Credit Rating and Scoring Models

Advances in Theory and Application

A conference sponsored by the Office of the Comptroller of the Currency

May 17-19, 2004 • Hilton Mark Center Hotel • Alexandria, Virginia

Tentative Program

Monday, 17 May

1:30pm
Welcome

C. Erik Larson (OCC)

Opening Remarks

John D. Hawke Jr., Comptroller of the Currency

2:00pm - 4:30pm
SESSION I: Perspectives on the State of Credit Modeling

Chair: C. Erik Larson (OCC)

"The Interest of Bank Supervisors in Credit Rating"

Jeffrey Brown (OCC)

"Frontiers of Credit Scoring"

Jonathan Crook (Edinburgh)

"Default, Delinquency, and Prepayment: A Unified Approach"

Kyle Lundstedt (VaRisk)

5:30pm - 7:00pm
Cocktail & Hors D'oeuvres Reception

Tuesday, 18 May

7:15am
Continental Breakfast

8:00am - 9:45am
SESSION II: Methodological Innovations in Rating and Scoring

Chair: Nicholas Kiefer (OCC and Cornell)

"Estimating Loan Transition Probabilities Using an Information Theoretic Approach"

Dennis Glennon (OCC)

"Auctioning Experts in Credit Modeling"

Robert Stine (Wharton)

"Quantile-Based Methods for Credit Scoring"

Halbert White (UC San Diego and Bates-White LLC) and Robert Lieli (UC San Diego)

Discussant: Gary Wilhite (Wachovia)

10:00am - 11:45am
SESSION III: Frontiers of Applied Corporate Credit Modeling

Chair: PC Venkatesh (OCC)

"Forecasting Default with the KMV-Merton Model"

Tyler Shumway (Michigan)

"Credit Risk and Risk-Neutral Default Probabilities"

Robert Geske (UCLA)

"Valuing Callable Corporate Bonds in a Reduced Form Model Using a Call Intensity Process"

Chunchi Wu (Syracuse)

Discussant: Jorge Sobehart (Citigroup)

12:00pm - 1:20pm
Luncheon

1:30pm - 3:15pm
SESSION IV: Understanding Reject Inference

Chair: Jeffrey Brown (OCC)

"Statistical and Conceptual Issues in Credit Scoring"

Nicholas Kiefer (Cornell and OCC)

"Reject Inference for Consumer Credit Scoring"

Ad Feelders (Universiteit Utrecht)

"Reject Inference in Small Business Lending Underwriting Models"

Elbert Chen (Wells Fargo)

Discussant: Dennis Ash (Federal Reserve Bank of Philadelphia)

3:30pm - 5:15pm
SESSION V: Key Issues in Severity Modeling

Chair: Mitchell Stengel (OCC)

Invited Paper

John Walter (Bank of America)

"Defaulted Debt Prices, Ultimate Recoveries, and Systematic Risk of Defaulted Debt"

Mark Carey and Michael Gordy
(Federal Reserve Board of Governors)

"Modeling Loss Given Default - A Practitioner's Perspective"

Michel Araten (JPMorgan/Chase)

Discussant: *TBA*

6:45pm - 10:00pm
Cocktails and Banquet

Conference Keynote Speaker:
Bruce Lehmann (UC San Diego)

Wednesday, 19 May

7:15am
Continental Breakfast

8:00am - 9:45am
SESSION VI: Using Scoring Tools to Enhance Profitability

Chair: M. Nazmul Hasan (OCC)

"Optimization of Early Stage Collections"

Adam Lin (Bank One)

"Line Assignment Optimization"

Frank Zhao (JPMorgan/Chase)

"Managing Credit Lines and Prices for Bank One Credit Cards"

Shane P. Pederson (Bank One)

Discussant: Robert Avery
(Federal Reserve Board of Governors)

10:00am - 11:45am
SESSION VII: Understanding the Dynamics of Ratings

Chair: Dennis Glennon (OCC)

"Corporate Credit Risk Modeling and the Macro Economy"

Tor Jacobson (Svergies Riksbank)

"Modeling Mortgage Default and Prepayment as Competing Risks"

Arden Hall and Stewart Brown (Wells Fargo)

"Testing Simple Markov Structures for Credit Rating Transitions"

C. Erik Larson (OCC)

Discussant: Sunil Sharma (IMF Institute)

12:00pm - 1:20pm
Luncheon

1:30pm - 3:45pm
SESSION VIII: Model Validation Methodologies

Chair: C. Erik Larson (OCC)

"Validating Forecasts of the Joint Probability Distribution of Bond Yields: Can Affine Models Beat Random Walk?"

Yongmiao Hong (Cornell)

"Cross-Validation Approaches to Model Validation"

Peter Abken (Bank of America)

"Good Practice in Retail Credit Scorecard Assessment"

David Hand (Imperial College, London)

Discussant: Mark Levonian
(Federal Reserve Bank of San Francisco)

4:00pm - 5:00pm
Panel Discussion: What Have We Learned?

Panel Members:

William Lang (Federal Reserve Bank of Philadelphia)

Ashish Dev (KeyCorp)

Others TBA

Program Organizing Committee Co-Chairs

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Nicholas M. Kiefer, Cornell University and OCC (nickkiefer@aol.com)
For further info on the conference visit http://www.occ.treas.gov/crsm.htm