



2023 EU-WIDE STRESS TEST

RESULTS

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AUTHORITY

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Abbreviations

AVA	additional valuation adjustment
bn	Billion
bps	basis points
CBR	combined buffer requirement
CCP	central counterparty clearing house
CCR	counterparty credit risk
CET1	Common Equity Tier 1
CRD	Capital Requirements Directive
CRE	commercial real estate
CRR	Capital Requirements Regulation
CVA	credit valuation adjustment
DGS	Deposit Guarantee Schemes
EA	Euro Area
EC	European Commission
ECB	European Central Bank
ECL	expected credit losses
EEA	European Economic Area
EIR	effective interest rate
ESRB	European Systemic Risk Board
EU	European Union
FVPL	fair value through profit and loss
FVOCI	fair value through other comprehensive income
FX	foreign exchange
G-SII	global systemically important institutions
GDP	gross domestic product
GVA	gross value added
HfT	held with a trading intent
IFRS	International Financial Reporting Standard
IRB	internal ratings-based
L1/L2/L3	level 1/2/3 financial instruments in the meaning of IFRS 13
LCR	liquidity coverage ratio
LGD	loss given default

MDA	maximum distributable amount
N/A	not applicable
NACE	statistical classification of economic activities
NFCI	net fees and commissions income
NII	net interest income
NPEs	non-performing exposures
NPLs	non-performing loans
NTI	net trading income
O-SII	other systemically important institutions
OCI	other comprehensive income
OCR	overall capital requirement
OLRR	overall leverage ratio requirement
P2G	Pillar 2 Guidance
P2R	Pillar 2 Requirements
PD	probability of default
PGS	Public Guarantee Scheme
P&L	profit and loss
pp	percentage points
REA	risk exposure amount
RF	resolution funds
RoA	return on assets
RoE	return on equity
SME	small and medium-sized enterprises
SREP	Supervisory Review and Evaluation Process
SSM	Single Supervisory Mechanism
STA or SA	standardised approach
TLTRO	targeted longer-term refinancing operation
TSCR	total SREP capital requirement
TSLRR	total SREP leverage ratio requirement

Disclaimer

This report is provided for transparency purposes only. The official results are those which have been submitted and confirmed by competent authorities and published as PDF files by the European Banking Authority (EBA). The cut-off date for the data in this report is 20 July 2023 – 14:00 CET.

1. Executive Summary

The EU-wide stress test assesses the resilience of 70 banks from 16 EU and EEA countries representing about 75% of EU banks' total assets. This is done by analysing the impact on the banks of a hypothetical adverse macroeconomic scenario over the three-year horizon 2023-25. The results of the stress test show that European banks remain resilient under the adverse scenario, when they absorb more than 496bn EUR of losses.

The results of the stress test indicate that on average banks finish the exercise in the adverse scenario with a Common Equity Tier 1 (CET1) ratio above 10% and shows that banks can continue to support the economy also in times of severe stress. The current uncertainty in the macroeconomic environment shows the importance of remaining vigilant and the need of supervisors and banks to be prepared for any potential worsening of the current economic conditions.

The stress test outcome clearly illustrates the benefits of the improvements in banks financial robustness when it comes to capital, and asset quality since the Global Financial Crisis (GFC).

The adverse scenario in the 2023 EU-wide stress test implies persistent and higher inflation in the EU, increasing interest rates and credit spreads, severe recessions in the EU and globally, with significantly high unemployment, and substantial declines in asset prices. The adverse scenario assumes that real GDP in the EU declines by 6.0% cumulatively over the three year horizon. This is more severe compared to previous EBA stress tests. Banks were also tested against a baseline scenario reflecting the macroeconomic outlook from December 2022.

Under the adverse scenario the fully loaded CET1 capital decreases by EUR 271bn over the three-year period of the exercise and is projected to stand at EUR 1,011bn at the end of 2025. The weighted average CET1 capital ratio declines from 15% fully loaded as of end of 2022 to 10.4% at the end of 2025. While the decline in the aggregate capital ratio is smaller this year than in the previous stress test, the dispersion across banks has increased.¹

Table 1: Summary of the results of the exercise

	CET1 capital ratio					Leverage ratio	
	End 2022	Baseline 2025	Adverse 2025	Delta baseline 2025-2022	Delta adverse 2025-2022	End 2022	Adverse 2025
Fully loaded	15.0%	16.3%	10.4%	+136 bps	-459 bps	5.4%	4.3%

¹ The sample of the stress test has increased from 50 banks in 2021 to 70 banks in the 2023 stress test.

Over the stress test horizon, under the baseline scenario, all banks have a CET1 capital ratio in excess of the overall capital requirement (OCR). The median OCR buffer is 593 bps, with the sum of the buffers totalling 486bn EUR. Under the adverse scenario the median capital buffer is 378 bps relative to the total SREP capital requirement (TSCR), with three banks falling below it. The TSCR buffer under the adverse scenario amount to 369bn EUR. The 2023 EU-wide stress test is not a pass-or-fail exercise, therefore, there are no hurdle rates. The stress test is a key input to the SREP and its results will be used for setting the Pillar 2 Guidance (P2G) The qualitative outcomes of the stress test will also be considered as part of the Pillar 2 Requirements (P2R).

The aggregate capital impact in CET1 terms is lower than in the 2021 EU-wide stress test.² This reflects that banks have higher earnings at the beginning of the 2023 exercise. Earnings increase the capital ratio by 356 bps at the end of 2025 under the adverse scenario. Net interest income (NII) is the largest contributor. The interest rate increases under the adverse scenario contribute positively to banks' NII as loans reprice. To ensure sufficient prudence, NII is capped in the stress test and is not allowed to be higher than at the starting point. Similarly, deposits have a prescribed repricing which reduces NII, an effect that is higher for term deposits than for sight deposits.

The increase in credit risk losses is the main negative contributor. This increase in losses lowers the CET1 capital ratio by 405 bps as of end-2025. The impact from credit risk is lower than in the previous stress test. This reflects that banks start the 2023 stress test with better asset quality than in the previous stress test. In addition, banks begin the 2023 exercise with higher provision overlays due to the current uncertain macroeconomic and geo-political outlook.³ These additional provisions also mitigate the impact of the adverse scenario. Corporate and SME exposures account for most credit losses. The new information on the sectoral allocation of banks' corporate and SME exposures shows that the stress impact varies significantly across firms.

Market risk including counterparty credit risk (CCR) losses under the adverse scenario amount to an average CET1 ratio decline of 112 bps while operational risk losses amount to an average CET1 ratio decline of 62 bps. The market risk impact has increased compared to the previous stress test. This is driven by the increase in rates and higher credit spreads. The operational risk impact has decreased compared to previous stress tests. This reflects banks own lower projected losses.

² The impact of different earnings and loss components on the CET1 ratio are expressed as a share of fully loaded REA as of end 2022.

³ See the [Q1 2023 EBA RDB](#).

2. Introduction

The EU wide stress test is a solvency stress test conducted at the highest level of consolidation to assess banks' resilience under an adverse and a baseline macroeconomic scenario. It considers the impact on banks' capital position under a static balance assumption over a three-year horizon. It has been conducted on an extended sample of 70 banks from 16 EU and EEA countries, representing about 75% of EU banks' total assets. The exercise sample includes 57 banks from Euro area countries and 13 banks from Denmark, Hungary, Norway, Poland, and Sweden.

The EU-wide stress test is mainly a bottom-up exercise. Methodological constraints in several key areas deliberately limit banks' degree of freedom to ensure a level playing field via the comparability of outcomes across banks.

The EBA initiates and coordinates the exercise and defines a common methodology and templates for the collection and dissemination of data. The baseline macro-financial scenario for EU countries is based on the December 2022 projections from the national central banks. The adverse macro-financial scenario is designed by the ESRB's Task Force on Stress Testing in close collaboration with the ECB. Competent authorities and – for the Single Supervisory Mechanism (SSM) – the ECB in collaboration with national competent authorities are responsible for quality assuring the data provided by banks and their projections. The common methodology allows competent authorities to undertake a rigorous assessment of banks' resilience under stress. Once the exercise is completed, the EBA is responsible for communicating the results at bank-specific and aggregate level.

Dissemination of data is an integral element of the stress test exercise. This is part of the purpose of the exercise to enhance transparency and to foster market discipline. Hence, the publication of the stress test results is accompanied by extensive and detailed bank-by-bank actual and projected data and information on Pillar 2 Requirements (P2R).

The exercise is not designed as a pass-fail test and does not lead to immediate supervisory actions. The results of the exercise are used by supervisors as input into the EU Supervisory Review and Evaluation Process (SREP). Supervisors are expected to consider the individual results to understand their resilience and capital position and assess the potential need to set a Pillar 2 Guidance for banks.⁴ Furthermore, the results will form a solid ground for a discussion with supervisors and individual banks, to understand relevant management actions, such as how their capital planning, including dividend distribution, may be affected by the stress and, therefore, ensure that banks will remain above the applicable capital requirements, while continuing to finance the economy.

⁴ In line with the EBA Guidelines on common procedures and methodologies for the SREP and supervisory stress Testing (EBA/GL/2022/03) accessible [here](#).

2.1 The scenarios

The 2023 EBA EU-wide stress test adverse scenario assumes a significant deterioration in macroeconomic conditions over a three-year horizon, triggered by a worsening of geopolitical developments together with an increase in commodity prices due to disruptions to global supply chains. The resulting weaker economic outlook and tighter financial conditions lead to sizeable adjustments in financial and real estate prices. The elevated levels of sovereign and corporate debt following the COVID-19 pandemic lead to the emergence of sovereign debt sustainability concerns and increases of credit risk premia.

The scenario includes variables for the evolution of real GDP, inflation, unemployment rates, real estate prices, stock prices, exchange rates and interest rates. The baseline scenario envisages that the GDP in the EU will increase in the three-year horizon (0.4%, 1.8% and 1.9% as of 2023, 2024 and 2025 respectively). The adverse scenario envisages a cumulative decline of EU real GDP by -6.0% from 2022 over the adverse scenario (-3.5%, -4.2% and 1.6% as of 2023, 2024 and 2025 respectively).⁵

The 2023 adverse scenario assumes, a stronger cumulative decline of the EU gross domestic product (GDP) from the starting point, over the three-year horizon, when compared to previous exercises. The maximum cumulative decline was -3.6% in the 2021 exercise and -2.7% in the 2018 exercise. A key difference with past scenarios, are the assumptions for the path of inflation and interest rates. Contrary to past exercises, the adverse scenario implies the persistence of high inflation over the horizon and, consistently, much higher market interest rates. Geopolitical tensions lead to increases in commodity prices which, together with disruptions of supply chains and second round effects, keep inflation at high levels throughout the adverse scenario horizon, despite the economic contraction.

The adverse scenario is hypothetical and is not intended or designed to capture every possible confluence of events. The adverse scenario sets out paths for key economic and financial variables in a hypothetical adverse situation triggered by the materialisation of risks to which the EU banking sector is exposed. However, the adverse scenario can help provide an understanding of the impact on the EU banking sector if a severe economic downturn materialises. It is also designed to ensure a significant level of severity across all EU countries. The common baseline scenario is based on the December 2022 projections from the EU national central banks.⁶

Considering the high uncertainty surrounding the macroeconomic outlook, the adverse scenario remains relevant and severe for testing the resilience of the EU banking sector in the current macroeconomic environment. Over the first half of 2023, the banking sector turbulence in the

⁵ The stress test also includes a market risk scenario which is consistent with the macro-financial scenario. The market risks scenario provides instantaneous shocks for risk factors covering interest rates, FX, equities, commodities, sovereign and corporate credit spreads, volatilities, liquidity reserves and global inflation expectations.

⁶ For non-EU countries, the baseline macro-financial scenario is based mainly on the projections from the October 2022 International Monetary Fund (IMF) World Economic Outlook and data from the Organisation for Economic Co-operation and Development (OECD).

United States and Switzerland has increased uncertainty and altered market perceptions of banks.⁷ During the same time the real estate cycle has reached a turning point and economic activity has weakened. Inflation has been coming down, but it remains at high levels.

2.2 New features introduced in the 2023 EU-wide stress test

In many areas the methodology for the stress test has remained similar to that of the 2021 EU-wide stress test. The methodology has however undergone some important enhancements. These enhancements include increased sample coverage, the introduction of top-down elements for net fees and commissions income (NFCI) and a more detailed sectoral analysis.⁸ Adjustments have also been made to incorporate lessons learnt from the previous stress test.

The sample of the 2023 stress test includes 20 additional banks. This has increased the coverage of EU and EEA banking sector assets at the highest level of consolidation by around 5%. As part of the enlargement of the sample, the EBA has introduced additional proportionality elements by allowing for a simplified approach for smaller banks which reduces reporting requirements. These elements can be applied by banks that enter the sample after broadly 70% coverage of the banking sector is reached.

As a major change compared to the last stress test, the projections of NFCI were prescribed to banks based on a centralised top-down model. To account for model uncertainty, the projections of the model are subject to an overlay approach in the form of a cap and a floor. At the same time, the prescribed reference rate pass-through on sight deposits from households and non-financial corporations has been recalibrated to increase the realism of the stress test.

Finally, to enable an assessment of credit risk at the sectoral level, the scenario includes a sectoral breakdown of the aggregate real GDP scenario by real Gross Value Added (GVA). This breakdown matches shock- and country-specific vulnerabilities. The sectoral breakdown is provided for 16 sectors, corresponding broadly to the first level of the Eurostat NACE 2 decomposition. A breakdown of the manufacturing sector for energy intensive activities and other activities is introduced to allow assessing credit risk in line with the scenario narrative. The introduction of a sectoral breakdown is motivated by recent events such as the Covid-19 pandemic and geopolitical developments, which have shown that the impact of risks can vary significantly across economic sectors.

⁷ See press release of the ESRB General Board meeting of 29 June 2023 ([here](#)).

⁸ Unlike bottom-up projections which are produced by banks, top-down projections are produced by supervisors with own models and data and are then prescribed to each bank for use in the stress test.

3. Main findings

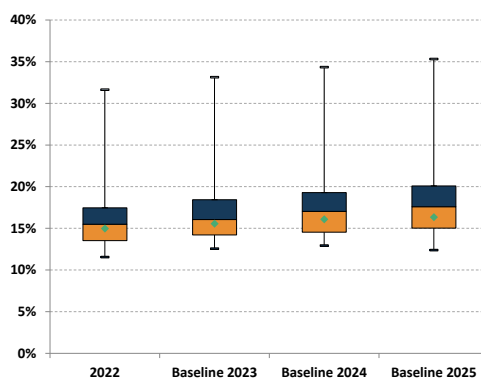
Banks included in the 2023 EU-wide stress test reported a 15% weighted average Common Equity Tier 1 (CET1) ratio as of December 2022 (15.2% on a transitional basis) in line with the starting point of the 2021 EU-wide stress test.⁹ The aggregate CET1 capital at the starting point was 1,282bn EUR on a fully loaded basis and 1,301bn on a transitional basis.¹⁰

Banks have substantially increased their earnings as well as their profitability since 2021. The average Bank RoE was 7.8% as of December 2022 compared to 1.7% as of December 2020.¹¹ As of end 2022 the sample banks had aggregated profits of 128bn EUR. Asset quality also improved since 2021, with the average non-performing exposure (NPE) ratio having decreased to 1.6% in December 2022 compared to 2.1% in December 2020. This shows that banks started the exercise with solid and better fundamentals compared to previous stress tests.

3.1 CET1 capital ratios under the two scenarios

3.1.1 Baseline scenario

Figure 1: Evolution of the fully loaded CET1 capital ratio under the baseline scenario



Notes: Box plots show minimum, maximum, interquartile range, weighted average (green dot) and median

Under the baseline scenario the weighted average CET1 capital ratio increases from 15% fully loaded (15.2% transitional) at the end of 2022, to 16.3% fully loaded (same for transitional) at the end of 2025.¹² Therefore, the capital ratios increase by 136 bps (116 bps on a transitional basis)

⁹ Annex I provides transitional and fully loaded CET1 capital ratios by bank at the beginning of the stress test.

¹⁰ The stress test is based on a static balance sheet assumption. This means that capital measures or other losses realised after the end of 2022 are not considered in the stress test results ('below the line' impact). Major capital measures and losses between January and March 2023 are disclosed on a separate template. Between January and March 2023 banks raised 4.5bn EUR of CET1 capital. The net issuance of additional Tier 1 and Tier 2 instruments in the same period reached 8.2bn EUR. Banks realised 0.14bn EUR in losses during the first quarter of 2023.

¹¹ The average Bank RoA was 0.5% as of December 2022 compared to 0.11% as of December 2020.

¹² Annex I provides transitional and fully loaded CET1 capital ratios projected by banks for the last year of the baseline scenario.

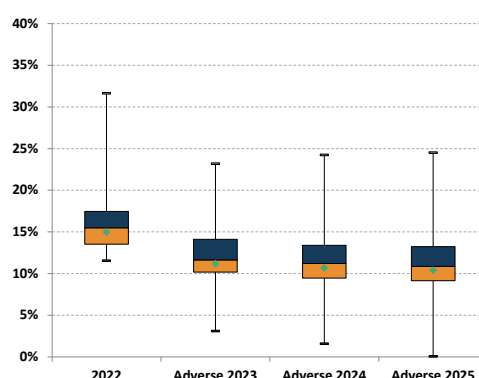
(see Figure 1). Under the baseline scenario, the median fully loaded CET1 capital ratio as of end 2025 is 17.6% and the inter-quartile ranges between 15% and 20.1%.

3.1.2 Adverse scenario

Under the adverse scenario the weighted average CET1 capital ratio declines from 15% fully loaded (15.2% transitional) as the end of 2022, to 10.4% fully loaded (same for transitional) at the end of 2025.¹³ This means a decline of 459 bps (479 bps on a transitional basis) (see Figure 2). Under the adverse scenario the median is 10.9% at the end of 2025 and the inter-quartile ranges between 9.1% and 13.2%. The depletion is lower compared to the 2021 EU-wide stress test (485 bps on a fully loaded basis 497 bps on transitional basis).

As a deviation to the CET1 capital ratio under the baseline scenario, the aggregate CET1 capital ratio is 595 bps lower at the end of 2025 (same for transitional). In the previous exercise the deviation stood at 563 bps (548 bps on transitional basis).

Figure 2: Evolution of the fully loaded CET1 capital ratio under the adverse scenario



Notes: Box plots show minimum, maximum, interquartile range, weighted average (green dot) and median

Figure 3 includes banks capital ratios as of end 2022, and end 2025 under the adverse scenario. Tables in annex I provide more information for each bank, notably the peak-to-trough (maximum capital ratio depletion over the three years of the horizon). Under the adverse scenario, at the end of 2025 banks CET1 ratios range from 24.5% to 0.05%¹⁴. In terms of impact, it ranges from -1,462 bps to +59 bps (-1,462 bps to +40 bps on a transitional basis) under the adverse scenario (see Figure 4).

¹³ Annex I provides transitional and fully loaded CET1 capital ratios projected by banks for each year of the adverse scenario.

¹⁴ With the application of IFRS 17, CET1 ratios range from 24.5% to 6.8% at the end of 2025 under the adverse scenario. See Box 1 for more details.

Figure 3: Fully loaded CET1 capital ratio by bank in alphabetical order at the starting point and at the end of 2025 under the adverse scenario (%)

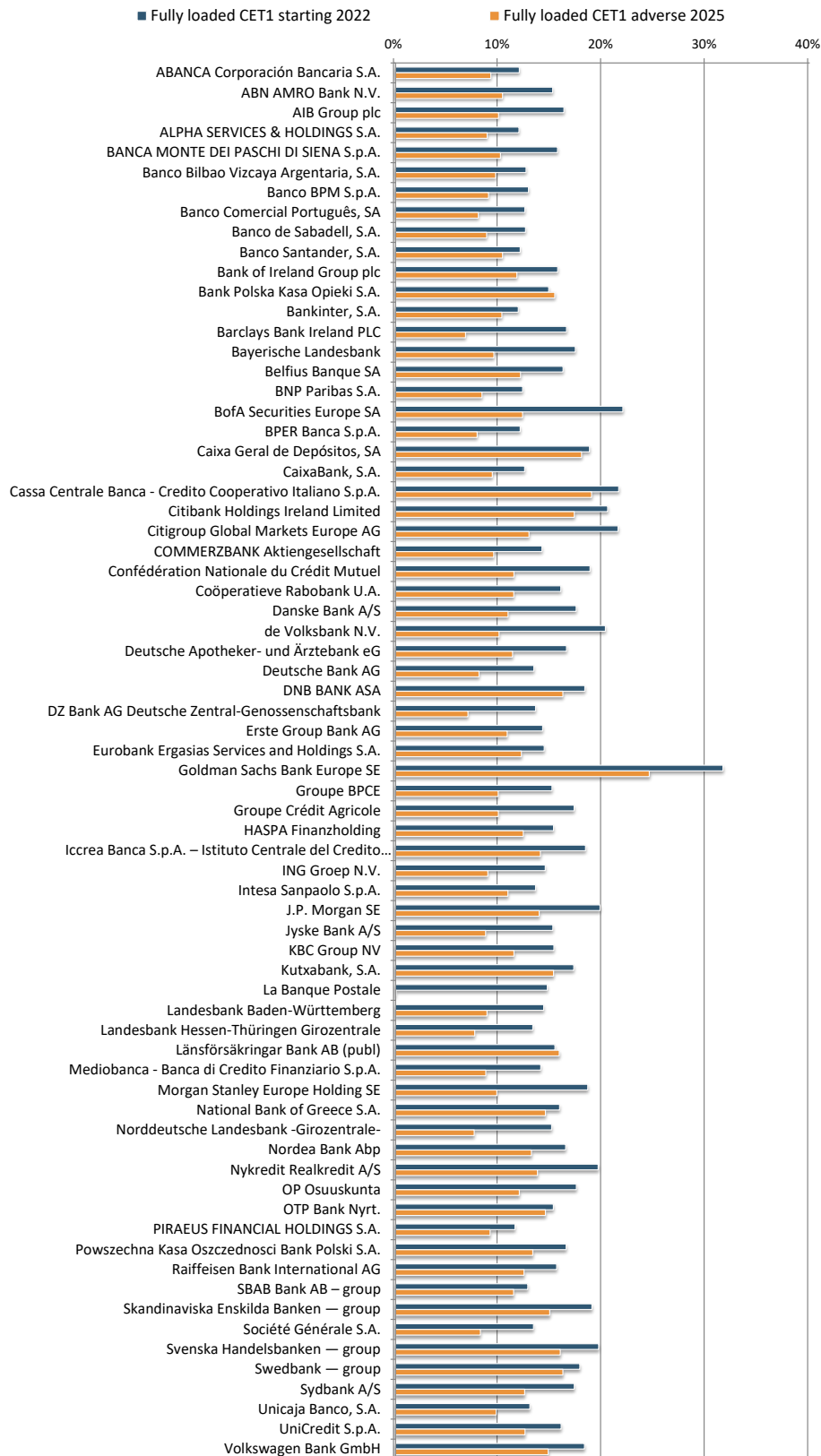
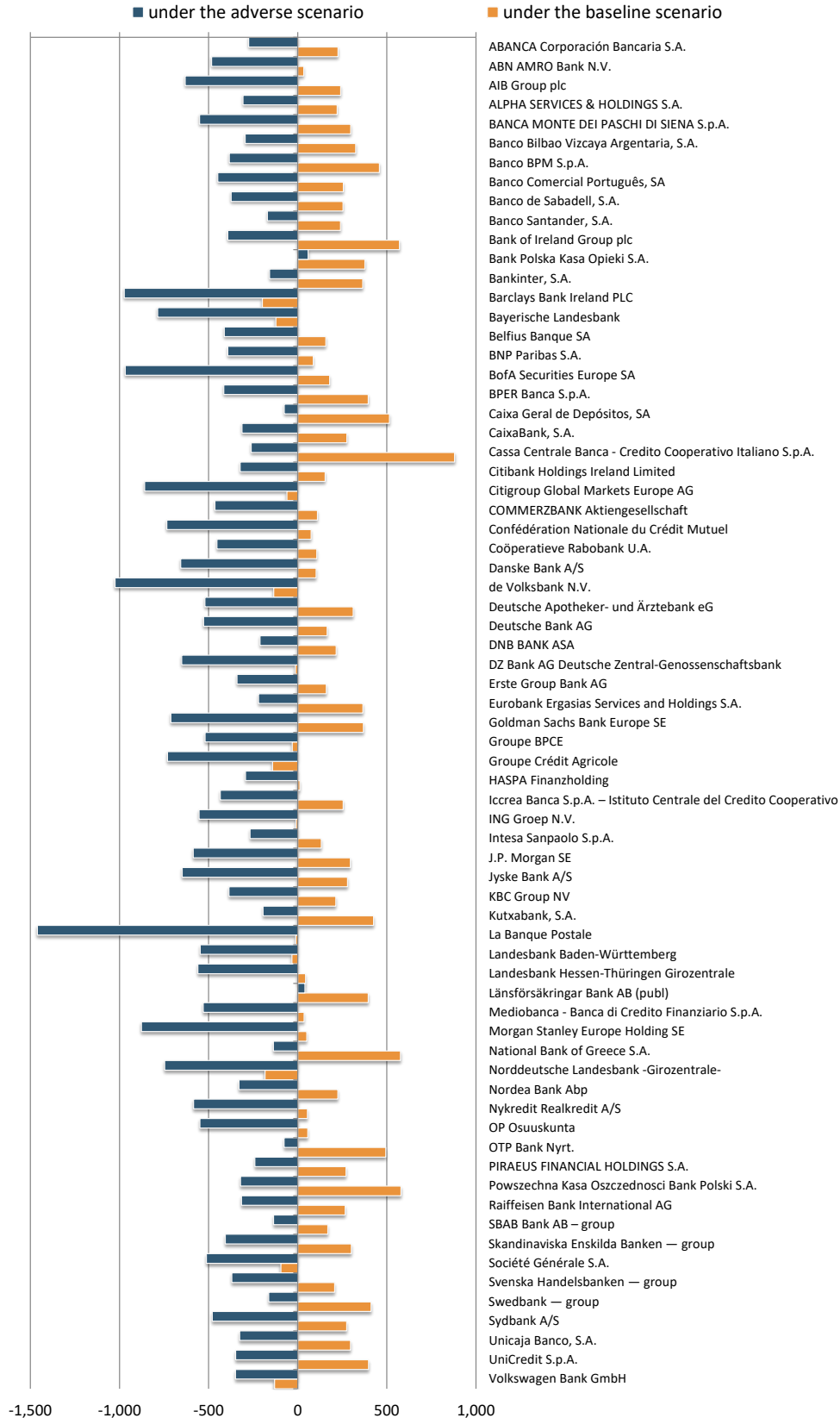


Figure 4: Impact on fully loaded CET1 capital ratio from 2022 to 2025 under the baseline and adverse scenario by bank, in alphabetical order (bps)



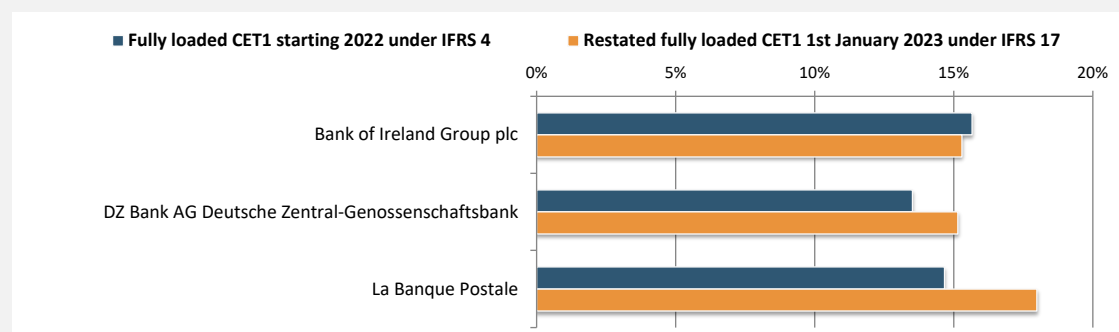
Box 1: Change from IFRS 4 to IFRS 17 accounting standard

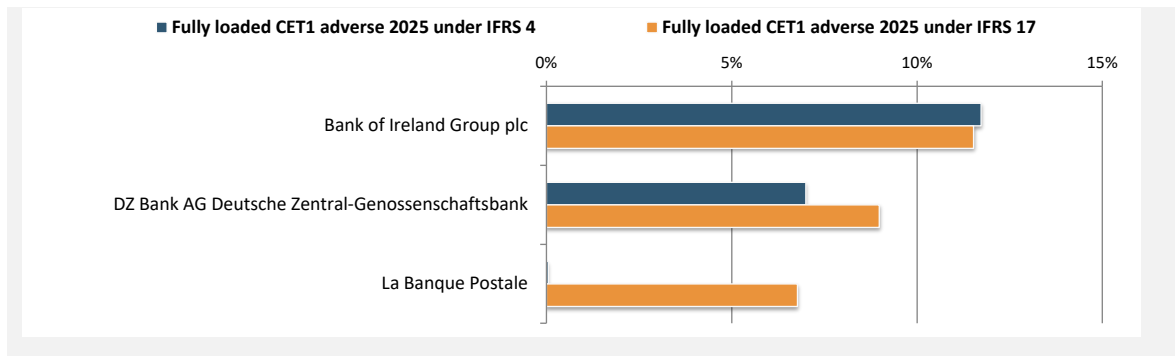
In the stress test banks are asked for projections based on the accounting regime applicable as of 31 December 2022. The results therefore do not reflect changes in the accounting that come into effect after this date. This is notably the case of IFRS 4 that was replaced and enhanced by IFRS 17 – which establishes enhanced accounting principles for the recognition and measurement of insurance contracts – as of 1st January 2023. Therefore, in the stress test banks' projections are based on IFRS 4. Nevertheless, to ensure sufficient transparency and have information on the impact of IFRS 17, banks were asked to provide their fully loaded CET1 capital ratio as of 1st January 2023 applying IFRS 17. Banks with a material impact of IFRS 17 could also provide projections of the CET1 capital ratio over the three-year horizon under IFRS 17. This information is provided as a memorandum item as part of the stress test templates and should facilitate comparisons between the stress test outcome and the CET1 capital ratios according to IFRS 17.

In terms of capital ratios, the materiality of the change to IFRS 17 is very low for most banks in the sample. However, for three banks the impact of IFRS 17 on the fully loaded CET1 ratio as of 1st January 2023 and/or at the end of 2025 is larger than 25 bps (see Figure 5). The introduction of IFRS 17 has an overall positive impact both on the CET1 ratio at the starting point and at the end of the stress test. The impact varies among banks, and banks with large insurance subsidiaries or participations tend to be most impacted. The bank with the largest impact would show a projected CET1 ratio 672 bps higher under IFRS 17 as of end-2025.

The information on the capital ratios according to IFRS 17 is relevant as this is the accounting standard in place as of 1st January 2023. However, it should be noted that the starting point and projections provided under IFRS 17 have not been subject to the same thorough quality assurance as performed by competent authorities for the other published stress test data.

Figure 5: Comparison of CET1 capital ratios under IFRS 4 and under IFRS 17 for selected banks at the starting point of the exercise (top panel) and as of end-2025 (bottom panel)





3.2 Impact on leverage ratio

The weighted average fully loaded leverage ratio drops by 104 bps (112 bps transitional), from 5.4% (5.5% transitional) at the end of 2022 to 4.3% (4.4% transitional) at the end of 2025 under the adverse scenario (see Figure 6). The drop is solely explained by the decrease in Tier 1 capital as the leverage exposure (i.e., the denominator of the ratio) remains constant according to the methodological static balance sheet assumption. Figure 7 shows the dispersion across banks under the adverse scenario.

Figure 6: Evolution of fully loaded aggregate leverage ratio

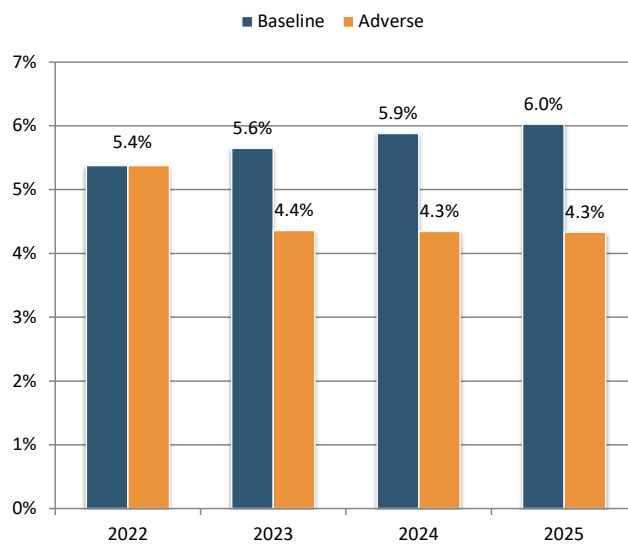
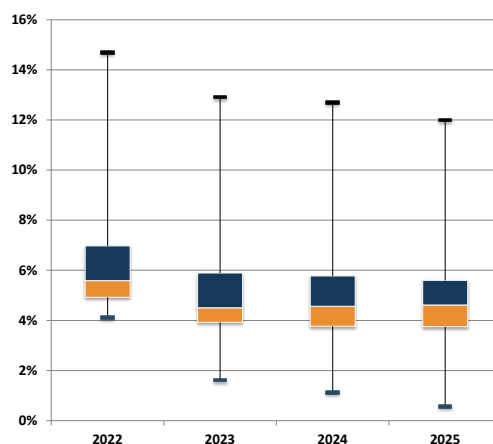


Figure 7: Dispersion of the fully loaded leverage ratio in 2022 and under the adverse scenario



Notes: Box plots show minimum, maximum, interquartile range and median

3.3 Impact relative to regulatory capital requirements

At the beginning of the exercise (end of 2022), all banks report minimum transitional levels of capital above Pillar 1 capital requirements, with a CET1 capital ratio above 4.5%, a Tier 1 capital ratio above 6% and total capital above 8%. All banks meet the minimum leverage ratio requirements.¹⁵

At the beginning of the exercise the CET1 total SREP capital requirement (TSCR) stood at 549bn EUR, while the CET1 overall capital requirement (OCR) amounted to 888bn EUR, both considering potential AT1/T2 shortage for Pillar 1 and Pillar 2 requirements.¹⁶ Tier 1 total SREP leverage ratio requirement (TSLRR) and overall leverage ratio requirement (OLRR) stood at 783bn EUR and 806bn EUR, respectively.¹⁷ At the beginning of the exercise all banks meet all the capital and leverage ratio requirements.

3.3.1 Baseline scenario

Under the baseline scenario the fully loaded CET1 capital increases by 168bn EUR over the three-year period of the exercise and is projected to stand at 1,450bn EUR at the end of 2025. At the end

¹⁵ In this section all requirements referring to CET1 capital requirements refer to transitional CET1 capital.

¹⁶ Total SREP capital requirement (TSCR) includes the Pillar 1 and Pillar 2 capital requirements. Overall capital requirement (OCR) includes the TSCR and the Combined buffer requirements. All references to TSCR and OCR in the main text of the report refer to CET1 TSCR and CET1 OCR. Total capital TSCR and OCR amounted to 850bn EUR and 1,189bn EUR, respectively. Please see Box 2 for more information.

¹⁷ Total SREP leverage ratio requirement (TSLRR) includes Pillar 1 and 2 leverage ratio requirements, which stands at the moment for almost all banks at 3%. Overall leverage ratio requirement (OLRR) includes TSLRR and G-SII leverage ratio buffer requirement. Because leverage ratios exposures stay static throughout the stress test, the TSLRR and OLRR do not change and stay static.

of the baseline scenario, the OCR increases to 966bn EUR and all banks have a CET1 capital ratio above the OCR.¹⁸

3.3.2 Adverse scenario

Under the adverse scenario the fully loaded CET1 capital decreases by EUR 271bn over the three-year period of the exercise and is projected to stand at EUR 1,011bn at the end of 2025. At the end of the adverse scenario, the TSCR increases to 644bn EUR and three banks do not meet the TSCR in the 3-year horizon.^{19,20}

Box 2: Capital requirements and the Supervisory Review and Evaluation Process (SREP)

The total SREP capital requirement (TSCR) is determined through the EU Supervisory Review and Evaluation Process (SREP). It involves a supervisory assessment of each bank's specific risks, business model, governance framework and overall risk management practices. The objective is to determine the capital necessary to cover the bank's risk profile adequately. The total SREP leverage ratio requirement (TSLRR) addresses the bank's risk of excessive leverage. Both are calculated by summing bank's Pillar 1 and Pillar 2 requirements, risk-based for the first one, and leverage ratio based for the second. The TSCR and the TSLRR are legally binding requirements that institutions have to meet at all times.

The overall capital requirement (OCR) is calculated as the sum of the TSCR and the combined buffer requirement (CBR). The CBR includes the capital conservation buffer, the countercyclical capital buffer, the global systemically important institutions (G-SII) buffer if applicable, the O-SII buffer if applicable and the structural systemic risk buffer if applicable. The overall Leverage ratio requirement (OLRR) is calculated by summing the TSLRR and the G-SII LR buffer requirement if applicable.

Once a bank falls below the OCR the CRD requires it to submit a capital conservation plan to its supervisor, detailing among others, a timeframe and set of measures to increase the capital ratios. In addition, an obligation to calculate a maximum distributable amount (MDA) is triggered limiting the amount of distributions (e.g. dividends, buybacks and bonuses) that the bank can make.

The 2023 EU-wide stress test is not a pass-or-fail exercise, therefore, there are no hurdle rates. The stress test is a key input to the SREP and its results will be used for setting the Pillar 2

¹⁸ Under the baseline scenario the OCR on the total capital amounted 1,276bn EUR at the end of 2025. The OLRR does not change under the baseline scenario.

¹⁹ Of the three banks, two have a minor TSCR shortfall. The bank with a large shortfall meets the TSCR under the adverse scenario when IFRS 17 (i.e., the current accounting standard for insurance activities which entered into force on 1 January 2023) is applied (please see Box 1 for additional information on the impact of the change from IFRS 4 to IFRS 17).

²⁰ Under the adverse scenario the TSCR on the total capital amounted 971bn EUR at the end of 2025. The TSLRR does not change under the baseline and adverse scenario.

Guidance (P2G). The qualitative outcomes of the stress test will also be considered as part of the Pillar 2 Requirements (P2R). According to the EBA SREP Guidelines²¹ when determining the size of P2G, competent authorities should ensure that it is set at a level appropriate to cover at least the anticipated maximum stress impact, which should be calculated based on the changes in the common equity tier 1 (CET1) ratio and the leverage ratio. Furthermore, competent authorities should assess as appropriate the quantitative outcomes of stress tests with regard to the adequacy and quality of the institution's own funds and determine whether the quantity and quality of own funds are sufficient to cover applicable capital and leverage ratio requirements, and in particular: (a) OCR including its combined buffer requirements and OLRR including the G-SII LR buffer requirement under the baseline scenario over a forward looking time horizon of at least two years; (b) TSCR and TSLRR under the adverse scenarios over a forward looking time horizon of at least two years.

Banks project in the stress test their capital buffer requirements in line with levels announced before 31 December 2022.²² While the relevant authorities may decide to release buffers, the methodology does not allow for this.

Under the baseline scenario, all banks meet the OCR, with a median excess capital of 593 bps; 90% of the sample (63 banks) has an excess capital above 332 bps (Figure 8). In absolute terms, banks' OCR buffers stand at 486bn EUR.²³ All banks meet the OLRR under the baseline scenario.

Under the adverse scenario, all banks except three²⁴ meet the TSCR, with a median excess of CET1 capital ratio of 378 bps. The CET1 capital ratio buffer for 90% of the banks in the sample is above 105 bps. In total, banks have 369bn EUR of TSCR buffers under the adverse scenario.²⁵ In terms of leverage ratio requirements, four banks do not meet TSLRR under the adverse scenario, for three of them the difference is small, while they meet the risk based TSCR.²⁶

²¹ <https://www.eba.europa.eu/regulation-and-policy/supervisory-review-and-evaluation-srep-and-pillar-2/guidelines-for-common-procedures-and-methodologies-for-the-supervisory-review-and-evaluation-process-srep-and-supervisory-stress-testing>

²² Sweden announced on 14 December 2022 the increase of the CCyB from 1 to 2% starting from 22 June 2023. However, this has not been included in the projections of the CCyB in the stress test.

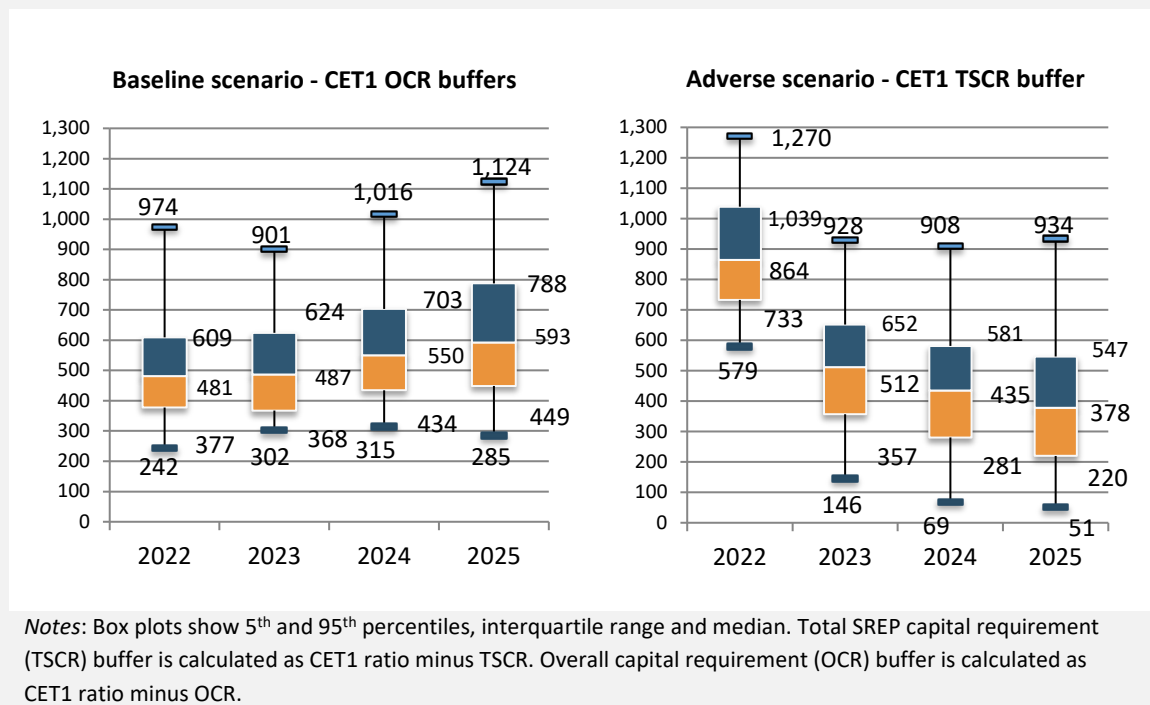
²³ In terms of Total capital at the end of 2025 the OCR buffer stood at 525bn EUR. At the end of 2025, the OLRR buffer stood at 712bn EUR.

²⁴ See footnote 19.

²⁵ In terms of Total capital at the end of 2025 stood the TSCR buffer stood at 399bn EUR. At the end of 2025, the TSLRR buffer stood at 342bn EUR.

²⁶ There is one bank that does not meet TSLRR and TSCR. Two banks, of which one with a large shortfall, meet the TSLRR under the adverse scenario when IFRS 17 (i.e., the current accounting standard for insurance activities which entered into force on 1 January 2023) is applied (please see Box 1 for additional information on the impact of the change from IFRS 4 to IFRS 17).

Figure 8: CET1 OCR buffer dispersion – baseline scenario (left panel) and CET1 TSCR buffer dispersion – adverse scenario (right panel) (bps)



Banks in the stress test are also subject to the MDA requirement. This means that when the transitional CET1 ratio falls below the OCR requirement, there is a breach of the MDA and banks are asked to reduce their distributions over the stress test in line with the percentages of the CRR. The number of banks that breach the MDA trigger at the end of 2023, 2024 and 2025 is 21, 29 and 37, respectively. The restriction on the distribution for these banks has a positive impact on the total CET1 capital ratio of 35 bps.

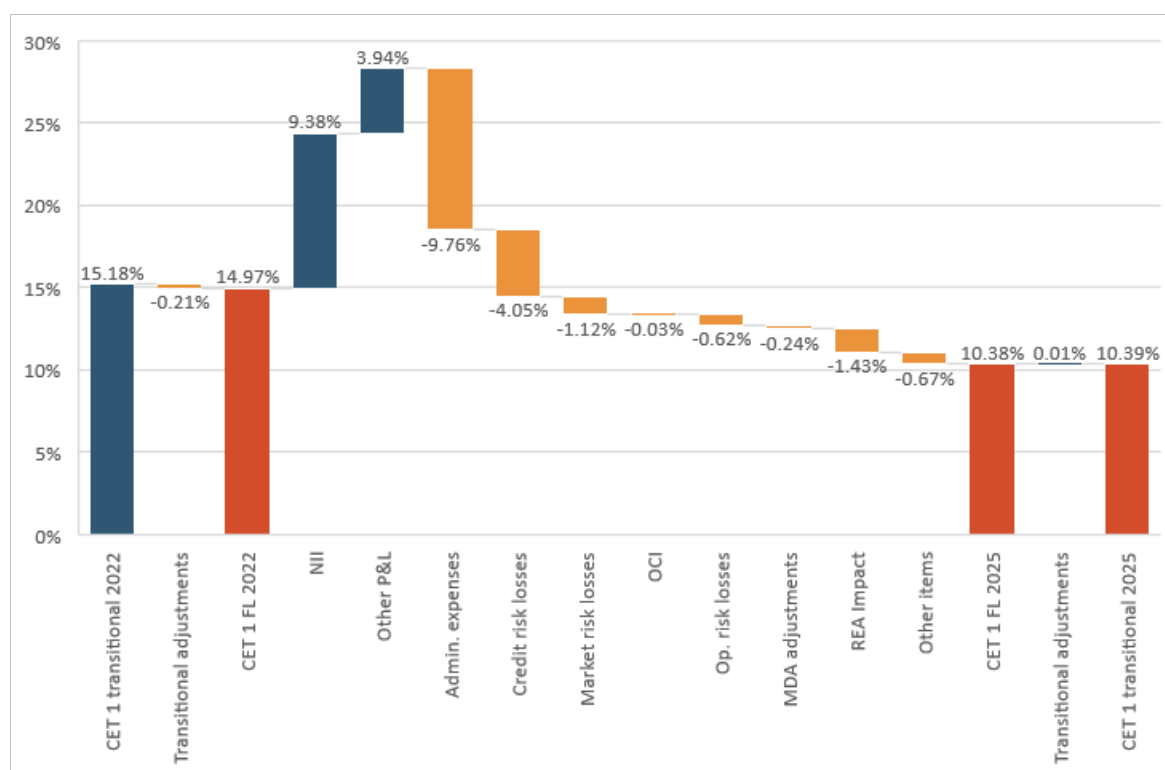
4. Components of capital depletion

In this part we take a closer look at the components underlying the projected changes in capital levels under the adverse scenario. The main components underlying the changes in capital are earnings and credit losses (Figure 9).

Earnings²⁷ contribute positively with 356 bps to the capital ratio at the end of 2025. Net interest income (NII) is the largest contributor with 938 bps. This is notably higher than in the 2021 exercise, where earnings contributed 290 bps to the capital ratio. The increases of interest rates in the scenario contributes to the positive impact of NII. Administrative expenses offset the positive contribution of NII.

Total credit, market and operational risk losses amount to 496bn EUR. Credit risk losses are the main negative contributor and detracts 405 bps from the CET1 capital ratio as the end of 2025. The impact from credit risk is lower than in the previous stress test (-423 bps). The impact is mitigated by the better asset quality at the beginning of the exercise and the use of management overlays.

Figure 9: Main components of capital ratio change from 2022 to 2025 under the adverse scenario



Notes: "Other P&L" has been obtained by deducing from the profit and loss before tax from continuing operations the impact from credit risk, market risk, operational risk and the items of NII and administrative expenses. Contributions to the CET1 capital ratio are measured against the aggregate actual total REA as of end of 2022.

²⁷ Earnings include NII, administrative expenses and other P&L.

The other components impacting capital depletion are market risk and operational risk losses. Market risk losses reduce the capital ratio by 112 bps by end 2025 (see details in section 4.4). Operational risk losses reduce the CET1 capital ratio by an additional 62 bps. The impact of market risk has increased compared to the previous stress test, while the impact of operational risk has decreased. Banks’ capital ratios are impacted not only by the capital depletion, on the numerator side, but also by the increase of the risk exposure amount (REA), with an aggregate impact of -143 bps on CET1 capital ratio.

4.1 Net income

Figure 10 shows the evolution of the main profit and loss components under the adverse scenario. Banks start the exercise with 128bn EUR of aggregate profits which then turn in a net cumulated loss of 98bn EUR over the three years of the scenario. This number reflects a 139bn EUR loss in the first year followed by a gradual recovery with 9bn and 31bn EUR of profit in the second and third years. Underlying these profit level, there is an income of 278bn EUR and total losses of 466bn EUR. Of these, credit risk losses account for 290bn EUR.

At the starting point, banks had a net total operating income of 528bn EUR, which then decreases to 325bn EUR in the first year of the horizon as net interest income and net fee and commission income are both reduced and net trading income turns to negative (see Annex III).

Figure 10: Evolution of EU aggregate profit and loss account under the adverse scenario

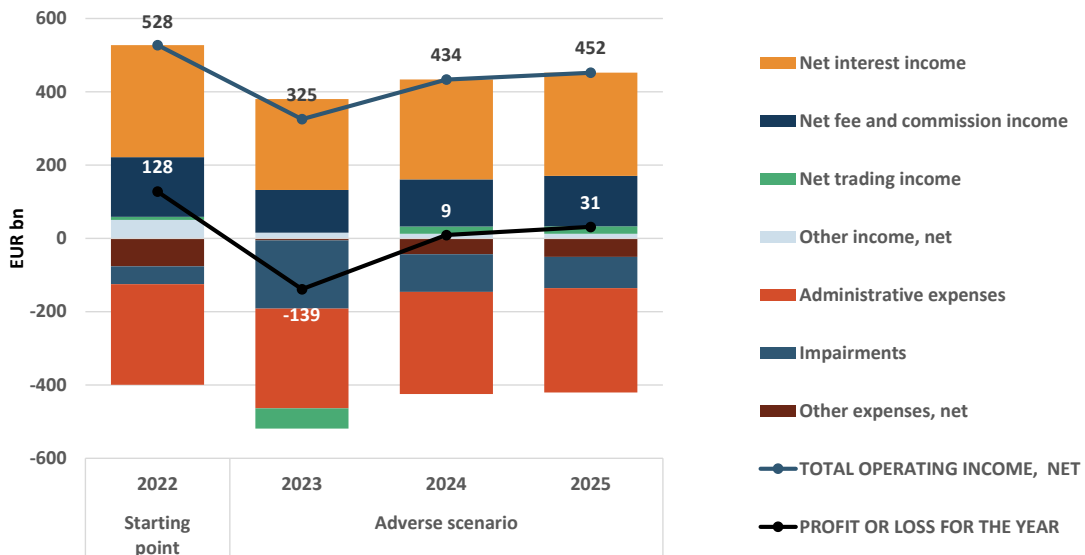
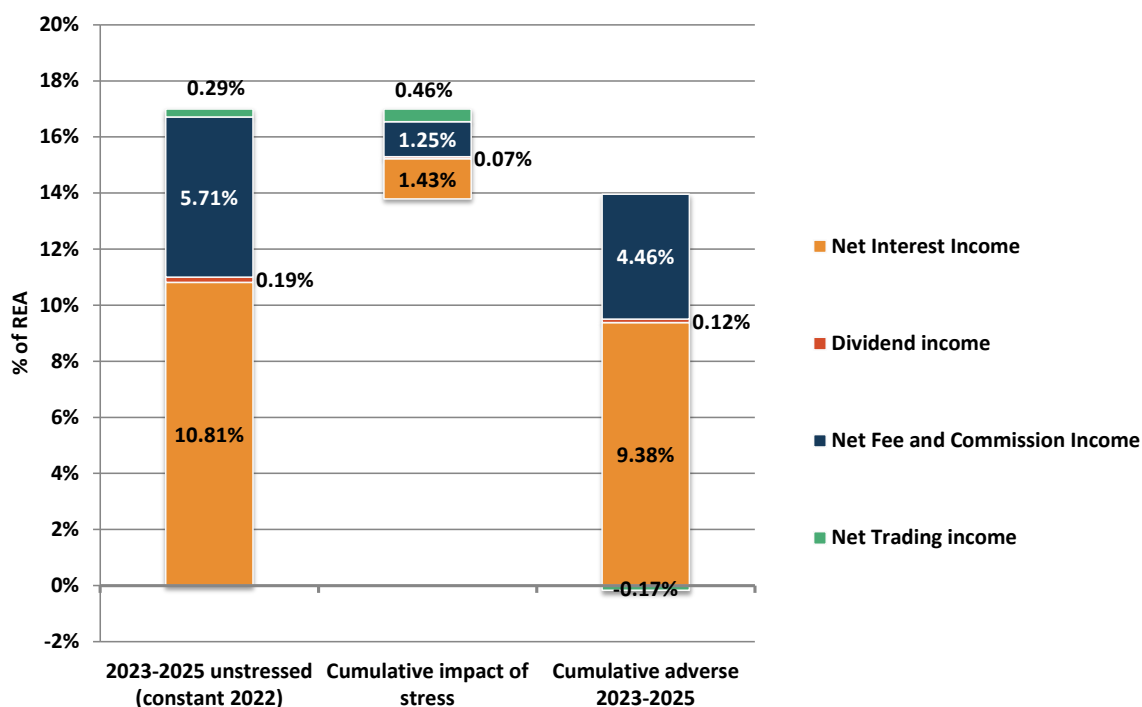


Figure 11 shows the cumulative contribution to capital of banks’ main sources of income (NII, NFCI, dividend income and net trading income (NTI)), compared to their hypothetical unstressed contribution (i.e., keeping constant the income in 2022 over the three years of the stress test). The impact is -143 bps on NII, -7 bps on dividend income, -125 bps on NFCI and -46 bps on NTI. This

means that the aggregate contribution to the fully loaded CET1 capital ratio of these four sources of income would have been 321 bps higher without the stress implied by the adverse scenario.

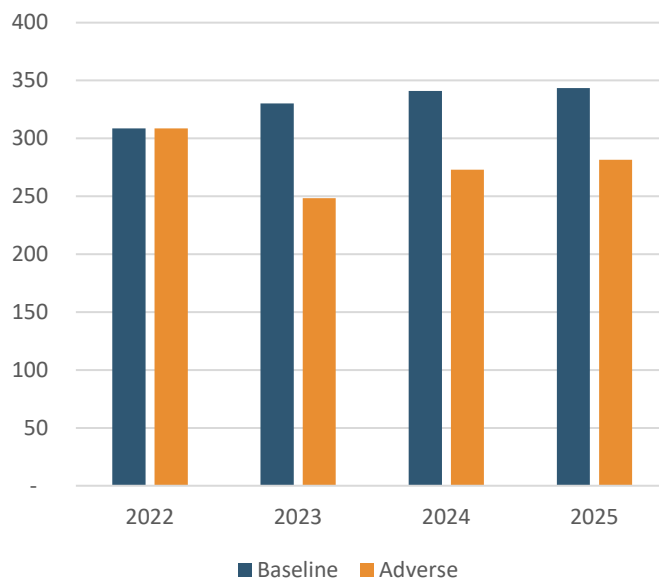
Figure 11: Cumulative CET1 ratio impact of the main sources of income over 2023-25 adverse, compared to the hypothetical unstressed contributions



4.1.1 Net Interest Income

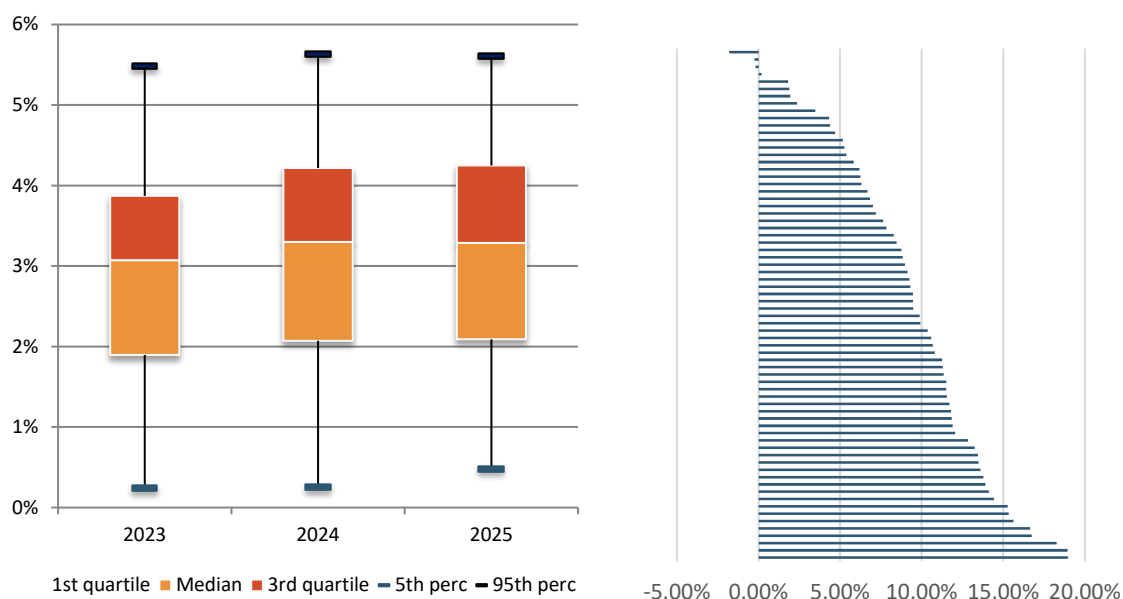
Under the adverse scenario, the cumulative net interest income (NII) declines by 13% on average over the three years of the horizon. The largest decrease occurs in 2023 (-19%) which amounts to 60bn EUR. The NII then gradually recover in 2024 and 2025. Over the three years of the adverse scenario the cumulative NII amounts to 803bn EUR.

Figure 12: Evolution of aggregate NII in EUR bn



The contribution of NII to capital varies significantly across banks (Figure 13). Data also shows dispersion in the contribution to capital of NII among banks in the same country.

Figure 13: Contribution of NII to CET1 capital ratio for each of the years of the adverse scenario (%) (left panel), Dispersion of the contribution to CET1 capital ratio of cumulative net interest income under the adverse scenario by banks in the sample (right panel)



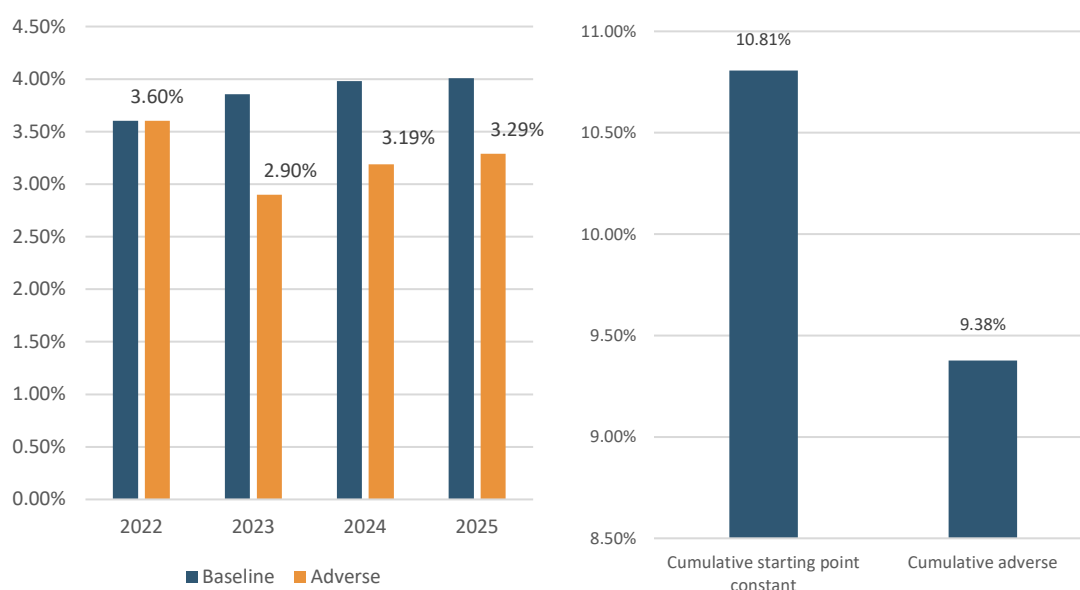
Notes: Box plots show 5th and 95th percentiles, interquartile range and median

The cumulative contribution of NII under the adverse scenario is larger in the 2023 stress test than in the 2021 EU-wide stress test due to a higher starting point at the end of 2022 and the interest

rate projections of the scenario. In the 2021 EU-wide stress test, the projection of interest rates was negative for more than half of the countries in the worst year of the adverse scenario compared to the starting point. In the 2023 stress test, the scenario envisages positive projections for both short-term and long-term interest rates under the adverse scenario.

While NII has a positive contribution to capital in each year of the adverse scenario, it decreases significantly relative to the starting point, i.e., its contribution to capital formation is lower than it would have been assuming a constant (unstressed) NII. The cumulative contribution of the NII after caps under the adverse scenario is 9.38% (cumulative basis), well below the contribution keeping the NII constant over the three years of the stress test (10.81% of REA). This means that the cumulative NII (after caps)²⁸ over 3 years is 123bn EUR lower than it would have been holding the starting value constant (143 bps of CET1 ratio).

Figure 14: Evolution of aggregate NII in percentage of REA (left) and comparison between the cumulative contribution of constant starting point NII across the adverse scenario horizon and the cumulative contribution of NII under the adverse scenario (right)



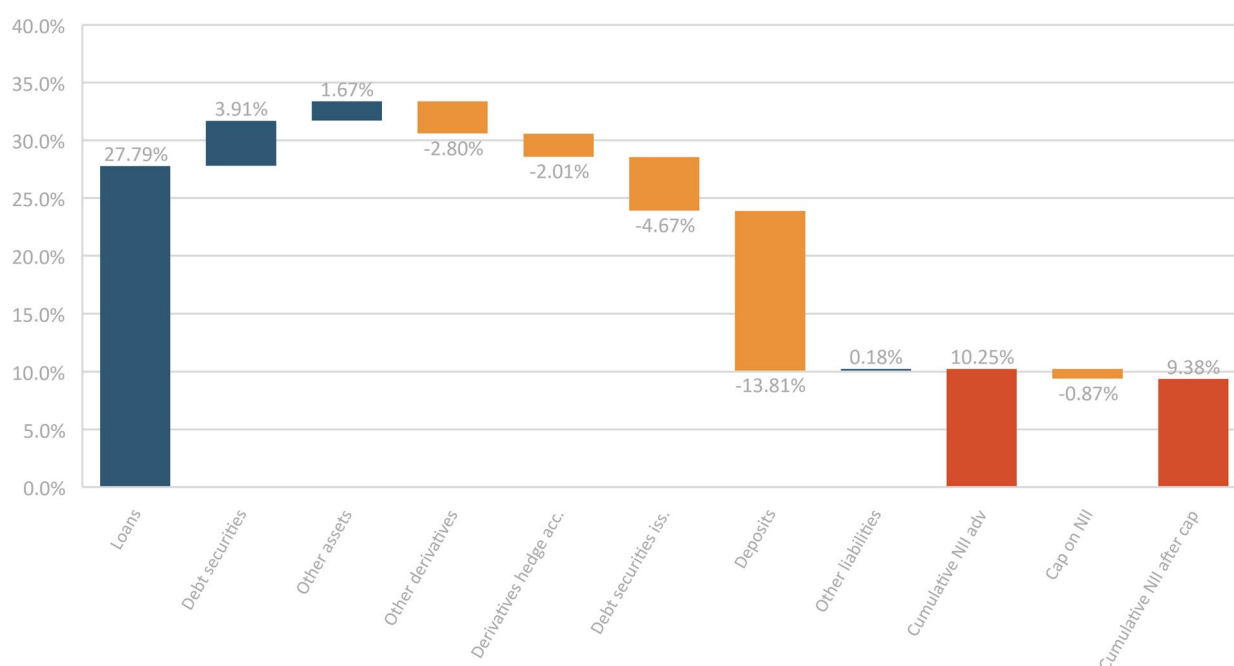
The NII also decreases before caps under the adverse scenario horizon. This is explained by a higher increase in the interest expenses compared to the increase in the interest income. Under the adverse scenario, the average effective interest rate (EIR) for liabilities increases by 1.26%, while the average EIR for assets increases by 1.22%. The net EIR decreases 4 bps compared to the situation of keeping the starting point constant in the three years of the adverse scenario.

The main driver of the higher NII in this exercise compared to the previous one is the increase in the interest income from loans, which is well above the increase in interest expense of deposits and the negative contribution to NII of derivatives. The cumulative interest income obtained from loans

²⁸ The methodology prescribes a cap applicable to the EIR of net NPEs and a cap to the overall volume of NII under the adverse scenario.

represent 27.79% of REA (10.48% of REA in the previous exercise), while the cumulative interest expense on deposits represents 13.81% of REA (2.06% of REA in the previous exercise). The interest expense for debt securities issued increases up to 4.67% of REA, from a level of 1.81% of REA in the previous exercise.

Figure 15: Cumulative contribution of the NII generated by each balance sheet item to capital, in percentage of REA



Box 3: Impact of TLTRO repayment on stress test results

One of the aspects to consider during the stress test horizon is the repayments of the ECB targeted longer-term refinancing operations (TLTRO). In the stress test, banks need to repay the outstanding amounts from operations that took place before December 2022. To adhere to the static balance sheet principle and to be consistent with the “no policy change” assumption, banks were asked to replace the maturing TLTRO with funding of similar original maturity (3 years).

Banks were allowed to offset the costs from replacing maturing TLTRO funding by decreasing the volume of replacement funding with available liquid assets. However, constraints were put in place on both the amount and the perimeter of liquid assets that banks could use to offset the costs of replacing maturing TLTRO loans. Banks were only allowed to use liquid assets held at current accounts with the Eurosystem of central banks. Of these available assets, banks were only allowed to deduct the amounts exceeding the reserve requirements plus liquidity held in the deposit facility net of any recourse to the marginal lending facility. Finally, to be able to use the available liquid assets, banks were asked to maintain the liquidity coverage ratio (LCR) above 100%, using a static recalculation of

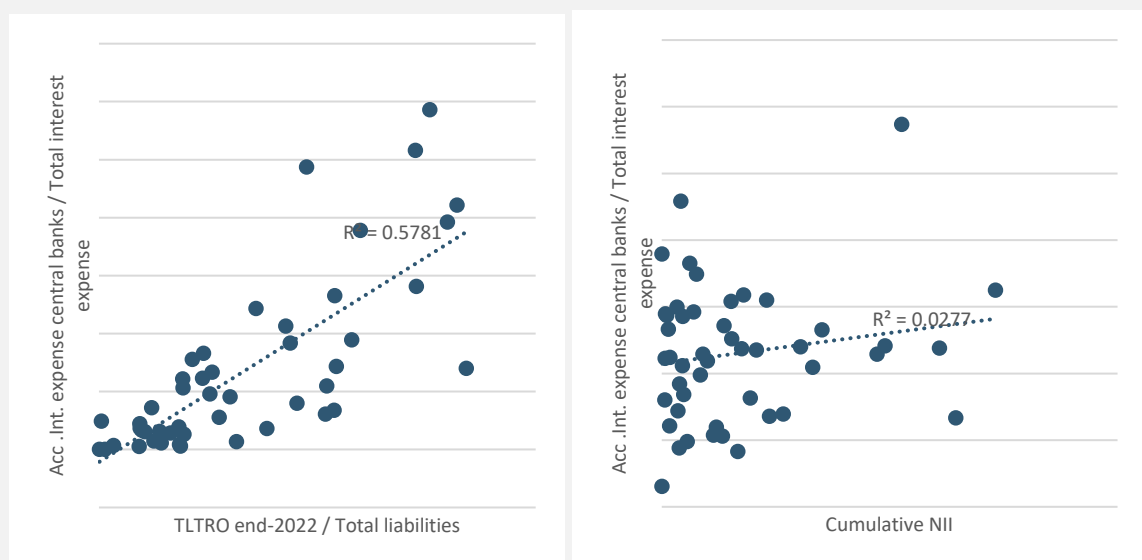
the LCR ratio as of 31 December 2022 at the group level. This recalculation only considered the liquid assets within the constraints prescribed to banks.

Even though banks were asked to calculate the static impact of TLTRO funding outflows on their LCR, the EU wide stress test exercise does not feature a liquidity component and does not assess the impact of stress on banks' liquidity ratios. The introduction of the constraints on banks' liquidity perimeter and the impact of TLTRO repayment on their LCR was necessary to assess in a comparable way the impact of the TLTRO replacement on banks' funding costs and subsequently on their profits and solvency position.

With data as of December 2022, 47 banks (out of 57) Euro area banks reported positive TLTRO amounts. This amount is progressively reduced in the stress test horizon for those banks with excess liquidity satisfying the prescribed constraints. For those without excess liquidity, the TLTRO cannot be fully repaid and banks have to fund remaining TLTRO amounts at the scenario market prices for similar funding instruments. Out of the 47 banks, 22 banks have enough available liquidity to meet the maturing TLTRO amounts within the constraints provided in the stress test. Out of the 25 banks that do not have enough available liquidity, only 11 banks have TLTRO amounts at the starting point above 10% of their total funding. These 11 banks represent 6% of EU banking sector assets.

There is a direct relationship between TLTRO amounts reported at the starting point (end-2022) and the accumulated interest expense of TLTRO in the scenario horizon. However, the impact of the higher interest expenses for deposits from Central Banks on total NII is muted, as assets reprice at higher interest rates over the scenario horizon (see Figure 16).

Figure 16: TLTRO as of December 2022 and accumulated interest expense on TLTRO over the scenario horizon (left) and accumulated interest expense on TLTRO over the scenario horizon and cumulative NII (right)

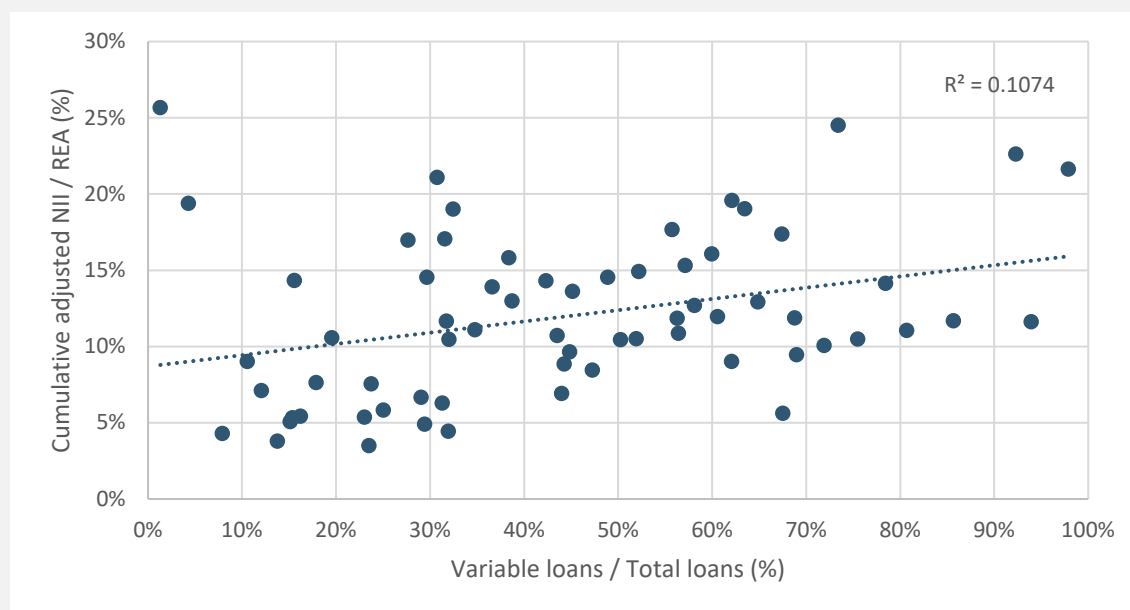


Box 4: Fixed and variable rate loans - Differences in Net Interest Income (NII)

This box considers how banks' mix of loans portfolios (i.e., variable and fixed interest rate loans) impact the NII. The same analysis is done for banks' mix of deposits (i.e., sight and term deposits) and the share of deposit funding. Banks with predominant variable loan rate portfolios and deposit funding benefit more from the scenario of increases of interest rates and therefore obtain a higher NII.

Loans represent the main source of interest income (27.8% of REA), followed by debt securities (3.9% of REA). An important driver of the interest income is the share of the variable rate portfolio, which represents 38% at the end of 2022. Overall, there is a positive relationship between the share of variable rate loans in the starting point and the cumulative contribution of NII under the adverse scenario horizon. On the contrary, there is a negative relationship between the share of fixed rate loans at the starting point and the cumulative contribution of NII in the scenario horizon.

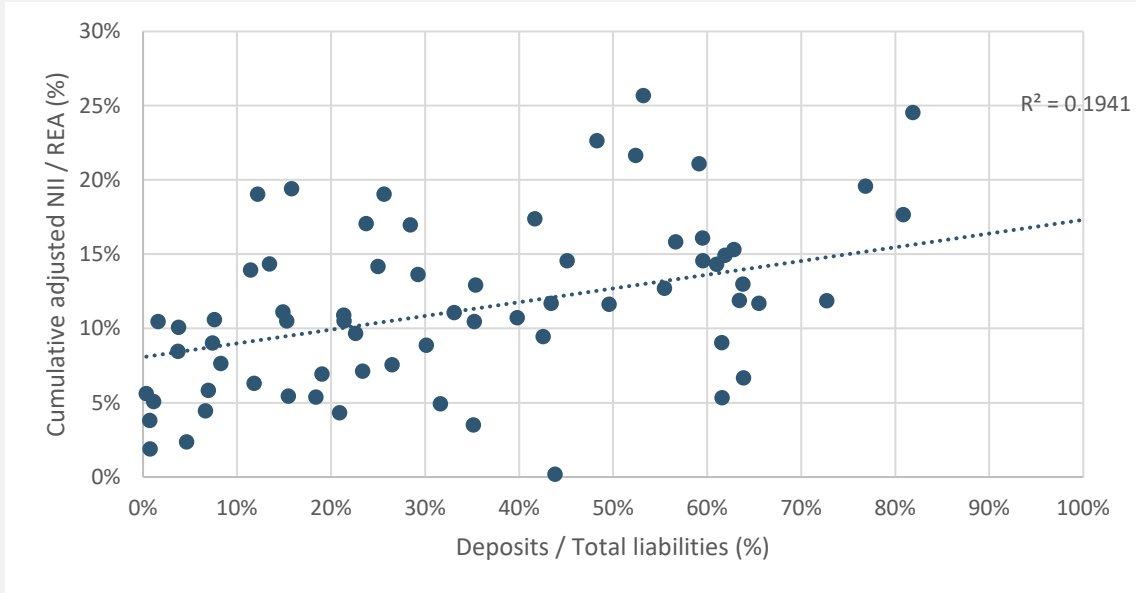
Figure 17: Share of the portfolio of variable loans and NII, percentage



Interrelated with the banks' mix of variable and fixed loans is the proportion of loans that reprice in the scenario horizon. There is a positive relationship between the share of loans that reprice in the scenario horizon and the cumulative NII. The relationship is weaker than the one observed for variable loans because of the relationship between fixed loans that reprice and NII is weaker. However, among the banks that have a share of loans that reprice above 30%, two thirds of them have an above average cumulative contribution to NII.

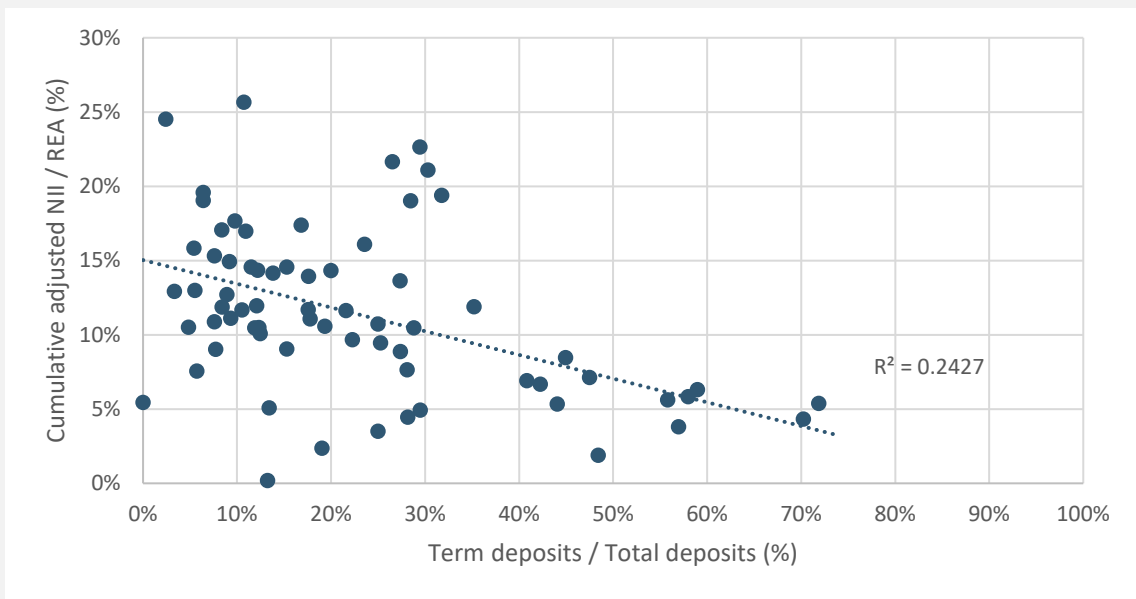
Banks that are more reliant on deposit funding at the starting point on average generate more NII in the scenario horizon. Sight deposits (76% of total deposits) have a lower pass through and therefore benefit banks in comparison with other market based funding which increase the cost of funding.

Figure 18: Share of deposit funding and NII cumulative contribution under the adverse scenario, percentage



While sight deposits have a positive relation with NII, on average banks with more term deposits at the starting point then to have a lower cumulative NII under the adverse scenario. This is explained by a higher pass-through for term deposits than for sight deposits. Term deposits only represent 24% of total deposits.

Figure 19: Share of term deposits and NII (left), percentage



4.1.2 Net fees and commission income and dividend income

As a new feature of the 2023 EU-wide stress test, net fees and commission income (NFCI) projections were prescribed to banks based on a centralised top-down model (see Box 5 for more details). As of end-2022, the aggregate NFCI and dividend income amount to 168bn EUR. Under the adverse scenario, the aggregate NFCI and dividend income decline by 22% on average over the three years of the horizon. The largest decrease occurs in 2023 (-29%) which amounts to 48bn EUR. These sources of income then gradually recover in 2024 and 2025. Over the three years of the adverse scenario the cumulative NFCI and dividend income amounts to 392bn EUR. Comparing this cumulative NFCI and dividend income with the NFCI and dividend income in 2022 and keeping it constant over the three years of the stress test results in a cumulative loss of 113bn EUR.

Figure 20: Evolution of NFCI and dividend income

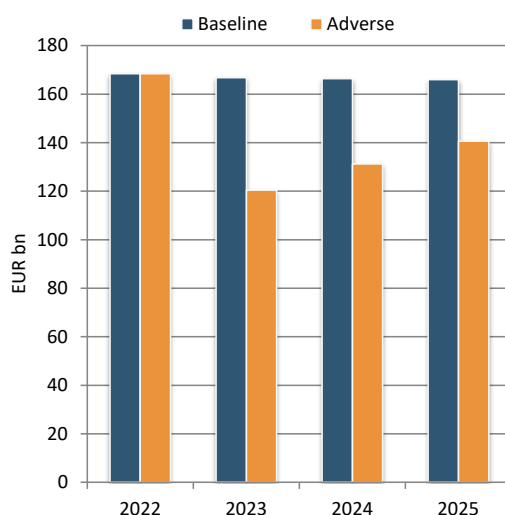
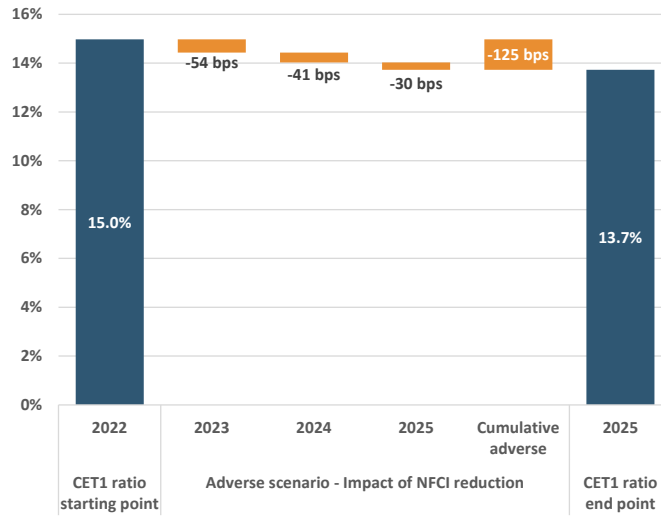


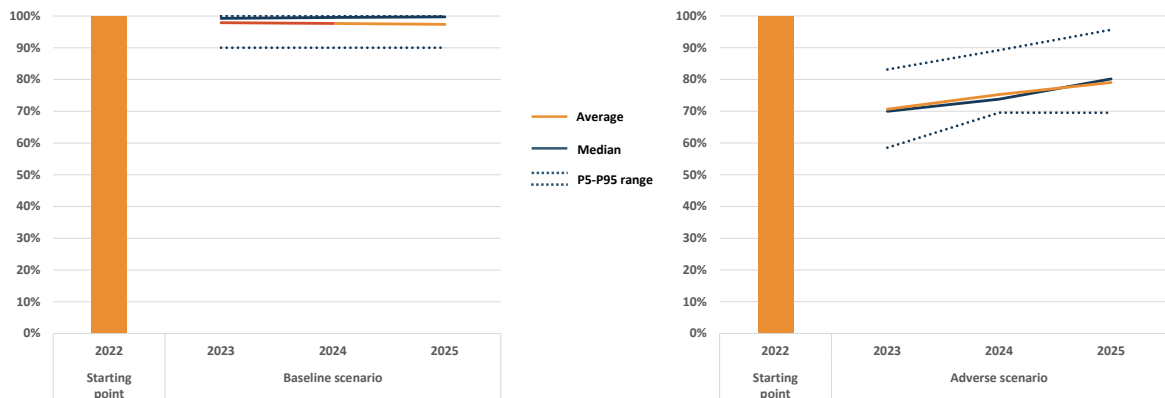
Figure 21 shows the impact of the NFCI reduction to the CET1 ratio (orange bars) under the adverse scenario. This impact is calculated as the difference between prescribed stressed NFCI projections and a non-stressed situation where the 2022 starting point level of NFCI would be kept constant over the horizon. The graph shows that in a non-stressed situation, the CET1 capital ratio would be 125 bps higher in 2025 than under the adverse scenario. As a comparison, in the 2021 EU-wide stress test the CET1 capital ratio was 73 bps higher.

Figure 21: Impact to CET1 capital ratio of the NFCI reduction



At bank-level, the median decrease of NFCI compared to the 2022 starting point is -30% in 2023, -26% in 2024 and -20% in 2025. Looking at the range between the 5th and 95th percentile of the distribution, 90% of banks in the sample decrease the NFCI in 2023 between -17% and -41%.

Figure 22: Bank-level distribution of NFCI projections for the 2023 EU-wide stress test relative to the 2022 starting point level, under the baseline scenario (left panel) and under the adverse scenario (right panel)



Box 5: From a bottom-up to a top-down approach for NFCI

In the 2021 EU-wide stress test banks projected NFCI according to their own models and subject to methodological constraints. As a new feature, the 2023 EU-wide stress test relies on a centralised top-down model to directly prescribe NFCI projections to banks over the horizon for the baseline and the adverse scenario.²⁹

The projections of the top-down model are subject to a model overlay. The model overlay takes the form of a cap and a floor (“corridor”). The resulting cap and floor are common across banks in the sample and are different for the baseline and adverse scenario. Under the baseline scenario, the cap is set at 0% and the floor is set at -10%. Under the adverse scenario, the cap and floor are set at -10% and -30%. These caps and floors apply to the average bank-level projections over the three years of the horizon.

The table below shows for each scenario how many banks in the 2023 EU-wide stress test (i) received direct NFCI projections from the model, (ii) received prescribed NFCI parameters equal to the upper bound of the corridor, and (iii) received prescribed NFCI parameters equal to the lower bound of the corridor.

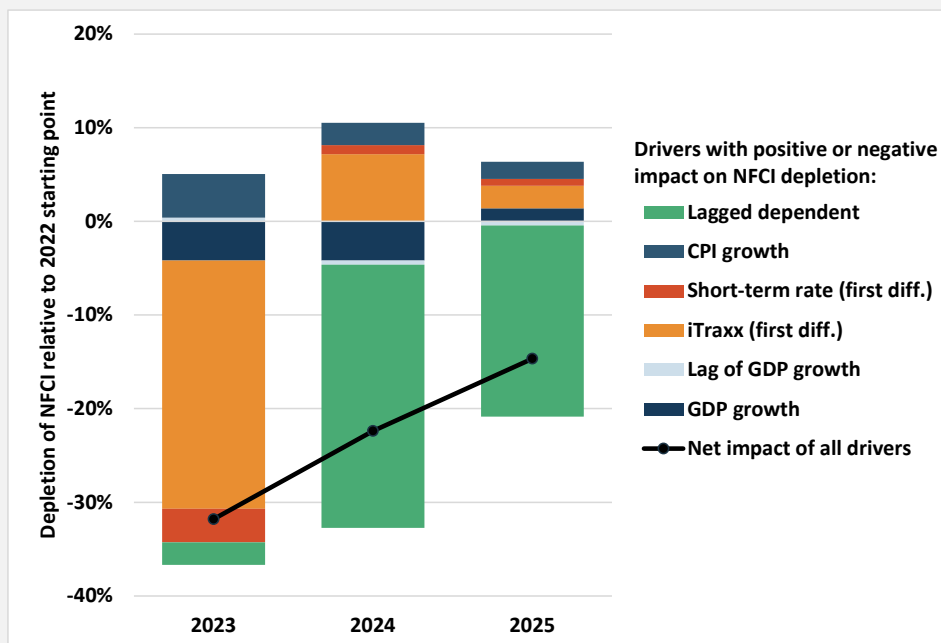
Table 2: Outcome of the model overlay

<i>Number of banks</i>	Baseline scenario	Adverse scenario
	cap and floor [-10%, 0%]	cap and floor [-30%, -10%]
Banks with model-based projections inside the corridor bounds	23	35
Banks capped by the corridor upper bound	36	2
Banks floored by the corridor lower bound	11	33
Total number of banks in the 2023 EU-wide stress test	70	70

Figure 23 describes the relative contribution of each of the drivers of the model to the NFCI depletion relative to the 2022 starting point. This is based on the model-based projections, prior to the application of the model overlay.

²⁹ See Annex X of the stress test methodology ([link](#)) for more details on the centralised top-down model.

Figure 23: Breakdown of the relative NFCI depletion compared to the 2022 starting point under the adverse scenario by explanatory variable of the NFCI top-down model

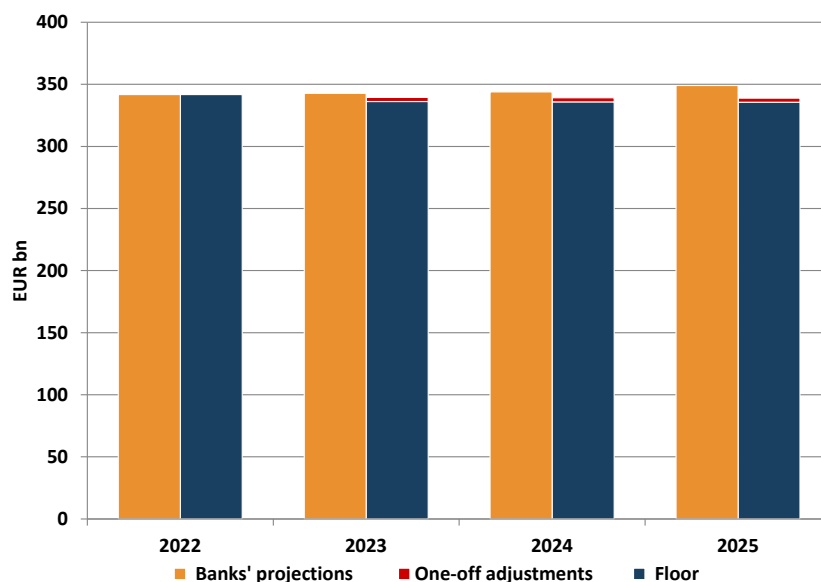


4.2 Expenses

4.2.1 Administrative expenses and other floored expenses

Projections of administrative expenses, cash contributions to resolution funds and deposit guarantee schemes, other operating expenses, other provisions and depreciation are subject to a floor. This means that they cannot fall below the end-2022 level, subject to some one-off adjustments (see section 4.2.2). Banks in the sample report an aggregate amount of expenses equal to 342bn EUR as of end-2022. Over the three years of the horizon banks project increasing expenses amount above the floor, reaching 349bn EUR in 2025. The cumulative expenses projected over the three years under the adverse scenario equals 1,036bn EUR, which is 28bn EUR higher than if banks had projected expenses equal to the end-2022 floor adjusted for one-off events. This means that banks partly factor into these projections the inflation forecast of the scenario.

Figure 24: Evolution of administrative expenses, cash contributions to resolution funds and deposit guarantee schemes, other operating expenses, other provisions and depreciation



4.2.2 One-off adjustments and their effect on the results

According to the stress test methodology some P&L items cannot fall below the value reported at the end of 2022 over the stress test horizon.³⁰ Bank may however request “one-off” adjustments for events that occurred during 2022. Before being included in the stress test results, these adjustments are carefully reviewed by competent authorities and must be approved by the EBA Board of Supervisors.³¹

Only certain types of events are permissible for an assessment as a one-off application. Examples include extraordinary expenses incurred due to divestments of business units in 2022, a business unit restructuring completed in 2022, some severance costs associated to employee restructuring/lay-offs, or extraordinary contributions to deposit guarantee schemes (DGS) and resolution funds (RF).

Banks submitted 71 one-off applications in the first submission of results. After the assessment by competent authorities and by the EBA, the EBA Board of Supervisors approved 36 one-off cases and rejected 35 applications. The 36 accepted cases account for a total of 3.4bn EUR (12 bps on the

³⁰ Please refer to section 6.4.2 of the 2023 EU-wide stress test Methodological Note for further details on the methodology for one-off adjustments.

³¹ As another type of adjustment, banks are also allowed to request competent authorities and EBA for the use of “pro-forma data”. Some methodological constraints of the stress test rely on historical information (as of end-2022 or the years before). Therefore, 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 these major events. The methodology sets a materiality threshold for eligible events: only those resulting in an impact of more than 12.5% in total assets are eligible to the use of pro-forma data.

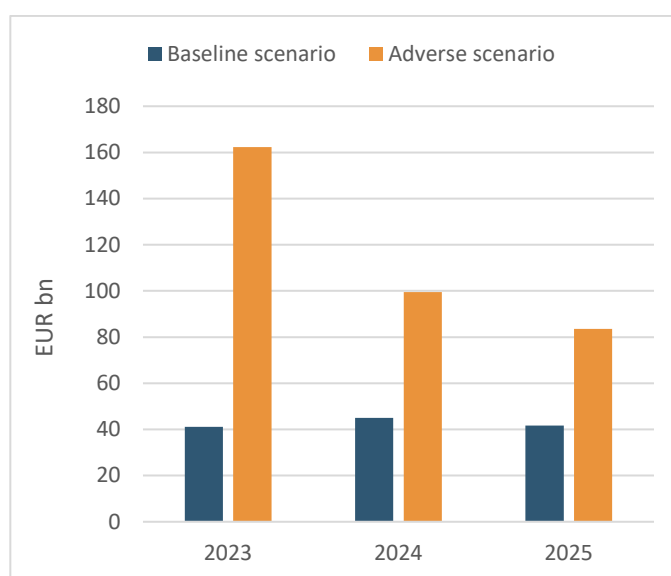
aggregate CET1 capital ratio). The median impact of the accepted one-off cases on the bank-level CET1 capital ratio is 24 bps.

The main reason for the rejection of the 35 applications was that they did not fall into the scope of eligible one-offs according to the methodology. In particular, the methodology allows for the adjustment of expenses for severance costs associated with employee restructuring/lay-offs, however projected or expected future cost savings are not included. For some banks involved in major restructuring plans, for instance large staff layoffs concluded in 2022 in the context of an EC-approved plan or post-merger integrations, the stress test results thus do not reflect the potential future benefits of these actions.

4.3 Credit risk

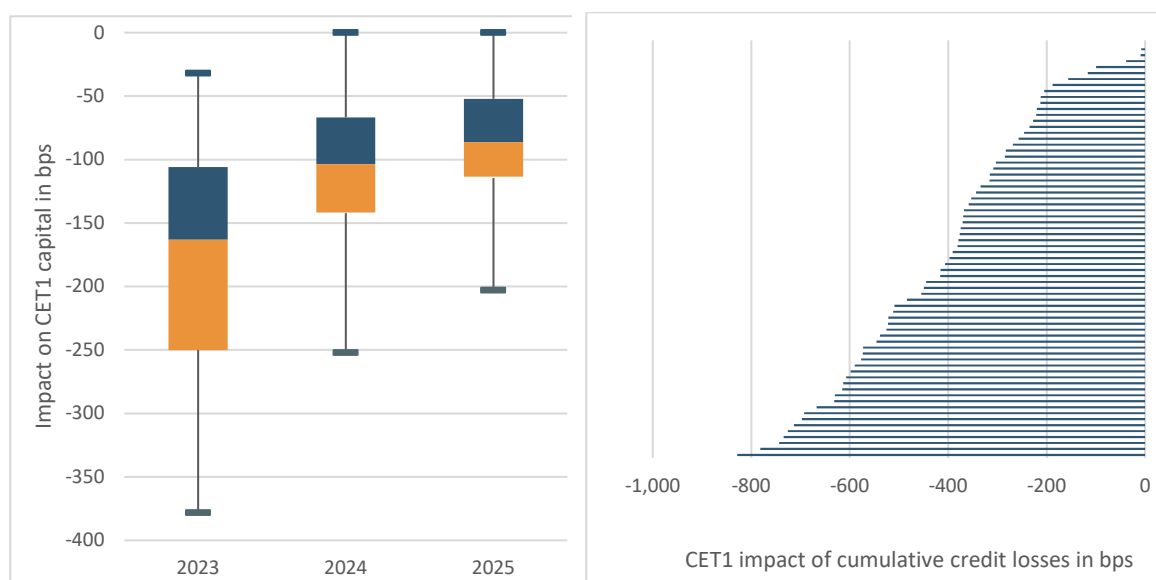
Cumulative credit risk losses over the three years of the adverse scenario amount to 347bn EUR (see Figure 25).³² As for the 2018 and 2021 EU-wide stress test exercises, the largest impact occurs during the first year of the adverse scenario, due to the time profile of the scenario and the perfect foresight methodological assumption for the lifetime expected credit losses (ECL) for stage 2 and stage 3 exposures.

Figure 25: Evolution of absolute credit losses



³² Credit risk losses are booked in the P&L account in the following item: “Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss” and include losses from securitisation positions.

Figure 26: Contribution of credit losses to CET1 capital depletion under the adverse scenario (left panel), Dispersion of the contribution to CET1 capital depletion of cumulative credit losses under the adverse scenario by bank (right panel)



Notes: Box plot shows interquartile range, median, 5th and 95th percentiles.

There has been an improvement in the credit quality of banks' exposures at the starting point of the 2023 exercise. Banks reported 7.2% of stage 2 at the end 2022 and 7.6% of stage 2 exposures at the beginning of 2023, following restatement to align banks' starting points to the stress test definitions. Banks reported 1.6% of stage 3 exposures at the end of 2022 and beginning of 2023 (see Table 3).³³ The share of stage 3 exposures (1.6%) is lower than what it was at the starting point of the 2021 EU-wide stress test exercise (2.1%).

Table 3: Credit quality metrics at the starting point of the 2021 and the 2023 EU-wide stress test exercises

	2021	2023
Share stage 2	8.1%	7.6%
Share stage 3	2.1%	1.6%
Coverage performing	0.4%	0.4%
Coverage stage 3	45.4%	45.6%

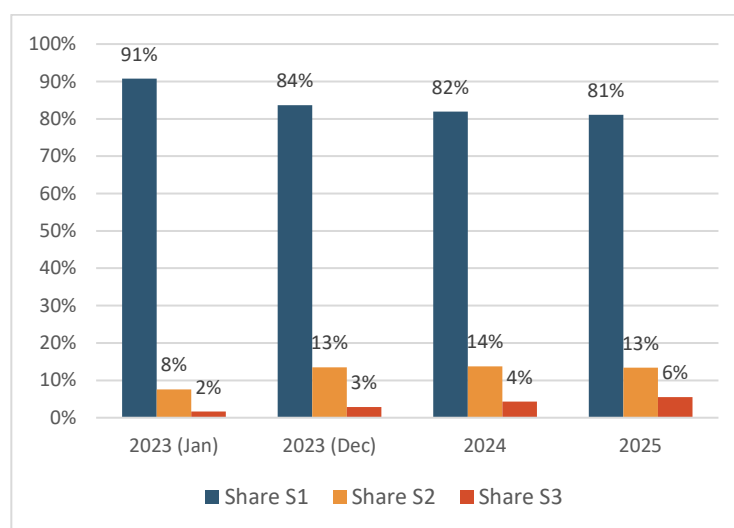
Notes: The figures in this table are after restatements and correspond to those at the beginning of the adverse scenario.

Key credit quality indicators deteriorate over the three-year horizon of the adverse scenario. The share of stage 2 assets increases to 13.4% over the stress test horizon, reflecting the deterioration

³³ According to paragraph 56 of the 2023 EBA Methodological Note, banks are asked to provide historical data and projections in line with IFRS 9. However, in case banks' own definitions of stages 1, 2, and 3 based on accounting practices are different from the EU-wide stress test definitions, banks are asked to restate the allocation of total exposures to the various stages. This restatement does not affect the total exposure and country breakdown.

of credit quality and the movement of exposures to riskier IFRS 9 stages. The share of stage 3 exposures is projected to increase to 5.6% at the end of the adverse scenario.³⁴

Figure 27: Share of exposures per stage– Evolution over the projection horizon under the adverse scenario

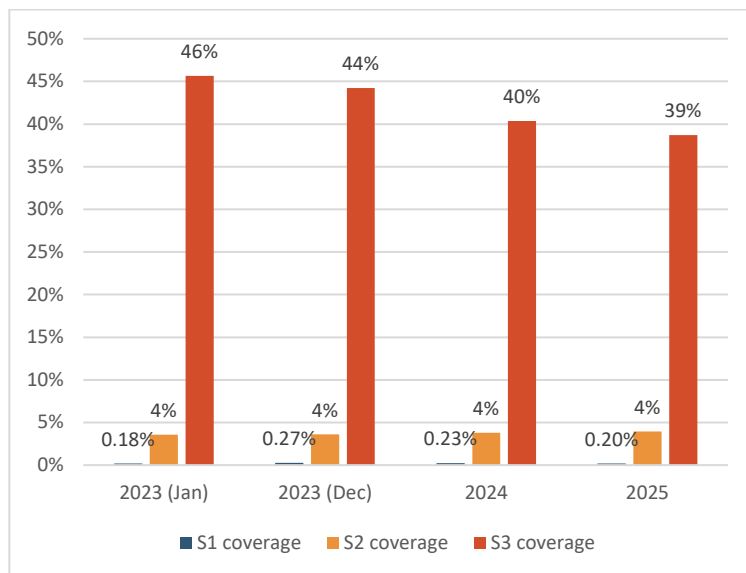


Coverage ratios for performing exposures (stage 1 and stage 2) increase slightly over the adverse scenario (see Figure 28). Unlike previous exercises, the 2023 EU-wide stress test does not assume a floor to the coverage of stage 1 exposures, allowing banks to fully reflect their internal assumptions about the evolution of loan loss allowances for these exposures. On the other hand, coverage ratios for stage 3 exposures decrease. The decrease is due to the increase in the share of stage 3 exposures and the lower loss rates applied to defaults occurring during the scenario horizon in comparison to the higher loss rates applied to defaulted exposures existing at the start of the exercise.

In the stress test, banks are allowed to use management overlays created as a forward-looking provision before the end of 2022 to offset future expected losses. This leads to a lower increase of credit losses, mostly for performing assets (stage 1 and stage 2). As of end 2022, banks participating in the exercise report 25bn EUR of management overlays which correspond to 10.2% of total provisions at the starting point. Most overlays (22bn EUR) are associated with performing exposures and correspond to 24% of provisions for performing exposures at the starting point. Management overlays are consumed entirely over the first year of the stress test horizon leading to an equal reduction in the flow of credit losses.

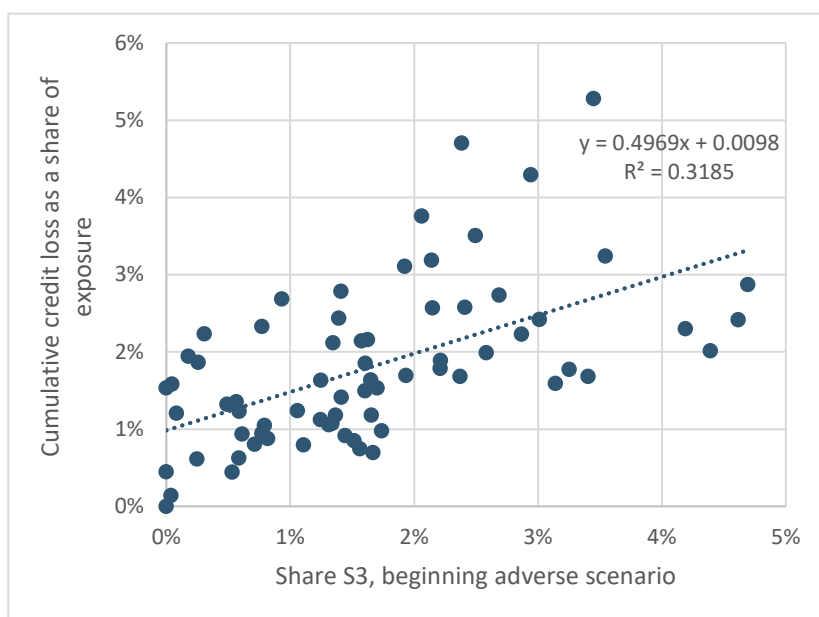
³⁴ According to paragraph 90 of the 2023 EBA Methodological Note, it is assumed that no cures from stage 3, charge-offs or write-offs should take place within the 3-year horizon of the exercise. However, according to paragraph 82 of the same note, cure rates are an important component of LGD estimations.

Figure 28: Coverage ratio per stage – Evolution over the projection horizon under the adverse scenario



Banks that enter the exercise with worse asset quality, measured by the share of stage 3 assets at the start of the adverse scenario (beginning-2023), project higher cumulative credit losses as a share of their starting point exposure.

Figure 29: Cumulative credit losses as a share of starting point exposure and share of stage 3 assets as of beginning-2023

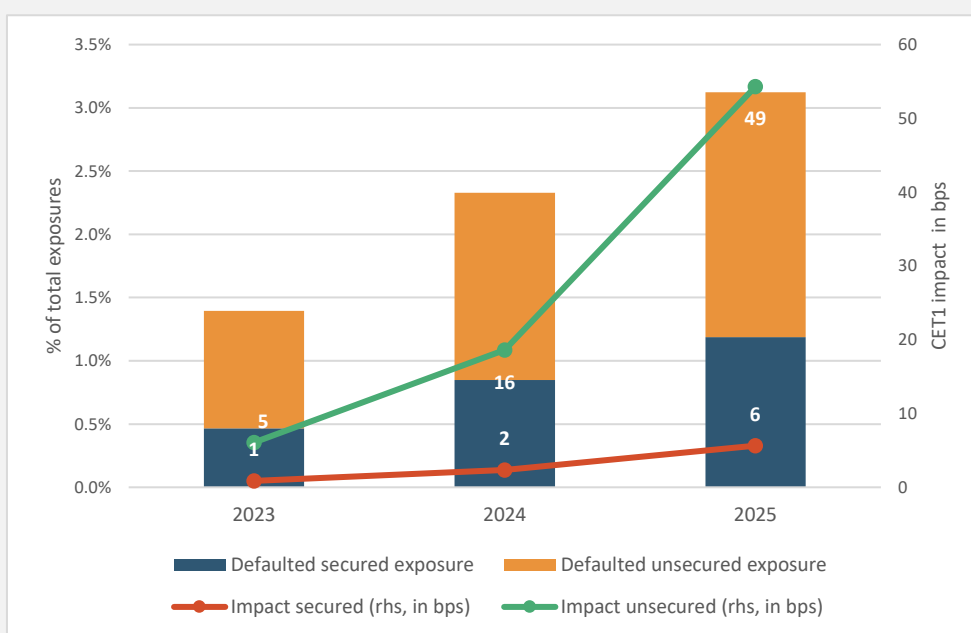


Box 6: Minimum loss coverage for NPEs (NPL calendar)

With the minimum loss coverage for NPEs (“NPL calendar”), banks are required to deduct from CET1 capital the amounts of insufficient coverage for loans originated after 26 April 2019 that were classified as NPE.³⁵ The requirement was already incorporated in the 2021 EU-wide stress test exercise. However, the impact is higher compared to the 2021 EU-wide stress test because more exposures are subject to the requirement due to the later starting point of the 2023 stress test.

Over the stress test horizon, the amount of exposures eligible to calendar provisioning in case of NPE classification steadily increases due to the replacement of maturing exposures to keep a constant balance sheet. During the stress test horizon, the amount of stage 3 exposures subject to calendar provisioning rises to above 3% of total credit risk exposures by 2025 (see Figure 30). Most exposures subject to higher rates of calendar provisioning relate to unsecured exposures. The total impact of the calendar provisioning on the CET1 capital ratio reaches 55 bps in 2025. Thus, the CET1 deduction for insufficient coverage results in a sizable increase in the impact of stage 3 exposures on banks’ capital.

Figure 30: NPL calendar: defaulted exposure subject to calendar provisioning



4.3.1 Credit losses by portfolio

Corporate exposures (aggregate internal ratings based -IRB- and standardised approach -SA) contribute the most to total losses and therefore to capital depletion with 142bn EUR (40.9% of

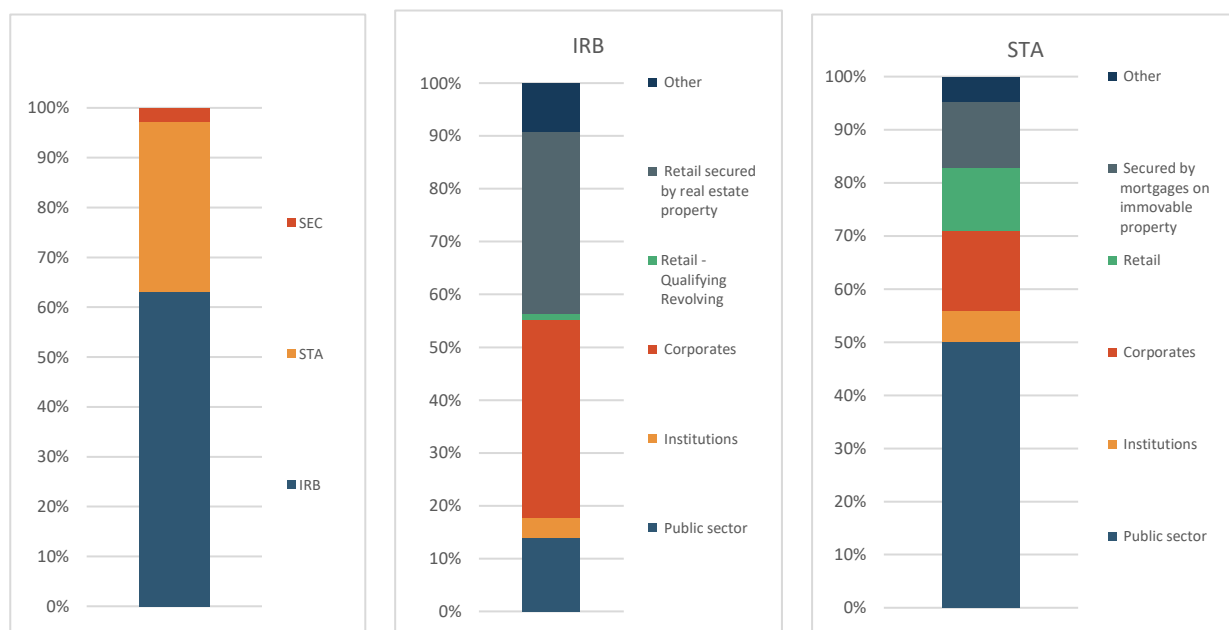
³⁵ According to Regulation (EU) No 575/2013 Article 469a, the exposures in scope of the NPL calendar are the following: (i) exposures originated on and after 26 April 2019, and (ii) exposures originated before 26 April 2019 when they are modified after that date in a way that increases their exposure value to the obligor.

total credit losses). Losses in retail exposures, excluding exposures secured by real estate property, are equal to 123bn EUR and account for 35.5% of total credit losses. Banks project 60bn EUR losses on retail exposures secured by real estate property (IRB) and exposures secured by mortgages on immovable property (STA) (17.3% of total credit losses). Losses on remaining exposures amount for 22bn EUR (6.3% of total credit losses).

Commercial real estate (CRE) exposures amount to 1,298bn EUR as the end of 2022 corresponding to 6.3% of total exposures. For these exposures, banks project 27bn EUR of credit losses (7.9% of total credit losses). The share of exposures in stages 2 and 3 increases notably over the stress test horizon. The share of stage 2 increases from 14.5% at the end of 2022 to 24.8% at the end of the adverse scenario horizon. The share of stage 3 exposures increases from 3.2% at the end of 2022 to 10.3% at the end of the adverse scenario horizon.³⁶

Exposures to the public sector (aggregate IRB and SA) include 2,372bn EUR of exposures to central governments, regional governments or local authorities which correspond to 11.4% of the total exposures.³⁷ For these exposures, banks project 11.4bn EUR of credit losses (3.3% of total credit losses).³⁸

Figure 31: Total exposure as of end 2022 – by regulatory approach and regulatory exposure class



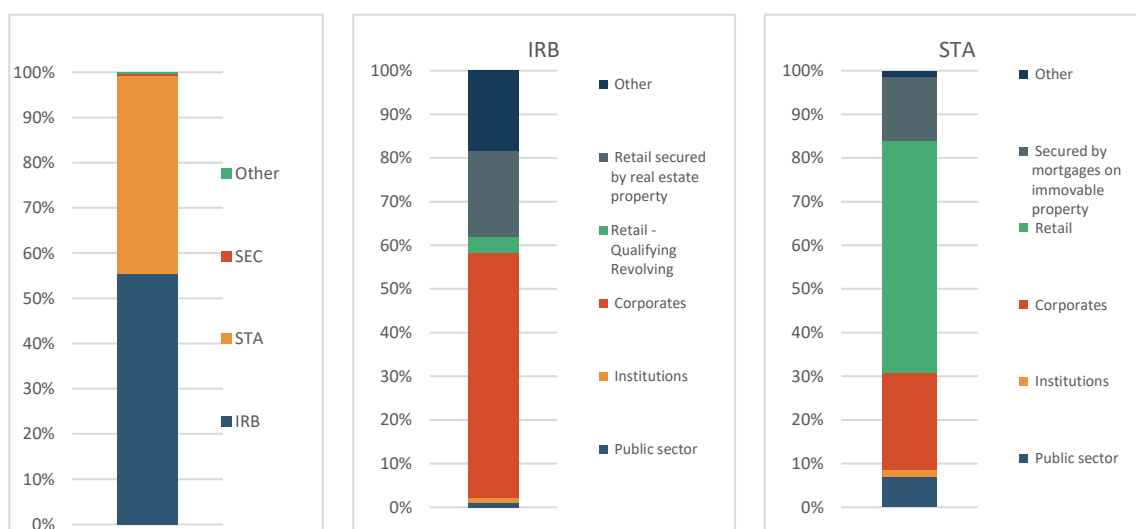
³⁶ Following restatement, banks report 15% of stage 2 and 3.2% of stage 3 CRE exposures as of January 2023.

³⁷ This amount corresponds to the following exposures, IRB-Central Governments, STA-Central Banks, and STA- Regional governments or local authorities. These exposures are reported according to paragraph 57 of the 2023 EU-wide stress test methodological note and are after credit risk mitigation and accounting credit conversion factor (CCF).

³⁸ To project defaults and impairment flows on these exposures, banks had to apply a set of probability of default (PD) and loss given default (LGD) parameters developed by the ECB for a selection of countries.

At the end of 2022, the percentage of exposures under outstanding eligible public guarantee schemes (PGS) to mitigate the impact of COVID-19 is on aggregate 1.5% of total exposures.³⁹ The guaranteed part of these loans is on average 81.7%. Of these exposures, 18.7% are classified as stage 2 and 4.6% as stage 3. Regarding the scenario projections, the stage 3 ratio for exposures under PGS reaches 9.9% in 2025.

Figure 32: Contribution to cumulative 2025 credit losses – by regulatory approach and regulatory exposure class



In relative terms, as a percentage of total exposures at the starting point, retail qualifying revolving exposures (IRB) and retail exposures excluding secured by real estate assets (STA) have the highest level of cumulative impairments under the adverse scenario (see Figure 33). Corporate exposures (aggregate of IRB and STA) have cumulative credit losses as a share of starting point exposure lower than retail portfolios, even though they contribute the most to total losses in absolute amounts. On the other hand, exposures secured by real estate have much lower loss rates. Increases in real estate prices, ahead of the beginning of the exercise, led to a decrease in the share of exposures in the highest LTV buckets. This helps mitigate the impact of the scenario.

A breakdown of the coverage ratio for stage 3 exposures per IRB and STA asset class at the end of the adverse scenario (Figure 34) shows that the highest coverage ratios are reported for retail qualifying revolving exposures and retail exposures not secured by real estate properties. Banks report higher coverage ratios for STA exposures compared to IRB exposures at the end of the three years adverse scenario horizon. The latter reflects the higher loss rates banks project for STA exposures compared to IRB exposures.

³⁹ Public Guarantee Schemes from the EBA list of PGS ([link](#)). Like for the 2021 EU-wide stress test, the methodology for these guaranteed loans considers that most of them will be in place during the stress test horizon. In line with the static balance sheet assumption, banks are asked to replace guaranteed loans that mature during the stress test horizon by similar loans covered by the guarantee.

Figure 33: Cumulative credit losses as a percentage of starting point exposure by regulatory exposure class

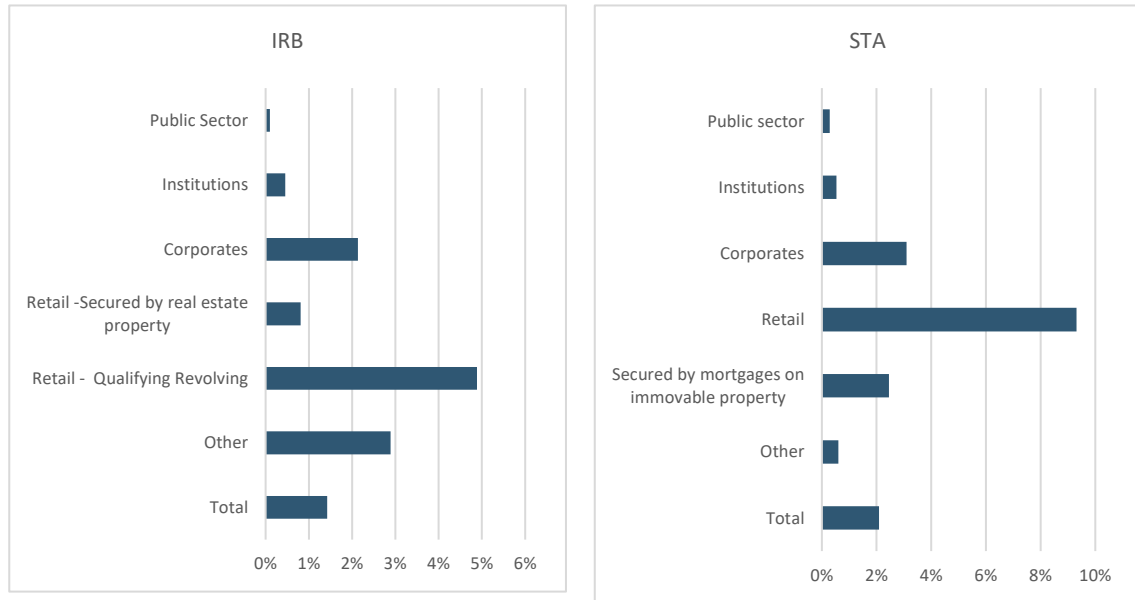
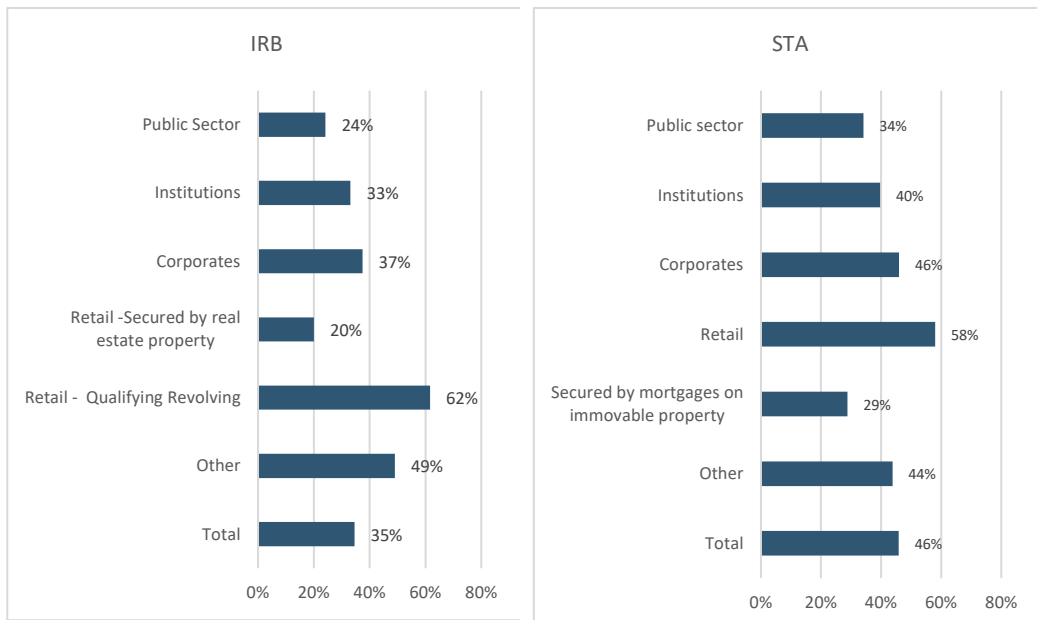


Figure 34: Coverage of stage 3 exposures as a percentage of exposure by regulatory exposure class, end 2025

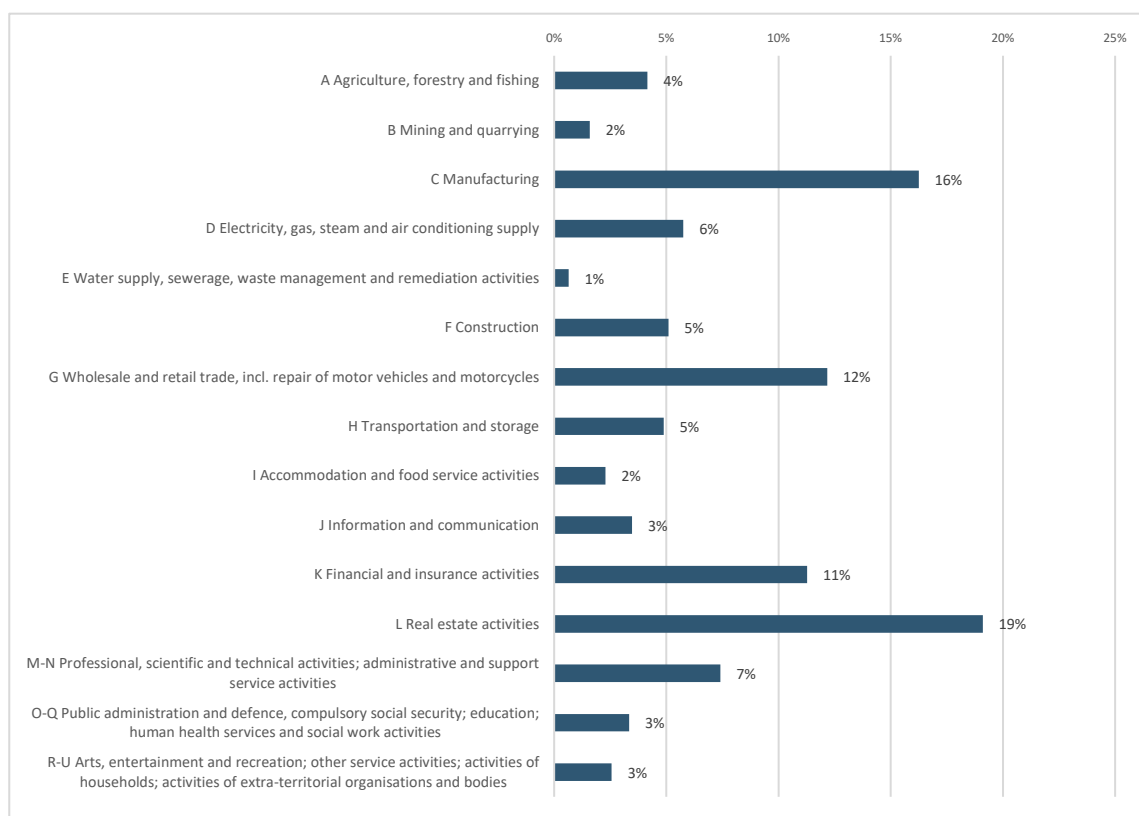


4.3.2 Credit losses by sectors of economic activity

For the first time, the EBA stress test includes an assessment of credit risk at sectoral level corresponding broadly to the first level of the Eurostat NACE 2 decomposition.⁴⁰ The additional sectoral breakdowns allow a more granular and targeted analysis of the corporate and SME losses, which account for the majority of credit losses over the adverse scenario.

At the end of 2022, the two sectors with the largest exposures, real estate (L) and manufacturing sectors (C), account for 35% of exposures to corporates and SMEs.⁴¹ Exposures towards firms operating in the financial and insurance activities (K) and wholesale and retail trade (G) amount for an additional 23% of corporate and SME exposures (Figure 35).

Figure 35: Breakdown of corporate and SME exposures by sector, actual (end 2022)



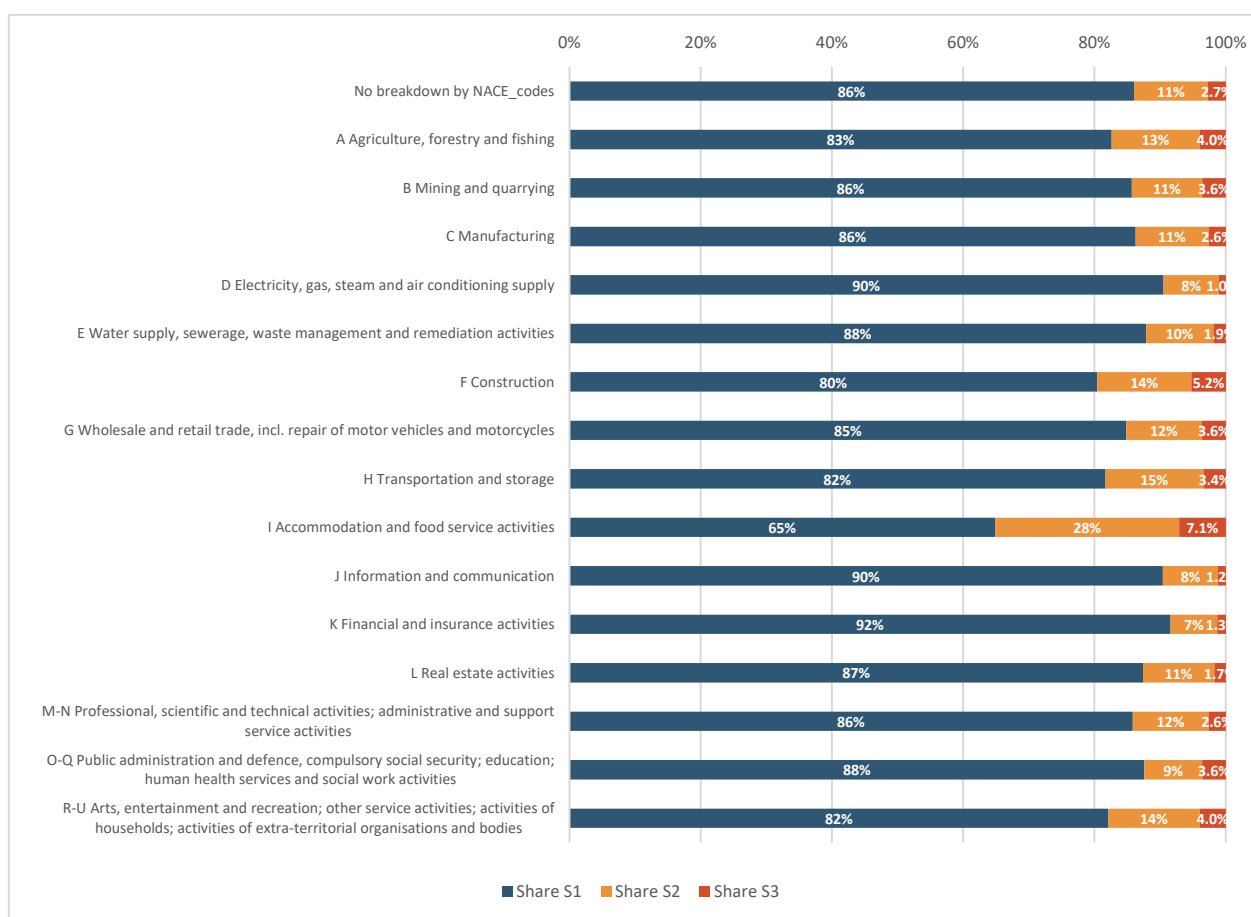
The credit quality of exposures at the end of 2022 varies by sector (see Figure 36). The share of stage 2 exposures ranges from 7% for exposures towards firms operating in financial and insurance activities (K) to 28% for exposures towards firms operating in accommodation and food service

⁴⁰ The NACE Rev. 2 Statistical classification of economic activities in the European Community can be accessed via [KS-RA-07-015-EN.PDF \(europa.eu\)](#)

⁴¹ Paragraph 100 of the 2023 EBA EU-wide stress test methodological note lays down the exposures for which banks must provide a breakdown according to the NACE rev.2 classification system. Paragraph 107 provides further guidance for reporting materiality thresholds. Because of the materiality reporting requirements, the reported breakdown of exposures by NACE rev.2 codes is not exhaustive.

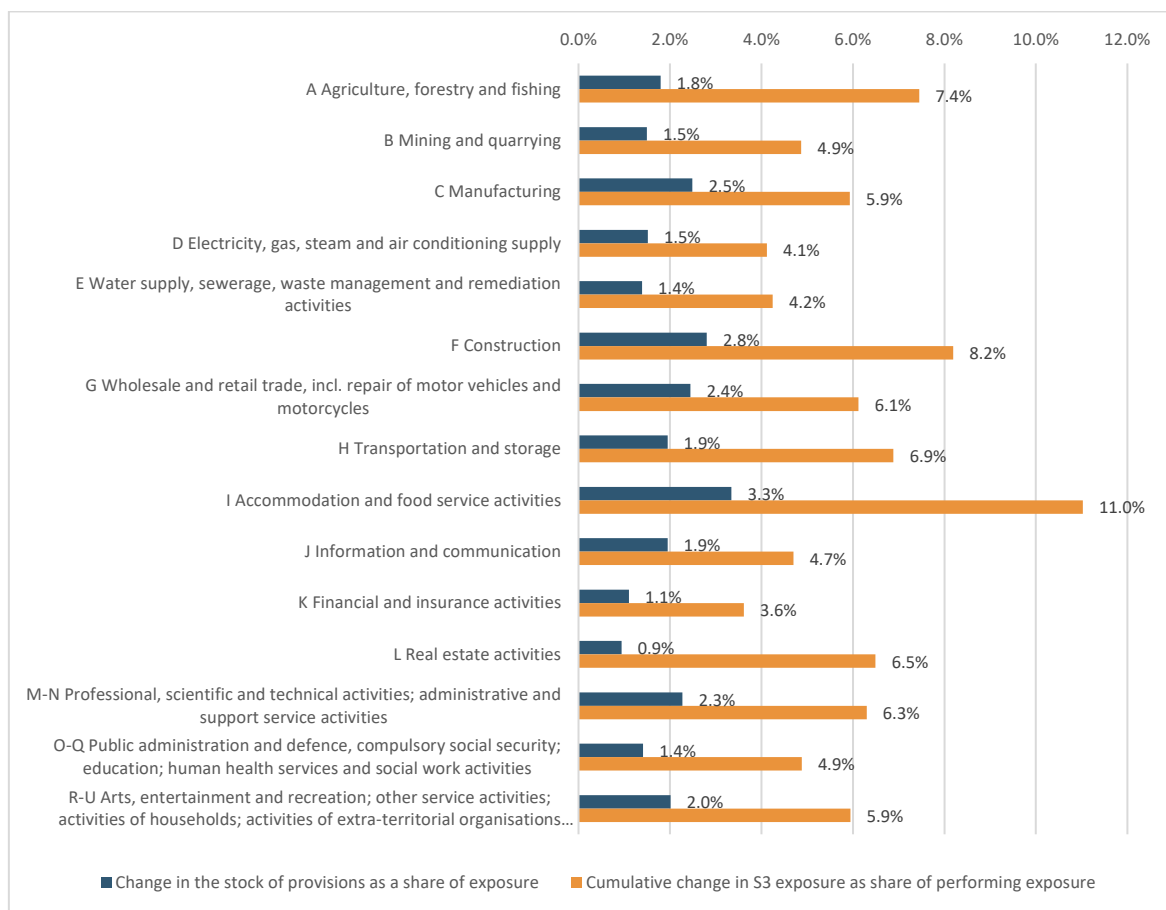
activities (I). The share of stage 3 exposures ranges from 1% for exposures towards firms operating in electricity, gas, steam and air conditioning supply (D) to 7.1% for exposures towards firms operating in accommodation and food service activities (I). According to these indicators, exposures towards accommodation (I) and construction (F) are the riskiest. Nevertheless, the exposures to these two sectors amount to around 7% of the corporate and SME exposures.

Figure 36: Sectoral breakdown of exposures by IFRS 9 stage, actual (end 2022)



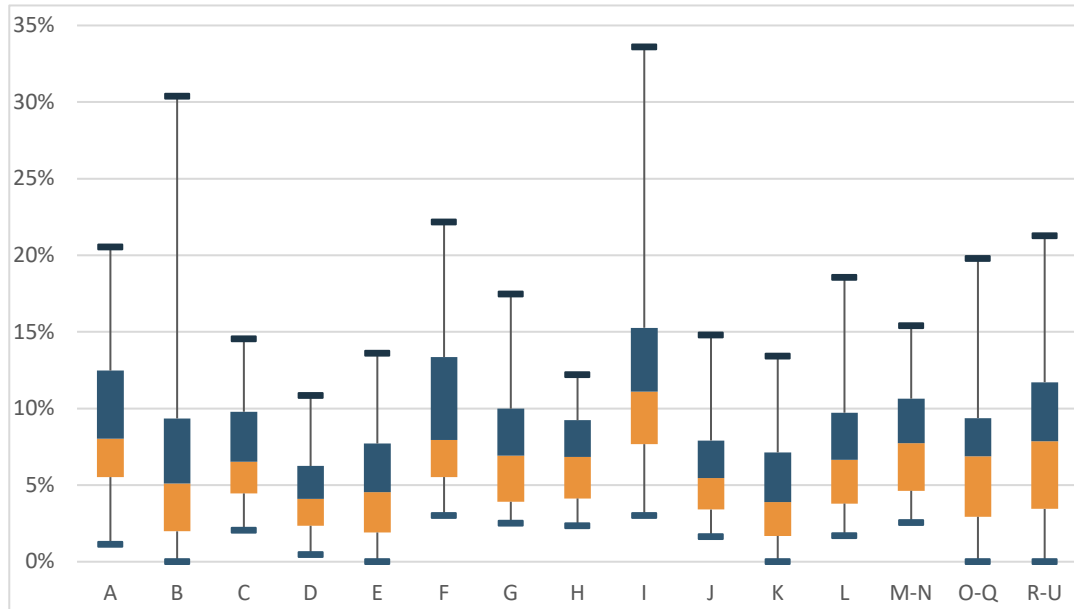
Banks project heterogeneous impact of the scenario on the different sectors (see Figure 37). Sectors with the largest increase of stage 3 exposure under the adverse scenario also see a large increase in cumulative credit losses as a share of the starting point exposure. The increase of stage 3 exposures and the increase of provisions (as share of starting point exposure) is the highest for accommodation and food services (I) sector, followed by construction (F). Regarding the largest sectoral exposures, real estate activities (L) have the lowest increase of provisions as share of starting point exposure while exposures to financial and insurance activities (K) record the smallest increase in stage 3 exposures.

Figure 37: Cumulative increase in provisions as a share of starting point exposures and cumulative increase of S3 as a share of performing assets at the starting point, by sector



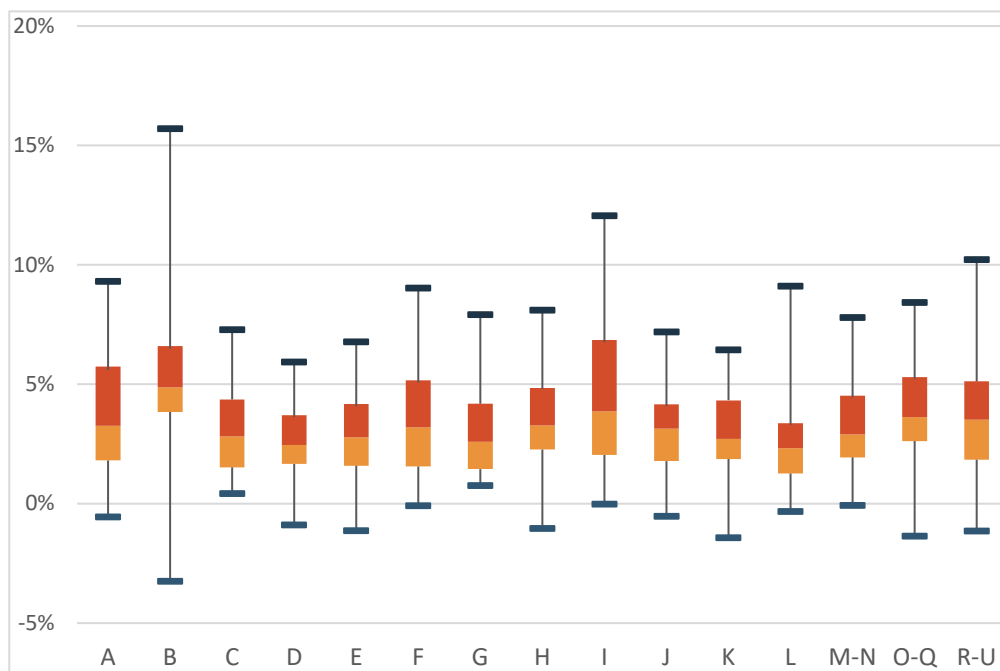
Banks provide heterogeneous projections for the increase of stage 3 exposures (Figure 38) and loss rates (Figure 39) over the adverse scenario. Figure 38 and Figure 39 provide unweighted projections. These projections differ from the aggregate impact of the scenario shown in Figure 37 which considers the relative size of banks' exposures. The aggregate projections provide a better overview for the impact of the scenario on different sectors. However, the bank level projections can reveal how banks project losses conditional on the characteristics of their exposures and convey information about the heterogeneous impact of the scenario. Figure 38 and Figure 39 reveal that banks indeed differentiate the impact of the scenario across sectors. However, heterogeneity of projections differs by sectors and the range of projections (measured by the interquartile range between the 25th and 75th percentile) is generally wider for sectors for which banks report less exposures.

Figure 38: Cumulative increase of stage 3 exposures as a share of starting point performing exposures, banks' projections by sector



Notes: Box plots show interquartile range, 5th and 95th percentiles

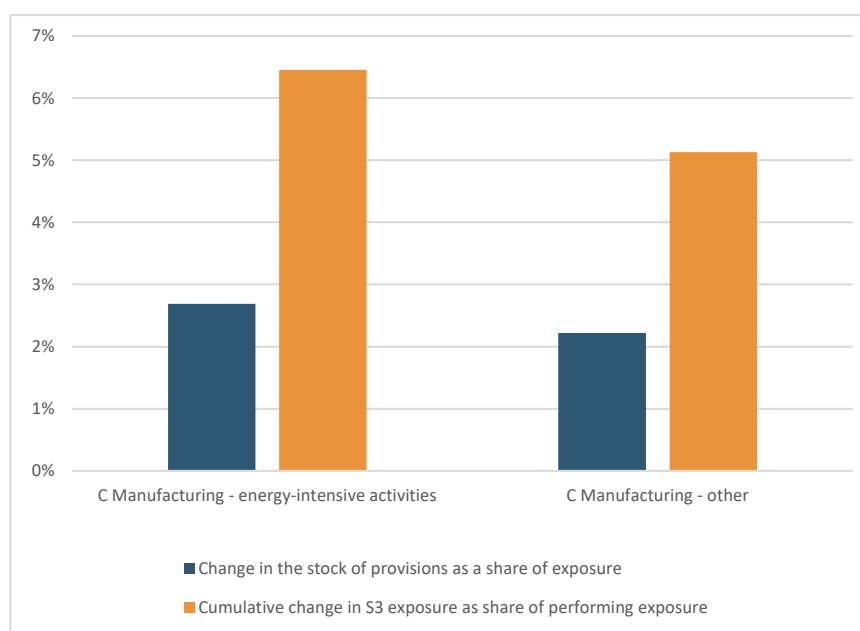
Figure 39: Cumulative credit losses as a share of starting point exposures, banks' projections by sector



Notes: Box plots show interquartile range, 5th and 95th percentiles

The rise in energy prices and its impact on production costs and inflation is a key element of the 2023 adverse macro-financial scenario narrative. At the end of the adverse scenario, energy intensive activities have a stronger increase in stage 3 exposures and higher credit losses as share of starting point exposure compared to other manufacturing activities. The latter result reflects the severity of the scenario for exposures to energy intensive activities (see Figure 40).

Figure 40: Cumulative increase in stage 3 exposures as a share of starting point performing exposures and cumulative credit losses as a share of starting point exposures, breakdown by type of manufacturing activity



The impact of the scenario is larger for sectoral exposures that have worse quality at the starting point (see left panel Figure 41). Nevertheless, credit losses also reflect, to some extent, the severity of the gross value-added scenario per sector (see right panel Figure 41).⁴²

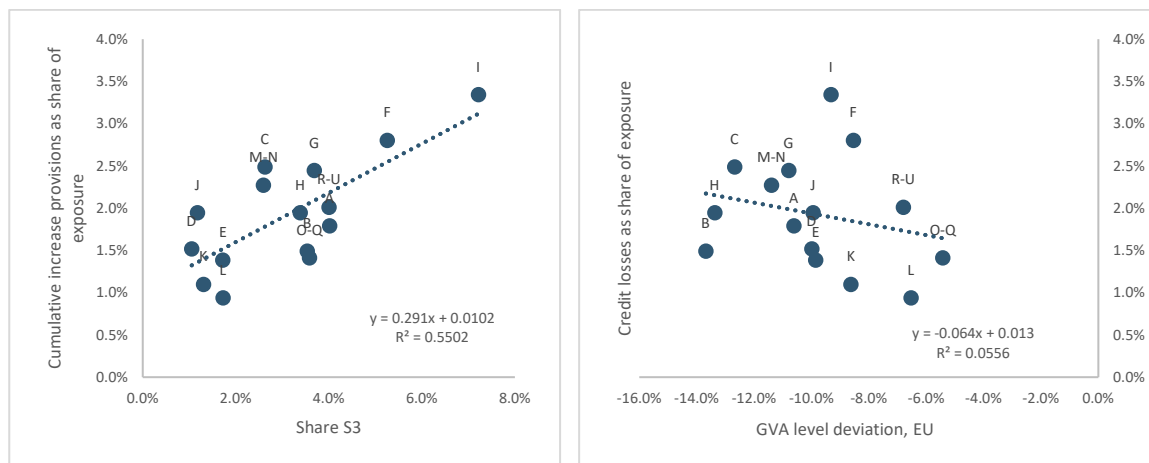
Overall, the addition of the sectoral breakdown produced valuable insights on the capability of banks to provide information on their exposures to various sectors and projections for corporate and SME exposures. The exercise revealed that banks should further work on enhancing the collection of granular data from their borrowers and improve their process for aggregating and reporting this data. Moreover, even though banks were able to differentiate the impact of the scenario across sectors, there is overall weak correlation between the impact of the GVA scenario and the projected loss rates. In several cases, banks relied on sectoral sensitivities rather than models for projecting sectoral losses.⁴³ This calls for further assessment of banks' capabilities to model and

⁴² The scenario severity is proxied by the level deviation in year 2025 of the adverse scenario for the EU.

⁴³ See paragraph 122 of the 2023 EU-wide stress test methodological note for the guidance to project credit risk parameters.

to understand the heterogeneity of risks to the creditworthiness of companies operating in different sectors of economic activity.

Figure 41: Cumulative credit losses as share of starting point exposure versus share of stage 3 exposures at the starting point per sector (left panel) and cumulative credit losses as share of starting point exposure versus the level deviation of GVA for the EU (right panel)

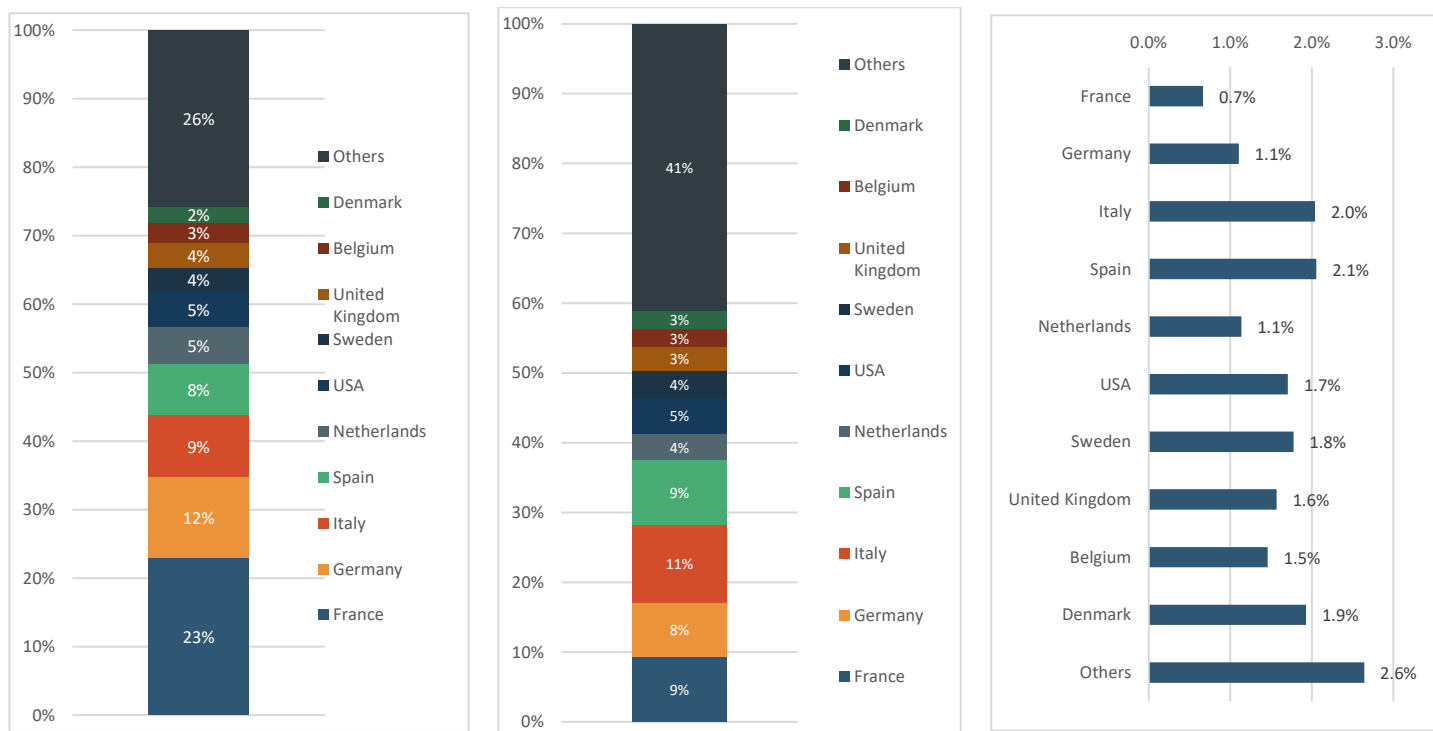


4.3.3 Credit losses by country of the counterparty

According to Figure 42, exposures towards counterparties in France, Italy, Germany, Spain, the Netherlands, and the United States account for around 62% of banks' credit risk exposures and represent around 46% of total credit losses over the adverse scenario horizon. Overall, the top-10 countries account for around 74.2% of total credit risk exposures and 59% of credit risk losses. Among the top-10 countries, exposures towards counterparties in Spain, Italy, and Denmark show the highest ratio of losses (around 2%) over the three years of the adverse scenario as a percentage of total exposure at the starting point. Considering other countries towards which banks have credit exposures, six countries show losses as a share of starting point exposure ratio above 7.5%, which corresponds to the 90th percentile of the observed loss distribution.⁴⁴

⁴⁴ Countries showing impairment ratio above the 90th percentile are Albania, Brazil, Mexico, Mozambique, Russia, and Ukraine. Cumulatively, these countries account for 1.8% of total credit risk exposures at the starting point and around 10.4% of total impairment.

Figure 42: Share of total credit risk exposures (left panel), share of cumulative credit risk losses (middle panel), and cumulative credit losses as a percentage of starting point exposures (right panel), selected countries of counterparty



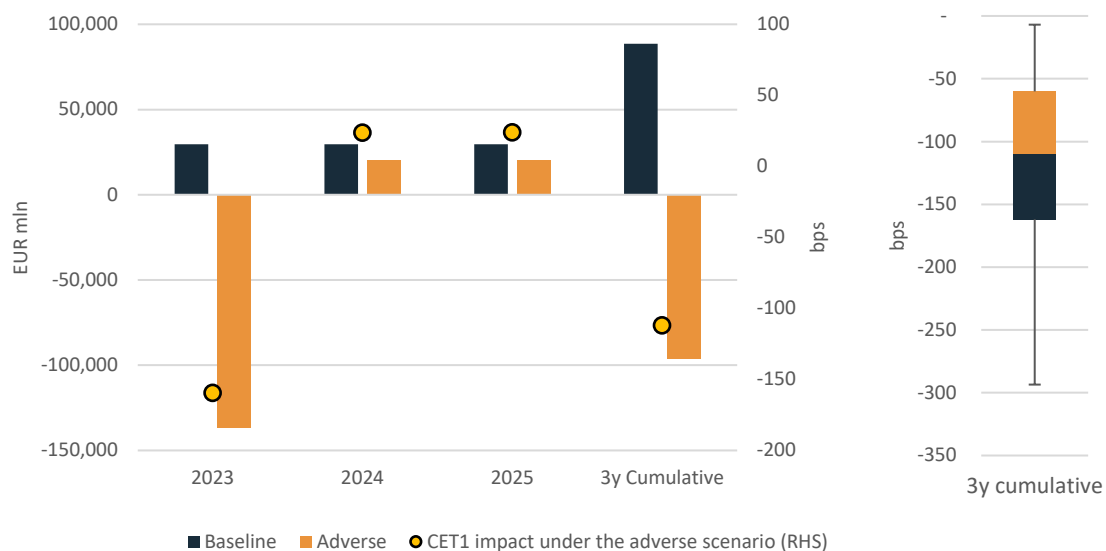
4.4 Market risk⁴⁵

Market risk losses⁴⁶ in the first year of the adverse scenario amount to 136bn EUR (-160 bps), while cumulative losses, i.e., considering also the income generated by client revenues projections over the second and third year, sum up to 96bn EUR, which corresponds to -112 bps of CET1 capital.

⁴⁵ Market risk includes counterparty credit risk (CCR) and credit valuation adjustments (CVA).

⁴⁶ The market risk methodology applies to all net trading income components (held with a trading intent (HfT), credit valuation adjustments (CVA), economic hedges, liquidity reserves and client revenues), counterparty credit risk (CCR) exposures, hedge accounting positions, financial instruments at fair value through other comprehensive income (OCI), non-trading financial assets mandatorily at fair value through profit or loss and financial assets and liabilities designated at fair value. Furthermore, additional shocks on the bid-ask spread of level 1, level 2 and level 3 instruments, accounting for liquidity issues and model risk, are also applied. This affects banks capital positions through an increase in the reserves on fair value adjustments and additional valuation adjustments (AVA).

Figure 43: Evolution of market risk gains and losses under the baseline and adverse scenario and CET1 impact (RHS) under the adverse scenario (left chart); banks' distribution of the 3-year cumulative market risk CET1 impact under the adverse scenario (right chart)



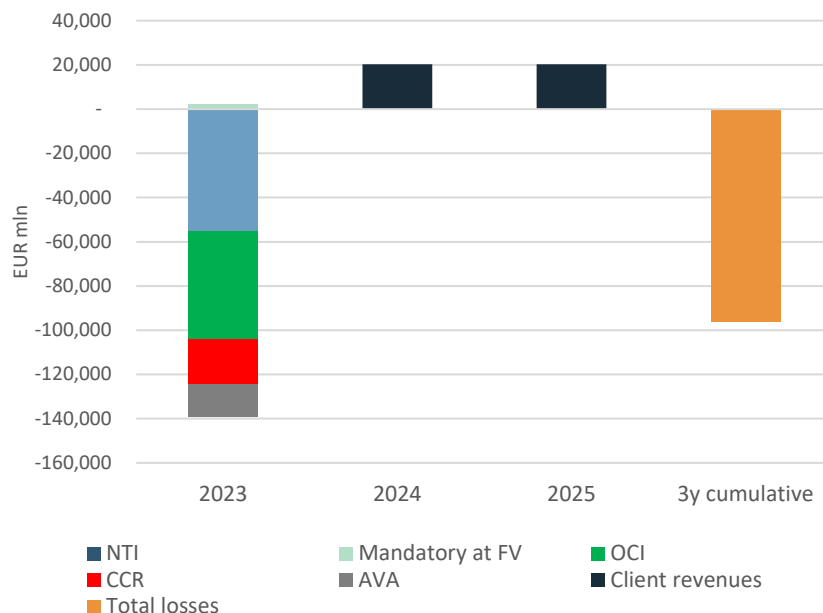
The main drivers of the market risk impact in 2023 (Figure 44) are net trading income (55bn EUR losses, 64 bps), other comprehensive income (49bn EUR losses, 57 bps) and counterparty credit risk (20bn EUR losses, 24 bps). The dispersion of the total 3-year cumulative impact across banks is significant and ranges from -7 bps (95th percentile) to -294 bps (5th percentile).

In the first year of the adverse scenario, net trading income (NTI) drops significantly, marking a loss of 55bn EUR. The main drivers of the NTI drop are losses from positions in economic hedges, held with a trading intent (HFT) and liquidity reserves. HFT losses⁴⁷ amount to 21.5bn EUR (-25 bps), of which 11.5bn EUR (14 bps) are the result of the application of the floor on banks' projections. The impact of this methodological constraint on banks' capital ranges from zero (95th percentile) to -117 bps (5th percentile).⁴⁸ Client revenues in 2023 dropped by 44% (from 36bn to 20bn EUR), providing still a positive cumulative contribution to the NTI in the three years of the adverse scenario (+71 bps).

⁴⁷ A floor applies to held with a trading intent projected losses.

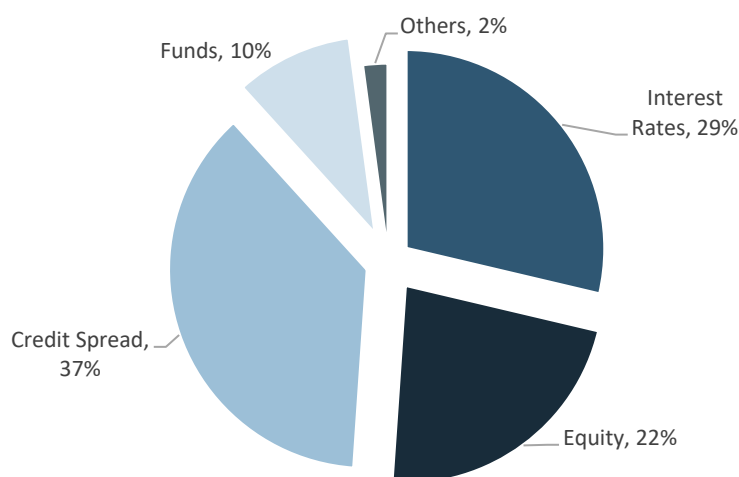
⁴⁸ Only banks following the Comprehensive Approach (CA) are considered.

Figure 44: Market risk gains and losses under the adverse scenario and 3-year cumulative by source



Losses from full revaluation on items held at fair value through profit and loss or at fair value through other comprehensive income,⁴⁹ are mainly coming from credit risk spread shocks followed by interest shocks and equity. Inflation (grouped under “others”) has a minor positive impact (Figure 45).

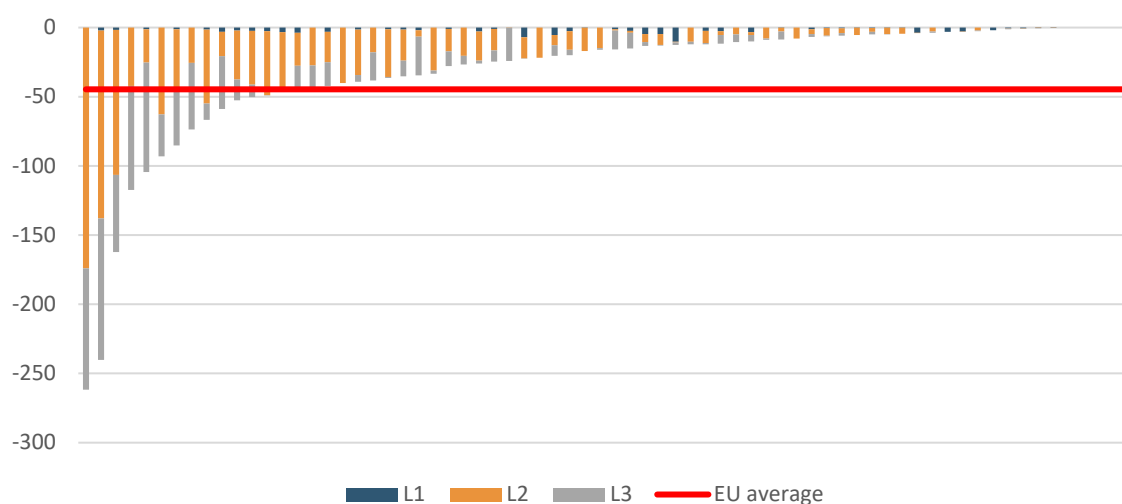
Figure 45: EU aggregated losses from full revaluation (excluding CCR related losses) by main risk driver as a share of total losses.



⁴⁹ Losses from counterparty credit risk and AVA reserves are excluded as they are not directly obtained through a repricing of instruments generated by the shocks in the scenario (full revaluation approach). For items held with a trading intent the gains and losses projected by banks, and not the floored ones, are considered.

Regarding reserves, the total impact coming from the liquidity and model uncertainty shock on level 1 (L1), level 2 (L2) and level 3 (L3) instruments amounts to -38bn EUR (-45 bps⁵⁰) of which -21.5bn EUR corresponds to L2 assets and -15.5bn EUR to L3 assets and affects capital mainly through P&L. Data projected by banks exhibit some dispersion in terms of losses coming from the liquidity and model uncertainty shock (Figure 46). The impact is significant for some banks (above 60 bps).

Figure 46: CET1 impact of the model uncertainty and liquidity shock by instrument type and by bank under the 2023 adverse scenario



Box 7: Sovereign exposures

The risks arising from sovereign exposures are covered in credit risk and in market risk, depending on their accounting treatment. In addition, according to the NII methodology, banks have to project the net interest income from sovereign exposures over the 3 years of the adverse scenario.

For sovereign exposures at amortised cost, banks had to estimate default and impairment flows applying a set of probability of default (PD) and loss given default (LGD) parameters developed by the ECB for a selection of countries.

Sovereign exposures at fair value through profit and loss (FVPL) or fair value through other comprehensive income (FVOCI) are treated under the market risk methodology by applying the adverse market conditions described in the market risk scenario.

⁵⁰ The total impact from L1, L2 and L3 instruments is recognised in P&L, OCI and AVA.

Total credit risk spread losses coming from fair value through profit or loss or fair value through other comprehensive income direct sovereign positions and their related credit risk hedges, amount to 42.5bn EUR (50 bps) at EU aggregate level. Losses across the sample range from +16 bps to -267 bps (95th and 5th percentile respectively).

Detailed bank-by-bank sovereign exposures by country of the counterparty are regularly published in the EU-wide transparency exercise.

4.5 Operational risk

Aggregate cumulative operational risk losses under the adverse scenario are 53bn EUR, with a negative impact on capital of 62 bps.⁵¹ Of these losses, conduct risk losses account for 28bn EUR, with a negative capital impact of 33 bps. The remaining amount is composed of projected losses classified as other operational risk losses (see Figure 47).

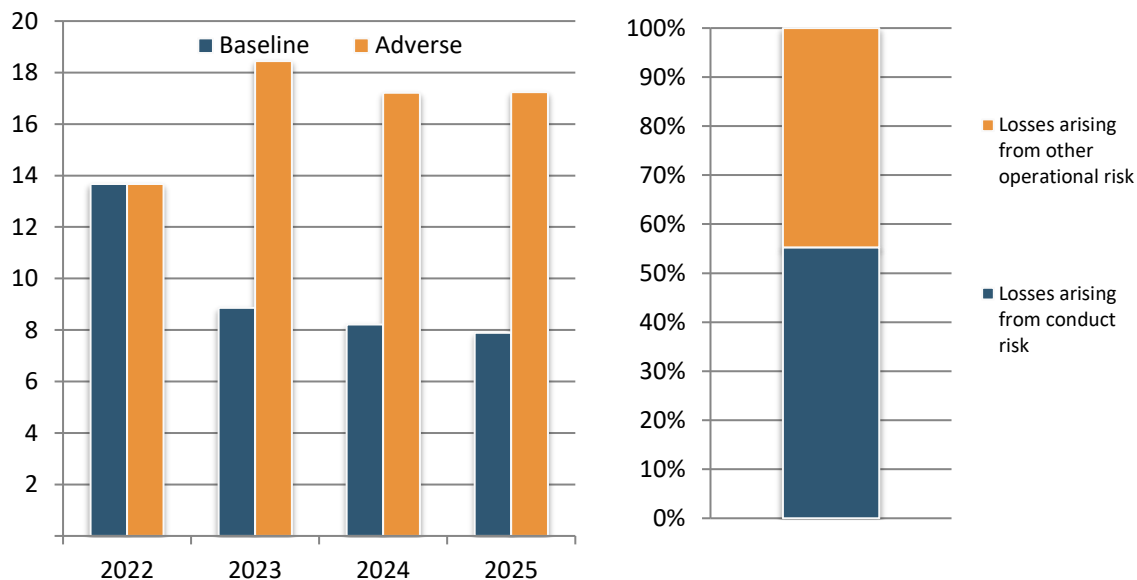
Banks projected the largest volumes of losses in 2023, when operational risk losses increase from 13.7bn EUR in 2022 to 18.4bn EUR under the adverse scenario. Within operational risk losses, conduct risk losses increase by 14%, from 8.7bn EUR in 2022 to 10bn EUR in 2023. 9 banks estimated a negative impact of conduct risk above 1bn EUR. Other operational risk losses increase by 70% from 5bn EUR in 2022 to 8.4bn EUR in 2023.

The historical trend for other operational risk losses has been relatively steady for the past 3 years. Under the baseline projections the banks keep this steady trend, while under the adverse scenario banks' projections are above the compulsory floor by roughly 18%. Nonetheless, majority of banks apply the floor for projecting other operational risk losses.

Historically non-material conduct risk losses have been decreasing. Banks project non-material conduct risk losses above the compulsory floor both under the baseline and adverse scenario, 23% and 28%, respectively. Similarly as for other operational risk, majority of banks apply the floor for projecting non-material conduct risk losses.

⁵¹ The projections of operational risk losses include three main categories: material conduct risk losses, non-material conduct risk losses and other operational risk losses. Banks project these losses by using their internal models subject to floors based on their historical losses.

Figure 47: Evolution of operational risk losses (EUR bn) (left panel) and contribution of conduct risk and other operational risk to cumulative losses under the adverse scenario (%) (right panel)

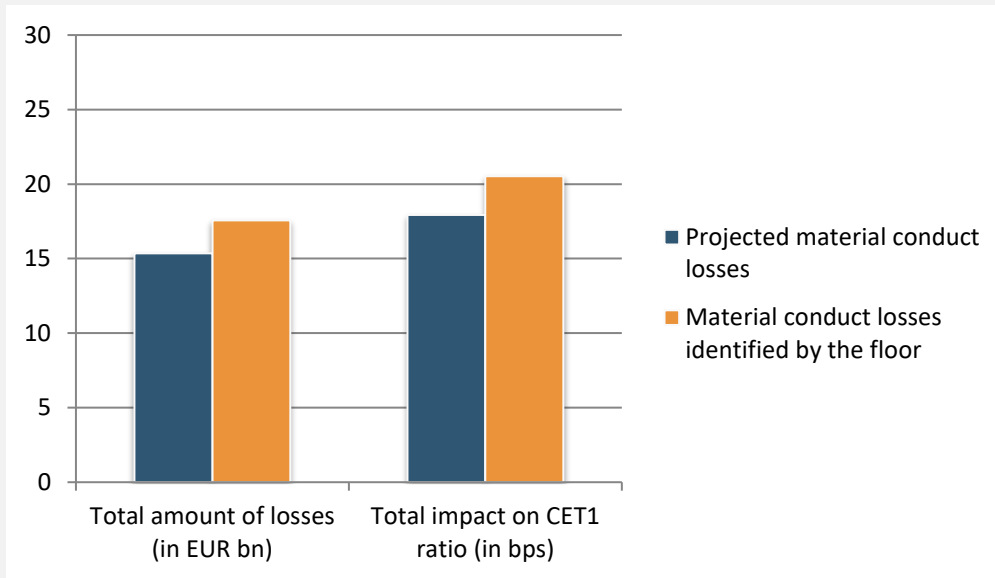


Box 8: Comparison between the projected material conduct risk losses and the floor for material conduct risk losses under the adverse scenario

In contrast to other constraints for projecting operational risk losses, projections of material conduct risk losses are subject to a non-binding supervisory floor that is only used in the quality assurance process. In case banks project lower losses than the floor, they are asked to justify their projections to their competent authorities, who decides whether to apply or not the supervisory floor. The floor is based on the average historical losses reported by the banks during the five years prior to the beginning of the exercise (the 2018-2022 period).

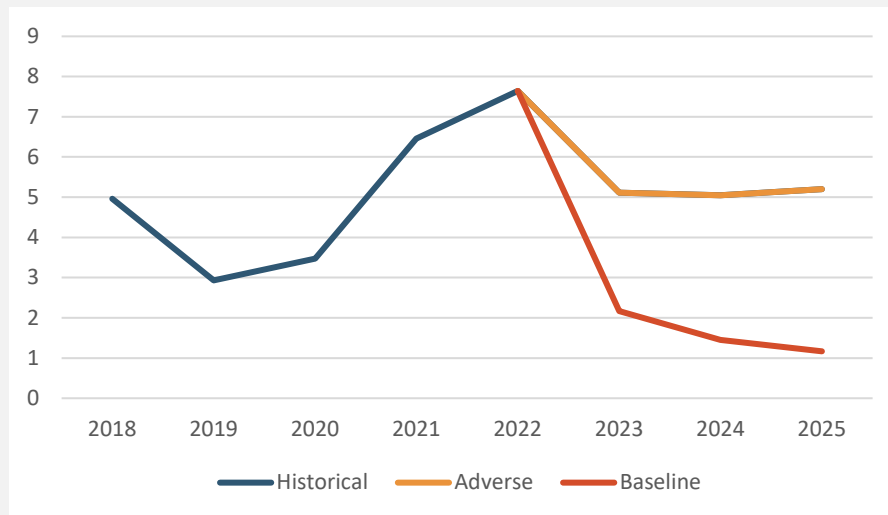
For the three-year horizon, the banks in the sample projected 15.4bn EUR of material conduct risk losses under the adverse scenario. This corresponded to 17.9 bps of negative impact on the CET1 ratio on weighted average basis (Figure 48). If all of the banks applied the floor on material conduct risk losses, they would rise to 17.6bn EUR, having a negative CET1 impact of 20.5 bps. Compared to the 2021 exercise, the impact of material conduct risk losses has decreased, while the gap between projected losses and the ones determined by the non-binding floor has widened.

Figure 48: Comparison between the projected material conduct risk losses and the floor for material conduct risk losses under the adverse scenario (EUR bn and bps, respectively)



Material conduct risk losses have been increasing for the past 3 years, however, banks project they will significantly decrease going forward as the impact of a number of large conduct risk cases are coming to an end. Even in an adverse scenario, banks expect them to drop from 7.6bn EUR to slightly above 5bn EUR and stay flat for the remaining part of the scenario.

Figure 49: Evolution of material conduct risk losses (in bn EUR)



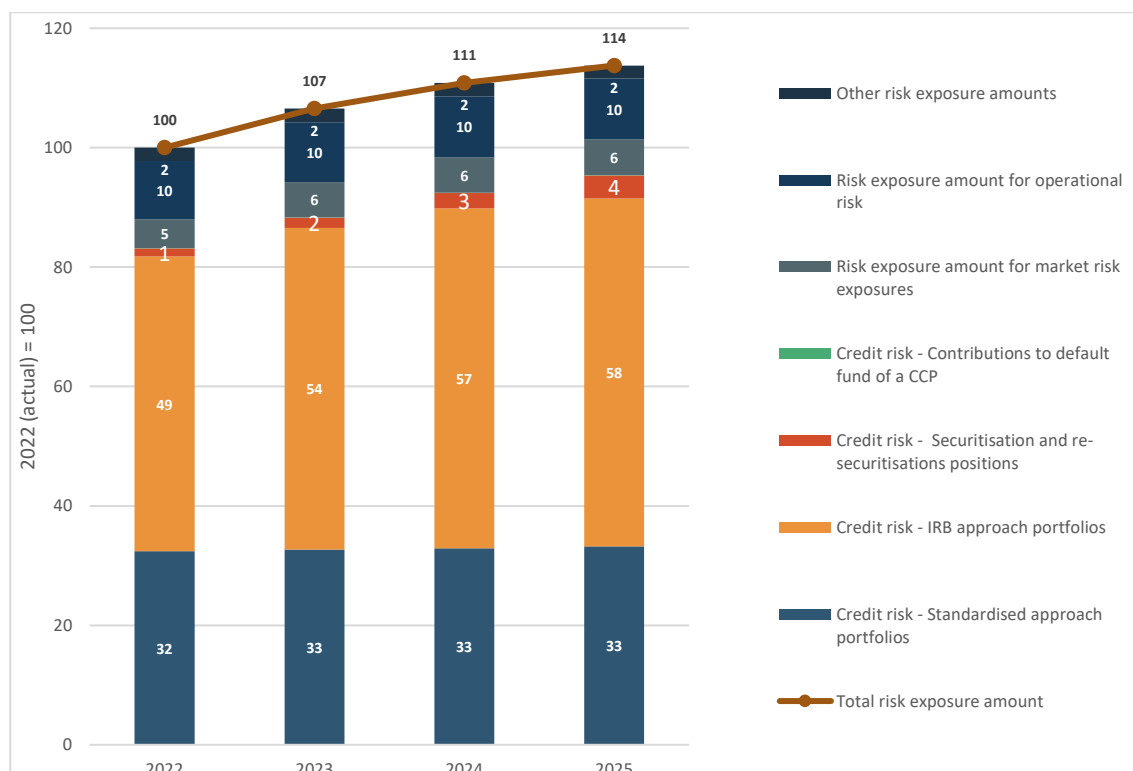
4.6 Risk exposure amounts

Credit risk is the main component of the REA (83% of total REA, in 2022). Under the adverse scenario, both total fully loaded and transitional REA increase by 13.8%

The breakdown of the evolution of the REA components is presented in Figure 50. The increase in aggregate REA is mainly driven by the increase on the REA for credit risk and, in particular, by the REA for IRB credit risk exposures.⁵² The prescribed shock to the REA for securitisation exposures results in the starting value doubling, albeit, with a small absolute impact. REA for market and operational risks are relatively stable during the exercise.

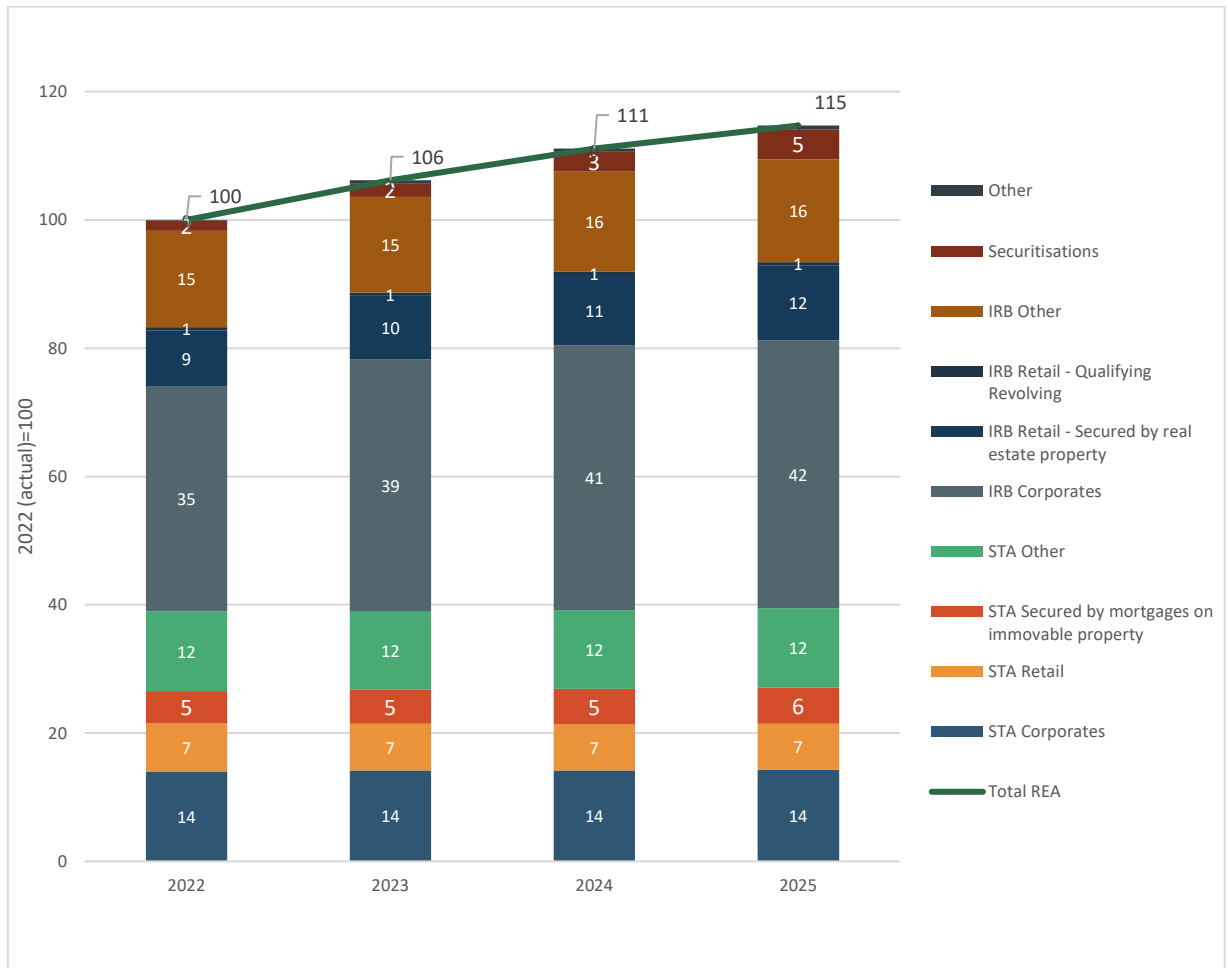
Among the different asset classes making up credit risk REA (Figure 51), IRB corporates show the highest increase. Exposures in the STA portfolio present a lower increase of REA as the exposure value is reported net of credit risk adjustments. As banks increase their provisions over the stress test horizon, the exposure value of STA exposures decreases with a negative impact on the evolution of REA.

Figure 50: Evolution of REA by risk type



⁵² The breakdowns provided in Figure 50 and Figure 51 are based on the amounts reported in CSV_REA_SUM. According to paragraph 44 of the 2023 EBA Template Guidance these amounts exclude IFRS 9 transitional arrangements but include other transitional arrangements.

Figure 51: Evolution of risk exposure amounts for credit risk, per regulatory exposure class



5. Annex I: Capital ratios for individual banks

Table A 1: Transitional CET1 capital ratios (%) and deltas to starting point (bps)

country	bank name	actual 2022	baseline 2025	adverse 2023	adverse 2024	adverse 2025	delta	peak-to- trough
AT	Erste Group Bank AG	14.4%	16.0%	10.8%	10.5%	10.9%	-347	-387
AT	Raiffeisen Bank International AG	16.0%	18.2%	12.7%	13.3%	12.4%	-361	-361
BE	Belfius Banque SA	16.5%	17.8%	12.7%	12.3%	12.1%	-448	-448
BE	KBC Group NV	15.4%	17.4%	11.7%	10.9%	11.4%	-396	-448
DE	Deutsche Apotheker- und Ärztebank eG	16.5%	19.6%	14.7%	13.6%	11.3%	-521	-521
DE	Citigroup Global Markets Europe AG	21.5%	20.9%	13.1%	12.7%	12.9%	-860	-875
DE	COMMERZBANK Aktiengesellschaft	14.1%	15.2%	10.2%	9.8%	9.5%	-464	-464
DE	Deutsche Bank AG	13.4%	15.0%	8.2%	8.3%	8.1%	-529	-529
DE	DZ Bank AG Deutsche Zentral- Genossenschaftsbank	13.7%	13.4%	9.2%	8.0%	7.0%	-666	-666
DE	Goldman Sachs Bank Europe SE	31.6%	35.3%	23.2%	24.2%	24.5%	-712	-844
DE	HASPA Finanzholding	15.3%	15.4%	13.8%	12.6%	12.3%	-294	-294
DE	J.P. Morgan SE	19.7%	22.7%	14.2%	14.1%	13.9%	-587	-587
DE	Landesbank Baden-Württemberg	14.7%	14.0%	10.9%	9.6%	8.8%	-588	-588
DE	Bayerische Landesbank	17.4%	16.1%	11.0%	9.5%	9.5%	-786	-792

country	bank name	actual 2022	baseline 2025	adverse 2023	adverse 2024	adverse 2025	delta	peak-to- trough
DE	Landesbank Hessen-Thüringen Girozentrale	13.5%	13.7%	9.8%	8.8%	7.6%	-590	-590
DE	Morgan Stanley Europe Holding SE	18.6%	19.1%	11.5%	10.5%	9.8%	-877	-877
DE	Norddeutsche Landesbank -Girozentrale-	15.1%	13.2%	10.6%	8.4%	7.6%	-747	-747
DE	Volkswagen Bank GmbH	18.2%	16.9%	16.1%	15.7%	14.7%	-350	-350
DK	Danske Bank A/S	17.8%	18.5%	12.0%	10.9%	10.9%	-693	-693
DK	Jyske Bank A/S	15.2%	18.0%	9.5%	8.8%	8.7%	-649	-649
DK	Nykredit Realkredit A/S	19.6%	20.1%	16.3%	13.1%	13.7%	-585	-645
DK	Sydbank A/S	17.3%	20.0%	14.6%	13.0%	12.5%	-486	-486
ES	Banco Bilbao Vizcaya Argentaria, S.A.	12.7%	15.9%	10.2%	10.0%	9.7%	-302	-302
ES	Bankinter, S.A.	11.9%	15.5%	10.2%	10.2%	10.3%	-159	-165
ES	CaixaBank, S.A.	12.8%	15.2%	11.2%	10.5%	9.3%	-343	-343
ES	Kutxabank, S.A.	17.6%	21.5%	15.0%	15.1%	15.3%	-235	-256
ES	ABANCA Corporación Bancaria S.A.	12.5%	14.2%	10.4%	9.6%	9.2%	-328	-328
ES	Banco de Sabadell, S.A.	12.7%	15.1%	9.7%	9.0%	8.8%	-387	-387
ES	Banco Santander, S.A.	12.2%	14.4%	11.0%	11.3%	10.3%	-184	-184
ES	Unicaja Banco, S.A.	13.6%	15.9%	10.8%	10.2%	9.7%	-393	-393
FI	Nordea Bank Abp	16.4%	18.7%	13.0%	13.4%	13.1%	-330	-341
FI	OP Osuuskuunta	17.5%	18.0%	14.7%	13.4%	12.0%	-549	-549
FR	BofA Securities Europe SA	22.0%	23.7%	13.6%	13.0%	12.3%	-968	-968

country	bank name	actual 2022	baseline 2025	adverse 2023	adverse 2024	adverse 2025	delta	peak-to- trough
FR	BNP Paribas S.A.	12.3%	13.1%	8.6%	8.4%	8.4%	-398	-398
FR	Groupe BPCE	15.1%	14.8%	11.0%	10.2%	9.9%	-520	-520
FR	La Banque Postale	14.7%	14.6%	3.1%	1.6%	0.0%	-1462	-1462
FR	Groupe Crédit Agricole	17.6%	15.8%	12.4%	10.6%	9.9%	-762	-762
FR	Confédération Nationale du Crédit Mutuel	18.8%	19.5%	13.3%	12.2%	11.4%	-735	-735
FR	Société Générale S.A.	13.5%	12.4%	9.5%	8.8%	8.2%	-530	-530
GR	ALPHA SERVICES & HOLDINGS S.A.	13.2%	14.1%	8.2%	8.2%	8.9%	-438	-502
GR	Eurobank Ergasias Services and Holdings S.A.	15.2%	18.0%	11.7%	11.7%	12.2%	-303	-350
GR	National Bank of Greece S.A.	16.8%	21.6%	13.7%	13.8%	14.5%	-234	-309
GR	PIRAEUS FINANCIAL HOLDINGS S.A.	13.0%	14.2%	8.4%	8.7%	9.1%	-391	-468
HU	OTP Bank Nyrt.	16.4%	20.2%	13.8%	14.1%	14.5%	-194	-262
IE	AIB Group plc	17.9%	18.7%	14.1%	11.6%	10.0%	-795	-795
IE	Barclays Bank Ireland PLC	16.7%	14.5%	9.3%	8.0%	6.8%	-995	-995
IE	Bank of Ireland Group plc	16.1%	21.4%	12.4%	11.7%	11.7%	-441	-445
IE	Citibank Holdings Ireland Limited	20.5%	22.0%	17.2%	17.4%	17.3%	-323	-330
IT	Banco BPM S.p.A.	14.3%	17.4%	8.5%	8.7%	9.0%	-533	-580
IT	Cassa Centrale Banca - Credito Cooperativo Italiano S.p.A.	22.8%	30.4%	18.9%	19.0%	18.9%	-385	-391
IT	Iccrea Banca S.p.A. – Istituto Centrale del Credito Cooperativo	19.2%	20.9%	15.2%	14.6%	14.0%	-524	-524
IT	Intesa Sanpaolo S.p.A.	13.8%	14.8%	10.4%	10.8%	10.8%	-295	-345

country	bank name	actual 2022	baseline 2025	adverse 2023	adverse 2024	adverse 2025	delta	peak-to- trough
IT	Mediobanca - Banca di Credito Finanziario S.p.A.	15.1%	15.4%	11.3%	10.6%	10.2%	-491	-491
IT	BANCA MONTE DEI PASCHI DI SIENA S.p.A.	16.6%	18.6%	11.4%	10.7%	10.1%	-651	-651
IT	BPER Banca S.p.A.	12.5%	16.0%	8.6%	8.1%	7.9%	-458	-458
IT	UniCredit S.p.A.	16.7%	20.0%	12.3%	12.3%	12.5%	-417	-441
NL	ABN AMRO Bank N.V.	15.2%	15.5%	12.3%	11.3%	10.3%	-484	-484
NL	ING Groep N.V.	14.5%	14.4%	10.2%	9.3%	8.9%	-554	-554
NL	Coöperatieve Rabobank U.A.	16.0%	17.0%	13.6%	12.5%	11.4%	-454	-454
NL	de Volksbank N.V.	20.3%	18.9%	16.1%	12.8%	10.0%	-1025	-1025
NO	DNB BANK ASA	18.3%	20.4%	17.1%	16.1%	16.2%	-212	-215
PL	Bank Polska Kasa Opieki S.A.	15.6%	18.6%	14.3%	14.8%	15.4%	-22	-127
PL	Powszechna Kasa Oszczednosci Bank Polski S.A.	17.7%	22.3%	13.6%	13.2%	13.3%	-441	-444
PT	Banco Comercial Português, SA	12.6%	15.0%	8.8%	8.4%	8.0%	-463	-463
PT	Caixa Geral de Depósitos, SA	18.7%	23.9%	17.3%	17.8%	18.0%	-76	-139
SE	Länsförsäkringar Bank AB (publ)	15.4%	19.4%	15.1%	15.7%	15.8%	40	-30
SE	SBAB Bank AB – group	12.8%	14.5%	11.4%	11.2%	11.4%	-136	-160
SE	Skandinaviska Enskilda Banken — group	19.0%	22.0%	14.8%	14.5%	14.9%	-407	-449
SE	Svenska Handelsbanken — group	19.6%	21.7%	15.5%	15.7%	15.9%	-371	-416
SE	Swedbank — group	17.8%	21.9%	15.8%	15.8%	16.2%	-163	-202

Table A 2: Fully loaded CET1 capital ratios (%) and deltas to starting point (bps)⁵³

country	bank name	actual	baseline	adverse	adverse	adverse	delta	peak-to-trough	under IFRS 17	
		2022	2025	2023	2024	2025			1 st Jan. 2023	adverse 2025
AT	Erste Group Bank AG	14.2%	15.8%	10.6%	10.4%	10.8%	-341	-381	14.2%	10.8%
AT	Raiffeisen Bank International AG	15.6%	18.2%	12.2%	13.1%	12.4%	-316	-336	15.6%	N/A
BE	Belfius Banque SA	16.2%	17.8%	12.4%	12.2%	12.1%	-412	-412	16.1%	12.0%
BE	KBC Group NV	15.3%	17.4%	11.3%	10.8%	11.4%	-386	-450	15.4%	11.4%
DE	Deutsche Apotheker- und Ärztebank eG	16.5%	19.6%	14.7%	13.6%	11.3%	-521	-521	16.5%	N/A
DE	Citigroup Global Markets Europe AG	21.5%	20.9%	13.1%	12.7%	12.9%	-860	-875	21.5%	N/A
DE	COMMERZBANK Aktiengesellschaft	14.1%	15.2%	10.2%	9.8%	9.5%	-464	-464	14.1%	N/A
DE	Deutsche Bank AG	13.4%	15.0%	8.0%	8.2%	8.1%	-528	-535	13.4%	8.1%
DE	DZ Bank AG Deutsche Zentral-Genossenschaftsbank	13.5%	13.4%	9.0%	7.9%	7.0%	-652	-652	15.1%	9.0%
DE	Goldman Sachs Bank Europe SE	31.6%	35.3%	23.2%	24.2%	24.5%	-712	-844	31.6%	24.5%
DE	HASPA Finanzholding	15.3%	15.4%	13.8%	12.6%	12.3%	-294	-294	15.3%	N/A
DE	J.P. Morgan SE	19.7%	22.7%	14.2%	14.1%	13.9%	-587	-587	19.7%	13.9%
DE	Landesbank Baden-Württemberg	14.3%	14.0%	10.7%	9.5%	8.8%	-547	-547	14.3%	N/A
DE	Bayerische Landesbank	17.4%	16.1%	11.0%	9.5%	9.5%	-786	-792	17.4%	9.5%
DE	Landesbank Hessen-Thüringen Girozentrale	13.3%	13.7%	9.5%	8.6%	7.6%	-561	-561	13.3%	7.6%
DE	Morgan Stanley Europe Holding SE	18.6%	19.1%	11.5%	10.5%	9.8%	-877	-877	18.6%	9.8%

⁵³ Projections of fully loaded CET1 capital ratios computed under IFRS 17 were mandatory only for banks with significant impact of the accounting standard change in the restatement. Other banks could still provide projections on a voluntary basis or decide not to report projections under IFRS 17 over the horizon. For banks that did not report projections under IFRS 17 over the horizon Table A.2 shows not-applicable (N/A) in the last column.

country	bank name	actual	baseline	adverse	adverse	adverse	delta	peak-to-trough	under IFRS 17	
		2022	2025	2023	2024	2025			1 st Jan. 2023	adverse 2025
DE	Norddeutsche Landesbank -Girozentrale-	15.1%	13.2%	10.6%	8.4%	7.6%	-747	-747	15.1%	7.6%
DE	Volkswagen Bank GmbH	18.2%	16.9%	16.1%	15.7%	14.7%	-350	-350	18.2%	N/A
DK	Danske Bank A/S	17.4%	18.5%	11.8%	10.8%	10.9%	-657	-668	17.4%	N/A
DK	Jyske Bank A/S	15.2%	18.0%	9.5%	8.8%	8.7%	-649	-649	15.2%	8.7%
DK	Nykredit Realkredit A/S	19.6%	20.1%	16.3%	13.1%	13.7%	-585	-645	19.6%	N/A
DK	Sydbank A/S	17.3%	20.0%	14.6%	13.0%	12.5%	-479	-479	17.3%	12.5%
ES	Banco Bilbao Vizcaya Argentaria, S.A.	12.6%	15.9%	9.9%	9.8%	9.7%	-295	-295	12.6%	N/A
ES	Bankinter, S.A.	11.9%	15.5%	10.2%	10.2%	10.3%	-159	-165	11.9%	N/A
ES	CaixaBank, S.A.	12.5%	15.2%	11.0%	10.3%	9.3%	-313	-313	12.3%	N/A
ES	Kutxabank, S.A.	17.2%	21.5%	14.8%	15.0%	15.3%	-195	-237	17.1%	N/A
ES	ABANCA Corporación Bancaria S.A.	11.9%	14.2%	10.0%	9.5%	9.2%	-275	-275	12.0%	9.2%
ES	Banco de Sabadell, S.A.	12.6%	15.1%	9.2%	8.8%	8.8%	-374	-376	12.4%	8.7%
ES	Banco Santander, S.A.	12.0%	14.4%	10.5%	10.9%	10.3%	-170	-170	12.0%	N/A
ES	Unicaja Banco, S.A.	13.0%	15.9%	10.4%	10.1%	9.7%	-326	-326	13.0%	N/A
FI	Nordea Bank Abp	16.4%	18.7%	13.0%	13.4%	13.1%	-330	-341	16.2%	12.9%
FI	OP Osuuskunta	17.5%	18.0%	14.7%	13.4%	12.0%	-549	-549	17.5%	12.0%
FR	BofA Securities Europe SA	22.0%	23.7%	13.6%	13.0%	12.3%	-968	-968	22.0%	N/A
FR	BNP Paribas S.A.	12.3%	13.1%	8.4%	8.3%	8.4%	-392	-398	12.3%	N/A
FR	Groupe BPCE	15.1%	14.8%	11.0%	10.2%	9.9%	-520	-520	15.1%	N/A

country	bank name	actual	baseline	adverse	adverse	adverse	delta	peak-to-trough	under IFRS 17	
		2022	2025	2023	2024	2025			1 st Jan. 2023	adverse 2025
FR	La Banque Postale	14.7%	14.6%	3.1%	1.6%	0.0%	-1462	-1462	18.0%	6.8%
FR	Groupe Crédit Agricole	17.2%	15.8%	12.1%	10.5%	9.9%	-731	-731	17.4%	N/A
FR	Confédération Nationale du Crédit Mutuel	18.8%	19.5%	13.3%	12.2%	11.4%	-735	-735	19.0%	N/A
FR	Société Générale S.A.	13.3%	12.4%	9.4%	8.7%	8.2%	-513	-513	13.4%	N/A
GR	ALPHA SERVICES & HOLDINGS S.A.	11.9%	14.1%	7.8%	8.1%	8.9%	-307	-417	11.9%	N/A
GR	Eurobank Ergasias Services and Holdings S.A.	14.4%	18.0%	11.2%	11.5%	12.2%	-220	-316	14.4%	N/A
GR	National Bank of Greece S.A.	15.8%	21.6%	13.1%	13.6%	14.5%	-136	-271	15.8%	14.5%
GR	PIRAEUS FINANCIAL HOLDINGS S.A.	11.5%	14.2%	8.4%	8.7%	9.1%	-240	-318	11.6%	9.1%
HU	OTP Bank Nyrt.	15.2%	20.2%	13.1%	13.9%	14.5%	-77	-214	15.2%	14.5%
IE	AIB Group plc	16.3%	18.7%	13.1%	11.3%	10.0%	-632	-632	16.3%	10.0%
IE	Barclays Bank Ireland PLC	16.5%	14.5%	8.8%	7.8%	6.8%	-974	-974	16.5%	6.8%
IE	Bank of Ireland Group plc	15.7%	21.4%	11.5%	11.4%	11.7%	-393	-422	15.3%	11.5%
IE	Citibank Holdings Ireland Limited	20.5%	22.0%	17.2%	17.4%	17.3%	-323	-330	20.5%	N/A
IT	Banco BPM S.p.A.	12.8%	17.4%	8.5%	8.7%	9.0%	-384	-432	12.8%	N/A
IT	Cassa Centrale Banca - Credito Cooperativo Italiano S.p.A.	21.5%	30.4%	18.5%	18.7%	18.9%	-261	-303	21.5%	N/A
IT	Iccrea Banca S.p.A. – Istituto Centrale del Credito Cooperativo	18.3%	20.9%	15.2%	14.5%	14.0%	-435	-435	18.3%	14.0%
IT	Intesa Sanpaolo S.p.A.	13.5%	14.8%	10.4%	10.8%	10.8%	-268	-317	13.4%	N/A
IT	Mediobanca - Banca di Credito Finanziario S.p.A.	14.0%	14.4%	9.8%	9.1%	8.7%	-530	-530	14.0%	8.7%
IT	BANCA MONTE DEI PASCHI DI SIENA S.p.A.	15.6%	18.6%	11.2%	10.5%	10.1%	-551	-551	15.6%	N/A

country	bank name	actual	baseline	adverse	adverse	adverse	delta	peak-to-trough	under IFRS 17	
		2022	2025	2023	2024	2025			1 st Jan. 2023	adverse 2025
IT	BPER Banca S.p.A.	12.0%	16.0%	8.6%	8.1%	7.9%	-415	-415	12.0%	N/A
IT	UniCredit S.p.A.	16.0%	20.0%	12.0%	12.1%	12.5%	-349	-403	16.0%	12.5%
NL	ABN AMRO Bank N.V.	15.2%	15.5%	12.3%	11.3%	10.3%	-484	-484	15.0%	N/A
NL	ING Groep N.V.	14.5%	14.4%	10.1%	9.3%	8.9%	-554	-554	14.5%	N/A
NL	Coöperatieve Rabobank U.A.	16.0%	17.0%	13.4%	12.4%	11.4%	-453	-453	16.0%	11.4%
NL	de Volksbank N.V.	20.3%	18.9%	16.1%	12.8%	10.0%	-1025	-1025	20.3%	N/A
NO	DNB BANK ASA	18.3%	20.4%	17.1%	16.1%	16.2%	-212	-215	18.3%	16.2%
PL	Bank Polska Kasa Opieki S.A.	14.8%	18.6%	13.9%	14.7%	15.4%	59	-90	14.8%	15.4%
PL	Powszechna Kasa Oszczednosci Bank Polski S.A.	16.5%	22.3%	13.0%	12.9%	13.3%	-322	-357	16.5%	13.3%
PT	Banco Comercial Português, SA	12.5%	15.0%	8.3%	8.2%	8.0%	-449	-449	12.5%	8.0%
PT	Caixa Geral de Depósitos, SA	18.7%	23.9%	17.3%	17.8%	18.0%	-76	-139	18.7%	N/A
SE	Länsförsäkringar Bank AB (publ)	15.4%	19.4%	15.1%	15.7%	15.8%	40	-30	15.4%	15.8%
SE	SBAB Bank AB – group	12.8%	14.5%	11.4%	11.2%	11.4%	-136	-160	12.8%	11.4%
SE	Skandinaviska Enskilda Banken – group	19.0%	22.0%	14.8%	14.5%	14.9%	-407	-449	18.9%	N/A
SE	Svenska Handelsbanken – group	19.6%	21.7%	15.5%	15.7%	15.9%	-371	-416	19.6%	15.9%
SE	Swedbank – group	17.8%	21.9%	15.8%	15.8%	16.2%	-163	-202	17.8%	N/A

Table A 3: Transitional leverage ratios (%) and deltas to starting point (bps)

country	bank name	actual 2022	baseline 2025	adverse 2023	adverse 2024	adverse 2025	Delta	peak-to- trough
AT	Erste Group Bank AG	6.6%	7.3%	5.2%	5.2%	5.3%	-131	-145
AT	Raiffeisen Bank International AG	7.3%	8.9%	6.5%	6.9%	6.9%	-40	-87
BE	Belfius Banque SA	6.3%	7.1%	5.0%	5.1%	5.1%	-112	-127
BE	KBC Group NV	5.3%	6.1%	4.3%	4.2%	4.3%	-101	-116
DE	Deutsche Apotheker- und Ärztebank eG	4.5%	5.5%	4.1%	3.9%	3.4%	-103	-103
DE	Citigroup Global Markets Europe AG	8.1%	7.9%	5.8%	5.6%	5.7%	-243	-250
DE	COMMERZBANK Aktiengesellschaft	4.9%	5.4%	3.8%	3.8%	3.8%	-116	-116
DE	Deutsche Bank AG	4.6%	5.2%	3.6%	3.6%	3.7%	-83	-98
DE	DZ Bank AG Deutsche Zentral- Genossenschaftsbank	4.7%	4.7%	3.5%	3.2%	2.9%	-186	-186
DE	Goldman Sachs Bank Europe SE	10.6%	11.9%	8.8%	9.0%	9.3%	-134	-183
DE	HASPA Finanzholding	7.7%	7.8%	7.0%	6.6%	6.6%	-112	-112
DE	J.P. Morgan SE	6.0%	7.1%	4.7%	4.7%	4.6%	-137	-137
DE	Landesbank Baden-Württemberg	4.7%	4.8%	3.8%	3.6%	3.4%	-136	-136
DE	Bayerische Landesbank	4.5%	4.6%	3.4%	3.2%	3.1%	-132	-132
DE	Landesbank Hessen-Thüringen Girozentrale	4.4%	4.5%	3.5%	3.3%	2.9%	-152	-152
DE	Morgan Stanley Europe Holding SE	8.0%	8.3%	6.0%	5.7%	5.5%	-251	-251
DE	Norddeutsche Landesbank -Girozentrale-	5.5%	5.2%	4.3%	3.7%	3.3%	-219	-219
DE	Volkswagen Bank GmbH	14.7%	14.0%	12.9%	12.7%	12.0%	-269	-269

country	bank name	actual 2022	baseline 2025	adverse 2023	adverse 2024	adverse 2025	Delta	peak-to- trough
DK	Danske Bank A/S	5.0%	5.3%	3.9%	3.8%	3.7%	-127	-127
DK	Jyske Bank A/S	4.6%	5.5%	3.4%	3.3%	3.2%	-138	-138
DK	Nykredit Realkredit A/S	5.1%	5.5%	4.5%	4.4%	4.5%	-61	-78
DK	Sydbank A/S	6.1%	7.3%	5.6%	5.4%	5.3%	-81	-81
ES	Banco Bilbao Vizcaya Argentaria, S.A.	6.5%	8.1%	5.4%	5.4%	5.3%	-118	-118
ES	Bankinter, S.A.	4.4%	5.7%	3.9%	3.9%	3.9%	-47	-49
ES	CaixaBank, S.A.	5.6%	6.7%	5.1%	4.9%	4.5%	-110	-110
ES	Kutxabank, S.A.	7.7%	9.6%	6.7%	6.7%	6.8%	-92	-102
ES	ABANCA Corporación Bancaria S.A.	6.2%	7.0%	5.3%	4.9%	4.8%	-142	-142
ES	Banco de Sabadell, S.A.	4.6%	5.4%	3.7%	3.6%	3.6%	-107	-107
ES	Banco Santander, S.A.	4.7%	5.6%	4.4%	4.6%	4.4%	-36	-36
ES	Unicaja Banco, S.A.	5.3%	6.3%	4.5%	4.2%	4.1%	-127	-127
FI	Nordea Bank Abp	4.9%	5.5%	4.4%	4.5%	4.6%	-33	-59
FI	OP Osuuskunta	7.8%	8.3%	6.8%	6.5%	5.9%	-181	-181
FR	BofA Securities Europe SA	8.9%	9.6%	6.2%	5.9%	5.6%	-325	-325
FR	BNP Paribas S.A.	4.4%	4.8%	3.4%	3.5%	3.5%	-82	-92
FR	Groupe BPCE	5.0%	5.1%	3.8%	3.7%	3.7%	-129	-132
FR	La Banque Postale	5.6%	5.8%	1.6%	1.1%	0.6%	-503	-503
FR	Groupe Crédit Agricole	5.3%	5.3%	4.1%	3.9%	3.7%	-160	-160

country	bank name	actual	baseline	adverse	adverse	adverse	Delta	peak-to-trough
		2022	2025	2023	2024	2025		
FR	Confédération Nationale du Crédit Mutuel	6.7%	7.0%	5.7%	5.2%	4.9%	-175	-175
FR	Société Générale S.A.	4.4%	4.3%	3.5%	3.4%	3.3%	-105	-105
GR	ALPHA SERVICES & HOLDINGS S.A.	5.9%	6.6%	3.7%	3.7%	4.1%	-182	-227
GR	Eurobank Ergasias Services and Holdings S.A.	7.9%	9.5%	6.0%	6.0%	6.3%	-161	-186
GR	National Bank of Greece S.A.	7.8%	10.2%	6.4%	6.4%	6.7%	-107	-139
GR	PIRAEUS FINANCIAL HOLDINGS S.A.	6.2%	6.9%	4.2%	4.5%	4.7%	-150	-199
HU	OTP Bank Nyrt.	9.6%	11.9%	8.1%	8.3%	8.6%	-99	-147
IE	AIB Group plc	8.3%	8.7%	7.0%	6.0%	5.4%	-290	-290
IE	Barclays Bank Ireland PLC	5.8%	5.2%	4.1%	3.6%	3.2%	-269	-269
IE	Bank of Ireland Group plc	6.7%	8.6%	5.5%	5.3%	5.4%	-130	-136
IE	Citibank Holdings Ireland Limited	9.4%	10.1%	8.4%	8.5%	8.4%	-91	-97
IT	Banco BPM S.p.A.	5.2%	6.3%	3.5%	3.6%	3.8%	-141	-176
IT	Cassa Centrale Banca - Credito Cooperativo Italiano S.p.A.	7.7%	10.4%	6.6%	6.6%	6.6%	-111	-118
IT	Iccrea Banca S.p.A. – Istituto Centrale del Credito Cooperativo	6.9%	7.8%	5.5%	5.4%	5.2%	-166	-166
IT	Intesa Sanpaolo S.p.A.	5.6%	6.0%	4.5%	4.7%	4.9%	-73	-110
IT	Mediobanca - Banca di Credito Finanziario S.p.A.	8.2%	8.7%	6.1%	5.9%	5.7%	-246	-246
IT	BANCA MONTE DEI PASCHI DI SIENA S.p.A.	5.8%	6.6%	4.0%	3.8%	3.6%	-216	-216
IT	BPER Banca S.p.A.	4.4%	5.7%	3.2%	3.0%	3.0%	-146	-146
IT	UniCredit S.p.A.	6.1%	7.2%	4.8%	4.8%	5.0%	-104	-128

country	bank name	actual	baseline	adverse	adverse	adverse	Delta	peak-to-trough
		2022	2025	2023	2024	2025		
NL	ABN AMRO Bank N.V.	5.2%	5.7%	4.6%	4.4%	4.2%	-99	-99
NL	ING Groep N.V.	5.1%	5.4%	4.1%	4.2%	4.3%	-83	-100
NL	Coöperatieve Rabobank U.A.	6.6%	7.4%	6.0%	5.8%	5.8%	-80	-80
NL	de Volksbank N.V.	4.7%	5.0%	4.4%	4.3%	4.0%	-72	-72
NO	DNB BANK ASA	6.8%	7.8%	6.8%	7.0%	7.1%	30	-5
PL	Bank Polska Kasa Opieki S.A.	7.4%	8.8%	6.9%	7.2%	7.5%	11	-47
PL	Powszechna Kasa Oszczednosci Bank Polski S.A.	8.9%	11.2%	6.9%	6.6%	6.6%	-229	-229
PT	Banco Comercial Português, SA	6.0%	7.4%	4.3%	4.2%	4.1%	-193	-193
PT	Caixa Geral de Depósitos, SA	7.7%	9.9%	7.2%	7.4%	7.4%	-29	-57
SE	Länsförsäkringar Bank AB (publ)	4.4%	5.5%	4.3%	4.5%	4.5%	7	-9
SE	SBAB Bank AB – group	4.1%	4.6%	3.9%	3.9%	4.0%	-13	-21
SE	Skandinaviska Enskilda Banken — group	5.0%	6.1%	4.4%	4.6%	4.8%	-23	-63
SE	Svenska Handelsbanken — group	5.2%	5.8%	4.5%	4.6%	4.6%	-59	-71
SE	Swedbank — group	5.6%	6.9%	5.3%	5.3%	5.4%	-21	-33

Table A 4: Fully loaded leverage ratio (%) and deltas to starting point (bps)

country	bank name	actual 2022	baseline 2025	adverse 2023	adverse 2024	adverse 2025	delta	peak-to- trough
AT	Erste Group Bank AG	6.6%	7.3%	5.2%	5.2%	5.3%	-131	-145
AT	Raiffeisen Bank International AG	7.1%	8.9%	6.2%	6.8%	6.9%	-20	-92
BE	Belfius Banque SA	6.1%	7.1%	4.9%	5.0%	5.1%	-100	-126
BE	KBC Group NV	5.3%	6.1%	4.1%	4.1%	4.3%	-98	-117
DE	Deutsche Apotheker- und Ärztebank eG	4.5%	5.5%	4.1%	3.9%	3.4%	-103	-103
DE	Citigroup Global Markets Europe AG	8.1%	7.9%	5.8%	5.6%	5.7%	-243	-250
DE	COMMERZBANK Aktiengesellschaft	4.9%	5.4%	3.8%	3.8%	3.8%	-116	-116
DE	Deutsche Bank AG	4.6%	5.2%	3.5%	3.6%	3.7%	-83	-105
DE	DZ Bank AG Deutsche Zentral- Genossenschaftsbank	4.7%	4.7%	3.4%	3.1%	2.9%	-182	-182
DE	Goldman Sachs Bank Europe SE	10.6%	11.9%	8.8%	9.0%	9.3%	-134	-183
DE	HASPA Finanzholding	7.7%	7.8%	7.0%	6.6%	6.6%	-112	-112
DE	J.P. Morgan SE	6.0%	7.1%	4.7%	4.7%	4.6%	-137	-137
DE	Landesbank Baden-Württemberg	4.6%	4.8%	3.7%	3.6%	3.4%	-125	-125
DE	Bayerische Landesbank	4.5%	4.6%	3.4%	3.2%	3.1%	-132	-132
DE	Landesbank Hessen-Thüringen Girozentrale	4.3%	4.5%	3.4%	3.3%	2.9%	-142	-142
DE	Morgan Stanley Europe Holding SE	8.0%	8.3%	6.0%	5.7%	5.5%	-251	-251
DE	Norddeutsche Landesbank -Girozentrale-	5.5%	5.2%	4.3%	3.7%	3.3%	-219	-219
DE	Volkswagen Bank GmbH	14.7%	14.0%	12.9%	12.7%	12.0%	-269	-269

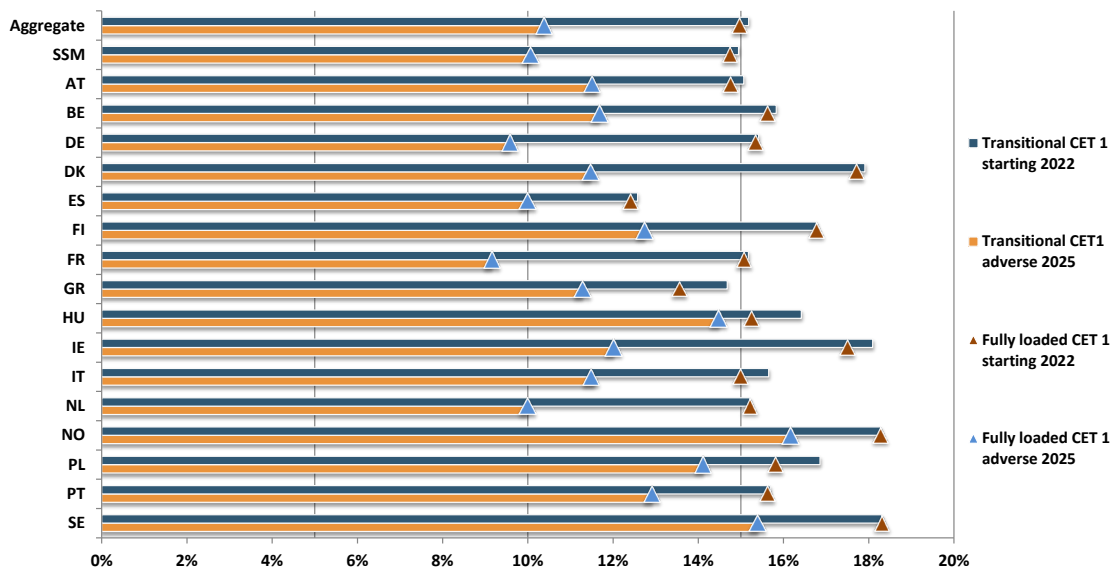
country	bank name	actual	baseline	adverse	adverse	adverse	delta	peak-to-trough
		2022	2025	2023	2024	2025		
DK	Danske Bank A/S	4.9%	5.3%	3.8%	3.8%	3.7%	-118	-118
DK	Jyske Bank A/S	4.6%	5.5%	3.4%	3.3%	3.2%	-138	-138
DK	Nykredit Realkredit A/S	5.1%	5.5%	4.5%	4.4%	4.5%	-61	-78
DK	Sydbank A/S	6.0%	7.3%	5.6%	5.4%	5.3%	-79	-79
ES	Banco Bilbao Vizcaya Argentaria, S.A.	6.5%	8.1%	5.3%	5.3%	5.3%	-115	-120
ES	Bankinter, S.A.	4.4%	5.7%	3.9%	3.9%	3.9%	-47	-49
ES	CaixaBank, S.A.	5.5%	6.7%	5.0%	4.8%	4.5%	-100	-100
ES	Kutxabank, S.A.	7.6%	9.6%	6.6%	6.7%	6.8%	-76	-94
ES	ABANCA Corporación Bancaria S.A.	6.0%	7.0%	5.1%	4.9%	4.8%	-119	-119
ES	Banco de Sabadell, S.A.	4.6%	5.4%	3.5%	3.5%	3.6%	-103	-109
ES	Banco Santander, S.A.	4.7%	5.6%	4.3%	4.5%	4.4%	-32	-43
ES	Unicaja Banco, S.A.	5.1%	6.3%	4.3%	4.2%	4.1%	-102	-102
FI	Nordea Bank Abp	4.9%	5.5%	4.4%	4.5%	4.6%	-33	-59
FI	OP Osuuskunta	7.8%	8.3%	6.8%	6.5%	5.9%	-181	-181
FR	BofA Securities Europe SA	8.9%	9.6%	6.2%	5.9%	5.6%	-325	-325
FR	BNP Paribas S.A.	4.3%	4.8%	3.4%	3.4%	3.5%	-81	-98
FR	Groupe BPCE	5.0%	5.1%	3.8%	3.7%	3.7%	-129	-132
FR	La Banque Postale	5.6%	5.8%	1.6%	1.1%	0.6%	-503	-503
FR	Groupe Crédit Agricole	5.2%	5.2%	4.0%	3.8%	3.7%	-151	-151

country	bank name	actual	baseline	adverse	adverse	adverse	delta	peak-to-trough
		2022	2025	2023	2024	2025		
FR	Confédération Nationale du Crédit Mutuel	6.7%	7.0%	5.7%	5.2%	4.9%	-175	-175
FR	Société Générale S.A.	4.1%	4.1%	3.2%	3.2%	3.1%	-100	-100
GR	ALPHA SERVICES & HOLDINGS S.A.	5.3%	6.7%	3.5%	3.7%	4.1%	-118	-185
GR	Eurobank Ergasias Services and Holdings S.A.	7.4%	9.5%	5.8%	5.9%	6.3%	-113	-166
GR	National Bank of Greece S.A.	7.3%	10.2%	6.1%	6.3%	6.7%	-59	-121
GR	PIRAEUS FINANCIAL HOLDINGS S.A.	5.6%	7.0%	4.3%	4.5%	4.8%	-82	-130
HU	OTP Bank Nyrt.	8.9%	11.9%	7.7%	8.3%	8.6%	-22	-117
IE	AIB Group plc	7.6%	8.8%	6.6%	5.9%	5.4%	-221	-221
IE	Barclays Bank Ireland PLC	5.8%	5.2%	3.9%	3.5%	3.2%	-262	-262
IE	Bank of Ireland Group plc	6.5%	8.6%	5.2%	5.2%	5.4%	-112	-131
IE	Citibank Holdings Ireland Limited	9.4%	10.1%	8.4%	8.5%	8.4%	-91	-97
IT	Banco BPM S.p.A.	4.8%	6.4%	3.5%	3.7%	3.8%	-93	-129
IT	Cassa Centrale Banca - Credito Cooperativo Italiano S.p.A.	7.3%	10.5%	6.4%	6.5%	6.7%	-64	-86
IT	Iccrea Banca S.p.A. – Istituto Centrale del Credito Cooperativo	6.6%	7.8%	5.5%	5.4%	5.3%	-129	-129
IT	Intesa Sanpaolo S.p.A.	5.5%	6.0%	4.5%	4.7%	4.9%	-64	-102
IT	Mediobanca - Banca di Credito Finanziario S.p.A.	6.9%	7.3%	4.9%	4.7%	4.5%	-232	-232
IT	BANCA MONTE DEI PASCHI DI SIENA S.p.A.	5.4%	6.6%	3.9%	3.7%	3.6%	-181	-181
IT	BPER Banca S.p.A.	4.3%	5.7%	3.2%	3.0%	3.0%	-131	-131
IT	UniCredit S.p.A.	5.8%	7.2%	4.6%	4.8%	5.0%	-73	-118

country	bank name	actual	baseline	adverse	adverse	adverse	delta	peak-to-trough
		2022	2025	2023	2024	2025		
NL	ABN AMRO Bank N.V.	5.2%	5.7%	4.6%	4.4%	4.2%	-99	-99
NL	ING Groep N.V.	5.1%	5.4%	4.1%	4.2%	4.3%	-82	-100
NL	Coöperatieve Rabobank U.A.	6.6%	7.4%	5.9%	5.8%	5.8%	-80	-81
NL	de Volksbank N.V.	4.7%	5.0%	4.4%	4.3%	4.0%	-72	-72
NO	DNB BANK ASA	6.8%	7.8%	6.8%	7.0%	7.1%	30	-5
PL	Bank Polska Kasa Opieki S.A.	7.0%	8.8%	6.7%	7.2%	7.5%	52	-28
PL	Powszechna Kasa Oszczednosci Bank Polski S.A.	8.2%	11.2%	6.5%	6.4%	6.6%	-162	-180
PT	Banco Comercial Português, SA	6.0%	7.4%	4.1%	4.1%	4.1%	-186	-188
PT	Caixa Geral de Depósitos, SA	7.7%	9.9%	7.2%	7.4%	7.4%	-29	-57
SE	Länsförsäkringar Bank AB (publ)	4.4%	5.5%	4.3%	4.5%	4.5%	7	-9
SE	SBAB Bank AB – group	4.1%	4.6%	3.9%	3.9%	4.0%	-13	-21
SE	Skandinaviska Enskilda Banken — group	5.0%	6.1%	4.4%	4.6%	4.8%	-23	-63
SE	Svenska Handelsbanken — group	5.2%	5.8%	4.5%	4.6%	4.6%	-59	-71
SE	Swedbank — group	5.6%	6.9%	5.3%	5.3%	5.4%	-21	-33

6. Annex II: Depletion figures by country

Figure A 1: Comparison of aggregate transitional and fully loaded CET1 capital ratio by jurisdiction in alphabetical order (%)



7. Annex III: Aggregate P&L

Table A 5: Evolution of EU aggregate profit and loss account (selected items) under the adverse scenario

P&L item (EUR bn)	2022	2023	2024	2025	2023-2025 Adverse cumulative
Net interest income	306	248	273	282	803
Dividend income	6	4	3	3	10
Net fee and commission income	163	116	128	137	382
Gains or (-) losses on financial assets and liabilities held for trading and trading financial assets and trading financial liabilities	8	-55	20	20	-15
Held with a trading intent and their related economic hedges	0	-22	0	0	-22
Economic hedges excluding hedges of items held with a trading intent	0	-31	0	0	-31
CVA	0	-8	0	0	-8
Liquidity reserves	0	-14	0	0	-14
Projection of client revenues	0	20	20	20	61
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	33	2	0	0	2
Gains or (-) losses from hedge accounting	1	0	0	0	0
Exchange differences [gain or (-) loss], net	1	0	0	0	0
Other operating income	35	32	32	32	95
Other operating expenses	-26	-22	-22	-22	-67
Other components of net total operating income	2	0	0	0	0
TOTAL OPERATING INCOME, NET	528	325	434	452	1211
Administrative expenses	-275	-272	-279	-285	-836
Cash contributions to resolution funds and deposit guarantee schemes	-18	-18	-10	-9	-37
Depreciation	-29	-29	-29	-29	-87
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	-45	-163	-100	-84	-347
Impairment of financial assets - CCR losses	0	-20	0	0	-20
Impairment or reversal of impairment on non-financial assets	-3	-4	-3	-1	-7
Gains or (-) losses arising from conduct risk	0	-10	-10	-10	-29
Gains or (-) losses arising from other operational risk	0	-8	-8	-8	-24
Other components of profit or (-) loss before tax from continuing operations	7	14	17	18	49
Profit or (-) loss before tax from continuing operations	164	-185	13	44	-127
Tax expenses (-) or income (+) related to profit or loss from continuing operations	-38	46	-4	-13	29
Profit or (-) loss after tax from continuing operations	126	-139	9	31	-98
Profit or (-) loss after tax from discontinued operations	2	0	0	0	0
Profit or (-) loss for the year	128	-139	9	31	-98
Amount of dividends paid (before consideration of MDA restrictions)	53	3	11	16	29
Distributed amount after MDA-related adjustments	58	-2	9	13	21
Attributable to owners of the parent net of estimated dividends	70	-137	0	18	-119



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