



# profit|risk|2020

December 11, 2020 | 0900-1800 (GMT+2) | Online  
version of 26.11.2020

## About the Conference

The XVII Annual Conference "Profitability and Risks Management Profit|Risk|2020" will take place on December 11, 2020 in Kyiv, Ukraine.

The objective of the Conference is to discuss the impact of the COVID-19 crisis on the credit cycle, risks on the profitability of banks and financial companies in an environment of low interest rates and a presentation of modern innovations in risk management.

This conference traditionally marks the year end, gathering bankers and financiers to discuss strategic perspectives associated with risks, finances and technology.

Simultaneous translation from/into English!

- What Is The Impact Of The COVID-19 Crisis On The Credit Cycle, Risks And Profitability Of Banks And Financial Companies?
- How Confident Are We In The Fundamentals Of The Financial System?
- How Have The Z-Score Family Models Influenced Risk Management Over 50 Years?
- What Are The Innovations In Risk Management In The Era Of Big Data?

## Keynote Speakers



Dr Edward Altman  
Professor Emeritus of Finance  
Stern School of Business, New York University (USA)



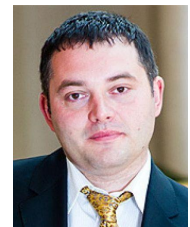
Dr Gabriele Sabato  
CEO Wiserfunding (UK)



Edward Nolan  
Chief of Party, Credit Support Program (Kosovo), former manager of Board of Governors, Federal Reserve System (USA)



William Emery III  
Former senior executive Citibank (USA)



Dmytro Kolehko  
Member of the Executive Board, Chief Risk Officer VP Bank (Vietnam)



Vitaliy Vavrishchuk  
Director - Department of Financial Stability NBU (Ukraine)



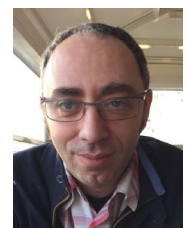
Natalia Gurina  
Deputy Chairman of Board, Chief Risk Officer Raiffeisen Bank Aval (Ukraine)



Vitaliy Dydyshko  
FRM Board Member, Chief Risk Officer Alfa Bank (Ukraine)



Larisa Chernyshova  
Board Member, Chief Risk Officer PrivatBank (Ukraine)



Yevhen Plotysya  
COO Tonik Bank (Singapore Philippines)



Pervin Dadashova  
FRM Head of Macroprou-dential Policy and Research NBU (Ukraine)



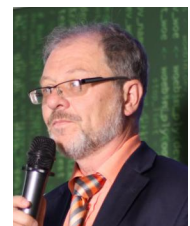
Viktor Tchistiakov  
FRM Senior Associate Rabobank International (Netherlands)



Irina Romanenko  
Data Model & Data Governance Consultant Erste Group (Austria)



Dmytro Stezya  
Director MyCredit (Ukraine)



Volodymyr Kartavtsev  
CEO Extra Consulting (Ukraine)

## Partners



PRAVEX BANK



## Information Partners



Всеукраїнська Асоціація Фінансових Компаній



## Who Should Attend

- Chairman and Members of Supervisory Board and Management Board of Banks and Financial Companies
- CRO
- CFO
- Managers of
  - Credit Risk Management,
  - Management of Market Risks and Liquidity Risk,
  - Operational Risk Management,
  - NPL Management,
  - Internal Audit,
  - Compliance,
  - Financial Planning and Budgeting,
  - Managerial Accounting,
  - Commercial Block,
  - Methodologies of Business Processes and Internal Procedures,
  - Management Information System
  - Developments and Deployments of Information Technologies.

## Testimonies on Previous Conferences

- *"I liked the reports on the materials of the NBU on the future regulation of capital and practical tools based on the calculation of risk appetite", Gennady Kachurovsky, Head of the Risk Management Department, MTB Bank*
- *"Many practical topics and cases", Olena Kolodyazhna, Director of the Department of Retail Risks, FUJB*
- *"Speakers, relevance and practical focus of topics", Andrey Nazarenko, Deputy Head of Risk Department, Agroprosperis Bank*
- *"Interesting presentations by market participants with practical examples, networking opportunities", Volodymyr Arseniy, Director, RISK MATRIX (UK)*
- *"A wide range of questions, well selected speakers who present qualitative, soundly and in details with real life examples", Alexey Nazarov, Head of Department of Market Risks, Raiffeisen Bank Aval*



## The Conference Speakers (confirmed)

- Dr Edward Altman, Professor Emeritus of Finance, Stern School of Business, New York University (USA)
- Dr Gabriele Sabato, Co-founder, CEO, Wisefunding (UK), former Vice-President Risks, ABN AMRO (Netherlands)
- Edward Nolan, Chief of Party, Credit Support Program (Kosovo), former manager of Board of Governors, Federal Reserve System (USA)
- William Emery III, former senior executive, Citibank (USA)
- Vitaliy Vavrishchuk, Director of Department of Financial Stability, National Bank of Ukraine (Ukraine)
- Natalia Gurina, Deputy Chairman of the Board, CRO, Raiffeisen Bank Aval (Ukraine)
- Vitaliy Dydysenko, FRM, Board Member, Chief Risk Officer, Alfa bank (Ukraine)
- Larisa Chernyshova, Board Member, Chief Risk Officer, PrivatBank (Ukraine)
- Dmytro Kolechko, Member of the Executive Board, Chief Risk Officer, VP Bank (Vietnam)
- Pervin Dadashova, FRM, Head of Macroprudential Policy and Research, National Bank of Ukraine (Ukraine)
- Viktor Tchistiakov, FRM, Senior Risk Manager, Rabobank International (Netherlands)
- Dmytro Stezha, Director, MyCredit (Ukraine)
- Irina Romanenko, Data Model & Data Governance Consultant, Erste Group (Austria)
- Yevhen Plotysya, Chief Operating Officer, Tonik Bank (Singapore-Philippines)
- Volodymyr Kartavtsev, CEO, Extra Consulting, Co-Director, GARP Ukraine

## Conference Program

### Time is GMT+2

0830-0900 Delegates Registration

0900-0915 Conference Opening

- Volodymyr Kartavtsev, CEO, Extra Consulting, Co-Director, GARP Ukraine
- William Emery III, former senior executive, Citibank (USA)

### How Confident Are We About The Fundamentals Of The Financial System?

0915-1000 Presentation. Too Big NOT To Fail?

- Edward Nolan, Chief of Party, Credit Support Program (Kosovo), former manager of Board of Governors, Federal Reserve System (USA)

Often bankers and regulators tend to follow the mainstream concepts that seem so obvious to be false or at least raise doubts. However, it's worthwhile - time after time - to take a fresh look at them, review and challenge these "bricks" of our financial stability. Let's call it a stress test of the banking fundamentals. Edward Nolan, former manager of Board of Governors of the Federal Reserve System, will share his view on such fundamentals that is based on his 50+ year experience of financial sector policy, bank supervision, and credit enhancement in developing and restructuring economies.

1. How big is too big?
2. How much risk is too much risk?
3. Do supervisory boards really know what is going on in their banks?
4. Are independent auditors really independent?
5. Does anyone, including the auditors, really understand IFRS?
6. Should a bank be a bank or a financial supermarket?
7. Is Basel a help or a hindrance for banks? For supervisors? For anyone?
8. Is there a market for banking licenses?

1000-1030 Coffee-break

1030-1200 Panel Discussion: "Risks And Profitability Of Banks And Financial Companies In The Context Of COVID-19: Results Of 2020 And Vision For 2021"

1. Are banks and financial companies ready to accurately assess their credit losses from the crisis due to the COVID-19 pandemic?
2. Have the crisis phenomena affected the risk limits set by banks? Have the approaches to assessing the creditworthiness of borrowers changed (or have the approaches become more conservative) during 2020?
3. Economists predict a gradual economic recovery in 2021. Will this lead to an increase in appetite for lending to businesses and households?
4. Does the general decline in the level of interest rates in the economy create new risks for the profitability of the banking sector?

Panelists:

- Vitaliy Vavrishchuk, Director of Department of Financial Stability, National Bank of Ukraine (Ukraine) (moderator)
- Natalia Gurina, Deputy Chairman of the Board, Chief Risk Officer, Raiffeisen Bank Aval (Ukraine)
- Larisa Chernyshova, Board Member, Chief Risk Officer, PrivatBank (Ukraine)
- Vitaliy Dydysenko, FRM, Board Member, Chief Risk Officer, Alfa bank (Ukraine)
- Dmytro Stezya, Director, MyCredit (Ukraine)



1200-1300 Presentation. Assessment Of The Probability Of Default Of Borrowers-Legal Entities According To The NBU Requirements. How Are The Parameters Of The Models Of Regulation No. 351 And The Requirements For The Internal Regulations Of Banks Determined?

- Pervin Dadashova, FRM, Head of Macroprudential Policy and Research, National Bank of Ukraine (Ukraine)
  1. Approaches to assessing the model of the default probability of borrowers - legal entities for Regulation No. 351
    - a. What data do we use?
    - b. How do we choose the financial indicators that will be included in the model?
    - c. What transformations are taking place in data and financial performance?
    - d. How are specific ranges of default probabilities set for each class?
  2. Requirements for internal regulations of banks for assessing the probability of default of borrowers
    - a. What is needed to agree on the bank's position on determining the probability of default ratios?
    - b. What are the most common approaches banks use to assess the likelihood of default?

1300-1340 Lunch

1340-1420 Presentation. What Income - Or Perhaps A Loss - Does Your Scoring Generate? Model For Assessing The Profitability Of Scoring Cards And AI Models

- Dmytro Kolechko, Member of the Executive Board, Chief Risk Officer, VP Bank (Vietnam)

Naeem Siddiqi, one of the world's leading scoring gurus, argues that 40 or more scoring models per million customers are needed to optimize the potential of a retail customer base.

Have you ever wondered how much scoring and your Artificial Intelligence (AI) models are earning for your organization? Do you track the profitability of each model? How do you prioritize their designs? Do you know how many of your models don't pay for themselves? What factors should be considered when evaluating the profitability of a model?

1. Why do we need a scoring card profitability assessment model (SCPAM)?
2. Presentation of a working SCPAM.
3. What factors should be considered when constructing, validating, implementing and monitoring the SCPAM.
4. SCPAM in 2 years after implementation - lessons and changes.

1420-1500 Presentation. Credit Line Pitfalls: How To Avoid NPL And Have A Profitable Product?

- Yevhen Plotysya, Chief Operating Officer, Tonik Bank (Singapore-Philippines)

A credit line - both for businesses and as a revolving credit card for individuals - can be a highly profitable product or constantly generate losses for the bank. The cause of losses is often not the customer's creditworthiness, but the bank's mistakes in creating the product itself. What mistakes can these be, and why do they have such a significant impact on profitability and NPL? For example, a popular attribute of a credit line - Grace Period - can have many options for implementation, but only a few types of Grace Period will allow a bank to both earn money on this product and have its high-quality portfolio. Since the creation of a product involves not only the representatives of Business Lines, but also Risk Management and Compliance, understanding the product "from start to finish" is important for all of them.

1500-1550 Presentation. Backtesting And Performance Comparisons Of PD Models: New Approaches In The Big Data Era

- Viktor Tchistiakov, FRM, Senior Risk Manager, Rabobank International (Netherlands)

Previously, the main problem when back-testing PD models on historical data was the low statistical power of the tests due to the small data set (sample). These days, in the Big Data era, a new problem is emerging in the statistical testing of these models. Given large datasets, virtually any difference becomes statistically

significant! This limits the use of statistical tests for decision making. This presentation will present several approaches to overcome this disadvantage of classical testing, which are used by Rabobank International (Netherlands).

1550-1630 Presentation. Does the business model and methodology for assessing profitability and risk affect the bank's data model?

- Irina Romanenko, Data Model & Data Governance Consultant, Erste Group (Austria)

Transparency, manageability and reliability of any financial institution in the eyes of investors, regulators and depositors directly depends on the quality of information and the timeliness of decisions that managers make on its basis. The heart of any Management Information System (Data Warehouse and Analytical Systems) is the Data Model, which, in turn, reflects the business model of the organization, and also allows you to synchronize and efficiently process data from different accounting and front office systems. That is why all the major banks in the world are investing in creating their own or implementing industrial Data Models. In this presentation, we will look at the impact of the Business Model, approaches to assessing profitability and risk on the Data Model and compare the two approaches: create a data model yourself or buy it from a vendor.

1. Assessment of profitability taking into account risks: methodology and business model of the bank.
2. Influence of the business model on the information system: data sources, data warehouse, calculation programs, reports.
3. Bank data model: detailed storage area (concepts, hierarchies and relationships) and data marts areas (fact and dimension tables).
4. Build yourself or buy from a vendor? Examples of data models for banks.
5. Review of projects in the field of information systems in Europe and the CIS.

1630-1700 Coffee-break

### Assessing the Impact of the COVID-19 Crisis on the Credit Cycle by Dr. Edward Altman, The Guru of Corporate Failure Forecasting

1700-1800 Presentation. 50 Years of Z-Scores: What Have We Learned and Comments on Covid-19 and the Credit Cycle

- Dr Edward Altman, Professor Emeritus of Finance, Stern School of Business, New York University (USA)

Dr. Edward I. Altman is the internationally renowned developer of the Z-Score model and the guru in bankruptcy prediction. Since its first publication in 1968, his famous Z-Score Model is still the standard against which most other bankruptcy or default prediction models are measured and is clearly the most used by financial market practitioners and academic scholars for a variety of purposes. Since then, Dr Edward Altman has created a family of credit rating models.

In his presentation at our Conference, Dr Edward Altman will present the evolution of the family of his bankruptcy prediction models, as well as their extensions and multiple applications in financial markets and managerial decision making.

In addition, as the Covid-19 health crisis has dramatically affected just about every aspect of the economy, Dr Edward Altman will assess the credit climate from just before the unexpected global health crisis catalyst to its immediate and extended impact.

According to the permission of Dr. Edward Altman, all participants of our Conference will receive free copies of two of his articles on which his presentation at the Conference is based (in pdf format):

- Edward I. Altman, Covid-19 and the credit cycle, Journal of Credit Risk 16(2), 1–28, 2020.
- Edward I. Altman, A fifty-year retrospective on credit risk models, the Altman Z-score family of models and their applications to financial markets and managerial strategies, Journal of Credit Risk 14(4), 1–34, 2018.

*The Program is subject to change*

## How to Attend

Conference format: The conference will take place in online format (Zoom and YouTube\*).

The working languages of Conference – Ukrainian/Russian and English. The simultaneous translation will be arranged from Ukrainian/Russian to English and from English to Ukrainian for all presentations, discussions, Q&A sessions.

Fee of participation of one representative in the Conference:

for residents of Ukraine (UAH)	9,995
for non-residents of Ukraine (EUR)	300

The fee includes:

- Participation online (Zoom or YouTube), questions can be asked via Zoom, via YouTube chat and via email\*
- Full video recording in Ukrainian/Russian OR English\*\*.
- Speakers' presentations

\* YouTube for Ukrainian/Russian content

\*\* Registration for Ukrainian/Russian and for English content is separate. The participant needs to choose which language to use in the registration form.

Regular Discounts for participation in the Conference:

For representatives of organizations from which there are speakers at this conference	50%
For members of GARP and UUPN	5%
For regular customers	5%

Discounts are summed up.

### PROMO SALE 1+1:

When paying for one representative, the second representative of this organization participates in the Conference for FREE.

Terms of this Promotion:

- 1) The promotion is valid until December 4, 2020 inclusive.
- 2) The promotion does not operate with other discounts.
- 3) The second participant of this Promotion must choose the same language package as the first participant (Ukrainian / Russian or English).
- 4) Payment for participation must be made before the end date of this promotion.

For registration please send your registration request at e-mail [office@extra-consulting.net](mailto:office@extra-consulting.net) stating the names of the delegates, their positions, your organization and contact details.

For marketing opportunities, please e-mail: [marketing@extra-consulting.net](mailto:marketing@extra-consulting.net)

If you have any questions, please call us at +380 44 227 81 73 or e-mail [office@extra-consulting.net](mailto:office@extra-consulting.net).

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## About the Organizer

**20** YEARS **EXTRA**  
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Extra Consulting Ltd ([www.extra-consulting.net](http://www.extra-consulting.net)) is a leading banking consulting and training provider in Ukraine. The company's Mission is to advise Ukrainian and CIS banks on the world best practice of management and advanced information technologies to improve their efficiency. This shall be achieved through the combined expertise of a network of international and local consultants. The Company has 20 year successful experience in delivering professional conferences and training – with Risk Management as the major topic. The Company initiated an establishment of the GARP presence in Ukraine in 2009 by taking part in setting up the GARP's Regional Chapter and in a successful launch of the FRM Certification. The company's experts successfully accomplished several consulting projects in Ukraine, countries of the Western Balkans, Eastern Partnership, Kyrgyz Republic, Tajikistan, Vietnam and Russia.