MONECO FINANCIAL TRAINING

Knowledge Leads the Way ...

MONECO
Financial Training

Training Courses 2024

CALENDAR OF THE MONECO FINANCIAL TRAINING SEMINARS

SEMINAR	DATES	DURATION	SEMINAR PRICE	PRICE FOR ONLINE
Financial Risk Management – Methods, Tools, Principles and Regulation	April 16–18, 2024	3	€ 1,755	€ 1,316
Climate and ESG Risk Management	April 29–30, 2024	2	€ 1,400	€ 1,050
Fixed Income – Pricing, Trading and Investing	May 21–22, 2024	2	€ 1,400	€ 1,050
Investment Risk Analytics – Concepts and Applications	May 27–28, 2024	2	€ 1,400	€ 1,050
Commercial Real Estate Valuation	October 14–15, 2024	2	€ 1,260	€ 945
Interest Rate Risk Hedging Workshop	October 21–22, 2024	2	€ 1,400	€ 1,050
Investment Management – Asset Allocation, Portfolio Construction and Investment Strategies	November 4–6, 2024	3	€ 1,950	€ 1,463
Bank Capital Management – Economic Capital, Funds Transfer Pricing and RAROC	November 12–14, 2024	3	€ 1,755	€ 1,316

Seminar prices and bundle prices are quoted in EUR. The all-in prices are inclusive of the course documentation, lunches and refreshments, but exclusive of local VAT (21 %).

Knowledge Leads the Way...

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Online Seminars

All of our seminars are now also available online!

MONECO
Financial Training

Save time and money on your education and get any of our training seminars on offer in the online form.

KEY FEATURES

- Wherever you are located around the globe, you can learn from our expert trainers, 100% online.
- You just need a computer and an Internet connection.
- A standard video conferencing platform for online meetings and education is used.
- The online training takes place live with one lecturer and other seminar participants.
- Upon completion you will receive the same printed diploma as at the onsite seminar.

BENEFITS OF OUR ONLINE TRAINING

- An effective way of learning without the need to travel. You can participate our seminars in the safety and comfort of your home or office.
- With online training you save time and money on accommodation and travel.
- Live interaction with a trainer during the seminar, with the ability to respond immediately to your questions.
- All study materials for online seminars are provided electronically.

Training Programme

The MONECO Financial Training is an educational programme, consisting of seminars and training workshops aimed at the real needs of financial professionals. MONECO is a specialised financial training provider, enjoying a Europe-wide excellent position. Since 1995 we have run more than 486 successful training events and we have been able to train more than 6,149 participants so far. Our ultimate goal is to efficiently train the expert financial know-how, which is necessary for the increasingly challenging financial industry. The programme covers a wide range of topics: Financial Risk Management, Corporate Banking, Investment Management, Corporate Finance, Treasury Products, Asset-liability Management, Financial Derivatives, Structured Products, Compliance, Internal Audit and more. Our training courses have been offered with an extraordinary success for over 29 years, originally under the name of Czech Financial Academy.

Training Format

The training format is an efficient mix of theory, practical examples, case studies, group discussions and networking opportunities. Seminars are structured at various levels spanning from introductory events for the financial juniors to advanced courses for persons with higher seniority, seeking to attain the expert and focused knowledge. A reasonable care is taken so that our participants get instant working skills for their time and money. The unique blend of top quality training delivered in a truly inspiring way is offered at internationally competitive prices.

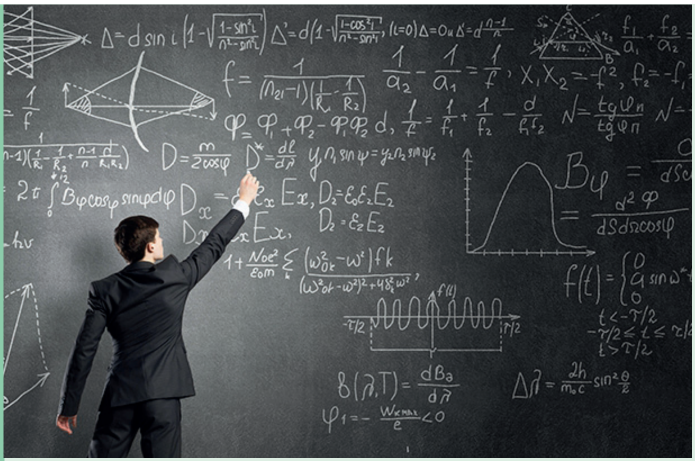
International Coverage and Networking

The MONECO Financial Training provides focused trainings for financial experts internationally. The participants come from a continually increasing number of countries. This provides the clients with added value of unique networking opportunities among colleagues from financial institutions and groups operating worldwide.

Tuition and Certification

The seminar tuition is in English, as are all manuals, training software etc. In order to benefit from participation, at least a passive knowledge of English is required, including common financial phrases and terminology. At the conclusion of the seminars the graduates are awarded a diploma in English certifying the high level of acquired knowledge in the covered area of study.

Senior Trainers with Advanced Level of Theoretical Knowledge as well as Practical Backgrounds



Expert Senior Trainers

The trainers at the MONECO Financial Training courses are senior experts with an advanced level of theoretical knowledge as well as long-term professional experience in the field. Our track record confirms that our trainers utilize top didactical skills and focus on real life case studies. We work solely with internationally well-known trainers who are often members of recognized professional associations and are frequently invited to speak at important industry events.

Among some of our most requested trainers belong the following experts:

Jean-Bernard CAEN: lecturer in the areas of risk-finance interactions, ALM, capital allocation, IFRS, risk appetite and the economic assessment of risks; member of PRMIA France Executive Committee; policy advisor within the consulting firm PRNS

Clive CORCORAN: finance and investment management specialist; former CEO of an investment management company based in the USA; now senior consultant providing investment advisory to private and institutional clients; author of a number of books on international finance, asset allocation and risk management

Alastair DAY: high-quality analyst and modelling specialist in corporate finance, project finance and leasing; author of a number of books and textbooks; Director of Systematic Finance Limited

Gary DUNN: consultant and trainer with more than 30 years of experience from both commercial and central banks; expert on internal models, market risk measures, quantitative methods and capital requirements with expertise on Basel III, FRTB, IRRBB, etc.

Ariane CHAPELLE: leading expert in the field of operational risks and highly regarded guest speakers; Dr. Chapelle is Honorary Reader at the University College London in Operational Risk, Fellow of the Institute of Operational Risk and member of the editorial board of the Journal of Operational Risk

Krassimir KOSTADINOV: senior consultant in software project management, applied statistical and mathematical methods and implementation of banking risk management and regulatory reporting systems

Ron SLOMOVITS: professional in the field of credit ratings and related matters, specialising on states and government ratings as well as bank ratings; the basis for that knowledge he gained at the international rating agency Standard & Poor's, at the department for Sovereigns/International Public Finance; owner of the consulting firm Rating Advisory

Andreas STEINER: respected trainer with many years of working experience in investment management with a focus on asset allocation, portfolio management, behavioural finance and performance measurement

Mark TAYLOR: expert on FX and interest rate products with trading experience from Deutsche Bank and RBS in London, HK and New York; Mark uses his skills from financial markets to run engaging training courses with extensive practical sessions

Tailor-made professional training programs

MONECO
Financial Training

Intensive training programs tailored to the needs and requirements of our clients.

MONECO, the organizer of open courses for financial professionals, newly provides tailor-made training programs. With many years' experience of running the MONECO Financial Training program, we deliver intensive training programs in various formats and different levels of expertise. These training programs are created on request according to the needs and training goals of our clients.

Key features

Top quality

The goal of the tailor-made training programs is to share the latest financial know-how, presented by senior lecturers with many years of experience in the field.

Training expertise

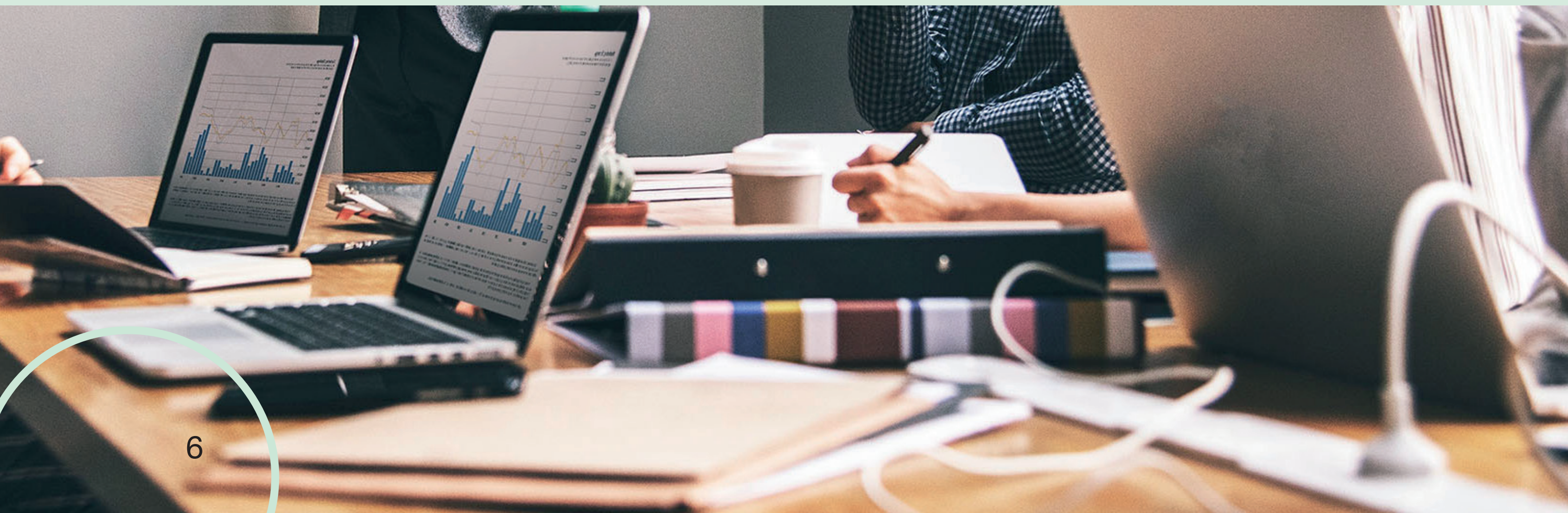
We have more than 25 years of experience in providing financial courses and structuring training programs. We always prepare training programs to best suit your requirements and needs. Wide coverage and expertise are based on numerous senior experts and lecturers with a wide scope of knowledge.

Tailor-made courses

Based on the topic you request, we design a training program and provide detailed training information, including the CV of the lecturer. Moreover, our teaching programs always follow your specific needs and goals in detail, matching the exact knowledge level of the trainees and offering the right balance between theory and practice.

Individual price

The price of tailor-made training programs is quoted individually according to the topic and the amount of preparation required. The price offer is based on a daily tuition rate, which at an appropriate number of participants allows efficient use of your budget. You can get highly individualized training at a very reasonable price.



Tailor-made professional training programs

Intensive training programs tailored to the needs and requirements of our clients.

Benefits

Specialization

The training agenda will be prepared precisely on the topic or area you are looking for.

Applicability

The skills and knowledge acquired in the topic defined by you are largely applicable in practice.

Interaction

In case of in-house training, when colleagues participate and train together, there is more room for interaction and mutual communication.

Convenience

There is no need to travel far for the training if you choose to take part in the training program 100% online and on dates that suit you best.

Confidentiality

Your employees can openly discuss all matters at the training without the presence of external participants.

Are you looking for a tailor-made training program? Do you need to train employees directly in your company or safely online? Do not hesitate to contact us!

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FINANCIAL RISK MANAGEMENT – METHODS, TOOLS, PRINCIPLES AND REGULATION

DATES: **April 16–18, 2024** • PRICES: **€ 1,755 In-class, € 1,316 Online** • LOCATION: **Prague and Online**

Key points / questions answered:

- **What are the objectives of risk management in banks?**
- **How to identify and classify risks?**
- **What can we learn from passed crises and defaults?**
- **Can all risks be measured? What if they can't?**
- **What is expected from the risk managers?**
- **How to measure and aggregate risks?**
- **Will the regulatory and the economic approaches converge?**
- **When is risk-taking profitable?**
- **What are the current issues in risk management?**

The purpose of this seminar is to introduce the principles and mechanisms of risk management in banks. During the seminar, we address all the main issues relevant to this matter. These are illustrated by a number of business cases and exercises that facilitate the assimilation of the concepts and techniques presented.

The goal of this seminar is to identify and uncover the nature of the risks banks are facing. We start with a brief history of risk management, from the Chevalier de Méré and his taste for money games to the build-up of the modern risk framework and quantitative measurement techniques. This path is littered with trial and errors that have led to crises and catastrophes, some of which are reviewed and analyzed. We then classify the risks and discover how to hunt for new, emerging ones. From there, we study the theoretical foundations of risk measurement and how they are translated into the regulatory and the economic frameworks. As both frameworks coexist in banks, we spend some times understanding their differences and how they articulate.

We then look at the techniques used for measuring risks. They rest on a limited number of simple and powerful principle which translate into techniques adapted to each risk type: credit, market and operating risks. Diverse techniques are explained to assess multiple risk measures that are complementary and need to be articulated. The issue of how to aggregate risks is addressed at this point. A number of exercises and games will facilitate assimilating these principles and techniques.

Further, we addresses the management of risks: You learn how to control and mitigate them, and a number of key issues are addressed: Which risks are profitable and should then be taken, which are not? What are risk budgeting and risk appetite? How to price risk properly? What is expected from Risk Management professionals and how do they relate to other functions in the bank? Finally we address the most pressing risk issues banks are currently facing: How to deal with the increasing regulatory pressure? How to fulfill the new resolution constraints? What impact of IFRS 9? How will Fintech transform the way banks handle their risks?

We finish the seminar with a series of exercises/games aimed at rehearsing all the major elements learned during the six half-days: Risk identification, measurement and aggregation; risk control, mitigation and management; and finally risk-return issues and current concerns.

TUESDAY, APRIL 16

09^{00}–09^{15}

Welcome and Introduction

09^{15}–12^{15}

Introduction to Financial Risk Management

A brief history of Risk Management

- The Birth of Mathematical Tools
  - Probabilities, Gaussian and non-Gaussian statistics
- Always Larger Markets
  - Bartering, town markets, stock markets, financial markets
- Finance and Regulation, the Mouse and the Cat
  - Quants, bubbles and systemic risks
  - Crisis and catastrophes

Risk Identification and Classification

- Applying the Risk Framework of Nuclear Events to Financial Risks
  - Risks that can be identified and risks that cannot
  - Risks that can be quantified and risks that cannot
- Risk Classification
  - Is the credit, market, operational risk segmentation good enough?
  - What business models generate what risks?
  - Adapting the classification of risks to the activities of the bank

12^{15}–13^{15}

Lunch break

13^{15}–16^{30}

Quantitative Techniques for Risk Measurement

Theoretical Basis of Risk Assessment

- Non-Statistical Approaches
  - What-if and scenario analysis
- Statistical Approaches
  - VaR, CVar, Expected Shortfall
  - Handling correlations, GARCH, OUCH, copulas
  - The limits of the statistical approaches

Regulatory Vs. Economic Approaches

- The Regulatory Approach
  - Basel 1, 2 and 3
  - The standardized, foundation and advanced approaches
- The Economic Approach
  - Economic capital concepts and guidelines
  - IFRS 9
- Articulating the Two Approaches
- Case Study: Dexia

WEDNESDAY, APRIL 17

09^{00}–09^{15}

Recap and warm up

09^{15}–12^{15}

Risk Measurement

Credit Risk

- Credit Risk Parameters
  - AD, PD, LGD
  - Concentration, diversification and correlations
- Credit risk Frameworks
  - Basel IRB formula, RWA credit, Basel 2/3 solvency ratios
  - Pillar 2 ICAAP, TRIM, Basel 4
  - Economic Capital and IFRS 9
- Credit Risk Models
  - Models for Corporates: Empirical and structural types
  - Models for Retail: From scorecards to Markov chains
  - Regulatory stance on credit risk models: Basel 3 final
- Case Study: The Sovereign Debt Crisis

Market Risks

- Market Factors and Models
  - The greeks: Alpha, beta, gamma
  - VaR and Expected Shortfall, tail risks
- Market Risks Frameworks
  - Market risks under Basel III
  - FRTB, Standardized Approach and IMA
  - Risk dynamics and portfolio management
- Case Study: Credit National

12^{15}–13^{15}

Lunch break

13^{15}–16^{30}

Risk Measurement (cont.)

Balance Sheet Risks

- Measuring the Interest Rate Risk of the Banking Book
  - Building up the interest rate gaps
  - Sensitivity and duration, embedded options, prepayments
- Measuring Spread and Funding Risks
  - The articulation between liquidity, spread and funding risks
  - Accounting considerations
- Assessing Liquidity
  - Liquidity gap and ratios, LCR and NSFR
- Case study: Credit National

Other Risks and How to Aggregate All Risks

- Assessing Operating Risks
  - Operational, business and residual risks
- Aggregating Risks

THURSDAY, APRIL 18

09^{00}–09^{15}

Recap and warm up

09^{15}–12^{15}

Managing the risks of the bank

Risk Management in Banks

- Organization of the Risk Management Function
- Expected Internal and External Disclosures
  - Regulatory disclosures
  - Accounting disclosures
  - Internal management reporting
- Funds Transfer Pricing
  - Locating risk management in the right expertise center
  - Financial and commercial risks and margins
- IT and Data Concerns
  - Categories of IT tools used to manage risks
  - Emerging technologies, machine learning, report teaching

Controlling Risks, Hedging and Mitigation

- Tools for Risk Control and Mitigation
  - Limits, securitization and hedging
- Hedging: Value and Cash Flow Hedges
  - Interest rate and credit derivatives
  - Value and cash flow hedges
  - Micro and micro hedges
- Case Study: LTCM

12^{15}–13^{15}

Lunch break

13^{15}–16^{30}

Perspectives on Risk

Risk and Finance and the Management of the Bank

- The management mechanisms of the bank
  - Top to bottom: Capital allocation and global limits
  - Bottom-up: Committees and Reporting
- The Convergence of Risk and Finance Operating Models
  - Different objectives, different cultures, different silos
  - IFRS 9 breaks the silos
- Processes Supporting Risk-Return Type Decisions
  - RAROC or how to price risk
  - Financial planning

Current Issues

- Regulatory Pressure and Banks Profitability
- Sovereign and Systemic Risks
- IFRS 9, a Game Changer
- Fintechs and Blockchain

Seminar wrap up and final game

Lecturer: Jean-Bernard Caen

As a Policy Advisor within the consulting firm PRNS 'parnass' since 2014, Jean-Bernard has been working on assignments for Financial Institutions in the areas of risk-finance interactions, ALM, capital allocation, risk appetite and the economic assessment of risks.

Before that, as Head of Economic Capital and Strategy for Dexia group for 12 years, he was in charge of Basel2 Pillar2 and Risk-Finance cooperation. He was instrumental in working out and implementing Economic Capital as the internal measure of risk. It was subsequently used in all risk vs. return processes across the group, such as Risk Appetite, Risk Budgeting, RAROC and Capital Planning.

In 1990, Jean-Bernard founded the Management Consulting firm Finance & Technology Management (FTM), which he ran for 12 years as the CEO. As such, he directed numerous assignments for European Financial Institutions in the areas of Shareholder Value, Risk Management, Capital Allocation and ALM.

He is a member of PRMIA France Executive Committee, of AFGAP Management Board, and he teaches at the French National School of Economics and Statistics; he is also a senior lecturer and he published numerous articles.

He is a French Civil Engineer and he graduated from MIT.

UPDATED

CLIMATE AND ESG RISK MANAGEMENT

DATES: **APRIL 29–30, 2024** • PRICES: **€ 1,400 In-class, € 1,050 Online** • LOCATION: **Prague and Online**

Attend this online training course and learn about:

- **Types of Climate Risks: Physical and Transition Risks**
- **International Perspective and Initiatives**
- **Climate Risk Regulatory and Supervisory Expectations**
- **Sustainability Disclosures and Risk Management**
- **Integration with Business as Usual Risk Management**
- **Climate Risk Data and Modelling**
- **Scenario Analysis and Supervisory Climate Risk Stress Testing**
- **Optimal Net Zero Strategy for Loan and Investment portfolios**
- **Examples of Good Practices**

The attention to climate change and climate risk gained significant momentum and managed to climb up the agendas of leading global policymakers, regulators, corporates and financial institutions. Number of banks and investors are already feeling the first climate change losses in their portfolios and are struggling to keep up the paste with the intensity of regulatory climate activities. In parallel, the financial industry is gearing up for yet another climate related significant task – the decarbonization of their portfolios- in order to reach carbon net-zero portfolio by 2050. Climate Risks are source of financial risks, they require special considerations and if they are to be managed effectively and efficiently they need to be addressed in close integration with bank's business as usual activities.

The objective of this two-day course is to give the participants a deeper understanding of how climate-related and environmental risks impact financial institutions and how should they be embedded into bank's risk management framework.

Participants will gain insights into emerging regulatory standards, best practices for climate change risk management and have the opportunity to enhance their ability to leverage quantitative metrics and analytics to effectively evaluate climate change risks in loan and investment portfolios under different climate scenarios and strategies. Throughout the course we will cover the latest developments in the industry, regulations and technology relevant for effective and efficient Climate Risk Management.

MONDAY, APRIL 29

09:00–09:10

Welcome and Introduction

09:10–10:20

Session 1: Introduction to Climate Change & ESG

- Climate Change facts
- Climate Extreme events and losses
- IPCC Sixth Report- Climate Emergency
- Paris Agreement and Net Zero
- Climate Change vs Sustainability vs ESG vs Net Zero

10 mins Q&A

10:20–11:45

Session 2: International Initiatives and Perspectives

- European Union " Action Plan on Financing Sustainable Growth" & "Green Deal"
- UN Sustainable Development Goals
- UNEP FI pilot projects & Best practices
- GFANZ / Global banking alliance for net Zero
- TCFD / Risk Management / Scenario Analysis
- TNFD
- Climate Financial Risk Forum

10 mins Q&A

11:45–12:30

Session 3 (part 1)

12:30–13:30

Lunch break

13:30–13:55

Session 3 (part 2)

Session 3: Introduction to Climate Risk

- WEF Global Risk report – top RISKS
- Types of Climate Risks: Physical and Transition Risks
- Transmission Channels to Financial Risks
- Financial vs Nonfinancial corporate perspective
- BIS / NGFS perspectives: Climate as source of financial risks and financial instability

10 mins Q&A

13:55–15:05

Session 4: Climate Risk Management and Regulations

- Climate Risk Management process
- Climate Risk Governance & Risk Appetite
- Carbon Footprint & Carbon Accounting (PCAF, Greenhouse Gas Protocol, SBTi)
- Integration with of climate risk with other Financial risks and BAU
- Supervisory Expectations Related to Risk Management (ECB)
- Climate Stress testing
- Model Risk Management

10 mins Q&A

15:05–15:20

Break

15:20–17:00

Session 5: Climate Risk Data and Assessment – Transition Risk

Climate Risk Data

- Carbon data (Internal/ external / vendor)
- Climate Data pooling

Transition Risk Assessment Methodologies

- Understanding Carbon Footprint and other risk drivers
- Practical Methodological examples
- ECB 2021 Exploratory Climate Risks Stress Test methodology- Transition Risk
- PACTA – Paris Agreement Capital Transition Assessment –Example of The Automotive Sector

10 mins Q&A

TUESDAY, APRIL 30

09:00–10:10

Session 6: Climate Risk Data and Assessment – Physical Risk

Climate Risk Data

- Hazard data
- Geographical / location data

Physical Risk Assessment Methodologies

- Understanding risk drivers
- Heatmapping and Scoring Practical Examples
- Physical Risk Analytics- An Illustration

M F T

Hybrid course – both classroom and online training available.

ECB 2021 Exploratory Climate Risks Stress Test Methodology
- Physical Risk Assessment – Benchmark of Third-party Providers
- Integrating Transition Risk and Physical risk

10^{10}–11^{35}

Session 7: Climate Risk Reporting & Disclosures
- Sustainability Disclosures and Risk Management
  - Pillar 3
  - CSRD
  - SFRD
  - TCFD
  - IFRS
- EU Taxonomy
- CSDDD
- Management reporting / TCFD good climate risk reporting practices

11^{35}–12^{30}

Session 8 (part 1)

12^{30}–13^{30}

Lunch break

13^{30}–13^{50}

Session 8 (part 2)

Session 8: Climate Scenario Analysis & Stress Testing
- Vanilla stress testing vs Climate Stress Testing
- NGFS Climate Scenarios
- Process and Methodology considerations
- ECB 2022 Bottom-up Exercise
- BOE 2022 Stress Test

  5 min climate stress testing demo video

13^{50}–15^{00}

Session 9: ESG & NetZero
- GFANZ and Net Zero
- Transition Pathways
- Portfolio Alignment methods
- Optimal decarbonization strategy
- Social & Governance sides of ESG
- Biodiversity
- ESG ratings

15^{00}–15^{15}

Break

15^{15}–16^{30}

Session 10: ESG & Climate Risk Best Practices
- CFRF climate Risk Stress Testing tool
- Climate impact explorer
- ThinkHazard – physical risk assessment tool
- Annual Climate Risk reports of sample leading banks

Summary and Conclusions of the Seminar

Lecturer:

Peter Plochan

Peter Plochan is the EMEA Principal Risk Management Advisor at SAS who helps financial institutions to deal with their challenges around finance and risk regulations, enterprise risk management, risk governance, forward looking risk analysis, stress testing, model risk management, risk modelling and climate change risk management.

Peter has a finance background (Master's degree in Banking) and is certified Financial Risk Manager (FRM) with 14 years of experience in risk management in financial sector. He has assisted various banking and insurance institutions with large-scale risk management implementations while working both internally and also externally as a risk management advisor (PwC). Since joining SAS in 2014, Peter serves as a global acting domain expert – leveraging the latest trends in risk analytics & technology with his deep risk management & finance expertise.

Peter also acts as the Risk Management trainer for PRMIA (Professional Risk Management International Association) where he developed and delivers training on Climate Risk Management, Model Risk Management and ERM & Stress Testing for the global risk community. Peter regularly speaks & presents at risk events/webinar and publishes risk management thought leadership materials.

FIXED INCOME – PRICING, TRADING AND INVESTING

DATES: **May 21 – 22, 2024** • PRICES: **€ 1,400 In-class, € 1,050 Online** • LOCATION: **Prague and Online**

Attend this 2-day training course and learn about:

- **The makeup of the bond market: participants, motivations, different types of bonds and market conventions**
- **The detailed pricing of bonds, from the basic yield-to-maturity approach to bootstrapping spot rates and default probabilities**
- **P/L attribution on a bond position**
- **Measuring the risk of a bond position and the popular risk metrics**
- **Bond investing and trading strategies, yield curve positioning, liability-driven investment, credit and convexity plays**
- **Bond-related derivatives, including bond futures, interest rate swaps and credit default swaps**
- **Using derivatives alongside bonds in trading and investing strategies**

This 2-day course covers a full spectrum of information on bonds and the bond markets. We begin with the basics and the common approaches to bond pricing, but the course heads smoothly from there into the deeper detail behind pricing bonds properly, including the inferring of default probability term structures and bootstrapping spot rate curves. Detail is always handled carefully, and explanations focus on the intuitive rather than the mathematical; explained from a market practitioner point of view.

Once pricing is understood participants will learn about the various approaches to understanding bond risk measurement and management. The classic risk metrics will be derived and discussed as well as the role of convexity in determining the bond yields. Participants will learn how bond investment can be tailored to suit market and yield curve views and how return-seeking and liability-matching is achieved.

The final section of the course introduces bond-related derivatives, futures, interest rate swaps and credit default swaps. The mechanics and pricing of these instruments is discussed and investment and trading strategies involving these derivatives are developed.

The course contains numerical examples and spreadsheet exercises to reinforce the technical learning, leaving participants with a first-hand understanding of the quantitative details.

TUESDAY, MAY 21

09^{00}–09^{10}

Welcome and Introduction

09^{10}–12^{15}

The Bond Market and Bond Pricing

- Bond markets and the participants
  - The rationale for bond issuance
  - Bond types – coupon, zero coupon, floating rate notes, callables
  - Government bonds versus corporate bonds – dealing with credit risk
  - Comparing bonds to bank loans
  - Equity versus debt – the investor choice
  - Bond market participants and their motivations
  - Liability matching and return seeking
- Pricing bonds
  - Conceptually how do we value a financial asset?
  - Understanding discounting and the choice of discount rate
  - Yield to maturity, coupon, and price
  - The yield curve – what drives the shape?
  - The PV01 of a bond – what is it telling us and how can we use it?
  - Accrued interest and clean bond prices
  - Modelling re-investment risk
  - Spot rates and bootstrapping a spot curve
  - Calculating forward rates – what do they signify?
  - Incorporating credit risk – how do we price in the chance of default?
  - The concept of risk premium – the unquantifiable extra
- Repo
  - Repo – the market for financing and borrowing bonds
  - What drives the repo rate?
  - Special versus general collateral – what's the difference?
- P/L attribution
  - Modelling P/L on a bond position through time
  - Attributing P/L to specific causes – funding, coupon carry, curve roll yield, clean price movement

12^{15}–13^{15}

Lunch Break

13^{15}–17^{00}

Bond Risk Measurement

- Interest rate risk
  - How is interest rate risk generated on a fixed income position?
  - Measuring interest rate risk
  - The common risk metrics - Macauley duration, duration, modified duration, DV01
  - Calculating and contrasting risk metrics – which ones does investors and traders focus on and why?
  - How are the bond risk metrics a function of bond characteristics?
  - Risk bucketing and portfolio risk management
  - Convexity – the rate of change of duration
  - Calculation of convexity in different bonds – what drives the differences?
  - How is a convexity position paid for?
  - Comparing bonds of differing convexities – which characteristics effect the magnitude of convexity?
- Credit risk
  - Differentiating credit risk from interest rate risk
  - Credit risk metrics – spread DV01/ CS01

WEDNESDAY, MAY 22

09^{00}–12^{15}

Trading and Investing Strategies

- Investment strategies
  - Return seeking – buy and hold
  - Laddering – the benefits of building a bond ladder
  - Liability matching – the concept of immunisation
  - LDI – liability-driven investment
  - The limits of liability matching
- Yield curve directional strategies
  - Parallel shift plays
  - Curve twisting – constructing steepeners and flatteners
  - Bond butterflies – betting on yield curve concavity
  - Sizing and maintain yield curve strategies and attributing P/L

Hybrid course – both classroom and online training available.

- Relative value strategies
  - Credit plays – capturing excess risk premium
  - Curve roll – capturing excess carry
  - On-the-run versus off-the-run – convexity plays and capturing the 'new bond premium'

12^{15}–13^{15}

Lunch Break

13^{15}–17^{00}

Bond Derivatives

- Bond futures
  - Mechanics of bond futures
  - How are bond futures priced?
  - Determining the cheapest to deliver bond
  - Implied repo and net basis
  - Cash versus futures arbitrage
- Interest rate swaps
  - Mechanics and quoting conventions of swaps
  - How are swaps priced? What drives the swap rates?
  - Swap spreads – what drives the spread?
  - Creating asset swaps – synthetic floating rate notes
  - Asset swap trading opportunities
  - Cross-currency swaps
  - Using cross-currency swaps to currency hedge a bond and create synthetic assets
  - How to truly compare bonds across different currencies
- Bond options
  - How do bond options work?
  - Pricing the bond option
  - Understanding the importance of volatility
  - Using bond options to express directional and volatility views
- Credit default swaps (CDS)
  - Mechanics and conventions of the CDS
  - Theoretical CDS pricing
  - CDS trading strategies
  - CDSs versus asset swaps – the CDS-cash basis
  - Using CDS to create synthetic corporate bonds
  - Trading the basis – does a non-zero basis imply arbitrage?
  - CDS indices – iTraxx and CDX
  - Credit index trading
  - Tranched credit indices – the importance of correlation

Conclusion of the Seminar

Lecturer: Mark Taylor

Mark has been a trainer and consultant in finance for 12 years have previously spent 10 years as an FX and interest rate derivatives trader in London, Hong Kong and New York. His trading experience spans vanilla and exotic products having run profitable businesses across the derivatives product spectrum.

Mark graduated from the University of Bristol with a first-class degree in Aeronautical Engineering. He had a brief stint as an aerodynamicist working on military aircraft design for BAe Systems, before moving into finance, first with Deutsche Bank and then RBS.

After leaving finance Mark bought, ran and subsequently sold a retail business; in the process developing a first-hand understanding of company valuation, accounting, as well as company financing and risk management.

Mark uses his experience in financial markets and the corporate world to run engaging training courses across all financial market subjects.

Knowledge Leads the Way...

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INVESTMENT RISK ANALYTICS – CONCEPTS AND APPLICATIONS

DATES: **May 27 – 28, 2024** • PRICES: **€ 1,400 In-class, € 1,050 Online** • LOCATION: **Prague and Online**

Key points / questions answered:

- **Best practice in risk analytics: Gaining an overview of modern concepts in quantitative investment risk management.**
- **Applications of insights: Transfer concepts and models to practical problems in investment risk management**
- **Interaction with peers: gain additional insights from the discussions between participants and lecturer and discussions that will emerge during the group exercises**
- **Communication of Quantitative Analysis: a major emphasis is developing a qualitative understanding of the quantitative concepts in order to improve the communication with the non-quantitative stakeholders in the investment risk management process**

Course background:

In this intense two-day course, participants will gain a deeper understanding for the traditional investment risk concepts used in investment management and extensions introduced in recent years. The concepts presented were selected with regard to application and implementation in real-world investment processes. We believe that investment risk modelling, measurement and management are not art for art's sake, but tools for investors and investment management professionals.

Participants will also receive all spreadsheet examples discussed during the course, which be used as a basis for developing customized in-house models. As most delegates will be „investment risk practitioners“ with diverse backgrounds, a lively exchange of ideas and experiences is guaranteed.

Target audience:

This course has been designed for the benefit of:

- Research analysts
- Portfolio managers
- Risk managers
- Fund analysts
- Financial Economists
- Quantitative investment analysts

MONDAY, MAY 27

09^{00}–09^{10}

Welcome

09^{10}–12^{15}

Introduction

- The Economics of Risk: MPT
- The Philosophy of Risk: Risk & Uncertainty
- The Psychology of Risk: Behavioural Finance
- Observations in the Financial Crisis 2008 and Coronavirus Pandemic 2020

Volatility

- Introduction, Calculations, Interpretations
- Portfolio Volatility: Linear & Non-Linear Dependence
- Did Diversification Fail?
- Contribution Analysis
- Tracking Error
- Factor Models
- Limitations

12^{15}–13^{15}

Lunch

13^{15}–17^{00}

Risk Measures beyond Volatility

- Risk Measure Classification
- Desirable Properties of Risk Measures
- Loss-Based Risk Measures
  – Semi-Variance
  – Partial Moments
  – Value-At-Risk
  – Conditional Value-At-Risk
  – Drawdown Risk
- Tail Risk Analysis: Black Swans, Dragons & Extreme Events
- Contagion
- Full Distribution Measures
  – Omega
  – Stochastic Dominance

Two group exercises will be solved during the first day

TUESDAY, MAY 28

09^{00}–12^{15}

Topics in Quantitative Risk Analysis

- The Riskfree Rate
- Dynamic Risk Analysis
- The Normal Distribution Assumption
- Outliers
- Non-Normal Distributions
- Historical, Parametric, Monte Carlo Approaches
- Introduction to Copulas

Integration of Performance and Risk Analysis

- Brinson Risk Attributions
- Integrated Risk and Return Attribution Analysis
- Risk-Adjusted Performance Attribution?

12^{15}–13^{15}

Lunch

13^{15}–17^{00}

Stress Testing and Scenario Analysis

- Scenario Analysis
- Stress Testing
- Manipulating Correlations

Investment Risk Management

- Design Principles
- The Illusion of Control
- Risk Monitoring
- Considering other risk aspects
  – Counterparty risk
  – Liquidity risk
  – Model Risk

Review and Conclusions

Two group exercises will be solved during the second day

Lecturer: Andreas Steiner

Andreas Steiner is an independent consultant specializing in portfolio analytics and risk management. The services provided include training, advanced portfolio analytics software and mandate-based projects for banks, investment managers, institutional investors and software companies. Andreas has been teaching as a lecturer at the Zurich University of Applied Sciences in Switzerland, where he gave courses covering performance analysis, international investing and Behavioral Finance. Andreas has published several articles in investment-related journals and is making available his research online in the form of research notes and blog entries.

Andreas has more than 15 years of working experience in institutional asset management and private banking. He held various performance and risk-related roles at Credit Suisse Asset Management and was head investment risk management at LGT Capital Management. Andreas holds a master‘s degree magna cum laude in Economics from the University of Zurich with specializations in Monetary Economics and Financial Markets.

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COMMERCIAL REAL ESTATE VALUATION

DATES: **October 14 – 15, 2024** • PRICES: **€ 1,260 In-class, € 945 Online** • LOCATION: **Prague and Online**

Attend this intensive 2-day training program and learn:

- **How valuers use traditional and modern methods to appraise property**
- **The differing techniques to valuing various property types**
- **What is meant by an IVS compliant valuation report?**
- **How to interpret the results through better understanding of the underlying inputs and assumptions**
- **Valuation of development sites**
- **How to approach the valuation of emerging real estate asset classes**
- **Current trends in the pan-European property market**

Course Description:

Real estate valuation reports can be opaque and difficult to decipher and yet are a crucial element of the world of investment and development. This course will develop skills by taking participants through the process of preparing commercial property valuations. Participants will be introduced to basic valuation approaches and how to identify the key drivers of real estate value. Building on the initial theory, more sophisticated methods will be covered that combine in the production of high-quality valuation reports.

Each session will provide an insight to the valuation profession looking at the procedures followed by property valuation experts. Day 1 will introduce you to the main concepts, offering an overview of the methodologies employed in the appraisal of real estate as well as the main regulatory frameworks. Day 2 will provide an opportunity to examine practical examples that will include development sites, leisure properties and multi-tenant assets.

What is the goal of this training?

This training will be of interest to practicing and novice valuers, as well as those that use valuation reports and stakeholders in the real estate investment process. The training will also bridge the gap between users of property valuation reports and the valuers who prepare them. This will ensure the instruction and report processes will run smoother, saving time and expense. You will learn the relevance of real estate as an investment medium, particularly relevant as the availability and sophistication of property investment products continues to grow.

Who should attend?

- Investors
- Fund Managers
- Asset Managers
- Property Analysts
- Real Estate Financers
- Valuation Professionals

MONDAY, OCTOBER 14

09^{00}–09^{10}

Welcome and Introduction

09^{10}–12^{15}

Section 1: Introduction to Property Valuation

- Run through of topics for the two days.
- Warm up exercise – “Why do we need to value property?”
- Property as an Asset
- Market conditions in CEE
- ntroduction to methods of property valuation
- Overview of main organisations that regulate Real Estate Valuation, IPMS, Ethics

Case study: Consideration of comparable buildings – what features drive value?

Section 2: Commercial Real Estate Valuation Methods and Bases

- Commercial Real Estate valuation methods
- UK model – 5 traditional methods of valuation plus modern methods
- US/International model – 3 approaches
- How methods affect value
- Growth implicit methods v Growth Explicit methods
- Worth v Price v Value
- Valuations for secured lending, valuations for financial reporting

Case study: Comparison of methods

12^{15}–13^{15}

Lunch

13^{15}–17^{00}

Section 3: Starting small – valuation of a single-let property (Investment method)

Inputs

- Consider and compare lease terms
- Calculation of a suitable capitalisation rate
- Valuation Arithmetic (PV, Year’s Purchase, growth)

Outputs

- Initial yield
- Reversionary yield
- Equivalent yield
- Equated yield

Case study: Valuation of a single-let investment opportunity, calculation of equivalent and equated yields

Section 4: Growth Explicit Models of Valuation

- Cash flow for real estate investments
- Discount rate
- Net Operating Income
- Discounted Cash Flow (DCF) model for RE
- Internal Rate of Return v NPV
- Worth or Value, Appraisal or Valuation?

Case study: Valuation of single-let investment using modern methods, comparison and discussion

TUESDAY, OCTOBER 15

09^{00}–12^{15}

Section 5: Development Valuation

- Warm up exercise – “Value sensitive factors – discussion”
- Stages of development
- Traditional Methods
- Modern Methods
- Comparison

Case study: Valuation of development site

Section 6: Multi-let Properties

- Valuing multi-let assets
- WAULT and Running yield
- Valuation specifics by property type – inherent differences between the main sectors

Case study: Shopping centre valuation – qualitative v quantitative measures and their effects on valuation

MFT

Hybrid course – both classroom and online training available.

12^{15}–13^{15}

Lunch

13^{15}–17^{00}

Section 7: Accounts-based Methods of Valuation

- Using accounts to value properties
  - – Leisure
  - – Hospitality
  - – Cafes/bars
- Purchase price and the effect of goodwill

Case study: valuation of a hotel

Section 8: Emerging Property Sectors

- Co-working spaces
- Urban logistics
- Build-to-rent properties

Conclusion of the Course

Lecturer: David Hunt

David has over 10 years of commercial real estate experience mostly gained in Central and Eastern Europe. As a Chartered Surveyor he has specialised in valuation. He qualified while working with the UK's Valuation Office Agency before moving to DTZ's Ukraine office. He later worked in Romania and Poland for a total of 3 years with Cushman & Wakefield.

- Member of the RICS
- Fellow of the HEA

David currently works for the University College of Estate Management (UCEM) in Reading, UK. David joined UCEM in September 2015, principally as a tutor on valuation modules. He module leader for several valuation modules at undergraduate and postgraduate levels. He is also responsible for drafting and editing all valuation course content on the Bachelor of Science Degree in Real Estate Management.

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INTEREST RATE RISK HEDGING WORKSHOP

DATES: **October 21 – 22, 2024** • PRICES: **€ 1,400 In-class, € 1,050 Online** • LOCATION: **Prague and Online**

Attend this 2-day training workshop and learn about:

- **The nature and source of interest rate risk within companies and banks**
- **The hedging decision process including a look at how real companies decide how to hedge**
- **How to measure interest rate risk and quantify it using risk metrics and gap analysis**
- **Creating a risk management policy**
- **The spectrum of interest rate hedging products available to companies and their pros and cons**
- **The hedge lifecycle and the evolution of hedge valuation and break costs**

This 2-day workshop offers a detailed analysis of the process of interest rate hedging, from the measurement of risk through to detail on the products used to hedge.

On day one, we start with the basics of interest rate risk. How does it arise? How do we measure it? The workshop will look at how to quantify interest rate risk and the different measures popular with companies. During this section we will talk about how companies make the hedging decision and how they create a risk management policy. We also discuss dealing with banks - what's in it for them and how do they manage the risk?

On day two we move our focus to the hedging products themselves with a detailed analysis of the different products available and what each one offers as a hedge. Participants will learn the products in an intuitive way but also be taught the important pricing and risk calculations for each one. The products will be assessed in aggregate and we will discuss the role of each one in a diversified hedging portfolio. Once the products have been understood, the next section deals with how the valuation of the trade evolves over time, looking at the importance of yield curve shape in the valuation and future break costs.

The workshop finishes with a session analysing some real company hedging decisions and policies, bringing together all the knowledge gained over the two days to critique the approach taken by these companies to the job of interest rate risk management.

Who should attend?

- Bank traders, salespeople, structurers
- Bank market risk managers, middle office and operations professionals
- Investors - institutional investors, fund managers, private traders
- Company treasury managers and staff, accountants, risk managers

MONDAY, OCTOBER 21

09^{00}–09^{10}

Welcome and Introduction

09^{10}–12^{15}

Interest Rate Risk and the Hedging Decision

- How does interest rate risk arise within a company?
  - How are companies financed?
  - Equity versus debt
  - Why do commercial banks lend on a variable rate basis?
  - Why do companies usually want to pay a fixed rate?
- The market for fixed-rate loans
  - Why are fixed-rate loans so rare?
  - Is there still interest rate risk if you have a fixed rate loan?
- The corporate hedging decision – inside the mind of the corporate treasurer
  - How is risk identified and quantified?
  - What are the pros and cons of hedging?
  - How much risk do we hedge?
  - How does a typical company make the hedging decision?
  - Comparing to peers, does it matter what they do?
- Dealing with banks
  - What do banks get out of it?
  - What happens to the risk once the company has hedged?
- Understanding how banks profitably seek and manage risk on hedging deals

Exercises:

- *Corporate financing decisions*
- *Hedging discussion*

12^{15}–13^{15}

Lunch

13^{15}–17^{00}

Interest Rate Measuring and Managing

- How do we measure interest rate risk?
  - Description of quantitative measures of interest rate risk
  - Duration and DV01
  - Duration gap analysis
- How can we forecast cash flows and expected debt requirements?
  - Cash flow statement forecasting
  - Stress-testing our cash flow forecasts
- Macro hedging
  - Creating a risk management policy
- Managing the structural impact of low/high interest rates

Exercises:

- *Interest rate exposure calculation*
- *Building a simple cash flow statement forecast*

Interest Rate Risk Hedging

- What are the hedging products available?
  - Pros and cons of different hedging choices
  - Plotting the future scenarios
  - Linear products versus option products, how do we strike the right balance?
  - When is it a hedge and when is it not?
  - Balancing the floating-rate and fixed-rate mix
- Using FRAs and swaps to hedge
  - Understanding the pricing and the settlement of the hedging product
  - Aligning dates and amounts

TUESDAY, OCTOBER 22

09^{00}–12^{15}

Interest Rate Risk Hedging (cont.)

- Using an option-based hedge
  - Paying a premium or constructing a zero-cost combination?
  - Using exotic options – how do we balance flexibility and complexity?
- Flexible hedges
  - How can we construct a hedge for a variable debt amount?
  - Using variable notional swaps – how are they constructed and priced?
- Bringing the products together
  - Examination of the full spectrum of interest rate hedges available
- Other hedging issues
  - Appropriateness and suitability rules
    - Analysis of previous bank mis-selling cases
  - Hedging accounting under IFRS9 – why does it matter?
    - Reporting of hedge P/L

Exercises:

- Liability hedging using derivatives
- Using full and partial hedges

MFT

Hybrid course – both classroom and online training available.

12:15–13:15

Lunch

13:15–17:00

Hedge Lifecycle

- How to deal with changing circumstances?
  - Using rolling hedges
  - Pre-hedging known future exposures
- Evolution of hedge P/L
  - What effect does the shape of the yield curve have?
  - Dealing with curve roll down and negative carry
- Breaking the hedge – what happens when the hedge is no longer needed?
  - How do banks compute break costs?

Exercise:

effect of yield curve shape on carry and break costs

Analysis of Real Company Hedging Decisions

In this session, we analyse some real company interest rate hedging decisions and hedging policies. Participants will be given some company annual reports and asked to find evidence of interest rate risk calculations and risk management policies. Participants will be invited to draw conclusions on the logic behind the hedging policy and the hedging products chosen.

Termination and Evaluation of the Workshop

Lecturer: Mark Taylor

Mark spent 10 years as an FX and interest rate derivatives trader in London, HK and New York before moving into financial training, where he has spent the last 9 years. His trading experience spans vanilla and exotic products having run profitable businesses across the derivatives product spectrum.

Mark graduated from the University of Bristol with a first-class degree in Aeronautical Engineering. He had a brief stint as an aerodynamicist working on military aircraft design for BAe Systems, before moving into finance, first with Deutsche Bank and then RBS.

After leaving finance Mark bought, ran and subsequently sold a retail business; in the process developing a first-hand understanding of company valuation, accounting, as well as company financing and risk management.

Mark uses his experience in financial markets and the corporate world to run engaging training courses across both the markets and corporate finance disciplines.

Knowledge Leads the Way...

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DATES: **November 4–6, 2024** • PRICES: **€ 1,950 In-class, € 1,463 Online** • LOCATION: **Prague and Online**

- **Overview of Asset Classes and Instruments**
- **Asset Pricing Models: CAPM, APT and Multi-Factor Models**
- **Diversification: Eggs, Baskets, Umbrellas and Ice Cream**
- **Strategic Asset Allocation and Portfolio Construction**
- **Quantitative Portfolio Management**
- **Tactical Asset Allocation**
- **Derivative Strategies for TAA**
- **Risk Monitoring and Benchmarking**

Course Description

This course provides a broad overview of critical elements in the investment process; reviewing basic financial instruments and their characteristics, aspects of portfolio construction and quality control as well as forecasting risk and return. The course will also focus on some of the more practical challenges facing industry practitioners today in managing strategic and tactical portfolios through a wide range of traditional and alternative asset classes.

Although the Investment Management course was designed with professional investment managers and analysts in mind, its wide-ranging syllabus also offers an excellent guide to investment management generally. For this reason it can also be used as a knowledge-building introduction for those needing to better understand practical application of investment theory and current issues.

Methodologies

The methodology of this course is application oriented, leaving room for discussions and participant questions.

Target Audience

Junior investment professionals, investment committee members, senior management, relationships and sales professionals.

Materials

Participants will receive a binder with the slides presented and access to spreadsheets containing example calculations for all models and concepts discussed.

MONDAY, NOVEMBER 4

09^{00}–09^{15}

Welcome and Introduction

09^{15}–12^{15}

The Investment Mandate

- Investment Objective
- Investment Strategy and Benchmark
- Risk Tolerance, Correlations and Loss
- Eligible Instrument Universe
- Diversification Constraints
- Example: Relative vs. Absolute Return Mandates

Overview of Asset Classes and Instruments

- Cash: Deposits, CD, CP, Bills
- Government Cash Bonds, Futures and Options
- Stock/Common Equity and Stock Options
- Corporate Bonds and Derivatives: Vanilla, Convertibles, CDS
- Stock Index EFTs
- Private Equity, Real Estate REIT
- Commodity ETFs, Indices and Futures
- Active ETF, Exchange Traded Products

12^{15}–13^{15}

Lunch break

13^{15}–17^{00}

Asset Pricing Models: CAPM and APT

- Opportunity Set and Efficient Frontier
- CAPM, APT and Multi-Factor Models
- Factor Analysis and Principal Component Analysis
- Case Study: Factor Identification

Diversification: Eggs, Baskets, Umbrellas and Ice Cream

- Diversifiable and Non-Diversifiable Risk
- Effect of Asset Correlations and Volatility on Portfolio Volatility
- Stability of the Variance-Covariance Matrix
- Diversification by Geography and Asset Class

TUESDAY, NOVEMBER 5

09^{00}–12^{15}

Forecasting Asset Class Returns

- Valuation Ratios: Price/Earnings, Reverse Yield Ratio, Earnings Yield Ratio
- Equity Risk Premium
- Dividend Discount Model

Strategic Asset Allocation and Portfolio Construction

- Estimating the long-term Variance-Covariance Matrix
- Portfolio Optimisation: Markowitz
- Incorporating Higher Moments: CVaR, Drawdown
- Constraints, Estimation Error and Other Practitioner Issues
- Identifying the Optimal Portfolio
- Examples: Balanced, Endowment Models and Core-Satellite

12^{15}–13^{15}

Lunch break

13^{15}–17^{00}

Bond Analysis and Portfolio Management

- Fixed-Income Securities – general features of bonds, Government bonds, Agency bond, Corporate bonds; Convertible bonds; Asset-/Mortgage-backed securities
- Bond Analytics – Discounting the expected cashflow (coupons, repayment), yield to maturity; price/ytm relationship
- Yield Measures and Forward Rates – Sources of return, Traditional yield measures, Yield spread measures; Forward rates
- Measuring Interest Rate Risk
- Fixed-Income Portfolio Strategies – Selecting the Benchmark, Portfolio parameters, Duration and Yield curve, Volatility, International Corporate Bonds

WEDNESDAY, NOVEMBER 6

09^{00}–12^{15}

Corporate Credit Strategies

- Investment Grade: Yield Surfaces and Comparables
- High Yield Fixed Income: Bond/Equity Hybrids
- Using CDS for Tactical Credit Exposure and Hedging

Tactical Asset Allocation

- Augmenting Strategic Returns with Tactical Alpha
- Tactical Investment Horizon Equilibrium Breakdown and Crowd Behaviour

- Variety of Approaches: Long/Short Gamma, Fundamental/Technical, Systematic/Discretionary
- Tactical Investment Strategies: Trend following, Pattern Recognition, Global Macro, CPPI

Derivative Strategies
- Instruments: Listed Futures and Options
- Asset Classes: Global Stock Indices, Fixed Income, FX, Commodities
- Using Futures to Implement Directional TAA
- Refining Implementation of TAA through Options Strategies

12.15–13.15
Lunch break

13.15–17.00
Monitoring and Benchmarking
- Identifying Suitable Benchmarks
- Peer Group Analysis
- Sources of Returns: Stock Selection, Asset Allocation, Market Timing
- Monitoring Investment Guidelines, Constraints and Limits
- Style Drift
- The Role of the Independent Consultant

Summary and Conclusions of the Course

Lektor: Andreas Steiner

Andreas Steiner is an independent consultant specializing in portfolio analytics and risk management. The services provided include training, advanced portfolio analytics software and mandate-based projects for banks, investment managers, institutional investors and software companies. Andreas has been teaching as a lecturer at the Zurich University of Applied Sciences in Switzerland, where he gave courses covering performance analysis, international investing and Behavioral Finance. Andreas has published several articles in investment-related journals and is making available his research online in the form of research notes and blog entries.

Andreas has more than 15 years of working experience in institutional asset management and private banking. He held various performance and risk-related roles at Credit Suisse Asset Management and was head investment risk management at LGT Capital Management. Andreas holds a master's degree magna cum laude in Economics from the University of Zurich with specializations in Monetary Economics and Financial Markets.

Znalosti jsou cestou ...

Znalosti jsou cestou ...

BANK CAPITAL MANAGEMENT – ECONOMIC CAPITAL, FUNDS TRANSFER PRICING AND RAROC

DATES: **November 12–14, 2024** • PRICES: **€ 1,755 In-class, € 1,316 Online** • LOCATION: **Prague and Online**

Key points / questions answered:

- **Understanding the Role of Banks Capital**
- **Articulating Capital, Risk and Return**
- **Risk Identification, Measurement and Aggregation**
- **Regulatory and Economic Capital**
- **Internal Funds and Risk Transfer Pricing**
- **Risk-Adjusted Performance Measurement and Monitoring**
- **Current Issues and Concerns**

The purpose of this seminar is to give you a clear understanding of what is banks capital, why it is crucial and how to use it to create value. Banks are managed using two desynchronized steering wheels: The regulatory framework that ignores profitability, and the financial framework, quite disconnected from risk issues. The evolution of the banking environment, IFRS 9, FinTech, Covid, etc. requires banks to manage more dynamically their capital. This seminar clarifies for you the issues and the practical ways to handle them. The seminar consists of six study sessions.

The six sessions are articulated as follows: We start by clarifying the nature of capital and why you need capital to take risks. Then we look at risks, how to identify and classify them, and how to measure them properly. We then articulate risk and return measures to provide transactions pricing and efficient performance indicators. More specifically:

Session 1 starts with the exploration of the different capital metrics: Regulatory, accounting and economic. We look at the components of capital, their “raison d’ętre” and capital planning.

Session 2: Once the articulation between capital and risk is clearly defined, we address the issues of risk appetite and tolerance, capital usage and allocation. We discover the RICAP, the process used to identify, hunt and classify risks.

Session 3 is dedicated to Economic Capital, the economic measure of risks. It is a neutral and transverse risk metrics, applicable to all measurable risks, and it ultimately provides the level of capital needed to cover each risk.

Session 4 looks at how to link Economic Capital to profitability and capital measures, in order to provide powerful top to bottom performance measures and efficient management decisions support.

Session 5 addresses the intricacies of funds transfer pricing, or how to move capital, risks and funds inside the bank so that performance indicators remain relevant and efficient from the business level, down to the transaction level.

Session 6 deals with how to combine risk and return measures to the pricing of transactions (RAROC); and to conclude the seminar, we address the current issues and concerns related to bank’s capital management.

TUESDAY, NOVEMBER 12

09^{00}–09^{15}

Welcome and Introduction

09^{15}–12^{15}

Session One

The Nature and Utility of Banks Capital

- Why do banks need capital?
- The regulatory, accounting and economic views of capital
- Capital regulation from Basel 1 to Basel 4 and beyond
- Accounting capital, its components and the role of equity
- Economic capital and value creation
- Capital allocation and financial planning

Capital Planning and Risk Management

- Fundamental components of capital planning
  - Internal control and governance
  - Capital policy and risk capture
  - Forward-looking view
  - Management framework for preserving capital
- Benefits of capital management
  - Risk strategies, diversification, market share, pricing

12^{15}–13^{15}

Lunch break

13^{15}–16^{30}

Session Two

The Articulation between Capital and Risk

- Capital as a means to take risks and generate profits
- Risk appetite objective and indicators
- Risk tolerance logic
- Risk, return and capital, the magic triangle
- Assessing added value
  - Economic Profit
  - RAROC and Economic Value Added

Foundations of Risk Management

- A brief history of Risk Management
- The RICAP process
  - Risk hunting and identification
  - Risk taxonomy
- Game on all issues covered during day 1

WEDNESDAY, NOVEMBER 13

09^{00}–09^{15}

Recap and Warm up

09^{15}–12^{15}

Session Three

Economic Capital Concepts

- Foundations of Economic Capital
  - The seven guidelines
- Implementation steps
  - Articulation with Basel Pillar 2
  - Articulation with Finance/IFRS 9

Economic Capital Assessment

- Steps to measuring Economic Capital
  - Risk Capital as standalone risk measure
  - Economic Capital as Marginal risks measure
- Measuring Credit Risk Capital
  - Basel 2/3 formula analysis
  - Credit Var and concentration
- Measuring market risks
  - Balance sheet and trading risks
  - Interest rate, FX, equity, spread and other market risks
- Measuring operating and other risks
- Aggregating risks
  - Managing inter risks correlations

12^{15}–13^{15}

Lunch break

13^{15}–16^{30}

Session Four

Economic Capital in Practice

- Expected results and interpretation
  - Business models and risk profiles
- Articulating Economic and Regulatory Capital
  - Perimeters and severity level
  - Risk coverage and methodologies

- Organization of the Economic Capital team
  - Required functions, committees and IT support
- Benchmarks and review of banks disclosures

Case study: Dexia

- The rise and the fall: facts and figures
- Analysis and lessons

THURSDAY, NOVEMBER 14

Session Five

09^{00}–09^{45}

Economic Capital Exercise Review and Discussion

10^{00}–12^{15}

Funds Transfer Pricing

- Organization of the ALM, the nuclear reactor of the bank
- Commercial and Financial margins
- Steering of the Commercial margin
- Steering of the Financial margin
- Pricing internal funding using Reference refinancing

12^{15}–13^{15}

Lunch break

13^{15}–16^{30}

Session Six

RAROC, Macro-prudential Regulation

- RAROC
  - Different types of Risk Adjusted measurement
  - Analysis of RAROC components
  - Live exercise
- Discussion of macro-prudential regulation issues
  - Can bank still measure their risk properly?
  - What impact of the banking regulation on the economy?
  - Moral hazard and the future of regulation

Final Game and Termination of the Seminar

Lecturer: Jean-Bernard Caen

As a Policy Advisor within the consulting firm PRNS 'parnass' since 2014, Jean-Bernard has been working on assignments for Financial Institutions in the areas of risk-finance interactions, ALM, capital allocation, risk appetite and the economic assessment of risks.

Before that, as Head of Economic Capital and Strategy for Dexia group for 12 years, he was in charge of Basel2 Pillar2 and Risk-Finance cooperation. He was instrumental in working out and implementing Economic Capital as the internal measure of risk. It was subsequently used in all risk vs. return processes across the group, such as Risk Appetite, Risk Budgeting, RAROC and Capital Planning.

In 1990, Jean-Bernard founded the Management Consulting firm Finance & Technology Management (FTM), which he ran for 12 years as the CEO. As such, he directed numerous assignments for European Financial Institutions in the areas of Shareholder Value, Risk Management, Capital Allocation and ALM.

He is a member of PRMIA France Executive Committee, of AFGAP Management Board, and he teaches at the French National School of Economics and Statistics; he is also a senior lecturer and he published numerous articles.

He is a French Civil Engineer and he graduated from MIT.

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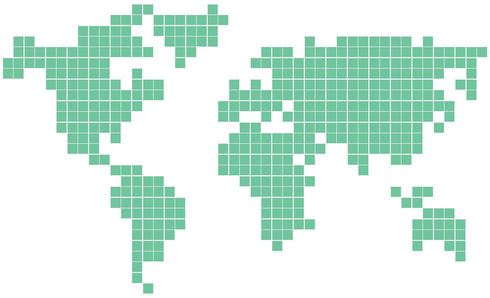
VALUE-ADDED MAPPING



	TREASURY	INVESTMENT MANAGEMENT	CORPORATE FINANCE	ASSET-LIABILITY MANAGEMENT	RISK MANAGEMENT	SUPERVISION, AUDIT, COMPLIANCE
Financial Risk Management – Methods, Tools, Principles and Regulation						
Climate and ESG Risk Management						
Fixed Income – Pricing, Trading and Investing						
Investment Risk Analytics – Concepts and Applications						
Commercial Real Estate Valuation						
Interest Rate Risk Hedging Workshop						
Investment Management – Asset Allocation, Portfolio Construction and Investment Strategies						
Bank Capital Management – Economic Capital, Funds Transfer Pricing and RAROC						

Length of the red stripe expresses the relative level of attractiveness of the seminar for respective bank departments and desks. It is to be interpreted as an estimated average appropriateness which may deviate in individual cases, among others, due to the different level of juniority/seniority of the particular participant.

- **Expert senior trainers with advanced academic degrees as well as practical backgrounds**
- **The must-have training programme for financial professionals worldwide**
- **Extensive course materials and latest educational techniques**
- **Up-to-date didactical training techniques and practical skills**
- **Unique cross-border networking opportunities**

TERMS AND CONDITIONS OF THE MONECO FINANCIAL TRAINING

MONECO Financial Training

MONECO Financial Training offers a comprehensive programme of English-language seminars, trainings and practical workshops lectured by qualified tutors. Our objective is to provide the industry professionals with advanced financial know-how and up-to-date analytical methods and skills.

SEMINAR VENUE AND ACCOMODATION

The bulk of the MONECO seminars are traditionally held at the international four-star NH Prague City hotel in Prague, Czech Republic. Accommodation is not included in the seminar price, but upon request we are happy to offer you hotel reservation at special discounted prices for our valued clients. It does not apply to online participation in seminars that take place on the Internet.

TUITION LANGUAGE

Seminar tuition, all manuals, training software etc. are in English language. Therefore, in order to benefit from participation, at least a passive knowledge of English, including common financial phrases and related terminology, is required.

REGISTRATION

Clients who decided to participate, should submit us in advance a registration for a particular seminar (letter, fax, internet etc.). Subject to availability, the participant will then receive a confirmation of participation. The number of participants is always strictly limited in order to secure an effective and focused learning environment.

SEMINAR PRICES

The quoted seminar prices are per person and include all the training manuals, lunches and refreshments, certification diploma in English and selected software solutions used at the seminar. The food is not provided in case of online participation. The price does not include hotel accommodation. Quoted prices are exclusive of local VAT (21 %). “Bundle” prices represent the total fee for participation in mutually related seminars (i.e. “Bundles 3+2, 2+3, 2+2, 3+1, 1+3, 1+2+2 and 2+2+1”). “Bundle” prices are provided in the Calendar of the MONECO Finacial Training seminars

DISCOUNTS

Bulk discounts are offered when submitting an application for the participation of more than one person. A 10 % discount is offered when at least two participants from one company register for a seminar or one participant registers at once for two or more seminars. The discounts do not apply for “bundle” prices, and prices for online participation, as these already represent discounted prices.

INVOICING AND PAYMENT

An invoice for the seminar price will be sent to the participants no later than 10 working days prior to the beginning of the seminar. Full payment of the invoice must be made before the start of the seminar as a precondition of participation.

TERMS OF CANCELLATION

If for whatever reasons a registered participant is unable to attend, a substitute delegate may be appointed to participate instead. For cancellations received 20 days or more before the beginning of the seminar, a 10 % cancellation fee of the full price will be invoiced i.e. 90 % of the price is refunded. For cancellations received less than 20 days prior to the beginning of the seminar, the full price is payable i.e. no refund will be provided. All cancellations must be in writing. The organizers of the MONECO Financial Training courses reserve the right to cancel the individual participation or cancel the entire seminar or part of it for whatever unspecified reasons, including possible force majeure. In this case, the price paid will be refunded in full or in part, according

4 WAYS TO REGISTER

Fax: +420 541 219 735

Web: https://www.moneco.com

E-mail: moneco@moneco.com

Post mail: MONECO Ltd.
Gorkeho 1, CZ-60200 Brno
Czech Republic, Europe

REGISTRATION FORM

- Financial Risk Management – Methods, Tools, Principles and Regulation — April 16 – 18, 2024 ☐
- Climate and ESG Risk Management — April 29 – 30, 2024 ☐
- Fixed Income – Pricing, Trading and Investing — May 21 – 22, 2024 ☐
- Investment Risk Analytics – Concepts and Applications — May 27 – 28, 2024 ☐
- Commercial Real Estate Valuation — October 14 – 15, 2024 ☐
- Interest Rate Risk Hedging Workshop — October 21 – 22, 2024 ☐
- Investment Management – Asset Allocation, Portfolio Construction and Investment Strategies — November 4 – 6, 2024 ☐
- Bank Capital Management – Economic Capital, Funds Transfer Pricing and RAROC — November 12 – 14, 2024 ☐

COMPANY

Name:

Approving Manager:

Person responsible for training:

Address:

Tax Registration No.:

VAT Identification No.:

PARTICIPANTS

1.

Mr / Mrs / Ms

First Name:

Last Name:

Position:

E-mail:

Phone:

2.

Mr / Mrs / Ms

First Name:

Last Name:

Position:

E-mail:

Phone:

3.

Mr / Mrs / Ms

First Name:

Last Name:

Position:

E-mail:

Phone:

Date:

Signature:

Please, complete the registration form in capital letters and fax it to +420 541 219 735

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