
Bank Lending

Overview

The objective of this module is to build analytical skills necessary for lending and inherited risk analysis.

Learning Outcome Statements

- Evaluate the credit standing of a corporate using qualitative and quantitative analysis
- Use forecasting tools to assess and anticipate the performance of a corporate
- Identify lending opportunities by scanning the business environment
- Build robust monitoring and covenant packages to meet the commercial needs of the bank and provide protection to the lender
- Use financial and non-financial appraisal techniques for screening loan proposals
- Prepare comprehensive and effective credit memos for consideration of credit committee
- Solicit new business and negotiate terms
- Manage lending relationship in mutual interest

Key Contents

- Lending principles
 - 5 Cs of credit
 - Preliminary analysis
 - Sources of additional information
 - Credit policy & procedures
- Changing environment for lending
 - Process of disintermediation
 - Increased competition
 - Reducing spreads
 - New lending products
 - Doubts about credibility of audited financial statements
- Asset conversion cycle of business
 - Operating cycle
 - Capital investment cycle
 - Time differences in cash flows and financing needs
 - Net working capital
 - Financing operating cycle
 - Working investment
 - Estimating financing need through financial ratios
 - Risks associated with operating cycle

- Types of credit facilities
 - Typical financing requirements
 - Typical sources of repayment
 - Seasonal Financing
 - Revolving line of credit
 - Long/medium term Financing
 - Bridge Financing
 - Non-cash credit facilities
- Credit facilities for SMEs
- Challenges in getting quality financial information