

**Common Position of
CEBS members representing the supervisory authorities from CEE Member States
(the Czech Republic, Slovakia, Poland, Bulgaria and Romania)
on the warnings regarding the assessment of the CEE region and its financial systems**

The supervisory authorities of the following CEE Member States: the Czech Republic, Slovakia, Poland, Romania and Bulgaria express their concerns about the publicly announced initiatives warning about the risks to the old EU Member States' banks due to high exposures in CEE countries. Such initiatives imply a high reputational risk not only for supervisory authorities, but above all for the financial systems they supervise. The published information accompanying these initiatives is often simplified and misleading and could have negative implications for banks operating in these countries. Such self-fulfilling speculation totally disregards fundamental economic developments in the CEE countries and creates misperceptions that could inevitably be detrimental to both the CEE region and Europe as a whole.

Each of the CEE Member States has its own specific economic and financial situation and these countries do not constitute a homogenous region. It is thus important first to distinguish between the EU Member States and the non-EU countries and also to clarify issues specific to particular countries or particular banking groups.¹

The supervisors of each CEE Member State are fully responsible for the supervision of banks operating in their countries and, together with central banks, also for the financial stability of each country. EU banks' subsidiaries operating in CEE Member States are also supervised on a consolidated basis by the supervisory authority of the parent company. Cooperation between the parent company supervisor and subsidiary supervisors in colleges represents an important part of supervisory work and should enable all relevant supervisors to acquire information about the whole banking group.

The current EU legal arrangement allows the governments of each EU country to respond adequately to the individual situation in the financial sector of each Member State. Governments are fully responsible for taking specific measures tailored to the specific needs of each Member State's financial system, including individual measures aimed at the subsidiaries of EU parent companies. This responsibility is linked with the assessment of the systemic importance of a bank for the financial system in each country and national deposit guarantee schemes, as subsidiaries of EU banks operating in the CEE Member States hold large amounts of local deposits.

The supervisory authorities of the above mentioned CEE Member States would strongly welcome it if future initiatives assessing the risk of CEE countries and its possible impact on European economies could respect the given roles and responsibilities of the supervisors and governments of each Member State, which include consideration of all possible measures directed at preserving the stability of individual financial institutions and each Member State's financial sector as whole. However, it is important to stress

¹ The only similarity is that banking groups operating in the CEE region traditionally do business in these countries in a very conservative manner, financing the real economy. The liabilities of their subsidiaries consist of a large amount of local deposits, which represent the major source for their lending activities. Moreover, the CEE region has proved to be, and will continue to be, the motor of growth and main profit centre for all EU cross-border banking groups exposed to this region.

that the supervisory authorities of the CEE Member States support close cooperation between regulators aimed at fostering a coordinated approach to the current issues of the financial crisis.

Česká národní banka

Národná banka Slovenska

Българска народна банка

BANCA NAȚIONALĂ A ROMÂNIEI

Urząd Komisji Nadzoru Finansowego