

Stress Testing Financial Risk Forecast Model (FRFM)

We live in Unprecedented Times

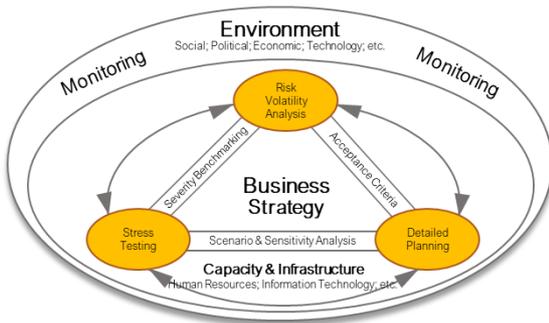
We are currently living in unprecedented times brought upon by the emergence of COVID-19 virus and the subsequent lockdown imposed by nations as a response. The impact on all economies is substantial and is expected to last for a significant number of months and years to come.

Although the banks are generally regarded as essential service providers, they will sustain severe impacts on their businesses through lowered demand and risk factors, such as requests for payment holidays, operation disruptions and outright defaults.

Our Understanding of The Need

Lenders need a sound yet agile means to navigate this new environment by testing the soundness of their business through balance sheet management practices (risk appetite, ICAAP & ILAAP) as outlined in the diagram below.

Financial regulators are also calling on (or expected to call on) banks to provide a stress testing forecast to consider the latest and unexpected market conditions to ensure capital adequacy.



Our Offering

We have an integrated financial risk forecasting model (FRFM) service offering that combines our client's financial and risk data to deliver a ready-to-use solution for managing and optimising the performance of their businesses which can be done under any macro-economic or strategic scenario/environment.

High-level, the model provides the following features and capabilities:

- Credit Risk Engine
- Financial Risk Forecasting – Driver Based
- Stressing Testing
- ICAAP & ILAAP input
- Recovery and Resolution Planning input
- Balance Sheet Optimisation
- Individual and Concentration Exposure Impact Analysis
- What-if and Sensitivity Analysis



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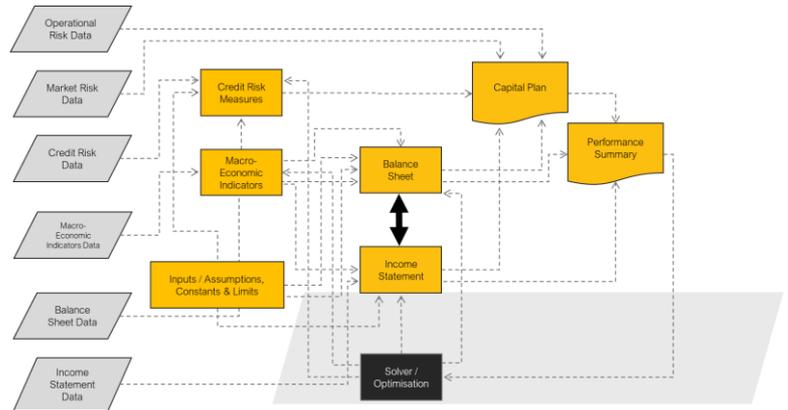
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Model Methodology

The model integrates data using a methodology as outlined below. Our clients provide us with financial and risk data that we input into the model which can be achieved on a short turnaround.



Deliverables

Our Financial Risk Forecast Model (FRFM) provides the following deliverables:

- Integrated Financial Forecasting Model
- Balance Sheet Management Model and Framework
- Microsoft Excel Spreadsheet Format
- Model Methodology Documentation

About Us

Ilion (Pty) Ltd. is a boutique consulting firm that provides data-driven solutions to help our clients monitor, manage and control the risk-adjusted performance of their businesses.

Our core experience is in financial services, specifically retail banking. As a company we strive to remain technology neutral and, by working with our clients, seek to find the best solution to suit their needs.

Our staff have diverse skills in the area of finance, risk and data analytics and have worked on projects in South Africa and broader African markets.

Contact Us

If you could benefit from this model, please contact us to discuss how we can assist you and your team. We are ready to provide a demonstration of the model and have a team of financial analysts ready to assist with its delivery and integration.