

## Advanced Bank Risk Analysis



DURATION

3 Days



DELIVERY CHANNEL

Virtual  
Instructor-Led

OR

In-Person  
Classroom



PROGRAM LEVEL

Intermediate &  
Advanced

PREREQUISITES

N/A

ADVANCED PREPARATION

None

CPE CREDITS

24

## Overview

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

The course 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, it investigates real bank failures to uncover insights.

## Learning Objectives

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

- » Perform a detailed credit quality assessment of a bank
- » Understand the market risk profile of banking and trading books, and assess materiality
- » Perform a detailed capital adequacy assessment of a bank
- » Understand the sources and risk to a bank's profitability and its implications for future capitalization
- » Assess the liquidity profile of a bank and judge the level of risk it creates
- » Estimate the balance sheet in failure and the implications for the capital structure

## Who Should Attend?

- » 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

## Virtual Delivery

You are able to access virtual courses from any location. Some courses, however, include region-specific content based on the host region. For example, a course beginning at 10 AM EST may include references to GAAP versus IFRS, since the course is being hosted in the Americas. Please contact us at [learningsolutions@moodys.com](mailto:learningsolutions@moodys.com) for region-related content queries.

# Course Detail

| MODULES |   |  |
|---------|---|--|
| 1       | <b>Bank Business Models &amp; Risks</b>                       | 1 Bank business models   |
|         |   | 2 Identification of risks in bank business models  |
| 2       | <b>Loan Accounting IFRS 9 (plus CECL depending on region)</b> | 3 Review of expected credit losses in IFRS 9   |
|         |   | 4 12m vs. lifetime ECL – stages 1-3  |
|         |   | 5 Exercise: 12 & lifetime ECLs   |
|         |   | 6 Assessing forward looking expectations   |
|         |   | 7 Assessing SICR triggers  |
| 3       | <b>Accounting Adjustments</b>                                 | 8 MIS standard adjustments   |
|         |   | 9 MIS non-standard adjustments   |
| 4       | <b>Basel Framework</b>  | 10 Capital requirements: pillars 1, 2 plus buffer requirements   |
|         |   | 11 CET1 and total capital requirements   |
|         |   | 12 Available capital <ul style="list-style-type: none"><li>» CET1, AT1 and T2 layers</li></ul>   |
|         |   | 13 Case study  |
| 5       | <b>Resolution Framework</b>                                   | 14 Purpose of the ORR  |
|         |   | 15 MRELS & TLAC  |
|         |   | 16 Restating the balance sheet in resolution <ul style="list-style-type: none"><li>» Loss rates, gone concern capital &amp; going concern capital</li><li>» What write-downs are there on the liabilities?</li></ul> |
|         |   | 17 Case study  |
| 6       | <b>Asset Quality Analysis</b>                                 | 18 NPL analysis  |
|         |   | 19 IFRS 9 stage analysis   |
|         |   | 20 Portfolio growth & risks  |
|         |   | 21 Assessing concentration levels  |
|         |   | 22 Assessing levels of ECLs and collateral and implications for coverage ratios  |
|         |   | 23 Cost of risk vs. margins  |
|         |   | 24 Credit risk RWAs  |
|         |   | 25 Case study  |

## MODULES

### 7 Market Risk Analysis

26 Understanding the boundaries of banking and trading books

27 Trading book size and revenue

28 Trading book risks

- » Value at risk
- » Market risk RWAs and required capital
- » Counterparty credit risk

29 Banking book risks

- » IRRBB
- » NII variability
- » Economic value of equity

30 Structural FX risks

31 Assessing materiality of risks

32 Case study

### 8 Operational Risk Impacts

33 Operational risk environment

34 Cyber risk

35 Example: compliance breach, Danske Bank

36 Reputational consequences

37 Legal risk around litigation uncertainties and regulatory fines

### 9 Capital and Profitability Analysis

38 CET1 evolution and analysis

39 Capital structure and RWAs

40 Assessing the appropriateness of capital structure

41 Likely changes to capital structure

42 Assessing potential constraints of capital to strategic objectives

43 Identification of income sources

44 Profitability metrics

45 Assessment of income volatility by segment

46 Development of cost income ratios through time

47 Case study

## MODULES

### 10 Governance, Strategy & Management

- 48 Identifying & assessing strategy and strategic objectives
- 49 How strategy defines risk profiles and risk appetites
- 50 Indicators of governance failures

### 11 Liquidity Analysis

- 51 Liquidity and the balance sheet
- 52 Funding structure
  - » Issues around funding structure
  - » Funding structure metrics
  - » NSFR
- 53 Liquid assets
  - » Liquid asset metrics
  - » LCR
- 54 Case study

### 12 Ratings Revisited

- 55 Creating the BCA
- 56 Affiliate support
- 57 Ratings and notching against BCA

## 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. Students should check for up to date information directly from the NASBA website: [www.nasbaregistry.org](http://www.nasbaregistry.org).

# Why Moody's Analytics?

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### GROUP DISCOUNTS

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

### 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.

## Contact Us

### AMERICAS

[TrainingAmericas@moody.com](mailto:TrainingAmericas@moody.com)

### EMEA

[TrainingEMEA@moody.com](mailto:TrainingEMEA@moody.com)

### ASIA

[TrainingAsiaPac@moody.com](mailto:TrainingAsiaPac@moody.com)