

**FROM THE EUROPEAN BANKING FEDERATION:**

**Prudential backstop for NPLs: EBF notes EU trilogue deal**

BRUSSELS, 19 December 2018 – The European Banking Federation notes that European Union trilogue discussions coordinated by the Austrian EU presidency this week have led to an agreement on a prudential provisioning backstop for future non-performing loans (NPLs).

*“At a European level, banks in recent years have significantly reduced their NPL exposure through enhanced loan selling activities,”* said Gonzalo Gasos, Head of Banking Supervision at the EBF. *“The NPL ratio for the European banking sector now is less than half what it was at its peak.”*

*“The regulation approved in the trilogue is meant to prevent the accumulation of NPLs in the future. However, it may restrict the flexibility of banks when it comes to handling loan requests. Time will tell whether this deal will have unintended consequences on credit supply. In our view a comprehensive impact assessment, either by EU or academic experts, is essential to shed more light on this important aspect.”*

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**About the EBF:**

The European Banking Federation is the voice of the European banking sector, bringing together national banking associations from 45 countries. The EBF is committed to a thriving European economy that is underpinned by a stable, secure and inclusive financial ecosystem, and to a flourishing society where financing is available to fund the dreams of citizens, businesses and innovators everywhere. Website: [www.ebf.eu](http://www.ebf.eu) Twitter: [@EBFeu](https://twitter.com/EBFeu).

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