

Skopje, Macedonia, 21-22 November 2016

## Part I: RISK MANAGEMENT IN BANKING

### ORGANISATION SHEET

<b>Objectives</b>	<p>The basic objective of the course is to provide participants with an overview of risk management in banking. Specifically, the course will help participants understand:</p> <ul style="list-style-type: none"><li>▪ Risk management in banking</li><li>▪ The Basel Accord and its role in managing risk</li><li>▪ Market risk and the different types of risk that belong to it</li><li>▪ Credit risk and how to manage it for retail and corporate banking</li><li>▪ Liquidity risk and how it impacts banks</li><li>▪ Operational risk and enterprise risk management</li><li>▪ Future trends in risk management for banks</li></ul>
<b>Methodology</b>	<p>The course combines theory with case studies and practical exercises. The approach aims at fostering interactivity and exchange of views.</p>
<b>Target group</b>	<p>Banking professionals from banks (commercial and central), financial institutions or supervisory authorities, with at least 3 years experience working in a banking environment. The course will particularly interest risk managers, auditors and managers from different banking areas.</p>
<b>Language</b>	<p>A good command of English is required</p>
<b>Participants</b>	<p>Maximum 25 participants</p>
<b>Expert</b>	<p>Mr Jérôme Thomas, consultant in risk management Member of the House of Training Quality Circle ALRiM in Risk Management</p>
<b>Place &amp; Date</b>	<p>Skopje, Macedonia 2 days From 21 to 22 November 2016 (Part 1 of 2)</p>

Programme organised in collaboration with and validated by

## Part I: RISK MANAGEMENT IN BANKING

### CONTENT

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#### INTRODUCTION

Risk and risk management  
Types of financial risk  
The Basel Committee on Banking Supervision  
Measuring and managing risk

#### MARKET RISK

Market risk in banking  
Components of market risk:

- Interest rate risk
- Equity risk
- Currency risk
- Commodities risk

Measuring and managing market risk:

- Value at Risk (VaR)
- Stress testing and back testing
- Portfolio risk

#### CREDIT RISK

Components of credit risk:

- Lending
- Investing
- Counterparty/settlement risk

Retail vs. corporate clients  
Default risk  
Downgrade risk and the rating agencies

#### LIQUIDITY RISK

Liquidity risk as a consequential risk  
Types of liquidity risk

- Assets
- Funding

Asset and liability management  
Liquidity risk and the Financial Crisis of 2008



HOUSE OF TRAINING



THE GOVERNMENT  
OF THE GRAND DUCHY OF LUXEMBOURG



## **OPERATIONAL RISK AND ENTERPRISE RISK MANAGEMENT**

Key concepts of operational risk

Risk appetite

ICAAP and ILAAP

## **FUTURE TRENDS IN RISK MANAGEMENT**

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Skopje, Macedonia, 23-24 November 2016

## Part II: MEASURING AND MANAGING CREDIT RISK IN BANKING

### ORGANISATION SHEET

<b>Objectives</b>	<p>The objective of the seminar is to provide the participants with a strong knowledge of key aspects of Credit Risk Assessment in general with a particular focus on Counterpart Creditworthiness, Rating Models and Definition / Implementation of a Default Probability Framework for banks, asset management and private banking firms.</p> <p>The participants will get acquainted with the main theoretical foundations of assessment and measurement and with the practical techniques used in dealing with the daily issues facing risk management departments.</p> <p>By following this seminar, the participants will be able to integrate the learned concepts into real practice in their respective work as the course aims at mixing theoretical and practical aspects of risk management in a systematic way.</p>
<b>Methodology</b>	<p>The methodology is based on theoretical lectures, problem solving and practical exercises. Some necessary mathematical and statistical concepts will be presented, but the focus will nevertheless be on qualitative intuition rather than formal rigor.</p>
<b>Target group</b>	<p>Banking professionals with at least 3 years experience working in a banking environment. The course will particularly interest risk managers, auditors and managers from different banking areas.</p>
<b>Language</b>	<p>A good command of English is required</p>
<b>Participants</b>	<p>Maximum 25 participants</p>
<b>Expert</b>	<p>Mr Jérôme Thomas, consultant in risk management Member of the House of Training Quality Circle ALRiM in Risk Management</p>
<b>Place &amp; Date</b>	<p>Skopje, Macedonia 2 days From 23 to 24 November 2016 (Part 2 of 2)</p>

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Skopje, Macedonia, 23 – 24 November 2016

## Part II: MANAGING CREDIT RISK IN BANKING

### CONTENT

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#### Day 1

1. Introducing Credit Risk
  - Type of Financial Contracts (Loans, Bonds, OTC Derivatives and ForEx)
  - Current vs. Potential Exposure
  - Credit Event (Default)
  - Financial Loss
  - Overview of quantitative tools
2. Assessing Credit Risk
  - Rating Systems
  - Default Probability (PD)
  - Loss Given Default (LGD)
  - Exposure at Default (EAD)

#### Day 2

3. Measuring Credit Risk (Expected & Unexpected Losses)
  - Economic Capital Measures: Value-at-Risk and Expected Shortfall Metrics
  - Portfolio Approaches: The Role of Correlations in Credit Risk
4. Stress Testing and Scenario Analysis
5. Back Testing Value-at-Risk and Model Calibration
6. Basel Frameworks

Summary and Conclusions

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