

## ASPECT ADVISORY ACADEMY

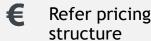
**TECHNICAL SEMINAR** 



09:00 - 17:00 CET



Virtual | On-site



Have a question? Send us a mail to: aaa.aspectadvisory.eu

## Liquidity Risk Management Under CRR

### **OVERVIEW:**

Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) impose additional restrictions on buffer- and funding strategies. The LCR is conceptually complex, volatile across time and expensive to fulfil. The NSFR is less volatile which requires a long-term planning to identify potential shortfalls as early as possible. In this seminar, attendees learn how the basic product families (selling/ buying liquid assets, unsecured borrowing/ funding, repos/ reverse repos, collateral swaps) can be used to steer LCR and/or NSFR. Furthermore, an Excel model for the joint management and -forecast s discussed. Finally, we present a LCR - NSFR - compliant transfer pricing model to allocate the regulatory cost which to products.

## **AGENDA OUTLINE:**

Day 1: Understanding the ratio mechanics

Day 2: Static and dynamic LCR-/ NSFR management

### WHO SHOULD ATTEND:

We believe that this seminar is most useful for participants from:

- Treasury
- Risk management
- · Regulatory reporting/ affairs
- Risk controlling
- Internal audit
- Capital Markets
- · Regulators

## **SEMINAR FORMAT:**

- This seminar will be conducted in English
- This session will be conducted via Microsoft Teams. On completion of your registration you will receive a link to the meeting

# COURSE MATERAIL:

- Sessions are recorded and could be obtained on request at the end of the seminar
- Trainers presentation slide decks could be obtained on request at the end of the seminar
- Certificates will be awarded at the completion of the seminar

# CERTIFICATE:

Certificates will be emailed to the participants on completion of the seminar



## Liquidity Risk Management Under CRR SAMPLE SCHEDULE

ASPECT ADVISORY ACADEMY

TECHNICAL SEMINAR

## DAY 1 Day 1: Understanding the ratio mechanics 1. Broader context: 09:00 1.1 Liquidity, Pillar I: · Risk-based capital ratios, Leverage ratio, LCR, NSFR 1.2 Liquidity, Pillar II: 10:30 Liquidity Risk Monitoring Tools (BCBS238) Monitoring tools for intraday liquidity management (BCBS248) ILAAP SREP Morning coffee break 2. The Liquidity Coverage Ratio I 2.1 Why to introduce a minimum requirement for short-term liquidity? 10:45 2.2 Definition and Reporting Out- and inflows • Liquidity buffer (eligibility, caps, unwind) 12:15 2.3 Excel-tool: how basic transactions affect the LCR and P&L • Buying/ selling High Quality Liquid Assets (HQLA) and Non-HQLA Unsecured lending/ funding, ≤30d/ >30d • Repos/ Reverse Repos, ≤30d/ >30d • Collateral Swaps, ≤30d/ >30d

### Please note:

This is a sample schedule and the session topics is illustrative and subject to change.

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# Liquidity Risk Management Under CRR

## SAMPLE SCHEDULE

ASPECT ADVISORY ACADEMY

TECHNICAL SEMINAR

DAY 1

# 13:30 15:00 Lunch Break 3. The Liquidity Coverage Ratio II 3.1 LCR-improvement 3.2 Buffer optimization HQLA - macro allocation (L1, L2A, L2B) HQLA - micro allocation (individual bonds/ stocks) Funded-/ unfunded reserve Tenor of reserve funding Afternoon Coffee Break

15:15

17:00

4.2 Definition and Departing

4.2 Definition and ReportingRequired stable funding (Assets)

Available stable funding (Funding)

4. The Net Stable Funding Ratio

· Special provisions: derivatives, covered bonds

4.3 Excel-tool: how basic transactions affect the NSFR and P&L

4.1 Why to introduce a minimum requirement for long-term liquidity?

• Buying/ selling High Quality Liquid Assets (HQLA)

• Unsecured lending/ funding,  $\leq 180d/ \leq 1Y/ > 1Y$ 

• Repos/ Reverse Repos/ Collateral swaps, ≤180d/ ≤1Y/ >1Y

4.4 NSFR - improvement

Close of Day 1 Sessions

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# Liquidity Risk Management Under CRR

## ASPECT ADVISORY ACADEMY

TECHNICAL SEMINAR

## DAY 2 Day 2: Static and dynamic LCR-/ NSFR management 5. Joint management of LCR and NSFR) 09:00 5.1 Identification of regulatory expensive/ favourable products 5.2 Three strategy families 5.3 Excel - tool with comprehensive overview of all strategies 10:30 5.4 Strategies and cost to simultaneously increase LCR and NSFR Morning coffee break 6. Evolution of LCR and NSFR across time 6.1 LCR - and NSFR - Cliff effects 10:45 Origin of cliff effects Strategies to smooth cliff effects 12:15 6.2 Balance sheet forecast 6.3 Excel - tool: LCR and NSFR forecast 6.4 Keep future LCRs within a user-defined interval

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# Liquidity Risk Management Under CRR

## SAMPLE SCHEDULE

## ASPECT ADVISORY ACADEMY

TECHNICAL SEMINAR

## DAY 1 Lunch Break 7. Internal vs. regulatory liquidity models 13:30 7.1 Interdependencies between LCR (Pillar I) and internal liquidity models (Pillar II) 7.2 Deviations between regulatory and internal liquidity adequacy 15:00 7.2 Allocation principles of regulatory and internal liquidity cost Afternoon Coffee Break 8. Funds transfer pricing under Basel III 8.1 Conceptual framework 15:15 8.2 How to embed both short-term (LCR) and long-term (NSFR) liquidity cost 8.3 Cost function and volume model 8.4 NSFR-compliant transfer prices 17:00 - Bullet-, amortising-, open maturity structures Unsecured lending/ funding, ≤180d/ ≤1Y/ >1Y · Deposits: - Bullet-, amortising-, open maturity structures 8.5 Questions beyond NSFR-FTP Close of Day 2 Sessions

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