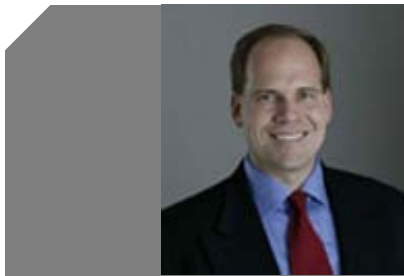


# RMI Luncheon Talk Series 2009



## Jeffrey R. Bohn

Head, Risk Appetite  
Standard Chartered Bank

**Date:** 4 November 2009  
**Time:** 12.00nn – 2.00pm  
**Venue:** RMI Seminar Room, Level 1  
21 Heng Mui Keng Terrace, I<sup>3</sup> Building ([Directions to RMI](#))

[Registration](#) is required. Free admission for RMI affiliated researchers, NUS staff and NUS / RMI students, on first-come-first-serve basis. General public - \$20

## Performance Management at Financial Institutions: Where Theory and Practice Collide

### ABOUT THE SPEAKER

Jeffrey R. Bohn, Ph.D. is Head, Risk Appetite at Standard Chartered Bank in Singapore. Previously, he led the Financial Strategies group at Shinsei Bank in Tokyo. Before moving to Asia, he led Moody's KMV's (MKMV's) Global Research group and MKMV's Credit Strategies group. During his time at MKMV, he also managed MKMV Asia. He is fluent in Japanese. Dr. Bohn has been directly involved in developing several of the models and products currently sold by MKMV. His research group developed, maintained, and improved the models underlying MKMV's product offerings. At Standard Chartered, Dr. Bohn oversees work related to the bank's risk appetite and capital allocation for business lines, product lines, and customer segments. He conducts research in the areas of private and public firm risk assessment, correlation estimation, portfolio risk assessment, collateralized debt obligation risk assessment, credit instrument valuation, credit-trading strategies, bank-funding strategies, bank capital management and management of financial institutions. Dr. Bohn has published widely in the area of credit risk. Recently, he co-authored with Dr. Roger Stein the text *Active Credit Portfolio Management in Practice* (Wiley, 2009). Currently, Dr. Bohn teaches a credit risk modeling course in the Masters of Financial Engineering program at the University of California, Berkeley and teaches a similar course at Tokyo University. He also serves on the board for the International Association of Credit Portfolio Managers (IACPM). He received his Ph.D. in Finance from the University of California, Berkeley.

### ABSTRACT

The recent financial crisis has highlighted the importance of performance management and compensation at financial institutions. While the theory underlying how to develop efficient incentives using allocated capital and cost of capital has been around for years, practical implementations of these metrics face a host of challenges. This presentation will explore these challenges. Dr. Bohn has experience implementing performance management metrics at a number of global financial institutions. He will discuss the theory-practice tensions that arise in the context of the following:

- Short-term profits vs. longer term risks
- Perception vs. reality
- Economic vs. regulatory
- Required data vs. available data
- Best vs. "good enough"
- Complicated "correct" metrics vs. simple "approximate" metrics
- Organizationally desirable vs. organizationally possible

In the end, effective performance management requires tools, education and management buy-in. The theoretically best approaches are not always aligned with what can actually be done to increase shareholder value. Dr. Bohn will contribute his views to this topical debate.

# RMI Luncheon Talk Series 2009



## [Paul Embrechts](#)

Professor of Mathematics  
ETH Zurich

**Date:** 18 November 2009

**Time:** 12.00nn – 2.00pm

**Venue:** RMI Seminar Room, Level 1  
21 Heng Mui Keng Terrace, I<sup>3</sup> Building ([Directions to RMI](#))

[Registration](#) is required. Free admission for RMI affiliated researchers, NUS staff and NUS / RMI students, on first-come-first-serve basis. General public - \$20

## The Financial Crisis: A Question of Guilt

### ABOUT THE SPEAKER

Paul Embrechts is Professor of Mathematics at the ETH Zurich specialising in actuarial mathematics and quantitative risk management. Previous academic positions include the Universities of Leuven, Limburg and London (Imperial College). Dr. Embrechts has held visiting professorships at the University of Strasbourg, ESSEC Paris, the Scuola Normale in Pisa (Cattedra Galileiana), the London School of Economics (Centennial Professor of Finance), the University of Vienna, Paris 1 (Panthéon-Sorbonne), and has an Honorary Doctorate from the University of Waterloo. He is an Elected Fellow of the Institute of Mathematical Statistics, Actuary-SAA, Honorary Fellow of the Institute and the Faculty of Actuaries, Corresponding Member of the Italian Institute of Actuaries and is on the editorial board of numerous scientific journals. He belongs to various national and international research and academic advisory committees. He co-authored the influential books "Modelling of Extremal Events for Insurance and Finance", Springer, 1997 and "Quantitative Risk Management: Concepts, Techniques and Tools", Princeton UP, 2005. Dr. Embrechts consults on issues in quantitative risk management for financial institutions, insurance companies and international regulatory authorities.

### ABSTRACT

Around the current financial crisis, a lot of discussions are taking place concerning: "Who is to blame?" In this talk I will address this question from the point of view of financial engineering. In particular, what role, if any, has financial mathematics to play and how can we learn from the crisis. This both concerning research as well as teaching. I will also make some comments with respect to communication of scientific results.

For information & registration, please contact:

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Website: [www.rmi.nus.edu.sg/events/CFE2009.html](http://www.rmi.nus.edu.sg/events/CFE2009.html)