EUROPEAN CENTRAL BANK

BANKING SUPERVISION

Claudia BUCH
Chair of the Supervisory Board

COURTESY TRANSLATION

Mr Nikolas Farantouris
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 17 July 2026

Re: Your letter (QZ-011)

Honourable Member of the European Parliament, dear Mr Farantouris,

Thank you for your letter, which was passed on to me by Ms Aurore Lalucq, Chair of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 17 June 2026.

Let me start by explaining the ECB's mandate in this area. Under the SSM Regulation, the ECB is tasked with the prudential supervision of credit institutions.[1] Tasks outside of this remit are not conferred upon the ECB and remain with the national authorities.[2] The supervision of credit servicers and of consumer protection measures do not fall within the tasks conferred upon the ECB. Questions addressing monetary policy relate to the ECB's central banking functions rather than to its supervisory tasks and can be addressed through the relevant accountability channels for ECB central banking in line with Rule 146 of the European Parliament's Rules of Procedure.

From the supervisory perspective, addressing credit risk that can lead to a build-up of non-performing loans (NPLs) on credit institutions' balance sheets remains a priority. Credit institutions must actively manage their NPL portfolios, and we monitor the asset quality of supervised entities. If exposures are deemed unrecoverable, one option for banks is to sell the NPL portfolio in question. In Greece, sales of NPL portfolios to specialised funds was one of the key channels for reducing the volume of NPLs on credit institutions' balance

[1] Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).

[2] Principle of conferral (see Articles 5(1) and (2) of the Treaty on European Union and recital 28 of the SSM Regulation).

sheets. This in turn contributed to restoring confidence in the Greek banking sector, and its ability to support the economy, by strengthening its resilience and capacity to absorb shocks.

While the questions you raised fall outside our remit, we acknowledge the Greek authorities' efforts to strengthen their private debt workout framework with measures that have the potential to improve risk management, such as the new Central Credit Register and adjustments to the out-of-court debt settlement process.

Yours sincerely,

[signed]

Claudia Buch