



Third International Conference on

Credit Analysis and Risk Management

AUGUST 21-22, 2014

Oakland University

School of Business Administration

Department of Accounting and Finance

Rochester, Michigan, USA

OAKLAND
UNIVERSITY™



ABOUT THE CONFERENCE

The Third International Conference on Credit Analysis and Risk Management advances knowledge through the merging of practitioner and academic knowledge and expertise of credit analysis and risk management, including new and existing models and methods for credit risk management, credit analysis and relationship lending.

Now in its third year, the conference is sponsored by the Enterprise Risk Analysis Institute in the Department of Accounting and Finance at Oakland University's School of Business Administration, and hosted alternately between Oakland University and business education centers in Europe.

The Fourth International Conference on Credit Analysis and Risk Management will take place in August 2015 in Basel, Switzerland.

KEYNOTE SPEAKERS

Terry Benzschawel is a Managing Director in Citigroup's Institutional Clients Business. The group develops tools and strategies for credit trading and risk management. Samples include models of corporate default and recovery, strategies for trading corporate bonds, loans, and credit derivatives, and portfolio optimization. Benzschawel began his investment banking career at Salomon Brothers in 1992, building models for trading bonds, currencies, and derivatives in Salomon's Fixed Income Arbitrage Group. In 1998, he moved to credit strategy where he has remained since then. Benzschawel holds a Ph.D. in Experimental Psychology from Indiana University (1980) and a B.A. from the University of Wisconsin (1975). Benzschawel has done post-doctoral fellowships in Optometry (University of California at Berkeley) and in Ophthalmology (The Johns Hopkins University School of Medicine) and at the IBM Thomas J. Watson Research Center. He currently serves on the steering committees of Masters of Financial Engineering Programs at the University of California at Berkeley and at Los Angeles.

Kevin Bodie is a Senior Vice President in the Portfolio Risk Analytics area of Comerica Bank. He joined Comerica in 2005 and is responsible for commercial loan origination, PD and LGD risk rating model development, support and validation, and ratings process support. In addition, he oversees technology associated with the origination process and credit policy. Prior to joining Comerica, Bodie worked for several companies, including 14 years with Ford Motor Credit. He earned a BS in Computer Science from the University of Michigan and an MBA from the University of Detroit.

Kevin Cooper is a Quantitative Risk Manager at Ford Motor Credit Company, where he manages a team responsible for credit risk modeling, machine learning and the data tools and process to support the entire Ford Motor Credit Company analytics team globally. Previous roles have included Manager of Risk Reporting and Infrastructure for Ford Financial Europe and Data Miner for Ford Motor Company. Prior to joining Ford, Cooper served as a Senior Consultant for PricewaterhouseCoopers. Cooper earned a Master's degree in Mathematical Statistics from Michigan State University and a Bachelor's in Mathematics from Saginaw Valley State University.

Tyler Shumway is an Associate Professor of Finance at the Ross School of Business at the University of Michigan. He received his Ph.D. from the University of Chicago in 1996 and a BA from Brigham Young University, and has been a member of Michigan's faculty since 1995. Shumway's research examines the structure and function of financial markets and the pricing of financial securities. Some of his recent work concerns bankruptcy prediction and the pricing of corporate bonds, the efficient market hypothesis and the intersection of psychology and finance. His research is published in the *Journal of Finance*, the *Review of Financial Studies* and the *Journal of Business*. His research also has been featured in numerous business and popular publications, including the *Economist*, *The New York Times*, *Time Magazine* and *The Wall Street Journal*.

CONFERENCE AGENDA

All events are held at Oakland University's Elliott Hall unless otherwise stated.

THURSDAY, AUGUST 21, 2014

12:30 – 1 p.m.

Registration and light refreshments

1 – 2 p.m.

Credit Risk Models: Past, Present and Future

Keynote Speaker, Terry Benzschawel, Citibank

242 Elliott Hall (Auditorium)

6 – 8:45 p.m.

*Flexible, Efficient, Effective and Customer-Friendly
Lending Operations*

Dinner with Keynote Speaker Kevin Cooper, Ford Motor Credit
Meadow Brook Hall, Oakland University

Prior registration required

THURSDAY CONCURRENT SESSIONS

2 – 2:30 p.m.

Industry Characteristics and Debt Contracting

Alon Kalay and Gil Sadka, Columbia Business School

235 Elliott Hall

Introducing the Exchange Traded Pieced Loan

Richard Bussman, Central China Normal University

237 Elliott Hall

THURSDAY CONCURRENT SESSIONS (CONTINUED)

2:45 – 3:15 p.m.

Proper Computation of Credit Exposures

Under the Real World and Risk Neutral Measures

Harvey Stein, Bloomberg

239 Elliott Hall

Systematic Risk and Yield Premiums in Bonds

Austin Murphy, Oakland University

242 Elliott Hall (Auditorium)

3:45 – 4:15 p.m.

The Stochastic Recovery Rate in CDS

Chanatip Kitwiwattanachai, University of Connecticut

237 Elliott Hall

Sovereign Risk Spreads in Europe

Yan Sun, IMF, and Frigyes Ferdinand Heinz, IMF

235 Elliott Hall

4:30 – 5 p.m.

*The Relation between Counterparty Default and
Interest Rate Violation and its Impact on the
Credit Risk of Interest-Rate Derivatives*

Tao Wu, Illinois Institute of Technology

242 Elliott Hall (Auditorium)

Live video teleconference

Assessing Credit Risk in Money Market Portfolios

Emily Gallagher, Paris School of Economics

239 Elliott Hall

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FRIDAY, AUGUST 22, 2014

7:30 – 8 a.m.

Conference Registration

Light refreshments

8 – 9 a.m.

*Fundamentals and Challenges of Credit Risk Modelling
for Commercial Portfolios*

Keynote speaker Kevin Bodie, Comerica

242 Elliott Hall (Auditorium)

11:30 a.m. – 12:45 p.m.

Lunch with Keynote Speaker Tyler Shumway, University of Michigan

Forecasting Defaults of Private Firms

224 Elliott Hall

FRIDAY CONCURRENT SESSIONS

9:15 – 9:45 a.m.

Banks' Loan Screening Incentives with Credit Risk Transfer

Marc Arnold, University of St. Gallen

235 Elliott Hall

*The Credit Risk Premium: Measurement,
Hedging, and Prediction*

Terry Benzschawel, Citibank

239 Elliott Hall

FRIDAY CONCURRENT SESSIONS (CONTINUED)

10 – 10:30 a.m.

*Applying Technology to Enhance Decisioning
Throughout the Credit Lifecycle*

Tom Kimner, SAS

237 Elliott Hall

*Does the Macro-economy Impact Industry Credit Risk:
A Study in an Emerging Market*

Rimpa Saha, Arunkumar Gopalaswamy, Indian Institute of Technology

242 Elliott Hall (Auditorium)

10:45 – 11:15 a.m.

*Forecasting Loan Loss Rates using Multivariate
Time-Series Models*

Hongbing Chen, Stonegate Mortgage

235 Elliott Hall

Model for Sovereign Default Risk and Relative Value

Terry Benzschawel, Citibank

239 Elliott Hall

1 – 1:30 p.m.

*Can Balance Sheet Diversification Substitute
for the Bank Capital?*

Matjaz Steinbacher, Kiel Institute for the World Economy

242 Elliott Hall (Auditorium)

Live video teleconference

*Liquidity and Corporate Governance:
Evidence from Family Firms*

Liang Fu, Oakland University

237 Elliott Hall

FRIDAY CONCURRENT SESSIONS (CONTINUED)

1:45 – 2:15 p.m.

How Does Government Borrowing Affect Corporate Financing and Investment?

Mark Leary, Washington University
242 Elliott Hall (Auditorium)
Live video teleconference

Credit Risk Measurement, Leverage, and Basel III

Marianne Ojo, North West University, South Africa
235 Elliott Hall

2:30 – 3 p.m.

Consumer Credit on American Indian Reservations

Peter Grajzl, Washington & Lee University
242 Elliott Hall (Auditorium)
Live video teleconference

Credit Risk and Off-balance-sheet Contractual Obligations

Shao Zhao, Oakland University
235 Elliott Hall

3:15 – 3:45 p.m.

Sovereign Risk and the Pricing of Credit Default Swaps

Matthias Haerri, University of Applied Sciences Northwestern Switzerland
239 Elliott Hall

Joining Risk and Rewards

Harvey Stein, Bloomberg
237 Elliott Hall

3:50 – 4:20 p.m.

Forecasting Credit Cards' Portfolio Losses in the Great Recession: a Study in Model Risk

Sougata Kerr, Federal Reserve Bank of Philadelphia
242 Elliott Hall (Auditorium)
Live video teleconference

4:30 – 5 p.m.

Analysis of Loss Given Default

Abdolreza Nazemi, Karlsruhe Institute of Technology
239 Elliott Hall

Two Risk Models for CMOs with Credit Tranching

Dror Parnes, University of South Florida and Michael Jacobs Jr.,
PricewaterhouseCoopers
242 Elliott Hall (Auditorium)
Live video teleconference

ABOUT OAKLAND UNIVERSITY

Oakland University is a world-class academic institution located on 1,443 acres of wooded hills and meadows in Rochester, Michigan. A vibrant academic community, Oakland University currently enrolls more than 20,000 students, boasts nearly 100,000 alumni, and delivers more than 260 degree and certificate programs.

Oakland provides a distinct educational experience with flexible class schedules and state-of-the-art facilities, student services, classroom technologies, research labs, internships and research opportunities with corporate partners. Located in the heart of Oakland County's Automation Alley, the university has forged hundreds of partnerships with hospitals, Fortune 500 companies, cities, government agencies and educational institutions.

ABOUT OAKLAND UNIVERSITY'S SCHOOL OF BUSINESS ADMINISTRATION

Oakland University's School of Business Administration sustains more than 40 years of educational excellence by remaining relevant to the ever-changing global business environment and providing students a distinctive educational experience that integrates classroom learning with real-world business experience and research. At OU's business school, students find undergraduate and graduate programs centered on integrating theory, leading-edge research and real-world experience to give them a true understanding of how business works, preparing them for immediate success.

OU's business school is proud to be one of only 180 business schools — out of 13,000 worldwide — to hold elite accreditation from the Association to Advance Collegiate Schools of Business-International for both its business and accounting programs.

Learn more at oakland.edu/business.



School of Business Administration