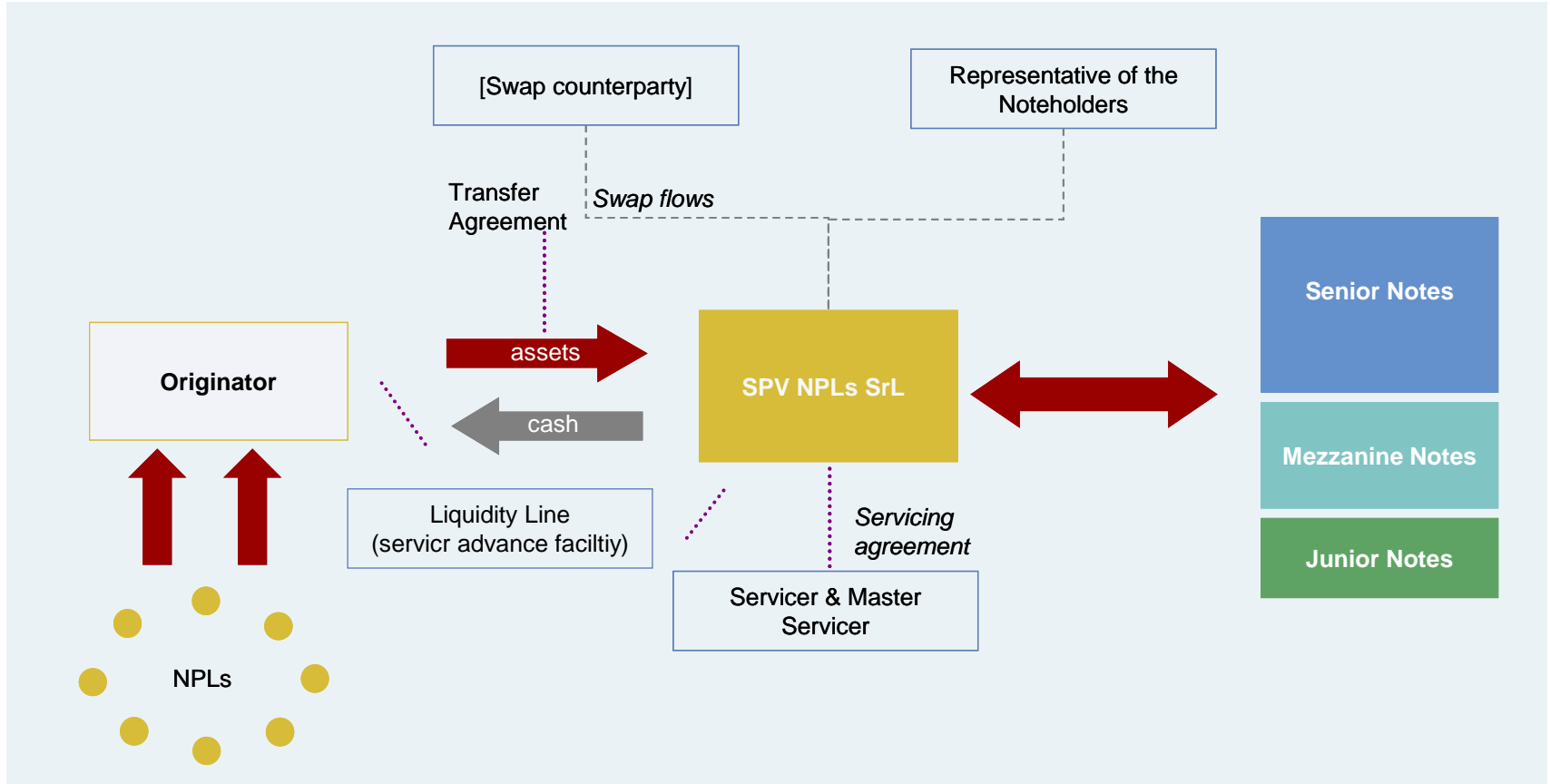


Deleveraging an NPL portfolio: a role for a senior ABS investor ?

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Securitizing Non Performing Loans



Pro's

- Higher market transparency
- Higher efficiency due to tranching
- Better financing terms for junior investors

Con's

- A solid securitization framework is needed
- Setting up of an SPV
- Relatively standardized legal documentation
- Rating agencies

Conclusions

- ABS of NPL *per se* do not represent the overall solution to the valuation gap of an NPL portfolio.
- However, with an adequate pricing of senior (and mezzanine) tranches, the valuation gap can be reduced by a 3-5%.
- Moreover by increasing leverage to junior tranche NPL investors, an ABS structure could attract more investors.