Annex VII.a: EBA proposal for Market Risk benchmark portfolios.

1. Common Instructions

(a) Banks shall assume they enter all positions on xxxxxx 2014, and once positions have been entered, each portfolio ages for the duration of the exercise. Furthermore, assume the Bank does not take any action to manage the portfolio in any way during the entire exercise period. Unless explicitly stated otherwise in the specifications for a particular portfolio, strike prices for options positions should be determined relative to prices for the underlying as observed at market close xxxxxx 2014.

(b) For the purpose of pre-exercise validation banks should provide to their local supervisor on xxxxxx 2014 the valuation of each portfolio. The exact timing of the valuation should be 4.30pm London

(c) For the purpose of the benchmark portfolio exercise, banks should provide the valuation of each portfolio on xxxxx, together with the relevant required risk metrics as described in the accompanying results reporting template and explained below.

(d) Banks should calculate the risks of the positions without taking into account the funding costs associated to the portfolios (i.e. no assumptions are admitted as per the funding means of the portfolios).

(e) Banks should exclude to the extent possible counterparty credit risk when valuing the risks of the portfolios.

(f) Banks should calculate 10-day 99% VaR on a daily basis. Stressed VaR and IRC may be calculated on a weekly basis. Stressed VaR and IRC should be based on end of day prices for each Friday in the time window for the exercise. However, flexibility will be granted to banks preferring to use results from another day of the week if required.

(g) For each portfolio, banks are asked to provide results in the base currency of the portfolio as provided in the table below.

(h) For transactions that include long positions in CDS, assume an immediate up-front fee is paid to enter the position as per the market conventions as indicated by Markit Partners (25, 50, 100bps for investment grade, 500bps for high yield).

(i) Assume that the maturity date for all CDS in the exercise follow conventional quarterly termination dates, often referred to as “IMM dates”.

(j) Additional specifications required in order to compute pricing calculations required for CDS positions should be done in a way that is consistent with commonly used market standards.

(k) Use the maturity date (i.e., some options expire on third Saturday of the month, etc.) that ensures the deal is closest to the term-to-maturity specified. For any material details of the product specification that are not explicitly stated in this document, please provide the assumptions you have used along with the results (i.e., day count convention, etc.).

(l) The acronyms ATM, OTM and ITM refer to an option's moneyness: ATM stands for "at the money", OTM stands for "out of the money", and ITM means "in the money".

(m) Assume that all options are traded over-the-counter unless explicitly specified in the portfolios

(n) Follow the standard timing conventions for OTC options (i.e. expiry dates are the business day following a holiday)

(o) Assume that the timing convention for options is as follows: The time to maturity for a n-month option entered on xxxx is in n months. For example, a 3-month OTC option entered on May 10, 2014 expires on August 10, 2014. If options expire on a non-trading day, adjust the expiration date as per business day conventions consistent with common practices. Also provide explicit details on the nature of the adjustment made.

(p) Assume that OTC options are:

- American for single name equities and commodities, and,
- European for equity indices, foreign exchange and Swaptions.

(q) For all options exclude the premium from the initial market value calculations (i.e. options are to be considered as "naked").

(r) In the case that a bank is required to make additional assumptions beyond those specified above that it believes are relevant to the interpretation of its exercise results (e.g. close of business timing, coupon rolls, mapping against indices, etc.), it should submit a description of those specifications in a separate document accompanying its return template.

2. Instruments

1. Long Eurostoxx 50 index OTC Future (1 point equals 10 € movement). Expiry - June 2014
2. Short OTC Future Banco Santander (1 contract = 100 shares). Expiry – June 2014
3. Short OTC Future Deutsche Bank (1 contract = 100 shares). Expiry – June 2014
4. Short OTC future, Banco Popular (1 contract = 100 shares). Expiry – 30 June 2014
5. Short OTC future, Commerzbank (1 contract = 100 shares). Expiry – 30 June 2014
6. Long OTC future, Caixa Bank (1 contract = 100 shares). Expiry – 30 June 2014
7. Long OTC call Option. Underlying Bayer, ATM (1 contract = 100 shares). Expiry – 31 July 2014
8. Short OTC call Option. Underlying Bayer, ATM (1 contract = 100 shares). Expiry – 31 December 2014
9. Long OTC Future OMX Copenhagen 20 CAP (1 point equals 100 DKK movement). Expiry – 30 June 2014
10. Long call Option. Underlying Carlsberg B A/S, ATM (1 contract = 100 shares). Expiry – 31 July 2014
11. Long OTC Future OMX Stockholm 30 (1 point equals 100 SEK movement). Expiry – 30 June 2014
12. Long call Option. Underlying Volvo AB, ATM (1 contract = 100 shares). Expiry – 31 July 2014
13. Short OTC Future FTSE 100 (1 point equals 10 GBP movement). Expiry – 30 June 2014
14. Long call Option. Underlying Diageo, ATM (1 contract = 10 shares). Expiry – 31 July 2014
15. Interest rate swap EURO - Bloomberg code xxxx ,Receive fixed rate and pay floating rate, Fixed leg: pay annually XX%, Floating leg: 1-year Euribor rate, pay yearly - Notional: €10 million, Roll convention and calendar: standard, Effective date 21 February 2014 (ie rates to be used are those at the market as 21 February 2014), Maturity date: 21 February 2024.
16. Two-year EUR swaption on 10-year interest rate swap. Notional €10 million - Bloomberg code xxxx. An OTC ATM (strike price is based on the IRS rate as per #15) receiver swaption with maturity of two years on the interest rate swap described in #15 (ie ten years fixed for variable IRS) but with an effective date of 22 February 2016 and a maturity date of 22 February 2026. Effective date 21 February 2014. Expiry date (of swaption) 21 February 2016. Maturity date (of underlying swap) 21 February 2026. Premium paid at expiry. Cash settled
17. Interest rate swap GBP - Bloomberg code xxxx ,Pay fixed rate and Receive floating rate, Floating leg: 1-year Libor GBP rate, Fixed leg: pay yearly XX% - Notional: £8 million, Roll convention and calendar: standard, Effective date 21 February 2014 (i.e. rates to be used are those at the market as 21 February 2014), Maturity date: 21 February 2024.
18. Two-year GBP swaption on 10-year interest rate swap. Notional: £8 million - Bloomberg code xxxx. An OTC ATM (strike price is based on the IRS rate as per #17) receiver swaption with maturity of two years on the interest rate swap described in #17 (ie ten years variable for fixed IRS) but with an effective date of 22 February 2016 and a maturity date of 22 February 2026. Effective date 21 February 2014. Expiry date (of swaption) 21 February 2016. Maturity date (of underlying swap) 21 February 2026. Premium paid at expiry. Cash settled
19. Interest rate swap DKK - Bloomberg code xxxx ,Receive fixed rate and pay floating rate, Fixed leg: pay annually XX%, Floating leg: 1-year Libor DKK rate, pay yearly - Notional: DKK 75 million, Roll convention and calendar: standard, Effective date 21 February 2014 (ie rates to be used are those at the market as 21 February 2014), Maturity date: 21 February 2024.
20. Two-year DKK swaption on 10-year interest rate swap. Notional: DKK 75 million - Bloomberg code xxxx. An OTC ATM (strike price is based on the IRS rate as per #19) receiver swaption with maturity of two years on the interest rate swap described in #19 (ie ten years fixed for variable IRS) but with an effective date of 22 February 2016 and a maturity date of 22 February 2026. Effective date 21 February 2014. Expiry date (of swaption) 21 February 2016. Maturity date (of underlying swap) 21 February 2026. Premium paid at expiry. Cash settled

21. Interest rate swap SEK - Bloomberg code xxxx ,Pay fixed rate and receive floating rate, Fixed leg: pay annually XX%, Floating leg: 1-year Libor SEK rate, pay yearly - Notional: SEK 89 million, Roll convention and calendar: standard, Effective date 21 February 2014 (ie rates to be used are those at the market as 21 February 2014), Maturity date: 21 February 2024.
22. Two-year SEK swaption on 10-year interest rate swap - Bloomberg code xxxx. Notional: SEK 89 million. An OTC ATM (strike price is based on the IRS rate as per #21) receiver swaption with maturity of two years on the interest rate swap described in #21 (ie ten years variable for fixed IRS) but with an effective date of 22 February 2016 and a maturity date of 22 February 2026. Effective date 21 February 2014. Expiry date (of swaption) 21 February 2016. Maturity date (of underlying swap) 21 February 2026. Premium paid at expiry. Cash settled
23. Interest rate swap USD - Bloomberg code xxxx ,Receive fixed rate and pay floating rate, Fixed leg: pay annually XX%, Floating leg: 1-year USD Libor rate, pay yearly - Notional: USD 13 million, Roll convention and calendar: standard, Effective date 21 February 2014 (ie rates to be used are those at the market as 21 February 2014), Maturity date: 21 February 2024.
24. Two-year USD swaption on 10-year interest rate swap - Bloomberg code xxxx. An OTC ATM (strike price is based on the IRS rate as per #23) receiver swaption with maturity of two years on the interest rate swap described in #23 (ie ten years fixed for variable IRS) but with an effective date of 22 February 2016 and a maturity date of 22 February 2026. Effective date 21 February 2014. Expiry date (of swaption) 21 February 2016. Maturity date (of underlying swap) 21 February 2026. Premium paid at expiry. Cash settled
25. 3-month short forward EUR/USD currency, (long USD, short EUR) with 1 USD Million purchased at the EUR/USD reference rate published by the ECB on 28 February 2014
26. Long 3,500,000 3-month ATM OTC London Gold Forwards contracts (1 contract = 0.001 troy ounces, notional: 3,500 troy ounces)
27. Short 3,500,000 1-year ATM OTC London Gold Forwards contracts (Notional: 3,500 troy ounces)
28. CSW, effective date 21 February 2014, Maturity 22 February 2016. 20 M EUR vs the amount in USD that corresponds to the EUR/USD spot rate on 21 February 2014, there is an initial exchange of principals. Bank pays EUR 3M Euribor (3M Euribor as quoted on Reuters page Euribor01, 11:00 London Time, fixed 2 business days prior to the first day of each interest period) and receives USD 3M Libor: 3 month Libor flat as quoted on Reuters page Libor01, 11:00 London Time, fixed 2 business days prior to the first day of each interest period. At maturity (22 February 2016) there is an exchange of principals at the same exchange rate established on 21 February 2014.
29. Short 3-month put EUR call USD option notional USD 40 million (ie short USD against EUR) with strike price corresponding to the three-month forward exchange rate as of end of day 21 February 2014
30. 3-month short forward DKK/USD currency, (long DKK, short EUR) with 1 USD Million purchased at the DKK/USD reference rate published by the ECB on 28 February 2014
31. 3-month short forward SEK/USD currency, (long USD, short EUR) with 1 USD Million purchased at the SEK/USD reference rate published by the ECB on 28 February 2014
32. Short 30 contracts of 3-month OTC WTI Crude Oil puts with strike = 6-month end-of-day forward price on 21 February 2014 (1 contract = 1000 barrels, total notional 30,000 barrels)
33. Short 1-month LME Aluminium contract (1 AH contract = 25 tonnes)
34. Long 27-month LME Aluminium contract (1 AH contract = 25 tonnes)

For CDS: Long means 'protection sold', Short means 'protection bought'

35. Short €2 million single-name 5year CDS on Italy (RED code 4AB951) USD, effective date: 21 February 2014, restructuring clause: FULL
36. Short €2 million single-name 5year CDS on UK (RED code 9A17DE) USD, effective date: 21 February 2014, restructuring clause: FULL

37. Short €2 million single-name 5year CDS on Germany (RED code 3AB549) USD, effective date: 21 February 2014, restructuring clause: FULL
38. Short €2 million single-name 5year CDS on France (RED code 3I68EE) USD, effective date: 21 February 2014, restructuring clause: FULL
39. Short €2 million single-name 5year CDS on USA (RED code 9A3AAA) USD, effective date: 21 February 2014, restructuring clause: FULL
40. Long €2 million 5 year bond on Italy (IT0003493258 BTP 1 February 2019), effective date 21 February 2014
41. Long €2 million 5 year bond on UK (GB00B39R3F84 GILT 7 March 2019), effective date 21 February 2014 - to convert the notional of the bond use the FX spot as at end of day 21 February 2014.
42. Long €2 million 5 year bond on Germany (DE0001135374 BUND 4 January 2019), effective date 21 February 2014
43. Long €2 million 5 year bond on France (FR0000189151 OAT 25 April 2019), effective date 21 February 2014
44. Long €2 million 5 year bond on USA (US912828SH49 TBOND 28 February 2019), effective date 21 February 2014 - to convert the notional of the bond use the FX spot as at end of day 21 February 2014.
45. Interest rate swap EURO - Bloomberg code xxxx ,Receive floating rate and pay fixed rate, Fixed leg: pay annually XX%, Floating leg: 1-year Euribor rate, pay yearly - Notional: €2 million, Roll convention and calendar: standard, Effective date 21 February 2014 (ie rates to be used are those at the market as 1 February 2014), Maturity date: 1 February 2019.
46. Interest rate swap EURO - Bloomberg code xxxx ,Receive floating rate and pay fixed rate, Fixed leg: pay annually XX%, Floating leg: 1-year Euribor rate, pay yearly - Notional: €2 million, Roll convention and calendar: standard, Effective date 4 January 2014 (ie rates to be used are those at the market as 4 January 2014), Maturity date: 4 January 2019.
47. Interest rate swap EURO - Bloomberg code xxxx ,Receive floating rate and pay fixed rate, Fixed leg: pay annually XX%, Floating leg: 1-year Euribor rate, pay yearly - Notional: €2 million, Roll convention and calendar: standard, Effective date 25 April 2014 (ie rates to be used are those at the market as 25 April 2014), Maturity date: 25 April 2019.
48. Interest rate swap GBP - Bloomberg code xxxx ,Receive floating rate and pay fixed rate, Fixed leg: pay annually XX%, Floating leg: 1-year Libor GBP rate, pay yearly - Notional: equivalent in GBP to €2 million using the FX spot as at end of 7 March 2014. Roll convention and calendar: standard, Effective date 7 March 2014 (ie rates to be used are those at the market as 7 March 2014), Maturity date: 7 March 2019.
49. Interest rate swap USD - Bloomberg code xxxx ,Receive floating rate and pay fixed rate, Fixed leg: pay annually XX%, Floating leg: 1-year Libor USD rate, pay yearly - Notional: equivalent in USD to €2 million using the FX spot as at end of day 21 February 2014. Roll convention and calendar: standard, Effective date 28 February 2014 (ie rates to be used are those at the market as 28 February 2014), Maturity date: 28 February 2019.
50. 20 M DKK in 5 year Danish Sovereign Bond, recently issued.
51. 20 M SEK in 5 Year Swedish Sovereign Bond, recently issued.
52. Short €2 million single-name 5year CDS on Allianz (RED code DD359M) EUR, effective date: 18 December 2013, restructuring clause: FULL
53. Short €2 million single-name 5year CDS on AXA (RED code FF667M) EUR, effective date: 20 September 2014, restructuring clause: FULL
54. Short €2 million single-name 5year CDS on ING (RED code 49BEBA) EUR, effective date: 15 February 2014, restructuring clause: FULL
55. Long €2 million corporate bond on ALLIANZ SE (XS0406076843 18 December 2018), effective date 21 February 2014.

56. Long €2 million corporate bond on AXA (FR001132266 20 September 2019), effective date 21 February 2014
57. Long €2 million corporate bond on ING BANK (DE000A1HNFX5 15 February 2019), effective date 21 February 2014.
58. Interest rate swap EUR - Bloomberg code xxxx ,Receive floating rate and pay fixed rate, Fixed leg: pay annually, Floating leg: 1-year Euribor rate, pay yearly - Notional: €2 million, Roll convention and calendar: standard, Effective date 18 December 2013 (ie rates to be used are those at the market as 18 December 2013), Maturity date: 18 December 2018.
59. Interest rate swap EUR - Bloomberg code xxxx , Receive floating rate and pay fixed rate, Fixed leg: pay annually, Floating leg: 1-year Euribor rate, pay yearly. Roll convention and calendar: standard, Effective date 20 September 2014 (ie rates to be used are those at the market as 20 September 2014), Maturity date: 20 September 2019.
60. Interest rate swap EUR - Bloomberg code xxxx, Receive floating rate and pay fixed rate, Fixed leg: pay annually, Floating leg: 1-year Euribor rate, pay yearly. Roll convention and calendar: standard, Effective date 15 February 2014 (ie rates to be used are those at the market as 15 February 2014), Maturity date: 15 February 2019.
61. Long CDS €5 million notional iTraxx 5-year Europe index Series 20, Version 1 – maturity 20 December 2018 (RED Pair Code: 2I666VBA2)- effective date 21 February 2014
62. Long 5 year CDS €1 million notional on ING BK CDS EUR SR 5Y, RED code: 48DGFEAH6, Currency: Euro, Doc. Clause MM. Effective date: May 10th 2013.
63. Long 5 year CDS €1 million notional on CMZB CDS EUR SR 5Y, RED code: 2C27EGAG9, Currency: Euro, Doc. Clause MM. Effective date: May 10th 2013.
64. Long 5 year CDS €1 million notional on AXA SA CDS EUR SR 5Y, RED code: FF667MAD8, Currency: Euro, Doc. Clause MM. Effective date: May 10th 2013.
65. Long 5 year CDS €1 million notional on AEGON CDS EUR SR 5Y, RED code: 007GB6AD4, Currency: Euro, Doc. Clause MM. Effective date: May 10th 2013.
66. Long 5 year CDS €1 million notional on SANTAN CDS EUR SR 5Y, RED code: EFAGG9AF6, Currency: Euro, Doc. Clause MM. Effective date: May 10th 2013.

3. Individual portfolios.

Indiv. Portfolio	Combination of Instruments	Base Currency	Main Market Risk Factors	Observations
I	1 – 50 instruments	EUR	General market risk for equities, delta 1 portfolio, no optionality.	
II	1 – 50 instruments 2 – 9 instruments 3 - 1 instrument	EUR	General market risk for equities, delta 1 portfolio, no optionality. Some components of the index (bank names) hedged.	Compared with P I, a consistent reduction in VaR should be observed
III	1 – 50 instruments 4 – 10 instruments 5 - 2 instruments	EUR	General market risk for equities, delta 1 portfolio, no optionality. Short positions in bank equities which are not components of the index (similar size than 2).	Compared with P I, a reduction in VaR might be observed, the result is likely to be higher than P II.

IV	5 – 10 instruments 6 – 28 contacts	EUR	Specific Market risk, (i.e. nearly neutral long-short position)	Banks not capturing idiosyncratic risk properly might deliver too low VaR
V	7 – 100 instruments	EUR	Delta, Gamma, Vega	
VI	7 – 100 instruments 8 – 100 instruments	EUR	Vega (plus, to a lesser degree, delta and gamma)	Delta and Gamma have a limited impact. Main RF - Volatility surface
VII	9 – 160 instruments	DKK	General market risk for equities, delta 1 portfolio, no optionality.	Similar sensitivity (in EUR) than P I
VIII	10 – 130 instruments	DKK	Delta, Gamma, Vega	Similar sensitivity (in EUR) than P V
IX	11 – 110 instruments	SEK	General market risk for equities, delta 1 portfolio, no optionality.	Similar sensitivity (in EUR) than P I
X	12 – 1000 instruments	SEK	Delta, Gamma, Vega	Similar sensitivity (in EUR) than P V
XI	13 – 20 instruments	GBP	General market risk for equities, delta 1 portfolio, no optionality.	Similar sensitivity (in EUR) than P I
XII	14 – 450 instruments	GBP	Delta, Gamma, Vega	Similar sensitivity (in EUR) than P V
XIII	1 – 50 instruments 13 – 20 instruments	EUR	Nearly neutral long-short portfolio for general risk	Banks not capturing idiosyncratic risks properly might deliver too low VaR
XIV	15 – 1 instrument	EUR	Euro IRR	Assess variability on 'pure' IRR
XV	16 – 1 instrument	EUR	Euro IRR and Swaption implied volatility returns	Assess variability on IRR and volatility
XVI	17 – 1 instrument	GBP	GBP IRR	Assess variability on 'pure' IRR
XVII	18 – 1 instrument	GBP	GBP IRR and Swaption implied volatility returns	Assess variability on IRR and volatility
XVIII	19 – 1 instrument	DKK	DKK IRR	Assess variability on 'pure' IRR
XIX	20 – 1 instrument	DKK	DKK IRR and Swaption implied volatility returns	Assess variability on IRR and volatility
XX	21 – 1 instrument	SEK	SEK IRR	Assess variability on 'pure' IRR
XXI	22 – 1 instrument	SEK	SEK IRR and Swaption implied volatility returns	Assess variability on IRR and volatility
XXII	23 – 1 instrument	USD	USD IRR	Assess variability on 'pure' IRR
XXIII	24 – 1 instrument	USD	USD IRR and Swaption implied volatility returns	Assess variability on IRR and volatility
XXIV	15 – 1 instrument 17 – 1 instrument	EUR	EUR / GBP IRR	Assess whether this portfolio delivers less capital than directional ones
XXV	19 – 1 instrument 21 – 1 instrument	SEK	DKK / SEK IRR	Assess whether this portfolio delivers less capital than directional ones
XXVI	25 – 1 instrument	EUR	FX, EUR & USD IRR	

XXVII	26 – 1 instrument	USD	FX	From a regulatory perspective Gold is an FX risk, though is generally modelled as a commodity
XXVIII	26 – 1 instrument 27 – 1 instrument	USD	FX (this portfolio would deliver a neutral position if we would apply the standardised approach, but there is 'commodity' risk due to gold nature)	Assessment of the future gold price structure (i.e. 'contango & backwardation')
XXIX	28 – 1 instrument	EUR	FX, EUR & USD IRR	
XXX	29 – 1 instrument	EUR	FX, EUR & USD IRR and implied volatilities	
XXXI	30 – 1 instrument	DKK	FX, DKK & USD IRR	
XXXII	31 – 1 instrument	SEK	FX, SEK & USD IRR	
XXXIII	32 – 1 instrument	USD	Commodity	
XXXIV	33 – 1 instrument 34 – 1 instrument	USD	Commodity	Assessment of the future Aluminium price structure (i.e. 'contango & backwardation')
XXXV	35 – 1 instrument 37 – 1 instrument 38 – 1 instrument	EUR	Credit, short sovereign position	Assessment of VaR and IRC variability for CDS compared with Sovereign and Corporate Bonds (P XXXV/XXXVI – XLIV/XLV)
XXXVI	40 – 1 instrument 42 – 1 instrument 43 – 1 instrument	EUR	Credit, long sovereign position, IRR	Assessment of VaR and IRC variability for CDS compared with Sovereign and Corporate Bonds (P XXXV/XXXVI – XLIV/XLV)
XXXVII	35 – 1 instrument 40 – 1 instrument 45 – 1 instrument	EUR	Sovereign CDS-Bond basis risk for Italy	Assessment of Sov. vs Corp. CDS / Bond basis (P XXXVII- XLI XLVI-XLVIII)
XXXVIII	36 – 1 instrument 41 – 1 instrument 48 – 1 instrument	GBP	Sovereign CDS-Bond basis risk for UK	Assessment of Sov. vs Corp. CDS / Bond basis (P XXXVII- XLI XLVI-XLVIII)
XXXIX	37 – 1 instrument 42 – 1 instrument 46 – 1 instrument	EUR	Sovereign CDS-Bond basis risk for Germany	Assessment of Sov. vs Corp. CDS / Bond basis (P XXXVII- XLI XLVI-XLVIII)
XL	38 – 1 instrument 43 – 1 instrument 47 – 1 instrument	EUR	Sovereign CDS-Bond basis risk for France	Assessment of Sov. vs Corp. CDS / Bond basis (P XXXVII- XLI XLVI-XLVIII)
XLI	39 – 1 instrument 44 – 1 instrument 49 – 1 instrument	USD	Sovereign CDS-Bond basis risk for USA	Assessment of Sov. vs Corp. CDS / Bond basis (P XXXVII- XLI XLVI-XLVIII)

XLII	50 – 1 instrument	DKK	Sovereign Bond	
XLIII	51 – 1 instrument	SEK	Sovereign Bond	
XLIV	52 – 1 instrument 53 – 1 instrument 54 – 1 instrument	EUR	Credit, short corporate position	Assessment of VaR and IRC variability for CDS compared with Sovereign and Corporate Bonds (P XXXV/XXXVI – XLIV/XLV)
XLV	55 – 1 instrument 56 – 1 instrument 57 – 1 instrument	EUR	Credit, long corporate position, IRR	Assessment of VaR and IRC variability for CDS compared with Sovereign and Corporate Bonds (P XXXV/XXXVI – XLIV/XLV)
XLVI	52 – 1 instrument 55 – 1 instrument 58 – 1 instrument	EUR	Sovereign CDS-Bond basis risk for Allianz	Assessment of Sov. vs Corp. CDS / Bond basis (P XXXVII- XLI XLVI-XLVIII)
XLVII	53 – 1 instrument 56 – 1 instrument 59 – 1 instrument	EUR	Sovereign CDS-Bond basis risk for AXA	Assessment of Sov. vs Corp. CDS / Bond basis (P XXXVII- XLI XLVI-XLVIII)
XLVIII	54 – 1 instrument 57 – 1 instrument 60 – 1 instrument	EUR	Sovereign CDS-Bond basis risk for ING	Assessment of Sov. vs Corp. CDS / Bond basis (P XXXVII- XLI XLVI-XLVIII)
XLIX	61 – 2 instruments	EUR	Credit index diversified	
L	61 – 1 instrument 62 – 1 instrument 63 – 1 instrument 64 – 1 instrument 65 – 1 instrument 66 – 1 instrument	EUR	Credit index + additional concentration	Portfolios XLIX and L have the same notional size and underlying names but P L has greater concentration

4. Aggregated Portfolios

Aggreg. Portfolio	Description	Combination of Portfolios	Base Currency	Observations (not to be published)
A	'All in' plain vanilla	I to VI, XI to XVII, XXII to XXIV, XXVI to XXX, XXXIII to XLI, XLIV to L	EUR	The most 'aggregated portfolio', only excluding those portfolios in DKK and SEK (which will be likely missing in most bank's submissions)
B	'Long portfolio'	I, III, V, XII, XIV, XV, XXII, XXIII, XXVI, XIX, XXXIV, XXXVI, LXV, L	EUR	Aggregated portfolio comprising 'long' individual portfolios. Should allow the analysis of diversification for long portfolios.
C	'Long-short portfolio'	I, V, XIII, XIV, XV, XVII, XVIII, XXVI, XXVIII, XIII, XIV, XXVI, XLIV	EUR	Aggregated portfolio comprising 'long' as well as 'short' individual portfolios (the portfolios should not act as hedges). Should allow the analysis of diversification

D	DKK	VII, VIII, XVIII, XIX, XXXI, XLII	DKK	Aggregated portfolio comprising equity, IRR, FX and credit in DKK
E	SEK	IX, X, XX, XXI, XXXII, XLIII	SEK	Aggregated portfolio comprising equity, IRR, FX and credit in SEK
F	GBP	XI, XII, XVI, XVII, XXXVIII	GBP	Aggregated portfolio comprising equity, IRR, FX and credit in GBP

5. Counterparty risk Netting Sets

To be modified after incorporating SIGTB portfolios used in the 2014 exercise.

Aggreg. Portfolio	Description	Combination of Instruments	Observations
A	'Long Netting Set'	1 – 50 instruments 7 – 100 instruments 15 - 1 instrument 16 – 1 instrument 25 - 1 instrument 35 – 1 instrument 36 - 1 instrument 37 – 1 instrument 38 - 1 instrument	Aggregated portfolio comprising 'long' individual portfolios.
B	'Long-short Netting Set'	1 – 50 instruments 13 – 20 instruments 15 - 1 instrument 17 – 1 instrument 25 - 1 instrument 29 – 1 instrument 35 - 1 instrument 36 – 1 instrument 62 - 2 instrument 64 - 2 instrument	Aggregated portfolio comprising 'long' as well as 'short' instruments (the instruments should not act as direct hedges). Should allow the analysis of the effect of long-short netting sets

6. Selection of counterparties for CVA charge:

To be modified after incorporating SIGTB portfolios used in the 2014 exercise.

Specific 'liquid' counterparties:

- Banco Santander
- BNP
- HSBC
- Deutsche Bank

Generic 'proxy' counterparty:

- Asian Bank rated A.

7. Correlation Trading Portfolios

Instructions

Collateral: Unless otherwise stated, assume that there is neither any margining agreements nor collateralization of positions associated with the trades entered in the exercise.

Active Management: Assume all hedge positions are static. No rebalancing is allowed on subsequent CRM reporting dates after initial valuation date (i.e. May 10th 2013) in order to minimize subsequent influences to the result that are external to the model.

CDS contract specific assumptions and instructions: Unless otherwise stated, the following assumptions are applicable for all CDS and index CDS positions:

- Assume any up-front fee is paid/received to enter the position as per the market conventions.
- The maturity date follows conventional quarterly termination dates, often referred to as "IMM dates".
- CS01 is defined as the change in CDS price due to a 1bp widening across all tenors of the single name or index spread.

Additional specifications required in order to compute pricing calculations should be done in a way that is consistent with market standards. Refer to section titled "Additional Required Assumptions" for further instructions.

CDO Tranche assumptions and instructions: Unless otherwise stated, the following assumptions are applicable for all CDO tranche positions:

- For standard index tranches, assume any up-front fee is paid/received to enter the position as per the market conventions
- Notional specified in each portfolio represents the original tranche notional, unadjusted for any defaults.
- CS01 is defined as the change in tranche price due to a 1bp widening across all tenors of the single name or index spread.
- Spread Delta is defined as the ratio of CS01 for the tranche over CS01 of the underlying credit (CDS, index CDS, or bond). In the case of non-index tranches, for the same tranche there will be one spread delta per underlying credit.

Additional specifications required in order to compute pricing calculations should be done in a way that is consistent with market standards. Refer to section titled "Additional Required Assumptions" for further instructions.

Additional Required Assumptions: If additional assumptions beyond those specified above are relevant to the interpretation of exercise results submitted, for example:

- coupon rolls,
- mapping against indices,
- weighting of contributions from different indices to a bespoke correlation surface, etc.

Portfolios

1. CDX.NA.IG index series 9 V4 (RED:2I65BYCG8). Equity tranche – attachment point 0%, Detachment Point 3%. Notional is 10M USD. The contractual maturity is 7 years, Effective Sept. 21 2007, with the actual maturity date of Dec. 20, 2014. Assume running spread of 500bps.
2. CDX.NA.IG index series 9 V4 (RED:2I65BYCG8). Mezzanine tranche – attachment point 7%, Detachment Point 10%. Notional is 10M USD. The contractual maturity is 7 years, Effective Sept. 21 2007, with the actual maturity date of Dec. 20, 2014. Assume running spread of 500bps.
3. CDX.NA.IG index series 9 V4 (RED:2I65BYCG8). Super Senior tranche – attachment point 30%, Detachment Point 100%. Notional is 10M USD. The contractual maturity is 7 years, Effective Sept. 21 2007, with the actual maturity date of Dec. 20, 2014. Assume running spread of 100bps.