



EUROPEAN CENTRAL BANK

EUROSYSTEM

COURTESY TRANSLATION

Mr Nikolaos Chountis
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt, 17 October 2011

L/JCT/11/800

Re.: Your letter

Dear Mr Chountis,

Thank you for your letter containing some questions related to the decision of the Bank of Greece to conduct a diagnostic study of loan portfolios of Greek banks', which has been transmitted to me by Sharon Bowles, Chair of the Economic and Monetary Affairs Committee, and accompanied by a covering letter dated 9 September 2011.

Every national supervisor needs to ensure that the risks on banks' balance sheets are regularly assessed, so that banks have enough capital buffers against these risks, should they materialise. This assessment can also be carried out by external and fully independent agencies to increase transparency to the process and gain on credibility.

Against this background, concerning your specific questions, let me first clarify that the company you mention is not a credit rating agency but an advisory services company that also provides services aimed at assessing banks' credit risk profiles – which is particularly relevant in the context of banking supervision. Typically supervisors would be able to undertake more in-depth and more granular diagnostics of loan portfolios than would be done in EU stress tests. The Bank of Greece has done this screening in its role as prudent national supervisor, which is a field outside the realm of the competence of the ECB. Therefore, I cannot provide you with public information on this matter.

With kind regards,

[signed]

Jean-Claude Trichet