COURSE SYLLABUS

Module 1 – Credit Risk Environment
• Definition of credit risk
• Recap Basel II/III and stress testing
• Current developments in IFRS 9
• Technological developments

Module 2 – Probability of Default (PD)
• Structural models: Merton's model
• Structural models: Moody's KMV and CreditMetrics
• Copulas and threshold models
• Mixture models
• Generalized linear models and logistic regression
• Rating methodologies
• Low default portfolios
• The IRB standardised formulas
• PIT PD and forward looking models
• Implementation challenges

Module 3 – Loss Given Default (LGD)
• Key concepts in default handling: clients, default, collateral and exposure
• Non performing loans management
• Performing versus in-default LGD
• Statistical approaches
• A full case study (including GLMs)
• A crash course on survival analysis for LGD (and PD)
• LGD and survival analysis
• Implementation challenges

Module 4 – Credit Risk Frameworks
• Wrong-way risk: when PD and LGD move together
• Data in CRM
• Overview of credit risk model use
• Capital and loan loss provision
• Pricing of loans
• Machine learning in credit risk management
• Climate risk assessment
• Supervisory review of internal models
• Impact of covid-19 on ECL

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For more information about this online course visit our website: www.tudelft.nl/credit-risk-course