



# Commercial Lending Institute



- Review of Corporate Income Tax Returns
- Financial Statement Review
- Introduction to Credit and Ratio Analysis
- Asset-Conversion Cycle Analysis
- Introduction to Cash-Flow Analysis
- Financial Forecasting
- Commercial Loan Documentation
- Writing Credit Memos

**June 17-19, 2019**  
**SHAZAM Education Center**  
**CBAI Headquarters, Springfield**

# Commercial Lending Institute

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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 — MONDAY, JUNE 17

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### INTRODUCTION

- Identifying the stages in the commercial lending process
- Understanding industry, business, and management risks and their importance in the commercial lending process

### FINANCIAL STATEMENT REVIEW

- Review of accounting assumptions and the rules of debits and credits
- Identification of the major accounts on 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 key ratios and interpret their meanings
- Case study

## DAY TWO — TUESDAY, JUNE 18

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### 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

### ASSET-CONVERSION CYCLE ANALYSIS

- Defining the operating and fixed asset cycles
- How understanding the operating cycle can be utilized to structure short-term loans for various types of borrowing entities

### 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 — WEDNESDAY, JUNE 19

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### 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

### COMMERCIAL LOAN DOCUMENTATION

- Review the documents necessary to meet all five steps of the documentation process including:
  - Identifying the borrower
  - Identifying and valuating the collateral
  - Evidencing the debt
  - Attaching the collateral
  - Perfecting the collateral

### 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

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**Jeffery Johnson, president and founder of Bankers Insight Group, Atlanta, Georgia, has more than 40 years' experience in the banking field.** He began as 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 several community and state banking associations and private banks. He has also presented lending seminars in Singapore. He has been a training professional and consultant for 11 years.

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 Pennsylvania, Philadelphia.

**Gary Genenbacher**, CPA and partner in the financial services team BKD, LLP. He specializes in providing family-owned businesses with tax solutions and corporations with strategic tax planning, including Subchapter S conversions, retirement planning strategies, accounting methods and tax credit opportunities. His professional affiliations include the American Institute of Certified Public Accountants, Illinois CPA Society, and Central Illinois Estate Planning Council.

**Robert M. Swartz**, CPA and partner in the financial services team at BKD, LLP. He provides a full range of assurance and consulting services to banks. He also provides audit and consulting services to employee-benefit plans. Swartz is a member of the Illinois and Missouri CPA Societies. He has a bachelor's degree in accounting from Millikin University, Decatur, Illinois and attended the American Institution of Certified Public Accountants Banking School at the University of Virginia, Charlottesville.

## What Others Have Said:

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*"Jeffery is an outstanding teacher and did a very good job of keeping the workshop light, easy and fun. He is very knowledgeable in the subjects presented."*

Julie Huelsmann, Commercial Loan Officer  
First Mid-Illinois Bank & Trust, Mattoon

*"Good Conference! Very detailed and hands on. I enjoyed it and feel it will help me be a better banker."*

John Keeven, Loan Officer  
Bradford National Bank, Greenville

*"Jeffery is very knowledgeable and did a great job effectively engaging the class. Gary and Bob's breakdown of tax returns was very helpful to me as well. I would highly recommend this institute."*

Brandon Gurley, Commercial Loan Officer  
Casey State Bank

*"Jeffery Johnson is a great speaker!"*

Ryan Pottorff, VP Commercial Lending  
Community Partners Savings Bank, Salem

## 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 certificate for display.

**Institute Facilities and Tuition** – Classes are conducted at the CBAI Headquarters, 901 Community Drive, Springfield, IL, 62703. A light breakfast and lunch are provided each day, and dinner is provided on Monday. Tuition is \$685 for CBAI members and \$1,285 for prospective-members. Payment must accompany the completed registration form unless other arrangements have been made. A \$100 cancellation fee will be assessed after June 12, 2019.

**Housing** – To obtain accommodations, call 217/529-6655. Please indicate you are a CBAI member to obtain the special room rate of \$65 plus tax for singles or doubles.

# Schedule of Classes & Faculty

|         | Monday  | Tuesday  | Wednesday  |
|---------|---|--|--|
| 8 a.m.  | Registration/Breakfast  | Review of Corporate<br>Income Tax Returns<br><i>Robert Swartz<br/>and Gary Genenbacher</i> | Financial Forecasting<br><i>Jeffery Johnson</i>            |
| 9 a.m.  | Introduction<br><i>Jeffery Johnson</i>                        |  |  |
| 10 a.m. | Intro to Credit &<br>Ratio Analysis<br><i>Jeffery Johnson</i> | Asset-Conversion Cycle<br>Analysis<br><i>Jeffery Johnson</i>                               | Commercial Loan<br>Documentation<br><i>Jeffery Johnson</i> |
| 11 a.m. |   |  |  |
| 12 p.m. | Lunch   | Lunch  | Lunch  |
| 1 p.m.  | Financial Statement Review<br><i>Jeffery Johnson</i>          | Intro to Cash-Flow<br>Analysis<br><i>Jeffery Johnson</i>                                   | Writing Credit Memos<br><i>Jeffery Johnson</i>             |
| 2 p.m.  |   |  | Check Your Understanding                                   |
| 3 p.m.  |   |  |  |
| 4 p.m.  |   |  |  |
| 5 p.m.  |   |  | Adjournment  |
| 6 p.m.  | Class Dinner/Social Activity                                  | Dinner on Your Own   |  |

## For More Information

Tracy McQuinn, Senior Vice President  
 Melinda McClelland, Vice President  
 Jennifer, Vice President  
 Tina Horner, Administrative Assistant  
 Kim Harden, Administrative Assistant  
 Department of Education & Special Events  
 217/529-2265 FAX: 217/585-8738  
 Terry Griffin, Chicago Area Vice President  
 773/209-2260

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

THIS INSTITUTE QUALIFIES FOR 18 HOURS  
 OF CPE CREDIT



# REGISTRATION FORM

## Commercial Lending Institute

### June 17-19, 2019

Name/Title: \_\_\_\_\_

Bank/Assets: \_\_\_\_\_

Address: \_\_\_\_\_ City/State/Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-Mail: \_\_\_\_\_

(E-mail address required for registration).

Any physical or medical situations that might affect participation in activities?  Yes  No

If yes, please explain: \_\_\_\_\_

#### Education Background (Check highest level):

High School Graduate

Associate Degree

College Graduate

#### Other banking schools attended, if any:

The Community Bankers School, sponsored by CBAI

Other \_\_\_\_\_

#### Professional Experience:

Years of experience (as of Institute date) \_\_\_\_\_

Years of commercial lending (as of Institute date) \_\_\_\_\_

Briefly describe your current position in the bank

#### Please select your payment method.

Check Enclosed  Check in Mail  Pay at Door  Credit Card\*

*\*If you are paying by credit card, please fill out the following information. (Visa and MasterCard accepted).*

Name as It Reads On Card \_\_\_\_\_ Card Number \_\_\_\_\_

Company Name on Card \_\_\_\_\_ Expiration Date \_\_\_\_\_

Billing Address of Card \_\_\_\_\_ Three-Digit Security Code \_\_\_\_\_



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