

Advanced Bank Risk Analysis

Overview

This seminar will teach participants the framework and tools necessary for in-depth analysis of bank credit risk in both developed and emerging markets. The course will offer a combination of short presentations, discussions, exercises, and case studies.

Learning Objectives

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

- » apply a structured framework to analyze banking institutions
- » identify and interpret key ratios
- » evaluate a bank from its published financial information
- » understand the objectives of bank regulation and the calculation of capital adequacy
- » analyze various elements of regulatory capital, including hybrid securities
- » detect early warning signals of deteriorating credit quality

Who Should Attend

- » Investment and commercial bankers
- » Credit and equity analysts
- » Regulators and central bankers
- » Fixed income professionals
- » Bond researchers (both buy and sell sides)
- » Corporate treasurers
- » Correspondent banking officers
- » Relationship managers involved in exposures to, or for investments in, banks

Program Level

Program Level: Intermediate & Advanced

Prerequisites: One to two years' experience in a financial institutions analysis function

Advanced Preparation: Research documents will be provided giving background for the case studies that will be used during the course

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.

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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.

Advanced Bank Risk Analysis

DAY ONE

Session 1: Moody's Investors Service rating process and methodology for banks

Session 2: Introduction to the banking industry

- » How banks are different from corporations
- » Exercise: lessons to be learned from bank failures

Session 3: The Operating Environment

- » Sovereign environment: macro-economic, political, legal, social issues and banking market dynamics
- » Regulation, supervision and support
- » Industry structure
- » Exercise: Assess the impact of the operating and regulatory environment on the profitability and asset quality of banks

Session 4: Accounting for banks

- » A review of the balance sheet, income statement, notes to the accounts, off-balance sheet items, derivatives etc.
- » Key features of IFRS and US GAAP as applied to banks

DAY TWO

Session 5: Earning Power

- » Earnings as key determinant of long term success
- » Quality of earnings: sources and stability of income
- » Ratios which measure levels of profitability and efficiency
- » Exercise: Determining recurring earning power

Session 6: Risk Profile and Risk Management (Credit, Market, Operational, Liquidity and other risks)

- » Credit risk: asset quality in the loan portfolio and investments
- » Credit, counterparty and product risk
- » Securitization and credit derivatives
- » Exercise: Analyzing the quality of the loan and securities portfolios
- » Market risk of the trading book and derivatives
- » Measuring market risk: value-at-Risk, back-testing, stress and scenario testing
- » Exercise: Assessing market risk of the trading portfolio and derivatives
- » Asset and Liability management: liquidity and composition of funding
- » Other risks: Legal, operating, reputational and agency risks
- » Exercise: Measuring the bank's liquidity and funding base

DAY THREE

Session 7: Economic Capital

- » Importance of capital for bank credit risk
- » Capital adequacy - Basel Accord, BIS ratios for credit and market risk, risk weighting of assets
- » How regulations on capital adequacy drive business decisions, e.g. the growth in issuance of hybrid securities etc.
- » New capital adequacy requirements ("Basel II")
- » Moody's Investors Service assessment of hybrid securities that qualify as regulatory capital
- » Economic vs. regulatory capital
- » Exercise: Analyzing the level of economic capital

Session 8: Franchise Value

- » Definition of franchise value and why it is used in analyzing banks
- » Banking system driven vs. financial institution driven franchise value
- » Franchise value as an indicator of market leadership and performance
- » Exercise: Franchise value

Session 9: Ownership and Governance

- » Shareholders' influence on a bank's creditworthiness
- » Shareholders' influence on corporate governance
- » Ownership trends and the role of shareholders
- » Exercise: Ownership and governance

Session 10: Management Strategies

- » Moody's Investors Service approach to assessing management's strategic goals and management culture
- » Alternative evaluation of management's strength and weaknesses
- » Exercise: Concluding assessment of management's influence on strengths and weaknesses as compared to the opportunities and threats resulting from the operating environment

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RELATED COURSES

- » Fundamentals of Bank Credit Risk Analysis
- » Islamic Bank Analysis
- » Insurance Company Analysis
- » Hedge Funds Analysis
- » Economic Capital: Pillar II and ICAAP under Basel II

Tailor Any Seminar for Your Organization

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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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