amco
ASSET MANAGEMENT COMPANY

MPS transaction: growth accelerator

Milan, 29th June 2020

Marina Natale - CEO

amco

Company overview

We have a 20-year track record and we are experiencing strong growth

Business

We are a credit servicer (i.e. a financial intermediary pursuant to Art. 106 of the Italian TUB[1] offering innovative solutions for NPEs in Italy

We manage €33.4 billion NPEs, including €14 billion UTPs related to 56 thousand Italian corporates[2]

People

Our 233 highly motivated professionals have a wide range of skill sets

Our
D N A

Rating

We are rated investment-grade by Standard & Poors (BBB) and Fitch (BBB-)

We received a Special Servicer rating from Fitch (RSS2-, CSS2-, ABSS2-)

Financial Structure

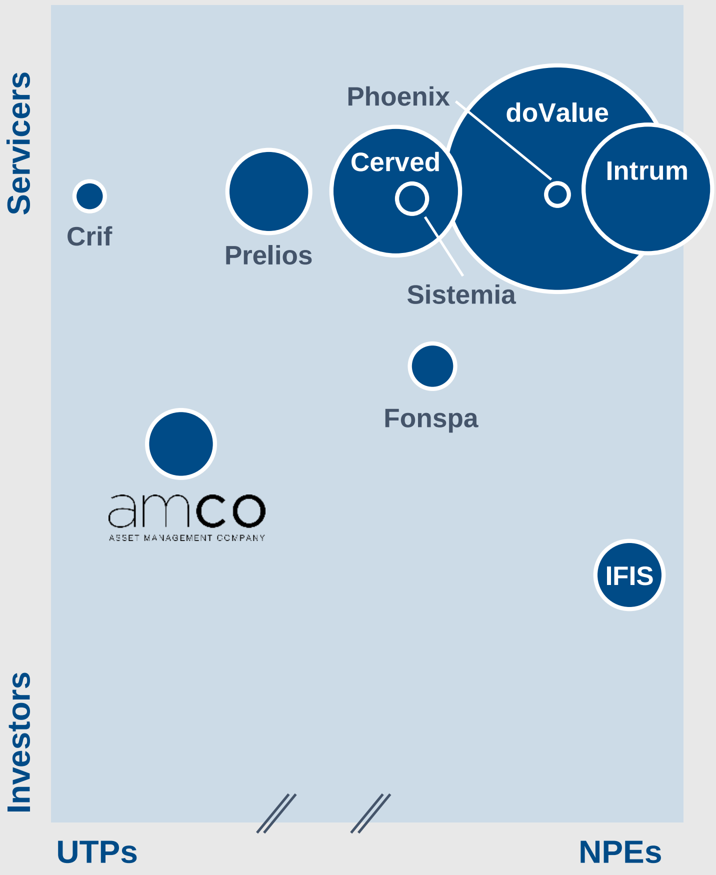
We are listed on the bond market.

We are solid, with a strong capital position

(1) Testo Unico Bancario
(2) Managerial data for June 2020 adjusted including BP Bari portfolio and MPS compendium

We operate in a competitive market and our business is regulated

We operate in a highly competitive market[1]



MEF

Ministry of Economy and Finance

100%

amco

ASSET MANAGEMENT COMPANY

BANCA D'ITALIA

Our business activity is regulated and supervised

The Bank of Italy regulates and supervises all financial intermediaries pursuant to Art. 106 of the Italian TUB[2]

Corte dei Conti

We are subject to supervision by the Italian Court of Auditors

The Italian Court of Auditors oversees the financial management of AMCO

amco

Note (1): Size of blue circles based on AuM

Note (2): Testo Unico Bancario

We play a central role in Italy's NPE market

OUR MISSION is to play a central role in Italy's NPE market for our stakeholders

DEBTORS
In managing portfolios we show the utmost respect for client/debtors to avoid generating financial stress

CREDITORS
We manage credit files with the aim of ensuring business continuity

SELLING BANKS
We manage all aspects of the on-boarding processes

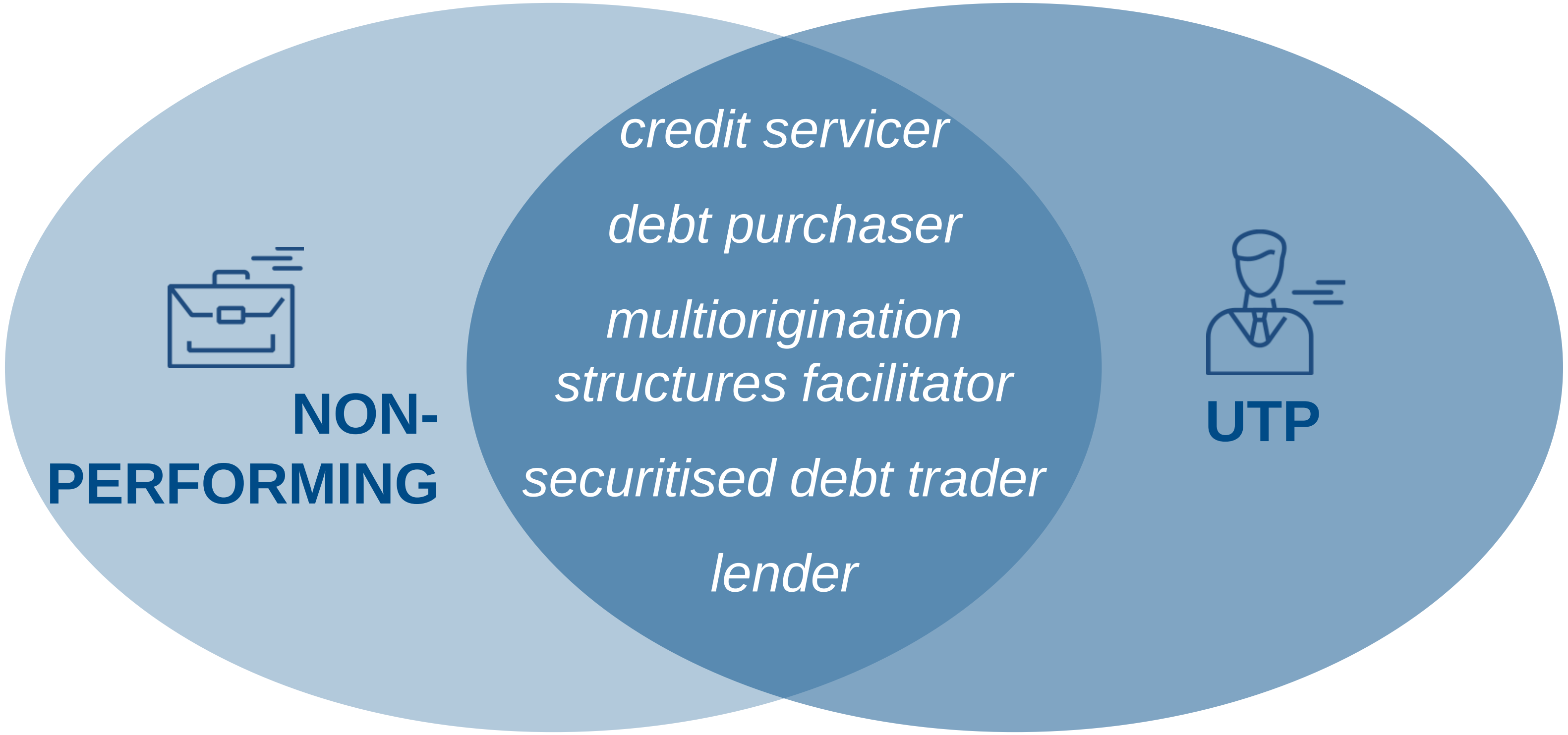
BONDHOLDERS
Our policy is one of maximum transparency, ensuring liquidity for our bonds

PEOPLE
We support our people on their career paths

> *"Our debt recovery process adopts a patient approach that is respectful of the borrower's socio-economic conditions. We support deserving manufacturing companies."*

We are a full service credit management company and a partner for our stakeholders

- We have specific know-how in the management of both non-performing loans (57% of the total) and of UTP loans (43%)[1]
- We want to play a leading role in the NPE sector in the **highly competitive Italian market**



“We operate by promoting corporate continuity and industrial relaunch, directly providing new loans to worthy companies”

amco

Note (1): Managerial data for June 2020 adjusted including BP Bari portfolio and MPS compendium

Investment grade rated by S&P and Fitch

Confirmed on 20 September 2019 and further confirmed after Sovereign rating action (06 May 2020)

	S&P	Fitch
First rating	July 23rd, 2019	September 27th, 2018
Rating agency	S&P Global Ratings	FitchRatings
Issuer Default Rating	Long-Term IDR: **BBB** Senior Unsecured Debt: **BBB** Outlook negative	Long-Term IDR: **BBB-** Short-Term IDR: **F3** Outlook stable
	These ratings apply also to the October 2019 €600m issuance	
Overview	*"The rating on AMCO primarily reflects our view that there is an almost certain likelihood that the **Italian government** would provide AMCO with timely and sufficient **extraordinary support** if it were in financial distress. S&P therefore **equalizes** its long-term rating on AMCO **with** our long-term unsolicited **sovereign credit rating on** Italy* *S&P views AMCO as a **key instrument** for the Italian government **to clean up troubled banks' balance sheets**, thus preserving financial stability, helping lending resume, and fostering economic growth."* (S&P Ratings Report, 23rd July 2019)	*"The rating reflects the link between AMCO and Italy's national Government and **Fitch's expectations of the latter's willingness to provide any extraordinary support**."* *(Fitch Ratings Report)* *"The state guarantee on AMCO's debt accounts for about 85% of AMCO's non-subordinated liabilities as calculated by Fitch. This leads to AMCO's ratings being equalised with the Italian sovereign's under Fitch's GRE criteria, as the share of guaranteed debt exceeding 75% assumes in itself the willingness to provide support at a level warranting the rating equalisation while overriding the analysis of the rating support factors." (Fitch Ratings Report, 06th May 2020)*

Banca Popolare di Bari portfolio acquisition

Purchase of €2.0bn NPE portfolio from Banca Popolare di Bari

Deal context

- The transaction is part of Banca Popolare di Bari's restructuring process: the bank is proceeding to a de-risking process via a sale of the NPE portfolio, linked with a capital strengthening and transformation into a Joint Stock company

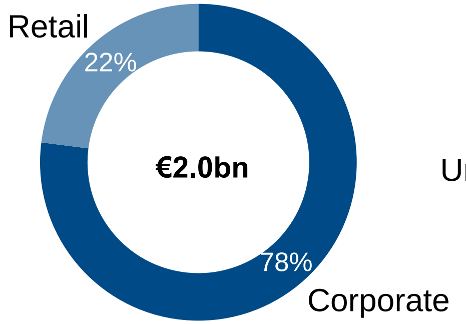
Purchase details

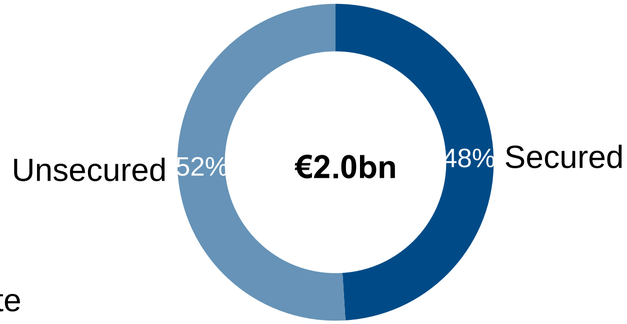
- **True sale of an NPE portfolio (*pro soluto ex art. 58 TUB*)**
- **€2.0 billion** GBV portfolio, both NPL and UTP, including about **32k credit files**
- **€0.5 billion** purchase price

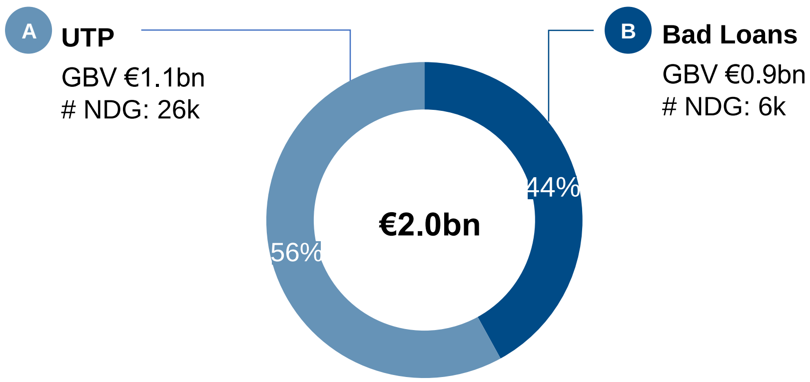
Additional details

- July 1st: economic effectiveness for AMCO

Portfolio breakdown as % of GBV







amco

MPS transaction: growth accelerator

AMCO plays a leading role in the market - MPS transaction will significantly improve our positioning

Transaction benefits

Strenghten AMCO's role in the Italian NPE market	**Confirm** leadership in UTP market	**Optimize** balance between debt purchaser & servicer business	**Lower efforts** via one large transaction versus several small ones	**Greater effectiveness** in recovery process

Key data

€ 8.1bn
Total AuM

+35%
AuM increase vs. 2019

89,004
 # credit files

of which
€ 3.3bn (41%)
UTP loans

of which
€ 4.8bn (59%)
NPL loans

amco

AMCO receives a compendium of NPEs, other assets, liabilities and equity from MPS, based on a partial non-proportional demerger

Objectives

amco

Business expansion to support long-term profitability, thanks to economies of scale

MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

De-risking strategy to strengthen the balance sheet and recover core business' profitability

Key elements

Transaction

- Partial non-proportional demerger[1] of a compendium composed of NPEs, other assets, liabilities and equity from MPS to AMCO

Shareholders' structure

- MEF to receive 90% shares of newly issued AMCO shares (minorities to receive 10% of newly issued AMCO shares)
- No voting rights for newly issued AMCO shares
- Minority shareholders of MPS are granted the option to renounce to receive AMCO shares and not being cancelled MPS shares

Accounting treatment

- Transfer to occur on the basis of current book values of assets and liabilities due to common control[2]

Transfer value

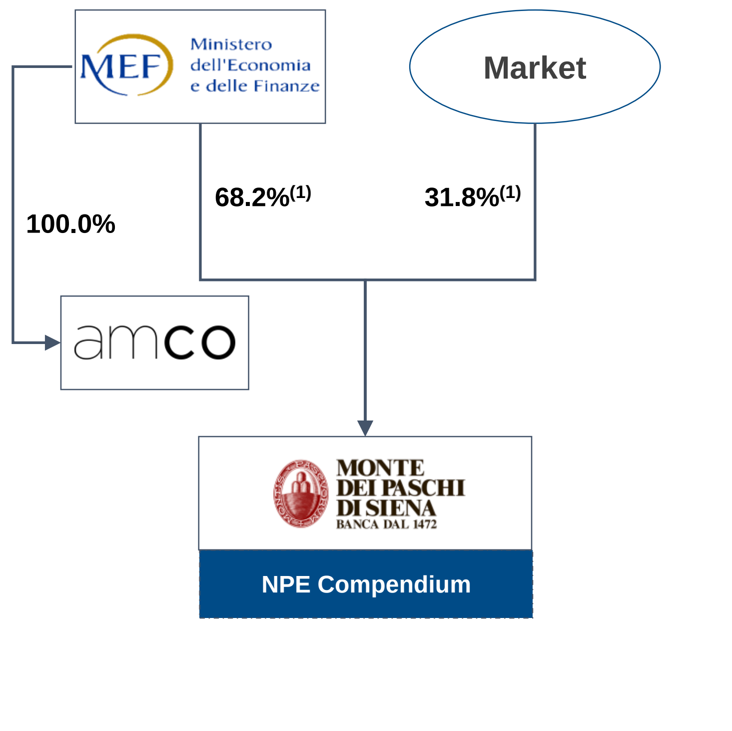
- DG Comp carried out a thorough assessment of the NPE portfolio without raising any objection on the implementation of the transaction from a State Aid perspective

Note 1: Pursuant to article 2506 of the Italian Civil Code and article 25 of the Sixth EU Directive
Note 2: Consistently with IFRS3

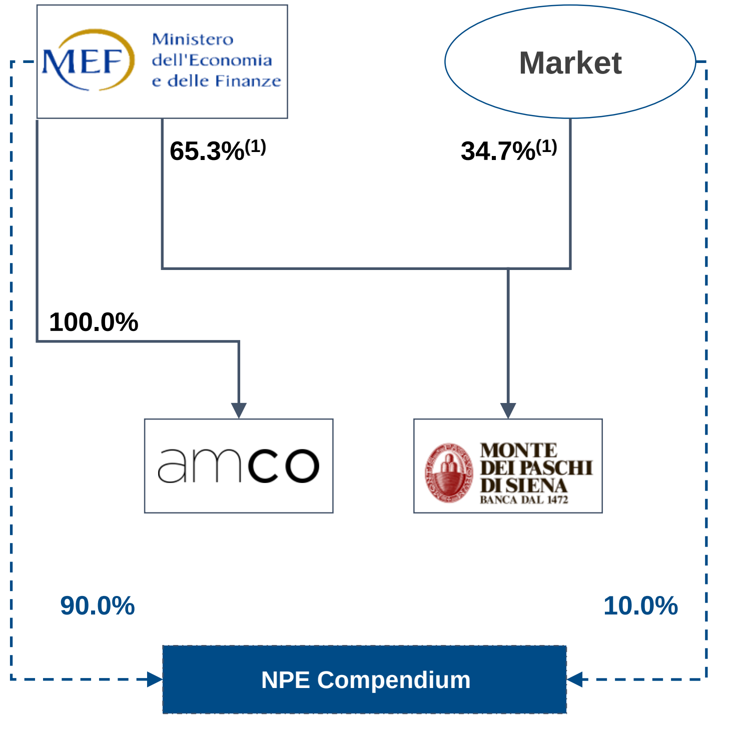
The transaction meets AMCO’s and MPS’s strategic objectives, while minimizing the impact on the shareholding structures

The Transaction foresees a non proportional demerger (90% MEF - 10% MPS minority shareholders)

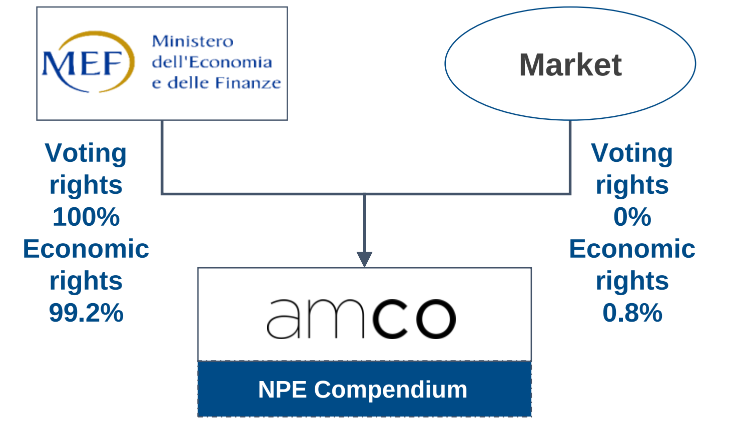
Current shareholding structure



Partial non-proportional demerger of the NPE compendium[2]



NPE compendium consolidated into AMCO



Thanks to the non-proportional demerger, MEF reorganizes MPS’ and AMCO’s activities, while keeping AMCO's governance substantially unchanged (minority shareholders will hold 0.8% of AMCO’s share capital, without voting rights)

Legend:

- Shareholding with voting rights
- Shareholding without voting rights but with economic rights (resulting from the demerger of the NPE Compendium)

Notes: (1) The percentages refer to the issued shares;
Note (2): As previously specified, the Transaction also grants to the minority shareholders of MPS the option to maintain MPS shares without receiving AMCO shares. The effects of such option are not represented in the post-transaction shareholding structure

Based on the valuations of AMCO and the Compendium, an exchange ratio has been identified of 0.4 AMCO newly issued shares every 1 MPS share cancelled

Share offer

Max 55.2 m AMCO Shares to be issued

Exchange ratio[1]
0.4

Max 137.9 m MPS Shares to be cancelled

90% to MEF
10% to Minorities

For each MPS share owned:

	AMCO Shares to be issued	MPS Shares to be cancelled
MEF	0.0638	0.1595
Minorities	0.0152	0.0380

Asymmetric option

Unchanged Exchange ratio and shares issued

Max 55.2 m AMCO Shares to be issued

Exchange ratio[1]
0.4

Max 137.9 m MPS Shares to be cancelled

100% to MEF
0% to Minorities

For each MPS share owned:

	AMCO Shares to be issued	MPS Shares to be cancelled
MEF	0.0709	0.1772
Minorities	Not applicable	Not applicable

- In case of exercise of asymmetric option by MPS minority shareholders, no AMCO shares will be received and no MPS shares will be cancelled

Note: (1) Calculated as # of AMCO shares to be issued divided by # of MPS shares to be cancelled

Transaction timeline

Timetable

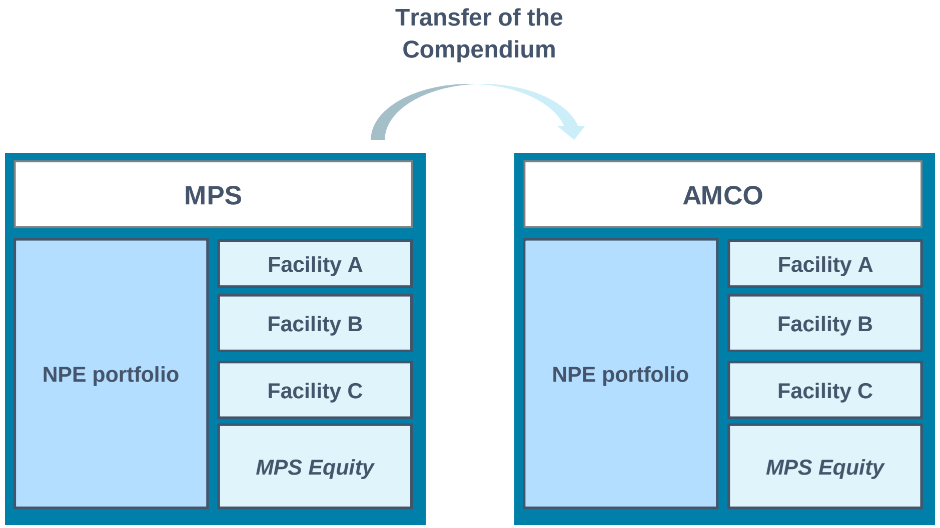
Timing	
29 June	○ **Amco and MPS Board of Directors** approval of the merger plan
After 29 June	○ **Market announcement and roadshow** ○ **Communication to Bank of Italy** (AMCO) and **authorisation process with ECB** (MPS) ○ **Formal opinion on exchange ratio** to be provided by the independent advisor appointed by the Court of Naples
September	○ **AMCO and MPS Extraordinary Shareholder Meeting approval**
November	○ **Demerger deed execution**
1 December	○ **Economic and legal effectiveness of the demerger**

After the demerger, AMCO will refinance the bridge loan of € 3.2bn with a mix of senior issuances and secured funding

Consolidation summary for AMCO

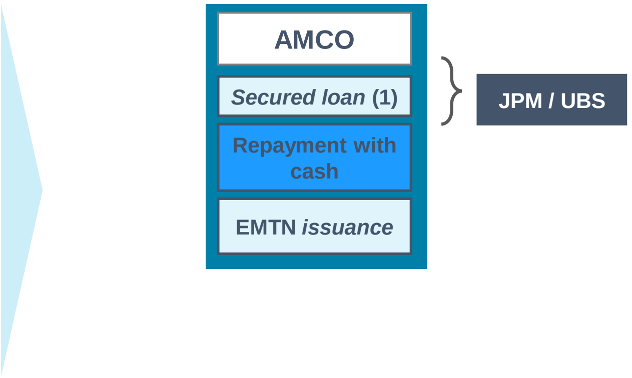
De-merger of NPE Compendium & Financing

- The Compendium is **initially financed** via a ***Bridge Loan*** of **€3.179 m** lent by JPMorgan / UBS in favour of MPS and consisting of 3 **facilities**:
  - *Facility A (bridge to Secured Loan)*
  - *Facility B (bridge to AMCO cash availability)*
  - *Facility C (bridge to senior unsecured)*
- The banks' commitment is granted from **the date of approval of the Transaction by the MPS and AMCO Boards**



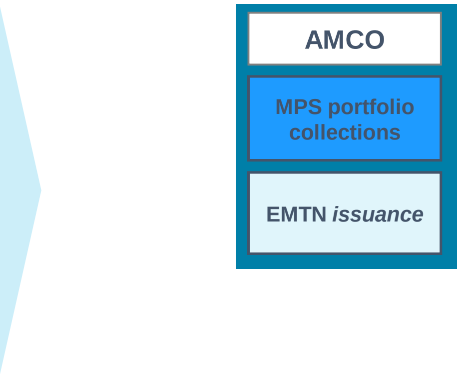
Re-financing process by AMCO

- At the date of the demerger, the **Bridge Loan** will be transferred to AMCO, split into 3 facilities:
  - **Facility A** will be replaced by a **Secured Loan**, with tenor of 1 year, guaranteed by **securitization** of the Compendium's NPE portfolio through the creation of a separate asset **ex art. 7.1 (a) Law 130/99, the first transaction of this type in Italy**
  - **Facility B** to be **fully reimboursed** through AMCO's cash and cash equivalents
  - **Facility C** will be reimboursed via senior unsecured issues under EMTN Program



Bridge repayment

- AMCO's repayment and / or refinancing strategy of the secured loan with UBS / JPM is based on:
  - **generation** of **cash via collections**
  - **unsecured EMTN issuances**
- AMCO will also evaluate the restructuring of the instrument through **secured funding** (Securitization)



amco

(1) Loan secured by a securitization ex article 7.1 (a) Law 130/99 (Italian securitization law)

The NPE Compendium, which will be consolidated into AMCO, is composed of a matched portion of assets, liabilities and shareholders' equity

Composition of MPS Compendium *Balance sheet data €mm as of 31.12.2019*

Assets		Liabilities	
Net NPE	**4,156**	Debt	3,179
NPL	2,313	Equity	1,087
UTP	*1,843*		
DTA	104		
Other assets(1)	6		
Total Assets	**4,266**	**Total Liabilities**	**4,266**

NPE portfolio in Compendium *GBV and NBV €mm as of 31.12.2019*

NPE portfolio	GBV	NBV	NBV/GBV (%)
NPL	4,798	2,313	48.2
UTP	3,345	1,843	55.1
Total portfolio	**8,143(2)**	**4,156(3)**	**51.0**

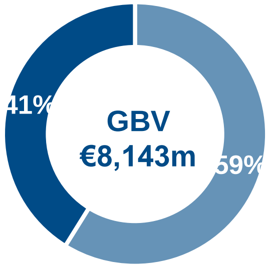
- The **asset** side comprises loans with corresponding to **€4,156m net book value** (€8,143m in terms of gross book value) split between bad loans and UTP and Deferred tax assets for €104m
- The **liabilities** side includes **€1,087m net equity,** which enables AMCO to **strengthen its capital structure** and increase its financial soundness, and €3,179m of funding including a bridge financing granted by UBS and JPM

Note: (1) Consists of financial assets (€ 5.2mm) and derivatives (€ 0.8mm) connected to the credit portfolio; (2) Of which €165.1mm classified as FVTPL (€26.5mm classified as bad loans; €138.6mm classified as unlikely to pay); (3) Of which €54.5mm classified as FVTPL (€10.1mm classified as bad loans; €44.4mm classified as unlikely to pay) and €11.0 mln classified as assets held for disposals

MPS portfolio is a balanced mix of NPLs and UTPs; mainly corporates

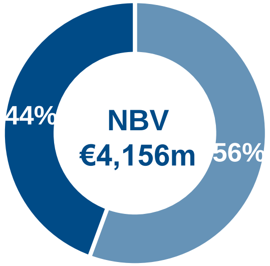
- The portfolio includes 89k borrowers, of which about 64k are UTPs. The net book value of the portfolio reflects the high level of secured assets (65% of NPLs) and low vintage
- The geographic distribution allows for efficiencies in managing portfolios by geographic area

Borrower status



A UTPs

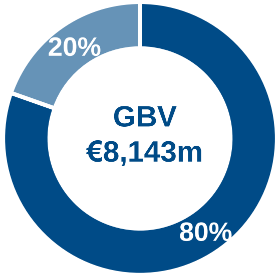
B NPLs



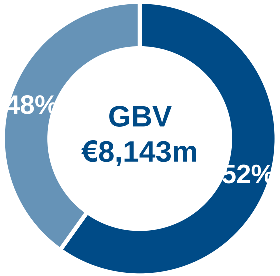
A GBV €m: 3.345
NDG: 64k
Coverage: 44.9%

B GBV €m: 4.798
NDG: 25k
Coverage: 51.8%

Type of borrower and collateralisation

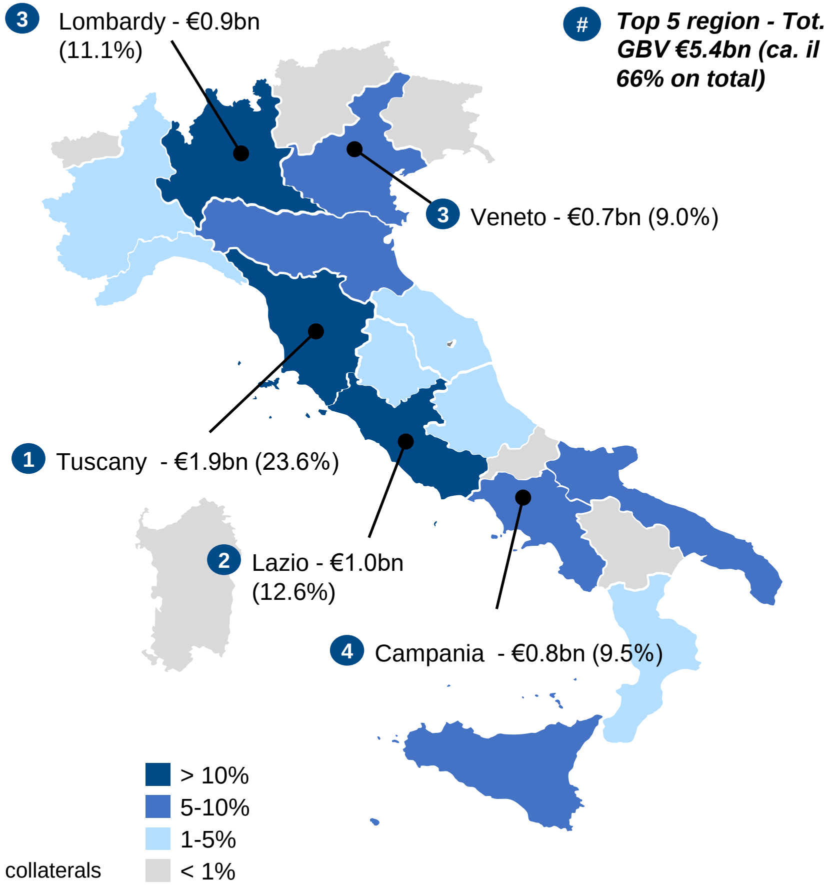


▪ Corporate ▪ Retail



▪ Secured ▪ Unsecured

Geographic distribution (borrower residence)[1]



Note (1) ca. 0.6% (€49 m) granted to foreign borrowers

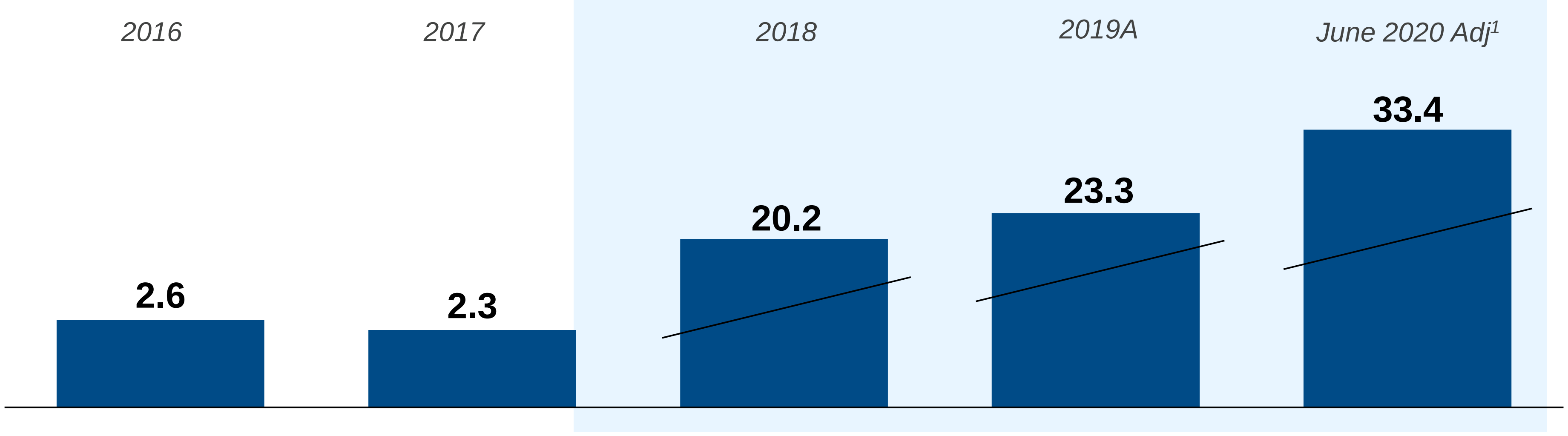
Note: Secured loans include all credit files with at least one first degree mortgage registration. Considering other collaterals (e.g. second line mortgages, financial assets, etc.) the portion of secured GBV rises to 60%

amco

Financial targets 2022-2025

The MPS transaction is an accelerator of AMCO's business growth

Assets under Management (€bn)



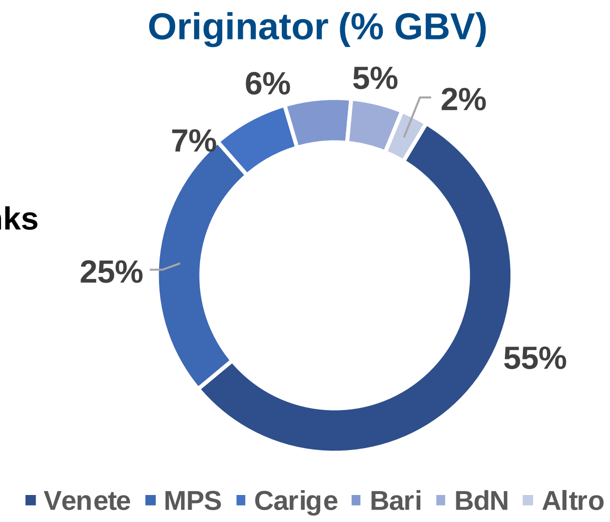
	2016	2017	2018	2019A	June 2020 Adj[1]
Non-performing loans / UTP	100/0%	100/0%	60/40%	56/44%	57/43%
Debt purchaser / Servicer	100/0%	100/0%	9/91%	18/82%	44/56%

Note (1) Managerial data for June 2020 adjusted including BP Bari portfolio and MPS compendium

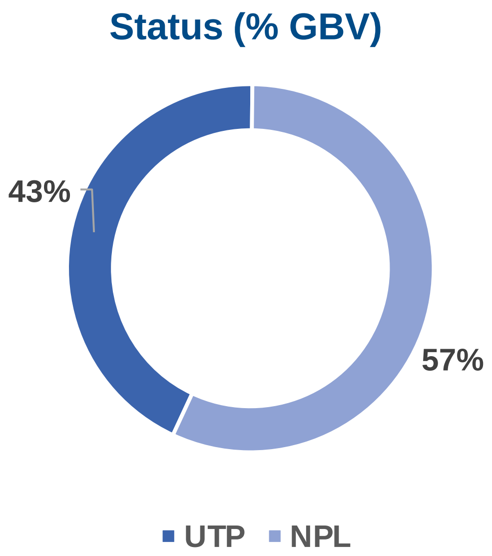
After the MPS transaction, AMCO's AuM are well diversified…

55% from Veneto banks

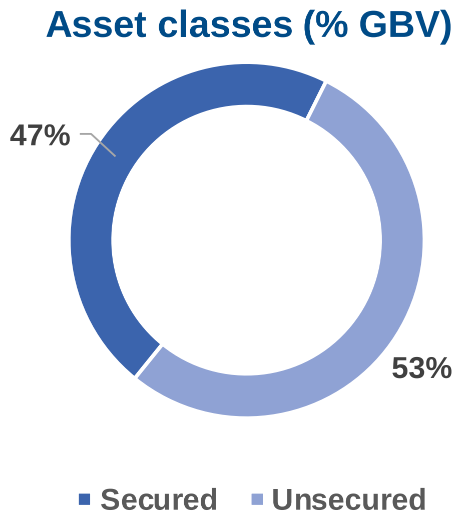
25% from MPS



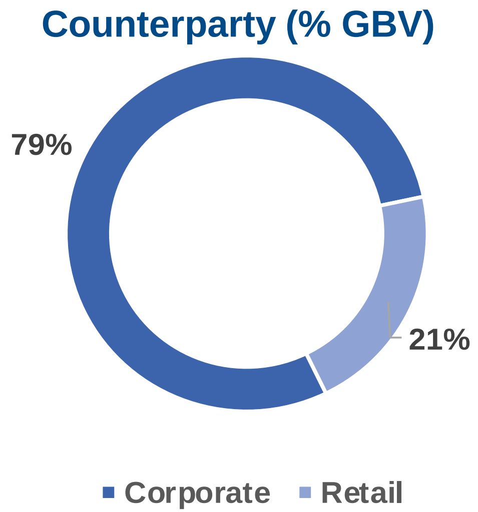
43% UTP



~50% with real estate collateral (1)



79% corporate counterparties



amco

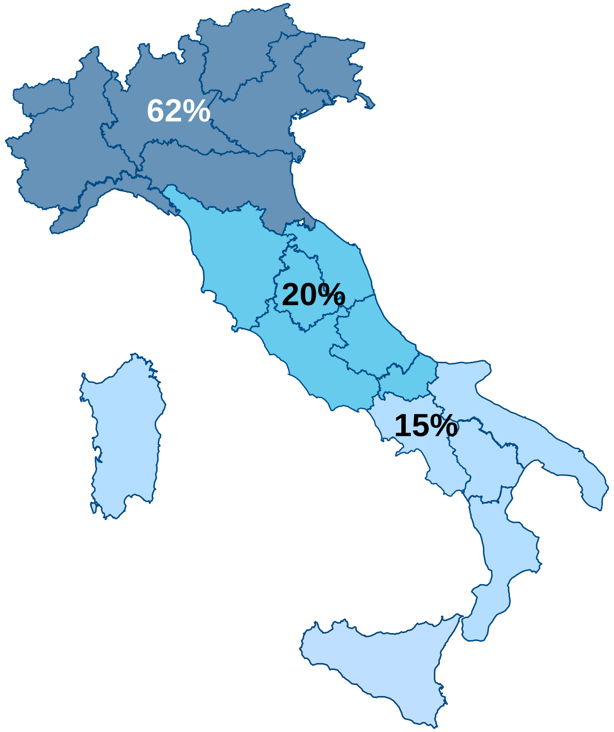
Note: Managerial data for June 2020 adjusted including BP Bari portfolio and MPS compendium

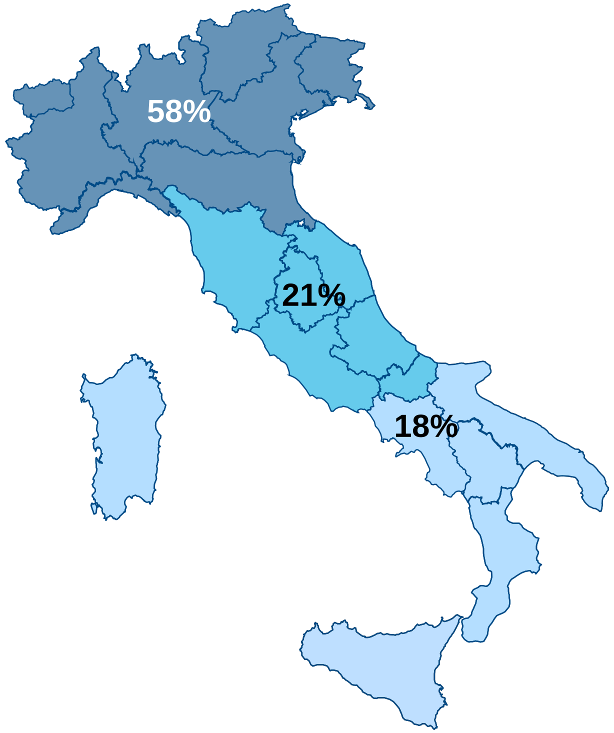
Note (1) Secured assets include all credit files with at least one first degree mortgage registration

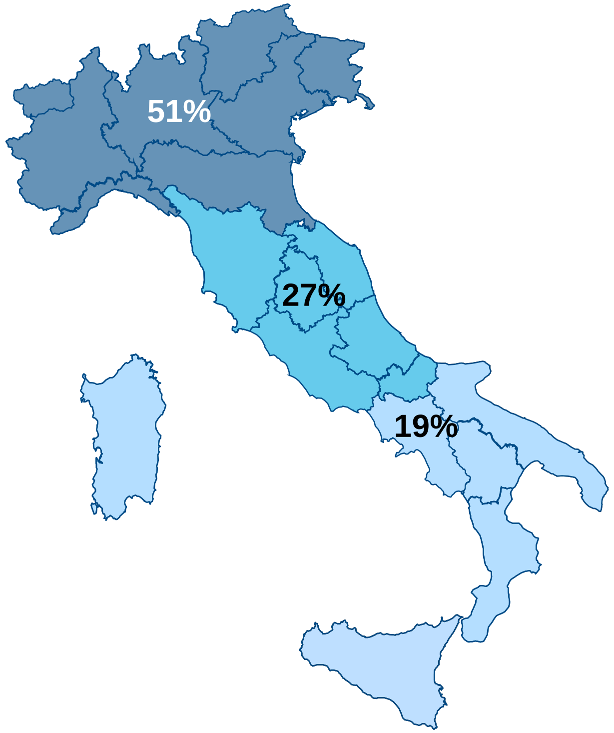
… also by geographic distribution

AuM June 2020[1]	Adjusted including Bari	Adjusted including Bari and MPS

Geography (% GBV)



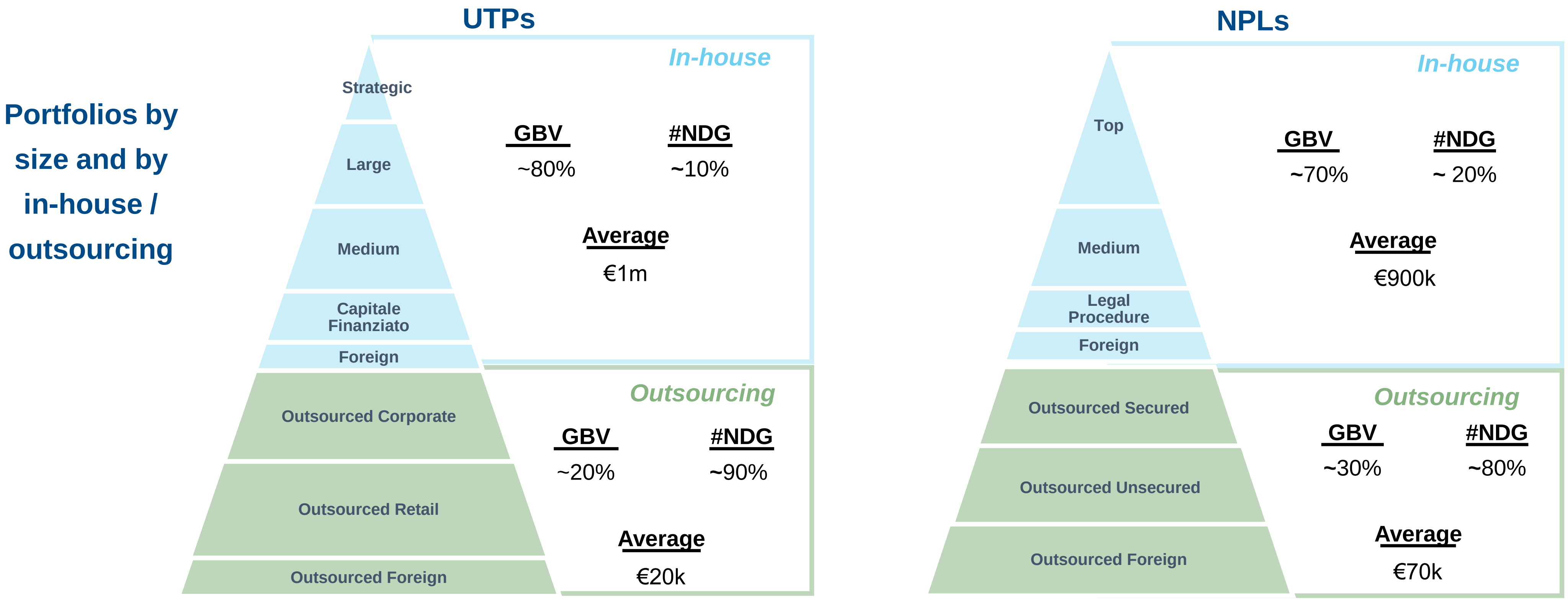




Note: (1) Managerial data for June 2020
2-3% of AuM is related to foreign exposures not reported in the charts

AMCO will leverage its model to create economies of scale, while maximising recoveries

- AMCO's operating model is based on in-house management of large, secured credit files to ensure high expected recovery. In addition, smaller, «standardised» credit files are outsourced to 10 specialised credit servicers following a rigorous selection process and strict performance monitoring



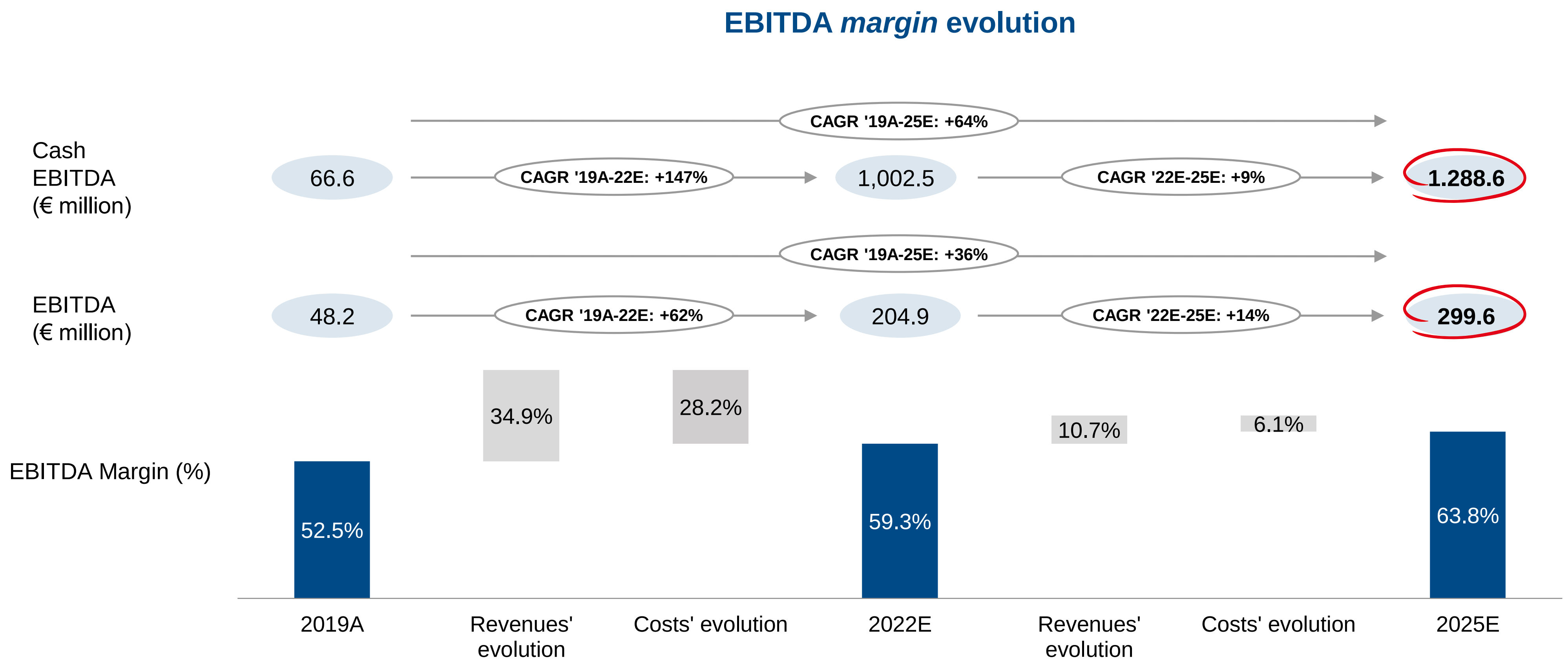
amco

EBITDA expected to grow by 62% in 2019-22

Data in €mm

P&L	2019A	2022E	2025E	CAGR 19A-22	CAGR 22-25	CAGR 19A-25
Revenues from servicing	47.1	42.9	37.6			
Revenues from debt purchasing	44.5	302.9	431.7			
TOTAL REVENUES	**91.7**	**345.8**	**469.2**	**55.7%**	**10.7%**	**31.3%**
Total cost	(43.5)	(140.9)	(169.7)			
EBITDA	**48.2**	**204.9**	**299.6**	**62.0%**	**13.5%**	**35.6%**
EBITDA margin	*52.5%*	*59.3%*	*63.8%*			
Interest costs	(6.1)	(94.4)	(73.9)			
NET PROFIT	**42.3**	**71.0**	**157.2**	**18.8%**	**30.3%**	**24.4%**
Cash EBITDA	66.6	1,002.5	1,288.6			
TOTAL AUM	**23,251**	**33,237**	**34,705**	**12.6%**	**1.5%**	**6.9%**
Net Debt /Equity	0.3x	1.5x	0.9x			
Net Equity	1,823	2,805	3,206			
RWA	2,793	7,447	7,248			
CET1	**63.7%**	**36.7%**	**42.1%**			

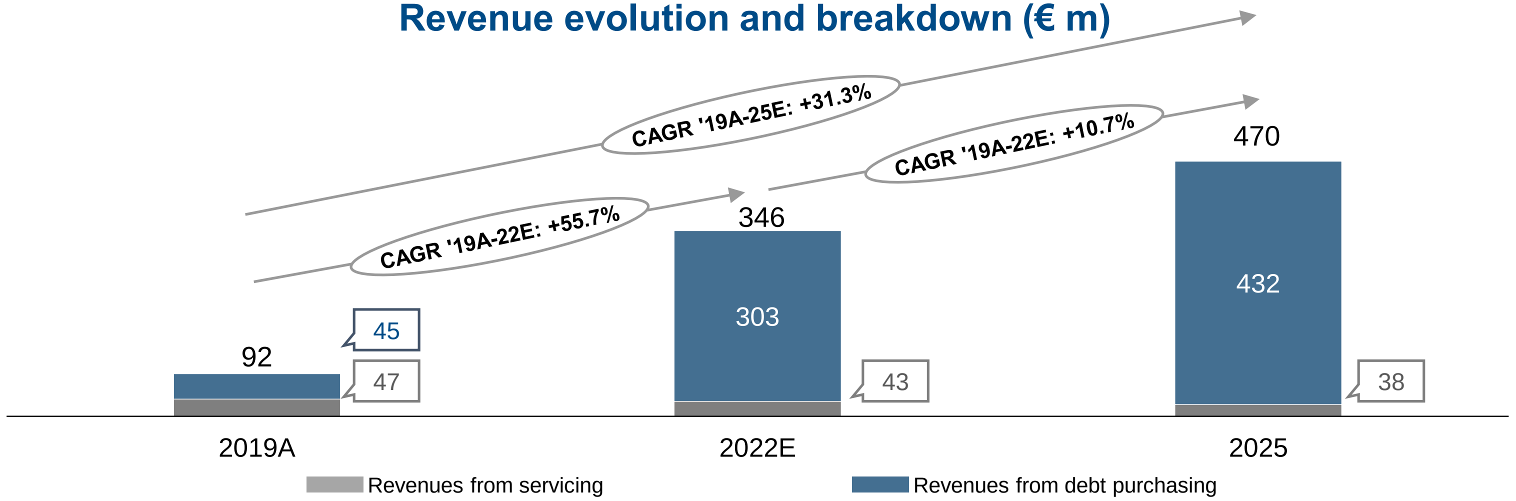
Economies of scale drive EBITDA margin from 52.5% in 2019 to 59.3% in 2022 and 63.8% in 2025



- **EBITDA Margin increases from 52.5% to 63.8%** thanks to a higher growth in revenues compared to costs, of which a significant share is not driven by business growth and allows for high economies of scale

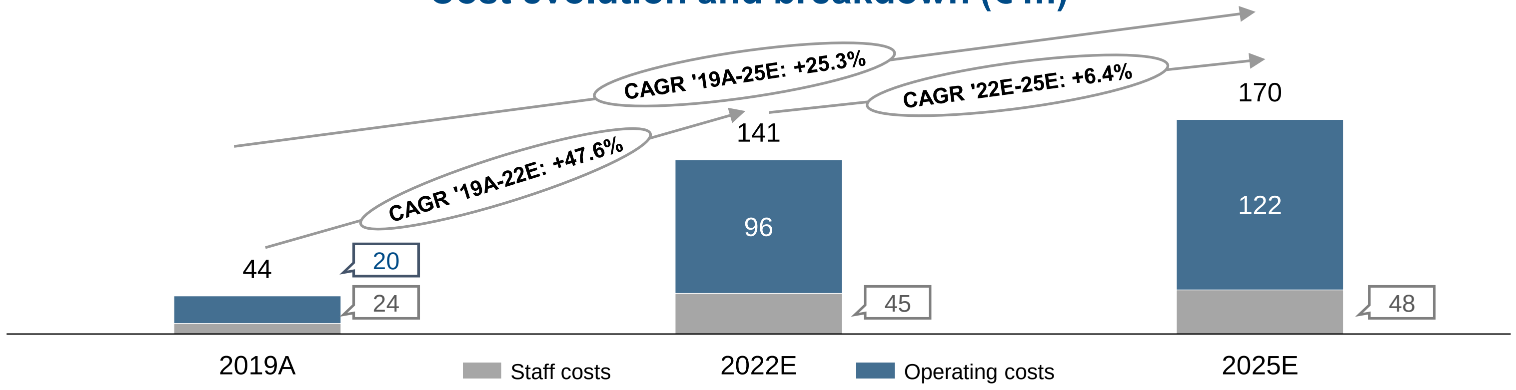
MPS transaction allows to exploit economies of scale, with 31.3% growth in revenues in 2019-2025, bringing cost/income down to 36%

Revenue evolution and breakdown (€ m)



On B/S AuM (€ bn)	**4.3**	**17.3**	**20.6**

Cost evolution and breakdown (€ m)



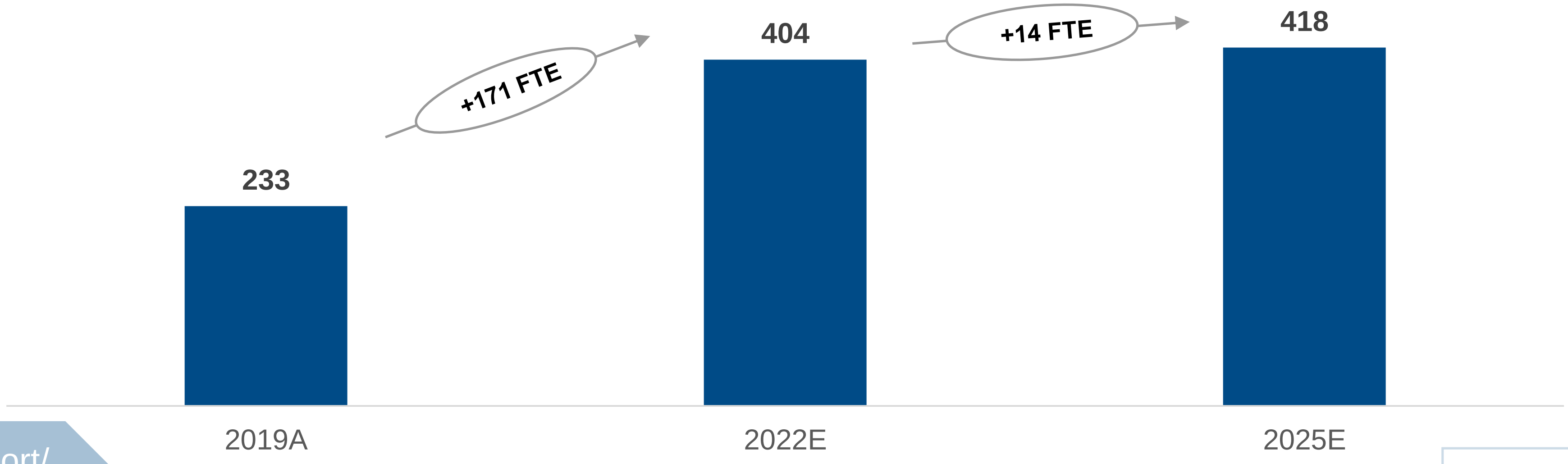
Cost/Income	**47%**	**41%**	**36%**

- Revenue growth is supported by strong debt purchasing business
- **Revenues from debt purchasing increase** from 49% to 88% in 2022 and to 92% in 2025, as a percentage of total revenues
- **Cost progression lower than revenue growth** thanks to economies of scale

amco

AMCO's operating model is specialised in managing big credit files, driving additional economies of scale

- AMCO's high level of specialisation in managing big credit files allows for economies of scale. Each loan manager takes care of a high amount of AuM: from €96m per manager in 2019, to €101m in 2022.
- Total FTEs will move from 233 at end 2019 to 404 in 2022 and 418 in 2025

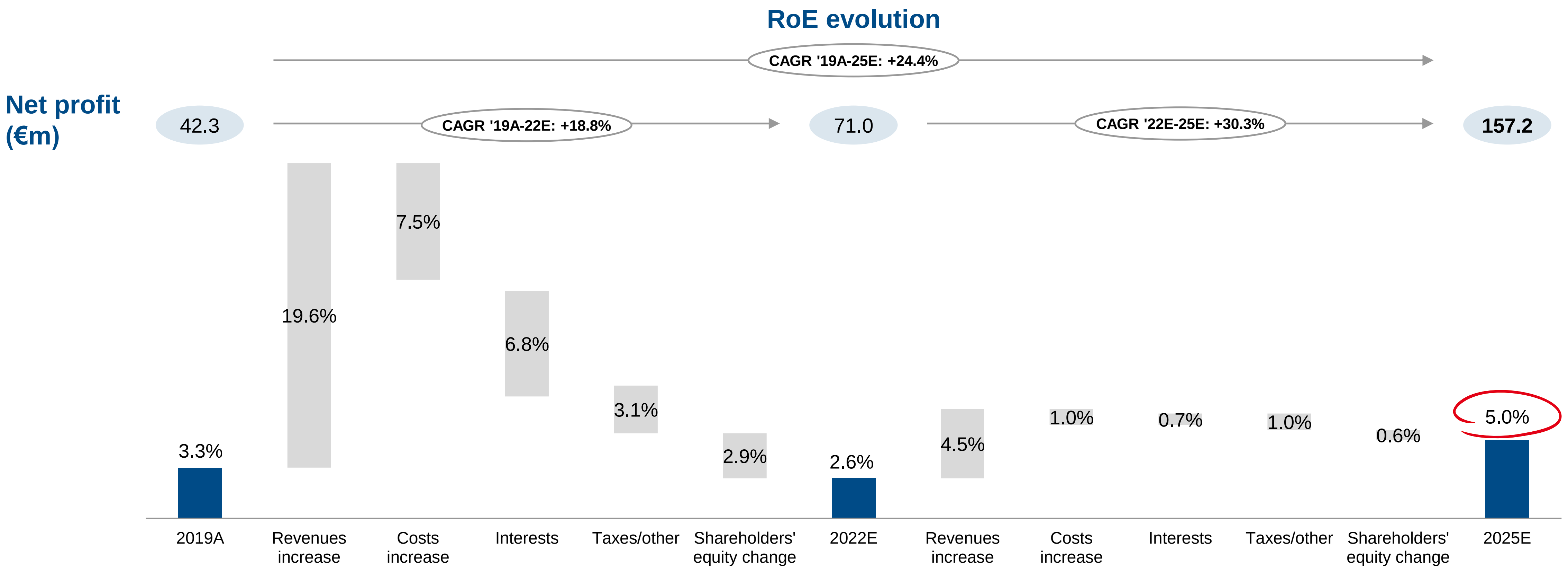


	2019A	2022E	2025E
HC business+ support/ Central functions	71/29%	73/27%	73/27%
GBV managed in house by HC (€m)[1]	96	101	101

Average of *servicers*: €70-90m[2]

(1) Ratio calculated as: GBV managed in-house / number of staff in business and business support functions, excluding outsourcing teams
(2) Source: KPMG, servicing sector average

Bottom line profitability is partially impacted by cost of debt servicing

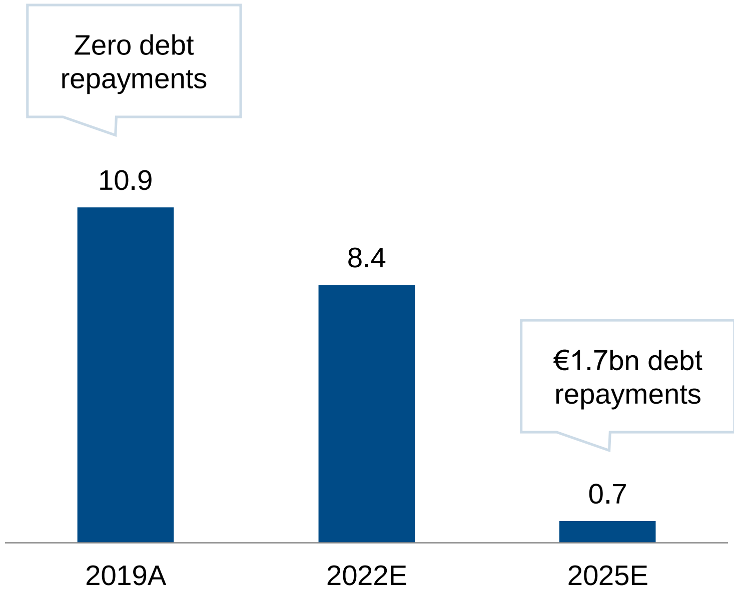


- Net profit is impacted by cost of debt servicing due to the high level of debt included in the MPS compendium
- Single digit ROE is due to the high equity base, thanks to AMCO's even more solid balance sheet after the contribution of MPS compendium
- The equity base increases in the period as earnings are fully retained

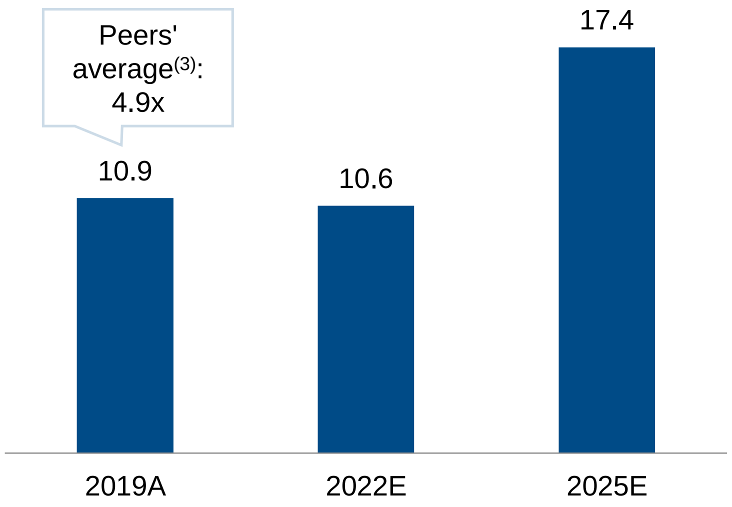
amco

Strong cash flows from business allow for adequate debt servicing

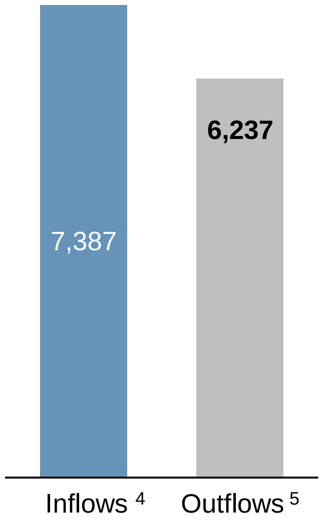
Debt Service Ratio[1] (x)



Interest coverage[2] (x)



Balance between cash flows from business and debt servicing



Cumulated 2020E-2025E

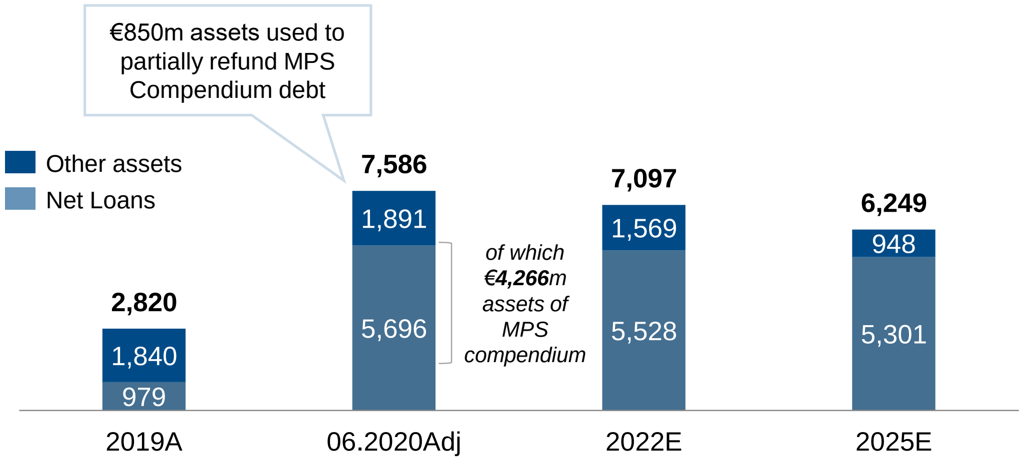
- Ample capacity for debt repayment thanks to significant cash generation from portfolio management
- Debt service ratio and interest coverage ratio are in equilibrium
- Cash flows equilibrium is granted, as cumulated cash flows from portfolio management in 2020-2025 allow for debt repayments in the period

Note (1): Debt Service Ratio defined as cash EBITDA / (interest expenses + debt principal repaid over the period)
Note (2): Interest coverage defined as cash EBITDA / interest expense
Note (3) Arrow, Cabot, iQuera, Lowell
Note (4) Inflows: cash flows from portfolios net of portfolio management costs + cash at beginning of period
Note (5) Outflows: Debt repayments (principal)

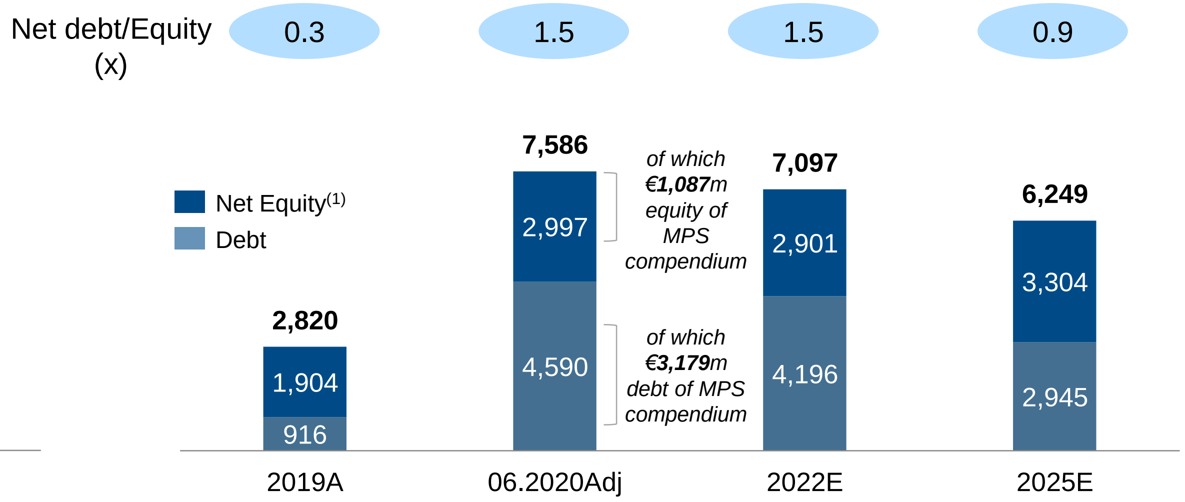
amco

Balance sheet strength is confirmed by Debt/Equity ratio reaching 0.9x in 2025

Assets (€ m)



Liabilities (€ m)



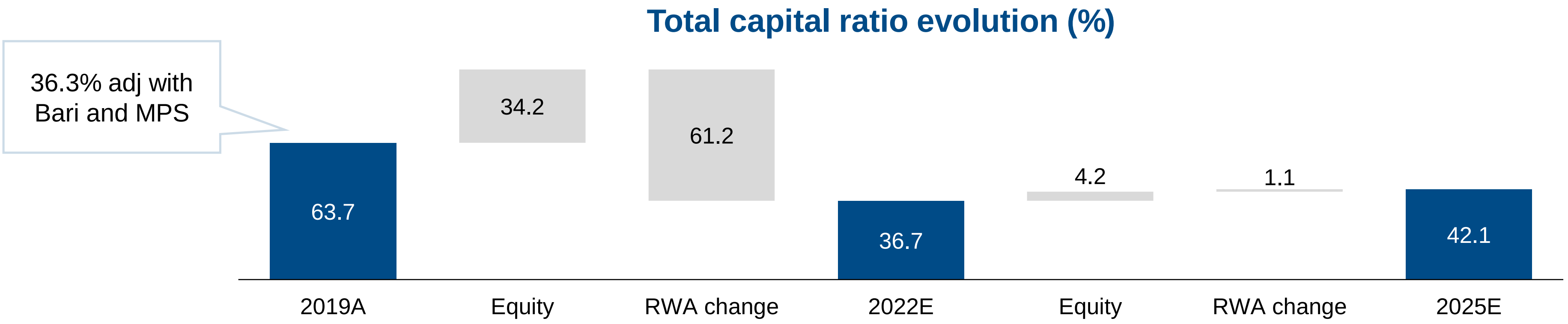
	2019A	06.2020Adj	2022E	2025E
GBV on balance (€ bn)	**4.3**	**14.5**	**17.3**	**20.6**
GBV off balance (€ bn)	***19.0***	***18.9***	***16.0***	***14.1***

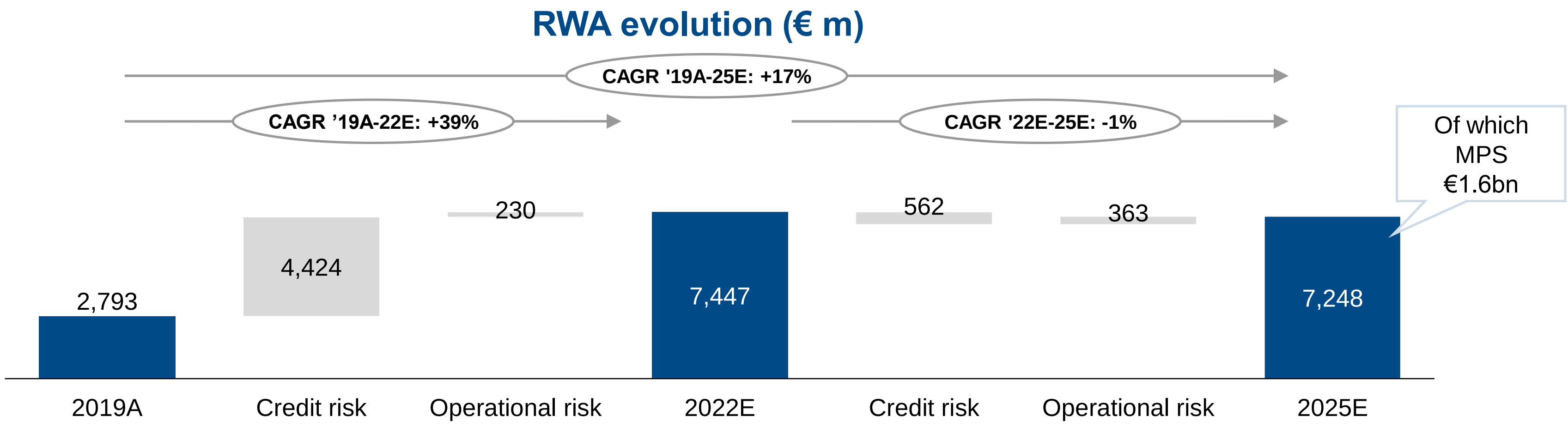
- Considerable funding requirements are matched with strong capital contribution generated by the MPS transaction
- Net Debt/Equity ratio declines from 1.5x in 2020E to 0.9x in 2025
- €850m liquid assets to be used to partially repay €3.2bn debt of MPS compendium[2]

amco

Note (1): Includes other liability items
Note (2): See page 16 of this presentation

Strong capital buffers support highly safe balance sheet





- **Capital buffers are sufficient to cope with risks and create flexibility** for potential dividend distribution and / or further business expansion
- Total capital ratio is equal to CET1 ratio as there is no subordinated debt

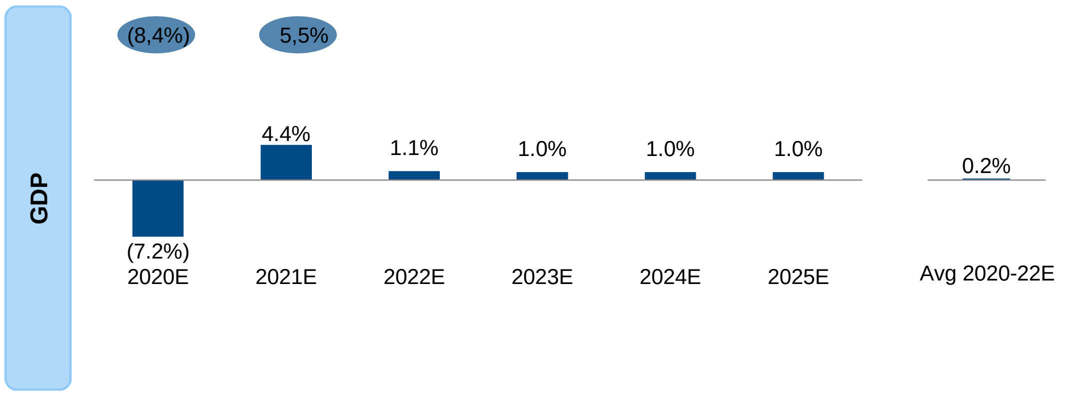
amco

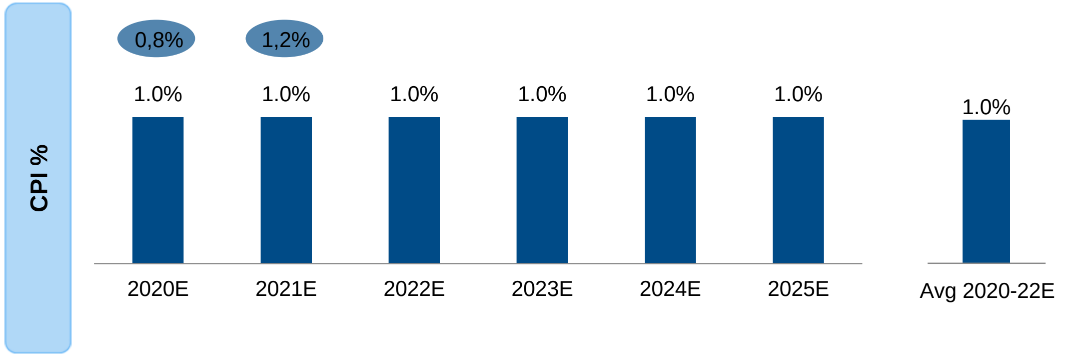
amco

Appendix

2022-2025 targets are based on conservative macroeconomic hypotheses

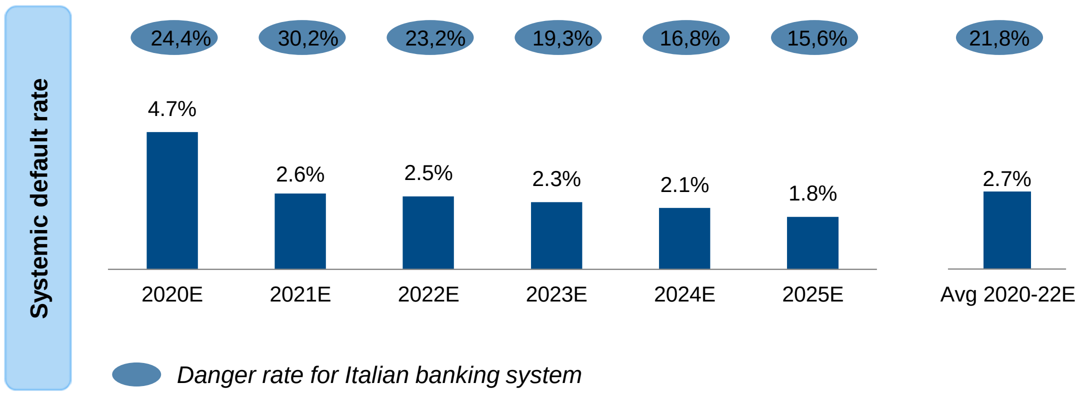
Main assumptions in line with consensus..

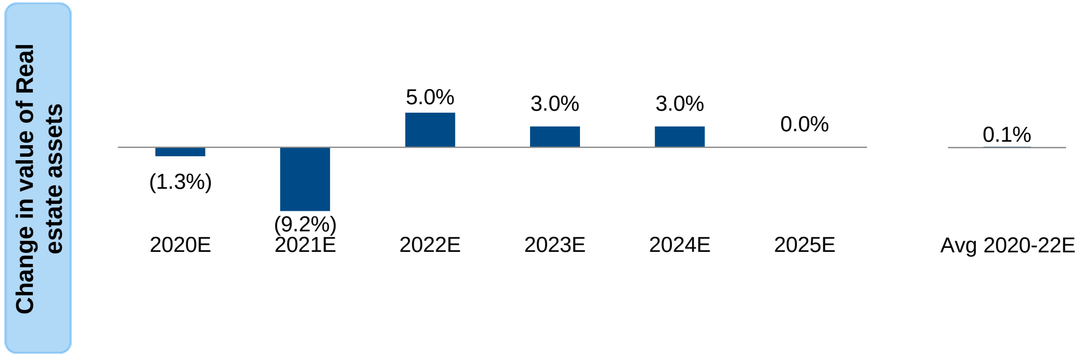




AMCO estimates Consensus[1]

…with expected impact from COVID-19 on main NPE market metrics





AMCO estimates

1) Consensus includes: GDP, average main assumptions from Italian financial institutions and industry analysts,rating agencies; CPI index: ISTAT, Italian Treasury department and ECB

This presentation (the "Presentation") may contain expectations and forward-looking statements which rely on assumptions, hypotheses and projections of the management of AMCO - Asset Management Company S.p.A. ("AMCO") concerning future events which are subject to a number of uncertainty and outside the control of AMCO. There are a variety of factors that may cause actual results and performance to be materially different from any forward-looking statements and thus, such forward-looking statements are not a reliable indicator of future performance.

Expectations and forward-looking statements included in this Presentation are provided as the date hereof only and may be subject to changes. AMCO undertakes no obligation to publicly update or revise any expectations or forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law.

Contents of this Presentation have not been independently verified and could be subject to change without notice. Such contents are based on sources which AMCO relies on; however AMCO does not make any representation (either explicit or implicit) or warranty on their completeness, timeliness and accuracy.

Neither this Presentation nor any part of it nor its distribution may form the basis of, or be relied on or in connection with, any investment decision. Data, information, statements and opinions contained in this Presentation are for information purposes only and do not constitute a public offer or an inducement to sell, purchase, exchange or subscribe financial instruments or any recommendation to sell, purchase, exchange or subscribe such financial instruments.

None of the financial instruments possibly referred to herein have been, or will be, registered under the U.S. Securities Act of 1933, as amended, or the securities laws of any state or other jurisdiction of the United States or in Australia, Canada or Japan or any other jurisdiction where such an offer or solicitation would be unlawful, and there will be no public offer of any such financial instruments in the United States.

Neither AMCO nor any of its representatives or employees accept any liability whatsoever in connection with this Presentation or any of its contents or in relation to any cost, loss or damage arising from its use.

Pursuant the Leg. Decree of 24 February 1998, no. 58, par. 2, (the Italian "Consolidated Law on Financial Intermediation"), the manager in charge for the preparation of the company's financial reports - Silvia Guerrini - declares that the accounting information contained in the Presentation reflect the AMCO's documented results, financial accounts and accounting records.


grazie
CO