

Scenario analysis assumptions for the solvency of German banks

Table 4.1

Scenario	Risks considered	Loss allowance ratio for loans to non-financial corporations	RWA ¹ effect for credit risk at IRB banks ²
Baseline scenario	Credit risk - Loans to non-financial corporations	Increase of around 140% on the year assumed by year-end 2020 (see Chart 4.5)	As per assumed loss allowance ratios
Severe stress scenario	Credit risk - Loans to non-financial corporations	Per sector, maximum loss allowance ratio since 2003	As per assumed loss allowance ratios
Comprehensive stress scenario	Credit risk - Loans to non-financial corporations - Residential real estate loans Market risk	Per sector, maximum loss allowance ratio since 2003	Risk density ³ increases according to extreme values in the bank's history

1 Risk-weighted assets (RWAs). **2** Internal ratings-based (IRB) approach. Risk weights in the credit risk standardised approach remain unchanged. **3** Ratio of RWAs to the respective gross exposures.