LBA PROFESSIONAL DEVELOPMENT WORKSHOPS

2020 Commercial Financial Analysis (Virtual)
October 27, 28 and 29 ▪ 8:30am - 4:30pm

Registration is per day. It is not required that you attend all 3 days of the training.

Day 1: October 27, 2020 - Introduction to Financial Analysis
Day 2: October 28, 2020 - Tools of Financial Analysis
Day 3: October 29, 2020 - Advanced Financial Analysis

A series of (1) day work-shop style training seminars offering comprehensive training for credit analysts/lenders. Ideal training for preparing new credit analysts for their responsibilities in today's economy. Attendees start with the basics of financial statements and complete the training by acquiring advanced credit skills. Experienced credit analysts/ lenders can sharpen existing skills and obtain advanced tools by attending a specific seminar. Commercial Financial Analysis provides attendees both technical & interpretive analysis skills required in commercial lending. Additionally, attendees gain an understanding of the requirements for underwriting commercial loans in today's business environment.

Day 1: Introduction to Financial Analysis

Seminar Topics:

- The Financial Analysis Process : The Steps in Performing a Credit Analysis
- Sources of Information for Performing a Credit Analysis
- Basic Structure of the Income Statement and Balance Sheet
- Understanding the Key Accounting & Financial Terms found in Financial Statements
- Identifying the Key Factors Affecting Revenue, Costs and Income
- Estimating Liquidity, Capacity and Leverage
- Reconciling Net Worth
- Identifying Contingent Liabilities
- Recognizing the Differences between Cash Basis and Accrual Accounting
- Evaluating Compiled, Reviewed and Audited Financial Statements
- Determining Net Operating Income and Debt Service Coverage for a CRE Property

Case Study:
Using a business owner's personal financial information and their federal 1040 tax return with schedules C & E, we determine *Global Cash Flow.* We judge the ability of the business owner to service a proposed real estate loan.

Who should attend:
New Credit Analysts/Lenders who lack confidence in reviewing financial statements and performing an analysis. Small business lenders inexperienced in reviewing financial statements & analyzing loan requests.

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Day 2: Tools of Financial Analysis

Seminar Topics:

- **Financial Ratios:**
  Participants learn how to calculate and interpret the borrower's key financial ratios covering profitability, liquidity, leverage and debt service coverage, including:

  1. Return on Sales
  2. Return on Equity
  3. Return on Assets
  4. Current Ratio
  5. Quick Ratio
  6. Debt to Worth
  7. Cash flow to Current Maturities
  8. Interest Coverage
  9. Dividend Payout
  10. Average Age of Accounts Receivable
  11. Average Days of Accounts Payable
  12. Inventory Turnover
  13. Total Asset Turnover

- **Cash Flow Analysis:**
  Using the borrower's S Corporation 1120S federal tax return, Schedule L, M-1, M-2 and K-1, attendees construct a cash flow statement, evaluate projections and analyze the company's capacity to service debt. Emphasis given to factors that could impact *global cash flow* and debt service capacity.

- **Working Capital Analysis:** Attendees learn how to estimate the borrower's working capital requirements. We review the business factors that could impact working capital.

Case Study:
Attendees analyze a loan request for an owner occupied commercial real estate loan and working capital line of credit. Within the case study, attendees learn how analysts assist lenders in obtaining and processing financial & business information. How to generate a set of key questions and determine the strengths/weaknesses of a commercial borrower.

Who Should Attend:
Prior attendees to Introduction to Financial Analysis. Credit Analysts and Lenders desiring to learn how to use quantitative and analytical tools in a commercial credit analysis.

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Day 3: Advanced Financial Analysis

Seminar Topics:

- **Credit Management**
  Attendees learn techniques for the *early detection* of a financially distressed business. We review how examiners grade commercial loans in today's regulatory environment.

- **CRE Lending**
  We will cover the following CRE lending topics:
  - Key characteristics of ADC, Construction, Balloon & Bullet, Mini-Perm & Permanent Loans.
  - Typical CRE Loan Documentation & Terms
  - Guidelines for Reviewing CRE Appraisals
  - Monitoring Construction Draws

Case Study: CRE Loan
We review how a lender performed a grade review of a partnership that owns an office building. We scrutinize the property's projected cash flow and the guarantor's tax return. Attendees develop a *global cash* flow that reconciles the following;

- The guarantor is the majority owner in a Sub-Chapter S Corporation. He receives a salary and distribution from the S Corp. The S Corp also owns investment real estate.
- The guarantor has an investment in a real estate partnership that also owns an equipment parts business both of which are profitable. However, the guarantor has an investment in another real estate partnership that is having cash flow problems.
- The guarantor has an investment in a partnership that owns an equipment parts business. The partnership rents out equipment and owns an interest in another business. All operations are profitable.
- The guarantor owns a commercial rental property in his own name. The property is leased to a local company.
- The guarantor is receiving payments on a promissory note resulting from the sale of real estate 2 years ago.
- The guarantor has significant contingencies related to his investments.

Who Should Attend:
Attendees that are moderately experienced or have attended the first (2) seminars of Commercial Financial Analysis. This session focuses on *Commercial Real Estate lending,* improving *Credit Management skills* and determining a *Guarantor's Global Cash Flow*. We review how to develop cash flow from a Partnership's 1065 Federal Tax return.

Workshop Instructor

Jim Shreve has conducted seminars for more than 450 banks over the past 10 years. He has over 25 years in secured commercial lending and credit administration including 10 years of extensive loan work-out experience with a major Texas based regional bank during the tumultuous 1980s. He holds a Masters in Finance and a B.S. in Accounting.

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Registration Form

Registrant 1

Mr./Mrs./Ms. _____

Bank _____

Email Address _____

Branch Street Address _____

City, State, Zip _____

Phone _____

Cell _____

Please check all that apply:

☐ 10/27: Introduction to Financial Analysis
☐ 10/28: Tools of Financial Analysis
☐ 10/29: Advanced Financial Analysis

Registrant 2

Mr./Mrs./Ms. _____

Bank _____

Email Address _____

Branch Street Address _____

City, State, Zip _____

Phone _____

Cell _____

Please check all that apply:

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Registration Fees for Live Virtual Per Seminar

$265, LBA members
$465, Non-members

In order to make this class an interactive virtual class, the instructor is requesting that attendees do the following:

1. Attendees must view the training on a laptop or computer monitor. Participating via cell phone is not recommended.
2. Attendees must provide a physical mailing address to receive via FED EX a binder with about 110 pages of handouts in advance of the training.
3. Attendees must have access to a printer for the immediate printing of material. At specific intervals during the training, they will receive about 30 pages of additional handouts to print at that time.
4. Attendees should have a webcam to participate and must share their video for the duration of the training. Since this is a workshop not a webinar, the instructor is requesting webcams/videos be shown so that he can interact with participants and so that he can determine if they are understanding the material (Body language and facial expressions are key to that)

Payment Options

☐ Check (Made payable to the Louisiana Bankers Association)

☐ Visa ☐ MasterCard ☐ American Express

Card # _____ Expiration Date _____

Credit Card Billing address _____

Name on Card (Please Print) _____

Signature _____ Amount to be Charged on Card $_____

☐ This training will be covered under SBET (Small Business Employee Training Program). Please provide an email address on the line below to receive the necessary documentation for reimbursement:

_____

Agenda each day

8:30 a.m.	Program Begins
12:00 p.m.	Lunch
4:30 p.m.	Program Adjourns

Submit Registration and view rosters in the Education Section of the LBA's website, www.lba.org