Assessing Your Lending Performance
Objectives

- Provide you with some tools and information to help you “dig into” your bank’s performance
What Should You Do?

- Determine Primary Products
- Understand Lending Assessment Factors
- Analyze Your Own Data
Primary Products

- These are major loan product lines for your bank
- Look at loans originated since the last CRA evaluation
- Consider both dollar and number of loans
Primary Products - Tools

- Tools
  - Loan Trial
  - Call Report
  - Last CRA Public Evaluation
Lending Performance Factors

- Loan-to-Deposit Ratio
- Lending in the Assessment Area
- Borrower Distribution
- Geographic Distribution
Loan-to-Deposit Ratio

- Measures overall lending levels
- Calculate ratio using average quarterly ratio reported on UBPR since last CRA evaluation
- Compare your bank to similarly situated institutions (SSI) and peer group
- Understand any performance context that impacts your ratio
What is an SSI?

- Similar in size
- Serve same or similar market
- Similar products and services
Loan-to-Deposit Ratio Tools
Where do you get the information?

- Uniform Bank Performance Report
- FFIEC Website
- Page 10, Net Loans & Leases to Deposits
- Get Ratio For Each Quarter Since Last CRA
- Use This Information for Your Bank and For SSI
- Compare Average for SSI and Range for SSI to Your Bank
UBPR – Insert Bank Info and Hit Find


Please select the 'FDIC Certificate Number' or
one or more of the following: 'Institution Name', 'City', 'State', 'Zip Code', or 'County'

FDIC Certificate Number: [ ] OR

Institution Name: [ ]

City*: [ ]

State: [ANY]

Zip: [ ]

County: [ ]

Find  Reset

* Please enter the word “City” when it is a part of the city’s name. For example: Kansas City, New York City, Salt Lake City.
UBPR – Select Custom Pick Dates

Bank: MID SOUTH BANK, N. A.
Mailing Address: P.O. DRAWER 1001
ASHFORD, AL 36312-0000
Certificate #: 2777

Select UBPR Format: Select Report Date:

- Standard: 12/31/2006
- Previous Five: 12/31/2006

Generate Report

Select a different Type of Report Or Certificate #
## Table of Contents:

- **CERT # 2777**
- **DIST/RSSD: 06 / 929932**
- **MIDWEST BANK, N.A.**
- **DOTHAN, AL**
- **LIQUIDITY AND INVESTMENT PORTFOLIO**
- **3/31/2006**
- **12/13/11**

### Net Loan & Leases to Deposits

<table>
<thead>
<tr>
<th>Date</th>
<th>BANK</th>
<th>PG 3</th>
<th>PCT</th>
<th>BANK</th>
<th>PG 4</th>
<th>PCT</th>
<th>BANK</th>
<th>PG 4</th>
<th>PCT</th>
<th>BANK</th>
<th>PG 4</th>
<th>PCT</th>
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</table>

### Liquidity Ratios

- **Net ST Noncore Fund Dependence**
- **Net Non Core Fund Dependence**
- **Brokered Deposits to Deposits**
- **Broker Dep Mat < 1yr to Bkr Deps**
- **Short Term Inv to ST Noncore Fund**
- **Short Term Asset to ST Liabs**
- **Net ST Liab to Assets**
- **Net Loans & Leases to Deposits**
- **Net Loans to Core Deposits**
- **Net Loans & SELC to Assets**

### Other Notes

- **Debt Securities 90+ Days P/D**
- **Total Non-CURRENT Debt Sec**
- **Fair Value Structured Notes**
## Loan-to-Deposit Ratio Example

<table>
<thead>
<tr>
<th>BANK NAME</th>
<th>CITY</th>
<th>ST</th>
<th>Total Asset 2007Q1</th>
<th>2006Q4</th>
<th>2006Q3</th>
<th>2006Q2</th>
<th>Average LTD %</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Anycity</td>
<td>AL</td>
<td>$626,843</td>
<td>61.36</td>
<td>60.44</td>
<td>61.48</td>
<td>61.09</td>
</tr>
<tr>
<td>B</td>
<td>This City</td>
<td>AL</td>
<td>$217,568</td>
<td>84.19</td>
<td>97.54</td>
<td>98.5</td>
<td>93.41</td>
</tr>
<tr>
<td>C</td>
<td>Anycity</td>
<td>AL</td>
<td>$241,998</td>
<td>98.29</td>
<td>90.81</td>
<td>85.52</td>
<td>91.54</td>
</tr>
<tr>
<td>D</td>
<td>Anycity</td>
<td>AL</td>
<td>$244,378</td>
<td>97.31</td>
<td>97.79</td>
<td>90.08</td>
<td>95.06</td>
</tr>
<tr>
<td>E</td>
<td>Anycity</td>
<td>AL</td>
<td>$271,759</td>
<td>73.96</td>
<td>68.88</td>
<td>70.14</td>
<td>70.99</td>
</tr>
<tr>
<td>F</td>
<td>Anycity</td>
<td>AL</td>
<td>$79,018</td>
<td>90.85</td>
<td>86.89</td>
<td>86.11</td>
<td>87.95</td>
</tr>
</tbody>
</table>

Total 83.34

| Our Bank | This City | AL | $205,122 | 76.01 | 74.29 | 78.89 | 76.40 |

Total
Lending in Assessment Area

- Measures level of lending within all of your assessment areas
- Use your loan originations. Consider using a sample of loans for primary products, or your whole portfolio, or HMDA loans
- Geocode loans
- Determine percentage within assessment area by # and $
- Want 50% or higher in the assessment area
## Lending in Assessment Area Example

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Number of Loans In AA</th>
<th>Dollar of Loans In AA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>%</td>
</tr>
<tr>
<td>Home Purchase</td>
<td>125</td>
<td>69</td>
</tr>
<tr>
<td>Home Improvement</td>
<td>15</td>
<td>68</td>
</tr>
<tr>
<td>Home Refinance</td>
<td>99</td>
<td>85</td>
</tr>
<tr>
<td>Commercial</td>
<td>26</td>
<td>87</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>265</strong></td>
<td><strong>77</strong></td>
</tr>
</tbody>
</table>
Lending in Assessment Area
What to look for

- Majority of loans by number and dollar should be inside the assessment area
- If not, be able to explain why
Borrower Distribution

- Measures how well you have met credit needs for low- or moderate-income individuals and small businesses and farms
- Most complex factor to analyze
- Compare your performance to demographic information
- Only look at loans in your assessment area
- If you have more than one assessment area, analyze each separately
Borrower Distribution

What do you need for your data?

- **Individuals**
  - Income used for credit decision
  - Determine income category for each using HUD Updated MFI for year loan originated

  **HUD UPDATED MFI**
  [http://www.ffciec.gov/cra/censusproducts.htm#censusdata](http://www.ffciec.gov/cra/censusproducts.htm#censusdata)

- **Commercial/Farm – Gross annual revenues**
  - Income used for credit decision
  - Determine if small business or small farm
Income Levels for Individuals
- Low-income < 50%
- Moderate-income 50% to < 80%
- Middle-income 80% to < 120%
- Upper-income 120% and higher

Business/Farm Sizes
- Gross Annual Revenues of less or equal to $1 million = small business/farm
Borrower Distribution
What do you compare your data with?

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Comparables</th>
<th>Comparator Data Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential RE</td>
<td>Families</td>
<td>US Census</td>
</tr>
<tr>
<td>Consumer</td>
<td>Households</td>
<td>US Census</td>
</tr>
<tr>
<td>Commercial</td>
<td>% of AA businesses with revenues of $1 million or less</td>
<td>Dun and Bradstreet</td>
</tr>
<tr>
<td>Farm</td>
<td>% of AA Farms with revenues of $1 million or less</td>
<td>Dun and Bradstreet</td>
</tr>
</tbody>
</table>

If HMDA or CRA reporter, also refer to aggregate data as a comparator (FFIEC website)
Borrower Distribution
What to look for

- Focus is on originations to LMI borrowers and small businesses and farms
- Loan originations should mirror or exceed demographic figures
- If gaps are noted, be able to explain why
Geographic Distribution

- Measures how well loans are distributed throughout your assessment area and among tracts of varying income levels
- Only look at loans within the assessment area
- Compare your lending to demographic information at the tract level
- If you have more than one assessment area, analyze each separately
Geographic Distribution
What do you need for your data?

- Geocode your loans in the assessment area
- Determine income-levels for each census tract - you can use the Census information on the FFIEC website

FFIEC Census Reports
http://www.ffiec.gov/webcensus/default.aspx

FFIEC Windows Application
Geographic Distribution
What do you compare your data with?

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Comparables (By Tract Income Level)</th>
<th>Comparator Data Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Real Estate</td>
<td>% Owner-Occupied Housing</td>
<td>US Census</td>
</tr>
<tr>
<td>Consumer</td>
<td>% Households</td>
<td>US Census</td>
</tr>
<tr>
<td>Commercial</td>
<td>% Businesses</td>
<td>US Census</td>
</tr>
<tr>
<td>Farm</td>
<td>% Farms</td>
<td>US Census</td>
</tr>
</tbody>
</table>

If HMDA or CRA reporter, also refer to aggregate data as a comparator (FFIEC website)
Geographic Distribution
What to look for

- This test focuses on the LMI tracts
- If AA contains only middle- and upper-income tracts, this will also be reviewed
- Review loan distribution in these tracts compared to demographic data
- If gaps are noted, be able to explain why
Community Development Loans

- Review loan trial
- Flag loans in amounts in excess of $1 million that meet a CD purpose
- Flag multi-family loans that meet a CD purpose
- If ISB, may also flag loans under $1 million if they are not reported under HMDA
Questions?