Template for comments

Public consultation on the Review of the ECB Regulation on supervisory fees

Institution/Company

N.V. Bank Nederlandse Gemeenten

Contact person

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First name

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Telephone number

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General comments

N.V. Bank Nederlandse Gemeenten ('BNG Bank') is a Dutch promotional bank. BNG Bank has been designated as a domestically important bank and hence under direct supervision of your institution. BNG Bank welcomes the opportunity to comment on the the ECB Regulation on supervisory fees. In general, BNG Bank favours an approach based on importance and risk profile. While the current regulation broadly captures such an approach, BNG Bank feels there is some scope for refinement. The current indicators, total assets and total risk exposure amount, are broad indicators not reflecting drivers such as complexity of the business model, level of heterogenity of the assets and the funding model. Importance, as evidenced by current and proposed legislation, is a combination of total asset size and composition of the assets. This is reflected in the draft CRR2 which excludes under conditions certain assets from the leverage ratio measure and Commission Delegated Regulation 2015/63 which excludes promotional loans from the contribution base. Next, total risk exposure only focusses on the risk amount, while for the risk profile of a bank also the risk capacity is important. Hence, a relative measure such as CET1 ratio would provide a more balanced view. Finally, we would like to point out that the total risk exposure is based on different calculation methods. While some banks use internal models, others use standardised models resulting in different risk exposures for the same exposure. It is generally recognized that internal models result in lower risk exposures compared to the standardised method. Hence, while internal models requires additional regulatory oversight in terms of e.g. validation, the use of these result in a lower contribution base. BNG Bank does appreciate that a balance needs to be found between 'accuracy' and simplicity. BNG Bank does think that the amendments it proposes, being (i) excluding promotional assets from the total asset measure and (ii) harmonizing the total exposure measure, i.e. the measure being based on the standardised approach for all banks would enhance the framework while not compromising the simplicity.

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Deadline:	

ID	Article of the regulation	Page	Type of comment	Detailed comment	Concise statement why your comment should be taken on board
1	10	14	Amendment	amend total assets to total assets excluding promotional loans	As highlighted in the general comments, importance is as evidenced by current and proposed legislation not soley based on the level of assets but also on the composition of assets. Excluding promotional loans from the total assets would be in line with the exclusion of such assets in total exposure measures in other parts of the legislation (Commission Delegated Regulation 2015/63, proposed CRR2 article 429a)
2	10	14	Amendment	amend total risk exposure to total risk exposure measured under the standardised method	As highlighted in the general comments, the measurement of total risk exposure varies between banks using an internal model and banks using the standardised model. While an internal model would require additional oversight from the regulator, the contribrution is lowered as the risk weighting obtained using an internal model is generally lower than the risk weighting based on a standardised model. Using the same base would remove this inconsistency partly.
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