



In the Market

December 2017



Introduction

Welcome to December's, abridged, In the Market which can be found online [here](#).

Firstly, a quick reminder that on January 18, KPMG will host its sixth Global Debt Conference in London. The event will attract banks, investors and leading economists to discuss the debt and banking deal flow. To register your interest for the event then please click [here](#) to register.

This month we discuss the EBA's new data tape template for all loan portfolio transactions, and the ECB's plan to implement a trading platform for debt transactions. We also share a link to the Peer Bank calculator to forecast the effects of BIV effects on your bank.

Across Europe, we talk to the sale of CAF by Lone Star, Cerberus's acquisition of Anida from BBVA and look at the pending securitisation structures in Italy under the GACS scheme for Popolare di Bari and Banco BPM.

News of NPL transactions continue to come thick and fast in Eastern Europe, with the announcement of the sale of a €2 billion unsecured NPL portfolio Alpha Bank's on heels of announcements from Eurobank, NBG and Piraeus regarding deleveraging initiatives.

As always, our deal tracker can be found [here](#).

We hope that you enjoy a little time out of the market over the holiday period.

Best regards,

Andrew and Nick



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Highlights



KPMG Global Debt Conference date set for 18 January 2018

KPMG's sixth Global Debt Conference will take place in London on Thursday, January 18, 2018.

The event showcases representatives from across the banking sector and includes a keynote speech from Tim Harford, Financial Times' 'Undercover Economist'.

Breakout sessions will include: How banks can use limited capital to target growth, Regulatory and Political M&A drivers, Deleveraging and wider banking M&A.

To register click [here](#)

Highlights (cont.)



Basel IV – Basel Committee finalises output floor, credit risk and operational risk

The Basel Committee has finalised its standards (click [here](#) to read more) for the output floor and for revised approaches to the capital treatment

of credit and operational risk. KPMG estimates the revised approach will lower CET1 ratios for European banks on average by 90 basis points (bps). The range is however wide, with an expected CET1 loss of over 4% for 10% of the banks. Largest CET1 impacts (2.5-3.0%) would primarily fall on banks in the Nordics. In terms of peer groups, banks with more focused business models are hit harder, such as asset managers and custodians (-2.8%) and sectoral lenders (-1.6%). The average capital depletion for universal banks or G-SIBs is around 70 bps.

For more information, please visit KPMG's Basel IV page or contact [Clive Briault](#) and [Eric Cloutier](#).



Basel IV Calculator – Peer Bank

In light of the Basel Committee's announcement, KPMG Peer Bank benchmarking tool (please click [here](#)) now also includes a built-in Basel IV calculator, allowing users to proxy for potential BIV effects for each bank

and their peers. This powerful calculator complements the existing peer-to-peer analysis capabilities of the tool, providing over 100 key ratios and indicators for over 130 banks from 24 countries. The KPMG Peer Bank tool is free of cost, web-based and is easily accessible on both PCs and mobiles. Access can be requested directly by contacting KPMG's ECB Office (please click [here](#)).

For more information, please contact [Eric Cloutier](#)



EBA NPL Templates: a new market standard for transactions

The EBA officially published its 'EBA NPL Templates' on 14 December 2017 (accessible [here](#), EBA press release [here](#)). KPMG's Portfolio

Solution Group advised the EBA for the project, building upon its extensive experience with NPL transactions across Europe. The templates aim to set a market standard for NPL transactions by improving standardisation and comparability of NPL data for investors.

For more information, please contact [Eric Cloutier](#) and [Adam Paxton](#)



ECB to launch transaction platform for loan portfolios

The ECB published a special feature on the creation of a pan-European transaction platform to increase liquidity in Europe's €1.3 trillion of NPL stock.

This central marketplace could take the form of an electronic transaction system, a data warehouse and/or a trade repository. It could also be used as an outlet for AMCs to trade their NPLs (as part of the 'AMC blueprint' project led by the EC). The news comes alongside the 'EBA NPL templates' publication (see above) which could set a data baseline for such a platform.



ECB to launch transaction platform for loan portfolios (cont.)

Numerous options are possible for such a platform, including a single privately run platform, or a distributed network of brokering platforms such as the already active platform in

Ukraine with the online public procurement platform 'Prozorro'.

KPMG sees this as consistent with a general move to increased standardisation and the technology enablement of NPL transactions. KPMG's proprietary technology suite 'Deal Tech' can be found [here](#).

For more information, please contact [Nick Colman](#) and [Eric Cloutier](#)



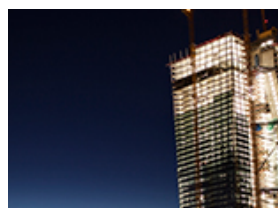
Outperform in an age of disruption

Financial services CEOs have overwhelmingly voiced confidence in the short term. KPMG analyses in what ways financial services CEOs can i) tackle disruption head on, ii)

focus on innovation, and iii) listen to their customers to reduce the impact of disruptions to the market including Brexit and customer behavioural changes.

Please click [here](#) for more information.

For more information, please contact [James Liddy](#)



The European Bank for Reconstruction and Development (EBRD) launches a €300 million NPL resolution framework

Supporting the EBRD's efforts to resolve the high levels of NPLs in the countries it operates in, the EBRD

has launched a €300 million framework to support NPL resolution. The framework allows the Bank to acquire minority stakes in NPL servicers, invest in NPL portfolios and provide senior debt instruments to co-investors for the purchase of NPL portfolios.

For more information, please contact [Eric Cloutier](#).



Following pressure, the ECB is likely to delay implementation of new rules on bad loans

ECB rules due to come into effect on January 1 2018 are likely to be pushed back by as much as a year following significant efforts from

European lawmakers. The rules were due to require European banks to set aside further cash for NPLs but lawmakers argued the ECB's mandate did not allow for the bank to pass new regulation.

For more information, please contact [Eric Cloutier](#).

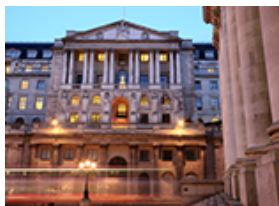


US tax reform

Legislation is due to be finalised this week which will create both opportunities and costs in relation to M&A and financing for worldwide groups with any US business.

For more information, please contact to [Mark Wrafter](#).

Key banking M&A activity



Cerberus acquires Anida from BBVA

BBVA has agreed to sell 80% of its real estate business Anida for €4 billion. The deal included NPLs of €13 billion gross book value which Cerberus agreed to pay at a discount

of 61.5%.

The deal has been structured so that Cerberus will acquire 80% of the acquisition SPV and BBVA to retain the remaining share of the structure.

For more information, please contact [Carlos Rubi](#) and [Andrew Jenke](#).



Banca IFIS agrees to acquire Cap.ital.Fin

Banca IFIS signed a binding offer with Ms Carla Caputo to acquire Cap.Ital.Fin S.p.A. which specialises in repayable loans through salary backed loans. The acquisition is

subject to Cap.Ital.Fin subscribing to the new Single Register and subject to the clearance of the Supervisory Authority.

For more information, please contact [Domenico Torini](#) and [Carlo Savani](#)

Key securitisation activity



Popolare di Bari launches second NPL securitisation under GACS

Using the Italian government guarantee GACS, Banca Popolare di Bari has begun the second securitisation of an NPL book. The gross book value is €350 million and

follows the bank's first securitisation in 2016.

For more information, please contact [Domenico Torini](#) or [Fabrizio Sicilia](#)



Banco BPM begins sale of €3 billion non-performing securitisation

Banco BPM has launched the securitisation of a €3 billion non-performing portfolio consisting of secured and unsecured loans. The

senior tranche will be backed by the Italian government's GACS scheme.

For more information, please contact [Domenico Torini](#) or [Fabrizio Sicilia](#).

Portfolio activity



Lone Star Funds sells CAF S.p.A. and an NPL Portfolio to Intrum

Intrum were successful in acquiring CAF S.p.A, the third largest loan servicer in Italy, and a mixed secured/unsecured approximately €369 million NPL portfolio from Lone

Star Funds for €200 million. CAF is a loan servicer of secured and unsecured NPLs in Italy employing over 200 FTEs, offering end-to-end coverage such as loan servicing, due diligence, real estate advisory and valuations.

The acquisition has completed in December 2017 and CAF will form part of Intrum's Western & Southern European region, this now allows Intrum to become one of the leaders in the Italian market.

For more information, please contact [Domenico Torini](#) or [Arun Sharma](#).



Alpha Bank plans sale of €2.5 billion portfolio

Alpha Bank is in the process of selling a €2.5 billion loan portfolio. The portfolio, named Venus, consists of 65% consumer loans,

8% credit card debt, 27% SME loans.

This follows the continuous sales of Greek banks such as Eurobank, NBG and Piraeus bank who have so far committed to the sale of over €8 billion NPEs in 2018 and a further €11.5 billion by 2019.

For more information, please contact [Vasilis Kosmas](#) or [Nick Colman](#)



Banco BPM set to sell €2 billion NPL portfolio

Banco BPM is expected to sell its Project Sun portfolio. The bank received binding offers at the start of December. The portfolio which had a gross balance of €1.8 billion-

€2 billion attracted interest from Hoist Capital, Deutsche Bank and AnaCap and Varde Partners.

For more information, please contact [Domenico Torini](#) and [Carlo Savani](#).



Bank of Cyprus ('BoC') hires Pepper to service €800 million loan book

Pepper has been hired by BoC to help work out its SME and Retail book. Pepper will work with BoC's internal work out team which has

already reduced its NPE supply by €1.1 billion over the last 18 months and is continuing to aggressively reduce its NPL coverage to be in line with ECB guidelines.

For more information, please contact [Vasilis Kosmas](#) or [Nick Colman](#).

Portfolio activity (cont.)



Banca Carige sells €1.2 billion NPL portfolio and €31 million platform

Banca Carige has entered into a binding agreement with Credito Fondiario S.p.A. for the sale of a €1.2 billion portfolio. The total consideration paid is expected to be

in the region of 20-25% of its gross book value.

Additionally, the bank has agreed to sell its bad loan management platform to Credito Fondiario in exchange for a multi year servicing agreement.

For more information, please contact [Domenico Torini](#) and [Carlo Savani](#).

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