
Credit Risk Rating, Scorecards and Portfolio Monitoring Training Course for Lending Executives

22 – 26 February 2027
Rome





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Programme Summary

Credit risk rating is the subject of this one-week training course for lending, credit and risk executives at managerial level, ending in a credit risk review pack for one lending portfolio. Lending decisions are only as sound as the ratings, models and monitoring behind them, and weak ratings tend to show up as losses. The programme moves from borrower analysis and rating scales, through scorecards and expected credit loss, to portfolio monitoring, and then to a worked review. Mars Training Centre UK delivers this programme in credit risk rating.

The Business Case

Credit losses rarely arrive without earlier signals, but those signals are missed when ratings are inconsistent, models are not checked and watchlists are managed by habit. Lenders that rate borrowers on one scale, test their scorecards against outcomes and act on early warning indicators can price risk more consistently, set provisions on evidence and bring weak exposures to the credit committee sooner.

- Rating Consistency: Improves as borrowers are rated on one scale with documented overrides.
- Provision Adequacy: Improves as expected credit loss is estimated from tested components.
- Time to Detect Deterioration: Shortens as early warning indicators and watchlist rules are applied.

Principles and Evidence Base

- IFRS 9 Expected Credit Loss: Its staging and loss estimation concepts guide the provisioning work in Session 3.
- Expected Loss Model: The relationship between probability of default, loss given default and exposure at default structures the estimation work in Sessions 2 and 3.
- Credit Scoring Theory: Its use of borrower characteristics to separate good and bad outcomes guides the scorecard design in Session 2.

Intended Participants

- Lending executives who approve credit and set risk appetite for a portfolio.
- Credit risk managers who own rating scales, models and limits.
- Credit committee members who must challenge ratings and provisions.
- Portfolio and recovery leads who manage watchlist and restructured exposures.

The programme serves commercial banking, development finance, leasing and trade finance organisations.



Learning Outcomes

1. Participants will be able to construct a borrower rating from financial and qualitative evidence.
2. Participants will be able to evaluate a scorecard for discriminatory power and calibration.
3. Participants will be able to estimate expected credit loss from its components.
4. Participants will be able to diagnose early warning signals in a lending portfolio.
5. Participants will be able to prioritise exposures for watchlist, restructuring or recovery action.
6. Participants will be able to justify a credit risk review pack to a credit committee.

Programme Structure

Day 1: Credit Risk Rating Foundations

What makes a borrower more or less likely to repay?

- Rating Scale and Default Definition
- Financial Statement Spreading
- Debt Service Capacity Test
- Qualitative Risk Factor Scorecard
- Facility Structure and Security Review

Day 2: Scorecards and Rating Models

How is a rating model built, tested and governed?

- Scorecard Variable Selection
- Weighting and Cut-off Setting
- Gini Coefficient and KS Statistic Tests
- Calibration to Observed Default Rates
- Override and Exception Governance

Day 3: Expected Credit Loss Estimation

How is expected loss estimated and linked to provisions?

- Probability of Default Estimation
- Loss Given Default and Exposure at Default
- IFRS 9 Staging Criteria
- Forward-Looking Scenario Overlay
- Provision Movement Analysis

Day 4: Portfolio Monitoring and Early Warning

How are deteriorating exposures found and managed?



- Early Warning Indicator Dashboard
- Watchlist Entry and Exit Criteria
- Covenant Monitoring Register
- Rating Migration Matrix
- Restructuring and Recovery Options Review

Day 5: Applying Credit Risk Rating to a Lending Portfolio

Is the credit risk review pack ready for the credit committee?

- Rating a Sample Borrower Set Using Session 1 Methods
- Testing a Scorecard with Session 2 Measures
- Estimating Loss with the Session 3 Worksheet
- Flagging Exposures with the Session 4 Indicators
- Completing the Credit Risk Review Pack

Methodology

The programme is built around structured exercises and case analysis. Participants work with anonymised borrower files, financial statements and portfolio data, rate borrowers, test a scorecard and estimate expected loss in small teams, then present their findings to a simulated credit committee. Spreadsheet use is helpful, though no programming is required.

- Suggested activity: Rating three corporate borrowers from spread financial statements.
- Suggested activity: Testing a sample scorecard against a default history.
- Suggested activity: Building a watchlist from a set of early warning indicators.

Capstone Output

Each participant completes a credit risk review pack for one lending portfolio. It contains borrower ratings, a scorecard test summary, an expected credit loss estimate, a watchlist with actions and a short note for the credit committee. It is used to brief the credit committee, to challenge provisions and to set the next monitoring cycle.

Frequently Asked Questions

Is credit risk rating training suitable for lending executives without a modelling background?

Yes. Credit risk rating training is set at managerial level and assumes experience of credit decisions or portfolio oversight, not statistics or programming.



Which models does credit risk rating rest on in this programme?

Credit risk rating rests on credit scoring, the expected loss model of probability of default, loss given default and exposure at default, and IFRS 9 expected credit loss.

How is the credit risk review pack used at work?

You use the credit risk review pack to brief the credit committee, challenge ratings and provisions, and set priorities for monitoring.

How does credit risk rating differ from a programme on market risk?

Credit risk rating assesses the chance and cost of borrowers failing to repay, while market risk covers losses from movements in prices, rates and currencies.