**BAN 1231 COMMERCIAL LENDING**

Course Description: This course will provide a solid foundation of best practices, resources and techniques related to commercial credit analysis. The course will concentrate in the qualitative and quantitative evaluation of single and joint obligors. The content will teach students how to apply a structured approach to corporate and industrial credit assessment including cash flows, debt capacity and identify major risks when lending to corporate borrowers. (3 Hr. Lecture)

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<th>Course Competency</th>
<th>Learning Outcomes</th>
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| **Competency 1:** The student will achieve a global standard in corporate and industrial credit assessment by: | • Numbers / Data  
• Critical thinking  
• Information Literacy |
| 1. Explaining the relevance of industry, management and economic influences in the operation of a corporate borrower.  
3. Describing business life cycles and the importance of seasonality in a company’s cash flow. | |
| **Competency 2:** The student will learn the essentials of financial analysis and profitability assessment by: | • Numbers / Data  
• Critical thinking  
• Information Literacy |
| 1. Calculating profitability ratios and analyzing associated revenue/income trends.  
2. Evaluating how a company’s earnings performance could be sustained by controlling expenses.  
3. Determining cash flow trends and dynamics and ascertain the importance in the analysis process.  
4. Identifying the steps in the cash flow estimation process.  
5. Explaining how the underlying accounting decisions can have an impact on the measurement and classification of assets, liabilities, and equity. | |

Updated Spring 2021
**Competency 3:** The student will acquire proficiency in the understanding of financial statements and business legal structures by:

1. Explaining financial statements structure and composition.
2. Applying accounting concepts, principles, and policies.
3. Describing how a business legal structure influences and determines the presentation of the financial statements.
4. Identifying characteristics, advantages and disadvantages of C corporations, S corporations, partnerships, and limited liability companies.

| • Numbers / Data |
| • Critical thinking |
| • Information Literacy |

**Competency 4:** The student will acquire proficiency of cash flow analysis, cash flow statements and format by:

1. Describing the different accounting issues associated to cash flow analysis including cash versus accrual accounting.
2. Constructing a cash flow statement.
3. Calculating debt service coverage and how the results will impact the lending decisions.
4. Evaluating the different cash flow methods and the application in a business debt repayment ability.

| • Numbers / Data |
| • Critical thinking |

**Competency 5:** The student will learn the essentials of loan structuring, loan documentation and red flags on problems loans by:

1. Reviewing the importance of essential legal documentation included in a loan closing package.
2. Explaining the steps required to obtain and secure collateral in a secured lending transaction including the essentials of UCC filing.
3. Evaluating the differences and similarities associated to a commercial versus an industrial loan.
4. Obtaining the risk-based fundamentals to detect loan deterioration and red flags associated to problem loans.

| • Critical thinking |
| • Information Literacy |