amco
ASSET MANAGEMENT COMPANY

2023 Consolidated Financial Statements

AMCO - ASSET MANAGEMENT COMPANY

Registered office: Via Santa Brigida, 39 - 80133 Naples - Headquarters: Via San Giovanni sul Muro 9 - 20121 Milan -
Vicenza office: Viale Europa, 23 - 36100 Vicenza - Enrolled in the Register of Financial Intermediaries pursuant to Art. 106 of Italian Legislative Decree No. 385/93 under No. 6
ABI code 12933 Share Capital EUR 655,153,674.00 fully paid-up REA (Economic & Administrative Index) No. 458737 CCIAA (Chamber of Commerce) Naples Tax Code and VAT No. 05828330638

Table of contents

1.

Corporate offices and independent auditors

BOARD OF DIRECTORS[1]

Chairman	Giuseppe Maresca[2]
Chief Executive Officer	Andrea Munari[3]
Director	Antonella Centra[4]
Director	Ezio Simonelli[5]
Director	Silvia Tossini[6]

BOARD OF STATUTORY AUDITORS

Chairman	Giampiero Riccardi
Standing Auditor	Giuseppa Puglisi
Standing Auditor	Giovanni Battista Lo Prejato
Alternate Auditor	Maurizio Accarino
Alternate Auditor	Delia Guerrera

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.

MANAGER IN CHARGE OF PREPARING THE COMPANY'S FINANCIAL REPORTS

Manager in Charge	Luca Lampugnani

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

Principal Appointee	Giuseppe Maria Mezzapesa
Substitute Appointee	Vincenzo Liprino

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

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

at the date of closing the consolidated financial statements as at 31 December 2023.

[1] With the approval of the financial statements as at 31 December 2022, the term of office of the Board of Directors composed of the Chairman, Mr Stefano Cappiello, the Chief Executive Officer, Ms Marina Natale, and the Director, Mr Domenico Iannotta, has expired. The new Board of Directors was appointed by resolution of the Ordinary Shareholders' Meeting of 20 June 2023.

[2] Chairman of the Remuneration and Appointments Committee and member of the Risks and Related Parties Committee (Associated Parties) established by resolution of 26 October 2023 by the Board of Directors.

[3] Appointed Chief Executive Officer by the Board of Directors, by resolution of 4 July 2023.

[4] Member of the Remuneration and Appointments Committee.

[5] Chairman of the Risks and Related Parties Committee (Associated Parties) and member of the Remuneration and Appointments Committee.

[6] Member of the Risks and Related Parties Committee (Associated Parties).

2.

Introduction

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

Controlled by the Ministry of Economy and Finance (MEF), AMCO is a full-service credit management company acting both as debt purchaser and as third party debt management servicer.

In 1997, the Parent Company AMCO began to manage difficult to recover receivables and assets acquired by the Banco di Napoli Group in the context of its restructuring; in 2016, it was included in the single register of Financial Intermediaries.

In 2018, its scope of activities was expanded due to the acquisition - through the "Veneto Group" and "Vicenza Group" Segregated Estates - of the portfolios of the former Veneto Banks[7] and in 2019 it changed its name to AMCO - Asset Management Company.

In 2020, it participated in the de-risking of Banca Monte dei Paschi di Siena (BMPS) by acquiring, through a partial BMPS demerger, a compendium of non-performing loans and other assets.

From 2018 to the present day, the AMCO Group has supported both distressed banks and significant de-risking processes of Italian banks, managing approximately EUR 43 billion in loans from the aforementioned former Veneto and BMPS banks, as well as from Carige, Bari, BPER and Unipol to mention the most relevant cases. In 2019, AMCO also launched Cuvée, the first multi-originator UTP fund in the real estate sector (of which it is servicer).

AMCO operates through a proactive management approach, favouring enhancement strategies in collaboration with customers, also with the disbursement of new loans, creating new opportunities for creditable debtors, both private individuals and businesses.

On the basis of the Articles of Association applicable at the time of these annual 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 and rights and obligations 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, in the various forms indicated in Art. 2 of Italian Ministerial Decree No. 53 of 2 April 2015, directly or indirectly, to debtors transferred to the same pursuant to this paragraph or managed by the same pursuant to the subsequent paragraph 2, as well to collective investment schemes or vehicles established to acquire or manage, directly or indirectly, loans and rights and obligations originated by banks, financial intermediaries even if not part of a banking group and by

7 Veneto Banca S.p.A. in administrative compulsory liquidation and Banca Popolare di Vicenza S.p.A. in administrative compulsory liquidation.

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 underlying loans (and of any other loans, assets and legal 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 and rights and obligations 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 established 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 impaired 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 enrolled 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 enrolled in the register pursuant to Art. 64 of the TUB and by financial intermediaries enrolled in the register pursuant to Art. 106 of the TUB, even if they do not belong to a banking group, or from branches or foreign branches of these entities, provided that the loans involved in the transaction are qualified as "stage 2" according to the current accounting regulations or in any case with a rating assigned by an external credit agency assessment (ECAI) not exceeding a credit rating associated with the creditworthiness class "BB" according to the current supervisory regulations, or equivalent rating assigned by the holder of the credit according to its internal assessment procedures of the credit risk.

5. In order to achieve the corporate purpose, the Company may carry out operations for the management, in any form, divestment and sale of loans and receivables, equity investments and other financial assets; as well as, in furtherance of the company purpose, any other commercial, financial, securities and real estate transactions, in compliance with current regulations. Pursuant to Art. 18, paragraph 3 of Italian Legislative Decree No. 58 of 24 February 1998, the Company can exercise with respect to transferred debtors, in connection with the activities described in paragraph 1 of this article, trading services and activities on its own behalf and order execution services on behalf of clients, in each case limited to derivatives financial instruments.

6. The Company can also issue bonds in compliance with current legislative and statutory provisions. It is for the Board of Directors to decide on the issue of financial instruments other than shares or non-convertible into such. The adoption of a programme to issue financial instruments other than shares or non-convertible into such and aimed at regulated markets, or a single issue of such instruments not realised on the basis of a program authorised by the Shareholders' Meeting, may only be implemented in case of identified financial needs of the Company and with the prior authorisation of the Shareholders' Meeting pursuant to Art. 2364, paragraph 1, No. 5 of the Italian Civil Code.

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


3.

Corporate structure

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

As at 31 December 2023, AMCO owns:

- the entire equity investment in the vehicles Tatooine SPV S.r.l. and Tatooine LeaseCo S.r.l., acquired on 19 December 2022;
- the entire equity investment in the company Le Manifatture S.r.l., an operating company, acquired on 5 May 2023, that manages the shopping centre complex acquired as part of the Tatooine securitisation transaction.

During 2023, the liquidation of the company Amco S.r.l. was completed.

AMCO's corporate structure as at 31 December 2023 is shown below:

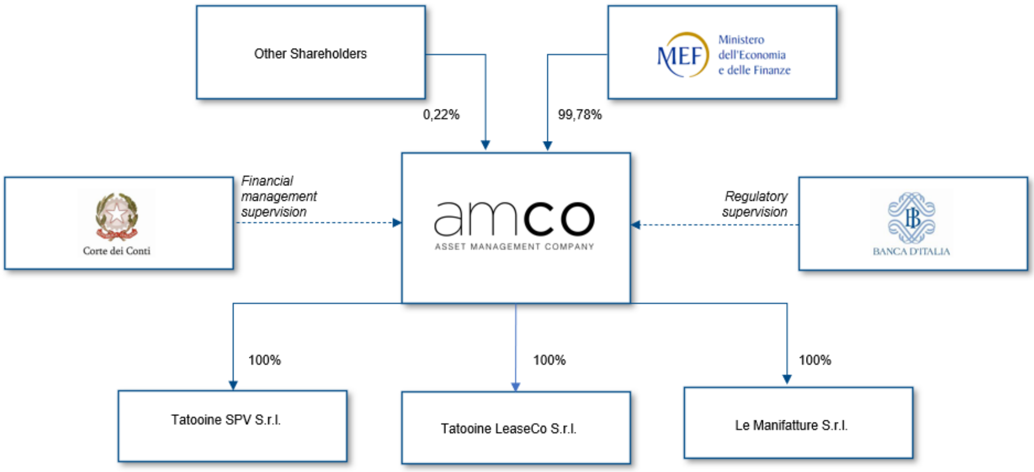


Figure 1 - Corporate Structure as at 31 December 2023[8]

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 Economy and Finance, by other shareholders and including 18,466 treasury shares in portfolio.

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


4.

Organisational structure

The AMCO Group's organisational structure as at 31 December 2023 is shown below:

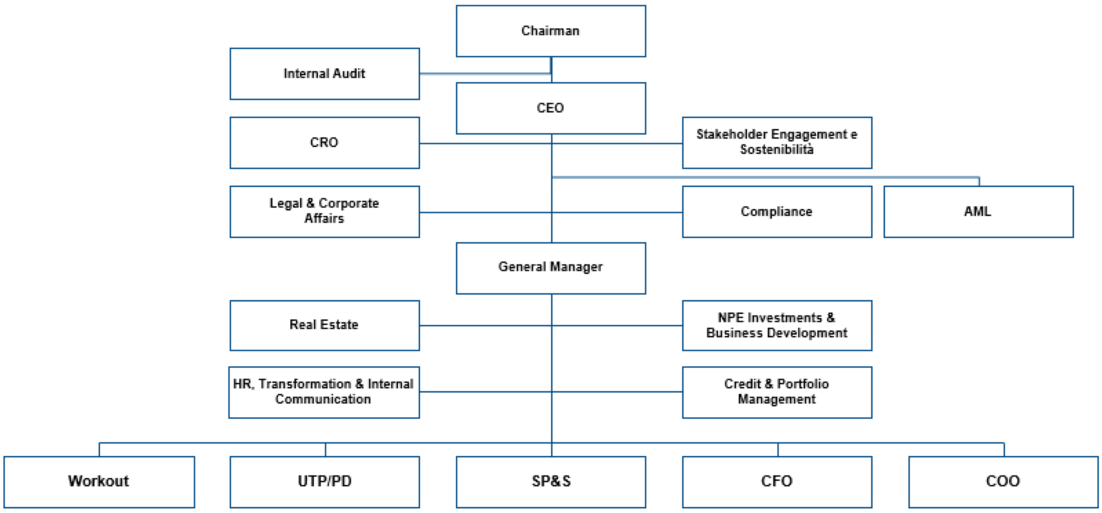


Figure 2 - Organisational structure as at 31 December 2023

As at 31 December 2023, 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.

In order to prevent the commission of offences from which might derive the administrative liability of entities pursuant to Italian Legislative Decree No. 231/2001, the Parent Company has adopted an Organisational, Management and Control Model last updated with the resolution of the Board of Directors of 26 October 2022. In compliance with the above-mentioned regulation, the Parent 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 Parent 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 Italian Ministry of Economy and Finance).

Staff composition

As at 31 December 2023 the number of the Parent Company employees was a total of 417 units, up compared to the correspondent number as at 31 December 2022 (373 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 2023 by gender, age and working years, classification and contract type.

	Senior managers	Middle managers	White-collar workers	Coordinated and continued collaborators	Total
Men (No.)	20	178	51	-	249
Women (No.)	4	114	50	-	168
Total	**24**	**292**	**101**	**-**	**417**
Average age	51	45	37	-	43
Length of service (average in years)	4	6	5	-	6
Permanent contract	23	292	99	-	414
Fixed-term contract	1	-	2	-	3

Table 1 - Composition of the headcount as at 31 December 2023

Litigations

There were no litigations outstanding with employees as at 31 December 2023.

Turnover

With regard to staff turnover, hiring continued in 2023 based on the organisational and growth needs of the Parent Company, aimed at consolidating the organisational and operational strengthening linked to the volumes of impaired loans under management.

Permanent contract	31.12.2022	Recruitment	Change from fixed-term to permanent contract	Resignations, retirements and terminations	Change in category	31.12.2023
Senior managers	23	1	-	(1)	-	23
Middle managers	257	35	-	(13)	13	292
White-collar workers	90	25	2	(5)	(13)	99
Total	**370**	**61**	**2**	**(19)**	**-**	**414**

Fixed-term contract	31.12.2022	Recruitment	Change from fixed-term to permanent contract	Resignations, retirements and terminations	Change in category	31.12.2023
Senior managers	-	1	-	-	-	1
Middle managers	1	-	-	(1)	-	-
White-collar workers	2	2	(2)	-	-	2
Total	**3**	**3**	**(2)**	**(1)**	**-**	**3**

Table 2 - Staff turnover in 2023

Training

In 2023, the Parent Company continued to provide for the possibility of using training activities also remotely to guarantee all staff access to content in a flexible manner, in a complementary logic to the training sessions carried out in person. The courses covered a variety of topics, including with reference to compulsory training on legislation, institutional directives and regulations specific to the sector:

- Anti-money laundering;
- Italian Legislative Decree 231/2001;
- Anti-corruption;
- GDPR - European personal data regulation;
- Conflicts of interest;
- Health and safety.

ESG training was also provided as mandatory training.

During the year, training sessions were also organised for employees on specific issues pertaining to the AMCO's core business.

The total training hours carried out in 2023 were 15,638, broken down as follows:

Training hours	Senior managers	Middle managers	White-collar workers	Total
Permanent contract	666	11,367	3,531	15,564
Fixed-term contract	17	-	57	74
Total	**683**	**11,367**	**3,588**	**15,638**

Table 3 - Staff training as at 31 December 2023

Health and safety

Sick leave, accident and maternity leave days in the year 2023 amounted to 2,103 days.

Sick leave, accident and maternity leave days	Sick leave	Accident	Maternity leave	Total
Permanent contract	1,131	20	940	2,091
Fixed-term contract	12	-	-	12
Part-time contract	-	-	-	-
Total	**1,143**	**20**	**940**	**2,103**

Table 4 - Health and safety as at 31 December 2023

Geographic location

As at 31 December 2023, the registered office of the Parent Company was located in Via Santa Brigida No. 39 in Naples, while the General Management was in Via San Giovanni sul Muro 9 in Milan. The Parent Company also operates from offices in Viale Europa No. 23 in Vicenza.

Initiatives aimed at establishing a new Parent Company headquarters in Rome are also being completed.

Staff initiatives

With regard to employees, as envisaged in the trade union agreement of 21 December 2022 for the 2023-2025 three-year period, the continuation of the “smart working” mode for a maximum of 10 days per month on a voluntary basis was confirmed. An additional five days per month were also provided for parents with children under 14 years of age, for vulnerable workers and for workers with a disability assessed at more than 46%.

In 2023, the Parent Company also launched various engagement initiatives aimed at employees, in particular to facilitate the integration of new employees and to involve all colleagues – encouraging interaction, cooperation and personal relationships between the various offices, also through initiatives related to AMCO’s GSSE strategy and plan – as well as, in general, improving work motivation, a sense of belonging and the corporate environment.

5.

Report on operations

MACROECONOMIC SCENARIO

EUROPEAN CONTEXT

The year 2023 saw an extensive contraction of the post-COVID growth phase of the European economy mainly as a result of the persisting of inflation caused by the increase in energy prices and the increase in the cost of money. In addition, on the geopolitical scenario, new tensions in the Middle East have been added to the war in Ukraine, in particular in the Gaza Strip and in the Red Sea, where international trade routes have been jeopardised by the action of the Houthi group from the coast of Yemen.

Central banks continued with restrictive monetary policies in an attempt to combat inflation. In the USA, the FED's target rate rose from 4.5% to 5.5% in 12 months, with the last increase in July, while the ECB, which started the bullish cycle later, increased the reference rate by 200 basis points, from 2% at the beginning of 2023 to 4% at the end of the year, with the last increase in September. In addition, in the December 2023 meeting, the ECB confirmed that the PEPP (Pandemic emergency purchase program) reinvestment plan will continue throughout the first half of the year, helping to contain yield differentials between the government bonds of peripheral countries (i.e. more exposed to tensions in the sovereign debt markets) and the German bund.

The 4% reference rate Is the all-time high since the launch of the euro; the persistence of a high financial market access costs, together with the unstable geopolitical scenario, could further complicate the macroeconomic scenario.

An element against central banks' easing could come from the intensification of factors that in the recent past have been at the basis of the rise in inflation, on the supply side, such as the logistics-production chains issues in the energy sector (gas and oil) but also on dry trade routes by sea.

In light of this, global GDP growth rate estimates predict a further slowdown for the third consecutive year in 2024, with 2.4% growth compared to 2.6% in 2023.[9] Estimates will depend on the trend in consumption and international trade, which in 2023 recorded the worst growth in the last 50 years, if recession periods are excluded. In particular, at European level, growth in the Eurozone is expected to reach 0.8% in 2024, with difficulties in the German economy confirmed after the 2023 recession (2023 GDP -0.3%)

As regards inflation, according to Eurostat, inflation in 2023 recorded an increase of 2.9% in the Eurozone.[10] The increase in the cost of primary goods and services is weighing more heavily on this increase, while the increase in energy prices is less significant. The inflation rate is expected to slow down to 2.7% in 2024 and to 2.1% in 2025, thus returning below the ECB target of 2%.[11]

ITALY CONTEXT

With regard to the Italian macroeconomic context, economic growth for 2023 is expected to stand at 0.7% (equal to the growth already recorded in the third quarter), thus confirming the slowdown trend started at the end of 2022, after 10 consecutive quarters of growth.

Among this trend's main drivers is the decline in agricultural production partially offset by an increase in industrial production and the stability of services. On the demand side, a contraction

9 World Bank: Global Economic Prospects, January 2024.
10 Eurostat: Euro indicators, January 2024.
11 ECB: Economic Bulletin Issue 8, December 2023.

was recorded in domestic consumption in the third quarter, even though the overall contribution to 2023 is expected to be positive, like that of net exports.[12]

The tightening of credit conditions and the persisting of high interest rates continue to weigh on the prospects of the European and Italian economies. Italian GDP estimates see a further slowdown in 2024, with growth at 0.6%. Over the same period, inflation in Italy is expected to decrease to 1.9% in 2024 (compared to 5.9% in 2023) and then fall to 1.7% in 2025.

The unemployment rate in November 2023 was 7.5% (in December 2022 it was 8.1%), while the employment rate stood at 61.8% (in December 2022 it was 60.5%) and the inactivity rate was 33.1%.[13]

CREDIT SECTOR

In the credit sector, the downturn in the disbursement of loans to households and businesses consolidated, mainly due to the rigidity of supply, which weakened the demand for loans. Although growing again slightly at the end of the year, the demand for loans from companies was down by 4.8% in 2023, in particular due to net repayments during the year due to the reduced convenience in renewing due exposures.

Concentrated on mortgage applications, loans to households recorded a decrease of 1% directly linked to a slowdown in real estate activity, with the number of transactions down compared to the previous year: considering residential sales, the first half of the year 2023 recorded a decrease of 12.5% compared to the same period in 2022.[14]

NON-PERFORMING EXPOSURES

With respect to the quality of bank assets, according to Banca d'Italia, in the third quarter of 2023 the increase in new non-performing loans remained stable at 1.1% (the business component was down to 1.5%, with a slightly increase in the households component to 0.9%). However, the incidence of non-performing loans is down both in the main banking groups and in the less significant ones, while the level of capitalisation has generally increased, especially as a result of the positive contribution of profitability.

Bad loans (net of write-downs and provisions) amounted to EUR 17.7 billion in November 2023, up by EUR 1.4 billion compared to November 2022. However, to give an historical order of magnitude, this level is EUR 71.1 billion lower than the maximum level of November 2015, while the ratio of net bad loans to total loans is 1.05%.[15]

Given the current economic environment, the credit deterioration rate (given by the ratio of the number of non-performing loan positions during the year to the stock of performing positions at the beginning of the year) in the third quarter of 2023 was stable at 1.1%. For the next two years, the forecast is 1.4% for 2024 and 1.3% in 2025, down sharply compared to the estimates produced at the end of 2022 of 1.7% for 2024, against an annual average 1.2% in the two years before COVID.

In recent years, the banking sector has seen a reduction in the NPE ratio of almost 14 percentage points, from 17% in 2015 to 3.1% in 2022 with a forecast of 3% for the end of 2023. According to September 2023 data, in terms of transfer flows in 2023, an amount of EUR 32 billion is anticipated (of which only EUR 7 billion already concluded), down compared to 2022 when disposals were made for EUR 42 billion of gross value. For the next 2024-2025 two-year period,

[12] ISTAT: press release of 31 October 2023.
[13] ISTAT: employed and unemployed people, November 2023.
[14] Nomisma: 3rd Observatory on the Real Estate Market 2023.
[15] ABI: Monthly Outlook, January 2024.

the NPE market is expected to remain active with disposals estimated at EUR 26 billion in 2024 and in 2025, mainly on bad loans.[16]

NPE SERVICING MARKET

The decline observed in the stock of NPE exposures in banks' balance sheets in recent years and in the rate of assets deterioration reduces the prospects on transactions expected in the coming years and, therefore, creates pressure on the NPE servicing market due to the lack of new assets both in terms of bad loans and UTP.

The recovery performance is also hampered by the sharp slowdown in the real estate auction market; the latter, in fact, in 2023 recorded a decrease of 30% compared to the previous year. The application of protective measures introduced following the pandemic period, as early as 2022, has lengthened the timing of procedures, which are not expected to return to normal earlier than the end of 2024, both in terms of enforcement and insolvency procedures.

Lastly, the valuation of receivables is further weighed down by the sharp rise in interest rates, which considerably increases the value of time, which in turns weighs on transaction prices.

[16] Banca Ifis: NPL transaction market and servicing industry - September 2023.

OPERATING PERFORMANCE

Income statement

The year 2023 was a favourable year for the AMCO Group in terms of both commercial and financial performance, with some events having material impacts on the Group's organic economic trajectory.

Collections, the main performance indicator of the Group, amounted to EUR 1.66 billion,[17] an increase of 9% compared to 2022, and with a collection rate (ratio of collections to average volumes under management) stable at 4.6% (compared to 4.7% in 2022).

The Group's net financial position improved by EUR 667 million thanks to the cash generated by ordinary operations which made it possible, in addition to financing acquisitions of loan portfolios for EUR 264 million, to repay the bond of EUR 1,250 million due in July 2023, refinancing only a small portion for EUR 500 million.

However, the results for 2023 were characterised by a number of events that had a material impact on the Group's financial and economic results:

- The modification of the valuation parameters, mainly for the unsecured portfolios, to factor in new expectations implicit in the recovery curves (following the updating of the historical series) or in the average market curves, introducing more forward-looking elements to incorporate the changed conditions of the macroeconomic context (e.g. interest rates, inflation, slowdown in the real estate market). In addition to updating expected cash flows, recovery times were also adjusted for specific clusters/portfolios combinations. The overall impact deriving from the valuation activity, the review of cash flows and the adjustment of recovery times is negative for EUR 523.8 million.
- The creation of specific provisions for future charges linked to specific situations such as updating the minimum remuneration tables for the legal professions, or the coverage of expenditure commitments subsequent to the contractual termination of an outsourcing service provider who was issued with a formal notice of termination.
- Revision of the value of the share in the Italian Recovery Fund ("IRF") in application of the Parent Company's Fair Value policy and the new recovery estimates formulated by the management company Dea Capital on the underlying loan portfolio.
- Adjustment of DTAs recognised in the financial statements following the performance of a probability test on future taxable income updated on the basis of the 2024/2028 Business Plan.

That said, the year 2023 closed with a consolidated net loss of EUR 388 million, compared with a profit of EUR 42.2 million recorded in 2022.

Assets under management at the end of 2023 amounted to EUR 34.7 billion, down by EUR 1.7 billion compared to EUR 36.4 billion in 2022: new purchases in the year of almost EUR 1 billion only partially offset the decrease of EUR 2.7 billion deriving from ordinary recovery activities.

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

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

EUR/thousand - %	31.12.2023	31.12.2022	Absolute delta	Delta %
Servicing commissions	40,300	44,517	(4,217)	-9%
Interests and commissions from customers	345,089	307,175	37,914	12%
Other income/charges from activities with customers	98,820	87,694	11,126	13%
Total Revenues	**484,209**	**439,385**	**44,823**	**10%**
Staff costs	(49,571)	(39,248)	(10,324)	26%
Net operating costs	(123,563)	(96,019)	(27,544)	29%
of which gross costs	(133,373)	(104,765)	(28,608)	27%
of which recoveries	9,810	8,747	1,063	12%
Total Costs and Expenses	**(173,135)**	**(135,267)**	**(37,868)**	**28%**
EBITDA	**311,074**	**304,119**	**6,956**	**2%**
Value adjustments/reversals on ordinary operations	(523,804)	(141,145)	(382,658)	271%
Value adjustments/reversals on property, plant and equipment and intangible assets	(6,692)	(4,777)	(1,914)	40%
Provisions	(8,505)	133	(8,638)	n.s.
Other operating income/expenses	(8,361)	5,552	(13,913)	n.s.
Financial activity result	(31,422)	(34,743)	3,321	-10%
EBIT	**(267,709)**	**129,137**	**(396,846)**	**n.s.**
Interests and commissions from financial activity	(89,580)	(68,052)	(21,528)	32%
Pre-tax profit	**(357,289)**	**61,085**	**(418,374)**	**n.s.**
Current taxes	(30,674)	(18,829)	(11,845)	63%
Net result	**(387,963)**	**42,256**	**(430,219)**	**n.s.**

Table 5 – Reclassified consolidated income statement as at 31 December 2023 and 31 December 2022

Revenues amounted to EUR 484.2 million, up by EUR 44.8 million (+10%) compared to 2022, essentially due to the increase in interest income generated by the receivables acquired.

In particular, **servicing commissions** amounted to EUR 40.3 million, down by 9% year-on-year due to the lower contribution from the management of the portfolios of the former Veneto Banks as a result of the reduction in the volumes of Segregated Estates loans, only partially offset by the increase in commissions received as part of the Cuvée transaction due to the growth in managed assets as a result of the new contributions finalised in 2022, which in 2023 contributed for the entire year.

Interest and commissions from activities with customers were up by 12% compared to 2022.

EUR/thousand - %	31.12.2023	31.12.2022	Absolute delta	Delta %
Total POCI Portfolios	231,712	215,334	16,378	8%
Total Portfolios at Amortised Cost	113,377	91,842	21,535	23%
Total	**345,089**	**307,176**	**37,913**	**12%**

This increase is due to the business expansion in the first months of 2023 and the contribution of the amortised cost portfolios (in particular MPS), which generated an increase of EUR 21.5 million in interest compared to 2022, thanks to the higher release of time value, and the increase in interest on the variable rate part of the portfolio.

The **other income and expenses from ordinary operations** amounted to EUR 98.8 million, up by EUR 11.1 million (+13%) thanks to the higher reversals of cash collections made through recovery activities, especially on more recently acquired portfolios.

The process of strengthening the AMCO workforce also continued in 2023 (+44 headcount): **staff costs** were consequently up by 26% and in 2023 amounted to EUR 49.6 million.

Net operating costs, equal to EUR 123.6 million, increased by EUR 27.5 million (+29%) compared to 2022 mainly due to the increase in expenses related to recovery activities and to the increase in IT costs.

EUR/thousand - %	31.12.2023	31.12.2022	Absolute delta	Delta %
Legal and other collection costs	60,800	43,489	17,311	40%
Outsourcing fees	22,349	16,977	5,372	32%
Costs for repossessed property	597	453	144	32%
Insurance Policies Credit	2,400	1,765	635	36%
Expenses for collection activities	**86,145**	**62,684**	**23,462**	**37%**
IT	14,916	10,069	4,847	48%
Business information	2,376	2,586	(210)	-8%
BPO and Document Archive	4,295	4,439	(143)	-3%
Professional costs	8,945	9,445	(500)	-5%
Logistics	2,894	3,283	(389)	-12%
DTA fee	2,677	2,719	(43)	-2%
Other expenses	1,314	793	521	66%
Overhead costs	**37,418**	**33,334**	**4,084**	**12%**
Total	**123,563**	**96,019**	**27,544**	**29%**

Expenses for collection activities are mainly affected by higher costs on properties underlying leases and the increase in outsourcing commissions paid to external special servicers, which are up in proportion to the trend in collections made (+32%).

Overhead costs are up 12% compared to 2022 due to higher IT costs, in particular the cost of Core Banking, for the fees relating to developments and implementations made in the previous year and finally for the inflationary trend affecting services subject to indexing.

As a result of the trend in revenues and costs described above, **EBITDA** amounted to EUR 311.1 million, up 2% compared to the same period of the previous year, mainly following the trend in revenues.

The balance of **value adjustments/reversals on ordinary operations** was negative for EUR 523.8 million due to the impact of the aforementioned update of the loan portfolio valuation to factor in the new expectations implicit in the recovery curves and in the average market curves, introducing more forward-looking elements that also reflect the changed conditions of the macroeconomic context.

Other operating income and expenses amounted to EUR -8.4 million, the item mainly includes the so-called collar, i.e. the mechanism for adjusting the commission income of the former Veneto Banks, for EUR -6.8 million.

The **financial activity result** was negative for EUR -31.4 million mainly due to the aforementioned write-down on the investment in the Italian Recovery Fund ("IRF") for EUR 32.5 million following the revision of the unit values due to the forecast recovery estimates formulated by the management company, in application of the fair value policy.

Net interests from financial activity were negative for EUR 89.6 million due to interest expense on bonds issued by the Parent Company to refinance part of the debt maturing in 2023. The cost of funding is up by 32% compared to 2022 due to the annualization of the issue cost carried out in September 2022 and due to the new issue in 2023 which, following the increase in interest rates, historically represent the highest-rate bonds issued by the Group.

Taxes record the negative impact of the review of the tax assets considered to be sustainable on the basis of the expected prospective profitability.

Balance Sheet

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

EUR/thousand - %	31.12.2023	31.12.2022	Absolute delta	Delta %
Loans and receivables with banks	191,688	46,826	144,862	309%
Loans and receivables with customers	4,235,346	5,031,061	(795,715)	-16%
Financial assets	928,316	1,258,534	(330,218)	-26%
Equity investments	11	10	1	8%
Property, plant and equipment and intangible assets	37,908	31,367	6,541	21%
Tax assets	154,129	197,686	(43,557)	-22%
Other asset items	40,084	39,198	886	2%
Total assets	**5,587,480**	**6,604,682**	**(1,017,202)**	**-15%**

EUR/thousand - %	31.12.2023	31.12.2022	Absolute delta	Delta %
Payables to third parties	3,412,200	4,133,631	(721,431)	-17%
Tax liabilities	36	4,307	(4,271)	-99%
Provisions for specific purposes	25,254	16,326	8,928	55%
Other liability items	128,100	72,394	55,706	77%
Share capital	655,081	655,081	0	0%
Share premium	604,552	604,552	0	0%
Reserves	1,184,225	1,141,970	42,255	4%
Valuation reserves	(34,006)	(65,835)	31,829	-48%
Result for the year	(387,963)	42,254	(430,217)	n.s.
Total liabilities and shareholders' equity	**5,587,480**	**6,604,682**	**(1,017,202)**	**-15%**

Table 6 - Reclassified consolidated balance sheet liabilities and shareholders' equity as at 31 December 2023 and 31 December 2022

Loans and receivables with customers amounted to EUR 4.2 billion and are composed almost entirely of non-performing loans acquired as part of debt purchasing transactions between 2019 and 2023.

EUR/thousand - %	31.12.2023	31.12.2022	Absolute delta	Delta %
Total POCI Portfolios	2,386,517	2,613,475	(226,958)	-9%
Total Portfolios at Amortised Cost	1,848,829	2,417,915	(569,087)	-24%
Total loans and receivables with customers	**4,235,346**	**5,031,390**	**(796,045)**	**-16%**

The POCI portfolios were down by 9% due to the combined effect of the regular decrease of the portfolio and the impact of the valuations made in 2023. The same dynamics and reasons were recorded for the amortised cost portfolios, which recorded a decrease of 24%.

Financial assets amounted to EUR 928 million, down by 26.2% compared to December 2022, mainly due to the decrease in investments in Italian government bonds (for the use of a more efficient management of liquidity) and for the lower value of UCITS units.

EUR/thousand - %	31.12.2023	31.12.2022	Absolute delta	Delta %
Financial assets FVTPL	6	-	6	n.a.
Italian Government bonds	487,693	686,519	(198,826)	-29%
UCITS units	420,293	502,999	(82,706)	-16%
- of which IRF	*317,598*	*386,229*	*(68,632)*	*-5%*
- of which Back2Bonis	*78,713*	*87,703*	*(8,991)*	*-4%*
- of which Other UCITS	*23,982*	*29,066*	*(5,084)*	*-6%*
Shares and equity instruments	20,324	21,411	(1,087)	-5%
Loans and receivables with customers measured at fair value	-	47,605	(47,605)	-100%
Total financial assets	**928,316**	**1,258,534**	**(330,218)**	**-26%**

The value of UCITS units decreased by 16.4% and is mainly composed of:

- Italian Recovery Fund of EUR 317.6 million, down compared to December 2022 due to the repayment of principal and revenues of EUR 36.1 million and for the write-down of the equity investment of EUR 32.5 million determined on the basis of the provisions of the company fair value policy;
- Back2Bonis of EUR 78.7 million, down compared to December 2022 due to the repayment of EUR 2.7 million and for the write-down of the equity investment of EUR 6.3 million determined on the basis of the provisions of the company fair value policy;
- *Other UCITS* for EUR 24.0 million consisting mainly of the units of the Sansedoni Fund (EUR 14.4 million) and the Efesto Fund (EUR 8.3 million).

Receivables that do not meet the criteria for recognition under assets measured at fair value amount to EUR 43.7.

Property, plant and equipment and intangible assets amounted to EUR 37.9 million, up 21%.

Equity investments and other assets were substantially stable compared to the end of 2022.

Tax assets amounted to EUR 154.1 million, down by 22% due to the use and updated recoverability of the DTAs recorded.

Payables to third parties amounted to EUR 3,412 million, down by 17% compared to December 2022 due to the repayment of a bond of EUR 1.25 billion maturing in July 2023 with simultaneous refinancing of EUR 500 million.

Shareholders' equity of EUR 2,022 million, down by EUR 356 million compared to December 2022 due to the negative net result recorded in 2023.

Key balance sheet indicators as at 31 December 2023

EUR/thousand - %	31.12.2023	31.12.2022	Delta%/bps
Regulatory capital	1,985,578	2,382,541	-17%
Weighted risk assets	6,114,397	7,194,529	-15%
CET 1	**32.5%**	**33.1%**	-64
Total Capital Ratio	**32.5%**	**33.1%**	-64

The Group confirmed its capital strength in 2023 as well, with a Total Capital Ratio of 32.5%, well above the regulatory requirements (8%).

Business development

Portfolio purchase transactions

During 2023, the Group's organic growth continued, although in a less marked manner compared to the last years, through the acquisition of new portfolios and the development of new business initiatives, which brought total assets under management at the end of 2023 to over EUR 34.7 billion. The transactions that took place during the year are described below:

- Debt purchasing transactions: in 2023, the AMCO Group signed a number of bulk purchase contracts pursuant to Art. 58 of the TUB of portfolios of non-performing loans classified as bad loans and unlikely to pay for a gross book value of EUR 0.9 billion, including the following main transactions:
    - On 20 February 2023, a bulk purchase agreement with the **Banca Regionale Sviluppo** of a portfolio of impaired loans classified as both unlikely to pay and bad loans for a gross book value of approximately EUR 34 million. The transaction was economically effective on 1 January 2023;
    - On 23 March 2023, a bulk purchase agreement with **Iccrea** of a portfolio of impaired loans classified as both unlikely to pay and bad loans for a gross book value of approximately EUR 365 million. The transaction was economically effective on 1 January 2023;
    - On 19 May 2023 a bulk purchase agreement with the **Banca Popolare dell'Emilia Romagna** pursuant to Art. 58 of the TUB and, without recourse, a portfolio of impaired loans classified as unlikely to pay for a gross book value of approximately EUR 406 million. The transaction was economically effective on 1 January 2023;
    - On 6 April 2023 and 13 November 2023, two bulk purchase agreements with **Societè Generale** of a portfolio of impaired loans classified as both unlikely to pay and bad loans for a gross book value of approximately EUR 49 million. The transaction was economically effective on 1 January 2023;
- Servicing transactions: in 2023, the build-up of the Cuvèe transaction continued. This is a multi-originator platform to manage loans classified as unlikely to pay deriving from loans and credit facilities with a different nature granted to companies operating in the property sector, now extended to include real estate lease positions. On 26 June 2023, an additional EUR 23.4 million in gross book value was transferred by **BPER**. As at 31 December 2023, the assets managed by the Cuvèe platform amounted to approximately EUR 2.1 billion.

AMCO debt structure

In order to raise financial resources to support the repayment of the bond for EUR 1,250 million maturing in July 2023, on 6 February 2023 the Parent Company issued a senior unsecured bond under its EMTN Program for a nominal value of EUR 500 million expiring in February 2027. At the same time, through the use of the new funds raised, a Liability Management transaction was concluded through which a nominal EUR 400 million was repurchased on the bond maturing in July 2023. In July, the residual part of the bond (EUR 850 million) was repaid in full. Therefore, as at 31 December 2023, the composition of the Group's debt is as follows:

ISIN	Description	Nominal	Coupon	Maturity	Price 31.12.2023	*Rating*
XS1951095329	AMCOSP 2 5/8 02/13/24	250,000,000	2.63	02/13/2024	99.775	BBB
XS2063246198	AMCOSP 1 3/8 01/27/25	600,000,000	1.38	01/27/2025	97.426	BBB
XS2206379567	AMCOSP 2 1/4 07/17/27	750,000,000	2.25	07/17/2027	95.166	BBB
XS2332980932	AMCOSP 0 3/4 04/20/28	750,000,000	0.75	04/20/2028	88.076	BBB
XS2502220929	AMCOSP 4 3/8 03/27/26	500,000,000	4.38	03/27/2026	101.409	BBB
XS2583211201	AMCOSP 4 5/8 02/06/27	500,000,000	4.63	02/06/2027	102.947	BBB

Performance of managed assets

Also thanks to the acquisition of non-performing loans through the transactions described above, the AMCO Group confirms its position as one of the leading players in the Italian market in the management of Non Performing Exposures (NPE). In terms of gross book value, assets under management as at 31 December 2023 can be broken down as follows:

1 - Debt purchasing

- EUR 11.2 billion relating to portfolios acquired through bulk transactions pursuant to Art. 58 of the TUB.
- EUR 0.9 billion relating to the portfolio originating from the former Banco di Napoli.
- EUR 6.1 billion deriving from the MPS portfolio forming part of the demerger compendium transferred to AMCO at the end of 2020.

2 - Servicing

- EUR 12.6 billion for 89 thousand debtors relating to the Segregated Estates of the Veneto and Vicenza Groups.
- EUR 1.8 billion for 873 debtors relating to Financed Capital of VB LCA and BPVI LCA.
- EUR 2.1 billion for 152 debtors relating to the Back2Bonis portfolio.

Business outlook

With the 2024-2028 Plan, approved by the Board of Directors on 12 March 2024, the AMCO Group focuses on the creation of value from the existing portfolio, optimising recovery performance thanks to greater operating efficiency. AMCO works to facilitate the financial rebalancing of households and businesses and confirms its systemic role in the management of non-performing loans.

The 2024-2028 Plan is divided into 3 pillars that intersect the GSSE Sustainability strategy.

1. **Creating value from the existing portfolio with greater operational efficiency**

   The AMCO Group aims to optimise the recovery performance of the existing portfolio, thanks to a greater and renewed efficiency of the operating process through the data-driven logic evolution of the portfolio management model, greater in-house management and outsourcing specialisation, and the enhancement of IT infrastructure and internal processes.

2. **Supporting households and businesses with innovative projects**

   The AMCO Group will structure innovative projects to facilitate the financial rebalancing of households and businesses, such as: the RE.Perform project to help retail mortgage customers return to performing status, multi-originator funds dedicated to specific sectors, geographical areas or categories of companies to facilitate their relaunch, restructuring and industrial relaunch operations, with new finance, of single-name positions both in the portfolio and not under management.

3. **Supporting the economy with innovative projects to support households and businesses**

   The AMCO Group wants to retain its systemic role in the management of non-performing loans in the public interest. Therefore, both the structure for the management of loans with state guarantee disbursed during COVID and new initiatives for the management of non-performing loans in synergy with other partners are being defined.

   Sustainability throughout the value chain: the AMCO Group continues the path outlined by its GSSE Sustainability Strategy - Sustainable governance, Credit sustainability, Human capital development and environmental protection - confirming the targets for 2025 and outlining new areas of action between 2026 and 2028.

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

In a context that leads companies towards management models that are increasingly focused on incorporating ESG considerations into business and strategy, the AMCO Group has, since early 2021, undertaken its own sustainability journey, building a tailor-made process aimed at the full integration of sustainability in its own value chain.

At the end of 2022, the first Sustainability Report was presented, which defines, for each of the four GSSE pillars, macro-objectives that are broken down, in turn, into specific quantitative targets for the period 2022-2025.

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

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

Therefore, June 2023 saw the publication of the 2022 Sustainability Report, a voluntary non-financial statement aimed at representing the development of the sustainability process launched and highlighting the first qualitative and quantitative objectives achieved in 2022.

G: Sustainable governance - AMCO's sustainable governance includes the Stakeholder Engagement and Sustainability function and an ESG and Sustainability Committee, with propositional and advisory functions vis-a-vis the Board of Directors. The company is committed to training employees on anti-corruption, anti-money laundering and privacy, and to sharing ESG criteria with relevant suppliers and Special Servicer third parties collaborating with AMCO.

S: Credit sustainability - Managing credit in a sustainable manner means adopting a proactive approach, in a collaborative manner, to collection activities for the AMCO Group. For this reason, the company has established defined targets predicting that at least 25% of NPL collections, 85% of UTP collections and 50% of collections from SMEs and individuals will derive from collaborative management. In 2023, AMCO mapped the geo-sectoral clusters at greatest environmental climate risk and integrated ESG risk monitoring systems into the 2024 Risk Framework. The AMCO Group is also committed to contributing to the financial education of companies by promoting at least two financial training initiatives per year.

S: Human capital development - In order to make the most of its people, the AMCO Group has set itself two objectives: to develop the well-being, competencies and job satisfaction of its employees; as well as to protect diversity and inclusion. The company is engaged in ESG training courses for all employees, in the design of targeted career paths and in protecting employee satisfaction also through acceptance of part-time requests. On the Diversity & Inclusion front, in addition to launching awareness campaigns, the Group is committed to ensuring gender-neutral access to internal career and growth paths and to maintaining a balanced and inclusive workforce.

E: Environmental protection - The Group aims to reduce by 55% GHG emissions from operations by 2025. The company is committed to powering the heating systems of the offices in Milan and Naples with electric heat pumps and to purchase electricity from renewable sources guaranteed by certificates of origin, thus achieving a significant reduction in emissions.

With regard to non-financial reporting, the new EU CSRD regulation (Corporate Sustainability Reporting Directive) adopted by the European Parliament in November 2022 replaces the NFRD (Non-Financial Reporting Directive), expanding the scope of entities required to prepare non-financial disclosure documents, envisaging reporting obligations starting from 2026 on the year 2025 also for the AMCO Group, currently not required to comply with regulatory provisions as the company does not exceed the thresholds set by the current regulations.

The AMCO Group will define the processes, organisational aspects and adequate controls for the preparation of financial disclosure documentation according to the CSRD in the time required by the regulations.

Impact on AMCO of the military conflict between Russia and Ukraine

As regards the invasion of Ukraine by Russia, there is no direct impact on the Group, which currently has no direct or indirect exposure to those countries. However, it is undeniable that the events described above represent elements of uncertainty. The global economy, as shown in the macroeconomic scenario, continues to be affected by the increase in the costs of services and raw materials as a result of the conflict in Ukraine.

By its nature, the above mentioned macroeconomic situation requires an ongoing assessment of the balance sheet items that 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. The Parent Company, as already noted, while not experiencing any direct impact, continues to monitor developments in the macroeconomic situation generated by the conflict.

RATING

On 20 April 2023, Fitch Ratings ("Fitch") confirmed the Issuer Default Rating Long-term of AMCO at "BBB", with Stable Outlook, and the Short-Term at "F2", emphasising the uniqueness of AMCO's sustainable approach to supporting the business continuity of customers, especially SMEs, as well as the solid expansion and diversification of the business. The rating is aligned with that assigned to the Italian Republic (BBB/Stable).

On 29 May 2023, Standard & Poor's ("S&P") confirmed the long-term Issuer Credit Rating of AMCO at "BBB", with Stable Outlook, and the short-term at "A-2". The rating is aligned with that assigned to the Italian Republic (BBB/Stable).

AMCO's commercial, residential and asset-backed special servicer ratings ("CSS2", "RSS2" and "ABSS2") from Fitch were last confirmed on 2 August 2022.

RELATED-PARTY TRANSACTIONS

AMCO holds equity investments in the vehicles Tatooine SPV S.r.l. and Tatooine LeaseCo S.r.l. and in the company Le Manifatture S.r.l. These companies are considered "related parties"; the companies Tatooine SPV S.r.l. and Tatooine LeaseCo S.r.l. are also included in the accounting consolidation.

The liquidation of AMCO - Asset Management Co. S.r.l. was concluded during the year, a Romanian registered company dealing with the management of non-performing loans to Romanian residents, held by the Veneto Group Segregated Estate.

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 at Monte Paschi di Siena S.p.A. and Poste Italiane.

GOING CONCERN

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

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

RISKS AND UNCERTAINTIES

Considering the mission and operations, as well as the market context in which AMCO operates, risks have been identified to be assessed in the self-assessment processes (ICAAP) that 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 related to the current trend of interest rates, which could have repercussions on the general economic performance and therefore on the ability of debtors to repay their exposures.

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 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.

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 Parent Company is required to comply with. However, as AMCO did not issue shares listed for trading in regulated markets or in multilateral trading system, this report is limited to the provisions of Art. 123-bis, paragraph 2, letter b), of the TUF due to the effect of the exemption pursuant to Art. 123-bis, paragraph 5.

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

The "main characteristics of the internal control and risk management systems in force in relation to the financial reporting process" pursuant to Art. 123-bis, paragraph 2, letter b) of the TUF, are illustrated below.

The monitoring of the reliability of the corporate accounting documents and on the financial reporting process is carried out by the Manager in charge of preparing the Company's Financial Reports (hereinafter, also only the "Manager in Charge"), in compliance with the provisions of Art. 154-bis of the TUF.

The monitoring of the accounting and financial reporting carried out by the Manager in Charge is based on the examination of:

- the completeness and consistency of the information provided to the market, through a structured information flows system regarding events relevant to accounting and financial reporting, in particular with reference to the main risks and uncertainties to which they are exposed;
- the suitability and effective application of procedures, i.e. organisational and IT application processes, used for the preparation of corporate accounting documents and any other relevant financial communication pursuant to Article 154-bis of the TUF.

To meet the required obligations, the Manager in Charge defined a methodological framework, which describes the criteria adopted and the relative roles and responsibilities in the context of the definition, implementation, monitoring and updating over time of the Internal Control and Risk Management System relative to the financial reporting process and the assessment of its adequacy and efficacy with the aim of ensuring the reliability, accuracy, dependability and timeliness of the financial reporting itself.

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

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

(b) risk assessment of financial reporting;

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

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

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

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

- quantitative parameters, through which activities and controls on the most relevant items of AMCO's Separate Financial Statements and Consolidated Financial Statements are focused (e.g. the value of the financial statements items);
- 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 (e.g. centrality of the process with respect to the corporate business).

(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. The envisaged controls aim to mitigate the primary financial reporting risk, i.e. the risk that accounting/financial information contained in communications disclosed to the public is untrue, incorrect and/or incomplete due to the inadequacy of administrative processes or IT applications that contribute to its preparation. On the basis of the adopted framework, the activities for the assessment of the Internal Control and Risk Management System relative to financial reporting are carried out on an on-going basis in order to guarantee adequate accounting reporting in the context of the preparation of annual separate and consolidated financial statements and abbreviated interim financial statements.

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

The controls identified are assessed in relation to their efficacy and effectiveness through specific verification activities carried out by the Manager in Charge, in particular in terms of:

- Effectiveness of the control: the design of the control and its ability to mitigate, in theory, the risks it relates to are assessed;
- Effectiveness of the control, i.e. assessment of the execution of the control itself and its repetitiveness.

The Manager in Charge prepares an annual report on the adequacy and effective application of the administrative and accounting procedures during the year the accounting documents refer to, as well as the reliability of the data and compliance with the reference accounting standards. This Report summarises the results of the controls assessments in relation to the risks previously identified on the basis of the results of audit activities carried out and any problems identified. The assessment of controls may involve the definition of corrective actions or improvement plans ("remediation plan"), on which the Manager in Charge carries out a six-monthly follow-up activity.

The Manager in Charge also holds periodic meetings for discussion and exchange with the other corporate control functions and ensures periodic information to the Board of Statutory Auditors and the Board of Directors, including a summary of the activities carried out and the main findings identified.

Roles and functions involved

In order to obtain adequate assurance on the information that may have an impact on the AMCO Group'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 Internal Audit Department and the other corporate control functions.

To this end, the Corporate control functions and the Manager in Charge regularly provide updates on the annual audit activities carried out and on the results of the controls carried out, sharing in particular any critical issues identified on specific operational areas.

Critical issues deriving from audits conducted by external bodies (independent auditors, Supervisory Authorities) are also collected and assessed, in terms of financial reporting risk.

Manager in Charge of preparing the Company's Financial Reports

In compliance with the provisions of Art. 154-bis of the TUF, AMCO provided for the appointment of the 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 years, establishing their powers, means and remuneration.

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

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

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

- ensures the preparation, also providing their support with respect to Company policies in relation to the management of internal regulations, of adequate administrative and accounting procedures for the preparation of the financial statements and consolidated financial statements, if required, in addition to any other communication of a financial nature;
- in conjunction with the Chief Executive Officer, attests in a specific report, annexed to the separate financial statements and, where prepared, to the consolidated financial statements, and to the abbreviated interim report:
    - the adequacy and effective application of the administrative and accounting 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 the Company's deeds and communications required by law or disclosed to the market, containing information and data on the economic, equity or financial situation, with the documentary results, books and accounting records pursuant to Art. 154-bis of the TUF, paragraph 2;
- the suitability of the same to provide a truthful and correct representation of the financial, economic and assets situation of the Company and of the set of companies included in the consolidation;
- that the Report on Operations annexed to the separate and consolidated financial statements, when drafted, includes a reliable analysis of the Company's performance and result as well as of the situation of the Company and of the set of companies included in the consolidation, together with a description of the main risks and uncertainties to which the Company is exposed;
- for the half-yearly financial report, that the interim management report contains a reliable analysis of the information referred to in paragraph 4 of Art. 154 ter.

The monitoring of accounting and financial reporting is based on the examination of:

- the adequacy of the procedures used for the preparation of corporate accounting documents and any other relevant financial communication pursuant to Article 154-bis. The assessments focus on the work phases that, as part of the company processes, involve the recording, processing, evaluation and representation of data and information, as well as the rules for monitoring IT architectures and applications, in particular with reference to the management of elaborative processes and development interventions on summary systems instrumental to financial reporting;
- the completeness and consistency of the information provided to the market, through the maintenance of a relations and information flows system with the Company's corporate functions regarding events relevant to accounting and financial reporting, in particular with reference to 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 Parent 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.

Board Committees

By means of resolution of 26 October 2023, the Board of Directors established two board committees, respectively called "Remuneration and Appointments Committee" and "Risks and Related Parties Committee (Associated Parties)", each composed of three non-executive directors, the majority of them independent.

The Remuneration and Appointments Committee

The Remuneration and Appointments Committee has the task of assisting the Board of Directors, carrying out preliminary, propositional and advisory functions in relation to:

(i) remuneration, incentives and performance objectives for AMCO'S executive directors and employees, in order to allow the best assessment of the matters subject to the approval of the Board of Directors, ensuring clarity, reliability and independent and informed decision-making, free from possible conflicts of interest and consistent with the Company's Code of Ethics, values and long-term strategy;

(ii) composition and appointment of the Board of Directors, in order to ensure the presence of persons suitable to effectively perform the role assigned to them.

The Risks and Related Parties Committee

The Risks and Related Parties Committee (Associated Parties) has the task of assisting the Board of Directors by carrying out preliminary, propositional and advisory functions, in relation to risk governance and management and the internal control system to ensure their adequacy with respect to the characteristics of the Company in relation to the evolution of the organisation and operations, as well as the reference regulatory context.

The Risks and Related Parties Committee also monitors issues relating to transactions with related parties (associated parties) in compliance with the applicable laws and regulations as well as the internal regulations in force from time to time.

Lastly, the Risks and Related Parties Committee has the task of examining in advance the credit resolution proposals that fall within the competence of the Board of Directors, carrying out adequate preliminary activities - also through the involvement of the proposing Business Departments and the Head of the Risk Opinion Function as well as any other Corporate Structures if pertinent - and expressing its opinion in this regard.

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 years to the company Deloitte & Touche S.p.A., with effect from the date of approval of the 2018 financial statements.

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 year 2023 AMCO 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.


6.

Consolidated financial statements schedule

CONSOLIDATED BALANCE SHEET ASSETS

Amounts expressed in thousand of Euro

	Assets items	31.12.2023	31.12.2022
10.	Cash and cash equivalents	145,531	46,826
20.	Financial assets measured at fair value through profit or loss	483,802	571,520
	a) financial assets held for trading	6	23
	b) financial assets measured at fair value	-	-
	c) other financial assets mandatorily measured at fair value	483,796	571,497
30.	Financial assets measured at fair value through other comprehensive income	488,187	687,013
40.	Financial assets measured at amortised cost	4,237,830	5,031,061
	a) loans and receivables with banks	45,363	14,431
	b) loans and receivables with financial companies	79,502	77,691
	c) loans and receivables with customers	4,112,966	4,938,939
50.	Hedging derivatives	-	-
60.	Change in value of financial assets subject to a generic hedge (+/-)	-	-
70.	Equity investments	11	10
80.	Property, plant and equipment	36,622	27,391
90.	Intangible assets	1,286	3,975
	of which		
	- goodwill	-	-
100.	Tax assets	154,129	197,686
	a) current	9,142	11,879
	b) deferred	144,986	185,807
110.	Non-current assets and groups of assets held for disposal	-	-
120.	Other assets	40,084	39,198
	Total assets	**5,587,480**	**6,604,680**

Signed by
Andrea Munari
Chief Executive Officer

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

CONSOLIDATED BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' EQUITY

Amounts expressed in thousand of Euro

	Liabilities and shareholders' equity items	31.12.2023	31.12.2022
10.	Financial liabilities measured at amortised cost	3,412,201	4,133,630
	a) payables	22,582	23,087
	b) debt securities issued	3,389,619	4,110,543
20.	Financial liabilities held for trading	20	71
30.	Financial liabilities measured at fair value	-	-
40.	Hedging derivatives	-	-
50.	Change in value of financial liabilities subject to a generic hedge (+/-)	-	-
60.	Tax liabilities	36	4,307
	a) current	36	1,706
	b) deferred	-	2,601
70.	Liabilities associated to assets held for disposal	-	-
80.	Other liabilities	128,080	72,323
90.	Staff severance indemnity	472	450
100.	Provisions for risks and charges	24,782	15,876
	a) commitments and guarantees issued	-	-
	b) pensions and similar obligations	169	168
	c) other provisions for risks and charges	24,614	15,708
110.	Share capital	655,154	655,154
120.	Treasury shares (-)	(72)	(72)
130.	Equity instruments	-	-
140.	Share premiums	604,552	604,552
150.	Reserves	1,184,225	1,141,970
160.	Valuation reserves	(34,006)	(65,835)
170.	Profit (Loss) for the year	(387,963)	42,254
180.	Non-controlling interests	-	-
	Total liabilities and shareholders' equity	**5,587,480**	**6,604,680**

Signed by
Andrea Munari
Chief Executive Officer

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

CONSOLIDATED INCOME STATEMENT

Amounts expressed in thousand of Euro

	Items	31.12.2023	31.12.2022
10.	Interest and similar income	353,104	308,055
	of which: interest income calculated with the effective interest method	353,104	308,055
20	Interest and similar expenses	(99,823)	(72,368)
30.	**Interest margin**	**253,281**	**235,687**
40.	Fee and commission income	42,621	48,037
50.	Fee and commission expense	(94)	(84)
60.	**Net fees and commissions**	**42,528**	**47,953**
70.	Dividends and similar revenues	2,542	1,813
80.	Trading activity net result	(365)	17,035
90.	Hedging activity net result	-	-
100.	Profit/loss on sale/repurchase of:	26,696	7,130
	a) financial assets measured at amortised cost	29,501	7,130
	b) financial assets measured at fair value through other comprehensive income	(2,934)	-
	c) financial liabilities	128	-
110.	Net result of other financial assets and liabilities measured at fair value through profit or loss	(39,666)	(43,109)
	a) financial assets and liabilities measured at fair value	-	-
	b) other financial assets mandatorily measured at fair value	(39,666)	(43,109)
120.	**Brokerage margin**	**285,016**	**266,509**
130.	Net value adjustments/reversals for credit risk of:	(448,115)	(54,642)
	a) financial assets measured at amortised cost	(448,473)	(54,261)
	b) financial assets measured at fair value through other comprehensive income	358	(381)
140.	Profit/loss from contractual amendments without cancellation	-	-
150.	**Net result of financial management**	**(163,098)**	**211,867**
160.	Administrative expenses:	(182,944)	(144,014)
	a) staff costs	(49,571)	(39,248)
	b) other administrative expenses	(133,373)	(104,766)
170.	Net provisions for risks and charges	(8,505)	133
	a) commitments and guarantees issued	-	-
	b) other net provisions	(8,505)	133
180.	Net value adjustments/reversals on property, plant and equipment	(2,232)	(2,911)
190.	Net value adjustments/reversals on intangible assets	(3,459)	(1,762)
200.	Other operating income/expenses	2,951	(2,224)
210.	**Operating costs**	**(194,189)**	**(150,778)**
220	Profits (Losses) on equity investments	-	-
230	Net result of the measurement at fair value of property, plant and equipment and intangible assets	-	(9)
240	Vale adjustments on goodwill	-	-
250.	Profits (Losses) on disposal of investments	-	-
260.	**Profit (Loss) of current operating activities before taxes**	**(357,289)**	**61,080**
270.	Income taxes for the year on current operating activities	(30,674)	(18,827)
280.	**Profit (Loss) of current operating activities after taxes**	**(387,963)**	**42,253**
290.	Profit (Loss) from discontinued operations after taxes	-	-
300.	**Profit (Loss) for the year**	**(387,963)**	**42,253**
310.	Profit (Loss) for the year attributable to third parties	-	-
320.	Profit (Loss) for the year attributable to the parent company	-	-

Signed by
Andrea Munari
Chief Executive Officer

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts expressed in thousand of Euro

	Items	31.12.2023	31.12.2022
10.	**Profit (Loss) for the year**	(387,963)	42,253
	Other income components net of taxes without reversal to the income statement		
20.	Equity securities measured at fair value through other comprehensive income	-	6,700
30.	Financial liabilities measured at fair value through profit or loss (change in own 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	(13)	(69)
80.	Non-current assets and groups of assets held for disposal	-	-
90.	Share of valuation reserves of equity investments valued with the equity method	-	-
	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	31,842	(58,368)
150.	Non-current assets and groups of assets held for disposal	-	-
160.	Share of valuation reserves of equity investments valued with the equity method	-	-
170.	**Total other income components net of taxes**	**31,829**	**(51,737)**
180.	**Other comprehensive income (Items 10+170)**	**(356,134)**	**(9,484)**
190.	Consolidated comprehensive income pertaining to third parties	**-**	**-**
200.	**Comprehensive income pertaining to the parent company**	**(356,134)**	**(9,484)**

Signed by
Andrea Munari
Chief Executive Officer

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY - 2023 FINANCIAL YEAR

Amounts expressed in thousand of Euro

	Balance as at 31.12.2022	Amendment of opening balances	Balance as at 1.1.2023	Allocation of previous year profit (loss)		Changes in the year							Shareholders' equity pertaining to the group as at 31.12.2023	Shareholders' equity pertaining to third parties as at 31.12.2023
							Transactions on shareholders' equity							
				Reserves	Dividends and other distributions	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Other changes	Comprehensive income for the period		
Share capital	655,154	-	655,154	-	-	-	-	-	-	-	-	-	655,154	-
Share premiums	604,552	-	604,552	-	-	-	-	-	-	-	-	-	604,552	-
Reserves:														
a) from profits	885,497	-	885,497	42,254	-	-	-	-	-	-	-	-	927,752	-
b) others	256,473	-	256,473	-	-	-	-	-	-	-	-	-	256,473	-
Valuation reserves	(65,835)	-	(65,835)	-	-	-	-	-	-	-	-	31,829	(34,006)	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(72)	-	(72)	-	-	-	-	-	-	-	-	-	(72)	-
Profit (Loss) for the year	42,254	-	42,254	(42,254)	-	-	-	-	-	-	-	(387,963)	(387,963)	-
Shareholders' equity pertaining to the group	**2,378,023**	**-**	**2,378,023**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(356,134)**	**2,021,890**	**-**
Shareholders' equity pertaining to third parties	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Signed by
Andrea Munari
Chief Executive Officer

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

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

Amounts expressed in thousand of Euro

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

Signed by
Andrea Munari
Chief Executive Officer

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

CONSOLIDATED STATEMENT OF CASH FLOWS - Direct method

Amounts expressed in thousand of Euro

A. OPERATING ACTIVITIES	Amount	
	31.12.2023	31.12.2022
1. Management	**72,132**	**108,685**
- interest income received (+)	294,922	263,944
- interest expenses paid (-)	(99,823)	(72,368)
- dividends and similar revenues (+)	2,542	1,813
- net fees and commissions (+/-)	42,528	47,953
- staff costs (-)	(49,571)	(39,248)
- other costs (-)	(128,131)	(102,942)
- other revenues (+)	9,707	9,533
- duties and taxes (-)	(42)	-
- charges/revenues relating to discontinued operations net of taxes (+/-)	-	-
2. Cash flow generated/absorbed by financial assets	**720,262**	**(632,409)**
- financial assets held for trading	-	47
- financial assets measured at fair value	-	-
- other assets mandatorily measured at fair value	48,039	34,549
- financial assets measured at fair value through other comprehensive income	228,093	(244,894)
- financial assets measured at amortised cost	432,089	(427,698)
- other assets	12,041	5,587
3. Cash flow generated/absorbed by financial liabilities	**(681,456)**	**422,443**
- financial liabilities measured at amortised cost	(721,302)	460,260
- financial liabilities held for trading	(51)	67
- financial liabilities measured at fair value	-	-
- other liabilities	39,897	(37,884)
Net cash flow generated/absorbed by operating activities	**110,938**	**(101,281)**
B. INVESTMENT ACTIVITIES		
1. Cash flow generated by	**10**	**-**
- sales of equity investments	10	-
- 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	**(12,243)**	**(6,866)**
- purchases of equity investments	(11)	-
- purchases of property, plant and equipment	(11,462)	(3,094)
- purchases of intangible assets	(770)	(3,772)
- purchases of subsidiaries and business units	-	-
Net cash flow generated/absorbed by investment activities	**(12,233)**	**(6,866)**
C. FUNDING ACTIVITIES		
- issues/purchases of treasury shares	-	-
- issues/purchases of equity instruments	-	-
- dividend distribution and other	-	-
- sale/purchase of third party controlling interests	-	-
Net cash flow generated/absorbed by funding activities	**-**	**-**
Net cash flow generated/absorbed in the year	**98,705**	**(108,147)**

Signed by
Andrea Munari
Chief Executive Officer

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

RECONCILIATION

Amounts expressed in thousand of Euro

Reconciliation	31.12.2023	31.12.2022
Cash and cash equivalents at the beginning of the year	46,826	154,973
Total net cash flow generated/absorbed in the year	98,705	(108,147)
Cash and cash equivalents - foreign exchange effect	-	-
Cash and cash equivalents at the end of the year	**145,531**	**46,826**

Signed by
Andrea Munari
Chief Executive Officer

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

7.

Notes to the financial statements

PART A – ACCOUNTING POLICIES

A.1 - GENERAL PART

Section 1 – Statement of compliance with international accounting standards

These financial statements as at 31 December 2023 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 2023 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 Banca d'Italia in the Provisions relating to the "Financial Statements of IFRS Intermediaries other than Banking Intermediaries", issued with Measure of 17 November 2022. In addition, with reference to the information requested by Banca d'Italia with the communication of 14 March 2023 - Measure provisions update "The financial statements of IFRS intermediaries other than banking intermediaries" concerning the impacts of COVID-19 and the measures in support of the economy, it should be noted that as at 31 December 2023 there are no loans that constitute new liquidity granted through public guarantee mechanisms issued in relation to COVID-19.

In the preparation of the financial statements the IAS/IFRS standards adopted and effective as at 31 December 2023 were applied (including the SIC and IFRIC interpretative documents), without any derogation to their application.

1.1 - International accounting standards, amendments and IFRS interpretations applied from 1 January 2023

The accounting standards, amendments and IFRS interpretations applicable from 1 January 2023 are reported below:

- On 18 May 2017 IASB published accounting standard **IFRS 17 – Insurance Contracts** which will replace standard **IFRS 4 – Insurance Contracts**. The standard was applied starting from 1 January 2023. The objective of the new standard is to guarantee that an entity provides pertinent information which faithfully represent the rights and obligations deriving from insurance contracts issued. The adoption of this standard and of the relative amendment did not have any effects on the financial statements of the Group.

- On 7 May 2021, the IASB published an amendment called "**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**". This document clarifies how deferred taxes on certain transactions that may generate assets and liabilities of the same amount at the date of first recognition, such as leases and decommissioning obligations, must be accounted for. The amendments were applied as of 1 January 2023. The adoption of this amendment did not have any effects on the financial statements of the Group.

  On 12 February 2021, the IASB published two amendments called "**Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**" and "**Definition of Accounting Estimates - Amendment to IAS 8**". The amendments regarding IAS 1 require an entity to disclose the relevant information on the accounting standards applied by the Group. The amendments are aimed at improving the disclosure on the accounting standards applied by the Group in order to provide more useful information to investors and other primary users of the financial statements as well as to help companies differentiate changes in accounting estimates from changes in accounting policies. The amendments were applied as of 1 January 2023. The adoption of these amendments did not have any effects on the consolidated financial statements of the Group.

- On 23 May 2023, the IASB published an amendment called "**Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules**". The document introduces a temporary exception to the obligations of recognition and disclosure of deferred tax assets and liabilities relating to the Model Rules of Pillar Two (whose regulation was in force as at 31 December 2023 but applicable from 1 January 2024) and provides for specific disclosure obligations for the entities concerned by the related International Tax Reform. The document provides for the immediate application of the temporary exception, while the disclosure requirements only apply to annual financial statements starting on 1 January 2023 (or at a later date) but not to interim financial statements with a closing date prior to 31 December 2023.

The adoption of these amendments did not have any substantial effects on the financial statements of the AMCO Group.

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 AMCO as at 31 December 2023

The following IFRS accounting standards, amendments and interpretations have been approved by the European Union but are not yet mandatorily applicable and have not been adopted in advance by the Group as at 31 December 2023:

- On 23 January 2020, the IASB published the "**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**" and on 31 October 2022 published an amendment called "**Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants**". These amendments have the objective to clarify how to classify payables and other short-term or long-term liabilities. In addition, the amendments also improve the information that an entity must provide when its right to defer the settlement of a liability for at least 12 months is subject to compliance with certain parameters (i.e. covenants). The amendments take effect on 1 January 2024; however, earlier application is permitted. Directors do not expect the adoption of this amendment to have a significant effect on the Group's financial statements.
- On 22 September 2022, the IASB published an amendment called "**Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback**". The document requires the seller-lessee to assess the liability for the lease resulting from a sale & leaseback transaction so as not to recognise an income or a loss that relates to the retained right of use. The amendments will apply from 1 January 2024, but earlier application is permitted. Directors do not expect the adoption of this amendment to have a significant effect on the Group's financial statements.

1.3 - Accounting standards, amendments and IFRS interpretations not yet adopted by the European Union as at 31 December 2023

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 25 May 2023, the IASB published an amendment called "**Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements**". This document requires an entity to provide additional information on reverse factoring agreements that allow users of the financial statements to assess how financial agreements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of such agreements on the entity's exposure to liquidity risk. The amendments will apply from 1 January 2024, but earlier application is permitted. Directors do not expect the adoption of this amendment to have a significant effect on the Group's financial statements.
- On 15 August 2023, the IASB published an amendment called "**Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability**". This document requires an entity to apply a methodology consistently in order to verify whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosure to be provided in the explanatory notes. The amendment will apply from 1 January 2025, but earlier application is permitted. Directors do not expect the adoption of this amendment to have a significant effect on the Group's financial statements.

Section 2 – Basis of preparation

The accounting policies adopted for the preparation of these consolidated financial statements, with respect to the classification, recognition, measurement and derecognition of financial assets and liabilities have remained unchanged from those adopted for the preparation of the 2022 Financial Statements.

With reference to the going-concern principle, having also taken into account the recent evolution characterising the legislative and operational context in which the Group falls, there is reasonable certainty that AMCO Group will operate in the future with a management model aimed at achieving an efficient and effective recovery of impaired loans and the other assets. As things stand, there are no elements in the financial and equity structure of the Group that may give rise to any uncertainties in this sense.

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

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

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

Section 3 – Subsequent events after the end of the year

With specific reference to the provisions of IAS 10, it is advised that after 31 December 2023, the reference date of the annual financial statements, and to its approval date by the Board of Directors, no events have occurred such as to require an adjustment of the values included therein.

Among the subsequent events that did not lead to an adjustment of the values of the annual financial situation, the following should be noted:

- On 12 February 2024, the "AMCO 1" bond issued on 12 February 2019 for a nominal amount of EUR 250 million was repaid in full;
- On 12 March 2024, before the approval of the draft financial statements, the Board of Directors approved the new 2024-2028 Business Plan. The approval of the new Business Plan made it possible to incorporate its assumptions in the execution of the probability test as at 31 December 2023.

Section 4 - Other aspects

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

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

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

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

4.2 - Other

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 Articles 3 and 4 of the afore-mentioned Decree Law, together with assets, agreements and legal rights and obligations accessory to the same, with the exclusion from this scope of certain assets, liabilities, agreements and rights and obligations identified in the transfer agreements on a consistent basis with the criteria laid down by MD 221/2018.

Furthermore, in accordance with Art. 5, paragraph 4 the Decree Law indicates that "The separate financial statements are prepared in compliance with international accounting standards". These separate statements, prepared for each Segregated Estate, form an annex to these 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 IFRS 9, an analysis of the derecognition of assets must be carried out by the transferor, assuming that it prepares financial statements in accordance with IAS/IFRS standards (even when this is not the case), in order to check if the conditions for the recognition of the assets by the Segregated Estates transferee apply. The analyses carried out on the two separate Veneto Group and Vicenza Group Segregated Estates have considered the following scenarios:

- estimate of the net future financial flows of loans in the hypothesis of the existent transfer contracts;
- estimate of the net future financial flows of loans in the hypothesis that there has not been a transfer of assets by the LCAs but in the hypothesis of adoption of the same business model on the part of the LCAs;
- estimate of the net future financial flows of loans in the hypothesis that there has not been a transfer of assets by the LCAs but in the hypothesis of adoption of a different business model and pricing of the activities of master and special servicing with respect to the two previous hypotheses.

From the analysis carried out on the basis of cash flows expected by the acquired loans it has emerged in all the hypotheses described above, that not only is the cumulative incidence of the commission components considerably below 10% (parameter used for the derecognition), but also that 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, the Parent Company has not essentially acquired all the risks and benefits of the ownership of the acquired financial assets and, in consequence, the requirements in the provisions of IFRS 9 for the accounting recognition of the financial asset in the financial statements have not been met.

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

- the Parent Company is not required to consolidate the Segregated Estates, nor can these be considered joint ventures with the Company;
- the Parent Company 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 the Parent Company ensures that the relationship between the Parent

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 report, as well as in the Notes to the Financial Statements of the AMCO Group.

Section 5 – Scope and method of consolidation

Scope and method of consolidation

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

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

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

The consolidation method adopted to prepare this consolidated financial report is that of "full consolidation", that is to say line-by-line consolidation of the assets and liabilities of the consolidated companies.

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

5.1 Equity investments in wholly owned subsidiaries

Denominations	Operational office	Registered office	Type of relationship	Participatory relationship		Votes available %
				Participating entity	Interest %	
Tatooine SPV S.r.l.	Conegliano (TV)	Conegliano (TV)	1	AMCO S.p.A.	100%	100%
Tatooine LeaseCo S.r.l.	Conegliano (TV)	Conegliano (TV)	1	AMCO S.p.A.	100%	100%
Le Manifatture S.r.l.	Conegliano (TV)	Conegliano (TV)	1	AMCO S.p.A.	100%	100%

As at 31 December 2023, the Parent Company had equity investments in Tatooine SPV S.r.l. and Tatooine LeaseCo S.r.l. acquired in 2022, as reported above.

On 28 March 2023, the Parent Company also acquired the entire equity investment of Le Manifatture S.r.l., which manages the shopping centre complex bearing the same name.

The liquidation of AMCO - Asset Management Co. S.r.l. was concluded during the year, a Romanian registered company dealing with the management of non-performing loans to Romanian residents, held by the Veneto Group Segregated Estate.

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

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

The Parent Company AMCO has included Tatooine SPV S.r.l. and Tatooine Leaseco S.r.l. in the Group's scope of consolidation in these consolidated financial statements, given the actual control of the Parent Company AMCO over both of them and in consideration of the materiality of the assets held by the SPV, including the obligation to consolidate Leaseco pursuant to Art 7.1, paragraph 5 of Italian Law 130/99.

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

- the irrelevance of the assets of the subsidiary Le Manifatture S.r.l., compared to total aggregate assets;
- the absence of third-party funds in the shareholding structure of both AMCO and the subsidiary;
- the irrelevance of any additional information deriving from the possible consolidation of the subsidiary and on the effects deriving from the same, pursuant to IAS 1.31 and IAS 8.8;
- the relationship between charges and benefits, in terms of information, connected with the consolidation of the subsidiary;
- the substantial representation of the Group's equity and profitability already reflected in the annual financial statements of the Parent Company AMCO S.p.A. and in these consolidated financial statements.

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

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

5.4 Significant restrictions

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

5.5 Other information

The financial statements of Tatooine SPV S.r.l. and Tatooine LeaseCo S.r.l. used in the preparation of the consolidated financial statements have the same closing date (31 December 2023).

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.

Cash and cash equivalents

Classification criteria

This item includes all liquid assets in legal tender, as well as "on demand" receivables (current accounts and/or demand deposits) from banks.

Recognition and measurement criteria

The book value of "on demand" receivables, recorded at amortised cost, which is equal to their nominal value, is adjusted to take into account any write-downs/reversals resulting from the process of assessing the related credit risk.

These write-downs/reversals are recorded in the income statement, and conventionally classified under item "130. Net value adjustments/reversals for credit risk of: a) financial assets measured at amortised cost".

Financial assets measured at fair value through profit or 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 or 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 or 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 and derivative instruments which have as their object 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.

For loans granted to securitisation vehicles, the fair value is calculated on the basis of the value of the vehicles' assets, also taking into account any contribution made to the consolidated financial statements.

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 SPPI test;
- equity investments, not qualifiable as controlling, associated and of joint control, which are not held for trading, for which the option of the measurement at fair value through other comprehensive income was chosen.

With the exception of equity securities for which no reclassification is allowed, reclassification of financial assets to other categories of financial assets is allowed except in the case where the entity modifies its own business model for the management of financial assets.

In these cases, which must be absolutely infrequent, financial assets may be reclassified from the category measured at fair value through other comprehensive income to one of the other two categories envisaged by IFRS 9 (Financial assets measured at amortised cost or Financial assets measured at fair value through profit or 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 is used to adjust 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 or 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 or loss. For equity securities included in this category and not quoted on an active market, the cost criterion is used as estimate of fair value only on a residual basis and in a limited number of circumstances, or in case of non-applicability of all the valuation methods previously mentioned, or in the presence of a wide range of possible valuations of fair value, in the context of which cost represents the most significant estimate.

Derecognition criteria

Financial assets are derecognised when the rights to contractual financial cash flows connected to them expire or when the financial asset is disposed of, with the essential transfer of all risks and contractual rights connected to the ownership of the same financial assets.

Financial assets measured at amortised cost

Classification criteria

This item includes not "on demand" loans with banks, with financial companies and with customers, which is to say all loans that require fixed or in any case determinable payments and that are not listed on an active market.

Recognition criteria

The initial recognition of financial assets takes place on the settlement date for debt securities and at the date of issue in case of loans. At the time of initial recognition financial assets are measured at fair value, inclusive of transaction expenses or revenues directly attributable to the same instrument.

Specifically, with regards to loans, the date of issue normally coincides with the date of signature of the contract. When this is not the case, at the time of signature of the contract a commitment is entered into to issue funds, which is fulfilled at the date of issue of the loan.

The recognition of the loan takes place on the basis of the fair value of the same, equal to the amount issued, or subscription price, inclusive of charges/revenues directly attributable to the individual loan and determinable from the start of the transaction even though liquidated at a later time.

Charges are excluded when, even though they have the above-mentioned characteristics, they are subject to reimbursement by the debtor counterpart of the difference between the amount issued and that reimbursable at maturity, typically attributed to charges/revenues deriving directly from a single loan. On the other hand, with regard to acquired 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 needs to be recognised, 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 to customers are measured at amortised cost, equal to the value of first recognition increased/decreased by reimbursements of capital, value adjustments/reversals and amortisation – calculated with the effective interest rate method – of the difference between the amount issued and that repaid at maturity, typically attributed to charges/revenues deriving directly from a single loan. This criterion is not used for exposures with a duration of less than 12 months (given the non-significance of the same in this case).

The effective interest rate is the rate that discounts the flow of estimated future payments for the expected duration of the loan such as to obtain exactly the net book value at the time of first recognition, which includes both transaction charges/revenues directly attributable and payments paid or received by contracting parties. This accounting treatment, using a financial logic, allows the distribution of the economic effect of charges/revenues along the expected residual life of the loan.

Valuation criteria are strictly linked to the stage assigned to the loan, where stage 1 includes performing loans, stage 2 includes under-performing loans, or those loans where there has been a significant increase of the credit risk ("significant impairment") compared to the initial recognition of the instrument and stage 3 includes non-performing loans, or those loans that show objective evidence of impairment. Value adjustments that are recognised in the income statement for performing loans classified as stage 1 are calculated by taking into account the loss expected in one year, while performing loans in stage 2 by taking into account the expected losses attributable to the contractually determined entire residual life of the asset (Lifetime expected loss).

Performing financial assets are subject to evaluation in function of the parameters of probability of default (PD), loss given default (LGD) and exposure at default (EAD), derived from internal historical data.

For impaired assets, the amount of loss to be recognised in the income statement is defined on the basis of a process of analytical valuation or determined by homogeneous categories and, therefore, analytically attributed to each position. Financial instruments defined as bad loans, unlikely to pay or expired/past due by more than 90 days in accordance with the regulations of Banca d’Italia are defined as impaired assets in accordance with the IAS/IFRS and European supervisory regulations.

The expected cash flows take into account the expected recovery time and the estimated realisable value of any guarantees. With regard to the discount rate of estimated future cash flows in repayment schedules of non-performing exposures of the former Banco di Napoli, 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 unexercised 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 criteria

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

Derecognition criteria

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

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

Capital transactions

Purchase of treasury shares

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

Costs of issuing equity instruments and other capital transactions

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

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

Current and deferred taxes

Classification, recognition and measurement criteria

Deferred tax assets relating to temporary differences deductible and future tax benefits obtainable from the carry-forward of tax losses are recognised only if there is a reasonable probability that they will be recovered, considered on the basis of AMCO's capacity to generate sufficient taxable income in future years and taking into account the specific regulations laid down by Italian Decree Law No. 225 of 29 December 2010 as amended.

Deferred tax liabilities, relating to taxable temporary differences, are recognised in full in the financial statements. Where deferred tax assets and deferred tax liabilities refer to components that have affected the income statement, the balancing entry is represented by income taxes.

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

Therefore, since the fee is an expense adapted to elements that change in time, it is recognised as a cost on the basis of the annual contribution determined and paid each year.

Income taxes, calculated in accordance with national tax legislation, are recognised as an expense on an accrual basis, on a consistent basis with the recognition method of the expenses and revenues that generated them.

Current tax 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 staff costs is determined based on the contributions due without using actuarial calculations;
- "defined-benefit plan" and therefore recognised on the basis of its actuarial value determined with the "Projected Unit Credit" method, for the portion of staff severance indemnity accrued until 31 December 2006. The determination of the relative liability is carried out by an external expert using the "Projected Unit Credit Method".

The Iboxx Eurozone Corporates AA index with a duration of more than 10 years is used to determine the annual discount rate adopted for the calculations, as it is considered to be more representative of market returns, taking into account the average residual duration of the liability.

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

Provisions for risks and charges

Classification, recognition and measurement criteria

Provisions for risks and charges are made up of liabilities of uncertain timing or amount and recognised in the financial statements in that:

- there is a present obligation (legal or constructive) as a result of a past event;
- the payment to settle the obligation is probable;
- a probable future outflow can be estimated reliably.

The item includes provisions for estimated losses on lawsuits, including revocatory actions, as well as estimated outlays against legal or implicit obligations outstanding at the end of the reporting period.

Only where the effect of the timing deferral in bearing the estimated charge is objectively foreseeable, determinable and assumes a material aspect, the Company calculates the amount of the provisions and allocations to an extent equal to the present value of the outlays that are expected to be necessary to settle the obligations.

If the provisions are discounted, the amount of the provisions recognised in the financial statements increases in each period to reflect the passage of time. The adjustment of provisions is recognised in the income statement. The provision is reversed when the use of resources to produce economic benefits to fulfil the obligation becomes unlikely or when the obligation expires.

Revenues and costs

Revenues are gross flows of economic benefits deriving from the performance of the company's ordinary activities and are recognised at the time the control of goods or services is transferred to the client, at an amount that represents the amount of consideration to which the entity considers to have the right.

The price of transaction represents the amount of consideration to which the entity considers to have the right to in exchange of the transfer to the customer of the promised goods and services. It can include fixed or variable amounts, or both. Revenues from variable consideration are recognised in the Income Statement if reliably estimated and only if it is highly likely that this consideration will not be, at a later date, totally or for a significant portion derecognised from the Income Statement.

Costs are recognised in the Income Statement in compliance with the accrual principle; the expenses relative to obtaining the contract and the fulfilment of obligations towards customers are recognised in the Income Statement in the periods in which the relative revenues are recognised.

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

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

A.4 - INFORMATION ON FAIR VALUE

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

There are three levels:

Level 1

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

Level 2

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

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

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

Level 3

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

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

Qualitative disclosures

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

In the absence of an active market, the following methods and significant assumptions are 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 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;
- for impaired assets recognised at amortised cost, both POCI and non-POCI, the disclosure fair value is calculated using an internal model that uses an internally determined discount rate (considering both internal and external parameters, such as the enterprise risk premium) consistent with a Discounted Cash Flow valuation. The fair value thus determined reflects the credit quality of non-performing assets.

A.4.2 - Measurement processes and sensitivity

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

A.4.3 - Fair value hierarchy

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

For equity instruments, the transfer level takes place:

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

Quantitative disclosures

A.4.5 - Fair value hierarchy

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

Financial assets/liabilities measured at fair value	31.12.2023			31.12.2022		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss	1,720	6	482,075	1,806	23	569,691
a) financial assets held for trading	-	6	-	-	23	-
b) financial assets measured at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	1,720	-	482,075	1,806	-	569,691
2. Financial assets measured at fair value through other comprehensive income	487,693	-	493	686,520	-	493
3. Hedging derivatives	-	-	-	-	-	-
4. Property, plant and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	**489,413**	**6**	**482,568**	**688,326**	**23**	**570,184**
1. Financial liabilities held for trading	-	20	-	-	71	-
2. Financial liabilities measured at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
Total	**-**	**20**	**-**	**-**	**71**	**-**

Key

L1 = Level 1
L2 = Level 2
L3 = Level 3

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 6 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 Level 1 fair value, for EUR 1.7 million, include the equity investments held in Trevi Finanziaria Industriale S.p.A.;

- financial assets mandatorily measured at Level 3 fair value, for a total of EUR 482 million, which mainly include Performing and Non-Performing Exposures that do not meet the criteria of IFRS 9 to be classified at amortised cost (as they have not passed SPPI test) for EUR 43.7 million, the investment in the Italian Recovery Fund for EUR 317.6 million, that held in the Back2bonis Fund for EUR 78.7 million, the SFP of Astaldi S.p.A. for EUR 15.3 million, the SGT Sansedoni fund units for EUR 14.4 million and other financial assets for EUR 12.4 million;
- financial assets measured at fair value though other comprehensive income of Level 1, for a total of EUR 487.7 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 0.5 million, refer to the entirety of Arezzo Fiere Congressi shares, deriving from the demerger from Banca Monte dei Paschi di Siena;
- financial liabilities held for trading at Level 2, amounting to EUR 20 thousand, relating to interest rate derivative contracts entered into between Banca MPS and customers and sold as part of the demerger transaction since they are directly linked to the NPEs sold.

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

	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
	Total	Of which: a) Financial assets held for trading	Of which: b) Financial assets measured at fair value	Of which: c) Other financial assets mandatorily measured at fair value				
1. Opening balances	**569,691**	**-**	**-**	**569,691**	**493**	**-**	**-**	**-**
2. Increases	**1,481**	**-**	**-**	**1,481**	**-**	**-**	**-**	**-**
2.1 Purchases	477	-	-	477	-	-	-	-
2.2 Profit attributable to	1,004	-	-	1,004	-	-	-	-
2.2.1 Income statement	1,004	-	-	1,004	-	-	-	-
- of which: capital gains	-	-	-	-	-	-	-	-
2.2.2 Shareholders' equity	-	X	X	X	-	-	-	-
2.3 Transfers from other levels	-	-	-	-	-	-	-	-
2.4 Other increases	-	-	-	-	-	-	-	-
3. Decreases	**89,097**	**-**	**-**	**89,097**	**-**	**-**	**-**	**-**
3.1 Sales	42,462	-	-	42,462	-	-	-	-
3.2 Refunds	-	-	-	-	-	-	-	-
3.3 Losses attributable to:	-	-	-	-	-	-	-	-
3.3.1 Income statement	42,726	-	-	42,726	-	-	-	-
- of which: capital losses	42,726	-	-	42,726	-	-	-	-
3.3.2 Shareholders' equity	-	X	X	X	-	-	-	-
3.4 Transfers to other levels	-	-	-	-	-	-	-	-
3.5 Other decreases	3,909	-	-	3,909	-	-	-	-
4. Closing balance	**482,075**	**-**	**-**	**482,075**	**493**	**-**	**-**	**-**

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

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	31.12.2023				31.12.2022			
	CA	L1	L2	L3	CA	L1	L2	L3
1. Financial assets measured at amortised cost	4,237,830	-	-	4,288,341	5,031,061	14,431	-	5,016,629
2. Property, plant and equipment held for investment	-	-	-	-	-	-	-	-
3. Non-current assets and groups of assets held for disposal	-	-	-	-	-	-	-	-
Total	**4,237,830**	**-**	**-**	**4,288,341**	**5,031,061**	**14,431**	**-**	**5,016,629**
1. Financial liabilities measured at amortised cost	3,412,200	3,230,089		**22,582**	4,133,631	3,814,638		23,087
2. Liabilities associated to assets held for disposal		-						
Total	**3,412,200**	**3,230,089**	**-**	**22,582**	**4,133,631**	**3,814,638**	**-**	**23,087**

Key

CA = Carrying amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

PART B - INFORMATION ON THE CONSOLIDATED BALANCE SHEET

ASSETS

Section 1 – Cash and cash equivalents – Item 10

	31.12.2023	31.12.2022
a) Cash	-	-
b) Unrestricted deposits with Banks	145,531	46,826
Total	**145,531**	**46,826**

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

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

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

Items/Values	31.12.2023			31.12.2022		
	L1	L2	L3	L1	L2	L3
A. On-balance sheet assets						
1. Debt securities	-	-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equity securities and UCITS units	-	-	-	-	-	-
3. Loans	-	-	-	-	-	-
Total A	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivative instruments						
1. Financial derivatives	-	6	-	-	23	-
1.1 for trading	-	6	-	-	23	-
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	**-**	**6**	**-**	**-**	**23**	**-**
TOTAL (A+B)	**-**	**6**	**-**	**-**	**23**	**-**

Key

L1 = Level 1
L2 = Level 2
L3 = Level 3

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

2.2 - Derivative financial instruments

Underlying assets/ Derivative types	Total (31.12.2023)				Total (31.12.2022)			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central Counterparties	Without Central Counterparties			Central Counterparties	Without Central Counterparties		
		With compensation agreements	Without compensation agreements			With compensation agreements	Without compensation agreements	
1. Debt securities and interest rates								
- Notional value	-	-	1,473	-	-	-	1,659	-
- Fair value	-	-	6	-	-	-	23	-
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	**-**	**-**	**6**	**-**	**-**	**-**	**23**	**-**

2.3 - Financial assets held for trading: break-down by debtors/issuers

Items/Values	Total (31.12.2023)	Total (31.12.2022)
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	6	23
Total (B)	**6**	**23**
TOTAL (A+B)	**6**	**23**

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

Items/Values	Total (31.12.2023)			Total (31.12.2022)		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equity securities	**1,720**	**-**	**18,110**	**1,806**	**-**	**19,110**
3. UCITS units	**-**	**-**	**420,293**	**-**	**-**	**502,999**
4. Loans	**-**	**-**	**43,673**	**-**	**-**	**47,582**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Others	-	-	43,673	-	-	47,582
Total	**1,720**	**-**	**482,076**	**1,806**	**-**	**569,691**

Key

L1 = Level 1
L2 = Level 2
L3 = Level 3

The item "Equity securities" includes:

- the residual portfolio of shares of Trevi Finanziaria Industriale S.p.A. acquired following the conversion of receivables from the portfolio acquired from Banca Carige and from the transaction with Monte dei Paschi di Siena for a total of EUR 1.7 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 18.1 million.

The item "UCITS units" includes:

- the investment in the Italian Recovery Fund for EUR 317.6 million. As at 31 December 2023, the Parent Company owns 403.3 units with a fair value of EUR 787,563 for a NAV unit value of EUR 881,106 (compared to 444.9 units held as at 31 December 2022). The reduction in the number of units in the portfolio lies in the cancellation of units following capital distributions in March and August 2023;
- the units of the Back2Bonis Fund, assigned to the Parent Company in the context of the Cuvée operation, amounting to EUR 78.7 million as at 31 December 2023;
- the SGT Sansedoni fund units, acquired in 2021 as part of a debt to equity swap transaction and valued at EUR 14.4 million as at 31 December 2023;
- the units of Efesto, acquired in 2020 as part of the transaction with Monte dei Paschi di Siena and valued at EUR 8.3 million as at 31 December 2023;
- the units of the Clessidra Restructuring Fund, valued at EUR 1.3 million as at 31 December 2023.

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

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

Items/Values	Total (31.12.2023)	Total (31.12.2022)
1. Equity securities	**19,830**	**20,916**
of which: banks	-	-
of which: other financial companies	-	-
of which: non-financial companies	19,830	20,916
2. Debt securities	**-**	**-**
a) Public administrations	-	-
b) Banks	-	-
c) Other financial companies	-	-
- of which: insurance companies	-	-
d) Non-financial companies	-	-
3. UCITS units	**420,293**	**502,999**
4. Loans	**43,672**	**47,582**
a) Public administrations	-	-
b) Banks	-	-
c) Other financial companies	5,474	2,982
- of which: insurance companies	-	-
d) Non-financial companies	37,757	44,063
e) Households	441	537
Total	**483,795**	**571,497**

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

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

Items/Values	Total (31.12.2023)			Total (31.12.2022)		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**487,693**	**-**	**-**	**686,520**	**-**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	487,693	-	-	686,520	-	-
2. Equity securities	**-**	**-**	**493**	**-**	**-**	**493**
3. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**487,693**	**-**	**493**	**686,520**	**-**	**493**

Key

L1 = Level 1
L2 = Level 2
L3 = Level 3

As at 31 December 2023 this item had a balance of EUR 488.2 million. In detail:

- Other debt securities: the amount of EUR 487.7 million, inclusive of the interest accrued and net of the write-down, refers to investment in Italian government bonds;
- Equity securities: the total amount of EUR 0.5 million refers entirely to the shares of Arezzo Fiere Congressi, deriving from the demerger project with Banca Monte dei Paschi di Siena.

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

Items/Values	Total 31.12.2023	Total 31.12.2022
1. Debt securities	**487,693**	**686,520**
a) Public administrations	487,693	686,520
b) Banks	-	-
c) Other financial companies	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
2. Equity securities	**493**	**493**
a) Public administrations	-	-
b) Banks	-	-
c) Other financial companies	-	-
of which: insurance companies	-	-
d) Non-financial companies	493	493
3. Loans	**-**	**-**
a) Public administrations	-	-
b) Banks	-	-
c) Other financial companies	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
e) Households	-	-
Total	**488,186**	**687,013**

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

	Gross value					Total value adjustments				Total partial write-offs*
	First stage	of which: Instruments with low credit risk	Second stage	Third stage	Purchased or Originated Credit Impaired	First stage	Second stage	Third stage	Purchased or Originated Credit Impaired	
Debt securities	488,394	-	-	-	-	(701)	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Total (31.12.2023)	**488,394**	-	**-**	**-**	**-**	**(701)**	**-**	**-**	**-**	**-**
Total (31.12.2022)	**687,578**	**-**	**-**	**-**	**-**	**(1,058)**	**-**	**-**	**-**	**-**

* Value to be given for information purposes

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

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

Breakdown	Total (31.12.2023)						Total (31.12.2022)					
	Carrying amount			Fair value			Carrying amount			Fair value		
	First and second stages	Third stage	Purchased or Originated Credit Impaired	L1	L2	L3	First and second stages	Third stage	Purchased or Originated Credit Impaired	L1	L2	L3
1. Time deposits	**40,127**	**-**	**-**	**-**	**-**	**40,127**	**-**	**-**	**-**	**-**	**-**	**-**
2. Current accounts	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3. Loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3.1 Repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
3.2 Lease financing	-	-	-	-	-	-	-	-	-	-	-	-
3.3 Factoring	-	-	-	-	-	-	-	-	-	-	-	-
- with recourse	-	-	-	-	-	-	-	-	-	-	-	-
- without recourse	-	-	-	-	-	-	-	-	-	-	-	-
3.4 Other loans	-	-	-	-	-	-	-	-	-	-	-	-
4. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
5. Other assets	**5,236**	**-**	**-**	**-**	**-**	**5,236**	**14,431**	**-**	**-**	**-**	**-**	**14,431**
Total	45,363	-	-	-	-	45,363	14,431	-	-	-	-	14,431

Key

L1 = Level 1
L2 = Level 2
L3 = Level 3

As at 31 December 2023, the item refers to:

- Interest-bearing restricted deposit of EUR 40.1 million, including accrued interest;
- Receivables for fees to be received for EUR 2.3 million.

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

Breakdown	Total (31.12.2023)						Total (31.12.2022)					
	Carrying amount			Fair value			Carrying amount			Fair value		
	First and second stages	Third stage	Purchased or Originated Credit Impaired	L1	L2	L3	First and second stages	Third stage	Purchased or Originated Credit Impaired	L1	L2	L3
1. Loans	**47,289**	**-**	**17,415**	**-**	**-**	**64,866**	**31,338**	**-**	**46,333**	**-**	**-**	**77,671**
1.1 Repurchase agreements	-	-	-	-	-		-	-	-	-	-	-
1.2 Lease financing	-	-	-	-	-		-	-	-	-	-	-
1.3 Factoring	-	-	-	-	-		-	-	-	-	-	-
- with recourse	-	-	-	-	-		-	-	-	-	-	-
- without recourse	-	-	-	-	-		-	-	-	-	-	-
1.4 Other loans	47,289	-	17,415	-	-	64,866	31,338	-	46,333	-	-	77,671
2. Debt securities	**14,778**	**-**	**-**	**-**	**-**	**14,778**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Structured securities	-	-	-	-	-		-	-	-	-	-	-
2.2 Other debt securities	14,778	-	-	-	-	14,778	-	-	-	-	-	-
3. Other assets	**20**	**-**	**-**	**-**	**-**	**20**	**20**	**-**	**-**	**-**	**-**	**20**
Total	62,087	-	17,415	-	-	79,664	31,358	-	46,333	-	-	77,691

Key

L1 = Level 1
L2 = Level 2
L3 = Level 3

As at 31 December 2023 the item had a balance of EUR 79.5 million, consisting mainly of the receivables of the acquired portfolios for EUR 17.4 million, the loan to the Back2Bonis Fund for EUR 46.5 million and the notes held in the securitisation vehicle Chewbecca SPV S.r.l. for EUR 14.8 million.

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

Breakdown	Total (31.12.2023)						Total (31.12.2022)					
	Carrying amount			Fair value			Carrying amount			Fair value		
	First and second stages	Third stage	Purchased or Originated Credit Impaired	L1	L2	L3	First and second stages	Third stage	Purchased or Originated Credit Impaired	L1	L2	L3
1. Loans	**5,123**	**6,490**	**4,101,352**	**-**	**-**	**4,163,314**	**10,528**	**4,736**	**4,923,674**	**-**	**-**	**4,938,939**
1.1 Lease financing	-	-	409,021	-	-	458,157	-	-	408,565	-	-	408,565
of which: without final option of 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	5,123	6,490	3,692,331	-	-	3,705,157	10,528	4,736	4,515,109	-	-	4,530,374
of which: from enforcement of guarantees and commitments	-	-	-	-	-	-	-	-	-	-	-	-
2. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
3. Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Total	**5,123**	**6,490**	**4,101,352**	**-**	**-**	**4,163,314**	**10,528**	**4,736**	**4,923,674**	**-**	**-**	**4,938,939**

Key

L1 = Level 1
L2 = Level 2
L3 = Level 3

As at 31 December 2023 this item had a balance of EUR 4,113 million, mainly made up of:

- Portfolios valued at amortised cost for EUR 1,801.5 million;
- Portfolios valued as POCI for EUR 2,312 million.

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

Type of transactions/values	Total (31.12.2023)			Total (31.12.2022)		
	First and second stages	Third stage	Purchased or Originated Credit Impaired	First and second stages	Third stage	Purchased or Originated Credit Impaired
1. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**
a) Public administrations	-	-	-	-	-	-
b) Non-financial companies	-	-	-	-	-	-
2. Loans to:	**5,123**	**6,490**	**4,101,352**	**10,528**	**4,736**	**4,923,674**
a) Public administrations	-	-	812	-	-	1,114
b) Non-financial companies	1,826	1,877	2,923,138	4,659	980	3,479,124
c) Households	3,297	4,613	1,177,402	5,869	3,756	1,443,436
3. Other assets	**-**	**-**	**-**	**-**	**-**	**-**
Total	**5,123**	**6,490**	**4,101,352**	**10,528**	**4,736**	**4,923,674**

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

	Gross value					Total value adjustments				
	First stage	of which: Instruments with low credit risk	Second stage	Third stage	Purchased or Originated Credit Impaired	First stage	Second stage	Third stage	Purchased or Originated Credit Impaired	Total partial write-offs*
Debt securities	14,778	14,778	-	-	-	-	-	-	-	-
Loans	48,050	48,050	5,207	12,352	8,328,305	(761)	(84)	(5,862)	(4,209,538)	(19,309)
Other assets	5,256	5,256	-	-	-	-	-	-	-	-
Total (31.12.2023)	**68,084**	**65,114**	**5,207**	**12,352**	**8,328,305**	**(761)**	**(84)**	**(5,862)**	**(4,209,538)**	**(19,309)**
Total (31.12.2022)	**46,296**	**46,296**	**10,707**	**8,222**	**9,178,061**	**(513)**	**(172)**	**(3,485)**	**(4,208,054)**	**-**

* Value to be given for information purposes

4.6 - Financial assets measured at amortised cost: guaranteed assets

	Total (31.12.2023)						Total (31.12.2022)					
	Loans and receivables with banks		Loans and receivables with financial companies		Loans and receivables with customers		Loans and receivables with banks		Loans and receivables with financial companies		Loans and receivables with customers	
	EV	GV	EV	GV	EV	GV	EV	GV	EV	GV	EV	GV
1. Non-impaired assets guaranteed by:	**-**	**-**	**-**	**-**	**5,072**	**5,072**	**-**	**-**	**-**	**-**	**10,452**	**10,452**
- Assets in financial leases	-	-	-	-	-	-	-	-	-	-	-	-
- Factoring credits	-	-	-	-	-	-	-	-	-	-	-	-
- Mortgages	-	-	-	-	4,874	4,874	-	-	-	-	9,593	9,593
- Pawns	-	-	-	-	-	-	-	-	-	-	-	-
- Personal guarantees	-	-	-	-	198	198	-	-	-	-	859	859
- Credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
2. Impaired assets guaranteed by:	**-**	**-**	**15,612**	**15,357**	**3,208,843**	**3,102,699**	**-**	**-**	**35,555**	**32,037**	**3,813,129**	**3,626,987**
- Assets in financial leases	-	-	-	-	-	-	-	-	-	-	-	-
- Factoring credits	-	-	-	-	-	-	-	-	-	-	-	-
- Mortgages	-	-	13,224	13,224	2,572,599	2,572,599	-	-	28,693	28,693	2,936,924	2,936,924
- Pawns	-	-	233	233	59,541	59,541	-	-	984	984	43,541	43,541
- Personal guarantees	-	-	2,155	1,900	565,439	459,295	-	-	5,878	2,360	824,112	637,970
- Credit derivatives	-	-	-	-	11,264	11,264	-	-	-	-	8,552	8,552
Total	**-**	**-**	**15,612**	**15,357**	**3,213,915**	**3,107,771**	**-**	**-**	**35,555**	**32,037**	**3,823,581**	**3,637,439**

Key

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

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

Section 7 - Equity investments - Item 70

7.1 - Equity investments: information on equity investment relations

Denominations	Registered office	Operational office	Shareholding interest %	Votes available %	Carrying amount	Fair value
A. Exclusively controlled companies						
Le Manifatture S.r.l.	Conegliano	Conegliano	100%	100%	11	n.a
Total					11	n.a

The balance of this item, amounting to EUR 11 thousand, refers to the equity investment held by AMCO S.p.A. as at 31 December 2023 in Le Manifatture S.r.l.

7.2 - Annual changes in equity investments

	Group equity investments	Non-group equity investments	Total
A. Opening balances	10	-	10
B. Increases	11	-	11
B.1 Purchases	11	-	11
B.2 Reversals	-	-	-
B.3 Revaluations	-	-	-
B.4 Other changes	-	-	-
C. Decreases	10	-	10
C.1 Sales	-	-	-
C.2 Value adjustments	-	-	-
C.3 Write-downs	-	-	-
C.4 Other changes	10	-	10
D. Closing balance	**11**	**-**	**11**

7.5 - Non-significant equity investments: accounting information

Items/values	Profit/Loss	Total assets	Shareholders' equity	Revenues
Le Manifatture S.r.l.	3	262	13	203
Total	3	262	13	203

Section 8 - Property, plant and equipment - Item 80

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

Assets/Values	Total (31.12.2023)	Total (31.12.2022)
1. Owned assets	**1,022**	**1,237**
a) land	-	-
b) buildings	-	-
c) movable assets	897	1,034
d) electronic equipment	14	23
e) others	111	180
2. Right of use acquired through leases	**18,331**	**20,651**
a) land	-	-
b) buildings	18,042	20,304
c) movable assets	-	-
d) electronic equipment	51	94
e) others	238	253
Total	**19,352**	**21,888**
of which: from the enforcement of guarantees received	-	-

The decrease in fixed assets as at 31 December 2023 is attributable to the natural depreciation of owned assets and rights of use pursuant to IFRS 16.

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

Assets/Values	Total (31.12.2023)	Total (31.12.2022)
1. Inventories of assets obtained from the enforcement of guarantees received	**1,412**	
a) land		
b) buildings	1,412	
c) movable assets		
d) electronic equipment		
e) others		
2. Other inventories of property, plant and equipment	**15,858**	**5,504**
Total	**17,270**	**5,504**
of which: measured at fair value less costs to sell		

Inventories mainly refer to properties acquired at auctions or by way of *datio in solutum* by the Group to optimise recoveries from credit positions secured by properties.

8.6 - Operating property, plant and equipment: annual changes

	Land	Buildings	Moveable assets	Electronic equipment	Others	Total
A. Initial gross balances	**-**	**27,475**	**1,297**	**367**	**1,445**	**30,584**
A.1 Total net impairments	-	-7,171	-263	-251	-1,012	-8,697
A.2 Net initial balances	**-**	**20,304**	**1,034**	**116**	**433**	**21,887**
B. Increases	**-**	**1,065**	**20**	**67**	**316**	**1,468**
B.1 Purchases	-	1,065	20	67	316	1,468
B.2 Capitalised improvement costs	-					
B.3 Reversals	-					
B.4 Positive changes in fair value attributable to:	-					
a) shareholders' equity	-					
b) income statement	-					
B.5 Positive exchange rate differences	-					
B.6 Transfers from properties held for investment	-		X	X	X	
B.7 Other changes	-					
C. Decreases	**-**	**-3,328**	**-157**	**-117**	**-401**	**-4,003**
C.1 Sales	-					
C.2 Depreciation	-	-2,779	-157	-51	-245	-3,232
C.3 Impairment losses attributable to:	-					
a) shareholders' equity	-					
b) income statement	-					
C.4 Negative change in fair value attributable to:	-					
a) shareholders' equity	-					
b) income statement	-					
C.5 Negative exchange rate differences	-					
C.6 Transfers to	-					
a) property, plant and equipment held for investment	-		X	X	X	
b) non-current assets and groups of assets held for disposal	-					
C.7 Other changes	-	-549		-66	-156	-771
D. Net closing balance	**-**	**18,041**	**897**	**66**	**348**	**19,352**
D.1 Total net impairments	-	-3,328	-157	-118	-401	-4,004
D.2 Gross closing balance	**-**	**21,369**	**1,054**	**184**	**749**	**23,356**
E. Valuation at cost	**-**	**21,369**	**1,054**	**183**	**750**	**23,356**

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

	Inventories of property, plant and equipment obtained from the enforcement of guarantees received					Other inventories of property, plant and equipment	Total
	Land	Buildings	Moveable assets	Electronic equipment	Others		
A. Opening balances	**-**	**886**				**4,618**	**5,504**
B. Increases	**-**	**1,295**				**13,302**	**14,597**
B.1 Purchases	-	1,295				13,302	14,597
B.2 Reversals	-						
B.3 Positive exchange rate differences	-						
B.4 Other changes	-						
C. Decreases	**-**	**-769**				**-2,062**	**-2,831**
C.1 Sales	-	-769				-2,027	-2,796
C.2 Impairment losses	-					-35	-35
C.3 Negative exchange rate differences	-						
C.4 Other changes	-						
D. Closing balance	**-**	**1,412**				**15,858**	**17,270**

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 2023 the Group does not have any commitments for the purchase of property, plant and equipment.

Section 9 - Intangible assets - Item 90

9.1 - Intangible assets: break-down

Items/Valuation	Total (31.12.2023)		Total (31.12.2022)	
	Assets measured at cost	Assets measured at fair value	Assets measured at cost	Assets measured at fair value
1. Goodwill	**-**	**-**	**-**	**-**
2. Other intangible assets				
of which: software	819	-	3,445	-
2.1 owned	1,286	-	3,975	-
- generated internally	-	-	-	-
- Others	1,286	-	3,975	-
2.2 right of use acquired through leases	-	-	-	-
Total 2	**1,286**	**-**	**3,975**	**-**
3. Assets attributable to financial leases				
3.1 unexercised assets	-	-	-	-
3.2 assets withdrawn following termination of agreement	-	-	-	-
3.3 other assets	-	-	-	-
Total 3	**-**	**-**	**-**	**-**
Total (1+2+3)	**1,286**	**-**	**3,975**	**-**
Total (T-1)	**3,975**	**-**	**1,937**	**-**

As at 31 December 2023, intangible assets amounted to EUR 1.3 million, the reduction observed compared to the previous year of EUR 2.7 million is due to amortisation for the period and value adjustments due to the cancellation of future economic benefits expected at the time of recognition of some intangible assets.

9.2 - Intangible assets: annual changes

	Total
A. Opening balances	**3,975**
B. Increases	**770**
B.1 Purchases	770
B.2 Reversals	-
B.3 Positive change in fair value	-
- shareholders' equity	-
- income statement	-
B.4 Other changes	-
C. Decreases	**(3,459)**
C.1 Sales	-
C.2 Amortisation	(2,442)
C.3 Value adjustments attributable to	(1,017)
- shareholders' equity	-
- income statement	(1,017)
C.4 Negative change in fair value:	-
- shareholders' equity	-
- income statement	-
C.5 Other changes	-
D. Closing balance	**1,286**

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

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

	Total (31.12.2023)	Total (31.12.2022)
Deferred tax assets with balancing entry in the income statement	144,986	185,807
Deferred tax assets with balancing entry in shareholders' equity		
Assets for current taxes	9,142	11,879
Total	**154,128**	**197,686**

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 95.9 million to IRES and IRAP convertible 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 36.3 million to DTAs on ACE and losses deemed recoverable by the Probability Test;
- for EUR 12.8 million to IRES and IRAP DTAs generated by deductible temporary differences.

The recoverability of tax assets has been assessed based on the Probability Test performed by the Parent Company. The exercise was conducted over a period of 5 years on the basis of the 2024-2028 Strategic Plan and appropriately corrected and integrated to consider the variability of external events.

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 247 million. The recoverability of these contingent assets will be assessed from time to time on the basis of probability tests conducted at reporting dates.

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

	Total (31.12.2023)	Total (31.12.2022)
Deferred tax liabilities with balancing entry in the income statement	-	2,601
Deferred tax liabilities with balancing entry in shareholders' equity	-	-
Liabilities for current taxes	36	1,706
Total	**36**	**4,307**

As at 31 December 2023, there were no significant current and deferred tax liabilities.

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

	Total (31.12.2023)	Total (31.12.2022)
1. Opening balances	**185,806**	**223,578**
2. Increases	**23,718**	**6,733**
2.1 Deferred tax assets recognised during the year	23,718	6,733
a) relating to previous years	23,718	-
b) due to change in accounting criteria		-
c) reversals		-
d) others		6,733
2.2 New taxes or increases in tax rates		-
2.3 Other increases		-
3. Decreases	**(64,538)**	**(44,504)**
3.1 Deferred tax assets derecognised during the year	(56,990)	(25,545)
a) transfers	(38,736)	(20,861)
b) impairments due to non-recoverability	(18,254)	(4,684)
c) change in accounting criteria		-
d) others		-
3.2 Reduction in tax rates		-
3.3 Other decreases	(7,548)	(18,959)
a) conversion into tax credits pursuant to Law No. 214/2011	(7,548)	(18,959)
b) others		-
4. Final amount	**144,986**	**185,807**

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

	Total (31.12.2023)	Total (31.12.2022)
1. Initial amount	**123,896**	**144,138**
2. Increases	**-**	**-**
3. Decreases	**(28,034)**	**(20,242)**
3.1 Transfers	(28,034)	(1,283)
3.2 Conversion into tax credits	-	(18,959)
a) deriving from losses for the year	-	-
b) deriving from tax losses	-	(18,959)
3.3 Other decreases	-	-
4. Final amount	**95,862**	**123,896**

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

	Total (31.12.2023)	Total (31.12.2022)
1. Opening balances	**2,601**	**4,103**
2. Increases		**-**
2.1 Deferred taxes recognised during the year		-
a) relating to previous years		-
b) due to change in accounting criteria		-
c) others		-
2.2 New taxes or increases in tax rates		-
2.3 Other increases		-
3. Decreases	**2,601**	**1,502**
3.1 Deferred taxes derecognised during the year	2,601	-
a) transfers	2,601	-
b) due to change in accounting criteria		-
c) others		-
3.2 Reduction in tax rates		-
3.3 Other decreases		1,502
4. Final amount		**2,601**

Section 12 - Other assets - Item 120

12.1 - Other assets: break-down

	31.12.2023	31.12.2022
Consolidation adjustments	-	(4)
Receivables from segregated estates	13,190	12,787
Receivables for invoices for services to be issued or collected	4,549	3,372
Improvements to third-party assets	3,438	3,275
Accrued income and prepaid expenses	5,799	3,693
Guarantee deposits	451	665
Miscellaneous receivables for register fees and expenses to be recovered	278	278
Others	12,379	15,132
Total	**40,084**	**39,198**

As at 31 December 2023 the "Other assets" item had a balance of EUR 40.1 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 2023 and collected at the start of 2024;
- "Receivables for invoices for 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 Milan office considered capitalizable in accordance with IAS 16;
- "Accrued income and prepaid expenses" include, respectively, the portions of revenues pertaining to services rendered not yet due for invoicing and the suspension of operating costs that will accrue in subsequent years but already paid for (e.g. insurance premiums);
- "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

Items	Total (31.12.2023)			Total (31.12.2022)		
	with banks	with financial companies	with customers	with banks	with financial companies	with customers
1. Loans	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Repurchase agreements	-	-	-	-	-	-
1.2 Other loans	-	-	-	-	-	-
2. Lease payables	**-**	**-**	**22,576**	**-**	**-**	**23,083**
3. Other payables	**5**	**-**	**-**	**5**	**-**	**-**
Total	**5**	**-**	**22,576**	**5**	**-**	**23,083**
Fair value – level 1	**-**	**-**	**-**	**-**	**-**	**-**
Fair value – level 2	**-**	**-**	**-**	**-**	**-**	**-**
Fair value – level 3	**5**	**-**	**22,576**	**5**	**-**	**23,083**
Fair value total	**5**	**-**	**22,576**	**5**	**-**	**23,083**

As at 31 December 2023, this item showed a balance of EUR 22.6 million, almost entirely attributable to the recognition of financial liabilities for leases pursuant to IFRS 16.

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

Types of securities/values	Total (31.12.2023)				Total (31.12.2022)			
	CA	Fair value			CA	Fair value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. Bonds	3,389,619	3,230,089	-	-	4,110,543	3,814,638	-	-
1.1 structured	-	-	-	-	-	-	-	-
1.2 others	3,389,619	3,230,089	-	-	4,110,543	3,814,638	-	-
2. Other securities	-	-	-	-	-	-	-	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 others	-	-	-	-	-	-	-	-
Total	**3,389,619**	**3,230,089**	**-**	**-**	**4,110,543**	**3,814,638**	**-**	**-**

Key

CA = Carrying amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

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

1.5 - Lease payables

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

	Payments to be made	
	Total (31.12.2023)	Total (31.12.2022)
Up to 1 year	3,604	262
from 1 year to 2 years	2,990	3,102
from 2 years to 3 years	2,931	2,847
from 3 years to 4 years	2,818	2,794
from 4 years to 5 years	2,823	2,782
beyond 5 years	7,725	12,723
Total expected cash flows	**22,891**	**24,510**
Effect of discounting	(315)	(1,427)
Lease liabilities	**22,576**	**23,083**

Section 2 - Financial liabilities held for trading - Item 20

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

Type of transactions/values	Total (31.12.2023)					Total (31.12.2022)				
	NV	Fair value			FV*	NV	Fair value			FV*
		L1	L2	L3			L1	L2	L3	
A. On-balance sheet liabilities										
1. Payables	-	-	-	-	-	-	-	-	-	-
2. Debt securities	-	-	-	-		-	-	-	-	-
3.1 Bonds	-	-	-	-		-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-		-	-	-	-	
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Others	-	-	-	-	X	-	-	-	-	X
Total (A)	-	-	-	-	-	-	-	-	-	-
B. Derivative instruments										
1. Financial derivatives	-	-	20	-			-	71	-	
1.1 For trading	X	-	20	-	X	X	-	71	-	X
1.2 Related to the fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Others	X	-	-	-	X	X	-	-	-	X
2. Credit derivatives	-	-	-	-			-	-	-	
2.1 For trading	X	-	-	-	X	X	-	-	-	X
2.2 Related to the fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Others	X	-	-	-	X	X	-	-	-	X
Total B	**X**	**-**	**20**	**-**	**X**	**X**	**-**	**71**	**-**	**X**
TOTAL (A+B)	**-**	**-**	**20**	**-**	**-**	**-**	**-**	**71**	**-**	**X**

Key

L1 = Level 1
L2 = Level 2
L3 = Level 3
NV = Nominal/notional value
FV * = Fair value calculated excluding changes in value due to the change in the creditworthiness of the issuer with respect to the issue date

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

Underlying assets/Derivative types	Total (31.12.2023)				Total (31.12.2022)			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central Counterparties	Without Central Counterparties			Central Counterparties	Without Central Counterparties		
		With compensation agreements	Without compensation agreements			With compensation agreements	Without compensation agreements	
1. Debt securities and interest rates								
- Notional value	-	-	748	-	-	-	3,546	-
- Fair value	-	-	20	-	-	-	71	-
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	-	-	**20**	-	-	-	**71**	-

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

	31.12.2023	31.12.2022
Consolidation adjustments	195	-
Invoices to be received	60,706	48,929
Payables to LCA for COLLAR	6,757	1,081
Payables to suppliers	5,800	3,426
Withholding taxes and social security contributions payable	2,596	1,963
Remuneration, reimbursement of expenses and payables to personnel	1,391	1,343
Other liabilities	50,635	15,580
Total	**128,080**	**72,322**

The item is mainly composed of:

- Invoices to be received and payables to suppliers, up due to both the inflationary effect on service fees still to be invoiced, and the increase in legal expenses for debt collection following the processing of the portfolios acquired in 2022 and 2023;
- "Collar", or the cost relative to the mechanism for the adjustment of AMCO fees to the LCAs indicated in the transfer agreement with the latter. This mechanism ensures the correlation of fees and commissions due to AMCO to the costs actually sustained for the management and recovery activities of the obligations of the transferred assets. The liquidation of the amounts is carried out on an annual basis;
- the item "Other payables" includes items in progress at the end of the year, which were settled in January 2024.

Section 9 - Staff severance indemnity - Item 90

9.1 - Staff severance indemnity: annual changes

	Total (31.12.2023)	Total (31.12.2022)
A. Opening balances	**450**	**556**
B. Increases	**28**	**(64)**
B.1 Provision for the year	6	(133)
B.2 Other increases	22	69
C. Decreases	**(6)**	**(43)**
C.1 Liquidations paid	(5)	(43)
C.2 Other decreases	(1)	-
D. Closing balance	**472**	**450**

9.2 - Other information

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

	Total (31.12.2023)	
Annual discount rate	3.08	%
Annual inflation rate	2.00	%
Staff severance indemnity annual increase rate	3.00	%

9.2.a - Sensitivity analysis

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

Sensitivity analysis	Annual discount rate		Annual inflation rate		Annual turnover rate	
	0.25%	-0.25%	0.25%	-0.25%	1.00%	-1.00%
Past service Liability	462	482	478	466	473	470

9.2.b - Future cash flows

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

Years	Cash flows
0-1	28
1-2	27
2-3	26
3-4	25
4-5	25

Section 10 - Provisions for risks and charges - Item 100

10.1 - Provisions for risks and charges: break-down

Items/Values	Total (31.12.2023)	Total (31.12.2022)
1. Provision for credit risk relating to commitments and guarantees issued	-	-
2. Provision for other commitments and guarantees issued	-	-
3. Company pension funds	169	168
4. Other provisions for risks and charges	24,614	15,709
4.1 legal and tax disputes	7,797	8,224
4.2 staff costs	7,464	6,265
4.3 others	9,353	1,220
Total	**24,783**	**15,877**

As at 31 December 2023 the provision had a balance of EUR 24.8 million. More specifically:

- Legal and tax disputes where the provision mainly includes:
  - Provisions for EUR 4.3 million due to sums collected by the Company in the course of its credit recovery activity where there is the probability that reimbursement to debtors/guarantors will be required;
  - Provisions of EUR 2.8 million for disputes in which the risk of damage compensation to debtors/guarantors has been assessed as probable;
- Staff costs: the item mainly refers to the provision for the company bonus set forth in Article 48 of the National Collective Labour Agreement;
- Other: this item includes provisions for sums collected by the Parent Company in its debt collection activities which may need to be returned to debtors/guarantors in addition to the risk provision for the ISMEA (formerly SGFA) retrocession which covers the expected disbursements for the part of collections to be returned to the guarantor Entity already enforced, in addition to provisions for future risks for penalties relating to termination of outsourcing contracts.

10.2 - Provisions for risks and charges: annual changes

	Provision for other commitments and guarantees issued	Pension funds	Other provisions for risks and charges	Total
A. Opening balances	**-**	**168**	**15,708**	**15,876**
B. Increases	**-**	**98**	**16,999**	**17,097**
B.1 Provision for the year	-	98	16,999	**17,097**
B.2 Changes due to the passing of time	-	-	-	**-**
B.3 Changes due to adjustments to the discount rate	-	-	-	**-**
B.4 Other changes	-	-	-	**-**
C. Decreases	**-**	**97**	**8,094**	**8,191**
C.1 Use for the year	-	97	7,725	**7,822**
C.2 Changes due to adjustments to the discount rate	-	-	-	**-**
C.3 Other changes	-	-	369	**369**
D. Closing balance	**-**	**169**	**24,613**	**24,782**

10.6 - Provisions for risks and charges: other provisions

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

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

11.1 - Share capital: break-down

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

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

11.2 - Treasury shares

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

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

11.4 - Share premium: break-down

Types	Amount
Share premium	604,552

11.5 - Other information

The "Other profit reserves" item is made up for EUR 206.4 million of reserves for the first-time adoption of international accounting standards and for EUR 243.1 million of retained earnings.

Nature/description	Amount	Possibility of use*	Available portion	Summary of use in the last 3 years	
				To cover losses	For other reasons
Share capital	655,154				
Treasury shares	(72)				
Profit reserves:					
Legal reserve - mandatory quota	131,031	B			
Legal reserve - quota exceeding 20%	347,270	A B C	347,270		
Other profit reserves**	449,446	A B C	449,446		
Share premium reserve	604,552	A B C	604,552		
Demerger reserve	261,403	A B C	261,403	419,311	
Reserve for costs of share capital increase	(4,925)				
Valuation reserves:					
Financial assets measured at fair value through other comprehensive income	(33,671)	B	(33,671)		
Actuarial profit/loss on defined-benefit plans	(335)	B	(335)		
Retained earnings (losses)	(387,963)	A B C	(387,963)		
Total	**2,021,890**				
Distributable portion			1,274,708		
Non-distributable residual portion			747,182		

* A = To increase share capital

B = To cover losses

C = For distribution

** 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)

	Nominal value on commitments and financial guarantees issued				Total (31.12.2023)	Total (31.12.2022)
	First stage	Second stage	Third stage	Purchased or Originated Credit Impaired		
Commitments to disburse funds	**78,600**	**45**	**7**	**117,411**	**196,063**	**206,788**
a) Public administrations	-	-	-	-	-	-
b) Banks	-	-	-	-	-	-
c) Other financial companies	78,600	-	-	-	78,600	116,231
d) Non-financial companies	-	20	-	114,937	114,957	90,557
e) Households	-	25	7	2,474	2,506	-
Financial guarantees issued	**-**	**-**	**-**	**-**	**-**	**-**
a) Public administrations	-	-	-	-	-	-
b) Banks	-	-	-	-	-	-
c) Other financial companies	-	-	-	-	-	-
d) Non-financial companies	-	-	-	-	-	-
e) Households	-	-	-	-	-	-

2 - Other commitments and guarantees issued

	Nominal value	
	Total (31.12.2023)	Total (31.12.2022)
1. Other guarantees issued	**2,029**	**162**
of which: impaired	-	162
a) Public administrations	-	-
b) Banks	-	-
c) Other financial companies	-	-
d) Non-financial companies	2,029	162
e) Households	-	-
Other commitments	**-**	**-**
of which: impaired	-	-
a) Public administrations	-	-
b) Banks	-	-
c) Other financial companies	-	-
d) Non-financial companies	-	-
e) Households	-	-

PART C - INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

Section 1 - Interest - Items 10 and 20

1.1 - Interest and similar income: break-down

Items/Technical forms	Debt securities	Loans	Other operations	Total (31.12.2023)	Total (31.12.2022)
1. Financial assets measured at fair value through profit or loss	**-**	**-**	**-**	**-**	**456**
1.1 Financial assets held for trading	-	-	-	-	-
1.2 Financial assets measured at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	-	-	-	-	456
2. Financial assets measured at fair value through other comprehensive income	**5,279**	**-**	**X**	**5,279**	**2,586**
3. Financial assets measured at amortised cost:	**-**	**347,824**	**-**	**347,824**	**305,013**
3.1 Loans and receivables with banks	-	3,767	X	3,767	23
3.2 Loans and receivables with financial companies	-	567	X	567	4,147
3.3 Loans and receivables with customers	-	343,490	X	343,490	300,843
4. Hedging derivatives	**X**	**X**	**-**	**-**	**-**
5. Other assets	**X**	**X**	**-**	**-**	**-**
6. Financial liabilities	**X**	**X**	**X**	**-**	**-**
Total	**5,279**	**347,824**	**-**	**353,103**	**308,055**
of which: interest income from impaired financial assets	-	-	-	-	304,990
of which: interest income on leases	X	-	X	-	-

Interest and similar income mainly include:

- EUR 344.1 million deriving from loans and receivables with financial companies and customers. In more detail, interest income is composed of:
  - Portfolios measured at amortised cost for EUR 114.4 million;
  - Portfolios measured as POCI for EUR 229.7 million;
- EUR 5.3 million relative to interest income accrued on government bond portfolios classified as FVOCI;
- EUR 3.8 million mainly deriving from loans to banks.

1.3 - Interest and similar expenses: break-down

Items/Technical forms	Payables	Securities	Other operations	Total (31.12.2023)	Total (31.12.2022)
1. Financial liabilities measured at amortised cost	(3,527)	(96,296)	-	(99,823)	(72,347)
Financial liabilities measured at cost - Other transactions	X	X	-	-	-
1.1 Payables to banks	(3,386)	X	X	(3,386)	(2)
1.2 Payables to financial companies	-	X	X	-	-
1.3 Payables to customers	(141)	X	X	(141)	(105)
1.4 Debt securities issued	X	(96,296)	X	(96,296)	(72,240)
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities measured at fair value	-	-	-	-	-
4. Other liabilities	X	X	-	-	(21)
5. Hedging derivatives	X	X	-	-	-
6. Financial assets	X	X	X	-	-
Total	**(3,527)**	**(96,296)**	**-**	**(99,823)**	**(72,368)**
of which: interest expenses relative to lease payables	-	X	X	-	105

Interest and similar expenses include:

- EUR 96.3 million relative to interest expenses, accounted at amortised cost, of senior unsecured bonds issued by the Parent Company;
- EUR 3.4 million deriving from the loan payable in USD taken out during the year and repaid in November;
- EUR 0.1 million relative to lease contracts where the Parent Company is the lessee, in accordance with the provisions of IFRS 16.

Section 2 - Fees and commissions - Items 40 and 50

2.1 - Fee and commission income: break-down

Detail	Total (31.12.2023)	Total (31.12.2022)
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	8,023	6,707
h) other commissions	34,599	41,330
- credit recovery Segregated Estates	33,122	38,817
– securities lending	429	292
- others	1,048	2,221
Total	**42,622**	**48,037**

Fee and commission income amounted to EUR 42.6 million. This item mainly includes servicing commissions received for the management of Segregated Estates relative to the former Veneto Banks for EUR 33.1 million and to the fees related to servicing activities on securitised portfolios in the amount of EUR 8 million.

2.2 - Fee and commission expense: break-down

Detail/Sectors	Total (31.12.2023)	Total (31.12.2022)
a) Guarantees received	(81)	-
b) Distribution of services by third parties	-	-
c) Collection and payment services	-	-
d) Other commissions	(12)	(84)
Total	**(94)**	**(84)**

Commissions mainly refer to commissions payable on bank current accounts and guarantees.

Section 3 - Dividends and similar revenues - Item 70

3.1 - Dividends and similar revenues: break-down

Items/Income	Total (31.12.2023)		Total (31.12.2022)	
	Dividends	Similar revenues	Dividends	Similar revenues
A. Financial assets held for trading	-	-	-	-
B. Other financial assets mandatorily measured at fair value	-	1,777	-	1,813
C. Financial assets measured at fair value through other comprehensive income	-	-	-	-
D. Equity investments	765	-	-	-
Total	**765**	**1,777**	**-**	**1,813**

The item refers to the income distributed by UCITS mainly deriving from the investment in the Italian Recovery Fund. The amount relating to equity investments refers to the cash distributed by AMCO S.r.l. following the liquidation of the company.

Section 4 - Trading activity net result - Item 80

4.1 - Trading activity net result: break-down

Income components/transactions	Capital gains (A)	Profits from trading (B)	Capital losses (C)	Trading losses (D)	Net result [(A+B) - (C+D)]
1. Financial assets held for trading	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-
1.2 Equity securities	-	-	-	-	-
1.3 UCITS units	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Others	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Others	-	-	-	-	-
3. Financial assets and liabilities: currency exchange differences	X	X	X	X	**(396)**
4. Derivative instruments	**76**	**-**	**(45)**	**-**	**32**
4.1 Financial derivatives	76	-	(45)	-	32
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges related to the fair value option	X	X	X	X	-
Total	**76**	**-**	**(45)**	**-**	**(364)**

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

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

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

Items/Income components	Total (31.12.2023)			Total (31.12.2022)		
	Profits	Losses	Net result	Profits	Losses	Net result
A. Financial assets						
1. Financial assets measured at amortised cost	40,950	(11,449)	29,501	12,224	(5,094)	7,130
1.1 Loans and receivables with banks	-	-	-	-	-	-
1.2 Loans and receivables with financial companies	-	-	-	-	-	-
1.3 Loans and receivables with customers	40,950	(11,449)	29,501	12,224	(5,094)	7,130
2. Financial assets measured at fair value through other comprehensive income	12	(2,946)	(2,934)	-	-	-
2.1 Debt securities	12	(2,946)	(2,934)	-	-	-
2.2 Loans	-	-	-	-	-	-
Total assets (A)	**40,962**	**(14,395)**	**26,567**	**12,224**	**(5,094)**	**7,130**
B. Financial liabilities measured at amortised cost						
1. Payables to banks	-	-	-	-	-	-
2. Payables to financial companies	-	-	-	-	-	-
3. Payables to customers	-	-	-	-	-	-
4. Debt securities issued	128	-	128	-	-	-
Total liabilities (B)	**128**	**-**	**128**	**-**	**-**	**-**

The item Gains/losses on disposal or repurchase shows a positive balance of EUR 26.7 million, mainly due to the disposal of non-performing loans of EUR 29.5 million, net of the loss from the sale of government securities for EUR 2.9 million.

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

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

Operations/Income components	Capital gains (A)	Profits on disposal (B)	Capital losses (C)	Losses on disposal (D)	Net result [(A+B) - (C+D)]
1. Financial assets	**4,806**	**2,407**	**(46,880)**	**-**	**(39,666)**
1.1 Debt securities	-	147	-	-	147
1.2 Equity securities	-	583	(1,031)	-	(447)
1.3 UCITS units	-	1,004	(41,726)	-	(40,722)
1.4 Loans	4,806	673	(4,123)	-	1,356
2. Financial assets in currency: currency exchange differences	**X**	**X**	**X**	**X**	**-**
Total	**4,806**	**2,407**	**(46,880)**	**-**	**(39,666)**

As at 31 December 2023, capital gains mainly derive from the valuation of credit positions pertaining to the former Carige, former MPS and former BPM portfolios.

Realised gains mainly refer to:

- EUR 1 million is attributable to the investment in the Italian Recovery Fund;
- EUR 0.7 million is attributable to the credit positions of the acquired portfolios;
- EUR 0.6 million is attributable to equity and semi-equity securities.

Capital losses refer to:

- EUR 41.8 million attributable to the fair value measurement of the investment in the Italian Recovery Fund and of the units of the Back2Bonis fund;
- EUR 4.1 million to the valuation of credit positions of the portfolios acquired;
- EUR 1 million to the write-down of equity and semi-equity securities.

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

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

Income components/transactions	Value adjustments (1)						Reversals (2)				Total (31.12.2023)	Total (31.12.2022)
	First stage	Second stage	Third stage		Purchased or Originated Credit Impaired		First stage	Second stage	Third stage	Purchased or Originated Credit Impaired		
			Write-off	Others	Write-off	Others						
1. Loans and receivables with banks	**(146)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(146)**	**154**
- for leases	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-	-	-	-	-	-
- other loans and receivables	(146)	-	-	-	-	-	-	-	-	-	(146)	154
2. Loans and receivables with financial companies	**(248)**	**-**	**-**	**-**	**-**	**(6,909)**	**-**	**-**	**-**	**5,411**	**(1,745)**	**(1,534)**
- for leases	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-	-	-	-	-	-
- other loans and receivables	(248)	-	-	-	-	(6,909)	-	-	-	5,411	(1,745)	(1,534)
3. Loans and receivables with customers	**-**	**-**	**(2,567)**	**-**	**(48,694)**	**(889,872)**	**-**	**-**	**5,683**	**488,870**	**(446,581)**	**(52,879)**
- for leases	-	-	-	-	-	-	-	-	-	-	-	8,480
- for factoring	-	-	-	-	-	-	-	-	-	-	-	-
- for consumer credit	-	-	-	-	-	-	-	-	-	-	-	-
- pawn lending	-	-	-	-	-	-	-	-	-	-	-	-
- other loans and receivables	-	-	(2,567)	-	(48,694)	(889,872)	-	-	5,683	488,870	(446,581)	(61,359)
Total	(394)	-	(2,567)	-	(48,694)	(896,780)	-	-	5,683	494,281	(448,472)	(54,259)

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 2023 mainly derive from:

- higher adjustments to portfolios at amortised cost for EUR 255 million;
- higher adjustments to POCI portfolios for EUR 194.2 million.

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

Income components/transactions	Value adjustments (1)						Reversals (2)				Total (31.12.2023)	Total (31.12.2022)
	First stage	Second stage	Third stage		Purchased or Originated Credit Impaired		First stage	Second stage	Third stage	Purchased or Originated Credit Impaired		
			Write-off	Others	Write-off	Others						
A. Debt securities	**(93)**	**-**	**-**	**-**	**-**	**-**	**451**	**-**	**-**	**-**	**358**	**(381)**
B. Loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- With customers	-	-	-	-	-	-	-	-	-	-	-	-
- With financial companies	-	-	-	-	-	-	-	-	-	-	-	-
- With banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	(93)	-	-	-	-	-	451	-	-	-	358	(381)

The net value adjustments on financial assets measured at fair value with balancing entry in shareholders' equity, equal to EUR 0.4 million, refer exclusively to the revaluation of government bonds in the portfolio as at 31 December 2023 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 (31.12.2023)	Total (31.12.2022)
1) Employees	(48,690)	(38,637)
a) salaries and wages	(34,313)	(27,143)
b) social security	(8,754)	(7,427)
c) post-employment benefits	(672)	(687)
d) pension funds	-	-
e) provision for staff severance indemnity	(6)	133
f) provision for pensions and similar obligations:	-	-
- defined contribution plans	-	-
- defined-benefit plans	-	-
g) payments to external complementary pension funds:	(1,947)	(1,337)
- defined contribution plans	(1,947)	(1,337)
- defined-benefit plans	-	-
h) other benefits for employees	(2,998)	(2,176)
2) Other active personnel	(5)	(3)
3) Directors and Statutory Auditors	(876)	(608)
4) Retired personnel	-	-
5) Recoveries of expenses for personnel seconded to other companies	-	-
6) Reimbursements of expenses for personnel seconded to the company	-	-
Total	**(49,571)**	**(39,248)**

Staff costs amounted to EUR 49.6 million and are mainly constituted by wages and salaries and relative social security contributions and bonus provisions for employees.

10.2 - Average number of employees by category

Employees:	392
a) senior managers	23
b) middle managers	286
c) employees	83
Other personnel	-

10.3 - Other administrative expenses: break-down

Type of expenses/values	31.12.2023	31.12.2022
Legal and collection	(46,994)	(39,930)
Outsourcing fees	(19,936)	(16,977)
Professional costs	(9,532)	(15,120)
Business information	(4,178)	(4,121)
BPO and Document Archive	(5,280)	(5,455)
DTA fee	(2,677)	(2,719)
IT	(20,228)	(13,816)
Logistics	(2,985)	(3,284)
Other	(21,565)	(3,343)
Total	**(133,375)**	**(104,765)**

Other administrative expenses amounted to EUR 133.4 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 parent 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 and the expenses incurred by the companies LeaseCo and Tatooine Spv.

These financial statements also report the remuneration paid to the company appointed to carry out the statutory audit of the accounts and the entities belonging to the same network the auditing company is part of.

Type of expenses/values	31.12.2023	31.12.2022
Audit	(513)	(479)
Other services	(254)	(116)
Total	**(767)**	**(595)**

The balances include the fees relative to the activities carried out and do not include VAT, out-of-pocket expenses and any payments to the supervisory authorities. The "Audit" item includes the fees relative to the statutory audit of the 2023 financial statements and the voluntary audit of the companies to be consolidated. The "Other services" item includes EUR 47.3 thousand for fees relating to agreed auditing procedures, EUR 34.6 thousand for fees relating to the preparation of the offering memorandum prior to the bond issue, EUR 6.5 thousand for fees related to the undersigning of tax returns and EUR 166 thousand for accessory services rendered by companies part of the same network the auditing company is part of.

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	31.12.2023	31.12.2022
For risk of sums repayments and compensation for damages	(116)	444
For risks on litigation and other	96	(41)
Other provisions for risks	(8,485)	(270)
Total	**(8,505)**	**133**

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 (a)	Impairment losses (b)	Reversals (c)	Net result (a + b - c)
A. Property, plant and equipment				
A.1 For operating purposes	(3,233)	-	-	(3,233)
- owned	(247)	-	-	(247)
- right of use acquired through leases	(2,986)	-	-	(2,986)
A.2 Held for investment	-	-	-	-
- owned	-	-	-	-
- right of use acquired through leases	-	-	-	-
A.3 Inventories	X	(109)	1,109	1,000
Total	**(3,233)**	**(109)**	**1,109**	**(2,233)**

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 (a)	Impairment losses (b)	Reversals (c)	Net result (a + b - c)
1. Intangible assets other than goodwill	(2,442)	(1,017)	-	(3,459)
of which software	-	-	-	-
1.1 owned	(2,442)	(1,017)	-	(3,459)
1.2 rights of use acquired through leasing	-	-	-	-
2. Assets attributable to financial leases	-	-	-	-
3. Asset granted with operating lease	-	-	-	-
Total	**(2,442)**	**(1,017)**	**-**	**(3,459)**

The item includes amortisation for the period and value adjustments due to the cancellation of future economic benefits expected at the time of recognition of some intangible assets.

Section 14 - Other operating income and expenses - Item 200

Type of expenses/values	31.12.2023	31.12.2022
Other operating income	11,185	9,535
Other operating expenses	(8,235)	(11,759)
Total	**2,950**	**(2,224)**

14.1 - Other operating expenses: break-down

Type of expenses/values	31.12.2023	31.12.2022
Charges for COLLAR	(6,757)	(11,102)
Other operating expenses	(1,182)	(657)
Consolidation adjustments	(296)	-
Total	**(8,235)**	**(11,759)**

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

14.2 - Other operating income: break-down

Type of expenses/values	31.12.2023	31.12.2022
Allocation of expenses	656	616
Indirect expenses recoveries	9,858	8,431
Other operating income	671	492
Consolidation adjustments	-	(4)
Total	**11,185**	**9,535**

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

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

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

	Total (31.12.2023)	Total (31.12.2022)
1. Current taxes (-)	(36)	(1,706)
2. Changes in current taxes of previous years (+/-)	34	189
3. Reduction of current year taxes (+)		-
3. bis Reduction of current year taxes for tax credits pursuant to Law No. 214/2011 (+)	7,548	18,959
4. Changes in prepaid taxes (+/-)	(40,820)	(37,771)
5. Changes in deferred taxes (+/-)	2,601	1,502
6. Taxes for the year (-) (-1+/-2+3+3bis+/-4+/-5)	**(30,673)**	**(18,827)**

The net change in prepaid taxes primarily relates to deferred tax assets recognised in previous years and used in 2023, as well as to the outcome of the Probability Test carried out as at 31 December 2023.

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

Reconciliation IRES tax charges	Taxable income		IRES	%	
	Detail	Total			
Result before taxes		**(360,439)**	**-**	**27.50**	%
Increases					
Provisions for risks and charges	15,780		-	-	%
Capital losses on financial assets at fair value	1,629		-	-	%
Other increases	1,688		-	-	%
Total increases		**19,097**			
Decreases					
Use of provisions for risks and charges	(9,258)		(2,546)	n.s.	%
Capital gains on financial assets at fair value	(8,200)		(2,255)	n.s.	%
Reversal of previous DTAs for FTA of IFRS 9	(17,756)		(4,883)	n.s.	%
Effect of DTA valuation on previous losses and ACE	(3,204)		(881)	n.s.	%
Other DTA valuation effect	(49,158)		(13,518)	n.s.	%
Total decreases		**(87,576)**			
Theoretical taxable income - IRES	**-**	**(428,918)**	**(24,083)**	**n.s.**	%

Reconciliation IRAP tax charges	Taxable income		IRAP	%	
	Detail	Total			
Taxable income before adjustments	**(341,044)**	**(341,044)**		**5.72**	%
Increases					
Non-deductible administrative expenses	10,165				%
Other non-deductible charges	802				%
Total increases		**10,967**			
Decreases					
Adjustments on securities at FVOCI					%
Reversal of DTAs from previous years (IFRS 9 DTAs, intangibles, etc.)	(92,212)		(5,275)	n.s.	%
Contingencies Taxes from previous years	(596)		34	n.s.	%
Other DTA valuation effect	(22,848)		(1,307)		%
Total decreases		**(115,656)**			
Theoretical taxable income		**(445,733)**	**(6,547)**	n.s.	%

Section 21 - Income statement: other information

21.1 Analytical breakdown of interest income and fee and commission income

Items/Counterparty	Interest income			Fee and commission income			Total (31.12.2023)	Total (31.12.2022)
	Banks	Financial companies	Customers	Banks	Financial companies	Customers		
1. Financial leases	**-**	**1,640**	**51,901**	**-**	**-**	**-**	**53,541**	**51,132**
- real estate assets	-	1,640	51,220	-		-	52,860	50,501
- movable assets	-	-	558	-	-	-	558	515
- capital assets	-	-	123	-	-	-	123	116
- intangible assets	-	-	-	-	-	-	-	-
2. Factoring	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- on current receivables	-	-	-	-	-	-	-	-
- on future receivables	-	-	-	-	-	-	-	-
- on receivables purchased outright	-	-	-	-	-	-	-	-
- on receivables purchased below original value	-	-	-	-	-	-	-	-
- for other financing	-	-	-	-	-	-	-	-
3. Consumer credit	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- personal loans	-	-	-	-	-	-	-	-
- special purpose loans	-	-	-	-	-	-	-	-
- salary-backed loans	-	-	-	-	-	-	-	-
4. Pawn lending	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Guarantees and commitments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- of a commercial nature	-	-	-	-	-	-	-	-
- of a financial nature	-	-	-	-	-	-	-	-
Total	**-**	**1,640**	**51,901**	**-**	**-**	**-**	**53,541**	**51,132**

PART D – OTHER INFORMATION

Section 1 – Specific references to the activities carried out

A. – LEASING (LESSOR)

A.2 – Financial leases

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

Time bands	Total (31.12.2023)			Total (31.12.2022)		
	Payments to be received for leasing		Total payments to be received for leasing	Payments to be received for leasing		Total payments to be received for leasing
	Non-performing exposures	Performing exposures		Non-performing exposures	Performing exposures	
- Up to 1 year	164,914		164,914	76,478		76,478
- From over 1 year to 2 years	138,689		138,689	116,557		116,557
- From over 2 years to 3 years	86,231		86,231	150,224		150,224
- From over 3 years to 4 years	48,593		48,593	90,548		90,548
- From over 4 years to 5 years	31,048		31,048	48,599		48,599
- Beyond 5 years	59,439		59,439	97,994		97,994
Total payments to be received for leasing	**528,912**		**528,914**	**580,400**		**580,400**
RECONCILIATION						
Non-accrued financial gains (-)	119,891		119,891	171,945		171,945
Non-guaranteed residual value						
Lease financing	**409,021**		**409,021**	**408,454**		**408,454**

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

	Lease financing			
	Performing exposures		Non-performing exposures	
	Total (31.12.2023)	Total (31.12.2022)	Total (31.12.2023)	Total (31.12.2022)
A. Real estate assets			403,403	403,133
- Land				
- Buildings			403,403	403,133
B. Capital assets			1,233	1,236
C. Movable assets:			4,386	4,085
- Motor vehicles			1,857	1,998
- Aircraft and railways			227	189
- Others			2,302	1,898
D. Intangible assets:				
- Trademarks				
- Software				
- Others				
Total			**409,022**	**408,454**

A.2.3 – Classification of assets relating to finance leases

	Unexercised assets		Assets withdrawn following termination of agreement		Other assets	
	Total (31.12.2023)	Total (31.12.2022)	Total (31.12.2023)	Total (31.12.2022)	Total (31.12.2023)	Total (31.12.2022)
A. Real estate assets					403,403	403,133
- Land					-	-
- Buildings					403,403	403,133
B. Capital assets					1,233	1,236
C. Movable assets:					4,386	4,085
- Motor vehicles					1,857	1,998
- Aircraft and railways					227	189
- Others					2,302	1,898
D. Intangible assets:					-	-
- Trademarks					-	-
- Software					-	-
- Others					-	-
Total					**409,021**	**408,454**

B. - FACTORING AND TRANSFER OF LOANS AND RECEIVABLES

B.1 - Gross value and carrying amount

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

Item/Values	Total (31.12.2023)			Total (31.12.2022)		
	Gross value	Value adjustments	Net value	Gross value	Value adjustments	Net value
1. Bad loans	6,088,803	3,406,690	2,682,113	6,519,417	3,369,420	3,149,997
2. Unlikely to pay	2,274,178	803,461	1,470,717	2,570,591	820,306	1,750,285
3. Non-performing past-due exposures	21,322	5,222	16,100	143,738	21,814	121,925
Total	**8,384,303**	**4,215,373**	**4,168,930**	**9,233,746**	**4,211,540**	**5,022,206**

B.2 - Breakdown by residual life

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

Time bands	Exposures	
	Total (31.12.2023)	Total (31.12.2022)
- up to 6 months	864,483	913,285
- from over 6 months to 1 year	591,650	522,056
- from over 1 year to 3 years	1,292,469	1,167,550
- from over 3 years to 5 years	772,261	1,377,617
- beyond 5 years	648,067	1,041,699
Total	**4,168,930**	**5,022,207**

D. - GUARANTEES ISSUED AND COMMITMENTS

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

Operations	Amount (31.12.2023)	Amount (31.12.2022)
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	2,029	162
a) Banks		-
b) Financial companies		-
c) Customers	2,029	162
4) Irrevocable commitments to disburse funds	78,600	206,787
a) Banks		-
i) funds whose utilisation is certain		-
ii) funds whose utilisation is uncertain		-
b) Financial companies	78,600	116,231
i) funds whose utilisation is certain		-
ii) funds whose utilisation is uncertain	78,600	116,231
c) Customers		90,556
i) funds whose utilisation is certain		-
ii) funds whose utilisation is uncertain		90,556
5) Commitments underlying credit derivatives: sales of protection		-
6) Assets used to guarantee third-party obligations		-
7) Other irrevocable commitments		-
a) to issue guarantees		-
b) others		-
Total	**80,630**	**206,949**

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

B. - INFORMATION ON NON CONSOLIDATED STRUCTURED ENTITIES (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 No. 272 of 30 July 2008 as subsequently amended and/or supplemented.

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

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

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

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

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

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

In 2023, an additional amount of EUR 317 million was transferred by various credit institutions.

Quantitative disclosures

AMCO transferred loans to the platform and received fund units valued at EUR 78.7 million as at 31 December 2023. 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 change in the discounting rate (+/-1%) and expected distribution flows (+/-5%) is represented in the following table:

		Changes in the discounting rate		
		-1%	**0**	**+1%**
Changes in cash flows	**+5%**	+6.7 (+8.5%)	+3.9m (+5.0%)	+1.3m (+1.6%)
	0	+2.7m (+3.4%)		-2.5m (-3.2%)
	-5%	-1.4m (-1.8%)	-3.9m (-5.0%)	-6.3m (-8.1%)

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 established by Quaestio Capital SGR. As required by the Regulation, 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 2023, the NAV of the equity investments in the Italian Recovery Fund was EUR 355.3 million while the fair value, calculated consistently with the AMCO internal method, was EUR 317.6 million (with a residual commitment of EUR 18.6 million). As per internal procedure, the NAV value is recorded in the financial statements 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 change in the discounting rate (+/-1%) and expected distribution flows (+/-5%) is represented in the following table:

		Changes in the discounting rate		
		-1%	**0**	**+1%**
Changes in cash flows	**+5%**	+27.5m (+8.7%)	+15.9m (+5.0%)	+4.8 (+1.5%)
	0	+11.0m (+3.5%)	-	-10.5m (-3.3%)
	-5%	-5.4m (-1.7%)	-15.9m (-5.0%)	-25.9m (-8.1%)

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 TUB. 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 8.3 million.

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

		Changes in the discounting rate		
		-1%	**0**	**+1%**
Changes in cash flows	**+5%**	+0.6 m (+7.1%)	+0.5m (+5.0%)	+0.3m (+3.0%)
	0	+0.2m (+2.0%)	-	-0.2m (-1.9%)
	-5%	-0.3 (-3.1%)	-0.5m (-5.0%)	-0.6m (-6.8%)

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 Group'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 Risks and Related Parties Committee (Associated Parties) has the task of assisting the Board of Directors by carrying out preliminary, propositional and advisory functions, in relation to risk governance and management and the Internal Control System (ICS) to ensure their adequacy with respect to the characteristics of the Parent Company in relation to the evolution of the organisation and operations, as well as the reference regulatory context;
- 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 Parent 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 represents the propensity to risk, the tolerance thresholds, the risk limits in accordance with the business model and the maximum risk that the Group 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 comply with appetite thresholds.

3.1 - Credit risk

Qualitative disclosures

1 - General aspects

The credit management process complies with the most general principles of prudence, is consistent with the 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 Group's core business.

2 - Credit risk management policies

2.1 Organisational aspects

The principles and guidelines for determining the loss forecasts of receivables managed by AMCO are expressed in the "Policy for the valuation of credit exposures", in order to ensure that the value of financial assets recorded in the financial statements represents the best estimate of the actually recoverable amount.

It includes:

- the roles and responsibilities of the corporate bodies and organisational structures involved in the credit management and assessment process;
- the scope of application, in line with the business model adopted by the Company;
- the staging criteria used for the classification of receivables, with their separate methods for calculating the losses to be recognised;
- the measurement method of the exposures (differentiated between performing and non-performing).

2.2 Management, measurement and control systems

Credit risk is monitored on an ongoing basis with the help of procedures and tools that allow for the timely identification of positions with particular anomalies. In fact, 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.

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 Departments depending on the type of action and the extent of exposure. The relative mandates are detailed in the "Mandated powers regulations" adopted by the Company.

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

In carrying out measurement and control activities, the activity carried out by Risk Management as part of second-level controls is of fundamental importance. In particular, with reference to credit risks, the Risk Management function:

- is responsible for the risk measurement and control systems and the valuation methodologies of company activities;
- validates the methodologies for determining flat-rate and analytical adjustments (including their updates) and verifies their adequacy based on historical evidence ("backtesting"), if available, or through external benchmarks;
- expresses an ex ante valuation on value adjustments for positions where this is envisaged;
- as part of second-level controls, verifies the correct application of the methodologies for determining value adjustments.

2.3 Methods for measuring expected losses

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 expected losses estimate is calculated in accordance with IFRS 9. In terms of classification and impairment, the following are envisaged:

- the classification of receivables into three different levels (or "Stages") with different methods for calculating the losses to be recognised: **Stage 1** includes loans and securities classified as performing exposures that have not shown a significant increase in credit risk from the time of initial recognition or with low credit risk at the reporting date; **Stage 2** includes loans and securities classified as performing exposures that have shown a significant increase in credit risk since initial recognition; **Stage 3** includes receivables and securities with objective evidence of loss at the reporting date (non-performing exposures).
- For **Stage 2** exposures, it is necessary to assess the value adjustments on the entire residual expected life of the receivables, weighted by the probability that default will occur (and not only on a one-year timeframe as for exposures classified in Stage 1).
- Finally, for **Stage 3** exposures (non-performing exposures), the valuation can be carried out analytically or on a flat-rate basis, based on the classification under the various non-performing categories and/or the significance of the exposure. It should be noted that the initial recognition of an acquired or originated impaired financial asset ("POCI") takes place in **Stage 3**.

Once the financial assets have been classified in the various Stages, for each exposure it is necessary to determine the related value adjustments following the expected credit losses ("ECL") logic, through the use of specific calculation models. The principle on which the ECL is based is to assess the expected loss of an asset, thus creating a connection between the risk profile improvement or deterioration of the exposure with respect to the date of first recognition in the financial statements, respectively with the increase or reduction of the provision. In terms of measuring the credit risk of the managed portfolio, the Group 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.

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 classification of impaired credit exposures coincides with the respective supervisory definitions. Specifically:

- **bad loans:** exposures to parties in a state of insolvency or in substantially comparable situations, regardless of any loss forecasts formulated by the Company and regardless of the existence of any collateral or personal guarantees to cover the exposures. Exposures whose anomalous situation is attributable to profiles pertaining to country risk are excluded;
- **Unlikely to Pay (or "UTP")**: 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 materiality threshold.

The EBA's Implementing Technical Standards (ITS) also introduced the "forborne" concept, i.e. exposures that have been granted a concession, i.e. a modification of the previous contractual conditions and/or the partial or total refinancing of the debt in consideration of the customer's financial difficulties at the time of the concession.

In line with supervisory guidelines, the Company uses the definition of "forbearance exposures" alongside the risk degree classifications, a characteristic at credit line level that may refer to both performing exposures (known as "forborne performing exposures") and non-performing exposures ("non-performing exposures with forbearance measures"). Depending on the case, these exposures are transversal and include bad loans, unlikely to pay, or non-performing expired exposures; therefore, they do not represent a separate category of impaired assets.

2.3.1 Valuation of performing exposures

In general, superseding the concept of incurred loss in favour of expected loss, IFRS 9 defines expected losses as: "an estimate of losses (i.e. the present value of all non-collections) weighted based on probabilities over the expected life of the financial instrument. The non-collection is the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive. Since the expected losses take into account both the amount and the timing of the payments, a loss on receivables occurs even if the entity expects to be paid in full but later than the contractually agreed date."

With reference to the model for calculating loss forecasts for performing credit exposures, the allocation to "Stage 1" and "Stage 2" entails different values of loss forecasts due to the different observation period. Specifically, "Stage 1" exposures are measured considering the expected losses deriving from possible defaults that may occur in the following 12 months with respect to the valuation date; "Stage 2" exposures are measured over a lifetime timeframe that takes into account the expected losses deriving from possible defaults that may occur throughout the residual life of the receivable.

The valuation of performing exposures is carried out on a flat-rate basis in accordance with the rates that represent the expected loss (or ECL - Expected Credit Loss) of the position, i.e. the expected value of possible losses on exposures to a counterparty. In formulas:

$$ECL = \sum_{t=1}^{T} PD_t * LGD_t * EAD_t * D_t$$

where:

- $\boldsymbol{PDt}$ represents the marginal probability of default of the counterparty in period t, i.e. the probability that the debtor will become non-performing in period t;
- $\boldsymbol{LGDt}$ represents the loss given default at period t associated with the relationship, i.e. the percentage of the exposure that is presumed to be lost if the counterparty defaults. As a rule, the LGD is differentiated according to the guarantees present;
- $\boldsymbol{EADt}$ is the exposure in period t;
- $\boldsymbol{Dt}$ is the discounting factor at period t;
- **T** is the residual duration of the exposure.

The Company defines the risk parameters (PD and LGD) on the basis of drivers that identify classes of counterparties that are similar in terms of risk characteristics. In particular, given the AMCO business model, the segmentation criteria adopted differ by type of counterparty and guarantees:

- type of counterparty (State - Central bodies, Supervised entities, Private individuals, Companies and other parties);
- presence of guarantees.

PD is estimated on the basis of the following external systems:

- State - Central bodies: Agency ratings;
- Supervised entities: Agency ratings;
- Private individuals: EBA benchmark;
- Companies and other parties: EBA benchmarks.

LGD estimates are differentiated by type of guarantee (whether secured or unsecured).

The parameters used in the calculation of the expected loss (ECL) are updated at least annually.

In the case of "Stage 2" exposures, the adjustment coefficients are no less than 6% for secured positions and no less than 10% for unsecured positions.

2.3.2 Measurements of non-performing exposures

The application of the expected loss principle with reference to non-performing exposures requires the determination of expected recoveries on the basis of the possible position evolutionary scenarios (for example with respect or not to a repayment plan, enforcement of a guarantee at market price or at a lower value, etc.).

The method for determining expected recoveries can be analytical or on a flat-rate basis (alternatively also defined "statistical methodology") in the case of exposures which, due to their intrinsic characteristics (insignificant amount, high number, lack of information), are suitable for the adoption of prudential but streamlined valuation processes, mainly of an automatic nature, able to guarantee uniform valuations.

2.3.2.1 Measurements of non-performing exposures - Analytical methodology

AMCO adopts an analytical approach for non-performing exposures exceeding EUR 1 million.

The analytical valuations are regularly reviewed according to pre-established timescales or in the event of significant events (credit resolutions, changes relating to guarantees and to the value of the same, evolution of insolvency procedures, delays in expected payments, etc.).

The analytical assessment presumes an estimate of expected cash flows based on the specific characteristics of the position considering the cash flows servicing the debt (only for "going concern" positions), the liquidation value of the assets or other sources of collection (e.g. guarantees).

The criteria used by AMCO envisage consistent treatment of collateral, while they differ between Companies and Individuals for the valuation of other recovery sources based on the different characteristics of the counterparties and the related sets of available information.

Valuation of guarantees

In the case of loans secured by a mortgage, if the recovery strategy envisages the valuation or enforcement of said guarantee, the following aspects are considered:

- property value from appraisal (i.e. market value and realisable value)/CTU/auction;
- application of haircuts;
- encumbrances/pool corrective actions: correcting the property value in order to include the possible presence of third-party creditors with a higher degree of priority or part of a pool.

In the case of receivables backed by non-real estate collateral and personal guarantees, the recoverable value considers the application of specific haircuts.

Measurement of cash flows

For the purpose of a correct assessment of the extent of the credit exposure recovery, in accordance with the provisions of the ECB Guidance, Managers provide their most reliable representation of the debtor's repayment capacity.

In particular, nominal cash flows are subject to assessment of their degree of uncertainty, depending on both the soundness of the underlying plan and the analysis timeframe (cash flows referring to the final years of the period examined are likely to be characterised by greater uncertainty). The presence of collateral or personal guarantees is a mitigating element in terms of flows uncertainty, representing first and foremost an additional incentive for the Customer/Debtor to service the debt and secondly a possible alternative recovery source if the ongoing cash flows do not cover the plan negotiated with the Customer/Debtor.

For example, this logic applies in the measurement of cash flows envisaged by insolvency proceedings, restructurings, repayment plans, settlement and write-off or disposals that provide for deferred payments over time or "orderly sale of assets" (including the case of sale of repossessed property deriving from a lease contract) where the cash flows will determine the planned disposal plan.

The criteria used for the valuation of other recovery sources are differentiated based on the different characteristics of the counterparties and the related sets of available information. Therefore, the following are distinguished:

- Companies (where the counterparty "going concern" assumption is particularly relevant):
  - Counterparties in liquidation
  - Going concern counterparties and
- Private individuals:
  - with a defined repayment plan (parties for whom an agreement has been reached for repayment plan, settlement and write-off or transfer of the approved credit);
  - secured exposures or unsecured exposures (for which cash flows can be measured, inter alia, on the basis of historical recoveries).

2.3.2.2 Measurements of non-performing exposures - Flat-rate approach

The valuation of exposures below the threshold of EUR 1 million, on the other hand, is carried out with mathematical/statistical models, applying standard coefficients according to the exposures characteristics and the portfolio to which they belong:

A. Non-POCI positions

B. POCI positions.

A. Flat-rate valuations on positions at Amortised Cost (non-POCI)

In the case of "non-POCI" positions recorded at amortised cost and valued on a flat-rate basis, the Company uses a model whose algorithms for determining the allocation percentages are based on:

- average benchmark values borrowed from the banking system adjusted for appropriate factors that consider the peculiarities of the AMCO business model and/or the performance of specific segments. The adjusted benchmarks determine the model anchoring in order to overcome the depth of the AMCO time series;
- econometric estimates based on AMCO's internal empirical evidence with a view to Basel 3 "Advanced Internal Rating Based Approach", which provides for the determination of loss rates in the event of default (or LGD - "Loss Given Default") through regulatory standards. The selection of the variables included in the model and the estimation of the related parameters, therefore, followed statistical procedures in line with market practices and the ECB guidelines for the development of rating/LGD models. These parameters make it possible to differentiate the actual coverage percentage based on the characteristics of the counterparty/exposure.

The variables considered for the determination of differentiated coverage are:

- **administrative status** (bad loans or UTP/PD);
- **segment type** ("Individual" or "Company");
- **presence of mortgage guarantees** (credit exposure with associated mortgage guarantee);
- **presence of an "eligible" personal guarantee** (credit exposure with an associated personal guarantee whose guarantor is a Sovereign State, a financial institution or a trust);
- **presence of "ineligible" personal guarantees** (personal guarantee issued by a party other than those envisaged for eligible personal guarantees);
- **LTV "loan to value"** only for exposures guaranteed by a mortgage (ratio between the guaranteed exposure and the value of the property as collateral);
- **vintage** (counterparty's time in years spent in the same administrative status);
- portfolio flags.

The initial valuation of receivables involves the calculation of the provision against individual relationships by applying the valuation model based on the relevant information at counterparty/exposure/guarantee level.

Subsequently, this valuation is reviewed on a monthly basis by applying the same model to the updated relationship characteristics.

The discounting of the cash flows for the positions in question is defined through an estimate of recovery times based on the counterparty status, the time spent in the status (vintage) and the type of exposure (secured/unsecured).

Events and updates during the year

Starting from the second half of 2023, AMCO revised the LGD model entered into production in December 2021, based on the analysis of a time series of an additional 18 months of out of sample/out of time recovery, a period sufficient to assess the performance of the model and the its statistical stability/soundness.

Although the current depth of the time series does not allow definitive conclusions on the portfolio performance in the medium/long term, the elements identified made it appropriate to introduce some changes in the average valuations differentiated by originator bank and between secured and unsecured portfolios. Technically, this effect was obtained with an update of the prior correction calibrated on system averages on the basis of AMCO's recovery evidence.

The update of the prior correction mechanism takes place through the introduction of dummy variables that modify the average LGD level specifically on portfolios/transferors. The four segments given by the combination of status (Bad loan/UTP) and presence of mortgage guarantees (secured/unsecured) were assessed on the basis of the difference between expected and actual LGD values adjusted for differences in terms of vintage.

The changes made to the model parameters for the unsecured component led to the recognition of higher value adjustments for a total of EUR 116.3 million, compared to the expected losses quantified on the basis of the models in use. It is not possible to estimate the amount of the effect produced by this estimate change on future years. In fact, a change in the estimate of the amount of non-performing loans generally affects only the result for the period.

In addition, it was verified whether, with reference to secured portfolios, it was necessary to consider a further adjustment linked to changes in the portfolio LTV between the sample of closed positions and the current population of open positions to consider selection phenomena in the closure of positions such as to lead to consider the loss percentages recorded historically to be too optimistic and not replicable in the future. In fact, the closed positions showed a better collection performance than those estimated by the model; however, it was deemed appropriate not to make any changes, pending further evidence over a longer period of time.

Lastly, the average expected recovery times were also adjusted following the adoption of a new dynamic calculation model of the discounting effect that reinstates, on an ongoing basis, the effect of natural release of interests linked to the time value of money (resulting from the mere passing of time).

The impact of changes to the model and recovery times is equal to EUR 24.7 million of higher provisions on the 2023 financial statements.

B. Flat-rate valuations on POCI positions

- The valuation of POCI positions at the time of acquisition of a new portfolio is determined through the application of statistical methods defined at company level and in line with the internally defined initial recognition criteria.
- For accounting purposes, the individual exposures are subsequently reclassified to clusters defined at the time of acquisition based on the management status recorded (i.e. UTP and Bad loans) and the presence or otherwise of guarantees (secured/unsecured). Four main clusters are therefore defined:
  - **Secured UTPs**: secured UTP positions;
  - **Unsecured UTPs**: unsecured UTP positions;
  - **Secured bad loans**: secured bad loans positions;

  - **Unsecured bad loans**: unsecured bad loans positions.

- The valuations updating envisages the recalculation of the amortised cost of the receivable based on the residual book value, the cluster Effective Interest Rate, the cluster residual Business Plan or its updates (e.g. cluster composition).
- At each reporting date after initial recognition, AMCO measures the value adjustment on the basis of the change in expected credit losses on a lifetime basis with respect to that expected at initial recognition through an analysis of the receivables/pool in order to identify whether the recovery expectations initially envisaged are in line with events after their registration.
- The quantification of the impairment to be calculated on the loans in clusters is equal to the difference between the book value and the expected cash flows (post-change) discounted by the original Credit-adjusted EIR.
- The recovery estimates are based on statistical lifetime recovery curves. These curves are used both for the initial measurement of exposures and for subsequent updates. The consistency of the expected collections with respect to the actual performance is verified through backtesting analyses, the results of which may require estimates to be revised and provisions to be set aside.
- The estimate of flat-rate POCI positions considers a set of curves defined on the basis of the following variables:
  - **Administrative status**: classification of counterparties relating to the Bad loan and UTP/PD administrative status;
  - **Segment type**: breakdown of counterparties by "Individual" or "Company" segment type as defined in the "Policy for the valuation of credit exposures (" impairment")" in force at the time;
  - **Presence of guarantees**: counterparty with credit exposures with an associated guarantee;
  - **Size of counterparty exposure**: debtor exposure bracket;
  - **Geographical area**;
  - **Procedure**: presence of a procedure (only for bad loan status);
  - **Vintage**: time spent (in years) in the same administrative status.
- The above characteristics define a set of curves, with annual recovery percentage of the initial exposure defined for each one of them.

Backtesting activities and updates during the year

- The verification of the adequacy of the recovery curves ("backtesting") for the year 2023 highlighted the following cases:
  1. Clusters that pass the recovery curves adequacy checks and that show recovery values in line with the collection expectations implicit in the curves;
  2. Clusters that do not pass the recovery curves adequacy checks, or that show values close to the failure thresholds, with a trend in final collections significantly different from that of the collection expectations implicit in the curves;
  3. Clusters that, although they pass the recovery curves historical adequacy tests, nevertheless show a final collection that is not consistent with the expectations of future

collections implicit in the curves or with the average market curves due to changed conditions (e.g. increase in interest rates, macroeconomic scenarios uncertainty, etc.) during the year.

For the clusters pertaining to points 2 and 3, following the verification of the recovery curves adequacy, a portfolio revaluation approach was applied that introduced, in addition to the "master" curves, specific elements linked to specific portfolios/clusters characteristics that lead to their recovery potential to be misaligned with respect to the provisions of the current accounting curves, or:

- the incidence of positions with objective impairment signs that make their classification as bad loans highly probable;
- the portion of receivables in relation to which the AMCO internal and external managers report the exhaustion of the recovery potential, through registration of the "Zero Recovery" strategy;
- other specific portfolio features (such as the nature of the originator, the average portfolio vintage, etc.) that make them "structurally" less performing than the average of other similar AMCO portfolios.

- The application of recovery curves that factored, for certain portfolios, their specific characteristics in terms of composition, origination, vintage and performance led to the recognition of higher value adjustments of EUR 229 million, compared to the expected losses quantified on the basis of the models in use. This impact considers both the reduction in expected cash flows and the lengthening, for specific cluster-portfolio combinations, of the average collection times. It is not possible to estimate the amount of the effect produced by this estimate change on future years. In fact, a change in the estimate of the amount of non-performing loans generally affects only the result for the period.

2.4 Credit risk mitigation techniques

Credit risk mitigation techniques include those instruments that contribute to reducing the loss that the Group would incur in the event of counterparty default; specifically, this refers to guarantees received from customers, both real and personal ones, and to any contracts that may determine a reduction in credit risk.

The acquired portfolios include positions secured by mortgages on properties that present a lower risk compared to the overall acquired portfolio.

The value of financial collateral is subject to periodic monitoring which involves comparing the current value of the collateral with the initial value, so as to allow the manager to intervene promptly if there is a significant reduction in the value of the same collateral.

Quantitative disclosures

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

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

Portfolios/quality	Bad loans	Unlikely to pay	Non-performing past-due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets measured at amortised cost	2,681,352	1,427,805	16,100	-	112,573	4,237,830
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	487,693	487,693
3. Financial assets measured at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	761	42,912	-	-	-	43,673
5. Financial assets in the process of being disposed	-	-	-	-	-	-
Total (31.12.2023)	**2,681,113**	**1,470,716**	**16,100**	**-**	**600,266**	**4,769,195**
Total (31.12.2022)	**3,149,997**	**1,750,286**	**122,036**	**-**	**742,845**	**5,765,164**

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

Portfolios/quality	Impaired				Not impaired			
	Gross exposure	Total value adjustments	Net exposure	Total partial write-offs*	Gross exposure	Total value adjustments	Net exposure	Total (net exposure)
1. Financial assets measured at amortised cost	8,340,631	4,215,373	4,125,257	19,309	113,432	860	112,572	4,237,830
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	488,393	701	487,693	487,693
3. Financial assets measured at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	43,673	-	43,673	-	X	X	-	43,673
5. Financial assets in the process of being disposed	-	-	-	-	-	-	-	-
Total (31.12.2023)	**8,384,304**	**4,215,373**	**4,168,930**	**19,309**	**601,826**	**1,561**	**600,266**	**4,769,195**
Total (31.12.2022)	**9,233,857**	**4,211,539**	**5,022,318**	**-**	**744,588**	**1,743**	**742,845**	**5,765,163**

* Value to be given for information purposes

Portfolios/quality	Assets of evidently poor credit quality		Other assets
	Capital losses	Net exposure	Net exposure
1. Financial assets held for trading	-	6	-
2. Hedging derivatives	-	-	-
Total (31.12.2023)	**-**	**6**	**-**
Total (31.12.2022)	**-**	**23**	**-**

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

Portfolios/quality	First stage			Second stage			Third stage			Purchased or Originated Credit Impaired		
	From 1 to 30 days	From over 30 up to 90 days	Beyond 90 days	From 1 to 30 days	From over 30 up to 90 days	Beyond 90 days	From 1 to 30 days	From over 30 up to 90 days	Beyond 90 days	From 1 to 30 days	From over 30 up to 90 days	Beyond 90 days
1. Financial assets measured at amortised cost				1,777	8,499	932		292	5,647	3,000	26,708	3,544,007
2. Financial assets measured at fair value through other comprehensive income												
3. Financial assets in the process of being disposed												
Total (31.12.2023)				**1,777**	**8,499**	**932**		**292**	**5,647**	**3,000**	**26,708**	**3,544,007**
Total (31.12.2022)	**2**			**457**	**2,281**	**209**		**189**	**3,492**	**6,633**	**33,079**	**4,341,801**

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

Reasons/risk stages	Total value adjustments											
	Assets falling within the first stage						Assets falling within the second stage					
	Loans and receivables with banks on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets in the process of being disposed	of which: individual write-downs	of which: collective write-downs	Loans and receivables with banks on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets in the process of being disposed	of which: individual write-downs	of which: collective write-downs
Opening total adjustments	**24**	**513**	**1,058**		**1,082**	**513**		**172**				**172**
Increases in purchased or originated financial assets												
Derecognitions other than write-offs												
Net value adjustments/reversals for credit risk (+/-)	135	248	(357)		(223)	248		(41)				(41)
Contractual amendments without derecognition												
Changes of the estimation method												
Write-offs recognised directly to the income statement												
Other changes		15				15		(48)				(48)
Closing total adjustments	**159**	**776**	**701**		**859**	**776**		**84**				**84**
Cash collection recoveries on financial assets subject to write-off												
Write-offs recognised directly to the income statement												

Total value adjustments											Total provisions for commitments to disburse funds and financial guarantees issued				Total
Assets falling within the third stage						Fin. assets Purchased or Originated Credit Impaired									
Loans and receivables with banks on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets in the process of being disposed	of which: individual write-downs	of which: collective write-downs	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets in the process of being disposed	of which: individual write-downs	of which: collective write-downs	First stage	Second stage	Third stage	Commitments to disburse funds and financial guarantees issued purchased or originated credit impaired	
	3,485				**3,485**	**4,208,053**			**2,389,537**	**1,818,516**					**4,213,305**
						X	X	X	X	X					
						0									
	2,440				2,440	204,442			14,898	363,456					**206,867**
						0									
						0									
						42,656			26,296.15	16,359.65					**42,656**
	(62)				(62)	(245,641)			(105,948)	(313,604)					**(245,735)**
	5,862				**5,862**	**4,209,511**			**2,324,783**	**1,884,727**					**4,217,093**

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 Group as all Financial assets are classified at Stage 3 and stage transfers were not implemented during the year.

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

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

Types of exposure/Values	Gross exposure				Total value adjustments and total provisions				Net exposure	Total partial write-offs*
	First stage	Second stage	Third stage	Purchased or Originated Credit Impaired	First stage	Second stage	Third stage	Purchased or Originated Credit Impaired		
A. ON-BALANCE SHEET CREDIT EXPOSURES										
A.1 On demand	**145,690**	**-**	**-**	**-**	**159**	**-**	**-**	**-**	**145,531**	**-**
a) Non-performing	X				X				-	-
b) Performing	145,690		X		159		X		**145,531**	-
A.2 Others	**596,620**	**-**	**-**	**126,046**	**1,477**	**-**	**-**	**103,157**	**618,032**	**-**
a) Bad loans	X			115,557	X			101,649	13,908	-
- of which: forborne exposures	X			7,155	X			2,439	4,716	-
b) Unlikely to pay	X			10,489	X			1,508	8,981	-
- of which: forborne exposures	X			9,216	X			994	8,222	-
c) Non-performing past due exposures	X				X				-	-
- of which: forborne exposures	X				X				-	-
d) Performing past due exposures			X				X		-	-
- of which: forborne exposures			X				X		-	-
e) Other performing exposures	596,620		X		1,477		X		595,143	-
- of which: forborne exposures	-	-	X	-	-	-	X	-	-	-
TOTAL A	**742,310**	**-**	**-**	**126,046**	**1,636**	**-**	**-**	**103,157**	**763,563**	**-**
B. OFF-BALANCE SHEET CREDIT EXPOSURES										
a) Non-performing	X	-	-	-	X	-	-	-	-	-
b) Performing	-	-	X	-	-	-	X	-	-	-
TOTAL B	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL A+B	**742,310**	**-**	**-**	**126,046**	**1,636**	**-**	**-**	**103,157**	**763,563**	**-**

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

Reasons/Categories	Bad loans	Unlikely to pay	Non-performing past-due exposures
A. Initial gross exposure	**62,354**	**36,844**	**11,376**
- of which: exposures transferred but not derecognised	-	-	-
B. Increases	**55,213**	**7,479**	**-**
B.1 inflows from performing exposures	-	-	-
B.2 inflows from purchased or originated impaired financial assets	116	1,226	-
B.3 transfers from other categories of non-performing exposures	7,717	6,252	-
B.4 contractual amendments without derecognition	-	-	-
B.5 other increases	47,381	-	-
C. Decreases	**2,010**	**33,834**	**11,376**
C.1 outflows to performing exposures	-	208	-
C.2 write-offs	-	-	-
C.3 collections	2,010	1,710	-
C.4 proceeds from disposals	-	1,837	-
C.5 losses on disposal	-	-	-
C.6 transfers to other categories of non-performing exposures	-	7,696	6,273
C.7 contractual amendments without derecognition	-	-	-
C.8 other decreases	-	22,382	5,103
D. Final gross exposure	**115,557**	**10,489**	**-**
- of which: exposures transferred but not derecognised	-	-	-

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

Reasons/Quality	Forborne exposures: non-performing	Forborne exposures: performing
A. Initial gross exposure	**23,547**	**-**
- of which: exposures transferred but not derecognised	-	-
B. Increases	**7,476**	**-**
B.1 inflows from non-forborne performing exposures	-	-
B.2 inflows from forborne performing exposures	-	X
B.3 inflows from forborne non-performing exposures	X	-
B.4 inflows from non-forborne non-performing exposures	7,476	-
B.5 other increases	-	-
C. Decreases	**14,652**	**-**
C.1 outflows to non-forborne performing exposures	X	-
C.2 outflows to performing forborne exposures	-	X
C.3 outflows to non-performing forborne exposures	X	-
C.4 write-offs	-	-
C.5 collections	1,527	-
C.6 proceeds from disposals	-	-
C.7 losses on disposal	-	-
C.8 other decreases	13,125	-
D. Final gross exposure	**16,371**	**-**
- of which: exposures transferred but not derecognised	-	-

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

Reasons/Categories	Bad loans		Unlikely to pay		Non-performing past-due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening total adjustments	**45,996**	**-**	**12,385**	**5,480**	**2,516**	**-**
- of which: exposures transferred but not derecognised	-	-	-	-	-	-
B. Increases	**56,217**	**4,409**	**248**	**163**	**-**	**-**
B.1 value adjustments on purchased or originated impaired financial assets	3,079	X	248	X		X
B.2 other value adjustments	-	-	-	-	-	-
B.3 losses on disposal	-	-	-	-	-	-
B.4 transfers from other categories of non-performing exposures	2,661	2,661	-	-	-	-
B.5 contractual amendments without derecognition	-	-	-	-	-	-
B.6 other increases	**50,477**	**1,748**	**-**	**163**		**-**
C. Decreases	(563)	(1,970)	(11,125)	(4,649)	(2,516)	-
C.1 reversals of valuation	(507)	(1)	-	-	-	-
C.2 reversals of cash collection	(56)	-	-	-	-	-
C.3 profits on disposal	-	-	-	-	-	-
C.4 write-offs	-	-	-	-	-	-
C.5 transfers to other categories of non-performing exposures	-	-	(2,661)	(2,661)	-	-
C.6 contractual amendments without derecognition	-	-	-	-	-	-
C.7 other decreases	-	(1,968)	(8,464)	(1,988)	(2,516)	-
D. Closing total adjustments	**101,649**	**2,439**	**1,508**	**994**	**(0)**	**-**
- of which: exposures transferred but not derecognised	-	-	-	-	-	-

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

Types of exposure/Values	Gross exposure				Total value adjustments and total provisions				Net exposure	Total partial write-offs*
	First stage	Second stage	Third stage	Purchased or Originated Credit Impaired	First stage	Second stage	Third stage	Purchased or Originated Credit Impaired		
A. ON-BALANCE SHEET CREDIT EXPOSURES										
a) Bad loans	X	-	1,006	5,972,278	X	-	723	3,304,318	2,668,242	3,205
- of which: forborne exposures	X	-	222	216,756	X	-	109	50,219	166,650	-
b) Unlikely to pay	X	-	7,471	2,256,218	X	-	3,529	798,462	1,461,698	16,103
- of which: forborne exposures	X	-	4,040	1,185,591	X	-	1,791	327,220	860,620	-
c) Non-performing past due exposures	X	-	3,886	17,436	X	-	1,610	3,612	16,100	-
- of which: forborne exposures	X	-	3,314	15,294	X	-	1,390	3,471	13,747	-
d) Performing past due exposures	-	-	X	-	-	-	X	-	-	-
- of which: forborne exposures	-	-	X	-	-	-	X	-	-	-
e) Other performing exposures	-	5,207	X	-	-	83	X	-	5,124	-
- of which: forborne exposures	-	-	X	-	-	-	X	-	-	-
TOTAL A	**-**	**5,207**	**12,362**	**8,245,932**	**-**	**83**	**5,862**	**4,106,391**	**4,151,164**	**19,309**
B. OFF-BALANCE SHEET CREDIT EXPOSURES										
a) Non-performing	X	-	-	-	X	-	-	-	-	-
b) Performing	-	-	X	-	-	-	X	-	-	-
TOTAL B	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL A+B	**-**	**5,207**	**12,362**	**8,245,932**	**-**	**83**	**5,862**	**4,106,391**	**4,151,164**	**19,309**

* Value to be given for information purposes

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

Reasons/Categories	Bad loans	Unlikely to pay	Non-performing past-due exposures
A. Initial gross exposure	**6,457,063**	**2,533,747**	**132,362**
- of which: exposures transferred but not derecognised	-	-	-
B. Increases	**421,407**	**383,768**	**24,746**
B.1 inflows from performing exposures	-	2	4,797
B.2 transfers from other categories of non-performing exposures	93,544	161,100	-
B.3 other increases	186,916	124,013	4,902
B.4 contractual amendments without derecognition	-	-	-
B.5 other increases	140,946	98,654	15,047
C. Decreases	**905,187**	**653,826**	**135,786**
C.1 outflows to performing exposures	-	-	79
C.2 write-offs	236,425	83,765	1,937
C.3 collections	559,483	362,031	6,340
C.4 proceeds from disposals	90,632	25,036	-
C.5 losses on disposal	-	-	-
C.6 transfers to other categories of non-performing exposures	5,407	182,994	127,430
C.7 contractual amendments without derecognition	-	-	-
C.8 other decreases	13,240	-	-
D. Final gross exposure	**5,973,284**	**2,263,689**	**21,322**
- of which: exposures transferred but not derecognised	-	-	-

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

Reasons/Quality	Forborne exposures: non-performing	Forborne exposures: performing
A. Initial gross exposure	**1,475,217**	**-**
- of which: exposures transferred but not derecognised	-	-
B. Increases	**82,119**	**-**
B.1 inflows from non-forborne performing exposures	-	-
B.2 inflows from forborne performing exposures	-	X
B.3 inflows from forborne non-performing exposures	X	-
B.4 inflows from non-forborne non-performing exposures	-	-
B.5 other increases	82,119	-
C. Decreases	**132,120**	**-**
C.1 outflows to non-forborne performing exposures	X	-
C.2 outflows to performing forborne exposures	-	X
C.3 outflows to non-performing forborne exposures	X	-
C.4 write-offs	5,679	-
C.5 collections	126,440	-
C.6 proceeds from disposals	-	-
C.7 losses on disposal	-	-
C.8 other decreases	-	-
D. Final gross exposure	**1,425,216**	**-**
- of which: exposures transferred but not derecognised	-	-

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

Reasons/Categories	Bad loans		Unlikely to pay		Non-performing past-due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening total adjustments	**3,323,425**	**35,716**	**807,922**	**306,288**	**19,297**	**13,841**
- of which: exposures transferred but not derecognised	-	-	-	-	-	-
B. Increases	**421,525**	**20,010**	**205,014**	**69,351**	**14,794**	**5,257**
B.1 value adjustments on purchased or originated impaired financial assets	365,835	X	180,261	X	3,627	X
B.2 other value adjustments	221	53	882	366	1,515	1,311
B.3 losses on disposal	1,323		281			
B.4 transfers from other categories of non-performing exposures	54,146	15,865	23,591	14,153	155	1,291
B.5 contractual amendments without derecognition	-					
B.6 other increases	-	4,091		54,831	9,497	2,655
C. Decreases	**(439,909)**	**(5,398)**	**(210,946)**	**(46,571)**	**(28,870)**	**(14,238)**
C.1. reversals of valuation	(155,032)	(4,100)	(62,182)	(28,418)	(175)	(14)
C.2 reversals of cash collection	(59,431)	-	(20,765)	-	(3,118)	-
C.3 profits on disposal	(2,530)	-	(3,827)	-	-	-
C.4 write-offs	(147,456)	-	(62,320)	-	(3,015)	-
C.5 transfers to other categories of non-performing exposures	(1,106)	(1,298)	(54,148)	(18,153)	(22,561)	(14,224)
C.6 contractual amendments without derecognition	-	-	-	-	-	-
C.7 other decreases	(74,355)	-	(7,703)	-	-	-
D. Closing total adjustments	**3,305,041**	**50,328**	**801,991**	**329,068**	**5,222**	**4,861**
- of which: exposures transferred but not derecognised	-	-	-	-	-	-

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

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

Exposures	External rating classes						Without rating	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets measured at amortised cost	**-**	**40,142**	**794**	**-**	**-**	**-**	**-**	**40,936**
- First stage	-	40,142	794	-	-	-	-	40,936
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Purchased or Originated Credit Impaired	-	-	-	-	-	-	-	-
B. Financial assets measured at fair value through other comprehensive income	**-**	**-**	**488,394**	**-**	**-**	**-**	**-**	**488,394**
- First stage	-	-	488,394	-	-	-	-	488,394
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Purchased or Originated Credit Impaired	-	-	-	-	-	-	-	-
C. Financial assets in the process of being disposed	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Purchased or Originated Credit Impaired	-	-	-	-	-	-	-	-
Total (A+B+C)	**-**	**40,142**	**489,188**	**-**	**-**	**-**	**-**	**529,330**
D. Commitments to disburse funds and financial guarantees issued	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Purchased or Originated Credit Impaired	-	-	-	-	-	-	-	-
Total D	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL (A+B+C+D)	-	**40,142**	**489,188**	-	-	-	-	**529,330**

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

8 - Financial and non-financial assets obtained through the enforcement of guarantees received

8 - Financial and non-financial assets obtained through the enforcement of guarantees received

				Carrying amount	
	Derecognised credit exposure	Gross value	Total value adjustments		of which obtained during the year
A. Property, plant and equipment	**-**	**1,412**		**1,412**	**-**
A.1. For operating purposes	-				-
A.2. For investment	-				-
A.3. Inventories	-	1,412		1,412	-
B. Equity securities and debt securities	**-**				**-**
C. Other assets	**-**				**-**
D. Non-current assets and groups of assets held for disposal	**-**				**-**
D.1. Property, plant and equipment	-				-
D.2. Other assets	-				-
Total (31.12.2023)	**-**	**1,412**		**1,412**	**-**
Total (31.12.2022)	**-**				**-**

9 - Concentration of credit

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

	Amount (31.12.2023)	Total (31.12.2022)
a) States	487,693	686,520
b) Public institutions	846	1,114
c) Non-financial companies	2,956,836	3,538,005
d) Financial companies	287,451	141,930
e) Income-generating households	1,174,409	1,453,598
f) Other operators	7,493	26,400
Total	**4,914,727**	**5,847,567**

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

	Amount (31.12.2023)	Total (31.12.2022)
a) North West	1,205,920	1,336,220
b) North East	522,556	1,297,418
c) Centre	1,900,658	2,318,748
d) South and Islands	1,269,066	1,541,311
e) Abroad	16,527	18,011
Total	**4,914,727**	**6,511,708**

9.3 - Large exposures

	Amount (31.12.2023)	Total (31.12.2022)
a) Amount (carrying amount)	823,902	1,092,419
b) Amount (weighted value)	326,904	395,535
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, the Group 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 Group 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 and to 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 2023 the Group did not implement any interest rate risk hedging.

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

Items/residual maturity	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	Beyond 10 years	Indefinite life
1. Assets	**792,500**	**165,543**	**181,262**	**628,463**	**2,493,308**	**566,657**	**86,994**	
1.1 Debt securities		69,710	-	-	417,983	-	-	-
1.2 Loans and receivables	601,606	95,833	181,262	628,463	2,075,325	566,657	86,994	-
1.3 Other assets	190,894	-	-	-	-	-	-	-
2. Liabilities	**316**	**256,280**	**62,764**	**10,092**	**3,145,470**	**7,725**	**-**	**57,632**
2.1 Payables	316	570	849	1,560	11,562	7,725	-	-
2.2 Debt securities		255,710	-	-	3,133,909	-	-	-
2.3 Other liabilities		-	61,915	8,532	-	-	-	57,632
3. Financial derivatives								
Option products								
3.1 Long positions								
3.2 Short positions								
Other derivatives								
3.3 Long positions								
3.4 Short positions								

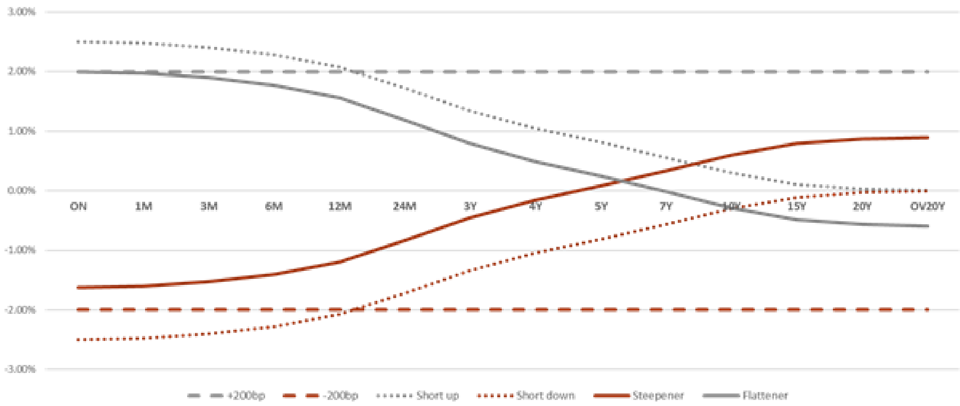
2 - Models and other methods for the measurement and management of interest rate risk

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);
- the 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 time 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.



Quantitative disclosures

As at 31 December 2023, internal capital against interest rate risk amounted to EUR 80 million.

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 Parent 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 the Group's assets, this risk is fully absorbed in credit risk.

Quantitative disclosures

Quantitative disclosures

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

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

2 - Other quantitative information on 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.

As at 31 December 2023, the exchange rate risk component for AMCO remained below the regulatory threshold of 2% of Own Funds.

Quantitative disclosures

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

Items	Currencies					
	US dollars	Pounds sterling	Yen	Canadian dollars	Swiss franks	Other currencies
1. Financial assets	**8,294**	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities		-	-	-	-	-
1.2 Equity securities		-	-	-	-	-
1.3 Loans and receivables	8,294	-	-	-	-	-
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		-	-	-	-	-
Total assets	**8,294**	**-**	**-**	**-**	**-**	**-**
Total liabilities		**-**	**-**	**-**	**-**	**-**
Imbalance (+/−)	**8,294**	**-**	**-**	**-**	**-**	**-**

Exposures in US dollars refer to receivables in foreign currency deriving from the former Monte dei Paschi di Siena portfolio.

2 - Models and other methods for the measurement and management of exchange-rate 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%, when the net exposure exceeds 2% of Own Funds.

3.3 - Operational risks

Qualitative disclosures

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

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

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

In terms of risk mitigation, the Parent Company has regulated its operational risk management controls in the "Operational risk management policy", which provides for:

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

Quantitative disclosures

The requirement for the operational risk quantified as at 31 December 2023 is of EUR 32.7 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 the Group 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. The Group'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.

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.

Quantitative disclosures

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

Items/Time bands	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 3 years	From over 3 years to 5 years	Beyond 5 years	Indefinite life
On-balance sheet assets	**952,125**	**392**	**20**	**100,083**	**79,508**	**109,683**	**686,290**	**1,839,680**	**1,118,593**	**357,222**	**507,638**
A.1 Government securities	-	-	-	70,000	-	-	-	300,000	150,000	-	-
A.2 Other debt securities	2,000	-	-	-	-	-	-	-	-	-	420,293
A.3 Loans	759,083	392	20	30,083	79,508	109,683	686,290	1,539,680	968,593	357,222	87,345
A.4 Other assets	191,042	-	-	-	-	-	-	-	-	-	-
On-balance sheet liabilities	**315**	**3**	**2**	**8,250**	**302,189**	**68,477**	**27,128**	**1,105,922**	**2,005,640**	**7,725**	**57,632**
B.1 Payables to:	**315**	**3**	**2**	**-**	**626**	**937**	**1,720**	**5,922**	**5,640**	7,725	-
- Banks	-	-	-	-	-	-	-	-	-	-	-
- Financial companies	-	-	-	-	-	-	-	-	-	-	-
- Customers	315	3	2	-	626	937	1,720	5,922	5,640	7,725	-
B.2 Debt securities	-	-	-	8,250	301,563	5,625	16,875	1,100,000	2,000,000	-	-
B.3 Other liabilities	-	-	-	-	-	61,915	8,532	-	-	-	57,632
Off-balance sheet transactions	**-**	**-**	**-**	**-**	**-**	**37,896**	**-**	**19,358**	**-**	**21,346**	**2,029**
C.1 Financial derivatives with underlying capital exchange	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.2 Financial derivatives without underlying capital exchange	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Positive differentials	-	-	-	-	-	-	-	-	-	-	-
- Negative differentials	-	-	-	-	-	-	-	-	-	-	-
C.3 Loans to be received	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds	**-**	**-**	**-**	**-**	**-**	**37,896**	**-**	**19,358**	**-**	**21,346**	**-**
- Long positions	-	-	-	-	-	37,896	-	19,358	-	21,346	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-	2,029
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 instruments in terms of risk management are based on this. In addition, the operation of the different departments is linked to the size of equity.

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

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

4.1.2 - Quantitative disclosures

4.1.2.1 - Company equity: break-down

Items/Values	Amount (31.12.2023)	Amount (31.12.2022)
1. Share capital	655,154	655,154
2. Share premiums	604,552	604,552
3. Reserves	1,184,225	1,141,970
- of profits	927,752	885,497
a) legal	478,301	478,301
b) statutory	-	-
c) treasury shares	-	-
d) others	449,451	407,196
- others	256,473	256,473
4. (Treasury shares)	(72)	(72)
5. Valuation reserves	(34,007)	(65,836)
- Equity securities measured at fair value through other comprehensive income	(1,621)	(1,621)
- 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	(32,051)	(63,893)
- 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 or loss (change in own creditworthiness)	-	-
- Special revaluation laws	-	-
- Actuarial profits (losses) relating to defined-benefit plans	(335)	(322)
- Shares of valuation reserves of equity investments valued with the equity method	-	-
6. Equity instruments	-	-
7. Profit (Loss) for the year (+/-)	(387,963)	42,253
Total	**2,021,890**	**2,378,021**

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

Assets/Values	Total (31.12.2023)		Total (31.12.2022)	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	30	(32,080)	-	(63,893)
2. Equity securities	-	(1,621)	-	(1,621)
3. Loans	-	-	-	-
Total	**30**	**(33,701)**	**-**	**(65,514)**

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

	Debt securities	Equity securities	Loans
1. Opening balances	**(63,893)**	**(1,621)**	**-**
2. Increases	**31,842**	**-**	**-**
2.1 Increases in fair value	29,422	-	-
2.2 Value adjustments for credit risk	-	X	-
2.3 Reversal to income statement of negative disposal reserves	2,420	X	-
2.4 Transfers to other components of shareholders' equity (equity securities)	-	-	-
2.5 Other changes	-	-	-
3. Decreases	**-**	**-**	**-**
3.1 Decreases in fair value	-	-	-
3.2 Reversals for credit risk	-	-	-
3.3 Reversal to income statement of positive disposal reserves	-	X	-
3.4 Transfers to other components of shareholders' equity (equity securities)	-	-	-
3.5 Other changes	-	-	-
4. Closing balance	**(32,051)**	**(1,621)**	**-**

4.2 - Own funds and adequacy ratios

4.2.1 - Own funds

4.2.1.1 - Qualitative disclosures

Own funds are calculated by the Group 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 Group's Own Funds are fully eligible for inclusion in common equity tier 1 capital – CET 1.

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

4.2.1.2 - Quantitative disclosures

	Total (31.12.2023)	Total (31.12.2022)
A. Tier 1 capital before the application of prudential filters	**2,021,889**	**2,443,930**
B. Tier 1 prudential filters:	**-**	**-**
B.1 positive IAS/IFRS prudential filters (+)	-	-
B.2 negative IAS/IFRS prudential filters (-)	-	-
C. Tier 1 capital gross of elements to be deducted (A + B)	**2,021,889**	**2,443,930**
D. Elements to be deducted from Tier 1 capital	**(36,311)**	**(61,389)**
E. Total Tier 1 capital (Tier 1) (C – D)	**1,985,578**	**2,382,541**
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 2 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)	**1,985,578**	**2,382,541**

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 year and, prospectively, to the current 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 the Group that could hinder or limit the Group 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 Group is (or could be) exposed with respect to operations and markets of reference.

In order to identify significant risks, the Parent 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 the Group are classified into two categories:

(a) risks quantifiable in terms of internal capital, for which the Parent 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, the Parent Company defines and carries out stress tests for a better assessment of risk exposure. The results of the stress tests are taken into account in the overall evaluation of the internal capital and used for the definition of the risk threshold within the Risk Framework.

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

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

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

4.2.2.2 - Quantitative disclosures

Categories/Values	Unweighted amounts		Weighted amounts/requirements	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
A. RISK ASSETS	5,747,232	6,892,517	5,705,937	6,448,689
A.1 Credit and counterpart risk	5,747,232	6,892,517	5,705,937	6,448,689
B. REGULATORY CAPITAL REQUIREMENTS			489,152	575,562
B.1 Credit and counterpart risk			456,475	515,895
B.2 Requirement for the provision of payment services				
B.3 Requirement for the issuance of electronic money				
B.4 Specific prudential requirements			32,677	59,667
B.5 Total prudential requirements				
C. RISK ASSETS AND ADEQUACY RATIOS			6,114,397	7,265,181
C.1 Weighted risk assets			6,114,397	7,265,181
C.2 Tier 1 capital/Weighted risk assets (Tier 1 capital ratio)			32.47 %	35.10 %
C.3 Regulatory capital/Weighted risk assets (Total capital ratio)			32.47 %	35.10 %

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

Section 5 - Analytical statement of consolidated comprehensive income

Items	31.12.2023	31.12.2022
10. Profit (Loss) for the year	(387,963)	42,253
Other income components without reversal to the income statement	**(13)**	**6,631**
20. Equity securities measured at fair value through other comprehensive income	-	6,700
a) Changes to fair value	-	201
b) Transfers to other components of shareholders' equity	-	6,499
30. Financial liabilities measured at fair value through profit or loss (change in own creditworthiness)	-	-
a) Changes to fair value	-	-
b) Transfers to other components of shareholders' equity	-	-
40. Hedging of equity securities measured at fair value through other comprehensive income	-	-
a) Change in fair value (hedged instrument)	-	-
b) Change in fair value (hedging instrument)	-	-
50. Property, plant and equipment	-	-
60. Intangible assets	-	-
70. Defined-benefit plans	(13)	(69)
80. Non-current assets and groups of assets held for disposal	-	-
90. Share of valuation reserves of equity investments valued with the equity method	-	-
100. Income taxes relative to other income components without reversal to the income statement	-	-
Other income components with reversal to the income statement	**31,842**	**(58,368)**
110. Hedging of foreign investments:	-	-
a) changes to fair value	-	-
b) reversal to income statement	-	-
c) other changes	-	-
120. Currency exchange differences:	-	-
a) changes to fair value	-	-
b) reversal to income statement	-	-
c) other changes	-	-
130. Hedging of financial flows:	-	-
a) changes to fair value	-	-
b) reversal to income statement	-	-
c) other changes	-	-
of which: result of net positions	-	-
140. Hedging instruments (non-designated elements):	-	-
a) changes in value	-	-
b) reversal to income statement	-	-
c) other changes	-	-
150. Financial assets (other than equity securities) measured at fair value through other comprehensive income	31,842	(58,368)
a) changes to fair value	29,422	(58,368)
b) reversal to income statement	2,420	-
- impairment losses	-	-
- profit/loss on disposal	2,420	-
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 valuation reserves of equity investments valued with the equity method:	-	-
a) changes to fair value	-	-
b) reversal to income statement	-	-
- impairment losses	-	-
- profit/loss on disposal	-	-
c) other changes	-	-
180. Income taxes relative to other income components with reversal to the income statement	-	-
190. Total other income components	**31,829**	**(51,737)**
200. Other comprehensive income (10+190)	**(356,134)**	**(9,484)**
210. Consolidated comprehensive income pertaining to third parties	**-**	**-**
220. Comprehensive income pertaining to the parent company	**(356,134)**	**(9,484)**

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 2023 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	2,229

It should be noted that with the approval of the financial statements as at 31 December 2022, the mandate of the Board of Directors came to its natural end and the Shareholders' Meeting appointed the new Board of Directors with resolution of 20 June 2023. On this point, it should be noted that both the Chief Executive Officers who succeeded each other in 2023 respectively established a subordinate employment relationship with the Parent Company in the role of manager, agreeing that any additional assignments, including administrative ones, would not entail additional remuneration, also waiving any amounts accrued up to that time. In fact, both Chief Executive Officers expressly waived the remuneration resolved upon at the Shareholders' Meeting pursuant to Art. 2389, paragraph 1, of the Italian Civil Code as well as that attributable pursuant to Art. 2389, paragraph 3, of the Italian Civil Code in relation to the powers granted.

For the year 2023, the total Gross Annual Remuneration paid for the General Manager office was set at EUR 250 thousand, in addition to short-term variable remuneration related to the achievement of the objectives assigned, benefits and social security charges.

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 2023 with:

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

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

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

Transactions with Investees

In 2023, after liquidation, the company Amco S.r.l. distributed income of EUR 765 thousand.

In 2023, the equity investment in the subsidiary Le Manifatture S.r.l. was acquired for a value of EUR 11 thousand.

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. respectively for EUR 81.7 million and EUR 794.8 thousand.

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 2023 or the main economic effects recognised in 2023 for transactions with related parties:

	Balance sheet items				Income statement items				
	Other financial assets mandatorily measured at fair value	Loans and receivables	Debt securities issued	Other assets	Interest income	Interest expenses	Fee and commission income	Fee and commission expense	Other income and charges
Other related companies	**-**	**82,468**	**-**	**-**	**225**	**-**	**-**	**-**	**(950)**
Monte Paschi di Siena	-	81,673	-	-	225		-	-	(950)
Poste Italiane S.p.A.	-	795	-	-	-		-	-	-

Section 7 - Leases (lessee)

Qualitative information

The lease agreements that are included in the scope of application of the IFRS 16, stipulated by the Group 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 Group 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 Parent 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 Parent 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 Parent 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 Parent Company is the lessee;
- there are no agreements imposed on the Parent 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 Parent Company has excluded agreements that have as their object assets of "low value" and lease agreements of a contract duration of 12 months or less from the application of IFRS 16.

Quantitative information

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

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

Pursuant to paragraph 53, letter a) of IFRS 16, please note that, with regard to a total of EUR 2,986 thousand of depreciation recognised for the right of use for the period, the underlying asset classes are as follows:

- offices and apartments: EUR 2,779 thousand;
- motor vehicles: EUR 166 thousand;
- office equipment: EUR 41 thousand.

Lastly, please note that pursuant to paragraph 55 of IFRS 16, at the end of the 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 year refer.

Section 8 - Other detailed information

8.1 - Segment reporting

Criteria for the preparation of segment reporting

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

Breakdown of economic and financial performance by Division

Euro/thousand - %	Amco	Workout	UTP PD	SP&S	Real Estate	Treasury and Centre of Governance
Servicing commissions	40,300	9,895	16,285	14,903	5,094	(5,876)
Interests and commissions from customers	345,089	68,918	80,072	82,736	-	113,363
Other income/charges from activities with customers	98,820	31,439	22,922	37,689	1,573	5,198
Total Revenues	**484,209**	**110,251**	**119,279**	**135,328**	**6,666**	**112,684**
Staff costs	(49,571)	(6,723)	(8,058)	(4,060)	(2,434)	(28,297)
Net operating costs	(123,563)	(38,573)	(20,588)	(72,588)	(2,080)	10,267
of which direct expenses	(86,210)	(22,151)	(3,817)	(57,320)	(532)	(2,389)
of which indirect costs	(37,353)	(16,422)	(16,771)	(15,269)	(1,548)	12,656
Total Costs and Expenses	**(173,135)**	**(45,296)**	**(28,646)**	**(76,648)**	**(4,514)**	**(18,030)**
EBITDA	**311,074**	**64,955**	**90,633**	**58,680**	**2,152**	**94,654**
Balance of reversals/value adjustments	(523,804)	(136,394)	(69,876)	(317,555)	-	22
Amortisation and depreciation	(6,692)	(1,728)	(1,763)	(1,290)	(306)	(1,604)
Provisions	(8,505)	109	-	-	-	(8,614)
Other operating income/expenses	(8,361)	86	(396)	-	(35)	(8,016)
Financial activity result	(31,422)	-	103	-	-	(31,524)
EBIT	**(267,709)**	**(72,973)**	**18,700**	**(260,166)**	**1,811**	**44,918**
Interests and commissions from financial activity	(89,580)	-	.	-	-	(89,580)
Pre-tax profit	**(357,289)**	**(72,973)**	**18,700**	**(260,166)**	**1,811**	**(44,663)**

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

- The so-called "gone concern" positions are managed with a liquidation perspective, linked to the patient recovery of the loan and the maximisation of the recovery value of the guarantees; these debt positions are assigned to the **Workout Department**. The Department is responsible for ensuring the performance of recovery activities for non-performing loans classified as "gone concern", directly acquired or acquired under management by AMCO.

- The so-called "going concern" loans, both at the level of the individual debtor and at the level of the economic group (in the latter case, for attraction, there could also be residual positions to be managed with a view to liquidation), linked to debt positions considered to be non-structural and for which the counterparties are able to generate cash flows to service the debt, are assigned to the **UTP Department**, with the aim of maximising recovery and facilitating the debtor's return to bonis, including through the provision of new finance.

- The **Special Partnership & Servicing Department** (hereinafter "SP&S"), on the other hand, has the task of overseeing the portion of the portfolio, consisting of both bad loans and unlikely to pay loans, entrusted to the management of external special servicers, as well as managing the multi-originator platforms.

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

Divisions performance

The EBITDA of the **Workout Division** amounted to EUR 64.9 million, made up of EUR 110.2 million in revenues and EUR 45.3 million in costs.

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

- fee and commission income of EUR 9.8 million, deriving exclusively from collection activities on the portfolios of the former Veneto Banks;
- net interest income linked to POCI portfolios and the release of time values on portfolios measured at amortised cost for EUR 68.9 million;
- other revenues from ordinary operations amounting to EUR 31.4 million, on the other hand, relate to the recovery of receivables from collections.

The costs of the Workout Division amounted to EUR 45.3 million and consist of the Department staff costs of EUR 6.7 million, net operating costs of EUR 38.6 million (of which EUR 22.2 million of overhead costs allocated according to the cost allocation model, including the costs of personnel allocated on a management basis to the operating segment, and legal/recovery costs associated with the individual positions managed for EUR 16.4 million). The pre-tax result amounted to a negative EUR 73 million, negatively impacted by value adjustments on receivables for EUR 136.4 million.

EBITDA of the **UTP Department** was EUR 90.6 million, consisting mainly of revenues of EUR 119.3 million and costs of EUR 28.6 million.

The revenues of the UTP Division are composed of:

- fee and commission income of EUR 16.3 million, for collection activities on the portfolios of the former Veneto Banks;
- interest from customers amounting to EUR 80.0 million, consisting of interest on POCI portfolios, contractual interest and release of time value on loans in the MPS portfolio, in addition to notional interest expenses;
- other revenues from ordinary operations amounting to EUR 22.9 million, on the other hand, relate to the recovery of receivables from collections.

Costs amounted to EUR 28.6 million, of which EUR 8.0 million related to personnel and EUR 20.5 million to net expenses (of which EUR 16.7 million of overhead costs allocated according to the cost allocation model, including the expenses of staff allocated to the operations departments and legal/recovery costs associated with the individual positions for EUR 3.8 million). The pre-tax result amounted to EUR 18.7 million, negatively impacted by value adjustments on receivables for EUR 69.8 million.

The EBITDA of the **SP&S Division** amounted to EUR 58.7 million, of which EUR 135.3 million were revenues and EUR 76.6 million costs.

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

- fee and commission income of EUR 14.9 million, primarily from the collection activities on the portfolio of the former Veneto Banks and on the managed loans of the Cuvèe multi-originator platform;
- interest from customers amounting to EUR 82.7 million, consisting of interest on POCI portfolios, contractual interest and release of time value on loans in the MPS portfolio, in addition to notional interest expenses;
- other revenues from ordinary operations amounting to EUR 37.6 million, on the other hand, relate to the recovery of receivables from collections.

The costs of the SP&S Division amounted to EUR 76.6 million and consist of staff costs of EUR 4.0 million, net operating costs of EUR 72.5 million (of which 15.2 million of overhead costs allocated according to the cost allocation model, including the expenses of staff allocated to the operations departments and legal/recovery costs associated with the individual positions for EUR 57.3 million). The pre-tax result amounted to a negative EUR 260.1 million, negatively impacted by value adjustments on receivables for EUR 317.5 million.

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

EBITDA was positive for EUR 94.6 million, thanks to revenues composed mainly of notional interest allocated to the other divisions for EUR 113.3 million, in addition to commissions payables disbursed to the business divisions for EUR 5.8 million.

As a result of the write-down of the Italian Recovery Fund units, allocated to the Centre of Governance, and the costs for net borrowings of EUR 89.5 million, the Division closed the year with a loss of EUR 46.6 million.

Performance of Assets under Management

EUR/thousand	Amco	Workout	UTP PD	SP&S
Assets under Management	34,706,940	14,337,856	7,634,231	12,734,852

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

Organisational structure

	Amco	Workout	UTP PD	SP&S	Real Estate	Treasury and Centre of Governance
FTE	417	69	65	41	20	222

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

8.2 - Earnings per share

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

8.3 - Fees paid to the Independent Auditors

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

8.

Section relating to Segregated Estates ("Patrimoni Destinati")

Statement of the Veneto Group Segregated Estates as at 31 December 2023

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 Articles 3 and 4 of the afore-mentioned Decree Law, together with assets, agreements and legal rights and obligations accessory to the same, with the exclusion from this scope of certain assets, liabilities, agreements and rights and obligations identified in the transfer agreements on a consistent basis with the criteria laid down by MD 221/2018.

Furthermore, in accordance with Art. 5, paragraph 4 the Decree Law indicates that "The separate financial statements are prepared in compliance with international accounting standards". These separate statements, prepared for each Segregated Estate, form an annex to these 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 IFRS 9, an analysis of the derecognition of assets must be carried out by the transferor, assuming that it prepares financial statements in accordance with IAS/IFRS standards (even when this is not the case), in order to check if the conditions for the recognition of the assets by the Segregated Estates transferee apply. The analyses carried out on the two separate Veneto Group and Vicenza Group Segregated Estates have considered the following scenarios:

1. Estimate of the net future financial flows of loans in the hypothesis of the existence of Transfer Contracts;
2. Estimate of the net future financial flows of loans in the hypothesis that there has not been a transfer of assets by the LCAs but in the hypothesis of adoption of the same business model on the part of the LCAs;
3. Estimate of the net future financial flows of loans in the hypothesis that there has not been a transfer of assets by the LCAs but in the hypothesis of adoption of a different business model and pricing of the activities of master and special servicing with respect to the two previous hypotheses.

From the analysis carried out on the basis of cash flows currently expected by the acquired loans it has emerged that in all the hypotheses described above, not only the cumulative incidence of the commission components is considerably below 10% (parameter used for the derecognition), but the variability between the hypothesis of Transfer to AMCO Segregated Estates and the hypotheses in which this did not occur (both maintaining the same management business model – nevertheless shared with the LCAs, and in hypothesis of an alternative one) is essentially nil.

On the basis of these assumptions, AMCO has not essentially acquired all the risks and benefits of the ownership of the acquired financial assets and, therefore, 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. In more detail, for the purposes of the information to be supplied, it has been assessed that:

- AMCO is not required to consolidate the Segregated Estates, nor can these be considered joint ventures with the Company;
- AMCO does not have an equity investment in the Segregated Estates, which cannot therefore be considered to be equity investments in non-consolidated structured entities;
- the constitution of two Segregated Estates, in order to pursue the specific statutory safeguards offered by this institution, and the existence of an ongoing management contract between them and AMCO ensures that the relationship between the Company and the Segregated Estates falls within the cases of sponsorship envisaged by IFRS 12. Therefore, the disclosure obligations are those defined by IFRS 12.27 and fulfilled in this report, as well as in the Notes to the Financial Statements of AMCO.

Report

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

Veneto Group SE - EUR/million	31.12.2023	31.12.2022
Gross Book Value	**5,752**	**6,165**
- Italian portfolio	5,373	5,736
- Foreign portfolio	380	429
Net Present Value	**1,128**	**1,367**
- Other assets	87	74
Total	**1,215**	**1,441**

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.

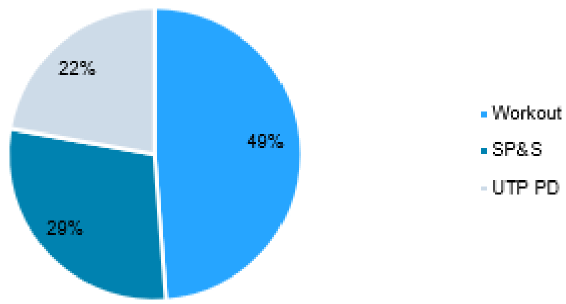
The item "Other assets" includes:

- Liquidity on current accounts of EUR 59 million inclusive of remuneration for the last quarter of 2023 yet to be liquidated for the servicing activity carried out by AMCO on the portfolio;
- Securities, equity financial instruments and similar instruments for EUR 28 million;
- Interest rate derivatives.

The following tables report an overview of portfolios:

Portfolio breakdown

By unit (€/mln)	
Workout	2,804
SP&S	1,671
UTP PD	1,277



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.

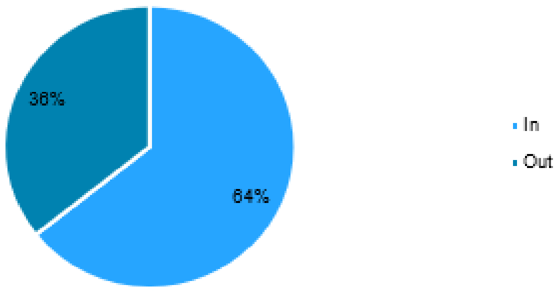
With regard to this, the portfolio management is differentiated in accordance with the following criteria:

- 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 obtaining the repayment 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 department, intended as the company division with the task of managing "gone concern" loans (Workout) and "going concern" loans (UTP/PD), it can be observed that the UTP/PD department accounts for 22% of the total.

Portfolio breakdown

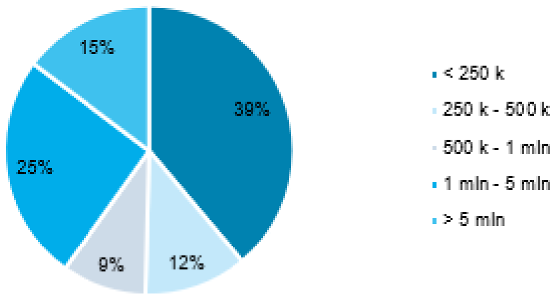
By type of management (€/mln)	
In	3,702
Out	2,051



Outsourced management represents 36% of the portfolio, as the strategy defined by the Company determines that economies of scale for low value positions (generally particularly fragmented) are best achieved through specialist servicers (also taking account of the level of maturity and standardisation of market solutions).

Portfolio breakdown

By amount (€/mln)	
< 250 k	2,235
250 k - 500 k	664
500 k - 1 mln	545
1 mln - 5 mln	1,458
> 5 mln	850



Analysing the portfolio by amount it can be noted that 40% of the portfolio is made up by positions amounting to more than EUR 1 million, while 39% of the portfolio is represented by positions amounting to less than EUR 250 thousand.

Veneto Group SE - EUR/million	31.12.2023	31.12.2022
Collections		
- Non-securitised portfolio	258	391
Total	**258**	**391**
Liquidity retroceded	172	295

The cash repaid in 2023 on the management agreements of the Segregated Estate is around EUR 172 million. This cash flow was reported to the LCA on a quarterly basis as required by the transfer contract.

Statement of the Vicenza Group Segregated Estate as at 31 December 2023

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 Articles 3 and 4 of the afore-mentioned Decree Law, together with assets, agreements and legal rights and obligations accessory to the same, with the exclusion from this scope of certain assets, liabilities, agreements and rights and obligations identified in the transfer agreements on a consistent basis with the criteria laid down by MD 221/2018.

Furthermore, in accordance with Art. 5, paragraph 4 the Decree Law indicates that "The separate financial statements are prepared in compliance with international accounting standards". These separate statements, prepared for each Segregated Estate, form an annex to these 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 IFRS 9, an analysis of the derecognition of assets must be carried out by the transferor, assuming that it prepares financial statements in accordance with IAS/IFRS standards (even when this is not the case), in order to check if the conditions for the recognition of the assets by the Segregated Estates transferee apply. The analyses carried out on the two separate Veneto Group and Vicenza Group Segregated Estates have considered the following scenarios:

1. Estimate of the net future financial flows of loans in the hypothesis of the existence of Transfer Contracts;
2. Estimate of the net future financial flows of loans in the hypothesis that there has not been a transfer of assets by the LCAs but in the hypothesis of adoption of the same business model on the part of the LCAs;
3. Estimate of the net future financial flows of loans in the hypothesis that there has not been a transfer of assets by the LCAs but in the hypothesis of adoption of a different business model and pricing of the activities of master and special servicing with respect to the two previous hypotheses.

From the analysis carried out on the basis of cash flows currently expected by the acquired loans it has emerged that in all the hypotheses described above, not only the cumulative incidence of the commission components is considerably below 10% (parameter used for the derecognition), but the variability between the hypothesis of Transfer to AMCO Segregated Estates and the hypotheses in which this did not occur (both maintaining the same management business model – nevertheless shared with the LCAs, and in hypothesis of an alternative one) is essentially nil.

On the basis of these assumptions, AMCO has not essentially acquired all the risks and benefits of the ownership of the acquired financial assets and, therefore, 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. In more detail, for the purposes of the information to be supplied, it has been assessed that:

- AMCO is not required to consolidate the Segregated Estates, nor can these be considered joint ventures with the Company;
- AMCO does not have an equity investment in the Segregated Estates, which cannot therefore be considered to be equity investments in non-consolidated structured entities;
- the constitution of two Segregated Estates, in order to pursue the specific statutory safeguards offered by this institution, and the existence of an ongoing management contract between them and AMCO ensures that the relationship between the Company and the Segregated Estates falls within the cases of sponsorship envisaged by IFRS 12. Therefore, the disclosure obligations are those defined by IFRS 12.27 and fulfilled in this report, as well as in the Notes to the Financial Statements of AMCO.

Report

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

Vicenza Group SE - EUR/million	31.12.2023	31.12.2022
Gross Book Value	**6,871**	**7,461**
- Italian portfolio	6,871	7,461
Net Present Value	**1,418**	**1,675**
- Other assets	105	102
Total	**1,523**	**1,777**

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.

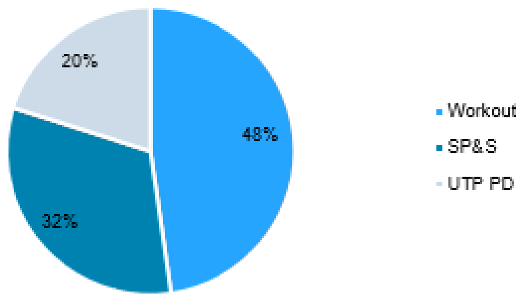
The item "Other assets" includes:

- Liquidity on current accounts of EUR 46 million inclusive of remuneration for the last quarter of 2023 yet to be liquidated for the servicing activity carried out by AMCO on the portfolio;
- Securities, equity financial instruments and similar instruments for EUR 59 million;
- Interest rate derivatives.

The following tables report an overview of portfolios:

Portfolio breakdown

By unit (€/mln)	
Workout	3,279
SP&S	2,208
UTP PD	1,384



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.

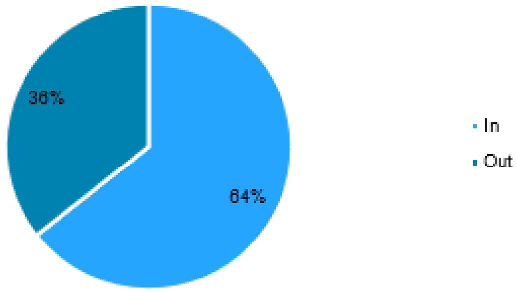
With regard to this, the portfolio management is differentiated in accordance with the following criteria:

- 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 obtaining the repayment 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 department, intended as the company division with the task of managing "gone concern" loans (Workout) and "going concern" loans (UTP/PD), it can be observed that the UTP/PD division accounts for 20% of the total.

Portfolio breakdown

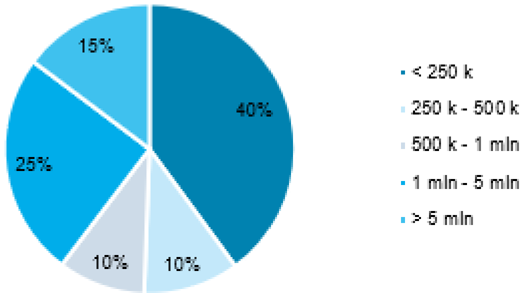
By type of management (€/mln)	
In	4,663
Out	2,208



Outsourced management represents 36% of the portfolio, as the strategy defined by the Company determines that economies of scale for low value positions (generally particularly fragmented) are best achieved through specialist servicers (also taking account of the level of maturity and standardisation of market solutions).

Portfolio breakdown

By amount (€/mln)	
< 250 k	2,743
250 k - 500 k	733
500 k - 1 mln	669
1 mln - 5 mln	1,712
> 5 mln	1,014



Analysing the portfolio by amount it can be noted that 40% of the portfolio is made up by positions amounting to more than EUR 1 million, while 40% of the portfolio is represented by positions amounting to less than EUR 250 thousand.

Vicenza Group SE - EUR/million	31.12.2023	31.12.2022
Collections		
- Non-securitised portfolio	327	372
Total	**327**	**372**
Liquidity retroceded	261	293

The cash repaid in 2023 on the management agreements of the Segregated Estate is around EUR 261 million. This cash flow was reported to the LCA on a quarterly basis as required by the transfer contract.

9.

Declaration of the CEO and the Manager in charge

Attestation of the Chief Executive Officer and Manager in charge of preparing the Company's Financial Reports on the Consolidated Financial Statements and Report on Operations as at 31 December 2023 pursuant to Art. 154 bis of Italian Legislative Decree 58/1998

1. The undersigned ANDREA MUNARI, in the role of Chief Executive Officer and LUCA LAMPUGNANI, in the role of Manager in charge of preparing the Company's Financial Reports of AMCO - Asset management company S.p.A., also taking into account the provisions of Art. 154 bis, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998, Art. 13, paragraph 6, of the Articles of Association and what stated at point 2 below, certify:

   - the adequacy in relation to the characteristics of the company and the corporate structure;
   - the effective application of administrative and accounting procedures and practices in the preparation of the Consolidated Financial Statements as at 31 December 2023.

2. In this regard, it should be noted that the undersigned LUCA LAMPUGNANI has carried out activities useful for the verification of the adequacy and the effective application of current procedures and consolidated administrative and accounting provisions for the preparation of the financial statements as at 31 December 2023.

3. The undersigned also certify that the Consolidated Financial Statements as at 31 December 2023:

   - 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 Group;
   - 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 2023 includes a reliable analysis of the performance and result as well as the Group's situation, together with a description of the main risks and uncertainties to which the Group is exposed.

Milan, 12 March 2024

Signed by
Andrea Munari
Chief Executive Officer

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

10.

Internal auditors' report

AMCO S.P.A.

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

BOARD OF STATUTORY AUDITORS' REPORT PURSUANT TO ART. 2429, PARAGRAPH 2, OF THE ITALIAN CIVIL CODE

To the Shareholders of AMCO – Asset Management Company S.p.A.

1. Introduction

During the year closed as at 31 December 2023, our activities were inspired by the legal provisions and the rules of conduct of the Board of Statutory Auditors of unlisted companies issued by the National Council of Chartered Accountants and Accounting Experts.

With this report, we bring to the attention of the Shareholders this activity and the results achieved.

Drawn up in compliance with the Italian regulations governing their preparation, the consolidated financial statements of AMCO S.p.A. for the year ended as at 31 December 2023 show a **consolidated loss of EUR 388 million**, and are submitted for the approval of the Shareholders' Meeting.

Therefore, the **Group shareholders' equity** amounts to EUR 2,022 million, down by EUR 356 million compared to December 2022 due to the net loss achieved in 2023.

The financial statements were made available to us within the legal deadline.

As the Board of Statutory Auditors is not responsible for the statutory audit, it has carried out the supervisory activities envisaged in Rule 3.8 of the "Rules of conduct of the Board of Statutory Auditors of unlisted companies", consisting of an overall summary check aimed at verifying that the financial statements have been correctly drawn up.

The verification of correspondence with the accounting data is in fact the responsibility of the independent auditor, Deloitte & Touche S.p.a., which delivered its report dated 28 March 2024 containing an opinion without any remarks.

Based on the information provided in the independent auditor's report, the consolidated financial statements provide a true and fair view of the Group's equity and financial position as at 31 December 2023, the economic result and cash flows for the year ended on that date in compliance with the International Financial Reporting Standards adopted by the European Union as well as the provisions issued in application of Art. 9 of Italian Legislative Decree no. 38/05 and Art. 43 of Italian Legislative Decree no. 136/15.

With respect to **investee companies**, we note that:

a) as at 31 December 2023, AMCO held:

- the entire equity investment in the vehicles Tatooine SPV S.r.l. and Tatooine LeaseCo S.r.l., acquired on 19 December 2022;
- the entire equity investment in the company Le Manifatture S.r.l., an operating company, acquired on 5 May 2023, that manages the shopping centre complex acquired as part of the Tatooine securitisation transaction;

b) the liquidation of the company Amco S.r.l. was completed in 2023.

With regard to transactions with **related parties**, we note that AMCO holds equity investments in the vehicles Tatooine SPV S.r.l. and Tatooine LeaseCo S.r.l. and in the company Le Manifatture S.r.l. (each qualifying as a "related party"); the companies Tatooine SPV S.r.l. and Tatooine LeaseCo S.r.l. are also included in the consolidation scope. The directors note that 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 with Monte Paschi di Siena S.p.A. and Poste Italiane.

With respect to the **business outlook**, we note that with the 2024-2028 Plan, approved by the Board of Directors on 12 March 2024, the AMCO Group focuses on the creation of value from the existing portfolio, optimising recovery performance thanks to greater operating efficiency.

The **2024-2028 Plan** is divided into three pillars that intersect the GSSE Sustainability strategy:

1) **Creating value from the existing portfolio with greater operational efficiency**: the AMCO Group aims to optimise the recovery performance of the existing portfolio, thanks to greater and renewed operating efficiency through the evolution of the portfolio management model based on data-driven logic, greater in-house management and outsourcing specialisation, and the enhancement of the IT infrastructure and internal processes.

2) **Supporting households and businesses with innovative projects**: the AMCO Group will structure innovative projects to facilitate the financial rebalancing of households and businesses, such as: the RE.Perform project to support retail mortgage customers to return to performing status, multi-originator funds dedicated to specific sectors, geographical areas or categories of companies to

promote their relaunch, and restructuring operations and industrial relaunch, with new finance, of single-name positions both in the portfolio and not under management.

3) **Supporting the economy with innovative projects to support households and businesses**: the AMCO Group wants to retain a systemic role in the management of impaired loans in the public interest. Therefore, both the structure for the management of loans with state guarantee disbursed during COVID and new initiatives for the management of non-performing loans in synergy with other partners are being defined.

The AMCO Group continues on the path outlined by the GSSE Sustainability Strategy - Sustainable governance, Credit sustainability, Human capital development and environmental protection - confirming the targets for 2025 and outlining new areas of action between 2026 and 2028.

With respect to the **going concern** assumption, the directors do not believe that there are elements such as to cast doubt on the Group's ability to operate in this respect over a period of at least 12 months and, therefore, the consolidated financial statements as at 31 December 2023 were prepared based on the going concern assumption.

2. Supervisory activities pursuant to Art. 2403 et seq. of the Italian Civil Code

In 2023, the Board met 20 times.

In accordance with Article 12 of Italian Law no. 259 of 21 March 1958, as a company almost entirely owned by the Ministry of Economy and Finance, AMCO is subject to financial management control by the Court of Auditors. The Executive Director, responsible for controlling AMCO's financial management, attended most of the meetings held by the Board of Statutory Auditors.

Also in 2023, we monitored compliance with the law and the Articles of Association, compliance with the principles of correct management and, in particular, the adequacy of the organisational, administrative and accounting structure adopted by the company and its practical functioning.

We participated in the meetings of the Board of Directors and the meetings of the Risks and Related Parties Committee (Associated Parties) and, based on the information available, we have no particular findings to report.

We acquired from the Board of Directors with adequate notice and also during the meetings held information on the general business performance and on its outlook, as well as on the most significant transactions, in terms of their size or characteristics, carried out by the company and, based on to the information acquired, we have no particular findings to report.

We promptly exchanged data and information relevant to the performance of our supervisory activities with the entity in charge of the statutory audit.

We acquired knowledge of and monitored the adequacy of the organisational, administrative and accounting structure and of its functioning, also by collecting information from the managers of the corporate functions and, in this regard, we have no particular observations to report.

We acquired knowledge of and supervised, to the extent of our competence, the adequacy and functioning of the administrative and accounting system, as well as the reliability of the latter in correctly representing operational events, by obtaining information from the managers of functions and by examining company documents, and in this regard we have no particular observations to report.

We engaged in periodic discussions with the Control Functions on occasion of the presentation of findings and reports prepared by them and presented to the Bodies, most recently at the meeting of the Board of Directors of 28 March. On the basis of the information contained therein, we share the proposals for mitigation actions identified and the proposals for actions to optimise control processes and methodologies, also in relation to the 2024 risk framework and with a view to continuous company improvement. We share the recommendations in relation to the follow-up activities of the Banca d'Italia "remediation plan".

We acquired information from the Manager in Charge and his annual report on financial disclosure; we share the recommendations he proposes on open actions; there are no relevant elements that need to be highlighted in this report.

In the same year, we acquired information from the Supervisory Body and no critical issues were identified with respect to the correct implementation of the organisational model that need to be highlighted in this report.

We monitored the evolution of specific issues of strategic value (such as, in particular, the AML action plan; the audit firm's audit plan, including their considerations regarding changes to the valuation criteria of the loan portfolio; the process for preparing the 2023 financial statements and related valuation aspects).

We carefully monitored compliance with the preparation process of the remediation plan required by Banca d'Italia, following the 2022 inspection, providing the opinion requested by the Authority following an extensive and in-depth cycle of hearings with the main company departments (held over five meetings of the Board of Statutory Auditors that took place in September 2023).

In detail, in this context, we have:

a) reviewed the individual findings by the Authority and the underlying shortcomings identified, asking the individual Departments for information and further details on the remedial actions carried out and on those deemed necessary for a full resolution, also with a view to the development of company activities (and, therefore, in terms of prevention of the possible recurrence of regrettable situations);
b) acquired the documents produced by the individual structures for a contextual and, if necessary, a subsequent analysis;
c) analysed the elements of the action plan and their progress, also presented in table form.

During the 2023 financial year, we issued the following opinions and observations:

i) Opinion on the assignment to Deloitte Financial Advisory Srl SB (a company belonging to the Deloitte Network) of the performance of Pool Audit services (Agreed Upon Procedures) relating to credit portfolios within the "GLAM" scope: meeting of 26 January 2023;
ii) Bridge Project - UTP Portfolio Purchase: meeting of 10 March 2023;
iv) Watson Project: purchase of NPE portfolio from Banco BPM: meeting of 11 May 2023;
iv) Purchase of the NPE portfolio from Banca Sella: meeting of 11 May 2023;
v) Approval of the Reports of the Board of Statutory Auditors on the separate and consolidated financial statements as at 31 December 2022: meeting of 3-5 April 2023; report issued on 5 April 2023;
vi) Observations of the control body pursuant to Circular 288/2015 (Title III, Chapter I, Sec. V, §1), on the report prepared by Internal Audit regarding the controls carried out on the outsourced Important Operational Functions (IOF): meeting of 11 May 2023;
vii) Observations of the Board of Statutory Auditors pursuant to Banca d'Italia Circular no. 288/2015 (Title III, Chapter I, Sec. II, § 2), on the audits carried out and the findings of the ICAAP process: meeting of 11 May 2023;

viii) Opinion on the assignment of the mandate to Deloitte on "Support to the Data Office Function for the management of the company Data Warehouse": meeting of 22-26 June 2023;

ix) Opinion on the progress of the Banca d'Italia Action Plan: meetings of 11, 15, 16, 22 and 27 September 2023.

Additional issues of particular interest covered by the Board during 2023 were:

i) Half-yearly report as at 30 June 2023: meeting of 25 July 2023;

ii) Amendments to the Accounting Manual: meeting of 23 February 2023;

iii) Information on additional services performed by the Independent Auditors Deloitte & Touche S.p.A.: meeting of 23 February 2023;

iv) Request for offer of non-audit services in the AML/anti-money-laundering area to Risk Advisory of Deloitte (company belonging to the Deloitte network): meetings of 11 May 2023 and 22-26 June 2023;

v) Report on the status of the tax dispute: meetings of 23 February 2023 and 25 July 2023;

vi) Practices that present potential criminal risks related to credit recovery activities: meeting of 26 January 2023, 20 March 2023 and 15 November 2023;

vii) Supervisory expectations on climate and environmental risks: Sustainability Plan and activities timetable: meetings of 23 February 2023 and 20 March 2023;

viii) Drafting and approval of the Communication of the Board of Statutory Auditors to Banca d'Italia on the anomalies identified in the registrations of the Centralised Computer Archive (Archivio Unico Informatico - AUI) pursuant to Art. 46 of Italian Legislative Decree 231/2007: meeting of 24 February 2023 preceded by information provided to the Board of Statutory Auditors during the meeting of 23 February 2023 and related follow-up in the meeting of 20 March 2023 and in the meeting of 23-26 June 2023;

ix) AML action plan (AUI and Abroad) and communications with Banca d'Italia: meeting of 25 July 2023;

x) Revenue Agency inspection update - Year 2018: meeting of 15 November 2023.

Furthermore, it should be noted that, pending approval of the financial statements, the Board of Statutory Auditors:

i) took note of any changes to the valuation criteria of the loan portfolio: meeting of 25 January 2024;

ii) acknowledged further amendments to the Accounting Manual: meeting of 21 February 2024. No complaints were received from the shareholders pursuant to Art. 2408 or Art. 2409 of the Italian Civil Code and we have not filed a complaint with the court pursuant to Art. 2409 of the Italian Civil Code.

3. Comments on the consolidated financial statements

With respect to the main **balance sheet figures** that can be inferred from the 2023 consolidated financial statements, we note the following.

Loans and receivables with customers amounted to EUR 4.2 billion and are composed almost entirely of non-performing loans acquired as part of debt purchasing transactions between 2019 and 2023. **POCI portfolios** were down by 9% due to the combined effect of the expected decrease of the portfolio and the impact of the valuations made in 2023. The same dynamics and reasons were recorded for the **amortised cost portfolios**, which recorded a decrease of 24%.

As highlighted in the Notes to the Financial Statements, Part C - Section 8 - "Net value adjustments/reversals for credit risk" and Part D - Section 3 - Paragraph 2 - "Credit risk management policies", and in the Report on Operations at section " Operating performance", the AMCO Group's economic result for the year 2023 was significantly impacted by the valuation of loans at amortised cost, with particular reference to the **impaired loans portfolio contributed to AMCO through the non-proportional demerger, completed at the end of 2020, of a set of assets and liabilities pertaining to Banca Monte dei Paschi di Siena** (hereinafter the "former MPS impaired loans"). The valuation of this portfolio was affected by (i) changes in the valuation metrics of positions valued on a flat-rate basis to consider new recovery expectations on unsecured positions deriving from new forward-looking scenarios necessary to incorporate the changed conditions of the macroeconomic scenario (e.g. interest rates, inflation, real estate market slowdown), (ii) changes deriving from the review of the recovery times for the purpose of calculating the discounting effect, and (iii) periodic updating of the analytically valued positions, in accordance with the provisions of the AMCO Group's valuation policy. Overall, **net value adjustments were recorded on loans portfolios at amortised cost for EUR 255 million.** As indicated in the Notes to the Financial Statements, Part A - Section A.2 - Part relating to the main financial statements items, paragraph - "Financial assets measured at amortised cost" and Part D - Section 3 - Paragraph 2 - "Credit risk management policies", the amount of the value adjustments to be recognised in the Income Statement is defined on the basis of an analytical or flat-rate valuation process determined for similar categories and, therefore, analytically attributed to each position.

As indicated 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 in the Report on Operations at section "Operating performance", **purchased or originated credit impaired loans - POCI, classified under "Financial assets measured at amortised cost - loans and receivables with customers", as at 31 December 2023 reported a net book value of EUR 2,387 million**, down by approximately 9% compared to the previous year due to the natural recovery activity and the impact of the write-downs made during the year, only partially offset by the acquisitions carried out in 2023. As indicated in the Notes to the Financial Statements, Part C - Section 8 - "Net value adjustments/reversals for credit risk", **the POCI valuation resulted in net value adjustments of EUR 194 million.** In particular, as indicated in the Notes to the Financial Statements, Part D - Section 3 - Paragraph 2 - "Credit risk management policies", following the verification of the recovery curves adequacy ("backtesting"), the Parent Company AMCO updated the recovery curves for POCI positions measured on a flat-rate basis, for some acquired portfolios, in order to reflect their specific characteristics in terms of breakdown, origination, vintage and performance, recording higher value adjustments for EUR 229 million compared to the expected losses quantified on the basis of the previously adopted models.

Financial assets amounted to EUR 928 million, down by 26.2% compared to December 2022, mainly due to the decrease in investments in Italian government bonds (for the use of a more efficient management of liquidity) and for the lower value of UCITS units.

The **value of UCITS units** decreased by 16.4% and is mainly composed of:

i) Italian Recovery Fund of EUR 317.6 million, down compared to December 2022 due to the repayment of principal and revenues of EUR 36.1 million and for the write-down of the equity investment of EUR 32.5 million determined on the basis of the provisions of the company fair value policy;
ii) Back2Bonis of EUR 78.7 million, down compared to December 2022 due to the repayment of EUR 2.7 million and for the write-down of the equity investment of EUR 6.3 million determined on the basis of the provisions of the company fair value policy;
iii) other UCITS for EUR 24.0 million consisting mainly of the units of the Sansedoni Fund (EUR 14.4 million) and the Efesto Fund (EUR 8.3 million).

Receivables that do not meet the criteria for recognition under assets measured at fair value amount to EUR 43.7 million.

Property, plant and equipment and intangible assets amounted to EUR 37.9 million, up by 21%.

Equity investments and other assets were substantially stable compared to the end of 2022.

Tax assets amounted to EUR 154.1 million, down by 22% due to the use and updating of the recoverability of the recorded DTAs.

Payables to third parties amounted to EUR 3,412 million, down by 17% compared to December 2022 due to the repayment of a bond of EUR 1.25 billion due in July 2023 with simultaneous refinancing of EUR 500 million.

Shareholders' equity of EUR 2,022 million was down by EUR 356 million compared to December 2022 due to the negative net result achieved in 2023.

Based on what is reported by the directors, we note that also in 2023 the Group confirmed its **capital strength, with a Total Capital Ratio of 32.5%**, well above the regulatory requirements.

With respect to the main **income statement figures** inferred from the financial statements for the year 2023, we note the following.

Revenues amounted to EUR 484.2 million, up by EUR 44.8 million (+10%) compared to 2022, essentially due to the increase in interest income generated by the loans acquired.

In particular, **servicing commissions** amounted to EUR 40.3 million, down by 9% year-on-year due to the lower contribution from the management of the portfolios of the former Veneto Banks as a result of the reduction in the volumes of Segregated Estates loans, only partially offset by the increase in commissions received as part of the Cuvée transaction due to the growth in managed assets as a result of the new contributions finalised in 2022, which in 2023 contributed for the entire year.

Interest and commissions from activities with customers were up by 12% compared to 2022. This increase is due to the business expansion in the first months of 2023 and the contribution of the amortised cost portfolios (in particular MPS), which generated an increase of EUR 21.5 million in interest compared to 2022, thanks to the higher release of time value, and the increase in interest on the variable rate part of the portfolio.

Other income and expenses from ordinary operations amounted to EUR 98.8 million, up by EUR 11.1 million (+13%) thanks to the higher reversals of cash collections made through recovery activities, especially on more recently acquired portfolios.

The process of strengthening the AMCO workforce also continued in 2023; consequently, **staff costs** were up by 26% and in 2023 amounted to EUR 49.6 million.

Net operating costs, equal to EUR 123.6 million, increased by EUR 27.5 million (+29%) compared to 2022 mainly due to the increase in expenses related to recovery activities and to the increase in IT costs.

Expenses for collection activities are mainly affected by higher costs on properties underlying leases and the increase in outsourcing commissions paid to external special servicers, which are up in proportion to the trend in collections made (+32%).

Overhead costs are up 12% compared to 2022 due to higher IT costs, in particular the cost of Core Banking, for the fees relating to developments and implementations made in the previous year and finally for the inflationary trend affecting services subject to indexing.

As a result of the trend in revenues and costs described above, **EBITDA** amounted to EUR 311.1 million, up 2% compared to the same period of the previous year, mainly following the trend in revenues.

The **balance of value adjustments/reversals on ordinary operations** was negative for EUR 523.8 million due to the impact of the aforementioned update of the loan portfolio valuation to factor in the new expectations implicit in the recovery curves and in the average market curves, introducing more forward-looking elements that also reflect the changed conditions of the macroeconomic context.

Other operating income and expenses amounted to EUR -8.4 million, the item mainly includes the so-called collar, i.e. the mechanism for adjusting the commission income of the former Veneto Banks, for EUR -6.8 million.

The **financial activity result was negative** for EUR -31.4 million mainly due to the aforementioned write-down on the investment in the Italian Recovery Fund ("IRF") for EUR 32.5 million following the revision of the unit values due to the forecast recovery estimates formulated by the management company, in application of the fair value policy.

Net interests from financial activity were negative for EUR 89.6 million due to interest expense on bonds issued by the Parent Company to refinance part of the debt maturing in 2023.

The **cost of funding** is up by 32% compared to 2022 due to the annualization of the cost of the issue carried out in September 2022 and due to the new issue in 2023 which, following the increase in interest rates, historically represent the highest-rate bonds issued by the Group.

Taxes record the negative impact of the review of the tax assets considered to be sustainable on the basis of the expected prospective profitability.

We note that the Company established the figure of the Manager in charge of preparing the Company's Financial Reports (hereinafter the "Manager in Charge"), 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 for the Economy and Finance).

We acquired the certification of the Chief Executive Officer and of the Manager in Charge, also taking into account the provisions of Art. 154 bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998, and Art. 13, paragraph 6, of the Articles of Association, which states:

i) the adequacy in relation to the characteristics of the company and the corporate structure;
ii) the effective application of administrative and accounting procedures and practices in the preparation of the Consolidated Financial Statements as at 31 December 2023.

The Manager in Charge also stated to have carried out activities useful for the verification of the adequacy and the effective application of current procedures and consolidated administrative and accounting provisions for the preparation of the financial statements as at 31 December 2023.

The Chief Executive Officer and the Manager in Charge also certified that the Consolidated Financial Statements as at 31 December 2023:

i) correspond to the accounting entries and records;
ii) are suitable to provide a truthful and correct representation of the financial, economic and assets situation of the Group;
iii) are drawn-up in compliance with the IAS/IFRS international accounting standards recognised by the European Community and the Provisions of Banca d'Italia on the subject.

Lastly, it is certified that the Report on Operations as at 31 December 2023 includes a reliable analysis of the performance and result as well as the Group's situation, together with a description of the main risks and uncertainties to which the Group is exposed.

We note that, based on the information provided in the independent auditor's report, the consolidated financial statements provide a true and fair view of the Group's equity and financial position as at 31 December 2023, the economic result and cash flows for the year ended on that date in compliance with the International Financial Reporting Standards adopted by the European Union as well as the provisions issued in application of Art. 9 of Italian Legislative Decree no. 38/05 and Art. 43 of Italian Legislative Decree no. 136/15.

The directors have stated in the financial statements that 2023 was a favourable year for the AMCO Group in terms of commercial and financial performance, with some events having material impacts on the Company's organic economic trajectory.

Collections, the Group's main performance indicator, amounted to EUR 1.66 billion, an increase of 9% compared to 2022, and with a collection rate (ratio of collections to average volumes under management) stable at 4.6% (compared to 4.7% in 2022).

The Group's net financial position improved by EUR 667 million thanks to the cash generated by ordinary operations which made it possible, in addition to financing acquisitions of loan portfolios for EUR 264 million, to repay the bond of EUR 1,250 million due in July 2023, refinancing only a small portion for EUR 500 million.

However, the results for 2023 were characterised by a number of events that had a material impact on the Group's financial and economic results:

i) the modification of the valuation parameters, mainly for the unsecured portfolios, to factor in new expectations implicit in the recovery curves (following the updating of the historical series) or in the average market curves, introducing more forward-looking elements to incorporate the changed conditions of the macroeconomic context (e.g. interest rates, inflation, slowdown in the real estate market). In addition to updating expected cash flows, recovery times were also adjusted for specific clusters/portfolios combinations. The overall impact deriving from the valuation activity, the revision of cash flows and the recovery times adjustments is negative for EUR 523.8 million;
ii) the creation of specific provisions for future charges linked to specific situations such as updating the minimum remuneration tables for the legal professions, or the coverage of expenditure commitments subsequent to the contractual termination of an outsourcing service provider who was issued with a formal notice of termination;

iii) the revision of the value of the share in the Italian Recovery Fund ("IRF") in application of the Parent Company's Fair Value policy and the new recovery estimates formulated by the management company Dea Capital on the underlying loan portfolio;

iv) the adjustment of DTAs recognised in the financial statements following the performance of a probability test on future taxable income updated on the basis of the 2024/2028 Business Plan.

Having said that, the directors stated that the year 2023 closed with a consolidated net loss of EUR 388 million, compared with a profit of EUR 42.2 million recorded in 2022.

Assets under management at the end of 2023 amounted to EUR 34.7 billion, down by EUR 1.7 billion compared to EUR 36.4 billion in 2022: new purchases in the year of almost EUR 1 billion only partially offset the decrease of EUR 2.7 billion deriving from ordinary recovery activities.

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With the approval of the financial statements as at 31 December 2023, our mandate ends, except for any extension period.

We thank the Shareholder for the trust placed in us and the Company representatives the Board interfaced within the context of their mandate and who have always shown professionalism and attention, always appreciated.

Rome, 2 April 2024

Board of Statutory Auditors

Signed by
Giampiero Riccardi (Chairman)

Signed by
Giovanni Battista Lo Prejato (Standing Auditor)

Signed by
Giuseppa Puglisi (Standing Auditor)

11.

Independent auditors' report

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
AMCO - Asset Management Company S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of AMCO - Asset Management Company S.p.A. and subsidiaries (the "AMCO Group"), which comprise the consolidated balance sheet as at December 31, 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the related notes to the accounts including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and to art. 43 of Italian Legislative Decree no. 136/15.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of AMCO - Asset Management Company S.p.A. (the "Company" or "AMCO") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of ex-MPS non performing exposures portfolio	
Description of the key audit matter	As highlighted in the notes to the financial statements Part C - Section 8 - "Net value adjustments/reversals for credit risk" and Part D - Section 3 - Paragraph 2 – "Credit risk management policies" and in the Report on Operations – paragraph "Operating performance", the 2023 economic result of AMCO has been significantly affected by the valuation of the loans measured at amortised cost, with particular reference to 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 the "ex-MPS non performing exposures"). The valuation of this portfolio has been affected by (i) changes in the valuation parameters of positions collectively valuated to consider new recovery expectations on unsecured positions resulting from new forward-looking scenarios to transpose the changed macroeconomic conditions (e.g. interest rates, inflation, slowdown in the real estate market), (ii) changes resulting from the revision of the recovery time for calculation of the time value effect and (iii) regular updating of the exposures subject to analytical valuation, in accordance with AMCO Group valuation policy. In total, net value adjustments on loans measured at amortised cost have been recorded for Euro 255 million. As reported in the notes to the financial statements Part A - Section A.2 - Part relating to the main financial statements items, paragraph - "Financial assets measured at amortised cost" and Part D - Section 3 - Paragraph 2 - "Credit risk management policies", the amount of loss to be recognised in the income statement is defined on the basis of a process of analytical valuation or collectively determined on the basis of a clusterisation in homogeneous categories and, therefore, analytically attributed to each position. Given the relevance of the amount of ex-MPS non performing exposures portfolio (equal to a net value of Euro 1.8 billion as at December 31, 2023) and the related adjustments recorded to the profit and loss, as well as the complexity of the valuation processes adopted for the determination of the relative recoverable amount, also as a result of the changes introduced to the parameters used, we deem that the valuation of ex-MPS non performing exposures represents a key audit matter of the AMCO Group's consolidated financial statements as at December 31, 2023.
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 (analytical valuation and collective valuation) of non performing exposures adopted by the AMCO Group;

- understanding and detection of relevant controls for the process of the evaluation of non performing exposures. This activity also involved the verification of the implementation of these controls in the corresponding business processes;

- checks on a sample of ex-MPS non performing exposures of the valuation in accordance with the methodologies and the credit valuation policy adopted by AMCO Group and, for those collectively valuated, the reasonableness of the estimate of the parameters used also as a result of the changes introduced during the year;

- checks on a sample of resolutions adopted by the Credit Committee and the Board of Directors during the year 2023 in order to verify the transposition in the general ledger of the valuation effect;

- verification of the adequacy and compliance of the disclosure provided in the notes to the accounts with respect to the requirements of the relevant regulatory framework and the applicable accounting standards.

Monitoring and evaluation of the purchased non performing exposures ("purchased or originated credit impaired – POCI")	
Description of the key audit matter	As indicated in the notes to the financial statements Part A - Section A.2 - Part relating to the main financial statements items, paragraph - "Financial assets measured at amortised cost" and in the Report on Operations - paragraph "Operating performance", the loans acquired as credit impaired ("purchased or originated credit impaired - POCI"), classified as "Financial assets measured at amortised cost - loans and receivables with customers", amount to a net value of Euro 2,387 million as at December 31, 2023, down by about 9% compared to the previous year due to the regular recovery activity and the impact of write-downs recorded during the year, only partially offset by the acquisition transactions that occurred in 2023. As indicated in the notes to the financial statements Part C - Section 8 - "Net value adjustments/reversals for credit risk", the evaluation of POCI resulted in net value adjustments of Euro 194 million. In particular, as indicated in the notes to the financial statements Part D - Section 3 - Paragraph 2 - "Credit risk management policies", as a result of the activities related to the verification of the adequacy of the recovery curves used (s.c. "backtesting"), the parent company AMCO - for POCI exposures collectively valuated - has updated the recovery curves, for some purchased portfolios, in order to reflect their specific characteristics in terms of composition, origination, vintage and performance, recording higher value adjustments of Euro 229 million compared to expected losses quantified on the basis of previously adopted models.

	Given the relevance of the credit impaired loans purchased by the Company ("purchased or originated credit impaired - POCI"), the related value adjustments recorded in the profit and loss and taking into account the complexity of estimation processes for the determination of the recovery value adopted by the AMCO Group and characterized by a high judgment of the assumptions applied (e.g. the expected future cash flows derived from the loans and the related recovery time), we deem that the monitoring and evaluation of the purchased credit impaired exposures ("purchased or originated credit impaired - POCI") represents a key audit matter of the AMCO Group's consolidated financial statements as at December 31, 2023.
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 enquiries with Management of the parent company; • analysis and understanding of the estimation models used and verification of the reasonableness of the assumptions and key variables adopted for the determination of the recovery value for the purchased credit impaired exposures ("purchased or originated credit impaired – POCI"); • understanding and detection of relevant controls of the process of monitoring and evaluation of the purchased credit impaired exposures ("purchased or originated credit impaired – POCI"). 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 purchased credit impaired exposures ("purchased or originated credit impaired – POCI") acquired during the year by reconciling the sub-ledgers with the general ledger; • verification of the existence, on a sample basis, of the credit impaired exposures purchased during the year, through the acquisition and analysis of the relevant contracts;

- analysis and understanding of the activites related to the verification of the adequacy of the recovery curves used (s.c. “backtesting”) and the resulting actions defined by the parent company AMCO;

- checks on a sample of purchased credit impaired exposures (“purchased or originated credit impaired – POCI”) analytically valuated of the valuation in accordance with the credit valuation policy adopted by the parent company AMCO and, for those collectively valuated, analysis and understanding of the adjustments implemented as a result of the update of recovery curves also as a result of the changes introduced by AMCO during the year for some purchased credit impaired exposures (“purchased or originated credit impaired – POCI”);

- verification of the adequacy and compliance of the disclosure provided in the notes to the accounts with respect to the requirements of the relevant regulatory framework and the applicable accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of AMCO – Asset Management Company S.p.A. has appointed us on February 12, 2019 as auditors of the Company for the years from December 31, 2019 to December 31, 2027.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of AMCO – Asset Management Company S.p.A. are responsible for the preparation of the report on operations and the information referred to in paragraph 2, letter (b) of the article 123-bis of Legislative Decree 58/98 contained in the specific section relating to the report on corporate governance and the ownership structure of the Group as at December 31, 2023, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) no. 720B in order to express an opinion on the consistency of the report on operations and of information contained in the specific section relating to the report on corporate governance and the ownership structure set forth in art. 123-bis, paragraph 4 of Legislative Decree 58/98, with the consolidated financial statements of the Group as at December 31, 2023 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and the information referred to in paragraph 2, letter (b) of the article 123-bis of Legislative Decree 58/98 contained in the specific section relating to the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of the Group as at December 31, 2023 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 28, 2024

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

12.

Annexes

Below are the reconciliation tables used to prepare the reclassified balance sheet and income statement. Please refer to the previous sections for an explanation of the restatements for the comparative period.

EUR/(000) - %	31.12.2023	31.12.2022
Loans and receivables with banks	**191,688**	**46,826**
+ 10. Cash and cash equivalents	145,531	46,826
+ 40 (b). Financial assets measured at amortised cost: loans and receivables with financial companies	794	
+ 40 (a). Loans and receivables with banks	45,363	-
Loans and receivables with customers	**4,235,346**	**5,031,061**
+ 20 (c). Financial assets measured at fair value through profit or loss: other financial assets mandatorily measured at fair value	43,673	-
+ 40 (a). Loans and receivables with banks		14,431
+ 40 (b). Financial assets measured at amortised cost: loans and receivables with financial companies	78,708	77,691
+ 40 (c). Financial assets measured at amortised cost: loans and receivables with customers	4,112,966	4,938,939
Financial assets	**928,316**	**1,258,534**
+ 20 (a). Financial assets measured at fair value through profit or loss: financial assets held for trading	6	23
+ 20 (c). Financial assets measured at fair value through profit or loss: other financial assets mandatorily measured at fair value	440,123	571,497
+ 30. Financial assets measured at fair value through other comprehensive income	488,187	687,013
Equity investments	**11**	**10**
+ 70. Equity investments	11	10
Property, plant and equipment and intangible assets	**37,908**	**31,367**
+ 80. Property, plant and equipment	36,622	27,391
+ 90. Intangible assets	1,286	3,975
Tax assets	**154,129**	**197,686**
+ 100 (a). Current tax assets	9,142	11,879
+ 100 (b). Deferred tax assets	144,986	185,807
Other asset items	**40,084**	**39,198**
+ 120. Other assets	40,084	39,198
Total assets	**5,587,480**	**6,604,682**

Table 8 - Reconciliation of reclassified consolidated balance sheet assets as at 31 December 2023

EUR/(000) - %	31.12.2023	31.12.2022
Payables to third parties	**3,412,200**	**4,133,631**
+ 10 (a). Financial liabilities measured at amortised cost: payables	22,582	23,087
+ 10 (b). Financial liabilities measured at amortised cost: debt securities issued	3,389,619	4,110,543
Tax liabilities	**36**	**4,307**
+ 60 (a). Current tax liabilities	36	1,706
+ 60 (b). Deferred tax liabilities		2,601
Provisions for specific purposes	**25,254**	**16,326**
+ 90. Staff severance indemnity	472	450
+ 100 (b). Provisions for risks and charges: pensions and similar obligations	169	168
+ 100 (c). Provisions for risks and charges: other provisions for risks and charges	24,614	15,708
Other liabilities	**128,100**	**72,394**
+ 20. Financial liabilities held for trading	20	71
+ 80. Other liabilities	128,080	72,323
Share capital	**655,081**	**655,081**
+ 110. Share capital	655,154	655,154
+ 120. Treasury shares	(72)	(72)
Share premiums	**604,552**	**604,552**
+ 140. Share premiums	604,552	604,552
Reserves	**1,184,225**	**1,141,970**
+ 150. Reserves	1,184,225	1,141,970
Valuation reserves	**(34,006)**	**(65,835)**
+ 160. Valuation reserves	(34,006)	(65,835)
Profit for the period	**(387,963)**	**42,254**
+ 170. Profit (Loss) for the period	(387,963)	42,254
Total liabilities	**5,587,480**	**6,604,682**

Table 9 - Reconciliation of reclassified consolidated balance sheet liabilities as at 31 December 2023

EUR/(000) - %	31.12.2023	31.12.2022
Servicing commissions	**40,300**	**44,517**
+ 40. Fee and commission income (partial)	40,300	44,517
Interests/commissions from business with customers	**345,089**	**307,176**
+ 10. Interest income (partial)	344,058	305,448
+ 40. Fee and commission income (partial)	1,031	1,728
Other income/expenses from ordinary operations	**98,820**	**87,694**
+ 100 (a). Profit/loss from sales or repurchase of receivables		-
+ 110 (b). Net result of financial assets and liabilities measured at fair value through profit or loss - mandatorily at fair value	1,256	159
+ 130 (a). Net value adjustments/reversals for credit risk of: assets measured at fair value through OCI (partial)	95,926	86,768
+ 180. Net value adjustments/reversals on property, plant and equipment	1,035	-
+ 200. Other operating income and expenses (partial)	603	767
+ 250. Profit/loss from sale of investments (partial)		-
+230. Net result of the measurement at fair value of property, plant and equipment and intangible assets		-
TOTAL REVENUES	**484,209**	**439,387**
Staff costs	**(49,571)**	**(39,248)**
+ 160 (a). Staff costs	(49,571)	(39,248)
Operating costs	**(123,563)**	**(96,018)**
+ 160 (b). Other administrative expenses	(133,373)	(87,788)
+ 200. Other operating income and expenses (partial)	9,810	8,747
+ 160 (b). Other administrative expenses		(16,977)
TOTAL COSTS	**(173,135)**	**(135,266)**
EBITDA	**311,074**	**304,121**
Value adjustments/reversals on receivables and securities from ordinary operations	**(523,804)**	**(141,149)**
+ 110 (b). Net result of financial assets and liabilities measured at fair value through profit or loss - mandatorily at fair value	(9,407)	(7,093)
+100.a) financial assets measured at amortised cost		7,130
+ 130 (a). Net value adjustments/reversals for credit risk of: assets measured at amortised cost	(514,398)	(141,186)
Value adjustments/reversals on property, plant and equipment and intangible assets	**(6,692)**	**(4,778)**
+ 180. Net value adjustments/reversals on property, plant and equipment	(3,232)	(3,018)
+ 190. Net value adjustments/reversals on intangible assets	(3,459)	(1,760)
Net provisions for risks and charges	**(8,505)**	**133**
Other operating income/expenses	**(8,361)**	**5,552**
+ 80. Trading activity result	(365)	17,035
+ 200. Other operating income/expenses (partial)	(7,462)	(11,738)
+ 130 (a). Net value adjustments/reversals for credit risk of: assets measured at amortised cost	(500)	157
+ 230. Net result of the measurement at fair value of property, plant and equipment and intangible assets		(9)
+ 180. Net value adjustments/reversals on property, plant and equipment	(35)	107
Financial activity result	**(31,422)**	**(34,743)**
+ 70. Dividends	2,542	1,813
+ 100 (b). Profit/loss from sale or repurchase of financial assets measured at fair value through other comprehensive income (partial)	(2,806)	-
+ 110 (b). Net result of other financial assets and liabilities measured at fair value through profit or loss - other financial assets mandatorily measured at fair value (partial)	(31,516)	(36,175)
+ 130 (b). Net value adjustments/reversals for credit risk of: assets measured at fair value through OCI (partial)	358	(381)
+ 220 Profit/loss from equity investments	-	-
EBIT	**(267,710)**	**129,136**
Interests and commissions from financial assets	**(89,580)**	**(68,052)**
+ 10. Interest income (partial)	9,046	2,608
+ 20. Interest expenses	(99,823)	(72,368)
+ 40. Fee and commission income (partial)	1,290	1,792
+ 50. Fee and commission expense (partial)	(94)	(84)
PRE-TAX PROFIT	**(357,289)**	**61,084**
Current taxes for the period	**(30,674)**	**(18,829)**
+ 270. Current taxes for the period	(30,674)	(18,829)
Net result for period	**(387,963)**	**42,255**

Table 10 - Reconciliation of reclassified consolidated income statement as at 31 December 2023


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