

PRESS RELEASE

“WE PRODUCE VALUE”

2024-2028 STRATEGIC PLAN APPROVED

AMCO acts to facilitate the financial recovery of households and corporates, focusing on its systemic role in managing impaired loans for the public interest.

With the 2024-2028 Plan, AMCO concentrates on creating value from the existing portfolio, optimising the recovery process with a data-driven approach and proactive credit management.

THE THREE PILLARS OF THE 2024-2028 STRATEGIC PLAN

- **TO PRODUCE VALUE** from the existing portfolio with greater operational efficiency
- **SUPPORT TO HOUSEHOLDS AND CORPORATES** also with innovative projects to facilitate their financial recovery
- **SYSTEMIC ROLE** in managing impaired loans for the public interest

AMCO continues on the path outlined in the GSSE Sustainability Strategy: 2025 targets confirmed and new development lines to 2028 outlined.

MAIN 2026-2028 FINANCIAL TARGETS

- **Collection rate increasing to 6.7% in 2026 (with gradual normalization to 5% in 2028) due to the strengthening of the operating model**
- **Profit generation in all Plan years: €50m in 2026, €51m in 2028**
- **Assets under management (AuM) decreasing to €32.3bn in 2026 and €28.5bn in 2028 with an on-balance component of 39% in 2028 (52% in 2023)**
- **Solid capital structure with excess capital of €1.8bn at end 2028 (€0.8bn at end 2023)**
- **The new capital light model will create value for the public interest: AMCO will reduce outstanding debt to zero and will release capital**

AMCO has already directed some preparatory actions for the new Plan to provide a solid foundation for future development: updating expected collections related to the existing loan portfolio, based on the changed macroeconomic environment, and reshaping corporate governance.

Milan, 12 March 2024 - The Board of Directors of [AMCO - Asset Management Company S.p.A.](#), met today under the chairmanship of Dr. Giuseppe Maresca and approved 2023 financial results and the new 2024-2028 Strategic Plan «We Produce Value», confirming the GSSE Sustainability Strategy.

“We are launching an ambitious four-year Plan to produce value from the existing loan portfolio through increased operational efficiency and industrialization of processes. The Plan outlines new projects to manage impaired loans, focusing on our systemic role in the sector to facilitate financial recovery of households and corporates. AMCO will generate profit in all Plan years and release capital for the public interest.” explains **Andrea Munari, CEO of AMCO.**

Market context

The current market environment shows a challenging macroeconomic scenario with positive real rates and uncertain inflationary dynamics. However, the market does not expect a credit deterioration in the short term. In fact, the banking system has stabilised at minimal NPE levels and high capitalization levels; expectations of new NPE volumes are lower than in the past. In addition, the evolving competitive scenario sees a mature and evolving servicing market, which will soon be regulated also by the legislation - in the process of being enacted - on the acquisition and management of NPLs.

2024-2028 Strategic Plan: «We Produce Value»

With the 2024-2028 Plan, AMCO focuses on creating value from the existing portfolio, optimizing recoveries performance through greater efficiency of the operating machine. AMCO acts to facilitate the financial recovery of households and corporates focusing on its systemic role in managing impaired loans for the public interest.

The three strategic Pillars of the Plan

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

1. TO PRODUCE VALUE from the existing portfolio with greater operational efficiency

AMCO aims to **optimize the recovery performance of the existing portfolio**, through increased and renewed **efficiency** of the **operating machine**. Efficiency will be achieved through the evolution of the portfolio management model based on a data-driven approach, greater specialisation in credit management both in-house and in outsourcing and the improvement of IT infrastructure and internal processes.

2. **SUPPORT TO HOUSEHOLDS AND CORPORATES also with innovative projects**

AMCO will structure **innovative projects** to facilitate the **financial recovery of households and corporates**. The planned initiatives are: the launch of multi-originator funds dedicated to specific sectors and/or geographies to facilitate their re-launch; restructuring and industrial re-launch with new financing of files already in the portfolio as well as not in the portfolio (single name files) relating to medium-large corporates; the RE.Perform project to support retail mortgage clients in their return to performing status.

3. **SYSTEMIC ROLE in managing impaired loans for the public interest**

AMCO focuses its **systemic role in managing impaired loans for the public interest**. For this purpose, both a structure for managing Government-guaranteed loans and new initiatives for managing impaired loans in synergy with other partners are being defined.

Sustainability throughout the value chain

AMCO continues on the path outlined in the GSSE¹ Sustainability Strategy by confirming the 2025 targets and defining new actions to be implemented between 2026 and 2028. In detail:

- **Sustainable Governance:** establishment of an ESG Board Committee and appointment of ESG Ambassadors.
- **Sustainable Credit Management:** launch of the RE.Perform project related to retail mortgages, physical risk analysis of clusters of Real Estate assets. On Customer care, post-agreement customer satisfaction survey, a multichannel approach in customer management and improvement of average response time.
- **Sustainable Development of Human Capital:** Employee Satisfaction Survey, development of a Diversity & Inclusion Policy, calculation and reduction of the gender pay gap, and start of a Leadership program for women under 40. Future actions include obtaining the UNI/PdR 125-2022 certification².
- **Environmental protection:** appointment of a Mobility Manager for the Milan office and definition of smart mobility initiatives for all employees.

¹ GSSE stands for: Sustainable Governance, Sustainable Credit Management, Sustainable Development of Human Capital and Environmental Protection.

² UNI/PdR 125:2022 is the reference for gender equality certification referred to in the NRRP in Mission No. 5: Inclusion and Cohesion.

Main 2026-2028 financial targets³

Strengthening the operating model will improve **collection rate, which is expected to increase** to 6.7% in 2026 with gradual normalization to 5% in 2028.

Assets under management (AuM) are expected to decrease to €32.3bn in 2026 and €28.5bn in 2028 with an on-balance component of 43% in 2026 and 39% in 2028 (52% in 2023).

AMCO will be profitable, **generating net income in all Plan years: €50m in 2026, €51m in 2028.**

The strong capital structure is confirmed, with excess capital of €1.8bn as of 2028. The new capital light model **will create value for the public interest**, as AMCO will not issue new debt, will reduce outstanding debt to zero, and will release capital.

| Euro/m ³ | FY23 | FY26 | FY28 | CAGR 23-28 (%) |
|----------------------------------|--------------|--------------|--------------|----------------------|
| Total Revenues | 484 | 350 | 243 | -50% |
| <i>of which from investor</i> | 92% | 86% | 79% | -13 p.p. |
| <i>EBITDA margin</i> | 64% | 46% | 38% | -26p.p. |
| Net income | (388) | 50 | 51 | n.m. |
| Gross Debt | 3,400 | 2,000 | 0 | - |
| PFN | -2,700 | -700 | 800 | - |
| Shareholders' Equity | 2,000 | 2,200 | 2,300 | +13% |
| Net Debt/equity | 1.3 | 0.3 | 0 | n.m. |
| Excess capital (@TCR 20%) | 800 | 1,400 | 1,800 | +142% |

Solid foundations for future development

AMCO has already directed some preparatory actions for the new Plan to provide a solid foundation for future development.

- 1. Updated expected collections estimates related to the existing loan portfolio based on the changed macroeconomic environment.** The evaluation parameters of the loan portfolio were modified based on observed recovery performance and forward-looking elements aligned with structurally higher real interest rates than the historical trend and taking into account the changed macroeconomic environment.

³ Targets include new initiatives, currently being defined, related to AMCO's 'Systemic Role' pillar. The economic impacts of the RE.Perform initiative are currently not factored into the targets; they are to be considered as potential upside that may be generated by the Plan in addition to the below targets.

2. **Evolution of corporate governance.** After the appointment, in October 2023, of two Board Committees (Risk and Related Parties, Remuneration and Nomination), the strengthening of the system of power delegation and internal controls and an organizational review with activation of mechanisms of change management, are underway. Business functions will be strengthened to optimize recovery strategies as well as the division dedicated to data-governance supporting the Business.

2023 Results

Business development

As of 31 December 2023, Assets under Management (AuM) reach €34.7bn (-5% y/y) due to natural portfolio dynamics, not offset by new assets under management throughout the year totalling €1.0bn. 68% of AuMs are NPLs and 32% are UTPs. In terms of operating mix, 69% of volumes are managed in-house and 31% in outsourcing.

In 2023 **AMCO has successfully managed credit files** in several sectors. Among the most significant ones, in the Italian manufacturing sector: Snaidero (UD), Tecnogear (RE) and Imprima (CO); in the transportation sector: Augusta 2 (RM) and in the real estate sector: Vulcano Buono (NA), Bagnoli - former Italsider (NA) and GHT-Genoa High Tech (GE) projects. Finally, in the hotellerie sector, Maritalia (FG).

Operating activities - Collections

2023 **collections** show a **growing performance** (+9% y/y) and reach €1.7bn, compared to €1.5bn in the same period of the previous year.

In 2023 **collection rate**⁴ reaches 4.6% and is overall stable (4.7% in 2022) due to the natural aging of the portfolio. The main components are improving: collection rate of the Workout Division (NPLs) increases to 3.4% (3.0% in 2022), while collection rate of the UTP Division increases to 8.1% (7.6% in 2022). Collection rate of the SP&S Division reaches 3.6% (3.8% in 2022).

The solid performance of both collections and the collection rate is accompanied by a **proactive credit management approach**: 95% of collections from UTPs result from extra-judicial activities, as well as 41% of collections from NPLs.

2023 Results

EBITDA (€311.1m) was up by 2% y/y, versus €304.1m in 2022. This trend reflects an increase in revenues mainly related to higher interest income. **EBITDA margin** stood at 64.2%.

Net credit provisions amounting to €524m due to updated portfolio recovery estimates, based on the challenging macroeconomic environment, led to a net result of -€388m.

⁴ Collection rate calculated as the ratio of collections to (monthly) average GBV for the period.

Income statement – Main items

Revenues were up (+10% y/y) to €484.2m. Servicing fees were down 9% due to the natural dynamics of the off-balance portfolios of the former Veneto Banks, only partially offset by the fees related to the Cuvée fund.

Interest income reached €345.1m (+12% y/y) due to the impact produced by rising market rates on floating-rate portfolios. Other income/expenses from operating activities - which refer to cash recoveries (all cash-based) - were up (+13% y/y) and are related to collections exceeding expected recovery plans.

Total costs amounted to €173.1m, up 28% y/y. In detail, net operating costs stood at €123.5m, up 29% y/y, due to the increase in legal and debt collection expenses impacted by property management costs of assets securing leasing loans, IT costs, inflationary dynamics, and to higher outsourcing fees related to collections on the portfolio managed by external servicers.

| Euro/million | FY22 | FY23 | Var. % |
|---|----------------|----------------|---------------|
| Servicing fees | 44.5 | 40.3 | -9% |
| Interest and fees from customers | 307.2 | 345.1 | 12% |
| Other income/expenses from operating activities | 87.7 | 98.8 | 13% |
| Total Revenues | 439.4 | 484.2 | 10% |
| Staff costs | (39.2) | (49.6) | 26% |
| Net operating costs | (96.0) | (123.5) | 29% |
| Total costs | (135.3) | (173.1) | 28% |
| EBITDA | 304.1 | 311.1 | 2% |
| Ebitda margin | 69.2% | 64.2% | n.m. |
| Net credit provisions | (141.1) | (523.8) | n.m. |
| Depreciation | (4.8) | (6.7) | 40% |
| Provisions | 0.1 | (8.5) | n.m. |
| Other operating income/expenses | 5.6 | (8.4) | n.m. |
| Net result from financial activities | (34.7) | (31.4) | -10% |
| EBIT | 129.1 | (267.7) | n.m. |
| Net interest from financial activities | (68.1) | (89.6) | 32% |
| Pre-tax profit | 61.1 | (357.3) | n.m. |
| Income taxes | (18.8) | (30.7) | 63% |
| Net result | 42.3 | (388.0) | n.m. |

Staff costs amounted to €49.6m (+26% compared to 2022) due to headcount growth and salary increases related to the renewal of the national collective agreement.

As of 31 December 2023, AMCO's employees were 417, +44 versus 2022. 67% of staff is employed in business roles and the remaining 33% in central functions. Women account for 40% of total staff.

EBIT was -€267.7m. Net credit provisions were -€523.8m and reflect the updated credit portfolio evaluation, based on models embedding updated parameters which result in cash flows' reviews and the extension of recovery times based on observed recovery performance and on the macroeconomic scenario, which embeds high market rates and uncertainties.

Interest from financial activities -€89.6m increased by 32% compared to 2022 due to the growth in market rates which affected September 2022 and January 2023 bond issuances.

Income **taxes** stood at €30.7m.

Balance Sheet

The balance sheet is strong. Loans to customers were €4,235m, down 15.8% versus 2022 due to the natural dynamics of on-balance portfolios and to provisions.

Cash and cash equivalents, including cash and Italian Government Bonds, reached €679m, down €54m versus 2022 due to the positive impact of sound cash generation and the repayment of the maturing bond using available liquidity.

Financial assets stood at €441m and mainly consisted of the stake in the Italian Recovery Fund (IRF).

Financial liabilities at 31 December 2023 were €3,412m and are related to unsecured bonds.

The net financial position (NFP)⁵ was -€2,710m, improved from -€3,377m at the end of 2022, thanks to sound cash generation capabilities.

⁵ Calculated as: debt securities in issue less cash and cash equivalents.

| Euro/million | FY22 | FY23 |
|---|--------------|--------------|
| Loans to customers | 5,031 | 4,235 |
| Cash and cash equivalents | 733 | 679 |
| Financial assets | 572 | 441 |
| Other assets | 268 | 232 |
| Total assets | 6,605 | 5,587 |
| Financial liabilities | 4,134 | 3,412 |
| Tax liabilities | 4 | 0 |
| Provisions for specific purpose | 16 | 25 |
| Other liability items | 72 | 128 |
| Net equity | 2,378 | 2,022 |
| <i>Share capital</i> | 655 | 655 |
| <i>Share premium</i> | 604 | 604 |
| <i>Reserves</i> | 1,142 | 1,184 |
| <i>Valuation reserves</i> | (66) | (34) |
| <i>Net profit</i> | 42 | (388) |
| Total liabilities and net equity | 6,605 | 5,587 |

Net equity as of 31 December 2023 totalled €2,022m.

CET1 ratio stood at 32.5%; with Total Capital ratio standing at 32.5% as there are no subordinated bonds outstanding.

The Net Debt (NFP)/Equity ratio is 1.3x.

SIGNIFICANT EVENTS DURING AND AFTER THE PERIOD

Appointment of the Board of Directors for the three-year 2023-2025 period and set up of two Board Committees

On 20 June 2023, AMCO's Ordinary Shareholders' Meeting appointed the new Board of Directors, increasing the number of Board members from 3 to 5: Giuseppe Maresca -Chairman -, Andrea Munari - Chief Executive Officer -, Antonella Centra, Ezio Simonelli, and Silvia Tossini - Directors. The term of office of the Board of Directors will end with the approval of the 2025 Financial Statements.

On 26 October 2023, AMCO's Board of Directors set up two internal Committees with investigating, consulting and advisory functions: the Risk and Related Parties Committee and the Remuneration and Nomination Committee.

In February 2024 bond repaid using available liquidity

In February 2024, part of the available liquidity was used to repay a €250m maturing bond.

DECLARATION BY THE EXECUTIVE RESPONSIBLE FOR THE PREPARATION OF CORPORATE ACCOUNTING DOCUMENTS

I, the undersigned, Luca Lampugnani, in my capacity as executive responsible for the preparation of corporate accounting documents, hereby declare, in accordance with paragraph 2, Article 154-bis of the Testo Unico della Finanza (Italian Consolidated Law on Financial Intermediation) that the accounting information disclosed in this press release reflects documentary evidence, accounting entries and other records of the company.



AMCO - Asset Management Company S.p.A.

AMCO is a full-service credit management company with a systemic role in the management of impaired loans for the public interest. At the end of 2023, assets under management are €34.7 billion, 68% non-performing loans and 32% UTPs, with a total of 236 thousand credit files, including more than 100 thousand enterprises.

The Company is owned by the Ministry of Economy and Finance and is subject to supervision by the Bank of Italy and control by the Court of Auditors, as well as at EU level by the Directorate General for Competition (DGComp).

AMCO acts with an effective business model, aiming to optimize operational efficiency. Credit management follows a proactive approach which favours value-enhancement strategies in synergy with other partners to facilitate the financial recovery of households and corporates.

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CONSOLIDATED INCOME STATEMENT

| Items (€000) | 31.12.2023 | 31.12.2022 |
|--|------------------|------------------|
| 10. Interest and similar income | 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 | 42,527 | 47,953 |
| 70. Dividends and similar revenues | 2,542 | 1,813 |
| 80. Trading activities net result | (365) | 17,035 |
| 100. Profit (loss) on sale/repurchase of: | 26,696 | 7,130 |
| <i>a) financial assets measured at amortised cost</i> | 29,501 | 7,130 |
| <i>b) financial assets measured at fair value through other comprehensive income</i> | (2,934) | |
| <i>c) financial liabilities</i> | 128 | |
| 110. Net result of other financial assets and liabilities measured at fair value through profit and loss | (39,666) | (43,109) |
| <i>a) financial assets and liabilities measured at fair value</i> | | |
| <i>b) other financial assets mandatorily measured at fair value</i> | (39,666) | (43,109) |
| 120. BROKERAGE MARGIN | 285,015 | 266,509 |
| 130. Net value adjustments/reversals for credit risk of: | (448,115) | (54,642) |
| <i>a) financial assets measured at amortised cost</i> | (448,473) | (54,261) |
| <i>b) financial assets measured at fair value through other comprehensive income</i> | 358 | (381) |
| 150. NET RESULT OF FINANCIAL MANAGEMENT | (163,100) | 211,867 |
| 160. Administrative expenses: | (182,944) | (144,014) |
| <i>a) staff costs</i> | (49,571) | (39,248) |
| <i>b) other administrative expenses</i> | (133,373) | (104,766) |
| 170. Net provisions for risks and charges | (8,505) | 133 |
| <i>a) commitments and guarantees issued</i> | | |
| <i>b) other net provisions</i> | (8,505) | 133 |
| 180. Net value adjustments/reversals on property, plant and equipment | (2,232) | (2,919) |
| 190. Net value adjustments/reversals on intangible fixed assets | (3,459) | (1,762) |
| 200. Other operating income and expenses | 2,951 | (2,224) |
| 210. OPERATIONAL COSTS | (194,190) | (150,787) |
| 260. PROFIT (LOSS) OF CURRENT OPERATIONS 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 OPERATIONS 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-party funds | | |
| 320. Profit (Loss) for the year attributable to the parent company | (387,963) | 42,253 |

CONSOLIDATED BALANCE SHEET ASSETS

| Asset items (€000) | 31.12.2023 | 31.12.2022 |
|--|------------------|------------------|
| 10. Cash and cash equivalents | 145,531 | 46,826 |
| 20. Financial assets measured at fair value through profit and loss | 483,802 | 571,520 |
| <i>a) financial assets held for trading</i> | 6 | 23 |
| <i>b) financial assets measured at fair value</i> | | |
| <i>c) other financial assets mandatorily measured at fair value</i> | 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 |
| <i>a) loans and receivables with banks</i> | 45,363 | 14,431 |
| <i>b) loans and receivables with financial companies</i> | 79,502 | 77,691 |
| <i>c) loans and receivables with customers</i> | 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 |
| 100. Tax assets | 154,129 | 197,686 |
| <i>a) current</i> | 9,142 | 11,879 |
| <i>b) deferred</i> | 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 |

CONSOLIDATED BALANCE SHEET LIABILITIES AND NET EQUITY

| Liabilities and shareholders' equity items (€000) | 31.12.2023 | 31.12.2022 |
|--|------------------|------------------|
| 10. Financial liabilities measured at amortised cost | 3,412,200 | 4,133,630 |
| <i>a) payables</i> | 22,582 | 23,087 |
| <i>b) debt securities issued</i> | 3,389,619 | 4,110,543 |
| 20. Financial liabilities held for trading | 20 | 71 |
| 50. Change in value of financial liabilities object to a generic hedge (+/-) | | |
| 60. Tax liabilities | 36 | 4,307 |
| <i>a) current</i> | 36 | 1,706 |
| <i>b) deferred</i> | | 2,601 |
| 80. Other liabilities | 128,080 | 72,323 |
| 90. Post-employment benefits | 472 | 450 |
| 100. Provisions for risks and charges: | 24,782 | 15,876 |
| <i>a) commitments and guarantees issued</i> | | |
| <i>b) pensions and similar obligations</i> | 169 | 168 |
| <i>c) other provisions for risks and charges</i> | 24,614 | 15,708 |
| 110. Share capital | 655,154 | 655,154 |
| 120. Treasury shares (-) | (72) | (72) |
| 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 |
| TOTAL LIABILITIES AND NET EQUITY | 5,587,480 | 6,604,680 |