Counterparty Credit Risk: Credit Valuation Adjustment, Stress Testing & Modelling Workshop

London: 22nd – 24th March 2010

This workshop provides THREE booking options

Register to ANY ONE day TWO days or all THREE days of the workshop

Register to ANY TWO days of the workshop and receive £200 discount

Register to ALL THREE workshop days and receive £300 discount

Topics:

Day 1: Counterparty Risk & Credit Modelling

- **Impact of dynamics, volatilities and correlation on the credit valuation adjustments (CVA)**
- **Credit Modeling Pre- and In-Crisis**
- **Studying default cases with Realistic Structural Models**
- **Intensity modelling with credit spread volatility and jumps**
- **How flat correlation missed the link between skew and systemic risk**
- **How mapping missed the role of dispersion in skew dynamics**
- **Solutions in practice: making correlation a function of seniority and dispersion based mapping**
- **The implication on Credit Market Models and the pricing of index options**
- **Credit convexity adjustments for new term structure relations**

Presenters:

Damiano Brigo: Managing Director, FitchSolutions
Massimo Morini: Head of Credit Models, Banca IMI

Day 2: Credit Valuation Adjustment

- **CVA as the price of counterparty credit risk**
- **Regulatory expectations and accounting requirements**
- **Mitigating counterparty risk: margin calls and clearing houses**
- **Wrong way risk and dynamic hedge: CVA is the answer**
- **OTC derivatives and counterparty risk**
- **Bilateral counterparty risk and liability CVA**
- **CVA on a credit default swap**
- **Central clearing**

Presenters:

Jerome Brun: Head of Model Validation, Societe Generale
Joao Garcia: Head of the Credit Modelling Team, Treasury and Financial Markets, Dexia
Serge Goossens: Senior Quantitative Analyst, Treasury and Financial Markets, Dexia
Peter Whitehead: Head of Methodology and Models for Global Rates, Global Finance and Global FX, Deutsche Bank

Day 3: Stress Testing & Modelling

- **Stress Testing and Scenario Analysis for Credit Risk**
- **Stress testing methods**
- **Dependency model: Transformation of macro scenarios into P&L impact**
- **Integration of credit and market risk stress tests**
- **Spot Stochastic Recovery Modelling**
- **Time Consistency and Default Risk**
- **Economic Capital for Counterparty Risk**
- **Exploring alternative correlation sources**

Presenters:

Matthias Baron: Senior Quantitative Analyst, Unicredit Bank Austria
Norddine Bennani: Head of Credit Derivatives Quantitative Research, Barclays Capital
Colin Burke: Head of Group Wholesale Portfolio Management, Group Risk, Lloyds Banking Group
Christoph Konvicka: Head of Credit Analytics Group, Unicredit Bank Austria

Day 1: Counterparty Risk & Credit Modelling: Damiano Brigo & Massimo Morini

Part I: Counterparty Risk

- **Counterparty risk valuation in general**
- **Impact of dynamics, volatilities and correlation on the credit valuation adjustments (CVA)**
- **Three examples: Interest rates, Commodities and CDS**

Part II: Credit Modeling Pre- and In-Crisis

- **Studying default cases with Realistic Structural Models**
- **Application to multi name products and contagion**
- **The relation between equity and credit implied by realistic structural models**
- **Application to EDS and counterparty risk in equity**
- **Intensity modelling with credit spread volatility and jumps**
- **How sudden default will be?**
- **Gap risk in Credit linked Notes**
- **Default dependence modelling**
- **How the static Gaussian Copula model missed the risk of losses concentrated in time**
- **How flat correlation missed the link between skew and systemic risk**
- **How mapping missed the role of dispersion in skew dynamics**
- **Solutions in practice: making correlation a function of seniority and dispersion based mapping**
- **Probability of a financial armageddon implied in CDX and i-Traxx markets**
- **How it evolved in the crisis**
- **The implication on Credit Market Models and the pricing of index options**
- **Counterparty and liquidity risk in Libor during the credit crunch**
- **Credit convexity adjustments for new term structure relations**

Day schedule:	**09:00 – 17:00**
Break:	**10:30 – 10:45**
Lunch:	**12:30 – 13:30**
Break:	**15:15 – 15:30**

Day 2: Credit Valuation Adjustment

09:00 – 10:30 / Pricing and Hedging Counterparty Credit Risk: / Peter Whitehead, Deutsche Bank

- **CVA as the price of counterparty credit risk**
- **Methodologies for calculating CVA**
- **CVA on IR and cross currency swaps**
- **Hedging CVA**
- **CVA management**
- **Regulatory expectations and accounting requirements**

10:30 – 11:00 Break

11:00 – 12:30 / Why Counterparty Risk Managers must talk to / Market Risk Managers: / Jerome Brun, Societe Generale

- **Issuer risk vs. counterparty risk**
- **Mitigating counterparty risk: margin calls and clearing houses**
- **Traditional measures: Credit VaR and Expected Positive Exposure**
- **Wrong way risk and dynamic hedge : CVA is the answer**

12:30 – 13:30 Lunch

13:30 – 17:00 / Counterparty Credit Risk: / Joao Garcia & Serge Goossens, Dexia

- **OTC derivatives and counterparty risk**
- **Contract level vs. counterparty level and netting**
- **Credit or market risk: actuarial or risk neutral exposure**
- **Counterparty risk and the credit crunch**
- **Bilateral counterparty risk and liability CVA**
- **CVA on a credit default swap**
- **Wrong way and correlation**
- **Monoliner failure**
- **Central clearing?**

15:00 – 15:30 Break

Day 3: Stress Testing & Modelling

09:00 – 12:30 / Stress Testing and Scenario Analysis for / Credit Risk: / Christoph Konvicka & Matthias Baron, Unicredit / Bank Austria

- **Regulatory framework**
- **Stress testing methods**
- **Macroeconomic scenario generation for stress events**
- **Dependency model: Transformation of macro scenarios into P&L impact**
- **Integration of credit and market risk stress tests**
- **Case study**

10:30 – 11:00 Break
12:30 – 13:30 Lunch

13:30 – 15:00 / A Spot Stochastic Recovery Extension of the / Gaussian Copula: / Norddine Bennani, Barclays Capital

- **Spot Stochastic Recovery Modelling**
- **Spot Recovery vs. Recovery-to-Maturity**
- **Time Consistency and Default Risk**
- **A Specific Form for the Spot Recovery**

15:00 – 15:15 Break

15:15 – 16:45 / Economic Capital for Counterparty Risk: / Colin Burke, Lloyds Banking Group

- **What makes economic capital different for derivatives?**
- **Conventional approaches for calculating capital**
- **Exploring alternative correlation sources**
- **Alternative modelling approaches**

WBS

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Credit Valuation Adjustment, Stress Testing
& Modelling Workshop

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Workshop Fee:

☐ Any One day: £1099 + UK VAT

☐ Two days: £1998 + UK VAT
(Including £200 Discount)

☐ All three days: £2997 + UK VAT
(Including £300 Discount)

30% discount Academic delegates

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