Overview of Stress Testing, ICAAP, Basel III

Basel III specifies that banks must engage in a more serious effort to stress test their internal capital assessment frameworks as part of the Internal Capital Adequacy Assessment Process (ICAAP). This course helps participants to understand these new requirements and the methods involved in stress testing, within the African context. African banks often face data challenges for credit products as well as uniquely volatile financial markets that lead to different ICAAP and stress testing considerations. In the course, we consider how these challenges affect both the credit methods that banks will use to assess capital as well as how they will affect the stress testing procedures and results. This course uses lectures, case studies, Excel exercises and examples in order to help participants understand the industry best-practice with regard to stress testing and capital allocation. (adjusted with Middle East Context)

OBJECTIVES:

After attending this program participants will be able to:

- Understand Basel III guidelines in relation to ICAAP and integrated stress testing
- Understand Basel III guidelines in relation to capital allocation
- Understand Both high-level and operational issues regarding the step-by-step procedures involved in conducting stress testing
- Understand Both the quantitative and qualitative elements that are essential in performing a stress test and allocating capital.

CONTENTS:

- Stress Testing and Basel III
- What is Stress testing?
- Stress testing aims
- Capturing impact of exceptional but plausible loss events
- Assessing the risk profile of the firm
- Allocating capital and limit verification
- Evaluating business risks
- Sensitivity tests
- Formation of sensitivity tests
- Scenario tests
- Formation of scenario tests
- Use of stress testing and integration in risk governance
- Overview of stress testing methodologies
- Stress testing within the Internal Capital Adequacy Assessment (ICAAP) process
- Enhancements to the Basel III framework
- Pillar II stress testing and ICAAP
- Enhancements in light of the financial crisis
• Recent Basel publications on stress testing
• Basel principles for sound stress testing
• Stress testing in the African context
• Methods typically used to assess capital
• Applying stress tests to the capital models
• Comparison with regulatory methods
• Stress testing the Standardised Approach (SA)

Applying stress testing (case studies and examples)

• Stress testing approaches and the range of practice
• Scenario testing
• Hurdles to implementation
• Sensitivity analysis
• Hurdles to implementation Formation of a Credit Value-at-Risk (CreditVaR)
• Stress Testing the CreditVaR
• Examining the portfolio CreditVaR
• The role scoring models and ratings
• The role of risk component models
• Economic and regulatory capital

Stress testing non-traded instruments

• The risk components
• Market risk stress testing
• Stress testing traded instruments

Operational risk stress testing

• Stress testing approaches
• Stress testing aims
• Writing a stress testing report and external reporting

TARGET AUDIENCE:

Risk Managers, Auditors, Regulatory supervisor, Internal auditors, Treasury Personal and Credit Management staff

DURATION:

3 days 18 hours, morning
Risk and Compliance Management

This course has been designed to provide with the knowledge and skills needed to understand and support regulatory compliance and enterprise wide risk management. Also, to promote best practices and international standards that align with business and regulatory requirements.

This course is intended for professionals that want to understand risk and compliance management and to work as risk and compliance officers. They will prove that they are qualified,

This course is intended for employers demanding qualified risk and compliance management professionals that meet the fit and proper requirements. The course is recommended for senior executives involved in risk and compliance management.

CONTENTS :

PART A: COMPLIANCE WITH LAWS AND REGULATIONS, AND RISK MANAGEMENT

- Introduction
- Regulatory Compliance and Risk Management
- Definitions, roles and responsibilities
- The role of the board of directors, the supervisors, the internal and external auditors
- The new international landscape and the interaction among laws, regulations, and standards
- The difference between a best practice and a regulatory obligation
- Benefits of an enterprise wide compliance program
- Compliance culture: Why it is important, and how to communicate the obligations
- Policies, workplace ethics, risk and compliance policies, procedures and the code of conduct
- Privacy and information security
- Handling confidential information
- Conflicts of interest
- Use of organizational property
- Fair dealings with customers, vendors and competitors
- Reporting ethical concerns
- The definition of Governance, Risk and Compliance
- The need for Internal Controls
- Understand how to identify, mitigate and control risks effectively
- Approaches to risk assessment
- Qualitative, quantitative approach
- Integrating risk management into corporate governance and compliance
TARGET AUDIENCE:

all staff and Risk Compliance

PART B: THE FRAMEWORKS

PART D: BASEL II / BASEL III

PART E: DESIGNING AND IMPLEMENTING A RISK AND COMPLIANCE PROGRAM

DURATION:

3 days 18 hours
Risk Data and Modeling for Stress

Risk Modeling and data Analysis teaches participants how to design and build a risk analysis model. This course provides learners with an introduction to the techniques and experience needed to produce a high-quality risk analysis for business or project development. The has a strong practical focus on the application of risk analysis to business decisions and demonstrates how to use risk analysis models to guide decisions in the face of significant uncertainty.

Risk analysis is now an established business tool that is widely used across many different industries. However, most employees charged with performing these risk analyses have had no formal training in risk modeling, resulting in incorrect and misleading results. This training course will help ensure that participants can have confidence in the quality and accuracy of their work.

No prior knowledge of risk analysis, Monte Carlo simulation or probability theory is required, but participants should have a reasonable working knowledge of Excel.

CONTENT:

• Overview of Monte Carlo simulation
• Building the model
• Adding risk and uncertainties
• Running Simulations
• Viewing and interpreting results
• Review of common distributions
• Building correlations into the model
• Time series models and forecasting
• Interpreting NPV distributions
• Fitting probability distributions to data
• Calibrating time series forecasts to data
• Fitting correlation structures to data
• Explanation of common errors in Monte Carlo simulation and how to avoid them
TARGET AUDIENCE:

Staff working in the Risk and compliance department

DURATION:

4 days 24 hours