In the Market

January 2018

Introduction

Happy New Year!

Last week, KPMG hosted its annual Global Debt Conference in London which welcomed over 400 guests across Private Equity and Banking. Attendees first heard from keynote speaker, Tim Harford – Financial Times’ ‘Undercover Economist’, about forecasting, followed by panel discussions on deleveraging, making limited capital limited work harder and the regulatory/political drivers of banking M&A. Panellists represented established and challenger banks, private equity and regulatory agencies. We will be sharing highlights from the event over the coming weeks.

The end of 2017 and the start of 2018 has remained busy across Europe. JC Flowers & Co. acquired Piraeus Bank Romania, Goldman Sachs preplaced the Proteus portfolio it recently acquired from Danske Bank, whilst the Northview Group and BPER Banca prepared their own placements.

The last few weeks of 2017 saw a series of NPL transactions across Europe and across various asset classes. Canada Pension Plan Investment Board acquired one of its largest European portfolios yet with Project Voyager, whilst SAREB closed on Project Tambo in Spain. In the coming year, the Greek NPL market seems set for further activity as its economic fundamentals continue to improve, with National Bank of Greece planning to launch the sale of Project Earth after March 2018.

Finally, 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

KPMG European Banking Transaction Tracker updated

With significant deal flow over the past 12 months, KPMG’s European Banking Transaction Tracker now includes updated data and a more user friendly interface. The data now extends from January 2015 to December 2017.

For more information, please contact Chris Aspden.
Highlights (cont.)

ECB and EBA strategic priorities for 2018

The ECB, EBA and SRB have each announced their work programs and priorities for 2018. We observe increasing convergences between priorities, particularly in the areas of supervisory convergence, NPLs and banking data. KPMG’s ECB Office discuss these 2018 priorities here.

For more information, please contact Eric Cloutier.

EBA NPL Templates as a basis for new ESMA ABS Templates for NPL securitisations

The European Securities and Market Authorities (‘ESMA’) has published a consultation paper (please click here to read more) for the introduction of new exposure disclosure requirements and templates for NPL securitisations. ESMA ABS templates have been until now focused solely on performing loans. These new proposed templates are fully based on the EBA NPL templates (please click here to read more) published in December 2017 and for which KPMG advised on the development. The consultation ends on 19 March 2018.

For more information, please contact Eric Cloutier.

Key securitisation activity

Northview Group prepares securitisation of £430 million UK portfolio

Northview Group is preparing to securitise Finsbury Square 2018-1. It plans to offer GBP 522.75 million class A notes, GBP 30.75 million class B notes, GBP 30.75 million class C notes and GBP 12.3 million D notes. The loans were originated in the last 6 months.

For more information, please contact Alexandra Skeggs or Fabrizio Sicilia.

Obvion Dutch launches Project Storm 2018-I Securitisation vehicle at €2.1 billion

Obvion, the Mortgage lender subsidiary of Rabobank, have placed its largest securitisation since the financial crisis. The portfolio of NHG (government guaranteed) residential mortgages and construction loans and priced at 3mE+14bps.

For more information, please contact Alexandra Skeggs or Fabrizio Sicilia.

West Bromwich Building Society launches RMBS vehicle Kenrick No.3 at £468 million

West Bromwich Building Society priced Kenrick No. 3, a UK RMBS structure. West Bromwich will retain a £33.1 million junior tranche and it is expected the £350 million A notes pays a coupon of 3mL+37bps.

For more information, please contact Alexandra Skeggs or Fabrizio Sicilia.

Goldman Sachs places Proteus Portfolio acquired from Danske Bank

Following their acquisition of Danske Bank’s €1.8 billion performing portfolio in October, Goldman Sachs have placed the Project Proteus loan portfolio which consists of EUR 1.22 billion class A notes, EUR 340 million class B notes and EUR 168 million deferred consideration class C notes. The portfolio consists of over 12,500 performing loans.

For more information, please contact Michael O’Sullivan and Brian Shefflin.

BPER Banca prepares for securitisation of €1.8 billion NPL Portfolio

BPER Banca is expected to launch its EUR 1.8 billion GACS backed non-performing loan portfolio in January 2018. The securitisation is part of BPER Banca’s strategy to reduce its NPL loan book. Although the deal is expected to launch in January, it is not expected to close until the year end of 2018.

For more information, please contact Fabrizio Sicilia.

Key banking M&A activity

JC Flowers & Co. acquires Piraeus Bank subsidiary in Romania

J.C. Flowers & Co., have acquired Piraeus Bank’s subsidiary in Romania. The deal will close in the first half of 2018, subject to regulatory approvals.

J.C. Flowers will acquire 100% of the subsidiary; the consideration was not disclosed.

For more information, please contact Nick Colman and Vasilis Kosmas.

SGG acquires First Names Group from AnaCap

The Luxembourg-based investor services provider, SGG Group, has acquired First Names Group. First Names Group is provides private client, corporate and fund services and is headquartered in Jersey. Neither SSG nor AnaCap, the vendor, disclosed the consideration.

For more information, please contact Arun Sharma.

Obvion acquires AnaCap's remaining stake in First Names Group

Obvion has acquired AnaCap’s remaining stake in First Names Group, which it acquired as part of the acquisition of Piraeus Bank's subsidiary in Romania.

For more information, please contact Arun Sharma.
Portfolio activity

Rabobank advances bidders to second round of Project Purple

Rabobank’s Project Purple has advanced to a second phase with CarVal Investors, Davidson Kempner, Goldman Sachs and a joint venture between Lone Star Funds and JP Morgan expected to join. The portfolio is made up of 800 loans, of which 80% are performing by volume but a high number of the loans have a LTV of >100%.

For more information, please contact Andrew Jenke or Erik Rood.

SAREB announces that it has completed the sale of Project Tambo

Oaktree has acquired a portfolio from SAREB for a par value of EUR 150m. The security was held across Spain and consisted by plots of land and residential assets.

AND:

SAREB announces that it has completed the sale of Project Ines

Only a few weeks before announcing Project Tambo, SAREB announced Deutsche Bank acquired Project Ines for €375 million. Similarly to Project Tambo, the security was held across Spain but the properties were mostly finished residential units and a few office buildings under development.

For more information, please contact Andrew Jenke and Carlos Rubi.

Banco BPM announces completed sale of €1.8 billion portfolios

J Invest Spa and Hoist Finance have acquired corporate and SME portfolios from Banco BPM. Both portfolios were unsecured and was the largest non-recourse unsecured loan disposal ever in Italy.

For more information, please contact Domenico Torini and Carlo Savani.

Banco Sabadell confirms sale of Project Voyager for €794 million

Banco Sabadell sells Canada Pension Plan Investment Board (CPPIB) a portfolio of Spanish NPLs: Project Voyager. It is the first time an institutional investor like CPPIB has acquired such a large Spanish portfolio. The corporate portfolio consists of 250 loans.

For more information, please contact Andrew Jenke and Carlos Rubi.

National Bank of Greece to sell €3 billion NPL portfolio

According to reports, The National Bank of Greece (NBG) is planning to launch an NPL portfolio after March 2018. The portfolio, named Project Earth, is made up of consumer and unsecured SME loans. The total outstanding balance is thought to be EUR 3 billion.

For more information, please contact Nick Colman and Vasilis Kosmas.