

NACD BANK DIRECTOR WORKSHOP

Presentation

By

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FLORIDA

OFFICE OF FINANCIAL REGULATION



THE LOAN COMMITTEE

YOUR ROLE ON THE DIRECTORS' LOAN COMMITTEE

- Strategic plan
- Written lending policy
- Level and types of credit risks
- Geographic lending area
- Lending authorities
- Review loans made by bank not requiring director approval

WHAT INFORMATION SHOULD YOU RECEIVE

- Loan delinquencies
- Loan watch list
- Classified loans and action plans
- Participations purchased
- Concentrations in loan types
- Report of independent loan review
- Allowance for loan and lease losses (ALLL)
- Asset growth rate
- Loans made outside of approved policies

State Averages

SUMMARY INFORMATION FOR BANKS IN STATE OF FLORIDA

STAVG

AVERAGE FOR ALL INSURED-COMMERCIAL BANKS IN STATE

BANKS WITH ASSETS > \$500 (2003/2004)

EARNINGS AND PROFITABILITY

PERCENT OF AVERAGE ASSETS:

	12/31/2006	12/31/2005	12/31/2004	12/31/2003	12/31/2002	0-25	25-100	100+
INTEREST INCOME (TE)	6.59	6.81	6.85	6.72	6.96	29.14	6.69	6.82
- INTEREST EXPENSE	3.62	1.73	1.26	1.45	1.99	8.11	3.21	2.75
NET INTEREST INCOME (TE)	4.15	4.07	3.28	3.73	3.83	21.03	4.37	4.06
+ NON-INTEREST INCOME	0.51	0.58	0.67	0.77	0.87	0.07	0.45	0.58
- NON-INTEREST EXPENSE	3.48	3.28	3.25	3.34	3.56	187.48	3.22	2.93
- PROVISION: LOAN & LEASE LOSSES	0.23	0.26	0.24	0.26	0.31	1.21	0.45	0.17
= PRE-TAX OPERATING INCOME (TE)	1.81	1.18	1.10	1.04	1.80	-87.18	-0.63	1.35
+ SECURITIES GAINS (LOSSES)	0.80	0.00	0.80	0.02	0.83	-0.00	NA	0.08
= PRE-TAX NET OPERATING INC. (TE)	1.81	1.18	1.11	1.08	1.84	-87.68	-0.63	1.38
NET OPERATING INCOME	0.88	0.86	0.77	0.75	0.72	-85.58	-0.50	1.18
ADJUSTED NET OPERATING INCOME	0.90	1.08	0.94	0.89	0.89	-82.28	-0.85	1.24
NET INCOME ADJUSTED SUB 5	0.58	0.76	0.69	0.69	0.66	-85.58	-0.80	1.08
NET INCOME	0.88	0.86	0.77	0.75	0.72	-85.58	-0.50	1.18

MARGIN ANALYSIS:

AVG EARNINGS ASSETS TO AVG ASSETS	93.93	93.69	93.20	92.74	93.34	84.38	93.83	94.43
AVG INT-BEARING FUNDS TO AVG ASST	72.65	71.12	72.69	74.58	74.86	29.57	62.37	76.46
INT INC. (TE) TO AVG EARN ASSETS	7.24	6.22	5.43	5.64	6.45	49.38	7.18	7.23
INT EXPENSE TO AVG EARN ASSETS	3.29	1.83	1.36	1.57	2.13	8.94	2.35	2.92
NET INT INC-TE TO AVG EARN ASSET	4.43	4.34	4.07	4.03	4.26	25.16	4.69	4.31

LOAN & LEASE ANALYSIS:

NET LOSS TO AVERAGE TOTAL LN&LS	0.83	0.04	0.87	0.13	0.17	0.08	0.81	0.04
EARNINGS COVERAGE OF NET LOSS(X)	167.36	169.11	71.87	96.13	49.31	NA	181.31	169.43
LN&LS ALLOW TO LN&LS NOT HTS	1.18	1.17	1.20	1.26	1.29	1.32	1.26	1.18
LN&LS ALLOWANCE TO NET LOSSES(X)	78.69	73.03	39.85	32.56	28.13	NA	78.44	79.58
LN&LS ALLOWANCE TO TOTAL LN&LS	1.18	1.17	1.20	1.26	1.29	1.32	1.26	1.18

LIQUIDITY:

NET NON-CORE FUNDING DEPENDENCE	21.71	16.31	13.66	13.62	14.23	-921.73	8.28	26.98
NET LOANS & LEASES TO ASSETS	69.32	68.89	66.90	66.48	63.12	23.32	62.35	72.91

CAPITALIZATION

TIER ONE LEVERAGE CAPITAL	12.21	10.61	9.82	9.38	9.49	145.64	19.49	9.68
CASH DIVIDENDS TO NET INCOME	14.46	11.69	13.36	16.28	14.77	0.08	10.30	17.13
RETAIN EARN TO AVG TOTAL EQUITY	6.84	7.68	6.32	5.62	5.35	-21.34	0.34	8.33

GROWTH RATES:

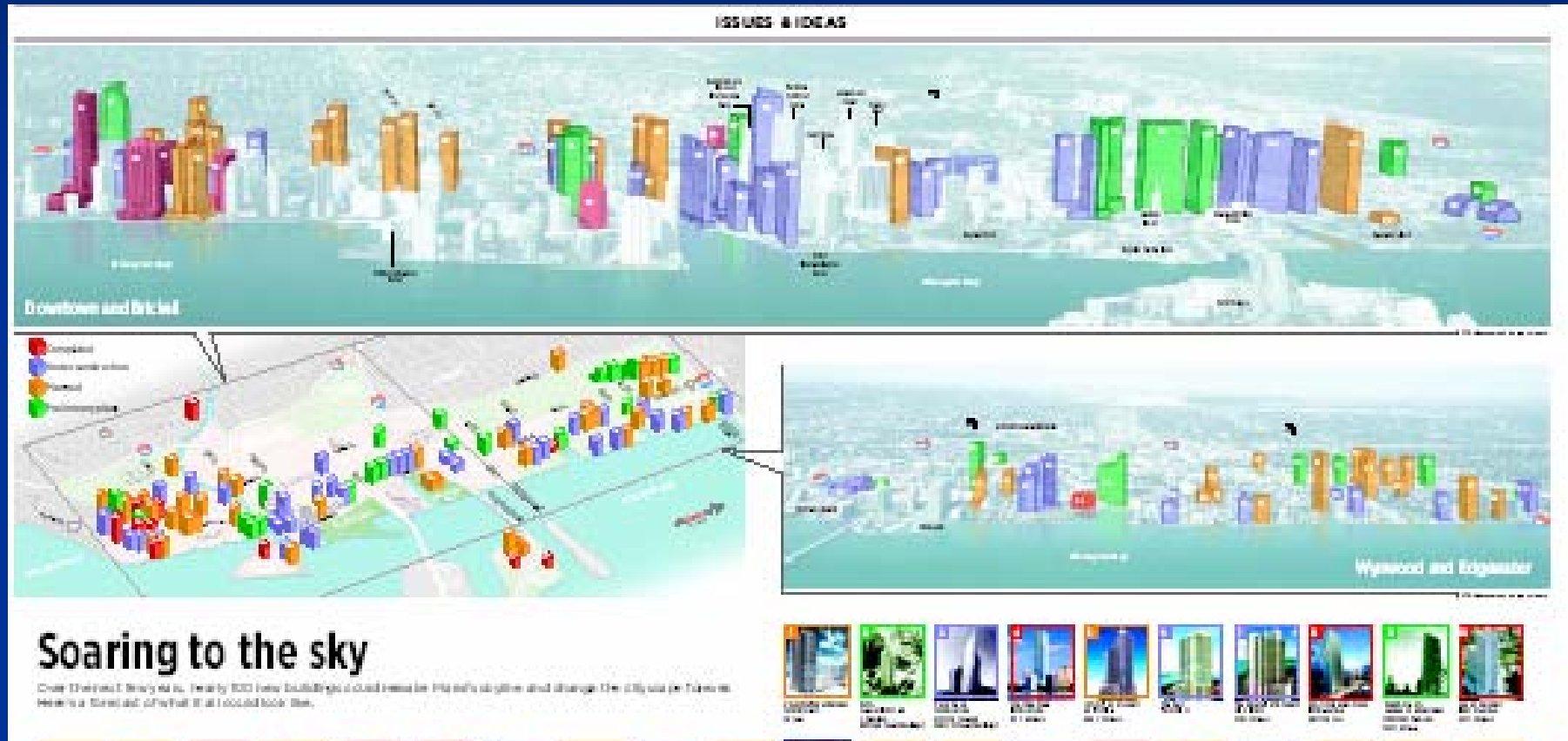
ASSETS	19.71	25.71	25.67	18.28	21.85	182.08	25.55	19.94
TIER ONE CAPITAL	17.84	21.32	21.90	14.08	13.57	-2.12	8.38	19.74
NET LOANS & LEASES	24.34	24.21	26.28	28.31	26.85	1,783.64	49.45	19.44
SHORT TERM INVESTMENTS	75.32	74.91	84.38	18.77	96.87	7.16	29.27	106.63
SHORT TERM NON-CORE FUNDING	33.19	71.02	88.79	19.77	17.21	184.43	120.43	62.53
NON-CURRENT LOANS & LEASES								
TOTAL LN&LS-90+ DAYS PAST DUE	0.80	0.02	0.85	0.08	0.87	0.08	0.81	0.03
- NON-ACCRUAL	0.22	0.13	0.22	0.28	0.39	0.08	0.85	0.51
- TOTAL	0.27	0.19	0.28	0.29	0.50	0.68	0.86	0.57

TOTAL ASSETS (\$BILLIONS)	112,323	96,887	88,784	78,816	71,799	213	4,483	107,817
EQUITY CAPITAL (\$BILLIONS)	12,089	9,608	8,873	7,323	6,686	118	842	11,853
NET INCOME (\$ BILLIONS)	1,267	1,091	964	783	696	-4	32	1,258
NUMBER OF BANKS IN TABULATION	287	298	254	268	258	8	65	193

BE AWARE OF

- CRE/Real Estate Lending Guidelines
- Your bank's legal lending limits
- Credit decisions based on growth goals
- Excess dependence on any one type of lending
- Dependence on wholesale funding
- Ineffective or nonexistent monitoring of participations purchased or construction lending
- Changes in your market place

Current and Prospective Market Conditions



<http://www.miami.com/multimedia/miami/business/archive/skyline/index.html>

Current and Prospective Market Conditions

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today?

STEP INTO HEELS OF TIME-SHARI HOGAN'S WIFE — GOOD LIVING, PG

**JACQUELINE
SIEGEL'S WORLD**

FLORIDA MAGAZINE
Arts, entertainment
season preview

Orlando Sentinel

SENTINEL.COM SUNDAY, AUGUST 20, 2006 FINAL EDITION 3

Soaring condo plans come down to earth

By JACI BRONK
METRO STAFF WRITER

The sophisticated focus in condominium trends is rescaling Orlando's skyline. But with fewer than half of the 30 announced projects completed or under construction, the timing — even the survival — of the rest is up in

question because of rising costs and prices.

Developers who a couple of years ago could have set back and taken deposits from eager buyers before starting work on a building are now building ferociously for attention, hoping to meet enough sales to justify a contractor's bid.

Those 18 unbuild projects

are competing not only with one another but with the eight towers that are being built and with sales in the four that are already open. They also have to contend with the thousands of apartment units in apartment-to-condo conversions.

Two of the towers now str-

As her parents, Ernie and Dora, look at condominiums in downtown Orlando recently, Taylor Kelle, 8, takes in the view of the skyline in The Sanctuary, near Lake Nona. The Kelleys live in the Dr. Phillips area.



Training and Information

Information about all facets of directors' responsibilities and the laws and rules that regulate are available at:

- www.flofr.com
- www.occ.treas.gov
- www.fdic.gov
- www.federalreserve.gov/boarddocs/srletters
- www.stlouisfed.org/col/director/agenda.htm
- www.atlantafed.org
- www.ots.treas.gov
- www.ffiec.gov

Questions

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