

# Chartered Banker

Module specification Ver 1.2  
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Corporate and Commercial Lending

**LEVEL:** SCQF Level 8 and broadly equivalent to EQF Level 5

**CREDITS:** 6

**QUALIFICATIONS TO WHICH MODULE CONTRIBUTES:**

The Certificate in Corporate and Commercial Lending

The Associate Chartered Banker Diploma

**AUDIENCE:**

Those working in the banking sector who want to expand their knowledge and understanding of lending, and the assessment of lending to corporate and commercial customers – and have that knowledge and understanding recognised through the award of a professional banking qualification.

**AIM:**

To develop the learner's knowledge and understanding of lending to corporate and commercial customers, the basis of sound assessment of lending propositions, and how lending is monitored by managers and relationship teams during its term.

**LEARNING OUTCOMES:**

On completion of this module, the learner will be able to:

1. identify a range of non-financial information which can be used to assess businesses, their strategy, and the key risks inherent in a lending proposition.
2. assess financial information to understand the financial strength of a business.
3. explain the components of sound lending decisions, and the management of risk and reward.
4. explain how corporate and commercial lending is monitored.

**SKILLS:**

The qualification will support you in the development of a number of key skills:

- Analytical thinking
- Commercial awareness
- Critical thinking
- Data literacy
- Leadership and influencing
- Numeracy
- Problem solving
- Risk awareness
- Self-directed learning
- Strategic planning.

**DELIVERY METHODOLOGY:**

*Corporate and Commercial Lending* is delivered online. Learning resources include:

- Four interactive eLearning units
- videos
- case studies and online resources
- activities to support application of learning at work
- quizzes and knowledge checks
- suggestions for further reading
- mock exam.

**ASSESSMENT:**

*Corporate and Commercial Lending* is assessed by one online examination, lasting 60 minutes, and consisting of 40 multiple-choice questions.

## Unit 1: Non-financial information

Learning outcomes	Assessment criteria	Indicative content
<p><b>The learner will be able to:</b></p>	<p><b>The learner can:</b></p>	
<p><b>LO1:</b> Identify a range of non-financial information which can be used to assess businesses, their strategy, and the key risks inherent in a lending proposition.</p>	<p><b>1.1</b> Identify the different types of non-financial information that can be used to assess business strategy, capability, and current and emerging risks.</p> <p><b>1.2</b> Explain and apply key tools of non-financial analysis.</p> <p><b>1.3</b> Explain the component skills of successful ownership and management teams, and how those skills can be investigated and assessed by a lending banker.</p>	<ul style="list-style-type: none"> <li>• External, publically available information; company-provided internal information; bank industry sector analysis and other sources.</li> <li>• Tools include PESTLE, Porters, SWOT, and McKinsey's 7 S's.</li> <li>• Other external impact factors which impact on business customers. e.g., wars, pandemics, Brexit, Global warming, changing societal values that impact production, supply chain, movement of labour, pricing etc.</li> <li>• Bank/customer exposure to climate risk, and understanding transition plans.</li> <li>• Ownership, leadership, and management structure. The mix of skills at the top levels of the business including financial, marketing, business development, and operations.</li> <li>• Succession considerations.</li> </ul>

## Unit 2: Financial accounts and analysis

Learning outcomes	Assessment criteria	Indicative content
<p><b>The learner will be able to:</b></p>	<p><b>The learner can:</b></p>	
<p><b>LO2:</b> Assess financial information to understand the financial strength of a business.</p>	<p><b>2.1</b> Identify the various annual statements and accounting policies that businesses must adhere to.</p> <p><b>2.2</b> Explain the importance of safety, liquidity and profitability to a business and to a lending banker.</p> <p><b>2.3</b> Interpret financial accounts and key ratio information to assess the financial strength of a business, linking to safety, liquidity and profitability.</p> <p><b>2.4</b> Assess the importance of cash in a business and how a business' cash position can be determined.</p> <p><b>2.5</b> Assess the value and reliability of forecasts in lending.</p>	<ul style="list-style-type: none"> <li>• IFRS, Statement of Financial Position, Statement of profit or loss and other comprehensive income, Statement of changes in equity and Statement of cash flows throughout.</li> <li>• Accounting policies.</li> <li>• The safety, liquidity and profitability of a business and its importance.</li> <li>• Key ratios and analysing and interpreting data from key ratios.</li> <li>• Cash and cashflow.</li> <li>• Financial forecasts, assumptions and limitations.</li> <li>• Sensitivity analysis.</li> </ul>

## Unit 3: Lending assessment

Learning outcomes	Assessment criteria	Indicative content
<p><b>The learner will be able to:</b></p>	<p><b>The learner can:</b></p>	
<p><b>LO3:</b> Explain the components of sound lending decisions, and the management of risk and reward.</p>	<p><b>3.1</b> Explain the financing needs of commercial and corporate banking customers, and the range of banking products and services available to meet those needs.</p> <p><b>3.2</b> Explain the range of security options for corporate and commercial lending, and the key considerations associated with each option.</p> <p><b>3.3</b> Explain the relationship between risk and reward and the considerations when pricing lending.</p> <p><b>3.4</b> Explain the role of terms and conditions in a lending facility, the types of lending term, conditions and covenants, and how they may be used to identify early signs of financial distress.</p> <p><b>3.5</b> Assess the key components and structure of a sound lending assessment, and the role of structured assessment in supporting ethical and responsible banking.</p>	<ul style="list-style-type: none"> <li>• Working capital products (including revolving credit facilities and overdrafts, factoring and invoice financing).</li> <li>• Capital expenditure products (including loans and asset finance).</li> <li>• Sustainable finance options.</li> <li>• Debentures, land, life policies, stocks and shares, personal guarantees.</li> <li>• Security margins.</li> <li>• Realisation options of the secured lender.</li> <li>• Risk / reward, including the role of pricing matrices, digital tools and risk-weighted assets.</li> <li>• Role of terms in lending facilities, types of lending term, including the committed term of the facility/review date, security and insurance requirements and covenants.</li> <li>• The role of covenants in identifying early warning signs of financial distress.</li> <li>• The key components and structure of a sound lending assessment.</li> <li>• Ethical considerations when lending.</li> <li>• The use and role of digital tools including AI.</li> </ul>

## Unit 4: Monitoring and control of lending

Learning outcomes	Assessment criteria	Indicative content
<p><b>The learner will be able to:</b></p>	<p><b>The learner can:</b></p>	
<p><b>LO4:</b> Explain how corporate and commercial lending is monitored.</p>	<p><b>4.1</b> Assess the range of management information available, the insight into the business that they hold, and how they can be used to monitor lending, and support responsible banking.</p> <p><b>4.2</b> Assess the quantitative and qualitative information revealed about the financial health of a business from analysis of the bank account performance, including the use of digital and AI tools.</p> <p><b>4.3</b> Explain the considerations when determining the point at which more intensive care and/or an exit strategy is required.</p>	<ul style="list-style-type: none"> <li>• The use of management information in monitoring lending.</li> <li>• The use of bank account information in monitoring lending.</li> <li>• The role of digital tools, including AI in supporting the monitoring of lending.</li> <li>• The intensive care of lending.</li> </ul>

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