

Farm Credit University
Commercial Ag Lender Degree

Online Modules:

1. Financial Statement Overview & the Balance Sheet
2. Income Statement and Statement of Owner Equity
3. Cash Flows and Earnings Analysis
4. Financial Analysis of Large Commercial Loans
5. Strategic Credit Analysis and Risk Management
6. Expansion Analysis
7. Loan Structuring
8. Problem Loan Identification and Workout
9. Negotiations, Loan Narratives & Ethics
10. Financial Statement Consolidation

Each Module includes Flash content, text content, objective test, discussion forum response, module rating and application exercises reviewed by mentor.

Curriculum also includes:

*Several live webinars with industry professionals
Face-to-face training session/graduation*

Outline of Each Commercial Ag Lender Module

Module 1: Financial Statement Overview & the Balance Sheet

- 1) Interrelationship among statements
- 2) The Balance Sheet
 - a) Classification of assets, liabilities and owner equity
 - b) Valuation of assets & liabilities (cost vs. market value)
- 3) Deferred taxes
- 4) Valuation issues in preparing balance sheets for agriculture
- 5) Verification of balance sheet information
- 6) Timing issues

Module 2: Income Statement and Statement of Owner Equity

- 1) The Income Statement
 - a) Entity and timing
 - b) Cash and accrual-adjusted Income statement
 - c) Other adjustments
 - d) Verifying income statement information
- 2) Statement of Owner Equity

Module 3: Cash Flows and Earnings Analysis

- 1) Cash flows and earnings analysis
 - a) Cash flow projection
 - b) Cash flow analysis by the ag lender
 - c) Profit versus cash flow
 - d) Format of the cash flow statement
 - e) Purpose of a cash flow statement
- 2) Statement of cash flows
 - a) Operating, financing & investing activities
- 3) Converting accrual profits into cash flow
 - a) Operational cash flow
- 4) Reliability of Financial Statements

Module 4: Financial Analysis of Large Commercial Loans

- 1) Introduction to commercial financial analysis
- 2) Ratio analysis and benchmarking
- 3) Benefits and limitations of financial ratios
- 4) Repayment capacity
 - a) Preparing annual earnings analysis
 - b) Term debt and capital lease coverage ratio
- 5) Sensitivity analysis
- 6) Liquidity
- 7) Solvency
- 8) Collateral position
- 9) Profitability
- 10) Financial Efficiency

Module 5: Strategic Credit Analysis and Risk Management

- 1) Resource Base
- 2) Human Resources and Management Assessment
- 3) Management Evaluation
- 4) Marketing Assessment
- 5) Long Term Business Planning
- 6) Insurances
- 7) Technology Assessment
- 8) Environmental Assessment
- 9) Credit Management
- 10) Layering of Risk
- 11) Commercial Customer Credit Risk & Portfolio Analysis

Module 6: Expansion Analysis

- 1) Analyzing business plans
- 2) Value added businesses
- 3) Pitfalls in expansion
- 4) Financing transitions
- 5) Analyzing management

Module 7: Loan Structuring

- 1) Key determinants of loan structure
- 2) Main tools of loan structuring
- 3) Methods of repayment by loan type
- 4) Special loan conditions or covenants
- 5) Troubleshooting financial weaknesses

Module 8: Problem Loan Identification and Workout

- 1) Common denominators of problem loans
- 2) Trouble shooting
- 3) Procedures working through problem loans
- 4) Monitoring and follow-up
- 5) Stages of problem loans

Module 9: Negotiations, Loan Narratives & Ethics

- 1) Win-win negotiations
- 2) Writing loan narratives
- 3) Communicating the credit decision
- 4) Ethics, conflicts of interest & business etiquette

Module 10: Financial Statement Consolidation

- 1) Consolidating balance sheets
- 2) Income statement consolidation
- 3) Steps in consolidation
- 4) Situations requiring consolidations
- 5) Inherent risks in financing multi-entity loans