



ALMA
ASSET & LIABILITY MANAGEMENT ASSOCIATION

IRRBB

Interest Rate in the
Banking Book
COURSE GUIDE

December 2025



Introduction to IRRBB is a two day classroom-based course.

Day 1 covers the basics of IRRBB – what it is and how typically it is managed and controlled. No prior knowledge is required or assumed. Day 2 then looks at some more advanced topics including behavioural risk, what constitutes best practice in respect of internal IRRBB governance and then considers the recently announced changes to the regulatory requirements and the impact these may have on banks.

Who should attend?

The course is aimed both at those new to a role within IRRBB management itself and at those working in other functions who seek a general overview of IRRBB. It may be of particular interest to those working in other areas of Treasury management, Finance, Planning, Audit and IT as well as to more senior colleagues with a governance responsibility for overall balance sheet management.

Students will find the course a solid foundation for attending further ALMA events and training courses, including the Certificate in Bank ALM (CertBALM®).

Course Outline

Day 1

Day 1 will assume no prior knowledge although questioning and discussion will be actively encouraged throughout both from those new to the subject and from those who might already have some knowledge or experience. The structure of the day will be as follows:

Background Concepts

- The nature of a bank's balance sheet
- Net Interest Margin
- The yield curve
- Discounted Cash Flow
- Key differences between accrual and MTM accounting
- Distinction between the Banking and the Trading Book



IRRBB Measurement and Management

- The interest rate gap and the value measures (EV, EVE and VaR)
- Income sensitivity measures
- Both approaches contrasted – pros and cons of each
- Managing and hedging IRRBB in practice
- The importance of behavioural assumptions
- The role of the Treasury function

Day 2

Day 2 will build on the basic principles covered on Day 1 but will cover more advanced topics including:

- Treatment of Equity
- Treatment of Non Maturing Deposits
- Structural Hedging
- Re-margining and assumption risk
- Non-performing loans
- Pipeline and Pre-payment Risk
- Credit Spread Risk in the Banking Book
- What constitutes good governance of IRRBB

The final session of Day 2 will consider the changing regulatory regime for IRRBB including:

- The Final Basel Standards issued in April 2016
- The EBA Guidelines issued in July 2018 and subsequent modifications
- UK PRA rules and guidance issued in December 2021

This will lead to discussion around more advanced topics such as whether interest flows and margin should be included in EV/EVE calculations, what exactly is “embedded value” and what, in essence, is the fundamental difference between income and value approaches.

Active group participation will be encouraged throughout with the objective of giving some insight and sharing experiences as to what constitutes best practice with regard to the management of IRRBB. The agenda will be driven as much by the delegates as by the course leaders.

How do you study?

The course is classroom-based. Class size is limited to facilitate active discussion and group exercises, as well as networking.



Course Leader – Colin Johnson

Colin has spent over 20 years in Treasury and ALM related roles within the UK. He is the former Treasurer of The Co-Operative Bank and currently Chair of ALMA.

Colin's career includes roles in the challenging bank sector working for Charter Court Financial Services, One Savings Bank and Chetwood Financial Services having also worked in the Banking Market Risk function within Santander UK and spent 3 years in a senior manager role at Lloyds Banking Group within Risk Oversight and Group Corporate Treasury helping to develop the IRRBB and ALM management and also managing the structural hedging of the balance sheet.

Course Fee

Member Fees: £1,270 plus VAT (***including printed course material which you will receive on the first day of the course***)

Member Fees: £1,220 plus VAT (***course material can be downloaded in advance from the ALMA website but no printed material will be provided***)

Non-member Fees: £1,610 plus VAT (***including printed course material which you will receive on the first day of the course***)

Non-member Fees: £1,560 plus VAT (***course material can be downloaded in advance from the ALMA website but no printed material will be provided***)

Venues

Etc. Venues, Fenchurch Place, London

Booking

Please email to info@ukalma.org.uk or visit the UK ALMA website, www.ukalma.org.uk