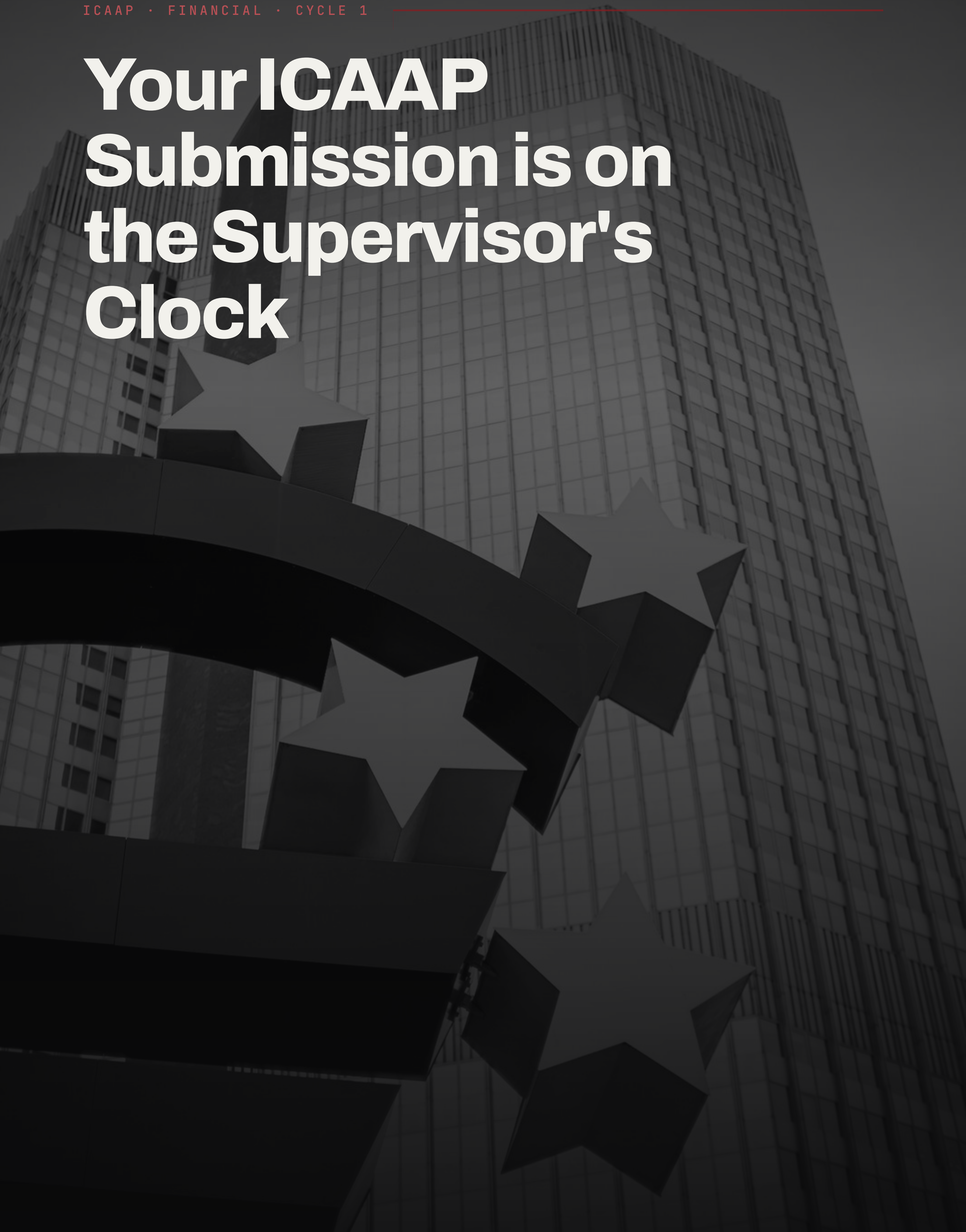
BearingA

REF · ICAAP-CYCLE-1-IT-2026-08

ICAAP · FINANCIAL · CYCLE 1

Your ICAAP Submission is on the Supervisor's Clock



The exercise, the subject, the anchor, the method.

The 2026 SSM thematic prescribes both the shock and the depletion. Everything downstream is your composition.

i	EXERCISE	2026 ECB ICAAP §4.2, geopolitical-risk thematic reverse stress test
ii	SUBJECT	A mid-sized SSM-supervised Italian universal bank *anonymised archetype · €50–500bn total assets*
iii	ANCHOR	~300bp CET1 depletion *supervisor-prescribed · not a BearingA computation*
iv	METHOD	Reverse spine · one entangled configuration · four-channel transmission · trigger apparatus

01 PRESCRIBED FAILURE

The supervisor sets the number. Your book has to explain the path

Your risk team already knows the ~300bp is a given. The supervisor set it under ICAAP §4.2; it is not something your model derived, and not a BearingA computation

So the exercise has quietly moved the question. Not how much. The magnitude is fixed. The question your submission actually answers is through what plausible configuration of the world a balance sheet like yours reaches depletion of that order, and through which channels in your own exposure it transmits.

The 2026 SSM thematic put that on the clock across 110 significant institutions, each running the reverse test inside its own ICAAP

The magnitude is settled. The path is what you defend in the submission, and the path is what this read builds

ANCHOR	~300bp CET1 depletion, archetype scale
PROVENANCE	supervisor-prescribed under 2026 ECB ICAAP §4.2, not a BearingA computation
THE MOVE	a measurement grid invites recomputation; a reverse spine invites self-diagnosis

02 CONFIGURATION

Your book does not meet five shocks. It meets one configuration

Read as five separate signals, Iran/US, Hormuz, Russia/Ukraine, Xi/Trump, Turkey, the picture flattens into a list your risk committee has already seen five times over

It is one entangled system. Iran/US sets the proximate trigger. Hormuz carries the disruption core the trigger transmits through.

Russia/Ukraine supplies a war-economy incentive curve that sustains the disruption rather than letting it dissipate. The Xi/Trump relationship modulates how the others move against each other, and Turkey moves opportunistically under the cover they provide.

Your exposure transmits through that coherent state, not through five additive hits

The disruption core is not a forecast you are being asked to accept. As of this read Hormuz sits at entrenched closure, Day ~159 from the 28 February closure.

It ran a full arc since spring: Islamabad MoU on 17 June, retracement, collapse across 7–12 July, the strait declared closed until further notice.

Effectively shut to commercial shipping, war-risk insurance at roughly eight times pre-crisis, P&I cover withdrawn. That is the state your book is exposed to now

03 NAVIGATION

The read hands you a map. It does not hand you a number to recompute

Your measurement layer already holds the book. What it does not hold is the reasoning that connects a compound configuration to specific client groups in stress

That gap is the supervisor's own named failure mode: the inability to quantify group-wide exposures to specific client groups in a crisis.

BearingA never touches your book data. It runs the reasoning layer against your audited exposure, so your team navigates to its own quantification inside its own framework.

At Level 1 the engine is calibrated to your posture: it weights your precedents, prioritises your channels, applies your thresholds, and the output arrives in your risk team's language because that is what it has been computing toward

Read at Level 0, the same configuration is the generic baseline. Read at Level 2+, it is what your analysts run day to day inside the audited envelope. This is the one in the middle, the one the supervisor reads against

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04 CHANNELS

Four channels, each read only as deep as the substrate carries

Your exposure meets the configuration through the ECB's own transmission taxonomy: financial market, real economy, safety and security, with a policy-reaction layer over all three

Uncertainty transmits to your trading book and market-risk line; funding spreads widen on the corridor-authority regime

Energy and supply-chain dislocation reaches your corporate book, the credit-impairment channel, empirically the dominant capital-depletion driver under geopolitical stress

Corridor risk and cyber exposure to counterparties in the transmission path, read at operational-risk altitude

Sanctions, capital-flow restrictions and monetary divergence sit over all three and reshape which dominates for your book

The reason the shape matters for your depletion is asymmetry. Across 47 years of BIS confidential banking statistics over roughly 12,000 country pairs, negative geopolitical events cut cross-border credit 10 to 20 percent more between blocs than within them, while positive events produce no matching increase, because the trust international bank credit requires does not rebuild at the pace it breaks.

Capital retreats hard and returns slow. That is the shape your ~300bp is sized against

A · FINANCIAL MARKET

Repricing and risk-aversion

Uncertainty transmits to your trading book and market-risk line; funding spreads widen on the corridor-authority regime

DEPTH · DERIVED FROM OBSERVED SPREADS

B · REAL ECONOMY

Trade and commodity dislocation

Energy and supply-chain dislocation reaches your corporate book, the credit-impairment channel, empirically the dominant capital-depletion driver under geopolitical stress

DEPTH · DERIVED · DOMINANT CHANNEL

C · SAFETY AND SECURITY

Physical and cyber

Corridor risk and cyber exposure to counterparties in the transmission path, read at operational-risk altitude

DEPTH · ILLUSTRATIVE

POLICY LAYER

Sanctions and divergence

Sanctions, capital-flow restrictions and monetary divergence sit over all three and reshape which dominates for your book

DEPTH · DERIVED FROM POLICY STATE

05 DETECTION

Which way the configuration moves , and what tips it

Your team needs to know not just where the configuration stands but which direction it breaks, and on what trigger, before the book registers it

Phase identification runs through HMM regime characterisation, statistically defensible at $p<0.001$, with the phase-by-cluster structure observable in the configuration's own trace. Three directions, each with the trigger that tips it and the channel it activates

IRGC enforcement widens beyond tankers; MoU status stops mattering. Channels A and B deepen; credit-impairment leads

The strait runs as a toll-collected corridor, costly but priced. Depletion accrues through sustained real-economy transmission, not a shock

A durable settlement, not another MoU interlude. The credit channel reverses slower than the spot channel; the depletion does not unwind at the pace it arrived

▲ ESCALATION	■ ABSORPTION	▼ RESOLUTION
Corridor authority hardens IRGC enforcement widens beyond tankers; MoU status stops mattering. Channels A and B deepen; credit-impairment leads	**Closure entrenches as regime** The strait runs as a toll-collected corridor, costly but priced. Depletion accrues through sustained real-economy transmission, not a shock	**Genuine reopening** A durable settlement, not another MoU interlude. The credit channel reverses slower than the spot channel; the depletion does not unwind at the pace it arrived

06 THINKING SPACE

One path shown. One method you run yourself

Your submission needs a number your risk committee can stand behind, which means the method matters more than any figure printed here

So the block keeps two registers apart. One path is illustrative: a narrated route from the configuration to a depletion of the prescribed order, shown so your team sees the shape, not asserted as a computation. The other is method: the reusable procedure your analysts run against your own book, feeding ICAAP Principles 4, 6 and 7: risk identification, quantification, stress-testing

The 2026 results credit mitigating actions with a real offset: CET1 15.5 percent at end-2025, 12.1 before actions, 13.6 after, and then the supervisor flags them, in its own words, as over-optimistic under a systemic crisis where many banks reach for the same actions at once Chart 5.

The mechanism the reverse exercise names but does not compose: mitigating actions are shared. You cannot all sell the same assets into the same stressed market, raise capital from the same investors, or reprice into the same demand-compressed book at the same moment

07 BOUNDARY

Where BearingA stops and your book begins

Your supervisor cares exactly where this line falls, so it is drawn in the open

BearingA reads the configuration and its transmission to your book, at production cadence, every claim drillable to a primary source. You hold the book data, run the quantification inside your audited framework, and own the submission. The reasoning layer runs against your measurement layer, which is the division of responsibility the supervisor's data-quality framing already assigns

A diligence CRO will test one distinction. The ECB's own research function built an LLM that reads financial news and scores an aggregate indicator. This read works the other way: gated primary sources, a position-specific cascade to a named CET1 line. Same category, different substrate, and it is the primary-source, position-specific version the supervisor's firm-specific ask requires

BEARINGA SUPPLIES	the configuration, its transmission, the reverse spine, the trigger apparatus, drillable to source, at cadence
YOU SUPPLY	your audited Level 1 exposure, your quantification, your risk appetite, your submission
NEVER BEARINGA	the ~300bp (supervisor-prescribed), your book data, the number in the appendix

SOURCING

Every claim in this read traces to a primary source at the live web read. Sources are dated, versioned, and indexed continuously.

BOUNDARY

Anonymised archetype — no named institution's data enters this composition. The CET1 number is supervisor-prescribed, not a BearingA computation.

CONTACT

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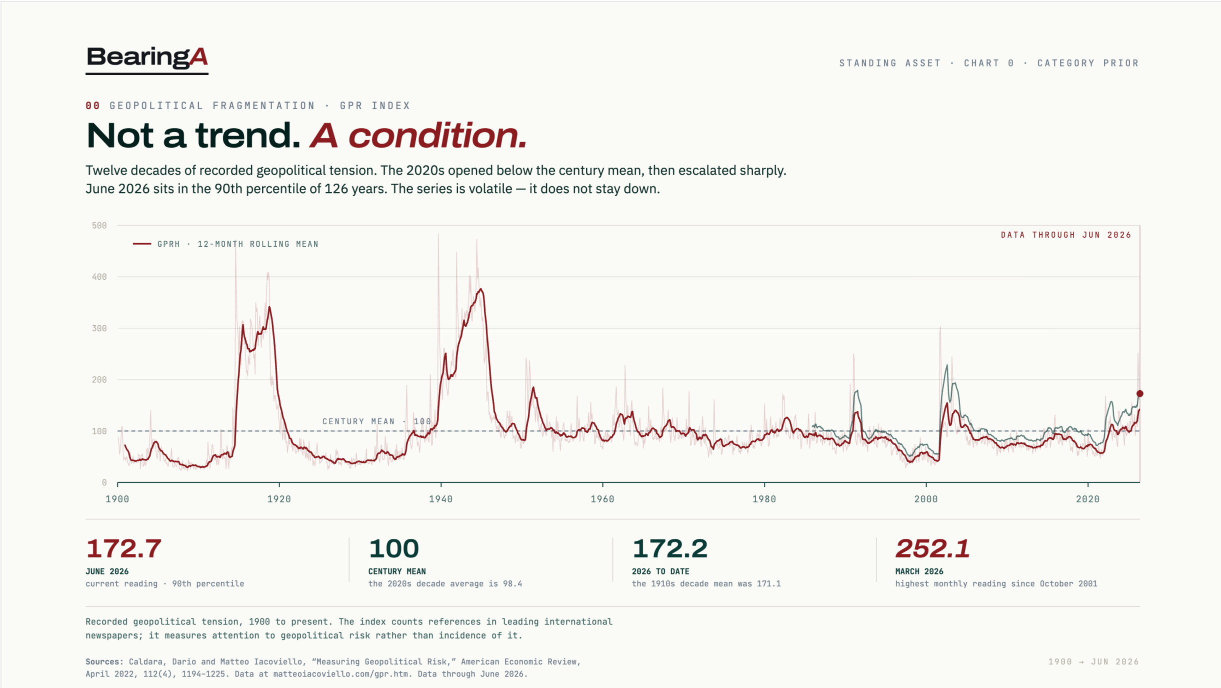
Evidence · Charts and data exhibits

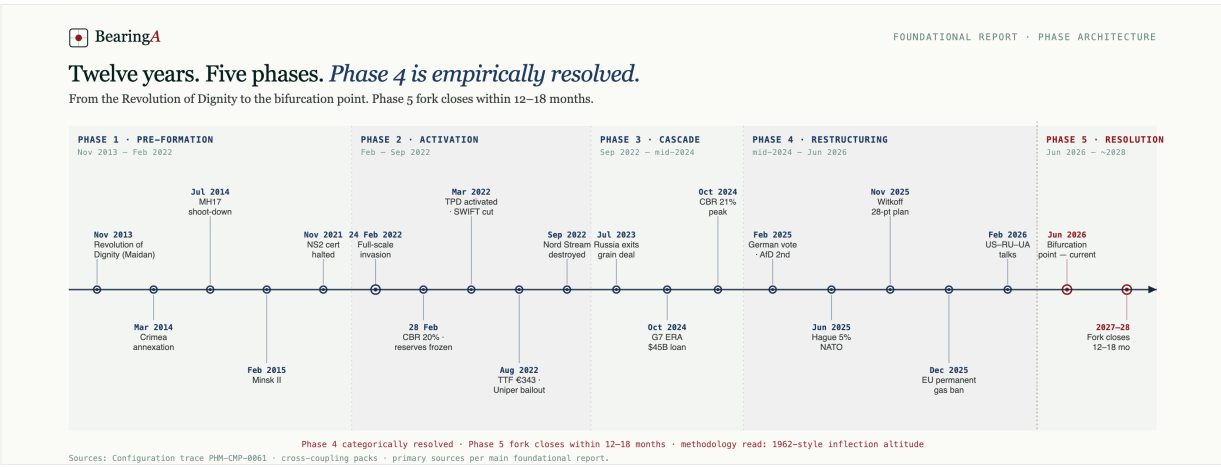
Primary sources cited at the live web read. Every claim in the body text traces to the exhibits below or to a source indexed in the BearingA corpus.

EXHIBIT 01



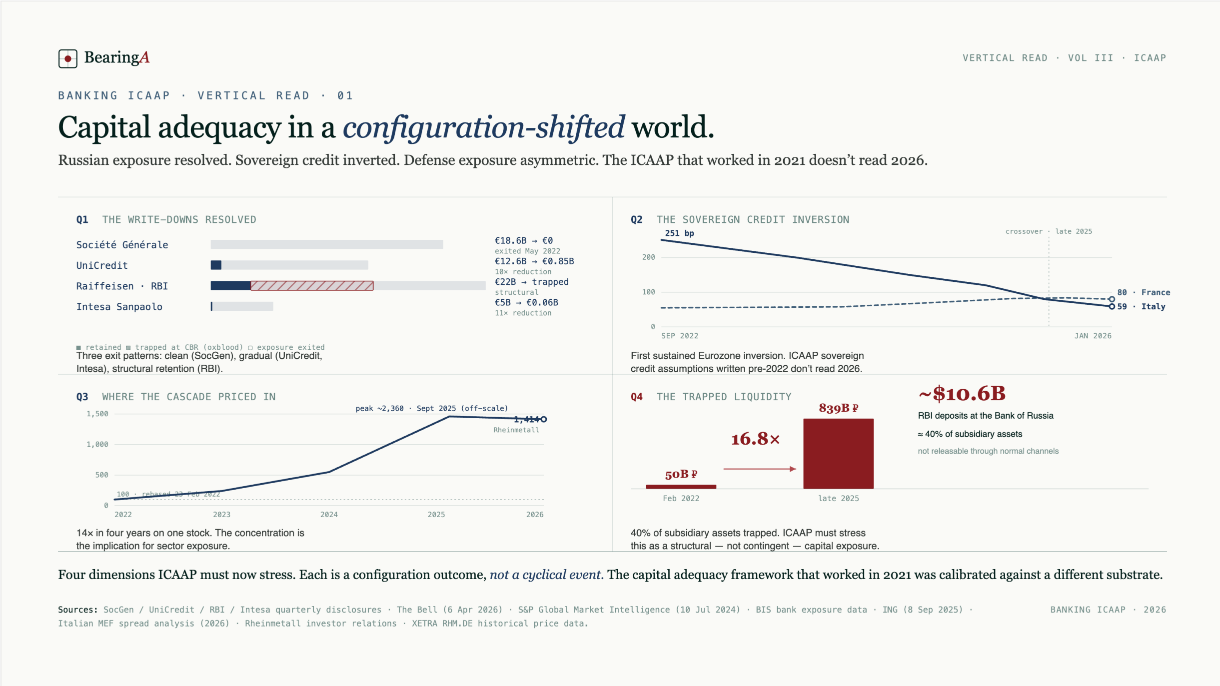
STANDING ASSET · CHART 0 — GEOPOLITICAL FRAGMENTATION, 1900–JUN 2026. 90TH PERCENTILE OF 126 YEARS.

EXHIBIT 02



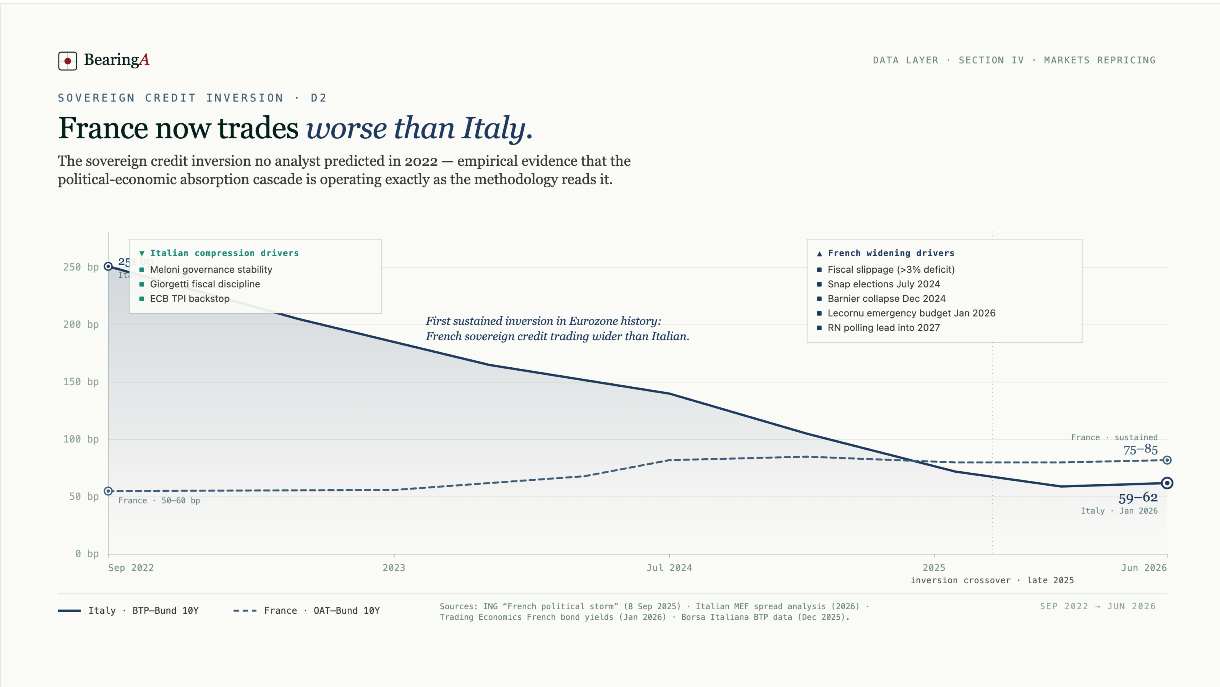
FOUNDATIONAL REPORT · PHASE ARCHITECTURE — TWELVE YEARS. FIVE PHASES. PHASE 5 FORK CLOSES WITHIN 12–18 MONTHS.

EXHIBIT 03



BANKING ICAAP · VR 01 — CAPITAL ADEQUACY IN A CONFIGURATION-SHIFTED WORLD.

EXHIBIT 04



DATA LAYER · SOVEREIGN CREDIT — FRANCE NOW TRADES WORSE THAN ITALY. FIRST SUSTAINED EUROZONE INVERSION.

EXHIBIT 05

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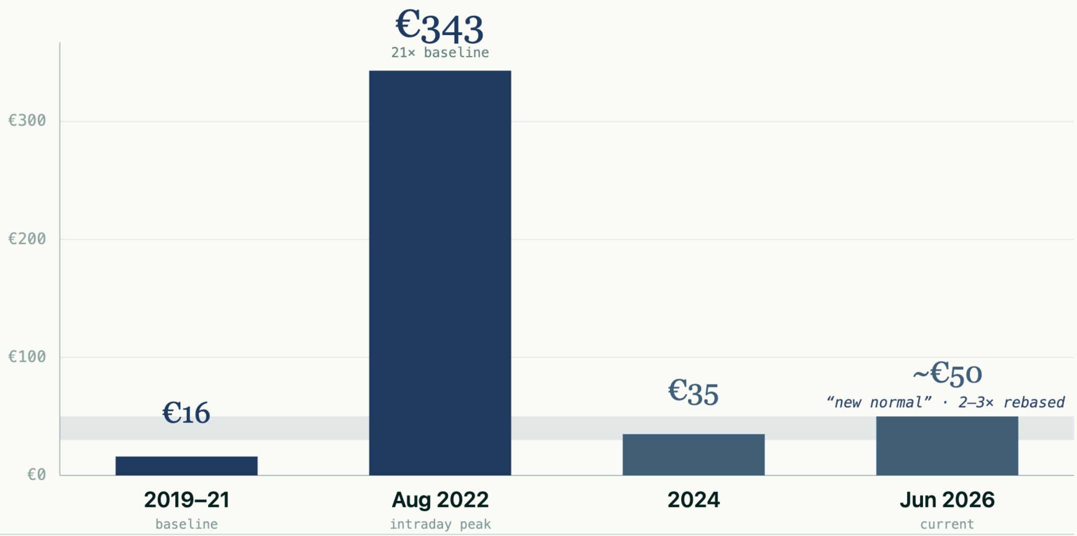
03 TTF GAS · B1

Three times the baseline.
New regime, not transient.

The price the European industrial base now plans against — permanently rebased.



BEFORE · 2019–21 AVG
€16
/MWh baseline

CURRENT · JUN 2026
~€50
/MWh · €343 peak Aug 2022

~3×
STRUCTURALLY REBASED

Sources: ICE TTF futures · Trading Economics commodity tracker · Eurostat energy data.

2019–21 → JUN 2026

DATA LAYER · TTF GAS — THREE TIMES THE BASELINE. NEW REGIME, NOT TRANSIENT. €16 → €343 PEAK → ~€50 CURRENT.

ABOUT BEARINGA

BearingA

BearingA is a Ukrainian company. Headquartered in Kyiv. Operating across Kyiv and Amsterdam. Building and running the engine continuously since March 2024, through every geopolitical configuration the period has produced.

The compound geopolitical configurations the engine reads for institutional clients are, in Kyiv, operational conditions navigated daily while what reads them is being built. Not encountered first in the corpus. Navigated first. The reads compose with first-hand reference.

We are proud of Ukrainian resistance. Proud of the mental strength of the people building under these conditions. Proud of the depth of analytical talent operating here. This is where BearingA was built and this is where BearingA will remain headquartered.

SPEAK TO BEARINGA

BearingA does not run discovery calls, and does not gate the first conversation behind a form. Reach directly. You will hear back inside a working day.

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THIS READ

WEB	bearinga.com/reads/cycle-1-italian-ssm
SOURCING	Every claim traces to a primary source at the live web read. Sources are dated, versioned, and indexed continuously from Kyiv since March 2024.
BOUNDARY	Anonymised archetype. No named institution's data enters this composition.