



The Institute of Banking and Finance of Trinidad and Tobago

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## **CREDIT ANALYSIS AND PROPOSAL WRITING**

### **Two Day Training Workshop Outline**

#### **DAY ONE (1) - CREDIT ANALYSIS**

##### **LEARNING OBJECTIVES:**

This course will offer practical guidelines to assess corporate credit and prepare credit applications for approval. Emphasis will be on the factors that make a good loan or credit facility to minimize risk and losses, the credit evaluation and financial analysis techniques necessary for a successful proposal and the key points the reader/adjudicator of a proposal will look for to make an informed decision. Participants will also have the opportunity to prepare a written credit proposal from start to finish. Day one will provide the tools to construct a logical and viable credit proposal to submit for approval.

##### **TOPICS**

##### **❖ THE BASIC PRINCIPLES OF LENDING**

This session is intended to introduce and place in context the foundation elements of the credit evaluation process.

- The five C's of Credit – character, capital, capacity, conditions, collateral.
- Loan Structuring – the process of matching the customer's needs with the right lending products.

##### **❖ CREDIT EVALUATION**

This session will discuss the 'four-pillar' approach to corporate/business credit evaluation. To demonstrate a detailed methodology for examining the four (4) major aspects of a business that will determine a good credit from bad.

- Management – character, acumen and alliances.
- Industry – company position and competitive environment
- Financial Strength – determining ability to repay
- Collateral and Guarantees



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❖ **FINANCIAL ANALYSIS**

This session will provide a more in-depth review of financial analysis with a specific focus on what a loan underwriter must look for to assess and recommend a credit as well as the key information and critical analysis an adjudicator expects to find when reading a credit proposal to make an informed decision. Focus on what questions to ask from a review of the financials and the reasons as well as the appropriate ratios to use and their interpretation in the context of lending.

- Understanding Financial Statements
- Cash Flows
- Ratio Analysis
- Red Flags



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## **DAY TWO (2) - PROPOSAL WRITING**

### **LEARNING OBJECTIVES**

At the end of this session participants should have a working knowledge and understanding in preparing a credit proposal. They will also have an appreciation of the qualitative issues that make the presentation helpful and will understand some of the basic tenets of effective proposal writing.

#### **❖ THE PITFALLS IN WRITTEN PROPOSALS**

Short discussion with participants on common problems encountered with specific focus on their experience. What can prevent a good prospect from being approved?

#### **❖ STRUCTURE OF AN EFFECTIVE CREDIT PROPOSAL**

This will be a practical session focusing on how to prepare an actual credit proposal for approval. Participants will be divided into groups of 2 or 3 persons and work together on analyzing a credit case and writing an appropriate credit proposal for the Board approval. This session is meant to be interactive so the facilitator will provide face to face coaching to each group while they are actively working on the credit case and presentation. Topics will include:

- Appropriate formatting
- Borrower's strengths and weaknesses
- Assess levels of risks and mitigating factors
- Assess borrower's management depth and experience
- Assess creditworthiness
- Assess financial performance and ability to service
- Effectiveness in recommendations



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❖ **PRESENTATIONS**

The final session, participants will present their credit proposals in a mock Board/Credit Committee format. Feedback will include questions that adjudicators usually ask of credit presenters for additional clarity in coming to a decision. This session would allow participants the opportunity to practice effective communication of a credit proposal in a professional corporate environment.