



EBA BS 2014 275rev1

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EBA Staff

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16 April 2014 / 09:00-10:00 (GMT)

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Location: Teleconference

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## EBA Board of Supervisors Teleconference – Final Minutes

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1. The Chairperson chaired the Teleconference

### Agenda item: EU-wide stress test 2014 - Methodology and templates for publication

2. The Chairperson presented the objective of the teleconference, namely the approval of the final methodology note (including data templates) and scenarios, and their publication on 29 April, as well as a decision on the treatment of prudential filters for available for sale assets (AfS) as part of the stress test methodology.
  3. Feedback from the BoS had been already incorporated into the methodology in the form of the requirement to cover, for old defaulted assets, at least the expected loss with provisions and the possibility of a common approach to the application of prudential filters for sovereign exposures under AfS. Proposals from competent authorities (CAs) and the European Central Bank (ECB), as well as comments from the industry, had also been incorporated in both templates and methodology as appropriate and discussed with the Task Force on Stress Testing (STTF); where not possible, these would be addressed in the Q&A process.
  4. In the case of sovereign exposures, the Chairperson explained that a common treatment would apply to prudential filters on sovereign AfS assets only.
  5. The Chairperson explained that the European Systemic Risk Board's (ESRB) Secretariat had prepared the scenarios for the stress-test exercise.
  6. Some BoS Members expressed concern with the fact that the impact of some of the methodological changes would be unknown, especially the effect of changing from residual to original maturity for assessing the cost of funding. Another BoS Member also voiced concern on the treatment of the LTRO and considered the approach followed too lenient.
  7. The Chairperson noted that the final draft was a valuable compromise and that there were time constraints for BoS to open a discussion on further changes to the methodology and
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templates. Minor changes to the shock calibration for market risk, also in light of the final approval of the ESRB scenario, would be circulated after the teleconference.

8. With regard to other national discretions, the IT and UK BoS Members presented a joint note on possible harmonisation of some national discretions for deductions from own funds (Articles 467, 468, 469, 470 and 479 of Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (CRR)) or phase-out of prudential filters. The proposed harmonisation was intended to facilitate comparability of results across EU jurisdictions making use of such discretions, and to increase transparency of results.
9. The ECB representative stated that the proposal, without a previous thorough discussion to understand its impact, came too late for the 2014 stress test exercise; in this respect, he also considered that there was a risk of undermining the credibility of the 2014 stress test exercise, and thus his preferred option would be to achieve comparability of results via greater transparency and disclosure.
10. Although there were mixed views, there was limited support for the UK/IT proposal and general sympathy for the ECB view. To that end the proposers of the paper suggested instead a suitable way forward would be to agree on further disclosure in order to increase comparability of results.

## Conclusion

11. The proposal was approved by members. The Chairperson reminded members that the approval of the scenario was conditional on final approval by the ESRB General Board. Further discussions could be held, should any member feel the need to do so before publication on 29 April. The EBA would coordinate with the ECB for communication purposes in light of the publication.
12. The IT and UK proposal was not accepted; instead it was agreed that the EBA would work on an additional disclosure of results of national discretions, which would also be part of the communications strategy. The STTF would be consulted and a proposal would be tabled at either the May or June BoS meeting.



## Participants at the Board of Supervisors' teleconference

16 April 2014

Chairperson : Andrea Enria

<u>Country</u>	<u>Voting Member or Alternate</u>	<u>Representative NCB</u>
1. Austria	Helmut Ettl	
2. Belgium	Patrick Van Roy/Rudi Bonte	
3. Bulgaria	Nelly Kordovska	
4. Croatia	Damir Odak	
5. Cyprus	Argyro Procopiou	
6. Czech Rep.	David Rozumek/Z. Silberova	
7. Denmark	Ulrik Nodgaard	Lindis Oma
8. Estonia	Marek Lambing	
9. Finland		K. Virolainen/U. Helenius
10. France	Edouard Fernández-Bollo	
11. Germany	Raimund Roeseler	Erich Loeper
12. Greece	Vassiliki Zakka	
13. Hungary	Adam Banai	
14. Ireland	Cyril Roux	
15. Italy	Federico Luigi Signorini	
16. Latvia	Kristaps Zakulis	
17. Lithuania	Aldona Jociene	
18. Luxembourg	Christiane Campill	N.Goffinet/M.Ronkar/ C.Friedrich
19. Malta	Roberta Barnanin	Alexander Demarco
20. Netherlands	Jan Sijbrand	
21. Poland	Andrzej Reich	
22. Portugal	Pedro Duarte Neves	
23. Romania	Nicolae Cinteza	
24. Slovakia	Tatiana Dubinova	
25. Slovenia	Matej Krumberger	
26. Spain	Cristina Iglesias-Sarrià	
27. Sweden	Uldis Cerps	Olof Sandstedt/M.Pettersson
28. UK	Andrew Bailey	

<u>Country</u>	<u>Observers</u>
1. Iceland	Sigurður Kjartansson
2. Liechtenstein	-
3. Norway	Morten Baltzersen

<u>Institutions</u>	<u>Representative</u>
ECB	Jukka Vesala, John Fell
EC	Gintaras Grikšas
EIOPA	Peter Jakubik
ESMA	-
ESRB	Francesco Mazzaferro

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**EBA Staff**

Executive Director            Adam Farkas

Director of Oversight        Piers Haben

Mario Quagliariello; Carolina Liesegang; Gaetano Chionsini; Raffaele Passaro; Santiago Barón-Escámez