BearingA

REF · ICAAP-CYCLE-3-DE-2026-08

ICAAP · FINANCIAL · CYCLE 3

Your Book Shares Its Risk Through the Network

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	SUPERVISOR	German SSM · 2026 ICAAP §4.2 reverse stress test
ii	SUBJECT	A German SSM universal bank *anonymised archetype · Sparkassen-sector / Landesbank-network position*
iii	ANCHOR	~300bp CET1 depletion *supervisor-prescribed · not a BearingA computation*
iv	METHOD	Reverse spine · one entangled configuration · four-channel ordered cascade

01 PRESCRIBED FAILURE

The supervisor sets the number. The instrument reads the path backwards

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

The 2026 SSM thematic put the reverse test on the clock across 110 significant institutions, each modelling scenario, transmission and mitigating actions backwards from a fixed depletion.

For a German book the harder question is where the transmission concentrates: an export-Mittelstand corporate book exposed through the Hormuz channel, a domestic real-estate and Pfandbrief cluster, and a Bund-weighted sovereign book whose home-bias holding is the euro-area safe asset

The magnitude is settled. The path is what you defend, and for a network bank the path runs through the network itself

ANCHOR	~300bp CET1 depletion, archetype scale
PROVENANCE	supervisor-prescribed, 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, the picture flattens into a list your risk committee has seen. It is one entangled system: Iran/US the proximate trigger, Hormuz the disruption core, Russia/Ukraine the war-economy incentive that sustains it, Xi/Trump the modulation, Turkey opportunistic under cover

A German book meets it through the export-Mittelstand: firms whose order books and input costs run straight through the corridor. The Pfandbrief and real-estate cluster carries the domestic rate leg; the Bund home-bias carries the sovereign leg. The configuration does not reach every book the same way. It reaches yours through what your book actually holds

The disruption core sits at entrenched closure, Day ~159 from the 28 February closure: Islamabad MoU on 17 June, collapse across 7–12 July, the strait declared closed until further notice. War-risk insurance at roughly eight times pre-crisis, P&I cover withdrawn. That is the operating state your export-Mittelstand is exposed to now

03 NAVIGATION

The read hands you a map, not 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: your Mittelstand exposures, your Pfandbrief cover pool, 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.

At Level 1 the engine is calibrated to your posture: your precedents, your channels, your thresholds, and the read arrives in your risk team's language

04 CHANNELS

Four channels. One ordered cascade

Your exposure meets the configuration through the ECB's own transmission taxonomy: financial market, real economy, safety and security, with a policy layer over all three , resolving in an order specific to a German book

The reason the order matters for the depletion is asymmetry. Across 47 years of BIS confidential banking statistics over ~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. The export leg leads and lingers; the domestic legs ride behind it

05 DETECTION

Which way the configuration is resolving , and what tips it

Your team needs the direction of travel and the trigger that moves it, 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 its trigger and the channel it activates

The export-Mittelstand leg deepens first; domestic legs follow as the policy response lands

The strait runs as a priced corridor; depletion accrues through sustained export-credit impairment rather than a shock

A durable settlement, not an MoU interlude. The export-credit leg reverses slower than the market leg; the depletion does not unwind at the pace it arrived

▲ ESCALATION	■ ABSORPTION	▼ RESOLUTION
Corridor authority hardens	**Closure entrenches as regime**	**Genuine reopening**
The export-Mittelstand leg deepens first; domestic legs follow as the policy response lands	The strait runs as a priced corridor; depletion accrues through sustained export-credit impairment rather than a shock	A durable settlement, not an MoU interlude. The export-credit leg reverses slower than the market leg; the depletion does not unwind at the pace it arrived

06 THINKING SPACE

Your network shares the risk. Under stress it shares the loss

Your submission leans on the institutional-protection scheme, the mutualisation that lets a Sparkassen or Landesbank position carry more than it could alone. That is real capital relief, and it is exactly where the arithmetic quietly misleads

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

Mutualisation is the sharpest case of that caveat. It offsets an idiosyncratic loss because healthy members backstop a stressed one.

Under a configuration that hits the whole network, an export shock across the Mittelstand the whole Sparkassen-Finanzgruppe lends to; there is no healthy member to draw from.

The pooled buffer is a shared mitigation, and shared mitigations obey the fallacy of composition

07 BOUNDARY

Where BearingA stops and your book begins

Your supervisor cares exactly where this line falls, so it is drawn in the open, the same place across all three cases

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: your Mittelstand exposures, your cover pool, your mutualisation entitlements, run the quantification inside your audited framework, and own the submission. The reasoning layer runs against your measurement layer

Across all three cases the boundary holds in the same place: Italian SSM, Swiss FINMA, German SSM. That is the simulation's point: one engine, three supervisory altitudes, the same discipline and the same line

BEARINGA SUPPLIES	the configuration, its transmission, the reverse spine, the mutualisation-correlation read — drillable to source
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.

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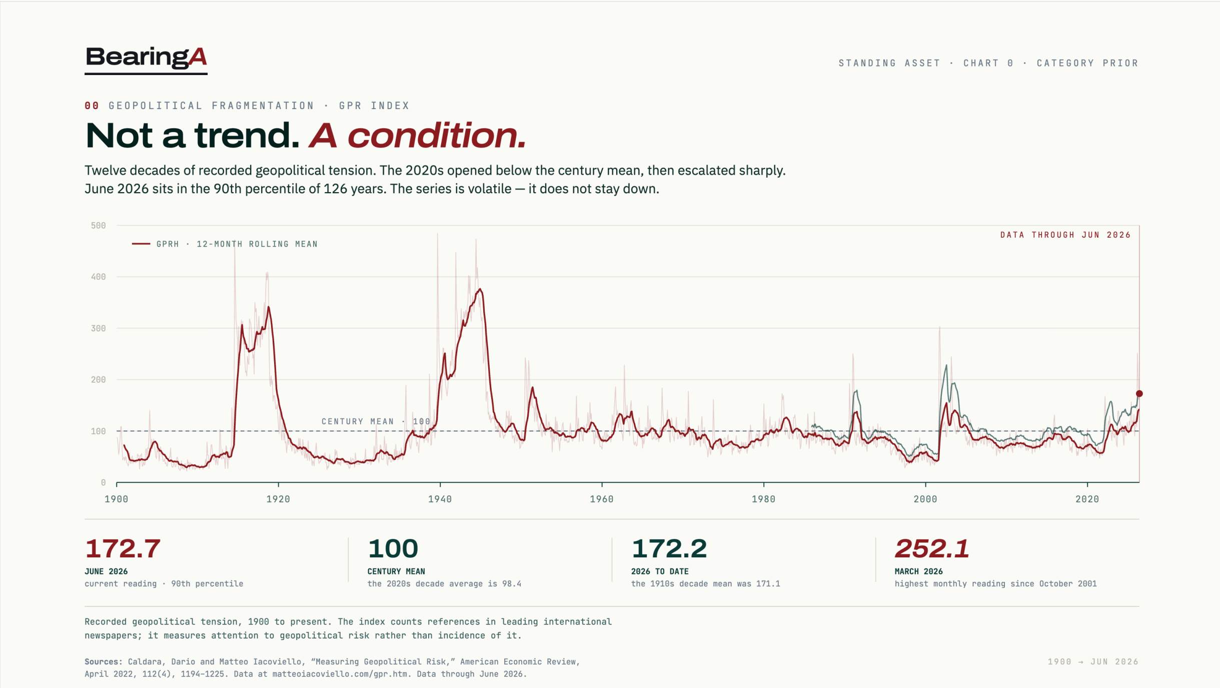
Evidence · Charts and data exhibits

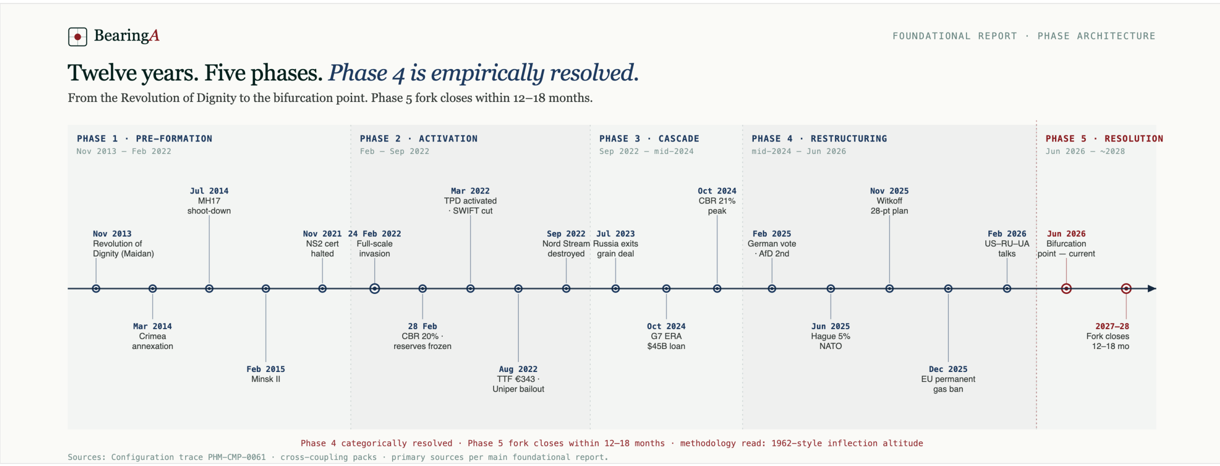
Primary sources cited at the live web read. Every claim in the body text traces to the exhibits below or to a source indexed in the BearingA corpus.

EXHIBIT 01



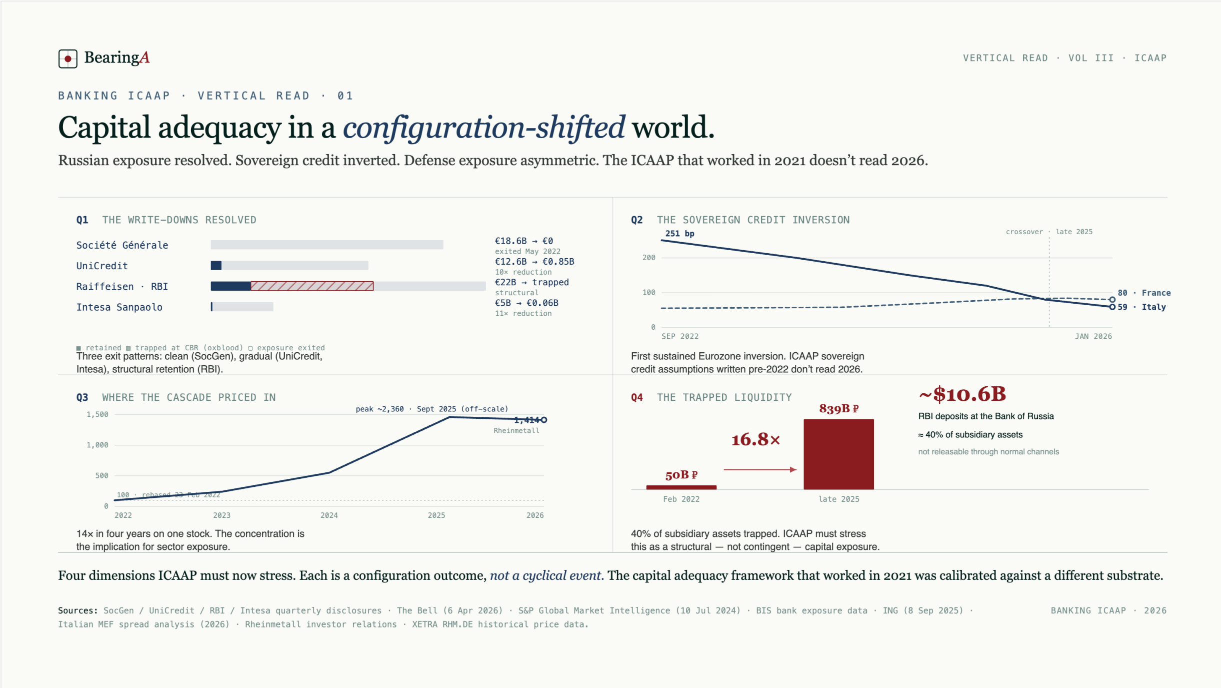
STANDING ASSET · CHART 0 — GEOPOLITICAL FRAGMENTATION, 1900–JUN 2026. 90TH PERCENTILE OF 126 YEARS.

EXHIBIT 02



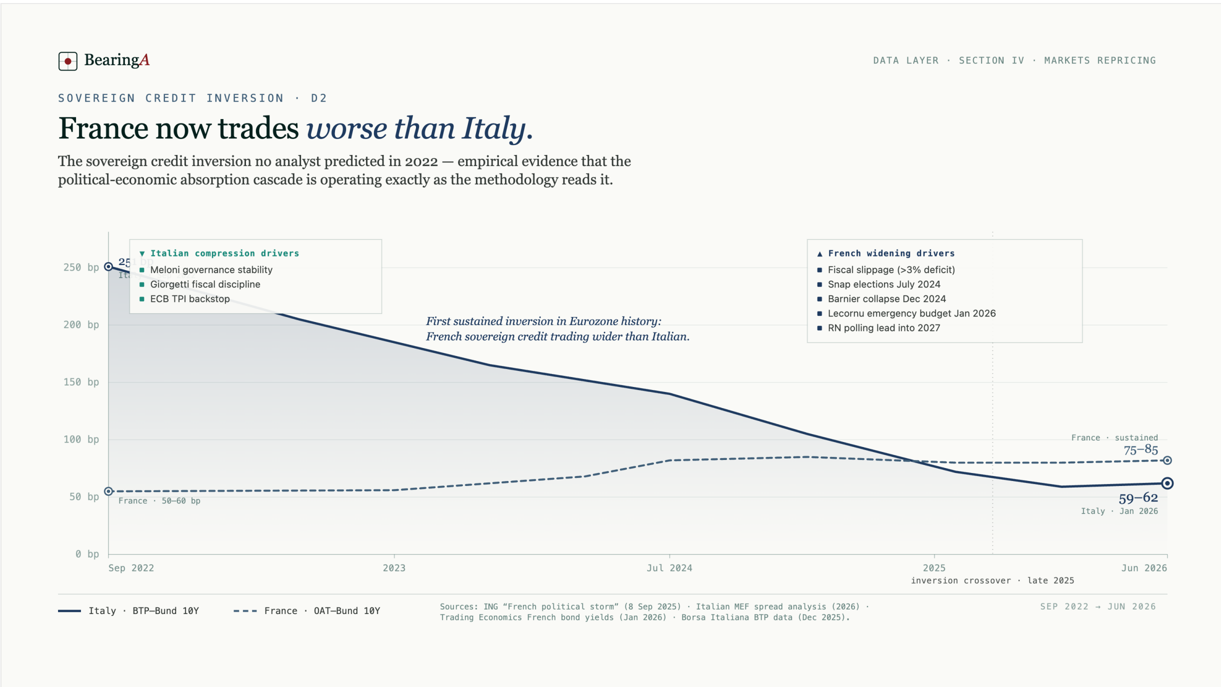
FOUNDATIONAL REPORT · PHASE ARCHITECTURE — TWELVE YEARS. FIVE PHASES. PHASE 5 FORK CLOSES WITHIN 12–18 MONTHS.

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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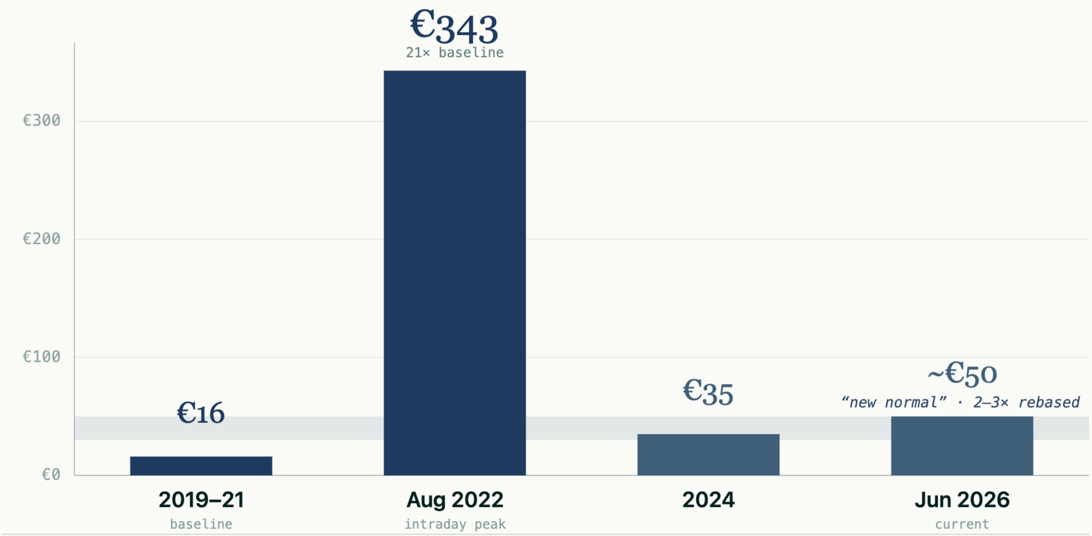
DATA LAYER · SECTION II · CANONICAL PAIRS · 3 / 5

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/german-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.