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**INTERNATIONAL MONETARY FUND**  
**Joint Vienna Institute / Institute for Capacity Development**

**Financial Sector Surveillance**

**Vienna, Austria**

**March 19 – 30, 2018**

**PROGRAM**

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***Monday, March 19***

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| 8:30 a.m. – 9:00 a.m.   |     | <b>Administrative Briefing</b>  |
| 9:00 a.m. – 9:30 a.m.   |     | <b>Opening Session</b><br>Mr. Thomas Richardson, Director, JVI<br>Mr. Adam Gersl, Senior Economist, JVI<br>Mr. Francisco Vazquez, Senior Economist, ICD<br>Mr. Burkhard Drees, IMF Consultant   |
| 9:30 a.m. – 10:15 a.m.  |     | <b>Pre-course Test</b>  |
| 10:45 a.m. – 12:15 p.m. | L-0 | <b>Motivating Financial Sector Surveillance: Macro-Financial Linkages and Crises</b><br>Mr. Adam Gersl<br><ul style="list-style-type: none"><li>• <i>Financial crises and vulnerabilities</i></li><li>• <i>The importance of macro-financial linkages</i></li><li>• <i>Course objectives and roadmap</i></li></ul>                    |
| 2:00 p.m. – 3:30 p.m.   | L-1 | <b>Business Models of Banks and Non-Bank Financial Intermediaries</b><br>Mr. Burkhard Drees<br><ul style="list-style-type: none"><li>• <i>Discussion of business models</i></li><li>• <i>A review of bank profitability, provisioning and capital</i></li><li>• <i>Bank and shadow bank linkages and measurement issues</i></li></ul> |
| 3:45 p.m. – 5:30 p.m.   | W-1 | <b>Fundamentals of Financial Ratios Analysis</b>  |

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Unless otherwise noted, coffee breaks are from 10:30 a.m. – 10:45 a.m. and 3:30 p.m. – 3:45 p.m.  
Lunch breaks will be from 12:30 p.m. till 2:00 p.m.

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**Tuesday, March 20**

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| 9:00 a.m. – 10:30 a.m.  | L-2 | <b>Market and Interest Rate Risk</b><br>Mr. Francisco Vazquez   |
|                         |     | <ul style="list-style-type: none"><li>• <i>Sources of sensitivities to market risk</i></li><li>• <i>Mark-to-market rules</i></li><li>• <i>Repricing gaps and duration</i></li></ul>         |
| 10:45 a.m. – 12:15 p.m. | W-2 | <b>Workshop on Market and Interest Rate Risk</b>  |
| 2:00 p.m. – 3:30 p.m.   | L-3 | <b>Value at Risk</b><br>Mr. Burkhard Drees  |
|                         |     | <ul style="list-style-type: none"><li>• <i>Market risk models (VaR, earnings-at-risk)</i></li><li>• <i>Alternatives for computing VaR</i></li><li>• <i>Market risk mitigation</i></li></ul> |
| 3:45 p.m. – 5:15 p.m.   | W-3 | <b>Workshop on Value at Risk</b>  |

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**Wednesday, March 21**

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| 9:00 a.m. – 10:30 a.m.  | L-4 | <b>Credit Risk: Main Concepts</b><br>Mr. Adam Gersl   |
|                         |     | <ul style="list-style-type: none"><li>• <i>The concept of default</i></li><li>• <i>Key credit risk indicators</i></li><li>• <i>Provisioning issues</i></li></ul>  |
| 10:45 a.m. – 12:15 p.m. | W-4 | <b>Workshop on Main Concepts in Credit Risk</b>   |
| 2:00 p.m. – 3:30 p.m.   | L-5 | <b>Credit Risk Modelling</b><br>Mr. Francisco Vazquez   |
|                         |     | <ul style="list-style-type: none"><li>• <i>Building blocks of credit risk modeling</i></li><li>• <i>Portfolio models of credit risk</i></li><li>• <i>Illustration: The CreditRisk+ approach</i></li></ul> |
| 3:45 p.m. – 5:15 p.m.   | W-5 | <b>Workshop on Credit Risk Modelling</b>  |

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**Thursday, March 22**

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| 9:00 a.m. – 10:30 a.m.  | L-6 | <b>The IMF's Financial Soundness Indicators</b><br>Mr. Burkhard Drees   |
|                         |     | <ul style="list-style-type: none"><li>• <i>Overview of the IMF's Financial Soundness Indicators (FSIs)</i></li><li>• <i>Limits to FSIs</i></li><li>• <i>IMF's work on financial sector surveillance (FSAPs)</i></li></ul> |
| 10:45 a.m. – 12:15 p.m. | W-6 | <b>Workshop on Financial Soundness Indicators</b>   |
| 2:00 p.m. – 3:30 p.m.   | L-7 | <b>Extracting Information from Bond Spreads</b><br>Mr. Francisco Vazquez  |
|                         |     | <ul style="list-style-type: none"><li>• <i>Default probabilities and recovery rates</i></li><li>• <i>Credit ratings and transition matrices</i></li><li>• <i>Calculating PDs from bond spreads</i></li></ul>              |
| 3:45 p.m. – 5:15 p.m.   | W-7 | <b>Workshop on Extracting Information from Bond Spreads</b>   |

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**Friday, March 23**

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| 9:00 a.m. – 10:30 a.m.  | O-1 | Guest Lecture I<br><b>Financial Surveillance and Banking Supervision Using Bloomberg Tools</b><br><br>Ms. Natalia Hencsey and Mr. Tomasz Noetzel, Bloomberg   |
| 10:45 a.m. – 12:15 p.m. | L-8 | <b>Funding and Liquidity Risk</b><br>Mr. Adam Gersl   |
|                         |     | <ul style="list-style-type: none"><li>• <i>Sources and measures of liquidity and funding risk</i></li><li>• <i>Funding/market liquidity loops</i></li><li>• <i>Liquidity stress testing</i></li></ul> |
| 2:00 p.m. – 3:30 p.m.   | W-8 | <b>Workshop on Funding and Liquidity Risk</b>   |
| 3:45 p.m. – 5:15 p.m.   | O-2 | <b>Preparation for Participants' Presentations (Part I)</b><br><br>Introduction in the lecture room<br>&<br>Group work in workshop rooms  |

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**Monday, March 26**

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| 9:00 a.m. – 10:30 a.m.  | L-9 | <b>Macro Stress Testing of Solvency</b><br>Mr. Burkhard Drees <ul style="list-style-type: none"><li>• <i>Stress testing uses and typology</i></li><li>• <i>Key steps in designing macro stress tests for solvency</i></li><li>• <i>Calibration of shocks and assessing the impact on the banking sector</i></li></ul> |
| 10:45 a.m. – 12:15 p.m. | W-9 | <b>Workshop on Stress Testing</b>   |
| 2:00 p.m. – 5:15 p.m.   | O-2 | <b>Preparation for Participants' Presentations (Part II)</b>  |

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**Tuesday, March 27**

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| 9:00 a.m. – 10:30 a.m.  | L-10 | <b>Sovereign Risk</b><br>Mr. Burkhard Drees <ul style="list-style-type: none"><li>• <i>Indicators of sovereign risk</i></li><li>• <i>Regulatory treatment of sovereign exposures</i></li><li>• <i>Positive and negative aspects of linkages between the banking sector and sovereign entities</i></li></ul>                                     |
| 10:45 a.m. – 12:15 p.m. | W-10 | <b>Workshop on Sovereign Risk</b>   |
| 2:00 p.m. – 3:30 p.m.   | L-11 | <b>Time Dimension of Systemic Risk</b><br>Mr. Adam Gersl <ul style="list-style-type: none"><li>• <i>Procyclicality (including leverage through the business cycle)</i></li><li>• <i>Key variables for surveillance of systemic risk accumulation</i></li><li>• <i>Early warning systems based on housing prices and credit growth</i></li></ul> |
| 3:45 p.m. – 5:15 p.m.   | W-11 | <b>Workshop on Time Dimension of Systemic Risk</b>  |
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***Wednesday, March 28***

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- 9:00 a.m. – 10:30 a.m.      L-12      **Cross-Sectional Dimension of Systemic Risk**  
Mr. Francisco Vazquez
- *Interconnectedness*
  - *Indicators based on Balance Sheet Data*
  - *Network Analysis*
- 10:45 a.m. – 12:15 p.m.      W-12      **Workshop on Cross-Sectional Dimension of Systemic Risk**
- 2:00 p.m. – 5:15 p.m.      O-2      **Preparation for Participants' Presentations (Part III)**

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***Thursday, March 29***

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- 9:00 a.m. – 10:30 a.m.      L-13      **Advances in Systemic Risk Monitoring**  
Mr. Francisco Vazquez
- *Indicators based on Market Data*
  - *CoVaR*
  - *CoRisk*
- 10:45 a.m. – 12:15 p.m.      W-13      **Workshop on Advances in Systemic Risk Monitoring**
- 2:00 p.m. – 3:30 p.m.      O-2      **Participants' Presentations**
- 3:45 p.m. - 5:15 p.m.           **Post-Course Test and Test Review**

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***Friday, March 30***

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- 9:00 a.m. – 10:30 a.m.      O-3      Guest Lecture II  
**Financial Stability Risks and Policy Response in the Czech Republic**  
Mr. Libor Holub, Deputy Director of the Financial Stability Department, Czech National Bank
- 10:45 a.m. – 12:15 p.m.           **Evaluations, Closing Session and Presentation of Certificates**