



VIRTUAL CREDIT ANALYST DEVELOPMENT PROGRAM

Providing a Strong Foundation
for the Next Generation
of Northwest Bankers

September - November 2022

WBA Members*: \$1,950 early bird; \$2,450 after Aug. 26

Non-Members: \$2,950 early bird; \$3,450 after Aug. 26



Register Here:
www.wabankers.com/cadp

WHO SHOULD ATTEND?

The Credit Analyst Development Program is designed for Credit Analysts, Credit Officers, Credit Administrators, Commercial Loan Officers/Managers, Loan Review Officers, Branch Managers and Management Trainees. In order to obtain the greatest benefit from this course, participants should have a general understanding of Accounting and have a basic understanding of financial statement and credit analysis.

THE ROLE OF A CREDIT ANALYST WITHIN THE BANK

Thursday, September 15, 2022 • 8:30 a.m. – 3:30 p.m.

This first session of the Credit Analyst Development Program will provide a clear understanding of the role of a credit analyst and why it is a vital part of the credit underwriting process. One habit of a successful bank is the ability to identify, measure and manage risk in the lending process. The credit analyst has a paramount role in the credit decision process.

SESSION HIGHLIGHTS

Students will develop an understanding of the following areas of banking:

- The role of commercial lending in the banking industry
- Characteristics of a successful credit analyst
- Skills required to be successful including: what information is required to match the loan request; best practices in spreading financial statements; knowing the right questions to ask
- How to communicate analytical results to more senior lenders
- Products and services offered by banks, including depository and lending services
- Review of the regulatory agencies and banking regulations that affect commercial lending

Instructor: Jeffery Johnson, President, Bankers Insight Group, Atlanta, GA



ACCOUNTING BASICS/REFRESHER

Friday, September 16, 2022 • 8:30 a.m. – 3:30 p.m.

This session will provide participants with a refresher on the basics of accounting. It will demonstrate the ten step accounting cycle leading up to the creation of the income statement, statement of owner's equity, balance sheet, and statement of cash flows and how these financial statements are connected to one another. Numerous "hands-on" examples will be included to reinforce the accounting concepts.

SESSION HIGHLIGHTS

Students will develop an understanding of the following areas of banking:

- The four major financial statements: income statement, statement of owner's equity, balance sheet, and statement of cash flows
- Rules of debits and credits

VIRTUAL PROGRAM

This program will be held virtually and students will be provided information regarding the virtual platform upon registration. WBA's virtual programs allow students to interact with each instructor, ask questions and learn from their fellow classmates.

- Accrual versus cash-basis accounting
- Adjusting entries
- Accounting for inventory and receivables
- Long-term liabilities and depreciation
- Analysis of notes to the financial statements
- Types of financial statements and the CPA opinion

Instructor: Jeffery Johnson, President, Bankers Insight Group, Atlanta, GA



EMPLOYING BASIC FINANCIAL ANALYSIS TOOLS

Monday, October 3, 2022 • 8:30 a.m. – 3:30 p.m.

Financial statements are the basis for financial analysis, valuable as a loan monitoring tool used to broaden and deepen the borrower relationship. This session will demonstrate the development and use of comparative and common-size analysis, ratio analysis and cash flow analysis. To make these tools more efficient and enhance the value to the lender the session will introduce "30 Second" analysis and a Loan Screening Worksheet. Participants will learn how to use the analytical tools to underwrite new relationships, monitor existing relationships, identify business development opportunities and add value to the borrower relationship.

SESSION HIGHLIGHTS

- Comparative and common-size analysis including a "30 Second" review
- Use business financial statements, explain the calculation and interpretation of six classes of ratios commonly used in commercial loan financial analysis
- Introduce a Loan Screening Worksheet built around the 5Cs of Credit which utilizes three key ratios
- How ratios can be used to determine when it is appropriate to term out a line of credit
- How ratios included in covenants in a loan agreement effectively limit:
 - the borrower's ability to grow
 - the total amount of debt and the amount of short term debt the borrower can have
 - the amount the owner can take in salary and distributions
- Review the concept of sustainable growth
- How to use business financial statements to identify opportunities to broaden and deepen the customer relationship
- How to use business financial statements to assess risk factors in a lending opportunity
- Apply the concepts in three case studies

Instructor: John Barrickman, President, New Horizons Financial Group, Amelia Island, FL



HOMWORK AND MENTORS

Participants are required to complete 6-8 hours of homework a month. This prepares them to best understand the topics, challenges them to be proactive in their learning, and to seek out the advice of key individuals within their own institution when needed. After completing their individual assignments, participants then discuss within their class to compare notes and learn how their peers approached the questions. Each student is also paired with an executive-level mentor from their bank, who works with them to reinforce the classroom learning experience. Mentors are a required part of the program, and act as a sounding board to assist in understanding new concepts.

BASIC PERSONAL & BUSINESS TAX RETURN ANALYSIS

Tuesday, October 4, 2022 • 8:30 a.m. – 3:30 p.m.

This session will provide participants with a better understanding of the often complex and confusing topic of taxes. The first part of the day will concentrate on personal tax return analysis, while the second will focus on the analysis of various business tax returns.

SESSION HIGHLIGHTS

- Review the basic structure of the personal tax return Form 1040 and supporting Schedules including Schedules K-1
- Prepare a personal cash flow from information obtained from Form 1040 and supporting schedules
- Demonstrate how to identify a potentially fraudulent tax return
- Review the structure of C Corporation (Form 1120), S Corporation (Form 1120 S), and Partnership including LLCs (Form 1065) tax returns and Schedules K-1.
- Discuss the interpretation of Schedules M-1 and M-2 of corporate tax returns
- Utilize the business tax return to construct a “30 Second” Analysis and complete a Loan Screening Worksheet
- Integrate business and personal cash flow into global cash flow
- Apply the concepts in three case studies

Instructor: John Barrickman, President, New Horizons Financial Group, Amelia Island, FL



LOAN STRUCTURE, DOCUMENTATION, AND COMPLIANCE

Thursday, November 3, 2022 • 8:30 a.m. – 3:30 p.m.

This session will cover the interrelated disciplines of structuring and documenting a commercial loan, along with meeting applicable compliance requirements. Appropriate management of these areas will assist the bank in maintaining a “vibrant” loan portfolio. Concepts will be reinforced through a comprehensive case study.

SESSION HIGHLIGHTS

- Review basic “business” structures from C Corporations to LLC’s
- Explore the six elements of loan structure: loan purpose, sources of repayment, adequate amount, appropriate term, adequate support, framework for monitoring
- Summarize the four elements of loan support: collateral, guarantees, loan agreements, subordination agreements
- Highlight commercial loan documentation issues including

- promissory notes, security agreements, and guarantees
- Discuss loan pricing and monitoring issues
- Review current compliance issues: Equal Credit Opportunity Act (Reg. B); Truth in Lending Act (Reg. Z); Bank Secrecy Act (BSA); Fair Credit Reporting Act (FCRA); Fair Debt Collection Practices Act (FDCPA); and UCC Article 9
- Analyze comprehensive loan structure/documentation/compliance case study

Instructor: David Osburn, Founder & Managing Member, Osburn and Associates, Las Vegas, NV



BASICS OF C&I LENDING AND COMMERCIAL REAL ESTATE (CRE) LENDING

Friday, November 4, 2022 • 8:30 a.m. – 3:30 p.m.

C&I Lending

We will begin with a brief overview of commercial and industrial (C&I) loan products including working capital lines of credit, ABL facilities, and equipment financing (loans/leases). It will include the structure and basic underwriting for these credit instruments, pricing, documentation requirements and other challenges in managing the C&I loan portfolio.

SESSION HIGHLIGHTS

- Explore underwriting C&I loans including accounts receivable, inventory, and equipment financing
- Review documentation, collateral, pricing, and managing of C&I loans

Commercial Real Estate (CRE) Lending

We will review the underwriting of a CRE loan, including assessing the borrower, exploring loan structure, determining loan support, and calculating the cash flow of the property. Documentation, closing, and monitoring of CRE loans and related environmental issues will then be explored. This will be followed by a review of problem CRE loans and related collateral issues.

SESSION HIGHLIGHTS

- Analyze the underwriting of a CRE loan including assessing the borrower, exploring loan structure and support, and determining cash flow
- Address various loan documentation, closing, and monitoring issues as well as environmental concerns

Instructor: David Osburn, Founder & Managing Member, Osburn and Associates, Las Vegas, NV



COST FOR PROGRAM

- WBA Members*: \$1,950 early bird; \$2,450 after Aug. 26
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SPEAKER PROFILES

John Barrickman has extensive experience in all aspects of banking including retail banking, commercial lending, credit administration and credit training. He also served for five years as president and chief executive officer of a \$185 million financial institution. Barrickman has been a bank consultant focusing on risk management, credit process, strategic planning, and all aspects of commercial lending. He is widely known and respected for his ability to present complicated information in an easy-to-understand manner. Barrickman has taught for WBA for a number of years as well as served on the PCBS faculty.

Jeffery Johnson teaches actively for 15 state banking associations in the United States, Risk Management Association (RMA) and individual banks nationwide. He is an experienced WBA training professional having worked for the Association for a number of years, including for the CADP and EDP.

David Osburn is the founder and managing member of Osburn & Associates LLC, a Las Vegas-based business training and contract CFO firm that provides seminar/keynote speeches for state banking associations across the country. His extensive professional background encompasses over 30 years in banking, finance, and marketing. Osburn's bank commercial lending credentials include comprehensive loan underwriting, management, customer development, and loan work-out experience. He is a frequent speaker for the WBA known for his charismatic style and banking knowledge.

ATTENDANCE

Students can miss one class during this program, which can be made up the following year. If more than one class is missed, the student will not receive their graduation certificate, but can earn it by attending the missed class the next year.

Email completed form to: registration@wabankers.com

Mail: WBA, 601 Union Street, Suite 1720, Seattle WA 98101

Call: (206) 447-1700. Online: www.wabankers.com/cadp.

Recommended Prerequisites

Before joining the WBA's CADP, we strongly recommend several courses to help you prepare and be successful. These courses are offered through the ABA and are available online at your convenience. Contact WBA for more information about registration.

Loan Structuring, Documentation, Pricing and Problem Loans

Analyzing Financial Statements

General Accounting

**Attendance at WBA programs is limited to employees, officers and directors of WBA members, non-members eligible for membership in the WBA and members of other state banking associations which grant reciprocal privileges to WBA members.*

Cancellation Policy: For all cancellations that occur up to seven days prior to the start date, a \$50 cancellation fee will be charged. For cancellations with less than seven days notice, there will be no refunds. A substitute can attend at no fee. For cancelled courses and/or seminars, full fees will be refunded. Cancellation Procedure: Cancellations must be sent in writing to the WBA office via email, fax, or mail. No refunds will be granted until a written cancellation request is received by WBA.

