

STRESS TESTING MASTERCLASS

(Sunday - Tuesday) 09th – 11th & 16th – 18th February 2025 (6 days)

12:00PM - 03:00PM

Virtual online through Zoom

Arabic/material in English

FEES FOR UIC MEMBERS
KWD 250

FEES FOR NON-MEMBERS
KWD 300



Jack Bilalian

Introduction:

Stress testing has emerged as a critical tool for financial institutions to anticipate, manage, and mitigate risks in an increasingly volatile environment. This comprehensive masterclass covers every aspect of stress testing, from its foundational importance and evolution to the practical application of developing and validating robust models. Participants will explore regulatory frameworks, credit and liquidity risk stress testing, and innovative approaches like using AI and machine learning. With real-life case studies and hands-on workshops, this program provides the knowledge and practical skills needed to enhance decision-making, ensure compliance, and safeguard financial stability in today's dynamic financial ecosystem.

Target Audience:

- **Risk Management Professionals:**
 - Credit Risk Managers
 - Market Risk Analysts
 - Liquidity and Operational Risk Managers
- **Treasury and Finance Teams:**
 - Treasury Managers
 - CFOs and Financial Controllers
 - Asset and Liability Management (ALM) Professionals
- **Regulatory and Compliance Specialists:**
 - Compliance Officers
 - Internal Auditors
 - Professionals involved in ICAAP and regulatory reporting
- **Quantitative Analysts and Model Developers:**
 - Stress Testing Model Developers
 - Data Scientists and AI/ML Specialists in Financial Risk
- **Banking and Financial Institution Executives:**
 - Executives overseeing risk governance and strategy
 - Board Members and Senior Leaders involved in risk oversight



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Outline:

Day 1: Stress Testing Importance & Governance

- I. Importance and evolution of Stress Testing
- II. Real-life examples of stress testing's role during financial crises (e.g., 2008 Financial Crisis, COVID-19 pandemic)
- III. Regulatory Frameworks: global and regional stress testing standards (e.g., Basel III guidelines, etc..)
- IV. Governance of Stress Testing at Banks & Fis
- V. Stress testing as part of the ICAAP (Internal Capital Adequacy Assessment Process)

Day 2: Credit Risk Stress Testing

- I. Quantitative and qualitative approaches to stress testing credit risk
- II. Sovereign Exposure Stress Testing
- III. Banks' Exposure Stress Testing
- IV. Corporate Exposure Stress Testing
- V. Case studies of failed stress tests for credit risk management

Day 3: ALM Stress Testing

- I. Interest Rate Risk Stress Testing
 - a. Best practices in interest rate risk stress testing
 - b. Standardized interest rate shocks put forth by Basel Committee
- II. Liquidity Risk Stress Testing
 - a. Stress testing implications on liquidity buffers and funding strategies for banks & Fis
 - b. Stress testing in relation to LCR and NSFR ratios

Day 4: Market & Operational Risk Stress Testing

- I. Market Risk Stress Testing
 - c. Equity Exposures
 - d. Bond Exposures
 - e. FX Exposures
- II. Operational Risk Stress Testing
- III. Emerging Risks Stress Testing (Cyber risk, geopolitical risks)
- IV. Role of AI/ML in Stress Testing

Day 5: Developing a Stress Testing Model

- I. Key Principles for a Sound Stress Testing Model
- II. Scenario Selection Parameters
- III. Factors and Limitations to consider in Stress Tests
- IV. Back testing & Validation of Models (Traditional models & Machine Learning models)

Day 6: Case Study on Stress Testing (Scenario Selection and Application)

- I. Hands-on Exercise: Workshop to build a simple stress testing model using excel
- II. Designing Industry-Specific Stress Testing: (e.g., stress testing for banks vs. FIs)
- III. Post-Mortem Review: Discussion on how real institutions failed or succeeded in stress testing applications based on similar scenarios.



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Expert's Profile: Jack Bilalian, CFA

Jack is a Chartered Financial Analyst with a bachelor's in business administration degree from the American University of Beirut (AUB). He has acquired solid Risk Management expertise for 15+ years at various renowned banks in Lebanon, specifically in the field of Market Risk Management. Currently, Mr. Bilalian holds the "Head of Market Risk" position at LGB BANK SAL. In addition to his banking experience, he is also a CFA (level 1-2-3) and FRM (Level 1-2) program instructor at the Institute for Financial Analysts (IFA), with a focus on Fixed Income, Quantitative Analysis, and Risk Management topics.