

EDUCATE ——— ENABLE ——— EMPOWER

CREDIT AND LENDING

LEVEL **8**

Professional Diploma in
SME Credit

2021—2022



A recognised
college of UCD

Who we are

IOB

IOB is a professional community of 33,600 members who work in banking, investment funds and international financial services on the island of Ireland. Professional development of our members through education is at the heart of what we do. IOB provides university level programmes to enable our members achieve and sustain their professional qualifications and Continuing Professional Development (CPD) – essential in meeting customer and regulatory expectations. More than 9,800 individuals studied with us last year and over 23,800 members are registered for CPD schemes administered by IOB.

**Excellence in education
– a recognised college of UCD**

As a recognised college of University College Dublin (UCD) and the standout financial services educator, we offer qualifications of the highest standard. We currently have more than 40 programmes ranging from Professional Certificates (level 7) on the National Framework of Qualifications (NFQ) to Masters Degrees (level 9). We design our programmes to be practical and relevant, and grounded in academic rigour.



A new era

In 2021 IOB launched 3 innovations that set a new benchmark.

IOB Learn

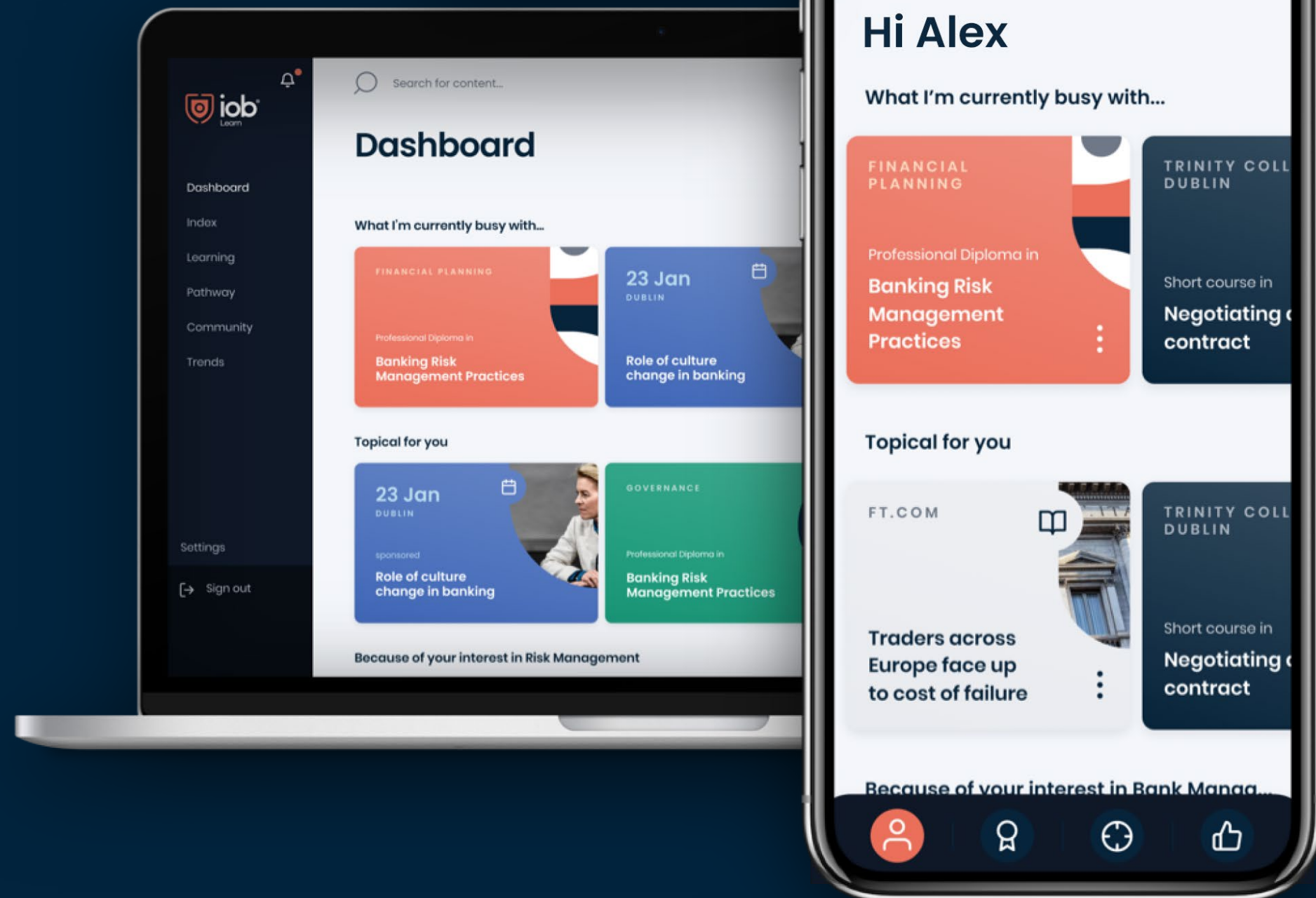
Our new learning experience platform, IOB Learn, is a digitally enabled, intuitive, personalised, lifelong learning and career ecosystem. For everyone working in financial services, including investment funds and international financial services.

The IOB App

From discovering curated content, following your learning pathways, to logging CPD on-the-go, IOB App opens a new world of possibility in staying connected and up to date with IOB.

EdQ by IOB

A new dynamic education credentialling ecosystem that tracks and certifies qualifications, continuing professional development and lifelong learning, supporting career profile recognition across a wide reach of financial services.



Welcome

I am delighted to introduce you to the Professional Diploma in SME Credit Programme.

The SME sector is a crucial part of the fabric of the Irish economy accounting for circa 70% of all private sector employment. To support the growing SME sector, and working with the banks, IOB has developed the Professional Diploma in SME Credit programme. It is a specialist programme accredited by University College Dublin (UCD) that provides participants with essential credit risk assessment knowledge to support them in making well informed and prudent decisions in response to SME applications for trading companies, property lending and agricultural lending.

A unique learning feature of the programme is that it allows for the recognition of participants prior experiential learning (RPEL) that meets the standards set by UCD. Therefore, participants who have completed relevant internal training and can provide evidence of other experiential learning may be eligible for exemptions from specific modules of the programme. Additionally, a participant may avail of an exemption if they already hold a relevant recognised professional qualification through the recognition of prior certificated learning (RPCL).

This brochure comprehensively describes the programme. The programme is delivered via blended learning with online webinars supplemented by up to two online one-day practical workshops for each module. The online content provides you with a suite of integrated interactive learning supports which enables you to progress through the programme at a pace that suits you.

I believe that the Professional Diploma in SME Credit Programme is highly relevant to the current economic environment and is a very important building block in developing the specialist knowledge and lending skills of bankers and other professional advisors who work with SMEs.

I wish you every success in your studies.

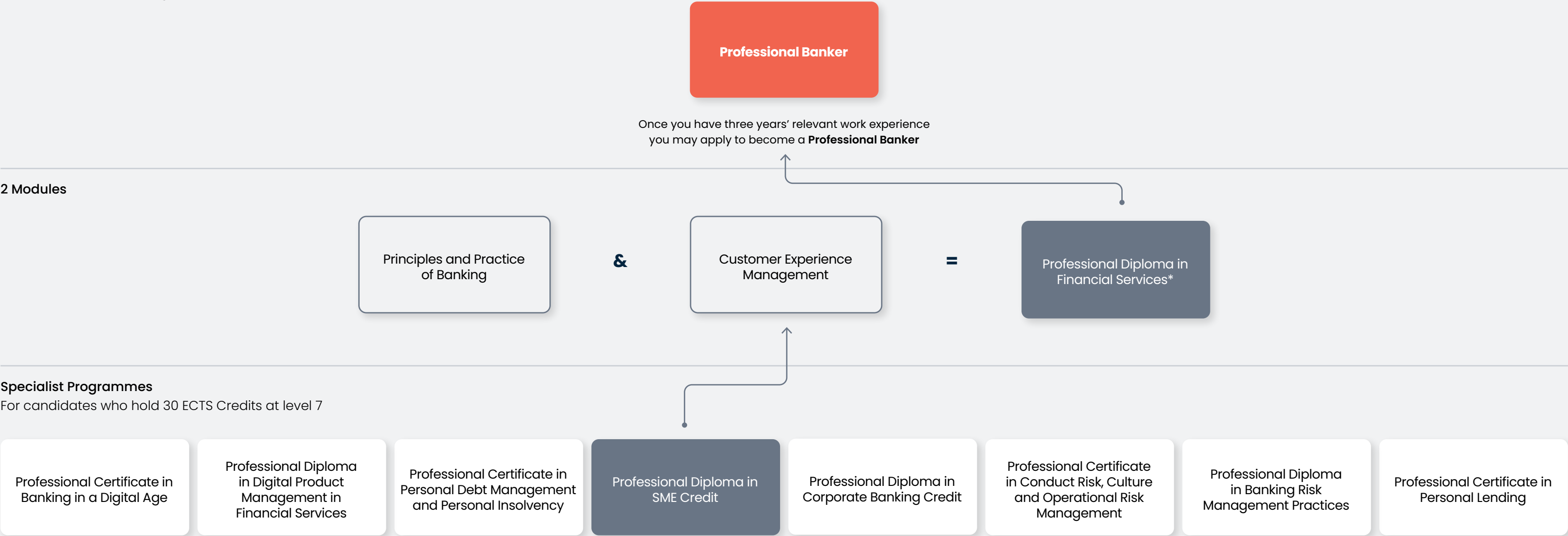


Ken O'Sullivan BCOMM, MBS, FIB, FCA
Deputy Chief Executive

Pathway to Professional Banker Designation for Professional Diploma in SME Credit Holders

THIS PROGRAMME IS ON THE PATHWAY TO PROFESSIONAL BANKER DESIGNATION

Professional Banker Designation



* The Principles of Credit Risk module is common to the Professional Diploma in SME Credit and the Professional Diploma in Financial Services. Students completing the Professional Diploma in SME Credit can apply for exemption from this module if they enrol at a later date on the Professional Diploma in Financial Services meaning they will only have two modules (Principles and Practice of Banking and Customer Experience Management) to complete in order to be awarded the Professional Diploma in Financial Services.

What does the programme cover?

The programme has been designed to enable participants to:

- Assess the credit worthiness of SME borrowers (trading business, agri enterprise and commercial property transactions)
- Understand the main features and characteristics of SMEs in Ireland
- Describe the key funding sources available to SMEs
- Evaluate the commercial viability and sustainability of the SME business plans and management's ability to deliver the plan
- Understand the capital, funding and liquidity costs for the bank in relation to lending
- Structure a lending proposal in a manner which meets the needs of the SME borrower and complies with credit policies
- Understand the different types of credit monitoring controls
- Identify the early signs of credit deterioration, evaluate their potential impact and consider courses of action
- Understand the principles in relation to impairment provisioning
- Explain the data requirements, the importance of data accuracy and record keeping in supporting credit portfolio management, credit models and grading
- Effectively manage the client-bank relationship through the life of the credit facility to support the customer and protect the bank.

University award

Those who successfully complete this programme will be awarded the Professional Diploma in SME Credit by UCD.

This is a level 8 qualification on the National Framework of Qualifications and carries 25 European Credit Transfer System (ECTS) credits.

The modules on this programme will give participants credits towards the Professional Diploma in Financial Services, leading to the Professional Banker designation. For more information on this designation please visit

iob.ie/programme/prof-diploma-financial-services

Recognised Prior Learning (RPL)

The structure of the programme allows for accreditation of RPL. Therefore, those participants who have completed relevant internal training, and can provide evidence for other experiential learning, may be eligible for admission to and/or exemption from specific units of the programme. However, where participants have gaps between their demonstrated prior experiential learning and the module outcomes, they may be required to complete some units to bridge these gaps.

Full details of the RPL process for this programme are available from the Programme Manager.

Who would benefit most from this programme?

The programme is designed to meet the needs of:

- SME relationship managers (trading, agri, property, portfolios) and their lending portfolio support staff
- Credit underwriters
- Loan administration and credit policy officers
- Accountants, Lawyers and other professionals who provide SME advisory services
- Credit review staff who are responsible for ensuring that lending and credit delivery standards are complied with
- Internal Audit staff who assess whether the credit management standards are fit for purpose and are being complied with
- Credit Portfolio Managers who are responsible for identifying and managing excessive credit concentrations in the loan book, forecasting loan losses and estimating provisions
- Marketing staff who design and promote credit products
- Financial Control staff with responsibility for budget setting, capital allocation, financial performance evaluation and financial/regulatory reporting.

Curriculum

You will study two core modules i.e. Module 1 and Module 2 and then you can specialise by choosing one module from the three optional modules i.e. Module 3 or Module 4 or Module 5.

We recommend that you register for the modules in the following order:

- Module 1** Principles of Credit Risk
- Module 2** SME Credit Risk Assessment

Then one module from:

- Module 3** SME Financing and Distressed Credit Analysis
- Module 4** SME Property Credit Assessment and Financing
- Module 5** SME Agri Credit Assessment and Financing

1. Principles of Credit Risk

(NFQ Level 8, 5 ECTS)

- What is credit risk?
- Why is credit risk so important?
- What are the other key categories of risks that banks are exposed to?
- Bank Risk Appetite Framework
- Basel Principles for the Management of Credit Risk
- Components of the Credit Risk Management Framework
- Credit portfolio management and credit concentration risk
- Credit culture
- Credit Risk Appetite Statement
- The end to end credit process
- Overview of the Canons of Lending
- Credit application process
- Bank capital
- Risk weighted assets
- Basel II & Basel III, Minimum Regulatory Requirements
- Introduction to Credit Models
- Impairment provisioning
- Stress testing
- Impairments and capital
- Pricing for Risk.

2. SME Credit Risk Assessment

(NFQ Level 8, 10 ECTS)

- Objectives and challenges of SME lending
- Characteristics of business entities
- The canons of lending
- Business strategy, Industry, Economic and Management team risk assessment
- Characteristics of the different SME sectors
- Primary Statements in financial reporting
- Analysing financial information - P&L, balance sheet and cash flows
- Calculating and analysing repayment capacity
- Preparation of cash flow statements
- Understanding working capital analysis
- Conducting a financial projections sensitivity analysis
- Different types of security and legal issues affecting security
- Explaining covenants and conditions precedent.

3. SME Financing and Distressed Credit Analysis (Optional)

(NFQ Level 8, 10 ECTS)

- Traditional banking facilities for SME borrowers
- Alternative sources of finance for SMEs
- Start-up business lending
- Agricultural lending
- Property lending
- Conducting the borrower loan interview
- Writing the credit application
- Negotiating final terms and conditions
- Legal documentation and drawdown
- Procedures for deciding on impairment provisions
- Monitoring and control framework
- Identifying and reviewing a potentially distressed customer
- Negotiating with customers in difficulty
- Managing arrears and restructuring
- Cancelling facilities, collections and recoveries
- Loan restructuring options
- Importance of the facility letter in impairment cases
- Legal remedies for recovery.

Curriculum

4. SME Property Credit Assessment and Financing (Optional)

(NFQ Level 8, 10 ECTS)

- Fundamentals of Property Markets – Residential, Commercial, Development and Investment
- Valuation and Yield
- Special features of Land valuation
- Sponsor and Borrower Types – person, corporate/ SPV, partnership, trust, ICAVs, QIAIFs, etc.
- Cash Flows and Ultimate Repayment
- Funding Structures – Equity, Subordinated, Mezzanine Debt, Senior Debt, “Stretched” Senior Debt
- Key Debt Terms – term, pricing, repayment, financial covenants, security
- Tax – applicable rates, capital allowances
- Property Markets and Financial Stability
- Planning Overview – National/Regional/Local Policy
- Property Development Risk Assessment
- Analysis of Property Financial Projections
- LTV/ICR/DSCR ratios
- Downside scenarios – sales price/quantity, construction costs, interest rates, economic shock, etc.
- Market and Location Analysis
- Local demographic and economic outlook
- “Suitability” of product for local market
- National and International outlook
- Professional Valuation and Valuation Methods
- Borrower/Management assessment – experience, track record, reputation
- Professional/technical support, project monitor, contractor
- Monitoring Development Activity – site visits, cash flows, role of advisors
- Property Investment Risk Assessment
- Rent Analysis – current/passing v expected, voids, rent free periods, inflation, lease terms/breaks

- Exit Yield and Disposal Strategy
- Assessment of Physical Building/Structure
- “Red Book” Value (larger transactions), Market and Vacant Possession (“bricks and mortar”) Value
- Tenant Assessment (Commercial) – sustainability of lease cash flows
- Lease Terms – Rent (psf/m), Rent free periods, Break options
- Loan Structure – term, margin, repayment
- Security – special features in Property Lending
- Financial Covenants – link to Cash Flow Forecasts, Stress Cases, appropriate headroom
- Non Financial Covenants – including monthly property reports (letting/tenant details, etc)
- Useful Indices and Registers
- Hedging and Tax Structuring
- Past Learnings
- Case Studies.

5. SME Agri Credit Assessment and Financing (Optional)

(NFQ Level 8, 10 ECTS)

- Importance of agriculture to the Irish economy
- Financial structure of Irish agriculture
- Industry risk profile & credit risk
- International competitiveness
- EU support & international markets
- Marketing & input supply
- Key Ag Sectors & specialist sectors in RI
- Assessing Farm Business Viability
- P&L, BS, Cashflow, break even, technical performance indicators
- Assessing the farmer and management ability
- Assessing the risk to the banks investment
- Emerging structures & technology
- Banking products for agriculture & the challenges of farm lending
- Volatility mechanisms for agriculture
- The Loan process
- Negotiating Final Terms and Conditions and Managing the Customer Relationship
- Monitoring & Control.

Further Information

Curriculum

The Professional Diploma in SME Credit will be awarded on successful completion of three modules:

Core modules:

- Module 1 Principles of Credit Risk
- Module 2 SME Credit Risk Assessment

Optional modules:

- Module 3 SME Financing and Distressed Credit Analysis
- Module 4 SME Property Credit Assessment and Financing
- Module 5 SME Agri Credit Assessment and Financing

Assessment structure

Combination of continuous assessment (multiple choice questions) and an end of trimester two hour written examination with essay style questions.

Entry requirements

The minimum entry requirements to the programme are:

- 3 years’ experience (full-time) in a relevant banking role and have completed the Professional Diploma in Financial Advice or equivalent 30 ECTS level 7 programme
- or
- An honours degree (min. H2.2, level 8 NFQ)
- or
- Admission will also be considered from experienced professionals who do not meet the minimum admission requirements as set out above, who can demonstrate learning based on work and training experience e.g. individuals employed in a Corporate Banking role including Relationship Managers and assistants.

Professional body membership

You must be a current member of IOB, or become a member, to undertake this programme.

Delivery

The programme will be delivered via blended learning with online webinars supplemented by up to two online one day practical workshops for each module.

Programme duration

Participants will be permitted to register and complete all three modules within one trimester. However, we would recommend that participants study the programme over at least two trimesters.

As one of the primary learning outcomes of the programme requires participants to be skilled to assess and structure SME credit proposals, online case study workshops will be used to support the participants web-based learning of the relevant units.

How to apply

To apply online, visit iob.ie/programme/sme-credit

Fees

Module	Fee
Principles of Credit Risk	€495
SME Credit Risk Assessment	€595
SME Financing and Distressed Credit Analysis	€595
SME Property Credit Assessment and Financing	€595
SME Agri Credit Assessment and Financing	€595

Contact us

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Key Dates 2021–2022



A recognised college of UCD

Autumn Trimester September 2021 – January 2022	Blended Level 7 and Level 8
Closing date for applications*	13/09/2021
Closing date for module registrations	01/10/2021
Trimester start date**	04/10/2021
Re-registration closing date	12/11/2021
Module withdrawal date	12/11/2021
Exam period	03/01/2022 – 23/01/2022
Exam results release date	04/03/2022

Spring Trimester January 2022 – May 2022	Blended Level 7 and Level 8
Closing date for applications*	28/01/2022
Closing date for module registrations	04/02/2022
Trimester start date**	07/02/2022
Re-registration closing date	18/03/2022
Module withdrawal date	18/03/2022
Exam period	02/05/2022 – 21/05/2022
Exam results release date	01/07/2022

Summer Trimester June 2022 – September 2022	Blended Level 7 and Level 8
Closing date for applications*	27/05/2022
Closing date for module registrations	03/06/2022
Trimester start date**	06/06/2022
Re-registration closing date	15/07/2022
Module withdrawal date	15/07/2022
Exam period	05/09/2022 – 25/09/2022
Exam results release date	28/10/2022

* Places may be available after this date depending on availability
** Member Resources in IOB Learn

Dates may change – check IOB Learn and [iob.ie](#) for up-to-date information



IOB membership

Learn more about the value and benefits of becoming a member of IOB.



Your standout educator

IOB is a recognised college of UCD, which is Ireland’s largest university and ranked within the top 1% of higher education institutions in the world. A leading provider of applied education in financial services, we offer more than 40 university accredited qualifications, taught by academics and leading industry experts.

- Access to IOB’s full suite of accredited learning, taught by academics and leading industry experts.
- Access via IOB to Government Funding for education programmes, e.g. Springboard, IFS Skillnet.
- Graduation Ceremony for level 8 and 9 graduands.



We get you qualified

We offer 14 professional designations, including all the essential regulatory required designations to qualify you for roles in financial services. Free accreditation of your training for CPD hours on IOB CPD schemes.



We keep you qualified

Lifelong learning is essential to sustain a career and your professional designation(s). As Ireland’s largest provider of continuing professional development (CPD), we keep you qualified. Included in your membership subscription at no additional cost is access to a minimum of four continuing professional development events in addition to our suite of eCPD modules.



IOB Learn

An exciting new learning experience platform, and an IOB app personalised to your professional development needs. IOB Learn will give you access to a new suite of micro learning and curated learning content across a number of channels.



Your essential career partner

Through IOB Learn we empower you to explore your talent and potential. We fuel your personal growth and career trajectory.



Your professional community

Membership of your industry’s professional body, the largest professional membership community in Ireland, brings you into a community of like-minded people. Professionals from across financial services working in a similar specialism as you, dealing with similar challenges to those that you face. Through in-person events, digital events and forums you can hear key note speakers and share experiences, exchange knowledge, network, expanding your contacts and personal profile.

- Invitations to in-person and virtual events and networking opportunities.
- Access to breakfast briefings / lunch and learns.
- Access to the latest insights, thought leadership, emerging issues and trends.

Corporate membership

Learn more about the value and benefits of becoming a corporate member of IOB.



Strategy and Governance

IOB Council (board of directors) and Council committees are responsible for the effective, prudent and ethical oversight of IOB, setting its strategic aims and direction. Corporate members are entitled to either appoint or elect persons to Council.

Active engagement, participation and leadership in IOB Council and Council Committees is a commitment to setting and maintaining high professional and ethical standards, and enhancing the technical expertise of the financial services industry.



Talent development

An organisation’s greatest resource is its people. IOB’s wide range of applied education and lifelong learning programmes develop your talented staff.



Future skills

Financial services continues to change rapidly. IOB helps build transferable skills for the individual and a more flexible workforce for your organisation.



Regulatory compliance

Where relevant, our education qualifications, professional designations and CPD schemes meet the Central Bank of Ireland’s Minimum Competency Code and Fitness and Probity requirements. Our new EdQ credentialing platform supports you in meeting your regulatory responsibilities.



Professional standing

IOB offers a range of professional designations which are a recognition of educational achievement and professional standing. They are a badge of excellence and an endorsement of academic qualifications, professional knowledge and experience. Several of the designations are recognised worldwide.



Independent assurance

IOB is an independent stamp of assurance that supports organisations in engaging, motivating and empowering their employees to learn and perform.



Corporate community

Build your network with a community of peers – learn from other leading organisations, share your knowledge and expertise.

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