Interest Rate Risk in Banking (IRRBB) Training Course

Professional Development Training Course Outline

Category	Risk Management	**Duration**	5 Days
Base Fee	$1,500 USD	**Delivery Mode**	Online / On-site Hybrid

Course Introduction

In the current volatile macroeconomic environment, managing Interest Rate Risk in the Banking Book (IRRBB) has escalated from a compliance exercise to a strategic imperative for financial stability and capital preservation. The recent shifts from prolonged near-zero rates to a high-rate environment, coupled with increasing regulatory scrutiny from bodies like the Basel Committee (BCBS D368) and the EBA, necessitate a proactive and sophisticated risk management framework. Failure to effectively measure, monitor, and control IRRBB exposes banks to significant adverse impacts on both Net Interest Income (NII) and Economic Value of Equity (EVE), as demonstrated by recent high-profile bank failures. This comprehensive training course provides essential, best-practice principles and practical implementation strategies to navigate this complex risk landscape.

Interest Rate Risk in Banking (IRRBB) Training Course is designed to equip risk and treasury professionals with the advanced analytical skills and governance expertise required for prudent balance sheet management. We will deep-dive into the latest regulatory standards, covering the intricacies of supervisory outlier tests (SOTs), the challenges of non-maturing deposit (NMD) modelling, and the application of Funds Transfer Pricing (FTP) to correctly attribute and manage interest rate exposures. By blending theoretical foundations with real-world case studies and hands-on exercises, participants will master the process of developing robust shock and stress scenarios, selecting effective hedging strategies, and ultimately strengthening the bank's Risk Appetite Framework (RAF) to ensure long-term resilience and sustainable profitability amidst market uncertainty.

Programme Curriculum

Interest Rate Risk in Banking (IRRBB) Training Course

Introduction

In the current volatile macroeconomic environment, managing Interest Rate Risk in the Banking Book (IRRBB) has escalated from a compliance exercise to a strategic imperative for financial stability and capital preservation. The recent shifts from prolonged near-zero rates to a high-rate environment, coupled with increasing regulatory scrutiny from bodies like the Basel Committee (BCBS D368) and the EBA, necessitate a proactive and sophisticated risk management framework. Failure to effectively measure, monitor, and control IRRBB exposes banks to significant adverse impacts on both Net Interest Income (NII) and Economic Value of Equity (EVE), as demonstrated by recent high-profile bank failures. This comprehensive training course provides essential, best-practice principles and practical implementation strategies to navigate this complex risk landscape.

Interest Rate Risk in Banking (IRRBB) Training Course is designed to equip risk and treasury professionals with the advanced analytical skills and governance expertise required for prudent balance sheet management. We will deep-dive into the latest regulatory standards, covering the intricacies of supervisory outlier tests (SOTs), the challenges of non-maturing deposit (NMD) modelling, and the application of Funds Transfer Pricing (FTP) to correctly attribute and manage interest rate exposures. By blending theoretical foundations with real-world case studies and hands-on exercises, participants will master the process of developing robust shock and stress scenarios, selecting effective hedging strategies, and ultimately strengthening the bank’s Risk Appetite Framework (RAF) to ensure long-term resilience and sustainable profitability amidst market uncertainty.

Course Duration

5 days

Course Objectives

1. Master the latest BCBS D368 and EBA Guidelines on IRRBB and CSRBB regulatory compliance.
2. Differentiate and accurately calculate Economic Value of Equity (EVE) and Net Interest Income (NII) sensitivity metrics.
3. Develop and implement advanced Non-Maturing Deposit (NMD) modelling and behaviouralisation techniques.
4. Design robust shock and stress testing scenarios, including reverse stress testing, aligned with supervisory expectations.
5. Integrate IRRBB governance and risk appetite limits within the bank's Asset-Liability Management (ALM) framework.
6. Apply Funds Transfer Pricing (FTP) methodologies to effectively measure and manage IRRBB at the product and business line level.
7. Evaluate and mitigate various risk types.
8. Implement appropriate hedging strategies for IRRBB mitigation and hedge accounting considerations.
9. Understand the impact of Credit Spread Risk in the Banking Book (CSRBB) and its interaction with IRRBB.
10. Interpret and respond to Supervisory Outlier Tests (SOTs) and Pillar 2 capital implications of excessive risk.
11. Enhance data integrity, model risk management, and validation processes for IRRBB measurement systems.
12. Analyze real-world bank failures and market events (SVB Crisis) driven by IRRBB mismanagement.
13. Effectively communicate IRRBB exposures, methodologies, and risk mitigants to the ALCO and Board of Directors.

Target Audience

1. IRRBB Managers and Analysts
2. Asset-Liability Management (ALM) Professionals
3. Treasury and Funding Managers
4. Market Risk and Financial Risk Officers
5. Regulatory Compliance and Governance Specialists
6. Internal Auditors and Financial Controllers
7. Bank Regulators and Supervisors
8. Credit and Financial Institution Analysts

Course Modules

1. Foundational Concepts and Regulatory Landscape

- Definition and sources of IRRBB.
- The evolution of the framework.
- Understanding the Banking Book and Trading Book boundary
- Key Regulatory Principles for Identification, Measurement, Monitoring, and Control.
- Case Study: Analysis of early 2000s bank failures in the US to highlight classic IRRBB mismanagement.

2. Core Measurement Metrics (EVE and NII)

- Detailed calculation of Economic Value of Equity sensitivity
- Calculation and application of Net Interest Income sensitivity and Earnings-at-Risk
- Pros and cons of EVE and NII for different business models and risk horizons.
- Practical application of the Standardised Approach for IRRBB measurement.
- Case Study: Worked example of calculating EVE and NII shift under the six Regulatory Shock Scenarios

3. Modelling Behavioural Options and Assumptions

- Advanced techniques for Non-Maturing Deposit modelling.
- Modelling loan prepayment risk and other embedded options in the asset book.
- The importance of the Pass-Through Rate for NMDs and its impact on NII.
- Governance framework for Model Risk Management and independent validation of assumptions.
- Case Study: Simulating the impact of rapid NMD withdrawal and increased beta on a bank's liquidity and EVE during a liquidity stress event.

4. Stress Testing and Scenario Analysis

- Design and execution of Supervisory Stress Scenarios and internally-derived scenarios.
- Introduction to Reverse Stress Testing to identify the conditions that lead to breach of risk limits.
- Analyzing the interaction of IRRBB stress tests with Pillar 2 Capital and ICAAP/ILAAP.
- Integration of Contingent Management Actions into stress testing to demonstrate risk mitigation.
- Case Study: Post-mortem analysis of the Silicon Valley Bank failure, focusing on the lack of appropriate long-duration asset stress testing.

5. Governance and Risk Appetite Framework

- Roles and responsibilities of the ALCO, Board, Treasury, and Risk functions in IRRBB.
- Establishing a quantifiable IRRBB Risk Appetite Statement
- Setting and monitoring appropriate risk limits
- Developing effective Internal Control Frameworks and internal audit assurance.

- Case Study: Reviewing a model IRRBB Policy Document to establish robust limit structures and escalation processes.

6. Funds Transfer Pricing (FTP) and Product Pricing

- Principles of FTP as a tool for unbundling and attributing IRRBB exposures.
- Construction of the FTP Curve and managing its various components
- Applying FTP to manage the Basis Risk embedded in various funding sources and loans.
- Using FTP for profitability analysis and strategic business steering.
- Case Study: Practical exercise in building an FTP curve for a mortgage book and calculating the transfer charge/credit to correctly reflect IRRBB.

7. Hedging Strategies and Mitigants

- Overview of on-balance sheet and off-balance sheet hedging tools.
- Strategic use of Interest Rate Swaps, Futures, and Options for EVE and NII protection.
- Managing Hedge Effectiveness and complying with Hedge Accounting requirements.
- Techniques for mitigating Pipeline Risk and Basis Risk using derivatives.
- Case Study: Designing a Macro-Hedge Program for a large portfolio of fixed-rate residential mortgages and assessing its effectiveness under yield curve shock.

8. Credit Spread Risk and Disclosure

- Introduction to Credit Spread Risk in the Banking Book as a key non-trading risk.
- Measurement and management of CSRBB, including the impact of market volatility.
- Integrating IRRBB and CSRBB metrics into Pillar 3 Disclosure requirements for market transparency.
- Future trends: The emergence of Climate-Related Financial Risk and its interaction with IRRBB.
- Case Study: Analyzing the public disclosures of a major bank's IRRBB exposure before and after a period of significant rate hikes and comparing against regulatory minimums.

Training Methodology

This course employs a participatory and hands-on approach to ensure practical learning, including:

- Interactive lectures and presentations.
- Group discussions and brainstorming sessions.
- Hands-on exercises using real-world datasets.
- Role-playing and scenario-based simulations.
- Analysis of case studies to bridge theory and practice.
- Peer-to-peer learning and networking.
- Expert-led Q&A sessions.
- Continuous feedback and personalized guidance.

Register as a group from 3 participants for a Discount

Send us an email: info@fineskilltrainingcenter.org or call +254769199797

Certification

Upon successful completion of this training, participants will be issued with a globally- recognized certificate.

Tailor-Made Course

We also offer tailor-made courses based on your needs.

Key Notes

a. The participant must be conversant with English.

b. Upon completion of training the participant will be issued with an Authorized Training Certificate

c. Course duration is flexible and the contents can be modified to fit any number of days.

d. The course fee includes facilitation training materials, 2 coffee breaks, buffet lunch and A Certificate upon successful completion of Training.

e. One-year post-training support Consultation and Coaching provided after the course.

f. Payment should be done at least a week before commence of the training, to Fineskill Training Center account, as indicated in the invoice so as to enable us prepare better for you.

Upcoming Scheduled Sessions

Start Date	End Date	Location	Price
23 Nov 2026	27 Nov 2026	Online	$1,000
23 Nov 2026	27 Nov 2026	Physical	$1,500
23 Nov 2026	27 Nov 2026	Physical	$3,000
23 Nov 2026	27 Nov 2026	Physical	$3,000
23 Nov 2026	27 Nov 2026	Physical	$6,000
23 Nov 2026	27 Nov 2026	Physical	$4,500
23 Nov 2026	27 Nov 2026	Physical	$6,000
23 Nov 2026	27 Nov 2026	Physical	$6,000

Ready to enroll or request a customized program? Book online or contact us:

Register Online Now

Email: info@fineskilltrainingcenter.com | Website: www.fineskilltrainingcenter.com