

CBAI's Commercial Lending Institute

Provides commercial lenders with a solid foundation for producing and managing a quality loan portfolio

DENIED!

ACCEPT

APPROVE

DECLINE

May 11-13, 2010

Springfield



Commercial Lending Institute

This three-day mini-institute provides your commercial lenders with a solid foundation for producing and managing a quality loan portfolio. It focuses on analytical tools such as ratio, financial, cash-flow analysis, as well as commercial loan-structuring to enhance repayment capacity. The Institute begins with a review of basic skills and knowledge, then builds to the more complex and demanding. Case studies are used to reinforce learning and represent typical community-bank borrowers.

DAY ONE — TUESDAY, MAY 11

INTRODUCTION

Identifying the Stages in the Commercial Lending Process
Understanding Industry, Business and Management Risks and their importance in the Commercial Lending Process

REVIEW OF CORPORATE INCOME TAX RETURNS

We'll look at:

- types of returns
- what they mean

Tying financial statements to tax returns — any hidden messages?

Determining the relationship of the borrower to the tax return and vice-versa

Is your loan financing what you think it is? — secrets hidden within a tax return

FINANCIAL STATEMENT REVIEW

Review of Accounting Assumptions and the Rules of Debits & Credits

Identification of the Major Accounts on the Financial Statements and How They are Interrelated

Detailed Analysis of Accounts Receivables, Inventory and Capital Assets and How the Allowance for Doubtful Accounts, Inventory Costing Methods and Depreciation Affect Profitability

INTRODUCTION TO CREDIT AND RATIO ANALYSIS

Types of analytical tools available to perform a complete credit analysis

The importance of ratio analysis

How to calculate the key ratios and interpret their meanings

Case study

ASSET-CONVERSION CYCLE ANALYSIS

Defining the Operating and Fixed Asset Cycle

How Understanding the Operating Cycle can be

Utilized to Structure Short-Term Loans for Various

Types of Borrowing Entities

DAY TWO — WEDNESDAY, MAY 12

CREDIT RISK MANAGEMENT

Credit Quality

Credit-review process

Portfolio management

Allowance for loan & lease losses

ANALYSIS OF BORROWING CAUSES

Identify the Common Causes Requiring Entities to Borrow Money

Knowing How to Differentiate Between the Stated

Purpose of the Loan Request and the True Borrowing Cause

Review of the Various Types of Credit Facilities and Knowing When to Use Them

Matching Proper Credit Facility to Match the Borrowing Cause

LOAN STRUCTURING

Matching credit facilities to borrowing needs and causes
Identify the various types of credit facilities

INTRODUCTION TO CASH-FLOW ANALYSIS

Understanding the Differences Between Accrual Basis and Cash Basis Financial Statements

Recognizing the Impact of Time on the Cash Inflow and Outflow When Analyzing an Accrual Basis Prepared Financial Statement

Review the Rules of Cash Flow

Illustrating How Cash is Generated (Used) from Operating, Investing and Financing Activities

Calculating Cash Flow Utilizing the Uniform Cash Analysis Method

Calculating a Modified Uniform Cash Analysis Method

DAY THREE — THURSDAY, MAY 13

COMMERCIAL LOAN DOCUMENTATION

Review the Documents Necessary to Meet All Five Steps of the Documentation Process Including:

- Identifying the Borrower
- Identifying & Valuating the Collateral
- Evidencing the Debt
- Attaching the Collateral
- Perfecting the Collateral

FINANCIAL FORECASTING

How to Receive Assumptions from Your Borrower and Translate Them into a Projected Income Statement and Balance Sheet

How to Calculate a Forecasted Uniform Cash Analysis
Performing a Sensitivity Analysis

Determining the Break-Even Point Required to Cover Fixed Costs

Determining the Sustainable Growth Rate in Order to maintain a Certain Amount of Debt or to Maintain a Certain Leverage Position

WRITING CREDIT MEMOS

Tips for writing clear and efficient credit memoranda focusing on factors that may impair a borrower's ability to repay debt and other relevant issues

CHECK YOUR UNDERSTANDING

A Look at Your Faculty

Jeffery Johnson, president and founder of Bankers Insight Group, Atlanta, Georgia, heads this distinguished faculty. He was formerly executive vice president and senior consultant at Bankers Management, Inc. He began his career as a management trainee and was promoted to group vice president for South Trust Bank, Atlanta. Johnson also was senior vice president and commercial banking division manager for Citizens Trust Bank, Atlanta. He has taught AIB classes and lending seminars for Georgia, Arkansas, and Tennessee Bankers Associations. Johnson is a graduate of Morehouse College, Atlanta; John Carroll University in University Heights, Ohio; and the Prochnow Graduate School of Banking, Madison, Wisconsin. He received graduate certification in bank management from Wharton School of Business at the University of Pennsylvania, Philadelphia.

Gary Genenbacher, CPA and partner in the financial services team BKD, LLP, provides tax and consulting services for banks and thrifts; tax planning and compliance research; bad-debt planning; tax-opinion letters; consulting in 1099 compliance issues, as well as Federal Reserve Y-9 and Y-6 preparation; and assistance with establishing and administering qualified retirement plans. His professional affiliations include the American Institute of Certified Public Accountants, Illinois CPA Society, and Central Illinois Estate Planning Council. He received a B.S. and an M.B.A from Truman State University, Kirksville, Missouri.

Ancin Cooley, CIA, CISA, bank consulting supervisor, at Lindgren Callihan Van Osdol & Co., Ltd., has primarily focused his practice on providing financial institutions with services such as loan reviews, information technology audits, internal audits, directors' exams, and regulatory compliance reviews. Cooley previously worked for the Office of the Comptroller of the Currency (OCC) as an examiner, before joining LCV in 2008. During his tenure at the OCC, he performed safety and soundness examinations at community banks that ranged from \$100 million to \$1 billion dollars in total assets. Cooley is a graduate of Morehouse College with a B.S. in finance. He holds both the Certified Internal Auditor (CIA) and Certified Information Systems Auditor (CISA) designations. He is currently pursuing his CPA designation. He is also a member of the Institute of Internal Auditors.

Robert M. Swartz is a supervisor for BKD, LLP, providing audit and consulting services for clients in the banking, manufacturing, distribution, government, and not-for-profit industries. He also audits employee-benefit plans. Swartz is a member of the Illinois CPA Society. He is a 1998 graduate of Millikin University, Decatur, with a bachelor's degree in accounting. In 2001, Swartz attended the American Institution of Certified Public Accountants Banking School at the University of Virginia, Charlottesville.

"Jeffery Johnson is a wonderful instructor from whom I would gladly take another course."

Carla Chapman, Credit Analyst
Farmers & Merchants Bank, St. Clair, MO

"I liked learning about the larger issues affecting banks and getting a better understanding of our customers."

Kristy Haas, Credit Analyst
First Suburban National Bank, Maywood

"I feel this has solidified my understanding of the commercial loan process. Jeffery Johnson is an excellent teacher."

Mark Reuschel, Loan Officer
State Street Bank & Trust Co., Quincy

"Mr. Johnson is extremely knowledgeable, but is able to reach all levels of understanding."

Pete Burseson, Vice President
Highland Community Bank, Chicago

Important Institute Notes

Teaching Methods — CBAI's Commercial Lending Institute focuses on the why's and how's of the lending function. Lecture, role play, case studies, and other teaching methods will be utilized to keep learning at its highest. All lending cases discussed are gathered from the files of community banks and reflect real loan situations. *A calculator must be brought to each class so that attendees can work through the mathematics of the loan cases.*

Certificate of Completion — To demonstrate successful completion of CBAI's Commercial Lending Institute, each attendee will receive a plaque for display.

Institute Facilities and Tuition — Classes are conducted in the CBAI Education Center at CBAI Headquarters, 901 Community Drive, Springfield, IL, 217/529-2265. A light breakfast and lunch are provided each day, and dinner is provided on Tuesday. Tuition is \$629 for CBAI members and \$1,069 for prospective-members. Payment must accompany the completed registration form unless other arrangements have been made. A \$100 cancellation fee will be assessed after May 4, 2010.

Housing — A block of rooms has been reserved at the Baymont Hotel, 5871 South 6th Street, Springfield. To obtain accommodations, call 217/529-6655. Please indicate you are a CBAI member to obtain the special room rate of \$59.99 plus tax for singles or doubles.

Schedule of Classes & Faculty

	Tuesday	Wednesday	Thursday
8 a.m.	Registration/Breakfast	Credit Risk Management <i>Ancin Cooley</i>	Commercial Loan Documentation <i>Jeffery Johnson</i>
9 a.m.	Introduction <i>Jeffery Johnson</i>		
10 a.m.	Review of Corporate Income Tax Returns <i>Gary Genenbacher and Robert Swartz</i>	Analysis of Borrowing Causes <i>Jeffery Johnson</i>	Financial-Forecasting Case Studies <i>Jeffery Johnson</i>
11 a.m.			
12 p.m.	Lunch	Lunch	Lunch
1 p.m.	Financial Statement Review <i>Jeffery Johnson</i>	Loan Structuring <i>Jeffery Johnson</i>	Financial-Forecasting Case Studies (cont'd)
2 p.m.	Intro to Credit & Ratio Analysis <i>Jeffery Johnson</i>		Writing Credit Memos <i>Jeffery Johnson</i>
3 p.m.		Asset-Conversion Cycle Analysis <i>Jeffery Johnson</i>	Intro to Cash-Flow Analysis <i>Jeffery Johnson</i>
4 p.m.			
5 p.m.			
6 p.m.	Class Dinner/Social Activity	Dinner on Your Own	

For More Information

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THIS INSTITUTE PROVIDES 18 HOURS OF CREDIT
TOWARD THE PRESTIGIOUS
CERTIFIED COMMUNITY LENDER DESIGNATION

THIS INSTITUTE QUALIFIES FOR 18 HOURS
OF CPE CREDIT

