



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

Virtual classroom - Distance interactive learning via ZOOM.

The methodology is based on a combination of theory, interactivity, teamwork and role games (will be further developed in the face-to-face trainings).

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

Bankers located in North Macedonia

The workshop is created for 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

Participants

Max. 15 participants

Expert

Mr Erik de Jong has worked with ING Bank for 23 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.





HOUSE OF
TRAINING



Place & Date

Virtual Classroom using Zoom – You will receive the information about the platform in advance.

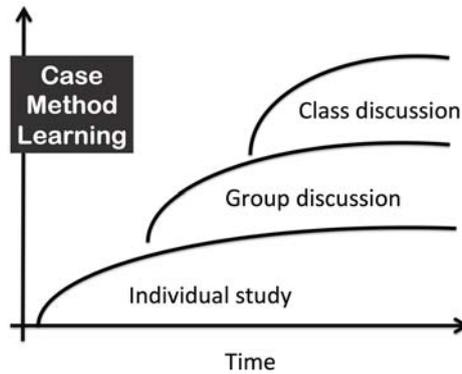
4 days training: March 3, 4, 7, 8.

From 9:00 to 17:00 with 1 hour lunch break.

Platform

ZOOM





SUBJECTS

- 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
- 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.

PROGRAM OVERVIEW

DAY 1

The toolbox

A practical analytical framework and a 10-step approach

Cash flow analysis

Calculating & analysing cash flows and identifying warning signals

Measuring the debt burden and liquidity

How to do it properly

Industry analysis and "Product Life Cycle ⇔ Cash Flows"

The impact of the type of business on future cash flows

Case "A profitable retailer going bankrupt"

What went wrong?





DAY 2

Financial projection “Back to the Future”

We go back in time and find a solution to 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?

Ready for expansion?

When is a borrower ready for expansion?

DAY 3

Management’s Attitude & Reliability of financials

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

Case “Company Easy Bikes Ltd. is being sold”

Are the financials reliable?

Case “A Franchise Organization & Aggressive Management”

The impact of management on financials and risk profile

Maintaining an efficient credit process

Writing tips & how to co-operate

Case “Technological Disruption in the Car Industry”

Life cycle issues & technological S-curves

DAY 4

Case “Engineering & Agriculture”

Do we accept this new customer?

Case “Change of Ownership of a Transport Company”

Why did the bank finance this marginal business?

Conclusions & Evaluation

Your findings



Tips how to use ZOOM

YOU NEED A SOLID INTERNET CONNECTION

- ✓ Test your video + speakers + microphone here: <https://zoom.us/test>

TIP: WORK FROM HOME + YOUR HOME COMPUTER

- ✓ Less distraction
- ✓ The firewall, security, or network at your employer can be a problem

TRY THE FOLLOWING TO IMPROVE YOUR INTERNET CONNECTION:

- ✓ Use a wired connection to your router if possible (instead of WiFi)
- ✓ Disconnect other devices on your local network that may be using up bandwidth (like Netflix or gaming)
- ✓ Use "Speaker View" instead of "Gallery View" during the lecture
- ✓ Quit other applications on your computer
- ✓ Try another browser

PREFERRED HARDWARE

- ✓ Desktop or laptop => big screen + keyboard
- ✓ Headset or earplugs with microphone => to avoid echo + circular sounds

CHECK YOUR BANK'S IT POLICY

If you are connecting from your workplace, you might need to check that your IT policy allows you to access Zoom platform. It is possible that your company's cyber security policy could impact the proper functioning of the virtual classroom or other web conferencing tools. We therefore advise you to **contact your IT department** and inform them that you will be taking the on-line training course.

**Show your face
during the workshop**

