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Board of Supervisors
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Board of Supervisors

Minutes of the meeting on 13 February 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 welcomed Ms Mariza Platritou as a new BoS Voting Member representing Cyprus and Ms Pany Karamanou as Mariza's BoS Alternate. He also announced that Mr Guiseppe Siani had been appointed as a new BoS Voting Member representing Italy and Mr Andrea Pilati had become his new Alternate Member. Finally, he thanked Karin Turner-Hrdlicka and Raimund Roesler who would be stepping down from their positions in the coming weeks.

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 conference call on 10 December 2024 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 three items.

7. Firstly, the Chairperson noted that pursuant to MiCAR, CAs may request a non-binding opinion on the regulatory classification of a crypto to the EBA and ESMA or to the three ESAs

(depending on the sectoral competence of each ESA). He reminded the Members of the EBA Decision concerning the process for adoption of such opinions under MiCAR and said that the EBA and ESMA have received the first request for opinion which concerned the evaluation of the legal opinion provided as part of the authorisation procedure by an applicant issuer under Title III of MiCAR (asset-referenced tokens). The EBA has been preparing a draft EBA opinion according to the process established by the EBA Decision.

8. Secondly, the Chairperson summarised his recent meetings with the Polish Council Presidency; the EU Commissioner for Financial Services, and with the EU Commissioner for Economy and Productivity, Implementation and Simplification with whom the discussion was mainly on potential impact on EU competitiveness in light of global Basel III implementation and burden reduction/simplification efforts. He also mentioned the Supervisory Board of SSM meeting which focused on DORA related items, namely IT risk, implementation of the DORA framework and ECB guide on cloud services. He noted that it was an important opportunity to exchange and align the work with a view to the start of the DORA oversight.

9. Thirdly, the Chairperson informed that the EBA has been supporting the IMF Financial sector assessment programme (FSAP) of the euro area and that the IMF was conducting a new FSAP of the euro area. During their first mission last November, they consulted the EBA on crisis management and AML. The second mission of the FSAP team was planned for mid-February and the main topics should be in the context of the IMF's assessment of the EU banking regulatory and supervisory framework, its macroprudential policy, cyber risk supervision, and AML.

10. The Executive Director updated the Members on three items.

11. Firstly, the Executive Director summarised the EBA's performance and said that 2024 has been a tough but good year for the EBA overall. The EBA had to date delivered 92% of the tasks due in the year, above its 90% target but slightly less than in 2023 (95%) which reflected the number and complexity of the deliverables. Regarding staff, almost all posts were filled. The EBA has adopted a "Horizon 2029 Talent Strategy", increased internal and external mobility, followed up to the Staff survey (which reported an all-time high 72% overall satisfaction) and refurbished premises during summer with no time or cost slippages, to accommodate the new sustainable, hybrid way of working as well as the future DORA and MICA staff. The initial budget was increased by less than 1%, in the wake of the European Commission (EC) subsidy for DORA preparations and rising pension costs due to salary indexation and correction coefficient changes. The EBA did not need a proposed EC subsidy to absorb a second salary indexation, thanks to a careful management and adequate buffers throughout the year. Budget was executed to 99.9%, above the financial regulation 95% target. The 2024 IT Operational Plan was largely delivered and costs stayed close to the budgetary envelope (+1.8ppt). Key achievements included: the completion of the EBA Cloud transformation program and of high-priority projects (website, dissemination platform, DPM studio). Regarding data, the publication

time of EBA's Risk dashboard was more than halved compared to 2023 and the EBA has published 28 sets of data visualisation tools in the context of its data dissemination strategy. Finally, on risks, controls, sustainability, the IAS concluded that EBA's internal control to manage its human resources and its ethic framework have been adequately designed and effectively and efficiently implemented. In 2024, there were no overdue ECA or IAS recommendations and the EBA received positive closing letters on older audits. The EMAS certification was maintained.

12. Secondly, the Executive Director informed that DORA preparations advance well. Job vacancies for Heads of Unit for the three-ESAs' Joint Oversight Team attracted a very substantial number of applications and recruitment process has been progressing. Another wave of recruitments would be launched soon for the next level of responsibilities, i.e. JET leads. The Joint Oversight Networks has held its first meetings.

13. Thirdly, the Executive Director summarised the main points from the EU-UK dialogue held in London on 12 February 2025 and said that it allowed to compare notes on the current outlook and regulatory priorities. UK authorities highlighted their growth agenda. The assessment of financial risks was rather similar with close attention being paid to government fiscal positions, persistent inflationary pressures and buoyant market conditions despite high geopolitical and trade uncertainties. The need to implement Basel 3 was reaffirmed.

14. The EC representative announced the publication, on 10 February 2025, of a Call for evidence on a targeted amendment on the prudential treatment of securities financing transactions under the Net Stable Funding Ratio with a one-month deadline for feedback, which should be rapidly followed by a legislative proposal. He also mentioned that the EC was planning to open a consultation on the empowerment as regards FRTB implementation. Finally, he said that the recruitment for AMLA has been ongoing and noted that the AMLA Chairperson would start working from Brussels in the coming days before moving to AMLA's premises in Frankfurt.

15. The Members did not raise any comments.

Agenda item 3: Risks and vulnerabilities in the EU

16. The Director of the EBA Economic and Risk Analysis Department (ERA) updated the BoS on the latest developments in the EU related to risks and vulnerabilities with a focus on 2025 outlook and main challenges for EU/EEA banks. He highlighted several key challenges that banks in this region have been expected to face. Firstly, he mentioned cost challenges and said that banks would need to manage their cost base effectively, considering the continuous investment required in digitalization and cybersecurity, as well as inflationary pressures on wages. Secondly, with regard to profitability, he stressed that maintaining profitability levels would be challenging due to declining interest rates. However, growth in volume and non-interest income was expected to offset to some extent falling margins. The

Director of ERA noted that the sector consolidation through M&A could increase as banks aim to reduce excess reserves through distributions or mergers and acquisitions, driven by falling rates and a search for new value creation. Additionally, the Director of ERA focused on the performance of US banks in Q4 2024 and its implications for EU/EEA banks. He summarised that the US banks reported strong results driven by investment banking and wealth management, while EU/EEA banks were expected to benefit from investment banking income but faced margin pressure and slow loan growth. The Director of ERA referred to loan growth and said that it was anticipated to recover, driven by household mortgage lending. On asset quality, although it remained at robust levels, having only slightly deteriorated over the last year, macroeconomic uncertainty and geopolitical tensions could pose further challenges to it. Fourthly, he mentioned climate risk and noted that banks needed to manage significant exposures, especially in Southern Europe, due to acute physical risk events and high transition risk in high-emission sectors. He also referred to cyber risk and said that the frequency of cyber-attacks has been increasing amid heightened geopolitical tensions and regional conflicts. The Director of ERA continued by providing an economic outlook for 2025, forecasting a gradual recovery in economic activity in the EU and euro area, supported by rising household incomes, a resilient labour market, and easing financing conditions. However, challenges such as stagnation and fiscal issues in some countries should be considered. Finally, he said that there has been a rise in the use of SRTs (Significant Risk Transfers) among EU/EEA banks in recent years. EU/EEA banks have securitised exposures reaching around EUR 1 trillion. This included synthetic securitisations, which were considered capital instruments rather than funding instruments from the banks' perspective. He said that EU/EEA banks played a significant role in SRT-related activities globally. With regard to the underlying exposures of SRTs, corporate loans had dominated, with nearly two-thirds of the exposures being SME and large corporate loans. This rise in SRT volumes has been observed in many countries, although there was a wide dispersion in usage among different countries. The contribution of SRTs to banks' CET1 ratios was widely dispersed. The largest share of SRT investors were investment funds, particularly credit funds, followed by pension funds. Insurance companies also played a role, especially in the Nordic region. The Director of ERA concluded by noting that there were no major indications of a "maturity wall," which meant there was not a significant volume of maturing SRTs in one year that could pose a risk to banks' capital ratios if they could not be renewed or refinanced, on systemic level.

17. A presentation by the French BoS Member followed. In his presentation, he focused on the SRT securitisations and noted differences between synthetic securitisation and true-sale securitisations. The first one was mainly used as a capital management tool while the latter as funding tools. He said that a large issuance of synthetic transactions was observed nationally and that underlying exposures were mainly based on corporate loans located almost predominately in France. He then presented, from the supervisory as well as regulatory perspective, several proposals aiming at ensuring adequate and efficient supervision and recognition of the SRT and concluded by summarising national recommendations on the issue, including main expected benefits.

18. In the following discussion, Members provided an update on their national developments. With regard to the assessment and main expected challenges, the Members agreed with the issues identified by the EBA but mentioned also national specificities. One Member said that some challenges were more pronounced, in particular limited growth and profitability; high number of insolvencies; impact of recent political decisions in the US on the economy and geopolitical risks which were closely linked to the fact that insurance companies were not providing insurance for some regional areas which could pose an issue for the availability and accessibility of banking services. Another Member also mentioned an increased number of acquisitions and said that they were mainly national with very limited cross-border mergers, what could be further analysed by the EBA. This Member also stressed that the current level of profitability was not sustainable and would decrease with lower interest rates. Another Member referred to online deposit platforms and asked for further analysis of their position and their potential impact on liquidity risks. On the evolution of transition and physical risk, one Member said that transition risks have been more relevant under current developments, than physical. With regard to SRTs, some Members informed that their national markets were limited. One Member said that their banks were actively involved in many types of securitisation mainly in relation to non-performing loans. The investor base includes both EU and US investors. The Member pointed at extensive assessments of SRTs and questioned whether these processes could be streamlined. The Member also asked about optimal amount of securitisation for banks. Another Member said that securitisation was mainly driven in his jurisdiction by smaller banks and that there was a need for targeted regulatory requirements. One Member noted differences between covered bonds and securitisation and stressed the relevance of both which should be further monitored.

19. The ECB representative agreed with the presented challenges but was somewhat more negative on the macroeconomic outlook. She mentioned moderate profitability, weakened net interest income and an increase of cyber, geopolitical and physical risk.

20. The ECB Banking supervision representative acknowledged a need for monitoring of SRTs. He pointed at emerging risks stemming from legislative proposals in the US on crypto which may be mis-aligned with MICAR.

21. The ESRB representative noted favourable conditions for banks and said that while requirements for banks have not been lowered, the banks could still make profits in the current market situation. She noted that recently, they conducted a risk assessment with a focus on macroeconomic risks, impact of US tariffs, increasing geopolitical and cyber risks and that they were planning a publication of a report on SRTs in the coming weeks.

22. The Chairperson concluded by noting the Members' comments and said that the EBA would further monitor the risks, and developments on the securitisation market.

Agenda Item 4: Top-down stress test - Future changes to the stress test exercise

23. The Chairperson introduced the item by noting that the EBA launched the 2025 EU-wide stress test exercise on 20 January 2025. Under this item, Members were invited to discuss the future perspective of the exercise, and he referred to the BoS discussion in June 2024 during which the BoS agreed on building on the December 2023 step-by-step approach, identifying data gaps for the use of top-down models (TDM).

24. The EBA Head of Risk Analysis and Stress Testing Unit (RAST) introduced the note, emphasising the complementarity of both top-down (TD) and bottom-up (BU) methodologies, supported by a robust collaborative platform and a well-defined roadmap. He explained that the relevant working sub-group prioritised credit risk assessment for top-down models and as a first task, addressed the need to bridge existing EU data gaps and build the appropriate data infrastructure for the development of these models. It identified two possible approaches – granular and portfolio approach. The sub-group proposed the portfolio approach as a way forward while noting that it would assess the data possibilities in supervisory reporting. The Head of RAST then continued by referring to a collaboration platform and said that the joint development of top-down models has been hindered by the lack of efficient technical collaboration tools for modelling and data sharing. Finally, the Head of RAST focused on simplifications to the current bottom-up approach and said that, to limit the reporting burden, the sub-group was proposing evaluating and streamlining data templates, including reducing data points and aligning stress test metrics with supervisory reporting requirements. He also presented a roadmap for improving the stress testing framework, which followed a sequential, hybrid approach, combining bottom-up and top-down methodologies in several phases. At the beginning the focus would be on reducing costs of the bottom-up approach and building a robust centralised data infrastructure for credit risk TDM. After that, the EBA would be developing credit risk top-down models and enhance analytical capabilities to add value for banks. Finally, other TDM would be implemented. He finally emphasised it was crucial that the supervisory community contributed with resources to be able to implement the roadmap.

25. The Chairperson opened the discussion by noting that the stress test exercise was introduced after the financial crisis to identify in a forward-looking manner significant capital gaps, enhance the forward-looking capabilities of banks own risk assessments, and foster the credibility of the banking sector. Its role to identify significant capital gaps seemed less relevant at the current sound levels of EU bank's capitalisation, while there were concerns on the value-added for banks considering this was a time-consuming exercise. This called for thinking more about the relevant aspects of the stress tests that needed to be reinforced to continue enhancing risk assessments by banks and supervisors, particularly when thinking about new and rising risks.

26. Mixed views were expressed by the Members on the co-existence of top-down (TD) and bottom up (BU) approaches, with some Members advocating for TD models that challenged the BU solvency exercise, while others supporting progressively phasing out the BU

solvency approach with TD models. Most Members supported the EBA's proposal to proceed developing models based on more aggregate data and supervisory reporting. The Members noted that approaches which rely on granular data would impose large reporting burden to banks and would not be pragmatic for supervisors due to the large need for resources. There was a call for the additional data requirements for the TD models to be offset and to look for synergies in relation to other data collections initiatives and the planned simplification agenda of the EBA. One Member noted that banks should be involved in the discussion while another stated that simplification efforts for the stress test should not lead to a decrease of reporting quality. Another member noted that it was fundamental to consider a retrospective data collection to accelerate the development of models, highlighting it would be efficient to include also other risk areas beyond credit risk. Regarding the collaboration platform, the Members supported its establishment. On the Roadmap, some Members raised concerns on the timeline being over-ambitious, with a call to re-evaluate the implementation and use of models after data were collected and a first set of models were developed.

27. The ECB Banking Supervision representative stated that TD approaches could be maintained as challengers to the BU approach and a balanced mix should be achieved. He raised concerns regarding the resources needed for replacing the BU with a TD approach and did not support decreases in transparency. Further, he noted that the resource estimation for the implementation of a portfolio level modelling approach was on the optimistic side, while any increases of reported requirements should be offset with reductions in other areas.

28. The ECB representative endorsed a hybrid approach where BU and TD approaches complemented each other as well as simplified reporting based on regulatory reporting. She supported setting up a collaboration platform, highlighting that this set-up should not change the well-established allocation of responsibilities regarding model development and validation, and asked for further discussions on the governance aspects.

29. The ESRB representative updated on analytical tools for top-down models and praised close cooperation in the exercise.

30. The SRB representative noted the issue of limited past data, interconnections, granularity of available data and said that the SRB was also using a stress test exercise to analyse market developments.

31. The Head of RAST explained that the deadlines regarding the implementation of TD models were dependent on the quality of the data and performance of the models. He also stressed that the efficiency gains through simplification of the BU and supervisory reporting were not to be underestimated.

32. The Chairperson concluded by noting the Members' support for the workplan while highlighting that this demanded clear commitment of resources from CAs and

acknowledging the need to limit the requirements for the industry. Any additional effort requested from the industry should be compensated with relief in other areas, in line with the simplification agenda. He noted support to develop a platform and to set up the relevant governance. Finally, the Chairperson said the discussion on the ultimate use of the top-down models would be further pursued.

Conclusion

33. The BoS supported the EBA's proposal to continue the work on credit risk top-down models based on a portfolio approach and to set up a collaboration platform.

Agenda item 5: Report on data availability and feasibility of common methodology for ESG exposures

34. The Chairperson introduced the item by clarifying that the tabled report was addressing the mandate included in points (a) and (b) of Article 501c of the CRR.

35. The EBA Head of ESG Risks Unit (ESG) continued by reminding the Members that in October 2023, the EBA published its Report on the role of environmental and social risks in the prudential framework for institutions and investment firms, in accordance with the mandate under Article 501c(1) point (e) CRR, where it recommended targeted enhancements to the Pillar 1 framework to capture environmental and social risks and provided foundations for further legal mandates under the revised CRR. The tabled report, a second report, was addressing points (a) and (b) of the mandate under the same Article 501c(1), requesting the EBA to assess (i) the availability and accessibility of ESG data, and (ii) the feasibility of a standard methodology for the identification and qualification of credit risk exposures to ESG risks in the banking book. The Head of ESG said that in line with the mandate, the report investigated specifically the potential use of: i) the information on transition and physical risk indicators made available by sustainability disclosure reporting frameworks, ii) the guidance and conclusions coming from the supervisory stress-testing or scenario analysis of climate-related financial risks, iii) the ESG score of the credit risk rating by a nominated External Credit Assessment Institution (ECAI). The related information about institutions' current practices and methodologies was based on a qualitative industry survey. The conclusions were also supported by complementary inputs based on recent exercises and analyses carried out by supervisory authorities. The Head of ESG then summarised the main findings listed in the report and said that the EBA concluded that a lot of progress has been made over the last years in the area of availability and accessibility of data, especially for large corporates, and that further significant improvements would be allowed by the implementation of Corporate Sustainability Reporting Directive (CSRD). In this context the Report contributed to the ongoing discussions around the potential simplifications of sustainability reporting, by demonstrating the data needed by banks to appropriately manage their risks. However, at the current stage the data landscape remained incomplete. Granular data was missing especially in relation to the value chain and environmental risks beyond climate. The

existing data gaps may lead to high reliance by institutions on proxies and estimates. Significant data gaps remained for social and governance risks. Regarding the feasibility of developing a standardised methodology for the identification and qualification of ESG risks, the Head of ESG said that the potential building blocks were not yet sufficiently developed to be a basis for a robust methodology at this stage. All three elements analysed in the report were still in the development or implementation stage, with ongoing work on key aspects. However, the level of maturity of available solutions significantly differed depending on the type of exposure and risk considered. In this context, the introduction of a standard methodology to identify and qualify exposures seemed to be the most feasible regarding climate-related transition risk for corporates, as well as, to a lesser extent, climate risk for mortgage exposures to households. She noted that while progress has been made in assessing ESG risks, the efforts to incorporate the impact of ESG factors on credit risk were still nascent. Granular and comparable data was needed to allow significant advancements in assessing the effects of ESG factors on credit risk.

36. The Members supported the work. One Member welcomed the timing of the report and said that at the national level, the preparedness of their banks was limited and stressed that the report included relevant findings which they would refer to in their jurisdiction.

37. The Chairperson concluded by noting the Members' support with the publication of the report.

Conclusion

38. The BoS approved the Report on data availability and feasibility of common methodology for ESG exposures and its publication by consensus.

Agenda item 6: Content of work on innovative applications in 2025

39. The Chairperson introduced the item by reminding the Members that, during its meeting in February 2024, the BoS endorsed three priority areas on innovative applications for 2024/25 - crypto, tokenisation and decentralised finance (DeFi), artificial intelligence and machine learning, and value chain evolutions. Throughout 2024, the EBA progressed work on all of these priorities and also commenced work on the implementation of AI Act and on white labelling.

40. The EBA Director of Innovation, Conduct and Consumers Department (ICC) continued by stressing that the EBA had a statutory duty to monitor and assess market developments, including financial innovation, to achieve a coordinated approach to the regulatory and supervisory treatment of new or innovative financial activities, and to provide advice to the co-legislators where needed. She briefly summarised the work carried out in 2024 and noted that, in accordance with the steer from the BoS, the work on crypto, tokenisation and DeFi was prioritised, and the EBA published two reports - on deposit tokenisation, and crypto-asset market developments (crypto lending, staking and DeFi). She noted that

engagement in non-MiCAR scope activities (crypto-asset lending, staking and decentralised finance (DeFi)) by EU consumers/other users was limited to-date. However, continued monitoring was needed, taking account of consumer protection, AML/CFT, and other considerations. Work in all other areas was also progressed, and she referred to BigTech monitoring, the commencement of white labelling thematic analysis, and commencement of AI Act/sectoral requirement mapping.

41. The EBA Head of Digital Finance Unit (DF) continued by presenting the proposed content of the work in 2025 and said that the work in all priority areas would continue in line with the EBA's work programme with a focus in the area of AI (AI Act implementation – (i) AI Act mapping and (ii) assessment of implications, as well as analysis of AI risks and general-purpose AI (GPAI)). She also summarised implications of the AI Act for the banking and payments sector and provided an overview of the requirements for providers and deployers of AI systems, with special requirements in relation to 'high risk AI systems', such as AI systems used to evaluate the creditworthiness of natural persons. The provisions applying to high-risk AI systems should start to apply in August 2026. Other AI systems may be subject to register and transparency obligations, and prohibited AI practices (manipulative or deceptive AI, or social scoring) may also impact the sector. She continued by explaining that Member States should designate market surveillance authorities (MSAs) by 02 August 2025. MSAs would be responsible for the supervision of compliance with the AI Act. The Head of DF further clarified that requirements under the AI Act may overlap with/be inconsistent with existing requirements for financial institutions and therefore, the work on AI act mapping with financial legislation would inform, whether sector-specific clarifications/guidance may be needed. She clarified that EBA staff commenced and launched a dedicated workstream on the mapping of the AI Act requirements with sectoral requirements, starting with the Guidelines on loan origination (LOGL) and Guidelines on internal governance and with legislation including the CRD/CRR, DORA, CCD, and MCD. The preliminary findings would be discussed with CAs and later, as the key findings, presented to the BoS in October 2025, with follow-up work thereafter as appropriate. The Head of DF concluded by noting that in terms of MSA designation, a few Member States had a clear position but in a majority of Member States, the discussions concerning the designation of MSAs were ongoing. Where designation decisions were well-advanced, slightly different arrangements as to the allocation of tasks between national competent authorities for the purposes of the CRD/CRR etc and other national authorities (e.g. data protection authorities) in the Member States could be observed. She noted the EBA's ongoing work to continue to enhance knowledge-sharing between CAs on this point.

42. The Members supported the presented content of work on innovative applications in 2025, and welcomed the emphasis on AI/ML. Several Members noted that, in addition, quantum computing could be monitored given potential security issues and potential roles of/dependencies on third parties. One Member asked about EBA's strategy on the use of AI. Two Members were of the view that it would be beneficial to discuss and exchange experience on the use of AI in supervision. One Member emphasised the importance of EBA

coordination on AI topics, especially with regard to the high-risk use case (creditworthiness) and relevance to the construction of credit risk models. On the work plan, some Members considered it as ambitious and one Member noted that given involvement of only one working sub-structure in all topics, it would be important to ensure timely cooperation with other relevant working structures.

43. In her response, the Head of DF clarified that the EBA has been monitoring quantum computing already and included this innovation in its regular monitoring surveys (including the EBA RAQ) and would continue to do. To-date only one bank had reported engagement in experimentation with quantum computing. She also acknowledged the work of international bodies in this area. She emphasised the monitoring of AI applications as part of the ongoing risk analysis and reminded the Members of the Supervisory Digital Finance Academy where the topic of AI has been discussed and would be discussed as part of forthcoming programmes to enhance knowledge-sharing of AI applications in the context of day-to-day supervision. She also confirmed that all relevant sub-structures would be involved in the work on the innovative applications.

44. The EBA Director of Data Analytics, Reporting and Transparency Department (DART) informed on the EBA's internal team on AI, and the use of AI to-date, in particular related to use cases with MS Copilot (e.g. internal risk dashboard, briefing and minutes) and said that the EBA has been participating in a working group on AI with other EU agencies.

45. The Chairperson concluded by noting the Members' support and referred to the survey on the use of AI by competent authorities launched in 2024, the results of which informed discussions at the BoS Strategy Day in 2024 and said that the Members would be approached again this year with an updated survey with the objective of promoting knowledge-sharing and identifying synergies.

Conclusion

46. The BoS supported the proposed content of the work on innovative applications in 2025 by consensus.

Agenda item 7: EBA update on simplification and proportionality

47. The Chairperson introduced the item by reminding that the BoS had discussed the topic of simplification and proportionality several times over the last years, in particular during the 2022 and 2024 Strategy Days. This topic was also raised by the Members at the December meeting as part of the discussion on the EBA SPD 2026-2028 and the conclusions was to bring concrete proposals to be discussed at the next meeting.

48. The EBA Head of Governance and External Affairs Unit (GEA) continued by presenting an overview of the EBA past, ongoing and possible future actions towards burden reduction with two different focuses - burden reduction for the industry on the one hand and for the EBA and its members on the other hand. With regard to the burden reduction for the

industry, he said that the EBA conducted an internal analysis of current EBA level 2 mandates with a view to identify those that may have a lower priority from an industry or a supervisor perspective and that such analysis could be further developed and shared with the EU co-legislators.

49. The EBA Director of Data Analytics, Reporting and Transparency Department (DART) presented ongoing initiative of reducing the reporting burden and said that the EBA completed in 2021 the Cost of Compliance of Reporting study to reduce reporting costs by 25%. The recommendations of the study have been now largely completed. She said that immediate priorities had been to introduce more proportionality by streamlining certain reporting requirements (revised in 2022/2023) and the implementation of a 'core' (for SNCIs) + 'supplement' (for the rest) approach to the design of reporting requirements. She presented the EBA 2025 work programme for reporting with measures to reduce reporting burden and measures already in place. She stressed that proportionality would continue to be a key consideration in all reporting work. Overall reporting burden should be addressed by critically assessing the EBA reporting but also multiple overlapping requests (ad hoc/regular, local/European) to ensure reporting would only cover "need to have" and removing "nice to have" content. Work on integrated reporting would further analyse definitions and remove overlaps in work to build a common data dictionary to cover supervisory, resolution and statistical reporting.

50. The Head of GEA provided further examples of areas where further simplification could be envisaged such as the EBA Single Rulebook, which scope has widened over the years alongside the EBA missions and now covered not only prudential regulation but also crisis management, sustainable finance, digital finance, asset-referenced and e-money tokens, operational resilience, AML/CFT, consumer protection and payment services. In that context, and for the benefit of the EBA and its stakeholders, the EBA was suggesting to explore possibilities to streamline the Single Rulebook and to finalise the mandate set in Article 519c of CRR2 on the compliance tool which required the development of an electronic tool aimed at facilitating institutions' compliance with the CRD and CRR as well as with regulatory technical standards, implementing technical standards, guidelines and templates adopted to implement this Regulation and that Directive. With regard to the burden reduction for the EBA, the Head of GEA proposed to explore possible adjustments to the EBA decision making process towards an increased top-down approach, under which ex ante guidance from the BoS would be more systematic to foster faster decision-making in EBA working substructures, limit the risk of resulting in a compromise text bringing limited added value to the existing framework or making it more complex and ultimately ensure the comprehensiveness, efficiency and effectiveness of the Single Rulebook. As another initiative, the Head of GEA mentioned a revamping of the way EBA notifications were handled since the EBA is now the recipient of around 150 different notifications set in various L1 texts, covering regulatory implementation options, quantitative information, actual cases of supervisory or crisis management decisions and supervisory sanctions. The Head of GEA concluded by noting that beyond these possible

steps that could be envisaged by the EBA, there was also a need to assess and address the possibles means of interaction with multiple EBA stakeholders. In order to address all the issues raised, the EBA was proposing to set up a dedicated Task Force with a first milestone to deliver a proposal for burden reduction at the July BoS Strategy Day, with an implementation plan covering H2 2025 and 2026. This plan would then be included in the EBA Work Programme 2026 to be adopted by 30 September 2025.

51. The Members supported the initiative towards simplification whilst insisting that such effort should not lead to deregulation. One Member noted that the expected deregulation in the US would have an impact on the EU and the competitiveness of the EU market and that the EU should be prepared for such disruption. Several Members mentioned a need for proportionate requirements for small and non-complex institutions and questioned who should be the target audience of the initiative – whether all financial institutions, or only big banks, or also small and regional market players. One Member was of the view that a comprehensive analysis of the framework at all levels, including of the institutional set up would be beneficial. Another Member said that the EBA should play a significant role in providing support to the EU co-legislators initiatives on the work in the area of simplification. One Member underlined that with the establishment of the SSM and with a full convergence of rules, L2 and L3 would be less needed. Other Member pointed at a link between rules that were simple and predictable and noted that a framework that has been continuously changing was not simple by definition. This Member also asked for the establishment of some rules of conduct for such work on simplification that should avoid re-opening the debate on existing policies. One Member considered that an ideal setup was one with maximum harmonisation of simple requirements. The simplification initiative should be focused, and the main requirements of the framework should not be diminished with the deregulation. With regards to the EBA analysis of the L2 mandates, several Members supported the review but also asked for further clarification on the methodology applied to assess the materiality of these mandates. One Member said that ‘need to have’ considerations should be applied not only in the area of reporting but more widely. Other Member noted that the complexity of L2 mandates was often the outcome of the negotiations and compromises on L1 texts. Some Members referred to the reporting and need to continue to work to increase efficiency and noted that changes to the reporting would be burdensome, at least at the beginning of the change, but continuous ad hoc and non-structured requests could be even more burdensome. One Member asked for an analysis of the impact of burden reduction requirements and lesson learnt following the implementation on various related initiatives. Several Members commented on the proposals related to the Single Rulebook and asked for a holistic approach to its review as well as considering BRRD, micro- and macroprudential aspects and connections between L1, L2 and L3. One Member questioned how ESG aspects would be considered under the simplification initiative and another one noted that the ESG should not be deprioritised, but some aspects of simplification should be implemented. Another Member asked for follow-up work on stacking orders and stressed the importance of the issue. The Members were supportive of the proposal for an increased top-down steer from the BoS but noted that

such steer would not be possible or necessary for every EBA project. The majority of the Members supported the set-up of a specific taskforce at the level of the BoS and expressed their interest to contribute to its work.

52. The EC representative acknowledged the importance of the topic and stressed that simplification was often misunderstood by industry as deregulation. He referred to short/medium term and long term aspects of the simplification and said that from the short term perspective, the focus should be on re-prioritising and/or bundling of mandates; rationalisation of reporting, also moving towards integrating reporting, and from the EC's side, the finalisation of the Sustainable Finance Omnibus which aimed to reconcile the EU's ambition towards a sustainable transition with enhancing the competitiveness of EU companies, by simplifying, enhancing efficiency and reducing undue reporting requirements. From the long-term perspective, the EBA should focus on the review of the regulatory framework, the analysis of the effectiveness of the single market for the banking sector, and the development of mandates in the CRR, in particular the mandate on proportionality.

53. The ECB Banking Supervision representative welcomed the work and expressed their interest to contribute to the simplification initiatives. He was of the view that the work should be risk-based and asked for clarification on link with the work done by the Advisory Committee on Proportionality.

54. The SRB representative supported the initiative for simpler, more coordinated requirements and said that the current framework was too complex. At the same time, she pointed at the fact that the industry was often asking for very detailed guidance.

55. The ESRB representative referred to questioning making a direct link between simplified regulation and higher competitiveness. She noted a need of the banks to set up their risk management practices and identification of their risk appetite and questioned what would be the positions of banks if they would not have current regulation and need to report to the EBA and the CAs.

56. The Chairperson concluded by noting the Members' comments and their support for the work. He highlighted the main points mentioned by the Members, in particular that the work should focus on prioritisation, new mandates, proportionality of regulatory regime for smaller institutions, distinction between nice to have and need to have. He welcomed the support for the set-up of the taskforce and noted that while the Members were keen to provide steer for the new projects, there would be some limitations that would have to be further defined by the EBA.

Agenda item 8: Draft Report of the Peer Review on the Resilience of Deposit Guarantee Schemes

57. The Chairperson introduced the item by noting that the peer review on the resilience of deposit guarantee schemes (DGSs) was the first peer review performed under the EBA's Peer Review Workplan 2024-2025.

58. The EBA Head Legal and Compliance Unit (LC) continued by saying that the review assessed how stress tests were performed by seven national DGSs against five benchmarks stemming from Article 4 of the DGS Directive and the Revised Guidelines on stress tests of deposit guarantee schemes. He summarised the main findings and said that all of the seven DGSs have effectively developed their stress testing programmes in line with the methodology outlined in the guidelines, with only minor shortcomings. Five DGS could fully or largely demonstrate that they have performed all the mandatory core stress tests using realistic assumptions and conducting objective evaluations. One DGS was only partially compliant as it has not performed any end-to-end simulations, and one was not compliant due to a number of important shortcomings. All seven DGSs have demonstrated effective cooperation with relevant authorities, with robust stress testing of these arrangements. He reflected on the discussion during the Management Board meeting in January 2025 and said that the Management Board discussed whether the grades reflected the strength of the DGSs, and specifically the appropriate assessment in relation to one DGS not having identified shortcomings. As a result of the discussion at the Management Board, the EBA amended the Executive Summary to include an explanation that the assessment and the grades were not a judgement on the ability of each DGS to perform their interventions, but on how they have performed their stress tests in the period under review, and a summary outcome of the overall stress test reports. He concluded by saying that the EBA would conduct a follow-up peer review of the implementation of the measures included in the report in two years and that the final report would be sent by the EBA to the BoS in written procedure for approval after the BoS meeting.

59. The Members supported the work, and some Members informed that they were planning to send technical comments after the meeting. Two Members asked for further enhancing the fact that the peer review focused on the stress testing performed by the DGSs. One Member proposed to further focus on neobanks, cross-border activities and how to prepare for new activities by the DGSs.

60. The SRB representative stressed the importance of resilience of the DGSs and asked to monitor also complexity in case of multiple payout scenarios.

61. The Head of LC said that the clarification on the scope of the peer review would be further enhanced in the next version of the peer review report which would also address comments received from the Members. He mentioned that the stress tests should be progressively reflecting developments, and that this aspect would be further considered in the policy work.

62. The Chairperson concluded by noting the Members' comments.

Agenda item 9: AOB

63. The Members did not raise any other business concerns.

Participants of the Board of Supervisors' meeting on 13 February 2025[1]

Chairperson: Jose Manuel Campa

Country	Voting Member/High-Level Alternate	National/Central Bank
1. Austria	Helmut Ettl	Markus Schwaiger
2. Belgium	Jo Swyngedouw	
3. Bulgaria	Stoyan Manolov	
4. Croatia	Sanja Petrinic Turkovic	
5. Cyprus	Mariza Platritou	
6. Czech Republic	Marcela Gronychova	
7. Denmark	Louise Mogensen	Morten Rasmussen
8. Estonia	Andres Kurgpold	Timo Kosenko
9. Finland	Marko Myller	
10. France	Francois Haas	
11. Germany	Raimund Röseler	Karlheinz Walch
12. Greece	Heather Gibson	
13. Hungary	Csaba Kandracs	
14. Ireland	Yvonne Madden	
15. Italy	Andrea Pilati	
16. Latvia	Liga Kleinberga*	
17. Lithuania		
18. Luxembourg	Claude Wampach	Christian Friedrich
19. Malta	Anabel Armeni Cauchi Alan Cassar	
20. Netherlands	Willemieke van Gorkum	
21. Poland	Artur Ratasiewicz	Paweł Gąsiorowski
22. Portugal	Rui Pinto/Jose Rosas	
23. Romania	Catalin Davidescu	
24. Slovakia	Tatiana Dubinova/Linda Simkovicova	
25. Slovenia	Damjana Iglic	
26. Spain	Daniel Perez Cid/Agustin Perez Gasco	
27. Sweden	Henrik Braconier	David Forsman

EFTA Countries	Member	
1. Iceland	Bjork Sigurgisladottir	
2. Liechtenstein	Markus Meier	
3. Norway	Anders Hole	Sindre Weme

Observer	Representative
1. SRB	Karen Braun-Munzinger

Other Non-voting Members	Representative
1. ECB Banking Supervision/ECB	Thijs Van Woerden/Katrin Assenmacher
2. ESRB	Emily Beau

[1] Pascal Hartmann (FMA); Eida Mullins (Central Bank of Ireland); Marek Sokol (CNB); Marco Giornetti (Bank of Italy); Nina Rajtar (KNF); Marc Peters (EC); Christoph Roos (BaFin); Ivan-Carl Saliba (MFSA); Gaetan Doucet (NBB)

*Expert representing without voting rights

3. European Commission	Ugo Bassi
4. EIOPA	
5. ESMA	Dounia Shita
6. EFTA Surveillance Authority	Marta Runarsdottir

EBA

Executive Director	Francois-Louis Michaud
Directors	Isabelle Vaillant Meri Rimmanen Marilin Pikaro Kamil Liberadzki
Heads of Unit	Philippe Allard Ruta Merkeviciute Angel Monzon Jonathan Overett-Somnier Dorota Wojnar Pilar Gutierrez
Experts	Tea Eger Elisabeth Noble Achilleas Nicolaou Dragan Crnogorac Dimitrios Mokas

For the Board of Supervisors

Done at Paris on 2 April 2025

[signed]

José Manuel Campa

EBA Chairperson