

EBF_022446

PRESS RELEASE

EBA stress test shows resilience of EU banking sector

BRUSSELS, 29 July 2016 -- The European Banking Federation, as representative body for 32 national banking associations in Europe, takes note of the publication by the European Banking Authority (EBA) of its 2016 European Union-wide stress test.

The EBA test is a regular, technical check on the resilience of the European banking sector. Its exercise tested 51 European banks and covered approximately 70% of all banking assets in the EU.

The results clearly demonstrate that the recapitalisation effort that European banks have made in recent years is bearing fruit. Even after the Comprehensive Assessment at the end of 2014 European banks have continued to strengthen their balance sheets. The EBA stress test makes clear that the EU banking sector as a whole is able to withstand a severe economic downturn like the one that EBA simulated.

"This test has demonstrated that the European banking sector is resilient. Our banks continue to make significant efforts to shore up their balance sheets. Compared to five years ago, the ratio of highest-quality capital of European banks is now more than twice" said Wim Mijs, Chief Executive at the EBF.

The core equity tier 1 (CET1) ratio of EU banks on a fully loaded basis, which includes only capital of the highest quality, now is 13%, more than double the same ratio in 2011. Banks in the European Union have improved their CET1 ratio by more than €500 billion from 2011 mainly by raising new capital.

The test provides important input into the annual Supervisory Review and Evaluation Process (SREP) that will be completed later this year. The European Central Bank (ECB) manages the SREP for the directly supervised banks in the euro zone.

The ECB will use the outcome of the stress test as one of several elements in determining its guidance to individual banks under what is known as its Pillar 2 Guidance. The EBF welcomes this new approach by the ECB because this means the results of the stress test will not affect the Maximum Distributable Amount (MDA), which reflects a bank's ability to pay coupons to investors.

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EU Transparency Register / ID number: 4722660838-23

EBF Press Release (continued)

About the EBF:

The European Banking Federation is the voice of the European banking sector, uniting 32 national banking associations in Europe that together represent some 4,500 banks - large and small, wholesale and retail, local and international - employing about 2.5 million people. EBF members represent banks that make available loans to the European economy in excess of €20 trillion and that securely handle more than 300 million payment transactions per day. Launched in 1960, the EBF is committed to creating a single market for financial services in the European Union and to supporting policies that foster economic growth.