

AT A GLANCE

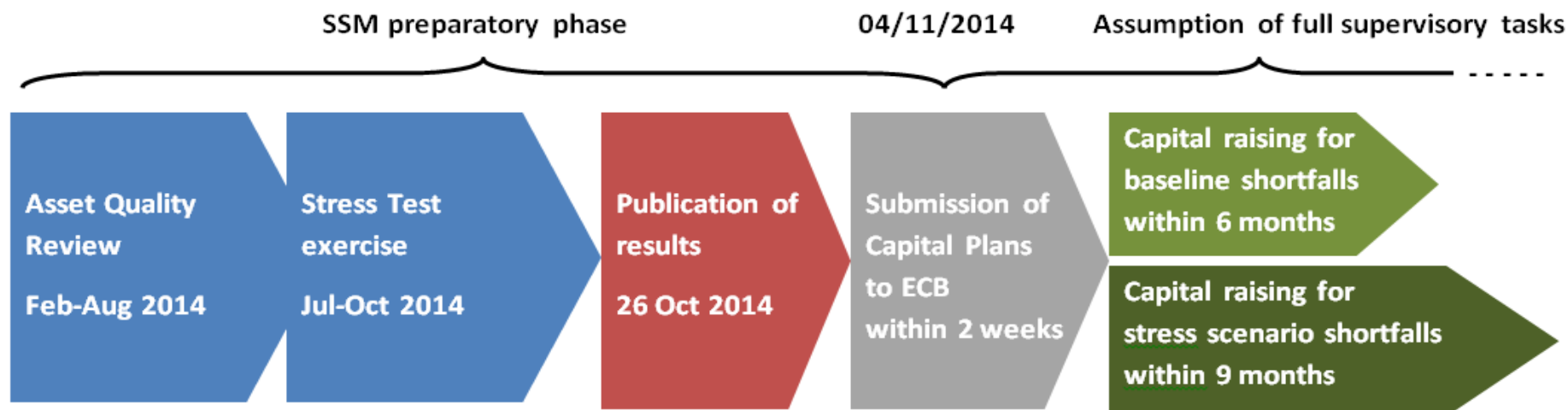
SSM Comprehensive Assessment

The European Central Bank (ECB) has taken on new **banking supervision tasks as part of the Single Supervisory Mechanism** (SSM), a key building block of the **Banking Union**.

The ECB is accountable for the exercise of its supervisory tasks towards the European Parliament (EP) and the Council. The practical aspects of how the accountability provisions are to be implemented are clarified in an **Interinstitutional Agreement** between the EP and the ECB.

Prior to assuming full responsibility for supervision on 4 November 2014, the SSM performed a **comprehensive assessment** - *an asset quality review (AQR) and stress tests* - in collaboration with the national supervisors of participating Member States, aiming to achieve greater transparency of the banks' balance sheets and consistency of supervisory practices in Europe, ensuring the reliability of the starting point. The ECB's stress test has been undertaken in close cooperation with the European Banking Authority (EBA).

Timeline



Process and responsibilities

The comprehensive assessment has been carried out by the ECB together with the national supervisors of participating Member States, and with the support of independent third parties. The ECB has been responsible for managing the exercise, planning the design and strategy, monitoring execution in close cooperation with the national supervisors, performing quality assurance, collecting, consolidating and publishing the results, finalising and disclosing the overall assessment, and subsequently, as of 4 November 2014, for supervising as part of the SSM a selection of significant banks (see [SSM Map](#)).

On 11 March 2014, the ECB published its [manual](#) for the AQR. The manual describes the key elements of the asset quality review which were assigned to 10 working blocks, namely the review of the bank's processes, policies and accounting practices, the review of the loan tapes provided by the banks, including the validation of the data integrity, the sampling procedures, the credit file review, the valuation of collateral and on-balance sheet real estate, the projection of findings, the analysis of collective provisioning, the review of Level 3 fair value exposures, if applicable, and finally the determination of the AQR-adjusted Common Equity Tier 1 (CET1) ratio and remediation actions. All elements of the AQR were subject to a continuous quality assurance process.

Recent milestones and next steps regarding SSM supervision:

- 19/10/2015 Public hearing in ECON with SSM Chair
- 24/06/2015 Public hearing in ECON with SSM Chair
- 31/03/2015 Public hearing in ECON: presentation of the SSM Annual Report
- 04/11/2014 SSM took over the responsibility of the direct supervision of 120 EU banks
- 03/11/2014 [Public Hearing](#) with SSM Chair
- 03/11/2014 ECB published its [fourth quarterly report](#) on the preparations for the full take-up of its tasks.
- 26/10/2014 The ECB published an [Aggregate Report](#) on the results of the Comprehensive Assessment.
- 08/08/2014: The ECB publishes the [Comprehensive Assessment Stress Test Manual](#) regarding the combination of AQR and stress test results.
- 11/03/2014: The ECB publishes its [manual](#) for the AQR
- 06/02/2014: The [ECB Decision](#), identifying banks subject to the comprehensive assessment, comes into force.
- 16/12/2013: Danièle Nouy appointed as Chair of the Supervisory Board.
- 03/11/2013: The [Regulation](#) on the SSM comes into force, after adoption by the EP and the Council.
- 19/03/2013: EP, Council, and the European Commission reach agreement on the creation of the SSM.

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