



**COUNCIL OF
THE EUROPEAN UNION**



Council Conclusions on Bank Capital

***2919th ECONOMIC and FINANCIAL AFFAIRS
Brussels, 20 January 2008***

The Council adopted the following conclusions:

- "1. Guided by internationally agreed principles, Member States have taken strong and decisive actions to stimulate their economies, provide liquidity, strengthen the capital of financial institutions, protect savings and deposits, address regulatory deficiencies and unfreeze credit markets. As part of these actions, many Member States have made new tier 1 capital available to banks to strengthen their resources over recent months.
2. It is important, especially when there is continued disruption to the supply of credit, that there is clarity about the role of capital in the banking system.
3. In this context, the Council today confirmed that the provision of capital to the banking sector is not intended to create new, higher statutory capital requirements for the banking sector. The capital requirements of banks should continue to be assessed on a case-by-case basis, in line with existing EU regulation, based on their individual risk-profile and rigorous stress-testing. It should be recognised that capital provides a buffer both to withstand the challenging economic conditions and to maintain lending to creditworthy borrowers.
4. The Council supports calls to modify the international regulation of capital and accounting rules in future to ensure that excessive pro-cyclical consequences are mitigated. The Council calls for progress on the work to achieve this. The Council believes that this will further reinforce the emphasis placed on capital being used as a buffer also in view of ensuring that it does not unnecessarily restrict lending during difficult periods.
5. Member States continue to remain committed to taking all necessary steps, including on capital, liquidity and lending, working together wherever possible. The Council will continue to monitor the implementation of the rescue packages over the coming months and invites the Commission to make recommendations on how to enhance their effectiveness."

P R E S S
