

Mastering Basel III Capital – Calculating Capital and RWAs in Practice

Real Life Case Studies in Calculating Capital Ratios and Understanding Accounting Issues Affecting Regulatory Capital

September 21 - 22, 2017 • Toronto

Course Overview

This two-day intensive seminar will give you a deep understanding of the Basel III capital ratios framework. Two features this seminar different to other similar seminars: Firstly, it provides a practical understanding of how the calculations are performed through the use of real life cases and a multitude of examples; accounting issues are addressed where relevant. Secondly, it incorporates the new Basel IV rules on Counterparty Credit Risk, CVA, Market Risk and Interest Rate Risk in the Banking Book.

The numerator (capital levels) is covered dissecting the components of CET1, AT1 and Tier 2 capital and their multiple deductions (intangibles, minority interest, investments in financial and non-financial institutions, deferred tax assets, prudent valuation adjustments and so on), with special emphasis on the accounting recognition of these items.

The denominator (risk-weighted assets) is covered for each type of risk. Credit risk and credit risk mitigation are mastered through many examples. Other risks are discussed with continuous reference to real life situations. Basel IV new standards (e.g. the new Standardised Approach for Counterparty Credit Risk) are covered in detail, comparing them to the previous standards.

Course Leader



Juan Ramirez is a senior professional at Deloitte in London, working on complex Basel III capital and IFRS 9 accounting and situations. Mr Ramirez has advised a many of banks on implementation and optimisation of regulatory capital and IFRS 9.

With an MBA from University of Chicago, Mr. Ramirez moved to London to work at JPMorgan and later Lehman Brothers, Barclays Capital, Banco Santander and BNP Paribas. He has devoted more than 20 years to marketing structured derivatives solutions across all types of market risk.

Mr. Ramirez is the author of “Handbook of Basel III Capital”, “Accounting for Derivatives”, and “Handbook of Corporate Derivatives and Equity Capital Markets.

Course Agenda

The Numerator: Own Funds

Introduction

- Basel III – Pillar 1, Pillar 2 and Pillar 3
- Minimum capital requirements
- The capital conservation buffer
- The countercyclical buffer
- The systemic risk buffer(s)

Components of CET1 Capital

- Eligibility requirements
- Major components of CET1 capital
- Deductions from CET1 capital

Additional Tier 1 and Tier 2 Capital

- Eligibility requirements
- Write-down vs. convertible CoCos
- Maximum distributable amount (MDA)
- Case study: Deutsche Bank's write-down CoCo

Goodwill and Intangibles

- How is goodwill generated from an accounting perspective
- CET1 capital and intangibles. Implications of goodwill impairments
- Case study: capital implications of Danske Bank's goodwill impairment charges

Minority Interests

- How are minority interests recognised from an accounting perspective
- Implications for CET1 capital
- Case study: Banco Santander's repurchase of minority interests in Santander Brasil

Investments in Capital Instruments of Financial Institutions

- Accounting vs. regulatory consolidation
- Treatment of insurance subsidiaries
- Significant vs. non-significant equity investments in financial institutions
- Worked example of calculation of investments in capital instruments of financial institutions
- Case study: BBVA's acquisition of Garanti. Impact on capital of changes in consolidation method

Equity Investments in Non-Financial Entities

- Standardised approach vs. IRB approach
- Treatment of expected losses
- Case study: Mitsubishi UFG's corporate equity stakes

Other

- Deferred tax assets
- Prudent valuation adjustments
- Case study: Cooperative Bank's liability management exercise
- Cash flow hedges exclusion
- Case study: Lloyds' de-risking defined benefit plans

The Denominator – Risk-Weighted Assets

Introduction

- Basel III's risk weighted assets framework
- Case study: Canadian banks regulatory capital disclosures
- Basel IV agenda

Credit Risk

- Standardized Approach
- Foundation IRB and Advanced IRB Approaches
- Current revisions to Standardized approach
- Link with IFRS 9's treatment of impairment

Credit Risk Mitigation

- Financial collateral: Simple Approach and Comprehensive Approach
- Guarantees and credit derivatives
- On-balance sheet netting

Securitizations

- Significant risk transfer
- Treatment of traditional securitizations
- Treatment of synthetic securitizations
- Case study: Commerzbank's synthetic securitization

Market Risk: Fundamental Review of the Trading Book

- Trading book vs. banking book

- Standardized Approach
- Internal Model Approach
 - Expected Shortfall (ES)
 - Liquidity horizons
 - Default risk charge (DRC)
- Implementation issues
 - Non modellable risk factors
 - Backtesting / P&L attribution

Counterparty Credit Risk (CCR)

- CCR: IMM Approach and the new Standardized Approach
- CVA: Current approaches (Standardized and Advanced Approaches)
- CVA: New Basic and Standardized Approaches
- Cleared transactions

Operational Risk

- Operational Risk
- Standardized Approach
- Advanced Measurement Approach (AMA)

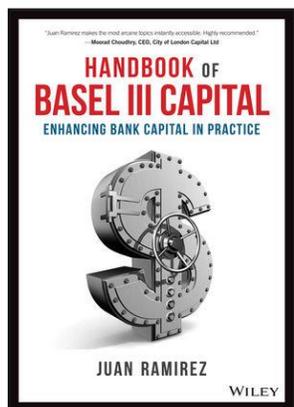
Interest Rate Risk in the Banking Book

- Pillar 2 requirements
- New standard on Interest Rate Risk in the Banking Book

Note: The accounting and regulatory capital considerations set out in this seminar are based on the instructor's interpretation of IFRS and Basel III. Institutions that the author is affiliated to can therefore by no means be associated with his interpretation.

This course runs from 9:00 a.m. – 4:30 p.m. including lunch as well as morning and afternoon breaks.

Supplementary Text Included in Course Fees



All participants receive a copy of
 “*Handbook of Basel III Capital*” by Juan Ramirez



Acumen Information Services
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Mastering Basel III Capital
IFRS 9 for Banks

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Registration Fees

Registration Options	Before June 30, 2017	Before July 7, 2017	After July 7, 2017
Basel III Capital	\$1,799.00 + HST	\$1,899.00 + HST	\$2,399.00 + HST
Both Course & Seminar	\$2,799.00 + HST	\$2,899.00 + HST	\$3,499.00 + HST
IFRS 9 for Banks	\$ 949.00 + HST	\$ 999.00 + HST	\$1,199.00 + HST

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Location and Timing

The conference will be held at a convenient location in downtown Toronto. Venue information and special conference pricing details will be provided upon confirmation of the venue.

Delegates can register at the Acumen service desk beginning at 8:00 a.m. on the morning of the first day of the conference.

Registration fees do not include hotel accommodation.

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