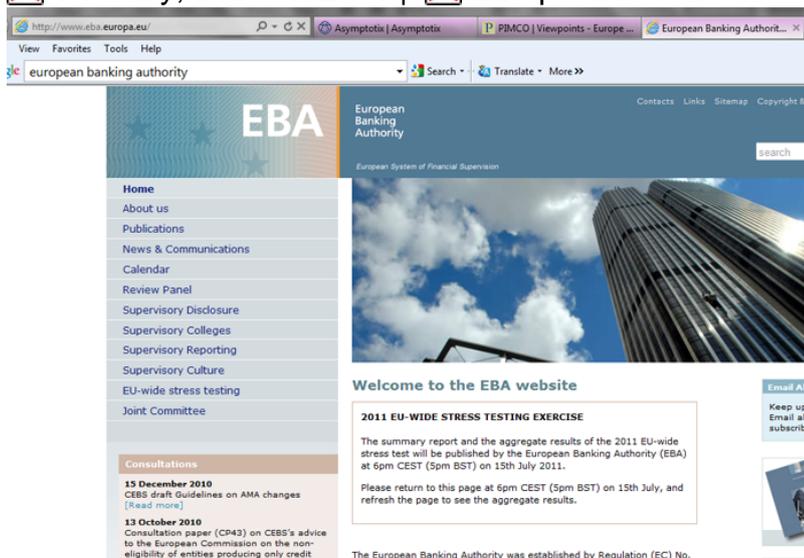


# The European Banking Authority (EBA) reaches agreement on the next steps of its EU-wide stress test exercise

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 Tuesday, 8 March 2011 |  European Affairs



**The EBA's Board of Supervisors selected the EBA's first Executive Director and established its Banking Stakeholder Group.**

The EBA's Board of Supervisors, the principal decision-making body of the Authority, composed of 27 voting members, one from each EU Member State, selected today Adam Farkas to serve as the first Executive Director of the EBA, subject to confirmation by the European Parliament. The Executive Director will be in charge of the day-to-day management and operations of the Authority. He will remain in office for a five-year term and may be re-elected only once.

Adam Farkas has recently served as Chairman of the Hungarian Financial Supervisory Authority. His extensive financial services experience spans from CEO and Board positions at private sector banks to the Managing Director role at the National Bank of Hungary. He also

served as Board member of the Budapest Stock Exchange and of the Central Depository and Clearing House.

Mr Farkas studied Economics and obtained his Ph.D. at the Budapest University of Economic Sciences where he started his career as an Assistant Professor and where he continues to lecture.

Upon announcement of his election, Adam Farkas said:

*I am delighted to have been selected by the Board of Supervisors to serve as the first Executive Director of the EBA. I am honoured and grateful for the trust placed in me. I look forward to the demanding challenges and responsibilities this new role holds for me. If I am confirmed by the European Parliament, I am committed and dedicated to fulfilling the EBA's mandate within the new European supervisory architecture.*

The Board of Supervisors also appointed the members of the Banking Stakeholder Group whose function is to facilitate consultation with stakeholders in all the areas relevant to the tasks of the Authority. The list of the thirty members composing the Banking Stakeholder Group, which will meet at least four times a year, will be published on the EBA's website following the designated members' acknowledgement and acceptance of their appointment.

Finally, the Board of Supervisors also agreed on the set-up of the EBA's internal committees and panels and appointed their relative Chairs. Five internal Standing Committees and one Panel will support the Authority in the execution of its tasks: the Standing Committee on Regulation and Policy, chaired by David Rozumek (Czech Republic) and co-chaired by the EBA Director of the Cluster Regulations (to be appointed); the Standing Committee on Accounting, Reporting and Auditing, chaired by Didier Elbaum (France); the Standing Committee on Oversight and Practices, chaired by Fernando Vargas (Spain); the Standing Committee on Operations and IT, chaired by the EBA Director of the Cluster Operations (to be appointed); the Standing Committee on Financial Innovation, chaired by Anthony Kruizinga (Netherlands); and the Review Panel, chaired by Thomas Huertas (EBA Alternate Chair).

### **Concrete next steps and timeline of the 2011 EU-wide stress test exercise**

The EBA's Board of Supervisors agreed to launch the 2011 EU-wide stress testing exercise with National Supervisory Authorities on 4 March 2011. The stress test, which will be conducted on a large number of European banks, involves a series of detailed technical steps and, as a consequence, will take several months to run. It will be run against a baseline and an adverse macro economic scenario in order to assess the solvency of the banks involved in the exercise against hypothetical adverse economic events. The adverse macro-economic scenario, designed by the ECB, will incorporate a significant deviation from the baseline forecast and country-specific shocks on real estate prices, interest rates and sovereigns. This is in line with the EBA's micro-prudential objective of analysing institution-specific prudential soundness

