

Press release

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ECB to assess banks' stress testing capabilities to capture geopolitical risk

- ECB to assess 110 directly supervised banks on the management of geopolitical risk
- Banks to define scenario that would lead to pre-determined outcome of at least 300 basis point depletion in CET1
- Aggregate results to be communicated in summer 2026

The European Central Bank (ECB) will conduct a geopolitical risk reverse stress test on 110 directly supervised banks in 2026. In a reverse stress test, a pre-determined outcome is prescribed and each bank defines the scenario in which that outcome would materialise. This reverse stress test will complement the 2025 European Banking Authority stress test, which assumed a common scenario for all banks and led to differences in their capital depletion. The 2026 thematic stress test will ask banks to assess how geopolitical risk could affect their business model.

Geopolitical risk is a cross-cutting risk driver that can have an impact on banks' traditional risk categories, as it cuts across credit, market, liquidity, business model, governance and operational risks. It can also affect banks through multiple channels, including financial markets, the real economy and the safety and security of banks' operations.¹ As a key driver of macroeconomic uncertainty, it remains at the centre of the ECB's supervisory priorities for 2026-28.

The stress test will provide insights into the geopolitical risk-related scenarios that could materially affect banks, who should identify relevant geopolitical events and quantify their impact. In addition, they will be asked to describe how they would act to reduce that impact, if necessary, with a view to ensuring that they have robust governance and operational resilience frameworks in place.

¹ [insert a reference to the landing page on geopolitical risk.]

The exercise will assess the extent to which banks' stress-testing capabilities take geopolitical risks into account. In this regard, the exercise will aim to foster banks' own risk management capabilities, particularly in reverse stress testing, and their ability to design relevant and prudent capital and recovery plans.

Specifically, each bank will be asked to identify the most relevant geopolitical risk events that could lead to at least a 300-basis point depletion in its Common Equity Tier 1 (CET1) capital. In addition to reporting on how the geopolitical risk scenario would affect their solvency positions, banks will also be asked to provide information about how it may affect their liquidity and funding conditions.

To keep the exercise cost efficient, the reverse geopolitical risk stress test will be conducted as part of the 2026 banks' internal capital adequacy assessment process (ICAAP). Banks will therefore primarily be able to utilise existing supervisory data collection templates.

In line with previous ECB thematic stress tests conducted to comply with Article 100 of the Capital Requirements Directive (CRD), the geopolitical risk reverse stress test is not intended to have any implications for [Pillar 2 Guidance](#) (P2G). The outcome will be used to inform and complement the Supervisory Review and Evaluation Process (SREP) in a qualitative way and in line with the broader 2026 ICAAP. Weaknesses revealed by this stress test will feed into the SREP assessment, with a focus on banks' ability to incorporate geopolitical risks into their risk materiality assessments, their stress-testing framework and capabilities and their risk data aggregation and reporting capabilities.

The main aggregate conclusions of the reverse stress test will be communicated in the summer of 2026.

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Notes

- For the ECB, the 2026 thematic stress test also serves the purpose of complying with Article 100 of the CRD.
- Some significant banks directly supervised by the ECB will not be part of the stress test. This may occur if, for example, they are subsidiaries of ECB-supervised significant banks that are already covered in the stress test at a higher level of consolidation. Other reasons for exclusion from the stress test might be that a bank is already included in another stress test being conducted at the same time (e.g. it is part of a comprehensive assessment) or is in the process of merging or restructuring.

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