

Dynamic Risk Management Webcast

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Risk management strategy and target profile

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Elements of the DRM model





Risk management strategy and target profile

Risk Management Strategy (RMS) Target Profile Risk If CNOP is outside of Basis for the other elements in the DRM model target profile, risk Expected to be kept consistent throughout the life of the ۰ mitigation actions are DRM model and determines: required Even if CNOP is already within Process to approve and amend RMS a) Л the target profile, entity may still Risk management levels and scope b) range of risk limits) choose to mitigate risks further **Risk metrics used** C) Target Profile Range of acceptable risk limits (ie the target d) profile) 0 Risk aggregation method and risk management e) time horizon 0 \bigcirc **f**) Methodologies to estimate expected cash flows or core demand deposits Target profile needs to V Changes to RMS lead to discontinuation of the DRM be determined for each If CNOP is outside of model time bucket target profile, risk mitigation actions are required



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Target profile

Question

• Did the IASB discuss what risk limits would be eligible to be accounted in the DRM model?

Response

- Risk limits are set in line with an entity's risk management strategy
- Risk limits need to be applied consistently over time
- Aligning the target profile with actual risk limits the need for proxy hedging will be reduced



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