

EBA Benchmarking exercise – CP ITS 2025

Public Hearing ITS 2025



Contents

1 Intro

2 AIMA Templates: initial considerations

3 AIMA Templates: SP, DRM and PES

4 AIMA Templates: VaR, ES and PL

5 AIMA Templates: RFET

6 AIMA Templates: SSRM

7 Single & multi-instruments portfolios

8 SBM validation instruments

9 CR Templates

Intro

- Market Risk
 - New AIMA FRTB templates
 - Reshape of single portfolios
 - SBM Validation
- Credit Risk
 - minor changes to the instructions

AIMA Templates: initial considerations

- Initial issues and consideration to develop the MR ITS 2025
 - Add to existing ITS /Ex novo
 - Stepwise/Complete implementation
 - TOH/TD
 - Instruments/RFs

- Annex III & IV (amending Annex 6 – Instructions; Annex 7 - templates)
- Both “old” and “new” instructions are present
- Final ITS will see (if opportune) the removal of the previous IMA instructions/templates (107, 109, and 110)
- 130 – New AIMA templates

130.01.01 RFET	130.01.02 SP	130.02 DRM	130.03 PES	130.04 VaR-ES-PL	130.05.01 SSRM	130.05.02 SSRM
----------------	--------------	------------	------------	------------------	----------------	----------------

RESULTS SUPERVISORY BENCHMARK PORTFOLIOS

[The page numbers in this table of contents will not reflect the correct page numbers in the OJ. Therefore, please delete or refer to numbered subdivisions instead.]

TEMPLATE RELATED INSTRUCTIONS	2
C 106.00 – INITIAL MARKET VALUATION AND EXCLUSION JUSTIFICATION.....	2
C 106.01 – SBM. RISK SENSITIVITIES BY INSTRUMENT.....	3
C 107.01 – VaR & sVaR Non-CTP. DETAILS.	7
C 107.02 – VaR, sVaR AND PV - Non-CTP. EBA PORTFOLIO CURRENCY RESULTS.....	10
C 108.00 – PROFIT & LOSS TIME SERIES	11
C 109.01 – IRC. DETAILS OF THE MODEL.....	12
C 109.02 – IRC. DETAILS BY PORTFOLIO	13
C 109.03 – IRC. AMOUNT BY PORTFOLIO/DATE.	14
C 110.01 – CT. DETAILS OF THE MODEL.	15
C 110.02 – CT. DETAILS BY PORTFOLIO.	16
C 110.03 – CT. APR BY PORTFOLIO/DATE	17
C 120.01 – SBM. RISK SENSITIVITIES BY INSTRUMENT/PORTFOLIO	18
C 120.02 – SBM. OFR COMPOSITION BY PORTFOLIO.....	21
C 120.04 – DRC. MARKET VALUES AND GROSS JTD AMOUNTS BY INSTRUMENT/PORTFOLIO	23
C 120.05 – DRC. OFR COMPOSITION BY PORTFOLIO	29
C 120.06 – ASA. OFR	32
C 130.01.01 RFET – RISK FACTOR ELIGIBILITY TEST (MKR IMA RFET FOR BENCHMARKING).	38
C 130.01.02 SP – STRESS PERIODS FOR THE CALCULATION OF THE RISK MEASURES (MKR IMA SP FOR BENCHMARKING).....	40
C 130.02 DAILY RISK MEASURES (MKR IMA DRM FOR BENCHMARKING)	42
C 130.03 PARTIAL EXPECTED SHORTFALLS (MKR IMA PES) FOR BENCHMARKING)	43
C 130.04 ALTERNATIVE INTERNAL MODEL APPROACH: VaR, ES AND PROFIT AND LOSS FOR BENCHMARKING	46
C 130.05.01 STRESS SCENARIO RISK MEASURE (SSRM) – OWN FUNDS REQUIREMENTS (MKR IMA SSRM1) FOR BENCHMARKING).....	48
C 130.05.02 STRESS SCENARIO RISK MEASURE (SSRM) AT RISK FACTOR LEVEL – (MKR IMA SSRM) FOR BENCHMARKING)	50

AIMA Templates: SP, DRM and PES

- Starting from FRTB templates
- RFET, SP, DRM, PES, BT, SSRM
- SP, DRM, PES -> very little changes with respect COREP

C 130.01.02 Alternative internal model approach: Stress periods for the calculation of the risk measures (MKR IMA SP) for benchmark

Measure	Broad category of risk factors	Stress period considered for calculations as of the reference date				Number of reviews of the stress period during the reference period	Comments
		Start date	End date	Number of business days	First date as of which the stress period was used in the calculation of the measure		
		0010	0020	0030	0040	0050	0060
0010	Expected shortfall measure						
0020	Stress scenario risk measure						
0030							
0040							
0050							
0060							

- DRM

C 130.02 Alternative internal model approach: Daily risk measures (MKR IMA DRM) for benchmarking

Portfolio

Date (t)	Expected shortfall risk measure	Stress scenario risk measure	Default risk charge
	ES_t	SS_t	DRC_t
0010	0020	0030	0040

■ PES

C 130.03 Alternative internal model approach: Partial expected shortfalls (MKR IMA PES) for benchmarking

Portfolio

Scope of risk factors included in calculation	Date (t)	Inputs to the calculation of the expected shortfall measure									
		Partial expected shortfall measures								PES_t^{FC} / PES_t^{RC}	Unconstrained expected shortfall
		Reduced set of risk factors - Current scenario (RC)		Full set of risk factors - Current scenario (FC)		Reduced set of risk factors - stressed scenario (RS)		Reduced set of risk factors - stressed scenario (RS) - same stress period			
		$PES_t(T)$	PES_t	$PES_t(T)$	PES_t	$PES_t(T)$	PES_t	$PES_t(T)$	PES_t		UES _t
0010	0020	0030	0040	0050	0060	0070	0080	0090	0100	0110	0120

AIMA Templates: VaR, ES and PL

- Backtesting (nor PLAT) not feasible with just 10 days -> still data to be collected on ES, VAR and HPL and RTPL

C 130.04 Alternative internal model approach: VaR, ES and profit and loss for benchmarking

Portfolio	Date (t)	Value at risk (1 day holding period, 99% confidence interval)	Value at risk (1 day holding period, 97.5% confidence interval)	Expected shortfall (1 day holding period, 99% confidence interval)	Expected shortfall (1 day holding period, 97.5% confidence interval)	Hypothetical profit (+) or loss (-) (HPL)		Risk-theoretical profit (+) or loss (-) (RTPL)	
		$VaR_t^{(99\%,1d)}$	$VaR_t^{(97.5\%,1d)}$	$ES_t^{(99\%,1d)}$	$ES_t^{(97.5\%,1d)}$		p-Value		p-Value
0010	0020	0030	0040	0050	0060	0070	0080	0090	0100

AIMA Templates: RFET

- RFET template: significantly simplified w.r.t Corep

C 130.01.01 Alternative internal model approach: Risk factor eligibility test (MKR IMA RFET) for benchmarking

				Modellable risk factors (MRF)	Non-modellable risk factors (NMRF)
				Total number of modellable risk factors	Total number of non-modellable risk factors
Portfolio	Broad categories of risk factors	Broad sub-categories of risk factors	Risk Factor - typology		
0010	0020	0030	0040	0050	0060

AIMA Templates: SSRM 1

C 130.05.01 Alternative internal model approach: Stress scenario risk measure (SSRM) - Own funds requirements (MKR IMA SSRM1) for benchmarking

Portfolio	Aggregate rescaled stress scenario risk measure ($\sum RSS^k$) - Idiosyncratic Credit Spread risks	Aggregate rescaled stress scenario risk measure ($\sum RSS^l$) - Idiosyncratic Equity risks	Sum of rescaled stress scenario risk measures ($\sum RSS$) - Other risks	Aggregate rescaled stress scenario risk measure ($\sum RSS^j$) - Other risks	Aggregate stress scenario risk measure
0010	0020	0030	0040	0050	0060

$$SSRM_{total} = \sqrt{\sum_{k \in ICSR} (RSS^k)^2} + \sqrt{\sum_{l \in IER} (RSS^l)^2} + \sqrt{\left(\rho \times \sum_{j \in OR} RSS^j\right)^2 + (1 - \rho^2) \times \sum_{j \in OR} (RSS^j)^2}$$

SSRM 2

C 130.05.02 Alternative internal model approach: Stress scenario risk measure (SSRM) - at risk factor level (MKR IMA SSRM) for benchmarking

Portfolios	Non Modellable Risk Factor - identifier	Broad categories of risk factors	Broad sub-categories of risk factors	Non Modellable Risk Factor - typology
0010	0020	0030	0040	0050
Non Modellable Risk Factor - description	Stress scenario risk measures	Liquidity horizon adjusted	Rescaled stress scenario risk measures RSS^j	Method applied for computation of the SSRM
0060	0070	0080	0090	0100

$$RSS^j = \begin{cases} \sqrt{\frac{LH_{adj}(j)}{10}} \times \overline{ES}(\text{loss}(X_j)) \times UCF(N), & \text{for direct method} \\ \sqrt{\frac{LH_{adj}(j)}{10}} \times \text{loss}(\overline{ES}(X_j)) \times \kappa^j, & \text{for stepwise methods (UCF in shocks)} \\ \text{if CA not satisfied, maximum loss (or regulatory scenario)} \end{cases}$$

AIMA Templates: final considerations

- Stepwise
 - RFET: Just single portfolios; just IR & CS
 - DRM, PES, VAR (ES, PL): just IR & CS
 - SSRM: Just single portfolios, just IR & CS, and just 1 day (the RM final reference)
 - DRC: no additional specification (for future exercises)

Single & multi-instruments portfolios

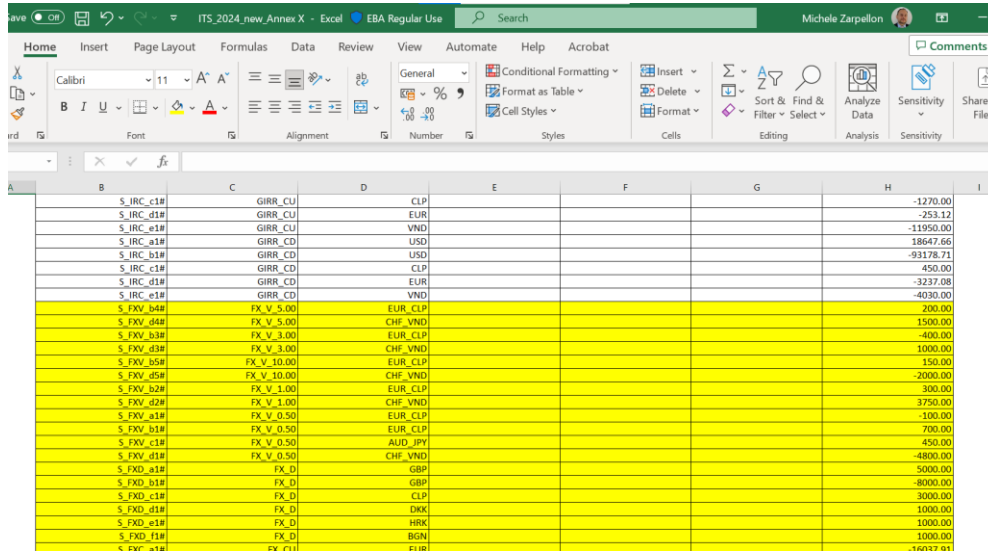
- In Annex 5 – Individual portfolio was split in Single and Multi instruments

io	to in Section 2 of this Annex). The second figure represents the quantity of each instrument or number of contracts, as applicable.	EUR portfolio currency
	<u>101 – 1 instrument</u>	<u>EUR</u>
	<u>102 – 1 instrument</u>	<u>EUR</u>
	<u>103 – 1 instrument</u>	<u>EUR</u>
	<u>104 – 1 instrument</u>	<u>EUR</u>
	<u>105 – 1 instrument</u>	<u>EUR</u>
	<u>106 – 1 instrument</u>	<u>GBP</u>

applicable.	
101 – 1 instrument	EUR
103 – 1 instrument	
104 – 1 instrument	EUR
105 – 1 instrument	
113 – 1 instrument	
110 – 1 instrument	EUR
115 – 1 instrument	
116 – 1 instrument	GBP
117 – 1 instrument	JPY
100 – 1 instrument	

SBM validation instruments

- In Annex 10 – remaining assets classes were added (FX, EQ, CS, Cmd)



The screenshot shows an Excel spreadsheet with the following data:

	B	C	D	E	F	G	H	I
	S_IRC_c1#	GIRR_CU	CLP					-1270.00
	S_IRC_d1#	GIRR_CU	EUR					-253.12
	S_IRC_e1#	GIRR_CU	VND					-11950.00
	S_IRC_a1#	GIRR_CD	USD					18647.66
	S_IRC_b1#	GIRR_CD	USD					-93178.71
	S_IRC_c1#	GIRR_CD	CLP					450.00
	S_IRC_d1#	GIRR_CD	EUR					-3237.08
	S_IRC_e1#	GIRR_CD	VND					-4030.00
	S_FXV_b4#	FX_V_5.00	EUR_CLP					200.00
	S_FXV_d4#	FX_V_5.00	CHF_VND					1500.00
	S_FXV_b3#	FX_V_3.00	EUR_CLP					-400.00
	S_FXV_d3#	FX_V_3.00	CHF_VND					1000.00
	S_FXV_b5#	FX_V_10.00	EUR_CLP					150.00
	S_FXV_d5#	FX_V_10.00	CHF_VND					-2000.00
	S_FXV_b2#	FX_V_1.00	EUR_CLP					300.00
	S_FXV_d2#	FX_V_1.00	CHF_VND					3750.00
	S_FXV_a1#	FX_V_0.50	EUR_CLP					-100.00
	S_FXV_b1#	FX_V_0.50	EUR_CLP					700.00
	S_FXV_c1#	FX_V_0.50	AUD_JPY					450.00
	S_FXV_d1#	FX_V_0.50	CHF_VND					-4800.00
	S_FXD_a1#	FX_D	GBP					5000.00
	S_FXD_b1#	FX_D	GBP					-8000.00
	S_FXD_c1#	FX_D	CLP					3000.00
	S_FXD_d1#	FX_D	DKK					1000.00
	S_FXD_e1#	FX_D	HRK					1000.00
	S_FXD_f1#	FX_D	BGN					1000.00
	S_FXV_a1#	FX_V	EUR					-16037.01

Credit Risk Templates

- In line with the intention to keep the CR exercise stable, only minor changes to the instructions are proposed, namely:

C102/103

Column	Label
0061	PD without supervisory measures
0062	PD without MoC and supervisory measures
0131	LGD without supervisory measures
0132	LGD without MoC and supervisory measures
0133	LGD without MoC, supervisory measures and downturn component,

ITS 2024

The information in columns [...] may be omitted, where institutions are not able to isolate the relevant conservative adjustments in its PDs and LGDs used for the RWA calculation due to ongoing model changes.

ITS 2025

In case the institution is not able to isolate the relevant conservative adjustments, the general instructions, point 3 shall apply.

The fields collecting non-applicable/ill-defined information shall either be left blank or the indication 'NULL' shall be inserted..

C105.1

Column	Label
0010	Internal model ID

Column	Label
0140	RWA add-ons

ITS 2024

The internal model ID assigned by the reporting institution shall be reported.

ITS 2025

The internal model ID assigned by the competent authority shall be reported. In case this is unavailable, the internal model ID assigned by the reporting institution shall be reported.

Questions in the CP

- MR Q1: Do you see any issues or lack of information required in the new templates suggested for the IMA FRTB benchmarking exercise (i.e. Annex 6 & 7)?
- MR Q2: Do you think it is appropriate to restrict the data collection to only two asset classes (interest and credit spread risk) to begin the exercise? Please motivate your answer.
- MR Q3: Do you think it is appropriate to ask to report also a PES with the same stressed risk scenario? Would you extend this possibility also to the SSRM?
- MR Q4: Do you think it is appropriate/feasible to impose to report an instrument/portfolio as if all the risk factors in the instruments/portfolio would be eligible to pass the risk factor eligibility test?
- MR Q5: As a follow-up to Q4, do you think it is appropriate/feasible to impose to report an instrument/portfolio as if all the risk factors in the instruments/portfolio would fail to pass the risk factor eligibility test (i.e. report all the RF as if they were NMRF)?
- MR Q6: Do you see any issues with the changes introduced in the Annex 5?
- MR Q7: In order to reduce the submission burden on the banks, would it be feasible for submitters to have just one submission for A-SA SBM and DRC RM (aligned to IMV submission and relating to the same reference date)?
- MR Q8: Do you agree with the proposed to extent the set of ASA instruments validation to all asset classes?
- CR Q1: Do you agree with the proposed changes to the instructions in Annex IV?



Thank you!



Floor 24-27, Tour Europlaza
20 Avenue André Prothin
92400 Courbevoie, France

Tel: +33 1 86 52 70 00
E-mail: info@eba.europa.eu

<https://eba.europa.eu/>