Third International Conference on Credit and Operational Risks

Credit and Operational Risks: Are We Ready for Basel II?

HEC Montréal, 12-13 April 2007
http://www.hec.ca/croc2007

Centre for Research on e-finance

INSTITUT DE FINANCE MATHEMATIQUE DE MONTREAL

Canada Research Chair in Risk Management

Program

Thursday, April 12	
8:15	**Registration and Breakfast**

Plenary Session 1 IBM Auditorium	
Chairperson: Michèle Breton	
8:30	***Keynote address*** **The Bank as Grim Reaper: Debt Composition and Recoveries on Defaulted Debt** *Michael Gordy, Federal Reserve Board* *Presentation*
9:30	**Modelling and Estimation Errors in Measures of Portfolio Credit Risk** *Nikola Tarashev, Bank for International Settlements* *Presentation*
10:10	**Pause**

Parallel session I (Spread 1) IBM Auditorium	
Chairperson: Pascal François	
10:30	**Default Risk, Default Risk Premium and Corporate Yield Spreads** *Jean-Guy Simonato, HEC Montréal*
11:10	**Leverage, Options Liabilities and Corporate Bond Pricing** *Hueng-Ming Huang, Syracuse University* *Presentation*
11:50	**A Simple Model of Credit Spreads with Incomplete Information** *Chuang Yi, McMaster University* *Presentation*

Parallel session II (Default 1) Standard Life 1 and 2	
Chairperson: Joshua Slive	
10:30	**Default Estimation for Low-Default Portfolios** *Nicholas M. Kiefer, Cornell University* *Presentation*
11:10	**Is the Structural Approach More Accurate than the Statistical Approach in Bankruptcy Prediction?** *Hui (Howard) Hao, Bank of Nova Scotia* *Presentation*
11:50	**Bankruptcy Events: Does Idiosyncratic Risk Matter?** *Kanak Patel, University of Cambridge*

12:30	**Lunch**

Plenary Session 2 IBM Auditorium	
Chairperson: Nicolas Papageorgiou	
14:00	**Multivariate Estimation for Operational Risk with Judicious Use of Extreme Value Theory** *Hulusi Inanoglu, Office of the Comptroller of the Currency* *Presentation*

Parallel session III (Spread 2) IBM Auditorium	
Chairperson: Nicolas Papageorgiou	
14:40	**Nondefault Bond Spread and Market Trading Liquidity** *Song Han, Federal Reserve Board*
15:20	**Time Varying Default Risk Premia in Corporate Bond Markets** *Jan Ericsson, McGill University* *Presentation*
16:00	**Pause**

Parallel session IV (Default 2) Standard Life 1 and 2	
Chairperson: Michèle Breton	
14:40	**A Market-Based Framework for Bankruptcy Prediction** *Alexander S. Reisz, Office of the Comptroller of the Currency* *Presentation*
15:20	**Modelling the Distribution of Credit Losses With Observable and Latent Factors** *Javier Mencía, Bank of Spain* *Presentation*
16:00	**Pause**

Parallel session V (Default 3) IBM Auditorium	
Chairperson: Albert Lee Chun	
16:20	**Joint Analysis of Default Occurrence and Recovery Rate** *André Tiomo, DEXIA, ERUDITE and University Paris XII*
17:00	**Liquidity and Credit Default Swap Spreads** *Dragon Yongjun Tang, Kennesaw State University* *Presentation*
17:40	**On Debt Service and Renegotiation when Debt-holders Are More Strategic** *Jean-Marc Bourgeon, INRA and École Polytechnique, Paris* *Presentation*

Parallel session VI (Operational) Standard Life 1 and 2	
Chairperson: Georges Hübner	
16:20	**Scaling Models for the Severity and Frequency of External Operational Loss Data** *Hela Dahen, HEC Montréal* *Presentation*
17:00	**Operational Risk and Reputation in the Financial Industry** *Séverine Plunus, Liège University* *Presentation*
17:40	**The Long-Term Effects of Operational Risk Events: Shot-Noise Stochastic Models** *Anna Chernobai, Syracuse University* - ***CANCELLED***

18:20	**End**

19:00 **19:45**	**Cocktail at the Mount Stephen Club** **followed by Dinner** 1440 Drummond

Friday, April 13	
8:15	**Registration and Breakfast**

Plenary Session 3 IBM Auditorium	
Chairperson: Georges Dionne	
8:30	***Keynote address*** **Achievements and Challenges in Basel II** *Klaus Duellmann, Deutsche Bundesbank* *Presentation*
9:30	***Plenary*** **(Non) Consistency of the Beta Kernel Estimator for Recovery Rate Distribution** *Christian Gouriéroux, CREST, CEPREMAP and University of Toronto* *Presentation*

10:10	**Pause**

Parallel session VII (Industry) **IBM Auditorium**	
Chairperson: Nicolas Papageorgiou	
10:30	**Risk Management Assessment: The Canadian Banking System** *Nawal Roy, Moody's* *Presentation*
11:10	**Basle II Operational Risk : Are Banks Prepared and What Are They Preparing for ?** *Denis Pellerin, National Bank of Canada* *Presentation*
11:50	**Credit Risk of Traded Products under Basel II** Niall Whelan, Scotia Capital *Presentation*

Parallel session VIII (Recovery) **Ordre des CGA du Québec**	
Chairperson: Albert Lee Chun	
10:30	**Discount Rate for Workout Recoveries: An Empirical Study** *Peter Miu, McMaster University* *Presentation*
11:10	**Jumps and Recovery Rates Inferred from Corporate CDS Premia** *Tanja Veza, Vienna University of Economics and Business Administration* *Presentation*
11:50	**Bankruptcy Filing and the Expected Recovery of Corporate Debt** *Wei Wang, Queen's University* *Presentation*

Parallel session IX (Pricing) **St-Hubert**	
Chairperson: Lars Stentoft	
10:30	**Pricing CDOs with Correlated Arrival and Recovery Rates** *Jean-Roch Sibille, Université de Liège* *Presentation*
11:10	**Valuation of Credit Derivatives, and Credit Value-at-Risk, for the Energy Industry** *Ehud I. Ronn, University of Texas at Austin* *Presentation*

11:50	**CDO Valuation: Term Structure, Tranche Structure, and Loss Distributions** *Michael B. Walker, University of Toronto* *Presentation*

12:30	**Lunch**
14:00	**End of the Conference**