

## Description

The course aims to let attendees know how the initiatives of the European Commission to promote NPL reduction in the European Union after the 2008 crises and to prevent from new NPL accumulations in the future have been implemented in the regulation and supervision of banking institutions. In particular, the first part of the course will focus on the degree of implementation of these initiatives, and on the identification and monitoring of the entities considered as “High NPL bank”.

In addition, the COVID-19 crisis, the war in Ukraine, rising inflation and rising interest rates, as well as the current geopolitical uncertainty that may create new tensions in the energy and financial markets, have posed a new challenge for financial institutions and supervisors as they must anticipate and be prepared to address future emerging risks. Therefore, the second part of the course will be devoted to supervisory activities carried out to assess whether institutions are prepared to prevent and manage a deterioration in the quality of credit resulting from the macroeconomic and geopolitical environment.

## Objective and content

The seminar's objectives are to learn about the European initiatives for the reduction of NPLs, the identification and monitoring of the entities considered “High NPL bank” and the supervisory activities to address the emerging risks arising from the macroeconomic and geopolitical environment.

Its content is as follows:

1. European initiatives for the reduction of NPLs.
  - Action Plan of the European Commission
  - EBA/GL/2018/06: Guidelines (GL) on management of non-performing and forborne exposures
  - New prudential calendar of NPL provisions and legacy treatment.
  
2. Supervision of “high NPL Banks”
  - Designation as “High NPL Bank”
  - Supervisory requirements: Reduction strategy and governance and operational framework
  - Tools for monitoring by the supervisor
  - Evolution of NPLs in Spain
  - Lessons learned
  
3. Emerging risks and NPLs.
  - Characteristics and evolution of debtor support programmes in the COVID-19 crisis
  - Treatment of emerging risks not included in IFRS9 models
  - Horizontal analysis: Operational capabilities, risk identification and measurement criteria, sectoral analysis, refinancing...
  - Sensitivity exercises/stress tests
  - Lessons learned

## NON PERFORMING LOANS (NPL's)

### **Profile of attendees**

Supervisors engaged in credit risk monitoring and analysis.

### **Organization, duration and format**

The seminar is organized jointly by the Bank of Spain and ASBA, and the languages are Spanish and English. Presentations will be distributed in both languages and there will be simultaneous translation. The trainers will be experts from the Bank of Spain.

It will be developed in virtual format over three days in tomorrow's sessions. Attendance is exclusively by invitation to ASBA.