

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

Austrian Federal Economic Chamber/Divison Bank and Insurance

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First name

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General comments

Legal framework and proportionality

It seems legally questionable whether the legal basis cited is sufficient to introduce a prudential backstop and an additional reporting obligation in the form of a guideline, effectively “through the back door.”

Under Article 6(1) and (5)(a) and (c) SSM Regulation, the ECB may issue guidelines to coordinate NCAs. Past ECB guidelines under the SSM Regulation have consistently been limited to a qualitative supervisory approach. By contrast, the draft guideline links LSI assessments quantitatively to Article 47c CRR and, through staggered factors until 2028, effectively introduces a de facto minimum coverage requirement. This approach unduly restricts NCAs’ SREP discretion under the CRD and replaces the case-by-case and proportionality principles with a quasi-automatic “second backstop” for LSIs. Moreover, insofar as the draft is intended to be applied directly in the SREP, it creates binding pressure with external effects that exceed the ECB’s coordinating mandate under Article 6 SSM Regulation.

In addition, such a measure would entail considerable additional costs for institutions which stands in conflict with the current EU strategy to strengthen the competitiveness of the European banking sector.

Capital adequacy

National authorities should take into account the respective capital adequacy of institutions. This would ensure that it is not mandatory to create an individual value adjustment in every case if this does not appear necessary from a risk perspective.

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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 3		Amendment	The wording should not be formulated as a discretionary provision. Rather, it should apply that in certain circumstances (including an NPL ratio < 5%), no additional approach is required in principle and national authorities may not impose any further requirements.		,	Don't publish
2	Article 4		Clarification	The proposed application requirement is excessively bureaucratic. A pragmatic solution should be provided for (e.g. initially a supervisory dialogue and exchange so that it can be clarified within this framework whether special circumstances exist).		,	Don't publish
3	Article 7		Amendment	The reporting obligation should be limited to a one-time annual report if the threshold value of 5% (NPL ratio) is exceeded. If the threshold value is not exceeded in the following year, no renewed reporting obligation should exist.		,	Don't publish
4	Article 8		Amendment	The proposed first reporting date of 31 December 2025 is unrealistic given the very short implementation time and the lack of available reporting templates.		,	Don't publish