

<b>Client</b>	The client is a subsidiary of an eastern European financial services conglomerate.
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<b>Project Name</b>	Internal Capital Adequacy Assessment Process (ICAAP) Diagnostic and Report
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<b>Project Start Date</b>	November 2008	<b>Project End Date</b>	December 2008
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<b>Industry</b>	<input type="checkbox"/> Commercial banking	<input type="checkbox"/> Insurance
	<input type="checkbox"/> Investment banking	
	<input checked="" type="checkbox"/> Private banking	<input type="checkbox"/> Asset and wealth management
	<input type="checkbox"/> Retail banking	
		<input type="checkbox"/> Corporate

<b>Category of Service</b>	<input type="checkbox"/> Performance measurement and monitoring	<input checked="" type="checkbox"/> Regulatory compliance and reporting
	<input type="checkbox"/> Portfolio risk management	<input type="checkbox"/> Business process improvement
	<input type="checkbox"/> Specialised risks	<input type="checkbox"/> Training and people change
	<input type="checkbox"/> Data Quality	<input type="checkbox"/> System selection and implementation

<b>The Challenge</b>	<p>The client is a Luxembourg subsidiary of an eastern European financial services conglomerate quoted on both the Moscow and London Stock Exchange. Its principal business is the execution of loans and advancement of credit in a private banking capacity.</p> <p>The bank has a balance sheet of approximately €1 billion with a total headcount of 40 staff. The challenge was therefore to apply judgment on the degree of proportionality to be applied to a relative small and simple business whilst also ensuring that the assessment and recommendations were comprehensive with regard to the evaluation of the risk and capital management capabilities.</p>
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<b>Approach and Solution</b>	<p>In the interest of achieving proportionality, the approach adopted involved the capture of as much information as possible from existing financial, regulatory and audit reports prior to interviewing key members of staff in order to focus on risk identification, data capture, risk and capital control procedures, measurement, monitoring and planning processes.</p> <p>The diagnostic assessment of the capabilities and evaluation of compliance with regulatory requirements and benchmark against generally accepted practices in the industry included recommended approaches to addressing weaknesses identified. The report completed stage 1 of the assignment.</p> <p>Stage 2 involved the drafting of the ICAAP report to be submitted to the regulator.</p>
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<b>Results and Benefits</b>	The client's risk management function had only been recently created. The exercise provided a valuable education tool for the client and also provided third
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	<p>party verification of the capability gaps already known but more importantly the implications thereof for the client. The recommendations included provided detailed structure where functional gaps existed which facilitated the drafting of the ICAAP submission by providing evidence to the regulator of programmes of work identified to address potential compliance concerns.</p>
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<p><b>Software used</b></p>	<p>IRPM<sup>®</sup></p>
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