

EBF PRESS RELEASE

Resilience of European banks again confirmed by EBA stress tests

- **EBF underlines need to make reporting process as efficient as possible**

BRUSSELS, 4 November 2018 -- The European Banking Federation, noting the results of the latest European bank stress tests by the European Banking Authority announce late on Friday, issued the following statement in response:

Says Wim Mijs, Chief Executive Officer of European Banking Federation:

"European banks have been making significant efforts to restore confidence in the sector. The outcome of the tests clearly show that banks are serious about this commitment. The results once again demonstrate that the European banking sector has continued to improve its resilience during the last ten years of regulatory reform."

"Tools such as this stress test have become an important instrument for supervisors to assess the health of the banking sector. This ultimately supports confidence in our banks, and in our economy."

The time, effort and resources dedicated by banks to the operational execution of the stress test are significant and demanding. This reporting effort needs to be carefully reviewed, together with the regulators and supervisors, to make sure the process is as efficient as possible, with the right data getting to the right people at the right time."

The EBF, as leading representative of the European banking industry, recognises that the end results show the high degree of resilience built during the last ten years of regulatory reform. The 48 banks in the sample reported a 14.5% weighted average transitional CET1 capital ratio as of December 2017, well above the aggregate ratios reported at the beginning of previous exercises. The adverse scenario has an impact of -395 bps on banks' CET1 fully loaded capital ratio, leading to a 10.1% CET1 capital ratio at the end of 2020.

Concretely this means that the European banking system is well equipped to withstand a major shock in the economy. This result, and the overall outcome mark a clear improvement compared with the previous exercises and it reflects the ongoing recapitalisation strategy followed by all banks across Europe.

This year's tests were launched in January and used a sample of 48 EU banks that is equivalent to 70 percent of the banking sector's assets on the continent. For a first time, the methodology incorporated the more sophisticated and conservative accounting standard known as IFRS9.

The EBF notes that the severity of the scenarios has increased significantly in successive stress test exercises. In this light, it is important to recall that the scenarios portrayed in the stress testing exercise are fictitious and highly unlikely to happen.

European Banking Federation aisbl

Brussels / Avenue des Arts 56, 1000 Brussels, Belgium / +32 2 508 3711 / info@ebf.eu
Frankfurt / Weißfrauenstraße 12-16, 60311 Frankfurt, Germany
EU Transparency Register / ID number: 4722660838-23

Media contact:

Raymond Frenken, Head of Communications

r.frenken@ebf.eu +32 496 52 59 47 / +31 6 5156 2360

About the EBF:

The European Banking Federation is the voice of the European banking sector, bringing together national banking associations from 45 countries. The EBF is committed to a thriving European economy that is underpinned by a stable, secure and inclusive financial ecosystem, and to a flourishing society where financing is available to fund the dreams of citizens, businesses and innovators everywhere. Website: www.ebf.eu Twitter: [@EBFeu](https://twitter.com/EBFeu).