

Implementing a Robust ICAAP Framework

Incorporating OSFI Expectations and Best Practices

September 20 - 21, 2018 • Toronto

Course Overview

This two-day seminar will give you a practical hands-on tool to implement a robust ICAAP framework by providing a detailed view of the industry's best practice and supervisor's expectations. It simulates step-by-step how a bank produces an ICAAP, highlighting the differences between smaller and bigger banks.

The seminar benefits from Juan Ramirez's direct exposure to a large number of ICAAPs, supervisory reviews, leading practices and initiatives to optimise ICAAP methodologies.

Course Leader



Juan Ramirez is a senior professional at Deloitte in London, advising banks on Basel III/IV and IFRS 9 issues. Juan is involved in all elements of capital ratios: reporting, measurement, stress testing, planning and optimisation.

On IFRS 9 Juan is one of the best known professionals in hedge accounting, and the link between IFRS 9 impairment model and capital.

With an MBA from University of Chicago, Mr. Ramirez moved to London to work at the commodities trading desk at JPMorgan. Later he joined the derivatives sales teams at Lehman Brothers, Barclays Capital, Banco Santander and BNP Paribas. He has devoted more than 20 years to derivatives in front office positions, gaining a first-hand experience on market risk and hedging solutions.

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

September 20

Introduction

- ICAAP framework and its link to SREP
- ICAAP - Key objectives
- Pillar 1 vs. Pillar 2

ICAAP Supervisory Expectations

- Historical regulatory timeline
- Guidance on ICAAP and ILAAP
- Principles on ICAAP

ICAAP Report Structure

- Main sections of an ICAAP report
- General information common to ILAAP
- ICAAP specific information

Business Model and Strategy

- Current business model
- Core business lines, markets, geographies, subsidiaries and products
- Main income and cost drivers, allocated to core business lines, markets and subsidiaries
- Forward-looking business strategy
- Planned changes to the current business model and its underlying activities
- Projections for key financial metrics
- Link with ICAAP

Case Study: Bank ABC Business Model and Strategy

Risk Governance and Management Framework

- Overall framework
 - Roles and responsibilities for risk taking, risk management and risk control
 - Key components of ICAAP on risk
- Principles of risk management
- Three lines of defence
- Governance, roles and responsibilities: Reporting lines and frequency of regular risk management and control reporting to the management body
- Interaction between risk measurement and monitoring and actual risk taking practice (limit setting, monitoring, dealing with breaches, etc)
- Risk management architecture

Case Study: Bank ABC Risk Governance and Management Framework

Risk Data, Aggregation and IT Systems

- Framework and process used to gather, store and aggregate risk data across various levels of the bank, including flow of data from subsidiaries to the group
- Data flow and data structure of risk data used for ICAAP
- Data checks applied for risk data used for ICAAP
- IT systems used to gather, store, aggregate and disseminate risk data used for ICAAP

Risk Appetite Framework

- Risk appetite framework – summary and objectives
- Correspondence with the strategy and business model
- Process and governance arrangements on the design and implementation of the risk appetite framework
- Identification of the current or potential material risks
- Risk limits, management action triggers and risk tolerances
- Limit allocation framework within the group and across core business lines, markets and subsidiaries
- Integration and use of the risk appetite framework in the risk and overall management (eg, links to business strategy, risk strategy, ICAAP and ILAAP, including capital and liquidity planning)

Case Study: Bank ABC Risk Appetite Framework

September 21

Internal Capital Requirements – Risks Not Fully Captured/Not Covered in Pillar I

- Material risks not fully captured by Pillar 1
 - Sovereign risk
 - Additional operational risk
 - Other potential risks
- Material risks not covered by Pillar 1
 - Interest rate risk in the banking book
 - Concentration risk
 - Pension obligation risk
- Other potential risks
- Other risks: no capital required

Case Study: Calculating Concentration Risk Using the Herfindahl Hirschmann Index

Case Study: Calculating Additional Operational Risk Using Confidence Intervals

Internal Capital Requirements Stress Testing and Reverse Stress Testing

- Stress testing program (eg, types of stress tests undertaken, their frequency, methodological details and models used, the range of assumptions and relevant data infrastructure)
- Governance arrangements of the ICAAP stress testing program
- Interaction (integration) between solvency and liquidity stress tests, and in particular of ICAAP-specific stress testing, and the role of reverse stress tests
- Uses of stress testing and its integration into the risk management and control framework
- Role of the reverse stress testing (RST)
- RST scenario selection
- Quantitative impact

Case Study: Bank ABC Stress Testing Framework

Case Study: Peculiarities of Mortgage Portfolio Stress Testing

Case Study: Bank ABC Reverse Stress Testing

Capital Planning

- Capital planning framework
- Main assumptions underlying the capital planning
- Forward-looking view on the development of risks and capital in terms of both internal capital and regulatory own funds
- Conclusions from capital planning such as planned issuances of various capital instruments, other capital measures (e.g. dividend policy) and planned changes to the balance sheet (e.g. sales of portfolios, etc)

Case Study: Bank ABC Capital Planning Buffer

Case Study: Calculation of the Capital Planning Buffer

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

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.



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Implementing a Robust ICAAP
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IFRS 9 for Banks

September 19 - 21, 2018 • Toronto

Registration Fees

Registration Options	Before July 16, 2018	Before July 23, 2018	After July 23, 2018
ICAAP	\$1,849.00 + HST	\$1,899.00 + HST	\$2,399.00 + HST
Both Course & Seminar	\$2,899.00 + HST	\$2,999.00 + 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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Substitutions may be made at any time. If you are unable to attend, please make cancellations in writing and fax to (416) 504-6978 **prior to 5 p.m. on September 6, 2018.** A credit voucher will be issued to you for the full amount, redeemable against any other Acumen conference. You may request a refund of fees paid less an administration fee of \$250.00.

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