



CREDIT RISK AND CASH FLOW ANALYSIS INSPIRING CASES

VIRTUAL CLASSROOM - ORGANISATION SHEET

Context & Objectives

Banks play a crucial role in allocating financial resources. Many companies in a country are dependent on the loans and credit facilities that banks provide. Meeting the demand of these companies for financial resources in a sustainable way will support social and economic developments. The workshop is intended to help future and current loan providers, investors and credit analysts to do their job efficiently and thoroughly. After finishing the workshop, all participants should be able to:

- Systematically determine the operating and financial strength of a specific borrower (a company). Linking operational and financial issues gives a strong analysis and protection against unreliable financials and weak business plans. Finally, the participants will be able to judge level & predictability of **future cash flows** and to assess a risk rating by hand.
- **Help the borrower** to set reasonable goals in terms of financial condition and growth and using a strategy when a borrower is facing financial difficulties.
- Give **concise and clear conclusions** and recommendations to credit committees/management.

Methodology

Real-life business cases and group exercises to apply knowledge and skills into practice. Interactive classroom discussions to exchange experiences. And a "Toolbox" that can be used as a reference both in the classroom and at home.

Target group

The workshop is addressed to professionals involved in extending and monitoring business loans and who are interested in tricks and tips to improve their efficiency. Both senior and junior staff will enjoy the real-life examples and the lively discussions. It is exciting and fun. Pre-requisite: Knowledge about the basics of accounting.

Language

English (without translation)

Participants

Between 8 and 16 participants

Expert

Mr Erik de Jong has worked with ING Bank for 22 years in the area of credit risk management as full time trainer, manager and analyst. Since 2010, he has been a freelance trainer and external consultant to the House of Training Luxembourg / ATTF.

Place & Date

Virtual Classroom. You will receive the information about the platform and the links to join and test in advance.

4 days training divided as follows: 6, 7 July + 13, 14 July

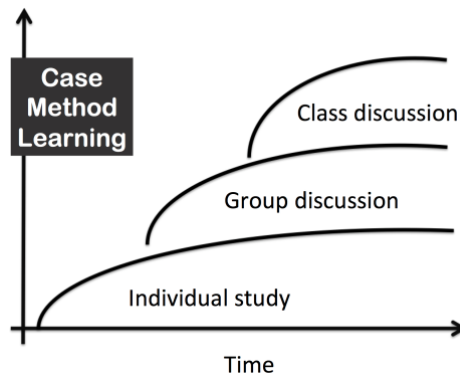
For both sessions: from 9am to 4.30 pm with 60 min lunch break and some coffee breaks to be defined together with the trainer at the beginning of the training.





CREDIT RISK AND CASH FLOW ANALYSIS

INSPIRING CASES VIRTUAL CLASSROOM CONTENT



SUBJECTS

Our goal is to judge the level & stability of **future cash flows** of a company and to assess its creditworthiness. The following subjects are needed to make this judgment and will be covered in the workshop:

- Identifying warning signals in the cash flow statement
- Measuring the debt burden
- Judging liquidity
- Preparing a financial projection to assess future cash flow quality
- Drafting an industry analysis
- Assessing management quality and reliability of financial information
- The impact of the corporate strategy and business plans
- Parent/subsidiary issues and structure risks
- Assessing a risk rating by hand (=not by computer)

WHEN IS THE WORKSHOP **NOT** USEFUL?

Cases about small, medium-sized and big companies are part of the program. The lessons learned are **not** useful to analyse very small / micro companies, financial institutions and commodity traders. The participants' list of your institution can be discussed in advance to ensure that everyone will benefit.





DAY 1

The toolbox

A practical analytical framework for credit analysis that includes analytical tools and techniques

Cash flow analysis

The importance of cash flows, calculating cash flows and identifying warning signals

Debt burden and liquidity

Refreshing this part of financial analysis as well

Industry analysis and "Product Life Cycle ↔ Cash Flows"

Two useful tools to assess the Business Risks, which is part of the operating strength of a company

Case "A profitable retailer still going bankrupt"

What went wrong?

DAY 2

Financial projection "Back to the Future"

How to make a financial projection: We go back in time and find a solution how we could avoid the bankruptcy of the retailer

Bad Loans: Voluntary Debt Restructuring

The World Bank & U.N. about out-of-court debt restructuring, discussions

Case "A Wholesaler with a Need for Growth"

Will its strategy actually work?

Management's Attitude & Reliability of Financials

Learning an easy and effective tool to assess these items & warning signals

DAY 3

Case "Company Easy Bikes Ltd. is being sold"

Are the financials reliable? What do you think about the business risks? Are the owners "on the hook"?

Maintaining an efficient credit process

Writing tips & how to co-operate

Case "Engineering & Agriculture"

Do we accept this new customer?

Case "Technological Disruption in the car industry"

What is the impact on two selected companies?

DAY 4

Case "A Franchise Organisation & Aggressive Management"

Find the warning signals

Parent/subsidiary issues and structural subordination

Theory & small exercises about analysing our priority of claim to the borrower

Case "Change of Ownership of a Transport Company"

Group exercise & presentations to the Credit Committee

Conclusions & Evaluation

Your findings

Remark: By delivery date, any training documentation shall be subject to regular reviews and updates amending the table of content as described herein.

* One of the core values of the House of Training is pragmatism, the training it provides is therefore: practical, current, modular and targeted. Bank and finance professionals from all disciplines are facing one international challenge in particular, which is to work together to improve the quality of services while reducing costs, within a framework that is increasingly subject to strict regulations and the use of technology. In order to face the challenge of delivering fully-adapted training programmes, the House of Training uses a quality management method that it calls "Quality Circles", that bring together professionals and practitioners from the financial sector with shared goals, philosophy and passion for learning. Our quality circles have an intimate knowledge of the real needs in the industry and collaborate actively with the House of Training to integrate this understanding into our programmes.

