



**Development of ICAAP and Stress Testing  
framework for various Banks**

## The Clients

A leading Islamic bank in the GCC region with asset size of more than USD 30 Bn and a bank in Africa with asset size of more than USD 3.5 Bn.

## Scope and Approach

With newly released ICAAP guidelines from the Central Banks, the clients needed guidance on interpretation of the guidelines and the development of ICAAP framework as per the best industry benchmarks, to suit their size and complexity. They also wanted to understand the maturity stages for adopting different methodologies for Pillar II risk types and undertake training in the Pillar II risks to be able to carry out the ICAAP development and reporting in subsequent years on their own.

With prior experience of working on several ICAAP review projects globally, Aptivaa was able to suggest best suited methodologies for assessment of various Pillar 2 risk areas, including qualitative and quantitative methods. The risk areas for which framework and tools were provided, included Interest Rate Risk in Banking Book, Liquidity risk, Credit Concentration risk, Strategic risk, Reputation risk, Legal and Compliance risks and Residual risk. The ICAAP framework delivered included excel-based models which could be used for regular assessment and internal reporting. Aptivaa also created a Risk Appetite framework with limit setting process and authority matrix for breaches.

Aptivaa developed bespoke Stress Testing scenarios and sensitivities to show the impact on earnings and capital adequacy ratio. The relevancy, impact and results were presented to the management with recommendations. We also assisted the clients in developing risk based capital adequacy projections for a period of 3-5 years as per the ICAAP requirement.

## Results

The ICAAP policy and report that was developed not only met the regulatory submission timelines but also assisted the clients in the preparation of their strategic plans.

## Deliverables

- Risk Appetite framework
- Risk assessment framework and models
- Stress Testing framework and models
- Capital Budgeting framework and models
- ICAAP policy and ICAAP document
- ICAAP presentation to senior management and Board
- Training to Bank's employees on ICAAP



## About Us

Aptivaa is a vertically focused risk and compliance professional services firm offering risk consulting, solutions and analytical services to banks, insurers, as well as asset management and other financial services companies across the globe.

We have developed world-class competencies in high-stakes financial risk and compliance areas such as Enterprise Risk Management, IFRS 9, Credit, Market & Operational Risk, Basel II, Basel III, ICAAP, Risk Based Pricing, Risk Systems implementations etc. We strive to enhance our offerings in line with the latest regulatory updates and ever evolving risk management methodologies and frameworks across the industry.



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