

# SME Credit-Risk Management Advisory Services

IFC's SME Credit Risk Management Advisory Services help financial institutions build and grow sustainable SME businesses by implementing frameworks and practices aligned with international best practices and also relevant for local markets.

## What we offer

- Credit-risk policy and framework development
- End-to-end lending process review and improvement
- Credit-risk assessment and underwriting process
- Credit rating and scoring models
- Probability of Default (PD) / Loss Given Default (LGD) methodologies
- Portfolio and credit-risk migration monitoring
- Early Warning Indicators
- Comprehensive credit-risk analytics
- Non-performing/problem loan management
- Provisioning policy and methods/expected loss (IFRS 9)
- Stress-testing
- Credit and collateral administration

## Why SME Credit-Risk Management for Banks?

To achieve a successful SME business, banks must have credit risk-management frameworks and processes to ensure:

- Clear definition of risk strategy, appetite and limits
- Identification of inherent credit risks with new and existing products
- Sound credit assessment and approval framework
- Internal risk-rating systems at Obligor and Facility levels
- Exposure risk mitigation through limit structures
- Firm-wide exposure aggregation to obtain "single view of customer"
- Economic pricing of credit risk to link to capital & provisioning
- Effective monitoring of exposures and provisioning adequacy
- Portfolio-level risk aggregation, measurement and stress testing
- Systems for early remediation and management of deteriorating credits



## Why IFC?

We are the largest global development institution focused on the private sector, operating in over 100 countries and offering:

- More than 60 years' experience in unlocking private investment, creating markets & opportunities where they are needed most
- Over 700 corporate clients, 900 financial institutions in 120 countries, most using a mix of IFC Investment & Advisory services
- More than 700 Advisory projects in 100 countries
- Highly skilled global specialist team with a strong combination of SME Banking and Risk Management capabilities, with senior experience in commercial banking and/or consulting services
- Successful implementation of credit risk-management projects across all geographic regions
- Strong coordination with Investment teams which provide financing and risk-mitigation products for banks in the SME segment