

Imposition of administrative penalties on Banque et Caisse d'Epargne de l'Etat, Luxembourg

The EUROPEAN CENTRAL BANK,

pursuant to Article 18(1) of Council Regulation (EU) No 1024/2013¹, decided on 27 September 2024 to impose two administrative penalties on Banque et Caisse d'Epargne de l'Etat, Luxembourg in the overall amount of EUR 1,685,000. The penalties are imposed in respect of two breaches of Article 430(1), point (a)², of Regulation (EU) No 575/2013 of the European Parliament and of the Council³ committed by reporting inaccurate information on own funds and own funds requirements on a quarterly basis, as follows:

- i. An administrative penalty of EUR 795,000 for misreporting the own funds requirement for foreign exchange risk for 17 reporting periods from 31 March 2018 to 31 March 2022.
- ii. An administrative penalty of EUR 890,000 for misreporting the risk weighted exposure amount or alternatively Common Equity Tier 1 items relating to qualifying holdings outside the financial sector for 8 reporting periods from 30 June 2021 to 31 March 2023.

When determining an administrative penalty, the ECB follows the principles set out in the ECB's Guide to the method of setting administrative pecuniary penalties pursuant to Article 18(1) and (7) of Regulation (EU) No 1024/2013. In accordance with this Guide, the ECB considered all the relevant circumstances of the case, in particular the impact of the breaches, the degree of the misconduct of Banque et Caisse d'Epargne de l'Etat, Luxembourg, the size of the entity and the applicable mitigating factors.

The ECB assessed the impact of the breaches as 'medium' based on the effect that they had on the prudential situation of the entity and its effective supervision, as determined on the basis of the importance of reporting obligations for day-to-day supervision, the extent to which the reported figures differed from the actual prudential situation of the entity and the duration of the breaches, which prevented the ECB from obtaining a comprehensive view of the risk profile of the entity in the relevant periods. The degree of the entity's misconduct was assessed as 'medium' considering that the breaches were committed negligently and in view of the significant deficiencies in its risk management and internal controls, which led to the miscalculations of the entity's overall net foreign-exchange position and the risk weighted exposure amount or alternatively Common Equity Tier 1 items related to qualifying

¹ Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).

² Article 430(1)(a) of Regulation (EU) No 575/2013 became applicable on 28 June 2021. At the date the suspected breach was committed, the same requirement was imposed by Article 99(1) of Regulation (EU) No 575/2013.

³ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).



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holdings outside the financial sector respectively, and of the corresponding own funds requirements remaining undetected in the relevant periods.

Out of the severity categories 'minor', 'moderately severe', 'severe', 'very severe' and 'extremely severe', the ECB classified the breaches of the reporting obligations as 'moderately severe' since both the impact and the misconduct were determined as 'medium'. In addition, the ECB considered certain mitigating circumstances, in particular the cooperation in the aftermath of the breaches and, as regards the misreporting related to the own funds requirement for foreign exchange risk, also the notification to the ECB by the entity itself and the remedial actions taken to prevent similar breaches from occurring in the future.

The administrative penalties are published in accordance with Article 18(6) of Regulation (EU) No 1024/2013 and Article 132 of Regulation (EU) No 468/2014 of the European Central Bank (ECB/2014/17)⁴.

The ECB's decision to impose these administrative penalties on Banque et Caisse d'Epargne de l'Etat, Luxembourg may be challenged before the Court of Justice of the European Union under the conditions and within the time limits provided for in Article 263 of the Treaty on the Functioning of the European Union.

⁴ Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014 establishing the framework for cooperation within the Single Supervisory Mechanism between the European Central Bank and national competent authorities and with national designated authorities (SSM Framework Regulation) (ECB/2014/17) (OJ L 141, 14.5.2014, p. 1).