



Agenda includes

- Building analyses using a CAMELS framework
- Understanding the risk profile behind a bank's liquidity and capital ratios
- Evaluating the credit quality of asset portfolios

Fundamentals of Bank Credit Analysis

December 1-2, 2010
Downtown Conference Center
New York, NY



Fundamentals of Bank Credit Analysis

The need for **credible, independent judgments** on the **creditworthiness and solvency** of depository institutions is greater than ever. *Bank Credit Analysis* from SNL Financial presents **proven methodologies** that will allow you to produce an **informed evaluation of the impact** of a bank's credit risk **on investment, lending and acquisition** decisions.

Presented by SNL Center for Financial Education, an affiliate of SNL Financial.
Website: www.snlcenter.com

▶ When and Where

December 1-2, 2010

Downtown Conference Center, 157 William Street, New York, NY

▶ How to Register

Online: www.snlcenter.com/bca

By phone: **(434) 951-7786**

▶ Program Fee

\$2,195 Discounts available for groups of three or more (call for details).

Includes all conference materials, as well as continental breakfast and lunch both days.

We welcome American Express, Visa, MasterCard and checks. Please make checks payable to SNL CFE and remit to: SNL CFE, PO Box 2016, Charlottesville VA, 22902

▶ Accommodations

Lodging is not provided as part of this program, however a list of hotels near the Downtown Conference Center can be found on the Location page of the program website:

www.snlcenter.com/bca

▶ Cancellations

- By Wednesday, November 10, 2010: Full refund, less a \$150.00 administrative fee.
- By Wednesday, November 24, 2010: Full credit, less a \$150.00 administrative fee, toward attending another SNL CFE program within 13 months.
- After Wednesday, November 24, 2010: Not eligible for refund or credit.

Attendee substitutions from the same company are welcome at any time.

▶ About SNL Center for Financial Education

An affiliate of SNL Financial, SNL Center for Financial Education (CFE) is the leading provider of sector-specific programs for professionals who focus on banking, insurance, power and utilities, real estate and media.

More than 10,000 professionals have attended CFE events, including industry executives, investment bankers, securities analysts, asset managers, institutional investors, corporate development officers, investor relations professionals and industry regulators.

Speakers for our events are drawn from the ranks of acknowledged experts with the goal of exposing participants to a variety of perspectives and approaches. Website: www.snlcenter.com

DAY ONE - *Wednesday, December 1*

Registration with continental breakfast opens at 7:30 a.m.

8:30 The Economic and Regulatory Environment

Summary of the events leading to the current financial crisis · Political and economic ability of government to manage the crisis, particularly bank closings · Ratings agencies and their role · The regulatory bodies and the changing regulatory environment

Overview of Bank Credit Analysis

An overview of the banking sector · Lines of business and geographic distribution · Peer group comparisons

Key Drivers in Assessing a Bank

An introduction to the critical components of financial strength · CAMELS and risk management

10:00 Refreshment Break

10:15 Qualitative Assessments of Management, Strategy and Structure

Management experience and the ability to articulate vision and mission, and to execute a successful strategy · Ownership structure of the bank; the impact of stakeholders on performance · Sources of competitive advantage; the diversity of products, businesses and customers · Franchise value, market share and other key drivers of performance · Evaluating local market conditions

12:00 Lunch

1:00 Quantitative Assessments of Capital and Asset Quality

Composition and quality of capital: reported book equity, adjusted common equity, hybrid capital, economic versus regulatory capital · Key drivers of capital: earnings, asset valuation, capital raising · Risk weighted assets: Basel I vs. Basel II approach · Key ratios: tier one and total capital, leverage, core capital and others · Asset mix by type: low risk assets, government paper and inter-bank deposits, higher risk loans and investment securities, off balance sheet items, and credit derivatives · Individual asset considerations: size, maturity structure, book versus market value, economic sector, collateral, customer base and concentration · Loan portfolio management: monitoring and analysis, problem loan characteristics, adequacy of loan loss provision versus charge-offs · Indicators of risk appetite

3:00 Refreshment Break

3:15 Case Study: Assessing Management and Capital

Day One concludes at approximately 5:00 p.m.

DAY TWO - *Thursday, December 2*

Continental breakfast opens at 7:30 am

8:30 Quantitative Assessment: Earnings, Profitability and Liquidity

Components of earnings: net interest margin, fees and commissions, trading profits · Quality of earnings and performance risk: core versus non-core, operating expense trends, extraordinary events · Earnings ratios and measures: return on average assets, return on average equity, pre-tax margin, net interest margin, fee income, efficiency ratio · Composition of bank's funding sources, on and off balance sheet treatment for securitization · Funding stability and liquidity · Internal reserves as a source of liquidity and funding · Ability to access various funding markets and raise capital from private and public sources · Liquidity facilities at central bank · Possibility of support from government or private shareholders

10:30 Refreshment Break

10:45 Case Study: Assessing Earnings, Profitability and Liquidity

12:00 Luncheon and Luncheon Address: A Debt Investor's Perspective

Guest speaker to be announced

2:00 Qualitative Assessment: Stress Testing and Risk Management

Evaluating an institution's ability to weather periods of stress · Lessons from the government's stress test · Monitoring and controlling exposure

Case Study: Assessing Portfolio Stress and Risk Management

3:15 Refreshment Break

3:30 A Conversation about Warning Signals

Excessive growth, over-concentration, volatile earnings sources, asset and liability mismatches, dependence on unstable funding · Symptoms of deteriorating credit standing: financial, non-financial and market indicators

Developing a Rating: Conclusions and Discussion

Consolidating multiple analyses to develop a comprehensive assessment of an institution's creditworthiness

Day Two concludes at approximately 5:00 p.m.

► Primary instructor: Jonathan Golin

Lawyer, lecturer and international credit analyst, **Jonathan Golin** brings focus, insight and a lively teaching style to the subject of bank credit analysis.

A graduate of Harvard Law School, Jonathan practiced with major firms in California, Tokyo and New York. In 1990, took a position as a university lecturer in Japan before moving into a career change to investment research analyst, first for the Economist Intelligence Unit and later with Thomson BankWatch, widely regarded as the world's leading specialist bank rating agency.

Jonathan is the author of *The Bank Credit Analysis Handbook*, published by Wiley Finance, and has contributed to a number of regional publications, including the *Asian Wall Street Journal*.

Guest instructor to be announced

► Who should attend

- Buy- and sell-side sector analysts
- Credit analysts
- Private equity investors
- Investment banking analysts and associates
- Corporate development and corporate finance professionals
- Investor relations professionals
- Banking regulators and staff
- Advisors to financial institutions

► Continuing education credits



CFA Institute - 15 Hours of Professional Development Credit

SNL Center for Financial Education is registered with CFA Institute as an Approved Provider of professional development programs. This program is eligible for 15 PD credit hours as granted by CFA Institute. If you are a CFA Institute member, credit for your attendance at this event will be automatically recorded in your PD Diary upon request.



National Association of State Boards of Accountancy - 17.5 Hours of CPE Credit

Participants who complete Bank Credit Analysis qualify for 17.5 hours of CPE credit. Program Level: Intermediate. Delivery Method: Group-Live. SNL Center for Financial Education, LLC, is registered with the National Association of State Boards of Accountancy as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors, 150 4th Ave N, Ste 700, Nashville, TN, 37219-2417. Website: www.nasba.org.

Bank Credit Analysis teaches the quantitative and qualitative factors and methodologies used to evaluate bank credit quality. Through lectures, complimentary case studies and hands-on analysis, participants leave with a knowledge of the techniques and perspective necessary to assess the creditworthiness and solvency of depository institutions so they can make an informed, independent decisions.

► What past attendees have said

“Easily more informative and useful than any other financial training course I’ve taken.”

“The quality of the program was excellent.”

“Instructors were knowledgeable and engaging.”

► You’ll learn how to...

- Use public information to **develop an assessment of** a financial institution’s **credit risk profile**
- **Assess** the **portfolio performance** and **management actions** underlying **key financial ratios**
- Get **insight** into the sources and **quality of funds** by analyzing **liquidity ratios**
- **Analyze** the **quality and adequacy of capital** by differentiating among the various capital ratios
- **Gauge** the impact of **the bank regulatory environment** and its influence on management decision making
- Consolidate your analysis to **separate the strong institutions** from those with deteriorating credit

This program presumes familiarity with basic bank accounting and finance concepts, as well as a working knowledge of financial institutions’ income statements and balance sheets. Intermediate spreadsheet skills are also necessary. Participants will need to bring a laptop computer equipped with Microsoft Excel.