

# Vietnam Bond Market Association



## Risk Management in Banking

### Overview

Recent financial crises have highlighted the importance of good risk management. Regulators around the world have strengthened the control over banking activities and developed comprehensive set of rules via adapting Basel 3, Basel 4 standards. Comprehensive understanding of risk management system and impact of those upcoming standards to your business is vital for any financial practitioner in Vietnam as SBV is gradually adapting the Basel standards. This training program will highlight how international financial institutions manage risk amidst volatile global markets, the proliferation of new financial products and changing regulatory environments. Furthermore, the impact of regulatory capital requirements is presenting new challenges in optimal capital allocation between the goals of profit maximization and regulatory compliance. In combination with the classical training approach (classroom sessions), actual and best-practice issues are discussed and explored. The training program provides participants with a solid understanding and overview of risk management in the financial services industry.

**Secure your place!**

**Register before**

**October 20, 2017**

**A 2-day Training Course.**

**Date: Oct 30 – 31, 2017**

### Who Should Attend

- ALM managers; Portfolio managers
- Auditors & Credit Analysts
- Portfolio Managers,
- CFO, FX, MM, Bond Trading Heads
- Central bankers



## Key Learning Objective

After the workshop participants will:

- ✚ be able to apply a systematic approach adequately defining, measuring, monitoring and controlling market, liquidity and operational risks
- ✚ be able to analyse how risk-based pricing is conducted in a financial institution
- ✚ be able to evaluate VaR measures to assess market, liquidity, credit and operational risks
- ✚ be able to test coherent risk measures such as Excess Shortfall to supplement VaR measures be able to apply Interest Rate Risk in Banking Book (IRRBB) measures as a part of Basel II/III capital framework.

# Agenda

## Day 1

October 30, 2017

### Sessions 1 and 2

#### Risk Governance

- Risk appetite
- Risk management process
- Measuring and managing risk: Quantitative measures and Qualitative assessment
- Roles and responsibilities of the Board in risk governance
- Integrating risk control into shareholder value maximization
- Performance measurement

#### Risk-based pricing

- Risk-based pricing

### Sessions 3 and 4

#### Traded Market Risk

- Introduction
- Sources of traded market risk:

- Interest rate risk
- Foreign exchange risk
- Equity risk and
- Commodity risk

#### Measures of Traded Market Risk

- Value at Risk (VaR)
- VaR Definition
- VaR Parameters: Confidence Level and Horizon
- Application of VaR to measure market risk
- Approaches to measuring VaR: Parametric versus non-parametric approaches
- VaR measures:
- Variance-Covariance method
- Historical Simulation
- Bootstrap historical simulation method and
- Monte Carlo Simulation
- Stressed VaR
- Credit VaR
- Liquidity VaR
- Operational VaR
- Application of VaR in Internal Models Approach

- Backtesting VaR

#### Excess shortfall (ES)

- ES as a coherent measure
- ES to overcome the deficiency of VaR

## Day 2

October 31, 2017

### Sessions 1 and 2

#### Measures of Traded Market Risk (continued)

- Value at Risk (VaR)
- Credit VaR
- Liquidity VaR
- Operational VaR
- Application of VaR in Internal Models Approach
- Backtesting VaR
- Excess shortfall (ES)
- ES as a coherent measure
- ES to overcome the deficiency of VaR
- Application of ES in Basel III

### Sessions 3 and 4

#### Non-traded Market risk

- How does non-traded market risk arise?
- Interest rate risk exposure: earnings and economic value perspectives
- Sources of interest rate risks
- Interest rate risk in Banking Book (IRRBB)
- Measures of IRRBB
- Measures of interest rate risk:
- Repricing gap
- duration gap
- convexity

#### Risk Management with Derivatives

- Why derivatives are useful in managing risk
- Forwards
- Forward rate agreements (FRAs)
- Futures
- Options
- Interest rate and currency Swaps
- Swaptions

- Application of ES in Basel III

## Tools used in the workshop

Microsoft excel will be used extensively for the following models:

- ❖ VaR approach
  - Variance-covariance method
  - Historical simulation method
  - Bootstrap historical simulation method
  - Monte Carlo Simulation Method
- ❖ Excess Shortfall
- ❖ VaR backtesting
- ❖ Liquidity VaR
- ❖ Credit VaR
- ❖ OpRisk VaR
- ❖ Risk-based pricin

# Biography

Dr Md Akhtaruzzaman is a Lecturer in Finance at Peter Faber Business School, Australian Catholic University. He also worked as a Lecturer in Finance at Newcastle Business School, the University of Newcastle, Australia. He was also a Curriculum Technical Advisor, Kaplan Professional, Australia. Prior to working in academia, he worked as the Managing Director of SimArch Asia Pte Ltd, Singapore in 2007–2009. He was a member of the Board of Directors, of National Credit Ratings Ltd, Bangladesh in 2010–2014.

He worked as a resource person on topics such as Asset and Liability Management in Banks, Interest Rate Risk Management, Financial Institutions Risk Management, Basel II, Basel III, Liquidity Risk Management and Advanced Excel Modelling in Australia, South Africa, Viet Nam, Cambodia, Nepal and Bangladesh. He led a number of Quantitative Impact Studies (QIS) for banks to implement Basel II and Basel III.

His research interests include asset pricing, financial contagion, interest rate risk, and business analysis and capital adequacy. He has published articles in *Journal of International Financial Markets, Institutions & Money*, *Economic Modelling* and *Applied Economics*, among others. He has been awarded '**The Best Publication Award 2009**' from Faculty of Business and Law, the University of Newcastle, Australia for a research article on Basel II. His comments on the Banking System of Bangladesh were published in 'The Asian Banker Journal' (Special Edition, Issue 67, 2007) issued from Singapore. He has over 15 years of banking experience in the field of risk management. He worked as the member secretary of 'Basel II follow-up and Implementation Committee' of a bank and was a core member of the Committee implementing Credit Risk Management for the bank.

He obtained his PhD degree in Finance from The University of Newcastle, Australia. He also obtained MBA in Finance (Institute of Business Administration, University of Dhaka, Bangladesh), Masters in Bank Management (National University, Bangladesh) and B.Com (Hons) (Banaras Hindu University, India). He is a regular member of CFA Institute, USA and CFA Society of Sydney, Australia.

## A 2-day Training Course.

Date: October 30 – 31

 **2017**

VBMA in partnership with FinArchitect would like to invite you to join the Risk Management in Banking.

Language: The seminar is conducted in English

Venue: Pan Pacific Hotel  
1 Thanh Niên Road, Ba Đình,  
Hà Nội

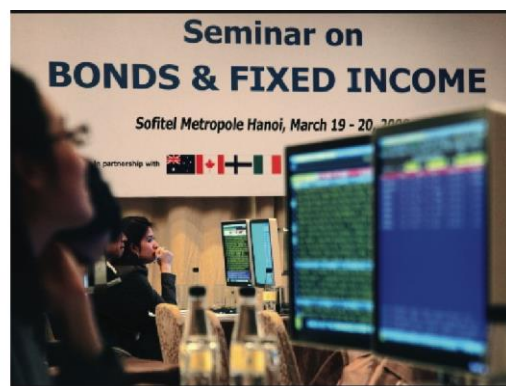
Registration starts at 08:00,  
October 30, 2017  
Program runs from 08:30 to 17:00  
daily



## ABOUT US

**VBMA** - The Vietnam Bond Market Association presents the shared interest of more than 60 financial institutions including banks, securities firms, funds, insurance companies, and law firms throughout Viet Nam. VBMA's mission is to champion policies and practices that benefit its members; to be a high-standard debt market professional community in Vietnam, a market modernization champion and driver, a collective market information source, a policy dialogue interlocutor for policymakers and regulators.

**FinArchitect Australia Pte Ltd** is a provider of consulting and learning solutions within the financial services industry. We assist banks with the implementation of risk management architecture as well as with the enhancement of the skills and core competencies of their employees. Our head-office is in Australia from where our customers are being served. Our major competencies are in the following areas in banking: Asset & Liability Management, Basel II and Basel III, ICAAP and Risk Management in Banking. FinArchitect has provided services in Australia, Bangladesh, Cambodia, Nepal and Vietnam



## Registration Fees

VBMA Member fees: 6,800,000 VND

Non-member fees: 14,000,000 VND

*Fees include tuition, documentation, lunch and refreshments.*

*Please note, payment must be received prior to **October 20, 2017.***

Payment details (please transfer the fee one day after your registration – via fax or email)

A/C name: Hiep Hoi Thi Truong Trai Phieu Viet Nam  
A/C no.(vnd): 120 10 00 0367028 @ BIDV Transaction Center #1 branch

*\*For security purposes, we can only accept account transfer. Thank you.*

## 4 easy ways to register!

· Email:

thao.tb@vbma.org.vn

· Telephone:

+84 3974 8781 ext. 708

· Facsimile:

+84 3974 8782

· Post mail:

Vietnam Bond Market Association,  
14<sup>th</sup> Floor, Tower A, Vincom, 191 Ba Trieu, Ha Noi

# Registration form

**Full name**

.....  
**Position/Department**

.....  
**Company**

.....  
**Address**

.....  
**Telephone Fax**

.....  
**Email**

.....  
*I have read and understood the booking terms and conditions*

**Signature**

**Date**



## **Registration policy**

*Registration is on a first-come-first-served basis. VBMA shall start accepting registrants immediately upon dissemination of this memo. VBMA, through its board of directors, shall be the final decision-*

## **Cancellation Policy**

*Registered candidates may get a replacement or substitute provided that VBMA is informed one week before the start of the seminar. Refunds may also be made provided that the above advice is received on time. Failure to do so shall mean forfeiture of the registration fee.*



## **Contact:**

**Ms. Ta Thi Bich Thao**  
**Deputy General Secretary**

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