

COURSE OUTLINE:

Loss Given Default Analytics

1 day
8 CPE Credits

Overview

This seminar provides delegates with a solid understanding of the LGD methodology of our sister company, Moody's Investors Service. The methodology provides a systematic approach for estimating recovery rates for different creditor classes across the capital structure of a firm in the event of default. Knowledge of this framework is key to understanding what determines ratings assigned by Moody's Investors Service to individual debt instruments issued by speculative-grade rated issuers. The workshop explores the underlying principles of this analytical framework and their practical application for non-financial speculative grade corporate obligors. This workshop is part of a series of seminars on the methodologies and analytical techniques used by corporate ratings analysts of Moody's Investors Service.

Learning Objectives

Upon completion of this seminar, delegates will be able to:

- » understand Moody's Investors Service Expected Loss rating framework, and the rationale for introducing a methodology for deriving expected LGD estimates
- » derive enterprise-wide probability of default ratings (PDs)
- » generate point estimates for instrument level LGD rates
- » derive issue ratings on the basis of LGD rates and corporate family PDs by using Moody's Investors Service LGD Analytics worksheet

Who Should Attend

This workshop is aimed at finance professionals with no, or limited, prior knowledge of the subject matter. Delegates may come from a variety of backgrounds, including:

- » Ratings advisors
- » Debt originators
- » Credit and fixed income analysts
- » Credit risk professionals
- » Basel II project managers

Program Level

Program Level: Overview

Prerequisites: Approximately two years' experience in a credit-related function or attendance on the Corporate Credit Ratings Analysis RA seminar or equivalent.

Advanced Preparation: None

Delivery Method: Group-Live

Accreditation

Moody's Analytics is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.nasbaregistry.org.

WHY MOODY'S ANALYTICS?

Current and Consultative

Our seminars are created and updated utilizing the extensive experience, skills and research of Moody's Analytics. For in-house training, we work with you to understand the distinct needs of your organization and design, implement, and track the performance of your learning programs from end-to-end, including skills assessment, program design, implementation, evaluation, and enhancement.

Comprehensive Coverage

We offer a broad set of technical and soft skills programs that can be combined and adapted to the needs of your staff. Our areas of expertise include banking, finance, sales negotiation and leadership development:

Unparalleled Expertise

Our training solutions leverage over a century of experience in risk assessment and the comprehensive tools, data, and analysis of Moody's Analytics to deliver timely, in-depth, and comprehensive knowledge. In delivery, our people make the difference – they combine deep experiences as financial practitioners, intellectual passion for the content, and superior academic credentials with a commitment to delivering outstanding quality.

Loss Given Default Analytics – Agenda

Session 1: Foundations and Overview

- » Moody's Investors Service Expected Loss framework
- » Moody's Investors Service current notching practices
- » Concept of Moody's Investors Service Corporate Family Rating (CFR)
- » Examples: review of selected issuers and issues

Session 2: Deriving Enterprise-wide Probability of Default Ratings

- » Step-by-step approach to inferring corporate family PDRs
- » Examples/exercises

Session 3: Generating Point Estimates for Instrument-level LGD Rates

- » Factors determining enterprise-wide and instrument-level LGD
- » Choosing or deriving an appropriate corporate family LGD rate
- » Estimating the future liability structure of a corporate family
- » Deriving instrument-level LGD rates through simulation
- » Mapping LGD rates to LGD Assessments
- » Examples/exercises

Session 4: Determining Instrument Ratings

- » Mapping idealized loss rates to instrument ratings
- » Understanding notching dynamics as a function of instrument-level LGD rates and corporate family rating
- » Examples/exercises

RELATED COURSES

Corporate Credit

- » Credit Masterclass
- » Fundamentals of Corporate Credit
- » Corporate Credit Rating Analysis
- » Corporate Credit & Cash Flow
- » Advanced Financial Risk Analysis
- » Credit Analysis for RiskAnalyst Users

Troubled Credits

- » Problem Credits
- » Liquidity Analysis & Refinancing Risk for Corporates
- » Corporate Debt Restructuring
- » Covenants and Documentation

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Multiple Bookings

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Fees & Cancellations

The fee listed is per participant and includes refreshments, lunches and seminar materials. Seminar fees do not include tax, transportation or hotel accommodations. Payment must be received in full prior to the start of the seminar. Registrations may be cancelled in writing via letter or email at least 30 days before the first date of the training for a full refund. Cancellations received less than 30 days in advance are eligible for substitution with another seminar, but fees will not be refunded. We reserve the right to cancel or reschedule seminars at any time. For further information on our refund and complaint policy, please contact us.

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