

# META Financial Education

Transformative learning made simple!



Financial Markets, Compliance & Regulation, Personal Development

**We are a team of learning experts. Passionate about learning.**

We help our clients **learn about markets**, the ever-changing and complex **regulatory landscape** and how to achieve their personal best, manage their careers and **develop their people**.

## Trusted By



## Fundamentals of Risk Control in Banks Course Overview

Explore in this course the major risks a bank faces while carrying out its business and the corresponding risk control frameworks and regulatory capital treatments. Learn important concepts related to the following terms:

### Topics

- Primary risk
- Credit risk
- Exposure at default
- Loss given default
- Market risk
- Stress testing
- Operational risk
- Funding and liquidity risk
- Net stable funding ratio
- Risk weighted assets
- Leverage ratio
- Consequential risk
- Expected loss
- Default probabilities
- Ratings
- Value at risk
- Issuer risk
- Trade life cycle
- Liquidity coverage ratio
- Firm wide risk
- CET1
- Capital ratio

### Format

<b>Delivery options</b>	<ul style="list-style-type: none"> <li>• Classroom session (1 day)</li> <li>• Virtual classroom (series of 1 to 1.5-hour webinars)</li> <li>• In-house</li> </ul>
<b>Option 1: Open course classroom</b>	You attend alongside other market participants £695
<b>Option 2: Virtual classroom</b>	You attend alongside other market participants via an interactive online classroom £595
<b>Option 3: In-house</b>	This course can be tailored specifically for your organisation and delivered at your offices, offering a cost effective solution for more than 5 employees.

## Course Details

### Fundamentals of Risk Control in Banks at-a-glance

- How are the risks faced by a bank different from the risks faced by other types of companies? More intriguingly, both a bank and an investor face market risk and credit risk; so, is a bank like an investor? Is the business of a bank taking large bets about the markets? These questions highlight the need to understand the business of a bank in order to understand the nature of the risks it faces. Risk control starts with the construction of a control framework which is aligned to the risk concerned; so how do the frameworks for the various risks look like? What are their commonalities and differences? What are the regulatory capital treatments for these risks? By answering these questions, this class provides a holistic view of risk control in a bank and at the same time overviews of the various risk disciplines
- This class aims to foster an understanding of the risks a bank faces and the importance of protecting the capital of the bank by applying the appropriate risk control frameworks to align the bank's risk-taking activity with its capacity to take risk
- Learn in this class the control frameworks for credit, market, operational, funding and liquidity risks, especially the measurement of these risks
- Learn in this class how these risks contribute to risk weighted assets in regulatory capital treatment

\*Pre-requisite:

Participants do not need to have any pre-knowledge in the subject; though some understanding how financial markets operate will be helpful

### Who should attend?



This class is essential for risk control professionals to gain a holistic view of the risk control function and the overview of the individual risk disciplines



This class is useful for financial market professionals in a bank such as people in lending or financing, salespeople and traders to gain an understanding of the considerations in relation to risks in structuring their businesses



Professionals in other support functions such as operations, technology and financial controls of banks as their work is often intertwined with the risk control function, especially in relation to operational risk



New joiners to the banking industry

### What's covered?

Content	Exercises & application
<ul style="list-style-type: none"> <li>• Risk types and how risks arise from businesses                             <ul style="list-style-type: none"> <li>➤ Risk categories: business risk, consequential risk and primary risk of a bank</li> <li>➤ The business of a bank</li> <li>➤ A quick look into the financial statements of a bank</li> <li>➤ Preliminary comparison of credit and market risk: banking book vs. trading book</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Class exercise: identification and categorization of risks of different types of companies</li> </ul>

<ul style="list-style-type: none"> <li>• Risk Appetite Framework: the bank-wide approach             <ul style="list-style-type: none"> <li>➤ Risk control vs, risk management: lines of defense</li> <li>➤ The components of a risk control framework</li> <li>➤ Risk measures: statistical vs. stress scenario measures; portfolio vs. concentration measures</li> <li>➤ Risk capacity vs. risk exposure</li> </ul> </li> </ul>	
<ul style="list-style-type: none"> <li>• Credit Risk             <ul style="list-style-type: none"> <li>➤ Risk identification: what businesses and which business divisions</li> <li>➤ Key characteristics: take and hold, notional risk</li> <li>➤ Risk mitigation: diversification, collateralization</li> <li>➤ Measurement: expected loss, default probability, rating, loss given default, exposure at default</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Class discussion: the meaning of expected loss</li> </ul>
<ul style="list-style-type: none"> <li>• Market Risk             <ul style="list-style-type: none"> <li>➤ Risk identification: what businesses and which business divisions</li> <li>➤ Key characteristics: liquidity, P/L risk</li> <li>➤ Risk mitigation: trading and hedging</li> <li>➤ Measurement: Value at Risk, stress testing, risk sensitivities, issuer risk</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Class exercise: identifying market risk from various transactions</li> </ul>
<ul style="list-style-type: none"> <li>• Operational Risk             <ul style="list-style-type: none"> <li>➤ Risk identification: trade life cycle</li> <li>➤ Key characteristics: it can be anywhere</li> <li>➤ Risk mitigation: cost vs. benefits</li> <li>➤ Measurement: taxonomy</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Class exercise: operational risk taxonomy</li> </ul>
<ul style="list-style-type: none"> <li>• Funding and Liquidity Risk             <ul style="list-style-type: none"> <li>➤ Risk identification: a carry business</li> <li>➤ Key characteristics: access under stress</li> <li>➤ Risk mitigation: contingent funding plan and liquidity reserves</li> <li>➤ Measurement: coverage ratios</li> </ul> </li> </ul>	

- Capital management
  - Risk weighted assets: how do various types of risk and businesses contribute to RWA
  - Capital ratio, leverage ratio and capital requirements

### **The “META” approach to Fundamentals of Risk Control in Banks...what makes our course unique**

- While this class is an introductory class about the various types of risk a complex bank faces in carrying out its diverse range of businesses, its holistic approach provides a systematic and insightful comparison of the risk control frameworks and the capital impact of these risks
- This class includes discussions and class exercises on risk identification, an important component of a risk control framework, allowing the participants to connect the nature and treatment of the risks with the business and activities from which they arise
- This class is presented by a former market practitioner who is also an experienced teacher

## Meet Your Trainer:



**Kai Hing Lum**

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Financial Markets

**Kai Hing is an expert financial markets educator.**

Kai Hing held several roles during his 21-year tenure at UBS across audit, in which he focused on trading and derivative businesses; and a specialized team responsible for the structuring and risk assessment of complex trades and new businesses.

Equipped with both broad and detailed understanding of finance, Kai Hing then joined the renowned UBS Financial Markets Education team and took on global responsibility to manage programs, create content and teach courses to colleagues and clients on a wide range of topics on equities, fixed income, FX, derivatives, equity valuation, portfolio analysis, risk control frameworks and methodologies.

As an experienced presenter with energetic and enthusiastic presentation style, coupled with a deep understanding of the subjects from his practical experiences, Kai Hing constantly receives high praise from his audience.

Before his career in the financial industry, Kai Hing taught and did research in mathematics after obtaining his Ph.D. in mathematics from the University of Chicago.

Kai Hing leads on our Financial Markets offerings.