



## Re-Define Press Release on EU Bank Stress Tests July 15, 16:00 CET

“The next few days are likely to deliver a roller coaster ride as the new information contained in the stress tests is digested and everyone waits for EU policy makers to make up their mind on Greece.”

Comments from Sony Kapoor (when quoting, please refer to him as Managing Director, Re-Define):

***"The stress tests only mean something if EU policymakers sort out the sovereign crisis"***

“The deterioration in the creditworthiness of Greece, Ireland and Portugal has already reached what was considered to be the worst case scenario in the Stress Tests. This is not good for anyone.”

“Obviously, the EU banking system is not safe if Spain and Italy get sucked into the Euro crisis.”

***"The EBA has done a decent job under very difficult political circumstances"***

“No matter what reactions the tests generate in the market, I think that the European Banking Authority has shown that it means business.”

“Every time a bank accuses the EBA of having been too tough, the stock of the new regulator rises.”

***"We should not allow the limitations to overshadow the fact that the stress tests are not bad"***

“The fact that the tests fail to properly account for liquidity and sovereign risks should not distract us from the importance of the standardized comparisons, additional disclosures and the tests of capital adequacy that they do deliver.”

***"The real punch of the stress tests lies in the disclosure of new information"***

“The EBA has done everyone a big favour by shining the light of transparency on opaque risks in the European banking system.”

“The next few days are likely to deliver a roller coaster ride as the new information contained in the stress tests is digested and everyone waits for EU policy makers to make up their mind on Greece.”

“The bank-sovereign links that the stress tests reveal means that the pressure to sort out the Euro crisis and put in place a good bank resolution framework will increase sharply.”

***"The stress tests should ideally be followed by a round of recapitalizations, dividend restrictions and a moratorium on bonus pay-outs to force the EU banking system as a whole to build up much needed additional buffers of capital."***

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