

Small and Medium Enterprises



5204-P25-VE



Virtual



220 hours

Course Description:

This certificate is designed to provide a Practitioner training to banking experts catering to the financial needs of small and medium enterprises. This Certificate enables bankers to get acquainted with the learning process by empowering participants to think broadly, manage globally and compete strategically. This certificate focuses on all aspects of Banking Credit whether short-term, medium-term or long-term, it also enables them to understand lending techniques for effective credit decisions.

Target Audience:

Entry-level staff who are currently in or potentially suited for SME responsibilities in banks, financial institutions, and companies.

Course Objectives:

- Understand the main principles of accounting.
- Understand the SME finance sector in Egypt.
- Understand the breadth and width of financial products that can be proposed to SMEs.
- Explain how to conduct financial and non-financial assessments of SMEs, analyze risks, and employ strategies to mitigate them.
- Understand the principles of financial statements analysis prepare balance sheets, income statements and cash flow projections, and be fully capable to analyze them, including with the use of a range of financial ratios.
- Understand how to analyze cash flow statement.
- Understand the SME facility structure and its main components.
- Understand the Loan Portfolio Management & Monitoring and Non-Performing Loans.
- Create an appropriate credit report to the credit committee, which includes facilities structure and recommendation.
- Justify the essential principles of trade finance.
- Understand and be aware of the legal aspects of credit and credit facilities.

Course Outline:

Module 0: Accountancy

Session One: Financial Statements

- Accountancy definitions.
- Accountancy Cycle.
- Basic Accounting Equation.
- Exercise.
- Assignment.

Session Two: Income Statement Analysis

- The income statement characteristics.
- The income statement main components.
- Exercise.
- Assignment.

Session Three: Balance Sheet Statement Analysis

- Information on the balance sheet.
- Balance sheet structure.
- Exercise.
- Assignment.

Session Four: Balance Sheet Terminology

- Balance sheet structure.
- Exercise.
- Accounting terms.
- Assignment.

Session Five: Depreciation part 1

- Depreciation.
- Methods of depreciation.
- Exercise.
- Difference between straight-line & reducing balance.
- Assignment.

Small and Medium Enterprises



5204-P25-VE



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Session Six: Depreciation part 2

- Methods of depreciation.
- Exercise.
- Difference between straight-line and reducing balance.
- Cash flow.
- Exercise.
- Cash flow effects on the balance sheet.
- Statement of cash flows.
- Accounting terms.
- Assignment.

Session Seven: Inventory Part 1

- Inventory valuation.
- Exercise.
- Assignment.

Session Eight: Inventory Part 2

- Inventory valuation.
- Asset valuation.
- Profit & losses.
- Liquidity.
- Accounting cycle.
- Analyzing transactions.
- Double-entry book-keeping.
- Exercise.
- Assignment.

Module 1: Macro context of SME Lending

Session One: Key functions of a modern banking system.

- Modern banking system.
- Money definition and function.
- Money supply.
- Exercise.
- Assignment.

Session Two: Functions of Banks

- Role and function of commercial banks.
- Main features of the banking system in Egypt.
- Exercise.
- Assignment.

Session Three: Definition of SMEs

- Definition of SMEs.
- Exercise.
- Assignment.

Session Four: SMEs as Customers of Financial Institutions

- The importance of SMEs for the economy.
- Challenges Egypt's SMEs are facing.
- Exercise.
- Assignment.

Session Five: SMEs Life Cycle

- SME life cycle.
- Exercise.
- Assignment.

Module 2: Responding to SME Customer Needs

Session One: Types of products for SME Customers

- Products and services to SMEs.
- Relationship banking.
- SME customers.
- Exercise.
- Assignment.

Session Two: Lending Rationales (part 1)

- Risks of the cash conversion cycle.
- Cash-flow lending for SMEs.
- Eighteen credit principles.
- Exercise.
- Assignment.

Small and Medium Enterprises



5204-P25-VE



Virtual



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Session Three: Lending Rationales (part 2)

- Eighteen credit principles.
- Exercise.
- Assignment.

Session Four: Types of Finance

- Matching products to the client's needs.
- Segmentation.
- Non-Credit Products.
- Types of bank products for financing SME clients.
- Exercise.
- Assignment.

Session Five: Relationship skills for SME staff

- Relationship skills.
- Sales cycle.
- Listening skills.
- Cross sales techniques.
- Exercise.
- Assignment.

Session Six: Cross sales

- Cross sales techniques.
- Exercise.
- Assignment.

Module 3: SME Client Assessment

Session One: Specifics of SMEs

- Exercise.
- Client Needs.
- Business Cycle.
- Sector / Product Lifecycle.
- Assignment.

Session Two: Understanding SME Business Risks (part 1)

- SME business risks.
- Exercise.
- The main SME risks.
- Assignment.

Session Three: Understanding SME Business Risks (part 2)

- Exercise.
- Useful lending acronyms.
- Non-financial analysis.
- Assignment.

Session Four: Understanding SME Business Risks (part 3)

- Non-financial analysis.
- Management skills – SME businesses.
- Business sector risks.
- Products and markets strategies.
- Exercise.
- Assignment.

Session Five: SME Risk Assessment Best Practices

- 10 Best Practices SME Risk Assessment.
- Exercise.
- Assignment.

Session Six: KYC & Verification of Clients' Information

- Verification of clients' information.
- Know your customer (KYC).
- Exercise.
- Assignment.

Module 4: SME Credit Analysis – Understanding Financial Statements

Session One: Balance Sheets – Part 1

- Exercise.
- Understanding balance sheets.
- Assignment.

Small and Medium Enterprises



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Session Two: Balance Sheets – Part 2

- Understanding balance sheets.
- Exercise.
- Assignment.

Session Three: Financial Ratios (part 1)

- Financial ratios categories.
- The business cycle.
- Liquidity and working capital.
- Exercise.
- Assignment.

Session Four: Financial Ratios (part 2)

- Management of working capital.
- Earnings ratios.
- Return ratios.
- Gearing and solvency ratios.
- Exercise.
- Timing & conditions for revenue recognition.

Session Five: Managing Working Capital

- Management of working capital.
- TIMELINE - working capital cycle.
- Working capital requirement.
- Exercise.
- Assignment.

Session Six: Net Working Asset

- Net working capital requirement.
- Cash flow implications.
- Cash flow statements.
- Example on growth in sales on working capital.
- Exercise.
- Assignment.

Session Seven: Break-Even Analysis – Part 1

- Using break-even analysis.
- Exercise.
- Assignment.

Session Eight: Break-Even Analysis – Part 2

- Using break-even analysis.
- Margins of safety.
- Exercise.
- Assignment.

Session Nine: Verifying Financial Information (part 1)

- Reliability of financial statements.
- Exercise.
- Cross checking.
- Exercise.
- Assignment.

Session Ten: Verifying Financial Information (part 2)

- Cross checking.
- Sales and accounts receivable.
- Equity cross check.
- Exercise.
- Assignment.

Session Eleven: Spreading Financial Statements

- Defined spreading financial statements.
- Types of audit reports.
- Spreading of financial statements steps.
- Assets side.
- Liabilities side.
- Exercise.
- Assignment.

Session Twelve: Exercise Spreadsheet Form

- Case study.

Small and Medium Enterprises



5204-P25-VE



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Module 5: SME Credit Analysis: Cash-flow Analysis

Session One: Income Statement Analysis

- Management of cash.
- Preparing and analyzing cash-flow statements.
- Exercise.
- Assignment.

Session Two: Preparing Financial Forecasts (Budgets)

- Define Forecasts.
- Example preparing financial forecasts.
- Exercise.
- Assignment.

Session Three: Preparing Financial Forecasts (Application)

- Cash flow statements.
- Exercise.
- Assignment.

Session Four: Preparing and analyzing cash-flow statements (intro.)

- Changes in cash.
- Cash movements.
- Cash flow activities.
- Exercise.
- Assignment.

Session Five: Preparing and analyzing cash-flow statements (Measures of Cash Flow)

- Cash flow activities.
- Cash equivalents.
- Exercise.
- Assignment.

Session Six: Assessing Financial Forecasts (Testing assumptions)

- Cash flow forecasts.
- Testing forecasts (Assumptions).
- Exercise.
- Assignment.

Session Seven: Assessing Financial Forecasts (Budget Deviation Analysis (BDA))

- Scenario testing.
- Exercise.
- Assignment.

Session Eight: Assessing Financial Forecasts (Application)

- Project Evaluation.
- Risk classification.
- Exercise.
- Assignment.

Session Nine: Investment Projects (Project Evaluation)

- Operation risk.
- Causes of project failure.
- Project finance.
- Financial appraisal methods.
- Exercise.
- Assignment.

Session Ten: Investment Projects (Payback Period)

- Exercise.
- Net present value (NPV).

Session Eleven: SME Credit Products

- The concept of factoring.
- Letter of credit.
- Value chain finance.
- Exercise.
- Assignment.

Module 6: SME Facility Structure

Session One: Types of Credit Facilities – part 1

- 5 C's Model.
- Exercise.
- Assignment.

Small and Medium Enterprises



5204-P25-VE



Virtual



220 hours

Session Two: Types of Credit Facilities – part 2.

- Revolving line of credit characteristics.
- Term Loans.
- Exercise.
- Assignment.

Session Three: Important Definitions

- Term sheet definition.
- Facility type definition.
- Facility tenor definition.
- Repayment mechanism definition.
- Pricing.
- Facility support or source of repayment.
- Exercise.
- Assignment.

Session Four: Credit Facilities Covenants

- Financial covenants.
- Non-financial covenants.
- Positive covenants.
- Negative covenants.
- Exercise.
- Assignment.

Session Five: Credit Facilities Model and Triggers

- 3 W's model.
- Facility structure.
- Internal triggers.
- Exercise.
- Assignment.

Module 7: Post Disbursement of Loans

Session One: Loan Portfolio Management and Monitoring

- Monitoring and portfolio management.
- Credit risk management cycle.
- Problem loan cycle.

- Reporting and MIS.
- Exercise.
- Assignment.

Session Two: Warning Signs

- Reasons for business failure.
- Warning signs using cash flow.
- Exercise.
- Assignment.

Session Three: Non-Performing Loans

- Turnaround situation.
- Profit levers.
- Cash flow levers.
- Problem loan process map.
- Stages of Insolvency.
- Exercise.
- Assignment.

Session Four: Insolvency and Bankruptcy Proceedings

- Types of Liquidation.
- Insolvency Stages.
- Bankruptcy Proceedings.
- Credit Portfolio.
- Exercise.
- Assignment.

Session Five: Loan Portfolio Management

- Sources of portfolio risk factors.
- Risk impact analysis matrix.
- Rating systems.
- Portfolio management.
- Problem loan process map.
- Exercise.
- Assignment.

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Module 8: Credit Report

Session One: The Principles of Clear Writing

- The main principles of effective report writing.
- The credit report components.
- Exercise.
- Assignment.

Session Two: Credit Report Template (part 1)

- Credit reports (1)
 - Introduction – company details.
 - Facilities structure.
 - Management structure analysis.
 - Profitability analysis.
 - Exercise.
- Assignment.

Session Three: Credit Report Template (part 2)

- Credit reports (2)
 - Financial statements analysis.
 - Cash flow analysis.
 - Projection.
 - Economic situation analysis.
 - Industry analysis.
 - Risk analysis.
- Exercise.
- Assignment.

Module 9: Trade Finance

Session One: Shipping Documents

- Exercise.
- Commercial invoice.
- Packing/Weight list.
- Transport document.
- Insurance document.
- Certificate of origin.
- Inspection certificates.

- Health certificates.
- Other documents.
- Bill of exchange.
- Assignment.

Session Two: International Payment Tools

- Exercise.
- Advance payment.
- Open account.

Session Three: Documentary collections and Documentary Credits

- Documentary credits.
- Documentary credit life cycle.
- Exercise.
- Assignment.

Module 10: Legal

Session One: Legal aspects of credit, financing and credit facilities – part 1

- Legal aspects of credit.
- Legal definition of credit.
- Properties of credit decision.
- Exercise.
- Assignment.

Session Two: Legal aspects of credit, financing and credit facilities – part 2

- Regulations of granting credit facilities and loans.
- Credit policy.
- Exercise.

Session Three: Guarantees and Types of Companies

- Bank guarantees.
- Exercise.
- Types of companies.
- Assignment.

Trial Desk.

Exam Frankfurt.

Final Desk.



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Assessment Strategy:

Participants will be assessed based on the following:

- Participants must achieve 60% in the Accounting module exam, to continue attending the certificate.
- 60% cut-off score to attain a certificate of completion.
- 60% cut-off score in the Final exam (Frankfurt School Exam).
- 70% cut-off score in Final desk.
- 60% average cut-off score in the Post Exams.

Weights in the certificate:

- Final Exam – 60%.
- Final Desk – 25%.
- Post Exams – 10%.
- Assignments – 5%.

Final Desk:

(Real Case Studies): Each participant will be assigned to analyze a real case study. A desk taker will discuss participant's findings and will be graded based on the participant's analytical and presentation skills.

Post Exams:

Distributed on 5 exams during the certificate.

Upon Successful Completion of this Course, participants will obtain:

This course entitles participants to obtain 20 CEUs (Granted according to the actual hours of the sessions).

Course Language:

English.

Prerequisites:

NA.

This program entitles you to attend:

Certified SME Professional - Level 2.