

COURSE OUTLINE

Interest Rate Risk in the Banking Book



This workshop demonstrates a structured approach to the evaluation of interest rate risk and its capital treatment: identify, measure, monitor and report, in line with similar Basel frameworks.

Specific Objectives

Participants will be equipped to:

- Use a structured approach to evaluate the impact of interest rate risk in the banking book on the overall risk profile and capital requirements of a bank
- Identify the main types of interest rate risk, how they arise and impact a bank's balance sheet and how they are managed
- Understand how the risks are measured, monitored by banks and the uses and limitations of the key metrics typically used to manage and report these risks
- Review in depth the new IRRBB standards, and the responsibilities for banks and supervisors
- Recognise the key practical issues faced by banks in managing IRRBB and in compliance with the new standards.

Target Audience

The course is aimed both at those new to a role within IRRBB management itself and at those working in other functions who seek a general overview of IRRBB.

- IRRBB managers and analysts
- ALM professionals and managers
- Treasury
- Regulatory and governance specialists
- Risk managers and analysts
- Internal auditors
- Central bankers and supervisors
- Management consultants



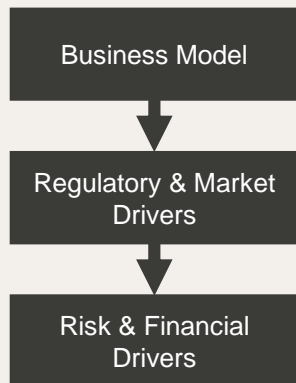
High Level Course Outline

Risk identification	<ul style="list-style-type: none">• Structured approach: identify, measure, monitor and report• Types of interest rate risk: directional, yield curve risk, gap or repricing risk, basis risk and optionality (including prepayment risk)• How and why interest rates change
Measuring the risk	<ul style="list-style-type: none">• Key metrics: duration, Price Value of a Basis Point, convexity, optionality, Value at Risk• Relating the risks to the balance sheet of a bank• Hedging: different techniques, advantages and limitations, accounting considerations• Impact of market infrastructure changes (MIFID and EMIR)• Why has IRRBB been so difficult to measure?<ul style="list-style-type: none">• Interaction of economic and accounting considerations• Earnings at risk vs. value at risk, economic equity at risk (EVE), sensitivity of net interest income (NII)• Modelling assumptions: rates, balance sheet forecasting, deposit maturity and behaviour, prepayment, equity positions, discounting• Shock and stress scenarios• Key issues: deposit behaviour: expected maturity, pricing sensitivity, sizing 'core' deposit base
Monitoring and regulating the risk	<ul style="list-style-type: none">• Regulatory principles: historic and evolving approaches• Standardised Approach: overview and key metrics: cash flow bucketing, cash flow slotting for Non-Maturity Deposits (NMDs), calculations of interest rate option risk, standardised EVE measure• Evaluating assumptions: considerations in current and potential interest rate environments
Reporting and governance	<ul style="list-style-type: none">• Regulatory stress testing requirements• Disclosure requirements: public and supervisor• Governance considerations: policy limits, risk appetite, pricing, capital and liquidity constraints• Dividing responsibilities between Treasury and Risk Management functions
Case studies and exercises	<ul style="list-style-type: none">• Differing business models: mortgage bank, universal bank, investment bank• Early warning signals of interest rate risk exposure problems

Find out more about our approach to risk and regulatory training

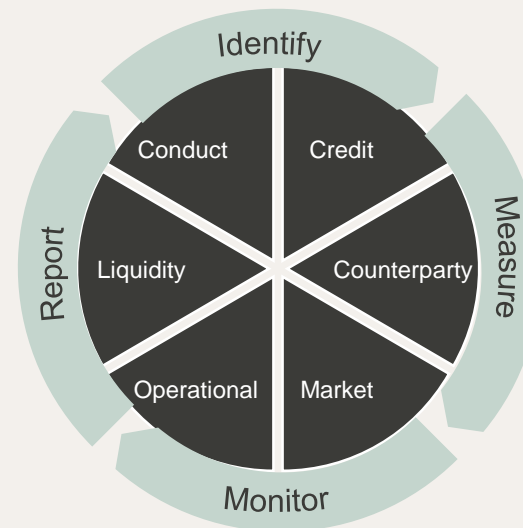
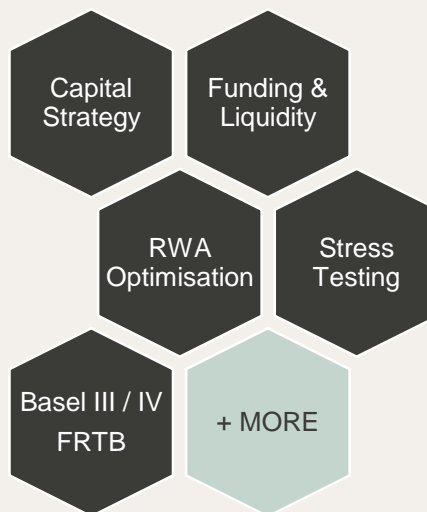
CORE CONCEPTS

Enable staff at all levels to better understand risk in the context of the bank's strategy, regulatory and business drivers.



MASTER CLASSES

Develop capability to respond to key risk and regulatory challenges. Support professional and leadership development.



Key features of our approach:

- Modular: we work with you to design a program of learning that fits with your talent development goals
- Blended: independent learning develops core knowledge; interactive classes focus on practice and application; post-course reflection and reinforcement
- Customised: reflecting your risk management frameworks, tools and strategy
- Multi-media: workshops, videos, eWorkbooks, webinars, assessments, surveys, assignments, credit clinics



Contact us:

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www.adevapartners.com

TRAINING SOLUTIONS

Financial markets, risks and regulations are evolving so fast that professionals need both flexible and structured learning solutions to build technical knowledge and analytic skills.

Risk, Regulatory and Analytic Training

Our training solutions equip finance professionals with the knowledge and skills to stay ahead of the competition.

RISK ANALYSIS & MANAGEMENT	ANALYTIC SKILLS	REGULATORY CHANGE
<i>Building capability in approving and managing risk exposures</i>	<i>Developing a better understanding of client need to recommend appropriate solutions</i>	<i>Impact of regulatory change on an institution's business, competitive and risk profile</i>
Risk management <ul style="list-style-type: none"> – Risk management in banks – Risk management in insurers – Risk management in funds – Risk and regulatory drivers of performance – Capital management – Credit portfolio management – Derivatives risk – Collateral and liquidity management – Market risk – Liquidity and funding risk – Operational risk – Insurance risk – Securitisation 	Sector and client analysis <ul style="list-style-type: none"> – Bank risk analysis – Insurer risk analysis – Corporate risk analysis – Central clearing parties – Funds & asset managers – Hedge fund credit analysis – Sovereign / public sector risk analysis Funding and capital solutions <ul style="list-style-type: none"> – Leveraged finance – Valuations 	Bank response to regulatory change <ul style="list-style-type: none"> – Risk and regulatory drivers of performance – RWA Regulation & Management Regulatory change and impact <ul style="list-style-type: none"> – Basel III / Basel IV changes – EMIR – European Markets Infrastructure – MIFID II – Markets in Financial Instruments – FRTB – Fundamental Review of Trading Book – BRRD – Banking Recovery and Resolution – Stress testing – Liquidity management for financial institutions – IFRS 9 – Expected loss, hedging & securities – Expected Loss