

CENTRAL BANK OF EGYPT  
Egyptian Banking Institute



البنك المركزي المصري  
المعهد المصرفي المصري



**RISK**

# **PROFESSIONAL SME RISK MANAGER CERTIFICATION (PRMC)**

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## About the Certificate:

This certificate is designed to provide the following:

- Comprehensive knowledge and practical skills in managing credit risk and other associated risks within small and medium-sized enterprises (SMEs).
- The certificate aims to equip participants with the ability to identify, assess, and mitigate various financial risks, thereby enhancing their decision-making and strategic planning capabilities.
- This certificate aims to enhance participants' capabilities to identify, measure, and mitigate various types of risks that SMEs face, ensuring robust credit risk management practices.
- Also the certificate focuses on contemporary issues such as sustainability, ESG, climate change risks, and compliance with international regulatory standards, enabling professionals to manage SME portfolios effectively in a dynamic and complex financial environment.
- Additionally, it seeks to foster an understanding of regulatory frameworks, financial instruments, and risk management techniques specific to SMEs.

## Target Audience:

- Credit Risk Analysts and Managers: Responsible for assessing and managing credit risk within financial institutions.
- Banking and Financial Services Officers and Managers: Individuals working in roles related to lending, credit, and risk management in banks and financial institutions.
- SME Financial Officers and Managers: Who are involved in financial decision-making and risk management.
- Consultants and Advisors: Consultants providing advice on credit risk management to SMEs and financial institutions.
- Auditors and Compliance Officers and Managers: Ensuring adherence to regulatory standards related to credit risk.
- Finance and Accounting Officers and Managers: Individuals seeking to enhance

their understanding of credit risk and its implications for financial management.

## Course Objectives:

- Provide participants with a comprehensive understanding of the credit risk management principles and practices tailored to the SME sector.
- Enhance participants' skills in credit risk assessment and management, enabling them to effectively evaluate the creditworthiness of SMEs and manage the credit portfolio.
- Explain how to manage different types of credit risks- from Credit Agreements to Debt Recovery
- Understand credit risk and price modelling
- Provide participants with a comprehensive understanding of IFRS 9 and effect on SMEs
- Understand Basel principles and impact of risk
- Identify and explain the various risks associated with sustainable finance, climate change, and ESG
- Develop participants' expertise in operational and market risk management, ensuring comprehensive risk coverage across all aspects of SME operations.

## Course Outline:

### Module 1: The Credit Risk Environment

- Sources of Credit Risk.
- The key macro and micro-financial Factors behind, and drivers of credit risk.
- Impact of Credit Risk in Turbulent Waters (Geopolitical Tensions)
- Industry Analysis and Counterparty Risk.
- Credit Risk Strategy & Implementing Credit Limits.
- Credit Risk Assessment Framework.
- Concentration Risk & Exposure Limits.
- Diverse Credit Portfolio & Aggregate Group Position.



### Module 2: Measurement of SMEs credit risk and adverse outcomes

- Introduction to SME Lending
- Understanding the SME Credit Risk Profile
- Fundamental Analysis of Financial Statements (Focused on SME Credit Risk Evaluation).
- Improving & Evaluating the Cash Flow Cycle.
- Analyzing Financial Statements Techniques
- Common Accounting Manipulations and Red Flags
- Foundational understanding of credit risk principles
- Evaluating the Need for Finance for SMEs
- Financing methods and their risk implications
- International trade finance instruments and related Risks

### Module 3: Managing Credit Risk - from Credit Agreements to Debt Recovery

- Facility Structuring; Credit Agreements & Covenants.
- Monitoring & Controlling Credit.
- The Early Warning Signs and Dealing with Potential Bad Debts.
- Credit Protection Insurance (CPI).
- Collateral – from Taking to Realizing.
- Credit Derivatives – CDS & CDO's.

### Module 4: Modelling Credit Analysis & Price

- Credit Rating Systems.
- Credit Risk Modelling –
- Credit Scoring Models
- Distress Models
- Value at Risk (VaR) Models
- Risk-Adjusted Pricing – - RAP- RAROC in Credit Decisions.

- Stress Testing Credit – (Assessing the impact of changing market & economic conditions).

### Module 5: IFRS 9 Standards

- IFRS 9 Introduction
- Classification and Measurement of Financial Instruments
- Expected Credit Loss (ECL) Model
- Probability of default (PD) Estimation for SMEs Portfolios
- ECL Calculation and Measurement for SMEs
- Impairment
- Regulation & Supervision IFRS 9 Financial Instruments
- IFRS 9 Requirements & Reporting

### Module 6: Basel Accords

Introduce Regulations and Supervision: Basel principles – impact of risk

- Basel I
- Basel II
- Basel III
- Basel IV

### Module 7: Sustainability, ESG and Climate change risks

- Sustainability, ESG, and Climate Change Explained
- Overview of Risks in Sustainable Finance, Climate Change, and ESG
- Corporate Sustainability Instruments
- CBE Instructions and Guidance
- International Guidance and responsible Institutions.
- Impact of Sustainability ,ESG & Climate Change on SMEs
- Reporting
- Case studies



### Module 8: Operational and Market Risk for SMEs

- Introduction of operational and Market Risk for SMEs
- Framework of Operational Risk.
- Market Risk (interest rate risk, Foreign exchange risk, Liquidity Risk)

Study Tour (Optional)

### Participants will be assessed based on the following:

- 60% cut-off score.
- Participant must achieve 80 % of his/her attendance.
- 15% Post Exams (after each 4 modules )
- 25% Final Case

### Meeting with Experts

#### Benefits:

This course entitles participants to obtain 8.4 CEUs

#### Prerequisites:

- Minimum 3 years of experience in risk/credit field
- English language level must be intermediate

#### Certificate Duration:

100 Hours

#### Venue:

In-Class (Nasr City).



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