

# The Global Standard in Credit Analysis

## INTRODUCTION

- The world financial crisis clearly highlights the need for greater awareness of credit risk and improved credit risk evaluation techniques. Not only can poor credit analysis lead to the downfall of banks but more alarmingly to the downfall of the economy. In addition, the impact of events such as Coronavirus demonstrates just how volatile markets can be and what important role banks play in financing the economy.
- This training course on Global Standard in Credit Analysis will help the delegates to enhance their skills and knowledge to analyse company performance via an examination of financial statements, business plans and market/economic indicators in order to manage credit risk and develop credit risk models based on sound international risk management policies. Hence minimising risk to ensure sustained profitability and maximise returns.

This training course will highlight:

- The Credit Risk Environment
- Methods of Finance and Associated Risks
- How to Evaluate Credit Risk?
- How to Develop or Use Financial Models to Evaluate Risk?
- How to manage and Control a Credit Portfolio?

## OBJECTIVES

At the end of this training course, you will learn to:

- Analyse Credit Risk to meet Stress Tests and International Standards
- How to Evaluate Financial Statements & Business Plans?
- Develop Computer Based Models to Evaluate and Price for Credit Risk
- How to Mitigate Risk using Collateral and a Risk-Based Approach?
- How to effectively manage your Credit Portfolio?

## TRAINING METHODOLOGY

- Participants to this training course will receive a thorough training on the subjects covered by the course outline with the tutor utilising a variety of proven adult learning teaching and facilitation techniques. Training methodology includes Credit Risk Case Studies, Role Play and Group Discussions analysing and evaluating the key issues facing Bank's today.
- The Global Standard in Credit Analysis training course is highly participatory ensuring that delegates leave with new skills to benefit their personal and organizational development.

## ORGANISATIONAL IMPACT

The organisation will benefit greatly from their employees participation.

- Reduce Credit Risk & Market Risk – via a better understanding of forecasting and financial analysis techniques and the development of credit risk models
- Increase income
- Developing credit risk models able to assess risk quicker and thereby increase customer response leading to an improved service attracting more customers
- The identification and sale of derivative products aimed at reduced the customers exposure to risk which will therefore also reduce the bank's exposure to risk
- Reduce costs and bad debts via the use of credit and valuation models
- Increase in profit
- Ensure legal compliance
- Gain knowledge and skills for the benefit of the entire organization

## PERSONAL IMPACT

The training course will be of personal benefit to delegates by providing you with:

- Skills and knowledge to further your professional career
- The latest tools and techniques to assist you in your role
- An ability to make more informed decisions aimed at reducing risk, increasing income and reducing costs
- Increased skills and improved decision making to increase your importance to your organization.
- An ability to liaise effectively with other departments and colleagues regarding current practices and issues affecting the banking sector
- A greater understanding of your role and the major issues affecting it

## WHO SHOULD ATTEND?

This training course is suitable for a wide range of professionals but will greatly benefit:

- Commercial Banking
- Business Banking
- Corporate Banking
- Rating Agencies
- Corporate Credit Analysis
- Real Estate Lending
- Risk Management
- Treasury

## Course Outline

### The Credit Risk Environment

- Sources of Credit Risk
- The Risk-Return Trade-Off
- External Factors – Coronavirus, Interest Rates, Inflation, Recession, Exchange Rates, Oil Prices Etc
- Establishing a Credit Risk Strategy & Implementing Credit Limits
- Operating under a sound Credit Policies
- Concentration Risk & Exposure Limits – Establishing a Diverse Credit Portfolio & Aggregate Group Position

### Methods of Finance & Associated Risk

- Evaluating the Need for Finance
- Methods of Finance
- Asset Finance
- Working Capital Finance
- Improving & Evaluating the Cash Flow Cycle
- International Trade Finance: Letters of Credit, Bonds & Country Risk

### Evaluating Credit Risk

- Business & Industry Analysis - Evaluating Business Plans & Businesses
- Evaluating Financial Statements
- Financial Ratio Analysis to evaluate Profitability, Liquidity, Operations, and Leverage
- Distress Models – identifying companies in danger of liquidation
- The use of RAROC (Risk-Adjusted Return on Capital) in Credit Decisions

## Modelling Credit Analysis & Price

- Internal Credit Rating Systems
- Credit Risk Modelling – Credit Scoring; Distress Models & Value at Risk Models
- Risk-Based Pricing – rates and fees
- Computer-Based Models to Evaluate and Price for Credit Risk
- Bond Rating & Credit Risk/ Value at Risk Modelling
- Pricing for Risk and Basle/Regulations

## Managing Credit Risk - from Credit Agreements to Debt Recovery

- Facility Structuring; Credit Agreements & Covenants
- Monitoring & Controlling Credit – the Early Warning Signs and Dealing with Potential Bad Debts
- Credit Insurance
- Collateral – from taking to realizing
- Credit Derivatives – CDS & CDO's - learning lessons from the past
- Refinancing, Funding Recovery & Restructuring of Debt

