

TOWARDS BASEL III

ORGANISATION SHEET

Objective	<p>The objective of this course is to provide an overview of the evolution of the risk regulatory framework for banks namely from Basel I, to Basel II and Basel III.</p> <p>The participants will get familiar with the different aspects of the Basel I & II framework to calculate capital requirements for credit, market and operational risk. Furthermore, they will learn and discuss how the review by the supervisors and other market participants is organised.</p> <p>Following the financial crisis, started in 2007/2008, many initiatives have been taken, leading to Basel II.5 and Basel III. The focus for the participants will be to understand the need for higher capital, liquidity and leverage requirements and learn how the new ratios have to be calculated.</p> <p>Given the tsunami of new regulations, banks are confronted with higher capital and funding costs. They need to review their business model and organisation to obtain an ROE in line with the expectations of the shareholders. This will also be discussed to master the impact of the regulation on the financing of the economy.</p> <p>By following this course, the participants will therefore be able to mix theoretical and practical aspects of Basel regulation in a systematic way.</p>
Methodology	<p>The methodology is based on theoretical lectures, exercises and discussions to exchange views on important topics.</p>
Target group	<p>People working in risk management, finance, banking regulation and/or supervision e.g. bankers, regulators, supervisor. It is also appropriate for a broader audience (e.g. Business) who wishes to optimize the risk / return and gain insight into capital adequacy, liquidity and leverage ratios. The course is targeted at an intermediate level and assumes a basic understanding of banking products risk and accounting functions.</p>
Language	<p>English</p>
Participants	<p>Maximum 25 persons</p>
Trainer	<p>Mr Ruben Olieslagers Head of Capital and Business Management - CCM BNP Paribas Fortis Bank ATTF Trainer</p>
Dates	<p>3 days - From Wednesday 30 September to Friday 02 October 2015</p>

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CONTENT

Day 1

1. Introduction: risk types and risk taxonomy of a financial conglomerate
 - From Basel I to Basel II: introduction + amendment Market Risk in 1996
2. Basel II: overview of the framework and the three pillars
 - Zoom on credit risk, operational risk and market risk
3. Some aspects related to Implementation of Basel II
 - Which approach, interactions Banks & Supervisors, validation of models, good use, calculation process, level playing field
4. Cases and exercises
 - Calculation: how to calculate Credit Risk RWA (in excel)?
 - Migration of portfolio's from Standardised to IRB approach
 - Discussion on pro-cyclicality, operational complexity

Day 2

1. Financial crisis of a global scale: reasons, stakeholders, lessons learnt
2. Basel II.5 and review of the market risk framework
3. Basel III: capital, liquidity and leverage ratio
 - Scope
 - Definitions and calculation
 - Implementation and timing
4. Recent developments:
 - What are the on-going discussions related with Basel III?
 - How is regulation and supervision organised within Europe?
 - Single Supervisory Mechanism, Asset Quality Review (AQR), stress testing
 - Basel Framework: implementation worldwide e.g. EU versus US

Day 3

1. Impact of Basel II.5 & Basel III on profitability of banks (ROE) and lending to the economy?
2. How can banks improve their ROE in view of the new regulatory context?
3. Economic Capital:
 - Definition, calculation, comparison with regulatory capital
4. Discussion and conclusions
 - What is the cumulative impact of the regulatory developments?
 - How is risk management organised in a financial institution?