

Fixed Income Investor Presentation

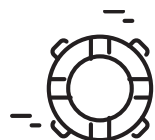
We look to the future by changing the
present

January 2020



Who we are

Who we are



We are **100% owned by the Italian Ministry of Economy and Finance (MEF)**, with a solid capital structure



We are a **full credit management company** and a partner for all our stakeholders in a **competitive market**



We are a **fast growing company, completing the new set up** and changed our **name** to **AMCO**



We manage **€23.9bn NPE**, of which **~€10bn of going concern** assets

Our proven track record in NPE management

1996

We start to **manage** the **former Banco di Napoli's** NPE portfolio

2017

We receive **Fitch Special Servicer Rating (RSS2-, CSS2- e ABSS2-)**, confirming high-level performance in the recovery of residential and corporate loans

2018

We become one of the **main players** in the Italian NPE market, thanks to the acquisition of **~€18bn** of impaired loans from **Veneto banks** in compulsory liquidations (LCA)

2019

We enter the global **debt capital markets** with: (1) the **first bond offering** in February (**€250m**) and (2) the **first benchmark issuance** in **October (€600m)**

2019

Dec: **€1bn capital increase** by sole shareholder MEF to finance growth

We changed our name to AMCO

“We look to the future by changing the present.”

“We value our 20 year old track record.”

“We innovate, investing in technology and human capital.”

“We offer new opportunities to our counterparties.”



Our mission is:

to play a role in the Italian **NPE market** for all our **stakeholders**



Our objective is:

to **maximize** the **performance** of portfolios under management

AMCO: key investment highlights



1 100% owned by the Italian MEF

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%

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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

Investment grade rated by S&P and Fitch

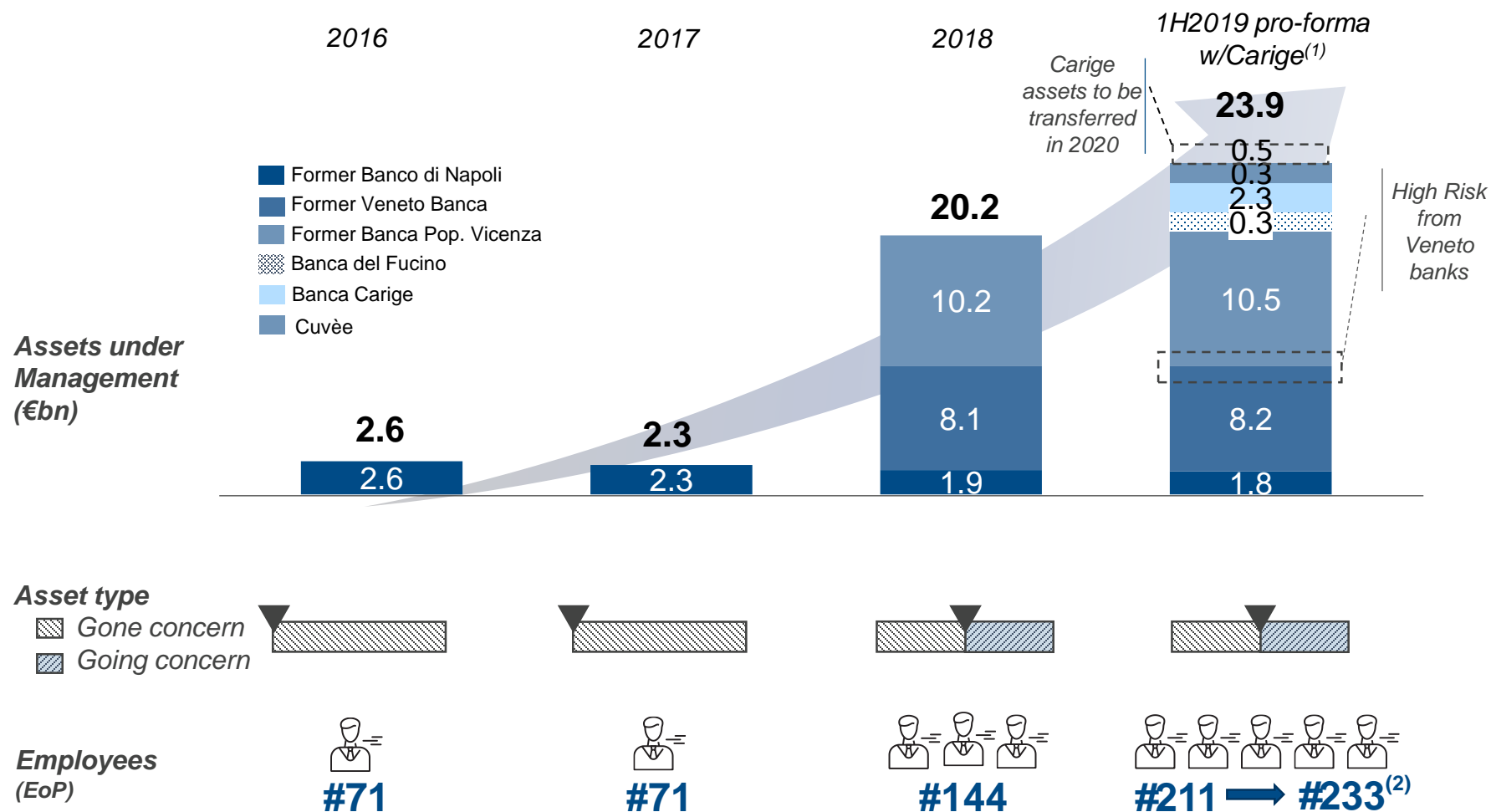
Confirmed on
Sep. 20th, 2019

First rating	July 23 rd , 2019	September 27 th , 2018
Rating agency		
Issuer Default Rating	<p>Long-Term IDR: BBB Senior Unsecured Debt: BBB Outlook negative</p> <p><i>These ratings apply also to the October 2019 €600m issuance</i></p>	<p>Long-Term IDR: BBB- Short-Term IDR: F3 Positive watch</p>
Overview	<p><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></p> <p><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></p>	<p><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></p>

Since Dec. 12th, 2019 - following €1bn equity increase and involvement in Carige derisking

3

We are a fast-growing and scalable company ...



Note (1): Assets under Management: 1H2019 assets plus Banca del Fucino assets (deal closed on September 14th 2019), high risk from Veneto banks (received in May 14th 2019 and in October 13th 2019), Carige portfolio (€2.3bn transferred on December 20th, 2019, plus additional €0.5bn to be transferred in 2020), and Cuvée assets excluding double counting (deal announced on December 27th, 2019)

Note (2): FTE as of December 31st 2019

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... with a full credit management service model ...

1H2019 (*)



CREDIT MANAGER

*Fee based
model*

**Management of going/gone
concern assets**

**Arranger, Master&SS in
securitizations**

**Active management of real
estate guarantees (ReoCo)**

Gone concern assets

31.9%

Going concern assets

40.3%



INVESTOR

*Interest based
model + cash
gains/losses
on loans*

Management of purchased assets

27.8% +
Carige to
come

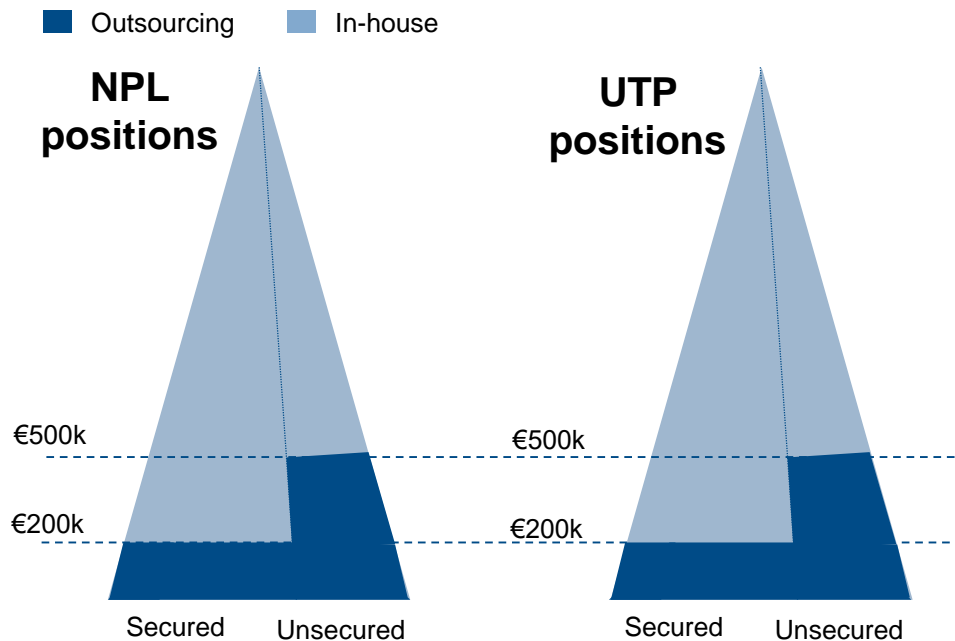
New lending to going concern worthy counterparties

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... with a flexible and scalable structure

Operating model based on **in-house management** mostly of larger, secured positions to ensure high expected recovery, PLUS **outsourcing** of smaller, “standardized” positions

In-house/outsourced management of positions



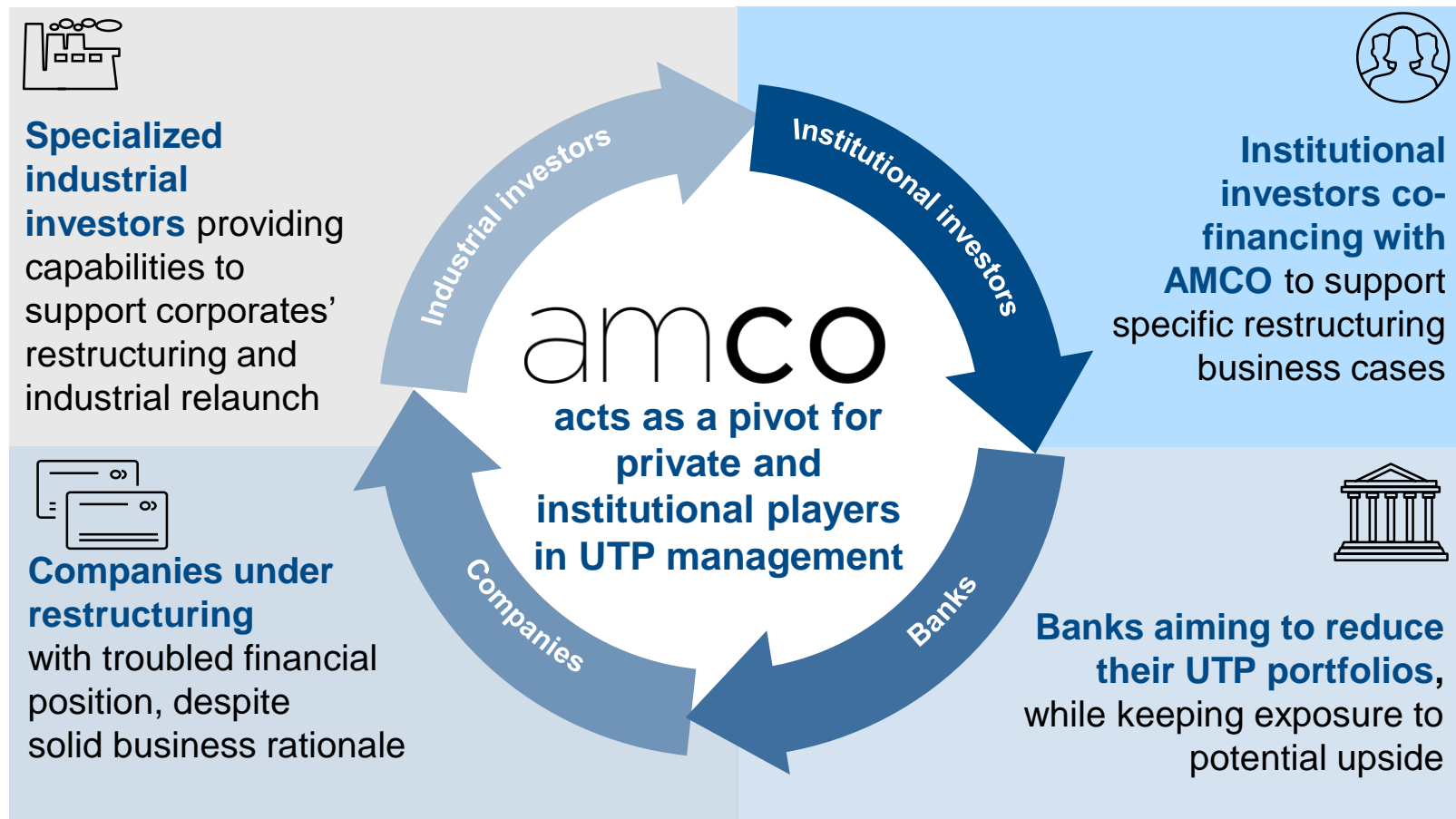
Successful outsourcing model based on:

- established relationship with **~10 outsourcers** following rigorous selection process
- **flexible contracts** allowing for re-insourcing of activities after a set period of time
- established **performance system** of **outsourcers** with specific KPIs versus recovery plans

In-house PLUS outsourcing model allows for optimal balance of fixed/variable costs, ensuring scalability and flexibility

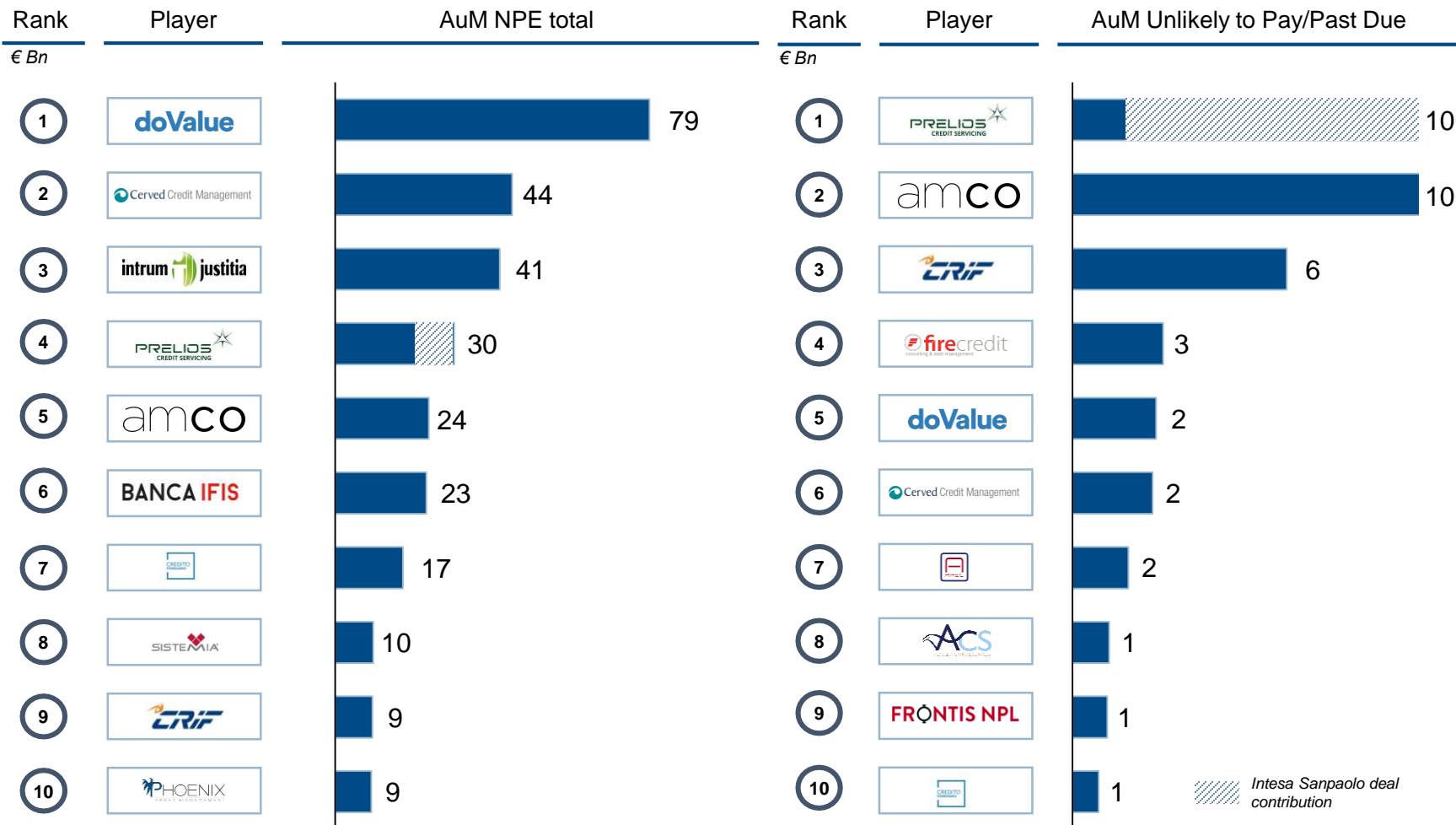
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... acting as a facilitator for our stakeholders





Cuvée project closed in Dec. 2019: the first multi-originator fund managing real estate UTPs in Italy. **AMCO** acting as Master and Special Servicer; **Prelios** as fund manager and real estate partner. **MPS, UBI, BancoBPM** and AMCO contributed the loans

4 We aim to play a role in the Italian NPE market



Source: All data as published in PwC's report «The Italian NPL Market», December 2019, excluding AMCO (see page 7) and Prelios (proforma including AuM related to the deal with Intesa Sanpaolo closed on July 31st 2019).

We manage a diversified range of assets

	<i>Originator</i>	<i>Asset type</i>	<i>On/Off Balance Sheet</i>	<i>Impact on P&L</i>	<i>Capital impact</i>
 €23.9bn AuM	Banco di Napoli	Loans (<i>gone concern</i>)	On B/S <i>Loans to customers (NBV)</i>	Net impairment gain/losses on credit risk	Yes
	Veneto banks	Loans + Notes (<i>gone and going concern</i>)	Off B/S <i>Segregated accounts</i>	Net fees (master & special servicer)	No
	Banca del Fucino ⁽¹⁾	Junior & Mezzanine Notes (+ Servicing)	On B/S <i>Financial assets</i>	Net fees (master & special servicer) Interests and fees from customers Net result of financial activity	Yes
	Banca Carige ⁽²⁾	Loans (<i>gone and going concern</i>)	On B/S <i>Loans to customers (NBV)</i>	Interests 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 (master & special servicer) Interests from customers Net result of financial activity	Yes
 €0.5bn Financial Investments amCO	Italian Recovery Fund	Notes, Shares, Bonds	On B/S <i>Financial assets</i>	Net result of financial activity	Yes

Note (1) The deal was closed on September 14th 2019. Note (2) €2.3bn transferred on December 20th, 2019, plus €0.5bn to be transferred in 2020. Accounting impacts to start from July 1st 2019 Note (3) Deal closed in December 2019

5 We leverage on a simple balance sheet structure...

As published on
September 18th
2019 for
1H2019 results

AMCO
Balance Sheet
(Patrimonio Generale)

BdN Assets
GBV €1.8bn
NBV €126m

Assets (€m)

2018

1H 2019

822

1,102⁽¹⁾

83

131

502

106

141

126

699

135

- Cash and liquidity
- Loans to customer
- Financial assets
- Other assets
- Off-balance items

Liabilities (€m)

2018

1H 2019

822

1,102

47

775

251

66

786

- Debt
- Other liabilities
- Equity

Off Balance €bn
(Patrimoni Destinati)

18.3

18.5

18.3

18.5

Total AuM €bn

20.2

20.6⁽²⁾



Our financial assets are mainly composed of **Italian Recovery Fund (IRF) and Government bonds**



We have **€250m of new debt issued on February 13th, 2019**



We can leverage on a strong capital structure with **CET1 ratio of 17.4%** versus a regulatory requirement of 8.0%



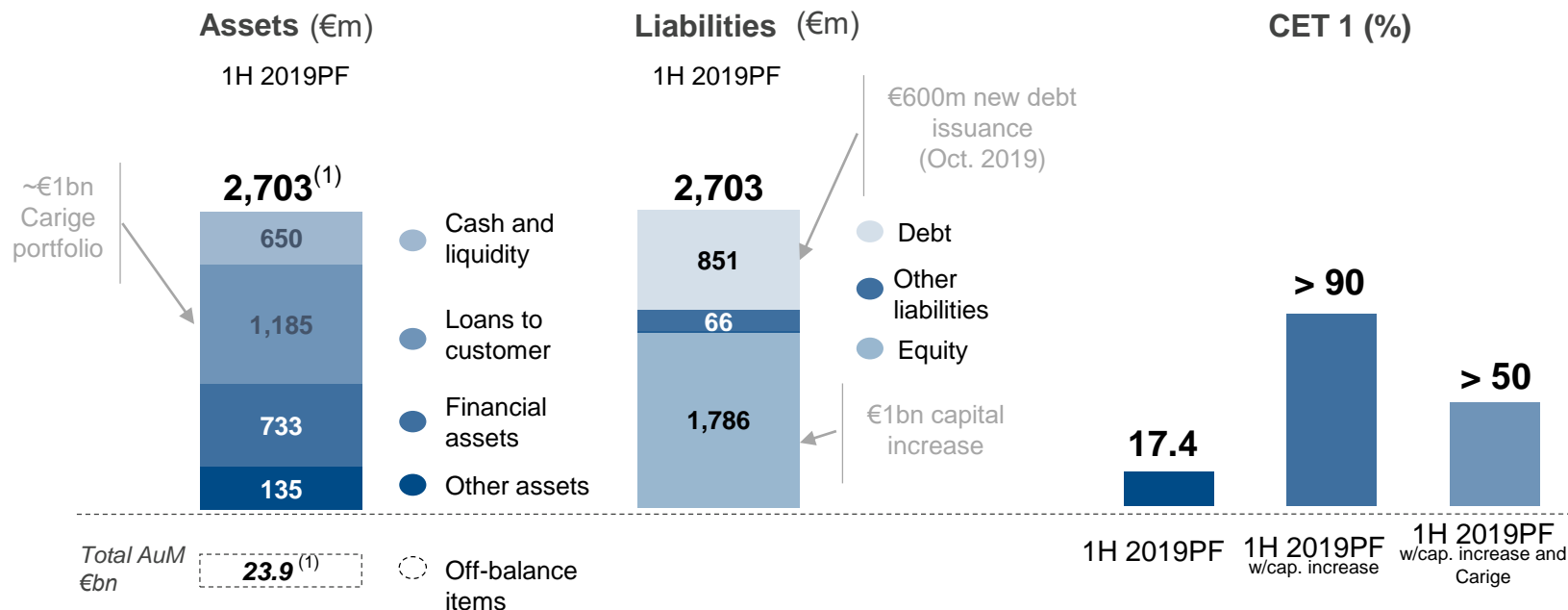
We can support our growth increasing safely our leverage (**current D/E ratio is ~ 0.30x**)

amCO

Note (1) Not including Banca del Fucino assets (c. €300m). The deal was closed on September 14th 2019

Note (2) Pro forma for Banca del Fucino assets, including: €1.8bn GBV from former Banco di Napoli, €18.5bn from Patrimoni Destinati from former Veneto Banks and €0.3bn from Banca Fucino (deal closed on September 14th 2019)

... with a strengthened capital base



ProForma for approved capital increase, CET1 as of 30/6 would be > 90%, and **> 50% after the completion of Carige transaction**



AMCO's **D/E ratio** at ~0.30x on 30/6/2019, and **~0.5x proforma** for the new debt issued in October 2019 and the capital increase. We can support our growth increasing safely our leverage

High quality performance despite one-off costs to set-up an innovative and scalable model

€m	FY2018	1H2019
Revenues	37.4	23.3
Costs	(28.5)	(20.1)
EBITDA	8.9	3.3
Net impairment gains/losses on credit risk	25.2	9.0
Net accruals to provisions for risks and charges	(16.9)	(5.5)
Others	0.8	(0.2)
Net result of financial activity	20.4	7.6
EBIT	38.4	14.1
Net interest from financial activity	0.6	(2.2)
Income taxes	8.5	(3.7)
NET PROFIT (LOSS)	47.5	8.2

Note: 1H2019 results includes the effects deriving from the first application of IFRS16. 2018 results do not include these effects as the restatement of the comparative data is not envisaged



Revenues are related to the servicing of former Veneto banks portfolios, including Master Servicing fees and Special Servicing fees relating to both non-performing loans and securitizations



Costs increase is due to the setting up of an innovative and scalable structure, with 211 employees versus 144 in 2018YE. The “transformation costs” represent two thirds of total costs



Net impairment gains on credit risk related to former Banco di Napoli portfolio



Net result of financial activity mainly includes the capital gain on the valuation of the investment in the IRF fund (former “Fondo Atlante”)

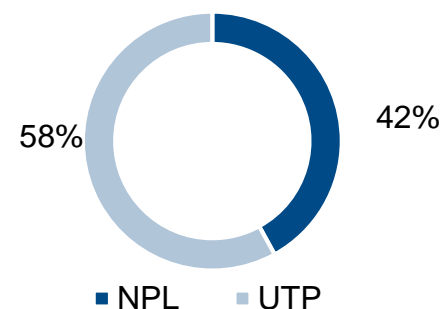
Purchase of €2.8bn NPE portfolio from Banca Carige

Deal closing: December 20th, 2019

Purchase details

- **€2.8 billion** GBV portfolio⁽¹⁾
- **€1.0 billion** purchase price

Portfolio breakdown

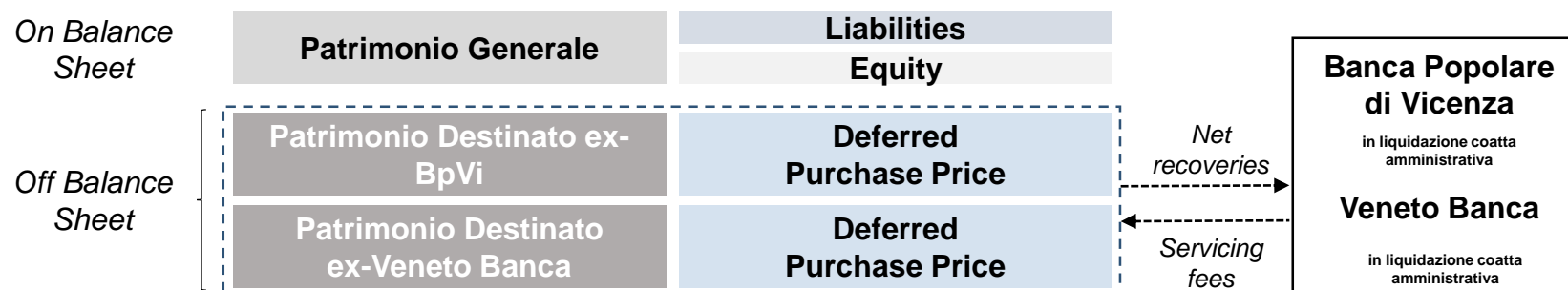


Additional offer for guarantee on high-risk portfolio

- AMCO offered to sell synthetic protection on a €1.2 billion high-risk performing portfolio against payment by Carige of quarterly premiums. AMCO can act as servicer to manage positions which might be reclassified as UTP
- The offer expires by end of February 2020 and includes the possibility of activating the guarantee (5-year tenor) by end of March 2020

A snapshot of the former Veneto banks deal

- MEF Decree 221/2018⁽¹⁾ has put in place **two ring-fenced “Patrimoni Destinati”** holding the assets acquired from the former Veneto Banca and Banca Popolare di Vicenza (“Veneto banks”)
- AMCO acquired, without recourse (pro-soluto), €16.7bn NPE portfolio of Veneto banks, plus €1.6bn of “financed capital” under management**



- The purchase price**, initially corresponding to the net book value of the receivables, **is regularly reviewed** in accordance with **the estimated net realisable value**
- The purchase price is **paid quarterly to the “compulsory liquidations”**; the quarterly cash flow **is equal to all collections realised from the NPE portfolios, net of AMCO’S fees, costs, expenses and new financing to UTP/PD borrowers**

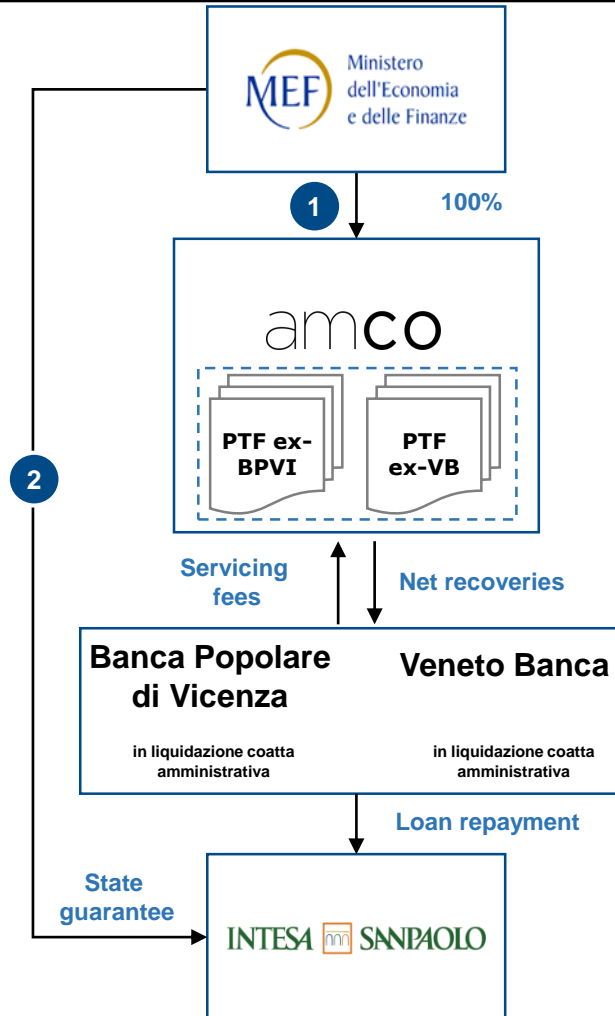
Former Veneto banks deal and the dual involvement of the Italian Republic

1 Shareholder

- The Italian Republic fully owns AMCO via MEF

2 Guarantor

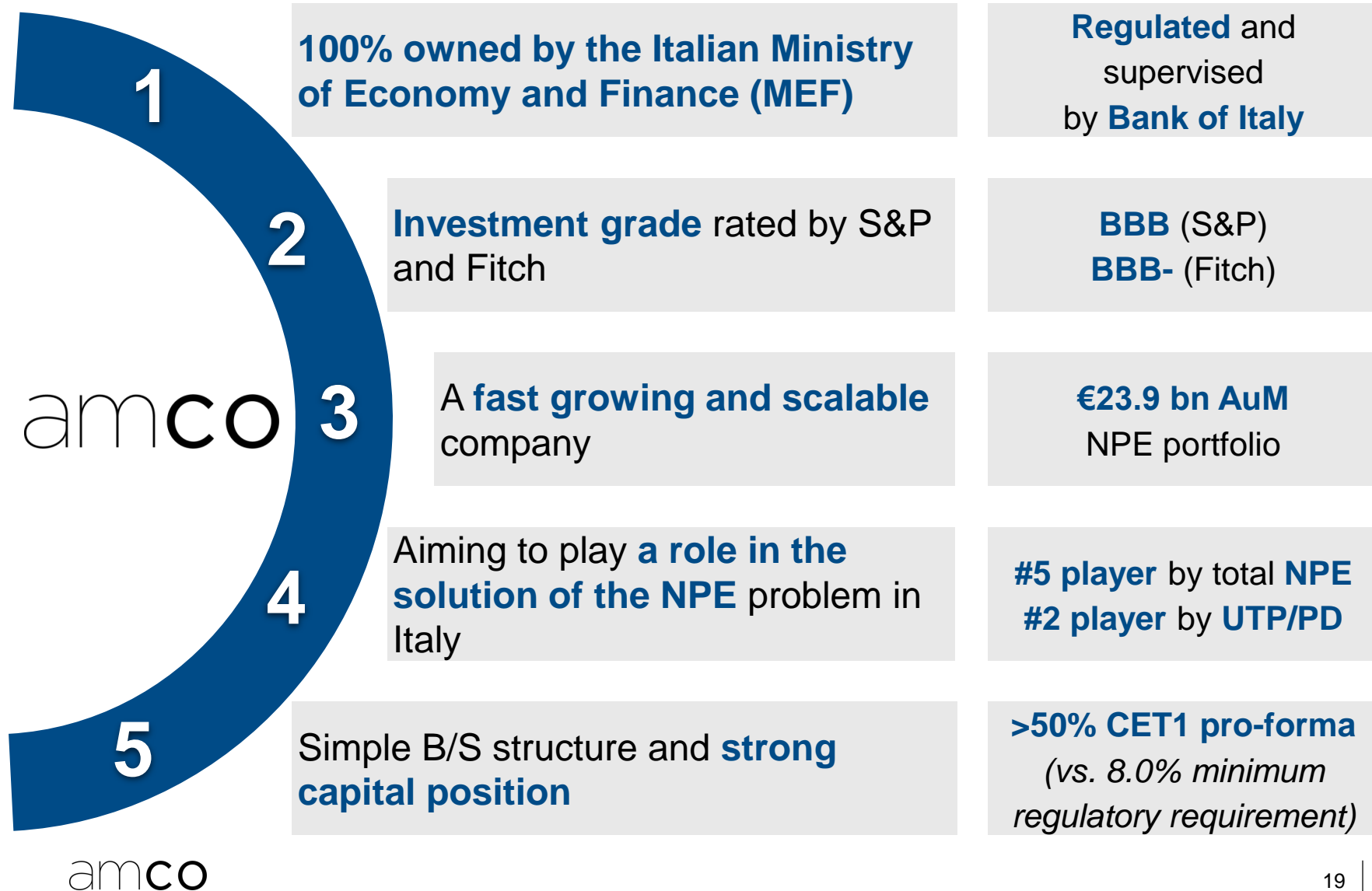
- The Italian Republic has issued a State guarantee on a loan granted by ISP
- Such loan has been granted by ISP to the two compulsory liquidations (expiring in 2022) to fund the negative imbalance of €6.4bn originated in the context of the acquisition of the “Good Banks”
- Therefore, in the event that the two compulsory liquidations are not able to fully repay the loan, ISP may trigger the State guarantee



- The Italian Republic has a strong interest in ensuring AMCO's viability and performance
- A potential operational discontinuity could jeopardise the management of impaired receivables, **increasing the likelihood that the State guarantee will be triggered**

Note that, as part of the deal, ISP has the right to transfer pre-identified “high risk” loans by April 2021 to former Veneto Banks’ “Patrimoni Destinati” managed by AMCO. MEF grants the transfer of “high risk” loans up to €4bn

AMCO: key investment highlights



amco

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ASSET MANAGEMENT COMPANY

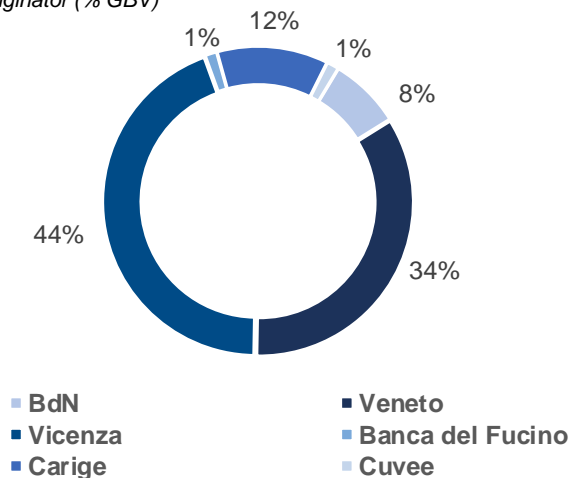
Annex

amco

~€23.9bn NPE portfolio breakdown pro-forma with Carige

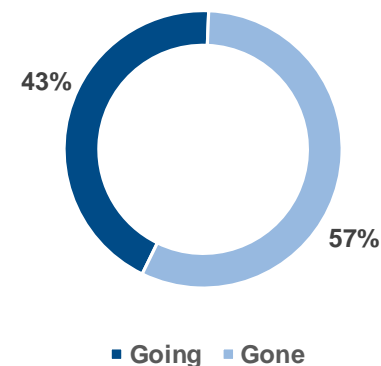
Originated by Banco di Napoli («BdN»), the Veneto banks, Banca Carige and Banca del Fucino

By Originator (% GBV)

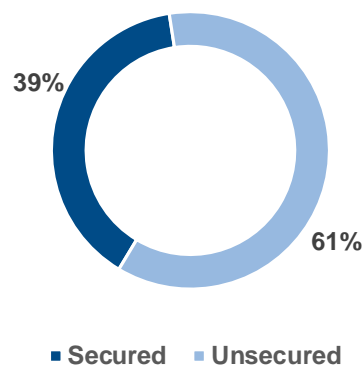


By Status (% GBV)

~40% going concern positions

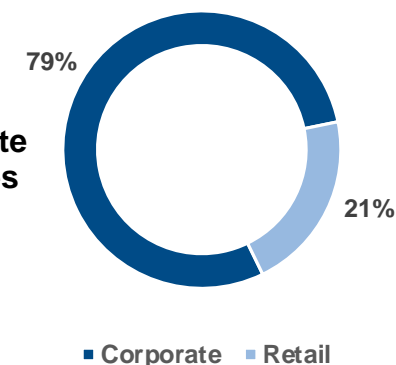


~40% secured assets



By counterparty (% GBV)

~80% corporate counterparties



Note: breakdown of assets under management as from page 7

Balance Sheet

€m	FY2018	1H2019
Loan to banks	83.1	141.1
Loan to customers	131.2	126.5
Financial assets	502.2	699.2
Equity investments	0.2	0.0
Tangible and intangible assets	0.3	7.1
Fiscal assets	70.8	68.4
Other assets	34.7	59.8
ASSETS	822.4	1,102.1
Financial liabilities measured at amortised cost	0.0	250.6
Fiscal liabilities	4.1	7.2
Provisions for risks and charges	35.8	39.7
Other liabilities	7.6	18.8
Equity	3.0	3.0
Reserves	731.5	778.9
Valuation reserves	(7.0)	(4.3)
Profit (loss) for the year	47.5	8.2
LIABILITIES	822.4	1,102.1

P&L

€m	1H2019
Servicing fees	23.3
Net interest and fees from customer	0.0
Other income and expenses from operating activity	-
Revenues	23.3
Personnel expenses	(12.1)
Other administrative expenses	(8.0)
Expenses	(20.1)
EBITDA	3.3
Net impairment gain/losses on credit risk	9.0
Net impairment losses on tangible/intangible assets	(0.6)
Net accruals to provisions for risks and charges	(5.5)
Other income and expenses	0.4
Net result of financial activity	7.6
EBIT	14.1
Net interest from financial activity	(2.2)
Profit (loss) before taxes	11.9
Income taxes	(3.7)
NET PROFIT (LOSS)	8.2



grazie

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