



# ADFIMI Ordinary Seminar on Credit Modelling and Validation

Tirana International Hotel, Tirana, Albania

10-11 November 2014

Dear Colleagues,

Welcome to ADFIMI's seminar on "Credit Modelling and Validation". As most of you are not familiar with ADFIMI, allow me to brief you about ADFIMI.

Established as an autonomous, independent and non-profit international organization, ADFIMI (Association of National Development Finance Institutions (DFIs) in Member Countries of the Islamic Development Bank (IDB)) started its operations in September 1987 at its headquarters in Istanbul, Turkey, on being given the status of an International Organization by the Turkish Government.

It presently has around 50 members from 19 countries. ADFIMI organizes various training programmes, seminars, workshops, and conferences in different countries for the benefit of its members. Since its inception, ADFIMI forged solid partnership with the IDB.

ADFIMI's mission is to bring the societies of the region closer in economic and cultural ties in respect of Human Resource and Economic Development through the development of the financial sector industry and the economic sector of the region. ADFIMI acts as the ethically responsible and important international player for the equity and welfare of the region, recognizing the role of the DFIs and financial sector industry in promoting trade and investment in sustainable economic development.

ADFIMI tries to achieve this through networking and capacity building of its member institutions. In this context, ADFIMI organizes seminars / workshops / conferences / forums for its members in various cities in its region (like Istanbul, Antalya, Karachi, Kuala Lumpur, Amman, Hammamet, Cairo, Beirut, Khartoum, Gine, Islamabad, Kampala, Dhaka, Tunis, Lefkoşa, Dubai, Maldives, Lome, Quagadougou, Baku, Jeddah, Dakar, Ashgabat, Prishtina, Sarajevo).

This year ADFIMI's Fourth Annual International Development Forum on SME development and finance was held on 20-21 October 2014 in Kuala Lumpur when the Prime Minister of Malaysia HE Dato' Sri Mohd Najib Tun Haji Abdul Razak

inaugurated the Forum and HE Sheikh Abdullah Saud Al-Thani, Governor of Qatar Central Bank was the recipient of ADFIMI honorary membership.

I am grateful to Allah Almighty that seminar on "Credit Modelling and Validation" is the first activity of ADFIMI in Albania. Seminar provides information to participants about the types, nature of long term risk analyses, importance of technology for sustainability and importance of the eco-system for competitiveness. Participants will also have an opportunity to discuss how different conditions effect validation in taking long term risks.

My appreciation goes to our valuable resource persons, Mr. Mehmet Serdar Kabukcuoğlu, Manager, Business Development Dept., and Dr. Oktay Küçükiremitçi, Director of Economic and Social Researches Department, both of Development Bank of Turkey for traveling all the way from Ankara to conduct this seminar.

I would like to thank Mr. Mehmet Usta, Chairman of BKT who supported my proposal to initiate this joint seminar to be organized in Tirana. I am indebted to Mr. Seyhan Pencaplıgil, CEO, Banka Kombetare Tregtare SH A (BKT) for supporting the seminar and hosting the Gala Dinner. My thanks also go to Mr. Yıldırım Ardahanlı, Head of Financial Institutions Department of BKT and his assistant Ms. Edita Katrosi both of whom made great efforts to make this seminar a reality.

I am grateful to all the participants for their interest in ADFIMI Seminar, and wish them all a fruitful seminar.

Best regards

Nuri Birtek  
Secretary General

## HONOURARY MEMBERS OF ADFIMI

ADFIMI is honoured to be associated with personalities that have contributed to the development of IDB Member Countries:



H.E. Dr Ahmad Mohamed Ali  
Legendary President of IDB Behind great achievements in IDB Member Countries (Conferred 2010)



Honourable Tun Mahathir bin Mohamad  
The Fourth Prime Minister of Malaysia  
Who has built the Nation of Malaysia  
(Conferred 2012)



H.E. Ali Babacan  
Successfully captaining Turkish Economy through financial crisis (Conferred 2013)

# Seminar Schedule

## Day 1: 10.11.2014

Time	Topic
08.30 – 09.00	<b>Registration</b>
09.00 – 09.15	<b>Welcoming Remarks</b> <ul style="list-style-type: none"> <li>by Mr. Seyhan Pencapligil, CEO, Banka Kombetare Tregtare SH A</li> </ul>
09.15 - 09.30	<ul style="list-style-type: none"> <li>by Mr. Nuri Birtek, Secretary General, ADFIMI</li> </ul>
<b>Part-I</b> <b>Session 1</b> 09.30 -11.00	Introduction to Credit Modelling & Validation Seminar <ul style="list-style-type: none"> <li>Introduction of all attendants</li> <li>Structure and approach to seminar</li> <li>General approach to company lending</li> <li>Business life cycle and financing</li> <li>Credit risk</li> <li>Debt capacity</li> </ul>
11.00 -11.20	Coffee Break
<b>Session 2</b> 11.20 -12.20	Long term credit validation based on cash flows (dynamic analysis) <ul style="list-style-type: none"> <li>Description of product(s)</li> <li>Installed capacity and capacity definitions               <ul style="list-style-type: none"> <li>Theoretical capacity</li> <li>Optimum capacity</li> <li>Actual output</li> </ul> </li> <li>Technology selection and effects on capacity</li> <li>Preparation of total investment cost table</li> <li>Operational costs at full capacity               <ul style="list-style-type: none"> <li>Process layouts</li> <li>Fixed and variable costs</li> </ul> </li> <li>Calculation of revenues</li> </ul>

Time	Topic
12.20 -12.45	Group Working
12.45 -14.00	Lunch Break
<b>Session 3</b> 14.00-15.00	Long term credit validation based on cash flows (dynamic analysis) <ul style="list-style-type: none"> <li>Working capital (WC) requirements and financing working capital               <ul style="list-style-type: none"> <li>Importance and definition of working capital</li> <li>Static and dynamic analysis of WC.</li> <li>Analyses based on financial statements</li> <li>Analysis based on total operational costs at full capacity</li> </ul> </li> </ul>
15.00 -15.20	Group Working
15.20 -15.40	Coffee Break
<b>Session 4</b> 15.40 -16.45	Long term credit validation based on cash flows (dynamic analysis) <ul style="list-style-type: none"> <li>Sector appraisal               <ul style="list-style-type: none"> <li>Supply analysis</li> <li>Installed capacity</li> <li>Expected changes on installed capacity</li> <li>Import</li> <li>Demand analysis</li> <li>Actual demand</li> <li>Demand forecasting techniques</li> </ul> </li> </ul>
16.45-17.15	Group Working
19.00-21.00	Gala Diner, to be hosted by Banka Kombetare Tregtare SH A

## Day 2: 11.11.2014

Time	Topic
<b>Session 5</b> 9.30-10.30	Estimated economic capacity utilization ratios by the years <ul style="list-style-type: none"> <li>Export</li> <li>Procurement conditions and input prices</li> <li>Sectoral independencies and sectoral interactions</li> <li>Legal framework</li> <li>Pricing of goods/services to be produced</li> </ul>
10.30-11.30	Group Working
11.00-11.20	Coffee Break
<b>Part-II</b> <b>Session 6</b> 11.20-12.20	Financial appraisal <ul style="list-style-type: none"> <li>Preparation of financial table</li> <li>Preparation of fixed asset depreciation table</li> <li>Preparation of loan amortization table</li> <li>Preparation of cost table</li> <li>Preparation of income statement and cash-flow statement</li> </ul>

Time	Topic
12.20-12.45	Group Working
12.45-14.00	Lunch Break
<b>Session 7</b> 14.00-15.00	Credit modelling and strategies <ul style="list-style-type: none"> <li>Scenario analysis</li> <li>Differences between manufacturing &amp; service sectors and effects to financial results</li> <li>Type of amortization tables and effects to cash flows</li> </ul>
15.00-15.20	Group Working
15.20-15.40	Coffee Break
<b>Session 8</b> 15.40-16.00	Credit Scoring
16:00-16:30	Group Working
16.30-17.30	Evaluation of the Seminar, Certificates, Closing Remarks

### Scope of the Seminar

The scope of the seminar is discussing sustainable credit modellings and eligibility criteria by impressing different approaches, comparing and discussing different methods between member financial institutions. The seminar provides an opportunity for an empathy to the credit officer to understand the view of client side, especially for long term financing.

### What is the aim of the seminar?

Financial institutions, in whatever form, always try to reduce their financial risks by using different financial analyses techniques. For short term loans, analyses that generally based on financial tables are more or less the same for all financial institutions. On the other hand, for long term loans, together with financial analysis, other issues such as technical viability, market conditions and competitive capacity are as important as corporate governance and institutional risk perception. The seminar aims at creating awareness on how their validation is carried out, for taking long term risk.

### Benefits to the participants

This course provides information to participants about the types, nature of long term risk analyses, importance of technology for sustainability and importance of the eco-system for competitiveness. Participants will also have an opportunity to discuss how different conditions effect validation of taking long term risks.

### Who should attend?

There is no pre-requisite for qualifications of the participants. But primarily loan managers, loan officers, project evaluation experts, risk evaluation experts may attend this seminar. Of course, anyone who is interested in this subject would be expected to have some knowledge of banking, banking products so as to be able to follow the lectures. The seminar will be highly interactive, using action-oriented methodologies, structured learning exercises, hands-on practical activities and group working and sharing of experiences to maximize participants' learning spectrum. Non-formal learning methodologies may also be utilized.



**BIO DATAS OF PROGRAMME MANAGERS**



**Mr. Serdar Kabukcuoğlu**  
**Business Development Department Manager**  
**Development Bank of Turkey**

Mr. Mehmet Serdar Kabukcuoglu is a finance graduate and has a Master Degree in Finance. He's been working for Development Bank of Turkey (Kalkinma) since 1985 in different departments: Project Appraisal, Loan Appraisal and Financial Institutions at technical and managerial levels. He also served as a member of executive board and audit committee at the subsidiary companies of Kalkinma. He is a lecturer on Project Evaluation, Feasibility, Investment in Tourism Sector, Project Cycle Management, Entrepreneurship and Start-ups, Private Equity and Business Angels, International Fund Structures at universities such as Yıldırım Beyazıt University and Başkent University, conferences and seminars. He is head of Business Development and Strategy department since 2009.

**Dr. Oktay Küçükiremitçi**



**Economic and Social Researches Department Director**  
**Development Bank of Turkey**

Dr. Küçükiremitçi graduated from the Ankara University, Faculty of Political Science, Department of Economics in 1986. He completed his Masters Degree in Econometrics in 2000 and obtained his PhD degree in the field of Econometrics in 2013 from the Gazi University, Ankara.

Since he joined the Development Bank of Turkey in 1986 as an economist, he has worked with the Economic Researches Department, Credit Marketing Department, Intelligence Department, Loan Department and Budgeting and Financial Reporting Department from 1986 to 1998 as an Expert. After 1998, he served as a Deputy Director at the Treasury Department until 2001, Director at the Risk Monitoring Department from 2001 to

2006 and he has been the Head of the Economic and Social Researches Department, since March 2006.

He taught Project Evaluation, Economic Appraisal, Forecasting Techniques, Risk Management, Sectoral Performance Evaluation, Sectoral Interactions and Sectoral Interdependencies, Macro Economic Indicators, Structure of Turkish Economy, Mathematics as a lecturer of different universities, conferences and seminars. He has several publications on Project Evaluation, Structural Analysis of Turkish Economy and Finance.

The collage features multiple covers of the ADFIMI newsLetter, including issues from July 2012, Issue 25-27, and Issue 23-24. The covers highlight various topics such as 'Strategic Management for CEOs, Dubai', 'Overview of Auditing/Internal Control, Istanbul', and 'IFRS Seminar, Kuala Lumpur'. It also includes screenshots of the ADFIMI website, showing sections like 'Financial Inclusion' and 'News Letter'. A central image shows a group of people at a meeting, with a caption mentioning 'Management Committee meets in Istanbul'.

**ADFIMI**  
**Upcoming Event**

**ADFIMI - BIM Joint Seminar on**  
**International Project Finance &**  
**Cash Flow Modeling**

Parsian Evin Hotel, Tehran, Iran  
 17-18 December 2014





*HE Dato' Sri Mohd. Najib Bin Tun Haji Abdul Razak, the Prime Minister of Malaysia, inaugurating the Forum*



*ADFIMI Chairman M. Emin Özcan presenting a momento to HE the Prime Minister of Malaysia*



*ADFIMI Chairman M. Emin Özcan presenting the Honourary Membership of ADFIMI to HE Sheikh Abdullah Saud Al-Thani, The Governor of Qatar Central Bank*

**ADFIMI's Contact Details:**

**Address:** Saka Mehmet Sk, No:33-39, Kat: 2, Sultanhamam, Eminönü, 34116, İstanbul, Turkey

**Web site:** <http://www.adfimi.org>, [adfimi@adfimi.org](mailto:adfimi@adfimi.org), [info@adfimi.org](mailto:info@adfimi.org)

**Phone:** + 90.212.526 51 26 - 27, **Fax:** + 90.212.526 51 28