



NON-PERFORMING EXPOSURES – RISK MANAGEMENT AND DEAL ASSISTANCE

Helping banks and investors to execute deals & NPL reduction strategies

2017-2018 Deal Momentum: Banks under pressure to deleverage through NPL and UTP disposals

Several years after the financial crisis, the banking sector still faces a number of challenges. One of these is reducing the non-performing loan (NPL) portfolios that tie up bank capital, reduce bank profitability and raise funding costs.

At Mazars, we have a keen awareness of the challenge this presents to you and can help you tackle this threat with confidence. We are able to provide a full spectrum of services bringing our expertise and experience to assist you with implementing a successful NPL strategy.

We have already provided expert advice to distressed financial institutions across the globe in countries including the UK, France, Italy, Ireland, Greece and Spain.

With deep knowledge of banking operations in Italy and Southern Europe and with a large presence across the globe we assist investors in scouting and executing distressed assets deals.



Enhancing banking NPE management practice and connecting dots to make deals happen

Successful NPE management requires a considerable range of tasks and skills and must be supported by a comprehensive strategy covering governance, operational, disclosure and technical aspects.

In order to have a robust and rigorous NPE risk management framework in place you need to regularly assess your current framework as well as the external conditions and operational environment required to implement a realistic NPL strategy. It also involves ensuring that your current operating models, risk and control functions around NPLs meet industry best practices and regulatory requirements. You need to review your processes, policies and procedures (which covers identifying forbearance, measuring impairment and writing off NPL) to ensure that these are all compliant with international accounting standards and regulatory requirements.

At Mazars, we have extensive experience working within numerous banking systems and have assisted central banks, national regulators, major financial institutions and small and mid-size entities in dealing with the managing of non performing exposures. With our breadth and depth of experience working with the financial services industry, our team can provide advisory and tailored support services to ensure your compliance with industry best practises and international accounting standards. We want to help you launch a rigorous assessment and implement an operationally efficient framework.

How can Mazars help?

Definition of portfolio strategy

Risk and accounting methodologies, processes and systems

Portfolio quality reviews

Credit risk modelling

Restructuring and insolvency

Sale and purchase of non-core portfolios

A credible partner

As a result of our experience in working with distressed credit institutions we have developed a unique service offering building on a mix of former regulators, corporate financiers and banking professionals. Some examples of our work can be seen below:

- We are assisting **sell-side (banks) and buy-side (investors)** across EMEA and globally on NPLs granular and UTPs non-granular portfolios.
- We were subcontracted by a global investment management company to support a **central bank's PCAR 2012 analysis** and perform a Distressed Credit Operations Review and Asset Quality Review of portfolios of SME loans held by two subject banks. Our work with the government backed **asset management agency** included assessing the sustainability of outstanding debt and ability of borrower to repay over agreed period, as well as making recommendations for debt restructuring and giving the optimal course of action.
- As monitoring trustee to the European Commission with respect to a **UK retail and commercial bank**, our responsibilities included monitoring the £181 billion asset reduction required by the Commission. We are also the Commission's monitoring trustee for a Greek retail and commercial bank. Beyond this role, **the bank** had asked us to conduct an asset quality review of its impaired retail and corporate credit portfolios of €11.7 billion and €5.5 billion respectively.
- Mazars' National Creditor Services (NCS) team has identified and developed innovative solutions to assist our banking clients where they become involved in insolvencies. The NCS team and its suite of services has won several awards over the last 10 years and are the current holder of the **Creditor Engagement TRI Award 2017**.
- Mazars has had several supplier performance reviews with **large retail banks** and in 2017, Mazars achieved an audit report with no remediation issues - a first for the client. Additionally, Mazars has collaborated on a number of Customer Journey Reviews by a large retail bank client in which Mazars scored 100% on three consecutive reviews, leading to a reduction in the frequency of future reviews from quarterly to annual.
- Since the introduction of its **Dividend Watch** service in the latter half of 2014, Mazars has collected £9.5m on behalf of our banking clients where the Insolvency Service or a 3rd party insolvency practitioner has been appointed. Mazars has paid over £3.5m in dividends in recent years to our banking clients where we have been appointed as Trustee in bankruptcy.
- During the 2014 EU-wide Comprehensive Assessment, Mazars has been involved with **21 major European banks in nine countries**, either assisting the National Competent Authority (NCA) or the banks. Mazars continues to act as a trusted partner with regards to Asset Quality Reviews and Stress-Testing since 2015.

A dedicated service

As an integrated global firm, Mazars can offer the expertise its professionals have gained working across the world on assignments for banks of all sizes. We pride ourselves on being accessible; providing a partner-led service and offering continuous support from a team dedicated to the banking sector. Our approach offers senior, experienced teams, comprising skilled people and experienced staff from our financial services team.

We have expert local teams in your country, as well as a coordination team with deep experience with cross-border projects. Experience, knowledge and client service are the foundations of our approach and we firmly believe we can help you implement a sustainable and rigorous NPL strategy.

Mazars globally

980 PARTNERS

86
COUNTRIES

20,000
PROFESSIONALS

300 OFFICES

GLOBAL FEE INCOME
€1.5bn

Figures as at 1 January 2018
Fee income as at 31 August 2017

Contact us

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