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COURSE BROCHURE

# Bank Stress Scenario Design and Loss Projection Training Course

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# Bank Stress Scenario Design and Loss Projection Training Course

**Ref:** 2787_106736 **Date:** 5 – 9 April 2027 **Location:** Amsterdam **Fees:** 5600 GBP

Bank Stress Scenario Design and Loss Projection is a 1-week training course for bank risk, finance and treasury analysts, and it ends with a stress scenario and results pack. Rate shocks, property corrections and sudden funding outflows now move faster than annual planning cycles, so boards expect severe but plausible scenarios turned quickly into credible loss figures. Jupiter Prime Training runs this course on scenario craft and loss projection.

## Why Bank Stress Scenario Design and Loss Projection Matters Now

Three pressures shape scenario work today. Supervisors and boards expect scenarios tied to the bank's own vulnerabilities rather than generic downturns. Interest-rate swings and deposit mobility have shown how quickly liquidity and market losses compound credit losses. And finance teams need projections that reconcile with budgets and expected credit loss provisioning. Banks relying on mechanical shocks discover weak points too late. The course rests on the international principles for bank stress testing, the expected credit loss approach and reverse stress testing.

## Who Gains Most from Bank Stress Scenario Design and Loss Projection

- Analysts who write macroeconomic narratives and select severity paths for the bank
- Credit risk analysts who convert macro variables into default and loss rates by portfolio
- Treasury analysts who project funding outflows, liquidity buffers and interest margin under stress
- Finance and planning analysts who assemble projected earnings, provisions and capital ratios

A risk function gains most when its credit, treasury and finance analysts attend together and build one connected scenario.

## Bank Stress Scenario Design and Loss Projection Capabilities

Participants move from a written narrative to linked variable paths and portfolio losses.

- Design a severe but plausible macroeconomic narrative with consistent variable paths — the scenario approval committee
- Calculate credit losses by translating macro paths into probability of default and loss given default — provisioning decisions
- Apply market and liquidity shocks to trading books, deposits and wholesale funding — the treasury and asset-liability committee
- Test reverse stress cases that identify the conditions breaking capital or liquidity limits — the board risk committee
- Weigh credible management actions and their timing against projected shortfalls — senior management
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Communicate stress results with drivers, assumptions and limitations — the board and supervisory dialogue

## Key Bank Stress Scenario Design and Loss Projection Terms

- Scenario narrative — a storyline describing the shock and how it spreads through the economy and the bank.
- Satellite model — a statistical link that converts macroeconomic variables into bank risk parameters such as default or prepayment rates.
- Expected credit loss — the probability-weighted estimate of credit losses over a defined horizon, used for provisions.
- Run-off assumption — the expected share of deposits or funding that leaves the bank during a stress period.
- Reverse stress test — an exercise that starts from a failure outcome and works back to the scenarios causing it.
- Management action — a credible step management could take under stress, such as cutting distributions.

## Bank Stress Scenario Design and Loss Projection Day by Day

## Day 1: Scenario Purpose and Vulnerability Scan

- Stress Testing Uses — Capital Planning, Risk Appetite and Recovery Readiness
- Vulnerability Scan — Concentrations, Funding Profile and Rate Sensitivity
- Scenario Severity Calibration — Historical Episodes Versus Hypothetical Shocks
- Narrative Writing Discipline — Cause, Transmission Channels and Second-Round Effects
- Macro Variable Path Setting — GDP, Unemployment, Rates and Property Prices

## Day 2: Translating Scenarios Into Credit Losses

- Satellite Model Design — Linking Macro Variables to Default Rates
- Portfolio Segmentation — Retail Mortgages, Consumer Lending and Corporate Books
- Collateral Haircut Paths — Property and Equipment Value Declines Under Stress
- Expected Credit Loss Projection — Stage Migration and Provision Charges
- Sector Concentration Overlays — Real Estate, Construction and Hospitality Exposure

## Day 3: Market, Liquidity and Earnings Effects

- Interest Rate Shock Ladders — Net Interest Income and Economic Value Effects
- Securities Revaluation — Bond Portfolios, Credit Spreads and Equity Holdings
- Deposit Run-Off Assumptions — Retail, Corporate and Wholesale Funding Behaviour
- Liquidity Buffer Projection — Survival Horizon and Collateral Availability
- Projected Income Statement — Fees, Costs and Pre-Provision Earnings Under Stress

## Day 4: Reverse Stress and Management Responses

- Reverse Stress Test Design — Working Back From Capital or Liquidity Breach
- Break-Point Mapping — Combinations of Shocks That Exhaust Buffers
- Management Action Catalogue — Distribution Cuts, Asset Sales and Funding Moves
- Action Credibility Testing — Timing, Market Capacity and Second-Order Costs
- Assumption Challenge Log — Recording Overrides, Expert Judgement and Limitations

## Day 5: Building the Stress Scenario and Results Pack

- Scenario Calibration Exercise — Severity Agreed for a Sample Bank
- Integrated Loss Run — Credit, Market and Liquidity Results Combined
- Capital and Liquidity Ratio Trajectories — Projected Headroom by Quarter
- Results Commentary Drafting — Drivers, Sensitivities and Key Assumptions
- Stress Scenario and Results Pack — Narrative, Losses, Actions and Ratios

## Applying Bank Stress Scenario Design and Loss Projection After the Course

- Run a vulnerability scan on the bank's largest concentrations and propose one bank-specific scenario narrative to the risk committee.
- Rebuild one satellite model link for a key loan portfolio.

## Bank Stress Scenario Design and Loss Projection Questions FAQ

### What is bank stress scenario design and loss projection, and why does it matter now?

It is the craft of writing severe but plausible scenarios and converting them into credit, market and liquidity losses. It matters now because rate swings and fast deposit outflows expose weaknesses that generic downturn assumptions miss.

### Which roles gain most from bank stress scenario design and loss projection?

Bank risk, finance and treasury analysts gain most. Each owns one link between scenario variables and projected results.

### How does a bank stress scenario design and loss projection course differ from a capital planning course?

It concentrates on building scenarios and projecting losses rather than allocating capital buffers. Its outputs feed later capital decisions.

### What do you bring back from bank stress scenario design and loss projection?

You bring back a stress scenario and results pack built on a sample bank. It is ready to adapt to your own portfolios.

## Bank Stress Scenario Design and Loss Projection: The Way Forward

The stress scenario and results pack first informs whether projected capital and liquidity headroom stays within risk appetite. Risk committees and treasury use it to agree management actions. After its first use, revisit the satellite model links and run-off assumptions, since observed defaults and deposit behaviour often shift faster than models expect.