

The 5 Cs of Credit

- **Capacity** – historical and likely future ability to repay
- **Collateral** – security that the business can offer as a second source of repayment
- **Character** – credit history of the business and its principals
- **Capital** – the solvency of the business, i.e., the size of its assets in relation to its indebtedness
- **Conditions** – the larger economic environment and trends within which the business must operate