

PRESS RELEASE
Italian referendum's impact on booming NPL market

- The report "Filling the Gap," by Banca IFIS and Debtwire, shows that, with a €64.6bn live deal pipeline, the Italian market is on track to exceed NPL sales of 2015 by a wide margin
- Exclusive Debtwire data shows 23 closed deals in Italy in 2016 through mid-November, involving NPLs for a gross book value (GBV) of €19.7bn
- The outcome of Sunday's Italian referendum is spurring market turmoil just as the long-dormant Italian NPL market gained momentum

London, 7 December 2016: The political turmoil following the Italian Constitutional referendum's outcome on Sunday is shaking the Italian banking system at a moment when it was finally starting to address its non-performing loan problems, according to a report carried out by Debtwire in partnership with Banca IFIS.

So far in 2016, Debtwire has recorded 23 closed deals in Italy involving NPLs for a GBV of €19.7bn – including Cerved's acquisition of Banca Monte dei Paschi di Siena's (BMPS) NPL management platform Project Juliet, which on its own manages €9bn worth of NPLs. This year, Italy is on track to exceed the combined NPL sales of 2015, which totaled €19bn, by a wide margin. As of November, Debtwire is tracking 14 live loan transactions with a combined GBV of €64.6bn.

Over the past two years, the government has taken steps to ameliorate the country's legal framework and improve investor confidence. While Sunday's vote is creating the expected volatility and slowdown of sales, the pipeline remains healthy and deals are expected to continue.

More and more investors have been circling the Italian NPL market, as evidenced by the number of attendees at the Banca IFIS conference "NPL meeting," held in Venice in September. However, the sector still has a long way to go as Italian lenders are saddled with roughly €360bn of NPLs – 18% of total gross loans, according to IMF data.

Top three closed deals in 2016 by GBV:

Name	GBV €m	Acquisition price €m	Collateral type	Seller	Buyer
Project Juliet	9,000 (only portfolio management)	105	NPL management platform	Banca Monte dei Paschi di Siena	Cerved
Portfolios Vesta and Eris (Project Compilation)	2,000	50	70% unsecured, 30% secured	GE Capital, RBS	AnaCap

Project Elipso (Project Compilation)	1,200		70% unsecured, 30% secured	GP Capital, Credit Agricole	FBS
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“Since organising the first NPL Meeting back in 2011, attendance has increased by 10 times- stated **Andrea Clamer, Head of NPL Division at Banca IFIS** – demonstrating that attention to this market is constantly evolving. In the 2017 Meeting (which will be held on September 15, 2017) we hope to be commenting on how it has been possible to close the gap between buyers and originators, and to discuss the next steps for the market.”

“International investors are showing great interest in the Italian NPL market, but they remain skeptical over the notorious bureaucracy, opacity and lack of quality data from Italian banks. The result is a bid-ask spread that is still often too high for real estate-backed portfolios,” said **Alessia Pirolo, Commercial Real Estate Reporter at Debtwire ABS**.

"In an increasingly regulated environment where banking is becoming a utility-like low risk business, keeping an adequate regulatory capital level, while providing a decent return on equity, proved challenging without disposing problematic loans," said **Antonio Vanuzzo, Senior Reporter at Debtwire**.

Filling the gap: Italy's non-performing loans update

In September 2016, Banca IFIS organized the “NPL meeting,” yearly conference in Venice to discuss the NPL situation in Italy. This report presents Debtwire data on 2016 ongoing and closed NPL deals as well as an overview of the market and comments from financial services experts who attended the conference.

To view the full report, please click here: <http://mergermarketgroup.com/publication/filling-gap-italys-non-performing-loans-update/>

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About: Banca IFIS

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structured companies); leasing (financial and operating leasing); lending and structured finance. **Banca IFIS Pharma** which supports the trade receivables of large-sized companies supplying Italian Local Health Agencies and with the business unit "Farmacie" (Pharmacies), that supplies financial solutions to pharmacies; **Banca IFIS NPL Area** which groups together all activities of the non-performing loans sector, including **CrediFamiglia**, a project set up for the positive resolution of financial debts; **Fast Finance** which carries out activities associated with the tax receivables sector; **IFIS Finance** which offers financial support for enterprises that work in the Polish market. In the retail funding market, Banca IFIS offers the deposit account **rendimax** and the current account **contomax**. Listed in the **Star** segment of the Italian Stock Exchange, the Banca IFIS Group is an innovative and constantly growing company. **Banca IFIS Group: value to your business** – www.bancaifis.com

About: Debtwire

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