



## ***CREDITO FONDIARIO***

### ***Successful story of rapid growth – in the last 5 years Credito Fondiario has become one of the major operators in the sector of credit management sectors***

Credito Fondiario is leader in the Italian credit sector, where it operates with a distinctive business model as both debt purchaser (purchase of NPL and UTP) and debt servicer (management and recovery of impaired loans), with a banking license.

The business model adopted by Credito Fondiario has been innovative in the Italian market, adapting that of the major international players operating in the Credit Management sector.

### ***A start-up with 120 years of history***

The top management and Tages, an independent asset manager leader in the alternative asset classes with \$2.3 billion under management in which a group of Italian entrepreneurs met, acquired from Morgan Stanley the control of Credito Fondiario, at a time when the institute, which was older than 100, was accumulating more than EUR 20 million in losses per year.

The team achieved a successful turnaround. The strategy was clear: create an Italian bank that operates in the secondary credit market with a very wide range of products and services, able to compete with the big names of the sector, as large international funds and services.

Today the top management is minority shareholder alongside the new majority shareholder Elliott, which holds 82% of the capital.

### ***A constant growth: key numbers***

Within 5 years Credito Fondiario has become a benchmark operator in the market, growing in dimension, obtaining a strong competitive positioning, working as partner beside banks and institutional partners.

The assets under management were EUR 4 billion in 2014 and today they are more than 55 billion and 15 billion are assets managed as special servicer.

### ***Dimensional jump***

With the signing of the definitive contract for the acquisition with the Elliott fund of 7.4 billion of non-performing loans by Banco Bpm and the creation of the CF Liberty Servicing management platform in a joint venture with Banco (of which CF is a 70% shareholder) and Banco Bpm at 30%) - probably the last large transaction in the market - Credito Fondiario will massively increase the workforce, which will increase from 50 to around 350 at the end of 2019; the investments made grow up to EUR 700 million (for a nominal value of credits purchased of almost 4 billion euros). At the same time, the bank maintains levels of capitalization and financial solidity among the highest in the sector. Credito Fondiario closed 2018 with a net profit of 24.8 million euro, compared to a loss of 1.1 million the previous year.

### ***Credito Fondiario benchmark operator for large operations in the Italian market.***

In a domestic market characterized by banks who have the needs to reduce the non-performing loans on their balance sheet (c.d. derisking).

Credito Fondiario took part in the entire process, covering different positions thanks to the flexibility of its business model:

- Credito Fondiario is master and special servicer of the largest cession of credits ever conclude worldly, the one with Monte dei Paschi di Siena
- Master servicer for the securitization of non-performing loans with Venetian Bank (Vicenza, Veneto)
- Investor, master servicer and special servicer in the rescue operation realized through the disposal of non-performing loans for c.d. Good Banks (Banca Etruria, Banca Marche, CariChieti, CR Ferrara)
- Investor, master servicer and special servicer in some operations of dis-investment of NPL and (or) UTP realized by Banca Carige and Credito Valtellinese, including the role of servicer in the two-last securitization GACS.

### ***NPL acquisition and platform for the management of Carige Bank***

In particular, at the end of 2017 Credito Fondiario, following a competitive trial, reached an agreement with Carige which leads to the acquisition, by Credito Fondiario, of:

- A portfolio of non-performing loans (the majority with a property collateral) with a gross value of around EUR 1.3 billion.
- The business unit of the company Banca Carige dedicated to the management of non-performing loans. Today it is composed by 50 people.
- A 10-year contract for the management of the majority of non-performing loans existing and future.

The acquisition of the business unit of the company was completed on May 14<sup>th</sup>, 2018 and it was preceded by a union agreement between Banca Carige and Credito Fondiario, which has allowed to align the contractual terms of the employees and the branch of the business with the best conditions practiced by Credito Fondiario.

Today, more than 50 resources work in the new central headquarter of Credito Fondiario by Genoa in a building in via 20 Settembre to which employees from Milan and Rome will be located.

Genoa will be the theatre of a growth plan, that will mean more business occasions and therefore new jobs, leading to a great advantage for the whole city

### ***Acquisition of NPLs and partnership with Banco Bpm***

At the end of June CF Liberty Servicing, the new platform of recovery and management of non-performing loans in joint venture between Credito Fondiario and Banco BPM.

The society - of which Credito Fondiario is shareholder for the 70% and Banco BPM for the 30% - will manage as servicer the portfolio of EUR 7.4 billion of the Bank, acquired by Elliott within a

securitization concluded on February 2019, with GACS on senior debts, the remaining stock of NPLs of Banco BOM and, during the next 10 years, a relevant portion equal to the 80% of the new streams of Npls.

With this operation Credito Fondiario confirm its positioning as leading society in Italy in credit management sector and increase significantly its employees' number that, thanks to the joint venture, will become nearly 350 allocated in Bergamo, Verona, Lodi and Naples.

During the last 24 months, Credito Fondiario has conducted due diligence activities on over EUR 45 billion of NPL and/or UTP loans, analyzing a large portion of the Italian credit market in all its ramifications (real estate, retail, leasing, corporate etc.)

### ***A successful formula***

The reasons for the success of Credito Fondiario must be found in the top management and in the shareholders (Elliott won around the 82% of the capital and the remaining 18% is held by Tages and the top management) to bet on a mix of skills, innovation and great knowledge of the Italian market:

- ***Distinctive skills*** – the professionals who joined Credito Fondiario in the last 24 months are characterized by high skills and experience, having worked for the best operators in the sector or young people with an excellent academic experience. The bank has distinctive skills in many areas: portfolio management, structuring, capital markets, real estate, leasing and loan administration servicing. Credito Fondiario has introduced performance oriented short- and long-term incentive policies almost for the entire workforce.
- ***Process and product innovation*** – Credito Fondiario has radically implemented a process of revisiting and renovating every single phase through which a bank transfer its impaired loans. Today Credito Fondiario is an operator capable of: (i) totally structuring a sale transaction of any distressed asset class (ii) carrying it out interacting with rating societies, financing banks, Supervisory Authorities and law firms. (iii) implementing it, transferring million of files from the transferor to the securitization vehicles, thanks to IT integrated system and re-engineered management processes. Nearly 25% of the total cost and annual investment are in technology and process innovation.
- ***Italian market knowledge 2.0*** – Thanks to the great work of due diligence carried out on multiple bank portfolios and to the huge experience on specific asset classes (real estate, leasing, bad debts and incagli bancari, corporate credit), Credito Fondiario has gained a deep knowledge of the Italian distressed market. This knowledge has recently been crystallized through the use of open software and big data technologies, which allow the team to evaluate credits and assets in a very short time, with a database constantly updated according to the evolution of the real estate market. In 2018, N3A was born, a software made up of neuronal network, big data and artificial intelligence that was developed by Credito Fondiario's technicians to deal with the non-performing loans in a more competitive way. N3A processes data at an enormous speed and provide thousand evaluations in less than 5 minutes, working on a database that manages the historical archive of over EUR 50 billion of doubtful or non-performing loans, corresponding to million of positions, in addition to continuously updated external data sources.

### ***Shareholders***

Since 2016 the Top management and Tages have been joined by Elliott, one of the largest investment company in the world, which in October 2018 became the majority shareholder of the Bank. Elliott with a long-term vision, supported Credito Fondiario's growth in the last years by injective new capital and strengthening of the managerial structure with the aim of making it became a market leader

### ***Top management***

**Panfilo Tarantelli, Chairman**, Co-founder of Tages.35 years of experience in the financial services sector in Europe

**Iacopo De Francisco**, General Director, Over 20 years of experience in corporate and retail banking and strategic consulting

**Guido Giulio Fortunato Lombardo**, Chief Investment Officer, 30 years of experience in merchant banking, private equity, advisory, lending and structured finance

**Mirko Gianluca BRIOZZO**, Chief Business Officer and Deputy General Manager, Over 20 years of experience in investment & corporate banking, M&A and capital markets

### ***CREDITO FONDIARIO – IN SHORT***

- Rapid and quality growth with managed assets of EUR 55 billion (GBV).
- Primary role in all major operations in the sector: MPS, Vente, Good Banks, Carige, Creval, Banco BPM.
- Financial strength:
  - Level of capitalization among the highest of the system (CET1 ratio at 17.9%)  
Relevant network of relationships with leading international investors
  - Strong long-term international partner
- important focus on human resources and professionalism. The Bank grew from a team of 50 resources at the time of the acquisition by Tages to 350 today.
- Innovation center for the development of innovative solutions to manage Npls and Utps.

- Business project with industrial focus.
- Totally Italian top management with entrepreneurial backgrounds and great experience in the financial sector.
- Stable Corporate structure committed to guarantee support to the bank's growth progress.
- Among the most dynamics players of the sector.
- Large availability of capital, thanks to the support of the major shareholder Elliott.
- Unique and innovative business model – debt purchaser and debt servicer.
- Professional practice of other high value-added activities: advisory, capital markets.
- Operational banking platform and license.
- Team specialised in the real estate, UTPs, leasing and NPL secured.
- Rated management platform by S&P and Fitch agencies.