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Board of Supervisors
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Board of Supervisors 12 December 2023 – Minutes

Agenda item 1: Welcome, approval of the agenda and Declaration of conflict of interest

1. The Chairperson welcomed the Members of the Board of Supervisors (BoS). He reminded them of the conflict-of-interest policy requirements and asked them whether any of them considered themselves as being in a conflict. No Member declared a conflict of interest.

2. The Chairperson welcomed Mr Adam Ketessidis as the new BoS High-Level Alternate representing Germany, Mr Marko Myller as the new BoS Voting Member and Mr Jyri Helenius as the new High-Level Alternate representing Finland and Ms Katrin Assenmacher as a new ECB representative.

3. The Chairperson asked the BoS whether there were any comments on the draft agenda. There were no comments on the agenda.

4. Finally, the Chairperson reminded the BoS that the Minutes of the BoS meeting on 17 October and the Minutes of the ad hoc BoS conference call on 10 November 2023 were approved by the BoS in a written procedure.

Conclusion

5. The BoS approved the agenda of the meeting by consensus.

Agenda item 2: Update from the EBA Chairperson and the Executive Director

6. The Chairperson updated the Members on five items.

7. Firstly, the Chairperson referred to his ECON hearing on 23 October 2023 during which he presented the main achievements of the EBA and the Joint Committee of the three ESAs. He noted that the upcoming elections and end-of-term atmosphere was already impacting the hearing and the attendance was very low. Almost all questions asked by the MEPs were on EBA and Joint Committee matters, in particular related to the Basel III implementation, Banking Union, CMU and PSD.

8. Secondly, the Chairperson mentioned that he met with the Commissioner McGuiness on 09 November 2023 and discussed the ongoing legislative files of EBA relevance: AML Package, CMDI as well as the digital euro. They reached a clear agreement on the priorities and the need to finalise the AML package and CMDI. Furthermore, they exchanged on the progress on the Banking Union and also addressed the issue of DORA L2 resources.

9. Thirdly, the Chairperson updated the Members on the first meeting of the High-Level group on oversight (HLGO) that took place on 11 December. He reminded the Members that the objectives of the HLGO were to provide support and strategic steer on the set-up of the DORA oversight over critical third-party providers, as well as to provide steer on operational aspects in the areas of human resources, finance, legal arrangements, and IT. In terms of membership, the HLGO consists of members from 31 competent authorities (CAs)from 25 EU Member States, the ESA Executive Directors and 5 observers (SSM, 2 CAs, 1 EEA country and EFTA surveillance authority). During its first meeting, the members of the HLGO discussed (i) the envisaged oversight deliverables and the plan for their preparation, (ii) preparation for the first designation of critical third-party providers and the start of oversight, (iii) the concept of the Joint Examination Team and the related RTS, (iv) the envisaged IT implementation projects.

10. Fourthly, the Chairperson informed that in accordance with the ESRB Recommendation on the exchange and collection of information for macro-prudential purposes on branches, the EBA had to deliver a report to the ESRB, on an annual basis, on monitoring of the effectiveness and efficiency of exchange of information between micro and macro-prudential policy/designated authorities as well as issue guidelines on exchange of information. The EBA drafted the requested report last year and asked relevant authorities to update the report for

this year. Given that the authorities did not identify any changes compared to the last year's report, the EBA was planning to send a letter to the Council and the ESRB stating that there were not any compelling reasons for issuing the guidelines required by the ESRB Recommendation at the current juncture, or for continuing annual monitoring in its current form. Should there be significant changes in the practices, the EBA would inform ESRB. The Chairperson concluded by saying that the EBA would share the letter with the BoS after the conference call.

11. Finally, the Chairperson noted that the 12th Annual EBA Research Workshop titled "Interest rate and Liquidity Risk Management, Regulation and the Macro-Economic Environment", took place on 7-8 November 2023. The event explored policies that could ensure appropriate management of interest rate and liquidity risks while preserving financial stability. Altogether 13 high-quality papers were selected from over 200 submissions for this 2-day hybrid event that was attended by some 100 audience in the room, as well as more than 400 virtual participants. Beyond the contributed sessions, the highlights of the event were the two keynote presentations, by Professor David Lando of Copenhagen University who spoke about "Bank Equity Risk" and Professor Raghuram Rajan of Chicago Booth School of Business who presented on "Monetary Policy, Balance Sheet Management, Liquidity and Financial Stability". The papers presented at the annual workshop have been posted on the EBA webpage, and the videos of the presentations will be made available shortly.

12. The Executive Director updated on four items.

13. Firstly, the Executive Director informed that the first meeting of the Coordination Group on Crypto supervision took place on 27 November and that he co-chaired it with Heather Gibson. He noted that 25 countries were represented in the group and that they discussed preparatory work on an exchange of information handbook which would be further detailed at the next meeting on 09 February 2024.

14. Secondly, the Executive Director referred to the gender equality and diversity work at the EBA. He announced that the EBA has launched a series of 10 minutes long interviews published on the website - "Diversion & Inclusion Talks (D&I)" to collect testimonies, raise awareness and inspire, and that a D&I Toolkit for managers was under preparation. In addition to weekly taskforce meetings, the EBA was in touch with other key players and on 20 November 2023, the Executive Director attended a meeting organized by Japan as part of the G7 supervisory spectrum during which the attendees agreed on a need for more gender equality. He concluded by

referring to a conference organized by the ESAs on gender issue and said that the ESAs were discussing organization of a similar conference also in 2024.

15. Thirdly, the Executive Director informed about two fora recently attended by him and the EBA Head of Governance and External Affairs Unit (GEA). EU/UK forum was the first meeting of representatives and they agreed that there were many similar policy discussions and policy objectives despite Brexit and therefore, an active exchange of communication would be welcomed. EU/US forum took place in Washington D.C. and the main topic discussed was the implementation of Basel III and challenges faced in the USA. US authorities have underlined that the main blocking point for the implementation was the FRTB, suggesting a possible deviation from Basel III in the upcoming US implementation.

16. The European Commission (EC) representative updated the Members on the Banking package and said that it was voted in COREPER the week before the BoS conference call and in ECON on the day before the BoS conference call. As next steps, the package would be translated, voted in the plenary, and publish in spring 2024. The EC representative also thanked the EBA for its work on the Basel III roadmap and proposed minor clarifications. In this context, he also mentioned challenges linked to the Basel III implementation in the US, as they became apparent during the EU/US Forum.

17. The Chairperson asked the EC representative on the EU/UK Forum and in his response, the EC representative acknowledged a cooperative environment on one hand but noted also that alignment of policy work would have to be still discussed concretely.

18. The Members did not raise any comments.

Agenda item 3: Risks and vulnerabilities in the EU

19. The EBA Head of Risk Analysis and Stress Testing Unit (RAST) updated the BoS on the latest developments in the EU related to risks and vulnerabilities. He noted the good performance of European banks in Q3. Higher interest rates continued to be the main driver of banks' profitability. According to preliminary supervisory reporting data CET1 ratio remained stable. With regard to loans, he said that loan growth was limited, and loan volumes even decreased. The shift to term/redeemable deposits continued after June 2023. On NPLs, the Head of RAST noted that an increase in past-due loans was more evident in some segments such as consumer credit and that NPL inflows were larger than outflows in the first half

of 2023. On bank funding, he mentioned that the funding maturity profile has changed significantly since the rate rising cycle started in July 2022. Longer durations have become increasingly attractive with a flattening yield curve. The Head of RAST concluded by referring to issuance expectations for 2024 according to analysts' views and said that redemption volumes were expected to be high in 2024. MREL targets were believed to have been met by most banks in Europe by the end of 2023. Hence, the market expected that preferred senior and senior bail-in issuances would replace bonds that lose MREL eligibility in 2024.Tighter lending conditions and lower appetite for new lending might translate into continuously muted loan growth in 2024 and these developments would imply lower gross and net issuance volumes in the senior unsecured segment.

20. A presentation by the Danish experts followed. In their presentation they focused on newly used supervisory tool – cyber stress testing. The experts presented the main findings of their investigation of firms' ability to manage severe ICT disruptions and their capacity to estimate consequences of the disruption for themselves and their customers. They noted that the testing may also help firms become compliant with DORA. As conclusion, the experts said that the second cyber test would be carried out in 2024/25 and would focus on the management and consequences of a disruption on sector level.

21. The Members provided updates on their national developments. Several Members stressed that their banks reported the highest profits in many years. They also mentioned the good position of their banking sectors as regard to asset quality, liquidity as well as stable NPLs. Looking forward, they identified economic and geopolitical developments as most challenging for the banks. One Member raised concerns related to impact of political decisions and intervention on the sector. Some Members were of the view that banks should focus on diversification of risk, impact of changing interest rates, in particular on an increase of the cost of funding. On cyber risk, many Members acknowledged the need to develop stress test for this specific risk, build capabilities to have knowledge in this area and understand consequences resulting from this risk. One Member also observed concentration risk on critical services which could be further considered under DORA. One Member questioned whether the presented cyber stress test tool was based on real-life scenario. Other Member asked if the participating firms were aware of all aspects of the test. A number of Members referred to risks related to real estate. One Member stressed that some impacts of the increased interest rates have still not manifested. Several Members reported significant shift from sight to term deposits. Others noted potential funding risks stemming for

expensive funding and increasing funding and borrowing costs. They mentioned that increased borrowing costs could put pressure on the servicing of the loans and may increase risks.

22. The ESRB representative acknowledged positive banking results but stressed that the situation may change going forward. Macro projections have been revised downwards and geopolitical risks were also relevant. He also said that bankruptcies had increased to pre-covid levels. He suggested more detailed analysis of real estate markets, in particular commercial real estate where realisation of risk was beginning. The ESRB representative concluded that regulators and supervisors should consider current high profitability of banks as a good opportunity to invest on digitalisation or other areas.

23. The ECB Banking supervision representative stressed vulnerability of markets to negative macroeconomic and geopolitical issues. Although the impact of higher rates has not fully materialised, he noted that borrowing costs have been raising and that supervisory efforts were focusing on the asset quality of certain portfolios. He also mentioned the increase of the funding costs and the need to look at the deposit modelling assumptions.

24. In their response, the experts explained that the scenario used in the cyber risk stress test was plausible but at the same time not likely to happen and its focus was to challenge participating parties as what would happen if their various operations and services would not function as expected. They also noted that the firms were aware of the scope of stress test and focused on operational issues stemming from the scenario.

25. The Chairperson concluded by noting the comments by the Members and said that while the situation on the market was benign, there was an increasing pressure from the society on banks’ profits and that the EBA would continue its monitoring of risks.

Agenda item 4: EU-wide Stress test - Lessons learnt from the 2023 exercise and the way forward for 2025

26. The EBA Director of Economic and Risk Analysis Department (ERA) updated the Members on the Fit-for-55 climate scenario analysis. The EBA was planning to run the one-off EU-wide climate scenario analysis during 2024 with publication expected in early 2025. The EBA, with the support of the ECB and NCAs, finalised the package (template, template guidance, sample) for the data collection related

to the banking sector module of the Fit-for-55 climate scenario analysis. The documents were approved by the BoS via written procedure and published on the EBA website. On 01 December 2023, the EBA launched the data collection covering aggregated and counterparty level data as of December 2022. The sample was composed by 110 EU banks. The results of the banking sector module would be obtained by running the ECB top-down model on climate risk. He also mentioned that the approval of the scenario for the exercise was on-going at the ESRB. The timing of the publication of the scenario would be coordinated with the other ESAs and the EC and was planned to take place by Q1 2025. The Director of ERA continued by summarising the main lessons learnt from the 2023 EU-wide stress test, referring to the process, infrastructure and models in particular. With regard to the possible ways forward for the 2025 EU-wide stress test, the EBA has been discussing three options 1) Full top-down – complete centralisation of projections; 2) Parallel hybrid – maintaining bottom-up elements, while introducing gradually some top-down elements with existing data and models; 3) Establishing robust foundation for the hybrid approach – pause the move towards centralisation and focus on establishing regular data collection and infrastructure with the aim to establish a robust foundation for centralisation in the medium to longer run. He highlighted that while full top-down approach was not feasible at the moment, option 2 provided some level of centralisation. However, rather than establishing an NII top-down model, option 2 meant keeping the current NII logic while either centralising the projections of effective interest rates or alternatively applying the existing methodological pass-through constraints. He concluded that the EBA's proposal was to support option 3, under which the EBA would start with a more structured approach: defining all the top-down needs and appetites, specifying data requirements, setting up regular data collection (together with a one-off historical collection), and working on the models and infrastructure in collaborative way. Choosing option 3 would also mean that there would not be further implementation of top-down models in the 2025 exercise.

27. The Members supported the work and some said that it was necessary to exhibit more ambition when further moving towards a more top-down approach. However, one Member remained skeptical of the top-down ambition. The Members acknowledged the complexity of the issue and pointed at the relatively high costs related to the hybrid approach. While supporting option 3, several Members asked for a roadmap detailing the timeline, resources, distribution of workload, expected outcomes and deliverables of this option and to have more clarity on the next steps for option 3 to be able to commit resources. From the presented options, some Members supported exclusively the option 3, other

Members preferred option 2 and, overall, most would opt for a combination of these two options. There were also different views among the Members, who supported option 2, whether to validate the ECB interest rate model or to centralise using the pass-through constraints. The Members agreed that the option 1 was not optimal. One Member stressed that transparency among CAs when developing the top-down models was a key aspect and said that such future stress test models should fit micro prudential objectives.

28. The ESRB representative informed that the written procedure on the scenario had a deadline on 12 December 2023 cob.

29. The ECB Banking supervision representative welcomed the work and stressed that for 2025 EU-wide stress test, the EBA should focus on a pragmatic approach which would allow continuity and methodology for a day-to-day supervision. He supported option 3 proposal but highlighted that at the moment it seemed optimistic. Therefore, he required a more detailed development and supported further work to explore options for structured data collections and models. For the 2025 EU-wide stress test he proposed to follow option 2 for the centralisation using the pass-through constraints and the relevance of a methodology that was useful for micro prudential purposes. He also acknowledged the possibility to assess the ECB model.

30. The ECB representative stressed that they stood ready if their top-down model for projecting effective interest rates needed to be assessed.

31. The Director of ERA clarified that the EBA did not have data available to propose top-down models which would require additional data collections for further moving towards a hybrid approach. With reasonable number of resources from the CAs, the EBA could progress the work as a combination of aspects from the option 2 and 3. He also agreed to provide more details and clarifications under the option 3 proposal.

32. The Chairperson concluded by noting the BoS' preference to support the development of foundations for the implementation of future top-down models and said that the EBA would provide further details on this development. He said that experts within relevant working groups would further discuss which approach was the most feasible to centralise the NII area under option 2 for the 2025 EU-wide stress test: either the ECB interest rate model, or the use of pass-through constraints, taking into consideration the costs and benefits. Meanwhile, the EBA would develop a more detailed plan and roadmap for implementing option 3.

Agenda item 5: Response to the Call for Advice (CfA) on deposit coverage level

33. The Chairperson reminded the Members that the EBA received a call for advice from the EC on deposit coverage level in June 2023 with a request to submit the analysis in three steps: the provision of balance sheet data; the interim results of the analysis of data concerning the adequacy of the current coverage level, and final results by the end of 2023.

34. The EBA Head of Conduct, Payment and Consumers Unit (COPAC) continued by presenting the final report which included in addition to factual analysis also policy implications stemming from the analysis. He said that the report presented the EBA's analysis of the data collected from 28 EEA countries covering the period between January 2022 and August 2023, and the assessment of the current coverage level, from the perspective of financial stability, consumer protection, impact on moral hazard and costs to the banking sector. He noted that data collected showed that currently across the EEA countries, 96% of depositors were fully covered, meaning that, in case of bank failure, they would be paid back the full amount of their respective deposit. The 4% of depositors that were not fully covered were mostly companies, and, despite being few in number, they held more than half of deposits held in the EEA. The analysis further showed that a potential increase of the coverage level would have no impact on the vast majority of depositors, as they were already fully covered anyway. The Head of COPAC also explained that any of the assessed potential increases in coverage, while being costly, would have positive but limited impact on financial stability and consumer protection, and a somewhat negative impact on moral hazard. At the same time, he acknowledged that coverage level was one of a number of important elements of the crisis management and deposit insurance framework and the assessment of the adequacy of each of these elements in this context required a holistic assessment which was beyond the scope of this report.

35. The Members supported the work. One Member raised concerns related to distribution of deposits between the banks in case of raised coverage level given that some depositors could decide to withdraw their deposit and proposed to consider conducting a moral hazard analysis of how the depositors would behave in a stress test scenario. Another Member expressed some concerns about the EBA's response to the CfA containing rather strong policy recommendations. In the view of that Member, the conclusions were based on the steady proportion of fully covered depositors over the last 15 years, which was relevant from a consumer

protection perspective, while not focusing on the steady decline of the proportion of covered deposits in relation to all deposits. That Member wondered at what point, would it raise questions from a financial stability perspective.

36. The Chairperson concluded by noting the Members' support as well as the issue of evolution of corporate deposits over time.

Conclusion

37. The BoS agreed to submit the final report in response to the EC's CfA on deposit coverage level to the EC and publish it on the EBA website by consensus.

Agenda item 6: Response to the Call for Advice (CfA) on green loans and mortgages

38. The Chairperson reminded the Members that the EBA received a call for advice from the EC on green loans and mortgages in November 2022 with a deadline to reply before 29 December 2023. Following the discussion at the previous BoS meeting on 17 October 2023, the EBA considered the feedback from the Members and further discussed technical aspects at the working level.

39. Building on the previous BoS discussion, the EBA Senior Policy Expert continued by clarifying the key changes in the policy advice presented in the report to the EC following the steer received from the BoS in their October meeting and discussions at standing committee levels. He highlighted that firstly, in the policy advice related to the voluntary EU label for green loans tier 2 (capturing loans with proceeds that are not aligned with the EU Taxonomy at the point of origination) has been reformulated in the context of the EC recommendations on transition finance (June 2023) introducing safeguards to minimise the risk of greenwashing. It also aimed to bring as much as possible into the picture transition finance in the context of use-of-proceeds-based green lending. Secondly, he noted that the advice related to Mortgage Credit Directive (MCD) has been clarified. On this point, he explained that the report suggested that the upcoming review of the MCD consider introducing the concept of green mortgages, including information on the key features of green mortgages, such as the EPC at pre-contractual level and introducing minimum skills and knowledge requirements for staff dealing with green mortgages.

40. The Members supported the work and the policy advice presented as well as introduced changes compared to the previous version. One Member commented

on the presentation of two potential policy options presented in the report to the EC (recommendations and legislative proposal), and their potential interaction as complementary alternatives. Other Member suggested to explicitly refer to the EC Communication on SME relief package in the statement related to the proportionality aspects in the green loan definition. One Member stressed that as for other types of loans, risk-based approach should apply to green loans as well.

41. In his response, the EBA Expert clarified that the aim of the report was not to open discussions on definitions or riskiness of green loans as these topics were outside the scope of the Call for advice. It is also clarified that the report has a clear stance on this point. He confirmed that the aspect on proportionality was considered during the drafting of the report and agreed to extend the existing footnote in the report to cover EC Communication on SME relief package as well. Finally, the Expert also clarified that the presentation of the policy options to the EC was an outcome of the several discussions and at the end of a broad consensus at technical level.

42. The Chairperson concluded by noting the comments raised by the Members and their support for the publication of the report.

Conclusion

43. The BoS approved the submission to EC and publication of the EBA report and the accompanying opinion on green loans and mortgages by consensus.

Agenda item 7: EBA Priorities and the first draft Single Programming Document 2025 – 2027

44. The Chairperson reminded the Members that the EBA was preparing the Single Programming Document (SPD) annually to set out the EBA's planning – in terms of priorities of its work and of resources. He noted that the tabled documents were for discussion and benefited from exchanges at the Management Board (MB) meeting in November 2023.

45. The Executive Director proceeded to introduce the topic based on the presentation shared with the BoS by first setting out the background, the general context driving the EBA's planning, the multi-annual priorities, and the annual priorities for 2025, which all build largely on those from the previous SPD with some adjustments. The development of the priorities followed the new approach adopted by the BoS in June 2023, which foresaw two discussions per year involving the MB and BoS: in November/December for the multi-annual priorities and the Union strategic

supervisory priorities (USSP), and May/June for the annual priorities, peer review work plan as well as considerations of ESEP and EREP. He also briefly noted that for the (USSP the EBA was proposing to keep the priorities adopted in June unchanged. The Executive Director continued to present the priorities, resource aspects and related challenges, which had also been discussed with the DG FISMA in October in more detail. Regarding resources he noted among other things that these were constrained by the establishment and the funding foreseen at institutional level. Notwithstanding impacts arising from DORA, MiCAR and the establishment of AMLA, the EBA's funding and staffing was fairly stable. Regarding DORA, he stressed that for the time being the working assumption was that the staff posts foreseen in the legislative financial statement (LFS) were split evenly between the ESAs, with the three authorities exploring the possibility of pooling resources between ESAs for DORA work. The newly established High-level group was expected to contribute to the set-up of the oversight function. As DORA resources were mostly fee-funded, recruitment could in principle not start before mid-2025, once the CTTPs have been designated. While early recruitment of a few posts could be envisaged, the challenge here was securing the necessary funding, which would have to be provided through the EU budget or by way of internal savings. The ESAs envisaged contacting the EC formally to request additional means. Insisting that going forward, new areas of work or new mandates would have to be met with additional resources in the corresponding LFS, the Executive Director continued to summarise other challenges and constraints that the EBA was facing, referring in particular to the high number of mandates and requests – notably in the banking package where a few additional, temporary post appeared necessary. He also set out possible mitigating measures, such as internal reshuffling, sequencing of work, standardisation and possible automatisation of the work, exploration of synergies, but also, where possible, the recourse to external resources, and – as a last resort - adjustments to the work programme. In terms of additional resources, the EBA was looking to obtain, in addition to the funding to allow for early recruitment of a number of DORA posts, a temporary increase of resources working on the banking package mandates and avoiding losing the AML-posts and people immediately. The Executive Director concluded by setting out the next steps for the timeline before the SPD would be submitted to the EU institutions by 31 January 2024.

46. The Members supported the work. One Member acknowledged the challenges, noting that for some areas, such as the implementation of the Basel framework into the Single Rulebook, the EBA could build on existing knowledge and routine from past experience. For new tasks, such as for DORA and MiCAR, the general

supervisory experience and resources were limited. Several Members commented on the calibration of staff numbers and raised concerns related to the resources envisaged for future oversight and supervision tasks, which seem uncorrelated to the number of entities to be overseen or supervised. They stressed importance of further discussions with the EC in this regard, asking for more flexibility so that the resources could be recruited on a timely basis and better match the amount and complexity of entities falling within the scope of oversight and supervision. On the priorities, Members generally commented to say that proposals were well-balanced. One Member proposed under priority 5 – Focus on innovation for the benefit of consumers – to consider including the issue of payment fraud which was concerning and rising in several countries. Another Member suggested for priority 2 – Foster financial stability in an economy transitioning towards sustainability – to add a focus on consumer outcomes; this Member also suggested reflecting that the economy was subject to continued uncertainty both economically and geopolitically. Two Members commented on priority 3 – Enable an integrated reporting system for enhanced assessment and disclosure – and questioned whether the work in this area could be deprioritised or scaled down considering that the relevant resources overall were limited and that other priorities the EBA was facing were significant. They asked for further discussion on this topic during one of the upcoming BoS meetings.

47. The Executive Director ensured the Members that the EBA was discussing the issue of limited resources with the EC, mainly for the preparation and establishment of DORA oversight function and related responsibilities and tasks. He noted that while the working assumption at this stage foresaw an even split of allocated posts between the three ESAs, the use of the total number of 30 posts foreseen could be optimised if the resources were pooled. He noted that proposals to add a consumer-related focus to priority 2 would be considered, stressing, however, that it was particularly priority 5 that covered consumer-related tasks, and that this should be understood in a broad sense. The EBA would consider whether to explicitly reference payment fraud, in the priority per se or in the narrative. Finally, with regard to priority 3, the Executive Director noted that reporting and data issues were important topics that feature high up on the agenda of the EC. A discussion on the focus of the work at a future BoS meeting could nevertheless be envisaged.

48. The Chairperson concluded by noting the comments and said that the EBA would provide an update on the integrated reporting and IT-related aspects at one of its next BoS meetings. An updated SPD would be submitted for approval in January.

Agenda item 8: EBA Revised Communication Strategy

49. The Chairperson introduced the item by informing the Members that the aim of the revised communication strategy was to support the EBA's mandate of contributing to the stability and effectiveness of the European financial system through consistent, transparent, simple and fair regulation and supervision to the benefit of all EU citizens by communicating to the right audience in the most effective way and using the most appropriate channels.

50. The EBA Head of Governance and External Affairs Unit (GEA) continued by adding that with the revised strategy, the EBA wanted to ensure effective communication on its work, reaching the right audiences via the most appropriate channels and tools, at the right times. He acknowledged that the website was the main way for most audiences to interact with the EBA and therefore, the revamping of the EBA website was the most important project of the revised communications strategy. New functionalities to enhance user experience and to improve accessibility to information have been implemented and these were summarised in a video presented to the BoS. In this regard, the Head of GEA said that modernising the visual identity, website, tone of voice, and other communications products demonstrated the EBA's approach to simplicity and creativity. The refreshed visual identity better reflected the EBA's new remits and showed its values. It accompanied a revised logo, which was simpler, more modern and more digital, and a stronger use of primary colours which reflected the EBA's EU roots and responsibilities. He concluded by saying that the new EBA website would go live on 13 December 2023.

51. The Members did not raise any comments.

Agenda item 9: Prudential treatment of a specific legacy Tier 2 instrument

52. The Chairperson informed the Members that in September 2023, the EBA received a letter from a law firm acting on behalf of investors in legacy perpetual bonds of one institution (Discos) bringing to the EBA attention their concerns regarding the treatment of this instrument considering that relevant institution intended to continue to treat the notes as eligible Tier 2 capital in perpetuity.

53. The EBA Head of Liquidity, Leverage, Loss Absorbency and Capital Unit (LILLAC) continued by explaining that the instrument contained an obligation to redeem the notes in case it was not permitted by law to pay the additional amount related

to a tax gross-up clause. This raised concerns regarding compliance with Articles 63(i) and (k) CRR. In addition, there was complexity arising from the ranking aspects and existing multiple-layered structure for Tier 2 instruments and, finally, several clauses have been identified as non-best practices. All in all, the instrument should have been grandfathered under CRR1 provisions and should have been subsequently subject to the EBA Opinion on legacy instruments and the options contained therein for phasing out legacy instruments. Since the relevant institution had the option to call the instrument every six months, it would need a strong demonstration on why the instrument should be kept in the balance sheet outside all regulatory layers. Furthermore, the relevant competent authority would need to engage with the relevant resolution authorities regarding the option to keep the instrument in the balance sheet even if disqualified also considering the national transposition of Article 48(7) BRRD. The Head of LILLAC concluded by summarising the next steps and said that following the BoS's support, the EBA would send a letter to the relevant competent authorities with the EBA assessment, including a request to inform the relevant institution, and asking for the actions that would be undertaken. The EBA would also send a reply to the law firm on the main points included in the detailed assessment of the instruments and publish it on the EBA website as per previous cases (unless the law firm would object to this publication).

54. The Members supported the work. One Member referred to a similar case in the past.

55. The Chairperson concluded by noting the BoS' support.

Conclusion

56. The BoS supported by consensus the EBA assessment and the proposed next steps, including the publication of the letter on the EBA website.

Agenda item 10: AOB – Transparency exercise

57. The Chairperson informed that at 6 pm, the EBA was planning to publish its annual EU-wide Transparency exercise. The EBA has been conducting transparency exercises at the EU-wide level on an annual basis since 2011. Through the years, the data disclosure has been integrated and enhanced in the ongoing effort to maximize and actualize the information disclosed, while at the same time minimizing the burden on the banks. With the 2023 EU-wide transparency exercise the EBA was disclosing over 1.2 million data points, with on average more than 10,000 data points per bank (123 banks across 26 countries), covering several

areas (capital, leverage ratio, risk exposure amounts, profit and losses, financial assets, market risk, securitisation, credit risk, sovereign, Pillar 3 disclosures, non-performing and forborne exposures, collateral valuation). The EBA also provided a wide range of interactive tools that allow users to select, compare, visualise and download data across time.

58. The EBA Head of Statistics Unit presented the main aspects of the transparency exercise and summarised the key features and interactive tools on the EBA website.

59. The Members did not raise any comments.

60. The Chairperson concluded the conference call by thanking Stefan Walter for his work and contributions in the past years as the ECB Banking supervision representative. He also thanked the BoS Members for their input in 2023 and wished them nice festive season.

Participants of the Board of Supervisors' confernce call on 12 December 2023[1]

Chairperson: Jose Manuel Campa

Vice-Chairperson: Helmut Ettl

Country	Voting Member/High-Level Alternate	National/Central Bank
1. Austria	Helmut Ettl	Karin Turner-Hrdlicka
2. Belgium	Jo Swyngedouw/Kurt Van Raemdonck	
3. Bulgaria	Stoyan Manolov	
4. Croatia	Sanja Petrinic Turkovic	
5. Cyprus	Kleanthis Ioannides	
6. Czech Republic	Zuzana Silberova	
7. Denmark	Louise Mogensen/Thomas W Andersen	Morten Rasmussen
8. Estonia	Andres Kurgpold	Timo Kosenko
9. Finland	Marko Myller	Katja Taipalus
10. France	Nathalie Aufauvre	
11. Germany	Adam Ketessidis	Karlheinz Walch
12. Greece	Kyriaki Flesiopoulou	
13. Hungary	Csaba Kandracs/Laszlo Vastag	
14. Ireland	Gerry Cross	
15. Italy	Andrea Pilati/Francesco Cannata	
16. Latvia	Kristine Cernaja-Mezmale	
17. Lithuania	Simonas Krepsta/Ludmila Vojevoda	
18. Luxembourg	Claude Wampach	Christian Friedrich
19. Malta	Christopher P Buttigieg/ Anabel Armeni Cauchi	Oliver Bonello
20. Netherlands	Steven Maijoor/Willemieke van Gorkum	
21. Poland	Kamil Liberadzki	Olga Szczepanska
22. Portugal	Rui Pinto/Jose Rosas	
23. Romania	Catalin Davidescu	
24. Slovakia	Linda Simkovicova	
25. Slovenia	Primoz Dolenc/Damjana Iglic	
26. Spain	Angel Estrada/Agustin Perez Gasco	
27. Sweden	Magnus Eriksson	David Forsman

EFTA Countries	Member
1. Iceland	Bjork Sigurgísladóttir

[1] Pascal Hartmann (FMA); Matthias Hagen (OENB); Morgan Allen (Central Bank of Ireland); Marek Sokol (CNB); Christoph Roos (BaFin); Laura Clausen (Danish FSA); Marco Giornetti (Bank of Italy); Annemijn van Rheden (DNB); Clara Du Mesnil du Buisson (EC); Lea Joensen Faro, Marie Schelde Holde (Danish FSA); Dounia Shita (ESMA); Liga Kleinberga (Latvijas Banka); Ivan-Carl Saliba (MFSA); Pawel Gasiorowski (NBP); Frida Alvarsson (Finansinspektion)

2. Liechtenstein	Markus Meier	
3. Norway	Per Mathis Kongsrud	Sinder Weme

Observer	**Representative**
1. SRB	Sebastiano Laviola

Other Non-voting Members	**Representative**
1. ECB/SSM	Stefan Walter, Katrin Assenmacher
2. European Commission	Almoro Rubin de Cervin
3. EIOPA	
4. ESMA	Natasha Cazenave
5. EFTA Surveillance Authority	Marta Margret Runarsdottir
6. ESRB	Tuomas Peltonen

EBA

Executive Director	Francois-Louis Michaud
Director of Economic and Risk Analysis Department	Jacob Gyntelberg
Director of Prudential Regulation and Supervisory Policy Department	Isabelle Vaillant
Director of Innovation, Conduct and Consumers Department	Marilin Pikaro
Director of Data Analytics, Reporting and Transparency Department	Meri Rimmanen

EBA Heads of Unit

Philippe Allard
Angel Monzon
Jonathan Overett-Somnier
Delphine Reymondon

EBA experts

Tea Eger
Ali Erbilgic
Jana Jaklic
Guy Haas

For the Board of Supervisors

Done at Paris on 22 January 2024

[signed]

José Manuel Campa

EBA Chairperson