



First Course in Credit Analysis

Overview

Lending remains a significant risk and decision for lenders worldwide. The more they know about a potential borrower's creditworthiness, the greater the chance they can maximize profits and increase the quality of their credit portfolios. This course provides a fundamental understanding of the credit risk analysis process. It discusses various aspects of financial statement analysis, including ratio and cash flow analysis, to help make better credit-related decisions. It also looks at various non-financial factors, such as Business Plan, Industry/Sector, Top Management, etc., that could affect the creditworthiness.

Course content

1. Overview of Credit Analysis

- Credit Risk
- Credit Analysis
- Seven C's
- Credit Analysis Process

2. Lending Process

- Credit Process
- Documentation
- Loan Pricing and Profitability Analysis
- Regulations

3. Financial Statement Analysis

- Ratio Analysis
- Liquidity Ratios
- Turnover Ratios
- Profitability Ratios
- Leverage Ratios
- Market Ratios

4. Financial Statement Analysis-II

- Elements of Cash Flow Statement
- Direct Method
- Indirect Method



- Interpreting Cash Flows

5. Non-Financial Analysis

- Non-financial analysis
- Economy analysis
- Industry analysis
- Business analysis

6. Asset Classification and Loan Loss Provisioning

- Asset Quality
- Quantitative and Qualitative Review
- Asset Classification
- Special Mention Asset
- Loan Loss Provisioning

7. Borrowing Causes and Sources of Repayment

- Operating Cycle
- Capital Investment Cycle
- Sources of Repayment

8. Problem Loans

- Asset Management Companies
- Securitization of NPLs
- Debt Restructuring
- Preventing Problem Loans

9. Consumer Installment Lending

- Types and characteristics of consumer installment lending
- Various types of Installment loans
- Dealer Agreement, Recourse, and Dealer Reserve
- Typical risks faced in consumer installment lending

10. Floor Plan Lending

- Characteristics of Floor Plan Lending
- Methods of Floor Plan Lending
- Risks Associated with Floor Plan Lending



11. Accounts Receivable and Inventory Lending

- Concept of Accounts receivable and inventory-based lending
- Risks faced in Accounts Receivable and Inventory-Based Lending

12. Participation Loan

- Concept of Loan Participation
- Need for Loan participation
- Process of Loan participation
- Risks faced in Loan participation

13. Letter of Credit and Loan Commitments

- Concept of Letter of Credit (LC)
- Types of Letter of Credit
- Risks Faced in Letter of Credit
- Loan commitments, Un-funded lines of credit and their characteristics
- Potential credit risk in loan commitments and unfunded lines of credit

14. Calculations in Credit Analysis

- Cash Flow Statement
- Generating Cash Flow Statement
- Ratio Analysis
- Calculating Desired Ratios
- Loan Pricing
- Borrowing Causes
- Floor Plan-Curtailment Program
- Asset Quality