



EBA MB 2023 067 rev. 1

Management Board

30 May 2023 / 09:30 – 13:30

Location: EBA premises

Management Board meeting – Final Minutes

Agenda item 1: Welcome and approval of the agenda and the Minutes (for decision)

1. The Chairperson welcomed the Members of the Management Board (MB). He reminded the Members of the conflict-of-interest policy requirements and asked them whether any of them considered themselves as being in a conflict. No Member declared a conflict of interest.
2. The Chairman informed that Karin Lundberg stepped down from her MB position and as result, the EBA has launched the first round of call for candidates to replace her. He also mentioned that the second term of the EBA Vice-chair was due to expire at the end of June and he thanked him as well for all his work and contributions.
3. The Chairperson informed that the Minutes of the 21 March 2023 MB conference call were approved by the MB in the written procedure.
4. The Members did not raise any comments on the Agenda.

Conclusion

5. The MB approved the Agenda of the meeting.

Agenda item 2: Administrative and Operational Status Report (for information)

6. The Executive Director presented the Administrative and Operational Status Report. He noted that the tabled report covered the period from March to April 2023. He also highlighted there was a general approach for modernising the EBA's organisation which relied on three main
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pillars – flexibility (in order to best tackle evolving missions and circumstances), people (to keep developing EBA staff members and offer them interesting job opportunities), and accountability (as the EBA needs to be exemplary in everything it does).

7. With regard to Human Resources, the Executive Director informed that the EBA adopted a new Training Plan as part of which the EBA was onboarding 11 students aged 14-19 years old in a first phase of this programme and launched an ESA's university partnership programme. He noted that the EBA adopted the EUAN Charter on diversity and inclusion. Finally, he said that the appraisal exercise and Talent Review Meetings were concluded, and the Reclassification exercise was launched.
8. On the Finance and Procurement, the Executive Director noted that the EBA was envisaging a very high level of execution of its budget in 2023. He referred to a number of framework contracts for various services as part of the corporate support as well as publication of procurements. He also briefly mentioned that the EBA has been informed by the European Commission (EC) that the correction indexation was planned not only for the second but also first semester of 2023 and therefore, the MB and BoS would be approached with a request to approve the amending budget to cover pensions' adjustments during the summer period.
9. With regard to Information Technology, the Executive Director said that all projects have been progressing according to plan, except for the cloudification program which was experiencing delays due to issues with the external firm supporting the EBA in its migration. He informed that collaboration platform report showed a 90% interoperability readiness between the EBA and competent authorities (CAs). No security incidents have been reported.
10. The Executive Director announced that a feasibility study for building a green, inclusive and collaborative office space had been presented to the Management team and EBA staff. He informed that seven EU agencies have joined the training provided by EBA about implementing EMAS.
11. On Communication issues, the Executive Director reminded the MB of the ongoing website revamping project and announced a new page on public website on diversity and inclusion as well as new pages on the intranet focusing on HR matters, such as the newly launched wellbeing program.
12. The Executive Director concluded on audits by saying that the EBA's 2022 Self-Assessment and calculation of the cost of controls have been completed and that the Action Plan for the recommendations of the Internal Control Framework and strategic risk management audit was approved by the IAS.
13. The Members welcomed the report. One Member requested more information on the internship programme as well as on the ongoing cloudification and referred to the public European cloud.

14. In his response, the Executive Director explained that the internship programme was a part of the EBA's comprehensive HR strategy and advertised on its website. There were selection criteria, and each intern would have a mentor in the Unit. He added that the programme intended to increase the EBA's outreach to young populations and inform the public on the EBA's mandate and work, which may also contribute to the attractiveness of European institutions in the long run. On the cloudification, the Executive Director informed that the EBA has been working on this project for two years and the EBA Director of Operations added that all tools used were not specific to one provider and would allow smooth migration in the future, if needed. He also mentioned that the European public cloud was in early stages of development.
15. The EC representative agreed to liaise with the EBA on the public European cloud in order to inform the MB at the next meeting.
16. The Chairperson concluded by noting the comments.

Conclusion

17. The MB took note of the Administrative and Operational Status Report.

Agenda item 3: Presentation and discussion on the 2022 Annual Accounts (for discussion)

18. The Chairperson introduced the item by reminding the MB that Article 102(3) of the EBA Financial Regulation required the MB to give an opinion on the annual accounts.
19. The EBA Accounting Officer summarised the annual accounts comprising the financial statements and the reports on implementation of the budget and noted that the EBA has ensured full business continuity during the Covid-19 pandemic and related restrictions in the beginning of 2022, albeit temporarily suspended missions and physical meetings in the EBA's premises. He also mentioned that salary indexations following the inflation surge in France have resulted in significantly higher staff costs. Furthermore, the Anti Money-Laundering IT project as well as the EBA Collaboration Platform have gone live and together with a number of steps from a policy and coordination perspective as result of the Russian invasion of Ukraine had an impact on the 2022 annual accounts which resulted in a deficit compared to surplus in 2021. The Accounting Officer further explained that the incurred deficit in 2022 was also mainly due to high carry overs from 2021 to 2022, a relative increase in staff expenses higher than the relative increase in the budget between 2021 and 2022, and no further reversals of the London provisions. He concluded by clarifying that the EBA has not received the official European Court of Auditors (ECA) opinion on the annual reports and therefore, a written procedure would follow in order for the MB to provide their opinion on the accounts once the EBA received the official ECA preliminary observations.

20. The Executive Director added that delays in the signature and implementation of IT-related contracts were caused by the provider and that all the ESAs have been affected given that the project involved all three ESAs.
21. The Members did not raise any comments.
22. The Chairperson concluded by noting the Members' support.

Agenda item 4: Mission statement and values of the EBA (for discussion)

23. The Chairperson introduced the item by referring to the EBA's long-term tasks and acknowledging the staff's input in the preparation of the tabled statement.
24. The Executive Director continued by noting that after its build-up phase the EBA had experienced structural changes over the last years that required an update of its internal and external communication tools and strategy. 2022 Staff Engagement Survey and the outcome of the Staff Focus Group indicated that the staff would welcome additional attention in the area of values and culture. In autumn 2022, the EBA launched the initiative to define EBA Values and mission statement and in spring 2023, after EBA wide survey, several staff and management team discussions, the EBA Values and mission statement was finalized.
25. The EBA Director of Innovation, Conduct and Consumers Department (ICC) continued by summarising internal steps in developing the statement and highlighted that the EBA's mission was to contribute to the consumer protection, stability and effectiveness of the European financial system through consistent, transparent, simple and fair regulation and supervision. The EBA's Values included "Excellence in everything we do"; "Trust in our relationships"; "Creativity to deal with challenges"; "Service as a mindset", and "Collaboration is our approach".
26. The EBA Head of Governance and External Affairs Unit (GEA) informed the Members about the planned changes to the EBA communication strategy, including its visual identity and website. He explained that these changes should be deployed during the second half of 2023.
27. The Members welcomed the initiative and the involvement of the staff in the preparation of the mission statement. A number of Members noted the order of the activities in the statement, in particular referring to the consumer protection and financial stability. These Members were of the view that financial stability should be mentioned prior to consumer protection. One Member stressed that the statement should go beyond statutory obligations set in the EBA Regulation. Other Member suggested that independence, transparency and accountability should be explicitly mentioned in the values. Another Member added that the independence should refer to acting in the sole interest of the European Union and that regulation should be strict and consistent. On the proposed visual identity, the Members supported the change.

28. The EC representative was also of the view that financial stability should be prioritised.
29. In his response, the Executive Director clarified that the EBA's aim was to translate the legal drafting in the EBA Regulation into easier and publicly better understood wording. He noted the comments on the order and explained that the order was prompted by the better readability and that the statement should not expand beyond the EBA's mandate. On the visuals, he said that the proposed visual identity was modern and fit for the digital age while showing that the EBA was an open institution which would like to serve the public.
30. The Chairperson concluded by noting the comments and acknowledged that the EBA's Mission Statement and Values should be aiming at supporting the EBA's work and its deliverables.

Agenda item 5: Monitoring of the Work programme 2023 execution (for discussion)

31. The Chairperson introduced the item by reminding the Members that the discussion on the execution of the EBA's work programme was scheduled twice a year, usually in May and November. In the update, the EBA also identified tasks that were delayed or that were at risk of being delayed, provided an overview of possible risks or challenged that may lie ahead and of the reasons for these, and set out a number of mitigating measures that were being explored.
32. The Executive Director continued by following up on outstanding 2022 tasks and providing an overview of the work programme 2023. He noted that it included 385 items together with 30 tasks from 2022 that have been completed in the first months of 2023. He explained that the increase, compared to 2022, was largely due to MiCA and DORA related tasks, including relevant impact assessments. The Executive Director specified that there were 355 active tasks, out of which 200 were one-off tasks, 45 were recurrent tasks and 110 were ongoing tasks. He added that CRR3- CRD6 mandates have not been yet fully reflected and that 15 included tasks (out of more than 100 tasks) were selected based on certainty within the limited political dimension with a focus on mandates that were more technical also considering resource availability. He said that in general, the work on 2023 work programme has been progressing well, notwithstanding some risks/delays in areas of credit risk and securitization, governance work (Priority 1); stress test work, in particular climate stress test and top-down stress test project (Priority 2); integrated reporting (Priority 3), and MiCA and DORA (Priority 4; mainly due to resources-related issues). The Executive Director concluded by referring to measures that were being considered to mitigate the impact of the risks on the execution of the work programme and mentioned in particular issues related to resources and as result, deprioritisation/deferral of some tasks.
33. The MB supported the work. Some Members commented on the prioritisation and one Member noted that importance of the stress test top-down project and current experiences from the ongoing stress test exercise. Several Members mentioned that although EBA had

been doing a lot of efforts in recent years in prioritizing and redeploying it was also reaching its limits in this area and that new mandates should be accompanied with commensurate resources.

34. The EC representative acknowledged that there was a constant need to reflect market developments and as result, to reprioritise some of the tasks.
35. The Chairperson concluded by noting the MB's support for the work.

Agenda item 6: EBA priorities for 2024 (for discussion)

36. The Chairperson introduced the item by noting that the EBA has review its approach to priorities and was aiming at presenting a comprehensive set of priorities twice a year, when preparing the work programme and the single programming document. This new approach would allow the EBA to comply with its legal requirements whilst supporting the completion of its strategic objectives.
37. The Head of GEA continued by clarifying that the tabled document summarised the EBA's proposal for the 2024 EBA work programme's priorities linked to a new cycle of Union Strategic Supervisory Priorities, a peer review workplan and the proposal for the upcoming European supervisory and resolution examination programmes. He explained that the discussion on the EBA priorities for the work programme Y+1 usually took place at the May MB and was used as the starting point for the preparation of the draft work programme which was presented for comments at the June BoS and submitted to MB/BoS final approval in September. This discussion on EBA work programme priorities overlapped with other exchanges on EBA priorities which were developed in parallel. In order to bring more consistency to those priorities and make sure they interact with each other, the EBA's proposal was to present all EBA priorities to the MB/BoS twice year, as part of the preparation of the EBA work programme Y+1 (May to September cycle) or the EBA SPD Y+2 (November to January cycle), which had legal deadlines (end September and end January respectively). The Head of GEA concluded by presenting the EBA's proposal on the Union Strategic Supervisory priorities for 2024 (USSP), EBA strategic priorities for the work programme 2024, and the EBA peer review workplan for 2024-2025.
38. The Members welcomed the proposed streamlining of the discussions on the priorities. One Member commented on the CumEx peer review and noted that this review would only be relevant for certain CAs and that CAs took different approaches to whether this was a governance and/or AML issue. The Member also asked to involve the ECB before deciding on the scope of this peer review. Another Member supported the ECB and SSM involvement in the proposed CumEx peer review.
39. The Head of GEA clarified that according to the EBA Regulation, the EBA shall, at least every three years, by 31 March, identify up to two priorities of Union-wide relevance which shall

reflect future developments and trends. CAs shall take those priorities into account when drawing up their work programmes and shall notify the Authority accordingly.

40. The EBA Head of Legal and Compliance Unit (LC) explained that in line with measures taken under the EBA's 10-point Cum-Ex/Cum-Cum action plan, the EBA had committed to conduct an inquiry on this issue and that EBA staff would seek to refine the scope before the proposal was submitted to the BoS.
41. The Chairperson concluded by noting the support by the MB and said that EBA staff should engage with the ECB-SSM in relation to the scope and its role in the proposed CumEx peer review.

Conclusion

42. The MB supported the suggested comprehensive framework for setting EBA priorities and the EBA's proposal on the Union Strategic Supervisory priorities for 2024 (USSP), EBA strategic priorities for the work programme 2024, and the EBA peer review workplan for 2024-2025 by consensus.

Agenda item 7: Basel III banking package: Preparation of the EBA Roadmap (for discussion)

43. The Chairperson introduced the item by informing the MB that the EBA staff have been preparing the roadmap for the implementation of Basel III in EU focusing on around 120 mandates being given to EBA in the context of the CRR3 proposal. The aim of the roadmap was not only to plan the work, which was strategically crucial for the banking sector, but also to ensure that the EBA could provide in a transparent manner an overview of its intentions in this area to the public.
44. The EBA Director of the Prudential Regulation and Supervisory Policy Department (PRSP) continued by briefly summarising the latest legislative developments and noting that around 50 mandates would have to be executed in the first 12 to 18 months, i.e., the EBA would have to start delivering already in 2023. She stressed that there was a number of constraints that needed to be taken into account in an overall planning process, including considering the need for public consultations and for ad-hoc data collections to support the development of the many products. Furthermore, the EBA needed, on average, an 18-month window to submit a technical standard to the EC and no less than 12 months for fast-track products. Also, the work on the CRDVI/CRR3 mandates would be performed with the same resources that were already heavily involved in the delivery of DORA and MICA policy mandates, as well as other projects. It should also be noted that this was after having reduced to a minimum, other recurring and monitoring efforts, which were normally a part of the EBA legal mission. Therefore, the CRDVI/CRR3 work required careful planning and prioritization. The Director of the PRSP explained that the EBA would require that by around 3-year time span was available for the

full delivery of the main regulatory products (some mandates are already with a long timeline and with a review focus) and in a well-planned sequencing. In this regard, she said that the EBA would specifically strive to prioritise the delivery of the mandates directly necessary for the implementation of the Basel III accord and ensure that this was done mainly within the first two years in order to support banks' implementation of the new prudential framework. In addition to facilitating the implementation of the prudential regime set out in Basel III, the EBA has also identified other specific mandates set out by the co-legislators, that it could realistically start to deliver upon quickly, such as on ESG and the third country branches framework within the first year after the entry into force of the banking package with the rest being more or less delayed by a year compared to the initially proposed deadlines. She concluded by noting that the proposed sequencing would enable the EBA to submit most of the mandates within the first three years from the entry into force, leaving the mandates that currently had no deadline or longer deadlines for a final phase. Such a phased approach would allow for better sequencing of the delivery of the mandates, while facilitating the industry response to the public consultations and ensuring good quality control for subsequent implementation.

45. The Members supported the work. One Member referred to two mandates specific for their jurisdiction. Other Member questioned whether the roadmap was interfering with the political process given that the EBA was making choices that had direct impact on the legislation and stressed that the choices made here, where done in the absence of new resources being allocated to the EBA. Hence, it should rather be prioritised to make sure that EBA was adequately resourced to perform the tasks.
46. The EC representative welcomed the initiative and stressed the importance of having a good overview of all the mandates and the work to be done by the EBA. He said that the next trialogues were planned for 06 and 15 June and that the co-legislators were aiming at reaching a political agreement in June. He also mentioned that the EC was planning to liaise with the EBA on the issue related to the templates used for the reporting. He explained difficulties with publishing Excel templates and related instructions in the Official Journal and said that the EC would propose that the ITS include the legal text only and the templates would be published on the EBA website together with the instructions. On the possible interference with the on-going legislative process, the EC representative noted that the roadmap was a transparent way to inform co-legislators about the challenges in delivering the mandates.
47. The Executive Director questioned whether the CAs could allocate national experts who could join the EBA for a limited period of time and be involved in the drafting and developing of the mandates.
48. The Director of PRSP further raised her concerns related to the limited resources and the workload.
49. The Chairperson concluded by noting the comments.

Agenda item 8: Peer reviews update (for discussion)

50. The Chairperson introduced the item by noting that with the increased number of peer reviews, aiming for three per year, an update on ongoing peer reviews has become a regular item on the MB's agenda as it is consulted before work starts and on peer review findings.
51. The Head of Legal and Compliance Unit (LC) continued by referring to two peer reviews. He said that the MCD peer review was launched in February. The objective of this peer review was to examine the effectiveness of, and degree of convergence reached in, supervision of Article 28 of the Directive (EU) No 2014/17 (Mortgage Credit Directive or MCD) requirements on arrears and foreclosure, and in particular whether steps taken by CAs effectively ensure that consumers in payment difficulties benefit from reasonable forbearance by credit. The Head of LC also briefly updated on the progress of the work and noted that due in particular to delays in obtaining information, the EBA could not draft a report for the MB consultation in May and the discussion during the June BoS conference call. Therefore, the EBA had to postpone the publication of the report to October. In the meantime, the EBA would use the delay to improve quality of information and assessment through follow-up to interviews and on-site visits.
52. The EBA Expert summarised preliminary findings of the peer review, mentioning in particular different remit in consumer protection of some CAs, different approaches to supervision, whereby some CAs would have a stand-alone protection consumer driven approach while other a prudential led one, different approaches vis-à-vis different types of lenders and/or based on the national mortgage market specificities. She also mentioned the different reactions from CAs against the changing / changed economic scenario, where some CAs adopted a very proactive approach with initiatives in support of consumers already implemented at the end of 2022. She added that the two on-site visits were planned for June and that the report should be finalised during the summer for submission to the BoS in September.
53. With regard to the second peer review, the EBA Head of Risk-Based Metrics Unit (RBM) said that in accordance with the EBA's Peer Review Work Plan for 2023-2024, the EBA was preparing a peer review relating to the EBA Guidelines on the application of the definition of default (EBA/GL/2016/07), which aim to harmonise the definition of default (DoD) across the EU prudential framework and improve consistency in the way EU banks apply regulatory requirements to their capital positions. The EBA was proposing for this peer review to be a targeted peer review, where only a limited number of CAs were selected for review – six CAs based on the average percentage of NPL in the institutions' banking book within their jurisdiction. With regard to the scope, the EBA was considering two approaches – 1) approach A – which would involve only the institutions that use the Standardised Approach (SA) to calculate the credit risk capital requirement. The advantage of this approach was that it provided a higher level of detail on SA institutions leaving out the IRB institutions for which the new DoD implementation has been extensively investigated through pre-assessment and material model change inspection, and 2) approach B which would be to include in the self-

assessment questionnaire also a part relating to the IRB banks, albeit in a targeted manner, in order to be able to make a comparison in terms of supervision practices with the SA institutions.

54. The Members supported the work. On the MCD related peer review, one Member asked what the selection criteria for the on-site visits were. With regard to the DoD peer review, one Member agreed with the current sample proposed and was of the view that IRB institutions should not be included. Other Members preferred to also include the IRB banks. One Member asked how the NPL ratio would be calculated for the purpose of the peer review.
55. In his response, the Head of LC clarified that the CAs for on-site visits were selected based on their feedback during the exchange with the Peer Review Committee.
56. The Head of RBM noted the preferred approaches of the Members with regard to the inclusion of the IRB institutions.
57. The Chairperson concluded by noting the MB's support for the next steps on the MCD peer review and on the preferred option for the inclusion of the IRB institutions.

Conclusion

58. The MB agreed with the proposed next steps on the Peer review on supervision of creditors' treatment of mortgage borrowers in arrears by consensus.
59. The MB agreed to include IRB institutions in the scope of the Peer review on definition of default by consensus.

Agenda item 9: Replacement of a BSG member (for decision)

60. The Chairperson informed that another BSG member, a member in the category representing 'Financial Institutions', has resigned from the BSG following a change in his employment. He reminded the MB of the discussion at the previous MB meeting in March during which the MB reviewed the BSG reserved list in order to select a candidate to fill a vacant position.
61. The Head of GEA continued by briefly summarising CVs of two candidates. He noted that based on the available candidates on the BSG reserve list, EBA staff had identified Ms. Fanny Rodriguez as the best candidate to fill the vacant BSG position.
62. The MB did not raise any comments.
63. The Chairperson concluded by noting the MB's support for the proposed BSG candidate.

Conclusion

64. The MB agreed with the appointment of Fanny Rodriguez as BSG member in the category of 'representatives of financial institutions' by consensus.

Agenda item 10: Provisional Agenda of the BoS conference call on 27 June 2023 (for discussion)

65. The Chairperson reminded the MB that the next BoS conference call was scheduled on 27 June 2023. He mentioned that after a number of internal discussions, the agenda has been updated to include an item on the election of the EBA's Vice-chair given that the second term of the Vice-chair would expire in June 2023, and on the election of a MB member.
66. One Member noted that many MiCA-related items were planned as written procedures. He reminded the MB that during the BoS conference call in April, one Member asked for more discussions on MiCA and DORA items.
67. The Chairperson clarified that the June BoS agenda might be updated based on the progress of work on MiCA and DORA. He also added that MICA, and in particular the supervisory role assigned to the EBA, would be discussed during the EBA Strategy Day in July.
68. The Chairperson concluded by noting the comments.

Conclusion

69. The MB took note of the draft Agenda of the 27 June 2023 BoS conference call.

Agenda Item 11: AOB

70. The Members did not raise any other business comments.

Participants at the Management Board conference call

30 May 2023

Chairperson Jose Manuel Campa

Member Kamil Liberadzki
Member Angel Estrada
Member Helmut Ettl
Member Raimund Röseler
Alternate Elpida Magkoura

European Commission representative Almoró Rubín De Cervin

EBA Directors

Executive Director
Director of Operations
Director of Prudential Regulation and Supervisory Policy
Director of Innovation, Conduct and Consumers

Francois-Louis Michaud
Peter Mihalik
Isabelle Vaillant
Marilyn Pikaro

EBA Head of Units

Philippe Allard
Jonathan Overett Somnier
Lars Overby

EBA Experts

Tea Eger
Guy Haas
Margaux Morganti
Jordi Climent-Campis

For the Management Board,

Done at Paris on 19 July 2023

[signed]

José Manuel Campa

EBA Chairperson