



# **Convegno**

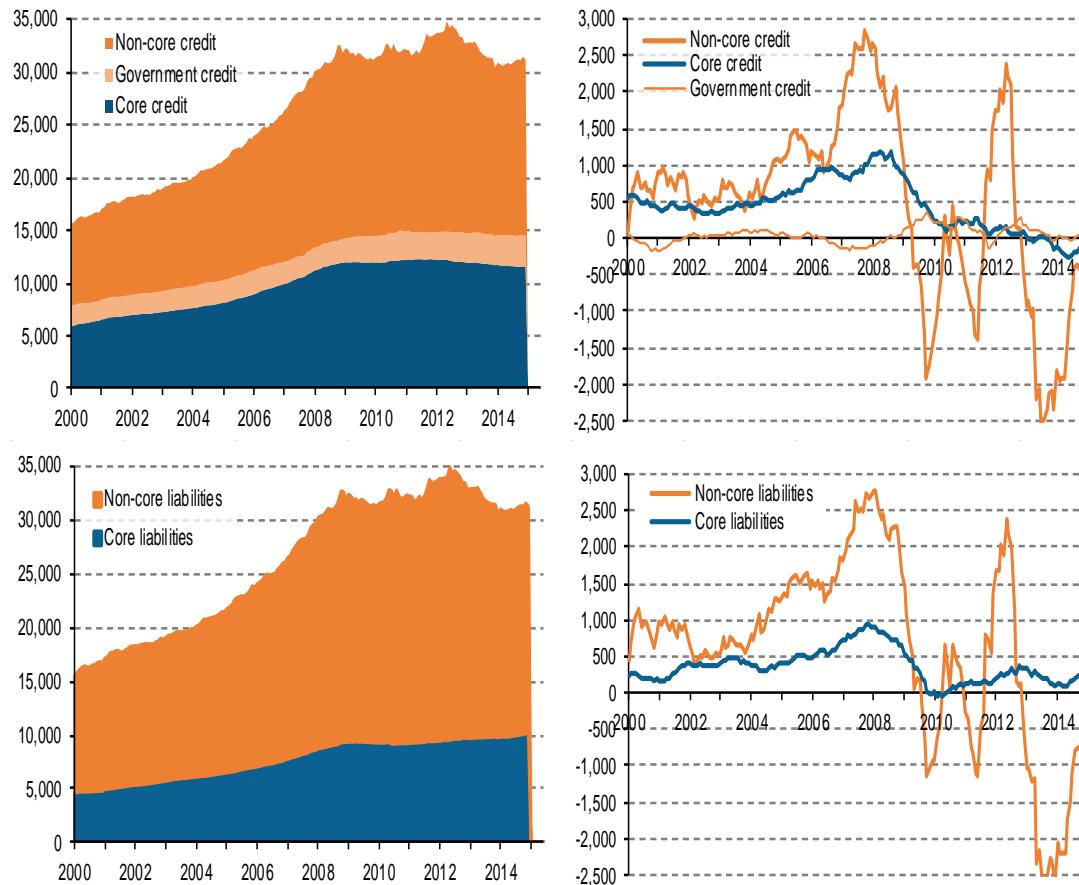
# **"L'Europa, le regole, le banche regionali"**

**Modena**  
**12 Novembre 2016**

**M. Marchesi**

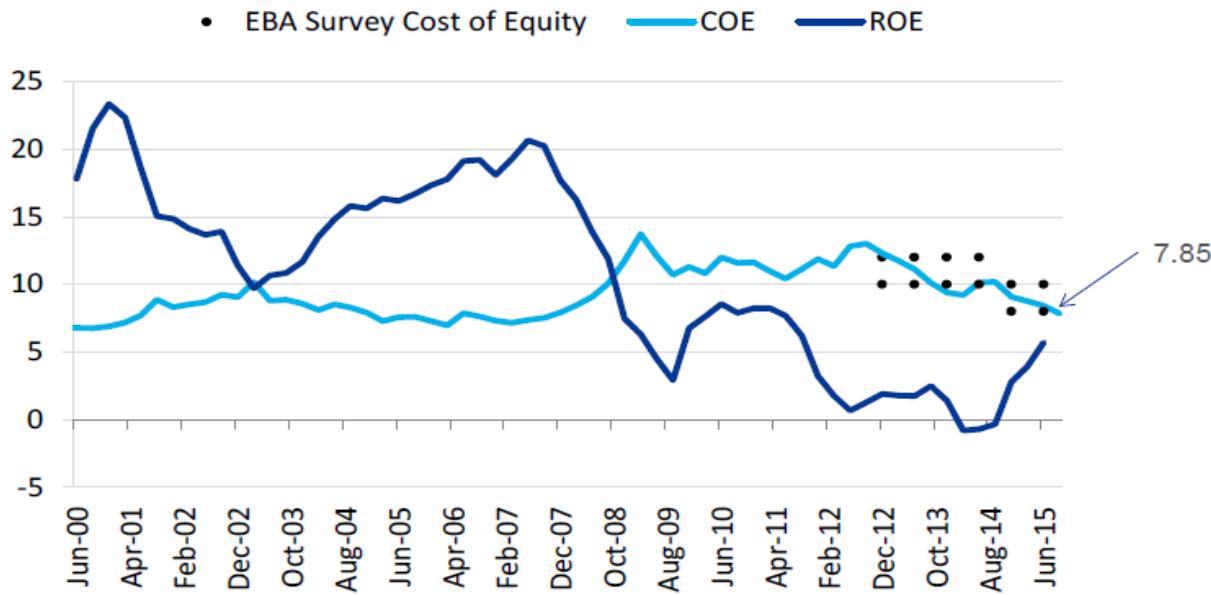
# EU Banks: safe assets?

## Evolution of assets and liabilities of MFIs 1998-2014 (Euro area, € billion)



# ECB: COE vs ROE

**Cost of equity (COE) and return on equity (ROE) for a large sample of listed euro area banks**  
 (Q1 1999 – Q3 2015; percentage points)

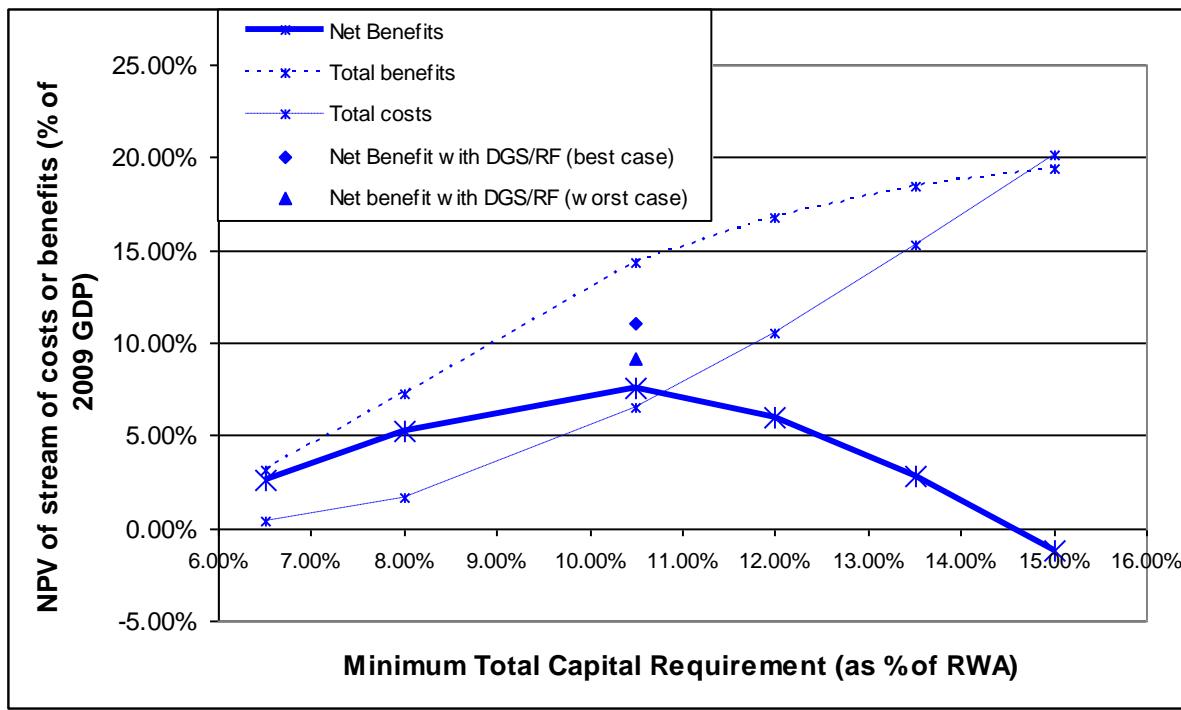


Sources: Bloomberg, Thomson Reuters Datastream, Consensus Economics and ECB calculations.

Note: Based on the weighted portfolio of 33 euro area banks in the Euro STOXX index. For further details, see Box 5 in Financial Stability Review, May 2015, ECB. The latest EBA survey on cost of equity (for EU banks) was done in June 2015.

# Combined macroeconomic effects of Basel III and of BRRD

Figure 1: EU-7 weighted average of costs and benefits NPV (increased minimum capital requirements and introduction of a DGS/RF - % GDP (e.g. 0.4 = 40% of GDP).

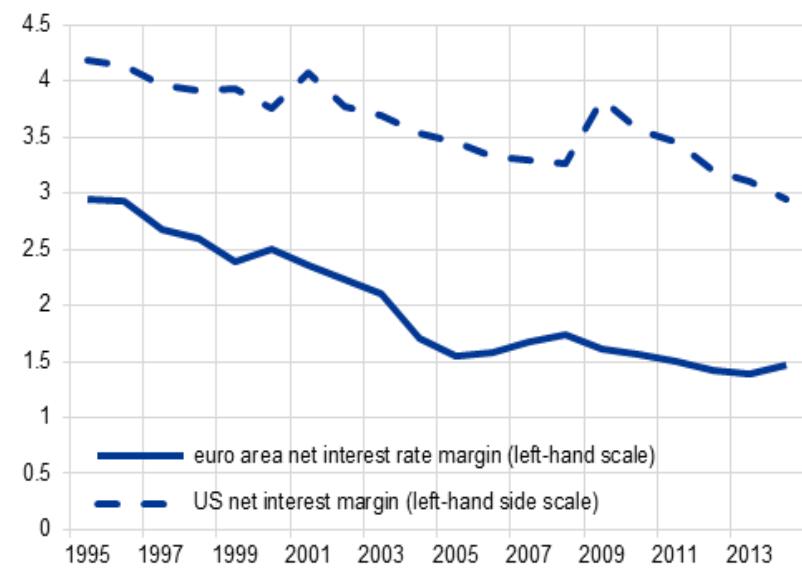
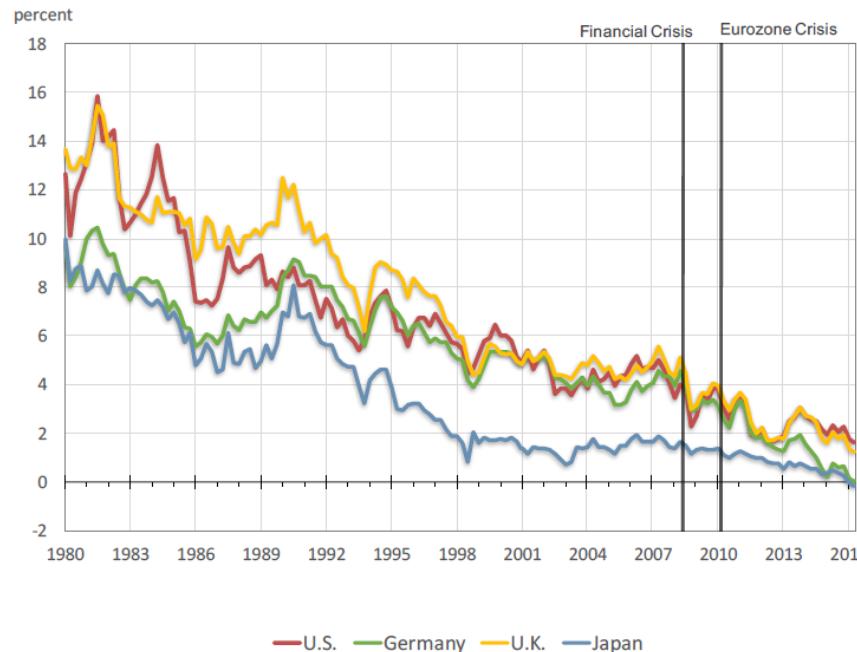




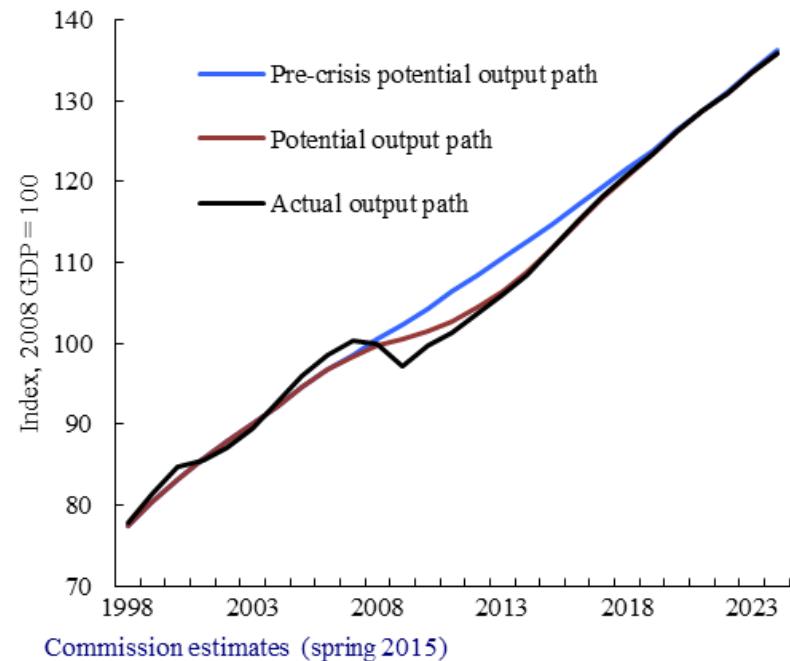
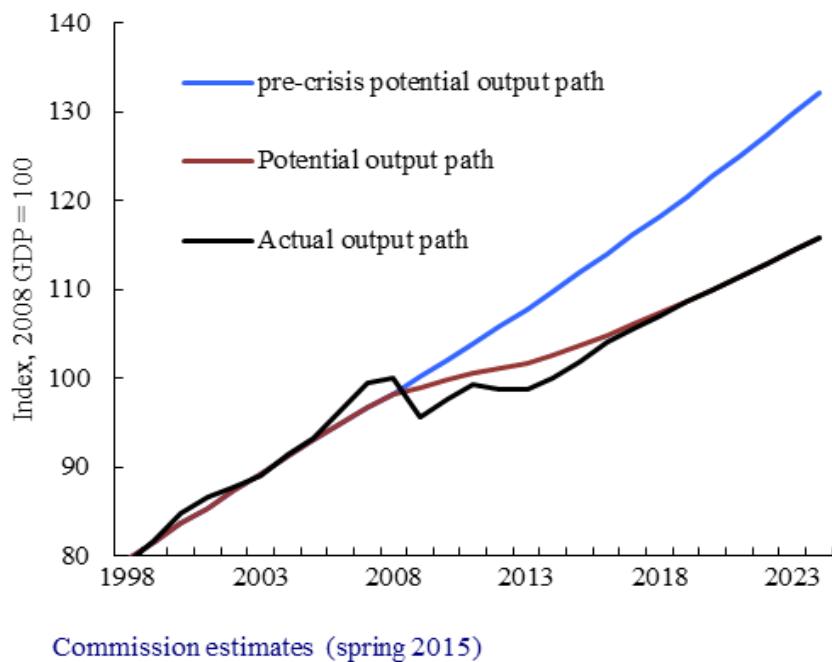
# Basel 3+

- **Leverage ratio**
- **NSFR**
- **Market risk** (Fundamental Review of the Trading Book);
- TLAC/**MREL** (Pillar 2, MDA Calculation)
- **EU proportionality** (reporting, disclosure, simplified  
standardised approach for counterparty credit risk and for market  
risk, remuneration, etc.)
- Other EU specificities (**SME supporting factor, IFRS9, etc.**)

## Low interest rate environment



# The GDP gap: Actual and potential GDP in the EU and in the US

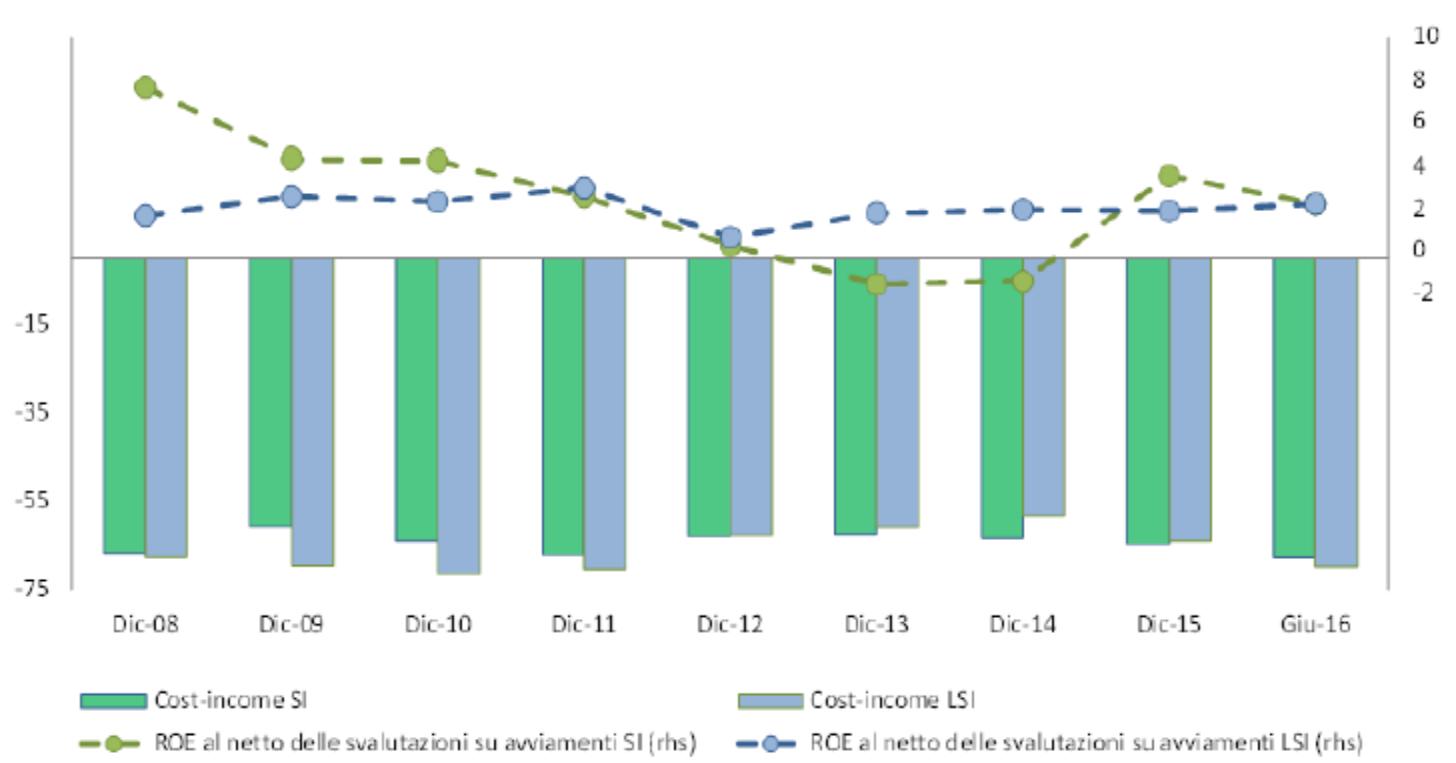


# Eurozone Imbalances

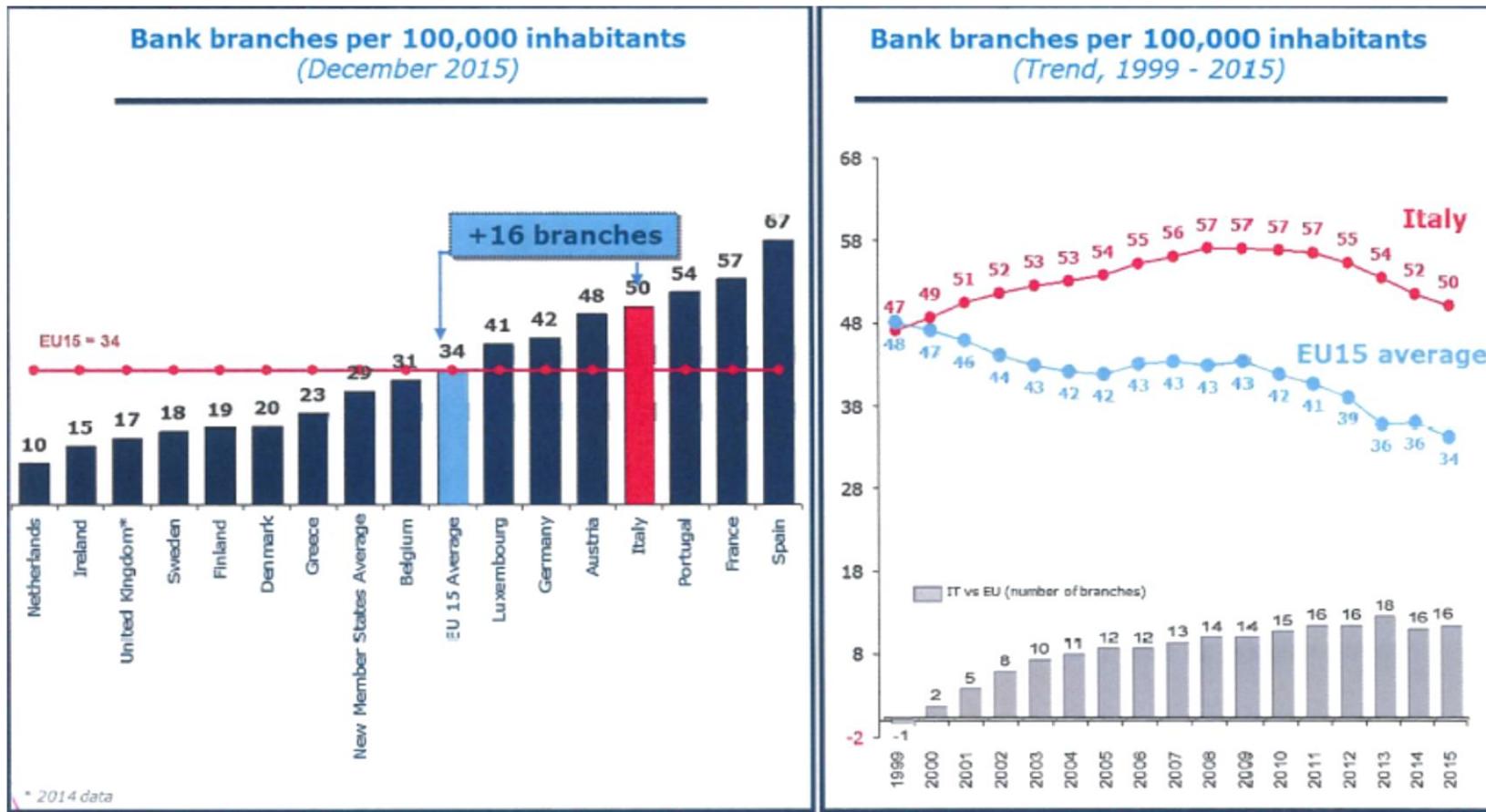
**Figure 1** Co-occurrence of net capital inflows and deteriorating total factor productivity.



## ROE and Cost-to-Income

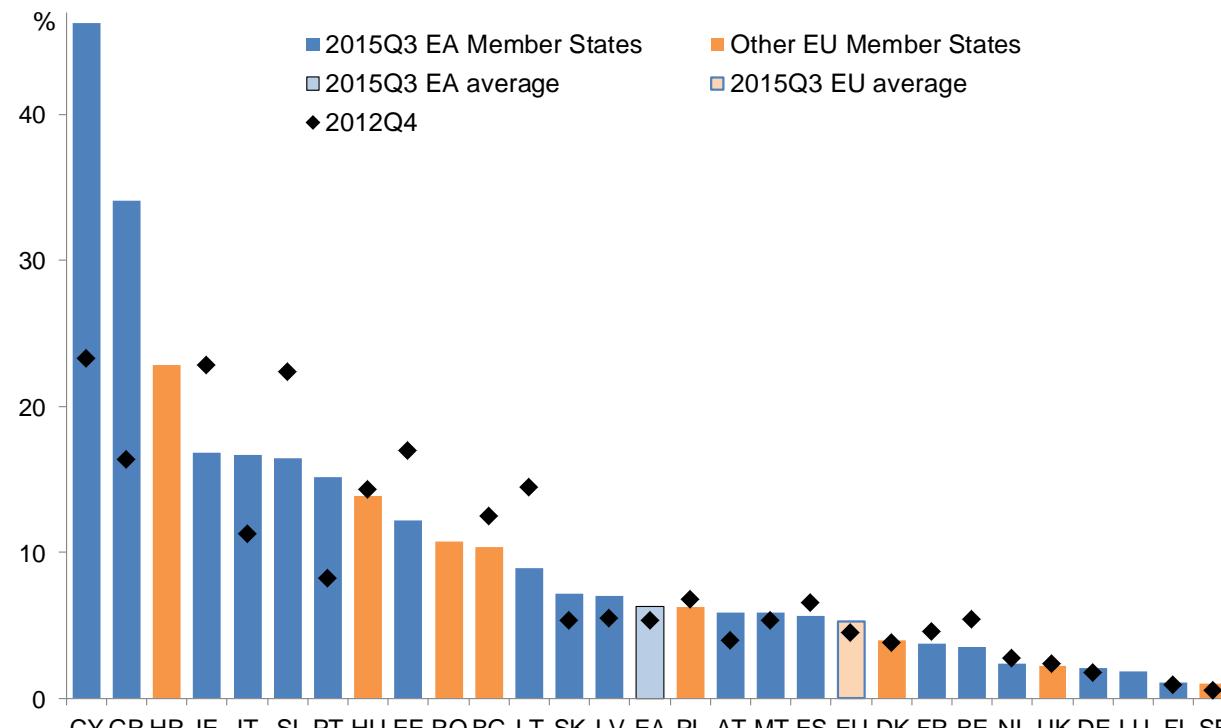


# Branches



## High NPLs : for all MS?

**Figure 1: Gross NPLs (% of total loans)**



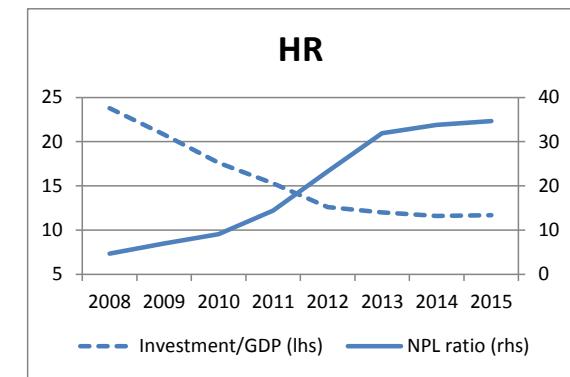
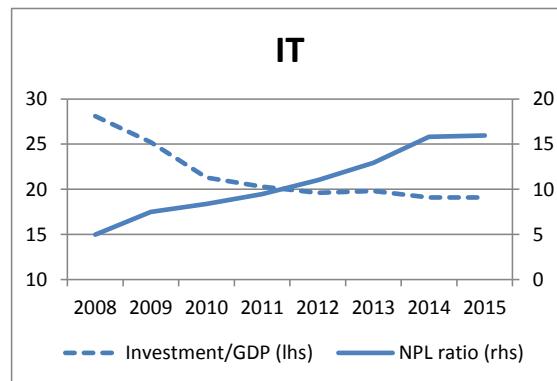
Source: ECB Consolidated banking data

# EU - Change in GDP and investments

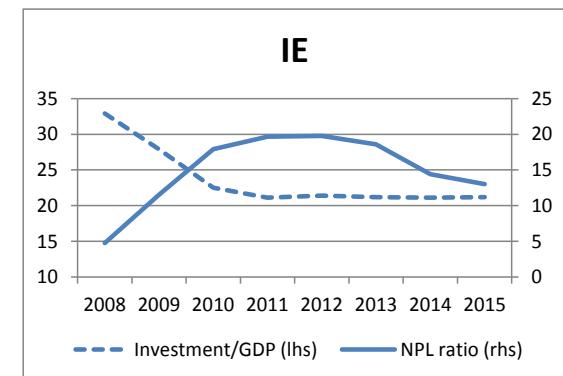
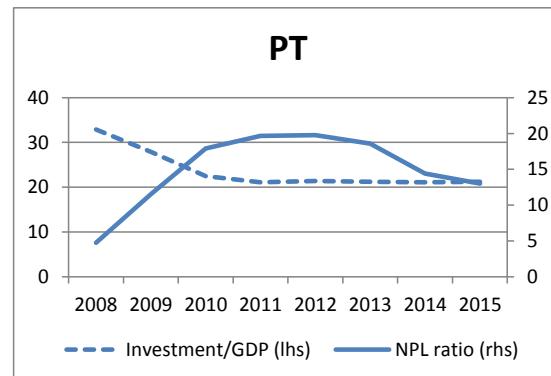


# NFC NPLs and Investment

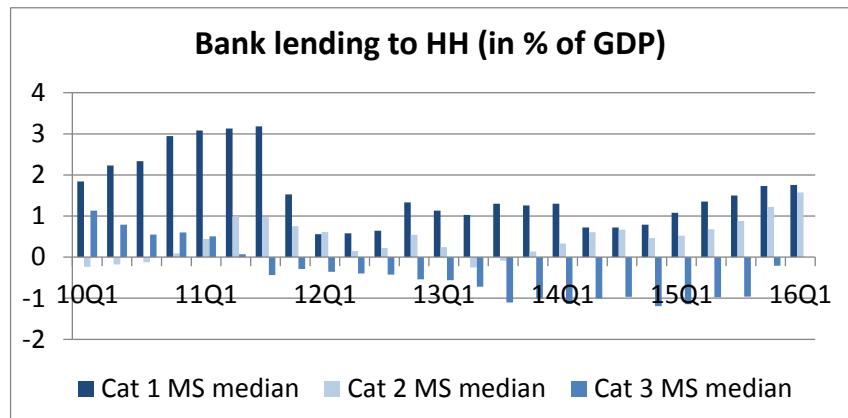
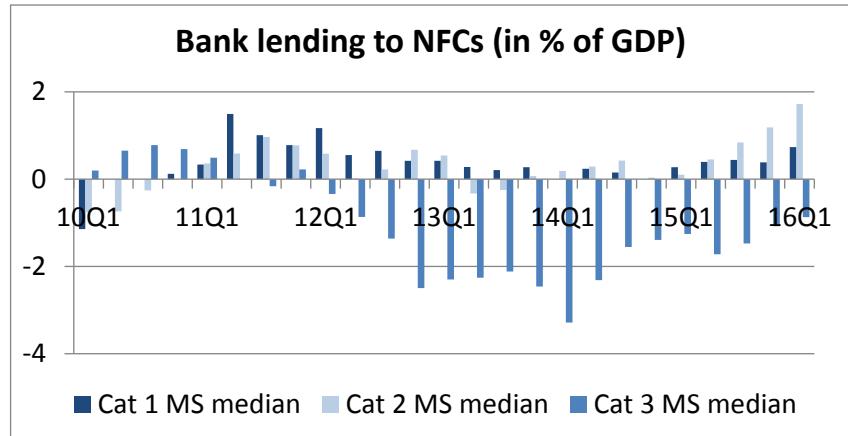
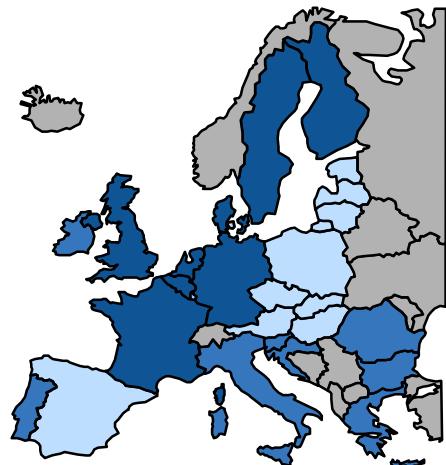
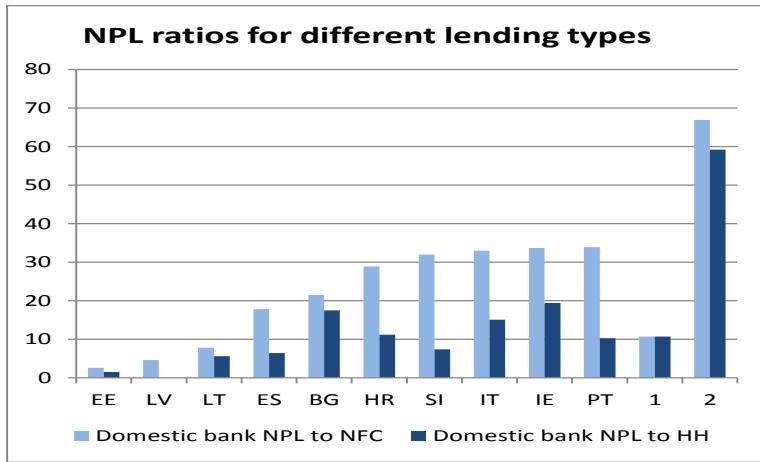
## NPL build-up



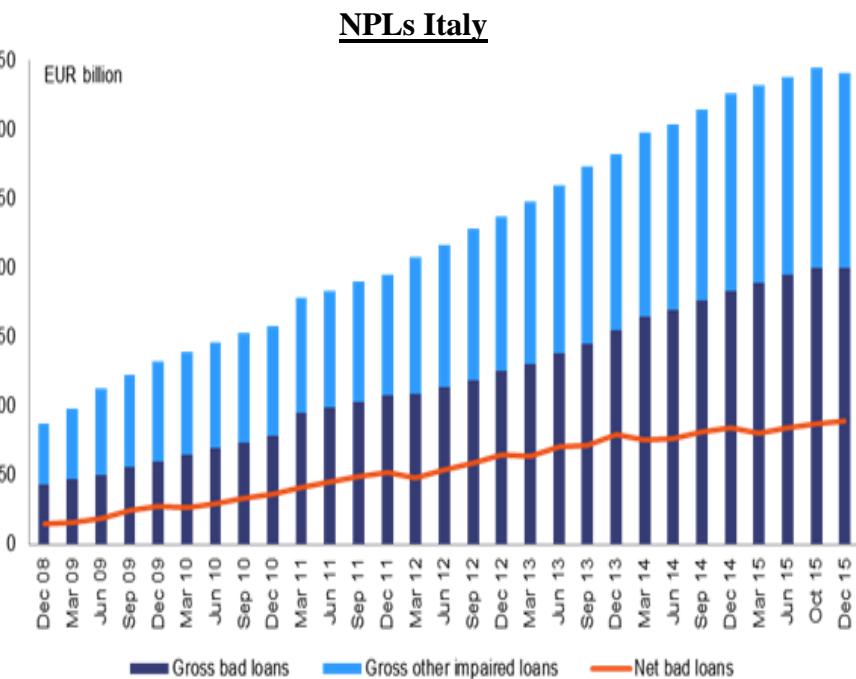
## NPL work-out



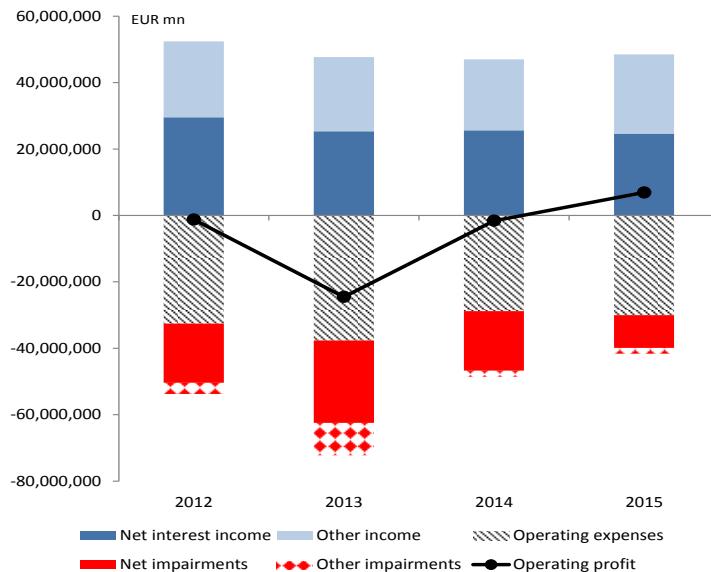
# NPL: NFC or HH?



## Italy : NPLs vs impairments



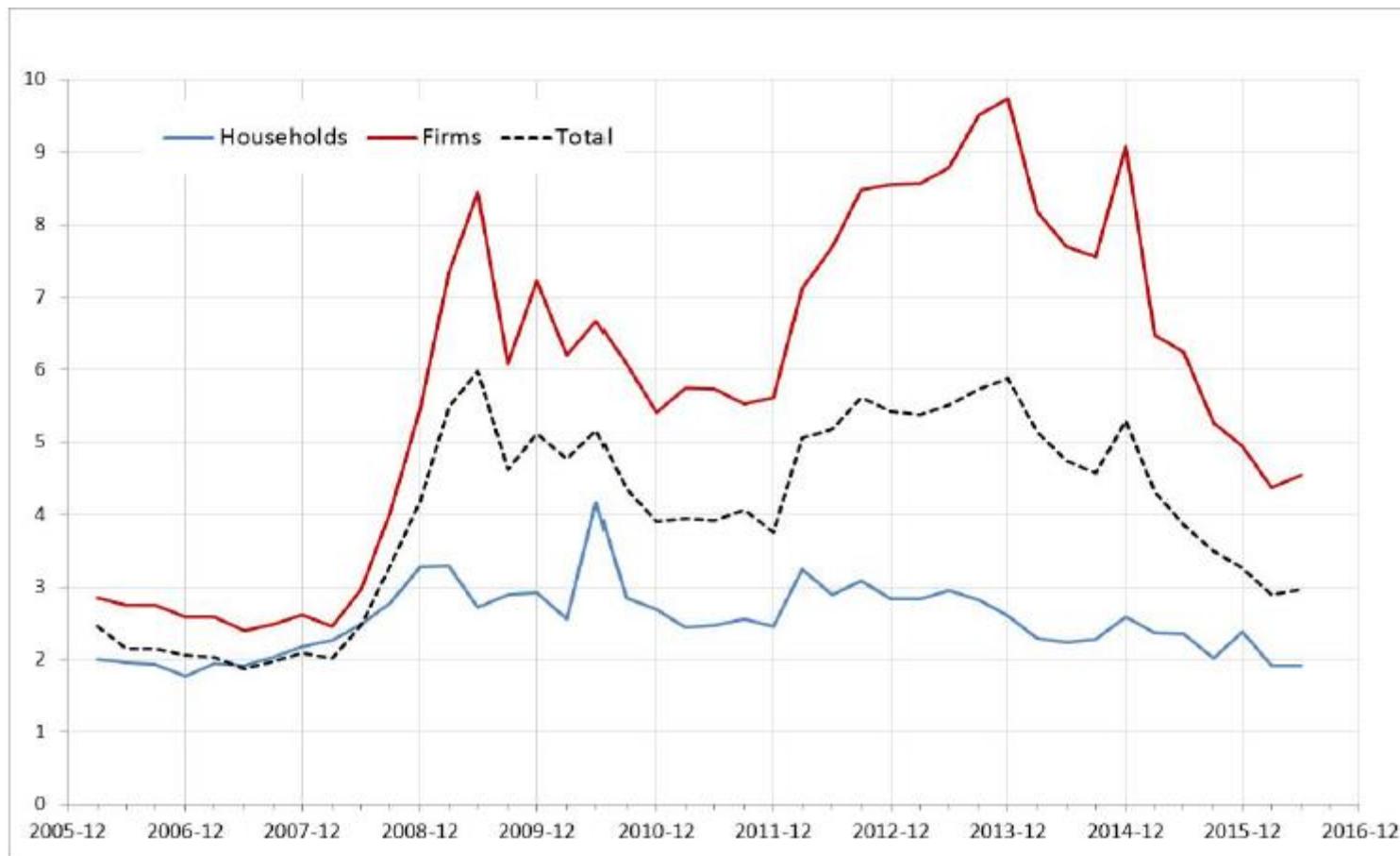
**Figure 12: Components of bank profitability – Italy**



Sources: SNL Financial, Commission calculations

Notes: Other expenses include restructuring costs and impairments on financial investments. The sample of banks comprises those in the scope of the EBA 2016 stress test exercise for which public data of P&L components was available.

## Rate of new gross NPLs



## Italy : NPLs gross rate and coverage

