

AMCO: a full service credit management company

We look to the future by changing the present

22nd November 2022



A person is running across a body of water at sunset. The sun is low on the horizon, creating a bright orange glow and reflecting on the water. The person's silhouette is visible, and their reflection is in the water. The background shows distant mountains.

amco

About AMCO

Investment Highlights



With **€36billion of NPEs¹**, of which **€13,2 billion UTPs** related for 75% to more than 41 thousand Italian companies, coupled with a **20-year track record** (as SGA), AMCO is a **leading company in the management of impaired loans**, a **reference point in the NPE market in Italy**.



Owned and controlled by the Ministry of Economy and Finance (99.78%). Supervised by the Bank of Italy and “Corte dei Conti” as well as subject to the control of its transactions by the Directorate General for Competition (DGComp), which acts at EU level.



AMCO is now a **regular and well established bond issuer** with a **liquid and populated outstanding curve**. **S&P and Fitch confirmed BBB rating with Stable outlook** on July and April 2022 respectively.



The **capital structure is solid**. At June 2022:

- **CET1 ratio** at **36.2%**
- **Net Debt/Equity ratio** of **1.2x**.

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

Business

We are a credit servicer (i.e. a financial intermediary pursuant to Art. 106 of the Italian TUB¹) offering innovative solutions for NPEs in Italy

We manage €36,2 billion NPEs, including €13,2 billion UTPs related for 75% to over 41 thousand Italian corporates²

People

Our 368³ highly motivated professionals have a wide range of skill sets

Our DNA



Rating

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

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

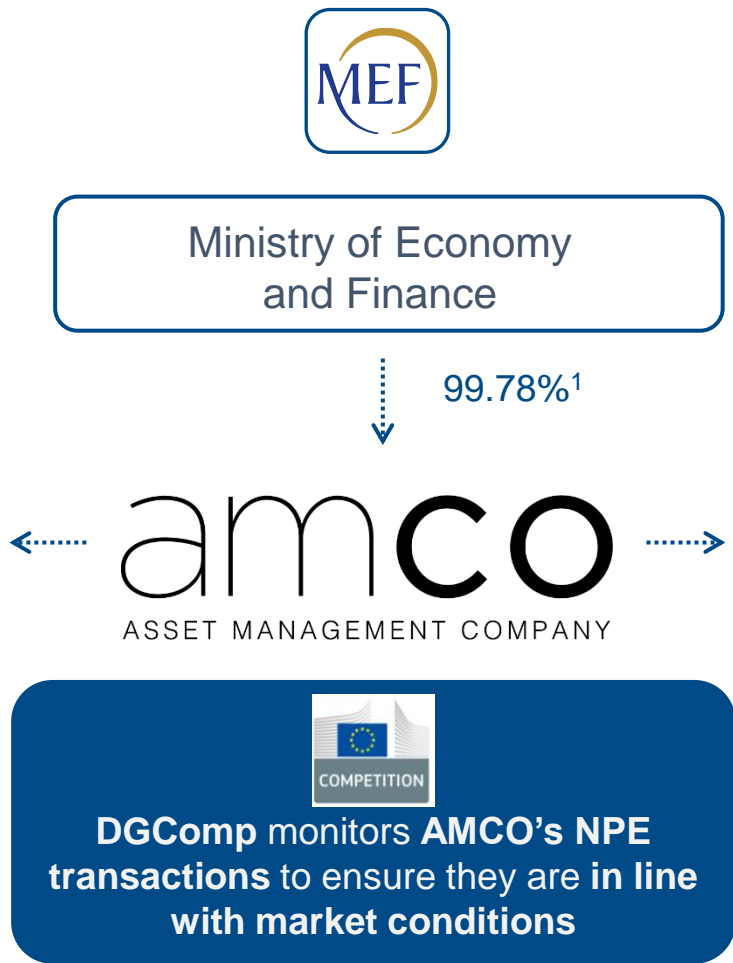
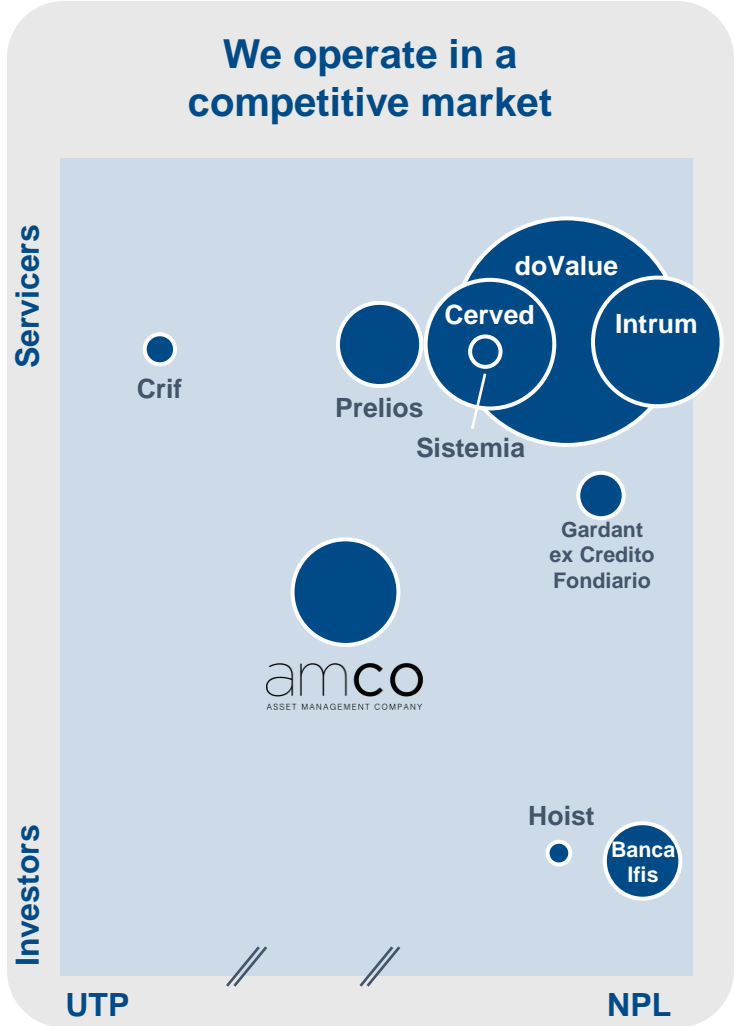
Financial Structure

We are listed on the bond market. We are solid, with a strong capital position

Execution capabilities

We successfully carry out complex transactions

We operate in a competitive market and our business is regulated



Our business activity is regulated and supervised

The Bank of Italy regulates and supervises all financial intermediaries pursuant to Art. 106 of the Italian TUB²

We are subject to supervision by the Italian Court of Auditors

The Italian Court of Auditors oversees the financial management of AMCO

1. 0.22% represented by B shares owned by other shareholders and by treasury shares
2. Testo Unico Bancario

We play a central role in Italy's NPE market...

DEBTORS (WORKOUT)

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



CREDITORS (UTP)

We manage positions with the aim of ensuring business continuity



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



SELLING BANKS

We manage all aspects of the onboarding processes



BONDHOLDERS

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



PEOPLE

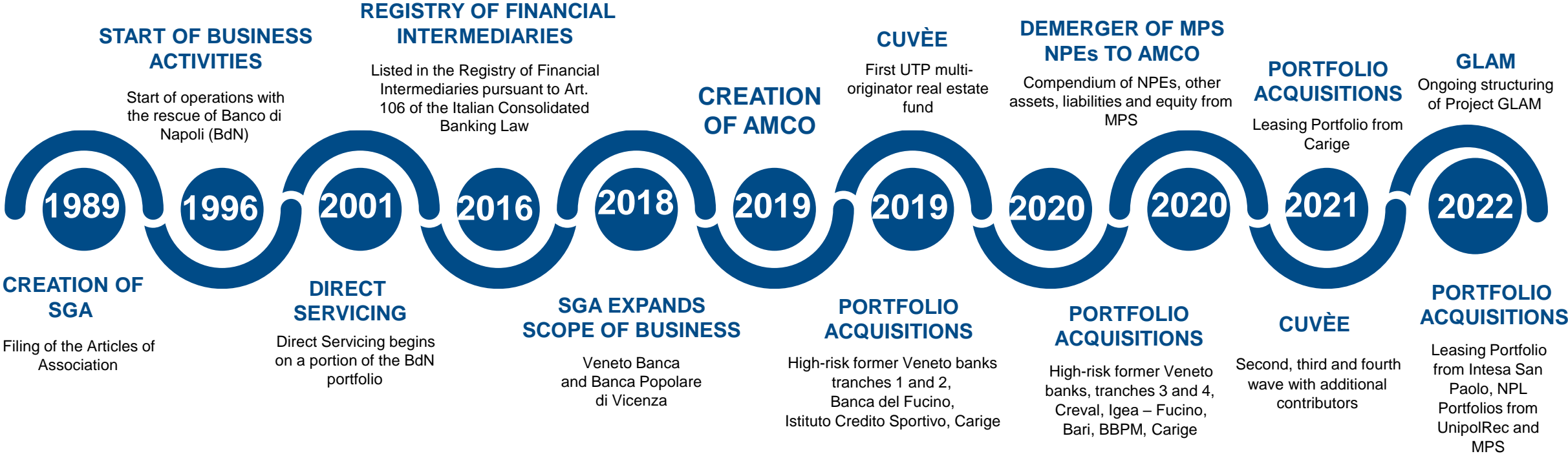
We support our people on their career paths



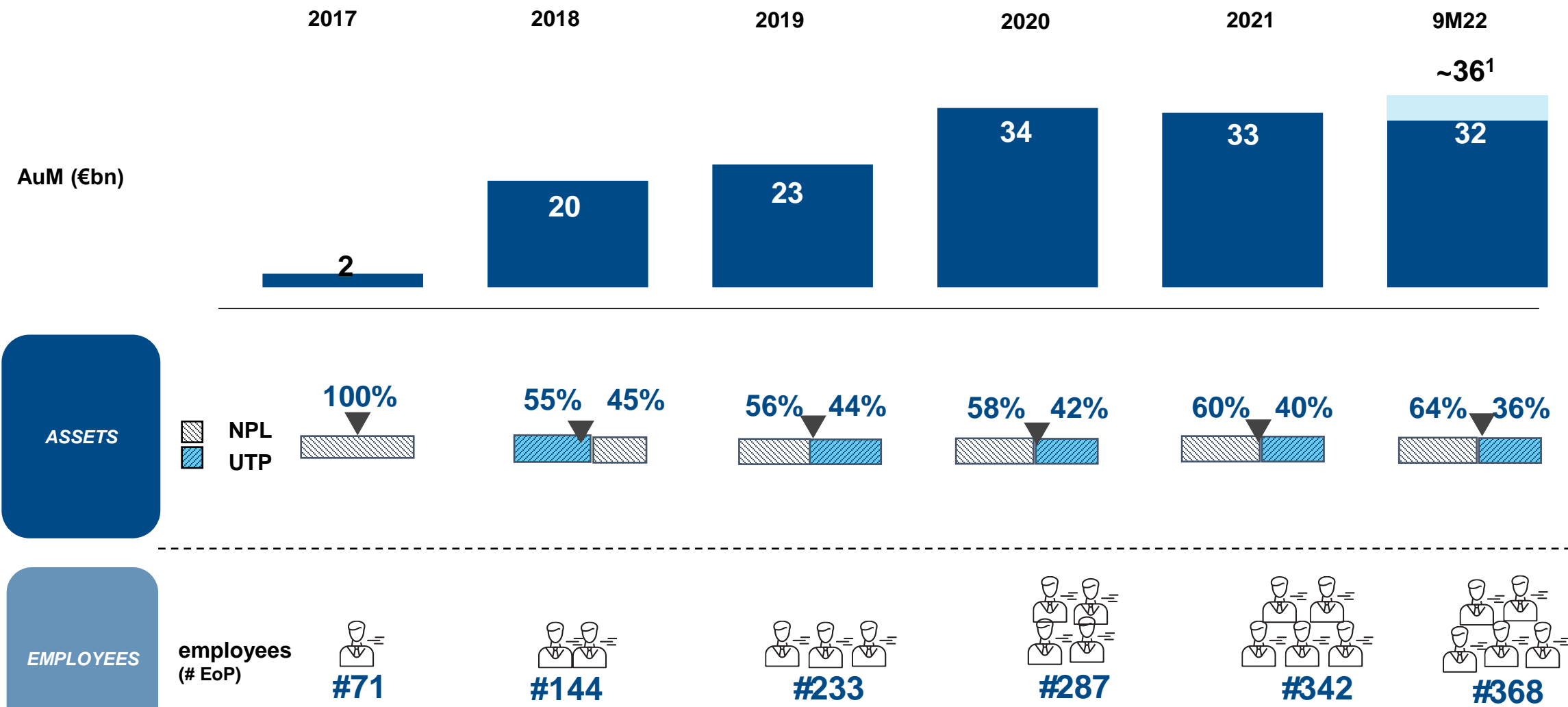
Our debt recovery process adopts a patient approach that is respectful of the borrower's socio-economic conditions. We support deserving companies.



Business growth is based on our experience



We have completed the set-up phase and we are ready for future growth



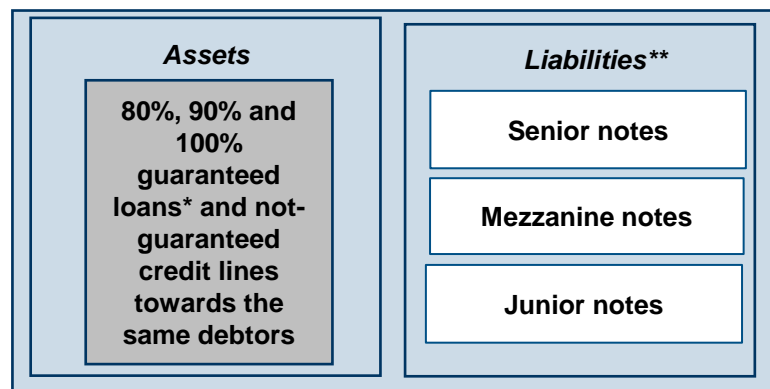
amCO

Note (1) AuM pro-forma for the acquisition agreements of Intesa Sanpaolo leasing and single name portfolios, MPS and UnipolRec NPL portfolios. The underlying contracts have been signed but are expected to become effective by the end of 2022.

We are structuring Project GLAM to manage loans guaranteed by Fondo Centrale di Garanzia, granted to SMEs to face Covid

AMCO will act as master and special servicer, coordinating the project and leveraging on a network of subservicers, selected via a competitive process

4 types of segregated accounts
Accounting and management separated from AMCO's accounts



Mezzanine and Junior Notes → Investors



Banks

- Derecognition of guaranteed loans and not-guaranteed loans to the same debtors
- Sharing of the economic benefits related to credit collections by GLAM
- Centralised management of loans and of the enforcement process of the guarantee

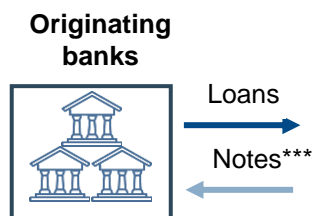


Government

- Reduction, postponement and split by instalments of the guarantee's reimbursement
- Maximisation of collections by GLAM, after the guarantee's reimbursement
- Safeguard of the industrial and economic system, via support to SMEs

Corporates

- Support to corporates' business continuity via a «patient» management approach
- Possibility to deploy flexible solutions via extra-judicial recoveries
- Access to new financing to favour relaunch



We created Cuvèe: the multi-originator platform for corporate loans in the real estate sector



- **Announced in December 2019: the first multi-originator fund managing real estate UTPs in Italy.** AMCO acting as Master and Special Servicer; Prelios as fund manager and real estate partner
- **11¹ banks contributed the loans in 5 waves**
- **The fund now manages €2.2 billion² of assets (GBV)**

9M22 Financial results

9M22: growth in collections and AuM confirmed



Collections performance improved to €978m (+4% y/y), equal to **4.1% of AuM¹** (3.8% in 9M21) thanks to the continuous credit management activities implemented on the purchased portfolios and the operational leverage provided by the in-house/outourcing model.

AuM at end of September 2022 stand at about €32bn, and €36.2bn pro-forma for the **acquisitions** signed²; AuM evolution reflects the natural dynamics of the portfolio under management as well as the continuous business expansion.



EBITDA net of cost of debt³ at €85.5m (-10.5% y/y), due to an **extraordinary revenue item realised in 2021** and to the increase in **debt collection expenses** related to credit management activities that will generate future collections.



The **capital structure remains solid**. At June 2022:

- **CET1 ratio** at **36.2%**, and
- **Net Debt/Equity ratio** of **1.2x**.

Net financial position improves due to cash generated from collections on purchased portfolios.

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

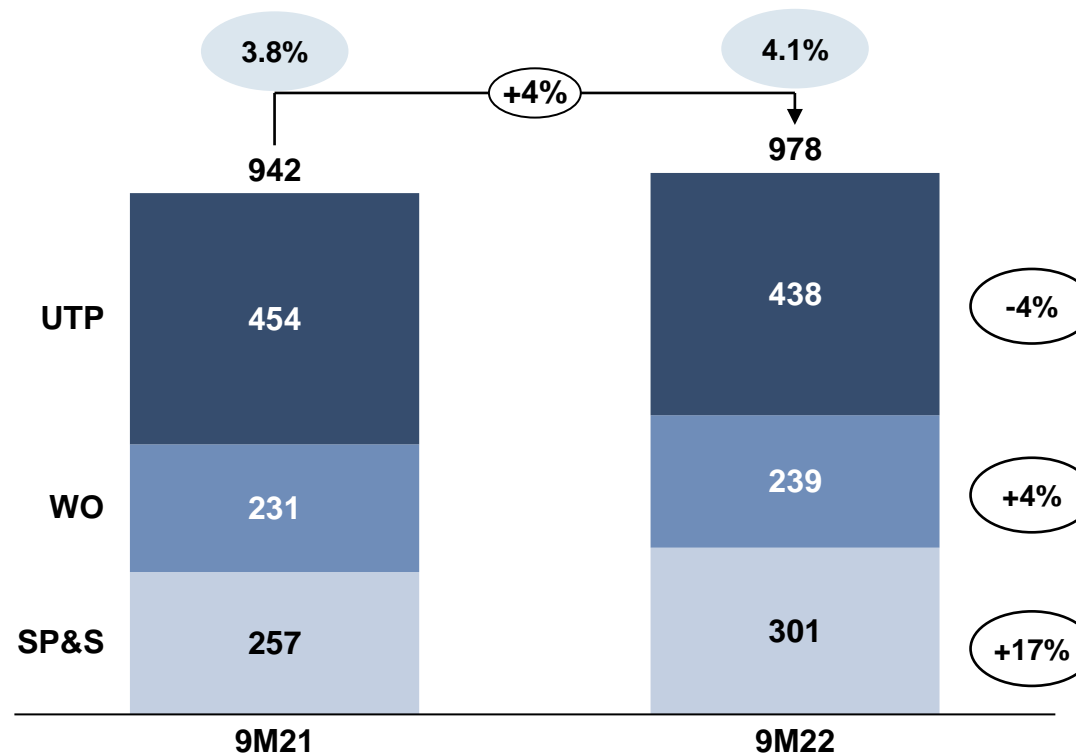
Note (2): Pro-forma for the acquisition agreements of Intesa Sanpaolo leasing and single names portfolios and of MPS and UnipolRec NPL portfolios. The underlying contracts have already been signed but are expected to become effective by the end of 2022.

Note (3): EBITDA less net interest from financial activity.

Collections reach €978m, equal to 4.1% of AuM

Collections – Managerial figures (€/m)

Annualised Collection
Rate ⁽¹⁾ %



- **Collections +4% y/y**, thanks to the positive results of the continuous credit management activities implemented on the purchased portfolios and of the operational leverage provided by the in-house/outsourcing model. **Collection rate at 4.1%**, +0.3pp vs 9M21, confirming the strengthened collection capabilities
- Decrease in collections' value of the UTP Division linked to the natural reduction in assets under management occurred in the period compared to 9M21; collection rate of UTPs at 6%, +0.2pp vs 9M21

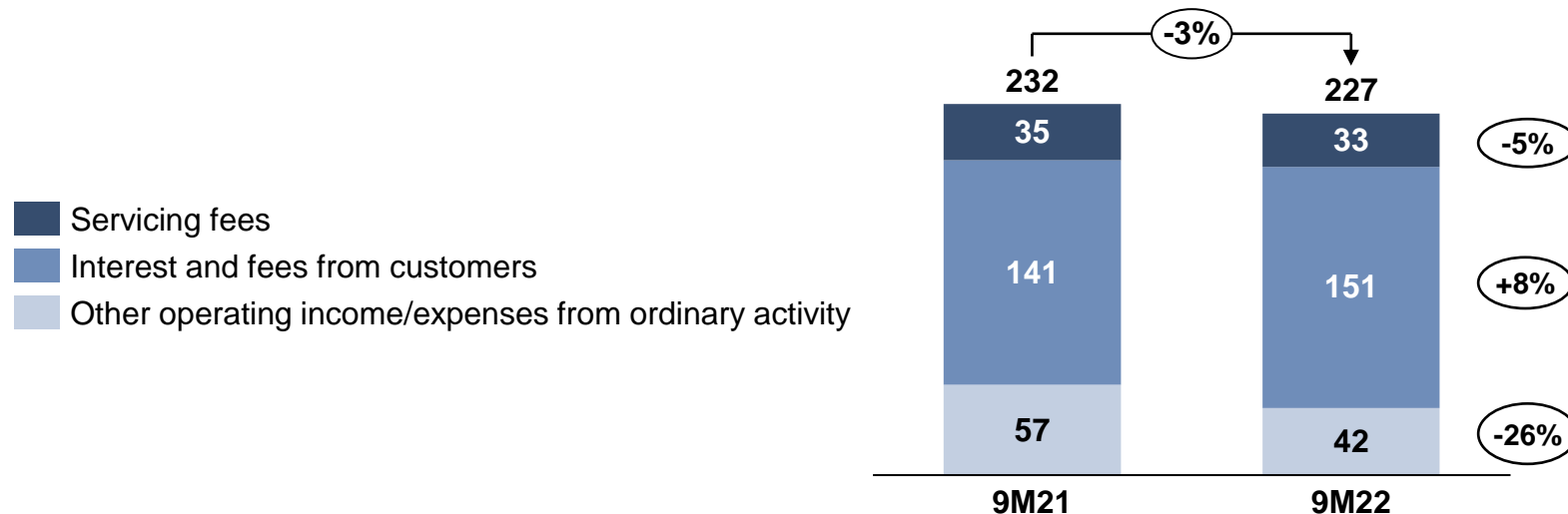
EBITDA at €133.1m due to higher debt collection expenses that back future collections

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

- **Revenues at €226.6m**, -3% y/y as 9M21 revenues were positively impacted by a significant cash recovery on a single position. Excluding such effect, the y/y change in revenues would be positive
- **Net operating costs at €65.1m**, up 33% y/y mainly due to the increase in legal and collection expenses, related to credit management activities that will generate future collections, and outsourcing fees up due to higher collections recorded
- Personnel expenses flat y/y as new hirings offset the costs of the staff seconded from MPS and exited in Nov-21
- **EBITDA stood at €133.1m** (-14% y/y), with **margin at 58.7%**, whilst **EBITDA net of interest** came at **€85.5m**, down 10.5% y/y due to the lower cost of debt resulting from the early repayment of the secured debt occurred in Jun-21

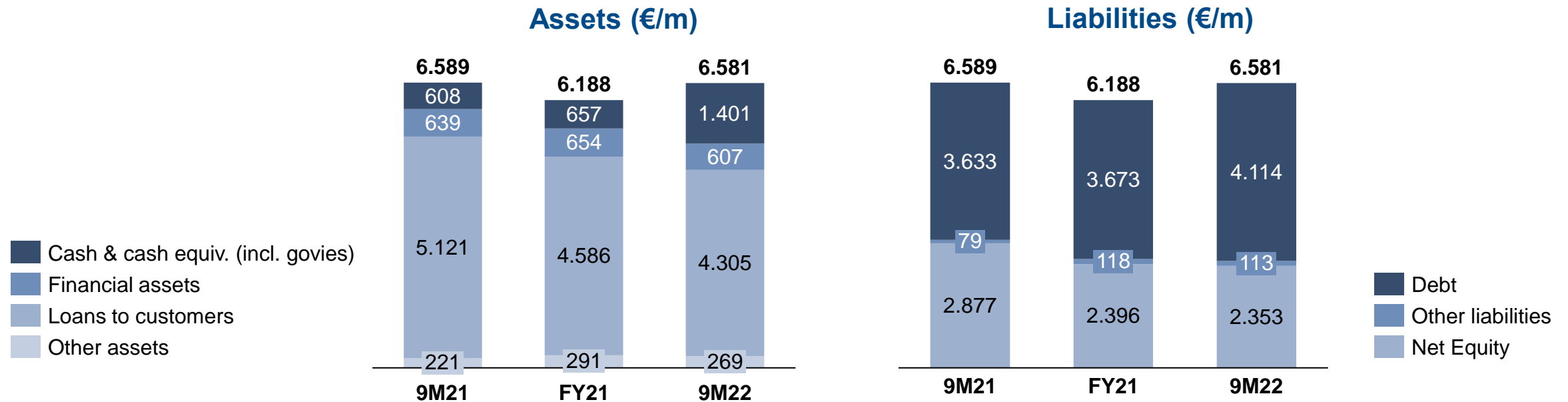
Revenues slightly down y/y due to an extraordinary revenue item realised in 2021

Revenues trend (€/m)



- **Servicing fees** down due to the natural dynamics of the off-balance portfolios, only partially offset by the increase in fees arising from new AuM contributions to the Cuvée fund
- **Interest from customers** reach €151.1m (+8% y/y), mainly driven by higher Time Value interests accrued on the MPS portfolio as recoveries envisaged in the plans approach
- **Other income/expenses from ordinary activity** dropped to €42.1 million, -26% compared to 9M21 due to the extraordinary recovery item recorded in such year. Net of this effect, the figure for 2022 is substantially stable compared to 9M21

Solid balance sheet: increase of liquidity due to the cash flow generation of the business and the proceeds of the bond issuance of Sep-22 still on balance



- **Loans to customers decrease** due to the **natural dynamics** of **portfolios under management**
- Increase in **cash and cash equivalents** reflecting the **cash generated by** the **business operations** as well as the **proceeds** of the **bond issuance of Sep-22** temporarily still on balance
- **Excess cash is** generally **invested** in Italian government bonds booked at Fair Value
- Debt increase linked to the aforementioned bond issuance

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

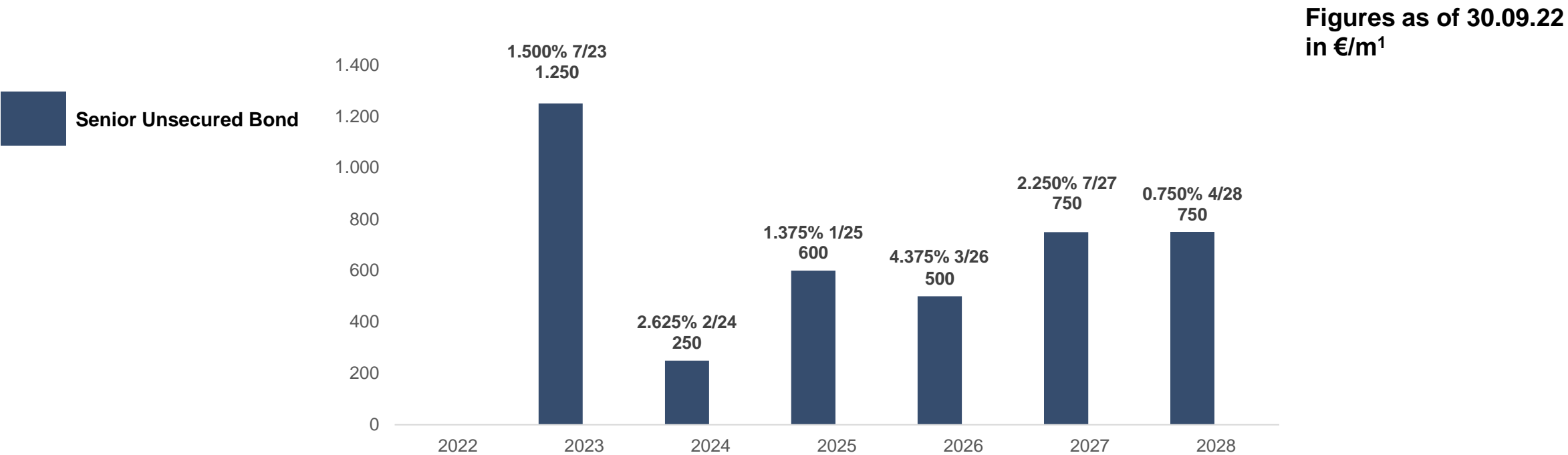
	Rating and outlook confirmed on 28 July 2022	Rating and outlook confirmed on 27 April 2022
Rating agency	S&P Global Ratings	Fitch Ratings
Issuer Default Rating	Long-Term IDR: BBB Short-Term IDR: A-2 Stable outlook	Long-Term IDR: BBB Short-Term IDR: F2 Stable outlook
Special Servicer Rating		Special Servicer Ratings Affirmed on 2 August 2022 Residential Special Servicer: RSS2 Commercial Special Servicer: CSS2 Asset-Backed Special Servicer: ABSS2

On 14 January 2021 **Fitch upgraded** AMCO's commercial, residential and asset-backed special servicer ratings

Appendix

- **Focus on Outstanding Debt**
- **AuM Breakdown**

Financial debt well spread across different maturities

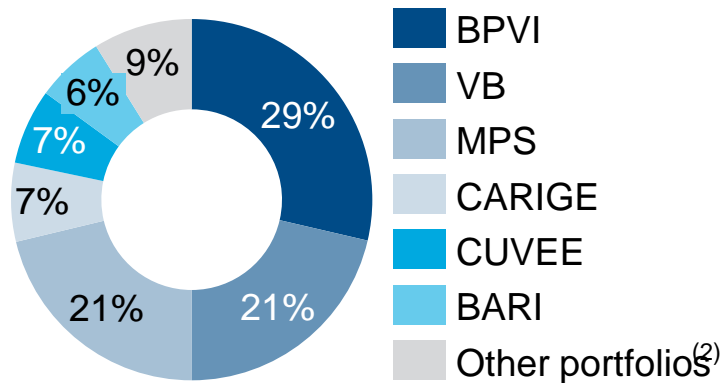


- AMCO's **financial debt is well spread across different maturities**
- **Financial debt** is **entirely unsecured**, with an average residual maturity of 2.7 years

Breakdown of €32bn ⁽¹⁾ AuM as of 30 September 2022 (1/2)

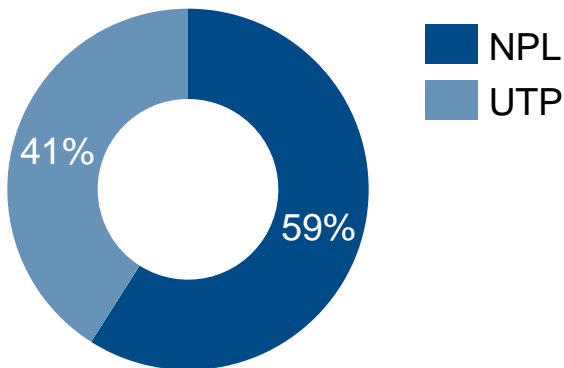
Portfolios (% GBV)

50% former Veneto banks



Classification (% GBV)

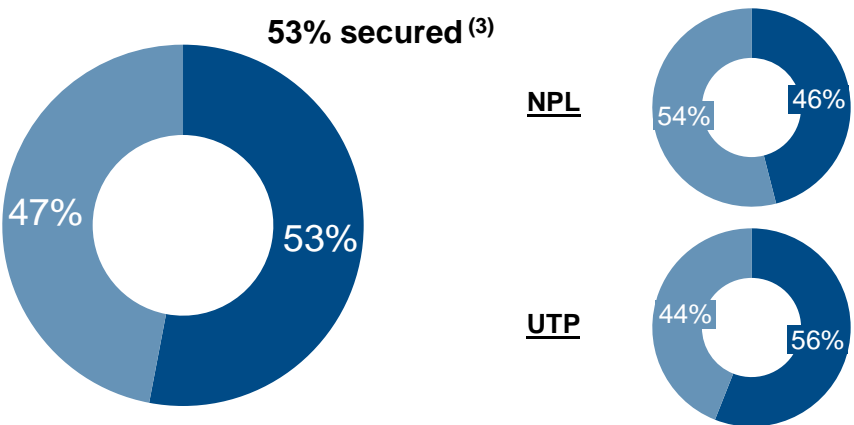
41% UTP



Secured/Unsecured (% GBV)

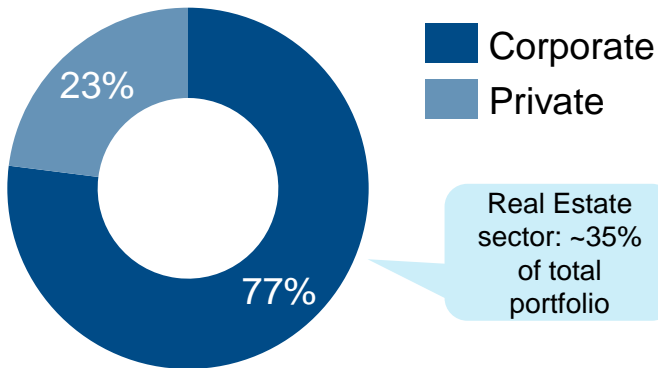
53% secured ⁽³⁾

Secured
Unsecured



Counterparty (% GBV)

77% corporate counterparties



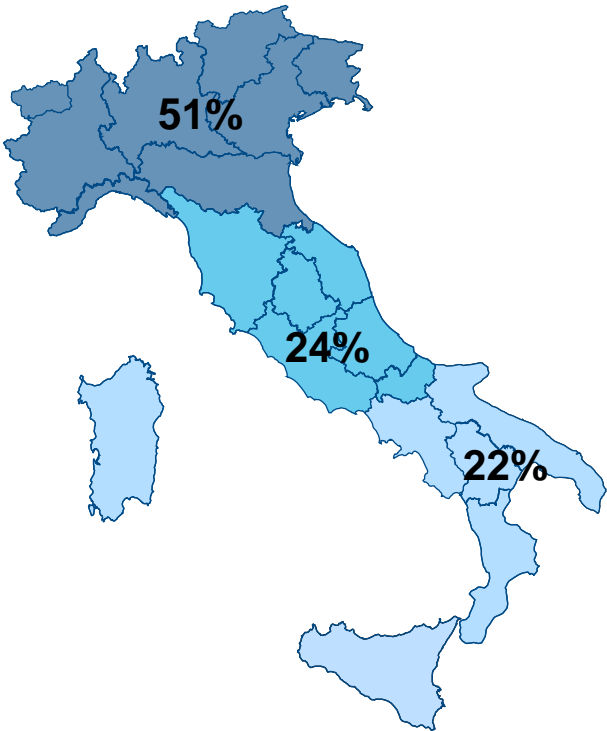
Real Estate sector: ~35% of total portfolio

Note (1) AuM as of 30 September 2022 do not include Intesa Sanpaolo leasing and single-name portfolios, UnipolREC and MPS NPL portfolios.
 Note (2) Other portfolios include Banco di Napoli, Banca Fucino, Creval Portfolios, Istituto del Credito Sportivo, Igea-Fucino, Banco BPM, Banca del Sud, ICCREA, Intesa San Paolo (Banking).
 Note (3) Secured assets include all positions with at least one first mortgage lien.

Breakdown of €32bn ⁽¹⁾ AuM as of 30 September 2022 (2/2)

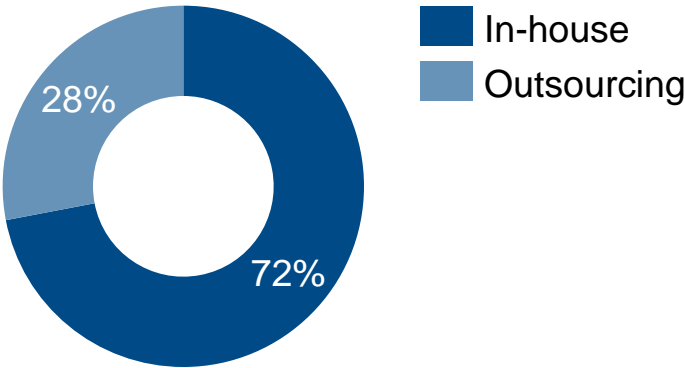
Geography (% GBV)

51% concentrated in Northern Italy²



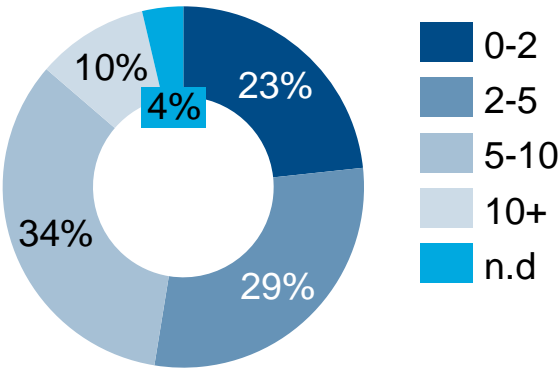
~28% managed by servicers

Management (% GBV)



52% with vintage under 5 years

Vintage³ (% GBV)



Note (1) AuM as of 30 September 2022 do not include Intesa Sanpaolo leasing and single-name portfolios, UnipolREC and MPS NPL portfolios.
Note (2): Non-domestic 3%.
Note (3): Calculated from the latest date of classification.

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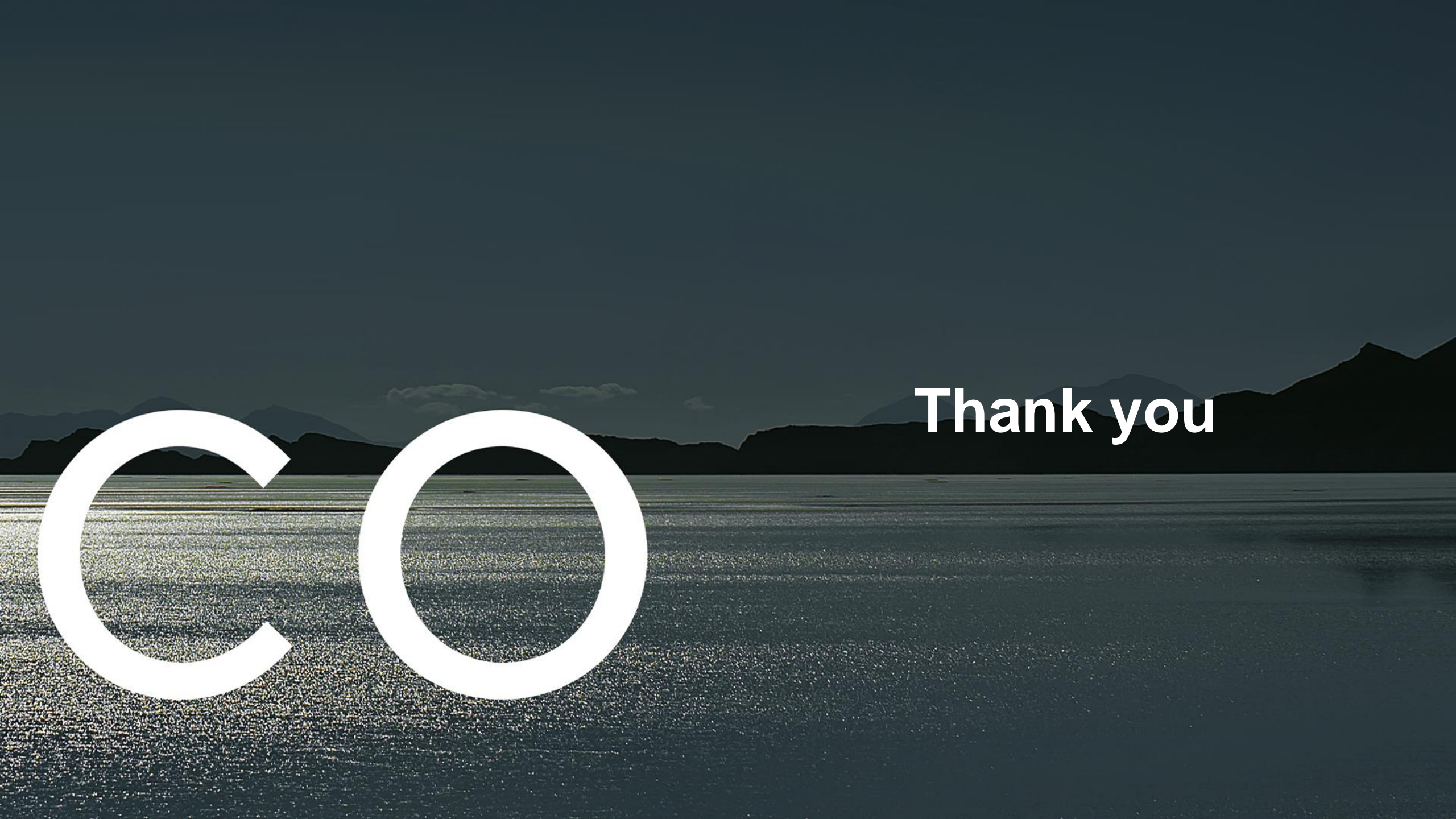
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Pursuant the Leg. Decree of 24 February 1998, no. 58, par. 2, (“Testo Unico della Finanza”), the manager in charge for the preparation of the company’s financial reports declares that the accounting information contained in the Presentation reflect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



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Thank you