

COURSE OUTLINE:

2 days
16 CPE Credits

Non-Bank Financial Institutions Credit Risk Analysis

Overview

This course will cover the framework and tools necessary to analyze non-bank financial institutions' credit risk, in both developed and emerging markets, referencing Moody's Global Rating Methodologies for Finance, Securities, and Asset Managers. The course will offer a combination of short presentations, discussions, exercises, and case studies.

Learning Objectives

Upon completion of this course, you will be better able to:

- » apply a structured framework to analyze non-bank financial institutions
- » analyze key qualitative risk factors
- » identify, calculate and interpret key ratios
- » evaluate a non-bank financial institution's strength based on its published financial information
- » determine the overall credit quality of a non-bank financial institution in mature and developing markets

Who Should Attend

This course is designed for investment and commercial bankers, credit risk analysts, regulators, central bankers, fixed income professionals, bond researchers (both buy and sell sides), corporate treasurers, correspondent banking officers, and relationship managers involved in exposures to, or investments in, non-bank financial institutions.

Program Level

Program Level: Introductory to Intermediate

Prerequisites: No prior analytical experience is necessary but familiarity with the activities of non-bank financial institutions, their business lines and organization is desirable.

Advanced Preparation: None

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.

WHY MOODY'S ANALYTICS?

Current and Consultative

Our courses 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.

Non-Bank Financial Institutions Credit Risk Analysis – Agenda

DAY ONE

Session 1: Non-Bank Financial Institutions: Differences and Similarities

- » Universe of NBFIs: Insurance, finance and leasing companies, securities firms, asset managers, and funds
- » Banks versus non-banks: differences and similarities
- » Key Dynamics: Stability of funding and asset quality
- » Risks dependent on business models, which vary broadly
- » *Exercise: Risks arising from different lines of businesses*

Session 2: Moody's Rating Approach and Process

- » Global methodology
- » Basic accounting for non-bank financial institutions
- » Financial statements: Balance sheet, income statement, cash flow statement
 - Do Cash flows matter for financial institutions?
 - What can you learn from financial statements?
- » Notes to the accounts and off-balance sheet items
- » Derivatives
- » Financial assets
- » Fair value hierarchy
- » *Exercise: Financial asset accounting and disclosure*

Session 3: The Operating Environment

- » Sovereign ratings and environment: Economic stability, integrity and corruption, legal system
- » Institutional strength
- » Susceptibility to Event Risk
- » *Exercise: Evaluate the impact of the operating environment on the profitability and asset quality of non-bank financial institutions*

Session 4: Structural and Group Risk and Support Dynamics

- » Subordination and structural risk
- » Subordinated debt issuances
- » Support: guaranteed and non-guaranteed
- » Covenants and documentation issues
- » *Exercise: recovery exercise*

DAY TWO

Session 5: Qualitative Factors: Risk Positioning and Franchise Value

- » Potential volatility of assets / cash flows
- » Corporate governance and management quality
- » Financial reporting transparency
- » Key relationship and credit risk concentration
- » Liquidity management
- » Franchise value
- » Market risk appetite
- » Market share and sustainability
- » Operational and geographical diversification
- » Earnings stability and diversification
- » *Exercise: Management quality assessment*

Session 6: Quantitative Factors

- » Profitability
- » Liquidity
- » Capital adequacy
- » Earnings
- » Asset quality
- » *Exercise: Calculation and interpretation of key quantitative ratios*

Session 7: Rating Methodologies

- » Finance Companies
- » Securities Firms
- » Asset Managers
- » *Exercise: interpreting an NBFIs credit opinion*

Session 8: Comprehensive exercise

- » *Exercise: Concluding determination of non-bank financial institution rating, using framework and all techniques covered in the course*

Non-Bank Financial Institutions Credit Risk Analysis – Agenda (Cont...)

RELATED COURSES

- » Fundamentals of Bank Credit Risk Analysis
- » Advanced Bank Risk Analysis
- » Financial Institutions Credit Risk Master Class
- » Insurance Credit Analysis
- » Bank Regulation: Impact and Implications of Evolving Regime

Tailor Any Course 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 course or group bookings. Please contact us for details.

Fees & Cancellations

The fee listed is per participant and includes refreshments, lunches and course materials. 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 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 course, but fees will not be refunded. We reserve the right to cancel or reschedule course at any time. For further information on our refund and complaint policy, please contact us.

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