

“ *Good Risk Management fosters vigilance in times of calm and instils discipline in times of crisis.* ”

Dr. Michael Ong

Credit Risk Management

A Framework for Joining Credit Strategy, Culture and Practice

OVERVIEW

The primary source of revenue for most commercial banks is the extension of credit, an activity that concurrently poses the greatest risk to earnings and capital. When end-to-end credit risk activities are prudently assessed, monitored and controlled the shareholders and customers benefit. However, flaws in credit risk management strategy and practice is the leading cause of bank failure. For decades, competent credit professionals have concentrated most of their effort on prudently approving loans and carefully monitoring loan performance which relies heavily on trailing indicators of credit quality.

More and more banks are finding that lagging indicators do not provide sufficient lead time for corrective action when there is a systemic increase in risk. This programme addresses the end-to-end framework of managing credit risk and explores how the risks of individual loans and portfolios are interrelated, and covers portfolio management approaches as well as practical loan appraisal. This intensive three-day course provides a comprehensive understanding of the concepts, tools and methodologies used in implementing a comprehensive and cohesive credit risk framework within a bank.

WHO SHOULD ATTEND?

The course has been designed for credit professionals as well as professionals with portfolio management responsibilities. Credit professionals within departments such as Credit Risk Management, Credit Policies and Procedures, Risk Assessment, Credit Approval, Loan Administration/Monitoring, Collections and Workouts, as well as managers within Retail, SME and Corporate Business Units would benefit from this training program. **If you are asking yourself any of the following questions, then it is definitely for you:**

- *How can we define and manage the risk profile and credit culture of our institution?*
- *How can we identify emerging risks and what strategies can we adopt in response??*
- *What data and indicators can we use to proactively manage credit risk?*
- *How should we identify, monitor and manage concentration risk?*
- *What approaches can we adopt to improve credit risk assessment and mitigate risk?*
- *How should we identify and manage problem loans?*

sharing knowledge, developing skills

OUTLINE

OBJECTIVES

Participants in the course will come away with:

- Confidence in their understanding of an end-to-end framework used to manage credit risk within a bank;
- Confidence in their understanding and used of concepts and tools used to identify, measure, monitor and control emerging credit risk;
- An understanding of how customer set and product and service offerings drive the selection of the operating model, including the credit process;
- Understanding of approaches to manage concentration risk, including hedging and portfolio management;
- Awareness of the purpose and benefits of stress testing and scenario analysis; and
- Familiarity with organizational matters to consider when managing collections and problem loans;

COURSE DELIVERY

- This is a three-day course totaling **21 hours of delivery time**.
- It consists of **six tutorial modules** approximately 2 hours each (i.e. a total of 12 hours of instruction).
- A further nine hours of the schedule is dedicated to **intensive group work and exercises, underpinned by case studies**, all facilitated by the instructor.
- All hand-outs and instruction will be in English; participants should have a good working knowledge of English.
- The course can be **customised** to the specific needs of the client, to ensure maximum relevance and benefit.
- Ideally delegates should have at least three years experience working in a bank either in a general management or leadership role, or employed in credit risk management or lending role. Basic familiarity with key concepts of credit analysis would be helpful.
- Because the course involves participative group work on case studies, and considerable interactivity during tutorials, the number of participants is limited to **no more than 20**.

TRAINING SURVEY & POST-TRAINING EVALUATION:

To ensure that participants gain maximum benefit from the course, it is our practice to send a detailed questionnaire to all course participants to ensure we fully understand their specific training needs and objectives. The completed questionnaires are analysed by the course instructor who will tailor the course content and style of delivery to the requirements of the participants. Following completion of the course, participants are asked to measure and assess the effectiveness of the training. The results are collated and reviewed, and the analysis shared directly with the relevant client stakeholders.

OUTLINE

MODULE 1: BASEL ACCORDS, CAPITAL ADEQUACY & CREDIT RISK MANAGEMENT

- ⇒ The Credit Process
- ⇒ Risks Associated with Lending
- ⇒ Historical Overview of Basel Accord
- ⇒ The Three Pillars of Basel II/III
- ⇒ Internal Capital Adequacy Assessment Process (ICAAP)

MODULE 2: ALIGNING BUSINESS UNIT PLANNING WITH STRATEGY, MARKET SEGMENTATION & TARGET MARKETING

- ⇒ The Strategic Planning Process
- ⇒ Letter of Instruction & Statement of Risk Appetite
- ⇒ Strategic Segmentation (Institutional Level)
- ⇒ Cascading of the Institutional Strategy & Key Performance Indicators
- ⇒ Strategic Segmentation (at the Business Unit Level)

MODULE 3: PLANNING & DEVELOPING THE CREDIT FUNCTION

- ⇒ Strategic Risk Management within an Institution
- ⇒ Objectives & Goals of Credit Risk Management
- ⇒ Loan Portfolio Objectives
- ⇒ Strategic Planning for the Loan Portfolio
- ⇒ Quantifying Volume, Level, & Directions of Risk
- ⇒ Assessing the Credit Risk Function

MODULE 4: MANAGING & CONTROLLING THE CREDIT FUNCTION (POLICIES & PROCEDURES)

- ⇒ Loan Policy (Purpose and Objective)
- ⇒ Loan Policy Topics
- ⇒ Underwriting Documents Standards
- ⇒ Loan Approval Processes
- ⇒ Risk Rating Systems
- ⇒ Exceptions to Policy
- ⇒ Organizational Considerations relating to Collections

MODULE 5: PORTFOLIO MANAGEMENT

- ⇒ Fundamental Portfolio Management Terms & Concepts
- ⇒ Concentration vs. Diversification Risk
- ⇒ Concentration Risk & Measuring Correlation
- ⇒ Stress Testing & Scenario Analysis
- ⇒ Hedging Tools

MODULE 6: PROBLEM LOAN MANAGEMENT FRAMEWORK & COMMUNICATING WITH SENIOR MANAGEMENT AND THE BOARD

- ⇒ Organizational Considerations relating to Loan Work-out
- ⇒ Good Bank vs Bad Bank Structures & Requirements (Case Study)
- ⇒ Communication with Senior Management & the Board
- ⇒ Developing Leading Indicators to Monitor Emerging Credit Risk within a Portfolio

DETAILS

TOOLS, MODELS & TEMPLATES

Courses are supplemented with a range of practical documented methodologies, models, tools, and templates refined from best practice, and tried and tested in a range of leading banks. Participants can take these back to the workplace to adapt and apply, and wherever appropriate, to make a tangible improvement to policy and practice in their own bank.

This course includes:

- ➔ **Sample Credit Risk Appetite Statement**
- ➔ **Credit Risk Early Warning Tool**
- ➔ **Concentration Risk Assessment Tool**
- ➔ **Credit Risk Management Red Flag Checklist**
- ➔ **Credit Risk Management Supervisory Review Template**

EARLY BOOKING DISCOUNT!
 SCHEDULE A COURSE BEFORE THE
 31st OF DECEMBER 2014 FOR A 10%
 DISCOUNT ON COURSE FEES.

TERMS & CONDITIONS

Total fee cost for the off-site delivery of the three-day course as described is US\$ 11,500 (eleven thousand five hundred United States Dollars). This is EXCLUSIVE of:

- Flights (discounted business class);
- Accommodation (min. 4★) for every night required off-site;
- Local travel costs and subsistence; and
- Venue and equipment hire (if required) and materials production.

These additional items will be for the account of the client or, alternatively, we can provide an all-inclusive quote encompassing all expenses if that is more convenient.

GBRW Learning can also host the course on-site at or near our London headquarters for an all-inclusive fee. This includes venue and equipment hire but does NOT include the travel, accommodation and subsistence expenses of participants. Please contact us for revised pricing.

A 60% deposit is payable one-month prior to the scheduled course date, with the balance payable immediately following completion of the course.

Note: Discounts are available for multiple course bookings of the stand-alone course or other courses within the same programme.

For more information or to arrange a booking, please contact Nate Dickerson at:

nate.dickerson@gbrw.com

Note: Terms and Conditions valid until 31st December 2014

INSTRUCTOR



Nate Dickerson
Principal Consultant,
GBRW Learning

GBRW Principal Consultant Nate Dickerson, is a seasoned banking consultant with thirty-five years of experience within the financial service industry, initially as a commercial lender and subsequently as a consultant and training and development specialist.

As a commercial lender, Nate enjoyed a fifteen-year career with The Chase Manhattan Bank, N.A., where his experiences included commercial lending, credit administration, corporate finance, as well as domestic and international debt restructuring, within the United States and South America. As a banking consultant, he has provided advisory services within the United States, as well as Bosnia and Herzegovina, China, Jamaica, Kazakhstan, Laos, Moldova, Mongolia, South Korea, Sri Lanka, Thailand, Ukraine, and Vietnam.

Nate regularly runs courses on such topics as Problem Loan Management, SME Lending Risk Management, Understanding and Appraising a Business Plan and Strategic Marketing for Senior Management. To find out more about Nate, his credentials, and previous experience, please visit his LinkedIn profile page at:



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ABOUT GBRW LEARNING

GBRW Learning is the training and knowledge-sharing arm of GBRW Limited. Founded in London in 1995 by a group of senior bankers GBRW's mission is to provide first-class consulting and training to banks and bankers in Emerging Markets, to the same standard as would be expected in developed markets. From our London headquarters and subsidiary offices in Washington DC and Singapore we have served clients in more than 50 countries in Europe, the Middle East, Africa, Asia and the Caribbean. Our clients include banks and other financial institutions, governments, and economic development agencies and institutions.

Through our training programmes we share the experience and knowledge of our experts with bankers in Emerging Markets, supported by high quality materials and taking advantage of the latest technologies. Our courses are all highly inter-active, and make use of carefully designed case studies and simulations.

We offer a range of training topics for banks and financial institutions including:

- Strategy & Management – Formulating, Implementing & Monitoring Strategy
- Risk Management – Credit, Market & Operational Risk
- Human Resources Management
- SME Banking – Customer Relationship Management; Credit Risk Management
- Retail Banking – Customer Relationship Management, Distribution Strategy, Product Management, Credit Risk
- Corporate Banking – Customer Relationship Management, Credit Risk Management
- Governance, Regulation & Compliance
- Financial Markets

For more information, visit our website at:

<http://www.gbrw.com/training>

To discuss your specific requirements email us at:

mail@gbrw.com