

# Commercial Loans to Business

Build commercial credit risk analysis and decision-making skills



SELF-PACED  
E-LEARNING

**25-30**  
HOURS

## OVERVIEW

To increase commercial loan profits and decrease portfolio risks, organizations need commercial lenders and credit analysts who can effectively identify and mitigate loan risks, make sound credit decisions, and create profitable client relationships. This course provides a comprehensive foundation in commercial lending skills and enables your organization to compete successfully in the commercial business market.

## WHO SHOULD ENROLL

Anyone with commercial lending responsibilities, including relationship managers, commercial lenders, credit analysts, and loan review staff.

## RESULTS AND BUSINESS BENEFITS

Upon completion, participants will be able to:

- Increase lending efficiency and competence by applying the Decision Strategy™ framework
- Determine the business borrowing need and recommend the appropriate loan structure
- Assess industry risk, management quality, and the effectiveness of company strategies and goals
- Analyze financial statement trends and ratios, cash flow, and projections to evaluate repayment capacity
- Manage the identified risks through effective loan structure and covenants

## LEARNING MODULES

1

Opportunity  
Assessment

2

Borrowing  
Causes

3

Industry and  
Business Risk  
Analysis

4

Financial  
Statement  
Analysis

5

Cash Flow  
Analysis

6

Projections

7

Loan Structure



## E-LEARNING BY OMEGA PERFORMANCE

Omega Performance E-Learning courses, accessible online at any time, are developed to be highly interactive—maintaining high learner interest that enhances understanding and application of the material. Concepts are presented in conjunction with related definitions, explanations, formulas, and real-world examples to ensure that individuals of all learning styles find the subject matter accessible and user-friendly.

MOODY'S  
ANALYTICS

omega  
performance

LEARNING SOLUTIONS

# Learning Module Descriptions

## 1 OPPORTUNITY ASSESSMENT

- Introduces the Decision Strategy™ framework for comprehensive risk analysis
- Demonstrates the components of the asset conversion cycle, including the operating and capital investment cycles
- Presents the legal and operational characteristics of most common forms of business organization
- Steps through a preliminary assessment, including identifying credit opportunities and gathering key documents

## 2 BORROWING CAUSES

- Identifies underlying reasons for business borrowing, including sales growth, operating cycle changes, and purchase of fixed assets
- Addresses the impact of borrowing causes on loan structure and repayment
- Explores the use of borrowing cause analysis to anticipate future borrowing needs

## 3 INDUSTRY AND BUSINESS RISK ANALYSIS

- Examines economic, market, demographic, and other forces that impact a business
- Presents ten critical industry characteristics and how they impact the business
- Explores the ability of management to deal with risks inherent in the industry
- Provides a process for conducting an in-depth analysis of management and key components of the business
- Introduces tools and techniques to link financial performance to business strategy

## 4 FINANCIAL STATEMENT ANALYSIS

- Links management performance to financial statement results
- Examines effects of GAAP accounting on financial statements
- Addresses the benefits and methodologies of using common size analysis to examine trends and industry comparable data
- Establishes the importance of analyzing liquidity and balance sheet efficiency
- Shows the process for analyzing trends and determining reasons for changes in profitability, EBITDA, and debt service capacity
- Explores the impact of balance sheet and cash flow leverage on financial condition

## 5 CASH FLOW ANALYSIS

- Describes insights gained from analysis of cash inflows and outflows as an important part of repayment analysis
- Demonstrates how to evaluate the ability of historical cash flow to meet future debt service requirements
- Demonstrates three common formats of cash flow: Quick Cash Flow, Direct (UCA) Cash Flow, and GAAP Statement of Cash Flows
- Establishes the impact of changes in sales, margins, turnover, and fixed assets on cash flow
- Explores the underlying reasons behind changes in the drivers of cash flow

## 6 PROJECTIONS

- Provides tools to determine reasonable hypotheses to project future financial performance
- Evaluates the validity of management's projection assumptions based on historical performance and industry factors
- Demonstrates the impact of key drivers of cash flow on future borrowing needs and repayment capacity
- Explains how to leverage sensitivity analysis as a tool to predict future cash flow patterns

## 7 LOAN STRUCTURE

- Links the credit facility with the identified borrowing need, including timing and repayment schedule
- Identifies secondary sources of repayment, including collateral, guarantees, and subordination
- Addresses how risk characteristics of a loan should be reflected in price and loan structure
- Explains the use of loan covenants to mitigate the risks identified during the credit analysis, and provide an early warning system
- Examines the purpose and content of loan agreements

## FIND OUT MORE ABOUT OMEGA PERFORMANCE TRAINING

For detailed course descriptions and to speak with an Omega Performance training consultant, please contact us at:

[www.omega-performance.com](http://www.omega-performance.com) // [info@omega-performance.com](mailto:info@omega-performance.com)

North America, South America, Europe, Middle East and Africa +1 646 947 1800

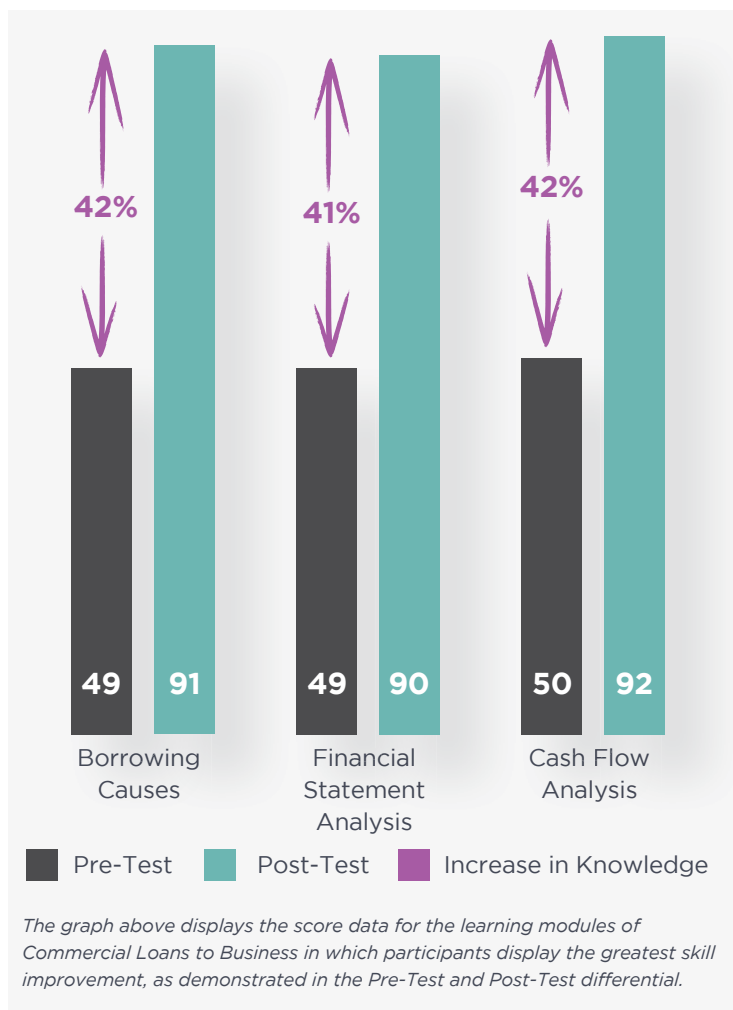
Asia-Pacific +65 6511 4526 // Australia and New Zealand +61 2 9270 8197

# Training Effectiveness Benchmarking Report

## Commercial Loans to Business

Average Percentage Increase in Knowledge **38%**

LEARNING MODULES	PRE-TEST SCORES	POST-TEST SCORES
1. Opportunity Assessment	61	94
2. Borrowing Causes	49	91
3. Industry and Business Risk Analysis	54	89
4. Financial Statement Analysis	49	90
5. Cash Flow Analysis	50	92
6. Projections	52	91
7. Loan Structure	56	91



### Key Takeaways

**Pre-Training** Participants lacked basic commercial lending skills and were unable to identify the true reasons behind a business's borrowing needs or recommend a suitable loan structure. Further, participants were unable to use traditional measures of financial strength, including ratios and indicators, to analyze a business's financial statements, or correctly interpret cash flow and the capacity to repay debt.

**Post-Training** Post-Test results highlighted an average 38% improvement in key skills. Participants identified the underlying reasons for borrowing and understood the impact of those borrowing causes on loan structure. They demonstrated their ability to analyze a business's financial condition using its financial statements. They grasped the importance of cash flow, and demonstrated the ability to calculate debt service capacity.