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Setting a Higher Standard in Risk Education

PRMIA AND THE KELLOGG SCHOOL OF MANAGEMENT, ZELL CENTER FOR RISK RESEARCH

RISK MANAGEMENT EXECUTIVE EDUCATION PROGRAM

Summer 2009

A COMPLETE COURSE IN PROFESSIONAL RISK MANAGEMENT

This intensive one-week course is designed to meet the demands of the risk professional by bridging the gap between theory and practice in financial risk management. PRMIA and the Kellogg School's Zell Center for Risk Research jointly offer this classroom-based educational program featuring top faculty from the Kellogg School of Management.

Monday - Friday
July 20 - 24, 2009

The Kellogg School of Management
Northwestern University
Chicago, Illinois





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.



The Kellogg School of Management develops global leaders in a culture of innovation and collaboration. The school's unique approach to management education prepares students to become global leaders who can analyze an organization's structure in depth, find creative solutions to business challenges, and build consensus across diverse groups. Taught by a world-class, research-based faculty, and supported by a network of 50,000 alumni globally, today's students continue the legacy that began when the school was founded at Northwestern University in 1908. Today, Kellogg remains one of the world's most prestigious business schools.



EFFECTIVELY PRACTICING RISK MANAGEMENT requires a broad and solid foundation of knowledge. This intensive program, led by the faculty of one of the world's top business schools, provides delegates with just such a foundation.

Beginning with the essential elements of finance, risk measurement, markets and financial instruments, students are then introduced to the best practices of market, credit and operational risk management. The final sessions focus on integrating the knowledge gained into a capital allocation framework and study of governance best practices.

WHAT YOU WILL LEARN

- The essential foundations of risk measurement
- Portfolio analytics and portfolio theory
- Term structure of interest rates
- How to price a bond
- Pricing futures, forwards, options and swaps
- Essentials of credit derivatives
- Overview of OTC and exchange-traded markets
- Risk measures in fixed income and portfolios
- Value at Risk techniques – Analytic, Historical and Monte Carlo
- Stress testing and backtesting techniques
- Credit analysis, credit scoring and internal models
- An overview of popular public credit risk models
- Current best practices in operational risk
- Capital allocation – regulatory and economic
- Introduction to RAROC and RAPM
- Current governance best practices

WHO SHOULD ATTEND

This program is designed to develop the knowledge and understanding of risk management practices for those advancing their careers in financial risk management. The foundations apply across all sectors: banking, insurance, asset management, hedge funds, energy, securities, regulation/supervision and more.

- **Chief Risk Officers and heads of risk management** can use this program to develop the talents of their **key staff members**.
- **Market, credit or operational risk specialists** can use this program to expand their knowledge of other approaches to understanding risk.
- **Regulators, auditors and supervisors** can use this program to increase their expertise in validation of advanced risk management infrastructures.
- **IT personnel** can use this program to improve the effectiveness of their work in building the risk management architecture of their organizations.
- **Financial engineers** can use this program to enhance the application of their technical skills to the broader organization.
- **Business Managers** interested in learning more about risk management or expanding their career into the field of risk management.

COURSE DELEGATE EXTRAS

Each delegate will receive a printed version of the series *Professional Risk Managers' Handbook: A Comprehensive Guide to Current Theory and Best Practices*. The Professional Risk Managers' Handbook is used in more than 105 countries, at 23 of the world's 25 largest banks and at all ten of the world's largest financial institutions. It also serves as the foundation of graduate level programs in risk management.

Supplemental classroom notes will also be provided.

A COMPLETE COURSE IN PROFESSIONAL RISK MANAGEMENT

Continental breakfast, lunch and refreshments will be provided each day.

DAY 1 - MONDAY, JULY 20

FOUNDATIONS OF RISK MEASUREMENT - Professor Karl Schmedders

Statistics for Risk: Mean, Variance, Correlation, Skew. Probability Distributions Useful for Risk and Financial Models. Linear Regressions and Risk Modeling Fundamentals.

FOUNDATIONS OF RISK FINANCE THEORY - Professor Robert Korajczyk

Risk Theory in Finance: Risk Appetites. Portfolio Theory and Related Analysis. CAPM and its use in Risk Assessment. Capital Structures and Interest Rate Structures.

DAY 2 - TUESDAY, JULY 21

MARKETS AND FINANCIAL INSTRUMENTS - Professor Robert Korajczyk

Bond Pricing, Options, Futures, Forwards, Swaps, Credit and Other Derivatives. Introduction to Exchange Markets and How Such Instruments Trade Across the Globe.

MARKET RISK MANAGEMENT - Professor Russell Walker

Management of Market Risk in Organizations, Risk Measures in Bonds and Other Common Financial Instruments. Introduction to Value at Risk: Analytical VaR.

DAY 3 - WEDNESDAY, JULY 22

MARKET RISK MANAGEMENT - Professor Russell Walker

Historical Simulations, Monte Carlo VaR Models, Portfolio Risk Measures, Portfolio Stress Testing and Backtesting.

CREDIT RISK MANAGEMENT - Professor Mitchell Petersen

Management of Credit Risk, Risk of Default, Risk and Credit Agency Rating Frameworks, Credit Scoring, Modeling the Risk Credit Loss, and Probability of Recovery.

DAY 4 - THURSDAY, JULY 23

OPERATIONAL RISK MANAGEMENT - Professor Russell Walker

Management of Operational Risk, Identifying Operational Risk Factors, Calculating Capital Charges, Role of Insurance, Hedges, and Swaps. Catastrophic Risk, Foundations for Modeling Operational Risk and Emerging Frameworks for Operational Risk.

DAY 5 - FRIDAY, JULY 24

CAPITAL ALLOCATION - Professor Mitchell Petersen

Introduction to RAROC and RAPM, Regulatory Capital and Economic Capital.

CRISIS MANAGEMENT AND NON-MARKET RISK

Professor Timothy Feddersen

Management of Non-Market Risk, Including Managing Brand Reputations. Responding to Brand Attacks, Media-Induced Crises, and Using Information to Navigate Crises Successfully.

GOVERNANCE AND BOARD OF DIRECTORS ROLES

Professor Harry M. Kraemer, Jr.

Management of Enterprise Risk, CEO and Board of Director Roles, Developing a Chief Risk Office, Communicating Risk in the Organization, Developing Governance to Manage Risk, Learning from Case Studies: LTCM, Orange County, Nokia/Ericsson, Barings, Sub-prime Crisis.

ARCHITECTURAL TOUR OF CHICAGO: Applying Risk Management to the Growth of a Major, Modern City and How Chicago Learned from Crisis

CELEBRATION DINNER

In addition to the above itinerary, registered delegates will have the opportunity to participate in three evening events throughout the week.

EXECUTIVE EDUCATION PROGRAM

Monday - Friday

July 20 - 24, 2009

8:30 a.m. - 6:00 p.m.

The Kellogg School of Management
on Northwestern University's Chicago Campus
Wieboldt Hall
340 East Superior Street
Chicago, IL 60611-3008

COURSE FEE

US \$7,995

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/events/view_events.php?eventID=3365

Phone: +1 612-216-5497

E-mail: training@prmia.org

AVAILABLE DISCOUNTS

- A \$500 early registration discount applies if registrations are received by June 19, 2009.
- 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 +1 612-216-5497.

CANCELLATION

A refund (less a US \$500 administration fee) will be made if formal notice of cancellation is received two 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

To contact the PRMIA staff, visit the "Contact Us" link at www.prmia.org or send an email to training@prmia.org

(DISCLAIMER: The program may be changed or cancelled due to unforeseen circumstances.)



COURSE FACULTY



TIMOTHY FEDDERSEN

Professor Timothy Feddersen is the Wendell Hobbs Professor of Managerial Politics in the Kellogg School of Management at Northwestern University and Director of the Social Enterprise at Kellogg Program (SEEK). Professor Feddersen teaches several classes at Kellogg including Strategy in the Nonmarket Environment, Values-Based Leadership and Values and Strategic Crisis Management. Professor Feddersen's work has been published in leading journals, including the *American Political Science Review*, the *American Journal of Political Science*, *Econometrica*, the *American Economic Review*, and the *Journal of Economics and Management Strategy*.



ROBERT KORAJCZYK

Robert A. Korajczyk is the Harry G. Guthmann Professor of Finance and Director of the Zell Center for Risk Research. He is a past editor of the *Review of Financial Studies* and a past associate editor of the *Review of Financial Studies*, *Journal of Business & Economic Statistics*, *Journal of Empirical Finance*, and the *Journal of Financial and Quantitative Analysis*. He has held visiting faculty appointments at the University of Chicago, where he earned his Ph.D., the University of Vienna, and the Hong Kong University of Science and Technology. He has served as a consultant to the World Bank and a number of other organizations.



HARRY M. KRAEMER, JR.

Harry M. Jansen Kraemer, Jr. is an executive partner with Madison Dearborn, a private equity firm based in Chicago, Illinois and a Clinical Professor of Management and Strategy at Northwestern University's Kellogg School of Management in Evanston, Illinois. He is the former chairman and chief executive officer of Baxter International Inc. Before joining Baxter, Mr. Kraemer worked for Bank of America in corporate banking and for Northwest Industries in planning and business development. Mr. Kraemer graduated summa cum laude from Lawrence University of Wisconsin with a bachelor's degree in mathematics and economics. He received an MBA degree in finance and accounting from Northwestern University's Kellogg School of Management and is a certified public accountant. For his outstanding leadership and service, he received the 1996 Schaffner Award from the Kellogg School of Management. His excellence in teaching has been recognized with the 2008 Lawrence G. Lavengood Outstanding Professor of the Year.



KARL SCHMEDDERS

Karl Schmedders is Associate Professor in the Department of Managerial Economics and Decision Sciences. He holds a Ph.D. in Operations Research from Stanford University. Professor Schmedders' research interests include computational economics, asset pricing, portfolio selection and risk management. His work has been published in *Econometrica*, *The Review of Economic Studies*, *The Journal of Finance*, and many other academic journals. He teaches courses in decision science both in the MBA and the Executive MBA program at Kellogg. Professor Schmedders has been named to the Faculty Honor Roll in every quarter he has taught at Kellogg. He has received numerous teaching awards, including the 2002 Lawrence G. Lavengood Outstanding Professor of the Year.



MITCHELL PETERSEN

Mitchell Petersen is the Glen Vasel Professor of Finance. He has published widely in finance and economics. Professor Petersen's research is in the area of empirical corporate finance – the questions of how firms evaluate potential investment projects and how they fund such projects. He has been a member of the editorial board of various journals. He received his Ph.D. in Economics from the Massachusetts Institute of Technology. Prior to joining Kellogg, Professor Petersen taught at the University of Chicago.



RUSSELL WALKER

Russell Walker is the Assistant Director of the Zell Center for Risk Research at the Kellogg School of Management. He teaches courses in the application of business intelligence and analytics to business opportunities, especially in risk management and marketing. Prior to joining the Kellogg faculty, Walker was a corporate strategist at Capital One Financial, responsible for risk management and predictive modeling research. Walker holds an MBA from the Kellogg School of Management's executive program and Ph.D. and MS from the College of Engineering at Cornell University. Russell is frequently quoted in leading financial newspapers including *Financial Times*, *Herald Tribune*, *Crain's Business*, and *Washington Post*, among others. He has provided executive education to leading organizations such as Microsoft, the Indian Bankers' Association and Bank of Austria.

ADDITIONAL ACCREDITATION

A certificate of completion will be awarded to those individuals who take the complete course and pass a final examination.



As a participant in the CFA Institute Approved-Provider Program, PRMIA has determined that this program qualifies for 40 credit hours. If you are a CFA Institute member, notify training@prmia.org at any time after registration, and CE credit for your participation in this program will be automatically recorded in your CE Diary upon your completion of this training course.

CONTACT INFORMATION

To contact the PRMIA staff, visit the "Contact Us" link at www.prmia.org or send an e-mail to training@prmia.org or call +1 612-216-5497