

FINANCIAL TRAINING

P A R T N E R S

MBA Credit Seminar Credit Analysis, Products & Structuring (“CAPS”)

Seminar objectives

This 5-day seminar is a short version of the classic bank credit training program. It covers how to analyze a company’s business and financial condition in order to quantify debt capacity and default risk. It also reviews the characteristics of the major debt products and teaches how to match borrower needs with financing products. Finally, it addresses how to structure repayment schedules, assess intercreditor priority, and evaluate and structure covenants and other creditor protections.

Seminar outline

Business risk analysis

- Cyclicalities: economic, industry, seasonality
- Competition: industry condition, market share, economies of scale
- Evaluating management

Financial risk analysis

- Target capital structure: getting beyond WACC
- Debt capacity: strategic uses and constraints
- Liquidity and financial flexibility
- Market risk: currency, commodity, interest rate

Ratio and cash flow analysis

- Ratio uses and limitations: leverage, coverage, profitability, activity
- Cash flow measures; getting beyond EBITDA
- Adjusting ratios and cash flows for non-recurring and off-balance-sheet items
- Interpreting ratio and cash flow trends and levels

Credit ratings

- Defining and using credit ratings
- Assigning a credit rating
- The impact of company size on risk analysis

Debt products

- Loan capital markets: line of credit, revolver, letter of credit, term loan
- Debt capital markets: commercial paper, bonds, 144A, private placement
- Structured credit products: securitization and credit derivatives
- The loan and bond underwriting process

Debt pricing

- Loan and bond pricing structures
- Money market products and rates
- Interest rate swaps: objectives and mechanics
- Relative value: comparing fixed and floating debt products

Debt structuring

- Identifying financing needs and sources of repayment
- Matching borrower needs with debt products
- Sizing the revolver, term loans, bonds, and mezzanine finance
- Setting repayment schedules

Intercreditor priority

- Collateral benefits and limitations
- Subordination: contractual, structural, effective
- Issuer vs. issue credit ratings

Defaults and remedies

- Standard defaults
- Creditor rights after a default
- What really happens

Covenants and other debt provisions

- Matching covenants to risks
- Setting financial covenant levels
- Other debt provisions
- Loan vs. bond covenants

Materials

Seminar participants will receive the Financial Training Partners *Credit Desk Reference Set*, including *Notes* and *Job Aids* from the Financial Training Partners *Essentials of Finance* series covering all of the topics in the seminar. In addition, participants will work on several case studies during the seminar.

Prerequisites

Before attending this seminar, participants should be proficient with the structure and content of corporate financial statement, including footnotes, and be proficient in creating and using corporate financial forecasts.

Financial Training Partners

We are an independent training firm that works with leading financial institutions around the world to help them take, manage, and profit from financial risk. For more information about our seminars and learning materials, contact us at carleton@fintrain.com. To learn more about Financial Training Partners and how we can help with your training needs, visit us at www.fintrain.com and read our blog at www.commentsoncredit.com.