



EUROPEAN CENTRAL BANK
BANKING SUPERVISION

Template for comments

Public consultation on the draft ECB Regulation on the definition of the materiality threshold for credit obligations past due pursuant to Commission Delegated Regulation (EU) 2018/171

Institution/Company

Intesa Sanpaolo S.p.A.

Contact person

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Please tick here if you do not wish your personal data to be published.

General comments

Large empty text area for general comments.

Template for comments

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Please enter all your feedback in this list.

When entering feedback, please make sure that:

- each comment deals with a single issue only;
- you indicate whether your comment is a proposed amendment, clarification or deletion.

Deadline:	17 August 2018
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ID	Type of comment	Detailed comment	Concise statement as to why your comment should be taken on board	Name of commenter	Personal data
1	Amendment	<p>Based on Circular n. 272 of 30 July 2008 (and following updates) of Bank of Italy, the "past-due" classification includes "cash exposures other than those defined subsequently as bad loans or unlikely-to-pay, which, at the reporting date, are expired or overdrawn "continuously for more than 90 days.</p> <p>In order to be classified as "past-due", the overdue exposure must exceed a certain materiality threshold, which can currently be modified between 2% and 5% of the total amount of the exposure and that in Italy has been set at 5% by the National Competent Authority, i.e. Bank of Italy.</p> <p>The new regulation proposed by ECB, which should come into force starting as of 31 December 2020, provides for a drastic lowering of this threshold to 1% of the debtor's total exposure. This mechanism, whose actual impact on the different credit segments needs to be carefully analysed, is expected to create a strong negative impact on retail customers, especially on SMEs, since a substantial part of the exposures, currently performing, would be classified under the new rules as non-performing, with consequent difficulties in their future access to credit.</p> <p>Furthermore, the proposed 1% threshold applicable to all SMEs, without any distinction among them, does not consider SMEs' financial track record, which has proven that delays lower than 5% of the total exposure can be recovered/repaid, without the need to classify the loan as past-due, therefore as NPL. This proposal (entailing a modification in the IT systems of all European banks) would therefore nominally increase the amount of past-due exposures, which to some extent would in the following period exit such past-due status, thus increasing volatility of past-due accounting.</p>	<p>In Intesa Sanpaolo's view, lowering the threshold to 1% would hamper other positive measures taken by the EU legislators to increase and improve the financing of European SMEs. Therefore we ask to rethink the level of the threshold.</p>		Don't publish