

Even the most difficult voyage starts with a single step.

The RMA/Wharton

Advanced Risk Management Program

Navigating turbulent waters in search of opportunity.

2009–2010

Are you well positioned to meet the challenges and seize the opportunities?

Navigate troubled times with certainty, vision, and determination by developing your high-potential executives into leaders through the industry's premier advanced risk management program. The program concentrates on:

- *Risk management as a strategic competitive strength.*
- *An integrated approach to risk management.*
- *Fostering a culture and climate that openly communicates risk.*
- *A framework for rapidly responding to known risks and unraveling the complexities of the unknown.*



Global Participants Focused On Enterprise-Wide Risk

This unique and intensive program, led by the faculty of one of the world's top business schools, provides candidates with an exceptional educational experience. In addition to its focus on the known and quantifiable risks of credit, market, and operational, the program focuses on the unknowable and difficult to measure risks, including business, strategic, and reputation. Complementing Wharton faculty are guest faculty and senior level business practitioners, considered by their peers to be industry thought leaders.

Business problems are multifaceted, interrelated, and increasingly global. To be successful, risk executives must cultivate understanding across all risks and businesses. This program is built around the concept that highly motivated individuals working together respond better to challenges.

The Changing Paradigm of Risk Management

Capitalize on risk management capabilities by using them to help develop value-enhancing business strategies.

The foundation:

- Distinctive features of regulated financial intermediaries, markets and products.
- Macroeconomic drivers of credit and market risk.
- The connection between corporate finance and risk management.
- Traditional and contemporary concerns about systemic risk.

From this foundation, participants will understand:

- Pressing issues in risk management.
- Determinants of credit spreads, interest rates, exchange rates, and yield curves.
- Capital allocation.
- Valuation models.
- Risk measurement and shareholder value.

The Analytical Framework for Measuring, Managing, and Monitoring Risk

Broaden perspectives and sharpen approaches using models, tools, and strategies to understand:

- Methods and issues in measuring exposure.
- Modeling challenges and practices.
- Stress testing, scenario analysis, and simulations.
- Implications of cross-border exposures.
- Economic and regulatory capital.
- Accounting implications.

This executive education offering is an unparalleled opportunity for your institution to invest in what is perhaps its most critical resource—human capital.



Chief risk officers and heads of risk management have used this program to develop and retain the talents of their key staff members.

The Enterprise Perspective: Culture, Governance, and Relationships with Regulators

Gain a perspective on risk management in terms of corporate governance, as well as its relationship to cultural and stakeholder concerns about:

- Business ethics
- Conflicts of interest
- Defining risk appetite
- Alignment of motives for risk taking
- Role and influence of rating agencies
- Communicating your risk profile internally and externally
- Integrating risk management into corporate and the business lines
- Challenges of Basel II

Individual and Organization Return on Investment:

Build a network with a variety of individuals in risk-related fields and various business lines who think and make decisions about risk in the context of the entire enterprise:

- Meet and network with executive peers from around the world to gain a diverse and thus greater understanding of issues.
- Broaden your knowledge of leading-edge theory and practice to increase your ability to create and sustain a high level of performance.

- Take part in focused learning which will result in advanced proficiency, leading to strategic advantages.
- Interact with renowned faculty and thought leaders to improve your decision making.
- Strengthen your ability to steer projects to completion through understanding the issues impacting the institution.

This program is designed for participants who are:

- Experts on a leadership track.
- Risk managers with expertise in one type of risk (e.g., credit) or those who have a wide but not especially deep experience with different types of risk.
- Business-line executives on track for broader assignments.
- Individuals with 10 or more years of experience in financial services, primarily banking (10 to 15 years of experience would be ideal).
- Those with high potential who have secured their institution's sponsorship and the endorsement of senior management.
- Financial engineers who are interested in expanding their skill set.





Intense Curriculum: Integrated and Practical Learning

The program takes place over a three- to five-month period, with two seven-day in-class sessions. Between sessions, participants communicate with Wharton, RMA, fellow participants, and faculty via a dedicated Web site.

Before, between, and after the two in-class sessions, participants will be engaged in ongoing learning, application, and analysis. Participants will be given tools and assistance in mapping learning to action items in their institutions. Wharton will use a bridge assignment and the virtual classroom to leverage learning from the first session and link it to the second.

Varied and integrated teaching methods include:

- Case studies
- Presentations
- Team-oriented learning
- Panels
- Lectures
- Simulations

Participants have come from countries around the globe, including:

- Australia
- Canada
- Ireland
- Indonesia
- India
- England
- Germany
- South Africa
- The Netherlands
- United States

The program is highly interactive and addresses real-world challenges. The goal is for participants to bring back to sponsoring organizations tangible actions and results, with follow-up and reinforcement following the program.

Curriculum Themes

Background and Basics

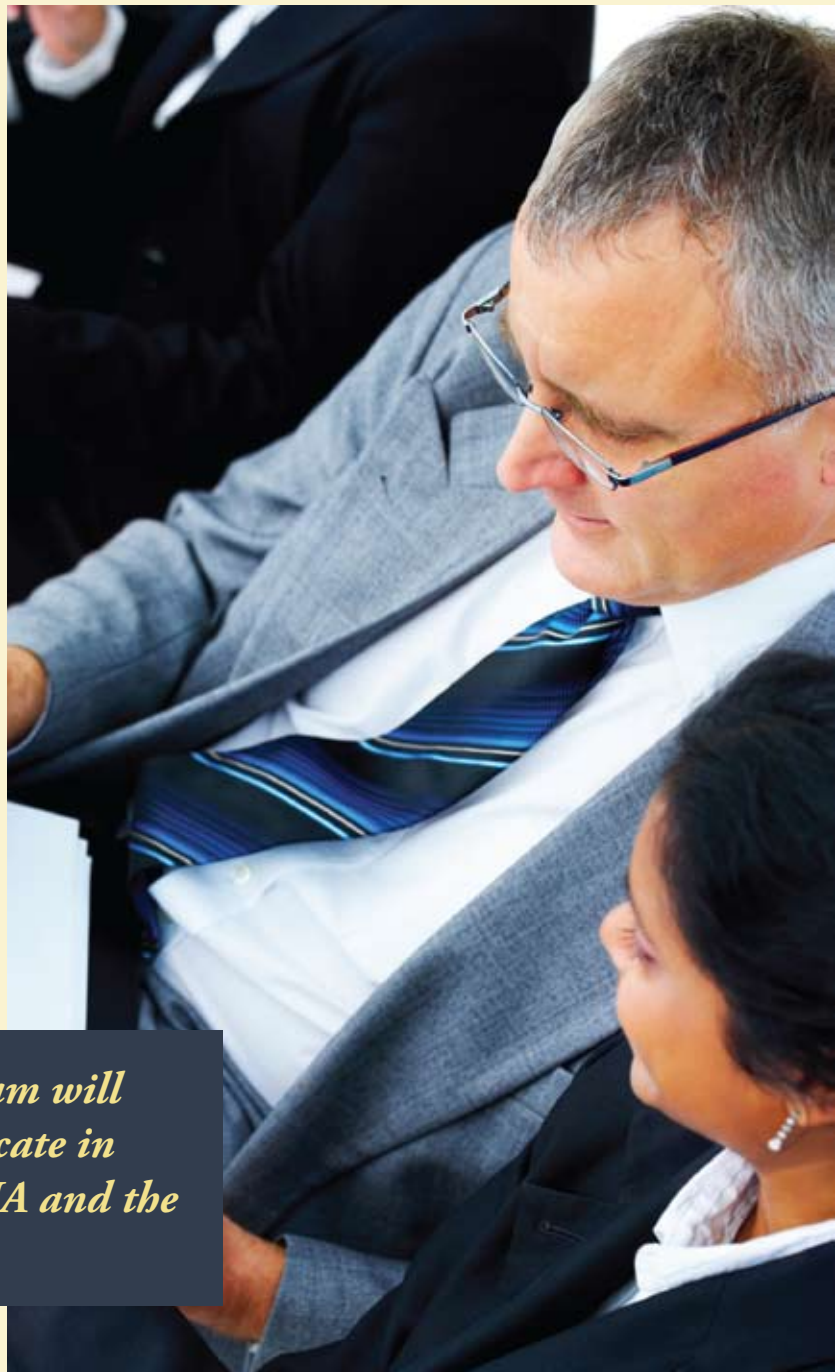
- I. Foundation
- II. Macroeconomic Fundamentals
 - a. The underpinnings of market and credit risk
 - b. Determinants of interest rates, yield curves, credit spreads, and exchange rates
- III. Systemic Risk
 - a. The safety net in principle and practice
 - b. Financial disorder and hedge funds
- IV. Statistical Foundations of Market Risk
- V. Corporate Fundamentals
 - a. Capital allocation
 - b. Valuation model

Risk Measurement and Management

- I. Market Risk
 - a. Use of volatility models
 - b. Asset return distribution and dynamics
- II. Credit Risk: Wholesale
 - a. Structured credit products, securitization
 - b. Emerging issues in credit portfolio management
- III. Credit Risk: Retail
 - a. Alternative investments: risk profiles and liquidity
 - b. Credit scoring
 - c. Fraud detection and modeling
 - d. Commercial real estate exposures
- IV. Asset/Liability Management
 - a. Interest rate risk analysis
 - b. Duration and the economic value of equity
 - c. Liquidity management
- V. Operational Risk
 - a. Impact of credit and market risk disciplines on shaping of op risk management
 - b. Managing risks downward (day-to-day and during loss episodes)
 - c. Roles of board and senior management
 - d. Extreme value theory and other approaches
- VI. Country Risk
 - a. Exposures and measurement
 - b. Assessment and ratings
 - c. Insight into practices at leading institutions
- VII. Other Risks
 - a. Business strategy
 - b. Corporate culture and decision making
 - c. Operating risk

Risk Management and Shareholder Value

- I. Reputational Risk
 - a. Business ethics
 - b. Conflicts of interest
- II. Governance
 - a. Aligning motives with executive compensation
 - b. Major stakeholders of risk management
 - c. Managing relationships with regulators
 - d. Creating a risk culture
- III. Enterprise Risk Management
 - a. Solvency and capital adequacy
 - b. Unbundling of the business system
 - c. Risk management as a competitive strength for enhancing shareholder value



Participants who complete the program will receive an executive education certificate in advanced risk management from RMA and the University of Pennsylvania.

Wharton Faculty

Francis X. Diebold is W.P. Carey Professor of Economics, and Professor of Finance and Statistics, at the University of Pennsylvania and its Wharton School, and Faculty Research Associate at the National Bureau of Economic Research in Cambridge, Mass. He is a leader in financial and macroeconomic modeling, forecasting, and risk management, with extensive experience simultaneously in academic, corporate, and policy circles.

Dr. Richard J. Herring is the Jacob Safra Professor of International Banking and co-director of the Wharton Financial Institutions Center. Dr. Herring is an expert on financial institutions and international finance. He was the founding director of the Wharton Financial Institutions Center, which received a \$5.8 million grant from the Sloan Foundation to study the financial services industry.

Dr. Nicholas S. Souleles is Associate Professor of Finance at the Wharton School. He received his Ph.D. in economics from the Massachusetts Institute of Technology in 1995. Since that time, he has been on the Wharton faculty. His research focuses on macroeconomics and consumer finances, namely households' spending, saving/borrowing, and portfolio decisions. He won the Wharton MBA Core Curriculum Teaching Award in 1998, 1999, and 2000, the Rapaport Undergraduate Core Teaching Award in 1997 and 2002, the David W. Hauck Award (Wharton's top award for undergraduate teaching) in 2004, and the Lindback Award (Penn's top award for teaching) in 2006. He was the lead profile in the 2006 *Business Week* rankings of collegiate business programs.

Dr. Robert Stine is Professor of Statistics at the Wharton School. Some of his work has focused on the development of practical tools for building and assessing forecasts from models of time-series data. His research ranges from derivations of the abstract and theoretical properties of these methods to their application in various marketing, financial, and clinical problems. His most recent work concerns the use of information theory to understand and contrast various methods for selecting an optimal statistical model, with particular relevance to the selection of important modeling factors. Additional current research projects with students and colleagues include graphical computer software development with applications in visualization, models for unobservable factors, and inference in the presence of outlying, unusual values. His research has appeared in numerous academic journals, including the *Journal of the American Statistical Association* and the *Annals of Statistics*.

Industry Practitioners

Dr. Anthony M. Santomero is a Senior Advisor in McKinsey & Company's New York office. He joined the firm in July 2006. Prior to that, Dr. Santomero was the ninth president of the Federal Reserve Bank of Philadelphia, from July 2000 to April 2006. Before becoming president of the Philadelphia Fed, Dr. Santomero was the Richard K. Mellon Professor of Finance at the University of Pennsylvania's Wharton School. During his 30-year tenure at Wharton, he held a number of academic and managerial positions, including deputy dean of the school. While at Wharton, Dr. Santomero established a reputation as a recognized consultant to major financial institutions and regulatory agencies throughout the world.

Til Schuermann is Research Officer in the Banking Studies Function at the Federal Reserve Bank of New York. His research focuses on risk measurement and management in financial institutions and capital markets. He is also a Sloan Research Fellow at the Wharton Financial Institutions Center and an associate editor for the *Journal of Risk*. Prior to joining the New York Fed, he was a Director and Head of Research at the management consulting firm Oliver, Wyman & Company. From 1993 to 1996 he was at Bell Laboratories.

Gene Guill is a Managing Director in the Loan Exposure Management Group (LEMG) of Deutsche Bank's Global Banking Division. Based in New York, Dr. Guill is Head of Risk Management for the global lending portfolio. In this capacity he is responsible for the valuation and risk management models/practices deployed in LEMG. Dr. Guill is the past president of the New York Chapter of The Risk Management Association, a member of the editorial board of *The RMA Journal*, and a past chairman of the International Association of Credit Portfolio Managers. He holds a B.A. from Davidson College and a Ph.D. in economics from Duke University.

Location

The Steinberg Conference Center
Aresty Institute of Executive Education
Wharton School of the University of Pennsylvania
255 South 38th Street
Philadelphia, PA 19104-6359
USA

Logistics

Total cost (including room and board): US\$26,000.

In order to accommodate your budget, several payment options are available. The fee may be paid in whole 2009 or 2010, or half may be paid in 2009 and the remaining half in 2010.

Two in-class sessions:

- Session I: December 6 through December 13, 2009
- Session II: February 14 through February 21, 2010



Enroll at www.whartonexecutive.com.

Applications are subject to review for admittance. Space is limited. See the Web site for the program's admission policy, as well as the cancellation and transfer policy.

A Unique Partnership: RMA and Wharton

About RMA

Founded in 1914, The Risk Management Association is a not-for-profit, member-driven professional association whose sole purpose is to advance the use of sound risk principles in the financial services industry. RMA promotes an enterprise approach to risk management that focuses on credit risk, market risk, and operational risk.

Headquartered in Philadelphia, Pa., RMA has 3,000 institutional members that include banks of all sizes as well as nonbank financial institutions. They are represented in the Association by more than 18,000 risk management professionals who are chapter members in financial centers throughout North America, Europe, and Asia/Pacific.

www.rmahq.org

About Wharton Executive Education

Each year, Wharton Executive Education works with more than 8,000 business leaders on its campus in Philadelphia, at Wharton West in San Francisco, and at sites around the world. The Wharton Learning Continuum is Wharton Executive Education's model for delivering Impact Through Education™—supporting companies and individuals in a nine- to 12-month learning process that is designed collaboratively with clients, delivered by Wharton faculty, and monitored to produce specific outcomes.

<http://executiveeducation.wharton.upenn.edu>

About the Wharton School

The Wharton School of the University of Pennsylvania—founded in 1881 as the first collegiate business school—is recognized globally for intellectual leadership and ongoing innovation across every major discipline of business education. The most comprehensive source of business knowledge in the world, Wharton bridges research and practice through its broad engagement with the global business community. The school has more than 4,600 undergraduate, MBA, executive MBA, and doctoral students, and an alumni network of more than 81,000 graduates.

www.wharton.upenn.edu

About the Wharton Financial Institutions Center

The Wharton Financial Institutions Center (FIC), a research center of the Wharton School, sponsors and directs primary research on the financial services industry. The FIC was established in 1992 as a Sloan Foundation industry center for the financial services industry, the first such center designated for a service-sector industry. The FIC utilizes the broad and established research capabilities of Wharton School faculty and students and emphasizes collaboration among academic researchers and financial services professionals.

<http://fic.wharton.upenn.edu/fic/>



The Wharton Financial Institutions Center