

Risk Management



464-P26-VE-1



Virtual



43 hours

Course Description:

This course is tailored for staff of credit, investment, and non-performing loan departments seeking to excel in credit risk management. Participants will demonstrate proficiency in identifying and explaining credit risk in banks, including its sources, measurement, and appraisal processes, through guided instruction and real-world case studies. By engaging with structured modules, learners will apply the 10 BIS 2005 principles, define credit appraisal techniques, and evaluate loan pricing and Funds Transfer Pricing (FTP) in practical scenarios. Upon completion, participants will analyze regulatory capital issues, such as Basel III impacts, and discuss case studies to reinforce key takeaways. The course equips learners to make informed credit decisions, enhancing bank profitability and risk management under industry-standard conditions.

Target Audience:

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

Course Objectives:

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

- Explain credit risk in banks.
- Identify credit risk.
- 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 appraisal and credit applications.
- Explain key regulatory capital issues and impact on bank behavior.
- Discuss 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).
- Assignment.

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.
- Assignment.

Session Two: Credit Appraisal

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

Module Eight: 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 Nine: Case Studies and Takeaways

Session One: Case Studies and Takeaways – Part 1

- Case studies of credits based on real credit applications – Part 1.
- Assignment.

Session Two: Case Studies and Takeaways – Part 2

- Case studies of credits based on real credit applications – Part 2.
- Assignment.

Session Three: 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.

Module Ten: Impact Session

- Gathering feedback from participants to recap the key topics covered in the training.
- Group activity (Split the participants into groups to share experience, by discussing challenges faced and successes achieved, then share the top challenges and solutions to the whole group for more effective outcomes).
- Encouraging the participants to solve a case study by sharing one takeaway to apply what they learned.

Assessment Strategy,

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

Course completion will grant participants:

3.8 CEUs.

Course Language:

English.

Prerequisites:

Intermediate level of English.

Certificate Requirements:

Participants must attend an impact session, which will take place 3–4 weeks after the last day of the course, in order to receive the certificate. This session will last two hours, and its duration will be included in the total program hours. In addition to completing all the required assignments and attending at least 80% of the course duration.