

#### AMCO - ASSET MANAGEMENT COMPANY

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#### **BOARD OF DIRECTORS**

Chairperson Stefano Cappiello
Chief Executive Officer Marina Natale
Director Domenico Iannotta

#### BOARD OF STATUTORY AUDITORS<sup>1</sup>

Chairperson 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 Silvia Guerrini

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

Principal Appointee Giulia De Franciscis
Substitute Appointee Carmela de Gennaro<sup>2</sup>

# SUPERVISORY BODY pursuant to Italian Legislative Decree No. 231/2001<sup>3</sup>

Chairperson Arturo Betunio

Member (external) Olga Cuccurullo

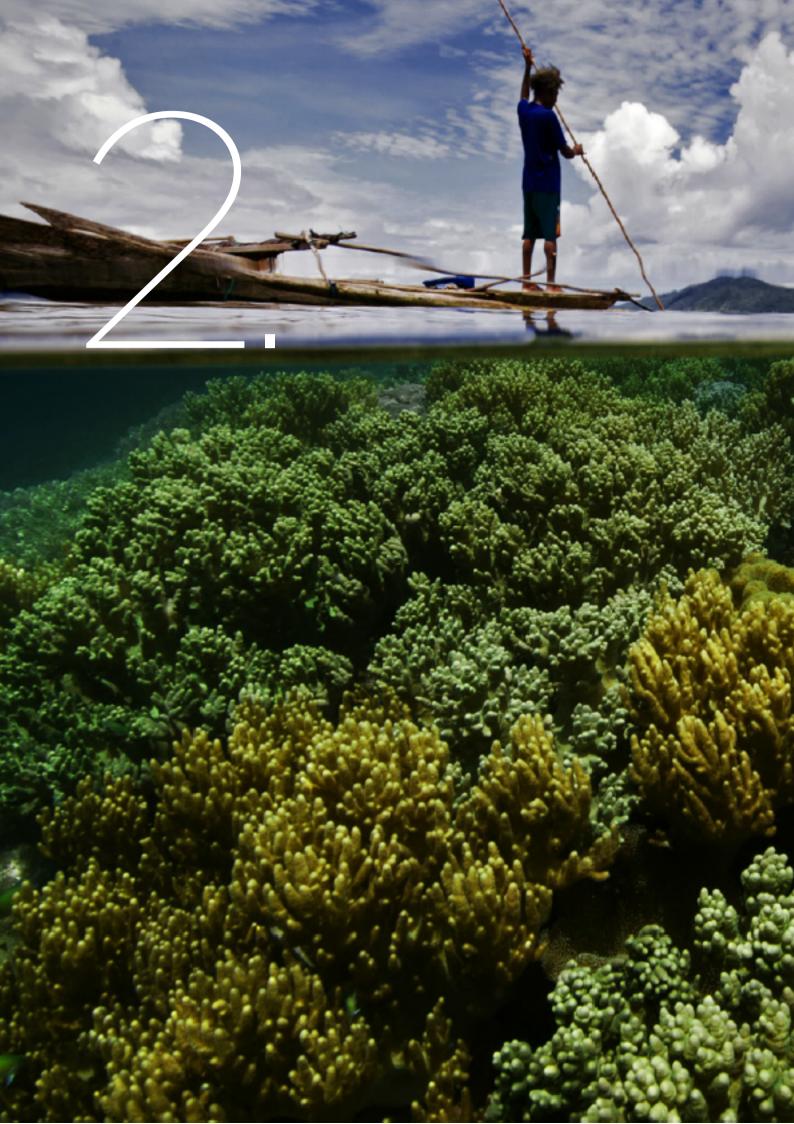
Member (internal) Lorenzo Lampiano

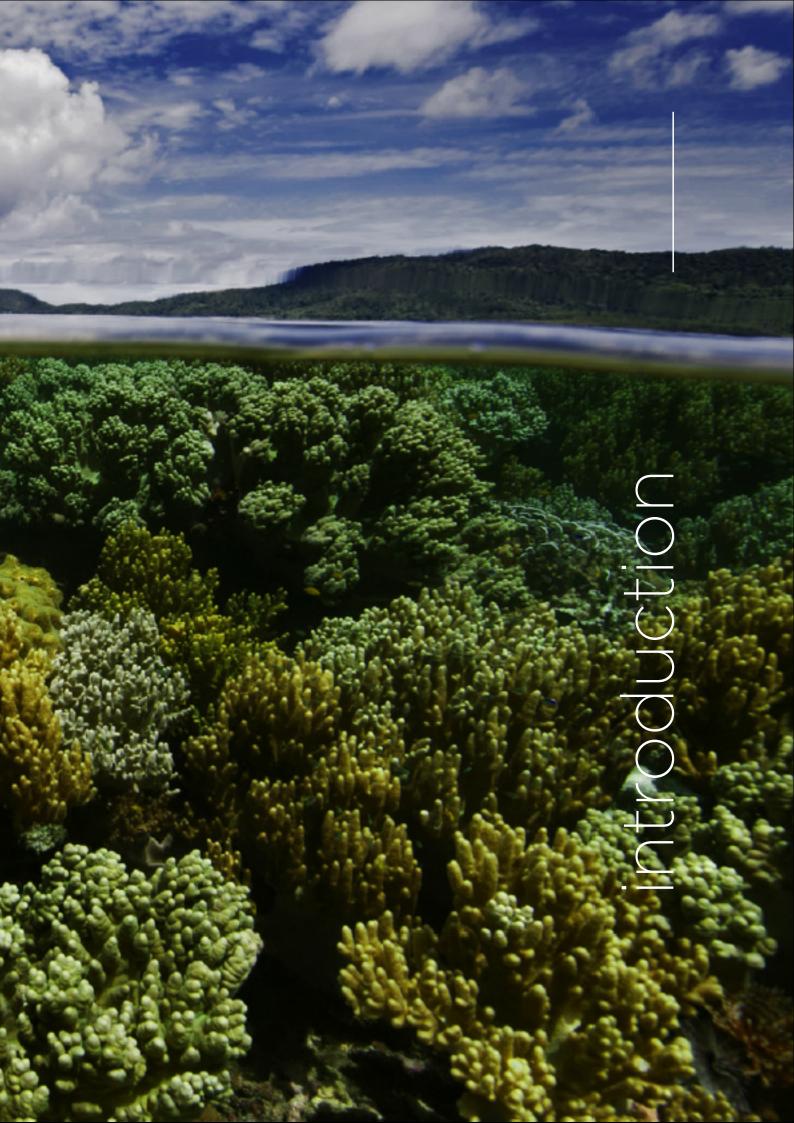
At the date of closing the financial statements as at 31 December 2021

The appointment will last until the approval of the financial statements as at 31 December 2023.

<sup>&</sup>lt;sup>2</sup> Starting from 1 January 2022, Mr. Vincenzo Liparino replaced Ms. Carmela de Gennaro.

The appointment will last until the approval of the financial statements as at 31 December 2023.





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

Since 1997 the Company has operated in the context of legislative and regulatory interventions pursuant to Italian Law No. 588 of 19 November 1996 (conversion into Law from Italian Legislative Decree No. 497 of 24 September 1996, laying down "urgent provisions for the reorganisation, restructuring and privatisation of Banco di Napoli") and of Art. 3 of Italian Ministerial Decree of 14 October 1996. In this context, the company became a bulk assignee, pursuant to Art. 58 of the Consolidated Banking Act, 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, 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<sup>6</sup> issued by Flaminia SPV S.r.I and Ambra SPV S.r.I, 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 the basis of the articles of association applicable at the time of these half-yearly financial reports, AMCO's corporate purpose is as follows:

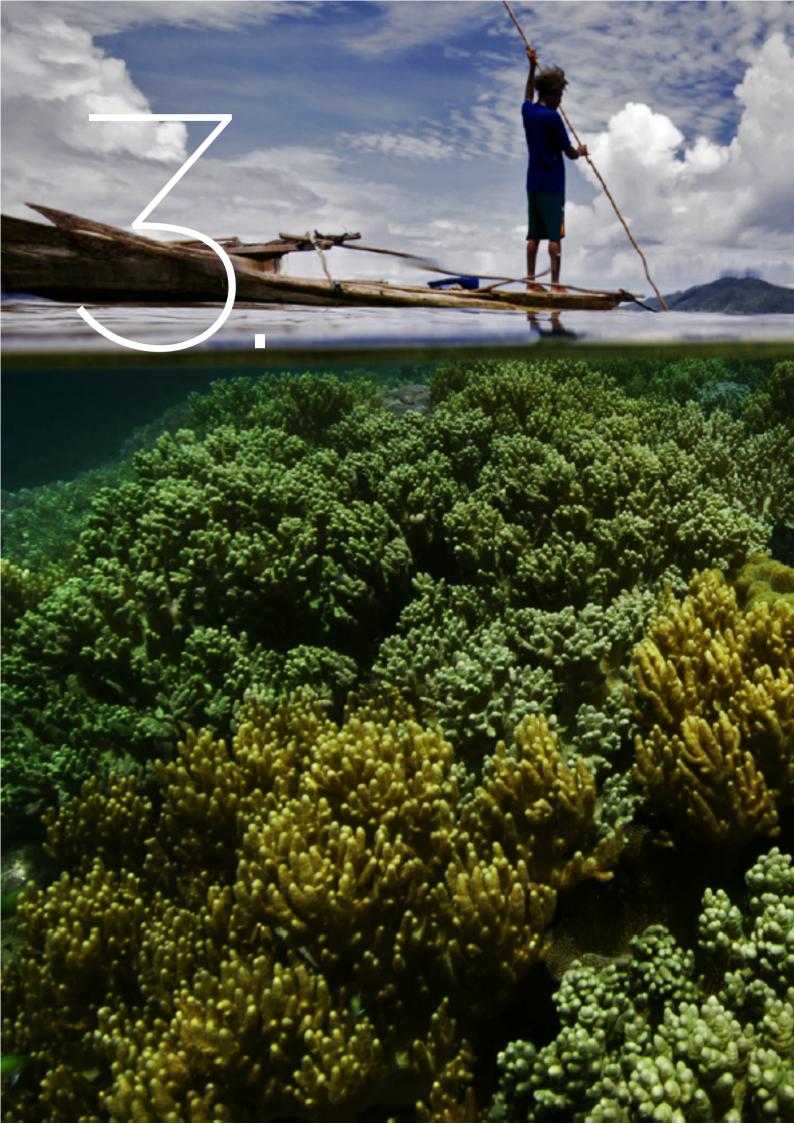
"1. The Company's corporate purpose involves the purchase and management for selling purposes, according to economic criteria, of loans originating from banks enrolled in the register set forth in Art. 13 of Italian Legislative Decree No. 385 dated 1 September 1993 (hereinafter TUB), by companies belonging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

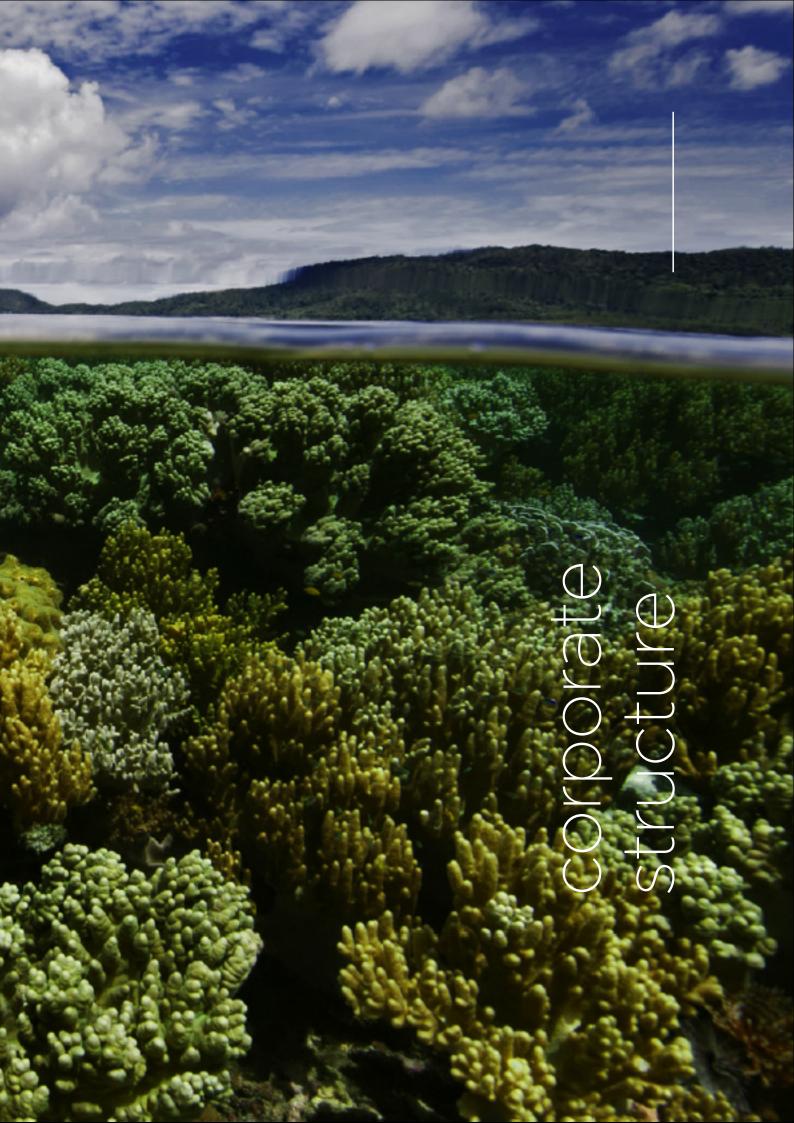
During the 2021 financial year, the unwinding of the securitised loans by the two vehicles, Flaminia SPV S.r.l. and Ambra SPV S.r.l., was completed.

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 transfer debtors, in connection with the activities described in paragraph 1 of this article, trading services and activities on its own behalf and order execution services on behalf of clients, in each case limited to 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.





In accordance with Art. 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 2021, AMCO owns the entire equity investment in AMCO - Asset Management Co. S.r.I., 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 put into liquidation on 16 June 2021.

AMCO's corporate structure as at 31 December 2021 is shown in the following diagram<sup>5</sup>:

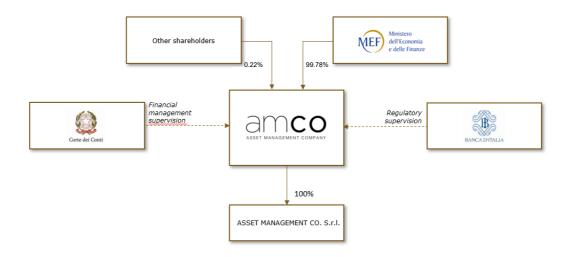
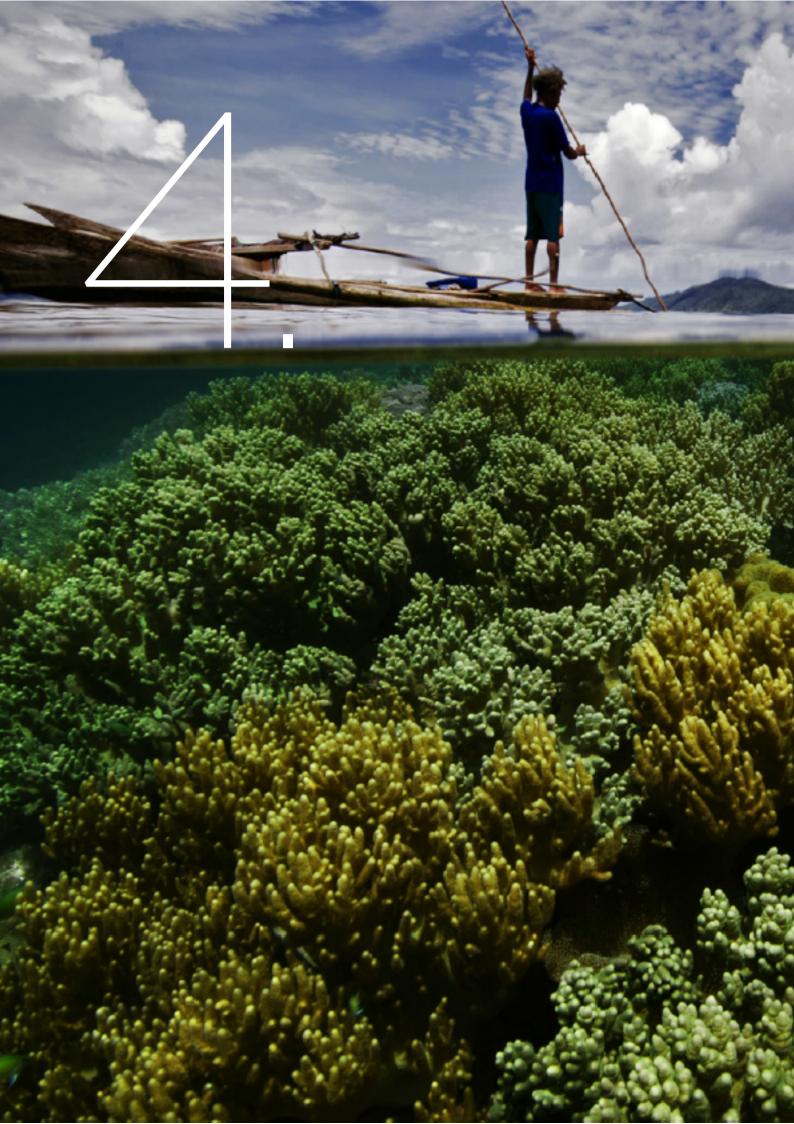


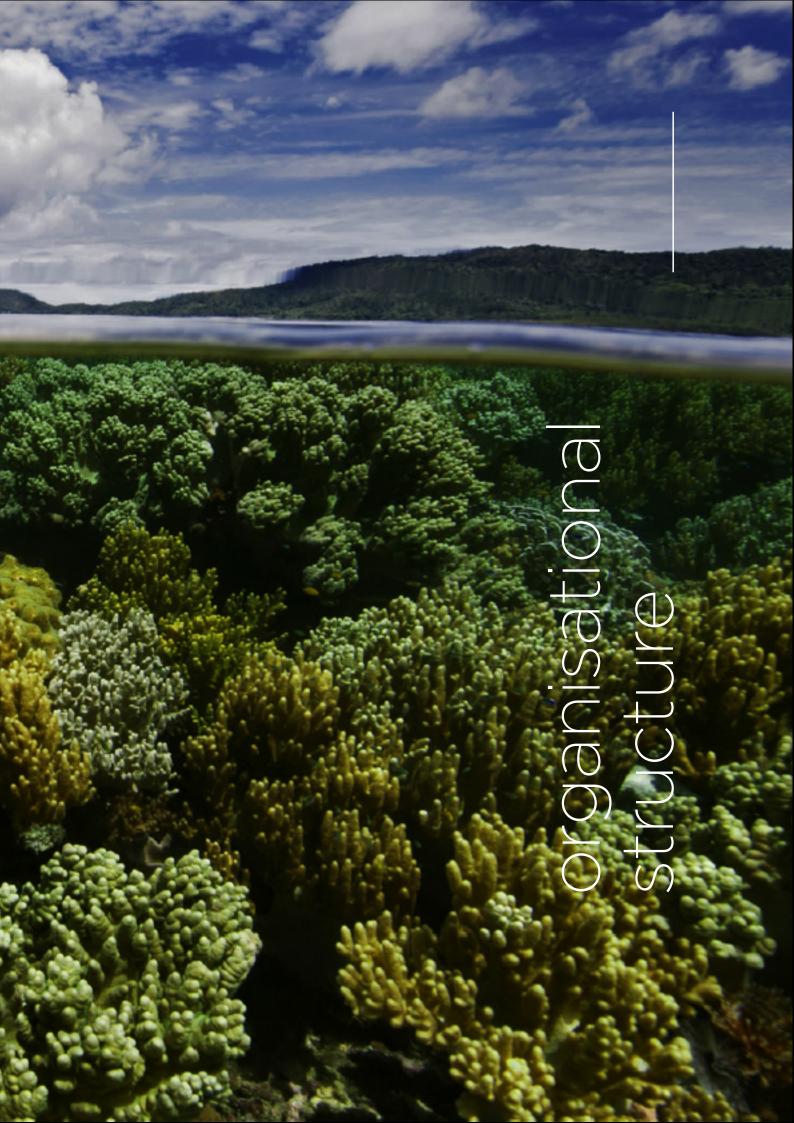
Figure 1 - Corporate Structure as at 31 December 2021<sup>6</sup>

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 18,466 treasury shares in portfolio.

The chart does not include the vehicle Fucino NPL's S.r.l. because, although it is consolidated in accordance with IFRS 10, AMCO does not hold any direct equity investment in it. It should be noted that the receivables conferred in the Vehicle were transferred to AMCO with effect from 1 March 2022 and, consequently, it will be put into liquidation by the end of the same year.

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





Chairman

Internal Audit

CEO

Investor Relations & Corporate Communication

Legal & Corporate AML

General Manager

Real Estate

NPE Investments & Business Development

HR, Transformation & Internal Communication

Portfolio Analysis e Monitoring

AMCO's organisational structure as at 31 December 2021 is shown below:

Figure 2 - Organisational structure as at 31 December 2021

As at 31 December 2021, 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 16 March 2021. 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 2021 the number of AMCO employees was a total of 342 units, up compared to the correspondent number as at 31 December 2020 (287 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 2021 by gender, age and working years, classification and contract type.

|                                       | Senior<br>managers | Middle<br>managers | White-collar<br>workers | Coordinated<br>and continued<br>collaborators | Total |
|---------------------------------------|--------------------|--------------------|-------------------------|---|-------|
| Men (No.)                             | 15                 | 148                | 44                      | -   | 207   |
| Women(No.)                            | 5                  | 81                 | 49                      | -   | 135   |
| TOTAL                                 | 20                 | 229                | 93                      | -   | 342   |
| Average age                           | 51                 | 45                 | 38                      | -   | 43    |
| Length of service* (average in years) | 3                  | 5                  | 5                       | -   | 5     |
| Permanent contract                    | 19                 | 229                | 90                      | -   | 338   |
| Fixed-term contract                   | 1                  | -                  | 3                       | -   | 4     |

Table 1 - Composition of the headcount as at 31 December 2021

#### Litigations

There were no litigations outstanding with employees as at 31 December 2021.

#### **Turnover**

With regard to staff turnover, hiring continued in 2021 based on the organisational and growth needs of the Company, mainly aimed at consolidating the operational strengthening linked to the growth in the volumes of impaired loans under management.

The secondment of the MPS resources, which, on the occasion of the non-proportional demerger transaction carried out with MPS, had been seconded to AMCO was definitively concluded.

| Permanent contract   | 31/12/2020 | Recruitment | Change from<br>fixed-term<br>to permanent<br>contract | Resignations,<br>retirements<br>and<br>terminations | Change in category* | 31/12/2021 |
|----------------------|------------|-------------|---|---|---------------------|------------|
| Senior managers      | 16         | 1           | -   | -   | 2                   | 19         |
| Middle managers      | 183        | 43          | 1   | (9)   | 11                  | 229        |
| White-collar workers | 82         | 20          | 5   | (4)   | (13)                | 90         |
| TOTAL                | 281        | 64          | 6   | (13)  | -                   | 338        |

<sup>\* 13</sup> promotions from White-collar worker (Professional Area) to Middle Management and two promotions from Middle Management to Senior Management.

| Fixed-term contract  | 31/12/2020 | Recruitment | Change from<br>fixed-term<br>to permanent<br>contract | Resignations,<br>retirements<br>and<br>terminations | Change in category | 31/12/2021 |
|----------------------|------------|-------------|---|---|--------------------|------------|
| Senior managers      | 1          | -           | -   | -   | -                  | 1          |
| Middle managers      | 1          | -           | (1)   | -   | -                  | -          |
| White-collar workers | 4          | 5           | (5)   | (1)   | -                  | 3          |
| TOTAL                | 6          | 5           | (6)   | (1)   | -                  | 4          |

Table 2 - Staff turnover in 2021

#### **Training**

In the course of 2021, with regard to the ongoing COVID-19 health emergency, the Company continued with the provision of training activities 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 (Privacy) and Cybersecurity.

Moreover, during the year, ad hoc training sessions were planned for managers - aimed at supporting them, through structured and modular paths, in the digital transformation processes and in guiding their respective teams - and employees - such as specialised foreign language courses in the professional field, assessment and development paths, as well as workshops on regulatory changes with an impact on the management of non-performing and UTP loans.

The total training hours carried out in 2021 were 9,625, broken down as follows:

| Training hours      | Senior<br>managers | Middle<br>managers | White-collar<br>workers | Total |
|---------------------|--------------------|--------------------|-------------------------|-------|
| Permanent contract  | 558                | 6,466              | 2,560                   | 9,584 |
| Fixed-term contract | 11                 | -                  | 30                      | 41    |
| TOTAL               | 569                | 6,466              | 2,590                   | 9,625 |

Table 3 - Staff training as at 31 December 2021

#### **Health and safety**

Sickness, accident and maternity days in 2021 total 795 days for employees in place as at 31 December 2021.

|                     | Sick leave<br>(days) | Accident and injury leave (days) | Maternity leave<br>(days) | Total |
|---------------------|----------------------|----------------------------------|---------------------------|-------|
| Permanent contract  | 538                  | -                                | 240                       | 778   |
| Fixed-term contract | 12                   | -                                | -                         | 12    |
| Part-time contract  | 5                    | -                                | -                         | 5     |
| TOTAL               | 555                  | -                                | 240                       | 795   |

Table 4 - Health and safety as at 31 December 2021

#### **Geographic location**

As at 31 December 2021, the registered office of the Company was located in Via Santa Brigida No. 39 in Naples, while the General Management<sup>7</sup> was in Via San Giovanni sul Muro 9 in Milan. The Company also operates from offices in Viale Europa 23 in Vicenza.

Transferred in 2021 from the previous headquarters in Via del Lauro 7.

## MEET OUR TEAM



STEFANO CAPPIELLO CHAIRPERSON



MARINA NATALE CEO



LUCA
BATTAGLIERO
HR, TRANSFORMATION & INTERNAL
COMMUNICATION



STEFANO CHIOCCHETTA REAL ESTATE



MARCO GIACCONE PORTFOLIO ANALYSIS E MONITORING



LORENZO LAMPIANO LEGAL AND CORPORATE AFFAIRS



CLAUDIA
MANGIONE
INTERNAL AUDIT
CORRUPTION
PREVENTION AND
TRANSPARENCY



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 PARTNERSHIP E SERVICERS MANAGEMENT



MARCO SALEMI CHIEF RISK OFFICER



LAURA
SPOTORNO
INVESTOR
RELATIONS E
CORPORATE
COMMUNICATIONS

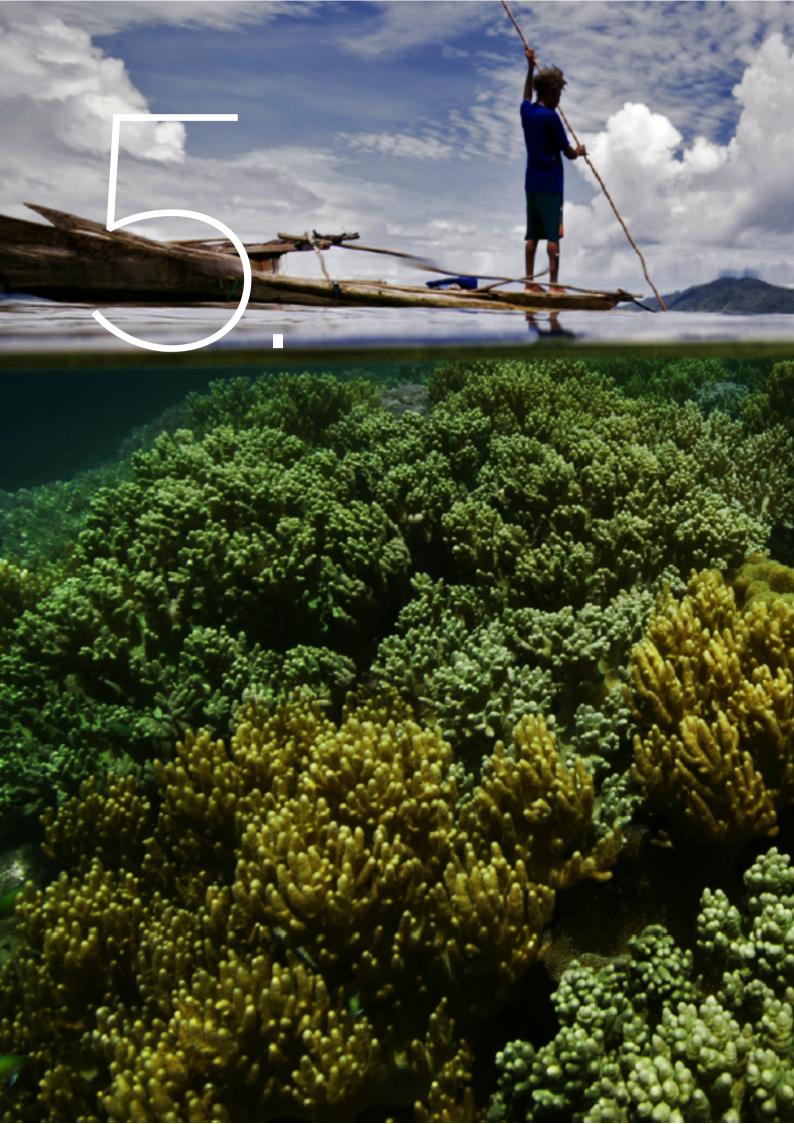


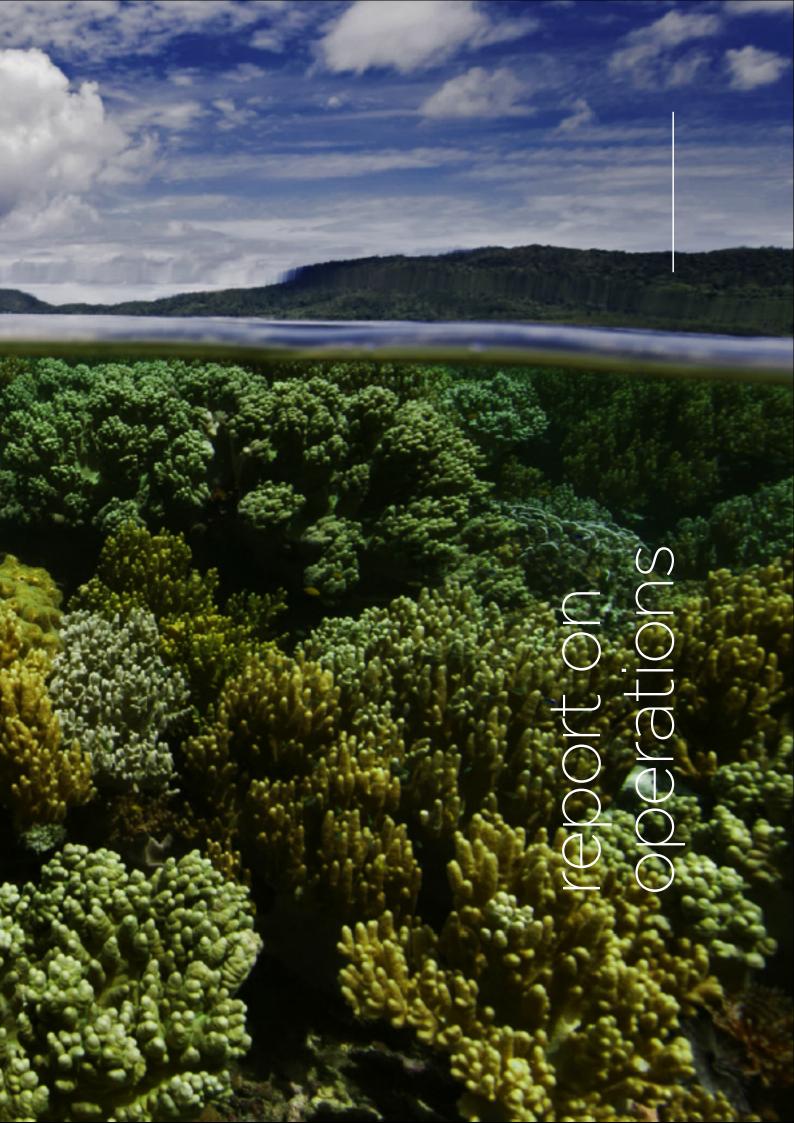
PAOLO TOSI WORKOUT



ROBERTO
ZAMBOTTI

NPE INVESTMENT
E BUSINESS
DEVELOPMENT





### **MACROECONOMIC SCENARIO**

During 2021 the international economy was characterised, albeit with different timing and rhythms for various countries, by a decisive recovery in world trade and production growth after the significant decline recorded in 2020 due to the restrictions introduced to deal with the pandemic originating from the COVID-19 virus. Despite the acceleration of the vaccination campaign, the picture changed with a resurgence of the pandemic due to the rapid spread of new virus variants that have forced many countries to reintroduce new restrictions on mobility, leading to the downward revisions of growth targets <sup>13</sup>.

After a 2021, which registered an expansion of 5.9%, the forecast of the global GDP growth rate for 2022 stands at 4.5%, down from the 4.9% estimated in October 2021, affected by lower growth expectations for the economies of the United States and China.

As regards Italy, after a first quarter of stagnation (growth of 0.1%), in 2021 the economic system recorded a growth of 2.7% and 2.6% on a quarterly basis, respectively in the second and third quarters of the year, supported mainly by the expansion of household consumption. This economic change was also reinforced by an acceleration in the tertiary sector following the easing of the restrictive measures starting from the second quarter of the year. On the other hand, added value decelerated in construction and, to a lesser extent, in industry in the strict sense, after the strong expansion in the first part of the year. In the fourth quarter<sup>14</sup>, following a new wave of infections and tensions in global supply chains, growth slowed (estimate of +0.5% compared to the third quarter) with a strong weakening in the services sector and in manufacturing <sup>15</sup>. A growth of the Gross Domestic Product of 6.5% is estimated for 2021 compared to the previous year.

The recovery of the economy has also allowed growth in employment. In December 2021, the employment rate was 2.4% higher than in December 2020, while the unemployment rate, at 9.0%, is still 0.6% lower than pre-pandemic levels, while the inactivity rate rose from 34.6% to 35.1% <sup>16</sup>.

The Italian economy projections show GDP growth at a rate of 3.8% in 2022, 2.5% in 2023 and 1.7% in 2024. The projections assume that new infections will reach a peak in the first quarter of 2022, with negative short-term repercussions on mobility and consumption behaviours. Therefore, a gradual improvement in the national and global health picture is expected as spring approaches, as well as a robust GDP growth. In the three-year period, GDP growth will be driven above all by an increase in investments due to the reduction of uncertainty regarding demand prospects and favourable financing conditions, as well as a gradual increase in household consumption and the recovery of world trade. This growth profile is highly dependent on the effectiveness of the support measures introduced by the government in recent months and on the relaunch measures financed by the national budget and European funds, including those outlined in the National Recovery and Resilience Plan (PNRR).

The COVID-19 pandemic contributed to the growth of NPE stocks in all major European countries. In particular, the estimates for Italy, which in mid-2020 had managed to reduce the stock of NPEs to a gross value of around EUR 70 billion, envisage an increase in NPEs by 2022, with a time delay in respect to the pandemic thanks to the aid measures adopted by the government, which have effectively contributed to mitigating the impact on the quality of banks' assets. On 31 December 21, the deadline by which small and medium-sized enterprises could make use of the moratoriums supported by a public guarantee expired: at that date there were still moratoriums in

<sup>&</sup>lt;sup>13</sup> IMF: World Economic Outlook, January 2022

<sup>&</sup>lt;sup>14</sup> ISTAT: preliminary GDP forecast, IV quarter 2021.

<sup>&</sup>lt;sup>15</sup> Banca d'Italia: Economic Bulletin No. 1 – 2022.

<sup>&</sup>lt;sup>16</sup> ISTAT: employed and unemployed people, December 2021.

place for approximately EUR 33 billion, less than a quarter of the total amount granted since March 2020.

On the basis of data from Banca d'Italia, as at 30 September 2021 the gross incidence of non-performing loans held by Italian banks on the loans totals stood at 3.6% compared with 3.8% in June 2021. In the third quarter of the year, the flow of new non-performing loans in relation to total loans increased by 1.1% compared to the second quarter. Although they are slightly increasing, the deterioration rates of bank assets remain at very low levels and the share of performing loans for which banks have detected a significant increase in credit risk has decreased.

Net bad loans (i.e. net of write-downs and provisions already made by banks with their own resources) in November 2021 amounted to EUR 17.6 billion, an increase compared to EUR 16.7 billion in October 2021, but down compared to November 2020, when they amounted to EUR 23.5 billion (-25.1% year-on-year vs. 19.5% in the previous period). Compared to the maximum level of net bad loans in November 2015 (EUR 88.8 billion), the reduction is EUR 71.2 billion (equal to -80.1%). The ratio of net bad loans to total loans stood at 1.02% in November 2021 (1.35% in November 2020)<sup>17</sup>.

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<sup>&</sup>lt;sup>17</sup> ABI: Monthly Outlook, January 2022.

### **OPERATING PERFORMANCE**

#### **Income statement**

2021 was a particularly positive year for AMCO, both in terms of commercial and financial performance.

In particular, collections, equal to EUR 1.35 billion<sup>13</sup>, grew by 57% compared to 2020, with an improvement in the collection rate (ratio between collections and average volumes managed) from 3.4% achieved in 2020 to 4.1%.

On the other hand, the economic results are affected by the update, completed in 2021, of recovery expectations on the non-performing loans portfolio brought to AMCO through a non-proportional demerger, completed at the end of 2020, of a set of assets and liabilities of Banca Monte dei Paschi di Siena (hereinafter "MPS"). This update, made in order to adjust the value of the portfolio to AMCO policies, was necessary since the non-performing loans were transferred "in continuity of accounting values" (and therefore at book values, as allowed by the IFRS principles for transactions "under common control"). This update gave rise to net adjustments on loans and securities for a total of EUR 528.6 million, resulting in the financial year 2021 ending with a net loss of EUR 419.3 million. This impact was largely sustainable and such as not to affect the company's high levels of capitalisation: the CET1 ratio as at 31 December 2021 was 34.9%, a level significantly higher than the regulatory requirements, compared to 37.0% as at 31 December 2020.

Net of the extraordinary situation highlighted above, AMCO recorded a Net profit of EUR 72.2 million in 2021, up 29% YoY thanks to the trend in revenues, supported by an average increase of 33% in the average AuM following the acquisitions made in the second half of 2020 in relation to on-balance portfolios, in particular MPS.

On the other hand, assets under management at the end of 2021 amounted to EUR 32.5 billion, down by EUR 1.7 billion compared to 2020 due to the effect of recovery activities, only partially offset by the portfolios purchased during the year (equal to EUR 388 million) and the new contributions on the Cuvée transaction (equal to EUR 183 million).

A comment is provided below on the company's economic performance according to the reclassified income statement, whose reconciliation with the financial statements is illustrated in the attachment referred to in Section 13 of this document.

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Operating data, including collections on servicing portfolios.

| EUR/thousand - %   | 31/12/2021 | 31/12/2020 | Delta insurance | Delta % |
|--|------------|------------|-----------------|---------|
| Servicing commissions  | 46,864     | 48,346     | (1,482)         | -3%     |
| Interests and commissions from customers   | 186,300    | 97,991     | 88,309          | 90%     |
| Other income/charges from activities with customers                                | 71,634     | 63,686     | 7,947           | 12%     |
| Total Revenues   | 304,798    | 210,024    | 94,774          | 45%     |
| Staff costs  | (39,944)   | (29,987)   | (9,958)         | 33%     |
| Net operational costs  | (80,001)   | (24,045)   | (55,955)        | 233%    |
| of which gross costs   | (87,656)   | (28,765)   | (58,891)        | 205%    |
| of which recoveries  | 7,655      | 4,720      | 2,936           | 62%     |
| Total Costs and Expenses   | (119,945)  | (54,032)   | (65,913)        | 122%    |
| EBITDA   | 184,852    | 155,991    | 28,861          | 19%     |
| Value adjustments/reversals from ordinary operations                               | (540,228)  | (42,105)   | (498,123)       | 1183%   |
| Value adjustments/reversals on property, plant and equipment and intangible assets | (2,719)    | (2,065)    | (654)           | 32%     |
| Provisions   | (3,507)    | 227        | (3,734)         | -1647%  |
| Other operating income/expenses  | (2,379)    | (26,495)   | 24,116          | -91%    |
| Financial activity result  | (2,564)    | 18,669     | (21,234)        | -114%   |
| EBIT   | (366,546)  | 104,222    | (470,768)       | -452%   |
| Interests and commissions from financial activity                                  | (75,268)   | (35,196)   | (40,072)        | 114%    |
| Pre-tax profit   | (441,814)  | 69,026     | (510,840)       | -740%   |
| Current taxes  | 22,503     | 5,775      | 16,728          | 290%    |
| NET RESULT   | (419,311)  | 74,801     | (494,112)       | -661%   |

Table 5 – Reclassified income statement as at 31 December 2021 and 31 December 2020

**Revenues** amounted to EUR 304.8 million, up by EUR 94.8 million (+45%) compared to 2020 thanks to the increase in interest from customers and other income and expenses from activities with customers.

In particular, **servicing commissions** amounted to EUR 46.9 million, down 3% compared to the previous year due to the lower contribution deriving from the management of the portfolios of the former Veneto Banks following the reduction in volumes, partially offset by the increase of the commissions received as part of the Cuvée operation thanks to the growth in volumes managed as a result of the new contributions completed in 2021.

Interest and commissions from activities with customers were up by 90% compared to 2020.

| EUR/(000) - %                   | 31/12/2021 | 31/12/2020 | Delta<br>insurance | Delta % |
|---------------------------------|------------|------------|--------------------|---------|
| Total POCI Portfolios           | 110,519    | 83,668     | 26,851             | 32%     |
| Total Portfolios Amortised Cost | 74,124     | 12,690     | 61,435             | 484%    |
| Fucino Notes                    | 1,657      | 1,634      | 23                 | 1%      |
| TOTAL                           | 186,300    | 97,992     | 88,309             | 90%     |

This increase is mainly due to the expansion of the business, which took place in the second half of 2020, which generated growth in both the interest deriving from POCI portfolios (EUR +26.9 million) and in amortised cost portfolios (in particular MPS).

The other income and expenses from ordinary operations amounted to EUR 71.6 million, up by EUR 7.9 million YoY (+12%) 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.

**Staff costs** amounted to EUR 39.9 million, an increase of approximately EUR 10.0 million (+33%) compared to 2020 due to an increase in the AMCO workforce (+55 headcount YoY) and the recourse to 88 employees seconded from MPS to ensure initial support and operational continuity

in the management of the demerged portfolio. At the end of 2021, all seconded workers returned to their home institution.

**Net operating costs,** equal to EUR 80.0 million, are up by EUR 56.0 million (+233%) compared to 2020 with an increase in both recovery and overhead costs.

| EUR/(000) - %                      | 31/12/2021 | 31/12/2020 | Delta<br>insurance | Delta % |
|------------------------------------|------------|------------|--------------------|---------|
| Legal and other collection costs   | 29,075     | 5,503      | 23,572             | 428%    |
| Outsourcing fees                   | 14,410     | 1,514      | 12,896             | 852%    |
| Repossessed property costs         | 7          | -          | 7                  | n.s.    |
| Insurance Policies Credit          | 2,566      | 465        | 2,102              | 452%    |
| Expenses for collection activities | 46,058     | 7,481      | 38,577             | 516%    |
| IT                                 | 10,325     | 6,056      | 4,269              | 70%     |
| Business information               | 2,557      | 809        | 1,748              | 216%    |
| BPO and Document Archive           | 3,196      | 1,647      | 1,549              | 94%     |
| Professional costs                 | 10,174     | 4,703      | 5,471              | 116%    |
| Logistics                          | 3,627      | 1,995      | 1,632              | 82%     |
| DTA fee                            | 2,833      | 679        | 2,154              | 317%    |
| Other expenses                     | 1,231      | 674        | 557                | 83%     |
| Structure costs                    | 33,943     | 16,564     | 17,378             | 105%    |
| TOTAL                              | 80,001     | 24,045     | 55,956             | 233%    |

The **expenses related to collection activities** are affected by the increase in assets under management recorded in the financial statements, with particular reference to the former MPS and Banca Popolare di Bari portfolios and the growth in collections made by the servicers who have been outsourced to manage part of the portfolio.

**Overhead costs** are up by EUR 17.4 million (+105%) due to the growth in assets under management, which affects in particular the "Business information", "BPO and document archive" and "DTA fee" categories (the increase is due to the registration of the DTAs included in the MPS set). IT costs reflect, in addition to the growth in fees based on volumes, the software developments related to the optimisation initiatives of the operating machine. Professional costs are linked to consultancy support on projects and initiatives both for business development and for the efficiency of processes and the operating machine in various areas of the company.

Due to the effect of the trend of revenues and costs described above, the **EBITDA** amounted to EUR 184.9 million, up by 19% compared to the same period of 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.

The balance of reversals of value adjustments from ordinary operations is negative and equal to EUR 540.2 million mainly due to the write-downs on the MPS portfolio described above.

Other operating income and expenses amounted to EUR -2.3 million. The item mainly consists of the collar for EUR -17.8 million (mechanism for adjusting the fee and commission income of the former Veneto Banks, correlating the same to the evolution of costs actually incurred for the management and recovery of the legal relationships and assets sold by AMCO on behalf of the two Segregated Estates) partially offset by the value adjustment on positions in foreign currency.

The **financial activity result** was negative for EUR 2.6 million mainly due to the write-down on the equity investment in the Italian Recovery Fund ("IRF") partially offset by capital gains realised on the securities portfolio used to manage liquidity.

**Net interest income from financing activities** was negative and amounted to EUR -75.3 million, up by EUR 40.1 million compared to the same period of the previous year as a result of the funding transactions carried out in the second half of 2020 and in the first half of 2021 necessary to support business development. The cost of funding is in any case sustainable and decreasing due to the better rates applied to the issues made in July 2020, also thanks to a favourable market scenario, and to the refinancing of part of the loan at more advantageous rates.

**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 Company, classifying the various entries into homogeneous categories.

| EUR/(000) - %                                       | 31/12/2021 | 31/12/2020 | Delta<br>insurance | Delta % |
|---|------------|------------|--------------------|---------|
| Loans and receivables with banks                    | 155,447    | 247,339    | (91,892)           | -37%    |
| Loans and receivables with customers                | 4,506,349  | 5,601,198  | (1,094,850)        | -20%    |
| Financial assets                                    | 1,181,918  | 748,172    | 433,747            | 58%     |
| Equity investments                                  | 10         | 10         | -                  | 0%      |
| Property, plant and equipment and intangible assets | 29,154     | 4,677      | 24,477             | 523%    |
| Tax assets  | 234,785    | 210,687    | 24,098             | 11%     |
| Other assets  | 26,697     | 28,323     | (1,627)            | -6%     |
| TOTAL ASSETS  | 6,134,359  | 6,840,405  | (706,046)          | -10%    |

| EUR/(000) - %                              | 31/12/2021 | 31/12/2020 | Delta<br>insurance | Delta % |
|--|------------|------------|--------------------|---------|
| Payables to third parties                  | 3,622,914  | 3,897,277  | (274,363)          | -7%     |
| Tax liabilities                            | 4,103      | 6,075      | (1,972)            | -32%    |
| Provisions for specific purposes           | 22,950     | 20,811     | 2,139              | 10%     |
| Other liability items                      | 90,382     | 96,966     | (6,584)            | -7%     |
| Share capital                              | 655,081    | 655,084    | (2)                | 0%      |
| Share premium                              | 604,552    | 604,552    | -                  | 0%      |
| Reserves                                   | 1,567,785  | 1,494,742  | 73,043             | 5%      |
| Valuation reserves                         | (14,098)   | (9,903)    | (4,194)            | 42%     |
| Result for the year                        | (419,311)  | 74,801     | (494,112)          | -661%   |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 6,134,359  | 6,840,405  | (706,046)          | -10%    |

Table 6 – Reclassified balance sheet liabilities and shareholders' equity as at 31 December 2021 and 31 December 2020

Loans and receivables with customers amounted to EUR 4.5 billion and are composed almost entirely of non-performing loans acquired as part of debt purchasing transactions between 2019 and 2021.

| EUR/(000) - %                              | 31/12/2021 | 31/12/2020 | Delta<br>insurance | Delta % |
|--|------------|------------|--------------------|---------|
| Total POCI Portfolios                      | 1,716,495  | 1,636,875  | 79,620             | 4.9%    |
| Total Portfolios Amortised Cost            | 2,765,285  | 3,608,986  | (843,701)          | -23.4%  |
| Other loans and receivables                | 24,569     | 355,337    | (330,769)          | -93.1%  |
| Total loans and receivables with customers | 4,506,349  | 5,601,198  | (1,094,850)        | -19.5%  |

The reduction of 19.5% compared to December 2020 is due both to the extinction of the receivable from the vehicles of the Hydra M transaction, which took place as part of the repayment of the secured debt, and to the reduction of the portfolios at the amortised cost mainly due to collections and the application of the write-downs on the MPS portfolio described above.

The POCI portfolios, on the other hand, grew by 4.9% due to the acquisition transactions that took place in 2021, which offset the normal trend of the year relating to collections, cancellations and capitalisation of interest.

**Financial assets** amounted to EUR 1,182 million, up 58.0% compared to December 2020, 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)                            | 31/12/2021 | 31/12/2020 | Delta<br>insurance | Delta % |
|--|------------|------------|--------------------|---------|
| Financial assets FVTPL                         | 70         | 267        | (196)              | -73.6%  |
| Italian Government bonds                       | 498,819    | 56,119     | 442,700            | 788.9%  |
| UCI shares                                     | 568,707    | 558,374    | 10,334             | 1.9%    |
| - of which IRF                                 | 447,279    | 470,911    | (23,632)           | -5.0%   |
| - of which Back2Bonis                          | 90,847     | 74,623     | 16,223             | 21.7%   |
| - of which Other UCI                           | 30,581     | 12,839     | 17,742             | 138.2%  |
| Shares and capital instruments                 | 26,075     | 46,849     | (20,774)           | -44.3%  |
| Notes on securitisation of Fucino NPL's S.r.l. | 29,332     | 29,336     | (4)                | 0.0%    |
| Loans to customers valued at fair value        | 58,914     | 57,228     | 1,687              | 2.9%    |
| Total financial assets                         | 1,181,918  | 748,172    | 433,943            | 58.0%   |

The UCITS shares are up by 1.9% and are mainly composed of:

- Italian Recovery Fund of EUR 447.3 million, down compared to December 2020 mainly due
  to the repayment of principal and revenues of EUR 21.3 million and to the residual part of the
  write-down of the equity investment of EUR 5.1 million determined on the basis of the
  provisions of the company fair value policy;
- Back2Bonis for EUR 90.8 million, an increase of 21.7% both due to the new contributions made in 2021 (equal to EUR 10.9 million) and the revaluation of the equity investment of EUR 5.6 million determined on the basis of the provisions of the company fair value policy;
- Other UCITS for EUR 30.6 million, whose EUR 17.7 million increase is mainly due to the subscription of the shares of the Sansedoni Fund, which took place in the last quarter of 2021.

Receivables that do not meet the criteria for recognition under assets measured at amortised cost amounted to EUR 58.9 million, up 2.9% (these receivables mainly relate to the former MPS portfolio and to a lesser extent to the former Carige and former Banco BPM portfolios).

**Property, plant and equipment and intangible assets amounted to EUR 29.1 million** and increased by EUR 24.4 million compared to December 2020 mainly due to the registration of the right of use of the lease for the new Milan office.

Equity investments and other assets were substantially stable compared to the end of 2020.

**Tax assets** amounted to EUR 234.7 million, up 11% mainly due to the registration of DTAs previously not registered following the performance of a probability test.

**Payables to third parties** amounted to EUR 3,622 million, down by 7% compared to December 2020 due to the total repayment of the secured loan of EUR 1 billion, only partially offset by the unsecured issue carried out in April for EUR 750 million.

**Shareholders' equity** of EUR 2,394 million, down by 15% compared to December 2020 mainly due to the loss recorded in 2021.

### **Key balance sheet indicators 31 December 2021**

| Item (Data EUR/000) - % | 31/12/2021 | 31/12/2020 | Delta%/bps |
|-------------------------|------------|------------|------------|
| Regulatory capital      | 2,360,972  | 2,819,175  | -16.25%    |
| Weighted risk assets    | 6,768,360  | 7,611,024  | -11.07%    |
| CET 1                   | 34.88%     | 37.04%     | (216)      |
| Total Capital Ratio     | 34.88%     | 37.04%     | (216)      |

Despite the negative result of income statement, AMCO confirms also for 2021 the solidity of its balance sheet, with a Total Capital Ratio of 34.88%, comfortably higher than the regulations' requirements (8%).

### **Business development**

#### Portfolio purchase transactions

During 2021, the Company's organic growth continued through the acquisition of new portfolios and the development of new business initiatives, which overall brought the average total of assets under management during the year to over EUR 32 billion. The transactions that took place during the year are described below:

#### 1 - Debt purchasing transactions

- On 22 March 2021, AMCO signed a contract with Banca Carige S.p.A. for the purchase, en bloc, pursuant to Art. 58 of the TUB, and without recourse, of a portfolio of the bank's nonperforming loans arising from lease agreements, mainly real estate, for a Gross Book Value of approximately EUR 70 million. The transaction was economically effective on 1 January 2021.
- On 3 December 2021, AMCO signed a purchase agreement with the Iccrea Cooperative Banking Group pursuant to Art. 58 of the TUB and without recourse of a portfolio of non-performing loans for a total Gross Book Value of EUR 264 million including: EUR 222 million of loans and receivables with corporate customers originating from the Parent Company Iccrea Banca, Banca Sviluppo and other 30 mutual banks belonging to the Group and EUR 42 million consisting of corporate lease receivables from Iccrea BancaImpresa. The transaction had an economic effective date of 1 July 2021.
- On 20 December 2021, AMCO signed a new contract with Banca Carige S.p.A. 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 18 million. The transaction had an economic effective date
  of 1 July 2021.

#### 2 - Servicing transactions

Below are the servicing transactions completed during the year:

on 31 March 2021, AMCO, through the Assets Allocated for the Vicenza Group, completed
the purchase en bloc pursuant to Art. 58 of the TUB, and without recourse by Ambra SPV
S.r.I., of a portfolio of non-performing loans for a Gross Book Value of approximately EUR 3.9
billion. The transaction, which took effect on 1 April 2021, did not generate any effects on the
assets under management as the Segregated Estate of the Vicenza Group already held
99.62% of the securitisation notes of Ambra SPV S.r.I.;

- on 31 March 2021, AMCO, through the Assets Allocated for the Vicenza Group, completed
  the purchase en bloc pursuant to Art. 58 of the TUB and without recourse by Flaminia SPV
  S.r.l. of a portfolio of non-performing loans for a Gross Book Value of approximately EUR 1.9
  billion. The operation, which took effect on 1 April 2021, did not generate effects on the assets
  under management as the Segregated Estate of the Veneto Group already owned 100% of
  the securitisation notes of Flaminia SPV S.r.l.;
- in 2021, the growth 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 26 May 2021, a portfolio with a Gross Book Value of approximately EUR 52 million was conferred by BPER;
- on 16 September 2021, a further EUR 59 million of Gross Book Value was transferred by AMCO, Banco Desio and a leading bank;
- on 21 December 2021, a further EUR 124 million of Gross Book Value was transferred by Iccrea Banca, CRA Binasco and a leading bank.

Following these contributions, the assets managed by the Cuvèe platform exceed EUR 1.1 billion. The scheme of the operation foresees that against the contribution of the credits in the vehicle Ampre SPV S.r.l. (of which AMCO is Master and Special Servicer), the transferors will be assigned the units of the fund named "Back2bonis", which owns the notes of the securitisation vehicle.

# Reimbursement of the guaranteed loan deriving from the demerger transaction with Banca MPS

As part of the financing of the partial non-proportional spin-off between Banca Monte dei Paschi di Siena and AMCO finalised on 1 December 2020, part of the liabilities transferred to the Complex was refinanced through a secured loan with maturity in 1 year, guaranteed by the securitisation of the portfolio object of the Complex through the creation of Segregated Estate pursuant to Art. 7.1 (a) Italian Law 130/99.

On 29 January 2021, AMCO made a principal repayment of the aforementioned Secured loan for EUR 250 million using, in accordance with the loan agreement, the collections made on the portfolio acquired through the MPS Complex as from 1 December 2020, the date of economic effectiveness of the transaction.

The full repayment of the Secured loan took place on 1 June 2021.

### AMCO debt structure

On 13 April 2021, AMCO issued a senior unsecured bond issue under its EMTN Programme for a nominal value of EUR 750 million with 7-year maturity in April 2028. In order to optimise the average duration of the liabilities from an Asset and Liability Management perspective, to reduce the level of asset encumbrance and to reduce the cost of funding, part of the proceeds of the above-mentioned issue, together with the cash flows generated by the former MPS NPE portfolio, were used to fully repay the Secured loan on 1 June 2021, which was still outstanding for EUR 750 million.

As at 31 December 2021, the composition of AMCO's debt is as follows:

| ISIN         | Description           | Nominal       | Coupon | Maturity   | Price<br>31.12.2021 | Rating |
|--------------|-----------------------|---------------|--------|------------|---------------------|--------|
| XS1951095329 | AMCOSP 2 5/8 02/13/24 | 250,000,000   | 2.625% | 13/02/2024 | 104.959             | BBB    |
| XS2063246198 | AMCOSP 1 3/8 01/27/25 | 600,000,000   | 1.375% | 27/01/2025 | 102.516             | BBB    |
| XS2206380573 | AMCOSP 1 1/2 07/17/23 | 1,250,000,000 | 1.500% | 17/07/2023 | 102.275             | BBB    |
| XS2206379567 | AMCOSP 2 1/4 07/17/27 | 750,000,000   | 2.250% | 17/07/2027 | 106.284             | BBB    |
| XS2332980932 | AMCOSP 0 3/4 04/20/28 | 750,000,000   | 0.750% | 20/04/2028 | 97.194              | BBB    |

# Performance of managed assets

Following the acquisition of non-performing loans through the transactions described above, AMCO is now one of the main players in the Italian market for the management of Non-Performing Exposure (NPE). AMCO is the 4th largest operator <sup>14</sup> in the management of NPE positions and, in particular, as regards the management of 'unlikely to pay' and 'past due' loans, AMCO is the 1st largest operator <sup>15</sup> in Italy. AMCO is able to fully oversee the management process of positions, including through agreements with specialised partners and the option of directly providing new finance to allow for continuity and the relaunch of industrial entities.

In terms of Gross Book Value, assets under management as at 31 December 2021 can be broken down as follows:

# 1 - Debt purchasing

- EUR 5.6 billion for 49 thousand debtors relating to the "POCI" portfolios.
- EUR 1.4 billion for around 1,700 debtors relating to the portfolio originating from the former Banco di Napoli.
- EUR 7.2 billion for 72 thousand debtors deriving from the MPS portfolio forming part of the demerger compendium transferred to AMCO at the end of 2020.

## 2 - Servicing

- EUR 14.9 billion for 98 thousand debtors relating to the Segregated Estates of the Veneto and Vicenza Groups.
- EUR 1.9 billion for 934 debtors relating to Financed Capital of VB LCA and BPVI LCA.
- EUR 1.1 billion for 157 debtors relating to the *Back2Bonis* portfolio.

# **Business outlook**

AMCO continues to pursue the 2020-2025 objectives, confirming its intention to further increase its assets under management, seizing the opportunities offered by the market, both in its role as debt purchaser and as servicer of NPE portfolios. AMCO's business model is also confirmed, which remains focused on maximising collections, also by enhancing the value of the assets used as collateral, in particular on non-performing loans, while for UTP loans the strategy is aimed at maintaining business continuity and supporting virtuous companies, including through the provision of new finance, enabling them to normalise their financial situation and fully repay their debt.

The Italian NPL market, PwC, December 2021: the ranking reported by PWC is based on data provided by the operators as at 30 June 2021.

The Italian NPL market, PwC, December 2021: the ranking reported by PWC is based on data provided by the operators as at 30 June 2021.

The scalability of AMCO's business model will allow for the creation of economies of scale thanks to the possibility of leveraging fixed-cost resources and structures, positioning the company as a top market performer thanks to an effective management model geared towards efficiency and performance.

Furthermore, AMCO aims to consolidate its growth through the continuous development of operational solutions to support the Business Divisions, the continuous evolution of the technological infrastructure and the quantitative and qualitative growth of human resources.

The development of human capital is considered a priority and envisages specific development strategies and dedicated investments to attract the best professionals in the sector, to increase technical, managerial and behavioural skills through targeted training courses, as well as to improve the engagement and well-being of resources with the structural introduction of smart working following the conclusion of the phase of the health emergency and the redefinition of work spaces, also taking into account the new offices in Milan, in order to improve work-life balance and corporate collaboration.

In addition to the promotion of professional skills in the management/recovery of NPE positions, there is the continuous development of innovative technological infrastructures based on an open and flexible operating model, with processes diversified to enable differentiated management strategies, processes and monitoring instruments of the operations of internal managers and third-party servicers, as well as the application of appropriate asset analysis and valuation procedures for the issue of new loans to support customers.

# Information on the effects of the Covid-19 pandemic

# Impact on operations and valuations as at 31 December 2021

During 2021, the Company continued the initiatives put in place in 2020 from the start of the pandemic to safeguard the health of all stakeholders and to ensure operational continuity.

Although there are signs of economic recovery and macroeconomic forecasts are positive, there are still elements of uncertainty, which could cause a slowdown in the recovery. 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.

With regard 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. In order to assess the possible impacts on the valuation of the assets and on its own capital, AMCO continued what was done in 2020 by carrying out sensitivity analyses aimed at identifying specific situations of difficulty of the debtors.

During the preparation of the 2021 Budget and the 2021 Risk Framework, the Parent Company carried out a sensitivity analysis by preparing two scenarios (basic and adverse) in line with the guidelines issued by the Banca d'Italia for the purposes of self-assessment of the capital adequacy of the Company.

These analyses did not reveal any particular risks for AMCO; however, the current macroeconomic scenario is affected by a high degree of uncertainty, the outcome of which is not currently foreseeable and which may require changes in the assessments made, depending on the evolution of the pandemic, the effect of the economic policy measures implemented, the progress of the vaccination campaign and the mode of economic recovery. 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.

As in 2020, also in 2021, in its ordinary operations, AMCO provided eligible individuals with the support measures provided at the national level. Without prejudice to the preservation of the company's viability, in addition to those provided for by law, AMCO has voluntarily extended extraordinary support measures to customers deemed most deserving.

| Figure in FUD/000  | R     | Requests   |     | Accepted   |     | Rejected   | То | be processed |
|--|-------|------------|-----|------------|-----|------------|----|--------------|
| Figures in EUR/000   | #     | Gross Exp. | #   | Gross Exp. | #   | Gross Exp. | #  | Gross Exp.   |
| Loans subject to moratorium under the "Cura Italia" Decree ("moratoria ex lege") | 209   | 117,585    | 132 | 72,396     | 67  | 22,536     | 10 | 22,652       |
| Loans subject to voluntary moratorium ("individual voluntary moratoriums")       | 935   | 515,309    | 738 | 305,104    | 148 | 23,987     | 49 | 186,217      |
| TOTAL  | 1,144 | 632,894    | 870 | 377,500    | 215 | 46,524     | 59 | 208,870      |

Table 7 - Covid moratorium figures as at 31 December 2021

### 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; for these purposes, a weekly rotation system has been envisaged to ensure that the spaces are occupied in line with the regulations and instructions of the competent doctor. Furthermore, during the first access phase, all employees are subjected to an anti-hygiene swab and are given individual protection (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 competent doctors and invited to remain operational remotely for the entire period of the health emergency.

During 2021 training sessions were organised for all employees to provide more effective guidance and work methods to manage smart working activities, with a particular focus on collaboration and interaction with other colleagues and with their managers.

Therefore, in continuity with what was done in 2020, 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 (periodic sanitation of the environments, supply of personal protection equipment and rapid swabs); in 2021 these investments amounted to EUR 0.7 million in costs.

# **RATING**

On 14 January 2021, Fitch Rating raised AMCO's commercial, residential and asset-backed special servicer ratings to 'CSS2', 'RSS2', 'ABSS2' from 'CSS2-', 'RSS2-', 'ABSS2-'. Fitch makes reference to AMCO's business growth derived from a variety of sources, demonstrating its ability to successfully pursue its strategic objectives. Among the factors considered by Fitch in its rating analysis are the increase of the number of employees to 287 at the end of 2020, from 71 at the end of 2017, to meet the needs of servicing activities and strengthen central functions, improving the loans onboarding process, which has been made more efficient, launching its own data warehouse in 2020, creating a new structure for the UTP/PD business and finally, from 1 January 2021, creating a separate Real Estate business unit. In addition, according to the Agency, AMCO coped well with the impact of Covid-19 in 2020, with minimal impacts; all employees worked remotely, equipped with all necessary tools.

On 26 October 2021, Standard & Poor's ("S&P") confirmed AMCO's Investment Grade rating, with the Long-Term Issuer Credit Rating at 'BBB'. In addition, S&P improved the outlook to Positive from Stable, in line with that of the Italian government. 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 16 December 2021, Fitch Ratings raised the LTIDR to BBB (from BBB-) with Stable Outlook, and the Short-Term Foreign Currency IDR to F2 from F3.

# RELATED-PARTY TRANSACTIONS

AMCO wholly owns the Company AMCO - Asset Management Co. S.r.I., a Romanian registered company dealing with the management of non-performing loans to Romanian residents, held by the Veneto Group Segregated Estate. With the latter, in 2021 there were two contracts relating to servicing activities, against which the fee and commission expense of EUR 0.3 million and fee and commission income of EUR 0.2 million were recognised in 2021.

The other financial transactions carried out with investees of the Ministry of Economy and Finance, realised at market conditions, refer to the current account relationships held by Monte Paschi di Siena S.p.A. and Poste Italiane.

Lastly, it is noted that in the context of the securitisation transaction of the Non Performing Exposure portfolio of Banca Fucino carried out on 14 September 2019, which led to the formation of the Fucino NPL's S.r.l. and for which AMCO plays the role of Master Servicer and Special Servicer, as well as being the sole investor of Junior and Mezzanine notes, AMCO has the essential control of the same vehicle on the basis of the IFRS 10 accounting standard. Consequently, the securitisation vehicle is a "related party", in addition to being the subject of the accounting consolidation. Fee and commission income pertaining to AMCO in 2021 amounted to EUR 0.3 million, in addition to interest income deriving from securitisation notes for EUR 1.7 million.

# GOING CONCERN

In addition to the indications already provided previously, owing to the absence of equity, financial or managerial ratios that could compromise the Company's operational capacity, there are no elements that would call into question the ability to operate on a going concern basis 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 and prospects of recovery after the difficulties experienced due to the Covid-19 pandemic; however, there are still elements of uncertainty linked to the effect of the inflation dynamics on the economy that also take place in the eurozone and the consequent response of central banks in terms of normalisation of the monetary policy.

In addition to the above, the recent developments in the situation in Eastern Europe have led to geopolitical tensions on a larger scale, the impacts of which cannot be estimated. However, albeit in a currently fluid context, the main risk factors to be considered are a possible (further) upward impact on the costs of energy raw materials, as well as impacts on the macroeconomic situation (which could result in a weakening of the current recovery and tensions on the financial markets). However, it should be noted that AMCO does not hold direct or indirect exposures with Russian or Ukrainian counterparties.

These circumstances, extraordinary in their nature and extent, could have direct and indirect repercussions on the 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 due to the issue of five unsecured senior bonds, listed on the Stock Exchange of Luxembourg, through the Euro Medium Term Note programme adopted by the same. Furthermore, 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 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 at least every six months 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 15 March 2019, the Board of Directors, after positive consultation with the Board of Statutory Auditors, appointed Ms Silvia Guerrini - already Administration Manager, and meeting 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 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 annexed to the separate financial statements 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.

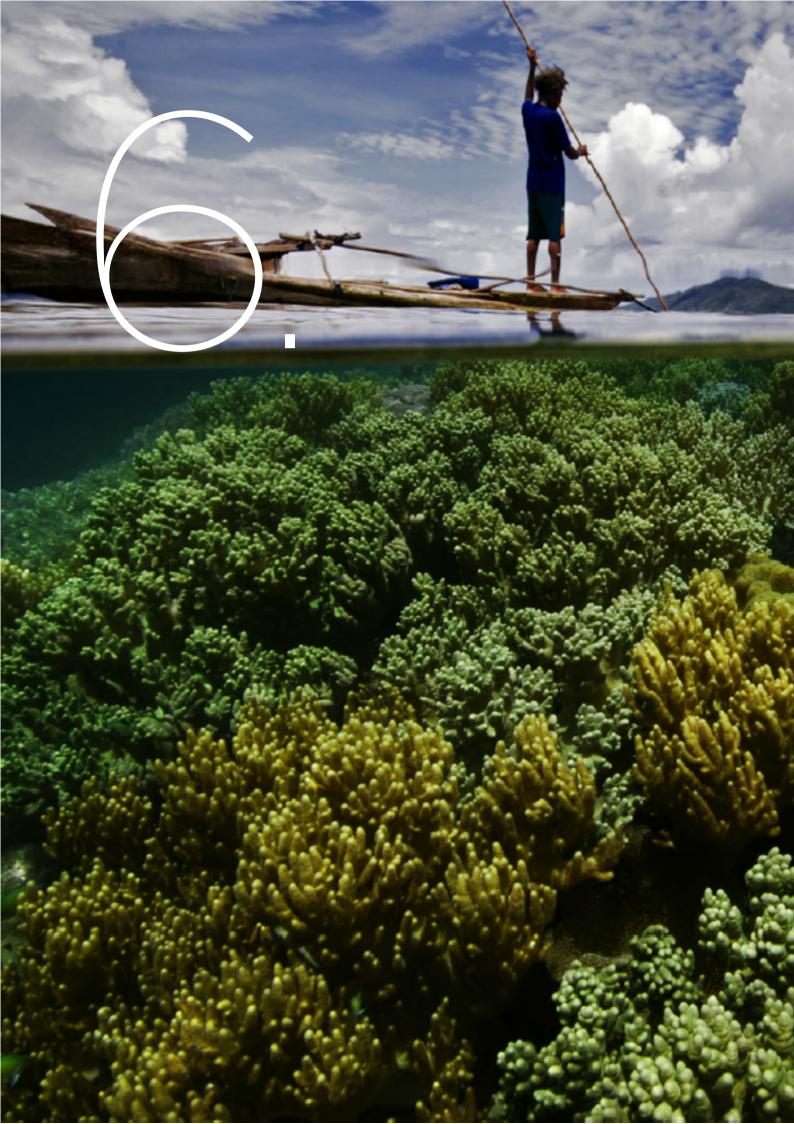
Lastly, as already previously described, the participation to internal flows relevant to accounting purposes is guaranteed by the coordination with the Company's corporate functions, the administrative and control bodies (Board of Directors and Board of Statutory Auditors), the Supervisory Body and other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

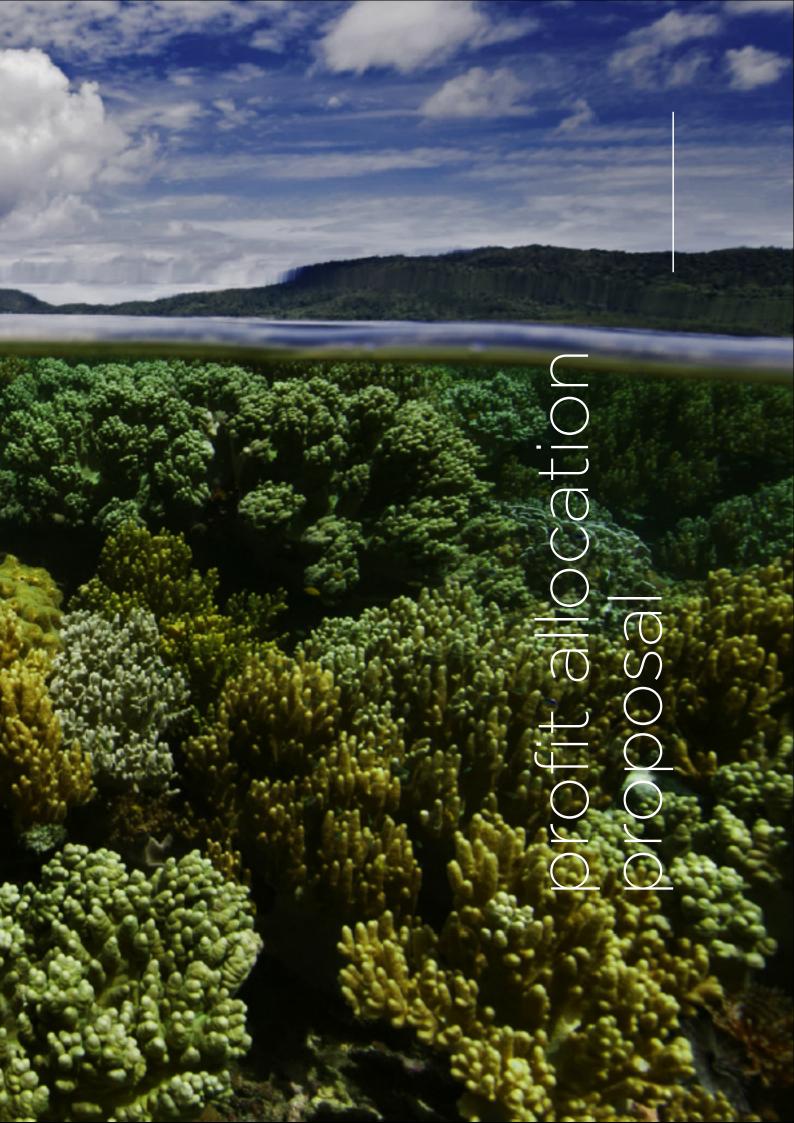
# OTHER INFORMATION

In accordance with the provisions of paragraph 125 of Italian Law 124/2017 of 4 August 2017, it is noted that during the 2021 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.





# PROPOSAL TO COVER THE LOSS FOR THE YEAR

Dear Shareholders,

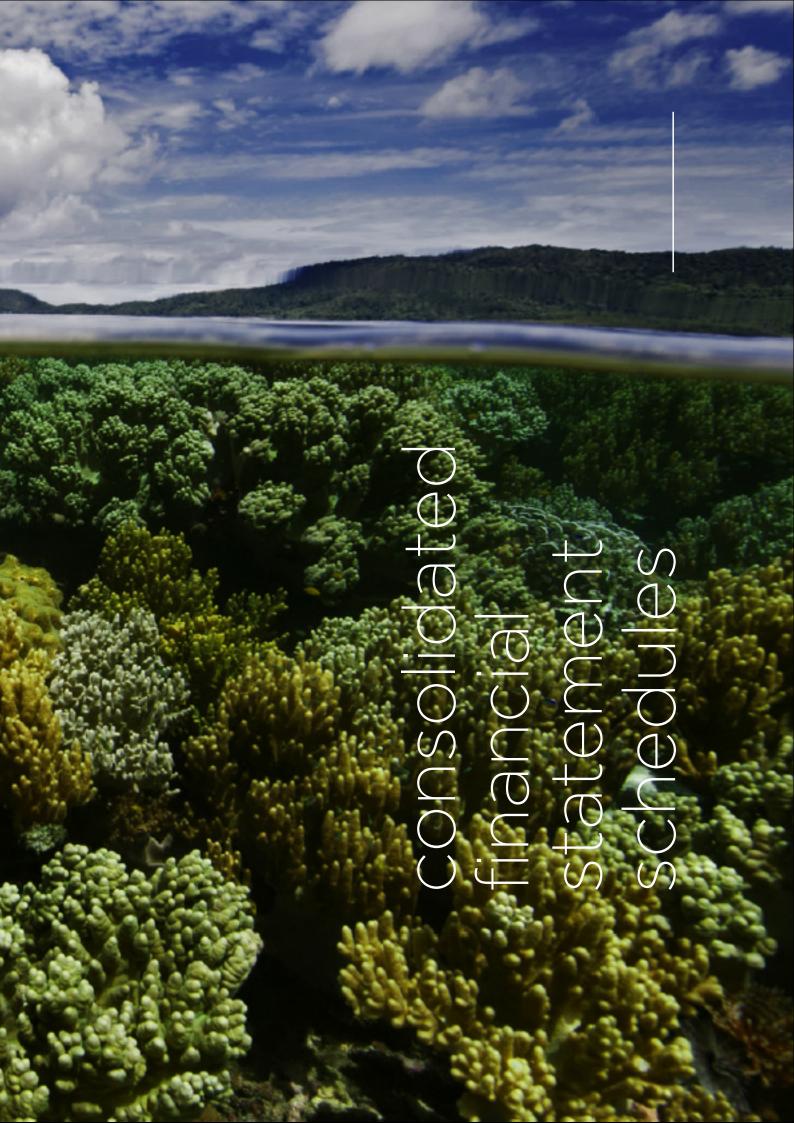
We hereby submit to your approval the financial statements for the year ended 31 December 2021, including the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' equity, the Statement of cash flows and Notes to the Financial Statements, and accompanied by this Report on Operations.

We invite you to approve the financial statements in question, which show a result for the year 2021 represented by a loss of EUR 419,331,031, which we propose to cover by using the demerger reserve for an amount equal to EUR 419,331,031.

on behalf of the Board of Directors the Chief Executive Officer

Marina Natale





# **BALANCE SHEET ASSETS**

|      | ASSETS ITEMS   | 31/12/2021    | 31/12/2020    |
|------|--|---------------|---------------|
| 10.  | Cash and cash equivalents  | 151,795,953   | 243,031,818   |
| 20.  | Financial assets measured at fair value through profit and loss            | 681,250,298   | 688,136,128   |
|      | a) financial assets held for trading                                       | 70,249        | 266,598       |
|      | b) financial assets measured at fair value                                 | -             | -             |
|      | c) other financial assets mandatorily measured at fair value               | 681,180,049   | 687,869,530   |
| 30.  | Financial assets measured at fair value through other comprehensive income | 500,668,089   | 60,035,709    |
| 40.  | Financial assets measured at amortised cost                                | 4,509,999,412 | 5,605,505,362 |
|      | a) loans and receivables with banks  | 3,650,714     | 4,306,982     |
|      | b) loans and receivables with financial companies                          | 82,305,623    | 381,766,346   |
|      | c) loans and receivables with customers                                    | 4,424,043,075 | 5,219,432,034 |
| 50.  | Hedging derivatives  | -             | -             |
| 60.  | Change in value of financial assets subject to a generic hedge (+/-)       | -             | -             |
| 70.  | Equity investments   | 9,826         | 9,826         |
| 80.  | Property, plant and equipment  | 27,217,082    | 2,941,047     |
| 90.  | Intangible assets  | 1,936,815     | 1,735,633     |
|      | of which goodwill  | -             | -             |
| 100. | Tax assets   | 234,784,749   | 210,686,583   |
|      | a) current   | 11,206,795    | 10,788,961    |
|      | b) deferred  | 223,577,954   | 199,897,622   |
| 110. | Non-current assets and groups of assets held for disposal                  | -             | -             |
| 120. | Other assets   | 26,696,574    | 28,323,115    |
|      | TOTAL ASSETS   | 6,134,358,798 | 6,840,405,221 |

# BALANCE SHEET LIABILITIES AND SHAREHOLDERS' EQUITY

|      | LIABILITIES AND SHAREHOLDERS' EQUITY ITEMS                               | 31/12/2021    | 31/12/2020    |
|------|--|---------------|---------------|
| 10.  | Financial liabilities measured at amortised cost                         | 3,622,913,808 | 3,897,277,118 |
|      | a) payables  | 26,199,452    | 1,046,059,132 |
|      | b) debt securities issued  | 3,596,714,356 | 2,851,217,986 |
| 20.  | Financial liabilities held for trading                                   | 4,371         | 4,281         |
| 30.  | Financial liabilities measured at fair value                             | -             | -             |
| 40.  | Hedging derivatives  | -             | -             |
| 50.  | Change in value of financial liabilities object to a generic hedge (+/-) | -             | -             |
| 60.  | Tax liabilities  | 4,103,004     | 6,075,126     |
|      | a) current   | -             | 4,352,110     |
|      | b) deferred  | 4,103,004     | 1,723,016     |
| 70.  | Liabilities associated to assets held for disposal                       | -             | -             |
| 80.  | Other liabilities  | 90,377,431    | 96,961,868    |
| 90.  | Post-employment benefits   | 555,670       | 590,583       |
| 100. | Provisions for risks and charges:  | 22,394,194    | 20,220,698    |
|      | a) commitments and guarantees issued                                     | -             | -             |
|      | b) pensions and similar obligations                                      | 129,804       | 124,777       |
|      | c) other provisions for risks and charges                                | 22,264,390    | 20,095,921    |
| 110. | Share capital  | 655,153,674   | 655,153,674   |
| 120. | Treasury shares (-)  | (72,294)      | (70,067)      |
| 130. | Equity instruments   | -             | -             |
| 140. | Share premiums   | 604,552,228   | 604,552,228   |
| 150. | Reserves   | 1,567,785,338 | 1,494,742,475 |
| 160. | Valuation reserves   | (14,097,595)  | (9,903,447)   |
| 170. | Profit (Loss) for the year   | (419,311,031) | 74,800,684    |
|      | TOTAL LIABILITIES AND NET EQUITY   | 6,134,358,798 | 6,840,405,221 |

# **INCOME STATEMENT**

|      | ITEMS   | 31/12/2021    | 31/12/2020   |
|------|---|---------------|--------------|
| 10.  | Interest and similar income   | 186,847,901   | 101,756,411  |
|      | of which: interest income calculated with the effective interest method                             |               |              |
| 20.  | Interest and similar expenses   | (76,822,351)  | (40,164,303) |
| 30.  | INTEREST MARGIN   | 110,025,550   | 61,592,108   |
| 40.  | Fee and commission income   | 48,215,275    | 49,571,444   |
| 50.  | Fee and commission expense  | (613,907)     | (567,347)    |
| 60.  | NET FEES AND COMMISSIONS  | 47,601,368    | 49,004,097   |
| 70.  | Dividends and similar revenues  | 1,419,101     | 12,770       |
| 80.  | Trading activity net result   | 13,591,863    | (7,779,347)  |
| 90.  | Hedging activity net result   | -             | -            |
| 100. | Profit (loss) on sale/repurchase of:  | 4,348,097     | 24,735,098   |
|      | a) financial assets measured at amortised cost  | 2,657,969     | 2,835,702    |
|      | b) financial assets measured at fair value through other comprehensive income                       | 1,690,128     | 21,899,396   |
|      | c) financial liabilities  | -             | -            |
| 110. | Net result of other financial assets and liabilities measured at fair value through profit and loss | 327,162       | 14,159,694   |
|      | a) financial assets and liabilities measured at fair value  | -             |              |
|      | b) other financial assets mandatorily measured at fair value  | 327,162       | 14,159,694   |
| 120. | BROKERAGE MARGIN  | 177,313,141   | 141,724,420  |
| 130. | Net value adjustments/reversals for credit risk of:   | (477,069,827) | 1,376,460    |
|      | a) financial assets measured at amortised cost  | (476,480,875) | 150,520      |
|      | b) financial assets measured at fair value through other comprehensive income                       | (588,952)     | 1,225,940    |
| 140. | Profit/loss from contractual amendments without cancellation  | -             |              |
| 150. | NET RESULT OF FINANCIAL MANAGEMENT  | (299,756,686) | 143,100,880  |
| 160. | Administrative expenses:  | (127,331,860) | (58,206,968) |
|      | a) staff costs  | (39,944,458)  | (29,986,939) |
|      | b) other administrative expenses  | (87,387,402)  | (28,220,029) |
| 170. | Net provisions for risks and charges  | (3,507,400)   | 226,656      |
|      | a) commitments and guarantees issued  | -             | -            |
|      | b) other net provisions   | (3,507,400)   | 226,656      |
| 180. | Net value adjustments/reversals on property, plant and equipment                                    | (1,995,487)   | (1,803,581)  |
| 190. | Net value adjustments/reversals on intangible fixed assets  | (723,989)     | (261,639)    |
| 200. | Other operating income and expenses   | (8,498,636)   | (14,034,284) |
| 210. | OPERATIONAL COSTS   | (142,057,372) | (74,079,816) |
| 220. | Net gains (losses) on equity investments  | -             | 4,901        |
| 230. | Net result of the measurement at fair value of property, plant and equipment and intangible assets  | -             |              |
| 240. | Vale adjustments on goodwill  | -             |              |
| 250. | Profit (loss) on disposal of investments  | <u>-</u>      |              |
| 260. | PROFIT (LOSS) OF CURRENT OPERATIONS BEFORE TAXES  | (441,814,059) | 69,025,965   |
| 270. | Income taxes for the year on current operating activities   | 22,503,028    | 5,774,719    |
| 280. | PROFIT (LOSS) OF CURRENT OPERATIONS AFTER TAXES   | (419,311,031) | 74,800,684   |
| 290. | Profit (Loss) from discontinued operations after taxes  |               |              |
| 300. | PROFIT (LOSS) FOR THE YEAR  | (419,311,031) | 74,800,684   |
|      |   |               |              |

# STATEMENT OF COMPREHENSIVE INCOME

|      | ITEMS   | 31/12/2021    | 31/12/2020  |
|------|---|---------------|-------------|
| 10.  | Profit (Loss) for the year  | (419,311,031) | 74,800,684  |
|      | Other income components net of taxes without reversal to the income statement                             |               |             |
| 20.  | Equity securities measured at fair value through other comprehensive income                               | 1,377,905     | (213,150)   |
| 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   | 8,469         | (9,551)     |
| 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 | (5,580,522)   | (4,986,473) |
| 150. | Non-current assets and groups of assets held for disposal   |               |             |
| 160. | Share of equity investment valuation reserve valued at net equity   | ·             |             |
| 170. | Total other income components net of taxes  | (4,194,147)   | (5,209,174) |
| 180. | Other comprehensive income (Items 10+170)   | (423,505,178) | 69,591,510  |

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY - 2021

|                            |               |                        |                         | Allocation of previous | of previous                             |                    |                           |                                      | Changes in the year   | ie year                             |                  |                                     |                             |
|----------------------------|---------------|------------------------|-------------------------|------------------------|---|--------------------|---------------------------|--------------------------------------|---|-------------------------------------|------------------|-------------------------------------|-----------------------------|
|                            | Balance as at |                        | Balance as at           | year profit (loss)     | it (loss)                               |                    |                           | Transaction                          | Transactions on shareholders' equity                                  | Iders' equity                       |                  |                                     | Shareholders'               |
|                            | 31/12/2020    | of opening<br>balances | 01/01/2021              | Reserves               | Dividends<br>and other<br>distributions | Change in reserves | Issue<br>of new<br>shares | Purchase<br>of<br>treasury<br>shares | Extraordinary Changes in distribution equity of dividends instruments | Changes in<br>equity<br>instruments | Other<br>changes | Comprehensive<br>income for<br>2021 | equity at<br>31/12/2021     |
| Capital:                   |               |                        |                         |                        |   |                    |                           |                                      |   |                                     |                  |                                     |                             |
| a) ordinary shares         | 600,000,000   |                        | 600,000,000             |                        |   |                    |                           |                                      |   |                                     |                  |                                     | 600,000,000                 |
| b) other shares            | 55,153,674    |                        | 55,153,674              |                        |   |                    |                           |                                      |   |                                     |                  |                                     | 55,153,674                  |
| Share premiums             | 604,552,228   |                        | 604,552,228             |                        |   |                    |                           |                                      |   |                                     |                  |                                     | 604,552,228                 |
| Reserves:                  |               |                        |                         |                        |   |                    |                           |                                      |   |                                     |                  |                                     |                             |
| a) from profits            | 818,906,492   |                        | 818,906,492             | 74,800,684             |   | (1,710,736)        |                           |                                      |   |                                     |                  |                                     | 891,996,440                 |
| b) others                  | 675,835,983   |                        | 675,835,983             |                        |   | (47,085)           |                           |                                      |   |                                     |                  |                                     | 675,788,898                 |
| Valuation reserves         | (9,903,446)   |                        | (9,903,446)             |                        |   |                    |                           |                                      |   |                                     |                  | (4,194,149)                         | (14,097,595)                |
| Equity instruments         |               |                        |                         |                        |   |                    |                           |                                      |   |                                     |                  |                                     |                             |
| Treasury shares            | (70,067)      |                        | (70,067)                |                        |   |                    |                           | (2,227)                              |   |                                     |                  |                                     | (72,294)                    |
| Profit (Loss) for the year | 74,800,684    |                        | 74,800,684 (74,800,684) | (74,800,684)           |   |                    |                           |                                      |   |                                     |                  | (419,311,031)                       | (419,311,031) (419,311,031) |
| Net equity                 | 2,819,275,548 | .,                     | 2,819,275,548           |                        |   | (1,757,821)        |                           | (2,227)                              |   |                                     |                  | (423,505,180)                       | (423,505,180) 2,394,010,320 |

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY - 2020

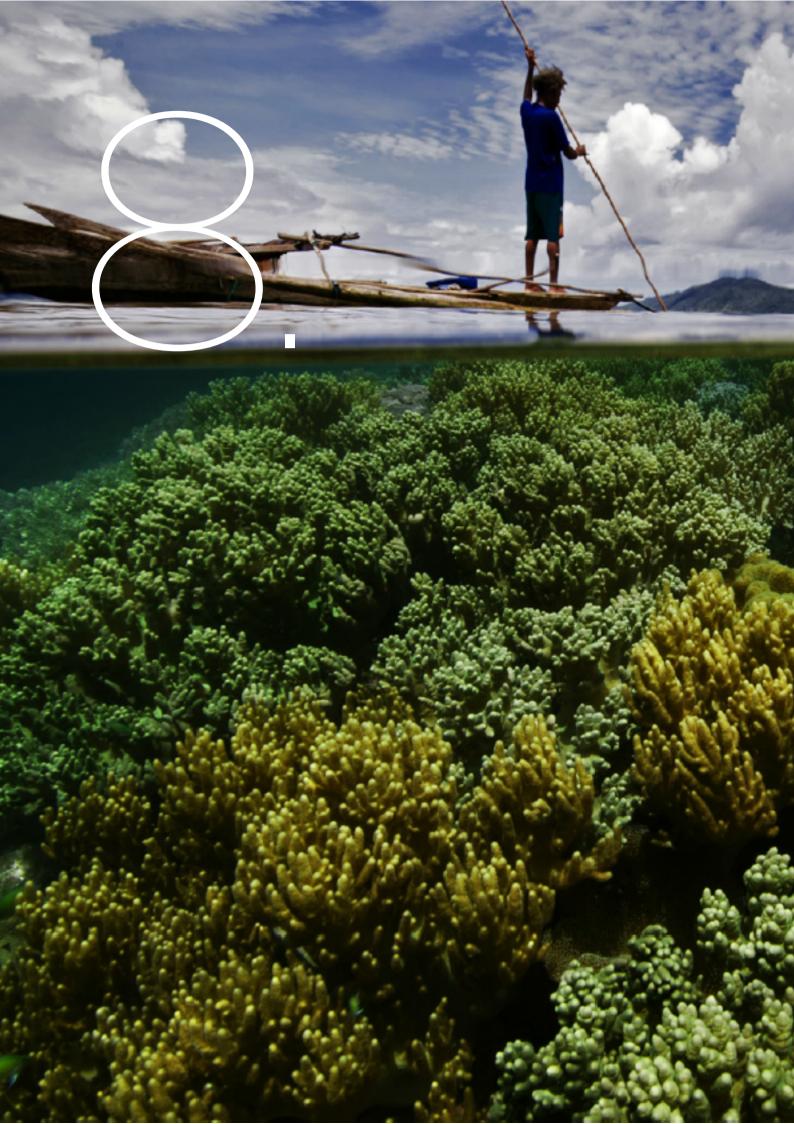
|                            |               |                        |               | Allocation   | Allocation of previous                  |                    |                         |                                      | Changes in the year   | rear                                |                  |                                     |                            |
|----------------------------|---------------|------------------------|---------------|--------------|---|--------------------|-------------------------|--------------------------------------|---|-------------------------------------|------------------|-------------------------------------|----------------------------|
|                            | Balance as at | Amendment              | Balance as at | year pro     | year profit (loss)                      |                    |                         | Transaction                          | Transactions on shareholders' equity                                  | ers' equity                         |                  |                                     | Shareholders'              |
|                            | 31/12/2019    | of opening<br>balances | 01/01/2020    | Reserves     | Dividends<br>and other<br>distributions | Change in reserves | Issue of<br>new shares  | Purchase<br>of<br>treasury<br>shares | Extraordinary Changes in distribution equity of dividends instruments | Changes in<br>equity<br>instruments | Other<br>changes | Comprehensive<br>income for<br>2020 | equity as at<br>31/12/2020 |
| Capital:                   |               |                        |               |              |   |                    |                         |                                      |   |                                     |                  |                                     |                            |
| a) ordinary shares         | 600,000,000   |                        | 600,000,009   |              |   |                    |                         |                                      |   |                                     |                  |                                     | 000,000,009                |
| b) other shares            |               |                        |               |              |   |                    | 55,153,674              |                                      |   |                                     |                  |                                     | 55,153,674                 |
| Share premiums             | 403,000,000   |                        | 403,000,000   |              |   |                    | 201,552,228             |                                      |   |                                     |                  |                                     | 604,552,228                |
| Reserves:                  |               |                        |               |              |   |                    |                         |                                      |   |                                     |                  |                                     |                            |
| a) from profits            | 779,011,454   |                        | 779,011,454   | 39,895,038   |   |                    |                         |                                      |   |                                     |                  |                                     | 818,906,492                |
| b) others                  |               |                        |               |              |   | 675,835,983        |                         |                                      |   |                                     |                  |                                     | 675,835,983                |
| Valuation reserves         | (1,459,572)   |                        | (1,459,572)   |              |   | (3,234,700)        |                         |                                      |   |                                     |                  | (5,209,174)                         | (9,903,446)                |
| Equity instruments         |               |                        |               |              |   |                    |                         |                                      |   |                                     |                  |                                     |                            |
| Treasury shares            |               |                        |               |              |   |                    |                         | (70,067)                             |   |                                     |                  |                                     | (70,067)                   |
| Profit (Loss) for the year | 39,895,038    |                        | 39,895,038    | (39,895,038) |   |                    |                         |                                      |   |                                     |                  | 74,800,684                          | 74,800,684                 |
| Net equity                 | 1,820,446,920 |                        | 1,820,446,920 |              |   | 672,601,283        | 672,601,283 256,705,902 | (70,067)                             |   |                                     |                  | 69,591,510                          | 69,591,510 2,819,275,548   |
|                            |               |                        |               |              |   |                    |                         |                                      |   |                                     |                  |                                     |                            |

# **STATEMENT OF CASH FLOWS - Direct method**

| A. OPERATING ACTIVITIES  | 31/12/2021    | 31/12/2020      |
|--|---------------|-----------------|
| 1. Ordinary activities   | 12,267,057    | 86,072,641      |
| Interest income received (+)   | 156,012,557   | 98,383,025      |
| Interest expenses paid (-)   | (72,860,015)  | (18,068,636)    |
| Dividends and similar revenues (+)   | 1,419,101     | 12,770          |
| Net fees and commissions (+/-)   | 43,229,079    | 53,856,249      |
| Staff costs (-)  | (39,944,458)  | (29,986,939)    |
| Other costs (-)  | (80,637,880)  | (15,963,774)    |
| Other revenues (+)   | 5,938,397     | 4,738,763       |
| Duties and taxes (-)   | (889,725)     | (6,898,817)     |
| Costs/revenues relating to discontinued operations net of tax effect (+/-)   |               |                 |
| 2. Cash flow generated/absorbed by financial assets  | 231,254,557   | (4,107,157,047) |
| Financial assets held for trading  | 196,349       | (266,598)       |
| Financial assets measured at fair value  |               | <u> </u>        |
| Other assets mandatorily measured at fair value  | 7,220,752     | (87,383,698)    |
| Financial assets measured at fair value through other comprehensive income   | (445,444,556) | 799,813,345     |
| Financial assets measured at amortised cost  | 664,626,404   | (4,702,954,611) |
| Other assets   | 4,655,608     | (116,365,485)   |
| O Cook flow was such dish such ad by flows sink like like  | (207.202.202) | 2 225 225 225   |
| 3. Cash flow generated/absorbed by financial liabilities   | (307,303,309) | 3,035,886,095   |
| Financial liabilities measured at amortised cost   | (277,045,908) | 3,020,711,057   |
| Financial liabilities held for trading   | 90            | 4,281           |
| Financial liabilities measured at fair value  Other liabilities  | (20.257.404)  | 4F 470 7F0      |
| Other habilities   | (30,257,491)  | 15,170,758      |
| Net cash flow generated/absorbed by operating activities   | (63,781,696)  | (985,198,310)   |
| B. INVESTMENT ACTIVITIES   |               |                 |
| 1. Cash flow generated by  |               | 8,802           |
| Sales of equity investments  |               | 8,802           |
| 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   | (27,451,941)  | (1,962,684)     |
| Purchases of equity investments  |               |                 |
| Purchases of property, plant and equipment   | (26,271,522)  | (339,561)       |
| Purchases of intangible assets   | (1,180,419)   | (1,623,123)     |
| Purchases of company business units  |               |                 |
| Not seek fire and a state of the state of th | (07.454.044)  | (4 0=0 000)     |
| Net cash flow generated/absorbed by investment activities  C. FUNDING ACTIVITIES   | (27,451,941)  | (1,953,882)     |
| Issues/purchases of treasury shares  | (2,227)       | 929,237,118     |
| Issues/purchases of equity instruments   | (2,221)       | 323,231,110     |
| Dividend distribution and other purposes   |               |                 |
| Divident distribution and other purposes   |               |                 |
| Net cash flow generated/absorbed by funding activities   | (2,227)       | 929,237,118     |
| NET CASH FLOW GENERATED/ABSORBED IN THE YEAR   | (91,235,864)  | (57,915,074)    |
|  | , ,           | , ,             |

# **RECONCILIATION**

| RECONCILIATION   | 31/12/2021   | 31/12/2020   |
|--|--------------|--------------|
| Cash and cash equivalents at the beginning of the year | 243,031,818  | 300,946,892  |
| Total net cash flow generated/absorbed in the year     | (91,235,864) | (57,915,074) |
| Cash and cash equivalents: foreign exchange effect     | -            | -            |
| Cash and cash equivalents at the end of the year       | 151,795,953  | 243,031,818  |





# PART A - ACCOUNTING POLICIES

# A.1 - GENERAL PART

# Section 1 - Statement of compliance with international accounting standards

These financial statements as at 31 December 2021 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 2021 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 Banca d'Italia in the Provisions relating to the Financial Statements of IFRS Intermediaries other than Banking Intermediaries, issued with Measure of 29 October 2021, which fully replace those of 30 November 2018. 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.

The new measures are aimed at aligning, as far as possible, financial reporting to supervisory reporting harmonised at European level (FINREP) in order to avoid the management of "double tracks" between supervisory and financial reporting and contain the reporting costs of intermediaries. The main changes made concern the presentation in the financial statements of:

- some categories of financial assets (on-demand receivables from banks and central banks and acquired and originated impaired loans), which are represented similarly to what is already indicated in the European harmonised reports (FINREP) and in the recently updated Banca d'Italia circulars;
- intangible assets, for which specific evidence is required of software that is not an integral part of hardware pursuant to IAS 38;
- detailed information on fee and commission income and expense;
- contributions to the resolution fund and to the deposit guarantee schemes, for which separate disclosure is required in the relevant items.

The amendments also incorporate the new elements introduced by the amendments to IFRS 7 regarding disclosure on financial instruments, endorsed with Regulation (EU) 2021/25 of 13 January 2021, in force starting from 1 January 2021. With the adoption of the amendments to IFRS 7, account was taken of the new information requests in relation to the reform of the benchmarks for determining the interest rates on financial instruments.

Finally, the provisions contained were adopted:

in paragraph "2. Disclosure required by IFRS 7 connected with the reform of the benchmarks" of the provisions attached to the communication of 21 December 2021 - Update of the additions to the 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;

 in paragraph "1. Transfers of financial assets" of the communication of 23 December 2019 -Financial statements of banking and financial intermediaries closed or in progress as at 31 December 2019.

In the preparation of the financial statements the IAS/IFRS standards adopted and effective as at 31 December 2021 were applied (including the SIC and IFRIC interpretative documents), without any derogation to their application.

# 1.1 - International accounting standards in force since 2021

The accounting standards, amendments and IFRS interpretations applicable from 1 January 2021 are reported below:

- On 31 March 2021, the IASB published an amendment called "Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)", which extends by one year the application period of the amendment issued in 2020, which provided for lessees the right to account for the reduction in fees connected to Covid-19 without having to assess, through analysis of the contracts, whether the definition of lease modification of IFRS 16 was respected. Therefore, lessees who applied this option in the 2020 financial year recognised the effects of rent reductions directly in the income statement at the effective date of the reduction. The 2021 amendment, available only to entities that had already adopted the 2020 amendment, is effective as of 1 April 2021 and early adoption is allowed. The Company has not applied the available practical expedient.
- On 13 January 2021, Regulation (EU) 25/2021 implemented the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 contained in the document, "Interest Rate Benchmark Reform-Phase 2", published by the IASB on 27 August 2020 to account for the consequences of effectively replacing existing interest rate benchmarks with alternative reference rates. These amendments provide for a specific accounting treatment to allocate over time changes in the value of financial instruments or lease agreements due to the replacement of the benchmark for determining interest rates, thus avoiding immediate repercussions on the profit (loss) for the year and unnecessary terminations of hedging relationships following the replacement of the benchmark for determining interest rates. The amendments, which apply as from 1 January 2021, have not generated any effect in these financial statements as the conditions for their application are not present in AMCO.

# 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 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, which aim at greater consistency in financial reporting and at the avoidance of potential confusion from having more than one version of the Conceptual Framework in use, are applicable starting from 1 January 2022 and will not have any effect on AMCO's financial statements.

- 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. The amendments are applicable from 1 January 2022 and will not have any effect on AMCO's financial statements.
- 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. The amendments are applicable as of 1 January 2022. No effects are expected on AMCO's financial statements as the conditions for their application are not present.
- 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. The amendments, essentially of a technical and editorial nature, are applicable starting from 1January 2022 and will not have any effects on the AMCO financial statements.
- 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.

# 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 Noncurrent." The purpose of the document is to clarify how to classify payables and other shortterm or long-term liabilities. The amendments take effect on 1 January 2023; however, earlier
  application is permitted.
- In February 2021, the IASB published the document "Disclosure of Accounting Policies Amendments to IAS 1 and IFRS Practice Statement 2" containing amendments aimed at
  improving disclosure on accounting policies, in order to provide more useful information to
  users of financial statements. The amendments enter into force on 1 January 2023.
- In February 2021, the IASB published the document "Definition of Accounting Estimates Amendments to IAS 8" containing amendments aimed at helping companies to differentiate
  changes in accounting estimates from changes in accounting policies. The amendments
  enter into force on 1 January 2023.

• In May 2021 the IASB published the document "Amendments to IAS 12 - Income taxes" to specify how companies shall account for the deferred tax on transactions such as leases and dismantling 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.

# Section 2 - Basis of preparation

The accounting standards adopted for the preparation of these financial statements, with reference to the phases of classification, recognition, evaluation and derecognition of financial assets and liabilities, have remained unchanged with respect to those adopted for the preparation of the 2020 Financial Statements, with the exception of the reclassification of on-demand receivables from banks, which, as indicated in the new provisions of the Banca d'Italia for the "Financial Statements of IFRS Intermediaries other than Banking Intermediaries", are represented under item 10 of Assets - Cash and cash equivalents and no longer under item 40c - Financial assets measured at amortised cost/Loans and receivables with banks. In order to make the comparative data homogeneous, these on-demand receivables were reclassified also for the previous year.

In addition, the expenses relating to credit recovery outsourcers have been represented in these financial statements under item 160b - Administrative expenses: other administrative expenses, and no longer under item 50 - Fee and commission expense.

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 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 financial statements are prepared using the EUR as the reporting currency. The amounts in the financial statements are expressed in Euro, while in the notes to the financial statements they are expressed in thousands 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 2021, the reference date of the annual consolidated 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 experienced due to the Covid-19 pandemic; however, there are still elements of uncertainty linked to the effect of the inflation dynamics on the economy that also take place in the eurozone and the consequent response of central banks in terms of normalisation of the monetary policy. In addition to this are the recent 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 2022, the acquisition of a portfolio of non-performing loans from Banca di Credito Cooperativo di S. Marcellino in LCA was finalised for a total gross book value of EUR 14 million:
- with effect from 1 March 2022, the unwinding was completed of the securitisation of the loans conferred in the vehicle Fucino NPL's S.r.l., whose senior class notes had been subscribed by Banca del Fucino, while the mezzanine and junior class notes had been subscribed by AMCO S.p.A.

# Section 4 - Other aspects

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

The preparation of the separate 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 statements aggregates provides additional information on the subjective assumptions and assessments used in the preparation of these 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 same business
  model and pricing of the activities of master and special servicing with respect to the two
  previous hypotheses.

From the analysis carried out on the basis of cash flows 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 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 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

Although there are signs of economic recovery and macroeconomic forecasts are positive, there are still elements of uncertainty, which could cause a slowdown in the recovery. 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.

With regard 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. In order to assess the possible impacts on the valuation of the assets and on its own capital, AMCO continued what was done in 2020 by carrying out sensitivity analyses aimed at identifying specific situations of difficulty of the debtors.

During the preparation of the 2021 Budget and the 2021 Risk Framework, AMCO carried out a sensitivity analysis by preparing two scenarios (basic and adverse) in line with the guidelines issued by the Banca d'Italia for the purposes of self-assessment of the capital adequacy of the Company.

These analyses did not reveal any particular risks for AMCO; however, the current macroeconomic scenario is affected by a high degree of uncertainty, the outcome of which is not currently foreseeable and which may require changes in the assessments made, depending on the evolution of the pandemic, the effect of the economic policy measures implemented, the progress of the vaccination campaign and the mode of economic recovery. 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.

## Contractual changes resulting from Covid-19

1) Contractual amendments and accounting derecognition (IFRS 9)

In order to limit the long-term effects of the crisis triggered by the health emergency, the Italian government adopted extraordinary measures aimed at containing unemployment and supporting the most vulnerable sectors, associated with bank loans to enterprises guaranteed by the

government and the extension of the solidarity fund for first home mortgages ("Gasparrini Fund"). As in 2020, also in 2021, in its ordinary operations, AMCO provided eligible individuals with the support measures provided at the national level. Without prejudice to the preservation of the company's viability, in addition to those provided for by law, AMCO has voluntarily extended extraordinary support measures to customers deemed most deserving. Please refer to the paragraph "Information on the effects of the Covid-19 pandemic" for further information.

### 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 envisaged by the amendment did not occur and, specifically, the Company did not obtain a reduction in lease fees associated with Covid-19 during the year.

## 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.

## 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 or 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 the 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 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 affected 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 shareholders' 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 become 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

| T of G   | 31      | 1/12/202 | 1       |           | 31     | /12/202 | 20      |         |
|--|---------|----------|---------|-----------|--------|---------|---------|---------|
| Type of financial instrument   | L1      | L2       | L3      | Total     | L1     | L2      | L3      | Total   |
| Financial assets measured at fair value through profit and loss            |         |          |         |           |        |         |         |         |
| a) financial assets held for trading                                       |         | 70       |         | 70        |        | 267     |         | 267     |
| b) financial assets measured at fair value                                 |         |          |         |           |        |         |         |         |
| c) other financial assets mandatorily measured at fair value               | 5,441   |          | 675,739 | 681,180   | 13,999 |         | 673,870 | 687,870 |
| Financial assets measured at fair value through other comprehensive income | 498,819 |          | 1,849   | 500,668   | 57,666 |         | 2,370   | 60,036  |
| 3. Hedging derivatives   |         |          |         |           |        |         |         |         |
| 4. Property, plant and equipment   |         |          |         |           |        |         |         |         |
| 5. Intangible assets   |         |          |         |           |        |         |         |         |
| TOTAL ASSETS   | 504,261 | 70       | 677,587 | 1,181,918 | 71,665 | 267     | 676,240 | 748,172 |
| Financial liabilities held for trading                                     |         | 4        |         | 4         |        | 4       |         | 4       |
| 2. Financial liabilities measured at fair value                            |         |          |         |           |        |         |         |         |
| 3. Hedging derivatives   |         |          |         |           |        |         |         |         |
| TOTAL LIABILITIES  |         | 4        |         | 4         |        | 4       |         | 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 70 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 5 million, include
  the equity investment held by the 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 675.8 million, which include the investment in the Italian Recovery Fund for EUR 447.3 million, the investment in the Back2bonis Fund for EUR 90.8 million, the notes of the securitisation vehicle Fucino NPL's S.r.I. for EUR 29.3 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 17.3 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 58.9 million and other financial assets for EUR 16 million;
- financial assets measured at fair value though other comprehensive income of Level 1, for a total of EUR 498.8 million, consisting of the temporary investment of liquidity in government bonds;
- financial assets measured at fair value through other comprehensive income of Level 3, for a
  total of EUR 1.8 million, mainly consisting of the investment in Banca Carige S.p.A. for EUR
  1.3 million and other securities for EUR 0.5 million.

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   | fair value throug                                    | h profit and loss  | Financial   |                        |                                  |                      |
|---------------------------------|-----------|---|--|--|---|------------------------|----------------------------------|----------------------|
|                                 |           | Of which: a)<br>Financial<br>assets held for<br>trading | Of which: b) Financial assets measured at fair value | Of which: c) Other financial assets mandatorily measured at fair value | assets<br>measured at<br>fair value<br>through other<br>comprehensive<br>income | Hedging<br>derivatives | Property, plant<br>and equipment | Intangible<br>assets |
| 1. Opening balances             | 673,870   |   |  | 673,870  | 2,370   |                        |                                  |                      |
| 2. Increases                    |           |   |  |  |   |                        |                                  |                      |
| 2.1 Purchases                   | 30,998    |   |  | 30,998   |   |                        |                                  |                      |
| 2.2 Profit attributable to:     |           |   |  |  |   |                        |                                  |                      |
| 2.2.1 Income statement          | 7,262     |   |  | 7,262  | 16  |                        |                                  |                      |
| - of which: capital gains       | 7,262     |   |  | 7,262  | 16  |                        |                                  |                      |
| 2.2.2 Shareholders' equity      |           |   |  |  |   |                        |                                  |                      |
| 2.3 Transfers from other levels |           |   |  |  |   |                        |                                  |                      |
| 2.4 Other increases             | 1,687     |   |  | 1,687  |   |                        |                                  |                      |
| 3. Decreases                    |           |   |  |  |   |                        |                                  |                      |
| 3.1 Sales                       |           |   |  |  |   |                        |                                  |                      |
| 3.2 Refunds                     | 22,735    |   |  | 22,735   | 22  |                        |                                  |                      |
| 3.3 Loss attributable to:       |           |   |  |  |   |                        |                                  |                      |
| 3.3.1 Income statement          | 15,344    |   |  | 15,344   | 515   |                        |                                  |                      |
| - of which: capital losses      | 15,344    |   |  | 15,344   | 515   |                        |                                  |                      |
| 3.3.2 Shareholders' equity      |           |   |  |  |   |                        |                                  |                      |
| 3.4 Transfers to other levels   |           |   |  |  |   |                        |                                  |                      |
| 3.5 Other decreases             |           |   |  |  |   |                        |                                  |                      |
| 4. Closing balance              | 672,739   |   |  | 675,739  | 1,849   |                        |                                  |                      |

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

|  |                     | TOTAL      | ي-  |           |                     | TOTAL      | <u>۱</u> |           |
|--|---------------------|------------|-----|-----------|---------------------|------------|----------|-----------|
| Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis |                     | 31/12/2021 | 021 |           |                     | 31/12/2020 | 020      |           |
|  | CA                  | 7          | L2  | L3        | CA                  | 1          | 7        | L3        |
| 1. Financial assets measured at amortised cost   | 4,509,999           |            |     | 4,509,999 | 5,605,555           |            |          | 5,605,555 |
| 2. Financial assets held for investment  |                     |            |     |           |                     |            |          |           |
| 3. Non-current assets and groups of assets held for disposal                                     |                     |            |     |           |                     |            |          |           |
| TOTAL  | 4,509,999           |            |     | 4,509,999 | 5,605,555           |            |          | 5,605,555 |
| 1. Financial assets measured at amortised cost   | 3,622,914 3,596,714 | 3,596,714  |     | 26,199    | 3,897,277 2,846,754 | 2,846,754  |          | 1,050,523 |
| 2. Liabilities associated to assets held for disposal  |                     |            |     |           |                     |            |          |           |
| TOTAL B  | 3,622,914 3,596,714 | 3,596,714  |     | 26,199    | 3,897,277 2,846,754 | 2,846,754  |          | 1,050,523 |

# PART B - INFORMATION ON THE BALANCE SHEET ASSETS

## Section 1 – Cash and cash equivalents – Item 10

|                                     | 31/12/2021 | 31/12/2020 |
|-------------------------------------|------------|------------|
| a) Cash                             | -          | -          |
| b) Unrestricted deposits with Banks | 151,796    | 243,032    |
| TOTAL                               | 151,796    | 243,032    |

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

| ITEMONAL LIFO                        |         | 31/12/2021 |         | :       | 31/12/2020 | )       |
|--------------------------------------|---------|------------|---------|---------|------------|---------|
| ITEMS/VALUES                         | Level 1 | Level 2    | Level 3 | Level 1 | Level 2    | Level 3 |
| 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             |         | 70         |         |         |            | 267     |
| 1.1 for trading                      |         | 70         |         |         |            | 267     |
| 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                              |         | 70         |         |         |            | 267     |
| TOTAL A+B                            |         | 70         |         |         |            | 267     |

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

|  |                    | 31/12                        | 2/2021                          |           |                           | 31/12/2                      | 020                             |           |
|--|--------------------|------------------------------|---------------------------------|-----------|---------------------------|------------------------------|---------------------------------|-----------|
|  |                    | Over the count               | er                              |           |                           | Over the counter             |                                 |           |
| Underlying                             | Central            | Without Centra               | Counterparties                  | Organised |                           | Without Centra               | al Counterparties               | Organised |
| assets/Derivative types                | Counterpar<br>ties | With compensation agreements | Without compensation agreements | markets   | Central<br>Counterparties | With compensation agreements | Without compensation agreements | markets   |
| 1. Debt securities and interest rates  |                    |                              |                                 |           |                           |                              |                                 |           |
| Notional value                         |                    |                              | 6,033                           |           |                           |                              | 26,233                          |           |
| Fair value                             |                    |                              | 70                              |           |                           |                              | 267                             |           |
| 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                                  |                    |                              | 70                              |           |                           |                              | 267                             |           |

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

| ITEMS/VALUES                  | 31/12/2021 | 31/12/2020 |
|-------------------------------|------------|------------|
| 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                     | 70         | 267        |
| TOTAL B                       | 70         | 267        |
| TOTAL (A+B)                   | 70         | 267        |

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

| ITEMON/ALLIES             |         | 31/12/2021 |         |         | 31/12/2020 |         |
|---------------------------|---------|------------|---------|---------|------------|---------|
| ITEMS/VALUES              | Level 1 | Level 2    | Level 3 | Level 1 | Level 2    | Level 3 |
| 1. Debt securities        |         |            | 29,332  |         |            | 29,336  |
| 1.1 Structured securities |         |            | 29,332  |         |            | 29,336  |
| 1.2 Other debt securities |         |            |         |         |            |         |
| 2. Equity securities      | 5,441   |            | 18,785  | 13,999  |            | 28,933  |
| 3. UCITS units            |         |            | 568,707 |         |            | 558,374 |
| 4. Loans                  |         |            | 58,914  |         |            | 57,228  |
| 4.1 Repurchase agreement  |         |            |         |         |            |         |
| 4.2 Others                |         |            | 58,914  |         |            | 57,228  |
| TOTAL                     | 5,441   |            | 675,739 | 13,999  |            | 673,870 |

The item "Debt securities - Structured securities" include the notes of the securitisation vehicle Fucino NPL's S.r.l., consolidated by the Company, for EUR 29.3 million. The Fucino NPL's S.r.l securitisation vehicle was created on 14 September 2019 following the completion of the securitisation transaction of a portfolio of Non Performing Exposure of Banca Fucino. The notes are recognised in the Company's financial statements at fair value, which amounts to EUR 29 million, plus accrued interest income on the mezzanine notes, which amounts to EUR 0.3 million.

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 transaction with Monte dei Paschi di Siena for a total of EUR 5.3 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 18.7 million.

#### The item "UCITS units" includes:

- the investment in Italian Recovery Fund for EUR 447.2 million. As at 31 December 2021, the Company held 472.6 units with unit value of EUR 946,413 (compared to the 493.39 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 May and September 2021;
- the units of the Back2Bonis Fund, assigned to the Company in the context of the Cuvée operation, amounting to EUR 90.8 million as at 31 December 2021;
- the SGT Sansedoni fund units, acquired in 2021 as part of a debt to equity swap transaction and valued at EUR 17.3 million at 31 December 2021;
- the units of Efesto, acquired in 2020 as part of the transaction with Monte dei Paschi di Siena and valued at EUR 12.5 million as at 31 December 2021;
- the units of the Clessidra Restructuring Fund, acquired in 2020 and valued at EUR 0.7 million as at 31 December 2021.

Loans include credits from the portfolios of the former Banca Carige, Monte dei Paschi di Siena and Banco Popolare, which 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                        | 31/12/2021 | 31/12/2020 |
|-------------------------------------|------------|------------|
| 1. Equity securities                | 24,226     | 42,932     |
| of which: banks                     | 107        |            |
| of which: other financial companies |            | 8,851      |
| of which: non-financial companies   | 24,119     | 34,081     |
| 2. Debt securities                  | 29,332     | 29,336     |
| a) Public administrations           |            |            |
| b) Banks                            |            |            |
| c) Other financial companies        | 29,332     | 29,336     |
| of which insurance companies        |            |            |
| d) Non-financial companies          |            |            |
| 3. UCITS units                      | 568,707    | 558,374    |
| 4. Loans                            | 58,914     | 57,228     |
| a) Public administrations           |            |            |
| b) Banks                            |            |            |
| c) Other financial companies        | 9,052      | 17,872     |
| of which insurance companies        |            |            |
| d) Non-financial companies          | 49,284     | 38,470     |
| e) Households                       | 578        | 885        |
| TOTAL                               | 681,180    | 687,870    |

## 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

| ITEMON/ALLIEO             | 31      | 1/12/2021  |       | ;       | 31/12/2020 |         |
|---------------------------|---------|------------|-------|---------|------------|---------|
| ITEMS/VALUES              | Level 1 | Level 2 Le | vel 3 | Level 1 | Level 2    | Level 3 |
| 1. Debt securities        | 498,819 |            |       | 56,113  |            | 6       |
| 1.1 Structured securities |         |            |       |         |            |         |
| 1.2 Other debt securities | 498,819 |            |       | 56,113  |            | 6       |
| 2. Equity securities      |         |            | 1,849 | 1,552   |            | 2,364   |
| 3. Loans                  |         |            |       |         |            |         |
| TOTAL                     | 498,819 |            | 1,849 | 57,666  |            | 2,370   |

As at 31 December 2021 this item had a balance of EUR 500.1 million. In detail:

- Other debt securities: the amount of EUR 498.8 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 1.8 million mainly refers, for EUR 1.3 million, to the investment in Banca Carige S.p.A. equal to 1,804,490 shares.

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

| ITEMS/VALUES                  | 31/12/2021 | 31/12/2020 |
|-------------------------------|------------|------------|
| 1. Debt securities            | 498,819    | 56,119     |
| a) Public administrations     | 498,819    | 56,119     |
| b) Banks                      |            |            |
| c) Other financial companies  |            |            |
| of which insurance companies  |            |            |
| d) Non-financial companies    |            |            |
| 2. Equity securities          | 1,849      | 3,916      |
| a) Public Administrations     |            |            |
| b) Banks                      | 1,355      | 1,871      |
| c) Other financial companies  |            |            |
| of which: insurance companies |            |            |
| d) Non-financial companies    | 493        | 2,046      |
| 3. Loans                      |            |            |
| a) Public administrations     |            |            |
| b) Banks                      |            |            |
| c) Other financial companies  |            |            |
| of which insurance companies  |            |            |
| d) Non-financial companies    |            |            |
| e) Households                 |            |            |
| TOTAL                         | 500,668    | 60,036     |

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

|  |         | Gross value  |                 |                |                                       | Total v        | alue adjust     | tments      |                |
|--|---------|--|-----------------|----------------|---------------------------------------|----------------|-----------------|-------------|----------------|
|  | Firs    | t stage  |                 |                |                                       |                |                 |             | Total partial  |
| ITEMS/VALUES   |         | of which<br>instruments<br>with low<br>credit risk | Second<br>stage | Third<br>stage | Acquired or<br>originated<br>impaired | First<br>stage | Second<br>stage | Third stage | write-offs (*) |
| 1. Debt securities   | 499,496 | 499,496  |                 |                |                                       | (677)          |                 |             |                |
| 2. Loans   |         |  |                 |                |                                       |                |                 |             |                |
| Total (T)  | 499,496 | 499,496  |                 |                |                                       | (677)          |                 |             |                |
| Total (T-1)  | 56,207  | 56,207   |                 |                |                                       | 88             |                 |             |                |
| of which: acquired or originated impaired financial assets | Х       | Х  |                 |                |                                       | Х              |                 |             |                |

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

|                             | 31/12/2021  | 121 |            |       |                                  |                 | 31/12/2020                         | 50 |            |       |
|-----------------------------|---|-----|------------|-------|----------------------------------|-----------------|------------------------------------|----|------------|-------|
|                             | Carrying amount   | ш.  | Fair value |       | Car                              | Carrying amount | ount                               | 1  | Fair value |       |
| Type of transactions/Values | First Acquired and Third or second stage originated stages impaired | 2   | 2          | ខា    | First<br>and<br>second<br>stages | Third           | Acquired or or originated impaired | 2  | 2          | L3    |
| 1. Time deposits            |   |     |            |       |                                  |                 |                                    |    |            |       |
| 2. Current accounts         |   |     |            |       |                                  |                 |                                    |    |            |       |
| 3. Loans                    |   |     |            |       |                                  |                 |                                    |    |            |       |
| 2.1 Repurchase agreement    |   |     |            |       |                                  |                 |                                    |    |            |       |
| 2.2 Lease financing         |   |     |            |       |                                  |                 |                                    |    |            |       |
| 2.3 Factoring               |   |     |            |       |                                  |                 |                                    |    |            |       |
| - with recourse             |   |     |            |       |                                  |                 |                                    |    |            |       |
| - without recourse          |   |     |            |       |                                  |                 |                                    |    |            |       |
| 2.4 Other                   |   |     |            |       |                                  |                 |                                    |    |            |       |
| 4. Debt securities          |   |     |            |       |                                  |                 |                                    |    |            |       |
| 3.1 Structured securities   |   |     |            |       |                                  |                 |                                    |    |            |       |
| 3.2 Other debt securities   |   |     |            |       |                                  |                 |                                    |    |            |       |
| 5. Other assets             | 3,651   |     |            | 3,651 | 4,307                            |                 |                                    |    |            | 4,307 |
| TOTAL                       | 3,651   |     |            | 3,651 | 4,307                            |                 |                                    |    |            | 4,307 |
|                             |   |     |            |       |                                  |                 |                                    | 1  |            |       |

Other assets refer to receivables from the ICCREA Group related to the collections made by the Group during the interim period on the management of receivables of the portfolios acquired by the Company in December. The amounts were fully collected in January 2022.

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

|                             |                         |                 | 31/12/2021                         | 021 |            |        |                         |                 | 31/12/2020                         | 020 |            |         |
|-----------------------------|-------------------------|-----------------|------------------------------------|-----|------------|--------|-------------------------|-----------------|------------------------------------|-----|------------|---------|
| ;                           | Са                      | Carrying amount | ınt                                |     | Fair value |        | Са                      | Carrying amount | unt                                |     | Fair value |         |
| Type of transactions/Values | First and second stages | Third           | Acquired or or originated impaired | 2   | 71         | 13     | First and second stages | Third           | Acquired or or originated impaired | 2   | 77         | L3      |
| 1. Loans                    | 24,865                  |                 | 57,374                             |     |            | 82,239 |                         |                 | 24,276                             |     |            | 24,276  |
| 1.1 Repurchase agreement    |                         |                 |                                    |     |            |        |                         |                 |                                    |     |            |         |
| 1.2 Lease financing         |                         |                 |                                    |     |            |        |                         |                 |                                    |     |            |         |
| 1.3 Factoring               |                         |                 |                                    |     |            |        |                         |                 |                                    |     |            |         |
| - with recourse             |                         |                 |                                    |     |            |        |                         |                 |                                    |     |            |         |
| - without recourse          |                         |                 |                                    |     |            |        |                         |                 |                                    |     |            |         |
| 1.4 Other loans             | 24,865                  |                 | 57,374                             |     |            | 82,239 |                         |                 | 24,276                             |     |            | 24,276  |
| 2. Debt securities          |                         |                 |                                    |     |            |        |                         |                 |                                    |     |            |         |
| 2.1 Structured securities   |                         |                 |                                    |     |            |        |                         |                 |                                    |     |            |         |
| 2.2 Other debt securities   |                         |                 |                                    |     |            |        |                         |                 |                                    |     |            |         |
| 3. Other assets             | 29                      |                 |                                    |     |            |        | 357,490                 |                 |                                    |     |            | 357,490 |
| TOTAL                       | 24,932                  |                 | 57,374                             |     |            | 82,306 | 357,490                 |                 | 24,276                             |     |            | 381,766 |

As at 31 December 2021, the item shows a balance of EUR 82.3 million, consisting of the receivables of the portfolios acquired for EUR 57.4 million and from the loan to the Back2Bonis Fund for EUR 24.9 million.

The residual amount included in the item "Other assets" refers to receivables from Fucino NPL's for servicing activities performed.

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

|  |                         |                 | 31/12/2021                      |    |            |                                      |                 | 31/12/2020  |            |
|--|-------------------------|-----------------|---------------------------------|----|------------|--------------------------------------|-----------------|---|------------|
|  | 0                       | Carrying amount |                                 |    | Fair value | Carry                                | Carrying amount |   | Fair value |
| Type of transactions/Values                                | First and second stages | Third stage     | Acquired or originated impaired | 77 | L3         | First<br>and T<br>second s<br>stages | Third stage o   | Acquired Third or L1 L2 stage originated impaired | ឌ          |
| 1. Loans   | 16,165                  | 3,440           | 4,404,438                       |    | 4,424,043  | 46,555                               | -               | 5,172,877   | 5,219,432  |
| 1.1 Lease financing  |                         |                 |                                 |    |            |                                      |                 |   |            |
| 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  | 16,165                  | 3,440           | 4,404,438                       |    | 4,424,043  | 46,555                               | 7               | 5,172,877   | 5,219,432  |
| of which: from enforcement of guarantees and commitments   |                         |                 |                                 |    |            |                                      |                 |   |            |
| 2. Debt securities   |                         |                 |                                 |    |            |                                      |                 |   |            |
| 2.1 Structured securities                                  |                         |                 |                                 |    |            |                                      |                 |   |            |
| 2.2 Other debt securities                                  |                         |                 |                                 |    |            |                                      |                 |   |            |
| 3. Other assets  |                         |                 |                                 |    |            |                                      |                 |   |            |
| TOTAL  | 16,165                  | 3,440           | 4,404,438                       |    | 4,424,043  | 46,555                               | ,               | 5,172,877   | 5,219,432  |

As at 31 December 2021 this item had a balance of EUR 4,424.0 million, mainly made up of:

- Portfolios measured at amortised cost (former Monte Paschi di Siena, former Banco di Napoli) for EUR 2,734.5 million;
- Portfolios valued as POCI for EUR 1,689.5 million.

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

|                             |                         | 31/12/202      | 1                               |                         | 31/12/2020     |  |
|-----------------------------|-------------------------|----------------|---------------------------------|-------------------------|----------------|--|
| Type of transactions/Values | First and second stages | Third<br>stage | Acquired or originated impaired | First and second stages | Third<br>stage | Acquired<br>or<br>originated<br>impaired |
| 1. Debt securities          |                         |                |                                 |                         |                | -  |
| a) Public administrations   |                         |                |                                 |                         |                |  |
| b) Non-financial companies  |                         |                |                                 |                         |                |  |
| 2. Loans to:                |                         |                |                                 |                         |                |  |
| a) Public administrations   |                         |                | 4,490                           |                         |                | 6,551                                    |
| d) Non-financial companies  | 6,350                   | 1,708          | 3,045,557                       | 46,555                  |                | 3,392,671                                |
| e) Households               | 9,815                   | 1,732          | 1,354,391                       |                         |                | 1,773,655                                |
| 3. Other assets             |                         |                |                                 |                         |                |  |
| TOTAL                       | 16,165                  | 3,440          | 4,404,438                       | 46,555                  |                | 5,172,877                                |

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

|                    |         | Gross value  |                 |                |                                       | Total          | /alue adjusti   | ments          |                                       |                   |
|--------------------|---------|--|-----------------|----------------|---------------------------------------|----------------|-----------------|----------------|---------------------------------------|-------------------|
|                    | First   | stage  |                 |                |                                       |                |                 |                |                                       | Total partial     |
| ITEMS/VALUES       |         | of which<br>instruments<br>with low<br>credit risk | Second<br>stage | Third<br>stage | Acquired or<br>originated<br>impaired | First<br>stage | Second<br>stage | Third<br>stage | Acquired or<br>originated<br>impaired | write-offs<br>(*) |
| 1. Debt securities |         |  |                 |                |                                       |                |                 |                |                                       |                   |
| 2. Loans           | 25,272  | 25,272   | 16,429          | 6,541          | 9,057,143                             | (407)          | (264)           | (3,101)        | (4,595,331)                           |                   |
| 3. Other assets    | 3,717   | 3,717  |                 |                |                                       |                |                 |                |                                       |                   |
| Total 31/12/2021   | 28,989  | 28,989   | 16,429          | 6,541          | 9,057,143                             | (407)          | (264)           | (3,101)        | (4,595,331)                           |                   |
| TOTAL 31/12/2020   | 384,194 | 384,194  | 27,200          |                | 9,479,000                             | (336)          | (1,445)         |                | (4,281,828)                           |                   |

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

|   | Gross value   |                 |                |                                       | Total          | value adjusti   | ments          |  |                                 |
|---|---|-----------------|----------------|---------------------------------------|----------------|-----------------|----------------|--|---------------------------------|
| ITEMS/VALUES  | First stage<br>of which<br>instruments<br>with low<br>credit risk | Second<br>stage | Third<br>stage | Acquired or<br>originated<br>impaired | First<br>stage | Second<br>stage | Third<br>stage | Acquired<br>or<br>originated<br>impaired | Total partial<br>write-offs (*) |
| Loans subject to concession compliant with GLs  |   |                 |                | 55,597                                |                |                 |                | 11,449                                   |                                 |
| Loans subject to<br>existing moratorium<br>measures no longer<br>compliant with GLs and<br>not valued as subject to<br>transfer |   |                 |                |                                       |                |                 |                |  |                                 |
| <ol><li>Loans with other<br/>forbearance measures</li></ol>   |   |                 | 2,908          | 1,455,611                             |                |                 | 1,678          | 404,933                                  |                                 |
| 4. New loans  |   | ·               |                | ·                                     |                | ·               |                | ·  |                                 |
| TOTAL 31/12/2021  |   |                 | 2,908          | 1,511,208                             |                |                 | 1,678          | 416,382                                  |                                 |
| TOTAL 31/12/2020  |   |                 |                |                                       | •              |                 |                |  |                                 |

4.6 - Financial assets measured at amortised cost: guaranteed assets

|                                       |                                  |                    | 31/12/2021                                     | _                |                                      |                    |                                  | 31/12/2020                                     | 0                |                                      |                    |
|---------------------------------------|----------------------------------|--------------------|--|------------------|--------------------------------------|--------------------|----------------------------------|--|------------------|--------------------------------------|--------------------|
|                                       | Loans and receivables with banks | eceivables<br>anks | Loans and receivables with financial companies | les with<br>nies | Loans and receivables with customers | ceivables<br>omers | Loans and receivables with banks | Loans and receivables with financial companies | les with<br>nies | Loans and receivables with customers | ceivables<br>omers |
|                                       | EV                               | GV.                | EV   | GV.              | EV                                   | GV                 | EV GV                            | EV   | GV               | ΕV                                   | GV                 |
| 1. Non-impaired assets guaranteed by: |                                  |                    |  |                  |                                      |                    |                                  |  |                  |                                      |                    |
| - Assets in financial<br>leases       |                                  |                    |  |                  |                                      |                    |                                  |  |                  |                                      |                    |
| - Factoring credits                   |                                  |                    |  |                  |                                      |                    |                                  |  |                  |                                      |                    |
| - Mortgages                           |                                  |                    |  |                  | 14,411                               | 14,411             |                                  |  |                  | 4,714                                | 4,714              |
| - Pawns                               |                                  |                    |  |                  |                                      |                    |                                  |  |                  | 829                                  | 678                |
| - Personal<br>guarantees              |                                  |                    |  |                  | 1,482                                | 1,482              |                                  | 39   | 39               | 1,617                                | 1,616              |
| - Credit derivatives                  |                                  |                    |  |                  |                                      |                    |                                  |  |                  |                                      |                    |
| 2. Impaired assets guaranteed by:     |                                  |                    |  |                  |                                      |                    |                                  |  |                  |                                      |                    |
| - Assets in financial<br>leases       |                                  |                    |  |                  |                                      |                    |                                  |  |                  |                                      |                    |
| - Factoring credits                   |                                  |                    |  |                  |                                      |                    |                                  |  |                  |                                      |                    |
| - Mortgages                           |                                  |                    | 31,758   | 31,758           | 2,839,267                            | 2,839,267          |                                  |  |                  | 3,645,834                            | 3,645,834          |
| - Pawns                               |                                  |                    | 1,015  | 1,015            | 69,792                               | 69,792             |                                  |  |                  | 54,103                               | 54,103             |
| - Personal<br>guarantees              |                                  |                    | 8,084  | 4,616            | 793,046                              | 538,148            |                                  | 66,494   | 66,494           | 454,168                              | 454,168            |
| - Credit derivatives                  |                                  |                    |  |                  | 1,964                                | 1,964              |                                  |  |                  |                                      |                    |
| TOTAL                                 |                                  |                    | 40,857   | 37,389           | 3,719,962                            | 3,465,063          |                                  | 66,494   | 66,533           | 4,161,113                            | 4,161,113          |
|                                       |                                  |                    |  |                  |                                      |                    |                                  |  |                  |                                      |                    |

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<br>available<br>% | Carrying<br>amount | Fair value |
|---------------------------------------|-------------------|--------------------|-------------------------|-------------------------|--------------------|------------|
| A. Exclusively controlled companies   |                   |                    |                         |                         |                    |            |
| 1. 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 2021 in AMCO - Asset Management Co. S.r.I., a company with registered office in Romania whose purpose is the recovery of loans from the Romanian portfolio of the Veneto Group Segregated Estate. The Company was put into liquidation on 16 June 2021.

## 7.2 - Annual changes in equity investments

| Items/Values          | Group equity investments | Non-group<br>equity<br>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'<br>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  | 31/12/2021 | 31/12/2020 |
|--|------------|------------|
| 1. Owned assets  |            |            |
| a) land  |            |            |
| b) buildings   |            |            |
| c) movable assets  | 1,087      | 149        |
| d) electronic equipment                                  | 35         | 50         |
| e) others  | 308        | 306        |
| 2. Right of use acquired through leases                  |            |            |
| a) land  |            |            |
| b) buildings   | 25,582     | 2,234      |
| c) movable assets  |            |            |
| d) electronic equipment                                  |            | 43         |
| e) others  | 197        | 151        |
| TOTAL  | 27,208     | 2,932      |
| of which: from enforcement of guarantees and commitments |            |            |

The increase in fixed assets as at 31 December 2021 is partly attributable to the amortisation of assets for right of use as per IFRS 16 and for the redetermination of the right of use of the property of the new Milan offices.

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

| 31/12/2021 | 31/12/2020 |
|------------|------------|
|            |            |
|            |            |
| 9          | 9          |
|            |            |
|            |            |
|            |            |
|            |            |
| 9          | 9          |
| 9          | 9          |
|            | 9          |

The property in inventory comes from the liquidation of the former subsidiary Immobiliare Carafa S.r.l. in liquidation. This property, which had already been used to guarantee loans in the Banco Napoli portfolio, was acquired by the investee company and was sold to AMCO upon its liquidation.

## 8.6 - Operating property, plant and equipment: annual changes

|  | Land | Buildings | Moveable assets | Electronic equipment | Others | Total   |
|--|------|-----------|-----------------|----------------------|--------|---------|
| A. Initial gross balances  |      | 5,058     | 189             | 233                  | 905    | 6,385   |
| A.1 Total net impairments  |      | (2,824)   | (41)            | (140)                | (448)  | (3,453) |
| A.2 Net initial balances   |      | 2,234     | 149             | 93                   | 457    | 2,932   |
| B. Increases   |      |           |                 |                      |        |         |
| B.1 Purchases  |      | 24,998    | 1,009           | 8                    | 334    | 26,349  |
| B.2 Capitalised improvement costs  |      |           |                 |                      |        |         |
| B.3 Reversals  |      |           |                 |                      |        |         |
| B.4 Positive change in fair value attributable to:                                   |      |           |                 |                      |        |         |
| a) shareholders' equity  |      |           |                 |                      |        |         |
| b) income statement  |      |           |                 |                      |        |         |
| B.5 Positive exchange rate differences   |      |           |                 |                      |        |         |
| B.6 Transfers from financial assets held for investment                              |      |           | Х               | Х                    | Х      |         |
| B.7 Other changes  |      |           |                 | 1                    |        | 1       |
| C. Decreases:  |      |           |                 |                      |        |         |
| C.1 Sales  |      |           |                 | 2                    |        |         |
| C.2 Depreciation   |      | (1,574)   | (70)            | (65)                 | (286)  | (1,995) |
| 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                                 |      |           | Х               | Х                    | Х      |         |
| <ul> <li>b) non-current assets and groups of assets<br/>held for disposal</li> </ul> |      |           |                 |                      |        |         |
| C.7 Other changes  |      | (76)      |                 |                      |        |         |
| D. Net closing balance   |      | 25,582    | 1,087           | 35                   | 505    | 27,208  |
| D.1 Total net impairments  |      | (4,398)   | (111)           | (204)                | (734)  | (5,447) |
| D.2 Gross closing balance  |      | 29,980    | 1,198           | 238                  | 1,239  | 32,655  |
| E. Valuation at cost   |      | 25,582    | 1,087           | 35                   | 505    | 27,208  |

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

|  |      | Inventories of property, plant and equipment deriving from the recovery of non-performing loans |                    |                         |        |   |       |
|--|------|---|--------------------|-------------------------|--------|---|-------|
|  | Land | Buildings   | Moveable<br>assets | Electronic<br>equipment | Others | of<br>property,<br>plant and<br>equipment | Total |
| A. Opening balances                    |      | 9   |                    |                         |        |   | 9     |
| B. Increases                           |      |   |                    |                         |        |   |       |
| B.1 Purchases                          |      |   |                    |                         |        |   |       |
| B.2 Reversals                          |      |   |                    |                         |        |   |       |
| B.3 Positive exchange rate differences |      |   |                    |                         |        |   |       |
| B.4 Other changes                      |      |   |                    |                         |        |   |       |
| C. Decreases:                          |      |   |                    |                         |        |   |       |
| C.1 Sales                              |      |   |                    |                         |        |   |       |
| C.2 Impairment losses                  |      |   |                    |                         |        |   |       |
| C.3 Negative exchange rate differences |      |   |                    |                         |        |   |       |
| C.4 Other changes                      |      |   |                    |                         |        |   |       |
| D. Closing balance                     |      | 9   |                    |                         |        |   | 9     |

## 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 Company 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

|   | 31/12                         | :/2021                              | 31/12/2020                    |                                     |  |
|---|-------------------------------|-------------------------------------|-------------------------------|-------------------------------------|--|
| Assets/Values   | Assets<br>measured at<br>cost | Assets<br>measured at fair<br>value | Assets<br>measured at<br>cost | Assets<br>measured at fair<br>value |  |
| 1. Goodwill   |                               |                                     |                               |                                     |  |
| 2. Other intangible assets                            | 1,937                         |                                     | 1,736                         |                                     |  |
| of which software                                     | 1,902                         |                                     | 1,691                         |                                     |  |
| 2.1 owned:  | 1,937                         |                                     | 1,736                         |                                     |  |
| a) generated internally                               | 1,905                         |                                     | 1,691                         |                                     |  |
| b) others   | 32                            |                                     | 45                            |                                     |  |
| 2.2 right of use acquired through leases              |                               |                                     |                               |                                     |  |
| Total 2   | 1,937                         |                                     | 1,736                         |                                     |  |
| 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)   | 1,937                         |                                     | 1,736                         |                                     |  |
| Total (T-1)   | 1,736                         |                                     | 579                           |                                     |  |

The increase in fixed assets as at 31 December 2021, which amounted to EUR 1.9 million, is almost entirely attributable to the capitalisation of software that occurred during the year.

## 9.2 - Intangible assets: annual changes

|  | TOTAL |
|--|-------|
| A. Initial gross balances                          | 1,736 |
| B. Increases                                       |       |
| B.1 Purchases                                      | 925   |
| B.2 Reversals                                      |       |
| B.3 Positive change in fair value attributable to: |       |
| a) shareholders' equity                            |       |
| b) income statement                                |       |
| B.4 Other changes                                  |       |
| C. Decreases:                                      |       |
| C.1 Sales  |       |
| C.2 Amortisation                                   | 724   |
| C.3 Value adjustments 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 Other changes                                  |       |
| D. Net closing balance                             | 1,937 |

## 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

|  | 31/12/2021 | 31/12/2020 |
|--|------------|------------|
| Deferred tax assets with balancing entry in the income statement | 223,578    | 199,898    |
| Deferred tax assets with balancing entry in shareholders' equity |            |            |
| Assets for current taxes   | 11,207     | 10,789     |
| TOTAL  | 234,785    | 210,687    |

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 144.1 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 38.5 million to DTAs on ACE and losses deemed recoverable by the Probability Test;
- for EUR 40.9 million to IRES DTAs generated by deductible temporary differences.

The recoverability of tax assets has been assessed based on the Probability Test performed by the Company. The exercise was conducted over a period of 5 years on the basis of the 2020-2025 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 75.1 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

|   | 31/12/2021 | 31/12/2020 |
|---|------------|------------|
| Deferred tax liabilities with balancing entry in the income statement | 4,103      | 1,723      |
| Deferred tax liabilities with balancing entry in shareholders' equity |            |            |
| Liabilities for current taxes   |            | 4,352      |
| TOTAL   | 4,103      | 6,075      |

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)

|   | 31/12/2021 | 31/12/2020 |
|---|------------|------------|
| 1. Opening balances   | 199,898    | 68,673     |
| 2. Increases  |            |            |
| 2.1 Prepaid taxes recognised during the year                |            |            |
| a) relating to previous years                               | 4,883      | 18,955     |
| b) due to change in accounting criteria                     |            |            |
| c) reversals  |            |            |
| d) others   | 34,413     | 1,861      |
| 2.2 New taxes or increases in tax rates                     |            |            |
| 2.3 Other increases   |            | 121,194    |
| 3. Decreases  |            |            |
| 3.1 Prepaid taxes derecognised during the year              |            |            |
| a) transfers  | 15,616     | 10,787     |
| b) write-downs due to non-recoverability                    |            |            |
| c) due to change in accounting criteria                     |            |            |
| d) others   |            |            |
| 3.2 Reduction in tax rates                                  |            |            |
| 3.3 Other decreases   |            |            |
| a) conversion into tax credits pursuant to Law No. 214/2011 |            |            |
| b) others   |            |            |
| 4. Final amount   | 223,578    | 199,898    |

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

|                                      | 31/12/2021 | 31/12/2020 |
|--------------------------------------|------------|------------|
| 1. Initial amount                    | 152,070    | 57,507     |
| 2. Increases                         |            | 102,496    |
| 3. Decreases                         | 7,932      | 7,932      |
| 3.1 Transfers                        | 7,932      | 7,932      |
| 3.2 Conversion into tax credits      |            |            |
| a) deriving from losses for the year |            |            |
| b) deriving from tax losses          |            |            |
| 3.3 Other decreases                  |            |            |
| 4. Final amount                      | 144,138    | 152,070    |

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

|   | 31/12/2021 | 31/12/2020 |
|---|------------|------------|
| 1. Initial amount                               | 1,723      | 1,658      |
| 2. Increases                                    |            |            |
| 2.1 Deferred taxes recognised during the year   |            |            |
| 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                             |            | 212        |
| 3. Decreases                                    |            |            |
| 3.1 Deferred taxes derecognised during the year |            |            |
| a) transfers                                    | 2,082      | 147        |
| b) due to change in accounting criteria         |            |            |
| c) others                                       |            |            |
| 3.2 Reduction in tax rates                      |            |            |
| 3.3 Other decreases                             |            |            |
| 4. Final amount                                 | 4,103      | 1,723      |

### Section 12 - Other assets - Item 120

### 12.1 - Other assets: break-down

|  | 31/12/2021 | 31/12/2020 |
|--|------------|------------|
| Receivables from segregated estates                                      | 14,066     | 10,716     |
| Receivables for invoices/services to be issued or collected              | 2,180      | 5,835      |
| Improvements to third-party assets                                       | 1,887      | 647        |
| Accrued income and prepaid expenses                                      | 1,124      | 1,277      |
| Guarantee deposits   | 914        | 596        |
| Miscellaneous receivables for register fees and expenses to be recovered | 278        | 278        |
| Others   | 6,247      | 8,974      |
| TOTAL  | 26,697     | 28,323     |

As at 31 December 2021 the "Other assets" item had a balance of EUR 26.7 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 2021 and collected in the first quarter of 2022;
- "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 capitalizable 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: break-down of payables

|                             |               | 31/12/2021                     |                |               | 31/12/2020                     |                   |  |
|-----------------------------|---------------|--------------------------------|----------------|---------------|--------------------------------|-------------------|--|
| Type of transactions/Values | with<br>banks | with<br>financial<br>companies | with customers | with<br>banks | with<br>financial<br>companies | with<br>customers |  |
| 1. Loans                    |               |                                |                |               |                                |                   |  |
| 1.1 Repurchase agreement    |               |                                |                |               |                                |                   |  |
| 1.2 Other loans             |               |                                |                | 995,536       |                                |                   |  |
| 2. Lease payables           |               |                                | 26,195         |               |                                | 2,776             |  |
| 3. Other payables           | 5             |                                |                | 47,747        |                                |                   |  |
| TOTAL                       | 5             |                                | 26,195         | 1,043,283     |                                | 2,776             |  |
| Fair value – Level 1        |               |                                |                | 995,536       |                                |                   |  |
| Fair value – Level 2        |               |                                |                |               |                                |                   |  |
| Fair value – Level 3        | 5             |                                | 26,195         | 47,747        |                                | 2,776             |  |
| FAIR VALUE TOTAL            | 5             |                                | 26,195         | 1,043,283     |                                | 2,776             |  |

As at 31 December 2021 this item had a balance of EUR 26.2 million. Payables to customers of EUR 26.2 million are entirely attributable to the recognition of the financial liabilities for leases pursuant to IFRS 16.

Furthermore, as indicated in the report on operations, during the year the Company repaid the secured loan deriving from the demerger with Banca MPS for approximately EUR 1 billion.

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

| TYPES OF            |           | 31/12     | 2021       |         |           | 31/12/2020 |            |         |  |
|---------------------|-----------|-----------|------------|---------|-----------|------------|------------|---------|--|
| SECURITIES/VALUE    | Carrying  |           | Fair value |         | Carrying  |            | Fair value |         |  |
| S                   | amount    | Level 1   | Level 2    | Level 3 | amount    | Level 1    | Level 2    | Level 3 |  |
| A. Securities       |           |           |            |         |           |            |            |         |  |
| 1. bonds            |           |           |            |         |           |            |            |         |  |
| 1.1 structured      |           |           |            |         |           |            |            |         |  |
| 1.2 others          | 3,596,714 | 3,596,714 |            |         | 2,851,218 | 2,851,218  |            |         |  |
| 2. other securities |           |           |            |         |           |            |            |         |  |
| 2.1 structured      |           |           |            |         |           |            |            |         |  |
| 2.2 others          |           |           |            |         |           |            |            |         |  |
| TOTAL               | 3,596,714 | 3,596,714 |            |         | 2,851,218 | 2,851,218  |            |         |  |

The item entirely relates to senior unsecured bonds issued by the 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.

| Time hands                     | Payments to | Payments to be made |  |  |  |
|--------------------------------|-------------|---------------------|--|--|--|
| Time bands                     | 31/12/2021  | 31/12/2020          |  |  |  |
| - up to 1 year                 | 1,648       | 1,596               |  |  |  |
| - from over 1 year to 2 years  | 3,434       | 593                 |  |  |  |
| - from over 2 years to 3 years | 3,206       | 407                 |  |  |  |
| - from over 3 years to 4 years | 2,982       | 280                 |  |  |  |
| - from over 4 years to 5 years | 2,954       | 21                  |  |  |  |
| - beyond 5 years               | 13,783      |                     |  |  |  |
| TOTAL EXPECTED CASH FLOWS      | 28,007      | 2,897               |  |  |  |
| Effect of discounting          | (1,812)     | (121)               |  |  |  |
| Lease liabilities              | 26,195      | 2,776               |  |  |  |

## Section 2 - Financial liabilities held for trading - Item 20

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

|                                      |    | 31/12/2021 |         |         |         |      | 31/12/2020 |         |         |       |
|--------------------------------------|----|------------|---------|---------|---------|------|------------|---------|---------|-------|
| TYPE OF<br>TRANSACTIONS/VALUES       |    |            | FV      |         |         |      |            | FV      |         |       |
|                                      | NV | Level 1    | Level 2 | Level 3 | - FV* - | – NV | Level 1    | Level 2 | Level 3 | - FV* |
| A. On-balance sheet liabilities      |    |            |         |         |         |      |            |         |         |       |
| 1. Payables to banks                 |    |            |         |         |         |      |            |         |         |       |
| 2. Debt securities                   |    |            |         |         |         |      |            |         |         |       |
| 3.1 Bonds                            |    |            |         |         |         |      |            |         |         |       |
| 3.1.1 Structured                     |    |            |         |         | Х       |      |            |         |         |       |
| 3.1.2 Other obligations              |    |            |         |         | Х       |      |            |         |         |       |
| 3.2 Other securities                 |    |            |         |         |         |      |            |         |         |       |
| 3.2.1 Structured                     |    |            |         |         | Х       |      |            |         |         |       |
| 3.2.2 Others                         |    |            |         |         | Х       |      |            |         |         |       |
| TOTAL A                              |    |            |         |         |         |      |            |         |         |       |
| B. Derivative instruments            |    |            |         |         |         |      |            |         |         |       |
| 1. Financial derivatives             |    |            |         |         |         |      |            |         |         |       |
| 1.1 For trading                      | Х  |            | 4       |         | Х       |      |            | 4       |         |       |
| 1.2 Related to the fair value option | Х  |            |         |         | Х       |      |            |         |         |       |
| 1.3 Others                           | Χ  |            |         |         | X       |      |            |         |         |       |
| 2. Credit derivatives                |    |            |         |         |         |      |            |         |         |       |
| 2.1 For trading                      | Х  |            |         |         | Х       |      |            |         |         |       |
| 2.2 Related to the fair value option | Х  |            |         |         | х       |      |            |         |         |       |
| 2.3 Others                           | Х  |            |         |         | Х       |      |            |         |         |       |
| TOTAL B                              | Х  |            | 4       |         | х       | Х    |            | 4       |         | Х     |
| TOTAL A+B                            | Х  |            | 4       |         |         | Х    |            | 4       |         |       |

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

|   |                                | 31/12/2                      | 2021                            |                      |                           | 31/12/2020                   |                                 |  |  |  |
|---|--------------------------------|------------------------------|---------------------------------|----------------------|---------------------------|------------------------------|---------------------------------|--|--|--|
| Underlying assets/<br>Derivative types    | Over the counter               |                              |                                 | Organised<br>markets |                           | Over the counter             |                                 |  |  |  |
|   | Without Central Counterparties |                              |                                 |                      | Central<br>Counterparties | Without Centra               | markets                         |  |  |  |
|   | Central<br>Counterparties      | With compensation agreements | Without compensation agreements |                      |                           | With compensation agreements | Without compensation agreements |  |  |  |
| Debt securities and interest rates        |                                |                              |                                 |                      |                           | - <b>-</b>                   |                                 |  |  |  |
| Notional value                            |                                |                              | 1,761                           |                      |                           |                              | 686                             |  |  |  |
| Fair value                                |                                |                              | 4                               |                      |                           |                              | 4                               |  |  |  |
| 2. Equity securities<br>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                                     |                                |                              | 4                               |                      |                           |                              | 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

|   | 31/12/2021 | 31/12/2020 |
|---|------------|------------|
| Invoices to be received   | 32,687     | 18,284     |
| Payable to LCA for COLLAR   | 17,787     | 50,033     |
| Payables to suppliers   | 7,538      | 2,990      |
| Withholding taxes and social security contributions payable       | 2,739      | 2,078      |
| Compensation, reimbursement of expenses and payables to personnel | 1,409      | 912        |
| Other payables  | 28,217     | 22,666     |
| TOTAL   | 90,377     | 96,962     |

The item is mainly composed of:

- invoices to be received and payables to suppliers, increasing due to the corporate expansion
  phase and the full implementation of the former Monte dei Paschi di Siena portfolio,
  purchased in December 2020;
- the cost relative to the mechanism for the adjustment of AMCO fees to the LCAs indicated in 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 settlement of the amounts is scheduled on a three-year basis and in May 2021 the 2018-2020 three-year period was settled. As at 31 December 2021, only the 2021 portion is recognised as payable;

• the item "Other payables" includes items in progress at the end of the year, which were settled in January 2022.

### Section 9 - Staff severance indemnity - Item 90

### 9.1 - Staff severance indemnity: annual changes

|                            | 31/12/2021 | 31/12/2020 |
|----------------------------|------------|------------|
| A. Opening balances        | 591        | 593        |
| B. Increases               | 22         | 14         |
| B1. Provision for the year | 22         | 4          |
| B2. Other changes          |            | 10         |
| C. Decreases               | 57         | 16         |
| C1. Liquidations paid      | 30         | 16         |
| C2. Other changes          | 27         |            |
| D. Closing balance         |            |            |
| TOTAL                      | 556        | 591        |

### 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:

|  | 31/12/2021 |
|--|------------|
| Annual discount rate                           | 0.98%      |
| Annual inflation rate                          | 1.75%      |
| Staff severance indemnity annual increase rate | 2.81%      |

### 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 |         |
|------------------------|----------------------|---------|-----------------------|---------|----------------------|---------|
| conclusing unaryone    | 0.50%                | -0.50%  | 0.25%                 | -0.25%  | 2.00%                | -2.00%  |
| Past service Liability | 525,922              | 576,938 | 558,903               | 543,196 | 542,426              | 560,458 |

### 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   | 27,005     |
| 0-2   | 49,036     |
| 2-3   | 24,033     |
| 3-4   | 39,606     |
| 4-5   | 21,830     |

### Section 10 - Provisions for risks and charges - Item 100

### 10.1 - Provisions for risks and charges: break-down

| ITEMS/VALUES  | 31/12/2021 | 31/12/2020 |
|---|------------|------------|
| Provision for credit risk relating to commitments and guarantees issued |            |            |
| 2. Provision for other commitments and guarantees issued                |            |            |
| 3. Company pension funds  |            |            |
| Other provisions for risks and charges                                  |            |            |
| 4.1 legal and tax disputes  | 14,306     | 12,864     |
| 4.2 staff costs   | 6,868      | 5,911      |
| 4.3 others  | 1,220      | 1,446      |
| TOTAL   | 22,394     | 20,221     |

As at 31 December 2021 the provision had a balance of EUR 22.4 million. More specifically:

- Legal and tax disputes where the provision mainly includes:
- Provisions for EUR 5 million towards sum 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 2.3 million for disputes in which the risk of damages to debtors/guarantors has been assessed as probable;
- Provisions for EUR 6.2 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;
- 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.

It is also noted that in addition to the reasons for which the risk of an adverse outcome is considered to be probable and for which a provision for future risks has been set, the Company currently has 10 further pending disputes where the risk of an adverse outcome is deemed to be "possible", for overall claims amounting to EUR 13 million.

### 10.2 - Provisions for risks and charges: annual changes

|   | Provision for<br>other<br>commitments<br>and<br>guarantees<br>issued | Pension funds | Other<br>provisions for<br>risks and<br>charges | TOTAL  |
|---|--|---------------|---|--------|
| A. Opening balances                                 |  | 125           | 20,096  | 20,221 |
| B. Increases  |  |               |   |        |
| B1. Provision for the year                          |  | 72            | 9,892   |        |
| B2. Changes due to the passing of time              |  |               |   |        |
| B3. Changes due to adjustments to the discount rate |  |               |   |        |
| B4. Other changes                                   |  |               |   |        |
| C. Decreases  |  |               |   |        |
| C1. Use for the year                                |  | 67            | 7,723   |        |
| C2. Changes due to adjustments to the discount rate |  |               |   |        |
| C3. Other changes                                   |  |               |   |        |
| D. Closing balance                                  |  | 130           | 22,264  | 22,394 |

### 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  |
| TOTAL               | 655,154 |

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    |        |
| TOTAL               | 72     |

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  |
|-------------------|---------|
| 1. Share premiums | 604,552 |
| TOTAL             | 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.

Furthermore, as indicated in Section 6, the loss for the year, equal to EUR 419 million, will be covered by the use of the demerger reserve.

|  |           | Possibility | Available | Summary of use in last 3 years |                   |  |
|--|-----------|-------------|-----------|--------------------------------|-------------------|--|
| Nature/description   | Amount    | of use*     | portion   | To cov. Losses                 | For other reasons |  |
| - Share capital  | 655,154   |             |           |                                |                   |  |
| - Treasury shares  | (72)      |             |           |                                |                   |  |
| - Profit reserves:   |           |             |           |                                |                   |  |
| Legal reserve - mandatory portion  | 131,031   | В           |           |                                |                   |  |
| Legal reserve - portion exceeding 20%  | 347,270   | АВС         | 347,270   |                                |                   |  |
| Other profit reserves**  | 413,695   | АВС         | 413,695   |                                | 2,400             |  |
| - Share premium reserve  | 604,552   | АВС         | 604,552   |                                |                   |  |
| - Demerger reserve   | 680,714   | АВС         | 680,714   |                                |                   |  |
| - Reserve for costs of share capital increase                                    | (4,925)   |             |           |                                |                   |  |
| - Valuation reserves:  |           |             |           |                                |                   |  |
| - Financial assets measured at fair value through other comprehensive income *** | (13,845)  | В           | (13,845)  |                                |                   |  |
| - Actuarial profit/loss on defined-benefit plans                                 | (252)     | В           | (252)     |                                |                   |  |
| - Profits carried forward (accumulated losses)                                   | (419,311) | АВС         | (419,311) |                                |                   |  |
| TOTAL  | 2,394,010 |             |           |                                |                   |  |
| Available portion  |           |             | 1,626,921 |                                |                   |  |
| Non-distributable residual portion   |           |             | 767,090   |                                |                   |  |

<sup>\*</sup> A = To increase share capital

B = To cover losses

C = For distribution

<sup>\*\*</sup> Available reserves pursuant to Art. 6 of Italian Legislative Decree No. 38/2005

<sup>\*\*\*</sup> Available reserves pursuant to Art. 6 of Italian Legislative Decree No. 38/2005

### Other information

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

|                                | No             | minal valu   | ie on commitn<br>guarantees is | nents and financial<br>ssued    | Total      | Total<br>31/12/2020 |
|--------------------------------|----------------|--------------|--------------------------------|---------------------------------|------------|---------------------|
| Items                          | First<br>stage | Second stage | Third stage                    | Acquired or originated impaired | 31/12/2021 |                     |
| Commitments to disburse funds  |                |              |                                |                                 |            |                     |
| a) Public administrations      |                |              |                                |                                 |            |                     |
| b) Banks                       |                |              |                                |                                 |            |                     |
| c) Other financial companies   |                |              |                                | 127                             | 127        | 24,435              |
| d) Non-financial companies     | 131,076        |              | 6,841                          | 120,422                         | 258,339    | 108,992             |
| e) Households                  |                | 36           | 2,279                          | 1,205                           | 3,521      |                     |
| 2. Financial guarantees issued |                |              |                                |                                 |            |                     |
| a) Public administrations      |                |              |                                |                                 |            |                     |
| b) Banks                       |                |              |                                |                                 |            |                     |
| c) Other financial companies   |                |              |                                |                                 |            |                     |
| d) Non-financial companies     |                |              |                                |                                 |            |                     |
| e) Households                  |                |              |                                |                                 |            |                     |

### 2 - Other commitments and guarantees issued

|                              | Nomina     | l value    |
|------------------------------|------------|------------|
|                              | 31/12/2021 | 31/12/2020 |
| 1. Other guarantees issued   |            |            |
| of which: impaired           | 271        | -          |
| a) Public administrations    |            |            |
| b) Banks                     |            |            |
| c) Other financial companies |            |            |
| d) Non-financial companies   | 271        | -          |
| e) Households                |            |            |
| 2. 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 INCOME STATEMENT

### Section 1 - Interest - Items 10 and 20

### 1.1 - Interest and similar income: break-down

| ITEMS/TECHNICAL FORMS   | Debt<br>securities | Loans   | Other operations | 31/12/2021 | 31/12/2020 |
|---|--------------------|---------|------------------|------------|------------|
| Financial assets measured at fair value through profit and loss:              |                    |         |                  |            |            |
| 1.1 Financial assets held for   |                    |         |                  |            |            |
| trading   |                    |         |                  |            |            |
| <ol> <li>1.2 Financial assets measured at fair</li> </ol>                     |                    |         |                  |            |            |
| value   |                    |         |                  |            |            |
| 1.3 Other financial assets     mandatorily measured at fair value             | 1,657              | 86      |                  | 1,743      | 1,634      |
| 2. Financial assets measured at fair value through other comprehensive income | 613                |         |                  | 613        | 3,726      |
| 3. Financial assets measured at amortised cost:                               |                    |         |                  |            |            |
| 3.1 Loans and receivables with banks  |                    | 36      |                  | 36         | 42         |
| 3.2 Loans and receivables with financial companies                            |                    | 3,801   |                  | 3,801      | 1,421      |
| 3.3 Loans and receivables with customers                                      |                    | 180,518 |                  | 180,518    | 94,943     |
| 4. Hedging derivatives  | X                  | X       |                  |            |            |
| 5. Other assets   | Х                  | Х       |                  |            |            |
| 6. Financial liabilities  | Х                  | Х       | Х                | 137        |            |
| TOTAL   | 2,271              | 184,441 |                  | 186,848    | 101,756    |
| of which: interest income on impaired assets                                  |                    | 184,404 |                  | 184,404    | 96,210     |
| of which: interest income on leases   | X                  |         |                  |            |            |

Interest and similar income mainly include:

- EUR 184.2 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 73.7 million;
  - Portfolios valued as POCI for EUR 110.5 million;
- EUR 1.7 million relating to interest income accrued on the securitisation notes of the vehicle Fucino NPL's;
- EUR 0.6 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<br>31/12/2021 | TOTAL<br>31/12/2020 |  |
|--|----------|------------|------------------|---------------------|---------------------|--|
| Financial assets measured at amortised cost            |          |            |                  |                     |                     |  |
| 1.1 Payables to banks                                  | 13,146   | Х          | Х                | 13,146              | 4,477               |  |
| 1.2 Payables to financial companies                    |          | Х          | Х                |                     |                     |  |
| 1.3 Payables to customers                              | 96       | Х          | Х                | 96                  | 138                 |  |
| 1.4 Debt securities issued                             | Х        | 63,580     | Х                | 63,580              | 35,547              |  |
| 2. Financial liabilities held for trading              |          |            |                  |                     |                     |  |
| 3. Financial liabilities measured at fair value        |          |            |                  |                     |                     |  |
| 4. Other liabilities                                   | X        | Х          | 1                | 1                   | 2                   |  |
| 5. Hedging derivatives                                 | Х        | Х          |                  |                     |                     |  |
| 6. Financial assets                                    | Х        | Х          | Х                |                     |                     |  |
| TOTAL  | 13,242   | 63,580     | 1                | 76,822              | 40,164              |  |
| of which: interest expenses relative to lease payables | 96       | Х          | Х                | 96                  | 138                 |  |

### Interest and similar expenses include:

- EUR 63.6 million relative to interest expenses, accounted at amortised cost, of senior unsecured bonds issued by the Company;
- EUR 12.5 million related to the interest expenses deriving from the liabilities included in the demerger compendium of the transaction with Monte dei Paschi di Siena in 2020; These liabilities were fully repaid in May 2021;
- EUR 0.7 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

| TYPES OF SERVICES/VALUES                        | 31/12/2021 | 31/12/2020 |
|---|------------|------------|
| 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       | 4,671      | 2,697      |
| h) other fees and commissions (to be specified) | -          | -          |
| - credit recovery Segregated Estates            | 43,145     | 46,196     |
| - securities lending                            | -          | 516        |
| - others  | 399        | 162        |
| TOTAL   | 48,215     | 49,571     |

Fee and commission income amounted to EUR 48.2 million. This account mainly includes servicing commissions received for the management of Segregated Estates relative to the former Veneto Banks for the amount of EUR 43.1 million. A marginal amount derives from commissions related to servicing activities on the Fucino and Ampre securitised portfolios (EUR 4.6 million) and for the remainder commissions for activities carried out on behalf of the subsidiary AMCO S.r.l.

### 2.2 - Fee and commission expense: break-down

| SERVICES/VALUES                                 | 31/12/2021 | 31/12/2020 |
|---|------------|------------|
| a) guarantees received                          |            |            |
| b) distribution of services by third parties    |            |            |
| d) collection and payment services              |            |            |
| e) other fees and commissions (to be specified) | 614        | 567        |
| TOTAL   | 614        | 567        |

Fees and commissions mainly refer to the amount recognised to AMCO S.r.l. for servicing activity on the Romanian portfolio of the Segregated Estate of the Group and for fee and commission expense on bank current account balances.

### Section 3 - Dividends and similar revenues - Item 70

### 3.1 - Dividends and similar revenues: break-down

|   | 31/1      | 2/2021         | 31/12/2020 |                |  |  |
|---|-----------|----------------|------------|----------------|--|--|
| ITEMS/INCOME  | Dividends | Similar income | Dividends  | Similar income |  |  |
| A. Financial assets held for trading  |           |                |            |                |  |  |
| B. Other financial assets mandatorily measured at fair value                |           | 1,419          |            | 13             |  |  |
| C. Financial assets valued at fair value through other comprehensive income |           |                |            |                |  |  |
| D. Equity investments   |           |                |            |                |  |  |
| TOTAL   |           | 1,419          |            | 13             |  |  |

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

| INCOME COMPONENTS/TRANSACTIONS       | Capital gains<br>(A) | Profits from trading (B) | Capital losses<br>(C) | Trading losses<br>(D) | Net result<br>(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                           |                      |                          |                       |                       |                             |

| INCOME COMPONENTS/TRANSACTIONS                                     | Capital gains<br>(A) | Profits from trading (B) | Capital losses<br>(C) | Trading losses<br>(D) | Net result<br>(A+B) - (C+D) |
|--|----------------------|--------------------------|-----------------------|-----------------------|-----------------------------|
| 2. Financial liabilities held for trading                          |                      |                          |                       |                       |                             |
| 2.1 Debt securities  |                      |                          |                       |                       |                             |
| 2.2 Payables   |                      |                          |                       |                       |                             |
| 2.3 Others   |                      |                          |                       |                       |                             |
| 3. Financial assets and liabilities: currency exchange differences | 13,436               | -                        | -                     | _                     | 13,436                      |
| 4. Derivative instruments  | -                    | -                        | -                     | -                     | -                           |
| 4.1 Financial derivatives  | -                    | -                        | -                     | -                     | -                           |
| 4.2 Credit derivatives   | 160                  | -                        | 5                     | -                     | 155                         |
| of which: natural hedges related to the fair value option          | -                    | -                        | -                     | -                     | -                           |
| TOTAL  | -                    | -                        | -                     | -                     | -                           |

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 sale/repurchase - Item 100

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

| INCOME COMPONENTS/ITEMS -  |        | 31/12/2021 |            |        | 31/12/2020 |            |
|--|--------|------------|------------|--------|------------|------------|
| INCOME COMPONENTS/ITEMS  | Profit | Loss       | Net result | Profit | Loss       | Net result |
| A. Financial assets  |        |            |            |        |            |            |
| Financial assets measured at amortised cost                                | 4,755  | 2,097      | 2,658      | 2,836  |            | 2,836      |
| 1.1 Loans and receivables with banks                                       | -      | -          | -          | -      | -          | -          |
| 1.2 Loans and receivables with financial companies                         | -      | -          | -          | -      | -          | -          |
| 1.3 Loans and receivables with customers                                   | 4,755  | 2,097      | 2,658      | 2,836  | -          | 2,836      |
| Financial assets measured at fair value through other comprehensive income | _      | -          | -          | _      | _          |            |
| 2.1 Debt securities  | 2,123  | 433        | 1,690      | 23,225 | 1,325      | 21,899     |
| 2.2 Loans  | -      | -          | -          | -      | -          | -          |
| TOTAL ASSETS   | 6,879  | 2,530      | 4,348      | 26,060 | 1,325      | 24,735     |
| 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  |        |            |            |        |            |            |

The "Profit/loss from disposal or repurchase" item shows a positive balance following the net capital gains realised on the sale of government bonds for EUR 1.7 million and the sale of receivables for EUR 2.7 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<br>COMPONENTS/TRANSACTIONS                              | Capital gains<br>(A) | Profit on<br>disposal (B) | Capital losses<br>(C) | Loss on<br>disposal<br>(D) | Net result<br>(A+B) - (C+D) |
|--|----------------------|---------------------------|-----------------------|----------------------------|-----------------------------|
| 1. Financial assets  | 26,633               | 3,054                     | 26,408                |                            | 327                         |
| 1.1 Debt securities  | 136                  | -                         | 153                   |                            | (17)                        |
| 1.2 Equity securities  | 107                  | 2,926                     | 11,530                |                            | (8,497)                     |
| 1.3 UCITS units  | 7,155                | -                         | 5,084                 |                            | 2,070                       |
| 1.4 Loans  | 19,236               | 128                       | 9,640                 | 2,952                      | 6,771                       |
| 2. Financial assets in currency: currency exchange differences | х                    | Х                         | Х                     | х                          | -                           |
| TOTAL  | 26,633               | 3,054                     | 26,408                |                            | 327                         |

Capital gains as at 31 December 2021 mainly derive from:

- for EUR 19.2 million attributable to the assessment of credit positions pertaining to the former Carige, former MPS and former BPM portfolios;
- for EUR 7.2 million largely deriving from the recovery of the value of the units of the Back2Bonis and Efesto funds, for EUR 5.6 million and EUR 1.5 million respectively.

The gains on capital securities for a total of EUR 3.1 million mainly refer to the collections made in 2021 for the sale of WeBuild shares.

Capital losses mainly refer to:

- for EUR 9.6 million attributable to the valuation of credit positions of the former Carige and former MPS portfolios;
- for EUR 5.1 million to the fair value measurement of the investment in the Italian Recovery Fund;
- for EUR 11.5 million to the write-down of equity and semi-equity securities.

Losses on disposal of EUR 2.9 million derive from the conversion of some loans into equity financial instruments.

### 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  |                | ١               | VALUE ADJUSTMENTS (1) REVERSALS (2) |                |                                   |         | TOTAL          | TOTAL           |             |                                       |            |            |
|---|----------------|-----------------|-------------------------------------|----------------|-----------------------------------|---------|----------------|-----------------|-------------|---------------------------------------|------------|------------|
| COMPONENTS/<br>TRANSACTIONS                       | First<br>stage | Second<br>stage | Third s<br>Write-off                | tage<br>Others | Acquir<br>originated<br>Write-off |         | First<br>stage | Second<br>stage | Third stage | Acquired or<br>originated<br>impaired | 31/12/2021 | 31/12/2020 |
| 1. Loans and receivables with banks               |                |                 |                                     |                |                                   |         |                |                 |             |                                       |            |            |
| - for leases                                      |                |                 |                                     |                |                                   |         |                |                 |             |                                       |            |            |
| - for factoring                                   |                |                 |                                     |                |                                   |         |                |                 |             |                                       |            |            |
| - other loans and receivables                     |                |                 |                                     |                |                                   |         | 100            |                 |             |                                       | 100        | 169        |
| 2. Loans and receivables with financial companies |                |                 |                                     |                |                                   |         |                |                 |             |                                       |            |            |
| - for leases                                      |                |                 |                                     |                |                                   |         |                |                 |             |                                       |            |            |
| - for factoring                                   |                |                 |                                     |                |                                   |         |                |                 |             |                                       |            |            |
| - other loans and receivables                     |                |                 |                                     |                |                                   |         |                |                 |             |                                       |            | 246        |
| 3. Loans and receivables with customers           |                |                 |                                     |                |                                   |         |                |                 |             |                                       |            |            |
| - for leases                                      |                |                 |                                     |                |                                   |         |                |                 |             |                                       |            |            |
| - for factoring                                   |                |                 |                                     |                |                                   |         |                |                 |             |                                       |            |            |
| - for consumer credit                             |                |                 |                                     |                |                                   |         |                |                 |             |                                       |            |            |
| - other loans and receivables                     | 301            |                 |                                     |                | 14,717                            | 588,006 | 12             |                 |             | 126,431                               | (476,581)  | (264)      |
| TOTAL   | 301            |                 |                                     |                | 14,717                            | 588,006 | 112            |                 |             | 126,426                               | (476,481)  | 151        |

Net value adjustments/reversals 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 2021 derive from:

- higher adjustments for the former MPS portfolio for EUR 536.5 million;
- net write-backs for the former BDN portfolio of EUR 18.6 million;
- net write-backs on POCI portfolios for EUR 41.6 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

|   |       |        | TOTAL         | TOTAL  |                   |                |            |            |
|---|-------|--------|---------------|--------|-------------------|----------------|------------|------------|
| INCOME COMPONENTS/TRANSACTIONS  | First | Second | Third         | stage  | Acquired or origi | nated impaired |            |            |
|   | stage | stage  | Write-<br>off | Others | Write-off         | Others         | 31/12/2021 | 31/12/2020 |
| Loans subject to concession compliant with GLs  |       |        |               |        |                   | 3,176          | 3,176      | _          |
| Loans subject to existing<br>moratorium measures no longer<br>compliant with GLs and not<br>valued as subject to concession |       |        |               |        |                   |                |            |            |
| 3. Loans with other forbearance measures  |       |        |               |        |                   | 127,254        | 127,254    |            |
| 4. New loans  |       |        |               |        |                   |                |            |            |
| TOTAL 31/12/2021  |       |        |               |        |                   | 130,430        | 130,430    |            |
| TOTAL 31/12/2020  |       |        |               |        |                   |                |            |            |

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

|  | VALUE ADJUSTMENTS (1) |        |               |        |               |        |       |       | REVERSALS (2)              |                |                 |        | TOTAL (T)  | TOTAL<br>(T-1) |                           |  |  |
|--|-----------------------|--------|---------------|--------|---------------|--------|-------|-------|----------------------------|----------------|-----------------|--------|------------|----------------|---------------------------|--|--|
| INCOME<br>COMPONENTS/<br>TRANSACTIONS                                  | First<br>stage        | Second | Second        | Second | Second        | Third  | stage | origi | ired or<br>inated<br>aired | First<br>stage | Second<br>stage | Third  | l stage    | origi          | ired or<br>nated<br>aired |  |  |
|  | stage                 | stage  | Write-<br>off | Others | Write-<br>off | Others |       |       | Write-<br>off              | Others         | Write-<br>off   | Others | 31/12/2021 | 31/12/2020     |                           |  |  |
| A. Debt securities   | 594                   |        |               |        |               |        | 5     |       |                            |                |                 |        | 589        | (1,297)        |                           |  |  |
| B. Loans   |                       |        |               |        |               |        |       |       |                            |                |                 |        |            |                |                           |  |  |
| - With customers   |                       |        |               |        |               |        |       |       |                            |                |                 |        |            |                |                           |  |  |
| With financial companies   |                       |        |               |        |               |        |       |       |                            |                |                 |        |            |                |                           |  |  |
| - With banks   |                       |        |               |        |               |        |       |       |                            |                |                 |        |            |                |                           |  |  |
| of which:<br>acquired or<br>originated<br>impaired financial<br>assets |                       |        |               |        |               |        |       |       |                            |                |                 |        |            |                |                           |  |  |
| C. Total   | 594                   |        |               |        |               | ·      | 5     |       |                            |                |                 |        | (589)      | (1,297)        |                           |  |  |

The net value adjustments on financial assets measured at fair value with balancing entry in shareholders' equity, equal to EUR 0.6 million, refer exclusively to the revaluation of government bonds in the portfolio as at 31 December 2021 in accordance with the provisions of IFRS 9.

### Section 10 - Administrative expenses - Item 160

### 10.1 - Staff costs: break-down

| TYPE OF EXPENSES/VALUES   | TOTAL<br>31/12/2021 | TOTAL<br>31/12/2020 |
|---|---------------------|---------------------|
| 1) Employees  | 34,944              | 29,092              |
| a) salaries and wages   | 26,116              | 21,919              |
| b) social security  | 5,103               | 4,421               |
| c) staff severance indemnity  | 636                 | 442                 |
| d) pension funds  | -                   |                     |
| e) provision for staff severance indemnity                          | 22                  | 4                   |
| f) provision for pensions and similar obligations:                  | -                   | -                   |
| - defined-contribution plans  | -                   | -                   |
| - defined-benefit plans   |                     |                     |
| g) payments to external complementary pension funds:                |                     |                     |
| - defined-contribution plans  | 1,149               | 1,033               |
| - defined-benefit plans   | -                   |                     |
| h) other benefits for employees                                     | 1,918               | 1,272               |
| 2) Other active personnel   |                     | 17                  |
| 3) Directors and Statutory Auditors                                 | 441                 | 307                 |
| 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               | 571                 |
| TOTAL   | 39,944              | 29,987              |

Staff costs amounted to EUR 39.9 million and are mainly constituted by wages and salaries and relative social security contributions and bonus provisions for employees, in addition to expenses incurred for seconded personnel. The increase compared with 2020 is due to the increase in the number of Company staff, which rose from 287 to 342 units during the financial year.

### 10.2 - Average number of employees by category

| Position           | 31/12/2021 | 31/12/2020 |
|--------------------|------------|------------|
| Employees          |            |            |
| a) senior managers | 19         | 19         |
| b) middle managers | 210        | 168        |
| c) employees       | 83         | 71         |
| Other personnel    | 62         | 7          |

### 10.3 - Other administrative expenses: break-down

| TYPE OF EXPENSES/VALUES   | 31/12/2021 | 31/12/2020 |
|---|------------|------------|
| Legal and collection costs  | 33,331     | 6,924      |
| Debt collection outsourcing fees  | 14,141     | 785        |
| IT - IT consultancy and interventions   | 7,114      | 3,667      |
| Professional costs - consultancy on extraordinary projects                                    | 5,994      | 1,704      |
| IT - fees and user licences   | 5,082      | 2,815      |
| Professional costs - others (legal, tax, etc.)  | 3,709      | 1,776      |
| Business information  | 3,587      | 696        |
| BPO and Document archive - outsourced services  | 3,173      | 1,622      |
| DTA fee   | 2,833      | 679        |
| Logistics - other expenses (maintenance of third-party assets, stationery, furnishings, etc.) | 1,384      | 513        |
| IT - other (equipment rental, telephone expenses, etc.)                                       | 1,218      | 719        |
| Logistics - rental expenses and condominium charges   | 1,201      | 206        |
| BPO and Document archive - fronting   | 1,113      | 207        |
| Logistics - expenses for utilities and services   | 959        | 869        |
| Professional costs - auditing company fees  | 589        | 485        |
| Other expenses  | 1,958      | 4,553      |
| TOTAL   | 87,387     | 28,220     |

Other administrative expenses amounted to EUR 87.4 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. These financial statements also report the remuneration paid to the company appointed to carry out the statutory audit of the accounts and the companies belonging to its network.

| Type of services | 31/12/2021 |
|------------------|------------|
| Audit            | 418        |
| Other services   | 107        |
| TOTAL            | 525        |

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. This item Audit includes the fees relative to the statutory audit of the 2021 financial statements. The "Other services" item includes EUR 47 thousand for fees relating to agreed auditing procedures and for EUR 60 thousand for fees relating to the preparation of the offering memorandum prior to the bond issue.

### **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                                  | 31/12/2021 | 31/12/2020 |
|--|------------|------------|
| For risk of sums repayments and compensation for damages | (79)       | 1,072      |
| For risks on litigation and other                        | (118)      | (30)       |
| Other provisions for risks                               | (3,309)    | (815)      |
| TOTAL  | (3,506)    | 227        |

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

| ASSETS/INCOME COMPONENTS               | Depreciation<br>(A) | Impairment<br>Iosses (B) | Reversals<br>(C) | Net result<br>(A + B - C) |
|--|---------------------|--------------------------|------------------|---------------------------|
| A. Property, plant and equipment       |                     |                          |                  |                           |
| A.1 For operating purposes             | 1,995               |                          |                  | 1,995                     |
| - Owned                                | 249                 |                          |                  | 249                       |
| - Right of use acquired through leases | 1,746               |                          |                  | 1,746                     |
| A.2 Held for investment                |                     |                          |                  |                           |
| - Owned                                |                     |                          |                  |                           |
| - Right of use acquired through leases |                     |                          |                  |                           |
| A.3 Inventories                        | X                   |                          |                  |                           |
| TOTAL                                  | 1,995               |                          |                  | 1,995                     |

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

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

| ASSETS/INCOME COMPONENTS                   | Amortisation<br>(A) | Impairment<br>Iosses<br>(B) | Reversals<br>(C) | Net result<br>(A + B - C) |
|--|---------------------|-----------------------------|------------------|---------------------------|
| 1. Intangible assets other than goodwill   |                     |                             |                  |                           |
| of which: software                         |                     |                             |                  |                           |
| 1.1 owned                                  | 724                 |                             |                  | 724                       |
| 1.2 acquired through financial lease       |                     |                             |                  |                           |
| 2. Assets attributable to financial leases |                     |                             |                  |                           |
| 3. Asset granted with operating lease      |                     |                             |                  |                           |
| TOTAL                                      | 724                 |                             |                  | 724                       |

### Section 14 - Other operating income and expenses - Item 200

| TYPE OF EXPENSES/VALUES  | 31/12/2021 | 31/12/2020 |
|--------------------------|------------|------------|
| Other operating income   | 9,573      | 5,895      |
| Other operating expenses | (18,072)   | (19,891)   |
| TOTAL                    | (8,499)    | (13,996)   |

### 14.1 - Other operating expenses: break-down

| TYPE OF EXPENSES/VALUES  | 31/12/2021 | 31/12/2020 |
|--------------------------|------------|------------|
| Charges for COLLAR       | 17,787     | 19,071     |
| Other operating expenses | 286        | 820        |
| TOTAL                    | 18,072     | 19,891     |

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      | 31/12/2021 | 31/12/2020 |
|------------------------------|------------|------------|
| Allocation of expenses       | 1,732      | 902        |
| Indirect expenses recoveries | 7,704      | 4,772      |
| Other operating income       | 137        | 221        |
| TOTAL                        | 9,573      | 5,895      |

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

| INCOME COMPONENT/VALUES | 31/12/2021 | 31/12/2020 |
|-------------------------|------------|------------|
| 1. Income               |            |            |
| 1.1 Revaluations        |            |            |
| 1.2 Profit on disposal  |            |            |
| 1.3 Reversals           |            |            |
| 1.4 Other income        |            |            |
| 2. Charges              |            | 5          |
| 2.1 Write-downs         |            |            |
| 2.2 Loss on disposal    |            |            |
| 2.3 Impairment losses   |            | 5          |
| 2.4 Other expenses      |            |            |
| NET RESULT              | -          | 5          |

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

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

| INCO  | ME COMPONENT/VALUES  | 31/12/2021 | 31/12/2020 |
|-------|--|------------|------------|
| 1.    | Current taxes (-)  |            | (4,350)    |
| 2.    | Changes in current taxes of previous financial years (+/-)                               | 1,202      | (52)       |
| 3.    | Reduction of current year taxes (+)  |            | _          |
| 3.bis | Reduction of current year taxes for tax credits pursuant to Italian Law No. 214/2011 (+) |            |            |
| 4.    | Changes in prepaid taxes (+/-)   | 23,680     | 10,030     |
| 5.    | Changes in deferred taxes (+/-)  | (2,379)    | 147        |
| 6.    | Taxes for the year (-)(-1+/-2+3+/-4+/-5)   | 22,503     | 5,775      |

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 2021.

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

| Pacanciliation IRES tay charges                        | Taxable inc | ome       | IRES    | %      |
|--|-------------|-----------|---------|--------|
| Reconciliation IRES tax charges -                      | Detail      | Total     | IKES    | 70     |
| Result before taxes                                    |             | (441,814) |         | 27.50% |
| Increases  |             |           |         |        |
| Provisions for risks and charges                       | 10,878      |           | 2,992   | 0.68%  |
| Capital losses on financial assets at fair value       | 9,302       |           | 2,558   | 0.58%  |
| Write-down of interest on arrears                      | 5,495       |           | 1,511   | 0.34%  |
| Other increases  | 332         |           | 91      | 0.02%  |
| total increases  |             | 26,007    |         |        |
| Decreases  |             |           |         |        |
| Use of provisions for risks and charges                | (7,971)     |           | (2,192) | -0.50% |
| Capital gains on financial assets at fair value        | (16,229)    |           | (4,463) | -1.01% |
| Collar payment   | (18,353)    |           | (5,047) | -1.14% |
| Recognition of tax losses                              | (117,720)   |           | 32,373  | 7.33%  |
| Write-downs of receivables and loans of previous years | (27,446)    |           | (7,548) | -1.71% |
| Other decreases  | (10,611)    |           | 2,918   | 0.66%  |
| Total decreases  |             | (198,330) |         |        |
| Theoretical taxable income - IRES                      |             | (614,137) | 23,193  | 5.25%  |

| Decembration IDAD to york owner                             | Taxable in | come      | IDAD    | 0/     |
|---|------------|-----------|---------|--------|
| Reconciliation IRAP tax charges —                           | Detail     | Total     | IRAP    | %      |
| Taxable income before adjustments                           |            | (441,814) |         | 5.72%  |
| Increases   |            | -         |         |        |
| Capital losses on financial assets at fair value            | 5,829      | -         | 333     | 0.08%  |
| total increases   |            | 5,829     |         |        |
| Decreases   |            |           |         |        |
| Write-downs of receivables and loans of previous years      | (6,716)    |           | (384)   | -0.09% |
| Adjustments to receivables from previous years (FTA IFRS 9) | (17,756)   |           | (1,016) | -0.23% |
| Provisions for risks and charges                            | (2,792)    |           | (160)   | -0.04% |
| Other changes   | 5,829      |           | (333)   | -0.08% |
| Contingencies taxes from previous years                     | (21,026)   |           | 1,203   | 0.27%  |
| Total decreases   |            | (27,264)  |         | ·      |
| Theoretical taxable income                                  |            | (469,078) | (690)   | -0.16% |

### **PART D - OTHER INFORMATION**

### Section 1 - Specific references to the activities carried out

### 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

|  |             | 31/12/2021           |           |             | 31/12/2020           |           |
|--|-------------|----------------------|-----------|-------------|----------------------|-----------|
| Item/Values                                  | Gross value | Value<br>adjustments | Net value | Gross value | Value<br>adjustments | Net value |
| 1. Bad loans                                 | 5,860,087   | 3,595,717            | 2,264,370 | 6,896,579   | 4,004,147            | 2,892,432 |
| 2. Unlikely to pay                           | 3,036,854   | 987,672              | 2,049,182 | 3,144,165   | 991,514              | 2,152,651 |
| 3. Non-<br>performing past-<br>due exposures | 225,857     | 16,439               | 209,418   | 209,922     | 625                  | 209,297   |
| TOTAL  | 9,122,798   | 4,599,828            | 4,522,970 | 10,250,667  | 4,996,286            | 5,254,381 |

### B.2 - Breakdown by residual life

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

| Time bands                     | Expos      | ures       |
|--------------------------------|------------|------------|
| Time bands                     | 31/12/2021 | 31/12/2020 |
| - up to 6 months               | 252,277    | 322,366    |
| - from over 6 months to 1 year | 346,208    | 316,702    |
| - from over 1 year to 3 years  | 1,904,346  | 1,379,439  |
| - from over 3 years to 5 years | 1,635,543  | 1,422,876  |
| - beyond 5 years               | 384,596    | 1,812,998  |
| TOTAL                          | 4,522,970  | 5,254,381  |

### D. - GUARANTEES ISSUED AND COMMITMENTS

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

| Ope | rations  | Operations | Operations |
|-----|--|------------|------------|
| 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                                   |            |            |
|     | a) Banks   |            |            |
|     | b) Financial companies   |            |            |
|     | c) Customers   | 271        |            |
| 4.  | Irrevocable commitments to disburse funds                      |            |            |
|     | a) Banks   |            |            |
|     | i) funds whose utilisation is certain                          |            |            |
|     | ii) funds whose utilisation is uncertain                       | •          |            |
|     | b) Financial companies   | •          |            |
|     | i) funds whose utilisation is certain                          | •          |            |
|     | ii) funds whose utilisation is uncertain                       | 130,889    |            |
|     | c) Customers   | •          |            |
|     | i) funds whose utilisation is certain                          |            |            |
|     | ii) funds whose utilisation is uncertain                       | 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  |            | 133,427    |
| тот | AL   | 231,102    | 133,427    |

# 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.

With a Servicing Contract between AMCO and Fucino NPL's, on 13 September 2019 the latter transferred to AMCO the mandate to carry out management, administration, recovery, collection and reporting activities in relation to the transferred loans, as well as the mandate to carry out control activities on the correctness of the operation pursuant to Art. 2, paragraph 6-bis of the Italian Securitisation Law (Master Servicing and Special Servicing activities).

The transaction was finalised on 27 September 2019 with the issue of notes and at the same time the underwriting of the senior tranche by Banca del Fucino and the Junior and Mezzanine tranches by AMCO.

Effective 1 March 2022, the unwinding was finalised of the securitization of loans transferred to the vehicle Fucino NPL's S.r.l.

### Quantitative disclosures

As at 31 December 2021 AMCO held Junior and Mezzanine securitisation notes for a nominal amount of EUR 34.0 million, representing a fair value of EUR 29.3 million (including accrued interest). The relative regulatory requirements are calculated by taking into account the requirements of the underlying portfolio.

# 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.I 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.

### Quantitative disclosures

AMCO transferred loans to the platform and received fund units valued at EUR 90.8 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:

|                 |     | С                    | hanges in the discounting r | ate                  |
|-----------------|-----|----------------------|-----------------------------|----------------------|
|                 |     | -1%                  | 0                           | +1%                  |
| Observation and | +5% | +6.9 million (+7.6%) | +4.0 million (+4.4%)        | +1.2 million (+1.3%) |
| Changes in cash | 0   | +2.8 million (+3.1%) |                             | -2.8 million (-2.9%) |
| flows           | -5% | -1.3 million (-1.5%) | -4.0 million (-4.4%)        | -6.5 million (-7.1%) |

### 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 2021, the NAV of the equity investments in the Italian Recovery Fund was EUR 447.3 million while the fair value, calculated consistently with the AMCO internal method, was EUR 452.6 million (with a residual commitment of EUR 20.3 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:

|                       |     | C                     | hanges in the discounting ra | ate                   |
|-----------------------|-----|-----------------------|------------------------------|-----------------------|
|                       |     | -1%                   | 0                            | +1%                   |
| Changes in each       | +5% | +42.9 million (+9.5%) | +22.6 million (+5.0%)        | +3.5 million (+0.8%)  |
| Changes in cash flows | 0   | +19.3 million (+4.3%) | -                            | -18.2 million (-4.0%) |
| HOWS                  | -5% | -4.3 million (-1.0%)  | -22.6 million (-5.0%)        | -39.9 million (-8.8%) |

### **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 12.5 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:

|                 |     | С                    | hanges in the discounting ra | ate                  |
|-----------------|-----|----------------------|------------------------------|----------------------|
|                 |     | -1%                  | 0                            | +1%                  |
| Ohannaa in aaah | +5% | +1.0 million (+7.9%) | +0.6 million (+5.0%)         | +0.3 million (+2.2%) |
| Changes in cash | 0   | +0.3 million (+2.8%) | -                            | -0.3 million (-2.7%) |
| flows           | -5% | -0.3 million (-2.4%) | -0.6 million (-5.0%)         | -0.9 million (-7.5%) |

### 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 Function 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 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.

### Impacts resulting from the Covid-19 pandemic

As at 31 December 2021, 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, already implicit in its particular nature, 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 approach differentiating between originated portfolios from acquired portfolios positions (POCI). With reference to the former, analytical valuations are differentiated between "going concern" positions, for which an estimate of cash flows to service debt is required, and "gone concern" positions, where the liquidation value of assets is assessed.

Following the MPS transaction, AMCO updated its credit valuation methodologies. The revision of the criteria essentially concerned the trigger threshold for the application of the analytical valuations (increased from EUR 500,000 to EUR 1 million in terms of gross exposure of the counterparty) and the methods for determining lump-sum provisions.

With reference to the second aspect, the provisioning percentages previously defined on the basis of external benchmarks were integrated with coefficients estimated on the evidence of internal recoveries according to an LGD (Loss Given Default) approach. This made it possible to further differentiate the provisions and make them more consistent with the historical experience of recoveries. In particular, estimates are obtained from a sample of closed positions through statistical analyses that, starting from a long list, led to the definition of a short list based on empirical (univariate and correlation analyses) and expert based (selecting from similar indicators those most consistent with business logics) criteria and the estimation of an overall model using 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.

Finally, in order to calibrate the model output to the long-term recovery expectations, the anchor value was determined on the basis of benchmark data and a calibration factor ("prior correction") of the precise estimate was entered.

The valuations relating to the POCI positions, on the other hand, consider the business plan defined at the time of acquisition and the consistency between actual and expected collections, as well as other relevant events such as:

- opening of bankruptcy proceedings or developments of proceedings already under way;
- approved and initiated settlement agreements;
- worsening of economic conditions affecting the debtor's expected cash flows.

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 the audit system, line audits (first level) are carried out by the UTP-PD, Workout, and Portfolio Analysis and Monitoring Business Units while the risk management audit (second level) is 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 2021, 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 - Break-down of assets by portfolio and credit quality (carrying amounts)

| PORTFOLIOS/QUALITY  | Bad Ioans | Unlikely to pay | Non-performing<br>past-due<br>exposures | Performing past<br>due exposures | Other performing<br>exposures | TOTAL     |
|---|-----------|-----------------|---|----------------------------------|-------------------------------|-----------|
| 1. Financial assets measured at amortised cost                                | 2,262,434 | 1,995,268       | 206,354                                 |                                  | 45,943                        | 4,509,999 |
| 2. Financial assets measured at fair value through other comprehensive income |           |                 |   |                                  | 498,819                       | 498,819   |
| 3. Financial assets measured at fair value                                    |           |                 |   |                                  |                               |           |
| 4. Other financial assets mandatorily measured at fair value                  | 1,936     | 53,914          | 3,064                                   |                                  | 29,332                        | 88,247    |
| 5. Financial assets in the process of being disposed                          |           |                 |   |                                  |                               |           |
| TOTAL 31/12/2021  | 2,264,370 | 2,049,182       | 209,418                                 |                                  | 574,095                       | 5,097,066 |
| TOTAL 31/12/2020  | 2,892,432 | 2,152,652       | 209,297                                 |                                  | 737,106                       | 5,991,487 |
|   |           |                 |   |                                  |                               |           |

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

|   |                   | Impaired assets            | ssets           |                               | -                 | Performing assets          |                 | TOTAL           |
|---|-------------------|----------------------------|-----------------|-------------------------------|-------------------|----------------------------|-----------------|-----------------|
| PORTFOLIOS/QUALITY  | Gross<br>exposure | Total value<br>adjustments | Net<br>exposure | Total partial write-<br>offs* | Gross<br>exposure | Total value<br>adjustments | Net<br>exposure | net<br>exposure |
| 1. Financial assets measured at amortised cost                                | 9,706,704         | (5,241,515) 4,465,189      | 4,465,189       |                               | 45,419            | (809)                      | 44,811          | 4,509,999       |
| 2. Financial assets measured at fair value through other comprehensive income |                   |                            |                 |                               | 499,496           | (677)                      | 498,819         | 498,819         |
| 3. Financial assets measured at fair value                                    |                   |                            |                 |                               |                   |                            |                 |                 |
| 4. Other financial assets mandatorily measured at fair value                  | 60,377            | (1,462)                    | 58,914          |                               | 29,332            | 0                          | 29,332          | 88,247          |
| 5. Financial assets in the process of being disposed                          |                   |                            |                 |                               |                   |                            |                 |                 |
| TOTAL 31/12/2021  | 9,767,080         | (5,242,977)                | 4,524,103       |                               | 574,247           | (1,284)                    | 572,963         | 5,097,066       |
| TOTAL 31/12/2020  | 9,538,132         | (4,283,751)                | 5,254,381       | 315                           | 709,654           | (2,151)                    | 737,106         | 5,991,487       |
|   |                   |                            |                 |                               |                   |                            |                 |                 |

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

|   |                      | First stage                                     |                   |                      | Second stage   |                   |                      | Third stage                       |                   | Acquire              | Acquired or originated impaired                                | paired            |
|---|----------------------|---|-------------------|----------------------|--|-------------------|----------------------|-----------------------------------|-------------------|----------------------|--|-------------------|
| Portfollos/risk stages  | From 1 to<br>30 days | From 1 to From over 30<br>30 days up to 90 days | beyond<br>90 days | From 1 to<br>30 days | From 1 to From over 30 beyond<br>30 days up to 90 days 90 days | beyond<br>90 days | From 1 to<br>30 days | From over 30 beyond up to 90 days | beyond<br>90 days | From 1 to<br>30 days | From 1 to From over 30 beyond 90<br>30 days up to 90 days days | beyond 90<br>days |
| 1. Financial assets measured at amortised cost                                |                      |   |                   | 221                  | 1,119  | 1,119 2,549       | 17                   | 111                               | 111 1,983         | 18,541               | 41,788   | 3,665,006         |
| 2. Financial assets measured at fair value through other comprehensive income |                      |   |                   |                      |  |                   |                      |                                   |                   |                      |  |                   |
| TOTAL 31/12/2021  |                      |   |                   | 221                  | 1,119  | 1,119 2,549       | 11                   | 111                               | 111 1,983         | 18,541               | 41,788   | 41,788 3,665,006  |
| TOTAL 31/12/2020  |                      | 16,742  | 16,742 4,037      | 3,688                | 2,096  | 428               |                      |                                   |                   | 39,130               | 82,569   | 82,569 4,424,311  |

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

| Reasons/risk stages  | <u> </u>  |  |  | Total value                                | adjustments   |  |  |  |
|--|---|--|--|--|---|--|--|--|
|  | A   | ssets falling within   | the first stage                            | •  | Ass   | ets falling within t   | he second sta                              | ge   |
|  | Financial<br>assets<br>measured at<br>amortised<br>cost | Financial<br>assets<br>measured at<br>fair value<br>through other<br>comprehensive<br>income | of which:<br>individual<br>write-<br>downs | of which:<br>collective<br>write-<br>downs | Financial<br>assets<br>measured at<br>amortised<br>cost | Financial assets measured at fair value through other comprehensive income | of which:<br>individual<br>write-<br>downs | of which:<br>collective<br>write-<br>downs |
| Opening balances   | (680)   |  |  | (680)                                      | (1,412)   |  |  | (1,412)                                    |
| Increases in acquired or originated financial assets                         | (285)   |  |  | (285)                                      | (538)   |  |  | (538)                                      |
| Derecognitions other than write-offs   | 284   |  |  | 284  | 8   |  |  | 8  |
| Net value<br>adjustments/reversals<br>for credit risk (+/-)                  | 204   |  |  | 204  | (359)   |  |  | (359)                                      |
| Contractual amendments without derecognition                                 |   |  |  |  |   |  |  |  |
| Changes of the estimation method   |   |  |  |  |   |  |  |  |
| Write-off  | 17  |  |  | 17   | 84  |  |  | 84   |
| Other changes  |   |  |  |  |   |  |  |  |
| Closing balance  | (460)   |  |  | (460)                                      | (2,217)   |  |  | (2,217)                                    |
| Cash collection<br>recoveries on<br>financial assets<br>subject to write-off | (195)   |  |  | (195)                                      | (40)  |  |  | (40)                                       |
| - Write-offs<br>recognised directly to<br>the income statement               | (475)   |  |  | (475)                                      | (296)   |  |  | (296)                                      |

|   |  |                         |  |   |                | isions for comn<br>nds and financia<br>issued |                |             |
|---|--|-------------------------|--|---|----------------|---|----------------|-------------|
|   | Assets falling wit   | hin the third stage     |  |   |                |   |                |             |
| Financial<br>assets<br>measured at<br>amortised<br>cost | Financial<br>assets<br>measured at<br>fair value<br>through other<br>comprehensive<br>income | comprehensive<br>income | of which:<br>individual<br>write-downs | of which:<br>acquired or<br>originated<br>impaired<br>financial<br>assets | First<br>stage | Second<br>stage                               | Third<br>stage | Total       |
| (4,993,006)   |  |                         | (4,993,006)                            | (4,993,006)   |                |   |                | (4,995,098) |
| (3,177)   |  |                         | (3,177)                                | (5,269)   |                |   |                | (4,000)     |
| 2,726   |  |                         | 2,726                                  | 149   |                |   |                | 3,017       |
| (397,058)   |  |                         | (397,058)                              | (427,674)   |                |   |                | (397,212)   |
|   |  |                         |  |   |                |   |                |             |
| 152,431   |  |                         | 152,431                                | 141,185   |                |   |                | 152,532     |
| (5,238,084)   |  |                         | (5,238,084)                            | (5,284,615)   |                |   |                | (5,240,760) |
| (29,205)  |  |                         | (29,205)                               | (28,209)  |                |   |                | (29,440)    |
| (48,827)  |  |                         | (48,827)                               | (46,935)  |                |   |                | (49,599)    |

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

|                                       |             | Ģ               | Gross exposure |                                 | Total val      | ue adjustm      | Total value adjustments and total provisions | ovisions                           |                 | Total                           |
|---------------------------------------|-------------|-----------------|----------------|---------------------------------|----------------|-----------------|--|------------------------------------|-----------------|---------------------------------|
| TYPES OF EXPOSURE/VALUES              | First stage | Second<br>stage | Third stage    | Acquired or originated impaired | First<br>stage | Second<br>stage | Third stage                                  | Acquired or or originated impaired | Net<br>exposure | rotar<br>partial<br>write-offs* |
| A. ON-BALANCE SHEET CREDIT EXPOSURES  |             |                 |                |                                 |                |                 |  |                                    |                 |                                 |
| A.1 On demand                         |             |                 |                |                                 |                |                 |  |                                    |                 |                                 |
| a) Non-performing                     | ×           |                 |                |                                 | ×              |                 |  |                                    |                 |                                 |
| b) Performing                         | 151,977     |                 | ×              |                                 | 182            |                 | ×  |                                    | 151,796         |                                 |
| A.2 Others                            |             |                 |                |                                 |                |                 |  |                                    |                 |                                 |
| a) Bad loans                          | ×           |                 |                | 50,265                          | ×              |                 |  | 37,732                             | 12,533          |                                 |
| - of which: forborne exposures        | ×           |                 |                | 92                              | ×              |                 |  |                                    | 92              |                                 |
| b) Unlikely to pay                    | ×           |                 |                | 64,789                          | ×              |                 |  | 18,510                             | 46,279          |                                 |
| - of which: forborne exposures        | ×           |                 |                | 42,852                          | ×              |                 |  | 12,719                             | 30,133          |                                 |
| c) Non-performing past-due exposures  | ×           |                 |                | 13,939                          | ×              |                 |  | 6,324                              | 7,614           |                                 |
| - of which: forborne exposures        | ×           |                 |                | 7,752                           | ×              |                 |  | 3,907                              | 3,845           |                                 |
| d) Performing past-due exposures      |             |                 | ×              |                                 |                |                 | ×  |                                    |                 |                                 |
| - of which: forborne exposures        |             |                 | ×              |                                 |                |                 | ×  |                                    |                 |                                 |
| e) Other performing exposures         | 58,322      |                 | ×              |                                 | 407            |                 | ×  |                                    | 57,915          |                                 |
| - of which: forborne exposures        |             |                 | ×              |                                 |                |                 | ×  |                                    |                 |                                 |
| TOTAL A                               | 210,299     | •               | •              | 128,993                         | 589            | •               |  | 62,566                             | 276,137         |                                 |
| B. OFF-BALANCE SHEET CREDIT EXPOSURES |             |                 |                |                                 |                |                 |  |                                    |                 |                                 |
| a) Non-performing                     |             |                 |                | 127                             |                |                 |  |                                    | 127             |                                 |
| b) Performing                         |             |                 |                |                                 |                |                 |  |                                    |                 |                                 |
| TOTAL B                               | •           | •               | •              | 127                             | •              |                 |  | •                                  | 127             |                                 |
| TOTAL A+B                             | 210,299     |                 | •              | 129,119                         | 589            |                 |  | 62,566                             | 276,264         |                                 |

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

| Rea | asons/Categories  | Bad loans | Unlikely to pay | Non-<br>performing<br>past-due<br>exposures |
|-----|---|-----------|-----------------|---|
| A.  | Initial gross exposure  | 42,732    | 85,938          | 965   |
|     | - of which: exposures transferred but not derecognised            |           |                 |   |
| В.  | Increases   | 16,400    | 18,774          | 27,428                                      |
|     | B.1 inflows from performing exposures                             |           |                 |   |
|     | B.2 inflows from acquired or originated impaired financial assets | 2         | 8,459           | 9,784                                       |
|     | B.3 transfers from other categories of non-performing exposures   | 15,257    |                 | 6,419                                       |
|     | B.4 contractual amendments without derecognition                  |           |                 |   |
|     | B.5 other increases   | 1,142     | 10,315          | 11,225                                      |
| C.  | Decreases   | 4,394     | 45,830          | 18,789                                      |
|     | C.1 outflows to performing exposures                              |           |                 |   |
|     | C.2 write-off   | 2,079     | 1,110           | 13,132                                      |
|     | C.3 collections   | 1,619     | 5,160           | 936   |
|     | C.4 proceeds from disposals                                       |           |                 |   |
|     | C.5 losses on disposal  |           |                 |   |
|     | C.6 transfers to other categories of non-performing exposures     |           | 21,676          |   |
|     | C.7 contractual amendments without derecognition                  |           |                 |   |
|     | C.8 other decreases   | 695       | 17,884          | 4,720                                       |
| D.  | Final gross exposure  | 54,739    | 58,882          | 9,604                                       |
|     | - 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

|    |   | exposures: non-<br>performing | exposures:<br>performing |
|----|---|-------------------------------|--------------------------|
| Α. | Initial gross exposure  | 53,286                        |                          |
|    | - of which: exposures transferred but not derecognised              |                               |                          |
| В. | Increases   |                               |                          |
|    | B.1 inflows from non-forborne performing exposures                  |                               |                          |
|    | B.2 inflows from forborne performing exposures                      |                               | Х                        |
|    | B.3 inflows from forborne non-performing exposures                  | Х                             |                          |
|    | B.4 inflows from non-performing exposures not subject to concession |                               |                          |
|    | B.5 other increases   |                               |                          |
| C. | Decreases   | 9,854                         |                          |
|    | C.1 outflows to non-forborne performing exposures                   | Х                             |                          |
|    | C.2 outflows to performing forborne exposures                       |                               | Х                        |
|    | C.3 outflows to non-performing forborne exposures                   | Х                             |                          |
|    | C.4 write-off   | 433                           |                          |
|    | C.5 collections   | 5,363                         |                          |
|    | C.6 proceeds from disposals   |                               |                          |
|    | C.7 losses on disposal  |                               |                          |
|    | C.8 other decreases   | 4,058                         |                          |
| D. | Final gross exposure  | 48,744                        |                          |
|    | - 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

|   |        | Bad loans                    |        | Unlikely to pay              | NON<br>N | Non-perrorming past-due<br>exposures |
|---|--------|------------------------------|--------|------------------------------|----------|--------------------------------------|
| Reasons/Categories  | Total  | of which: forborne exposures | Total  | of which: forborne exposures | Total    | of which: forborne<br>exposures      |
| A. Opening total adjustments  | 27,719 |                              | 36,453 | 17,214                       |          |                                      |
| - of which: exposures transferred but not derecognised                    |        |                              |        |                              |          |                                      |
| B. Increases  | 31,218 |                              | 6,967  |                              | 8,351    | 3,223                                |
| B.1 value adjustments on acquired or originated impaired financial assets | 17,347 | ×                            | 6,967  | ×                            | 5,128    | ×                                    |
| B.2 other value adjustments   |        |                              |        |                              |          |                                      |
| B.3 losses on disposal  |        |                              |        |                              |          |                                      |
| B.4 transfers from other categories of non-performing exposures           | 13,870 |                              |        |                              | 3,223    | 3,223                                |
| B.5 contractual amendments without derecognition                          |        |                              |        |                              |          |                                      |
| B.6 other increases   |        |                              |        |                              |          |                                      |
| C. Decreases  | 17,989 |                              | 24,169 | 6,108                        | 3,490    | 6//                                  |
| C.1 reversals of valuation  | 15,890 |                              | 9,076  | 5,567                        | 2,711    |                                      |
| C.2 reversals of cash collection  | 1,180  |                              | 631    | 542                          | 533      | 533                                  |
| C.3 profits on disposal   |        |                              |        |                              |          |                                      |
| C.4 write-off   | 920    |                              | 592    |                              | 246      | 246                                  |
| C.5 transfers to other categories of non-performing exposures             |        |                              | 13,870 |                              |          |                                      |
| C.6 contractual amendments without derecognition                          |        |                              |        |                              |          |                                      |
| C.7 other decreases   |        |                              |        |                              |          |                                      |
| D. Closing total adjustments  | 40,947 |                              | 19,251 | 14,178                       | 4,862    | 2,445                                |
| - 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              |             | Gro    | Gross exposure |                                 | Tot         | al value adjus: | tments and t | Total value adjustments and total provisions | Net exposure | Total partial<br>write-offs* |
|---------------------------------------|-------------|--------|----------------|---------------------------------|-------------|-----------------|--------------|--|--------------|------------------------------|
|                                       | First stage | Second | Third          | Acquired or originated impaired | First stage | Second          | Third        | Acquired or originated impaired              |              |                              |
| A. ON-BALANCE SHEET CREDIT EXPOSURES  |             | ,      | ,              |                                 |             | ,               |              |  |              |                              |
| A.1 On demand                         |             |        |                |                                 |             |                 |              |  |              |                              |
| a) Non-performing                     | ×           |        |                |                                 | ×           |                 |              |  |              |                              |
| b) Performing                         |             |        | ×              |                                 |             |                 | ×            |  |              |                              |
| A.2 Others                            |             |        |                |                                 |             |                 |              |  |              |                              |
| a) Bad loans                          | ×           |        | 207            | 6,515,049                       | ×           |                 | 344          | 4,243,616                                    | 2,271,596    |                              |
| - of which: forborne exposures        | ×           |        |                | 58,862                          | ×           |                 |              | 30,910                                       | 27,952       |                              |
| b) Unlikely to pay                    | ×           |        |                | 2,882,369                       | ×           |                 |              | 923,612                                      | 1,958,757    |                              |
| - of which: forborne exposures        | ×           |        |                | 1,266,732                       | ×           |                 |              | 365,894                                      | 900,838      |                              |
| c) Non-performing past-due exposures  | ×           |        | 6,010          | 232,691                         | ×           |                 | 2,821        | 8,556  | 227,324      |                              |
| - of which: forborne exposures        | ×           |        | 2,908          | 184,806                         | ×           |                 | 1,230        | 2,719  | 183,766      |                              |
| d) Performing past-due exposures      |             |        | ×              |                                 |             |                 | ×            |  |              |                              |
| - of which: forborne exposures        |             |        | ×              |                                 |             |                 | ×            |  |              |                              |
| e) Other performing exposures         | 499,496     | 16,429 | ×              | 02                              | 229         | 201             | ×            |  | 515,118      |                              |
| - of which: forborne exposures        |             |        | ×              |                                 |             |                 | ×            |  |              |                              |
| TOTAL A                               | 499,496     | 16,429 | 6,517          | 9,630,178                       | 229         | 201             | 3,165        | 5,175,784                                    | 4,972,795    |                              |
| B. OFF-BALANCE SHEET CREDIT EXPOSURES |             |        |                |                                 |             |                 |              |  |              |                              |
| a) Non-performing                     |             |        | 9,121          | 121,898                         |             |                 |              |  | 131,019      |                              |
| b) Performing                         | 131,076     | 36     |                |                                 |             |                 |              |  | 131,113      |                              |
| TOTAL B                               | 131,076     | 36     | 9,121          | 121,898                         |             |                 |              |  | 262,132      |                              |
| TOTAL A+B                             | 630,573     | 16,466 | 15,638         | 9,752,077                       | 677         | 201             | 3,165        | 5,175,784                                    | 5,234,926    |                              |
|                                       |             |        |                |                                 |             |                 |              |  |              |                              |

### 6.4a - Loans subject to Covid-19 support measures: gross and net values

|  |             | Gross           | exposur     | е  |                | Total value     | adjustn     | nents                                    |                 |                              |
|--|-------------|-----------------|-------------|--|----------------|-----------------|-------------|--|-----------------|------------------------------|
| TYPES OF EXPOSURE/VALUES                               | First stage | Second<br>stage | Third stage | Acquired<br>or<br>originated<br>impaired | First<br>stage | Second<br>stage | Third stage | Acquired<br>or<br>originated<br>impaired | Net<br>exposure | Total partial<br>write-offs* |
| A. Bad loans   |             |                 |             |  |                |                 |             |  |                 |                              |
| a) Subject to concession                               |             |                 |             |  |                |                 |             |  |                 |                              |
| compliant with GLs                                     |             |                 |             |  |                |                 |             |  |                 |                              |
| b) Subject to existing moratorium measures no          |             |                 |             |  |                |                 |             |  |                 |                              |
| longer compliant with GLs and                          |             |                 |             |  |                |                 |             |  |                 |                              |
| not valued as subject to                               |             |                 |             |  |                |                 |             |  |                 |                              |
| concession c) Subject to other forbearance             |             |                 |             |  |                |                 |             |  |                 |                              |
| measures   |             |                 |             | 47,355                                   |                |                 |             | 28,296                                   | 19,059          |                              |
| d) New loans   |             |                 |             | <u> </u>                                 |                |                 |             |  | ,               |                              |
| B. Unlikely to Pay loans                               |             |                 |             |  |                |                 |             |  |                 |                              |
| a) Subject to concession                               |             |                 |             |  |                |                 |             |  |                 |                              |
| compliant with GLs                                     |             |                 |             | 53,226                                   |                |                 |             | 11,169                                   | 42,057          |                              |
| b) Subject to existing                                 |             |                 |             |  |                |                 |             |  |                 |                              |
| moratorium measures no longer compliant with GLs and   |             |                 |             |  |                |                 |             |  |                 |                              |
| not valued as subject to                               |             |                 |             |  |                |                 |             |  |                 |                              |
| concession   |             |                 |             |  |                |                 |             |  |                 |                              |
| c) Subject to other forbearance                        |             |                 |             | 4 0 4 0 5 0 5                            |                |                 |             |  |                 |                              |
| measures   |             |                 |             | 1,216,535                                |                |                 |             | 369,639                                  | 846,896         |                              |
| d) New loans   |             |                 |             |  |                |                 |             |  |                 |                              |
| C. Non-performing past-due loans                       |             |                 |             |  |                |                 |             |  |                 |                              |
| a) Subject to concession                               |             |                 |             | 0.074                                    |                |                 |             | 070                                      |                 |                              |
| compliant with GLs b) Subject to existing              |             |                 |             | 2,371                                    |                |                 |             | 279                                      | 2,091           |                              |
| moratorium measures no                                 |             |                 |             |  |                |                 |             |  |                 |                              |
| longer compliant with GLs and                          |             |                 |             |  |                |                 |             |  |                 |                              |
| not valued as subject to concession                    |             |                 |             |  |                |                 |             |  |                 |                              |
| c) Subject to other forbearance                        |             |                 |             |  |                |                 |             |  |                 |                              |
| measures   |             |                 | 2,908       | 191,721                                  |                |                 | 1,230       | 6,998                                    | 186,402         |                              |
| d) New loans   |             |                 |             |  |                |                 |             |  |                 |                              |
| D. Other non-performing                                |             |                 |             |  |                |                 |             |  |                 |                              |
| past-due loans   |             |                 |             |  |                |                 |             |  |                 |                              |
| Subject to concession compliant with GLs               |             |                 |             |  |                |                 |             |  |                 |                              |
| b) Subject to existing                                 |             |                 |             |  |                |                 |             |  |                 |                              |
| moratorium measures no                                 |             |                 |             |  |                |                 |             |  |                 |                              |
| longer compliant with GLs and not valued as subject to |             |                 |             |  |                |                 |             |  |                 |                              |
| concession   |             |                 |             |  |                |                 |             |  |                 |                              |
| c) Subject to other forbearance                        |             |                 |             |  |                |                 |             |  |                 |                              |
| d) New loans   |             |                 |             |  |                |                 |             |  |                 |                              |
| D. Other performing loans                              |             |                 |             |  |                |                 |             |  |                 |                              |
| a) Subject to concession                               |             |                 |             |  |                |                 |             |  |                 |                              |
| compliant with GLs                                     |             |                 |             |  |                |                 |             |  |                 |                              |
| b) Subject to existing moratorium measures no          |             |                 |             |  |                |                 |             |  |                 |                              |
| longer compliant with GLs and                          |             |                 |             |  |                |                 |             |  |                 |                              |
| not valued as subject to                               |             |                 |             |  |                |                 |             |  |                 |                              |
| concession c) Subject to other forbearance             |             |                 |             |  |                |                 |             |  |                 |                              |
| measures   |             |                 |             |  |                |                 |             |  |                 |                              |
| d) New loans   |             |                 |             |  |                |                 |             |  |                 |                              |
| TOTAL A+B+C+D+E  |             |                 | 2,908       | 1,511,208                                |                |                 | 1,230       | 416,382                                  | 1,096,505       |                              |

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

| Rea | asons/Categories  | Bad loans | Unlikely to pay | Non-<br>performing<br>past-due<br>exposures |
|-----|---|-----------|-----------------|---|
| A.  | Initial gross exposure  | 6,853,452 | 3,040,943       | 208,882                                     |
|     | - of which: exposures transferred but not derecognised            |           |                 |   |
| B.  | Increases   | 258,636   | 610,067         | 60,923                                      |
| _   | B.1 inflows from performing exposures                             | 14        |                 | 6,304                                       |
| _   | B.2 inflows from acquired or originated impaired financial assets | 42,804    | 220,699         | 1,304                                       |
|     | B.3 transfers from other categories of non-performing exposures   | 110,616   | 28,296          | 35,366                                      |
|     | B.4 contractual amendments without derecognition                  |           |                 | 0   |
|     | B.5 other increases   | 105,202   | 361,072         | 17,949                                      |
| C.  | Decreases   | 576,132   | 770,870         | 34,015                                      |
|     | C.1 outflows to performing exposures                              |           |                 | 1,180                                       |
|     | C.2 write-off   | 151,225   | 48,867          | 1,528                                       |
|     | C.3 collections   | 247,355   | 249,317         | 13,160                                      |
|     | C.4 proceeds from disposals                                       |           |                 |   |
|     | C.5 losses on disposal  | 61,421    |                 |   |
|     | C.6 transfers to other categories of non-performing exposures     | 23,164    | 141,754         | 9,361                                       |
|     | C.7 contractual amendments without derecognition                  |           |                 |   |
|     | C.8 other decreases   | 92,967    | 330,932         | 8,785                                       |
| D.  | Final gross exposure  | 6,510,598 | 2,880,140       | 238,701                                     |
| _   | - 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

| Re | asons/Categories  | Forborne<br>exposures:<br>non-<br>performing | Forborne<br>exposures:<br>performing |
|----|---|--|--------------------------------------|
| A. | Initial gross exposure  | 1,590,058                                    | 17,128                               |
|    | - of which: exposures transferred but not derecognised              |  |                                      |
| В. | Increases   | 151,325                                      | 903                                  |
|    | B.1 inflows from non-forborne performing exposures                  |  |                                      |
|    | B.2 inflows from forborne performing exposures                      | 5,061  | Х                                    |
|    | B.3 inflows from forborne non-performing exposures                  | Х  |                                      |
|    | B.4 inflows from non-performing exposures not subject to concession |  |                                      |
|    | B.5 other increases   |  |                                      |
| C. | Decreases   | 146,264                                      | 903                                  |
|    | C.1 outflows to non-forborne performing exposures                   | 335,532                                      | 13,385                               |
|    | C.2 outflows to performing forborne exposures                       | Х  | 6,744                                |
|    | C.3 outflows to non-performing forborne exposures                   |  | Х                                    |
|    | C.4 write-off   | Х  | 5,061                                |
|    | C.5 collections   | 887  |                                      |
|    | C.6 proceeds from disposals   | 83,043                                       | 1,098                                |
|    | C.7 losses on disposal  |  |                                      |
|    | C.8 other decreases   |  |                                      |
| D. | Final gross exposure  | 251,601                                      | 481                                  |
|    | - of which: exposures transferred but not derecognised              |  |                                      |

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

|     |   | Bad loans | ans                                | Unlikely to pay | o pay                              | Non-performing past-due exposures | past-due<br>es                     |
|-----|---|-----------|------------------------------------|-----------------|------------------------------------|-----------------------------------|------------------------------------|
| Re  | Reasons/Categories  | Total     | of which:<br>forborne<br>exposures | Total           | of which:<br>forborne<br>exposures | Total                             | of which:<br>forborne<br>exposures |
| Α̈́ | Opening total adjustments   | 3,976,197 | 7,322                              | 953,138         | 401,653                            | 625                               | 220                                |
|     | - of which: exposures transferred but not derecognised                    |           |                                    |                 |                                    |                                   |                                    |
| œ   | Increases   | 900,518   | 38,472                             | 317,298         |                                    | 16,536                            | 3,018                              |
|     | B.1 value adjustments on acquired or originated impaired financial assets | 834,131   | ×                                  | 317,274         | ×                                  | 5,335                             | ×                                  |
|     | B.2 other value adjustments   | 365       |                                    | 0               |                                    | 2,711                             | 1,234                              |
|     | B.3 losses on disposal  |           |                                    |                 |                                    |                                   |                                    |
|     | B.4 transfers from other categories of non-performing exposures           | 66,022    | 38,472                             | 24              |                                    | 7,905                             | 1,502                              |
|     | B.5 contractual amendments without derecognition                          |           |                                    |                 |                                    |                                   |                                    |
|     | B.6 other increases   | _         |                                    |                 |                                    | 585                               | 281                                |
| ن   | Decreases   | 636,211   | 41,628                             | 352,619         | 122,014                            | 5,848                             | 392                                |
|     | C.1. reversals of valuation   | 456,857   | 33,725                             | 219,607         | 70,226                             | 1,735                             | 294                                |
|     | C.2 reversals of cash collection  | 49,926    | 15                                 | 33,127          | 12,854                             | 360                               | 96                                 |
|     | C.3 profits on disposal   |           |                                    |                 |                                    |                                   |                                    |
|     | C.4 write-off   | 119,735   |                                    | 27,393          | 461                                | 3,627                             | 3                                  |
|     | C.5 transfers to other categories of non-performing exposures             | 6,693     | 7,888                              | 72,491          | 38,472                             | 44                                |                                    |
|     | C.6 contractual amendments without derecognition                          |           |                                    |                 |                                    |                                   |                                    |
|     | C.7 other decreases   |           |                                    |                 |                                    | 82                                |                                    |
| ۵   | Closing total adjustments   | 4,240,504 | 30,910                             | 927,299         | 368,862                            | 11,313                            | 5,831                              |
|     | - 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)

|   |         |         | External rating classes | ng classes |         |         |                  | ļ         |
|---|---------|---------|-------------------------|------------|---------|---------|------------------|-----------|
| Exposures   | Class 1 | Class 2 | Class 3                 | Class 4    | Class 5 | Class 6 | • without rating | l Otal    |
| A. Financial assets measured at amortised cost                                |         | 53,430  | 71,264                  |            | 30,752  |         | 4,506,349        | 4,661,796 |
| - First stage   |         | 53,430  | 71,264                  |            | 30,752  |         | 24,932           | 180,379   |
| - Second stage  |         |         |                         |            |         |         | 16,165           | 16,165    |
| - Third stage   |         |         |                         |            |         |         | 3,440            | 3,440     |
| - Acquired or originated impaired   |         |         |                         |            |         |         | 4,461,812        | 4,461,812 |
| B. Financial assets measured at fair value through other comprehensive income |         |         | 498,819                 |            |         |         | 0                | 498,819   |
| - First stage   |         |         | 498,819                 |            |         |         |                  | 498,819   |
| - Second stage  |         |         |                         |            |         |         |                  |           |
| - Third stage   |         |         |                         |            |         |         |                  |           |
| - Acquired or originated impaired   |         |         |                         |            |         |         |                  |           |
| C. Financial assets in the process of being disposed                          |         |         |                         |            |         |         |                  |           |
| - First stage   |         |         |                         |            |         |         |                  |           |
| - Second stage  |         |         |                         |            |         |         |                  |           |
| - Third stage   |         |         |                         |            |         |         |                  |           |
| - Acquired or originated impaired   |         |         |                         |            |         |         |                  |           |
| Total (A+B+C)   |         |         | 570,084                 |            | 30,752  |         | 4,506,349        | 5,160,615 |
| D. Commitments to disburse funds and financial guarantees issued              |         |         |                         |            |         |         | 261,986          | 261,986   |
| - First stage   |         |         |                         |            |         |         | 131,076          | 131,076   |
| - Second stage  |         |         |                         |            |         |         | 36               | 36        |
| - Third stage   |         |         |                         |            |         |         | 9,120            | 9,120     |
| - Acquired or originated impaired   |         |         |                         |            |         |         | 121,754          | 121,754   |
| Total (D)   |         |         |                         |            |         |         | 261,986          | 261,986   |
| TOTAL (A+B+C+D)   |         |         | 570,084                 |            | 30,752  |         | 4,768,335        | 5,422,601 |

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 business sector of the counterparty

|                                 | 31/12/2021 | 31/12/2020 |
|---------------------------------|------------|------------|
| a) States                       | 498,819    | 56,113     |
| b) Other public institutions    | 4,490      | 6,551      |
| c) Non-financial companies      | 3,102,900  | 3,426,520  |
| d) Financial companies          | 276,207    | 728,621    |
| e) Income-generating households | 1,366,515  | 1,751,720  |
| f) Other operators              | -          | 21,962     |
| TOTAL                           | 5,248,932  | 5,991,487  |

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

|                      | 31/12/2021 | 31/12/2020 |
|----------------------|------------|------------|
| a) North West        | 1,270,437  | 1,483,001  |
| b) North East        | 470,667    | 1,018,080  |
| c) Centre            | 2,158,962  | 1,900,016  |
| d) South and Islands | 1,333,275  | 1,569,859  |
| e) Abroad            | 15,591     | 20,530     |
| TOTAL                | 5,248,932  | 5,991,487  |

# 9.3 - Large exposures

|                             | 31/12/2021 | 31/12/2020 |
|-----------------------------|------------|------------|
| a) Amount (carrying amount) | 946,099    | 828,334    |
| b) Amount (weighted value)  | 670,919    | 777,851    |
| 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 2021, 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 2021 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 2021. 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

| Iten | ns/residual maturity         | On<br>demand | Up to 3<br>months | From over<br>3 months<br>to 6<br>months | From<br>over 6<br>months<br>to 1<br>year | From over<br>1 year to 5<br>years | From over 5<br>years to 10<br>years | Beyond 10<br>years | Indefinite<br>life |
|------|------------------------------|--------------|-------------------|---|--|-----------------------------------|-------------------------------------|--------------------|--------------------|
| 1.   | Assets                       | 246,559      | 419,998           | 261,287                                 | 329,839                                  | 2,813,444                         | 2,022,065                           | 351,779            | 162,260            |
|      | 1.1 Debt securities          |              |                   | 100,528                                 |  | 300,855                           | 97,437                              | 29,332             |                    |
|      | 1.2 Loans and<br>Receivables | 240,919      | 41,365            | 286,877                                 | 337,756                                  | 3,493,359                         | 377,853                             | 1,397              |                    |
|      | 1.3 Other assets             |              |                   |   |  |                                   |                                     |                    |                    |
| 2.   | Liabilities                  | 1,284        | 250,430           | 48,572                                  | 748,945                                  | 2,104,896                         | 747,503                             |                    | 591                |
|      | 2.1 Payables                 | 5            | 168               | 163                                     | 1,210                                    | 11,762                            | 12,891                              |                    |                    |
|      | 2.2 Debt securities          |              |                   |   |  | 2,109,959                         | 1,486,755                           |                    |                    |
|      | 2.3 Other liabilities        |              |                   |   |  |                                   |                                     |                    |                    |
| 3.   | Financial derivatives        |              |                   |   |  |                                   |                                     |                    |                    |
|      | Option products              |              |                   |   |  |                                   |                                     |                    |                    |
|      | 3.1 Long positions           |              |                   |   |  |                                   |                                     |                    |                    |
|      | 3.2 Short positions          |              |                   |   |  |                                   |                                     |                    |                    |
|      | Other derivatives            |              |                   |   |  |                                   |                                     |                    |                    |
|      | 3.3 Long positions           |              | 1,682             | 699                                     | 393                                      | 2,700                             | 360                                 | 157                |                    |
|      | 3.4 Short positions          |              | 4,701             | 1,289                                   |  |                                   |                                     |                    |                    |

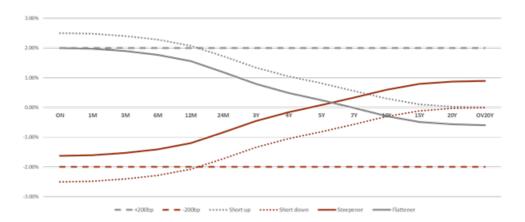
### 2 - Models and other methods for the measurement and management of interest rate risk

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 2021, 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 2021, the AMCO foreign exchange risk component amounted to EUR 165.8 million of foreign currency exposure entirely due to loans in foreign currency.

#### Quantitative disclosures

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

|     |                                 |            |                 | Curi | rencies             |                 |                  |
|-----|---------------------------------|------------|-----------------|------|---------------------|-----------------|------------------|
| Тур | oes of exposure/Values          | US dollars | Pounds sterling | Yen  | Canadian<br>dollars | Swiss<br>franks | Other currencies |
| 1.  | Financial assets                |            |                 |      |                     |                 |                  |
|     | 1.1 Debt securities             |            |                 |      |                     |                 |                  |
|     | 1.2 Equity securities           |            |                 |      |                     |                 | 9                |
|     | 1.3 Loans and receivables       | 165,800    |                 |      |                     |                 |                  |
|     | 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.  | Derivatives                     |            |                 |      |                     |                 |                  |
|     | 5.1 Long positions              |            |                 |      |                     |                 |                  |
|     | 5.2 Short positions             |            |                 |      |                     |                 |                  |
| Tot | al assets                       | 165,800    |                 |      |                     |                 | 9                |
| Tot | al liabilities                  |            |                 | •    |                     |                 |                  |
| lmb | palance (+/-)                   | 165,800    |                 |      |                     |                 |                  |

US dollar exposures refer to:

- for the former Banca Carige portfolio in foreign currency loans for USD equivalent to EUR 154.3 million;
- for the portfolio of the former Monte dei Paschi di Siena in loans in USD equivalent to EUR 11.5 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 mitigation of risk with respect to the significant increase in activities, the Company has provided to strengthen its procedures through the already mentioned process of redefinition of corporate governance and internal regulations.

#### Quantitative disclosures

The requirement for the operational risk quantified as at 31 December 2021 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 20 April 2021, AMCO placed one senior unsecured bond issue for a nominal amount of EUR 750 million with a maturity of 7 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 2021. Following the Covid-19 pandemic, AMCO did not change its strategies, objectives or policies for managing, measuring and controlling liquidity risk.

Quantitative disclosures

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

| Items/Time bands  | On<br>demand<br>and<br>revocable | From over<br>1 day to 7<br>days | From over<br>7 days to<br>15 days | From over<br>15 days to<br>1 month | From over<br>1 month to<br>3 months | from over<br>3 months<br>to 6<br>months | from over<br>6 months<br>to 1 year | from over<br>1 year to 3<br>years | from over<br>3 years to<br>5 years | beyond 5<br>years | indefinite<br>life |
|---|----------------------------------|---------------------------------|-----------------------------------|------------------------------------|-------------------------------------|---|------------------------------------|-----------------------------------|------------------------------------|-------------------|--------------------|
| On-balance sheet assets                                       | 144,220                          | 3,661                           |                                   | 15,125                             | 35,680                              | 255,498                                 | 376,850                            | 2,027,923                         | 2,047,714                          | 1,196,063         | 58,914             |
| A.1 Government securities                                     |                                  |                                 |                                   |                                    |                                     |   |                                    |                                   | 300,000                            | 200,000           |                    |
| A.2 Other debt securities                                     |                                  |                                 |                                   |                                    |                                     |   |                                    |                                   |                                    | 29,332            |                    |
| A.3 Loans   | 144,220                          | 3,661                           | •                                 | 15,125                             | 35,680                              | 255,498                                 | 376,850                            | 2,027,923                         | 1,747,714                          | 398,024           | 58,914             |
| A.4 Other assets  |                                  |                                 |                                   |                                    |                                     |   |                                    |                                   |                                    | 568,707           |                    |
| On-balance sheet liabilities                                  | 5                                |                                 |                                   | 8,311                              | 6,681                               | 5,800                                   | 36,918                             | 1,506,641                         | 605,935                            | 1,513,783         | •                  |
| B.1 Payables to:  |                                  |                                 |                                   |                                    |                                     |   |                                    |                                   |                                    |                   |                    |
| - Banks   |                                  |                                 |                                   |                                    |                                     |   |                                    |                                   |                                    |                   |                    |
| - Financial institutions                                      |                                  |                                 |                                   |                                    |                                     |   |                                    |                                   |                                    |                   |                    |
| - Customers   | 5                                |                                 |                                   | 61                                 | 119                                 | 175                                     | 1,293                              | 6,641                             | 5,935                              | 13,783            |                    |
| B.2 Debt securities   |                                  |                                 |                                   | 8,250                              | 6,563                               | 5,625                                   | 35,625                             | 1,500,000                         | 000,009                            | 1,500,000         |                    |
| B.3 Other liabilities   |                                  |                                 |                                   |                                    |                                     |   |                                    |                                   |                                    |                   |                    |
| Off-balance sheet transactions                                | •                                | 16                              | •                                 | 11                                 | 17                                  | 13                                      | 45                                 | •                                 | •                                  | 130,762           | 100,340            |
| C.1 Financial derivatives with underlying capital exchange    |                                  |                                 |                                   |                                    |                                     |   |                                    |                                   |                                    |                   |                    |
| C.2 Financial derivatives without underlying capital exchange |                                  | 16                              |                                   | 11                                 | 17                                  | 13                                      | 45                                 |                                   |                                    |                   |                    |
| C.3 Loans to be received                                      |                                  |                                 |                                   |                                    |                                     |   |                                    |                                   |                                    |                   |                    |
| C.4 Irrevocable commitments to disburse funds                 |                                  |                                 |                                   |                                    |                                     |   |                                    |                                   |                                    | 130,762           | 100,069            |
| C.5 Financial guarantees issued                               |                                  |                                 |                                   |                                    |                                     |   |                                    |                                   |                                    |                   | 271                |
| 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 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

| 17FM04/41 UF0   | TOTAL      | TOTAL      |
|---|------------|------------|
| ITEMS/VALUES  | 31/12/2021 | 31/12/2020 |
| 1. Share capital  | 655,154    | 655,154    |
| 2. Share premiums   | 604,552    | 604,552    |
| 3. Reserves   |            |            |
| - of profits  |            |            |
| a) legal  | 478,301    | 478,301    |
| b) statutory  |            |            |
| c) treasury shares  |            |            |
| d) others   | 413,695    | 340,605    |
| - others  | 675,789    | 675,836    |
| 4. (Treasury shares)  | (72)       | (70)       |
| 5. Valuation reserves   |            |            |
| Equity securities measured at fair value through other comprehensive income                               | (8,321)    | (9,699)    |
| 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 | (5,525)    | 56         |
| 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   | (252)      | (261)      |
| Share of valuation reserve relating to equity investments valued at shareholders' equity                  |            |            |
| 6. Equity instruments   |            |            |
| 7. Profit (Loss) for the year   | (419,311)  | 74,801     |
| TOTAL   | 2,394,010  | 2,819,276  |

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

| Assets/Values |                   | 31/12            | 31/12/2020       |                  |                     |
|---------------|-------------------|------------------|------------------|------------------|---------------------|
|               |                   | Positive reserve | Negative reserve | Positive reserve | Negative<br>reserve |
| 1.            | Debt securities   |                  | (5,525)          | 56               |                     |
| 2.            | Equity securities |                  | (8,321)          |                  | (9,699)             |
| 3.            | Loans             |                  |                  |                  |                     |
| то            | TAL               |                  | (13,845)         | 56               | (9,699)             |

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

|    |   | Debt<br>securities | Equity<br>securities | Loans |
|----|---|--------------------|----------------------|-------|
| 1. | Opening balances  | 56                 | (9,699)              |       |
| 2. | Increases   |                    |                      |       |
|    | 2.1 Increases in fair value   |                    | 183                  |       |
|    | 2.2 Value adjustments for credit risk   |                    |                      |       |
|    | 2.3 Reversal to income statement of negative disposal reserves                |                    |                      |       |
|    | 2.4 Transfers to other components of shareholders' equity (equity securities) |                    |                      |       |
|    | 2.5 Other changes   |                    |                      |       |
| 3. | Decreases   |                    |                      |       |
|    | 3.1 Decreases in fair value   | (5,581)            | (515)                |       |
|    | 3.2 Reversals for credit risk   |                    |                      |       |
|    | 3.3 Reversal to income statement of positive disposal reserves                |                    |                      |       |
|    | 3.4 Transfers to other components of shareholders' equity (equity securities) |                    |                      |       |
|    | 3.5 Other changes   |                    |                      |       |
| 4. | Closing balance   | (5,525)            | (8,321)              |       |

# 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

|    |   | 31/12/2021 | 31/12/2020 |
|----|---|------------|------------|
| Α. | Tier 1 capital before the application of prudential filters | 2,399,607  | 2,819,290  |
| В. | 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)     | 2,399,607  | 2,819,290  |
| D. | Elements to be deducted from Tier 1 capital                 | (38,635)   | (115)      |
| E. | Total Tier 1 capital (Tier 1) (C – D)                       | 2,360,972  | 2,819,175  |
| 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 (Tier 2) (H – I)                |            |            |
| M. | Elements to be deducted from Tier 1 and Tier 2 capital      |            |            |
| N. | Regulatory capital (E + L - M)                              | 2,360,972  | 2,819,175  |

# 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 | d amounts  | Weighted amounts/requirements |            |  |
|---------------------|---|------------|------------|-------------------------------|------------|--|
| Oui                 | acyclics/ values  | 31/12/2021 | 31/12/2020 | 31/12/2021                    | 31/12/2020 |  |
| A.                  | RISK ASSETS   |            |            |                               |            |  |
|                     | A.1 Credit and counterpart risk                                   | 6,357,783  | 6,973,787  | 6,367,772                     | 7,434,300  |  |
| В.                  | REGULATORY CAPITAL REQUIREMENTS                                   |            |            |                               |            |  |
|                     | B.1 Credit and counterpart risk                                   |            |            | 509,418                       | 594,744    |  |
|                     | B.2 Requirement for the provision of payment services             |            |            |                               |            |  |
|                     | B.3 Requirement for the issuance of electronic money              |            |            |                               |            |  |
|                     | B.4 Specific prudential requirements                              |            |            | 32,051                        | 14,138     |  |
|                     | B.5 Total prudential requirements                                 |            |            |                               |            |  |
| C.                  | RISK ASSETS AND ADEQUACY RATIOS                                   |            |            |                               |            |  |
|                     | C.1 Weighted risk assets  |            |            | 6,768,306                     | 7,611,024  |  |
|                     | C.2 Tier 1 capital/Weighted risk assets (Tier 1 capital ratio)    |            |            | 34.88%                        | 37.00%     |  |
|                     | C.3 Regulatory capital/Weighted risk assets (Total capital ratio) |            |            | 34.88%                        | 37.00%     |  |

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

# Section 5 - Analytical statement of comprehensive income

| ITEM | S   | 31/12/2021    | 31/12/2020  |
|------|---|---------------|-------------|
| 10.  | Profit (Loss) for the year  | (419,311,031) | 74,800,684  |
|      | Other income components net of taxes without reversal to the income statement             |               |             |
| 20.  | Equity securities measured at fair value through other comprehensive income               |               |             |
|      | a) changes to fair value  | (332,831)     | (213,150)   |
|      | b) transfers to other components of shareholders' equity                                  | 1,710,736     | -           |
| 30.  | Financial liabilities measured at fair value through profit and loss (change in its       |               |             |
|      | a) changes to fair value  |               |             |
|      | b) transfers to other components of shareholders' equity                                  |               |             |
| 40.  | Hedging of equity securities measured at fair value through other comprehensive income    |               |             |
| 40.  | a) changes to fair value  |               |             |
|      | b) transfers to other components of shareholders' equity                                  |               |             |
| 50.  | Property, plant and equipment   |               |             |
| 60.  | Intangible assets   |               |             |
| 70.  | Defined-benefit plans   | 8,469         | (9,551)     |
| 80.  | Non-current assets and groups of assets held for disposal                                 | 3,.00         | (0,00.)     |
| 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 net of taxes with reversal to the income statement                |               |             |
| 110. | Hedging of foreign investments  |               |             |
|      | a) changes to fair value  |               |             |
|      | b) reversal to income statement   |               |             |
|      | c) other changes  |               |             |
| 120. | Currency exchange differences   |               |             |
| 120. | a) changes to fair value  |               |             |
|      | b) reversal to income statement   |               |             |
|      | c) other changes  |               |             |
| 130. | Hedging of financial flows  |               |             |
| 100. | 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)   |               |             |
| 140. | a) changes to fair value  |               |             |
|      | b) reversal to income statement   |               |             |
|      | c) other changes  |               |             |
| 450  | Financial assets (other than equity securities) measured at fair value through other      |               |             |
| 150. | comprehensive income  |               |             |
|      | a) changes to fair value  | (5,580,522)   | 55,906      |
|      | b) reversal to income statement   |               |             |
|      | - impairment losses   |               |             |
|      | - profit/loss on disposal   |               | (5,042,379) |
|      | 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 without reversal to the income statement |               |             |
| 190. | Total other income components net of taxes  | (4,194,147)   | (5,209,174) |
| 200. | Other comprehensive income (Items 10+190)   | (423,505,178) | 69,591,510  |

# 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 2021 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

1,099

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 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 2021, the remuneration of the General Manager, including social security contributions and benefits as well as the gross annual salary, is equal to EUR 973 thousand.

# 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 2021 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 AMCO 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.

#### Transactions with investees

In 2021 AMCO S.r.l., a Romanian registered company dealing with the management of non-performing loans to Romanian residents, held by the Segregated Estates of Veneto Group, earned fee and commission income to AMCO for EUR 0.3 million and fee and commission expense for intra-group services for EUR 0.2 million.

# Transactions with other related companies

The financial transactions carried out with other investees of the Italian Ministry of Economy and Finance refer exclusively to the current accounts held at normal market conditions with Poste Italiane and Monte dei Paschi di Siena S.p.A.

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 2021 or the main economic effects recognised in 2021 for transactions with related parties.

|                          | Balance sheet items   |        |                      | Income statement items |                    |                           |                            |                                     |
|--------------------------|---|--------|----------------------|------------------------|--------------------|---------------------------|----------------------------|-------------------------------------|
|                          | Other financial<br>assets<br>mandatorily<br>measured at fair<br>value | Assets | Other<br>liabilities | Other assets           | Interest<br>income | Fee and commission income | Fee and commission expense | Other operating income and expenses |
| Investees                |   |        |                      |                        |                    |                           |                            |                                     |
| AMCO S.r.I.              |   |        |                      |                        |                    | 160                       | (269)                      |                                     |
| Other related companies  |   |        |                      |                        |                    |                           |                            |                                     |
| Monte Paschi di<br>Siena |   | 16,305 |                      |                        |                    |                           |                            |                                     |
| Fucino NPL's<br>S.r.l.   | 29,332  | 47     |                      |                        | 1,657              | 322                       |                            |                                     |
| Poste Italiane<br>S.p.A. |   | 784    |                      |                        |                    |                           |                            |                                     |

# 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 1,746 thousand of amortisation/depreciation recognised for the right of use for the period, the underlying asset classes are as follows:

- offices and apartments: EUR 1,574 thousand;
- motor vehicles: EUR 130 thousand;
- office equipment: EUR 43 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

In accordance with the provisions of IFRS 8, segment reporting is provided in the consolidated financial statements, to which reference should be made.

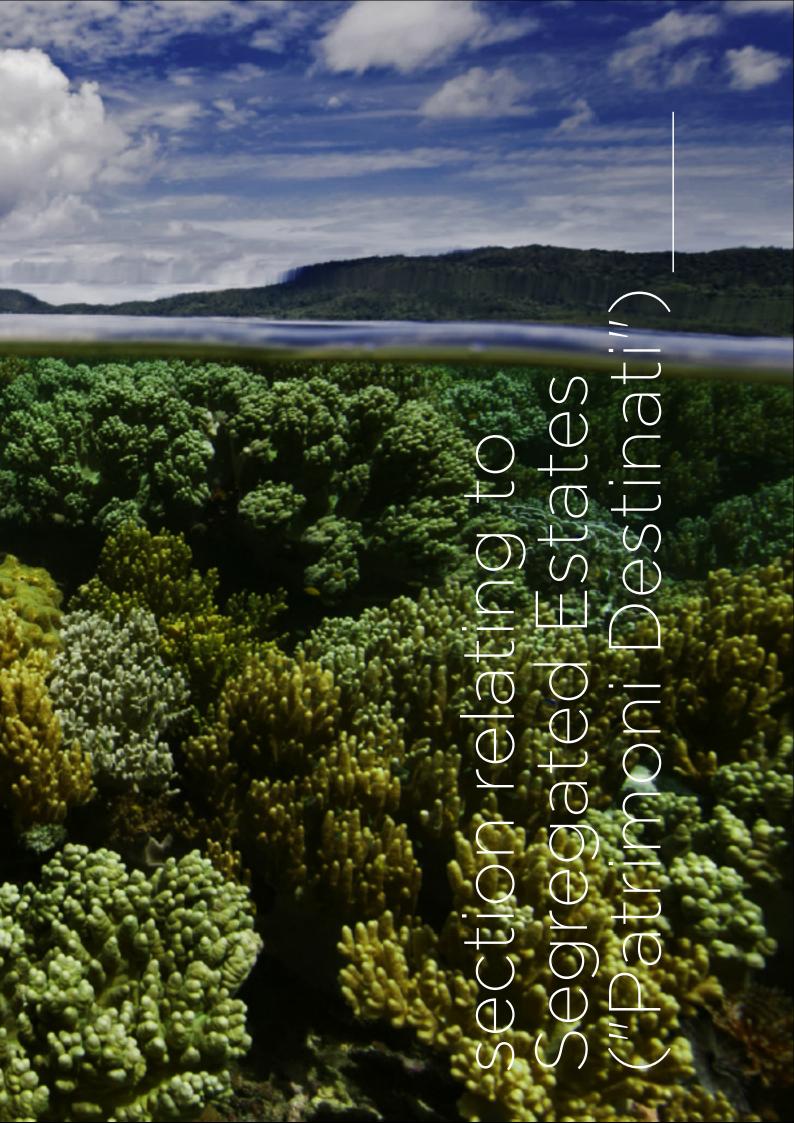
# 8.2 - Earnings per share

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).





# 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 above mentioned Decree 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, forms an annex to these 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:

- Estimate of the net future financial flows of loans in the hypothesis of the existent 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 same business model and pricing of the activities of master and special servicing with respect to the two previous hypotheses.

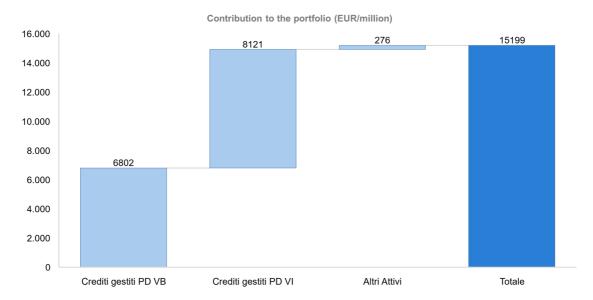
From the analysis carried out on the basis of cash flows currently expected by the acquired loans it has emerged that in all the hypotheses described above, not only the cumulative incidence of the commission components is considerably below 10% (parameter used for the derecognition), but the variability between the hypothesis of Transfer to AMCO Segregated 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.

# Introduction

Following the acquisition of the portfolios of the former Veneto Banks, as at 31 December 2021 AMCO manages a portfolio of non-performing exposures ("NPE") of around EUR 14.9 billion in terms of gross book value. The portfolio, with total assets of EUR 14.9 billion, breaks down as follows:

| Total SE (EUR/million)  | 31/12/2021 | 31/12/2020 |
|-------------------------|------------|------------|
| Gross Book Value        | 14,923     | 16,121     |
| - Italian portfolio     | 14,386     | 9,467      |
| - Securitised portfolio | -          | 6,032      |
| - Foreign portfolio     | 537        | 621        |
| Net Present Value       | 3,898      | 4,380      |
| - Other assets          | 276        | 213        |
| TOTAL                   | 4,174      | 4,594      |



Information on the GBV of the Segregated Estates and on the portfolios' Net Present Value is included in the statements of the Segregated Estates, which are part of the financial statements of AMCO, basing the estimates on best estimates of the internally processed recovery curves to guarantee the information alignment with respect to the prospects for the loans recovery for the main stakeholders (the LCAs or their creditors).

The Net Present Value 16 includes:

- (i) estimated legal expenses for the recovery of loans;
- (ii) commissions for the management of outsourcing;
- (iii) the discount effect of the estimates of recovery over time.

Furthermore, in accordance with Art. 3 of the Transfer Contract, the fee for the above transaction is represented by an amount receivable of the administrative compulsory liquidations procedures vis-à-vis the respective Segregated Estates of AMCO, for an amount equal to the net book value of the assets and legal rights and obligations transferred, which will be periodically adjusted to the lower or higher realisable value net of the recovery costs and charges incurred.

It is specified that the Net Present Value is based on internal data and valuations and therefore does not represent an IFRS 9 compliant value.

The cash repaid in 2021 on the management agreements of the Segregated Estates is EUR 639 million, of which EUR 357 million for the Vicenza Group Segregated Estate and EUR 282 million for the Veneto Group Segregated Estate.

These cash flows have been reported to the LCAs on a quarterly basis, as required by the transfer contract.

# Statement of the Veneto Group Segregated Estate as at 31 December 2021

### 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, forms an annex to these 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:

- Estimate of the net future financial flows of loans in the hypothesis of the existent of 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;
- 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 same business model and pricing of the activities of master and special servicing with respect to the two previous hypotheses.

From the analysis carried out on the basis of cash flows currently expected by the acquired loans it has emerged that in all the hypotheses described above, not only the cumulative incidence of the commission components is considerably below 10% (parameter used for the derecognition), but the variability between the hypothesis of Transfer to AMCO Segregated 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 financial statements, in accordance with the requirements of IFRS 12 accounting standard. In more detail, for the purposes of the information 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.

# Performance of managed assets

On 18 April 2020 Banca Intesa Sanpaolo exercised, for the third time, the option offered by Italian Decree Law No. 99 of 25 June 2017, at Art. 4, paragraph 5, letter b), for the transfer to the LCAs of the performing assets of the former Veneto Banks High-Risk positions at the time of the purchase by the same Intesa Sanpaolo. These positions were successfully transferred to the respective Segregated Estates. With reference to the Veneto Group Segregated Estate the Gross Book Value transferred is around EUR 35 million.

On 13 June 2020 Banca Intesa Sanpaolo exercised the last option for a further portfolio with a Gross Book Value of around EUR 64 million.

On 23 December 2019 AMCO and the Prelios Group signed an agreement with Banca Monte dei Paschi di Siena, MPS Capital Services per le Imprese, UBI Banca and Banco BPM (together the "banks") for the creation of a multi-originator platform to manage UTP (unlikely to pay) loans relative to the property sector. The transaction, called Cuvée, was executed through an untranched securitisation transaction of loans transferred by the banks and by AMCO (the securitisation vehicle is Ampre SPV S.r.l.) and the investment in a closed common property Fund managed by Prelios SGR (called "Back2Bonis"). In 2019 the Veneto Group Segregated Estate transferred to the Fund a Gross Book Value of around EUR 28 million.

In 2020 the Veneto Group Segregated Estate further transferred to the Fund a Gross Book Value of around EUR 28 million.

# Report

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

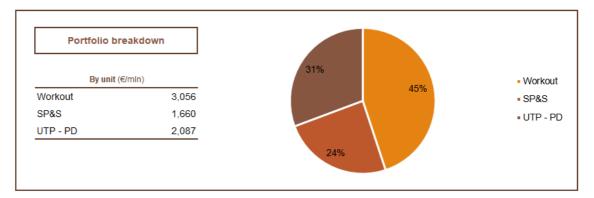
| Veneto Group SE (EUR/million)      | 31/12/2021 | 31/12/2020 |
|------------------------------------|------------|------------|
| Gross Book Value                   | 6,802      | 7,384      |
| - Italian portfolio                | 6,265      | 4,760      |
| - Securitised portfolio (Flaminia) | -          | 2,003      |
| - Foreign portfolio                | 537        | 621        |
| Net Present Value                  | 1,789      | 2,009      |
| - Other assets                     | 115        | 90         |
| TOTAL                              | 1,904      | 2,099      |

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 60 million inclusive of remuneration for the last quarter of 2021 yet to be liquidated for the servicing activity carried out by AMCO on the portfolio;
- Securities, equity financial instruments and similar instruments for EUR 54 million;
- Active rate derivatives with a mark to market of EUR 1 million.

The following tables report an overview of portfolios:

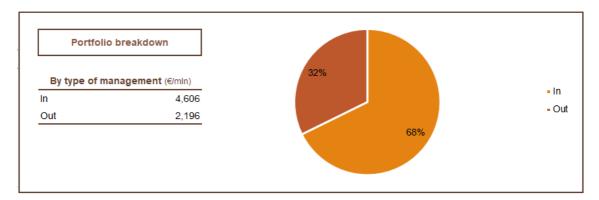


In accordance with sector best practices, also included in the "Guidance to banks on non-performing loans" issued by the European Central Bank, AMCO's management strategies are differentiated in accordance with the characteristics of debtors and their relative credit exposures with the objective of maximising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

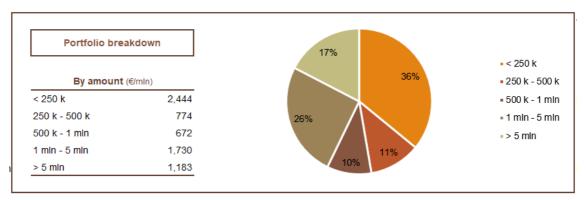
With regard to this, the portfolio management is differentiated in accordance with the following criteria:

 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" loans (Workout) loans and "going concern" (UTP/PD) loans, it can be observed that the UTP/PD business unit accounts for 30.7% of the total.



Outsourced management represents 32% 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 the level of maturity and standardisation of market solutions).



Analysing the portfolio by amount it can be noted that 42.8% of the portfolio is made up by positions amounting to more than EUR 1 million, while 36% of the portfolio is represented by positions amounting to less than EUR 250 thousand.

| Veneto Group SE (EUR/million)      | 31/12/2021 | 31/12/2020 |
|------------------------------------|------------|------------|
| Collections                        |            |            |
| - Non-securitised portfolio        | 327        | 263        |
| - Securitised portfolio (Flaminia) | 13         | 33         |
| TOTAL                              | 340        | 297        |

The cash repaid in 2021 on the management agreements of the Segregated Estate is around EUR 282 million. This cash flow was reported to the LCA on a quarterly basis as required by the transfer contract.

With regard to the Flaminia securitised portfolio, cash flows transferred to the LCAs amounted to EUR 13 million.

# Statement of the Vicenza Group Segregated Estate as at 31 December 2021

### 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, forms an annex to these 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:

- Estimate of the net future financial flows of loans in the hypothesis of the existent of 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 same business
  model and pricing of the activities of master and special servicing with respect to the two
  previous hypotheses.

From the analysis carried out on the basis of cash flows currently expected by the acquired loans it has emerged that in all the hypotheses described above, not only the cumulative incidence of the commission components is considerably below 10% (parameter used for the derecognition), but the variability between the hypothesis of Transfer to AMCO Segregated 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 financial statements, in accordance with the requirements of IFRS 12 accounting standard. In more detail, for the purposes of the information 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.

# Performance of managed assets

On 18 April 2020 Banca Intesa Sanpaolo exercised the option offered by Italian Decree Law No. 99 of 25 June 2017, at Art. 4, paragraph 5, letter b), for the transfer to the LCAs of the performing assets of the former Veneto Banks High-Risk positions at the time of the purchase by the same Intesa Sanpaolo. These positions were successfully transferred to the respective Segregated Estates. With reference to the Vicenza Group Segregated Estate the Gross Book Value transferred is around EUR 76 million.

On 13 June 2020 Intesa Sanpaolo exercised the same option for a portfolio with a Gross Book Value of around EUR 136 million.

On 23 December 2019 AMCO and the Prelios Group signed an agreement with Banca Monte dei Paschi di Siena, MPS Capital Services per le Imprese, UBI Banca and Banco BPM (together the "banks") for the creation of a multi-originator platform to manage UTP (unlikely to pay) loans relative to the property sector. The transaction, called Cuvée, was executed through an untranched securitisation transaction of loans transferred by the banks and by AMCO (the securitisation vehicle is Ampre SPV S.r.I.) and the investment in a closed common property Fund managed by Prelios SGR (called "Back2Bonis"). In 2019 the Vicenza Group Segregated Estate transferred to the Fund a Gross Book Value of around EUR 54 million.

In 2020 the Vicenza Group Segregated Estate further transferred to the Fund a Gross Book Value of around EUR 35 million.

# Report

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

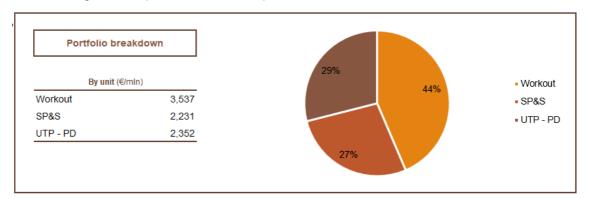
| Vicenza Group SE (EUR/million)  | 31/12/2021 | 31/12/2020 |
|---------------------------------|------------|------------|
| Gross Book Value                | 8,121      | 8,736      |
| - Italian portfolio             | 8,121      | 4,707      |
| - Securitised portfolio (Ambra) | -          | 4,029      |
| - Foreign portfolio             | -          | -          |
| Net Present Value               | 2,109      | 2,372      |
| - Other assets                  | 161        | 123        |
| TOTAL                           | 2,270      | 2,495      |

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 64 million inclusive of remuneration for the last quarter of 2021 yet to be liquidated for the servicing activity carried out by AMCO on the portfolio;
- Securities, equity financial instruments and similar instruments for EUR 94 million;
- Active rate derivatives with a mark to market of EUR 2 million.

The following tables report an overview of portfolios:

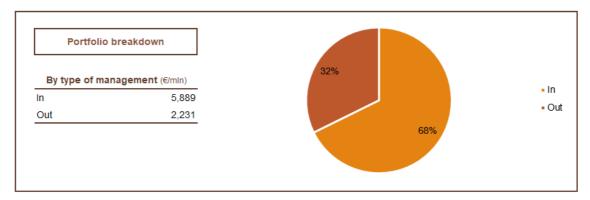


In accordance with sector best practices, also included in the "Guidance to banks on non-performing loans" issued by the European Central Bank, AMCO's management strategies are differentiated in accordance with the characteristics of debtors and their relative credit exposures with the objective of maximising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

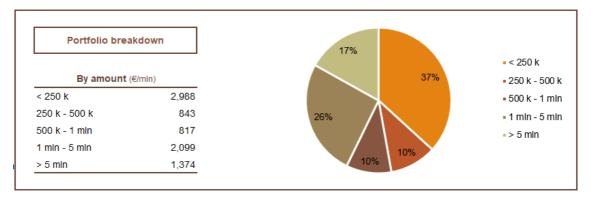
With regard to this, the portfolio management is differentiated in accordance with the following criteria:

 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 29% of the total.



Outsourced management represents 32% 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 the level of maturity and standardisation of market solutions).



Analysing the portfolio by amount it can be noted that 43% of the portfolio is made up by positions amounting to more than EUR 1 million, while 37% of the portfolio is represented by positions amounting to less than EUR 250 thousand.

| Vicenza Group SE (EUR/million)     | 31/12/2021 | 31/12/2020 |
|------------------------------------|------------|------------|
| Collections                        |            |            |
| - Non-securitised portfolio        | 381        | 266        |
| - Securitised portfolio (Flaminia) | 34         | 85         |
| TOTAL                              | 415        | 351        |

The cash repaid in 2021 on the management agreements of the Segregated Estate is around EUR 357 million. This cash flow was reported to the LCA on a quarterly basis as required by the transfer contract.

With regard to the Ambra securitised portfolio, cash flows transferred to the LCAs amounted to EUR 34 million.





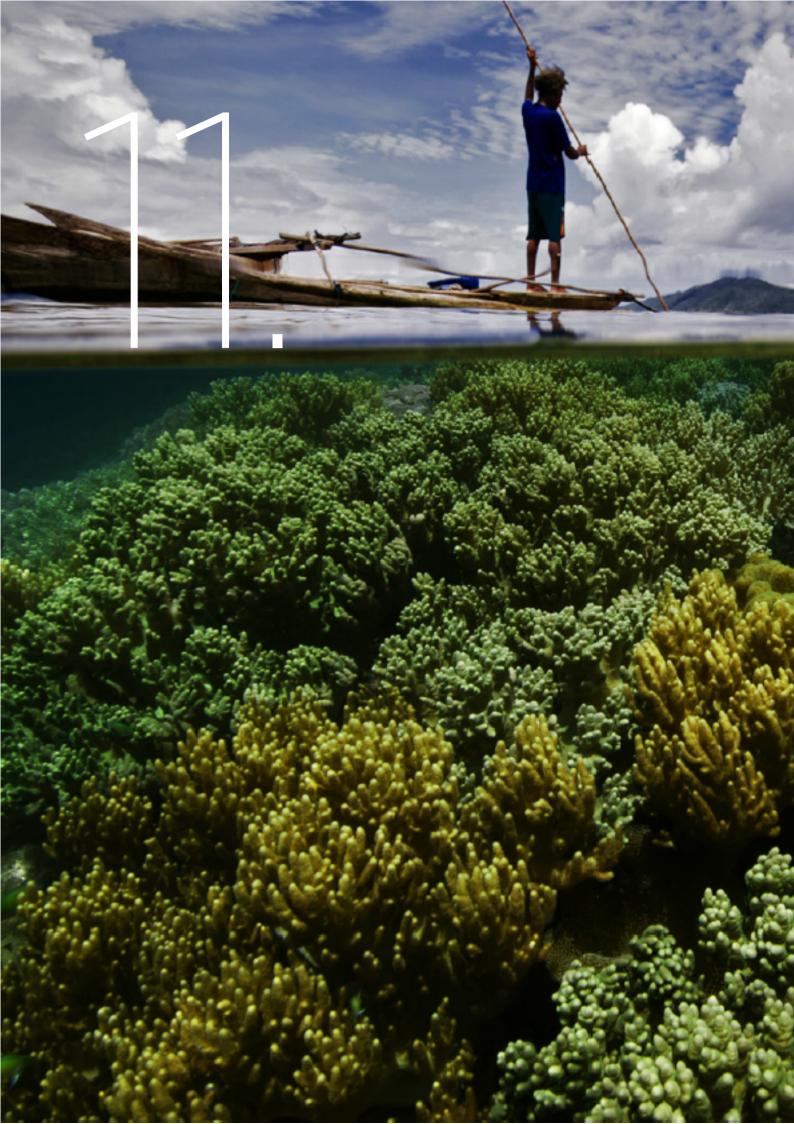
# Attestation of the Chief Executive Officer and Manager in charge of preparing the Company's Financial Reports on the Financial Statements and Report on Operations as at 31 December 2021 pursuant to Art. 154 bis of Italian Legislative Decree 58/1998

- 1. The undersigned MARINA NATALE, in her role of Chief Executive Officer and SILVIA GUERRINI, in her role of Manager in charge of 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 Financial Statements as at 31 December 2021.
- 2. In this regard, it should be noted that the undersigned SILVIA GUERRINI 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.
- The undersigned also certify that the financial statements as at 31 December 2021:
  - 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-up 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 2021 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, 8 March 2022

Signed by
Marina Natale
Chief Executive Officer

Signed by
Silvia Guerrini
Manager in charge of preparing the Company's
Financial Reports





#### INTERNAL AUDITORS' REPORT ON THE 2021 FINANCIAL STATEMENTS

#### **OF AMCO – Asset Management Company S.p.A.**

The Board of Statutory Auditors of AMCO - Asset Management Company S.p.A. (hereinafter, also only "AMCO" or the "Company"), in accordance with statutory and regulatory requirements, during the year ended 31 December 2021 has:

- verified the activities carried out by Deloitte & Touche S.p.A., the company appointed to carry out the statutory audit of the accounts, thus acknowledging the work carried out by the same and proceeding to the mutual exchange of information in compliance with Article 2409-septies of the Italian Civil Code;
- carried out checks on the draft financial statements prepared by the Board of Directors to be submitted for the competent resolutions of the Shareholders' Meeting, as also required by the principles of conduct issued by the Italian Association of Chartered Accountants (Consiglio Nazionale dei Dottori Commercialisti ed Esperti Contabili). These checks concerned, in particular, the principles of preparation and the criteria for evaluating and representing on- and off-balance items. These checks did not reveal any discrepancies with the rules governing the preparation of the financial statements and the application of international accounting standards;
- attended the meetings of the Board of Directors. On this occasion, the Board of Statutory
  Auditors verified that the activity of the aforementioned Body was based on respect for
  correct administration and protection of the assets with a view to sound and prudent
  management;
- ensured compliance with the law and the Articles of Association, as well as respect for the principles of correct administration;
- maintained continuous contact with the Internal Audit Department, without finding any irregularities of a substantial nature;
- met with the Supervisory Body and did not find any critical issues, with respect to the proper implementation of the Organisation, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001, that need to be highlighted in this report;
- acquired knowledge of and monitored, to the extent of its competence, the adequacy
  and functioning of the Company's organisational structure, also by collecting information
  from the managers of the corporate Functions/Departments and, in this regard, no
  particular observations to report emerged;

acquired knowledge of and supervised, to the extent of its competence, the adequacy and functioning of the administrative-accounting system, as well as the reliability of the latter in correctly representing operational events, by obtaining information from the managers of functions and from the company appointed to carry out the statutory audit of the accounts and by examining company documents, and in this regard there are no particular observations to report.

The Board of Statutory Auditors did not find any atypical and/or unusual transactions, including those carried out with related parties or intra-group transactions.

During the year, the Board of Statutory Auditors:

- i) issued the Board of Statutory Auditors' reasoned proposal for the integration of the fees for the statutory audit pursuant to Article 13 of Italian Legislative Decree No. 39 of 2010;
- ii) issued the Board of Statutory Auditors' Report on the financial statements for the year ended 31 December 2020 prepared in accordance with Article 2429, paragraph 2, of the Italian Civil Code and the report on the consolidated financial statements for the year ended 31 December 2020;
- formulated the Observations of the Board of Statutory Auditors pursuant to Circular 288/2015 (Tit. III, Chap. I, Sec. V, §1) on the report prepared by Internal Audit on the controls carried out with regard to the outsourced Important Operational Functions (IOF);
- iv) formulated the Observations of the Board of Statutory Auditors pursuant to Bank of Italy Circular No. 288/2015 (Tit. III, Chap. I, Sec. II, § 2) on the checks carried out and the findings of the ICAAP process.

Additional issues of particular interest covered by the Board during 2021 were:

- v) updating and revision of the Organisation and Management Model pursuant to Italian Legislative Decree No. 231/2001;
- vi) half-yearly as at 30 June 2021;
- vii) Covid tissue;
- viii) issuing of Financial Bills under the existing CP Programme;
- ix) amendments to the "Policy for the assessment of credit exposures".

Furthermore, pending approval of the financial statements, the Board of Statutory Auditors

expressed the "Opinion on the appointment of the Head of the Anti-Money Laundering Function" pursuant to the Bank of Italy's Provision of 10 March 2011 "Provisions on organisation, procedures and internal controls aimed at preventing the use of intermediaries for the purposes of money laundering and terrorist financing"; as well as dealt with the Communication from the Bank of Italy relating to the "Findings of the Internal Audit Function on governance processes" and discussed the procedures of the new Company's Accounting Manual.

Lastly, since AMCO is a "Public Interest Entity", the Board of Statutory Auditors - as the Internal Control and Audit Committee - must include in its report the results of the activity carried out pursuant to Article 19, paragraph 1, Italian Legislative Decree No. 39/2010 and Regulation (EU) No. 537/2014. With particular regard to Article 19, paragraph 1, letter e) of Italian Legislative Decree No. 39/2010, the following is a list of additional services provided by Deloitte in 2021 that do not fall within auditing services and for which specific fees have been quantified, i.e.:

- issue of the EMTN Programme Comfort letter on 31 December 2020, whose fee was set at EUR 30,000 (+ 5% expenses + VAT);
- issue of Comfort Letters in relation to the bond issues under the EMTN Programme, whose fee was set at EUR 30,000 (+ 5% expenses + VAT);
- performance of certain procedures agreed with the Company on the quarterly statements prepared for the LCAs concerning the correct application of the rules for accounting for receipts and the criteria for allocating costs to the Veneto Group Segregated Estate, the fees for which were determined to be EUR 22,000 (+ 5% expenses + VAT);
- performance of certain procedures agreed with the Company in relation to the quarterly statements prepared for the LCAs concerning the correct application of the rules for recording receipts and the criteria for allocating costs to the Vicenza Group Segregated Estate, the amount of which was determined to be EUR 25,000 (+ 5% expenses + VAT).

For the aforementioned non-audit services, the pre-approvals of the Board of Statutory Auditors (Art. 5, paragraph 4, of Regulation 537/2014) had been obtained at the time of the assignment of the 2019 - 2027 audit mandate. These services were provided in order to ensure the integrity and adequacy of the financial reporting process.

Lastly, the Board verified and monitored the independence of the Independent Auditors.

The Financial Statements for the year ended 31 December 2021, with accompanying documents, a draft of which was approved by the Directors on 8 March 2022, were communicated to the Board of Statutory Auditors and the Independent Auditors on the same date.

The Board of Statutory Auditors has reviewed the financial statements, which include the Balance Sheet, the Income Statement, the Statement of comprehensive income, the Statement of changes in shareholders' equity, the Statement of cash flows, the Notes to the Financial Statements and the Report on Operations. In the latter, the Board of Directors indicates and illustrates, in detail, the main lines of the Management of the Company.

2021 was characterised by the persistence of the Covid-19 pandemic, which had an unprecedented impact on domestic and global economic and manufacturing activities. Nonetheless, we note a consistent recovery, compared to the previous year, in the AMCO operations reflected in the marked increase in collections (+57%) with an improvement, also, in the collection rate compared to that recorded in the previous year (+0.7%).

On the other hand, the economic results are affected by the update, completed in 2021, of recovery expectations on the non-performing loans portfolio brought to AMCO through a non-proportional demerger, completed at the end of 2020, of a set of assets and liabilities of Banca Monte dei Paschi di Siena (hereinafter the "Demerger Transaction"). This update, made in order to adjust the value of the portfolio to AMCO policies, was necessary since the non-performing loans were transferred "in continuity of accounting values" (and therefore at book values, as allowed by the IFRS principles for transactions "under common control"). This update gave rise to overall adjustments for a total of EUR 528.6 million, resulting in the financial year 2021 ending with a net loss of EUR 419.3 million, which is proposed to offset through the use of the Demerger Reserve. Net of the extraordinary circumstances highlighted above, AMCO recorded a Net Profit of EUR 72.2 million in 2021, up 29% compared to the previous year.

On the other hand, assets under management at the end of 2021 amounted to EUR 32.5 billion, down by EUR 1.7 billion compared to 2020 due to the effect of recovery activities, only partially offset by the portfolios purchased during the year (equal to EUR 388 million) and the new contributions on the Cuvée transaction (equal to EUR 183 million).

The transactions that took place during the year are described below:

#### 1 - Debt purchasing transactions

 On 22 March 2021, AMCO signed a contract with Banca Carige S.p.A. 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 lease agreements, mainly real estate, for a Gross Book Value of approximately EUR 70 million. The transaction was economically effective on 1 January 2021;

- On 3 December 2021, AMCO signed a purchase agreement with the Iccrea Cooperative Banking Group pursuant to Art. 58 of the TUB and without recourse of a portfolio of non-performing loans for a total Gross Book Value of EUR 264 million including: EUR 222 million of loans and receivables with corporate customers originating from the Parent Company Iccrea Banca, Banca Sviluppo and other 30 mutual banks belonging to the Group and EUR 42 million consisting of corporate lease receivables from Iccrea BancaImpresa. The transaction had an economic effective date of 1 July 2021;
- On 20 December 2021, AMCO signed a contract with Banca Carige S.p.A. 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 18 million. The transaction had an economic effective
  date of 1 July 2021.

#### 2 - Servicing Transactions:

- on 31 March 2021, AMCO, through the Assets Allocated for the Vicenza Group, completed the purchase en bloc pursuant to Art. 58 of the TUB, and without recourse by Ambra SPV S.r.l., of a portfolio of non-performing loans for a Gross Book Value of approximately EUR 3.9 billion. The transaction, which took effect on 1 April 2021, did not generate any effects on the assets under management as the Segregated Estate of the Vicenza Group already held 99.62% of the securitisation notes of Ambra SPV S.r.l.;
- on 31 March 2021, AMCO, through the Assets Allocated for the Vicenza Group, completed the purchase en bloc pursuant to Art. 58 of the TUB and without recourse by Flaminia SPV S.r.l. of a portfolio of non-performing loans for a Gross Book Value of approximately EUR 1.9 billion. The operation, which took effect on 1 April 2021, did not generate effects on the assets under management as the Segregated Estate of the Veneto Group already owned 100% of the securitisation notes of Flaminia SPV S.r.l.;
- in 2021, the growth 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 26 May 2021, a portfolio with a Gross Book Value of approximately EUR 52 million was conferred by BPER;
- on 16 September 2021, a further EUR 59 of Gross Book Value was transferred by AMCO, Banco Desio and a leading bank;
- on 21 December 2021 a further EUR 124 million of *Gross Book Value* was transferred by Iccrea Banca, CRA Binasco and a leading bank.

Following these contributions, the assets managed by the Cuvèe platform exceed EUR 1.1 billion. The scheme of the operation foresees that against the contribution of the credits in the vehicle Ampre SPV S.r.l. (of which AMCO is Master and Special Servicer), the transferors will be assigned the units of the fund named "Back2bonis", which owns the notes of the securitisation vehicle.

In terms of Gross Book Value, assets under management as at 31 December 2021 can be broken down as follows:

#### 1 - Debt purchasing

- EUR 5.6 billion for 49 thousand debtors relating to the "POCI" portfolios;
- EUR 1.4 billion for around 1,700 debtors relating to the portfolio originating from the former Banco di Napoli;
- EUR 7.2 billion for 72 thousand debtors deriving from the MPS portfolio forming part of the demerger compendium transferred to AMCO at the end of 2020.

#### 2 - Servicing

- EUR 14.9 billion for 98 thousand debtors relating to the Segregated Estates of the Veneto and Vicenza Groups;
- EUR 1.9 billion for 934 debtors relating to Financed Capital of VB LCA and BPVI LCA;
- EUR 1.1 billion for 157 debtors relating to the Back2Bonis portfolio.

#### Results of operations as at 31 December 2021

AMCO's financial statements for 2021 closed with a negative net result of EUR 419.3 million, compared to the profit of the previous year of EUR 74.8 million and reflects the effects of the update of the recovery expectations on the portfolio of impaired loans made to

AMCO through the Demerger Transaction. This update resulted in adjustments for a total of EUR 528.6 million. This implies a reduction in shareholders' equity of 15%, compared to the figure of December 2020. Despite this economic result, with an Equity of EUR 2,394 million, the Company confirms its financial solidity, with a Total Capital Ratio of 34.88%.

The fully paid-up share capital of AMCO 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 18,466 treasury shares in portfolio.

The items in the financial statements include the increase in financial liabilities, which refers to the senior unsecured bond issue carried out by AMCO under its EMTN Programme for a nominal value of EUR 750 million, maturing in April 2028.

With reference to the economic data for the year, the financial statements show a positive result from current operations in terms of EBITDA of EUR 184.9 million, 19% up compared to EUR 156 million at 31 December 2020. This increase is due to a growth in revenues greater than the increase in costs, following the increase in the volumes of receivables from customers recorded in the financial statements.

The most significant items in the Financial Statements include the interest margin of EUR 110 million, a sharp increase compared to the figure at 31 December 2020 of approximately EUR 61.6 million (+78.5%). Conversely, the total fees and commissions income at 31 December 2021 is slight down and equal to EUR 48.2 million compared to the figure of EUR 49.6 million at 31 December 2020 (-2.8%). This decrease is due to the lower contribution deriving from the management of the portfolios of the former Veneto Banks following the reduction in volumes, partially offset by the increase of the commissions received as part of the Cuvée transaction deriving from the growth in volumes managed as a result of the new contributions completed in 2021. The Company mainly receives servicing fees on the management of the portfolios of the former Veneto Banks. The commission profile defined by the Transfer Contracts includes Master Servicing fee and Special Servicing fee, differentiated on the basis of the management characteristics of the loan. Commissions mainly originate from the servicing management connected to the Veneto Banks for EUR 43.1 million and, marginally, from commissions related to servicing activities on the Fucino and Ampre securitised portfolios (EUR 4.6 million) and for the remaining commissions for activities carried out on behalf of the subsidiary AMCO S.r.l. Fees and commissions expense at 31 December 2021 amounted to approximately EUR 0.614 million, mainly due to the amount recognised to AMCO S.r.l. for servicing activity on the Romanian portfolio of the Segregated Estate of the Group and for fee and commission expense on bank current account balances.

Among the other items, it should be noted that the trading activity net result at 31 December 2021 was EUR 13.6 million. This item mainly refers to exchange rate differentials mainly deriving from foreign currency loans in the portfolio of the former Banca Carige.

The total costs show an increase linked to the growth in the Company's size, both in terms of personnel and in terms of business. Specifically, there were administrative expenses of EUR 127.3 million, up from EUR 58.2 million in 2020.

Among the costs, staff costs increased in 2021 compared to 2020 (+33%), settling at approximately EUR 40 million due to the significant development of the workforce (from 287 to

342 employees). Other administrative expenses, amounting to approximately EUR 87.4 million, are substantially determined by credit recovery costs, consultancy and set-up costs associated with the structural growth of the Company's activities consistently with the development of new managed assets.

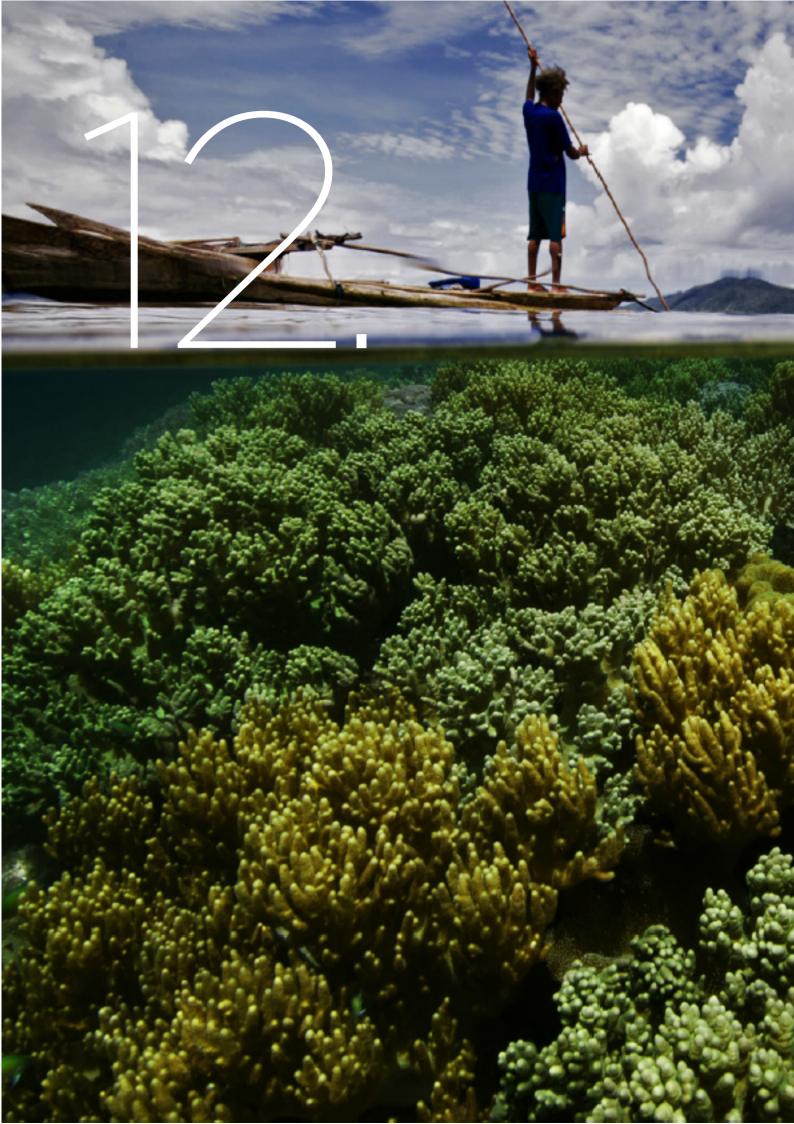
Tax assets are expressed as a total of EUR 234.8 million (compared to EUR 210.7 million in 2020) and only include direct taxes in application of IAS 12. The largest of these items, amounting to approximately EUR 144.1 million, reflects the IRES and IRAP DTAs in relation to write-downs of receivables not yet deducted and tax relief on goodwill and intangibles. The recoverability of tax assets has been assessed based on the Probability Test performed by the Company. The exercise was conducted over a period of 5 years on the basis of the 2020-2025 Strategic Plan taking into account both the variability of external events and the actual corporate performance with respect to the plan. 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 75.1 million.

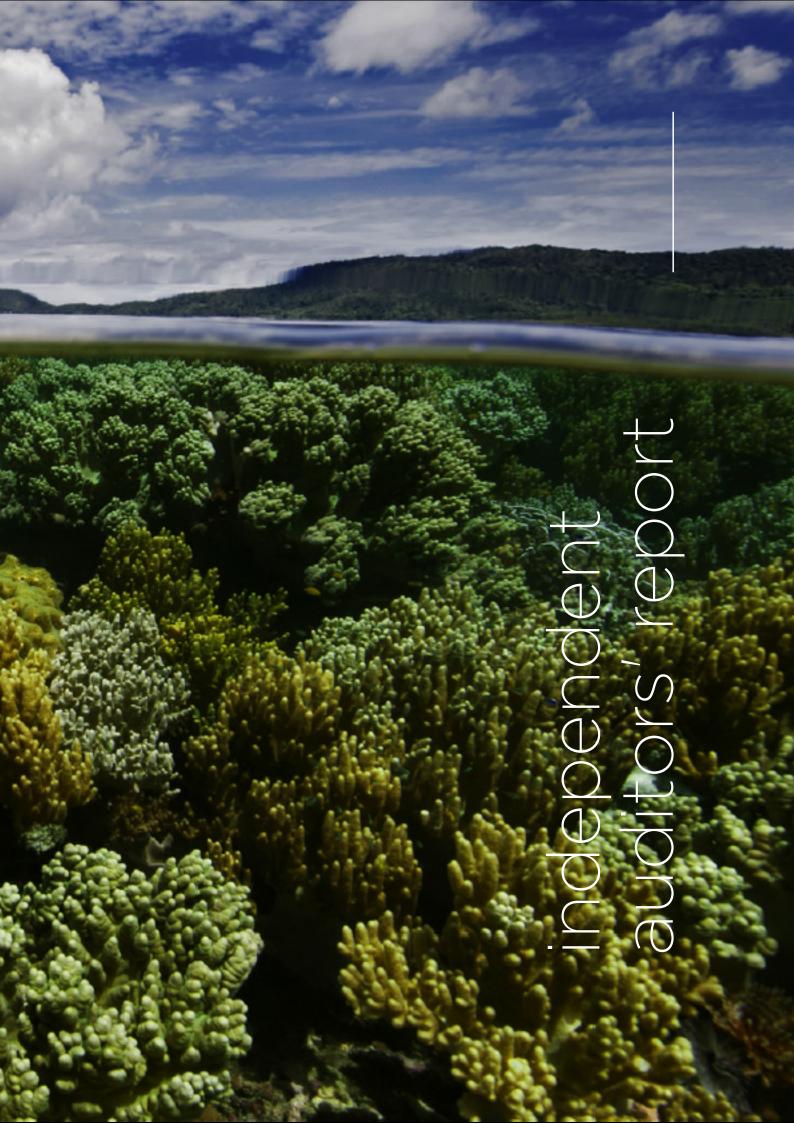
In consideration of the results of the activities carried out by the company appointed to carry out the statutory audit of the accounts contained in the audit report on the Financial Statements, received on 29 March 2022, and of the assessments directed by the same Board, also regarding the legitimacy 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 regarding the approval of AMCO's Separate Financial Statements for the year ended 31 December 2021, as prepared by the Company, and the proposal to offset the loss for the year through the use of the Demerger Reserve.

Rome, 29 March 2022

Signed by Signed by Signed by

G. Riccardi G. Puglisi G. B. Lo Prejato
Chairperson Permanent Auditor Permanent Auditor







Deloitte & Touche S.p.A. Via Tortona, 25 20144 Milano Italia

Tel: +39 02 83322111 Fax: +39 02 83322112 www.deloitte.it

## 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 FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of AMCO – Asset Management Company S.p.A. (the "Company" or "AMCO"), which comprise the balance sheet as at December 31, 2021, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and the related notes to the accounts.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2021, and of its financial performance and its 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 Financial Statements* section of our report. We are independent of the Company 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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#### Valuation of ex-MPS non performing exposures portfolio

## Description of the key audit matter

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", it is highlighted that the 2021 economic results are affected by the update, completed in 2021, of recovery expectations on the non-performing loans portfolio brought to AMCO 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 (hereinafter "MPS"). This update, made in order to adjust the value of the portfolio to AMCO policies, was necessary since the non-performing loans were transferred "in continuity of accounting values", or by reference to book values to which the loans, at the effective date of the transaction, carried out between companies attributable to the same shareholder ("business combination under common control"), where recorded in the books of the demergered entity. Such an update gave rise to net adjustments on loans and securities for a total of Euro 536.5 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, following the MPS transaction, AMCO updated its policies and credit valuation methodologies to make them more consistent with the historical experience of recoveries of the Company.

Given the relevance of the amount of ex-MPS NPE portfolio (equal to a net value of Euro 2.7 billion) 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 represents a key audit matter of the Company's financial statements as at December 31, 2021.

## 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 Company and of its updates;
- 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;

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- checks for a sample of non performing exposures of the valuation in accordance with the new credit valuation policy and, for those collectively valuated, the reasonableness of the estimate of the parameters used;
- 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 highlighted 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 2021 the Company completed the acquisition without recourse:

- with economic effectiveness starting from January 1, 2021 from Banca Carige S.p.A. of a portfolio of non performing loans deriving from lease agreements, mainly real estate, having a gross book value of Euro 70 million;
- with economic effectiveness starting from July 1, 2021 from Gruppo Bancario Cooperativo Iccrea of a portfolio of non performing loans, having a gross book value of Euro 264 million;
- with economic effectiveness starting from July 1, 2021 from Banca Carige S.p.A. of an additional portfolio of non performing loans deriving from lease agreements, mainly real estate, having a gross book value of Euro 18 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, 2021, also inclusive of the loans acquired in the past, amounted to Euro 1,689.5 million, grown by 4.9% compared to the previous year due to the acquisition transactions that took place in 2021, which offset the normal trend of the year relating to collections, cancellations and capitalisation of interest. The Company accounted for interest revenues on POCI portfolios for a total amount of Euro 110.5 million.

The Company, 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 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 Directors 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 Company's financial statements as at December 31, 2021.

## 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 Financial Statements

The Directors are responsible for the preparation of 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 the requirements of national regulations issued pursuant 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company'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 Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

## Deloitte.

- 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 Company'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 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 Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 AMCO – Asset Management Company S.p.A. as at December 31, 2021, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 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 financial statements of AMCO – Asset Management Company S.p.A. as at December 31, 2021 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 financial statements of AMCO – Asset Management Company S.p.A. as at December 31, 2021 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 March 29, 2022

This report has been translated into the English language solely for the convenience of international readers.





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) - %  | 31/12/2021 | 31/12/2020 |
|--|------------|------------|
| Loans and receivables with banks   | 155,447    | 247,339    |
| + 40 (a). Loans and receivables with banks   | 155,447    | 247,339    |
| Loans and receivables with customers   | 4,506,349  | 5,601,198  |
| + 40 (b). Financial assets measured at amortised cost: loans and receivables with financial companies                                | 82,306     | 381,766    |
| + 40 (c). Financial assets measured at amortised cost: loans and receivables with customers  | 4,424,043  | 5,219,432  |
| Financial assets   | 1,181,918  | 748,172    |
| + 20 (a). Financial assets valued at fair value through profit and loss - financial assets held for trading                          | 70         | 267        |
| + 20 (c). Financial assets measured at fair value through profit and loss: other financial assets mandatorily measured at fair value | 681,180    | 687,870    |
| + 30. Financial assets measured at fair value through other comprehensive income   | 500,668    | 60,036     |
| Equity investments   | 10         | 10         |
| + 70. Equity investments   | 10         | 10         |
| Property, plant and equipment and intangible assets  | 29,154     | 4,677      |
| + 80. Property, plant and equipment  | 27,217     | 2,941      |
| + 90. Intangible assets  | 1,937      | 1,736      |
| Tax assets   | 234,785    | 210,687    |
| + 100 (a). Current tax assets  | 11,207     | 10,789     |
| + 100 (b). Prepaid tax assets  | 223,578    | 199,898    |
| Other assets   | 26,697     | 28,323     |
| + 10. Cash and cash equivalents  |            | -          |
| + 120. Other assets  | 26,697     | 28,323     |
| Total assets   | 6,134,359  | 6,840,405  |

Table 8 - Reconciliation of reclassified balance sheet assets as at 31 December 2021

| EUR/(000) - %   | 31/12/2021 | 31/12/2020 |
|---|------------|------------|
| Payables to third parties   | 3,622,914  | 3,897,277  |
| + 10 (a). Financial liabilities measured at amortised cost: payables                | 26,199     | 1,046,059  |
| + 10 (b). Financial liabilities measured at amortised cost: debt securities issued  | 3,596,714  | 2,851,218  |
| Tax liabilities   | 4,103      | 6,075      |
| + 60 (a). Current tax liabilities   |            | 4,352      |
| + 60 (b). Deferred tax liabilities  | 4,103      | 1,723      |
| Provisions for specific purposes  | 22,950     | 20,811     |
| + 90. Staff severance indemnity   | 556        | 591        |
| + 100 (b). Provisions for risks and charges: pensions and similar obligations       | 130        | 125        |
| + 100 (c). Provisions for risks and charges: other provisions for risks and charges | 22,264     | 20,096     |
| Other liabilities   | 90,382     | 96,966     |
| + 20. Financial liabilities held for trading  | 4          | 4          |
| + 80. Other liabilities   | 90,377     | 96,962     |
| Share capital   | 655,154    | 655,154    |
| + 110. Share capital  | 655,154    | 655,154    |
| Treasury shares   | (72)       | (70)       |
| + 120. Treasury shares  | (72)       | (70)       |
| Share premiums  | 604,552    | 604,552    |
| + 140. Share premiums   | 604,552    | 604,552    |
| Reserves  | 1,567,785  | 1,494,742  |
| + 150. Reserves   | 1,567,785  | 1,494,742  |
| Valuation reserves  | (14,098)   | (9,903)    |
| + 160. Valuation reserves   | (14,098)   | (9,903)    |
| Profit for the year   | (419,311)  | 74,801     |
| + 170. Profit (Loss) for the year   | (419,311)  | 74,801     |
| Total liabilities   | 6,134,359  | 6,840,405  |

Table 9 - Reconciliation of reclassified balance sheet liabilities as at 31 December 2021

| EUR/(000) - %  | 31/12/2021 | 31/12/2020 |
|--|------------|------------|
| Servicing commissions  | 46,864     | 48,346     |
| + 40. Fee and commission income (partial)  | 46,864     | 48,346     |
| Interests/commissions from business with customers   | 186,300    | 97,991     |
| + 10. Interest income (partial)  | 186,062    | 97,989     |
| + 40. Fee and commission income (partial)  | 239        | 2          |
| Other income/expenses from ordinary operations   | 71,634     | 63,686     |
| + 100 (a). Profit/loss from sales or repurchase of accounts receivables  | 2,759      | 25,966     |
| + 110 (b). Net result of financial assets and liabilities measured at fair value through profit and loss - bonds at full value   | _          | -          |
| + 130 (a). Net value adjustments/reversals for credit risk of: assets measured at fair value through OCI (partial)   | 68,874     | 37,720     |
| + 250. Profit/loss from sale of investments (partial)  | -          | -          |
| TOTAL REVENUES   | 304,798    | 210,024    |
| Staff costs  | (39,944)   | (29,987)   |
| + 160 (a). Staff costs   | (39,944)   | (29,987)   |
| Operational costs  | (80,001)   | (24,045)   |
| + 160 (b). Other administrative expenses   | (87,387)   | (28,220)   |
| + 200. Other operating income and expenses (partial)   | 7,655      | 4,720      |
| + 50. Fee and commission expense (partial)   | (269)      | (545)      |
| TOTAL COSTS  | (119,945)  | (53,932)   |
| EBITDA   | 184,852    | 156,092    |
| Net value adjustments/reversals on receivables and securities from ordinary operations   | (540,228)  | (42,105)   |
| + 110 (b). Net result of financial assets and liabilities measured at fair value through profit and loss - bonds at full value   | 5,190      | (4,497)    |
| + 130 (a). Net value adjustments/reversals for credit risk of: assets measured at amortised cost   | (545,418)  | (37,608)   |
| + 10. Interest income (partial)  | (040,410)  | (07,000)   |
| Value adjustments/reversals on property, plant and equipment and intangible assets   | (2,719)    | (2,065)    |
| + 180. Net value adjustments/reversals on property, plant and equipment  | (1,995)    | (1,804)    |
| + 190. Net value adjustments/reversals on intangible assets  | (724)      | (262)      |
| Net provisions for risks and charges   | (3,507)    | 227        |
| Other operating income/expenses  | (2,379)    | (26,495)   |
| + 80. Trading activity result  | 13,592     | (7,779)    |
| + 200. Other operating income/expenses   | (9,494)    | (13,996)   |
| - 200. Other operating income and expenses (partial)   | (7,655)    | (4,720)    |
| + 130 (a). Net value adjustments/reversals for credit risk of: assets measured at amortised cost   |            | (4,720)    |
| Financial activity result  | 1,178      | 18,669     |
|  | (2,564)    |            |
| + 70. Dividends + 100 (b). Profit (loss) on sale/repurchase of financial assets measured at fair value through other   | 1,419      | 13         |
| comprehensive income (partial)   | 1,690      | 21,899     |
| + 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) | (5,084)    | (4,485)    |
| + 130 (b). Net value adjustments/reversals for credit risk of: assets measured at fair value   | (500)      | 1010       |
| through OCI (partial) + 220 Profit/loss from equity investments  | (589)      | 1,242      |
| EBIT   | (366,546)  | 104 222    |
| Interests and commissions from financial assets  | (75,268)   | (35,196)   |
| + 10. Interest income (partial)  | 786        | 3,767      |
| + 20. Interest expenses  | (76,822)   | (40,164)   |
| + 40. Fee and commission income (partial)  | 1,113      | 1,223      |
| + 50. Fee and commission expense (partial)   | (345)      | (22)       |
| PRE-TAX PROFIT   |            |            |
|  | (441,814)  | 69,026     |
| Current taxes  | 22,503     | 5,775      |
| + 270. Current taxes   | 22,503     | 5,775      |
| RESULT FOR THE YEAR  | (419,311)  | 74,801     |

Table 10 – Reconciliation of reclassified income statement as at 31 December 2021

