

*"Not everything that can be counted counts, not everything that counts can be counted" – William Bruce Cameron*



# Managing Risks under Basel 3 Pillar II (ICAAP)

April 20 – 25, 2020

Coordinators  
Dr Arindam Bandyopadhyay  
Prof Sanjay Basu



National Institute of Bank Management  
Pune, India

# Managing Risks under Basel 3 Pillar II (ICAAP)

## Background

The Internal Capital Adequacy Assessment Process (ICAAP) is important for banks, to ensure adequate risk management processes, greater rigour in stress tests and validation of models and buffers of capital and liquidity, commensurate with their risk profiles. Improper management of Pillar II risks may make banks less solvent and stable, in both normal and stressed markets. Pillar II represents an intersection between compliance needs and management opportunities.

The purpose of the ICAAP is to inform the Board of the ongoing assessment of the bank's risks, how management intends to mitigate those risks and how much current and future capital is necessary. Under Basel III, similar questions are raised about liquidity requirements as well. Pillar II is seen as a unique opportunity to narrow the gap between regulation and economic capital. A bank should evaluate whether capital targets for the long-run are consistent with short-term business goals. It should also assess whether short-run return maximization has an adverse impact on asset liquidity and funding patterns.

## Objective

As the ICAAP should be customized for each bank, taking into account the particular risks and information available, the aim of the programme is to show how economic capital can be a component of a bank's ICAAP and can be implemented in its business processes like portfolio management, managing concentration risk, risk based pricing, customer profitability analysis through RAROC & EVA, portfolio optimization and management incentives. The risk based economic capital approach to ICAAP enhances Board and Senior Management's ability to understand how much capital flexibility exists to support risk appetite and business expansion strategy. A well-designed ICAAP framework also makes the top management abreast of ALM concerns at the bank.

## Coverage

- ❑ Evolution of Basel Regulation : Pillar 1 & 2 Expectations of RBI
- ❑ ICAAP Principles: Review of Architecture and Key Features
- ❑ Regulatory Capital versus Economic Capital
- ❑ Credit Risk and Concentration Risk Assessment in Credit Portfolio: PD, LGD, EAD, Correlation, Expected Loss Provisioning, Economic Capital and RAROC
- ❑ Market Risk Assessment: Standardized Duration Approach vs. Internal Models
- ❑ Liquidity Risk Assessment: Scenario Analyses and Stress Tests
- ❑ Interest Rate Risk in the Banking Book (IRBB): NII and Duration Gap Approaches
- ❑ Reputation Risk and Strategic Risk Management
- ❑ Model Risk Management
- ❑ Stress Testing: Credit Risk and Market Risk
- ❑ Linking Pillar II Risks to Capital Estimates
- ❑ Risk Integration and Diversification through RAPM
- ❑ Business Projection, Risk Appetite and Capital Management
- ❑ Structuring ICAAP Report
- ❑ ICAAP Validation
- ❑ Basel III and Capital Planning
- ❑ Final Basel 3 Regulation.

## Method/Pedagogy

The classroom sessions will explain various methods to conduct extensive risk profile analysis (e.g. liquidity risk, IRRBB, concentration risk, model validation and stress testing) capital management and business planning. Numerous hands-on exercises will demonstrate data applications. The programme will also include experience sharing by industry experts and regulator/supervisor

## Target Group

**Middle/Senior/Top Management in Risk Management/Planning**

## Dates

April 20 – 25, 2020

The Programme will commence at 9.00 am on April 20 and conclude by 4.00 pm on April 25, 2020. Participants are requested to reach the NIBM Campus positively by the evening of April 19, 2020.

## Venue

NIBM Campus, Kondhwe Khurd  
Pune, India.

## Accommodation

The programme is fully residential. Participants will be provided well-furnished single room AC accommodation in the Institute's hostel complex on the campus. However, they will not be permitted to bring their family members to stay on the campus. In case any Officer/Executive with physical/medical disability is being nominated, kindly inform us in advance with particulars of disability to facilitate necessary arrangements.

The Institute has facilities for outdoor and indoor games and a large walking/jogging trail for physical fitness besides a yoga centre. Participants are therefore encouraged to bring appropriate clothes/gear.

## Programme Coordinators

### Dr Arindam Bandyopadhyay

Associate Professor and  
Associate Dean (Consultancy)

### Prof Sanjay Basu

Associate Professor and  
Associate Dean (Research)

(Finance Area Group)

## Last Date for Receiving

### Nominations:

April 11, 2020

## Last Date for

### Availing Early Bird Incentive of 5%:

April 4, 2020

(See fee structure on  
home page of the website)

## Nominations and Enquiries

Please address your enquiries and  
nominations to:

Dr Arindam Bandyopadhyay

Prof Sanjay Basu

Programme Coordinators

National Institute of Bank Management

NIBM Post Office, Kondhwe Khurd

Pune 411 048, INDIA

Tel. : 0091-20-26716000 (EPABX)  
26716311, 26716129 (Direct)

Fax : 0091-20-26834478

E-mail : arindam@nibmindia.org,  
sbasu@nibmindia.org

Website : www.nibmindia.org

## Programme Fee (per participant)

US \$ 2400 for foreign participant

(See fee structure on home page of the website for incentive)

	Fee	GST	Fee+GST	TDS
Member Banks :	50400	9072	59472	5040
Non-Member Banks :	58800	10584	69384	5880

The fee includes the cost of tuition, board and lodging facilities, teaching material, etc. (Goods and Services Tax (GST) @ 18% and TDS @ 10%. Kindly send the TDS Certificate on priority to NIBM).

## Mode of Payment for Indian Participants

- The fee may preferably be transferred by RTGS/NEFT/ECS to our A/c No. 20002400021 with Bank of Maharashtra, NIBM Branch, Pune (IFSC Code MAHB0001124). NIBM PAN No. AAATN0040P and GSTIN No. 27AAATN0040P1ZJ.
- National Institute of Bank Management  
NIBM Post Office, Kondhwe Khurd, Pune 411 048, INDIA.

## Mode of Payment for Foreign Participants

### Mode of Remittance: SWIFT\*

1. Name & Address of our Bankers : Oriental Bank of Commerce  
C-2, Shop No. 4-5, Bramha Estate  
Kondhwe Khurd, Pune 411 048  
Maharashtra, India
2. Name of the Account : National Institute of Bank Management
3. NIBM's Bank Account No. : Current A/C 11281131004402  
with Oriental Bank of Commerce
4. Bank's Swift Code : ORBCINBBFCP
5. Oriental Bank of Commerce A/c No. : 36152559  
with Correspondent Bank
6. Preferred currency : USD
7. Correspondent Bank : CITIBANK N.A.
8. Swift code for Citi Bank : CITIUS33

**\* The Foreign Bank Charges/ SWIFT charges/Commission is to be borne by the remitter. The fees mentioned in the invoice/brochure is to be paid to NIBM, net of all bank charges.**

**\*Payments will be accepted only through electronic mode.  
Cheques/DDs/Pay Orders will not be accepted.**

- For all electronic remittances, kindly send a confirmatory e-mail at: [accounts@nibmindia.org](mailto:accounts@nibmindia.org) giving details of the remitter and participant, name and dates of programme, etc.

Please see programme fee structure on home page of the website for early bird incentive, incentives for SAARC and other developing countries, mode of remittance, Pune City route map and local conveyance.