20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **IIBF CCP (Certified Credit Professional) syllabus is organised into 5 modules, each split into units.**
   The CCP course structure spans five modules from credit overview to impaired asset management.

2. **Module A of the CCP syllabus covers Introduction and Overview of Credit.**
   Module A lays the foundation with lending principles and credit policy basics.

3. **Module B of the CCP syllabus covers Analysis of Financial Statements.**
   This module builds skills to read and interpret borrower financials.

4. **Module C of the CCP syllabus covers Working Capital Management.**
   Working capital assessment is a core credit-officer skill tested here.

5. **Module E of the CCP syllabus covers Monitoring, Supervision, Follow-Up and Management of Impaired Assets.**
   This module deals with post-sanction credit monitoring and NPA management.

6 **Banks follow six core principles of lending: Safety, Liquidity, Profitability, Purpose, Risk Diversification and Security.**
These six principles protect depositor funds and guide every lending decision.

7 **Safety in lending means the borrower repays both principal and interest on time.**
Banks are trustees of public money, so safety of repayment is the first lending principle.

8 **Liquidity as a lending principle means funds lent should return per a set repayment schedule.**
Adequate liquidity lets a bank meet depositor withdrawal demands on time.

9 **Profitability as a lending principle reflects that banks earn interest margin between advances and deposits.**
Banks are profit-earning institutions, not charitable bodies, so margin matters.

10 **Diversification of risk means a bank avoids overexposure to a single borrower or industry.**
Spreading credit exposure limits the damage from any one default.

11 **A bank's Board is generally the apex authority for framing credit policy.**
Credit policy sets the standards used to appraise and sanction loans.

12 **Credit appraisal standards are classified as Qualitative or Quantitative.**

Qualitative appraisal studies track record while quantitative appraisal studies financial ratios.

13 **A Current Ratio of 1.33 is generally used as a benchmark liquidity level in credit appraisal.**

This ratio compares current assets to current liabilities to judge short-term solvency.

14 **A TOL to Adjusted TNW ratio of around 3.0 is considered a reasonable benchmark of financial soundness.**

This ratio measures total outside liabilities against adjusted tangible net worth.

15 **In term loan appraisal, promoters are normally expected to contribute at least 20 percent of project cost.**

Promoter contribution signals the borrower's own stake and commitment to the project.

16 **For term loans, Net DSCR is generally expected not to fall below 2.**

Net Debt Service Coverage Ratio measures the borrower's ability to service debt from cash accruals.

17 **For term loans, Gross DSCR is generally expected not to fall below 1.75.**

Gross DSCR is a related debt-servicing benchmark examined alongside Net DSCR.

18 **Technical feasibility of a term loan proposal is assessed with input from the bank's technical consultancy cell.**

Technical appraisal checks whether the proposed project is workable before sanction.

19 **Certified Credit Professionals under IIBF's CCP handle areas like working capital management, project finance, credit appraisal and export credits.**

CCP certification builds a generalist banker into a specialised credit officer.

20 **External credit ratings used in appraisal must come from an RBI-approved rating agency.**

Combining an approved external rating with internal assessment strengthens credit decisions.