Loan Portfolio Transactions

INSIGHTS FOR YOUR STRATEGY

Welcome

November 2013

MAYER • BROWN

Agenda

I. Welcome and Program Overview

II. Perspectives on the Loan Market

III. Regulatory, Accounting and Tax Issues: What Investors Need to Know

IV. Structuring Portfolio Sales – Recent International Experiences and Perspectives

V. Q&A

VI. Closing Remarks

II. Perspectives on the Loan Market

II. Perspectives on the Loan Market

Speakers

- Ted Basta, SVP Market Data & Analysis, LSTA
- Christopher Seyfarth, Partner, Transactional Advisory Services/Transaction Real Estate, Ernst & Young LLP
- Saul Burian, Managing Director, Financial Restructuring Group, Houlihan Lokey

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The Corporate Loan Market

LSTA
THE LOAN SYNDICATIONS AND TRADING ASSOCIATION®

Secondary Trading & Liquidity

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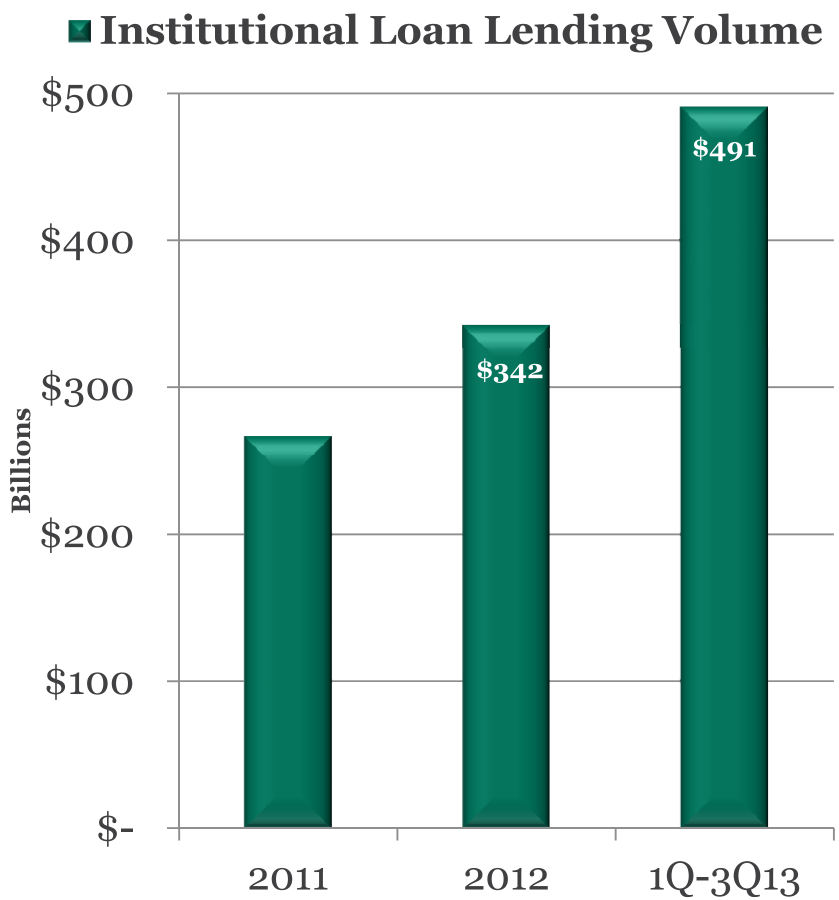
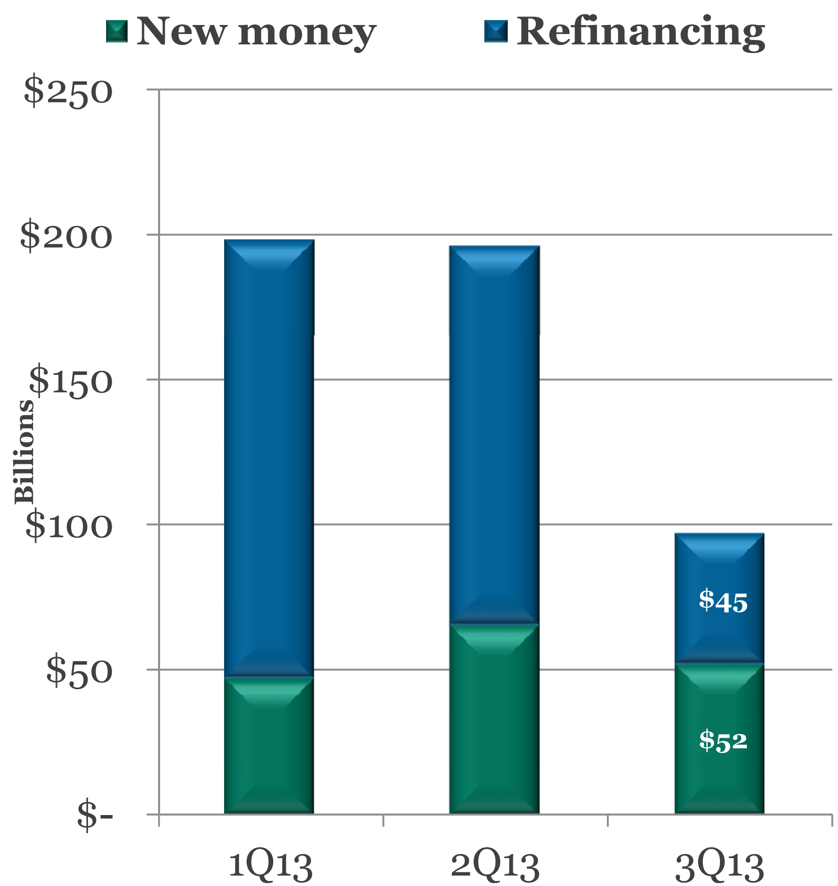
While Lending Activity Fell in 3Q13, New Money Loans Outpaced Refinancing Activity

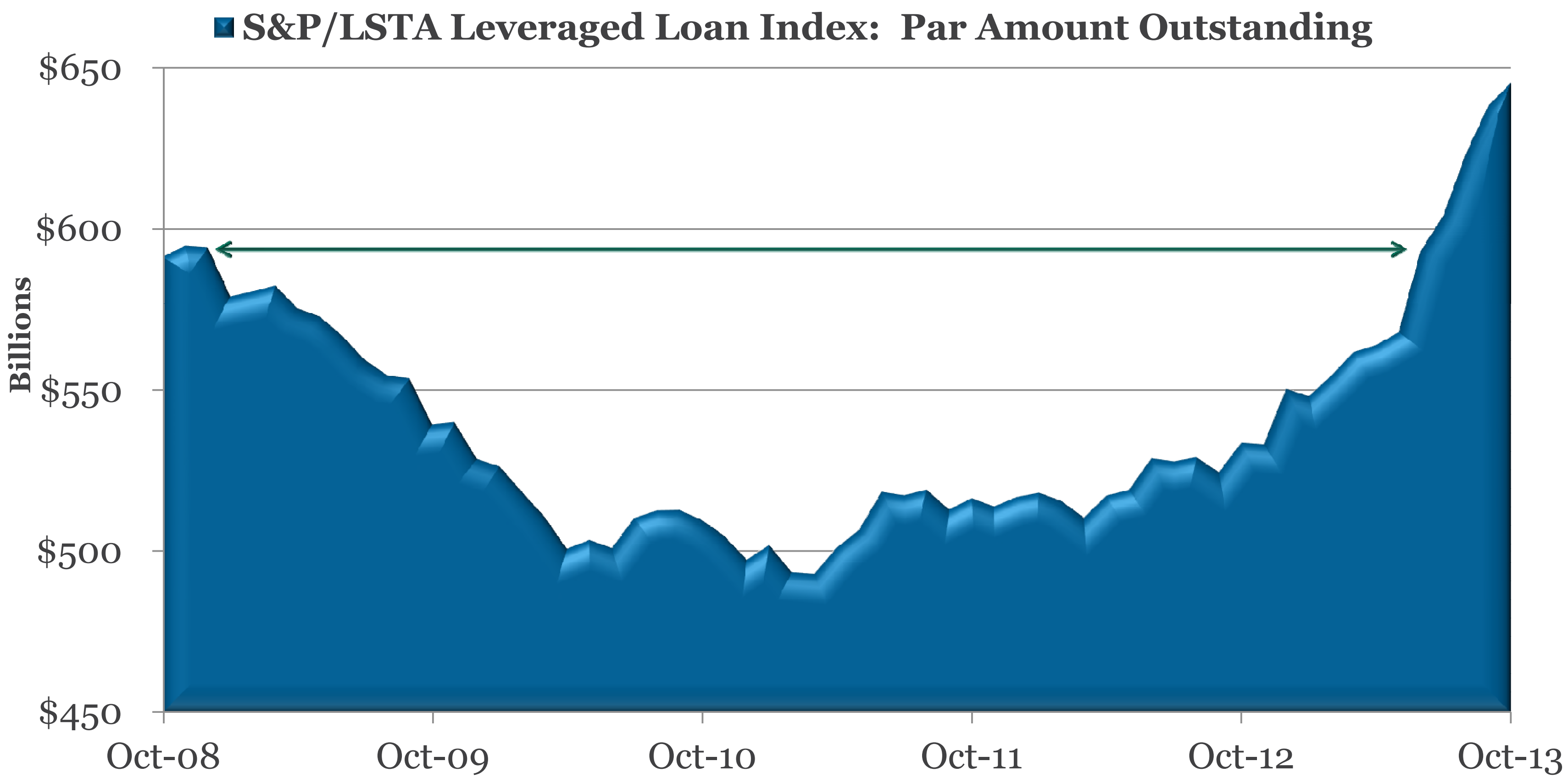




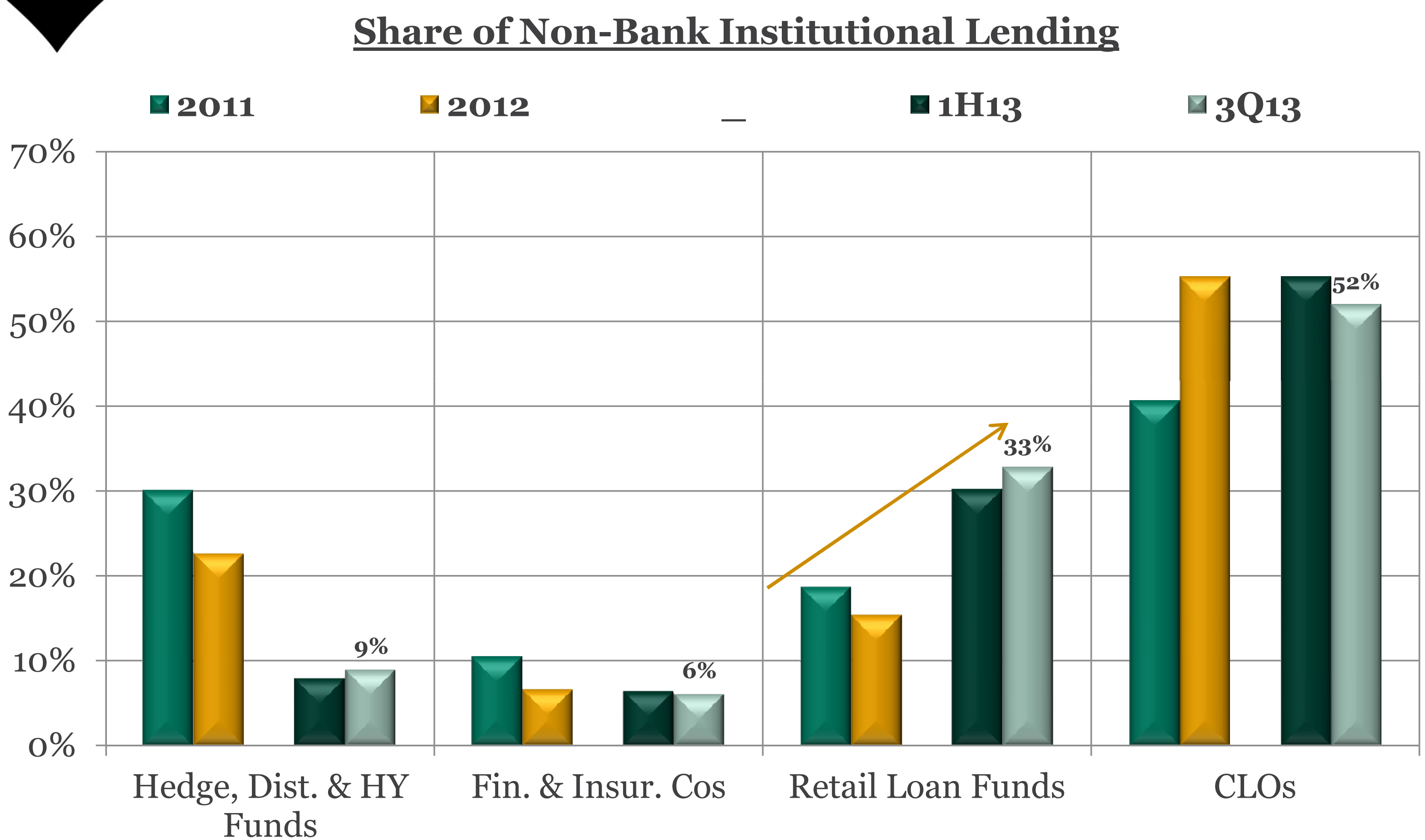
Source: Thomson Reuters LPC

It Has Taken Five Years For The S&P/LSTA Leveraged Loan Index to Return to Its Pre-Crisis Size

~Outstandings Has Hit a Record $645B – An Increase of $100B in 2013

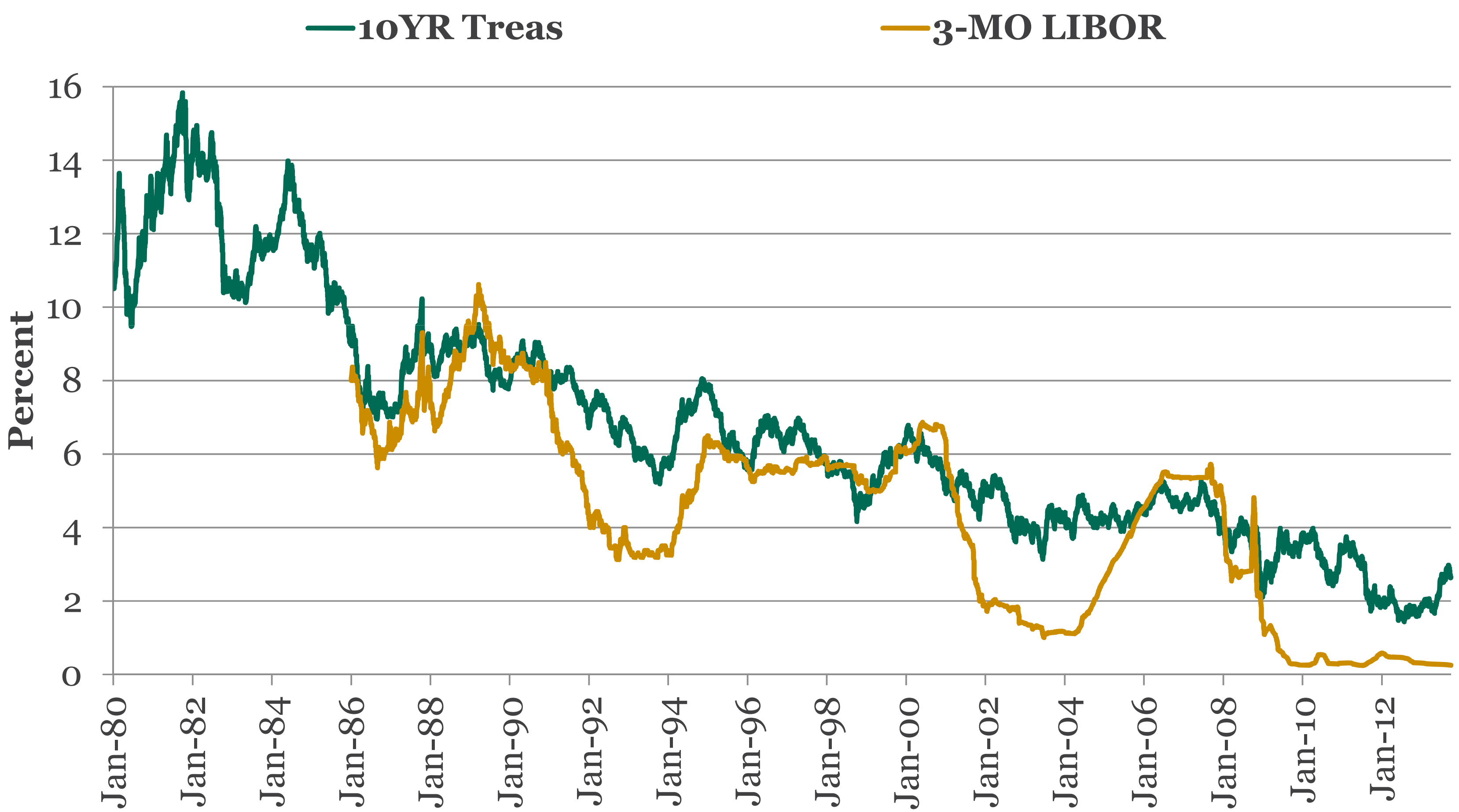


Retail Loan Funds Now Comprise One-Third of The Institutional Primary Lending Market



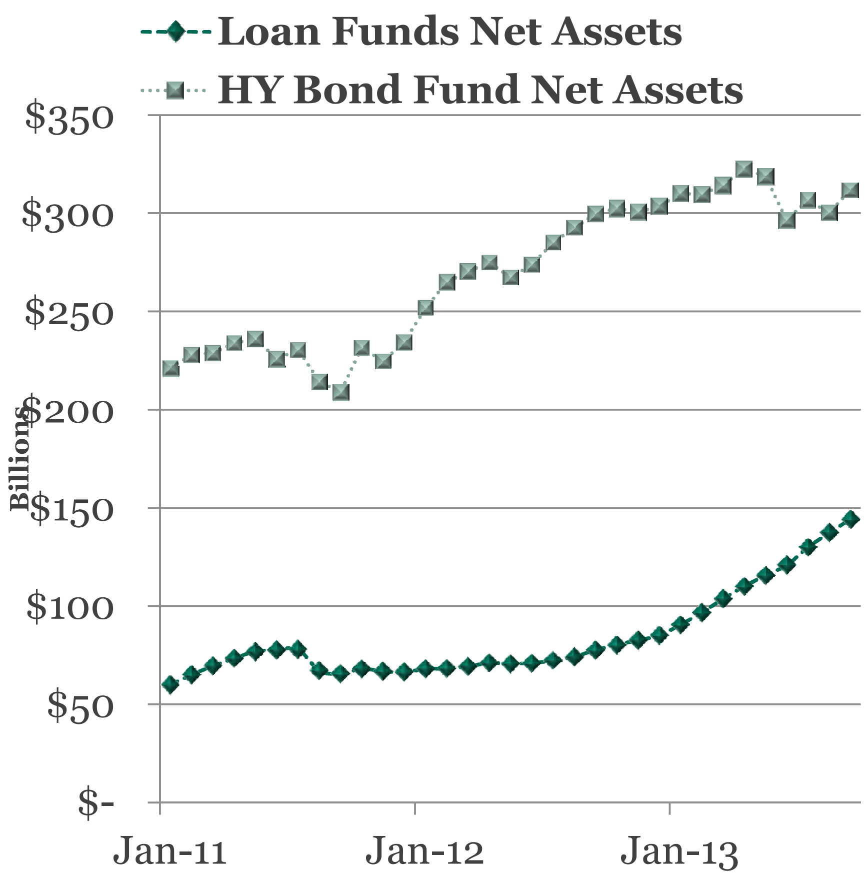
Source: S&P Capital IQ LCD

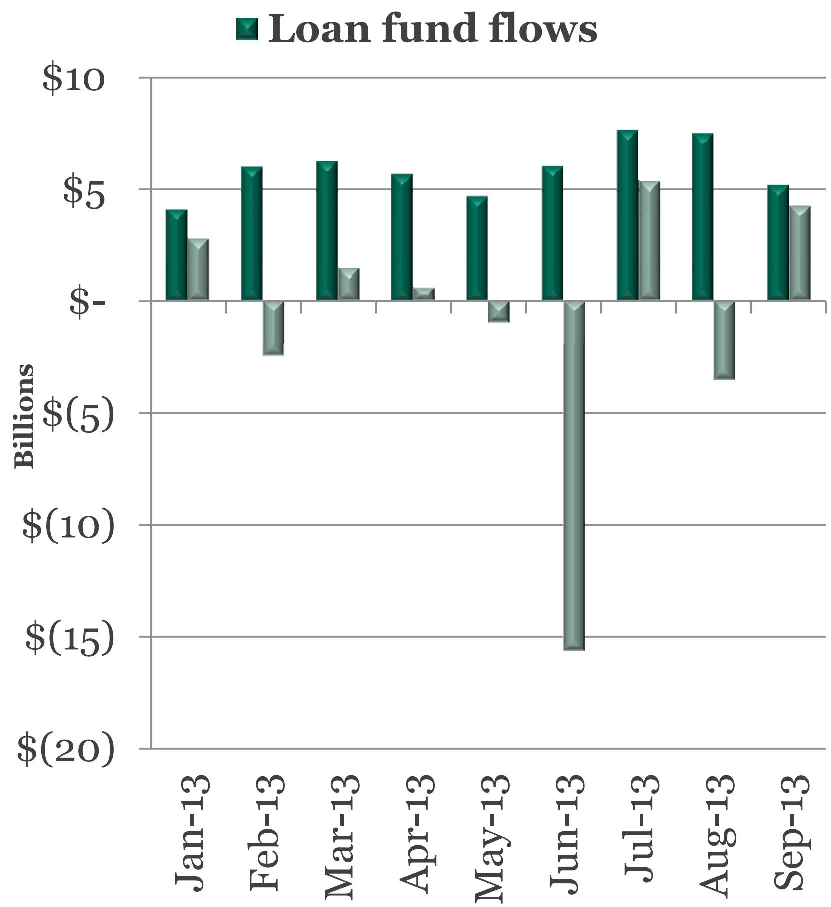
Following a 30-Year Period of Declining Treasury Rates, The Street is Projecting a Considerable Move Higher



Source: Federal Reserve

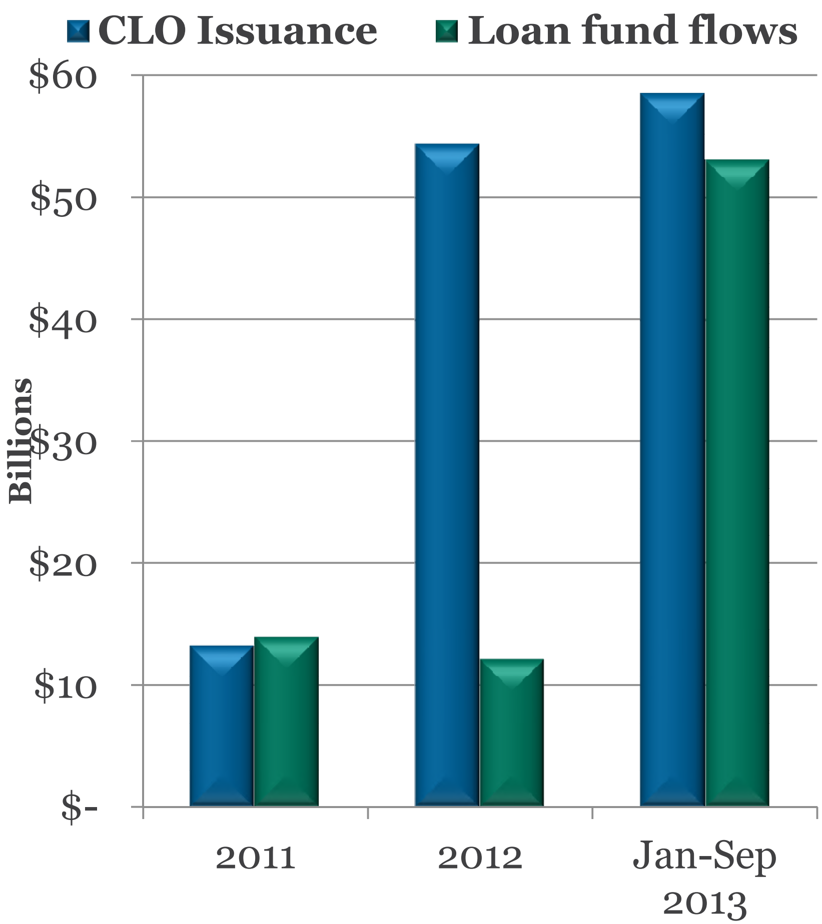
While Loan Retail Funds Have Taken in $53B This Year, HY Bond Flows Have Run Negative at -$8B

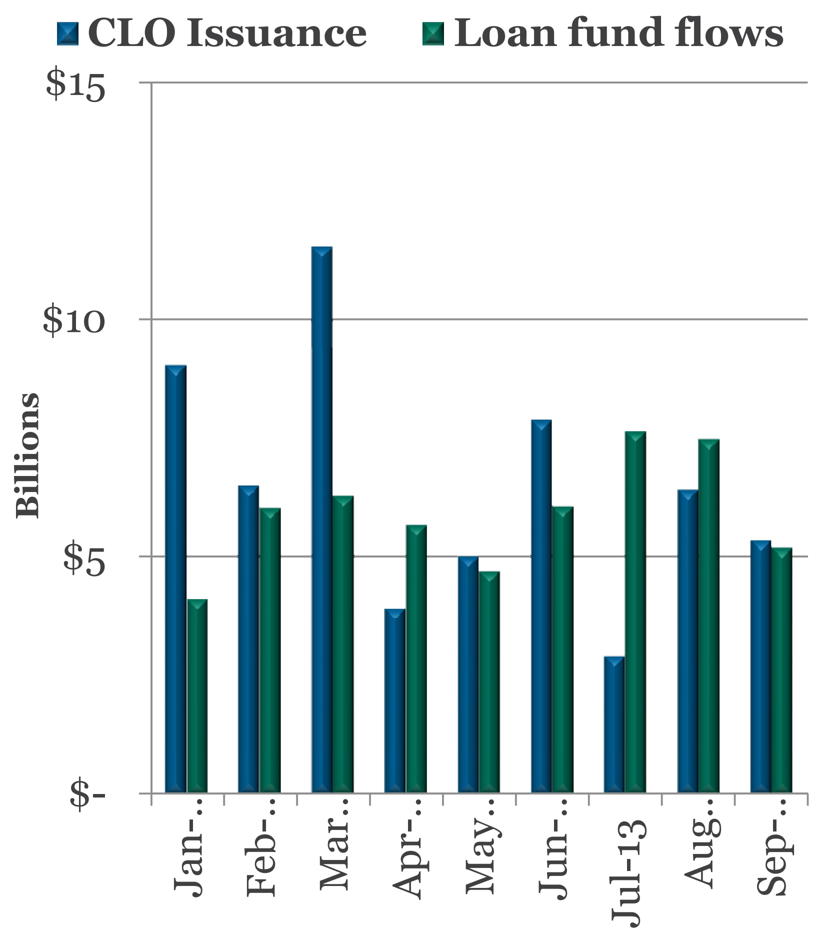




Source: Thomson Reuters LPC

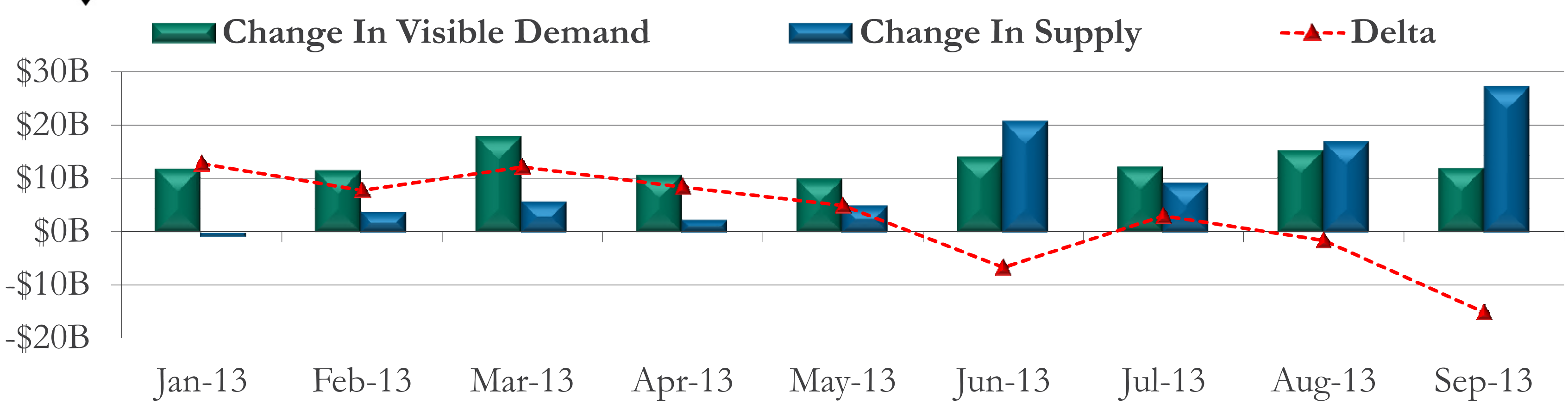
2013 CLO Issuance ($59B) & Retail Fund Flows ($53B) Totaled $112B Through 3Q13

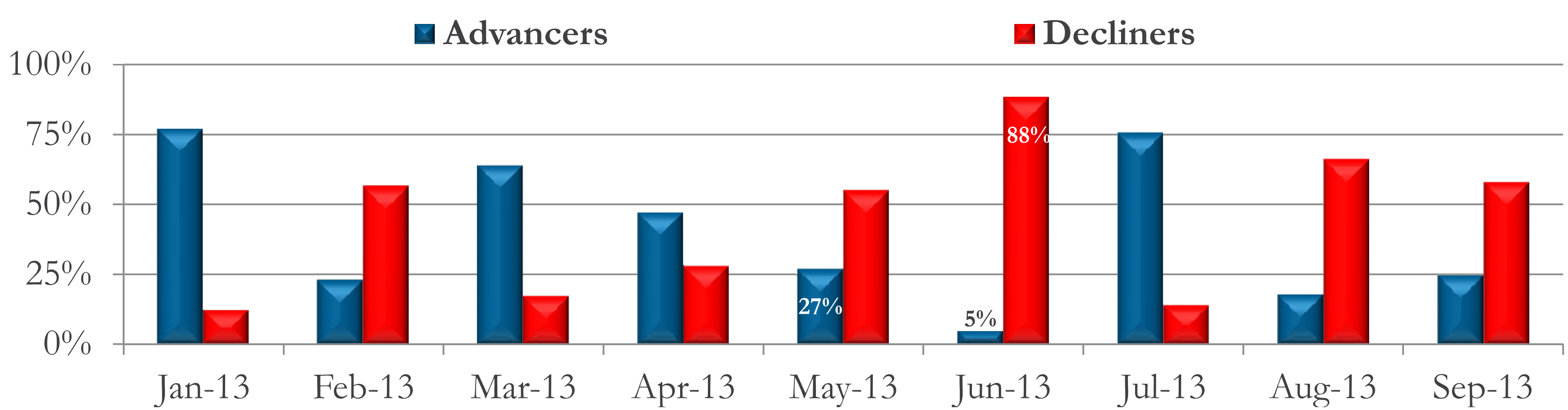




Source: Thomson Reuters LPC

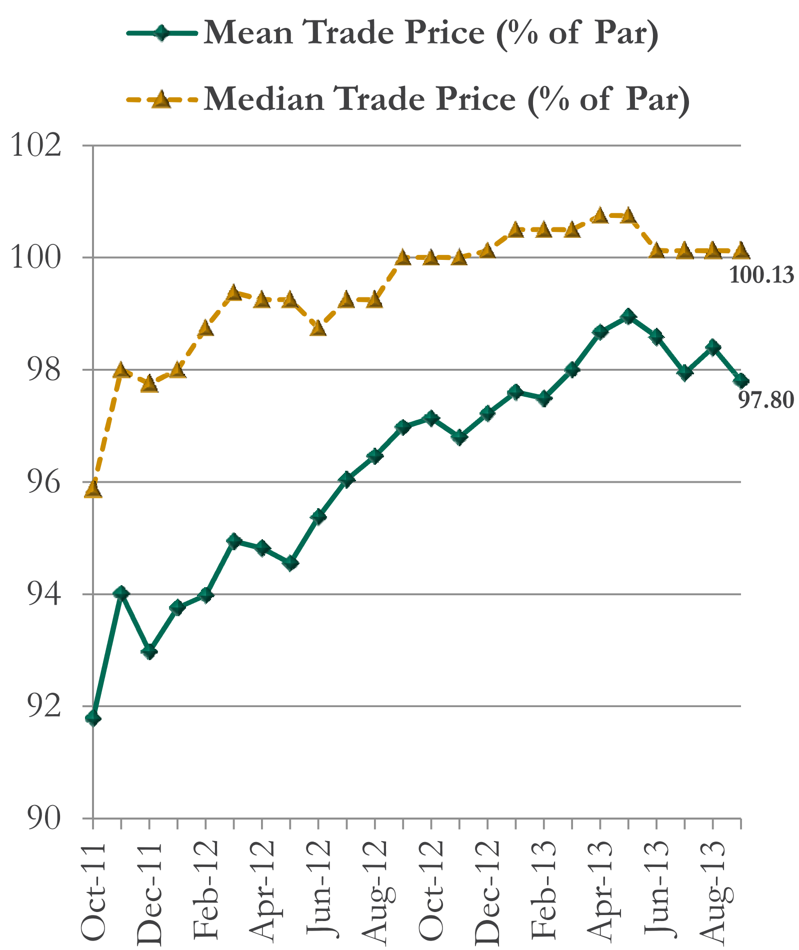
Loans Traded Higher Through Mid-May on Strong Technicals (The Supply & Demand Equation)

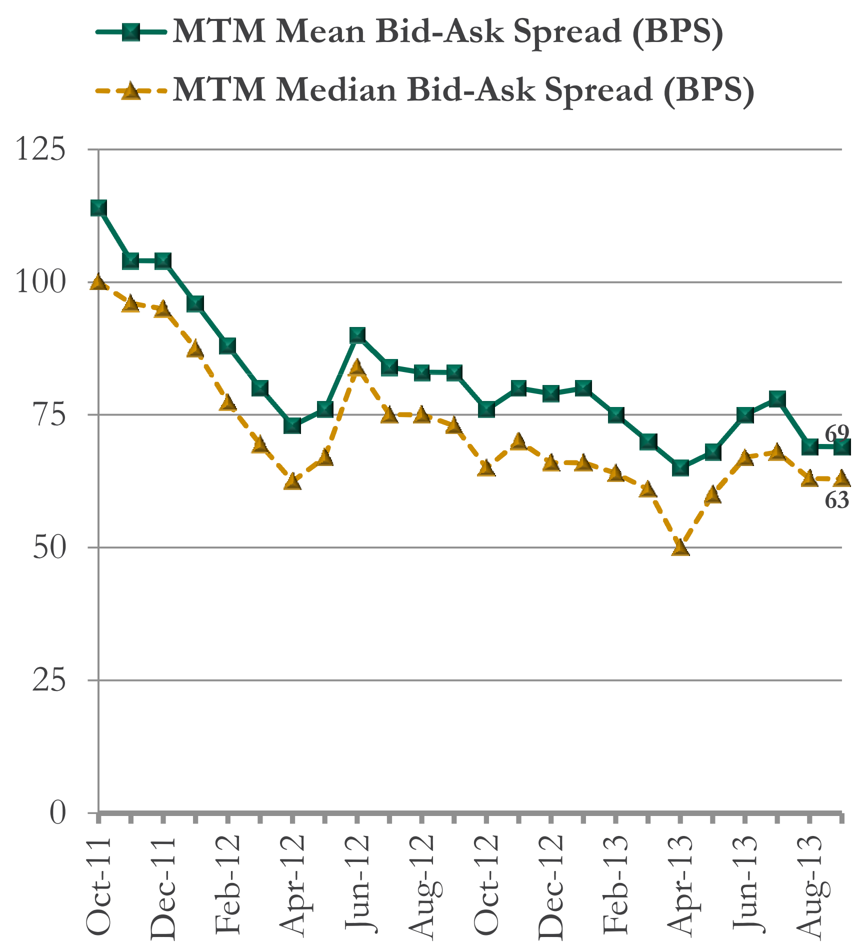




Source: S&P /LSTA LLI & LSTA Trade Data Study

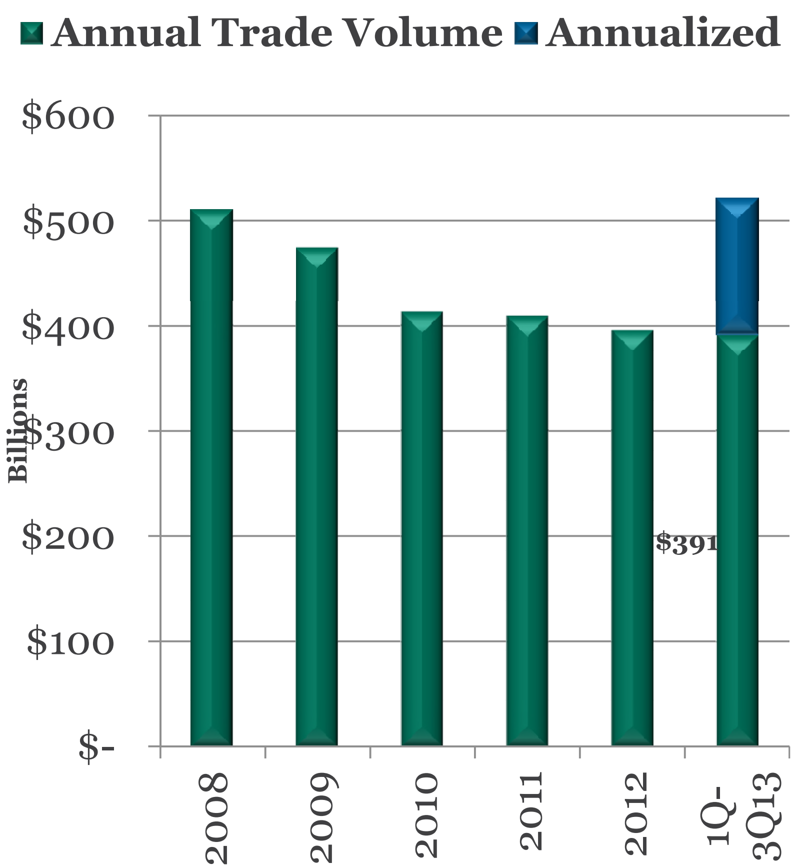
Both The Mean and Median Trade Price Has Remained Range-bound in 3Q13 at 98 and 100.125, Respectively

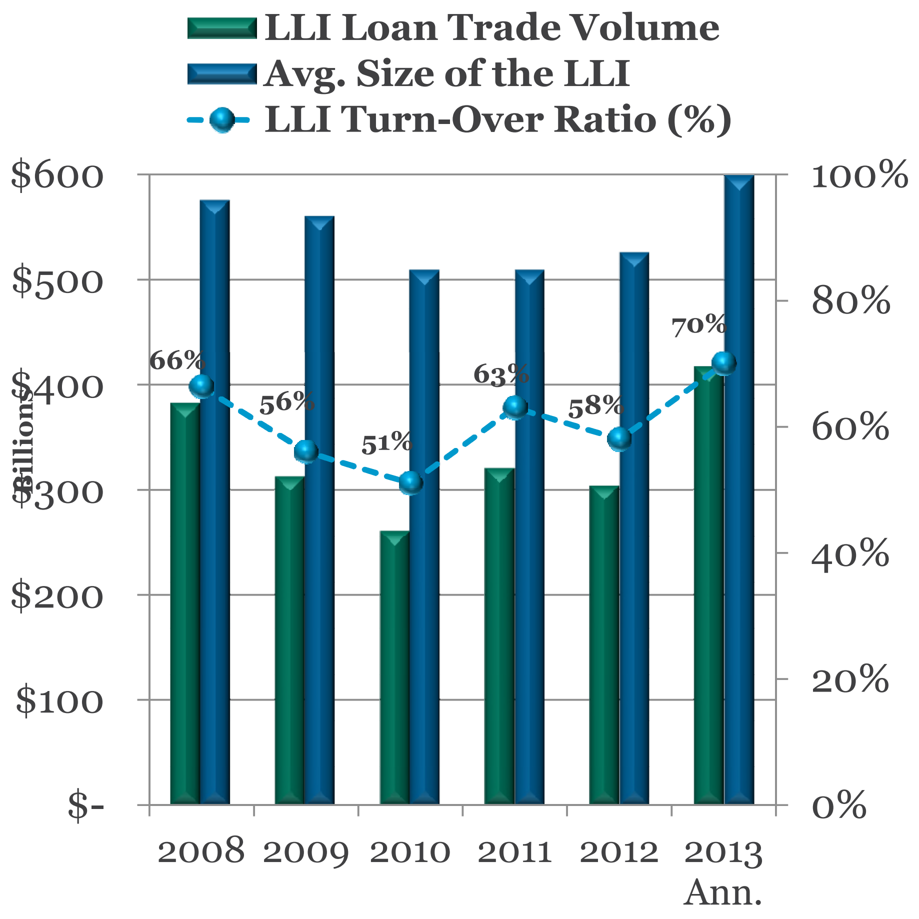




Source: LSTA Trade Data Study

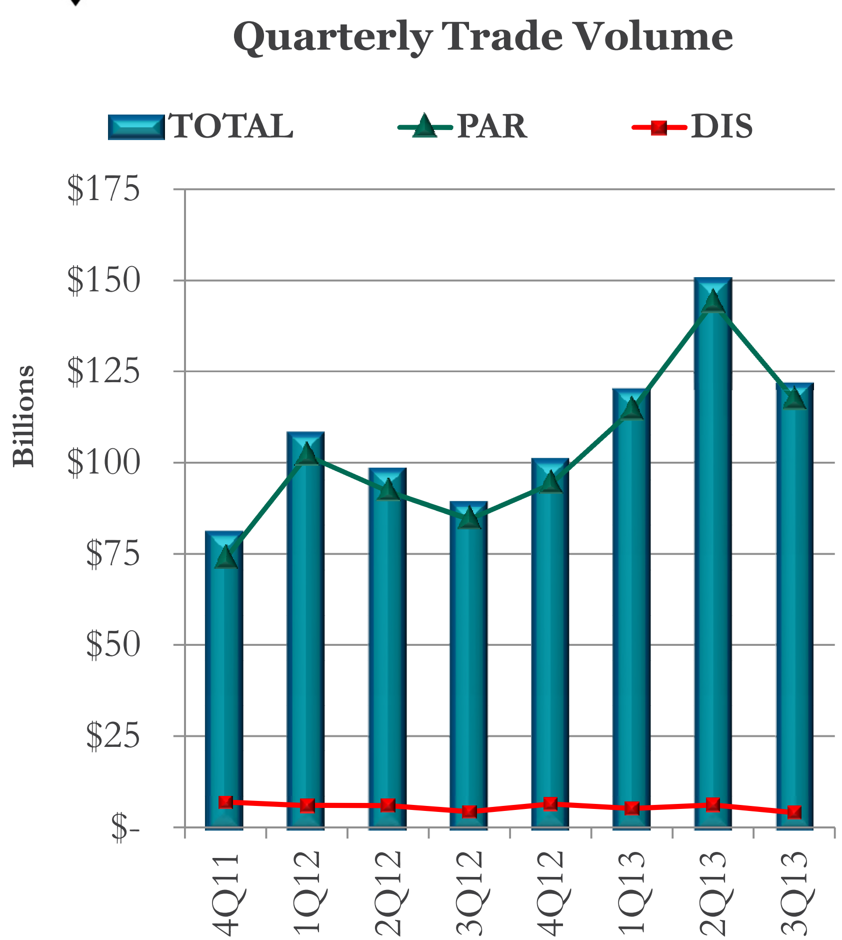
Annualized 2013 Trading Volume Represents a Record High of $521B While The Annual Turn-Over Ratio on The S&P/LSTA Leveraged Loan Index (LLI) Has Peaked at 70%

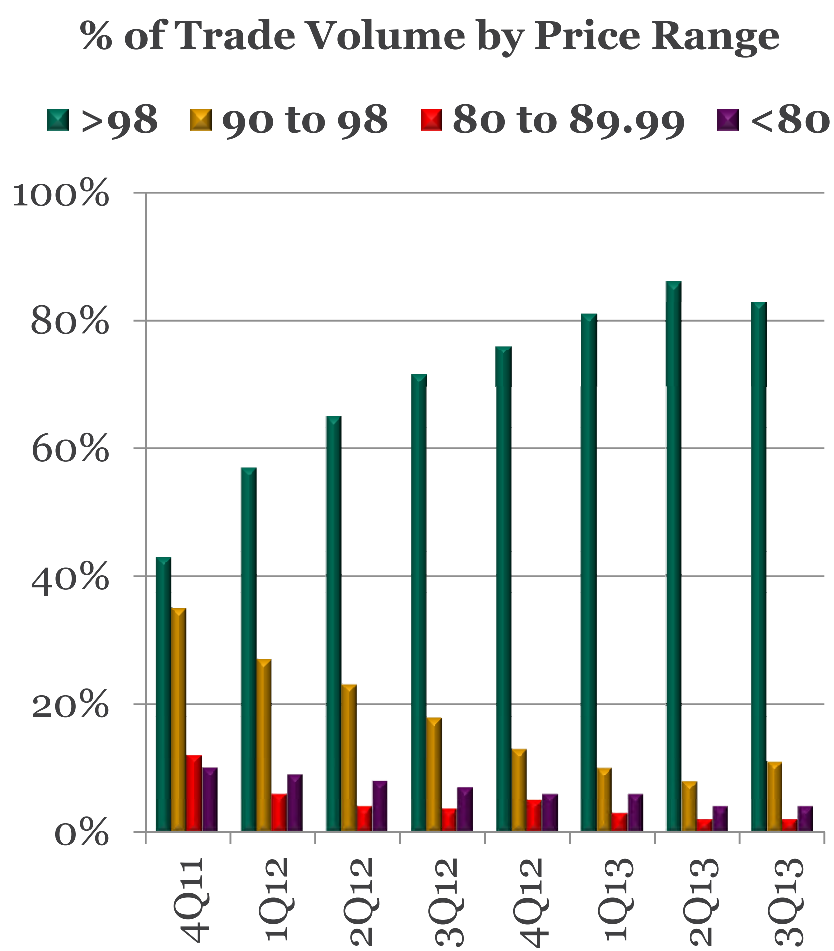




Source: LSTA Trade Data Study

3Q13 Trade Volumes Fell 19% to $121B as More Than 80% of Total Activity Occurred at Prices Above 98

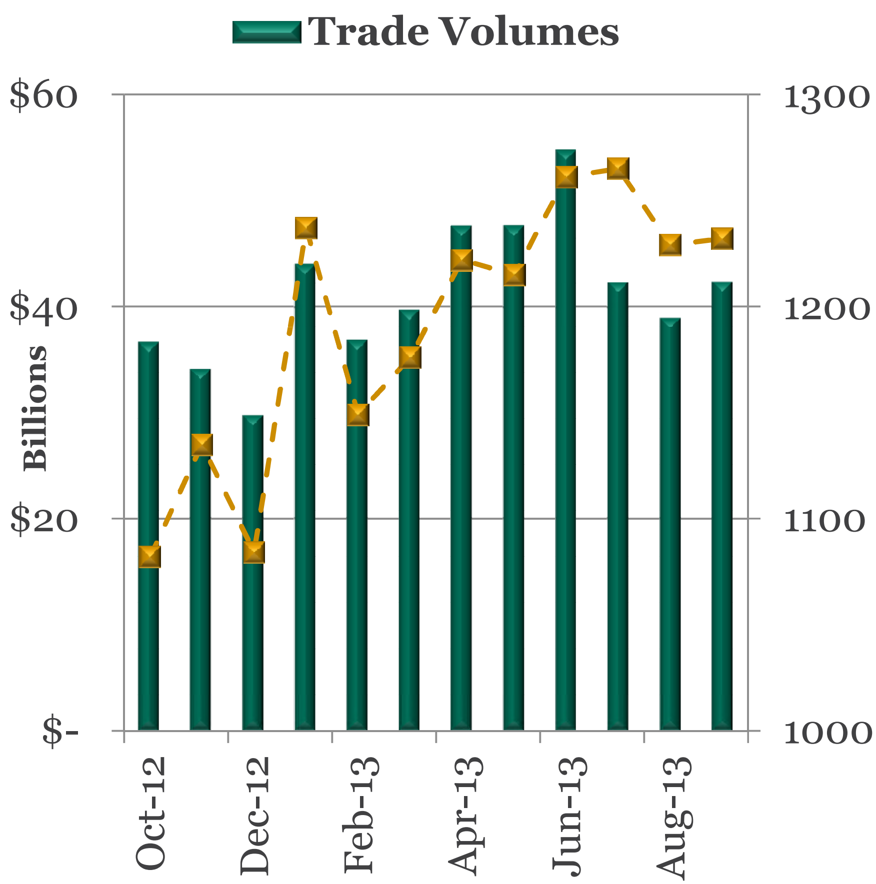




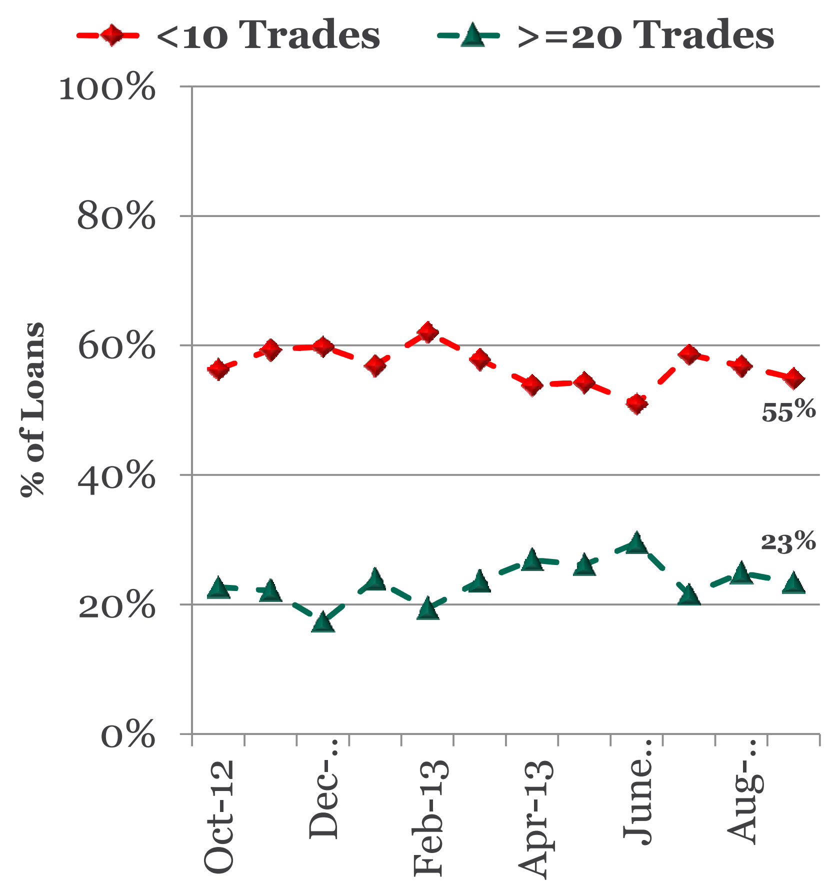
Source: LSTA Trade Data Study

Monthly Market Breadth and Depth Analysis Supports a Robust Secondary Trading Market

- **Monthly Market Breadth**



- **Monthly Market Depth**



Source: LSTA Trade Data Study

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An Update on the Non-Performing Loan Report

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A Broader View of the Secondary Markets

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Secondary Market Development Milestones

Junk bond market crash and subsequent portfolio sales

Savings and loan crisis and RTC portfolio sales

Asian financial crisis, including financial institution bankruptcies and portfolio sales

TMT sector sell-off (“tech bubble”)

U.S.-led financial crisis

U.S. and European regulatory reform, such as the Volker Rule, prompts banks to re-assess illiquid asset holdings

European-led sovereign debt crisis

1985 1990 1995 2000 2005 2010 2015

Apollo forms and purchases Executive Life Portfolio

Whitehall, MSREF and others purchase REO and loans from RTC

Lone Star, Avenue, Colony and others purchase assets and NPLs from Asian financial institutions

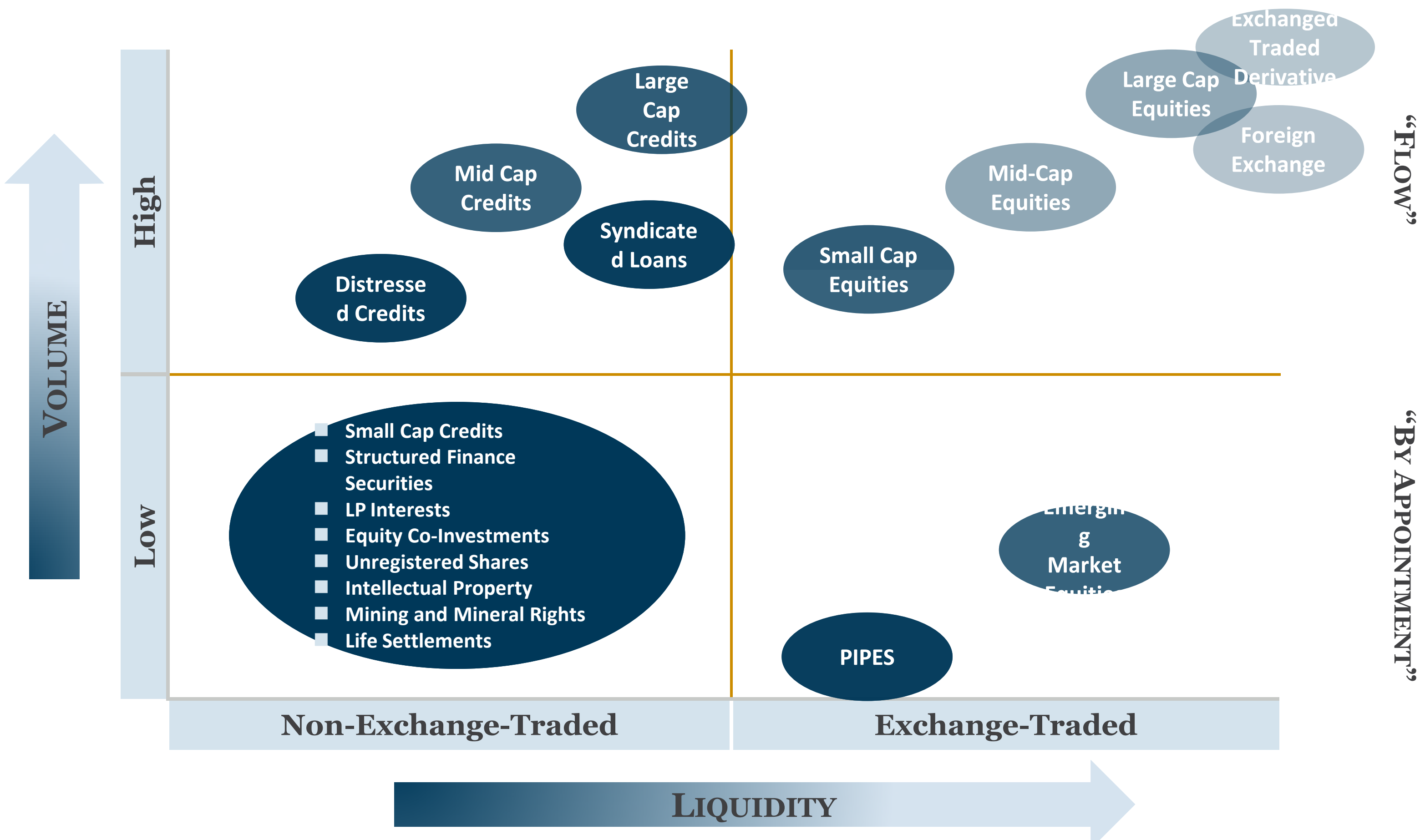
Coller, Landmark, Lexington and others purchase large portfolios of LP interests

Various funds purchase CMBS, RMBS, CDO and other securities

Lone Star, Wells Fargo and others purchase performing loan and NPL portfolios from Irish banks

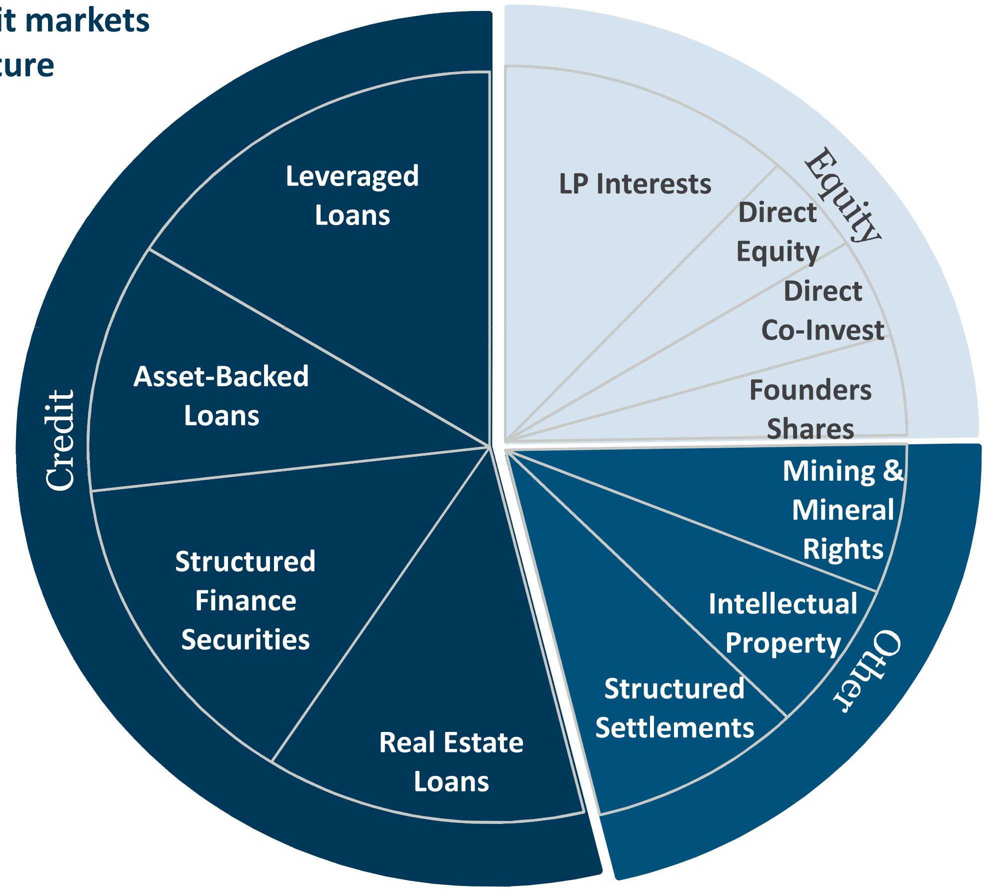
Secondary Market Framework

Limited liquidity and low volumes characterize assets that are “traded” in the secondary market

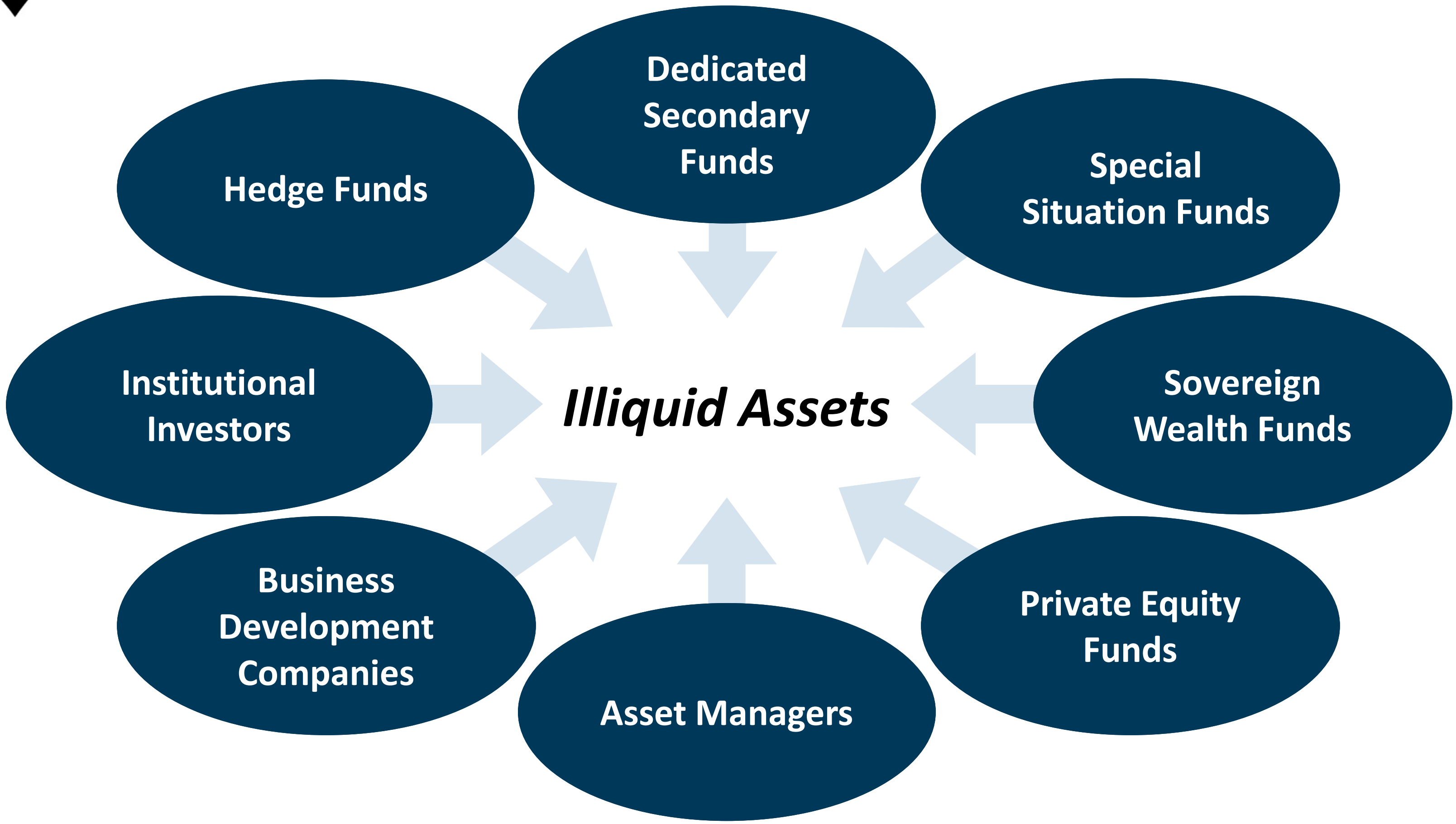


Commonly Traded Illiquid Assets

Illiquid equity and credit markets represent the most mature secondary markets

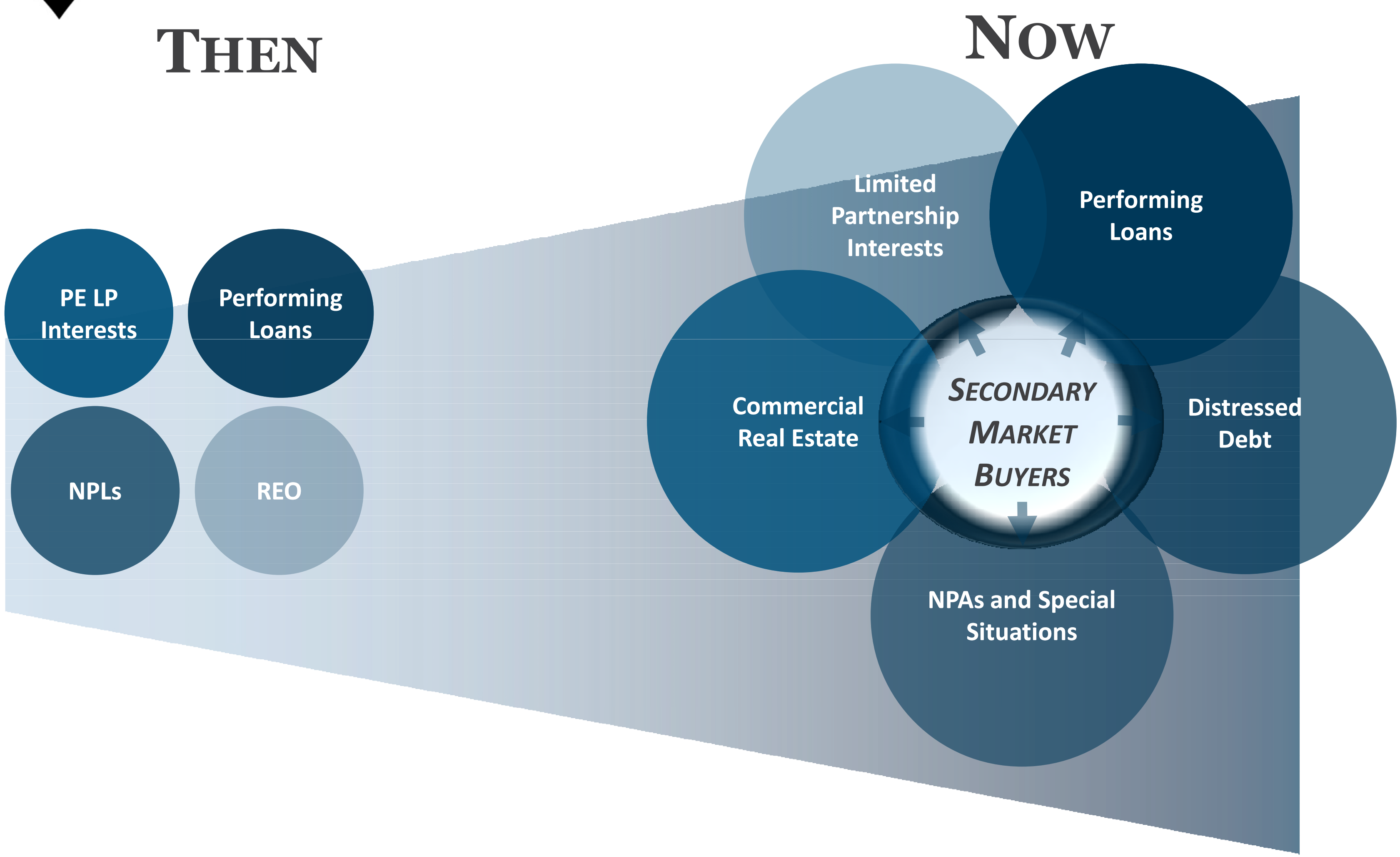


Secondary Market Buyers



Diverse capital pools with the capacity to directly or indirectly invest in illiquid assets

Convergence of Secondary Markets and Buyers



III. Regulatory, Accounting and Tax Issues: What Investors Need to Know

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III. Regulatory, Accounting and Tax Issues: What Investors Need to Know

Speakers

- Tess C. Virmani, Assistant General Counsel, LSTA
- Jason Bazar, Partner, Mayer Brown
- Donald Waack, Associate, Mayer Brown
- Christopher Seyfarth, Partner, Transactional Advisory Services/Transaction Real Estate, Ernst & Young LLP

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LSTA's View on Regulatory Challenges

LSTA
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How are FATCA and the Volcker Rule Impacting the Market So Far?

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FASB and GAAP – New Rules: New Interpretations?

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IV. Structuring Portfolio Sales – Recent International Experiences and Perspectives

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IV. Structuring Portfolio Sales – Recent International Experiences and Perspectives

Speakers

- Jayne Backett, Associate, Mayer Brown
- Paul A. Jorissen, Partner, Mayer Brown
- Jon Van Gorp, Partner, Mayer Brown
- Saul Burian, Managing Director, Financial Restructuring Group, Houlihan Lokey
- Jörg Wulfken, Partner, Mayer Brown
- Jamie Pereda, Partner, Uria Menendez

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Process Design and Other Considerations in Structuring and Timing Sales

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Portfolio vs. Single Asset Sale

- Sellers are often tempted to pursue single asset sales, believing this approach would maximize sales proceeds, but experience shows this scenario frequently does not optimize pricing or fully achieve transaction objectives
  - A seller approaching the market in a serial, single asset sale fashion is typically left with a lower quality stub portfolio for which the market severely discounts
  - The end result is that aggregate proceeds from a one-off liquidation approach typically falls below the original projected recovery amount
  - On the other hand, a single coordinated portfolio sales effort – even if it results in transactions with several different counterparties – frequently yields higher total proceeds than the serial sale approach due to the leverage the process creates for the seller over the interested buyer groups
    - Buyers tend to spread exposure to high risk credits across a portfolio, allowing them to aggressively price more predictable credits
    - Whole-portfolio sales through an auction process introduces pricing tension; in particular when full transparency creates an equal playing field for all potential investors
      - Single name sales can be more suitable when a portfolio has:
        - Liquid names for which pricing discovery is of little value
        - Very large controlling exposures for a dedicated loan-to-own investor

Challenges and Mitigating Factors

Houlihan Lokey has represented numerous financial institutions in the disposition of illiquid asset portfolios, having gained significant, real-world insight into transaction dynamics and buyer behavior

Potential Challenges	Mitigating Factors
Portfolio positioning requires sound knowledge of buyer mandates and market trends	✓ ■ Given our experience in recent portfolio transactions, we understand each investor's specific mandate, and we can quickly recognize which opportunities allow investors to relax or stretch their traditional parameters
Properly prepared portfolios achieve superior results	✓ ■ It is essential to conduct significant pre-marketing credit and portfolio analysis ■ We have demonstrated how an effective intermediary can bring organization and clarity to transform a previously undifferentiated collection of assets into a "portfolio" with an articulated return profile
Portfolio segmentation should be used to drive investor targeting	✓ ■ Understanding the identifiable characteristics and unique groupings of a portfolio substantially influences a successful loan sale outcome ■ Buyers generally identify with investments they favor
Illiquid credits present greatest pricing uncertainty	✓ ■ The market for performing credits is relatively efficient, but the market for illiquid credits is by definition not nearly as efficient – it is important to understand the portfolio's value drivers on a credit-by-credit basis or representative sample basis (for very granular portfolios)
Transparency levels the playing field	✓ ■ The goal of any upfront diligence / analysis should be to empower bidders without special knowledge of a particular credit or sector to bid as confidently as a bidder who believes they have an "inside angle"
Buyer behavior can be heavily influenced by fund life cycle and investment philosophy	✓ ■ A bidder's behavior can change from process to process depending upon life cycle and investment philosophy considerations, so we devote considerable resources to tracking ongoing developments at funds and their sponsors
Line-item pricing is a critical tool to optimizing proceeds	✓ ■ Bidders often oppose providing any level of sub-portfolio pricing granularity for fear of being "cherry picked" but we are familiar with the usual objections and are adept at giving participants a high degree of comfort in the procedural integrity of our processes

Portfolio Segmentation Considerations

Portfolio segmentation is more than identifying common characteristics across credits – it is about monetizing investors' willingness and ability to pay up for portfolios that match their investment philosophy and guidelines

Key Portfolio Segmentation Considerations	
Size	■ Portfolios with critical mass tend to be well received by the market ■ Large portfolios tend to attract parties most willing to price competitively, including strategic acquirers of discrete assets and investment managers interested in gathering large pools of assets
Performing / Non-Performing Credits	■ Mix of performing / non-performing credits allows portfolio buyers to spread high risk credit exposure across entire portfolio ■ Appeals to segment buyers with diverse return expectations
Distressed "Status"	■ Some buyers tend to be more attracted to "liquidation" situations vs. "recovery plays." The more advanced the legal status, the more comfortable investors are to bid up for distressed credits ■ It is important to understand expected recovery, time to recovery, collateral value, downside protection and level of visibility in restructuring path(s)
Control Positions	■ Most loan-to-own investors attach investment premium for control exposures on the distressed front ■ Emphasis on quality of management, turnaround strategy and industrial value proposition
Sponsor-Led Leveraged Loans	■ Behavioral motivation of sponsors critical in assessing creditworthiness, financial risk appetite and recovery
Industry Exposure	■ Most performing and non-performing corporate credit buyers are agnostic in terms of industry exposures ■ Some buyers may have unique expertise and will be keen to acquire a single name with a potential loan –to -own approach OR take a strategic industry approach to a loan book within an industry segment
Geographical Exposure	■ Investors tolerate modest sovereign, economic and liquidity risks to justify opportunistic pricing

Pricing Methodology

Several methodologies and factors are used by the buyer universe when evaluating loan portfolios

Pricing Methodologies	
Methodology / Factor	**Application**
Recovery Analysis / Collateral Value	■ Determine the "watermark" for what might become the fulcrum security in distressed and pre-distressed situations with unclear paths to restructuring ■ Understand collateral value as an enhancement for stressed and performing credits
Secondary Market Pricing	■ Review publicly available information to ascertain liquidity levels and market color ■ Scrutinize reliability of available bids and trades ■ Cross-reference with fundamental valuation of underlying assets
Comparable Market Pricing	■ Conduct relative pricing analysis of relevant comparable issuances and loan indices ■ Cross-reference results with other analytical approaches
Sovereign Risk	■ Analyze sovereign premium through comparable analysis across jurisdictions ■ Sovereign risk premium diluted because of strong seniority, over-collateralization and resilient cash flow generation
Liquidity Risk	■ Low or no liquidity risk premium because vast majority of investors assumed to be "hold to maturity" or "loan to own"
Bankruptcy Framework	■ Examine underlying bankruptcy framework for creditor-friendless legal regimes and determine premium
Credit Stigma	■ Assess extent to which prior restructuring or credit breach impacts current pricing ■ Weigh credit stigma effect and assign premium
Undrawn Commitments	■ Apply "net back[†]" approach to undrawn commitments unless obligation to fund released by event of default

[†] *"Net back" equals (price to par multiplied by drawn amount) minus ((one minus price to par) multiplied by undrawn amount)*

Types of Sales Processes

There are advantages and disadvantages to each alternative and it is imperative to match the transaction objectives and the portfolio characteristics with the best approach

Type	Pros	Cons
Single Sale of Whole Portfolio	■ Would capitalize on strong desire/need of some investors to execute large investments quickly ■ Could achieve more aggressive pricing if competitive tension takes hold ■ Would be streamlined process relative to other options	■ Could result in diminished prices for higher quality loans ■ Could require external financing or investor syndicate due to size
Simultaneous Sale of Sub-Portfolios	■ Would expand the pool of potential investors by allowing investors to bid more confidently based on what they know and not bid defensively based on what they do not know ■ Would tap into “natural buyers” for distinct asset types and play better to investor “target ranges” ■ Could reduce potential discounts seen on larger, undifferentiated loan sale portfolios	■ Would increase process complexity as a result of multiple parties (e.g. diligence, negotiations) ■ Would create more complicated and time-intensive closing mechanics (relative to Single Portfolio Sale)
Sequenced Sale of Sub-Portfolios	■ Would enable you to time market appetite for specific asset types as global economy shifts ■ Would tap into natural buyers for distinct asset types and investment sizes ■ Would enable you to establish credibility for sales effort and to generate increasing investor interest over time	■ Would increase the time required of internal resources ■ Would increase risk of being left with non-salable “stub” portfolio ■ Would slow return of capital ■ Would increase complexity of exit from portfolio positions
Work-outs with Opportunistic Sales	■ Could result in higher gross proceeds over longer period of time ■ Would allow creation of customized solutions for individual assets and borrowers	■ Would be a significant drain on internal resources ■ Would subject you to continued market risk (i.e. further deterioration of portfolio) ■ Would delay return and re-deployment of capital ■ Could leave an unsalable stub-portfolio

Investor Segments

The buyer segments are diverse and each carries different investment parameters and decision drivers; it is critical to understand the investment parameters for the largest and most active illiquid credit buyers globally

Buyer Type	Observations
Special Situation Hedge Funds	■ Sophisticated investors with broad mandates ■ Ability to commit large pools of capital to illiquid situations ■ Active, opportunistic investors seeking deep value or distressed situations
Credit Hedge Funds	■ Highly skilled fixed income investors that understand credit stories ■ One of most prevalent hedge fund strategies making this a fertile buyer segment ■ Eager to increase European exposure ■ Sitting on large pools of capital and able to quickly mobilize resources
Financial Institutions	■ Select group of banks, insurance companies and specialty finance companies have an appetite and an ability to invest in large, illiquid credit markets at tight pricing levels ■ May present a strategic acquisition opportunity, particularly if relationships or exposures overlap ■ Direct alternative lenders actively participate in the secondary market for loans and sometime co-bid with hedge fund
Dedicated Secondary Private Equity Funds	■ Sophisticated investment teams and reservoirs of untapped capital ■ Largest secondary funds becoming comfortable investing in illiquid credit portfolios ■ Frequently back teams with credit skills or specific asset knowledge to augment their own capabilities or servicing needs
Institutional Investors and Sovereign Wealth Funds	■ Large pools of capital (e.g., pension funds, endowments, foundations) are traditional backers of dedicated secondary funds and frequent syndicate members in large co-investments ■ Select few recently developed in-house investment capabilities with the specific mandate to manage assets directly
Listed Alternative Investment Vehicles	■ U.S. BDC's and European investment trusts with a focus on illiquid credits are active in the secondary loan market ■ Vehicles target yield-based investors ■ Some are subject to large inflows of capital and can bid aggressively on large, broadly diversified loan portfolios

Sales Process and Time Frame

A four stage targeted auction process for portfolio sales is, in most cases, the most effective way to monetize a portfolio of illiquid credit assets

- A small group of highly qualified buyers are selected, vetted and engaged
- Allows highly sensitive information to be delivered only to the most serious buyers with a distinct competence and/or known "edge" in specific sectors
- Introduces potential to improve pricing through competitive tension – a powerful counterweight to buyers' tendency to price opportunistically when they "smell a deal"

Gradual culling of investors in a staged, targeted auction allows a meaningful number of buyers to enter the process but enables resources to be increasingly focused on the likeliest buyers

I. Pre-Marketing

- Finalize portfolio analysis, segmentation
- Develop "Teaser" and marketing materials
- Prepare data room
- Initiate review of transfer restrictions and jurisdictional analysis
- Finalize target investor list
- Negotiate form confidentiality agreement ("CA")
- Manage CA process and distribute disclosure and marketing materials

3-5 Weeks

II. Marketing and Diligence

- Monitor progress of data room entrants
- Respond to diligence requests
- Review and clarify initial indications; narrow field of potential bidders
- Distribute additional disclosure materials and arrange follow-up diligence
- Distribute transaction documents
- Final bids submitted, clarified and evaluated

3-5 Weeks

III. Documentation and Execution

- Choose winning bid(s)
- Facilitate legal and confirmatory diligence
- Negotiate purchase documents
- Execute purchase documents

3-5 Weeks

IV. Closing(s) and Transfer Process

- Negotiate individual transfer agreements
- Reconcile closing payments with cash flows
- Coordinate rolling closes with winning bidder

2+ Weeks

Structuring Techniques

It is possible to bridge seller-buyer perceptions of current value through structuring techniques

Technique	Attributes
Deferred Payments	■ Schedule of purchase consideration payments established for 2-3 year period ■ Buyer rate of return increases enabling buyer to pay higher "announced" price ■ Could narrow pricing gap by 10-15% ■ Some buyers will have to reserve equity, carrying hidden cost to them
Seller Financing	■ Formal term loan extended to buyer on favorable terms ■ Expands potential pool of buyers and enables buyers to bid more aggressively ■ Narrows pricing gap (but not by as much as deferred payments) ■ Buyers will assign higher risk to loan than to deferred payments
Third-Party Debt	■ Senior, non-recourse financing used to fund up to 50% of portfolio purchase price ■ Allows purchasers to bid more aggressively but risk profile and return expectations increase ■ Limited availability and higher cost since onset of financial crisis
New Vehicle with Negotiated Terms	■ Use of waterfalls to divide up cash flows on a contractual, negotiated basis ■ Can overcome pricing gaps and may be able to remedy certain accounting issues ■ Must be careful to determine if accounting and sale objectives can be achieved
Regulatory Capital Relief	■ Banks have the ability to offer a static pool of illiquid assets as a reference collateral base (fully crystallizing the investment proposition) and raise "capital-friendly" money in the private markets ■ Regulators are increasingly perceiving these transactions as a means to raising true alternative equity

Sophisticated buyers willing to work with motivated sellers to achieve objectives

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Risk Retention and Risk Avoidance Structures

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International Transactional Experiences — Making the Deal Happen

International Transactional Experiences — Making the Deal Happen

- Germany
- United Kingdom
- Spain
- Ireland, US and Puerto Rico

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International Transactional Experiences — Making the Deal Happen

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International Transactional Experiences Making the Deal Happen

1) The German Loan Portfolio Market
2) Transaction Structures
3) Legal Issues
   - Banking Secrecy / Data Protection
   - Banking License
   - Refinancing Register
   - Others
4) Tax Issues
5) German Loan Portfolio Team

The German Loan Portfolio Market

- From 2003 to 2007 Germany had the most active “NPL market” with more than €50bn trade volume
  - Mayer Brown has advised either the buyer or the seller on most of the recently closed transactions
- Asset classes
  - NPL, subperforming, performing loans, mixed portfolios
  - Mortgage loans (85%), corporate loans (2%), other/no information (13%)
  - Structured finance positions (CDOs, CCOs et al.)
- Germany has developed a highly competitive servicer industry

Transaction Structures

- Asset deals
  - Assignment
  - Assumption of Contract
- Share deals
  - Transformation Act (universal succession)
  - Joint ventures
  - Combined asset/share deals
- Synthetic transfers
  - Subparticipation
  - Guarantees
  - CDS *et al*

Legal Issues - Banking Secrecy / Data Protection

- Banks have a general duty (general law principle; stipulated in General Business Conditions)
- Data Protection applies to private individuals
- Banking Secrecy Rules / Data Protection Laws require a reconciliation of interests (Interessenabwägung)
- NPLs: a bank is generally entitled to transfer necessary data

Legal Issues — Banking Secrecy / Data Protection

- Performing Loans
  - Transfer of data to third parties in principle is prohibited. Acquisition does not justify disclosure
  - Consequences:
    - BaFin Circular 4/97
      - seller acts as service agent
      - data trustee
      - encryption of data
    - Due Diligence: access to credit files limited to advisors who are subject to professional confidentiality liability (e.g. auditors, lawyers)
      - reporting to investor only in anonymous form

Legal Issues — Banking Secrecy / Data Protection

- Disclosure permissible:
  - Borrower consent
  - Compliance with regulatory disclosure duties (possible through trustee model or transfer of data to compliance division of purchaser)
  - Universal succession through spin-off (*Abspaltung*) or hive-down (*Ausgliederung*); majority opinion:
    - no disclosure to third party as NewCo is legal successor

- Section 203 German Criminal Code
  - applies to saving banks and Landesbanken (under discussion)
  - applies to insurance companies (§ 203 para. 1 no. 6)
    - scope in insurance related information
  - does not apply to private banks
  - reconciliation of interests / principle of equal treatment

Legal Issues — Banking License

- Purchase of loans is not “lending business” (§ 1 para 1 no. 2 German Banking Act (KWG))
- Exceptions
  - rescheduling by way of novation
  - prolongation of loan terms
  - interest rate adjustment (debatable)
  - purchase of undrawn credit lines (guarantees and current accounts)

Legal Issues — Banking License

- Purchase of loan receivables qualifies as financial enterprise
  (§ 1 para. 3 no. 2 German Banking Act.)
  - banking or other licence under German Banking Act not required
  - consolidation for regulatory capital calculations
  - reporting requirements (§ 14 German Banking Act)
  - consolidation for large exposure limits

Legal Issues — Refinancing Register

- Aim of refinance register (*Refinanzierungsregister*)
  - facilitating mortgage-backed securitisations
  - insolvency-remote and cost efficient "transfer" of receivables and certain collateral
- Administration of register
  - regulated credit institutions, insurance companies, pension funds, the German Federal Bank, KfW and certain federal governmental agencies in respect of their own assets and/or assets of third parties
- Eligible for registration
  - receivables, land charges, mortgages and other registered liens

Legal Issues — Refinancing Register

- Beneficiary is entitled to segregation (*Aussonderung*) in insolvency of originator or refinancing intermediary
  - Registration supersedes transfer restrictions
- Supervision of administration
  - BaFin appoints administrator (Verwalter)

Legal Issues — Others

- Portfolio transactions could lead to automatic transfer of employees (Sec. 613a German Civil Code)
- Portfolio transaction might be subject to merger notification filings either with
  - German Cartel Office *or*
  - European Union Commission
  - subject to thresholds

Tax Issues

- Sales of acquisition loans, corporate loans and customer cash accounts are VAT-exempt transactions
- In the VAT regulations, the German tax authorities are still taking the view that the sale of a loan portfolio can imply VATable factoring services provided by the buyer to the seller
- However, the German Fiscal Court (July 4th, 2013 (V R 8/10)) has held that the acquistion of a loan does not constitute factoring as long as the purchase price reflects the economic value of the loan

Tax Issues

- It is unclear whether the German Fiscal Court will adopt the ruling and incorporate them into the VAT regulations
- There will be no issue regarding factoring if all three elements of the acquisition form a business as a whole (*Geschäftsver-äußerung als Ganzes*) pursuant to Sec. 1 para 1A VAT Act

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Financial Assistance from the Eurogroup

Based on OW stress tests results, Spanish banks were classified in four groups :

Source: Bank of Spain

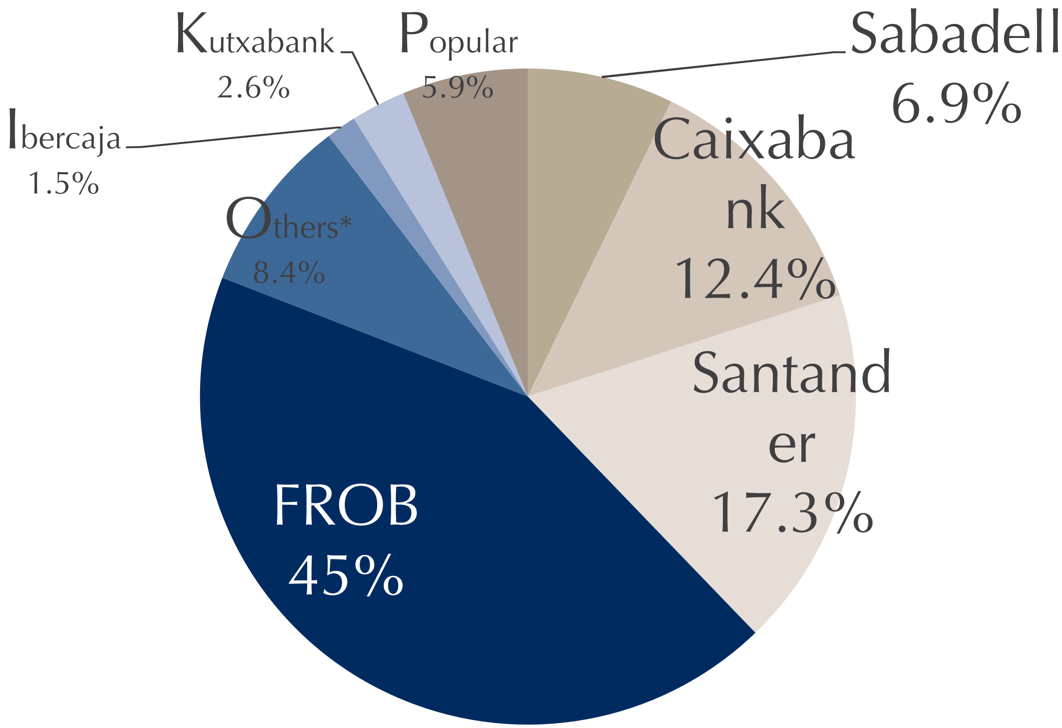
No capital needs

Group 0: Banks with no capital deficit	Santander, CaixaBank, BBVA, bankinter, BancSabadell, kutxabank, Unicaja
Group 3: Banks with capital deficit, which they intend to obtain privately	Banco Popular, iberCaja
Group 2: Banks with capital deficit, with no possibility to obtain private capital. They need public support	caja3, liberbank, Caja España, Caja Duero, BMN
Group 1: Banks with capital deficit that have already been intervened by the State	Bankia, B V Banco de Valencia, novagalicia banco, CatalunyaCaixa CX

Equity shortfall

Ownership and Financial Structure of SAREB

- Shareholders:



* Others: Bankinter, Unicaja, Cajamar, Caja Laboral, Banca March, Cecabank, Banco Cooperativo Español, Deutsche Bank, Barclays, Mapfre, Mutua Madrileña, Catalana Occidente, Axa, Iberdrola and Banco Caminos.

Transfer Price

- Haircut (average) over Gross Asset Value:

Type of asset	Haircut (average)	Type of asset	Haircut (average)
LOANS:	**45.6%**	**FORECLOSED ASSETS**	**63.1%**
Finished housing	32.4%	Finished housing	54.2%
Development in progress	40.3%	Development in progress	63.2%
Urban land	53.6%	Land	79.5%
Others with in rem guarantee	33.8%		
Others without in rem guarantee	67.6%		

Banking Assets Funds (FABs)

	FAB	SL/SA
CIT taxation?	1%	30%
Any tax on real estate/mortgage loans acquired from SAREB?	No transfer tax No stamp tax 21%-10%-0% VAT	3%-10% transfer tax 0.5%-2% stamp duty 21%-10%-0% VAT
Municipal transfer tax (IIVTNU)?	Yes (unless the acquirer is a FAB)	Yes
Real estate tax (IBI)?	Yes	Yes
Dividend taxation for NR participants?	No	Yes (unless tax treaty)
Capital gains taxation for NR participants?	No	Yes (unless tax treaty or listing)

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QUESTIONS?

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Thank you!