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CEE market series with focus on the NPE landscape

Romania

Bank Restructuring & Special Situations

PwC Austria - November 2019

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Romanian NPE market update – among the most active in CEE

- € 5bn of face value sold over the past 3 years, and observed strong pipeline of over € 1bn face value for late 2019 / early 2020 alone
- Pioneer market in the CEE region for structured products such as synthetics securitisations and forward flow agreements
- Available professional servicing capabilities across all asset classes thanks to a strong market deal track record
- Supportive legal environment with transparent and standardized deal structures

Median cash value of portfolio sales since 2013 is circa € 50m

Over the past 5 years, we observed an average NPL portfolio purchase price of ca. 15% and 33% on gross exposure and real estate market value, respectively.

Corporate portfolios receiving higher valuation

Average sales price was 16% of GBV for corporate claims. The same metric for consumer portfolios were slightly below 14%.

Top 3 banks hold ~ € 1.5bn of NPLs

Erste Group, Societe General and UniCredit hold ca. 35% of the total NPL stock as of 2018 end of year. Further top banks such as Banca Transilvania or Raiffeisen also exhibited NPL ratios above the average.

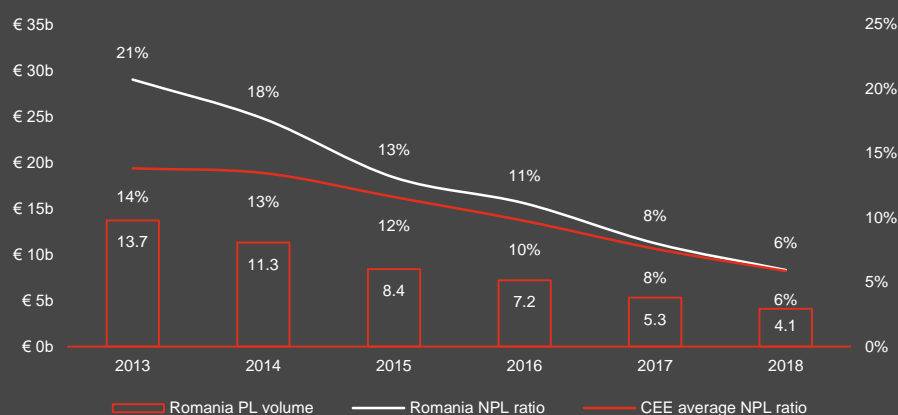
The economy grew by 4.1% in 2018

Growth is in line with projections, but down from a post-crisis high of ca. 7% in 2017. The increase was mainly driven by private consumption, supported by growth in the minimum and public sector wages and pensions. Investments underperformed.

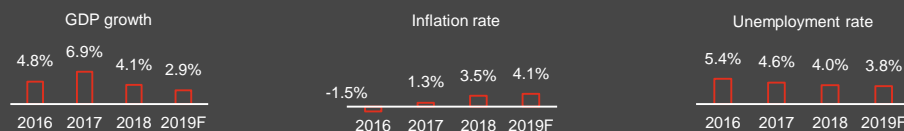
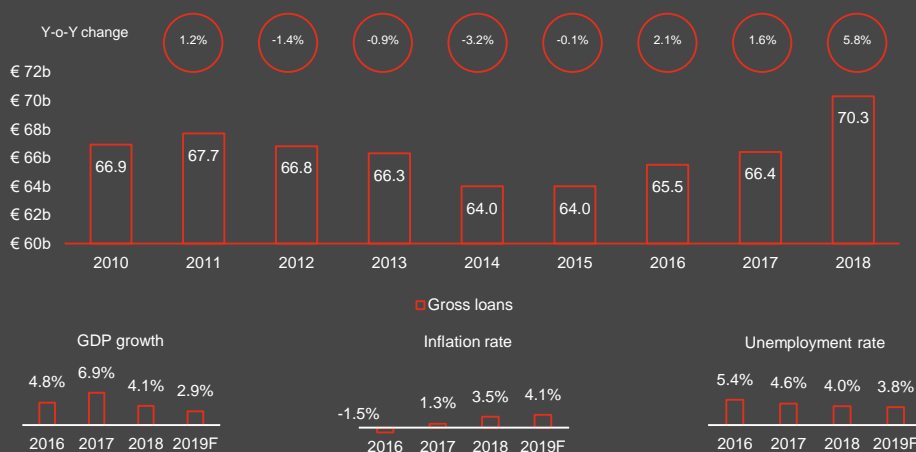
The economy is projected to slow down in medium term

The labor market is tightening thus the growth originated from increasing output is decreasing. In addition, there is some increased uncertainty about the country's planned fiscal policies.

Romanian NPL volume and ratios exhibit strong decline, mainly driven by disposal activities



Romanian gross loans – market is recovering after an observed dip in 2014



Selected NPL transactions in Romania

Project name	Seller	Asset type	GBV EURm	Market year	Status	Buyer	PwC role
n/a	Patria Bank	NPL	50	2018	Closed	n/a	n/a
Mars	Alpha Bank	NPL - Mixed	400	2017	Closed	DB / AnaCap / B2	Lead sell-side advisor
Fain	Raiffeisen	NPL - Mixed	260	2017	Closed	B2	Lead sell-side advisor
Arena	Banca Transilvania	NPL - Corporate	250	2017	Closed	B2	n/a
Sunshine	Piraeus	NPL - Corporate	185	2017	Closed	Kruk	Lead sell-side advisor
Castrum	Banca Transilvania	NPL - Retail	110	2017	Closed	EOS	n/a
n/a	Bancpost (Eurobank)	NPL - Retail	600	2016	Closed	Kruk / IFC	n/a
Blue Lake	Erste	NPL - Retail	410	2016	Closed	B2 / EOS	Lead sell-side advisor
Iris	Societe Generali	NPL - Corporate	280	2016	Closed	Kruk	Lead sell-side advisor
n/a	Piraeus	NPL - Mixed	200	2016	Closed	Kruk	n/a
Rose	Top Factoring	Platform & NPL	n/a	2016	Closed	Intrum Justitia	Lead sell-side advisor
n/a	CEC Bank	NPL - Mixed	70	2016	Closed	Kruk	n/a
Ursa	Eurogroup EFG	NPL - Retail	600	2015	Closed	Kruk	n/a
Triton	UniCredit	NPL - Corporate	350	2015	Closed	Kredyit Inkaso	n/a
Tokyo	Erste	NPL - Corporate	1,200	2015	Closed	DB / APS	Lead sell-side advisor

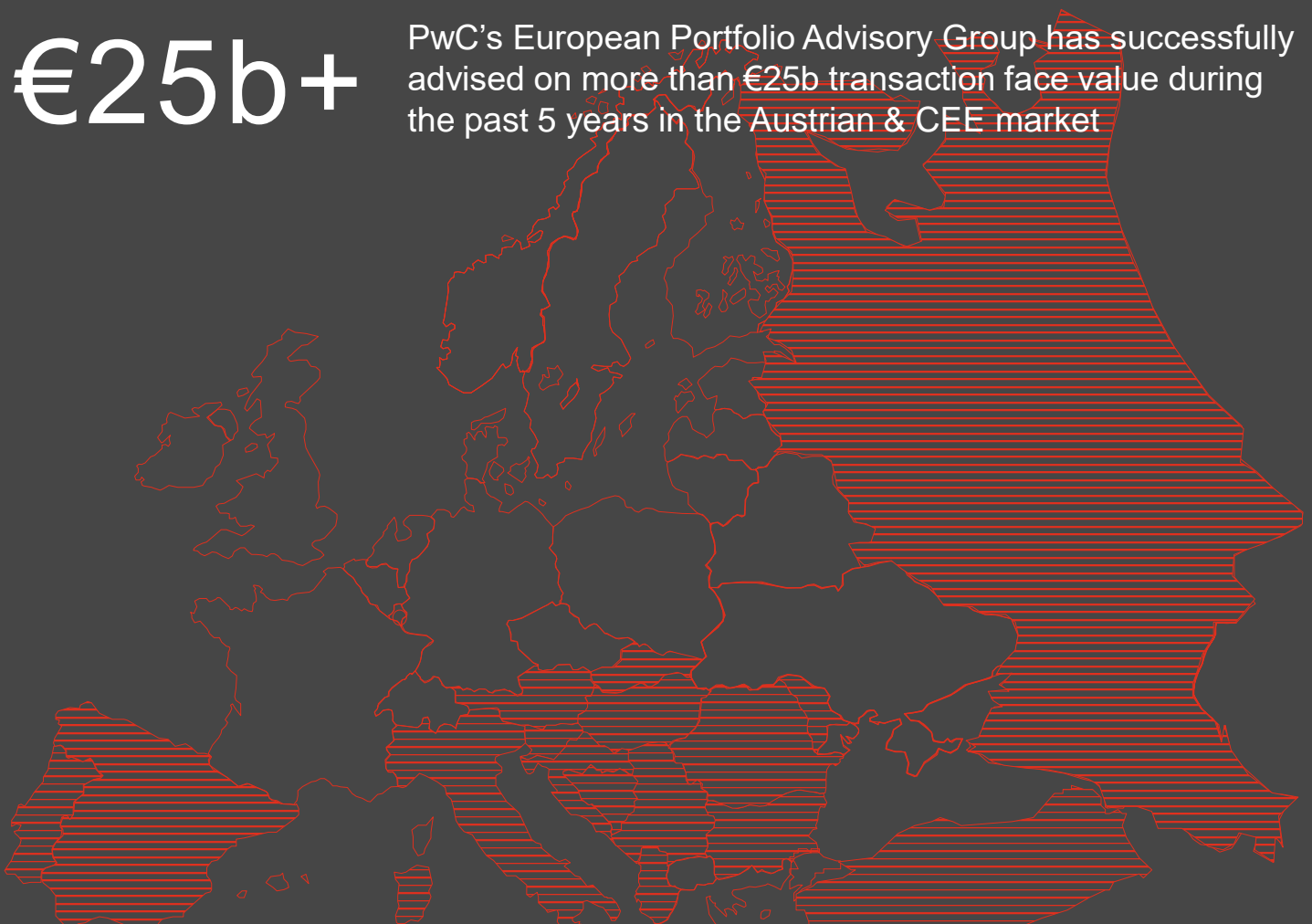
We have an unmatched market track record across the CEE region, both on sell- and buy-side, with demonstrated execution capabilities and strong access to the relevant investor universe

90%

Share of NPE face value brought to market within the Austrian & CEE region advised by PwC

€25b+

PwC's European Portfolio Advisory Group has successfully advised on more than €25b transaction face value during the past 5 years in the Austrian & CEE market



As market players must respond to a rapidly changing market environment, our Bank Restructuring & Special Situations team can help you addressing your challenges:

- Restructuring initiatives related to operations, teams and / or assets
- Optimisation of balance sheet (improving RWA, NPE / NPL ratio, etc.) or shifting the focus from non-core to more profitable / core business segments
- Optimisation of operations and P&L impact across the group
- Adapting to an increasingly complex accounting & regulatory requirement

Looking forward to working with you!

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latest deal market developments.



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