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Participation is free.
Registration online required at
www.unibocconi.it/eventi

Department of Decision
Sciences

Stochastic Models for Credit Risk

Theoretical and Empirical Analysis

9 June 2009

Bocconi

Università Commerciale
Luigi Bocconi

Via Sarfatti 25
20136 Milano

The workshop summarizes the research activity carried under the PRIN project: "Modelli stocastici per gli spread di credito in una popolazione eterogenea di strumenti finanziari. Analisi teorica ed empirica"

4:00pm
Aula N10
Piazza Sraffa 13

Stochastic modeling for credit risk appraisal is one of the pillars of financial management. The Basel Committee designed a system of risk weights ("standardised approach") to measure the riskiness of banks' loan portfolios. The issue then emerges of whether this standardized approach adequately reflects risk, and constitutes a central topic of ongoing research. At the same time, calibration of stochastic model output requires the use of sampling techniques that reduce the computational burden, while increasing estimation precision. Finally, sensitivity analysis has been recently proven as a key tool in identifying drivers of default risk. The purpose of the present work is to illustrate recent research advances in these directions and the perspectives of future research generated by the current investigations.

The workshop summarizes the two-year research activity carried under the project "PRIN: Modelli stocastici per gli spread di credito in una popolazione eterogenea di strumenti finanziari. Analisi teorica ed empirica" .

Financial support from the Italian Ministry of University and Research is gratefully acknowledged.

4:00pm **Registration of participants**

4:15pm **Welcome Address**
Lorenzo Peccati
Deputy Vice-Rector, Università Bocconi

The Risk-Weights in the New Basel Capital Accord: Lessons from Bond Spreads Based on a Simple Structural Model
Andrea Resti and **Andrea Sironi**
CAREFIN and Department of Finance, Università Bocconi

What Drives Credit Default Probability? A Quantitative Approach
Emanuele Borgonovo and Lorenzo Peccati
ELEUSI and Department of Decision Sciences, Università Bocconi

Quasi Monte Carlo Methods: An Application to Stochastic Models in Finance
Sergei Kucherenko
Imperial College, London

7:00pm **Buffet**