

HOW TO USE RISK ADVISOR™

OVERVIEW

Participants in this one-day, hands-on seminar will learn how to enter non-financial data in Moody's KMV Risk Advisor™, produce reports, and interpret the borrower rating information in Risk Advisor screens and reports.

Participants in the optional half-day Facilities Structuring seminar will learn how to input facilities information, interpret report and screen information, and calculate loss given default (LGD).

This seminar is offered on a client-specific basis and is generally customized as to topics and cases to reflect the client's configuration of Risk Advisor. It generally follows the two-day seminar on Moody's KMV Financial Analyst™.

This one-day course is available at client sites only. It may be customized to fit client needs.

WHO SHOULD ATTEND

How to Use Risk Advisor is designed for commercial and small business loan officers, credit analysts, loan review officers, and anyone else who uses or supports Risk Advisor. The prerequisite is a working knowledge of Financial Analyst and credit analysis concepts.

OBJECTIVES

Upon completion of this seminar, participants should be able to use Risk Advisor effectively in the financial risk assessment process by:

- Accurately entering non-financial data in Risk Advisor
- Viewing and interpreting borrower rating scores
- Accurately entering data in the facilities structuring module
- Viewing and interpreting facilities data
- Creating and viewing reports

TOPICS

- Risk Advisor Overview
- Entering Non-financial Information
- Interpreting the Borrower Rating
- Creating and Printing Reports
- Sustainable Growth Rate Calculator
- Case studies

OPTIONAL TOPICS

- Facilities Structuring overview
- Loss Given Default (LGD)
- Data entry
- Reporting
- Calculating LGD
- Case studies

MATERIALS:

Participants will receive the Product Use Training Guide for use during and after the seminar.

HOW TO USE RISK ADVISOR: AGENDA

HOW TO USE RISK ADVISOR: DAY ONE

8:30 – 8:45 Seminar Introduction

8:45 – 9:00 Risk Advisor Overview

- Expert system description
- Data input process
 - Financial Analyst data Passport
 - Subjective data
- Output overview
 - Borrower Rating
 - Facility LGD Grade

9:00 – 10:30 Borrower Rating Screen Discussion – Entering Information

- Help features
 - Menu bar Help
 - Screen help
 - Overview
 - Clarify
- Meters and Bank Scales
- Alerts
- Advisories
- Notes
- Analysis Information
- Date Selection Screen
- Financial Assessment Detail
 - Operations subjectives
 - Liquidity subjectives
 - Capital Structure subjectives
- Business Analysis Detail
 - Industry Risk
 - Management Quality
 - Company Standing

10:30 – 10:45 Break

10:45 – 11:45 Borrower Rating Screen Discussion – Interpretation

- Assessments
 - Meters
 - Ordinal numbers
- Financial Assessment Summary
- Financial Assessment Detail
 - Peer Data/Assessments selection
 - Expected Default Frequency Credit Measures (EDF's)
 - Operations
 - Liquidity
 - Capital Structure
- Debt Service Analysis
- Cash Flow Management
- Business Analysis Summary
 - Industry Risk
 - Management Quality
 - Company Standing
- Projected
 - Financial Index Summary
 - Financial Index Detail
 - Debt Service Analysis
 - Cash Flow Management
- Borrower Rating Summary – Strengths/Weaknesses

11:45 – 12:00 Archive

12:00 – 12:15 Credit Analysis Comments

12:15 – 01:15 Lunch

1:15 – 1:45 Reports

- Creating reports
- Moving between reports
- Printing reports

1:45 – 2:00 Sustainable Growth Rate Calculator

2:00 – 4:15 Group Case Studies – non-financial data entry and interpretation (break included)

- Case 1
- Case 2
- Case 3

HOW TO USE RISK ADVISOR: DAY TWO

8:30 – 9:00 Facilities Structuring Overview

- Loss Given Default (LGD) Grade
 - Facility level
 - Customer level
- LGD Calculation Summary
 - Exposure At Default (EAD)
 - Credit Risk Mitigants (CRM) coverage
 - LGD
 - Expected Loss (EL)
- Data entry overview
 - Transactions
 - Facilities
 - Credit Mitigants
- Creating reports

9:00 – 9:45 Facilities Structuring – Class Exercise

- Data entry
- Screen interpretation

9:45 – 10:00 Break

10:00 – 11:00 LGD Calculations – Class Exercise

- Trainer lead demonstration of the calculation of EAD, CRM coverage, LGD, and EL using the data entered in the Facilities Structuring - Class Exercise segment.

11:00 – 11:30 Facilities Structuring – Group Exercise

In small groups:

- Enter facility and Credit Risk Mitigant data.
- Explain resulting information to the class.

11:30 – 12:30 LGD Calculations – Group Exercise

In small groups:

- Calculate EAD, CRM coverage, LGD, and EL using the data entered in the Facilities Structuring - Group Exercise segment.
- Compare calculation results to the Facilities Structuring output.

12:30 – 12:45 Summary and Evaluation