MASTER CLASS

ADVANCED CREDIT PORTFOLIO MANAGEMENT

DATES: 10 - 12 SEPTEMBER 2018
VENUE: RADISSON BLU HOTEL
DUBAI DEIRA CREEK, DUBAI, UAE

Delivery Type: Group Live | Duration: 3 Days | Non residential

FOR MORE INFORMATION, PLEASE CONTACT US

+91 8433921011
+91 8433921012
marketing@bricsaevents.in
http://www.bricsaevents.com/banking-courses.html
Credit Portfolio Management underwent tremendous changes in the past 20 years. Bank regulators place strong emphasis on evidence-based models to predict portfolio risk and require banks to conduct stress testing on credit portfolios. Since the implementation of Basel II in 2006, many banks have seriously applied new credit risk measures, including PD, LGD, EAD, to allocate their credit resources.

The global financial crisis and the credit crunch that followed put credit risk management into the regulatory spotlight. As a result, regulators began to demand more transparency. They wanted to know that a bank has thorough knowledge of customers and their associated credit risk. And new Basel III regulations will create an even bigger regulatory burden for banks. To comply with the more stringent regulatory requirements and absorb the higher capital costs for credit risk, many banks are overhauling their approaches to credit risk. But banks who view this as strictly a capital exercise are being short-sighted. Better credit risk management also presents an opportunity to greatly improve overall performance and secure a competitive advantage.

Key benefits of attending this workshop

By end of the course, delegates would be able to:

- UNDERSTAND the implications of Basel III new and pending capital requirements
- POLISH their credit skills and develop critical analytical decision making processes
- APPLY state-of-the-art cash flow techniques to uncover accounting irregularities
- REVIEW the implications of market risk, commodity price risk and operating risk under Basel III
- APPLY advanced analytical tools to better understand changes in economic, industry and company conditions
- APPLY the most appropriate optimisation method to loan portfolios: discrete, dynamic or stochastic optimisation, and how methodology improves capital allocation under Basel III
- MASTER immigration risk and learn how to use risk matrices to prices and value loans and govern the loan portfolio optimally under uncertainty
- REDUCE operating risk by learning to build Basel III compliant interactive and local corporate and specialized lending risk rating system

Who Should Attend?

The course is designed for bankers, credit and product specialists and other professionals responsible for maintaining top quality loan portfolios, identifying risk management opportunities, dealing with liquidity and interest rate risk in the banking book, and designing financial solutions for clients in a new and evolving international credit environment that must now consider Basel III including:

- Credit Managers and Analysts
- Treasury Managers
- Risk and Financial Analysts
- Corporate and Investment Bankers
- Research and Ratings Personnel
- Portfolio Managers
- Bank Regulators
- Management and Strategy Venture Capita Executives
- Accountants
- Corporate and Bank Consultant

Course Instructor | Clive Wykes

Born in Belgium Clive is of British nationality. He was raised and educated both in England and Belgium, where he graduated from the University of Louvain (UCL) in Belgium, with a Masters in Applied Economic Sciences.

From 1973 to 1991 he developed his career in banking with American Express and Chase Manhattan Bank. During those years he covered many areas of banking of which credit and marketing, risk management, product development and management, budgeting / MIS and strategic planning as well as general management. He was exposed to local and international markets in Retail Banking and Corporate Banking (SMEs, large global corporations and Institutionals). He had management responsibilities at departmental level and General Management responsibilities included CEO - Country Manager Chase Belgium and EMEA Sales Executive Risk Management Products.

In 1991, he founded a Management Consultancy firm, PI Consulting SA Belgium, and developed his business with large European financial institutions. In 2008 he founded BC&T Ltd in Mauritius to take over the consulting and training activities of PI Consulting SA, Belgium and focused primarily on emerging countries and banks, while maintaining his activities in Europe, the Middle East and Asia. He has had consulting mandates with banks such BNPB, AXA, Barclays, Soc Gen, FBH, BBS and many more. He has collaborated with large solution vendors (Teradata, CSC, SAS...) in risk management, compliance and IFRS solution design as well as client valuation and management solutions. A substantial part of the consulting with solutions vendors and integrators was for retail banking solutions and retail bank restructuring. Clive is a advisor to the Advisory Board and Executive Board of Sovereign Bank Int'l, St Lucia.

Clive has worked in over 65 countries around the world, with banks and other financial institutions either as project manager in management consulting assignments or as training course director.

Clive has also had a number of teaching assignments of which:

1988 : Université Libre de Bruxelles (Solvay) : The New Derivative Financial Products
1998: Nijenrode University : Derivative Products in their MBA programme
2003 – 2008: University of Saint Louis in Brussels : Credit Risk Management MBA course

IN-HOUSE

All our programs are also available through in-house or bespoke format. You need to identify the requisite agenda which need to be covered, the dates most convenient, and have it delivered at your choice of location. Please email us today on marketing@bricsaevents.in to discuss further.
Course Timings
Registration will be at 0830 on Day One. Course will commence at 0900 and conclude at 1700 daily.
Two refreshments and one lunch will be served daily.

Welcome and introduction
- Programme overview
- Delegates’ expectations

Session I - Credit Risk Overview
The goal of this section is to teach the fundamental concepts of credit risk
- Traditional and current definitions of credit risk: default and credit migration
- Credit risk for different market participants e.g. bank lender, fixed income investors, CDS counterparty, credit insurer
- Categories of credit risk: lending, issuer, contingent, pre-settlement, settlement, country / transfer, other
- Differing approaches under Basel Framework, US GAAP, IFRS, internal models and market practices (e.g. ISDA agreements).

Session II - Portfolio Risk Management
The goal of this section is to review the various techniques used to manage and measure credit risk within a portfolio and to understand the key drivers of credit risk.

Risk management strategy
- Portfolio management objectives: balancing risk appetite and diversification to maximise risk adjusted returns
- Diversification, granularity and correlation concepts
- Contagion risk - lessons learned in mature and emerging markets
- Techniques to spread risk: syndication, sub-participation, whole loan sales, credit derivatives, securitisation
- Focus on credit default swaps:
  - Basic structure and uses,
  - Variants: index and basket products
  - Using index tranche products to understand default correlation.
- Practical issues and uncertainties to consider when managing credit risk: liquidity, basis and wrong way risk, hedging Credit Valuation Allowance (CVA) on derivatives.

Measuring portfolio risk
- Portfolio credit risk vs. single credit risk
- Credit risk loss distributions: quantifying expected and unexpected losses
- Contrasting credit and market risk measurement
- Key drivers of credit risk:
- Probability of default: using rating models and rating migration
- Default correlation: importance and issues with estimation
- Loss given default: recognition, calculation issues
- Exposure at default: estimation issues for different risk types
- Case study: How major international banks approach Credit Portfolio Management.
**Session III - Credit Risk Models**

The goal of this section is to review the key types and approaches of credit portfolio models.

**Introduction to credit portfolio models**
- Basic statistics for risk management:
  - Volatility, correlation, VaR, Monte Carlo simulation
- Use of copula functions to model default correlation
- Alternative modelling approaches
- Default models and mark to market / multi-state models
- Structural and reduced form models
- Conditional and unconditional models
- Widely used models: KMV, Credit Risk+, CreditMetrics, CreditPortfolioView, Algorithmics
- Key features and advantages and disadvantages of each model
- Who uses what model?

**Scenario and sensitivity analysis**
- Why scenario analysis is necessary and different methodologies
- Role of scenario analysis within the stress testing framework
- Sensitivity of key inputs: probability of default, number of rating scales etc.
- Case study: analysing a simple structural Credit Portfolio model.

**Session IV - Capital Allocation**

**Regulatory framework**
- Basel II capital adequacy framework for credit risk:
  - Rationale for replacing the simple Basel I approach
  - Basel II standardised and internal ratings approaches
  - Basel II credit risk formula and comparison with other models
  - Impact of changes to the framework proposed under Basel III.

**Economic capital**
- Key differences between regulatory (Basel II) and economic capital
- Uses of economic capital and economic value added concepts in a bank
- Relationship between shareholder, regulatory and economic capital
- Case study: calculation and sensitivities under the Basel framework.

**Session V - Conclusion**

- Role of credit portfolio management: veto rights, advisory or profit centre
- Within credit department: controller or adviser
- Decisions makers: front office credit treasurers
- Lessons learned from and impact of the sub-prime and the Global Financial Crisis.

**Summary and conclude**

**Why you should Attend?**

Do you want to meet regulatory requirements for credit risk? Or do you want to go beyond the requirements and improve your business with your credit risk models? Some of the challenges an organization go through that holds them back from having a successful credit risk management includes inefficient data management, no group wide risk modelling framework, constant rework, insufficient risk tools, and cumbersome reporting.

This workshop will discuss the regulatory requirements, common practices and best practices on credit risk prediction, loan portfolio management and credit risk stress testing. Discussion will relate to credit risk assessment, credit model building and validation, and concentration risk analysis to economy capital allocation. This two day workshop on credit risk portfolio management would lead you to having an effective credit risk management in gaining a complete understanding of a bank’s overall credit risk by viewing risk at the individual, customer and portfolio level.