



**EUROPEAN CENTRAL BANK**  
BANKING SUPERVISION

**Danièle NOUY**

Chair of the Supervisory Board

*COURTESY TRANSLATION*

Mr Miguel Viegas  
Member of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt am Main, 23 November 2016

**Re: Your letter (QZ089)**

Honourable Member of the European Parliament, dear Mr Viegas,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 18 October 2016.

In your letter, you requested a clarification of the rationale for not publishing the results of the European Central Bank (ECB) internal stress test that was conducted in parallel to the European Banking Authority (EBA) EU-wide exercise, while giving banks the option of publishing their individual results.

The decision on the appropriate level of disclosure for a stress-testing exercise depends on the objectives of the exercise itself. The objective of fostering transparency regarding the European banking system has been addressed very effectively in recent years by the EU-wide stress test exercises coordinated by the EBA. The decision on the sample of banks that should participate in those exercises was taken accordingly, whereby 70% coverage of banking assets in the Single Supervisory Mechanism and other jurisdictions was deemed appropriate to ensure the provision of market information and transparency regarding the condition of key credit institutions. The ECB participated in the EBA EU-wide stress test 2016 in line with this decision.

The ECB internal stress test conducted on institutions that were not participating in the EU-wide exercise had a different objective. In recent years the use of stress testing has been shifting from being a tool aimed at quickly restoring public confidence in the midst of a crisis towards a supervisory tool to be used in normal times, which is integrated into routine supervisory processes. Accordingly, the ECB internal stress test was exclusively a supervisory stress test to support the Supervisory Review and Evaluation Process (SREP), in line with the existing regulation. Hence, no disclosure of the results was foreseen. Furthermore, publishing the outcome of the ECB internal stress test in parallel with the results of the EU-wide stress test would not have been advisable, as it could have incurred the risk of misinterpretation in the light of the proportionality

principle applied in the ECB internal stress test, for example in terms of the granularity of the information requested.

Finally, regarding your reference to the possible publication of the results by individual banks, it is worth recalling that the supervisory stress test conducted by the ECB in 2016 required participating institutions to compute the stress-test results which, after a thorough supervisory quality assurance by the ECB, constituted an important input for the SREP. Some institutions may have a legitimate interest in disclosing the findings they obtained when computing their stress-test projections, similar to other information derived by their internal risk management. To avoid misinterpretation of the nature of banks' communication and other unintended consequences, we have clarified that the disclosure of such stress test-related information does not imply our endorsement.

Yours sincerely,

[signed]

Danièle Nouy