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2020 EU-Wide Stress Test

Template Guidance

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1. Introduction and general remarks

1.1 Objective of this guidance

1. The purpose of this document is to provide technical guidance, together with the Methodological Note, to the participating banks for populating the set of templates for the 2020 EU-wide stress test. This document will not provide any definitions or requirements that go beyond the ones given in the Methodological Note. If there are cases where the guidance contradicts the requirements from the Methodological Note, the latter prevails.
2. Each of the Methodological Note's chapters has a subchapter on the scope of application, on the definitions used in the chapter and on reporting requirements. Most of the information needed for the population of the templates is included in the Methodological Note - in particular in the sub sections on the scope of application, on the definitions used in the chapter and on reporting requirements. Their content will thus not be restated in this guidance. This document should therefore be read in conjunction with the Methodological Note.
3. Any abbreviations used in this document are defined in the Methodological Note.
4. The first section of this document covers general topics such as template types, data input and formats and supervisory reporting standards applied. The remainder of this document is structured following the order of the templates according to the file '2020 EU-wide Stress Test-Templates'.
5. Each template is covered in a separate section containing a summary of the purpose and data of the template, followed by a description of its structure, i.e. what information is contained in rows and columns. If any specific definitions or requirements are applicable to this template this is then covered in the following paragraph. Finally, links of the template with other templates are outlined.

1.2 Overview of the templates

6. The 2020 EU-wide Stress Test templates are grouped into the following template types:
 - Instructions: Template which gives general information on how to populate the templates and also indicates the version number of the file;
 - Input: Template into which banks are requested to enter basic information such as the bank's name, material countries and country / currency combinations;
 - Calculation Support and Validation data (CSV): Templates which, with the exception of certain summary templates, are to be populated by the participating banks and in some

areas contain the stress test calculation. These templates will be used to populate the transparency templates;

- Transparency (TRA): Data on stress test outcomes to be disclosed on a bank-by-bank basis along with the publication of the stress test results. The TRA templates are populated automatically.

7. Table 1 and Table 2 below include an overview over all the templates. Banks will have to populate the Input table and all CSV templates, except the CSV optional templates as explained below in paragraph 9.

Table 1: Overview of the CSV Templates

Section or topic	Template name	Description
N/A	Instructions	Summary of templates and colour code applied
N/A	Input	Input of bank name and relevant countries for credit risk and country/currency pairs for NII
Credit risk	CSV_CR_SUM	Credit risk – Summary
Credit risk	CSV_CR_SCEN	Credit risk – Scenarios (projection for credit risk losses)
Credit risk	CSV_CR_REA	Credit risk – REA
Credit risk	CSV_CR_REA_IRB	REA – IRB approach floor
Credit risk	CSV_CR_REA_STA	REA – STA floor
Credit risk	CSV_CR_SEC_SUM	Securitisations – Summary
Credit risk	CSV_CR_SEC	Securitisations
Market risk, CCR losses and CVA	CSV_MR_SUM	Market risk – Summary
Market risk, CCR losses and CVA	CSV_MR_FULL_REVAL	Market risk – Full revaluation
Market risk, CCR losses and CVA	CSV_MR_RESERVE	Market risk – Revaluation of reserves
Market risk, CCR losses and CVA	CSV_MR_PROJ	Market risk – Projection of client revenues of items held with a trading intent and their related hedges
Market risk, CCR losses and CVA	CSV_MR_CCR	Market risk – Counterparty defaults
Market risk, CCR losses and CVA	CSV_MR_REA	REA – Market risk
NII	CSV_NII_SUM	NII – Summary
NII	CSV_NII_CALC	NII – Calculation
Conduct risk and other operational risks	CSV_OR_GEN	Conduct and other operational risk losses
Conduct risk and other operational risks	CSV_OR_CON	Material conduct risk losses

Section or topic	Template name	Description
Non-interest income, expenses and capital	CSV_REA_SUM	REA – Summary
Non-interest income, expenses and capital	CSV_NFCI_DIV	Evolution of net fee and commissions income, dividend income
Non-interest income, expenses and capital	CSV_ONEOFF	Adjustments for non-recurring events (one-offs)
Non-interest income, expenses and capital	CSV_P&L	Evolution of P&L
Non-interest income, expenses and capital	CSV_CAP	Capital
Non-interest income, expenses and capital	CSV_MDA	Calculation of potential distribution restriction following breach of the MDA trigger level
Non-interest income, expenses and capital	CSV_CAPMEAS	Major capital measures and material losses

Table 2: Overview of the TRA Templates

Section or topic	Template name	Description
N/A	TRA_SUM	Summary adverse or baseline scenario (stress test results)
Credit risk	TRA_CR_STA	Credit risk (loss projection) STA
Credit risk	TRA_CR_IRB	Credit risk (loss projection) IRB
Credit risk	TRA_CR_SEC	Credit risk – Securitisations (REA projection)
Non-interest income, expenses and capital	TRA_REA	REA (projection)
Non-interest income, expenses and capital	TRA_P&L	P&L (projection)
Non-interest income, expenses and capital	TRA_CAP	Capital (projection)
Non-interest income, expenses and capital	TRA_CAPMEAS	Major capital measures and material losses

8. Besides the instructions template, the majority of the transparency templates are not addressed in this document as they are automatically populated and are presented only for informational purposes.

9. There are two CSV templates whose population is optional:

- If a bank has not individuated any capital measure or material loss within the time horizons requested in the template CSV_CAPMEAS, it does not have to populate the CSV_CAPMEAS template;

- If a bank has no eligible one off events to be taken into account in the stress test it does not have to populate the CSV_ONEOFF template.

1.3 Data input and formats

10.No changes should be made to the sheets or the structure of the file, i.e. the only edits should be the input of data. In particular, the password-protection of the sheets should be left intact and no columns or rows should be inserted, (re)moved or replaced. Sheets whose password-protection has been decrypted and after some modifications encrypted again cannot be processed by the EBA and will therefore be rejected.

11.The templates have a common colour code to flag different categories of cells, using the logic described in the figure below. Cells in light blue are used for the processing the stress test data provided by the banks, but have no direct relevance for banks.

Figure 1: Colour-scheme of different cells in the templates

	Input cell to be filled by participating banks
	Calculation cell within a sheet
	Links between sheets
	Not to be filled in
	Row header or column header
	Additional identifiers to be used for the data extraction - cells hidden with the exception of row and column numbers

12.If a field requires a text input, a drop-down menu is implemented in the respective template. The only exception to this rule is template CSV_ONEOFF where some fields are free-text fields as they require descriptive information.

13.Monetary amounts should be reported in million euros (rounded to two decimal places) if not specifically indicated otherwise. When originally accounted in a currency different from euro the same exchange rates should be applied as for the COREP/ FINREP reporting.

14.Percentage data should be reported in the format 'X.XX%', i.e. not in decimals.

15.If the value required in a field amounts to 0, the respective field should be populated with 0 and not be left blank.

1.4 Supervisory reporting standards

16.All templates used in the 2020 EU-wide stress test refer to the specific version of supervisory reporting requirements in place as of 31 December 2019. This means, for all templates apart

from CSV_CR_SEC and CSV_CR_SEC_SUM, the use of FINREP and COREP standards as for EBA reporting framework 2.8 (applicable for reports until 31/12/2019).

17. The only exceptions are in CSV_CR_SEC and CSV_CR_SEC_SUM for which FINREP and COREP version 2.9 should be used.

2. Template specific guidance

2.1 General information

2.1.1 Input template

18. This template contains general information on the bank participating in the stress test. In this template, banks are required to select their bank's name and the most material countries for the reporting of credit risk data and the country / currency combinations for NII.

19. The fields LEI and country of the selected bank will be populated automatically.

20. While in general the definitions of the Methodological Note apply, specific definitions to be highlighted for the use of this template comprise:

- The country fields in the credit risk table have to be populated according to section 2.3.4 of the Methodological Note;
- The country/currency fields in the NII table have to be filled according to section 4.3.5 Box 22 of the Methodological Note.

21. The Top 15 country / currency combinations in this template are linked via formula from this template to the CSV_NII_CALC template, the Top 10 country exposures are linked via formula from this template to the CSV_CR_SCEN and CSV_CR_REA templates.

22. Banks are requested to identify if the estimation of credit risk parameters and/or the calculation of capital requirements in the stress test are based on a new definition of default to incorporate the Regulatory Technical Standards on materiality threshold of credit obligation past due under Article 178 CRR¹ and the Guidelines on the application of the definition of default under Article 178 CRR².

23. The exchange rate variations in this template are linked to the evolution of interest income and expenses under CSV_NII_CALC. The exchange rate variations will be provided in the templates for all countries that are covered by the macroeconomic scenario. For all other currencies, banks shall provide their own assumptions based on the macroeconomic scenario and based on a prudent estimation. This applies to the 'Other' currency as well, where provided exchange variations in the templates shall be used according to the share of exposures in scope of 'Other'. Detailed information on these calculations shall be included in the explanatory note.

¹ Commission Delegated Regulation (EU) 2018/171; EBA/RTS/2016/06.

² EBA/GL/2016/07.

Furthermore, banks shall populate their presentation currency in the INPUT template. The exchange rate variation will be computed accordingly.

2.2 Credit Risk

2.2.1 CSV_CR_SUM

24. This template shows the credit risk P&L impact for all positions excluding securitisations. It is automatically populated (from CSV_CR_SCEN) and no data needs to be entered in this template.

25. The rows of the template show end of year information (e.g. distribution of exposures to stages, stock of provisions, coverage ratios), flows between stages, impairments and credit risk parameters. The columns include the breakdown by year and scenario.

26. The CSV_CR_SUM template calculates the total impairment losses after adjustment for the S1 minimum coverage ratio, which is linked via formula from this template to the CSV_P&L template. The amount of adjustment related to the S1 minimum coverage ratio is reduced, in each year, by the previous years' adjustment because that component was already reflected in the P&L of previous periods.

2.2.2 CSV_CR_SCEN

27. In this template, banks are required to provide historical and projected credit risk information on exposure, LTV ratio, funded collateral, provisions and credit risk parameters broken down by asset class, regulatory approach, country of exposure, year and scenario. Moreover, the main credit risk stress test calculations are incorporated in this template.

28. The columns of the template include all variables to be reported and are grouped into the sections 'Beginning of year – Stocks', 'Within year - Flows and Parameters', and 'End of year – Stocks'.

29. The rows of the template are grouped by year, scenario, regulatory approach (A-IRB, F-IRB, STA), asset classes and geographical breakdown of the country of exposure. For the population of those fields the following applies:

- The asset classes refer to the ones described in section 2.3.3 of the Methodological Note;
- The geographical breakdown field contains the following expressions: (i) 'Total', (ii) the Top 10 countries automatically populated based on the data entered in worksheet 'Input', and (iii) 'Other' for the residual not attributed to any country.
- In contrast to data required for the projection horizon, for historical values a lower number of columns have to be populated with data from 2018 and 2019. These

columns can also be found in section 2.3.4 of the Methodological Note (Table 4 and Table 5).

- For stages that have zero exposure at the beginning of the exercise but for which there are exposure transitions towards that stage during the exercise³, credit risk parameters (TRs, LRs, LGDs) should be reported in line with the hierarchies of approaches outlined in section 2.4.1 of the Methodological Note. This implies in particular that if there is performing exposure (S1 or S2) at the beginning of the exercise all parameters should be reported. Consequently, parameters for stages where no exposure is reported for the starting point should be estimated and reported using observed or modelled equivalent values (e.g. same or comparable country and asset class), once duly adjusted for the macroeconomic variables corresponding to the year of estimation. Notwithstanding this, if there is only S3 exposure at the beginning of the exercise, parameters affecting S1 or S2 exposures do not need to be filled. As stated in section 2.4.1 of the Methodological Note, the overarching principle is the parameter's suitability and comparability for projections.
- The parameters related to exposures or asset classes without associated credit risk (e.g. 'other non-credit obligation assets') shall reflect that absence of credit risk, i.e. 0% transitions rates, loss rates and LGDs shall be reported.
- According to paragraph 117 of the Methodological Note, ECB benchmark parameters have to be applied to an entire pivot asset class⁴ if the coverage of existing satellite models is very low (i.e. if the banks' satellite models do not ensure the estimation of all the PD/TR and LR/LGD parameters, respectively, for a minimum of 10% of the pivot asset class exposure). The parameters reported at the level of a main asset class (e.g. Retail or Corporate) should be consistent with the parameters used in the respective pivot asset class.

30. While in general the definitions of the Methodological Note apply, specific definitions to be highlighted for the use of this template comprise:

- Credit risk relevant exposure is based on the CRR/CRD definition but should be always the amount before credit risk adjustments and should exclude all fair value positions (FVOCI and FVPL), which is in contrast to the REA-templates, and exposures subject to CCR.
- For the purpose of this template, securitisation positions are excluded (see section 2.2 of the Methodological Note).

³ It is expected that this case can only occur in the starting point as transition rates should be non-zero during the exercise.

⁴ Pivot asset class refers to the lowest level of aggregation (e.g. 'Corporates – SME - Secured by real estate property').

31. While historical exposures and provisions have to be reported in the template, the template calculates projected exposures and provisions out of starting point exposures / provisions and stressed credit risk parameters. For this purpose, the CSV_CR_SCEN template contains the formulas to calculate provisions for the credit risk stress test (for all segments subject to the stress test, except securitisations) according to section 2.4.3 of the Methodological Note. This data is linked via formula from this template to the CSV_CR_SUM template. Moreover, exposure and impairment data is linked via formula from this template to the TRA_CR_IRB and TRA_CR_STA templates.

32. Table 3 summarises the reporting requirements for the main credit risk variables in each year of the template.

Table 3: Reporting requirements for the main credit risk variables

Item	2018 flows	2018 BoY; 2018 EoY; 2019 BoY	2019 flows / Starting point parameters	2019 EoY	2020 BoY	2020-2022
Exp S1	N/A	Actual	N/A	Actual	Actual with ST definition	Projected with ST definition ⁵
Exp S2						
Exp S3						
S2-S1 flows	Actual	N/A	Actual	N/A	N/A	
S1-S2 flows						
S1-S3 flows						
S2-S3 flows	Actual ⁶		Actual ⁶			
Prov Stock S1	N/A	Actual	N/A	Actual	Actual with ST definition	
Prov Stock S2						
Prov SX-S3		Actual ⁷		Actual ⁷	N/A	
Prov old S3-S3				Actual		
Prov Stock S3		Actual		N/A	Actual ⁵	Actual with ST definition
Transition rates	N/A	N/A	Modelled (observed macro variables)	N/A	N/A	Modelled (stress test scenario)
LGDs						
Cure rates						
Loss rates						

33. The column 'average maturity (yrs)' is aggregated in 'sum' asset classes as an average of 'pivot' asset classes weighted by the respective performing exposure (i.e. non-performing exposure is assumed to have no defined maturity).

⁵ Formula-based fields.

⁶ Consider all transitions to S3 during the respective year (reported once in case it enters several times into S3).

⁷ Consider the provisions allocated to exposures that moved to S3 and remained in S3 at the end of the respective year.

34. The columns related to transition rates are aggregated in 'sum' asset classes as an average of 'pivot' asset classes weighted by the respective exposure (e.g. TR¹⁻³ is weighted by the S1 exposure in the beginning of the period).

35. The columns related to loss rates, LGDs and cure rates are aggregated in 'sum' asset classes as an average of 'pivot' asset classes weighted by the respective exposure multiplied by the respective transition rates (e.g. LGD¹⁻³ is weighted by the S1 exposure in the beginning of the period multiplied by TR¹⁻³).

2.2.3 CSV_CR_REA

36. In this template, banks are required to provide credit risk information on exposure values, regulatory risk parameters, REA, and expected losses broken down by year, scenario, regulatory approach and asset class (rows). CSV_CR_REA_STA and CSV_CR_REA_IRB templates source the information from the CSV_CR_REA template.

37. The rows show the combinations of geographical breakdown, scenario, year, regulatory approach and asset classes. The columns show the different end of year exposure values, regulatory risk parameters, REA, EL and stock of provisions.

38. Exposure values in this template are defined according to COREP definitions (see Methodological Note, section 2.3.1) and thus might differ from the exposure data (Exp) reported in the template CSV_CR_SCEN.

39. 'Equity' and 'other non-credit obligation assets' which are not treated under the Standardised approach should be reported in the rows of 'A-IRB'.

40. The 'stock of credit risk adjustments' fields shall be populated by banks for end-2019 in line with COREP. For the projections, the total stock of credit risk adjustments is linked to the variation of the stock of provisions from the CSV_CR_SCEN template but banks shall populate the stock of credit risk adjustments for defaulted assets (i.e. for assets in default according to the CRR).⁸ The projected credit risk adjustments on non-defaulted assets are calculated in the template as the difference between total credit risk adjustments and credit risk adjustments on defaulted assets.

41. The respective exposure values and REAs are linked via formula from this template to the CSV_CR_REA_IRB and CSV_CR_REA_STA templates.

42. If a bank applies the slotting criteria for the calculation of the capital requirements for specialised lending, the respective risk parameters for specialised lending (PDreg, LGDreg (default stock), LGDreg (non-defaulted assets) and ELBE) should not be provided. All other fields have to be populated for specialised lending exposures.

⁸ From the projected provisions on S3 exposures, banks are expected to provide in this field only those that are related to exposures defaulted according to the CRR.

43. 'PD Reg – non-defaulted assets' and 'LGD Reg – non-defaulted assets' are aggregated in 'sum' asset classes as an average of 'pivot' asset classes weighted by non-defaulted exposures.
44. 'LGD Reg – defaulted assets' and 'ELBE – default stock' are aggregated in 'sum' asset classes as an average of 'pivot' asset classes weighted by defaulted exposures.

2.2.4 CSV_CR_REA_IRB

45. This template contains risk exposure amounts per asset class and expected loss amounts for IRB exposures (expected loss separately for equity exposures and non-equity exposures). Fields are in general automatically populated out of data from CSV_CR_REA, except the REA for Equity and Other non-credit obligation assets, the additional value adjustments from Article 159 CRR in the starting point and the expected loss amount for Equity deducted to CET1 according to Article 36(d) CRR.
46. The rows show the breakdown of IRB REA by asset classes and total IRB expected loss, credit risk and additional value adjustments. The columns show the scenario and year split up into performing and non-performing exposure figures.
47. The expected loss amount for equity exposures should be reported in the 'Memorandum item: Expected loss amount Equity deducted to CET1 according to Article 36(d) CRR' only if the expected loss for equity exposures is included in the IRB shortfall calculation for COREP purposes.
48. The CSV_CR_REA_IRB template ensures that the REA floor (year-end 2019 REA) is applied for IRB exposures. According to the Methodological Note, the floor implemented in CSV_CR_REA_IRB is based on REA without the application of the IFRS9 transitional adjustments. The total IRB REAs after application of the floor are linked via formula from this template to the CSV_REA_SUM template in the calculation of total credit risk REA.

2.2.5 CSV_CR_REA_STA

49. This template contains risk exposure amounts under the STA (excluding securitisations). Fields are in general automatically populated out of data from CSV_CR_REA banks, except the REA for Equity and Others exposures.
50. The rows show the breakdown of STA REA by asset classes and total STA credit risk adjustments. The columns show the scenario and year split up into non-defaulted and defaulted exposure figures.
51. This template also ensures that the REA floor (year-end 2019 REA) is applied for STA exposures. The total STA REA after application of the floor is then linked via formula from this template to the CSV_REA_SUM template in the calculation of total credit risk REA. According to the Methodological Note, the floor implemented in CSV_CR_REA_STA is based on REA without the application of the IFRS 9 transitional adjustments.

2.2.6 CSV_CR_SEC_SUM

52. This template shows exposure values and REA for securitisation positions broken down by the regulatory approaches from Regulation (EU) 2017/2401 (SEC-IRBA, SEC-SA, SEC-ERBA and SEC-IAA). This information is automatically populated from CSV_CR_SEC, except for the starting point.
53. The rows show the breakdown of REA and exposures by regulatory approach, the impact of the restatement of the starting point to incorporate Regulation (EU) 2017/2401, and total aggregated impairments. The columns show the scenario and the year.
54. In this template, only impairments for securitisation positions that are not subject to mark-to-market valuation are reported (i.e. excludes FVOCI and FVPL). This information is sourced from CSV_CR_SEC.
55. Banks have to populate the column 'actual' with the total exposure value, REA, reduction of REA due to the application of regulatory caps and REA on trading book positions subject to specific risk, in line with the regulation applicable as of 31 December 2019.
56. The column 'restated' should be populated with the restated REA, as of 31 December 2019, allocated to the regulatory approaches from Regulation (EU) 2017/2401 and reported without any mapping effect from the application of paragraph 175 of the Methodological Note. The 'total' restated REA from CSV_CR_SEC_SUM might therefore be different from the 'total' restated REA reported in CSV_CR_SEC as the latter shows the sum of REA by credit quality step after mapping to the SEC-ERBA look-up table from Articles 263(3) and 264(4) of Regulation (EU) 2017/2401 (i.e. includes the mapping effect).
57. Banks have to populate the impact in CET1 capital (in million EUR) of the restatement of the starting point to incorporate Regulation (EU) 2017/2401. This should refer to the stand-alone impact of the implementation of the new regulation without any recalculation of other components of own funds.
58. While in general the definitions of the Methodological Note apply, definitions to be highlighted for the use of this template comprise:
- The definition of exposure which is referred to in section 2.7 of the Methodological Note (in line with Article 248 of Regulation (EU) 2017/2401);
 - Impairments for the use of this template exclude impairments for securitisation positions subject to mark-to-market valuation;
 - Whenever a term is not defined specifically in the Methodological Note, the definitions of Regulation (EU) 2017/2401 apply.

59. The total securitisation impairments are linked via formula from this template to the CSV_P&L template.
60. The annual relative increase of the REA reported in the CSV_CR_SEC template is considered for the projection of REAs by regulatory approach.
61. The CSV_CR_SEC_SUM template applies the REA floors to total securitisation REAs separately for each regulatory approach. CSV_REA_SUM then sources the total floored securitisation REAs from the CSV_CR_SEC_SUM template.
62. Exposure values, REAs and impairments are linked via formula from this template to the TRA_CR_SEC template.

2.2.7 CSV_CR_SEC

63. This template contains exposure values and REA for securitisation positions in SEC-IRB, SEC-SA, SEC-ERBA and SEC-IAA. In this template, banks are required to provide exposure values and cumulative credit risk adjustments for securitisations. The template will calculate REAs on an automated basis.
64. The rows show the combinations of scenario, year, regulatory approach and credit quality step. The columns show the exposures, credit risk adjustments, REA and risk weights broken down by risk bucket, STS classification, tranche seniority and maturity.
65. Exposure values and adjustments should be reported in the template differentiated by regulatory approach, credit quality step, risk bucket, STS classification, tranche seniority and maturity.
66. While in general the definitions of the Methodological Note apply, a specific definition to be highlighted for the use of this template is the definition of exposure which is referred to in section 2.7 of the Methodological Note (in line with Article 248 of Regulation (EU) 2017/2401). Moreover, whenever a term is not defined specifically in the Methodological Note, the definitions of Regulation (EU) 2017/2401 apply.
67. REA projections are automatically calculated in this template by applying prescribed stressed risk weights to the projected exposure values.
68. Exposure values, REA projections and credit risk adjustments are linked via formula from this template to the CSV_CR_SEC_SUM template.

2.3 Market Risk, CCR losses and CVA

2.3.1 CSV_MR_SUM

69. This template shows the impact of the adverse scenario on market risk positions according to section 3 of the Methodological Note (i.e. full balance sheet revaluation, stress impact on CVA, reserves, CCR losses and NTI projections), with almost all of the data sourced from the CSV_MR_FULL_REVAL, CSV_MR_RESERVE, CSV_MR_CCR and CSV_MR_PROJ templates.

70. The rows cover the different items subject to the adverse scenario stress (e.g. balance sheet full revaluation, reserves, counterparty credit risk loss, NTI projections). The columns cover the years and a breakdown of 2020 figures by accounting treatment.

71. Apart from the memorandum items on defined pension plans (application of market risk stress on these items covered in section 6.4.6 of the Methodological Note), the following items should directly be populated by banks:

- the sum of fair value assets and liabilities for net assets and liabilities ‘held with a trading intent and their related economic hedges’,
- ‘VaR⁹ as of end of year 2019’.
- ‘75th percentile of daily VaR in 2019’ have to be populated by the participating banks for 2019.

72. The reported daily VaR figures listed above shall be calculated based on all positions in the scope of the regulatory trading book using the regulatory VaR model. In case a regulatory VaR model is not available or covers only parts of the items in the regulatory trading book, internal models shall be used, to the extent possible, for the remainder of the regulatory trading book. Banks should report parts of the regulatory trading book covered neither by regulatory nor by internal models in the explanatory note. Regulatory VaRs shall be reported without using regulatory multiplication factors.

73. The drop-down menu in row 1 of this template allows the specification of the approach followed. The differentiation of the two approaches, ‘comprehensive approach’ (CA) and ‘trading exemption’ (TE), for the purpose of this template is covered under section 3.2.3 of the Methodological Note. The definition of the scaling factor for the CA can be found under section 3.3.4 of the Methodological Note.

74. Balance sheet full revaluation projections are sourced from the CSV_MR_FULL_REVAL template, the stress impact on reserves from CSV_MR_RESERVE, projected counterparty credit risk losses from CSV_MR_CCR, and NTI projections from CSV_MR_PROJ.

⁹ Considering a 10-day holding period.

75. Depending on the accounting treatment, the adverse scenario stress projections are linked via formula from this template to the CSV_P&L template, except for the projections of NTI which are linked via formula to the CSV_MR_PROJ template, and the FVOCI impact projections which are linked to the CSV_CAP template.

2.3.2 CSV_MR_FULL_REVAL

76. This template contains the inputs and results for the full revaluation of positions under partial or full fair value measurement that should be subject to the market risk scenario as defined under section 3.3 of the Methodological Note. In the template, banks are requested to provide notional values and fair values of their positions at the reference date. In addition, first order sensitivities ('delta') of the positions to different interest rate, FX, equity, and commodity risk factors should also be reported as of the reference date. Finally, banks should provide the overall impact of the adverse scenario on P&L and OCI (broken down by IFRS 13 level classifications, direct sovereign exposure and risk factors) in 2020.

77. The rows show combinations between balance sheet position, hedging instrument type/ hedged instrument, FINREP position type, linear or optional for derivative products and distinguish between long and short positions. The columns show the actual notional exposures and fair values, projected adverse scenario gains/losses from full revaluation and the first order sensitivities to different risk factors. A detailed description of the row structure is provided in Table 7 of the Annex I.

78. Amortised cost assets hedged via fair value hedges are in scope for the full revaluation only for the hedged risk, and the impact shall be reported under the line 'Amortised cost/FVPL', in the column 'Gains or losses from hedge accounting'. The impact from the revaluation of cash flow hedging instruments has to be split between OCI impact for the hedged risk and P&L impact for hedging ineffectiveness. Table 7 of Annex I shows how to report the impact for each accounting category.

79. For items 'Held with a trading intent and their related economic hedges and Economic hedges excluding hedges of items held with a trading intent' (from row 28 to row 64 in the CSV_MR_FULL_REVAL template), a breakdown of long and short positions is required. For linear instruments (equities, bonds, etc.) a long position refers to a position where an investor benefits from a rise in the price of the security. The opposite applies for short positions. For positions in derivative instruments, the definition of long and short positions should be in line with articles 328 to 330 of the CRR.

80. Regarding the column breakdown:

- Total notional (column 1): Is the notional amount of the sum of the positions concerning each particular row. Regarding those rows for which a long/short breakdown is required, the notional (where applicable) should be split in two halves and reported in both rows (one half in 'long' and the other in 'short').

- For notional, fair value and gains & losses, a breakdown of positions classified as level 2 and level 3 should be provided. For level 2 positions, a further breakdown between cleared (as specified in section 3.4.2 of the methodology) and others (not cleared) is also required. Banks that classify level 2 and level 3 assets using sensitivities instead of following the accounting definition provided in IFRS 9, should provide additional information to CAs on how this is done.
- ‘Of which: direct sovereign positions’ (column 9): This column should be populated only with the fair value of direct sovereign positions. Indirect sovereign positions should be excluded.
- ‘Of which (of the sum of column 10, 11): credit risk impact on direct sovereign positions and their related credit risk hedges’ (column 15): banks should report in this column the portion of total gains and losses coming from the credit risk (the yield spread above swap rates) of sovereign exposures net of the credit spread hedges. For instance, the P&L of a direct sovereign position coming from the credit spread component after considering the impact of hedging the credit spread with a CDS.
- ‘Breakdown by risk factors’ (all positions, from column 16 to 32): banks should report in these columns the breakdown of the total gains and losses split by risk factor category. Further, for each risk factor a split between the amount coming from the delta sensitivity (as defined in table 8 of the methodological note) and the remaining ones (all other sensitivities i.e. including gamma, vega, rho). For equity and interest rate also gamma and vega should be reported as an of which of ‘other sensitivities’. This requirement is limited to CA banks. The definitions of gamma and vega are described below:
 - **Gamma** is the change in delta for each unit change in the price of the underlying and, thus, is the 1st derivative to the equation for the delta and the 2nd derivative to the equation for the underlying price function. In particular, for bonds, gamma is equal to the convexity defined as the rate that the duration changes along the price-yield curve. In line with table 8 of the methodological note, the unit change in the underlying for interest rate sensitivities is 1 bps while for equity is 1 percentage point.
 - **Vega** is the change in the option value for a 1% relative change in the level of implied volatility. For example, an option may have a value of \$2.45 and a volatility of 50%. In this case a vega of 0.10 means that if volatility increases to 50.5%, then we should expect the option’s value to increase to \$2.55.

81. From column 33 to 486, banks should report delta sensitivities as defined in table 8 of section 3.3.4 of the methodology. Sensitivities categories are broken down by country and tenor for interest rate and sovereign credit spreads. For equity positions, only a country breakdown is required while for corporate credit spreads a country and credit quality step breakdown should be reported. The credit quality steps are the ones defined in the External Credit Assessment Institution (ECAIs) of the Commission Implementing Regulation (EU) 2016/1799. For each risk

factor category, the column ‘other’ should contain the sensitivity of those risk factors that are not provided in the market risk scenario.

82. CA banks should also report gamma and vega for some aggregate risk factors (equity and interest rates) from column 487 to 494. Assuming that for a certain risk factor the impact of a shock of 100 bps is equal to 50 mln EUR, then gamma should be reported in the CSV_MR_FULL_REVAL template, from column 487 to 494, according to the following equation: $50 = 100^2 * \text{Gamma} / 2 \rightarrow \text{Gamma} = 2 * (50 / 100^2)$.

83. As described in section 3.3.2 of the Methodological note banks should follow the approach described in Box 13 when determining and shocking risk factors. This includes taking into account key basis risks which may have been underestimated by following the approach in Box 13, e.g. due to (i) mapping of several risk factors to same EBA shock (many-to-one); (ii) risk factors resulting in very similar statistical relationships to key drivers during statistical expansion, (iii) interpolation and extrapolation methods which may have lead to overly similar risk factors. Further, basis risk between relevant risk factors, that are not provided in the market risk scenario, should be also captured when performing the calibration of those risk factors.

84. The overall impact of the adverse scenario on P&L and OCI is sourced from the CSV_MR_FULL_REVAL template by the CSV_MR_SUM template.

85. Banks should also report sensitivities in from row 28 in the CSV_MR_FULL_REVAL template. In this regard, a bucketing approach as defined in section 3.3.4 should be followed. The bucketing is used to report the sensitivities of a portfolio associated to many curve tenors into a simplified portfolio with a reduced number of sensitivities corresponding to the tenors reported in the template. The box below provides instructions to banks for the bucketing approach with an example application.

Box 1: The bucketing approach

In the following example, we show how to apply the bucketing approach to report the first order sensitivity at a 7-year tenor in the CSV_MR_FULL_REVAL template. We assume that the template contains only the 5y and the 10y tenors. The characteristics of the sensitivities are reported in the table below:

	5y	7y	10y
Reported sensitivity	24 000	65 000	62 300
Shock (bps)	59	64	67

The reported sensitivity at the 7y tenor should then be split in the two adjacent tenors by computing shock-based weights as explained below:

$$5y \text{ weight} = (67 - 64) / (67 - 59)$$

$$10y \text{ weight} = (64 - 59) / (67 - 59)$$

	5y	7y	10y
Reported sensitivities after bucketing	48 375		102 925

The total impact computed from the tenors' sensitivities after bucketing is consistent with the impact before bucketing :

	5y	7y	10y	Total
Impact without bucketing	142	416	417	975
Impact with bucketing	285		690	975

2.3.3 CSV_MR_RESERVE

86. This template contains the inputs and results for the revaluation of the CVA, market risk and liquidity and model uncertainty reserves. In this template banks are requested to provide the actual market risk reserves as of 31/12/2019 as defined in section 3.4 of the Methodological Note. Furthermore, banks are requested to provide the stressed reserves in 2020.

2.3.3.1 CSV reserves

87. Regarding CVA reserves, the template rows show combinations of counterparty type and credit quality range (IG/Sub-IG). Specific definitions to be highlighted for the use of this template comprise:

- The abbreviation IG used in the break-down of the CVA reserves stands for investment grade;
- The abbreviation Sub-IG used in the break-down of the CVA reserves stands for sub / non-investment grade;
- As defined in section 3.4.1 of the Methodological Note, banks can be asked by the competent authority to provide the information in the columns marked as optional data. Furthermore, the P&L impact of CVA hedges should be provided by banks in this template only as a memorandum item, while any impact out of this should be reported following its accounting requirements in the respective positions in the template CSV_MR_FULL_REVAL.

88.Regarding the columns of the CVA reserves template the definitions reported in Table 9 of the Methodological Note apply.

2.3.3.2 Liquidity and model uncertainty reserves

89.For liquidity and model uncertainty reserves, combinations between accounting position types and IFRS 13 level balance sheet position are reported. The definition of level 1, level 2 and level 3 instruments is specified in section 3.2.1 of the methodological note. Regarding cleared level 2 instruments, the definition reported in section 3.4.2 of the methodological note applies.

90.Memorandum items refer only to accounting reserves. In particular, day-one profit and loss related reserves are defined in section 2.3.4 of this document.

91.The columns show reserve amounts for the starting point and the first year of the adverse scenario split between accounting and AVA reserves. In line with section 3.4.2 of the methodology, accounting reserves should concern liquidity and model risk while for AVA reserves only the adjustments related to market price uncertainty, close out cost and model risk should be reported.

92.The impact (difference between the starting point and the adverse scenario reserve) is computed directly in the template. Banks will have to apply section 3.4.1 of the methodology to report the stressed reserves (see Box 15 of the Methodology). Some examples on how to compute the stressed reserves depending on the availability of the bid-ask spread are reported in the box below.

Box 2: Application of the liquidity and model uncertainty methodology

Deriving the bid-ask spread at instrument level

For instruments for which no quoted price is available, or that are ‘marked to model’, the price b/a spread should be obtained by multiplying half of the bid-ask of the risk factor by the sensitivities of the risk factor at the starting point.

Example 1: Application at instrument level

- Instrument sensitive to Interest Rate (where the sensitivity = modified duration = 5):

$$Price_{bid_ask} = \frac{Yield_{bid} - Yield_{ask}}{2} * sensitivity = \frac{(1.20\% - 1.18\%)}{2} * 5 = 0.05\%$$

- Instrument sensitive to Credit spread (where the sensitivity = modified duration = 5):

$$Price_{bid_ask} = \frac{Spread_{bid} - Spread_{ask}}{2} * sensitivity = \frac{(1.05\% - 1.02\%)}{2} * 5 \\ = 0.075\%$$

- Instrument sensitive to Equity volatility ((where the sensitivity = Vega = 100.000 €)

$$Price_{bid_ask} = \frac{Vol_{bid} - Vol_{ask}}{2} * sensitivity = \frac{(15\% - 14.5\%)}{2} * 100000 \text{ €} = 250\text{€}$$

Deriving the stressed impact

When translating stressed b/a spreads to stressed reserves, the following guidance should be taken into account:

- The stressed price bid-ask should be obtained by multiplying the price bid-ask by the sum of shocks (liquidity and model uncertainty if applicable) provided in the scenario as described in box 15 of the methodological note (section 3.4.2)
- The total impact on reserves for a single instrument should be obtained by multiplying the stressed b/a spread by the Notional value (for bonds, exchange traded derivatives, IR and FX swaps) or by the fair value for equities.

Example 2

Taking into account the stressed bid-ask spread computed in Example 1, assuming a notional value of €1 mln for all instruments and that a quotation of 100% is equivalent to par, a liquidity shock of 230%, a L2 shock of 180% and an L3 shock of 220%:

- The total impact on reserves for a L1 instrument such as a sovereign bond with a stressed bid-ask spread equal to 0.05%, will be = 0.05% (230%)*1,000,000€ = 1,150€;
- The impact on reserves for an L2 instrument, such as a corporate bond sensitive to interest rate (IR) and credit spread risk will be the sum of the two components:
 - Interest rate component: 0.05% * (230%+180%) * 1,000,000€ = 2,050€;
 - Credit spread component: 0.075% * (230%+180%) * 1,000,000€ = 3,075€.
 - The total impact on reserves for the L2 corporate bond would be the sum of IR and credit: 5,125€;
- For an L3 instrument, such as a credit linked bond sensitive to IR and credit:
 - Interest rate component: 0.05% * (230%+220%) * 1,000,000€ = 2,250€;
 - Credit spread component: 0.075% * (230%+220%) * 1,000,000€ = 3,375€
 - The total impact on reserves for the L3 credit linked bond would be the sum of IR and credit: 5,625€.

Portfolio level application

When applying the methodology at portfolio level (portfolio exemption) banks should derive the stressed bid-ask spread by multiplying half of the risk factor bid-ask spread times the shocks given by the scenario. The impact on reserves is obtained by multiplying the stressed bid-ask spread by the sensitivities of the risk factor at the starting point and by the fair value of the exposure. In the case of portfolio level application, the sensitivities should be considered in terms of amounts

(i.e. in case of IR, the amount of Euro coming from a 1 bps change in the yield and not the duration).

Example 3

L2 portfolio sensitive to IR and credit spread: assuming a sensitivity equal to 500€ for both interest rate and credit spread, a nominal value of 1mln, and stressed bid-ask spreads for interest rate and credit spread derived in Example 1, the impact on reserves for the portfolio will be the sum of:

- Interest rate risk factor: $\frac{(1.2\% - 1.18\%)}{2} * (230\% + 180\%) * \left(5 * \frac{1.000.000}{10.000}\right) = 2,050\text{€}$
- Credit spread risk factor: $\frac{(1.05\% - 1.03\%)}{2} * (230\% + 180\%) * \left(5 * \frac{1.000.000}{10.000}\right) = 3,075\text{€}$

The total impact on reserves for the L2 portfolio is the sum of IR and Credit spread: 5,125€

• For an L3 portfolio or instrument sensitive to IR, credit spread and correlation, the stress is:

- Interest rate: $\frac{(1.2\% - 1.18\%)}{2} * (230\% + 220\%) * \left(5 * \frac{1.000.000}{10.000}\right) = 2,250\text{€}$
- Credit spread: $\frac{(1.05\% - 1.03\%)}{2} * (230\% + 220\%) * \left(5 * \frac{1.000.000}{10.000}\right) = 3,375\text{€}$
- Correlation: $\frac{(50\% - 51\%)}{2} * (230\% + 220\%) * \left(0.01 * \frac{1.000.000}{10.0}\right) = 225\text{€}$

The impact on reserves for the L3 portfolio is the sum of IR, credit spread and correlation: 5,850€

93. The overall impact of the adverse scenario on reserves is sourced from the CSV_MR_RESERVE template by the CSV_MR_SUM template.

2.3.4 CSV_MR_PROJ

94. This template contains a first table for the projections of net trading income and client revenues related to items held with a trading intent and their related economic hedges. In this template, banks are requested to provide historical annual NTI without the net interest income components as defined in section 3.2.1 of the Methodological Note, for the period 2015-2019. In addition banks are required to provide the annual client revenue projections for the period 2020-2022.

95. Moreover, as described under section 3.5.2 of the Methodological Note, CA banks should provide in the second table, the historical breakdown of NTI (as defined in FINREP) on a quarterly basis from 2015 to 2019, broken down by: (i) Client revenues, (ii) P&L due to price movements, (iii) NII component removed from NTI, (iv) Other net trading income. In addition, CA banks should provide on a yearly basis the following memo items: the part of NTI coming from day-one profit or loss and the amount of day-one reserve over the year based on the definitions as below.

- (i) Day-one profit or loss: the fair value impact of new financial instruments that at the end-of-day (due to market fluctuations, passage of time and other factors) have a fair value price that differs from the transaction price;
- (ii) Day-one reserve: sum of the amounts that are reserved for day-one profits that cannot be directly recognized in P&L. This is because the fair value estimation at the end-of-day of new financial instruments (mainly L3) is too uncertain, due for instance to the use of unobservable inputs.

Box 3: Examples on client revenues

According to on the definition reported in section 3.2.1 of the methodological note, client revenues should include only items (among the three specified categories) held with a trading intent.

This box provides some examples on possible items that should be considered as part of client revenues based on the definition reported in section 3.2.1 of the methodological note.

- (i) Examples for retained portion of or a mark-up on the bid-ask spread, generated from market making or trading activities on behalf of external clients:
 - a. Component of the difference between the wholesale transaction price and the client transaction price for an interest rate swap traded between a bank and a pension fund.
 - b. Bond price mark-up on the bid-ask spread; buying a Corporate Bond from a market participant to sell it to another client above the wholesale price.



- (ii) Examples for prime services revenues:
 - a. Mark-up on an equity short transaction between the bank and a hedge fund client
 - b. Revenues from execution and custody services
 - c. Revenues from margin financing
 - d. Revenues from securities lending

96. Client revenues as defined in the methodological note are related only to items held with a trading intent, therefore it shall not include “fee and commission income” which, according to FINREP Annex 5 (section 21.1 paragraph 281), excludes items measured at fair value through profit or loss.

2.3.5 CSV_MR_CCR

97. This template contains information on the bank’s 10 largest counterparties, and the two most vulnerable counterparties selected from the 10 largest, as well as the calculation logic for stressed CCR provisions. In this template banks are requested to provide the current exposure (market value) of CCR exposures, current exposure (market value) of CCR exposures net of collateral and other eligible credit risk mitigation, CVA impact on P&L, and external and internal PDs (numerical values between 0 and 1), as well as stressed current exposure and stressed LGDs. In addition, the jump-to-default exposures are reported. According to section 3.7 of the Methodological Note, banks are required to report this data for their 10 largest counterparties.

98. The rows show the 1st and 2nd most vulnerable counterparties, as well as the 10 largest counterparties. The columns show information on actual counterparty as of end of year 2019 (i.e. name, CCR exposure, PD, CVA impact) and the projected effects in the adverse scenario for 2020.

99. The overall impact of the adverse scenario on counterparty credit risk losses is calculated by the CSV_MR_CCR template and linked via formula from this template to the CSV_MR_SUM template.

2.3.6 CSV_MR_REA

100. This template contains actual year-end 2019 market risk REA components as well as the calculation logic for stressed projections. In this template banks are requested to provide the starting values for market risk REA as of 31/12/2019 (i.e. VaR, sVaR, APS and CVA (both before and after the floor)).

101. The rows show the STA risk exposure amount, the different components of VaR, sVaR, APR, and IRC and CVA before and after floor. The columns show the year and the scenario.

102. While in general the definitions of the Methodological Note apply, specific definitions under section 3.7 of the Methodological Note to be highlighted for the use of this template comprise:

- Banks modelling IRC should provide the stressed IRCs before floor application in this template;
- Banks that are subject to a credit risk capital charge for CVA should provide the stressed CVAs before floor application in this template.

103. The respective values after CVA / IRC floor are calculated by the CSV_MR_REA template and then linked via formula from this template to the CSV_REA_SUM template.

2.4 NII

2.4.1 CSV_NII_SUM

104. The sheet is composed of 5 tables:

- **Summary table** where banks are required to report historical NII figures (interest income and interest expenses). In the template banks are requested to provide the historical interest income (including the breakdown of interest income corresponding to net non-performing exposures), interest expenses and volumes of performing and non-performing exposures for the period 2017-2019, as well as the total provisions for non-performing exposures as of 31/12/2019.
- **Parameters for EIR projections table** where banks are requested to provide the delta idiosyncratic component (bp), their rating as of end-2019, and whether they are a domestic bank.
- **Material country/currency table** where banks are required to provide the applicable delta sovereign spread projections on a country/currency basis for the stress horizon.
- **Two tables for the reconciliation of positions that are linked between credit risk and NII** (separately for baseline and adverse) containing a reconciliation of the figures on non-performing exposures and associated provisions between the credit risk and NII templates (i.e. CSV_CR_SCEN and CSV_NII_CALC tables). These tables are populated automatically.

105. With regards to the summary template, the interest income (historical) refers to the FINREP data (FINREP 02.00 row 010), while interest income (adjusted) refers to any adjustment banks are required report to fully reflect the impact of net NPE (such as discount unwinding) in case of special local treatment of accounting principles. In any case, banks must fill both cells, this means that the interest income (adjusted) will be equal to interest income (historical) when no adjustments is requested. This will ensure a correct computation of caps. Banks shall also report the marginal contribution of derivatives exposures (split between income and expenses) and the relative interest income and expenses.

106. For the projections, the CSV_NII_SUM template summarises the data on interest income, (including the breakdown of interest income corresponding to net non-performing exposures), interest expenses, which it sources from CSV_NII_CALC, (net) interest rate (income minus expenses) on both performing and non-performing exposures, and net interest income before and after the applicable methodological constraints. The projections on interest income,

interest expenses and net interest income (after the applicable methodological constraints) according to both scenarios are then linked via formula to the CSV_P&L template.

107. Regarding white cells where banks' input is required, e.g. historical values, the sign convention follows the one applied for the projections. This implies in particular that historical expenses are to be reported with a positive sign.

108. The table contains also the methodological constraints that are automatically applied in the CSV_NII_SUM template and that include:

- The cap on the EIR applicable to non-performing exposures compared to the starting point under the adverse scenario;
- The absolute cap on NII projections under the adverse scenario, according to which assumptions cannot lead (at group level) to an increase of the bank's NII compared with the 2019 value under the adverse scenario;
- The absolute cap on NII projections before considering the impact of the increase of provisions for non-performing exposures on interest income compared to the starting point, under the adverse scenario.

109. While with regards to parameters for EIR projections within NII_CALC in general the definitions of the Methodological Note apply, specific definitions to be highlighted for the use of this template comprise:

- The delta idiosyncratic component (bp) requested in this template is referring to the Δ idiosyncratic component under the adverse scenario in section 4.4.2.a of the Methodological Note;
- The delta sovereign spread requested in this template is referring to the Δ Sov Spread (t) in section 4.4.2.b of the Methodological Note i.e. is the difference between the yield-to-maturity of the 10-year sovereign debt security and the 10-year swap rate for the same currency based on the respective country reported, between t and t₀. Hence, for the country/currency pair UK/EUR, the bank shall compute Δ Sov Spread (t) as the change in the difference between the yield to maturity of the 10-year UK sovereign debt security and the 10-year EUR swap rate, between t and t₀. For the country/currency pair UK/USD, the bank shall compute Δ Sov Spread (t) as the change in the difference between the yield to maturity of the 10-year UK sovereign debt security and the 10-year USD swap rate, between t and t₀.

110. In order to fill the other three tables, banks must report country/currency breakdown in the Input sheet. Tables will be automatically updated.

2.4.2 CSV_NII_CALC

111. The sheet is composed of three main sections:
- Fixed rate portfolio;
 - Floating rate portfolio;
 - Calculation.
112. Fixed rate portfolios and floating rate portfolios contain the following sub sections:
- Starting point data where banks are required to report the following data: average and end of the year data (for both performing and non-performing exposures), interest income and expenses, the maturity schedule at the cut-off date.
 - Projections (separately for baseline and adverse scenario) where banks are required to report the EIR split between existing, maturing and new for both margin and reference rate, and the EIR on non-performing exposures (volumes and provisions are automatically updated).
113. The average volume is the sum of the time-weighted notional of instruments that were on the balance sheet during the year. The time-weighted notional of instruments is defined as the notional of the instrument times the fraction of the year the instrument was on the balance sheet.
114. The average EIR is the interest income/expense earned over the year divided by the notional of the average volume of the year.
115. The end of the year volume is the volume of an instrument being on the balance sheet at the end of 2019.
116. The end of the year EIR is the (notional-weighted average) end of the year EIR (coupon) of the instruments being on the balance sheet at the end of 2019.
117. Margin and reference rate are split according to the methodological note and reported accordingly. Margin and reference rate are volume weighted. For non-performing exposures no split between margin and reference should be done and banks must directly report the volume-weighted EIR.
118. Interest income and expenses refer to the marginal contribution of each asset and liability type at country/currency level. The sum of interest income and expense is expected to approximately add up to the interest income/expense over the year.

119. The calculation section contains the following sub-sections:

- APM provided directly according to Methodological Note;
- Total interest earned / paid on the total portfolio (separately for margin and reference);
- Adjustment to interest income to account the migration of performing exposures into non-performing exposures;
- Interest income on non-performing exposures to account for the income generated these also considering the migrations from performing to non-performing status during the scenario horizon;
- Total interest earned / paid as the sum of: total interest earned / paid, adjustment to interest income and interest Income non-performing.

120. The rows show combinations of asset / liability type split between country/currency breakdown and sum/sum (that banks do not need to fill since it will be automatically updated taking into account the country/currency breakdown). While in general the definitions of the Methodological Note apply, specific definitions to be highlighted for the use of this template comprise:

- The asset and liability country/currency breakdown referred to in this template are covered under section 4.3.6.e of the Methodological Note as well as Box 22 of the Methodological Note;
- Derivatives refer to section 4.3.6.b of the Methodological Note
- Deposits are covered by section 4.3.6.c of the Methodological Note.

121. For the reporting of sight deposits, banks should report and project the split between margin and reference rate in line with the Methodological Note as illustrated in the following examples:

- *Regulated household sight deposits*: assuming an EIR of 40 bps for all adverse periods as the outcome of the regulatory formula, a margin increase of 5 bps, a risk-free rate of -30, 0, 20 and 50 bps for years 2019 to 2022, the margin, reference rate and EIR are reported as follows:

	2019	2020	2021	2022
Scenario	-30	0	20	50
Margin	0	5	5	5
Reference	40	40	40	50
EIR	40	45	45	55

- *Legal floor (household) sight deposits*: assuming a starting point EIR of 11 bps, a legal floor of 10bps, a margin increase of 5 bps, a risk-free rate of -30, 0, 20 and 50 bps for years 2019 to 2022, the margin, reference rate and EIR are reported as follows:

	2019	2020	2021	2022
Scenario	-30	0	20	50
Margin	1	6	6	6
Reference	10	10	20	50
EIR	11	16	26	56

- *Other household sight deposits*: assuming a starting point EIR of 1 bps, a margin increase of 5 bps, a risk-free scenario of -30, 0, 20 and 50 bps for years 2019 to 2022, the margin, reference rate and EIR are reported as follows:

	2019	2020	2021	2022
Scenario	-30	0	20	50
Margin	1	6	6	6
Reference	0	0	20	50
EIR	1	6	26	56

- For all sight deposits other than households, the reference rate should move in a one-to-one relation with the risk free rate. Assuming an EIR of 0bps at the starting point, a margin increase of 5 bps, a risk-free rate of -30, 0, 20 and 50 bps for years 2019 to 2022, the margin, reference rate and EIR are reported as follows:

	2019	2020	2021	2022
Scenario	-30	0	20	50
Margin	30	35	35	35
Reference	-30	0	20	50
EIR	0	35	55	85

122. The CSV_NII_CALC template calculates the interest income and interest expenses projections based on the detailed input parameters populated by the banks. These projections are then linked via formulas from this template to the CSV_NII_SUM template.

2.5 Conduct risk and other operational risks

2.5.1 CSV_OR_GEN

123. This template summarises and processes actual and projected conduct and other operational risk losses. In the template, all banks are requested to provide information on historical and projected conduct risk losses and other operational risk losses (both number of loss events and total loss amounts). Banks that model their operational risk capital requirements using AMA or standardised approach should report this data by loss-size buckets as explained in section 5.3.2 of the Methodological Note. In addition, all banks should provide data on historical material and non-material conduct risk losses and total loss recoveries both for conduct and other operational risk. While template CSV_OR_GEN summarises all the conduct and

operational risk losses, template CSV_OR_CON contains additional details on material conduct risk losses. Banks using AMA¹⁰ should project their operational REA under AMA business lines while for other banks REA is held constant and linked to the starting value.

124. The rows cover (in different granularity) losses / number of loss events for conduct risk, other operational risk and historical material conduct risk events, as well as gross loss and total loss recovery. The columns require a breakdown of this data according to the different scenarios and years.

125. While in general the definitions of the Methodological Note apply, specific definitions and rules covered in section 5.3.1 of the Methodological Note to be highlighted for the use of this template comprise:

- Relevant indicator (mIn EUR) (as defined Article 316 of the CRR) should be provided by all banks. It will be used as an indicator for the fall back solution. The field highest threshold applied internally for data collection (EUR) has to be filled in EUR (i.e. not in mIn EUR);
- Unless a bank is unable to report relevant historical losses for conduct risk and other operational risks, or it has been explicitly requested by the competent authorities (as explained in 5.4.3. of the Methodological Note), the drop-down menus for the ‘Fall-back solution’ should be set to ‘N’.

126. Projected losses arising from historical and new material conduct risk losses are automatically sourced from template CSV_OR_CON if the qualitative approach is applicable according to section 5.4.1 of the Methodological Note. The template, furthermore, applies the floors for the projected stressed conduct risk losses, other operational risk losses and total operational risk exposure amounts for the baseline and adverse scenario. The floor for projections linked to material conduct risk events is used only for quality assurance purposes for the adverse scenario. The total amount of gross losses is linked via formula from this template to the CSV_P&L template, while total REA are linked via formula from this template to the CSV_REA_SUM template.

2.5.2 CSV_OR_CON

127. This template contains information on historical and new material conduct risk losses. For historical material conduct risk events the template includes historical data on losses and provisions and projections of losses for the 3-year horizon, while for the new material conduct risk events it includes only projections of losses for the 3-year horizon. In line with section 5.4.1 of the Methodological Note, banks are requested to provide information on the top 25 historical (2015-2019) and new material conduct risk losses (if any) for the projection of the P&L impact

¹⁰ As the operational risk capital requirements for banks using basic and standard approach are assumed to stay constant during the stress horizon according to section 5.5.2 of the 2020 EU-Wide Stress Test Methodological Note.

of the historical and new material conduct risk events. In addition, banks should provide the stock of provisions for those events in 2014 and 2019, and aggregate losses (not by individual loss event) linked to historical and new material conduct risk events that were not among the 25 most material conduct losses in each category (new and historical). Losses should be mapped to SREP conduct risk subcategories as well as operational risk event type (both drop-down menus). Furthermore, material conduct risk losses not included in the top 25 material conduct risk losses should be reported including the breakdown by operational risk event type. Banks should provide a short, identifiable and unique name for each reported material conduct risk event (up to 40 characters). Losses and increases of provision are reported in the template as positive numbers, while provision releases as negative numbers.

128. The rows show the top 25 historical/new material conduct risk events. The columns of the template break those numbers down by type of loss event, stock of provisions and historical observed losses and loss projections.
129. Aggregate projected losses arising from historical and new material conduct risk losses of individually / not individually reported loss events are sourced from template CSV_OR_CON by the CSV_OR_GEN template.
130. Banks applying the quantitative approach shall not populate the material conduct risk template (CSV_OR_CON).

2.6 Non-interest income, expenses and capital

2.6.1 CSV_REA_SUM

131. This template shows total risk exposure amounts across all risk types. It contains both 2019 figures and projected stressed figures under the baseline and adverse scenario. While most of the data in this template is sourced from other templates, banks have to populate the risk exposure amount for contributions to a default fund of a CCP as of 2019 and other risk exposure amounts. Furthermore, as a memorandum item, DTAs subject to a 250% risk weight should be reported in this template following the treatment example in Table 5 of this guidance.
132. The rows show the breakdown of REA for credit risk, market risk, operational risk and other risks. The columns include the breakdown of this data for end of year 2019, and for projected end of year figures both for the baseline and for the adverse scenario.
133. Most data is automatically sourced from other templates: credit risk REA from CSV_CR_REA_STA, CSV_CR_REA_IRB, CSV_CR_SEC_SUM; market risk REA from CSV_MR_REA, and operational risk from REA CSV_OR_GEN. The data reported in this template is then extracted by the TRA_REA template.

2.6.2 CSV_NFCI_DIV

134. This template contains information and the stress test calculation logic for dividend income and net fee and commission income. In this template banks are requested to provide 'fee and commission income' and 'fee and commission expenses' broken down to the first level of granularity in FINREP template 22.1. Furthermore, dividend income and the 'share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method' should be provided.
135. The rows show the breakdown of the P&L items in scope. The columns require the breakdown by year, scenario applied and for the adverse scenario the differentiation if modelled figures are provided.
136. Banks are required to use their own methodologies for projecting these income items for the baseline scenario. For the adverse scenario, as prescribed in the methodology note, banks can decide to use their internal models to model their projections: in this way, they would be subject to approach (i), which prescribes a minimum reduction based on their 2019 value; alternatively, banks can decide not to model their projections and be subject to an automatic more severe reduction (approach (ii)).
137. While all banks are expected to fill the columns relative to the baseline scenario, only banks that decide to model their projections are required to fill in the respective lines of the P&L item provided for the adverse scenario. In this way, they will be subject to approach (i) 'minimum reduction', while banks that leave the relative cells blank will be automatically subject to the formula for approach (ii) 'more severe reduction'. Columns with references to FINREP templates and general comments are also provided.
138. The floors and caps for the calculation of the stressed projected values as well as the calculation logic for approach (i) and approach (ii) as covered in section 6.4.1 of the Methodological Note have been implemented in this template.
139. Banks are required to follow the guidance provided in Box 34 of the Methodological Note regardless of the impact that the use of own models would entail (i.e. even if the impact of own models is higher than applying the simplified approach). Banks can in any case decide not to model their projections and be subject to the simplified approach (as outlined in option (ii) of Box 34 of the Methodological Note).
140. In line with the methodology, in case of a negative starting point value for any of the income items in this template, the approaches above are modified as follows for the adverse scenario:
- Approach (i): if a bank decides to project its (negative) income, the starting point value in 2019 is used as a cap, which means that the (negative) income cannot be higher than the 2019 value;

- Approach (ii): if a bank decides not to project its (negative) income, no impact is assumed in the projection, which means that the projections will be equal to the value at end-2019 for each year of the scenario.

141. The projected figures after the application of the caps are aggregated in the top of the template and linked via formula to the CSV_P&L template.

2.6.3 CSV_ONEOFF

142. This template contains information on one-off events. Such events are defined in the methodological note as exceptional occurrences that produce an extraordinary cost during the year prior to the launch of the exercise. As long as the full compliance with the methodology is ensured, banks are allowed to “remove” this exceptional cost from the starting point for the P&L expenses listed in the section, and in this way increasing the relative floor through a “one-off adjustment”.

143. Banks may submit up to 5 one-off adjustments (for up to 5 P&L items) which from their view should be applied to the constraints on section 6.4.2 of the Methodological Note. These shall include information on the event as well as historical and projected pre-tax P&L effects out of those adjustments for the P&L items in scope only.

144. Both the P&L item affected and the category of the event shall be selected from a drop-down list provided in the template. No P&L items out of the provided lists (i.e. out of the scope of one-off adjustments) will be allowed by the formulas. Free-text cells are included for the name and short description of the event. If a bank decides to submit one or more one-off adjustments, it is required to fill all the white cells relative to the row of the submitted event.

145. After the descriptive cells, banks submitting one or more one-off adjustments are required to provide the pre-tax projected impact of the event on P&L items affected. If the extraordinary event is believed to increase the eligible P&L expense in 2019, the sign of the pre-tax impact of the event included in the 2019 P&L should be negative. This should in turn produce a positive projected pre-tax impact to account for the lower base of the cost item in the three years of the scenarios.

146. According to section 6.4.2 of the Methodological Note, the formula implemented in columns Q and R will calculate the total impact of the event (i.e. the sum of the projections divided by the 2019 REAs). The total impact in mIn EUR is automatically calculated from the bps impact in columns from S to X of the template.

147. The total impact for each P&L item is then automatically provided in rows 17 to 20 of the template and then linked to the line of the CSV_P&L template immediately below the relative P&L item affected. For this reason, both the impact on the starting point and on the projected figures shall be related to the P&L item selected in the relative cell under column E of the CSV_ONEOFF template. No other impact from other P&L items than the one selected shall be included.

148. During the quality assurance phase, events with a total impact of less than 5 bps will be rejected.
149. For one-off events affecting more than one eligible P&L line item, banks are required to report the P&L impacts in separate lines of the CSV_ONEOFF template, one for each eligible P&L item affected. This means that, in the case of one-off events with impact on more than one eligible P&L items, the sum (net) of the impacts on the different P&L items for the same event should exceed the 5 bps threshold. In such cases, the institution should report the P&L impacts in separate lines of the CSV_ONEOFF template, one for each eligible P&L item affected. The limit of five maximum P&L items in total and for all the one-offs holds.
150. The methodological approach for the projection of the impact is enforced by a number of checks in the formula: if the projections provided by filling the 'Pre-tax projected impact of event on P&L items affected' are less conservative than the starting point impact, the formula will implement a cap / floor to ensure a projection in line with the approach.
151. The CSV_P&L items 'impact of one-off adjustments' are memorandum items, which means that the relevant P&L items shall be reported in the CSV_P&L template net of any potential one-off adjustments submitted and accepted.
152. While in general the definitions of the Methodological Note apply, specific definitions to be highlighted for the use of this template comprise:
- 'P&L item affected' in column E refers to the items in scope for which the P&L template includes an adjustment in the projections;
 - '(+/-) Total impact recognized (bps)' in columns Q and R refers to the cumulative projected impact in bps under baseline and adverse scenario;
 - '(+/-) Impact recognized in CSV_P&L (mln EUR)' refers to the projected impact in mln EUR amount;
 - The reference date of the one-off event has to be in the year 2019; the Total Risk Exposure Amount is linked with the one provided under the item B in the CSV_CAP template for the year 2019. The specific row of the CSV_CAP template needs to be filled in order to obtain the impact of the one-off events submitted.

2.6.4 CSV_CAP

153. This template shows the impact of the stress test on own funds and contains the calculation logic of the stressed capital ratios. The template columns include the 2019 and projected stressed capital components according to transitional adjustments and as fully loaded. Furthermore, for the purposes of the calculation of IFRS 9 transitional arrangements according to Article 473a of the CRR, the first column (L) of the template includes the first implementation impact of IFRS 9 on capital, being subject to transitional arrangements.

154. Rows show instead the different components of own funds and the figures needed for the capital ratio calculations. The columns show the scenario and year as well as references to the respective positions in COREP and articles in the CRR.

155. Wherever possible, field definitions follow the logic laid down in COREP. In this case, COREP references (and even the computation logic) can be found in the column 'COREP CODE / COMPUTATION'. Moreover, references to the CRR can be found in the column 'Regulation'.

156. Banks making use of IFRS 9 transitional arrangements will have to follow some detailed steps and be subject to the following definitions:

- As a first step, all banks are required to fill in the selection at the top of the template to specify whether they are making use of transitional arrangements. Banks doing so are assumed to have followed paragraph 9 of Article 473a of the CRR and have informed the competent authority of their decision. The selection also allows the banks making use of this discretionary approach to state whether they decided not to apply paragraph 4 of Article 473a of the CRR (and hence according to paragraph 9 of the same Article set the item in cell A.1.22.1.2 equal to 0). The calculation of the transitional arrangements will be blocked for those banks reporting a 'No' answer or not selecting any option;¹¹
- The negative item 'Amount subject to transitional arrangements' is defined as the sum of the two types of increases in ECL accounted during the transitional period (as described in the next paragraphs), net of taxes and subject to the prescribed factors. The cells relative to the amounts to be transitioned shall be filled by the banks and are not sourced from any other template;
- The positive item 'Increase in IFRS 9 ECL provisions net of EL as of 01/01/2018 compared to related IAS 39 figures as at 31/12/17' is included to only take into account the increase in IFRS 9 ECL provisions coming from the IFRS 9 introduction in 01/01/2018, which are subject to transitional arrangements. This captures the static leg of the amount subject to the transitional arrangements, which is reported gross of taxes and stays constant from the first IFRS 9 implementation (as of 01/01/2018) throughout the years of the scenario. The corresponding item as defined in paragraph 1(a) and (b) of Article 473a of the CRR would be the sum of $A_{2,SA} + A_{2,IRB}$;
- The positive item 'Increase in non-credit-impaired IFRS 9 ECL provisions net of EL compared to related IFRS 9 figures as at 01/01/2018' captures the dynamic leg of the amount subject to transitional provisions, which is reported gross of taxes in a cumulative way during the years of the scenario. The corresponding item as defined in paragraph 1(a) and (b) of Article 473a of the CRR would be the sum of $A_{4,SA} + A_{4,IRB}$;

¹¹ This also means that all banks reporting a 'No' answer or not selecting any option are requested not to report any value under A.1.22.2 and A.1.22.3 and all other items relative to IFRS 9 transitional arrangements.

- The last component of the amount to be transitioned is the positive item ‘Increase of CET1 capital due to the tax deductibility of the amounts above’, which captures the tax effect of the items above. This one is deducted in the calculation of the net amount to be transitioned. The corresponding item as defined in paragraph 1(a) and (b) of Article 473a of the CRR would be t ;
- The positive item ‘Adjustments due to IFRS 9 transitional arrangements’ in CET1 is calculated as the sum of two components: the first applies the prescribed factors to the increase in ECL provisions singled out above (‘From the increased IFRS 9 ECL provisions net of EL’); the second takes into account the positive offsetting effect that the transitional amounts included in CET1 have on the DTAs deducted because of increased ECL provisions (‘From the amount of DTAs that is deducted from CET1 capital’ – see paragraph 7(a) of Article 473a of the CRR). While the former directly applies the factors to the increase in provisions above, the latter is included as an input cell;
- IFRS 9 transitional arrangements effects on additional own funds are also foreseen for the items ‘AT1 instruments’ and ‘Tier 2 capital instruments’, along with ‘Total risk exposure amounts’ by following the disclosure approach in COREP v. 2.7.

157. For the purpose of showing fully loaded capital ratios, an approximate calculation of fully loaded capital ratios is implemented in the template. All CET1 transitional adjustments (including adjustments due to IFRS 9 transitional arrangements according to paragraph 8 of Article 473a of the CRR) are excluded from the calculation of the fully loaded Common Equity Tier 1 Capital ratio.

158. Excess deductions should be reported according to COREP under item A.1.14 to allow a correct calculation of the Transitional CET1.

159. Most capital instruments and deductions to the own funds figures, along with deferred tax assets (DTAs) and defined benefit pension plan assets or IFRS 9 impact on capital (and relative transitional arrangements) should be filled in by the banks and treated as described in the respective sections of the Methodological Note.¹²

160. As seen in the previous sections of this Guidance, some of the items of the CSV_CAP template are automatically sourced from other templates. These include the change in retained earnings sourced from CSV_P&L (‘Attributable to owners of the parent net of estimated dividends’), the IRB shortfall from CSV_CR_REA_IRB, accumulated other comprehensive income arising from full revaluation, cash flow hedge and liquidity reserves from CSV_MR_SUM and the total REA from CSV_REA_SUM.

¹² The projected impact of the stress scenario on OCI and pension assets, however, should be reported by all banks as a memorandum item on the market risk summary template (CSV_MR_SUM)

161. Some of the items in the CSV_CAP template are to be kept constant in the projections according to the Methodological Note. This will also be the case for leverage ratio exposures, which are reported in the template net of credit risk adjustments.

162. The information on own funds and capital ratios is linked via formula from this template to the TRA_CAP template.

Memorandum items

163. The last rows of the CSV_CAP template include memorandum items that inform on various matters of the bank's capital situation. These items include information on the (I) stock of DTAs and DTLs held by the bank, (II) details on the Defined Benefit Pension Schemes and (III) information on the bank's capital requirements (including individual thresholds on both a CET1 and a Total Capital perspective).

- Stocks of gross DTAs and DTLs are reported as memo items. Formulas in the template are implemented to ensure that the amount of DTAs that do not rely on future profitability and the amount of non-deductible DTLs are kept constant at the starting point. The total amount of DTLs shall also be kept constant, with changes allowed only for the allocation with the associated DTAs. A split for DTAs that rely on future profitability created before or after 1st January 2014 is included to account for the treatment of Article 478(2) of CRR related to transitional adjustments. As a general rule, the deduction in item A.1.9 '(-) DTAs that rely on future profitability and do not arise from temporary differences net of associated DTLs' should be equal (with opposite sign) to item J 'Deferred tax assets that rely on future profitability and do not arise from temporary differences' net of item L.2.1 'Of which: Deductible deferred tax liabilities associated with deferred tax assets that rely on future profitability and do not arise from temporary differences'.¹³ In item J.3 'Memo item: amount of loss carryforwards associated to the DTAs that rely on future profitability and do not arise from temporary differences' banks are asked to report information on the amount of loss carryforwards that are associated with the stock of DTAs, especially considering that the methodology asks not to re-calculate the previous stock with the simplified 30% tax rate (see the respective section on CSV_P&L on how to calculate DTAs in the template).¹⁴
- The requirement to report information on defined benefit pension assets is made to facilitate quality assurance and it follows Article 36 (e) and Article 41 of the CRR. The net amount of defined benefit pension assets is reported after the application of the OCI impact. As no impact is assumed for the baseline scenario, for all years such amount should be equal to the one reported for 2019. For the years 2021 and 2022 of the adverse scenario, this shall instead be set equal to the 2020 value (after the application

¹³ For banks that are allowed to apply such netting according to Article 38 CRR.

¹⁴ For more information on how DTAs and loss carryforwards are created and used, please see the section related to CSV_P&L.

of the OCI impact). Item M and A.1.12 of CSV_CAP should contain the same figures in absolute terms (but opposite sign), unless item M is negative, in which case A.1.12 is zero. The reporting of Item A.1.12 should correspond to COREP C 01.00 r390. The item "Gross defined benefit pension fund assets" (M.1 in CSV_CAP) refers to the amount of defined benefit pension fund assets before being reduced by the amount of obligations under the same fund or plan according to article 4(109) of the CRR. These obligations have to be reported in item M.2. Item M should correspond to item M.1 – item M.2 – item M.3 – item M.4 according to the regulation. Therefore, item M may return a negative value in some cases. The difference between M.1 and M.2 should correspond to COREP item CA1 1.1.1.14.1 (C01.00 r400).

- The information on the bank's capital requirements is included in the last rows of the CSV_CAP template. The wording 'Transitional combined buffer requirements (%)' requires banks to report the buffers as they would be applicable in the relative year of the stress test, i.e. it refers to any phasing-in that may be applied by the CA for example in the application of O-SII buffers.

164. Most memorandum items are also shown in TRA_CAP, including all rows related to banks' capital requirements.

2.6.5 CSV_P&L

165. This template contains the calculation of the stressed P&L items and contains the calculation logic for the amount attributable to owners of the parent net of estimated dividends. In this template banks should report their actual and projected stressed P&L items, following the structure of the FINREP 2.00 template.¹⁵ Therefore, references to the respective rows in this FINREP template can be found in the template. Furthermore, banks should report 5 years of historical dividend pay-outs as required by section 6.4.3 of the Methodological Note.

166. The methodology requires banks to use their own methodologies in projecting non-interest income and expense paths for the baseline and adverse scenarios. Banks should report in the explanatory note the assumptions taken as basis for the use of the internal models/methodologies in CSV_P&L, which shall be coherent with the macroeconomic scenario, the general assumptions of the methodology (e.g. the balance sheet assumption) and the constraints listed in this section.

167. While in general the definitions of the Methodological Note apply, it has to be pointed out that losses and expenses throughout this template have to be reported as negative amounts. 'Amount of dividends paid (before consideration of MDA restrictions)' and 'Attributable to minority interest' shall be reported as positive amounts.

¹⁵ Except Total assets which should be sourced from the FINREP template 01.01 row 380.

168. The majority of P&L positions are sourced from other templates. As such:

- NII information is sourced from CSV_NII_SUM;
- ‘Dividend income’, ‘Net fee and commission income’ and ‘Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method’ from CSV_NFCI_DIV;
- ‘Gains or losses on financial assets and liabilities held for trading and trading financial assets and trading financial liabilities’ from CSV_MR_PROJ (which sources its components from CSV_MR_SUM) and CSV_MR_SUM directly;
- ‘Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss and Gains or losses on financial assets and liabilities designated at fair value through profit or loss’ and ‘Gains or losses from hedge accounting’ from CSV_MR_SUM;
- The impact of one-off effects on ‘Remaining other operating expenses’, ‘Other remaining administrative expenses’, ‘Depreciation’ and ‘Other provisions or reversal of provisions’ from CSV_ONEOFF (as memo items);
- ‘Gains and losses arising from Operational Risk’ from CSV_OR_GEN;
- MDA related information from CSV_MDA;
- Sub-item ‘Financial assets at amortised costs’ of ‘Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss’ is sourced from CSV_CR_SUM and CSV_CR_SEC_SUM.

169. The majority of the items that have to be provided by banks (and as such are not extracted from other templates) include ‘residual’ items such as ‘Other operating income’, ‘Other provisions or reversal of provisions’ (which also includes FINREP 02.00 row 450), ‘Other income and expenses from continuing operations’.

170. The item ‘Gains or (-) losses on derecognition of investments in subsidiaries, joint ventures and associates, net’ as reported in FINREP 02.00 row 320 is to be included under ‘Profit or (-) loss after tax from discontinued operations’ in line with FINREP Annex V, Part 2.56;

171. For the year 2019 banks should report in RowNum 42 (‘Impairment of financial assets - CCR losses’) the CCR losses that are normally reported within other lines in FINREP (e.g. under FINREP 02.00 row 460). CCR losses are in fact singled out in the P&L template, and excluded for the purpose of the stress test from rows such as RowNum 38 (‘Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss’).

172. When reporting Impairments on non-financial assets, banks should follow paragraph 497 of the Methodological Note. This means that while the depreciation of these assets should be

reported under CSV_P&L item 30 ('Depreciation'), other types of impairments related to these assets, produced by the application of the macroeconomic scenario, shall be included under CSV_P&L item 43 ('Impairment or reversal of impairment on non-financial assets').

173. Following the description provided in column R of RowNum 50, 'Impairment or reversal of impairment of investments in subsidiaries, joint ventures and associates' should be reported under 'Other income and expenses from continuing operations' and therefore excluded from the scope of paragraph 496 of the Methodological Note ('Other impairments on financial assets').
174. The amount attributable to owners of the parent net of estimated dividends is calculated by the CSV_P&L template and linked via formula from this template to the CSV_CAP templates to obtain the total retained earnings for the year. Furthermore, the TRA_P&L template sources most of its information from the CSV_P&L template.

Taxation in CSV_P&L

175. With the exception of the starting year of the exercise, the current taxes are automatically calculated from the taxable profit by taking the prescribed 30% tax rate.
176. In line with the methodology, the taxable profit is floored at 0 and reported net of any loss carryforward used. For the calculation of the taxable profit, items stemming from NFI template such as "Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method" and "Dividend income" are reported according to FINREP and included in the taxable profit even if those items are reported after the taxes paid by the entity in FINREP (if the bank follows this approach). However, if the bank follows the latter approach, the taxable profit shall include "Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method" and "Dividend income" with an adjusted contribution to make the applied implied tax rate equal to the 30%. This contribution adjustment would be done to ensure a level playing field with banks who report these positions gross of taxes and would therefore be subject to the 30% taxation as defined in section 6.4.4 of the methodological note.
177. The adjusted taxable profit contribution (RowNum 56 of the CSV_P&L template) for the types of income described in the previous paragraph would be calculated in the following way:
- $(30\% - \text{tax rate applied by the bank}) / 30\% * [\text{sum of "Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method" and "Dividend income" gross of taxes at parent level}]$.
 - The "tax rate applied by the bank" used for this calculation should always reflect the total tax applied to the "Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method" and "Dividend income" leading to the reported net figures in FINREP, i.e. taxes paid on subsidiaries, joint ventures and associates.

- The bank should explain the calculation of this adjustment item including the tax rates applied in the explanatory note.

178. The creation and use of DTAs follow a common approach that is defined in section 6.4.4. of the Methodological Note. Banks should provide an explanation of their approach when calculating tax income/expenses for the stress test in their explanatory note, including a reconciliation of the effective tax rate with the 30% common tax rate for each year of the stress test horizon. An example for the use of DTAs that rely on future profitability and do not arise from temporary differences is provided in the Table below.

Table 4: Example DTA calculation (not arising from temporary difference)

#	Item	2019	2020	2021	2022	Calculation	Reference to template
1	Profit before taxes	1,000	-1,000	2,000	5,000		RowNum 55 CSV_P&L
2	Floored at 0	1,000	0	2,000	5,000	MAX [(1);0]	
3	Loss carryforwards used ¹⁶	0	0	2,000	333	See (18),(19),(20) of precedent year	
4	Of which: related to DTAs created during stress test			1,000	0		
5	Of which: related to DTAs existing at 31/12/2019			1,000	333		
6	Taxable profit (floored at 0 and net of loss carryforwards used)	1,000	0	0	4,667	(2) - (3)	RowNum 56 CSV_P&L
7	Current taxes	-150	0	0	-1,400	- (6)*(14)	RowNum 57 CSV_P&L
8	(+) DTAs created during current year of stress test		300	0	0	- MIN [(1)*(14);0]	RowNum 58 CSV_P&L
9	(-) DTAs used during current year of stress test			-450	-50		RowNum 59 CSV_P&L
10	Of which: created during stress test		0	-300	0	- (4)*(14)	
11	Of which: existing at 31/12/2019		0	-150	-50	- (5)*(14) ₂₀₁₉	
12	Tax expense/income	-150	300	-450	-1,450	(7) + (8) + (9)	RowNum 60 CSV_P&L
13	Effective tax rate	15.0%	30.0%	22.5%	29.0%	- [(1) / (12)]	RowNum 61 CSV_P&L
Additional information / memorandum items							
14	Tax rate ¹⁷	15.0%	30.0%	30.0%	30.0%		
15	DTA stock	200	500	50	0		RowNum 76 CSV_CAP
16	Of which: DTA stock — existing at 31/12/2019	200	200	50	0		
17	Of which: DTA stock — created during ST		300	0	0		
18	Total associated loss carryforward	1,333	2,333	333	0		RowNum 79 CSV_CAP
19	Of which: related to DTAs existing at 31/12/2019	1,333	1,333	333	0	(16) / (14) ₂₀₁₉	
20	Of which: related to DTAs created during stress test		1,000	0	0	(17) / (14)	

¹⁶ Loss carryforward existing as at 31 December 2019 can be used in accordance with applicable tax legislation. According to the methodology, the use of loss carryforwards in a given profitable year shall be applied by giving priority to DTAs created during the stress test over DTAs existing as of 31 December 2019.

¹⁷ Example of bank's rate for year 2019 and simplified tax rate for projection years.

179. Banks shall also provide full transparency on the deferred tax relying on future profitability and arising from temporary differences in their explanatory notes, detailing how the figures reported in the template were determined. An example is provided in the Table below, which includes the details for the calculation of the amount of DTAs to be risk-weighted or deducted, according to Article 48 of the CRR.

Table 5: Example DTA calculation (arising from temporary difference)¹⁸

#	Item	Starting point	Y1	Calculation	Reference in templates
1	Tax rate	30.0%	30.0%		
2	Accumulated OCI — existing at 31/12/2019	-6			
3	Change in OCI — created during ST (gross of taxes)		-30		
4	Total Accumulated OCI (after taxes) (+) DTAs that rely on future profitability and arise from temporary differences — created during ST		-27	(2)+(3)*[1-(1)]	RowNum 7 CSV_CAP
5	Starting stock of DTAs that rely on future profitability and arise from temporary differences	1			
6	Total stock of DTAs that rely on future profitability and arise from temporary differences	1	10	(5) + (6)	RowNum 80 CSV_CAP
7	CET1 for threshold calculation — starting point ¹⁹	101		Example	
8	10%*CET1 threshold	10.1		[(8)*10%]	RowNum 94 CSV_CAP
9	CET1 for threshold calculation — during ST		80	[(8)-(2)+(4)]	
10	10%*CET1 threshold		8	[(10)*10%]	RowNum 94 CSV_CAP
11	DTAs that rely on future profitability and arise from temporary differences to be risk-weighted		8	MIN (7;11)	RowNum 16 CSV_REA_SUM
12	DTAs that rely on future profitability and arise from temporary differences to be deducted		2	MAX [(7)-(12);0]	RowNum 25 CSV_CAP

¹⁸ The following example may only be applied to the case in which the stock of DTAs at the starting point is positive. Banks having a stock of DTLs (that is, a negative net stock of DTAs provided that the conditions for netting under Article 38 of the CRR are met) shall instead adjust the calculation in the appropriate lines of the Table to prevent an incorrect distribution of amounts to be risk-weighted and/or deducted.

¹⁹ Illustrative example. As amount of capital for threshold calculation, banks should take the CET1 that is reported in the year of the calculation of such threshold, i.e. including other changes in CET1 through the projection years and according to article 48 of the CRR.

#	Item	Starting point	Y1	Calculation	Reference in templates
14	REAs — existing at 31/12/2019	700		Example	
15	REAs — during ST ²⁰		720	[(14)+(12)*250%]	

2.6.6 CSV_MDA

180. This template contains the calculation of the Maximum Distributable Amount (MDA). Banks are expected to complete this template after having filled in the templates CSV_P&L and CSV_CAP.
181. While in general definitions of the Methodological Note apply, whenever specific CRR definitions apply to fields that have to be populated by banks, references to the respective Articles of the CRR can be found in column ‘Regulation’ of the template.
182. The rows contain different components of the MDA calculation. The columns show scenarios and years as well as references to the P&L items and a link to the respective paragraphs in CRR and CRD.
183. CSV_MDA sources REA and capital figures from CSV_REA_SUM and CSV_CAP, respectively.
184. RowNum from 1 to 17 are automatic except for RowNum 13 which has to be filled in by all banks and should reflect year-end CET1 capital after distributions are made, and prior to any MDA-adjustment to dividends paid, AT1 payments or variable compensation (if applicable). For any year t, RowNum 13 is expected to be equal to CSV_CAP RowNum 3 in year t prior to populating any other cells in CSV_MDA. Any deviation should be explained by the bank in its Explanatory Note.
185. The remaining rows of CSV_MDA have to be populated only for those years when the trigger point described under section 6.4.3 of the Methodological Note is breached (i.e. when RowNum 17 delivers “Yes”) and the bank wants to benefit from the reduction in distributions prescribed by the regulation. Banks not reporting any breach in the trigger should not complete any other row of CSV_MDA.
186. RowNum 18 to 23 should include starting point and projected distribution amounts (if any) before consideration of any potential restrictions, i.e. as reported in CSV_P&L (or, in exceptional cases, in CSV_CAP), but with a positive sign. Column “Reported in the following item” and “Second item where the distribution is reported” refer to the P&L or, in exceptional cases,

²⁰ Assuming no other adjustment in REAs coming from the stress test exercise.

Capital²¹ item(s) where the respective distribution is reported. The lines should be populated as follows:

- RowNum 18 should include dividend payments after tax (if any);
- RowNum 19 should only include share buy-backs in 2019 (if any);
- RowNum 20 should include pre-tax payments of AT1 instruments if they are included in pre-tax profit (in which case banks shall document and justify in the explanatory note), post-tax payments of AT1 instruments otherwise (if any);
- RowNum 21 should include variable remuneration pre-tax (if any);
- RowNum 22 should include discretionary pension benefits pre-tax (if any).
- RowNum 23 is automatically calculated and should include the sum of the five items above;

187. If the MDA trigger is breached, banks have to also populate RowNum 36-37 and from 39 to 48 as follows:

- RowNum 36 is calculated as: $\text{Max}(\text{Accounting P\&L before tax}^{22} + \text{variable remuneration} + \text{discretionary pension benefits} + \text{AT1 coupon payments (if included in pre-tax profit, 0)})$;
- RowNum 37 should be equal to $\text{RowNum 36} * 0.3^{23}$;
- RowNum 39 to 43 should include adjustments on distributions for the pre-tax items already listed in RowNum 18 to 23; any reduction shall be reported as a positive value; column “Reported in the following item” and “Second item where the distribution is reported” refer to the respective item where the distribution is reported;
- RowNum 44 to 48 should include adjustments on distributions for the post-tax items already listed in RowNum 18 to 23; any reduction shall be reported as a positive value; column “Reported in the following P&L item” and “Second P&L item where the distribution is reported” refer to the respective item where the distribution is reported;

188. RowNum 49 to 53 are automatically calculated. RowNum 49 and 50 are linked to CSV_P&L, so that the P&L is automatically adjusted without any additional action needed from the bank.²⁴

²¹ The drop-down lists in CSV_CAP also include some items of CSV_CAP for the cases in which the bank reports AT1 coupons under Reserves.

²² Notice that this amount should correspond to CSV_P&L 55 before any restriction in CSV_MDA is made (i.e. if CSV_P&L 54 is equal to 0).

²³ Any deviation has to be justified in the Explanatory Note.

²⁴ This means that banks will not be required to manually adjust their distributions in the respective lines of CSV_P&L.

Considering that, according to section 6.4.3 of the methodological note, banks are requested to distribute exactly the MDA, RowNum 52 shall be equal to RowNum 38. Banks are requested to justify in the Explanatory note any deviation.

189. RowNum 54 is included to make a final check on any breach that is still made by the bank with respect to the MDA trigger. If a bank was in breach when reporting RowNum 13, then RowNum 54 is expected to return a negative value only if the calculated MDA = 0, which means the bank is still in breach even after having reduced all its distributions.

2.6.7 CSV_CAPMEAS

190. This template contains information on major capital measures and losses (if any) after the cut-off date as defined by section 1.3.8 of the Methodological Note. These capital measures will not have an impact on the stress test results but just serve for information purposes ('below the line').
191. The rows show the different CET1 / Additional Tier 1/ Tier 2 issuance and losses to be realised between 1 January 2020 and 31 March 2020. The columns show the capital impact in mln EUR. No other types of impact on capital ratio than the ones listed in the template will be included.
192. The row on realised fines/litigation costs (net of provisions) should indicate realised fines and litigation costs until the cut-off date of this template. Losses reported in this row should also be contained in the loss projections for conduct and other operational risk for 2020 (both baseline and adverse) in CSV_OR_GEN and/or CSV_OR_CON.
193. The information entered is linked via formula from this template to the TRA_CAPMEAS template.

2.7 Use of pro-forma data in the stress test

194. If the FINREP data are not available for historical years, banks may report pro-forma data. In particular, in case of major events having affected the scope of consolidation and/or the bank's structure before the launch of the exercise, banks may be allowed to use pro-forma data to reflect in the caps and floors included in the methodological note these major events. This will be allowed only if the event is in line with the requirements included in the methodology and only after their approval.

195. As a general principle, the use of pro-forma data will be done in observance of the Commission Regulation No 809/2004 on prospectuses,²⁵ any related Commission update and the ESMA update on this Regulation,²⁶ especially in the identification of a “significant gross change”.
196. Banks would be allowed to use of pro-forma data only for a selected list of events that are listed in paragraph 17 of the Methodological Note and only if the significant event produces a variation above a set materiality threshold (in accordance with paragraph 16 of the methodological Note).
197. As a general approach, the relevant CA will propose to the EBA the list of cases that are believed to be in line with the scope of this section ahead of the first submission. Banks will be informed on the approved cases, so that the adjustment to the constraints can be included in their submissions.
198. According to the methodology, the stress test includes only a limited list of constraints (caps or floors) based on historical data, for which banks may be allowed to use pro-forma data. These banks are requested to report the pro-forma historical data in the specific risk-type CSV template (if any) where the constraint is generated, while they shall report in CSV_P&L the historical data in line with their financial statements.²⁷
199. Table 6 below includes a list of these constraints:

Table 6: List of constraints for which the bank may be allowed to use pro-forma data in case of major events affecting its business model

Section or topic	Constraint affected if significant event happens before 1/1/2019	Constraint affected if significant event happens on or after 1/1/2019	Relevant template
Credit risk	N/A	N/A	
Market risk	Cap on client revenues in the adverse scenario	Cap on client revenues in the adverse scenario	CSV_MR_PROJ and CSV_P&L
NII	N/A	Overall cap on NII	CSV_NII_SUM and CSV_P&L
Operational risk – conduct risk	Floor on projection of losses from material and non-material conduct risk events	Floor on projection of losses from material and non-material conduct risk events	CSV_OR_GEN and CSV_OR_CON and CSV_P&L

²⁵ Commission Regulation No 809/2004 Implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

²⁶ ESMA update of the CESR recommendations on the consistent implementation of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive.

²⁷ In this way, while the starting point in CSV_P&L will include the “actual” historical data, the projections will include the adjusted constraint based on pro-forma.

Section or topic	Constraint affected if significant event happens before 1/1/2019	Constraint affected if significant event happens on or after 1/1/2019	Relevant template
Operational risk – other operational risk	Floor on other operational risk losses	Floor on other operational risk losses	CSV_OR_GEN and CSV_OR_CON and CSV_P&L
Non-interest income, expenses and capital	N/A	Cap on dividend income, NFCI and share of the profit of investments	CSV_NFCI_DIV and CSV_P&L
Non-interest income, expenses and capital	N/A	Floor on remaining administrative expenses, remaining other operating expenses, depreciation and other provisions	CSV_P&L
Non-interest income, expenses and capital	N/A	Cap on other operating income	CSV_P&L
Non-interest income, expenses and capital	N/A	Dividends paid (if no dividend policy is available or documented)	CSV_P&L

200. After the approval, the institution would be allowed to report pro-forma figures, which will be used to adjust the relevant constraints based on historical/starting point information.

Annex I: Market risk

Table 7: Balance sheet items at partial or full fair value and the reporting of their impact

Item	Reporting of impact						
	Statement of P&L (Template CSV_P&L)			Other comprehensive income (Template CSV_CAP)			
Balance sheet	IFRS 9 measurement type ²⁸	Hedging instruments/hedged item/other use ²⁹	Net trading income (gain or losses on held for trading items)	Gain or losses on other FVPL items	Gains or losses from hedge accounting	Other comprehensive income	Cash flow hedges (then accumulated in equity under the cash flow hedge reserve)
Asset	Amortised cost/FVPL	(i) Fair value hedged item* or (ii) Portfolio Fair value hedged item of interest rate risk*	No	No	Yes, for the hedge risk only	No	No
	FVOCI	(i) Cash flow hedged item* or (ii) Portfolio cash flow hedged item of interest rate risk*	No	No	No	Yes	No, but the hedging derivative related will have an impact on this column in a different line
		(i) Collecting contractual cash flows & selling financial assets or (ii) Holding or selling equity position	No	No	No	Yes	No
	FVOCI/FVPL	(i) Fair value hedged item* or (ii) Portfolio Fair value hedged item of interest rate risk*	No	No	Yes, for the hedge risk only	Yes, for the unhedged risk ³⁰	No
Net assets and liabilities	FVOCI/FVPL	(i) Cash flow hedging instrument* or	No	No	Yes, ineffective part (either the part higher than the hedged item change in FV or the change in fair	No	Yes, but effective part only = that is lesser of (a) cumulative gain/loss on the hedging instrument from hedge inception; and (b)

²⁸ The measurement type is of the form 'measurement 1/measurement 2', with measurement 2 corresponding to either the hedged risk (for the hedged item) or the inefficient part (for the hedging instrument).

²⁹ In column 3, 'Hedging instruments/hedged item/other use', all items ending with an asterisk '*' are hedge-accounting designations (under both IAS 39 and IFRS 9).

³⁰ When paragraph 6.5.8 of IFRS 9 applies (equity instruments designated at fair value through OCI).

Item		Reporting of impact						
		Statement of P&L (Template CSV_P&L)			Other comprehensive income (Template CSV_CAP)			
Balance sheet	IFRS 9 measurement type	Hedging instruments/hedged item/other use ²⁹	Net trading income (gain or losses on held for trading items)	Gain or losses on other FVPL items	Gains or losses from hedge accounting	Other comprehensive income	Cash flow hedges (then accumulated in equity under the cash flow hedge reserve)	
		(ii) Portfolio Cash flow hedging of interest rate risk*			value related to another risk parameter)		cumulative FV change in FV of the expected future CF on the hedged item	
	FVPL	(i) Fair value hedging instrument* or (ii) Portfolio Fair value hedging instrument of interest rate risk*	No	No	Yes	No	No	
		Held with a trading intent and their related hedges	Yes	No	No	No	No	
		Economic hedges excluding hedges of items held with a trading intent	Yes	No	No	No	No	
		Mandatory or optional at FVPL	No	Yes	No	No	No	
Liabilities	Amortised cost/FVPL	(i) Fair value hedged item* or (ii) Portfolio Fair value hedged item of interest rate risk*	No	No	Yes, for the hedged risk only	No	No	