



# Introducing QwickAnalytics™ – Time-saving Tools for Banks



 **QwickAnalytics™**  
from QwickRate

# Featured Speaker



## Steve Huntington

Director of  
Bank Analytic Products



- SVP, Monroe Financial Partners, Inc.
- Over 15 years experience in investment banking focused solely on advisory to community banks
- Previously corporate finance Vice President with The Carson Medlin Company
- Led design of the QwickAnalytics data products

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# Agenda

- What is QwickAnalytics?
- Bank & Peer Performance Reports
- Regulatory Compliance & Planning Tools
- Questions and Answers



# *What is* **QwickAnalytics?**



QwickAnalytics™  
from QwickRate



- More helpful tools for bankers – ease burdens and increase effectiveness
- All of the calculations, algorithms, models, scenarios, analyses, ratios, etc. are built for you, for push-button accessibility
- Data is taken directly from call reports – no rekeying or uploading
- Access to completely customizable peer group engine
- Delivered in a concise and understandable format – even for non-financial audience
- Results help you educate and communicate with all constituents
- Independent, third-party analysis adds credibility and satisfies board requirements

# QwickAnalytics - Today



## Bank & Peer Performance Reports



## Regulatory Compliance & Planning Tools





# *Bank & Peer Performance Reports*



QwickAnalytics™  
from QwickRate

# Bank Performance Reports

*Includes:*

## Bank Performance Report Card

- Recent and historical performance trends
- UBPR or custom peer group
- 4+ years of historical financial data
- Percentile ranks and grades

## Side by Side Competitive Analysis

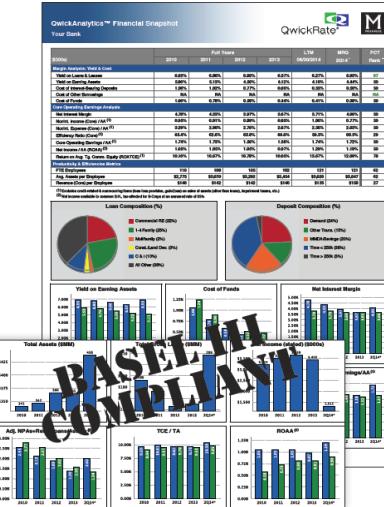
- Current period comparison – Up to 11 peers
- Custom, individually selected banks

## Reg F Financial Snapshot

- Summarizes recent and long-term financial performance trends and includes peer group comparisons in a concise, 2-page format.

## Liquidity Risk Report

- Monitor and quickly identify risk ratios that may fall outside bank policies
- Provide directors with a consistent quarterly review of the bank's liquidity position – part of the contingency funding plan





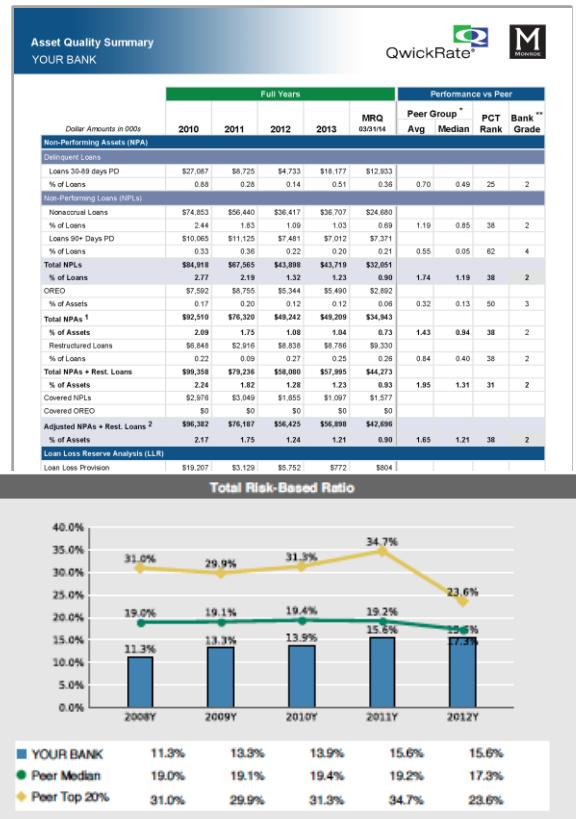
# *Bank Performance Report Card*



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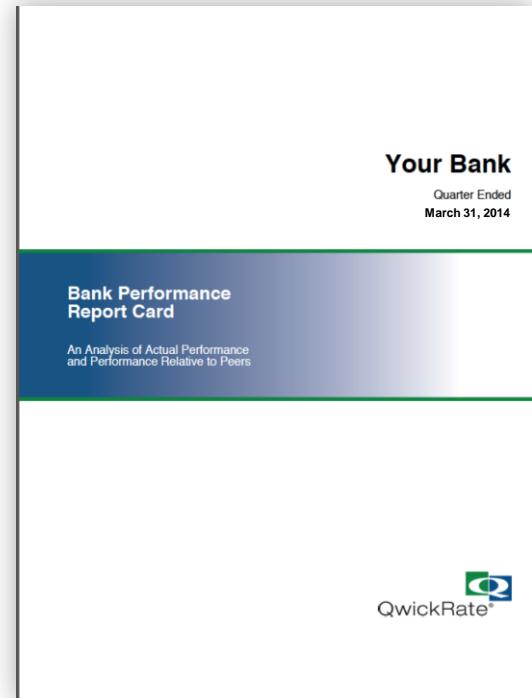
# Bank Performance Report Card

- Analyzes and compares current and historical performance to your UBPR or custom peer groups
- Assigns a grade in critical categories
- Includes similar data to FDIC Uniform Bank Performance Report
  - Data pulled directly from call reports
  - FDIC measurements **PLUS** additional
  - Format is more understandable and useful
  - Includes all relevant BASELIII calculations & ratios
- Designed for quick production and a quick read
- Run for your bank or any other
- Dynamically updated continually for late filers and re-filers



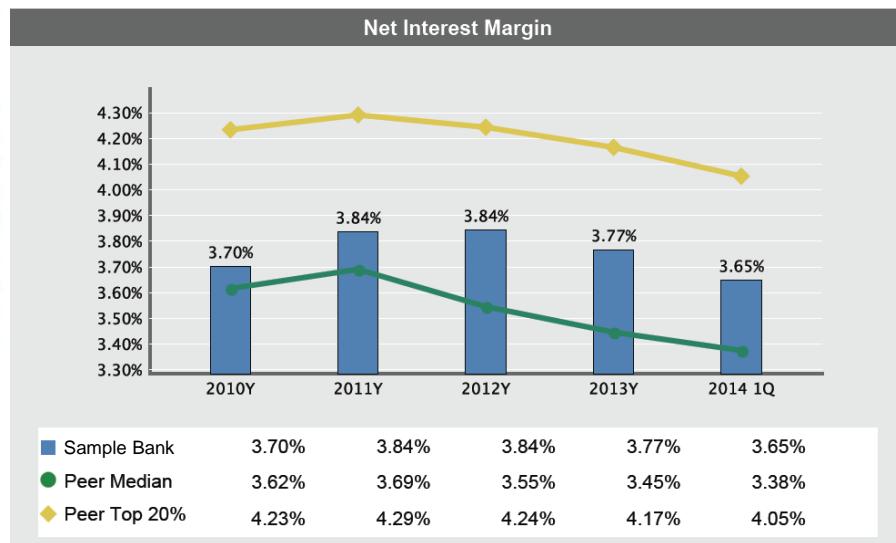
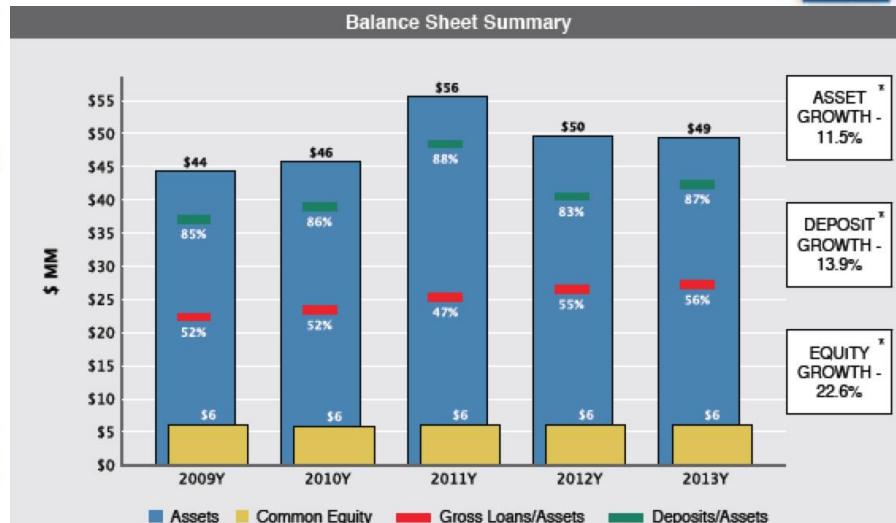
# Report Structure

- Executive Summary
- Six categories of financial statistics:
  - Balance Sheet Utilization
  - Asset & Deposit Composition
  - Margin Analysis: Yield & Cost
  - Profitability & Earnings Analysis
  - Asset Quality Summary
  - Capitalization & Growth Metrics



# Quick Look

Dollar Amounts in 000s	Full Years					Performance vs Peer			
						Peer Group *		PCT Rank	Bank Grade **
	2009	2010	2011	2012	2013	Avg	Median		
<b>Yields on Interest-Earning Assets</b>									
<b>Cash &amp; Equivalents</b>									
Interest Bearing Due from Deps	2.76%	1.02%	0.62%	0.79%	0.87%	0.55%	0.44%	76*	2
Fed Funds Sold/Reverse Repo	0.00%	0.00%	0.00%	0.00%	0.00%	0.16%	0.00%	71*	2
Trading Assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	99*	1
<b>Total Cash &amp; Equivalents</b>	<b>2.92%</b>	<b>1.11%</b>	<b>0.71%</b>	<b>0.87%</b>	<b>0.94%</b>	<b>0.52%</b>	<b>0.41%</b>	<b>88*</b>	<b>1</b>
<b>Securities</b>									
Treasury/Agency Securities	3.79%	3.25%	2.10%	1.67%	1.45%	1.26%	0.89%	62*	2
Mortgage Backed Securities	4.62%	0.00%	0.00%	0.00%	0.00%	1.61%	0.00%	60*	2
All Other Securities	3.24%	0.00%	0.00%	1.28%	1.41%	7.12%	1.76%	48*	3
<b>Total Securities</b>	<b>3.85%</b>	<b>3.25%</b>	<b>2.10%</b>	<b>1.50%</b>	<b>1.44%</b>	<b>1.82%</b>	<b>1.90%</b>	<b>40*</b>	<b>3</b>
<b>Loans &amp; Leases</b>									
1-4 Family Residential Loans	7.54%	6.90%	7.00%	7.55%	6.56%	5.06%	5.47%	76*	2
Other Real Estate Loans	5.35%	5.31%	5.39%	5.18%	5.12%	5.22%	5.30%	49*	3
Commercial & Industrial Loans	6.97%	7.08%	7.08%	6.62%	6.27%	6.21%	5.76%	54*	3
Credit Card Loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.66%	0.00%	94*	1
Consumer Loans	7.55%	7.65%	7.39%	7.24%	6.83%	7.64%	7.13%	49*	3
Leases	0.00%	0.00%	0.00%	0.00%	0.00%	0.59%	0.00%	92*	1
<b>Total Loans &amp; Leases</b>	<b>6.78%</b>	<b>6.33%</b>	<b>6.35%</b>	<b>6.21%</b>	<b>5.86%</b>	<b>5.78%</b>	<b>5.68%</b>	<b>57*</b>	<b>3</b>
<b>Yields on Earning Assets</b>	<b>5.71%</b>	<b>4.69%</b>	<b>4.31%</b>	<b>3.88%</b>	<b>3.96%</b>	<b>3.87%</b>	<b>3.90%</b>	<b>60*</b>	<b>2</b>
<b>Rates on Interest-Bearing Liabilities</b>									
<b>Interest-Bearing Deposits</b>									
Interest Bearing Transaction Accts	0.53%	0.23%	0.18%	0.13%	0.12%	0.11%	0.09%	56*	3
Savings/MMDA	0.53%	0.31%	0.25%	0.21%	0.19%	0.33%	0.20%	36*	2
CDs>=\$100,000	2.48%	1.44%	0.98%	0.62%	0.43%	0.86%	0.80%	14*	1
CDs<\$100,000	3.63%	2.37%	1.38%	0.97%	0.56%	0.77%	0.80%	30*	2
Interest-Bearing Deposits	1.94%	1.11%	0.73%	0.47%	0.31%	0.54%	0.50%	17*	1
<b>Cost of Deposits</b>	<b>1.56%</b>	<b>0.84%</b>	<b>0.54%</b>	<b>0.33%</b>	<b>0.24%</b>	<b>0.43%</b>	<b>0.41%</b>	<b>15*</b>	<b>1</b>
Fed Funds Purchased/Repo	8.53%	0.00%	0.00%	0.00%	0.00%	0.12%	0.00%	92*	5
Other Borrowed money	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%	0.00%	98*	5
Subordinated Notes & Debentures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
<b>Rate on Interest-Bearing Liabilities</b>	<b>1.92%</b>	<b>1.02%</b>	<b>0.73%</b>	<b>0.47%</b>	<b>0.32%</b>	<b>0.56%</b>	<b>0.52%</b>	<b>14*</b>	<b>1</b>
<b>Cost of Funds</b>	<b>1.63%</b>	<b>0.84%</b>	<b>0.54%</b>	<b>0.33%</b>	<b>0.24%</b>	<b>0.46%</b>	<b>0.44%</b>	<b>14*</b>	<b>1</b>
<b>Ratios</b>									
<b>Yield/Cost Spread</b>	<b>3.79%</b>	<b>3.67%</b>	<b>3.58%</b>	<b>3.40%</b>	<b>3.65%</b>	<b>3.31%</b>	<b>3.38%</b>	<b>72*</b>	<b>2</b>
<b>Net Interest Margin</b>	<b>3.98%</b>	<b>3.90%</b>	<b>3.79%</b>	<b>3.57%</b>	<b>3.74%</b>	<b>3.46%</b>	<b>3.49%</b>	<b>67*</b>	<b>2</b>



# How Banks Are Using

## Management Team

- **Critical, objective evaluation** – to see how your bank stacks up to peers
- **Peer group comparisons** – well organized format to track performance and identify absolute and relative trends
  - Compare your institution's trajectory to the direction your closest peers are headed
- **Strategic planning meeting** – analysis and insights get everyone on same page to set goals and objectives with clarity
- **Meeting preparation** – in just a few clicks, easily prepare for board and shareholder meetings

# How Banks Are Using

## Board of Directors

### ■ FDIC: Director Duty to “Keep Informed”

“Directors must keep themselves informed of the activities and condition of their institution and the environment in which it operates...Directors should work with management to develop a program to keep members informed...”  
(FDIC “*Pocket Guide For Directors*”)

### ■ FDIC: Director Duty to “Supervise Management”

“The board’s policies should establish mechanisms for providing the information needed to monitor the institution’s operations...These reports should be carefully framed to present information in a form meaningful to the board.”

“The board should also establish a mechanism for independent third party review and testing of...accuracy of information provided by management.”  
(FDIC “*Pocket Guide For Directors*”)

# How Banks Are Using

## *Board of Directors*

- **Keep informed and educated** – Executive Summary provides objective evaluation of management performance and is easy to understand, even for non-financial Directors
- **Provide independent financial review** – from external party
- **Communicate consistently** – helps directors understand how the bank stands relative to peers

## *Shareholders*

- **Annual meeting or other events** – objectively communicates operating metrics and health of the bank
- **Proactive communications** – more engaged shareholders require more frequent communications



# *Side by Side Competitive Analysis*



QwickAnalytics™  
from QwickRate

# Side by Side Competitive Analysis

- Compares complete, *current* financial performance
- Same structure, organization & data as the BPRC
- Up to 11 individually selected peers
- Visually illustrates best and worst performers in critical categories
- Just one click to access
- Concise and easy to understand

Balance Sheet Utilization							
Quarter End Date - 12/31/2013							
Assets	Your Bank	Bank 1	Bank 2	Bank 3	Bank 4	Bank 5	Bank 6
<b>Select Assets</b>							
Interest Bearing Balances	\$16,995	\$7,695	\$19,064	\$19,446	\$8,744	\$300	\$25,565
% Total Assets	4.66	5.04	5.19	13.95	6.43	0.19	5.18
Fed Funds & Repurchase Agree	\$56,060	\$6,472	\$14,920	\$0	\$0	\$4,471	\$18,435
% Total Assets	15.38	4.24	0.41	0.00	0.00	2.87	6.62
Total Securities	\$84,868	\$19,401	\$487,800	\$7,888	\$14,796	\$44,149	\$15,833
% Total Assets	23.28	12.71	13.31	5.54	10.89	28.29	5.68
Net Loans & Leases HFI	\$161,597	\$104,472	\$2,436,067	\$106,073	\$103,512	\$89,431	\$190,454
% Total Assets	44.37%	68.45%	65.45%	74.55%	76.17%	57.31%	68.36%
Total Earning Assets (regulatory)	\$319,510	\$138,030	\$3,127,851	\$133,807	\$127,052	\$138,353	\$250,287
% Total Assets	87.64%	90.44%	95.36%	94.94%	93.49%	88.66%	89.83%
Mortgage Servicing Assets	50	50	0	0	0	0	50
% Total Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bank Own Life Insurance	50	\$2,060	\$48,191	50	50	\$2,700	\$5,304
% Total Assets	0.00	1.35	1.32	0.00	0.00	1.77	1.94
Total Earning Assets (expanded)	\$319,510	\$140,090	\$3,178,042	\$133,807	\$127,052	\$141,113	\$255,681
% Total Assets	87.64%	91.79%	95.36%	94.94%	93.49%	90.43%	91.77%
<b>Select Non-Earning Assets</b>							
Cash & Non-Int Bearing Deps	\$21,217	\$7,131	\$62,955	\$2,460	\$4,643	\$6,721	\$7,600
% Total Assets	5.82	4.67	1.72	1.73	3.42	4.31	2.73
Promises & Fixed Assets	\$6,464	\$2,218	\$103,188	\$1,805	\$2,780	\$3,764	\$537
% Total Assets	1.77%	1.45%	0.92%	1.27%	2.05%	2.41%	0.19%
Other Real Assets Owned	\$2,060	\$1,069	\$85,519	\$3,046	\$316	\$933	\$11,949
% Total Assets	0.57%	0.70%	2.28%	2.14%	0.23%	0.60%	0.47%

# Quick Look



Quarter End Date - 12/31/2013

Dollar Amounts in 000s	Your Bank	Bank 1	Bank 2	Bank 3	Bank 4	Bank 5	Bank 6	Bank 7
<b>Assets</b>								
<b>Earning Assets</b>								
Interest Bearing Balances	\$16,985	\$7,685	\$190,064	\$19,846	\$8,744	\$302	\$25,565	\$165,581
% Total Assets	4.66	5.04	5.19	13.95	6.43	0.19	9.18	13.47
Fed Funds & Repurch Agree	\$56,060	\$6,472	\$14,920	\$0	\$0	\$4,471	\$18,435	\$25,060
% Total Assets	15.38	4.24	0.41	0.00	0.00	2.87	6.62	2.04
Total Securities	\$84,868	\$19,401	\$487,800	\$7,888	\$14,796	\$44,149	\$15,833	\$150,739
% Total Assets	23.28	12.71	13.31	5.54	10.89	28.29	5.68	12.26
Net Loans & Leases HFI	\$161,597	\$104,472	\$2,435,067	\$106,073				
% Total Assets	44.33%	68.45%	66.45%	74.55%				
<b>Total Earning Assets (regulatory)</b>	<b>\$319,510</b>	<b>\$138,030</b>	<b>\$3,127,851</b>	<b>\$133,807</b>				
% Total Assets	87.64%	90.44%	85.36%	94.04%				
Mortgage Servicing Assets	\$0	\$0	\$0	\$0				
% Total Assets	0.00	0.00	0.00	0.00				
Bank Owned Life Insurance	\$0	\$2,060	\$48,191	\$0				
% Total Assets	0.00	1.35	1.32	0.00	0.00	1.77	1.94	2.09
<b>Total Earning Assets (expanded)</b>	<b>\$319,510</b>	<b>\$140,090</b>	<b>\$3,176,042</b>	<b>\$133,807</b>	<b>\$127,052</b>	<b>\$141,113</b>	<b>\$255,681</b>	<b>\$1,165,216</b>
% Total Assets	87.64%	91.79%	86.67%	94.04%	93.49%	90.43%	91.77%	94.78%
<b>Select Non-Earning Assets</b>								
Cash & Non-Int Bearing Deps	\$21,217	\$7,131	\$62,955	\$2,460	\$4,643	\$6,721	\$7,600	\$29,545
% Total Assets	5.82	4.67	1.72	1.73	3.42	4.31	2.73	2.40
Premises & Fixed Assets	\$6,464	\$2,218	\$103,188	\$1,805	\$2,780	\$3,764	\$537	\$2,422
% Total Assets	1.77%	1.45%	2.82%	1.27%	2.05%	2.41%	0.19%	0.20%
Other Real Estate Owned	\$2,062	\$1,069	\$83,519	\$3,046	\$316	\$933	\$11,949	\$1,531
% Total Assets	0.57%	0.70%	2.28%	2.14%	0.23%	0.60%	4.29%	0.12%

Visually highlights top and bottom performers at-a-glance.

# How Banks Are Using

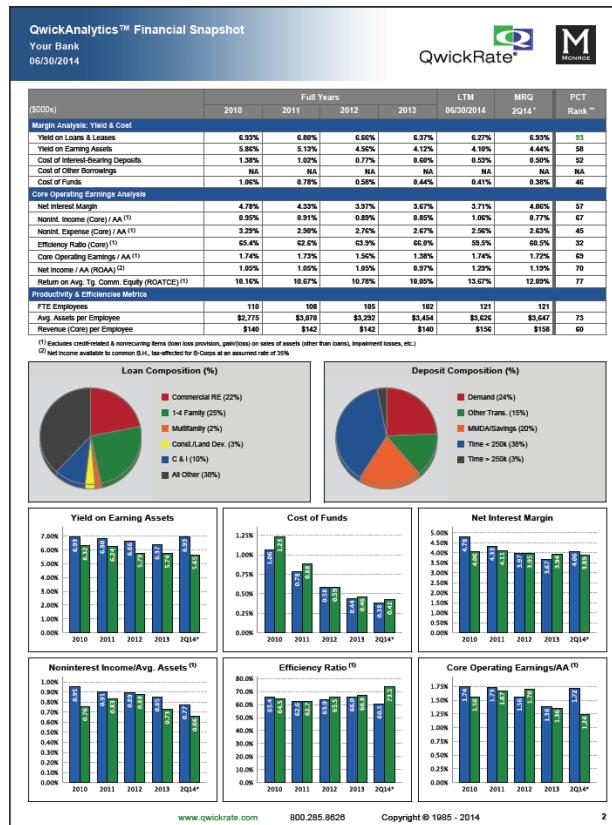
- Designed for banks that have a handful of specific competitors (local, regional, “like” banks) that they follow on a regular basis.
- *Pinpoints* where you are excelling now and where you may need to devote extra attention
- *Compares* recent trends to individual peers, right on the same page
- *Benchmarks* your financial performance **right now** to ensure you are keeping up with your closest competitors in the most critical areas

# *Reg F* *Financial* *Snapshot*

# Financial Snapshot

Concise, visual 2-page report that gives a comprehensive performance recap of your bank or a competitor. Perfect for investor and shareholder updates, and ideal for the Investor/ Shareholder Relations area of your website.

- Informative, graphic analysis of recent and long-term performance for your bank or any other you choose
- Performance information for 4-5 previous full years, last 12-months, and the most recent financial quarter
- Accessible at any time to keep stakeholders current
- Excellent tool for Regulation F requirement on correspondent banking relationships



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**QwickAnalytics™**  
from QwickRate



# *Liquidity Risk Report*



QwickAnalytics™  
from QwickRate

# Liquidity Risk Report

With one click, you'll have an analysis of liquidity trends and levels compared to internal targets and regulatory preferences. Early warning indicators and color-coded percentages make it easy to spot critical changes in liquid assets, funding mix, available collateral and other wholesale funding sources.

- Monitor and quickly identify risk ratios that may fall outside bank policies
- Provide directors with a consistent quarterly review of the bank's liquidity position – part of the contingency funding plan
- Demonstrate to regulators that you engage in ongoing communications with the board regarding the bank's exposure to liquidity-related risk



Liquidity Ratios & Indicators										
	Full Years			Current		Change			Internal Policy	Regulatory Preference
	2011	2012	2013	09/30/14	1 Quarter	1 Year				
<b>Early Warning Liquidity Indicators</b>										
Net Loans / Deposits	Bank	67%	65%	62%	69%	4%	4%	4%	70%	75%
	Peer/Median	68%	65%	68%	72%	2%	4%	4%	10%	20%
	PCT Rank	49%	50%	36%	33rd				10%	15%
Net Non-Core Funding (325k)	Bank	(8%)	(3%)	(11%)	(5%)	(47%)	(51%)	(5%)	10%	15%
	Peer/Median	(3%)	(5%)	(3%)	(2%)	1%	(2%)	(2%)	10%	15%
	PCT Rank	37%	57%	27%	35th				10%	15%
Net Short-Term Liabilities / Assets	Bank	14%	20%	12%	9%	27%	(19%)	(18%)	20%	15%
	Peer/Median	(1%)	(4%)	(3%)	(3%)	2%	(11%)	(18%)	10%	15%
	PCT Rank	63%	77%	80%	80th				10%	15%
On-Hand Liquidity / Total Liabilities	Bank	10%	13%	13%	10%	(12%)	(12%)	(11%)	20%	15%
	Peer/Median	23%	25%	23%	20%	(1%)	(1%)	(1%)	10%	15%
	PCT Rank	25%	19%	37%	35th				10%	15%
Reliance on Wholesale Funding	Bank	0%	0%	0%	0%	NA	NA	NA	10%	15%
	Peer/Median	2%	1%	2%	2%	(0%)	(2%)	(2%)	10%	15%
	PCT Rank	0%	0%	0%	0%				10%	15%
<b>Other Liquidity Ratios</b>										
Core Deposits / Assets	Bank	90%	91%	92%	93%	(0%)	1%	1%	90%	90%
	Peer/Median	84%	84%	84%	83%	(0%)	(0%)	(0%)	90%	90%
	PCT Rank	95%	98%	98%	99th				90%	90%
Net Loans / Assets	Bank	62%	61%	58%	60%	3%	5%	5%	60%	60%
	Peer/Median	59%	58%	60%	62%	1%	3%	3%	60%	60%
	PCT Rank	80%	75%	75%	75th				60%	60%
Short-Term Investments / Non-Core Funding	Bank	491%	459%	503%	363%	(34%)	(38%)	(38%)	60%	60%
	Peer/Median	211%	239%	244%	178%	(30%)	(14%)	(14%)	60%	60%
	PCT Rank	69%	55%	70%	65th				60%	60%
Short-Term Assets / Short-Term Liabilities	Bank	68%	54%	68%	74%	(7%)	3%	3%	60%	60%
	Peer/Median	103%	119%	118%	114%	(10%)	(10%)	(10%)	60%	60%
	PCT Rank	28%	12%	16%	24th				60%	60%
Short-Term Non-Core Funding / Assets	Bank	2%	1%	2%	2%	1%	(10%)	(10%)	60%	60%
	Peer/Median	3%	3%	3%	3%	0%	0%	0%	60%	60%
	PCT Rank	28%	22%	38%	38th				60%	60%
Short-Term Investments / Assets	Bank	8%	4%	12%	7%	(34%)	(37%)	(37%)	60%	60%
	Peer/Median	8%	10%	8%	7%	(1%)	(1%)	(1%)	60%	60%
	PCT Rank	51st	23rd	64th	54th				60%	60%
Brokered Deposits / Total Deposits	Bank	0%	0%	0%	0%	NA	NA	NA	60%	60%
	Peer/Median	0%	0%	0%	0%	0%	0%	0%	60%	60%
	PCT Rank	0%	0%	0%	0%				60%	60%
Pledged Securities / Total Securities	Bank	23%	32%	38%	37%	(9%)	(8%)	(8%)	60%	60%
	Peer/Median	34%	38%	37%	38%	(1%)	3%	3%	60%	60%
	PCT Rank	34%	42th	51st	51st				60%	60%
<b># Outside Regulatory Preference (0-5)</b>										
	1	2	0	0	0					
<b># Outside Internal Policy</b>										
	2	2	2	1	1					

Indicates a quarterly change of over 10% or annual change of over 25%

\*Early Warning Liquidity Indicators are based on OCC guidance, and the regulatory preferences shown on this report are derived from what the OCC believes serve as thresholds representing points at which risk begins to escalate, and vary depending on the institution's charter type.



# *Regulatory Compliance & Planning Tools*



# *Credit Stress Test*



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# What is a Credit Stress Test?

## Credit Stress Test

Definition: The results of employing a range of techniques used to assess the vulnerability of a loan portfolio to major changes in the economic environment or to **exceptional** but **plausible** events

Objective: Highlight and estimate risks of potential loan portfolio losses in abnormal markets

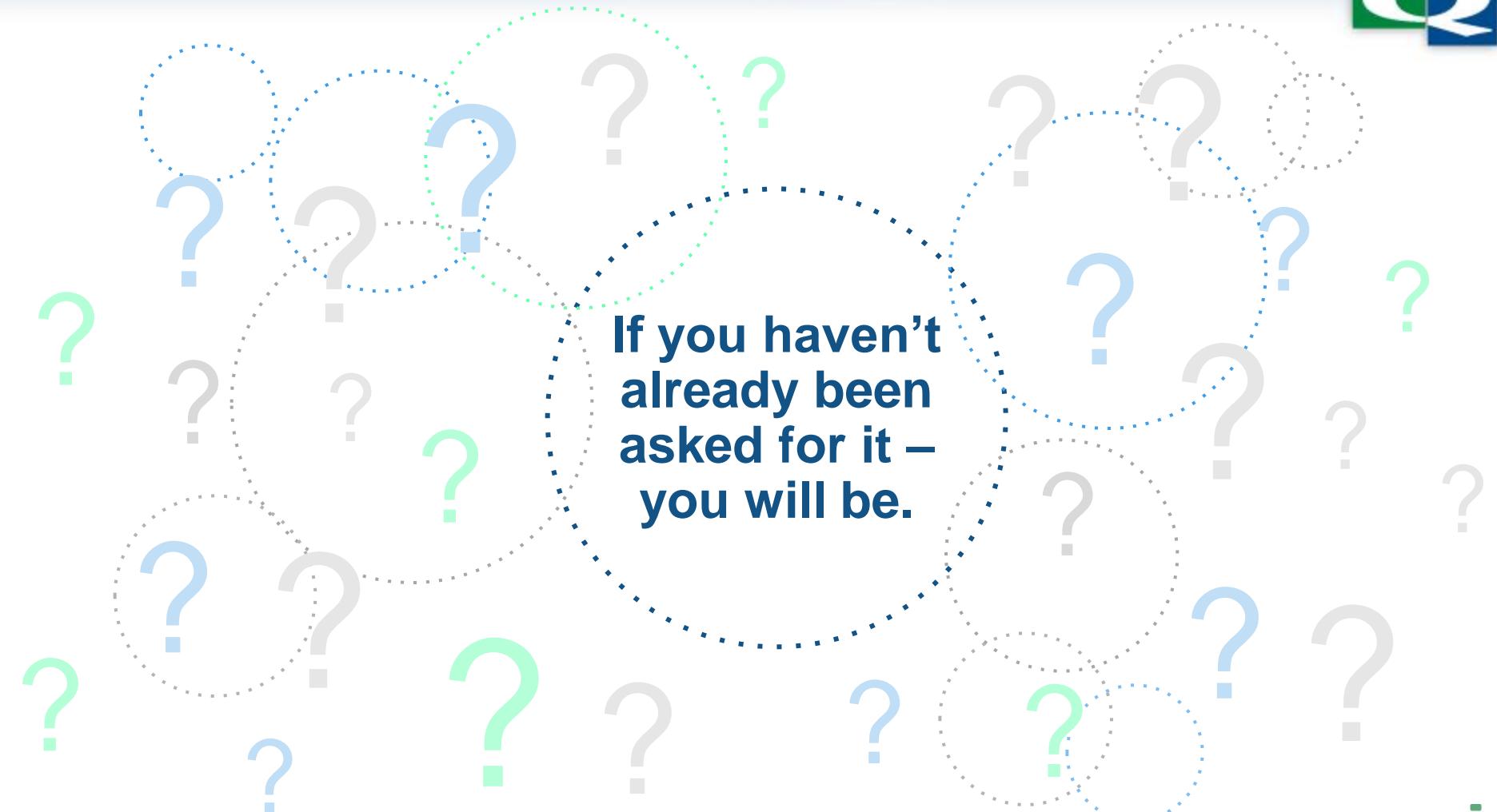
In other words: Stress testing estimates the loan loss impact of a series of “What If” scenarios

This is not  
an  
interest rate /  
ALCO test.

# Why a Credit Stress Test?



**If you haven't  
already been  
asked for it –  
you will be.**



# Regulatory Guidance and Expectations



**OCC BULLETIN  
2012-33**  
Community Bank  
Stress Testing  
Supervisory  
Guidance

OCC Guidance,  
Comptrollers  
Handbook  
[December 2011]

**Basel Capital  
Accord 2001**

**If you haven't  
already been  
asked for it –  
you will be.**

**Dodd-Frank  
Act**

**Joint Statement  
Federal Reserve,  
OCC and FDIC  
[May 2012]**

# The Bottom Line

Regardless of the testing method used, an effective stress test has three common elements:

1. asking plausible “**what if**” questions about key vulnerabilities (primarily loan losses);
2. making a reasonable determination of **how much impact** the stress event or factor might have on earnings and capital; and
3. incorporating **the resulting analysis** into the bank’s overall risk management process, asset/liability strategies, and strategic and capital planning processes.

OCC Supervisory Guidance October 18, 2012



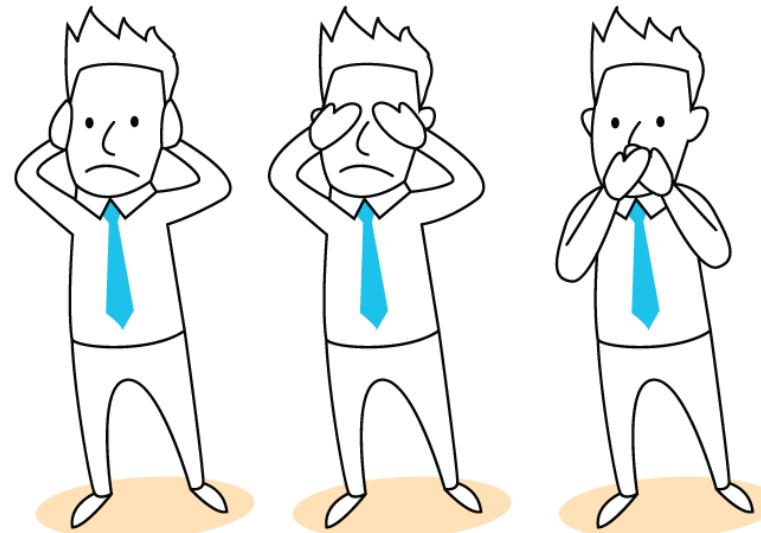
# Benefits of Stress Testing

- Identification and mitigation of risks
  - Changes to underwriting policies
  - Portfolio concentrations and limits
  - Credit oversight and proactive management of loans
- Capital Planning
  - Impact on ALLL provisions
  - Contingency plans
- Strategic or business planning processes

# Why Banks Struggle with Stress Testing



- Difficult to know where to start or how extensive the model needs to be
- Time consuming, manual process
- Lack of readily available, detailed loan performance data on appropriate peer groups
- Expensive to outsource



# QwickAnalytics Delivers

- Easy way to help community banks satisfy regulatory requirements for credit stress testing
- Methods delivered:
  - Peer Loss Experience
  - Your Bank's Loss Experience
  - Reverse Stress Test
- Accessibility:
  - One click to view report
  - Examiner-ready: professional presentation
  - No manual work or hassles

# QwickAnalytics - Credit Stress Test



- Performs three stress tests:

Test 1	Test 2	Test 3
<b>Peer Group Loss Experience</b>	<b>Bank Historical Loss Experience</b>	<b>Reverse Stress Test</b>
The bank's <b>Peer Group Loss Experience</b> has been gathered, evaluated and applied to the subject bank's loan portfolio under varying scenarios of stress.	The bank's actual <b>Historical Loss Experience</b> has been gathered, evaluated and applied to the bank's current loan portfolio under varying scenarios of stress.	A " <b>Reverse Stress Test</b> " has been applied to the bank's own balance sheet, calculating the losses required to reduce the bank's capital to critically undercapitalized levels.

# Extensive and Detailed Stress Tests



- Tests incorporate:
  - Detailed peer baseline & stress-period loss experience by loan category
  - Your bank historical baseline & stress-period loss experience
  - Your bank operating performance
- Range of assumptions:
  - Bank performance and potential loan loss scenarios
  - Default assumptions provides “1-click” Report - financial & peer assumptions are customizable
  - Standard UBPR or customizable peer groups for tracking detailed historical peer loss data

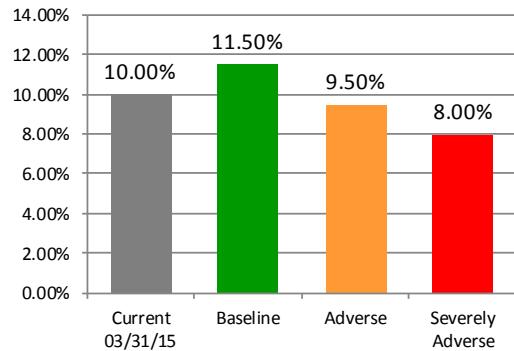
**Resulting output:** Regulator-ready stress test based on empirical data



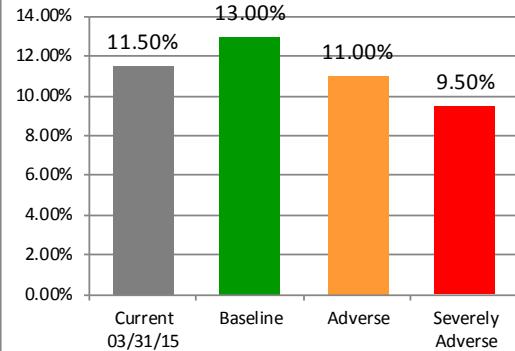
# Quick Look



## Tier 1 Leverage Ratio

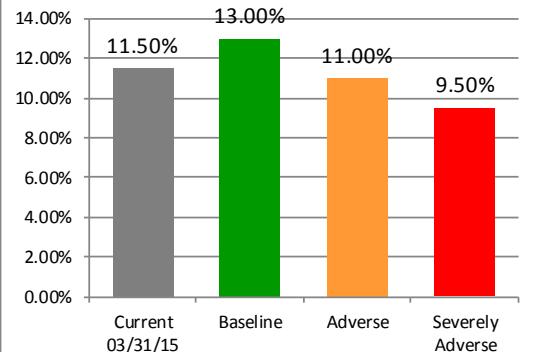


## Common Equity Tier 1 Ratio

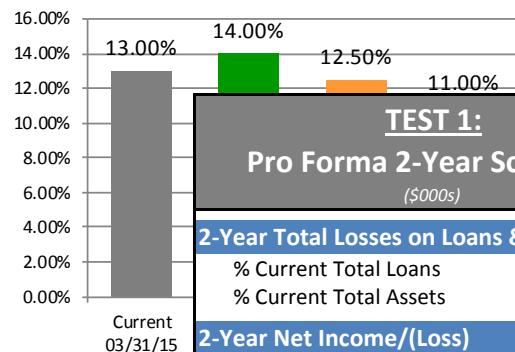


Loan Loss & Capital Impact Summaries in Tabular & Chart Format

## Tier 1 Ratio



## Total Risk-Based Ratio



**TEST 1:**  
Pro Forma 2-Year Scenarios  
(\$000s)

	Current 03/31/15	Baseline Scenario	Adverse Stress Loss Scenario	Severely Adverse Stress Loss Scenario
<b>2-Year Total Losses on Loans &amp; OREO</b>		(\$1,500)	(\$6,000)	(\$10,000)
% Current Total Loans		(0.71)%	(2.86)%	(4.77)%
% Current Total Assets		(0.58)%	(2.30)%	(3.84)%
<b>2-Year Net Income/(Loss)</b>		\$3,500	\$250	(\$2,000)
% Current Tier 1 Capital		14.49%	1.03%	(8.28)%
<b>Pro Forma Capital Ratios</b>				
Regulatory Tangible Equity/Total Assets	9.00%	10.50%	8.50%	7.00%
Tier 1 Leverage Ratio	10.00%	11.50%	9.50%	8.00%
Common Equity Tier 1 Ratio	11.50%	13.00%	11.00%	9.50%
Tier 1 Ratio	11.50%	13.00%	11.00%	9.50%
Total Risk-Based Ratio	13.00%	14.00%	12.50%	11.00%

# Quick Look

## Pro Forma Earnings Impact: Applying Estimated Stressed Losses Against Projected Core Earnings

Earnings Impact	Baseline Scenario	Adverse Stress Loss Scenario	Severely Adverse Stress Loss Scenario
<b>Income Statement:</b>			
Net Interest Income (a)	\$45,000	\$44,690	\$44,513
Other Recurring Noninterest Income	\$9,200	\$9,200	\$9,200
Recurring Noninterest Expense	(\$42,000)	(\$42,000)	(\$42,000)
Pretax, Pre-Provision Recurring Income	\$12,200	\$11,890	\$11,713
Provision to cover 2-year Net Loan Losses	(\$2,400)	(\$9,465)	(\$13,524)
Provision to achieve adequate ALLL (b)	\$0	(\$678)	(\$1,099)
<b>Total Loan Loss Provision Expense</b>	<b>(\$2,400)</b>	<b>(\$10,143)</b>	<b>(\$14,623)</b>
(Loss)/gain on Sale OREO	\$0	(\$1,370)	(\$1,949)
Pretax Income	\$9,800	\$378	(\$4,860)
Income Taxes	(\$3,038)	(\$117)	\$1,506
<b>Net Income</b>	<b>\$6,762</b>	<b>\$261</b>	<b>(\$3,353)</b>
<b>Loan Loss Experience:</b>			
2-Year Net Loan (Losses)/Recoveries	(\$2,400)	(\$9,465)	(\$13,524)
<b>Balance Sheet:</b>			
Gross Loans HFI, net of unearned inc.	\$350,000	\$342,935	\$338,876
<b>Pro Forma Loan Loss Reserve</b>	<b>\$6,200</b>	<b>\$6,878</b>	<b>\$7,299</b>
Pro Forma Loan Loss Reserve/Gross Loans (c)	1.77%	2.01%	2.15%

(a) Subject to changes in levels of earning assets resulting from various loan loss scenarios

(b) As indicated by the bank's historical values, and limited such that the total Loan Loss Provision has a maximum value

(c) May exceed indicated adequate bank historical Loan Loss Reserve ratio in situations where subject bank is over-reserve compared to adequate levels (as indicated by historical levels) by MORE than estimated 2-year losses

Loss Scenarios  
Shown Side by Side

Pro forma 2-year  
earnings, used to  
calculate capital impact

# Quick Look

## What Losses It Will Take to Break the Bank

2-Year Pro Forma Reverse Stress Test	Well Capitalized		Adequately Capitalized		Critically Under- Capitalized	
	Min	Bank	Min	Bank	Min	Bank
<b>Regulatory Capital Ratio Minimums</b>						
Tangible Equity/Total Assets threshold (a)	--	<b>6.97%</b>	--	<b>5.35%</b>	<b>2.00%</b>	<b>2.00%</b>
Tier 1 Leverage Ratio	5.00%	<b>7.61%</b>	4.00%	<b>5.85%</b>	--	<b>2.17%</b>
Common Equity Tier 1 Ratio	6.50%	<b>8.77%</b>	4.50%	<b>6.77%</b>	--	<b>2.54%</b>
Tier 1 Ratio	8.00%	<b>8.75%</b>	6.00%	<b>6.75%</b>	--	<b>2.52%</b>
Total Risk-Based Ratio	<b>10.00%</b>	<b>10.00%</b>	<b>8.00%</b>	<b>8.00%</b>	--	<b>3.77%</b>
<b>2-Year Pro Forma Regulatory Capital Balances</b>						
Tangible Common Equity		\$17,081		\$12,934		\$4,655
Regulatory Tangible Equity (a)		\$16,961		\$12,814		\$4,595
Common Equity Tier 1 Capital		\$16,997		\$12,850		\$4,571
Tier 1 Capital		\$16,961		\$12,814		\$4,535
Total Risk-Based Capital		\$19,384		\$15,187		\$6,787
<b>Earnings &amp; Loss Requirements to Breach Thresholds</b>						
<b>2-Year Net Income/(loss) Required to Breach Threshold</b>		<b>(\$7,134)</b>		<b>(\$11,281)</b>		<b>(\$19,560)</b>
2-Year Pretax Income/(loss) required (b)		(\$11,488)		(\$18,167)		(\$31,499)
Offsetting pretax, preprovision recurring income		<b>\$5,946</b>		<b>\$5,722</b>		<b>\$5,179</b>
Total provision & OREO (losses)/gains required		(\$17,434)		(\$23,889)		(\$36,678)
Less: Portion of provision to achieve required ALLL		<b>(\$217)</b>		<b>(\$1,913)</b>		<b>(\$2,712)</b>
<b>Total Loan &amp; OREO (Losses)/gains Required to Breach Threshold</b>		<b>(\$17,217)</b>		<b>(\$21,975)</b>		<b>(\$33,966)</b>
% of current loans		(8.21)%		(10.47)%		(16.19)%
% of current assets		(6.61)%		(8.44)%		(13.05)%
<b>Other Assumptions</b>						
Required Loan Loss Reserve (c)		1.60%		2.50%		3.00%
Gross Loans (d)		\$192,962		\$188,959		\$179,265
Total Assets (d)		\$243,463		\$239,460		\$229,766
Total Assets for Leverage Ratio (d)		\$222,920		\$218,917		\$209,223
Risk-Weighted Assets		\$193,840		\$189,837		\$180,143

Reverse Stress  
Test



# ***BASEL III***

## ***Capital Planning Model***



# BASEL III: A Primer

## New Capital Requirements & Higher PCA Thresholds

- Common Equity Tier 1 (“CET1”) Capital
- Additional Tier 1 Capital
- AOCI Election

	Previous Minimums		BASEL III Minimums	
	<u>Adequately Capitalized:</u>	<u>Well Capitalized:</u>	<u>Adequately Capitalized:</u>	<u>Well Capitalized:</u>
<b>Leverage Ratio</b>	4.00%	5.00%	4.00%	5.00%
<b>Common Equity Tier 1 Ratio</b>	NA	NA	4.50%	6.50%
<b>Tier 1 Capital Ratio</b>	4.00%	6.00%	6.00%	8.00%
<b>Total Capital Ratio</b>	8.00%	10.00%	8.00%	10.00%

## Transitional Phase-in Period

- Deductions from CET1 phased-in over 5-year period
- Adjustments to AOCI & non-qualified instruments phased-out over time

Transitional Schedule for Capital Components	2015	2016	2017	2018	2019
Phase-in of most deductions from CET1 (incl. threshold items)	40%	60%	80%	100%	100%
Phase-out of AOCI Adjustments	60%	40%	20%	0%	0%
Unrealized gains in AFS securities includable in Tier 2	27%	18%	9%	0%	0%
Non-qual instruments includable in Additional Tier 1 or Tier 2	70%	60%	50%	40%	30%

# BASEL III: A Primer



## Capital Conservation Buffer (“CCB”)

- Begins to phase-in starting 2016, fully phased-in by 2019
- Requires 2.5% buffer above adequately capitalized minimum in order to avoid limitations on capital distributions, such as dividend payments, discretionary payments on tier 1 instruments, share buybacks, and certain discretionary bonus payments to executive officers, including heads of major business lines and similar employees.
- Limitations will be based on trailing 12-months earnings, and will vary in severity depending upon size of capital ratio deficit vs. the qualifying (minimum) Capital Conservation Buffer ratio.

Maximum Payout (% of eligible income)	Capital Conservation Buffer Transitional Phase-in			
	2016	2017	2018	2019
No Limitation	<b>CCB &gt; 0.625%</b>	<b>CCB &gt; 1.25%</b>	<b>CCB &gt; 1.875%</b>	<b>CCB &gt; 2.5%</b>
60%	0.625 ≥ CCB > 0.469	1.25 ≥ CCB > 0.938	1.875 ≥ CCB > 1.406	<b>2.5 ≥ CCB &gt; 1.875</b>
40%	0.469 ≥ CCB > 0.313	0.938 ≥ CCB > 0.625	1.406 ≥ CCB > 0.938	<b>1.875 ≥ CCB &gt; 1.25</b>
20%	0.313 ≥ CCB > 0.156	0.625 ≥ CCB > 0.313	0.938 ≥ CCB > 0.469	<b>1.25 ≥ CCB &gt; 0.625</b>
0%	0.156 ≥ CCB	0.313 ≥ CCB	0.469 ≥ CCB	<b>0.625 ≥ CCB</b>

Minimum + CCB (Fully Phased-in)		
CET1	Tier 1	Total Capital
7.00%	8.50%	10.50%
6.375%	7.875%	9.875%
5.75%	7.25%	9.25%
5.125%	6.625%	8.625%
≤ 5.125%	≤ 6.625%	≤ 8.625%

# Quick Look

## Intuitive, Interactive Projection Scenario Inputs

**User Inputs**

Undo Redo Revert to Default

Balance Sheet Assumptions	LTM	PROJECTED				
	09/30/2015	2015	2016	2017	2018	2019
Annual Asset Growth	19.8%	15.0%	10.0%	10.0%	10.0%	10.0%
Total Assets	\$303,288	\$313,692	\$345,062	\$379,568	\$417,525	\$459,277
Gross Loans / Assets	90%	90%	90%	90%	90%	90%
Gross Loans	\$274,470	\$282,323	\$310,555	\$341,611	\$375,772	\$413,349
Reserves / Total Loans	1.20%	1.15%	1.15%	1.15%	1.15%	1.15%
Loan Loss Reserve	\$3,287	\$3,247	\$3,571	\$3,929	\$4,321	\$4,754
RWA %	89%	80%	80%	95%	95%	95%
Risk-Weighted Assets	\$271,172	\$250,954	\$276,050	\$360,590	\$396,649	\$436,313
Other Important Regulatory Capital Assumptions						
Intangible Assets (excl. GWI & MSAs)	\$175	\$175	\$175	\$175	\$175	\$175
Mortgage Servicing Assets	\$0	\$0	\$0	\$0	\$0	\$0
Earnings & Profitability						
ROAA (%)	0.53%	0.20%	0.20%	0.20%	0.20%	0.20%
Net Income	\$1,490	\$586	\$659	\$725	\$797	\$877

# Quick Look

## Intuitive, Interactive Projection Scenario Inputs



User Inputs						
Balance Sheet Assumptions	LTM	PROJECTED				
	09/30/2015	2015	2016	2017	2018	2019
Dividends on Current Existing Stock						
Common Dividend Payout Ratio	9%	<input type="text" value="20%"/>	<input type="text" value="20%"/>	<input type="text" value="35%"/>	<input type="text" value="35%"/>	<input type="text" value="35%"/>
Existing Common Dividends	\$140	<input type="text" value="\$117"/>	<input type="text" value="\$132"/>	<input type="text" value="\$254"/>	<input type="text" value="\$279"/>	<input type="text" value="\$307"/>
Existing Preferred Dividends	\$0	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>
Projected Additional Capital Raise (Optional)*						
New Common Stock	\$000s:	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$2,500"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>
New Non-Cumulative Preferred Stock (Tier 1)	\$000s:	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>
	Dividend Rate (%):	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>
	Total Dividend:	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>
New Cumulative Preferred Stock (Tier 2)	\$000s:	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$3,000"/>	<input type="text" value="\$0"/>
	Dividend Rate (%):	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>	<input type="text" value="5.00%"/>	<input type="text" value="0.00%"/>
	Total Dividend:	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$150"/>	<input type="text" value="\$150"/>
New Debt (Tier 2)	\$000s:	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>
	Interest Rate (%):	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>	<input type="text" value="0.00%"/>
	Interest Expense:	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>	<input type="text" value="\$0"/>

# Quick Look

## Projected BASELIII Capital Ratios & Surplus/Deficit Analysis

	CURRENT 03/31/2015	PROJECTED				
		2015	2016	2017	2018	2019
<b>Leverage Ratio</b>						
BASEL III Calculation	8.81%	7.76%	7.05%	7.06%	6.38%	5.88%
<i>Tier 1 Capital Surplus/(Deficit):</i>						
Adequately Capitalized	\$13,040	\$11,668	\$10,414	\$11,479	\$9,803	\$8,553
Well Capitalized	\$10,330	\$8,564	\$7,002	\$7,728	\$5,677	\$4,010
<b>Common Equity Tier 1 (CET1) Ratio</b>						
BASEL III Calculation	7.19%	7.36%	6.69%	5.79%	5.22%	4.84%
<i>CET1 Capital Surplus/(Deficit):</i>						
Adequately Capitalized	\$6,835	\$7,185	\$6,035	\$4,654	\$2,851	\$1,486
Well Capitalized	\$1,751	\$2,166	\$514	(\$2,558)	(\$5,082)	(\$7,240)
<b>Tier 1 Capital Ratio</b>						
BASEL III Calculation	9.39%	9.60%	8.72%	7.34%	6.63%	6.13%
<i>Tier 1 Capital Surplus/(Deficit):</i>						
Adequately Capitalized	\$8,626	\$9,025	\$7,498	\$4,849	\$2,505	\$546
Well Capitalized	\$3,541	\$4,006	\$1,977	(\$2,363)	(\$5,428)	(\$8,181)
<b>Total Capital Ratio</b>						
BASEL III Calculation	10.55%	10.85%	9.97%	8.43%	8.48%	7.90%
<i>Total Capital Surplus/(Deficit):</i>						
Adequately Capitalized	\$6,474	\$7,142	\$5,428	\$1,566	\$1,893	(\$427)
Well Capitalized	\$1,389	\$2,123	(\$93)	(\$5,646)	(\$6,040)	(\$9,153)

Regulatory Capital Status	Well Capitalized	Well Capitalized	Adequately Capitalized	Adequately Capitalized	Adequately Capitalized	Under Capitalized

Pro Forma PCA  
Status

# Quick Look

## Qualifying CCB & Projected Maximum Payout Calculations

	PROJECTED				
	2015	2016	2017	2018	2019
Common Equity Tier 1 Ratio	7.36%	6.69%	5.79%	5.22%	4.84%
Less: Adequately Capitalized Minimum	4.50%	4.50%	4.50%	4.50%	4.50%
Capital Conservation Buffer	2.86%	2.19%	1.29%	0.72%	0.34%
 Tier 1 Capital Ratio	 9.60%	 8.72%	 7.34%	 6.63%	 6.13%
Less: Adequately Capitalized Minimum	6.00%	6.00%	6.00%	6.00%	6.00%
Capital Conservation Buffer	3.60%	2.72%	1.34%	0.63%	0.13%
 Total Capital Ratio	 10.85%	 9.97%	 8.43%	 8.48%	 7.90%
Less: Adequately Capitalized Minimum	8.00%	8.00%	8.00%	8.00%	8.00%
Capital Conservation Buffer	2.85%	1.97%	0.43%	0.48%	(0.10%)
 Qualifying Capital Conservation Buffer (a)	 NA	 1.97%	 0.43%	 0.48%	 (0.10%)

As CCB  
Phases-in  
over time

Maximum Payout Calculation					
Total Eligible Income (b)	\$586	\$659	\$725	\$797	\$877
Maximum Payout Ratio	NA	100%	20%	20%	0%
Resulting Maximum Payouts (\$000s)	NA	\$659	\$145	\$159	\$0

# Quick Look

## Capital Required for Unrestricted Payouts

	<u>PROJECTED</u>				
	2015	2016	2017	2018	2019
<b>Common Equity Tier 1 Capital</b>					
Adequately Capitalized Minimum Ratio	4.50%	4.50%	4.50%	4.50%	4.50%
PLUS: Minimum CCB for Unrestricted Payouts	NA	0.625%	1.250%	1.875%	2.500%
Minimum Ratio for Unrestricted Payouts	NA	5.125%	5.750%	6.375%	7.000%
Required CET1 Capital for Unrestricted Payouts	NA	\$14,148	\$20,734	\$25,286	\$30,542
Projected CET1 Capital	\$18,478	\$18,457	\$20,880	\$20,700	\$21,120
CET1 Capital Surplus/(Deficit)	NA	\$4,309	\$146	(\$4,586)	(\$9,422)
<b>Tier 1 Capital</b>					
Adequately Capitalized Minimum Ratio	6.00%	6.00%	6.00%	6.00%	6.00%
PLUS: Minimum CCB for Unrestricted Payouts	NA	0.625%	1.250%	1.875%	2.500%
Minimum Ratio for Unrestricted Payouts	NA	6.625%	7.250%	7.875%	8.500%
Required Tier 1 Capital for Unrestricted Payouts	NA	\$18,288	\$26,143	\$31,236	\$37,087
Projected Tier 1 Capital	\$24,082	\$24,061	\$26,484	\$26,304	\$26,724
Tier 1 Capital Surplus/(Deficit)	NA	\$5,773	\$341	(\$4,932)	(\$10,362)
<b>Total Capital</b>					
Adequately Capitalized Minimum Ratio	8.00%	8.00%	8.00%	8.00%	8.00%
PLUS: Minimum CCB for Unrestricted Payouts	NA	0.625%	1.250%	1.875%	2.500%
Minimum Ratio for Unrestricted Payouts	NA	8.625%	9.250%	9.875%	10.500%
Required Total Capital for Unrestricted Payouts	NA	\$23,809	\$33,355	\$39,169	\$45,813
Projected Total Capital	\$27,219	\$27,512	\$30,413	\$33,625	\$34,478
Total Capital Surplus/(Deficit)	NA	\$3,702	(\$2,941)	(\$5,544)	(\$11,335)

Surplus/Deficit  
Analysis

# In Summary



## QwickAnalytics

### Bank & Peer Performance Reports

### Regulatory Compliance & Planning Tools

### More On The Way...

#### **Eases burdens:**

- Concise
- No manual work
- Easy to follow
- Intelligent analysis, ratios, algorithms and modeling
- One-click

#### **Benefits financial and non-financial readers:**

- Senior management
- Directors
- Shareholders
- Examiners

#### **Includes expert resources:**

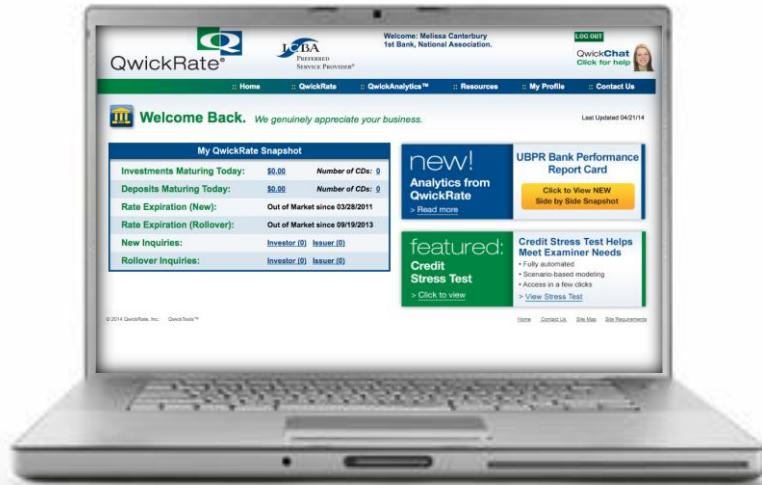
- QwickRate on-staff financial analysis and regulatory experts available.

# Your Next Step

- Subscribe to QwickAnalytics

[www.qwickanalytics.com](http://www.qwickanalytics.com)

- Call us to review
  - Your bank's situation
  - Pricing



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