

## Final

# Minutes of the EBA BoS Conference Call meeting 27 January 2014

27 January 2014 10:00-11:30 CET

Location: EBA, London

## Agenda item 1: “Communication on the Main Features of the 2014 EU-Wide Stress Test”

1. The Chairperson opened the conference call, and commenced with the communication on the main features of the 2014 EU-Wide Stress Test. He reminded Members that at the conference call convened on 17<sup>th</sup> December 2013 it was agreed that the EBA would liaise with inter alia the ECB/SSM and non-euro area supervisors to discuss the next steps. It was agreed that the EBA’s focus should be on comparability and disclosure, whilst supervisory actions would remain at the national level.
  2. A common set of criteria would be applied, with elements of flexibility left to competent authorities. To that end there would be:
    - (a) Common macro-economic scenario and time horizon (3 years)
    - (b) A common methodology for assessing the effect of economic scenarios on an institution's financial position, including capital threshold (8% and 5.5% in the baseline and adverse scenarios respectively), common definition of capital with national transitional rules in place at the end of 2016, static balance sheet assumption, risk coverage and scope of consolidation (highest level of consolidation), sample (at least 50% national coverage, as in past exercises).
    - (c) common approaches to communication on the outcomes of the exercise;
  3. Flexibility left to competent authorities would include:
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- (d) use additional sensitivities and request additional data;
  - (e) apply stricter capital definitions and/or additional / higher hurdle rates;
  - (f) consider balance sheet dynamics, including management actions, in deciding the supervisory response;
  - (g) conduct stress test to subsidiaries (with no publication of those results under the EBA umbrella).
4. The responsibility for the supervisory reaction function would remain in the hands of competent authorities.
  5. A communication would be published end of the week; the EBA would have its own communication, prior to the ECB scheduled for the following Monday.
  6. The Chairperson noted that the timeline that was provided may perhaps be a bit challenging and too granular for external communication and would be revised. The idea would be to have the publication of the final methodology by end April/May 2014 and the finalisation of the Stress Test Exercise by end October/November 2014.
  7. The floor was opened; some Members appreciated the compromise solution. The ECB representative recalled that at the last Management Board Meeting, it was agreed to adjust the timeline for giving more time to the ESRB/ECB for developing the scenarios. He recalled that the ECB would become a competent authority in November 2014. Furthermore, he suggested that when the sample refers to the list of banks and the disclosure of results, the role of the ECB should be mentioned in these two instances. The Chairperson agreed with this suggestion.
  8. The EU COM representative stated that the EU COM broadly supports the document. He suggested to have the timetable less granular, that the role of the ECB could be clarified, that the treatment of sovereign risks should be clarified, and finally that the quality assurance is to be conducted at national level. The EU COM fully supports the effort to find the right balance of what is common, and what is to be left at national level.

## Conclusion

9. The Chairperson suggested that comments from Members be submitted to EBA Staff later today, the note finalised and considered as final. The Chairperson also clarified that as applicable to other BoS related endorsements, should at least three Members deem it necessary to have further discussion in this regard, then an additional BoS conference call would be convened.

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## Agenda item 2: “Protocol on Home Host and AQR Stress Tests”

10. The Chairperson referred Members to the documents (EBA BS 2014 007 and EBA BS 2014 009) distributed to BoS that define the basic principles and points of contact and the sharing of information. He opened the floor for comments.
11. Members generally supported the Protocol, whilst some Members put forward some drafting suggestions. The ECB representative referred to the rules of engagement, and remarked that the calendar was challenging, suggesting that changes may be needed regarding the portfolio selection, the methodology (sampling) and the conclusion and communication. The representative from the SSM mentioned that that the SREP Decision of 2014 would be made after the AQR and Stress Test would be made available.
12. The EU COM representative also supported the Protocol, and asked to keep the document open and update it when needed, and suggested that any issues of interpretation of the Protocol would be left with the EBA.

### Conclusion

13. The Chairperson summed up by saying that he agreed that the Protocol should be kept as a ‘live’ document. He was of the view that regarding timing for the joint decision, there are legal obligations in the CRD to have an annual update and therefore the protocol cannot deviate from this obligation. He suggested keeping the wording in the document as it is balanced and provides guidance on using an update of a joint decision in case of the impact of AQR results on the joint decision reached.
14. The Chairperson also suggested that further discussions are needed as to the timing of the communication of final results by the EBA and of the supervisory follow up actions by competent authorities. The text of the document will be modified to reflect this.
15. The Chairperson concluded that comments should be sent in directly to the Director of Oversight by end today.

Andrea Enria

Chairperson

The logo for the European Banking Authority (EBA) features the letters 'EBA' in a bold, white, sans-serif font. To the right of the letters, the words 'European Banking Authority' are written in a smaller, white, sans-serif font, stacked vertically. The background of the logo is a dark blue rectangle with a subtle pattern of white lines and a small white star.

European  
Banking  
Authority

## Participants at the Board of Supervisors Conference Call meeting 27 January 2014

### Chairperson

Andrea Enria

### Country

### Voting Member or Alternate

### Representative NCB

Austria

Michael Hysek

Belgium

Jo Swyngedouw

Bulgaria

Nelly Kordovska

Cyprus

Argryo Procopiou

Croatia

Damir Odak

Czech Republic

Zuzana Silberova

Denmark

Ulrik Nodgaard

Lindis Oma

Estonia

Marek Lambing (Staff Member)

Jana Kask (Staff Member)

Finland

Jukka Vasala and Anneli Tuominen

France

Frederic Visnovsky

Germany

Peter Lutz

Erich Loeper

Greece

Hungary

Judit Kerekgyardo (Staff Member)

Ireland

Mary Burke

Italy

Luigi Federico Signorini

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Latvia	Laura Avota (Staff Member)	
Lithuania	Aldona Jociene	
Luxembourg	Claude Simon	Norbert Goffinet
Malta	Luana Elkhativ (Staff Member)	David Borg (Staff Member)
Netherlands	Jan Sijbrand	
Poland	Andrzej Reich	
Portugal	Pedro Duarte Neves	
Romania		
Slovakia	Tatiana Dubinova	
Slovenia	Damhana Iglic (Staff Member)	
Spain	Fernando Vargas	
Sweden	Uldis Cerps and Emil Hagstrom (Staff Member)	Olof Sandstedt
UK	Jay Paisley (Staff Member)	

**Country**

**Observers**

Norway	Jorgen Ruud
Iceland	Jon Sturluson
Lichtenstein	Rolf Brueggemann

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Croatia

**Institutions**

European Commission

European Central Bank

ESRB

EIOPA

ESMA

**Representatives**

Dominique Thienpoint

Ignazio Angeloni

Francesco Mazzaferro

Daniel Perez

**Others**

Executive Director

Adam Farkas

Director of Oversight

Piers Haben

EBA Staff

Slavka Eley, Mario Quagliariello, Joseph Mifsud