



CENTRAL BANK OF EGYPT
Egyptian Banking Institute



CREDIT RISK MANAGEMENT

to Drive Business Growth -
Analysis cases

Credit Risk Management

to Drive Business Growth -
Analysis cases

Target Audience:

Staff of credit, investment and non-performing loan departments

Course Description:

In this course participants will re-cap on key issues in credit risk but it is very much case-study driven. It will give a practical reminder of the key issues in Credit and will look in detail at a series of attractive and unattractive credit applications and other credit scenarios. The cases include a number of 'near misses' and the management of loans including loans going into intensive care/restructuring.

Course Objectives:

- Understand credit risk in banks.
- Identify credit risk in loans.
- Explain how credit risk arise in banks and how to measure it
- Identify risk measurements and credit rating
- Identify credit appraisal for retail and SME loans.
- Explain loan pricing and FTP (Funds Transfer Pricing).
- Define credit analysis.
- Explain the impact investing and how it provides an opportunity to enjoy both a social and a financial return
- Explain key regulatory capital issues and impact on bank behavior.
- Discuss case studies and key takeaways.

Course Outline:

Module 1: Credit Risk in Banks:

- Credit risk definition.
- BIS 2005 10 principles on sound Credit Risk assessment and valuation

Module 2: Credit Risk in Loans – Overview

- Credit risk in loans.
- Assessment of Credit Risk.
- Residential mortgages.
- Lombard Lending

Module 3: Where Else Does Credit Risk Arise in Banks?

- Credit risk – Gross Exposures (before collateral)
- Credit risk – off balance sheet gross exposures

Module 4: Risk Measurement.

- Risk measurement.
- Credit ratings and Credit Curves

Module 5: Credit Appraisal for Retail and SME Loans.

- CBE segmentation.
- Loans to small businesses.
- Credit scoring for small businesses.

Module 6: Loan Pricing and FTP (Funds Transfer Pricing).

- Fund transfer pricing (FTP).
- Loan pricing

Module 7: Credit Appraisal.

- Credit analysis.
- Profitability metrics for lending bankers.
- Credit Applications and its contents
- SWOT analysis.
- Key Factors in Moody's Risk Advisor Model
- Credit analysis – The Hard Bit.
- Bank covenants.
- Ongoing Monitoring
- Credit models.
- Composite Ratio Analysis
- Altman Z-Score
- Default Point

Module 8: Launch of Final Presentation:

- Impact Investing.

Module 9: Key Regulatory Capital Issues and Impact on Bank Behavior:

- Purpose of Capital Adequacy
- Reminders of Basel I and II.
- The impact of Basel III on banks.

Module 10: Case Studies and Takeaways:

- Case studies of credits based on real credit applications.
- Why Credit Risk is the first Risk in Banking.
- Why Credit Appraisal is Key to Bank Profitability

Assessment Strategy

Participants will be informally assessed on their interaction during sessions, their participation in group exercises and end of course test.

Upon Successful Completion of this Course, participants will obtain:

3.5CEUs

Course Language:

English

Prerequisites:

Intermediate level of English