



In the Market

February 2018



Introduction

[Deal tracker](#)[Previous editions](#)

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

This month we recap on the main issues discussed during last month's KPMG Global Debt Conference, including specific investor insights into emerging market, trends in the ASPAC region and what this means for 2018 deal activity. We also discuss the regulatory capital and tax considerations for banking M&A which is set to ramp up in 2018.

In Italy, we continue to see considerable deal activity with Intesa Saopaulo actively exploring the divestment of its non-core Capital Light Bank. Goldman Sachs and FinInt Group acquired the first leasing portfolio in Italy where both the loan and the repossessed leasing assets were sold at the same time. In Ireland, Cerberus acquired Stepstone Mortgages, a notable sub-prime lender pre 2008.

With improving macroeconomic conditions in Greece, Greek banks have sharply increased their loan deleveraging activities over the past six months. The four largest Greek banks – Alpha Bank, Piraeus Bank, Eurobank and National Bank of Greece – are reported to be launching sales processes this year. With over €110 billion of NPLs across the region, it is the last remaining significant and nascent European NPL market.

Our European Banking Transaction Tracker has been updated to a more intuitive and user friendly interface so you can access it on all portable devices; this can be found [here](#).

As ever our previous editions can be found [here](#).

Best regards,

Andrew and Nick



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Highlights



Highlights from KPMG's Global Debt Conference

Last month, KPMG brought together the global credit deleveraging and releveraging ecosystems to discuss trends and predictions in the market for 2018. The major themes discussed included technology, the emergence of new NPL markets and pricing levels.

Please click [here](#) to find out more

For more information, please contact [Andrew Jenke](#) or [Nicholas Colman](#).

Highlights (cont.)



Acquisition planning: driving value by focusing on regulatory capital and tax together

With banks optimistic they will be turning their attention to acquisitions soon, capital management and planning will be essential for

acquisition planning, with a knock on effect for banks' regulatory capital and tax.

Please click [here](#) to find out more

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



Financial services predictions for ASPAC in 2018

KPMG in Singapore has released their financial predictions (click [here](#) to read more) for the coming year. ASPAC economies should see an increase in M&A activities, fuelled by a revival of

investor interest from East Asia and other foreign investors. This, in part, is due to strong economic growth, financial infrastructure development and the opportunity to service a significant underpenetrated financial services market across ASPAC.

For more information, please contact [Stephen Bates](#) or [Lain Lim](#).



Investment in Fintech increases in Q4 2017

KPMG International released The Pulse of Fintech Q4 2017 (click [here](#) to download the report) exploring market drivers, technologies and potential use-cases in the rapidly growing global fintech space. Despite a third quarter

of deal volume decline total investment rose slightly in Q4 2017, representing several large deals in the closing months of the year.

For more information, please contact [Murray Raisbeck](#).

Key banking M&A activity



Intesa Sanpaolo exploring the sale of Capital Light Bank

Banca IMI, Goldman Sachs and Mediobanca are working in collaboration with Intrum to explore financing options for the disposal of 51% of Capital Light Bank (CLB). CLB

is Intesa Sanpaolo's non-core activities unit, and its €10 billion NPL book. The platform is rumoured to sell for €500 million with Intesa looking to limit its loss on the sale.

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

Key securitization activity



UniCredit disposes of its last portions of Fino 1 and Fino 2 Securitization

UniCredit signed agreements with Fortress and King Street Capital management to dispose of its remaining exposure in the B,C and D

notes as part of the GaCS securitization. Fino 1 and Fino 2 were the first NPL securitizations in the Italian market with several significant transactions since following.

For more information, please contact [Alexandra Skeggs](#) or [Fabrizio Sicilia](#).



BlackRock's UK BTL RMBS London Wall Mortgage Capital Series Fleet 2018-01 oversubscribed

Following London Wall Mortgage Capital Series Fleet 2018-01 being oversubscribed, the pricing was at the tight end of guidance at 3ML + 72 bps

on the £265 million A note. The securitization follows the significant investor interest seen in UK RMBS transactions the past year.

For more information, please contact [Alexandra Skeggs](#) or [Fabrizio Sicilia](#).

Portfolio activity



Goldman Sachs and FinInt Group acquires a €483 million NPL portfolio

Hypo Bank sold the €483 million NPL portfolio to the consortium, which consisted of lease receivables. It is the first sale of a leasing portfolio in Italy

where both the loan and the repossessed leasing assets were sold at the same time.

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



Banco BPM announces its loan divestment programme up to 2020

Banco BPM plans to sell €5 billion of loans by 2020, bringing the cumulative loan sales to €13 billion and a 57% decrease in their NPL volume. This is

an increase from their strategic plan of €8 billion and will lead to an expected NPL ratio of 11.5%, down from 24.1%.

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

Portfolio activity (cont.)



Permanent TSB brings Project Glas to market

PTSB have issued a press release on Project Glas, a €4 billion NPL portfolio that has been brought to market. The portfolio has been subdivided into two tranches: Project

Nepal consisting of BTL mortgages; and Project Tibet consisting of restructured and untreated owner-occupied mortgages. The sale has been met by heated political debate on bank deleveraging in Ireland.

For more information, please contact [Andrew Jenke](#) or [Brian Shefflin](#).



Major Greek banks bring further NPL portfolios to market

The Greek NPL market continues to see significant activity across asset classes. Alpha Bank is bringing a €1.4 billion SME portfolio secured by

real estate to market in 2018; Piraeus Bank has launched Project Arctos, a €2.3 billion unsecured NPL portfolio, made up of retail, non-performing unsecured NPLs, while Eurobank is planning the sale of a consumer NPL portfolio with a GBV of approximately €1 billion, dubbed Project Eclipse 2.

For more information, please contact [Nicholas Colman](#) and [Vasilis Kosmas](#).



Crédit Agricole Italia preparing a €5 billion loans sales

Crédit Agricole, along with its Italian subsidiary Cariparma, is preparing to bring a €5 billion NPL loan portfolio to market. The mixed

portfolio consists of secured and unsecured loans across asset classes.

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



Cerberus acquires Step stone Mortgages

According to multiple reports, Cerberus has acquired the Irish sub-prime lender Stepstone Mortgages for €100 million. Originally a joint

venture between Wall Street Bank, Lehman Brother and IIB, Stepstone has not issued any new loans since 2008 and has continued to manage its heavily-provisioned portfolio.

For more information, please contact [Andrew Jenke](#) and [Michael O'Sullivan](#).

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