Credit Risk Management

Duration 3 Days

COURSE OVERVIEW

The overall goal of this intensive three-day credit risk management course is to equip delegates to conduct credit risk analysis and management using a structured approach. Delegates will learn to combine qualitative assessment and quantitative analysis techniques to evaluate business performance.

BENEFITS

- Identify, categorize and quantify obligor credit risks and portfolio credit risks.
- Understand the methodology and procedures needed to track and manage these risks, including credit rating, rating migration, probability of default (PD), LGD, etc.
- Understand the importance of systematic and unsystematic risks and the impact of concentration & correlation in credit portfolios.
- Understand the role of credit risk in Basel Accords with specific focus on Basel III.
- Understand Credit Portfolio Analysis and the importance of Credit Loss distribution and estimation of Economic Capital. Differentiate Economic capital and regulatory capital.
- Explore various credit portfolio risk mitigations - diversification, securitization and credit derivatives.
- Develop an understanding of how excessive credit bears the risk of bubble formation & its consequences.

WHO SHOULD ATTEND

Professionals working in commercial and corporate credit industry, Bankers, Relationship Managers, Financial Advisors, Credit Risk Management Professionals, Financial Advisors, Consulting Professionals, Credit Analysts, Bank Regulators, Bank Consultants, Treasury Managers, Risk analysts, Investment Bankers, Research and Rating Personnel, Portfolio managers, Accountants and Auditors.

COURSE AGENDA

Day 1

- Overview of the operating environment including macro-economic variables and key industry risks.
- Provides guidance on various external risks and formulation of effective early warning indicators.
- Discuss the impact of business cycles on the Industry as well as Industry profitability factors.
- Study the entity level risks, including strategy and management risks.
- Examine the entity level weaknesses leading to risks. Stakeholders' support: how sustainable and reliable in difficult times?
- Case studies : (i) external and industry risks (ii) non-financial entity risks.

Day 2

- Provide in-depth treatment of financial risk analysis with several worked out examples.
- Explain how to make integrated credit risk judgment and select credit risk mitigations for obligor risk.
- Show how the obligor credit risk analysis is converted into risk grades and discussed how PD can drive credit decisions in a logical manner.
- Discuss Z-Score and its relevance in today's credit environment.
- Relate the Merton Model to the traditional accounting based credit risk analysis.
- Examine when collaterals are to be insisted upon.
- Case study on financial risk analysis.

Day 3

- Explain the benefits of credit portfolio analysis and the role of systematic and unsystematic risks and various credit portfolio risks.
- Show the importance of Credit Loss distribution and estimation of Economic Capital. Learn the subtle issues in the Basel Accords and explain the role of Basel III Accord in the context of credit risk management.
- Provide an overview of various credit portfolio risk mitigations such as traditional and modern diversification, securitization and credit derivatives. Discuss the pros and cons of Credit Default Swaps.
- Explain the reasons for build-up of credit bubbles. Examine the 2008 Global Credit Crisis, led by the US Housing Sector.

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