

## From Basel II IRBA to Basel III: new capital requirements



DB-48 2 Days (14 Hours)

### Description

The Basel III standards are a key element of the banking sector reform plan providing for a significant increase in the capital of financial institutions. This seminar will allow you to master the main aspects of these ongoing reforms and improve risk management.

### Who is this training for ?

#### For whom

Risk engineers, front office. MOE and MOA in regulatory and economic risk.

#### Prerequisites

Aucune

### Training objectives

- The Basel III standards are a key element of the banking sector reform plan providing for a significant increase in the capital of financial institutions
- This seminar will allow you to master the main aspects of these ongoing reforms and improve risk management

### Training program

Introduction et rappels sur le risque de crédit, approche bâloise

- Reminder of the hierarchy of regulatory standards.
- The European standards CRD II, CRD III and CRD IV.
- Calendar for the implementation of the Basel III and involvement within financial institutions.
- Basel II agreements and solvency risk.
- Basel modeling of credit risk.
- Main variables: probability of default (PD), Loss Given Default (LGD) and Maturity.
- Risk Weighted Assets (RWA).
- Capital Requirements (EFP) and Expected Losses (EL).
- Reminder of the different Basel II approaches for credit risk.

## Normes Bâle 2.5 et Bâle 3 : redéfinition des fonds propres réglementaires

- problems of quantity and quality of capital.
- Liquidity problems.
- Limits of the Basel II Accords: problems linked to counterparty risk, "Procyclicality " capital.
- Adequacy of capital and risks.
- Strengthening capital requirements.
- Quality of capital: redefinition of tier 1/ tier 2.
- Implementation of the Leverage Ratio.
- The Capital Buffer and the procyclicality of provisions.
- Implementation of stress tests.

## Traitement du risque de liquidité

- Implementation of new liquidity ratios.
- Medium/long term liquidity constraint: Net Stable Funding Ratio (NSFR).
- Short liquidity constraint term: Liquidity Coverage Ratio (LCR).
- Impacts of Basel III rules on capital.
- Criticisms of liquidity risk regulation.

## Evolutions réglementaires des risques de contrepartie et de marché

- Collateral rules.
- Stressed exposure measures, back-testing requirements and stress-testing.
- Credit risk in the trading book: IRC (Incremental Risk Charge) section.
- Adverse market conditions and Value-at-Risk: the Stressed VaR section.
- Securitization and Credit Correlation Portfolio.
- Variability of counterparty risk costs and VaR CVA (Credit Value Adjustment).
- Counterparty risk hedging.
- Criticisms of market risk regulation and consideration.