



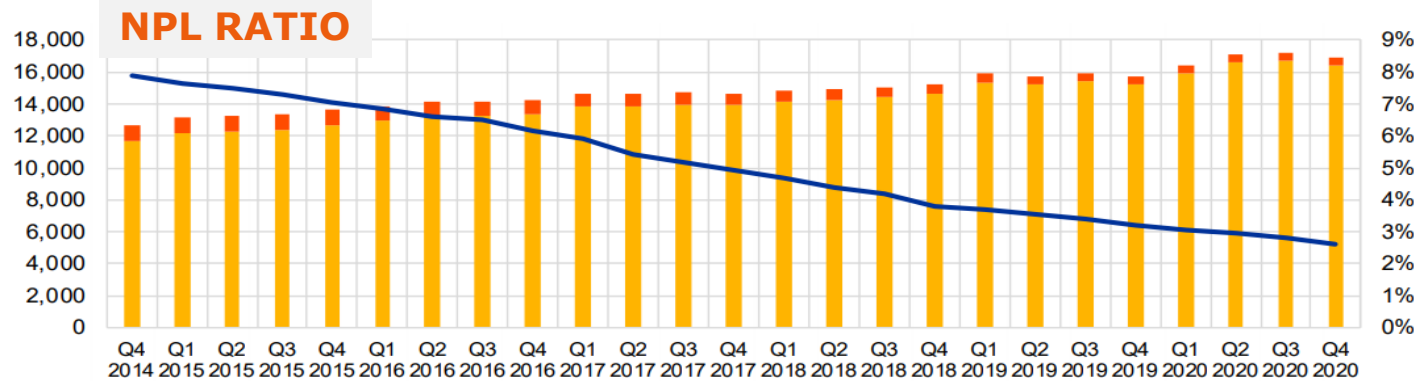
# Banking Essential Webinar

**Gonzalo Gasós**

Senior Director Prudential Policy and Supervision



# CREDIT QUALITY TREND



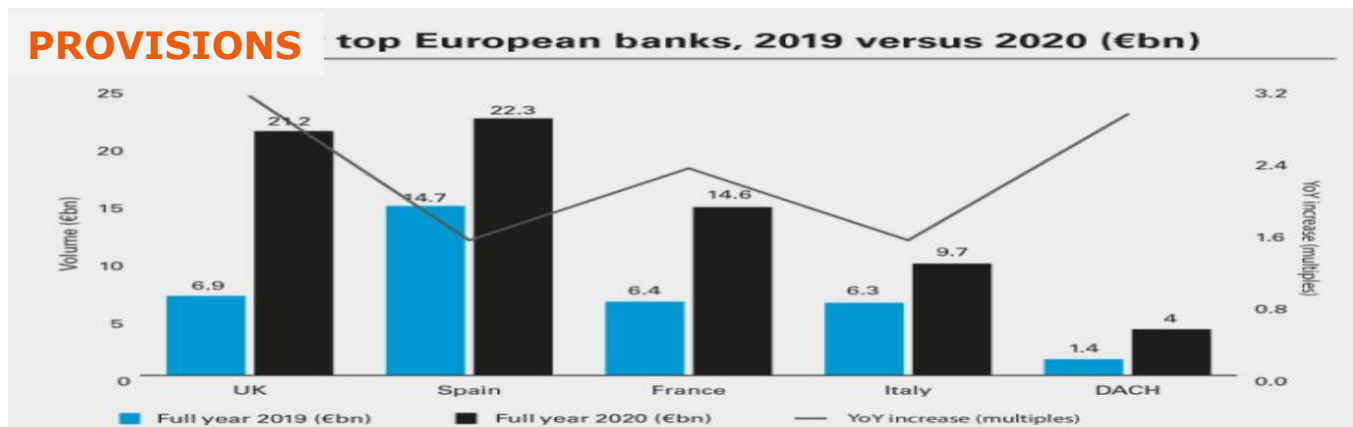
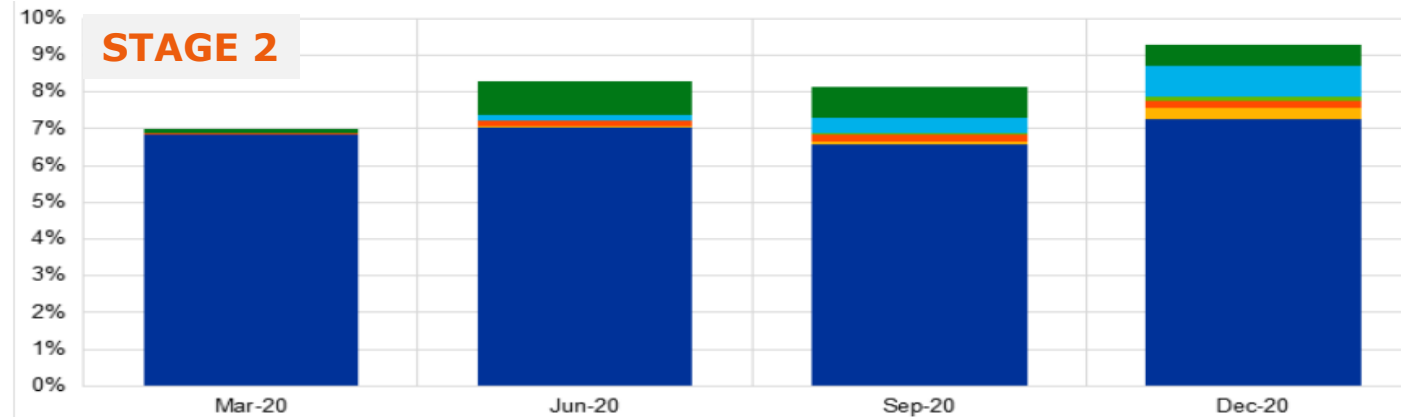
**Declining NPL ratio from 2014 continues throughout 2020**

**However:**

**Latent asset quality deterioration already apparent in Stage-2**

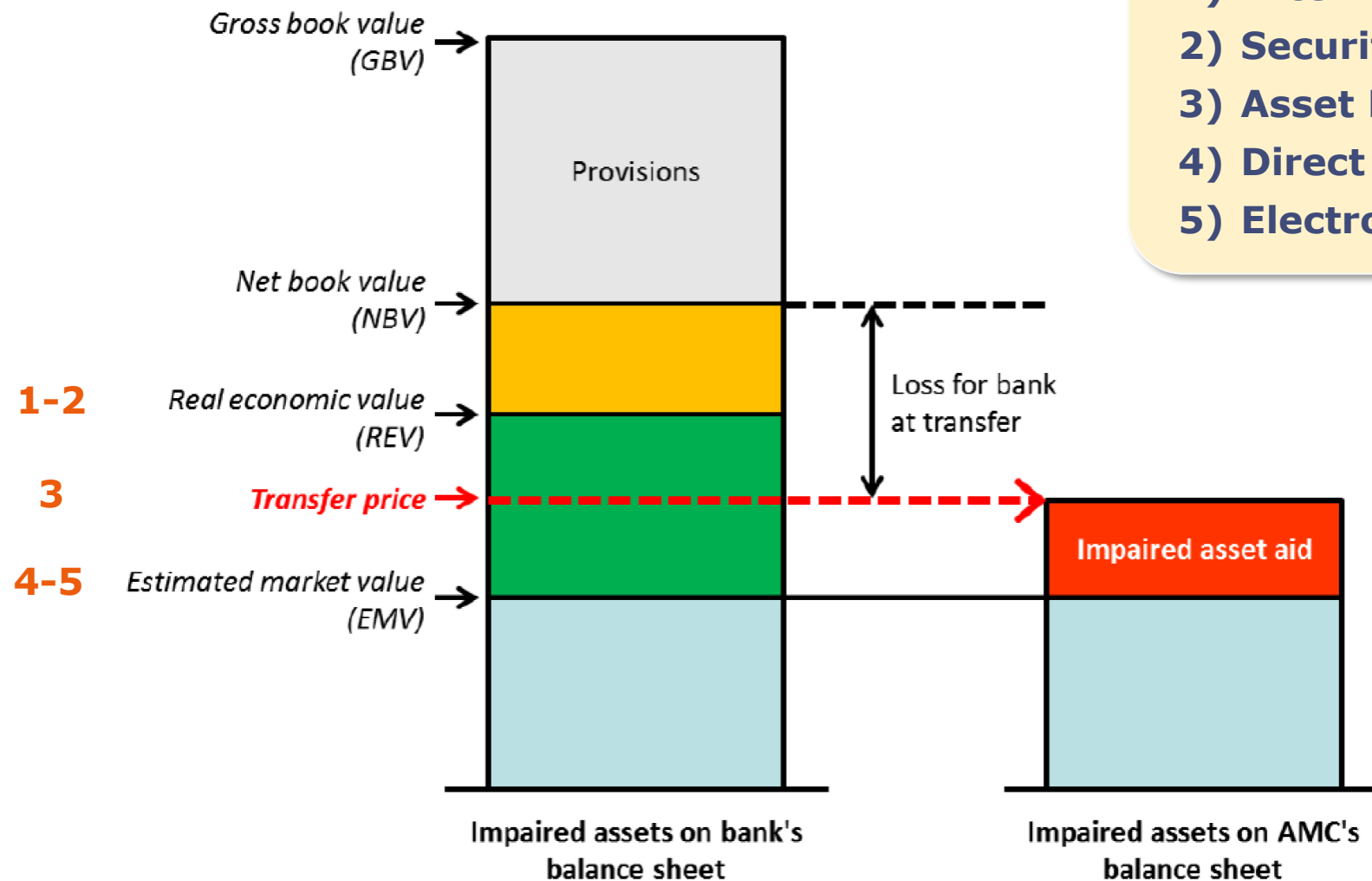


**Bank provisions sharply increased in 2020**



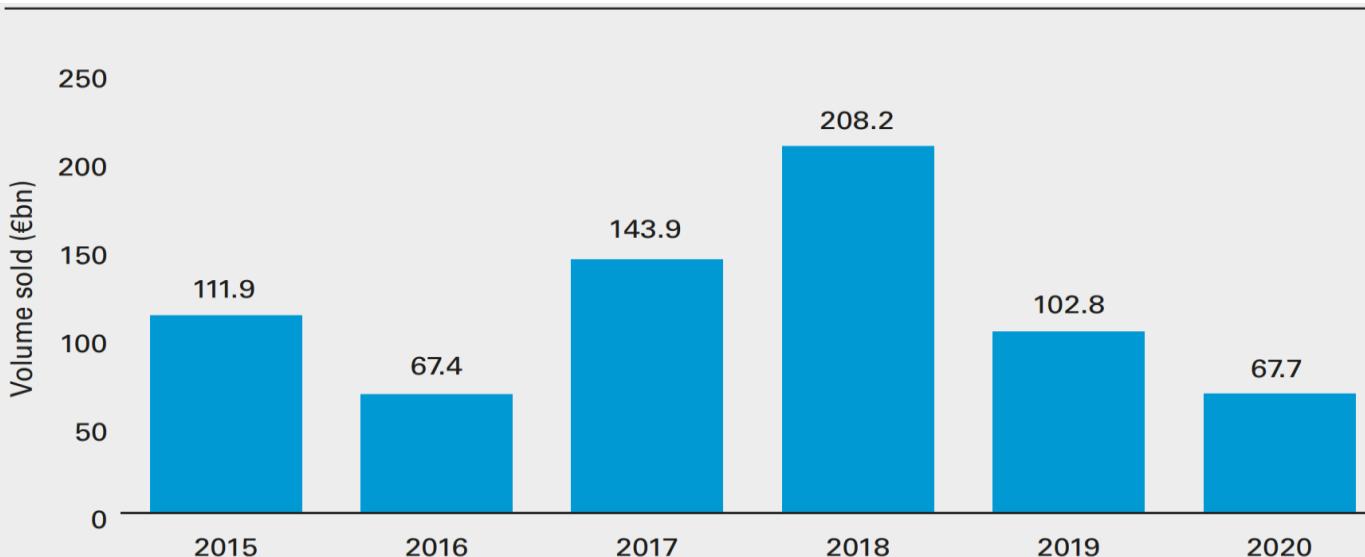
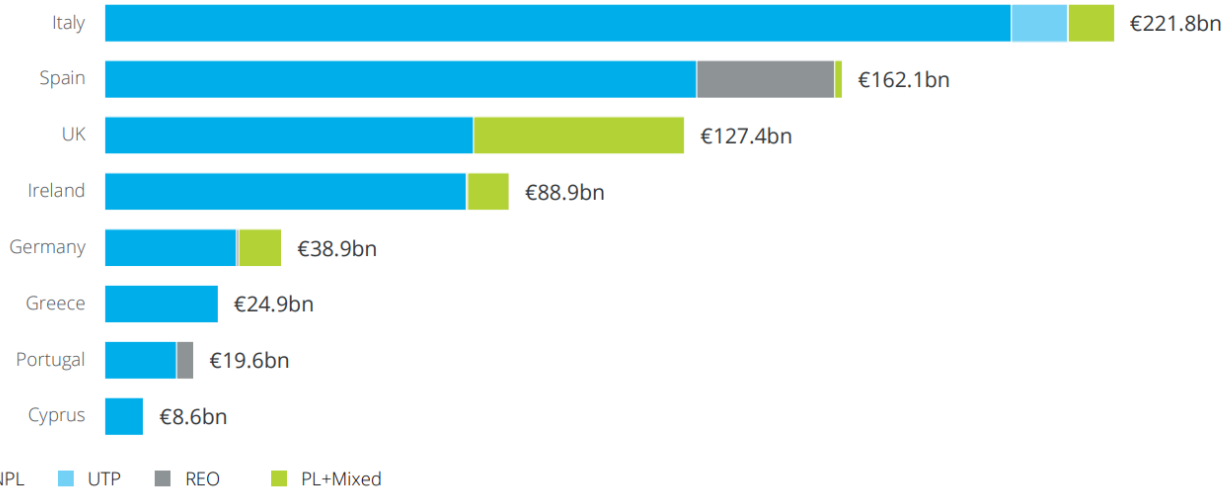
- ◆ **Capacity of Internal Workout Units:**
  - Credit analytics
  - Execution
- ◆ **Portfolio size**
- ◆ **Soft information**
- ◆ **Limited capital**
- ◆ **Provisioning calendars when support measures cease**

# OPTIONS TO DEAL WITH DETERIORATED ASSETS



# NPL MARKET

Completed deals by country since 2014 (€bn)



◆ From selling legacy NPLs (2015-2019)

◆ to dealing with UTPs (2020 onwards)

◆ Total €700bn sold in last 6 years, of which:

◆ AMCs SAREB, NAMA, UKAR, FMS Wertmanagement and HETA combined, absorbed > €400bn altogether



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For more info

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