Abstract

This thesis examines the relationship between EU Wide Stress Test 2016 results (EU-WST) and market values of participating banks which includes both the effects of the results presented and the form of presentation on the investors. The first part of this work is theoretical, it provides a basic overview of the stress testing and its methodology, there is also one section including both criticism and defense of WST. Readers find here the stress testing alternatives using AQR 2014, CCAR and SRISK methods followed by comparison of all approaches.

The second part consists of the literature review focused on the topic of stress testing and impact of the presentation of results.

The third part is focused on the model using First-Difference estimator used by author to analyze in the three periods effect of individual tested parameters on market values of banks, which occurred after the publishing of EU-WST 2016 results and alternative results. Two models describe an isolated impact right after the publishing, while the last one works with the whole period.

Results show a lack of significant estimators, which is probably caused by a really small testing sample.

The final chapter summarizes findings together with author’s comments.

Keywords

Stress testing, Equity, Market value, EBA, AQR, CCAR, SRISK