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2015 transactions of unloved European loans will top €100bn – PwC

News release

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2015 transactions of unloved European loans will top €100bn – PwC

- **600 bankers and investors gather in London for 6th PwC annual bank restructuring and loan portfolio conference.**
- **Five more years of loan-dealing for banks to fully deal with non-core and non-performing loans.**
- **CEE and Italy are emerging markets for non-performing loan transactions**

Singapore, 24 March 2015-- Six years after the financial crisis, European banks continue to hold around €1.9 trillion of unwanted loans, equivalent to around 4% of European banking assets, says PwC.

The research, published ahead of the PwC European banking conference, held in central London today (24 March 2015) predicts that it will take at least a further five years for the banking sector to fully deal with the issue. While around half of this total figure is represented by non-performing loans, the other half comprises normal, performing bank lending that is non-core, or that the holders wish to sell because it no longer fits with business strategy.

During 2014, banks sold loan portfolios with a face value of €91bn, an increase of around 40% of the total volume of loan portfolios sold in the previous year. PwC forecasts that portfolios with a face value of €100bn will trade in the current year.

Richard Thompson, global leader for portfolio transactions at PwC, will today tell the expected audience of more than 600 bankers, investors and other market participants how the latest PwC research shows:

- Italian banks hold more non-performing loans than any other European country, estimated by PwC to be some €185bn, which is roughly 15% of total non-performing loans across Europe;

- Significant growth is expected in the number of transactions in Italy and other countries in Central and Eastern Europe. Loan portfolio transactions in Italy in 2014 totalled just €8bn and PwC expect a total of more than €15bn in 2015.

PwC has also today published the results of its latest annual survey of the buyers and sellers of loan portfolios. This research shows that private equity and other classes of investors have more than €70bn to spend on assets being sold by the European banking sector.

Richard Thompson comments:

“There remains very significant investor interest in acquiring banking assets as the sector continues its unprecedented and much needed restructuring. There is significant competition between the numerous investor groups looking to acquire assets and, as a result, we’ve observed price increases in the market, making it much more attractive for banks to sell assets.

“Our research shows that investors’ return expectations are largely unchanged over the previous years, leading us to believe that investors are being more bullish as to their potential cash flow returns from these assets. In other words, more of the upside potential is being priced into these deals, particularly in the more liquid markets in the UK, Spain and Ireland.

“This trend favours the established investors in the market, which is likely to lead newer investors to focus on the emerging markets for loan transactions of, for example, the CEE region and Italy.”

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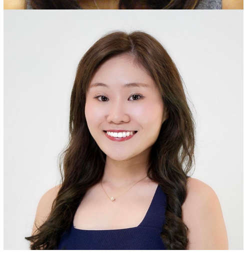

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