Advanced SME Lending and Credit Risk Management Training Course



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4100 € (Per Person)

Ref: #BI7675_291713

Course Introduction / Overview:

The small and medium-sized enterprise (SME) sector is the backbone of global economies, yet lending to this segment presents unique challenges and significant risks. This course provides a comprehensive framework for mastering advanced SME lending strategies and robust credit risk assessment. It moves beyond traditional analysis to equip participants with the skills needed to navigate the complexities of SME finance, from initial client engagement to portfolio management and recovery. Drawing on principles from leading academics like Edward Altman, whose Z-score model revolutionized bankruptcy prediction, this program delves into both quantitative and qualitative risk evaluation. Participants will explore concepts discussed in seminal works on credit risk, learning to build and interpret sophisticated financial models. BIG BEN Training Center has designed this immersive experience to empower finance professionals to make sound lending decisions, structure profitable deals, and effectively mitigate potential losses. This training is essential for building a resilient and profitable SME loan portfolio in today's dynamic financial landscape.

Target Audience / This training course is suitable for:

- Credit Analysts and Officers.
- SME and Commercial Relationship Managers.
- Loan and Credit Administration Staff.
- Risk Management Professionals.
- Branch Managers in Commercial Banks.
- Portfolio Managers.
- Internal Auditors and Compliance Officers.
- Business Banking and SME Unit Heads.
- Financial Consultants specializing in SME finance.

Target Sectors and Industries:

- Commercial Banking.
- Investment Banking.
- Microfinance Institutions.
- Credit Unions and Cooperative Banks.
- Private Equity and Venture Capital Firms.
- Fintech and Digital Lending Platforms.
- Insurance Companies.
- Governmental Financial Agencies and Development Banks.
- Non-Banking Financial Companies (NBFCs).

Target Organizations Departments:

- SME Banking Department.
- Corporate and Commercial Banking.
- Credit Risk Management.
- Loan Origination and Underwriting.
- Portfolio Management.
- Special Assets and Loan Recovery.
- Internal Audit and Control.
- Compliance and Regulatory Affairs.
- Product Development for Financial Services.

Course Offerings:

By the end of this course, the participants will have able to:

- Conduct in-depth financial statement analysis specific to SMEs.
- Develop and apply robust credit scoring and risk rating models.
- Evaluate non-financial risks including management quality and industry trends.
- Structure complex loan facilities, including working capital and term loans.
- Perform accurate collateral valuation and assess its legal enforceability.
- Design and monitor effective loan covenants to mitigate risk.
- Identify early warning signs of credit deterioration in an SME portfolio.
- Implement strategies for managing non-performing loans and recovery.
- Understand the regulatory environment governing SME lending.
- Utilize cash flow forecasting for debt service capacity analysis.

Course Methodology:

The training methodology at BIG BEN Training Center is designed to be highly interactive, practical, and engaging, ensuring that participants can immediately apply their learning in the workplace. This course utilizes a blended approach that combines expert-led presentations with hands-on, practical exercises. A cornerstone of the program is the extensive use of real-world case studies, where participants will analyze actual SME loan applications, identify critical risks, and propose viable lending structures. Group discussions and syndicate work will encourage collaborative problem-solving and the sharing of diverse perspectives. Interactive workshops will focus on building financial models, performing sensitivity analysis, and simulating credit committee discussions. Role-playing scenarios will help participants hone their skills in client negotiation and managing difficult conversations. Continuous feedback from the instructor and peers is integrated throughout the five days, fostering a dynamic and supportive learning environment that bridges the gap between theory and practical application.

Course Agenda (Course Units):

Unit One: Foundations of the SME Lending Environment

- The economic significance of the SME sector.
- Understanding the SME lifecycle and financing needs.
- Key differences between SME and corporate lending.
- The regulatory framework and compliance requirements in SME finance.
- Identifying and segmenting the target SME market.
- Common challenges and opportunities in the SME lending landscape.
- Ethical considerations and responsible lending practices.

Unit Two: In-Depth Financial Analysis of SMEs

- Mastering the analysis of SME financial statements.
- Advanced ratio analysis and trend interpretation.
- Assessing the quality of earnings and identifying red flags.
- Comprehensive cash flow analysis and forecasting.
- Evaluating working capital cycles and financing gaps.
- Projecting debt service coverage ratios (DSCR).
- Conducting break-even and sensitivity analysis for SMEs.

Unit Three: Advanced Credit Risk Assessment and Mitigation

- Qualitative risk assessment: management, industry, and operational risks.
- Developing and implementing quantitative credit scoring models.
- Applying the Altman Z-score and other predictive models for SMEs.
- Understanding and quantifying default probability (PD) and loss given default (LGD).
- Techniques for mitigating credit risk through guarantees and insurance.
- Conducting thorough due diligence on SME borrowers.
- Integrating non-financial data into the credit decision process.

Unit Four: Loan Structuring, Covenants, and Collateral

- Structuring working capital finance facilities.
- Designing term loan structures and amortization schedules.
- The role and importance of effective loan covenants.
- Types of collateral and best practices in valuation.
- Legal aspects of perfecting security and collateral documentation.
- Advanced loan pricing strategies based on risk.
- Preparing and presenting a comprehensive credit proposal.

Unit Five: SME Portfolio Management and Problem Loan Recovery

- Principles of effective SME loan portfolio management.
- Monitoring portfolio concentration and diversification.
- Identifying early warning signals of loan distress.
- Classifying non-performing loans (NPLs) and provisioning.
- Developing effective strategies for loan workout and restructuring.
- Legal processes for loan recovery and asset realization.
- Managing the client relationship during the recovery process.

FAQ:

Qualifications required for registering to this course?

There are no requirements.

How long is each daily session, and what is the total number of training hours for the course?

This training course spans five days, with daily sessions ranging between 4 to 5 hours, including breaks and interactive activities, bringing the total duration to 20 - 25 training hours.

Something to think about:

In an era of digital disruption and fintech competition, how can traditional lenders adapt their SME risk assessment models to remain competitive while maintaining prudent credit standards?

What unique qualities does this course offer compared to other courses?

This course distinguishes itself by moving beyond theoretical credit analysis to provide a holistic and strategic perspective on the entire SME lending lifecycle. While many programs focus solely on financial statement analysis, this training integrates advanced qualitative risk assessment, sophisticated loan structuring, and proactive portfolio management techniques. It places significant emphasis on practical application, using real-world case studies that reflect the complex and often incomplete information associated with SME borrowers. Participants will not just learn to calculate ratios; they will learn to interpret them within the context of the business's strategy, industry, and management capabilities. Furthermore, the curriculum addresses the critical but often-overlooked areas of problem loan management and recovery, equipping professionals with the skills to mitigate losses effectively. The course fosters a strategic mindset, enabling participants to function not just as analysts, but as trusted financial partners who can structure deals that support SME growth while safeguarding the lender's interests in a competitive market.