

Moody's Training Services Group

Bank Credit Risk Analysis

A three-day course ~ US\$3,395 ~ 24 CPE Credits

Overview

This three-day seminar on "Bank Credit Risk Analysis" will deliver to participants the framework and tools necessary to analyze Bank Credit Risk, based on Moody's rating methodology. The course will offer a combination of short presentations, exercises, and case studies.

Learning Objective

On the completion of this seminar, delegates 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 regulation and the calculation of capital adequacy
- detect early warning signals of deteriorating credit quality
- analyze various elements of regulatory capital, including hybrid securities

Who Should Attend

This seminar is designed for investment and commercial bankers, credit analysts, regulators, central bankers, fixed-income professionals, bond researchers (both buy and sell sides), correspondent banking officers, corporate treasurers, and relationship managers involved in overseeing exposures to or for investments in banks. Due to the intensive nature of this seminar, some pre-course reading will be essential.

Program Level: Intermediate

Prerequisites: Suggested one-two years experience in a financial institutions analysis function.

Advanced Preparation: Research documents providing background to the case studies that will be used during the course presentations.

Delivery Method: Group-Live

Program Content

DAY ONE

- ▶ ▶ **Session 1: Moody's Investors Service Rating Methodology and Process**
- ▶ ▶ **Session 2: Introduction to the Banking Industry**
 - How banks differ from corporations
 - Exercise: Lessons to be learned from bank failures
- ▶ ▶ **Session 3: The Operating Environment**
 - Sovereign environment: macro economic, political, legal and social issues
 - Regulation, supervision and support
 - Industry structure and the nature of competitors and their delivery
 - Exercise: Compare and contrast the impact of the operating environment on the profitability and asset quality of the banks in two countries
- ▶ ▶ **Session 4: Basic Accounting for banks**
 - A review of the balance sheet, income statement, notes to the accounts, off-balance sheet items, derivatives etc.

DAY TWO

- ▶ ▶ **Session 5: Earning Power**
 - Earnings as key determinant of long-term success
 - Quality of earnings: sources and stability of income
 - Ratios which measure levels of profitability and efficiency
 - Case Study: Determining Recurring earning power
- ▶ ▶ **Session 6: Risk Profile and Risk Management (Credit, Market, Agency, Reputation, Legal risks)**
 - Credit risk: Asset quality in the loan portfolio and investments
 - Credit, counterparty and product risk
 - Securitization and credit derivatives
 - Case study: Analyzing the quality of the loan portfolio and investments
 - Market risk of the trading book and derivatives
 - Measuring market risk: Value-at-Risk, back-testing and stress testing
 - Case Study: Assessing market risk of the trading portfolio and derivatives
 - Market risk: Asset and Liability management, liquidity and composition of funding
 - Other risks: Legal, operating and agency risks
 - Case study: Measuring the bank's liquidity and funding base

DAY THREE

- ▶ ▶ **Session 7: Economic Capital**
 - Importance of capital for bank credit risk
 - Capital adequacy - Basel Accord, BIS ratios for credit and market risk, risk weighting of assets
 - How regulations on capital adequacy drive business decisions, e.g. the growth in issuance of hybrid securities.
 - Proposed new capital adequacy requirements ("Basel II")
 - Moody's assessment of hybrid securities that qualify as regulatory capital
 - Economic vs. regulatory capital
 - Case Study: Analyzing the level of economic capital
- ▶ ▶ **Session 8: Franchise Value**
 - Definition of franchise value and why it is used in Analyzing banks
 - Banking system driven vs. financial institution driven franchise value
 - Franchise value as an indicator of market leadership and performance
 - Case Study: Franchise Value
- ▶ ▶ **Session 9: Ownership and Governance**
 - Shareholders' influence on a bank's creditworthiness
 - Shareholders influence on corporate governance
 - Ownership trends and the role of shareholders
 - Case Study: Ownership and governance
- ▶ ▶ **Session 10: Management Strategies**
 - Moody's approach to assessing management's strategic goals and management culture
 - Alternative evaluation of management's strength and weaknesses
 - Case Study: Concluding assessment of management's influence on Bank strengths and weaknesses as compared to the opportunities and threats resulting from the operating environment



Registration Instructions

Bank Credit Risk Analysis

I wish to attend the following training:

- Hong Kong, May 7-9, 2008, US\$3,395
- Sydney, May 12-14, 2008, US\$3,395
- Singapore, June 18-20, 2008, US\$3,395

How Did You Hear About The Training?

- Advertising
- Website
- Email
- Colleague
- Moody's Event
- Moody's Rep
- Mailing
- Internal Dept

Registration / Questions / Cancellations

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If you are interested in other credit training seminars, please visit our website at www.moody's.com/trainingservices

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Moody's Analytics

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Fees: The fee for each seminar is per participant, inclusive of refreshments, lunches and seminar materials. Course fees do not include applicable tax, transportation or hotel accommodations. Preferential rates may be available; please mention our seminar when booking with the hotel. Payment must be received in full at least 30 days prior to the start of the seminar.

Special prices (participants are only eligible for one of the following):

- 10% reduction when an individual registers more than 60 days or more prior to the commencement of a seminar
- 10% reduction when 2 or more individuals from an organization register for the same seminar
- 10% reduction when an individual registers for more than one seminar at a time

Cancellation Policy: Cancellations may be made up to 30 days in advance of the seminar, after which date refunds cannot be given. Notification must be received in writing by letter, fax or email. In the event of a participant not being able to attend, a substitution may be made at no extra cost. We reserve the right to amend the prices, or cancel a seminar at any time.

Refund Policy: For further information on our refund and compliant policy, please contact us at one of the numbers above. 0808