

CESEE-related abstracts from other OeNB publications

The abstracts below alert readers to studies on CESEE topics in other OeNB publications. Please see www.oenb.at for the full-length versions of these studies.

The minimum requirement for own funds and eligible liabilities (MREL) – a first assessment for Austrian banks and selected subsidiaries in CESEE EU Member States

The minimum requirement for own funds and eligible liabilities (MREL) is a key element in resolution planning. It is particularly important for the effective application of the bail-in resolution tool which was introduced with the Bank Recovery and Resolution Directive (BRRD) in 2014 and implemented in Austria with the Bank Recovery and Resolution Act (Bundesgesetz über die Sanierung und Abwicklung von Banken – BaSAG) in 2015. The purpose of the MREL is to ensure that banks have an adequate loss absorption and recapitalization capacity in case of resolution. With a narrow time schedule for the implementation of this new requirement, it is important to gain an understanding of the current situation for Austrian institutions and their EU subsidiaries in Central, Eastern and Southeastern Europe (CESEE). Therefore, the Austrian national resolution authority, i.e. the Financial Market Authority (FMA), together with the Oesterreichische Nationalbank, conducted a survey among a selected sample of Austrian banks with the aim of assessing their MREL-eligible instruments and liabilities. The surveyed institutions were asked to provide data on the composition of their own funds and liabilities as per year-end 2014. The survey was designed to elicit answers to the most important questions arising from the MREL implementation: How high is the volume of MREL-eligible liabilities and instruments available in the Austrian banking sector? Which amount is available for bail-in in case of resolution? What is the composition of the existing MREL-eligible stock? Are there differences between different types of institutions? Is there enough MREL-eligible stock available or are there currently any shortfalls? The supervision and in particular the resolution authorities will need this information when setting the MREL in order to assess impacts on major banking groups, to increase market transparency and to contribute to a stable regulatory environment in general.

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