



ESSENTIALS OF COMMERCIAL CREDIT ANALYSIS

SERIES

FACILITATOR

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14-17 MARCH

IBA Center for Banking
Excellence, Springfield

OR

Live Streamed via Zoom

START 9AM

This series provides bankers with foundational principles for effective commercial and real estate lending, commercial credit analysis, underwriting, and loan review. This 4-day series prepares bankers to analyze credits successfully and make wise, evidence-based loan recommendations in today's banking environment, where they must have the skills and flexibility to respond to a wide range of loan requests. This series follows PSI's "tell-show-do" facilitation approach to maximize participant interaction and the learning experience. Worksheets include calculating debt-to-income, debt service coverage, and global debt service coverage.

DAY 1 / MARCH 14

INTRODUCTION TO COMMERCIAL LENDING AND FINANCIAL ACCOUNTING

- Lending in Today's Community Bank
- The Commercial Loan Application Process
- 5 C's of Credit Evaluation: Capacity, Character, Capital, Collateral, Conditions
- Types of Borrowers/Legal Entities
- Defining the Borrowing Need and Sources of Payment
- Types of Commercial Loans and Loan Restructuring
- Financial Accounting 101 for Lenders
- Types and Quality of Financial Statements
- Evaluating Guarantor Support and the PFS
- Getting a Complete Loan Application

DAY 2 / MARCH 15

CRE LENDING, TRADITIONAL CASH FLOW METHODS, AND ANALYZING TAX RETURNS

- Commercial Real Estate Lending Defined
- Common Types of CRE Projects and Credit Considerations
- Real Estate Appraisal Analysis, Lease Analysis, and Other Considerations
- Calculating Debt Service Coverage, Global Debt Service Coverage, and Global Debt to Income
- Analyzing Personal Income Tax Returns – Form 1040 and Schedules
- Analyzing Business Tax Returns
- Real World CRE "Loans Gone Bad"

DAY 3 / MARCH 16

C&I LENDING, FINANCIAL STATEMENT ANALYSIS, DIRECT (UCS) CASH FLOW ANALYSIS

- C&I Lending Defined
- Cash Conversion Cycle and Working Capital
- C&I Borrowing Causes and Loan Structure
- C&I Collateral Analysis and Monitoring
- Financial Statement Analysis: Trend Analysis, Common-Size Analysis, Ratio Analysis
- Statement of Cash Flow and Direct UCA Analysis
- Projecting Future Income and Cash Flow
- Real World C&I "Loans Gone Bad"

DAY 4 / MARCH 17

EFFECTIVE CREDIT MEMOS, PROPER LOAN GRADING, PORTFOLIO MANAGEMENT, AND RELATIONSHIP BUILDING

- 5 C's and the Effective Credit Memo
- Assessing Risk and Mitigation Strategies
- Proper Loan Grading
- Ongoing Loan Monitoring, Exception Management, and Loan Review
- Problem Loan Workouts
- Effectively Communicating with Credit Partners
- Building Loyal Client Relationships

CONTINUING EDUCATION

Illinois public accountants will earn 24 CPE credits for attending the full series (6 credits per program).



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