TRAINING COURSE

UNDERSTANDING THE SUPERVISORY REVIEW AND EVALUATION PROCESS (SREP)

Organised by: The Florence School of Banking and Finance

Course Instructors:

Slavka Eley | European Banking Authority
Oleg Shmeljov | European Banking Authority
Deniz Igan | International Monetary Fund

Cappella
Villa Schifanoia, Via Boccaccio 121 - Florence

5-6 APRIL 2018

PROGRAMME

5 APRIL

09.00 - 09.15 Welcome and Introductory Remarks by Pierre Schlosser | Florence School of Banking and Finance

09.15 - 09.45 Session 1: Introduction to prudential supervision and its objectives
- Understanding role and objectives of prudential supervisions
- Supervisory toolbox (processes and measures)
- Role of SREP and interaction with other supervisory processes

09.45 - 10.30 Session 2: Overview of the common SREP framework and the EBA SREP Guidelines
- General overview of the common SREP framework
- SREP process
- Scoring: risk and viability scores
- Proportionality

10.30 - 11.00  
*Coffee break*

11.00 - 11.45  
**Session 2** continues

11.45 - 13.00 
**Session 3: Assessment of internal governance and institution-wide controls**

- Assessment of internal governance framework
- Assessment of risk management framework, including ICAAP and ILAAP

13:00 - 14.00  
*Lunch*

14.00 - 15.30 
**Session 4: Understanding business models and Business model analysis (BMA)**

- Understanding importance of business models
- Factors affecting banks’ business models
- Key concepts and considerations of BMA
- Assessing a business model’s viability and the sustainability of a strategy

15.30 - 15.45  
*Coffee break*

15.45 - 16.30 
**Session 5: Impact of FinTech on banks’ business models**

- Key findings from the EBA analysis of the impact of FinTech on banks’ business model

**6 April**

09.30 - 10.15  
**Session 6: Assessment of risks to capital**

- General elements of risk assessment
- Scoring and use of risk assessment

10.15 - 10.45  
**Session 7: Supervisory stress testing**

- Key concepts of supervisory stress testing
- Uses of outcomes of supervisory stress testing in supervision

10.45 - 11.30 
**Session 8: Assessment of capital adequacy**

- Framework for the assessment of capital adequacy
- Determination and articulation of additional capital requirements (P2R)
and Pillar 2 capital guidance (P2G)
- Interaction with CRD capital buffers and macroprudential measures

11.30 -11:45  
Coffee break

11.45 - 12.45  
Session 9: Case study / group exercise on the assessment of capital adequacy
- Case study / group exercise focusing on the assessment of capital adequacy, determination and articulation of additional capital requirements, their reconciliation with macro-prudential measures and CRD capital buffers.

12.45 - 13.45  
Lunch

13.45 - 14.30  
Session 10: Assessment of liquidity and funding risks and liquidity adequacy
- General framework for assessing risks to liquidity and funding
- Assessment of liquidity adequacy and use of benchmarks
- Determination and articulation of additional liquidity requirements

14.30 - 15.15  
Session 11: Using SREP outcomes for crisis management and resolution purposes
- Brief introduction to crisis management framework: recovery and resolution planning, early intervention regime
- Link between SREP and assessment of banks’ recovery plans
- SREP outcomes and triggers for early intervention measures
- Determination of whether an institution is ‘failing or is likely to fail’ and interaction with resolution authorities

15.15 - 16.15  
Guest lecture by Deniz Igan | International Monetary Fund
‘Supervisory stress tests and markets’

16.15 - 16.30  
Concluding remarks, group feedback discussion