

## **Business Fundamentals for Private Bankers**

Whether making loans directly to a client's business or making a personal loan supported by the business, it is essential that private bankers have a thorough understanding of how the business operates and the credit risks involved in making the loan. Business Fundamentals for Private Bankers is a self-study course that helps individuals develop these key skills by specifically focusing on business lending issues and the private bank client.

### **Course Objectives**

After completing this course, learners will be able to:

- Identify situations in private banking when it will be important to understand the workings of an underlying business
- Describe the characteristics of various types of businesses and how they work
- List the key success factors common to most businesses
- Recognize the key financial statement indicators banks consider when measuring business credit risk, and identify the underlying factors that can drive the ratios
- Use both business cash flow and global cash flow concepts to assess potential credit risks
- Discuss the common reasons for business borrowings, their intended sources of repayment and common loan structures
- Describe some of the special considerations required when looking at borrowers who participate in the professional services industry

### **Course Content**

- Risks in lending to businesses and business owners
- Types of businesses and legal formations
- Understanding how a business operates
- Business cash cycles
- Evaluating the income statement and key performance measures
- Evaluating the balance sheet and assessing liquidity and leverage
- Evaluating business cash flow
- Business borrowing needs and sources of repayment
- Understanding loan structure decisions including types of facilities, collateral and guarantees
- Key considerations when lending to the professional services industry

# Business Fundamentals for Private Bankers (continued)

## Course Sections

- Section 1 - Introduction - Business Lending and Credit Risk
- Section 2 - Understanding Businesses
- Section 3 - Lending to Businesses and Business Owners
- Section 4 - Lending to the Professional Services Industry

## Target Audience

Business Fundamentals for Private Bankers is appropriate for individuals new to private banking who have taken Edge Development Group's Introduction to Private Bank Lending or a similar introductory course. It is also very beneficial for experienced private bankers who may need a refresher or who have never received formal training on the fundamentals of business lending.

## Delivery Options

This course is designed to be used as a self-study allowing learners to work independently and at their own pace, concentrating on the areas they need most. This approach is especially effective when there are only one or two learners at a time or when the learners are spread out geographically. However, when multiple learners are involved, the materials can also be used in a blended learning approach by having an appropriate manager or training person lead periodic classroom review sessions. A pre- and post-test are available with this course to assess learning transfer.

## Course Materials

Each set of participant materials includes:

- Complete explanations of concepts with relevant examples
- Exercises and a case study with answer keys
- Review sections providing self-testing opportunities

*To learn more about this course or any of the other courses in Edge Development Group's Credit Skills Curriculum, call (412) 343-0105 or visit our website.*



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