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Setting a Higher Standard in Risk Education

PRMIA and UC Berkeley Center for Executive Education

Applied Financial Risk Management

*Empowering you with strategy and tactics to develop,
analyze, and implement an integrated risk management
framework in today's rebalancing world.*

The global financial crisis challenged the paradigm of Risk Management and set it on an evolutionary path. This course, taught by veteran practitioners and world renowned academics, sets the direction for the future of the profession. The curriculum addresses the quintessential issues for today's managers, who are dealing with a new generation of developments and risks: dynamic capital management, (il-) liquidity, behavioral aspects of financial markets and risk-taking, regulatory revolutions, systemic risk, and the future of the Euro, Yuan, and U.S. dollar.

October 7 – 11, 2013
8:30 a.m. – 5:00 p.m.

Haas School of Business, Berkeley, California



center for
UC Berkeley
executive education

EXECUTIVE EDUCATION PROGRAM

Monday–Friday

October 7–11, 2013

8:30 a.m.–5:00 p.m.

Haas School of Business

University of California, Berkeley

COURSE FEE

US \$8,495

Hotel accommodations are the responsibility of the registering delegate. For a list of suggested hotels, contact training@prmia.org.

REGISTRATION

Online:

<http://www.prmia.org/civicrm/event/info?reset=1&id=3987>

Phone: +1 612-216-4739

E-mail: training@prmia.org

AVAILABLE DISCOUNTS

- A \$500 early registration discount applies if registrations are received by September 13, 2013.
- Multiple registration discounts are available for companies registering two or more delegates.
- Sustaining Members of PRMIA receive a discounted price.

INVOICING

Invoicing is available by contacting training@prmia.org or +1 612-216-4739.

CANCELLATION

A refund (less a US \$500 administration fee) will be made if formal notice of cancellation is received four weeks prior to the date of the event. We regret that no refunds will be made after that date. Substitutions may be made at no extra charge.

CONTACT INFORMATION

For more information regarding refund, complaint and/or program cancellation policies, please contact our offices at 1-612-216-4739. To contact the PRMIA staff, visit the “Contact Us” link at www.prmia.org or send an email to training@prmia.org.

This program is subject to demand. PRMIA and Haas School of Business reserve the right to cancel or postpone the program at short notice at no loss or liability where, in its absolute discretion, it deems this necessary.



48 CPE Credits

Program Level: Intermediate

Prerequisites: See page 2

Delivery Method: Group-Live

PRMIA is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors, 150 Fourth Avenue North, Suite 700, Nashville, TN, 37219-2417. www.nasba.org.

PROGRAM CHAIRS

- Robert Mark and James A. Wilcox

GUEST SPEAKERS

- Darrell Duffie
- Barry Eichengreen

LEADING FACULTY

- | | | |
|--------------------|-------------------|-------------------|
| ■ Carlos Blanco | ■ Stephen Hoffman | ■ Robert Oliver |
| ■ Michel Crouhy | ■ Shahab Kaynama | ■ Richard Stanton |
| ■ Lindsay Gottlieb | ■ Robert Mark | ■ Nancy Wallace |
| ■ Jean Hinrichs | ■ Terrance Odean | ■ James A. Wilcox |

WHO SHOULD ATTEND

- C-Suite executives
- Risk committee executives (management and board)
- Chief risk officers and heads of risk management
- Market, credit and operational risk specialists
- Regulators, auditors, supervisors and IT personnel
- Business managers
- Mid- and high-level company executives
- Lawyers, accountants, auditors
- Corporate strategists, developers and planners
- Bank and pension trustees, sponsors and custodians
- Software and information providers, and systems professionals

KEY OBJECTIVES AND LEARNING OUTCOMES

- Interpret, analyze and develop risk management information and reports
- Evaluate risk management practices in an industry setting
- Critically assess risk management reports and research
- Identify the limitations and positive role of risk management in real-life situations

WHAT WILL BE COVERED

- | | |
|-------------------------|---|
| ■ Risk Theory | ■ Operational Risk |
| ■ Behavioral Finance | ■ Securitization |
| ■ Market Risk | ■ Systemic Risk |
| ■ Credit Risk Wholesale | ■ Capital, Economic and Regulatory Risk |
| ■ Credit Risk Retail | ■ Risk Adjusted Performance |
| ■ Enterprise Wide Risk | ■ Governance |
| ■ Stress Testing | ■ New and Coming Regulations |

CERTIFICATE OF COMPLETION PROVIDED BY UC BERKELEY
CENTER FOR EXECUTIVE EDUCATION AND PRMIA

Applied Financial Risk Management

October 7 – 11, 2013 | 8:30 a.m. – 5:00 p.m.

HAAS SCHOOL OF BUSINESS, BERKELEY, CALIFORNIA

SESSION DESCRIPTIONS

Why Are We Here: Causes of and lessons from the financial crisis.

Risk Theory: This module will cover Risk Appetite, Modern Portfolio Theory, CAPM, Multifactor Models, Capital Structure, Capital Allocation and the Term Structure of Interest Rates.

Behavioral Finance: Interest in and evidence of cognitive biases in financial markets is growing rapidly. In practice, these biases can have important repercussions. This module will present concepts and results about behavioral biases and their implications.

Market Risk: This module discusses historical, Var-Covar, Monte Carlo, and scenario methods for measuring risks in the cash and derivative markets for equity, fixed-income, commodity, and FX markets. Topics include Value-at-Risk (VaR), Expected Tail Loss, and Back-testing. In addition to a case study (LTCM), the module discusses corporate treasury activities, such as funding liquidity management.

“Zero” Risk-Tolerance: In finance, risks are measured, managed, and accepted, or mitigated. Other specialized industries tolerate virtually zero risk of failure. This session will present methods that can eliminate some risks of aviation and of dispensing medicine to hospital patients.

Perspective from a Rating Agency:

This session discusses how ratings and methodologies changed for corporates and for structured investment vehicles since the financial crisis.

The Future of the Euro, the Yuan, and the U.S. Dollar: This dinner-talk will discuss the likely evolution of the world's three major currencies in the decades to come.

Risk, Return, and Game Theory: Real Data, Strategies,—and Games: Analytics are being used ever more broadly. Pattern recognition and statistics are now widely used in sports. In this session, the head coach of a Women's Final Four basketball team will illustrate what metrics and video tools are used to improve results.

Credit Risk: This module will discuss Probability of Default, Loss Given Default, Internal-Ratings-Based Approaches, Credit Scoring, Credit Loss Modeling, Structured Investment Vehicles, Credit Derivatives, and other tools for managing wholesale and retail credit risks.

Operational Risk: Businesses and regulators increasingly want to understand which operational risks are present, how they can be measured, and how they can be managed. This session discusses uses and benefits of Key Risk Indicators (KRIs) and Risk Control Self Assessments.

Asset Management: This session discusses risk management from the buy-side perspective.

Regulatory-Defined Capital: Basels I, II, and III: This session discusses the drivers of Regulatory-defined Capital—and how it differs from Economic Capital. The session discusses where capital regulation was, is—and may be heading.

The Re-Birth of Securitization: Securitization, widely hailed before the crisis, is often blamed for exacerbating the financial crisis. Since then, some securitized markets have revived, and some haven't. In addition, the prospects for securitization markets will be discussed.

Benchmarking the Quality of Risk

Management: This session will provide a framework for evaluating the quality of an institution's risk management relative to an industry benchmark.

Regulatory Stress Testing: This session discusses the Fed's stress testing program, which is required by the Dodd-Frank Act for some institutions. The session addresses regulatory guidelines and expectations for stress tests and insights based on recent experience.

Systemic Risk: Regulators are vastly more attuned to systemic risks since the crisis. This session discusses the role of interconnectedness of financial institutions in systemic risk. Discussion also covers the past, present, and future of systemic risk measurement and policies.

Risk in Energy and Commodity Markets: Real assets, such as energy and other commodities, often follow different dynamics than financial assets. This session discusses the differences and how these risks can be assessed.

Regulation: This session discusses some of the regulatory changes that are likely to have the largest repercussions on institutions' business models.

Risk-Adjusting Pricing, Performance, and Pay: This session discusses how risk-adjustments can be applied to product pricing performance measurement, and compensation. Risk-adjusted Performance Measures (RAPM), Risk-adjusted Return on Capital (RAROC), Hurdle Rates, and Economic and Accounting measures will be discussed.

Governance: This session discusses the interplay between the complexity of business and regulation, the risk function, business units, and the audit function, with reference to Haldane's Dog and Frisbee. We will also address best-practice reporting and dynamics that often occur between the CRO, Risk Committees, and Board members. Their roles will be played during the session to illustrate the interplay and dynamics.



SESSION SCHEDULE

MONDAY OCTOBER 7

Morning Session I

Why We're Here
The Financial Crisis —
and After: Causes
and Lessons
(MARK)

Risk Theory I
(STANTON)

**Morning
Session II**
Risk Theory II
(STANTON)

LUNCH

**Afternoon
Session I**
**Behavioral
Finance I**
(ODEAN)

**Afternoon
Session II**
**Behavioral
Finance II**
(ODEAN)

FREE EVENING
(in Berkeley)

TUESDAY OCTOBER 8

Morning Session I

Market Risk I
(WILCOX/MARK)

**Morning
Session II**
Market Risk II
(WILCOX/MARK)

LUNCH

**Afternoon
Session I**
**Perspectives From a
Rating Agency**

**Afternoon
Session II**
**Risk, Return, and Game
Theory: Real Data,
Strategies and Games**
(GOTTLIEB)

EVENING

Reception
Morrison
Reading Room

WEDNESDAY OCTOBER 9

Morning Session I

Credit Risk I
Wholesale Banking
(CROUHY)

**Morning
Session II**
Credit Risk II
Retail Banking
(OLIVER)

LUNCH
"Zero" Risk-
Tolerance: Algorithms,
Aviation, and Medicine
(KAYNAMA)

**Afternoon
Session I**
Operational Risk
(MARK)

**Asset
Management**
(CROUHY)

**Afternoon
Session II**
**Regulatory-Defined
Capital: Basel I, II, III**
(SPEAKER FROM ERNST AND
YOUNG LLP)

EVENING
Reception and Dinner
The Future of the Euro,
the Yuan, and the Dollar
(EICHENGREEN)

THURSDAY OCTOBER 10

Morning Session I

**The Re-Birth of
Securitization**
(WALLACE)

**Morning
Session II**
**Benchmarking the
Quality of Risk
Management
and ERM**
(MARK)

LUNCH
*Bus to Federal Reserve
in San Francisco*

**Afternoon
Session I**
**Regulatory Stress
Testing**
Panel Presentations
and Q&A
(FEDERAL RESERVE BANK OF
SAN FRAN STAFF)

**Afternoon
Session II**
Systemic Risk
(DUFFIE)

FREE EVENING
(in San Francisco)

FRIDAY OCTOBER 11

Morning Session I

**Risk-Adjusting Pricing,
Performance, and Pay**
(WILCOX)

**Morning
Session II**
**Risks in Energy and
Commodity Markets**
(BLANCO/HINRICHS)

LUNCH

**Afternoon
Session I**
**Regulation: Past,
Present and A
Window into Future--
Culture is Essential**
(HOFFMAN)

**Afternoon
Session II**
Governance
(MARK)

Wrapping It Up
(WILCOX)

PLEASE NOTE THAT ALL SESSIONS AND SCHEDULES ARE SUBJECT TO CHANGE

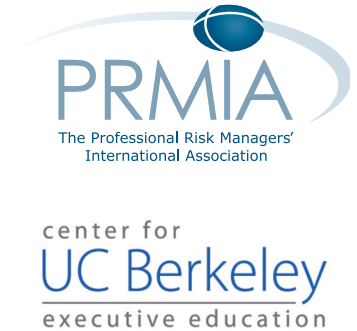
GUEST SPEAKERS



DR. DARRELL DUFFIE
is the Dean Witter Distinguished Professor of Finance at The Graduate School of Business, Stanford University.



DR. BARRY EICHENGREEN is Professor of Economics and Professor of Political Science at UC Berkeley's Haas School of Business.



COURSE FACULTY



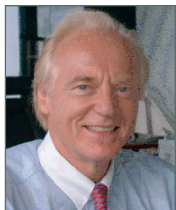
DR. CARLOS BLANCO
is the co-founder and managing director of NQuantX.



STEPHEN HOFFMAN
assists clients in addressing issues involving structure, governance, risk management, control, and compliance.



DR. ROBERT OLIVER
is Professor Emeritus of Operations Research and Engineering Science UC Berkeley. He is also the Former Chairman of Fair Isaac Corporation.



DR. MICHEL CROUHY
is Head of Research & Development at NATIXIS Corporate and Investment Bank, a subsidiary of Groupe BPCE.



SHAHAB KAYNAMA
is a Postdoctoral Scholar in the Electrical Engineering and Computer Sciences Department at the University of California at Berkeley.



DR. RICHARD STANTON
is Professor in Finance and Real Estate and Kingsford Capital Management Chair in Business at UC Berkeley's Haas School of Business.



LINDSAY GOTTLIEB
is the Head Coach of UC Berkeley's California Golden Bears, which advanced to the 2013 Women's Final Four.



DR. ROBERT MARK
is the Founding Partner of Black Diamond Risk, which provides corporate governance, risk management consulting, risk software tools and transaction services.



DR. NANCY WALLACE
is Professor in Real Estate and Finance, Lisle and Roslyn Payne Chair of Real Estate and Capital Markets, UC Berkeley's Haas School of Business.



DR. JEAN HINRICHS
is an experienced senior manager who retired from Fannie Mae as Chief Audit Executive in 2008. (For a complete bio please contact allyn.sellers@prmia.org)



DR. TERRANCE ODEAN
is the Rudd Family Foundation Professor at UC Berkeley's Haas School of Business.



DR. JAMES A. WILCOX
is Professor and Chair of the Economic Analysis and Policy Group at UC Berkeley's Haas School of Business.



A Higher Standard for Risk Professionals

Formed in 2002 as a non-profit, member-led association of professionals, the Professional Risk Managers' International Association (PRMIA) is dedicated to advancing the standards of the risk profession worldwide through the free exchange of ideas. We are committed to providing resources to help our members achieve these standards from the cradle to the pinnacle of their careers.

center for
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The University of California's flagship campus at Berkeley is one of the preeminent universities in the world. A catalyst of economic growth and social innovation, the world-class institution is home to distinguished faculty (with 22 Nobel laureates to date), a stellar research library, a national laboratory and more than 350 academic programs. UC Berkeley ranks fifth among the world's top universities in the Times Higher Education magazine of Great Britain's "World Reputation Rankings."

As the second-oldest business school in the United States, the Haas School of Business at the University of California, Berkeley is one of the world's leading producers of new ideas and knowledge in all areas of business — which includes the distinction of having two of its faculty members receive the Nobel Prize in Economics over the past 20 years.

The school offers outstanding management education to about 2,200 undergraduate and graduate students each year who come from around the world to study in one of its six degree-granting programs. The Berkeley MBA Full-Time Program is in the top-10 list of several category rankings recently published by *Businessweek*.

The school's mission is "to develop leaders who redefine how we do business."

QUESTIONS?

Contact the PRMIA staff, visit the "Contact Us"
link at www.prmia.org, send an e-mail to training@prmia.org or call +1-612-216-4739