NH›Bankers ASSOCIATION

# CREDIT ANALYST DEVELOPMENT PROGRAM

2023

## 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.

In partnership with

nhBFA New Hampshire Business Finance Authority

Program developed by

WASHINGTON BANKERS ASSOCIATION WBA EST. 1889

2 Eagle Square, 2nd Floor, Concord, NH | 603-224-5373 | nhbankers.com

**AUGUST 24, 2023**

**Instructor**
**Jeffery Johnson**
***President***

**Bankers Insight Group**
**Atlanta, GA**

## The Role of a Credit Analyst Within The Bank

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

**AUGUST 25, 2023**

**Instructor**
**Jeffery Johnson**
***President***

**Bankers Insight Group**
**Atlanta, GA**

## Accounting Basics/Refresher

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
- 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

**SEPTEMBER 21, 2023**

**Instructor**
**John Barrickman**
**President**

**New Horizons Financial Group**
**Amelia Island, FL**

## Employing Basic Financial Analysis Tools

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

## Basic Personal & Business Tax Return Analysis

**SEPTEMBER 22, 2023**

**Instructor**
**John Barrickman**
***President***

**New Horizons Financial Group**
**Amelia Island, FL**

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

## Loan Structure, Documentation, and Compliance

**OCTOBER 26, 2023**

**Instructors**
**Richard Mayeda**
***First Vice President, Senior Credit Officer***

**First Financial Northwest Bank**

**James Key-Wallis**
***Executive Director***

**NH Business Finance Authority**
**Concord, NH**

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. The session will also provide an overview of credit enhancements available to you via state and federal agencies, as well as how the enhancements impact the structure and risk(s) of any given loan.

**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
- Review NH Business Finance Authority and Small Business Administration credit enhancement tools and programs

## Basics of C&I Lending and Commercial Real Estate (CRE) Lending

**OCTOBER 27, 2023**

**Instructor**
**Richard Mayeda**
***First Vice President, Senior Credit Officer***

**First Financial Northwest Bank**

### 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

# Speaker Profiles

**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 state bankers association training professional having worked for Washington Bankers Association for a number of years. Johnson is in his 11th year as an Executive Development Program instructor and is a clear favorite due to his style and comfortable demeanor. His evaluations consistently exceed students' expectations.

**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.

**RICHARD MAYEDA** is the First Vice President, Senior Credit Officer at First Financial Northwest Bank in Renton Washington – south of Seattle. Richard has over 35 years of banking experience, almost all of it in commercial lending. He has worked for seven different institutions over the years, of all different sizes. He has experience first as a credit analyst, then as a small business lender, moving on to commercial banking and finally to credit administration. Richard graduated with a business degree from the University of Washington and has an MBA in Finance from the University of Puget Sound.

**JAMES KEY-WALLACE** is the Executive Director of the NH Business Finance Authority. With a deep background in finance, investment, and economic development, he served as the senior investor at NH Community Loan Fund where he was responsible for all aspects of lending to and investing in NH-based businesses. He has also served as vice president of the Monadnock Economic Development Corporation in Keene, and in various private sector roles early in his career. Additionally James has led major economic development efforts resulting in the New Hampshire expansions of Albany/Safran, Lonza Biologics, and BAE Systems. Those transactions involve several hundred million dollars in total financing and led to thousands of new jobs for local communities.

## Homework 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.

## Recommended Prerequisites

Before joining the NH Bankers' 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 NH Bankers for more information about registration.

- Loan Structuring, Documentation, Pricing and Problem Loans
- Analyzing Financial Statements
- General Accounting

## 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.

## Registration

Please fill form below and email to stracy@nhbankers.com. Registration must be received by July 21 to qualify for early bird pricing.

☐ NH Bankers Members: $2,250 early bird, $2,450 regular. ($3000 after August 1)

☐ Non Members: $4,500 early bird, $4,900 regular. ($6000 after August 1)

Name ______________________ Email ______________________

Supervisor/Manager ______________________

Mentor ______________________

## Additional information

The first session of the program will be held as a virtual event and will still provide networking and breakouts as mirrored from the live program. You will also be able to ask questions of the speakers. Plan for an 8 am - 4 pm day with ample breaks due to the nature of the presentation method. We will determine location or remain virtual for the following sessions as determined by the number of students and CDC guidance.

For any questions, please contact Sandy Tracy at 603-224-5373 or stracy@nhbankers.com

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**NH Bankers Cancellation Policy**
Registrations may be canceled prior to August 10, 2023 by notifying the NH Bankers office at (603) 224-5373. Refunds are subject to a $250 per person fee. Any cancellations received after August 10 are not refundable but are transferable to another individual from your bank who wishes to attend this conference. All registrations received online are subject to this policy.

**Consent to Use of Photographic Images**
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