

Impaired Loan Analysis

Synthesizing market conditions, regulatory guidance and accounting rules into a reasonable and consistent impairment procedure is difficult. In response, CRM has developed a two day course which will provide you with an understanding of the current issues, practical solutions and best practices. This class includes our observations, research and experience with banks having regulatory challenges, dealing with potential investor expectations, and conforming to accountant demands.

Common questions that continue to challenge Community Banks include:

- What defines an Impaired Loan?
- When and how should required Individual Loss Reserves be calculated?
- What is an appropriate Risk Grades, Accrual Status, etc.?
- At what point should an Impaired Loan be charged off (partial or full)?

What will participants acquire in this course? – Critical, practical tools in the following areas:

- Realistic examples to illustrate at what point a loan crosses over from merely being problematic to meeting the regulatory definition of Impaired.
- Selecting the appropriate method for calculating corresponding Individual Reserve for Impaired Loans that is allowable under federal regulations.
- Understanding what information is generally needed to calculate Individual Reserves. This includes what adjustments and assumptions are justifiable, as well as what supplemental documentation should be maintained.
- Identifying at what point the Individual Reserve calculation is no longer necessary – either due to the loan no longer being Impaired, or the progression to charge off being necessary per regulatory requirements.
- How does recent regulatory guidance on Commercial Real Estate Workouts impact the practical definition of Troubled Debt Restructure (TDR), and how does that impact both a potential designation as Impaired and the required method of calculating Individual Loan Loss Reserves?
- What are the most common mistakes made by Community Banks in attempting to resolve Problem Loans?

Who would specifically benefit most from this training?

This fast-paced, hands-on, two-day course is designed to provide the most benefit to anyone with direct responsibilities for any aspect of Problem Loan Management or ALLL maintenance. This generally includes Senior Lenders, Chief Credit Officers, Loan Officers, Credit Administration personnel, Internal Audit or Credit Review personnel. However, the insight provided will also benefit CEOs and CFOs charged with verifying both the methodology and sufficiency of your Bank's ALLL.

Location & Time: At our computer training facility in Raleigh, NC. Credit Risk Management, L.L.C. is located at GlenLake One, 4140 Parklake Avenue, Suite 510, Raleigh, NC, 27612. Class will be held **Wednesday and Thursday, January 20-21, 2010** from **9:00 a.m. to 4:30 p.m.** Dress is Business Casual.

Cost:

1 person @ \$325/day	\$650 per person
2 or more participants @ \$275/day	\$550 per person
CRM Credit Manual or ALLL Client @ \$250/day	\$500 per person

***Other Credit Risk Management Training this year: (mark your calendars)**

- **Lending Compliance Solutions – January 26, 2010**
- **Loan Documentation – January 27, 2010**
- **Commercial & Industrial Lending – February 2-4, 2010**
- **Commercial Real Estate Lending – February 9-11, 2010**
- **Understanding Real Estate Appraisals – February 17-18, 2010**
- **Consumer Lending School – March 2-3, 2010**
- **Small Business Lending – March 4, 2010**
- **Credit Underwriting with CRM Toolbar – March 10-11, 2010**

Registration: To enroll, register on-line at <http://www.creditriskmgt.com/go.php>. We will invoice you once we have received your registration form. A packet will be sent to each participant that includes directions as well as hotel and restaurant information. Please contact us with any questions at 919-846-1601 or CRMTrainingMailbox@creditriskmgt.com.

Instructor –The course is designed and presented by Joe Bonner, one of the most experienced and in-demand ALLL and Problem Loan consultants to Community Banks in the Southeast. His extensive experience includes:

- Personally designed the widely accepted CRM ALLL Model for estimating loan loss reserves. This includes development of supporting policy and procedures, interpretation of regulatory rules, and incorporation of accounting concerns.
- Structuring and implementing high level problem loan management programs for Community Bank clients with a wide range of portfolio size and diversity, severity of circumstances, and available internal resources.
- Devising, implementing and managing individual loan resolution strategies – covering a very large percentage of situations typically encountered by Community Banks.

His approach emphasizes practical, productive steps that can be applied *immediately* upon course conclusion.

Mr. Bonner is a graduate of the United States Naval Academy and also holds an MBA from the University of Chicago. He can be reached at jbonner@creditriskmgt.com