SRA STAMFORD RISK ANALYTICS

Addressing the Challenges in Measuring and Managing Operational Risk

For more than a decade financial firms have been struggling to develop a robust approach for measuring and managing operational risk (enterprise risk in the non-financial world). After a fifteen year effort, we believe we have found a solution. Many others agree with us. Some of the largest and most sophisticated banks and insurance companies now leverage our approach. This approach has also won praise from leading national regulators and even from members of Congress.

Some risk management experts believe we have also identified solutions to certain general risk management problems that were previously thought to have been unsolvable.

If you would like to learn more about our new approach, we invite you to attend the following two free Webinars on Thursday, October 27, 2011:

10:00 AM – 11:15 AM EDT *Addressing the Key Challenges in Measuring Operational Risk*

11:30 AM – 12:45 AM EDT *How to Transform Operational Risk Management (ORM) From a Compliance Exercise into a Process that Genuinely Supports Risk-Based Decision Making and Adds Tangible Value*

Click Here to Register

These Webinars will include material that has never been presented in public.

These Webinars are not open to individuals or firms that compete with SRA. Participation is limited. To avoid disappointment, please register ASAP.

Webinar I Topics: *Operational Risk Measurement Challenges*:

1. How can one combine internal loss data, external loss data and scenario data (expert opinion) in an objective, transparent and theoretically valid manner?
    a. Can one mix internal and external data directly?
    b. Can one combine parameters from internal and external data (e.g., Bayesian methods)?
    c. Can one use internal data for frequency and external data for severity?
2. Which distributions are appropriate for modeling loss frequency and severity?
    a. How can one objectively determine which are the most appropriate frequency and severity distributions – *for risk analysis*?
    b. How reliable are goodness of fit tests and graphical analysis?
    c. Are mixture distributions useful? If so, which ones: severity mixtures or frequency-severity mixtures? What is the minimum/maximum number of degrees of freedom required to produce a good tail fit and be practical?
    d. Is there one type of distribution or fitting method that can be applied universally – across all businesses lines and risk categories?
3. How can one objectively determine whether an external data set is relevant?
4. How can one accurately model data that is heterogeneous and/or truncated?
5. How can one update the risk profile, when historical data becomes obsolete?
6. How can one validate/back-test the results of an operational risk model?
7. Is VaR a flawed metric? What about Tail VaR and Stress VaR?

Webinar II Topics: *Operational Risk Management Challenges:*

8. What is risk? What constitutes high risk and low risk?
9. What is the difference between ORM and loss prevention/mitigation?
10. How should Boards of Directors set risk tolerance standards for operational risk?
11. How can executives manage operational risk within the risk tolerance standards of the stakeholders in the context of cost-benefit analysis?
12. How does risk and control self-assessment compare to risk-control optimization?
13. What is risk-reward optimization in the context of ORM?
14. How can one incorporate business interruption into ORM optimization analysis?
15. What are the benefits of managing operational risk in the modern context?

We can't guarantee that you will agree with everything we present, but we do promise this will be an informative and thought provoking exercise.

Presenter Information

With more than 15 years' experience in risk management, Mr. Samad-Khan has been an authoritative speaker at numerous risk management conferences around the world. He has also served as an advisor to many of the world's largest corporations, multi-lateral institutions and national and international regulators. His provocative articles and white papers have served as a catalyst for change in the way many organizations manage risk. For his pioneering work in this field he was named "one of the 100 most influential people in finance" by Treasury and Risk Management magazine.

About Stamford Risk Analytics

Stamford Risk Analytics (SRA), formerly OpRisk Advisory, is a leading research, consulting and software firm. To date SRA 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 SRA's Modern ORM/ERM framework and methodology have been adopted by institutions around the world. SRA has also released a unique set of four software products designed to make implementing Modern ORM/ERM feasible and practical. More information about SRA is available at www.stamfordrisk.com.

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