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ECB to Put Russian Banks' Austrian Branches Through Stress Test

By The Moscow Times

May 06, 2015

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FRANKFURT — The Austrian arms of two of Russia's biggest banks will undergo stress tests by the European Central Bank, the ECB said on Wednesday as it announced a new round of health checks for nine banks in all.

The ECB said it will carry out stress tests and balance sheet reviews on Sberbank Europe and VTB Bank (Austria), the Austrian units of Sberbank and VTB.

"Banks have been informed and will work closely with the ECB over the coming months with a view to completing the exercise by end of 2015," an ECB spokesperson said.

The ECB added the Austrian arms of the Russian lenders to the list of banks it supervises last June, giving it unprecedented control over their activities in Europe.

Russia has strong ties with Austria although bilateral trade has suffered in the Ukraine crisis. Vienna, positioned on the edge of the Iron Curtain that divided Europe until 1989, was a gateway to the eastern bloc and became a base for doing business with the former Warsaw Pact countries.

The ECB said it will also assess the financial health of Belgium's Banque Degroof, France's Agence Francaise De Developpement, J.P. Morgan Bank Luxembourg, a unit of JPMorgan Chase & Co, Slovenia's Unicredit Banka Slovenija, a unit of Italy's UniCredit, Finland's Kuntarahoitus Oyj and Malta's Mediterranean Bank.

Portugal's Novo Banco will face a stress test only, it said.

"The methodology used for the assessments will be the same as that used for the assessments undertaken on the 130 institutions involved in the 2014 exercise. Novo Banco, the assessment of which was deferred from the 2014 exercise due to its specific circumstances, will complete its comprehensive assessment requirements by way of a stress test," the ECB spokesperson said.

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