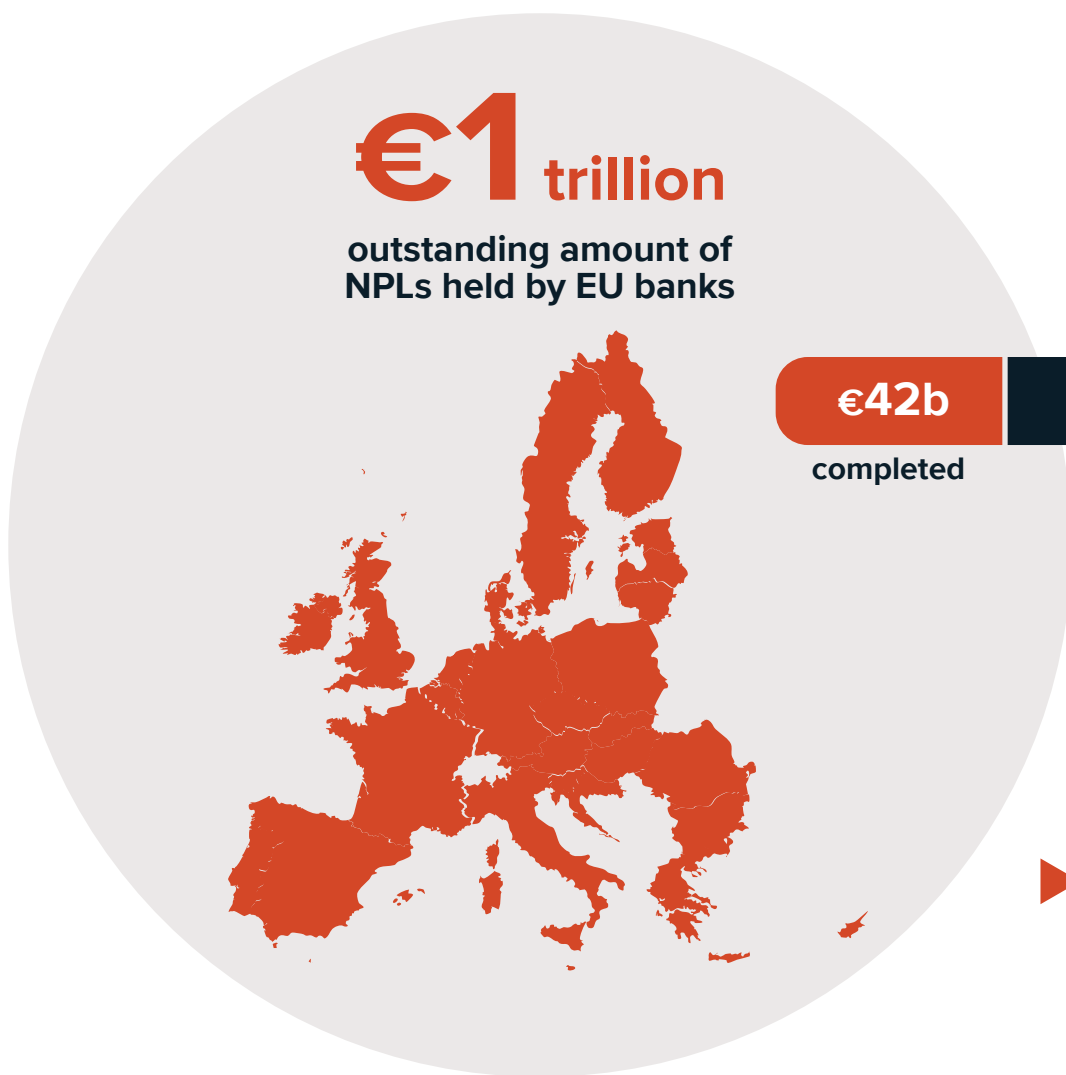


Opportunity in Distress

Non-performing loans (NPLs) – loans in default for at least 90 days – are emerging as a key issue for European banks. With banking authorities pushing for disposal of NPLs, many EU banks are now looking to reduce their exposure while investors are eyeing opportunities. In this context, France remains a major, yet comparatively untapped, market.



Deal growth is expected to pick up speed, driven by:

- ▶ Increasing pressure from European banking authorities on EU banks to reduce their exposure to NPLs.
- ▶ New obligations under IFRS 9 to significantly increase depreciation of NPLs.
- ▶ Some U.S. hedge funds set up in 2013 have only one more year to draw down commitments from their investors, which if not used will be canceled.



€147 billion
outstanding amount of NPLs held by French banks

NPL sales in France will double by 2020 to reach at least €10 billion.*



Largest NPL holdings among French banks

BNP Paribas	€42 billion
Crédit Agricole	€30 billion
BPCE	€26 billion
Société Générale	€25 billion

* As estimated by Deloitte
Note: Areas of circles are not to scale and are illustrative only

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