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Webinar on

Measuring Risk From Financial Statements

Date : July 07, 2021

Areas Covered

- *Basel texts: pillar 3*
- *A bank's risk appetite statement*
- *Myths and potentialities about risk appetite*
- *Banks' risks and the ways to handle them*
- *Disclosure: applied game theory*
- *Bank's styles of disclosure*
- *Regulatory constraints and necessi regarding stress-tests*
- *Analysis, through examples, about a few risks and their communication*

In this program, You will learn a statement on risk appetite and giving a useful picture about the overall risks actually incurred by the institution.

PRESENTED BY:

Fred Vacelet, MBA, FRM/PRM, CTM, IFQ, is an international Financial Risk Management Consultant with expertise in Risk Management methodological frameworks. His experience spans some 25 years, advising international banks and software houses on risk management. Fred holds various degrees studies at the Technische Berlin, Germany, and Keio, Japan, universities.

Date : July 07, 2021

Time : 03 : 00 PM EST

Duration : 90 Minutes

Price: $149

Webinar Description

International regulation is clear and thorough about a theme: under pillar 3 requirements, risks must be disclosed according to the rules of the art. This includes making a statement on risk appetite and giving a useful picture about the overall risks actually incurred by the institution, be these risks covered by capital requirements or not, be these risks well understood or less so. The importance of pillar 3 requirements is being highlighted time and time again after damages have occurred, and, more often than not, together with strong indications of the numerous and well-known shortcomings of pillar 3.

Before getting committed to a financial institution, or, worse, when a risk shows signs of occurring, it is common practice, if not common sense, to get to an understanding of underlying risk from the primary source of information. Whilst the dream of external stakeholders of a bank is to understand the risk profile, management may have a different perspective and a priority to attract potential investors and reassure the public and regulators. Hence there is a perverse incentive to use double language, minimize the disclosure, and show one's operation as less risky than they are perceived, and even less risky than they actually could be.

Financial statements, contrary to what some people like to believe, are not aimed at communicating about risks, but about the financial position. Auditors spend more energy and skill to audit accounts than to understand the risks of past-cut-off date operations, which would be a less fact-based and hence less robust activity. We examine a few risks and their potential visible and less visible effects on financial statements.

This is truer and all the more worrying for extreme risks, in which there are few or no precedents. Hence stress-test exercises, even assuming that these are carried on properly in the first place, should indicate any residual vulnerability, to be disclosed. However, we still have to meet a bank that clearly gives away to the public scenarios that, if occurring, will bring the bank down. We examine here a few aspects of reported risks, where these are to be found, and finally concrete examples.

Topic Background

For external analysts, financial statements are a key source of information for getting an understanding of how risky a company, and especially a financial institution, can be. Yet how much do we know about how much of the risks are genuinely communicated via financial statements?

Who Should Attend ?

Risk managers, Investors, Lenders, and most functions having to manage third-party relationships.

To register please visit:

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