

Executive Education Masterclass

Introduction to Credit Risk

18 April 2012
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

Introduction to Credit Risk

Overview

This course will provide participants with a grounding in credit risk management, its major features together with a brief overview of its monitoring and management under the Basel II Accord.

Key features include:

- an explanation of credit risk and the type of products which generate this type of risk
- a general description of the credit risk management function and how it adds value to an organisation
- an explanation of securitisation, credit derivatives and collateralisation
- overview of the Basel Accord and the regulation for credit risk measurement and management
- a description of the approaches for calculating credit risk capital
- use of practical examples

Masterclass objectives

At the end of this course participants will have an understanding of:

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

- risk managers
- credit analysts
- investment and portfolio analysts
- relationship managers who want to gain a better understanding of credit risk
- business managers and team leaders
- middle and back office personnel
- internal and external auditors
- IT and operations professionals
- regulators and supervisory professionals
- anyone new to risk management within financial services
- anyone new to credit risk within financial services
- new entrants to the finance industry who wish to gain a more in depth understanding of credit risk
- suppliers and consultants to banks and the risk management industry

Programme agenda

Understanding credit risk and types of products which generate this risk

- What is credit risk?
- Where credit risk sits within ERM
- The different types of credit risk
- Systemic risk

Measuring credit risk

- Sovereign
- Financial
- Corporate
- Retail
- Counterparty and Traded Markets
- Concentration risk
- The macro environment

Case study

Credit Risk Models

- Credit assessments and scoring
- Purpose and use of models:
 - Univariate
 - Multivariate
 - Structural

Case study

Mitigating and managing credit risk

- Migration risk - doubtful debt, default and bad debt
- Underwriting standards
- Importance of structuring
- Diversification and portfolio management
- Exposure modifiers:
 - Collateral
 - Netting
 - Securitisation
 - Credit derivatives
- Sensitivity analysis and stress testing

Case study

Calculating credit risk capital under Basel

- Risk-weights and risk-weighted assets
- Basel II
- The approaches for measuring credit risk capital – Standardised and IRB
- Basel III and its key features and implications for the market

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.

About your Masterclass leader...

Simon Ling-Locke, **MBA, FCIB, DipFS**



Simon Ling-Locke was the head of the European leverage finance and corporate teams at UFJ Bank and managed a book of over USD2 billion in assets. Overall he has in excess of 30 years banking experience in the international markets and has spent 25 years working in the syndicated loan market gaining a wide range of experience across risk management, particularly credit risk and distressed debt in major banking organisations including Barclays, Tokai and UFJ banks.

Before embarking on his career as a full time trainer, lecturer and consultant, Simon headed up and developed the training activities at the Loan Market Association providing courses and lectures across Europe, Middle East, Russia and USA to bankers, institutional investors and lawyers.

Simon has a long experience of dealing with risk management across borders and has covered various business sectors including chemicals, construction, food, hotels, manufacturing, retail, power and project financing.

In addition to his financial expertise, he has extensive experience lecturing at a number of high ranking universities and professionally on public and private courses around the world. For the past 13 years he has and continues to teach on Master level courses on strategic finance and management subjects for the Open University Business School. At the **ifs School of Finance** he is a senior lecturer on applied credit analysis; financing and management of risk; portfolio management; and international trade finance subjects. Furthermore Simon is a guest lecturer at the European School of Economics on multinational corporate finance, mergers and acquisitions, accounting and finance subjects at Msc and MBA levels.

Simon is an active trainer and consultant on risk management, credit risk, credit portfolio management and debt restructuring subjects for various professional organisations around the world and has undertaken research and written articles for various publications including *Financier Worldwide* and the Turnaround Management Association.

Simon holds a Masters of Business Administration, obtained post graduate qualifications in banking and finance and is a Fellow of the **ifs School of Finance**.

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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The fee for these programmes covers all written materials. An invoice will be sent to you acknowledging your booking. Please contact us if you do not receive this within seven days of booking. Pre-payment is required for all programmes. Bookings are not secure until full payment has been received. Incidental expenses: *ifs School of Finance* is not responsible for covering travel and accommodation costs incurred by delegates.

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Upon receipt of your booking form, your place(s) will be confirmed. Any cancellation/transfer must be received in writing. Please note a full refund of the fees, less a £35 administration fee per programme, will be given for cancellations up to 14 days before the event. No refunds will be given for cancellations received less than 14 working days before the event, however substitute names can be provided.

For more information call 020 7337 6286 or visit www.ifslearning.ac.uk.

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From time to time the *ifs School of Finance* may wish to send you information on its products and services that may be relevant to you. If you do not wish to receive further information please tick the box

Recommend a colleague

If you know of anyone who might be interested in this Masterclass please provide their details below and we will send them some information.

First name

Mr/Ms/Miss/MS

Last name

Job title

Organisation

Address (Private or business)

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Introduction to Credit Risk

The *ifs* School of Finance is a registered charity incorporated by Royal Charter and has a remit to provide the financial services industry with a skilled and competent workforce while also promoting a better understanding of finance amongst consumers.

The *ifs* is the only specialist financial education body that is able to award its own taught degrees, a status that reflects the quality of all its programmes. Its financial capability, regulatory 'licences to practise' and higher professional qualifications are directly informed in terms of content and learning experience by the needs of those it exists to educate. They bridge the academic/vocational divide to provide students with essential practical skills and the conceptual and analytical abilities of academic study.

It is this unique and innovative approach that makes the *ifs* the provider of choice for organisations and individuals seeking to improve knowledge, skills and career prospects in the area of finance and financial services.

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