

EBA BS 2025 057 rev. 1

Board of Supervisors

15 January 2025

Location: teleconference

Board of Supervisors

Minutes of the ad hoc conference call on 15 January 2025

Agenda item 1: Welcome and approval of the agenda

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 noted that the aim of this ad hoc BoS conference call was to approve the scenario for the 2025 EU-wide stress test exercise and to update the BoS on the final amendments to the stress test methodology and communication plan.
3. The Chairperson welcomed Mr Daniel Pérez Cid as a new BoS Voting Member representing Spain and Ms Anna Tsounia as a new Alternate representing Greece.
4. The Chairperson asked the BoS whether there were any comments on the draft agenda. There were no comments on the agenda.

Conclusion

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

Agenda item 2: 2025 EU-wide stress test exercise - Final stress test scenario

6. The Chairperson introduced the item by reminding the Members of the discussion during the BoS conference call in December on the baseline and adverse scenario and noted that since that discussion, there were some changes to the package which the EBA planned to address during the call. He also thanked the ESRB for developing scenarios for the 2025 EU-wide stress test exercise.

7. The Chair of the ESRB Task Force on Stress Testing continued by presenting the final calibration of the adverse scenario, its key drivers and considerations. He referred to the discussion at the ESRB General Board on 14 January 2025 and highlighted main differences in comparison to the scenario presented to the BoS in December 2024. The Chair of ESRB Task Force on Stress Testing focused on the materialisation of geopolitical risks and their impact on commodity prices and trade fragmentation; inflation and price increases; GDP losses and increased shocks for some non-EU countries; higher unemployment; real estate prices impacted by tighter financial conditions and reductions in households' income and as result, stronger shocks on the prices. He concluded by acknowledging good cooperation between all involved authorities.
8. The Members supported the work. One Member noted that given the increased complexity of the stress test exercises and with an aim to improve cooperation between various involved parties, the preparatory work for the 2027 EU-wide stress test exercise should begin without further delays.
9. The Chair of the ESRB Task Force on Stress Testing thanked the Members for their support and said that the Task Force would carefully consider all proposals for improvement.
10. The Chairperson concluded by noting the Members' support. He mentioned a letter circulated to the ESRB General Board on a number of proposals related to future scenarios and while noting that the scenario was only one aspect of the exercise, he was of the view that the BoS could further discuss these proposals.

Conclusion

11. The BoS approved the baseline and adverse macro-financial scenario and adverse market risk scenario for the 2025 EU-wide stress test exercise and the launch of the exercise by consensus.

Agenda item 3: 2025 EU-wide stress test exercise – Final package

12. The Chairperson reminded the Members that the EBA has been planning to launch the 2025 EU-wide stress test exercise on 20 January 2025. In addition to the scenarios, the EBA would accompany the launch with the publication of a press release and FAQ document, together with the last version of methodological note, templates and template guidance.
13. The EBA Director of Economic and Risk Analysis Department (ERA) continued by referring to some of the developments since approval of the stress test methodology in November 2024, as well as informed on the next steps in the execution. He also mentioned that the EBA conducted a template testing, NII platform testing and NFCI model up-date validation. He also clarified that two provisionally included banks have been excluded as there were no changes to the actual sample by the cut-off date. He concluded by summarising key communications lines focusing on the purpose of the exercise, clarification of the aim of

being a risk exercise, and not as an exercise that assesses the impact of regulatory changes or provided a forecast of the most likely negative shocks to the financial system.

14. The EBA Head of Risk Analysis and Stress Testing Unit (RAST) provided further details on final revisions of the methodology and templates coming from the template testing and the final scenario. He mentioned targeted amendments introduced in the credit risk templates to align with the final COREP CRR3 4.0 supervisory framework. Regarding the NII platform, he said that the EBA performed an access test with the involvement of banks in the sample and in addition banks under the SSM-led stress test. Following this, EBA staff have been working to finalise the system set up, including ensuring connection of all banks, deployment of the final code version, and completion of a security assessment. The Head of RAST also noted that the EBA updated the risk weights that were prescribed to banks for the projections of securitisations risk weighted assets to reflect the latest scenario vintage available.
15. The Members supported the work. One Member questioned whether some of the points in the methodology that have not been yet updated would be finalised before the launch of the exercise.
16. The EC representative thanked all involved authorities and raised two communication challenges. The first one related to possible tension between the supervisory choice and the preference expressed by the co-legislators to grant the EU banking sector longer time for implementation of the Banking Package. He acknowledged a need for clear communication to clarify the nature of the exercise which was built around very severe but plausible shocks. He asked for consistency of supervisory actions following the announcement of the results of the stress test exercise and said that they would send drafting suggestions on the FAQs. The second challenge related to comparison between the EU-wide and other international exercises and the EC representative asked for further explanations of differences in communication.
17. In his response, the Head of RAST explained that the open issues were a repeating aspect of the regular process as many could be updated only after the final approval of the scenario. Similarly, some projections reflected Q4 data which would not be available before March.
18. The Chairperson concluded by noting the Members' support and said that the EBA would further clarify in its communication that the EU-wide stress test was a scenario-based analysis measuring how the banking sector would fare under hypothetical adverse economic developments, i.e. a risk-based exercise and not an exercise that assesses the impact of regulatory changes. Also, the EBA would reflect on the main differences between the EU and exercises of other jurisdictions. He asked the Members to send written comments by 16 January 2025.

Agenda item 4: AOB

19. The Members did not raise any comments.

Participants of the Ad hoc Board of Supervisors' conference call on 15 January 2025¹

Chairperson: Jose Manuel Campa

Country	<u>Voting Member/High-Level Alternate</u>	<u>National/Central Bank</u>
1. Austria	Michael Hysek	Karin Turner-Hrdlicka
2. Belgium	Jo Swyngedouw/Kurt van Raemdonck	
3. Bulgaria	Stoyan Manolov	
4. Croatia	Sanja Petrinic Turkovic	
5. Cyprus	Constantinos Trikoupis	
6. Czech Republic	Zuzana Silberova	
7. Denmark	Thomas W Andersen	
8. Estonia	Andres Kurgpold	
9. Finland		Katja Taipalus
10. France	Francois Haas	
11. Germany	Adam Ketessidis	Karlheinz Walch
12. Greece	Heather Gibson	
13. Hungary	Laszlo Vastag	
14. Ireland	Yvonne Madden	
15. Italy	Andrea Pilati/Francesco Cannata	
16. Latvia	Ludmila Vojevoda	
17. Lithuania	Simonas Krepsta/Renata Bagdoniene	
18. Luxembourg	Claude Wampach	Christian Friedrich
19. Malta	Christopher Buttigieg/Anabel Armeni Cauchi	Oliver Bonello
20. Netherlands	Steven Maijoor/Willemieke van Gorkum	
21. Poland	Anna Wojczakowska ²	Olga Szczepańska
22. Portugal	Jose Rosas	
23. Romania	Catalin Davidescu	
24. Slovakia	Tatiana Dubinova/Linda Simkovicova	
25. Slovenia	Primoz Dolenc/Damjana Iglic	
26. Spain	Daniel Perez Cid/Agustin Perez Gasco	
27. Sweden	Henrik Braconier	David Forsman
<u>EFTA Countries</u>		
	<u>Member</u>	
1. Iceland	Bjork Sigurgisladottir/Gisli Ottarsson	
2. Liechtenstein	Markus Meier	
3. Norway	Per Mathis Kongsrud	Sindre Weme
<u>Observer</u>		
	<u>Representative</u>	
1. SRB	Karen Braun-Munzinger	

¹ Pascal Hartmann (FMA); Marek Sokol (CNB); Marco Giornetti (Bank of Italy); Magdalena Wojtacha (KNF); Caro Dullemond (DNB); Christoph Roos (BaFin); Liga Kleinberga (Litvijas Banka); Ivan-Carl Saliba (MFSA); Pawel Gasiorowski (NBP); Frida Alvarsson (Finansinspektionen); Hanno Stremmel (SRB); Eida Mullins (Central Bank of Ireland)

²Expert without voting rights

Other Non-voting Members

1. ECB Banking Supervision/ECB
2. European Commission
3. EIOPA
4. ESMA
5. EFTA Surveillance Authority

Representative

Thijs Van Woerden/Katrin Assenmacher
Ugo Bassi
Kai Kosik
Dounia Shita
Marta Runarsdottir

EBA

Executive Director

Francois-Louis Michaud

Directors

Kamil Liberadzki

Heads of Unit

Philippe Allard
Angel Monzon
Jonathan Overett-Somnier

Experts

Tea Eger
Dragan Crnogorac
Raffaele Passaro

For the Board of Supervisors

Done at Paris on 14 February 2025

[signed]

José Manuel Campa

EBA Chairperson