

ICAAP – Embedding Basel III in your stress scenario analysis



Your challenge

- Having to deal daily with business constraints and duties, you have difficulties keeping track of the ever evolving risk and capital management regulations (Basel III, ICAAP, CVA, stress testing, etc.) and you have an unclear view on its potential impacts on your organization
- In particular, as part of your ICAAP report duties, you must forecast the evolution of your institution' solvency situation over the business plan cycle, which will now include the new requirements of Basel III. These forecasts should be stressed to test the ability of your institution to face serious but plausible scenarios
- While some elements might be in place and a general understanding of stress testing, ICAAP and Basel III exists, the exact extent of interaction between these elements and their potential impacts on your operational processes and risk management practices are not well assessed

Our solution

- Based on our accumulated experience on ICAAP with more than twenty institutions in Luxembourg and abroad, Deloitte can offer the adequate lever to improve the quality and completeness of stress testing and ICAAP processes, ensuring compliance with related CSSF circulars (including 06/273 as amended, 07/301 as amended and 11/506)
 - This encompasses design, development and documentation of ICAAP report, risk and capital policies and stress testing framework, as well as the supporting tools, commensurate to your size, complexity and specific needs
 - In particular, using a specific tool developed together with Deloitte experts from other European offices, we are able to embed Basel III in capital planning and stress testing processes
- Operational impacts on product offering, treasury activities and other operations can also be assessed using the tool

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