MOODY'S ANALYTICS | Stress Testing Suite

Regulatory Expertise, Program Design and Industry Best Practices

SCENARIOS · DATA · MODELING · SOFTWARE

Integrated Stress Testing Suite

Regulatory Capital • Economic Capital • Eligible Ratio • Liquidity Ratios • P&L
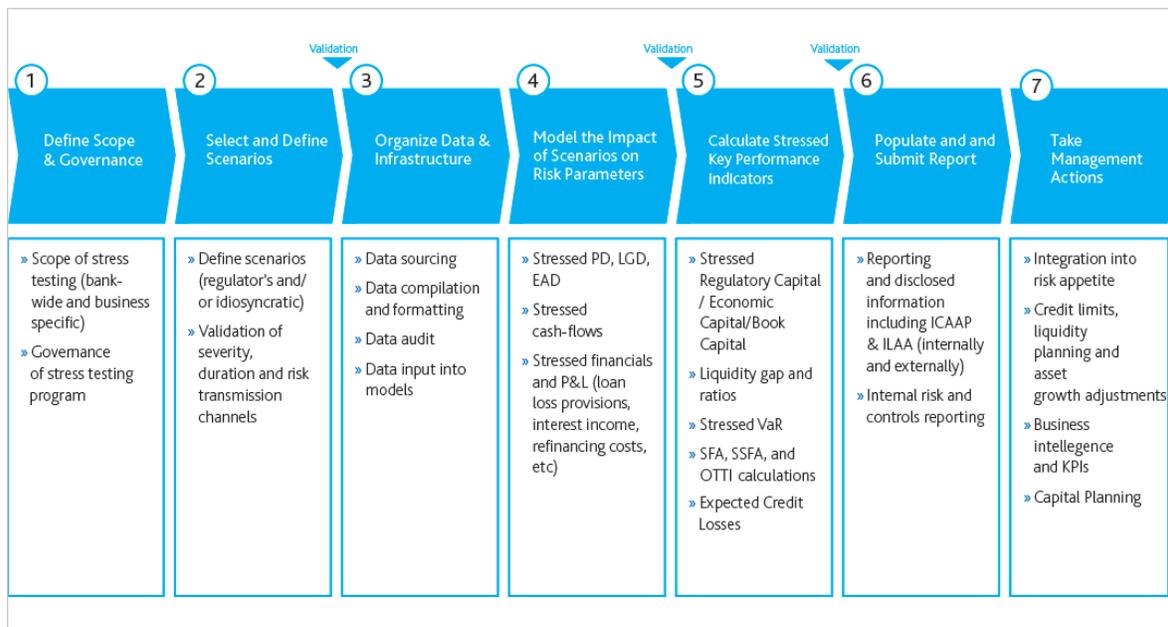
Moody's Analytics Stress Testing Suite helps firms streamline their stress testing activities and establish a collaborative, auditable, repeatable, and transparent stress testing program. Our solution helps firms manage their stress testing submissions in a timely manner and assimilate the process into a broader framework to inform management decisions and support core risk management, capital planning, and strategic growth objectives.

Implement sustainable enterprise-wide stress testing

» Integrate data, economic scenarios, modeling and advisory services, software infrastructure, regulatory reporting, and workflow capabilities for a stress-free stress test.

» Leverage configurable, modular stress testing software that centralizes and simplifies the administration and execution of regulatory stress testing exercises, such as Comprehensive

Capital Analysis and Review (CCAR), Dodd-Frank Act Stress Tests (DFAST), EBA Stress Tests, and Prudential Regulation Authority (PRA).

» Access comprehensive and granular loss, default and economic data which can be centralized via a firm-wide data platform.

» Implement regulator-mandated economic scenarios and accurate, customized, and time-tested configurable macroeconomic variables.

» Establish a centralized model catalogue to deploy a broad spectrum of internal and off-the-shelf models and establish model consistency across asset classes

	Validation	Validation	Validation		
1 Define Scope & Governance	**2** Select and Define Scenarios	**3** Organize Data & Infrastructure	**4** Model the Impact of Scenarios on Risk Parameters	**5** Calculate Stressed Key Performance Indicators	**6** Populate and and Submit Report	**7** Take Management Actions
» Scope of stress testing (bank-wide and business specific) » Governance of stress testing program	» Define scenarios (regulator's and/or idiosyncratic) » Validation of severity, duration and risk transmission channels	» Data sourcing » Data compilation and formatting » Data audit » Data input into models	» Stressed PD, LGD, EAD » Stressed cash-flows » Stressed financials and P&L (loan loss provisions, interest income, refinancing costs, etc)	» Stressed Regulatory Capital / Economic Capital/Book Capital » Liquidity gap and ratios » Stressed VaR » SFA, SSFA, and OTTI calculations » Expected Credit Losses	» Reporting and disclosed information including ICAAP & ILAA (internally and externally) » Internal risk and controls reporting	» Integration into risk appetite » Credit limits, liquidity planning and asset growth adjustments » Business intelligence and KPIs » Capital Planning

Seven Steps to Stress Testing Excellence: We developed our Stress Testing Suite based on extensive client feedback, informed by Moody's Analytics deep domain expertise, and designed it to provide an efficient seven-step framework for stress testing

Use robust technology to ensure efficiency, timliness and auditability

» Leverage Moody's Analytics models to generate credible estimates consistent with regulatory or customized macroeconomic scenarios in a transparent, repeatable framework.

» Reconcile data from multiple internal sources and maintain the highest standards of data accuracy.

» Implement robust technology to ensure fast model processing and aggregation of granular loss forecasting models for improved governance and transparency.

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» Align stress testing activities with budgeting and strategic planning.

» Manage the regulatory reporting process and build customized business strategy reports and documentation of the stress testing results for improved decision-making.

Moody's Analytics Stress Testing Suite of modular, integrated solutions drives stress testing programs at financial institutions around the globe. Its data integrity, analytics, and regulatory reporting solutions streamline, strengthen, and transform your stress testing program from a regulatory compliance exercise into a strategic advantage.

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Find out more information about Moody's Analytics award winning products and solutions.

www.moodysanalytics.com/contact-us

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