

## Risk Management



464-P25-VE



Virtual



43 hours

### Course Description:

This course equips Heads of Internal Control and Audit in banks with insights into the regulatory framework of internal control and practical approaches for process management and risk mapping. It provides a comprehensive understanding of key credit risk issues, emphasizing case studies, attractive and unattractive credit applications, and loan management, including intensive care and restructuring. Participants will also gain valuable takeaways related to credit risk management.

### Target Audience:

Staff of credit, investment, and non-performing loan departments.

### Course Objectives

By the end of the program, participants will be able to:

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

### Course Outline

#### Module One: Credit Risk in Banks:

- Session One: Credit Risk in Banks
- Credit risk definition.
- BIS 2005 10 principles on sound Credit Risk assessment and valuation
- Assignment

#### Module Two: Credit Risk in Loans – Overview

##### Session One: Assessment of Credit Risk

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

#### Module Three: Where Else Does Credit Risk Arise in Banks?

##### Session One: Credit risk

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

#### Module Four: Risk Measurement

##### Session One: Risk measurement

- Risk measurement.
- Credit ratings and Credit Curves
- Assignment

#### Module Five: Credit Appraisal for Retail and SME Loans.

##### Session One: CBE segmentation

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

#### Module Six: Loan Pricing and FTP (Funds Transfer Pricing)

##### Session One: Fund transfer pricing

- Fund transfer pricing (FTP).

##### Session Two: Loan Pricing

- Loan pricing
- Assignment



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## Module Seven: Credit Appraisal

### Session One: Credit analysis

- Credit analysis.
- Profitability metrics for lending bankers
- Credit Applications and their contents.
- SWOT analysis
- Key Factors in Moody's Risk Advisor Model
- Credit analysis – The Hard Bit.

### Session Two: Credit Appraisal

- Bank covenants.
- Ongoing Monitoring
- Credit models.
- Composite Ratio Analysis
- Altman Z-Score
- Default Point
- Assignment

## Module Eight: Launch of Final Presentation

### Session One: Launch of Final Presentation.

- Impact investing
- Assignment

## Module Nine: Key Regulatory Capital Issues and Impact on Bank Behavior:

### Session One: 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.
- Assignments

## Module Ten: Case Studies and Takeaways

### Session One: Case Studies and Takeaways.

- Case studies of credits based on real credit applications.

### Session Two: Importance of credit risk and credit appraisal in banking.

- Why Credit Risk is the first Risk in Banking
- Why Credit Appraisal is Key to Bank Profitability
- Assignment

## Assessment Strategy

- 30% Assignments between sessions
- 70% Exam
- The cut-off score is 60% of the total grade, which is "100".

## Upon Successful Completion of this Course, participants will obtain:

3.8 CEUs

## Course Language:

English

## Prerequisites:

Intermediate level of English