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## Press release

### **AFME welcomes progress on Commission's legislative initiatives on NPLs, but work still to do**

27 November 2018

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Following the publication of the Commission's NPLs stocktake today, Michael Lever, Head of Prudential Regulation, at AFME, said:

*"AFME welcomes the progress that has been made to date on the European Commission's legislative initiatives on NPLs. Reducing the level of NPLs on European banks' balance sheets will free up capacity to support customers and economic growth. Such action will also lower overall risk in the banking sector which is a prerequisite for the much-needed completion of Banking Union. It is therefore very encouraging to see that the level of NPLs has fallen by around a third since 2014."*

*"Nevertheless, further work remains to be done. In particular, it is important to ensure that the Commission's initiatives for reducing the future build-up of NPLs are consistent with and complementary to those made by other regulatory bodies, especially the ECB."*

*"With regard to provisioning for NPLs in future, AFME welcomes many of the changes made by legislators as an improvement to the Commission proposal. These changes will give more flexibility to how the 'backstop' provisions are applied and provide room for supervisors to set stricter provisioning requirements if necessary."*

*"Similarly, more progress is required on measures intended to further develop the secondary market for NPLs., Lawmakers should consider the appropriate scope to make sure that the proposed measures both reduce the level of NPLs on European banks balance sheets, and also help to increase the trading market for NPLs in Europe."*

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#### **About AFME:**

AFME (Association for Financial Markets in Europe) advocates for deep and integrated European capital markets which serve the needs of companies and investors, supporting economic growth and benefiting society. AFME is the voice of all Europe's wholesale financial markets, providing expertise across a broad range of regulatory and capital markets issues. AFME aims to act as a bridge between market participants and policy makers across Europe, drawing on its strong and long-standing relationships, its technical knowledge and fact-based work. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global

alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: [www.afme.eu](http://www.afme.eu).  
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