

BANKTALK 2020

Using Data to Power Strategic Planning

(September 1, 2020)



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QwickRate*

QwickRate® Family of Products



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WE'VE HAD YOUR BEST INTERESTS ONLINE FOR
OVER 30 YEARS.

Providing community banks and credit unions with time-saving solutions that are heavy on value, light on budgets.



1986



2013



QwickBonds

2017



2019



Agenda

- Data driven decision making
- Strategic planning process
- What do you do with the data? technology?
- The economy, the market—and reserves
- The COVID credit environment
- FL, regional, & national credit trends
- Is your bank's credit risk management up for the new challenges? Think *Circle* and *Onion*
- Is your loan review good enough?
- Q&A

Data Driven Decision Making

- **Define your objectives**
- **Gather Data**
 - Your time is better spent analyzing, not aggregating!
- **Analyze and Understand**
 - This is where you should be focusing your time and effort
- **Identify any unresolved questions**
- **Find the needed data to answer those questions**

Data Driven Decision Making

- Revisit and reevaluate
- Present the data
- Set measurable goals
- Continue to evolve
- Guard against biases
 - Data is the great arbiter of truth!

Strategic Planning Process



Directors develop the Plan

Set direction and priorities
Get everyone on the same page
Simplify decision making
To drive alignment - maximize resources to communicate the message



Management executes the Plan

Improve it!
Understand it!
Communicate it!
Provide context to it!



Data is how we more effectively monitor Management's progress



Data is a Force Multiplier

An attribute that improves the effectiveness of a group.

Bank Data - You have a lot of it; do you use it?

- **Public Data - QwickAnalytics**
 - Banks Produce it for the regulators
 - Do you utilize it?
 - Better understand your own performance
 - *Arbiter of truth!*
 - Peer Performance
 - SWOT Analysis
 - Research
 - Understand regulators point of view
 - Can the past help plan for the future?

Bank Data - You have a lot of it; do you use it?

- **Non- Public Data - IntelliCredit**

- You currently request and have numerous points of data from your clients
- Where is it?
 - Loan Files
 - Core Systems
 - Excel Spreadsheets
- Do you utilize it?
 - Complete picture of your portfolio
 - Risk Migrations
 - Pricing for Risk
 - Incorporated with your Loan Review
 - Script your Future

How do I incorporate technology into my Bank?

- **Important to identify technology that will:**
 - Be a force multiplier
 - Affordable
 - Able to grow with you
 - Able to be managed by your team
 - Able to be integrated by your team
 - Able to be understood by your team

Why does it matter today?

- **We are at the start of a new credit cycle**
 - Does it look familiar?
 - Are we able to learn anything from last time?
 - Are we able to learn anything from other banks?
- **What can we take from JP Morgan's current provisions to prepare for our own potential credit uncertainty?**
- **What can we learn from the previous recession to prepare this time?**
- **Where am I finding data to help me better develop a plan?**

What is going on here?

2020 - Anything, but perfect vision.

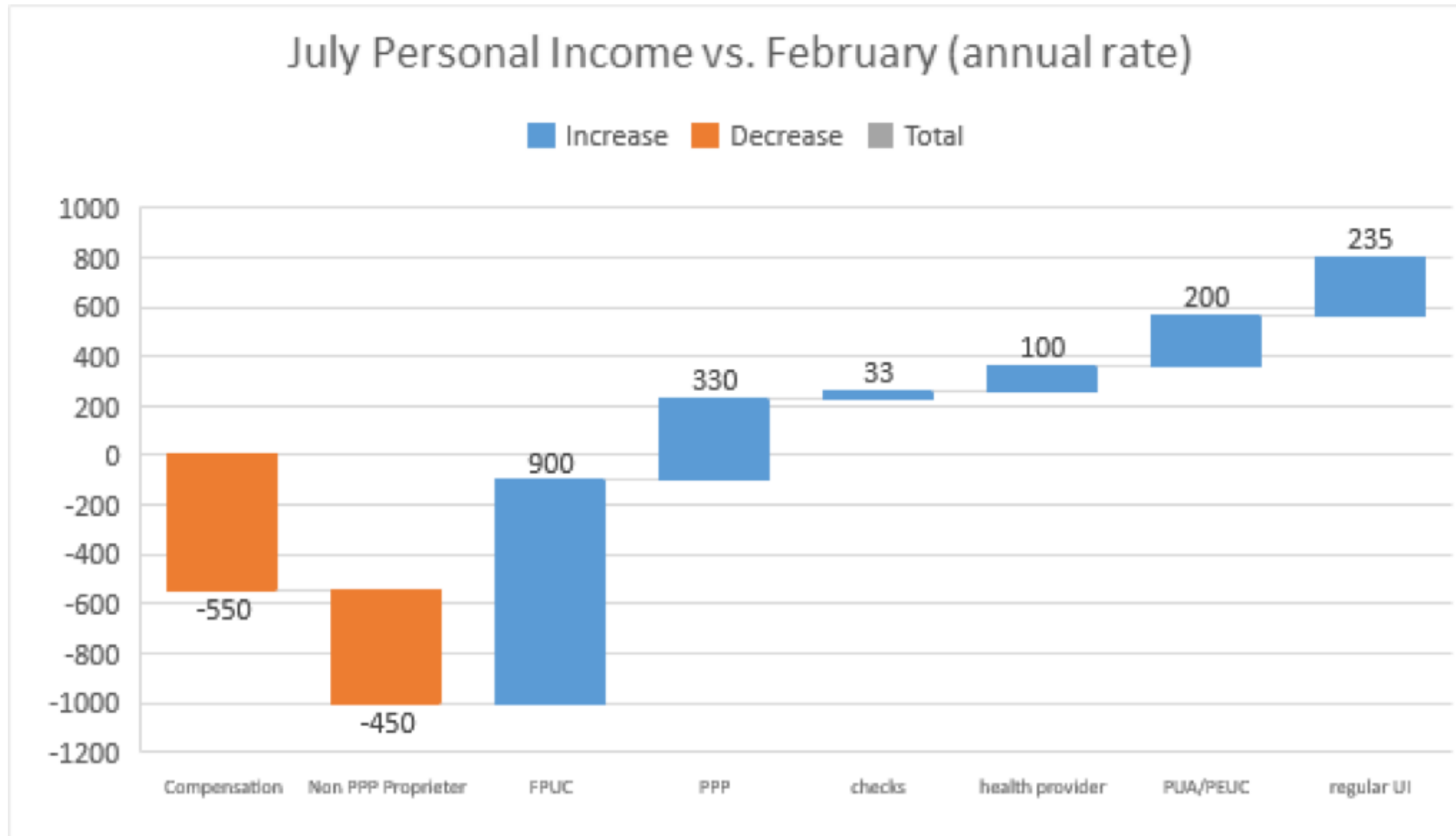
- **“The path of the economy will depend significantly on the course of the virus.”**
 - Federal Reserve Release July 29th, 2020

Fiscal and Monetary Response - Back up the bus!

Little concern this time around spending - No Tea Party

- **\$2.4 Trillion in 2020 for CARES Act – implemented within weeks of downturn**
- **\$800 billion in 2008 for American Recovery & Reinvestment Act > 12 months after drop**
 - **More support in 6 months in 2020 vs 5 years in 2007 -2012**
- **Fed funds rate at over 5% in 2007 - > 6 months to get to 0%**
- **Interest rates will be lower for longer – rates will not rise until inflation is evident vs. 2008 when fear of inflation prompted rising rates**
- **Economic problems will materialize if economy does not pickup as support rolls off**
- **Fiscal support will fall to below 3 percent of GDP next year and turn negative in subsequent years under current law.**
- **Will more support be agreed upon?**

Loss of Income more than made up for by Government support.



What do Bank Investors believe about the implications of COVID 19?

- Year to date (July) the Nasdaq Bank Index is down 29.8%, and the KBW Bank Index has sunk 31.5%.

@ Stocks At A Glance

Export

				Price Data			Trading Multiples				
Ticker	Company	ST	Assets (\$MM)	Price	\$ Price Change	% Price Change	Market Value	TBV	BV	LTM EPS	LQ EPS
Filter:		All									
JPM	Jpmorgan Chase & Co.	NY	\$3,213,115	\$97.24	\$0.03	0.0 %	\$296,349.1	1.59 x	1.26 x	13.1 x	
BAC	Bank Of America Corporati...	NC	\$2,741,688	\$25.47	\$0.08	0.3 %	\$220,674.2	1.29 x	0.91 x	12.3 x	
C	Citigroup Inc.	NY	\$2,219,770	\$50.89	(\$0.15)	-0.3 %	\$105,943.2	0.71 x	0.61 x	6.7 x	
WFC	Wells Fargo & Company	CA	\$1,968,766	\$24.24	(\$0.06)	-0.3 %	\$99,858.1	0.77 x	0.63 x	27.8 x	
USB	U.S. Bancorp	MN	\$542,909	\$36.79	(\$0.07)	-0.2 %	\$55,408.8	1.67 x	1.22 x	9.5 x	
TFC	Truist Financial Corporat...	NC	\$504,336	\$37.55	(\$0.11)	-0.3 %	\$50,602.7	1.45 x	0.82 x	12.1 x	
BK	Bank Of New York Mellon C...	NY	\$468,155	\$35.99	(\$0.31)	-0.9 %	\$31,867.1	1.84 x	0.85 x	7.7 x	

Why is the stock market moving higher?

- **The FAANG (Facebook, Amazon, Apple, Netflix, Google) stocks are moving higher**
 - S&P 500 is a market cap weighted index
 - FAANG stocks are up over 35%; most of the remaining stocks are down or barely positive for the year
- **The stock market rising reflects larger businesses increasing their market share during the crisis. Is it suggesting this might be normal for longer?**
 - Are you going to fight for market share?
 - What does that mean for small business? Your customers?
 - Can they afford to fight for market share?
 - Always the small business conundrum - market share or profitability

What are they seeing?

JP Morgan's last 6 quarters - notice the ALLL build

Credit Quality Summary	3/31/2019	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020	MRQ - 6/30/2020		
Texas Ratio (adjusted) ⁽³⁾	7.8%	7.0%	6.6%	5.8%	5.9%	6.1%	6.1%	4.9%	58
Common Texas Ratio (adjusted)	7.8%	7.0%	6.6%	5.8%	5.9%	6.1%	6.1%	4.9%	58
Loan Loss Reserve / Loans	1.17%	1.38%	1.41%	1.37%	2.29%	3.29%	3.29%	0.96%	99
Loan Loss Reserve / Nonperforming Loans	109%	142%	146%	172%	283%	318%	318%	172%	72
Net Chargeoff Ratio	0.25%	0.93%	0.58%	0.63%	0.61%	0.62%	0.62%	0.00%	98
Total Credit Loss Ratio ⁽⁴⁾	0.10%	0.38%	0.23%	0.25%	0.24%	0.23%	0.23%	0.00%	96
Loan Loss Reserve Analysis	3/31/2019	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020	MRQ - 6/30/2020		
Loan Loss Reserve-Beginning Balance	\$9,780,000	\$16,977,000	\$13,069,000	\$13,177,000	\$21,474,000	\$23,235,000	\$23,235,000		
+ Loan Loss Provision	\$679,000	\$1,896,000	\$1,478,000	\$1,404,000	\$7,414,000	\$10,396,000	\$10,396,000		
+ Total Recoveries	\$185,000	\$397,000	\$305,000	\$294,000	\$433,000	\$317,000	\$317,000		
- Total Chargeoffs	\$730,000	\$2,616,000	\$1,676,000	\$1,788,000	\$1,902,000	\$1,877,000	\$1,877,000		
- Other Reserve Adjustments	(\$49,000)	\$3,507,000	(\$39,000)	(\$19,000)	\$4,184,000	\$0	\$0		
Loan Loss Reserve - Ending Balance	\$9,963,000	\$13,147,000	\$13,215,000	\$13,106,000	\$23,235,000	\$32,071,000	\$32,071,000		



Should we follow their lead? Look familiar?

JP Morgan's ALLL Reserve Build 2007-2012

Credit Quality Summary	2007	2008	2009	2010	2011	2012
Texas Ratio (adjusted) ⁽³⁾	7.4%	24.5%	44.1%	51.2%	49.1%	32.9%
Common Texas Ratio (adjusted)	7.4%	24.5%	44.1%	51.2%	49.1%	32.9%
Loan Loss Reserve / Loans	1.60%	2.64%	4.28%	4.07%	3.59%	2.77%
Loan Loss Reserve / Nonperforming Loans	114%	76%	52%	52%	61%	53%
Net Chargeoff Ratio	0.55%	1.30%	2.62%	1.98%	1.11%	0.82%
Total Credit Loss Ratio ⁽⁴⁾	0.20%	0.48%	0.95%	0.68%	0.36%	0.27%

Loan Loss Reserve Analysis	2007	2008	2009	2010	2011	2012
Loan Loss Reserve-Beginning Balance	\$5,106,000	\$8,065,000	\$16,977,000	\$24,114,000	\$22,443,000	\$21,519,000
+ Loan Loss Provision	\$4,346,000	\$16,499,000	\$22,433,000	\$9,611,000	\$5,379,000	\$681,000
+ Total Recoveries	\$487,000	\$539,000	\$571,000	\$899,000	\$1,173,000	\$1,132,000
- Total Chargeoffs	\$2,943,000	\$7,425,000	\$16,303,000	\$11,605,000	\$7,262,000	\$6,094,000
- Other Reserve Adjustments	(\$19,000)	\$525,000	(\$88,000)	\$584,000	\$226,000	\$47,000
Loan Loss Reserve - Ending Balance	\$7,015,000	\$17,153,000	\$23,766,000	\$22,435,000	\$21,507,000	\$17,191,000

What else can I do to better develop a plan? Do I have the data available to me?

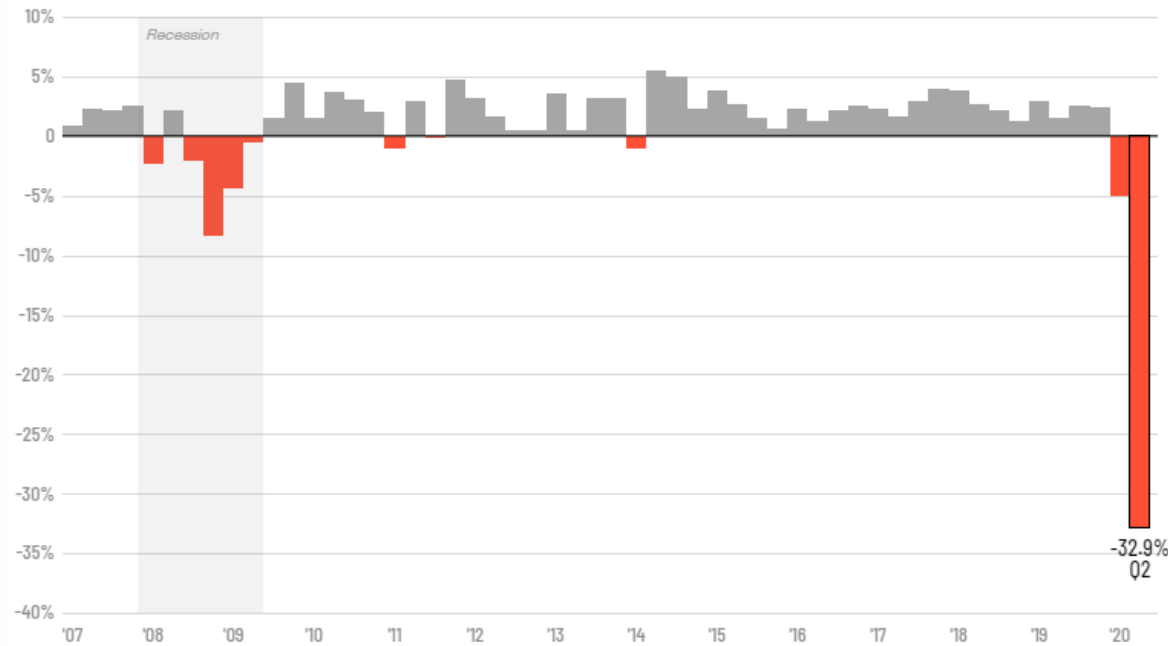
- **What did my loss experience look like during the last recession?**
- **Do I have tools to identify early weakness in borrowers?**
- **Am I scheduling a loan review?**
 - Are my reviewers experienced credit reviewers?
 - Are they looking beyond documents/forms to review the credits?
- **Should I run a Portfolio Level Credit Stress Test?**
 - What is my capital cushion?
 - What type of losses did I have in the previous recession?
 - Will I need capital if we have similar losses?
 - Where are my capital goal posts?

The economic impact HAS been stark...

COVID-19 Response Has Been Much More Sudden

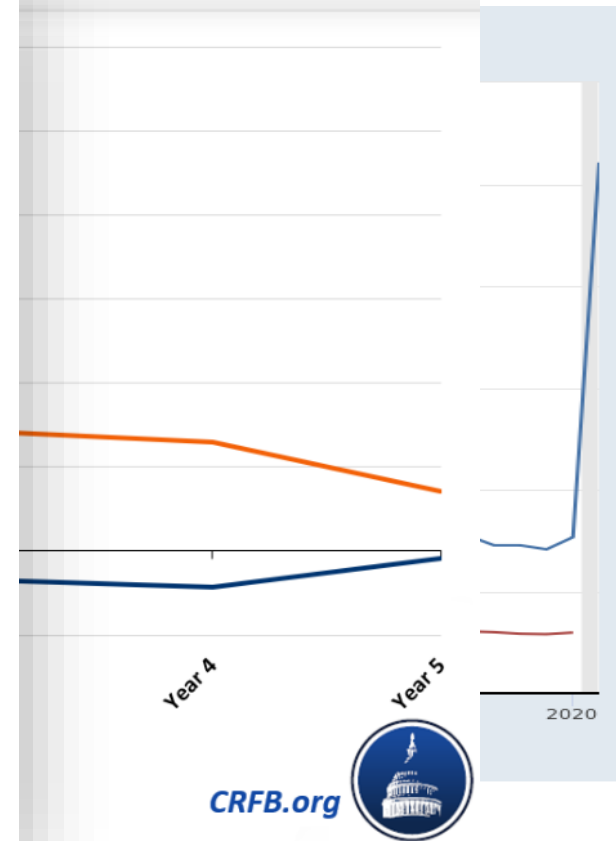
US GDP has worst quarter on record

US GDP collapsed at a -32.9% annual rate in Q2 due to the coronavirus pausing the economy.



Note: Percent change from preceding period, quarterly, seasonally adjusted.

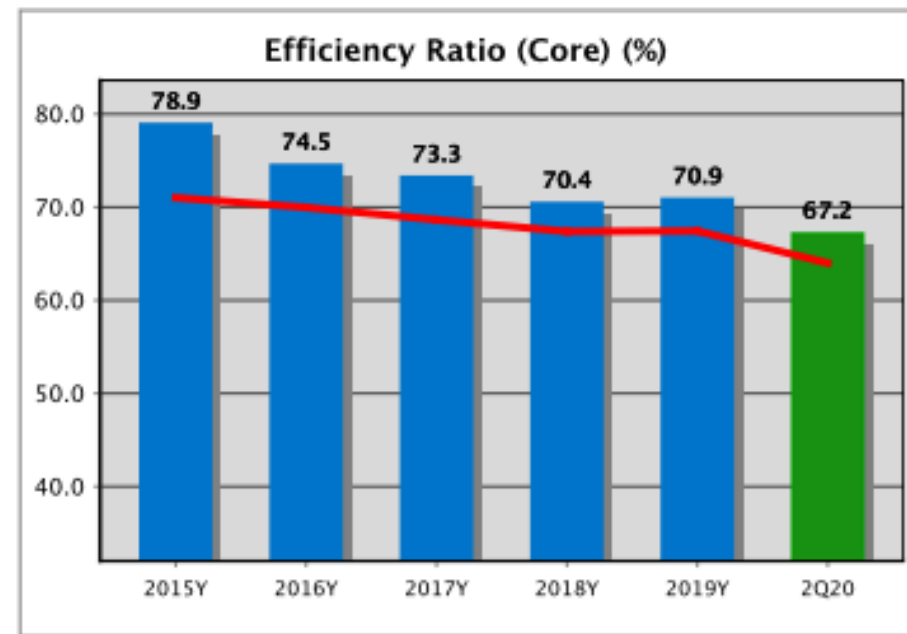
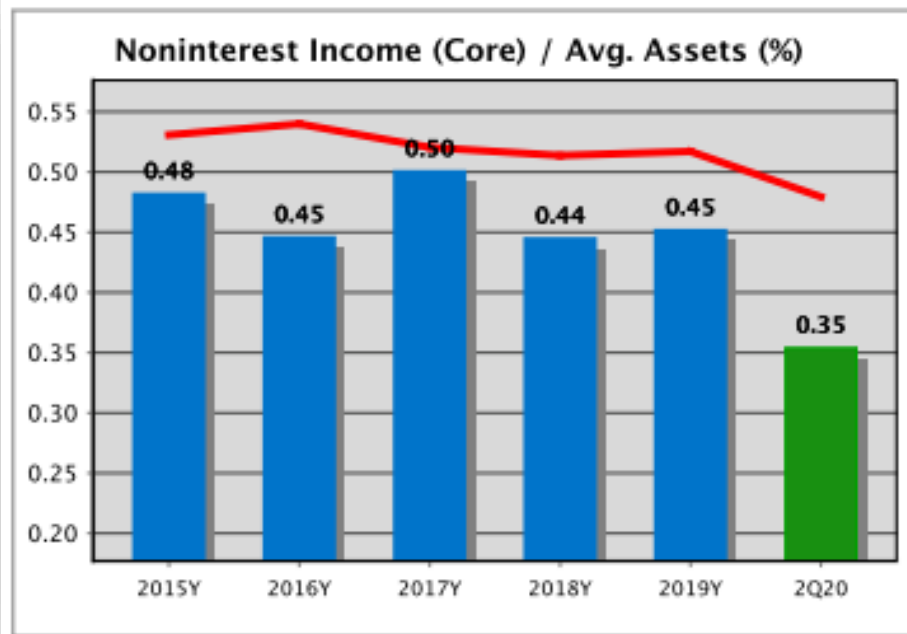
Source: US Bureau of Economic Analysis
Graphic: Tal Yellin, CNN



CRFB.org



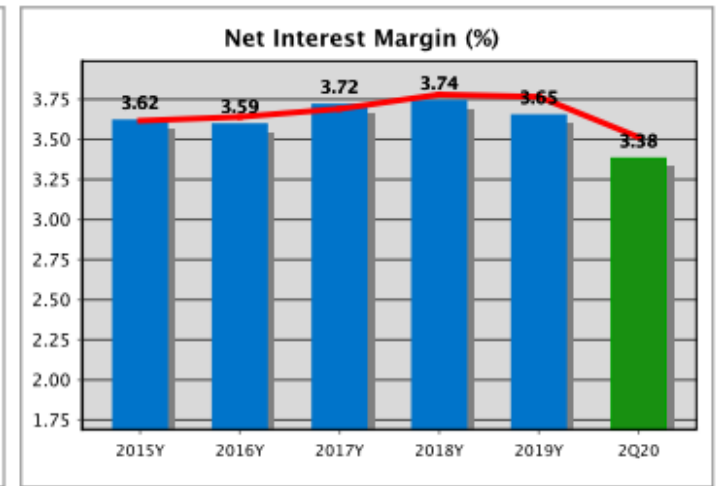
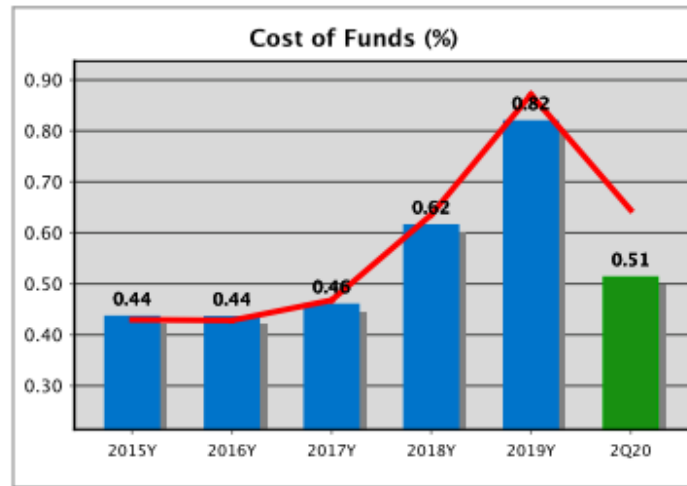
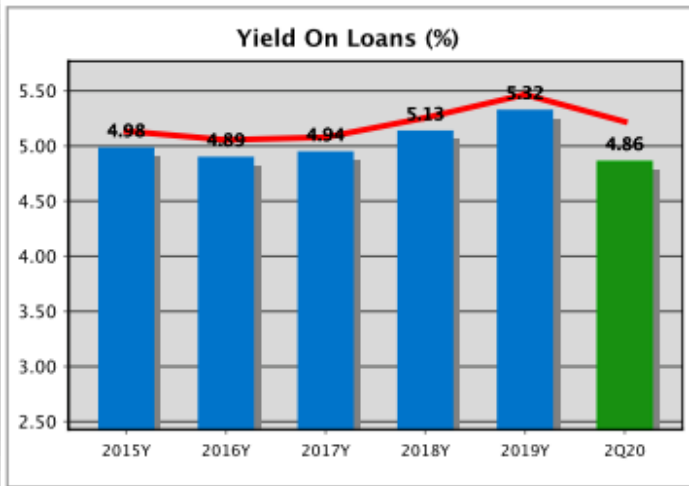
FL Banks Noninterest Income / Efficiency Ratio— *Negative Metrics to National Average*



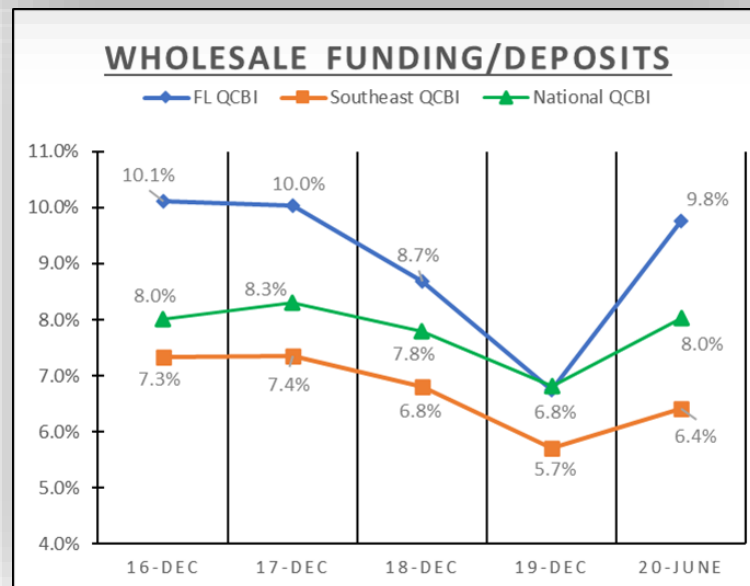
— National Trend

--As of 6/30/2020

FL Banks Loan Yields / COF / NIM's / Wholesale Funding— Mixed Metrics to National Average



--As of 6/30/2020



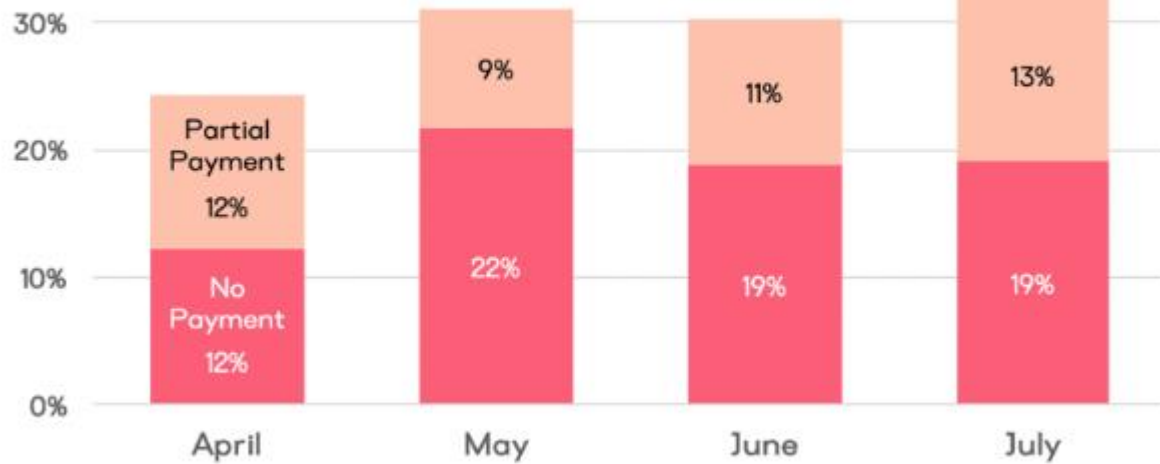
— National Trend

The credit impact WILL be stark...

Falling behind

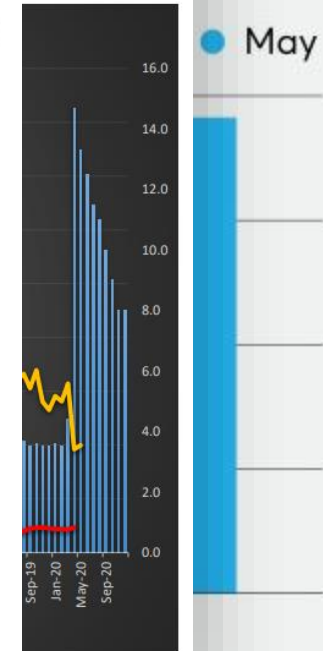
Despite Reopenings, Missed Housing Payments Remain High

Q: During the first week of the month, did you make your rent / mortgage payment?



Source: Apartment List Survey Data

Apartment List



Source: Trepp

Bankruptcy data provided by AIS. Mortgage delinquency source Black Knight Technologies, LLC. Unemployment projections from Congressional Budget Office

The current credit environment



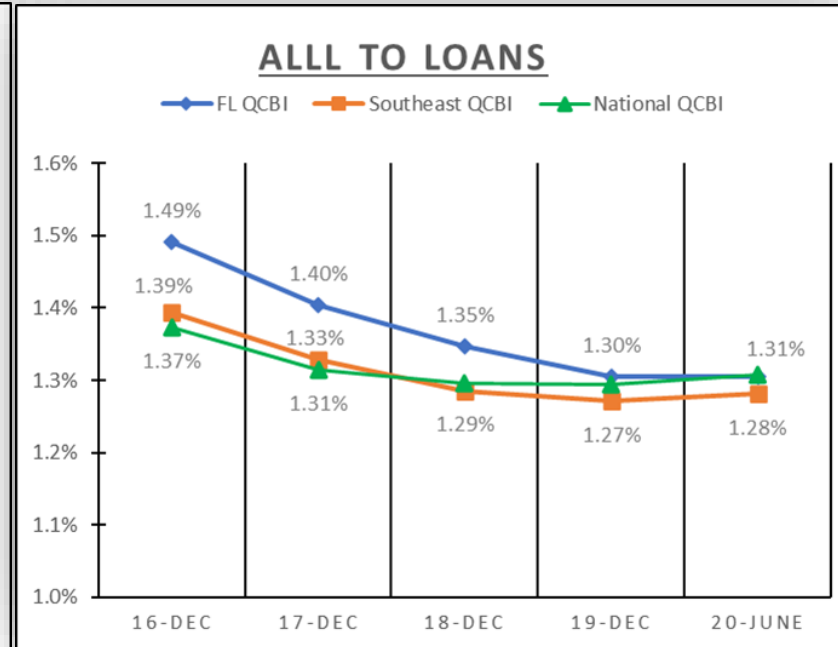
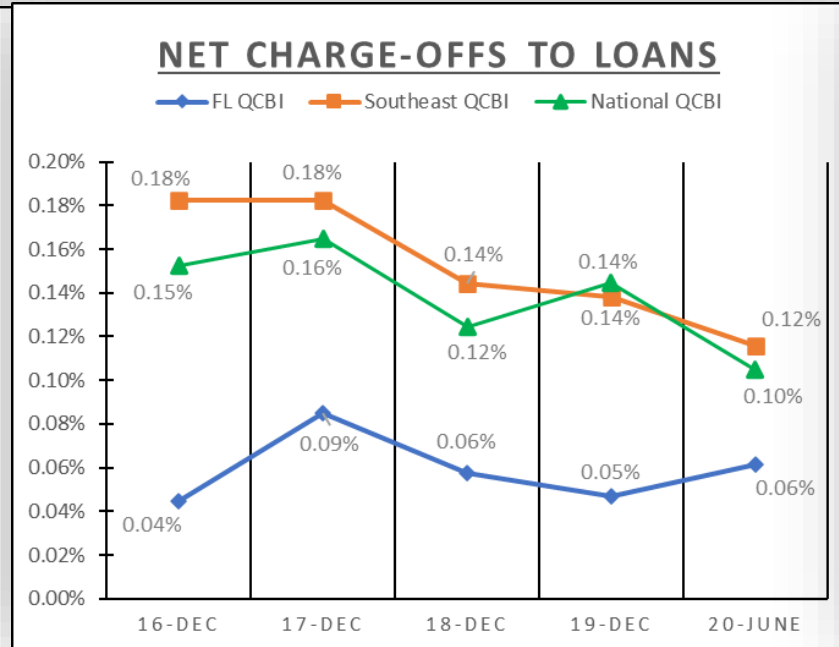
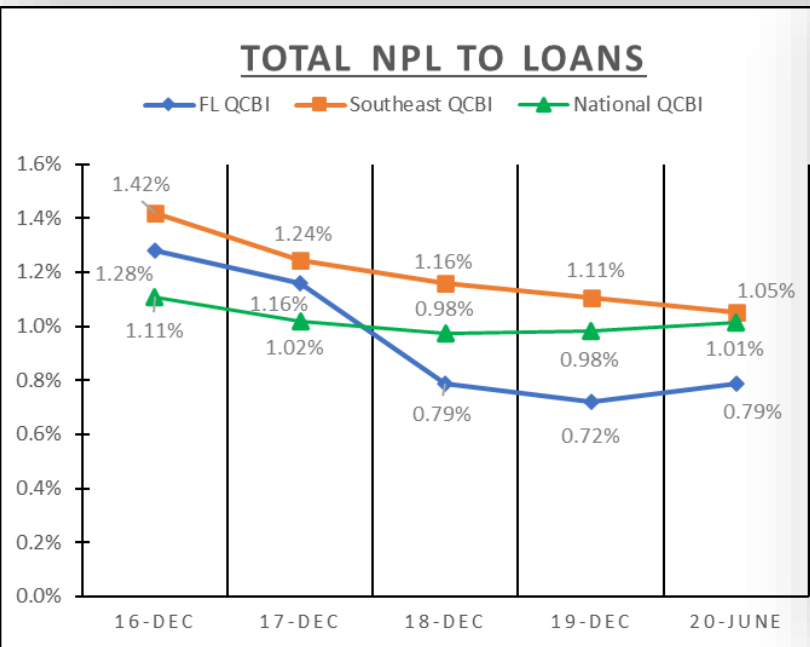
- COVID brings us the new, UNCERTAIN, but potentially treacherous credit cycle—*requiring a new game plan for credit risk management*
- Certain segments already in *snap-back*, some with *new spikes*, but behavioral changes stymie full recovery models; even the July FOMC said: *the course of the economy will follow the course of the virus*
- Main Street is not Wall Street—credit stress *always* trails economic shocks
- The *sugar high* of COVID: non-baseline lending activity & fees (growth) / masking embedded credit risk (quality) / investor uncertainty
- Irrespective of regulatory relief, financial institutions will have to pivot quickly into credit risk management and *write your own script* mode
- Good News: more capital, liquidity, & risk management / short-term loan & deposit growth / NO BLAME



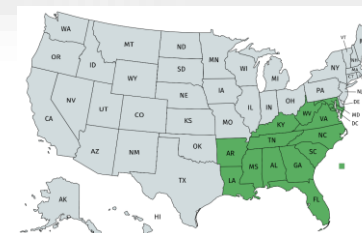
Trifecta of Loan Quality: Banks <\$10B

Q2 '20 Call Report Data

FL <\$10B / Southeast QCBI <\$10B* / National <\$10B



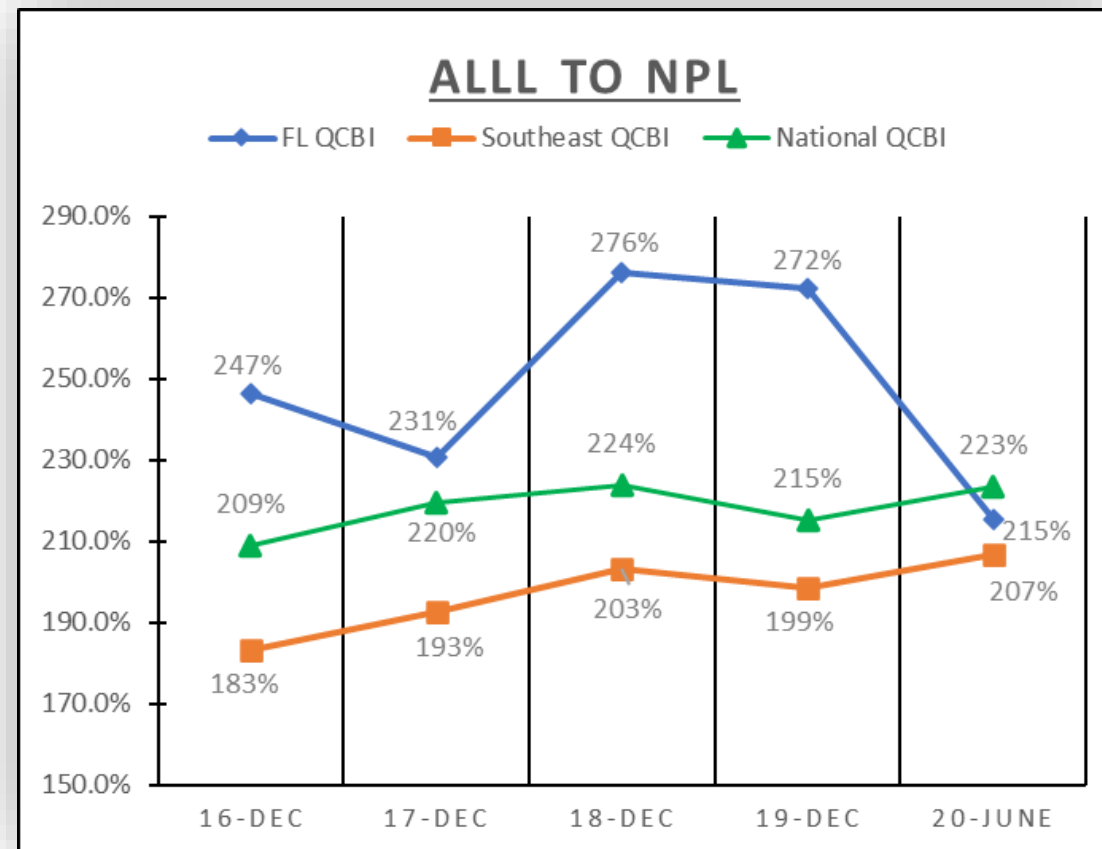
*Southeast QCBI:



Trifecta of Loan Quality: Banks <\$10B

Q2 '20 Call Report Data

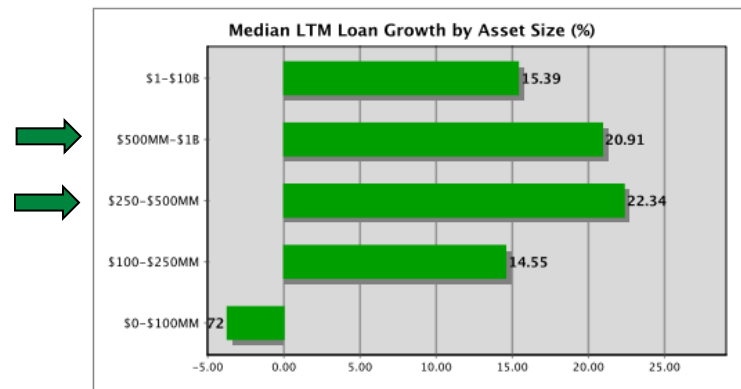
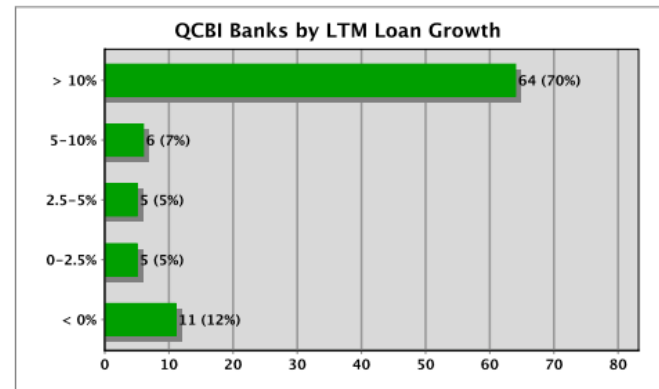
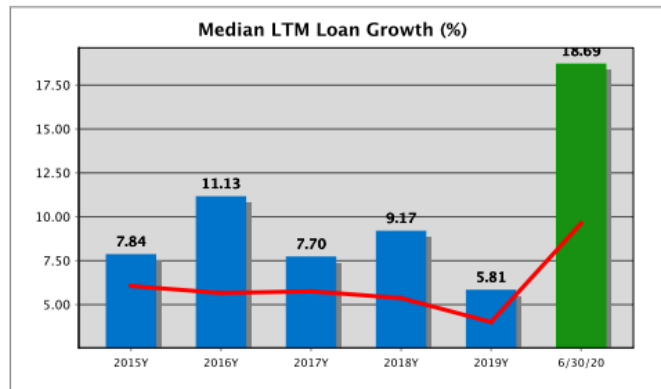
FL <\$10B / Southeast QCBI <\$10B* / National <\$10B



FL Loan Growth Trends: Banks <\$10B

QwickAnalytics State Performance Trends Loan Growth Trends

Florida
Banks
June 30, 2020



— National Trend

* LTM = Last 12-months (or "trailing" 12-months)



Q2 '20 Call Report Data

The current credit environment



- Commodity valuations impact on credit quality
- Determining / quantifying your credit risk profile
 - Risk grade migrations (within pass)
 - Industries
 - Vintages
 - Concentrations / Correlations

(\$ in 000's)

FFIEC	Category	Exposure	Growth			Asset Quality						Risk-Based Capital			
			Growth % (Y-to-Y)	2015 Mgmt Target	Yearly Growth Var. (%)	% Delinquent	Criticized / Classified %	Exception Rate	Formula Reserve	Stressed Loss Rate	% of RBC	Board Limit (%)	Board Var. (\$)	Regulatory Limit (%)	Variance to Reg (\$)
1A1	1-4 Family Residential Construction	31,013	-4%	10%	14%	0.9%	4.2%	12%	0.15%	0.79%	28%	35%	7,824		
1A2	Commercial Construction	43,247	32%	10%	-22%	0.2%	1.3%	18%	0.24%	1.38%	39%				
1A2	Commercial Lots / Subdivision	8,421	-17%	10%	27%	0.4%	2.2%	6%	0.24%	1.10%	8%				
1A2	Residential Lots / Subdivision	16,214	5%	10%	5%	1.3%	9.4%	9%	0.24%	3.21%	15%				
1A2	Undeveloped Land	27,597	38%	10%	-28%	1.7%	6.9%	22%	0.24%	4.63%	25%				
1A2	Other C&D	95,479	23%	10%	-13%	0.8%	5.4%	14%	0.24%	2.61%	86%	80%	(6,709)		
1A	C&D	126,492	16%	10%	-6%	0.9%	5.7%	13%	0.22%	2.16%	114%	125%	12,211	100%	(15,530)

That's the *quantitative*—
now write the *qualitative*
narrative of your own
credit risk profile!

Acceptable:	< 10.0%	< 0.8%	< 3.0%	< 10%	< 2.0%	11,096	< 90.0%	< 90.0%
Watch:	-	-	-	-	-	-	-	-
Caution:	> 15.0%	1.0%	5.0%	15%	3%	100.0%	100.0%	100.0%

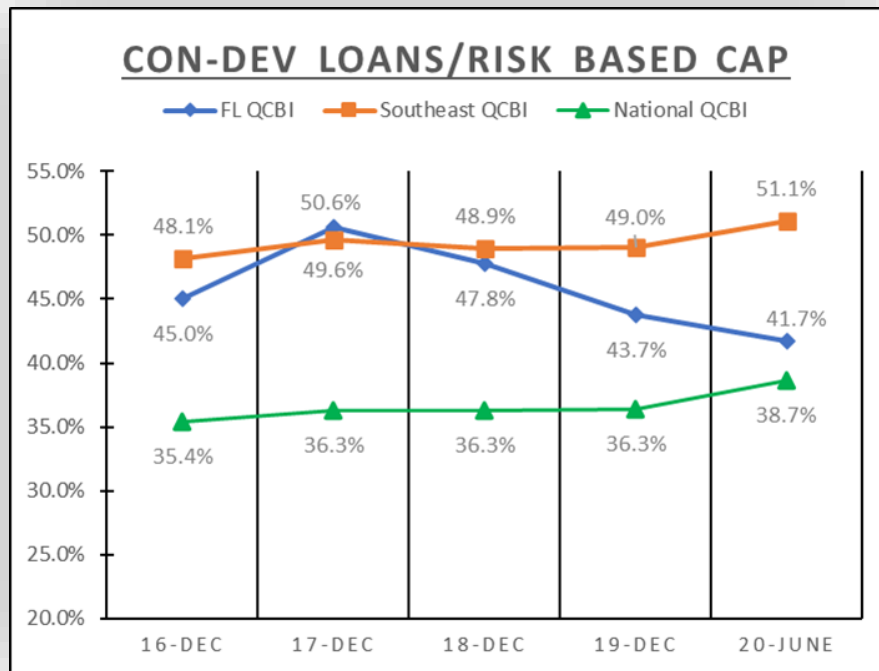
FL CRE Concentrations: Banks <\$10B

FL <\$10B / Southeast QCBI <\$10B* / National <\$10B

Regulatory Guidance:
≤ 100% RBC

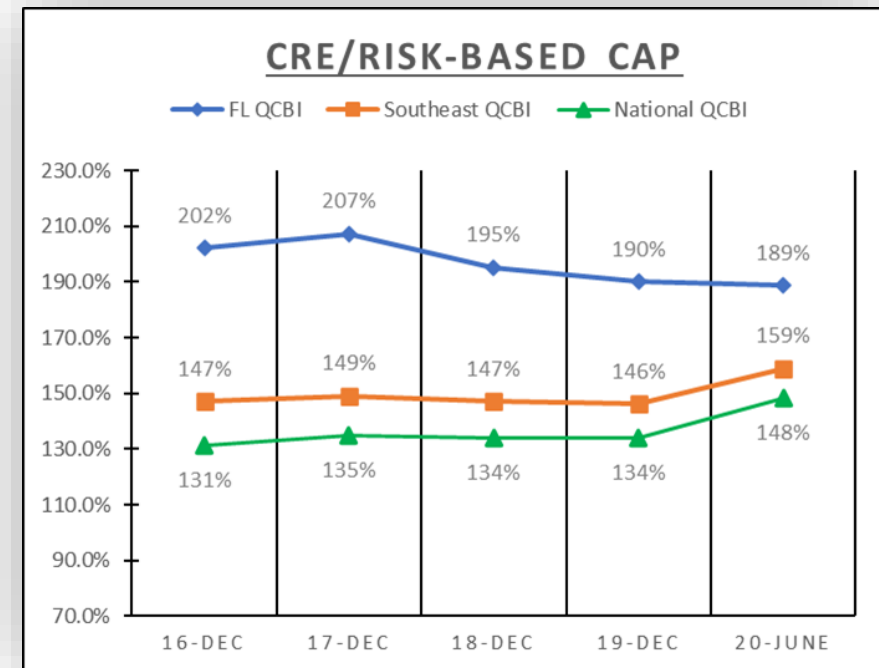
Q2 '20 Call Report Data

Regulatory Guidance:
≤ 300% RBC



↑ 100%:

FL: 1 Southeast QCBI: 63 National: 185



↑ 300%:

FL: 12 Southeast QCBI: 50 National: 260

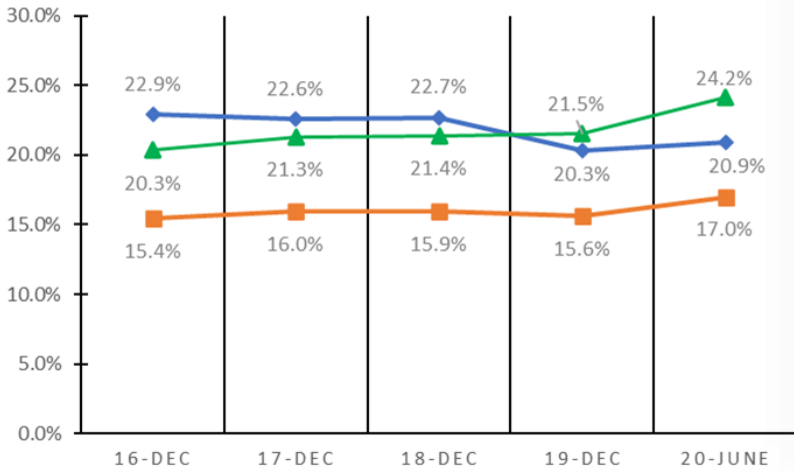
FL Other Concentrations: Banks ≤ \$10B

FL <\$10B / Southeast QCBI <\$10B / National <\$10B



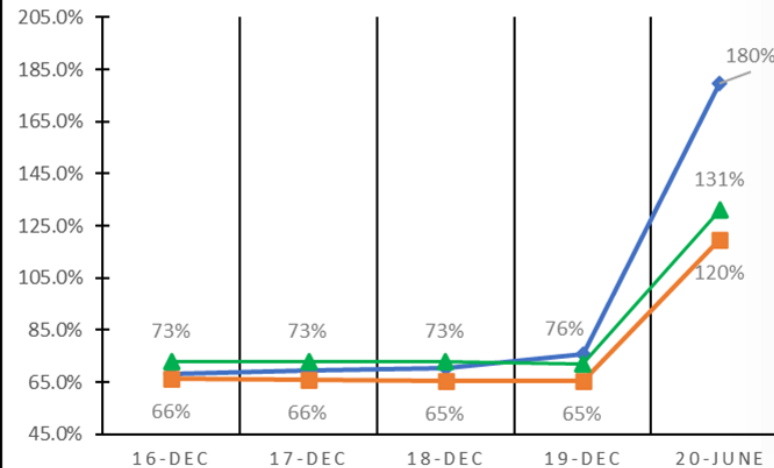
MULTIFAMILY / RISK BASED CAP

FL QCBI Southeast QCBI National QCBI



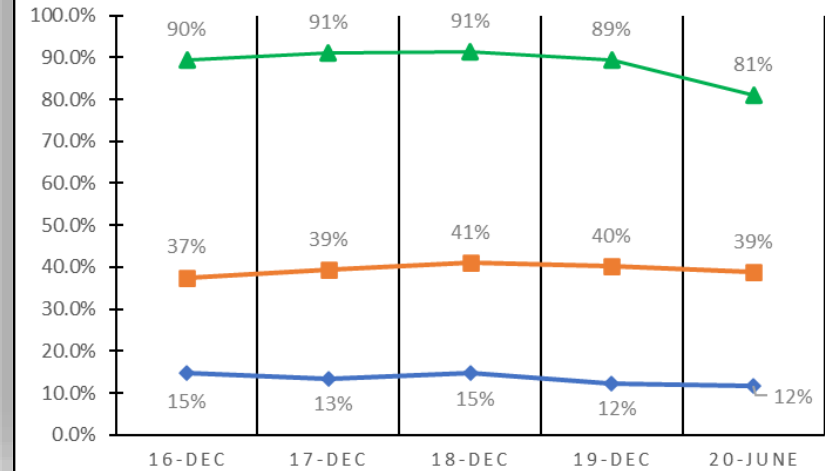
C&I LOANS/RISK BASED CAP

FL QCBI Southeast QCBI National QCBI



AG+FARM LOANS/RISK BASED CAP

FL QCBI Southeast QCBI National QCBI



RED FLAGS

- Recognizing problems late-in-the-game; *all loans good...until they're bad*
- Immediate credit concerns:
 - Most service industries
 - Conventional retail—especially strip centers
 - LFT (Leveraged Financial Transactions)
 - Non-profits
 - Agriculture
 - Consumer credit quality, especially automobile paper
 - Heady rise in some CRE segment valuations—before COVID
- Nationwide, more than 500 colleges and universities show warning signs in two or more metrics.
- **Not determining / quantifying / describing your credit risk profile—before the regulator does if for you!**

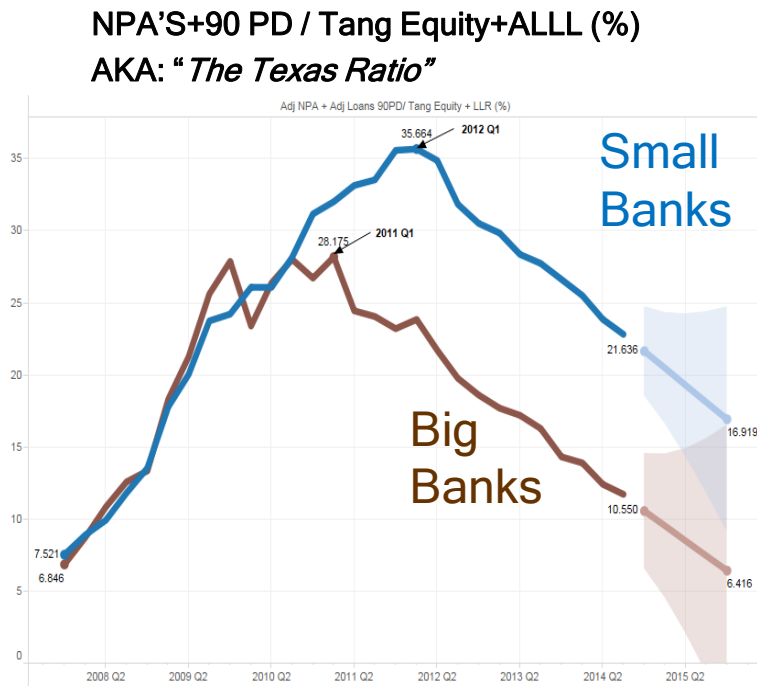
--- The Hechinger Report August 4, 2020



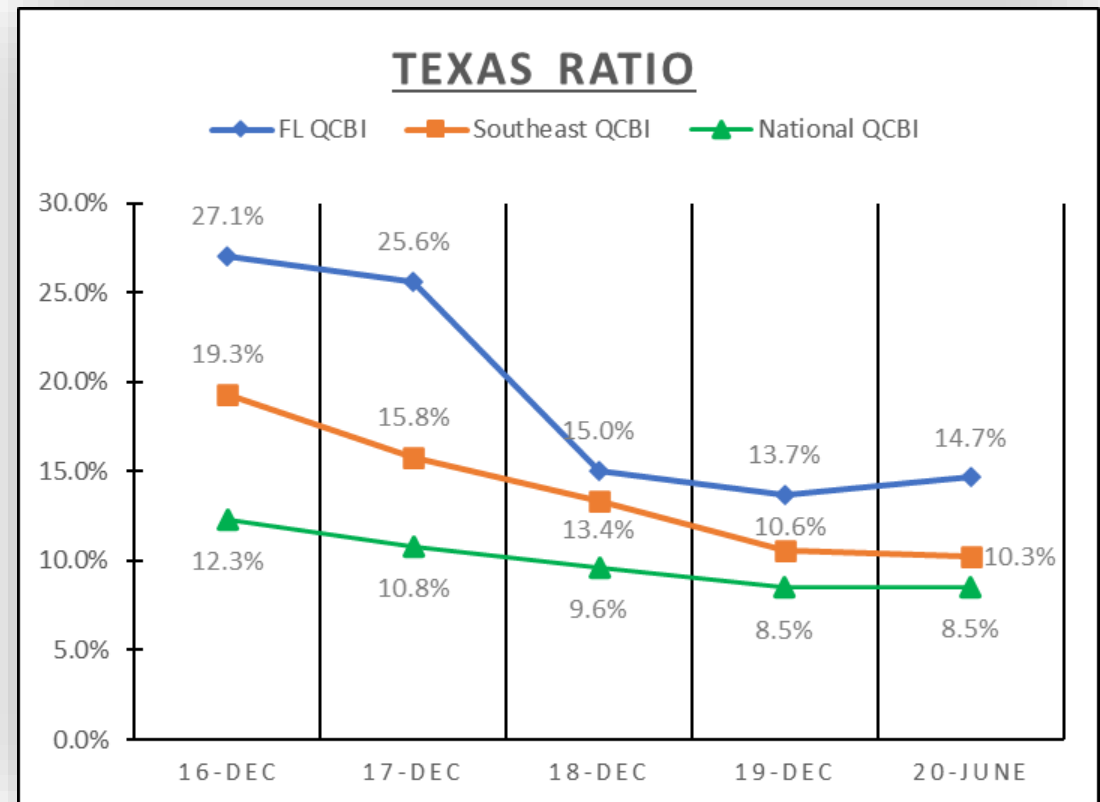
NPA's structural challenge at smaller banks— *when credit is stressed*

FL <\$10B / Southeast QCBI <\$10B / National <\$10B

QwickAnalytics™



Smaller Banks couldn't flush—
and made bet to keep more capital—and more NPA's



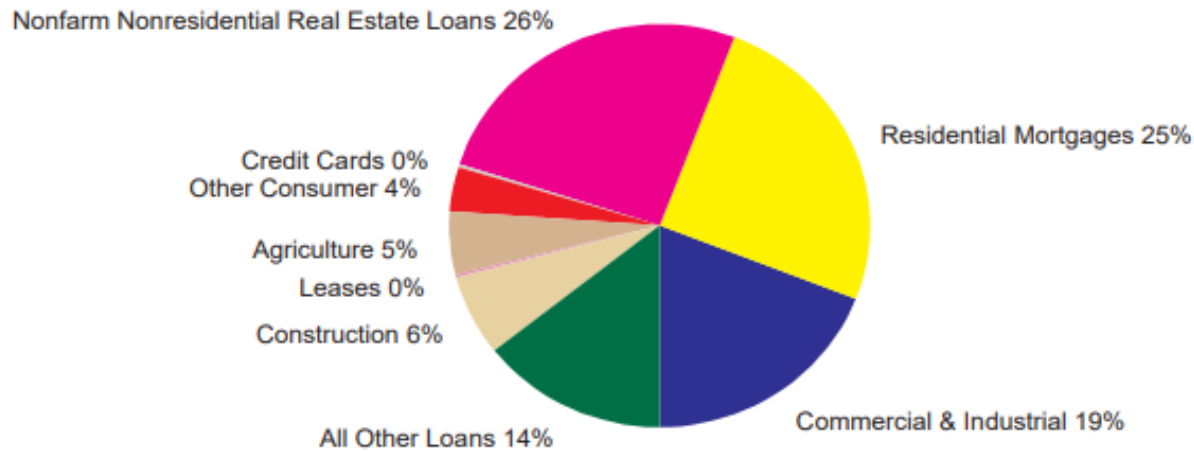
Loan Portfolio Composition by Asset Size

June 30, 2020

Small Institutions

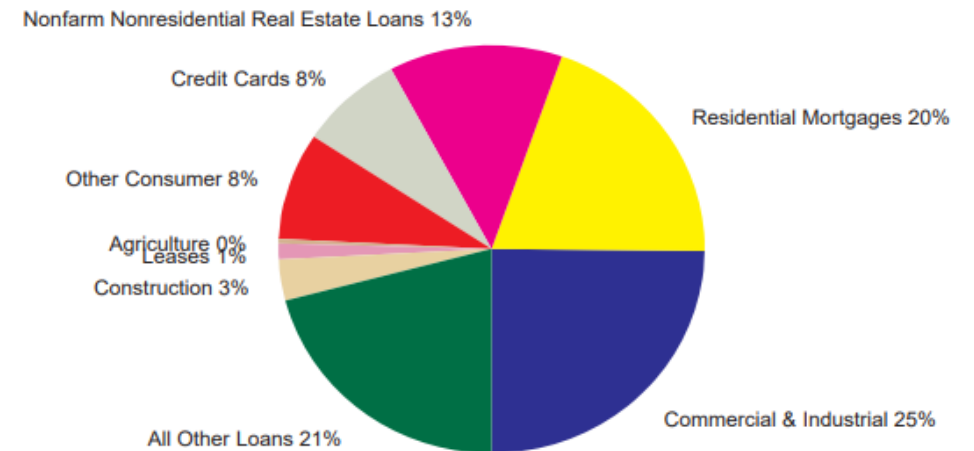
Larger Institutions

Assets < \$1 Billion



57%

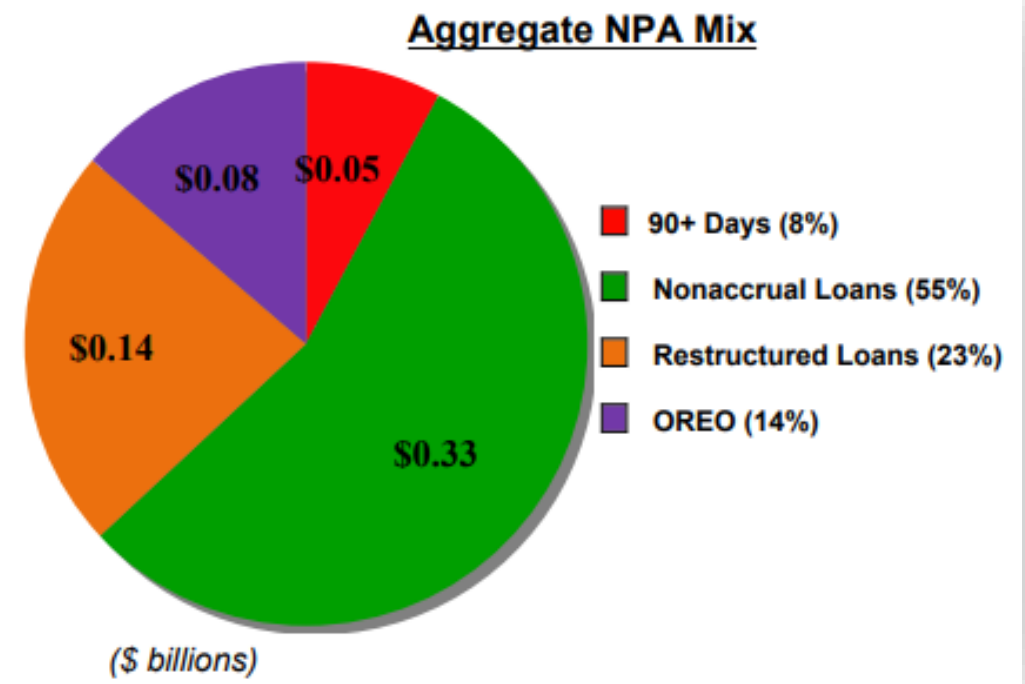
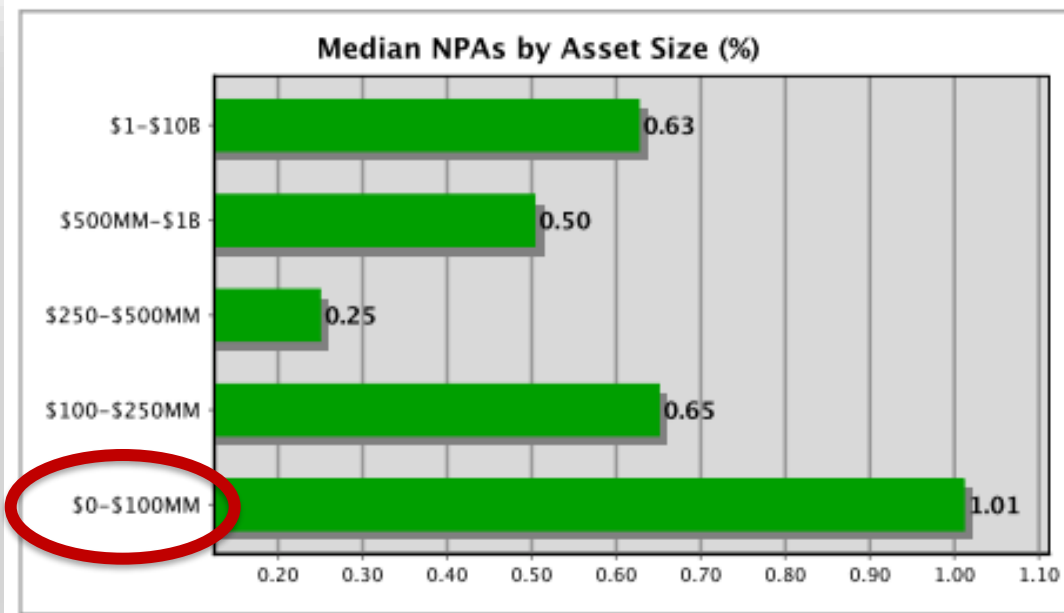
Assets > \$1 Billion



36%

Loans Tied To Real Estate
(Exclusive of Agriculture)

FL Banks (\leq \$10B) 'Q2 '20 NPA's:



Credit Management in the Near Term

New focus on risk management

- Talent assessment
- Maintaining close borrower contact—*virtually, of course*
- Policy & procedures
- Sensitivities
- Conservatism without over-reaction
 - Stressing without doomsday
 - Valuations without fire-sales
 - Aggressive reserving / moderating charge-offs (at least initially)
- Renewed focus on Loan Review
- The new *prospective* borrower
- Government guarantee programs

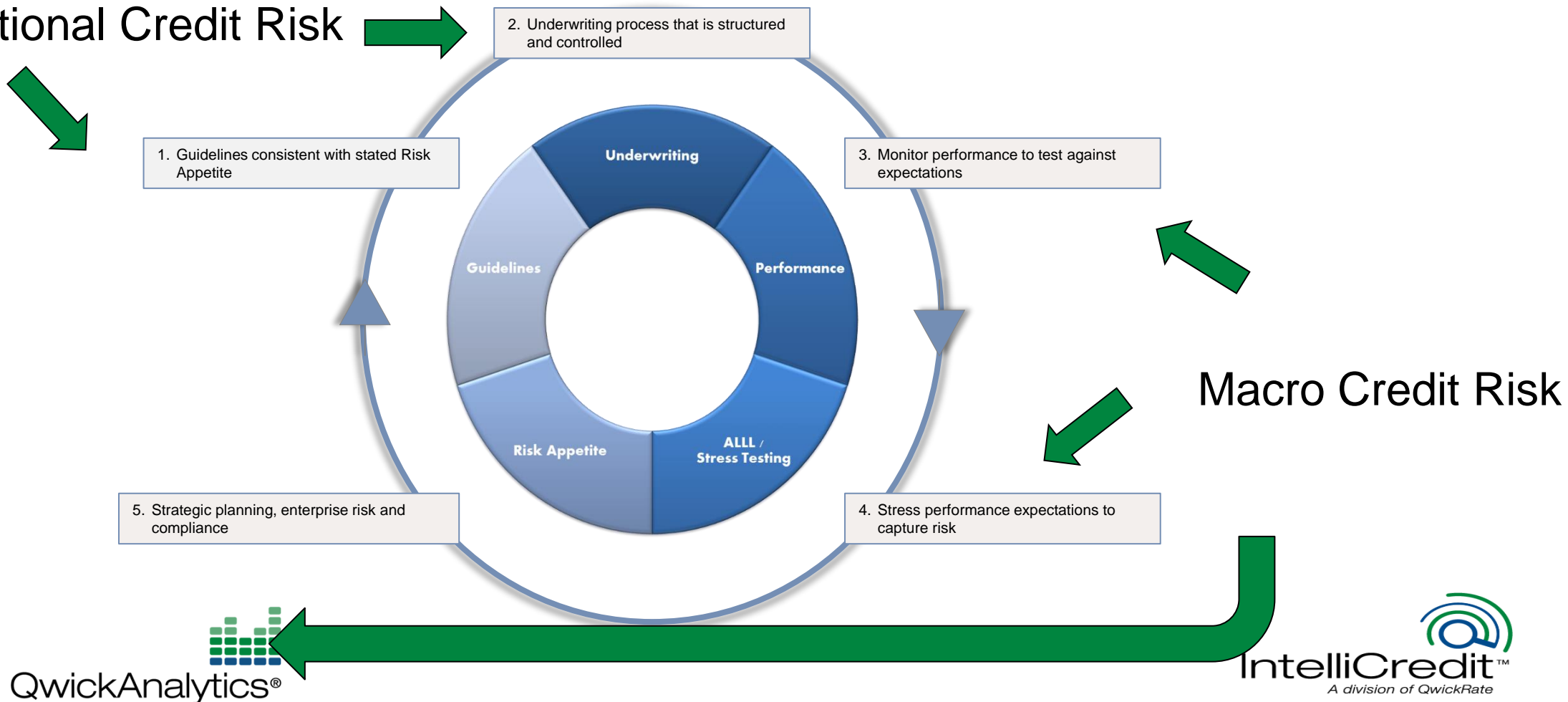
Key Board Credit Risk Oversight Questions

- Are you spending more time on approving individual loans (transactional credit risk) than understanding aggregate portfolio trends (macro credit risk)?
- Is your focus policy or policy *and* procedures?
- Can you succinctly define your credit culture?
- Do you have defined roles and accountabilities differentiating loan production and credit risk management?
- Are loan exceptions documented, mitigated, and approved (as needed)?
- Are you provided a status report on the bank's credit performance relative to KRI's (key risk indicators)?
- **Do you get too many credit surprises?**

The Credit Lifecycle—5 Key Activities (Transactional ⇔ Macro Risks)

The Credit Lifecycle—5 Key Activities

Transactional Credit Risk



The IntelliCredit™ Portal



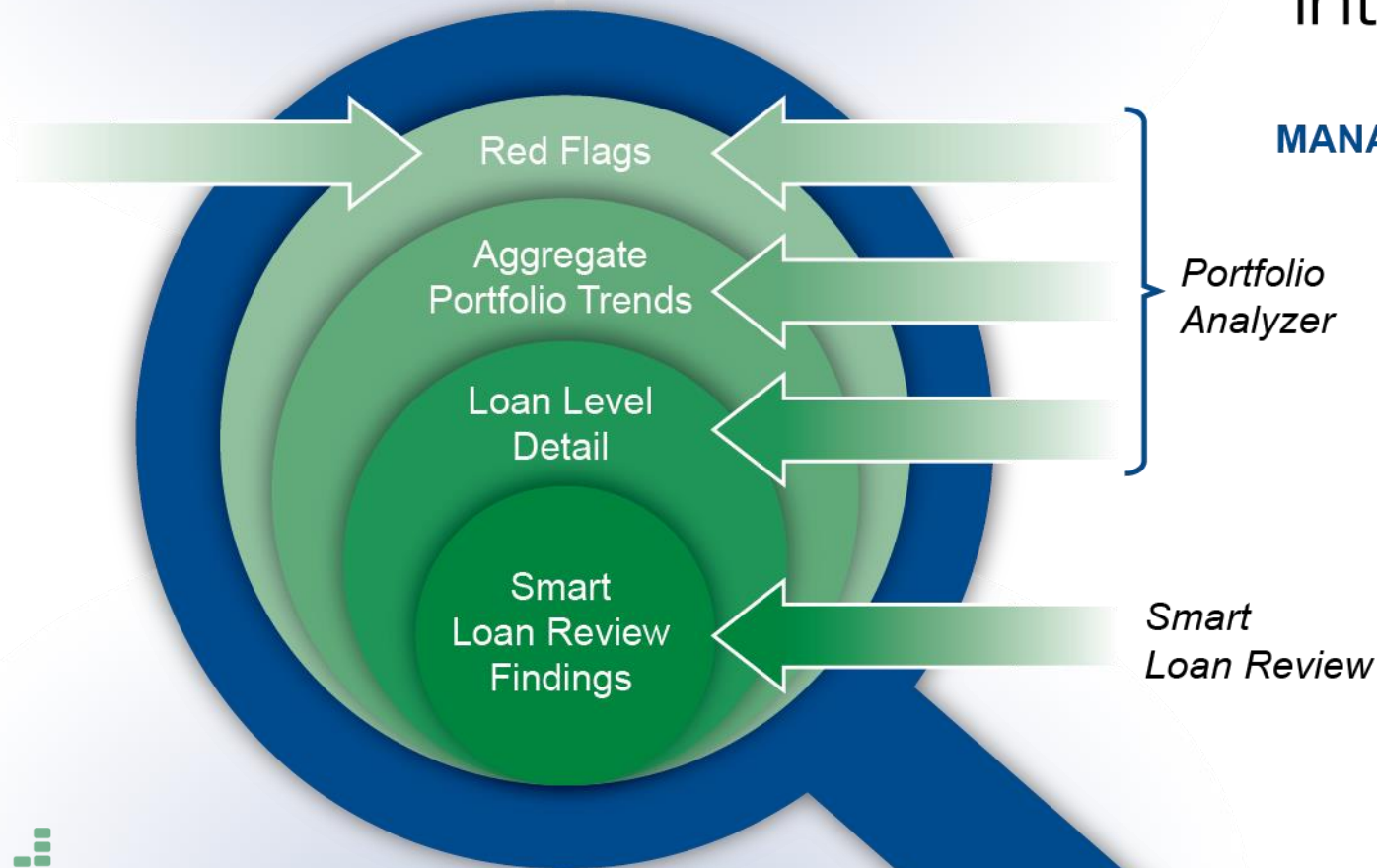
**BANK DATA &
RESEARCH TOOLS**

Public Data

Non-Public Data



IntelliCredit™
A division of QwickRate
**CREDIT RISK
MANAGEMENT PORTAL**



Red Flags

PORTFOLIO CREDIT RISK

Loan Concentration:

	Numerator					
Total Loans / Tier 1 Capital+LLR	\$384,095		478.3%	1.0	1.0	7%
Total CRE Loans / Tier 1 Capital+LLR	\$193,121	240.5%		1.5	1.5	11%
Total CRE + O/O NFNR / Tier 1 Cap+LLR	\$212,575		264.7%	1.0	1.0	7%
Total Constr & Land Dev Loans / T1 Cap+LLR	\$70,136	87.3%		3.0	3.0	22%
Total Real Estate Loans / Tier 1 Cap+LLR	\$299,273		372.7%	2.0	2.0	15%
C&I Loans / Tier 1 Capital+LLR	\$61,266		76.3%			
Total Consumer Loans / Tier 1 Cap+LLR	\$2,458		3.1%			

BS Leverage:

	Numerator		
Net Loans / Deposits	\$379,485	112%	
Total Gross Loans / Assets	\$384,095		68%

		Risk Grades						
Loan Portfolio WAVG Interest Rate		Pass Loans				Non-Pass Loans		
FFIEC Code	Description	1	2	3	4	5	6	7
1A1	1-4 Family Residential Construction	0.00%	0.00%	5.17%	5.75%	0.00%	0.00%	0.00%
1B	Secured by Farmland	0.00%	5.33%	5.27%	5.21%	0.00%	0.00%	0.00%
1C1	1-4 Family Loans: Revolving	0.00%	6.06%	5.80%	6.75%	0.00%	0.00%	0.00%
1C2A	1-4 Family Resi Mortgage: 1st Lien	0.00%	4.51%	5.09%	5.38%	6.00%	6.25%	0.00%
1C2B	1-4 Family Resi Mortgage: Jr. Lien	0.00%	6.12%	6.00%	6.23%	0.00%	0.00%	0.00%
1D	Secured by Multifamily	0.00%	0.00%	4.98%	0.00%	0.00%	0.00%	0.00%
1E1	Secured by OOCRE	0.00%	0.00%	4.99%	5.88%	0.00%	5.72%	0.00%
1E2	Secured by Non-OOCRE	0.00%	5.35%	5.72%	5.60%	0.00%	0.00%	0.00%
3	Agricultural Production Loans	3.50%	6.75%	5.67%	6.18%	0.00%	0.00%	0.00%
4A	Commercial & Industrial Loans	2.50%	3.25%	5.68%	5.68%	0.00%	0.00%	0.00%
6C	Auto Loans	0.00%	5.26%	6.39%	6.86%	0.00%	0.00%	0.00%
6D	Other Consumer Loans	3.24%	7.13%	8.01%	7.44%	0.00%	0.00%	0.00%
WAVG Interest Rate by Risk Grade:		3.05%	5.27%	5.51%	5.66%	6.00%	5.74%	0.00%
Minimum Interest Rate:		2.25%	3.25%	2.88%	3.88%	6.00%	5.25%	0.00%
Maximum Interest Rate:		3.75%	7.95%	10.25%	10.00%	6.00%	6.25%	0.00%

Aggregate Portfolio Trends

Risk Grade Distribution

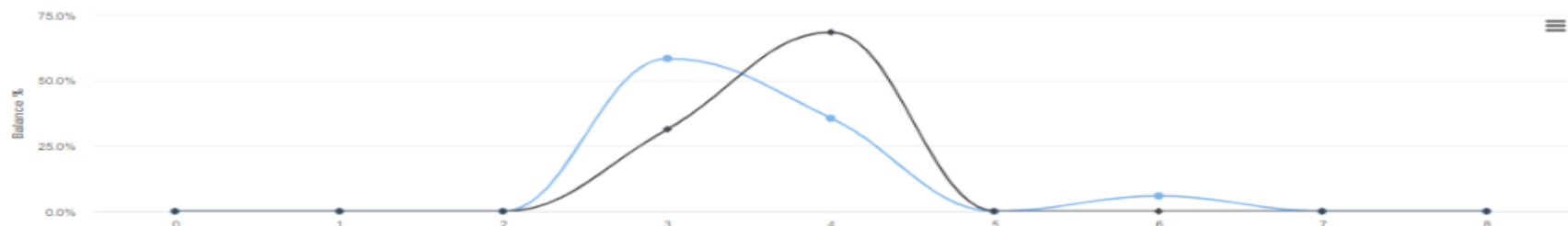
Flat File Date: View by: Value Type: Decimal Precision: Dollar Format:

Tags:

Risk Grades											
Loan Portfolio Balance		Pass Loans					Non-Pass Loans				Totals
FFIEC Code	Description	0	1	2	3	4	5	6	7	8	Totals
1A1	1-4 Family Residential Construction	\$0	\$0	\$0	\$426,982	\$931,829	\$0	\$0	\$0	\$0	\$1,358,811
1B	Secured by Farmland	\$0	\$0	\$940,464	\$22,709,258	\$25,142,330	\$0	\$1,905,642	\$0	\$0	\$50,697,695
1C1	1-4 Family Loans: Revolving	\$0	\$0	\$435,991	\$389,367	\$49,382	\$0	\$0	\$0	\$0	\$874,740
1C2A	1-4 Family Resi Mortgage: 1st Lien	\$844,328	\$0	\$23,584,583	\$55,925,478	\$18,007,463	\$3,056,579	\$906,947	\$0	\$0	\$102,325,378
1C2B	1-4 Family Resi Mortgage: Jr. Lien	\$509,170	\$0	\$265,176	\$824,195	\$2,909,493	\$0	\$0	\$0	\$0	\$4,508,034
1D	Secured by Multifamily	\$0	\$0	\$0	\$1,506,771	\$0	\$0	\$0	\$0	\$0	\$1,506,771
1E1	Secured by OOCRE	\$0	\$0	\$24,131,117	\$13,554,619	\$18,446,673	\$0	\$0	\$0	\$0	\$56,132,409
1E2	Secured by Non-OOCRE	\$814,890	\$0	\$3,295,011	\$23,393,956	\$21,241,756	\$955,126	\$0	\$0	\$0	\$49,700,739
3	Agricultural Production Loans	\$0	\$101,843	\$100,460	\$16,739,653	\$3,844,276	\$0	\$0	\$0	\$0	\$20,786,232
4A	Commercial & Industrial Loans	\$0	\$486,171	\$238,909	\$15,938,908	\$1,609,961	\$0	\$215,943	\$0	\$0	\$18,489,892
6C	Auto Loans	\$0	\$0	\$381,370	\$3,444,452	\$1,536,857	\$0	\$0	\$0	\$0	\$5,362,679
6D	Other Consumer Loans	\$0	\$1,201,827	\$145,319	\$5,010,094	\$1,569,416	\$0	\$0	\$0	\$0	\$7,926,656
Totals by Risk Grade:		\$2,168,388	\$1,789,842	\$53,518,401	\$159,863,732	\$95,289,437	\$4,011,705	\$3,028,532	\$0	\$0	\$319,670,038
% OF Totals:		0.68%	0.56%	16.74%	50.01%	29.81%	1.25%	0.95%	0.00%	0.00%	100.00%

TOTAL CHANGE

View By: Compare to Flat File Date: FFIEC Code:



Loan Level Detail

Past Due Distribution

Flat File Date: View by: Value Type: Decimal Precision: Dollar Format:

Tags:

Loan Portfolio Balance	Days Past Due Groupings					Totals
	Loan Officer	0-14 DPD	15-29 DPD	30-59 DPD	60-89 DPD	
Samantha Powell	\$75,157,712	\$1,276,530	\$2,258,643	\$1,645,306	\$0	\$80,338,192
Lucas Mabry	\$52,342,889	\$45,429	\$306,795	\$0	\$215,943	\$52,911,057
Jake Thompson	\$66,477,434	\$0	\$992,000	\$0	\$0	\$67,469,434
Joe Davis	\$62,601,809	\$239,330	\$244,159	\$1,473,720	\$0	\$64,559,017
Carlos Ruiz	\$50,867,763	\$1,484,742	\$0	\$2,039,833	\$0	\$54,392,338
Totals by Days Past Due Grouping:	\$307,447,607	\$3,046,031	\$3,801,598	\$5,158,859	\$215,943	\$319,670,038
% Of Totals:	96.18%	0.95%	1.19%	1.61%	0.07%	100.00%

Graph by:



Decimal Precision: Dollar Format:

Loan Officer: Samantha Powell | 60-89 DPD | 4 Loans | Balance: \$1,645,306

Dataset Date	Borrower	Loan Officer	Note Number	Balance	Exposure	Interest Rate	FFIEC Code	Risk Grade	Days Past Due	Origination Date	Maturity Date	Non-Accrual	Times 30-59 DPD	Times 60-80 DPD	Times 90+ DPD	Date of Last Loan Review
03/31/2020	Amet Risus LLP	Samantha Powell	3675900	\$381,208	\$381,208	6.00%	1E2	3	65	09/26/2017	09/26/2022	No	0	3	0	N/A
03/31/2020	Orci Phasellus Dapibus Corporation	Samantha Powell	3686400	\$466,422	\$466,422	5.25%	1B	6	60	01/08/2018	01/08/2023	No	0	0	0	N/A
03/31/2020	Paula Conroy	Samantha Powell	3586000	\$459,728	\$459,728	5.50%	1C2A	3	74	04/17/2015	05/17/2020	No	4	6	0	N/A
03/31/2020	Tincidunt Institute	Samantha Powell	3650200	\$337,947	\$337,947	5.50%	1E2	3	78	12/13/2016	12/13/2021	No	7	0	2	N/A

COVID-19 Tracking

IntelliCredit / Pawnee Community Financial / Portfolio Analyzer / COVID-19 Loan Tracker

COVID-19 Loan Tracker

Most Recent Flat File Date: 03/31/2020

Borrower, Relationship ID, Note #, Loan Officer, Industry

COVID-19 Loan Count: **142**
 COVID-19 Balances: **\$70,029,508**
 COVID-19 Exposure: **\$71,423,316**

Add Covid Tracking

Archive Selected

Export Selected

Delete Selected

Active Archived

<input type="checkbox"/>	Borrower	Relationship ID	Note Number	Balance	Exposure	Loan Officer	Risk Grade	TDR Designation	Days Past Due at 12/31/2019	Days Past Due at 03/31/2020	Reason for COVID-19 Designation	Date of COVID-19 Related Modification	Type of COVID-19 Modification	Comments Log	Upload
<input type="checkbox"/>	Elen Booth	Booth	3733000	\$36,465	\$36,465	Lucas Mabry	3	No	0	0	Hardware supplier that has been temporarily closed due to COVID-19.	05/15/2020	90-Day Deferral	04/30/2020 - Borrower contacted the Bank and requested payment relief. 05/04/2020 - Borrower has applied for a \$39k PPP loan through BB&T.	
<input type="checkbox"/>	Beatriz Doherty	Doherty	3692400	\$1,071,657	\$1,071,657	Joe Davis	4	No	23	0	Borrower operates 4 dental offices throughout Minneapolis that have been temporarily closed due to COVID-19.	05/15/2020	90-Day Deferral	03/15/2020 - Borrower contacted the Bank and requested short-term interest-only payments (see attached email). 04/15/2020 - Borrower contacted the Bank and indicated that 1 of the 4 locations would likely be closed permanently due to already strained cash flow prior to COVID-19. 05/30/2020 - Bank is considering a risk grade downgrade for the entire relationship given multiple 30-day delinquencies combined with cash flow deterioration as a result of the pandemic.	View Files
<input type="checkbox"/>	Brittany Montgomery	Montgomery	3624500	\$44,782	\$100,000	Samantha Powell	3	No	0	0		05/15/2020			
<input type="checkbox"/>	Mattis Integer LLP	Mattis	3696600	\$357,702	\$357,702	Samantha Powell	3	No	25	0	Collateral is an owner-occupied, single tenant building. Sole tenant is a nail salon that has been closed due to COVID-19 executive order.	04/29/2020	90-Day Deferral	04/15/2020 - Borrower emailed loan officer and indicated that the nail salon had been closed, all employees furloughed, and that they would be unable to make the May 2020 loan payment.	View Files
<input type="checkbox"/>	Alesha Wilkins	Wilkins	9904700	\$742,638	\$742,638	Lucas Mabry	3	No	0	0		04/29/2020			
<input type="checkbox"/>	Charlotte Whitton	Whitton	215900	\$798,873	\$798,873	Joe Davis	2	No		0	Investor 1-4 family residence; tenant has been laid off due to COVID-19 and is unable to make loan payments	04/13/2020	90-Days Interest-Only	04/02/2020 - Borrower Charlotte Whitton contacted the loan officer and indicated that her tenant that occupies the collateral real estate had been laid off. The tenant indicated to our borrower that she would not be able to	

Smart Loan Review Findings



Independent Loan Review
January 2020



Borrower: Aenean Euismod Associates

Relationship ID: Aeanean

Loans: 3712600, 3731700

Balance: \$2,335,341

Exposure: \$2,393,941

BORROWER COMMENTARY

Background	Aenean Euismod Associates is a single asset entity formed to own and manage a 14.3 megawatt (MW) solar farm located on a 77.7 acre leased site in Peoria, IL. The project was developed and is managed by Aenean Euismod Associates. Total project costs of \$18.7M generated from development are sold to...
Source of Repayment / Cash Flow Summary	PSOR is cash flow generated from the solar farm (PPA). The 15-year PPA between the borrower and the utility because utility costs are expected to continue to increase thus increasing cash flow. Based on projected cash flow for FY 2021 which would result in DSCs ranging from...
Collateral Analysis / Loan-to-Value	Collateral consists of 14.3 MW dc Single Phase solar farm improvements at the site that make up the collateral. PPA (Power Purchase Agreement). Based on the credit memo, the appraised value is \$2,200,000.
Guarantor Capacity	The USDA, through its "Renewal Energy" program, has provided a guaranty. The guaranty has been exhausted. A guaranty...

IntelliCredit Pawnee Community Financial Hello, Larry Pooler

Legal Doc Exceptions | Credit Exceptions | Loan Policy Exceptions

Search Outstanding Legal Doc Exceptions: Borrower

Select "Last Modified" Date / Time Range:

Start Date/Time:

End Date/Time:

Highlighted items within the table below do **not** rise to the level of legal documentation exceptions, but have been noted by IntelliCredit for additional review.

Borrower	Note Number	Balance	Exposure	Loan Officer	Doc Exception Item	Severity	Exception	Reviewer Comments	Date / Time Last Modified	Upload	Institution Comments	Status
Aenean Euismod Associates	3731700	\$2,141,400	\$2,200,000	Lucas Mabry	Guaranty Agreement	Critical	Missing	USDA guaranty not observed despite memo requirement.	05/14/2020 10:46 AM	Upload		Update
Ana Zamora	3650000	\$41,416	\$41,416	Lucas Mabry	Vehicle Title	Critical	Missing	Title for 2016 Kia Forte was not observed (title for 2016 Chevy Truck was observed)	05/14/2020 12:11 PM	Upload		Update
Tellus Faudibus Limited	3732700	\$615,938	\$800,000	Joe Davis	Security Instrument	Critical	Missing	Security Agreement taking the soybeans as collateral was not observed	05/14/2020 4:58 PM	Upload		Update
Cras Dolor Dolor Corp.	3605600	\$26,813	\$26,813	Samantha Powell	Security Deed/Mortgage	Notation	Missing	Recorded D/T was not observed within the paper file (recorded D/T was observed within the bank's imaging system).	05/14/2020 2:36 PM	Upload		Update

RISK GRADE COMMENTS

Concur with a RG 3. The subject loan represents an 18.5% that was utilized (along with substantial tax credit equity source) in the purchase of a solar farm. A Power Purchase Agreement (PPA) in place between the borrower and the utility. The PPA provides for monthly payments as defined within the promissory note. Principal payments are less than 50% and the developer/manager/managing member (T...

RECOMMENDED RISK GRADES

Note Number	Balance	Exposure	Risk Grade	Rec. Risk Grade	Directional Indicator	Rec. LGD
3712600	\$193,941	\$193,941	3	3		
3731700	\$2,141,400	\$2,200,000	3	3		
Totals:	\$2,335,341	\$2,393,941				

Interagency Guidance of Credit Risk Review Systems *(Issued)*

Regardless of structure (or size of the institution), an effective credit risk review system accomplishes the following objectives:

- ✓ Identifies loans with credit weaknesses
- ✓ Validates risk ratings
- ✓ Identifies relevant trends
- ✓ Assesses internal credit policies and loan administration procedures / compliance with laws and regulations
- ✓ Evaluates lending personnel, including their compliance with lending policies risk assessment
- ✓ Provides management and the boards of directors with portfolio quality assessments
- ✓ Opines on problem loan management plans
- ✓ Provides management with timely credit quality information for regulatory, reporting, and ALLL

Final Guidance Issued May 8, 2020

Key questions to ask

- Is the reviewer talent experienced enough to get at the heart of emerging credit risk? Including good verbal and persuasive skills
- Is your loan review in sync culturally and technically (including corporate credit methodologies and nomenclature) with all other parties of the credit process?
- Does loan review have any relevance on *real time* portfolio risk assessment?
- Is it truly independent?
- Does suppressing today's loan review findings exacerbate more losses later?

Key takeaways

- We're in a markedly different—and potentially prolonged credit cycle
- Use diagnostic tools to *quantify* your risk
- *Qualitatively* write your own narrative
- It's not beyond your control
- Banks late to the game in identifying risk in a crisis *always* lose more money in the end!



Q & A

Shawn O'Brien's Bio / Contact

Instructor

Shawn O'Brien
President
QwickRate



- Leads the Strategy for QwickRate
- Partner, Monroe Financial Partners
- Co-founder of QwickAnalytics
- Director, National Bank of St. Anne

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David Ruffin's Bio / Contact

David's extensive experience in the financial industry includes a long and pronounced emphasis on credit risk in a variety of roles that range from bank lender and senior credit officer to co-founder of the successful Credit Risk Management, LLC consultancy and professor at several banking schools. A prolific publisher of credit-focused articles, he is a frequent speaker at trade association forums, where he shares insights gained helping lending institutions evaluate credit risk—in both its traditional, transactional form as well as the risk associated with portfolios based on a more emergent macro strategy. David is an expert in assessing all aspects of the credit process and culture. Over the course of decades, he has led teams providing thousands of loan reviews and performed hundreds of due diligence engagements focused on M&A and capital raising. Before helping to found IntelliCredit, he headed the DHG-Credit Risk Management division at the Dixon Hughes Goodman accounting firm. David holds a B.A. from the University of North Carolina-Chapel Hill, a M.S. from East Carolina University and multiple degrees from the American Bankers Association's graduate lending schools.



David H. Ruffin | *Principal*



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