



**EUROPEAN CENTRAL BANK**  
BANKING SUPERVISION

## Template for comments

Public consultation on the draft addendum to the ECB guidance to banks on non-performing loans

**Institution/Company**

The R ksbank

**Contact person**

**Mr/Ms**

█

**First name**

█

**Surname**

█

**Email address**

█

**Telephone number**

█

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**General comments**




**EUROPEAN CENTRAL BANK**  
**BANKING SUPERVISION**

Dear Sir or Madame

The Riksbank supports proposals to deal with non-performing loans in the EU. It is important to have proper guidance on how to address emerging NPLs and quickly recognise them as NPLs when the quality of the loans deteriorates. In this context, prudent loan provisioning is critical for a resilient financial sector. Therefore, supervisors need sufficient tools to ensure sound risk management in banks. In our view, the supervisory expectations that comes with the addendum will encourage banks to implement better loan provisioning policies going forward. The Riksbank therefore welcomes the addendum to the ECB Guidance on non-performing loans applicable to new NPLs.

Although NPL volumes are decreasing, a concern from our point of view is that the EU banking system almost ten years after the financial crisis still is suffering from large volumes of NPLs. The Riksbank would therefore, in addition to the addendum, also welcome measures applicable to the current stock of NPLs. The Riksbank recognises the desire to be cautious with existing NPLs but in finalising the guidance, it is important to ensure that banks do not get incentives to keep old existing NPLs, which may receive a more favourable treatment than new NPLs under the new rules.

Sincerely,

  
Head of Financial Stability Department  
Sveriges Riksbank