

MOODY'S ANALYTICS | Deteriorating Credit Exit

Menu Problem Loans

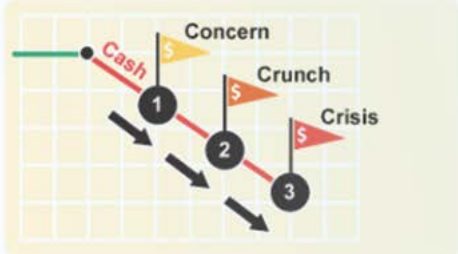
Cost of Financial Distress

Stages of Financial Distress

A company will not typically enter bankruptcy/insolvency without first proceeding through a series of stages toward financial distress.

Relationship Managers must therefore learn to recognize the signs that a company is in one of the three critical stages of deterioration:

Three Critical Stages of Deterioration



1. Cash concern	Liquidity problems arise and cash management becomes a priority.
2. Cash crunch	Liquidity deteriorates to the point that drastic measures must be taken. Employees are laid off, and

Problem Loans gives you the essential skills to recognize and proactively manage distressed loans to protect the bank from exposure to undue risks. This 8-10 hour eLearning course is on the learning pathway for the Certificate in Commercial Credit.

You learn how to:

- » Detect early warning signals of deteriorating credit.
- » Respond effectively at an early stage before the borrower defaults.
- » Develop an action plan for conducting difficult conversations with clients when a covenant is breached.
- » Understand what happens when the lender needs to consider taking strong action, such as foreclosure or debt restructuring.

- » Apply the concepts to your day-to-day credit decisions and loan monitoring activities to improve decision quality, consistency, and transparency.

MOODY'S ANALYTICS | Collateral - Guarantees - Covenants Exit

Menu Collateral

Characteristics of Good Collateral

When a lender (such as the bank) enters into a secured lending agreement with a borrower, the lender requires the borrower to provide *collateral*. Collateral is a pledge in the form of specific property or assets that the borrower promises to the lender as a guarantee of repayment of the loan.

The collateral aims to protect the lender against loss through the borrower's failure to pay the principal and interest under the terms of the loan. If the borrower defaults on the loan due to bankruptcy, insolvency or other event, that borrower forfeits the collateral, and the lender becomes its owner.

Collateral-Secured Loan Agreement

Did You Know?
In a typical mortgage loan transaction, for example, the real estate purchased with the loan also serves as collateral.

Moody's Analytics learning solutions help transform work performance, providing you with the skills and tools to apply complex concepts and make sound credit decisions.

MOODY'S ANALYTICS | Restructuring Exit

Menu Restructuring Process

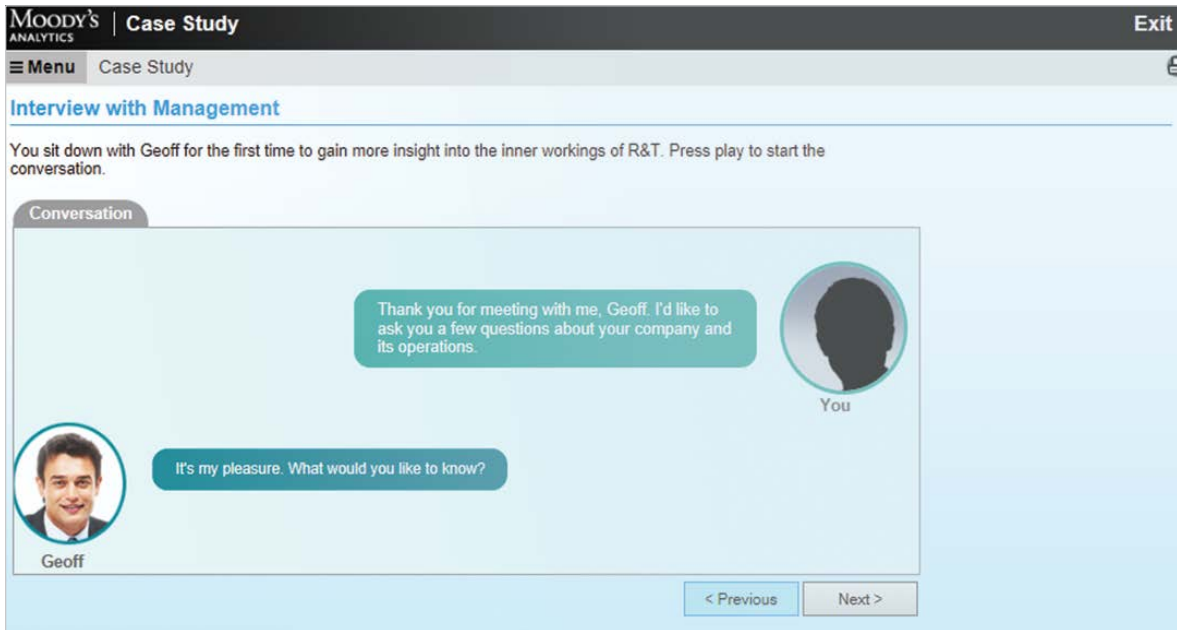
Restructuring Decision

Any analysis of options for restructuring must begin with an understanding of the borrower's viability.

To demonstrate this, the bank must be able to answer the following questions:

- » What are the overall conditions in the borrower's industry?
- » Why is the borrower in trouble?
- » What is management doing about it?
- » What other actions need to be taken?
- » Ultimately, does the company have a right to exist?

This course provides the skills necessary for reducing risk and exposure to problem loans and acting proactively when they arise.



Moody's Analytics industry-leading online programs appeal to all learning styles, using multi-media and interactive lessons, including videos and practice quizzes.

With Moody's Analytics eLearning:

- » You gain an in-depth understanding of credit theory and sector-specific factors from our relevant and current content.
- » You concentrate your learning on the areas where you have knowledge gaps, through our diagnostics and comprehension checks.
- » You optimize your learning time through our engaging, industry-leading online programs with interactive multimedia lessons, which feature videos, case studies, and quizzes.
- » You reinforce your learning when you are back on the job with Moody's reference materials and Early Warning Checklist.
- » Program sponsors can monitor participation, assess performance, and access critical details to support measuring return on investment.

Who is taking this course?

- » Commercial and corporate lenders
- » Commercial and corporate relationship managers
- » Commercial and corporate loan analysts

- » Commercial and corporate loan underwriters
- » Certificate in Commercial Credit candidates

Problem Loans is on the learning pathway for the Certificate in Commercial Credit.

Making sound credit and lending decisions is a crucial aspect of day-to-day banking operations. Reducing risk and exposure to problem loans and acting proactively when these loans arise are necessary skills for individuals working in commercial credit. Moody's Analytics Problem Loans teaches adherence to institutional risk policy and how to determine next steps when default is unavoidable. Advance your career by improving your decision quality, consistency, and transparency.

Problem Loans

Pre-course Diagnostics

Deteriorating Credit

Problem Loans

Roles and Responsibilities

Early Warning Signs

Collateral, Guarantees and Covenants

Collateral

Guarantees

Covenants

Communication with the Client

Restructuring

Restructuring Process

Taking Control

Action Plans

Case Study Exercise

Learners will analyze a company to detect signs of deteriorating credit and plan an appropriate path of action.

Final Assessment

This course can be completed in 8 to 10 hours.



LEARN MORE

Learn more about Moody's Analytics industry-leading learning solutions. Contact us at elearning@moodys.com or visit us at www.moodysanalytics.com/learning.

www.moodysanalytics.com/learning

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