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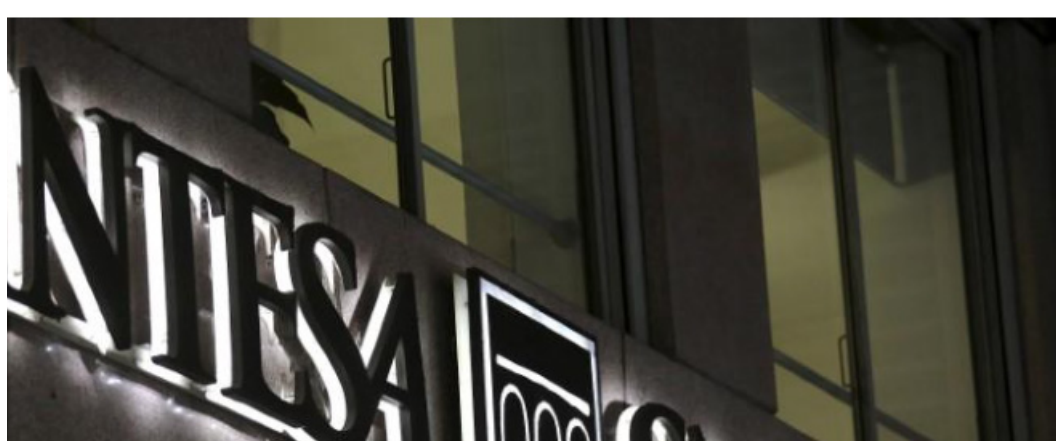
Intesa may sell debt collection unit, bad loans to Intrum

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MILAN (Reuters) - Italy's Intesa SanPaolo (ISP.MI) is considering selling its debt collection business and a bad loan portfolio to Sweden's Intrum Justitia (INTRUM.ST), the two companies said on Wednesday.



The move would mark a change of strategy for the Italian lender which set up the bad loan unit, called Capital Light Bank, back in 2014 and has been investing in it to boost recoveries and avoid costly bad loan sales.

It would also boost the Italian presence of the Swedish debt collector, which last year took over Norwegian rival Lindorff to create a sector leader with more than 8,000 employees and operations in 23 European states.

Intrum had been targeting an Italian bank's bad loan unit as it looks to become one of the country's top three servicers.

Intesa, one of Italy's strongest banks, held 54 billion euros in gross impaired debts at the end of September, or 13.7 percent of its overall loans.

CEO Carlo Messina has said the bank, which will present a new business plan in the coming weeks, would raise its bad loan reduction targets.

Under the previous plan, Intesa aimed to cut the share of soured debts to 10.5 percent of total loans by 2019. That would be more than twice the European average with which the European Central Bank wants to bring Italian lenders in line.

Daily la Repubblica reported last month Intesa was under pressure by the ECB and was considering a spin-off of the bad loan unit and a sale of a 10-15 billion euro portfolio.

Bloomberg News on Wednesday reported the unit could be worth 500 million euros.

Sales of bad debts are normally carried out at a loss because market prices, although rising on good demand, are still below book values.



Intesa said any sale would not affect its pledge to pay out 3.4 billion euros (\$4.1 billion) in cash dividends this year.

To help cushion losses from disposals, several lenders - including in December Banca Carige (CRGI.MI) - have spun off units which would require investments they can ill afford.

"In 2018 I expect more of these 'carve out' deals, in which banks sell their bad loan platforms,"

said Roberto Sergio, who heads bad loan think-tank Credit Village after selling the debt collector he founded to Polish group KRUK KRU.WA

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"The string of acquisitions has left very few possible targets on the market, while banks' bad loan units can provide buyers with precious skills."

Additional reporting by Gianluca Semeraro, editing by Alexander Smith and David Evans

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