

29-31 May

Description

The course aims to familiarise participants with how the European Commission's initiatives to reduce NPLs across the EU following the 2008 crisis and prevent the build-up of new NPLs have been implemented in banking regulation and supervision. The course will focus, in particular, on the identification and monitoring of "high NPE banks".

Moreover, the coordinated measures adopted by most countries to mitigate the impact of the COVID-19 crisis have posed a new challenge for financial institutions and supervisors, insofar as they need to foresee future risk developments and be prepared for when these measures are withdrawn. Accordingly, the latter part of the course will focus on supervisory activity to assess banks' preparedness to manage an increase in NPEs once the support schemes come to an end.

Lastly, the Russian invasion of Ukraine has introduced an additional factor to be borne in mind for monitoring of credit risk post-pandemic, as it may also lead to an increase in NPLs, not only through the traditional channels but also through the macroeconomic impact should the war continue. In consequence, a new section has been added to the course on this matter.

Aim and content

The course will focus on the identification and monitoring of "high NPE banks".

Content:

1. European initiatives to reduce NPLs
 - The European Commission's action plan
 - EBA/GL/2018/06: Guidelines on management of non-performing exposures and forborne exposures
 - New prudential NPL provisioning calendar and treatment of legacy NPLs
 - The EU's definition of NPLs
2. Supervision of "high NPE banks"
 - Identification as a "high NPE bank"
 - Supervisory requirements: reduction strategy and governance and operational framework
 - Supervisory monitoring tools
 - Lessons learned
3. The COVID-19 crisis and NPLs
 - Prudential treatment of moratoria and government support schemes for debtors
 - Application of IFRS9 in the context of COVID-19
 - Supervisory activity to assess banks' preparedness to manage an increase in NPLs once the support schemes come to an end:
 - Analysis based on new reporting of more frequent and targeted monitoring
 - Horizontal analysis: operational capacities / risk identification and measurement criteria / sectoral analysis
 - Sensitivity exercises / stress testing
 - Lessons learned
4. Effects of the war in Ukraine on credit risk

NON PERFORMING LOANS (NPL's)

Professional profile of attendees

Supervisors engaged in credit risk analysis and monitoring.

Organisation, duration and format

The course is organised jointly by the Banco de España and ASBA. It will be held in Spanish and will be run by Banco de España expert trainers.

It will be held online, over three days, in morning sessions.

Participation is by invitation only from ASBA.