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EBA NPL templates

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Executive Summary

Following calls from the EU Commission and the EU Council to develop data templates to reduce information asymmetries between potential buyers and sellers of Non-Performing Loans (NPL), the EBA developed such standardised data templates. The EBA is providing these templates to allow banks to supply comparable and standardised data on NPLs to investors and other stakeholders. They are not a supervisory reporting requirement. They are designed in a way that they can act as a market standard, used by banks on a voluntary basis for NPL transactions, and to form the foundation for NPL secondary markets initiatives. The *EBA NPL transaction templates* provide data loan by loan, i.e. at the most granular level. They are built on existing reporting, which should reduce implementation costs for banks. For the purposes of market screening, a separate stratified data subset (the *EBA NPL portfolio screening template*) provides a high level view of an NPL portfolio.

Background and rationale

1. In 29 March 2017, the Vice President of the European Commission asked the EBA to develop data templates to reduce information asymmetries between potential buyers and sellers of Non-Performing Loans (NPL) and, thus, contribute to the development of a functioning secondary market in the EU.¹ Also the Council's conclusions of 11 July 2017 mandated the EBA to issue templates for banks, specifying detailed information required from banks on their credit exposures in the banking book.² The EBA NPL templates are the EBA's response to these calls.
2. The EBA NPL templates are not mandatory and are not a supervisory reporting requirement. They rather aim at enhancing the granularity, quality and comparability of NPL data and facilitate the exchange of information between banks and investors. The use of these templates as part of the Financial Due Diligence (FDD) and valuation exercise in NPL transactions is accordingly expected to result in the provision of comparable and standardised data on NPLs to investors and other stakeholders, including on collateral valuation, counterparties and loan characteristics.
3. Despite the fact the templates are not a supervisory reporting requirement, they are designed to become a market standard for NPL transactions. Within the templates banks should be able to identify the data needed by investors to fairly price an NPL portfolio. The templates provide references to existing reporting, which should reduce implementation costs for banks.
4. The extended use of the EBA NPL templates is expected to widen the investor base, lower entry barriers to potential investors, improve data and availability, support price discovery and further facilitate transactions. The templates are envisioned by the European Authorities to be the foundation of enhanced secondary market as they will be utilised in national Asset Management Companies and NPL platforms.
5. The templates take into account different data needs for the initial data screening of an NPL portfolio on the one hand (EBA NPL portfolio screening template), and for the subsequent FDD and valuation on the other hand (EBA NPL transaction templates). The transaction templates are very granular and each data field has been provided a ranking of importance. A subset has been considered as critical, also following the feedback received from market participants.
6. To ensure that experience from NPL transaction markets was brought into the project and to thereby enhance the evidence-based nature, the efficiency and proportionality of the

¹ <http://www.eba.europa.eu/documents/10180/1806992/%28EBA-2017-E-1263%29%20Letter+from+Vice-President+Dombrovskis+re+NPLs.pdf>

² <http://www.consilium.europa.eu/en/press/press-releases/2017/07/11-conclusions-non-performing-loans/>.



templates, the EBA has been supported, following a tender procedure, throughout this project by a technical consultants.

7. The templates were discussed with competent authorities and EU institutions and the comments received have been incorporated. The EBA has also interacted with the industry for a two-week period and valuable feedback was received that has been taken into account in the final templates. In this regards, the “critical” data fields were further reduced to represent the core fields needed for FDD and valuation. As a result of this process, the number of critical data fields was accordingly reduced from around 300 to about 90 to 150 (depending on the asset class) out of around 450 data fields in total.
8. The definitions and references used in the EBA NPL transaction templates build upon relevant provisions of the CRR as well as upon provisions and comparable data fields included in: (a) Implementing Regulation (EU) No 680/2014 of 16 April 2014 *laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council* (FINREP Regulation)³; (b) Regulation (EU) 2016/867 of the European Central Bank *on collection of granular credit and credit risk data*⁴ (AnaCredit); (c) Regulation (EU) No 1893/2006 *on establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains*⁵ (NACE); (d) ISO Codes; and the Nomenclature of Units for Territorial Statistics (NUTS3) as laid out by Eurostat⁶. This to ensure the maximum consistency possible with existing definitions.

³ OJ L191, p. 1.

⁴ OJ L 144, p. 44.

⁵ OJ L 393m p. 1.

⁶ <http://ec.europa.eu/eurostat/web/nuts>.

The EBA NPL templates

Two sets of templates

9. To address the different data needs during the screening and during the FDD / valuation phase of NPL transactions, two sets of templates have been developed. These are the “*EBA NPL transaction templates*”, which would serve for the financial due diligence and valuation of portfolios and the “*EBA NPL portfolio screening template*”, which would be particularly useful for the initial screening of portfolios. They are collectively referred to as the “EBA NPL templates”.
10. The structure of both the EBA NPL screening and the EBA NPL transaction templates is discussed in the paragraphs below.

EBA NPL transaction templates

11. The EBA NPL transaction templates provide data loan by loan, i.e. at the most granular level, including information on counterparties related to the loan and the collateral provided.
12. The EBA NPL transaction templates aim at enabling potential bidders to perform a detailed analysis of the assets, commonly performed during the FDD and valuation phase, with regard to the NPL portfolio which forms the subject matter of the transaction.
13. The EBA NPL transaction templates are comprised of the *instructions*, a *data dictionary*, a *data tape* and *validation rules* as follows:
 - a. The *instructions* provide explanations for the usage of the templates.
 - b. The *data dictionary* provides a list of all data fields, including definitions and references to existing standardised reporting and data requirements.
 - c. The *data tape* is the actual template, which is filled in by the institution with the data related to the NPL portfolio.
 - d. The *validation rules* provide guidance on how different data points can be validated against each other.
14. The NPL transaction templates are asset class specific. The asset class breakdown is based as much as possible on the CRR and on other templates in existence or being developed (including by the ECB and the European Securities and Market Authority (ESMA)) as well as on market practices.

15. The following elements are included for reference and convenience purposes:⁷
- a. indicator as to whether a data field might be subject to data protection rules and / or confidentiality restrictions;
 - b. indicator as to whether a particular data field is considered as static or dynamic in case of recurring reporting;
 - c. each data field is classified by relevance to FDD and valuation purposes, ranked as “critical”, “important” and “moderate”.
16. Country specificities (e.g. on legal system, insolvency procedures etc.) have been taken into account to the extent possible and on a best effort basis. They are reflected in a choice field covering the restructuring and insolvency procedures applicable in individual Member States. Additional information can be provided in a text field. For countries outside the EU there is also a high level flexible choice of legal procedures commonly applicable for restructuring and insolvency procedures.
17. To develop the EBA NPL transaction templates, the EBA has also been in contact with other EU public authorities involved in developing loan-level templates, including AnaCredit and securitisation.⁸ It was one of the aims of the project to align the EBA NPL templates to the maximum degree possible with these two reporting templates.

EBA NPL portfolio screening template

18. The EBA NPL portfolio screening template provides information, which is commonly required to perform a market sounding exercise. In this template, stratified data provides a high level view of an NPL portfolio to investors and other third parties potentially involved in transactions.
19. The EBA NPL screening template aims at enabling potential bidders to perform an initial screening, commonly performed during the first phase of an intended NPL transaction. Any party involved in such a transaction may request further data, not included in the EBA NPL screening template.
20. The EBA NPL portfolio screening template includes information on an aggregated level, which is covered by the EBA NPL transaction templates, e.g. on a loan by loan or collateral by collateral level.

⁷ Users of the NPL transaction template should be aware of the disclaimers, as described in the Chapter “Disclaimers”.

⁸ See Proposal for a Regulation of the European Parliament of the Council laying down common rules on securitisation and creating a European framework for simple, transparent and standardised securitisation and amending Directives 2009/65/EC, 2009/138/EC, 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (COM(2015) 472 final).



21. For each table in the NPL portfolio screening template references to the respective data fields of the EBA NPL transaction templates are included.

Disclaimers

22. It should be stressed that using the templates should not be seen as discharging the users or any contracting parties in NPL transactions from any legal, accounting, and tax, professional, supervisory or other form of obligation, including obligations, which users might have to observe in connection with data protection regulation and other national and Union legislation on data protection and data confidentiality. Any party involved in an existing or potential NPL transaction may also request further data, not included in the EBA NPL templates, including documents further supporting the data provided in the templates.
23. The EBA NPL templates should be seen as provided “as is”, with no guarantee of completeness, accuracy and timeliness of the data and information exchanged or received through the use of these templates, and without warranty of any kind, express or implied. The terms applied and any other related information in these templates are not guaranteed to exactly reproduce officially adopted texts.
24. All parts of the EBA NPL templates, including any legal and other information contained therein, is for general guidance: the application and impact of laws can vary widely over-time or based on the specific facts involved. Given the changing nature of laws, rules and regulations, there may be delays, omissions or inaccuracies in the data fields included in the templates.
25. It shall be noted, that the EBA NPL transaction templates do not cover any Non-Disclosure Agreements (NDAs), Confidentiality Agreements (CAs) or similar contractual or other types of arrangements required by relevant legislation or imposed by market practices.

List of accompanying documents

EBA - NPL Transaction Templates instructions.pdf

EBA - NPL Transaction Templates data dictionary.xlsx

EBA - NPL Transaction Templates - Resi.xlsx

EBA - NPL Transaction Templates - CRE.xlsx

EBA - NPL Transaction Templates – SME Corp.xlsx

EBA - NPL Transaction Templates - Unsecured.xlsx

EBA - NPL Transaction Templates - Auto.xlsx

EBA - NPL Transaction Templates – Leasing ABF.xlsx

EBA - NPL Transaction Templates - Specialised.xlsx

EBA - NPL Transaction Templates validation rules.xlsx

EBA - NPL Portfolio Screening Template.xlsx