EUROPEAN
DATAWAREHOUSE

SHAPING THE FUTURE OF NPL REPORTING

12 JULY 2022

ON TODAY'S CALL

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AGENDA

WELCOME & INTRODUCTION

- Christian Thun, European Datawarehouse

EBA CONSULTATION ON DRAFT ITS ON NPL TRANSACTION DATA TEMPLATES

- Oleg Shmeljov & Lidja Schiavo, European Banking Authority

PANEL SESSION : THE EBA NPL TEMPLATE CONSULTATION – WORKING TOWARDS A 2023 IMPLEMENTATION

- Marco Angheben, EDW
- Edward J. O'Brien, European Central Bank
- Burkhard Heppe , NPL Markets
- Mafalda Barreto, Gómez-Acebo & Pombo

PANEL SESSION: NPL SECURITISATIONS – LESSONS LEARNED AND NEXT STEPS

- Christian Thun, EDW
- Marco Monselesan, Prelios
- Timur Peters, Debitos
- Marco Leone, Nomisma
- Michael Huertas, PwC Legal

Q&A, CLOSING REMARKS

WELCOME AND INTRODUCTION

DR CHRISTIAN THUN, EUROPEAN DATAWAREHOUSE

EBA CONSULTATION ON DRAFT ITS ON NPL TRANSACTION DATA TEMPLATES

OLEG SHMELJOV & LIDJA SCHIAVO, EBA

JULY 2022

EBA EUROPEAN BANKING AUTHORITY

EBA consultation on draft ITS on NPL transaction data templates

Oleg Shmeljov, Lidja Schiavo | EBA, Department of Data Analytics, Reporting and Transparency

12 July 2022 | EDW webinar

Background and mandate

Article 16(1) of Directive on credit servicers and credit purchasers (*): "The EBA shall develop draft implementing technical standards to specify the templates to be used by credit institutions for the provision of information referred to in Article 15(1), in order to provide detailed information on their credit exposures in the banking book to credit purchasers for the analysis, financial due diligence and valuation of a creditor's rights under a non-performing credit agreement, or of the non-performing credit agreement itself."

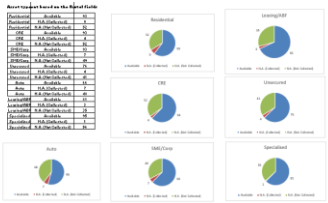
(*) Directive (EU) 2021/2167 on Credit servicers and credit purchasers (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2021.438.01.0001.01.ENG&toc=OJ%3AL%3A2021%3A438%3ATOC)

Building of the NPL data templates: step-by-step process

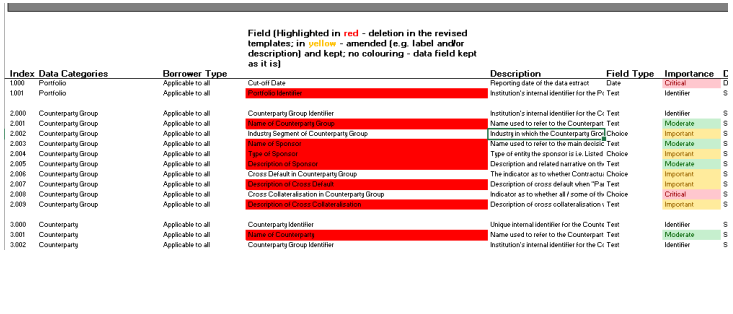
EBA EUROPEAN BANKING AUTHORITY

GAP analysis EBA-GACS templ. (Jan 2021)

EBA Survey with the Industry (Jan-March 2021)



Discussion Paper and Industry feedback received



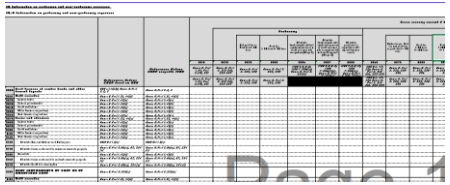
Field (Highlighted in red - deletion in the revised templates; in yellow - amended (e.g. label and/or description) and kept; no colouring - data field kept as it is)

Index	Data Categories	Borrower Type	Description	Field Type	Importance
1.000	Portfolio	Applicable to all	Cut-off Date	Date	Critical
1.001	Portfolio	Applicable to all	Portfolio Identifier	Text	Identifier
2.000	Counterparty Group	Applicable to all	Counterparty Group Identifier	Text	Identifier
2.001	Counterparty Group	Applicable to all	Name of Counterparty Group	Text	Moderate
2.002	Counterparty Group	Applicable to all	Industry Segment of Counterparty Group	Choice	Important
2.003	Counterparty Group	Applicable to all	Name of Sponsor	Text	Moderate
2.004	Counterparty Group	Applicable to all	Type of Sponsor	Choice	Important
2.005	Counterparty Group	Applicable to all	Description of Sponsor	Text	Moderate
2.006	Counterparty Group	Applicable to all	Cross Default in Counterparty Group	Choice	Important
2.007	Counterparty Group	Applicable to all	Description of cross default	Text	Important
2.008	Counterparty Group	Applicable to all	Cross Collateralisation in Counterparty Group	Choice	Critical
2.009	Counterparty Group	Applicable to all	Description of cross collateralisation	Text	Important
3.000	Counterparty	Applicable to all	Counterparty Identifier	Text	Identifier
3.001	Counterparty	Applicable to all	Name of Counterparty	Text	Moderate
3.002	Counterparty	Applicable to all	Counterparty Group Identifier	Text	Identifier

EBA consultation on draft ITS on NPL transaction data templates

Alignment of the content of the data fields to the EU common definitions

Finrep:



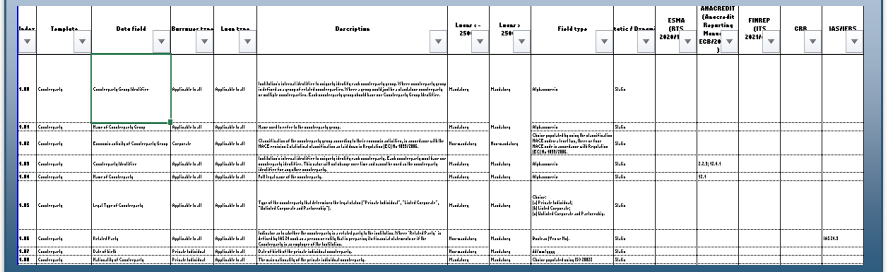
AnaCredit:

Index	Data Field	Description
1.1	Reporting agent identifier	Counterparty identifier for the reporting agent. The reporting agent identifier is the counterparty identifier of the reporting agent which reports the data.
1.2	Observed agent identifier	Counterparty identifier for the observed agent. The observed agent identifier is the counterparty identifier of the observed agent (i.e. an institutional unit of the reporting agent) whose data are reported by the reporting agent.
1.3	Contract identifier	An identifier applied by the reporting agent to uniquely identify each contract. Each contract must have one contract identifier. This value will not change over time and cannot be used as the contract identifier for any other contract.
1.4	Instrument identifier	An identifier applied by the reporting agent to uniquely identify each instrument under a single contract. Each instrument must have one instrument identifier. This value will not change over time and cannot be used as the instrument identifier for any other instrument under the same contract.
1.5	Type of instrument	Classification of the instrument according to the type of contractual terms agreed between the parties.

ESMA's ABS templates:

RESI	Loan/lease-level information section	
RESI	Loan/lease-level information section	Data Cut-Off Date
RESI	Loan/lease-level information section	Securitisation Identifier
RESI	Loan/lease-level information section	Loan/Lease Identifier
RESI	Loan/lease-level information section	Borrower Identifier
RESI	Loan/lease-level information section	Property Identifier
RESI	Loan/lease-level information section	Borrower Type
RESI	Loan/lease-level information section	Borrower's Employment Status

Draft ITS on NPL data templates



Outline of the draft ITS

Clarification of the application (only NPLs), relation to securitisation and introduction of the notion of a buyer

Subject matter, Scope of application, Definitions

Art 4. Information to be provided by credit institutions

Introduction of templates, instructions and data glossary

Electronic and machine readable form, timing of provision (before contract). Additional specific requirements may be set by electronic platforms regarding specific formats

Requirements for completeness and accuracy, provision of mandatory fields, use of ND options for non-mandatory fields, resubmission of data in case of errors

Art. 5. Information granularity, completeness and consistency

Art. 6. Operational procedures for provision of information

Governance arrangement for internal data validation and appropriate managerial approval

Apply GDPR, use secure channels subjects to applicable industry standards regarding data security, use of virtual data rooms

Art. 7. Treatment of confidential and personal information

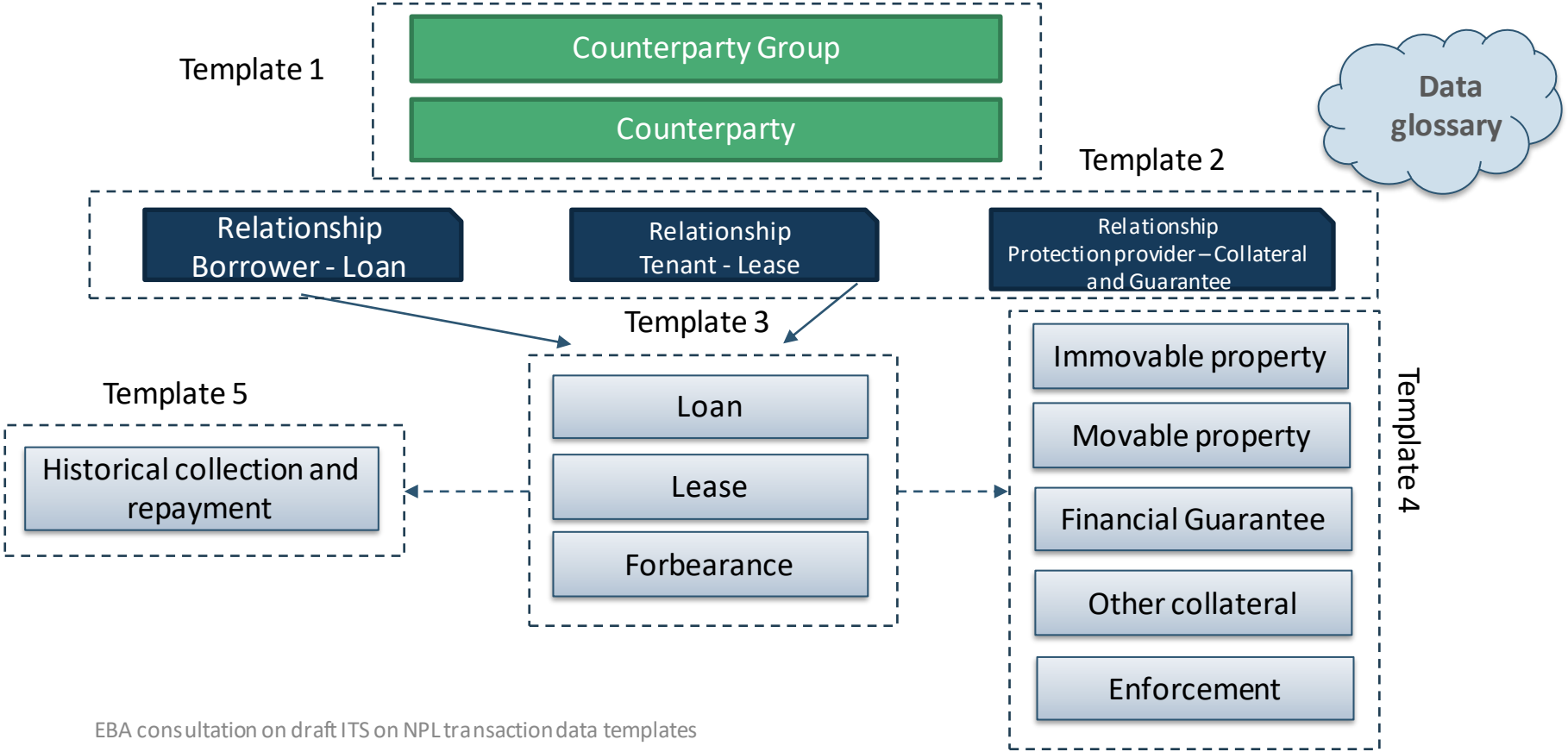
Art. 8. Credit institutions' data governance arrangements

Annex I. Templates

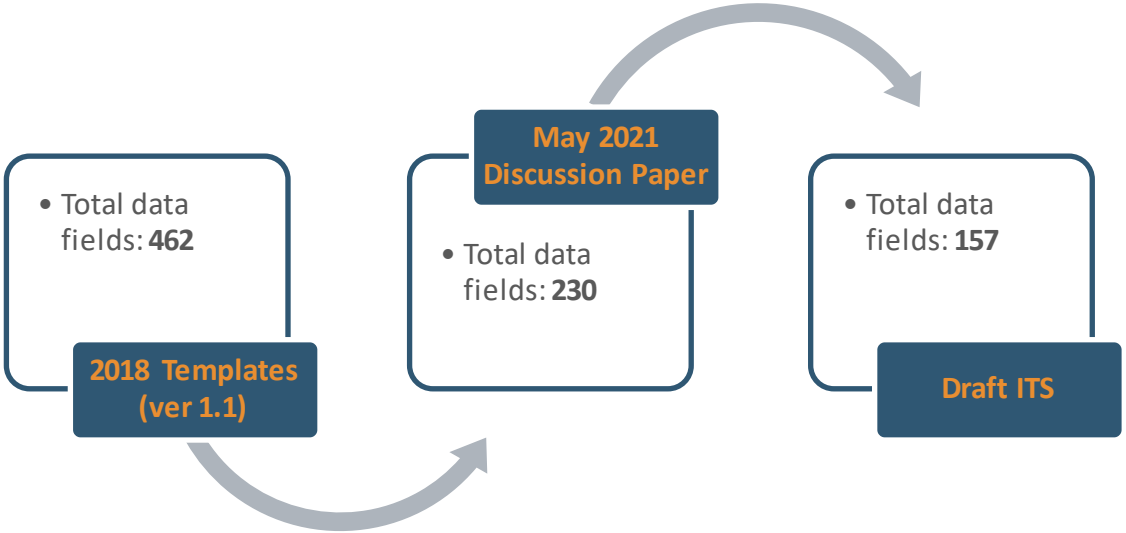
Annex II. Data glossary

Annex III. Instructions

Overview of the NPL data templates



Evolution of templates



Draft ITS:

Total data fields: **157**

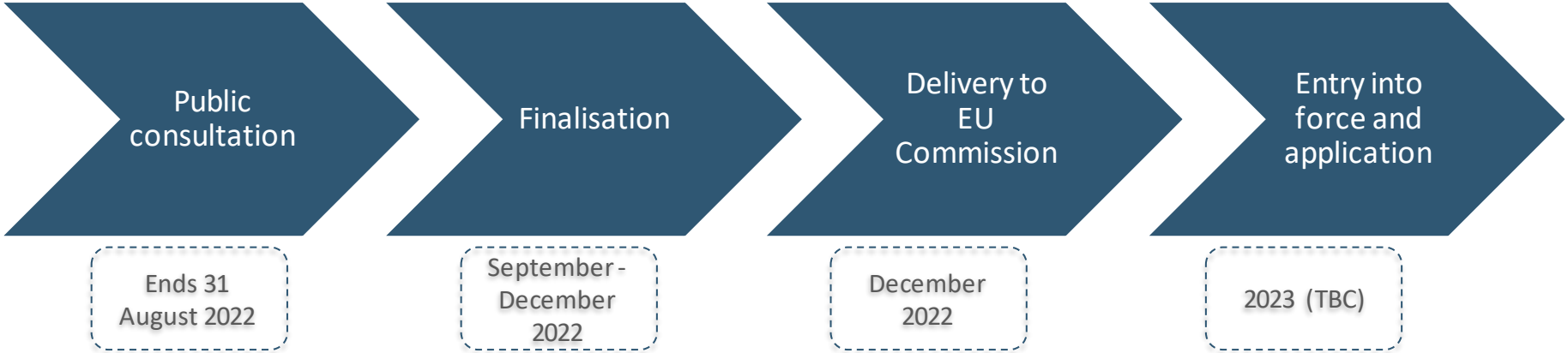
Mandatory for loans < 25000: **91**

Mandatory for loans > 25000: **133**

Non-mandatory for loans < 25000: **66**

Non-mandatory for loans >25000: **24**

Next steps and application



Application of the templates:

- In accordance with the Directive: the requirements apply for loans that are originated on or after 1 July 2018 and that became non-performing after 28 December 2021
- For loans originated before 1 July 2018 or between 1 July 2018 and the date of entry into force of the ITS [2023], credit institutions should have regard to the requirements of this Regulation concerning the templates used when selling these non-performing loans and complete them with available information on a best-efforts basis

EBA EUROPEAN BANKING AUTHORITY

EUROPEAN BANKING AUTHORITY

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https://eba.europa.eu/

PANEL SESSION:

THE EBA NPL TEMPLATE CONSULTATION– WORKING TOWARDS A 2023 IMPLEMENTATION

JULY 2022

EBA NPL TEMPLATES ANALYSIS

MARCO ANGHEBEN, EUROPEAN DATAWAREHOUSE

JULY 2022

PRELIMINARY RESULTS ON THE EDW GAP ANALYSIS (1/4)

Based on a preliminary assessment of the EBA templates, EDW identified similar fields across the ESMA, ECB, and EBA reporting templates & taxonomies for performing, non-performing, and unlikely to pay loans:

Index - EBA May 2022	Template EBA May 2022	Data field EBA Template May 2022	Field code - ESMA	Field name - ESMA
1.02	Counterparty	Economic activity of Counterparty Group	CRPL14	NACE Industry Code
1.05	Counterparty	Legal Type of Counterparty	RREL15	Borrower Type
1.1	Counterparty	Country of Counterparty (private individual)	CRPL98 and RREL81	Originator Establishment Country
1.19	Counterparty	Date of Latest Annual Financial Statements	CRPL22	Date Of Financials
1.2	Counterparty	Currency of Financial Statements	CRPL23	Financial Statement Currency
3	Loan	Cut-off Date	CRPL6 and RREL6	Data Cut-Off Date
3.08	Loan	Amortisation type	CRPL46 and RREL35	Amortisation Type
3.1	Loan	Legal final maturity date	CRPL34 and RREL24	Maturity Date
3.11	Loan	Currency	CRPL37 and RREL28	Currency Denomination
3.25	Loan	Last Payment Date	NPEL30	Last Payment Date
3.27	Loan	Interest rate reset frequency	RREL47	Interest Rate Reset Interval
3.29	Loan	Total Past-Due Amount	RREL67	Arrears Balance

Sources: EBA Templates, ESMA Templates and EDW assessment

PRELIMINARY RESULTS ON THE EDW GAP ANALYSIS (2/4)

Potential correspondence across fields

Template	Number of fields with potential correspondence
Counterparty	15
Relationship	1
Loan	23
Collateral guarantee and enforcement	30
Historical collection and repayment	3

Sources: EBA Templates, ESMA Templates and EDW assessment

PRELIMINARY RESULTS ON THE EDW GAP ANALYSIS (3/4)

Differences in the No Data option fields

No Data Field Option	EBA Templates May 2022	ESMA Templates
ND1	data not collected by the credit institution;	Data not collected as not required by the lending or underwriting criteria
ND2	data collected but not loaded into the credit institution's reporting system or loaded into a separate system from the credit institution's reporting system;	Data collected on underlying exposure application but not loaded into the originator's reporting system
ND3	data collected but only available from DD-MM-YYY (DD-MM-YYYY must be completed);	Data collected on underlying exposure application but loaded onto a separate system from the originator's reporting system
ND4	data field not applicable in relation to the underwriting criteria specified in the description of the data field or in relation to the borrower type or the loan type.	ND4-YYYY-MM-DD Data collected but will only be available from YYYY-MM-DD (YYYY-MM-DD shall be completed)
ND5	N/A	Not applicable

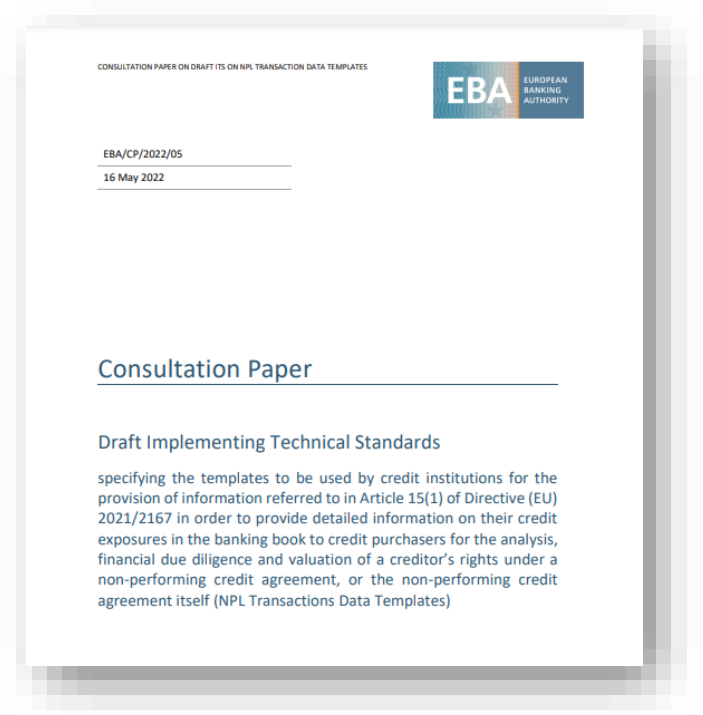
Sources: EBA Templates, ESMA Templates and EDW assessment

PRELIMINARY RESULTS ON THE EDW GAP ANALYSIS (4/4)

	ECB Template			ESMA Template		
Fields	Field code	Field name	Mandatory/Optional	Field code	Field name	Mandatory/Optional
Delinquencies	AR167	Date Last Current	Optional	RREL66	Date Last In Arrears	Mandatory
	AR168	Date Last in Arrears	Optional	RREL67	Arrears Balance	Mandatory
	AR169	Arrears Balance	Mandatory	RREL68	Number Of Days In Arrears	Mandatory
	AR170	Number Months in Arrears	Mandatory			
	AR171	Arrears 1 Month Ago	Mandatory			
	AR172	Arrears 2 Months Ago	Mandatory			
	AR173	Performance Arrangement	Optional			
	AR174	Litigation	Mandatory			
	AR175	Redemption Date	Mandatory			
	AR176	Months in Arrears Prior	Optional			
Defaults	AR177	Default or Foreclosure	Mandatory	RREL70	Reason for Default or Foreclosure	Mandatory
	AR178	Date of Default or Foreclosure	Mandatory	RREL71	Default Amount	Mandatory
				RREL72	Default Date	Mandatory
				RREL73	Allocated Losses	Mandatory
Recoveries	AR179	Sale Price lower limit	Mandatory	RREL74	Cumulative Recoveries	Mandatory
	AR180	Loss on Sale	Mandatory	RREL75	Litigation	Mandatory
	AR181	Cumulative Recoveries	Mandatory	RREL76	Recourse	Mandatory
	AR182	Professional Negligence Recoveries	Optional			
	AR183	Loan flagged as Contencioso	Optional			

Sources: ECB Templates, ESMA Templates and EDW assessment

DATA QUALITY CHECKS ON THE UPCOMING EBA TEMPLATES



CONSULTATION PAPER ON DRAFT ITS ON NPL TRANSACTION DATA TEMPLATES

EBA EUROPEAN BANKING AUTHORITY

EBA/CP/2022/05

16 May 2022

Consultation Paper

Draft Implementing Technical Standards

specifying the templates to be used by credit institutions for the provision of information referred to in Article 15(1) of Directive (EU) 2021/2167 in order to provide detailed information on their credit exposures in the banking book to credit purchasers for the analysis, financial due diligence and valuation of a creditor's rights under a non-performing credit agreement, or the non-performing credit agreement itself (NPL Transactions Data Templates)

EBA public consultation on the draft ITS	Entry into force and application of the EBA NPL templates	Checks on-demand required from investors or servicers on the data quality	Introduction of potential data quality checks based on the ESMA Templates	Potential introduction of additional data quality checks such as the EDW Data Quality Score
Ends 31 August 2022	**2023**	H1 2023	H2 2023	H1 2024

PANEL SESSION:
NPL SECURITISATIONS– LESSONS LEARNED AND NEXT STEPS

JULY 2022

MACROECONOMIC SCENARIO

MARCO LEONE, NOMISMA

JULY 2022

EUROPEAN DATAWAREHOUSE

July 12, 2022

SHAPING THE FUTURE OF NPL REPORTING

MACROECONOMIC SCENARIO

Marco Leone | Senior Advisor
Nomisma

Nomisma

FACTS AND FIGURES AS OF JULY, 5

nomisma.it

As usual

Variazione %
ultime 24 ore

Oil
101,43
05/07
-10,9%

Copper
7.548
05/07
-3,2%

Exchange
Euro-Dollaro
€ $
1,029
05/07
-1,6%

Italian S.E.
(Indice MIB)
20.705
05/07
-3,0%

Unusual

Variazione %
ultime 24 ore

Gas
165
05/07
+11,7%

Coal
285
Lug-22
+1,7%

Electric
Energy
418,68
05/07
+7,2%

Gold
1.765
05/07
-2,4%

GDP AND GROWTH FORECASTS (annual % changes)

	2021	2021	2021	2021	2021	2022	2022
	Q1	Q2	Q3	Q4	OECD	Q1	(previsione WEO)
World	-	-	-	-	5.9	-	3.6
United States	1.5	1.6	0.6	1.7	5.7	-0.4	3.7
China	0.5	1.2	0.7	1.5	8.1	1.3	4.4
Japan	-0.3	0.5	-0.7	0.9	1.7	-0.2	2.4
Euro Area	-0.1	2.2	2.2	0.3	5.4	0.3	2.8
- Italy	0.3	2.7	2.5	0.7	6.6	0.1	2.3
- Germany	-1.7	2.2	1.7	-0.3	2.9	0.2	2.1
- France	0.2	1.0	3.2	0.4	6.8	-0.2	2.9
- UK	-1.2	5.6	0.9	1.3	7.4	0.8	3.7

Export + 18,2%
Trade Surplus of 50 billions
(89 billions the trade surplus without energy products).

Source: Nomisma elaborations on IMF - World Economic Forum January 2022 e *European Commission Winter 2022 Economic Forecast data

THE PERFECT ENERGY STORM

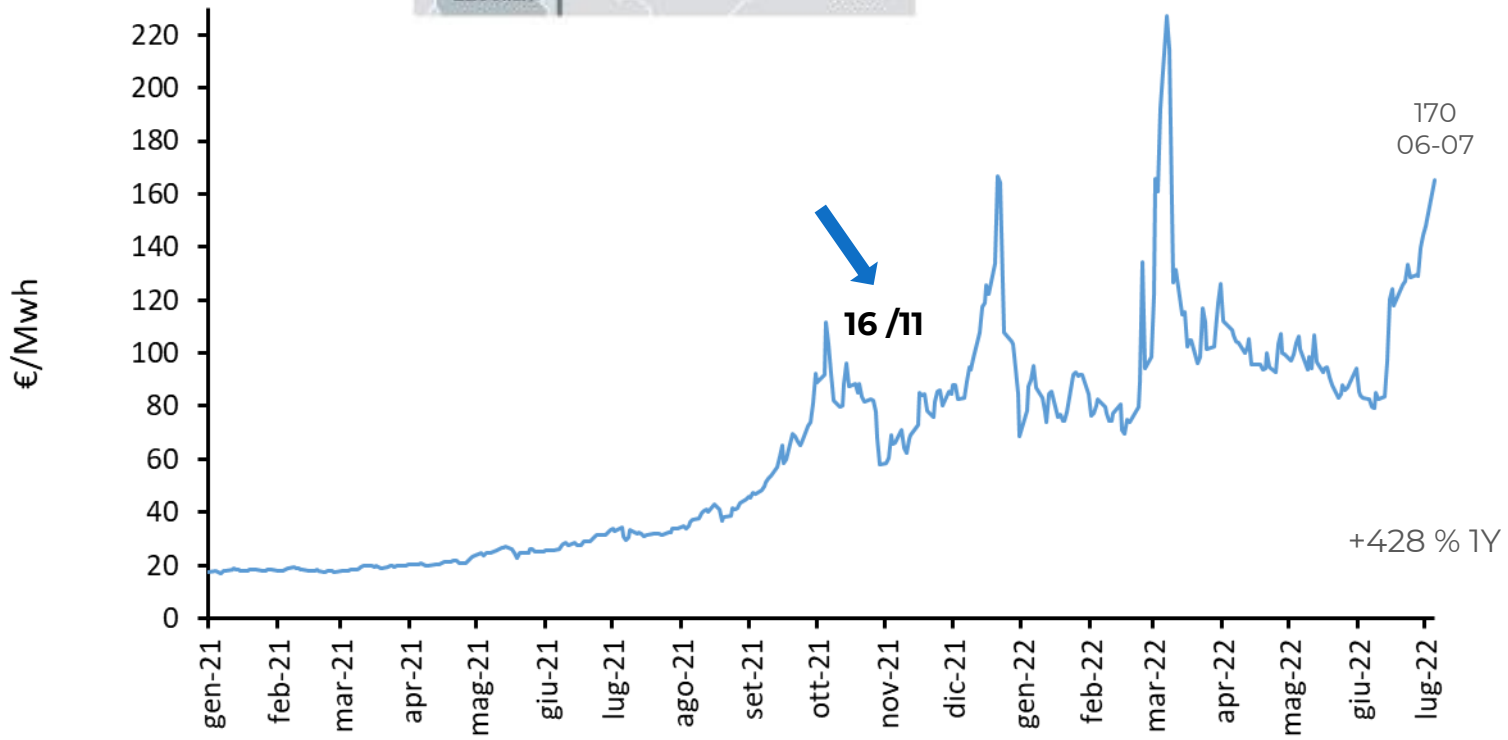
Centrale termoelettrica Gas Petrolio Carbone

Carbone
397 $

+183% 1Y

ETS
Emissions Trading System
per Ton. CO2
2020 24 €
2021 53 €
28-04-2022
83 € (+60%Y)

Germania
Ministro economia attiva terza centrale elettrica a carbone



Source : Nomisma elaborations on Investing data

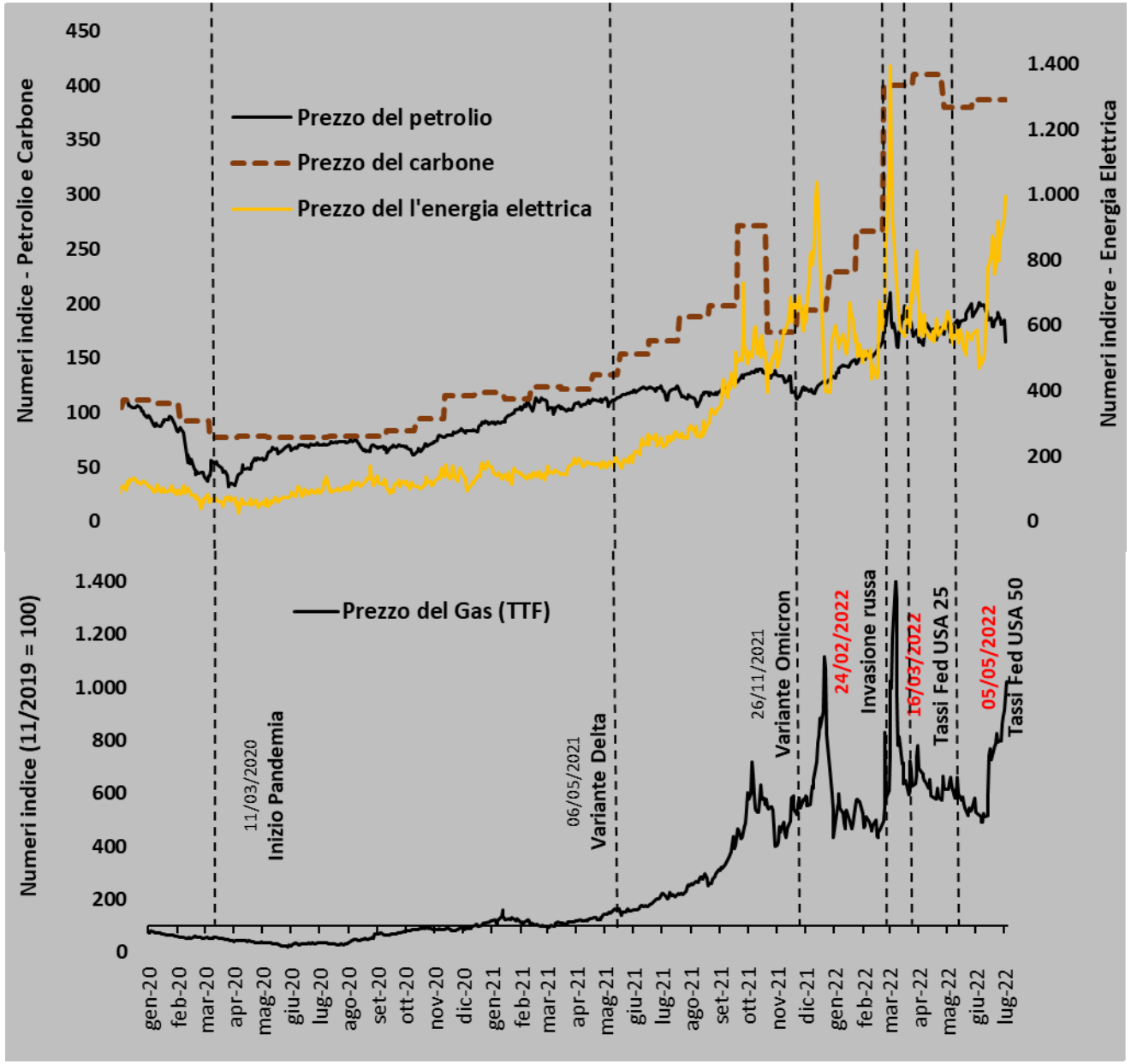
Mix energetico ITA
Gas 42%
Petrolio 36%
Rinnovabili 11%

2021
Consumo Gas ITA
76 miliardi di metri cubi +7,2%
Estratto in ITA 3,3 mld
-18,6%

Russia
Rottura turbina
Flussi -40% verso Germania di cui -15% Italia

Norvegia
Sciopero tre giacimenti fermi.
Rischio -56%
Meno 178 Milioni di metri cubi al giorno (10% fabbisogno)

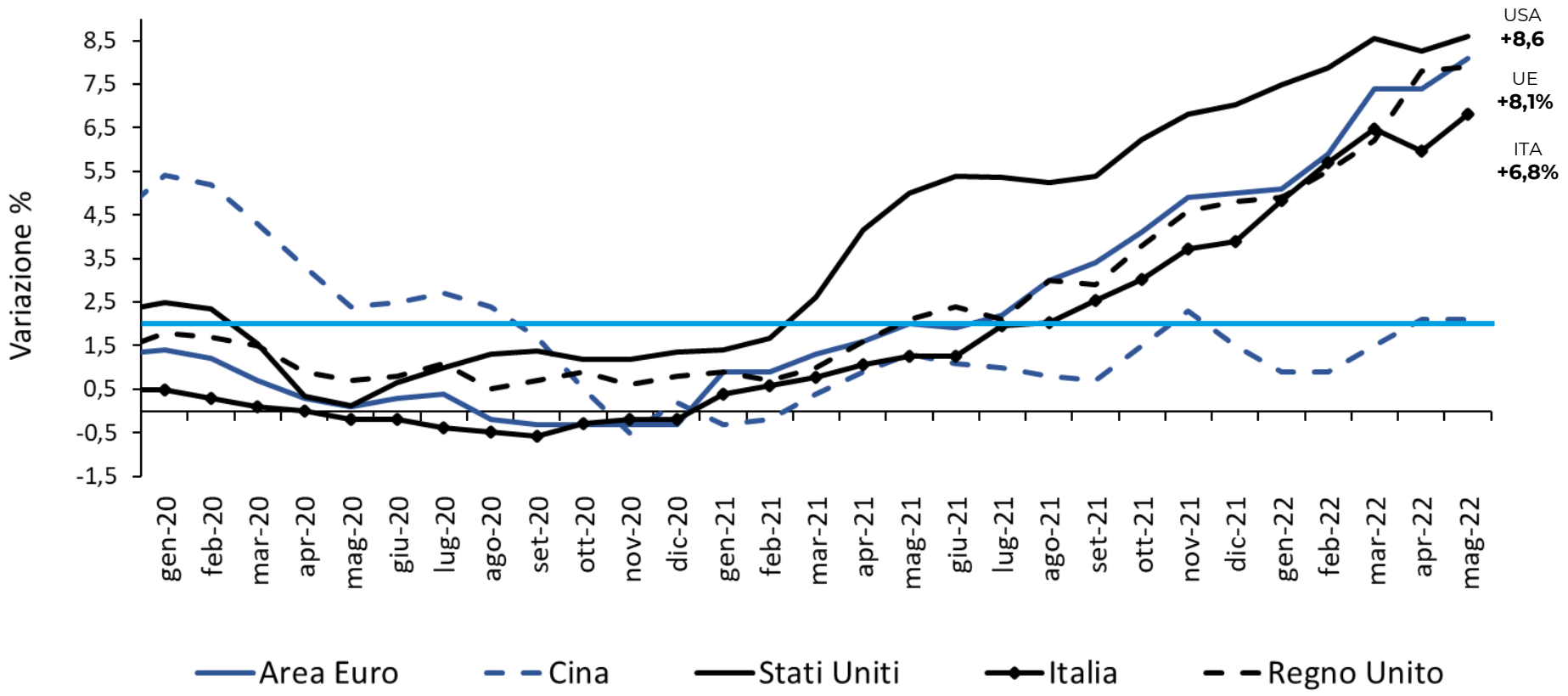
INFLUENCE OF GAS ON OTHER ENERGETICS



Source : Nomisma elaborations on Sole 24 Ore, World Bank, Investing e GME data

INFLATION

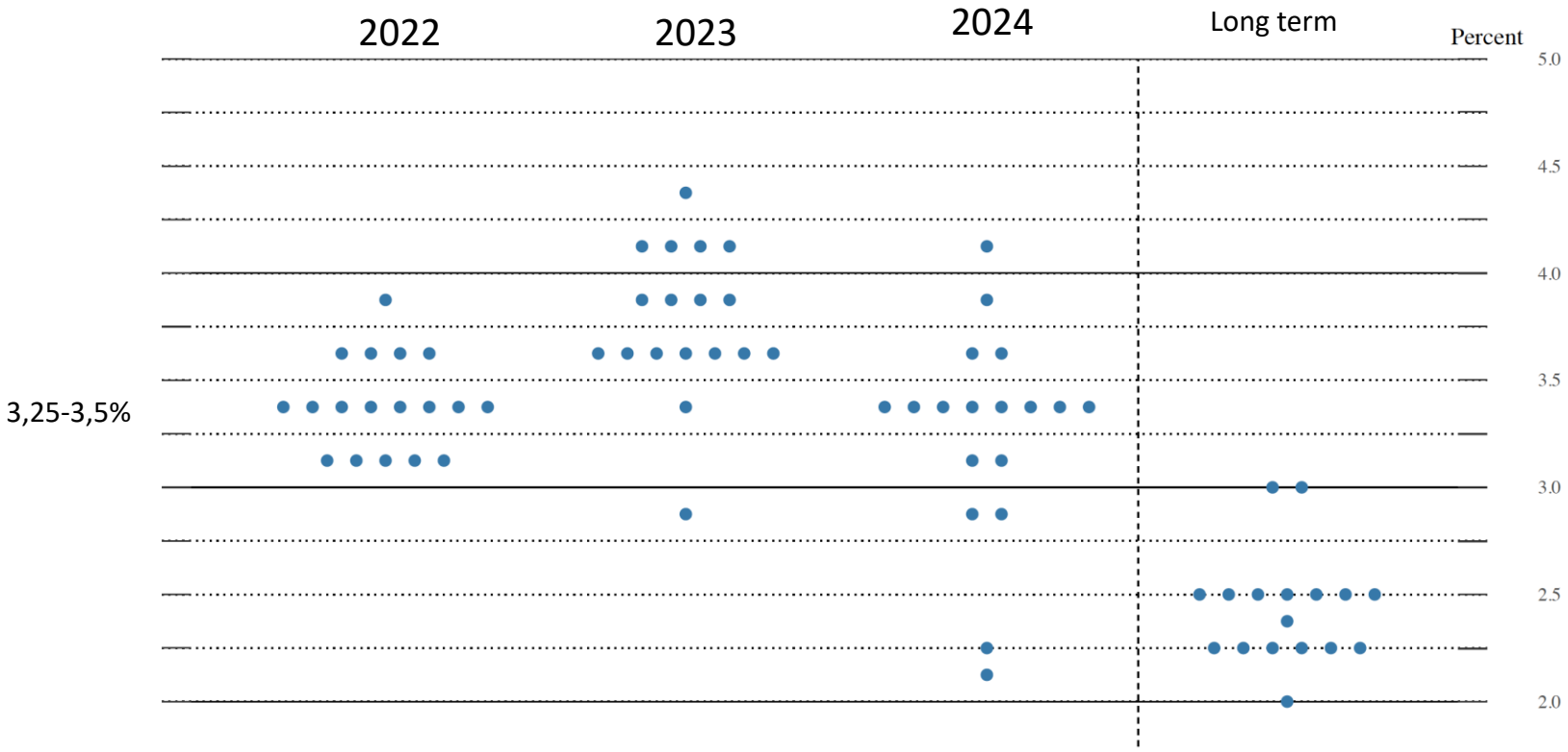
ITALIA
+8%
Jun-22



Source : Nomisma elaborations on OECD and Istat data

FUTURE TREND AMERICAN RATES

Federal Open Market Committee (FOMC)
June 14–15, 2022
participants submitted their projections of the most likely outcomes



Source: Federal Reserve System

Tasso di riferimento attuale
1.5-1.75%

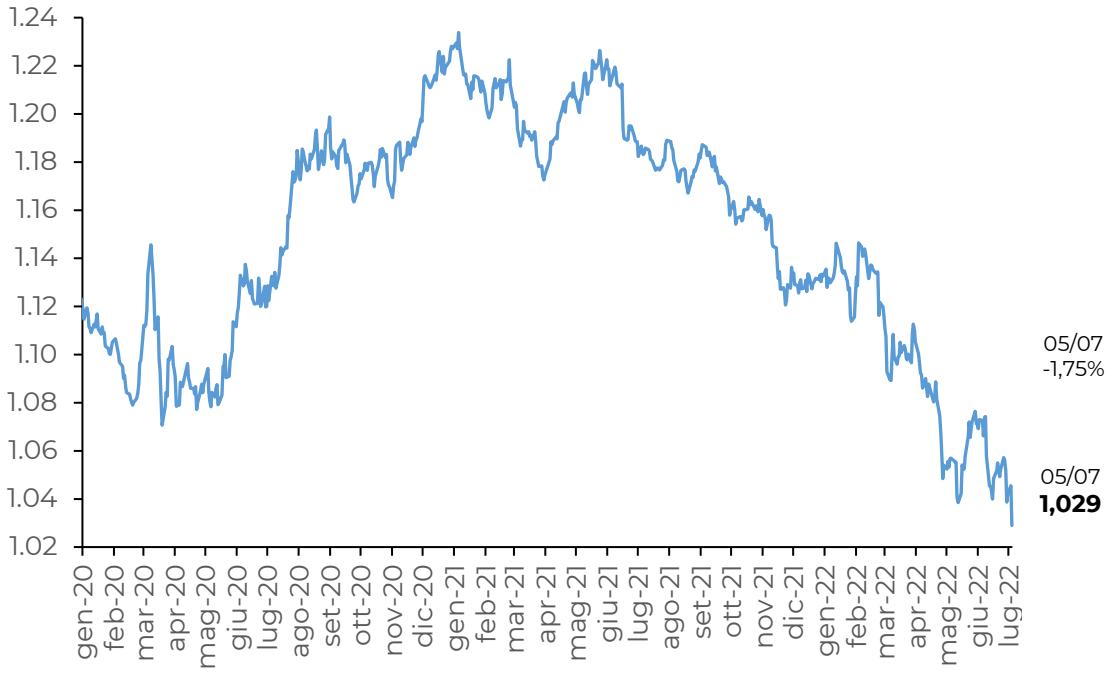
Attese a fine 2022
3.25-3.50%

Differenza
175 punti

July	26-27
September	20-21*
November	1-2
December	13-14*

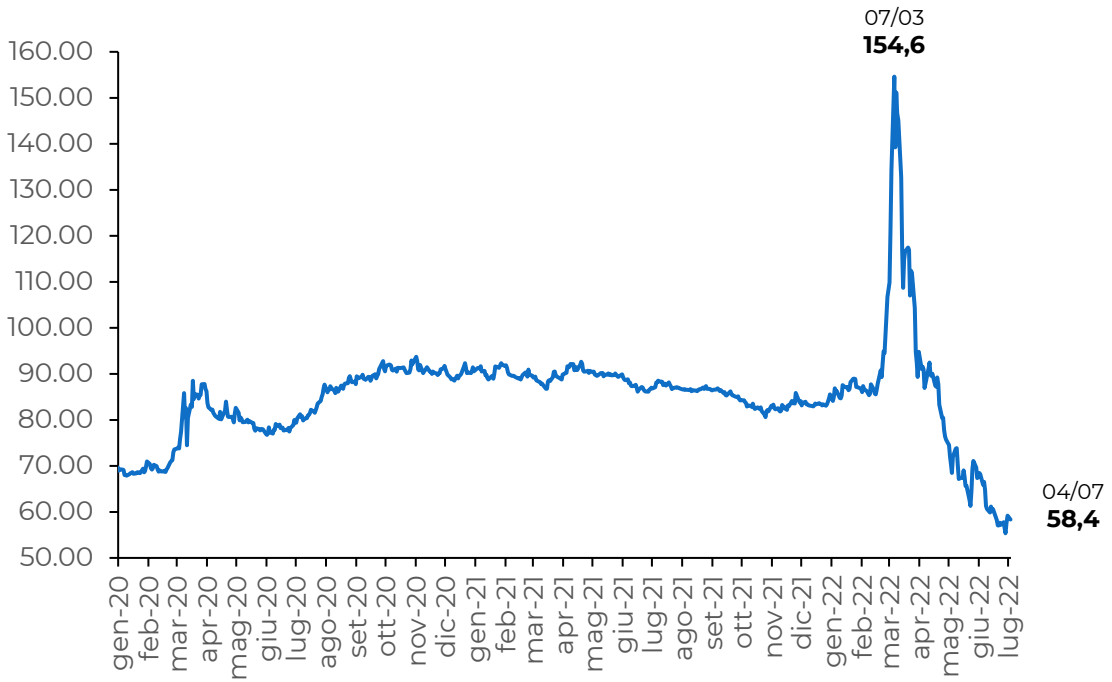
EXCHANGE RATES

Euro-Dollar



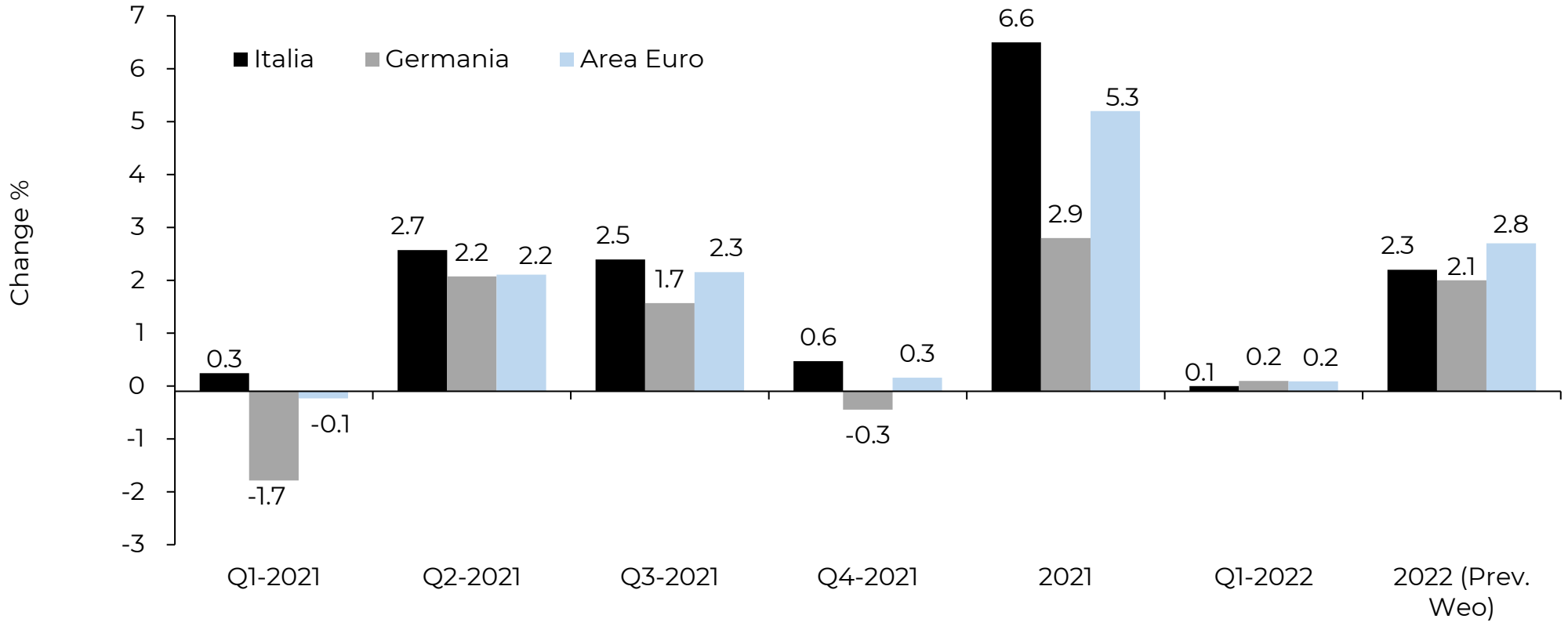
Source: Nomisma elaborations on Banca d'Italia data

Euro-Ruble



Source: Nomisma elaborations on Sole24Ore data

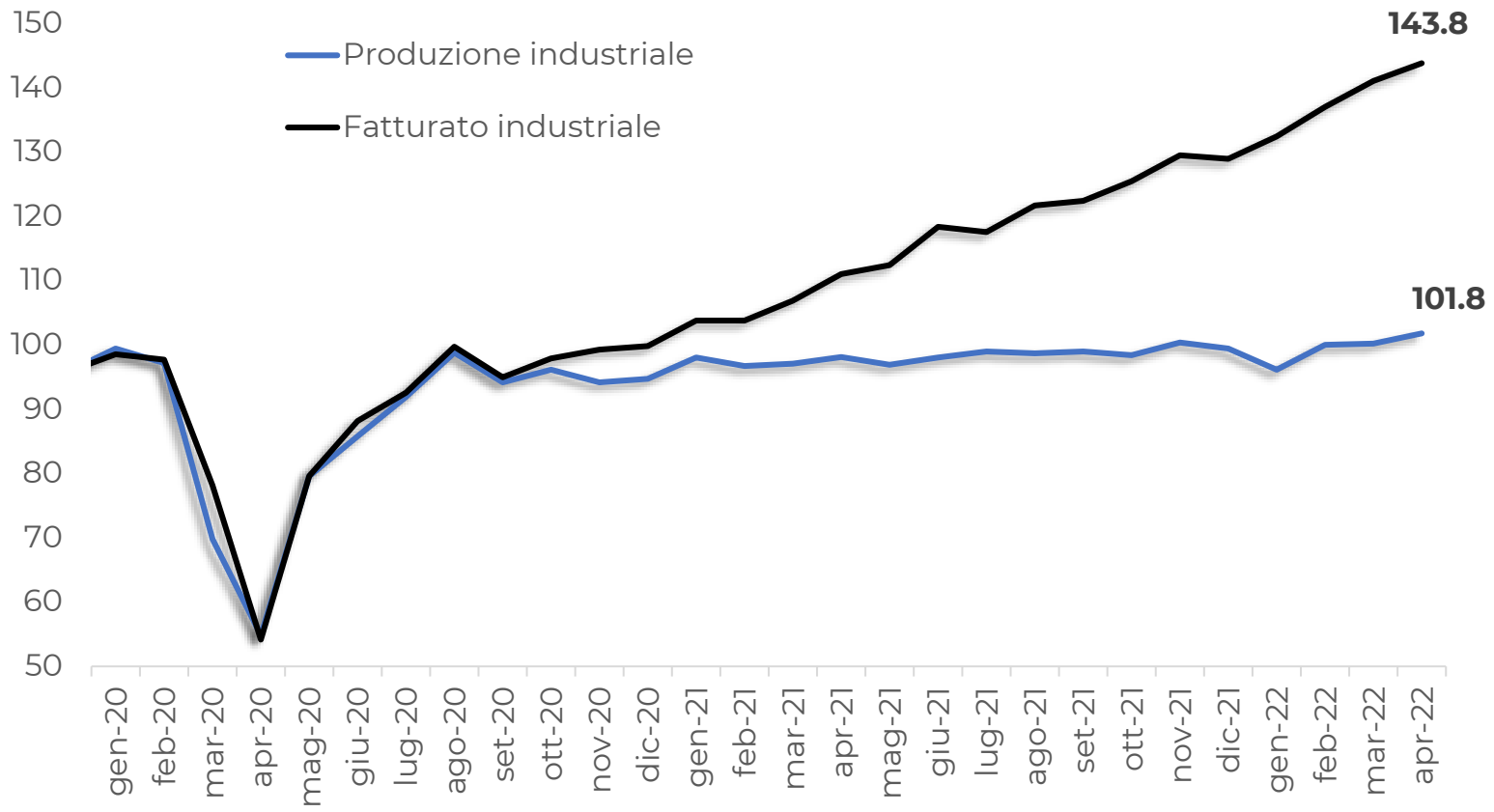
ITALIAN GDP GROWTH RATE



Source: Nomisma elaborations on OECD, IMF and ISTAT data

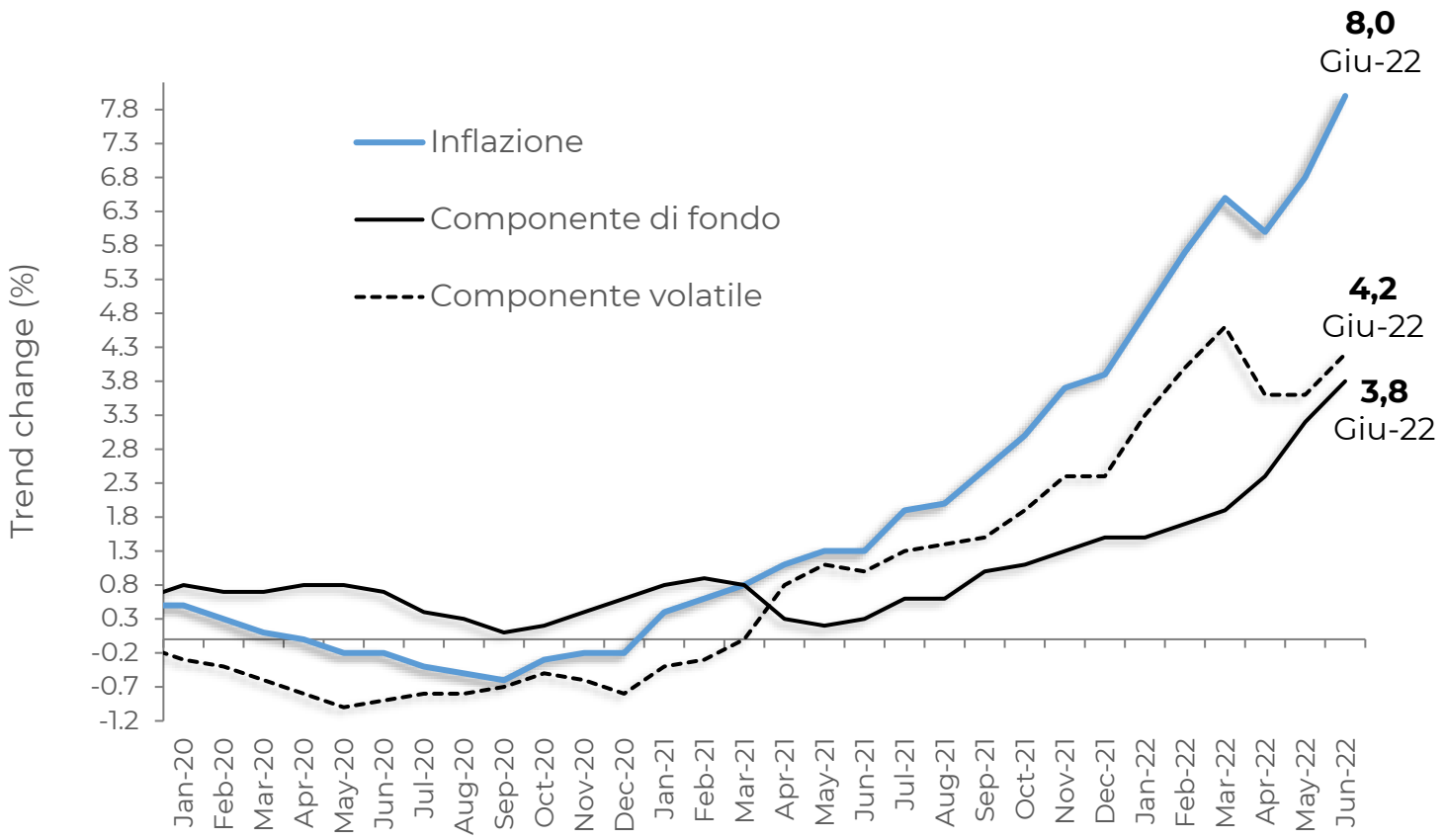
INDUSTRIAL PRODUCTION AND INDUSTRY TURNOVER

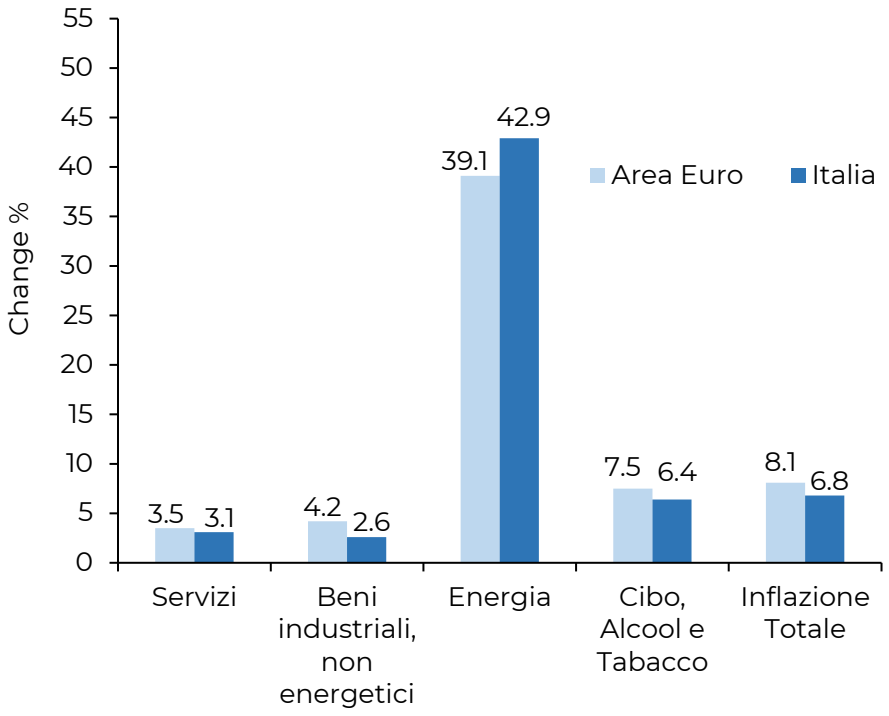
Gennaio 2020 – Aprile 2022, indice destagionalizzato (base Gennaio 2019 = 100)



Source: Nomisma elaborations on ISTAT data

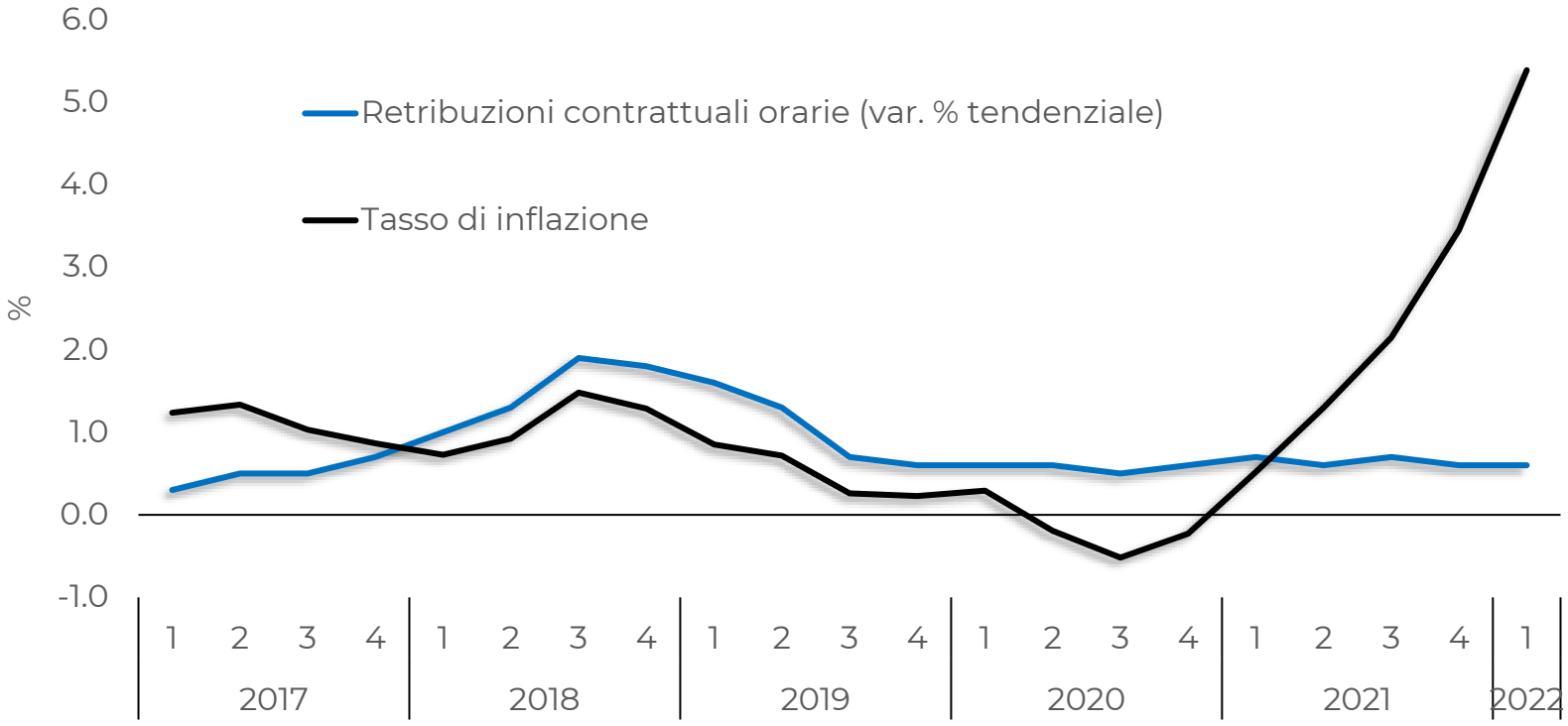
INFLATION





Source: Nomisma elaborations on ISTAT data

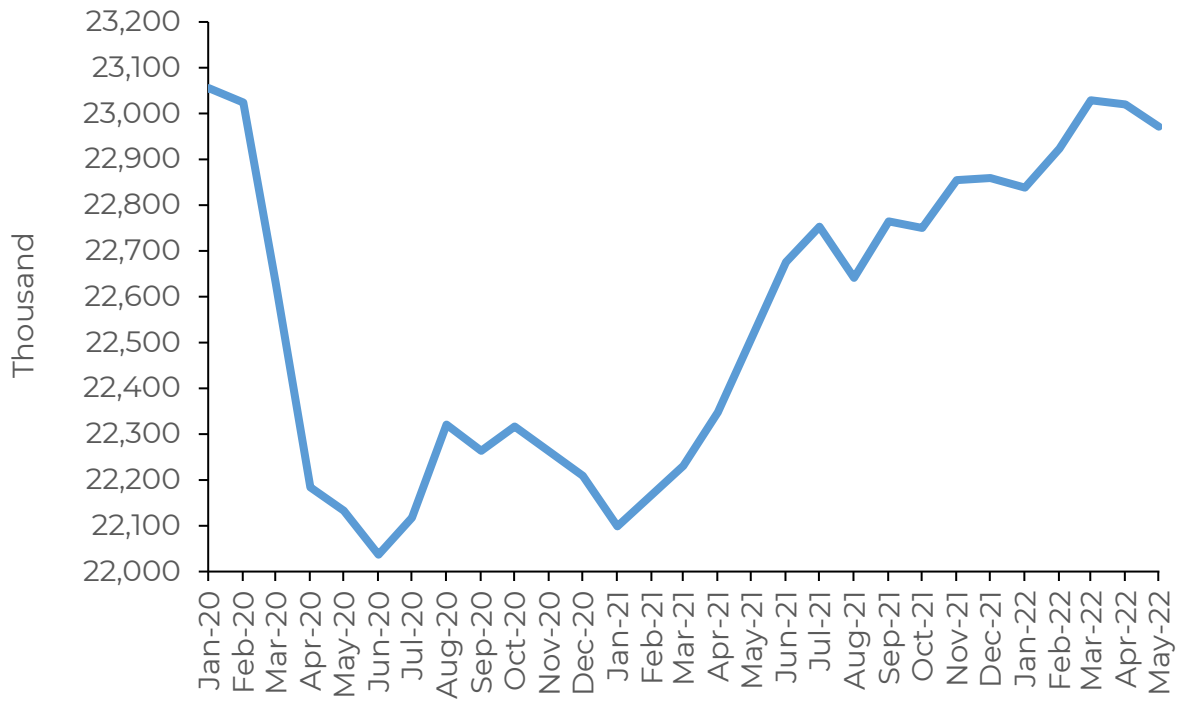
DECLINE IN PURCHASING POWER



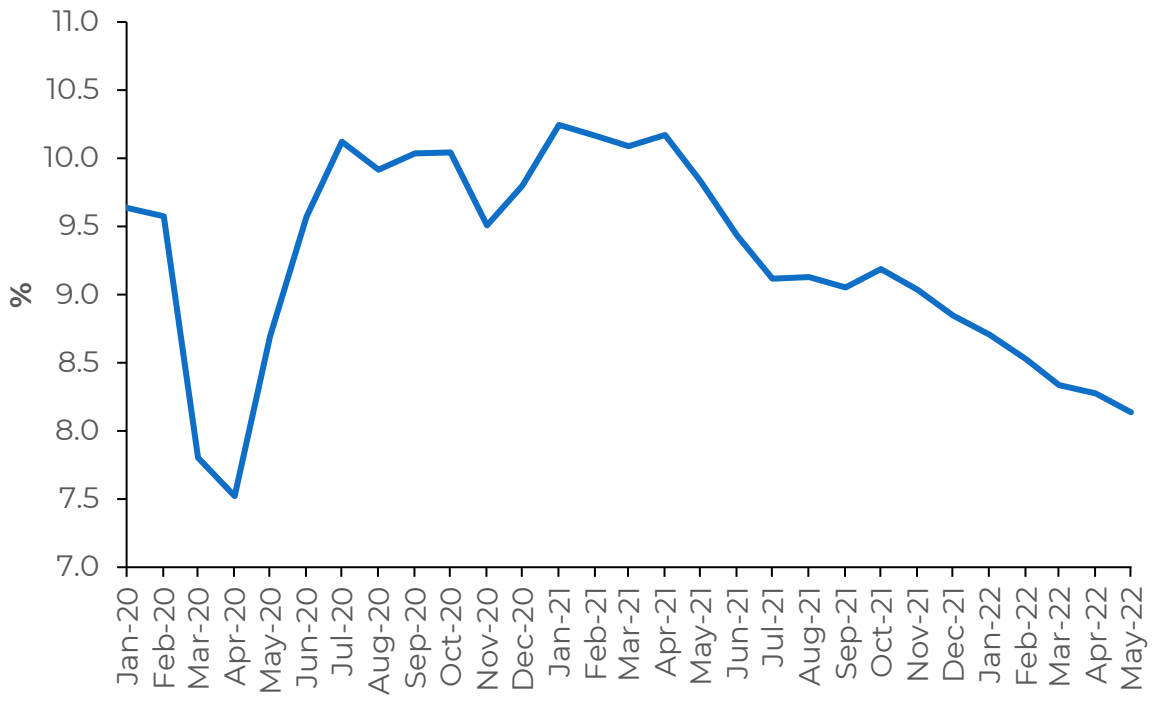
Source: Nomisma elaborations on ISTAT data

EMPLOYMENT AND UNEMPLOYMENT

EMPLOYED



UNEMPLOYED



Source: Nomisma elaborations on ISTAT data

Q&A

THANK YOU // CONTACT US

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