

CREDIT/COUNTERPARTY RISK AND RISK MODELLING

ORGANISATION SHEET

Objectives	<p>Credit risk is the oldest form of risk in financial markets. Although credit risk has existed since antiquity, we still have not perfected the way in which we manage it, as witnessed by the high-profile losses that are often reported in the press. This course provides participants with a good understanding of credit/counterparty risk and the methods for managing it effectively. By the end of this training, participants will be able to:</p> <ul style="list-style-type: none">• Understand the fundamental concepts of credit/counterparty risk, and Rating/Scoring models• Describe the international regulatory environment for credit/counterparty risk, particularly the Basel Accord• Understand the basic components of credit/counterparty risk• Evaluate and understand internal and external ratings• Understand value at risk (VaR) and its use in measuring credit/counterparty risk• Explain the counterparty risk for derivatives, particularly over-the-counter derivatives• Describe different portfolio models for credit/counterparty risk
Methodology	<p>The methodology used in all the courses is a combination of theory and numerous practical exercises, interaction between trainer and participants, and case studies.</p>
Target group	<p>Professionals from banks (commercial and central), financial institutions or supervision authorities such as risk managers, auditors and department managers. This training course has been designed for professionals who already have good knowledge of risk management and who wish to acquire a solid understanding of credit and counterparty risk.</p>
Lecturer	<p>Experienced trainer, member of the House of Training Quality Circle in Risk Management¹. Mr. Jérôme Thomas holds a MBA in Finance and has over 10 years experience in Risk Management, having fulfilled different roles at an international level. He is now a full-time trainer in Risk Management since 2014 with a large experience in Risk, Portfolio and Credit policy analysis.</p>
Language	<p>A very good command of English is required.</p>
Dates	<p>3 working days From Monday 4 to Wednesday 6 June 2018</p>

Seminar for bankers in Skopje, Macedonia

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PROGRAMME

DAYS 1 AND 2: CREDIT/COUNTERPARTY RISK

- Introduction and Definitions
- Components of credit risk
- Variables in credit risk models
- Credit Risk in Different Financial Instruments/Activities
- Lending
- Bonds
- Derivatives
- Internal Credit Assessment
- External Credit Ratings
- Key Concepts of Credit Risk Measurement
- Default and Transition Matrices
- Expected Loss (EL) and Unexpected Loss (UL)
- Credit portfolio management and Credit VaR
- Regulatory Requirements for Banks
- The Standardised Approach
- The Internal Ratings Based (IRB) Approach
- Credit risk mitigation techniques
- Counterparty credit risk
- Credit Risk Reporting

DAY 3: RISK MODELLING / RATING AND SCORING MODELS

- Scoring using expert judgement
- Revising a PD using new information
- Considering multiple determinants of default at once
 - Naïve Bayes
 - Logistic regression
 - Algorithmic approaches
- Incorporating cycles
- Model validation
- Model governance

Programme organised in collaboration with and validated by



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Remark: By delivery date, any training documentation shall be subject to regular reviews and updates amending the table of content as described herein.

¹ *One of the core values of the House of Training is pragmatism, the training it provides is therefore: practical, current, modular and targeted.*

Bank and finance professionals from all disciplines are facing one international challenge in particular, which is to work together to improve the quality of services while reducing costs, within a framework that is increasingly subject to strict regulations and the use of technology.

In order to face the challenge of delivering fully-adapted training programmes, the House of Training uses a quality management method that it calls "Quality Circles", that bring together professionals and practitioners from the financial sector with shared goals, philosophy and passion for learning. Our quality circles have an intimate knowledge of the real needs in the industry and collaborate actively with the House of Training to integrate this understanding into our programmes.

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