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European Banking Authority
Mr Andrea Enria
One Canada Square (Floor 46)
Canary Wharf
London E14 5AA | UK

13.10.2016, Brussels

Dear Mr Enria,

Let me first of all thank you for your answer to my letter on Deutsche Bank's leverage ratio. I would like to point out that we fully agree with you on the need to achieve consistent definitions and that we believe this should not only be done across the EU but also on the international level. Concerning the discrepancies of Deutsche Bank's leverage ratio reported by EBA and FDIC, we would therefore be interested in your detailed assessment which elements of the two methodologies used are more appropriate and prudential. Given that EBA reports leverage ratios above¹ or directly on² the internationally agreed 3% threshold while FDIC's calculations result in a level significantly below³, we would like to know whether you see a need to change the European rules for calculating the leverage ratio.

Beyond that, the Financial Times recently revealed that Deutsche Bank enjoyed an exception to the rules of the 2016 EBA stress test published in July. Pursuant to a footnote, the results of the Deutsche Bank "include the sale of the stake in the Chinese legal entity HuaXia, which was agreed on 28 December 2015 and will be closed in 2016". While the agreement was made before end of 2015, the official cut-off point for transactions to be included in EBA's 2016 stress test exercise, the sale has still not been completed. According to the Financial Times, the inclusion of the \$4bn sale of Hua Xia bank in Deutsche Bank's end-2015 balance sheet boosted Deutsche Bank's core equity tier 1 (CET-1) ratio under the adverse scenario from 7.4 to 7.8 percent. While Deutsche Bank enjoyed a special treatment, pursuant to the Financial Times Spain's Caixabank was not allowed to include the impact of the sale of €2.65bn in foreign assets to its parent company Criteria Holding in its results although this sale was completed already in March 2016.

¹ 3.49% fully loaded as of end of 2015

² 2.96% fully loaded as projected value for 2018 under the adverse scenario

³ 2.68%



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In order to restore faith in Europe's banking sector and credibility in the European Banking Authority, we would like to ask you to answer the following questions:

1. Can you confirm the facts described above?
2. If yes, what is the reason for the unequal treatment of Deutsche Bank and Caixabank?
3. What would the EBA stress test results (CET-1 ratio and leverage ratio under the three scenarios) for Deutsche Bank have been without including the sale of Hua Xia bank?
4. As none of the other 50 banks in the EBA stress test had similar footnotes, can you confirm that Deutsche Bank was the only one having received special treatment or are there any other cases which could be seen as special treatment by a critical observer? Please, detail all the latter cases if any.
5. Apart from Deutsche Bank, did any other banks ask for exceptions?
6. If yes, on which grounds were the requests of other banks refused?

In advance, we thank you very much.

Kind regards,

Sven Giegold
MEP