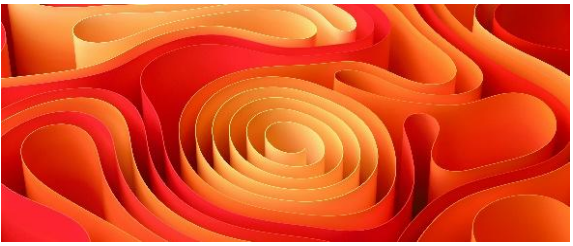
Pills

Regulatory/Supervisory Pills | N.168 November 2026

Author: Dario Esposito



TOPICS:

Stress Test

SOURCE:

European Banking Authority

The EBA Streamlines the 2027 EU-Wide Stress Test with More Than 55% Reduction in Requested Data

- The EBA has published its final methodology, draft reporting templates and guidance for the **2027 EU-wide stress test**, assessing European banks' resilience to adverse economic conditions over 2027–2029. The exercise maintains a constrained **bottom-up approach**, supplemented by **top-down elements**, under **a static balance sheet** assumption; results will inform the Supervisory Review and Evaluation Process (SREP), without predefined pass/fail capital thresholds.
- **Key methodological developments**. The 2027 exercise introduces **two significant innovations**: 1) **Reporting simplification**: A 55% reduction in required data points compared with the previous exercise, achieved through streamlined templates and closer alignment with existing supervisory reporting, particularly for credit risk; 2) **Climate risk assessment**: A dedicated module covering physical and transition climate risks, introduced for the first time. Its results will remain separate from the core solvency stress test.
- The methodology incorporates **CRR3/CRD6 requirements** and maintains projections under **baseline and adverse macroeconomic scenarios**.
- **Principal risk areas**. The exercise covers credit risk, including IFRS 9 impairments and securitisations; market and counterparty credit risk; net interest income; operational and conduct risk; and non-interest income, expenses and capital. Conservative methodological constraints include restrictions on Stage 3 exposure cures, floors on risk-weighted exposures, limitations on adverse-scenario net interest income and prescribed assumptions for operational losses and profitability.
- **Key Milestones for the 2027 EU-wide Stress Test**. Launch of the exercise: end of January 2027; First submission of results to the EBA: end of April 2027; Second submission to the EBA: end of May 2027; Final submission to the EBA: early July 2027; Publication of results: end of July 2027.