



Australia  
**Ratings**

# Credit Risk Workshops

A series of two-hour modules providing a comprehensive overview of the analysis of credit risk.

- COMPREHENSIVE
- SPECIALIST-DESIGNED
- CONCENTRATED
- SMALL GROUP SETTING
- TAILORED
- CASE STUDIES

Delivered by experienced specialists in credit risk assessments and research.

Our workshops are designed to leave participants with a solid foundation of knowledge of how debt and financial markets work, and how the evaluation of credit risk is undertaken.

All workshops are delivered by Australia Ratings' experienced credit analysts. We tailor our content and presentation style to suit a minimum of six and maximum of twelve participants.

The full course length is eight hours and can be delivered across a two-day period, or as four two-hour modules.

Each module covers a different element of debt and financial markets and credit risk. We cover topics including debt finance, credit analysis, industry risk, business risk, ratio analysis, capital structure, and risk-based pricing. Case studies are used to support learning.

Details of each module are available overleaf.

## MODULE ONE

### Introduction to Debt Finance

- Traditional providers of debt
- New providers of debt
- What differentiates the traditional providers of debt?
  - Information asymmetry
  - What is information asymmetry?
- What differentiates new providers of debt?
  - Can the new providers deal with information asymmetry?
  - Case studies
- How do you deal with information asymmetry?
- What if it all goes wrong?
  - Exit strategies
  - Selling the business
  - Realising tangible security and guarantees
  - Liquidation

## MODULE TWO

### Introduction to Credit Analysis

- Expected loss, Probability of default, LGD, EAD
- Cashflow vs. asset lending
- Business risk vs. financial risk
- Capital markets, disintermediation
- Interest rates
- 6 C's of Credit

### Introduction to Industry Risk

- Industry cycles, structural change
- Industry reports – benefits/limitations

### Introduction to Business Risk

- Case study

### Introduction to Management and Governance

- Case study

## MODULE THREE

### Introduction to financial risk/ratio analysis

- Key credit measures, interpretation, strengths/weaknesses
- Cashflow forecasting/modelling
- Liquidity

### Introduction to capital structure

- Review of capital layers/debt types, from senior secured to hybrids/preferred stock
- Security types, covenants, documentation

### Sources of debt funding

- Banks, capital markets  
(commercial paper, MTN's, unsecured, secured, securitisation etc.)
- Leasing/other asset backed etc.
- Collateral/security type
  - Strengths/weaknesses
  - Ranking/subordination/structural subordination
  - Case study: Axesstoday

## MODULE FOUR

### Introduction to credit ratings

- Basic approach/methodology/interpretation

### Introduction to credit scoring models

- How they work, application, strengths, limitations

### Introduction to risk-based pricing

- Components of/building blocks of interest rates
- Term structure of interest rates/yield curve
- Using credit models/ratings to price transactions

### Preparation of a credit submission (cashflow based lending)

- Key areas to cover, format, length
- Other considerations