

Course highlights:

Identifying your concentration risk exposures

Derivatives and counterparty credit risk perspective

Calculating and measuring concentration risk

Hedging concentration risk

Market concentration risk

Risk analysis of portfolio transactions

Stress testing and concentration risk

Concentration risk and allocation of economic capital in credit portfolios

Risk concentrations from a regulatory perspective

incisive-events.com/conrisk08

Measuring, Modelling and Managing Concentration Risk

London

8-9 September 2008

New York

15-16 September 2008

About the workshop

Establishing the likelihood of everything going wrong in your credit portfolio simultaneously is the million dollar question for bankers and regulators alike. Until recently concentration risks have been difficult to measure and monitor. However, finding the right tools is critical in predicting and effectively reacting to these risks and ensuring the bank holds adequate capital.

This course has been closely researched with specialists working in risk management and carrying out research into concentration risk. Over the two days the course tutors will examine the latest ideas and practical approaches to managing concentration risks in relation to the unpredictability of today's markets.

Venues

London

Holborn Bars
138-142 Holborn, London EC1N 2NQ
Tel- 0870 609 1583
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Web- devere.co.uk/venues/Holborn-Bars

New York

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Web- downtownmeetings.com

Learning outcomes

- **Develop ways of identifying concentrations risks**
- **Understand concentration risk in credit portfolios: name, sector and geographical concentrations**
- **Assess and report concentration risks**
- **Understand the impact of concentration risk**
- **How losses are dispersed and how they affect distribution**
- **Evaluate minimum capital requirements of Basel II and concentration risk**
- **Assess the challenge of relationship banking**

Who should attend?

This course has been thoroughly researched and designed to be of specific relevance for people working within the following areas:

**Counterparty credit risk managers/
Counterparty risk exposure managers/
Heads of derivatives trading/Risk
managers/Credit risk managers and
analysts/Credit risk modellers/Risk
analysts/Credit portfolio strategists**

Book now

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Course tutors:

London

Benedict Boelen, Qualitative Analyst, BNG
CAPITAL MANAGEMENT

Paolo Capelli, Head of Risk Management,
AKROS ALTERNATIVE INVESTMENTS SGR

Umberto Cherubini, Associate Professor of
Finance, UNIVERSITY OF BOLOGNA

Klaus Duellmann, Deputy Head of Banking
Supervision Research, DEUTSCHE BUNDESBANK

Andy Shaw, Head of Counterparty Credit
Trading, MERRILL LYNCH

Stefan Weichert, Head of Market Risk,
HYPOVEREINSBANK/UNICREDIT GROUP

Anders Wulff-Andersen, Executive Director,
UBS INVESTMENT BANK

New York

Ian Baker, Vice President, Risk Management
and Derivatives, PYRAMIS GLOBAL ADVISORS

Constantin Dan Cazacu, Associate Quantitative
Derivatives Strategist, ING USFS ANNUITIES
MARKET RISK MANAGEMENT

Ruben Costa-Santos, Deputy Head of Hedge
Fund Exposure Management, DEUTSCHE BANK

Joseph Dziwura, Senior Managing Director
TIAA-CREF

Perry Mehta, Director, Consulting Services,
MOODY'S ANALYTICS

Dan Rosen, President, R2 FINANCIAL
TECHNOLOGIES AND FIELDS INSTITUTE

David Saunders, Assistant Professor,
UNIVERSITY OF WATERLOO

Stefan Weichert, Head of Market Risk
HYPOVEREINSBANK/UNICREDIT GROUP

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presentations
on hot topics.
Very useful.”

Risk Management



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London Monday 8 September 2008

Day

1



0830 Registration and coffee

0900 **Identifying your concentration risk exposure**

- Sensitivity analysis
- Assessing correlations in the portfolio
- Understanding wrong way risk and how to control the conditional distribution
- How to deal with little or no risk disclosure: hedge funds as an example

Tutor **Anders Wulff-Andersen, Executive Director, UBS INVESTMENT BANK**

1030 Morning break

1100 **Derivatives and counterparty credit risk perspective**

- How to diversify the portfolio
- How do you see dependencies on counterparties?
- Setting limits in concentration risk
- Are these limits efficient?
- How are these limits affected by Concentration risk?

Tutor **Andy Shaw, Head of Counterparty Credit Trading, MERRILL LYNCH**

1230 Lunch

1330

Calculating and measuring the risk

- How do others do it?
- Challenges in specific securities and special case scenarios
- Quantification challenges between different asset classes
- Determining correlations between the various components of the portfolio
- Ensuring risk engines are robust enough to deal with the portfolio size

Tutor **Benedict Boelen, Quantitative Analyst, BNG CAPITAL MANAGEMENT**

1500

Afternoon break

1530

Market concentration risk

- Why common risk measurement frameworks do not necessarily highlight concentration risks
- Ways of identifying concentrations risks
- Assess and report concentration risks
- Managing concentration risks (e.g. establish limit systems, set incentives for traders)

Tutor **Stefan Weichert, Head of Market Risk, HYPOVEREINSBANK/UNICREDIT GROUP**

1700

End of day one

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London Tuesday 9 September 2008

Day

2



0830 Registration and coffee

0900 **Hedging concentration risks**

- How can you do this?
- The challenge of relationship banking
- Single name vs. multi name
- Granularity adjustments

Tutor *Speaker to be confirmed. Please see website for updates*

1030 Morning break

1100 **Risk analysis of portfolio transactions**

- Checking the credit quality and difference of the loss distribution for concentrated and non-concentrated portfolios
- What is the impact of concentration risk?
- How are losses dispersed and how do they affect distribution?
- The cost of not knowing concentration: Ellsberg's paradox at work

Tutor **Umberto Cherubini, Associate Professor of Finance, UNIVERSITY OF BOLOGNA**

1230 Lunch

1330

Stress testing concentration risk

- Diversification vs. concentration risk: from Markowitz to Lhabitant, the myth and reality of different investment vehicles
- Stress testing: simple guess, $\rho=1$, scenario hypothesis following Basel II and scenarios for a portfolio of hedge funds
- Counter-party risk: concentration risk due to liquidity crises (Bear Stearns case)
- Positions overlap in a fund of funds: directional risk in a bear market
- Maximum weights in portfolio and rebalancing policy
- Selecting the right systematic risk factors

Tutor **Paolo Capelli, Head of Risk Management, AKROS ALTERNATIVE INVESTMENTS SGR**

1500

Afternoon break

1530

Risk concentrations from a regulatory perspective

- Risk concentrations in credit portfolios
- How can they be measured?
- Minimum capital requirements of Basel II and concentration risk
- Risk concentrations under Pillar II

Tutor **Klaus Duellmann Deputy Head of Banking Supervision Research, DEUTSCHE BUNDESBANK**

1700

End of course

New York Monday 15 September 2008

Day

1



0900 Registration and coffee

0930 **Identifying your concentration risk exposures**
– Sensitivity analysis
– Interday position
– Political and country risks
– Economic
– Legal risks

Tutor **Constantin Dan Cazacu, Associate Quantitative Derivatives Strategist, ING USFS ANNUITIES MARKET RISK MANAGEMENT**

1100 Morning break

1130 **Concentration risk and allocation of economic capital in credit portfolios**
– Understanding concentration risk in credit portfolios: name, sector and geographical concentrations
– Concentration risk and diversification in Basel II
– Modeling diversification and multi-factor credit portfolio models
– Credit capital allocation and diversification
– Stress testing of credit portfolio models
– Measuring concentration risk in structured credit portfolios

Tutor **Dan Rosen, President, R2 FINANCIAL TECHNOLOGIES AND FIELDS INSTITUTE**

1300 Lunch

1400 **Market concentration risk**
– Why common risk measurement frameworks do not necessarily highlight concentration risks
– Ways of identifying concentration risks
– Assess and report concentration risks
– Managing concentration risks (e.g. establish limit systems, set incentives for traders)

Tutor **Stefan Weichert, Head of Market Risk, HYPOVEREINSBANK/UNICREDIT GROUP**

1530 Afternoon break

1600 **Calculating and measuring the risk**
– Importance of absolute and relative measures and risk
– Challenges in specific securities and special case scenarios
– Quantification challenges between different asset classes
– Determining correlations between the various components of the portfolio
– Ensuring risk engines are robust enough to deal with the portfolio size

Tutor **Joseph Dziwura, Senior Managing Director, TIAA-CREF**

1730 End of day one

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New York Tuesday 16 September 2008

Day

2



0900 Registration and coffee

0930 **Hedging concentration risks**
– How can you do this?
– The challenge of relationship banking
– Single name vs. multi name
– Granularity adjustments

Tutor **Ian Baker, Vice President, Risk Management and Derivatives, PYRAMIS GLOBAL ADVISORS**

1100 Morning break

1130 **Concentration risk in the context of counterparty credit risk**
– Concentration as a risk multiplier in derivatives trading
– Recent market examples of concentration driven losses
– The interplay of concentration, illiquidity and hidden correlation
– How to measure and limit concentration risk in practical ways
– Stress test of counterparty derivatives portfolios
– The issue of cross counterparties concentration risk

Tutor **Ruben Costa-Santos, Deputy Head of Hedge Fund Exposure Management, DEUTSCHE BANK**

1300 Lunch

1400 **Risk analysis of portfolio transactions**
– Checking the credit quality and difference of the loss distribution for concentrated and non-concentrated portfolios
– How do you quantify this and show it visually?
– What is the impact of concentration risk?
– Name Concentrations vs. Factor Concentrations
– Risk Factor Concentrations and Contributions
– How are losses dispersed and how do they affect distribution?

Tutor **David Saunders, Assistant Professor, UNIVERSITY OF WATERLOO**

1530 Afternoon break

1600 **Stress testing concentration risk in structured finance**
– Identifying concentrations – overt and hidden
– Defining stress scenarios appropriately
– Outcomes on collateral instruments and pool
– Assessing risk to capital structure

Tutor **Perry Mehta, Director, Consulting Services, MOODY'S ANALYTICS**

1730 End of course

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