

## Overview

Advanced Bank Risk Analysis seminar is a three-day course that provides you with a structured framework for the comprehensive analysis of bank risk profiles in both developed and emerging markets. It builds on Fundamentals of Bank Credit Risk Analysis, although that course is not a prerequisite.

The seminar begins by introducing a quantitative and qualitative analytical framework, and considers the various accounting rules and regulations specific to the sector. The course then dives into the bank operating environment, profitability measures, capital issues, and notching. After examining credit, market, liquidity, and management risks, real bank failures are investigated to uncover insights. The course concludes with a comprehensive exercise that incorporates all topics covered. A combination of short presentations, discussions, exercises, and case studies.

## Who Should Attend?

This seminar is suitable for professionals from the financial services industry from a wide variety of backgrounds, including:

- » Investment bankers, commercial bankers, and credit risk management professionals
- » 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

## Course Benefits

By the end of this seminar, you 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 regulations and capital standards.
- » Analyze various elements of regulatory capital, including hybrid securities.
- » Detect early warning signals of deteriorating credit quality.

**PROGRAM LEVEL**

Intermediate to Advanced

**PREREQUISITES**

One to two years' experience in an credit analysis function or attended Fundamentals of Bank Credit Risk Analysis

**ADVANCED PREPARATION**

None



## Course Agenda

MODULES	TOPICS
<p><b>1</b> <b>Introduction to Banking Industry, Analytical Frameworks, and Ratings</b></p>	<p>How banks are different from non-financial corporates</p> <p>Bank business models and risk</p> <p>Bank analytical keys: assets, funding, support</p> <p>Bank credit analysis frameworks</p> <p>Fundamental analysis versus market information</p> <p>Ratings process, meanings, statistics</p>
<p><b>2</b> <b>Accounting for Banks</b></p>	<p>A review of the balance sheet, income statement, notes to the accounts, off-balance sheet items, derivatives, etc.</p> <p>Key features of IFRS and US GAAP as applied to banks</p> <p>A review of the balance sheet, income statement, notes to the accounts, off-balance sheet items, derivatives, etc.</p> <p>IFRS 9 vs. IAS 39: details and impact</p>
<p><b>3</b> <b>Regulatory Frameworks</b></p>	<p>Basel regulatory framework and Basel III implementation</p> <p>National and Financial Stability Board regulations</p> <p>More capital and better capital: CCBs and Core Tier I</p> <p>Management interaction with regulator</p>
<p><b>4</b> <b>Analytical Framework, Key Indicators, and Rating Methodology</b></p>	<p>Camels: Capital, Asset Quality, Management, Earnings, Liquidity, Sensitivity to market risk</p> <p>Rating methodology: macro profile, financial profile, baseline credit assessment, support, notching</p> <p>Key factors: solvency, liquidity, sovereign strength</p> <p>Adjustments: credit levels, industry structure, governance</p> <p>Model mechanics incorporating judgments</p>
<p><b>5</b> <b>Operating Environment, Sovereigns, and Bank System Macro Profile</b></p>	<p>Sovereign ratings: methodology, components, and impact on bank ratings</p> <p>Economic strength, institutional strength, susceptibility to event risk</p> <p>Variations in national regulations and accounting</p> <p>Key indicators and regional statistics for sovereigns and banking system macro profiles</p>

MODULES	TOPICS
<b>6 Profitability, Earning Power, Asset Quality</b>	<p>Earnings as key determinant of long term success</p> <p>Quality of earnings: sources and stability of income</p> <p>Ratios which measure levels of profitability and efficiency</p> <p>Impact of accounting changes on profitability</p> <p>Impact of regulation on strategy, profitability, and asset quality</p> <p>Net interest versus fee-based income and capital market activities</p> <p>Ratios which measure levels of profitability and efficiency</p>
<b>7 Capital, Capital Issues, and Notching</b>	<p>Capital calculations under Basel III</p> <p>Basel III compliant securities to banks</p> <p>Structural risk and notching statement, notes to the accounts, off-balance sheet items, derivatives, etc.</p> <p>Impact of regulation on strategy and profitability and asset quality, and importance of capital for banks to banks</p> <p>Importance of capital for banks and key metrics statement, notes to the accounts, off-balance sheet items, derivatives, etc.</p>
<b>8 Market Risk, Capital Markets Risk, Metrics, and Impact</b>	<p>Credit risk: asset quality in the loan portfolio and investments</p> <p>Market risk of the trading book and derivatives, Interest Rate Risk in the Banking Book</p> <p>Pillar I and Pillar II risks and Pillar III disclosures</p> <p>Other risks: Asset-liability management, funding, legal, operating, reputational and agency risks</p> <p>Impact of capital markets operations on ratings</p>
<b>9 Liquidity Risk, Metrics, and Key Drivers</b>	<p>Funding sources and stability</p> <p>Liquidity metrics, new regulatory liquidity ratios</p> <p>Relationship between liquidity and solvency risk</p> <p>Role in the rating methodology</p>
<b>10 Support Dynamics and Bank Failures</b>	<p>Loss given default dynamics</p> <p>Operational resolution regimes and their impact on ratings and notching</p> <p>History of bank failures, bank runs, and government support</p> <p>Varieties of state support for banks</p> <p>Joint default analysis</p>
<b>11 Disclosures, Regulations, Corporate Governance and Management</b>	<p>Assessing management's strategic goals and management culture</p> <p>Corporate governance and opacity</p> <p>Alternative evaluation of management's strength and weaknesses</p>
<b>12 Comprehensive Exercise</b>	<p>Analysis of a major bank incorporating all topics covered in the course</p>

# Why Moody's Analytics?

## Current and Consultative

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### GROUP DISCOUNTS

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

### FEES AND 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 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 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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