

Executive Education Masterclass

Credit Risk Essentials

11 November 2010

9:30am – 5:00pm



**A one day Masterclass on the fundamentals of
Credit Risk Management.**

Attendees will gain an essential understanding of:

- the principles of credit risk
- techniques for credit risk measurement and management
- securitisation, credit derivatives and collateralisation
- the credit risk management function and how it adds value to an organisation
- the Basel Accord and its implications
- approaches for calculating credit risk capital

Credit Risk Essentials

Overview

With the events of recent years, the emphasis placed on risk management in financial services by regulators, the media and by firms has never been greater.

It is becoming increasingly important for non-risk specialists to have an appreciation, even at the most basic level, of the fundamental principles of risk management. This is particularly the case around credit risk and for individuals at - or aspiring to - senior management roles, where the increased scrutiny from the regulator and the media on competence and knowledge is most fully coming to bear.

This one-day Masterclass is designed to provide participants with a thorough grounding in credit risk management and its major features. It is suitable for any non-risk specialist and uses case studies and practical examples to enhance understanding of the nature of credit risk, the type of products that generate it and how it is measured. This session will also look at the impact of regulation, most notably the Basel II Accord, outlining the different approaches for calculating credit risk capital.

Masterclass objectives

At the end of this Masterclass, participants will have an enhanced understanding of credit risk and how it affects their role and the institution they work for, including:

- the nature of credit risk and how this applies to financial products
- the factors involved, the information used and the methods employed in assessing and quantifying credit risk
- what techniques are used in managing credit risk including documentation structures, collateral and derivative products
- the regulatory framework within which credit risk management operates

Who should attend?

This Masterclass is intended for those new to risk management and credit operations or those who wish to gain an understanding of risk-based controls and how they are applied to credit risk. It will be of particular use to:

- business managers and team leaders
- credit analysts
- investment and portfolio analysts
- relationship managers
- internal and external auditors
- IT and operations professionals
- anyone new to risk management within financial services
- anyone new to credit risk within financial services
- suppliers and consultants to banks and financial services firms

Programme agenda

Session 1: Defining credit risk

- What is credit risk?
- The different types of credit risk
 - Sovereign
 - Corporate
 - Retail
 - Systemic
 - Counterparty
- Concentration risk
- The macro environment

Session 2: Financial products

- Loans and overdrafts
- Government and corporate bonds
- Equity and mezzanine debt
- Credit derivatives
- Counterparty exposure from traded products
- Trade finance
- Mortgages
- Credit cards

Case Study

Session 3: Managing credit risk – measurement, monitoring and mitigation

Measurement

- Credit assessments and scoring
- Corporate credit scoring
- Retail credit scoring

Monitoring

- Migration risk - doubtful debt, default and bad debt
- Cash flow monitoring

Mitigation

- Diversification and portfolio management
- Securitisation
- Collateral
- Credit derivatives
- Netting
- Recovery management

Case Study

Session 4: Calculating credit risk capital under Basel

- Risk-weights and risk-weighted assets
- Basel II and rating agencies
- The approaches for measuring credit risk capital – Standardised and IRB
- Will Basel III change this environment?

Knowledge pre-requisites

No prior experience of credit risk or of the Basel II Accord is required as this course covers the principles of these topics. However, it is assumed that delegates are familiar with common financial terms and have a basic understanding of banking and the functions of a financial institution.

Please note: This is an introductory course covering basic principles so would not be suitable for experienced credit risk professionals.

About your Masterclass leader...

Simon Ling-Locke



Simon Ling-Locke has extensive international banking experience, Simon spent 25 years in the syndicated loan market across credit and distressed debt in major organisations including Barclays, Tokai and UFJ banks (leading leverage finance and corporate teams) and at the Loan Market Association where he headed up and developed their training activities across EMEA and USA.

In addition to his financial expertise, Simon has extensive lecturing experience, he is an associate lecturer at the **ifs** School of Finance and teaches at the Open University Business School on Master level courses and at the European School of Economics. He is also an active trainer and consultant on credit and debt restructuring

subjects for various major organisations and a guest speaker at various universities including Cass Business School.

Simon is Head of Credit Risk at Risk Reward Ltd, holds a Masters of Business Administration, postgraduate qualifications in banking and finance and is a Fellow of The Chartered Institute of Bankers.

Location

ifs School of Finance, 8th Floor, Peninsular House, 36 Monument Street, London EC3R 8LJ, United Kingdom.

How to book

Please return your completed registration form (attached) to the Events team, **ifs** School of Finance, 8th Floor, Peninsular House, 36 Monument Street, London EC3R 8LJ, United Kingdom.

Alternatively please contact +44 (0)20 7337 6286, email executiveeducation@ifslearning.ac.uk or book online at www.ifslearning.ac.uk/executiveeducation.

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