

Advanced Risk Management, s.r.o., a consulting company from the Czech Republic, specialized in financial risk management, invites you to the seminar:

ICAAP, PILLAR 2, ECONOMIC CAPITAL AND STRESS SCENARIOS

Who should attend: experts responsible for the implementation of Basel II, ICAAP requirements and/or risk managers responsible for on-going application of Basel II, Pillar 2 rules, Basel II leaders.

The seminar is conducted by experts in risk management and Basel II:



Mgr. Ing. Václav Novotný

Mr. Václav Novotný is the Managing Director of Advanced Risk Management. He has been focusing on advisory and training in the area of identification, measurement and management of financial risks for the last 10 years. His career started at the investment department of the largest Czech insurance company Česká pojišťovna in 1994. Mr. Novotný is the founding member and Chairman of the Board of Risk Management Club and is frequently invited as a lecturer to professional conferences and seminars. Mr. Novotný holds a master degree from Faculty of Mathematics and Physics at Charles University in Prague and from the Faculty of Finance and Accounting at Prague School of Economics.



RNDr. Martina Orsáková, Ph.D.

Martina Orsáková is a chief of Economic Capital department at Česká spořitelna (Erste Bank Group). She is responsible for the development and implementation of Economic Capital strategy. She has been working for Česká spořitelna since 2001. She was in charge of the project of Operational Risk management. She often gives lectures on risk management (e.g. Institute for International Research). She studied Econometrics and Mathematical Statistic at Faculty of Mathematics and Physics at Charles University in Prague, where she obtained her Ph.D. in 2006.

Hotel Slon, Slovenska cesta 34, Ljubljana, Slovenia

May 10–12, 2011

SELECTED REFERENCES - PROJECTS:

- Cooperation with SKB, d.d. (Société Générale Group) on Advanced IRB approach implementation
- Cooperation with Komerční banka, a.s. (Société Générale Group) on Advanced IRB approach implementation
- Validation of one part of the IRB approach of Česká spořitelna, a.s. (Erste Bank Group) used for the measurement of Capital Requirement to Credit Risk (models for risk parameters PD, LGD and CCF)
- Consulting on implementation of Pillar 2 provisions for OTP Banka Slovensko a.s.
- Strengthening the Czech Banking Sector - Application of Basle II (EUROPEAID/Phare project)
- Support to the Implementation of the Risk-Based Supervision in Slovak Republic EUROPEAID/Phare project)
- Validation of AMA approach of Česká spořitelna, a.s. (Erste Bank Group) used for the measurement of Capital Requirement to Operational Risk
- Validation of VaR approach of Česká spořitelna, a.s. (Erste Bank Group) used for the measurement of Capital Requirement to Market Risk

PROGRAM OF SEMINAR:

INTRODUCTION

Definition of risk
Classification of financial risks
Process and objective of risk management
Sources – literature
Acronyms and glossary

MATHEMATICAL AND STATISTICAL MINIMUM

Mathematical terminology and symbols
Random variable
Cumulative distribution function and probability density
Independence of random variables
Value at Risk, expected and unexpected loss
Expected Shortfall

DISTRIBUTION OF RANDOM VARIABLE

Discrete random variable and its most often used distributions
Continuous random variable and its most often used distributions
Marginal and joint distribution
Random sample
Estimate of distribution parameters
Basics of Monte Carlo simulation
Wiener's process

WHAT IS ICAAP?

ICAAP according to BCBS (BIS)
ICAAP according to EU regulation

WHAT IS ECONOMIC CAPITAL?

Definition of economic capital
Why is it useful to analyze economic capital?
Relationship between economic and regulatory capital
Relationship of economic capital and Pillar II
Economic capital and ICAAP process
Approaches to risk classification and development of model of economic capital

ICAAP FRAMEWORK FOR CREDIT RISK

KMV Portfolio Manager

Idea and objective of the model
Assumptions of the model
Calculation of expected and unexpected loss
Practical issues concerning the application of the model

Factor models

Qualities of models
Single-, bi- and multi-factor models
Risk function within the IRB approach Basel II

CreditMetrics

Idea and objective of the model
Assumptions of the model
CreditMetrics for simple portfolio (2 loans)
CreditMetrics for general portfolio (N-loans)
Adapting the model to other financial products

Comparison of different types of models

Data and time requirements
Discussions of accuracy of models

Calculation with actual data

Practical demonstration of the use of CreditMetrics
Comparison of results of CreditMetrics with the level of capital requirement calculated through IRB approach
Demonstration of the impact of assumptions on results

ICAAP FRAMEWORK FOR OTHER RISKS

Relative significance of individual risks
Treatment of concentration risk
Treatment of market risk
Treatment of operational risk
Treatment of reputation risk
Treatment of strategic risk
Treatment of liquidity risk
Treatment of other risks

RISK AND ECONOMIC CAPITAL MANAGEMENT AND RISK ADJUSTED PERFORMANCE MEASUREMENT

Risk, capital and performance framework
Introduction
Terms
Definitions
Regulatory Pillar 1, group ICAAP and bank economic capital comparison
Internal capital (capital sources)
Risk as economic capital (capital needs)
Risk identification
Economic capital measurement
Risk aggregation
Risk absorbing capacity (risk versus capital)
Performance measures (ROE, RAROC, EVA)
Economic capital allocation
Business optimization based on RAROC
Task definition
Precondition
Evaluation
Results
Practical example of business optimization in MS Excel

USE OF ECONOMIC CAPITAL FOR THE MANAGEMENT OF A BANK OR COMPANY

Fulfillment of shareholders' expectations
Targeting of external rating
Definition of limits
Determining the returns from different activities
Product pricing

RECAPITULATION AND CONCLUSION OF SEMINAR

BENEFITS FOR YOU/WHY TO ATTEND:

- The seminar is based on the experience with ICAAP implementation in Central Europe.
- The seminar contains a unique know-how ensuring a compliance with Basel II regulation.
- The seminar includes case studies and mathematical exercises helping to understand the theory and to get acquainted with the practice.
- The practical experience with implementation of risk and economic capital management and risk adjusted performance measurement is lectured by a chief of Economic Capital Department in Česká spořitelna, a.s. (Erste Bank Group).
- The seminar gives you the opportunity of measurement economic capital and running stress scenarios using specialized software.
- You have the unique opportunity to talk to other bankers from Central and Eastern Europe

SELECTED REFERENCES - SEMINARS:

AB UKIO BANKAS Abanka Vipa d.d. Agropol Trading, s.r.o. ATLANTIK finanční trhy, a.s. CENTRAL EUROPEAN ADVISORY GROUP Citibank, a.s. Čepro, a.s. ČEPS, a.s. Česká exportní banka, a.s. Česká národní banka (Czech National Bank) Česká pojišťovna a.s. Česká spořitelna, a.s. (Erste Bank Group) Českomoravská stavební spořitelna, a.s. Českomoravská záruční a rozvojová banka, a.s. Československá obchodní banka, a.s. (KBC Group) ČEZ, a.s. Dexia banka Slovensko a.s. E.ON Česká Republika, s.r.o. Erste Group Bank AG	Erste & Steiermärkische Bank d.d. GE Money Bank, a.s. Generali Pojišťovna a.s. HVB Bank Czech Republic a.s. HVB bank Slovakia, a.s. Hypoteční banka, a.s. Investiční kapitálová společnost KB, a.s. Intesa Sanpaolo Bank J&T Banka, a.s. Komerční banka, a.s. (Société Générale Group) Kooperativa pojišťovna, a.s. KPMG Česká republika, s.r.o. Ministry of Finance of the Czech Republic Národní banka Slovenska (National Bank of Slovakia) NESS Czech s.r.o. Nova KBM d.d. OTP Banka Slovensko a.s. Penzijní fond České pojišťovny, a.s. Pražská energetika, a.s.	Privredna banka Zagreb d.d. PSJ holding, a.s. RWE Transgas, a.s. S MORAVA Leasing, a.s. Scania Finance Czech Republic, spol. s r.o. SKB, d.d. Slovenská sporiteľňa, a.s. (Erste Bank Group) Slovenská záručná a rozvojová banka a.s. Slovenský plynárenský priemysel, a.s. Slovnaft, a.s. (MOL Group) ŠkoFIN, s.r.o. Telefónica O2 Czech Republic, a.s. UniCredit Bank Czech Republic, a.s. UniCredit Bank Slovakia a.s. UniCredit Banka Slovenija d.d. Unipetrol, a.s. Všeobecná úverová banka, a.s. Zagrebačka banka, d.d. Železničná spoločnosť, a.s.
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TERMS AND CONDITIONS:

If you wish to attend the seminar please fill in the application form below and send it back by fax to the number +420 257 290 473 or via e-mail to arm@arm.cz. After the receipt of the application form we will confirm your participation and issue a pro-forma invoice. The advance payment is the 100 % of the fee. An invoice will be issued after receipt of the payment.

The fee is 1290 EUR + VAT. Two or more attendants from the same institution will be charged 1190 EUR + VAT each. The fee involves handout materials and refreshment during the three days of seminar.

The seminar will be held on May 10–12, 2011 in Hotel Slon d.d Ljubljana, Slovenska cesta 34, Ljubljana, Slovenia. The schedule is as follows: on the first day the seminar starts by the registration at 8:30 a.m. On the following days it starts at 9 a.m. The seminar lasts all three days until 5 p.m. with a break at 10:30 a.m. and 3:15 p.m. and a lunch break at 12:30 p.m. At the end of the first day of the seminar

there will be a cocktail giving you the opportunity for informal discussion.

Cancellation must be sent in writing. Cancellations three weeks before the seminar are subject to a 10% cancellation fee. For cancellations delivered less than three weeks before the first day of the seminar the cancellation fee is 100%. Any attendant can be substituted by another employee (colleague) from the same institution.

Advanced Risk Management, s.r.o. reserves the right to cancel the seminar and refund the fee. The institution is aware that by signing this application form it fully accepts the above-mentioned conditions. The applicant confirms that the participation of its employee is binding.

APPLICATION FORM TO SEMINAR ICAAP, PILLAR 2, ECONOMIC CAPITAL AND STRESS SCENARIOS:

Name:

Position:

Company: ID:

Address: VAT No:

Phone: Fax: e-mail:

Signature and stamp