# Credit Risk Measurement and Management

## Course in Oslo

Day 1

09.00 **Welcome and Introduction**

09.15 **1. Introduction to Credit Measurement and Management**

- Overview of types of credit risks
- Approaches for measuring credit risk
- Granting credit – the process
- Recommendation on credit risk management

10.00 **2. Key Credit Risk Parameters**

- Probability of Default (PD)
- Exposure at Default (EAD)
- Loss Given Default (LGD) and Recoveries
- Correlations
- Maturity (M)
- Calculation and Interpretation

11.00 **3. Credit Risk Models**

- Characteristics of credit risk
- Use of credit risk models
- Requirements of a credit risk model
- KMV Moody's

12.00 **Lunch**

13.00 **3. Credit Risk Models, continued**

- CreditMetrics
- CreditRisk+
- Portfolio credit risk
- Marginal credit risk
- Advantages and disadvantages of the various models
- Workshop – calculating credit risk using the various models

16.00 **End, day 1**

Day 2

09.00 **Recap**

09.30 **4. Counterparty Risk on Derivatives**

- Counterparty risk versus traditional credit risk
- Key counterparty risk numbers
- "Risk neutral" og "real world" pricing
- Approaches to measuring counterparty risk
  - Simple, analytical or Monte Carlo Simulation
- Methods to reduce counterparty risk and requirements from EMIR
- CVA, DVA, FVA and BCVA
  - Accounting or regulatory use
- Workshop – calculating and interpreting Potential Future Exposure and CVA

12.00 **Lunch**

13.00 **5. Capital Requirements**

- Standard method
- IRB-method
  - Foundation or advanced approach
- CVA-charge on derivatives
- Workshop – calculation of capital requirements

15.00 **6. Credit Default Swaps**

- Overview of credit derivatives
- How the market works
- Using CDS-contracts to reduce risk
- Pricing
- Risks

16.00 **End of course and evaluation**

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**Price**

The price of the course is NOK 15,500. The price covers course material, lunch and refreshments.

Phone: +45 70 23 23 10
Email: info@FinancialTP.com
Website: www.FinancialTP.com

Financial Training Partner A/S