1. CREDIT EVALUATION (CA)



Executive summary

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* 1. Customer Profile and Business environment

History of the company

Short history of the company – few sentences – establisment and major events in the life of the company.

Ownership and group structure:

(stability, recent or planed changes, performance of owners, voting share if differs from shareholding share; org. structures (tables, charts, pictures); subsidiaries short description (activity, % of ownership, purchase price in BS, equity, profit/loss), see chart Annex 2

Main activities of the borrower / Role of the borrower within the Group

- (focused on one / two activities x large scale of activities; hard to assess real performance of the company; measured proportion of each activity on sales)

Seasonality(description of usual development of sales during the year)

Customers structure, selling prices(diversification, resp. dependency (GCC reason); time period of co-operation, y-o-y development of % on total sales - customers over 10% in the table with previous year comparison - this table will be placed in annex; set off risk (customer acting also as supplier);contracted payment conditions, products price: cyclical, volatile, unfavorable development, prices can not be influenced by company; price adjustments in the contracts)

Suppliers structure, input prices(diversification resp. dependency (GCC reason); well-known suppliers (expected payment moral); y-o-y development of % on COGS - suppliers over 10% in the table with previous year comparison - this table will be placed in annex; time period of co-operation; contracted payment conditions; possibility of replacement, input price. cyclical, volatile, unfavorable development, prices can not be influenced by company; price adjustments in the contracts)

Industry / market analysis

(monopoly, etc; possibility to increase prices, pressure on margins; performance compared to competitors, performance compared to average performance); measured market share, Market: competitive, not competitive; growing / not growing, development of margins; type of industry; cyclical x not cyclical)

Update on relevant recent developments

assets disposals, new products launched, acquisitions, new capacity, environmental (future expenses); legal open law disputes

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* 1. Financial Analysis

Please prepare a short financial analysis of the Borrower(s) / Guarantor(s).

For application which are sent to Vienna - Amounts in local currency have to be translated into EUR (at least for the most important figures)

Always quote on which information your analysis was based upon and which accounting standards have been applied (local, IFRS, US-GAAP, consolidated, not-consolidated, etc)

In case of applications, which are sent to Vienna - after above-mentioned introduction insert the table with key financials in EUR (paste special – picture).



Note: besides comparison of annual financials also comparison of major development in interim financials should be includedComments on interim financials have to be done in separate paragraf– CRF with interim situation will be also prepared (for example CRF\_062004\_062005\_062006). In some cases also analyses of consolidated financials.

P&L summary:

Full year financials 200X

sales, profitability development with mentioning of major influencing factors, intragroup activities, use profit figures that are commonly used in the industry, if relevant also mention the reasons for financial/extraordinary income/expenses.

Interim financials XX/200X

Comment on major developments

B/S summary:

Full year financials 200X

capital structure and its development; development of working capital; non-performing A/R covered / not covered with provisions; comment on overdue A/P – threat of bankruptcy; comment on any other major developments BS items (Inventories, fixed assets, other ST or LT receivables or liabilities); off balances

Note: table with trade A/R and A/P time structure will be placed in annex

Interim financials XX/200X

Comment on major developments

CF summary:

generate client sufficient sources from core business activities for debt service coverage, Capex, changes in w/c? if not from which sources are missing sources achieved ?new loans, divestments, shareholder contributions)

* 1. FX risk analysis

answers for following questions (can be answered by one or two sentences which includes all necessary information)

* Nominal amount of all senior debt of the company/GCC (as actual as possible, including the new facilities applied for)
* Thereof nominal and percentage of senior debt in foreign currency (indicate which currency)
* Percentage of CoGS paid in foreign currency (indicatewhich currency, reasonable estimations are accepted in case no detailed info available)
* Percentage of Sales in foreign currency (indicate which currency, reasonable estimations are accepted in case no detailed info available)
* To which extent can the company/GCC make use of the "natural hedging mechanism" based on the analyzed information?
* To which extent does the company/GCC make use of other hedging instruments (with our NWB or with other banks)?
* Overall judgment on thecompany's/GCC's exposure to FX risk: unknown, high, medium, low + reason for the judgment.
  1. Bank position analysis

What is the position of the NWU in respect of other banks financing the borrower/GCC (e.g. exclusive banking relationship, amongst top 3 lenders house bank status, etc.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Bank | Loan Type | Total Limit | Outstanding amount | Due date | Repayments | Collateral |
|
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

* 1. Projection/Feasibility
* What predicts management?
* Do we believe it or what is our assumption (short table for ST financing or bigger table with commentary for LT financing will be in annex.
* What are major influencing factors, which can positively or negatively influence future of the client and some sensitive analysis.
* Will the company survive in ST and LT horizon? (Reasons for this statement)

Simple CF calculation for short term financing

|  |  |  |
| --- | --- | --- |
|  | Management | CA |
| CZK / ths | Date | Date |
| Total sales |  |  |
| EBITDA |  |  |
| Interest expense |  |  |
| Repayment of LT interest bearing debts |  |  |
| CF after debt service |  |  |
| Income Tax |  |  |
| CF after tax |  |  |
| CAPEX |  |  |
| CF after CAPEX |  |  |
| LT loans or other LT capital increase |  |  |

CA comment:

Simple CF for long term financing: 1)if availablemanagement scenario– with described assumptions in text,2) CA scenario base casewith detail info about changes in assumptions in comparison with management scenario,3) break even scenariowhich tests sensitivity of major variable factor for individual client (in some cases sales, in some cases increase of input prices etc.) For break even case is sufficient description in text without table.

Future Balance sheets and Income statements are not required to be enclosed.



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* 1. Rating & Collateral

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Customer rating:

Last approved customer rating is XX; Newly proposed customer rating is XX

Proposed customer rating by CA XXX(in case of new client)

Plus info about guarantor or group customer rating development if applicable.

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1. SUMMARY

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* 1. Risk Assessment

Please assess the following risks if they are essential in the credit decision process. Ansvers in this table should correspond with the assessment in the qualitative part of Customer rating.

|  |  |  |
| --- | --- | --- |
| Risk | Description | Mitigating Factors |
| Financial |  |  |
| Ownership |  |  |
| Performance |  |  |
| Market |  |  |
| FX |  |  |
| Any other relevant risk |  |  |

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* 1. Compliance with Credit Policy

Corresponds industry of the client with Lending Policy?

* 1. Recommendation

Proposed conditions or financial covenants byCA

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ANNEX1

Major customers with share above 10%

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Customer | 200X | | 200X - 1 | |
| Sales CZK/ths | % | Sales CZK/ths | % |
|  |  |  |  |  |
|  |  |  |  |  |

Major suppliers with share above 10%

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Supplier | 200X | | 200X - 1 | |
| Purchases CZK/ths | % | Purchases CZK/ths | % |
|  |  |  |  |  |
|  |  |  |  |  |

Time structure of trade A/R

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Receivables | Due | | Overdue brutto | | | | | | Adjustments | Total netto |
| (CZK/ths) | % | <30 days | 31-60 | 61-90 | 91-180 | 181-360 | >365 |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |

Time structure of trade A/P

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Payables | Due | | Overdue | | | | | | Total |
| (CZK/ths) | % | <30 days | 31-60 | 61-90 | 91-180 | 181-365 | >365 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

ANNEX1

Ownership chart, Graphs, Diagrams, Pictures …..

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