

# Commercial Credit Essentials

A comprehensive focus on the fundamentals of making the commercial credit decision

**Spring 2010 —DoubleTree Hotel, Tarrytown, New York**

**Three two-day modules—March 16-17; April 13-14; May 4-5**

Introduced to strong praise in 2007, NYBA's Commercial Credit Essentials curriculum consists of three two-day modules focusing on the commercial credit decision-making process. The curriculum also includes two self-paced online courses—**Overview of Financial Statements** and **Fundamentals of Small Business Banking**—as well as assignments to complete between modules. Classroom sessions are highly interactive and include exercises to apply and reinforce all concepts.

**Outcome:** The curriculum is designed to build skills, increase confidence and enhance awareness of fundamental commercial financial and credit analysis tools. Using this program provides your bank with the opportunity to promote from within and build a credit staff that understands your unique mission and culture.

**Designed for:** New commercial lenders (up to 5 years experience) and credit analysts, small business relationship officers and branch managers seeking to build credit skills.

**Instructor:** Jeff Judy, Jeff Judy & Associates, has over 30 years of experience in banking and credit training, and now heads his own consulting practice focusing on credit administration, credit training, sales training and culture. He has held a variety of credit-related positions and offers the expertise that only hands-on experience can provide. He is a long-time instructor at several national banking schools, including the ABA Commercial Lending School, and has designed and developed credit training curricula for all levels of experience.

## **Student comments from NYBA's 2008-2009 Commercial Credit Essentials curriculum:**

*"I have been to many training classes and this stands out as one of the very best. Jeff Judy has a talent for teaching and engaging an audience. He made clear concepts I had been struggling with for some time. All newer loan officers should take this class."*

*"Jeff has an excellent grasp of the materials and has a broad base of experience; his real-world examples added a lot to the course. The pace was fast-moving and the material was relevant to my job."*

*"This was by far the best training I've had in one year of training in my new position as a commercial underwriter."*

*"This was a great course. I learned a lot and will be able to apply the skills to my job."*

## Module 1: Gathering Information—Assessing the Numbers and Individual Creditworthiness (2 days)

**Accounting Review**—discussion of accounting and financial statements issues related to the bank's use of financial information for credit evaluation purposes.

- Cash versus Accrual
- Balance Sheet Construction
- Income Statement Construction
- Common Size Calculation
- Ratio Calculation
- Case Studies and Exercises

**Assessing the Individual Borrower**—discussion of tools for assessing the individual as a commercial borrower and/or guarantor.

- Personal Financial Statement Analysis
- Individual Tax Return Analysis
- Personal Cash Flow Analysis
- Role of Guarantor and Assessment
- Case Study and Exercises

## Module 2: Identifying Risk—Assessing Business Performance (2 days)

**Business Financial Statements**—focuses on the financial statement analysis framework and its use in performing credit analysis.

- Common Size Analysis
- Ratio Analysis/Interpretation
- Balance Sheet/Income Statement Linkage and Analysis
- Use of Cash Cycle Analysis to Identify Short Term Needs
- Use of Cash-to-Cash Cycle for Discussing Cash Impact by Type of Business
- Case Study and Exercises

**Cash Flow Analysis**—addresses key cash flow types (FASB, UCA, Traditional, Personal, and EBIT) and how each is used in the credit analysis process.

- Types of Cash Flow Analysis and their Use in Assessing Risk
- The Mechanics of each Cash Flow Type to Understand Information Source and Use in Assessment
- Manual Calculation of each Cash Flow Type to Understand Where and How Information is Obtained

## Module 3: Managing Risk—Assessing the Future/ Structuring the Loan; Communicating the Decision (2 days)

**Qualitative Analysis**—provides tools to move from financial to credit analysis.

- Industry and Business Risk Analysis
- Management Analysis
- Projections of Future Cash Flow
- Case Study and Exercises

**Loan Structure**—focuses on approaches and tools for managing the credit risk.

- Types of Loan Structures
- Loan Management Tools, including Covenants, Collateral, Pricing
- Loan Monitoring, Credit Deterioration, Problem Loan Awareness

**Communicating and Documenting the Loan Decision**—focuses on activities related to tying the assessment together into a completed loan package.

- Legal Issues, including Lender Liability, Environmental Issues, Business Organization; Loan Documentation
- Loan Write-Up and Presentation

## Getting the Most Out of Your Training Experience

This curriculum is built on the premise that learning takes place both inside and outside of the classroom. In addition to interactive classroom instruction, the program includes:

### Two Online Courses

Participants will be enrolled in two ABA eLearning courses—*Overview of Financial Statements* (balance sheet, income statement and cash flow statement) and *Fundamentals of Small Business Banking* (small business legal structures, the business operating cycle and life stages of a typical business) to ensure that all students are familiar with this basic content at the start of the course.

### Mentors

Each bank should assign a senior lender to serve as a mentor while the employee is enrolled in this course. Mentors are encouraged to meet with the enrolled employee on occasion as an opportunity to review and reinforce the classroom experience and relate it to internal policies and procedures.

### Evening and Inter-Session Assignments

In order to maximize the learning, participants will be required to complete reading and/or an assignment following the first day of each two-day module as well as between sessions. A case study will be introduced during the first module and will be used throughout the course to illustrate many elements of the loan decision-making process.

## Registration Fees

### Three modules and two online courses:

Overview of Financial Statements; Fundamentals of Small Business Banking

\$1,595 members; \$1,795 non-members for all three modules  
Includes program materials, refreshments, lunch and two online courses.

### Dates and Location—Tarrytown, NY

**Location:** DoubleTree Hotel, 455 South Broadway, Tarrytown, NY

**Dates:** March 16-17; April 13-14; May 4-5

**Schedule:** Day one: 9 am—4:30 pm; Day two: 8:30 am—4 pm

**Hotel Reservations:** \$139/night-Group Booking Code—ESS  
Call 1-800-222-TREE

### For More Information:

Please contact Elisa R. Legg, NYBA, at 212-297-1679, or [elegg@nyba.com](mailto:elegg@nyba.com).

New York Bankers Association  
99 Park Avenue, 4th Floor; New York, NY 10016  
[www.nyba.com](http://www.nyba.com)

# REGISTRATION



## Registrant Information – Commercial Credit Essentials

(please copy this form for additional registrants)

**March—May 2010**

Credit Essentials Curriculum (three modules and two online courses)  \$1,595 NYBA members  \$1,795 non-members

Full Name \_\_\_\_\_

Title \_\_\_\_\_ Badge Name \_\_\_\_\_

Bank/Firm \_\_\_\_\_

Street Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Email \_\_\_\_\_ Telephone \_\_\_\_\_ Fax \_\_\_\_\_

### Fee Summary

\$\_\_\_\_\_ total fee for this registration.

**Cancellation Policy:** Registrations cancelled by February 18, 2010 will be refunded in full. Registrations cancelled by March 2, 2010, will receive a 50% refund. Registrations cancelled within three days of the start of the session will not be refunded. Substitutions are permitted.

### Method of Payment

- Check payable to New York Bankers Association
- Charge fees to credit card:
  - MasterCard
  - Visa
  - Discover

Card # \_\_\_\_\_ Exp. \_\_\_\_\_

Cardholder Sign \_\_\_\_\_ V-code \_\_\_\_\_

Name on Card \_\_\_\_\_

### Return form to:

Commercial Credit Essentials  
New York Bankers Association  
99 Park Avenue, 4<sup>th</sup> Floor  
New York, NY 10016  
Fax: 212-297-1683

Questions: 212-297-1666

NYBA USE ONLY		
Date Received	Check #	
CC Proc	Confirm Sent	Online Enroll

### Bank Officer Approving Registration

Name \_\_\_\_\_

Title \_\_\_\_\_

Mailing Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_

Email \_\_\_\_\_

I understand that employees registering for the full curriculum must complete one self-paced online course and three case study assignments in order to receive a certificate of completion.

Signature \_\_\_\_\_

I will serve as the registrant's Mentor.

### Mentor, if different from above:

Mentor Name \_\_\_\_\_

Title \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_

Email \_\_\_\_\_

