FRB Modeling Symposium

Scenario Design

October 11, 2018
BHC Stress Scenario

Material Risk Inventory

Market Risk Factor Identification

Global Market Shock

"Macroeconomic" Scenario

Operational Risk Event(s)

Severe Global Recession

Liquidity Event(s)

Deterministic Counterparty Default Loss
Scenario Narrative Generation

- Propose multiple plausible concepts
- Confirm quantifiable Material Risks are appropriately captured by the concepts
- Refine and define one macroeconomic narrative from the concepts – then enrich
- Re-perform mapping of Material Risks
- Confirm Risks are appropriately stressed and narrative is plausible and logically consistent
## Review and Challenge

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<tr>
<th>Review Bodies</th>
<th>Scenario Concepts</th>
<th>Final Narrative</th>
<th>PSDs</th>
<th>All Variables</th>
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<td>CCAR/DFAST Central Coordination Team</td>
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<td>Independent Economists’ Review</td>
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*The Capital Committee is the final approver of the Narrative and PSDs.*