

The Italian NPL market | *01 Italian macroeconomic scenario*^{p4} | *02 Real estate market overview*^{p6} | *03 European Banks's impaired assets analysis*^{p8} | *04 The NPL market in Italy*^{p12} | *05 The Bad Bank expectations*^{p16} | *06 The NPL servicing market*^{p18} | *07 Recent market activity and outlook*^{p22} | *Appendix*^{p24}

The Italian NPL market

Towards NPL Market Renaissance

June 2015



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Foreword

2015 is expected to represent a turning point for the deleverage process in Italy. The year, started with the signing of UCCMB transaction, is now dealing with ongoing transactions amounting to more than €5 bn and the pipeline for the second half of the year is definitively promising.

Several internal factors such as the growing coverage ratio for the loans in banks' balance sheets, the recovery of the Italian economy and the Real Estate market, the consolidation process of the Italian banking system as well as the possibility of a Bad Bank creating represent key factors for the development of the Italian NPL market. Moreover, if we consider the implementation of the recent Decree on reforms of the foreclosure and of the insolvency proceedings and/or the fiscal treatment of loan loss provisions, we can conclude that time for NPL market Renaissance is close.

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Content

<i>Italian macroeconomic scenario</i>	04
<hr/>	
<i>Real estate market overview</i>	06
<hr/>	
<i>European Banks' impaired assets analysis</i>	08
<hr/>	
<i>The NPL market in Italy</i>	12
<hr/>	
<i>The Bad Bank expectations</i>	16
<hr/>	
<i>The NPL servicing market</i>	18
<hr/>	
<i>Recent market activity and outlook</i>	22
<hr/>	
<i>Appendix</i>	24

01.

Key Message: 2015 is expected to be the turning point for the Italian economy with the IMF positively reviewing its growth projections following Q1 results. At an international level, Italy should benefit from the ECB's new accommodating policies, lower and more stable oil prices and the depreciation of Euro against Dollar. At a national level, a great focus is on structural reforms and in reaching in 2015 a deficit to GDP below 3%.

Italian macroeconomic scenario

The Italian government, led by Mr. Matteo Renzi, continues to focus on structural reforms, growth and development. With Q1 2015 actual GDP posting a positive number (+0.3% versus Q4 2013) after 13 consecutive negative quarterly results, there is a suggestion we are at the end of the recession period. A significant step in the reform process is the approval of the Jobs Act aimed at encouraging new employment thanks to a more favorable tax treatment

and improved flexibility for new permanent contracts. The IMF, in its last report on the Italian economy, positively reviewed its last predictions, expecting a growth of 0.7% of GDP in 2015; this seems to be the turning point for Italian economy. At a national level, such positive projection is supported by stronger exports - thanks also to the weaker position of Euro against Dollar - and higher spending by firms and consumers.

Table 1: GDP growth (% change)

Country	2011	2012	2013	2014	Projections	
					2015	2016
Italy	(0.6)	(2.8)	(1.7)	(0.4)	0.7	1.2

Source: PwC analysis on IMF data as of May 2015

In addition, we expect positive economic contributions from the Expo Exhibition taking place in Milan from May 1st to October 31st 2015 - with 130 countries taking part - and Milan awarded as city of the year for 2015 by New York Times.

Looking internationally, the Italian economy may also take advantage from lower and more stable oil prices, which contribute to reduce firms' cost of energy.

Moreover, new accommodating policies adopted by the European Central Bank in the second half of 2014 are expected to help in bringing Italy on a stable and sustainable growth path. Such policies include the different asset purchase programs - one related to asset-backed securities and the other to sovereign and corporate bonds - and have the ultimate goal of facing the deflation risk in the Eurozone. Recent forecasts suggest inflation rate will be positive in 2015 and reach 1.8% in 2017.

The European Quantitative Easing's powerful effect on asset prices and an increase in flexibility in the Stability Growth Pact may foster demand in the whole Euro area.

This revised economic scenario is expected to also positively affect the credit market and to keep low yields in fixed-income markets, reflecting low interest rates on corporate and consumer loans.

With reference to the Country's economic policy, Italy exceeded forecasts on its Public Debt, setting in 2014 the ratio Debt to GDP at 132% (versus 135% expectations) and plans to move to a decreasing trend starting from 2016.

Whilst Italy has the highest Public Debt, the private sector remains in good health even after the crisis. The Italian private debt is low amongst Italian families who are the least indebted among the 5 biggest European countries and Italian corporates show a debt level lower than Spain and France (please refer to Chart 1).

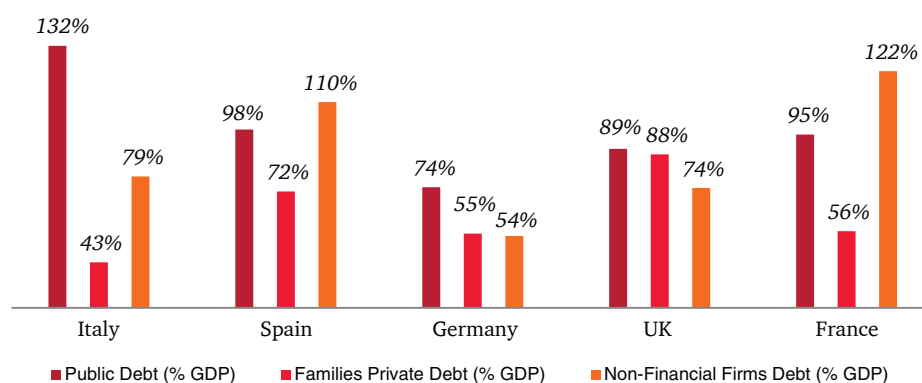
Table 2: European Countries' peers analysis

Country	Feature (% of GDP)	2014	2015F	2016F
Italy	Primary Balance	1.6%	1.7%	2.4%
	Deficit	-3.0%	-2.6%	-2.0%
	Debt	131.9%	133%	131.9%
Spain	Primary Balance	-2.3%	-1.3%	-0.5%
	Deficit	-5.6%	-4.5%	-3.7%
	Debt	98.3%	101.5%	102.5%
Germany	Primary Balance	2.2%	2.0%	1.9%
	Deficit	0.4%	0.2%	0.2%
	Debt	74.2%	71.9%	68.9%
UK	Primary Balance	-2.7%	-1.9%	-1.0%
	Deficit	-5.4%	-4.6%	-3.6%
	Debt	88.7%	90.1%	91.0%
France	Primary Balance	-2.1%	-1.9%	-1.8%
	Deficit	-4.3%	-4.1%	-4.1%
	Debt	95.3%	97.1%	98.2%
EU	Primary Balance	-0.4%	-0.1%	0.2%
	Deficit	-3.0%	-2.6%	-2.2%
	Debt	88.4%	88.3%	87.6%

Source: PwC analysis on European Economic Forecast, Winter 2015

Among the 5 biggest European economies, Italy and Germany recorded a positive Primary Balance in 2014 and forecast to continue to do so in 2015. Italy is expected to maintain this Primary Balance to keep the Deficit to GDP ratio below the prescribed limit of 3%.

Chart 1: 2014 Debt/GDP breakdown



Source: PwC analysis on European Economic Forecast, Winter 2015 and on the Financial Stability Report 01/2015, Bank of Italy



02

Key Message: In 2014 and Q1-2015 the Real Estate market has been pretty active, mainly driven by foreign investments. Most of CRE investments in 2014 have been in the Retail market segment, followed by office and hotels. Looking forward, we expect further developments of the Real Estate market thanks to the positive economic trend with low interest rates and an improved macroeconomic scenario.

Real estate market overview

The Real Estate sector during the entire 2014 and Q1 2015 has been pretty active. The crisis which occurred at the end of 2011 and in 2012 seems to be coming to an end, especially in terms of foreign investments.

In 2014, the global transactions volume of Italian investments amounted to €5.1 bn, out of which 78% were foreign investments. The net balance of foreign investments increased from €0.8 bn in 2013 to €1.9 bn in 2014.

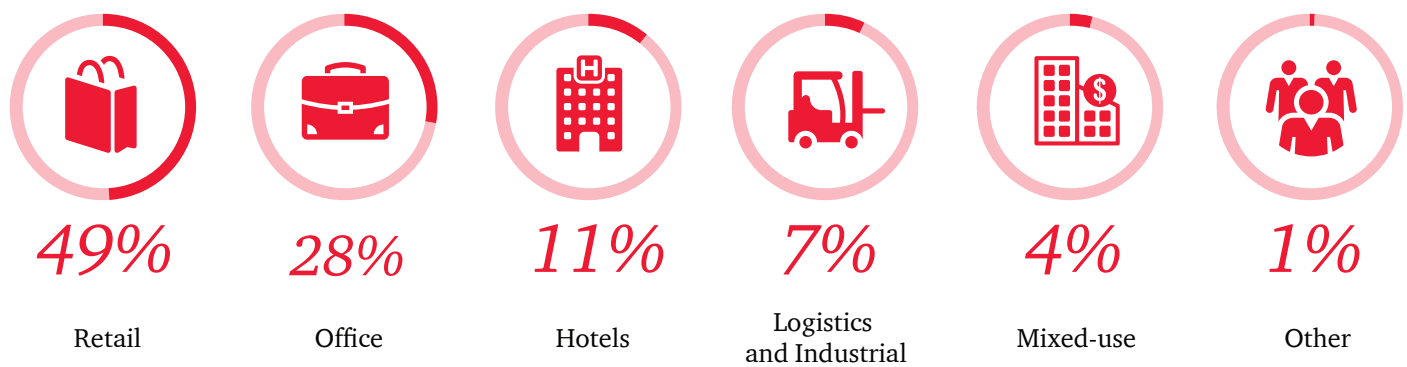
In Q1 2015 CRE investments more than doubled compared to the same period in 2014 reaching € 1.7 bn, out of which 85% were represented by foreign capital investments. Q1 2015, in fact, has been highly influenced by the Qatar Holding deal, the purchase of the remaining shares of the funds which own the mixed use Porta Nuova development in Milan. The analysis of the breakdown of CRE investments in 2014 shows that during the year the retail market segment has been the favorite for

investors accounting for 49% of total investments, followed by office with 28% and hotels with 11%.

From a geographical point of view, throughout 2009-2014 period, the majority of investments have been allocated to the North-Western area of Italy, with an increasing gap between the mentioned area and the rest of the Country. In 2014 investments in the North-West remained stable compared to 2013 while investments in mixed areas increased significantly, from 7% to 25%.

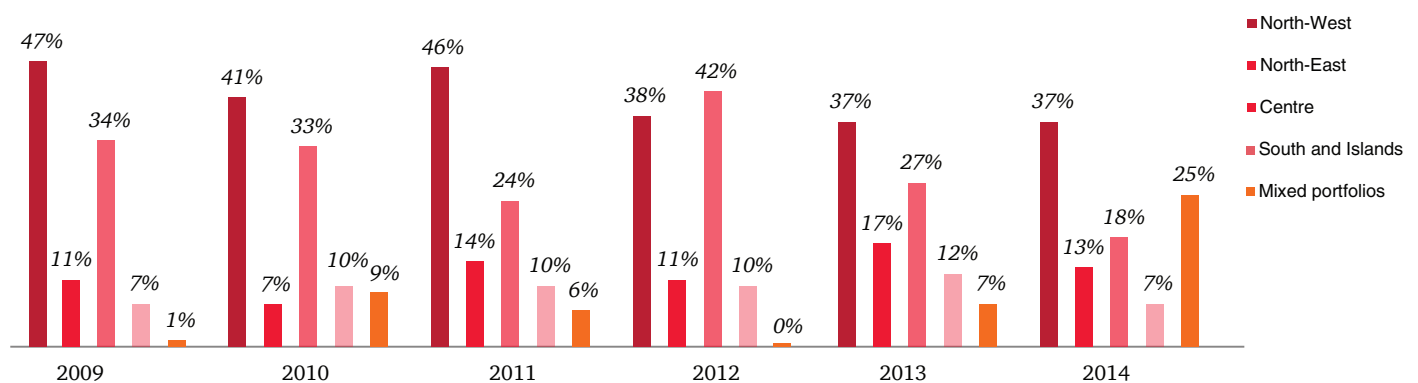
Looking forward, we expect further growth of the Real Estate market given the positive economic trend with low interest rates and an improved macroeconomic scenario. From a lending stand point, in Q1 2015 Italy recorded a positive trend: residential mortgages and corporate loans increased by 42% and 8% respectively compared to the same period in 2014. Such a trend benefits also from European Quantitative Easing measures.

Chart 2: 2014 CRE investment volume in Italy by sector



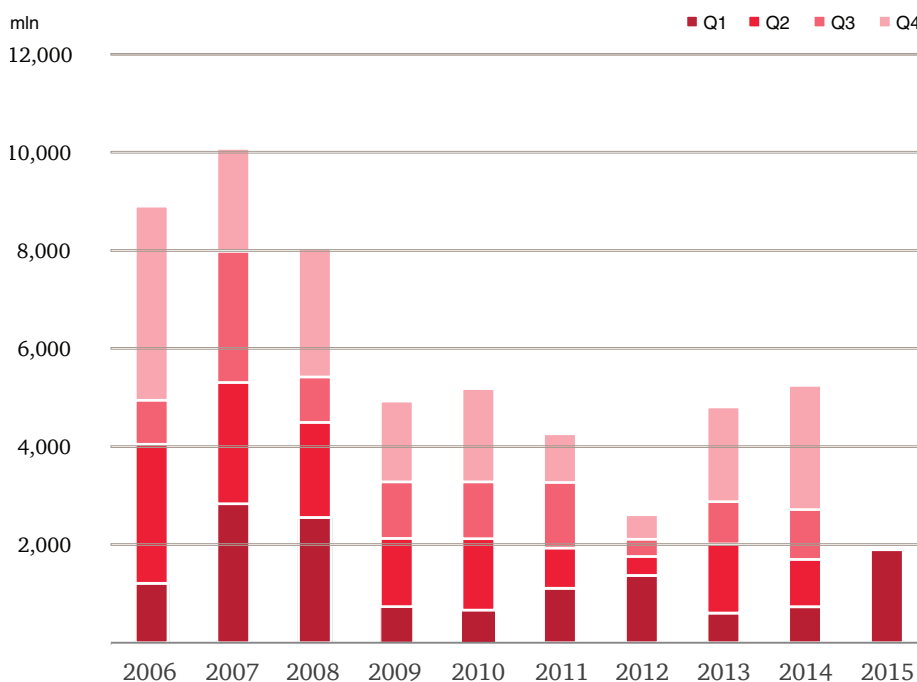
Source: Italian CRE Investment, Q4 2014, CBRE Global Research and Consulting

Chart 3: CRE investment volume in Italy by geographical area

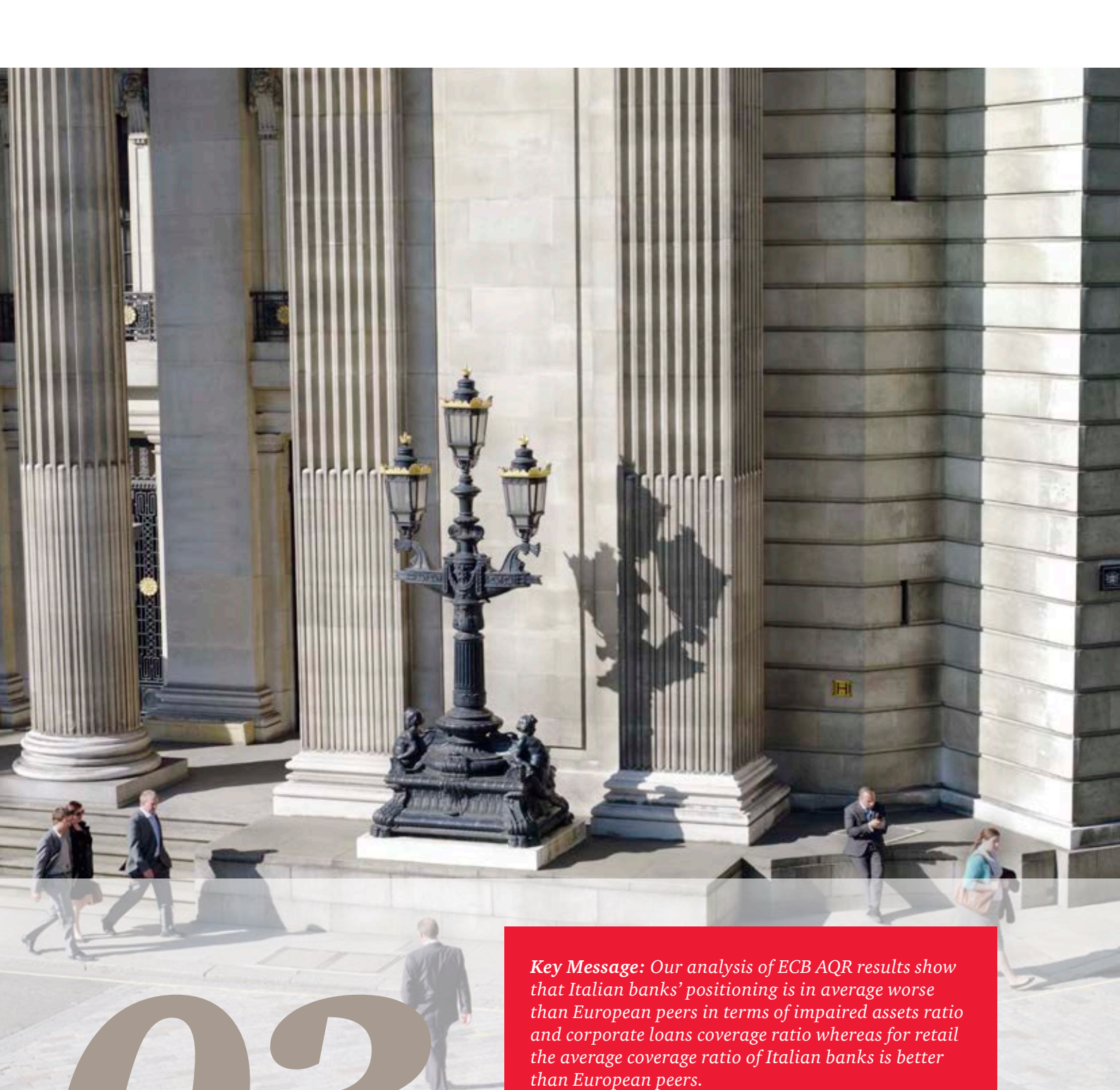


Source: BNP Paribas Real Estate, At a glance - Investimenti in Italia, FY-2014

Chart 4: Real Estate investment in Italy, quarterly volumes



Source: Italian CRE Investment, Q1 2015, CBRE Global Research and Consulting



Key Message: Our analysis of ECB AQR results show that Italian banks' positioning is in average worse than European peers in terms of impaired assets ratio and corporate loans coverage ratio whereas for retail the average coverage ratio of Italian banks is better than European peers.

03

European Banks's impaired assets analysis

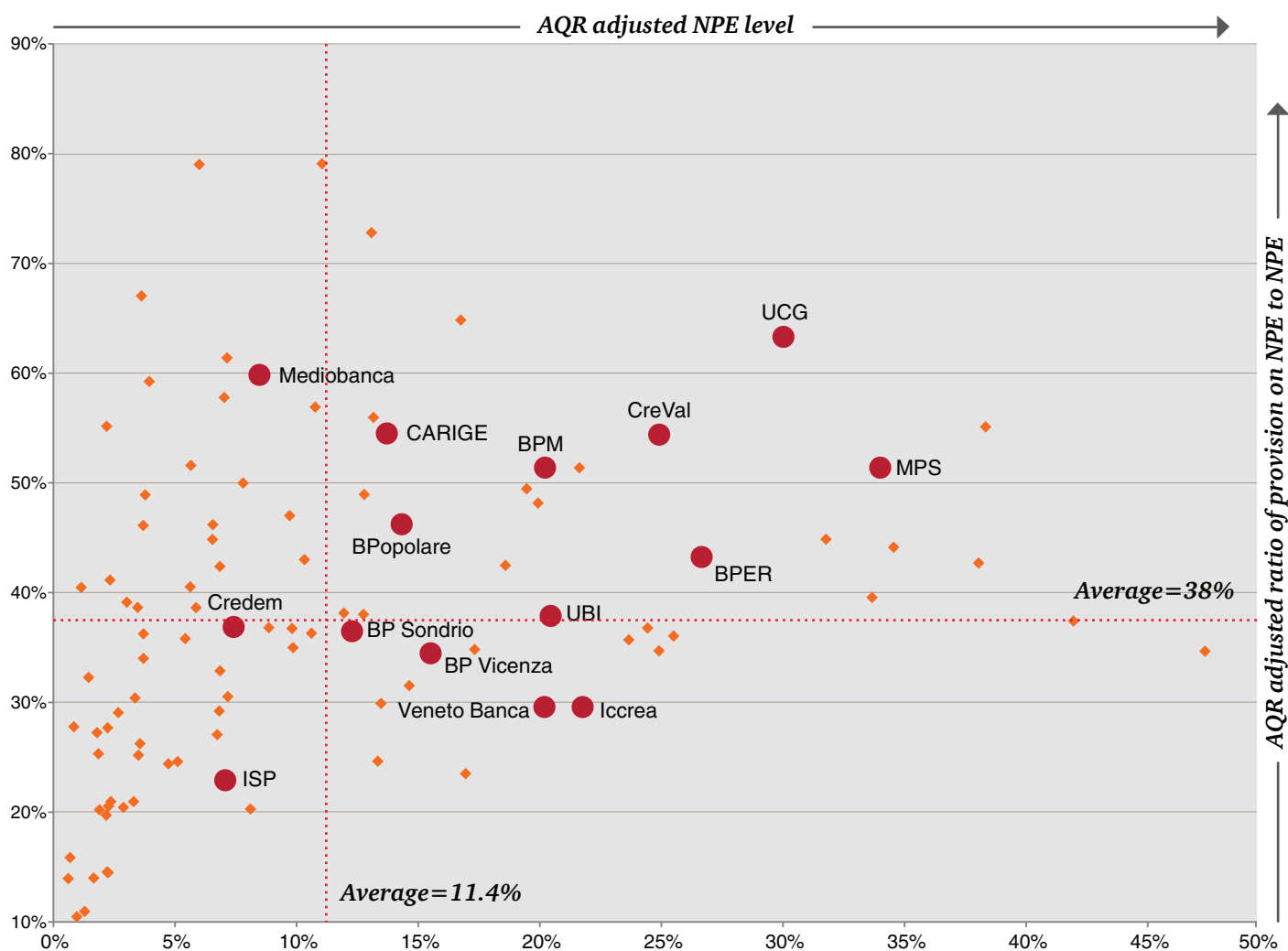
The Comprehensive Assessment conducted by the ECB in 2014 provided us with a significant dataset of major European financial institutions. This allows us to perform an analysis on the impaired assets level and on their coverage ratio at a European level. For sake of clarity, findings during the AQR process related to loans' re-classification and provisioning level.

The available dataset refers to YE 2013 figures and to adjustments recommended by the ECB according to the Asset Quality Review findings.

Our analysis focused on the Non Performing Exposure figures, (NPE, as defined by the ECB) adjusted by the ECB findings during the AQR credit file review phase and by projections of such findings to the entire portfolio. Chart 5 and 6 summarize the adjusted NPE ratio and the coverage ratio for all European financial institutions involved in the Comprehensive Assessment with respect to Retail and Corporate exposures. Please note that the Retail category includes SME (companies with turnover less than €5 mln and exposures less than €1 mln), residential real estate and other retail exposures (including consumer credit).

Chart 5 focuses on the Retail segment highlighting that Italian banks have a higher NPE ratio compared to peers' average with the exception of Intesa Sanpaolo, Credem and Mediobanca whereas the coverage ratio is higher than European peers for most of the Italian banks. This might be explained by the relevant weight of SME exposures within the Retail category (37% of Retail credit exposure versus 17% of European peers) for which coverage level is higher than for individual.

Chart 5 - ECB AQR Banks - NPE and coverage ratio for RETAIL exposures

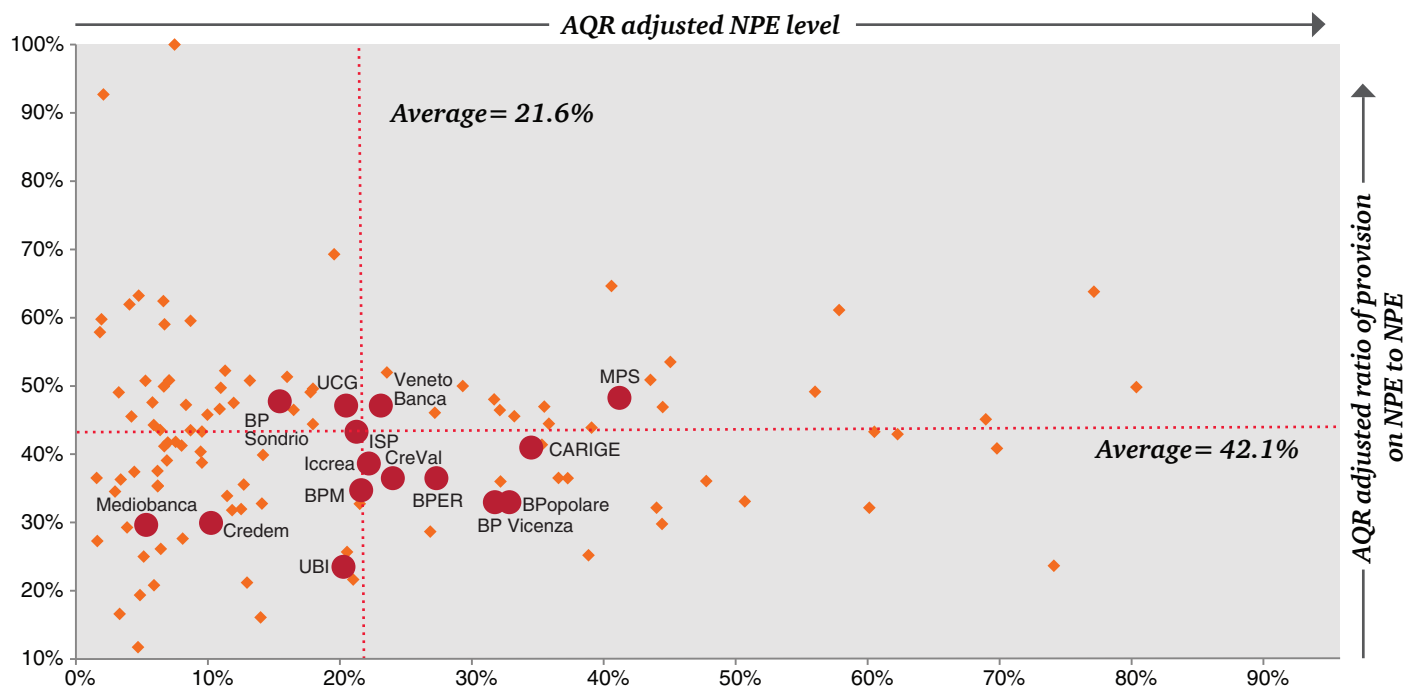


Source: PwC analysis on ECB AQR results

Chart 6 focuses on the Corporate segment highlighting a significant standard deviation of the NPE ratio of Italian banks (from 7% of Mediobanca to 41% of MPS), with

most of Italian banks above average. With reference to the NPE coverage ratio, 4 institutions are above the European panel's average, while the remaining are below average.

Chart 6 - ECB AQR Banks - NPE and coverage ratio for CORPORATE exposures

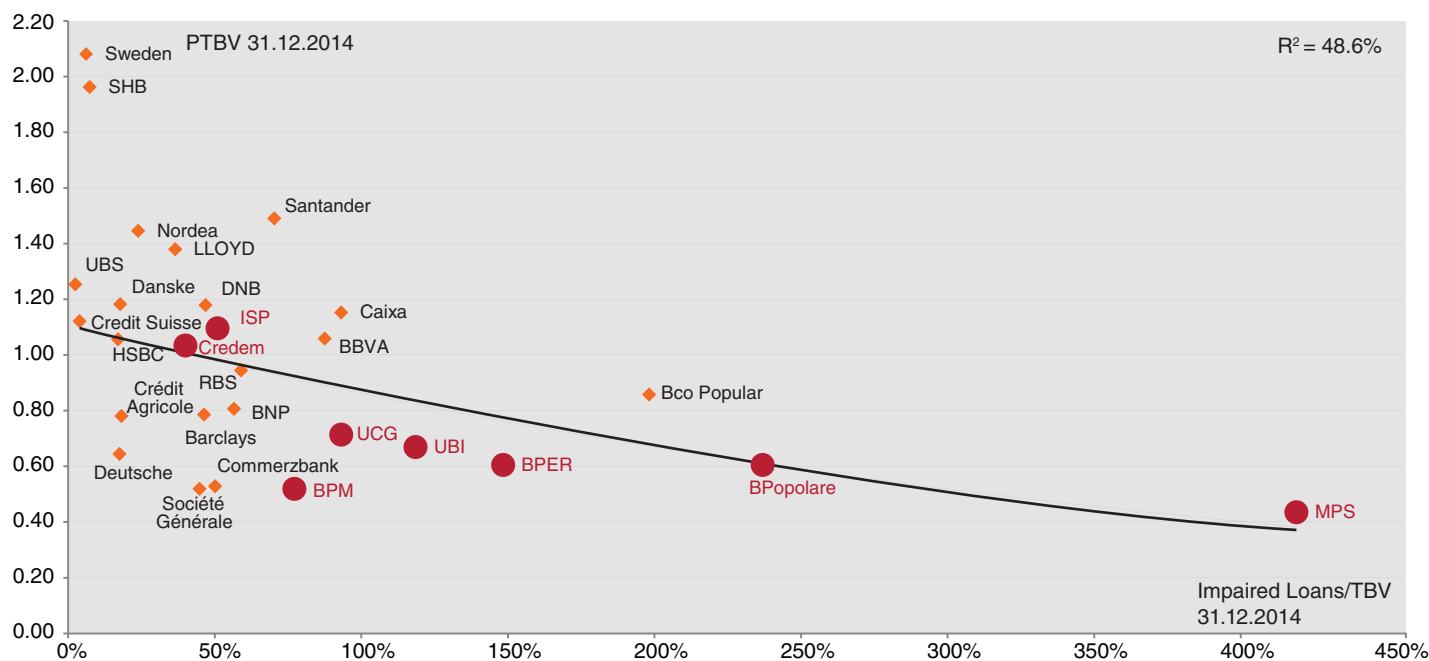


Source: PwC analysis on ECB AQR results

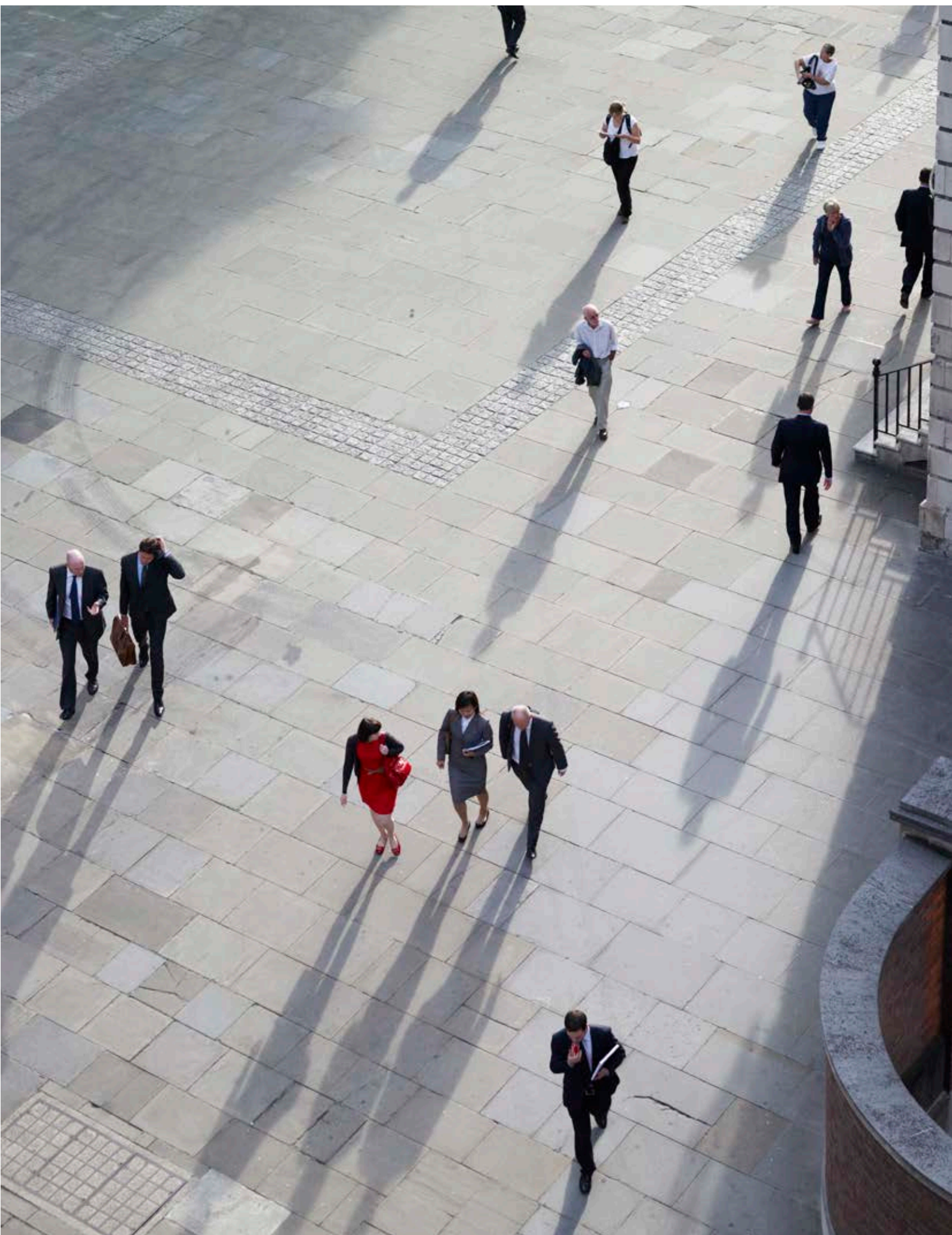
Chart 7 compares Italian banks' weight of impaired loans and Price to Book Value (PTBV) : the data suggests the situation has not materially changed compared to our

January report, with stock prices of Italian banks still penalised by the burden of NPE.

Chart 7 - Italian banks market multiples compared to major European Banks



Source: Market price as of 31/12/2014; last available B/S data for Net Doubtful Loans and for TBV (YE-2014) adjusted for expected net earnings based on Bloomberg consensus.





Key Message: The growth of Impaired Loans, especially Gross NPL, has been consistent throughout the period 2008-2014.

However, even if the Net NPL ratio of the Top 20 Italian banks, on average, increased in the last year, their coverage level increased as well driven by the ECB AQR exercise.

The NPL market in Italy

Impaired assets at YE 2014 went up from 17.8% to 21% of total loans to customers (CAGR of 28% for the period 2008-2014).

Such a significant increase is attributable to the growth of the Gross NPL amount¹ (+ 18% versus 2013) which reached a peak of €184 mln in 2014 (CAGR of 31% for the period 2008-2014).

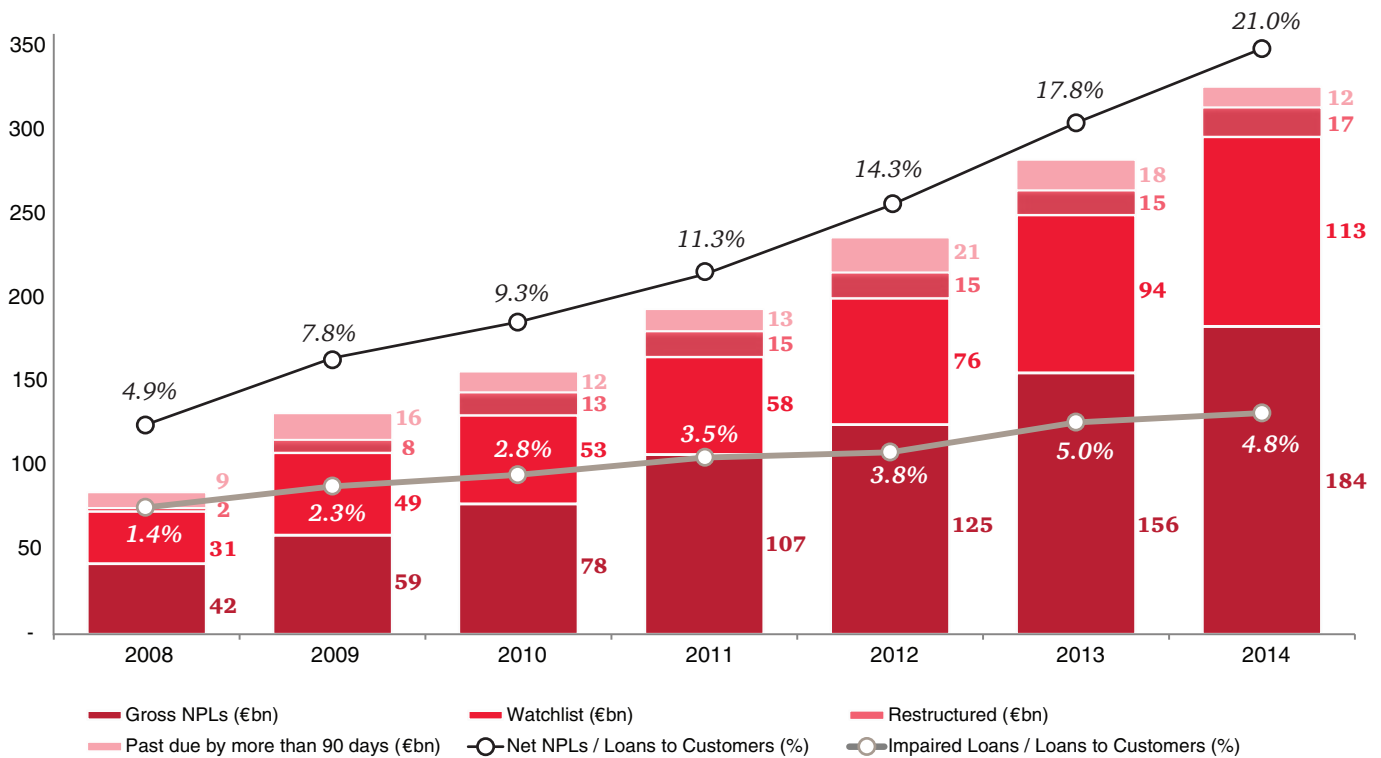
In terms of Net NPL ratio, for the first time since 2008, there is a slight annual decrease (from 5% to 4.8%), highlighting that Italian banks have posted significant provisions in 2014 balance sheets.

With regards to Top 20 Italian Banks, Chart 9 highlights the different positioning in terms of Net NPL Ratio and NPL Coverage Ratio as of YE 2014.

In 2014 we registered an average increase of the NPL Coverage ratio among Italian Top 20 banks, confirming our previous forecast following the positive effect of the ECB AQR exercise.

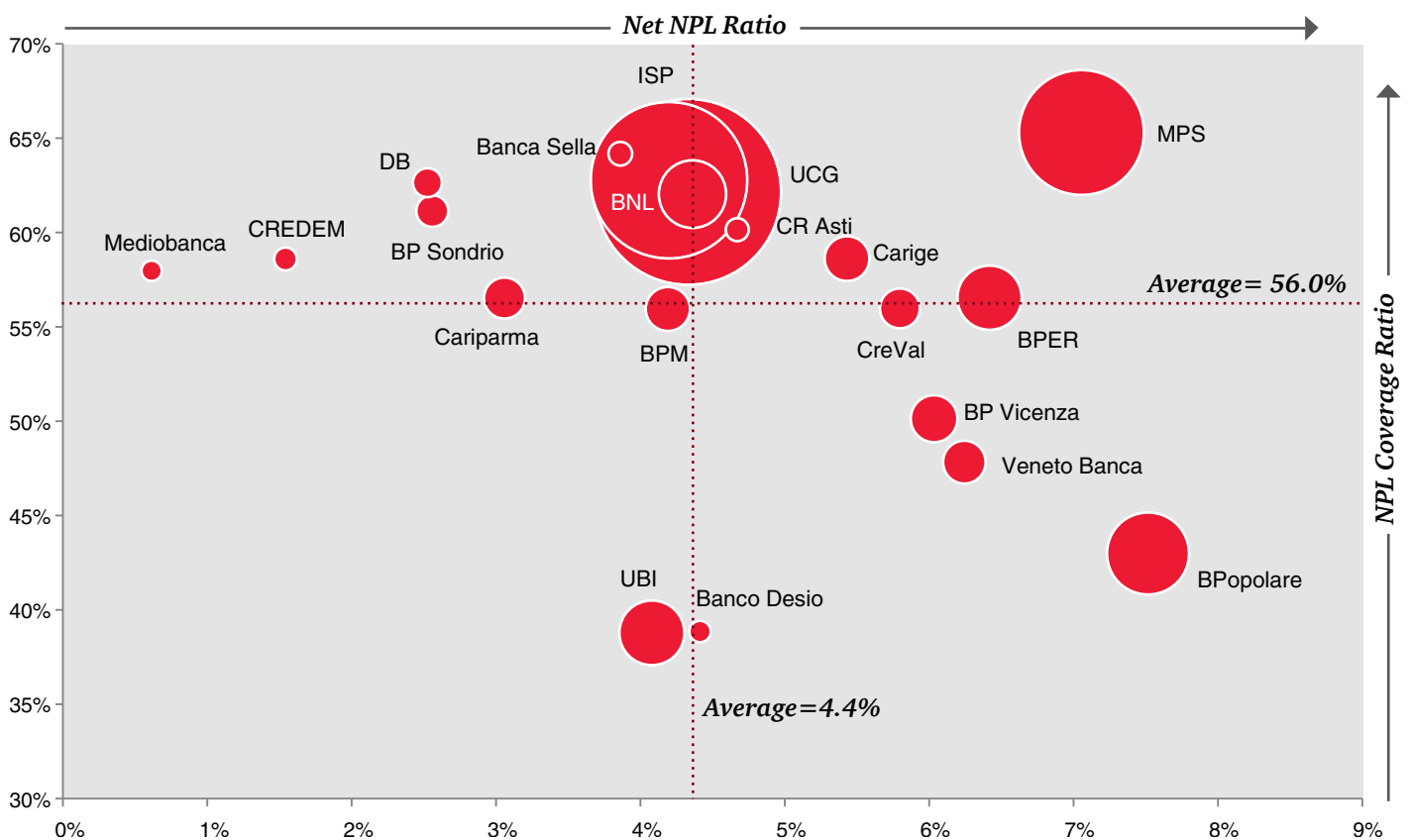
¹ In this publication NPL stands for “sofferenze bancarie” and do not include watchlist, past due and restructured loans

Chart 8: Trend of Impaired Loans, NPL and net NPL ratio in Italy



Source: PwC analysis, Bank of Italy Bollettino Statistico (Bollettino I Trimestre 2015, data refer to December 2014) and ABI monthly outlook (March 2015, data refer to December 2014)

Chart 9: Top 20 Italian Banks - NPL peer Analysis YE-2014



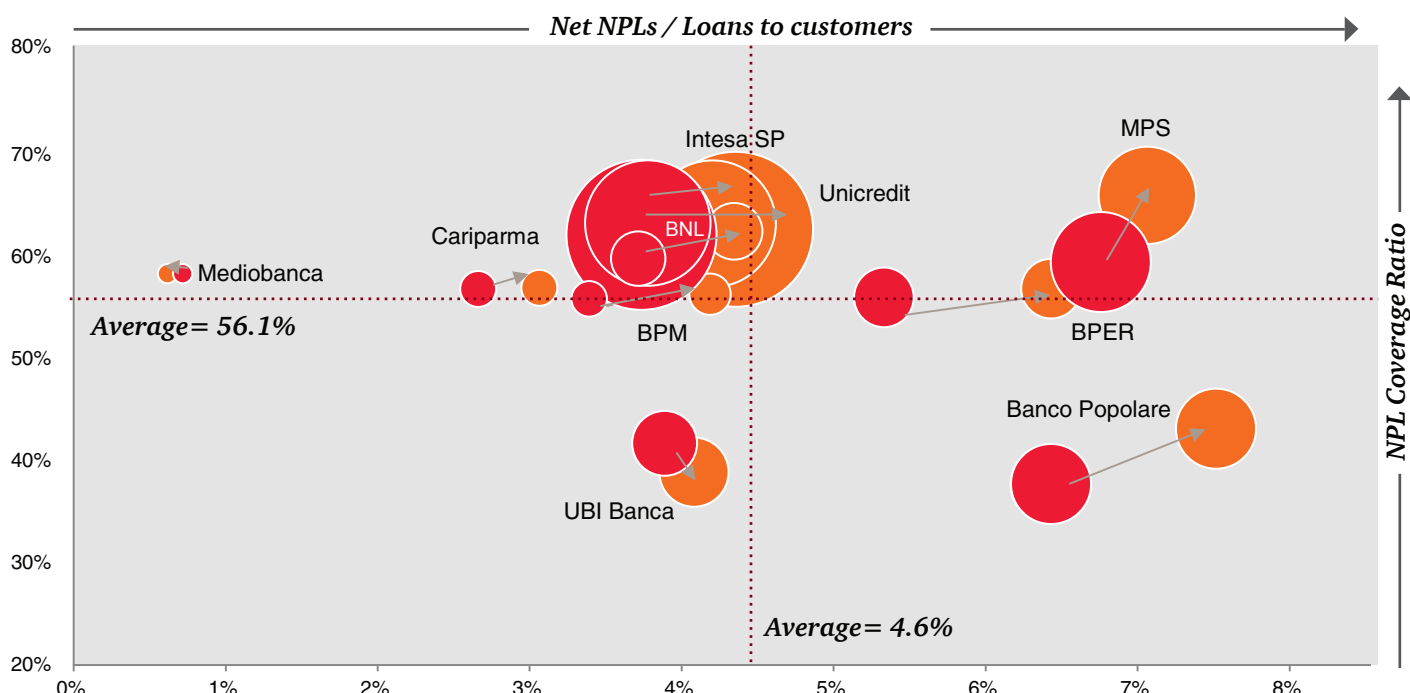
Source: Financial statements data as of YE-2014

Focusing on Top 10 banks, 2014 showed an average 1.8% annual increase of NPL coverage ratio (from 54.7% as of YE 2013 to 56.1% as of YE2014) as well as an increase of the

Net NPL ratio (from 4.0% to 4.6%). Looking to Top 10 yearly movements, we underline the movements of MPS and Banco Popolare who made significant efforts in terms

of increasing their NPL coverage ratios, while the other banks remain pretty stable on the ratio (with the exception of UBI, which decreased their coverage).

Chart 10 - Bubble chart NPL and Coverage level - Top 10 banks movements (YE-2014 vs YE-2013)



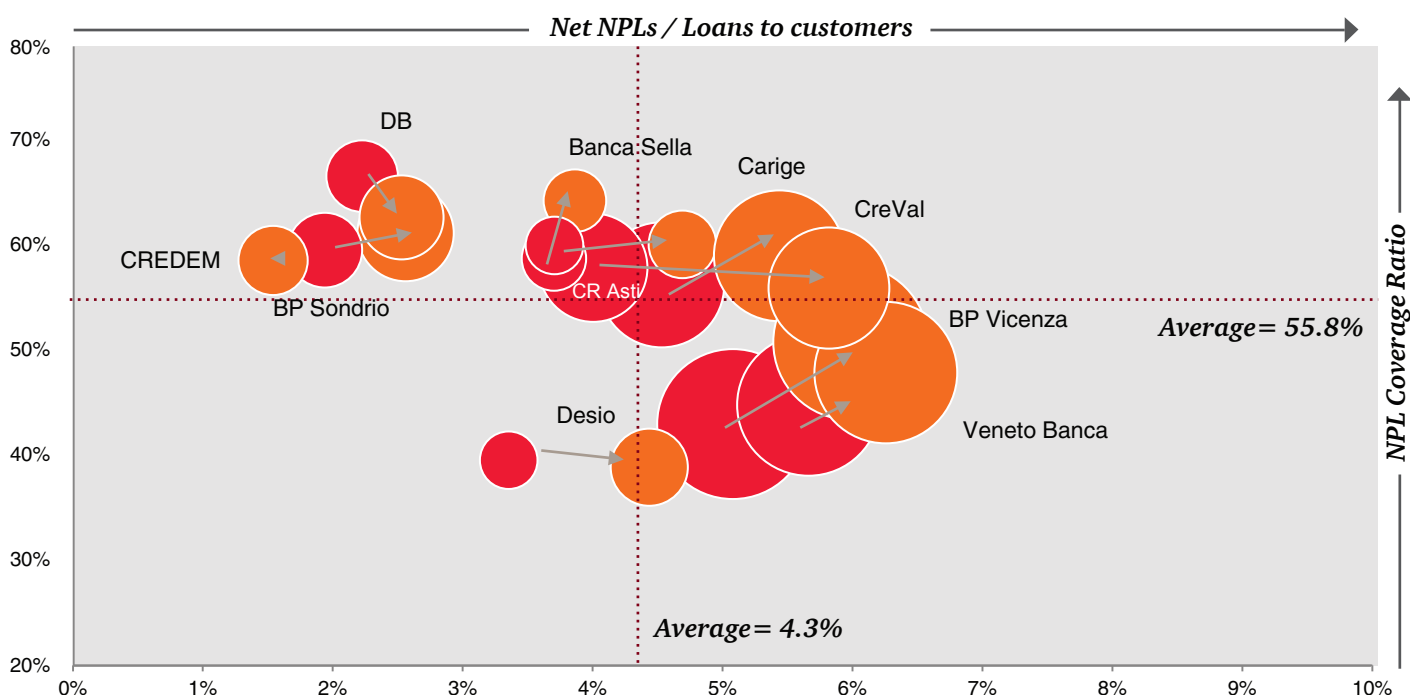
Source: Financial statements as of YE-2014 vs YE-2013

Remaining Top 20 banks showed an annual increase in terms of average Net NPL ratio (from 3.6 % as of YE 2013 to

4.3% of YE 2014) and of NPL Coverage ratio (from 54.5% as of YE-2013 to 55.8%). Significant movements in

terms of increase in their NPL coverage ratio have been registered by BP Vicenza, Banca Sella and Veneto Banca.

Chart 11: Bubble chart NPL and Coverage level - Other Top 20 banks movements (YE-2014 vs YE-2013)



Source: Financial statements as of YE-2014 vs YE-2013





Key Message: *There is a great debate around the possibility to create a Bad Bank in Italy while the recent Decree dated 27 June modified the NPL regulation on recovery/bankruptcy law and introduced a different fiscal treatment of loan loss provisions (more aligned with European standards).*

05

The Bad Bank expectations

The opportunity of creating a Bad Bank/Asset Management Company in Italy has been one of the hot topics over the last few months.

The benefits of a Bad Bank are clearly stated in the last Financial Stability Report with the Bank of Italy highlighting that an asset management company would:

- lead to lower management costs and enhance balance sheet transparency, hence improving the ability to attract capital and access to wholesale funding markets;
- support the restart of the credit market by eliminating the remaining constraints on loan supply and allowing banks to focus on their core business;
- support the bank consolidation process in Italy;
- help the development of the NPL market in Italy and improve price transparency, given its market maker role.

According to Bank of Italy the assets potentially eligible are corporate NPL exceeding a certain threshold (expected to range from €300k to €500k) for an overall program of some €100 bn.

We believe some key aspects to be addressed are:

- definition of homogeneous valuation criteria for assets to be contributed;
- management of the impacts on banks' balance sheets arising from the transfer, especially if - as suggested in the Financial Stability Report dated 15 April by Bank of Italy - AMC² were to buy bad debts at market value in order not to constitute state aid;

- appointment of a servicer in charge of the management: selection criteria, performance measurement, servicing strategy definition etc.;
- servicing governance rules: who is in charge of the monitoring on the performances, delegated authorities, control by the originating banks / government institutions;
- possible contribution from public entities in terms of funding/ guarantees that do not trigger state aid support under EU regulation;
- definition of the capital structure (securitisation structure/notes tranching) and possibility for private investors /funds to step in and consequent definition of target returns.

Beside the proper Bad Bank solution, as Mr. Renzi announced in its speech to the Italian Stock Exchange at the beginning of May, the government worked on some reforms on the insolvency and credit recovery procedures with the attempt of addressing some inefficiencies of a cumbersome civil justice system.

The recovery process does not generally allow for repossessing the underlying assets and the length of recovery procedures (i.e. court timing and procedure, auction systems) are significantly longer than in other jurisdictions both for insolvency proceedings and for foreclosure proceedings. The Government Decree (n. 87 dated June 27, 2015) aimed at improving and streamlining a complex and slow process both for the NPL market and for banks NPL workout costs and timing to recovery. The impact of these measures is difficult to assess *a priori* but it will have for sure a positive effect.

In addition, the Government Decree aligned the Italian fiscal treatment of loan-loss provisions with European standards, by allowing their full deductibility in the year in which they are booked in the P&L. Though, 2015 will be a transition year (2015) were provisions would be deductible for 75% in the year and the remaining 25% in 10 years. Currently, loan-loss provisions are fiscally deductible only up to a certain limit in the year of generation and then create a deferred tax credit for the future (it was for up to the following 18 years before 2012 reform and now up to 5 years). For the existing deferred tax credit accrued (in 18 years or 5 years), the Government Decree requires that they will be deductible in the remaining 10 years with increasing % of deductibility.

The implementation of such measures would help in addressing the main reasons underlying the bid-ask gap and would facilitate the liquidity of the NPL market.

² AMC stands for Asset Management Company



Key Message: The servicing market continues to be under the spotlight. With two M&A deals completed - UCCMB and CAF - some others on their way and players with big operations in other countries exploring the possibility to enter the Italian market we foresee intense activity for the coming months.

06

The NPL servicing market

The NPL Special Servicing Market: activity increases

We confirm our view that an effective and efficient servicing market will boost the Italian NPL market. Therefore we believe that the servicing market needs to strengthen through investments in IT systems, personnel hiring and training, consolidation to get to critical mass. In this framework, as we anticipated, international investors are scouting the Italian servicer market to identify the ideal partner for creating or consolidating their presence in the territory.

With the acquisition of UCCMB by Fortress and of CAF by Lone Star and several other deals under way, the servicing market is going through a deep change.

With an increasing number of investors approaching the Italian market, the limited number of servicers - even if they work for several investors - might represent a bottle neck during the portfolio auction process. We believe this represents an incentive for servicers that have a significant presence in other European countries and in the US to look at Italy with the idea of setting up a local platform. We observe several players considering acquiring a local operator and building on that or creating a new player from scratch. Therefore we expect that from H2 2015 onwards such a trend will determine new changes to the servicing market.

A possible option for investors is buying asset management platforms from banks: some Italian banks already reflected in their business plan the idea of disposing of the internal platform.

The opportunity for a servicer stem both from investor activity and from the outsourcing policy that some of the larger banks are implementing, especially for small ticket loans; Intesa, MPS and BPM have already selected partners in such activity and we expect other banks will follow a similar approach.

Table 3: Main NPL Non-Captive Special Servicers

Company	AUM (GBV € bn) 31.12.14 ²	AUM (GBV € bn) 2013 ¹	% change	# of employees 31.12.14 ²	# of employees 2013 ¹	% change	Rating
Italfondario	39.7	36.1	10%	561	579	-3%	S&P: Strong Fitch: RSS1-/CSS1-
Cerved C.M.*	10.0	9.7	3%	638	160	299%	S&P: n.a. Fitch: n.a.
Prelios	8.7	4.2	108%	60	75	-20%	S&P: Above Average Fitch: RSS2/CSS2
CAF	5.5	4.0	37%	180	150	20%	S&P: Average Positive Fitch: n.a.
Guber	4.7	4.5	5%	184	185	-1%	S&P: n.a. Fitch: RSS2/CSS2/ABSS2
FBS	4.3	5.6	-23%	114	112	2%	S&P: Above Average Fitch: RSS2 IT/CSS2 IT/ABSS2
Primus Partners	2.9	N/A	N/A	50	N/A	N/A	S&P: n.a. Fitch: n.a.
Fire	1.5	1.1	40%	188	172	9%	S&P: n.a. Fitch: n.a.
AT NPL's SpA	1.5	1.1	36%	25	21	19%	S&P: n.a. Fitch: n.a.
NPL	0.9	1.0	-3%	18	21	-14%	S&P: n.a. Fitch: n.a.

(*) For Cerved the significant increase in number of employees is due to the inclusion of the ones of Recus (acquired at the end of 2014)

Source: ¹ Management data as of YE-2013; ² Management data as of YE-2014

Focus on Non-Captive Special Servicers

According to company management data provided to PwC, non-captive players service the entire Italian territory and all of them, except

Fire and AT NPL's, with different weight, manage a mix of secured and unsecured exposures. Each servicer have peculiarities in terms of

loans managed by Asset Managers, number of external lawyers used and business model (e.g. ticket size, generalist vs specialized,...).

Chart 12: Borrowers Geographical breakdown (Mix in %)

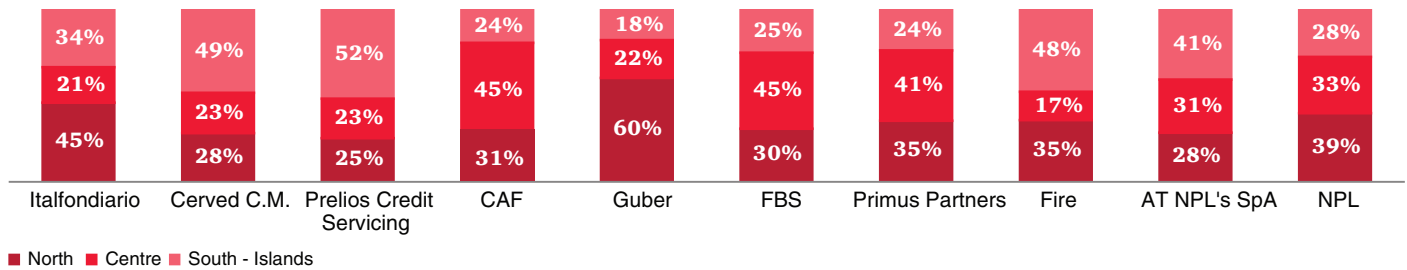


Chart 13: Type of loans managed by GBV (Mix in %)

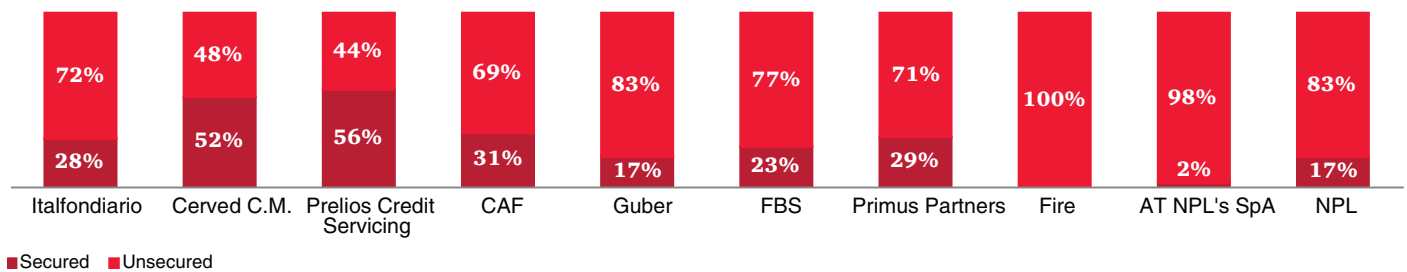


Chart 14: Type of Loan Resolution - Secured (Mix in %)

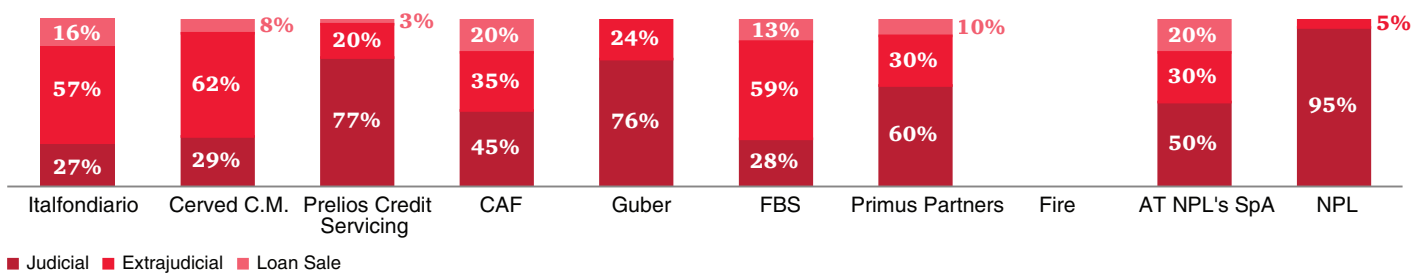
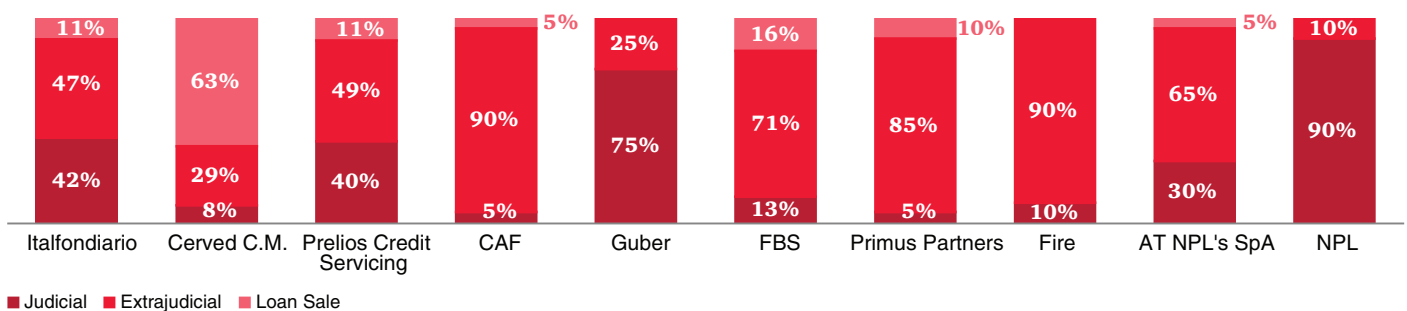


Chart 15: Type of Loan Resolution - Unsecured (in %)



Source: PwC analysis on companies' management data as of YE-2014





Recent market activity and outlook

Recent activity and trends

The market activity is showing some signs of recovery with an increasing number of transactions: 2015 started with the signing of the UCCMB (platform plus €2.4 bn NPL portfolio) and Findomestic transaction.

However the disposal process has been limited compared to the stock of NPL on the balance sheet of the banks: activity has been still mainly focused on banking unsecured and consumer loans.

There are currently several transactions ongoing for an overall face value in excess €5 bn including Goldman Sachs selling both Archon Italian platform and NPL related assets (loans and REOCOs). Moreover, considering also an important pipeline expected to arrive on the market in the second half of the year - comprising both non-performing and performing and sub performing non core assets - 2015 sets a turning point in the deleverage process.

Market outlook

At the end of March the Parliament approved the law which reforms the cooperative banking sector and provides for the transformation of the *Banche Popolari* with total assets in excess €8 bn into joint stock companies. So far the cooperative form represented a disincentive for investors and, as noted by Bank of Italy Governor's Concluding Remarks dated May 26 2015, the reform will facilitate efficient credit intermediation in a market made more competitive by Banking Union. We expect this reform will activate a bank consolidation trend, which we believe will also push NPL portfolio disposal transactions.

Another possible source of new deals is represented by banks under special administration by the Bank of Italy (Banca delle Marche, CR Ferrara, Banca Etruria and several mutual banks - BCC) where the commissioners might consider selling the non performing exposures separately from the performing assets and licences.

The Bank of Italy envisages a Bad Bank deal for €100 bn: whether this will materialise in the short term is still unclear. However there is a shared view that some important reforms will be implemented.

Over the last months we recorded a progressive alignment of the main factors that underpin an active and attractive NPL market, such as relevant size of the NPL stock, growing coverage ratio for the loans in banks' balance sheets, the possibility of a Bad Bank creation, increasing interest by investors on Italian assets, liquidity of the system, availability of cheap senior financing and strengthening servicing market. In such a framework, the recent Government Decree, containing a reform of the foreclosure and of the insolvency proceedings as well as the fiscal treatment of loan loss provisions, will definitively help the NPL market Renaissance.

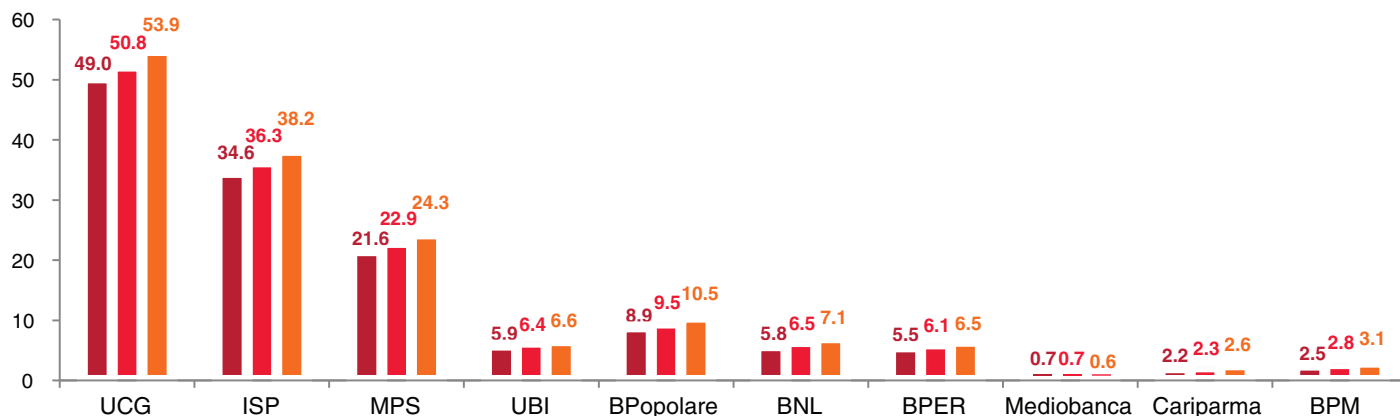
Table 4: Main public portfolio transactions in 2014 and 2015 1H

Date	Closed / Ongoing	Seller	Volume (€mln)	Type of portfolio	Buyer
2015 Q2	Closed	Banco Popolare	210	Unsecured loans	Hoist
2015 Q2	Closed	BancaSella	33	Unsecured loans	Banca IFIS
2015 Q2	Closed	Confidential	200	Consumer	Banca IFIS
2015 Q2	Closed	Consum.it (MPS)	650	Consumer	Banca IFIS
2015 Q1	Closed	Sofigeco	408	Mainly secured loans	PVE Capital
2015 Q1	Closed	Findomestic	400	Consumer	Banca IFIS
2015 Q1	Closed	UCCMB	2,400	Platform & NPL Mixed Sec/Unsec	Fortress
2014 Q4	Closed	Confidential	50	Secured Loans	Confidential
2014 Q4	Closed	Confidential	200	Mixed Secured/Unsecured	Confidential
2014 Q4	Closed	Confidential	160	Consumer	Confidential
2014 Q4	Closed	Multiple sellers BCC	250	Mixed Secured/Unsecured	CRC
2014 Q4	Closed	MPS	380	Mixed Secured/Unsecured	Fortress
2014 Q4	Closed	Tercas - Caripe	400	Mixed Secured/Unsecured	Lone Star
2014 Q4	Closed	Unicredit	1,900	Mainly unsecured loans	Anacap
2014 Q4	Closed	Confidential	60	Utility	Confidential
2014 Q4	Closed	Confidential	900	Consumer	Confidential
2014 Q2	Closed	MPS	500	Mixed Secured/Unsecured	Fortress
2014 Q2	Closed	CR Ravenna	43	Secured Loans	HIG Capital
2014 Q2	Closed	Confidential	1,263	Consumer	Banca IFIS
2014 Q1	Closed	CreVal	36	Mixed Secured/Unsecured	Ares Management
2014 Q1	Closed	Unicredit	700	Mixed Secured/Unsecured	Anacap

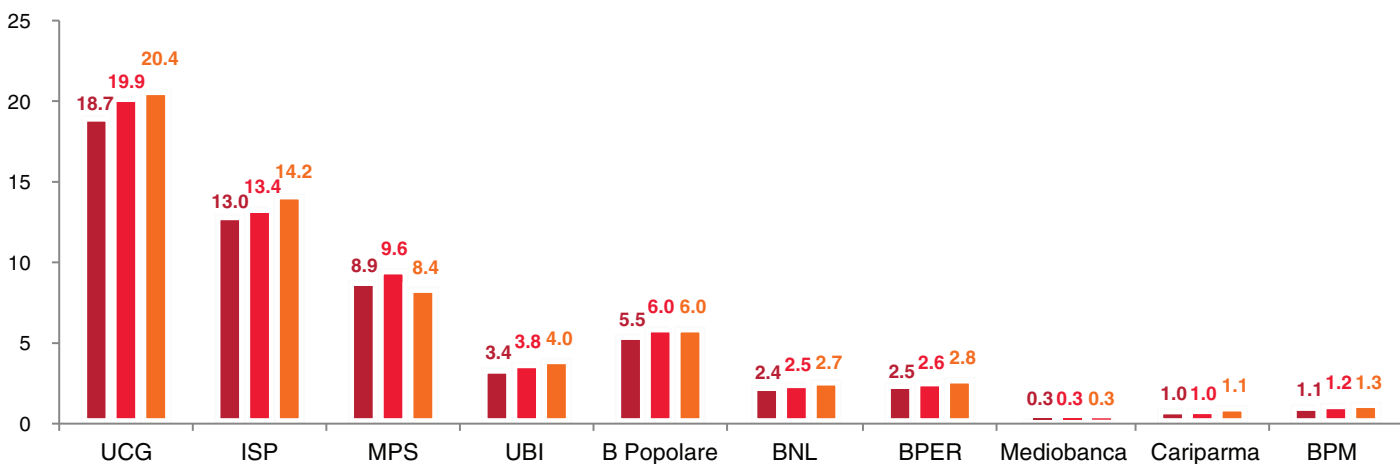
Source: PwC market analysis

Appendix - Top 10 Banks peer analysis (1 | 3)

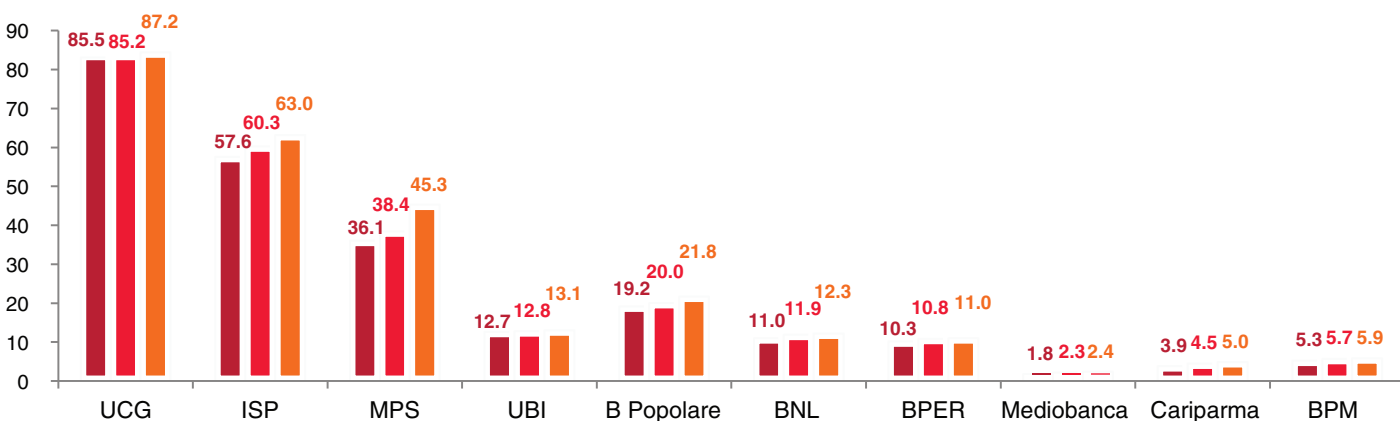
Gross NPL (€bn)



Net NPL (€bn)

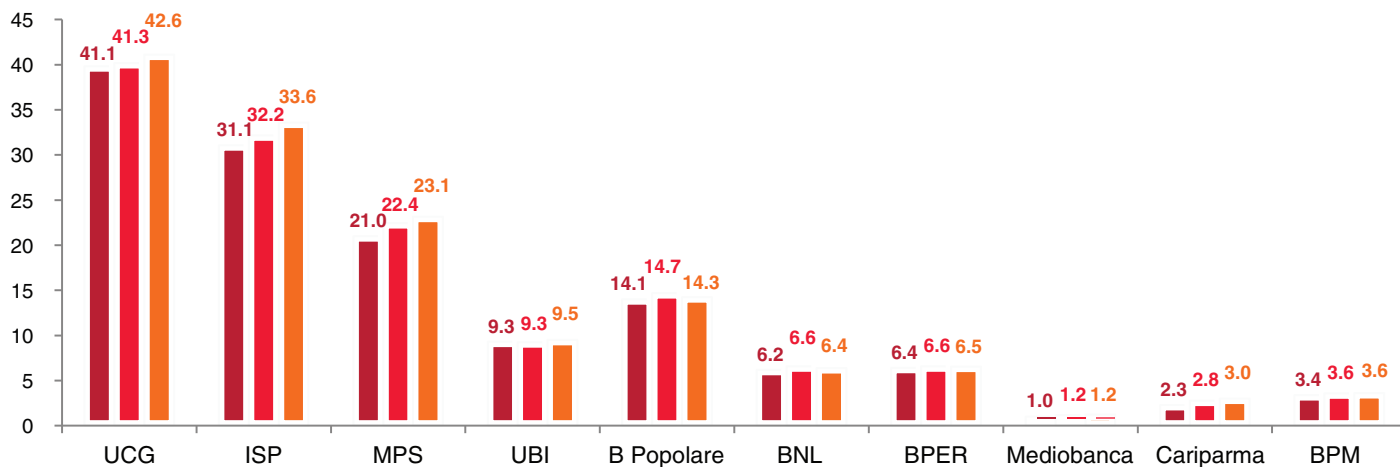


Gross Impaired Loans (€bn)

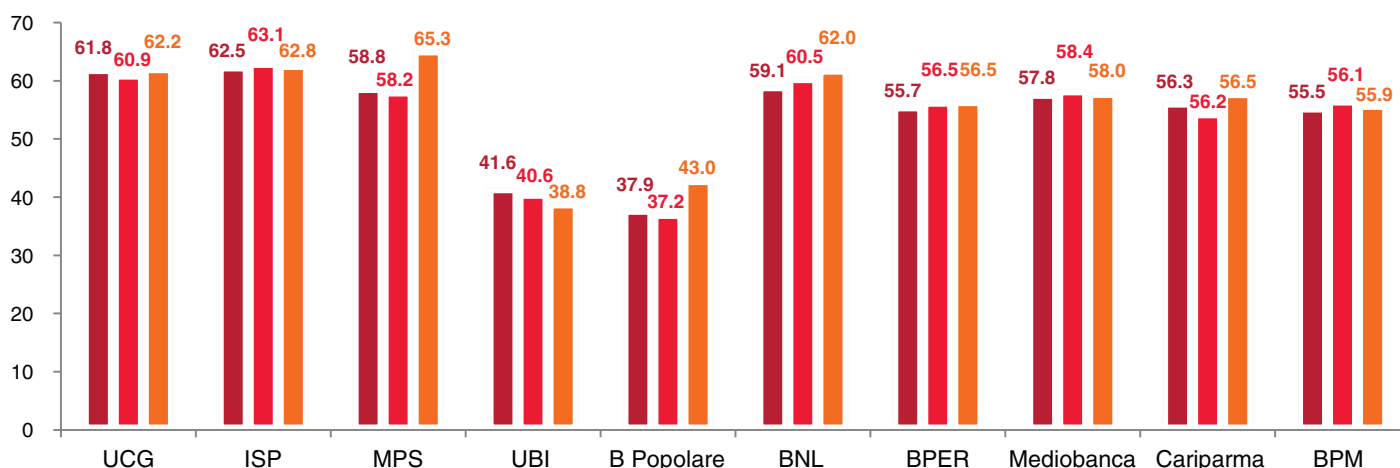


Appendix - Top 10 Banks peer analysis (2|3)

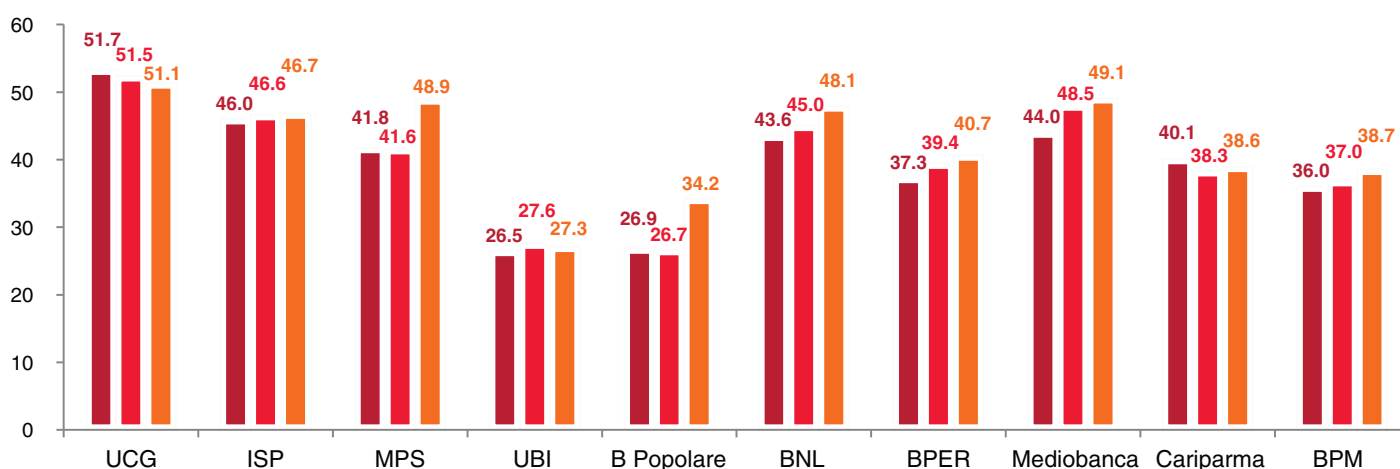
Net Impaired Loans (€bn)



NPL Coverage ratio (%)

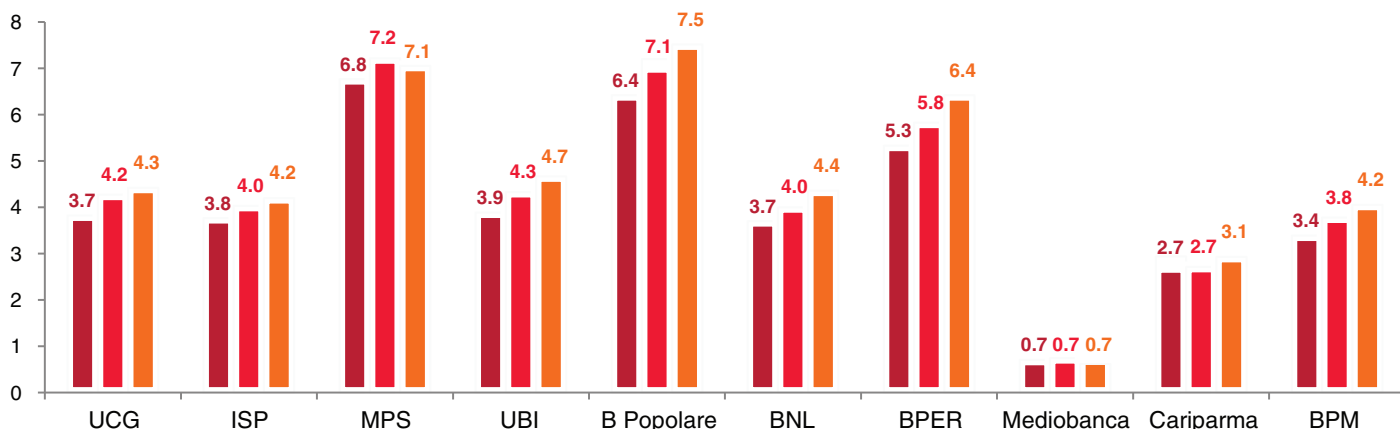


Impaired Loans Coverage ratio (%)

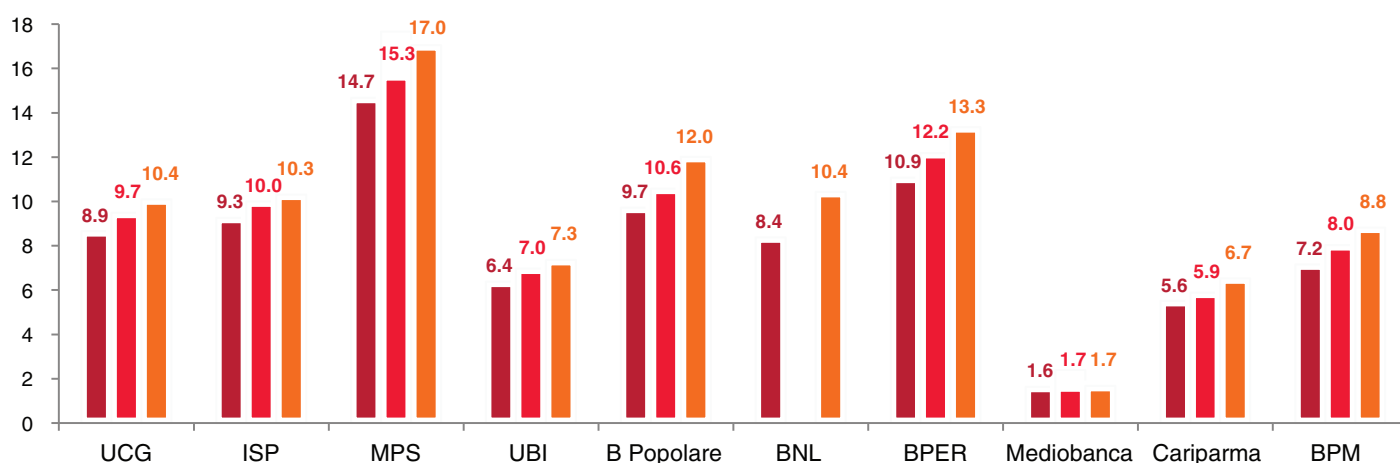


Appendix - Top 10 Banks peer analysis (3|3)

Net NPL ratio (%)



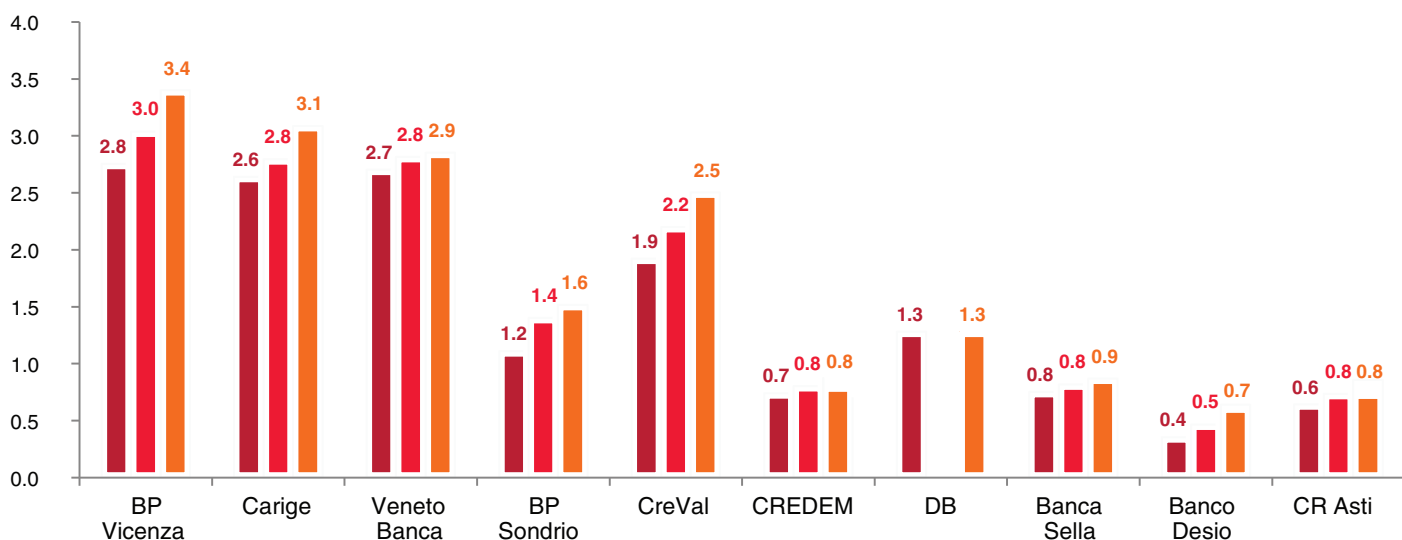
Gross NPL ratio (%)



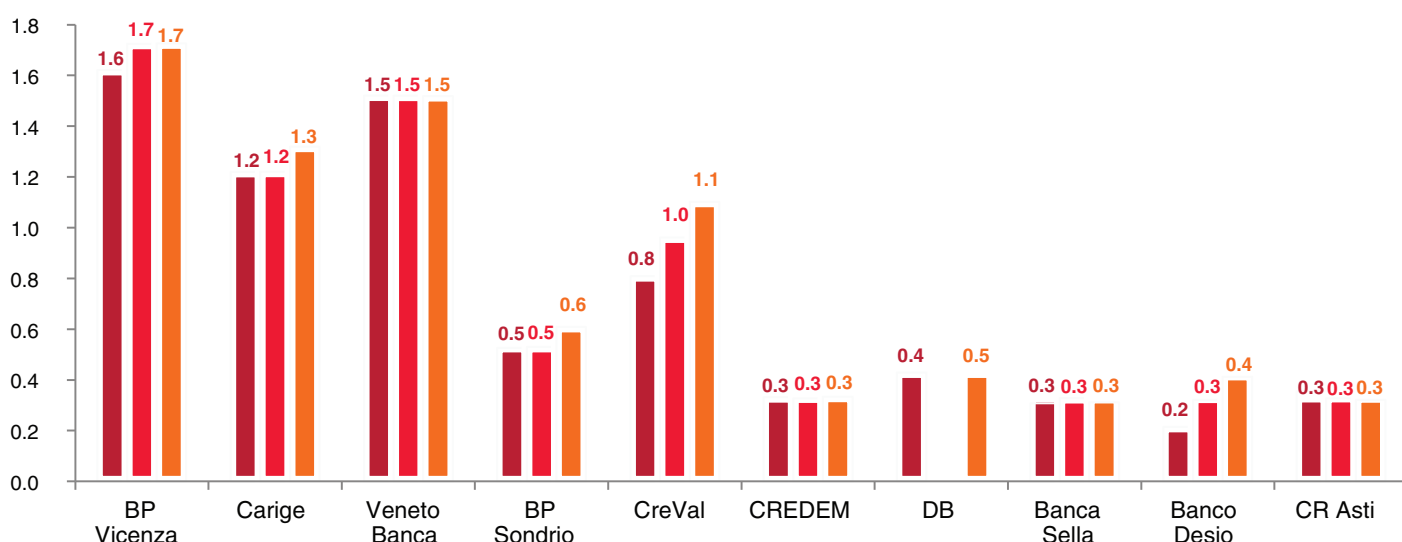


Appendix - Other Top 20 Banks peer analysis (1|3)

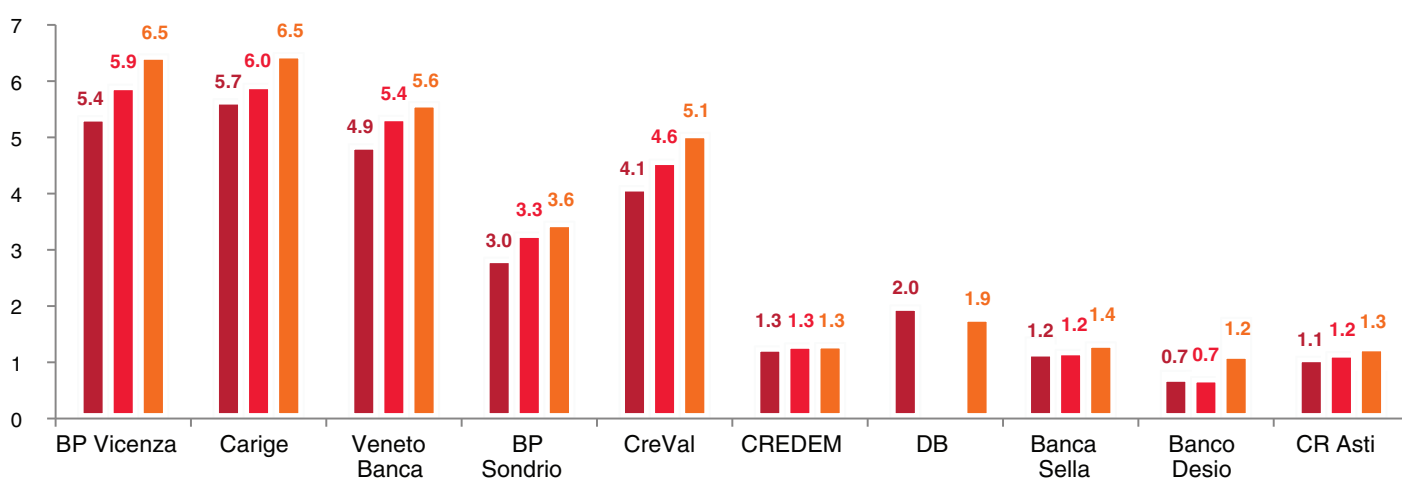
Gross NPL (€bn)



Net NPL (€bn)



Gross Impaired Loans (€bn)

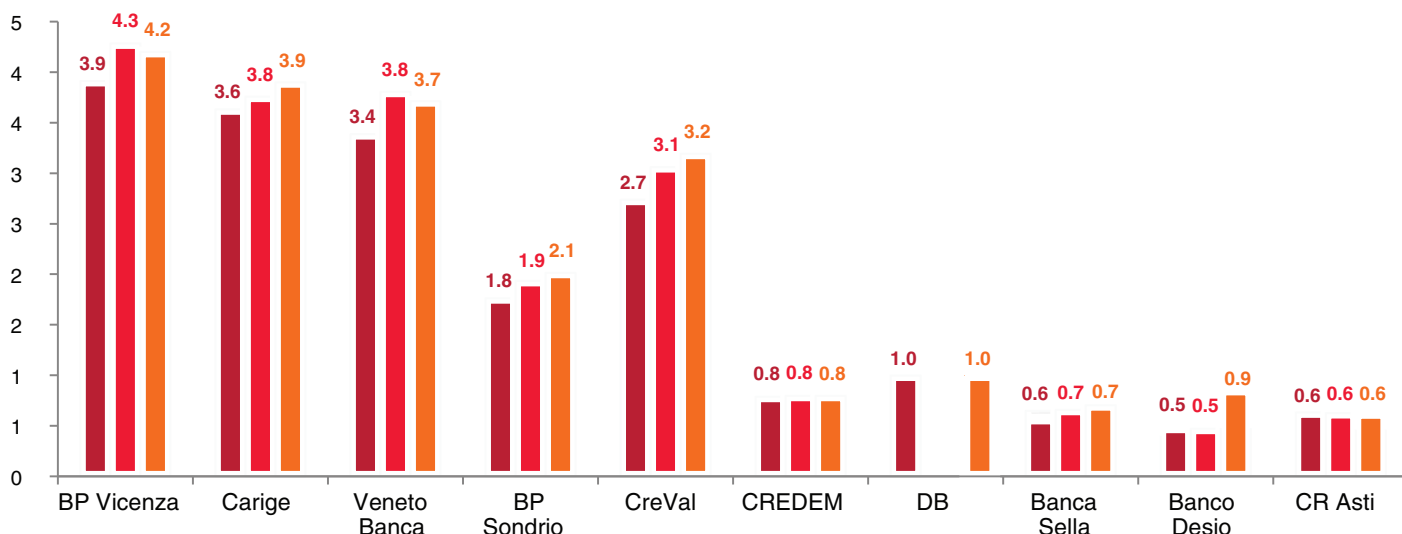


Source: PwC analysis on companies' YE-2013, H1-2014 and YE-2014 results

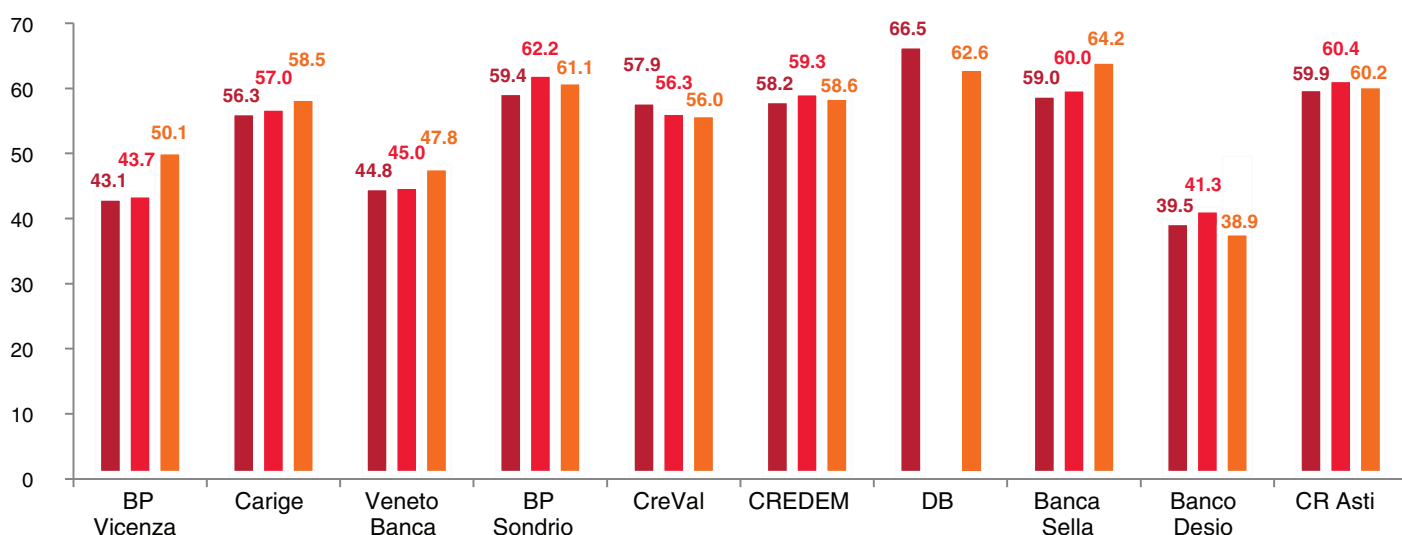
■ YE-2013 ■ H1-2014 ■ YE-2014

Appendix - Other Top 20 Banks peer analysis (2|3)

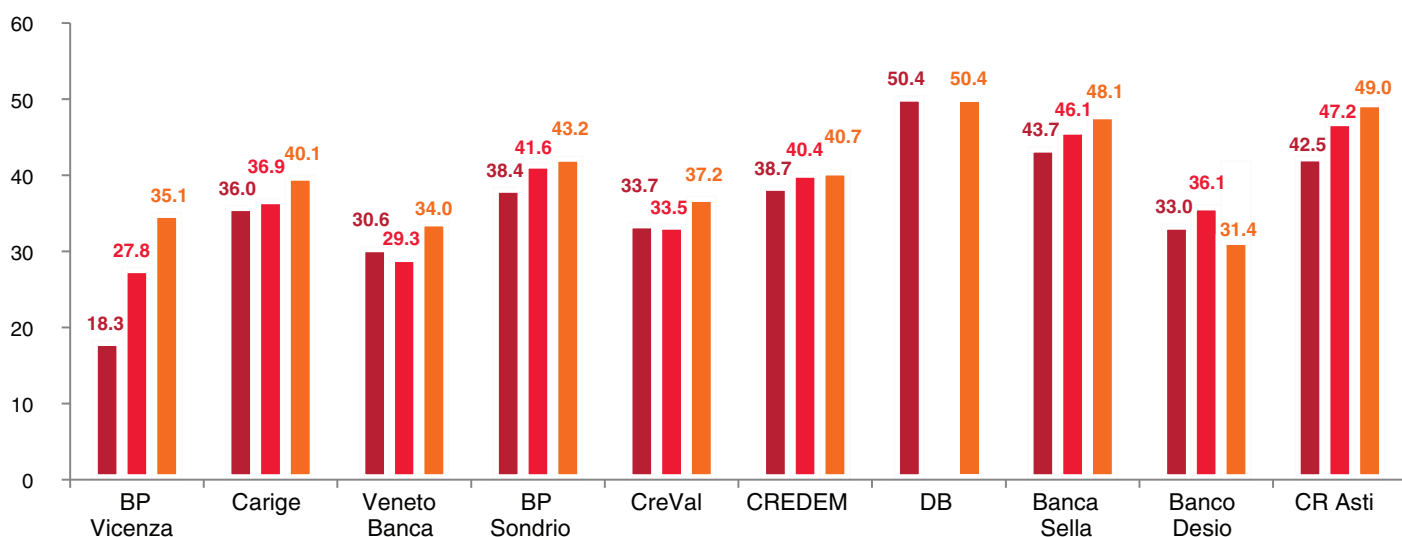
Net Impaired Loans (€bn)



NPL Coverage ratio (%)



Impaired Loans Coverage ratio (%)

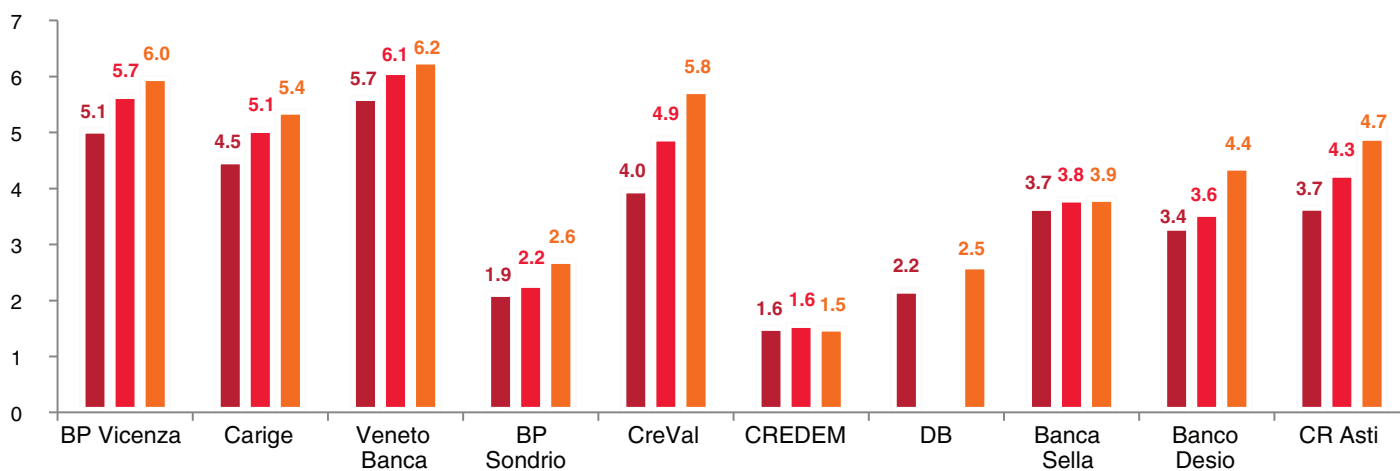


Source: PwC analysis on companies' YE-2013, H1-2014 and YE-2014 results

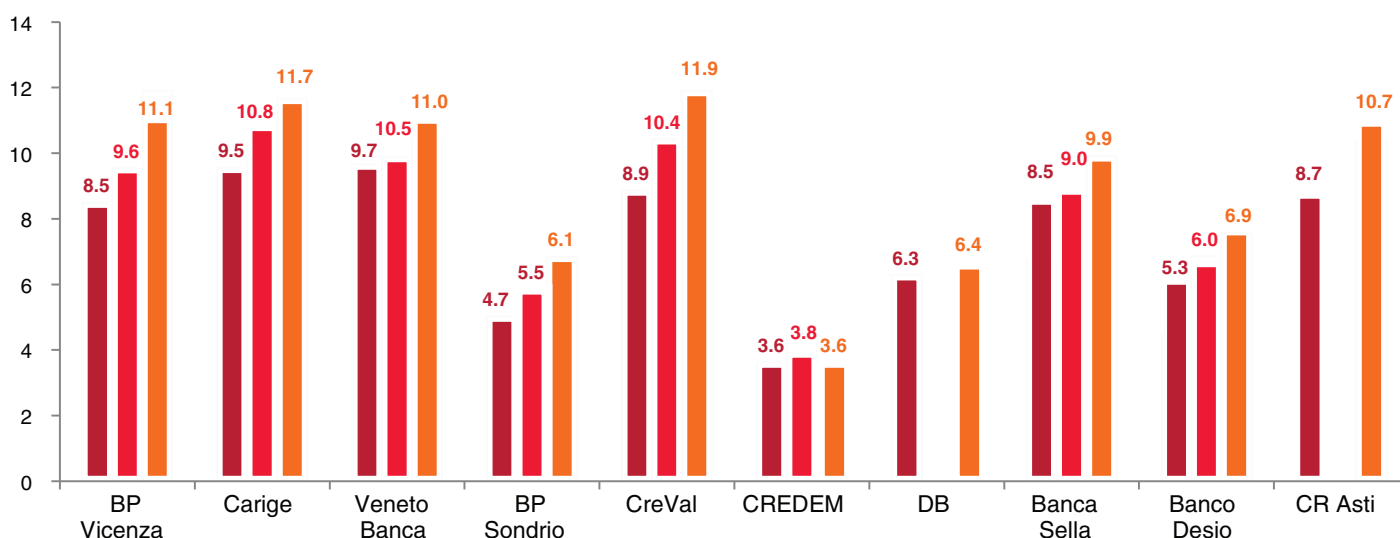
■ YE-2013 ■ H1-2014 ■ YE-2014

Appendix - Other Top 20 Banks peer analysis (3|3)

Net NPL ratio (%)



Gross NPL ratio (%)



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