

NON-PERFORMING LOANS:

From Base LD to the new reporting of non-performing exposures

Rome, 1st March 2016

Milan, 2nd March 2016

Hotel Atlantico – 23, via Cavour - Rome

Hotel Crowne Plaza – 73, via Melchiorre Gioia - Milan

As known, in recent years non-performing exposures have considerably increased; this increase, partially motivated by factors inherent to the national and foreign economic context, has conversely highlighted a major weakness of the Italian system for an effective control (robustness and resilience principle) of this phenomenon. Both micro and macro-prudential interventions are challenging and ambitious, also considering the actual pro-cyclical dangers.

In view of the above, on 8th January the Consultation Paper 'New Reporting of non-performing exposures' was published. As known, this document, which introduces a new and analytical report on non-performing loans, aims at collecting systemically detailed information on non-performing exposures, on potential collateral or other types of guarantees mitigating credit risk and on the status of recovery procedures.

Together with this new reporting, which from an harmonised perspective may be integrated in or substituted by the AnaCredit reporting, it should be noted that intermediaries are required to produce the 'LD' reporting containing the adjustments linked to the new classification of creditworthiness introduced by the Implementing Regulation (EU) 227/2015.

There is currently a lively debate on the management of non-performing loans; aiming at overcoming the lacks identified and facing new crisis of financial institutions, we want to focus on national and international innovations that are being developed in terms of new resolutions tools (in a gone concern perspective), among which, as relevant, the 'Bad Bank'.

It has been considered appropriate to organise a training event on the wider concept of 'non-performing loans'. During this event the criterion of problem loans, across corporate sectors, will be examined, as well as their management and the right mapping of corporate processes to comply timely with the regulatory provisions.

This training event is addressed to Credit, Legal and Administrative operators, and also to any other sectors within the company that have an operational impact on the management of problem loans.



9.30 a.m. registration of the participants

9.40 a.m. beginning of the meeting

- INTRODUCTION: PROBLEM LOANS
 - ✓ Exposures to credit risk: naming and classification (direct and indirect risks)
 - ✓ Credit classification according to the new classification and forbearance measures
 - ✓ Credit monitoring from granting to settlement:
 - Prudential requirements: Credit and concentration risks
 - Second Pillar requirements
 - Legal and reputational risks: corporate policy

- IMPACT ON BALANCE-SHEET AND CAPITAL STRUCTURE
 - ✓ Credit classification and topics related to value adjustments
 - ✓ Decay flow as comparison element against capital structure
 - ✓ Components of interest rate and liquidity risk to be controlled

- UPDATE OF NON-PERFORMING LOANS REPORTING - BASE LD
 - ✓ Brief summary of informative requests: what has to be reported and when
 - ✓ Changes to be introduced to the bases of data in terms of reclassification of the exposures
 - ✓ Non-performing loans:
 - How to classify them in the archive and related coherence to the new reporting
 - How to report them, in particular referring to the theme of incomplete workout

- THE NEW REPORTING OF NON-PERFORMING EXPOSURES AND THE EVOLUTION (INSIGHTS) OF THE NEW HARMONISED ANACREDIT REPORTING.
 - ✓ Provisions recently published
 - ✓ Feeding and reporting schemes
 - ✓ Bridging with the archive of base LD
 - ✓ Bridging and coherence to the reporting bases and Central Credit Register

- NEW RESOLUTION TOOLS
 - ✓ Bad Bank: concepts and definitions
 - ✓ Creation of long-term value of non-performing loans

5.00 p.m. end of the meeting

SPEAKERS: Mr. Roberto and Mr. Davide Savelli – partners of Save Consulting Group

Mr. Paolo Cataldi – consultant of Save Consulting Group