

## The IPAF International Conference 2023

Second ADB Feasibility Study on NPL trading platforms:  
Data and operational requirements



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September 20-22, 2023

## Introduction

- NPL Markets operates in 27 jurisdictions mainly in Europe, US, Canada, Brazil, Mexico and South Africa
- 1500 institutional investors, 2.5m non-performing loans uploaded and valued across 1150 portfolios
- More than 15m performing loans mapped and valued on the platform
- Access to derived data from over 25m loans, both performing and non-performing
- Our main clients include banks, specialised lenders, asset managers, hedge funds, private equity and servicers

### **Supranational partners**

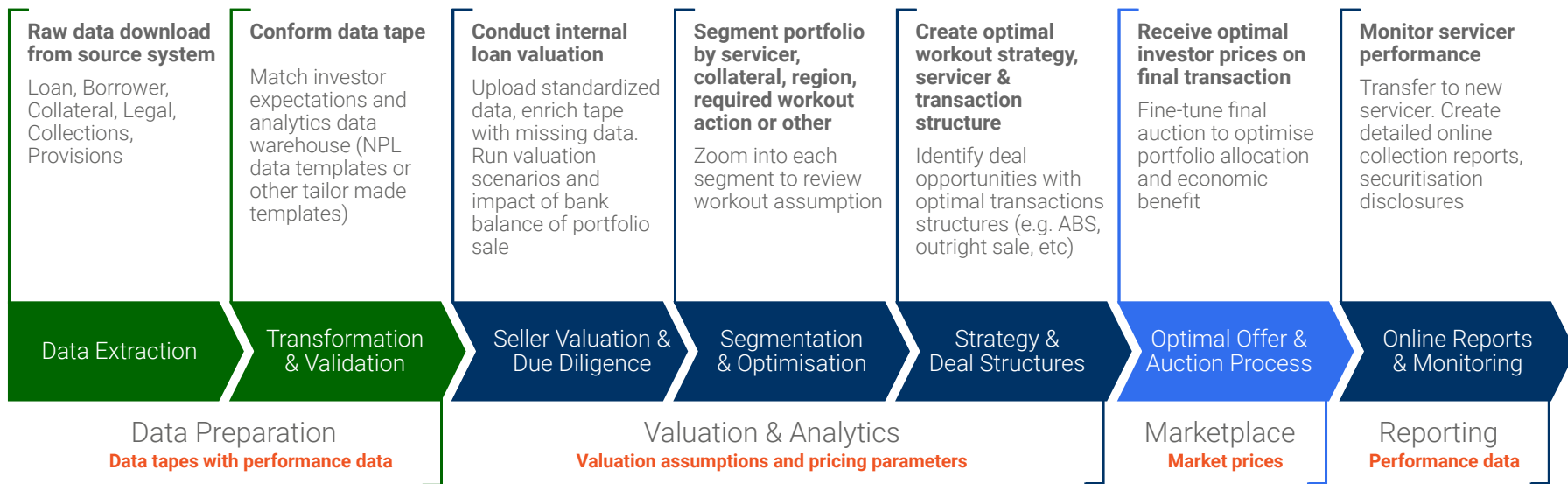
- NPL Markets has a cooperation agreement with the International Finance Corporation (IFC) in Brazil and Mexico
- NPL Markets sits on the European Commission NPL Advisory Panel

### **Research & Awards**

- Global NPL monitor and projections based on IMF WEO scenarios <https://NPLMarkets.com/en/research>
- Digital Banker Global BankTech Award 2023: Best Data as a Service Provider
- Structured Credit Investor 2022 Award: Contribution to Market Development

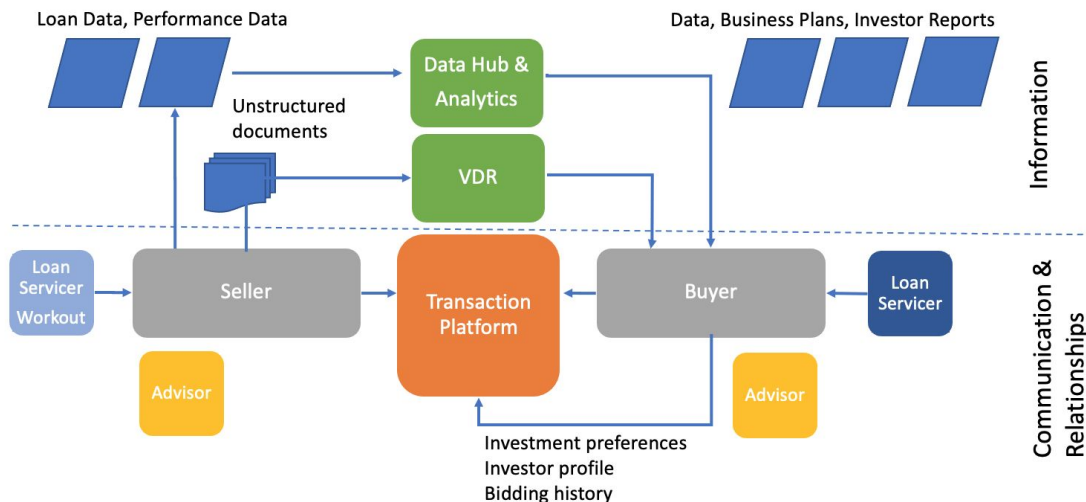
## Transaction platforms can deliver the full data value chain

### Technology to streamline data preparation, valuation, reporting and disposal processes



## What is an NPL trading platform? Technology, data & ecosystem

- **Marketplace & auction tech** to find the best buyer at the best price
- **Standardised transaction processes**, data templates and documentation
- **Ecosystem** with registered investor and service providers
- Support **due diligence** with local partners
- **Data hub** captures transaction data & historical performance for valuation
- **Valuation and analytics**: valuation tools help manage buyer and seller expectations and identify information shortages
- **Additional functions**: Transaction advice, creditor coordination, data enrichment



## Overview of some existing NPL platforms in Asia and elsewhere

| Asian Platforms              | Debt Exchange       | OnBid         | 360pai        | Taobao        |
|------------------------------|---------------------|---------------|---------------|---------------|
| Regional activity            | Asia Domestic       | Asia Domestic | Asia Domestic | Asia Domestic |
| Country of establishment     | Vietnam             | Korea         | China         | China         |
| Main countries               | Vietnam             | Korea         | China         | China         |
| Public AMC sponsored         | VAMC                | KAMCO         | N             | N             |
| Main asset classes           | Corporate NPL & REO | REO           | REO & NPL     | REO & NPL     |
| Main investor type           | AMC & Institutional | Private       | Institutional | Private       |
| Auction platform             | Y                   | Y             | Y             | Y             |
| Judicial auctions            | N                   | N             | N             | Y             |
| Sale of own assets           | Y (VAMC)            | Y (KAMCO)     | N             | N             |
| Transaction advisory         | Y                   | Y             | Y             | N             |
| Virtual data room service    | N                   | Y             | Y             | Y             |
| Valuation advisory           | N                   | N             | Y             | Y             |
| Data hub & reporting         | N                   | N             | N             | N             |
| Data enrichment & validation | N                   | Y             | Y             | N             |

| Other Platforms              | ProZorro.Sale          | NPL Markets                      | Debitos                        | DebtX                |
|------------------------------|------------------------|----------------------------------|--------------------------------|----------------------|
| Regional activity            | Europe Domestic        | Europe & International           | Europe & International         | US & International   |
| Country of establishment     | Ukraine                | UK                               | Germany                        | US                   |
| Main countries               | Ukraine                | Italy, UK, Spain, Greece, Mexico | Germany, Italy, Greece         | US                   |
| Public AMC sponsored         | Deposit Guarantee Fund | N                                | N                              | N                    |
| Main asset classes           | Corporate NPL & REO    | Retail NPL, Corporate NPL, REO   | Retail NPL, Corporate NPL, REO | Real Estate PL & NPL |
| Main investor type           | Institutional          | Institutional                    | Institutional                  | Institutional        |
| Auction platform             | Y                      | Y                                | Y                              | Y                    |
| Judicial auctions            | N                      | N                                | N                              | N                    |
| Sale of own assets           | Y (DGF)                | N                                | N                              | N                    |
| Transaction advisory         | N                      | Y                                | Y                              | Y                    |
| Virtual data room service    | N                      | Y                                | Y                              | Y                    |
| Valuation advisory           | N                      | Y                                | N                              | Y                    |
| Data hub & reporting         | N                      | Y                                | N                              | N                    |
| Data enrichment & validation | N                      | Y                                | N                              | Y                    |

## 2nd ADB feasibility study: Key decisions and success factors for platform owner/operators

- **Overcome barriers** to efficiently trade NPLs:
  - Supportive legal and regulatory framework is essential.
  - Provide structured and unstructured data to overcome bid-offer spreads.
  - Tools for data validation, document sharing (VDR), and automated valuation and analytics.
  - Standardised data tapes, processes, and transaction documents for ease of execution.
  - Use of platform helps buyers and sellers comply with legal and regulatory requirements.
- **Buy versus built:** NPL trading platform services can be subscribed for at a low entry price.
  - Inhouse solutions may be cheaper in the long run for large transaction flows - hybrid models are possible.
- **Target market** and distribution strategy: Complex NPLs or portfolios rarely find the most suitable buyers by listing on a website.
  - Retail investors may not be aware of a new platform - platform must ensure broad market reach.
  - Institutional investors need to be notified and invited in deals that fit their profile.
- Built an ecosystem of institutional seller, investors, independent loan servicers, and service providers.

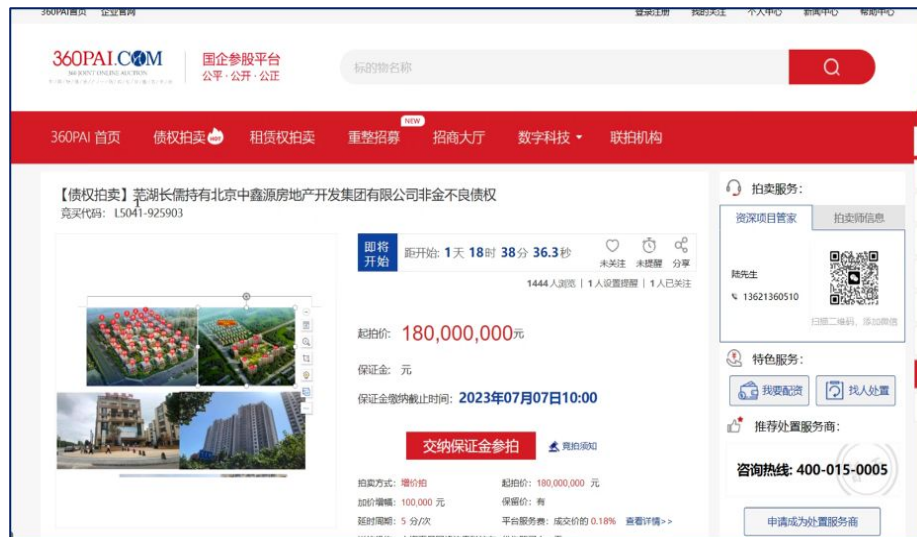
## A standard data template for Asia?!

- EBA in the European Union and Kazakhstan have introduced standard data templates in 2023 to facilitate NPL transactions.
- Around 150 data fields depending on asset class and collateral. The use of the templates and some of the fields are **mandatory**.
- The Kazakhstani template is based on the EBA templates and identifies a sub-template dedicated to foreclosed assets.
- These data templates are designed to work in many jurisdictions and are welcomed by investors.
  - PROS:
    - Both sellers and buyers know what data is expected.
    - Easy to automate data preparation and validation. Possible to run automated valuations.
    - Consistent data for delivery to a central data hub.
  - CONS:
    - New templates may ask for data that is not readily available requiring data providers to adjust their IT systems.
    - Banks may find templates burdensome, investors may want additional information.
    - Even if a standard template is agreed it requires independent parties like a data hub or platform to ensure comparability and high data quality.

## 2nd ADB feasibility study: Technical and Operational Findings for NPL trading platforms

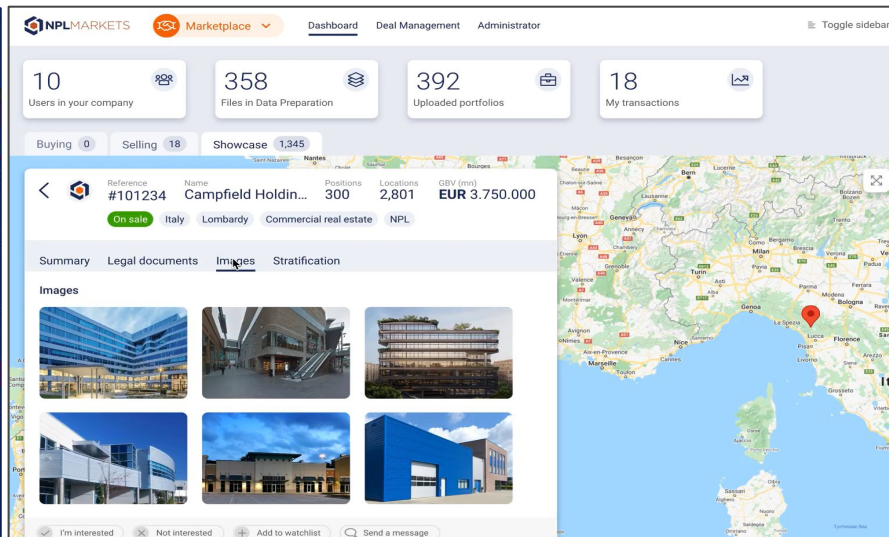
- Interviews with market participants (AMCs, investors, banks) have highlighted the following need for improvements:
- There is a general lack of valuation guidelines for NPL and a lack of recovery data.
- Complex NPL transactions require active marketing. Public listing is not enough.
- Technology is important but must be complemented by a team of experts providing transaction advice.
- **Data hub** function could much improve transparency in NPL market:
  - Deliver anonymised standardised data tapes and transaction prices
  - Deliver anonymised performance data from bank regulatory reports
  - Deliver historical recovery data on a voluntary basis
- The **NPLs that are secured by property** suffers from uncertainty on legal status. Due diligence will still be required.
- In Vietnam the market for **unsecured consumer NPLs** suffers from the ban on debt collection and bad players in the market.
  - A licencing requirement on debt collections would be welcome to re-establish confidence in the sector and define acceptable business practices
  - Non-bank debt holders do not currently have access to CIC credit bureau information

## Showcasing NPL and REO transactions:



The screenshot shows the 360PAI.COM website, a platform for real estate transactions. The header includes the logo and navigation links. The main content area displays a listing for a real estate auction. The listing title is "【债权拍卖】芜湖长信持有北京中鑫源房地产开发有限公司非金不良债权" (Debt Auction: Wuhu Changxin Holding Beijing Zhongxin Yuan Real Estate Development Co., Ltd. Non-Gold Bad Debt). The listing includes a map of the property, a list of images, and a detailed description of the auction terms. The auction price is 180,000,000 Yuan, and the starting time is 2023年07月07日10:00. The listing also shows the number of views (1444) and the number of people who have bookmarked it (1).

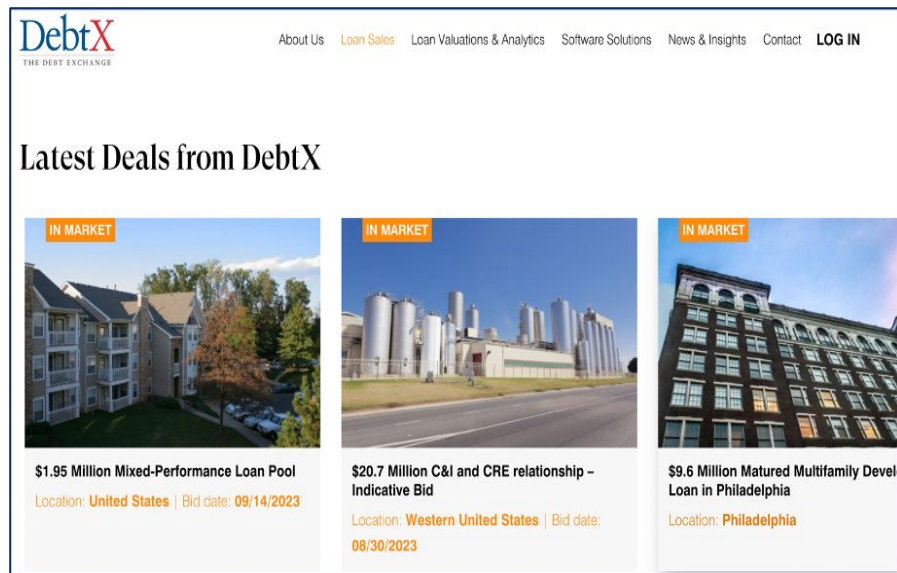
Source: 360pai.com



The screenshot shows the NPLMARKETS Marketplace website. The header includes the logo and navigation links. The main content area displays a listing for a real estate property. The listing title is "Campfield Holdin...". The listing includes a map of the property, a list of images, and a detailed description of the property. The listing also shows the number of users in the company (10), the number of files in data preparation (358), the number of uploaded portfolios (392), and the number of transactions (18). The listing also shows the number of buying (0) and selling (18) transactions, and the number of showcase (1,345) transactions.

Source: nplmarkets.com

## Showcasing NPL and REO transactions & NPL valuations




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### Latest Deals from DebtX

**IN MARKET**




**\$1.95 Million Mixed-Performance Loan Pool**  
Location: **United States** | Bid date: **09/14/2023**

**IN MARKET**



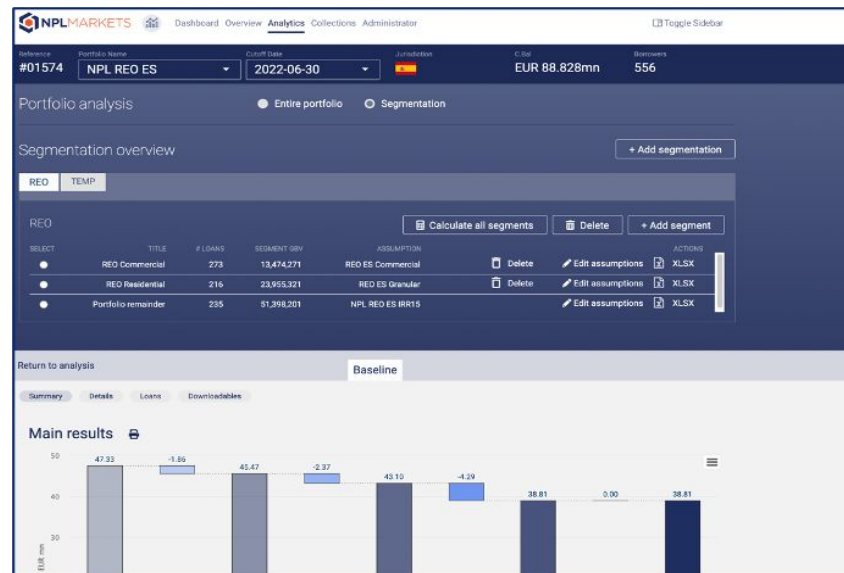
**\$20.7 Million C&I and CRE relationship - Indicative Bid**  
Location: **Western United States** | Bid date: **08/30/2023**

**IN MARKET**



**\$9.6 Million Matured Multifamily Development Loan in Philadelphia**  
Location: **Philadelphia**

Source: debtx.com



NPLMARKETS Dashboard Overview [Analytics](#) [Collections](#) [Administrator](#) [Toggle Sidebar](#)

Reference: #01574 Portfolio Name: NPL REO ES Cutoff Date: 2022-06-30 Jurisdiction: C.Bid: EUR 88.828mn Borrowers: 556

Portfolio analysis: ☒ Entire portfolio ☐ Segmentation

Segmentation overview [+ Add segmentation](#)


REO TEMP

REO

| SELECT                           | TITLE               | # LOANS | SEGMENT DRV | ASSUMPTION        | ACTIONS                      |
|----------------------------------|---------------------|---------|-------------|-------------------|------------------------------|
| <input checked="" type="radio"/> | REO Commercial      | 273     | 13,474,271  | REO ES Commercial | Delete Edit assumptions XLSX |
| <input checked="" type="radio"/> | REO Residential     | 216     | 23,955,321  | REO ES Granular   | Delete Edit assumptions XLSX |
| <input checked="" type="radio"/> | Portfolio remainder | 235     | \$1,398,201 | NPL REO ES IRK15  | Edit assumptions XLSX        |

Return to analysis: [Summary](#) [Details](#) [Loans](#) [Downloadables](#) [Baseline](#)

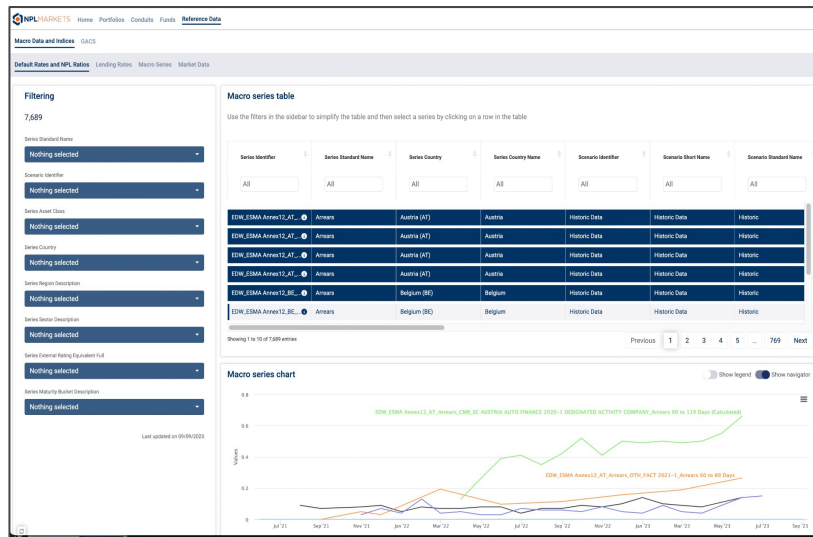
Main results



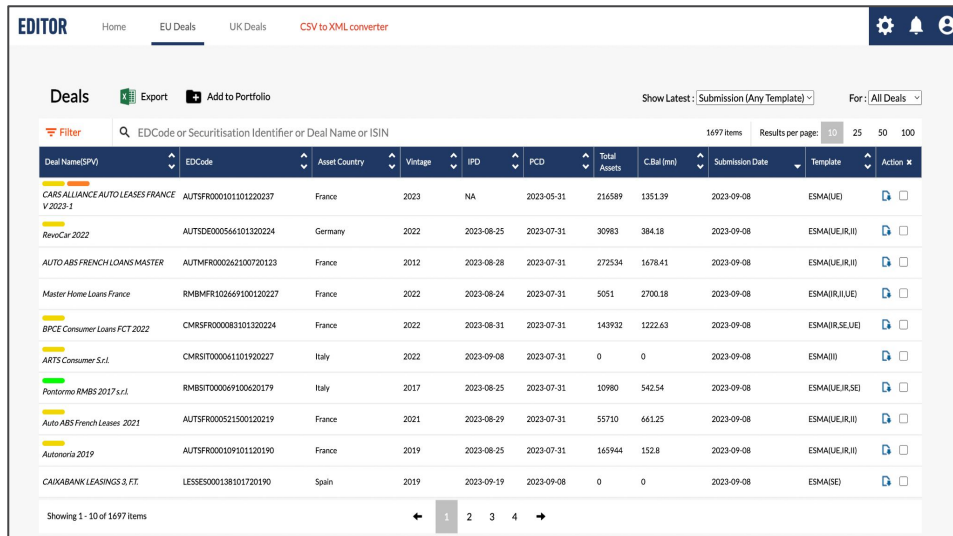
| Value |
|-------|
| 47.33 |
| -1.86 |
| 45.47 |
| -2.97 |
| 45.10 |
| -4.29 |
| 38.81 |
| 0.00  |
| 38.81 |

Source: nplmarkets.com

# Data hub examples: Performing loans and NPL



Source: nplmarkets.com



The screenshot displays the eurodw.eu data hub interface. The top navigation bar includes 'EDITOR', 'Home', 'EU Deals', 'UK Deals', and 'CSV to XML converter'. The main area shows a 'Deals' table with columns for Deal Name (SPV), EDCode, Asset Country, Vintage, IPD, PCD, Total Assets, C.Bal (m), Submission Date, Template, and Action. The table lists various deals, including 'CARS ALLIANCE AUTO LEASES FRANCE V-2022-1', 'RevoCar 2022', 'AUTO ABS FRENCH LOANS MASTER', 'Master Home Loans France', 'BPCE Consumer Loans FCT 2022', 'BPCCE Consumer S.r.l.', 'Postforma RBMS 2017 s.r.l.', 'Auto ABS French Leases 2021', 'Autonoria 2019', and 'CAIXABANK LEASINGS 3, FT'.

| Deal Name (SPV)                           | EDCode                | Asset Country | Vintage | IPD        | PCD        | Total Assets | C.Bal (m) | Submission Date | Template    | Action |
|---|-----------------------|---------------|---------|------------|------------|--------------|-----------|-----------------|-------------|--------|
| CARS ALLIANCE AUTO LEASES FRANCE V-2022-1 | AUTSFR0001101120237   | France        | 2023    | NA         | 2023-05-31 | 216589       | 1351.39   | 2023-09-08      | ESMA(UE)    |        |
| RevoCar 2022                              | AUTSDE000566101320224 | Germany       | 2022    | 2023-08-25 | 2023-07-31 | 30983        | 384.18    | 2023-09-08      | ESMA(UE,II) |        |
| AUTO ABS FRENCH LOANS MASTER              | AUTMFR000262100720123 | France        | 2012    | 2023-08-28 | 2023-07-31 | 272534       | 1678.41   | 2023-09-08      | ESMA(UE,II) |        |
| Master Home Loans France                  | RMBMFR102669100120227 | France        | 2022    | 2023-08-24 | 2023-07-31 | 5051         | 2700.18   | 2023-09-08      | ESMA(UE,II) |        |
| BPCE Consumer Loans FCT 2022              | CMRSFR000083101320224 | France        | 2022    | 2023-08-31 | 2023-07-31 | 143932       | 1222.63   | 2023-09-08      | ESMA(UE,II) |        |
| BPCCE Consumer S.r.l.                     | CMRSIT000061101920227 | Italy         | 2022    | 2023-09-08 | 2023-07-31 | 0            | 0         | 2023-09-08      | ESMA(II)    |        |
| Postforma RBMS 2017 s.r.l.                | RMBISIT00009100620179 | Italy         | 2017    | 2023-08-25 | 2023-07-31 | 10980        | 542.54    | 2023-09-08      | ESMA(UE,II) |        |
| Auto ABS French Leases 2021               | AUTSFR000251500120219 | France        | 2021    | 2023-08-29 | 2023-07-31 | 55710        | 661.25    | 2023-09-08      | ESMA(UE,II) |        |
| Autonoria 2019                            | AUTSFR000109101120190 | France        | 2019    | 2023-08-25 | 2023-07-31 | 165944       | 152.8     | 2023-09-08      | ESMA(UE,II) |        |
| CAIXABANK LEASINGS 3, FT                  | LESSES00013810120190  | Spain         | 2019    | 2023-09-19 | 2023-09-08 | 0            | 0         | 2023-09-08      | ESMA(SE)    |        |

Source: eurodw.eu

# Disclaimer

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