ABA COMMERCIAL LENDING SCHOOLS

ADVANCED

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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 may 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

Credit risk management: Tools and techniques

Credit risk management is key to a bank making profitable and prudent loans, which in turn is driven by the bank's credit culture. Banks with value-driven credit cultures enjoy good asset quality and higher-than-average shareholder value, so a strong credit culture pays for itself. This course explains how to implement, achieve, and maintain a values-driven credit culture in practical, logical steps and employing pragmatic tools and techniques.

Course topics:

- Key enterprise risks with emphasis on credit risk
- Elements of credit risk management
- Critical role of the credit culture element in managing credit risk
- Methods for measuring and managing credit risk
- Use policy for preventive maintenance and align risk management with credit culture

Students will be able to:

- Recognize credit risk's prominence among all the enterprise risks.
- Show how successful risk management starts with managing credit risk.
- Explain the key role of credit culture in managing credit risk.
- Learn how to identify your bank's credit culture and align it with your bank's credit risk strategies.
- Learn how to use the 14 credit discipline tools to build a successful credit risk management function.

Faculty: Dev Strischeck

Credit risk management: Case studies

Case study requires students to apply the techniques and tools learned in the Credit Risk Management course to solve the credit risk problems found in the case study's bank.

Course topics:

- Credit risk management challenges in a fast-growing suburban community bank
- Role of a new chief credit officer in strengthening credit risk management
- Strategies for improving the bank's credit risk management framework

Students will be able to:

- Identify the case study bank's credit culture and devise strategies for improving the culture.
- Identify, measure, and mitigate concentration, intrinsic, and concentration risks.
- Land on solutions for improving the bank's credit policies, processes and administration.

Faculty: Dev Strischeck

CRE risk management

Commercial real estate (CRE) loans continue to be a significant segment of bank loan portfolios. This course examines the components of an effective risk management system for CRE loans. This includes identifying and dealing with CRE loan accommodations and workouts, CRE concentrations, strategies for developing industry data and references, plus following the various regulations for appraisals (covered more extensively in a separate class) and environmental due diligence. Prior to class, participants are encouraged to download (from www.occ.gov) and review the Version

2.0, March 2022, Office of the Comptroller of the Currency (OCC) Commercial Real Estate Lending Handbook.

Course topics:

- Credit risk
- Interest rate risk
- Liquidity risk
- Operational risk
- Strategic risk
- Reputation risk
- System components usage, formally or informally, of three lines of defense
- Roles of management and board oversight
- Inclusion of five key CRE loan policy elements
- Management considerations
- Underwriting standards
- Loan administration
- LTV limits
- Exceptions to policy

Students will be able to:

- Analyze CRE loan performance and sustainable cash flow by evaluating property-type and market trends, capitalization rates, sponsorship support, repayment sources, environmental considerations, and other key risk factors.
- Explain current CRE regulatory expectations and apply guidance from the OCC Commercial Real Estate Lending Handbook and related policy statements to loan underwriting, policy design, risk oversight, and post-closing monitoring.
- Develop effective CRE risk management strategies that address enterprise-wide risk, align oversight with risk levels, differentiate property types, and maintain appropriate portfolio diversification.

Faculty: Richard Hamm

Strategic loan pricing, risk adjustment, structure and return

With intense competition to capture and keep loans, it is important to have a strategic approach to loan pricing – more than simply matching the competition. This includes adequately covering your bank's costs and meeting profit objectives. It also includes differentiating loan interest rates to reflect relative risk, plus knowing that you CAN win the borrower's business on a basis other than the lowest price.

This session will cover two “big issues” that influence pricing: (1) understanding your bank’s financial structure, especially its loan-to-deposit situation, and (2) recognizing

how these financial positions drive loan profitability and competitive advantages/disadvantages. Often a competitor will offer a price that looks “stupid” but actually is helping to improve the competitor’s financial performance. Putting this knowledge to use includes scouting your competition and its financial structure, then developing your bank’s competitive advantages/disadvantages based on financial structure. Participants will also examine how loan structure — including amortization, maturity, collateral support, guarantees, covenants, and pricing mechanisms — can mitigate risk and influence risk-adjusted return, helping lenders evaluate the overall credit structure rather than price in isolation.

Along the way, we will demonstrate how to measure loan profitability and calculate the required rate on a loan, with time to discuss various models being used in your banks. We'll discuss getting premiums for taking risk and for adding value to the customer relationship, and ways to compete with a lower rate for larger loans that better cover overhead or when you are able to mitigate risk better than your competitor can.

Course topics:

- How pricing models work
- Risk-based pricing
- Using odd-decimal pricing
- Integrating loan structure, risk mitigation, pricing, and required return
- Recognizing economies of scale on larger loans
- The benefit of providing your borrower pricing options in almost every situation
- Using performance pricing tied to the customer's financial performance and/or loan covenants

Students will be able to:

- Identify key bank financial statement position that are the drivers of pricing advantages/disadvantages.
- Calculate the return on equity (ROE) for a loan interest rate, using example variables and inputs.
- Describe pricing features, such as odd-decimal pricing, that allow for achieving a higher ROE and reducing borrower inclination to negotiate.
- Differentiate loan pricing on various lending risks.
- Evaluate how changes in loan structure and risk mitigation affect pricing requirements and risk-adjusted returns.
- Identify asset-liability management concepts that influence setting interest rates that balance the loan’s duration to the term of the funding source or pricing index.

Faculty: Richard Hamm

Portfolio stress testing

Strongly encouraged by bank regulators, stress testing is a forward-looking quantitative assessment of potential economic events that could adversely impact the quality of the loan portfolio, earnings performance, and capital adequacy. Stress testing involves the development of "what if" scenarios for the loan portfolio from a transactional level (bottom-up approach), portfolio level (top-down approach), or both. Originally based on the December 2006 joint guidance entitled Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices, stress testing has evolved into an integral part of a bank's credit risk management framework.

Course topics:

- Regulatory guidance and background
- Examples of stress testing approaches
- Transaction level (or bottom-up approach)
- Portfolio level (or top-down approach)
- Enterprise level stress testing
- Reverse stress testing
- Other types – Scenario analysis and loan migration
- Board and management buy-in
- Scenario development and parameter selection
- Common risk measures (such as LTV and debt service coverage)
- Creation of reports and discussion of results

Students will be able to:

- Understand why stress testing is a critical component of a bank's risk management program.
- Identify important portfolio segments to test in a bank.
- Determine an appropriate methodology to use.
- Communicate key predictive portfolio risks to executive management and directors.

Faculty: Rob Newberry

Problem loan management and workout strategies

Managing a problem loan requires more than identifying warning signs. It demands sound judgment, disciplined decision-making, and a practical strategy for protecting the bank while maximizing recovery opportunities. Designed for experienced commercial lenders, this advanced, case study-based session examines the decisions lenders must make once a credit begins to deteriorate.

Using a real-world lending scenario, participants will analyze a troubled commercial credit, assess available workout options, and discuss the actions lenders can take to improve outcomes. Through facilitated discussion and peer interaction, participants will evaluate borrower communication strategies, restructuring alternatives, loan classification considerations, and recovery planning approaches commonly used in today's lending environment.

The session will also explore how underwriting, loan structure, and ongoing credit management decisions can influence workout success long before a loan becomes troubled. Participants will compare their recommendations against the actual outcome of the case and identify practical lessons that can be applied to future lending and portfolio management decisions.

Course topics:

- Troubled credit assessment
- Workout decision-making
- Recovery planning
- Borrower communications and relationship management

Students will be able to:

- Assess troubled commercial credits and evaluate potential workout and resolution strategies.
- Determine practical actions that can improve recovery prospects while balancing borrower relationships and risk management objectives.
- Apply lessons learned from problem loan situations to strengthen future underwriting, structuring, and portfolio management practices.

Faculty: Mike Allen

Avoiding lender liability issues

Consumer-based lender liability claims against banks are becoming more common again. In this course, lenders will learn to think like a lawyer to spot potential red flags which could lead to a lender liability lawsuit. Lenders will discover the legal pitfalls of accepting late payments after a borrower has previously and repeatedly defaulted, continuing to lend money even though the borrower is hopelessly insolvent, making verbal promises that a borrower detrimentally relies upon, and exercising too much decision-making control over the borrower's business. A consumer can sue a bank for a variety of reasons, most of which may be frivolous. Lenders will learn the best defenses to defeat and avoid these claims via current case law and legislation.

Course topics:

- Understanding what constitutes a lender liability claim
- Most common claims – Discuss via case studies and debates
- Avoiding excessive control
- Checklists to demonstrate proper file documentation
- Positive and negative impacts of disclosure

Students will be able to:

- Learn the most common lender liability claims consumers file against financial institutions.
- Learn how to best prevent and defend a bank against lender liability claims.
- Debate facts and analysis of current lender liability cases in state and federal courts.
- Discuss the growing trend of deepening insolvency litigation.

Faculty: Tricia DeLeon

Loan portfolio concentration and risk management workshop

This course applies key loan portfolio risk management concepts for actual industry, property type, and co-variance of risk concentrations in the student's bank. To enhance idea exchanges and encourage ongoing network building, students will be seated in small work groups with fellow students sharing similar loan portfolio concentrations and risks. The instructor will facilitate discussions on current meaningful external economic and lending environment trends and lending conditions and will provide tools to measure localized trends. Students will work together to exchange ideas and improve best practices in loan portfolio risk identification, quantification, and mitigation.

Course topics:

- Identifying industry, property-type, and correlated portfolio concentrations
- Assessing economic and local-market trends affecting concentration risk
- Measuring and quantifying loan portfolio concentrations
- Developing practical strategies to mitigate concentration risk

Students will be able to:

- Learn how macro- and local-economic drivers impact borrower revenues and margins and what questions help determine the client's ability to adapt (concepts include price elasticity and positive/negative leverage).
- Identify and use open-source resources to quantify local labor force cost influencers.

- Share and learn proven risk management strategies specific to the bank's loan portfolio concentrations.
- Build lasting networking connections with fellow students who share common loan portfolio risks.

Faculty: Michael Wear

Commercial real estate (CRE) construction lending

Commercial real estate construction lending, whether for owner-occupied or income-producing properties, is a significant and lucrative segment of the loan portfolio for most commercial banks, regardless of asset size. Unlike other commercial and consumer loan types where loan proceeds are secured from day one by an existing asset, construction loans are unique as the collateral and its value are created by the disbursement of loan proceeds over time. Only when the project is complete is the value of the collateral realized, either in the form of a project that can be occupied and deployed by an owner, or in the form of income-producing property available for lease to third-party tenants in the market. This course navigates the entire process from front-end due diligence and loan documentation to best practices for the administration of the disbursement of loan proceeds.

Course topics:

- Borrower, sponsor, and general contractor qualifications
- Project feasibility, budgets, and sources and uses
- Plans, specifications, construction contracts, and project approvals
- Title, survey, insurance, and other third-party due diligence
- Construction loan documentation and borrower requirements
- Loan advances, pay applications, change orders, and construction monitoring

Students will be able to:

- Evaluate the qualifications and experience of the borrower, sponsor, and general contractor.
- Analyze project budgets, sources and uses of funds, and required third-party due diligence.
- Structure loan documentation to establish requirements for project completion, regulatory compliance, and lien priority.
- Monitor construction progress and loan disbursements to help ensure the project is completed on time, within budget, and in accordance with approved plans and specifications.

Faculty: Joseph Javitz

Appraisals and evaluations

This course is designed to promote the participants' understanding of commercial real estate valuations. The course primarily focuses on regulatory requirements and expectations for real estate loan policies; appraiser independence; appraisals and evaluations; reviews; re-appraising and re-evaluating property; value conclusions; loan modifications; third party service providers; and referrals. Class instruction is based on a facilitation style of teaching. Course materials provide background information and address the most commonly asked questions or issues raised by lenders. Participants will review case study scenarios and provide their solutions or suggestions for resolution based upon the given circumstances.

Course topics:

- Real estate lending standards and loan policy requirements
- Appraiser independence, engagement, selection, and communication
- Real estate market conditions, commercial real estate exposure, and collateral risk
- Appraisal requirements, value definitions, development project conclusions, and appraisal validity
- Appraisal exemptions, transaction thresholds, existing credits, and abundance-of-caution decisions
- Evaluation and appraisal review standards and criteria
- Supervisory loan-to-value limits and acceptable additional collateral
- Re-appraisals, re-evaluations, loan modifications, portfolio monitoring, third-party services, and referrals

Students will be able to:

- Evaluate real estate loan policies, valuation staffing and reporting structures, appraiser selection practices, and communications for compliance with regulatory lending standards and appraiser independence requirements.
- Analyze real estate market conditions and granular market data to assess collateral risk, problem assets, income performance, interest-only structures, and the credibility of value conclusions.
- Determine the appropriate valuation method for a real estate transaction by applying appraisal and evaluation requirements, exemptions, value definitions, supervisory loan-to-value limits, and review criteria.
- Apply regulatory expectations to ongoing collateral oversight, including appraisal validity, re-appraisal and re-evaluation triggers, renewals, refinancings, subsequent transactions, portfolio monitoring, third-party services, HELOC actions, and referrals.

Faculty: Suzy Gardner

CRE valuation management

This course is designed to promote the participants' understanding of the scope of commercial real estate lending activities and valuation-related issues. The course primarily focuses on a commonsense approach when considering whether an appraisal provides a credible value conclusion. Class instruction is based on a facilitation style of teaching. Course materials provide background information regarding several types of commercial real estate valuation related issues. Participants will review case study scenarios and provide their solutions or suggestions for resolution based upon the given circumstances.

Course topics:

- Banking system exposure to CRE
- Problem loans and rating downgrades
- CRE market prices and trends
- Appraisal engagement letter requirements
- Comparable sales and adjustment support
- Deductions, discounts, and USPAP deficiencies
- Loan-to-value analysis

Students will be able to:

- Understand the significance of the United States' banking system's exposure to CRE Lending.
- Check engagement letters for potential inappropriate instructions or limitations
- Understand the Uniform Standards of Professional Appraisal Practice requirements (USPAP) for comparable sales.
- Identify potential inconsistencies in quantitative adjustments.
- Recognize unsupported adjustments or common USPAP deficiencies.
- Calculate the loan-to-value for income-producing properties.
- Participate in three "real world" case studies that reflect multiple valuation concerns.

Faculty: Suzy Gardner

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 judgement
- Apply responsible AI guardrails in your bank

Faculty: John Hanley

Strategic commercial lending: Integrating deposits for bank growth and profitability

This course explores the evolving role of commercial lenders in driving both loan and deposit growth as part of a bank's overall portfolio strategy. Beginning with the perspective of senior leadership, participants will learn why deposits are critical to financial strength and how they complement lending activities. Through a mix of strategic insights and practical tools, the course empowers lenders to understand the deposit side of the balance sheet, identify profitable products, and embed value-added services into client relationships. Attendees will leave with actionable strategies to coach teams, engage clients in informed conversations, and build deeper, more profitable relationships.

Course topics:

- Deposits as a driver of bank growth and profitability
- Integrating deposit products and services into client relationships
- Coaching lenders to grow deeper, more profitable relationships

Students will be able to:

- Explain how deposits contribute to bank growth, profitability, and overall portfolio strategy.
- Apply strategies for integrating deposit products and value-added services into client conversations to deepen profitable relationships.

Faculty: Ben Crowley

Bank financial analysis and asset liability

Understanding the components of a balance sheet, and how they drive the income statement, is critical to understanding how commercial lending affects bank performance. Management reporting, including Asset-Liability Management (ALCO) and profitability reporting, are used internally to manage risks, measure progress, and drive decision-making. In this course, participants will learn to identify profit drivers that

contribute to strong financial performance and develop strategies aligned with long-term bank objectives.

Course topics:

- Balance sheet components
- ALCO and risk management
- Profitability reporting
- Bank profit drivers

Students will be able to:

- Analyze how balance sheet components and asset-liability decisions affect bank earnings, risk, and overall financial performance.
- Use ALCO and profitability reporting to identify key profit drivers and develop strategies aligned with long-term bank objectives.

Faculty: Ben Crowley

Winning more of the right business: Advanced sales strategies for commercial lenders

Strong credit skills may get you in the door, but sales and relationship management determine long-term success. This interactive course helps experienced commercial lenders sharpen their ability to uncover opportunities, lead strategic client conversations, and grow profitable relationships in a competitive market. Participants will practice techniques they can use immediately with prospects and clients. The session focuses on practical skills that strengthen influence, deepen relationships, and drive revenue growth without relying on price concessions.

Course topics:

- Building credibility with sophisticated business clients
- Moving beyond transactional conversations
- Asking better questions to uncover opportunity
- Increasing wallet share with existing clients
- Identifying centers of influence and referral opportunities
- Handling objections without discounting
- Influencing client decisions and creating urgency

Students will be able to:

- Apply advanced questioning and listening techniques to uncover client needs, risks, and growth opportunities.

- Lead consultative business development conversations that position the lender as a trusted advisor rather than a product provider.
- Develop actionable strategies to expand wallet share, win new relationships, and strengthen client loyalty.

Faculty: Mark Trinkle

Fraud: Methods, detection and prevention

The course covers the different types of financial crime and fraud schemes typically encountered by financial institutions, particularly those methodologies that utilize lending products. The instructor will discuss applicable criminal statutes and utilize case studies to illustrate the types of fact patterns often used in fraud schemes. A discussion of red flags particular to lending fraud schemes will assist participants to identify and report activity that must be reported to financial institutions' financial crime, security or BSA departments. The material will include schemes involving bank insiders with a focus on potential signs of collusion between bank clients and lenders.

Course topics:

- Different criminal statutes that cover fraud schemes
- Red Flags of lending fraud schemes
- Requirements for reporting fraud schemes
- Methods of preventing lending-based fraud schemes
- Methods to prevent and detect financial crime and fraud schemes involving insiders

Students will be able to:

- Identify red flags for a variety of fraud schemes.
- Identify fraud schemes by bank borrowers, customers, vendors, and providers of professional services.
- Identify and report suspicious activity to the appropriate area of the bank.
- Discuss methods of identifying and preventing insider frauds.

Faculty: James Hitchcock

A conversation with James Edwards, CEO, United Bank Corp.

In this fireside chat on personal leadership development, James Edwards, CEO of United Bank Corp. and former chair of the ABA Board of Directors, shares lessons from his career as a banking industry leader. Through candid stories, he will explore the value of a growth mentality, servant leadership, and continuous improvement.

Participants will leave with practical ideas for strengthening their leadership approach, developing themselves and others, and preparing for greater responsibility.

Course topics:

- Career growth and leadership lessons
- Growth mentality and continuous improvement
- Servant leadership and developing others
- Preparing for greater leadership responsibility

Students will be able to:

- Identify practices that support personal leadership growth and continuous improvement.
- Apply servant leadership principles to develop others and prepare for greater responsibility.

Faculty: James Edwards

Developing an implementation plan and next steps

Turn insight into action. In this interactive capstone session, participants will reflect on key lessons and experiences from the week, identify the ideas most relevant to their roles and banks, and develop a practical implementation plan. Attendees will leave with clear priorities, specific next steps, and an approach for applying what they learned to strengthen their own performance and create value for their institutions.

Course topics:

- Identifying and prioritizing the most relevant takeaways from the week
- Developing a practical action plan with clear next steps for individual and bank implementation

Students will be able to:

- Identify and prioritize the learning most relevant to their roles and banks.
- Develop a practical implementation plan with clear actions, timelines, and next steps.

Faculty: C. Sandro Tonini

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.