 employees).

As at 30 June 2019, there are no coordinated and continuous collaboration contracts in place.

During 2019 AMCO has benefited from the collaboration of some employees seconded by Intesa Sanpaolo S.p.A. (hereinafter "ISP") from the former Veneto Banks. As at 30 June 2019, only 1 employee was seconded at AMCO.

The following table provides the breakdown of AMCO headcount as at 30 June 2019 by gender, age and length of service, qualification.

	Senior managers	Middle management	White-collar workers	Coordinated and continued collaborators	Consultants	Seconded
Men (number)	11	81	33			
Women (number)	2	51	33			1
Total	**13**	**132**	**66**			**1**
Average age	52	46	39			50
Length of service (*)	1	5	8			-
Permanent contract	13	132	65			
Fixed-term contract			1			

(*) length of service with AMCO S.p.A.

Table 1 - Composition of the headcount as at 30 June 2019

Disputes

There were no legal disputes outstanding with employees as at 30 June 2019.

Turnover

With regard to staff turnover, in the first six months 2019 this was more sustained compared to the previous year following the changed organisational and personnel needs of the Company, due to the start of the management of the Non-Performing Exposure (“NPE”) portfolio of the former Veneto Banks.

Permanent contract	01.01.2019	Recruitment	Change from fixed-term to permanent contract	Resignations, retirements and terminations	Change in category	30.06.2019
Senior managers	11	2				13
Middle management	71	52		-2	11	132
White-collar workers	62	16		-2	-11	65
Total	**144**	**70**		**-4**	**-**	**210**

Fixed-term contract	01.01.2019	Recruitment	Change from fixed-term to permanent contract	Resignations, retirements and terminations	Change in category	30.06.2019
Senior managers						
Middle management		2		-2		
White-collar workers		1				1
Total		**3**		**-2**		**1**

Table 2 - Staff turnover in the first semester of 2019

Geographic location

As at 30 June 2019, the Company had established its registered office to Via Santa Brigida 39 in Naples; general management is based at Via del Lauro 5/7 in Milan. As at 30 June 2019, the Company also operates at sites in Viale Europa 23 in Vicenza.

05

Report on operations

MACROECONOMIC SCENARIO

During the first semester of 2019 has continued the low growth phase of the international economy started in mid-2018. In particular, the uncertainty in the international commercial relation (mostly between USA and China), generated a decrease in raw material prices and in international investments.

Due to the Brexit and to a risk of duties increase by the USA to European cars exporters, clear signs of economy slowdown were noted both in American but mostly in European martkets.

In the view of this elements Central Banks tried to counterbalance this prospective with accommodative monetary policies.

During the first half of 2019 the Italian economy, affected by the international situation and European political tensions, remained substantially steadily[3], confirming the stagnant economy phase started in mid-2018.

On the domestic demand side, the positive contribution of the investments in a steady demand phase, is offset by the negative change in stocks. On the foreign trade side, import and export showed similar growth rates with substantially a zero-net contribution.

During the first semester has continued the improvement in the labour market with an unemployment rates of 9,7%[4] as at 30 June 2019, the lowest value since 2012, decreasing of 1%[5] compared to June 2018.

Banking sector showed a reduction in risks connected to the assets, because of a lower increase in the NPEs and to the management activities and disposal implemented in the NPEs market.

Based on Bank of Italy data, during the first trimester of 2019 the total NPEs related to Italian banking sector, showed a reduction of 10 billion (-6%)[6] compared to the end of 2018.

The aforementioned trend is also confirmed by the last available data on the NPLs which have been attested at 32,6 billion at May 2019, with a reduction of 50,8 billion compared to May 2018 (-36% YoY). The NPLs ratio on total loans has been attested at 1,88% (2,93% as at May 2018) [7].

[3] Istat: Conti Economico trimestrali, II trimestre 2019
[4] Istat: Occupati e disoccupati, Giugno 2019
[5] Istat: Occupati e disoccupati, Giugno 2019
[6] Banca d'Italia: Bollettino Economico n.3 – 2019
[7] Abi: Monthly Outlook, Luglio 2019

OPERATING PERFORMANCE

Following the acquisition of non-performing loans of the former Veneto Banks, AMCO is today one of the main players in the Italian market for the management of NPE. AMCO is the fifth largest Italian operator in the management of NPE with over EUR 20 billion in assets under management divided into over 110,000 counterparties, and the 2nd operator in the management of unlikely to pay and past due loans, with over EUR 7 billion managed, able to oversee the entire management process of positions affecting over 20,000 companies across the country, also through agreements with specialist partners and the possibility of directly issue new loans at competitive terms to ensure the safety and the industrial relaunch of some of these companies.

In terms of gross book value, the breakdown of the assets under management, equal to 20.3 billion, as at 30 June 2019 is as follow:

- EUR 1.8 billion for around 2,500 debtors relating to the portfolio originating from the former Banco di Napoli.
- EUR 7.7 billion for around 42,000 debtors relating to Gruppo Veneto Segregated Estates (including the securitisations Flaminia for EUR 2.2 billion);
- EUR 9.1 billion for around 66,000 debtors relating to Gruppo Vicenza Segregated Estates (including the securitisations Ambra for EUR 4.3 billion);
- EUR 1.7 billion for around 900 debtors relating to Financed Capital;

The net profit for the first half 2019 amounts to EUR 8.2 million.

Trend of Segregated Estates asset under management

The asset under management of the Segregated Estates as at 30 June 2019 amount to EUR 7,675 million for Gruppo Veneto Segregated Assets and to EUR 9,077 million for Gruppo Vicenza Segregated Assets (data showed at 31 December 2018 equal to, respectively, EUR 7,723 million and EUR 9,019 million).

On 11 May 2019, ISP activated the option set by Law Decree of 25 June 2017, n.99, article 4, subsection 5, letter b) for selling-back to LCAs of loans classified as “high risk” at the time of the acquisition of former Veneto Banks performing assets by ISP itself. The non performing exposures have been given to the Segregated Asset, for a total gross book value of EUR 414 million.

The prepayments of the debts with LCAs carried out in the 1H2019 amount to EUR 254 million, of which EUR 146 million to Banca Popolare di Vicenza in LCA and EUR 108 million to Veneto Banca in LCA.

Main indicators as at 30 June 2019

In order to better explain the financial situation of the Company, also considering its peculiarity in the current financial environment, the following tables provide the reclassification of the Financial Statement according to an operational criterion.

The Company has not drawn up the Interim Financial Report for 2018; consequently, the comparative information for economical data is not provided in this Report.

Reclassified Balance Sheet Statement

The following Balance Sheet has been reclassified on the basis of assets and liabilities nature.

Asset items (Amounts €/000)	30/06/2019	31/12/2018
Loans and receivables with banks	141,110	83,093
Loans and receivables with customers	126,486	131,194
Financial Assets	699,182	502,222
Equity investments	37	158
Property, plant and equipment and intangible assets	7,080	269
Fiscal assets	68,432	70,776
Other assets	59,756	34,704
Total assets	**1,102,082**	**822,416**

Table 3 – Reclassified Balance sheet assets as at 30 June 2019

Liabilities and net equity items (Amounts €/000)	30/06/2019	31/12/2018
Financial liabilities measured at amortised cost	250,608	5
Fiscal liabilities	7,196	4,102
Specific purpose provision	39,661	35,752
Other liabilities	18,845	7,567
Share capital	3,000	3,000
Reserves	778,943	731,480
Valuation reserves	(4,331)	(7,009)
Profit (Loss) for the year	8,160	47,519
Total liabilities and net equity	**1,102,082**	**822,416**

Table 4 – Reclassified Balance sheet liabilities and net equity as at 30 June 2019

Aum (Amounts €/Mln)	30/06/2019	31/12/2018
GBV on balance	1,795	1,907
GBV off balance	18,470	18,330
Total GBV	**20,265**	**20,237**

Table 5 – Asset under management as at 30 June 2019

Reclassified Profit and Loss Statement

The following reclassified Profit and Loss Statement has the purpose to highlight the EBITDA margin and the costs and revenues arising from Company core business, which consist in the management and collection of NPE either on balance or off balance (under management). Core revenues include also the income from financial instrument, such as securitization notes or investment funds, of which AMCO acts like servicer. EBITDA margin does not include costs and revenues related to the financial or non core activities of the Company.

Income Statement (Amount €/000)	**30/06/2019**
Servicing fees	23,319
Interest and commissions from activities with customers	7
Other operating income and expenses	0
TOTALE REVENUES	**23,325**
Personnel expenses	(12,103)
Operational net costs	(7,963)
TOTAL COSTS	**(20,066)**
EBITDA	**3,260**
Net impairment gain on loans with costumers	8,976
Net impairment losses on property, plant and equipment and intangible assets	(622)
Accruals	(5,495)
Other operating income and expenses	378
Result of financial management	7,625
EBIT	**14,121**
Interest and commission from financial management	(2,242)
PROFIT OF CURRENT ASSETS BEFORE TAXES	**11,879**
Income taxes for the year on current operating activities	(3,719)
Net profit of the year	**8,160**

Table 6 – Reclassified income statement as at 30 June 2019

EBITDA MARGIN	***14%***

Table 7 – EBITDA margin as at 30 June 2019

Reconciliation of Balance Sheet Profit and Loss Statement

Values (Amounts €/000)	30/06/2019	31/12/2018
Loans and receivables with banks	**141,110**	**83,093**
+ 40 (a). Loans and receivables with banks	141,110	83,093
Loans and receivables with customers	**126,486**	**131,194**
+ 40 (b). Financial assets measured at amortised cost: loans and receivables with financial companies	20	20
+ 40 (c). Financial assets measured at amortised cost: loans and receivables with customers	126,466	131,173
Financial Assets	**699,182**	**502,222**
+ 20 (c). Financial assets valued at fair value with impact on the income statement: financial assets compulsorily valued at fair value	493,321	502,022
+ 30. Financial assets valued at fair value with impact on the comprehensive income	205,861	200
Equity investments	**37**	**158**
+ 70. Equity investments	37	158
Property, plant and equipment and intangible assets	**7,080**	**269**
+ 80. Property, plant and equipment	7,012	184
+ 90. Intangible assets	69	85
Fiscal liabilities	**68,432**	**70,776**
+ 100 (a). current fiscal liabilities	6,355	6,066
+ 100 (b). deferred fiscal liabilities	62,076	64,710
Other asset	**59,756**	**34,704**
+ 10. Cash and cash equivalents	0	0
+ 120. Other assets	59,755	34,704
Totale assets	**1,102,082**	**822,416**

Table 8 – Reconciliation of the reclassified balance sheet as at 30 June 2019

Values (Amounts €/000)	30/06/2019	31/12/2018
Financial liabilities measured at amortised cost	**250,608**	**5**
+ 10 (a). Financial liabilities measured at amortised cost: payables	5	5
+ 10 (b). Financial liabilities measured at amortised cost: debt securities in issue	250,603	0
Fiscal liabilities	**7,196**	**4,102**
+ 60 (a). Current fiscal liabilities	7,196	4,102
+ 60 (b). Deferred fiscal liabilities	0	0
Special purpose funds	**39,661**	**35,752**
+ 90. Employee severance indemnities	617	612
+ 100 (b). Provisions for risks and charges: pensions and similar obligations	43	5
+ 100 (c). Provisions for risks and charges: provisions for risks and charges	39,001	35,135
Other liabilities	**18,845**	**7,567**
+ 80. Other liabilities	18,845	7,567
Share capital	**3,000**	**3,000**
+ 110. Share capital	3,000	3,000
Reserves	**778,943**	**731,480**
+ 150. Reserves	778,943	731,480
Valuation reserves	**(4,331)**	**(7,009)**
+ 160. Valuation reserves	(4,331)	(7,009)
Profit for the year	**8,160**	**47,519**
+ 170. Profit for the year	8,160	47,519
Total assets	**1,102,082**	**822,416**

Table 9 – Reconciliation of the reclassified balance sheet as at 30 June 2019

Values (Amounts €/000)	30/06/2019
Servicing fees	**23,319**
+ 40. Fees and commissions income (partial)	23,319
Intetest/commissions from activities with customers	**7**
+ 10. Interest and similar income (partial)	7
+ 40. Fees and commissions income (partial)	
TOTAL LIABILITIES	**23,325**
Personnel expenses	**(12,103)**
+ 160 (a). Personnel expenses	(12,103)
+ 160 (b). Administrative expenses (partial)	
Operational costs	**(7,963)**
+ 160 (b). other administrative expenses	(9,522)
- 160 (b). Administrative expenses (partial)	
+ 200. Other operating income and expenses (partial)	2,055
+ 50. Fees and commissions expense (partial)	(496)
TOTAL COSTS	**(20,066)**
EBITDA	**3,260**
Net impairment gain on loans with costumers	**8,976**
+ 100 (a). Profit (loss) on sale/repurchase of: financial assets measured at amortised cost	(993)
+ 130 (a). Net impairment losses on credit risk of: financial assets measured at amortised cost	8,343
+ 10. Interest and similar income (partial)	1,626
Net impairment losses on property, plant and equipment and intangible assets	**(622)**
+ 180. Net impairment losses on property, plant and equipment	(606)
+ 190. Net impairment losses on intangible assets	(16)
Net accruals to provisions for risks and charges	**(5,495)**
+ 170. Net accruals to provisions for risks and charges	(5,495)
Other operating income and expenses	**378**
+ 200. Other operating income and expenses	2,433
- 200. Other operating income and expenses (partial)	(2,055)
Result of financial management	**7,625**
+ 100 (b). Profit (loss) on sale/repurchase of: financial assets valued at fair value with impact on comprehensive income (partial)	0
+ 110 (b). Net result of other assets and of financial liabilities valued at fair value with impact on the income statement: other financial assets compulsorily valued at fair value (partial)	8,073
+ 130 (b). Net impairment losses on credit risk of: financial assets valued at fair value with impact on comprehensive income (partial)	(327)
+ 220 Net gains (losses) on equity investments	(121)
EBIT	**14,121**
Interest and commission from financial management	**(2,242)**
+ 10. Interest and similar income (partial)	437
+ 20. Interest and similar expense	(2,707)
+ 40. Fees and commissions income (partial)	28
+ 50. Fees and commissions expense (partial)	
PROFIT OF CURRENT ASSETS BEFORE TAXES	**11,879**
+ 270. Income taxes for the year on current operating activities	(3,719)
NET PROFIT OF THE YEAR	**8,160**

Table 10 – Reconciliation of the reclassified Profit and Loss statement as at 30 June 2019

Financial solidity and Key Performance Indicators

Euro/millions - %	FY 2019	FY 2018	Delta
Regulatory capital	775.4	725.1	6.9%
Weighted risk assets	4,458.3	6,014.9	(25.9)%
CET 1	**17.4%**	**12.1%**	**5.3%**
Total Capital Ratio	**17.4%**	**12.1%**	**5.3%**

Table 11 – Key performance indicators as at 30 June 2019

AMCO confirms its Financial solidity in 2019 too, with a Total Capital Ratio of 17.4%, well above the minimum requirement set by Regulators (8%). Comparing CET 1 as at 30 June 2019 with 2018 YE ratio, a significant increase is noted and due to a decrease in Risk Weighted Assets (-25.9%), mainly related to the decrease of the exposure in Italian Recovery Fund, which has been weighted according to a payment schedule drown up in accordance with "Large Exposure" requirements. The Regulatory Capital has increased by 6.9% compared to FY 2018.

Key Balance Sheet figures

Total Assets are 63.4% made up of investments in financial assets valued at fair value, of which:

- EUR 493.3 million are related to the investment in Italian Recovery Fund;
- EUR 206.1 million made up of Italian Government Bonds (gross of impairment)

The remaining assets are made up of 12.8% of cash and cash equivalents, 11,5% of loans and receivables from borrowers, 0.6% of tangible and intangible assets and 6.2% of tax assets.

Net equity at 30 June 2019 amounts to EUR 785.8 million, compared to EUR 1,102.1 million of total assets; this highlight the substantial own-fund financing of the Company.

On 6 February 2019 AMCO placed its first unsecured senior bond for EUR 250 million, using the European programme for the issue of medium/long-term financial instruments ("EMTN Programme") of EUR 1 billion, agreed with resolution of the Shareholders' Meeting of 10 May 2018 and approved by the Luxembourg stock exchange on 25 May 2018. The issue was settled, for the entire amount, on 13 February 2019. The bond has a five year maturity and confers the right to the payment of a fixed annual coupon equal to 2.625%. The issue, which was reserved to qualified and institutional investors and required a minimum investment of EUR 100,000, obtained a rating of BBB- from Fitch and is listed on the Luxembourg stock exchange.

Management of the non-performing assets

During 2019, AMCO continued with the management of the assets of former Banco di Napoli, comprising non-performing loans, agreements and other problematic assets (unsecured loans exposed to country risk, securities, equity investments), for an original gross value of around EUR 8,980 million, acquired by AMCO for a price equating to roughly EUR 6,426 million, of which EUR 6,273 million relating to loans and receivables and EUR 153 million relating to securities and equity investments.

Assets acquired from former Banco di Napoli	Price paid in 1996	Collection								Total collection as of 30/06/2019
		1997-2000	2001-2005	2006-2010	2011-2015	2016	2017	2018	30.06.2019	
Loans and Receivables	6.273	2.223	1.534	943	336	46	35	36	14	**5.168**
Securities e equity investments Italia (incl. BNI)	153	163	57	24	5	1	0	0	0	**250**
Transactions with former Banco di Napoli	n.a.	13	125	14		0	0	0	0	**152**
Total assets of former Banco di Napoli	**6.426**	**2.398**	**1.716**	**982**	**341**	**48**	**35**	**37**	**14**	**5.569**

Table 12 - Past trend in recoveries (figures in EUR/million)

Management of the non-performing loans of former Banco di Napoli

Regarding the activities for recovery of the non-performing loans portfolio of former Banco di Napoli, acquired by AMCO (equivalent value EUR 6,273 million), the trend of the same as from the moment of acquisition to-date is presented in the following table.

Type of asset	Price paid in 1996	Collection								Total collection as of 30/06/2019
		1997-2000	2001-2005	2006-2010	2011-2015	2016	2017	2018	30.06.2019	
Non performing	2.827	587	938	717	328	46	34	36	14	**2.699**
Unlikely to pay	2.610	996	551	213	5	0	1	0	0	**1.767**
Foreborne exposures	581	307	10	3		0	0	-		**320**
Exposures to country risk	256	293	5			0	0		0	**298**
Contributions relative to assets	n.a.	39	30	10	3	0	1	0	0	**84**
Total assets	**6.273**	**2.223**	**1.534**	**943**	**336**	**46**	**35**	**36**	**14**	**5.168**

Method notes: The recovery values shown include around EUR 208 million relating to collections made between 1996 and today's date, deriving from the transfer of properties by Carafa Immobiliare S.r.l. in liquidazione (currently still entirely controlled by AMCO), Mediana S.r.l. and Sintesi Seconda S.r.l. (sold respectively in 2006 and 2007) and Badia S.r.l. (wound-up), originally acquired by way of "datio in solutum", while around EUR 0.1 million is excluded relating to repossession activities carried out by the subsidiary Carafa Immobiliare S.r.l.in liquidazione.

Table 13 - Trend in recoveries on former Banco di Napoli loans (figures in EUR/million)

The recovery activities of this portfolio, launched more than 20 years ago, continued during 2019 disclosing overall collections for EUR 14 million, leading total recoveries achieved as from acquisition of the portfolio until 30 June 2019 to EUR 5,168 million, equal to 82.4% of the initial equivalent value paid by AMCO for acquiring these loans and receivables.

In 2019 the recovery activities on the former Banco di Napoli non-performing loans portfolio disclosed a recovery percentage of 11% of the value of the portfolio at the start of the year, essentially in line with the percentages seen in the last few years and consistent with the vintage of the portfolio and the status of the recovery procedures originally undertaken, in many cases having reached the imminent closures stages.

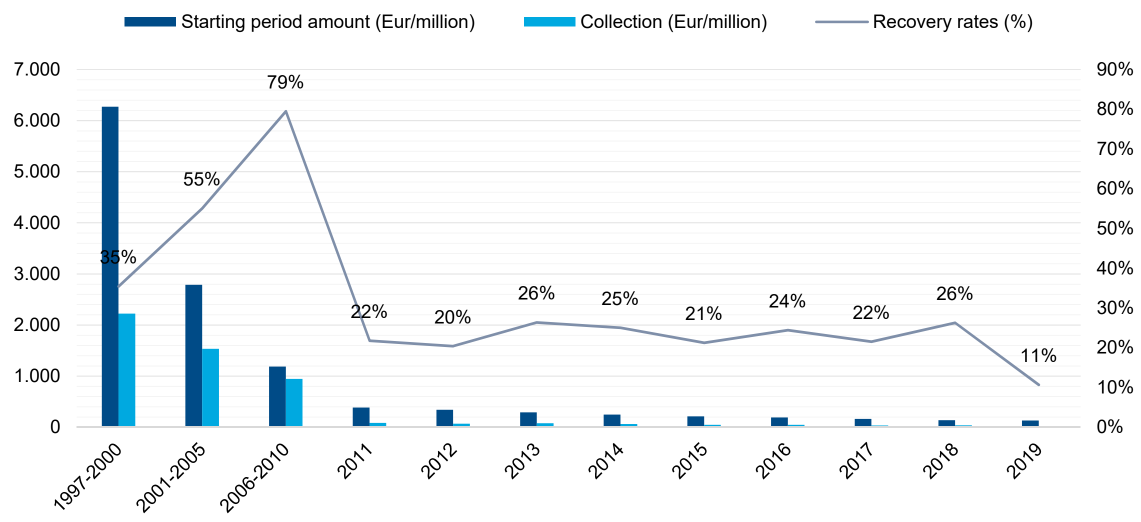

Diagram 3 - Recovery rates on the initial balance

During 2019, the management activities on the former Banco di Napoli portfolio made it possible to continue with the discharge of an additional portion of managed positions, further to transactions concluded by AMCO with its debtors and/or the final conclusion of the recovery procedures. The asset accounting closing related primarily to positions of unsecured loans with a greater vintage due for bankruptcy and/or insolvency proceedings dating back many years.

In detail, in 2019 71 positions were settled, for an original value of EUR 71 million, and a price originally paid by AMCO in 1996 equating to EUR 62 million.

The settlements achieved between 1996 and the end of 2018 had been equal to 29,433, for an original value "in respect of which an action for recovery can be brought" of EUR 7,181 million, a price originally paid by AMCO equal to EUR 5,171 million.

Management of the securities acquired from former Banco di Napoli

Besides the management of the former Banco di Napoli NPL credit portfolio, AMCO had originally also acquired securities and equity investments for an equivalent value of EUR 153 million.

With respect to these assets, over time AMCO has recovered well over the original purchase value equating to EUR 153 million, collecting in total EUR 249.5 million, including the partial collection, EUR 67 million, relating to the transaction for the disposal of the equity investment in former Banco di Napoli International, as well as, for EUR 83 million roughly, relating to the partial recovery of the loans acquired from former Banco di Napoli International (disposed in 1999 for 95% and in 2000 for the remaining 5%) at the time of disposal of the equity investment.

Management of the non-performing assets of former ISVEIMER S.p.A. and former GRAAL S.r.l.

During the financial year recovery activities continued on non-performing loans (bad and substandard for a total of 1,889 positions, of which 169 substandard) deriving from the acquisition carried out in 2000 further to the liquidation of ISVEIMER S.p.A.

The original transaction envisaged the acquisition of non-performing loans/receivables for an original gross book value of EUR 1,099 million, acquired by AMCO at a price equal to the net book value (EUR 289 million). The payment of the price took place by means of the undertaking of a lien deposited as a guarantee for the loans and receivables (EUR 29 million) and the remaining balance by means of quarterly transfer of the collections achieved on said loans/receivables by AMCO, net of the expenses and charges incurred during the management.

Recovery activities also continued on the portfolio of loans and receivables deriving from former GRAAL S.r.l., acquired in 2002 from ISVEIMER S.p.A. and subsequently merged into AMCO during 2009, which held leasing receivables for an original gross recovery value of EUR 62 million, acquired by AMCO at a price of EUR 35 million, already fully paid by the end of 2007.

With reference to the residual former ISVEIMER and former GRAAL portfolios, during 2019 collections were recorded for EUR 0.3 million, equal to 3% of the residual value at the start of 2019, therefore taking the overall recovery of the former ISVEIMER portfolio to EUR 501.4 million compared with the price recognised in 2000 equal to EUR 289 million.

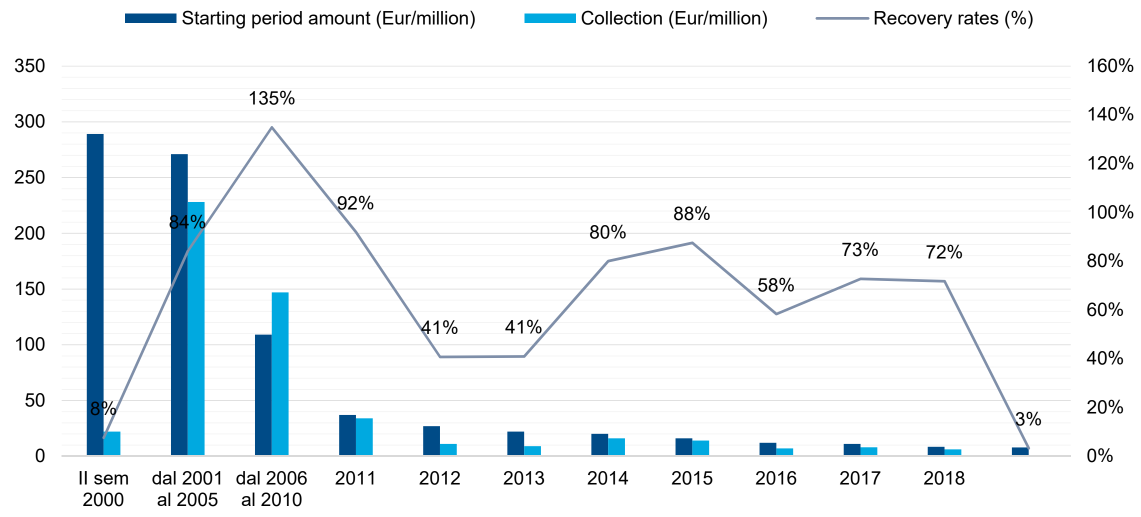

Figura 5 - Tassi di recupero sul saldo iniziale

Investments in financial assets

On a consistent basis with AMCO's new corporate purpose and in line with the process already launched in 2016 and 2017, the Company also continued with the implementation of a new strategy involving investment in financial assets.

That strategy privileges investments in assets directly and/or indirectly connected to recovery and/or "system" activities, while maintaining active management of available liquidity to offset the cost of funding and the reduction of the risk profile through investments in liquid financial assets (mainly Italian government bonds).

In the 1H of 2019 200 million Italian government bonds were purchased, which generated EUR 0.4 million in interest income and a positive valuation posted in reserves of EUR 2.8 million.

Italian Recovery Fund

Following the issue of Italian Law Decree No. 69/2016, and subsequently in 2017, having considered the institutional invitations to market investors to tackle the systemic critical issues related to bank NPLs, AMCO formalised a commitment to subscribe a nominal amount of EUR 450 million (in 2016) and an additional EUR 70 million (in 2017) for the investments in units of the Atlante II Fund, subsequently renamed Italian Recovery Fund (hereinafter, also referred to as the "Fund").

Italian Recovery Fund is a closed-end alternative investment fund disciplined by Italian law, reserved for professional investors, set up for the purchase of financial instruments of different seniority, issued by one or more vehicles set up and/or to be set up for the purchase of bank NPLs.

Established formally on 8 August 2016, its expiry is envisaged as at 31 March 2021.

The Fund invests in so-called mezzanine and junior financial instruments, issued by vehicles established *ad hoc* for the acquisition of portfolios of non-performing loans originating from numerous Italian banks.

On the basis of the interim report of the Fund as at 30 June 2019, prepared by Quaestio Capital Management SGR S.p.A. and audited by PricewaterhouseCoopers S.p.A., the overall value of the Fund as at that date came to EUR 2,352,760,767 and the unit value of 2,480 units came to EUR 948,693.858 (compared with the value of the units as at 31 December 2018, equal to EUR 965,427.168).

As at 30 June 2019, AMCO had already paid over EUR 466.1 million by way of drawdown of its own commitment, net of the reimbursements already received.

The determination of the fair value of this investment was carried out on the basis of the Net Asset Value of the units communicated by Quaestio within the sphere of the Annual report on operations as at 30 June 2019. On the basis of this value, the fair value of the investment as of the date of these financial statements came to EUR 493,3 million originating a capital gain of EUR 8.1 million.

The investment in the Italian Recovery Fund represents a method for operating indirectly for AMCO in the same segment representing its core business. The independence and specialisation of the fund's management company ensure an objective and precise valuation of the investment which the fund evaluates and makes and that specifically banks and financial entities of the Italy system are involved. Furthermore, the fund carries out the management of the assets in the portfolio by means of the active monitoring of the special servicers and of the recoveries, intervening in the strategic decisions relating to the portfolios, as envisaged by the governance rules of each transaction. It should also be pointed out that Quaestio has also recently hired specialised resources in the loan recovery process so as to ensure the necessary attention to the handling of the major files, the monitoring of the servicers and the more extensive strategic aspects.

The returns expected from the investment are consistent and compatible with AMCO's objectives, both in terms of IRR and in terms of timescale of the investment. In fact, on conclusion of the onboarding process for the portfolios acquired by the servicers, the fund - as declared by Quaestio in the Annual report - will consider the transfer of sub-portfolios attractive in bulk for specialised investors, for the purpose of speeding up the liquidation of the loans/receivables and anticipating the subject of the "queues" potentially incompatible with the statutory duration of the fund.

Banca Carige S.p.A.

The investment in Banca Carige has not changed during first semester 2019 and the shares owned by AMCO amount to 698,156,788 as at 30 June 2019, for a fair value of 0.09 million (determined on the basis of internal valuation, applying a haircut on the last listing price available).

Key Profit or Loss figures

The Company reaches an EBITDA of 3.3 million at 30 June 2019, composed as follow.

Given that the commission structure is different on the basis of the type of activity carried out (Master Servicing, Special Servicing), as well as the commission profiles established on contractual bases, generally linked to the classification of the credit (e.g. gone concern, going concern), the margin indicated above has been calculated by adding:

- The total of fee and commission income as at 30 June 2019, of EUR 23.3 million, of which:
  - Around EUR 17.3 million, represented by the commissions received by AMCO for the management of non-performing loans of the Veneto Group and Vicenza Group Segregated Estate;
  - Around EUR 5.8 million, for the Special Servicing activity on loans included in the Ambra and Flaminia securitisations by Credito Fondiario S.p.A. (which acts as Master Servicer);
  - EUR 0.2 million deriving from the mandate to manage Financed Capital.

The costs, as well as commissions and asset under management, show an increasing trend especially considering the transformation of the Company due to the acquisition of Veneto Banks portfolios. In particular, the costs are made up as follow:

- Staff costs, amounting to EUR 12.1 million, increasing because of the significant development of the structure (from 144 to 211 employees) and the secondment of 1 employee at 30 June 2019;
- Other Administrative expenses, composed by:
  - EUR 7.5 million (offset by the recovery from the Segregated Assets for EUR 2.1 million), essentially determined by the costs for collection, consultancy costs and setup costs associated with the structural growth of the Company's activities consistently with the development of new managed assets.
  - EUR 0.5 million for commissions paid to the Romanian subsidiary SGA S.r.l. for the management of non-performing loans of the Gruppo Veneto Segregated Assets to Romanian residents.

L'EBIT of the 1H 2019 amounts to EUR 14.1 million for the combined effect of:

- Net impairment gain, together with the actuarial reversal, of EUR 9.0 million by the management of former Banco di Napoli, ISVEIMER, GRAAL (which generated EUR 14 million of collection);
- Net accruals to provisions for risk and charges of EUR 5.5 million: the transfer contracts with LCAs require that, at the end of each three-year period, an adjustment of the AMCO's competencies must be determined with the objective of correlating the same to the evolution of costs actually incurred for the management and recovery of the obligations and assets transferred on behalf of the two Segregated Assets. In anticipation of such possible adjustments, an allocation has been made in this interim report;
- Net result of financial activity of EUR 7.6 million, arising from the investment in Italian Recovery Fund which originated a capital gain of EUR 8.1 million, and the impairment of equity investments and Government Bonds of EUR 0.5 million. The determination of the fair value of the investment in Italian Recovery Fund was carried out on the basis of the Net Asset Value of the units communicated by the management company Quaestio Capital Management SGR S.p.A. (hereinafter also "Quaestio"), in the interim financial report as at 30 June 2019. The recognition in the Profit or Loss statement of the changes in valuations was carried out in the light of the accounting classification given to the investment fair value to profit and loss (FVTPL), in accordance with the provisions of IFRS 9.

The Net Profit amounts to EUR 8.2 million and is affected by the negative impact of the interest expenses and taxes.

Interest expenses from financial activity amount to EUR 2.2 million and are substantially related to the interests on the unsecured bond issued in the first semester 2019.

Taxes of the semester include the negative value of EUR 3.7 million and are referred to current IRAP tax for EUR 1.1 million, while the reversal of the recognition of prepaid tax assets relating to temporary deductible differences recorded in last years affects the net profit for EUR 2.6 million.

TRANSITION TO INTERNATIONAL TO INTERNATIONAL ACCOUNTING STANDARD IFRS 16

The new accounting standard IFRS 16, issued by the IASB in January 2016 and approved by the European Commission through Regulation no. 1986/2017, from 1 January 2019 replaces IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement Contains a Lease”, SIC 15 “Operating Leases - Incentives” and SIC 27 “Evaluating the Substance of Transactions in the Legal Form of a Lease”, and sets out the requirements for the accounting of lease contracts.

The new standard requires the determination of whether a contract is (or contains) a lease, based on the concept of control of the use of an identified asset for a fixed period of time; hence it follows that also rental contracts and gratuitous loans for use are included in the application scope of the new rules.

Given the above, significant amendments have been introduced to the accounting of lease operations in the financial statements of the lessee/user, requiring the introduction of a single accounting model of lease contracts by the lessee, on the basis of the right of use model.

The first time adoption of the new accounting standards led the Company to recognize, at 1 January 2019, rights of use of EUR 5.5 million and financial liabilities due to leasing of EUR 5.6 million.

RATING

Following the amendments to the Articles of Association in 2016 and for the purpose of endowing itself with the necessary requirements to intervene as servicer in NPL securitisation transactions, as from 2017 the Company obtained the rating as servicer from Fitch Ratings.

During 2017, the appointed agency assigned AMCO the following ratings: RSS2- CSS2- and ABS2-, confirmed in August 2018, following the rating agency’s annual review.

As regards Issuer Default Rating, in September 2018 Fitch Ratings allocated the Company an LTDR of BBB- and an STIDR of F3, with a negative outlook.

OPERAZIONI CON PARTI CORRELATE

At present, AMCO holds the entire shareholding in the company Immobiliare Carafa S.r.l. in liquidazione, a company established for the optimum realisation of mortgages and used for auction measures and *datio in solutum* transactions. Carafa Immobiliare S.r.l. was placed into liquidation in the first half of 2019. No transactions were held with the subsidiary.

In addition to Immobiliare Carafa S.r.l., AMCO also controls Società per la Gestione di Attività S.r.l., a Romanian registered company dealing with the management of non-performing loans to Romanian residents, held by the Segregated Estate of Veneto Group.

A contract is in place with Società per la Gestione di Attività S.r.l. for servicing activities and fee and commission expense of EUR 0.5 million was recorded.

The financial transactions carried out with other investees of the Ministry of Economy and Finance refer exclusively to the current account held by Banca Monte Paschi di Siena S.p.A. and Banco Posta S.p.A. at normal market conditions.

Further transactions of a commercial nature with other investees of the Ministry of Economy and Finance (ENEL) are part of the normal use of services as a user at market conditions.

EVENTS AFTER THE REPORTING PERIOD

As already mentioned in the Summary, on the 19 July 2019 the Extraordinary Shareholders' Meeting of the Company resolved about the change of the business name form Società per la Gestione delle Attività – SGA S.p.A. into AMCO – Asset Management Company S.p.A., together with a full review of Company's image, with the purpose to highlight the changing in the market position and mission. The resolution was transcribed in the Commercial Register at Naples on 4 September 2019, becoming effective against third parties since that date.

The renaming and rebranding contribute to the company evolution, started since the second half of 2017, with the aim of playing a role in NPE sector in Italy.

The renaming promotes the value of an historical company with a twenty years track record in a modern and innovative way, but it also underlines the effort for transforming problematic credit portfolios in new opportunities for the borrowers.

The new brand identity reflects the nature of a real full credit management company, able to entirely oversee the process of management and recovery of impaired loans, acting with promptness, concreteness, sustainability and innovation in management approaches. AMCO reflects the consolidated identity of SGA, but also underlines its innovation path, making it internationally recognizable at the same time.

Following the resolution of the Board of Directors' meeting of 15 March 2019, on 19 July 2019 the equity investment held by AMCO in Impianti S.r.l. in liquidazione was sold for EUR 68,030, posted in the financial statements for a value of EUR 5.16, and 100% of the receivables due to AMCO from that company were sold for a price of EUR 3,510.

The shareholders' meeting resolution of 19 July 2019 also changed the corporate purpose set out in the AMCO Articles of Association.

On 12 September 2019 Fitch Ratings, following the annual review, has confirmed the Special Servicer Rating assigned to the Company in August 2018.

As regards the Issuer Default Rating, in addition to that received from Fitch Ratings in September 2018, which, as we note, allocated the Company an LTDR of BBB- and an STIDR of F3, with a negative outlook, in July 2018 Standard & Poor's allocated AMCO a long-term rating of BBB with a negative outlook, a rating in line with that of Italy.

In December 2018, AMCO presented a binding offer to Banca Fucino S.p.A. for structuring the securitisation operation of a Non-Performing Exposure portfolio for a GBV of EUR 314 million. The portfolio, made up of over 3,200 positions, includes both bad loans (EUR 211 million) and loans classified as unlikely to pay/past due (EUR 103 million). In the context of the securitisation, AMCO will assume the role of Master Servicer and Special Servicer, as well as underwriter of equity tranches. The finalisation of the operation is expected on 14 September 2019. The initiative is part of the process of increasing AMCO's business volumes, planned by the development Strategic Lines for the five-year period from 2019 to 2023, approved on 18 October 2018 by the Company's Board of Directors. Finally, it has to be highlighted that in August 2019 Quaestio SGR, on behalf of

Italian Recovery Fund, has reimbursed EUR 8.4 million of the investment and, afterwards, has required a capital call of EUR 6.3 million.

BUSINESS OUTLOOK

The Company's development will follow the main 2019-2023 strategic Guidelines approved on 17 October 2018 by the Board of Directors of AMCO. These guidelines aim to recognise opportunities in the market to consolidate and develop managed assets, based on the scalability of its business model. The objective is the maximising of economies of scale and the effective and sustainable management of recovery activities, obtaining new managing mandates, in particular for the management of “UTP going concern” loans (i.e. UTPs with unrevoked lines).

With the objective of maximising the value of asset management and loans recovery, AMCO can assess the opportunity to grant loans to facilitate the continuity of operation of companies and create the premises for an industrial relaunch also during a restructuring process.

The development of human capital is considered to be a priority which requires specific development strategies and dedicated investments that allow, on the one hand, to have employees who are prepared and competent in their relationship with customers and debtors and, on the other, to create value for the sustainable growth of AMCO. In addition to the promotion of professional skills and the effective NPE management/recovery, there is the adoption of innovative technological infrastructures based on an open and flexible operating model, with processes diversified to enable differentiated management strategies, processes and monitoring instruments of the operations of internal managers and third party servicers, as well as the application of appropriate asset analysis and valuation procedures for the issue of new loans to support customers.

GOING CONCERN

In addition to the indications already provided previously, owing to the absence of financial or managerial ratios that could compromise the Company's operational capacity, there are no elements that would call into question the ability to operate on a going concern basis.

These financial statements were prepared on a going concern basis.

OTHER INFORMATION

In accordance with the provisions of paragraph 125 of Law 124/2017 of 4 August 2017, it is noted that as at 30 June 2019 the Company had not received subsidies, contributions, paid assignments or in any case economic advantages of any type from public administrations.

Pursuant to the matters laid down by Article 2428 of the Italian Civil Code, the following information is provided:

- the Company has not carried out any research and development activities during the year;
- the Company does not hold any own shares or shares or holdings in parent companies.

06

financial statement schedules

BALANCE SHEET
ASSETS

In EUR

Amounts in EUR		30/06/2019	31/12/2018
ASSET ITEMS			
10.	Cash and cash equivalents	417	148
20.	Financial assets valued at fair value with impact on the income statement		
	a) financial assets held for trading		
	b) financial assets designated at fair value		
	c) financial assets compulsorily valued at fair value	493,320,806	502,022,127
30.	Financial assets valued at fair value with impact on the comprehensive income	205,860,777	199,878
40.	Financial assets valued at amortised cost		
	a) loans and receivables with banks	141,110,267	83,092,790
	b) loans and receivables with financial companies	20,135	20,135
	c) loans and receivables with customers	126,465,532	131,173,462
50.	Hedging derivatives		
60.	Change in value of financial assets object of a generic hedge (+/-)		
70.	Equity investments	37,135	157,881
80.	Property, plant and equipment	7,011,649	184,434
90.	Intangible assets	68,655	84,994
100.	Fiscal assets		
	a) current	6,355,312	6,065,654
	b) paid in advance	62,076,467	64,710,196
110.	Non-current assets and groups of assets held for disposal		
120.	Other assets	59,755,126	34,704,309
Total assets		**1,102,082,278**	**822,416,007**

BALANCE SHEET
LIABILITIES AND NET EQUITY

In EUR

	Amounts in EUR	30/06/2019	31/12/2018
LIABILITIES AND NET EQUITY ITEMS			
10.	Financial liabilities measured at amortised cost		
	a) payables	6,500,713	4,692
	b) debt securities in issue	250,603,362	
20.	Financial liabilities held for trading		
30.	Financial liabilities designated at fair value		
40.	Hedging derivatives		
50.	Change in value of financial liabilities object of a generic hedge (+/-)		
60.	Fiscal liabilities		
	a) current	7,196,029	4,102,357
	b) deferred		
70.	Liabilities associated to assets held for disposal		
80.	Other liabilities	12,349,335	7,567,300
90.	Employee severance indemnities	617,422	612,448
100.	Provisions for risks and charges		
	a) undertakings and guarantees issued		
	b) pensions and similar obligations	42,769	4,650
	c) provisions for risks and charges	39,000,986	35,135,251
110.	Share capital	3,000,000	3,000,000
120.	Treasury shares		
130.	Capital instruments		
140.	Share premiums		
150.	Reserves	778,943,429	731,479,965
160.	Valuation reserves	(4,331,488)	(7,009,422)
170.	Profit (Loss) for the year	8,159,721	47,518,765
Total liabilities and net equity		**1,102,082,278**	**822,416,007**

PROFIT OR LOSS STATEMENT

In EUR

Amounts in EUR		30/06/2019
ITEMS		
10.	Interest and similar income	2,069,766
20.	Interest and similar expense	(2,707,116)
30.	**Interest margin**	**(637,350)**
40.	Fees and commissions income	23,346,519
50.	Fees and commissions expense	(496,068)
60.	**Net fees and commissions**	**22,850,451**
70.	Dividends and similar revenues	
80.	Trading activity net result	
90.	Hedging activity net result	
100.	Profit (loss) on sale/repurchase of:	
	a) financial assets measured at amortised cost	(993,159)
	b) financial assets valued at fair value with impact on comprehensive income	
	c) financial liabilities	
110.	Net result of other assets and of financial liabilities valued at fair value with impact on the income statement:	
	a) financial assets and liabilities designated at fair value	
	b) other financial assets compulsorily valued at fair value	8,072,872
120.	**Brokerage margin**	**29,292,814**
130.	Net impairment losses on credit risk of:	
	a) financial assets measured at amortised cost	8,342,874
	b) financial assets valued at fair value with impact on comprehensive income	(327,383)
140.	Profit/loss from contractual amendments without cancellation	
150.	**Net result of financial management**	**37,308,305**
160.	Administrative expenses:	
	a) personnel expenses	(12,102,875)
	b) other administrative expenses	(9,521,725)
170.	Net accruals to provisions for risks and charges	(5,495,141)
180.	Net impairment losses on property, plant and equipment	(605,592)
190.	Net impairment losses on intangible assets	(16,339)
200.	Other operating income and expenses	2,432,772
210.	**Operational costs**	**(25,308,901)**
220.	Net gains (losses) on equity investments	(120,746)
230.	Net result of the valuation at fair value of property, plant and equipment and intangible assets	
240.	Changes in impairment losses	
250.	Profit (loss) on disposal of investments	(149)
260.	**Profit (loss) of current assets before taxes**	**11,878,509**
270.	Income taxes for the year on current operating activities	(3,718,788)
280.	**Profit (loss) of current assets after taxes**	**8,159,721**
290.	Profit (loss) on groups of activities held for disposal net of taxes	
300.	**Net profit (loss) of the year**	**8,159,721**

OTHER COMPREHENSIVE INCOME

In EUR

Amounts in EUR		30/06/2019
ITEMS		
10.	**Net profit (loss) of the year**	**8,159,721**
	Other components of income net of taxes without reversal to the income statement	
20.	Equity securities valued at fair value with impact on comprehensive income	(92,507)
30.	Financial liabilities designated at fair value with impact on the income statement (change in its creditworthiness)	
40.	Hedging of capital securities valued at fair value with impact on comprehensive income	
50.	Property, plant and equipment	
60.	Intangible assets	
70.	Defined-benefit plans	(55,616)
80.	Non-current assets and groups of assets held for disposal	
90.	Share of equity investment valuation reserve valued at net equity	
	Other components of income net of taxes with reversal to the income statement	
100.	Hedging of foreign investments	
110.	Currency exchange differences	
120.	Hedging of financial flows	
130.	Hedging instruments (non-designated elements)	
140.	Financial assets (other than capital securities) valued at fair value with impact on comprehensive income	2,826,057
150.	Non-current assets and groups of assets held for disposal	
160.	Share of equity investment valuation reserve valued at net equity	
170.	**Total other components of income net of taxes**	**2,677,934**
180.	**Comprehensive income (Item 10+170)**	**10,837,656**

STATEMENT OF CHANGES IN NET EQUITY - 2019

In EUR

Amounts in EUR	Total at 31/12/2018	Amendment of opening balances	Total at 01/01/2019	Allocation of previous year profit (loss)		Changes in the year						Comprehensive income for 2019	Net equity at 30/06/2019
						Changes in reserves	Transactions on net equity						
				Reserves	Dividends and other distributions		Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in capital instruments	Other changes		
Share capital	3,000,000		3,000,000										3,000,000
Issues share-premium													
Reserves													
a) of profits	731,479,966	(55,302)	731,424,664	47,518,765									778,943,429
b) others													
Valuation reserves	(7,009,422)		(7,009,422)									2,677,934	(4,331,488)
Capital instruments													
Treasury shares													
Profit (Loss) for the year	47,518,765		47,518,765	(47,518,765)								8,159,721	8,159,721
Net equity	**774,989,309**	**(55,302)**	**774,934,007**	**0**								**10,837,656**	**785,771,662**

STATEMENT OF CHANGES IN NET EQUITY - 2018

In EUR

Amounts in EUR	Total at 31/12/2017	Amendment of opening balances	Total at 01/01/2018	Allocation of previous year profit (loss)		Changes in the year						Comprehensive income for 2018	Net equity at 31/12/2018
						Changes in reserves	Transactions on net equity						
				Reserves	Dividends and other distributions		Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in capital instruments	Other changes		
Share capital	600,000		600,000				2,400,000						3,000,000
Issues share-premium													
Reserves													
a) of profits	733,471,385		733,471,385	1,857,929		(1,449,347)	(2,400,000)				(1)		731,479,966
b) others													
Valuation reserves	(4,868,088)		(4,868,088)									(2,141,334)	(7,009,422)
Capital instruments													
Treasury shares													
Profit (Loss) for the year	1,857,929		1,857,929	(1,857,929)								47,518,765	47,518,765
Net equity	**731,061,226**		**731,061,226**	**0**		**(1,449,347)**	**0**				**(1)**	**45,377,431**	**774,989,309**

STATEMENT OF CASH FLOWS – Direct method

In EUR

Amounts in EUR	30/06/2019	31/12/2018
A. OPERATING ACTIVITIES		
1. Business activities	**13,606,721**	**(10,171,114)**
- Interest income received (+)	443,841	813,608
- Interest paid (-)	(225,952)	(1,936)
- dividends and similar revenues (+)		
- net fees and commissions (+/-)	40,427,782	7,797,789
- personnel expenses	(11,704,384)	(13,654,983)
- other costs (-)	(10,816,392)	(13,746,740)
- other revenues (+)	2,432,771	889,103
- levies and taxes (-)	(6,950,945)	7,732,044
- charges/revenue relating to discontinued operations net of taxes		
2. Cash flow generated/absorbed by financial assets	**(269,396,883)**	**5,009,686**
- financial assets held for trading		
- financial assets designated at fair value		
- other financial assets compulsorily valued at fair value	16,774,193	(217,789,717)
- financial assets valued at fair value with impact on the comprehensive income	(203,254,732)	220,794,576
- financial assets measured at amortised cost	(44,333,907)	12,506,014
- other assets	(38,582,436)	(10,501,187)
3. Cash flow generated/absorbed by financial liabilities	**263,522,689**	**5,894,295**
- financial liabilities measured at amortised cost	257,099,383	
- financial liabilities held for trading		
- financial liabilities designated at fair value		
- other liabilities	6,423,306	5,894,295
Net cash flow generated/absorbed by operating activities	**7,732,527**	**732,866**
B. INVESTMENT ACTIVITIES		
1. Cash flow generated by		
- sale of equity investments		
- dividends collected from equity investments		
- sale of property, plant and equipment		
- sale of intangible assets		
- sale of company business units		
2. Cash flow absorbed by	**(7,732,258)**	**(733,660)**
- purchases of equity investments		(9,825)
- purchases of property, plant and equipment	(7,432,956)	(191,987)
- purchases of intangible assets	(299,302)	(531,848)
- purchase of company business units		
Net cash flow generated / absorbed by investment activities	**(7,732,258)**	**(733,660)**
C. FUNDING ACTIVITIES		
- issue/purchases of treasury shares		
- issue/purchase of capital instruments		
- distribution of dividends and other distributions		
Net cash flow generated/absorbed by funding activities		
NET CASH FLOW GENERATED/ABSORBED IN THE YEAR	**269**	**(795)**

RECONCILIATION

In EUR

Amounts in EUR	30/06/2019	31/12/2018
Cash and cash equivalents at the start of the year	148	943
Total net cash flow generated/absorbed in the year	269	(795)
Cash and cash equivalents at the end of the year	417	148

07

notes to the financial statement

PART A – ACCOUNTING POLICIES

A.1 - GENERAL PART

Section 1 – Statement of compliance with international accounting standards

This interim report as at 30 June 2019 was prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as endorsed by the European Commission as at 30 June 2019 based on the procedure envisaged by Regulation (EC) No. 1606/2002. Although being prepared using the international accounting standard (IAS/IFRS), the current Interim Financial Report, for profit and loss items solely, does not show the comparative information as at 30 June 2018 because the Company has not drawn up the Interim Financial Report for 2018; consequently, the current Report is not compliant to IAS 34 “Interim Financial Reporting”.

For the preparation of this report, reference was also made to what was established by the Bank of Italy in the Provisions relating to the Financial Statements of IFRS Intermediaries other than Banking Intermediaries, issued with Measure of 30 November 2018.

This interim report as at 30 June 2019 reflects the first application of the IFRS 16 “Leases” accounting standard, effective 1 January 2019, and is not drafted in accordance with the instructions of IAS 34, which governs interim financial statements.

The accounting principles used for carrying out the actual Interim Financial Report, with reference to classification, initial measurement, valuation and cancellation of assets and liabilities have not changed compared to the ones used for the Annual Report 2018, unless the modifications due to the mandatory application, since 1 January 2019, of IFRS 16 “Leasing” (see next para 3.1 for further details). In the current Interim Financial Report a reclassification from Balance Sheet item “120 Other assets” to “40 Financial assets valued at amortising cost - loans and receivables with customers” at 31 December 2018 was made, because of the changing in the classification of the receivable with Segregated Estates.

With reference to the going-concern principle, having also taken into account the recent evolution characterising the legislative and operational context in which the Company falls, there is reasonable certainty that the Company will operate in the future with a management model aimed at achieving an efficient and effective recovery of the non-performing loans/receivables and the other assets. As things stand, there are no elements in the financial and equity structure of the Company, which may give rise to any uncertainties in this sense.

This interim report is consistent with the accounting records of the Company.

In compliance with the provisions of art. 5 of Italian Legislative Decree 38/2005, this interim financial report was prepared using the Euro as the reporting currency. The amounts in the financial statements are expressed in Euro, while the notes to the Financial Statement are expressed in Euro thousand.

The statement of financial flows for the period of reference and for the previous one was prepared using the direct method.

This interim report is considered exhaustive for all practical purposes in terms of information and data referring to AMCO and its investees, considering that, with reference to the Preparation and Presentation of Financial Statements - Framework and to the concepts referred to therein of "significance" and "relevance", the preparation of the consolidated interim report as at 30 June 2019 was considered to be not useful.

This in consideration of:

- the irrelevance of the assets of the subsidiaries, Immobiliare Carafa S.r.l. in liquidation and SGA S.r.l, compared to total consolidated assets;
- the absence of minority interests in the shareholding structure of both AMCO and the subsidiaries;
- the relevance of any additional information deriving from the possible consolidation of the subsidiaries and on the effects deriving from the same, pursuant to IAS 1.31 and IAS 8.8;
- the relationship between charges and benefits, in terms of information, connected with the consolidation of subsidiaries,
- the substantial representation of the equity and profitability of the group already reflected in AMCO's financial statements.

Section 2 – Subsequent events after the end of the year

Please refer to the Report on Operations

Section 3 – Other aspects

3.1 International accounting standards in force since 2019

In addition to the first application of IFRS 16, the European Commission has published the following Regulations:

- on 26 March 2018, Regulation (EU) No. 2018/498, endorsing the Amendment to IFRS 9: Prepayment Features with Negative Compensation, was published. This amendment makes certain marginal amendments to IFRS 9 "Financial instruments" designed to specify that the instruments which involve early repayment could pass the SPPI test even in cases where reasonable additional compensation, to be paid in cases of early repayment, constitutes "negative compensation" for the lending entity;
- on 24 October 2018, Regulation (EU) No. 2018/1595 endorsing IFRIC 23 "Uncertainty over Income Tax Treatments" was published with the aim of specifying which factors to consider in the event of uncertainty when recognising income taxes;
- on 11 February, Regulation (EU) No. 2019/237 endorsing the Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures was published with the aim of transposing the application of IFRS 9 to such interests;
- on 13 March, Regulation (EU) No. 2019/402 endorsing the Amendment to IAS 19: Plan Amendments, Curtailment or Settlement was published with the aim of specifying the methods for recording income statement components relating to the modification, reduction or extinction of defined benefit plans;
- on 14 March, Regulation (EU) No. 2019/412 endorsing the Annual Improvements to IFRS Standards 2015-2017 Cycle, which contains minor changes to IFRS 3, IFRS 11, IAS 12, and IAS 23.

3.1.1 Transition to international accounting standard IFRS 16 "Leases"

The new accounting standard IFRS 16, issued by the IASB in January 2016 and approved by the European Commission through Regulation no. 1986/2017, from 1 January 2019 replaces IAS 17

“Leases”, IFRIC 4 “Determining whether an Arrangement Contains a Lease”, SIC 15 “Operating Leases - Incentives” and SIC 27 “Evaluating the Substance of Transactions in the Legal Form of a Lease”, and sets out the requirements for the accounting of lease contracts.

The new standard requires the determination of whether a contract is (or contains) a lease, based on the concept of control of the use of an identified asset for a fixed period of time; hence it follows that also rental contracts and gratuitous loans for use are included in the application scope of the new rules.

Given the above, significant amendments have been introduced to the accounting of lease operations in the financial statements of the lessee/user, requiring the introduction of a single accounting model of lease contracts by the lessee, on the basis of the right of use model. Specifically, the main change is represented by dispensing with the distinction, provided for in IAS 17, between operating and financial leases: all lease contracts must therefore be treated in the same way, with recognition of an asset and liability. The accounting model envisages the recognition in assets of the right of use of the leased asset; payables for lease instalments that have yet to be paid to the lessor are recognised in liabilities, in contrast to the requirements of the standards in effect through 31 December 2018. In addition, the methods for recognising the income statement components have changed: while, under IAS 17, lease instalments were reflected under administrative expenses, they are now recognised in expenses related to the amortisation of the “right of use” and interest expense on the payable, in accordance with IFRS 16.

The effects on financial statements following the application of IFRS 16 can be identified, for the lessee, as an increase in assets recognised (leased assets), an increase in liabilities (payable against the leased asset), a reduction in administrative expenses (lease instalments), and a simultaneous increase in financial charges (remuneration for the recorded payable) and amortisation (for the right of use). With reference to the income statement, considering the entire duration of the contracts, the economic impact does not change, whether under the previous regulation IAS 17 or in application of the new IFRS 16, but there is a different breakdown over time.

3.1.2 Effects of the first application of IFRS 16

For AMCO, the analysis of contracts included in the standard’s application scope entailed, in particular, those related to: (i) fixed assets, (ii) automobiles, and (iii) hardware. Fixed asset lease contracts represent the most significant area of impact, while the impact for automobiles and hardware is marginal.

Fixed asset lease contracts essentially include fixed assets intended for office use or sub-leased to employees. Typically, the contracts have a duration greater than 12 months, provide for the option for renewal/early termination exercisable by the lessee, and do not include the option to purchase at the end of the lease.

Contracts relative to automobiles are long-term rental contracts for the fleet of company cars available to employees. The rental contract generally does not include the renewal option nor the option to purchase the asset.

AMCO chose to implement the first-time adoption (FTA) of IFRS 16 using a retrospective approach. In relation to the accounting treatment of lease contract, from the perspective of the lessee, the Company made the following decisions:

- to not apply the new accounting standard to contracts with the value of the underlying asset, when new, less than or equal to EUR 5,000 (low-value contracts). This threshold was applied to the individual leased asset, and the exemption was applied even when the amount of the contract was material in consideration of the total assets leased;

- to not apply the instructions of IFRS 16 for lease contracts with a lease term less than or equal to 12 months underlying. If the contract includes a lease renewal option, an analysis was performed on a lease-by-lease basis, to assess the likelihood that the option would be exercised and, hence, the duration of the contract;

- in order to determine the borrowing rate, the implicit interest rate of each contract was used, where available. If it was not available, the risk-free inter-bank rate was used, increased by a credit spread that reflected the Company's actual funding conditions.

The reconciliation schedule between the balance sheet as at 31 December 2018 (pursuant to IAS 17) and the balance sheet as at 1 January 2019 (pursuant to IFRS 16) is presented below.

Balance Sheet - Assets		**31/12/2018 (IAS 17)**	**FTA impact of IFRS 16**	**01/01/2019 (IFRS 16)**
10.	Cash and cash equivalents			
20.	Financial assets valued at fair value with impact on the income statement	502,022		502,022
	a) financial assets held for trading			
	b) financial assets designated at fair value			
	c) financial assets compulsorily valued at fair value	*502,022*		*502,022*
30.	Financial assets valued at fair value with impact on the comprehensive income	200		200
40.	Financial assets valued at amortised cost	214,286		214,286
	a) loans and receivables with banks	*83,093*		*83,093*
	b) loans and receivables with financial companies	*20*		*20*
	c) loans and receivables with customers	*131,173*		*131,173*
50.	Hedging derivatives			
60.	Change in value of financial assets object of a generic hedge (+/-)			
70.	Equity investments	158		158
80.	Property, plant and equipment	184	5,535	5,720
90.	Intangible assets	85		85
100.	Fiscal assets	70,776		70,776
	a) current	*6,066*		*6,066*
	b) paid in advance	*64,710*		*64,710*
110.	Non-current assets and groups of assets held for disposal			
120.	Other assets	34,704	(424)	34,281
Total assets		**822,416**	**5,112**	**827,528**

	Balance Sheet - Liabilities	31/12/2018 (IAS 17)	FTA impact of IFRS 16	01/01/2019 (IFRS 16)
10.	Financial liabilities measured at amortised cost			
	a) payables	5	5,606	5,611
	b) debt securities in issue			
20.	*Financial liabilities held for trading*			
30.	*Financial liabilities designated at fair value*			
40.	Hedging derivatives			
50.	Change in value of financial liabilities object of a generic hedge (+/-)			
60.	*Fiscal liabilities*	*4,102*		*4,102*
	a) current	*4,102*		*4,102*
	b) deferred			
70.	Liabilities associated to assets held for disposal			
80.	Other liabilities	7,567	(439)	7,128
90.	Employee severance indemnities	612		612
100.	Provisions for risks and charges			
	a) undertakings and guarantees issued			
	b) pensions and similar obligations	5		5
	c) provisions for risks and charges	35,135		35,135
110.	Share capital	3,000		3,000
120.	Treasury shares			
130.	Capital instruments			
140.	Share premiums			
150.	Reserves	525,037		525,037
151.	FTA reserves	206,443	(55)	206,387
160.	Valuation reserves	(7,009)		(7,009)
170.	Profit (Loss) for the year	47,519		47,519
Total liabilities and net equity		**822,416**	**5,112**	**827,528**

The increase in property, plant and equipment totalling EUR 5,535 thousand is attributable to the recognition of the right of use relative to:

- fixed assets for EUR 5,368 thousand;
- automobiles for EUR 167 thousand;

In addition to the recognition of the lease liability of EUR 5,606 thousand, the application of IFRS 16 resulted in the derecognition of other assets and other liabilities (for EUR 424 thousand and EUR 439 thousand, respectively) linked to the step-up of the lease instalment for the Milan office.

The average weighted marginal borrowing rate used for purposes of measuring lease liability at the date of initial application was 2.97%.

The disclosure relative to the reconciliation of future lease commitments in accordance with the former IAS 17 with the lease liabilities recorded in the financial statements as at 1 January 2019 is shown below.

Leasing commitment (former IAS 17)	Financial liabilities (*EX* IFRS 16)	Difference
6,140	**5,606**	**534**

The difference is entirely attributable to the effect of discounting future cash flows from lease contracts at the marginal borrowing rate.

Finally, note that during the first half of 2019, AMCO appropriately recognised new operating lease contract and contracts that were renewed, which fell under the application scope of IFRS 16.

3.2 Other

Gruppo Veneto and Gruppo Vicenza Segregated Estates

On 11 April 2018, AMCO acquired the NPE portfolio and other assets linked to Banca Popolare di Vicenza in LCA and Veneto Banca in LCA.

The Decree that regulated the operation indicated in article 5, paragraph 4, that "The separate financial statements are prepared in compliance with international accounting standards". These separate statements, prepared for each dedicated asset, forms an annex to these financial statements, in accordance with the general provisions on Segregated Assets provided by the Italian Civil Code.

The adoption of international accounting standards for the preparation of separate financial statements for Segregated Assets requires that, in application of the IFRS 9 accounting standard, an analysis of the derecognition of assets must be carried out by the transferor, assuming that it prepares financial statements in accordance with IAS/IFRS standards, even when this is not the case, in order to check if the conditions for the recognition of the assets by the Segregated Assets transferee apply. The analyses carried out on the two separate Gruppo Veneto and Gruppo Vicenza Segregated Assets have considered the following scenarios:

- Estimate of the net future financial flows of loans in the hypothesis of the existence of Assignment Contracts;
- Estimate of the net future financial flows of loans in the hypothesis that there has not been a transfer of assets by the LCAs but in the hypothesis of adoption of the same business model on the part of the LCAs;
- Estimate of the net future financial flows of loans in the hypothesis that there has not been a transfer of assets by the LCAs but in the hypothesis of adoption of a different same business model and pricing of the activities of master and special servicing with respect to the two previous hypotheses

From the analysis carried out on the basis of cash flows currently expected by the acquired loans it has emerged that in all the hypotheses described above, not only the cumulative incidence of the commission components is considerably below 10% (parameter used for the derecognition), but the variability between the hypothesis of Transfer to AMCO Segregated Assets and the hypotheses in which this did not occur (both maintaining the same management business model – nevertheless shared with the LCA, and in hypothesis of an alternative one) is essentially nil.

On the basis of these assumptions, AMCO has not essentially acquired all the risks and benefits of the ownership of the acquired financial assets and, in consequence, the requirements in the provisions of IFRS 9 for the accounting recognition of the financial asset in the financial statements have not been met.

Consequently, because the originating LCA essentially in practice and in law retain all the risks and benefits of the transferred assets, the criteria for the derecognition of assets in the financial statements of the originators, should they apply IAS/IFRS accounting standards, have not been met.

As the holder of Segregated Assets, even though not a beneficiary of the results of assets and liabilities, the Company is required to provide adequate disclosure in its financial statements, in accordance with the requirements of accounting standard IFRS 12. In more detail, for the purposes of the information be supplied, it has been assessed that:

- AMCO is not required to consolidate the Segregated Assets, nor can these be considered joint ventures with the Company;
- AMCO does not have an equity investment in the Segregated Assets, which cannot therefore be considered to be equity investments in non-consolidated structured entities;
- The constitution of two Segregated Assets, in order to pursue the specific statutory safeguards offered by this institution, and the existence of an ongoing management contract between them and AMCO ensures that the relationship between the Company and the Segregated Assets falls within the cases of sponsorship envisaged by IFRS 12. Therefore, the disclosure obligations are those defined by IFRS 12.27. The informative has been disclosed through the Report on Operations and the Notes to Financial Statements.

According to Italian Civil Law (art. 2447), the preparation of Segregated Account Financial Statement is required together with the Annual Report solely. Consequently, the information is not provided in this Interim Financial Report (See 2018 Annual Report for the "Section on Segregated Account").

Reference is made to the "Section on Segregated Estates" of the Notes to the Financial Statements for further details.

A.2 – PART RELATING TO THE MAIN FINANCIAL STATEMENT ITEMS

The measurement bases adopted for the preparation of the financial statements in accordance with current IAS/IFRS accounting standards are illustrated below.

Financial assets valued at fair value with impact on the income statement

Classification criteria

This category includes financial assets other than those classified under financial assets valued at fair value with impact on the comprehensive income and financial assets valued at amortised cost.

This item, in particular, can include:

- financial assets held for trading;
- financial assets designated at fair value, or financial assets so defined at the time of initial recognition and where the prerequisites apply. In this case, an entity can irrevocably designate a financial asset as valued at fair value with impact on the income statement at initial recognition if, and only if, by so doing it eliminates or significantly reduces a value inconsistency;
- financial assets compulsorily valued at fair value, which have not exceeded the requirements for the valuation at amortised cost;

Recognition criteria

The initial recognition of financial assets takes place on the settlement date for debt securities and for equity securities. At the time of initial recognition, financial assets valued at fair value with impact on the income statement are recognised at fair value, without taking into account transaction expenses or revenues directly attributable to the same instrument.

Measurement and recognition criteria of income items

Market prices are used for the determination of the fair value of financial instruments listed on an active market;

In the absence of an active market, estimation methods and commonly adopted assessment methods are used, which take into account all the risk factors related to the instruments themselves and that are based on market data or internal Company information

For equity securities not quoted on an active market and derivative instruments, which have as their object such equity securities, the cost criterion is used as estimate of fair value only on a residual basis and in a limited number of circumstances, or in case of non-applicability of all the valuation methods previously mentioned, or in the presence of a wide range of possible valuations of fair value, in the context of which cost represents the most significant estimate.

Derecognition criteria

Financial assets are derecognised when the rights to contractual financial flows connected to them expire or when the financial asset is disposed of with the essential transfer of all risks and contractual rights connected to the ownership of the same financial assets.

Financial assets valued at fair value with impact on the comprehensive income (FVOCI)

Classification criteria

This category includes financial assets that satisfy both of the following conditions:

- financial asset held according to a business model whose objective is achieved both through the collection of contractually anticipated financial flows and through their disposal (“Hold to Collect and Sell” business model);
- the contractual terms of the financial asset involve, on pre-set dates, financial flows represented exclusively by payment of capital and the interest on the amount of capital to be repaid (“SPPI test” passed). The item also includes equity instruments not held for the purposes of trading for which, at the time of initial recognition, the option for the designation at fair value with impact on comprehensive income was chosen.

In particular, this item includes:

- debt securities attributable to a Hold to Collect and Sell business model that have passed the SSPI test;
- equity investments, not classifiable as controlling, associated or of joint control, that are not held for trading, for which the option of the designation at fair value with impact on comprehensive income was chosen.

With the exception of equity securities for which no reclassification is allowed, reclassification of financial assets to other categories of financial assets is allowed except in the case where the entity modifies its own business model for the management of financial assets.

In such cases, which must absolutely be infrequent, financial assets can be reclassified from the category valued at fair value with impact on comprehensive income to one of the other two categories listed in IFRS 9 (Financial assets valued at amortised cost or Financial assets valued at fair value with impact on the income statement).

The transfer value is represented by the fair value at the time of reclassification and the effects of the reclassification apply from the date of the same.

In case of reclassification from the category in object to that at amortised cost, the cumulative profit (loss) recognised in the valuation reserve must be adjusted to the fair value of the financial asset at the date of reclassification.

However, in case of reclassification to the category of fair value with impact on the income statement, the cumulative profit (loss) previously recognised in the valuation reserve is restated from net equity to the profit (loss) of the year.

Recognition criteria

Initial recognition of financial assets takes place on the settlement date on the basis of their fair value inclusive of transaction charges/revenues directly attributable to the acquisition of the financial instrument.

Charges/revenues that are subject to reimbursement by the debtor counterpart or are classified as ordinary internal administrative costs are excluded, even though the above-mentioned characteristics might apply.

The initial fair value of the financial asset is normally equivalent to the cost incurred for its acquisition.

Measurement and recognition criteria of income items

After the initial recognition, financial assets are valued at fair value, with allocation of profits or losses deriving from the variations in fair value, with respect to the amortised cost, to a specific net equity reserve in the statement of comprehensive income until the financial asset is derecognised, or a reduction in value is not observed.

Equity instrument for which the choice has been made for classification in this category are valued at fair value and the matching entry of the recognised amounts in net equity (statement of comprehensive income) must not subsequently be transferred to the income statement, not even in case of disposal (“OCI exemption”).

The only component attributable to equity securities in question to be recognised in the income statement is represented by their relative dividends. Fair value is determined on the basis of criteria already illustrated for Financial assets valued at fair value with impact on the income statement: For equity securities not quoted on an active market, the cost criterion is used as estimate of fair value only on a residual basis and in a limited number of circumstances, or in case of non-applicability of all the valuation methods previously mentioned, or in the presence of a wide range of possible valuations of fair value, in the context of which cost represents the most significant estimate.

Derecognition criteria

Financial assets are derecognised when the rights to contractual financial flows connected to them expire or when the financial asset is disposed of, with the essential transfer of all risks and contractual rights connected to the ownership of the same financial assets.

Financial assets valued at amortised cost

Classification criteria

This item includes loans and receivables with banks, with financial companies and which customers, that is to say, all loans that require fixed or in any case determinable payments and that are not listed on an active market.

Recognition criteria

The initial recognition of financial assets takes place on the settlement date for debt securities and at the date of issue in case of loans. At the time of initial recognition, financial assets are valued at fair value, inclusive of transaction expenses or revenues directly attributable to the same instrument.

Specifically, with regards to loans, the date of issue normally coincides with the date of signature of the contract. When this is not the case, at the time of signature of the contract a commitment is entered into to issue funds which is fulfilled at the date of issue of the loan.

The recognition of the loan takes place on the basis of the fair value of the same, equal to the amount issued, or subscription price, inclusive of charges/revenues directly attributable to the individual loan and determinable from the start of the transaction even though liquidated at a later time.

Charges are excluded when, even though they have the above-mentioned characteristics, they are subject to reimbursement by the debtor counterpart of the difference between the amount issued and that reimbursable at maturity, typically attributed to charges/revenues deriving directly from a single loan.

Measurement and recognition criteria of income items

After the initial recognition, loans and receivables with customers are valued at amortised cost, equal to the value of first recognition increased/decreased by reimbursements of capital, impairments/reversals of value and amortisation – calculated with the effective interest rate method – of the difference between the amount issued and that repaid at maturity, typically attributed to charges/revenues deriving directly from a single loan. This criterion is not used for exposures with a duration of less than 12 months (given the insignificance of the same in this case).

The effective interest rate is the rate that discounts the flow of estimated future payments for the expected duration of the loan such as to obtain exactly the net accounting value at the time of first recognition, which includes both transaction charges/revenues directly attributable and payments paid or received by contracting parties. This accounting treatment, using a financial logic, allows the distribution of the economic effect of charges/revenues along the expected residual life of the loan.

Valuation criteria are strictly linked to the stage assigned to the loan, where stage 1 includes performing loans, stage 2 includes under-performing loans, or those loans where there has been a significant increase of the credit risk (“significant impairment”) compared to the initial recognition of the instrument and stage 3 includes non-performing loans, or those loans that show objective evidence of impairment. Value adjustments that are recognised in the income statement for performing loans classified as stage 1 are calculated by taking into account the loss expected in one year, while performing loans in stage 2 by taking into account the expected losses attributable to the contractually determined entire residual life of the asset (Lifetime expected loss).

Performing financial assets are subject to evaluation in function of the parameters of probability of default (PD), loss given default (LGD) and exposure at default (EAD), derived from internal historical data.

For impaired assets, the amount of loss to be recognised in the income statement is defined on the basis of a process of analytical valuation or determined by homogeneous categories and, therefore, analytically attributed to each position. Financial instruments defined as non-performing, likely to default or overdue/past due by more than 90 days in accordance with the regulations of Banca d'Italia are defined as impaired assets in accordance with the IAS/IFRS and European supervisory regulations.

The expected cash flows take into account the expected recovery time and the estimated realisable value of any guarantees. With regard to the discount rate of estimated future cash flows in expected repayment schedules of non-performing exposures, taking into account the Company's specific operating characteristics and since the original effective rate would have been excessively costly to determine, the interest rate applied to the loans outstanding with Banco di Napoli is used, in that it expresses an average representation of the charges related to the lost return on the portfolio of managed loans and receivables.

Should the reasons for the impairment be eliminated following an event occurring after the recognition of the same, write-backs are carried out with allocation to the income statement. The write-back cannot in any case exceed the amortised cost that the loan would have in the absence of previous impairments. Reversals of impairment linked to the passing of time contribute to the generation of interest margin. The amortised cost corresponds to the nominal value.

Derecognition criteria

Loans are derecognised when they are deemed to be definitely unrecoverable or in case of disposal, if this involves the essential transfer of all risks and benefits connected to the same loans.

Other assets

This item includes assets not attributable to other asset items in the balance sheet.

Current and deferred taxes

Classification, recognition and measurement criteria

Deferred tax assets relating to temporary differences deductible for IRES purposes and future tax benefits obtainable from the carry-forward of tax losses are recognised only if there is a reasonable probability that they will be recovered, considered on the basis of SGA's capacity to generate sufficient taxable income in future years and taking into account the specific regulations laid down by Italian Law Decree No. 225 of 29 December 2010 as amended.

Deferred tax liabilities, relating to taxable temporary differences, are recognised in full in the financial statements. Where deferred tax assets and deferred tax liabilities refer to components that have affected the income statement, the balancing entry is represented by income taxes.

In cases where deferred tax assets or deferred tax liabilities relate to transactions that have directly affected net equity without affecting the income statement, such as the measurement of available-for-sale financial instruments, they are recognised against net equity, since they affect the specific reserve.

With Italian Law Decree no. 59 of 3 May 2016, converted into Italian Law No. 119 of 30 June, regulations concerning DTAs were amended, in order to avoid the classification as "State aid" of the national regulations that establish the automatic convertibility of "qualified" DTAs into tax credits, in the presence of statutory and/or tax losses.

In particular, Article 11 of the aforementioned decree established that the convertibility into tax credits of "qualified" DTAs in excess of the taxes already paid can be maintained, upon specific exercise of irrevocable option, by paying an annual fee in the amount of 1.5% of any positive difference between:

- the sum of “qualified” DTAs recognised as from 2008, including those already converted into tax credits and
- the sum of taxes paid as from 2008.

This fee, deductible for IRES and IRAP purposes, must be calculated (and, if due, paid) with regard to each financial year up to the last financial year affected by the regulations, initially expected for 2029 and subsequently postponed to 2030 with Law no. 15 of 17 February 2017.

In order to ensure that qualified DTAs entered in the financial statements can be converted into loans and receivables, the Company opted for the above fee system.

Therefore, since the fee is an expense adapted to elements that change in time, it is recognised as a cost on the basis of the annual contribution determined and paid each year.

Income taxes, calculated in accordance with national tax legislation, are recognised as an expense on an accrual basis, on a consistent basis with the recognition method of the expenses and revenues that generated them. Current assets and liabilities include the net balance of the Company's tax position with respect to the Italian tax authorities. Specifically, these entries include the net balance of the current tax liabilities of the year, calculated on the basis of a prudential expectation of the tax due for the year, determined on the basis of current tax regulations, and current tax assets represented by payments on account and other tax credits.

Post-employment benefits

Staff severance indemnity refers to a “post-employment benefits” classified as:

- “defined contribution plan” for the portions of post-employment benefits accruing from 1 January 2007 (the date of application of the supplementary pension reform pursuant to Italian Legislative Decree no. 252 of 5 December 2005) both in case of employee choice of supplementary pension and in the case of allocation to the Treasury Fund managed by INPS. The amount of the portions accounted under personnel expenses is determined based on the contributions due without using actuarial calculations;
- “defined benefit plan” and therefore recognised on the basis of its actuarial value determined with the “Projected unit credit” method, for the portion of post-employment benefits accrued until 31 December 2006. The determination of the relative liability is carried out by an external expert using the “Projected Unit Credit Method”.

The Iboxx Eurozone Corporates AA index with a duration of more than 10 years is used to determine the annual discount rate adopted for the calculations, as it is considered to be more representative of market returns, taking into account the average residual duration of the liability.

Following the entry into force of the new version of IAS 19 issued by the IASB in June 2011 and effective as from 1 January 2013, actuarial gains and losses are recognised immediately and entirely in the statement of comprehensive income with an impact on Net Equity.

Provisions for risks and charges

Classification, recognition and measurement criteria

Provisions for risks and charges are made up of liabilities of uncertain timing or amount and recognised in the financial statements in that:

- there is a present obligation (legal or constructive) as a result of a past event;
- the payment to settle the obligation is probable;
- a probable future outflow can be estimated reliably.

The item includes provisions for estimated losses on lawsuits, including revocatory actions, as well as estimated outlays against legal or implicit obligations outstanding at the end of the reporting period.

Where the effect of the timing deferral in bearing the estimated charge is objectively foreseeable and assumes a material aspect, the Company calculates the amount of the provisions and allocations to an extent equal to the present value of the outlays that are expected to be necessary to settle the obligations.

If the provisions are discounted, the amount of the provisions recognised in the financial statements increases in each period to reflect the passage of time. The adjustment of provisions is recognised in the income statement. The provision is reversed when the use of resources to produce economic benefits to fulfil the obligation become unlikely or when the obligation expires.

Revenues and expenses

Revenues are gross flows of economic benefits deriving from the performance of the company's ordinary activities and are recognised at the time the control of goods or services is transferred to the client, at an amount that represents the amount of consideration to which the entity deems it is entitled.

The price of transaction represents the amount of consideration to which the entity deems it is entitled in exchange of the transfer to the customer of the promised goods and services. It can include fixed or variable amounts, or both. Revenues from variable consideration are recognised in the income statement if reliably estimated and only if it is highly likely that this consideration will not be, at a later date, totally or for a significant portion derecognised from the income statement.

Costs are recognised in the income statement in compliance with the accrual principle; the expenses relative to obtaining the contract and the fulfilment of obligations towards customers are recognised in the income statement in the periods in which the relative revenues are recognised.

Other information

Expenses for improvements to third-party assets

Property restructuring costs are capitalised in consideration of the fact that for the duration of the rental contract the user company has control of the assets and can derive future economic benefits from them. The above-mentioned costs, classified in the item “Other assets” as required by the Instructions of the Banca d’Italia, are depreciated for a period not exceeding the duration of the rental contract.

A.3 – INFORMATION ON TRANSFERS BETWEEN PORTFOLIOS OF FINANCIAL ASSETS

During the year no transfers between the different assets portfolios held took place.

PART B – INFORMATIONS ON BALANCE SHEET

ASSETS

Financial assets valued at fair value with impact on profit and loss – Item 20

Items / Values	30/06/2019			31/12/2018		
	L1	L2	L3	L1	L2	L3
1. Debt securities						
1.1 Structured securities						
1.2 Other debt securities						
2. Equity securities						
3. UCITS units			**493,321**			**502,022**
4. Loans						
4.1 Repurchase agreement						
4.2 Others						
Total			**493,321**			**502,022**

The item “UCITs” includes the investment in Italian Recovery Fund.

As at 30 June 2019, the Company holds 520 units at the unit value of EUR 948,963.858 for a total value of EUR 493,321 thousand. The valuation of the investment was made on the basis of the unit value communicated by the Asset Management Company (Quaestio SGR) as at 30 June 2019. It should be noted that in March 2019 the Fund distributed EUR 16,774 thousand as a reimbursement of the initial investment, deducted from the investment value.

Financial assets valued at fair value with impact on the comprehensive income – Voce 30

Items/Valuations	30/06/2019			31/12/2018		
	L1	L2	L3	L1	L2	L3
1. Debt securities						
1.1 Structured securities						
1.2 Other debt securities	205,756		15			18
2. Equity securities			90			182
3. Loans						
Total	**205,756**		**105**			**200**

The increase compared to 31 December 2018 in debt securities is due to the acquisition of a Italian Government Bond portfolio carried out in the first semester, which value amounts to EUR 206,092 thousand at 30 June 2019 (gross of impairment of EUR 336 thousand).

The investment in Government Bond has been realized as a temporary occupation of cash liquidity in the view of a more efficient treasury management. According to the final purpose of the investment the company has chosen the business model Held to collect and sell.

The item Equity securities include the residual investment in Banca Carige S.p.A. shares made by AMCO and its decrease, compared to 31 December 2018 is entirely due to the depreciation of the investment recorded in the first semester 2019, other than shares of Impianti S.r.l. in liquidazione (for a value of EUR 5).

	Gross value				Total impairment losses		
	First stage						
		of which: instruments with low credit risk	Second stage	Third stage	First stage	Second stage	Third stage
Debt securities	206,092	206,092		15	(336)		
Loans							
Total at 30/06/2019	**206,092**	**206,092**		**15**	**(336)**		
Total at 31/12/2018				**18**			
of which: acquired or originated impaired financial assets	X	X			X		

Financial assets measured at amortised cost – Item 40

Breakdown	30/06/2019						31/12/2018					
	Carrying amount			Fair value			Carrying amount			Fair value		
	First and second stage	Third stage	of which: acquired or originated impaired	L1	L2	L3	First and second stage	Third stage	of which: acquired or originated impaired	L1	L2	L3
1. Deposits and current accounts	**141,110**					**141,110**	**83,093**					**83,093**
2. Loans												
2.1 Repurchase agreements												
2.2 Loans												
2.3 Factoring												
- with recourse												
- without recourse												
2.4 Other loans												
3. Debt securities												
3.1 Structured securities												
3.2 Other debt securities												
4. Other assets	**0**					**0**	**0**					**0**
Total	**141,110**					**141,110**	**83,093**					**83,093**

The item includes the cash at bank as at 30 June 2019 for a total value of EUR 141,110 thousand, net of the impairment at bank account of EUR 202 thousand.

Breakdown	30/06/2019						31/12/2018					
	Carrying amount			Fair value			Carrying amount			Fair value		
	First and second stage	Third stage	of which: acquired or originated impaired	L1	L2	L3	First and second stage	Third stage	of which: acquired or originated impaired	L1	L2	L3
1. Loans		**126,466**	**126,466**			**126,466**		**131,173**	**131,173**			**131,173**
1.1 Loans for leasing												
of which: without option of final purchase												
1.2 Factoring												
- with recourse												
- without recourse												
1.3 Consumer credit												
1.4 Credit cards												
1.5 Loans secured by pledge												
1.6 Loans granted in relation to payment services rendered												
1.7 Other loans		126,466	126,466			126,466		131,173	131,173			131,173
of which: from enforcement of guarantees and commitments												
2. Debt securities												
2.1 Structured securities												
2.2 Other debt securities												
3. Other assets												
Total		**126,466**	**126,466**			**126,466**		**131,173**	**131,173**			**131,173**

The item has a total value of EUR 126.5 million as at 30 June 2019. It is composed by the loans with customers related to the former Banco di Napoli loans. The item mainly referrs to:

- Former ISVEIMER portflio: for a net value of EUR 7.4 million compared to EUR 7.5 million at 31 December 2018;
- Former GRAAL portfolio: for a net value of EUR 241 thousand, substantially in line with 31 December 2018;
- Former Banco di Napoli portfolio: for a net value of EUR 118.9 million compared to EUR 123.4 million at 31 December 2018;
- Credem Lux portfolio: with a gross value of EUR 29 million completely impaired.

	Gross value				Total impairment losses		
	First stage		Second stage	Third stage	First stage	Second stage	Third stage
		of which: instruments with low credit risk					
Debt securities							
Loans	141,312	45,826		1,001,731	202		875,266
Other assets	20	20					
Total at 30/06/2019	**141,332**	**45,846**		**1,001,731**	**202**		**875,266**
Total at 31/12/2018	**83,138**	**33,138**		**1,053,483**	**25**		**922,310**
of which: acquired or originated impaired financial assets	X	X		1,001,731	X		875,266

Equity investments - Item 70

Name	Registered office	Operational office	Shareholding interest %	Votes available %	Carrying amount	Fair value
Immobiliare Carafa S.r.l. in liquidation	Naples	Naples	100%	100%	27	n.a.
SGA S.r.l.	Romania	Romania	100%	100%	10	n.a.
Total					**37**	

The amounts refer to the participating interests held by AMCO at 30 June 2019, specifically:

- EUR 27 thousand, net of impairment, for the controlling interest held in the company Immobiliare Carafa S.r.l. in liquidation, constituted on 12 October 1999 and relating to the acquisition, management and sale of properties and the completion of relative construction works, with the objective of realising a portion of AMCO receivables;
- EUR 10 thousand for the equity investment in SGA S.r.l., a Romanian-registered company constituted during the year having as its object the recovery of the Romanian portfolio of the Group Veneto Segregated Estates.

Attività materiali e immateriali – Voce 80 e 90

Assets/Values	30/06/2019	31/12/2018
1. Owned assets		
a) land		
b) buildings		
c) movable assets	135	3
d) electronic equipment	79	80
e) other	397	101
2. Right of use acquired through leases		
a) land		
b) buildings	6,112	
c) movable assets		
d) electronic equipment	95	
e) other	194	
Total	**7,012**	**184**
of which: from enforcement of guarantees and commitments		

Items/Valuations	30/06/2019		31/12/2018	
	Assets valued at cost	Assets valued at fair value	assets valued at cost	assets valued at fair value
1. Goodwill				
2. Other intangible assets:	**69**		**85**	
2.1 owned	69		85	
- generated internally				
- other	69		85	
2.2 right of use acquired through leases				
Total 2	**69**		**85**	
3. Assets attributable to financial leases:				
3.1 unexercised assets				
3.2 assets retired following termination of agreement				
3.3 other assets				
Total 3				
Total (1+2+3)	**69**		**85**	
Total at 31/12/2018	**85**			

The increase in the items at 30 June 2019 is mainly due to the first recognition of the right of use for the leasing contracts included by the application of the IFRS 16. The item “other” amounting to EUR 194 thousand refers to company cars right of use.

Fiscal assets and tax liabilities - Item 100 of assets and Item 60 of liabilities

	30/06/2019	31/12/2018
Taxes to reimburse or mitigate	6,340	6,066
Deferred tax	62,076	64,710
Withholding tax charged	15	0
Totale	**68,432**	**70,776**

This item includes only tax assets recognised in accordance with IAS 12 and therefore relating to direct taxes.

Other tax receivables are included in the item "Other assets".

Recognise prepaid tax refers to:

- for EUR 58,192 thousand to DTA IRES generated from temporary deductible differences (EUR 52,262 thousand for write-downs of assets not yet deducted pursuant to art. 106, paragraph 3, TUIR as per the provisions envisaged in art. 2 of Italian Law Decree no. 225 of 29 December 2010 and subsequent amendments former Law 214/2011) as well as from previous tax losses and use of ACE;
- for EUR 3,884 thousand to IRAP DTAs relative to deductible temporary differences for provisions for risks and charges and to assets impairments not previously recognised.
- Instead, owing to the uncertainty of their future recoverability, deferred tax assets were not recognised for tax losses carried forward and other temporary differences, whose amount of potential tax benefit is calculated by applying the tax rate currently envisaged by the relevant IRES regulations (27.5%), equivalent to EUR 8.1 million.

It is specified that, as things stand, no elements have been identified such as to the highlight restrictive conditions for the carrying forward of the tax losses.

	30/06/2019	31/12/2018
Payables for current taxes	7,196	4,102
Other		
Deferred IRAP tax		
Totale	7,196	4,102

Payables for current taxes consist of the IRAP tax balance at first semester 2019 (EUR 1,085 thousand) and of the IRAP balance at 31 December 2018 (EUR 4,102 thousand paid on 1 July 2019).

Moreover, the item include the debt connected to the IRES adjustment of 3,5% for EUR 2,009 thousand also booked as a fiscal asset because considered fully recoverable in the next fiscal years.

Other assets – Item 120

	30/06/2019	31/12/2018
Loans and receivables to lessor		424
Guarantee deposits	584	119
Improvements to third party assets	616	407
Tax credit for paid taxes to be returned	1	1
VAT receivables	3,074	
Miscellaneous receivables for register fees and expenses to be recovered	276	276
Receivables from segregated estates	49,253	29,204
Receivables for service invoices to be issued or collected	4,840	3,711
Prepaid expenses	858	364
Other	252	198
Total	**59,755**	**34,704**

As at 30 June 2019, the item “Other assets” has a balance of EUR 59,755 thousand, mainly made up of:

- “Receivables from Segregated Estates” which includes amounts relative to expenses paid in advance by AMCO and reallocated to Segregated Estates, other than receivables for commission;
- “Receivables for invoices/services to be issued” includes amounts relative to recovery of expenses paid in advance by AMCO in the management of Financed Capital;
- “Improvements on third-party assets” refers to structural works carried out on the property in Via Santa Brigida 39 in Naples to which the registered office of the Company was transferred.

It should be noted that “Receivables from Segregated Estates” decreased of EUR 43,793 thousand because of the collection performed in July 2019.

LIABILITIES

Financial liabilities measured at amortised cost - Item 10

Financial liabilities measured at amortised cost: breakdown of payables

Items	30/06/2019			31/12/2018		
	With banks	With financial companies	With customers	With banks	With financial companies	With customers
1. Loans						
1.1 Repurchase agreements						
1.2 Other loans						
2. Payables for leasing			6,496			
3. Other payables		5			5	
Total		**5**	**6,496**		**5**	
Fair value – level 1						
Fair value – level 2						
Fair value – level 3		**5**	**6,496**		**5**	
Total fair value		**5**	**6,496**		**5**	

The increase in the item "Liabilities" at 30 June 2019 is ascribable to the accounting of the financial liabilities related to the IFRS 16.

Financial liabilities measured at amortised cost: breakdown of debt securities in issue

Type of security / Value	30/06/2019				31/12/2018			
	Carrying amount	Fair value			Carrying amount	Fair value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. Bonds								
1.1 Structured								
1.2 Other	250,603	250,603						
2. Other securities								
2.1 Structured								
2.2 Other								
Total	**250,603**	**250,603**						

The item includes the bond issued on 13 February 2019 amounting to EUR 250 million with maturity on 13 February 2024.

Tax liabilities – Item 60

See section 10 of assets.

Other liabilities – Item 80

	30/06/2019	31/12/2018
Payables to customers	6,096	2,110
Payable deductions and social security contributions	1,193	838
Invoices to be received	1,798	3,138
Remuneration, reimbursement of expenses and payables to personnel	1,573	465
Other payables	1,689	1,016
Total	**12,349**	**7,567**

Provisions for risks and charges – Item 100

Items/Values	30/06/2019	31/12/2018
1. Provision for credit risk relating to commitments and guarantees issued		
2. Provision for other commitments and guarantees issued		
3. Company pension fund		
4. Other provisions for risks and charges		
4.1 Legal and fiscal disputes	12,417	13,067
4.2 Personnel expenses	1,396	2,270
4.3 Other	25,231	19,803
Total	**39,044**	**35,140**

The provisions for risks and charges are equal to EUR 39,044 thousand and are composed by:

- Legal and tax disputes: the provision is due to the risk of losing in legal disputes.
- Personnel expenses: the item refers to the provision for staff bonus set forth in art. 48 of the National Collective Labour Agreement;
- Other: this item includes a provision for EUR 23,780 thousand related to the adjustment mechanism for AMCO's fees indicated in the transfer contract (also called as "Collar"). This mechanism ensures the correlation of fees due to SGA to the costs actually sustained for the management and recovery activities of the obligations of the transferred assets. The liquidation of the amounts is carried out on a three-year basis. Furthermore, this item includes the provision for the risk of the retrocession of ISMEA (former SGFA) for EUR 1,1451 thousand, to cover the expected disbursements for the forfeited portion of revenue already enforced to be reversed to the guarantor, as required by the relative regulations.

PART C – INFORMATION ON THE PROFIT AND LOSS STATEMENT

Interest – Items 10 and 20

Interest and similar income: breakdown

Items/Technical forms	Debt securities	Loans	Other operations	30/06/2019
1. Financial assets valued at fair value with impact on the income statement:				
1.1. Financial assets held for trading				
1.2. Financial assets designated at fair value				
1.3. Other financial assets compulsorily valued at fair value				
2. Financial assets valued at fair value with impact on the comprehensive income	380		X	380
3. Financial assets measured at amortised cost				
3.1 Loans and receivables with banks		57	X	57
3.2 Loans and receivables with financial companies			X	
3.3 Loans and receivables with customers		1,633	X	1,633
4. Hedging derivatives	X	X		
5. Other assets	X	X		
6. Financial liabilities	X	X	X	
Total	**380**	**1,689**		**2,070**
of which: interest income from impaired financial assets		1,633		
of which: interest income on leases				

Interests and similar income include EUR 1.6 million of impairment reversal connected to the passing of time, corresponding to the interest accrued on impaired financial assets during the first semester of 2019, in addition to the interests on the Government Bonds amounting to EUR 380 thousand.

Interest and similar expenses: breakdown

Items/Technical forms	Payables	Securities	Other operations	30/06/2019
1. Financial liabilities measured at amortised cost				
1.1 Payables to banks	(1)	X	X	(1)
1.2 Payables to financial companies		X	X	
1.3 Payables to customers	(79)	X	X	(79)
1.4 Debt securities in issue	X	(2,626)	X	(2,626)
2. Financial liabilities held for trading				
3. Financial liabilities designated at fair value				
4. Other liabilities	X	X	(1)	(1)
5. Hedging derivatives	X	X		
6. Financial assets	X	X	X	
Total	**(80)**	**(2,626)**	**(1)**	**(2,707)**
of which: interest expense for lease payables	(79)			

The item mainly includes the instalments connected to the interest expenses related to the bond, which will be settled on 13 February 2020.

The item also includes the interest expenses related to the financial liabilities for IFRS 16.

Fees and commission – Items 40 and 50

Fees and commissions income: breakdown

Detail		30/06/2019
a)	leasing operations	
b)	factoring operations	
c)	consumer credit	
d)	guarantees issued	
e)	services of:	
	- fund management for third parties	
	- foreign exchange intermediation	
	- product distribution	
	- other	
f)	collection and payment services	
g)	servicing of securitisation operations	
h)	other commissions	23,347
Total		**23,347**

This account includes servicing commissions received for the management of Segregated Estates relative to the former Veneto Banks. The account in composed by:

- EUR 22,313 thousand for the activity as a special servicer;
- EUR 1,006 thousand for the activity as a master/corporate servicer.

Fees and commissions expense: breakdown

Detail/Sectors		30/06/2019
a)	guarantees received	
b)	distribution of services by third parties	
c)	collection and payment services	
d)	other commissions (to be specified)	(496)
Total		**(496)**

Commissions mainly refer to the amount recognised to Società per la Gestione di Attività S.r.l. for servicing activity during the first semester 2019 on the Romanian portfolio of the Segregated Estate of the Veneto Group.

Net result of other assets and of financial liabilities valued at fair value with impact on profit and loss statement - Item 110

Items/Income components	Capital gains (A)	Gains on disposal (B)	Losses (C)	Losses on disposal (D)	Net result [(A+B) − (C+D)]
1. Financial assets	**8,073**				**8,073**
1.1 Debt securities					
1.2 Equity securities					
1.3 UCITS units	8,073				8,073
1.4 Loans					
2. Financial assets in currency: exchange differences	**X**	**X**	**X**	**X**	
Total	**8,073**				**8,073**

As at 30 June 2019, capital gain amount to EUR 8.1 million, entirely attributable to the investment in Italian Recovery Fund as at 30 June 2019 on the basis of the unit value communicated by Quaestio Management SGR S.p.A.

Net impairment losses for credit risk – Item 130

Operations/Income components	Impairment losses			Reversal of losses		30/06/2019
	First and second stage	Third stage		First and second stage	Third stage	
		Write-offs	Other			
1. Loans and receivables with banks						
Acquired or originated impaired loans and receivables						
- for leasing						
- for factoring						
- other loans and receivables						
Other loans and receivables						
- for leasing						
- for factoring						
- other loans and receivables	(177)					(177)
2. Loans and receivables with financial companies						
Acquired or originated impaired loans and receivables						
- for leasing						
- for factoring						
- other loans and receivables						
Other loans and receivables						
- for leasing						
- for factoring						
- other loans and receivables						
3. Loans and receivables with customers						
Acquired or originated impaired loans and receivables						
- for leasing						
- for factoring						
- for consumer credit						
- other loans and receivables			(1,631)		10,151	8,520
Other loans and receivables						
- for leasing						
- for factoring						
- for consumer credit						
- loans secured by pledge						
- other loans and receivables						
Total	**(177)**		**(1,631)**		**10,151**	**8,343**

Net impairment and losses recorded on loans and receivables with customers originate from the economic effects generated as a result of recovery activities, as well as from the update of the analytical measurements of managed positions. During the first semester 2019 the collection on loans and receivables with costumers are equal to EUR 14 million and it generates net reversal of loss of EUR 8,520 thousand.

The item also includes the impairment of EUR 177 thousand on the bank accounts.

Operations/Income components	Impairment losses			Reversal of losses		30/06/2019
	First and second stage	Third stage		First and second stage	Third stage	
		Write-offs	Other			
A. Debt securities	**(336)**			**8**		**(327)**
B. Loans						
- With customers						
- With financial companies						
- With banks						
of which: acquired or originated impaired financial assets						
Total	**(336)**			**8**		**(327)**

The item includes the impairment on the Government Bonds.

Administrative expenses - Item 160

Personnel expenses: breakdown

Type of expenses/Value	30/06/2019
1. Employees	(10,768)
a) salaries and wages	(7,531)
b) social security	(2,069)
c) post-employment benefits	(225)
d) pension funds	
e) provision for post-employment benefits	(21)
f) provision for pensions and similar obligations:	
- defined contribution plan	
- defined benefit plans	
g) payments to external complementary pension funds:	
- defined contribution plan	(360)
- defined benefit plans	
h) other benefits for dependents	(562)
2. Other active personnel	(63)
3. Directors and Auditors	(77)
4. Retired personnel	
5. Recoveries of expenses for personnel seconded to other companies	
6. Reimbursements of expenses for personnel seconded to the company	(1,195)
Total	**(12,103)**

Personnel expenses are related to salaries, leave accrual, and bonus accrual at 30 June 2019.

Staff seconded expenses are connected to reimbursement of the expenditure due to Intesa Sanpaolo for the personnel coming from the former Veneto Banks and seconded at AMCO during the 1H2019.

Other administrative expenses: breakdown

	Type of expenses/Value	30/06/2019
1.	Reimbursement of expenses for coordinated and continued collaborators	
2.	Expenses for other consultants	1,360
3.	Expenses for technical consultancy	102
4.	Legal and other recovery expenses	1,644
5.	Other	6,416
Total		**9,522**

This item includes the administrative expenses related to software and IT implementation due to the new and increasing needs connected with an efficient and effective management of the assets of the Segregated Estates.

Net allocations to provisions for risks and charges – Item 170

Net allocations to other risks and charges provisions: breakdown

		30/06/2019
a)	For risk of sums repayments	238
b)	For guaranteed disputes	
c)	For supplemental employee welfare	(38)
d)	For risk of litigation	(245)
e)	For risk of compensation for damages	
f)	For risk of expense reimbursement;	(23)
g)	For risk on TARI-TARSU	
i)	For solidarity contribution	
l)	For risk of adjustment to servicing fee	(5,427)
m)	For risk of retrocession of ISMEA (former SGFA)	
Total		**(5,495)**

The provision is mainly related to the adjustment mechanism for AMCO’s fees indicated in the transfer contract (”Collar”). For the 1H2019 it is equal to EUR 5,427 thousand.

Other operating income and expenses – Item 200

Other operating charges: breakdown

		30/06/2019
1.	Non-existent assets	
2.	Charges for ISP BDN transaction	
3.	Other operating expenses	(55)
Total		**(55)**

Other operating income: breakdown

		30/06/2019
1.	Allocation of expenses to positions	375
2.	Other operating income	2,113
Total		**2,488**

The item mainly includes the recovery of direct and indirect expenses incurred by AMCO during the first semester 2019 and reallocated to the Segregated Estates and to the Financed Capital on the basis of internal allocation criteria.

Income taxes for the year on current operating activities - Item 270

Income tax for the period for current operations: breakdown

		30/06/2019
1.	Current taxes (-)	(1,085)
2.	Changes in current taxes of previous financial years (+/-)	
3.	Reduction of current year taxes (+)	
3bis.	Reduction of current year taxes for tax credits pursuant to Law no. 214/2011 (+)	
4.	Changes in taxes paid in advance (+/-)	(2,634)
5.	Changes in deferred taxes (+/-)	
6.	**Taxes for the year (-) (-1+/-2+3+3 bis +/-4+/-5)**	**(3,719)**

Taxes of the semester include the negative value of EUR 3.7 million and refers to current IRAP tax for 1.1 million, while the related of the recognition of prepaid tax assets relating to temporary deductible differences recorded in last years affects the net profit for EUR 2.6 million.

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declaration by the Manager in charge of financial reporting

Attestation of the Chief Executive Officer and Manager in Charge of Financial Reporting on the Financial Statements and Report on Operations as at 31 December 2018 pursuant to art. 154 bis of Italian Legislative Decree 58/1998

1. The undersigned MARINA NATALE, in her role of Chief Executive Officer and SILVIA GUERRINI, in her role of Manager in Charge of Financial Reporting of AMCO – Asset Management Company S.p.A., also taking into account the provisions of art.154 bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998, art. 13, paragraph 6, of the Articles of Association and what stated at point 2 below, certify:
   - the adequacy in relation to the characteristics of the company and the corporate structure
   - the effective application of administrative and accounting procedures and practices in the preparation of the financial statements as at 30 June 2019.

2. At this regard it should be noted that the undersigned SILVIA GUERRINI was appointed Manager in Charge of Financial Reporting on 15 March 2019, to replace the previously Manager in Charge of Financial Reporting MARINA NATALE, and that the same has carried out the activities necessary to verify the adequacy and effective application of the procedures and consolidated administrative and accounting practices in place, while at the same time proceeding to rationalise the same.

3. The undersigned also certified that the financial statements as at 30 June 2019:
   - correspond to the accounting entries and records;
   - are suitable to provide a truthful and correct representation of the financial, economic and assets situation of the Company;
   - are drawn in compliance with the IAS/IFRS international accounting standards recognised by the European Community and the Provisions of the Bank of Italy on the subject.

4. Lastly, it is certified that the Report on Operations as at 30 June 2019includes a reliable analysis of the Company’s performance and EBITA as well as the Company’s situation, together with a description of the main risks and uncertainties to which the Company is exposed.

Milan, 17 Settembre 2019

Marina Natale
Chief Executive Officer

Silvia Guerrini
Manager in charge of financial reporting


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