

“*The longer I go on, the more I am aware of the power of finance.*”

Justin Welby, Archbishop of Canterbury

INTRODUCTION TO FINANCE AND INTERNATIONAL FINANCIAL INSTITUTIONS

An introductory course for professionals from a non-financial background whose work requires them to have an understanding of finance and financial sector issues

TRAINING PROGRAMME

GBRW
LEARNING

OVERVIEW

The objective of this two/three day seminar is to give participants an introduction to the international financial system; financial terminology and accounting concepts; the principles of corporate finance; development finance; and the most commonly used financial instruments.

Day 1 discusses what characteristics differentiate banks from other types of corporates. It moves on to discuss the main characteristics of financing in the forms of debt and equity and the framework which is used to analyse corporate finance transactions.

Day 2 provides an overview of the international banking system and focuses on the special characteristics of Development Finance Institutions (DFIs) and what differentiates them from commercial banks. It moves on to look in detail at the major Multilateral Development Banks (MDBs), their shareholders and financing activities, the ways in which they operate and the challenges which they face.

Day 3 – which is an optional addition to Days 1 and 2 – consists of a menu of specialised sessions, up to four of which can be used to look at specific issues from Days 1 and 2 in greater detail.

WHO SHOULD ATTEND?

The course is designed for participants who do not have a financial background but whose work requires them to have an understanding of finance and financial sector issues, particularly in a development financing context.

It will therefore be of interest to those working in Government departments (especially those which oversee investments in and/or cooperation with development banks), law firms and corporates which work with development banks, NGOs questioning the role of MDBs, and senior management taking on new responsibilities in these areas.

If you are asking yourself the following questions, then it is definitely for you:

- How can I get up to speed on banking and financial sector issues?
- What issues should I focus on when dealing with commercial or development banks?
- How do I cut through financial jargon to understand what's actually being said?
- What does Capital Adequacy mean and what are the consequences of too little or too much capital?
- What do terms like debt, equity, leverage and corporate finance mean – and how do they relate to each other?

SHARING KNOWLEDGE, DEVELOPING SKILLS

OBJECTIVES

Participants in the course will come away with:

- ▶ An understanding of why banks are different from other types of corporates.
- ▶ The ability to assess the main characteristics of debt and equity financing and the corporate finance framework which is used to analyse financing transactions.
- ▶ An understanding of how non-performing loans impact a lending institution's operations.
- ▶ An overview of the international banking system and the major global players.
- ▶ An awareness of the special characteristics of Development Finance Institutions (DFIs), their shareholders and financing activities, the ways in which they operate and the challenges which they face.

The format of presentations is designed so that participants can raise and discuss issues of specific interest in a relaxed and informal setting. Courses can also be tailored so that Day 3 addresses specific areas of interest.

COURSE DELIVERY

- ▶ The two day course involves **14 hours of delivery time**, with an optional third day to focus on more specialised topics.
- ▶ It consists of **eleven tutorial modules** ranging between 1 and 1.5 hours (a total of 14 hours of instruction).
- ▶ The approach incorporates time for participants to raise and discuss specific issues during the tutorials.
- ▶ All hand-outs and instruction will be in English; participants should have a good working knowledge of English.
- ▶ The course can be **customised** to the specific needs of the client, to ensure maximum relevance and benefit.
- ▶ The format and approach is specifically designed for participants who do not have a financial background but require an understanding of finance and financial sector issues. Prior knowledge of banking, economics or accountancy is therefore not required.
- ▶ Because the course involves considerable interactivity during tutorials, the number of participants is limited to **no more than 15**.

TRAINING SURVEY & POST-TRAINING EVALUATION:

To ensure that participants gain maximum benefit from the course, it is our practice to send a detailed questionnaire to all course participants to ensure we fully understand their specific training needs and objectives. The completed questionnaires are analysed by the course instructor who will tailor the course content and style of delivery to the requirements of the participants. Following completion of the course, participants are asked to measure and assess the effectiveness of the training. The results are collated and reviewed, and the analysis shared directly with the relevant client stakeholders.

OUTLINE

DAY 1

MODULE 1:

INTRODUCTION

- What is a bank?
- History, roles and functions of banks
- The different types of banks and financial institutions (investment banks, retail banks, corporate banks, savings banks, mortgage banks, private banks, retail banks, development banks)

MODULE 2:

HOW IS THE ACTIVITY OF A BANK MEASURED?

- Accounting concepts and key banking ratios
- The role of capital and Capital Adequacy Ratios
- Banking regulation and supervision

MODULE 3:

MAIN FINANCING INSTRUMENTS

- Debt and Equity characteristics
- Different forms of equity capital
- Different forms of debt
- Syndication and other forms of risk sharing
- Other forms of finance: Factoring, Leasing, Trade Finance
- Guarantees

MODULE 4:

INTRODUCTION TO CORPORATE FINANCE

- What is Corporate Finance?
- Time Value of money
- Investment decisions, Net Present Value (NPV) and Internal Rate of Return (IRR)
- Leverage, cost of debt and cost of capital

MODULE 5:

INSOLVENCY AND NON-PERFORMING LOANS (NPLS)

- Insolvency vs. illiquidity – definitions and implications
- Probability of Default (PD) and Loss Given Default (LGD)
- Methods of reducing PD and LGD: guarantees, collateral and credit risk insurance
- Privileged, secured, unsecured: the "hierarchy" of creditors
- Legal and commercial issues
- Resolution mechanisms – judicial and non-judicial
- NPLs and their impact on lenders: mark-to-market, provisioning, write-down, write-off

DAY 2

MODULE 6:

INTERNATIONAL BANKING AND THE GLOBAL ECONOMY

- Industry data
- Banks and their relationships with capital markets
- Current trends
- Do we need banks? Fintech, internet banking, crowd funding and other disintermediation

MODULE 7:

DEVELOPMENT FINANCE INSTITUTIONS (DFIs)

- Characteristics of Development Finance Institutions
- Multilateral, Regional and National DFIs
- Credit ratings, shareholder support and other ways in which DFIs reduce credit risk for their financing providers
- Concessional/soft financing windows

MODULE 8:

COMPARATIVE OVERVIEW OF THE MAJOR MULTILATERAL DEVELOPMENT BANKS

- IMF, WORLD BANK GROUP, ASDB, IADB, EBRD AND AFDB
- Dates of establishment
- Ownership
- Comparative data
- Distinguishing features
- The new entrants: Asian Infrastructure Investment Bank (AIIB) and New Development Bank (NDB) - Similarities to and differences from existing MDBs

MODULE 9:

DIFFERENCES BETWEEN MDBS AND COMMERCIAL BANKS

- Bank supervision and regulation
- Risks and business lines
- Portfolio concentration
- Capital and its usage
- Non-Performing Loans
- Governance

MODULE 10:

KEY CHALLENGES FACING MDBS

- MDBs and their "mandates"
- Sound banking principles or "political" lending?
- Private sector development vs. sovereign lending
- Competing with vs. mobilising third party funds
- SME development vs. large infrastructure
- The green, sustainable development challenge
- Capital and its usage

MODULE 11:

MDB FINANCIAL STATEMENTS

- Comparisons between major MDBs
- World Bank group (IBRD, IFC, MIGA and IDA)
- Balance sheets
- Profit & Loss accounts
- Loan portfolios and shareholders
- Key balance sheet and operating ratios

DAY 3 (AVAILABLE OPTIONS)

MODULE:

MULTINATIONAL INVESTOR PERSPECTIVES ON FRAGILE AND CONFLICT-AFFECTED STATE INVESTMENTS (based on a study for DFID in 2013-14)

- Factors which motivate and inhibit investments in FCAS
- Motivating factors and their implications
- OECD vs non-OECD perspectives
- Investment modelling
- The investment decision process

MODULE:

AFDB: CASE STUDY: HOW THE AFDB MANAGED ITS BALANCE SHEET IN RESPONSE TO CAPITAL RESOURCES

- Capital pressures facing AfDB in recent years
- Key factors affecting AfDB's capital adequacy position
- Ratings agency commentaries
- AfDB's response and execution of the Exposure Exchange Agreements (EEAs) with the Inter-American Development Bank and the World Bank

MODULE:

PROJECT FINANCE: A KEY INSTRUMENT USED BY DFIs

- What is Project Finance ?
- Key features
- Types of projects which are suitable for Project Finance
- Recourse and non-recourse approaches of Project Finance

MODULE:

CASE STUDY: FINANCIAL MODELLING FOR A DEVELOPING ECONOMY INVESTMENT

- Building a financial projection model for a brewery investment in a developing economy
- Assumptions and key variables
- Risks and how to evaluate them
- Economic Rate of Return and externalities
- Return on Capital (RoC)

MODULE:

HOW TO BUILD A SOUND BANK

- Using a financial model to illustrate the impact of different risk appetite decisions
- Strategic choices available to bank managements
- Modelling the impact of decisions to make safer or riskier loans on a bank's balance sheet, operating costs, loan losses and capital required
- Non-credit revenue sources and their impact on Return on Capital

TOOLS, MODELS & TEMPLATES

Courses are supplemented with a range of practical documented methodologies, models, tools, and templates refined from best practice, and tried and tested in a range of leading banks. Participants can take these back to the workplace to adapt and apply, and wherever appropriate, to make a tangible improvement to policy and practice in their own institution.

THIS COURSE INCLUDES:

- ✓ Full set of course notes
- ✓ USB drive with course materials and further reading materials
- ✓ Graphic presentations of key financial data
- ✓ Financial Glossary
- ✓ Further materials from Day 3 options (if selected)

TERMS & CONDITIONS

Total fee cost for the delivery of the three-day course as described is **US\$8,800** (eight thousand eight hundred United States Dollars) for a two day course or **US\$11,500** (eleven thousand five hundred United States Dollars) for a three day course.

This is **EXCLUSIVE** of:

1. Flights (discounted business class)
2. Accommodation (**min. 4★**) for every night required
3. Local travel costs and subsistence; and
4. Venue and equipment hire (if required) and materials production.

These additional items will be for the account of the client or, alternatively, we can provide an all-inclusive quote encompassing all expenses if that is more convenient.

GBRW Learning can also host the course on-site at or near our London headquarters for an all-inclusive fee. This includes venue and equipment hire but does NOT include the travel, accommodation and subsistence expenses of participants. Please contact us for revised pricing.

A 60% deposit is payable one-month prior to the scheduled course date, with the balance payable immediately following completion of the course.

Note: Discounts are available for multiple course bookings..

**FOR MORE INFORMATION OR TO ARRANGE A
BOOKING, PLEASE CONTACT PAUL REX AT:
paul.rex@gbrw.com**

INTRODUCTION TO FINANCE AND INTERNATIONAL FINANCIAL INSTITUTIONS

INSTRUCTORS



Paul Rex

Director,
GBRW Learning



Philippe Belot

Principal Consultant,
GBRW Learning

The course will be presented by either **Paul Rex** or **Philippe Belot**.

Paul Rex is Managing Director of GBRW. He has eighteen years of lending, credit and management experience at senior level with two major banks, Chemical Bank (now JP Morgan Chase) and Crédit Agricole, followed by a further twenty-five years of financial sector consulting experience in more than 20 countries.

In addition to managing consulting teams, Paul is also responsible for GBRW's expert witness activities and has given evidence in a number of high profile cases involving emerging market and transition economy financings.

Philippe Belot has more than 30 years of experience in debt and equity financing including extensive experience in project financing.

He has spent 3 years as Managing Director of a merchant bank in London specialising in SME finance, 18 years at the European Bank for Reconstruction and Development and 9 years of corporate sector experience working in the finance departments of large industrial groups.

ABOUT GBRW LEARNING

GBRW Learning is the training and knowledge-sharing arm of GBRW Limited. Founded in London in 1995 by a group of senior bankers GBRW's mission is to provide first-class consulting and training to banks and bankers in Emerging Markets, to the same standard as would be expected in developed markets. From our London headquarters and subsidiary offices in Washington DC and Singapore we have served clients in more than 50 countries in Europe, the Middle East, Africa, Asia and the Caribbean. Our clients include banks and other financial institutions, governments, and economic development agencies and institutions.

Through our training programmes we share the experience and knowledge of our experts with bankers in Emerging Markets, supported by high quality materials and taking advantage of the latest technologies. Our courses are all highly inter-active, and make use of carefully designed case studies and simulations. We offer a range of training topics for banks and financial institutions including:

- Strategy & Management – Formulating, Implementing & Monitoring Strategy
- Risk Management – Credit, Market & Operational Risk
- Human Resources Management
- SME Banking – Customer Relationship Management; Credit Risk Management
- Retail Banking – Customer Relationship Management, Distribution Strategy, Product Management, Credit Risk
- Corporate Banking – Customer Relationship Management, Credit Risk Management
- Governance, Regulation & Compliance
- Financial Markets

For more information, visit our website at:
<http://www.gbrw.com/training>

To discuss your specific requirements email us at:
mail@gbrw.com