

## **FUNDAMENTALS OF CREDIT ANALYSIS**

Monday 6th - Friday 10th October 2008

**35 HOURS OF CONTINUING PROFESSIONAL DEVELOPMENT**

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### **Overview**

This course provides participants with a solid foundation of skills that help reach sound, reliable judgments of company creditworthiness. Applying a structured framework, delegates will be able to identify and assess key qualitative and quantitative factors determining credit risk. Financial performance, as measured through the analysis of a borrower's financial statements, is a critical indicator of the degree of risk in a credit relationship. Yet, there is a natural tendency to focus only on "the numbers" during the credit analysis process. It is easy to overlook that financial ratios are the consequences of management decisions and actions within the framework of a company's competitive market environment and trading cycle.

The course looks beyond just the numbers to evaluate cash generating ability, market conditions, management effectiveness and collateral security. It focuses on those areas that collectively build the foundation for sound analytical skills and techniques, such as accounting issues, financial risk assessment, management risk assessment, and industry/market risk assessment.

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### **Who Should Attend**

The course is aimed at all those who would like to acquire a solid foundation of credit skills, and/or those who simply need a "refresher" of their existing skills. Delegates could come from a broad range of backgrounds, such as:

- Commercial credit analysts
  - Commercial lenders, loan officers, relationship managers
  - Investment bankers
  - Investors
  - Other financial professionals
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## Objective

On completion of the course, delegates will be able to:

- Apply a structured framework to the credit analysis process.
  - Assess the role of management in the financial performance of a company.
  - Understand financial statements, their structure and composition, as well as basic accounting concepts and principles.
  - Calculate and interpret key ratios used to evaluate the repayment prospects of a company.
  - Understand the basic principles of accrual versus cash accounting.
  - Determine cash movement dynamics and ascertain its importance in the analysis process.
  - Summarize a borrowing request's key risks and communicate them effectively
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## **DAY ONE**

### Introduction

- The Structured Approach to Credit Analysis
- Nature and Types of Businesses

### Group Exercise

### The Qualitative Analysis

- Examining the global environment
- Examining Industry/Market Risk
- Examining Management Risk

### Group Exercise

## **DAY TWO**

### Understanding Financial Statements

- The Annual Report
- Structure and Content
- Accounting Principles
- Understanding Key Balance Sheet & Profit & Loss Account issues.

### Group Exercise

### Financial Analysis

- Ratio Analysis
- Types of Ratios
- Ratio calculation
- Structured Approach to Ratio Analysis
- Asset Conversion Cycle

### Group Exercise

## **DAY THREE**

### Financial Analysis (continued)

- Ratio Analysis
- Types of Ratios
- Ratio calculation
- Structured Approach to Ratio Analysis
- Asset Conversion Cycle

### Group Exercise

## **DAY FOUR**

### Cash Flow Analysis

- Cash Flow Construction and Analysis
- Defining the difference between cash and profit
- Formats of cash flow statements
- Constructing a cash flow statement.

### Group Exercise

- Cash Flow Management
- Interpreting the movements in cash with different cash flow formats

### Group Exercise

### Collateral Security

- Types
- Role
- Risks
- Monitoring

## **DAY FIVE**

### Projections and the Credit Decision

- The importance of projections
- How to complete a balance sheet, profit & loss and cash flow projection

### Group Exercise

### Putting it all together - preparing a loan proposal

- Structured risk approach
- Industry/Market analysis
- Management analysis
- Business analysis
- Financial analysis
- Cash Flow analysis
- Projections
- Repayment capacity

THE FACILITATOR:

TOM LAWTON  
ACIB

Tom Lawton is a highly experienced programme director and trainer who specializes in running credit risk workshops. The majority of his career was spent with Barclays and standard chartered bank between 1974 and 1989 working predominantly in lending, marketing and training both at branch and head office.

He is a visiting fellow at the Manchester business school and his client list extends over Asia, Europe, Africa and the United Kingdom providing lending courses to major banks in these areas – Bank of Ireland, Bank of Scotland, ING bank, Citibank Sri Lanka, National Bank of Kenya, National Bank of Dubai etc.

He established his own business in 1989, specializing in providing practical solutions to Strategic and Credit issues for financial institutions globally. Tom has designed and run training courses in Credit Analysis, Business Strategy, Strategic Planning and Implementation, Bank Analysis, Relationship Management and Negotiation Skills. In 1998 in conjunction with PW Computing Ltd he assisted in the design and creation of a financial analysis expert system. By using associates with over a hundred years banking experience the design team developed FinAleS which as well as being an expert system is also a training aid and assists with enhancing customer relationships. The FinAleS system is currently being used or under pilot in banks in UK, Ireland, UAE, Sri Lanka and Africa.

Tom has run programmes all over the world, tutoring more than seven thousand participants, from over one hundred different nationalities on four continents. In May of this year they completed their one hundredth course in Africa.

## FUNDAMENTALS OF CREDIT ANALYSIS

Monday 6th - Friday 10th October 2008  
8:00am - 4:00pm

### REGISTRATION FORM

NAME:

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JOB TITLE:

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COMPANY NAME:

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COMPANY ADDRESS:

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PHONE:

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FAX NO:

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E-MAIL ADDRESS:

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SIGNATURE:

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COURSE PRICE: **US\$1,700.00**. This covers the cost of tuition, course materials, lunch and refreshments.

**In order to ensure that you have a booked place, you must complete and sign the registration form signifying your confirmed attendance at the above seminar and payment in full.**

CANCELLATION POLICY

A participant's cancellation is in effect immediately upon notice to CDN without penalty on or before **September 26<sup>th</sup>, 2008**. A cancellation fee of 50% is applicable after this date.

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