THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG

Tirana, Albania, November 2 - 4, 2015

TOWARDS BASEL III

ORGANISATION SHEET

Objective	Thorough understanding of the Basel Framework is needed in the rapidly evolving financial sector. The objective of the seminar is to provide the participants with a strong knowledge of key aspects of the evolution on the Regulatory Capital Measurement following new Basel rules. The participants will get acquainted with the main theoretical foundations of credit risk measurement and with the practical techniques used in dealing with the daily issues facing risk management departments. 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 in a systematic way.
Methodology	The methodology is based on theoretical lectures, interactivity and exchanges of views, 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.
Target group	Top and medium level executives; officers involved in the risk management, asset & liability management, treasury and internal control functions of banks, asset management and private banking firms.
Language	English
Participants	Up to 25 participants
Expert	Mr Stefano BRAGOLI, European Investment Fund, ATTF Official Senior Expert
Place & Date	Tirana, Albania, November 2 - 4, 2015 (3 days)

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CONTENT

DAY 1

HOW BANKS DEAL WITH DIFFERENT TYPE OF RISKS?

1. A Strategic Approach to Risk: 7 Golden Principles
2. Enterprise-risk-management (ERM): A Road Map for Banks
3. Basel Framework evolution: From the 1988 Capital Accord to Basel II

HOW TO ASSESS AND MEASURE CREDIT RISK?

4. Introducing Credit Risk
5. Credit Risk under Basel II Framework
    a. Rating Systems
    b. Default Risk vs. Recovery Risk: assessing Credit Risk (PD, LGD, EAD)
    c. Measuring Credit Risk: Expected and Unexpected Losses
        i. Economic Capital Measures: Value-at-Risk and Expected Shortfall Metrics
        ii. A Portfolio Approach: The Role of Correlations in Credit Risk

DAY 2

HOW TO ASSESS AND MEASURE MARKET RISK?

6. Market Risk under Basel II
7. Assessing Interest Rate Risk, ForEx Risk, Derivatives and Equity Risk
8. Introducing Different Value-at-Risk Methods
9. Back Testing Value-at-Risk Models: A Practical Implementation under Basel II

Annex 1 – Value-at-Risk Methods: Variance-Covariance, Historical and Monte Carlo

HOW TO ASSESS AND MEASURE LIQUIDITY RISK?

10. Introducing Liquidity Risk
11. Asset Liquidity Risk vs. Liability Liquidity Risk
12. Liquidity Ratios (static approach) vs. Liquidity Gaps (dynamic approach)

HOW TO ASSESS AND MEASURE OPERATIONAL RISK?

13. Non-financial Risks under Basel II: Introducing Operational Risk
14. Basic Indicator, Standardized and Advanced Measurement Approaches

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DAY 3

HOW TO CAPTURE OTHER POTENTIAL RISKS NOT COVERED UNDER PILLAR I?

15. Basel II – Second Pillar – Supervisory Review Process
    a. Internal Capital Adequacy Assessment Process (ICAAP)
    b. Supervisory Review and Evaluation Process (SREP)
16. Example: Interest Rate Risk in the Banking Book

HOW TO DISCLOSE CAPITAL REQUIREMENTS TO MARKET PARTICIPANTS?

17. Basel II – Third Pillar – Market Discipline

WHAT "BASEL III" PROPOSE TO MAKE BANKS STRONGER?

18. Better and More Capital
19. Introducing Capital Buffers
20. A More Balanced Liquidity (LCR and NSFR ratios)
21. Introducing the Leverage Ratio
22. Capital Requirements for Derivatives (Counterparty Credit Risk)

CONCLUSION: Q&A SESSION