

Press release

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ECB to stress test 99 euro area banks in 2023

- ECB to examine 57 of euro area's largest banks as part of regular EBA-led EU-wide stress test
- ECB to conduct parallel stress test for 42 directly supervised banks outside EBA sample

The European Central Bank (ECB) will stress test a total of 99 directly supervised banks in 2023. ECB supervisors will examine 57 of the euro area's largest banks, which were selected to cover broadly 75% of the area's banking assets, as part of the 2023 EU-wide stress test coordinated by the [European Banking Authority \(EBA\)](#). In parallel, the ECB will conduct its own stress test for another 42 medium-sized banks that are not included in the EBA-led stress test sample due to their smaller size.

The EBA will coordinate the EU-wide stress test in cooperation with the ECB and national supervisory authorities, who will conduct it applying the EBA stress test [methodology](#) and templates, as well as the [scenarios](#) provided by the European Systemic Risk Board (ESRB). The EBA plans to publish the results for the individual banks by the end of July 2023. The results will shed light on the impact of adverse shocks on banks' resilience under challenging macroeconomic conditions.

The EU-wide stress test will follow a bottom-up approach, with some top-down elements. Banks will apply their own models to project the impact of the scenarios, subject to strict rules and a thorough review by the competent authorities, which involves the use of models to benchmark the main risk parameters. In the 2023 exercise, banks will, for the first time, use prescribed parameters for net fee and commission income. Another novelty is that banks will report their provisions for expected losses at sectoral level based on sector-specific projections in the scenarios. In addition, in the context of its quality assurance of banks' submissions, the ECB will carry out a deep dive on leveraged finance exposures for selected banks with material leveraged finance activities.

The stress test that the ECB will conduct for the 42 banks outside the EBA sample will be broadly in line with the EBA's EU-wide stress test, applying the same scenarios as well as elements of the EBA methodology following a proportionality criterion to take into account the overall smaller size and lower complexity of these banks.

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The stress test results will be used to update each bank's [Pillar 2 Guidance](#) in the context of the Supervisory Review and Evaluation Process (SREP). Qualitative findings on weaknesses in banks' stress testing practices could also affect their [Pillar 2 Requirements](#) and inform other supervisory activities. Furthermore, the stress test results will support macroprudential tasks, and the ECB will assess the macroprudential implications of the exercise for the euro area.

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Notes

- The adverse macro-financial scenario was designed by the ESRB's Task Force on Stress Testing in close collaboration with the ECB. It was approved by the ESRB General Board on 23 January 2023.