

Holistic risk management and stress testing

GOALS

This course provides a synthesis of all types of risks and regulations [covered by the certification](#), following the structure of a bank's ICAAP (Internal Capital Adequacy Assessment Process), followed by a group stress testing exercise .

SUMMARY

Category:

- Risk, finance & treasury

Difficulty level:

Expert

Certification type:

Seminar

Price:

- Member: € 530.00
- Non member: € 640.00
- Incompany: custom tailored, prices on demand

INTENDED AUDIENCE

This training is intended for various target groups active in business, risk, ALM and finance who want to better understand

- The differences between pillar 1 and pillar 2 capital assessment
- The challenges in internal assessment of capital requirements and drafting of ICAAP reports
- The process of scenario design and impact assessment
- The main drivers of scenario results depending on bank business model and portfolio risk profile

FOREKNOWLEDGE

- Main business lines and business models in banking
- Financial and non-financial risks banks are currently exposed to
- Principles of profit & loss, balance-sheet and cash flows projections

CONTENT

Morning: ICAAP context, structure and main activities

Session 1: ICAAP context and perspectives

- EBA Requirements for Internal Capital Adequacy Assessment Process (ICAAP) in banks
- ICAAP and SREP (Solvency Review Evaluation Process), Pillar 2 of Basle
- The increasing pressure on Pillar 2 following the SMA reform of Operational Risk Capital
- Evolutions in the assessment of operational risk: from AMA to SMA and the need for forward-looking scenarios and proactive risk management
- ECB expectations for the coming years

Session 2: ICAAP structure and content assessment

- The content of an ICAAP report
- Business model, Risk profile and Governance: assessing exposure and idiosyncratic risks
- Risk management framework and its effectiveness: internal controls and monitoring
- Capital coverage for each risk type
- Stress-testing and scenario testing
 - Financial risks
 - Non-financial risks
- Wind-down planning

Session 3: Structured scenario assessment: preparing for the unexpected

- What are structured scenarios
- Simple methods to reflect on controls and exposures
- Risk drivers and controls layering
- Assessing rare events
- Working on resilience

Afternoon: Group exercise: putting ICAAP into practice + course wrap-up

Session 4: Group work - put ICAAP into practice

Participants are split in groups of 4-5 persons, each group working on a different part of the ICAAP, based on a stylised case of a bank's profile and balance sheet and on the most recent EBA/ECB scenario.

Each group works on one or more of the following elements:

- a. risk profile from business model and exposure
- b. risk and mitigation from good governance and framework
- c. credit risk assessment and stress-testing
- d. market risk assessment and stress-testing
- e. liquidity risk assessment and stress-testing
- f. non-financial risk assessments: structured scenarios
- g. overall stress-testing and resilience
- h. wind-down planning

After working separately, each group feeds back its results to the rest of the class.

METHODOLOGY

Duration: 1 day training

Hours: 9am - 5pm (6 training hours)

Address: Febelfin Academy, Aarlenstraat/Rue d'Arlon 80, 1040 Brussels