DEPARTMENT OF STATISTICS AND ACTUARIAL SCIENCE  
THE UNIVERSITY OF HONG KONG  

Seminar  

Dr. ZHU Haibin  
Senior Economist  
Representative Office for Asia and  
the Pacific Bank for International Settlements  

will give a talk  
entitled  

A FRAMEWORK FOR ASSESSING  
THE SYSTEMIC RISK OF MAJOR  
FINANCIAL INSTITUTIONS  

Abstract  

In this talk we propose a framework for measuring and stress testing the systemic risk for a group of major commercial banks and investment banks. The systemic risk is measured by the price of insurance against financial distresses, which is based on \textit{ex ante} measures of default probabilities of individual banks and forecasted asset return correlations. Importantly, using realized correlations estimated from high-frequency equity return data can significantly improve the accuracy of forecasted correlations. In addition, our stress testing methodology, as an integrated micro-macro model, takes into account dynamic linkages between the health of major US banks and the macro-financial condition.

on

Wednesday, November 5, 2008  
2:00 p.m. – 3:00 p.m.  
at  
Room 524, Meng Wah Complex  
(behind the Chong Yuet Ming Amenities Centre)  

Visitors Please Note that the University has limited parking space. If you are driving please call the Department at 2859 2466 for parking arrangement.  

All interested are welcome