Template for comments

Consultation on the draft ECB Guidance for banks on non-performing loans

Institution/Company

Italian Banking Association

ID	Chapter	Section	Page	Type of comment	Detailed comment	Concise statement why your comment should be taken on board
1	1 - Intro	1	1.2	Amendment	The overall assessment of the rationale and of the principles of the Guidelines is positive. However, the implementation could require more than 3 years. Accordingly, we request a suitable phase-in period.	An appropriate phase in period (at least 3 years) is required for banks to reflect the guidance in their strategies, in particular to become compliant with the implementation and operational monitoring of KPI.
2	1 - Intro	1	1.2	Amendment	The level of detail, the strong operational connotation and the prescriptive nature of the guidelines - which operate on the "comply or explain" principle - are likely to directly affect the organizational structure and, more generally, the operational decisions of banks management, fueling doubts about the compliance of the SSM with its mandate, or generating doubts that the current draft guide, de facto, determine an additional level of regulation. It is suggested, therefore, to review the setting of the guide, which should be considered as a set of principles, rather than mandatory rules so detailed and technical, against which banks should be left more autonomous in their decisions on how to apply to them. In this context, moreover, it would be appropriate these guidelines to give more relevance to national specificities and institutional features.	Too prescriptive requirements could prove to be counterproductive, restricting the efficiency and the effectiveness of existing processes.
3	1 - Intro	1		Clarification	The proposed measures should be accompanied by an evaluation of the relevant incremental costs produced by such measures, in particular in terms of costs for frequent and extensive evaluations of collaterals (cost of appraisals), review of the creditworthiness of all debtors at the key report time and back testing (on a six-month basis), tracking, etc. Additionally, it should be verified if the significant increase of management costs leaded by this Directive could result in an improvement in the effectiveness and speed of NPL stock reduction. Furthermore, the issue of additional deterministic rules (decision tree, predefined criteria for activating different organizational units, etc.) may entail, especially in the countries where the impact of the financial crisis has been more severe and where the NPL market is at expansion stage with an insufficient demand in the real estate market and in which the NPL level is higher, a worsening of NPL management resulting in a decrease in the approval of new loans.	The proposed measures entail a significant increase in management costs. It is doubtful that such measures may improve the effectiveness and speed of NPL stock reduction.
4	1 - Intro	1.2	5	Clarification	We would suggest to clarify the perimeter of the definition of NPL ratio: specifications are required both given the fact that the guidelines consider interchangeable the concepts of NPL and NPE (1.3 "scope of this guidance") and because the EBA, on the other side, is still working in order to align NPLs definition across Europe (i.e. "Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013" published at the end of september 2016). If the NPLs ratio could become a "trigger" in order to require a different effort from banks, it's important to previously align the definition of NPL and NPE and to specify the calculation methodology. Moreover it is important to define if the 'trigger' has to be applied at 'Group Level' or at 'single entity level'.	the definition of npl ratio is not clear enough
5	1 - Intro	1.2	5	Amendment	Being a "ratio", the NPL ratio could change significantly also due to the evolution of performing loans: as the aggregate of NPLs is generally a more stable one, a normal seasonality on loans could potentially affect significantly the ratio. We would suggest to look at the ratio considering also the ongoing strategy of the Group (i.e. a deleveraging driven by the bank to get out from a riskier sector, instead of reducing the perception of the bank's risk profile, could trigger new regulatory measures) or its evolution within a specific period.	ECB's banking supervision defines high NPL banks as banks with an NPL level that is "stably" considerably higher than the EU average
6	1 - Intro	1.2	5	Amendment	Given the complexity, the many articulations and the consequences implied in the guidelines, we consider necessary to reinforce the principle of proportionality by specifying a non-exhaustive list of variables that will be considered when applying the guidelines. Such a list should at least include: - size of the overrunning of the NPL ratio threshold - institution's proven ability to manage NPLs in terms of - npl flows analysis (not just stock analysis) - stability and consistency in cost of credit during years - npl portfolio composition - Institution's size - structure of the Group and significance of small subsidiaries (in particular it would be costly and inefficient to require the same npl managing and reporting criteria for the whole group) - specificities at a country level (in terms of types of credit lines and collaterals used)	The proportionality principle needs to be reinforced and specified

7	2 - Strat	2.1	7	Deletion	The guidelines require for the operational plan to establish a reduction of NPLs for each relevant portfolio. Such an approach would be too rigid and would ultimately be penalizing in terms of a reduction of the number of feasible strategic options. On the contrary we don't see any particular advantage in a reduction for "each relevant portfolio": if market conditions would be more favourable for a specific portfolio, why the bank should be forced to proceed, for example, to the disposal of other relevant portfolio with a penalization of bank's profitability and capital? The 'reduction of relevant portfolio' could be better addressed linked to a concentration item and also considering that the internal management of NPLs could be more efficient of a portfolio disposal to be considered as an exit strategy for no core workout portfolios. For such reason we suggest to delete the words "for each relevant portfolio" from section 2.1.	a reduction of all relevant portfolios might be inefficient
8	2 - Strat	2.3.2	12	Amendment	The reduction of the NPL portfolios of all the institutions which are over the threshold might induce negative procyclical effects at a country level, especially where, due to a country's economy downturn, the number of "high NPLs banks" is particularly high. Such a provision could in fact produce an excess in the supply of NPLs in a market (the NPL market) which is already proving to be quite unbalanced. If no flexibility is used in the overall NPL reduction strategy, banks would become even weaker as NPLs' prices would likely decrease further, with a strong impact on banks' income statements, capital and, ultimately, on their capacity to lend. For these reasons we would appreciate the guidelines to include a higher degree of discretionality in the definition of the reduction plans. It would be recommended for such plans to be agreed upon with the supervisor, in order to prevent negative effects at a country level.	The reduction of the NPL portfolios of all the institutions which are over the threshold might induce negative procyclical effects at a country level
9	2 - Strat	2.5	15	Clarification	Some banks might find it useful to establish dedicated NPL loss budgets (for potential losses stemming from NPL workout activities) to facilitate internal business control and planning: clarification is sought on the fact that such a loss budget should be based on statistical models and could be part of the forecast budget. Such a loss budget should be required only at a portfolio level and not on the single name level. Loss budget should be applicable to the bad loans category, which are expected to be disposed into the market. For legal cases internally managed, instead, loss budget is not applicable, as recoveries are anchored to the legal procedure asset value and not to the market value. We would ask for clarification on Loss budget notion. More than a loss budget could be appropriate identify at the moment of first default a 'worst scenario' benchmark.	Requiring a loss budget at the level of an individual exposure would amount to requiring the impairment of an exposure according to IFRS 9 and would not fulfil the objective of the loss budget itself.
10	2 - Strat	2.6	16 & Annex 7	Amendment	The portfolio breakdown used in the NPL Strategy Progress Report of Annex 7 should be aligned to the portfolio segmentation adopted by the bank in its NPLs strategy targets' setting, rather than being prescribed in terms of counterparties' regulatory segments.	If the portfolio breakdown by counterparties' regulatory segment proposed in Annex 7 were a set requirement, it might turn out to be misaligned with respect to the banks' chosen NPLs' strategy targets, as these might be defined on the basis of a different grouping (for example, BUs) and therefore result in the report being – at best – of cumbersome production and – at worst – scarcely meaningful.
11	2 - Strat		7 and ss	Amendment	NPL strategy and leasing product . NPL strategy should be designed to fit different portfolios and financing products. NPL liquidation processes may strongly differ according to the legal contract structure of the loan. In NPL leasing management, leasing contracts cannot be always treated as, or grouped with, mortgages. In the leasing contract, in fact, the lessee pays for the right of use of the asset and the lessor maintains the property of the leased asset all over the contract; therefore, the link between the credit and the asset continues to exist even when the contract is non-performing. In order to liquidate and/or writing off a leasing position, a sell or a liquidation of the leased asset is required. This feature of the leasing contract is really important when a bank decides for a credit disposal. In the absence of a writing off of the lessee's position, NPL leasing exposure disposals should always include the leased asset. This means that when a major banking group organize a NPL large quantity sale, the leased assets should follow and remain linked to the sold credits, otherwise juridical, regulatory and tax issues could arise that would compromise the success of the leasing NPL disposal. In our opinion, specific issues linked to the leasing product should be introduced in the document.	In our opinion, specific issues linked to the leasing product should be considered in the document due to the peculiarities of the NPL liquidation processes of this type of loans
12	Annex 2		100-102	Amendment	As explained here above (request referred to pag. 7 and ss), in the NPLs segmentation process, leased assets should be treated separately from other loans with underlying collaterals. A specific detail should be introduced in "Annex 2 Sample of NPL segmentation criteria in retail". In par. 13 "Type of underlying collateral" "(c) "leased assets" category might be introduced, with the distinction of the main sub-categories: (i) equipment; (ii) automotive; (iii) real estate; (iv) other more specific assets (e.g. ships, renewable energy plants, utilities, etc.).	In our opinion, specific issues linked to the leasing product should be considered in the document
13	3 - Gov	3.5	17	Amendment	The Guidance provides for the definition of high level targets for the main portfolios on a quarterly basis: in our view the target setting should be performed on a yearly basis with full alignment with the budgeting process.	Target setting should be aligned with budgeting process so that there is full coherence with this process.
14	3 - Gov	3.5	17	Amendment	Steering and decision making: quarterly review of the NPL strategy by the management body: the review by the board should be required at a bi-annual level.	A bi-annual review by the board is more appropriate as this is coherent with the periodicity of target definition.
15	3 - Gov	3.5	17	Amendment	Monitoring process of the NPL strategy and consequent detailed KPIs and indicators: monitoring should be required at half year level. KPIs should also be aligned with the monitoring process.	Requiring a quarterly monitoring of KPIs would not allow for tracking significant progresses in the NPL management, because improvements can be assessed in a longer period of time. Requiring a quarterly monitoring will produce seasonal effects, which would not adequately mirror the actual performance of the NPL strategy.
16	3 - Gov	3.3.1	18	Clarification	NPL workout units – The Guidelines require the set-up of separate and dedicated units: clarification is sought on the nature of separation of the WUs from the origination business. Is a hierarchical separation of the WUs from the business origination required? Can also a functional separation at the staff branch network level be envisaged? Should the functional separation be allowed, confirmation is sought that credit recovery activities can be performed by the functional units reporting to a different function of the bank.	The level of segregation of the WUs is not clear for banks organizing WUs by loans status (e.g. past due, UTP ..). The loan status should be considered as a legitimate criterion

17	3 - Gov	3.3.1	18	Amendment	We believe that it is important to grant autonomy to workout units, but on the other hand we think that flexibility is required from an organizational standpoint. Tough it is true that providing workout units with total independence from other corporate functions would prevent any conflict of interest, we also need to say that such an approach would probably lead to strategical misalignment between those units which are in charge to grant credit lines those in charge to manage NPLs. For this reason we suggest to introduce in the document some sort of organizational connection (between NPL and in-bonis credits units) that would prevent from misalignment. An example of such an approach would be having both the lines under the responsibility of the CLO, with clearly separated autonomy and key performance indicators.	There's no need for hierarchical autonomy to grant workout unit's independence
18	3 - Gov	3.3.1	18	Amendment	We suggest to specify the perimeter of the "client relationship " that should be managed by the workout units (w.u.). In particular we believe the w.u should manage all the aspects of the relationship that might have an impact on the risk position of the client. All other aspects of customer service should be provided by ordinary distribution channels (originating business). A different approach would be costly and ineffective because low value-added activities would be given to specialized units (w.u).	Workout units should only be concerned with the aspects of client relationship which concern credit risk
19	3 - Gov	3.3.1	19	Amendment	NPL WU: The Guidelines provide for the setting-up of dedicated WUs by stages of life cycle (e.g. early arrears, late arrears/restructuring, liquidation, foreclosure). In our view banks should be able to set up their WUs with the segmentation provided for by the reporting requirements on NPLs according to the segmentation of the Central Credit Register, which specifically includes a specific category for exposures, whose debtors are insolvent – the so called *sofferenze*. Alternatively, should such a flexibility not be provided for, it is suggested that the SSM introduces the full harmonization of the reporting requirements across the Euro area.	Italian banks regularly report to their NCA the level of their NPE according to their loan status e.g. past due/UTP and bad loans. It is suggested to provide for flexibility in terms of WUs organization or to require for a full EU harmonization of reporting requirements.
20	3 - Gov	3.3.1	19	Amendment	We suggest for the relationship with customers in probation period to be managed by the ordinary relationship manager (branches), given the different risk profile of such customers. Workout units should rather be triggered by the monitoring activity in place if the exposure showed further deterioration. Giving such responsibility to w.u. would imply using highly specialized human resources on low-value-added activities.	The relationship with customers on probation period should not be managed by workout units.
21	3 - Gov	3.3.2	21	Amendment	The required granularity in NPL portfolios analysis should be based on the principle of proportionality based on the institution's size. For small or medium size institutions (and subsidiaries) in particular, the introduction of the required IT infrastructures would be scarcely useful given the limits in terms of significance of each portfolio. Such a strict approach would be inefficient from a cost/benefits standpoint. With respect to annex 2, there are countries where some of the data required is not available or difficult to have (for privacy reasons or other regulatory reasons) after the initial request for credit.	We recommend to specify that the principle of proportionality applies to the granularity of portfolios required
22	3 - Gov	3.4.2	26	Amendment	Second line of defence functions comprises risk management, compliance. It is suggested to replace risk management with “risk control function”.	
23	3 - Gov	3.4.2		Deletion	the proposal to introduce a “veto right” leads to the weakening of the accountability of the roles who manage the NPLs in favour of the control units without giving assurance that a greater effectiveness occurred. In our opinion, the proposal described in the Draft produce a more compliance to the EBA regulations, without necessarily implying an improvement in the effectiveness of NPL management.	the weakening of managerial roles who manage the NPLs in favor of the control units does not imply more effectiveness.
24	3 - Gov	3.7	37	Clarification	The scope of the “notable changes in the NPL operating model and control framework” to be reported should be better specified.	The clarification is sought in order to appropriately structure internal processes.
25	4 - Forb	4.4	44	Amendment	The Guidance requires banks to apply a standard and documented methodology to assess the affordability for each debtor identified as eligible for a forbearance strategy: the areas that banks should analyse in the context of the affordability assessment are very wide. It is suggested to simplify the width and depth of information to be considered when assessing a debtor file under the “gone concern approach”.	The reason for suggesting the simplification of the depth and breadth of information is due to the fact that in gone concern cases, the repayment cash flow will mostly come from collateralized assets liquidation rather than current and future income of the company.
26	4 - Forb	4.2	40	Deletion	We believe that reinforcing the deciding process in the case of a second forbearance measure is correct and useful, but it is excessive to require for an approval from the risk management (or NPL committee) for all second forbearance measures. The process should be differentiated based on the type and size of the exposure under approval (this could be let to the institution's discretionality, otherwise the guidelines could be amended with a differentiation in processes). For this reason we ask for the deletion of the words "These controls are to include, at a minimum, an explicit approval by the risk management function/senior decision-making body within the bank (e.g. NPL Committee).".	The approval by the risk management function or NPL committee for all second measures of forbearance would be costly and inefficient.
27	5 - Recog	5.2.2	52	Clarification	Table 2 “Mapping between non –performing, default and impairment “UTP” indicators”: in relation to NPLs, default and impairment definitions, the clear link between the objective evidence of loss of IAS 39.59 (*a breach of contract such as a default or the failure to pay interests or capital)* and the Past due, that are in the definition of default and non performing, is missing.	The clarification is sought in order to avoid misunderstanding when using the table.
28	5 - Recog	6.3.4	57	Amendment	The Guidelines state that checking the fulfilment of all the criteria to meet the forborne classification on performing credits is not sufficient. In fact, the Guidelines require a manual assessment of all forborne credits irrespective of their origin (i.e. performing/non performing) and category of exposure (residential mortgage, consumer credit, etc.). Such a provision involves considerable organizational and procedural efforts not necessarily worth the materiality of the issue. Moreover, in potentially riskier situations (e.g. forborne originating from non performing), irrespective of the relevance of the payments made, with the first payment later than 30 days (or in case of a further forbearance measure) would automatically reclassify as UTP and the 3 year cure and observation periods would be reset. Given the conservativism of these conditions, we would suggest the introduction of a materiality threshold under which automatic classification to performing is allowed.	It is sought for operational reasons
29	5 - Recog	5.3.4	58	Deletion	The regular payment of more than an insignificant aggregate amount of interest and principal is required to for an exposure to be identified as forborne. Such a requirement is particularly penalizing for restructuring plans (e.g, Piani di ristrutturazione concordatari - arrangements with creditors) that involve forms of renegotiation of exposures with long pre-amortization periods and/or payment of capital at the end of the plan (balloon/bullet financing).	This requirement introduces a further operational constraint which is not provided for by the EBA ITS.

30	5 - Recog	5.3.4	58	Clarification	As to the identification of a credit as forborne, there is no provision in relation to the extinction of the exposure through subjective novation (which extinguishes the original obligation and creates a new one with a new debtor), for example in the case of the "concordato in continuità" which is carried out through the sale of business or through the conferral to third solvent subjects, that are not in financial difficulties. The Italian law provides for that such exposures are reclassified as performing but does not specifies whether the forborne indication should be maintained. We ask to clarify whether the forborne indication should be maintained during the related regulatory time periods, considering that the financial difficulty element is failing.	Such a clarification would help for a right classification of exposures and for reporting requirements.
31	6 - Prov	6.2.4	70-71-72	Clarification	Under paragraph 6.2.4 (Estimation of operating cash-flows under a going concern scenario), Draft guidance to banks on non-performing loans allows the application of the simplicity principle. Therefore, it may be appropriate to use more simplified methods such as the "steady state approach" or the "two-step cash-flow approach". The "steady state approach" is a method to approximate future recurrent cash-flows to be generated by the debtor by means of applying multiples to adjusted EBITDA. For instance, the 2014 AQR exercise provided a benchmark multiple of 6 (general case), 10 (utilities) or 12 (infrastructures). Referring to the "steady state approach", is the discounting of future cash flows and the estimate of the "terminal value" (for the determination of the total cash flow to be allocated to each exposure) allowed?	see comment
32	6 - Prov	6.2.4		Amendment	It is described that the provisioning evaluation with a "gone concern" scenario must consider the cash flow from the collateral settlement because it is not possible to consider the future cash flows of the client. This implies that the evaluation of the recoverable amount of money is exclusively given by the selling of the collateral taken away the sale process cost. Actually, the provisioning evaluation, also for these type of exposures, must consider analytically the presence of personal guarantees, assets of the debtor to be settled, as well as any possible cash flow, different for the collateral, as it is provided by the LGD of lines non secured by mortgages. Therefore the rule can not be applied in a strictly approach or without an appropriate integration.	The rules of the provisioning evaluation must be consistent with LGD criteria adopted by IRB Banks (i.e. not only the sale of the collateral, but also other risk mitigation factors such "guarantees", debtor and guarantor assets, etc.).
33	6 - Prov	6.5	78-79	Amendment	In the draft guidance is stated that all banks should include in their internal policies clear guidance on the timeliness of provision and write-offs. We agree on the opportunity of timely write-offs of uncollectable loans but we would like to highlight the connection of this ECB guidance in respect to another guidance already published by EBA. We make reference to EBA's interpretation emerging from the answer to the question ID nr. 2014_1064, published as final Q&A on 19//12/2014. The Q&A is related to the inclusion of partial write-offs in the computation of general and specific credit risk adjustments and has a potential very high impact on CET1 for the banks that are licensed to use their internal models in measuring their credit risks. In its answer EBA affirms that "A partial write-off would not be included in the calculation of general and specific credit risk adjustments. CB, on the basis of EBA FAQ, prohibits to assimilate the partial write-offs to provisions, and this inevitably leads to an adverse impact on capital ratios (the shortfall increases or decreases any excess). It is paradoxical, because in theory leads to different treatment of two identical situations: if a bank has two credits in default of 100€, both of which with a 65% LGD, one of which provisioned for 60€ and the other written off for 30€ and provisioned for 30€ - on the basis of a different, legitimate, internal accounting practice -, in the first case the bank will have a shortfall equal to 5€ (65% x 100€ - 60€ = 5€), in the second case of 15,5€ (65% x 70€ - 30€ = 15,5€), which will be deducted from the CET1.	The issue is very technical and concerns only the banks using internal models for measuring credit risk, but we think it's very relevant in terms of potential impact and it hinders, inter alia, the use of partial write off in the difficult search for ways to bring down the NPL ratio of banks.
34	7 - Coll	7.2.3	89	Amendment	The Guidelines provide for that the evaluation of the collateral has to be updated on an individual level at a minimum every year for commercial immovable properties and every 3 years for residential ones (excluding files below 300 k EUR): it is suggested to increase the threshold for indexed valuations beyond 300K EUR. Furthermore, this threshold should be applied only to the exposures managed with the gone concern approach while, on the other hand, the exposures managed with the going concern approach, for which it is not necessary to sell the collateral, the collateral value still must be reasonably monitored with a statistical method. In addition, regarding the gone concern approach exposures, it should be considered that, if the foreclosed activities are proceeding, the value certified by the technical expert appointed by the court and the auction base price set by the judge should be applied to all the effects as an appraisal, regardless of the amount guaranteed.	It is suggested to raise the threshold for indexed valuations, and align it to the threshold for calculating LLP on statistical basis. The threshold for indexed valuation must not be defined for exposures managed with the going concern approach. For exposures managed with the gone concern approach the threshold must be related to the characteristic of each bank having regards to their collateral portfolio.
35	7 - Coll	7.2.3	88	Amendment	Frequency of updates: We suggest requiring less strict parameters for valuation updates.	The frequency for updating the valuation of immovable properties, should be aligned to 3 years both for commercial and residential properties, subject to absence of material differences from indexed valuations.
36	7 - Coll			Amendment	The unbiased implementation of the Guidelines requires the pre-emptive harmonization of national foreclosures law on natural persons at European level.	Foreclosures procedures on immovable properties held as collateral by retail clients should be allowed across the EU or at least across the Eurozone. The current existence of different national laws does not provide for a level playing field for banks in the Eurozone and for benchmarking purposes. Banks should be allowed to manage NPLs with the same set of tools.
37	7 - Coll	7.2.3	87	Amendment	Under paragraph 7.2.3 (Individual versus indexed valuations – Index valuations) indexed valuations may be used to update the valuation for non-performing loans of less than 300,00 euro in gross value, which are secured by immovable property collateral provided that the collateral to be valued is susceptible to measurement by such methods. It could be more appropriate to apply the threshold level not to the gross value, but the net value, which represents the balance sheet exposure. As a result, the threshold of 300,000 euro could be reviewed, even downward.	It could be more appropriate to apply the threshold level not to the gross value, but the net value, which represents the balance sheet exposure.
38	7 - Coll	7.3	89	Amendment	The evaluation on an annual basis of the immovable would be extremely costly, given the size of the perimeter (basically all collateralized NPEs). It is noteworthy in fact that there are countries that, during the crisis, after an initial strong decrease in prices are showing stability or little changes in immovable market. We suggest to amend the draft providing a more flexible frequency, especially for small exposures or during stable market times.	Too frequent valuations would be inefficient in terms of cost benefit ratio

39	7 - Coll	7.3	89	Clarification	The Draft Guidance provides that collateral values have to be updated on an individual level at least every year for commercial immovable properties and every 3 years for residential real estate. For the sake of clarity, it could be opportune to specify: (i) if the collateral update shall be made through a new appraisal or if it is enough an update through automatic systems (indexed evaluations), (ii) if these requirements shall be applied only to performing loans (considering that the Draft Guidance provides that loans classified as non-performing shall be updated at least annually, irrespective of the type of property).	An updating system that provides new appraisals every year is extremely burdensome for the performing portfolio.
40	7 - Coll	7.3		Clarification	The rule is not clear with respect to the mention that apparently is related to the performing loans (re-evaluation - with a new appraisal? - every year for commercial real estate as guarantee and every three years for residential real estate). Regarding performing loans, even more so than the NPL exposures managed by the going concern approach, there is no need to sell the property as a guarantee and it is reasonable to continue to use statistical methods to monitor the value of real estate instead of the acquisition of a new appraisal. For these positions should continue to be valid the indications proposed by the CRR art. 208 (3 b).	For performing loans and NPLs with going concern approach, is reasonable to continue to use statistical methods to monitor the value of real estate, due to the fact that there is no need to sell the property.
41	7 - Coll	7.5	94-95	Clarification	As specified in the “Stocktake of supervisory practices and legal frameworks related to NPLs”: In Italy “…Legally, the disposal of collateral occurs only through auctions managed by the courts. However, foreclosures are currently not significant for Italian banks”. The valuation and the management of the repossessed assets seems to be a different issue, not covered by this guidance. It is not always possible to fix a one-year term for the sale of the asset, especially when it is a real estate asset. Is it possible and compliant to fix a plurennial programme of sale of the repossessed real estate assets?	Clarification is sought as the valuation and the management of the repossessed assets seems to be a different issue, not covered by the ECB guidelines
42	Annex 7		118-126	Amendment	As the implementation and availability of all required information will take some time, we request a suitable transitional implementation period (about 2 years).	An appropriate transitional implementation period is required to adapt procedures and technologies (e.g. IT systems) and to become fully compliant with some new disclosure requirements.
43	Annex 7		118-126	Clarification	In order to avoid diversification and misunderstandings, we would appreciate a more detailed and precise definition of some terms and disclosure requirements (such as tables 7 and 8, by way of example).	Clear and homogeneous definitions of contents, applicability and scope of the required disclosure can avoid differences in the application of the Guidance among banks in different jurisdictions.
44	Annex 7		118-126	Amendment	We believe that both the public disclosures and the supervisory reporting should be provided on an annual or semi-annual basis. The level of detail requested for supervisory reporting should change, based on different thresholds (because of a simplicity and proportionality principle, just like in CoRep). As a general criteria, the new reporting should fall into line with other reporting in place (and the reporting to be), particularly with reference to the new definitions of default and to IFRS9.	Simplicity and proportionality criteria should apply to reporting
45	Annex 7		118-126	Clarification	The data enrichment required should be applied only to new loans (and not to on-going ones).	Data enrichment should apply only to new loans