Training Course

Florence School of Banking and Finance

Bank Regulation for Supervisory Purposes

Course Instructors: Emiliano Sabatini and **Antonio Schifino |** Bank of Italy

Sala del Capitolo

Badia Fiesolana, Via dei Roccettini, 9 - San Domenico di Fiesole

8-9 May 2018

Programme

8 May

09.00 - 09.15 Welcome and presentation of the Florence School of Banking and Finance

09.15 - 11.00 **Session 1: Scope of consolidation**

- IFRS 10: Consolidated financial statements- Overview
- Methods of prudential consolidation according to Art.18 CRR
- The BCBS guidelines on step-in risk
- The EBA Report on the perimeter of credit institutions

11.00 - 11.30 *Coffee break*

11.30 - 13.00 **Session 2: Own Funds and buffers**

- Overview: Solvency ratio, Pillar II and Capital Buffers
- Own funds composition
- Eligibility criteria of own fund instruments

13.00 - 14.00 *Lunch break*

14.00 - 15.30 **Session 3: Credit Risk – module 1**

- Overview and rationale
- Standardised method
- Internal models (IRB)

15.30 - 16.00 *Coffee break*

16.00 - 17.30 **Session 4: Credit Risk – module 2**

- CRM
- Securitizations

9 May

09.30 - 11.00 **Session 5: IFRS 9 – Financial instruments**

- Overview
- Focus on Impairment:
  - The IFRS 9 Expected Credit Loss Model
  - Differences between IFRS 9 and Internal Models (IRB)
  - The initiatives undertaken by regulators
  - The ESRB report on the financial stability implications of IFRS 9

11.00 - 11.30 *Coffee break*

11.30 - 13.00 **Session 6: IFRS 9: Financial instruments and market risks**

- IFRS 13: Fair value measurement
- Regulatory treatment of market risks
  - Current regulation (CRR)
  - Forthcoming regulation (Fundamental review of the trading book)
  - Focus on prudential valuation

13.00 - 14.00 *Lunch break*

14.00 - 15.30 **Session 7: Backstop measures and liquidity risks**

- Backstop measures: Large exposures, Leverage ratio

- Liquidity risks

15.30 - 16.00	*Coffee break*
15.30 - 17.15	**Session 8: Pillar II**

- Overview
- Other banking book risks not covered under Pillar I

17.15 - 17.30	Closing remarks