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## COVER NOTE

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From:	Helmut Ettl, Vice Chairperson (Acting Chairperson), European Banking Authority
To:	Sean Berrigan, Director General of DG FISMA. European Commission
Subject:	Decision by the EBA Board of Supervisors regarding an EU-wide stress test in 2026

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- Under Articles 22 and 32 of the EBA Regulation, the EBA must annually assess whether to run an EU-wide stress test and, together with the ESRB, coordinate such exercises. Any decision must be explained to the European Parliament, the Council and the Commission.
- On **27 January 2026**, the EBA Board of Supervisors (BoS) decided **not** to conduct an EU-wide stress test in 2026. Instead, it will begin preparations for the **next** stress test cycle. This follows the BoS's long-standing intention, set in 2015, to move to a **biennial** stress-testing frequency.
- The decision reflects:
  - the **continued strengthening** of EU banks' capital positions,
  - the **substantial analytical work** still required after the 2025 exercise, and
  - the availability of extensive **quantitative and qualitative data** from the 2025 stress test for supervisors and markets.
- The **2025 EU-wide stress test results**, published on **1 August 2025**, confirmed the **robustness** of the EU banking sector. Aggregate starting capital ratios were higher than in previous cycles, continuing the upward trend since 2010.
- Competent authorities and market participants will continue analysing the 2025 dataset. Meanwhile, annual supervisory stress-testing obligations under **Article 100 CRD** will be met through **SREP-based supervisory stress tests**.

- Ongoing monitoring of risks and vulnerabilities will continue through regular supervisory assessments by competent authorities and the EBA.
- Throughout 2025, the BoS discussed **long-term enhancements** to the stress-testing framework. This work will continue in 2026 and requires significant resources. Since finalising the 2025 exercise, the EBA has been conducting a **post-mortem analysis** to identify lessons learned and potential **simplifications** or **methodological adjustments** for the next cycle.

THE VICE-CHAIRPERSON

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John Berrigan  
Director General  
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Commission  
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3 February 2026

**Subject: Decision by the EBA Board of Supervisors regarding an EU-wide stress test in 2026**

Dear Mr Berrigan,

The EBA is required to – in cooperation with the European Systemic Risk Board – initiate and coordinate Union-wide stress tests based on Article 32 of the EBA Regulation (Regulation (EU) No 1093/2010 of the European Parliament and of the Council). Article 22 of this regulation stipulates that the EBA shall, at least annually, consider whether it is appropriate to carry out Union-wide assessments of the resilience of financial institutions. Article 32 stipulates that the European Parliament, the Council and the Commission should be informed of the reasoning underlying the BoS decision.

The Board of Supervisors (BoS) of the EBA decided on 27 January 2026 not to conduct an EU-wide stress test in 2026 but to start preparations for the next stress test. This decision is in line with an earlier BoS decision of June 2015 to aim for a biennial EU-wide stress test.

The decision to run the next EU-wide stress test after 2026 reflects the ongoing progress that EU banks are making in strengthening their capital positions and the work to be done for the preparation of the next stress test exercise. Competent Authorities as well as market participants will, in the meantime, be able to use the significant quantitative and qualitative information generated by the 2025 EU-wide stress test.

The results of the 2025 EU-wide stress test were published on 1 August 2025 and they confirmed the robustness of the EU banking sector and ongoing progress. EU banks are making in strengthening their capital position. The 2025 aggregate capital ratio at the starting point of the exercise was above the aggregate ratios reported by banks at the beginning of previous EU-wide stress test exercises, an evolution that reflects a continuous and significant strengthening of the capital position by the major EU banks since the end of 2010.

The recent stress test has generated a vast amount of quantitative and qualitative information. As it was the case in previous exercises, it will take some time for competent authorities as well as for market participants to analyse and use this information. Additionally, the requirement in Article 100 Capital Requirements Directive (CRD) to undertake annual supervisory stress tests will be met by supervisors requiring banks to undertake stress tests based on supervisory guidance, in accordance with the EBA's Supervisory Review and Evaluation Process (SREP) Guidelines. Finally, risks and vulnerabilities in the EU-banking sector will be monitored by competent authorities and the EBA as part of the regular risk assessment of banks.

The EBA Board of Supervisors (BoS) carried on the discussion on long-term enhancements to the framework throughout 2025. This process will continue in 2026 and would require both time and resources from the EBA staff and its supporting structures. Since the finalization of the 2025 stress test, the EBA has been working on the identification of the lessons learnt and simplification of the exercise in terms of burden to both banks and supervisors. The post-mortem analysis will require an extensive discussion on the way that the next exercise may be improved, including potential adjustments to the methodology.

Yours sincerely,



Helmut Ettl

CC: Aureo Lalucq, Chair of the Committee on Economic and Monetary Affairs, European Parliament  
Monika Nogaj, Head of ECON Secretariat, European Parliament  
Makis Keravnos, ECOFIN Chair, Minister of Finance of the Republic of Cyprus, Presidency of the Council of the EU  
Tuomas Saarenheimo, Chair of Economic and Finance Committee, Council of the European Union  
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