

Credit Risk Training Program Series for Community Banks



October 29, 2018 / January 28, 2019

April 29, 2019 / July 29, 2019

SHAZAM Education Center

CBAI Headquarters

Springfield, IL

Presented By:



Sponsored By:



Credit Risk Training Program Series for Community Banks



Credit risk has always been an integral part of commercial loan analysis. With the dynamics of economic changes and the challenges forced by business enterprises through credit, collateral, cash flow, and guarantor analysis, credit risk training is critical for the success of community banks.

Young & Associates, Inc. has developed a series which will provide community banks with essential credit risk training. The program is a detailed beginner to intermediate level training program.

Session topics and learning objectives include fundamental credit analysis with an emphasis on commercial lending. Introductions to compiling effective and timely underwriting and approval memos and the appropriate use and reliance of personal financial statements are covered. Attendees will move through the program from discussions of entity structures to traditional and UCA cash flow analysis. Examples will provide insight into partnership and sub S structures and include K-1 analysis. Financial statement and tax return analysis will include calculations and the effect on the enterprise of levels and trends of ratio analysis. Global cash flow analysis of all entities in the borrowing family is included in examples that are discussed in session. Determination of collateral advance rates and suggestions for bank policy parameters are discussed. The more intermediate area of the sessions include risk rating and problem loan detection, analysis and resolution. Real examples are used in every session. Attendees are encouraged to bring their questions and challenges to the instructors who will either cover the questions during class or privately review it with the attendee to ensure complete understanding.

Who Should Attend

The materials, examples, delivery, manual and power point slides are designed for individuals who have had little to no formal bank credit risk analysis training. Those with 0-6 years of lending or credit analysis experience will benefit tremendously as each session starts with basics and moves to a more intermediate level. Individuals who are in a consumer, commercial, administrative, risk management, loan review, or audit role will come away either reinforced with added tools or confident in their ability to bring these concepts back to their organization in a meaningful and risk focused manner.

Presenter

Aaron Lewis, Senior Consultant. Aaron Lewis is a senior consultant in the lending division of Young and Associates, Inc. Aaron assists client banks by performing loan review. In addition to loan review, he has performed reviews in lending compliance and quality control. Aaron also presents educational training programs to state banking associations. Prior to joining Young and Associates, Inc. he was employed by a community bank in south-east Michigan for eleven years. While at the bank, he worked his way through various facets of the operation from front-line customer service to branch management and finally as Vice President, Credit Administrator. He has secondary market, compliance, and asset quality experience. Aaron holds a B.A. in finance from Michigan State University and graduated from the Graduate School of Banking, University of Wisconsin.

Dates and Location

October 29, 2018 - January 28, 2019 - April 29, 2019 - July 29, 2019

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CBAI Headquarters

901 Community Dr.

Springfield, IL 62703

Registration: 8:30 AM / Seminar: 9:00 AM - 4:00 PM each day

AGENDA

OCTOBER 29, 2018

Introduction to Credit Analysis and Financial Analysis of an Individual

- Fundamental Concepts of Credit
 - 5 C's of Credit
 - Understanding loan purposes and structures
 - Understanding sources of repayment
- Financial Analysis Part I: Individual Tax Return (Form 1040 and related Schedules)
 - Deriving cash to service debt from tax statement
- Financial Analysis Part II: Understanding the Personal Financial Statement and Credit Report
 - Line item analysis
 - Ratio analysis utilizing the personal financial statement
 - Common deficiencies and questions to ask
 - General understanding of the credit report
 - What does a credit score mean and how relates to commercial analysis
- Effective Credit Underwriting and Analysis
 - Industry and Product Trend Analysis
 - Composing an effective loan presentation

JANUARY 28, 2019

Analyzing Business Financial Statements: Balance Sheet, Income Statement, and Understanding Cash Flow

- Various Types of Business Structures
- Various Financial Statements
 - Circumstances under which each type of statement should be used
- Financial Analysis Part III: Balance Sheet Analysis
 - Line by line analysis
 - Understanding liquidity, including concept of working capital
 - Understanding leverage
 - Ratio analysis
 - Issues to watch for
- Financial Analysis Part IV: Income Statement Analysis
 - Line by line analysis
 - Ratio analysis
 - Issues to watch for
- Financial Analysis Part V: Cash Flow Analysis – Purpose and Approaches
 - Purpose of cash flow analysis
 - Earnings Before Interest Taxes Depreciation and Amortization (EBITDA)
 - Uniform Credit Analysis (UCA) Cash Flow Analysis
- Financial Analysis Part VI: Understanding Debt Service Requirements and Calculating the Debt Service Coverage Ratio
 - Reviewing the balance sheet and debt schedules
- Financial Analysis Part VII: Following Flow of Capital
 - Schedule K-1 Analysis
 - How do owners of various entities derive cash flow

APRIL 29, 2019

Global Cash Flow, Risk Rating, and Case Studies

- Global cash flow analysis
 - Definition and agency expectations
 - Understanding how to implement in overall credit analysis
 - Treatment of contingent liabilities
 - Common errors in calculating global cash flow
- Risk Rating Commercial Credits
 - Purpose and objective credit risk grading
 - Defining risk grade scale
 - Assigning risk grades
 - Ensuring risk rating leads to effective credit risk management
- Case Studies
 - Several case studies utilizing concepts learned
 - Question and answer period for attendees
 - Reviewing underwriting scenarios that attendees may bring to class

JULY 29, 2019

Evaluating Collateral, Analyzing Problem Loans, and Case Studies

- Collateral Analysis
 - Differing types of collateral, consistent with loan structure and purpose
 - What types of collateral valuation should be performed
 - Real Estate Valuations
 - Asset based lending including accounts receivable, inventory, and equipment
 - Portfolio monitoring
- Analyzing Problem Loans
 - Early identification of weakening borrowers
 - Changes to risk rating, accrual status, and troubled debt restructures
- Case Studies
 - Additional Case Studies
 - Question and answer period for attendees
 - Time for review of loan scenarios brought by attendees



Credit Risk Training Program Series for Community Banks

Registration Fees:

SERIES

- CBAI Member (Series) - \$925
- Prospective Member (Series) - \$1,725

ONE SESSION

- CBAI Member (One Session) - \$265
- Prospective Member (One Session) - \$465

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Designated Banker:

Bank Name _____

Attendee Name _____

Attendee Name _____

Address _____

City _____ State _____ ZIP _____

Telephone _____ Fax _____

E-mail(s) _____

(E-mail address required for registration)

I have special needs, please contact me before the seminar.

Please select your payment method:

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For additional information, call:

Tracy McQuinn - Senior Vice President of Education and Special Events,

Valerie Johnston - Vice President, Melinda McClelland - Vice President,

Tina Horner - Administrative Assistant, Jennifer Nika - Administrative Assistant

Department of Education and Special Events at 1-800-736-2224 for banks in Illinois or (217) 529-2265,

or Terry Griffin - Chicago area Vice President, at (708) 714-3333. Fax number: (217) 585-8738.