

COMMERCIAL LENDING SCHOOL

SEPTEMBER 13-17, 2021

INDIANA WESLEYAN
1500 Alliant Avenue, Louisville, KY

NAME Mr. Ms. Mrs.	BANK NAME
TITLE	BANK STREET ADDRESS
NAME ON BADGE	BANK CITY/STATE/ZIP
EMAIL	BUSINESS PHONE
EMERGENCY CONTACT/NAME & TELEPHONE NUMBER	BANK MAIN OFFICE ADDRESS/IF DIFFERENT FROM ADDRESS ABOVE

2021 COMMERCIAL LENDING SCHOOL TUITION: \$1595

Tuition includes all instruction, supplemental materials, lunches, refreshment breaks. First priority for admission is given to members of the Kentucky Bankers Association. Applicants are accepted on a first come, first served basis. If an applicant suffers from any disabilities that might influence his or her participation in the school, please enclose a brief letter with the application.

Applicants withdrawing before September 3, 2021 will be refunded all fees except a \$150 cancellation fee. There is no refund if an applicant withdraws after the deadline or fails to attend the school, with the exception of extenuating circumstances. Due to commitments and expenses we cannot reverse, such as: handouts, food, beverages, room rentals, speaker fees, etc.; even extenuating circumstances will require partial refunds because of these expenses. Substitutions welcome. Refund requests must be submitted in writing/email.

This institution does not discriminate with regard to race, age, religion, disability, sex or ethnic origin.

By signing I acknowledge that I have read the accompanying brochure and agree to abide by all the requirements for participation and completion of this program. My registration and signature below also constitutes authorization to release any tests, grades or record of performance to my employer/bank at their request.

APPLICANT'S SIGNATURE _____ DATE _____

This section is to be signed by the bank president, department head, personnel officer or other executive authorized by the bank; the signature confirms that the bank listed above has approved the submission of this application.

NOMINATING OFFICER'S SIGNATURE _____ DATE _____

NOMINATING OFFICER'S NAME [PRINT] _____ TITLE _____

PAYMENT OPTIONS

- Check Enclosed; Check # _____
- Send me an invoice
- Credit Card (CC); type: _____
CC# _____
CC Exp Date _____
CC 3-digit security code _____

APPLICATION DEADLINE ⇒ September 3, 2021

SEND APPLICATION TO:
KENTUCKY BANKERS ASSOCIATION
ATTN: PAULA CROSS
600 WEST MAIN STREET, SUITE 400
LOUISVILLE, KENTUCKY 40202

The purpose of the Kentucky Bankers Association's (KBA) Commercial Lending School is to prepare mid-level bankers to serve effectively and profitably as commercial loan officers by developing:

- ✓ A better understanding of the economy and how it affects the lending decision;
- ✓ An understanding of how a business is structured and how it competes;
- ✓ An understanding of the role of a company's management and how to analyze and evaluate that management;
- ✓ A thorough understanding of basic and advanced analytical techniques;
- ✓ An opportunity to apply these analytical techniques in a series of lending situations and to carry them forward in a structuring of loans;
- ✓ An understanding of relationship banking - how to meet multiple customer financial needs profitably;
- ✓ A thorough understanding of how problem loans develop and the appropriate techniques to use in managing a problem loan; and
- ✓ An understanding of their bank's tolerance for risk, the risks assumed in the loan portfolio and their bank's credit process to manage the risks.

After successfully completing the Commercial Lending School, lenders will have the knowledge needed to evaluate, structure and negotiate a commercial loan.

Prerequisites for admission to KBA's Commercial Lending School are as follows:

- ✓ A minimum of one year experience in commercial lending, or a minimum of one year in credit administration in a bank, or five years of banking experience.
- ✓ Successful completion of ABA courses in Commercial Lending, Analyzing Financial Statements or Economics, or demonstrated knowledge.

FACULTY: JOHN COCHRAN

Prior to starting his company, Cochran Associates LLC, John served in various management and lending positions over the 25 years that he was in banking, which included compliance and loan review officer, consumer and commercial lender, senior lender and president and CEO of a community bank.



⇒ EXTERNAL ENVIRONMENT

This module begins with an overview of the business of banking and an introduction to the elements of the loan evaluation process, which forms the foundation for the curriculum. The module then shifts to an examination of the external environment in which businesses operate. This overall perspective on the external environment includes types and causes of economic fluctuations, government alternatives to influence economic activity, and the tools available to monitor economic activity and predict future trends.

⇒ UNDERSTANDING THE BORROWER'S BUSINESS

Each type of business and industry has a unique mix of assets, liabilities, margins, asset utilization and financial leverage. It is essential that the lender understand these critical differences among businesses. The module examines how the typical business operates focusing on the operating, fixed asset, profit, life and cash cycles. It identifies key variables which are going to be critical to the success of the business.

⇒ ASSESSING BORROWER'S COMPETITIVE POSITION

This module explores business strategy, a key to success for any company. The module begins with a look at the role of business and competitive strategy and then defines three basic types of competitive strategies: price, product differentiation and product focus. The module then identifies the various characteristics of a company that should be considered when evaluating business strategy.

⇒ EVALUATING MANAGEMENT

This module examines the management process. The emphasis is on evaluating the management team focusing on aspects of management including skills, integrity and core competence. The module also discusses tools available to the lender to evaluate management and monitor management performance.

⇒ ASSESSING BORROWER FINANCIAL PERFORMANCE

Unlike previous modules, which covered the subjective aspects of financial analysis, this module considers the objective evaluation of a company's success in managing the key variables. Historical financial analysis is the primary tool used in the objective evaluation. This analysis utilizes tools including component, comparative/common-size, cash flow and ratio analysis. The model also addresses analyzing commercial real estate transactions and the analysis of personal financial statements and tax returns.

⇒ PROJECTING FUTURE PERFORMANCE

Projections focus on quantifying the borrower's ability to make future payments based on past financial performance. This module explores the concept by describing the process used to prepare proformas, projections, and cash budgets. The module focuses on stress testing key assumptions to determine the potential volatility in earnings and cash and the impact on the borrower's ability to service debt.

⇒ LOAN STRUCTURE AND SUPPORT

Previous modules have focused on understanding the borrower's business and quantifying the borrower's willingness and ability to repay debt. Equally important is structuring the loan to assure that primary and secondary sources of repayment have been identified, the amount of the loan is appropriate, and the term of the loan is reasonable. This module defines loan support and identifies situations where loan support may be required. It then presents four elements of loan support: collateral, guaranty, loan agreement and subordination agreement.

⇒ EFFECTIVE RELATIONSHIP MANAGEMENT

This module focuses on developing and managing profitable customer relationships. The elements of a value added relationship are defined with emphasis on how the lender can become a trusted advisor. Profitably pricing relationships is often the hardest part of relationship management and the module outlines nine steps for more profitable relationship pricing. Then concludes with a discussion of negotiating skills to enhance the lender's ability to negotiate a fair relationship package for the borrower and the bank.

⇒ IDENTIFYING AND MANAGING PROBLEM LOANS

Although problem loans are not always preventable, lenders can minimize losses with good underwriting, active monitoring, early problem loan identification and aggressive corrective action.

⇒ ESTABLISHING CREDIT DISCIPLINE

This module reviews the components of an effective credit administration process - a written loan policy, an asset quality rating system, formalized loan pricing system, effective committee process, strong credit administration and loan review function, well-trained lending officers, and a positive lending environment. The integration of all the different aspects of credit administration is termed credit discipline.

LOCATION

INDIANA WESLEYAN, 1500 Alliant Avenue, Louisville, KY

CHECK-IN

Registrants will check in the first day of the program, Monday, September 13, 2021, at INDIANA WESLEYAN, 1500 Alliant Avenue, Louisville, KY. Classes will begin immediately following check-in. All classes will be held at INDIANA WESLEYAN.

MATERIALS

Tuition includes instruction, curriculum materials, continental breakfast, lunch and lodging (if applicable). Curriculum materials will be distributed the first day of class.

WHAT TO BRING

Participants should bring their own calculator and office supplies for taking notes during class.

MEALS

A continental breakfast and lunch will be served at the KBA offices. Dinner is on your own for dinner each evening.

HOUSING

Should you need overnight accommodations we suggest: Holiday Inn Express, 1520 Alliant Avenue, Louisville, Kentucky. 502-240-0035. Be sure to mention you are attending a KBA program to receive our special rate.

TUITION

Tuition \$1595. See the registration form for more details.

QUESTIONS? email pcross@kybanks.com

Thank you for attending the 2021 KBA Commercial Lending School!