

90 Day Note

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Survival Plan for Community Banks

By: Stephen Clinton, Consultant, Young & Associates, Inc.
President, Capital Market Securities, Inc.

We recently spoke to a banking trade group on the topic of developing a community bank survival plan. The topic of survival is important as we acknowledge that over 10,000 banks no longer exist that were around in 1990. This article summarizes the key points covered in this presentation.

A community bank survival plan should include a focus on five areas:

- Comprehension of market conditions
- Good management and an effective board of directors
- Development and maintenance of an effective strategic plan
- Focus on shareholders
- Effective risk management

Comprehension of Market Conditions

Well-run banks focus on remaining aware of the environment that they operate in. This includes local and national factors, as well as industry issues. Keeping abreast of market pricing and industry financial performance ratios is important, and there are a variety of resources at the disposal of banks to remain informed.

Good Management and an Effective Board of Directors

There is much that can be written about what is good, effective management. We encourage banks to develop a board of directors that provides the following to their bank:

- Guidance
- Risk evaluation
- Management development
- Focus on the needs of the community
- Oversight

The following is a matrix regarding the skill set for bank management that we see in healthy banks:



Inside This Issue:

Pass the Word - Register to Receive the 90 Day Note by E-mail.....2

Online and Mobile Banking Update3

Capital Market Commentary.....4

Real Estate Appraisal and Evaluation Program Development.....5

Understanding the Importance of Statistical Analysis to Your Fair Lending Program7

Young & Associates, Inc. Welcomes Michelle Graber, CRCM9

Capital Stress Testing Model 10

Appraisals and Evaluations Policy 10

Liquidity Cash Flow Planning and Stress Testing Model 10

Liquidity Contingency Funding Plan 10

Liquidity Toolkit 10

↓ (continued on next page)

An Effective Strategic Plan

The goals from strategic planning should include:

- Providing a framework to make decisions
- Providing a basis for more-detailed planning
- Team building
- Providing benchmarks and performance monitoring
- Stimulating change

Strategic planning can be more or less comprehensive depending upon the needs of the bank. There is not a need to throw out the old strategic plan and adopt a new plan every two years! We discussed a variety of objectives that may be a part of the planning exercise and typical strategies that we often see banks employ.

Focus on Shareholders

Banks sometimes lose focus on their shareholders' expectations. Those expectations include the fiduciary responsibilities owed to the shareholders as well as financial expectations. Financial expectations we listed include the following:

- Return
- Safety
- Liquidity

We spoke about factors that influence market pricing for banks, and pointed out that bank management has significant control over market perception, the level and stability of earnings, balance sheet composition, and liquidity. Bank management has little control over the final component of market value, which is the investors' view of the general banking industry.

Effective Risk Management

Banks that wish to survive must manage risk well. We spoke about the following areas of risks:

- Operating risk
- Credit risk
- Interest rate risk
- Liquidity risk
- Regulatory risk

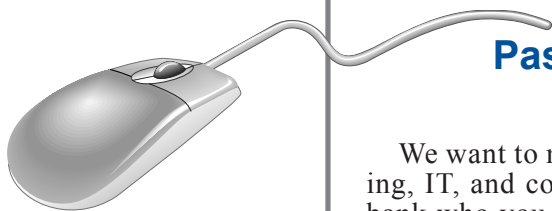
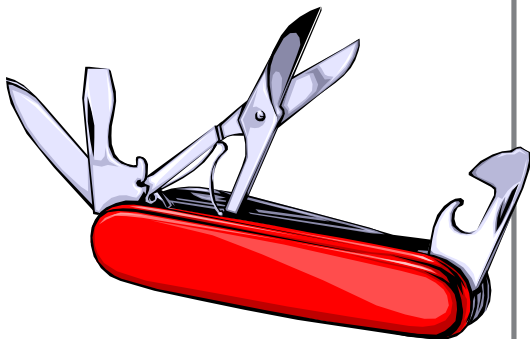
Conclusion

Young & Associates, Inc. is a firm dedicated to helping community banks survive and prosper. It is our belief that community banks can be successful, even in this difficult time for banks. We encourage bankers to consider the five noted areas of our survival plan to ensure that they will remain as survivors.

For more information on this article and how Young & Associates, Inc. can assist your bank in prospering in today's banking environment, contact Steve Clinton at 1.800.376.8662 or sclinton@younginc.com. □

Pass the Word – Register to Receive the 90 Day Note by E-mail!

We want to make sure everyone at your bank gets the management, lending, IT, and compliance information they need. If there are others at your bank who you think would like to receive the *90 Day Note* let them know that they can sign up to receive the newsletter at www.younginc.com/news today. Registration is easy – just fill out the form and hit submit. There is no limit to the number of e-mail subscriptions available. We hope that your bank finds the *90 Day Note* to be a useful resource in running a profitable community bank. □



Online and Mobile Banking Update

By: Steve Brown

President and CEO, Pacific Coast Bankers' Bank / Bancshares
Chairman, PCBB Capital Markets

Note: This article is reprinted from the October 18, 2011 issue of *Bank Investment Daily*, published by Pacific Coast Capital Markets, a subsidiary of Pacific Coast Bankers' Bancshares and an affiliate company of Pacific Coast Bankers' Bank.

An interesting thing happened on the road of technology in banking. First, the branch was cool, then it was the ATM, then it was online banking and then it was mobile banking. Now, what is sort of old is new again, with online banking usage surging. Whether driven by the laptop, convenience or the iPad, people love to use online banking, so we thought it was time to update some of the information around this delivery channel once again.

To begin, a recent study by Barlow finds three banks dominate when it comes to the share of business internet banking users at a combined 29%. These banks are Wells Fargo (11%), Bank of America (10%) and JP Morgan (8%). The rest of the top 10 largest banks hold a much lower share of the business, at around the 2% to 3% range. The rest of the large banks with \$50B or more in assets only hold 12%. As for community banks with less than \$1B in assets, the news is good, as this group holds a 23% marketshare. That is higher than banks with assets \$1B to \$50B, which sit at only about 17%. This makes good sense, when you consider other studies that have found 60% of small businesses and 82% of medium sized businesses use online banking for their business.



A new survey by the American Bankers Association surfaced something shocking about online banking that all community banks should know. The survey found that 57% of bank customers 55 and older now say they prefer online banking compared to only 20% last year. That is a huge surge and it has many bankers reconsidering the size of their branch networks and how much money they spend enhancing the online banking channel. Other findings from that survey indicate that 62% of all age groups prefer online banking (up from 36% last year), compared to other channels. In fact, by channel, branches slid to 20% vs. 25% in 2010; ATMs dropped to 8% vs. 15%; mail fell to 6% vs. 8%; phone slipped to 3% from 6% and mobile banking fell to 1% from 3% in 2010. Experts say the sharp shift reflects greater comfort in online banking, convenience, security and the fact that more people are using computers and the internet for a broader array of reasons every day.

You may be wondering about mobile and why the survey shows it has decreased as a preferred banking channel. Despite the fact that smartphone growth is increasing at about 25% per year, mobile banking isn't keeping pace. Small screens make moving around more difficult and security is a key concern. Surveys find people just don't yet feel smartphones are safe enough yet, so there is more to do here for the banking industry. The good news is that recent data from Bank of America finds the bank has nearly 8mm mobile banking users, 1mm of which use text messaging, while nearly 7mm use web browsers. Citigroup also believes in the viability of this channel longer-term, having just announced a new mobile service for business customers that lets them set and receive alerts about account balances and overdrafts, approve wires, approve other payments, access cash positions and access other account information. Citi points to a survey by Aite that finds 33% of treasury executives are likely or very likely to use a mobile device to performance advanced banking functions if their bank offered it.

Finally, we turn to a survey by global domain registrar company Melbourne IT that looked at the techniques people use to make sure the online banking website they are using is legitimate. It found 47% do so by checking to see whether the site looks familiar; 46% check for the padlock; 45% check to see

whether the web address is correct; and 6% don't check anything.

Clearly the online banking channel is thriving and it bears a close review by community bankers. Start by comparing your web site features and benefits to the biggest banks so you know what you are missing and then see how you can leverage this channel even further, as you promote different types of services to different users.

For more information on this article, contact Steve Brown, President and CEO, Pacific Coast Bankers' Bank / Bancshares and Chairman, PCBB Capital Markets, at 1.877.777.0412.

About Pacific Coast Bankers' Bank (PCBB)

Pacific Coast Bankers' Bank is one of the nation's leading correspondent banks. Together with its affiliate, PCBB Capital Markets, the company is dedicated to providing innovative, high-quality, and competitively priced services to community banks throughout the country. For more information on PCBB, visit www.pcbb.com. □

Capital Market Commentary

*By: Stephen Clinton, Consultant, Young & Associates, Inc.
President, Capital Market Securities, Inc.*

Market Update

The index of U.S. leading economic indicators in September suggests that the economy faces a slower rate of growth and soft economic conditions through the end of 2011. The 0.2% value is the lowest since April. The following highlights certain areas of the economy that merit watching:

- *GNP* – The U.S. economy expanded at 1.3% in the second quarter after growing 0.4% in the first quarter.
- *Unemployment* – The jobless rate was reported at 9.1% in September.
- *Interest Rates* – Short-term interest rates remain at historical lows while long-term rates have fallen approximately 100 basis points since year end. The Fed has indicated plans to hold short-term rates low for some time and “Operation Twist” has helped lower longer-term interest rates.
- *Real Estate Values* – The double-dip drop in home prices that began in 2010 continued into 2011, with prices falling in the first quarter of 2011 in 302 out of 384 metro areas tracked by the Case-Shiller Index. The decrease was an average of 5.1%. Price declines in the quarter were also driven by a jump in foreclosure sales, which were temporarily stalled by loan processing issues that surfaced at the end of 2010.
- *Home Sales* – Sales of existing homes fell 3% in September with distressed homes accounting for 30% of the existing-home market.
- *Oil Prices* – Oil has mostly traded in a range between \$80 and \$90 a barrel for the last 2½ months.
- *European Problems* – While agreement has been reached to strengthen the European Financial Stability Fund, the euro zone's rescue fund, two other major issues that need to be resolved are recapitalizing European banks and addressing Greece's debt troubles.

As of October 19, the Dow Jones Industrial Index had fallen 0.63% in 2011 compared to the Nasdaq Composite Index's decline of 1.84%. The banking sector declined significantly more, with the Nasdaq Bank Index posting a decrease of 17.59%.



A review of the earnings announcements of major U.S. banks indicates a continuing improvement in profitability and a shrinking of problem assets. Most banks are struggling with a lack of loan demand and many are facing significant net interest margin compression. Bank price multiples are significantly below historical levels with many strong banks trading below book value and at single-digit earnings multiples.

Merger and Acquisition Activity

Through October 19, 2011, there were 122 bank and thrift announced merger transactions. This level of activity is comparable to last year. The median asset size for bank sellers was \$127 million and almost half of the selling banks were unprofitable. The median price to tangible book for transactions involving bank sellers this year was 111%. This is far below the 2½ times tangible book multiple that bank sellers of similar size averaged from 2005 to 2007. While there may be some blockbuster merger announcements coming, we expect the majority of bank mergers in the near future will represent struggling banks being bought by neighboring banks seeking to “fill in” their market footprint or consolidate their market foothold.

Capital Market Services

Young & Associates, Inc. has a successful track record of working with our bank clients in the development and implementation of capital strategies. Through our affiliate, Capital Market Securities, Inc., we have completed transactions totaling over \$400 million in deal value. For more information on our capital market services, please contact Stephen Clinton at 1.800.376.8662 or scClinton@younginc.com. □

Appraisals and Evaluations Policy

See page 10 for information on Young & Associates, Inc.'s customizable Appraisals and Evaluations Policy.

Real Estate Appraisal and Evaluation Program Development

By: Kyle Curtis, Senior Consultant

Does your institution have an appropriate real estate appraisal and evaluation program in place that complies with the *Interagency Appraisal and Evaluation Guidelines*?

The agencies have come together for the first time since 1994 and issued *Interagency Appraisal and Evaluation Guidelines* intended to clarify their real estate appraisal guidelines and promote a sound real estate collateral valuation program. The new guidelines reflect the evolution of real estate collateral valuation practices and provide guidance and expectations for risk management principles and control measures for institutions' appraisal and evaluation programs. The guidelines reflect changes in industry practice, uniform appraisal standards, and available technologies, and also incorporate recent supervisory issuances, as well as provisions from the Dodd-Frank Wall Street Reform and Consumer Protection Act.

An institution's board is responsible for reviewing and adopting policies and procedures that establish and maintain an effective, independent real estate appraisal and evaluation program for all of the bank's real estate lending activities. An institution's real estate appraisal and evaluation policies and procedures will be reviewed as part of the examination of the institution's overall real estate lending activities. Examiners are increasingly citing banks for maintaining unsafe and unsound appraisal and evaluation programs.

While most provisions serve to clarify or update existing requirements, there are several new provisions that will affect real-estate lending practices, costs, and policies at community banks. Among them are new requirements for evaluations, safeguarding independence, and the use of third-party appraisals.

Clarification of Minimum Appraisal Standards

The guidelines provide clarification of the five appraisal standards in the agencies' appraisal regulations. In addition to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 provisions, the regulations require that appraisals for federally-related transactions contain adequate information to support the institution's credit decision. The level of detail should be adequate to understand the appraiser's analysis and opinion of the market value, deductions and discounts for a loan to finance proposed construction or renovation, partially leased buildings, non-market lease terms, and tract developments with unsold units. The guidelines also address the definition of market value in an appraisal for a loan to finance a development and construction real estate project, and emphasize that an institution should consider the appraiser's education and experience to assess competency for an appraisal assignment, and the use of a state-certified or licensed appraiser.

Independence of the Appraisal and Evaluation Program

An institution should maintain standards of independence as part of an effective collateral valuation program for real estate lending activity. The collateral valuation program is a vital component of the credit underwriting process and should be segregated from the institution's loan production staff. The guidelines state lending staff should refrain from the approval of the loan for which they order or review an appraisal or evaluation. Institutions should be aware of separate requirements on mortgage transactions secured by a consumer's principal dwelling under Federal Deposit Insurance Corporation Regulation Z, Truth in Lending.



Who Should Perform Appraisals or Evaluations?

Although evaluations for low-risk loans under \$250,000 are still permitted, the agencies have specified that only individuals independent of the loan production process may be permitted to perform evaluations. The guidelines stress the importance of incorporating a selection process to ensure a qualified, competent, and independent person is selected to perform a valuation assignment. Institutions should maintain documentation to demonstrate the appraiser or individual performing an evaluation is competent, independent, and has the relevant experience and knowledge. The collateral valuation program should establish parameters to evaluate and monitor the performance of the appraiser and anyone who performs evaluations.

Exempt Real Estate Transactions

Most real-estate-related financial transactions worth more than the appraisal threshold require appraisals. However, the agencies' appraisal regulations exempt certain real-estate-related financial transactions from the appraisal requirement. The guidelines provide additional clarification.

Evaluation Development and Content

The guidelines state the evaluation should contain sufficient information detailing the analysis, assumptions, and conclusions to support the credit decision, and also list the minimum information needed in the evaluation. An evaluation should support the institution's decision to engage in a transaction and must be consistent with safe and sound banking practices. A valuation method should address the property's actual physical condition and characteristics as well as the economic and market conditions that affect the estimate of the collateral's market value.

Evaluation Alternatives

The agencies acknowledge that institutions have alternatives for developing an estimate of market value. An institution must determine that evaluation alternatives, such as an automated valuation model (AVM) or tax assessment valuation (TAV), provide a reliable estimate of the collateral's market value prior to entering into the transaction. An institution should perform appropriate due diligence in selecting an AVM and know the sources and types of data used in a model, as well as the frequency of updates, and should be familiar with the modeling techniques used by the external provider. Standards and

"The agencies expect institutions to maintain a robust review process to ensure appraisals and evaluations support their credit decisions."

procedures can be established for model validation testing and monitoring. The depth and extent of an institution's validation process should be based on the materiality and complexity of the risk being managed.

Data provided by local tax authorities may be used as a basis for establishing an estimate of market value for the collateral in a transaction, as permitted by the agencies' appraisal regulations. Institutions must determine and document how their jurisdiction calculates TAVs and how often property revaluations occur.

When Should a Collateral Valuation Be Updated or Replaced?

The guidelines stress the importance of sound portfolio monitoring principles that describe criteria for when an institution should replace or update collateral valuations for existing real estate loans. The criteria used to determine when a new appraisal or evaluation should be obtained may include the appropriateness of the valuation tool or methodology, the age of the previous appraisal or evaluation, property type, current market conditions, current use of the property, improvements to the property or competing properties, lack of maintenance of the property or competing properties, or changes in zoning and environmental contamination. As an institution's reliance on collateral becomes more critical, policies and procedures should ensure management has access to timely information to assess the collateral's value and related risk. Policies and procedures should focus on the need to obtain current valuation information for collateral supporting an existing credit that may be modified or considered for a loan workout. The documentation in the credit file should provide the evidence and analysis to support the institution's conclusion about the validity of the existing appraisal or evaluation. Examiners may require an institution to obtain an appraisal or evaluation when safety concerns arise on an existing real-estate-secured credit.

Risk-Based Approach to Review of Appraisals and Evaluations

The guidelines emphasize the importance of a risk-based approach to an institution's review of appraisals and evaluations. A risk-based review program should be implemented to determine the review needed to ensure appraisals and evaluations are acceptable. The expectation of a risk-based program would include a more comprehensive review of appraisals supporting transactions that present higher credit risk to the institution. The extent of the review will depend on the type and risk of the transaction and the process through which the appraisal or evaluation is obtained. The agencies expect institutions to maintain a robust review process to ensure appraisals and evaluations support their credit decisions.

Contact Kyle Curtis at Young & Associates, Inc. for an audit of your bank's current program at 1.800.525.9775 or kcurtis@younginc.com. □

Understanding the Importance of Statistical Analysis to Your Fair Lending Program

By Andy Barksdale, EVP, TruPoint Partners

Regardless of which political party is running this country, Democrats or Republicans, there will always be a desire to ensure that lending practices are fair. Today statistical analysis is being employed by regulators to uncover potential patterns of discrimination. In defense of their practices, banks can perform custom regression analysis, using their specific underwriting policies, to determine if underwriting guidelines were applied consistently for all applicants, regardless of race, gender, or other prohibited basis. Proactive review of your lending portfolio using regression analysis can be an important step in mitigating the risks of unintended discrimination.

Regression Explained at a College Football Level

Regression analysis is a statistical tool measuring the link between two or

more phenomena. To grasp the basic concept, take the simplest form of a regression: a linear, two-variable regression, which describes the relationship between two phenomena. Now suppose you are wondering if there is a connection between the time college football teams practice and their number of victories. These types of data can be plotted as points on a graph, where the x-axis is the average number of hours per week a team practices, and the y-axis represents victories. Together, the data points will typically scatter a bit on the graph. The regression analysis creates the single line that best summarizes the distribution of points. The typical distance between the line and all the points (sometimes called the “standard error”) indicates whether the regression analysis has captured a relationship that is strong or weak. The closer a line is to the data points overall, the stronger the relationship.

With that said, it is important to understand that correlation is not causation. Even a line that fits the data points closely may not say something definitive about causality. It is possible that some teams succeed because they practice long hours. It is also possible that some teams win because they have better athletic abilities. Some teams may practice all the time, but do not benefit from it. Perhaps there would be a stronger correlation between team victories and the coaching. In other words, it is possible that the story that emerges from the data may not be the whole story. It takes critical thinking and careful studies to locate meaningful cause-and-effect relationships. But at a minimum, regression analysis helps establish the existence of connections that call for closer investigation.

It takes critical thinking and careful studies to locate meaningful cause-and-effect relationships. But at a minimum, regression analysis helps establish the existence of connections that call for closer investigation.

Regression and Fair Lending

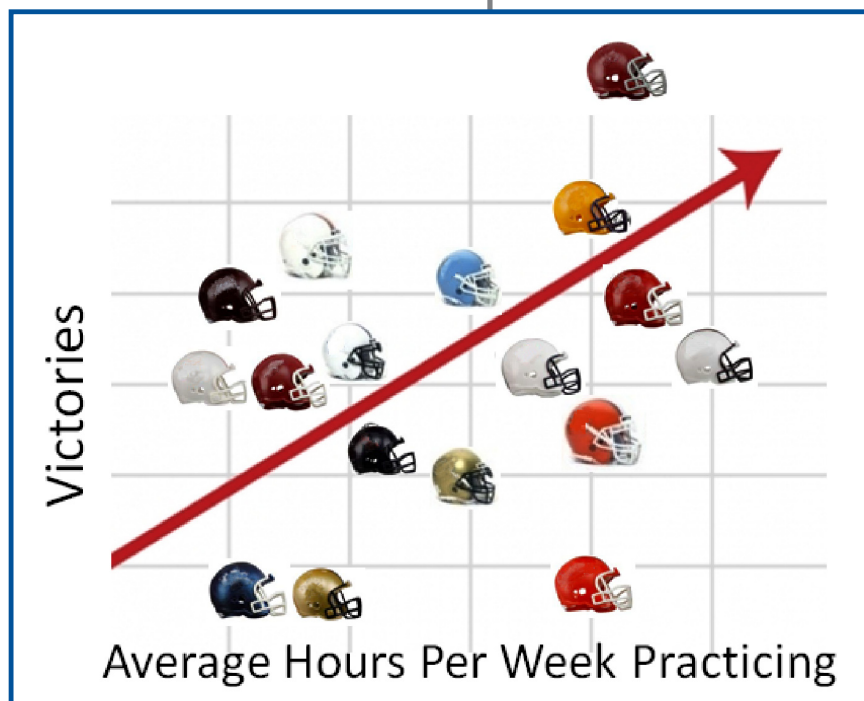
Under the fair lending umbrella, regression analysis examines the relationship between a dependent response variable, in this case race or another prohibited basis, and one or more independent or predictor variables, such as credit scores, loan-to-value, debt-to-income, etc. Examiners are using regression analysis as a method of determining whether race or another prohibited basis is a significant factor in pricing or underwriting decisions, while holding constant variables such as credit scores. In other words, regression analysis uses statistical techniques to evaluate the extent to which one

or more variables predict the outcome of another variable.

Determining the variables in each bank-specific model requires an understanding of credit underwriting processes at each institution. Accurately reflecting how transactions are processed and underwritten is important in any fair lending exam. Variables for which data elements are collected are based on the bank’s manuals along with conversations with the financial institution to determine the familiar underwriting qualifications such as loan-to-value, debt-to-income, etc. The less “rigid” underwriting rules appear to be in practice, the more suitable it is to use a statistical model.

Because the circumstances for each bank vary, there is no single regression analysis model that may be generically applied to all financial institutions. Examiners will typically start the regression analysis by reviewing the bank’s underwriting policies guidelines to determine the predictor variables that the institution believes will predict the performance of the loan. Next, the examiner will typically add a response variable to determine if that factor (e.g., race) has predictive value to the outcome (e.g., pricing). The challenge is to obtain a model that has strong predictive power with predictor variables that are relevant to the underwriting decision.

Typical regression testing for lending compliance involves segmenting the loan data by product, channel, loan purpose, loan type, dwelling type and



Young & Associates, Inc. Welcomes Michelle Graber, CRCM

Will Enhance Compliance Division

We are pleased to announce the addition of Michelle Graber, CRCM, to the Compliance Division at Young & Associates, Inc. Michelle has over 24 years of community banking experience. As a compliance consultant at Young & Associates, Inc. she specializes in all areas of regulatory compliance, where she conducts compliance reviews, facilitates compliance seminars and workshops, and responds to client inquiries and compliance issues. During her career, Michelle spent 13 years as a compliance officer and CRA officer for a small community bank. She has been a lender for consumer, commercial, and mortgage loans, and has served as branch manager for numerous branch locations, including branch administration and development. Michelle holds a BA in Public Relations from the University of Toledo and is a Certified Regulatory Compliance Manager. Please join us in welcoming Michelle to the company. She can be reached at 1.800.525.9775 and mgrab@younginc.com. □

market, in addition to other control variables. If loan volume is low, this division of the data into so many segments may result in insufficient data for development of a reliable model.

Looking for Disparate Impact

A bank's lending policies are judged to have "disparate impact" if they have a disproportionate adverse impact on members of a minority class. A disparate impact occurs unintentionally, where there is no intent to discriminate, but closer examination shows that a lender's policies and practices inadvertently impacted a protected class of borrowers. Statistical models used in fair lending exams test for disparate impact while controlling for the bank's underwriting criteria. Specific protected-class groups may require further analysis to test if they are more likely to be treated differently than their non-protected-class counterparts relative to underwriting and pricing decisions when all relevant factors having a bearing on the credit decision have been considered.

Conclusion

The growth of automated underwriting systems makes it easier to detect patterns in lending. However, it is rare to find a bank that relies completely and solely on automated loan rating systems to extend credit. Most financial institutions employ underwriting overrides and make exceptions. To the extent that overrides remain judgmental, the system is not truly automated and the potential for disparate treatment remains.

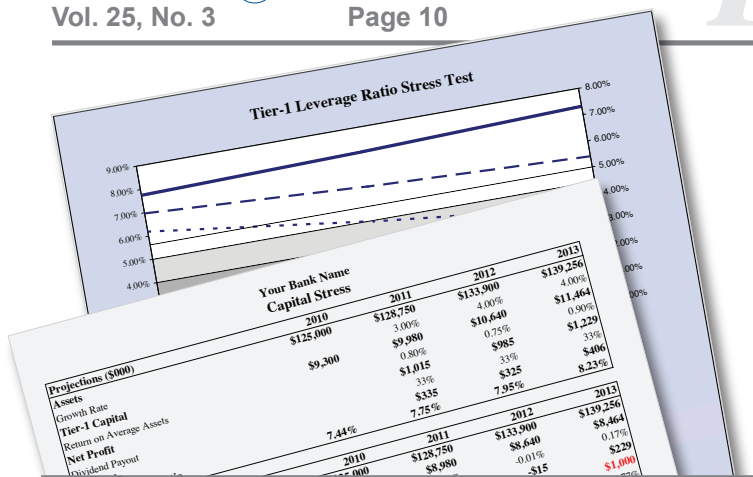
The larger banks have internal staffs that can proactively analyze fair lending through statistical models. Rather than just responding to regulator requests as they look for causation, this proactive approach helps the large financial institutions better prepare for their lending exams by being prepared with documentation and explanation to explain their policies more fully. Community and regional financial institutions can also be proactive by working with cost efficient outsourcing firms, like TruPoint Partners, who can walk them through the statistical analysis process, as well as provide guidance on how to analyze and address the outcomes. Again, correlation is not causation.

While increasingly popular, regression analysis is not for every financial institution. TruPoint Partners uses experience and expertise to determine if regression analysis should be an integral part of your Fair Lending compliance program.

For more information on regression analysis and how it might benefit and enhance your bank's Fair Lending compliance program, contact Bill Elliott, Senior Consultant and Head of Compliance at Young & Associates, Inc., at 1.800.525.9775 or bille@younginc.com, or Andy Barksdale, EVP, TruPoint Partners, at 704.944.1031 or abarksdale@trupointpartners.com.

About TruPoint Partners

TruPoint Partners helps financial institutions better understand, manage, and utilize their lending data to improve their business, decrease risk, meet compliance requirements, and increase profitability. They provide innovative, economical, and efficient compliance tools, with a focus on finding ways to make the process of gathering, aggregating, and analyzing the financial institution's lending data more efficient and productive while meeting compliance requirements cost effectively. Their products and services are designed to help financial institutions avoid lending violations while ensuring a balance between sound lending practices and credit risk management. Learn more by visiting www.trupointpartners.com. □



Capital Stress Testing Model (#288) – \$149

A practical risk management tool that will assist bank management and the board in conducting effective, proactive capital planning. Easy-to-use and understand, this Microsoft® Excel-based spreadsheet allows you to create useful “what-if” scenarios to determine the impact of unexpected change in net income on the bank’s capital level over a three-year period. While not a regulatory requirement, a capital stress test provides an important tool for the development of a capital contingency plan.

System Requirements: Microsoft Excel 2002 and higher

Appraisals and Evaluations Policy (#124) – \$225

Incorporates the requirements of the *Interagency Appraisal and Evaluation Guidelines* released on 12/10/10.

This customizable policy template covers:

- Appraiser and Evaluator Qualifications and Selection
- Engagement Letters
- Appraisals From Other Financial Institutions (including purchased participations)
- Third-Party Arrangements
- Useful Life of Appraisals
- Appraiser/Evaluator/Lending Staff Independence
- Appraisal/Evaluation Review
- Appraisal Audits for Loans Sold on the Secondary Market
- Reappraisals or Reevaluations of Collateral
- Representations and Warranties

Liquidity Cash Flow Planning and Stress Testing Model (#271) – \$950

Perform quantitative liquidity assessments as required by the *Interagency Guidance on Funding and Liquidity Risk Management*.

- Forecast funding sources, funding needs, and cash flow gaps
- Monitor availability of contingent liquidity
- Monitor funding concentrations and dynamic cash flow ratios
- Perform liquidity stress testing and multiple-scenario what-if analyses

System Requirements: Microsoft® Excel

Liquidity Contingency Funding Plan (#272) – \$275

Provides a written contingency funding plan as required by the *Interagency Guidance on Funding and Liquidity Risk Management*. Delineates strategies and actions addressing potential liquidity shortfalls in emergency situations. Includes identification of stress events, stress levels, early warning indicators, parameters for liquidity stress testing, sources of funds and funding strategies, lines of responsibility and communication, as well as a detailed crisis action plan.

Liquidity Toolkit (#273) – \$1,250*

Includes:

- Liquidity Cash Flow Planning and Stress Testing Model (above)
- Liquidity Contingency Funding Plan (above)
- Customizable Liquidity Management Policy – regularly \$175

* Save \$150 when you purchase the Liquidity Toolkit!

Visit www.younginc.com to learn more about all of our products and services designed for the community bank.

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