amco
ASSET MANAGEMENT COMPANY

2022 Consolidated Financial Statements

Our vision

We want to play a central role in Italian NPE market for all our stakeholders.
We aim to manage our portfolios patiently and efficiently, creating new value to support the Italian economy.

Our mission

AMCO is the Asset Management Company that sets new standards in Italian NPE market managing files with a sustainable approach to ensure the business continuity of deserving companies while creating new opportunities.

Our values

ascolto

We create long-term relationships built on communication.

We respect our clients and our people; proactive communication lies at the heart of everything we do.

modernità

We forge new business opportunities and new scenarios.

We offer industry players perspective and innovation, and collaborate to kindle new connections.

competenza

Our competences are continuously expanding.

We draw on proven professional expertise to bring the most complex deals to completion.
We grow talents to achieve new goals because people are our most valuable asset.

ottimismo

We give back a better future.

We look to the future by changing the present.
We transform complexity into a sustainable future.
We create new value by turning NPLs into new beginnings.

made in amco

#madeinamco

We are committed to transform sustainability into new value, to support businesses and Italian economy

Discover 4 pillars of our sustainability strategy

Governance sostenibile

Sostenibilità del credito

Sviluppo del capitale umano

Tutela dell'ambientE

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1.

Corporate offices and independent auditors

BOARD OF DIRECTORS[1]

Chairperson	Stefano Cappiello
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.

MANAGER IN CHARGE OF PREPARING THE COMPANY'S FINANCIAL REPORTS

Manager in charge	Luca Lampugnani[2]

PARTIES APPOINTED TO CARRY OUT FINANCIAL CONTROL BY THE COURT OF AUDITORS (ITALIAN LAW 259/58)

Principal Appointee	Giulia De Franciscis[3]
Substitute Appointee	Vincenzo Liprino

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

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

at the date of closing the consolidated financial statements as at 31 December 2022

[1] With the approval of these consolidated financial statements, the mandate of the Board of Directors expires.
[2] Appointed by resolution of the Board of Directors on 30 November 2022 and effective as of 1 December 2022.
[3] Starting from 1 January 2023, following the expiry of the mandate, Mr Giuseppe Maria Mezzapesa replaced Ms Giulia De Franciscis.

2.

Introduction

AMCO - Asset Management Company S.p.A. (hereinafter the "Company" or "AMCO" or “AMCO S.p.A." or the "Parent Company”) is a Financial Intermediary pursuant to art. 106 of the Consolidated Banking Law (Testo Unico Bancario - TUB), specialised in the management and recovery of non-performing loans.

Since 1997 the Parent 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 Ministerial Decree of 14 October 1996. In this context, the company became a bulk assignee, pursuant to Art. 58 of the Consolidated Banking Act, for selling purposes, 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 Italian Ministerial Decree of 22 February 2018 published in Official Gazette No. 123 of 29 May 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, it has arranged for AMCO (formerly SGA), through Segregated Estates nominated “Veneto Group” and “Vicenza Group”, to become the assignee of non-performing loans, assets of problematic recoverability and connected juridical relationships respectively of Veneto Banca S.p.A. in administrative compulsory liquidation (hereinafter, also “VB LCA”) and of Banca Popolare di Vicenza S.p.A. in administrative compulsory liquidation (hereinafter, also “BPVI LCA”), together also the “former Veneto Banks” (hereinafter the “LCAs”), 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.

In addition to the non-performing loans and doubtful assets of the two banks, the sale also involved securitisation securities[6] issued by Flaminia SPV S.r.l and Ambra SPV S.r.l, and the ownership of foreign loans relating to the banks formerly controlled by Veneto Banca S.p.A. in Croatia, Albania, Moldova and Romania.

On 29 June 2020, the Boards of Directors of Banca Monte dei Paschi di Siena S.p.A. and AMCO approved the project for the partial non-proportional demerger with asymmetrical option of MPS in favour of AMCO. Following the approval of the demerger project, on 25 November 2020 the demerger deed was signed and became effective on 1 December 2020.

From a regulatory point of view, the transaction was subject to prior notification to the Banca d’Italia by AMCO pursuant to the Supervisory Provisions for Financial Intermediaries (Banca d’Italia Circular No. 288 of 3 April 2015), as a result of which no prohibition proceedings were initiated pursuant to Article 108, paragraph 3, letter d) of the TUB. On 2 September 2020, the European Central Bank notified the Demerged Company of its authorisation for the Transaction pursuant to Article 57 of Legislative Decree No. 385/1993 and Title III, Chapter 4, Section III, of Banca d’Italia Circular No. 229 of 21 April 1999 (as well as pursuant to Articles 77 and 78 of Regulation (EU) No. 575/2013).

On the basis of the articles of association applicable at the time of these half-yearly financial reports, AMCO’s corporate purpose is as follows:

“1. The Company’s corporate purpose involves the purchase and management for selling purposes, according to economic criteria, of loans originating from banks enrolled in the register set forth in Art. 13 of Italian Legislative Decree No. 385 dated 1 September 1993 (hereinafter

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[6] *During the 2021 financial year, the unwinding of the securitised loans by the two vehicles, Flaminia SPV S.r.l. and Ambra SPV S.r.l., was completed.*

TUB), by companies belonging to banking groups enrolled in the register set forth in Art. 64 of the TUB and by financial intermediaries enrolled in the register set forth in Art. 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 even if not part of a banking group 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 even if not part of a banking group, or for direct purchase of such loans. The Company – also through the segregated estates constituted pursuant to Art. 5 of Italian Decree Law No. 99 of 25 June 2017, converted with amendments into Italian Law No. 121 of 31 July 2017, and the revisions of ministerial decrees adopted pursuant to this regulation – will be able to (i) issue loans to transfer debtors, in the various forms indicated in Art. 2 of Italian Ministerial Decree No. 53 of 2 April 2015, directly or indirectly, to debtors transferred to the same pursuant to this paragraph or managed by the same pursuant to the subsequent paragraph 2, as well to collective investment schemes or vehicles to acquire or manage, directly or indirectly, loans and advances originated by banks, financial intermediaries even if not part of a banking group and by companies part of banking groups, as long as these loans pursue, also through the interposition of the management platform, the objective of maximising the value of acquired loans (and of any other loans, assets and obligations accessory or linked to them); and (ii) exercise the activity of financial leases, as well as operating and hire leases, becoming the assignee of assets and obligations deriving from resolved or ongoing lease agreements, stipulated between third parties, and of the underlying assets, and concluding new lease contracts in order to reallocate the leased assets acquired.

2. The Company also deals with the management of third party judicial and extrajudicial recovery of loans originating from banks, companies belonging to banking groups and financial intermediaries even if not part of a banking group. In this context, the Company, where it operates on behalf of securitisation companies constituted pursuant to Italian 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 Art. 2, paragraphs 6 and 6-bis, of Italian Law No. 130 of 30 April 1999.

3. 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.

4. The Company may also invest in synthetic securitisation transactions involving loans originating from banks recorded in the register pursuant to Art. 13 of Italian Legislative Decree No. 385 of 1 September 1993 (hereinafter TUB), by companies belonging to banking groups recorded in the register pursuant to Art. 64 of the TUB and by financial intermediaries recorded in the register pursuant to Art. 106 of the TUB, even if they do not belong to a banking group, or from branches or foreign branches of these entities, provided that the loans involved in the transaction are qualified as "stage 2" according to the current accounting regulations or in any case with a rating assigned by an external credit agency assessment (ECAI) not exceeding a credit rating associated with the creditworthiness class "BB" according to the current supervisory regulations, or equivalent rating assigned by the holder of the credit according to its internal assessment procedures of the credit risk.

5. 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 Italian Legislative Decree No. 58 of 24 February 1998, the Company can exercise with respect to transferred 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 derivatives financial instruments.*

6. 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 programme 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 Art. 2364, paragraph 1, No. 5 of the Italian Civil Code.

7. The Company, in its capacity as Parent Company of the AMCO Financial Group, pursuant to Art. 109, paragraph 1 of the TUB, issues, in the exercise of management and coordination, instructions to the members of the Group for the execution of the provisions dictated by the Banca d'Italia.

3.

Corporate structure

In accordance with Article 12 of Italian Law No. 259 of 21 March 1958, as a company almost entirely owned by the Ministry of Economy and Finance, AMCO is subject to financial management control by the Court of Auditors.

As at 31 December 2022, AMCO owns the entire equity investment in AMCO - Asset Management Co. S.r.l., a Romanian registered company dealing with the management of non-performing loans to Romanian residents, held by the Veneto Group Segregated Estate. The Company was placed in liquidation on 16 June 2021 and is expected to end operations by the end of the 2023 financial year.

In addition, since 19 December 2022, AMCO owns the equity investments in the Tatooine SPV S.r.l. and Tatooine Leaseco S.r.l. vehicles.

AMCO's corporate structure as at 31 December 2022 is shown in the following diagram:

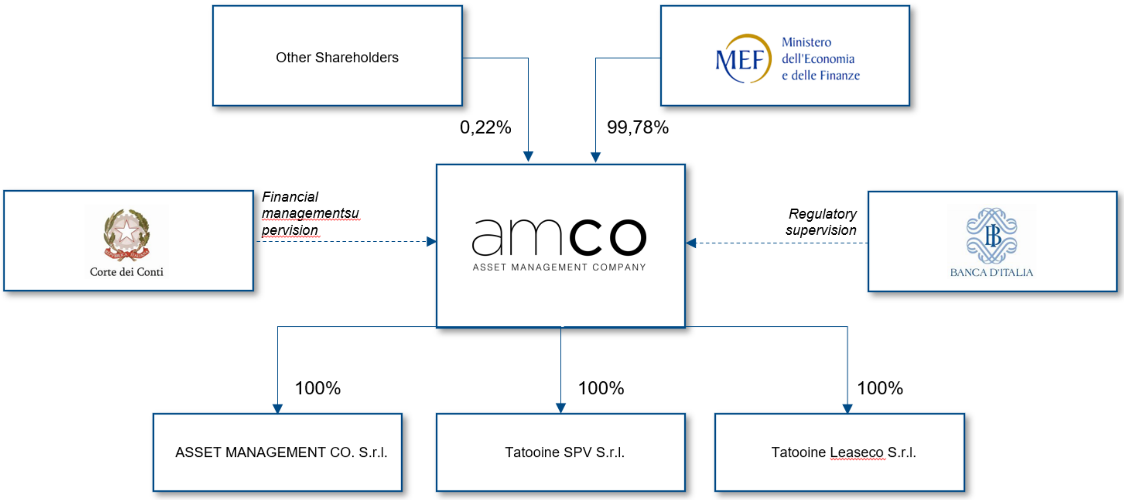

Figure 1 - Corporate Structure as at 31 December 2022[5]

The Parent Company's fully paid-up share capital is divided into 600,000,000 ordinary shares with no nominal value, held entirely by the Italian Ministry of Economy and Finance, and 55,153,674 B shares with no nominal value and no voting rights, held by the Italian Ministry of the Economy and Finance, held by other shareholders and including 18,466 treasury shares in portfolio.

5 The percentage held by "other shareholders" of 0.22% comprises B shares held by other shareholders and treasury shares.


4.

Organisational structure

The AMCO Group's organisational structure as at 31 December 2022 is shown below:

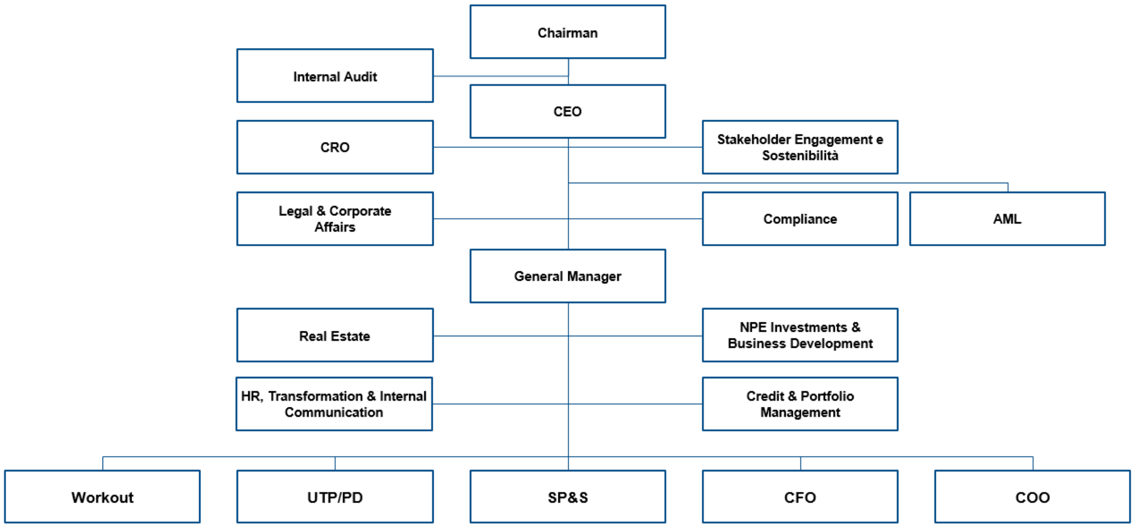

Figure 2 - Organisational structure as at 31 December 2022

As at 31 December 2022, 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 responsibility of entities pursuant to Italian Legislative Decree No. 231/2001, the Company has adopted an Organisational, Management and Control Model last updated with the resolution of the Board of Directors of 26 October 2022. In compliance with the above-mentioned regulation, the Company has also provided to appoint a Supervisory Body, whose members have proven experience in financial, corporate and juridical issues, whose mandate will expire with the approval of the financial statements as at 31 December 2023.

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

Staff composition

As at 31 December 2022 the number of the Parent Company employees was a total of 373 units, up compared to the correspondent number as at 31 December 2021 (342 units).

As at the same date, there are no coordinated and continuous collaboration contracts in place.

The following table provides the break-down of the AMCO headcount at the end of 2022 by gender, age and working years, classification and contract type.

	Senior managers	Middle managers	White-collar workers	Coordinated and continued collaborators	Total
Men (No.)	18	162	45	-	225
Women (No.)	5	96	47	-	148
TOTAL	**23**	**258**	**92**	**-**	**373**
Average age	50	45	37	-	44
Length of service (average in years)	3	5	5	-	4
Permanent contract	23	257	90	-	370
Fixed-term contract	-	1	2	-	3

Table 1 - Composition of the headcount as at 31 December 2022

Litigations

There were no litigations outstanding with employees as at 31 December 2022.

Turnover

With regard to staff turnover, hiring continued in 2022 based on the organisational and growth needs of the Parent Company, aimed at consolidating the organisational and operational strengthening linked to the growth in the volumes of impaired loans under management, continuing to increase its workforce with new recruits spread across the various organisational structures.

Permanent contract	31/12/2021	Recruitment	Change from fixed-term to permanent contract	Resignations, retirements and terminations	Change in category*	31/12/2022
Senior managers	19	3	1	(2)	2	23
Middle managers	229	32	-	(17)	13	257
White-collar workers	90	14	2	(1)	(15)	90
TOTAL	**338**	**49**	**3**	**(20)**	**-**	**370**

Fixed-term contract	31/12/2021	Recruitment	Change from fixed-term to permanent contract	Resignations, retirements and terminations	Change in category	31/12/2022
Senior managers	1	-	(1)	-	-	-
Middle managers	-	1	-	-	-	1
White-collar workers	3	2	(2)	(1)	-	2
TOTAL	**4**	**3**	**(3)**	**(1)**	**-**	**3**

Table 2 - Staff turnover in 2022

Training

In 2022, the Parent Company continued with the provision of training activities mainly through an e-learning platform to guarantee all staff remote and flexible access to content. The courses covered a variety of topics, including compulsory training on legislation, institutional directives and regulations specific to the sector, such as:

- Anti-money laundering;
- Italian Legislative Decree 231/2001 general and special parts;
- Anti-corruption;
- Health and safety;
- GDPR - The European Personal Data Regulation;
- Conflicts of interest.

In addition, during the year, training sessions were provided for new recruits - with the aim of helping them acquire practical work techniques and enhance managerial skills with a focus on the development of communication, negotiation and leadership - and for employees - such as foreign language classes specialised in the professional field, as well as workshops on new regulations with a focus on the management of non-performing and UTP loans.

The total training hours carried out in 2022 were 12,354, broken down as follows:

Training hours	Senior managers	Middle managers	White-collar workers	Total
Permanent contract	735	8,962	2,596	12,293
Fixed-term contract	-	17	44	61
TOTAL	**735**	**8,979**	**2,640**	**12,354**

Table 3 - Staff training as at 31 December 2022

Health and safety

Sickness, accident and maternity days in 2022 total 2,187 days for employees in place as at 31 December 2022.

	Sick leave (days)	Accident and injury leave (days)	Maternity leave (days)	Total
Permanent contract	1,468	41	675	2,184
Fixed-term contract	3	-	-	3
Part-time contract		-	-	-
TOTAL	**1,471**	**41**	**675**	**2,187**

Table 4 - Health and safety as at 31 December 2022

Geographic location

As at 31 December 2022, the registered office of the Parent Company was located in Via Santa Brigida No. 39 in Naples, while the General Management was in Via San Giovanni sul Muro 9 in Milan. The Parent Company operates from offices in Viale Europa No. 23 in Vicenza.

5.

Report on operations

MACROECONOMIC SCENARIO

During 2022, the global economy suffered the impacts of the conflict in Ukraine, the increase in the price of raw materials that dragged up inflation, and the weakening of economic activities in China due to the zero-Covid policy. The Central Banks started a process of raising interest rates to counter inflationary trend; the ECB rate, starting in July 2022, increased to 2% in December 2022 compared to -0.5% in December 2021, following the path set by the FED, which raised benchmark rates to 4.5% compared to 0.25% at the end of 2021 In addition, the Governing Council of the ECB confirmed for the first part of 2023 the continuation of the increases, and that it will continue with the reinvestment of the principal repaid on maturing securities within the framework of the financial asset purchase programmes, an exercise that has helped to contain the yield spreads between the government bonds of the countries most exposed to tensions in the sovereign debt markets and German bonds, as well as their responsiveness to changes in expectations of official rate increases.

The macroeconomic context is affected by the uncertainty linked to the management of interest rates by central banks and the further repercussions due to the war in Ukraine, the outcome of which is highly uncertain one year after the outbreak of the conflict, as well as increasing geopolitical tensions between the United States and China that are changing the logistics-production chains by initiating a process of decoupling of the world's two leading economies that suggests a process of re-shoring of production activity in western countries in the near future.

In consideration of these events, although the most recent forecasts on the growth of the global economy for 2023 have been progressively revised upwards, estimates of the global GDP growth rate, however, foresee a decrease from 3.4 % in 2022 to 2.9 % in 2023, before increasing to 3.1 % in 2024. Global inflation is expected to decrease from 8.8% in 2022 to 6.6% in 2023 to 4.3% in 2024, however continuing to remain well above the pre-pandemic period[11].

As regards the Italian macroeconomic context, the preliminary reading of the 2022 figure confirmed GDP growth compared to the previous year by 3.9%[12]; the Italian economy has recovered to pre-pandemic levels despite being particularly exposed, like other European countries, to the shock of energy prices.

Given the protracted conflict in Ukraine, which creates a strong context of uncertainty, the estimates for Italy's Gross Domestic Product predict a slowdown to 0.6% in 2023. With respect to inflation, it almost reached 9% in the year 2022, and is expected to fall from 2023 with an annual price increase of around 6.5%.[13]

The unemployment rate in Italy in December 2022 was 7.8% (-1.2 percentage points compared to December 2021); the employment rate stood at around 60.5% (in December 2021 it was 59%) and inactivity rate (outside the labour market) at 34.3% (down compared to 35.1% in December 2021)[14].

The volumes of bank loans to non-financial companies in the Eurozone decreased by 4.8% on an annual basis, while the cost of loans to businesses and households increased as a result of the rise in official rates. With respect to the quality of bank assets, according to the Banca d'Italia, in the third quarter of 2022, the flow of non-performing loans in relation to total loans rose slightly to 1.1% on an annual basis. Compared to the previous three months, the indicator increased slightly for companies by 1.7%, while the gross proportion of non-performing loans to total loans

11 IMF: World Economic Outlook, January 2023
12 Istat: press release of 31 January 2023 on Preliminary estimate of GDP for the fourth quarter
13 Banca d'Italia: Economic Bulletin No. 4 – 2023.
14 ISTAT: employed and unemployed people, December 2023.

disbursed by significant banking groups remained stable (about 2.6%).[15]. Net bad loans (i.e. net of write-downs and provisions already made by banks with their own resources) in November 2022 were EUR 16.3 billion, down by around EUR 1.3 billion compared to November 2021. Compared to the maximum level of net bad loans, reached in November 2015 (88.8 billion), the decrease was 72.6 billion, while the ratio of net bad loans to total loans stood at 0.92% in November 2022 (1.02% in November 2021)[16].

Given the current economic environment, the credit deterioration rate (given by the ratio of the number of non-performing loan positions during the year to the stock of performing positions at the beginning of the year) in 2022 will reach 2.3% (lower than the pre-Covid period of 2.9%). Future estimates predict an increase in the rate of up to 3.8% in 2023 before decreasing to 3.4% in 2024. Despite the growth expected in the next two years, the deterioration rate is decidedly lower than the peak reached in 2012-13 during the sovereign crisis (7.5%)[17].

In view of this scenario of credit deterioration, it should be noted, however, that Italian banks have already achieved important results in terms of *de-risking*, in fact it is estimated around EUR 357 billion of NPE portfolios sold from 2015 to 2022. In September 2022, sales for EUR 22 billion of NPE were carried out, the central role being represented by transactions with GACS with approximately 48% of volumes. The NPE market is expected to remain active in 2023-24 with disposals estimated at EUR 47 billion in 2023 and EUR 33 billion in 2024[18].

[15] Banca d'Italia: Economic Bulletin No. 4 – 2023.
[16] ABI: Monthly Outlook, January 2023.
[17] ABI: ABI-Cerved Outlook - January 2023
[18] Banca Ifis: NPL transaction market and servicing industry - September 2022

OPERATING PERFORMANCE

Income statement

2022 was a particularly positive year for the AMCO Group, both in terms of commercial and financial performance.

Collections, the main driver of the Group's core business, amounted to EUR 1.52 billion,[14] an increase of 12.7% compared to 2021, and an improvement in the collection rate (ratio of collections to average volumes under management) from 4.1% in 2021 to 4.7%.

The results for 2022 were characterised by a number of events that had a material impact on the Group's *financials*:

- Acquisitions of NPE portfolios for a total for EUR 5.8 billion of *gross book value* concentrated in the last quarter of the year but with retroactive effect from the beginning of the year. Despite the fact that the acquisitions took place in the final part of the year, in agreement with the transferring Banks, retroactive economic effectiveness was applied, thus generating economic effects for the Company (mainly interest income) starting from the date of economic effectiveness itself; also for this purpose, with respect to the collection data reported above, an additional EUR 123 million should be considered, which the Company received through the transferring Banks, by way of collection on the positions that AMCO acquired during 2022, in the period between the economic and legal effective dates of the transactions.
- Updating of recovery estimates on the portfolio acquired as a result of the non-proportional demerger of Banca MPS due to the refining of the lump-sum estimation model with respect to its initial adoption and to the acquisition of additional information acquired in 2022 on some analytical positions;
- Revision of the value of the share in the Italian Recovery Fund ("IRF") in application of the Parent Company's Fair Value policy and the new recovery estimates formulated by the management company Dea Capital on the underlying loan portfolio.

That said, the year 2022 closed with a consolidated net profit of EUR 42.3 million, compared with a loss of EUR 422 million recorded in 2021. Net of the value adjustment on the MPS demerged portfolio, in line with what was done in 2021, given the peculiarities of the overall structure of the corporate transaction, the 2022 result amounted to EUR 91.3 million, which compares with the result of EUR 69.6 million in 2021.

Assets under management at the end of 2022 amounted to EUR 36.4 billion, an increase of EUR 4.1 billion compared to EUR 32.5 billion in 2021 as a result of the purchases of NPE portfolios finalised during the year (amounting to EUR 5.8 billion) and new contributions on the Cuvée transaction (amounting to EUR 1.1 billion), which more than offset the decrease of EUR 2.9 billion resulting from the ordinary course of recovery activities.

A comment is provided below on the Group's economic performance according to the reclassified income statement, whose reconciliation with the financial statements is illustrated in the attachment referred to in Section 12 of this document.

[14] Operating data, including collections on servicing portfolios.

EUR/thousand - %	31.12.2022	31.12.2021	Delta insurance	Delta %
Servicing commissions	44,517	46,542	(2,025)	-4%
Interests and commissions from customers	307,176	189,351	117,825	62%
Other income/charges from activities with customers	87,694	71,153	16,541	23%
Total Revenues	**439,387**	**307,046**	**132,341**	**43%**
Staff costs	(39,248)	(39,944)	696	-2%
Net operational costs	(96,018)	(81,327)	(14,691)	18%
of which gross costs	(104,765)	(88,982)	(15,783)	18%
of which recoveries	8,747	7,655	1,092	14%
Total Costs and Expenses	**(135,266)**	**(121,271)**	**(13,995)**	**12%**
EBITDA	**304,121**	**185,775**	**118,346**	**64%**
Value adjustments/reversals from ordinary operations	(141,149)	(542,842)	401,693	-74%
Value adjustments/reversals on property, plant and equipment and intangible assets	(4,777)	(2,719)	(2,058)	76%
Provisions	133	(3,507)	3,640	-104%
Other operating income/expenses	5,552	(2,379)	7,931	-333%
Financial activity result	(34,743)	(2,564)	(32,179)	1255%
EBIT	**129,136**	**(368,237)**	**497,373**	**-135%**
Interests and commissions from financial activity	(68,052)	(76,242)	8,190	-11%
Pre-tax profit	**61,084**	**(444,479)**	**505,563**	**-114%**
Current taxes	(18,829)	22,503	(41,332)	-184%
NET RESULT	**42,254**	**(421,976)**	**464,230**	**-110%**

Table 5 – Reclassified consolidated income statement as at 31 December 2022 and 31 December 2021

Revenues amounted to EUR 439.4 million, up by EUR 132.3 million (+ 43%) compared to 2021 thanks to the contribution of the new portfolios and the higher interest from the release of time value on the MPS portfolio.

In particular, servicing commissions amounted to EUR 44.5 million, down by 4% year-on-year due to the lower contribution from the management of the portfolios of the former Banche Venete as a result of the reduction in volumes, partially offset by the increase in commissions received as part of the Cuvée transaction due to the growth in volumes managed as a result of the new contributions finalised in 2022.

Interest and commissions from activities with customers were up by 62% compared to 2021.

EUR/(000) - %	31.12.2022	31.12.2021	Delta insurance	Delta %
Total POCI Portfolios	215,334	115,227	100,107	87%
Total Portfolios Amortised Cost	91,842	74,124	17,718	24%
TOTAL	**307,176**	**189,351**	**117,825**	**62%**

This increase was mainly due to the expansion of the business that took place in the fourth quarter of 2022, but with a retroactive effective date, which generated significant growth in interest from POCI portfolios (EUR +99.5 million); in addition, the portfolios at amortised cost (particularly MPS), generated EUR +18.3 million in interest compared to 2021, mainly due to the higher release of time value, following the provisions on loans recorded in 2021.

The **other income and expenses from ordinary operations** amounted to EUR 87.7 million, up by EUR 16.5 million YoY (+23%) thanks to the higher reversals of cash collections made through recovery activities.

The growth in assets under management, in addition to increasing revenues, led to an increase in **costs** both in terms of staff costs and administrative expenses.

AMCO's workforce strengthening continued in 2022 (+31 headcount), although the related cost increase is absorbed by the absence of secondment costs. **Personnel expenses** amounted to EUR 39.2 million, in line with the previous year (EUR 39.9 million), which was characterised by the presence of personnel seconded from MPS (88 resources) to ensure initial support and operational continuity in the management of the portfolio subject to demerger.

Net operating costs, equal to EUR 96.0 million, increased by EUR 14.7 million (+ 18%) compared to 2021 due to the increase in expenses related to recovery activities.

EUR/(000) - %	31.12.2022	31.12.2021	Delta insurance	Delta %
Legal and other collection costs	43,489	29,902	13,587	45%
Outsourcing fees	16,977	14,587	2,390	16%
Repossessed property costs	453	7	446	6371%
Insurance Policies Credit	1,765	2,557	(792)	-31%
Expenses for collection activities	**62,684**	**47,053**	**15,631**	**33%**
IT	10,069	10,325	(256)	-2%
Business information	2,586	2,557	29	1%
BPO and Document Archive	4,439	3,321	1,118	34%
Professional costs	9,445	10,372	(927)	-9%
Logistics	3,283	3,627	(344)	-9%
DTA fee	2,719	2,833	(114)	-4%
Other expenses	793	1,240	(447)	-36%
Structure costs	**33,334**	**34,275**	**(941)**	**-3%**
TOTAL	**96,018**	**81,327**	**14,691**	**18%**

Recovery-related expenses were mainly affected by the increase in processing on the MPS portfolio and interim costs on the portfolios acquired in the fourth quarter of 2022 (especially those of the former BPER and former Unipol); in addition, the increase in outsourcing fees paid to external special servicers grew exactly in line with the year-on-year growth in realised collections (+16%).

Overhead **costs** are stable compared to 2021 with an offsetting effect between costs directly related to assets under management, such as, for example, document archive costs, which increased (+ EUR 1.1 million), and other costs, including professional costs decreasing by 9%.

Due to the effect of the trend of revenues and costs described above, the **EBITDA** amounted to EUR 304.1 million, up by 64% compared to the previous year, due to an increase in revenues exceeding the increase in costs; the evolution of both figures is due to the increase in the volumes of loans and receivables with customers recorded in the financial statements as a result of the acquisitions made during the year.

The **balance of reversals of value adjustments from ordinary operations** was negative and amounted to EUR 141.1 million due to write-downs on the loan portfolio; in addition to the impact of the refinement of the recovery estimates on the portfolio acquired as part of the non-proportional demerger of Banca MPS mentioned above, a list of positions concentrated on the Carige and Fucino portfolios was revised during the year.

Other operating income and expenses amounted to EUR 5.5 million, the item mainly includes the capital gain realised on positions in foreign currency (EUR 17.0 million) and the so-called *collar*, i.e. the mechanism for adjusting the commission income of the former Banks Veneto, for EUR -11.1 million.

The **result of financial activities** was negative for EUR 34.7 million mainly due to the aforementioned write-down on the investment in *Italian Recovery Fund* ("IRF") for EUR 34.8 million following the revision of the forecast recovery estimates formulated by the management company, Dea Capital, on the underlying loan portfolio.

Net interest income from financial activities was negative and amounted to EUR 68.1 million due to the cost of funding (EUR 72.2 million) which finances AMCO's business.

This figure shows an increase of EUR 8.2 million compared to the previous year because, although the issuance was completed in September 2022, the year 2021 had recognised the costs associated with the secured loan accessed as part of the MPS transaction, which was extinguished in May 2021.

Taxes record the positive impact of the accounting of tax assets for the recognition of deferred tax assets that are found to be sustainable on the basis of the expected prospective profitability.

Balance Sheet

The balance sheet was reclassified on the basis of the nature of the assets and liabilities held by the Group, classifying the various entries into homogeneous categories.

EUR/(000) - %	31.12.2022	31.12.2021	Delta insurance	Delta %
Loans and receivables with banks	46,826	158,624	(111,798)	-70%
Loans and receivables with customers	5,031,061	4,585,719	445,342	10%
Financial assets	1,258,534	1,152,586	105,948	9%
Equity investments	10	10	0	0%
Property, plant and equipment and intangible assets	31,367	29,154	2,213	8%
Tax assets	197,686	234,785	(37,098)	-16%
Other assets	39,198	26,715	12,483	47%
TOTAL ASSETS	**6,604,682**	**6,187,592**	**417,090**	**7%**

EUR/(000) - %	31.12.2022	31.12.2021	Delta insurance	Delta %
Payables to third parties	4,133,631	3,673,371	460,259	13%
Tax liabilities	4,307	4,103	204	5%
Provisions for specific purposes	16,326	22,950	(6,624)	-29%
Other liability items	72,394	91,129	(18,735)	-21%
Share capital	655,081	655,081	0	0%
Share premium	604,552	604,552	0	0%
Reserves	1,141,970	1,572,479	(430,509)	-27%
Valuation reserves	(65,835)	(14,098)	(51,737)	367%
Result for the year	42,254	(421,977)	464,231	-110%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6,604,682**	**6,187,592**	**417,090**	**7%**

Table 6 – Reclassified consolidated balance sheet liabilities and shareholders' equity as at 31 December 2022 and 31 December 2021

Loans to customers amounted to EUR 5.0 billion and are composed almost entirely of impaired loans acquired as part of debt purchasing transactions between 2019 and 2022.

EUR/(000) - %	31.12.2022	31.12.2021	Delta insurance	Delta %
Total POCI Portfolios	2,613,145	1,795,912	817,233	46%
Total Portfolios Amortised Cost	2,417,915	2,765,285	(347,370)	-13%
Other loans and receivables	-	24,522	(24.522)	-100%
Total loans and receivables with customers	**5,031,061**	**4,585,719**	**445,342**	**10%**

The POCI portfolios were up by 46% due to the acquisition transactions carried out in the last part of the year, while the amortised cost portfolios recorded a decrease of 12.5% due to their normal processing.

Financial assets amounted to EUR 1,259 million, up by 9.0% compared to December 2021, mainly due to the increase in investments in Italian government bonds made for the use of excess liquidity, from a point of view of a more efficient management of liquidity.

Item (Data EUR/000)	31.12.2022	31.12.2021	Delta insurance	Delta %
Financial assets FVTPL	-	70	(70)	-100%
Italian Government bonds	686,519	498,819	187,700	38%
UCI shares	502,999	568,707	(65,708)	-12%
- of which IRF	386,229	447,279	(61,049)	-14%
- of which Back2Bonis	87,703	90,848	(3,144)	-3%
- of which Other UCI	29,066	30,581	(1,515)	-5%
Shares and capital instruments	21,411	26,075	(4,664)	-18%
Loans to customers valued at fair value	47,605	58,914	(11,309)	-19%
Total financial assets	**1,258,534**	**1,152,586**	**105,948**	**9%**

The value of UCITS units decreased by 11.5% and is mainly composed of:

- Italian Recovery Fund of EUR 386.2 million, down compared to December 2021 mainly due to the repayment of principal and revenues of EUR 26.1 million and especially for the write-down of the equity investment of EUR 34.8 million determined on the basis of the provisions of the company fair value policy;
- Back2Bonis in the amount of EUR 87.7 million, down from December 2021 due to the repayments made in 2022 (in the amount of EUR 5.2 million), partially offset by the revaluation of the equity investment in the amount of EUR 2.0 million calculated in accordance with the company's fair value policy;
- *Other UCITS* for EUR 29.1 million consisting mainly of the units of the Sansedoni Fund (EUR 17.1 million) and the Efesto Fund (EUR 10.7 million).

Receivables that do not meet the criteria for recognition as assets at fair value amounted to EUR 47.9, mainly concentrated in the former MPS portfolio and to a lesser extent in the former Carige and former Banco BPM portfolios.

Property, plant and equipment and intangible assets amounted to EUR 31.4 million and were stable compared to December 2021, and include the right to use the lease agreement for the Milan headquarters.

Equity investments and other assets were substantially stable compared to the end of 2021.

Tax assets amounted to EUR 197.7 million, down by 16% mainly due to the conversion of convertible DTAs following the 2021 loss.

Payables to third parties amounted to EUR 4,133 million, an increase of 13% compared to December 2021 due to the unsecured issuance carried out in September for EUR 500 million.

Shareholders' equity amounted to EUR 2,378 million, down by EUR 18 million compared to December 2021, mainly due to the change in valuation reserves to be attributed to the decrease in the market value of the portfolio of government securities following the increase in interest rates that took place in 2022.

Key balance sheet indicators at 31 December 2022

Item (Data EUR/000) - %	31.12.2022	31.12.2021	Delta%/bps
Regulatory capital	2,382,541	2,362,065	0.87%
Weighted risk assets	7,194,529	6,732,029	6.87%
CET 1	**33.12%**	**35.09%**	**(197)**
Total Capital Ratio	**33.12%**	**35.09%**	**(197)**

The Group confirmed its capital strength in 2022 as well, with a Total Capital Ratio of 33.12%, well above the regulatory requirements (8%). The decrease compared to the December 2021 figure is linked to the acquisitions made during the year, which led to a 7% increase compared to risk-weighted assets.

Business development

Portfolio purchase transactions

During 2022, the Group's organic growth continued through the acquisition of new portfolios and the development of new business initiatives, which brought total assets under management at the end of 2022 to over EUR 36.4 billion. The transactions that took place during the year are described below:

- *Debt purchasing transactions*: in 2022, the AMCO Group signed a number of bulk purchase contracts pursuant to Art. 58 of the Consolidated Banking Law and without recourse of portfolios of non-performing loans classified as bad and unlikely to pay for a Gross Book Value of EUR 5.8 billion, including the following main transactions:
  - On 20 November 2022, a block purchase agreement with **Banca Monte dei Paschi di Siena** pursuant to Art. 58 of the Consolidated Banking Law and without recourse of a portfolio of impaired loans classified as *unlikely to pay* and bad loans for a Gross Book Value of approximately EUR 206 million. The transaction had an economic effective date of 1 April 2022;
  - On 14 December 2022 AMCO entered into a block purchase agreement with **Unipol Rec** pursuant to Art. 58 of the Consolidated Banking Act (TUB) and without recourse of a portfolio of non-performing loans classified as bad loans for a Gross Book Value of approximately EUR 2,557 million. The transaction had an economic effective date of 1 April 2022;
  - On 15 December 2022, a block purchase agreement with **Banca Popolare dell'Emilia Romagna** pursuant to Art. 58 of the Consolidated Banking Act (TUB) and without recourse of a portfolio of non-performing loans classified as bad loans for a Gross Book Value of approximately EUR 1,543 million. The transaction was economically effective on 1 January 2022;
  - On 19 December 2022, a block purchase agreement with **Intesa Sanpaolo** for the purchase, en bloc, pursuant to Art. 58 of the TUB, and without recourse, of a portfolio of the bank's non-performing loans arising from a lease agreement, mainly real estate, for a Gross Book Value of approximately EUR 1,364 million. The transaction was carried out through two special purpose vehicles Tatooine SPV S.r.l. and Tatooine Leaseco S.r.l., wholly owned by AMCO and took effect on 1 January 2022.
- Servicing transactions: in 2022, the build-up of the Cuvèe transaction continued. This is a multi-originator platform to manage loans classified as unlikely to pay deriving from loans and credit facilities with a different nature granted to companies operating in the property sector,

now extended to include Real Estate lease positions; On 11 April 2022, an additional EUR 1.1 billion in Gross Book Value was transferred by **Intesa Sanpaolo**. As at 31 December 2022, the assets managed by the Cuvèe platform exceeded EUR 2.1 billion.

AMCO debt structure

In order to raise financial resources to support the acquisition of NPE portfolios in the fourth quarter of 2022, on 27 September 2022, AMCO carried out a senior unsecured bond issue under its EMTN Program for a nominal value of EUR 500 million with maturity 3.5 years and expiry in March 2026.

As at 31 December 2022, the composition of AMCO's debt is as follows:

ISIN	Description	Nominal	*Coupon*	*Maturity*	Price 31.12.2022	Rating
XS1951095329	AMCOSP 2 5/8 02/13/24	250,000,000	2.63%	13/02/2024	98.486	BBB
XS2063246198	AMCOSP 1 3/8 01/27/25	600,000,000	1.38%	27/01/2025	94.263	BBB
XS2206380573	AMCOSP 1 1/2 07/17/23	1,250,000,000	1.50%	17/07/2023	99.03	BBB
XS2206379567	AMCOSP 2 1/4 07/17/27	750,000,000	2.25%	17/07/2027	89.703	BBB
XS2332980932	AMCOSP 0 3/4 04/20/28	750,000,000	0.75%	20/04/2028	80.143	BBB
XS2502220929	AMCOSP 4 3/8 03/27/26	500,000,000	4.38%	27/03/2026	98.225	BBB

Performance of managed assets

Thanks to the acquisition of non-performing loans through the transactions described above, the AMCO Group strengthens its position as one of the leading players in the Italian market in the management of Non Performing Exposure (NPE). In terms of Gross Book Value, assets under management as at 31 December 2022 can be broken down as follows:

1 - Debt purchasing

- EUR 11.0 billion for 85 thousand debtors relating to so-called "POCI" portfolios.
- EUR 1.0 billion for around 1,600 debtors relating to the portfolio originating from the former Banco di Napoli.
- EUR 6.6 billion for 69 thousand debtors deriving from the MPS portfolio forming part of the demerger compendium transferred to AMCO at the end of 2020.

2 - Servicing

- EUR 13.7 billion for 91 thousand debtors relating to the Segregated Estates of the Veneto and Vicenza Groups;
- EUR 1.9 billion for 896 debtors relating to Financed Capital of VB LCA and BPVI LCA.
- EUR 2.1 billion for 152 debtors relating to the Back2Bonis portfolio.

Business outlook

On 15 December 2022, the Board of Directors approved the 2023-2025 Strategic Plan “Made in AMCO”, which is based on:

- the creation of new business opportunities together with partners, with a diversified growth strategy that includes new investments and the launch of innovative projects, in response to new market scenarios;
- the integration of sustainability and ESG criteria throughout the AMCO value chain.

On the investment side, **EUR 7.5 billion of purchases of new portfolios are expected by 2025.** The objective is to maintain a **balanced composition between NPL and UTP**: the focus will shift to medium-small tickets to closely follow the evolution of the credit management market.

Alongside the investment activities, AMCO plans to develop new projects in partnership with other market operators and which include:

- the creation of **multi-originator funds totalling EUR 1.5 billion** of AuMs, specific to some sectors, geographic areas or categories of companies in distress, to promote their recovery. The initiatives will see the involvement of strategic partners who will support the relaunch of the categories of companies in distress;
- the implementation of the **GLAM platform** for which a total contribution of EUR 11.1 billion is estimated:[15] EUR 2.9 billion under management at AMCO, plus EUR 8.2 billion under management at Special Servicer by 2025. The project provides for the creation of assets allocated to the management of loans secured by the Central Guarantee Fund, disbursed to companies as part of the Temporary Framework following Covid The platform will create benefits to all stakeholders involved: to banks for the deconsolidation of credits, to the State for better management of credit collateral, to companies for business continuity support, and to Special Servicers for participation in a systemic project.

AMCO also started a process of defining its sustainability strategy by means of a dialogue with all stakeholders to identify relevant issues in the environmental (E), social (S) and governance (G) areas. The classic ESG areas have been reorganised according to AMCO's priorities in a new acronym: **GSSE**. In fact, **“made in AMCO” sustainability** is characterised by 4 pillars:

- **sustainable governance**;
- a strong connotation of the Social area, which includes two of the four pillars identified:
  - **Sustainable credit management**;
  - **Human capital development**;
- and commitment to environmental protection.

From ESG to GSSE: the four pillars of sustainability "made in AMCO"

In a context that leads companies towards management models that are increasingly focused on incorporating ESG considerations into business and strategy, AMCO has, since early 2021, undertaken its own sustainability journey, building a tailor-made process.

On 15 December 2022, with the “made in AMCO” 2025 Strategic Plan, to be noted is the presentation of the first Sustainability Report which defines, for each of the four GSSE pillars, macro-objectives that are broken down, in turn, into specific quantitative targets for the period 2022-2025.

All four GSSE pillars are inspired by the **Sustainable Development Goals (SDGs)** to support the contribution to the achievement of **the United Nations** sustainability objectives.

AMCO is committed to transparently communicating the path towards achieving the set targets, published in the Sustainability Report, together with the actions already taken and the results already achieved.

The Parent Company is already committed to fully integrating sustainability into its value chain.

[15] Target of around EUR 12 billion of loan disposals in 2023-2026, of which EUR 11.1 billion by 2025.

G: Sustainable governance - AMCO's sustainable governance includes the Stakeholder Engagement and Sustainability function and an ESG and Sustainability Committee, with propositional and advisory functions vis-a-vis the Board of Directors. The company is committed to training employees on anti-corruption, anti-money laundering and privacy, and to sharing ESG criteria with relevant suppliers and Special Servicer partners. Already since 2022, 10% of management remuneration (through the LTI plan) is aligned with ESG criteria.

S: Sustainability of Credit - Managing credit in a sustainable manner means adopting a collaborative approach to collection activities for AMCO. For this reason, the company has established defined targets predicting that at least 25% of NPL collections - and at least 85% of UTPs - will come from collaborative management; in addition, at least 50% of collections from SMEs and individuals will be the result of collaborative management. The integration of ESG criteria in the assessment and management of credit portfolio risks and the inclusion of ESG risk monitoring and management systems in the Risk Framework is planned. AMCO is also committed to contributing to the financial education of companies by promoting at least two financial training initiatives per year.

S: Development of human capital - In order to make the most of its people, AMCO has set itself two objectives: to develop the well-being, competencies and job satisfaction of its employees; as well as to protect diversity and inclusion. The company is committed to ESG training for all employees and to the promotion of targeted career paths. In 2022, AMCO expanded the portfolio of welfare services, accepted 100% of part-time applications and adopted flexible working mechanisms. On the Diversity & Inclusion front, in addition to launching awareness campaigns, AMCO is committed to ensuring gender-neutral access to internal career and growth paths and to maintaining a balanced and inclusive workforce.

E: Environmental protection - AMCO aims to reduce by 55% GHG emissions from operations by 2025. From 2023, all cars in the company fleet will be hybrid, while AMCO's electricity supplies will come from renewable sources guaranteed by certificates of origin. The company is committed to powering the heating systems of the offices in Milan and Naples with electric heat pumps, thus achieving a significant reduction in emissions.

Information on the effects of the Covid-19 pandemic

Impact on operations and valuations as at 31 December 2022

During the year 2022, the Parent Company has continued to carry out the initiatives put in place since the start of the pandemic to safeguard the health of all stakeholders and to ensure business continuity, even though the latter has never been called into question given the elimination of any type of limitation due to the health emergency.

Likewise, there is no impact on the company's profitability, nor are there any particular risks, even of a forward-looking nature, for AMCO.

Staff initiatives

With regard to employees, the application of smart working on a large scale was confirmed for all employees of the Company, allowing however the possibility of access to the AMCO offices in compliance with the regulations and providing for appropriate controls to safeguard the health of employees and the community; with these goals in mind, a special application was set up to rotate daily workstation occupancy, according to the availability of the various company locations, as well as a specific system for planning smart working days through the HR management system. These solutions have been implemented to facilitate and guarantee the occupation of spaces consistent with the regulations and instructions provided by the physicians. In addition, as in previous years, during the first access phase, all employees are subjected to an antigenic swab and are provided with personal protective equipment (masks and sanitising gel).

Particular attention was also paid to people in fragile situations, with current or previous conditions potentially more susceptible to infection and/or possible complications in relation to Covid-19, who were personally supported not only by the attending physicians, but also by the company's doctors and invited to remain operational remotely for the entire period of the health emergency.

During 2022, a mandatory training session was also organised for all employees on the methods of performing agile work, with an in-depth analysis on the issues of remote work safety (pursuant to Italian Law no. 81 of 22 May 2017), to acquire knowledge on specific risks for employees working in smart working mode.

Therefore, in continuity with what was done in 2021, the Company continued to invest in activities to improve and make remote work more effective, and to ensure the safe use of the AMCO offices; in 2022 these investments amounted to EUR 0.4 million in costs.[16]

Impact on AMCO from the military conflict between Russia and Ukraine

As regards the invasion of Ukraine by Russia, there is no direct impact on AMCO which has no direct or indirect exposure to those countries.

However, it is undeniable that the events described above represent elements of uncertainty, which could cause a marked slowdown in the recovery as early as the end of 2022. The combined effect of the macroeconomic situation and the type of AMCO's customers required a careful assessment of certain balance sheet items that, by their nature, are more exposed to general economic trends; in particular, reference is made to loans to customers and financial companies, the fair value of financial assets attributable to non-performing loans and deferred tax assets.

A possible worsening of the macroeconomic forecasts could imply a revision of the estimates of expected cash flows, or of other parameters, which are not foreseeable at the moment, and adjustments in the book values of the assets or in the need to allocate specific provisions for future risks and charges. In addition, the fair value of property securing loans and financial instruments that are not quoted in an active market incorporates a high degree of uncertainty as how this fair value may evolve in the future and whether the assets can be sold at estimated prices.

RATING

On 28 July 2022, Standard & Poor's ("S&P") confirmed AMCO's Investment Grade rating, with the Long-Term Issuer Credit Rating at 'BBB'. In addition, S&P revised the outlook from Positive to Stable. S&P considers AMCO a government-related entity with an almost certain probability of financial support from the Italian government, so it aligns AMCO's Long-Term rating with that assigned to Italy.

On 2 August 2022, Fitch Rating has confirmed AMCO's commercial, residential and asset-backed special servicer ratings at "CSS2", "RSS2", "ABSS2". Fitch refers to the strong capabilities

[16] This amount does not include the costs for sanitisation, recognised under the office cleaning costs, as it is now an ordinary activity.

demonstrated by AMCO in servicing, in addition to a stable operational track record and a targeted growth strategy, supported by future investments in personnel and technology to sustain portfolio growth. In addition, Fitch positively assessed the creation of the dedicated Special Partnerships & Servicers (SP&S) Division as well as the development of a new interactive platform that guarantees data consistency and makes improvements to quality controls and reporting.

On 27 April 2022, Fitch Ratings confirmed the LTIDR as BBB- with Stable Outlook, and the Short-Term Foreign Currency IDR as F2.

RELATED-PARTY TRANSACTIONS

The Parent Company wholly owns the Company AMCO - Asset Management Co. S.r.l., a Romanian registered company dealing with the management of non-performing loans to Romanian residents, held by the Veneto Group Segregated Estate. The latter was put into liquidation on 16 June 2021 and is expected to end operations by the end of 2023.

In addition, AMCO holds the equity investments in the vehicles Tatooine SPV S.r.l. and Tatooine Leaseco S.r.l. which, in addition to being subject to accounting consolidation, are configured as a “related party”.

During the first half of 2022, the liquidation of the Fucino NPL's SPV was approved. It should be noted that the receivables conferred in the Vehicle were transferred to AMCO with effect from 1 March 2022 and, subsequently, it was put into liquidation.

The other financial transactions carried out with investee companies of the Ministry of Economy and Finance, carried out at market conditions, refer to the current accounts opened with Monte Paschi di Siena S.p.A. and Poste Italiane, in addition to the transaction concluded with the counterparty Quadrifoglio Brescia S.p.A. in liquidation and the granting of the mandate to SACE SRV, which took place in the first half of 2022, with regard to the recovery of the receivable from foreign debtors.

GOING CONCERN

In addition to the indications already provided previously, owing to the absence of equity, financial or managerial ratios that could compromise the Group's operational capacity, there are no elements that would call into question the ability to operate on a going concern basis on a time span of 12 months.

This annual report was therefore prepared on a going-concern basis.

RISKS AND UNCERTAINTIES

Considering the mission and operations, as well as the market context in which AMCO operates, risks have been identified to be assessed in the self-assessment processes (ICAAP) and which are detailed in Section 3 – Information on risks and on relevant hedging policies in the Notes to the financial statements to which reference is made.

The main uncertainties, given the company business, are essentially linked to the macroeconomic situation, which could have repercussions on the general economic performance and therefore on the ability of debtors to repay their exposures.

The macroeconomic context shows signs of uncertainty due to numerous factors, first and foremost the geopolitical tensions caused by the conflict in Ukraine and the monetary policies of the Central Banks in response to the inflationary trend. Although the GDP forecast estimates for 2023 GDP have been steadily revised upwards, postponing any recessionary phases for the European economy over time, 2023 will probably be characterised by highly volatile scenarios. These circumstances, extraordinary in their nature and extent, could have direct and indirect repercussions on AMCO's economic activity and the relative effects cannot be forecasted at present.

CORPORATE GOVERNANCE REPORT

Introduction

This section of the Report on Operations is drawn up in accordance with the provisions of Art. 123-bis of Italian Legislative Decree no. 58 of 24 February 1998 (hereinafter, also only the "TUF"), which the Company is required to observe. However, as AMCO did not issue shares listed for trading in regulated markets or in multilateral trading system, this report is limited to the provisions of Art. 123-bis, paragraph 2, letter b), of the TUF due to the effect of the exemption pursuant to Art. 123-bis, paragraph 5.

Main characteristics of the internal control and risk management system in force in relation to the financial reporting process

The Manager in Charge of preparing the Company's Financial Reports pursuant to Art. 154-bis of the TUF (hereinafter, also only the "Manager in Charge") defined a methodological framework, which describes the criteria adopted and the relative roles and responsibilities in the context of the definition, implementation, monitoring and updating over time of the Internal Control and Risk Management System relative to the financial reporting process and the assessment of its adequacy and efficacy with the aim of ensuring the reliability, accuracy, dependability and timeliness of the financial reporting itself.

The control model adopted is broken down into the following activities:

(a) identification of the primary and secondary risks of financial reporting;

(b) risk assessment of financial reporting;

(c) identification of the controls with regard to the risks identified;

(d) assessment of the controls with regard to the risks identified.

(a) Identification of the primary and secondary risks of financial reporting

The identification of the scope of significant processes in terms of the potential impact on financial reporting was carried out on the basis of the classification of the processes actually adopted by the Parent Company, considering both quantitative and qualitative parameters. More specifically:

- quantitative parameters, through which activities and controls on the most relevant items of AMCO's Separate Financial Statements and Consolidated Financial Statements are focused;
- qualitative parameters, defined on the basis of the understanding of the company's situation and of the specific risk factors inherent in administrative and accounting processes.

(b) Risk assessment of financial reporting

The administrative and accounting risk assessment allows to identify the risks linked to accounting information and is carried out under the supervision of the Manager in Charge. In the context of this process, the objectives that the system intends to achieve have been identified in order to ensure a truthful and correct representation of the same (pursuing the content of financial statements in terms of completeness, accuracy, existence/occurrence, valuation and presentation of operational transactions). The risk assessment is focused on the areas of the financial statements where potential impacts on financial reporting have been identified.

(c) Identification of the controls with regard to the risks identified

The identification of the controls necessary to mitigate the risks identified in the previous stage is carried out by taking into account the control objectives associated to financial reporting. On the basis of the adopted framework, the activities for the assessment of the Internal Control and Risk Management System relative to financial reporting are carried out on an on-going basis in order to guarantee adequate accounting reporting in the context of the preparation of annual separate and consolidated financial statements and abbreviated interim financial statements.

(d) Assessment of the controls with regard to the risks identified

The controls identified are assessed in relation to their adequacy and effectiveness through specific monitoring activities carried out by the Manager in Charge and are aimed at checking:

- the design and implementation of current activities and controls, or the ability of the described control and its attributes to guarantee an adequate risk coverage;
- the operational effectiveness of the current activities and controls, or that the control has operated in a systematic manner in order to prevent risks.

On an annual basis, the Manager in Charge defines reports, which summarise the result of the control assessments with regard to the risks previously identified on the basis of the results of the monitoring activities carried out. The assessment of controls may involve the definition of corrective actions or improvement plans in relation to any issues identified. A summary of the activities carried out and of the main outcomes is prepared and communicated to the Board of Statutory Auditors and to the Board of Directors.

Roles and functions involved

In order to obtain adequate assurance on the information that may have an impact on AMCO’s economic and financial position and guarantee the circularity of the same, the Manager in Charge coordinates with the Company’s corporate functions, its bodies and governance organisms such as the Board of Directors, the Board of Statutory Auditors, the Supervisory Body, the Independent Auditors and Internal Auditing.

These subjects are responsible for interacting with the Manager in Charge in order to advise and possibly report events that may determine significant changes in the processes, should they have an impact on the adequacy or the actual functionality of the existing administrative and accounting procedures.

The Independent Auditors

Pursuant to Arts. 13 and 17 of Italian Legislative Decree No. 39 of 27 January 2010, on a reasoned proposal by the Board of Statutory Auditors, on 12 February 2019 the AMCO’s Ordinary Shareholders' Meeting resolved to assign the mandate for the regulatory audit for the financial statements for the 2019-2027 financial years to the company Deloitte & Touche S.p.A., with effect from the date of approval of the financial statements for the 2018 financial year.

Manager in Charge of preparing the Company's Financial Reports

Pursuant to Art. 13 of AMCO's Articles of Association, the Board of Directors appoints the Manager in Charge, after mandatory consultation with the Board of Statutory Auditors, for a period of no less than the duration of office of the Board itself and no more than six financial years, establishing their powers, means and remuneration.

The Manager in Charge must meet the integrity requirements applicable to Directors and must be chosen according to professionalism and competence criteria from managers with an overall experience of at least three years in the administration field with companies or consultancy / professional firms.

On 30 November 2022, the Board of Directors, subject to the favourable opinion of the Board of Statutory Auditors, has appointed the Administrative Manager, Mr Luca Lampugnani, who meets the requirements mentioned above, as Manager in Charge, in accordance with the provisions of Art. 154-bis of the TUF and the requirements set out in Art. 13 of the Articles of Association.

In compliance with current corporate regulations, the Manager in Charge carries out the tasks assigned to them by the law, the regulations and the Articles of Association, ensuring maximum professional diligence and making reference to the general principles commonly accepted as best practice with regard to the internal control. In particular, the Manager in Charge:

- ensures the preparation, also providing their support with respect to Company policies in relation to the management of internal regulations, of adequate administrative and accounting procedures for the preparation of the financial statements and consolidated financial statements in addition to any other communication of a financial nature;
- attests, in conjunction with the Chief Executive Officer, in a specific report, annexed to the separate financial statements and consolidated financial statements, as well as the abbreviated interim report:
    - the adequacy and effective application of the aforementioned procedures in the period to which the documents refer;
    - that the documents are drafted in compliance with the applicable international accounting standards recognised by the European Community pursuant to Regulations (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002, where applicable;
    - the correspondence of documents to the accounting entries and records;
    - according to their knowledge, that the documents are suitable to provide a truthful and correct representation of the financial, economic and assets situation of the Company;
    - that the Report on Operations includes a reliable analysis of the Company's performance and result as well as the Company's situation, together with a description of the main risks and uncertainties to which the Company is exposed.

The Board of Directors ensures that the Manager in Charge has adequate means and powers for the exercise of the tasks assigned to them and the effective respect of the administrative and accounting procedures.

The following powers are conferred to the Manager in Charge:

- adequate financial independence (budget) determined by the Board of Directors on an annual basis;
- the option to organise an adequate structure, also through the formulation of reasoned requests for recruitment and training of service personnel, in the context of their area of activity;
- the use, for control purposes, of information systems.

Lastly, as already previously described, the participation to internal flows relevant to accounting purposes is guaranteed by the coordination with the Company's corporate functions, the administrative and control bodies (Board of Directors and Board of Statutory Auditors), the Supervisory Body and other second level (Compliance, Risk Management) and third level (Internal Auditing) control functions.

OTHER INFORMATION

In accordance with the provisions of paragraph 125 of Italian Law 124/2017 of 4 August 2017, it is noted that during the 2022 financial year the Parent Company had not received subsidies, contributions, paid positions and/or in any case economic advantages of any type from public administrations.

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

- the Parent Company has not carried out any research and development activities during the year;
- the Parent Company holds 18,466 treasury shares within the limits set forth by the Italian Civil Code and does not hold shares or holdings in parent companies, neither directly nor through trust companies or third parties, nor it has purchased or sold treasury shares or shareholdings in parent companies, neither directly nor through trust companies or third parties.

meet our team

stefano cappiello

chairperson

marina natale

ceo

luca battagliero

hr, transformation & internal communication

nicola carnevale

workout

stefano chiocchetta

real estate

marco daniele dinu

credit & portfolio management

lorenzo lampiano

legal and corporate affaird

claudia mangione

internal audit corruption prevention

stefano
micheli

chief operating officer

marco
vittorio
minetti

anti-money laundering

manuela
ognissanti

compliance

eadberto
peressoni

chief financial officer

fabio
pettirossi

utp/pd

giorgio
piccarreta

special partnerships & servicers

marco
salemi

chief risk officer

laura
spotorno

stakeholder engagement e sustainability

roberto
zambotti

npe investment e business development

6.

Consolidated financial statement schedule

CONSOLIDATED BALANCE SHEET ASSETS

Amounts expressed in thousand of Euro

	Assets items	31.12.2022	31.12.2021
10.	Cash and cash equivalents	46,826	154,973
20.	Financial assets measured at fair value through profit and loss	571,520	651,918
	a) financial assets held for trading	23	70
	b) financial assets measured at fair value		
	c) other financial assets mandatorily measured at fair value	571,497	651,848
30.	Financial assets measured at fair value through other comprehensive income	687,013	500,668
40.	Financial assets measured at amortised cost	5,031,061	4,589,370
	a) loans and receivables with banks	14,431	3,651
	b) loans and receivables with financial companies	77,691	82,259
	c) loans and receivables with customers	4,938,939	4,503,460
50.	Hedging derivatives		
60.	Change in value of financial assets object of a generic hedge (+/-)		
70.	Equity investments	10	10
80.	Property, plant and equipment	27,391	27,217
90.	Intangible assets	3,975	1,937
	of which		
	- goodwill		
100.	Tax assets	197,686	234,785
	a) current	11,879	11,206
	b) deferred	185,807	223,578
110.	Non-current assets and groups of assets held for disposal		
120.	Other assets	39,198	26,725
	Total assets	**6,604,680**	**6,187,602**

Signed by
Marina Natale
Chief Executive Officer

Signed by
Luca Lampugnani
Manager in charge of preparing the Company's Financial Reports

CONSOLIDATED BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' EQUITY

Amounts expressed in thousand of Euro

	Liabilities and shareholders' equity items	31.12.2022	31.12.2021
10.	Financial liabilities measured at amortised cost	4,133,630	3,673,371
	a) payables	23,087	26,199
	b) debt securities issued	4,110,543	3,647,172
20.	Financial liabilities held for trading	71	4
30.	Financial liabilities measured at fair value		
40.	Hedging derivatives		
50.	Change in value of financial liabilities object of a generic hedge (+/-)		
60.	Tax liabilities	4,307	4,103
	a) current	1,706	
	b) deferred	2,601	4,103
70.	Liabilities associated to assets held for disposal		
80.	Other liabilities	72,323	91,124
90.	Staff severance indemnity	450	556
100.	Provisions for risks and charges	15,876	22,395
	a) commitments and guarantees issued		
	b) pensions and similar obligations	168	130
	c) other provisions for risks and charges	15,708	22,265
110.	Share capital	655,154	655,154
120.	Treasury shares (-)	(72)	(72)
130.	Equity instruments		
140.	Share premiums	604,552	604,552
150.	Reserves	1,141,970	1,572,479
160.	Valuation reserves	(65,835)	(14,098)
170.	Profit (Loss) for the year	42,254	(421,976)
180.	Non-controlling interests		
	Liabilities and net equity	**6,604,680**	**6,187,592**

Signed by
Marina Natale
Chief Executive Officer

Signed by
Luca Lampugnani
Manager in charge of preparing the Company's Financial Reports

CONSOLIDATED INCOME STATEMENT

Amounts expressed in thousand of Euro

	Items	31.12.2022	31.12.2021
10.	Interest and similar income	308,055	189,899
	of which: net interest income calculated with the effective interest method	308,055	189,899
20.	Interest and similar expenses	(72,368)	(77,796)
30.	**Interest margin**	**235,687**	**112,103**
40.	Fee and commission income	48,037	47,893
50.	Fee and commission expense	(84)	(754)
60.	**Net fees and commissions**	**47,953**	**47,139**
70.	Dividends and similar revenues	1,813	1,419
80.	Trading activity net result	17,035	13,592
90.	Hedging activity net result		
100.	Profit/loss on sale/repurchase of:	7,130	4,348
	a) financial assets measured at amortised cost	7,130	2,658
	b) financial assets measured at fair value through other comprehensive income		1,690
	c) financial liabilities		
110.	Net result of other financial assets and liabilities measured at fair value through profit and loss	(43,109)	344
	a) financial assets and liabilities measured at fair value		
	b) other financial assets mandatorily measured at fair value	(43,109)	344
120.	**Brokerage margin**	**266,509**	**178,945**
130.	Net value adjustments/reversals for credit risk of:	(54,642)	(480,180)
	a) financial assets measured at amortised cost	(54,261)	(479,591)
	b) financial assets measured at fair value through other comprehensive income	(381)	(589)
140.	Profit/loss from contractual amendments without cancellation		
150.	**Net result of financial management**	**211,867**	**(301,235)**
160.	Administrative expenses:	(144,014)	(128,517)
	a) staff costs	(39,248)	(39,944)
	b) other administrative expenses	(104,766)	(88,573)
170.	Net provisions for risks and charges	133	(3,507)
	a) commitments and guarantees issued		
	b) other net provisions	133	(3,507)
180.	Net value adjustments/reversals on property, plant and equipment	(2,911)	(1,995)
190.	Net value adjustments/reversals on intangible assets	(1,762)	(724)
200.	Other operating income/expenses	(2,224)	(8,501)
210.	**Operational costs**	**(150,778)**	**(143,244)**
220.	Net gains (losses) on equity investments		
230.	Net result of the measurement at fair value of property, plant and equipment and intangible assets	(9)	
240.	Vale adjustments on goodwill		
250.	Profits (losses) on disposal of investments		
260.	**Profit (Loss) of current operating activities before taxes**	**61,080**	**(444,479)**
270.	Income taxes for the year on current operating activities	(18,827)	22,503
280.	**Profit (Loss) of current operating activities after taxes**	**42,253**	**(421,976)**
290.	Profit (Loss) from discontinued operations after taxes		
300.	**Profit (Loss) for the year**	**42,253**	**(421,976)**
310.	Profit (Loss) for the year attributable to third parties		
320.	Profit (Loss) for the year attributable to the parent company	42,253	(421,976)

Signed by
Marina Natale
Chief Executive Officer

Signed by
Luca Lampugnani
Manager in charge of preparing the Company's Financial Reports

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts expressed in thousand of Euro

	Items	31.12.2022	31.12.2021
10.	**Profit (Loss) for the year**	42,253	(421,976)
	Other income components net of taxes without reversal to the income statement		
20.	Equity securities measured at fair value through other comprehensive income	6,700	1,378
30.	Financial liabilities measured at fair value through profit and loss (change in its creditworthiness)		
40.	Hedging of equity securities measured at fair value through other comprehensive income		
50.	Property, plant and equipment		
60.	Intangible assets		
70.	Defined-benefit plans	(69)	9
80.	Non-current assets and groups of assets held for disposal		
90.	Share of equity investment valuation reserve valued at shareholders' equity		
	Other income components 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 equity securities) measured at fair value through other comprehensive income	(58,368)	(5,581)
150.	Non-current assets and groups of assets held for disposal		
160.	Share of equity investment valuation reserve valued at shareholders' equity		
170.	**Total other income components net of taxes**	**(51,737)**	**(4,194)**
180.	**Other comprehensive income (Items 10+170)**	**(9,484)**	**(426,170)**
190.	Consolidated comprehensive income pertaining to third parties		
200.	**Comprehensive income pertaining to the parent company**	**(9,484)**	**(426,170)**

Signed by
Marina Natale
Chief Executive Officer

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Manager in charge of preparing the Company's Financial Reports

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY - 2022 FINANCIAL YEAR

Amounts expressed in thousand of Euro

	Balance as at 31.12.2021	Amendment of opening balances	Balance as at 1.1.2022	Allocation of previous year profit (loss)		Changes in the year							Shareholders' equity pertaining to the group at 31.12.2022	Shareholders' equity pertaining to third parties as at 31.12.2022
							Transactions on shareholders' equity							
				Reserves	Dividends and other distributions	Change in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Other changes	Comprehensive income for 2022		
Share capital	655,154		655,154										655,154	
Share premiums	604,552		604,552										604,552	
Reserves:														
a) from profits	896,740		896,740		(4,744)	(6,499)							885,497	
b) others	675,738		675,738	(419,311)	51	(5)							256,473	
Valuation reserves	(14,098)		(14,098)									(51,737)	(65,835)	
Equity instruments														
Treasury shares	(72)		(72)										(72)	
Profit (Loss) for the year	(421,976)		(421,976)	419,311	2,665							42,254	42,254	
Shareholders' equity pertaining to the group	**2,396,038**		**2,396,038**		**(2,028)**	**(6,504)**						**(9,483)**	**2,378,023**	
Shareholders' equity pertaining to third parties														

Signed by
Marina Natale
Chief Executive Officer

Signed by
Luca Lampugnani
Manager in charge of preparing the Company's Financial Reports

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY - 2021 FINANCIAL YEAR

Amounts expressed in thousand of Euro

	Balance as at 31.12.2020	Amendment of opening balances	Total at 1.1.2021	Allocation of previous year profit (loss)		Changes in the year							Shareholders' equity pertaining to the group as at 31.12.2021	Shareholders' equity pertaining to third parties as at 31.12.2021
							Transactions on shareholders' equity							
				Reserves	Dividends and other distributions	Change in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Other changes	Comprehensive income for 2021		
Share capital	655,154		655,154										655,154	
Share premiums	604,552		604,552										604,552	
Reserves:														
a) from profits	822,442		822,442	76,009		(1,711)							896,740	
b) others	675,869		675,869			(131)							675,738	
Valuation reserves	(9,903)		(9,903)									(4,194)	(14,097)	
Equity instruments														
Treasury shares	(70)		(70)					(2)					(72)	
Profit (Loss) for the year	76,009		76,009	(76,009)								(421,976)	(421,976)	
Shareholders' equity pertaining to the group	**2,824,053**		**2,824,053**			**(1,842)**		**(2)**				**(426,170)**	**2,396,039**	
Shareholders' equity pertaining to third parties	2,824,053		2,824,053			(1,842)		(2)				(426,170)	2,396,039	

Signed by
Marina Natale
Chief Executive Officer

Signed by
Luca Lampugnani
Manager in charge of preparing the Company's Financial Reports

CONSOLIDATED STATEMENT OF CASH FLOWS - Direct method

Amounts expressed in thousand of Euro

A. OPERATING ACTIVITIES	Amount	
	31.12.2022	31.12.2021
1. Management	**108,685**	**12,267**
- interest income received (+)	263,944	156,013
- interest expenses paid (-)	(72,368)	(72,860)
- dividends and similar revenues (+)	1,813	1,419
- net fees and commissions (+/-)	47,953	43,229
- staff costs (-)	(39,248)	(39,944)
- other costs (-)	(102,942)	(80,638)
- other revenues (+)	9,533	5,938
- duties and taxes (-)		(890)
- charges/revenues relating to discontinued operations net of taxes (+/-)		
2. Cash flow generated/absorbed by financial assets	**(632,409)**	**230,185**
- financial assets held for trading	47	196
- financial assets measured at fair value		
- other assets mandatorily measured at fair value	34,549	7,221
- financial assets measured at fair value through other comprehensive income	(244,894)	(445,445)
- financial assets measured at amortised cost	(427,698)	663,557
- other assets	5,587	4,656
3. Cash flow generated/absorbed by financial liabilities	**422,443**	**(307,303)**
- financial liabilities measured at amortised cost	460,260	(277,046)
- financial liabilities held for trading	67	
- financial liabilities measured at fair value		
- other liabilities	(37,884)	(30,257)
Net cash flow generated/absorbed by operating activities	**(101,281)**	**(64,851)**
B. INVESTMENT ACTIVITIES		
1. Cash flow generated by		
- sales of equity investments		
- collected dividends on equity investments		
- sales of property, plant and equipment		
- sales of intangible assets		
- sales of company business units		
2. Cash flow absorbed by	**(6,866)**	**(27,452)**
- purchases of equity investments		
- purchases of property, plant and equipment	(3,094)	(26,272)
- purchases of intangible assets	(3,772)	(1,180)
- purchases of subsidiaries and business units		
Net cash flow generated/absorbed by investment activities	**(6,866)**	**(27,452)**
C. FUNDING ACTIVITIES		
- issues/purchases of treasury shares		(2)
- issues/purchases of equity instruments		
- dividend distribution and other		
- sale/purchase of third party controlling interests		
Net cash flow generated/absorbed by funding activities		**(2)**
Net cash flow generated/absorbed in the year	**(108,147)**	**(92,305)**

Signed by
Marina Natale
Chief Executive Officer

Signed by
Luca Lampugnani
Manager in charge of preparing the Company's Financial Reports

RECONCILIATION

Amounts expressed in thousand of Euro

Reconciliation	31.12.2022	31.12.2021
Cash and cash equivalents at the beginning of the year	154,973	247,278
Total net cash flow generated/absorbed in the year	(108,147)	(92,305)
Cash and cash equivalents - foreign exchange effect		
Cash and cash equivalents at the end of the year	**46,826**	**154,973**

Signed by
Marina Natale
Chief Executive Officer

Signed by
Luca Lampugnani
Manager in charge of preparing the Company's Financial Reports

7.

Notes to the financial statements

PART A – ACCOUNTING POLICIES

A.1 - GENERAL PART

Section 1 – Statement of compliance with international accounting standards

These consolidated financial statements as at 31 December 2022 were drawn up in compliance with the International Account Standards (IAS) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as the relative interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Commission on 31 December 2022 in accordance with the requirements of Regulations (EU) No. 1606/2002.

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 29 October 2021. Furthermore, where applicable, the information requested by the Banca d'Italia with the communication dated 21 December 2021 - Update of the additions to measures of the Provision "The financial statements of IFRS intermediaries other than banking intermediaries" concerning the impacts of Covid -19 and measures to support the economy - was provided.

In the preparation of the financial statements the IAS/IFRS standards adopted and effective as at 31 December 2022 were applied (including the SIC and IFRIC interpretative documents), without any derogation to their application.

1.1 - International accounting standards in force since 2022

The accounting standards, amendments and IFRS interpretations applicable from 1 January 2022 are reported below:

- On 28 June 2021, Regulation (EU) 1080/2021 adopted the amendments to IFRS 3 ***"Reference to the Conceptual Framework"***, which aim to update the reference to the standard's Conceptual Framework, without significantly changing the requirements of IFRS 3. The amendments aim to reach a greater consistency in financial reporting and to avoid potential confusion from having more than one version of the Conceptual Framework in use.
- On 28 June 2021, Regulation (EU) 1080/2021 adopted the amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract", designed to provide clarification on how to determine the onerousness of a contract, as well as indicate which items to consider when assessing whether a contract is loss-making.
- On 28 June 2021, Regulation (EU) 1080/2021 adopted the amendments to IAS 16 "***Property, Plant and Equipment: Proceeds before intended use***", aimed at defining the correct recognition in the income statement of income deriving from the sale of goods produced by an asset before it is ready for use, together with the relative production costs.
- On 28 June 2021, Regulation (EU) 1080/2021 adopted the amendments contained in the document "Annual Improvements to IFRS Standards 2018 - 2020 Cycle" to IFRS 1, IFRS 9, IAS 41 and the Illustrative Examples of IFRS 16.

1.2 - Accounting standards, amendments and IFRS and IFRIC interpretations approved by the European Union, not yet mandatorily applicable and not adopted in advance by the Group as at 31 December 2021

- On 19 November 2021, Regulation (EU) 2036/2021 implemented the new ***IFRS 17 - Insurance Contracts*** standard issued by the IASB, intended to replace IFRS 4. The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations deriving from insurance contracts issued. IASB developed the standard providing a single principle-based framework to take into account all types of insurance contracts, including reinsurance contracts. The new standard will be applied as from 1 January 2023. No impacts are expected on the AMCO financial statements as the conditions for the application of the new standard are not present.
- On 2 March 2022, Regulation (EU) 357/2022 acknowledged the amendments to IAS 1 and IAS 8 set forth in the amendments called ***"Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2***" and "***Definition of Accounting Estimates - Amendments to IAS 8"*** aimed at improving disclosure on accounting policies in order to provide more useful information to investors and other primary users of the financial statements and to help companies distinguish between changes in accounting estimates and changes in accounting policies. The amendments enter into force on 1 January 2023. The Directors do not expect the adoption of these amendments to have a significant effect on the Group's consolidated financial statements.
- On 11 August 2022, Regulation (EU) 1392/2022 transposed the amendments to IAS 12 included in the document ***"Amendments to IAS 12 - Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction"***. These amendments specify how companies must account for deferred taxes on transactions such as *leases* and decommissioning obligations. In particular, it is clarified that the exemption provided by the standard does not apply and that companies are required to recognise the deferred tax on such transactions. The amendments will apply from 1 January 2023, but earlier application is permitted. The Directors do not expect the adoption of this amendment to have a significant effect on the financial statements.

1.3 - Accounting standards, amendments and IFRS interpretations not yet adopted by the European Union

At the reference date for these financial statements the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the amendments and standards described below.

- On 23 January 2020, the IASB published the document ***"Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current***" and on 31 October 2022 published an amendment called ***"Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants***". The purpose of these documents is to clarify how to classify payables and other short-term or long-term liabilities. The amendments take effect on 1 January 2023; however, earlier application is permitted.

- On 22 September 2022, the IASB published an amendment called "***Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback".*** The document requires the seller-lessee to assess the liability for the lease resulting from a sale & leaseback transaction so as not to recognise an income or a loss that relates to the retained right of use. The amendments will apply from 1 January 2024, but earlier application is permitted. The Directors do not expect a significant effect on Amco financial statements.

Section 2 – Basis of preparation

The accounting policies adopted for the preparation of these consolidated financial statements, with respect to the classification, recognition, measurement and derecognition of financial assets and liabilities have remained unchanged from those adopted for the preparation of the 2021 Financial Statements.

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 AMCO will operate in the future with a management model aimed at achieving an efficient and effective recovery of non-performing loans 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.

These consolidated financial statements are consistent with the accounting records of the Company.

In compliance with the provisions of Art. 5 of Italian Legislative Decree No. 38/2005, these consolidated financial statements are prepared using the euro as the reporting currency. The amounts in the accounting statements and in the notes to the financial statements are expressed in thousand of Euro.

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

Section 3 – Subsequent events after the end of the year

With specific reference to the provisions of IAS 10, it is advised that after 31 December 2022, the reference date of the annual financial statements, and to its approval date by the Board of Directors, no events have occurred such as to require an adjustment of the values included therein.

As already indicated in the Report on Operations, the macroeconomic context shows signs and prospects of recovery after the difficulties recorded due to the Covid-19 pandemic. In addition to this are the geopolitical tensions in Eastern Europe, which could determine a further upward impact on the costs of energy raw materials that would translate into a weakening of the recovery underway. These circumstances, extraordinary in nature and extent, could have direct and indirect repercussions on economic activity and therefore impact on the Company's future recoveries and, consequently, on its profitability.

In addition, the following events took place:

- In January and February, AMCO signed three different agreements for the sale of leasing and banking receivables for a total gross book value of approximately EUR 500 million. The onboarding of the portfolios is expected in the first half of 2023;

- On 30 January 2023, AMCO successfully placed a senior unsecured bond with a maturity of 4 years for a total nominal amount of EUR 500 million. The issue has a BBB rating (Standard & Poor's and Fitch) and a fixed annual coupon of 4.625%
- On 30 January 2023, with settlement on 7 February 2023, AMCO successfully carried out a liability management transaction through the buyback of a total nominal amount of 400 million of the senior preferred unsecured bond maturing on 17 July 2023. The repurchase price was 99.60% of the nominal value of the bonds.

Section 4 - Other aspects

4.1 - Use of estimates and assumptions in the preparation of the consolidated financial statements for the year

The preparation of the consolidated financial statements requires the recourse to estimates and assumptions that may determine significant effects on the values recognised in the balance sheet and in the income statement, as well as the information provided in the financial statements. The preparation of these estimates involves the use of available information and the adoption of subjective assessments, based also on past experience, in order to formulate reasonable assumptions for the recognition of operational transactions. By their nature estimates and assumptions used may vary from year to year and, therefore, it cannot be excluded that in future financial years the current values recognised could vary due to the change in the subjective valuations used. The main cases where subjective estimates and assessments are used include:

- the quantification of impairment of receivables and, in general, of other financial assets;
- the determination of fair value of financial instruments to be used for the purposes of the information provided in the financial statements;
- the use of valuation models for the recognition of fair value of financial instruments unlisted in active markets;
- the definition of recovery plans for both the "POCI" and non-"POCI" receivables and receivables measured at amortised cost;
- the quantification of personnel provisions and provisions for risks and charges;
- estimates and assumptions on the recoverability of deferred tax assets.

The description of the accounting policies applied on the main financial statement aggregates provides additional information on the subjective assumptions and assessments used in the preparation of these consolidated financial statements. Lastly, it is noted that the parameters and the information used for the verification of the values referred to in the previous paragraphs are, therefore, influenced by the particularly uncertain macroeconomic and market scenario, which could undertake rapid changes that cannot be predicted at this point, with consequent effects on the financial statements values.

4.2 - Other

As reported in the introduction to the Report on Operations, in 2018 AMCO acquired the non-performing loans and other assets linked with Banca Popolare di Vicenza in LCA and Veneto Banca in LCA, assigning them to Segregated Estates, whose statement must be prepared in compliance with international accounting standards.

The adoption of International accounting standards for the preparation of separate statements for Segregated Estates 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 Estates transferee apply. The analyses carried out on the two separate Veneto Group and Vicenza Group Segregated Estates have considered the following scenarios:

- estimate of the net future financial flows of loans in the hypothesis of the existent transfer 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 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 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 Estates and the hypotheses in which this did not occur (both maintaining the same management business model – nevertheless shared with the LCAs, 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.

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

- AMCO is not required to consolidate the Segregated Estates, nor can these be considered joint ventures with the Company;
- AMCO does not have a direct or indirect equity investment in the Segregated Estates, which cannot therefore be considered to be equity investments in non-consolidated structured entities;
- the constitution of two Segregated Estates, 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 Estates falls within the cases of sponsorship envisaged by IFRS 12. Therefore, the disclosure obligations are those defined by IFRS 12.27. This need for information was resolved in the Report on Operations and in the Notes to the Financial Statements to which reference is made.

Reference is made to Section 9 of the Segregated Estates for the statement for the same.

Risks, uncertainties and impacts of the Covid-19 epidemic

The Covid-19 epidemic gradually receded in 2022, following the reduction in the number of newly infected persons and the gradual removal of restrictive measures. In any case, the Covid-19 pandemic did not have any impact, even in the past, on the objectives and strategies of AMCO's business and, therefore, no changes were made in this regard, also with reference to the related risk measurement and control systems. Operational continuity has never been questioned, also given the elimination of any type of limitation due to the health emergency. Likewise, there is no impact on the company's profitability, nor are there any particular risks, even of a forward-looking nature, for AMCO.

In any event, with regards to loans and receivables with customers, specific attention was paid to the ability of so-called 'unlikely-to-pay' debtors to generate sufficient debt-servicing cash flows to repay AMCO's credit exposures. The identification of possible impacts on the valuation of assets and its capitalisation was carried out by also performing sensitivity analyses aimed at intercepting specific situations of debtor difficulties. No particular risks for AMCO have emerged from these analyses; however, the current macroeconomic scenario – especially deriving from the effects of the Russian-Ukrainian conflict referred to in the Report on Operations – is affected by a high degree of uncertainty whose outcome is not currently predictable and which could require changes in the assessments made. A possible worsening of the macroeconomic forecasts could imply a revision of the estimates of expected cash flows, or of other parameters, which are not foreseeable at the moment, and adjustments in the book values of the assets or in the need to allocate specific provisions for future risks and charges. In addition, the fair value of property securing loans and financial instruments that are not quoted in an active market incorporates a high degree of uncertainty as how this fair value may evolve in the future and whether the assets can be sold at estimated prices.

It should be noted that in 2022 no changes were made to the accounting estimates related to COVID-19.

Contractual changes resulting from Covid-19

1) Contractual amendments and accounting derecognition (IFRS 9)

As at 31 December 2022, there are no loans measured at amortised cost subject to Covid-19 support measures.

2) Amendment of the IFRS 16 accounting standard

With reference to lease agreements, it should be noted that the practical expedient provided for by Regulation (EU) No. 1434/2020 and Regulation (EU) No. 1421/2021 was not applied, as the cases covered by the amendment did not occur. Moreover, the amendment had extended by one year the period of application of the amendment issued in 2020, allowing the application of the relevant options for the year 2021. Specifically, the Company had not obtained a reduction in fees related to Covid-19 in 2021. No reduction in rents even for the year 2022.

Additional information relating to the reform of the benchmarks for determining interest rates

With regard to the benchmarks reform for determining interest rates, at the date of these financial statements there are no significant impacts or changes in the risk management strategy, as the Company has no exposures to which the IBOR Reform applies.

Section 5 – Scope and method of consolidation

Scope and method of consolidation

Companies through which AMCO is exposed to variable yields, or in which it holds rights on such yields deriving from its relationship with the same and, at the same time, having the ability to impact on such yields through the exercise of its power on such entities are considered to be controlled companies.

This control can be simply expressed with the simultaneous presence of the following elements:

- the power to manage the relevant assets of the company invested in;
- the exposure or the rights to the variable yields resulting from the relationship with the company invested in;
- the ability to exercise its power on the company invested in to influence the amount of its yields.

The consolidation method adopted to prepare these financial statements is that of “full consolidation”, that is to say line-by-line consolidation of the assets and liabilities of the consolidated companies.

The following are included in the scope of consolidation: the companies Tatooine SPV S.r.l. and Tatooine Leaseco S.r.l. acquired in 2022, as commented on in the Directors' Report on Operations, as part of a complex sale and securitisation transaction of a portfolio of loans deriving from past due finance leases, subject to termination or dissolution, as well as the sale of leased assets and legal obligations deriving from the termination or dissolution of lease agreements.

The securitisation vehicle Fucino NPL's S.r.l., which was consolidated in 2021, was closed in 2022 and, effective from 1 March 2022, the *unwinding* of the securitisation of receivables transferred to the vehicle was finalised.

5.1 Equity investments in wholly owned subsidiaries

Denominations	Operational office	Registered office	Type of relationship	Participatory relationship		Votes available %
				Participating entity	Interest %	
AMCO - Asset Management Co. S.r.l.	Bucharest	Bucharest	1	AMCO S.p.A.	100%	100%
Tatooine SPV S.r.l.	Conegliano (TV)	Conegliano (TV)	1	AMCO S.p.A.	100%	100%
Tatooine Leaseco S.r.l.	Conegliano (TV)	Conegliano (TV)	1	AMCO S.p.A.	100%	100%

As at 31 December 2022, the Parent Company AMCO owned the entire equity investment of Amco S.r.l., a company under Romanian law put into liquidation during the previous year, based in Bucharest and involved in the management of non-performing loans granted to debtors residing in Romania and held by the Veneto Group Segregated Estates, as well as the entire equity investments of Totooine SPV S.r.l. and Tatooine Leaseco S.r.l. acquired during 2022, as reported above.

5.2 Valuations and significant assumptions for the determination of the scope of consolidation

Pursuant to paragraph 7 – letter a) of IFRS 12, information is provided with regard to valuations and significant assumptions used for the determination of the scope of consolidation.

In relation to the new equity investments acquired in 2022, AMCO has included in the scope of consolidation of the Group and in these consolidated financial statements both Tatooine SPV S.r.l. and Tatooine Leaseco S.r.l., given the effective control of AMCO over both and in consideration of the materiality of the assets held by the SPV., as well as the obligation to consolidate Leaseco pursuant to Article 7.1, paragraph 5 of Law 130/99.

Taking into account the Framework for the preparation and presentation of financial statements and the concepts of “significance” and “materiality”, the inclusion of the wholly-owned subsidiary AMCO S.r.l. in the consolidated financial statements was not vice versa considered to be substantially useful, due to its negligible impact at an aggregate level. This, in consideration of:

- the irrelevance of the assets of the subsidiary AMCO S.r.l., compared to the total aggregate assets;
- the absence of third-party funds in the shareholding structure of both AMCO and the subsidiary;
- the irrelevance of any additional information deriving from the possible consolidation of the subsidiary 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 the subsidiary;
- the substantial representation of the Group's equity and profitability already reflected in the annual financial statements of the Parent Company AMCO S.p.A. and in these consolidated financial statements.

5.3 Equity investments in wholly-owned subsidiaries with significant third-party interests

The wholly owned companies do not have significant third-party funds and, therefore, the provisions of IFRS 12, paragraph 12, letter g) and paragraph B10 do not apply.

5.4 Significant restrictions

There are no significant restrictions within the Group pursuant to paragraph 13 of IFRS 12.

5.5 Other information

The financial statements of Tatooine SPV S.r.l. and Tatooine Leaseco S.r.l. used in the preparation of the consolidated financial statements have the same closing date (31 December 2022).

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

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

Financial assets measured at fair value through profit and loss

Classification criteria

This category includes financial assets other than those classified under financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost.

This item, in particular, can include:

- financial assets held for trading;
- financial assets measured 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 measured at fair value through profit and loss at initial recognition if, and only if, by doing so it eliminates or significantly reduces a value inconsistency;
- financial assets mandatorily measured at fair value, which have not exceeded the requirements for the measurement 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 measured at fair value through profit and loss 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 financial assets recognised under that item, 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 cash 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 measured at fair value through other 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 (held 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 measurement at fair value through other comprehensive income was chosen.

In particular, this item includes:

- *debt securities attributable to a Held to collect and sell business model that have passed the SSPI test;*
- equity investments, not qualifiable as controlling, associated and of joint control, which are not held for trading, for which the option of the measurement at fair value through other 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 measured at fair value through other comprehensive income to one of the other two categories listed in IFRS 9 (Financial assets measured at amortised cost or Financial assets measured at fair value through profit and loss).

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 through profit and loss, the cumulative profit (loss) previously recognised in the valuation reserve is reclassified from shareholders' equity to the profit (loss) for 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 measured at fair value, with allocation of profit or loss deriving from the variations in fair value, with respect to the amortised cost, to a specific shareholders' equity reserve in the statement of comprehensive income until the financial asset is derecognised, or a reduction in value is not observed.

Equity instruments for which the choice has been made for classification in this category are measured at fair value and the amounts recognised under the matching entry in shareholders' 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 measured at fair value through profit and loss. 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 cash 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 measured at amortised cost

Classification criteria

This item includes not "on demand" loans with banks, with financial companies and with customers, which 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 measured 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.

On the other hand, with regard to assets already classified as impaired at the time of acquisition - "POCI" (Purchased or Originated Credit Impaired) - at the time of the initial recognition no provision for the coverage of losses, on condition that the expected loss is already taken into account in the fair value of the financial asset at the time of acquisition and is included in the calculation of the correct effective internal rate of the loan.

Measurement and recognition criteria of income items

After the initial recognition, loans and receivables with customers are measured at amortised cost, equal to the value of first recognition increased/decreased by reimbursements of capital, value adjustments/reversals 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 non-significance 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 book 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 bad loans, 'unlikely to pay' or expired/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 of the former Banco di Napoli, taking into account the Company's specific operating characteristics and since the original effective rate would have been excessively costly to find, 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 non-return on the portfolio of managed loans and receivables.

Should the reasons for the impairment be removed following an event occurring after the recognition of the same, reversals are carried out with allocation to the Income Statement. The reversal cannot in any case exceed the amortised cost that the loan would have in the absence of previous value adjustments. Reversals of impairment linked to the passing of time contribute to the generation of interest margin. The amortised cost corresponds to the nominal value.

With regard to POCI financial assets, the income component in terms of interest income is recognised by calculating an effective credit-adjusted interest rate defined by estimating future cash flows in consideration of all the contractual terms and the expected credit losses. The credit adjusted effective interest rate is calculated at the time of the initial recognition and it is the rate that precisely discounts estimated future cash flows, making their sum equivalent to the value of initial recognition of the asset inclusive of transaction costs.

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.

Property, plant and equipment

Classification criteria

Property, plant and equipment include all assets used in the company's operations that are expected to be used for more than one period.

This item also includes property, plant and equipment governed by IAS 2 - Inventories, i.e. assets deriving from the enforcement of guarantees or from the purchase at auction or unassigned assets linked to resolved lease agreements which the Company intends to sell in the near future.

The same item also includes, separately from the previous categories, property deriving from the enforcement of guarantees or the purchase at auction, held by the Company for investment purposes, governed by IAS 40.

Finally, rights of use acquired through leasing and governed by IFRS 16 are included.

Recognition and measurement criteria

Property, plant and equipment are initially recognised at cost, which includes, in addition to the purchase price, any accessory costs directly attributable to the purchase and putting into operation of the asset.

Subsequently, functional property, plant and equipment are measured at cost, less depreciation and any impairment losses, which are recognised in the Income Statement.

Assets recognised as Inventories are valued after purchase at the lower of cost and net realisable value, which is estimated on the basis of the market and the specific characteristics of the asset. The difference between cost and realisable value is charged to the Income Statement.

Property held for investment purposes should be valued, subsequent to purchase, using the fair value method.

Rights of use relating to lease agreements - recognition and measurement criteria

In accordance with IFRS 16, rights of use acquired under leases are initially recognised as the sum of the present value of future lease payments over the expected contractual term. Where the contractual term is renewable (e.g. property) it is estimated for a reasonably certain period of use of the asset. The rate used for discounting is, for each contract and where available, the contractual implicit interest rate. Where this is not available or cannot be determined, a conventional internal rate is used.

Subsequent to initial recognition, the right of use acquired is depreciated over the entire expected useful life of the asset.

Derecognition criteria

Property, plant and equipment are derecognised from the Balance Sheet at the time of disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal.

The early termination of a lease agreement gives rise to the cancellation of the right of use that has not yet been amortised, with a corresponding cancellation of the associated liability for the lease instalments and, if necessary, charging the difference to the Income Statement.

Other assets and other liabilities

This item includes assets and liabilities not attributable to other asset and liability items in the Balance Sheet.

Financial liabilities measured at amortised cost

Classification criteria

The item includes payables for bank credit lines and other payables to the banking system, as well as payables for bonds issued and payables to customers for advances and other. Payables recognised for leases as lessee are also recognised.

Recognition criteria

Financial liabilities are recognised at their fair value at the date of stipulation of the contract and/or issue of the securities, which is normally equal to the amounts obtained, also considering the direct costs of stipulation or issue.

Lease payables are recorded by discounting, at the implicit interest rate, the instalments foreseen for the duration of the contract or, in the case of property, for a duration of at least 12 months.

Measurement bases

Subsequent to initial recognition, financial liabilities are measured, where not short-term, at amortised cost using the effective interest rate of the transaction, obtained with reference to the effective cost of the transaction and the contractual outflow.

Derecognition criteria

Financial liabilities are derecognised when they are settled, i.e. there are no further obligations for the Company.

Lease payables are written off if the underlying contract is terminated. Derecognition is effected by setting off any remaining balance against the corresponding value of the right of use recorded in the Balance Sheet Assets.

Capital transactions

Purchase of treasury shares

The repurchase of own equity instruments is deducted from capital. No profit or loss is recognised in the income statement on their purchase, sale, issue or cancellation; the consideration paid or received is recognised directly in equity, under a specific item.

Costs of issuing equity instruments and other capital transactions

Costs incurred at the issue or repurchase of own equity instruments, or within any capital transaction, including registration fees, stamp duty and other charges due to the Regulatory Authority, as well as charges for legal, accounting and other professional advisors, are recognised as a deduction from shareholders' equity to the extent that they are costs directly attributable to the transaction, or are charges that would not otherwise have been incurred.

Transaction costs related to a capital transaction are appropriately recognised as a separate item as a decrease in the Company's shareholders' equity.

Current and deferred taxes

Classification, recognition and measurement criteria

Deferred tax assets relating to temporary differences deductible 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 AMCO's capacity to generate sufficient taxable income in future years and taking into account the specific regulations laid down by Italian Decree Law 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.

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

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, respectively, the current tax liabilities of the year, calculated on the basis of an 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.

Staff severance indemnity

Staff severance indemnity refers to "post-employment benefit" classified as:

- "defined-contribution plan" for the portions of staff severance indemnity 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 costs 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 staff severance indemnity 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.

As required by IAS 19, actuarial gains/losses are recognised immediately and in full in the "Statement of comprehensive income" with an impact on shareholders' 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.

Only where the effect of the timing deferral in bearing the estimated charge is objectively foreseeable, determinable 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 becomes unlikely or when the obligation expires.

Revenues and costs

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 considers to have the right.

The price of transaction represents the amount of consideration to which the entity considers to have the right to 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.

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

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

A.4 - INFORMATION ON FAIR VALUE

International accounting standard IFRS 13 and the rules established by the Banca d'Italia for the preparation of the financial statements of IFRS Intermediaries other than Bank Intermediaries require that assets and liabilities, based on the determination of their fair value, be related to a specific hierarchy based on the nature of the inputs used in determining their fair value (known as "levels of fair value").

There are three levels:

Level 1

Includes the instruments that are measured with effective market quotes. In this case, the fair value corresponds to the price at which the financial instrument would be exchanged at the reporting date (without any change) on the main active market, or - in the absence of a main market - on the market considered more advantageous to which the entity has immediate access.

Level 2

Includes those instruments for which inputs - other than quoted market prices included within Level 1 - observable directly (observable data) or indirectly are used for measuring.

The measurement of such an instrument is based on prices or credit spreads derived from official listings on active markets of substantially similar instruments in terms of risk factors (comparable approach), using an appropriate method of calculation (pricing model). The methods used in the comparable approach make it possible to reproduce the prices of instruments listed on active markets without including discretionary parameters, such as to have a decisive influence on the final price of measurement.

If a fair value measurement uses observable data that require a material adjustment based on non-observable inputs, that measurement is included in Level 3.

Level 3

Includes the instruments that are measured by using non-observable market data. The relative fair value is the result of measurements involving estimates and assumptions made by the assessor (mark to model). The measurement is carried out using pricing models that are based on specific assumptions concerning:

- the development of expected cash flows, possibly related to future events to which probabilities derived from historical experience or based on assumptions of behaviour can be attributed;
- the level of certain input parameters not listed in active markets, for whose assessment preference is given to the information acquired from prices and spread observed on the market. If this information is not available, historical data of the underlying specific risk factor or specialised research (e.g. reports by rating agencies or primary market players) is used.

Qualitative disclosures

A.4.1 - Levels of fair value 2 and 3: valuation techniques and inputs used

In the absence of an active market, the following methods and significant assumptions were adopted in determining the fair value of financial instruments:

- for financial items (assets and liabilities) with a residual maturity of 18 months or less, the fair value is reasonably assumed to be approximated by their carrying amount;
- for UCITS, the fair value is calculated on the basis of internal models according to the criteria provided by the policies in force, adjusting the Net Asset Value (NAV) provided by the Fund Administrator. This is in compliance with the provisions of Document No. 8 of the Coordination Table on the application of IAS/IFRS (of April 2020), in which the Banca d'Italia, Consob and IVASS reiterated the need to evaluate possible corrections to the NAV for the determination of the fair value of UCITS units, where the valuation criteria of the underlying assets are not aligned with the criteria provided by IFRS standards for the determination of the fair value of the same, or where there are significant illiquidity factors concerning the underlying assets or the units of the funds themselves. The indications provided by the document have been specifically addressed to positions in units of UCITS that invest in Non Performing Exposures (NPEs), but must be considered applicable to all units of UCITS characterised by similar problems in the valuation of the underlying assets and of the units themselves;
- for other financial assets (equity or semi-equity securities, securitisation notes, bonds, derivatives, etc.), commonly adopted estimation methods are used, which take into account all risk factors related to the instruments themselves;
- with regard to impaired assets recognised at amortised cost, both POCI and non-POCI, the carrying amount is deemed to be an approximation of the fair value; this in the absence of specific prices by trade associations and Supervisory Bodies, as well as on the assumption that the company is in a going concern situation and has no need to liquidate and/or significantly reduce its assets under unfavourable conditions. The fair value thus determined reflects the credit quality of non-performing assets.

A.4.2 - Measurement processes and sensitivity

Since the measurement results, where they do not refer to prices on active markets, can be significantly affected by assumptions mainly used for cash flow timing, the discount rates adopted and the methods used to estimate credit risks, the estimated fair values could differ from those realised in an immediate sale of financial instruments. The parameters used and the models adopted can also differ between different financial institutions, generating results that are also significantly different, even in the event of changes in assumptions.

A.4.3 - Fair value hierarchy

With reference to financial assets measured at fair value on a recurring basis, level transfers are determined on the basis of the following lines.

For equity instruments, the transfer level takes place:

- when in the period observable inputs were available on the market (e.g. prices defined in the context of comparable transactions on the same instrument between independent and responsible counterparties). In this case, there will be a reclassification from level 3 to level 2;
- when directly or indirectly observable elements used as a basis for the evaluation no longer apply, or when they are no longer updated (e.g. non-recent comparable transactions or no longer applicable multiples). In this case, valuation criteria using non-observable inputs are used;
- when a security is no longer listed on an active market, even temporarily, there will be a reclassification from level 1 to level 2 or level 3, depending on the case.

Quantitative disclosures

A.4.5 - Fair value hierarchy

A.4.5.1 - Assets and liabilities measured at fair value on a recurring basis: break-down by level of fair value

Financial assets/liabilities measured at fair value	31.12.2022			31.12.2021		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit and loss	1,806	23	569,691	5,441	70	646,406
a) financial assets held for trading		23			70	
b) financial assets measured at fair value						
c) other financial assets mandatorily measured at fair value	1,806		569,691	5,441		646,406
2. Financial assets measured at fair value through other comprehensive income	686,520		493	498,819		1,849
3. Hedging derivatives						
4. Property, plant and equipment						
5. Intangible assets						
Total	**688,326**	**23**	**570,184**	**504,260**	**70**	**648,255**
1. Financial liabilities held for trading		71			4	
2. Financial liabilities measured at fair value						
3. Hedging derivatives						
Total		**71**			**4**	

Assets and liabilities measured at fair value on a recurring basis consist mainly of:

- financial assets held for trading at Level 2, amounting to EUR 23 thousand, relating to interest rate derivative contracts entered into between Banca MPS and customers and sold as part of the demerger transaction since they are directly linked to the NPEs sold;
- other financial assets mandatorily measured at fair value at Level 1, for EUR 1.8 million, include the equity investment held by the Parent Company in Trevi Finanziaria Industriale S.p.A., originating in part from the conversion of loans in relation to restructuring agreements and in part in relation to the compendium demerged from MPS;
- financial assets mandatorily measured at Level 3 fair value, for a total of EUR 569.7 million, which include the investment in the Italian Recovery Fund for EUR 386.2 million, the investment in the Back2bonis Fund for EUR 87.7 million, the SFPs of Astaldi S.p.A. from the restructuring agreement for EUR 15.3 million, the units of the SGT Sansedoni fund acquired in the context of a credit recovery transaction for EUR 17.1 million, as well as Non Performing Exposures that do not meet the criteria of IFRS 9 to be classified at amortised cost (as they had not passed the SPPI test) for EUR 47.6 million and other financial assets for EUR 15.7 million;
- financial assets measured at fair value though other comprehensive income of Level 1, for a total of EUR 686.5 million, consisting of the temporary investment of liquidity in government bonds;
- financial liabilities held for trading at Level 2, amounting to EUR 71 thousand, relating to interest rate derivative contracts entered into between Banca MPS and customers and sold as part of the demerger transaction since they are directly linked to the NPEs sold.

A.4.5.2 - Annual changes in assets measured at fair value on a recurring basis (level 3)

	Financial assets measured at fair value through profit and loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
	Total	Of which: a) Financial assets held for trading	Of which: b) Financial assets measured at fair value	Of which: c) Other financial assets mandatorily measured at fair value				
1. Opening balances	**646,406**			**646,406**	**1,849**			
2. Increases	**4,535**			**4,535**	**303**			
2.1 Purchases	2,373			2,373	102			
2.2 Profit attributable to	2,162				201			
2.2.1 Income statement	2,162			2,162				
- of which: capital gains	2,043			2,043				
2.2.2 Shareholders' equity		X	X	X	201			
2.3 Transfers from other levels								
2.4 Other increases								
3. Decreases	**81,250**			**81,250**	**1,658**			
3.1 Sales	32,715			32,715	1,658			
3.2 Refunds								
3.3 Loss attributable to:								
3.3.1 Income statement	37,528			37,528				
- of which: capital losses	36,026			36,026				
3.3.2 Shareholders' equity		X	X	X				
3.4 Transfers to other levels								
3.5 Other decreases	11,007			11,007				
4. Closing balance	**569,691**			**569,691**	**494**			

A.4.5.4 - Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: break-down by fair value level

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	31.12.2022				31.12.2021			
	CA	L1	L2	L3	CA	L1	L2	L3
1. Financial assets measured at amortised cost	5,031,061	14,431		5,016,629	4,589,370			4,589,370
2. Financial assets held for investment								
3. Non-current assets and groups of assets held for disposal								
Total	**5,031,061**	**14,431**		**5,016,629**	**4,589,370**			**4,589,370**
1. Financial assets measured at amortised cost	4,133,631	4,110,543		23,087	3,673,371	3,647,172		26,199
2. Liabilities associated to assets held for disposal								
Total	**4,133,631**	**4,110,543**		**23,087**	**3,673,371**	**3,647,172**		**26,199**

PART B - INFORMATION ON THE CONSOLIDATED BALANCE SHEET

ASSETS

Section 1 – Cash and cash equivalents – Item 10

	31.12.2022	31.12.2021
a) Cash		
b) Unrestricted deposits with Banks	46,826	154,973
Total	**46,826**	**154,973**

The "Unrestricted deposits with Banks" item includes all current account exposures, net of adjustments.

Section 2 - Financial assets measured at fair value through profit and loss - Item 20

2.1 - Financial assets held for trading: break-down by type

Items/Values	31.12.2022			31.12.2021		
	L1	L2	L3	L1	L2	L3
A. On-balance sheet assets						
1. Debt securities						
1.1 Structured securities						
1.2 Other debt securities						
2. Equities and UCITS units						
3. Loans						
Total A						
B. Derivative instruments						
1. Financial derivatives		23			70	
1.1 for trading		23			70	
1.2 related to the fair value option						
1.3 others						
2. Credit derivatives						
2.1 for trading						
2.2 related to the fair value option						
2.3 others						
Total B		**23**			**70**	
TOTAL (A+B)		**23**			**70**	

Financial derivatives held for trading include the balance, including accruals, of the deriving instruments, which AMCO took over in the context of the demerger transaction with Banca Monte Paschi di Siena.

2.2 - Derivative financial instruments

Underlying assets/ Derivative types	Total (31.12.2022)				Total (31.12.2021)			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central Counterparties	Without Central Counterparties			Central Counterparties	Without Central Counterparties		
		With compensation agreements	Without compensation agreements			With compensation agreements	Without compensation agreements	
1. Debt securities and interest rates								
- Notional value			1,659				6,033	
- Fair value			23				70	
2. Equity securities and stock indices								
- Notional value								
- Fair value								
3. Currencies and gold								
- Notional value								
- Fair value								
4. Loans								
- Notional value								
- Fair value								
5. Goods								
- Notional value								
- Fair value								
6. Others								
- Notional value								
- Fair value								
Total			**23**				**70**	

2.3 - Financial assets held for trading: break-down by debtor/issuer

Items/Values	Total (31.12.2022)	Total (31.12.2021)
A. On-balance sheet assets		
1. Debt securities		
a) Public administrations		
b) Banks		
c) Other financial companies		
- of which: insurance companies		
d) Non-financial companies		
2. Equity securities		
a) Banks		
b) Other financial companies		
- of which: insurance companies		
d) Non-financial companies		
d) Other issuers		
3. UCITS units		
4. Loans		
a) Public administrations		
b) Banks		
c) Other financial companies		
- of which: insurance companies		
d) Non-financial companies		
e) Households		
Total (A)		
B. Derivative instruments		
a) Central Counterparties		
b) Others	23	70
Total (B)	**23**	**70**
TOTAL (A+B)	**23**	**70**

2.6 - Other financial assets mandatorily measured at fair value: break-down by type

Items/Values	Total (31.12.2022)			Total (31.12.2021)		
	L1	L2	L3	L1	L2	L3
1. Debt securities						
1.1 Structured securities						
1.2 Other debt securities						
2. Equity securities	**1,806**		**19,110**	**5,441**		**18,785**
3. UCITS units			**502,999**			**568,707**
4. Loans			**47,582**			**58,914**
4.1 Repurchase agreement						
4.2 Others			47,582			58,914
Total	**1,806**		**569,691**	**5,441**		**646,406**

The item “Equity securities” includes:

- the residual portfolio of shares of Trevi Finanziaria Industriale S.p.A. acquired following the conversion of receivables from the portfolio acquired from Banca Carige and from the transaction with Monte dei Paschi di Siena for a total of EUR 1.8 million;
- equity financial instruments (SFP) acquired following the conversion of receivables from the portfolio acquired from Banca Carige and in the context of the transaction with Monte dei Paschi di Siena for a total of EUR 19.1 million.

The item "UCITS units" includes:

- the investment in Italian Recovery Fund for EUR 386.2 million. As at 31 December 2022, the Parent Company owns 444.9 units with a unit value of EUR 868,204 for a unit value of the unit at NAV of EUR 920,643 (compared to 476.6 units held as at 31 December 2021). The reduction in the number of units in the portfolio lies in the cancellation of units following capital distributions in March and August 2022;
- the units of the Back2Bonis Fund, assigned to the Parent Company in the context of the Cuvée operation, amounting to EUR 87.7 million as at 31 December 2022;
- the SGT Sansedoni fund units, acquired in 2021 as part of a debt to equity swap transaction and valued at EUR 17.1 million at 31 December 2022;
- the units of Efesto, acquired in 2020 as part of the transaction with Monte dei Paschi di Siena and valued at EUR 10.7 million as at 31 December 2022;
- the units of the Clessidra Restructuring Fund, valued at EUR 1.2 million as at 31 December 2022.

Loans include receivables that do not pass the SSPI test and for which the measurement at fair value is mandatory.

2.7 - Other financial assets mandatorily measured at fair value: break-down by debtors/issuers

Items/Values	Total (31.12.2022)	Total (31.12.2021)
1. Equity securities	**20,916**	**24,226**
of which: banks		107
of which: other financial companies		
of which: non-financial companies	20,916	24,119
2. Debt securities		
a) Public administrations		
b) Banks		
c) Other financial companies		
- of which: insurance companies		
d) Non-financial companies		
3. UCITS units	**502,999**	**568,707**
4. Loans	**47,582**	**58,914**
a) Public administrations		
b) Banks		
c) Other financial companies	2,982	9,052
- of which: insurance companies		
d) Non-financial companies	44,063	49,284
e) Households	537	578
Total	**571,497**	**651,847**

Section 3 - Financial assets measured at fair value through other comprehensive income - Item 30

3.1 - Financial assets measured at fair value through other comprehensive income: break-down by type

Items/Values	Total (31.12.2022)			Total (31.12.2021)		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**686,520**			**498,819**		
1.1 Structured securities						
1.2 Other debt securities	686,520			498,819		
2. Equity securities			**493**			**1,849**
3. Loans						
Total	**686,520**		**493**	**498,819**		**1,849**

As at 31 December 2022 this item had a balance of EUR 687 million. In detail:

- Other debt securities: the amount of EUR 686.5 million, inclusive of the interest accrued and net of the write-down, refers to investment in Italian government bonds;
- Equity securities: the total amount of EUR 0.5 refers entirely to the shares of Arezzo Fiere Congressi, deriving from the demerger project with Banca Monte dei Paschi di Siena.

3.2 - Financial assets measured at fair value through other comprehensive income: break-down by debtors/issuers

Items/Values	Total 31.12.2022	Total 31.12.2021
1. Debt securities	**686,520**	**498,819**
a) Public administrations	686,520	498,819
b) Banks		
c) Other financial companies		
- of which: insurance companies		
d) Non-financial companies		
2. Equity securities	**493**	**1,848**
a) Public administrations		
b) Banks		1,355
c) Other financial companies		
- of which: insurance companies		
d) Non-financial companies	493	493
3. Loans		
a) Public administrations		
b) Banks		
c) Other financial companies		
- of which: insurance companies		
d) Non-financial companies		
e) Households		
Total	687,013	500,667

3.3 - Financial assets measured at fair value through other comprehensive income: gross value and total value adjustments

	Gross value					Total value adjustments				
	First stage	of which: Instruments with low credit risk	Second stage	Third stage	Purchased or Originated Credit Impaired	First stage	Second stage	Third stage	Purchased or Originated Credit Impaired	Total partial write-offs*
Debt securities	687,578	687,578	-	-	-	(1,058)	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Total (31.12.2022)	**687,578**	**687,578**	**-**	**-**	**-**	**(1,058)**	**-**	**-**	**-**	**-**
Total (31.12.2021)	**499,496**	**499,496**	**-**	**-**	**-**	**(677)**	**-**	**-**	**-**	**-**

Section 4 – Financial assets measured at amortised cost - Item 40

4.1 - Financial assets measured at amortised cost: break-down of loans and receivables with banks

Breakdown	Total (31.12.2022)						Total (31.12.2021)					
	Carrying amount			Fair value			Carrying amount			Fair value		
	First and second stages	Third stage	Purchased or Originated Credit Impaired	L1	L2	L3	First and second stages	Third stage	Purchased or Originated Credit Impaired	L1	L2	L3
1. Time deposits												
2. Current accounts												
3. Loans												
3.1 Repurchase agreement												
3.2 Lease financing												
3.3 Factoring												
- with recourse												
- without recourse												
3.4 Other loans												
4. Debt securities												
4.1 structured securities												
4.2 Other debt securities												
5. Other assets	**14,431**					**14,431**	**3,651**					**3,651**
Total	14,431					14,431	3,651					3,651

Other assets refer to receivables from the Unipol and BPER Groups, related to the collections made by the two counterparties, during the interim period, on the management of receivables of the portfolios acquired by the Parent Company in December. The amounts were fully collected in January 2023.

4.2 - Financial assets measured at amortised cost: break-down of loans and receivables with financial companies

Breakdown	Total (31.12.2022)						Total (31.12.2021)					
	Carrying amount			Fair value			Carrying amount			Fair value		
	First and second stages	Third stage	Purchased or Originated Credit Impaired	L1	L2	L3	First and second stages	Third stage	Purchased or Originated Credit Impaired	L1	L2	L3
1. Loans	**31,338**		**46,333**			**77,671**	**24,865**		**57,374**			**82,239**
1.1 Repurchase agreement												
1.2 Lease financing												
1.3 Factoring												
- with recourse												
- without recourse												
1.4 Other loans	31,338		46,333			77,671	24,865		57,374			82,239
2. Debt securities												
2.1 Structured securities												
2.2 Other debt securities												
3. Other assets	**20**					**20**	**20**					**20**
Total	31,358		46,333			77,691	24,885		57,374			82,259

As at 31 December 2022, the item shows a balance of EUR 77.7 million, consisting of the receivables of the portfolios acquired for EUR 46.3 million and from the loan to the Back2Bonis Fund for EUR 31.3 million.

4.3 - Financial assets measured at amortised cost: break-down of loans and receivables with customers

Breakdown	Total (31.12.2022)						Total (31.12.2021)					
	Carrying amount			Fair value			Carrying amount			Fair value		
	First and second stages	Third stage	Purchased or Originated Credit Impaired	L1	L2	L3	First and second stages	Third stage	Purchased or Originated Credit Impaired	L1	L2	L3
1. Loans	**10,528**	**4,736**	**4,923,674**			**4,938,939**	**16,165**	**3,440**	**4,483,855**			**4,503,460**
1.1 Lease financing			408,565			408,565						
of which: without option of final purchase												
1.2 Factoring												
- with recourse												
- without recourse												
1.3 Consumer credit												
1.4 Credit cards												
1.5 Pawn lending												
1.6 Loans granted in relation to payment services rendered												
1.7 Other loans	10,528	4,736	4,515,109			4,530,374	16,165	3,440	4,483,855			4,503,460
of which: from enforcement of guarantees and commitments												
2. Debt securities												
2.1 Structured securities												
2.2 Other debt securities												
3. Other assets												
Total	10,528	4,736	4,923,674			4,938,939	16,165	3,440	4,483,855			4,503,460

As at 31 December 2022 this item had a balance of EUR 4,938.9 million, mainly made up of:

- Portfolios valued at amortised cost for EUR 2,366.6 million;
- Portfolios valued as POCI for EUR 2,572.3 million.

4.4 - Financial assets measured at amortised cost: break-down of loans and receivables with customers by debtor/issuers

Type of transactions/values	Total (31.12.2022)			Total (31.12.2021)		
	First and second stages	Third stage	Purchased or Originated Credit Impaired	First and second stages	Third stage	Purchased or Originated Credit Impaired
1. Debt securities						
a) Public administrations						
b) Non-financial companies						
2. Loans to:	**10,528**	**4,736**	**4,923,674**	**16,165**	**3,440**	**4,483,855**
a) Public administrations			1,114			4,490
b) Non-financial companies	4,659	980	3,479,124	6,350	1,708	3,099,556
c) Households	5,869	3,756	1,443,436	9,815	1,732	1,379,809
3. Other assets						
Total	**10,528**	**4,736**	**4,923,674**	**16,165**	**3,440**	**4,483,855**

4.5 - Financial assets measured at amortised cost: gross value and total value adjustments

	Gross value					Total value adjustments				Total partial write-offs*
	First stage	of which: Instruments with low credit risk	Second stage	Third stage	Purchased or Originated Credit Impaired	First stage	Second stage	Third stage	Purchased or Originated Credit Impaired	
Debt securities										
Loans	31,844	31,844	10,707	8,222	9,178,061	(513)	(172)	(3,485)	(4,208,054)	-
Other assets	14,452	14,452	-	-	-	-	-	-	-	-
Total (31.12.2022)	**46,296**	**46,296**	**10,707**	**8,222**	**9,178,061**	**(513)**	**(172)**	**(3,485)**	**(4,208,054)**	**-**
Total (31.12.2021)	**28,989**	**28,989**	**16,429**	**6,541**	**9,136,513**	**(407)**	**(264)**	**(3,101)**	**(4,595,331)**	**-**

4.5a – Loans valued at amortised cost subject to Covid-19 support measures: gross value and total value adjustments

As at 31 December 2022, there was no such case.

4.6 - Financial assets measured at amortised cost: guaranteed assets

	Total (31.12.2022)						Total (31.12.2021)					
	Loans and receivables with banks		Loans and receivables with financial companies		Loans and receivables with customers		Loans and receivables with banks		Loans and receivables with financial companies		Loans and receivables with customers	
	EV	GV	EV	GV	EV	GV	EV	GV	EV	GV	EV	GV
1. Non-impaired assets guaranteed by:					**10,452**	**10,452**					**15,893**	**15,893**
- Assets in financial leases												
- Factoring credits												
- Mortgages					9,593	9,593					14,411	14,411
- Pawns												
- Personal guarantees					859	859					1,482	1,482
- Credit derivatives												
2. Impaired assets guaranteed by:			**35,555**	**32,037**	**3,813,129**	**3,626,987**			**40,857**	**37,389**	**3,767,170**	**3,767,170**
- Assets in financial leases												
- Factoring credits												
- Mortgages			28,693	28,693	2,936,924	2,936,924			31,758	31,758	2,878,918	2,878,918
- Pawns			984	984	43,541	43,541			1,015	1,015	70,516	70,516
- Personal guarantees			5,878	2,360	824,112	637,970			8,084	4,616	815,772	815,772
- Credit derivatives					8,552	8,552					1,964	1,964
Total			**35,555**	**32,037**	**3,823,581**	**3,637,439**			**40,857**	**37,389**	**3,783,063**	**3,783,063**

EV = Book value of exposures
GV = Fair value of guarantees

Amounts refer to all exposures, totally or partially secured, to individual debtors.

Section 7 – Equity investments – Item 70

7.1 - Equity investments: information on equity investment relations

Denominations	Registered office	Operational office	Shareholding interest %	Votes available %	Carrying amount	Fair value
A. Exclusively controlled companies						
Amco - Asset Management Co. s.r.l.	Bucharest	Bucharest	100%	100%	10	n.a
Total					10	n.a

The balance of this item, amounting to EUR 10 thousand, refers to the equity investment held by AMCO S.p.A. as at 31 December 2022 in AMCO - Asset Management Co. S.r.l., a company with registered office in Romania whose purpose is the recovery of loans from the Romanian portfolio of the Veneto Group Segregated Estates placed in liquidation on 16 June 2021.

7.2 - Annual changes in equity investments

	Group equity investments	Non-group equity investments	Total
A. Opening balances	**10**		**10**
B. Increases			
B.1 Purchases			
B.2 Reversals			
B.3 Revaluations			
B.4 Other changes			
C. Decreases			
C.1 Sales			
C.2 Value adjustments			
C.3 Write-downs			
C.4 Other changes			
D. Closing balance	**10**		**10**

7.5 - Non-significant equity investments: accounting information

Items/values	Profit/Loss	Total assets	Shareholders' equity	Revenues
Amco - Asset Management Co. S.r.l.	125	931	807	239
Total	**125**	**931**	**807**	**239**

Section 8 – Property, plant and equipment – Item 80

8.1 - Operating property, plant and equipment: break-down of assets measured at cost

Assets/Values	Total (31.12.2022)	Total (31.12.2021)
1. Owned assets	**1,237**	**1,430**
a) land		
b) buildings		
c) movable assets	1,034	1,087
d) electronic equipment	23	35
e) others	180	308
2. Right of use acquired through leases	**20,651**	**25,779**
a) land		
b) buildings	20,304	25,582
c) movable assets		
d) electronic equipment	94	
e) others	253	197
Total	**21,888**	**27,209**
of which: from the enforcement of guarantees received		

The decrease in fixed assets as at 31 December 2022 is attributable to the natural depreciation of owned assets and rights of use pursuant to IFRS 16.

8.5 - Inventories of property, plant and equipment regulated by IAS 2: break-down

Assets/Values	Total (31.12.2022)	Total (31.12.2021)
1. Inventories of assets obtained from the enforcement of guarantees received		**9**
a) land		
b) buildings		9
c) movable assets		
d) electronic equipment		
e) others		
2. Other inventories of property, plant and equipment	**5,504**	
Total	**5,504**	**9**
of which: measured at fair value less costs to sell		9

The other inventories of property, plant and equipment consist of the properties acquired as a result of the activities of Reoco carried out by the Parent Company.

8.6 - Operating property, plant and equipment: annual changes

	Land	Buildings	Moveable assets	Electronic equipment	Others	Total
A. Initial gross balances	**-**	**29,980**	**1,198**	**238**	**1,239**	**32,655**
A.1 Total net impairments	-	(4,398)	(111)	(204)	(734)	(5,447)
A.2 Net initial balances	**-**	**25,582**	**1,087**	**34**	**505**	**27,208**
B. Increases	**-**	**315**	**99**	**132**	**206**	**752**
B.1 Purchases	-	303	99	12	15	429
B.2 Capitalised improvement costs	-	-	-	-	-	-
B.3 Reversals	-	-	-	-	-	-
B.4 Positive changes in fair value attributable to:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Transfers from properties held for investment	-	-	X	X	X	-
B.7 Other changes	-	12	-	120	191	323
C. Decreases	**-**	**(5,593)**	**(152)**	**(51)**	**(278)**	**(6,074)**
C.1 Sales	-	-	-	-	-	-
C.2 Amortisation	-	(2,773)	(152)	(51)	(278)	(3,254)
C.3 Impairment losses attributable to:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.4 Negative change in fair value attributable to:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Transfers to	-	-	-	-	-	-
a) property, plant and equipment held for investment	-	-	X	X	X	-
b) non-current assets and groups of assets held for disposal	-	-	-	-	-	-
C.7 Other changes	-	(2,820)	-	-	-	(2,820)
D. Net closing balance	**-**	**20,304**	**1,034**	**115**	**433**	**21,886**
D.1 Total net impairments	-	(7,171)	(263)	(251)	(1,012)	(8,697)
D.2 Gross closing balance	**-**	**27,475**	**1,297**	**366**	**1,445**	**30,583**
E. Valuation at cost	**-**	**20,304**	**1,034**	**116**	**433**	**21,887**

8.8 – Inventories of property, plant and equipment regulated by IAS 2: annual changes

	Inventories of tangible assets obtained from the enforcement of guarantees received					Other inventories of property, plant and equipment	Total
	Land	Buildings	Moveable assets	Electronic equipment	Others		
A. Opening balances	**-**	**9**	**-**	**-**	**-**	**-**	**9**
B. Increases	**-**	**-**	**-**	**-**	**-**	**5,785**	**5,785**
B.1 Purchases	-	-	-	-	-	5,785	5,785
B.2 Reversals	-	-	-	-	-	-	-
B.3 Positive exchange rate differences	-	-	-	-	-	-	-
B.4 Other changes	-	-	-	-	-	-	-
C. Decreases	**-**	**(9)**	**-**	**-**	**-**	**(281)**	**(290)**
C.1 Sales	-	-	-	-	-	(281)	(281)
C.2 Impairment losses	-	(9)	-	-	-	-	(9)
C.3 Negative exchange rate differences	-	-	-	-	-	-	-
C.4 Other changes	-	-	-	-	-	-	-
D. Closing balance	**-**	**-**	**-**	**-**	**-**	**5,504**	**5,504**

8.9 - Commitments for the purchase of property, plant and equipment

In accordance with the provisions of IAS 16, paragraph 74, letter c), please note that as at 31 December 2021 the Group does not have any commitments for the purchase of property, plant and equipment.

Section 9 – Intangible assets – Item 90

9.1 - Intangible assets: break-down

Items/Valuation	Total (31.12.2022)		Total (31.12.2021)	
	Assets measured at cost	Assets measured at fair value	Assets measured at cost	Assets measured at fair value
1. Goodwill				
2. Other intangible assets				
of which: software	3,445		1,902	
2.1 owned	3,975		1,937	
- generated internally			1,905	
- Others	3,975		32	
2.2 Right of use acquired through leases				
Total 2	**3,975**		**1,937**	
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)	**3,975**		**1,937**	
Total (t-1)	**1,937**		**1,736**	

The increase in fixed assets as at 31 December 2022, which amounted to EUR 3.5 million, is almost entirely attributable to the capitalisation of software that occurred during the year.

9.2 - Intangible assets: annual changes

	Total
A. Opening balances	**1,937**
B. Increases	**3,799**
B.1 Purchases	3,788
B.2 Reversals	-
B.3 Positive change in fair value	-
- net equity	-
- income statement	-
B.4 Other changes	11
C. Decreases	**(1,761)**
C.1 Sales	-
C.2 Amortisation	(1,761)
C.3 Value adjustments attributable to	-
- shareholders' equity	-
- income statement	-
C.4 Negative change in fair value:	-
- net equity	-
- income statement	-
C.5 Other changes	-
D. Closing balance	**3,975**

Section 10 – Tax assets and tax liabilities - Item 100 of assets and Item 60 of liabilities

10.1 - Tax assets: current and deferred: break-down

	Total (31.12.2022)	Total (31.12.2021)
Deferred tax assets with balancing entry in the income statement	185,807	223,578
Deferred tax assets with balancing entry in shareholders' equity		
Assets for current taxes	11,879	11,207
Total	**197,686**	**234,785**

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".

Recognised deferred tax assets refer to:

- for EUR 123.9 million to IRES and IRAP DTAs on write-downs of receivables not yet deducted pursuant to Art. 106, paragraph 3 of the Consolidated Income Tax Act or on goodwill and intangibles exempt from Art. 10-ter of Italian Legislative Decree 185/2008 (deriving from the complex demerged from Banca MPS), pursuant to the provisions of Art. 2 of Italian Legislative Decree No. 225 of 29/12/2010 and subsequent amendments (Italian Law 214/2011);
- for EUR 21.0 million to DTAs on ACE and losses deemed recoverable by the Probability Test;
- for EUR 40.9 million to IRES and IRAP DTAs generated by deductible temporary differences.

The recoverability of tax assets has been assessed based on the Probability Test performed by the Parent Company. The exercise was conducted over a period of 5 years on the basis of the 2023-2025 Strategic Plan appropriately corrected and integrated to consider both the variability of external events and the actual corporate performance with respect to the plan.

In addition, following the performance of the Probability Test, the tax benefits that are currently unrecognised but can potentially be pursued against future taxable income amount to EUR 118.6 million. The recoverability of these contingent assets will be assessed from time to time on the basis of probability tests conducted at reporting dates.

10.2 - Tax liabilities: current and deferred: break-down

	Total (31.12.2022)	Total (31.12.2021)
Deferred tax liabilities with balancing entry in the income statement	2,601	4,103
Deferred tax liabilities with balancing entry in shareholders' equity		
Liabilities for current taxes	1,706	
Total	**4,307**	**4,103**

Current tax liabilities refer to IRAP for the year. Deferred taxes refer to revenues whose contribution to taxable income is deferred over time.

10.3 - Changes in deferred tax assets (as balancing entry in the income statement)

	Total (31.12.2022)	Total (31.12.2021)
1. Opening balances	**223,578**	**199,898**
2. Increases	**6,733**	**39,296**
2.1 Prepaid taxes recognised during the year	6,733	39,296
a) relating to previous years	-	4,883
b) due to change in accounting criteria	-	-
c) reversals	-	-
d) others	6,733	34,413
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**(44,504)**	**(15,616)**
3.1 Prepaid taxes derecognised during the year	(25,545)	(15,616)
a) transfers	(20,861)	(15,616)
b) impairments due to non-recoverability	(4,684)	-
c) change in accounting criteria	-	-
d) others	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	(18,959)	-
a) conversion into tax credits pursuant to Law No. 214/2011	(18,959)	-
b) others	-	-
4. Final amount	**185,807**	**223,578**

10.3.1 - Changes in deferred tax assets pursuant to Italian Law No. 214/2011 (as balancing entry in the income statement)

	Total (31.12.2022)	Total (31.12.2021)
1. Initial amount	**144,138**	**152,070**
2. Increases	**-**	**-**
3. Decreases	**(20,242)**	**(7,932)**
3.1 Transfers	(1,283)	(7,932)
3.2 Conversion into tax credits	(18,959)	-
a) deriving from losses for the year	-	-
b) deriving from tax losses	(18,959)	-
3.3 Other decreases	-	-
4. Final amount	**123,896**	**144,138**

10.4 - Changes in deferred tax liabilities (as balancing entry in the income statement)

	Total (31.12.2022)	Total (31.12.2021)
1. Opening balances	**4,103**	**1,723**
2. Increases		**4,462**
2.1 Deferred taxes recognised during the year		4,462
a) relating to previous years		
b) due to change in accounting criteria		
c) others		4,462
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**1,502**	**2,082**
3.1 Deferred taxes derecognised during the year		2,082
a) transfers		2,082
b) due to change in accounting criteria		
c) others		
3.2 Reduction in tax rates		
3.3 Other decreases	1,502	
4. Final amount	**2,601**	**4,103**

Section 12 – Other assets – Item 120

12.1 - Other assets: break-down

	31.12.2022	31.12.2021
- Consolidation adjustments	(4)	-
- Receivables from segregated estates	12,787	14,066
- Receivables for invoices/services to be issued or collected	3,372	2,180
- Improvements to third-party assets	3,275	1,887
- Accrued income and prepaid expenses	3,693	1,124
- Guarantee deposits	665	914
- Miscellaneous receivables for register fees and expenses to be recovered	278	278
- Others	15,132	6,265
Total	**39,198**	**26,714**

As at 31 December 2022 the “Other assets” item had a balance of EUR 39.2 million, mainly made up of:

- the “Receivables from Segregated Estates” include amounts relating to the expenses anticipated by AMCO and reallocated to Segregated Estates, in addition to commissions to be collected accrued in the fourth quarter of 2022 and collected in the first quarter of 2023;
- “Receivables for invoices/services to be issued” include amounts relative to recovery of expenses paid in advance by AMCO in the management of Financed Capital in addition to the relative commissions;
- “Improvements to third-party assets” include the fit-out expenses of the new Milan office considered capitalisable by IAS 16;
- “Accrued income and prepaid expenses" include, respectively, the portion of revenues accruing during the year, the financial manifestation of which will take place after the reporting date, and the costs that have already had a financial manifestation but which are, in whole or in part, accrued at a later date;
- “Others" includes transitory items, partly deriving from transactions that took place near the end of the year.

LIABILITIES

Section 1 – Financial liabilities measured at amortised cost - Item 10

1.1 - Financial liabilities measured at amortised cost: breakdown of payables

Items	Total (31.12.2022)			Total (31.12.2021)		
	with banks	with financial companies	with customers	with banks	with financial companies	with customers
1. Loans						
1.1 Repurchase agreement						
1.2 other loans						
2. Lease payables			**23,083**			**26,195**
3. Other payables	**5**			**5**		
Total	**5**		**23,083**	**5**		**26,195**
Fair value – level 1						
Fair value – level 2						
Fair value – level 3	**5**		**23,083**	**5**		**26,195**
Fair value total	**5**		**23,083**	**5**		**26,195**

As at 31 December 2022, this item showed a balance of EUR 23.1 million, almost entirely attributable to the recognition of financial liabilities for *leases* pursuant to IFRS 16.

1.2 - Financial liabilities measured at amortised cost: break-down of debt securities issued

Types of securities/values	Total (31.12.2022)				Total (31.12.2021)			
	CA	Fair value			CA	Fair value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. Bonds	4,110,543	4,110,543			3,647,172	3,596,714		50,458
1.1 structured					50,458			50,458
1.2 others	4,110,543	4,110,543			3,596,714	3,596,714		
2. Other securities								
2.1 structured								
2.2 others								
Total	**4,110,543**	**4,110,543**			**3,647,172**	**3,596,714**		**50,458**

The item entirely relates to senior unsecured bonds issued by the Parent Company and listed on the Luxembourg Stock Exchange.

1.5 - Lease payables

As required by paragraph 53, letter g) and paragraph 58 of IFRS 16, information is provided below in relation to the analysis of deadlines for lease payables pursuant to paragraphs 39 and B11 of IFRS 7.

	Payments to be made	
	Total (31.12.2022)	Total (31.12.2021)
Up to 1 year	262	1,648
from 1 year to 2 years	3,102	3,434
from 2 years to 3 years	2,847	3,206
from 3 years to 4 years	2,794	2,982
from 4 years to 5 years	2,782	2,954
beyond 5 years	12,723	13,783
Total expected cash flows	**24,510**	**28,007**
Effect of discounting	(1,427)	(1,812)
Lease liabilities	**23,083**	**26,195**

Section 2 – Financial liabilities held for trading – Item 20

2.1 - Financial liabilities held for trading: break-down by type

Type of transactions/values	Total (31.12.2022)					Total (31.12.2021)				
		Fair value					Fair value			
	NV	L1	L2	L3	FV*	NV	L1	L2	L3	FV*
A. On-balance sheet liabilities										
1. Payables										
2. Debt securities										
3.1 Bonds										
3.1.1 Structured					X					X
3.1.2 Other obligations					X					X
3.2 Other securities										
3.2.1 Structured					X					X
3.2.2 Others					X					X
Total (A)										
B. Derivative instruments										
1. Financial derivatives			71					4		
1.1 For trading	X		71		X	X		4		X
1.2 Related to the fair value option	X				X	X				X
1.3 Others	X				X	X				X
2. Credit derivatives										
2.1 For trading	X				X	X				X
2.2 Related to the fair value option	X				X	X				X
2.3 Others	X				X	X				X
Total B	**X**		**71**		**X**	**X**		**4**		**X**
TOTAL (A+B)			**71**					**4**		**X**

FV * = Fair value calculated excluding changes in value due to the change in the creditworthiness of the issuer with respect to the issue date.

2.4 - Details of financial liabilities held for trading: derivative financial instruments

Underlying assets/Derivative types	Total (31.12.2022)				Total (31.12.2021)			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central Counterparties	Without Central Counterparties			Central Counterparties	Without Central Counterparties		
		With compensation agreements	Without compensation agreements			With compensation agreements	Without compensation agreements	
1. Debt securities and interest rates								
- Notional value			3,546				1,761	
- Fair value			71				4	
2. Equity securities and stock indices								
- Notional value								
- Fair value								
3. Currencies and gold								
- Notional value								
- Fair value								
4. Loans								
- Notional value								
- Fair value								
5. Goods								
- Notional value								
- Fair value								
6. Others								
- Notional value								
- Fair value								
Total			**71**				**4**	

Section 6 – Tax liabilities – Item 60

Please refer to section 10 of the assets.

Section 8 – Other liabilities – Item 80

8.1 - Other liabilities: break-down

	31.12.2022	31.12.2021
- Consolidation adjustments		
- Invoices to be received	48,929	32,687
- Payables to LCA for COLLAR	1,081	17,787
- Payables to suppliers	3,426	7,538
- Withholding taxes and social security contributions payable	1,963	2,739
- Remuneration, reimbursement of expenses and payables to personnel	1,343	1,409
- Other payables	15,580	28,964
Total	**72,322**	**91,124**

The item is mainly composed of:

- invoices to be received and payables to suppliers which increased due to the effect of the company's expansion and due to the recognition of expenses previously classified as risk provisions;
- the cost relative to the mechanism for the adjustment of AMCO fees to the LCAs indicated in the transfer agreement with the latter. This mechanism ensures the correlation of fees and commissions due to AMCO to the costs actually sustained for the management and recovery

activities of the obligations of the transferred assets. The amounts are paid out on a three-year basis, but an advance was paid to LCAs during the year;

- the item "Other payables" includes items in progress at the end of the year, which were settled in January 2023.

Section 9 – Staff severance indemnity – Item 90

9.1 - Staff severance indemnity: annual changes

	Total (31.12.2022)	Total (31.12.2021)
A. Opening balances	**556**	**591**
B. Increases	**(64)**	**22**
B.1 Provision for the year	(133)	22
B.2 Other increases	69	-
C. Decreases	**(43)**	**(8)**
C.1 Liquidations paid	(43)	-
C.2 Other decreases	-	(8)
D. Closing balance	**449**	**605**

9.2 - Other information

For a better understanding of the technical valuations carried out by the independent actuary expert, the main assumptions used are shown below:

	Total (31.12.2022)
Annual discount rate	3.63 %
Annual inflation rate	2.30 %
Post-employment benefits annual increase rate	3.22 %

9.2.a - Sensitivity analysis

The results of a sensitivity analysis to changes in the main actuarial assumptions included in the calculation model are shown below.

Sensitivity analysis	Annual discount rate		Annual inflation rate		Annual turnover rate	
	0.25%	-0.25%	0.25%	-0.25%	1.00%	-1.00%
Past service Liability	436	455	451	439	448	443

9.2.b - Future Cash Flows

The table below shows the result of a break-down of the liability by staff severance indemnity over the next few years (not discounted):

Years	Cash Flows
0-1	27
1-2	26
2-3	25
3-4	25
4-5	24

Section 10 - Provisions for risks and charges – Item 100

10.1 - Provisions for risks and charges: break-down

Items/Values	Total (31.12.2022)	Total (31.12.2021)
1. Provision for credit risk relating to commitments and guarantees issued		
2. Provision for other commitments and guarantees issued		
3. Company pension funds	168	
4. Other provisions for risks and charges	15,709	22,394
4.1 legal and tax disputes	8,224	14,306
4.2 staff costs	6,265	6,868
4.3 others	1,220	1,220
Total	**15,877**	**22,394**

As at 31 December 2022 the provision had a balance of EUR 15.9 million. More specifically:

- Legal and tax disputes where the provision mainly includes:
  - Provisions for EUR 4.2 million towards sums collected by the Company in the course of its activity for the recovery of loans where there is the probability that reimbursement to debtors/guarantors will be required;
  - Provisions of EUR 2.7 million for disputes in which the risk of damages to debtors/guarantors has been assessed as probable;
  - Provisions for EUR 1.2 million for disputes and future charges relative to legal costs following the recovery of the loan. The decrease is largely due to the use of fees already set aside due to invoicing;
  - Releases of EUR 6.1 million due to the recognition in the item “Other liabilities” of costs previously classified under this item.
- Staff costs: the item mainly refers to the provision for the company bonus set forth in Art. 48 of the National Collective Labour Agreement, as well as for company welfare;

Others: this item includes the provision for the risk of the retrocession of ISMEA (former SGFA) to cover the expected disbursements for the forfeited portion of revenues already enforced to be reversed to the guarantor, as required by the relative regulations.

10.2 - Provisions for risks and charges: annual changes

	Provision for other commitments and guarantees issued	Pension funds	Other provisions for risks and charges	Total
A. Opening balances		**130**	**22,264**	**22,394**
B. Increases		**125**	**5,624**	**5,749**
B.1 Provision for the year		125	5,624	**5,749**
B.2 Changes due to the passing of time				
B.3 Changes due to adjustments to the discount rate				
B.4 Other changes				
C. Decreases		**87**	**12,180**	**12,267**
C.1 Use for the year		87	12,180	**12,267**
C.2 Changes due to adjustments to the discount rate				
C.3 Other changes				
D. Closing balance		**168**	**15,708**	**15,876**

10.6 - Provisions for risks and charges: other provisions

Please refer to paragraph “10.1 Provisions for risks and charges: break-down”.

Section 11 – Shareholders' equity – Items 110, 120, 130, 140, 150, 160 and 170

11.1 - Share capital: break-down

Types	Amount
1. Share capital	655,154
1.1 Ordinary shares	600,000
1.2 Other shares	55,154

The fully paid-up share capital is divided into 600,000,000 ordinary shares with no nominal value, held entirely by the Italian Ministry of Economy and Finance, and 55,153,674 B shares with no nominal value and no voting rights, held by the Italian Ministry of the Economy and Finance, by other shareholders and including treasury shares in portfolio.

11.2 - Treasury shares

Types	Amount
1. Treasury shares	(72)
1.1 Ordinary shares	(72)
1.2 Other shares	-

The amount refers entirely to treasury shares in portfolio deriving from the demerger transaction with Monte dei Paschi di Siena completed in December 2020.

11.4 - Share premium: break-down

Types	Amount
Share premium	604,552

11.5 - Other information

The “Other profit reserves” item is made up for EUR 206.4 million of reserves for the first-time adoption of international accounting standards and for EUR 85.5 million of retained earnings.

Nature/description	Amount	Possibility of use	Available portion	Summary of use in the last 3 years	
				To cover losses	For other reasons
Share capital	655,154		-	-	-
Treasury shares	(72)		-	-	-
Profit reserves:					
Legal reserve - mandatory quota	131,031	B	-	-	-
Legal reserve - quota exceeding 20%	347,270	A B C	347,270	-	-
Other profit reserves**	407,191	A B C	407,191	-	-
Share premium reserve	604,552	A B C	604,552	-	-
Demerger reserve	261,403	A B C	261,403	419,311	-
Reserve for costs of share capital increase	(4,925)		-	-	-
Valuation reserves:					
Financial assets measured at fair value through other comprehensive income	(65,513)	B	(65,513)	-	-
Actuarial profit/loss on defined-benefit plans	(322)	B	(322)	-	-
Retained earnings (losses)	42,254	A B C	42,254	-	-
Total	**2,378,023**				
Available portion	-		1,662,671	-	-
Non-distributable residual portion	-		(65,835)	-	-

Other information

1 - Commitments and financial guarantees issued (other than those measured at fair value)

	Nominal value on commitments and financial guarantees issued				Total (31.12.2022)	Total (31.12.2021)
	First stage	Second stage	Third stage	Purchased or Originated Credit Impaired		
Commitments to disburse funds	**116,832**	**23**	**1,326**	**88,607**	**206,788**	**261,986**
a) Public administrations						
b) Banks						
c) Other financial companies	116,231				116,231	127
d) Non-financial companies	601	23	1,326	88,607	90,557	258,339
e) Households						3,520
Financial guarantees issued						
a) Public administrations						
b) Banks						
c) Other financial companies						
d) Non-financial companies						
e) Households						

2 - Other commitments and guarantees issued

	Nominal value	
	Total (31.12.2022)	Total (31.12.2021)
1. Other guarantees issued	**162**	**271**
of which: impaired	162	271
a) Public administrations		
b) Banks		
c) Other financial companies		
d) Non-financial companies	162	271
e) Households		
Other commitments		
of which: impaired		
a) Public administrations		
b) Banks		
c) Other financial companies		
d) Non-financial companies		
e) Households		

PART C – INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

Section 1 – Interest – Items 10 and 20

1.1 - Interest and similar income: break-down

Items/Technical forms	Debt securities	Loans	Other operations	Total (31.12.2022)	Total (31.12.2021)
1. Financial assets measured at fair value through profit and loss	**456**			**456**	
1.1 Financial assets held for trading					
1.2 Financial assets measured at fair value					
1.3 Other financial assets mandatorily measured at fair value	456			456	
2. Financial assets measured at fair value through other comprehensive income	**2,586**		**X**	**2,586**	**613**
3. Financial assets measured at amortised cost:		**305,013**	**-**	**305,013**	**189,149**
3.1 Loans and receivables with banks		23	X	23	36
3.2 Loans and receivables with financial companies		4,147	X	4,147	3,801
3.3 Loans and receivables with customers		300,843	X	300,843	185,312
4. Hedging derivatives	**X**	**X**			
5. Other assets	**X**	**X**			
6. Financial liabilities	**X**	**X**	**X**		**137**
Total	3,042	305,013		308,055	189,899
of which: interest income from impaired financial assets		304,990		304,990	
of which: interest income on leases	X		X		

Interest and similar income mainly include:

- EUR 304.9 million deriving from loans and receivables with financial companies and customers. In more detail, interest income is composed of:
  - Portfolios valued at amortised cost for EUR 91.0 million;
  - Portfolios valued as POCI for EUR 213.9 million;
- EUR 2.6 million relative to interest income accrued on government bond portfolios classified as FVOCI.

1.3 - Interest and similar expenses: break-down

Items/Technical forms	Payables	Securities	Other operations	Total (31.12.2022)	Total (31.12.2021)
1. Financial assets measured at amortised cost	(107)	(72,240)		(72,347)	(77,796)
Financial liabilities measured at cost - Other transactions	X	X			
1.1 Payables to banks	(2)	X	X	(2)	(13,146)
1.2 Payables to financial companies		X	X		
1.3 Payables to customers	(105)	X	X	(105)	(96)
1.4 Debt securities issued	X	(72,240)	X	(72,240)	(64,554)
2. Financial liabilities held for trading					
3. Financial liabilities measured at fair value					
4. Other liabilities	X	X	(21)	(21)	(1)
5. Hedging derivatives	X	X			
6. Financial assets	X	X	X		
Total	**(107)**	**(72,240)**	**(21)**	**(72,368)**	**(77,797)**
of which: interest expenses relative to lease payables	105	X	X	105	96

Interest and similar expenses include:

- EUR 72.2 million relative to interest expenses, accounted at amortised cost, of senior unsecured bonds issued by the Company;
- EUR 0.1 million relative to interest expenses on bank current accounts and for a residual part deriving from lease agreements where the Company is the lessee, in accordance with the provisions of IFRS 16.

Section 2 – Fees and commissions – Items 40 and 50

2.1 - Fee and commission income: break-down

Detail	Total (31.12.2022)	Total (31.12.2021)
a) lease operations		
b) factoring operations		
c) consumer credit		
d) guarantees issued		
e) services of:		
- fund management for third parties		
- foreign exchange intermediation		
- product distribution		
- others		
f) collection and payment services		
g) servicing of securitisation operations	6,707	4,349
h) other commissions	41,330	43,544
- credit recovery Segregated Estates	38,817	43,145
– securities lending	292	
- others	2,221	399
Total	**48,037**	**47,893**

Fee and commission income amounted to EUR 48 million. This account mainly includes servicing commissions received for the management of Segregated Estates relative to the former Veneto Banks for EUR 38.8 million and fees related to servicing activities on securitised portfolios in the amount of EUR 6.6 million.

2.2 - Fee and commission expense: break-down

Detail/Sectors	Total (31.12.2022)	Total (31.12.2021)
a) Guarantees received		
b) Distribution of services by third parties		
c) Collection and payment services		
d) Other commissions	(84)	(754)
Total	**(84)**	**(754)**

Commissions mainly refer to commissions payable on bank current accounts.

Section 3 – Dividends and similar revenues – Item 70

3.1 - Dividends and similar revenues: break-down

Items/Income	Total (31.12.2022)		Total (31.12.2021)	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading				
B. Other financial assets mandatorily measured at fair value		1,813		1,419
C. Financial assets valued at fair value with impact on the comprehensive income				
D. Equity investments				
Total		**1,813**		**1,419**

The item refers to the income distributed by UCIs mainly deriving from the investment in the Italian Recovery Fund.

Section 4 - Trading activity net result - Item 80

4.1 - Trading activity net result: break-down

	Capital gains (A)	Profits from trading (B)	Capital losses (C)	Trading losses (D)	Net result [(A+B) - (C+D)]
1. Financial assets held for trading					
1.1 Debt securities					
1.2 Equity securities					
1.3 UCITS units					
1.4 Loans					
1.5 Others					
2. Financial liabilities held for trading					
2.1 Debt securities					
2.2 Payables					
2.3 Others					
3. Financial assets and liabilities: currency exchange differences	X	X	X	X	**17,067**
4. Derivative instruments	**45**		**(78)**		**(32)**
4.1 Financial derivatives	45		(78)		(32)
4.2 Credit derivatives					
of which: natural hedges related to the fair value option	X	X	X	X	
Total	**45**		**(78)**		**17,035**

This item mainly refers to exchange rate differentials mainly deriving from foreign currency loans in the portfolio of the former Banca Carige.

Section 6 – Profit (loss) on disposal/repurchase – Item 100

6.1 – Profit (loss) on disposal/repurchase: break-down

Items/Income components	Total (31.12.2022)			Total (31.12.2021)		
	Profit	Losses	Net result	Profit	Losses	Net result
A. Financial assets						
1. Financial assets measured at amortised cost	12,224	(5,094)	7,130	(4,755)	2,097	(2,658)
1.1 Loans and receivables with banks						
1.1 Loans and receivables with financial companies						
1.3 Loans and receivables with customers	12,224	(5,094)	7,130	(4,755)	2,097	(2,658)
2. Financial assets measured at fair value through other comprehensive income				(2,123)	433	(1,690)
2.1 Debt securities				(2,123)	433	(1,690)
2.2 Loans						
Total assets (A)	**12,224**	**(5,094)**	**7,130**	**(6,878)**	**2,530**	**(4,348)**
B. Financial assets measured at amortised cost						
1. Payables to banks						
2. Payables to financial companies						
3. Payables to customers						
4. Debt securities issued						
Total liabilities (B)						

The "Profit/loss from disposal or repurchase" item shows a positive balance following the transfer of receivables for net EUR 7.1 million.

Section 7 – Net result of other financial assets and liabilities measured at fair value through profit and loss – Item 110

7.2 - Net change in the value of other financial assets and liabilities measured at fair value through profit and loss: break-down of other financial assets mandatorily measured at fair value

Income components/transactions	Capital gains (A)	Profit on disposal (B)	Capital losses (C)	Losses on disposal (D)	Net result [(A+B) - (C+D)]
1. Financial assets	**6,221**	**4,761**	**(52,527)**	**(1,564)**	**(43,109)**
1.1 Debt securities		4,153			4,153
1.2 Equity securities		1	(3,635)		(3,634)
1.3 UCITS units	2,043	119	(36,026)	(1,502)	(35,366)
1.4 Loans	4,178	488	(12,866)	(62)	(8,262)
2. Financial assets in currency: currency exchange differences	**X**	**X**	**X**	**X**	
Total	**6,221**	**4,761**	**(52,527)**	**(1,564)**	**(43,109)**

Capital gains as at 31 December 2022 mainly derive from:

- for EUR 4.2 million attributable to the valuation of credit positions of the portfolios;
- for EUR 2.0 million largely deriving from the recovery of the value of the units of the Back2Bonis and Clessidra funds, for EUR 2.0 million and EUR 15 million respectively.

Profits on debt securities for a total of EUR 4.2 million refer mainly to the capital gain resulting from the unwinding of the vehicle Fucino NPL's SPV S.r.l.

Capital losses mainly refer to:

- for EUR 12.8 million attributable to the valuation of credit positions of the acquired portfolios;
- for EUR 34.8 million to the fair value measurement of the investment in the Italian Recovery Fund;
- for EUR 3.6 million to the write-down of equity and semi-equity securities.

Losses on disposal for EUR 1.6 million derive from the investment in the *Italian Recovery Fund*.

Section 8 - Net value adjustments/reversals for credit risk – Item 130

8.1 - Net value adjustments for credit risk relative to financial assets measured at amortised cost: break-down

Income components/transactions	Value adjustments (1)						Reversals (2)				Total (31.12.2022)	Total (31.12.2021)
	First stage	Second stage	Third stage		Purchased or Originated Credit Impaired		First stage	Second stage	Third stage	Purchased or Originated Credit Impaired		
			Write-off	Others	Write-off	Others						
1. Loans and receivables with banks	**(4)**						**158**				**154**	**100**
- for leases												
- for factoring												
- other loans and receivables	(4)						158				154	100
2. Loans and receivables with financial companies					**(602)**	**(7,463)**				**6,531**	**(1,534)**	
- for leases												
- for factoring												
- other loans and receivables					(602)	(7,463)				6,531	(1,534)	
3. Loans and receivables with customers		**(4)**	**(46,300)**	**(975)**	**(33,012)**	**(455,375)**		**106**	**55,056**	**427,625**	**(52,879)**	**(479,692)**
- for leases						(2,172)				10,652	8,480	
- for factoring												
- for consumer credit												
- pawn lending												
- other loans and receivables		(4)	(46,300)	(975)	(33,012)	(453,203)		106	55,056	416,973	(61,359)	(479,692)
Total	(4)	(4)	(46,300)	(975)	(33,614)	(462,838)	158	106	55,056	434,156	(54,259)	(479,592)

Net impairment 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 measurements of managed positions.

Net value adjustments as at 31 December 2022 derive from:

- higher adjustments to portfolios at amortised cost for EUR 49.4 million;
- higher adjustments on POCI portfolios for EUR 5.0 million.

8.1a - Net value adjustments for credit risk relative to financial assets measured at amortised cost subject to Covid-19 support measures: break-down

As at 31 December 2022, there was no such case.

8.2 - Net value adjustments for credit risk relative to financial assets measured at fair value through other comprehensive income: break-down

Income components/transactions	Value adjustments (1)						Reversals (2)				Total (31.12.2022)	Total (31.12.2021)
	First stage	Second stage	Third stage		Purchased or Originated Credit Impaired		First stage	Second stage	Third stage	Purchased or Originated Credit Impaired		
			Write-off	Others	Write-off	Others						
A. Debt securities	**(381)**										**(381)**	**(589)**
B. Loans												
- With customers												
- With financial companies												
- With banks												
Total	(381)										(381)	(589)

The net value adjustments on financial assets measured at fair value with balancing entry in shareholders' equity, equal to EUR 0.4 million, refer exclusively to the revaluation of government bonds in the portfolio as at 31 December 2022 in accordance with the provisions of IFRS 9.

Section 10 – Administrative expenses - Item 160

10.1 - Staff costs: break-down

	Total (31.12.2022)	Total (31.12.2021)
1) Employees	(38,637)	(34,944)
a) salaries and wages	(27,143)	(26,116)
b) social security	(7,427)	(5,103)
c) post-employment benefits	(687)	(636)
d) pension funds		
e) provision for post-employment benefits	133	(22)
f) provision for pensions and similar obligations:		
- defined contribution plan		
- defined-benefit plans		
g) payments to external complementary pension funds:	(1,337)	(1,149)
- defined contribution plan	(1,337)	(1,149)
- defined-benefit plans		
h) other benefits for employees	(2,176)	(1,918)
2) Other active personnel	(3)	
3) Directors and Statutory Auditors	(608)	(441)
4) Retired personnel		
5) Recoveries of expenses for personnel seconded to other companies		
6) Reimbursements of expenses for personnel seconded to the company		(4,559)
Total	**(39,248)**	**(39,944)**

Staff costs amounted to EUR 39.3 million and are mainly constituted by wages and salaries and relative social security contributions and bonus provisions for employees. These costs are substantially in line with the year ended 31 December 2021, as the increase in the Parent Company's workforce was offset by the termination of seconded personnel.

10.2 - Average number of employees by category

Employees:	358
a) senior managers	21
b) middle managers	251
c) employees	86
Other personnel	

10.3 - Other administrative expenses: break-down

Type of expenses/values	31.12.2022	31.12.2021
Legal and collection	(39,930)	(33,331)
Outsourcing fees	(16,977)	(14,141)
Professional costs	(15,120)	(10,292)
Business information	(4,121)	(3,587)
BPO and Document Archive	(5,455)	(4,286)
DTA fee	(2,719)	(2,833)
IT	(13,816)	(13,414)
Logistics	(3,284)	(3,544)
Other	(3,343)	(3,144)
Total	**(104,765)**	**(88,572)**

Other administrative expenses amounted to EUR 104.7 million and consisted mainly of credit recovery expenses, IT and software costs and legal and notary fees. The increase observed compared to the previous year reflects the leap in size of the Company's business.

The “Other expenses” item includes fees and legal and advisory consultancy activities following the acquisition of Segregated Estates from the former Veneto Banks. This table shows the fees paid to the company appointed to carry out the statutory audit of the accounts.

Type of expenses/values	31.12.2022	31.12.2021
- Audit	(479)	(433)
- Other services	(116)	(107)
Total	**(595)**	**(540)**

The balances include the fees relative to the activities carried out and do not include VAT, out-of-pocket expenses and any payments to the supervisory authorities. The "Audit" item includes the fees relative to the statutory audit of the 2022 consolidated financial statements. The "Other services" item includes EUR 47 thousand for fees relating to agreed auditing procedures and for EUR 63 thousand for fees relating to the preparation of the offering memorandum prior to the bond issue and EUR 6 thousand for fees related to the undersigning of tax returns.

Section 11 - Net provisions for risks and charges – Item 170

11.3 - Net provisions for other risks and charges: break-down

Type of expenses/values	31.12.2022	31.12.2021
For risk of sums repayments and compensation for damages	444	(79)
For risks on litigation and other	(41)	(118)
Other provisions for risks	(270)	(3,309)
Total	**133**	**(3,506)**

The item is mainly made up of provisions for risks on litigation.

Section 12 – Net value adjustments/reversals on property, plant and equipment – Item 180

12.1 - Net value adjustments/reversals on property, plant and equipment: break-down

	Amortisation (a)	Impairment losses (b)	Reversals (c)	Net result (a + b - c)
A. Property, plant and equipment				
A.1 For operating purposes	(3,017)			(3,017)
- owned	(318)			(318)
- right of use acquired through leases	(2,699)			(2,699)
A.2 Financial assets held for investment				
- owned				
- right of use acquired through leases				
A.3 Inventories	X		107	107
Total	**(3,017)**		**107**	**(2,910)**

Section 13 – Net value adjustments/reversals on intangible assets – Item 190

13.1 - Net value adjustments/reversals on intangible assets: break-down

	Amortisation (a)	Impairment losses (b)	Reversals (c)	Net result (a + b - c)
1. Intangible assets other than goodwill	(1,762)			(1,762)
of which software				
1.1 owned	(1,762)			(1,762)
1.2 rights of use acquired through leasing				
2. Assets attributable to financial leases				
3. Asset granted with operating lease				
Total	**(1,762)**			**(1,762)**

Section 14 – Other operating income and expenses – Item 200

Type of expenses/values	31.12.2022	31.12.2021
Other operating income	9,535	9,573
Other operating expenses	(11,759)	(18,073)
Total	**(2,224)**	**(8,500)**

14.1 - Other operating expenses: break-down

Type of expenses/values	31.12.2022	31.12.2021
- Charges for COLLAR	(11,102)	(17,787)
- Other operating expenses	(657)	(286)
- Consolidation adjustments		
Total	**(11,759)**	**(18,073)**

This item mainly includes the cost incurred in the financial year relative to the three-yearly fee adjustment mechanism for the management of loans of the Segregated Estates as indicated in part B of section 10.

14.2 - Other operating income: break-down

Type of expenses/values	31.12.2022	31.12.2021
- Allocation of expenses	616	1,732
- Indirect expenses recoveries	8,431	7,704
- Other operating income	492	137
- Consolidation adjustments	(4)	
Total	**9,535**	**9,573**

This item mainly includes the recovery of indirect expenses incurred by the Company and reallocated, on the basis of internally defined economic/financial allocation criteria, to the Segregated Estates and Financed Capital.

Section 15 – Net gains (losses) on equity investments – Item 220

15.1 - Net gains (losses) on equity investments: break-down

Items	Total (31.12.2022)	Total (31.12.2021)
1. Income		
1.1 Revaluations		
1.2 Profit on disposal		
1.3 Reversals		
1.4. Other income		
2. Charges		
2.1 Write-downs		
2.2 Loss on disposal		
2.3 Impairment losses		
2.4 Other expenses		
Net result		

Section 19 - Income taxes for the year on current operations - Item 270

19.1 - Income taxes for the year on current operations: break-down

	Total (31.12.2022)	Total (31.12.2021)
1. Current taxes (-)	(1,706)	
2. Changes in current taxes of previous financial years (+/-)	189	1,202
3. Reduction of current year taxes (+)		
3. bis Reduction of current year taxes for tax credits pursuant to Law no. 214/2011 (+)	18,959	
4. Changes in prepaid taxes (+/-)	(37,771)	23,680
5. Changes in deferred taxes (+/-)	1,502	(2,379)
6. Taxes for the year (-) (-1+/-2+3+3bis +/-4+/-5)	**(18,827)**	**22,503**

The net change in deferred tax assets primarily relates to the provision of deferred tax assets following the performance in the Probability Test, partially offset by deferred tax assets recorded in prior periods and deducted in 2022.

19.2 - Reconciliation between theoretical tax expense and actual tax expense of the financial statements

Reconciliation IRES tax charges	Taxable income		Ires	%	
	Detail	Total			
Result before taxes		**57,203**	**15,731**	**27.50**	%
Increases					
Provisions for risks and charges	263		72	0.13	%
Capital losses on financial assets at fair value	14,226		3,912	6.84	%
Write-offs on tax losses	17,032		4,684	8.19	%
Other increases	499		137	0.24	%
Total increases		**32,020**			
Decreases					
Use of provisions for risks and charges	(304)		(84)	-0.15	%
Capital gains on financial assets at fair value	(9,236)		(2,540)	-4.44	%
Collar payment	(17,756)		(4,883)	-8.54	%
Recognition of tax losses					%
Write-downs of receivables and loans of previous years					%
Other decreases					%
Total decreases		**(27,296)**			
Theoretical taxable income - IRES		**61,927**	**17,029**	**29.77**	%

Reconciliation IRAP tax charges	Taxable income		Irap	%	
	Detail	Total			
Taxable income before adjustments	**57,203**	**57,203**	**3,272**	**5.72**	**%**
Increases					
Non-deductible administrative expenses	10,397		595	1.04	%
Other non-deductible charges	11,102		635	1.11	%
Total increases		**21,499**			
Decreases					
Adjustments on securities to FVOCI	(6,400)		(366)	-0.64	%
Adjustments to receivables from previous years (FTA IFRS 9)	(35,512)		(2,031)	-3.55	%
Provisions for risks and charges	(2,022)		(116)	-0.20	%
Other changes (personnel expenses, provisions for risks)					%
Contingencies Taxes from previous years	(3,311)		(189)	-0.33	%
Total decreases		**(47,245)**			
Theoretical taxable income		**31,457**	**1,800**	**3.15**	**%**

PART D – OTHER INFORMATION

Section 1 – Specific references to the activities carried out

A. – LEASING (LESSOR)

A.2 – Financial leases

With regard to the tables in this section, the comparison with the year ended 31 December 2021 is not shown as this case did not apply

A.2.1 - Classification by time slots of payments to be received and non-performing exposures. Reconciliation of payments to be received with lease loans recognised under assets

Time bands	Total (31.12.2022)			Total (31.12.2021)		
	Payments to be received for leasing		Total payments to be received for leasing	Payments to be received for leasing		Total payments to be received for leasing
	Non-performing exposures	Performing exposures		Non-performing exposures	Performing exposures	
- Up to 1 year	76,478		76,478			
- From over 1 year to 2 years	116,557		116,557			
- From over 2 years to 3 years	150,224		150,224			
- From over 3 years to 4 years	90,548		90,548			
- From over 4 years to 5 years	48,599		48,599			
- Beyond 5 years	97,994		97,994			
Total payments to be received for leasing	**580,400**		**580,400**			
RECONCILIATION						
Non-accrued financial gains (-)	171,945		171,945			
Non-guaranteed residual value						
Lease financing	**408,454**		**408,454**			

A.2.2 – Classification of lease loans by quality and type of leased asset

	Lease financing			
	Performing exposures		Non-performing exposures	
	Total (31.12.2022)	Total (31.12.2021)	Total (31.12.2022)	Total (31.12.2021)
A. Real estate assets			403,133	
- Land				
- Buildings			403,133	
B. Capital assets			1,236	
C. Movable assets:			4,085	
- Motor vehicles			1,998	
- Aircraft and railways			189	
- Others			1,898	
D. Intangible assets:				
- Trademarks				
- Software				
- Others				
Total			**408,454**	

A.2.3 – Classification of assets relating to finance leases

	Unexercised assets		Assets withdrawn following termination		Other assets	
	Total (31.12.2022)	Total (31.12.2021)	Total (31.12.2022)	Total (31.12.2021)	Total (31.12.2022)	Total (31.12.2021)
A. Real estate assets					403,133	
- Land						
- Buildings					403,133	
B. Capital assets					1,236	
C. Movable assets:					4,085	
- Motor vehicles					1,998	
- Aircraft and railways					189	
- Others					1,898	
D. Intangible assets:						
- Trademarks						
- Software						
- Others						
Total					**408,454**	

B. - FACTORING AND TRANSFER OF LOANS AND RECEIVABLES

B.1 – Gross value and carrying amount

B.1.2 - Purchase operations of non-performing loans other than factoring

Item/Values	Total (31.12.2022)			Total (31.12.2021)		
	Gross value	Value adjustments	Net value	Gross value	Value adjustments	Net value
1. Bad loans	6,519,417	3,369,420	3,149,997	5,909,735	3,595,717	2,314,018
2. Unlikely to pay	2,570,591	820,306	1,750,285	3,063,069	987,672	2,075,397
3. Non-performing past-due exposures	143,738	21,814	121,925	229,177	16,439	212,738
Total	**9,233,746**	**4,211,540**	**5,022,207**	**9,201,981**	**4,599,828**	**4,602,153**

B.2 - Breakdown by residual life

B.2.3 - Purchase operations of non-performing loans other than factoring

Time bands	Exposures	
	Total (31.12.2022)	Total (31.12.2021)
- up to six months	913,285	252,695
- from over 6 months to 1 year	522,056	346,246
- from over 1 year to 3 years	1,167,550	1,904,727
- from over 3 years to 5 years	1,377,617	1,649,320
- beyond 5 years	1,041,699	449,164
Total	**5,022,207**	**4,602,152**

D. - GUARANTEES ISSUED AND COMMITMENTS

D.1 - Value of guarantees (real or personal) issued and commitments

Operations	Amount (31.12.2022)	Amount (31.12.2021)
1) Guarantees of a financial nature issued at first request		
a) Banks		
b) Financial companies		
c) Customers		
2) Other guarantees of a financial nature issued		
a) Banks		
b) Financial companies		
c) Customers		
3) Commercial guarantees issued	162	271
a) Banks		
b) Financial companies		
c) Customers	162	271
4) Irrevocable commitments to disburse funds	206,787	230,831
a) Banks		
i) funds whose utilisation is certain		
ii) funds whose utilisation is uncertain		
b) Financial companies	116,231	130,889
i) funds whose utilisation is certain		
ii) funds whose utilisation is uncertain	116,231	130,889
c) Customers	90,556	99,942
i) funds whose utilisation is certain		
ii) funds whose utilisation is uncertain	90,556	99,942
5) Commitments underlying credit derivatives: sales of protection		
6) Assets used to guarantee third-party obligations		
7) Other irrevocable commitments		
a) to issue guarantees		
b) others		
Total	**206,949**	**231,102**

Section 2 – Securitisation transactions, information on non consolidated structured entities (other than securitisation vehicles) and assets disposal operations

A. - SECURITISATION TRANSACTIONS

Qualitative disclosures

In September 2019, in the context of a securitisation transaction originated by Banca del Fucino S.p.A., AMCO purchased the equity and mezzanine tranches issued by Fucino NPL's vehicle with an underlying portfolio of bad loans and unlikely to pay/past due loans.

The securitisation vehicle Fucino NPL's S.r.l., which was consolidated in 2021, was closed in 2022 and, effective from 1 March 2022, the *unwinding* of the securitisation of receivables transferred to the vehicle was finalised.

B. - INFORMATION ON NON CONSOLIDATED STRUCTURES (OTHER THAN THE SECURITISATION VEHICLE)

Cuvée Project

Qualitative disclosures

In the context of a securitisation transaction pursuant to Italian Law 130, relative to loans transferred by different Originating Banks, in accordance with a loan transfer agreement finalised on 23 December 2019, the company Ampre SPV S.r.l. acquired without recourse a loans portfolio mainly deriving from secured or unsecured loans, credit facilities and overdrawn current accounts, arisen in the period between 1999 and 2018 and due from debtors classified by their respective Originating Banks as "unlikely to pay" pursuant to Banca d'Italia circular letter No. 272 of 30 July 2008 as subsequently amended and/or supplemented.

The transfer was also announced through publication on the Official Gazette, Part II, No. 153 of 31 December 2019.

In the context of the securitisation, Ampre SPV S.r.l. mandated AMCO to carry out, in relation to the transferred loans, the role of entity entrusted to provide collection of the loans and cash and payment services and responsible for checking the compliance of operations to the law and to the information prospectus pursuant to Art. 2, paragraph 3, letter (c), paragraphs 6 and 6-bis of Italian Law 130.

At the same time Ampre SPV S.r.l issued a non segmented securitisation note with the objective of transferring it to the Back2Bonis mutual fund, which financed the purchase through the issue of fund units purchased by the Originating Banks.

On 8 December 2020, the second phase of the *Cuvèe* transaction was launched, with the contribution by seven transferors (including AMCO and the Veneto and Vicenza Group Segregated Estates) of loans of approximately EUR 450 million.

The third phase of the Cuvèe operation was launched in October 2021, with the transfer by the three transferors (including AMCO) of credits for approximately EUR 59.7 million, while the fourth sale phase, in which AMCO did not take part, took place in December for a total of EUR 124 million.

On 11 April 2022, an additional EUR 1,039 million was transferred by a leading bank.

Quantitative disclosures

AMCO transferred loans to the platform and received fund units valued at EUR 87.7 million as at 31 December 2021. As required by the Banca d'Italia circular 288/2015 and subsequent updates, AMCO applies a 100% weighting to the fund units.

On the basis of the methodology described with reference to the units of the Italian Recovery Fund (to which reference is made), the change in fair value of the investment in Back2Bonis subject to the discounting rate (+/-1%) and of expected distribution flows (+/-5%) is represented in the following table:

		Changes in the discounting rate		
		-1%	0	+1%
Changes in cash flows	+5%	+7.2m (+8.3%)	+4.4m (+5.0%)	+1.7m (+1.9%)
	0	+2.7m (+3.1%)		-2.6m (-3.0%)
	-5%	-1.8m (-1.8%)	-4.4m (-5.0%)	-6.9m (-7.8%)

Italian Recovery Fund

Qualitative disclosures

In October 2016 the first closing took place of the closed-end alternative investment fund Italian Recovery Fund, formerly “Atlante II” and constituted by Quaestio Capital SGR. As required by the Regulations, the purpose of the fund is to increase the value of its assets by carrying out investment transactions in non-performing loans from a number of Italian banks, possibly guaranteed by assets, also property assets, as well as property assets (also not subject to guarantee), in the context of value enhancing operations relating to the non-performing loans.

The fund carries out the above-mentioned investment transactions through the underwriting of Financial Instruments of different seniority levels, concentrating where possible on mezzanine and junior exposures, also not traded on the regulated market, issued by one or more vehicles, also in the form of investment funds, for the purchase of non-performing loans from a number of Italian banks.

Quantitative disclosures

As at 31 December 2022, the NAV of the equity investments in the Italian Recovery Fund was EUR 409.6 million while the fair value, calculated consistently with the AMCO internal method, was EUR 386.3 million (with a residual commitment of EUR 18.6 million). As per internal procedure, the NAV value is recorded in the balance sheet if this results in an amount lower than the fair value. From a regulatory point of view, it is considered a high risk exposure as required by Banca d'Italia Circular 288/2015 and subsequent updates.

The change in fair value of the investment in the Italian Recovery Fund subject to the discounting rate (+/-1%) and of expected distribution flows (+/-5%) is represented in the following table:

		Changes in the discounting rate		
		-1%	0	+1%
Changes in cash flows	+5%	+33.5 m (+8.7%)	+19.3m (+5.0%)	+5.8m (+1.5%)
	0	+13.5m (+3.5%)	-	-12.9m (-3.3%)
	-5%	-6.4m (-1.7%)	-19.3m (-5.0%)	-31.5m (-8.2%)

Efesto

Qualitative disclosures

The Efesto Fund, established and managed by Finanziaria Internazionale Investments Società di Gestione del Risparmio S.p.A. (hereinafter, the "Management Company" or the "SGR"), belonging to the Banca Finanziaria Internazionale Group, was established by the Board of Directors of the Management Company on 30 July 2020. The Fund is a closed-end, reserved, mutual, alternative, Italian, real estate investment fund established pursuant to Arts. 10 and 14 of Italian Ministerial Decree 30/2015, which invests in credits pursuant to Italian Law 130/99 and in other assets permitted by the legislation applicable to funds referred to in Art. 7, paragraph 1, lett. b) and paragraph 2-bis, of Italian Law 130/99. The duration of the Fund was identified as 10 years from the start date of the Fund, with maturity on the immediately following 31 December and therefore corresponding to 31 December 2030. The depositary bank of the Fund ("Depositary", as specified below) is BFF Bank S.p.A. The Fund began operations on 2 November 2020. The Units are reserved exclusively for investors who fall within the definition of "professional investors" pursuant to Art. 1, paragraph 1, lett. P) of Italian Ministerial Decree 30/2015 and that are i) banks ii) companies belonging to banking groups or iii) financial intermediaries registered in the list provided for by Art. 106 of the Consolidated Banking Law. The Efesto fund units were acquired in 2020 as part of the Monte dei Paschi di Siena transaction.

As required by Banca d'Italia circular 288/2015 and subsequent updates, AMCO applies a 100% weighting % to the fund units.

Quantitative disclosures

The fund units were valued, in line with the internal regulations relating to the Fair Value Policy, at EUR 10.7 million.

The change in fair value of the investment in Efesto subject to the discounting rate (+/-1%) and of expected distribution flows (+/-5%) is represented in the following table:

		Changes in the discounting rate		
		-1%	**0**	**+1%**
Changes in cash flows	**+5%**	+0.8m (+7.5%)	+0.5m (+5.0%)	+0.3m (+2.6%)
	0	+0.3m 2.4%	-	-0.3m (-2.3%)
	-5%	-0.3m (-2.7%)	-0.5m (-5.0%)	-0.8m (-7.2%)

Section 3 – Information on risks and on relevant hedging policies

Introduction

With regard to the risk management and control process in AMCO, primary responsibility lies with the governing bodies, each in accordance with their respective competencies. Based on the Company's own governance model:

- the Board of Directors, in its capacity as Body with strategic supervision function, plays a fundamental role in achieving an effective and efficient risk management and control system. As part of corporate risk governance, this body approves the risk management policies outlined with reference to the main significant risks identified;
- The Chief Executive Officer, in line with risk management policies, defines and oversees the implementation of the risk management process, by establishing, among other things, the specific duties and responsibilities of the involved company structures and functions;
- the functions in charge of these audits are separate from the production functions and contribute to the definition of risk management policies and the risk management process;
- the Risk Management Function, in particular, has the task to ensure the constant risk protection and monitoring relating to the First and Second Pillar of the prudential framework for financial intermediaries issued by the Banca d’Italia. To this end, the

Risk

*Management defines the procedures for the measurement of risks, carries out a constant control and requires, where necessary, the execution of opportune stress tests, reporting the progress of the Company's risk profile to the Corporate Bodies.*The Risk Management Function is also called on to cooperate towards the definition of risk management policies and the risk management process, as well as of the relative identification and control procedures and modes, continuously checking their adequacy.

AMCO adopted an internal auditing system based on three levels, in accordance with the legal and regulatory provisions in force. This model envisages the following forms of control:

- 1st level: line controls aimed at ensuring the proper performance of transactions; they are carried out by the same operating and management structures;
- 2nd level: audit of risks and compliance, which have the objective to ensure, among other things:
  - the correct implementation of the risk management process;
  - compliance with operating limits assigned to the various functions;
  - compliance of corporate activity to the regulations, including those for self-regulation;
- 3rd level: internal audit checks aimed at identifying any violation of procedures and regulations, as well as periodical assessing the completeness, adequacy, functionality (in terms of efficiency and efficacy) and reliability of the organisational structures of the other components of the internal audit and information systems, on a regular basis in relation to the nature and the intensity of risks. The internal audit system is periodically subject to examination and adaptation in relation to the development of corporate activities and the reference context.

This audit system regulated by the "Internal control and operating interrelationship system" is integrated by the Risk Policy, which outlines the guidelines of the corporate risk management process. Specifically, the Risk Policy:

- formalises the risk map to which AMCO is, or may be, exposed and defines it in accordance with the supervisory regulations;
- defines the Risk Owners, or the personnel who are required, during daily operations, to identify, measure, monitor, mitigate and report the risks deriving from ordinary company operations;
- defines the stages into which the risk management process is broken down (identification, measure management, control and reporting);
- reports the main risks evaluation methods.

In addition, AMCO defines and annually updates a Risk Framework, which defines the propensity to risk, the tolerance thresholds, the risk limits in accordance with the business model and the maximum risk that the Company may assume in accordance with procedures in line with the Supervisory Review and Evaluation Process (SREP) used by the Supervisory Authority in the evaluation of the risk for banks and financial intermediaries.

The Risk Framework expresses AMCO risk appetite for relevant risks through qualitative objectives (Preference) and, for measurable risks, through the following quantitative thresholds:

- *Risk Capacity: the maximum level of risk that AMCO is technically able to assume without violating regulatory requirements or other constraints imposed by shareholders or the Supervisory Authority;*
- *Risk Appetite: level of risk (overall and by type) that AMCO intends to assume in pursuing its strategic objectives;*
- *Risk Tolerance: maximum allowed deviation from the risk appetite fixed so as to ensure in any case sufficient margins for operating, also in stress conditions, within the maximum risk that may be taken (capacity);*
- *Limit system: set of risk limits, differentiated by type of risk, finalised to compliance with appetite thresholds.*

3.1 - Credit risk

Qualitative disclosures

1 - General aspects

The Company's corporate purpose involves the purchase and management for selling or in/out-of-court recovery purposes, according to economic, efficiency and effectiveness criteria, of non-performing loans originating from banks and by companies belonging to banking groups. The Company may also purchase on the market equity investments and other financial assets, including 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 non-performing loans originating from banks and companies belonging to banking groups.

The credit management process complies with the most general principles of prudence, is consistent with the Company's mission and the business objectives and with credit risk management policies established by the Board of Directors.

The acquisition and management of other assets, including investments in closed-end investment funds, is carried out with the objective of investments in assets directly and/or indirectly linked to the core business of the Company, optimising the return and the duration of the cash and cash equivalents, within the limits of the general principle of "prudence".

The Company may also invest in synthetic securitisation transactions involving loans originating from banks and financial intermediaries, provided that the loans involved in the transaction are qualified as "stage 2" according to the current accounting regulations or in any case with a rating assigned by an external credit assessment agency (ECAI) not exceeding a credit rating associated with the creditworthiness class "BB" according to the current supervisory regulations, or equivalent rating assigned by the holder of the credit according to its internal assessment procedures of the credit risk.

Impacts resulting from the Covid-19 pandemic

As at 31 December 2022, there were no significant impacts of the crisis deriving from the Covid-19 pandemic in terms of deterioration of the Company's loan portfolio.

2 - Credit risk management policies

The Company is organised with regulatory/computerised structures and procedures for the management, classification and audit of loans.

With reference to the management of credit, the Company also makes use of IT support, through which the performance of recovery actions and the trend of collections is constantly monitored in line with expectations and as a result of the initiatives undertaken.

With reference to the classification of loans, in accordance with IAS/IFRS provisions, as at the date of the financial statements the presence of objective impairment elements on each financial instrument or group of instruments is checked.

In terms of measuring the credit risk of the managed portfolio, the Company subjects the value of the managed portfolio to impairment testing on a regular basis, which could consequently determine a reduction in its estimated realisable value. AMCO adopts an analytical approach for positions exceeding EUR 1 million, for which the estimate of expected cash flows is based on the specific characteristics of the position considering the cash flows servicing the debt (only for "*going* concern"), the liquidation value of the assets or other sources of collection (e.g. guarantees). The analytical valuations are regularly reviewed according to pre-established timescales or in the event of significant events (credit resolution, new appraisal, changes relating to guarantees, insolvency procedure, delays in expected payments, etc.).

On the other hand, the valuation of smaller positions is carried out using mathematical/statistical models and is differentiated according to the portfolio to which the positions belong: with reference to non-POCI positions, the provision is calculated and updated monthly on the basis of an LGD (*Loss Given Default*) estimated on a sample of closed positions through statistical analyses that, starting from a long list, have led to the definition of a short list on the basis of empirical criteria (univariate and correlation analyses) and expert based criteria (selecting from similar indicators those most consistent with the business logic) and the estimation of an overall model through multivariate regressions. The model obtained uses the following information:

- type of segment (individuals/companies);
- *administrative* status;
- vintage;
- presence of mortgage guarantees;
- LTV (loan to value);
- presence of personal guarantees.

As regards the POCI portfolios, on the other hand, the recovery estimates are based on statistical lifetime recovery curves. These curves are used both for the initial measurement of exposures and for subsequent updates. The consistency of the expected collections with respect to the actual performance is verified annually through *backtesting* analyses, the results of which may require estimates to be revised and provisions to be set aside.

The resolutions relating to the management, classification, measurement and derecognition of loans are the competence of the Board of Directors, of the Chief Executive Officer and of the Business Units depending on the type of action and the extent of exposure. The relative mandates are detailed in the “Mandated powers regulations”.

With regard to the audit system, line audits (first level) are carried out by the UTP-PD, Workout, SP&S and Credit & Portfolio Management Departments while the backtesting activities and the second level controls are carried out by the Risk Management Function.

3 - Non-performing credit exposures

With reference to the classification of loans, in accordance with IAS/IFRS provisions, as at the date of the financial statements the presence of objective impairment elements on each financial instrument or group of instruments is checked.

The positions that have followed an anomalous trend are classified on the basis of the provisions of Banca d’Italia Circular No. 217/1996 as amended, into different risk categories:

- bad loans: exposures to subjects who are insolvent or in essentially equivalent positions;
- unlikely to pay: credit exposures for which it is deemed unlikely that, without recourse to actions such as the enforcement of guarantees, the debtor will meet its obligations in full (in terms of capital and/or interests);
- non-performing expired and/or past due: exposures, other than those specified under bad loans or unlikely to pay that, at the reference date, are past due and or expired for over 90 days and which exceed a pre-set material threshold;
- “exposures with forbearance measures”: exposures with forbearance measures are differentiated into:
  - non-performing exposures with forbearance measures. Depending on the case, these exposures represent a detail of bad loans, unlikely to pay, or non-performing expired and/or past due; therefore, they do not represent a separate category of impaired assets;
  - other exposures with forbearance measures, corresponding to “Forborne performing exposures”.

Changes due to Covid-19

As at 31 December 2022, there were no significant impacts of the crisis deriving from the Covid-19 pandemic in terms of measuring the expected losses on the Company's loan portfolio.

Quantitative disclosures

For the purposes of quantitative information on credit quality, the term “credit exposures” does not include equity securities and UCITS units.

1 - Breakdown of credit exposures by portfolio and credit quality (carrying amounts)

Portfolios/quality	Bad loans	Unlikely to pay	Non-performing past-due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets measured at amortised cost	3,145,872	1,709,333	119,532		56,325	5,031,062
2. Financial assets measured at fair value through other comprehensive income					686,520	686,520
3. Financial assets measured at fair value						
4. Other financial assets mandatorily measured at fair value	4,125	40,953	2,504			47,582
5. Financial assets in the process of being disposed						
Total (31.12.2022)	**3,149,997**	**1,750,286**	**122,036**		**742,845**	**5,765,164**
Total (31.12.2021)	**2,314,018**	**2,075,398**	**212,738**	**217**	**544,733**	**5,147,104**

2 - Breakdown of financial assets by portfolio and credit quality (gross and net values)

Portfolios/quality	Impaired				Not impaired			Total (net exposure)
	Gross exposure	Total value adjustments	Net exposure	Total partial write-offs*	Gross exposure	Total value adjustments	Net exposure	
1. Financial assets measured at amortised cost	9,186,275	4,211,539	4,974,736		57,010	685	56,325	5,031,061
2. Financial assets measured at fair value through other comprehensive income					687,578	1,058	686,520	686,520
3. Financial assets measured at fair value					X	X		
4. Other financial assets mandatorily measured at fair value	47,582		47,582		X	X		47,582
5. Financial assets in the process of being disposed								
Total (31.12.2022)	**9,233,857**	**4,211,539**	**5,022,318**		**744,588**	**1,743**	**742,845**	**5,765,163**
Total (31.12.2021)	**9,845,131**	**5,242,977**	**4,602,154**		**546,235**	**1,285**	**544,950**	**544,950**

Portfolios/quality	Assets of evidently poor credit quality		Other assets
	Capital losses	Net exposure	Net exposure
1. Financial assets held for trading		23	
2. Hedging derivatives			
Total (31.12.2022)		**23**	
Total (31.12.2021)		**70**	

3 - Breakdown of financial assets by overdue bands (carrying amounts)

Portfolios/quality	First stage			Second stage			Third stage			Purchased or Originated Credit Impaired		
	From 1 to 30 days	From over 30 up to 90 days	Beyond 90 days	From 1 to 30 days	From over 30 up to 90 days	Beyond 90 days	From 1 to 30 days	From over 30 up to 90 days	Beyond 90 days	From 1 to 30 days	From over 30 up to 90 days	Beyond 90 days
1. Financial assets measured at amortised cost	2			457	2,281	209		189	3,492	6,633	33,079	4,341,801
2. Financial assets measured at fair value through other comprehensive income												
3. Financial assets in the process of being disposed												
Total (31.12.2022)	**2**			**457**	**2,281**	**209**		**189**	**3,492**	**6,633**	**33,079**	**4,341,801**
Total (31.12.2021)				**221**	**1,119**	**2,549**	**17**	**111**	**1,983**	**18,959**	**41,788**	**3,743,988**

4 - Financial assets, commitments to disburse funds and financial guarantees issued: changes in total value adjustments and provisions

Reasons/risk stages	Total value adjustments											
	Assets falling within the first stage						Assets falling within the second stage					
	Loans and receivables with banks on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets in the process of being disposed	of which: individual write-downs	of which: collective write-downs	Loans and receivables with banks on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets in the process of being disposed	of which: individual write-downs	of which: collective write-downs
Opening total adjustments	**182**	**407**	**677**		**858**	**407**		**264**				**264**
Increases in purchased or originated financial assets												
Derecognitions other than write-offs												
Net value adjustments/reversals for credit risk (+/-)												
Contractual amendments without derecognition												
Changes of the estimation method												
Write-offs recognised directly to the income statement												
Other changes	(158)	106	381		224	106		(92)				(92)
Closing total adjustments	**24**	**513**	**1,058**		**1,082**	**513**		**172**				**172**
Cash collection recoveries on financial assets subject to write-off												
Write-offs recognised directly to the income statement												

Total value adjustments											Total provisions for commitments to disburse funds and financial guarantees issued				Total
Assets falling within the third stage						Fin. Assets Purchased or Originated Credit Impaired									
Loans and receivables with banks on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets in the process of being disposed	of which: individual write-downs	of which: collective write-downs	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets in the process of being disposed	of which: individual write-downs	of which: collective write-downs	First stage	Second stage	Third stage	Commitments to disburse funds and financial guarantees Issued purchased or originated credit impaired	
	3,101				**3,101**	**4,595,331**			**2,707,650**	**1,887,681**					**4,599,962**
						X	X	X	X	X					
						(75,531)			(42,848)	(32,683)					**(75,531)**
						(311,406)			(176,656)	(134,750)					**(311,406)**
	384				384	(341)			(98,609)	98,268					**280**
	3,485				**3,485**	**4,208,053**			**2,389,537**	**1,818,516**					**4,213,305**

5 - Financial assets, commitments to disburse funds and financial guarantees issued: transfers between different credit risk stages (gross and nominal values)

This section is not applicable to the Company as all Financial assets are classified at Stage 3 and stage transfers were not implemented during the year.

6 - Credit exposures with customers, with banks and with financial companies

6.1 - Credit and off-balance sheet exposures with banks and financial companies: gross and net values

Types of exposure/Values	Gross exposure				Total value adjustments and total provisions				Net exposure	Total partial write-offs*
	First stage	Second stage	Third stage	Purchased or Originated Credit Impaired	First stage	Second stage	Third stage	Purchased or Originated Credit Impaired		
A. ON-BALANCE SHEET CREDIT EXPOSURES										
A.1 On demand	**46,850**				**24**				**46,826**	
a) Non-performing	X				X					
b) Performing	46,850		X		24		X		46,826	
A.2 Others	**46,302**			**110,574**	**513**			**60,897**	**95,466**	
a) Bad loans	X			62,354	X			45,996	16,358	
- of which: forborne exposures	X			250	X				250	
b) 'Unlikely to pay'	X			36,844	X			12,385	24,459	
- of which: forborne exposures	X			23,297	X			5,480	17,817	
c) Non-performing past due exposures	X			11,376	X			2,516	8,860	
- of which: forborne exposures	X				X					
d) Performing past due exposures			X				X			
- of which: forborne exposures			X				X			
e) Other performing exposures	46,302		X		513		X		45,790	
- of which: forborne exposures			X				X			
TOTAL A	**93,152**			**110,574**	**537**			**60,897**	**142,292**	
B. OFF-BALANCE SHEET CREDIT EXPOSURES										
a) Non-performing	X				X					
b) Performing			X				X			
TOTAL B										
TOTAL A+B	**93,152**			**110,574**	**537**			**60,897**	**142,292**	

6.2 - On-balance sheet credit exposures with banks and financial companies: changes in gross non-performing exposures

Reasons/Categories	Bad loans	Unlikely to pay	Non-performing past-due exposures
A. Initial gross exposure	**54,740**	**58,882**	**9,605**
- of which: exposures transferred but not derecognised			
B. Increases	**22,251**	**92,310**	**10,309**
B.1 inflows from performing exposures			
B.2 inflows from purchased or originated impaired financial assets	7,076	39,190	1,348
B.3 transfers from other categories of non-performing exposures	58	2	5,937
B.4 contractual amendments without derecognition			
B.5 other increases	15,117	53,118	3,024
C. Decreases	**14,637**	**114,349**	**8,537**
C.1 outflows to performing exposures			
C.2 write-off	494	56,079	1,173
C.3 collections	4,115	20,152	1,356
C.4 proceeds from disposals			
C.5 losses on disposal			
C.6 transfers to other categories of non-performing exposures	2	5,996	
C.7 contractual amendments without derecognition			
C.8 Other decreases	10,026	32,122	6,008
D. Final gross exposure	**62,354**	**36,843**	**11,377**
- of which: exposures transferred but not derecognised			

6.2 bis - On-balance sheet credit exposures with banks and financial companies: changes in forborne exposures differentiated by credit quality

Reasons/Quality	Forborne exposures: non-performing	Forborne exposures: performing
A. Initial gross exposure	**48,744**	
- of which: exposures transferred but not derecognised		
B. Increases	**7,463**	
B.1 inflows from non-forborne performing exposures		
B.2 inflows from forborne performing exposures		X
B.3 inflows from forborne non-performing exposures	X	
B.4 inflows from non-performing exposures not subject to concession	4,061	
B.5 other increases	3,402	
C. Decreases	**27,348**	
C.1 outflows to non-forborne performing exposures	X	
C.2 outflows to performing forborne exposures		X
C.3 outflows to non-performing forborne exposures	X	
C.4 write-off	3,261	
C.5 collections	638	
C.6 proceeds from disposals		
C.7 losses on disposal		
C.8 other decreases	28,761	
D. Final gross exposure	**23,547**	
- of which: exposures transferred but not derecognised		

6.3 - Non-performing on-balance sheet credit exposures with banks and financial companies: changes in total value adjustments

Reasons/Categories	Bad loans		Unlikely to pay		Non-performing past-due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening total adjustments	**40,946**	**-**	**19,251**	**11,105**	**4,861**	**2,444**
- of which: exposures transferred but not derecognised	-	-	-	-	-	-
B. Increases	**8,056**	**-**	**5,407**	**754**	**3,992**	**-**
B.1 value adjustments on purchased or originated impaired financial assets	375	-	1,427	-	3,992	-
B.2 other value adjustments	-	-	-	-	-	-
B.3 losses on disposal	-	-	-	-	-	-
B.4 transfers from other categories of non-performing exposures	-	-	-	-	-	-
B.5 contractual amendments without derecognition	-	-	-	-	-	-
B.6 other increases	7,681	-	3,980	754	-	-
C. Decreases	(3,006)	-	(12,274)	(6,379)	(6,337)	(2,444)
C.1 reversals of valuation	(566)	-	(9,319)	(5,995)	(6)	-
C.2 reversals of cash collection	(2,231)	-	(699)	(382)	-	-
C.3 profits on disposal	-	-	-	-	-	-
C.4 write-off	(209)	-	(2,256)	(2)	-	-
C.5 transfers to other categories of non-performing exposures	-	-	-	-	-	-
C.6 contractual amendments without derecognition	-	-	-	-	-	-
C.7 other decreases	-	-	-	-	(6,331)	(2,444)
D. Closing total adjustments	**45,996**	**-**	**12,384**	**5,480**	**2,516**	**-**
- of which: exposures transferred but not derecognised						

6.4 - Credit and off-balance sheet exposures with customers: gross and net values

Types of exposure/Values	Gross exposure				Total value adjustments and total provisions				Net exposure	Total partial write-offs*
	First stage	Second stage	Third stage	Purchased or Originated Credit Impaired	First stage	Second stage	Third stage	Purchased or Originated Credit Impaired		
A. ON-BALANCE SHEET CREDIT EXPOSURES										
a) Bad loans	X		642	6,456,421	X		451	3,322,973	3,133,639	
- of which: forborne exposures	X			271,598	X			35,716	235,882	
b) 'Unlikely to pay'	X			2,533,747	X			807,921	1,725,826	
- of which: forborne exposures	X			1,218,409	X			306,288	912,122	
c) Non-performing past due exposures	X		7,572	124,790	X		3,034	16,263	113,065	
- of which: forborne exposures	X			93,872	X			13,841	80,031	
d) Performing past due exposures			X				X			
- of which: forborne exposures			X				X			
e) Other performing exposures	687,578	10,707	X		1,058	172	X		697,055	
- of which: forborne exposures			X				X			
TOTAL A	**687,578**	**10,707**	**8,214**	**9,114,958**	**1,058**	**172**	**3,485**	**4,147,157**	**5,669,585**	
B. OFF-BALANCE SHEET CREDIT EXPOSURES										
a) Non-performing	X				X					
b) Performing			X				X			
TOTAL B										
TOTAL A+B	**687,578**	**10,707**	**8,214**	**9,114,958**	**1,058**	**172**	**3,485**	**4,147,157**	**5,669,585**	

6.5 - Credit exposures with customers: changes in gross non-performing exposures

Reasons/Categories	Bad loans	Unlikely to pay	Non-performing past-due exposures
A. Initial gross exposure	**6,560,246**	**2,906,356**	**242,020**
- of which: exposures transferred but not derecognised			
B. Increases	**1,650,013**	**1,108,516**	**147,954**
B.1 inflows from performing exposures			4,022
B.2 transfers from other categories of non-performing exposures	1,129,548	355,915	42,220
B.3 other increases	202,488	154,273	49,619
B.4 contractual amendments without derecognition			
B.5 other increases	317,977	598,328	52,093
C. Decreases	**1,753,196**	**1,481,125**	**257,612**
C.1 outflows to performing exposures			446
C.2 write-off	347,053	130,722	23,520
C.3 collections	444,479	515,307	40,796
C.4 proceeds from disposals			
C.5 losses on disposal			
C.6 transfers to other categories of non-performing exposures	10,024	236,090	160,267
C.7 contractual amendments without derecognition			
C.8 other decreases	951,640	599,006	32,583
D. Final gross exposure	**6,457,062**	**2,533,746**	**132,362**
- of which: exposures transferred but not derecognised			

6.5 bis - On-balance sheet credit exposures with customers: changes in forborne exposures differentiated by credit quality

Reasons/Quality	Forborne exposures: non-performing	Forborne exposures: performing
A. Initial gross exposure	**1,572,937**	**11,289**
- of which: exposures transferred but not derecognised		
B. Increases	**369,435**	**2,018**
B.1 inflows from non-forborne performing exposures		
B.2 inflows from forborne performing exposures	1,856	X
B.3 inflows from forborne non-performing exposures	X	
B.4 inflows from non-performing exposures not subject to concession	216,653	
B.5 other increases	150,926	2,018
C. Decreases	**358,523**	**13,307**
C.1 outflows to non-forborne performing exposures	X	3,851
C.2 outflows to performing forborne exposures		X
C.3 outflows to non-performing forborne exposures	X	1,886
C.4 write-off	32,675	
C.5 collections	178,846	807
C.6 proceeds from disposals		
C.7 losses on disposal		
C.8 other decreases	147,002	6,763
D. Final gross exposure	**1,583,849**	
- of which: exposures transferred but not derecognised		

6.6 - Non-performing on-balance sheet credit exposures with customers: changes in total value adjustments

Reasons/Categories	Bad loans		Unlikely to pay		Non-performing past-due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening total adjustments	**4,240,505**	**30,910**	**927,299**	**368,862**	**11,313**	**5,831**
- of which: exposures transferred but not derecognised	-	-	-	-	-	-
B. Increases	**329,109**	**14,641**	**184,806**	**1,656**	**30,473**	**19,234**
B.1 value adjustments on purchased or originated impaired financial assets	278,923	X	179,143	X	12,025	X
B.2 other value adjustments	32	-	-	-	1,736	696
B.3 losses on disposal	-	-	-	-	-	-
B.4 transfers from other categories of non-performing exposures	50,154	6,958	5,663	26	8,893	7,052
B.5 contractual amendments without derecognition	-	-	-	-	-	-
B.6 other increases	-	7,683	-	1,630	7,819	11,486
C. Decreases	**(1,246,189)**	**(9,835)**	**(304,184)**	**(64,230)**	**(22,490)**	**(11,224)**
C.1. reversals of valuation	(194,730)	(8,864)	(88,858)	(22,684)	(15,854)	(10,354)
C.2 reversals of cash collection	(149,695)	(811)	(84,796)	(23,818)	(6,429)	(870)
C.3 profits on disposal	-	-	-	-	-	-
C.4 write-off	(250,327)	-	(58,550)	(1,153)	(64)	-
C.5 transfers to other categories of non-performing exposures	(5,836)	(160)	(58,731)	(16,575)	(143)	-
C.6 contractual amendments without derecognition	-	-	-	-	-	-
C.7 other decreases	(645,601)	-	(13,249)	-	-	-
D. Closing total adjustments	**3,323,425**	**35,716**	**807,922**	**306,288**	**19,296**	**13,841**
- of which: exposures transferred but not derecognised	-	-	-	-	-	-

7 - Classification of financial assets, of commitments to disburse funds and financial guarantees issued on the basis of external and internal ratings

7.1 - Breakdown of financial assets, commitments to disburse funds and financial guarantees issued on the basis of external ratings (gross values)

Exposures	External rating classes						Without rating	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets measured at amortised cost							**5,016,518**	**5,016,518**
- First stage							31,358	31,358
- Second stage							10,535	10,535
- Third stage							4,729	4,729
- Purchased or originated credit impaired							4,969,896	4,969,896
B. Financial assets measured at fair value through other comprehensive income			**700,951**					**700,951**
- First stage			700,951					700,951
- Second stage								
- Third stage								
- Purchased or Originated Credit Impaired								
C. Financial assets in the process of being disposed								
- First stage								
- Second stage								
- Third stage								
- Purchased or originated credit impaired								
Total (A+B+C)			**700,951**				**5,016,518**	**5,717,469**
D. Commitments to disburse funds and financial guarantees issued							**206,950**	**206,950**
- First stage							116,832	116,832
- Second stage							23	23
- Third stage							1,326	1,326
- Purchased or Originated Credit Impaired							88,769	88,769
Total D							**206,950**	**206,950**
TOTAL (A+B+C+D)			**700,951**				**5,223,468**	**5,924,419**

The tables below show the mapping between the classes of risk and the agency ratings used.

Long-term ratings for exposures to: central governments and central banks, supervised intermediaries; public entities; local authorities, multilateral development banks; companies and other parties:

Class of creditworthiness	Moody's	Fitch Standard&Poor's DBRS
Class 1	from Aaa to Aa3	from AAA to AA-
Class 2	from A1 to A3	from A+ to A-
Class 3	from Baa1 to Baa3	from BBB+ to BBB-
Class 4	from Ba1 to Ba3	from BB+ to BB-
Class 5	from B1 to B3	from B+ to B-
Class 6	Caa1 and lower	CCC+ and lower

Short-term ratings for exposures to supervised intermediaries and companies:

Class of creditworthiness	Moody's	Fitch	Standard&Poor's	DBRS
Class 1	P-1	F1+, F1	A-1+, A-1	R-1
Class 2	P-2	F2	A -2	R-2
Class 3	P-3	F3	A -3	R-3
Classes from 4 to 6	NP	lower than F3	lower than A-3	R-4, R-5, R-6

9 - Concentration of credit

9.1 - Breakdown of on- and off-balance sheet credit exposures by sector of the business segment of the counterparty

	Amount (31.12.2022)	Total (31.12.2021)
a) States	686,520	498,819
b) Public institutions	1,114	4,490
c) Non-financial companies	3,538,005	3,156,613
d) Financial companies	141,930	276,493
e) Income-generating households	1,453,598	1,391,933
f) Other operators	26,400	
Total (31.12.2022)	**5,847,567**	**5,328,348**

9.2 - Breakdown of on- and off-balance sheet credit exposures by geographical area of the counterparty

	Amount (31.12.2022)	Total (31.12.2021)
a) North West	1,336,220	1,270,437
b) North East	1,297,418	470,667
c) Centre	2,318,748	2,238,379
d) South and Islands	1,541,311	1,333,275
e) Abroad	18,011	15,591
Total (31.12.2022)	**6,511,708**	**5,328,349**

9.3 - Large exposures

	Amount (31.12.2022)	Total (31.12.2021)
a) Amount (carrying amount)	1,092,419	946,099
b) Amount (weighted value)	395,535	670,919
c) Number	2	2

10 - Models and other methods for the measurement and management of credit risk

For the measurement of credit risk AMCO adopts the standardised method for the calculation of the RWAs of each loan and, consequently, for the estimate of Own Funds absorbed by this type of risk.

3.2 - Market risk

During 2022, AMCO did not carry out transactions falling within the trading book in accordance with the regulatory classification.

3.2.1 - Interest-rate risk

Qualitative disclosures

1 - General aspects

The interest-rate risk relates to the losses that the Company may suffer due to the effect of adverse changes in market rates and refers to the failure of expiry and repricing dates (repricing risk) to coincide with the different change in reference rates for assets and liabilities items (basis risk).

This measurement is carried out with ALM techniques for the estimation of the impact on the generation of interest margin and on the actual value of assets and liabilities balance-sheet items due to changes in the interest rate.

The interest rate risk falls under “second pillar” risks.

AMCO uses the method prescribed by prudential regulations to manage interest-rate risk. It provides for the implementation of a sensitivity analysis of the interest rate through a parallel shock of +/- 200 bps. In case of decreases, the constraint of non-negativity of rates is guaranteed.

In 2022 the Company did not implement any interest rate risk hedging.

Impacts resulting from the Covid-19 pandemic

No impacts on the market risk profile deriving from the health emergency were recorded in 2022. Following the Covid-19 pandemic, AMCO did not change its strategies, objectives or policies for managing, measuring and controlling market risks.

1 - Breakdown by residual duration (repricing date) of financial assets and liabilities

Items/residual maturity	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	Beyond 10 years	Indefinite life
1. Assets	**48,471**	**309,688**	**667,991**	**2,814,337**	**725,209**	**31,796**	
1.1 Debt securities		147,655	145,935	269,170	123,760		
1.2 Loans and Receivables	48,471	162,033	522,056	2,545,167	601,449	31,796	
1.3 Other assets							
2. Liabilities	**184**	**169**	**1,256,577**	**2,126,190**	**750,503**		
2.1 Payables	184	169	777	11,751	10,199		
2.2 Debt securities			1,255,800	2,114,439	740,304		
2.3 Other liabilities							
3. Financial derivatives	**2,927**	**3,474**	**127**	**681**	**163**	**120**	
Option products							
3.1 Long positions							
3.2 Short positions							
Other derivatives	**2,927**	**3,474**	**127**	**681**	**163**	**120**	
3.3 Long positions	318	2,423	69	681	163	120	
3.4 Short positions	2,609	1,051	58				

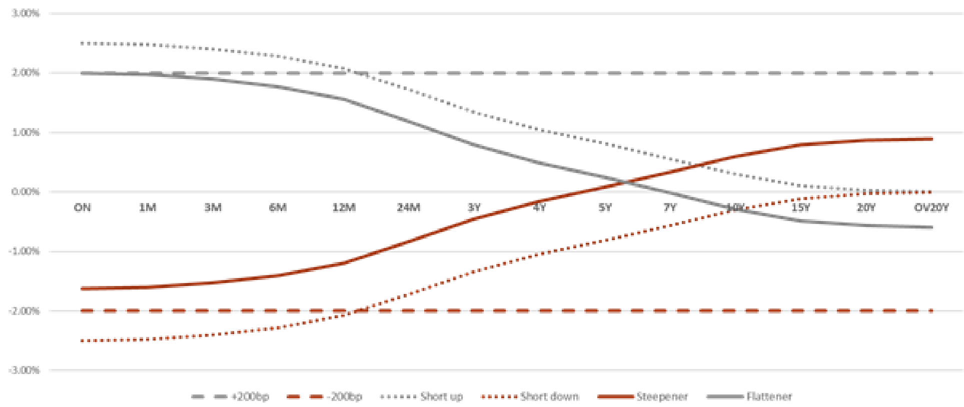
2 - Models and other methods for the measurement and management of interest rate risk

The methodology used to calculate the interest rate risk provides for:

- the classification of assets and liabilities in 14 time bands in function of their residual life (fixed rate items) or at the date of renegotiation (variable rate items);
- weighting of net exposures: in the context of each band, active positions are offset by passive ones, so obtaining a net position. The latter is multiplied by a weighting factor obtained by the product of the hypothetical variation of the market rates, calculated as the difference between the market curve in normal conditions and considering the shock and the modified duration of the band.
- the sum of weighted exposures of the different temporal bands: weighted exposures from the different bands are added together, obtaining a total weighted exposure, which approximates the change in the actual value of items exposed to this type of risk in the case of the hypothesised rate shock.

In addition, AMCO, in order to assess its exposure to interest rate risk under stressed conditions, adopts the non-parallel rate change scenarios provided by BIS ("Interest rate risk in the banking book", 2019) i.e.:

- *steepener - increase in the slope of the curve;*
- *flattener - reduction of the slope of the curve;*
- *short up - increase in short-term rates;*
- *short down - reduction in short-term rates.*



During 2022, AMCO did not carry out transactions falling within the trading book in accordance with the regulatory classification.

Quantitative disclosures

3.2.2 - Price risk

Qualitative disclosures

1 - General aspects

The price risk is the risk that arises from fluctuations in the price of securities due to factors relating to market trend and the issuer's situation. Since the Company does not engage in trading in securities for trading purposes, it is not required to establish a specific capital requirement to control this risk.

Given the nature of AMCO's assets, this risk is fully absorbed in credit risk.

2 - Models and other methods for the measurement and management of price risk

Not applicable taking into account the absence of trading book activity.

3.2.3 - Exchange-rate risk

Qualitative disclosures

1 - General aspects

The exchange-rate risk, understood as the company's exposure to fluctuations in foreign currency translation rates, appears residual in the light of the impact of the carrying amount of loans and receivables in foreign currency compared to the total value of the managed and in any case amortising portfolio.

As at 31 December 2022, the AMCO foreign exchange risk component amounted to EUR 85.2 million of foreign currency exposure entirely due to loans in foreign currency.

Quantitative disclosures

1 - Break-down of assets, liabilities and derivatives by currency

Items	Currencies					
	US dollars	Pounds sterling	Yen	Canadian dollars	Swiss franks	Other currencies
1. Financial assets	**85,291**					**10**
1.1 Debt securities						
1.2 Equity securities						10
1.3 Loans and receivables	85,291					
1.4 Other financial assets						
2. Other assets						
3. Financial liabilities						
3.1 Payables						
3.2 Debt securities						
3.3 Other financial liabilities						
4. Other liabilities						
5. Financial derivatives						
5.1 long positions						
5.2 short positions						
Total assets	**85,291**					**10**
Total liabilities						
Imbalance (+/−)	**85,291**					**10**

US dollar exposures refer to:

- for the former Banca Carige portfolio in foreign currency loans for USD equivalent to EUR 76.6 million;
- for the portfolio of the former Monte dei Paschi di Siena in loans in USD equivalent to EUR 8.6 million.

Exposures in other currencies refer for item 1.2 to the equity investment in AMCO S.r.l.

2 - Models and other methods for the measurement and management of exchange risk

As required by EU Regulation 575/2013 (CRR) and subsequent amendments, AMCO measures the exchange rate risk as the sum of the general net position in foreign exchange, i.e. the sum of the net positions in each currency, multiplied by the coefficient of 8%.

3.3 - Operational risks

Qualitative disclosures

1 - General aspects, management processes and measurement methods for operational risk

The definition adopted and implemented by AMCO identifies the operational risk as the “risk of loss deriving from the inadequacy or the dysfunction of processes, human resources and internal systems, or from external events, including juridical risk”.

For determining the internal capital to meet the operational risk, AMCO uses the basic method set forth in Art. 316 of Regulation (EU) No. 575/2013. As part of the basic method, the capital requirement is equal to 15% of the three-year average of the relevant indicator, understood as the sum of the elements envisaged by Art. 316 of Regulation (EU) No. 575/2013 as subsequently amended.

In terms of risk mitigation in the face of the significant increase in activities, the Company has strengthened its control system by introducing additional measures for the management of operational risk formalised in the "*Policy* for managing operational risk" which provides for:

- the analysis and assessment, in terms of probability and impact, of operational events that could occur in the performance of company processes through a risk self-assessment process;
- the progressive collection of data on any "loss events" that have occurred in order to combine qualitative assessments with feedback from objective elements useful for the improvement of management processes.

Quantitative disclosures

The requirement for the operational risk quantified as at 31 December 2022 is of EUR 19 million.

3.4 - Liquidity risk

Qualitative disclosures

1 - General aspects, management processes and measurement methods for liquidity risk

The liquidity risk is represented by the possibility that the Company is not able to meet its payment commitments due to the inability to access funds (Funding Liquidity Risk) or the inability to dispose of assets on the market to offset the imbalance in liquidity (Market Liquidity Risk). Furthermore, liquidity risk relates to the inability to access new adequate financial resources, in terms of amounts and costs, with respect to the operative needs/opportunities, which would compel AMCO to slow down or stop the development of the activity, or to sustain excessive collection costs to meet its commitments, with significant negative impacts on margins. AMCO's main financial source is represented by its equity.

In consideration of the current equity and financial structure of the Company, this risk is particularly inherent in the ability to cover the cash liabilities with the available cash assets.

On 27 September 2022, AMCO placed one senior unsecured bond issue for a nominal amount of EUR 500 million with a maturity of 3.5 years, under the EMTN programme.

AMCO adopts a liquidity and investment management "Policy" that defines the liquidity management model and related processes and a "Liquidity risk management policy" that defines the risk measurement tools (maturity ladder, percentage of restricted assets out of total assets and diversification of forms of funding). These metrics are included in the Risk Framework, which defines appropriate target thresholds, maximum values and operating limits.

Impacts resulting from the Covid-19 pandemic

No impacts on the liquidity risk profile deriving from the health emergency were recorded in 2022. Following the Covid-19 pandemic, AMCO did not change its strategies, objectives or policies for managing, measuring and controlling liquidity risk.

1 - Temporal break-down of financial assets and liabilities by residual contractual maturity

Items/Time bands	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 3 years	From over 3 years to 5 years	Beyond 5 years	Indefinite life
On-balance sheet assets	**1,186,776**	**1,148**		**11,771**	**36,500**	**154,343**	**607,917**	**1,022,300**	**1,500,162**	**1,206,029**	**588,040**
A.1 Government securities						49,566	145,935		269,170	221,848	
A.2 Other debt securities											
A.3 Loans	1,125,518	1,148		11,771	36,500	104,777	461,982	1,022,300	1,230,992	984,181	85,021
A.4 Other assets	61,258										503,019
On-balance sheet liabilities	**76**			**56**	**115**	**50,039**	**1,263,538**	**866,563**	**1,259,403**	**750,792**	**19,752**
B.1 Payables to:	**5**			**56**	**115**	**158**	**740**	**5,949**	**5,577**	10,488	
- Banks	5										
- Financial companies											
- Customers				56	115	158	740	5,949	5,577	10,488	
B.2 Debt securities							1,255,800	860,614	1,253,826	740,304	
B.3 Other liabilities	71					49,881	6,998				19,752
Off-balance sheet transactions											**206,950**
C.1 Financial derivatives with underlying capital exchange											
- Long positions											
- Short positions											
C.2 Financial derivatives without underlying capital exchange											
- Positive differentials											
- Negative differentials											
C.3 Loans to be received											
- Long positions											
- Short positions											
C.4 Irrevocable commitments to disburse funds											**206,788**
- Long positions											206,788
- Short positions											
C.5 Financial guarantees issued											162
C.6 Financial guarantees received											

Section 4 – Information on equity

4.1 - Corporate equity

4.1.1 - Qualitative disclosures

The corporate equity represents the first line of defence with regard to risks connected to the overall activity of the financial intermediary; an adequate net worth level allows the expression of the company's own business purpose with the necessary margins of autonomy and at the same time maintain its stability as intermediary. Furthermore, equity represents the main reference point for the valuation of the Supervisory Body; the most important control instrument in terms of risk management is based on this. In addition, the operation of the different departments is linked to the size of equity.

The Basel 3 framework on the issue of own funds has introduced various new elements compared to the previous prudential regulations, requiring in particular: a recomposition of intermediaries' capital in favour of ordinary shares and profit reserves ("common equity"), in order to increase its quality; the adoption of more stringent criteria for the calculation of other equity instruments (innovative equity instruments and subordinate liabilities); a greater harmonisation of elements to be deducted (with reference to some categories of assets for prepaid taxes and the relevant equity investments in banking, financial and insurance companies); the only partial inclusion of third-party funds in the common equity.

In the determination of own funds, reference is made to the specific regulations according to which this is constituted by the algebraic sum of a series of elements (positive and negative) that, in relation to the quality of equity recognised to each of them, can be used in the calculation of Tier 1 capital (both primary Tier 1 capital – Common Equity Tier 1, and in terms of Additional Tier 1 capital) or Tier 2, even though with some limitations. The positive elements constituting funds must be fully available to the financial companies, so as to be used without limitation for the hedging of risks and corporate losses. The amount of these elements is net of any applicable taxes. The total of own funds is constituted by Tier 1 Capital, in turn composed by Common Equity Tier 1 (CET 1) and Additional Tier 1 Capital (AT 1), to which Tier 2 (T2) Capital is added net of deductions.

4.1.2 - Quantitative disclosures

4.1.2.1 - Company equity: break-down

Items/Values	Amount (31.12.2022)	Amount (31.12.2021)
1. Share capital	655,154	655,154
2. Share premiums	604,552	604,552
3. Reserves	1,141,970	1,572,478
- of profits	885,497	896,740
a) legal	478,301	478,301
b) statutory		
c) treasury shares		
d) others	407,196	418,439
- others	256,473	675,738
4. (Treasury shares)	(72)	(72)
5. Valuation reserves	(65,836)	(14,098)
- Equity securities measured at fair value through other comprehensive income	(1,621)	(8,321)
- Hedging of equity securities measured at fair value through other comprehensive income		
- Financial assets (other than equity securities) measured at fair value through other comprehensive income	(63,893)	(5,525)
- Property, plant and equipment		
- Intangible assets		
- Hedging of foreign investments		
- Hedging of financial flows		
- Hedging instruments (non-designated elements)		
- Currency exchange differences		
- Non-current assets and groups of assets held for disposal		
- Financial liabilities measured at fair value through profit and loss (change in its creditworthiness)		
- Special revaluation laws		
- Actuarial profit (loss) relating to defined-benefit plans	(322)	(252)
- Share of equity investment valuation reserve valued at shareholders' equity		
6. Equity instruments		
7. Profit (Loss) for the year (+/-)	42,253	(421,976)
Total	**2,378,021**	**2,396,038**

4.1.2.2 - Valuation reserves of financial assets measured at fair value through other comprehensive income: break-down

Assets/Values	Total (31.12.2022)		Total (31.12.2021)	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	-	(63,893)	-	5,525
2. Equity securities	-	(1,621)	-	8,321
3. Loans	-	-	-	-
Total	**-**	**(65,514)**	**-**	**13,846**

4.1.2.3 - Valuation reserves of financial assets measured at fair value through other comprehensive income: annual changes

	Debt securities	Equity securities	Loans
1. Opening balances	**(5,525)**	**(8,321)**	
2. Increases		**6,700**	
2.1 Increases in fair value		201	
2.2 Value adjustments for credit risk		X	
2.3 Reversal to income statement of negative disposal reserves		X	
2.4 Transfers to other components of shareholders' equity (equity securities)		6,499	
2.5 Other changes			
3. Decreases	**(58,368)**		
3.1 Decreases in fair value	(58,368)		
3.2 Reversals for credit risk			
3.3 Reversal to income statement of positive disposal reserves		X	
3.4 Transfers to other components of shareholders' equity (equity securities)			
3.5 Other changes			
4. Closing balance	**(63,893)**	**(1,621)**	

4.2 - Own funds and adequacy ratios

4.2.1 - Own funds

4.2.1.1 - Qualitative disclosures

Own funds are calculated by the Company on the basis of the equity values determined by applying international accounting standards, taking into account the Supervisory provisions in force (Circular Nos. 288 and 286 of the Banca d’Italia as subsequently amended, which implement Regulation EU 575 of 2013 - CRR as subsequently amended), and allocating the components in relation to the capital quality recognised to them.

The current components of the Company's Own funds are fully eligible for inclusion in common equity tier 1 capital – CET 1.

Furthermore, the Company has not adopted the option for the total sterilisation of unrealised gains and losses deriving from exposures to Central Governments classified in the AFS category, envisaged by Art. 467, paragraph 2 of Regulation (EU) No. 575 of 2013 (CRR).

4.2.1.2 - Quantitative disclosures

	Total (31.12.2022)	Total (31.12.2021)
A . Tier 1 capital before the application of prudential filters	2,443,930	2,401,636
B. Tier 1 prudential filters:	-	-
B.1 positive IAS/IFRS prudential filters (+)	-	-
B.2 negative IAS/IFRS prudential filters (-)	-	-
C. Tier 1 capital gross of elements to be deducted (A + B)	2,443,930	2,401,636
D. Elements to be deducted from Tier 1 capital	(61,389)	(38,635)
E. Total Tier 1 capital (Tier 1) (C – D)	2,382,541	2,363,001
F. Tier 2 capital before the application of prudential filters	-	-
G. Tier 2 capital prudential filters:	-	-
G.1 positive IAS/IFRS prudential filters (+)	-	-
G.2 negative IAS/IFRS prudential filters (-)	-	-
H. Tier II capital gross of elements to be deducted (F + G)	-	-
I. Elements to be deducted from Tier 2 capital	-	-
L. Total supplementary capital (TIER2) (H – I)	-	-
M. Elements to be deducted from Tier 1 and Tier 2 capital	-	-
N. Regulatory capital (E + L - M)	2,382,541	2,363,001

4.2.2 - Capital adequacy

4.2.2.1 - Qualitative disclosures

The Company has defined an internal process for assessing its capital adequacy in order to periodically manage and control the level of risk exposure it assumes in the carrying out of its business.

The ICAAP process is broken down in the following phases:

- strategic lines and considered horizon;
- corporate governance, organisational structures and internal control systems associated with the ICAAP;
- methods used for identifying, measuring, aggregating risks and carrying out stress tests;
- estimates and components of total internal capital with reference to the end of the previous financial year and, prospectively, to the current financial year;
- reconciliation between total internal capital and regulatory requirements and between total capital and own funds;
- ICAAP self-assessment;
- annual review of ICAAP, the outcome of which is a prerequisite for improvements and changes to the process.

Identification of risks to be assessed and stress tests

This phase is aimed at identifying all the risks involved in the operations carried out by AMCO that could hinder or limit the Company in the full achievement of its strategic objectives, risks that must therefore be measured or assessed.

This results in the identification of the risks to which the Company is (or could be) exposed with respect to operations and markets of reference.

In order to identify significant risks, the Company first takes into consideration all the risks contained in the list set forth in Annex A in Title IV, Chapter 14, Section III of Banca d'Italia Circular No. 288. The analysis is then further examined to assess whether the specific business and company operations reveal further significant risk factors.

Measurement/assessment of individual risks and determination of internal capital

Risks identified by AMCO are classified into two categories:

(a) risks quantifiable in terms of internal capital, for which the Company uses specific metrics to measure the capital requirement;

(b) risks that cannot be quantified in terms of internal capital, for which a capital buffer is not determined and for which, in accordance with Circular No. 288 as subsequently amended, adequate control and mitigation systems are set up.

With regard to the risks referred to in point (a) above, the measurement of individual risks and the determination of the internal capital related to each of them are carried out using the methods envisaged by the reference regulations and that are considered most appropriate, in relation to their operational and organisational characteristics, both in current and in prospective terms.

In the risk measurement/assessment phase, AMCO defines and carries out stress tests for a better assessment of risk exposure. The results of the stress tests are taken into account in the overall evaluation of the internal capital and used for the definition of the risk threshold within the Risk Framework.

Determination of total internal capital and reconciliation with regulatory requirements and own funds

This phase of the process aims at acquiring the individual capital requirement values determined for each type of risk and their aggregation according to a so-called simplified "building block" approach, which consists in summing up the internal capitals calculated against each of the measurable risks. This determines the amount of total internal capital.

Total internal capital is compared with regulatory requirements and own funds in order to check its adequacy. In particular, current and future Own Funds must be able to cover the capital requirements of current, future and stressed risks determined in the ICAAP report.

4.2.2.2 - Quantitative disclosures

Categories/Values	Unweighted amounts		Weighted amounts/requirements	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
A. RISK ASSETS	6,892,517	6,411,016	6,448,689	6,329,135
A.1 Credit and counterpart risk	6,892,517	6,411,016	6,448,689	6,329,135
B. REGULATORY CAPITAL REQUIREMENTS			575,562	538,382
B.1 Credit and counterpart risk			515,895	506,331
B.2 Requirement for the provision of payment services				
B.3 Requirement for the issuance of electronic money				
B.4 Specific prudential requirements			59,667	32,051
B.5 Total prudential requirements				
C. RISK ASSETS AND ADEQUACY RATIOS			7,194,529	6,732,029
C.1 Weighted risk assets			7,194,529	6,732,029
C.2 Tier 1 capital/Weighted risk assets (Tier 1 capital ratio)			33.12 %	35.10 %
C.3 Capital for supervisory purposes/Weighted risk assets (Total capital ratio)			33.12 %	35.10 %

Pursuant to the provision of Art. 92, paragraph 1 of the CRR regulation, the minimum requirements for Own Funds required for the Group by prudential regulations is 8%.

Section 5 – Analytical statement of consolidated comprehensive income

Items	31.12.2022	31.12.2021
10. Profit (Loss) for the year	42,253	(421,976)
Other income components without reversal to the income statement	**6,631**	**1,387**
20. Equity securities measured at fair value through other comprehensive income	6,700	1,378
a) Changes to fair value	201	(333)
b) Transfers to other components of shareholders' equity	6,499	1,711
30. Financial liabilities measured at fair value through profit and loss (change in its creditworthiness)		
a) Changes to fair value		
b) Transfers to other components of shareholders' equity		
40. Hedging of equity securities measured at fair value through other income components		
a) Change in fair value (hedged instrument)		
b) Change in fair value (hedging instrument)		
50. Property, plant and equipment		
60. Intangible assets		
70. Defined-benefit plans	(69)	9
80. Non-current assets and groups of assets held for disposal		
90. Share of equity investment valuation reserve valued at shareholders' equity		
100. Income taxes relative to other income components without reversal to the income statement		
Other income components with reversal to the income statement	**(58,368)**	**(5,581)**
110. Hedging of foreign investments:		
a) changes to fair value		
b) reversal to income statement		
c) other changes		
120. Currency exchange differences:		
a) changes to fair value		
b) reversal to income statement		
c) other changes		
130. Hedging of financial flows:		
a) changes to fair value		
b) reversal to income statement		
c) other changes		
of which: result of net positions		
140. Hedging instruments (non-designated elements):		
a) changes in value		
b) reversal to income statement		
c) other changes		
150. Financial assets (other than equity securities) measured at fair value through other comprehensive income	(58,368)	(5,581)
a) changes to fair value	(58,368)	(5,581)
b) reversal to income statement		
- impairment losses		
- profit/loss on disposal		
c) other changes		
160. Non-current assets and groups of assets held for disposal		
a) changes to fair value		
b) reversal to income statement		
c) other changes		
170. Share of equity investment valuation reserve valued at shareholders' equity:		
a) changes to fair value		
b) reversal to income statement		
- impairment losses		
- profit/loss on disposal		
c) other changes		
180. Income taxes relative to other income components with reversal to the income statement		
190. Total other income components	**(51,737)**	**(4,194)**
200. Other comprehensive income (10+190)	**(9,484)**	**(426,170)**
210. Consolidated comprehensive income pertaining to third parties		
220. Comprehensive income pertaining to the parent company	**(9,484)**	**(426,170)**

Section 6 – Related-party transactions

6. - Fees for key management personnel

There are no additional benefits for corporate officers other than those detailed in item 160 “Staff costs".

Therefore, the break-down of the fees disbursed or accrued during 2022 for the key management personnel, including members of the Board of Statutory Auditors, is provided:

Fees for key management personnel (including the Board of Statutory Auditors)	
Key management personnel	
Short-term benefits and remunerations of Directors and Statutory Auditors	(1,100)

It is also advised that the Chief Executive Officer, before the assignment of delegated powers, had been employed by the Company as a manager, agreeing that any additional tasks, also administrative ones, would not involve additional payments.

In accordance with the agreement, at the time of conferment pursuant to Art. 2381, paragraph 3 of the Italian Civil Code, the Chief Executive Officer expressly renounced both the remuneration agreed at the Shareholders’ Meeting pursuant to Art. 2389, paragraph 1 of the Italian Civil Code, and the remuneration due pursuant to Art. 2389, paragraph 3 of the Italian Civil Code in relation to the powers conferred.

For the year 2022, the Gross Annual Remuneration of the General Manager was set at EUR 400 thousand, in addition to short-term variable remuneration related to the achievement of the objectives assigned, benefits and social security charges[17].

6.2 - Loans and receivables and guarantees issued in favour of Directors and Statutory Auditors

There are no loans and receivables and guarantees issued in favour of directors and statutory auditors.

6.3 - Information on transactions with related parties

In accordance with the Introduction, this paragraph provides information on the transactions that took place in 2022 with:

- the MEF controlling shareholder;
- direct and indirect subsidiaries of the MEF;
- direct investees of AMCO.

Transactions of an "atypical or unusual" nature that, due to their significance or materiality, may have given rise to doubts regarding the safeguarding of corporate equity were not carried out by the Group during the year, neither with related parties nor with parties other than related parties as defined by IAS 24.

With regard to transactions of a non-atypical or unusual nature carried out with related parties, they fall within the scope of operations of AMCO and are carried out at market conditions and in any case on the basis of evaluations of mutual economic convenience.

[17] The short-term variable remuneration paid on the basis of the results achieved, of benefits and total social charges for 2022 was EUR 573 thousand.

Transactions with Investees

In 2022, the Parent Company owns the entire equity investment in Tatooine SPV S.r.l. and Tatooine Leaseco S.r.l., which are subject to accounting consolidation. No transactions were carried out with the additional investee company AMCO S.r.l..

Transactions with other related companies

Financial transactions carried out with other investee companies of the Ministry of Economy and Finances refer to the current accounts opened with Monte Paschi di Siena S.p.A. and Poste Italiane, in addition to the transaction concluded with the counterparty Quadrifoglio Brescia S.p.A. in liquidation and the granting of the mandate to SACE SRV, which took place in the first half of 2022, with regard to the recovery of the receivable from foreign debtors.

Further transactions of a commercial nature with other investees of the MEF are part of the normal use of services as a user at market conditions.

The table below shows the main transactions outstanding as at 31 December 2022 or the main economic effects recognised in 2022 for transactions with related parties.

	Balance sheet items				Income statement items			
	Other financial assets mandatorily measured at fair value	Assets	Debt securities issued	Other assets	Interest income	Fee and commission income	Fee and commission expense	Other operating income and expenses
Other related companies								
Monte Paschi di Siena				2,745				
Poste Italiane S.p.A.				794				

Section 7 – Leases (lessee)

Qualitative information

The lease agreements that are included in the scope of application of the IFRS 16 accounting standard, stipulated by the Company as lessee, are represented by the lease agreements for property assets (offices and apartments), motor vehicles and office equipment not included in the definition of “low value”.

The Company is marginally exposed to financial outflows for variable payments due for leases not included in the valuation of lease liabilities, mainly represented by balancing payments on expenses linked to rental agreements.

For each agreement, the Company has determined the duration of the lease taking into account the “non cancellable” period during, which the same has the right to use the underlying asset and taking into consideration all the contractual aspects that may change this duration, including, in particular, the possible presence of (i) periods covered by a right of termination or by an option to extend the lease, (ii) leases covered by the option to purchase the underlying asset. Generally, with reference to contracts that include the option by the Company to renew the lease by tacit agreement at the end of a first contractual period, the duration of the lease is

determined on the basis of historical experience and the information available at that date, considering, in addition to the non cancellable period, also the period relating to the option to extend (first period of contract renewal), unless there are corporate plans to dispose of the leased asset or clear and documented valuations that indicate it to be reasonable not to exercise the option of renewal or the exercise of the termination option.

The Company has not provided guarantees on the residual value of the leased asset and has made no commitment with regard to the stipulation of lease agreements not included in the value of lease liabilities recognised in the financial statements. Please also note that:

- there are no contractual restrictions in place on the use of assets for which the Company is the lessee;
- there are no agreements imposed on the Company by the same lessors;
- there are no lease agreements in place deriving from sale and leaseback operations.

Pursuant to paragraph 60 of IFRS 16, please note that, in compliance with the Standard's provisions, which grants exemptions at this regard, the Company has excluded agreements that have as their object assets of "low value" and lease agreements of a contract duration of 12 months or less from the application of IFRS 16.

Quantitative information

In relation to the quantitative information required from the lessee by IFRS 16, please refer to the following sections of the Notes to the Financial Statements:

1) *in Part A.2 - Part relating to the main items of the financial statements, paragraph Property, plant and equipment;*
2) *in part B – Information on the Balance Sheet*
    (a) *Assets Section 8 – Property, plant and equipment – Item 80*
    (b) *Liabilities Section 1 – Financial liabilities measured at amortised cost - Item 10*
3) *in part C – Information on the Income Statement*
    (a) *Section 1 – Interest – Items 10 and 20*
    (c) *Section 10 – Administrative expenses – Item 160*
    (c) *Section 12 – Net value adjustments/reversals on property, plant and equipment – Item 180*

Pursuant to paragraph 53, letter a) of IFRS 16, please note that, with regard to a total of EUR 2,700 thousand of amortisation/depreciation recognised for the right of use for the period, the underlying asset classes are as follows:

- offices and apartments: EUR 2,537 thousand;
- motor vehicles: EUR 135 thousand;
- office equipment: EUR 27 thousand.

Lastly, please note that pursuant to paragraph 55 of IFRS 16, at the end of the financial year, the short-term lease portfolio object of commitment has not changed with respect to the short-term lease portfolio to which the short-term lease costs recognised during the financial year refer.

Section 8 – Other detailed information

8.1 - Segment reporting

Criteria for the preparation of segment reporting

The AMCO Group's segment reporting reflects the operational responsibilities enshrined in the Company's organisational structure and represents the way in which management monitors business results, in accordance with the "management approach" principle. This disclosure is therefore consistent with the disclosure requirements of IFRS 8. The organisational model of the AMCO Group is divided into business segments with specific operational responsibilities: Workout Department, UTP Department, Special Servicing & Partnership (SP&S) Department, Real Estate, Treasury and Centre of Government Department. The attribution of income statement and balance sheet results to the various sectors of activity is based on the accounting principles used in the preparation and presentation of the yearly consolidated financial report. In order to provide a more effective representation of the results and a better understanding of the components that generated them, a reclassified income statement is presented for each reportable segment, with values that express the contribution to the Group result. With regard to the measurement of revenues and costs deriving from inter-segment transactions, the application of the multiple internal transfer rate contribution model for the various maturities allows for the correct attribution of the net interest component to the divisions. For this reason, and to provide full disclosure, EBITDA has been adjusted for the result of financial management (so as to include the total cost of funding and not just the component passed on from the Treasury to the other divisions). To complete the segment reporting, an illustration is also provided of the assets under management for each segment (in terms of gross impaired loans on and off balance).

Breakdown of economic and financial performance by Division

Figures in €/000	Amco	Workout	UTP PD	SP&S	Real Estate	Treasury and Governance Centre
Revenues						
Servicing commissions	44,517	10,146	24,627	13,210	3,772	(7,239)
Interests and commissions from customers	307,176	91,557	65,199	79,923	0	70,497
Other income/expenses from ordinary operations	87,694	39,550	24,945	21,841	1,357	0
Total revenues	**439,387**	**141,254**	**114,771**	**114,974**	**5,129**	**63,259**
Staff costs	(39,248)	(5,123)	(6,508)	(2,837)	(1,587)	(23,193)
Net operational costs	(96,018)	(32,886)	(19,344)	(50,004)	(2,448)	8,663
of which direct expenses	(96,038)	(18,624)	(3,141)	(38,264)	(1,209)	(34,799)
of which indirect costs	19	(14,262)	(16,202)	(11,741)	(1,239)	43,462
Total Costs and Expenses	**(135,266)**	**(38,009)**	**(25,852)**	**(52,841)**	**(4,035)**	**(14,530)**
EBITDA	**304,121**	**103,245**	**88,919**	**62,133**	**1,094**	**48,729**
Balance of writebacks/value adjustments	(141,149)	(32,782)	(27,432)	(9,813)	0	(71,123)
Amortisation and depreciation	(4,777)	(1,434)	(1,562)	(1,005)	(228)	(550)
Provisions	133	(204)	0	0	0	337
Other operating income/expenses	5,552	157	15,592	0	(9)	(10,188)
Financial activity result	(34,742)	0	0	0	0	(34,742)
EBIT	**129,136**	**68,982**	**75,517**	**51,316**	**858**	**(67,537)**
Interests and commissions from financial assets	(68,052)	0	0	0	0	(68,052)
Pre-tax profit	**61,084**	**68,982**	**75,518**	**51,316**	**858**	**(135,589)**

The allocation between the AUM divisions is carried out with a management logic:

- The so-called “gone concern” positions are managed with a liquidation perspective, linked to the patient recovery of the loan and the maximisation of the recovery value of the guarantees; these debt positions are assigned to the Workout Business Unit. The Business Unit is responsible for ensuring the performance of recovery activities for non-performing loans classified as "gone concern", directly acquired or acquired under management by AMCO.
- The so-called "going concern" loans, both at the level of the individual debtor and at the level of the economic group (in the latter case, for attraction, there could also be residual positions to be managed with a view to liquidation), linked to debt positions considered to be non-structural and for which the counterparties are able to generate cash flows to service the debt, are assigned to the UTP Business Unit, with the aim of maximising recovery and facilitating the debtor's return to *bonis*, including through the provision of new finance.
- The ***Special Partnership & Servicing*** **Department** (hereinafter “SP&S”), on the other hand, has the task of overseeing the portion of the portfolio, consisting of both bad loans and *unlikely to pay* loans, entrusted to the management of external *special servicers*, as well as managing the *multi*-platform originator.

In addition to the Divisions that manage credit positions, AMCO has a Real Estate Department whose objective is to adopt strategies to protect and enhance the value of collateral property assets through the active and direct management of property assets (valuation, marketing, leasing or sale) once ownership has been acquired in the various forms identified from time to time (auction, **datio in solutum** agreements, etc.).

Divisions performance

The EBITDA of the Workout Business Unit amounted to EUR 103.2 million, made up of EUR 141.2 million in revenues and EUR 38.0 million in costs.

In carrying out its credit management and collection activities, the Workout generated revenues from:

- fee and commission income of EUR 10.1 million, deriving exclusively from collection activities on the portfolios of the former Veneto Banks;
- net interest income linked to POCI portfolios and the release of time values on portfolios measured at amortised cost for EUR 91.6 million;
- other revenues from ordinary operations amounting to EUR 39.5 million, on the other hand, relate to the recovery of receivables from collections.

The costs of the Workout Division amounted to EUR 38.0 million and consist of the Department staff costs of EUR 5.1 million, net operating costs of EUR 32.8 million (of which 14.2 million of overhead costs allocated according to the cost allocation model, including the costs of personnel allocated on a management basis to the operating segment, and legal/recovery costs associated with the individual positions managed for EUR 18.6 million). The pre-tax result amounted to EUR 69.0 million, negatively impacted by value adjustments on receivables for EUR 32.8 million.

EBITDA of the **UTP Department** was EUR 88.9 million, consisting mainly of revenues of EUR 114.7 million and costs of EUR 25.8 million.

The revenues of the UTP Division are composed of:

- fee and commission income of EUR 24.6 million, primarily from collection activities on the portfolios of the former Venetian Banks;
- interest from customers amounting to EUR 65.2 million, consisting of interest on POCI portfolios, contractual interest and release of time value on loans in the MPS portfolio, in addition to notional interest expenses;
- other revenues from ordinary operations amounting to EUR 24.9 million, on the other hand, relate to the recovery of receivables from collections.

Costs amounted to EUR 25.8 million, of which EUR 6.5 million related to personnel and EUR 19.3 million to net expenses (of which 16.2 million of overhead costs allocated according to the cost allocation model, including the expenses of staff allocated to the operations departments and legal/recovery costs associated with the individual positions for 3.1 million). Pre-tax profit and EBIT amounted to EUR 75.5 million, which benefit from EUR 15.6 million of other related operating income/expenses from the profit on the euro/dollar exchange rate on the Messina Group's dollar positions, while they are negatively impacted by loan adjustments of EUR 27.4 million.

The EBITDA of the SP&S Division amounted to EUR 62.1 million, of which EUR 114.9 million were revenues and EUR 52.8 million costs.

In carrying out its credit management and collection activities, the SP&S generated revenues from:

- fee and commission income of EUR 13.2 million, primarily from the collection activities on the portfolio of the former Veneto Banks and on the managed loans of the Cuvèe multi-originator platform;
- interest from customers amounting to EUR 79.9 million, consisting of interest on POCI portfolios, contractual interest and release of time value on loans in the MPS portfolio, in addition to notional interest expenses;
- other revenues from ordinary operations amounting to EUR 21.8 million, on the other hand, relate to the recovery of receivables from collections.

The costs of the SP&S Division amounted to EUR 52.8 million and consist of staff costs (including personnel allocated to the operating segment) of EUR 2.8 million, net operating costs of EUR 50.0 million (of which 11.7 million of overhead costs allocated according to the cost allocation model, including the expenses of staff allocated to the operations departments and legal/recovery costs associated with the individual positions for 38.2 million). The pre-tax result amounted to EUR 51.3 million, negatively impacted by value adjustments on receivables for EUR 9.8 million.

Treasury is responsible for monitoring the Company's liquidity needs and managing them proactively through a risk/return maximisation strategy, and the Centre **of Government assumes the function of guiding, coordinating, supporting, and controlling the other divisions.**

EBITDA was positive for EUR 63.3 million, thanks to revenues composed mainly of notional interest allocated to the other divisions for EUR 70.5 million, in addition to commissions payables disbursed to the business divisions for EUR 7.2 million.

Due to the effect of the adjustments on loans arising from the value adjustment on the MPS demerged portfolio, allocated to the Government Centre, the allocation of the adjustment mechanism of the commission income of the former Banche Venete (so-called collar), and the costs for net borrowing of EUR 68.0 million, the Division closed the year with a loss of EUR 135.5 million

Performance of managed assets

Figures in €/000	Amco	Workout	UTP PD	SP&S
Assets Under Management	36,420	14,790	8,791	12,839

Assets under management refer to gross non-performing loans allocated to the respective business units. These assets include both those reflected in AMCO's financial statements (on balance), those of the Segregated Estates of the former Venetian Banks and the others for which AMCO acts as Special Servicer (off balance). The allocation among the divisions is carried out according to a management logic: ‘going concern’ loans, both at the level of the individual debtor and at the level of the economic group (in the latter case, for attraction, there could also be residual positions to be managed with a view to liquidation), linked to debt positions considered to be non-structural and for which the counterparties are able to generate cash flows to service the debt, are assigned to the UTP Business Unit, with the aim of maximising recovery and facilitating the debtor's return to *bonis*, including through the provision of new finance. The so-called “gone concern” positions are instead managed with a liquidation perspective, linked to the patient recovery of the loan and the maximisation of the recovery value of the guarantees; these debt positions are assigned to the Workout Business Unit. The SP&S Department manages all the cases, both going concern and gone concern, entrusted to external servicers, as well as those connected to the Cuvèe multi-originator platform, managed internally.

Organisational structure

Figures in €/000	Amco	Workout	UTP PD	SP&S	Real Estate	Treasury and Governance Centre
FTE (indirect)	362	62	61	32	14	194

The FTEs are calculated as an annual average of AMCO employees, also taking into account any management reallocations of staff between operating sectors.

8.2 - Earnings per share

AMCO does not disclose information on earnings per share in that this information is optional for unlisted intermediaries and for intermediaries not in the process of being listed.

8.3 - Fees paid to the Independent Auditors

Information on the fees paid to the Independent Auditors has been provided in Section 10, Item 160 of the Income Statement (to which reference should be made).

8.

Section relating to Segregated Estates ("Patrimoni Destinati")

Statement of the Veneto Group Segregated Estate as at 31 December 2022

Introduction

On 11 April 2018, pursuant to the provisions of Art. 5 of Italian Decree Law No. 99 of 25 June 2017 (hereinafter also “Decree Law”), converted into Italian Law No. 121 of 31 July 2017, and further to the provisions of Italian Ministerial Decree No. 221 of 22 February 2018 (hereinafter “MD 221/2018”), AMCO signed with Banca Popolare di Vicenza S.p.A. in administrative compulsory liquidation and with Veneto Banca S.p.A. in administrative compulsory liquidation, agreements (hereinafter also “Transfer Contracts”) to acquire the portfolios of non-performing loans of the two banks, via and on behalf of, respectively, the “Vicenza Group Segregated Estates” and the “Veneto Group Segregated Estates” (hereinafter also “Segregated Estates” or “SE”), both established by means of the afore-mentioned MD 221/2018.

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 Intesa Sanpaolo S.p.A. in accordance with Arts. 3 and 4 of the afore-mentioned Decree Law, together with assets, agreements and legal rights and obligations accessory to the same, 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 MD 221/2018.

Furthermore, in accordance with Art. 5, paragraph 4 the Decree Law indicates that “The separate financial statements are prepared in compliance with international accounting standards”. These separate statements, prepared for each Segregated Estate, form an annex to these consolidated financial statements, in accordance with the general provisions on Segregated Estates.

The adoption of International accounting standards for the preparation of separate statements for Segregated Estates 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 Estates transferee apply. The analyses carried out on the two separate Veneto Group and Vicenza Group Segregated Estates have considered the following scenarios:

1. Estimate of the net future financial flows of loans in the hypothesis of the existence of Transfer Contracts;
2. 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;
3. 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 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 Estates and the hypotheses in which this did not occur (both maintaining the same management business model – nevertheless shared with the LCAs, 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.

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

- AMCO is not required to consolidate the Segregated Estates, nor can these be considered joint ventures with the Company;
- AMCO does not have an equity investment in the Segregated Estates, which cannot therefore be considered to be equity investments in non-consolidated structured entities;
- the constitution of two Segregated Estates, 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 Estates falls within the cases of sponsorship envisaged by IFRS 12. Therefore, the disclosure obligations are those defined by IFRS 12.27 and fulfilled in this reports and accounts, as well as in the Notes to the Financial Statements of AMCO.

Report

With reference to the Veneto Group Segregated Estate, the portfolio includes:

Veneto Group PD	31.12.2022	31.12.2021
Gross Book Value	**6,165**	**6,802**
- Italian portfolio	5,736	6,265
- Foreign portfolio	429	537
Net Present Value	**1,367**	**1,789**
- Other assets	74	115
Total	**1,441**	**1,904**

The Net Present Value is based on internal data and valuations and therefore does not represent the approximation of an IFRS 9 compliant value. It reflects the estimated legal expenses for the recovery of loans as well as the outsourcing management commissions, in addition to the discounting effect on the estimated recoveries over time.

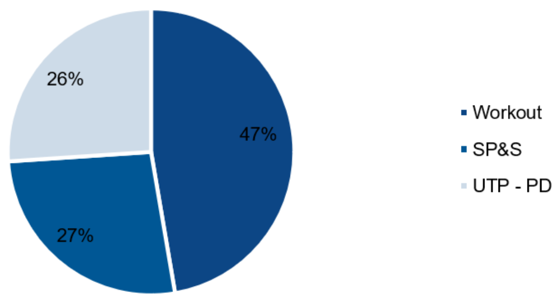
The item "Other assets" includes:

- Liquidity on current accounts of EUR 44 million inclusive of remuneration for the last quarter of 2022 yet to be liquidated for the servicing activity carried out by AMCO on the portfolio;
- Securities, equity financial instruments and similar instruments for EUR 31 million;
- Interest rate derivatives.

The following tables report an overview of portfolios:

Portfolio breakdown

By unit (€/mln)	
Workout	2,917
SP&S	1,642
UTP - PD	1,606



In accordance with sector best practices, also included in the “Guidance to banks on non-performing loans” issued by the European Central Bank, AMCO's management strategies are differentiated in accordance with the characteristics of debtors and their relative credit exposures with the objective of maximising value of positions.

With regard to this, the portfolio management is differentiated in accordance with the following criteria:

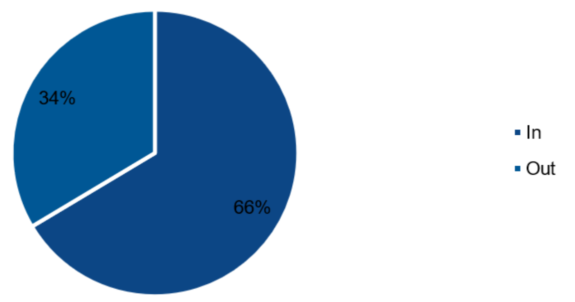
- gone concern loans, or non-performing loans whose operating cash flows from the borrower have ceased, for which the loan recovery strategy requires the maximisation of the value of the collateral or actions for the activation of the exposure also from a liquidation point of view;

- going concern loans, or loans whose operating cash flows from the borrower continue to be produced, for which the recovery strategy requires a management finalised at the reinstatement/safeguard of the going concern also by making recourse to new finance, should the prerequisites for this exist.

If the portfolio is analysed according to business unit, intended as the company division with the task of managing "gone concern" (Workout) loans and "going concern" (UTP/PD) loans, it can be observed that the UTP/PD business unit accounts for 26.1% of the total.

Portfolio breakdown

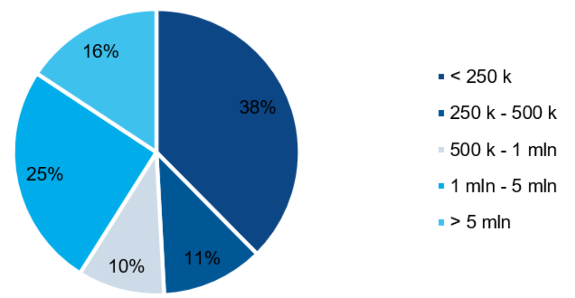
By type of management (€/mln)	
In	4,095
Out	2,070



Outsourced management represents 33.6% of the portfolio, as the strategy defined by the Company determines that economies of scale for low value positions (generally particularly fragmented) are best achieved through specialist servicers (also taking account of the level of maturity and standardisation of market solutions).

Portfolio breakdown

By amount (€/mln)	
< 250 k	2,318
250 k - 500 k	711
500 k - 1 mln	606
1 mln - 5 mln	1,561
> 5 mln	969



Analysing the portfolio by amount it can be noted that 41.0% of the portfolio is made up by positions amounting to more than EUR 1 million, while 37.6% of the portfolio is represented by positions amounting to less than EUR 250 thousand.

Veneto Group PD	31.12.2022	31.12.2021
Collections		
- Non-securitised portfolio	391	327
- Securitised portfolio (Flaminia)	0	13
Total	**391**	**340**
Liquidity retroceded	295	282

The cash repaid in 2022 on the management agreements of the Segregated Estate is around EUR 295 million. This cash flow was reported to the LCA on a quarterly basis as required by the transfer contract.

Statement of the Vicenza Group Segregated Estate as at 31 December 2022

Introduction

On 11 April 2018, pursuant to the provisions of Art. 5 of Italian Decree Law No. 99 of 25 June 2017 (hereinafter also "Decree Law"), converted into Italian Law No. 121 of 31 July 2017, and further to the provisions of Italian Ministerial Decree No. 221 of 22 February 2018 (hereinafter "MD 221/2018"), AMCO signed with Banca Popolare di Vicenza S.p.A. in administrative compulsory liquidation and with Veneto Banca S.p.A. in administrative compulsory liquidation, agreements (hereinafter also "Transfer Contracts") to acquire the portfolios of non-performing loans of the two banks, via and on behalf of, respectively, the "Vicenza Group Segregated Estates" and the "Veneto Group Segregated Estates" (hereinafter also "Segregated Estates" or "SE"), both established by means of the afore-mentioned MD 221/2018.

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 Intesa Sanpaolo S.p.A. in accordance with Arts. 3 and 4 of the afore-mentioned Decree Law, together with assets, agreements and legal rights and obligations accessory to the same, 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 MD 221/2018.

Furthermore, the Decree that regulated the operation set out in Art. 5, paragraph 4 indicates that "The separate financial statements are prepared in compliance with international accounting standards". These separate statements, prepared for each Segregated Estate, form an annex to these consolidated financial statements, in accordance with the general provisions on Segregated Estates.

The adoption of International accounting standards for the preparation of separate statements for Segregated Estates 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 Estates transferee apply. The analyses carried out on the two separate Veneto Group and Vicenza Group Segregated Estates have considered the following scenarios:

1. Estimate of the net future financial flows of loans in the hypothesis of the existence of Transfer Contracts;

2. 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;

3. 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 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 Estates and the hypotheses in which this did not occur (both maintaining the same management business model – nevertheless shared with the LCAs, 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.

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

- AMCO is not required to consolidate the Segregated Estates, nor can these be considered joint ventures with the Company;
- AMCO does not have an equity investment in the Segregated Estates, which cannot therefore be considered to be equity investments in non-consolidated structured entities;
- the constitution of two Segregated Estates, 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 Estates falls within the cases of sponsorship envisaged by IFRS 12. Therefore, the disclosure obligations are those defined by IFRS 12.27 and fulfilled in this reports and accounts, as well as in the Notes to the Financial Statements of AMCO.

Report

With reference to the Vicenza Group Segregated Estate, the portfolio includes:

Vicenza Group PD	31.12.2022	31.12.2021
Gross Book Value	**7,461**	**8,121**
- Italian portfolio	7,461	8,121
- Foreign portfolio	0	0
Net Present Value	**1,675**	**2,109**
- Other assets	102	161
Total	**1,777**	**2,270**

The Net Present Value is based on internal data and valuations and therefore does not represent the approximation of an IFRS 9 compliant value. It reflects the estimated legal expenses for the recovery of loans as well as the outsourcing management commissions, in addition to the discounting effect on the estimated recoveries over time.

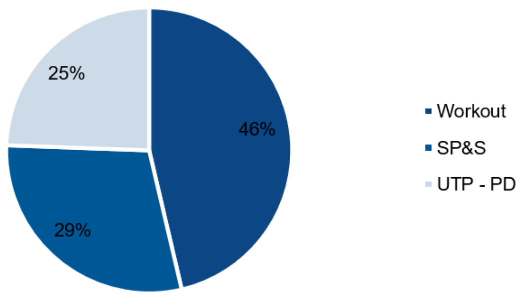
The item "Other assets" includes:

- Liquidity on current accounts of EUR 39 million inclusive of remuneration for the last quarter of 2022 yet to be liquidated for the servicing activity carried out by AMCO on the portfolio;
- Securities, equity financial instruments and similar instruments for EUR 63 million;
- Interest rate derivatives.

The following tables report an overview of portfolios:

Portfolio breakdown

By unit (€/mln)	
Workout	3,458
SP&S	2,181
UTP - PD	1,822



In accordance with sector best practices, also included in the "Guidance to banks on non-performing loans" issued by the European Central Bank, AMCO's management strategies are differentiated in accordance with the characteristics of debtors and their relative credit exposures with the objective of maximising value of positions.

With regard to this, the portfolio management is differentiated in accordance with the following criteria:

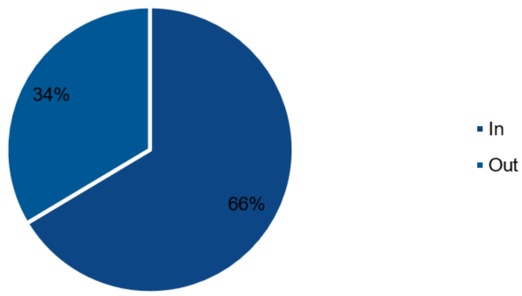
- gone concern loans, or non-performing loans whose operating cash flows from the borrower have ceased, for which the loan recovery strategy requires the maximisation of the value of the collateral or actions for the activation of the exposure also from a liquidation point of view;

- going concern loans, or loans whose operating cash flows from the borrower continue to be produced, for which the recovery strategy requires a management finalised at the reinstatement/safeguard of the going concern also by making recourse to new finance, should the prerequisites for this exist.

If the portfolio is analysed according to business unit, intended as the company division with the task of managing "gone concern" (Workout) loans and "going concern" (UTP/PD) loans, it can be observed that the UTP/PD business unit accounts for 24% of the total.

Portfolio breakdown

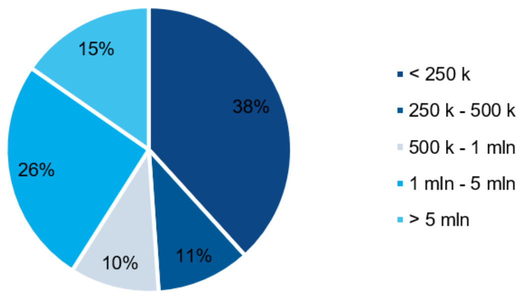
By type of management (€/mln)	
In	5,280
Out	2,181



Outsourced management represents 34.0% of the portfolio, as the strategy defined by the Company determines that economies of scale for low value positions (generally particularly fragmented) are best achieved through specialist servicers (also taking account of the level of maturity and standardisation of market solutions).

Portfolio breakdown

By amount (€/mln)	
< 250 k	2,854
250 k - 500 k	794
500 k - 1 mln	754
1 mln - 5 mln	1,914
> 5 mln	1,145



Analysing the portfolio by amount it can be noted that 41% of the portfolio is made up by positions amounting to more than EUR 1 million, while 38.3% of the portfolio is represented by positions amounting to less than EUR 250 thousand.

Vicenza Group PD	31.12.2022	31.12.2021
Collections		
- Non-securitised portfolio	372	381
- Securitised portfolio (Flaminia)	0	34
Total	**372**	**415**
Liquidity retroceded	293	357

The cash repaid in 2022 on the management agreements of the Segregated Estate is around EUR 293 million. This cash flow was reported to the LCA on a quarterly basis as required by the transfer contract.

9.

Declaration of the CEO and the Manager in charge

Attestation of the Chief Executive Officer and Manager in charge of preparing the Company's Financial Reports on the Consolidated Financial Statements and Report on Operations as at 31 December 2022 pursuant to Art. 154 bis of Italian Legislative Decree 58/1998

1. The undersigned MARINA NATALE, in her role of Chief Executive Officer and the undersigned, LUCA LAMPUGNANI, in his role of Manager in charge of preparing the Company's Financial Reports 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 Consolidated Financial Statements as at 31 December 2022.
2. In this regard, it should be noted that the undersigned LUCA LAMPUGNANI has carried out activities useful for the verification of the adequacy and the effective application of current procedures and consolidated administrative and accounting provisions, while at the same time continuing to pursue the rationalisation of the same.
3. The undersigned also certify that the consolidated financial statements as at 31 December 2022:
   - 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 Banca d'Italia on the subject.
4. Lastly, it is certified that the Report on Operations as at 31 December 2022 includes a reliable analysis of the Company's performance and result as well as the Company's situation, together with a description of the main risks and uncertainties to which the Company is exposed.

Milan, 13 March 2023

Signed by
Marina Natale
Chief Executive Officer

Signed by
Luca Lampugnani
Manager in charge of preparing the Company's Financial Reports

10.

Internal auditors’ report

INTERNAL AUDITORS' REPORT ON THE 2022 CONSOLIDATED FINANCIAL STATEMENTS

OF AMCO – Asset Management Company S.p.A.

AMCO - Asset Management Company S.p.A. (the "**Parent Company**", "**AMCO**" or the "**Company**") is a Financial Intermediary pursuant to Art. 106 of the Consolidated Banking Law (Testo Unico Bancario - TUB), specialised in the management and recovery of non-performing loans.

As at 31 December 2022, AMCO owns the entire equity investment in AMCO - Asset Management Co. S.r.l., a company incorporated under Romanian law specialising in the management of non-performing loans held by debtors residing in Romania, held by the Segregated Assets of the Veneto Group, which was put into liquidation on 16 June 2021, and the equity investments in the vehicles Tatooine SPV S.r.l. and Tatooine Leaseco S.r.l.

The securitisation vehicle Fucino NPL's S.r.l., which was consolidated in 2021, was closed in 2022 and, effective from 1 March 2022, the unwinding of the securitisation of receivables transferred to the vehicle was finalised.

The companies Tatooine SPV S.r.l. and Tatooine Leaseco S.r.l. are included in the scope of consolidation, given the effective control of Amco over both and in consideration of the materiality of the assets held by the SPV, as well as the obligation to consolidate Leaseco pursuant to Article 7.1, paragraph 5 of Law 130/99.

These companies, in addition to being subject to accounting consolidation, are considered "related parties". Acquired in 2022, as part of a complex sale and securitisation transaction of a portfolio of loans deriving from past due finance leases, subject to termination or dissolution, as well as the sale of leased assets and legal obligations deriving from the termination or dissolution of lease agreements.

The consolidation method adopted to prepare the financial statements is that of "full consolidation", that is to say line-by-line consolidation of the assets and liabilities of the consolidated companies.

The other financial transactions carried out with investee companies of the Ministry of Economy and Finance, carried out at market conditions, refer to the current accounts opened with Monte Paschi di Siena S.p.A. and Poste Italiane, in addition to the transaction concluded with the counterparty Quadrifoglio Brescia S.p.A. in liquidation and the granting of the mandate to SACE SRV, which took place in the first half of 2022, with regard to the recovery of the receivable from foreign debtors.

With reference to the results for the year, the consolidated financial statements show a positive result from current operations in terms of EBITDA of EUR 304.1 million, up from EUR 185.8 million as at 31 December 2021 (+64%), due to an increase in revenues exceeding the increase in costs; the evolution of both figures is due to the increase in the volumes of loans and receivables with customers recorded in the financial statements as a result of the acquisitions made during the year.

The 2022 consolidated financial statements closed with a consolidated net profit of EUR 42.3 million, compared to the previous year's loss of EUR 422 million. In line with what was carried out in 2021, this result is impacted by the effects of the update of the recovery expectations on the portfolio of impaired loans contributed to AMCO through the MPS Demerger. Net of the value adjustment on the MPS demerged portfolio, the 2022 result amounted to EUR 91.3 million, which compares with the result of EUR 69.6 million in 2021.

The fully paid-up share capital is divided into 600,000,000 ordinary shares with no nominal value, held entirely by the Italian Ministry of Economy and Finance, and 55,153,674 B shares with no nominal value and no voting rights, held by the Italian Ministry of the Economy and Finance, by other shareholders and including treasury shares in portfolio.

Among the most significant balance sheet items, it should be noted that revenues amounted to EUR 439.4 million, up by 43% compared to those of 2021 (+132.3 million), thanks to the contribution of the new portfolios and higher interest rates from the release of time value on the MPS portfolio.

Servicing fees amounted to EUR 44.5 million, down from the 31 December 2021 figure of EUR 46.5 million (- 4%), due to the lower contribution from the management of the portfolios of the former Banche Venete as a result of the reduction in volumes, partially offset by the increase in commissions received as part of the Cuvée transaction due to the growth in volumes managed as a result of the new contributions finalised in 2022.

Interest and commissions from activities with customers were up by 62% compared to 2021.

This increase is essentially attributable to the expansion of the business in the fourth quarter of 2022, with retroactive economic effectiveness, which generated a significant growth in interest from the portfolios.

The other income and expenses from ordinary operations amounted to EUR 87.7 million, up by EUR 16.5 million YoY (+23%) thanks to the higher reversals of cash collections made through recovery activities.

Net operating costs amounted to EUR 96.0 million, an increase of 18% (EUR +14.7 million) compared to 2021 due to the increase in expenses related to recovery activities.

As regards costs, personnel expenses amounted to EUR 39.2 million, in line with the previous year (EUR 39.9 million). In particular, during 2022, the strengthening of the AMCO workforce continued, even if offset by the absence of cost of the seconded personnel from MPS, which was necessary in

2021 to ensure initial support and operational continuity in the management of the portfolio subject to the demerger.

The balance of reversals of value adjustments from ordinary operations was negative, standing at EUR 141,1 million, due to write-downs on the loan portfolio – both on the portfolio acquired as part of the non-proportional demerger of Banca MPS and on a list of positions concentrated on the Carige and Fucino portfolios.

Net interest income from financial activities was negative and amounted to EUR 68.1 million due to the cost of funding (EUR 72.2 million) which finances AMCO's business, showing an improvement of EUR 7.2 million over the previous year.

Taxes record the positive impact of the accounting of tax assets for the recognition of deferred tax assets that are found to be sustainable on the basis of the expected prospective profitability. In particular, the net change in deferred tax assets primarily relates to the provision of deferred tax assets following the performance in the Probability Test, partially offset by deferred tax assets recorded in prior periods and deducted in 2022.

In consideration of the results of the activities carried out by the company appointed to carry out the legal audit of the accounts contained in the audit report on the Consolidated Financial Statements, received on 3 April 2023, and of the assessments directed by the same Board, also regarding the legitimacy of the decisions made by the Directors and the adequacy of the organisational, administrative and accounting structure adopted by the Company, the Board of Statutory Auditors expresses its favourable opinion on AMCO's Financial Statements as of 31 December 2022.

Rome, 5 April 2023

Signed by

G. Riccardi (Chairperson)

Signed by

G. Puglisi (Permanent Auditor)

Signed by

G.B. Lo Prejato (Permanent Auditor)

11.

Independent auditors’ report

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
AMCO - Asset Management Company S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of AMCO - Asset Management Company S.p.A. ("AMCO") and its subsidiaries (together with AMCO, the "AMCO Group"), which comprise the consolidated balance sheet as at December 31, 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the related notes to the accounts.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and to art. 43 of Italian Legislative Decree no. 136/15.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of AMCO - Asset Management Company S.p.A. (the "Company" or "AMCO") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of ex-MPS non performing exposures portfolio	
Description of the key audit matter	As highlighted in the notes to the financial statements Part C - Section 8 - Net value adjustments/reversals for credit risk and in the Report on Operations - paragraph "Operating performance", the 2022 economic results are affected by the valuation of the non-performing loans portfolio brought to AMCO (hereinafter the "ex-MPS non performing exposures") through a non-proportional demerger, completed at the end of 2020, of a compendium of assets and liabilities of Banca Monte dei Paschi di Siena. This valuation was affected by (i) the refinement of the lump-sum estimation model with respect to its initial adoption occurred, for these receivables, during 2021, (ii) the acquisition of additional information acquired in 2022 on some analytical positions and (iii) the regular updating of the exposures subject to analytical valuation, in accordance with AMCO Group valuation policy. This valuation gave rise to net adjustments on loans for a total of Euro 49.4 million. As reported in the notes to the financial statements Part A - Section A.2 - Part relating to the main financial statements items, paragraph - Financial assets measured at amortised cost and Part D - Section 3 - Paragraph 2 - Credit risk management policies, 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. Given the relevance of the amount of ex-MPS non performing exposures portfolio (equal to a net value of Euro 2.4 billion as at December 31, 2022) and the related adjustments recorded to profit and loss as well as the complexity of the valuation processes adopted by the Company for the determination of the relative recoverable amount, we deem that the valuation of ex-MPS non performing exposures represent a key audit matter of the AMCO Group's consolidated financial statements as at December 31, 2022.
Audit procedures performed	As part of the auditing activities, the following main audit procedures were carried out: • analysis and understanding of the processes and methodologies for the evaluation of non performing exposures adopted by the AMCO Group; • understanding and detection of relevant controls for the process of the evaluation of non performing exposures measured at amortised cost (analytical valuation and collective valuation). This activity also involved the verification of the implementation of these controls in the corresponding business processes; • checks for a sample of ex-MPS non performing exposures of the valuation in accordance with the credit valuation policy and, for those collectively valuated, the reasonableness of the estimate of the parameters used;

- checks for a sample of 2022 resolutions of the Credit Committee and Board of Directors in order to verify the transposition in general ledger of the related economic effect;

- verification of the adequacy and compliance of the disclosure provided in the notes to the accounts with respect to the requirements of the relevant regulatory framework and the applicable accounting standards.

Accounting of the purchase of non performing exposures ("purchased or originated credit impaired – POCI")	
Description of the key audit matter	As indicated in the notes to the financial statements Part B - Information on the Balance Sheet, Part C - Information on the Income Statement and Part D - Other Information and in the Report on Operations - paragraph "Operating performance", during fiscal year 2022 the parent company completed the block acquisition without recourse of some portfolios of non performing loans classified as *bad debt* and *unlikely to pay* for a total Gross Book Value of Euro 5.8 billion, including the following main transactions: • purchase agreement, with economic effectiveness starting from January 1, 2022, from Banca Popolare dell'Emilia-Romagna of a portfolio of non performing loans having a gross book value of Euro 1,543 million; • purchase agreement, with economic effectiveness starting from January 1, 2022, from Intesa Sanpaolo of a portfolio of non performing loans deriving from leasing contracts, mainly real estate, having a gross book value of Euro 1,364 million. This transaction has been carried out via the special purpose vehicles Tatooine SPV S.r.l. and Tatooine LeaeCo S.r.l., acquired in full by the parent company in 2022; • purchase agreement, with economic effectiveness starting from April 1, 2022, from Unipol Rec of a portfolio of non performing loans, having a gross book value of Euro 2,557 million; • purchase agreement, with economic effectiveness starting from April 1, 2022, from Banca Monte dei Paschi di Siena of a portfolio of non performing loans having a gross book value of Euro 206 million. The above-mentioned financial assets acquired as non performing loans ("purchased or originated credit impaired - POCI"), are classified as "Financial assets measured at amortised cost - loans and receivables with customers" whose balance as at December 31, 2022, also inclusive of the loans acquired in the past, amounted to a net value of Euro 2,613.1 million, grown by about 46% compared to the previous year due to the acquisition transactions that took place in 2022, which offset the normal trend of the year relating to collections, cancellations and capitalisation of interest. The AMCO Group accounted for interest revenues on POCI portfolios for a total amount of Euro 213.9 million.

The AMCO Group, as described in the notes to the accounts Part A - Section A.2 - Part relating to the main financial statements items, paragraph - Financial assets measured at amortised cost, in the definition of the effective interest rates "credit adjusted" relating to the purchased non performing exposures, applied to an evaluation model characterized by subjectivity and complex processes, based on assumptions regarding, among others, expected future cash flows deriving from the loans themselves and the related expected recovery time.

Given the relevance of the non performing exposures purchased by the Company ("purchased or originated credit impaired - POCI"), both during the year and in the past, and the complexity of processes of estimation of the relating interest income, carried out by the AMCO Group and characterized by a high judgment of some assumptions (e.g. the expected future cash flows and the related expected recovery timing), we deem that the accounting of the purchase of non performing exposures, with particular reference to the determination of their effective interest income, represents a key audit matter of the AMCO Group's consolidated financial statements as at December 31, 2022.

Audit procedures performed

As part of the auditing activities, the following main audit procedures were carried out:

- understanding of the structure and methods used for the purchase of portfolios of non performing exposures with customers through the acquisition and analysis of the Board of Directors' meeting minutes and of the contractual arrangements concluded with the originators, as well as through Management's enquiries;

- analysis and understanding of the models of estimation used and verification of the reasonableness of the assumptions and key variables adopted for the determination of the effective returns for the acquired portfolios of impaired loans;

- understanding and detection of relevant controls of the process of determining and monitoring the effective interest rate. This activity also involved the verification of the implementation of these controls in the corresponding business processes;

- for the transactions carried out during the financial year, analysis of the accounting treatment, applied also through enquiries to the Company's operational units, and check of its compliance with the requirements of the international financial reporting standard IFRS 9.

- verification of the completeness of the acquisition of the data relating to the portfolios acquired during the year by reconciling the sub-ledgers with the general ledger;

- verification of the existence, on a sample basis, of the non performing exposures purchased during the year, through the acquisition and analysis of the relevant contracts;

- verification of the determination of interest income related to the purchased non performing exposures, also with the support of experts belonging to Deloitte network;

- verification of the adequacy and compliance of the disclosure provided in the notes to the accounts with respect to the requirements of the relevant regulatory framework and the applicable accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and to art. 43 of Italian Legislative Decree no. 136/15, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of AMCO - Asset Management Company S.p.A. has appointed us on February 12, 2019 as auditors of the Company for the years from December 31, 2019 to December 31, 2027.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of AMCO - Asset Management Company S.p.A. are responsible for the preparation of the report on operations and the information referred to in paragraph 2, letter (b) of the article 123-bis of Legislative Decree 58/98 contained in the specific section relating to the report on corporate governance and the ownership structure of the Group as at December 31, 2022, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) no. 720B in order to express an opinion on the consistency of the report on operations and of information contained in the specific section relating to the report on corporate governance and the ownership structure set forth in art. 123-bis, paragraph 4 of Legislative Decree 58/98, with the consolidated financial statements of the Group as at December 31, 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and the information referred to in paragraph 2, letter (b) of the article 123-bis of Legislative Decree 58/98 contained in the specific section relating to the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of the Group as at December 31, 2022 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Maurizio Ferrero
Partner

Milan, Italy
April 3, 2023

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.


12.

Annexes

Below are the reconciliation tables used to prepare the reclassified balance sheet and income statement. Please refer to the previous sections for an explanation of the restatements for the comparative period.

EUR/(000) - %	31.12.2022	31.12.2021
Loans and receivables with banks	**46,826**	**154,973**
+ 10. Cash and cash equivalents	46,826	154,973
Loans and receivables with customers	**5,031,061**	**4,589,370**
+ 40 (a). Loans and receivables with banks	14,431	3,651
+ 40 (b). Financial assets measured at amortised cost: loans and receivables with financial companies	77,691	82,259
+ 40 (c). Financial assets measured at amortised cost: loans and receivables with customers	4,938,939	4,503,460
Financial assets	**1,258,534**	**1,152,586**
+ 20 (a). Financial assets valued at fair value through profit and loss - financial assets held for trading	23	70
+ 20 (c). Financial assets measured at fair value through profit and loss: other financial assets mandatorily measured at fair value	571,497	651,848
+ 30. Financial assets measured at fair value through other comprehensive income	687,013	500,668
Equity investments	**10**	**10**
+ 70. Equity investments	10	10
Property, plant and equipment and intangible assets	**31,367**	**29,154**
+ 80. Property, plant and equipment	27,391	27,217
+ 90. Intangible assets	3,975	1,937
Tax assets	**197,686**	**234,785**
+ 100 (a). Current tax assets	11,879	11,207
+ 100 (b). Prepaid tax assets	185,807	223,578
Other assets	**39,198**	**26,714**
+ 120. Other assets	39,198	26,714
Total assets	**6,604,682**	**6,187,592**

Table 8 - Reconciliation of reclassified balance sheet assets as at 31 December 2022

EUR/(000) - %	31.12.2022	31.12.2021
Payables to third parties	**4,133,631**	**3,673,371**
+ 10 (a). Financial liabilities measured at amortised cost: payables	23,087	26,199
+ 10 (b). Financial liabilities measured at amortised cost: debt securities issued	4,110,543	3,647,172
Tax liabilities	**4,307**	**4,103**
+ 60 (a). Current tax liabilities	1,706	-
+ 60 (b). Deferred tax liabilities	2,601	4,103
Provisions for specific purposes	**16,326**	**22,950**
+ 90. Staff severance indemnity	450	556
+ 100 (b). Provisions for risks and charges: pensions and similar obligations	168	130
+ 100 (c). Provisions for risks and charges: other provisions for risks and charges	15,708	22,265
Other liabilities	**72,394**	**91,129**
+ 20. Financial liabilities held for trading	71	4
+ 80. Other liabilities	72,323	91,124
Share capital	**655,081**	**655,082**
+ 110. Share capital	655,154	655,154
+ 120. Treasury shares	(72)	(72)
Share premiums	**604,552**	**604,552**
+ 140. Share premiums	604,552	604,552
Reserves	**1,141,970**	**1,572,479**
+ 150. Reserves	1,141,970	1,572,479
Valuation reserves	**(65,835)**	**(14,098)**
+ 160. Valuation reserves	(65,835)	(14,098)
Profit for the year	**42,254**	**(421,976)**
+ 170. Profit (Loss) for the year	42,254	(421,976)
Total liabilities	**6,604,682**	**6,187,592**

Table 9 - Reconciliation of reclassified balance sheet liabilities as at 31 December 2022

EUR/(000) - %	31.12.2022	31.12.2021
Servicing commissions	**44,517**	**46,542**
+ 40. Fee and commission income (partial)	44,517	46,542
Interests/commissions from business with customers	**307,176**	**189,351**
+ 10. Interest income (partial)	305,448	189,351
+ 40. Fee and commission income (partial)	1,728	-
Other income/expenses from ordinary operations	**87,694**	**71,153**
+ 100 (a). Profit/loss from sales or repurchase of accounts receivables	-	2,759
+ 110 (b). Net result of financial assets and liabilities measured at fair value through profit and loss - bonds at full value	159	-
+ 130 (a). Net value adjustments/reversals for credit risk of: assets measured at fair value with impact on OCI (partial)	86,768	68,394
+ 200. Other operating income and expenses (partial)	767	-
+ 250. Profit/loss from sale of investments (partial)	-	-
TOTAL REVENUES	**439,387**	**307,046**
Staff costs	**(39,248)**	**(39,945)**
+ 160 (a). Staff costs	(39,248)	(39,945)
Operational costs	**(96,018)**	**(81,326)**
+ 160 (b). Other administrative expenses	(87,788)	(88,573)
+ 200. Other operating income and expenses (partial)	8,747	7,656
+ 160 (b). Other administrative expenses	(16,977)	(409)
TOTAL COSTS	**(135,266)**	**(121,271)**
EBITDA	**304,121**	**185,775**
Net value adjustments/reversals on receivables and securities from ordinary operations	**(141,149)**	**(542,842)**
+ 110 (b). Net result of financial assets and liabilities measured at fair value through profit and loss - bonds at full value	(7,093)	5,208
+100.a) financial assets measured at amortised cost	7,130	-
+ 130 (a). Net value adjustments/reversals for credit risk of: assets measured at amortised cost	(141,186)	(548,049)
Value adjustments/reversals on property, plant and equipment and intangible assets	**(4,778)**	**(2,719)**
+ 180. Net value adjustments/reversals on property, plant and equipment	(3,018)	(1,995)
+ 190. Net value adjustments/reversals on intangible assets	(1,760)	(724)
Net provisions for risks and charges	**133**	**(3,507)**
Other operating income/expenses	**5,552**	**(2,379)**
+ 80. Trading activity result	17,035	13,592
+ 200. Other operating income/expenses	(11,738)	(17,149)
+ 130 (a). Net value adjustments/reversals for credit risk of: assets measured at amortised cost	157	1,178
+ 230. Net result of the measurement at fair value of property, plant and equipment and intangible assets	(9)	-
+ 180. Net value adjustments/reversals on property, plant and equipment	107	-
Financial activity result	**(34,743)**	**(2,564)**
+ 70. Dividends	1,813	1,419
+ 100 (b). Profit/loss from sale or repurchase of financial assets measured at fair value through other comprehensive income (partial)	-	1,690
+ 110 (b). Net result of other financial assets and liabilities measured at fair value through profit and loss - other financial assets mandatorily measured at fair value (partial)	(36,175)	(5,084)
+ 130 (b). Net value adjustments/reversals for credit risk of: assets measured at fair value with impact on OCI (partial)	(381)	(589)
+ 220 Profit/loss from equity investments	-	-
EBIT	**129,136**	**(368,237)**
Interests and commissions from financial assets	**(68,052)**	**(76,242)**
+ 10. Interest income (partial)	2,608	786
+ 20. Interest expenses	(72,368)	(77,796)
+ 40. Fee and commission income (partial)	1,792	1,113
+ 50. Fee and commission expense (partial)	(84)	(345)
PRE-TAX PROFIT	**61,084**	**(444,479)**
Current taxes	**(18,829)**	**22,503**
+ 270. Current taxes	(18,829)	22,503
RESULT FOR THE YEAR	**42,255**	**(421,976)**

Table 10 – Reconciliation of reclassified income statement as at 31 December 2022


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