BANCA CENTRALE EUROPEA

VIGILANZA BANCARIA

Modulo per la presentazione dei commenti

Consultazione pubblica sull'Addendum alle Linee guida della BCE per le banche sui crediti deteriorati (NPL)

Ente/società

Credito Emiliano SpA (ITCRE)

Referente

Sig./Sig.ra

[redacted]

Nome

[redacted]

Cognome

[redacted]

Indirizzo e-mail

[redacted]

Telefono

[redacted]

☑ Contrassegnare la casella se non si desidera che i propri dati personali siano pubblicati.

Commenti di carattere generale

According to European Commission's "COMMUNICATION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN CENTRAL BANCK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS" published on october 2017, by Spring 2018, the European Commission will adopt a comprehensive package of measures to address NPLs that will 11 consist also of a report, accompanied if appropiate with the necessary legislative proposals to amend the CRR with regard to the possible introduction of minimum levels of provisioning which banks must comply with for future NPLs. In this respect we would suggest to wait for the above mentioned report and legislative proposals in order not to generate a misalignment between legislative proposals and the minimum level of provisionings defined within the Addendum. Otherwise, banks would be required to comply with a minimum coverage requirement, potentially by means of extraordinary operations on capital, that will be reviewed as CRR will be amended

Modulo per la presentazione dei commenti

Consultazione pubblica sull'Addendum alle Linee guida della BCE per le banche sui crediti deteriorati (NPL)

Si prega di inserire tutte le osservazioni in questo elenco, adottando i seguenti accorgimenti
- **ogni commento deve avere per oggetto un solo tema**
- **ove opportuno indicare articolo/capitolo/paragrafo pertinente**
- **per ogni commento precisare se si tratta di una proposta di modifica, chiarimento o soppressione**

Termine 8 dicembre 2017

ID	Capitolo	Paragrafo	Pagina	Tipo di commento	Commento dettagliato	Illustrare brevemente i motivi per i quali il commento debba essere preso in considerazione	Nome dell'autore del commento	Dati personali
1	2 - General Concept	1	3	Amendment	The application perimeter should not include banks with an internal model approved on Credit Risk and with a "defaulted assets" model in place	The defaulted assets model has the same aim of the Addendum (a minimum levels of prudential provisions expected for NPLs) while it has been already approved by Competent Authorities as well as reviewed under the TR M project. The defaulted assets model includes only eligible collateral, as required in paragraph 3.2, and it should be considered as a sound requirement being based on a statistical approach and on the typologies of NPLs managed by the bank. Consequently, it should address the same issue highlited by the SSM in the Addendum but according with a more detailed and data-driven approach.	[redacted]	Don't publish
2	2 - General Concept	1	3	Amendment	The application perimeter should include also "non significant" banks	The aim of the Addendum is to set a minimum level of prudential provisions expected for NPLs and, according to that purpose, it should apply to the whole banking sector in order to preserve a "level playing field". We do not see specific reasons for a different approach, even according to the principle of "proportionality", as the proposed formula could be implemented without specific issues also by smaller banks. At least, the Addendum should be addressed also to NCA in order to deploy similar approaches also on "non significant" banks.	[redacted]	Don't publish
3	2 - General Concept	3	5	Clarification	CET 1 deductions from own funds, in accordance with Article 3 of the CRR, should be done net of any fiscal effects	As the proposed treatment of NPLs could be not in line with the national accounting rules (which do not allow to post a level of coverage on new NPLs' inflows at a differente level compared to current similar NPLs), the bank would be forced to apply Article 3 of the CRR. In order to grant for a similar prudential effect, and not to penalized banks just for their needs to respect accounting rules, banks should be required to post a deduction with the same effect of covering the additional provisions by means of accounting provisions. In that respect, banks should be allow to adjust such deductions in order to take into account the "time to time" fiscal effect.	[redacted]	Don't publish
4	2 - General Concept	3	6	Clarification	Deviations should be allowed also in case of shortfall based on an approved internal model on Credit Risk and with a "defaulted assets" model in place	The defaulted assets model has the same aim of the Addendum (a minimum levels of prudential provisions expected for NPLs) while it has been already approved by Competent Authorities as well as reviewed under the TR M project. The defaulted assets model includes only eligible collateral, as required in paragraph 3.2, and it should be considered as a sound requirement being based on a statistical approach and on the typologies of NPLs managed by the bank. Consequently, it should address the same issue highlited by the SSM in the Addendum but according with a more detailed and data-driven approach.	[redacted]	Don't publish

5	2 - General Concept	3	6	Clarification	SSM should provide a list of potentially accepted deviations	In order to avoid potential misalignment that could generate "cliff" effects on banks capital ratios (as the SSM could required adjustments while not accepting proposed deviations) we would suggest to publish a specific document in order to better explain what could be acceptable and what could not be considered acceptable: that would reduce potential misalignment between banks and SSM, as well as support a potential better alignment in banks treatment	[redacted]	Don't publish
6	3 - Definitions	1	7	Amendment	The vintage should start as the position is classified in the "bad loans" category	Using the same vintage, as a driver to set NPLs' coverage, if a position is a "Past-Due" or an "UTP" exposure is inappropriate as it do not consider the different "cure rate" of the exposure. Consequently, the bank would be penalized in its own capital ratios for a prundential approach that would not be based on the effective risk of the specific exposure.	[redacted]	Don't publish
7	4 - Prudential provisioning backstop	1	10	Amendment	The time frame (7 years) to realise the collateral should start as the position is classified in the "bad loans" category	For legal reason the procedure to realise the collateral (i.e. selling of the immovable property) cannot be activated before the exposure is classified as "bad loans"	[redacted]	Don't publish
8	4 - Prudential provisioning backstop	1	10	Amendment	In case of a bank with an approved internal model on Credit Risk and a "defaulted assets" model in place, the time frame (7 years) to realise the collateral should be based on the statistical (and prudential) evidences provided by the internal model	If the bank as internal model validated by the Prudential Authority providing a statistic evidence that the value of collateral is not zero after 7 years from the date when the underlying exposure was classified as non-perfoming, the bank should be allowed not to comply with such requirements but should apply its own "defaulted assets" model	[redacted]	Don't publish
9	4 - Prudential provisioning backstop	1	10	Amendment	The delay in realising the security, where it's due to reason beyond the banks control (i.e. legal proceedings) doesn't mean that the value of collateral is zero	If the bank as internal model validated by the Prudential Authority providing a statistic evidence that the value of collateral is not zero after 7 years from the date when the underlying exposure was classified as non-perfoming, the bank should be allowed not to comply with such requirements but should apply its own "defaulted assets" model	[redacted]	Don't publish
10	4 - Prudential provisioning backstop	2	10	Amendment	In case of a bank with an approved internal model on Credit Risk and a "defaulted assets" model in place, the time frame to fully cover unsecured loans (2 years) should be based on the statistical (and prudential) evidences provided by the internal model	If the bank as internal model validated by the Prudential Authority providing a statistic evidence that the expected recovery from the exposure is not zero after 2 years from the date when the underlying exposure was classified as non-perfoming, the bank should be allowed not to comply with such requirements but should apply its own "defaulted assets" model	[redacted]	Don't publish
11	4 - Prudential provisioning backstop	2	11	Amendment	In case of a bank with an approved internal model on Credit Risk and a "defaulted assets" model in place, the path for the backstop should be based on the statistical (and prudential) evidences provided by the internal model	If the bank as internal model validated by the Prudential Authority providing a statistic evidence that the coverage evolution for NPLs doesn't follow a linear path based on vintage, the bank should be allowed not to comply with such requirements but should apply its own "defaulted assets" model	[redacted]	Don't publish
12	4 - Prudential provisioning backstop	2	11	Deletion	"banks should therefore assume at least a linear path for the backstop"	Such provision doesn't take into account any cure rate that usually apply on NPLs in the first years (especially on past due loans and UTP)	[redacted]	Don't publish