



**EUROPEAN CENTRAL BANK**  
**EUROSYSTEM**

*COURTESY TRANSLATION*

Mario DRAGHI  
President

Mr Marco Valli  
Mr Marco Zanni  
Member of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt, 6 January 2015

L/MD/15/4

**Re: Your letter (QZ-44)**

Honourable Members of the European Parliament, dear Mr Valli and Mr Zanni,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 14 November 2014.

The comprehensive assessment was an exercise broad in scope and the identified capital shortfall is the outcome of a thorough and stringent process. The stress test focussed on the assessment of the impact of different risk drivers on the capital adequacy of banks. Both trading and banking book assets, including off-balance-sheet exposures, were stress-tested under the exercise. Besides credit and market risks, risks related to securitisations, as well as sovereign, operational and cost-of-funding risks were also covered.

Furthermore, risks related to derivatives were actually taken into consideration in the comprehensive assessment. As part of the asset quality review, core trading book processes of banks holding material trading book exposures were scrutinised. This qualitative review entailed, among other elements, a review of the validation of pricing models, credit valuation adjustments, independent price verification, profit-and-loss analysis, and of the internal processes for the approval of new products.

Yours sincerely,  
[signed]

Mario Draghi

**Address**  
European Central Bank  
Sonnemannstrasse 20  
60314 Frankfurt am Main  
Germany

**Postal Address**  
European Central Bank  
60640 Frankfurt am Main  
Germany

Tel. +49-69-1344-0  
Fax: +49-69-1344-7305  
Website: [www.ecb.europa.eu](http://www.ecb.europa.eu)