



Corporate Credit Analysis: Debt Service Capacity, Stress Tests and the Credit Memorandum

19 – 23 October 2026

Paris - Right Bank business hotel



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Ref: 332_12713 **Date:** 19 – 23 October 2026 **Location:** Paris - Right Bank business hotel **Fees:** 23500 SAR

Introduction:

Corporate credit analysis often fails at the single-borrower level: proposals arrive with a page of ratios but no clear view of how the business earns cash, what could interrupt it and how the loan will be repaid. This Core Concept course puts participants in the analyst's seat for one corporate borrower, moving from business, industry and management risk through credit-adjusted financials, cash flow and debt service capacity, projections and stress tests, to facility structure and an internal rating judgement. Each participant writes a complete Corporate Credit Memorandum with a lending recommendation.

Course Objectives:

- Evaluate a borrower's business model, industry position and management and governance quality as the qualitative foundation of a credit opinion
- Normalise reported financial statements with credit adjustments for non-recurring items, leases, contingent exposures and related-party balances
- Measure debt service capacity by building operating cash flow, cash available for debt service and debt service coverage for a proposed facility
- Interpret leverage, coverage, liquidity and working capital metrics to confirm the primary and secondary sources of repayment
- Build base and downside projections that test repayment under revenue, margin, working capital and interest rate shocks
- Recommend a facility structure and internal rating in a Corporate Credit Memorandum that states risks, mitigants and conditions

Target Audience:

- Staff who prepare credit applications and financial spreads for corporate and commercial borrowers
 - Staff who originate and manage corporate lending relationships and present proposals to credit approvers
 - Staff who review and challenge credit memoranda before submission to an approval authority
 - Staff who carry out annual reviews and renewals of existing corporate facilities
 - Staff in finance companies, trade finance and supplier finance teams who assess corporate counterparties before extending credit
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Course Outline:

Day 1: The Credit Analyst's Role and Business Risk Assessment

- Credit Analysis Workflow from Information Request to Approval Recommendation
- Five Cs Evidence Grid for a Single Corporate Borrower
- Industry Risk Scan: Cyclicalities, Barriers to Entry, Supplier and Customer Power
- Business Model Resilience: Revenue Concentration, Cost Flexibility and Pricing Power
- Management Track Record, Ownership Structure and Governance Red Flag Review

Day 2: Financial Statements Through a Lender's Lens

- Credit Spreading Template for Multi-Year Income Statement, Balance Sheet and Cash Flow
- Quality of Earnings Adjustments: Non-Recurring Items, Capitalised Costs and Related-Party Transactions
- Lease, Guarantee and Contingent Exposure Adjustments to Reported Debt
- Tangible Net Worth and Adjusted Capital Base Calculation
- Audit Opinion, Accounting Policy Changes and Management Accounts Reliability Check

Day 3: Cash Flow, Debt Service Capacity and Credit Ratios

- EBITDA to Cash Flow from Operations Rebuild for Lending Decisions
- Cash Available for Debt Service and Debt Service Coverage Ratio Calculation
- Leverage Metrics: Debt to EBITDA, Debt to Capital and Funds from Operations to Debt
- Liquidity and Working Capital: Operating Cycle, Seasonal Peaks and Short-Term Funding Needs
- Primary, Secondary and Tertiary Repayment Source Mapping

Day 4: Projections, Stress Tests and Facility Structuring

- Base Case Projection Build from Management Forecast with Analyst Haircuts
- Downside Scenarios: Revenue Decline, Margin Squeeze, Working Capital Stretch and Rate Rise
- Breakeven Analysis: Maximum Sustainable Debt and Cash Flow Cushion
- Tenor and Amortisation Matching to Asset Life and Cash Generation
- Security, Guarantees and Financial, Information and Negative Covenants at Concept Level

Day 5: Case Work: Corporate Credit Memorandum and Rating Recommendation

- Borrower Case File Analysis: Manufacturing, Trading and Contracting Company Accounts
 - Internal Rating Judgement: Scorecard Output Versus Analyst Override Rationale
 - Credit Memorandum Structure: Executive Summary, Key Risks, Mitigants and Conditions
 - Corporate Credit Memorandum Drafting and Lending Recommendation
 - Mock Credit Committee Defence and Peer Review of Memoranda
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Skills You Will Gain:

- Business Risk Assessment
- Management and Governance Evaluation
- Credit Spreading
- Earnings Normalisation
- Debt Service Capacity Analysis
- Cash Flow Stress Testing
- Facility Structure Design
- Credit Memorandum Writing

Why Attend This Course:

- Leave with a Corporate Credit Memorandum on a realistic borrower case, challenged in a mock credit committee
- Answer the approver's first question, how the loan will be repaid, with a traced cash flow and a tested downside case
- Separate reported profit from the cash a borrower can actually commit to debt service before recommending a limit
- Compare analysis habits with credit analysts and relationship managers from banks, finance companies and corporate lenders across sectors

Conclusion:

A corporate credit decision is only as sound as the analysis behind a single borrower's file. The course moves from business, industry and management risk, through financial statements adjusted for credit purposes, to cash flow, debt service capacity, leverage and liquidity, and then to projections, downside scenarios and facility structuring. The final day brings these steps together on a borrower case file, producing a Corporate Credit Memorandum with an internal rating judgement and lending recommendation that participants can reuse on their next credit application.