

“Learn how to apply the REVOLUTIONARY new Annualised Loss Exceedence Curve (ALEC) method of modelling risk.....”

# Stress Testing & Scenario Analysis for Enterprise & Operational Risk Management

Understand the latest techniques in stress testing and scenario analysis

14th & 15th  
June 2012  
Central London, UK

Your Expert Trainer:

**Ali Samad-Khan**  
Founder and President  
**Stamford Risk Analytics**

Key benefits include:

- Limited spaces on a first come, first accepted basis
- Pre-course questionnaire to establish your individual and business concerns
- Several practical case studies and explanations allowing delegates to put theory into practice
- Comprehensive take-away course documentation
- The presentation will include proprietary Stamford Risk Analytics information and is therefore not open to individuals or firms that compete with Stamford Risk Analytics.

Program

## Introduction

- Lessons Learned From the Global Financial Crisis
- Why Most Risk Models Systematically Underestimate Risk?
- Why Do We Need Stress Testing and Scenario Analysis?
- Regulatory Requirements (Basel III and Solvency II)

## Key Risk Concepts

- What is Risk?
- Likelihood-Impact vs. Frequency-Severity
- Data Analysis Period vs. Time Horizon
- Single Event Loss vs. Aggregate Loss Exposure
- Expected Loss, Unexpected Loss and Total Exposure
- Static vs. Dynamic Risk Models

## Risk Classification and Taxonomy

- The Multidimensional Risk Universe (Market, Credit, Operational Risk, etc.)
- A Viable Risk Architecture and Taxonomy
- Risk Factors, Contributory Factors, Events and Effects
- Individual Risk Scenarios vs. Risk Classes
- Emerging Risks

## How to Quantify Risk in a Scenario/Stress Test Context

- How Models Work and Why they Sometimes Don't Work
- The ALEC Method
- Alternate Methods of Risk Quantification

## Prerequisites to Conducting a Scenario/Stress Test Workshop

- Sources of Information
- Workshop Materials
- Software Tools

## Conducting a Scenario/Stress Test Workshop

- Participants, Roles and Responsibilities
- Workshop Procedures
- Hands-on Exercises

## Post Workshop Activities

- Applying the Results
- Management Decision Making
- Strategic Planning

# the course

The global financial crisis has revealed the need for a paradigm shift in risk management practices.

- Most economic capital models systematically underestimate risk because they don't adequately incorporate the contribution to risk from the so called "black swan" events – evidenced by the fact that the "one in a 100 year" events seem to occur every 10-15 years.
- Most risk models rely exclusively on historical data. As a result, they do not accurately reflect the firm's risk profile when the risk profile changes.
- In order for models to be effective, they must allow for "hard data" to be mixed with "soft data" and/or "expert opinion" in an objective, transparent and theoretically valid manner.

This advanced two-day training course will provide delegates with a strong theoretical/conceptual understanding of the key issues in risk quantification as well as hands-on practical experience in planning, preparing for and conducting a risk-scenario analysis workshop.

Delegates will also learn how to apply the revolutionary new ALEC method for quantifying risk, which is fast becoming the new standard for best practices in risk measurement. The ALEC method, which can leverage both empirical data and/or expert opinion, is ideally suited for stress testing and scenario analysis. Many risk practitioners believe that the ALEC method may become one of the most important innovations in the history of risk management.

The primary focus of this event will be Enterprise/Operational risk management, with appropriate time devoted to the other key financial institutions risks, such as Market, Credit and Insurance risk.

While this training course will introduce delegates to many groundbreaking new concepts, no prior advanced knowledge of mathematics or statistics is required.

## About your Expert Trainer:

**Ali Samad-Khan** is Founder and President of Stamford Risk Analytics. He has over 15 years of experience in risk management and more than 25 years of experience in financial services and consulting.

Ali has advised more than 100 of the world's leading banks; insurance, energy and transportation companies; and national and international regulators on a full range of risk management issues. Key elements of his Modern ERM/ORM framework and methodology have been adopted by leading institutions around the world.

Recognized globally as a thought leader in the risk management space, Ali's provocative articles and white papers have served as a catalyst for change in the way organizations manage risk. For his pioneering work in this field, Ali was named "one of the 100 most influential people in finance" by Treasury & Risk Management magazine. Ali is also a charter member of Who's Who in Risk Management.

Prior to founding Stamford Risk Analytics, Ali served as a Principal in the ERM Practice at Towers Perrin (now Towers Watson), where he was also Global Head of Operational Risk Management Consulting. Previously, Ali was Founder and President of OpRisk Analytics LLC, a software and data provider, which was acquired by SAS. Before that Ali worked at PricewaterhouseCoopers in New York, where he headed the Operational Risk Group within the Financial Risk Management Practice. Prior to that, he led the Strategic Risk Initiatives Group in the Operational Risk Management Department at Bankers Trust. He has also worked as a policy analyst at the Federal Reserve Bank of New York and at the World Bank.

Ali holds a B.A. in Quantitative Economics from Stanford University and an M.B.A. in Finance from Yale University.

# how will you benefit?

**By attending this course you will learn the following:**

- What caused the financial crisis?
- How risk models work and why they sometimes don't work.
- The latest techniques in conducting stress testing and scenario analysis.
- What is the ALEC method, how does it work and how does it compare to the traditional modeling approach?
- Why is risk taxonomy critically important to risk quantification?
- How one can combine data from different sources, including hard data, soft data and expert opinion.
- How to plan, prepare for and conduct a risk scenario analysis workshop.
- What are the key regulatory requirements that pertain to stress testing and scenario analysis.

# who should attend?

**From Financial Institutions, Investment Banks, Private Banks, Retail Banks, Building Societies & Insurance Companies CEOs, Finance Directors, Chief Risk Officers, COOs along with the Directors, Heads and Managers of:**

- Stress Testing and Scenario Analysis
- Enterprise Risk Management
- Risk assessment and modeling
- Risk reporting
- Risk Policy and Strategy
- Risk Control
- Strategic Planning and Forecasting
- Risk Framework Management
- Compliance, Basel II and Solvency II
- Economic Capital and Capital Adequacy
- Strategic, Credit, Underwriting, Market, Investment and Operational Risk Management
- Business Continuity
- Risk and Capital Modeling
- Audit and Compliance

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# Stress Testing & Scenario Analysis for Enterprise & Operational Risk Management

Please write in **BLOCK CAPITALS**

UK-CT247

**TRAINING COURSE:** STRESS TESTING & SCENARIO ANALYSIS FOR ENTERPRISE & OPERATIONAL RISK MANAGEMENT

**DATE(S):** 14TH & 15TH JUNE 2012

**VENUE:** CENTRAL LONDON, UK  
VENUE TO BE CONFIRMED  
ONE MONTH PRIOR TO THE EVENT

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Company Size: \_\_\_\_\_

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### Training Course Fees

UK-CT247

**2 DAY TRAINING COURSE FEE @ £3495 + VAT (UK RATE @ 20%) PER PERSON**  
14th & 15th June 2012, Central London, UK

Payment is required within 5 working days.

 **marcusevans** financial markets training

CONFIRMATION DETAILS – After receiving payment, a receipt will be issued. If you do not receive a letter outlining the training details two weeks prior to the event, please contact the Training Coordinator at **marcus evans**.

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Signatory must be authorised to sign on behalf of contracting organisation

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## Training Registration Details

Note: Do not fax this form to the hotel

### Terms & Conditions:

1. Fees are inclusive of program materials and refreshments.
2. Payment Terms: Following completion and return of the registration form, full payment is required within 5 days from receipt of invoice. PLEASE NOTE: payment must be received prior to the course date. A receipt will be issued on payment. Due to limited course space, we advise early registration to avoid disappointment. A 50% cancellation fee will be charged under the terms outlined below. We reserve the right to refuse admission if payment is not received on time. Unless otherwise stated on the booking form, payment must be made in US dollars
3. Cancellation/Substitution: Provided the total fee has been paid, substitutions at no extra charge up to 14 days before the event are allowed. Substitutions between 14 days and the date of the event will be allowed subject to an administration fee of equal to 10% of the total fee that is to be transferred. Otherwise all bookings carry a 50% cancellation liability immediately after a signed sales contract has been received by marcus evans (as defined above). Cancellations must be received in writing by mail or fax six (6) weeks before the course is to be held in order to obtain a full credit for any future **marcus evans** course. Thereafter, the full course fee is payable and is non refundable. The service charge is completely non-refundable and non-creditable. Payment terms are five days and payment must be made prior to the start of the course. Non-payment or non-attendance does not constitute cancellation. By signing this contract, the client agrees that in case of dispute or cancellation of this contract that **marcus evans** will not be able to mitigate its losses for any less than 50% of the total contract value. If, for any reason, **marcus evans** decides to cancel or postpone this course, **marcus evans** is not responsible for covering airfare, hotel, or other travel costs incurred by clients. The course fee will not be refunded, but can be credited to a future course. Event program content is subject to change without notice.
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