

May 19th, 20th, and 21<sup>st</sup> 2025

## Description

The course aims to familiarise participants with how the European Commission's initiatives to reduce non-performing loans (NPLs) across the EU following the 2008 crisis and prevent the build-up of new NPLs have been implemented in banking regulation and supervision. In particular, the first part of the course will focus on the extent to which these initiatives have been deployed and on identifying and monitoring high NPL banks.

In addition, the COVID-19 crisis, the war in Ukraine, the surge in inflation and higher interest rates, together with the current geopolitical uncertainty that could lead to fresh tensions in the energy and financial markets, have posed a new challenge for financial institutions and supervisors, insofar as they need to foresee emerging risks and be ready to address them. Accordingly, the second part of the course will focus on the supervisory activity undertaken to assess banks' readiness to prevent and manage credit quality deterioration stemming from the macroeconomic and geopolitical setting.

## Aim and content

The aim is to familiarize the participants with the European initiatives to reduce NPLs, the identification and monitoring of high NPL banks and supervisory activity undertaken to address the emerging risks stemming from the macroeconomic and geopolitical setting.

### Content:

1. European initiatives to reduce NPLs
  - The European Commission's action plan
  - EBA/GL/2018/06: Guidelines on management of non-performing and forborne exposures
  - Prudential calendar provisioning for NPLs and treatment of legacy NPLs
2. Supervision of high NPL banks
  - Identification as a high NPL bank
  - Supervisory requirements: reduction strategy, and governance and operational framework
  - Supervisory monitoring tools
  - Lessons learned
3. Emerging risks and NPLs
  - How NPLs have evolved in Spain
  - Treatment of emerging risks not included in the IFRS 9 models.
  - Horizontal assessment: operational capacities, risk identification and measurement criteria, sectoral analysis, forbearance, etc.
  - Sensitivity analyses/stress tests
  - Impact of new emerging risks on credit risk. Future supervisory actions

## NON PERFORMING LOANS

### Professional profile of attendees

Banking 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, Mexican time.



#### Art Collection Banco de España

In the entrance lobby on Alcalá Street, a secondary clock- meaning a “slave” clock- was installed on one of its walls in 1934. This clock received an electric impulse from a master clock located a few meters away.

The Stone clock face, with its clear Art Deco style that aligns with the lobby’s decoration, features hour numbers in black polychrome Arabic numerals. The hands are made of blued metal. It blends seamlessly into the lobby’s décor, which is adorned with marble cladding and embellished with stained glass windows that depicts allegories of work.