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Your ref., Your message dated	Our ref., Person in charge	Date
	BSBV 70/Dr.Rudorfer/Br	2.5.2005

Comment on the CEBS proposal for a Common European Reporting

The Bank and Insurance Division as the statutory body representing the interests of all Austrian banks welcomes the opportunity of commenting on the CEBS proposal for a common European reporting and assesses the Consultation Paper as follows:

1. Principal aspects

1.1. Objectives of COREP

The Austrian banking industry, in principle, understands the CEBS initiative towards a common reporting both regarding supervision and statistics.

Although the process towards harmonisation of European reporting is, in principle, seen as a quite positive development, concerns do exist with regard to the present draft and the additional expenses to be expected for setting-up and maintenance of the relevant administration, above all because the present proposal only provides for an additive harmonisation of reporting at European level. In any case, a cost-benefit analysis seems to be absolutely necessary.

1.2. Framework conditions

The following essential framework conditions have not been met, at least not to a sufficient degree:

- The CEBS proposal contains redundant provisions and lacks proposals for a minimum number or frequency of reports (scalability).

  The proposal contains no regulation on relevance limits depending on relevance to the financial market or the consolidating bank. The proposals seem hardly capable of being implemented if no minimum requirements are defined. Limits for petty cases should be introduced with regard to small (functional) subsidiaries.

- Grading of reports (number and frequency according to the bank's importance to stability of the financial market). The principle of proportionality is highly important, in particular with respect to reporting.

- Setting of limits for materiality criteria for reporting and publishing of data of individual banks and for inclusion of group subsidiaries in consolidation

- Grading of tested systems of the banks approved by banking supervision. Reporting of key data instead of all data.

- Low degree of detail for reports at group level due to the fact that the individual group companies are anyhow required to report in detail

- Grading for reports according to IFRS.

- As regards IAS adjustments it has to be stated that double calculation plus reconciliation is to be avoided in any case; i.e. reconciling items need not even be adjusted at a later point in time.

- Since determination of the scope is left up to the national supervisors and additional reporting requirements from Pillar II may be introduced, the demanded investment protection for banks depends on co-operation among national supervisors. The current information status of national supervisors leads to different implementation of the approaches in the different EU Member States. In the end, this will result in substantial additional costs.

1.3. Extension of the existing reporting scope

The new equity capital approach leads to a significant improvement of the banks' risk systems and to a change of the supervisory review process based on the obligations under Pillar II.

The major improvements result in a creation of new systems, approval of systems and even more improved analysing possibilities, internally, by auditors as well as by the supervisor.

In this context it should be considered to what extent additional reports will also improve the quality of supervision in an equivalent form. This applies, in particular, to the interim results required by the templates and/or to detailed information. Total values would be sufficient in some cases.

1.4. Maximum scope without minimum standards

In contrast to the objective to bring the reporting requirement down to the lowest common denominator within the EU a maximum scope for reporting was developed, which now leaves it up to the individual supervisors to determine the definite

scope on a national basis. An exaggerated number of national discretions has been criticised in the Consultation Paper several times, and the objective in each case was to reduce national discretions to an absolutely necessary number.

1.5. Reporting scope

The developed reporting scope is not directly related to the added value of the quality of supervision.

The detail of monitoring portfolio risks is determined by

- the intentions which a bank pursues in certain markets
- sufficient equity capital of a bank and
- general market trends and their implications for the portfolio of the individual banks.

Stability of the risk systems and application of defined standards is the responsibility of the bank's risk management and is regularly audited by internal audit and the bank auditor. In addition, banks that choose more advanced approaches are approved by the supervisor.

A permanent maximum level of monitoring and reporting of all detailed portfolios does not justify the necessary expenses, i.e. initial costs for programming and regular support of ongoing operation (including answering of enquiries), for such reporting.

Yours sincerely,

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