



Skopje, Macedonia, March 27-30, 2017

## CREDIT ASSESSMENT AND CASH FLOW ANALYSIS

### 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.
- Judge and safeguard the bank's priority of claim to the borrower.
- Give 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

Middle management in charge of credit activities and credit officers in front, middle and back office, like relationship managers, account managers and analysts, credit inspectors and auditors.

#### Language

English (without translation)

#### Participants

A maximum of 25 participants (with maximum 25% of Central Bank representatives)

#### 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 is freelance trainer and owner at Dies Novus Training.

#### Place & Date

Skopje, March 27-30 (Monday to Thursday), 2017 (4 days).

**Full attendance during all days is required: Inform your manager + arrange your work properly!**



HOUSE OF TRAINING



THE GOVERNMENT  
OF THE GRAND DUCHY OF LUXEMBOURG



Skopje, Macedonia, March 27-30, 2017

---

## CREDIT ASSESSMENT AND CASH FLOW ANALYSIS

### CONTENT

---

#### **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*

##### **Profitability, 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”**

*Group exercise*

##### **Bad Loans: Voluntary Debt Restructuring**

*Discussions, literature and exercise about out-of-court debt restructuring*

#### **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*

##### **Ready for expansion?**

*Too often clients think that growth is a solution for everything: When is a borrower ready for expansion?*

##### **Card-game**

*Test each other's knowledge: The cards contain questions and answers*

##### **Case “A Wholesaler with a Need for Growth”**

*Group exercise*

##### **A tool about “Important Management Skills”**

*Learning an easy and effective tool to assess the quality & attitude of management*

##### **Reliability of financial information**

*Warning signals?*

#### **DAY 3**

##### **Case “Company Easy Bikes Ltd. is being sold”**

*Group exercise*

##### **Writing a clear & concise credit proposal**

*Tips & tricks*

##### **Parent/subsidiary issues and structural subordination**

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

##### **Collateral and covenants**

*Classroom discussions about controlling the relationship with the borrower*



HOUSE OF TRAINING



THE GOVERNMENT  
OF THE GRAND DUCHY OF LUXEMBOURG



## **Feedback to colleagues**

*How to give feedback to maintain an efficient credit process*

### **Case "A Franchise Organization Trying to Survive"**

*Group exercise: Presenting your analysis + giving feedback to each other*

## **DAY 4**

### **Country risks**

*Free sources of information*

### **Case "Change of Ownership of a Transport Company"**

*Group exercise: Presenting your analysis + giving feedback to each other*

### **Do's & don'ts for small & medium sized companies**

*Classroom discussions*

### **Game "Which Asset Conversion Cycle Belongs To Which Company?"**

*Looking behind the figures*

### **Case "Two manufacturers using different strategies"**

*Group exercise: Presenting your analysis + giving feedback to each other*

### **Presentations to the Credit Committee**

*The final exercise*

### **Conclusions & Evaluation**

*Finish*