



EBA BS 2023 184 rev. 1

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Board of Supervisors

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17 March 2023

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Location: teleconference

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EBA Regular Use

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# Board of Supervisors 17 March 2023 – Minutes

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## Agenda item 1: Welcome

1. The Chairperson welcomed the Members of the Board of Supervisors (BoS). He clarified that the purpose of the ad hoc BoS conference call was to discuss recent market developments, vulnerabilities, as well as consider which market elements should be monitored by the EBA and competent authorities (CAs) as a priority.

## Agenda item 2: Discussion on market developments

2. The EBA Director of Economic and Risk Analysis Department (ERA) presented the EBA's analysis on the market turmoil due to the confidence crisis involving Silicon Valley Bank (SVB) and Credit Suisse. He recalled that recent actions by both the US and Swiss regulators have been reflected in the market but that market confidence and trust in the banking sector have been negatively affected. He reiterated the resilience of the EU banking sector by referring to the relatively limited unrealised losses on bond holdings, high solvency ratios, and solid liquidity buffers, well above regulatory requirements. He stressed that given the still high inflation and the prospect of higher interest rates, market uncertainty remained.
  3. The ECB Banking Supervision representative updated the Members on potential implications of SVB's failure for Euro-area banks and stressed that the Euro-area significant institutions did not share the same vulnerabilities as SVB - high share of debt securities, low cash buffers and concentration of depositors (uninsured). He also said that the Euro area banks had sizeable aggregate liquidity buffers that could mitigate potential deposit outflows. LCR levels were well above the minimum requirement and pre-pandemic averages. He added that high-quality liquid assets consisted mainly of cash and central bank reserves, reflecting the high excess liquidity in the euro area banking sector. He continued with a brief analysis of the market position of Credit Suisse, its comparison with other EU and Swiss banks, and overall exposure at SSM banks.
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4. The Chairperson opened the discussion by stressing that the current market situation was complex and uncertain and, while direct exposures to both the SVB and Credit Suisse of EU banks were low, indirect exposures and linkages should not be underestimated. He pointed at regulatory differences between the US and EU, referred to Basel requirements and highlighted the need to be prepared as well as consistent in the approach and communication. He mentioned his hearing with ECON on 21 March aimed at exchanging views on the failure of SVB and the implications for financial stability in Europe. He concluded by inviting the Members to share their views on how the ongoing 2023 EU-wide stress test exercise could contribute to the assessment of the market situation.
5. The Members updated on national developments and observations. A number of Members confirmed limited direct exposures to both SVB and Credit Suisse but stressed the existence of contagion in equity and debt markets and as well potential indirect impacts resulting from exposures of banks within their national jurisdictions to banks that have been directly exposed to either SVB or Credit Suisse. They noted that events in the US showed that failures of relatively small banks can have systemic implications and the importance to apply the prudential rules to all banks to ensure the robustness of the financial system. Some Members asked for assessment of the regulatory and supervisory framework as part of the lessons learned. Other Members referred to the consideration of the instruments included in the LCR or the calibration of the deposit outflows. A few Members mentioned the trade-off as the possible volatility of the capital ratios should also be considered. They also referred to reporting, type of data needed from banks and reporting standards which would improve market monitoring by the supervisors. Several Members highlighted supervisory and regulatory differences between the US and the EU and noted that the EU banking sector was resilient and well-regulated. This should also be stressed in any communication to enhance credibility of the sector and maintain and build market confidence. Some Members mentioned the focus of supervisors in the past years on banks' business models, governance, or management of risks. One Member highlighted that these events underlined the risks of using hold to maturity values and asked the European Commission whether there was any regulatory action underway in this respect. Members also stressed the importance of monitoring asset quality going forward. The Members confirmed that they were closely monitoring their respective markets.
6. The Chairperson concluded by noting the comments and stressing that under unstable and uncertain conditions, the current market developments pose challenges to the supervisors but that there was a faith in the overall economy, banking sector and the strength of the regulation. He reiterated the importance of the ongoing stress test, in particular with regard to increasing market confidence.

## Participants of the Board of Supervisors' ad hoc conference call 17 March 2023<sup>1</sup>

**Chairperson:** Jose Manuel Campa

<u>Country</u>	<u>Voting Member/High-Level Alternate</u>	<u>National/Central Bank</u>
1. Austria	Michael Hysek	Markus Schweiger
2. Belgium	Jo Swyngedouw/Kurt Van Raemdonck	
3. Bulgaria	Stoyan Manolov	
4. Croatia	Sanja Petrinić Turković	
5. Cyprus	Constantinos Trikoupis	
6. Czech Republic	Zuzana Silberova	
7. Denmark	Jesper Berg/Thomas Worm Andersen	Morten Rasmussen
8. Estonia	Andres Kurgpold	Timo Kosenko
9. Finland	Marko Myller	Katja Taipalus
10. France	Nathalie Aufauvre	
11. Germany	Peter Lutz	Karlheinz Walch
12. Greece	Heather Gibson/Kyriaki Flesiopoulou	
13. Hungary	Csaba Kandrac	
14. Ireland	Laszlo Vastag	
15. Italy	Andrea Pilati/Francesco Cannata	
16. Latvia	Kristine Cernaja-Mezmale/Ludmila Vojevoda	
17. Lithuania	Simonas Krepsta/Renata Bagdoniene	
18. Luxembourg	Claude Wampach/Nele Mayer	Christian Friedrich
19. Malta	Anabel Armeni Cauchi	Oliver Bonello
20. Netherlands	Willemieke van Gorkum	
21. Poland	Kamil Liberadzki	Olga Szczepanska
22. Portugal	Rui Pinto	
23. Romania	Catalin Davidescu	
24. Slovakia	Linda Simkovicova	
25. Slovenia	Primož Dolenc/Damjana Iglic	
26. Spain	Angel Estrada/Agustin Perez	
27. Sweden	Karin Lundberg	David Forsman

<u>EFTA Countries</u>	<u>Member</u>
1. Iceland	Gisli Ottarson
2. Liechtenstein	Markus Maier
3. Norway	Morten Baltzersen/Ann Viljugrein

<u>Observer</u>	<u>Representative</u>
1. SRB	Sebastiano Laviola

<u>Other Non-voting Members</u>	<u>Representative</u>
1. ECB/SSM	Stefan Walter, Carmelo Salleo
2. European Commission	Martin Merlin/Almoro Rubin De Cervin

<sup>1</sup> Matthias Hagen (OeNB); Eida Mullins (Central Bank of Ireland); Pawel Gąsiorowski, Mirosław Pawliszyn (Narodowy Bank Polski); Pascal Hartmann (FMA); Christian Elbers (BaFin); Francesco Pennesi (SRB); Luca Serafini (Banca d'Italia); Katarina Klacanska (NBS); Iuliana Marinescu (Central Bank of Romania); Ivan-Carl Saliba (MFSA); Karen Braun-Munzinger (Bundesbank); Marek Sokol (CNB); Norbert de Roij (DNB); Palmi Reyr Isolfsson (Sedlabank); Toumas Peltonen (ESRB)



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| 3. EIOPA                       | Dimitris Zafeiris                      |
| 4. ESMA                        | Natasha Cazenave                       |
| 5. EFTA Surveillance Authority | Marta Margret Rúnarsdóttir             |
| 6. ESRB                        | Francesco Mazzaferro, Andreas Westphal |

**EBA**

Executive Director  
Director of Economic and Risk Analysis Department

Francois-Louis Michaud  
Jacob Gyntelberg

**Heads of Unit**

Angel Monzon; Philippe Allard

**EBA experts**

Tea Eger

For the Board of Supervisors

Done at Paris on 26 April 2023

[signed]

José Manuel Campa

EBA Chairperson