



# 2019 Commercial Lending School

June 3-7, 2019

IBA Center for Professional Development  
8425 Woodfield Crossing Boulevard, Suite 155E  
Indianapolis, IN 46240

# General Information

## ROE: Return on Education

One of the greatest investments any employer can make is in the continued education of its employees. Seminars, workshops, conferences and schools not only provide professionals with an updated and contemporary framework to make better judgments and more informed decisions, but they also assist in developing a resourceful network of peer bankers.

Indiana Bankers Association prides itself on providing members with one of the best nonprofit banker education programs in the country. Featured in this brochure is the highly acclaimed IBA Commercial Lending School, which addresses the most immediate and relevant training needs of the financial industry.

We know that bankers demand a strong return on education, "ROE," in terms of dollars, time and effort spent. You can count on this school to provide:

- Practical, hands-on curriculum designed for learning by doing and for easy application at the bank.
- Small class size to increase networking opportunities and personalized instruction.
- A school designed and governed by bankers and taught by experienced bankers and consultants.
- Reasonable enrollment fees and an academic atmosphere conducive to a stimulating learning experience.

## Purpose and Philosophy

The IBA Commercial Lending School was founded to provide mid-level bank officers and commercial loan officers a thorough understanding of commercial lending administration. The purpose of the school is to provide that information by:

- Focusing on the operating cycle of a business, and the key variables for long-term success;
- Helping students develop their analytical skills and management evaluation techniques;
- Acquiring an awareness of the economic environment and how it affects the lending decisions;
- Understanding the borrower and loan management alternatives available to a lender in the event of loan default; and
- Providing a strong foundation of financial analysis, along with in-depth case studies that allow the student to apply lessons learned.

## Admission Information

### Who Should Attend:

Bankers who have not been exposed to formal commercial lending training and lenders who want to broaden their commercial lending knowledge will benefit from the school. Graduates will be better prepared to serve effectively and profitably as commercial loan officers. Students should have a solid foundation in the areas of accounting, financial statement analysis and economics. This understanding can be evidenced by AIB courses, college courses, in-house programs, self-study or experience. Students are expected to have had relevant banking experience prior to the school. This normally means a college degree and at least one year of experience or a high school diploma and five years of banking experience.

### Selection of Applicants:

All applications and full registration fees must be received in the IBA office by **May 17, 2019**. The IBA Board of Education will consider applications, determine acceptability, and notify the applicant. Decisions of the board will be final.

### Registration:

Students will register between 7:30–8:00 a.m., Monday, June 3, 2019. The school will begin with orientation at 8:00 a.m. Attendance for the orientation session is mandatory.

### Facilities:

All classes will be held at the IBA Center for Professional Development, 8425 Woodfield Crossing Blvd., Suite 155E, Indianapolis, IN 46240. Students will be issued a list of hotels in the area and will be responsible for securing their overnight rooms.

### Requirements and Regulations:

Participants are expected to attend all sessions. Absences are excused only for illness, catastrophe or extenuating circumstances, based upon a written statement submitted to and approved by the IBA Board of Education.

### Certificate of Completion:

Student performance will be measured using a combination of written exams, class participation & group presentations. Students who satisfactorily complete all requirements will receive a certificate of completion. Notification of completion or non-completion will be communicated to the nominating officer.

# Tuition, Faculty, & Schedule

## Tuition and Refund Policy

### Tuition:

IBA Member                      \$1195.00

Tuition includes all instruction, casebook, supplemental materials, continental breakfast, lunch and refreshment breaks each day. Dinner on Wednesday evening is also included.

Participation in IBA programs is limited to members, associate members and nonmembers from an eligible membership category at applicable member or non-member rates. Surcharge of 100% for Non-Members.

### Refund Policy:

Any applicant who is not admitted to the school will receive a full refund. Any applicant withdrawing from the school prior to **May 17, 2019**, will receive a full refund. Any applicant canceling after **May 17, 2019**, or failing to appear at the school, will forfeit the entire registration fee.

Extenuating circumstances will be considered on an individual basis by the IBA Board of Education. Requests for refunds due to extenuating circumstances must be submitted in writing.

## The Faculty

The faculty for the IBA Commercial Lending School represents a wealth of lending experience and the ability to communicate this experience in an effective and enjoyable manner. Faculty members include academics, consultants and professionals who add their expertise to create a truly exceptional team. The faculty roster is deemed reliable, but may be subject to change.



Our lead instructor is **John Cochran**. John's banking career spans over 37 years, he has served in various lending and senior management positions. John established Cochran Associates LLC in 2000 to provide bank training and consulting services. To date, he has presented lending seminars for many state banking associations and annually participates in eight commercial lending schools as a principal instructor or sole presenter. He has been the lead faculty member of the Missouri School of Lending since 1990.

## Tentative School Schedule

### Monday, June 3, 2019

7:30 a.m.                      Registration & Continental Breakfast  
8:00 a.m.                      Orientation & Class Begins  
5:30 p.m.                      Adjourns

### Tuesday, June 4, 2019

8:00 a.m.                      Class Begins  
5:45 p.m.                      Adjourns

### Wednesday, June 5, 2019

8:00 a.m.                      Class Begins  
5:45 p.m.                      Adjourn  
6:30 pm.                      School Dinner & Program

### Thursday, June 6, 2019

8:00 a.m.                      Class Begins  
6:00 p.m.                      Adjourn

### Friday, June 7, 2019

8:00 a.m.                      Class Begins  
2:15 p.m.                      Class Concludes  
2:30 p.m.                      Final Testing and Adjournment

### Questions?

Please contact Laurie Rees, Vice President of Education and Training at the Indiana Bankers Association, (317)-387-9380 or Email - [Lrees@indianabankers.org](mailto:Lrees@indianabankers.org) for questions regarding the IBA Commercial Lending School.

### Disabilities

Do you suffer from any disabilities that might influence housing assignments or seating assignments? If yes, please enclose a brief letter explaining how we may best accommodate your needs.

**Foundation Concepts in Lending:** This module begins with an overview of the business of banking and the role of the lender. The module introduces risk appetite, risk tolerance, risk culture and the risks assumed in the loan portfolio. The module presents concepts which form the foundation for the Commercial Lending Curriculum including the 5 Cs of credit, the Loan Evaluation Equation and the Loan Evaluation Process. The borrower operates in an external environment which is largely uncontrollable. The module introduces the elements of the external environment and identifies key variables or things within the business that management can manage to mitigate the impact of the external environment.

**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. This 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. The module demonstrates how financing needs arise, defines the sources of repayment and appropriate loan structures to meet financing needs.

**Assessing the Risk's Facing the Borrower:** This module explores the risks impacting any business including risks introduced by the economic environment, the borrower's industry and the borrower's market. The borrower's success is largely a function of a well-defined value proposition, an effective business strategy grounded in a defensible source of competitive advantage and successful implementation of that strategy. The module begins with an overview of the risks introduced by the economic environment. The module reviews the role of business and competitive strategy and defines three basic types of competitive strategies—price, product differentiation, and product focus. The module identifies the various factors influencing a company's choice of business strategy. Product, industry, market structure and position, stage in life cycle and barriers to entry must be considered when defining and monitoring business strategy. The module outlines quantitative measures for assessing the effective implementation of strategy.

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

**Assessing Borrower 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 critical key variables. Historical financial analysis is the primary tool used in the objective evaluation. This analysis includes income statement/balance sheet, comparative/ common size, ratio and cash flow analysis. The module also addresses the analysis of personal financial statements and tax returns as well as business tax returns.

**Projecting Future Performance:** Projections focus on quantifying the borrower's ability to make future payments based on past financial performance. This module first explores the concept by describing the information and tools needed to prepare proformas, projections and cash budgets. The module then focuses on stress testing key assumptions to determine the potential volatility in earnings and cash flow 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 the amount of the loan is appropriate, primary and secondary sources of repayment have been identified and the term of the loan is reasonable. While not a substitute for demonstrated ability to repay; loan support is useful in shoring up a loan that has a few potential weaknesses. This module defines loan support and identifies those situations where loan support may be required. It then presents four elements of loan support—collateral, guaranty, loan agreement and subordination agreement.

**Responsible Commercial Real Estate Lending:** Commercial real estate lending including financing owner occupied real estate, income property and acquisition/development/ construction has been a significant source of loan volume and income for many banks. Unfortunately, this type of lending has also been a source of significant loan losses. This module will discuss responsibly financing the three broad types of commercial real estate property. The module will address information requirements, underwriting and monitoring these types of loans. The module will also focus on assessing environmental risks, appraisals and insurance.

**Effective Relationship Management:** This module focuses on developing and managing profitable customer relationships. The module opens with a discussion of the changing role of the lender. The elements of a value added relationship are defined with emphasis on how the lender can become a trusted adviser. The module then explores life cycle relationship management and effective customer calling. Profitably pricing relationships is often the hardest part of relationship management. The module concludes with discussion or 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 from them with good underwriting, active monitoring, early problem loan identification and aggressive corrective action. This module both draws on earlier material and presents new information to show how problem loans can be identified and what can be done to curtail losses—from meeting with the borrower to managing a bankruptcy.

**Establishing Credit Discipline:** This module, the final one of the course, outlines a framework for establishing credit discipline in a bank. The module then reviews the components of an effective credit administration process: a written loan policy, an asset quality rating system, a formal loan pricing system, an effective committee process, a strong credit administration and loan review function, well-trained lending officers, and a positive lending environment. When combined, these components result in a quality loan portfolio. The integration of all the aspects of credit administration is termed credit discipline.

# IBA Commercial Lending School Application Form

June 3-7, 2019 • IBA Center for Professional Development • Indianapolis (Dept. #96) Register Online at: [www.indianabankers.org](http://www.indianabankers.org)

Name

Bank

Preferred name for badge

Street address

Title

PO box

Social Security number

City State Zip

Email address

Phone

Total years of banking experience

Cell Phone

Bank asset size

Fax

Size of bank's commercial lending portfolio

Functional area of the bank

**Background information**

Male  Female \_\_\_\_\_Age

**Educational level**

High School  Some College

Associate's Degree

Bachelor's Degree — Business Administration or Economics

Bachelor's Degree — Other Major

Master's Degree — Business Administration or Economics

Master's Degree — Other Major

Doctorate  Law Degree

Indicate how you acquired knowledge in the following areas. Please specify courses or educational events.

Accounting

Analyzing financial statements

Economics

Other relevant education or training experience (please specify)

**I have read the admission requirements and desire to enroll in the IBA Commercial Lending School. I agree to abide by all the requirements for participation and completion of this program. Above is detailed information regarding my qualifications for admission.**

Applicant's signature Date

Nominating officer's name and title (Please type or print legibly.)

Nominating officer's signature

**Note:** The nominating officer is the president, department head, personnel officer or other executive authorized by the bank.

**Payment information**

\$1,195 Member

Check enclosed (payable to IBA Foundation Inc.)  Please invoice my bank (IBA members only)