

EN
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Answer given by Ms Albuquerque
on behalf of the European Commission
(18.2.2025)

Regulation (EU) No 575/2013 (Capital Requirements Regulation)¹ assigns under Art. 116 a 100% risk weight to exposures of credit institutions to Public Sector Entities (PSEs) without an external rating; unless it has an original maturity of three months or less, in which case a 20% risk weight is applied.

However, the same provision specifies that, under exceptional circumstances, competent authorities of each Member State might decide to treat exposures to PSEs as exposures to the central government, regional government, or local authority in whose jurisdiction they are established, if they are covered by an appropriate guarantee by the central government, regional government or local authority.

When proposing the Banking Package², the Commission recognised that different approaches to PSE funding structures exist among Member States, including in their health systems. And that standardising these funding structures through banking regulation was not appropriate, leaving the consideration of such specific cases to the above-mentioned competent authorities. The co-legislators agreed with this approach when endorsing Regulation (EU) 2024/1623³, which entered into force on 1 January 2025.

To enhance transparency on the prudential treatment of lending to PSEs, co-legislators have tasked the European Banking Authority with creating and maintaining a publicly accessible database of PSEs within the EU which are treated as the central, regional, or local government of the Member State in which they are established for the purposes of prudential capital requirements.

This initiative will provide a comprehensive overview of the approaches of the above-mentioned competent authorities, thereby promoting transparency across Member States.

¹ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, OJ L 176, 27.6.2013, p. 1–337.

² https://finance.ec.europa.eu/news/latest-updates-banking-package-2023-12-14_en

³ Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (Text with EEA relevance), OJ L, 2024/1623, 19.6.2024.