

Deloitte Romania and Reff & Associates advised Patria Bank in the sale in two tranches of an NPL portfolio with a total face value of RON 502 million



Deloitte Romania and Reff & Associates, member of the Deloitte Legal global network, advised Patria Bank in the sale of a portfolio of non-performing loan (NPL) receivables with a total nominal value of RON 502 million to companies part of KRUK Group. The portfolio has been segmented in two tranches and each of them has been sold following a dedicated competitive process for selecting the buyer. The first tranche, with a face value of approximately RON 245 million, was sold in October 2018 and comprised of unsecured consumer loans. The portfolio with a face value of approximately RON 257 million sold within the second tranche, which was announced in January 2019, comprises secured loans granted to companies and consumers.

“The expertise of Deloitte and Reff & Associates teams led to the success of these transactions, which have contributed significantly to improving the bank’s financial performance, in its recent journey towards a profitable growth and towards cleaning the balance sheet from non-performing loans,” said **Daniela Iliescu**, member of the Board of Directors, Patria Bank.

In both stages of the project, Deloitte Romania’s financial advisory team has provided comprehensive assistance in structuring the transaction, preparing the data bases, planning and coordinating the sale processes. The team was headed by **Radu Dumitrescu**, Transactions Support Services Partner, while **Bogdan Mazilu**, Assistant Director, coordinated the financial assistance services with the support of consultants **Crina Ciudin** and **Radu Constantin**.

“Although the NPL transactions market has been significantly impacted by the changes in the fiscal code and by the potential legislative changes which affect both the banking and the debt collection companies, this project fuels hope that we will continue to see such engagements which help banks improve their financial performance. These transactions were among the most important ones initiated in Romania in 2018 in this niche market, considering both their complexity and their share in the total value of the market,” said **Radu Dumitrescu**, Transactions Support Services Partner, Deloitte Romania.

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During both phases of the project and with respect to both portfolio tranches, **Reff & Associates** has been involved in all legal matters pertaining to the competitive bids for selecting the buyers, from the preliminary structuring phase, to the drafting of the agreements for the assignment of loan receivables proposed by the bank to the potential investors, as well as throughout the negotiations sessions, up to the signing of the transfer documents. By reference to the second tranche, the law firm will continue to assist Patria Bank up to the completion of post-transfer formalities. The project was headed by **Andrei Burz-Pinzaru**, Managing Partner, Reff & Associates, and coordinated by **Andreea Serban**, Managing Associate, with the involvement of **Lorena Rosia**, Senior Associate, and **Danut Arion**, Associate.

“The assistance provided by **Reff & Associates** in this project confirms our team’s leading position in the NPL transactions field. Completing these transactions in a difficult time for the secondary market of NPLs in Romania indicates that selling these portfolios remains one of the key tools for banks to efficiently manage these cases. It remains to be seen if we will continue to see legislative evolutions which limit this type of disposals on the local market or if the Romanian lawmaker will understand to harmonize the legislation with the other EU states and with the Central European Bank’s recommendations, which stimulate this market in order to provide a stable and sustainable lending environment,” said **Andrei Burz-Pinzaru**, Managing Partner at **Reff & Associates**, member of Deloitte Legal network.

**Deloitte Romania** and **Reff & Associates** are amongst the most active advisors on the Romanian NPL market, with extensive experience in such engagements. During 2014-2018, Reff & Associates assisted banks, investors and debt collection entities in selling or acquiring distressed debts portfolios with an aggregate face value around EUR 6 billion.

Deloitte provides worldwide audit, consulting, legal, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500 companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. Deloitte's goal is to make an impact that matters through its approximately 286,000 professionals.

Deloitte Romania is one of the leading professional services organizations in the country providing, in cooperation with Reff & Associates, services in audit, tax, legal, consulting, financial advisory, risk advisory, business processes and technology services and other related services with more than 1,200 professionals.

With a team of over 70 lawyers, Reff & Associates is a leading law firm in Romania and one of the most active in assisting clients in complex M&A transactions, real estate, banking financing and transactions with loans portfolios. The firm is member of Deloitte Legal, a global network with more than 2,500 lawyers in 85 countries.