**Case Study - Specific Requirements**

**Instructions:** Your case study is based upon current economic and market conditions. In other words, you are reviewing this case in today’s environment, not the year of the latest financial statements that are provided. Your case study write-up must be no more than 4 pages plus any supporting excel spreadsheet and attachments, as instructed in class. Your recommendation should state that you either approve the loans without any conditions (covenants) or approve the loans with specific covenants. In other words, you cannot decline the loan.

Your case study solution and write-up must include clear and concise explanation under the following sections.

* **Business**. Outline what business is the company in, what products they sell or manufacture, etc.
* **Ownership.** The management and/or owners of the company. How the company is structured, who owns what share of the company? How long has the company been in business?
* **Loan Request.** List clearly each of the types of loans requested, amounts, what are the terms, (you are not asked to assume anything, everything you need is provided in the case), the collateral provided by the company to the bank (if specified), do you recommend any personal guarantees. Include if the loan(s) are currently provided by your bank or by another bank.
* **Operating cycle.** Show timeline, appropriate ratios and the financing gap calculation as we did in class. If you are given financial statements for more than one year you **must** show the operating cycle and ratios for each year to see the trend.
* **Primary source of repayment.** Explain what should be the primary source of repayment.
* **Secondary source of repayment.** Outline a calculation and a schedule to show what are dollar collateral values for each type of asset based on percentage applied to each asset type and the total collateral value. Compare this to the total loan amount – is the collateral sufficient or is there a shortfall? If there is a shortfall, state clearly and in detail what do you recommend to fill the shortfall? To perform this calculation use the latest year of financials given.
* **Credit analysis.** Comment on the key ratios and cash flow statement.
* **Market and Industry**. Conduct research using Google and comment on market, industry conditions and outlook for company today under current economic conditions. Don’t look under the company name because it is not the real name. Start to Google by looking for type or products or services they provide – this is a research project so you have to really dig into it.
* **Operational and Financial Risks.** Outline any operational risks or financial risks that the company could possibly face that could result in failure of the company to pay the loan back. If this was your company what could go wrong now or in the future that could jeopardize the existence of this company.
* **Risk Rating Assignment.** Attach the spreadsheet to your case study. Using the Risk Rating excel spreadsheet, determine and indicate on the spreadsheet your recommended rating for each of the six risk factors, provide a clear explanation and rationale for assigning the rating. This should include one paragraph for each factor, and one additional paragraph for the overall rating (7 paragraphs). The overall rating is weighted based on percent given in the excel spreadsheet. You must round-up to the next nearest rating (e.g. If you rating is 4.4 it should be rounded to 5).
* **Loan recommendation**. Outline a clear recommendation on the loan(s) requested including conditions (covenants) under which you would approve the loan. Also outline any conditions already provide by me in the case study. Remember, you cannot decline any of the loans. You may decide to provide dollar amount of the loans as requested by the company, or you may decide to provide lower or higher amounts.