

Credit Reasoning and Writing



DURATION

2 Days



DELIVERY CHANNEL

Virtual

OR

In-Person



PROGRAM LEVEL

Intermediate

PREREQUISITES

None

ADVANCE PREPARATION

None

CPE CREDITS

16

Overview

Credit Reasoning and Writing is a two-day seminar focused on the preparation of credit approval documents that summarize succinctly the overall credit risk exposure that an institution is asked to take on.

This topic is increasingly recognized by financial institutions as a significant skills gap in their staff. In an age where data proliferates, senior credit professionals in many financial institutions have lamented that credit approval documents are often lengthy, sometimes reaching 30 to 50 pages and containing a high volume of data without adding significant insight. Elevator analysis is prevalent in some parts of the industry and although possessing strong analytical skills, many analysts lack the ability to summarize their findings succinctly.

Learning Objectives

BY THE END OF THIS COURSE, YOU WILL BE ABLE TO:

- » Write credit approval documents that are clear, concise, and cash flow focused.
- » Select information for inclusion in credit approval documents that is relevant for the decision-maker and focused on key risks and mitigants.
- » Write a financial risk analysis that is supported by facts.
- » Describe the key facility risks and how they will be mitigated by the suggested loan structure.
- » Use executive summaries to communicate the key issues to decision-makers.

Who Should Attend?

- » Relationship managers
- » Risk managers
- » Credit analysts

Course Detail

MODULES

1 Qualities of a Good Credit Approval Document

- 1 Importance of effective but simple sentence structure, using short words and simple language
- 2 The 4 golden rules and the 5C's of a credit approval document
- 3 Avoiding vague concepts and ambiguity
- 4 Passive and active writing
- 5 Purpose of using tables, numbers and graphs
- 6 Using the practical work aides (Tool Book) provided to improve the participants' own approval documents
- 7 Considering the importance of information – is it essential, necessary or simply nice to know?

2 Effectively Summarizing Business Risks

- 8 Business risk analysis and it forms part of the credit application document
- 9 How to decide what information to use
- 10 Qualitative analysis
- 11 Structuring the analysis
- 12 Case study – Breakout groups

3 Effectively Summarizing Financial Risks

- 13 The four pillars of financial analysis
- 14 Key drivers of cash flow
- 15 Ratio analysis
- 16 Exercise – Financial ratios
- 17 Writing opinions and judgments and supporting them with facts
- 18 Avoiding elevator analysis
- 19 Case study – Evening homework

4 Effectively Summarizing Transaction and Structure Risks

- 20 Debrief of the case study given for the evening work
- 21 The three types of subordination
- 22 Transaction specific risks
- 23 Borrowing causes and loan structure
- 24 Mitigating risk through loan structure
- 25 Case study – Practically apply the learning

MODULES

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The Executive Summary

- 26 The "rules"
- 27 Why an executive summary is needed
- 28 How to write an executive summary
- 29 Case Study – Write an effective executive summary

6

The Recommendation and Individual Writing Sample

- 30 Writing a compelling recommendation
- 31 Linking the recommendation to the ES and the rest of the CAD

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Workshop Summary

- 32 Case study – Using a structured approach to cover the three components of credit risk -business risks; financial risks: transaction and structure risk
- 33 Key learning points of the workshop

Accreditation

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GROUP DISCOUNTS

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FEES AND CANCELLATIONS

The fee listed is per participant. Course fees do not include tax, transportation or hotel accommodations. Payment must be received in full prior to the start of the course. Registrations may be canceled 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 course, but fees will not be refunded. We reserve the right to cancel or reschedule courses at any time. For further information on our refund and complaint policy, please contact us.

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