



RMA CREDIT ANALYSIS CERTIFICATE

Develop the next generation of credit professionals at your institution.

JOIN. ENGAGE. LEAD.

PREPARE YOUR EMPLOYEES FOR THE NEXT STEP WITH THE CREDIT ANALYSIS CERTIFICATE.

How well do your employees retain what they've learned in training? How can you validate the effectiveness of their credit risk analysis training?

WHAT IS THE CREDIT ANALYSIS CERTIFICATE?

The certificate was created to validate your bank's training outcomes/tasks. The knowledge tested represents core components of a comprehensive training curriculum.

WHO IS IT FOR?

Individuals who have fundamental credit risk analysis training and seek to, or have been asked to, demonstrate their comprehension of that training via an independent test.

HOW CAN IT BE USED?

The certificate represents a tangible confirmation of achievement and indicates an individual's readiness for the next step in a credit and/or lending career.

Your bank can use the certificate to validate its entry-level training program, as a culminating exam.

Note: Not to be used for hiring purposes.

ABOUT THE EXAM

The online exam includes 70 questions and takes approximately two hours to complete. A score of 80% or higher is required to pass. Upon passing, employees will receive the following:

- A Certificate of Competency.
- **FREE** access to RMA's *Ethics and Commercial Lending* online course.

WHAT IS COVERED IN THE EXAM?

The exam features questions on a variety of commercial banking topics including:

- Cash flow and financial statement analysis.
- Structuring commercial loans.
- Personal financial statement/tax return analysis.
- Business tax return analysis.
- Industry and market analysis.

Individuals who pass the exam demonstrate comprehension of these skills, thereby helping you validate training outcomes within your institution.

WHAT RESOURCES ARE AVAILABLE?

- The RMA Body of Knowledge contained within RMA University Online.
- The RMA Fundamentals Exam contained within RMA University Online.

These resources are meant to **refresh the awareness of the participant** regarding the subject matter and are **not** prep materials or a substitute for what was learned during formal training, on the job training, and mentoring. Training may come from a variety of sources, none of which need be an RMA offering.

CREDIT ANALYSIS CERTIFICATE VS. DIAGNOSTIC ASSESSMENT: WHICH TO USE WHEN?

Diagnostic Assessment

- Use this option to identify your training needs.
- Designed for individuals on staff for 18-24 months.
- Results from the assessment will help you determine how to best spend your training dollars.

Credit Analysis Certificate

- Use this option after individuals have completed specific training through RMA or another program to validate the effectiveness of the training.
- Earning the certificate is a stepping stone and the last stage of validation before Credit Risk Certification (CRC).





WHAT SPECIFIC CORE CREDIT RISK AND LENDING ESSENTIALS ARE TESTED?

The essentials that are tested have been determined by subject matter experts and bankers based on the following subject areas:*

1 Cash flow analysis:

- Identify sources and uses of cash.
- Identify accounts as operating, investing, or financing.
- Accurately construct and reconcile a direct method cash flow statement.
- Identify borrowing causes and repayment sources.
- Compare and contrast the direct method of cash flow analysis with EBITDA.

2 Financial statement analysis:

- Define how working capital would be affected with consideration to a list of transactions.
- Identify the impact on the financial results using different methods of depreciation.
- Identify the effect of economic events on a company's reported cost of goods sold with consideration to various inventory valuation methods.
- Identify the analytical purpose of various measures of liquidity.

3 Structuring commercial loans:

- Recognize the need for short-term versus long-term financing when analyzing a loan request.
- Identify information to measure the size of seasonal borrowing needs.
- Identify appropriate loan types to meet projected borrowing needs.
- Distinguish between negative and affirmative loan covenants.
- Identify basic concepts associated with secured loans.

4 Personal financial statement/tax return analysis:

- Estimate cash flow.
- Estimate debt service coverage.
- Distinguish between recurring and nonrecurring sources of cash with regard to an individual's Form 1040.
- Identify the appropriate adjustments to reported cash uses when computing the individual's global cash flow with regard to the Form 1040.

5 Business tax return analysis:

- Identify characteristics, advantages, disadvantages of C corporations, S corporations, partnerships, and LLCs.
- Identify steps in cash flow estimations.

6 Industry and market analyses:

- Identify the industry in which a company operates through analyzing its balance sheet.
- Identify influential business factors using Michael Porters Five Competitive Forces.
- Identify the characteristics of the various stages of a company's life cycle.

7 Other Credit Risk specialties:

- Commercial real estate.

WHAT KIND OF FEEDBACK WILL TEST-TAKERS RECEIVE?

For every question missed, a individual test-taker will receive the performance task that served as the basis of the question.

WHAT KIND OF FEEDBACK WILL YOUR BANK'S TEST ADMINISTRATION RECEIVE?

- A list of test takers from your institution with their respective scores.
- A summary of your institution's results.

WHEN DO TEST-TAKERS RECEIVE THEIR EXAM RESULTS?

Immediately upon completion of the exam. The results become official upon receipt of the Certificate, which will be sent by RMA via mail promptly after the exam has been taken.

HOW MUCH DOES IT COST?

- Member Institutions: \$150 per seat
Nonmember Institutions: \$300 per seat
- Individuals have two chances to pass the exam. They can retake the exam one time for no additional charge. Test takers have up to 180 days to take the exam a second time.
- Individuals who fail to pass the exam after two tries, must re-register and pay an additional \$75 fee to retake the exam.

* A full list of the skills that are tested are available on our website.

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MORE INFORMATION

To find out more information about the **Credit Analysis Certificate** and to order multiple seats, please contact your Relationship Manager, listed below.

For individuals who would like to purchase a single seat, please contact RMA Customer Care at 800-677-7621 or visit our website at www.rmahq.org

For Financial Institutions in North America (assets exceeding \$250 billion):

William Truscott: 215-446-4130
btruscott@rmahq.org

For Financial Institutions in North America (assets exceeding \$60 billion to \$250 billion):

John Baier: 503-325-2602
jbaier@rmahq.org

For Financial Institutions in North America (assets below \$1 billion):

Mark T. Burgoon: 215-446-4031
mburgoon@rmahq.org

For Financial Institutions in North America (assets \$1 billion to \$60 billion):

Mid-Atlantic

Sandy Sutermeister: 412-787-5625
ssutermeister@rmahq.org

Delaware, New Jersey, New York, Pennsylvania

Midwest

T.J. Parker: 267-205-3242
tparker@rmahq.org

Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin

Mountain West and Western Canada

Kelly (Carr) Scott: 484-478-3233
kscott@rmahq.org

Alberta, British Columbia, Colorado, Iowa, Kansas, Manitoba, Minnesota, Missouri, Montana, Nebraska, North Dakota, Saskatchewan, South Dakota, Wyoming

Northeast and Eastern Canada

Tom Holbik: 215-833-8258
tholbik@rmahq.org

Connecticut, Maine, Massachusetts, New Hampshire, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Quebec, Rhode Island, Vermont

South Central

Carly Edmondson: 267-968-8907
cedmondson@rmahq.org

Arkansas, Louisiana, Mississippi, Oklahoma, Texas

Southeast

Jamie Jones: 267-205-3241
jjones@rmahq.org

Alabama, Florida, Georgia, Maryland, North Carolina, Puerto Rico, South Carolina, Tennessee, Virginia, Washington D.C., West Virginia

Western

Larry Snyder: 541-280-0000
lsnyder@rmahq.org

Alaska, Arizona, California, Hawaii, Idaho, New Mexico, Nevada, Oregon, Utah, Washington

In Asia

Chris Yip: (Singapore): +65-9631-1866
cyip@rma.asia.org

In Europe and Australia

Steve Shaw (U.K.): +44- (0) 7771 641498
sshaw@rmahq.org

ABOUT RMA

Founded in 1914, The Risk Management Association (RMA) is a not-for-profit, member-driven professional association whose sole purpose is to advance the use of sound risk management principles in the financial services industry. RMA promotes an enterprise-wide approach to risk management that focuses on credit risk, market risk, and operational risk.

Headquartered in Philadelphia, PA, RMA has 2,500 institutional members that include banks of all sizes as well as nonbank financial institutions. They are represented in the Association by 18,000 risk management professionals who are chapter members in financial centers throughout North America, Europe, and Asia/Pacific. Visit RMA on the Web at www.rmahq.org.