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ASSET MANAGEMENT COMPANY

1H24 Results

We look to the future by changing the present

30 July, 2024

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2024-2028 Strategic Plan update

2024 is dedicated to the transformation of the operating model. The structure has been strengthened and is ready to optimise recoveries

TODAY

Organisational Evolution

- Strengthening the organisational structure ✓
- Strategic decision support ✓
- Business reorganisation ✓
- New Centralised Controls function ✓
- Merger of Compliance and AML ✓
- New GSSE targets for 2024 ✓

FY24

Transformation of the data-driven operating model and optimisation of the recovery model

FY25

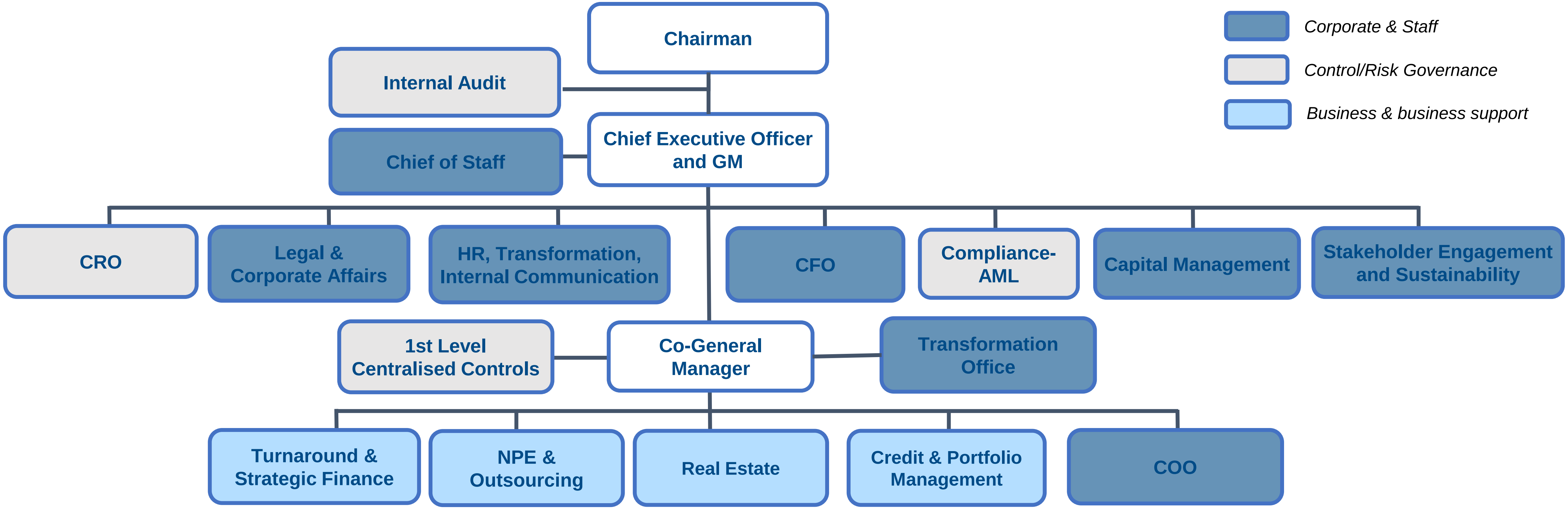
Launch of the new operating model and business initiatives

FY26

Full implementation of the Plan initiatives

IT Infrastructure strengthening & data-driven evolution

The new organisational structure strengthens governance, reinforces business oversight and accompanies AMCO's evolution



- A **Co-General Manager** was **established** to oversee business and support areas, the operational infrastructure management and the new 1st Level Centralised Controls and Transformation Office functions
- The **business** was **strengthened** with the evolution into two Departments, with **more delegation power to** management roles
- The **Transformation Office** was **created** to oversee the Strategic Plan’s transformative initiatives

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Note: The new organisational structure will be effective from 5 August 2024.

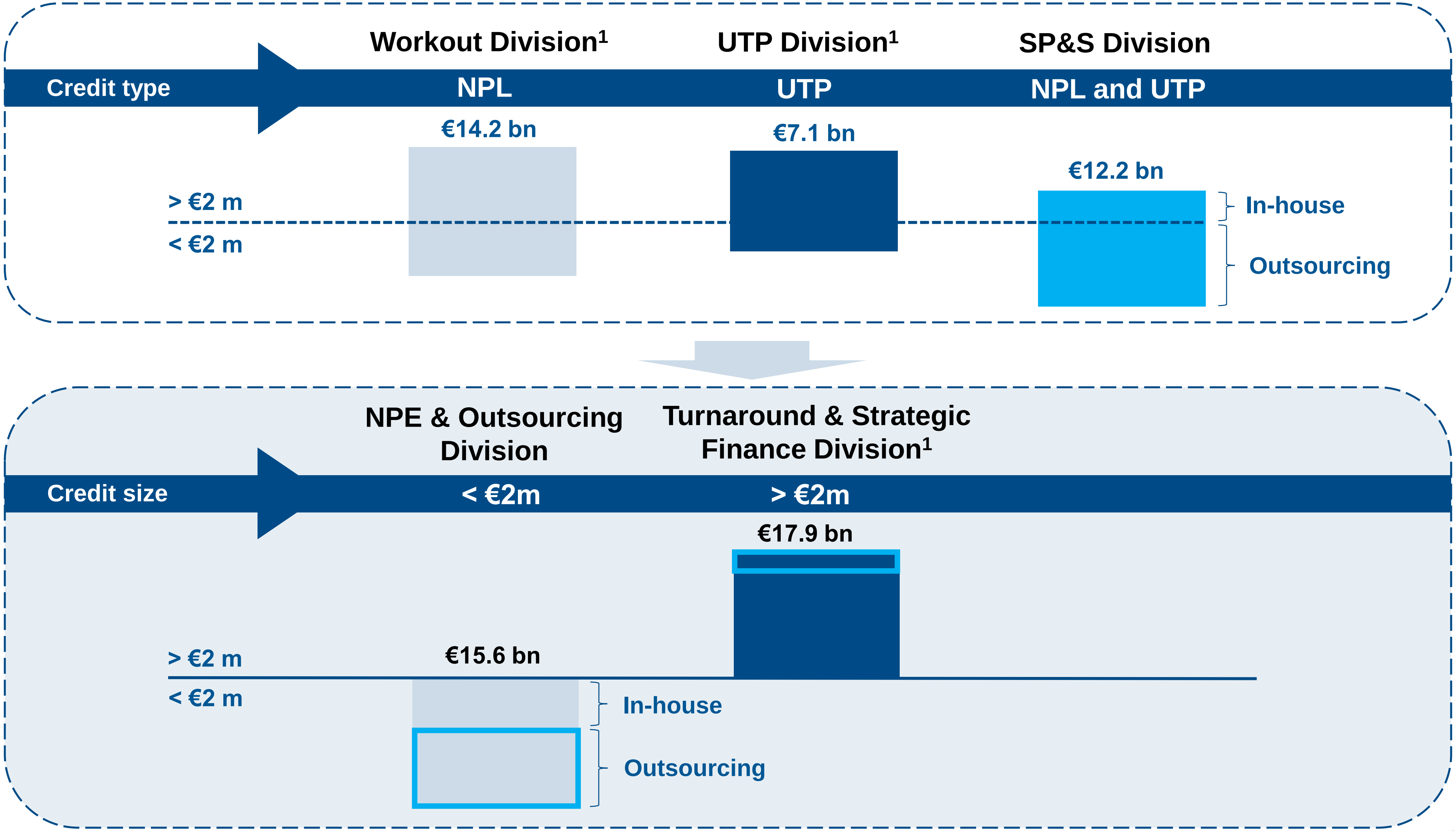
The new business model aims to optimise recoveries with an industrialised management of positions according to their size

Business model until 30.6.24

by type of credit

Business model from 1.7.24

by position size



Note: Assets Under Management as of 30.6.2024.
Note (1): Entirely in-house management.

The new «one-business» model envisages two specialised business Divisions based on the credit size

«one-business» Model

NPE & Outsourcing (< €2m)

€15.6bn AuM - ~160.5k positions

- **In-house management**
- **Outsourced management** positions < €500,000

Business Governance support

- Standardised approach
- Industrial processes with homogeneous processing criteria

Turnaround & Strategic Finance (> €2m)

€17.9 bn AuM - ~6.5k positions

- **In-house management**
- **New business** Origination activities
- **Special projects** Multi-originator funds

Business support

- Tailor-made approach
- Single-name positions

Real Estate support

1st level Centralised Controls

- **Real Estate** implements strategies to enhance the value of credit collateral and manage repossessed real estate assets
- The **new Centralised Controls function,** created to oversee **1st level** controls **of business and real estate activities**, is separate from the other control functions

Note: Assets Under Management as of 30.6.2024.

GSSE **Sustainability**

1H24 Highlights

- Publication of the **<u>Sustainability Report</u> on** a voluntary basis, referring to **2023**
- **94% of** UTP collections, **29%** of NPL collections and **56%** of collections from SMEs and households from **<u>extra-judicial activities</u>**
- **1 <u>financial education</u> event** with the University of Verona
- Monitoring **<u>credit portfolio exposure*</u>** at high ESG risk: 26% with hydrogeological risk and 3.7% with geological risk. 8% of UTPs with transition risk
- **<u>Employee engagement</u>** initiatives on **D&I**

*Data as of 31.3.2024 as percentage of expected gross cash flows

For 2024 AMCO has defined new important sustainability goals within the 4 GSSE pillars

SUSTAINABLE GOVERNANCE

2024 Targets defined in 2022

- 100% of employees trained on **Anti-corruption, Privacy and AML**
- **BoD** trained on **Anti-corruption and AML**
- 100% of **special servicers'** employees trained on privacy and AML
- 10% of the **LTI Plan** based on ESG objectives
- **Relevant suppliers assessed** with **ESG criteria**

New 2024 Targets

- **ESG Board Committee**

SUSTAINABLE CREDIT MANAGEMENT

2024 Targets defined in 2022

- **NPL, UTP** and **SMEs & households** collections from **extra-judicial activities**
- **Monitoring portfolio** exposure **to physical** and **transition risks**
- **ESG criteria** in the **risk assessment of** the **credit portfolio**
- **Energy class mapping** for 75% of **repossessed properties**
- **2 financial training initiatives for corporates**

New 2024 Targets

- **Customer journey improvement:** 1° step - mapping

SUSTAINABLE DEVELOPMENT OF HUMAN CAPITAL

2024 Targets defined in 2022

- **Employees and Senior Executives** engagement initiatives
- Maintaining **flexible working** mechanisms for work-life balance
- At least **90%** of **part-time requests accepted**
- **D&I Awareness and Engagement** Project
- **ESG training** for all employees
- **Succession plans** (40% of top managers)

New 2024 Targets

- **Promotion** of **10%** of the **female population** annually
- **D&I Manifesto**
- Calculation of **gender pay gap** and definition of reduction targets

ENVIRONMENTAL PROTECTION

2024 Targets defined in 2022

- 100% of **electricity from renewable sources**
- 100% of **car fleet with low environmental impact**
- **100%** of FSC-certified **sustainable paper**
- **Employee awareness** initiatives on **environmental issues**

New 2024 Targets

- Appointment of **Mobility Manager** for the Milan office

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Financial results

1H24 Highlights

Solidity and performance drive our work

AUM
€33.5 bn

Collections
€721 m

Revenues
€219 m

EBITDA
€121 m

Net income
€23 m

CET1 ratio*
35%

*Managerial data

1H24 shows good collections' performance, confirming liquidity generation and strong capital structure

Financial results as of **June 2024** reflect the ongoing **strategic actions:**

- **collection rate**, at **4.2%**[1] of AuMs, is stable y/y with **collections** at **€721m** (-5% y/y) in light of **AuMs** slightly decreasing to **€33.5bn** (-7% y/y), in line with the strategy
- **net income** up to **€23m** (+5% y/y) due to **lower credit provisions** and **lower interest expenses** due to debt reduction, and after expensing costs related to the strengthening of the corporate structure and to the acceleration of recoveries, with revenues decreasing due to lower on-balance AuMs

Capital structure is **solid: CET1 ratio** up to **35%**[2]**; Net Debt/Equity ratio** down to **1.1x** from 1.3x in June and December 2023

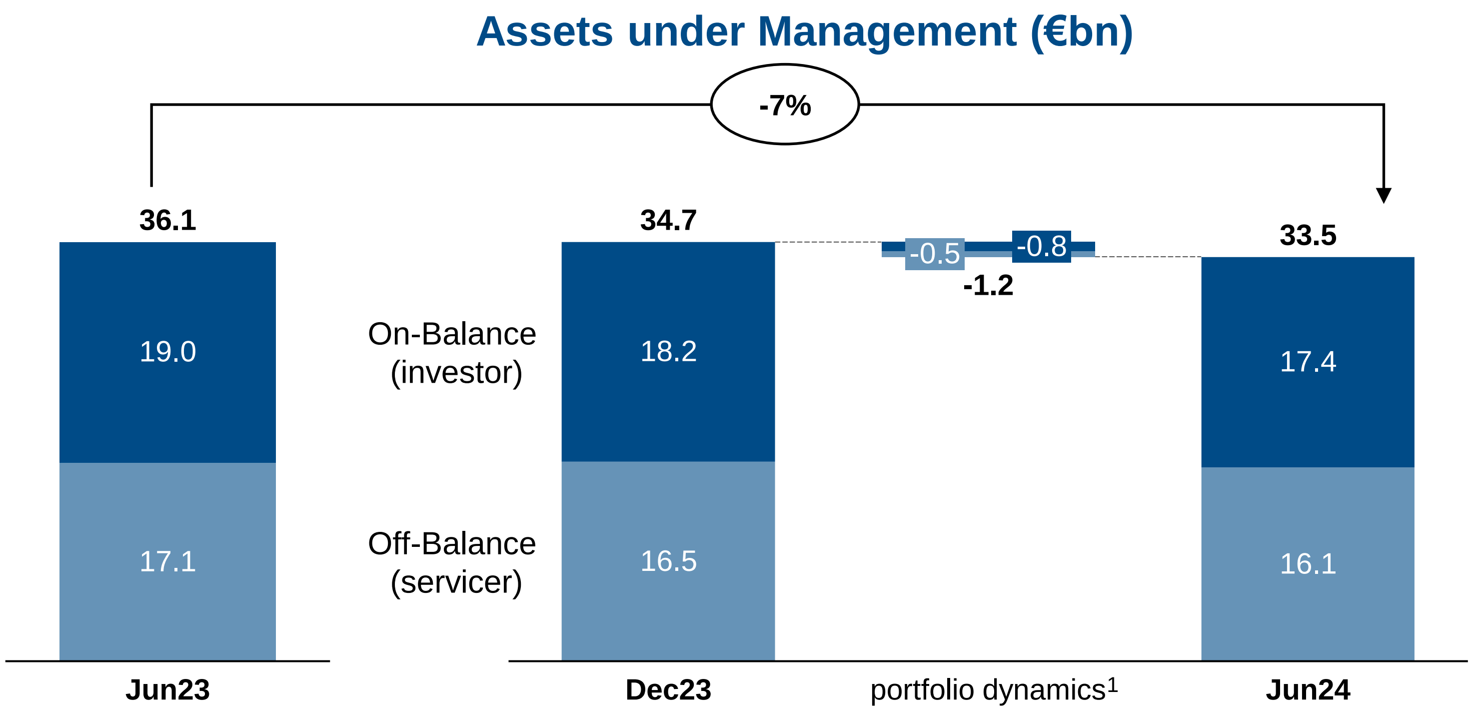
Net financial position improved by €360m compared to December 2023 and by more than €800m y/y, to **-€2.35bn** thanks to collections from on-balance portfolios

Maturing bonds were **repaid** with **cash:** €850m in July 2023[3] and €250m in February 2024

L-T/S-T ratings are confirmed **at BBB/F2** and **BBB/A-2** by **Fitch** (Apr-24) and **S&P** (May-24), with stable outlooks

Note (1): Recovery rate calculated as collections / average (monthly) GBV for the period. Note (2): Managerial data.
Note (3): In February 2023, AMCO completed the liability management exercise on the €1.25bn bond due July 2023, repurchasing €400m of it with part of the proceeds from the €500m bond placed on 30 January 2023. On 17 July 2023, the remaining €850m of the maturing bond was repaid with available liquidity.

AuMs decreased as a result of portfolio management actions, in line with the strategy



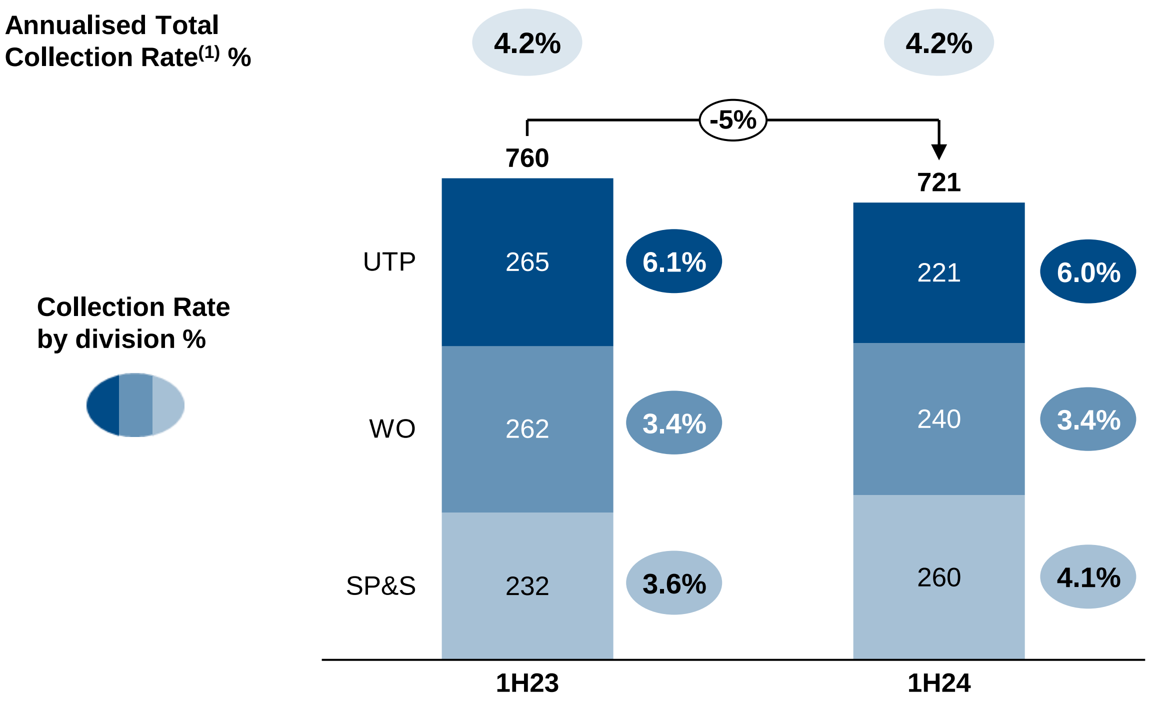
NPLs/UTPs	66% / 34%	68% / 32%	70% / 30%

- With a view to **management simplification**, more than 60 thousand non-core small tickets (c.30% of total positions) were **sold** in 2Q24, with negligible impact on AuMs. Total positions at the end of June were about 167 thousand
- In 1H24 €12 million of new financing was granted to support corporates
- The **share** of **UTPs** over total assets under management **declined** due to higher collections than NPLs' collections

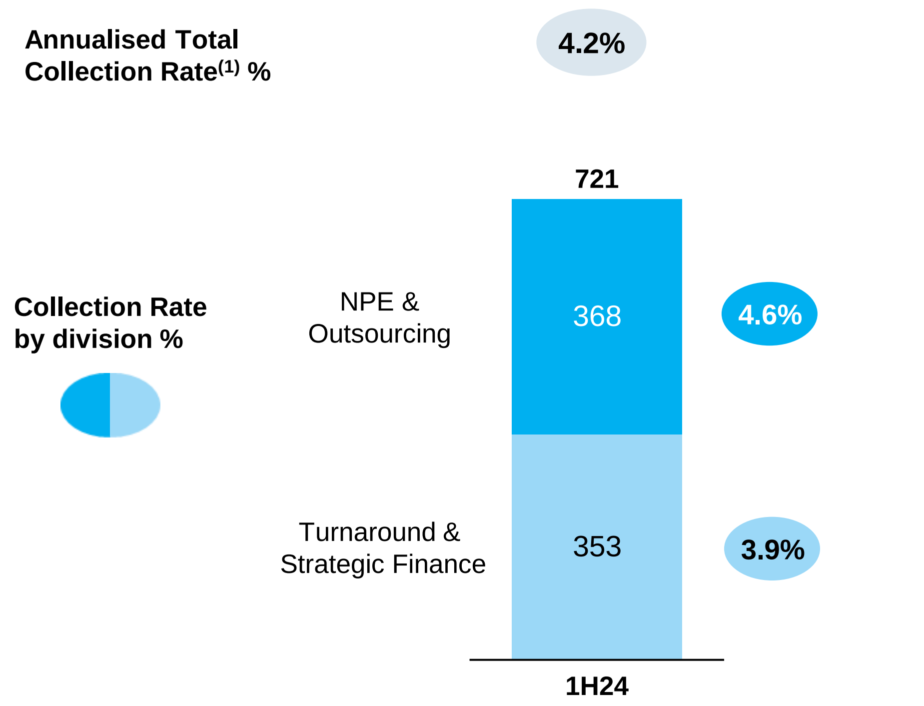
Note (1): 'Portfolio dynamics' include collections, write-offs, portfolio disposals, interest accrual and capitalisation of costs incurred in the period.

Collections slightly decreased due to the reduction of AuMs. Collection rate at 4.2% of AuMs is stable y/y thanks to good operating performance

Collections by division (€m)



Collection by new division (€m)



- **UTP** and **Workout collections** decreased due to lower AuM with stable collection rates vs 1H23
- **SP&S collections** and **collection rate** increased thanks to the start of the process of better alignment with servicers

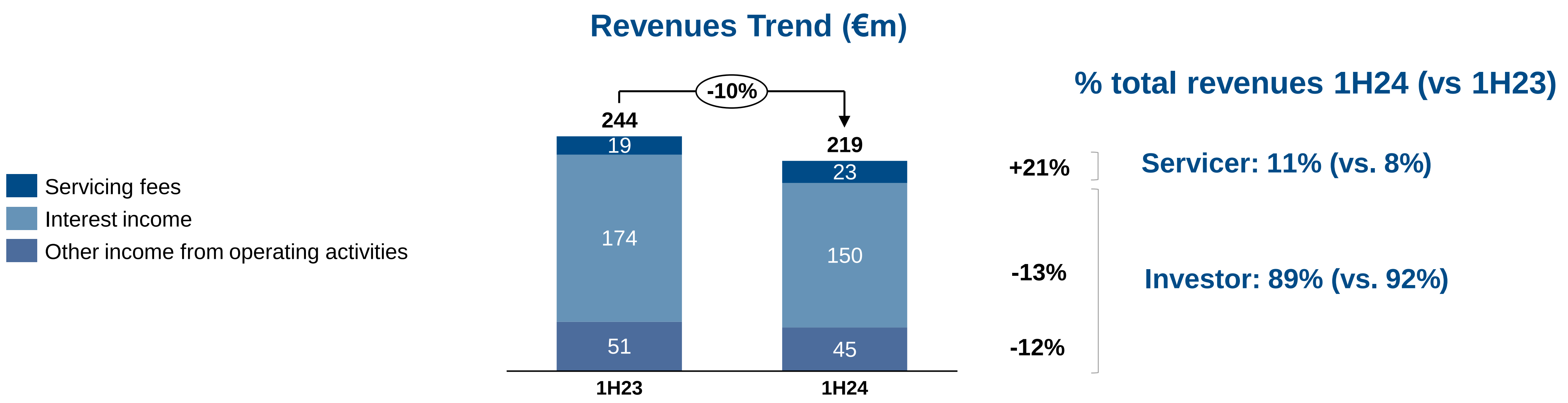
Note: 94% of collections from UTP came from extra-judicial activities (UTP extra-judicial collections / total UTP collections managed by the UTP and SP&S Divisions); 29% of collections from NPLs came from extra-judicial activity (NPL extra-judicial collections / total NPL collections managed by the Workout and SP&S Divisions).
Note (1): Recovery rate calculated as collections / average (monthly) GBV for the period.

Net income increased due to lower provisions and debt reduction. EBITDA reflects the costs of strengthening the structure and of recovery actions

€m	1H23	1H24	Var. %
Total Revenues	244.2	218.7	-10%
Total Costs	(83.7)	(97.8)	17%
EBITDA	**160.5**	**121.0**	**-25%**
EBITDA margin	**65.7%**	**55.3%**	**n.m.**
Net credit provisions	(80.0)	(54.4)	-32%
Depreciation	(2.7)	(2.5)	-9%
Amortisation	(0.1)	(2.1)	n.m.
Other operating income/expenses	(0.5)	0.1	n.m.
Net result from financial activities	1.5	6.0	n.m.
EBIT	**78.7**	**68.1**	**-13%**
Net interest from financial activities	(45.5)	(37.1)	-18%
Pre-tax income	**33.2**	**31.1**	**-6%**
Income taxes	(11.1)	(7.9)	n.m.
Net income	**22.1**	**23.2**	**5%**

- **EBITDA** amounted **to €121m** (-25% y/y) due to lower revenues related to the reduction of on-balance AuMs, and increased costs for the strengthening of the corporate structure and for accelerated recoveries. **EBITDA margin** at **55%**
- **Net credit provisions** reflect the standard process of assessing the portfolio's credit risk
- **Net interest from financial activities** (-18% y/y) declined thanks to the reduction of the stock of debt

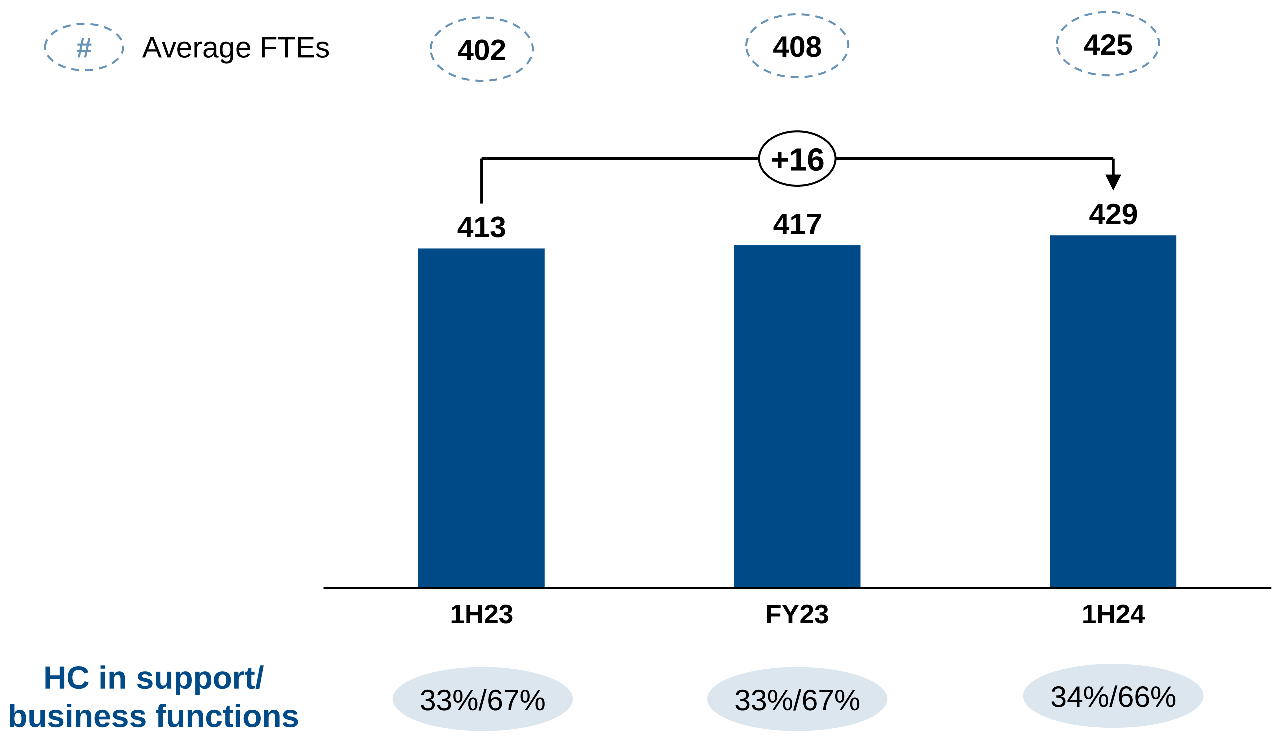
Revenues decreased by 10% y/y due to lower interest income, resulting from the reduction of on-balance loans, in line with the strategy



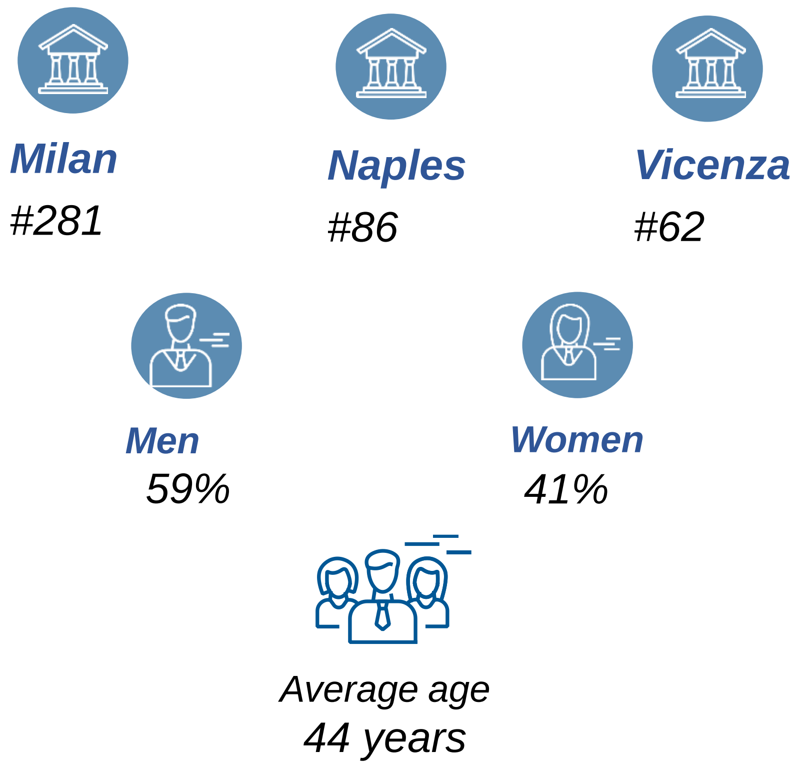
- **Servicing fees** (+21% y/y) originate from the management of the off-balance **portfolio of former Veneto Banks** and the Cuvèe fund
- **Interest income decreased** (-13% y/y) due to the reduction of on-balance AuMs
- **Other income from operating activities** (-12% y/y) is all cash-based and related to collections exceeding expected recovery plans

Headcount grew to strengthen control and business support functions

Headcount Evolution



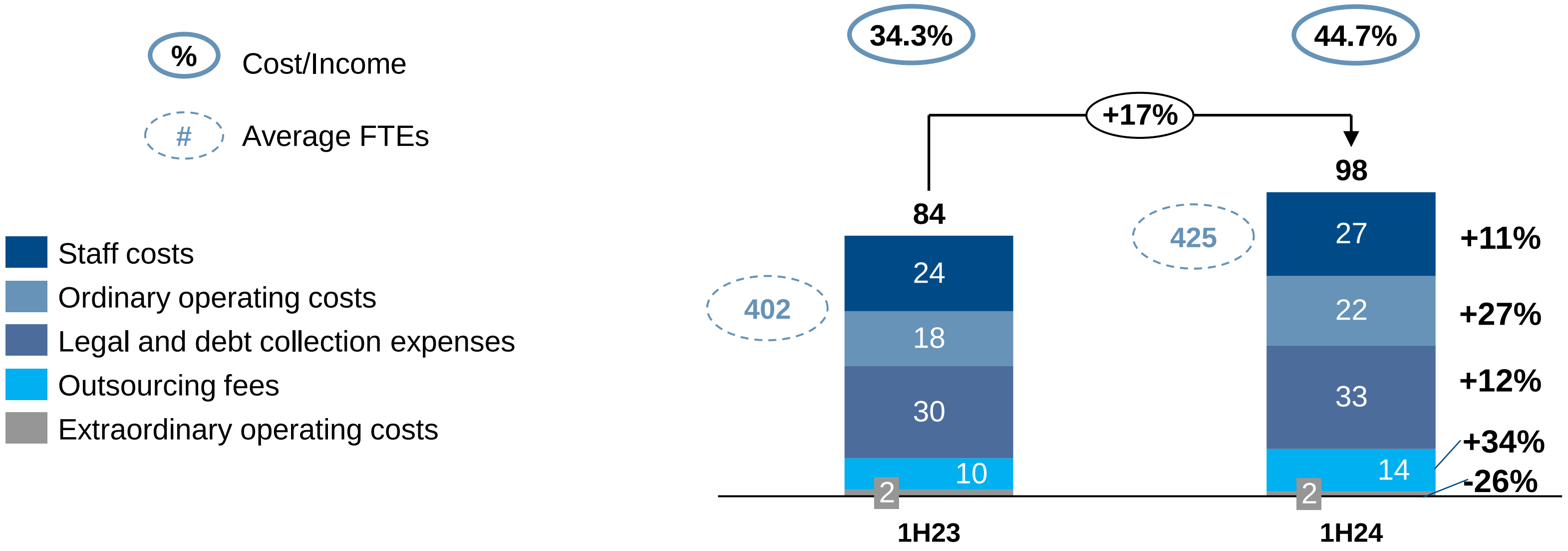
Staff composition as of 30.06.2024



- **Hirings** mainly **concerned** control functions (**CRO, Compliance** and **AML**) and business support functions (**Credit & Portfolio Management**)
- **More than 50% of** new **hirings** are **under 39 years of age**

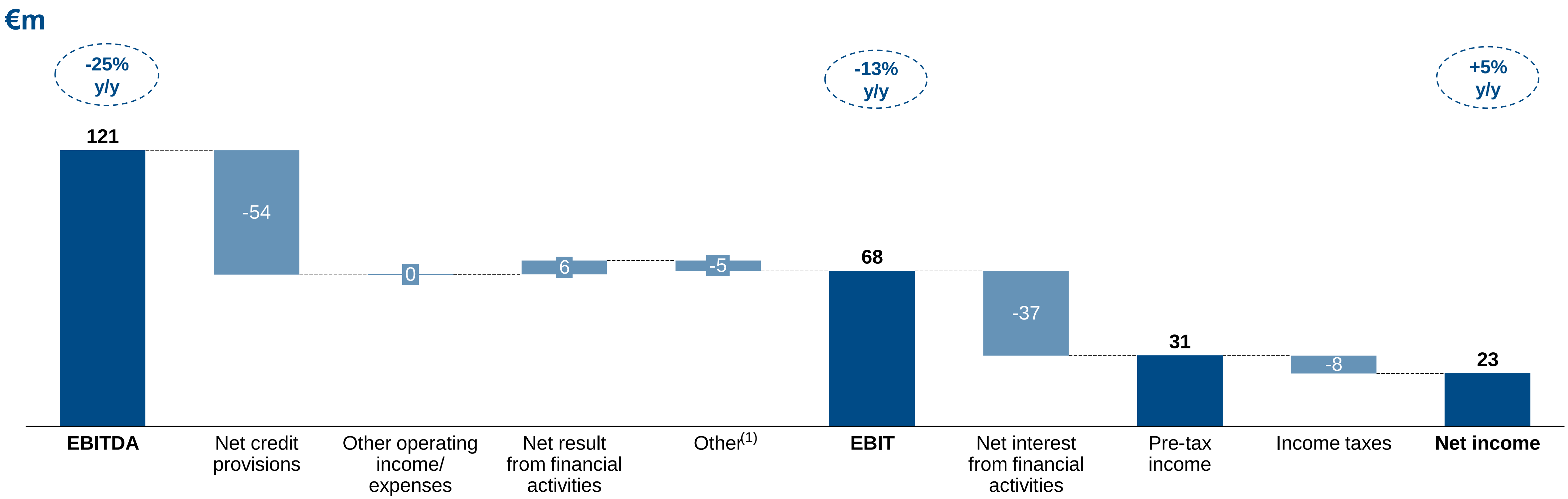
Costs increased to strengthen the corporate structure, both in terms of headcount and infrastructure, and to speed up recoveries

Costs Trend (€m)



- **Staff costs** increased as headcount grows to support the company's development
- **Ordinary operating costs** increased (+27% y/y) due to IT-related initiatives, including the replacement of the core banking system
- **Legal** and **debt collection expenses** (+12% y/y) increased due to the managerial actions initiated and the costs of managing real estate securing leasing loans
- **Outsourcing fees** increased due to better collection performance on the portfolio managed by external servicers

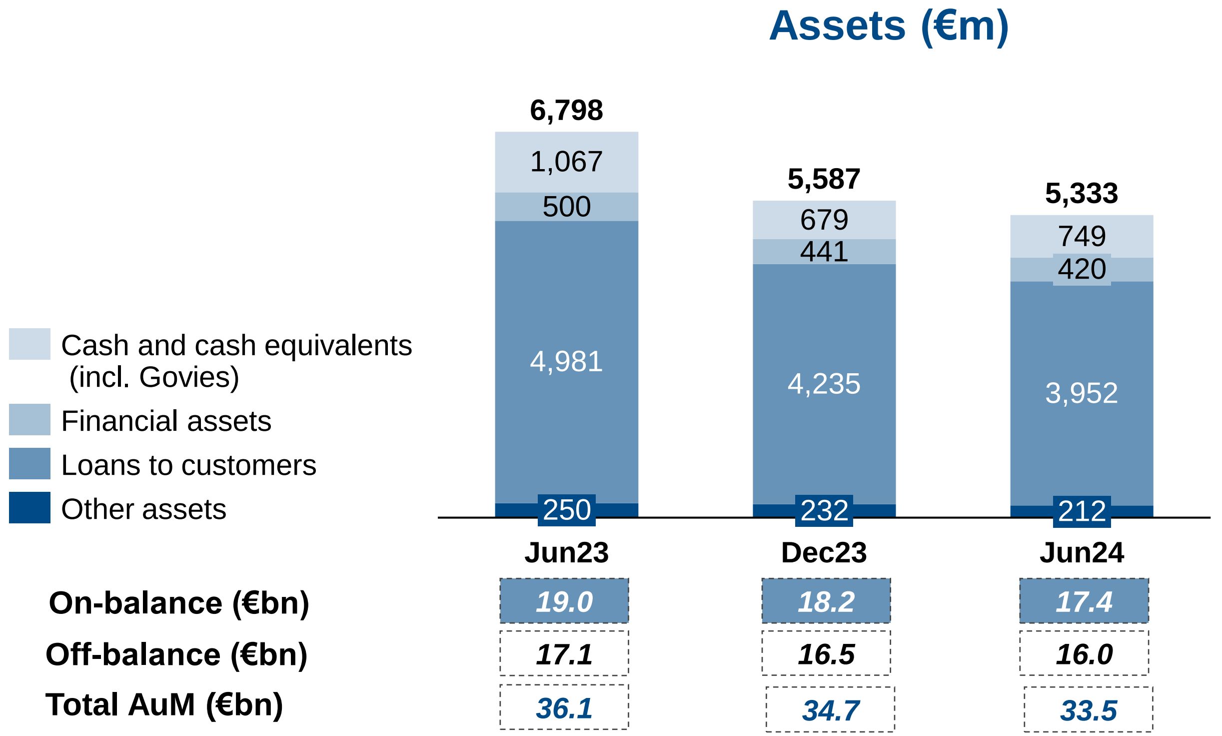
Net income increased due to the reduction in credit provisions and lower interest expenses due to debt reduction

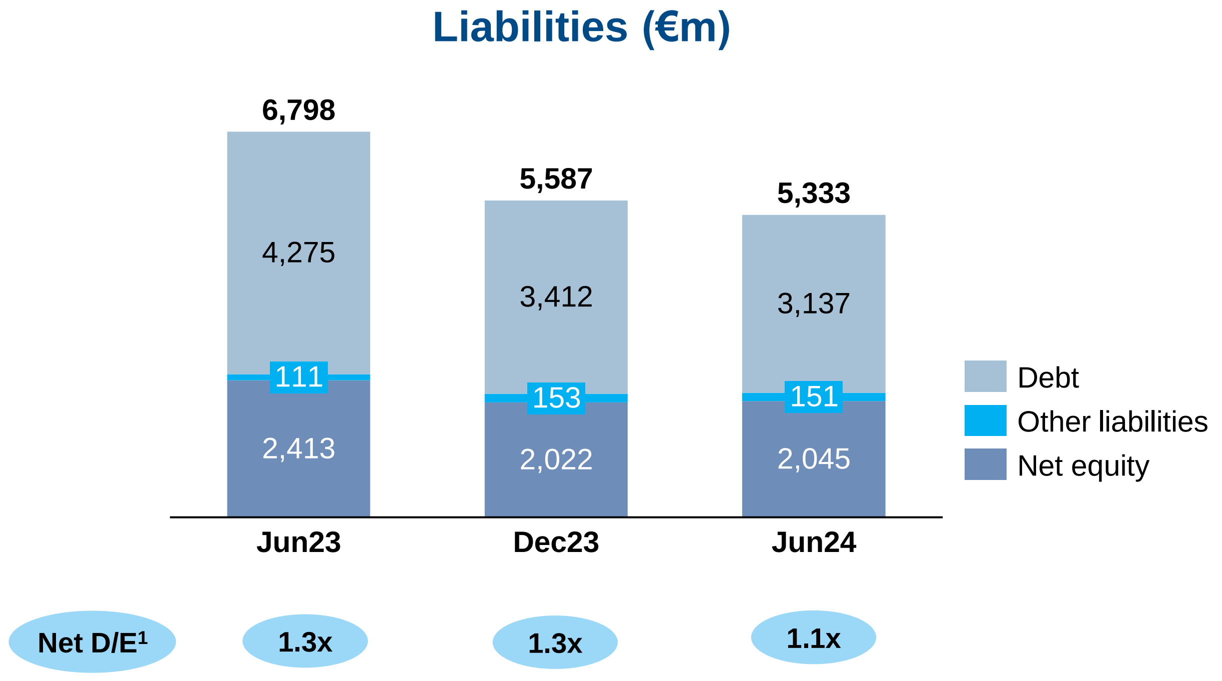


- **Net credit provisions** (-€54m) reflect provisions to cover the portfolio's credit risk
- **Net interest from financial activities** decreased (-€37m,-18% y/y) due to the reduction of the stock of debt

Note (1): Includes depreciation and amortisation.

Assets declined due to the dynamics of on-balance portfolios. Debt fell after the repayment of maturing bonds



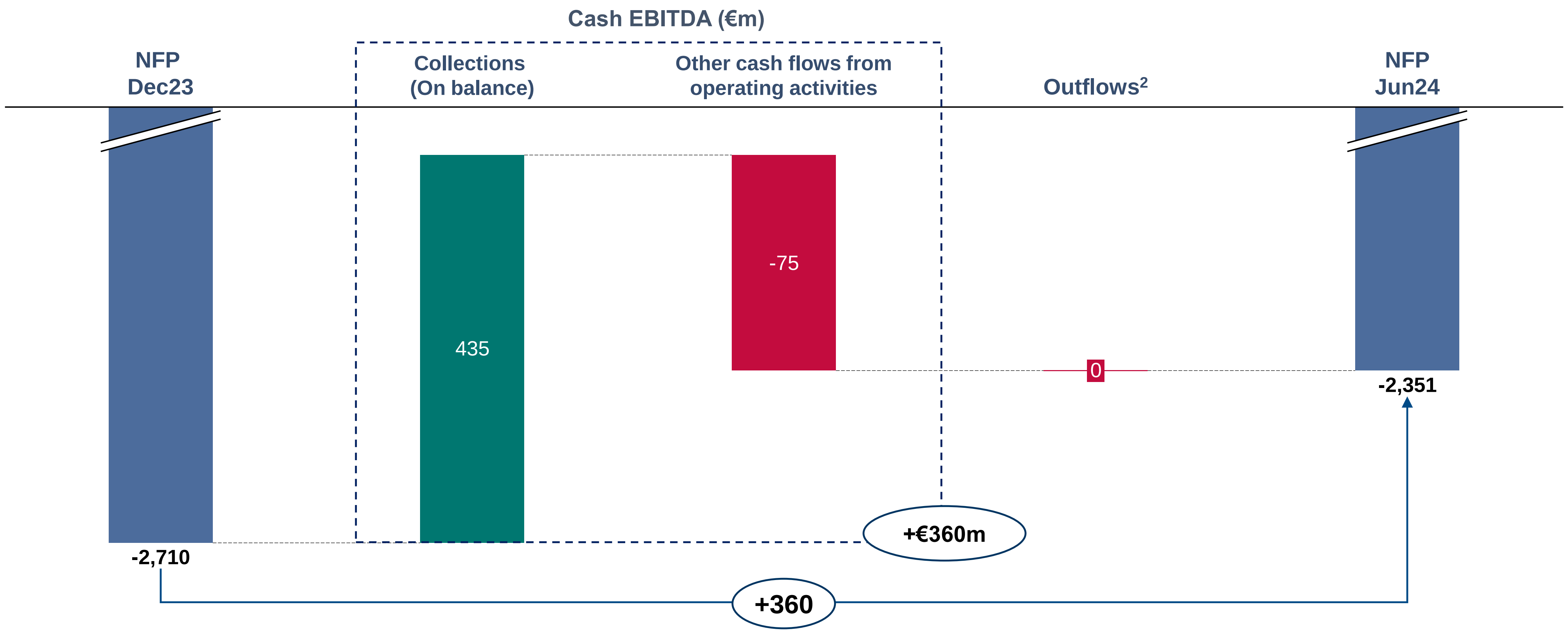


- **Loans to customers** decreased y/y due to collections and 2H23 provisions
- **Debt** is reduced by the repayment of maturing bonds (€850m in July 2023[2] and €250m in February 2024)
- **Cash and cash equivalents decreased** by only **€318m** after using **€1.1bn of cash generated by the business** to **repay maturing bonds**

Note (1): Net Financial Position/Equity. Note (2): In February 2023, AMCO completed the liability management transaction on the €1.25bn bond maturing in July 2023, repurchasing €400m of it using part of the proceeds of the €500m bond placed on 30 January 2023. On 17 July 2023, the remaining €850m of the maturing bond was repaid using available cash. Repayments at nominal values.

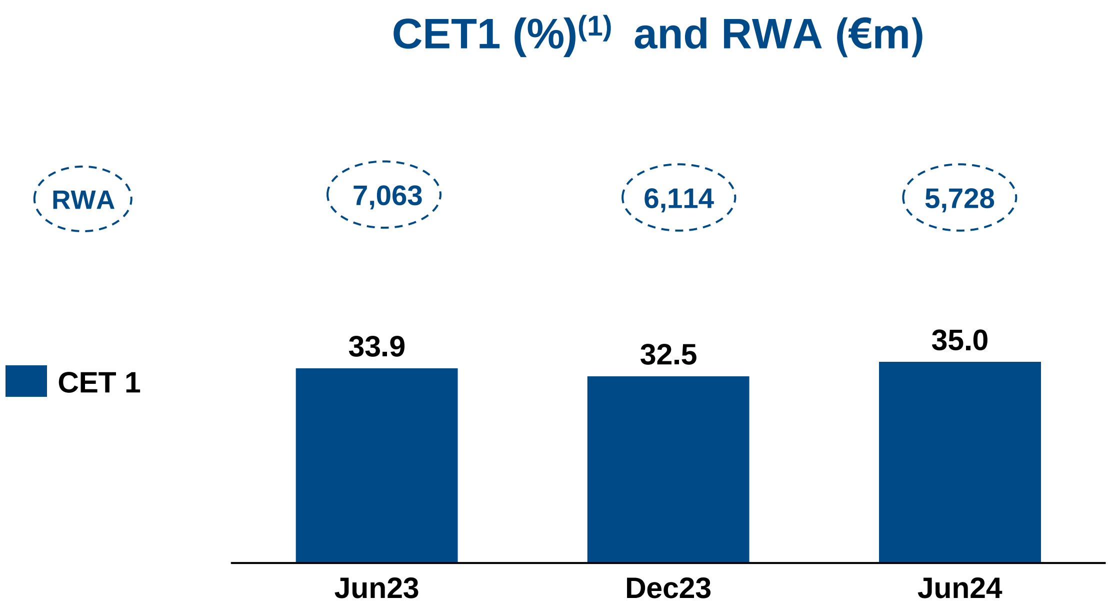
Net debt improved due to solid cash generation from the business

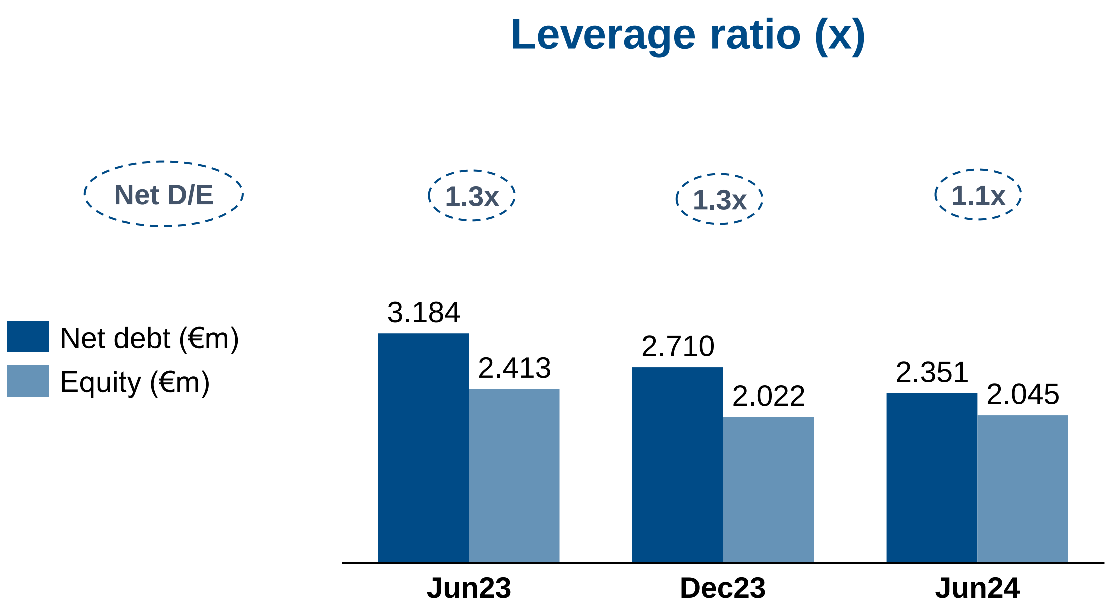
Net Financial Position Evolution(1) (€m)



Note (1): Sum of cash and cash equivalents, financial assets measured at fair value and financial liabilities for debt securities issued at nominal value .
Note (2): Sum of cash outs for interest expenses, liquidity absorbed/generated by financial activities and new financing to customers.

The capital structure is solid with CET1 at 35%





- The **soundness** of the **capital structure** is **confirmed;** as of June 2024**:**
  - **CET1 ratio** of **35%[2]**, and
  - **Net Debt/Equity ratio** equal to **1.1x**

Note (1): In the calculation of CET1, own funds include the result for the period. Note (2): Managerial data.

1H24 Financial Statements

Consolidated Balance Sheet as of 30.06.2024: assets – Bank of Italy format

	Asset items (€000)	30.06.2023	31.12.2023	30.06.2024
10.	Cash and cash equivalents	217,076	145,531	95,683
20.	Financial assets measured at fair value through profit or loss	543,334	483,802	461,845
	(a) financial assets held for trading	21	6	2
	(b) financial assets measured at fair value			
	(c) other financial assets mandatorily measured at fair value	543,313	483,796	461,843
30.	Financial assets measured at fair value through other comprehensive income	548,992	488,187	653,712
40.	Financial assets measured at amortised cost	5,239,040	4,237,830	3,909,653
	(a) loans and receivables with banks	301,075	45,363	943
	(b) loans and receivables with financial companies	72,399	79,502	83,826
	(c) loans and receivables with customers	4,865,565	4,112,966	3,824,884
50.	Hedging derivatives			
60.	Change in value of financial assets subject to a generic hedge (+/-)			
70.	Equity investments	21	11	11
80.	Property, Plant and Equipment	30,147	36,622	38,613
90.	Intangible Assets	3,453	1,286	527
	- of which goodwill			
100.	Tax assets	177,426	154,129	131,110
	(a) current	10,273	9,142	7,748
	(b) deferred	167,153	144,986	123,362
110.	Non-current assets and groups of assets held for disposal			
120.	Other assets	38,875	40,084	42,131
	Total assets	**6,798,362**	**5,587,480**	**5,333,286**

Consolidated Balance Sheet as of 30.06.2024: liabilities and equity – Bank of Italy format

	Liabilities and shareholders' equity items (€000)	30.06.2023	31.12.2023	30.06.2024
10.	Financial liabilities measured at amortised cost	4,274,677	3,412,200	3,137,151
	(a) payables	62,655	22,582	21,044
	(b) Debt secutiries issued	4,212,021	3,389,619	3,116,107
20.	Financial liabilities held for trading	51	20	18
50.	Change in value of financial liabilities object to a generic hedge (+/-)			
60.	Tax liabilities	4,301	36	36
	(a) current	1,700	36	36
	(b) deferred	2,601		
80.	Other liabilities	92,839	128,080	125,166
90.	Post-employment benefits	449	472	461
100.	Provisions for risks and charges	13,472	24,782	25,006
	(a) commitments and guarantees issued			
	(b) pensions and similar obligations	191	169	198
	c) other provisions for risks and charges	13,281	24,614	24,808
110.	Share Capital	655,154	655,154	655,154
120.	Treasury shares (-)	-72	-72	-72
130.	Equity instruments			
140.	Share premiums	604,552	604,552	604,552
150.	Reserves	1,184,225	1,184,225	796,262
160.	Valuation Reserves	-53,406	-34,006	-33,644
170.	Profit (loss) for the year	22,120	-387,963	23,195
	Total liabilities and net equity	**6,798,362**	**5,587,480**	**5,333,286**

Consolidated Profit and Loss Account as of 30.06.2024 - Bank of Italy format

	Items (€000)	30.06.2023	30.06.2024
10.	Interest and similar income	178,426	153,698
20	Interest and similar expenses	(51,478)	(42,107)
30.	**Interest margin**	**126,948**	**111,591**
40.	Fee and commission income	21,304	19,348
50.	Fee and commission expense	(9)	(5)
60.	**Net fees and commissions**	**21,296**	**19,342**
70.	Dividends and similar revenues	1,329	10
80.	Trading activities net result	(45)	549
100.	Profit (loss) on sale/repurchase of:	(1,803)	3,285
	(a) financial assets measured at amortised cost	(941)	3,282
	(b) financial assets measured at fair value through other comprehensive income	(990)	2
	(c) financial liabilities	128	0
110.	Net result of other financial assets and liabilities measured at fair value through profit and loss	(1,175)	7,363
	(a) financial assets and liabilities measured at fair value		
	(b) other financial assets mandatorily measured at fair value	(1,175)	7,363
120.	**Brokerage margin**	**146,550**	**142,140**
130.	Net value adjustments/reversals for credit risk of:	(25,928)	(14,761)
	(a) financial assets measured at amortised cost	(26,178)	(14,555)
	(b) financial assets measured at fair value through other comprehensive income	250	(205)
150.	**Net result of financial management**	**120,621**	**127,379**
160.	Administrative expenses:	(84,541)	(98,753)
	(a) staff costs	(24,171)	(26,936)
	(b) other administrative expenses	(60,370)	(71,816)
170.	Net provisions for risks and charges	(85)	(2,064)
	(a) commitments and guarantees issued		
	b) other net provisions	(85)	(2,064)
180.	Net value adjustments/reversals on property, plant and equipment	(1,433)	(1,404)
190.	Net value adjustments/reversals on intangible fixed assets	(1,131)	(865)
200.	Other operating income and expenses	(131)	6,787
210.	**Operational Costs**	**(87,320)**	**(96,299)**
230	Net result of the measurement at fair value of property, plant and equipment and intangible assets	(74)	
260.	**Profit (Loss) of current operations before taxes**	**33,227**	**31,080**
270.	Income taxes for the year on current operating activities	(11,106)	(7,885)
280.	**Profit (Loss) of current operations after taxes**	**22,120**	**23,195**
290.	Profit (Loss) from discontinued operations after taxes		
300.	**Profit (loss) for the year**	**22,120**	**23,195**

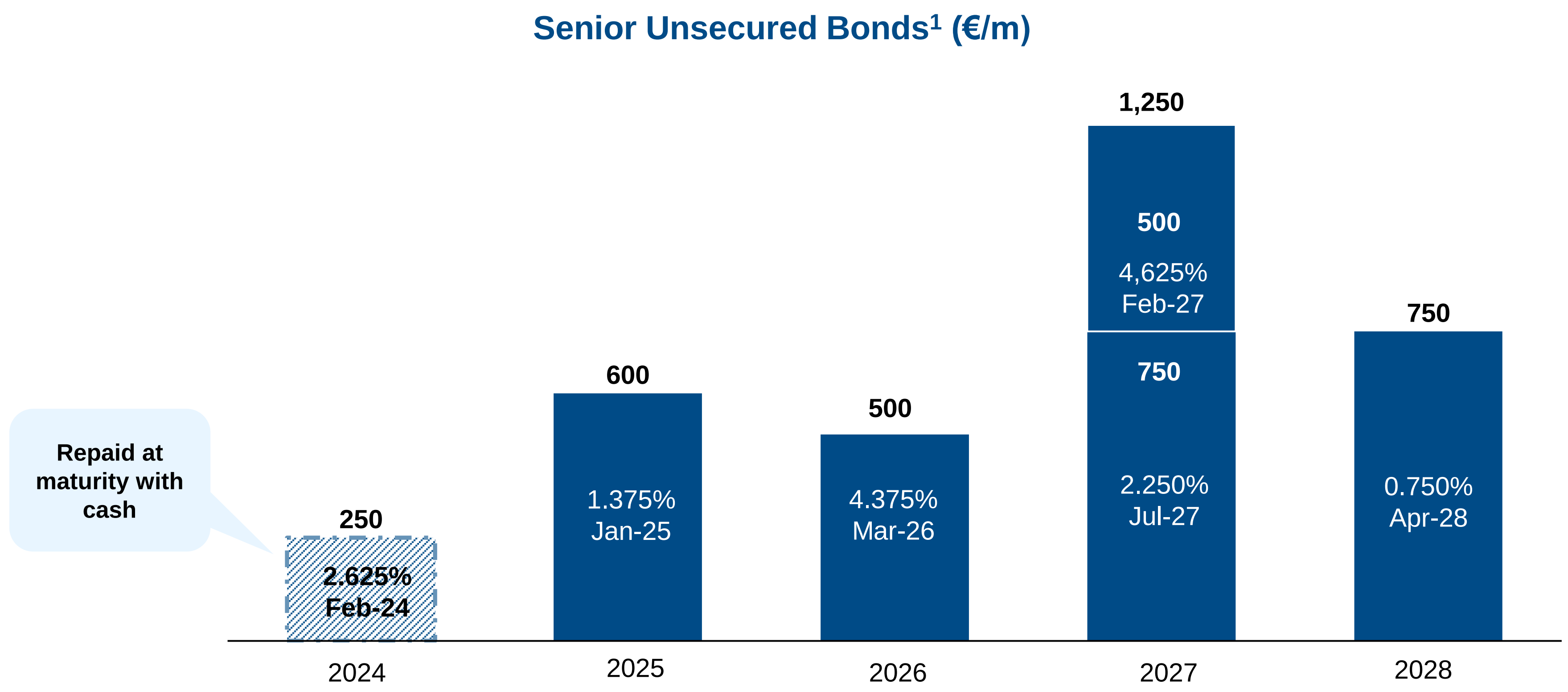
Appendix

- Rating
- Focus on Outstanding Debt
- AuM Breakdown

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

Agency	Rating	Outlook	Last review
S&P Global Ratings	Issuer Default ○ Long-Term: **BBB** ○ Short-Term: **A-2**	Stable	**21 May 2024**: Rating and outlook confirmed
FitchRatings	Issuer Default ○ Long-Term: **BBB** ○ Short-Term: **F2**	Stable	**16 April 2024**: Rating and outlook confirmed
FitchRatings	Special Servicer ○ Residential: **RSS2** ○ Commercial: **CSS2** ○ Asset-Backed: **ABSS2**	Evolving	**22 March 2024**: Rating confirmed Outlook revised

Debt Maturity Profile

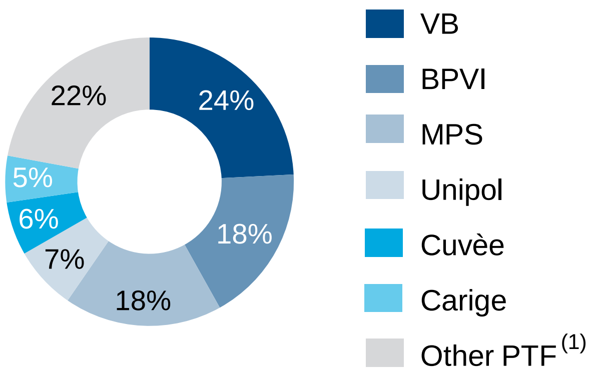


- AMCO's **financial debt** is entirely **unsecured** and well **spread** over **several maturities**
- The **€250m bond maturing** in **February 2024** was **repaid** with cash
- The **average remaining duration** of AMCO's total **debt is 2.5 years**

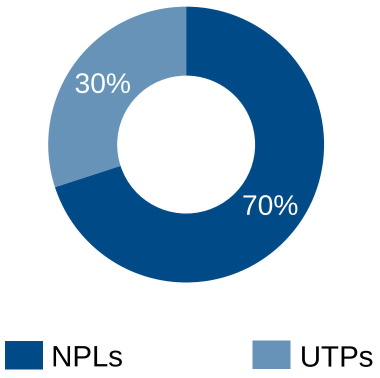
Note (1): Bonds in nominal value.

€33.5bn AuMs breakdown as of 30 June 2024 (1/2)

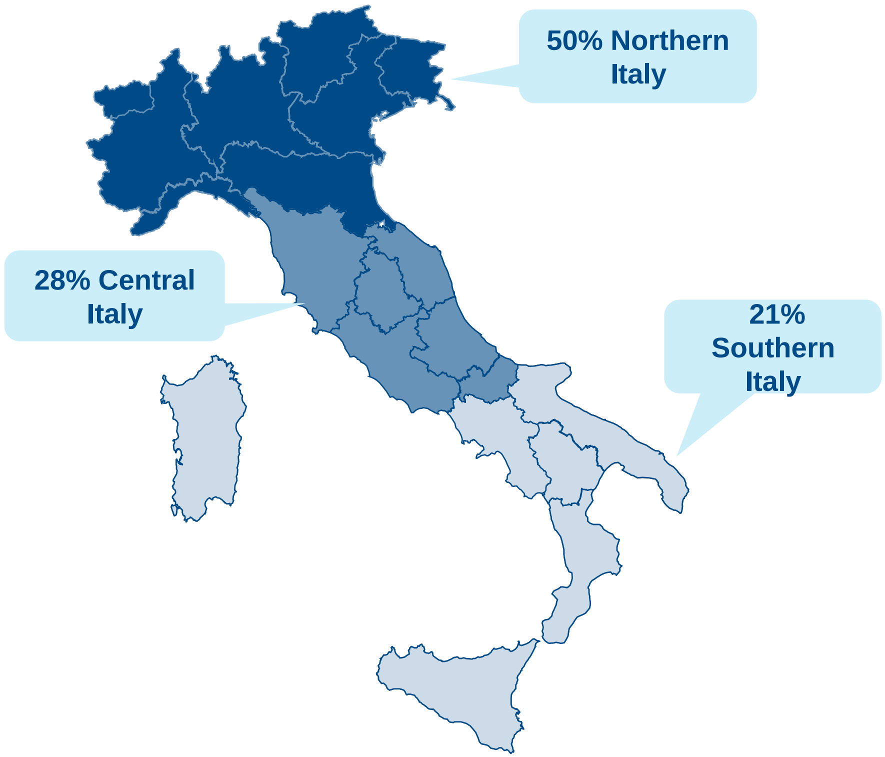
Portfolios (% GBV)



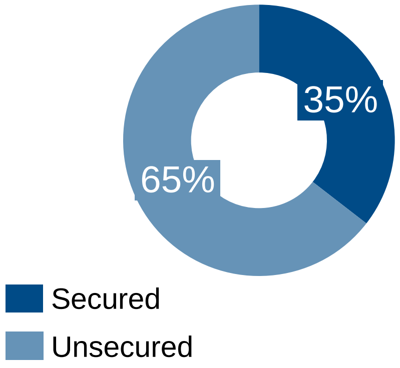
Classification (% GBV)



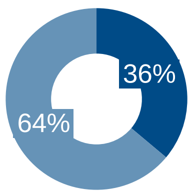
Geography² (% GBV)



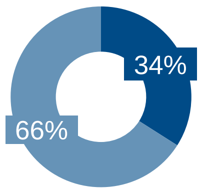
Secured/Unsecured (% GBV)



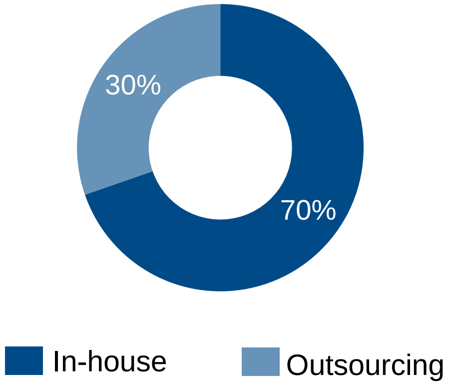
NPLs



UTPs



Management (% GBV)

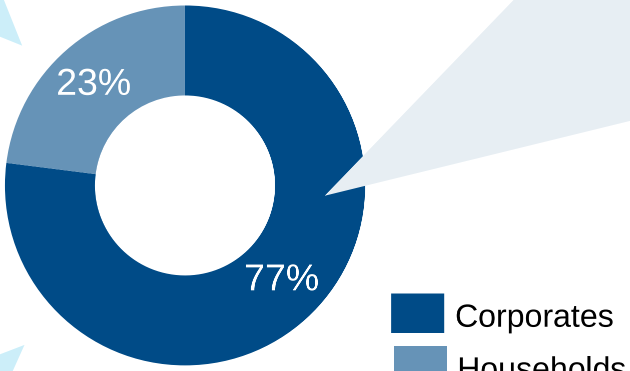


Note (1): Other portfolios include BP Bari, BPER, Banco di Napoli, Banca Fucino, Creval Portfolios, Banco BPM, ICCREA, Intesa San Paolo (Banking and Leasing), BRS and Socgen.
Note (2): Non-domestic 1%.

€33.5bn AuMs breakdown as of 30 June 2024 (2/2)

Counterparty (% GBV)

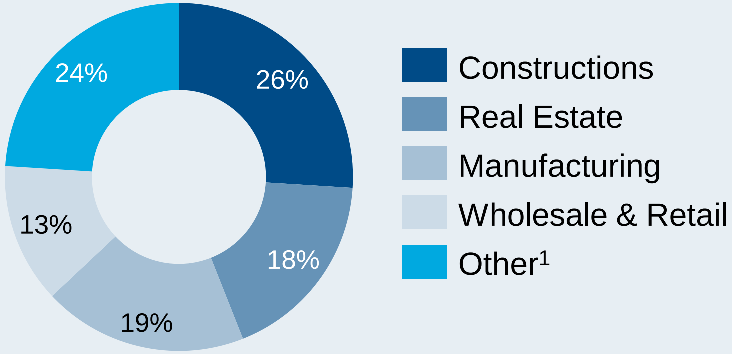
N. Positions Households: ~ 83,000



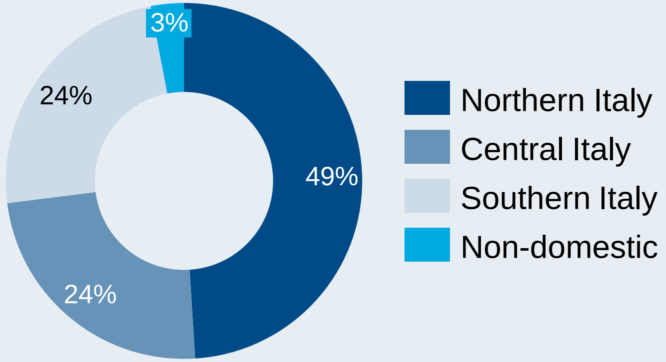
N. Positions Corporates: ~ 84,000

GBV of corporate positions (€26bn GBV)

Distribution by sector



Distribution by geographical area



Note (1): Other includes 5% Hotel Sector (Horeca), 3% Financial Services, 3% Agriculture, 3% Professional Activities, 2% Logistics and the remaining 8% from other sectors.

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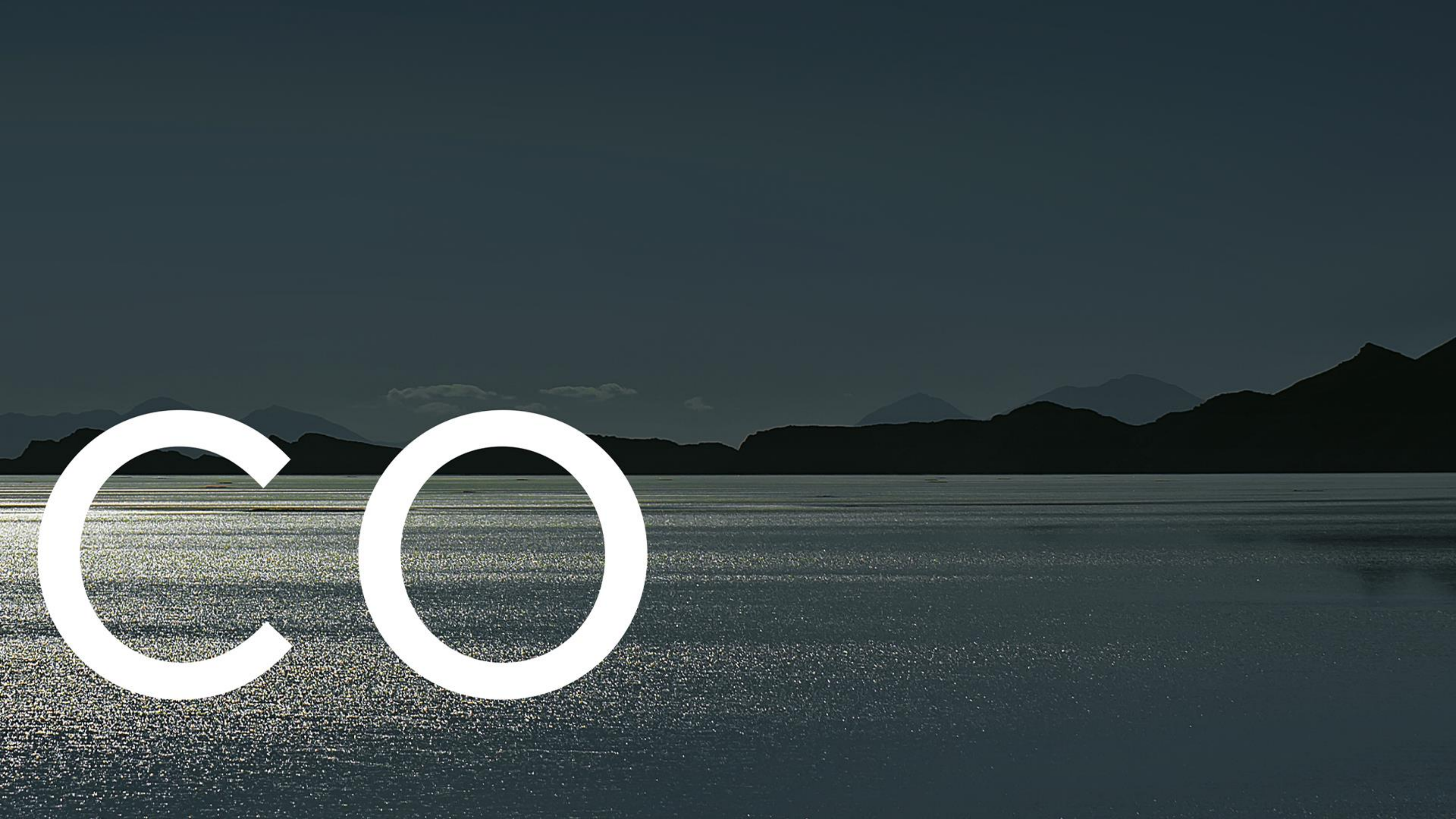
Pursuant the Leg. Decree of 24 February 1998, no. 58, par. 2, ("Testo Unico della Finanza"), the manager in charge for the preparation of the company's financial reports, Luca Lampugnani, declares that the accounting information contained in the Presentation reflect the AMCO's documented results, financial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