

Template for comments

ECB Guideline on the supervisory approach by national competent authorities to coverage of non-performing exposures held by less significant supervised entities

Institution/Company

- German Banking Industry Committee (GBIC)
- Members: Association of German Banks, Association of German Public Banks, German Savings Banks Association, National Association of German Cooperative Banks, Association of German Pfandbrief Banks

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General comments

Given the supervisory authorities' stated intention to reduce bureaucracy, it is not clear why the ECB plans to apply regulations for SIs to all LSIs now as well. Rather, attempts are now being made to undermine the legal protection of existing rights via the SREP. The additional value adjustments/provisions that may be required by the supervisory authority are not permitted under commercial law. This would mean keeping "shadow accounts" solely for oversight purposes. And it would conflict with the aim of reducing bureaucracy. It should also be noted that measures taken by institutions to reduce existing NPL portfolios only take effect after a considerable delay. It will be years before these measures are taken into account in new SREP decisions.

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Please enter all your feedback in this list.

When entering feedback, please make sure that:

- each comment deals with a single issue only;
- you indicate the relevant article/chapter/paragraph, where appropriate;
- you indicate whether your comment is a proposed amendment, clarification or deletion.

Deadline: 27 October 2025

ID	Article	Paragraph	Type of comment	Detailed comment	Concise statement as to why your comment should be taken on board	Name of commenter	Personal data
1	Article 2	3	Clarification	We assume that the term “technical guarantee” serves to distinguish it from guarantees as techniques to mitigate credit risk. If not, we would ask for further clarification.	This would clarify the intention of this regulation and making it more comprehensible.	Wulfert, Ingmar	Publish
2	Article 3	2	Clarification	We assume that the ratio referred to is the EBA’s FinRep ratio, excluding loans and advances classified as held for sale, balances with central banks and demand deposits. We request clarification if an additional ratio needs to be calculated.	This serves to clarify the identification of potentially affected institutions.		Publish
3	Article 3	2	Amendment	We assume that the term “insignificant share” will be defined and communicated by the NCAs.	This serves as guidance for the relevant institutions to take the necessary precautions to ensure their reporting capability.	Wulfert, Ingmar	Publish
4	Article 3	2	Clarification	We assume that the LSI must already be in an orderly resolution process and not that the orderly resolution is planned for the institution by the supervisory authority. We request further clarification.	This serves to clarify the identification of institutions that may be affected.	Wulfert, Ingmar	Publish
5	Article 3	2	Clarification	We request clarification as to what “make the application of this Guideline inappropriate” means.	This serves as guidance for the relevant institutions to take the necessary precautions to ensure their reporting capability.	Wulfert, Ingmar	Publish

6	Article 3	5	Amendment	We request the addition that institutions that are considered specialised debt restructuring entities pursuant to Article 36(5) CRR do not fall within the scope of the guideline.	Since the NCAs are required to take into account NPL backstop rules when determining the appropriateness of value adjustments/provisions, it follows that there should also be no reporting requirements for these institutions.		Publish
7	Article 4	4	Clarification	We request clarification as to what is meant by “more than 100% of the exposure being covered” and how this is calculated.	This serves as guidance for the relevant institutions.	Wulfert, Ingmar	Publish
8	Article 5	1	Amendment	The necessary coverage should not be assessed according to Article 47c CRR. We request deletion or clarification/amendment to the effect that NCAs carry out an assessment based on the actual risk and do not apply Article 47c CRR as a general rule.	The NCAs should be given appropriate scope to assess the actual risk. Basing the assessment here on Article 47c CRR does not achieve the desired objective. The regulations do not reflect the actual risk because neither the economically available collateral can be taken into account nor is the quality of the collateral (e.g. cash deposits with the institution) appropriately taken into account in the weighting factor.		Publish
9	Article 6	2	Clarification	We request clarification as to whether the supervisory authority has all measures available to it under Article 104 CRD or only certain ones.	This serves as guidance for the relevant institutions.	Wulfert, Ingmar	Publish
10	Article 8	2	Amendment	We request clarification as to whether a grace period is envisaged for institutions reporting to the NCAs. The current wording only provides for a grace period for the supervisory authority.	Once the consultation has concluded, the institutions will have only three months to prepare for the first reporting deadline. The templates are not yet available. The reporting content is not yet defined. From the perspective of the institutions, a possible first reporting date of 31 December 2025 is unrealistic and should therefore be categorically rejected. We see no reason to justify placing the institutions under such time pressure. The institutions must be given an implementation period of at least 6 months after notification by the NCAs.	Wulfert, Ingmar	Publish
11	Article 8	4	Amendment	We request the inclusion of an indication by when the NCAs must inform the institutions of their reporting requirements.	This provides the institutions with legal certainty and predictability with regard to the compiling and submitting of reports.	Wulfert, Ingmar	Publish

12	Article 10		Amendment	We would ask for an indication as to how the guideline is to be implemented nationally. Can the NCA reject its application entirely or make adjustments to administrative practice?	This serves to clarify the national implementation process.	Wulfert, Ingmar	Publish
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