ABA COMMERCIAL LENDING SCHOOLS

FOUNDATIONAL

APRIL 18-23, 2027

aba.com/CLS

American Bankers Association®

Banking, the economy and credit outlook

Economic shifts are changing funding costs, borrower performance and competitive dynamics. This session connects the banking and economic outlook to the decisions community banks must make now to protect margins, manage credit risk and pursue sustainable growth. Attendees will identify the forces most likely to affect their markets and consider how successful banks can adapt their lending and business strategies for what comes next.

Course topics:

- Latest market and economic changes
- Money supply (federal reserves and liabilities)
- Health of the financial industry
- Housing market and mortgage market debt
- Federal debt impacts
- Interest rates and monetary policies

Students will be able to:

- Identify market and economic forces that could affect commercial loan demand, borrower performance and bank strategy.
- Analyze how current banking and economic conditions may influence funding costs, margins, credit risk and sustainable growth decisions.

Faculty: Daniel Brown

Evaluating the commercial borrower's business strategy

A borrower's strategy can strengthen repayment capacity or quietly undermine it. As industries, customer expectations and business cycles shift, lenders need to look beyond historical financials to assess whether a company is prepared to compete. This session helps attendees evaluate industry position, business-cycle exposure and management's response to critical challenges, allowing them to identify strategic weaknesses earlier and make more informed credit decisions.

Course topics:

- Risk management
- Industry analysis (sources)

- Background information
- Borrower analysis
- Non-financial credit considerations
- SWOT analysis
- Portfolio analysis
- 5 Cs of credit

Students will be able to:

- Analyze how industry position, business-cycle exposure and management's response to critical challenges may affect a borrower's repayment capacity.
- Evaluate strategic weaknesses that could affect credit decisions before they are fully reflected in historical financial performance.

Faculty: Kevin Nickodem

The importance of cash flow

Reliable cash flow analysis is essential when tighter margins or changing conditions can quickly weaken repayment capacity. This session helps lenders determine how borrowers and guarantors will generate the cash needed to repay debt using financial statements and tax returns. Attendees will compare commonly used cash flow methods, understand their strengths and limitations, and select an approach that supports consistent, well-reasoned underwriting decisions.

Course topics:

- Sources of borrower and guarantor repayment cash flow
- Use of financial statements and tax returns in cash flow analysis
- Comparison of traditional, global and direct cash flow methods
- Selecting consistent cash flow methods for underwriting decisions

Students will be able to:

- Identify the key sources of cash for loan repayment.
- Analyze borrowers' and guarantors' financial statements and tax returns to assess available cash for debt repayment.
- Examine traditional debt service coverage analysis, global debt service coverage analysis, and uniform direct cash flow analysis.

- Discuss the benefits and drawbacks of various lending cash flow analysis methods.

Faculty: Christie Drexler

ABA Commercial Loan Simulation orientation

Competitive lending requires decisions that balance growth, pricing, credit quality and shareholder return. In this team-based ABA Commercial Loan Simulation, attendees evaluate realistic commercial loan opportunities, negotiate priorities and bid on deals under changing conditions. The experience exposes the consequences of pursuing volume without adequate return or risk discipline and gives participants a practical setting to strengthen judgment, collaboration and decision-making before applying those skills at their banks.

Course topics:

- Evaluating commercial loan opportunities
- Balancing growth, pricing, credit quality and shareholder return
- Team-based negotiation and lending decision-making
- Consequences of volume growth without risk discipline

Students will be able to:

- Evaluate realistic commercial loan opportunities by considering growth, pricing, credit quality and shareholder return.
- Analyze how lending decisions made under changing conditions can affect return, risk discipline and team priorities.

Faculty: Derrick Jackson and Patrick Landry

Determining repayment ability: Cash flow, collateral and guarantees

When operating cash flow weakens, inconsistent treatment of collateral and guarantor support can create hidden repayment risk. This session helps lenders, analysts and underwriters assess repayment ability across global cash flow, collateral and guarantees with greater accuracy and consistency. Attendees will also examine

management practices for monitoring calculation quality, supporting clearer credit decisions and earlier action when a borrower's repayment sources begin to deteriorate.

Course topics:

- Why bankers calculate GCF
- Cash flow over the business cycle
- Cash flow needs differ between mature firm and growing firm
- Comparison of alternative cash flow measures
- Why bankers take collateral for additional repayment support
- Why bankers expect business owners to guarantee business debts
- Examples that incorporate owner-guarantor cash flows, collateral, and guarantor equity into determining borrower repayment ability
- Management check grid for GCF accuracy

Students will be able to:

- Define and calculate global cash flow (GCF).
- Review and compare various measures of cash flow (CF).
- Evaluate secondary support from collateral and guarantors.
- Calculate borrower repayment ability from GCF, collateral, and guarantors.

Faculty: Dev Strischek

Fundamentals of commercial real estate lending

Commercial real estate (CRE) exposure can become more vulnerable as property income, operating costs and values change. This session builds the analytical foundation lenders need to evaluate real estate cash flow, whether financing a property directly or incorporating rental income into a broader credit. Attendees will learn how updated cash flow analysis and interim collateral monitoring can reveal emerging pressure between formal valuations and support more timely, informed portfolio decisions.

Course topics:

- CRE cash flow key variables, including an imputed management fee and replacement reserves
- How to determine historical and projected vacancy rates

- Where to find key info from tax returns
- Role of capitalization (cap) rates
- Transaction-level stress testing
- Overview of risks unique to CRE lending, such as refinancing risk, and re-lease/rollover risk

Students will be able to:

- Identify the key variables involved in developing CRE cash flow.
- Calculate (from a case study) net operating income (NOI) and cash flow available for debt.
- Service (CFADS) for an income-producing property.
- Estimate property value using NOI and an estimated capitalization rate.

Faculty: Richard Hamm

Fundamentals of commercial and industrial (C&I) lending

C&I lending can drive profitable growth, but weak analysis or structure can turn opportunity into avoidable loss. This session establishes the fundamentals for evaluating and managing C&I credit, including financial statements, business strengths and vulnerabilities, UCA cash flow, collateral, loan structure and risk mitigation. Attendees will be better prepared to recognize working-capital needs, uncover less-visible risks and pursue growth without sacrificing underwriting discipline.

Course topics:

- C&I lending fundamentals and portfolio growth opportunities
- UCA cash flow analysis
- Business strengths, vulnerabilities and working-capital needs
- Collateral, loan structure and risk mitigation

Students will be able to:

- Define Commercial and Industrial (C&I) Lending and its opportunities for loan portfolio growth.
- Identify risks associated with extending credit to C&I borrowers.
- Explore fundamentals of C&I financial statement analysis.
- Conduct business SWOT analysis.

- Evaluate and monitor collateral for C&I loans.
- Effectively structure C&I loans and mitigate risk.

Faculty: Christie Drexler

Developing the credit memo

A credit memo must turn complex information into a clear, defensible recommendation. When key risks, repayment sources or structural protections are unclear, approval decisions slow and portfolio oversight suffers. This session provides a practical framework for building stronger commercial credit memoranda, helping attendees communicate the borrower story, analysis and rationale with greater consistency for approvers, reviewers and examiners.

Course topics:

- Credit memo expectations and requirements
- Communicating the borrower story and credit analysis
- Identifying key risks, repayment sources and structural protections
- Developing a clear, defensible credit recommendation

Students will be able to:

- Analyze borrower information, risk factors, repayment sources and structural protections to support a clear commercial credit memo.
- Develop a defensible credit recommendation that communicates the borrower story, analysis and rationale consistently for approvers, reviewers and examiners.

Faculty: Dan Harrington

An introduction to credit risk management: Credit policy and credit culture

A strong loan policy has limited value when day-to-day credit practices do not follow it. This session examines how credit policy, approval processes, risk ratings, governance, management information and examinations combine to shape a bank's credit culture. Attendees will identify gaps between what should happen and what actually happens,

then consider practical ways to reinforce consistent decisions, protect asset quality and align lending behavior with strategy.

Course topics:

- Risk rating systems
- Concentration risk controls
- Loan review (Internal & External)
- Board MIS

Students will be able to:

- Analyze how credit policy, approval processes, risk ratings, governance, management information and examinations shape a bank's credit culture.
- Identify gaps between expected credit practices and actual lending behavior that may affect asset quality and strategic alignment.

Faculty: Derrick Jackson

Fundamentals of commercial construction lending

Construction loans create risk as funds are advanced before the completed collateral and its value fully exist. This session introduces the factors that determine whether a project is economically viable, appropriately designed and likely to be completed on time and within budget. Attendees will learn to evaluate the project, owner and general contractor more effectively, helping prevent cost overruns, delays and incomplete projects from becoming credit losses.

Course topics:

- Construction loan risk and project viability
- Evaluation of the project, owner and general contractor
- Budget, timeline and completion risk
- Preventing cost overruns, delays and incomplete projects

Students will be able to:

- Evaluate whether a construction project, owner and general contractor support timely and cost-effective project completion.

- Identify construction lending risks related to project viability, budget, timeline and incomplete collateral.

Faculty: Dan Harrington

Underwriting the loan request

Pressure to respond quickly can lead lenders to overlook risks or accept terms that do not support repayment. Using case studies, this session helps attendees translate credit analysis into a complete loan decision, including amount, term, pricing, collateral, guarantees, covenants and conditions. Participants will practice aligning structure with identified risks so approvals are both competitive and defensible throughout the life of the credit.

Course topics:

- Risk pyramid
- Industry Issues
- Underwriting cash flow (simple; global; UCA)
- Collateral evaluation (lines of credit; equipment; real estate)
- Guarantor evaluation
- Structure and pricing (covenants; loan grading; understanding pricing factors)

Students will be able to:

- Analyze the major risks in a credit request and align loan structure with those identified risks.
- Determine appropriate loan amount, term, pricing, collateral, guarantees, covenants and conditions using case-study information.
- Evaluate collateral and guarantor support as part of a complete, defensible loan decision.

Faculty: Kevin Nickodem

A conversation with Federal regulators – Emerging issues for lending portfolios

Shifting supervisory priorities can expose gaps in credit files, risk practices and examination readiness. Federal banking regulators will discuss emerging lending issues, common findings and practical ways to prepare for safety and soundness examinations. Attendees will gain current perspective on portfolio oversight, credit upgrades, forbearance and post-forbearance decisions, helping their banks address weaknesses before they become costly regulatory or asset-quality problems.

Course topics:

- Emerging lending regulatory issues and what examiners are focusing on in 2027
- Safety and soundness examination readiness
- Common credit file and portfolio oversight findings
- Forbearance, post-forbearance and credit upgrade considerations

Students will be able to:

- Identify emerging lending issues, common credit file findings and examination readiness considerations discussed by federal banking regulators.
- Analyze how portfolio oversight, forbearance and credit upgrade practices can help address regulatory and asset-quality concerns.

Faculty: Kevin Cole, Lorenzo Garza, Joseph Hoge and moderator, Sharon Whitaker

Enabling AI for commercial lending leadership: Smarter tools, better decisions, stronger relationships

Artificial intelligence isn't just another efficiency tool for banks. It’s helping bankers find opportunities, understand markets, evaluate information, manage relationships and serve customers. AI isn’t just limited to standalone tools or specific platforms; it’s baked into software you – and your borrowers – already use. Commercial bankers don't need to become AI experts – but to deliver leadership for your bank and your customers, the best bankers are informed AI bankers.

In this interactive general session, we'll explore how AI is changing the commercial banking workflow for lenders, borrowers, and banks. You’ll learn from practical

examples, discussion and each other while developing a framework they can take back to their banks and customer relationships.

Course topics:

- AI-enabled banking
- Lender workflow automation
- Relationship intelligence
- AI risk management
- Responsible AI governance

Students will be able to:

- Identify practical AI applications in commercial banking.
- Evaluate when to use AI and human judgment.
- Apply responsible AI guardrails in your bank.

Faculty: John Hanley

Fundamentals of problem loan management

This session focuses on how to avoid problem loans, recognize early warning signals and their causes, and the major factors to consider in managing problem loans. Case studies are utilized to assist participants in identifying these issues and managing a troubled asset.

Course topics:

- Avoiding problem loans
- Recognizing early warning signals
- Rehabilitation
- Moving the relationship
- Liquidation / foreclosure issues
- Workout strategy and tracking

Students will be able to:

- Identify their target markets and the intrinsic risk associated with them.
- Determine where an early warning sign originates and its cause.
- Determine a workout plan strategy.

- Utilize a problem loan tracking report.

Faculty: Kevin Nickodem

Monitoring your commercial loan portfolio

Portfolio risk can build quietly when growth demands compete with consistent monitoring. This session examines how banks identify, measure, report and correct emerging credit risk while sustaining profitability. Attendees will explore practical procedures, reporting tools and performance benchmarks that support clearer communication with management and the board, helping them detect deterioration earlier and act before isolated weaknesses become broader portfolio problems.

Course topics:

- Portfolio management defined
- Performance management bank benchmarks
- Assessing and rating loan and portfolio risk
- Strategies for monitoring performing and non-performing loans
- Relationship building

Students will be able to:

- Analyze procedures, reporting tools and performance benchmarks used to identify, measure and report commercial loan portfolio risk.
- Evaluate monitoring practices that support earlier detection of credit deterioration and timely corrective action.

Faculty: Christie Drexler

Presentation skills for lenders

Strong analysis loses value when the message is unclear or fails to move others to action. Lenders must explain recommendations to clients, peers and decision-makers amid limited time and competing priorities. This session helps attendees organize their thinking, sharpen the central message and deliver it with clarity, improving understanding, client confidence and internal alignment.

Course topics:

- Organizing analysis into a clear message
- Presenting recommendations to clients, peers and decision-makers
- Delivering with clarity under time constraints
- Improving understanding, client confidence and internal alignment

Students will be able to:

- Organize analysis into a clear central message for clients, peers and decision-makers.
- Deliver lending recommendations with clarity in situations involving limited time and competing priorities.

Faculty: Vernon Roberts

Influential client conversations

Difficult lending decisions can damage trust when clients do not understand the reasoning or believe their interests were ignored. This session gives lenders practical approaches for communicating unwelcome news with clarity, empathy and credibility. Attendees will learn how to explain decisions, manage expectations and preserve productive relationships, reducing the risk that a challenging conversation leads to confusion, conflict or lost business.

Course topics:

- Preparing for a conversation
- Conversation tools
- Crafting questions that uncover needs

Students will be able to:

- Set clear expectations when communicating lending decisions or client requests.
- Demonstrate active listening techniques that help clients understand they have been heard.
- Apply communication approaches that explain difficult lending decisions with clarity, empathy and credibility.

Faculty: Vernon Roberts

Think like a leader

Constant change tests a leader's ability to create clarity, resilience and value for others. This session introduces practical elements of a leadership mindset, including self-awareness, purpose, adaptability and empowerment. Attendees will consider how their thinking shapes team performance and leave better prepared to lead through uncertainty, make intentional choices and help others succeed without relying on title or authority alone.

Course topics:

- Cultivating a leadership mindset
- Strategies to adapt to change and lead effectively in uncertain environments
- Self-awareness and personal growth
- Methods to create lasting value for your organization and stakeholders

Students will be able to:

- Identify elements of a leadership mindset, including self-awareness, purpose, adaptability and empowerment.
- Analyze how personal thinking and intentional choices can influence team performance during change and uncertainty.

Faculty: Vernon Roberts

ELECTIVES

Deep dive into commercial and industrial (C&I) lending

Cash flow and liquidity challenges can quickly weaken a credit decision. Through real-world small-group cases, apply working capital analysis, UCA cash flow methods, and source-and-use principles to identify funding needs and strengthen loan evaluations. Take home a cash flow early-warning checklist, a five-minute analysis guide, and an Excel tool for measuring the monetary impact of cash conversion cycle inefficiencies.

Small business administration lender training: Marketing, loan origination and post-closing

Build or expand your institution's SBA lending capabilities with practical guidance across the loan lifecycle. Learn effective SBA 7(a) marketing strategies, loan origination best practices, pre-closing modification requirements, and essential post-closing procedures that support compliance and loan performance. Bonus coverage highlights SBA 504 program parameters and ways to combine 504 and 7(a) financing for a project.

An intermediate guide to hotel underwriting and financing

Hotel loans present specialized credit risks that require focused underwriting. Learn to evaluate those risks, gather critical information from the franchisor, franchisee, and borrower, and document the loan effectively. This session prepares you to lead higher-level client conversations, structure stronger loan requests, and move confidently from initial discussions to detailed underwriting.

Agricultural lending beyond the farm gate: Financing modern food and agribusiness value chain

Agricultural lending extends well beyond financing farms, land, livestock, and operating lines. Commercial lenders are increasingly asked to evaluate grain handlers, input suppliers, food processors, agricultural service providers, and other businesses throughout the food and agribusiness value chain. This elective introduces the distinctive cash-flow drivers, capital needs, collateral considerations, and concentration risks of these borrowers. Through practical comparisons and an applied case, students will learn how to identify sound agribusiness opportunities, ask better underwriting questions, and structure credit to support growth without overlooking risk.