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*Stress tests of large EU commercial banks and capital
exercises*

by H. Jaoux

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Abstract: The present work deals with the impact of the financial crisis on EU banks. In particular, it presents the regulatory framework of stress tests and capital exercises in the EU. Stress tests are forward-looking exercises, seeking to evaluate the impact of plausible severe shocks on the robustness of financial institutions. Thus, our aim is to present the structure of the regulatory authorities along with the procedures for supervising the EU banks in each jurisdiction.

Key words: financial crisis, EU banking sector, stress test, uncertainty, capital exercises.