

Fundamentals of Bank Credit Risk Analysis

Overview

This seminar will teach participants the framework and tools needed to analyse bank credit risk, utilising the publicly available Baseline Credit Assessment Global Methodology of our sister company, Moody's Investors Service. 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:

- » Use a structured framework for analysis banking institutions
- » identify and analyze key qualitative risk factors
- » Assess, calculate and interpret key ratios
- » Evaluate a bank's strength based on its published financial information
- » Apply Moody's Investors Service ratings tools and methodology to banks
- » Evaluate credit risk and determine relative creditworthiness
- » Understand the key elements of the shifting bank regulatory landscape

Program Level

Program Level: Intermediate

Prerequisites: No prior analytical experience is necessary but familiarity with the activities of banks, their business lines and organization is desirable.

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.

Fundamentals of Bank Credit Risk Analysis – Agenda

DAY ONE

Session 1: Moody's Investors Service rating process and Bank Financial Strength Ratings

- » Introduction
- » Global and local trends in the banking industry
- » Ratings process
- » CAMELS and alternative frameworks
- » Expected loss
- » Determinants of loss severity
- » The importance of the business model
- » Debt/deposit rating methodology outline
- » Consideration of external support
- » Market signals – Market Implied ratings
- » Group exercise: Evaluating support

Session 2: Accounting for banks

- » Financial statement presentation
- » Accounting for loans
- » Accounting for securities
- » Repo
- » Derivatives
- » Contingent liabilities and commitments
- » Income Statement
- » Ratio Categories
- » Issues with fair value accounting
- » Adjustments to reported financial statements to reflect more accurately economic reality and to enhance comparability
- » Group exercise: Adjusting reported financial statements

DAY TWO

Session 3: Qualitative Factors

- » Sovereign environment; economic stability, integrity and corruption and legal system
- » Introduction to key bank regulation
- » Basel II/III framework
- » Exercise: Evaluate the impact of the operating and regulatory environment on the profitability and asset quality of banks
- » Corporate governance, controls and risk management
- » Financial reporting transparency
- » Credit Risk Concentration
- » Liquidity management
- » Market risk appetite
- » Franchise value
- » Exercise: Assessing the of bank risk positioning and franchise value

Session 4: Quantitative Factors

- » Introduction to key ratios
- » Profitability
- » Liquidity
- » Capital Adequacy
- » Earnings
- » Asset Quality
- » Exercise: Calculation and interpretation of key quantitate

Tailor Any Seminar for Your Organization

Moody's Analytics offers customized training and eLearning solutions to help you maximize your training investment. Our hands-on approach benefits companies of all sizes and requirements – from those with just a few local employees to those with staff dispersed around the globe. Contact us to learn more and to work with one of our training consultants to design the right program for your organization.

Multiple Bookings

Special rates may be available for multiple seminar or group bookings. Please contact us for details.

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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