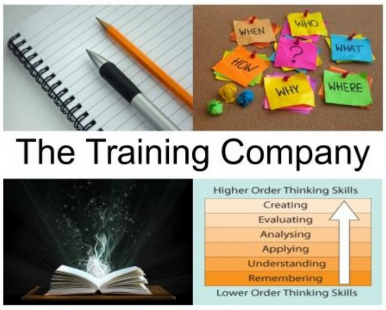

The Training Company

Advanced Risk Management

Picking up where many other courses leave off, it explores the connected nature of risk across market, credit, operational, liquidity, reputation and other risks. Key benefits:

- Gain cutting-edge market risk methodologies
- Develop the tools and techniques needed to measure market risk effectively
- Practical exercises on successful stress and scenario testing
- Examine credit and liquidity risk modeling and management
- Gain knowledge of how credit derivatives can be used to manage credit risk
- Clarify of the role of capital and the relationship to other risks
- Fully understand the impact of Basel III – the latest developments in regulation and capital requirements in light of the credit crisis
- Insights into the lessons learned from the credit crisis and attempted global recovery

The course is a perfect balance of theory & practice with great emphasis on practicality & real-life issues. It examines techniques such as value-at-risk, credit modeling, stress testing & scenarios. It also looks at how Basel II & III impact risk management, as well as risk management techniques in fund management.

Case studies, discussion & practical sessions include: Simple portfolio credit risk modeling; Basket credit products; The demise of Lehman Brothers

MARKET RISK MANAGEMENT

Introduction

- What is risk management?
- Why do we need it?
- Risk management vs. risk measurement
- Risk management, regulation and capital
- What is advanced risk management?
- How does regulation view risks and risk management?

Market Risk - Methodology

- The origins of market risk
- Sensitivities and The Greeks
- Why have limits?
- Value-at-Risk – is it any use?
- What else can we do to control risk?

Technical Workshop

Market risk measures

Market Risk – Stress and Scenarios

- Why do we need stress and scenario testing in addition to VaR?
- How does Expected Short Fall give us a better risk measure?
- How should we do stress and scenario testing?
- Why do the regulators want to see it done?
- Stress and scenario testing and Basel Pillar 2

The Division Between Market and Credit Risk

- The trading vs. banking business model
- The regulatory divide
- Impact of liquidity and funding
- Market type risk in traditional banking activities
- How it all went wrong – the credit crunch

Funding and Liquidity Risk Management

- Asset liability mis-matches in the balance sheet
- Gap analysis
- Funding alternatives – example : Securitisation, SIVs and conduits
- Funding, asset/liability liquidity and derivative pricing/hedging – how are they all linked?

Market Risk Management for Funds

- Why do Fund Managers need different tools?
- Alpha, Beta, Sharpe Ratio, Information Ratio – what is it for?
- The impact of leverage
- Thinking like a Fund Manager's Risk Manager

CREDIT RISK

Introduction

- What is credit risk and how does it fit/overlap with the other risks?
- The key drivers of credit risk
- Market and credit risk together
- Measurement of credit risk
- Credit Valuation Adjustment and the other "XVAs" such as DVA, FVA – what are they for?

Portfolio Credit Risk

- Pricing and risk management of loan portfolios
- Estimating probabilities of default, exposure at default and loss given default
- Actuarial approaches, transition matrices
- Market-based approaches, bond spread and Merton (KMV) model
- Building a credit risk model
- Using the models to set limits and monitor risk

Practical Workshop

Simple portfolio credit risk Modeling

Managing Credit Risk

- Traditional techniques
- Securitisation and risk transfer
- Regulatory capital, Basel III and F-A-IRB
- Measuring performance and ROC

Credit Derivatives

- How can credit derivatives be useful in managing credit risk?
- Credit default swaps, single and multiple name
- Tranche CDS
- Issues with CDS, basis, documentation
- Correlation issues
- N to default type structures
- Pricing and risk issues

Exercise

Basket credit products

MANAGING CREDIT RISK COLLECTIVELY

Exercise

Based on Chief Credit Office Role

The Role of Capital and the Relationship to Other Risks

- What is capital for?
- Risk and capital performance measures such as RAROC, economic and regulatory capital
- Allocating and managing capital
- Raising capital and novel capital instruments

Basel III and Further Developments

- The evolution of Basel – how did we get here?
- The framework of market, credit and operational risk capital requirements – the three pillars
- Operational risk methods – how do we build a model for AMA?
- Overall requirements and best practice
- Fundamental Review of the Trading Book – what changes will that bring?

What Risks Have Been Missed?

- The role of pillars two and three in support of capital requirements
- Liquidity risk – the new focus since the credit crunch
- Liquidity Stress Testing – NSFR and LCR – how do they help manage risk?
- Intra-day and short-term risks
- Reputational and strategic risk
- Whole enterprise risk

Case Study

The demise of Lehman Brothers – what went wrong?

Risk Measures and Reporting in Major Banks

- What is done currently?
- What may have to be done?
- How do we “govern” risk management with a firm?

Discussion Session

Q&A Discussion session

For registration

Contact : The Training Company
Phone : 971-55-639-8386
Email : ttc-advanced-risk-management-course-may-2016@atrc.net.pk