

**INTERNATIONAL MONETARY FUND**  
**Joint Vienna Institute / IMF Institute for Capacity Development**  
**Course on Core Elements of Banking Supervision (JV14.34 CBS)**  
**Vienna, Austria**  
**August 11–22, 2014**  
**PROGRAM<sup>1</sup>**

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***Monday, August 11***

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8:30 a.m. – 9:00 a.m.		<b>Administrative Briefing</b> Joint Vienna Institute (JVI)
9:00 a.m. – 9:15 a.m.		<b>Opening Session</b> Chaired by Mr. Norbert Funke, Director, JVI, and Mr. Marco Espinosa-Vega, Deputy Division Chief, Western Hemisphere Division, Institute for Capacity Development
9:15 a.m. – 12:30 p.m.	L-1	<b>The Revised Core Principles for Effective Banking Supervision</b> Lecture by Mr. Espinosa-Vega <ul style="list-style-type: none"><li>- Preconditions for effective banking supervision</li><li>- Structure and assessment of core principles</li><li>- Main developments since the 2006 version</li></ul>
2:00 p.m. – 3:30 p.m.	L-2	<b>Risk Based Supervision: Overview</b> Lecture by Messrs. Filipe Abreu and Rodolfo Pinto Central Bank of Portugal and ECB <ul style="list-style-type: none"><li>- Why risk-based supervision?</li><li>- An overview of the Supervisory Risk Assessment Model</li></ul>
3:45 p.m. – 5:30 p.m.	L-3	<b>Basel Capital Accords: Overview</b> Lecture by Messrs. Abreu and Pinto <ul style="list-style-type: none"><li>- Historical review of the Basel Committee and the Basel Capital Accords, highlighting the main innovations in Basel II and III</li><li>- Progress on Basel III implementation</li></ul>

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***Tuesday, August 12***

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9:00 a.m. – 10:30 a.m.	L-4	<b>Basel Capital Accords: Key Aspects of Basel I</b> Lecture by Messrs. Abreu and Pinto <ul style="list-style-type: none"><li>- Risk-weighted assets and risk-weight capital ratios</li><li>- Capital and risk-weights definition</li><li>- Pros &amp; Cons of Basel I</li></ul>
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<sup>1</sup> Unless otherwise stated, coffee breaks are held from 11:00 a.m. – 11:30 a.m. and from 4:00 p.m. – 4:30 p.m.  
Lunch breaks will be from 12:30 p.m. – 2:00 p.m.

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10:45 a.m. – 12:30 p.m.	L-5	<p><b>Basel Capital Accords: Key Aspects of Basel II</b>  Lecture by Messrs. Abreu and Pinto</p> <ul style="list-style-type: none"> <li>- The three pillar structure of Basel II</li> <li>- Pillar 1: Minimum capital requirements</li> <li>- Pillar 2: Supervisory review</li> <li>- Pillar 3: Market discipline</li> <li>- Pros &amp; Cons of Basel II</li> </ul>
2:00 p.m. – 5:30 p.m.	L/W-1	<p><b>Basel II: Credit Risk Regulation</b>  Lecture and Workshop by Messrs. Abreu, Espinosa-Vega, and Pinto</p> <ul style="list-style-type: none"> <li>- Credit risk - Standard approach: concepts and mechanics</li> <li>- Credit risk mitigation techniques</li> <li>- Workshop on calculation of credit risk capital requirements</li> </ul>

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***Wednesday, August 13***

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9:00 a.m. – 12:30 p.m.	L/W-2	<p><b>Basel II: Credit Risk Models &amp; Validation</b>  Lecture and Workshop by Messrs. Abreu and Pinto</p> <ul style="list-style-type: none"> <li>- Overview of the credit cycle: origination, management and recovery</li> <li>- Credit risk assessment models (ratings &amp; scorings)</li> <li>- Internal Ratings Based approach: concepts and operationalization</li> <li>- Workshop on PD validation and calculation of credit risk capital requirements</li> </ul>
2:00 p.m. – 3:30 p.m.	L-6	<p><b>Basel II: Market and Operational Risks</b>  Lecture by Messrs. Abreu and Pinto</p> <ul style="list-style-type: none"> <li>- Operational risk: calculation of capital requirements under the basic indicator and the standardized approaches. Validation requirements to use advanced measurement approach;</li> <li>- Market risks: definition of market risks; calculation of capital requirements under the standardized and internal models approaches. Validation requirements to use internal models.</li> </ul>
3:45 p.m. – 5:30 p.m.	L/W-3	<p><b>Basel II: Pillar 3 (disclosure) &amp; Supervisory reporting</b>  Lecture and Workshop by Messrs. Abreu and Pinto</p> <ul style="list-style-type: none"> <li>- Pillar 3 disclosure requirements</li> <li>- Supervisory reporting (COREP)</li> <li>- Workshop on supervisory reporting (COREP)</li> </ul>

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**Thursday, August 14**

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- 9:00 a.m. – 12:30 p.m.      L-7      **Basel II: Risk Assessment under Pillar 2**  
Lecture by Messrs. Abreu and Pinto
- Risk-based supervision – the Supervisory Risk and Evaluation Process (SREP)
  - Banks’ Internal Capital Adequacy and Assessment Process (ICAAP)
  - Interaction between SREP and ICAAP
  - The relevance of the results of SREP from the perspective of home-host relation
- 2:00 p.m. – 5:30 p.m.      W-1      **Case Studies**  
Workshop by Messrs. Abreu and Pinto
- Risk assessment practices
  - Banking crisis and regulatory response

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**Friday, August 15**

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- 9:00 a.m. – 12:30 p.m.      L/W-4      **Financial Soundness Indicators and Introduction to Stress Testing**  
Lecture and Workshop by Mr. Espinosa-Vega
- Hands-on-application of the FSIs and stress tests developed at the IMF
- 2:00 p.m. – 3:30 p.m.      L/W-5      **Basel III: Capital, Leverage and Liquidity**  
Lecture and Workshop by Messrs. Abreu, Espinosa-Vega and Pinto
- New on capital standards
  - New rules on liquidity and leverage standards
  - Operationalizing new liquidity standards

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**Monday, August 18**

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- 9:15 a.m. – 12:30 p.m.      L/Q-1      **First week recap and quiz**  
Lecture and quiz by Messrs. Abreu, Espinosa-Vega, and Pinto
- 2:00 p.m. – 5:30 p.m.      L/W-6      **Identifying SIFISs and BIS’s Indicator-Based Approach**  
Lecture and Workshop by Mr. Espinosa-Vega
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***Tuesday, August 19***

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- 9:00 a.m. – 12:30 p.m.      L-8      **Regulating the Shadow Banking System**  
Lecture by Mr. Espinosa-Vega  
- FSB progress report
- 2:00 p.m. – 5:30 p.m.      L-9      **Beyond Basel III**  
Lecture by Mr. Pinto  
- Differences between Basel III and the European rules (the CRD IV package)  
- Crisis management: Early Intervention and Recovery and Resolution Plans (RRP)  
- Insights on the Banking Union

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***Wednesday, August 20***

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- 9:00 a.m. – 12:30 a.m.      L/W-7      **Basel II: ICAAP Assessment**  
Lecture and Workshop by Messrs. Abreu and Pinto  
- Identifying relevant risks  
- Workshop on identifying strengths and weaknesses by type of work
- 2:00 p.m. – 3:30 p.m.      L/W-8      **Basel II: Scoring Risks and Controls**  
Lecture and Workshop by Messrs. Abreu and Pinto  
- Quantifying risks and the controls implemented to mitigate them  
- Using the results from L/W 7, workshop on scoring risks and controls
- 3:45 p.m. – 5:30 p.m.      L/W-9      **Basel II: Supervisory Decisions**  
Lecture and Workshop by Messrs. Abreu and Pinto  
- Risk assessment and possible supervisory actions  
- Using the results from L/W 7 and L/W 8, workshop on supervisory decisions to be made based on the risk assessment of the bank
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***Thursday, August 21***

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9:00 a.m. – 12:30 p.m.      L/W-10      **College of Supervisors**  
Lecture and Workshop by Messrs. Abreu and Pinto

- The roles of home and host supervisors
- The relevance of home-host information sharing
- Best practices in the organization of supervisory colleges
- Joint assessment and decision on capital adequacy

2:00 p.m. – 5:30 p.m.      W-2      **Meeting of College of Supervisors: A Simulation Workshop**  
Conducted by Messrs. Abreu and Pinto

- Using the results from L/W-7 to L/W-10, simulation of a college of supervisors, including discussions on the overall assessment of the banking group, corrective actions to be taken and resulting supervisory program

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***Friday, August 22***

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9:00 a.m. – 11:30 a.m.      **Round Table**

11:45 a.m. – 12:30 p.m.      **Closing Session and Presentation of Certificates**

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