

# **2020 CCBN CREDIT ANALYST SCHOOL AGENDA (segment start, Pacific Time)**

## **Day One**

### **WELCOME (8:30)**

#### **Role of A Credit Analyst and Why It Is a Vital Part of The Credit Underwriting Process. (8:45)**

- The role of commercial lending in the banking industry
- Organization structure of credit administration and where credit analysts are positioned
- Requirements and responsibilities of the credit analyst
- Skills and professional traits of successful credit analysts 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.

#### **Basics of Accounting Refresher (10:00)**

- Understand the role of accountants and the standards they must follow Generally Accepted Accounting Principles (“GAAP”)
- Know the influential organizations responsible for creating and amending accounting standards
- Know the major accounting assumptions utilized to produce financial statements in accordance with GAAP
- Review the rules of debits & credits

#### **Introduction of *Highway Safety Equipment Company, Inc. Case Study* (11:30)**

- This case study will be used to apply and practice the credit analysis concepts and tools presented over the course of the program.

### **LUNCH BREAK (12:15)**

#### **Review and Analysis of Financial Statements (1:00)**

- Identify the major accounts displayed on financial statements for Commercial and Industrial Relationships
- Understand the accounting development of major asset accounts that banks rely upon as a primary source of repayment
- Review the notes to financial statements and understand how useful they are to the underwriting process

- Understand the importance of being consistent and concise in preparing financial statement spreadsheets
- Understand how to utilize the structure of financial statements to produce the desired results from financial statement analysis software

**CLOSE DAY ONE (4:30)**

## **Day Two**

**Analyzing Corporate Tax Returns (8:30)**

- Review the various tax forms required to be filed by various organizational structures
- Understand the flow of tax forms into Form 1120, 1120S and 1065
- How to analyze schedule K-1 for pass-through entities
- Understand how to maneuver through tax returns in order to obtain required information
- Know how to convert tax return income into cash flow

**Practice: *Widgets-R-Us Case Study***

**LUNCH BREAK (11:30)**

**Understand How to Calculate Credit Related Ratios to Determine: (12:15)**

- Liquidity
- Leverage
- Asset management capabilities
- Operating performance
- Financial Impact Analysis

**Introduction of *Bradburn Case Study* (3:30)**

**CLOSE DAY Two (4:30)**

## **Day Three**

**Cash Flow Analysis to Convert Income into Cash (8:30)**

- Financial Statements prepared on an accrual and cash basis: their advantages and disadvantages
- Understand how cash flow analysis is the process of converting an accrual basis financial statement into a statement of cash flow
- Review the rules of cash flow

- Demonstration of cash flow analysis utilizing the Uniform Cash Analysis (UCA) method
- Comparison of UCA with Traditional, EBITDA and the Indirect Methods of calculating cash flow
- Identification of the four facilities of cash flow analysis utilizing Traditional and EBITDA methods

**Practice: *Bradburn Case Study***

**LUNCH BREAK (11:30)**

**Financial Forecasting and Calculating Sustainable Growth Rates (12:15)**

- Developing a cash budget when a more precise inflow and outflow of cash is required
- Converting management's assumptions into a projected income statement, balance sheet and cash Flow Analysis statement
- Sensitizing management's assumptions to create a more conservative financial forecast
- Determine the sales growth level without increasing leverage beyond a safe level

**Final Comprehensive Case Study Practice: Bodie Industrial Supply, Inc (2:00)**

**Wrap-up**

**CLOSE PROGRAM (3:30)**