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Focus on: Credit
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Large European banks: General depositor preference takes shape



Dr Susanne Knips
Senior Credit Analyst
t 069/91 32-32 11

The EU institutions have made further progress in introducing general depositor preference throughout Europe. Draft amendments to the legal texts have recently been made available. However, it will take by mid-2028 for the new regulations to be implemented in the individual Member States. This gives issuers sufficient time to take the new liability cascade into account in their issuance plans.

Drafts of amended legal texts are available

Back in June 2025, the European Parliament and the Council of the European Union agreed to structure the EU framework for bank crisis management introduced after the financial crisis with a general 'depositor preference'. This means that customer deposits across the EU will generally have a higher priority in terms of liability ranking than other liabilities such as unsecured liabilities. On 7 November 2025, the European Parliament published a corresponding **agreement** with the Council. It contains the final drafts of the legal amendments to the relevant directives and regulations (**Bank Recovery and Resolution Directive, SRMR** and **Deposit Guarantee Schemes Directive**).

Trilogue negotiations concluded

This was preceded by the usual legislative process within the EU institutions. Back in April 2024, the European Commission had presented an initial legislative proposal to amend the framework for crisis prevention and crisis management for banks. In June 2024, the Council of the EU agreed on a common position on the revision of the crisis management and deposit insurance framework (CMDI) for banks (see our publication **Revision to insolvency ranking of preferred bonds** dated 2 July 2024).

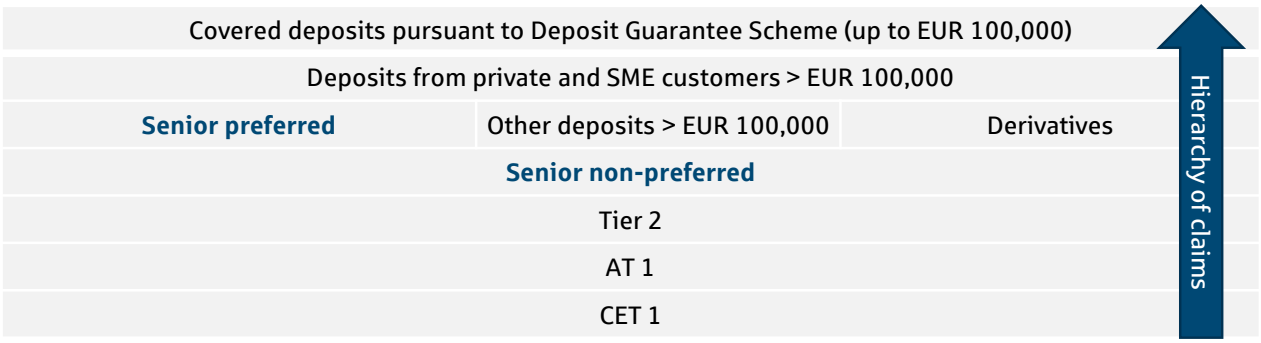
Revised liability cascade: Negative credit impact for senior preferred bonds limited

Conversely, giving customer deposits a higher ranking in terms of liability means that bondholders, who were previously on an equal footing, are now at a disadvantage. Until now, Member States have been free to decide whether customer deposits not covered by deposit guarantee schemes should be ranked on a par with senior liabilities. In some EU countries, including Germany, customer deposits are not currently given a higher ranking. In Germany, the introduction of general depositor preference will mean that corporate deposits over EUR 100,000 will move up one level in the liability hierarchy in future, ranking ahead of senior preferred bonds. This means that the liability pool within the senior preferred bond category will decrease. This will have a negative impact on their credit rating if no countermeasures are taken.

In our opinion, however, the negative impact on the credit ratings of the preferred bonds of most banks active on the capital market will be limited. These institutions have high risk buffers in the form of equity capital and non-preferred bonds. In addition to the quality of assets, the funding strategy and the MREL ratio are particularly important for the assessment of individual institutions.

Current hierarchy of claims in Germany*

Rising seniority, from lowest (bottom) to highest (top)



* identical in AT, BE, CZ, DE, DK, EE, ES, FI, FR, IE, LV, LT, LU, MT, NL, PL, RO, SE, SK
Customer deposits ranked above senior preferred bonds in BG, CY, EL, HR, HU, IT, PT, SI

Source: Helaba Research & Advisory

Liability cascade in Germany revised in accordance with draft legislation from the European Parliament

Rising seniority, from lowest (bottom) to highest (top)



Source: Helaba Research & Advisory

As a countermeasure, the banks affected could also issue additional preferred bonds in order to increase the liability base again. We therefore assume that some banks will issue additional preferred bonds.

Timetable: Implementation in member states by mid-2028

The agreement now awaits formal confirmation by the EU Council. We expect the legislative process to be completed and the agreement to be published in the EU Official Journal in the first half of 2026. According to the agreement now in place, the individual Member States will then have two years to implement the changes at national level. At least this will bring about further standardisation of liability cascades in Europe.



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Helaba Research & Advisory

Editor:
Stefan Rausch
Corporate Research & Advisory

Publisher:
Dr Gertrud Rosa Traud
Chief Economist/
Head of Research & Advisory

Neue Mainzer Str. 52-58
60311 Frankfurt am Main
Germany
T +49 69 / 91 32 – 20 24

Internet: www.helaba.com

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