



NPL Resolution: A Region-Wide NPL Project

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Context: creating conditions for balanced credit recovery



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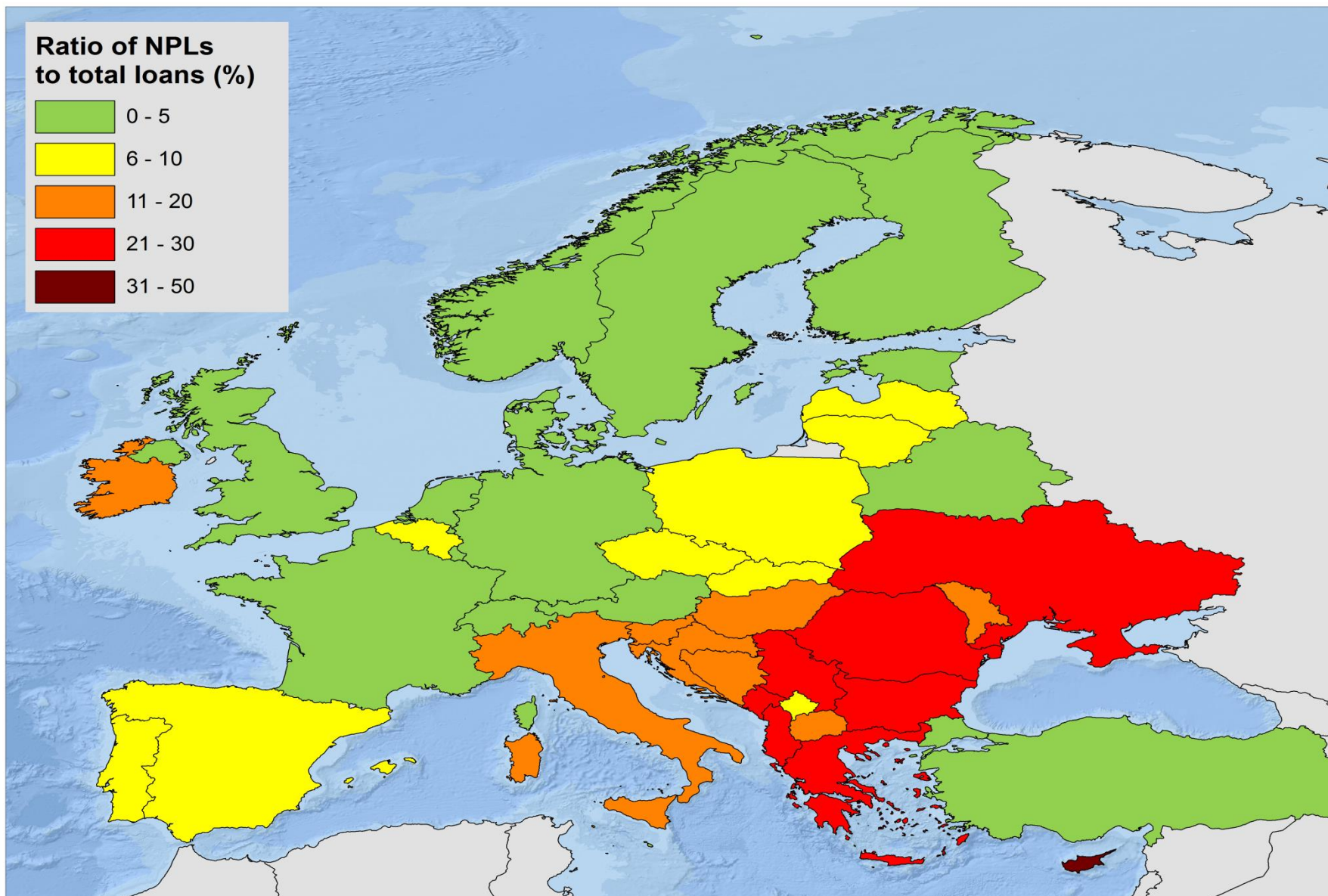
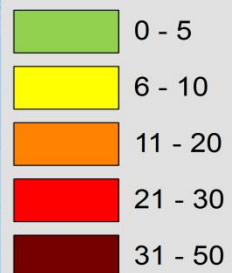
- Dealing with the legacy of the crisis: NPL resolution and corporate restructuring where needed
- Addressing high risk perceptions: credit enhancement schemes
- Supporting local currency and capital market development

Time to act



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Ratio of NPLs to total loans (%)



Recent progress but not yet breakthrough



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- **Country authorities:** policy improvements (regulatory push in Romania; better collateral laws; tax treatment of write offs etc, World Bank/FinSac support)
- **Parent banks**
 - ✓ Working towards common principles for out-of-court settlements
 - ✓ Increasingly recognisant about NPL resolution options
- **Investors:** some investor activity in the region
- **IFIs:** increasingly active in NPL resolution
- **Several conferences** consolidating analysis
- **Conclusion**
 - ✓ Local bottlenecks to tackle
 - ✓ Corporate restructuring has to be integral part in many cases
 - ✓ Coordinated IFI action for policy and investment support

NPL Project under the Vienna umbrella



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- Region-wide project with country specific action plans
- Three pillars
 1. *Regional* – knowledge sharing, policy support, and monitoring
 2. *In-country* - key focus; using the established host country financial stability forum. Country-led, with IFI support
 3. *Corporate restructuring* where needed
- Bring in potential investors – “Vienna Plus”
- Strong support from European authorities
- Combined support from IFIs : **Advice + Investment**

- Country authority discussion
 - ✓ Interest from a number of countries
- Discussion with banks, the asset holders
- Discussions with potential investors
- Putting together a first draft of key local blockages by country

- Discussion at the Full Forum in Brussels for endorsement
- Simultaneous corporate restructuring plan (as Slovenia)
- Design of region-wide monitoring
- Roll-out in interested countries
- First monitoring report by end Q1 2015