Press-release

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The Association of German Banks welcomes progress on the risk reduction package

- **Finance ministers reach agreement more quickly than expected**
- **Rules on own funds generally positive**
- **Lack of consensus on waivers regrettable**

Today in Brussels, EU finance ministers have reached agreement on major elements of the risk reduction package. Christian Ossig, Chief Executive of the Association of German Banks, welcomed the fact that negotiations had progressed more quickly than expected.

He said it was very gratifying, from the perspective of the banking association, that due consideration had been given in the complex legislative process to issues of concern to German banks which would otherwise have placed them at a significant disadvantage. This applied in particular to the recognition of instruments as CET1 capital if a profit and loss transfer agreement was in place and to the adjust-ments to the treatment of so-called additional distributable items (ADIs). This would ensure that German banks could compete on a level playing field at European level.

It was also appropriate that software would no longer have to be deducted from CET1 capital in future. This meant due account would also be taken of digitalisation in European supervisory law. It was important now, however, that the detailed standards to be drawn up by the European Banking Authority were not too restrictive.

“We would nevertheless have preferred a bolder approach to creating an integrated EU single market,” Ossig stressed. The Association of German Banks had supported the European Commission’s proposal to introduce cross-border waivers. Waivers of this kind would enable banking groups to manage their capital centrally and thus benefit from the advantages of a common single market. It was difficult to understand the lack of trust in mechanisms established in the EU, such as the single supervisory mechanism and the single resolution mechanism, and the continued ring-fencing by EU member states in this regard.