

# **LIBF Level 5 Commercial and Corporate Lending (CCL)**

Qualification specification



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## Purpose of the qualification

### Why study the LIBF Level 5 Commercial and Corporate Lending (CCL)?

Commercial and Corporate Lending (CCL) is aimed at individuals who are working with, or aspiring to work with businesses operating in the £25m - £300m turnover range. The CCL qualification is designed to develop your understanding and ability to analyse the detailed lending and other relationships that exist between a financial institution and its corporate and commercial customers. It considers how lending propositions should be tailored to suit businesses working within a range of different sectors and also the broader spectrum of other more specialised services and products provided within commercial and corporate banking relationships.

As a comprehensive introduction to mid-market lending, when you study CCL you will explore the financial and practical aspects of business relationships. You will focus on the analysis of lending propositions and structuring of suitable solutions. You will also consider sustainability, types and appropriateness of security and developing strategies to manage and monitor insolvency issues. The qualification builds upon, and develops, your previous knowledge and understanding of the application of business conduct rules in a lending environment.

### Objectives

To provide the knowledge and skills required to be an effective commercial and corporate lender within the financial services sector.

### Key content areas

- the legal principles and practical issues of effective commercial and corporate customer relationship management.
- commercial and corporate lending propositions.
- using techniques of credit risk assessment to justify lending decisions.
- the methods of effective credit monitoring, control and recovery and how and when to apply them.
- the key features of services relevant to a customer's situation and making appropriate recommendations in specific cases.
- the general principles, legal aspects and practical implications of security and insolvency.

## Qualification learning outcomes

LO	Detail
LO1	Describe the ethics, processes and regulatory background when managing different types of customer
LO2	Understand and analyse the financial and commercial assessment of a commercial and corporate lending proposition.
LO3	Explore and assess the lending application
LO4	Evaluate the terms and conditions of lending
LO5	Explain the strengths and weaknesses of different types of security and issues in terms of realisation
LO6	Explain credit monitoring, control and recovery
LO7	Understand and apply the impacts and actions to take in terms of insolvency
LO8	Explain lending and associated products / services relevant to commercial and corporate customers

## Key skills developed

The qualification will encourage students to:

- apply theory to the working environment;
- analyse problems, identify solutions and make clear decisions;
- communicate solutions to complex problems in a clear manner; and
- work and study independently.

## Entry requirements

There are no specific entry requirements for this qualification.

We would recommend that you have previously successfully studied the Banking: Conduct of Business rules. Our Level 3 Certificate in Business Banking (CertBB) provides a comprehensive introduction to the business rules whilst our Level 4 Diploma in Business and Commercial Banking & Conduct (DipBB&C) develops this knowledge further.

You should also understand basic accounting rules and be confident in your ability to study the mathematical elements of the course along with your ability to study in English.

## Recognition of prior learning

In line with The London Institute of Banking & Finance regulations, CCL is a single unit qualification so RPL does not apply.

## Progression and preparation for further study

CCL provides a platform for continued study within the financial services sector and a wide range of other business-related disciplines.

Upon successful completion of the Level 5 Commercial and Corporate Lending (CCL) qualification, there are opportunities for further study with The London Institute of Banking & Finance. CCL forms part of the [Professional Diploma in Banking & Finance](#) designation.

On successful completion of the Professional Diploma in Banking & Finance designation, you will be eligible to apply for Associate membership status of The London Institute of Banking & Finance.

## Apprenticeships

CCL is not currently available through an apprenticeship standard.

## Preparation for employment / professional development

CCL is designed to develop your knowledge and understanding of commercial and corporate lending practices and portfolio management skills. It will also enhance broader skills that are valued within the finance sector and others.

## Structure

CCL contains one mandatory unit which must be passed in order to obtain the qualification.

## Total Qualification Time (TQT)

Total Qualification Time (TQT) is a prediction of the total time a student with no prior knowledge might need to complete the course.

TQT consists of two elements, Guided Learning (GL) and all other hours:

- GL is time spent studying under the immediate guidance or supervision of a teacher.
- All other hours include hours spent unsupervised in research, learning, e-learning, exam preparation, and formal assessments.

CCL is primarily considered a distance-learning, session-based qualification.

Guided Learning Hours	10 hours
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Other hours	340 hours
Total Qualification Time	350 hours

## Learning resources

You are provided with the following learning resources:

- online access via MyLIBF to the learning materials (which includes core learning materials, videos, quizzes and other interactive activities)- [www.myLIBF.com](http://www.myLIBF.com);
- access to KnowledgeBank (e-library) through MyLIBF;
- unit syllabus;
- study planner;
- exemplar exam paper with model answers;
- webinars; and
- 'ask the expert' forum.

## What to do before the assessment

You will be registered for a specific exam session. Your exam date will be provided and you will be able to select where to sit the exam from a range of locations.

Six weeks before the exam date, a pre-released case study will be provided. This case study provides the background detail upon which your main assessment tasks will be focussed.

To prepare for the exam, you should make use of all learning resources and study guides and explore the different areas described within the case study.

## Assessment

Assessment is by a single, three hour exam with an additional 15 minutes reading time. The first part will be based on the pre-released case study and will be worth a total of 70 marks. The second part will have four short answer questions and will be worth a total of 30 marks.

To pass the unit you must achieve the minimum pass mark, 50% of the marks available. The structure of the assessment ensures that all aspects of the course content are subject to external assessment.

A Chief Examiner's report will be provided to highlight general areas of strength and weakness noticed within the examination, as well as to provide guidance for future students.

### Qualification grading

The qualification will be graded Pass / Distinction. To pass you must achieve a minimum mark of 50%.

The qualification grade boundaries are as follows:

Grade	Percentage mark
Pass	50-69%
Distinction	70-100%

Grade classifications are pre-determined and align to the published grade descriptors available to learners.

However, the grade classifications may be subject to change under the jurisdiction of the assessment board where this is necessary to maintain standards of validity.

### Study period

CCL has a six month study period.

### Re-sit attempts

As the CCL qualification comprises a single examination, if you are not successful you will need to re-register for a subsequent session.

## Appendices

### Appendix 1 – Regulation detail

This document describes the regulation detail that is applicable to the qualification.

<b>Qualification title</b>	LIBF Level 5 Commercial and Corporate Lending (CCL)
<b>Ofqual qualification number</b>	603/2324/3
<b>Qualification level</b>	5
<b>European Qualifications Framework (EQF) level</b>	5
<b>Qualification Type</b>	Vocationally-Related Qualification
<b>Guided learning hours</b>	10
<b>Total qualification time</b>	350
<b>Total credits</b>	35
<b>Sector Subject Area</b>	15. Business, Administration, Finance and Law
<b>Sub SSA</b>	15.1 Accounting and finance
<b>Overall grading type</b>	Pass / Distinction
<b>Assessment methods</b>	Examination
<b>Regulated in</b>	England
<b>Qualification for ages</b>	19+
<b>Operational start date</b>	1 September 2017
<b>Qualification description</b>	CCL consists of one mandatory unit. A total credit value of 35 must be obtained for achievement of the qualification.

## Appendix 2 – Commercial and Corporate Lending (CCL)

### Unit Profile

The unit analyses the commercial and corporate lending services with portfolios in the mid market (£25 - £300 million sales turnover) range. It explores the processes required to manage the lending relationship in different industrial sectors and through this examines your understanding of the process of structuring and presenting proposals with due regard for security and insolvency protection.

This is a single unit qualification.

<b>Unit title</b>	Commercial and Corporate Lending
<b>Ofqual unit reference number</b>	Y/616/2763
<b>Unit level</b>	5
<b>Unit credit value</b>	35
<b>Typical study hours</b>	350

### Assessment method

Assessment is through a single, three hour exam with an additional 15 minutes reading time comprising of:

- a main task assessment with 70 marks available; and
- short answer questions, with 30 marks available.

To support your preparation for the exam, a case study is pre-released six weeks before the exam date. This case study will provide the background detail upon which the main task assessment will be structured.

### Unit learning outcomes / assessment criteria

Learning outcome (LO) The learner will:	Assessment criteria (AC) The learner can:
1. Describe the ethics, processes and regulatory background when managing different types of customer.	1.1 Describe ethics and conduct and regulatory background to provision of lending products. 1.2 Identify and evaluate different customer needs. 1.3 Explain different structures for lending.
2. Understand and analyse the financial and commercial assessment of a commercial and corporate lending proposition.	2.1 Discuss the main types of financial statement. 2.2 Explain concepts related to financial ratio analysis. 2.3 Describe and perform cash flow analysis. 2.4 Analyse projections and budgets. 2.5 Analyse other information extracted from financial statements (e.g. notes to the accounts, explanatory statements etc.).
3. Explore and assess the lending application.	3.1 Explain common structures of an application including reference to use of credit rating models / assessment models. 3.2 Apply appropriate lending models to loan applications and produce a structured assessment.
4. Evaluate the terms and conditions of lending.	4.1 Evaluate terms and conditions of lending. 4.2 Define the implications for lenders and borrowers.
5. Explain the strengths and weaknesses of different types of security and issues in terms of realisation.	5.1 Evaluate forms and types of security. 5.2 Describe attributes of security. 5.3 Analyse assets as security (value, suitability, ease of gaining a security interest, advantages and disadvantages). 5.4 Discuss realisation impacts.
6. Explain credit monitoring, control and recovery.	6.1 Discuss portfolio management techniques including sector exposure controls and shareholder value issues. 6.2 Explain monitoring and control procedures for commercial / corporate lending. 6.3 Discuss appropriate actions when risk profiles deteriorate.
7. Understand and apply the impacts and actions to take in terms of insolvency.	7.1 Explain and evaluate different insolvency regimes. 7.2 Describe the 'who's who' of insolvency.
8. Explain lending and associated products / services relevant to commercial and corporate customers.	8.1 Explain lending services and products for commercial and corporate clients.

## Unit syllabus (indicative content)

UNIT 1 SYLLABUS LOs / ACs	
<b>LO1:</b>	<b>Describe the ethics, processes and regulatory background when managing different types of customer</b>
AC1.1	<ul style="list-style-type: none"> <li>• Conduct, the Lending Codes and ethics (i.e. regulation, BCOB, compliance, trends, and terms and conditions, responsible lending, TCF)</li> <li>• The significance of ethical behaviour in the commercial and corporate lending sector and the potential costs of unethical behaviour</li> <li>• Legal / moral and regulatory regimes</li> </ul>
AC1.2	Identify and evaluate different types of customer needs: <ul style="list-style-type: none"> <li>• Different sectorial needs for example manufacturing, wholesale, construction</li> <li>• Specialist transactions (company buy in / buy out, acquisitions etc.)</li> <li>• Alternative sources of funding (crowdfunding)</li> </ul>
AC1.3	Explain different structures for lending: <ul style="list-style-type: none"> <li>• Proposition types</li> <li>• Terms and conditions</li> <li>• Bank sanctioning</li> <li>• Lending processes</li> </ul>
<b>LO2:</b>	<b>Understand and analyse the financial and commercial assessment of a commercial and corporate lending proposition.</b>
AC2.1	Discuss the main types of financial statement: <ul style="list-style-type: none"> <li>• Statement of Financial Position</li> <li>• Statement of Comprehensive Income</li> <li>• Statement of Cash flows</li> <li>• Statement of Changes in Equity</li> </ul>
AC2.2	Explain concepts related to ratio analysis through: <ul style="list-style-type: none"> <li>• safety liquidity profitability model</li> <li>• trend analysis</li> <li>• key investment ratios (ROCE, ROI)</li> </ul>
AC2.3	Describe and perform cash flow analysis: <ul style="list-style-type: none"> <li>• cash generation</li> <li>• concepts such as EBITDA/ debt servicing</li> <li>• forecasting and funds flow statements</li> </ul>
AC2.4	Analyse projections and budgets: <ul style="list-style-type: none"> <li>• basic assumptions and sense checks</li> <li>• sensitivity analysis</li> <li>• payback methods</li> </ul>
AC2.5	Analyse information extracted from the financial statements: <ul style="list-style-type: none"> <li>• Financial ratio analysis (Safety, Liquidity &amp; Profitability)</li> <li>• Cashflow (CFADS, Fundsflow statements)</li> <li>• Analysing forecast / projections / budgets (sensitivity analysis, reasonableness of assumptions etc.)</li> <li>• Other information from financial statements (changes in accounting procedures, notes in accounts, statements by management, reporting to market for plc's)</li> </ul>

<b>LO3:</b>	<b>Explore and assess the lending application</b>
AC 3.1	<p>Explain common structures of an application:</p> <ul style="list-style-type: none"> <li>• application structure</li> <li>• Use of credit rating agencies and models and other assessment techniques.</li> <li>• Qualitative frameworks, Porter, PESTEL, SWOT, Boston Consulting Framework</li> </ul>
AC 3.2	<p>Apply appropriate models to loan applications:</p> <ul style="list-style-type: none"> <li>• Practical use of models such as RIOTARS</li> <li>• Assessing/meeting the borrowing requirements</li> <li>• credit risks and mitigants</li> </ul>
<b>LO4:</b>	<b>Evaluate the terms and conditions of lending</b>
AC4.1	<p>Evaluate terms and conditions of lending:</p> <ul style="list-style-type: none"> <li>• identification and evaluation of suitable legal terms and conditions for lending</li> <li>• determine appropriate documentation</li> </ul>
AC 4.2	<p>Describe the implications for lenders and borrowers:</p> <ul style="list-style-type: none"> <li>• the risk and reward balance</li> <li>• pricing in terms of interest rate margin and fees</li> <li>• impacts of covenants that may attach to the lending</li> <li>• impacts of taking action / no action on breach</li> </ul>
<b>LO5:</b>	<b>Evaluate the strengths and weaknesses of different types of security and issues in terms of realisation</b>
AC5.1	<p>Evaluate forms and types of security:</p> <ul style="list-style-type: none"> <li>• nature of security</li> <li>• legal effect, implication and use</li> <li>• enforcement (in brief)</li> </ul>
AC5.2	<p>Describe attributes of security:</p> <ul style="list-style-type: none"> <li>• factors in determining good security</li> <li>• valuation of security and lending margins</li> <li>• derivatives, guarantees, letters of comfort</li> </ul>
AC5.3	<p>Analyse assets as security:</p> <ul style="list-style-type: none"> <li>• land and buildings</li> <li>• life policies (e.g. key-person and other policies)</li> <li>• stocks and shares</li> <li>• Guarantees (including Letters of Knowledge and Comfort)</li> <li>• Debentures (fixed and floating charges)</li> <li>• Chattel mortgages over specific assets (in brief)</li> <li>• Set-off and cash deposits</li> </ul>
AC5.4	<p>Discuss realisation impacts:</p> <ul style="list-style-type: none"> <li>• defaults</li> <li>• effects of realising different types of security</li> <li>• problems related to realisation through issues such as undue influence and equitable interest</li> </ul>

<b>LO6:</b>	<b>Explain credit monitoring, control and recovery</b>
AC6.1	<p>Discuss portfolio management activities:</p> <ul style="list-style-type: none"> <li>• Monitoring and warning signs (at portfolio level)</li> <li>• Risks and mitigants</li> <li>• Financial forecasting</li> <li>• Communications</li> <li>• Shareholder value from provision of lending and corporate / commercial products</li> </ul>
AC 6.2	<p>Explain monitoring and control procedures:</p> <ul style="list-style-type: none"> <li>• Monitoring ongoing lending</li> <li>• Warning signs and actions to be taken</li> <li>• Financial covenants, monitoring and actions to be taken on breach</li> <li>• Use of budgets and forecasts, variance analysis</li> </ul>
AC6.3	<p>Discuss appropriate actions when risk profiles deteriorate:</p> <ul style="list-style-type: none"> <li>• Alternative strategies for the bank and the business</li> <li>• Monitoring and control procedures, and warning signals</li> <li>• Actions available to the lender</li> </ul>
<b>LO7:</b>	<b>Understand and apply the impacts and actions to take in terms of insolvency</b>
AC7.1	<p>Explain and evaluate different insolvency regimes:</p> <ul style="list-style-type: none"> <li>• Core concepts of insolvency</li> </ul>
AC7.2	<p>Describe 'the main types, processes and implications of insolvency:</p> <ul style="list-style-type: none"> <li>• Regimes involved in terms of corporate, alternatives</li> <li>• Order of priority in terms of repayment from assets</li> <li>• Licenced practitioners</li> <li>• Implications and impact on lender security</li> <li>• Outcomes including potential sanctions and penalties for directors</li> </ul>
<b>LO8:</b>	<b>Explain lending and associated products / services relevant to commercial and corporate customers</b>
AC8.1	<p>Explain products that are common and those which are specific to individual accounts:</p> <ul style="list-style-type: none"> <li>• Lending – overdraft and terms</li> <li>• Asset finance and asset based lending – factoring / invoice discounting</li> <li>• Outline of international trade finance</li> <li>• Interest rate management (including swaps)</li> <li>• Foreign exchange risk management</li> <li>• Infrastructure and project finance (in brief)</li> <li>• Real-estate finance (in brief)</li> <li>• Leveraged finance (in brief)</li> <li>• Working capital finance including supplier finance</li> <li>• Role of financial sponsors (BGF, EFG) and other funders</li> </ul>