

Credit risk: loan by loan management

GOALS

Understanding credit risk is key for any finance practitioner. It is a significant part of the business model and a financial institutions' portfolio.

This course is designed to give you the essential insights to be able to identify, quantify and manage credit risk effectively.

After an introduction of what credit risk is and how it fits in the risk taxonomy of a financial institution, some real-world cases will be discussed as illustration.

The assessment of credit risk is examined with a focus on more specialised topics such as credit ratings, credit analysis, internal and external credit risk models for both single counterparties and portfolios. The course looks also at the management and optimisation of credit risk.

No such analysis would be complete without making the link with the latest regulatory and innovative developments.

SUMMARY

Category:

- Risk, finance & treasury

Difficulty level:

Expert

Certification type:

Seminar

Price:

- Member: € 530.00
- Non member: € 640.00
- Incompany: custom tailored, prices on demand

INTENDED AUDIENCE

This training is intended for various target groups active in business, credit risk,

FOREKNOWLEDGE

Expert level: Subjects will be treated thoroughly. You should have knowledge of macro-economical concepts.

CONTENT

1. Credit Risk - Definition & main types

- Default, spread, counterparty, settlement
- Retail (mortgage, credit card, consumer), SME and wholesale exposure
- Importance of credit risk in the financial world

2. Credit Default Risk - Assessment

- Internal & external credit risk analysis (bank level + rating agencies)
- Internal & external credit rating models

3. Managing Credit Risk - Credit Risk Mitigation

- Reducing exposure and increasing recoveries: Netting, Collateral, Guarantee, Covenants
- Risk transfer to external investors: Credit Derivatives, Securitization, Loans Sales

4. Credit Risk in the Basel Accord:

- Credit risk parameters
- Standardised, IRB Foundation and Advanced
- RWA Calculation (high level)
- Differences between accounting (IFRS9) and regulatory approaches
- Main changes expected in the upcoming Basel 4 review

It would be interesting to add here one point on Impairments accounting of loans

- Principles of IFRS 9 expected credit losses
- Differences between the accounting and the regulatory approaches

5. Credit Process for loan-by-loan management (end-to-end):

- Origination, analysis, pricing, loan approval
- Risk (surveillance,) monitoring, work out (recovery)
- Tools to support the process

6. **Data governance and data quality**

7. **Recent developments:** business cases of Fintech, AI and Machine Learning

8. **Appendices**

- Definition of default
- Example of credit scoring mode
- PD model development (different steps and validation)
- RWA calculation

METHODOLOGY

Duration: 1 day training

Hours: 9am - 5pm (6 training hours)

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