



**RMFE**  
Risk Management and Financial Engineering Lab



## **Risk Management and Financial Engineering Lab**

**University of Florida, Gainesville, FL**

and

**Risk Training**

**Bruckmuehl, Germany**

### **Workshop**

## **Integrated Risk-Return Management: New Approach to Management of Bank Portfolios**

- ü **New Risk Measures (VaR, CVaR, CDaR) for the Bank Portfolio**
- ü **Bank-wide Integrated Risk Measurement and Capital Allocation**
- ü **Integration of Risk and Return Management**
- ü **Risk-Return Portfolio Optimization of the Bank Portfolio**
- ü **Integration of Regulatory and Internal Risk Management**

**November 4-5, 2002, University of Florida, Gainesville FL**

**Information Hotline:** Tel: (352) 222-3082, E-mail: [krokhmal@ufl.edu](mailto:krokhmal@ufl.edu)  
**WEBSITE:** <http://www.ise.ufl.edu/rmfe/events/ws2002/>

### By attending this Workshop you will gain

- Ø An understanding of innovative concepts of integrated risk-return management,
- Ø An experience in new risk measures, including, Conditional Value-at-Risk (CVaR) and Conditional Drawdown-at-Risk (CDaR),
- Ø The knowledge of new methods of risk measurement and capital allocation that are appropriate for banks and other financial institutions,
- Ø The ability to develop the conceptual framework and a consistent key ratios system for an integrated risk-return management of a portfolio,
- Ø Insight into algorithms for finding risk-return optimum portfolios accounting for loss risk limitations from internal and regulatory points of view.

### Who should attend

The workshop is directed towards members of risk management groups as well as of financial controlling divisions, consultants and advisors active in providing services to financial institutions. It is also of interest to academics, who want to get an insight into the practical implementation of new concepts of risk and bank management.

#### Assumed Knowledge/Workshop Level:

The workshop level is intermediate. A basic understanding of capital markets and risk management is assumed as well as basic financial mathematics.

### Workshop Referees

**Dr. Ursula A. Theiler**, Risk Training, CEO, is a professional training consultant who has conducted numerous trainings of financial institutions and companies related to bank and risk management. Dr. Ursula A. Theiler holds a Doctorate Degree of the Banking Business Department of the Ludwig-Maximilians-University of Munich, Germany. For additional information, see personal site <http://www.ursula-theiler.de> and Risk Training site <http://www.risk-training.org/>.

**Prof. Stanislav Uryasev** at the University of Florida, is the director of the Risk Management and Financial Engineering (RMFE) Lab. His research is focused on the development of efficient computer modeling and optimization techniques and their applications in finance, including: risk management, portfolio optimization and optimal trading strategies. He holds a Ph.D. degree in applied mathematics from Glushkov Institute of Cybernetics, Ukraine. He has published three books (monograph and two edited volumes) and more than seventy research papers. For additional information, see personal site <http://www.ise.ufl.edu/uryasev> and site of the RMFE Lab. , <http://www.ise.ufl.edu/rmfe>.

## Workshop Agenda

### Day1 Instruments for an Integrated Risk-Return Management of the Bank Portfolios

#### Objective:

Get a basic understanding of

- Ø Innovative concepts of bank-wide risk measurement and capital allocation,
- Ø New approaches of an integrated portfolio management of the bank portfolio.

#### Contents:

- Ø Necessity of an integrated perspective of risk and return management of the bank portfolio,
- Ø New concepts of integrated bank-wide risk measurement and capital allocation,
- Ø Risk-return optimization of the bank portfolio with internal and regulatory loss risk limitations,
- Ø Consistent framework of Risk Adjusted Performance Measurement and bank-wide system of efficient risk-return key ratios.

#### Examples and Practical Exercise:

Examples of implementation of the risk-return measurement and management of a simplified bank portfolio.

### Day2 Theoretical Foundations of Risk Measurement: Value-at-Risk, Conditional Value-at-Risk (CVaR) and Drawdown

#### Objective:

Learn foundations of recent risk management concepts:

- Ø Value-at-Risk (VaR): pros and cons,
- Ø Definition of Conditional Value-at-Risk (CVaR) and basic properties,
- Ø Risk management with CVaR functions,
- Ø Drawdown management: Conditional Drawdown-at-Risk (CDaR).

#### Contents:

- Ø VaR risk management concept: advantages and pitfalls,
- Ø CVaR is a coherent risk measure: approximately averages worst  $x\%$  losses,
- Ø CVaR versus VaR comparative analysis,
- Ø CDaR is average of worst  $x\%$  portfolio drawdowns (e.g., worst 3 drawdowns).

#### Examples and Practical Exercise:

Optimization of portfolio of bonds, equities, and futures; hedging of portfolio of options, portfolio replication.

**RegistrationForm**

Mail:

UniversityofFlorida,POBox116595,  
IntegratedRisk-ReturnManagementWorkshop(Attn:S.Uryasev)  
303WeilHall,Gainesville,FL32611-6595

Call:(352)2223082

Fax:\_\_(352)3923537

E-Mail:krokhmal@ufl.edu

WEB: [www.ise.ufl.edu/rmfe/events/ws2002/](http://www.ise.ufl.edu/rmfe/events/ws2002/)

Name/Title		
JobTitle		
Department		
Company/Organization		
E-Mail(required)		
Address		
City	State/Province	ZIP
Country		
Phone	Fax	

☐ PleaseregistermefortheWorkshop“IntegratedRisk-/ReturnManagement”,  
November4-5,2002.

RegularFee:\$750USD;GovernmentandNonprofitFee:\$350;Students:\$150;

Teambdiscount(2ormorepersonspayingregularfee):deduct\$100perperson.

☐ Checkenclosed:payabletotheUniversityofFloridaResearchFoundation.

### **Additional Information**

#### Location

The workshop will take place at the University of Florida, Reitz Union, Room 286. Campus map can be downloaded from <http://www.ifas.ufl.edu/www/campusmap/>, type "Reitz Union" in the Map Search window.

#### Registration

From 8.00 to 9:00 a.m. on day 1, November 4, at the Reitz Union, Room 286.

#### Time Schedule

On day 1 the Workshop will start at 9.00 a.m. and will end at 6.00 p.m. On the second day the workshop will start at 9.00 a.m. and will end at 4.00 p.m.

#### Workshop Materials

The participants will receive a file with materials, containing slides of the presentations, as well as practical exercises and reference lists. A calculator is needed for the practical exercises!

#### Accommodations:

Download list of hotels from:

<http://www.ise.ufl.edu/rmfe/seminar/accommodations.htm>

Reitz Union Hotel: (352) 392-2151 and University Centre Hotel: 800-824-5637 are preferable accommodations. On November 4, 5 at 8 a.m., a trolley will bring participants of the workshop from University Centre Hotel to Reitz Union.

#### Fee:

The registration fee covers seminar materials, refreshments, and dinner on Monday, November 4. Fee must be paid 15 working days in advance by check (USDollars) or by cash upon arrival.

#### Cancellation policy:

Cancellations and transfers are accepted without charge if written notification is received at least 10 days prior to starting of the workshop.