

INTERNATIONAL RISK MANAGEMENT CONFERENCE 2011

“New Dimensions in Risk Management”

VU University Amsterdam, The Netherlands: June 14th -15th, 2011

Edition:	4 th	Location	VU University Amsterdam	Date	June 14 th -15 th
Title:	<i>New Dimensions in Risk Management</i>				
Host Institution	VU University Amsterdam				
Permanent Conference Co-Chairmen	University of Florence - Prof. Oliviero Roggi NYU - Stern School of Business, Salomon Center – Prof. Edward. Altman				
Host Institution Chairman	VU University Amsterdam-Prof. Herbert Rijken				
Co-Organizer	Corporate Governance Unit of the International Finance Corporation - Maxine Garvey European Commission, Joint Research Center - Francesca Campolongo School of Finance Trieste – Maurizio Fanni				
Keynote Speakers e Invited Speakers	Prof. Edward Altman - NYU Stern School of Business –Salomon Center Jon Frye - Federal Reserve Bank of Chicago Aswath Damodaran - NYU Stern School of Business Torben Andersen - Copenhagen Business School Massimo Marchesi - European Commission George Pennacchi - University of Illinois William T. Ziemba - University of British Columbia Lorenzo Bini Smaghi - European Central Bank executive board member Lex Hoogduin - DNB executive board member				
Consultants	Maurizio Dallochio - Bocconi University Riccardo De Lisa - University of Cagliari Giorgio Bertinetti - University of Venice				
Registered Participants	154		Guests & Authorities	30	
Papers submitted	96	Papers Accepted	65	Paper Presented	55
Scientific Committee	Viral Acharya (New York University - Stern) Edward Altman (New York University – Stern) Annarita Bacinello (University of Trieste) Giorgio Bertinetti (University of Venice) Marco Bigelli (University of Bologna.) Menachem Brenner (New York University – Stern) Lorenzo Caprio (University Cattolica) Ada Carlesi (University of Pisa) Maurizio Dallochio (Bocconi University) Riccardo De Lisa (University of Cagliari)				

	Maurizio Fanni (University of Trieste) Gabriele Fiorentini (University of Florence) Marcello Galeotti (University of Florence) Elisa Luciano (University of Turin) Mario Massari (Bocconi University) Paolo Paruolo (Joint Research Center – European Commission) Herbert Rijken (Free University of Amsterdam) Andrea Resti (Bocconi University) Oliviero Roggi (University of Florence) Francesco Saita (Bocconi University) Win Schoutens (Catholic University of Leuven) Anthony Saunders (New York University - Stern) William Ziemba (University of British Columbia)
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List of accepted papers

Title	Authors
Pricing Contingent Convertibles: A Derivatives Approach	De Spiegeleer J.- Schoutens W.
Modelling credit risk for innovative firms: the role of innovation measures	Thoma G.
Liquileaks	Wang T.- Menkveld A. J.
Systematic Risk and Parameter Uncertainty in Mortgage Securitizations	Rosch D.- Scheule H.
CDOs and the Financial Crisis: Credit Ratings and Fair Premia	Wojtowicz M.
Robustness and informativeness of systemic risk measures	Löffler G.- Raupach P.
How to revise a risk based contribution: an application of Sensitivity Analysis' importance measures to the Italian Banking System	Galliani C.- Saltelli A.-Veccia A.-De Cesare M.-De Lisa R.
Economics, Politics, and the International Principles for Sound Compensation Practices: An Analysis of Executive Pay at European Banks	Ferrarini G.- Ungureanu M.
Is proprietary trading detrimental to retail investors?	Karabulut Y.- Fecht F.- Hackethal A.
Managerial Biases and Corporate Risk Management	Adam T.- Fernando C.- Golubeva E.
Banking Crises and the Lending Channel: International Evidence from Industrial Firms	Suárez N.- Fernández A.- González F.
Corporate Risk Management, Product-Market Competition, and Disclosure	Ruckes M.- Hoang D.
Multi-period credit default prediction with time-varying covariates	Orth W.
Sense and Sensitivity: An input space odyssey for ABS Ratings	Di Girolamo F.-Campolongo F.- Jonsson H.- Schoutens W.
Risk Sharing, Costly Participation, and Monthly Returns	Li S.-Hendershott T.- Menkveld A.- Seasholes M.
Pricing Derivatives Analytically in a Heteroscedastic VAR Model with Jumps	Vlaar P.- Lin L.
The information content of implied volatility in the crude oil futures market	Bakanova A.
A New Model for Dynamic Correlations under Skewness and Fat Tails	Zhang X.- Creal D.- Koopman S.- Lucas A.
Fama French factors and US stock return predictability	Panopoulou E.- Plastira S.
Multivariate Distributions based on General Moments Expansions: Evidence from Exchange Rates	Perote J.- Níguez T.- Rubia A.
The Long Term Behaviour of the Distribution of Stock Returns: an Analysis of the Italian Market Using the Pearson Kappa Criterion	Pizzutillo F.
Quantile Regression Analysis of Exchange Rate Risk in Cross-Country Sector Portfolios	Gulati A.
Observation Driven Mixed-Measurement Dynamic Factor Models with an Application to Credit Risk	Lucas A.- Creal D.- Schwaab B.- Koopman S.
Stock Returns and Inflation Risk: A Bayesian Approach	Katzur T.- Spierdijk L.
Risk Management, Corporate Governance and Bank Performance in the Financial Crisis	Schmid M.- Aebi V.- Sabato G.
Operational and Reputational Risk in the European Banking Industry	Sturm P.
Spillover Effects among Financial Institutions	Adams Z.- Füss R.- Gropp R.

Stressed Correlations and Volatilities – How to Fulfill Requirements of the Basel Committee	Becker C.- Schmidt W.
Forecasting Corporate Distress in the Asian and Pacific Region	Moro R.- Hardle W.- Aliakbari S.- Hoffmann L.
Convert-to-Surrender Bonds: A Proposal of How to Reduce Risk-Taking Incentives in the Banking System	Berg T.- Kasere C.
Proposal of New Hybrid Models for PD Estimates on Low Default Portfolios (LDPs), Empirical Comparisons and Regulatory Policy Implications	Roengpitya R.- Nilla-or P.- Yodmuangcharoen P.
Modelling Systemic Risk in Interbank Networks	Georg C.P
Transmission of Bank Liquidity Shocks in Loan and Deposit Markets: The Role of Interbank Borrowing and Market Monitoring	Tumer-Alkan G.- Allen F.- Hryckiewicz A.- Kowalewski O.
Applying Credit Risk Techniques to Design an Effective Deposit Guarantee Schemes' Funds	Maccaferri S.- Cariboni J.- Schoutens W.
Capital Regulation and Tail Risk	Vlahu R.- Perotti E.- Ratnovski L.
The Impact of Government Ownership on Bank Risk Profile and Lending Behaviour	Nocera G.- Iannotta G.- Sironi A.
Banks'Use of Credit Derivatives and Loan Pricing: What Is the Channel and Does It Persist Under Adverse Economic Conditions?"	Wagner W.-Norden L.- Silva Buston C.
Predicting Bank Failures: Evidence from 2007 to 2010	Wort D.-Jordan D.-Rice D.- Sanchez J.-Walker C.
The Predictive Accuracy of Credit Ratings: Measurement and Statistical Inference	Orth W.
Impact of Compensation Structure and Managerial Incentives on Bank Risk Taking	Gupta A.-Francis B.- Hasan I.
Two-way interplays between Capital Buffers, Credit and Output: Evidence from French Banks	Pop A.-Coffinet J.-Coudert V.Pouvelle C.
Cash and Competition	Della Seta M.-
Diversification in M&As: Decision and Shareholders' Valuation	Feito Ruiz I.- Menéndez-Requejo S.
Hedging Inflation Risk in a Developing Economy	Signori O.- Brière M.
Fraud Detection and Firm Governance: The Role of the SEC	Barakat A.- Chernobai A.- Wahrenburg M.
Are Credit Rating Agencies Useless	Raimbourg P.- Ory J.
Investment in Microfinance Equity: Risk, Return and Diversification Benefits	Brière M.- Szafarz A.
Advanced Scenario Generation for Historical Value-at-Risk Calculations_Empirical Analysis on Equity Options	Van der Ploeg A.-De Vries C.- Blacha A.
Fast gradient descent method for mean-CVaR optimization	Ma A.- Iyengar G.
Identifying Proximity-Structured Multivariate Volatility Models	Paruolo P.- Caporin M.
Modeling electricity spot prices - Combining mean-reversion, spikes and stochastic volatility	Weber F.-Mayer K.-Schmid T.
Forecasting Volatility with a GARCH(1,1) Model: Some New Analytical and Monte Carlo Results	Pantelidis T.-Pittis N.
Time-varying betas of sectoral returns to market returns and exchange rate movements	Kim H.- Hacker R.
Common Factors and Commonality in Sovereign CDS Spreads: A consumption-based explanation	Augustin P.- Tedongap R.
A Lintner-based criterion to evaluate Private Equity Investments: can we rely on accounting measures? Evidence from the North- East of Italy	Gardenal G.
Relationship lending, hierarchical distance and credit tightening: evidences	Monferrà S. Sampagnaro G.

from the 2007-09 financial crisis”	
Risk models after the credit crisis	Steenbeek O.- Van den Goorbergh R.- Molenaar R.
Bank Loan Loss Given Default: A European Perspective	Deborgies L.-Bode B.- <i>Chatzis G.- Sokolova L.</i>
Does Eliminating the Form 20-F Reconciliation from IFRS to U.S. GAAP Have Capital Market Consequences?	Kim Y.-Li H.-Li S.
Using demand systems to evaluate risky projects: An application to the automobile industry	Huse C.- Friberg R.
Why do banks securitize their assets? Bank-level evidence from over one hundred countries	Pozzolo A.-Panetta F.
Systemic Interaction Risk	Ahnert T.- Georg C.
Takeover Regulation in the European Emerging Economies: Representations and Warranties in Takeover Agreements	Pop D.
How active is mutual fund management?	Soler-Domínguez A.-Matallin Saez J.
Risk Management with Tail Copulas for Emerging Market Portfolios	Borovkova S.

CONFERENCE PROGRAM
**International Risk Management Conference 2011
New Dimensions in Risk Management**
Tuesday June 14th 2011- Morning
Location: VU University Amsterdam

Time	Event				
8.00 – 9.00	Conference registration				
9.00 – 10.40	Opening and plenary session (1) Chairmen: Oliviero Roggi, Herbert Rijken 9.00 Welcoming remarks VU University, Local Authorities greetings, Conference Opening 9.30 Edward Altman , Keynote lecture "Using Academic Models to Assess Global Credit Market Conditions and Outlook" Featured Lecture: 10.10 Jon Frye (Chicago Federal Reserve Bank) - "LGD Risk Resolved" (co-author: Jacobs M.)				
10.35-11.00	Coffee Break				
11.00 – 12.40	Parallel session (A)				
Area	Basel II, risk liquidity and systemic risk		Corporate Risk Management		Quantitative Tools for Risk Management
	Chairman: Maurizio Dallocchio		Chairman: Tim Adam		Chairman: Menachem Brenner
11.00 – 11.25	Room 8a-04	"How active is mutual fund management?" Authors: <u>Soler-Dominguez A.</u> - Matallin Saez J.	Room 8a-05	"Corporate Risk Management, Product-Market Competition, and Disclosure" Authors: <u>Ruckes M.</u> - Hoang D.	Room 10a-04
11.25 – 11.50		"Liquileaks" Authors: <u>Wang T.</u> - Menkveld A. J.		"Managerial Biases and Corporate Risk Management" Authors: <u>Adam T.</u> - Fernando C. - Golubeva E.	
11.50 – 12.15		"Two-way interplays between capital buffers, credit and output: evidence from French banks Authors: Coffinet J.- Coudert V.- <u>Pop A.</u> - Pouvelle C.		"Hedging Inflation Risk in a Developing Economy" Authors: <u>Brière M.</u> -Signori O.	
12.15 - 12.40		"Capital Regulation and Tail Risk" Authors: <u>Vlahu R.</u> -Perotti E. - Ratnovski L.		"Is proprietary trading detrimental to retail investors?" Authors: <u>Karabulut Y.</u> -Fecht F.- Hackethal A.	
					Room 11a-05
					Chairman: Torben Andersen
					"The information content of implied volatility in the crude oil futures market" Author: <u>Bakanova A.</u>
					"Identifying Proximity-Structured Multivariate Volatility Model" Authors: <u>Paruolo P.</u> - Caporin M.
					"A New Model for Dynamic Correlations under Skewness and Fat Tails" Authors: <u>Zhang X.</u> -Creal D.- Koopman S.J.-Lucas A.
					"Modeling electricity spot prices - Combining mean-reversion, spikes and stochastic volatility" Authors: Mayer K.-Schmid T.- <u>Weber F.</u>
					"Spillover Effects among Financial Institutions: A State-Dependent Sensitivity Value-at-Risk (SDSVaR) Approach" Authors: <u>Adams Z.</u> -Fuss R.-Gropp R.
					"Does Eliminating the Form 20-F Reconciliation from IFRS to U.S. GAAP Have Capital Market Consequences?" Authors: <u>Kim Y.</u> -Li H.-Li S.
					"The Riskiness of Risk Models" Authors: Boucher C.- Maillet B.
					"Transmission of Bank Liquidity Shocks in Loan and Deposit Markets: The Role of Interbank Borrowing and Market Monitoring" Authors: <u>Tümer-Alkan G.</u> -Allen F.-Hryckiewicz A.- Kowalewski O.

CONFERENCE PROGRAM

Location: VU University Amsterdam

Time	Event														
14.00 – 16.00	Parallel session (B)														
Area	Risk Management, Banking and Regulation			Corporate Governance and incentives in Banking		Quantitative Tools for Risk Management			Rating Agencies and Credit Risk Modeling						
	Chairman: Wim Schoutens			Chairman: Maxine Garvey		Chairman: Paolo Paruolo		Chairman:		Chairman: Herber Rijken					
14.00 – 14.25	Room 8a-04	“Banks’ Use of Credit Derivatives and Loan Pricing: What Is the Channel and Does It Persist Under Adverse Economic Conditions?” Authors: Wagner W.- Norden L.- <u>Silva Buston C.</u>		Room 8a-05	“Risk Management, Corporate Governance and Bank Performance in the Financial Crisis” Authors: Sabato G.-Aebi V. - <u>Schmid M.</u>		Room 10a-04	“Fama French factors and US stock return predictability” Authors: <u>Panopoulou E.</u> - Plastira S.		Room 10a-05	“Multivariate Distributions based on General Moments Expansions: Evidence from Exchange Rates” Authors: <u>Perote J.</u> - Niguez T.- Rubia A.		Room 11a-05	“Are Credit Rating Agencies Useless? The Role of Rating Agencies in European Bond Markets: Information Transmission vs Spread Stabilization” Authors: <u>Ory J.</u> - <u>Raimbourg P.</u>	
14.25 – 14.50		“Pricing Contingent Convertibles: A Derivatives Approach” Authors: <u>De Spiegeleer J.</u> -Schoutens W.			“Impact of Compensation Structure and Managerial Incentives on Bank Risk Taking” Authors: Francis B.- <u>Gupta A.</u> -Hasan I.			“Stock Returns and Inflation Risk: A Bayesian Approach” Authors: <u>Katzur T.</u> -Spierdijk L.			“Time-varying betas of sectoral returns to market returns and exchange rate movements” Authors: <u>Kim H.</u> -Hacker R.			“Forecasting Corporate Distress in the Asian and Pacific Region” Authors: <u>Moro R.</u> -Hardle W.	
14.50 – 15.15		“CDOs and the Financial Crisis: Credit Ratings and Fair Premia” Author: <u>Wojtowicz M.</u>			“Investment in Microfinance Equity: Risk, Return and Diversification Benefits” Authors: <u>Szafarz A.</u> - Brière M.			“Risk Sharing, Costly Participation, and Monthly Returns” Authors: Li S.-Hendershott T.- Menkveld A.-Seasholes M.			“Quantile Regression Analysis of Exchange Rate Risk in Cross-Country Sector Portfolios” Author: <u>Gulati A.</u>			“Common Factors and Commonality in Sovereign CDS Spreads: A consumption-based explanation” Authors: <u>Augustin P.</u> -Tédongap R.	
15.15 – 15.40		“Does contingent capital induce excessive risk-taking and prevent an efficient recapitalization of banks?” Authors: <u>Berg T.</u> - Kaserer C.			“Economics, Politics, and the International Principles for Sound Compensation Practices: An Analysis of Executive Pay at European Banks” Authors: Ferrarini G.- <u>Ungureanu M.C.</u>			“The Long Term Behaviour of the Distribution of Stock Returns: an Analysis of the Italian Market Using the Pearson Kappa Criterion “ Author: <u>Pizzutilo F.</u>			“Advanced Scenario Generation for Historical Value-at-Risk Calculations. Empirical Analysis on Equity Options” Authors: Van der Ploeg A.-De Vries C.-Blacha A.			“Risk models after the credit crisis” Authors: <u>Steenbeek O.</u> -Van den Goorbergh R.-Molenaar R.-Vlaar P.	
15.40 -16.00		“Risk Management With Tail Copulas For Emerging Market Portfolios” Author: <u>Borovkova S.</u>				“Forecasting volatility with a GARCH model: Some new analytical and Monte Carlo results”. Authors: <u>Pantelidis T.</u> - Pittis N.				“Fast gradient descent method for mean-CVaR optimization” Authors: <u>Ma A.</u> - Iyengar G.					
16.00 -16.25	Coffee Break														
16.25 – 18.00	Plenary session (2) Chairmen: Maxine Garvey & Oliviero Roggi 16.25 Aswath Damodaran (New York University) Title: “ <i>Value and Risk: Beyond the Greek alphabet</i> ”. <i>Featured Lectures:</i> 17:10 Torben Andersen (Copenhagen Business School) Title: “ <i>What is good Risk Management and does it affect performance</i> ” 17:35 Massimo Marchesi (European Commission) Title: TBA														

CONFERENCE PROGRAM
**International Risk Management Conference 2011
New Dimensions in Risk Management**
Wednesday June 15th 2011- Morning
Location: VU University Amsterdam

Time	Event				
9.15 – 10.55	Parallel session (C)				
Area	Risk Management, Banking and Regulation		Corporate Finance	Quantitative Tools for Risk Management	Estimating Banks and Firms Probability of Default
	Chairman:		Chairman: Giorgio Bertinetti	Chairman: Francesca Campolongo	Chairman: Gabriele Sabato
9.15 – 9.40	Room 8a-04	“Robustness and informativeness of systemic risk measures” Authors: <u>Loffler G.- Raupach P.</u>	“Takeover Regulation in the European Emerging Economies: Representations and Warranties in Takeover Agreements” Author: <u>Pop D.</u>	“Multi-period credit default prediction with time-varying covariates” Author: <u>Orth W.</u>	“Predicting Bank Failures: Evidence from 2007 to 2010” Authors: Jordan D.-Rice D.-Sanchez J.-Walker C.- <u>Wort D.</u>
9.40 – 10.05		“Systematic Risk and Parameter Uncertainty in Mortgage Securitizations” Authors: <u>Roesch D.</u> - Scheule H.	“Banking Crises and the Lending Channel: International Evidence from Industrial Firms” Authors: <u>Suárez N.</u> -Fernández A.-González F.	“Sense and Sensitivity: An input space odyssey for ABS Ratings” Authors: <u>Di Girolamo F.</u> -Campolongo F.-Jonsson H.-Schoutens W.	“Modelling credit risk for innovative firms: the role of innovation measures” Authors: Pederzoli C.- <u>Thoma G.</u> -Torricelli C.
10.05 – 10.30		“How to revise a risk based contribution: an application of Sensitivity Analysis’ importance measures to the Italian Banking System” Authors: <u>Galliani C.</u> -Saltelli A.-Veccia A.-De Cesare M.-De Lisa R.	“Diversification in M&As: Decision and shareholders’ valuation” Authors: <u>Feito-Ruiz I.</u> -Menendez-Requejo S.	“Pricing Derivatives Analytically in a Heteroscedastic VAR Model with Jumps” Authors: <u>Lin L.-Vlaar P.</u>	“Bank Loan Loss Given Default: A European Perspective” Authors: <u>Deborgies- Sanches L.</u> -Bode B.-Chatzis G.- Sokolova L.
10.30 – 10.55		“Operational and Reputational Risk in the European Banking Industry” Author: <u>Sturm P.</u>	“A Lintner-based criterion to evaluate Private Equity Investments: can we rely on accounting measures? Evidence from the North-East of Italy” Author: <u>Gardenal G.</u>	“Observation Driven Mixed-Measurement Dynamic Factor Models with an Application to Credit Risk” Authors: <u>Lucas A.</u> -Creal D. - Schwaab B. -Koopman S.	“Applying Credit Risk Techniques to Design an Effective Deposit Guarantee Schemes’ Funds” Authors: Cariboni J.- <u>Maccaferri S.</u> -Schoutens W.
10.55-11.20	Coffee Break				
11.20– 12.45	Plenary session (3) Chairman: Francesca Campolongo 11.20 George Pennacchi (University of Illinois) - Keynote lecture: “ <i>Credit Ratings, Credit Spreads, and Systematic Risk</i> ” Q&A Featured lecture: 12.15 William T. Ziemba (University of British Columbia) - Title: “ <i>Could Stock Market Crashes in Iceland, China and the U.S in 2007-2008 be predicted by the Bond-Stock Earnings Yield Model?</i> ” (co-author: Lleo S.)				
12.45-14.00	Lunch				

CONFERENCE PROGRAM**International Risk Management Conference 2011
New Dimensions in Risk Management****Wednesday June 15th 2011- Afternoon****Location: VU University Amsterdam**

Time	Event
14.00 – 16.00	<p>Professional workshop on Financial Stability Chairman: Herbert Rijken (VU University Amsterdam)</p> <p>Keynote Speakers on the European Monetary Union and Sovereign Risk:</p> <p>14.00 Lorenzo Bini Smaghi (European Central Bank executive board member) Title: “<i>Risk management in central banking</i>”</p> <p>14.30 Q&A</p> <p>14.35 Lex Hoogduin (DNB executive board member) Title: “<i>Macroprudential policy and the challenges ahead</i>”</p> <p>15.05 Q&A</p> <p>15.10 Edward Altman (NYU Stern School of Business) Title: “Sovereign risk issues: the case of Europe and the survival of the Euro”</p> <p>15.40 Q&A</p>
16.00-16.30	Coffee break
16.30 – 18.30	<p>Round Table discussion on Banking Chairman: Zvi Bodie (Boston University)</p> <p>Koos Timmermans (ING Group, Chief Risk Officer) Mario Nava (European Commission, Head of the “Banking and Financial conglomerates” Unit in the Internal Markets and Services DG) Michael Damm (VU School of Finance and Risk Management) Carola Steenmeijer (KPMG, Partner FS Advisory - Risk & Compliance) TBA (IFC World Bank)</p>
18.30-19.30	Drinks