

FY2019 Results

We look to the future by changing the present

Milan, 12 March 2020

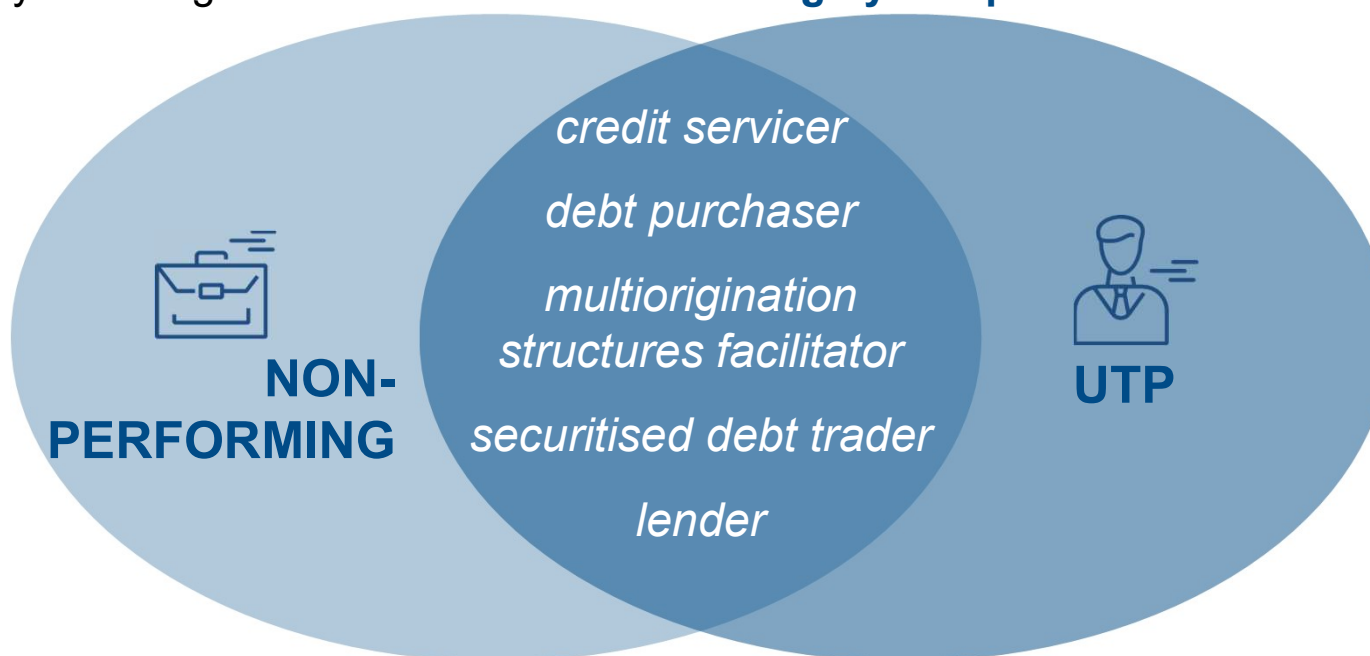


This document illustrates the results in the Separated Financial Statements as at December 31st, 2019, compared with the figures from the Separated Financial Statements as at December 31st, 2018.

This document also includes an illustration of the results of the Consolidated Financial Statements as at December 31st, 2019. However, it is not possible to compare consolidated results with those of the previous financial year as no consolidated financial statements were prepared for 2018.

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

- We have specific know-how in the management of both non-performing loans (56% of the total) and of UTP loans (44%)(1)
- We want to play a leading role in the NPE sector in the **highly competitive Italian market**

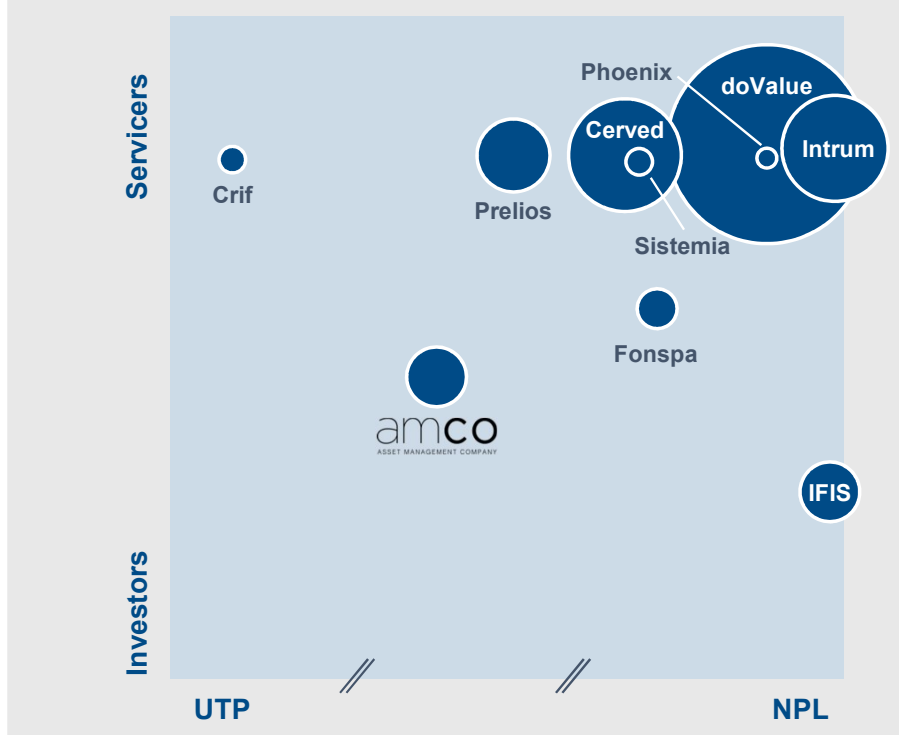


“ We operate by promoting corporate continuity and industrial relaunch, directly providing new loans to worthy companies **”**

We are 100% owned by the Ministry of Economy and Finance

We are a **Financial Intermediary ex art.106 TUB**: we recover, manage and invest in NPEs and lend to counterparties

We operate in the competitive Italian NPEs market



100%

amco
ASSET MANAGEMENT COMPANY

Our activity is regulated and supervised



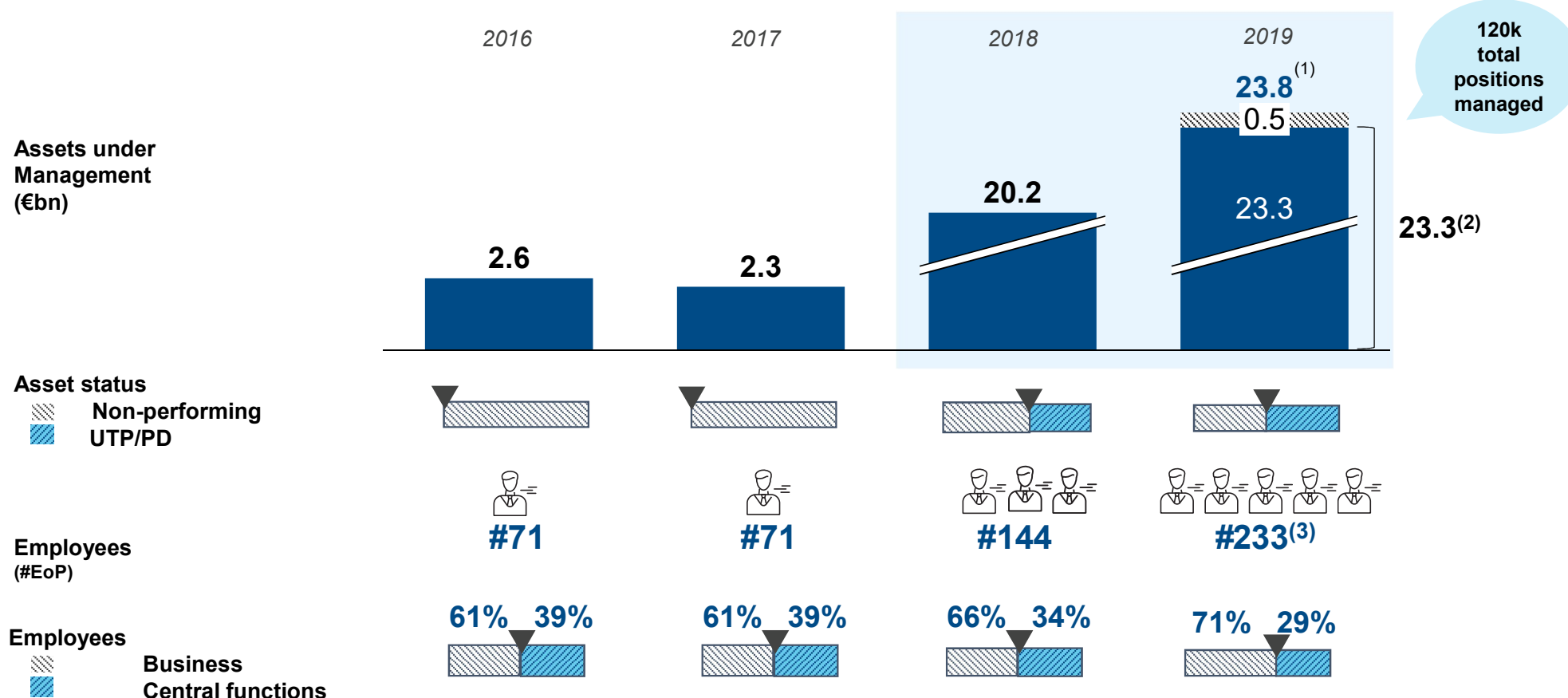
Bank of Italy regulates and supervises Financial intermediaries ex art. 106 TUB

We are monitored by State auditors

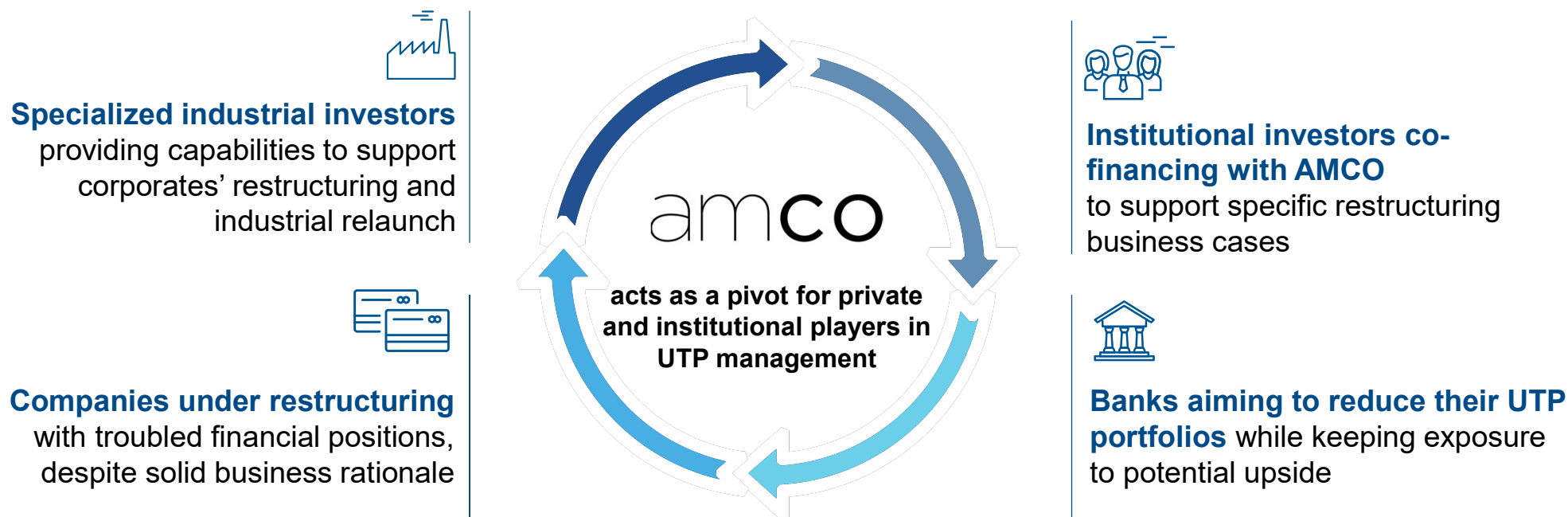


Corte dei Conti attends AMCO's Board meetings

We completed the set-up and we continue to grow leveraging economies of scale



We structure innovative multioriginator transactions



“

Cuvée Project closed in December 2019: the first multioriginator fund managing real estate UTPs in Italy. **AMCO** acting as Master and Special Servicer, **Prelios** as fund manager and real estate partner. **MPS, UBI, BancoBPM** and AMCO contributed the loans

”

FY2019 Results

Separated Financial Statements

€23.8bn⁽¹⁾



AuM

56% NPL / 44% UTP

55% / 45%



**Revenues from
Servicing / Investments**

€752m



**2019 Cash
collections**
3.7% of AuM

63.7%



CET1 Ratio

+48%



Revenue growth y/y

€44.3m



EBITDA

+51.2%



EBITDA Margin

€39.9m



Net Profit

2019 results confirm the growth path and economies of scale



Fast growth in **AuM (+18% y/y) reaching €23.8bn** pro-forma⁽¹⁾. Five deals were successfully completed in 2019: 4 new portfolios were purchased and a highly innovative multioriginator transaction was closed (Cuvée).

Well balanced business mix and revenues: AuM composed of 56% of non-performing loans and 44% of UTP loans; balanced revenues mix: 55% from servicing fees and 45% from revenues from investments.



Total cash collections of €752m in 2019, equal to 3.7% of AuM at the beginning of 2019⁽²⁾, the first year of full operations for AMCO's new structure. **Strong growth in quarterly collections** compared to 2018: **+91% y/y** in 4Q19 and **+82% y/y** in 3Q19. Approximately 30,000 corporate UTPs with a sustainable approach to corporate continuity.



Strong balance sheet growth, ready for further investments. Following the €1bn capital increase in December, **CET1 ratio of 63.7%** and **Debt/Equity ratio of 0.5x**.



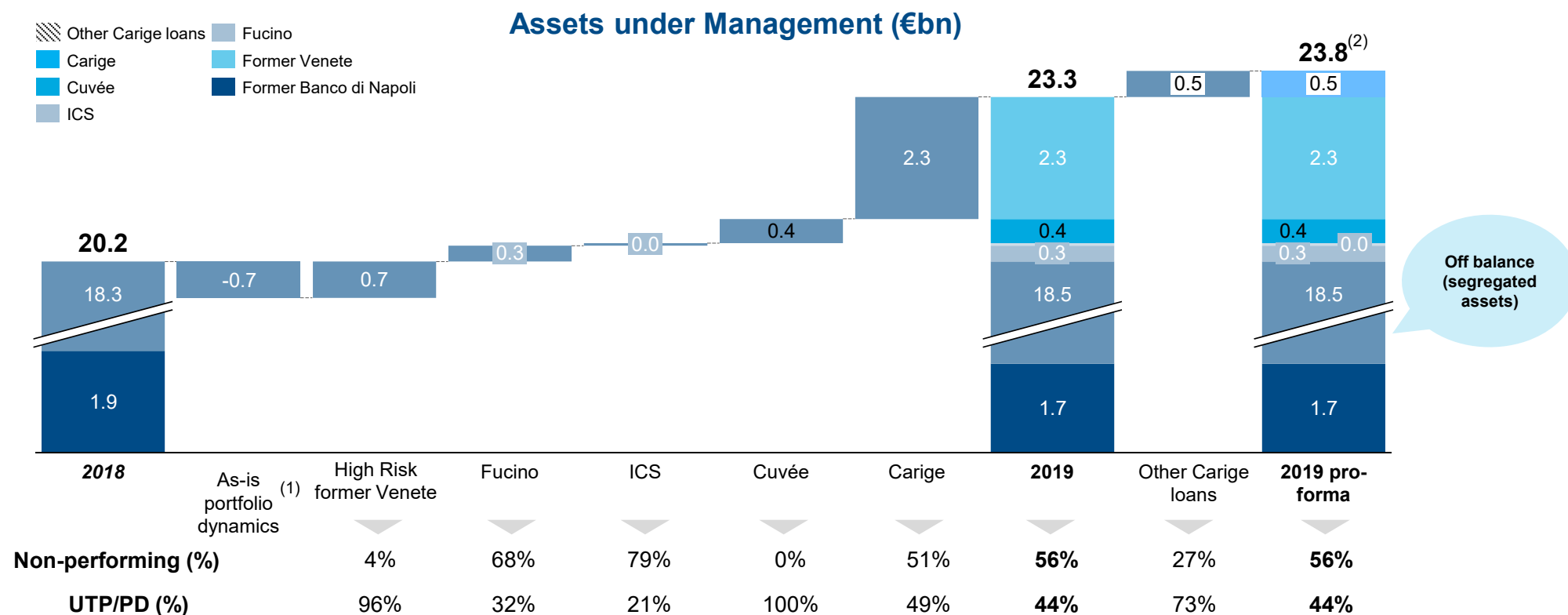
EBITDA up by 49.3% y/y with **strong top line growth (+48.0% y/y)** which more than offsets the increase in costs.

EBITDA margin slightly up at 51.2%, with an innovative operating structure which allows for economies of scale.



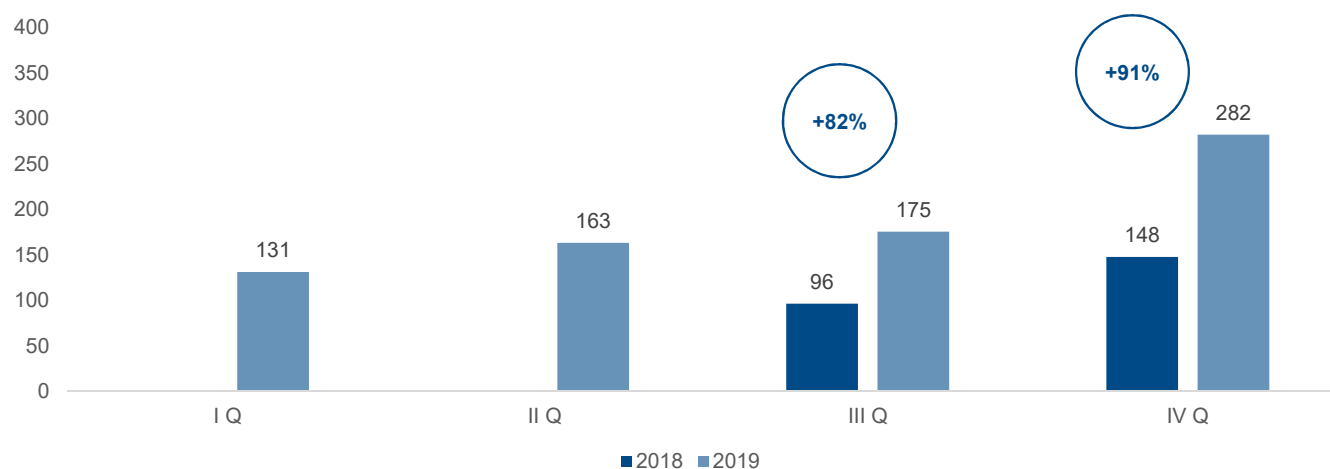
Net profit of €39.9m, down by 16.1% due to the effect of positive extraordinary taxes in 2018.

AuM grew up to about €24bn via the acquisition of portfolios and a multioriginator transaction



Strong growth in quarterly cash collections

Quarterly cash collections (€m)⁽¹⁾





- Total **cash collections** of **€752m in 2019**, equal to 3.7% of AuM at the beginning of 2019 ⁽²⁾, the first year of full operations for AMCO's new structure.
- **Strong growth in collections** in the third and fourth quarter of 2019: **+82% y/y in 3Q19** and **+91% y/y in 4Q19**. The comparison with the first two quarters of 2018 is not significant as the recovery activity on the former Veneto banks' portfolios started in April 2018.

Strong growth in operating profitability, net profit down due to interest expenses and taxes

Data in €m	2018	2019	Δ abs	Δ %
Total Revenues	58.5	86.6	28.1	48.0%
Total costs	(28.8)	(42.3)	(13.4)	46.5%
EBITDA	29.7	44.3	14.6	49.3%
EBITDA margin	50.7%	51.2%		
Net impairment gains/losses from loans and financial assets	4.5	(0.4)	(4.9)	n.s.
Depreciation and amortisation	(0.1)	(1.5)	(1.5)	n.s.
Net provisions for risks and charges	1.5	(3.6)	(5.1)	n.s.
Other operating income/expenses	(17.5)	(12.0)	5.4	-31.1%
Net result of financial activity	20.3	20.8	0.5	2.5%
EBIT	38.4	47.6	9.2	24.0%
Net interest from financial activity	0.6	(5.8)	(6.4)	n.s.
Pre-tax income	39.0	41.8	2.8	7.1%
Income taxes	8.5	(1.9)	10.4	n.s.
NET PROFIT	47.5	39.9	7.6	-16.1%

- **EBITDA up by 49.3% y/y** thanks to strong growth in revenues which more than offsets the increase in costs. **EBITDA margin reaches 51.2%.**
- **Revenues growth (+48.0%)** due to assets growth (Carige portfolio and rising commissions for the former Veneto banks' portfolios).
- Net result of financial activity is mainly due to the **revaluation** of the equity investment in **Italian Recovery Fund (IRF)** of €18.2m.
- Net profit down (-16.1% year on year) due to positive extraordinary taxes in 2018.

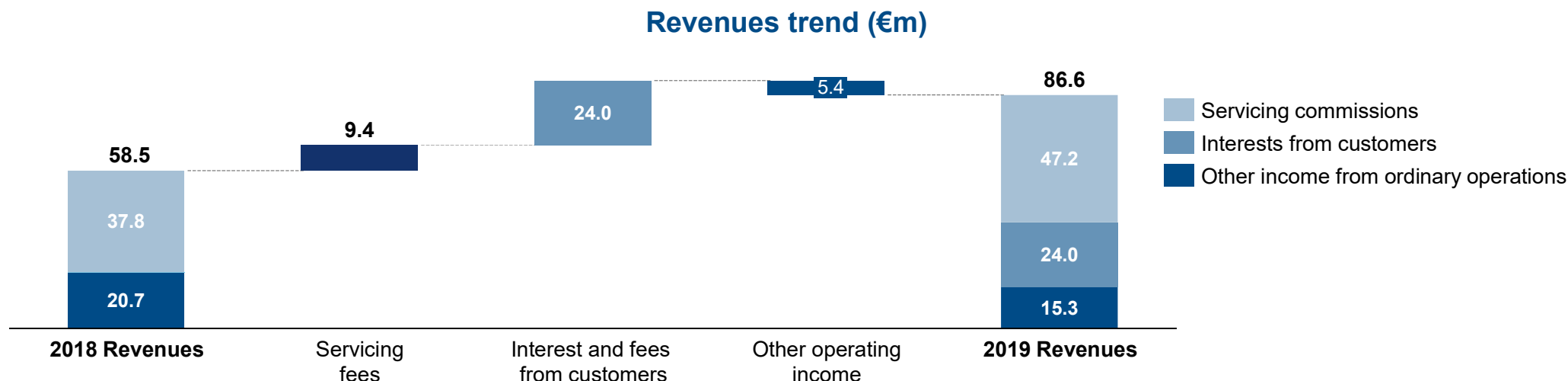
Good balance of revenues from servicing fees and revenues from investments

		Revenues €m	Weight on total revenues	
 SERVICER Servicing fees	Former Veneto banks	47.1	54%	} 55%
	Former Banca del Fucino	0.5 ⁽¹⁾	1%	
 INVESTOR Interests and fees from customers + Other operating income/expenses	Former BdN	15.3	18%	} 45%
	Carige	22.7	26%	
	ICS	0.9	1%	
	Cuvée	0.0 ⁽²⁾	0%	
Total		86.6	100%	

Note (1): of which €0.1m relative to Servicing fees and €0.4m from Interests from customers

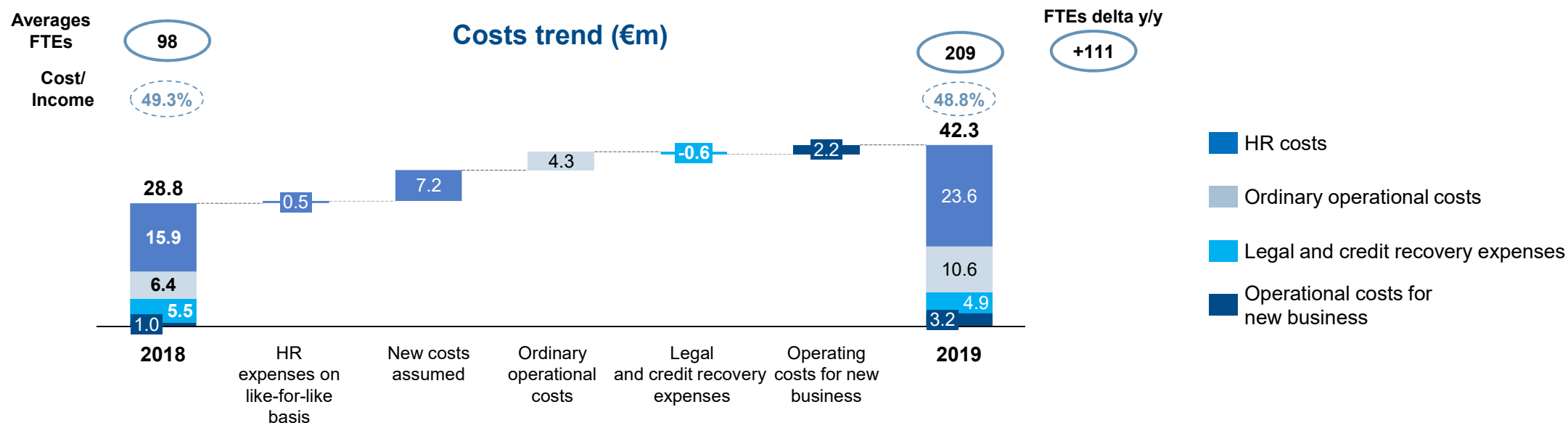
Note (2): the Cuvée project was finalized at the end of December 2019

Top line growth thanks to Carige and to higher servicing fees



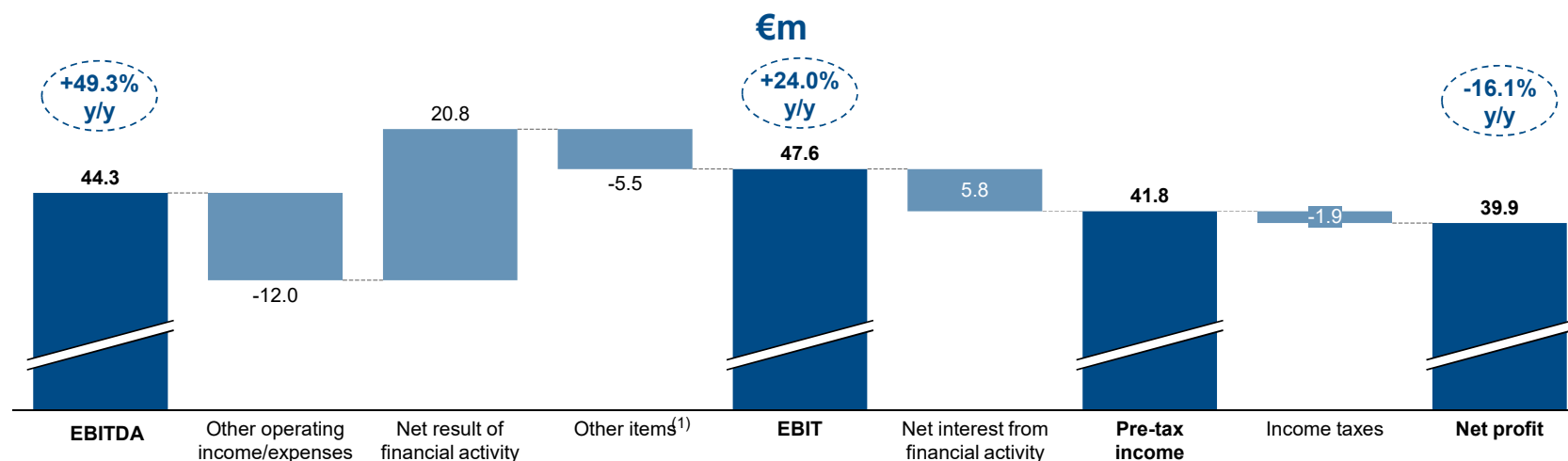
- **Servicing fees**, generated by the **management of loans and receivables from former Veneto banks**, were up by **25% y/y**, as in 2018 they were accounted by AMCO for only 8 months, compared to 12 months in 2019.
- **Interests and fees from customers**, accounted with the POCI method, mainly originated **from the Carige portfolio, starting from the second half of 2019** and for the rest from the ICS portfolio since April 2019.
- **Other operating income** refers to the **cash recoveries from the former Banco di Napoli portfolio** in run-off. The drop of around 26% compared to 2018 (about €5.4m - from €20.7m in 2018 to €15.3m in 2019) reflects the declining collections trend.

Costs growth due to organic growth and the full set-up of the operating machine. Cost/income slightly down



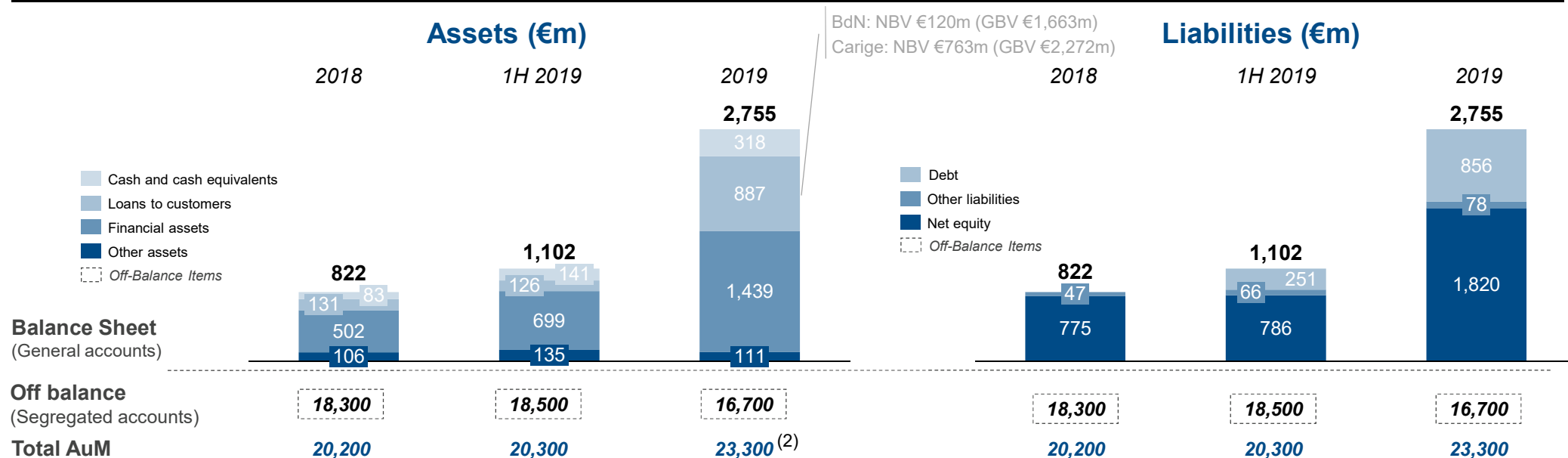
- **Personnel expenses grew** (+48.1% y/y) mainly due to new staff employed to support organic growth. Costs per average FTE decreased from € 162k in 2018 to €113k in 2019. New hirings are planned for 2020 to support further AuM growth.
- **Ordinary operational costs grew by €4.3m** mainly due to **organic growth**, the consolidation of the operating machine, the development of instruments to support business and other corporate functions.
- The greater efficiency is demonstrated by a **reduction of 12% y/y in legal and credit recovery expenses**.
- **Operating costs for new business** relate to business development initiatives such as the Fucino, Carige, Cuvée and High risk of former Veneto banks deals.

EBIT up by 24.0% y/y with strong contribution of net result from financial activity



- **Other operating income and expenses** are mainly due to a provision to normalise fees on the portfolios of the former Veneto banks, in line with the contracts with the “compulsory liquidations” (LCA)⁽²⁾ of the former Veneto banks.
- The **Net result of financial activity** is mainly due to the **revaluation** of the equity investment in **Italian Recovery Fund (IRF)** of €18.2m.
- **Net interest from financial activity** includes: (1) interest income from financial assets, mainly from BTPs acquired during 2019 (€2.2m) and (2) interest expenses on bonds issued only for the accrued months (€8.2m).
- **Taxes** are normalised compared to the extraordinary positive taxes of 2018.

Strong balance sheet growth; ready for further growth



- Total assets and liabilities have **more than trebled** in 2019: **assets** growth relates to loans to customers (Carige portfolio +€763m), financial assets (+€920m) and cash (+c.€230m); **liabilities and net equity** grew due to the capital increase (+€1bn) and bonds (+€850m).
- **Financial assets** comprise equity investment in IRF (€501), revalued by around €18m, and by Government bonds (€843m) with an average maturity of 4.5 years.
- **Debt**⁽¹⁾: first senior unsecured bond of €250m issued by AMCO in February, 5 years maturity, fixed rate of 2.626%; second bond in October of €600m, maturity date of 27.01.2025, fixed rate of €1.375%. EMTN program extended from €1bn to €3bn.

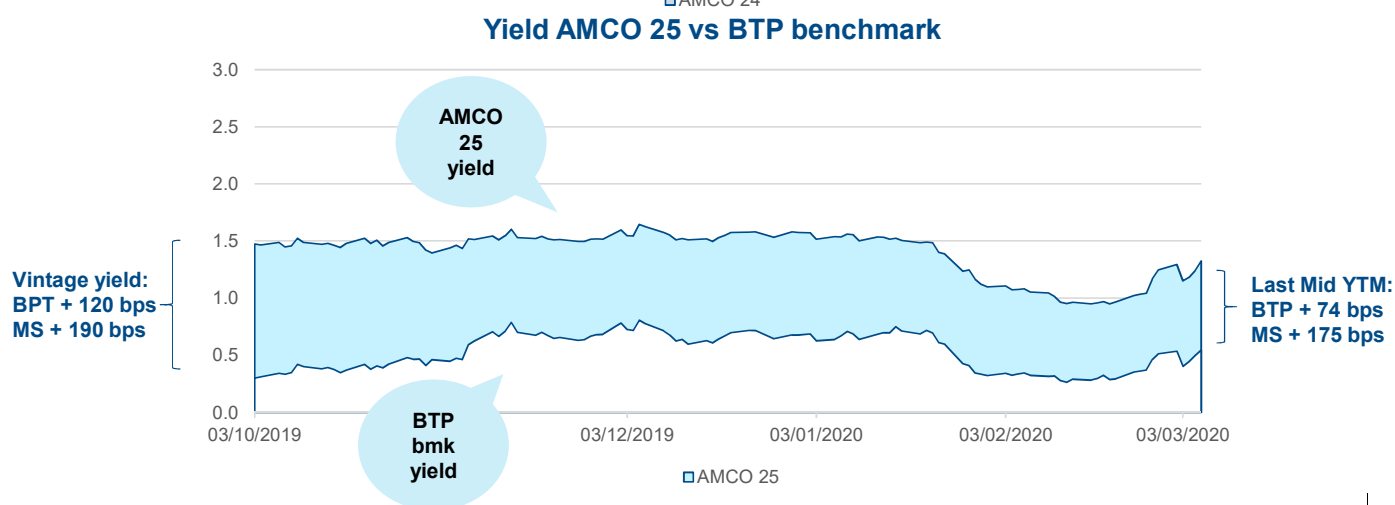
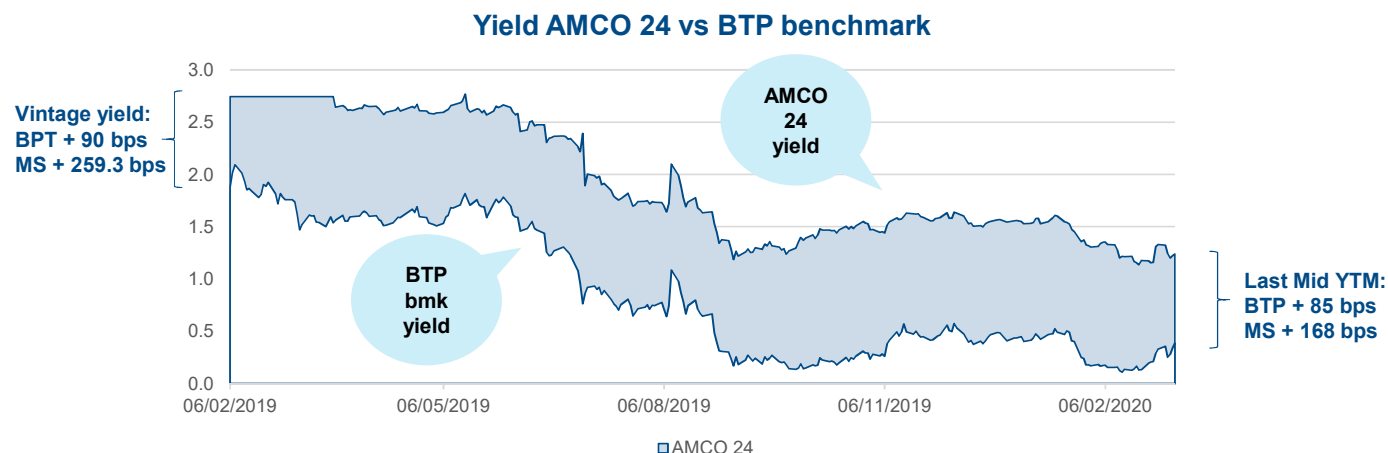
CET1 ratio and leverage ratio able to support sustainable growth



- Following the €1bn capital increase at end December, the **CET1 ratio grows to 63.7%** compared to a minimum capital requirement of 8%. Total Capital Ratio is at 63.7%.
- Due to the effect of the capital increase, RWAs decreased significantly thanks to the lower weight of large exposures (i.e. shareholding in IRF) in the calculation of RWAs. This effect more than offsets the acquisition of the Carige portfolio.
- The **Debt/Equity ratio** is at **0.5 times**, confirming the possibility of increasing the leverage ratio.

Positive performance of outstanding bonds: spreads of €600m benchmark issue versus BTP and MS are down

	AMCO 2024 February 2019	AMCO 2025 October 2019
Nominal	€250m	€600m
Re-offer price	99.456%	99.374%
Maturity	4y (13/02/2024)	5y long (27/01/2025)
Coupon	2.625%	1.375%
Re-offer spread	BTP + 90 bps / MS + 259.3 bps / 2.743%	BTP + 120 bps / MS + 190 bps / 1.499%
Issue rating	BBB- (Fitch) BBB (S&P)	BBB- (Fitch) BBB (S&P)



Investment Grade Rating by S&P and Fitch

First rating	July 23 rd 2019	September 27 th 2018	Confirmed on Sept 20 th 2019
Rating agency	<div><div>S&P Global</div><div>Ratings</div></div>	<div><div>Fitch</div><div>Ratings</div></div>	
Issuer Default Rating	<div>Long-Term IDR: BBB</div> <div>Senior Unsecured Debt: BBB</div> <div>Negative Outlook</div> <div><i>These ratings apply also to the October 2019 €600m issuance</i></div>	<div>Long-Term IDR: BBB-</div> <div>Short-Term IDR: F3</div> <div>Positive Watch</div>	<div>Since Dec. 12th 2019 – following €1bn capital increase and involvement in Carige derisking</div>
Comments	<div><div><i>“The rating on AMCO primarily reflects our view that there is an almost certain likelihood that the Italian Government would provide AMCO with timely and sufficient extraordinary support if it were in financial distress. S&P therefore equalizes its long-term rating on AMCO with our long-term unsolicited sovereign credit rating on Italy” (S&P Ratings report, July 23rd 2019)</i></div><div><i>S&P stated that “the capital increase at AMCO approved on 29 Nov., demonstrates the Italian Government’s commitment to support AMCO’s activities” (S&P Bulletin, December 2nd 2019)</i></div></div>	<div><i>“The rating reflects the link between AMCO and Italy’s national Government and Fitch’s expectations of the latter’s willingness to provide any extraordinary support.” (Fitch Ratings Report)</i></div>	

FY2019 Results

Consolidated Financial Statements

The main difference between the consolidated and the separated statements is linked to the application of the POCI method on the Fucino portfolio

Data in €m	Separate	Fucino(1) Contribution	Consolidated
Servicing fees	47.2	(0.1)	47.1
Interests and fees from customers	24.0	5.2	29.2
Other operating income/expenses	15.3	0.0	15.3
Total Revenues	86.6	5.1	91.7
Personnel expenses	(23.6)	(0.0)	(23.6)
Other administrative expenses	(18.7)	(1.2)	(19.9)
Total costs	(42.3)	(1.2)	(43.5)
EBITDA	44.3	3.9	48.2
EBITDA margin	51.2%	75.7%	52.5%
Net impairment gains/losses from loans and financial assets	(0.4)	(0.0)	(0.4)
Depreciation and amortisation	(1.5)	0.0	(1.5)
Net provisions for risks and charges	(3.6)	0.0	(3.6)
Other operating income/expenses	(12.0)	(0.0)	(12.1)
Net result of financial activity	20.8	0.0	20.8
EBIT	47.6	3.8	51.4
Net interest from financial activity	(5.8)	0.3	(6.1)
Pre-tax income	41.8	3.6	45.3
Income taxes	(1.9)	(1.1)	(3.0)
NET PROFIT	39.9	2.4	42.3

2019 represents the first financial year for the preparation of the consolidated financial statements which take into account, within the scope of consolidation, only of the securitisation vehicle Fucino NPL's SPV S.r.l.. In this transaction the Parent Bank AMCO plays the role of Master Servicer and Special Services as well as having subscribed 100% of the equity tranches (junior and mezzanine notes) issued by the securitisation vehicle Fucino NPL's SPV S.r.l. With regard to AMCO's role in the securitisation, as well as the role of only investor in the Junior and Mezzanine Notes, in application of the IFRS 10 accounting standard, AMCO has a position of significant control on the securitisation vehicle and therefore AMCO is responsible for the preparation and publication of consolidated financial statements.


Consolidated balance sheet

Data in €m	Separated	Fucino Contribution	Consolidated
Loans to banks	317.8	6.5	324.3
Loans to customers	887.0	92.4	979.4
Financial assets	1,438.9	(34.4)	1,404.5
Equity investments	0.0	0.0	0.0
Intangible and tangible assets	6.8	0.0	6.8
Tax assets	79.9	0.0	79.9
Other items	24.7	0.0	24.7
TOTAL ASSETS	2,755.2	64.5	2,819.7
Financial liabilities at amortised cost	856.3	59.2	915.5
Tax liabilities	7.1	1.1	8.2
Provisions for specific purposes	20.8	0.0	20.8
Other liabilities	50.7	1.7	52.4
Share capital	600.0	0.0	600.0
Share premiums	403.0	0.0	403.0
Reserves	779.0	0.0	779.0
Valuation reserves	(1.5)	0.0	(1.5)
Net profit	39.9	2.4	42.3
TOTAL LIABILITIES AND NET EQUITY	2,755.2	64.5	2,819.7

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Annexes

Portfolios under management and accounting treatment

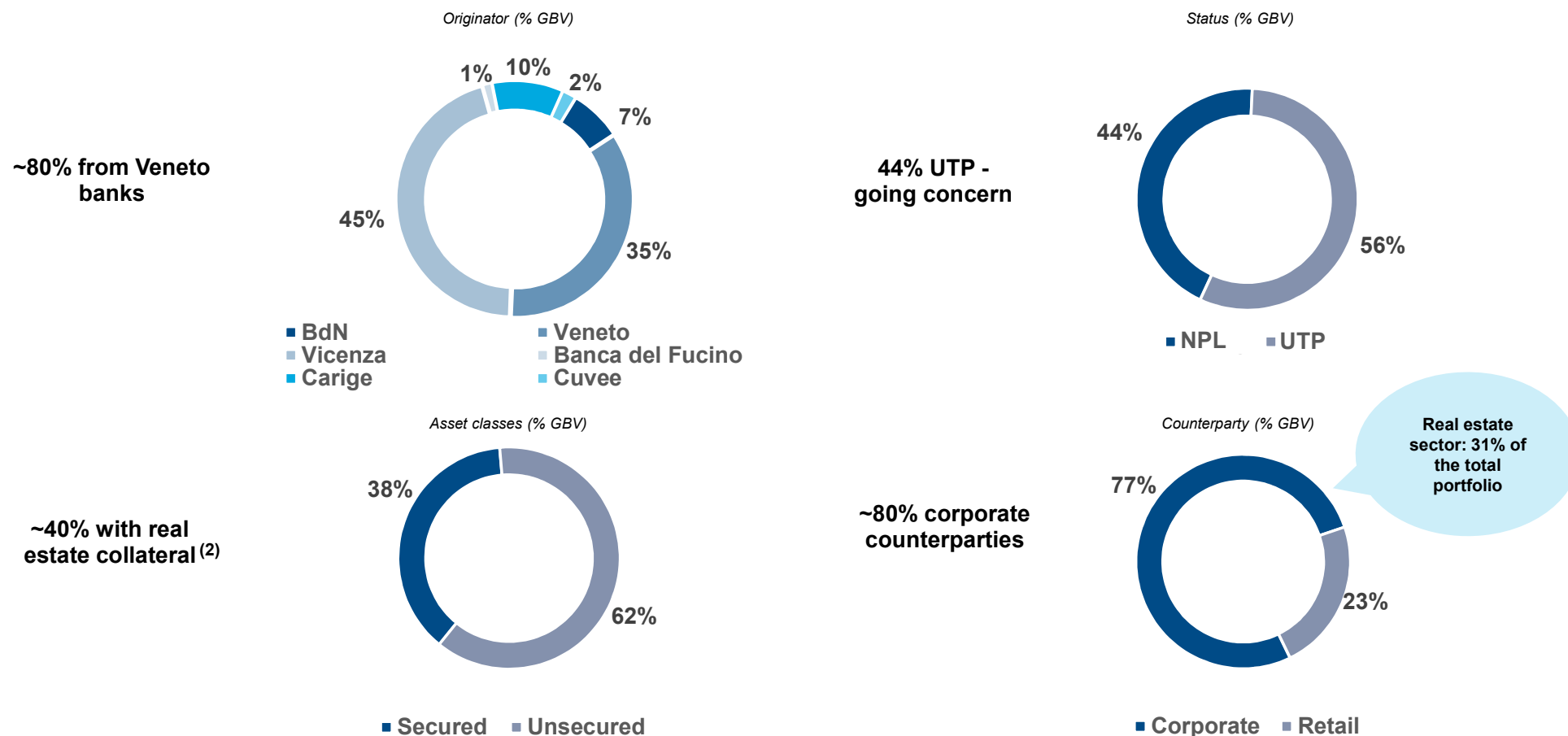
	Originator	Asset Type	On/Off Balance Sheet	P/L impact	Capital impact
 €23.8bn AuM⁽¹⁾	Banco di Napoli	Loans (NPL)	On B/S <i>Loans to customers (NBV)</i>	Net impairment gain/losses on credit risk	Yes
	Veneto banks	Loans + Notes (NPL & UTP)	Off B/S <i>Segregated Accounts</i>	Net fees <i>(master & special servicer)</i>	No
	Banca del Fucino	Junior & Mezzanine Notes (+ Servicing)	On B/S <i>Financial assets</i>	Net fees <i>(master & special servicer)</i> Interest and fees from customers Net result of financial activity	Yes
	Banca Carige ⁽²⁾	Loans (NPL & UTP)	On B/S <i>Loans to customers (NBV)</i>	Interest from customers (PoCI) Net impairment gain/losses on credit risk	Yes
	Cuvée ⁽³⁾	Fund quotas (+ Servicing)	On B/S + Off B/S <i>Financial assets</i> <i>New financing</i>	Net fees <i>(master & special servicer)</i> Interests from customers Net result of financial activity	Yes

Nota (1) Pro- forma for loans from Carige to be transferred in 2020

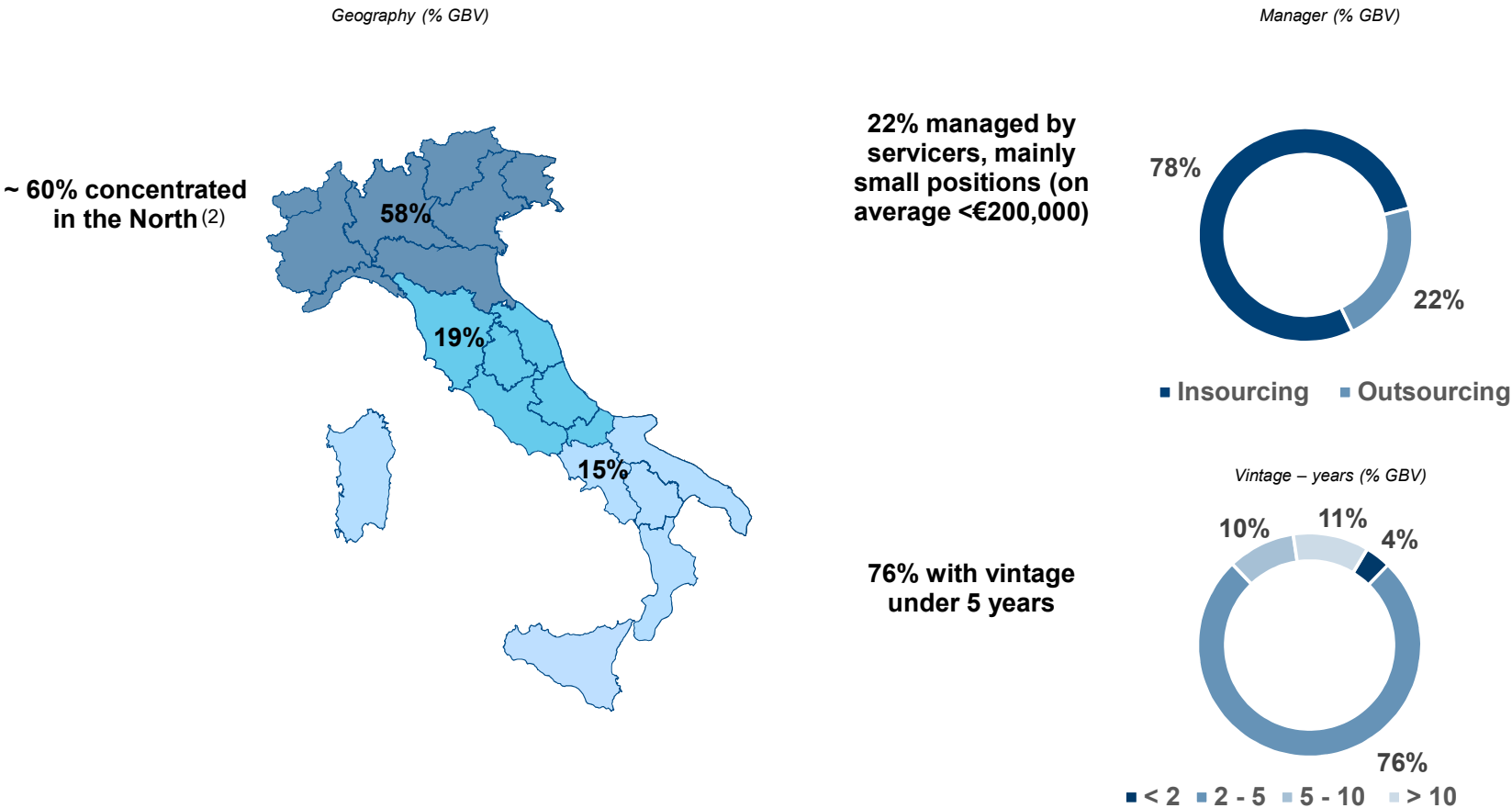
Nota (2) €2.3bn transferred on December 20th 2019; additional €0.5bn to be transferred in 2020. Accounting impacts starting from July 1st 2019

Nota (3) deal closed in December 2019

Breakdown of €23.3bn⁽¹⁾ AuM as at December 31st, 2019 (1/2)



Breakdown of €23.3bn⁽¹⁾ AuM as at December 31st, 2019 (2/2)



Note: management data

Note (1) AuM as at 31 December 2019 not including loans and receivables of the Carige portfolio to be transferred in 2020 for €0.5bn.

Note (2): North 58%, Centre 19%, South and the islands 15%, other 8% (of which 3% non-domestic).

Reclassified separated income statement

Data in €m	2018	2019	Δ abs	Δ %
Servicing fees	37.8	47.2	9.4	25.0%
Interests and fees from customers	0.0	24.0	24.0	n.s.
Other operating income/expenses	20.7	15.3	(5.4)	-26.0%
Total Revenues	58.5	86.6	28.1	48.0%
Personnel expenses	(15.9)	(23.6)	(7.7)	48.1%
Other administrative expenses	(12.9)	(18.7)	(5.8)	44.6%
Total costs	(28.8)	(42.3)	(13.4)	46.5%
EBITDA	29.7	44.3	14.6	49.3%
EBITDA margin	50.7%	51.2%		
Net impairment gains/losses from loans and financial assets	4.5	(0.4)	(4.9)	n.s.
Depreciation and amortisation	(0.1)	(1.5)	(1.5)	n.s.
Net provisions for risks and charges	1.5	(3.6)	(5.1)	n.s.
Other operating income/expenses	(17.5)	(12.0)	5.4	-31.1%
Net result of financial activity	20.3	20.8	0.5	2.5%
EBIT	38.4	47.6	9.2	24.0%
Net interest from financial activity	0.6	(5.8)	(6.4)	n.s.
Pre-tax income	39.0	41.8	2.8	7.1%
Income taxes	8.5	(1.9)	10.4	n.s.
NET PROFIT	47.5	39.9	7.6	-16.1%

Reclassified separated balance sheet

€m	FY2018	FY2019
Loans to banks	83.1	317.8
Loans to customers	131.2	887.0
Financial assets	502.2	1,438.9
Equity investments	0.2	0.0
Intangible and tangible assets	0.3	6.8
Tax assets	70.8	79.9
Other items	34.7	24.7
TOTAL ASSETS	822.4	2,755.2
Financial liabilities at amortised cost	0.0	856.3
Tax liabilities	4.1	7.1
Provisions for risks and charges	17.4	20.8
Other liabilities	25.9	50.7
Share capital	3.0	600.0
Share-premium reserves	0.0	403.0
Reserves	731.5	779.0
Valuation reserves	-7.0	-1.5
Profit (loss) for the year	47.5	39.9
LIABILITIES	822.4	2,755.2

Separated income statement as at 31 December 2019 – Banca d'Italia format

ITEMS	2019	2018
10. Interest and similar income	29,588,906	4,376,176
20. Interest and similar expense	(8,397,374)	(1,936)
30. Interest margin	21,191,532	4,374,240
40. Fees and commissions income	47,422,845	37,773,027
50. Fees and commissions expense	(1,081,751)	(554,130)
60. Net fees and commissions	46,341,094	37,218,897
100. Profit/loss on sale/repurchase of:	0	0
a) financial assets measured at amortised cost	(993,159)	713,558
b) financial assets designated at fair value with impact on comprehensive income	4,099,565	(1,196,479)
110. Net result of other assets and of financial liabilities valued at fair value with impact on the income statement:	0	0
a) financial assets and liabilities designated at fair value	0	0
b) other financial assets compulsorily valued at fair value	17,803,063	21,567,922
120. Brokerage margin	88,442,095	62,678,138
130. Net impairment gains/losses on credit risk of:	0	0
a) financial assets measured at amortised cost	13,120,698	20,872,884
b) financial assets designated at fair value with impact on comprehensive income	(1,297,365)	91,188
150. Net result of financial management	100,265,428	83,642,210
160. Administrative expenses:	0	0
a) personnel expenses	(23,580,284)	(15,919,983)
b) other administrative expenses	(23,694,875)	(16,027,049)
170. Net accruals to provisions for risks and charges	(3,610,806)	1,461,961
180. Net adjustments on property, plant and equipment	(1,476,690)	(37,202)
190. Net adjustments on intangible fixed assets	(37,536)	(25,671)
200. Other operating income and expenses	(5,950,478)	(14,009,535)
210. Operational costs	(58,350,669)	(44,557,479)
220. Net gains (losses) on equity investments	(144,154)	(97,856)
250. Profit (loss) on disposal of investments	(149)	(9,247)
260. Profit (loss) of current assets before taxes	41,770,456	38,977,628
270. Income taxes for the year on current operating activities	(1,875,418)	8,541,137
280. Profit (loss) of current assets after taxes	39,895,038	47,518,765
300. Net profit (loss) of the year	39,895,038	47,518,765

Separated balance sheet as at 31 December 2019 – Banca d'Italia format

ASSET ITEMS		2019	2018
10.	Cash and cash equivalents	116	148
	c) financial assets compulsorily valued at fair value	594,105,485	502,022,127
30.	Financial assets valued at fair value with impact on the comprehensive income	844,802,701	199,878
40.	Financial assets measured at amortised cost	0	0
	a) loans and receivables with banks	317,836,110	83,092,790
	b) loans and receivables with financial companies	6,660,096	20,135
	c) loans and receivables with customers	880,374,333	131,173,462
70.	Equity investments	13,727	157,881
80.	Property, plant and equipment	6,237,387	184,434
90.	Intangible assets	578,640	84,994
	of which goodwill		
100.	Tax assets	0	0
	a) current	11,238,231	6,065,654
	b) paid in advance	68,673,463	64,710,196
120.	Other assets	24,719,023	34,704,309
Total assets		2,755,239,312	822,416,008
LIABILITIES AND NET EQUITY ITEMS		2019	2018
10.	Financial assets measured at amortised cost	0	0
	a) payables	5,786,932	4,692
	b) debt securities in issue	850,515,782	0
60.	Tax liabilities	0	0
	a) current	5,394,438	4,102,357
	b) deferred	1,658,394	0
80.	Other liabilities	50,652,904	25,919,894
90.	Post-employment benefits	592,961	612,448
100.	Provisions for risks and charges	0	0
	a) undertakings and guarantees issued	0	0
	b) pensions and similar obligations	47,650	4,650
	c) provisions for risks and charges	20,143,332	16,782,658
110.	Share capital	600,000,000	3,000,000
140.	Share premiums	403,000,000	0
150.	Reserves	779,011,454	731,479,966
160.	Valuation reserves	(1,459,573)	(7,009,422)
170.	Profit (Loss) for the year	39,895,038	47,518,765
Total liabilities and net equity		2,755,239,312	822,416,008

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



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