

Chief **Risk** Officers' Club Inaugural meeting

Reflect, Reform, Rebuild

15-17 November 2010
Hanbury Manor,
Hertfordshire, UK
croclub.co.uk



Welcome

The recent crisis has transformed the business of 21st century banking. In light of collapses, write-downs and government intervention, institutions across the globe need to reassess strategic objectives, and risk management, at both the idiosyncratic and systemic level.

However the new breed of Chief Risk Officer faces a raft of serious challenges such as putting in place new risk models, communicating with senior management and business-line colleagues, responding to complex regulatory requirements and developing new enterprise-wide approaches to risk management.

By way of assisting the financial community's response to the crisis and enhancing the role of the Chief Risk Officer, Risk magazine is proud to announce the launch of the Chief Risk Officers' Club, an independent forum that will be a foundation for on-going dialogue between senior risk professionals.

The CRO Club is being formally initiated by a two-day residential seminar taking place on 16 & 17 November in the peaceful environs of Hanbury Manor just a short distance from London.

Designed exclusively for Chief Risk Officers and those who perform the function of the Chief Risk Officer this will be the opportunity for those with an inquisitive nature to engage in thoughtful discussion with both peers and supervisors. The programme has been constructed on four keystones: the CRO as a force for change, a critical assessment of Basel III, market reform and the CRO toolbox. In order to preserve the integrity and credibility of the meeting all discussions are under Chatham House Rules. For full details please visit www.croclub.co.uk

We would encourage all those that qualify for membership and are interested in shaping the direction of the risk discipline to submit their applications without delay.

Kind regards,

A handwritten signature in black ink, appearing to read 'Nick Sawyer', with a stylized, flowing script.

Nick Sawyer
Editor, RISK MAGAZINE

Programme

Tuesday 16 November 2010

THE CRO AS A FORCE FOR CHANGE

08:20 Introductions and welcome address

Nick Sawyer, Editorial Director, RISK MAGAZINE

08:30 Orientation: don't let a good crisis go to waste

A systematic underestimation of risk exposures, lack of understanding about risk concentrations and correlations, too much leverage – these are just some of the criticisms that financial institutions have faced over recent years. What is quite clear is that new thinking is required to enable the creation of a more resilient financial system. The opening discussion will focus on the key elements of this new thinking.

David Benson, Group Chief Risk Officer, NOMURA

Paul Shotton, Head of Group Risk Methodology, UBS

09:30 Think the unthinkable: going beyond stress tests

When in September 2008 Lehman Brothers declared bankruptcy it arguably led to the near collapse of the international financial system. Since then there have been a number of fat-tail extreme events and it behoves those in charge of risk management at financial institutions to ensure that appropriate attention is paid to such risks.

Paul Shotton, Head of Group Risk Methodology, UBS

Klaus Düllmann, Head of Banking Supervision Research, DEUTSCHE BUNDESBANK

Moderator: Federico Galizia, Head of Risk Management and Monitoring, EUROPEAN INVESTMENT FUND

10:30 Break

11:00 Risk models: strengths and limitations deconstructed

Financial institutions rely heavily on financial and economic models for a range of applications and the level of sophistication of models varies widely. Nonetheless, models can broadly be defined as processes that transform data and assumptions into values and inferences that can only add value when part of a wider system. How can Chief Risk Officers ensure that models are correctly calibrated and utilised?

Alberto Hoffmann, Chairman, Validation Subgroup of Standards Implementation Group, Basel Committee on Banking Supervision, Deputy Governor, CENTRAL BANK OF BRAZIL

Alexander Lipton, Managing Director, Co-Head of the Global Analytics Group, BANK OF AMERICA MERRILL LYNCH

Moderator: Marcello Minenna, Head of Quantitative Analysis Unit, CONSOB

12:00 Preserving your independence

Much of the regulatory reform currently underway includes elements of standardisation and convergence. Moreover, over a number of years there has been a tendency to promote 'best practice' by the use of certain risk management techniques, methodologies and assumptions. However homogeneity arguably leads to shared vulnerabilities and so risk managers are faced with the dilemma of how much 'best practice' is actually valuable.

Jean-Paul Servais, Chairman, BANKING FINANCE AND INSURANCE COMMISSION (CBFA)

13:00 Luncheon

BASEL III: A CRITICAL ASSESSMENT

14:00 Strengthening bank capital and liquidity standards

The strengthening of bank capital and liquidity standards remains a top priority for regulators, policymakers and practitioners alike. However, the process is by no means free from controversy and in this session discussions will focus on the key strategic issues.

José María Roldán, Chairman, Standards Implementation Group, Basel Committee on Banking Supervision, Director General, Banking Regulation, BANK OF SPAIN

Thomas Huertas, Vice Chairman, Committee of European Banking Supervisors, Banking Sector Director, FINANCIAL SERVICES AUTHORITY

Moderator: Simon Hills, Executive Director, Prudential Capital, Risk and Regulatory Relationships, BRITISH BANKERS ASSOCIATION

15:00 Capital

In this breakout the group will consider the implications of the regulatory reforms, specific attention will be paid to; capital ratios, quality of tier-1 capital, role of contingent capital and the leverage ratio
Charles Haswell, Group Head of Regulatory Policy and Development, HSBC
Daniel Sigrist, Member of the Extended Executive Board, SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY

15:00 Liquidity

In this break-out the group will consider the implications of regulatory reforms, specific attention will be paid to; the challenges of liquidity measurement, intra-day and intra-group liquidity management, contingency planning and liquidity buffers, net stable funding ratio, liquidity coverage ratio, stability of deposits.

Peter Lutz, Executive Director, Banking Supervision, BAFIN

16:00 Break

16:30 Transparency, confidence and financial stability

In addition to the capital and liquidity standards of Basel III, regulators are pushing financial institutions to reform compensation practices to support financial stability and bring back consumer and investor confidence.

Robert Jackson, Associate Professor of Law, COLUMBIA LAW SCHOOL, former Advisor on Executive Compensation and Corporate Governance, Department of the Treasury and Deputy Special Master for TARP Executive Compensation

Marcello Minenna, Head of Quantitative Analysis Unit, CONSOB

Randal Tاجر, Head of Compensation & Benefits, NOMURA

17:00 Compensation practices

In this breakout session attention will be paid to some of the key regulatory reforms on the agenda. Discussion will focus on the linking of risk oversight to compensation governance, the structure of the compensation process, the setting of executive and risk-taker compensation levels.

Randal Tاجر, Head of Compensation & Benefits, NOMURA

Robert Jackson, Associate Professor of Law, COLUMBIA LAW SCHOOL, former Advisor on Executive Compensation and Corporate Governance, Department of the Treasury and Deputy Special Master for TARP Executive Compensation

17:00 Consumer protection

In addition to the capital and liquidity standards of Basel III, regulators are pushing on alternative approaches of risk disclosure. The aim is to reduce the information gap between the issuer and the retail investor, to support financial stability and bring back consumer and investor confidence.

Marcello Minenna, Head of Quantitative Analysis Unit, CONSOB

18:00 Chairman's closing remarks

Programme

Wednesday 17 November 2010



MARKET REFORM

09:00 Orientation: the place of the CRO in reforming markets

A Chief Risk Officer's duties traditionally include such things as the oversight of risk strategy, appointment of risk professionals and communication of risk exposures. Yet, in at time of significant market upheaval it is vital for those Chief Risk Officers who wish to enhance their position to have a solid understanding of the implications of the various market reforms currently underway.

Paul Shotton, Head of Group Risk Methodology, UBS

10:00 The big debate: reforming the OTC derivatives market

The G-20 have agreed that standardised over-the-counter (OTC) derivatives should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties (CCPs) by the end of 2012. Despite the laudable intentions it is argued that many of the reforms could have adverse effects such as driving up the cost of non-standardised business, the reduction of liquidity and the eroding of margins. This session will debate the key arguments surrounding the reform of the OTC derivatives market.

Roland Kern, Head of Treasury, DEUTSCHE LUFTHANSA AG

Paul Shotton, Head of Group Risk Methodology, UBS

Daniel Heller, Head CPSS Secretariat, BANK FOR INTERNATIONAL SETTLEMENTS

11:30 Break

12:00 Addressing systemically important financial institutions and infrastructures

An appreciation of the need to better manage systemic risks has been a driving force behind the many recent regulatory reforms and is a priority for policymakers and financial practitioners alike. Yet what do regulators and practitioners understand by 'systemic risk'? This session will be a group discussion focusing on those issues that impact systemic stability.

Patrick Brady, Assistant Director General for Policy and Risk, CENTRAL BANK AND FINANCIAL SERVICES AUTHORITY OF IRELAND

Maarten Gelderman, Head of Macprudential Analysis Department, DE NEDERLANDSCHE BANK

13:00 Luncheon

THE CRO TOOLBOX

14:00 Enterprise risk management

Enterprise-wide risk management has experienced a resurgence in the wake of what has been a truly system-wide crisis. In this session a senior figure from Deutsche Bank will outline the development and implementation of ERM frame work in the bank.

Stuart Lewis, Deputy Chief Risk Officer, DEUTSCHE BANK AG

15:00 The Chief Risk Officer at board level

It is argued that a profound problem during the financial crisis was the widespread failure of boards to adequately identify and constrain excessive risk-taking. In order for boards to understand their risk exposures and set a risk appetite that is in-line with tolerances it is vital that there is presence on the board of an effective and independent Chief Risk Officer but what are the challenges of embedding and developing this position?

Carl-Johan Granvik, Former Chief Risk Officer, NORDEA

16:00 Reflect, reform, rebuild

This session will bring together the threads from the previous sessions. Delegates will reflect on what has been discussed, decide how and where reforms should be made and start thinking about how the risk discipline can be rebuilt.

Moderator: Federico Galizia, Head of Risk Management and Monitoring, EUROPEAN INVESTMENT FUND

16:50 Concluding remarks

Nick Sawyer, Editor, RISK MAGAZINE

17:00 End of CRO Club Meeting

For more information please visit www.croclub.co.uk

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* Eligibility to this meeting is strictly for CROs* and Heads of Risk only; applications will have to be qualified before full membership is offered.

Three reasons to sign-up to the CRO Club

1

Engage in two-way dialogue with senior regulators

- Thomas Huertas, Vice Chairman, CEBS, Banking Sector Director, FINANCIAL SERVICES AUTHORITY
- José María Roldán, Chairman, SIG, BCBS, Director General, Banking Regulation, BANK OF SPAIN
- Jean-Paul Servais, Chairman, BANKING FINANCE AND INSURANCE COMMISSION (CBFA)
- Peter Lutz, Executive Director, Banking Supervision, BAFIN

2

Benchmark your risk strategy with fellow practitioners

- David Benson, Group Chief Risk Officer, NOMURA
- Carl-Johan Granvik, Former Chief Risk Officer, NORDEA
- Stuart Lewis, Deputy Chief Risk Officer, DEUTSCHE BANK AG
- Paul Shotton, Head of Group Risk Methodology, UBS

3

Share perspectives with thought leaders

- Charles Haswell, Group Head of Regulatory Policy and Development, HSBC
- Simon Hills, Executive Director, Prudential Capital Risk & Regulatory Relationships, BRITISH BANKERS ASSOCIATION
- Marcello Minenna, Head of Quantitative Analysis Unit, CONSOB
- Nick Sawyer, Editorial Director, RISK MAGAZINE



By joining us at this important inaugural meeting you will also:

- Become a founding member of a new risk movement
- Gain access to unique online content from Risk magazine
- Attend a welcome dinner featuring an address from a high profile industry figure

Venue information

Hanbury Manor

Hanbury Manor

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Chief **Risk**
Officers'
Club



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One of the key highlights of the venue is the Jack Nicklaus designed PGA Championship Golf Course that surrounds the hotel.

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☐ Membership Price* £3250** + (VAT @ 17.5%)

* Please note the price includes accommodation and dinners at Hanbury Manor on the night of the 15th & 16th November only. Breakfast, lunch and refreshments are also included during the CROs' Meeting.
**All members will be qualified before membership is fully offered – please note the CROs' Club is strictly for Heads of Risk and CROs' only – the organisers decision is final

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