

THE CHAIRPERSON

John Berrigan
Director General
Directorate-General for Financial Stability,
Financial Services and Capital Markets Union (FISMA)
European Commission
Rue de Spa 2
1000 Brussels - Belgium

20 May 2021

Contribution of the EBA to the European Commission reports on prudential risks (Articles 459 of the Capital Requirements Regulation EU) – Ares(2020)5438184

Dear Mr Berrigan,

On 13 October 2020, the Commission sent a letter to the EBA asking the EBA to resume the work under the provisions of Article 459 of the Capital Requirements Regulation (CRR). In particular, the Commission requested an analysis of market developments within or outside the EU that could potentially increase macro- or micro-prudential risks in all or most Member States, which could potentially warrant the use of the Commission's power to adopt delegated acts in accordance with Article 459 CRR.

It is my pleasure to submit to you today the EBA contribution on the market developments that could potentially increase macro- or micro-prudential risks in all or most Member States, which could potentially warrant the use of the Commission's power to adopt delegated acts in accordance with Article 459 CRR.

In substance, the funding and liquidity profiles as well as the capital ratios and management buffers of European banks are considered comfortable. Nevertheless, the pandemic is not over yet and the uncertainty around the time and size of loss materialisation for European banks remains high. Against this background, the EBA does not see the need at the current juncture for stricter micro- or macroprudential requirements across the European banking sector.

Yours sincerely,

[Signed]

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Encl: Market Analysis on micro- and macroprudential risks

CC: Irene Tinagli, Chair of the Economic and Monetary Affairs Committee, European Parliament
João Leão, Portuguese Minister of State and Minister of Finance, Presidency of the Council of the EU
Tuomas Saarenheimo, Chair of Economic and Finance Committee, Council of the European Union
Jeppe Tranholm-Mikkelsen, Secretary-General of the Council of the European Union
Alexandra Jour-Schroeder, DG FISMA, Deputy Director-General
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Ralf Jacob, DG FISMA, Head of Unit, Unit E3, Macroprudential Policy
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