

Credit Risk Management: Concepts and Methods

Course Description

Credit risk is the oldest form of risk in financial markets. If we define credit as the expectation of receiving a sum of money within some limited time, then credit risk is the chance that this expectation will not be met. Although credit risk has existed since antiquity, we still have not perfected the way in which we manage it, as witnessed by the numerous credit defaults that often appear in the press.

The objective of this course is to provide participants with a good understanding of credit risk and the methods available for managing it effectively. Credit risk in different areas of financial services (e.g., portfolio investment and management, retail and corporate banking) is analysed and the corresponding methods for managing it in those areas are described. Case studies, practical exercises and group work ensure the practical orientation of the course. A basic understanding of risk management is assumed (cf., the 100-level course *Risk Management: Concepts and Method*).

Learning Objectives

By the end of this course, participants will have a good understanding of:

- credit risk and credit culture
- the players impacted most by credit risk (e.g., banks involved in retail and/or corporate lending, portfolio managers)
- classic credit analysis
- rating agencies
- credit risk models
- derivatives – credit risk of derivatives; credit derivatives
- value at risk and capital allocation
- portfolio approaches

Target Audience

Risk managers; credit officers; portfolio managers; financial service professionals from other areas who need to understand credit risk management

Duration

2 days for up to 12 participants