

ESSENTIALS OF COMMERCIAL CREDIT ANALYSIS

SERIES

FACILITATOR

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Essentials of Commercial Credit Analysis 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. Participants learn to apply lending, underwriting, and credit analysis principles through real-life case studies, examples, and practice problems. The series includes worksheets for calculating debt-to-income, debt service coverage, and global debt service coverage.

SESSION 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

SESSION 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"

SESSION 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"

SESSION 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 Credit

Pending review



14-17 MARCH
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