Course Description
This weekend seminar is designed to bring together topics in banking, financial statement analysis, and credit fundamentals. The primary objective of the course is to provide students (future bankers, entrepreneurs, and managers of middle-market firms) with a broad understanding of the concepts and fundamentals involved in securing debt capital via Middle-Market Commercial Banks. Designed for a non-technical audience, we will explore the role of Middle-Market Commercial Banks, examine the U.S. loan market, and learn how to assess credit worthiness while mitigating lending risk. Ultimately, this seminar will provide students with a high-level overview of the commercial lending landscape through a varied mixture of lecture/discussion, case studies, practical exercises, and personal insight from the instructors. The class will conclude with group presentations involving real-world cases/scenarios.

In advance of the seminar, it is expected that you complete the assigned readings and pre-work, so that you are able to effectively contribute to class discussion and assignments.

Required Readings
The following materials are posted in Moodle
- “The Case For Middle Market Lending” – DDJ Capital Management (pages 1-5)
- “Chapter 3: Traditional Tools” by Smith, Abbie
- “Chapter 5: Profitability Analysis” (Sections 5.1-5.5) by Smith, Abbie

Recommended Readings
- “Chapter 3: Overview of Accounting Analysis” by Palepu, Krishna G; Healy, Paul M; Bernard, Victor L
- “Chapter 19: Analysis of Credit Risk” by Pennman, Stephen H
- “Cash Flow? It Isn’t Always What It Seems” by Sender, Henry
- “The Fed at 100: A Primer on Monetary Policy” by Norbert, Michael J

Grading
- Final Presentation 40 points
- Class Assignments 30 points
- Class Participation 30 points
- Class Participation 100 points
ASSIGNMENTS

Individual Exercise: Market Intelligence/Economic Roundtable (Pre-work is due at start of class Friday)

This exercise will help you develop an appreciation for how current events and macroeconomic news shape various industries. Specifically, it will help to broaden your understanding of the lens through which bankers view the economy, which ultimately informs their understanding of client/prospect risk profiles. You will need to prepare for this exercise before class on Friday.

1. Read and print a newspaper article from any major publication (eg. The Wall Street Journal, The Los Angeles Times, The New York Times, The Financial Times, Barron's) that highlights a macroeconomic or industry trend that you are passionate about. Think about how the story being reported could potentially impact a particular industry, its customers, its competitors, or the broader economy.

2. Imagine you are in a position to lend capital/money to a company in some particular industry. Write a brief memo (a few sentences or bullet points) describing how this story might impact your decision to extend credit to the company/industry being discussed in the article you selected. In the event that you choose an article that highlights a broader macroeconomic trend (such as higher gas prices), simply write a memo on how this trend might impact an industry of your choice.

Porter’s Five Forces

Industry risk analysis is essential to drawing conclusions about a borrower’s business strategy, financial performance, or future outlook. We will spend time in class discussing the pre-reading assignment on Saturday and will give class participants an opportunity to apply the Five Forces Model to a particular industry.

Case Analysis

In an effort to provide class participants with practical, real-world application of the skills we discuss, we will provide a few brief cases/exercises that will reinforce key steps in the credit decision process (i.e. assessing an industry and financial statement analysis). Cases will be provided and teams will be formed in class.

Final Group Presentations

Selling the customer/prospect is perhaps the easiest step in Commercial Lending. The toughest sell is obtaining internal approval from your Loan Team Manager or Credit Officer. Accordingly, we will provide teams with 3 or 4 real credit scenarios, allowing you to build a case in favor of your deals. How is the industry performing? What are the growth prospects for the company? How does your customer’s financials compare to that of industry peers? What are the risks and how can we mitigate them? More information will be provided in class.