



# STRESS TESTING

A fresh take on risk and valuation

Are you ready for the next regulatory stress test? Are you aware of all your risks – particularly the tail risks?

REGULATORY CHECK

MODEL REVIEW

NUMEROUS RISK TYPES

ICAAP IMPACT

REVERSE STRESS TEST

The European Regulators (EBA) oblige banking institutions to take part in a multitude of different regulatory stress tests. The requirements for the stress tests change frequently and are becoming more and more stringent – putting a pressure on our clients as regards their ability to follow and model changes in the requirements.

Stress testing is also an important tool for any institutions to understand its risks, Finalyse is ready to help its clients understand their tail risks and hidden vulnerabilities using also reverse stress testing approach.



For more information, visit  
[www.finallyse.com/stress-testing](http://www.finallyse.com/stress-testing)

## Benefits

- Analysis of the stress testing regulatory requirements (scenarios including macroeconomic variables) and their applicability
- Modelling the scenarios and conducting an impact assessment to gauge the performance of the existing models and identifying outliers
- Assessment of portfolio dynamics and portfolio weaknesses in extreme but plausible events as well as identification of concealed correlations in portfolio
- Supporting the Internal Capital Adequacy Assessment Process (ICAAP) for all asset classes
- Ensuring sound governance processes and control mechanisms relating to stress testing
- Generating simulation toolkits for model validation and business users

## Motivation

The institutions are required to quickly accommodate regulatory requirements in their stress test models. In addition to the obligation of tracking these requirements, there is a significant burden on modelling itself and interpretation/evaluation of the stress test results as well as their ICAAP impact. Numerous institutions also lack the necessary resources, after making the necessary investment on the stress test itself, to capitalise on the information gathered during these stress tests and leverage on the stress test results for better risk management. Our Service will enable them to do that.

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