

Date: 21st & 22nd August, 2007

Venue: JW Marriot, Mumbai

Workshop Leader: Dr. John Dalle Molle

Credit Risk Evaluation And Assessment



Early Bird Discount

15% on or before 12th August, 2007

10% on or before 16th August, 2007

Split Nominations Accepted -

On registering for the complete five days package, companies can send separate delegate registrations.

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Introduction

This program presents the fundamentals, objectives, and procedures for assessing and evaluating credit-worthiness for the different credit exposures. These exposures are associated with new credit applicants and those of existing customers with accounts receivables and/or desiring new credit lines of extension of current credit lines. In this context, the creditworthiness of an individual or an organization is signalled by credit ratings and/or credit scores. The program takes both the perspective of the end-user who makes, monitors, manages and audits the credit decisions and those individuals and/or organizations, who are looking to obtain credit and are looking to understand how best to transform and present themselves as low-risk high-quality candidates from the perspective credit issuer.

The objectives, procedures, and methodologies for assigning mostly qualitative-derived credit ratings and scores to those candidates seeking commercial and personal credit are discussed and detailed. The different types of rating and scoring methods and their applications are discussed. Qualitative credit assessments models such as Altman's Z-score and the CAMEL System are overviewed. Ethical, legal, regulatory and social issues inherent to credit scoring practice are also discussed. The program closes with a summary of the rating and scoring issues and a discussion of the possible future developments and directions for the credit evaluation process.

Suggested Course Duration

2 days

Level

Intermediate

Who Should Attend

- ✓ Those Involved in Making Commercial and Personal Credit-Granting Decisions
- ✓ Those Granting and Extending Credit Lines
- ✓ Lending And Credit Policy Makers
- ✓ Commercial and In-House Credit Scorecard Users and Developers.
- ✓ Credit Risk Analysts
- ✓ Credit Risk Managers
- ✓ Credit Auditors
- ✓ Regulators

Course Objectives

- 📖 Successful course participants will have a working knowledge of how the credit risk rating and scoring processes are implemented, both in-house and at commercial and/or governmental credit bureaus. They will also be able to assess the credit worthiness of credit applicants and trade accounts using commercial credit rating and credit scores.

Pre-Requisites

- 📖 Delegates should have an understanding of finance markets, bonds and other debt instruments, basic accounting, and introductory risk analysis.
- 📖 An understanding of introductory statistical and probabilistic concepts is also useful.
- 📖 Participants are requested to bring along a laptop loaded with EXCEL and a reasonable proficiency with EXCEL are also suggested.

Course Outline

Module 1: Introduction to Credit Risk

- 📖 Credit Risk Definitions
- 📖 Historical Developments in the Credit Markets
- 📖 General Credit Classes and Credit-Sensitive Instruments
- 📖 Establishing Good Credit - Credit Lending Decisions and Debt-Burden Analysis

Module 2: Credit Risk Exposures

- 📖 Exposures for Different Credit Products
- 📖 Exposures for Corporate Loans
- 📖 Exposures from Credit Given to Retail Customers
- 📖 Exposures Inherent to a Bank's Trading Operations
- 📖 Exposures from Derivatives Positions

Module 3: Overview of Credit Exposure Assessment

- 📖 Structuring Loan Agreements, Returns and Credit Losses
- 📖 Factors Impacting the Promised Loan Return
- 📖 Pricing Commercial Loans

Module 4: Overview of Credit Scoring Models - Classification and Discrimination

- 📖 Summary of Common Credit Events
- 📖 Credit Events: Default, Trigger and Termination Events.
- 📖 Effects of Credit Events on the Assessment of Creditworthiness
- 📖 Regulatory Default versus Economic Default

Module 5: Evaluating Credit Quality using Credit Ratings

- 📖 Credit Ratings An Historical Perspective
- 📖 Guidelines and Factors for Credit Ratings Methodologies
- 📖 Granularity of Credit Rating Scales
- 📖 Comparing Debt and Equity Ratings





Module 6: Model Risk and Performance Analysis for Scoring Systems

- 📖 Designing Credit Scoring Data Warehouses
- 📖 Model Risk: Scoring Errors, and Assessing Modelling Procedure Choices
- 📖 Backtesting and Potential Biases in Score-based Credit Rating Systems
- 📖 Performance and Separation Assessment for Credit Scoring Systems
- 📖 Champion versus Challenger Strategies for Performance Assessment





Module 7: Credit Rating Applications and Information

- 📖 Basic Credit Rating Information and Financial Ratios
- 📖 Relationship between Probability of Default and Credit Ratings
- 📖 Credit Ratings and Changes in Bond and Stock Prices
- 📖 Credit Ratings Migrations over Time and Markets
- 📖 Limitations of Credit Ratings




Module 8: Classic Credit Analysis using Scoring Methods

-  Financial Attributes Affecting the Corporation Credit Standing.
-  Credit Evaluation Using Credit Scoring Techniques
-  Comparing Credit Scoring and Credit Rating
-  Fair Lending Consideration and Credit Scoring





Module 9: Credit Scores and Credit Scorecards

-  Different Types of Scores
-  Scorecard Development and the Selection of Scorecard Characteristics
-  Example Scorecards: FICO Credit Scores and VantageScores
-  Overview of Credit Bureaus and Credit Reports




Module 10: Credit Evaluation Using Quantitative Credit Scoring Techniques

-  Credit Worthiness, Internal Ratings and Credit Scoring
-  Common Predictors of Credit Quality for Individuals
-  Using Credit Ratings and Scores in a Basel Context






Module 11: Choosing Characteristics for Credit Scoring Methods

-  Quantitative Risk Characteristics for Individual Credit Scoring
-  Characteristics Appearing in Individual Credit Application Forms
-  Judgmental Characteristics used Credit Scoring
-  Characteristics used in Accounts Receivables Scoring





Module 12: Common Credit Scoring Modelling Techniques

-  Categories of Scoring Techniques and Models,
-  Selecting a Class of Credit Scoring Models
-  Statistical Decision-Making Procedures used in Credit Scoring

Module 13: Comparisons Inherent to Credit-Scoring Risk Assessment

-  Comparing Benefits and Limitations of Scoring Systems
-  Comparing Various Aspects of Scoring Models
-  Comparing Credit Scoring and Credit Rating
-  Comparing Statistical Credit Scoring and Judgmental Scoring
-  Comparing Customized and Generic Scoring Modelling Systems
-  Comparing Flexibility versus Computation Costs of Scoring Activities

Module 14: Scorecard Management Reports

-  Summary of Scorecard Management Reports
-  Policy Rules and Procedure Reports
-  Interpreting Scorecard Management Reports
-  Front- and Back-End Scorecard Management Reports

Module 15: Scoring, Rating, Regulation and Basel II

Module 16: Ethical, Legal and Social Issues Inherent to Credit Scoring Practice

Module 17: Program Summary, Conclusions, and Further Directions

Trainer Profile

Dr. John W. Dalle Molle is an FRA training consultant specializing in risk analytics, modelling and quantitative finance. He has presented extensive executive education and training programs in Asia Pacific, the Americas, the Middle East, and various European countries. His clients include several large financial institutions and central banks.

He has run several popular courses in the past. Topics included Credit Scoring, Quantitative Risk Analysis, Risk Management - Concepts, Modelling & Simulation, Advanced Market Risk Management, Extreme Value Theory for Financial Analysts and Risk Managers, VaR, Scenario Analysis, and Stress Testing, Applications of Exotic Options and Financial Crises, Contagion, & Systemic Risk, to name a few.

In the past, he has also taught at several renowned universities in Asia, Europe, and the Americas, and has been accorded with teaching awards which included 3 MBA teaching awards for Finance at the ITAM in Mexico City. He has also supervised in a number of undergraduate and graduate theses at these universities. In addition to teaching executives, Dr. Dalle Molle has also made several professional presentations around the world in conferences and exhibitions such as Futures & Options World (FOW) in Singapore, the New Zealand Econometrics Group Meeting, Quantitative Methods in Finance Conference in Sydney, and EURORISK 2001 in Paris, France.

He is very much involved in publications and writing various working papers and contributions in various highly respected journals. He is also preparing financial manuscripts and is working on publishing several books on Risk Management, which are due to be ready in 2007. He has also worked on some consulting projects which require software development, programming and coding. Recent projects include building a simulation framework for stochastic financial modelling and developing a ground-truth financial trading module for validating a neural-network based trading systems for Scientific Applications International Corporation (SAIC).

A voracious reader with an impressive collection of books in risk, mathematics, econometrics, and finance, Dr. Dalle Molle has a interdisciplinary PhD in Management Science/Information Systems with a focus on financial econometrics, a Masters of Mathematics, and a Masters of Science in Petroleum Engineering, all from the University of Texas at Austin, and a Bachelor of Science in Chemical Engineering from University of Iowa.

Delegate Registration Form

Delegate Information

Name: _____
Designation: _____
Direct Phone / Extn: _____
Email: _____

Name: _____
Designation: _____
Direct Phone / Extn: _____
Email: _____

Name: _____
Designation: _____
Direct Phone / Extn: _____
Email: _____

For more delegates, please send delegate information on another page

Company: _____
Address: _____

Authorized by / Billing Information:
Signatory must be authorized to sign on behalf of contracting organization

Name: _____
Designation: _____
Phone: _____
Fax: _____
Email: _____

Your Signature & Company Seal

This booking is invalid without a signature.

Date: _____

Delegate fees is to reach us
within 7 days of contract date

Completed contracts can be faxed or e-mailed
Fax: +91-22-26319376
Email: reg@asiaknow.com

Please make cheques / DDs payable in favour of:
"Asia Knowledge Associates"
and send to:
Suite 20, Mayfair, Raviraj-Oberoi Complex,
Off New Link Road, Andheri West,
Mumbai 400053 INDIA
Phone: 91 (22) 32951668

Early Bird Discount
15% on or before 12th August, 2007
10% on or before 16th August, 2007

Investment for two days:

- 1 Delegate: 8,000/- INR
- 2 Delegates: 7,000/- INR
- 3 Delegates: 6,000/- INR

Split Nominations accepted.

Terms & Conditions:

1. Confirmation: Telephone bookings are provisional until written confirmation is received, either by fax with credit card details or by post with a cheque. Alternatively an invoice can be sent out in which payment must be made within 5 working days of booking.
2. Payment: All payments must be received within 5 working days of booking. Failure to pay within this time may result in the course place being cancelled subject to the cancellation terms below. 3. Cancellations: Cancellations must be received in writing and are subject to the following charges: cancellations received more than 2 weeks prior to the date of the course will be charged at 50% of the booking cost. Cancellations received within 2 weeks of the course date will be charged at 100% of the booking cost.
4. Substitutions: Delegates substitutions are welcome at any time and do not incur any charge. Please fax or mail your changes to us. 5. Transfers: Transfers to alternative events or dates may also be subject to changes. Transfers received before 2 weeks prior to the course date will not be charged. Transfers received within 2 weeks of the course date will be subject to 50% of the initial booking cost. A credit note will be issued for the remaining 50%. 6. Alterations to the advertising course: We put the greatest care and effort to ensure solidity of the program schedule. AsiaKnowledge will not be responsible for covering airfare, hotel or any other cost incurred by the registrants. In the event that AsiaKnowledge cancels the course, AsiaKnowledge reserves the right to transfer this booking to another course to be held in the following 12 months or to provide a credit note of an equivalent amount to another course within the following 12 months. 7. Liability: By completing this registration form the client hereby agrees that AsiaKnowledge will not be able to mitigate its losses for any less than 50% of the total booking cost. 8. Once signed and returned by e-mail, mail, or fax, this form is regarded thereafter as a firm contract.