Treasury Risk Management

Massimo Pedroni (Prometeia)

Topics

Introduction to Treasury Risk, ALM and IRRBB

- Treasury Risk and Asset Liability Management: analysis and steering of Liquidity Risk and Interest Rate Risk in the Banking Book (IRRBB)
- Common definition of IRRBB, perimeter of application from regulatory and managerial perspective, methodological and operational challenges
- The key risks in the IRRBB space: steering metrics and monitoring approaches
- Best practices in IRRBB modelling: approaches for models' estimation, trade-off between sophistication, accuracy and complexity
- Representation of the Economic Value of Equity
- Representation of the Net Interest Income

Modelling Retail Deposits

- Static and dynamic representation of non-maturity deposits (NMDs)
- The estimation of volume attrition and rate stickiness for Retail Deposits
- The Replication Portfolio approach
- Deposits modelling and implication for ALM

Modelling Equity and Net Free Capital

- Optimization of Risk-Adjusted Return of Equity
- Equity Target Duration
- Equity modelling and implication for ALM

Modelling Prepayments in Loans Portfolios

- Constant Prepayment Rate (CPR) Approach
- Survival Probability Approach
- Prepayment modelling and implication for ALM