



OPINION OF THE EUROPEAN CENTRAL BANK
of 27 March 2014
on the measurement of credit and country risk of bank groups
(CON/2014/23)

Introduction and legal basis

On 25 February 2014, the European Central Bank (ECB) received a request from the Oesterreichische Nationalbank (OeNB) for an opinion on a draft regulation on the detection of credit and country risk of groups of credit institutions and their foreign subsidiaries (hereinafter the ‘draft regulation’).

The ECB’s competence to deliver an opinion is based on Articles 127(4) and 282(5) of the Treaty on the Functioning of the European Union and the third, fourth and sixth indents of Article 2(1) of Council Decision 98/415/EC¹, as the draft regulation relates to the OeNB, the collection of financial statistics and contains rules applicable to banks which materially influence the stability of financial institutions and markets. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.

1. Purpose of the draft regulation

1.1 The purpose of the draft regulation is to detect credit and country risk of Austrian groups of credit institutions and their foreign subsidiary banks. It applies to superordinate credit institutions of Austrian groups of credit institutions within the meaning of Article 30(5) of the Law on banking. Such superordinate credit institutions will be required to submit reports on credit and country risk to the OeNB on a quarterly basis. Reports are to be submitted in accordance with the four annexes to the draft regulation: (1) consolidated risk statement on credit risk (Annex A1), (2) risk statement on the credit risk for foreign subsidiary banks (Annex A2), (3) consolidated risk statement on country risk (Annex B1) and (4) risk statement on the country risk of foreign subsidiary banks (Annex B2). The draft regulation will enter into force on 1 July 2014 and will apply, for the first time, to reports on 30 September 2014.

1.2 Article 44b(1) of the Law on Oesterreichische Nationalbank (hereinafter the ‘Law on the OeNB’) requires the OeNB to monitor, in the public interest, all matters that may have an impact on safeguarding financial stability in Austria. In general, and based on a current reporting regulation of the Austrian Financial Market Authority (FMA) on assets, profits and risks of credit institutions, the FMA makes available the data necessary for the OeNB to fulfil this task. The FMA regulation

¹ Council Decision 98/415/EC of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions (OJ L 189, 3.7.1998, p. 42).

currently provides for the reports required under the draft regulation. Following implementation of the CRD IV package² and the reporting implementing technical standards of the European Banking Authority, with effect from the third quarter of 2014, the FMA will no longer collect data on credit and country risk of groups of credit institutions. However, the OeNB needs this data in order to continue to carry out its tasks in connection with the maintenance of financial stability. Accordingly, the OeNB envisages issuing the draft regulation on the basis of Article 44b(2) of the Law on the OeNB in order to collect information on credit and country risk of groups of credit institutions and their foreign subsidiary banks.

2. General observations

The ECB understands that the draft regulation implements statistical data collection powers at the disposal of the OeNB under the Law on the OeNB, to be applied in an area which is not presently harmonised through a Union legal act in the field of statistics. In this context, the ECB points to its Decision ECB/2014/6³, establishing measures aimed at gradual development of the ECB statistical framework in relation to the credit exposures of credit institutions, or other loan-providing financial institutions, vis-à-vis borrowers. Such prospective statistical framework will serve the purpose of, inter alia, supporting the activities of the European System of Central Bank in the area of financial stability. The ECB invites the Austrian authorities to monitor the development of this ECB statistical framework, which framework may interact with the objectives of the draft regulation.

This opinion will be published on the ECB's website.

Done at Frankfurt am Main, 27 March 2014.

[signed]

The President of the ECB

Mario DRAGHI

² 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) and Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).

³ Decision ECB/2014/6 of 24 February 2014 on the organisation of preparatory measures for the collection of granular credit data by the European System of Central Banks, available at the ECB website (www.ecb.europa.eu); not yet published in the Official Journal.