



EUROPEAN CENTRAL BANK
BANKING SUPERVISION

Danièle NOUY

Chair of the Supervisory Board

COURTESY TRANSLATION

Mr Marco Zanni and Mr Marco Valli
Members of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 16 December 2016

Re: Your letter (QZ109)

Honourable Members of the European Parliament, dear Mr Zanni and Mr Valli,

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 29 November 2016.

In your letter, you enquired about why the results of the 2016 European Banking Authority (EBA) stress test for Deutsche Bank included the sale of its stake in the Chinese legal entity Hua Xia, which was agreed on 28 December 2015 and which was closed in 2016.

As I also explained in my previous letter to you on this matter, before the end of 2015, Deutsche Bank had completed the divestment of its Hua Xia stake by entering into a binding sale contract with the buyer (PICC Property and Casualty Company Limited), and Deutsche Bank reflected this fact in its 2015 annual accounts. The sale was therefore considered to be completed.

Exchanges with the Chinese competent authority prior to the publication of the stress test results gave sufficient comfort to conclude that the closing would be a formality. At the time of the publication of the stress test results, the final closing of the transaction was expected in 2016, as stated in the footnote to Deutsche Bank's published stress test results.

The transfer of Deutsche Bank's stake in Hua Xia Bank to the buyer, PICC Property and Casualty Company Limited, has since been closed. Deutsche Bank's Hua Xia shares were transferred to the buyer on 18 November 2016.

In your letter, you further enquire about the treatment of two British banks in the EBA stress test. Please note that these are not supervised by the ECB and I am therefore not in a position to comment on them.

Lastly, you ask in what way the methodology provided for the exemptions applied in the case of Deutsche Bank. One-off exemptions are an explicit element of the publicly disclosed EBA methodology,¹ which also

¹ <https://www.eba.europa.eu/documents/10180/1259315/2016+EU-wide+stress+test-Methodological+note.pdf>

laid down the provisions under which banks were able to apply for and supervisors decided on the recognition of one-off exemptions. The ECB thoroughly assessed each case against the eligibility criteria for a one-off exemption. All applications for one-off exemptions that did not meet the eligibility criteria were rejected, while those which were approved were published together with the results.

Yours sincerely,

[signed]

Danièle Nouy