

Risk Management for Banks

GOALS

The program aims at explaining various concepts of different types of risk. The focus lies on a correct understanding of the types of risk a bank has to deal with. In this context, attention will be given to the increasing importance of new types of risk that are often difficult to quantify. Participants will be given insight in the interaction of risk types. This will be further elaborated using scenario analysis and model building.

The program looks further then the risks traditional discussed on the trading floor. Other business lines like retail banking, corporate banking, insurance, etc will be treated equally.

SUMMARY

Category:

- Risk, finance & treasury

Difficulty level:

Expert

Certification type:

In class training

Price:

- Member: € 5000.00
- Non member: € 6000.00
- Partner BZB: € 5000.00
- Incompany: custom tailored, prices on demand

INTENDED AUDIENCE

Employees with a certain level of experience (1-3 years) in one or more aspects of risk management that want to broaden their knowledge. First and second line collaborators, business controllers, risk officers, treasurers.

FOREKNOWLEDGE

Expert Level: This training will provide advanced characteristics on a specific topic. In order to grasp the concepts of this training, thorough knowledge is required (enhancement).

Required prior knowledge:

You should have knowledge of macro-economical concepts.

CONTENT

The program consists of 11 course days, divided in 3 modules. Each module can be followed separately. This enables participants to

spread this program over 3 years.

The program starts with an outline of the general framework of risk management. The last decennia, risk management has known a growing interest. The risk manager has a crucial role in the sound policy of a bank.

After an overview of the different business lines of a bank and the corresponding risks, attention will be given to the start of the financial crisis and other aspects that have led to an increasing regulation. This regulation will be treated during one course day.

Afterwards, the program elaborates on the different types of risk. Each type will be discussed during one course day.

The last course day will bring together all different pieces. Through the enterprise risk management and with the use of scenario analysis and stress testing, participants will discover how risks interact. A detailed description can be read below.

Some course days can be followed separately by clicking on the name of the course day.

Schedule - Module 1: Introduction & Financial Risks

[Introduction - Enterprise Risk Management](#) (Speaker: Tamar Joulia-Paris)

Keynote speaker: Jo Swyngedouw (Deputy director, head of financial stability, National Bank of Belgium)

This first day course covers the main components and challenges of enterprise risk management in the financial industry, across all risk types and business models.

We will first provide a holistic perspective on financial and non-financial risks, on their relation with business objectives as well as with financial planning. To get more insight on enterprise level risks, we will then discuss the causes and consequences of the 2008 financial crisis, the overall regulatory agenda, as well as the emerging new risks and practices which challenge financial services risk management at enterprise level.

[Prudential & accounting regulations](#) (Speaker: Ruben Olieslagers)

Keynote speaker: Rudi Bonte (Deloitte, former NBB/BNB)

Starting from the simple Basel I framework, the evolution to the Basel II framework will be discussed and the role of the three pillars will be explained. The handling of credit, market and operational risk under Pillar 1 will be analysed in more detail. Following the financial crisis in 2007/2008, the participants will better understand the need for higher capital, liquidity and leverage requirements and learn how the new ratios have to be calculated under Basel III. Also the impact of the strengthening of Pillar 2 will be highlighted by assessing the impact on the business model and by discussing some implementation issues.

The course on banking regulation and supervision gives an overview of the international and national framework, starting with the developments at G20 level and at the Basel Committee on banking supervision. Given the relevance of the European dimension, the course further considers the key principles and actors in the European framework as well as the recent steps in re-launching Europe through the completion of the Banking Union and the reform of the EU's supervisory architecture. A key part of this is the Single Supervisory Mechanism (SSM), where the course will go into its supervisory approach and future priorities.

[Credit risk - loan by loan management](#) (Speaker: Ruben Olieslagers)

Keynote speaker: to be announced

Understanding credit risk is key for any finance practitioner. It is a significant part of the business model and a financial institutions' portfolio.

This course is designed to give you the essential insights to be able to identify, quantify and manage credit risk effectively.

After an introduction of what credit risk is and how it fits in the risk taxonomy of a financial institution, some real-world cases will be discussed as illustration.

The assessment of credit risk is examined with a focus on more specialised topics such as credit ratings, credit analysis, internal and external credit risk models for both single counterparties and portfolios. The course looks also at the management and optimisation of credit risk.

No such analysis would be complete without making the link with the latest regulatory and innovative developments.

Trading risk (Speaker: Klaas Deschout)

Keynote speaker: Rafael Plata (Secretary General at European Association of CCP Clearing Houses)

The scope of market risk will be explained in terms of transactions (trading book) and in terms of activities. We'll also discuss the distinction with the banking book. Next we'll look at the concepts of risk versus capital in the context of market risk. Risk insights are meant to support the business strategy, maximizing return while hedging tail risk. Capital is the computation of minimum capital that needs to be held, a computation which must satisfy the regulator.

The course will elaborate on model building. Starting with simple models (based on greeks), continuing with more advanced models (value-at-risk) and concluding with building and managing different models.

We'll end this course day with discussing the future of market risk.

Schedule - Module 2: Non-financial risks

Non-financial risk: Capita selecta (Speaker: David Lamoy)

Keynote speaker: Kaevin Rombaut (S.A.M. Consulting)

The course covers the essential aspects of operational risk management and its challenges in the financial services industry. Hot topics such as, selection and reporting of leading KRIs, demonstrating business value of risk management, and the formulation of a risk appetite statement are detailed and debated. Uprising topics like information security and conduct metrics are also covered.

Cyber risk management (Speaker: Niels Torisaen, and others)

This course aims to review the key threats for the financial sector regarding cyber security. It gives users an overview of the current counter measures that are recommended in case of a cyber attack. Participants will be introduced to the different external compliance requirements for the financial sector and will be explained how to use the ISO27005 framework for risk assessment.

Data and model risk management (Speaker: Koenraad D'Hondt)

Keynote speaker: Marc Taymans (Risk Dynamics)

Schedule - Module 3: Enterprise and business risks

Credit Portfolio Management (Speaker: Tamar Joulia-Paris)

Keynote speaker: Pieter Desmedt (CRO Axa Belgium)

This day aims at enabling participants to learn best practices, challenges and trends in credit portfolio management in various types of financial institutions in the European regulatory environment. Discussed topics are

- Differences between measurement of credit risk per loan (PD, EAD, LGD) and at portfolio level (interconnections, correlations)
- Principles to establish and cascade down the institution's risk appetite to its credit portfolio
- Active management of lending portfolios, to optimize value within risk appetite constraints: steps, objectives, metrics and benchmarks, market instruments (CDS, securitizations)
- ...

Liquidity risk: Interest rate and liquidity risks in banking books (Speaker: Kristof De Wilde)

Keynote speaker: Ludovic Lecomte (head of Group Treasury, ING Belgium & Luxembourg)

One of the key tasks of banking is the intermediation role. Banks attract excess funds in the economy and allocate these funds to other economic parties with funding needs. The transformation function leads to mismatches in interest rate and liquidity maturities of loans and deposits. These mismatches create risks for the intermediary bank and have to be managed within the regulatory frameworks.

In this session we look how banks manage these risks from a risk/return optimization perspective. We look to this risk management from an income and an economic value point of view. By solving different cases the real life complexity, raising from non-maturity deposits and prepayment from mortgages, will be added. Finally all elements will be brought together in an integrated case where interest rate risk of the bank has to be managed by the participants in this session.

Environmental, Social & Governance risk (Speaker: Vic Van de Moortel)

Keynote speaker: Raffaele Barbera (Head of Risk Management P&V)

Holistic risk management & Stress testing (Speakers: Tamar Joulia-Paris & Ariane Chapelle)

Keynote speaker: Steven Van Droogenbroeck (General Manager Integrated Risk, KBC)

This day provides a synthesis of all types of risks and regulations covered by the certification, following the structure of a bank's ICAAP (Internal Capital Adequacy Assessment Process), followed by a group stress testing exercise .

Exam - Business Case Test (group exercise)

The program is concluded with a business case test conducted in small groups. More information about the exam will be given the first course day. To participate in the exam, you need to have followed all previous course days.

PRACTICAL INFORMATION

Duration: 11 days training

Hours: 9am - 5pm

Address: Febelfin Academy, Phoenix Building - Koning Albert II-laan/Boulevard du Roi Albert II 19 1210 Brussels

Extra information: This training will be given in English!

METHODOLOGY

You follow a **'Classroom training'** in a group. You, the other participants and the teacher are all present in the same classroom at an agreed time. There is an opportunity for interaction and feedback, both from the participants to the teacher and vice versa. The teaching material consists as a basis of a presentation via the MyFA learning platform, supplemented with various other items (such as digital syllabus, presentation, audiovisual fragments, etc.).

Type of course: Classroom

During our **theoretical training courses** we offer a combination of theory and practical exercises. The cases, examples and exercises are taken from everyday situations or are contributed by you and then solved under the guidance of the trainer.

Training material: Course manual, PowerPoint presentation.

Pricing:

Complete program: 5000€ members / 6000€ non-members if followed in 1 year

Module 1: 1840€ members / 2220€ non-members

Module 2: 1380€ members / 1665€ non-members

Module 3: 2300€ members / 2775€ non-members