



Interest Rate Risk in the Banking Book (IRRBB) & ILAAP

Course Description

This 4-day training event is developed specifically to address the new standards on interest rate in the banking book and role of risk and capital management in modern banking. The IRRBB was instigated by the white paper produced by the Bank for International Settlements and the first half of this course considers the implications for a financial institution. The second half of the course will briefly cover types of risk affecting the organization and their relevance for the ILAA; and the requirements and typical content of the ILAA and the audit approach to be adopted.

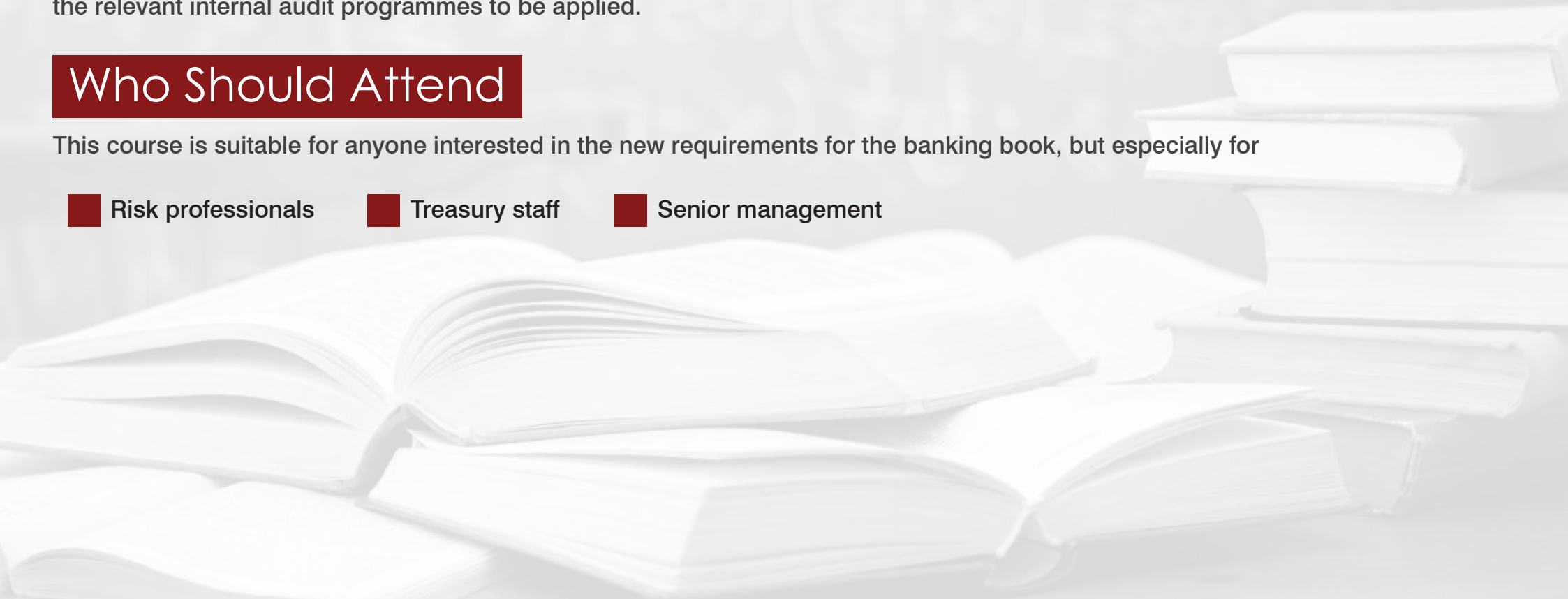
Learning Objective

On completion of this course attendees will have a thorough understanding of the new standards and will appreciate the implementation challenges. Participants will gain knowledge of approaches to risk-based auditing applied to the ILAA together with the relevant internal audit programmes to be applied.

Who Should Attend

This course is suitable for anyone interested in the new requirements for the banking book, but especially for

- Risk professionals
- Treasury staff
- Senior management



Trainer profile - Jonathan Ledwidge, MBA FCCA

Jonathan has extensive international experience in global banking and markets. He has had roles in audit, internal audit, SOX, product control and risk management, as well as, business manager, people development, cultural change and strategy. The latter initiatives led to significant improvements in both the quantity and quality of earnings.

Jonathan has leveraged the above to become a Governance, Risk & Compliance Specialist and an Accredited Master Trainer in Financial Crime—delivering to staff in major global banks.

Key Skills

- **Financial Crime Compliance:** Master Trainer in Financial Crime Compliance for major global banks across all major business lines—global, private, corporate, correspondence and retail banking. Delivered courses in UK, Europe, Asia, Middle East, Africa, US and Americas to frontline staff, senior managers and regulators
- **Risk, Audit Training & Consultancy:** Developed and delivered training programmes in Treasury, Basel III, Liquidity Management, Capital Management, the ICAAP & Operational Risk
- **Audit:** PW trained with considerable levels of experience in internal and external audit including the conduct of assignments covering all major categories of investment banking / capital markets products in the major global financial centres – including London, New York, Singapore and Tokyo
- **Business Manager:** Several years experience working for investment banking global business heads. Roles included strategy, budgeting, training & development and coordination with support functions.
- **Risk Management:** Considerable experience in evaluating and analysing all types of investment banking / capital markets product risks and the delivery of courses in Operational Risk
- **Governance:** Skilled in evaluating and assessing the efficiency and effectiveness of governance structures and their associated control functions in addition to assessing the human and cultural issues that impact Governance, Performance and Risk management
- **Product Knowledge:** Considerable knowledge of a broad range of investment banking products MM/treasury, FX, fixed income/credit, equity in respect of both cash and derivative products. That experience covers the full product lifecycle; origination (where applicable), trading, structuring, sales, operations, market and credit risk management and relevant support functions
- **SOX:** Evaluated controls, management accountability for investment banking products and services
- **Strategy, Change, Culture & Performance:** Developed and implemented highly successful training, people development and cultural change programmes in a global bank that significantly improved both the quantity and quality of earnings. Researched and developed tools for improving people corporate, team and individual performance
- **Personal:** Exceptional Communicator, Innovator & Thought Leader



Course Methodology

The course will consist of trainer led PowerPoint presentation with practical relevant case studies. These will include considering impacts in the business.

Course Knowledge Pre-Requisites

Some knowledge of the banking industry would be an advantage.

Course Outline

Session 1: Introduction to IRRBB

- What is IRRBB?
- Why is it important?
- What are the concerns of the regulators?
- The key risks within IRRBB
- The key drivers
- The management of IRRBB
- The role of ALCO

Session 2: Credit Spread in the Banking Book (CSRBB)

- What is CSRBB
 - What are the key concerns
 - How is this managed at present?
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Session 3: Standardised Structure

- Overall structure
- Components of the standardised structure
- Challenges

Course Outline

Session 4: Measures

- EVE
 - Earnings based measures
 - Other measures
 - What is missing?
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Session 5: IRRBB Management

- Identifying IRRBB
 - Measuring IRRBB
 - Monitoring IRRBB
 - Controlling IRRBB
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Session 6: IRRBB and Governance

- The role of governance
- IRRBB and ALCO
- The IRRBB management framework
- Reviewing IRRBB
- Evaluating systems effectiveness
- Risk appetite and IRRBB
- Evaluation of IRRBB

Session 7: IRRBB and Stress Testing

- The nature of IRRBB shocks
 - The implications to the firm
 - Measurement and modelling
 - Relationship to the ICAAP
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Session 8: IRRBB and Modelling

- Developing IRRBB models
- Assumptions
- Data quality
- Data cleansing
- Model validation and reporting
- Governance and models
- Models and the ICAAP

Session 9: Other issues

- Principles for supervisors
 - Scope of application and implementation timeline.
 - Treatment of NMDs
 - Treatment of positions with behavioral options other than NMDs
 - Automatic interest rate options
 - Calculation of the standardized EVE risk measure
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Session 10: The Basel II and Basel III and the ICAAP and ILAAP

- The role and objectives of the ILAAP
- The changing liquidity rules and their impact on the ILAAP
- The key risks within the ILAAP process
- The development of the ILAAP as a project
- The governance of the ILAAP process

Course Outline

Session 11: Liquidity Management

- Economic capital and profit
 - Funds Transfer Pricing – FTP
 - The new liquidity rules
 - Liquidity management and the ALCO
 - Forward looking liquidity management
 - Liquidity at Risk
 - The use test
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Session 12: Liquidity Risk

- The structure of the ILAAP
- The relationship to the ICAAP
- Asset Liability Management (ALM)
- Yield curves
- BIS liquidity sound principles
- Liquidity gap
- Maturity ladder
- Uncertainties on the ILAAP

Session 13: ALCO

- The role of the ALCO
 - Data uncertainties
 - Behavioural analysis
 - The membership of the ALCO
 - The role of the treasurer within liquidity
 - Liquidity reporting to the Board
 - Controls and risk mitigation
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Session 14: Other Risks and the role in the ILAAP

- Transfer risk
 - Interest Rate Risk in the Banking Book (IRRBB)
 - Property risk
 - Equity (investment) risk
 - Foreign currency translation risk
 - Reputational risk
 - Securitisation risk
 - Pension risk
 - Settlement risk
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Session 15: Risk Appetite

- The role in the ILAAP

- Critiquing a risk appetite statement submitted for Board approval
 - What does risk appetite mean in practice
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Session 16: Strategy

- Strategy and the ILAAP
 - Auditing strategy
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Session 17: Stress Testing / Scenario Analysis

- The role in the ILAAP
 - BIS – Key requirements
 - Auditing Liquidity Stress testing and scenario modelling
 - Integration with other stress tests
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Session 18: Contingency Funding Plan

- Who owns the CFP?
- What is its role?
- How does it relate to the ILAAP?
- How can you diversify funding sources?
- Who is likely to provide reserve lines?

Pricing

Pricing - USD 2999.

Contact

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Standard Rate	Delegate	1X	USD 2999
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Signature x

Stamp X

* I have read & agree with the terms & conditions.

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- Conference fees include entrance to the conference sessions, refreshments as per onsite schedule, and the conference papers. Please note that accommodation and travel are not included in the conference fee.
- Fees are subject to applicable taxes as per government rules and regulations.

Pricing and Discounts:

- To be eligible for an Early Bird discount, the signed booking form and full payment must be received by close of business on the relevant deadline date.
- If payment is not received by the Early Bird deadline date, the discounted rate will no longer apply and the current rate at that time will be applicable.

Cancellation and Substitutions:

- Once booked cancellation of delegate places cannot be made, however a substitution can be made at any time. Please email details of the substitute delegate to sean.palanna@ubm.com no later than 24 hours before the start of the event.
- In the event that UBM cancels an event for any reason, you will receive a credit note for 100% of the conference fee paid.
- In the event that UBM postpones an event for any reason and the delegate is unable or unwilling to attend on the rescheduled date, you will receive a credit note for 100% of the conference fee paid.
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Accommodation:

- Please note that accommodation and travel are not included in the conference fee.
- UBM ensures that you get the best deals on accommodation. You will receive hotel booking form after confirming your participation or you can contact our customer services on sean.palanna@ubm.com for any assistance

Programme Changes:

- Please note that speakers and topics were confirmed at the time of publishing; however, it may be necessary due to unforeseen circumstances to alter the content, timing, speakers or venue. UBM reserves the right to alter or modify the advertised speakers and/or topics if necessary.
- Any substitutions or alterations will be updated on the event website as soon as possible.

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