

# **Loan Portfolio Performance and Peer Analysis**

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**Sample Thrift  
March 31, 2009**



Consultants to the Financial Industry

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# Table of Contents

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<b>Introduction.....</b>	<b>1</b>
<b>Peer Group Information .....</b>	<b>2</b>
<b>Peer Comparison Summary and Impact Analysis .....</b>	<b>3</b>
<b>Aggregate Portfolio Analysis.....</b>	<b>5</b>
Loan Portfolio Composition as of December 31, 2005 .....	6
Loan Portfolio Composition as of March 31, 2009.....	6
Yield on Total Loans and Leases .....	7
Percentage Growth in Net Loans & Leases .....	7
Percentage Growth in Tier I Capital.....	8
Percentage of Total Loans & Leases 30-89 Days Past Due to Gross Loans & Leases .....	8
Percentage of Total Loans & Leases 90 Days Past Due / Non-Accrual to Gross Loans & Leases .....	9
Percentage of Net Losses to Average Total Loans & Leases .....	9
Percentage of ALLL to Total Loans & Leases .....	10
<b>Commercial Loans.....</b>	<b>11</b>
Percentage of Commercial Loans to Average Gross Loans & Leases .....	12
Concentration of Commercial Loans as a Percentage of Total Capital.....	12
Percentage of Commercial Loans 30-89 Days Delinquent.....	13
Percentage of Commercial Loans 90 Days Past Due / Non-Accrual .....	13
Net Losses as a Percentage of Commercial Loans .....	14
<b>Non-Residential Property Loans.....</b>	<b>15</b>
Percentage of Non-Residential Property Loans to Average Gross Loans & Leases .....	16
Concentration of Non-Residential Property Loans as a Percentage of Total Capital.....	16
Percentage of Non-Residential Property Loans 30-89 Days Delinquent.....	17
Percentage of Non-Residential Property Loans 90 Days Past Due / Non-Accrual.....	17
Net Losses as a Percentage of Non-Residential Property Loans.....	18
<b>All Construction Loans .....</b>	<b>19</b>
Percentage of All Construction Loans to Average Gross Loans & Leases .....	20
Concentration of All Construction Loans as a Percentage of Total Capital .....	20
Percentage of All Construction Loans 30-89 Days Delinquent .....	21
Percentage of All Construction Loans 90 Days Past Due / Non-Accrual.....	21
Net Losses as a Percentage of All Construction Loans .....	22
<b>Land Loans.....</b>	<b>23</b>

Percentage of Land Loans to Average Gross Loans & Leases .....	24
Concentration of Land Loans as a Percentage of Total Capital.....	24
Percentage of Land Loans 30-89 Days Delinquent.....	25
Percentage of Land Loans 90 Days Past Due / Non-Accrual .....	25
Net Losses as a Percentage of Land Loans.....	26
<b>1-4 Family Closed End Mortgages .....</b>	<b>27</b>
Percentage of 1-4 Family Closed End Mortgages to Average Gross Loans & Leases .....	28
Concentration of 1-4 Family Closed End Mortgages as a Percentage of Total Capital .....	28
Percentage of 1-4 Family Closed End Mortgages 30-89 Days Delinquent .....	29
Percentage of 1-4 Family Closed End Mortgages 90 Days Past Due / Non-Accrual.....	29
Net Losses as a Percentage of 1-4 Family Closed End Mortgages .....	30
<b>Multi-Family Loans.....</b>	<b>31</b>
Percentage of Multi-Family Loans to Average Gross Loans & Leases .....	32
Concentration of Multi-Family Loans as a Percentage of Total Capital .....	32
Percentage of Multi-Family Loans 30-89 Days Delinquent .....	33
Percentage of Multi-Family Loans 90 Days Past Due / Non-Accrual.....	33
Net Losses as a Percentage of Multi-Family Loans .....	34
<b>HELOCs.....</b>	<b>35</b>
Percentage of HELOCs to Average Gross Loans & Leases .....	36
Concentration of HELOCs as a Percentage of Total Capital.....	36
Percentage of HELOCs 30-89 Days Delinquent.....	37
Percentage of HELOCs 90 Days Past Due / Non-Accrual .....	37
Net Losses as a Percentage of HELOCs.....	38
<b>Consumer Loans.....</b>	<b>39</b>
Percentage of Consumer Loans to Average Gross Loans & Leases .....	40
Concentration of Consumer Loans as a Percentage of Total Capital .....	40
Percentage of Consumer Loans Farmland 30-89 Days Delinquent .....	41
Percentage of Consumer Loans Farmland 90 Days Past Due / Non-Accrual.....	41
Net Losses as a Percentage of Consumer Loans .....	42

## Introduction

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The Loan Portfolio Performance and Peer Analysis report is designed to be used by bank management as an aid in analyzing the trends of performance within the bank's loan portfolio. The analysis examines the bank's performance on an aggregate portfolio level and on a portfolio segmentation level.

The report is computer-generated from a database including financial information from the Reports of Condition and Reports of Income (Call Reports), Thrift Financial Reports, and other public sources. The financial data contained in the report is updated quarterly and includes information for the most current year and four historical years. The information is presented in the form of financial ratios and charts displaying the trend lines for each of the analyzed components. The ratio calculations replicate the format of the Uniform Bank Performance Report, which is widely used by the regulatory agencies for commercial and savings banks.

The peer group information reflects a composite performance for the group of banks that you have selected. While the peer group averages provide important insight into the performance of similar financial institutions across the country, they may or may not be appropriate goals for a given bank or thrift. Each bank has its own unique operating characteristics that affect both its balance sheet composition and its income stream. No single ratio or trend is indicative of a financial institution's condition. A given bank may be above or below the peer group average for a given ratio; however, that information must be considered in combination with other related facts before its importance can be determined. If you would like to discuss the unique results of your Loan Portfolio Performance and Peer Analysis report or the potential conditions that might require further analysis and investigation, please call Young & Associates, Inc. at 1.800.525.9775.

## Peer Group Information

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<b>PEER GROUP (1)</b>	
Number of Institutions in Peer Group:	<b>11</b>
Institution Type:	<b>Thrift</b>
Asset Size:	<b>\$200 Million - \$400 Million</b>
Geographic Location:	<b>State of Indiana</b>

<b>PEER GROUP (2)</b>	
Number of Institutions in Peer Group:	<b>48</b>
Institution Type:	<b>Thrift</b>
Asset Size:	<b>\$200 Million - \$400 Million</b>
Geographic Region:	<b>Midwest</b>

## Peer Comparison Summary and Impact Analysis

The following table highlights differences between your bank's performance and the average peer performance. The impact column illustrates in dollar terms how your earnings and the balance sheet would be affected if your performance ratios matched the peer averages.

*As an example, a bank with an average loan portfolio size of \$100 million generated \$7 million in loan interest income - a yield of 7.0 percent. The average peer group loan yield is 8.0 percent. To reach the comparable yield with the existing loan portfolio size, the Bank would need to generate an additional \$1 million in loan interest income. Therefore, the below-average loan yield has a negative impact on the Bank's earnings of -\$1.0 million*

### Sample Thrift Actual Performance Vs. Peer Averages as of March 31, 2009

Performance Ratios	Bank	Peer Group (1)	Peer Group (2)	IMPACT ON EARNINGS (\$000)		
				+ positive impact Peer Group (1)	- negative impact Peer Group (2)	
<b>Earnings &amp; Profitability</b>						
Interest Income/Avg. Assets	5.96%	5.79%	5.67%	\$608	\$1,037	Interest Margin
Interest Expense/Avg. Assets	3.16%	2.87%	2.85%	(\$1,037)	(\$1,109)	Interest Margin
Net Interest Income/Avg. Assets	2.80%	2.92%	2.82%	(\$429)	(\$72)	Interest Margin
Net Income (Sub-S Adj)/Average Assets	0.52%	0.26%	0.15%	\$930	\$1,323	Net Income
Net Loans & Leases/Assets	88.27%	76.80%	77.40%	\$1,767	\$1,675	Interest Margin
<b>Yield on or Cost of</b>						
Total Loans & Leases	6.52%	6.51%	6.38%	\$31	\$440	Interest Margin
All Mortgage Loans	6.48%	6.43%	6.31%	\$148	\$502	Interest Margin
Commercial Loans	7.52%	7.12%	7.14%	\$63	\$60	Interest Margin
Consumer Loans	8.29%	7.77%	7.83%	\$11	\$10	Interest Margin
<b>Loan Mix (Percentage of Average Gross Loans &amp; Leases)</b>						
All Mortgage Loans	94.24%	5.95%	3.27%	(\$111)	(\$114)	Interest Margin
Commercial Loans	5.08%	9.60%	4.93%	(\$142)	\$5	Interest Margin
Consumer Loans	0.68%	3.74%	2.73%	(\$170)	(\$114)	Interest Margin

*Table continues on the following page.*

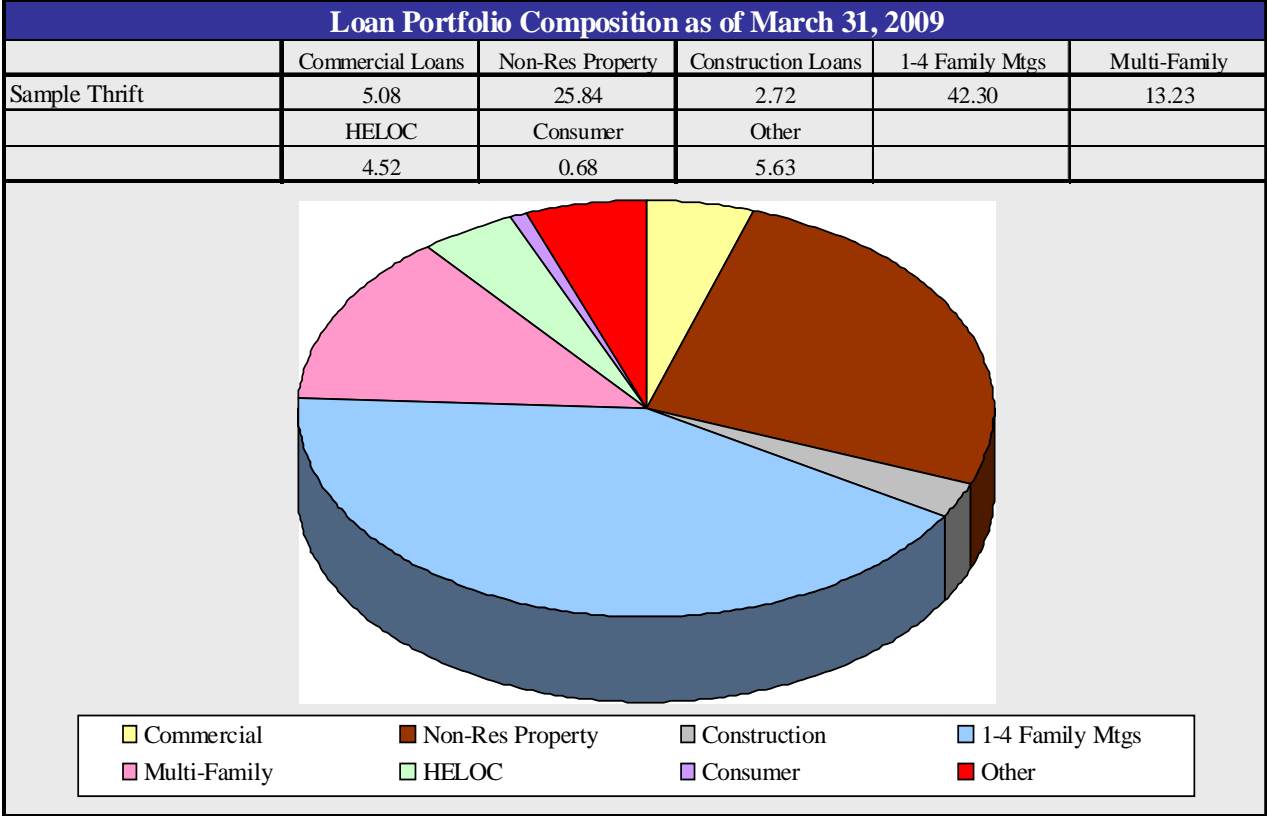
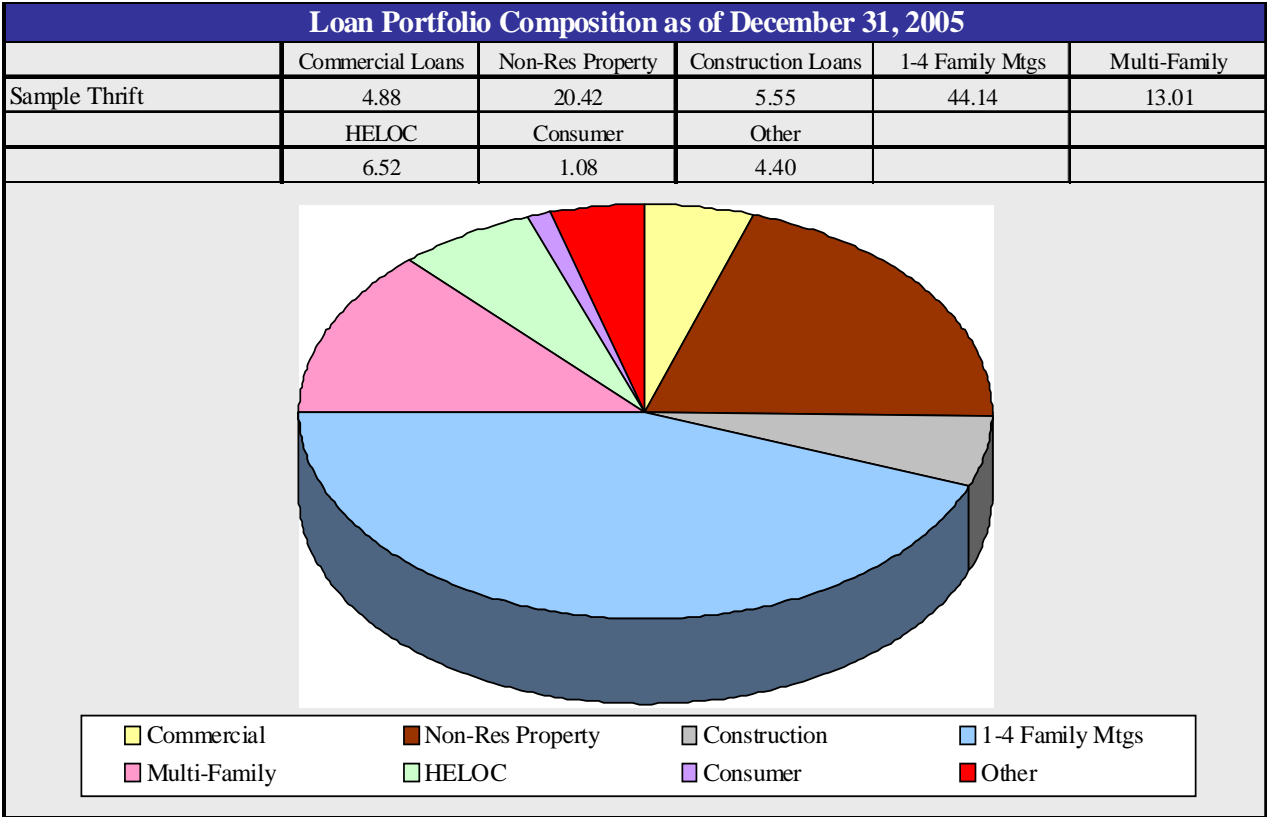
Performance Ratios	Bank	Peer Group (1)	Peer Group (2)	IMPACT ON BALANCE SHEET (\$000)		
				+ level in excess of peer avg. Peer Group (1)	- level below peer avg. Peer Group (2)	
<b>Loan Mix (Percentage of Average Gross Loans &amp; Leases)</b>						
Land Loans	5.63%	3.36%	2.39%	\$7,126	\$10,172	Dollar Amount of Loan Type
All Construction Loans	2.72%	3.21%	3.27%	(\$1,538)	(\$1,727)	Dollar Amount of Loan Type
1-4 Family Closed End Residential Mtgs	42.30%	48.05%	57.05%	(\$18,052)	(\$46,306)	Dollar Amount of Loan Type
Multi-Family Loans	13.23%	3.84%	5.09%	\$29,479	\$25,555	Dollar Amount of Loan Type
HELOCs	4.52%	6.07%	3.78%	(\$4,866)	\$2,323	Dollar Amount of Loan Type
Non-Residential Property Loans	25.84%	17.86%	15.26%	\$25,052	\$33,215	Dollar Amount of Loan Type
Commercial Loans	5.08%	9.60%	4.93%	(\$14,190)	\$471	Dollar Amount of Loan Type
Consumer Loans	0.68%	3.74%	2.73%	(\$9,607)	(\$6,436)	Dollar Amount of Loan Type
<b>Delinquency</b>						
30-89 Days Delinquent/Loans	1.36%	1.87%	1.85%	(\$1,680)	(\$1,615)	Loans 30-89 Days Delinquent
90+ Days Delinquent/Loans	0.00%	0.03%	0.07%	(\$99)	(\$231)	Loans 90+ Days Delinquent
Non-Accrual/Loans	2.17%	1.02%	1.47%	\$3,789	\$2,307	Loans Non-Accrual
Net Losses/Loans	0.08%	0.21%	0.13%	(\$428)	(\$165)	Net Charge-Offs
Loan Loss Reserves/Loans	0.80%	0.76%	0.85%	\$132	(\$165)	Loan Loss Reserves

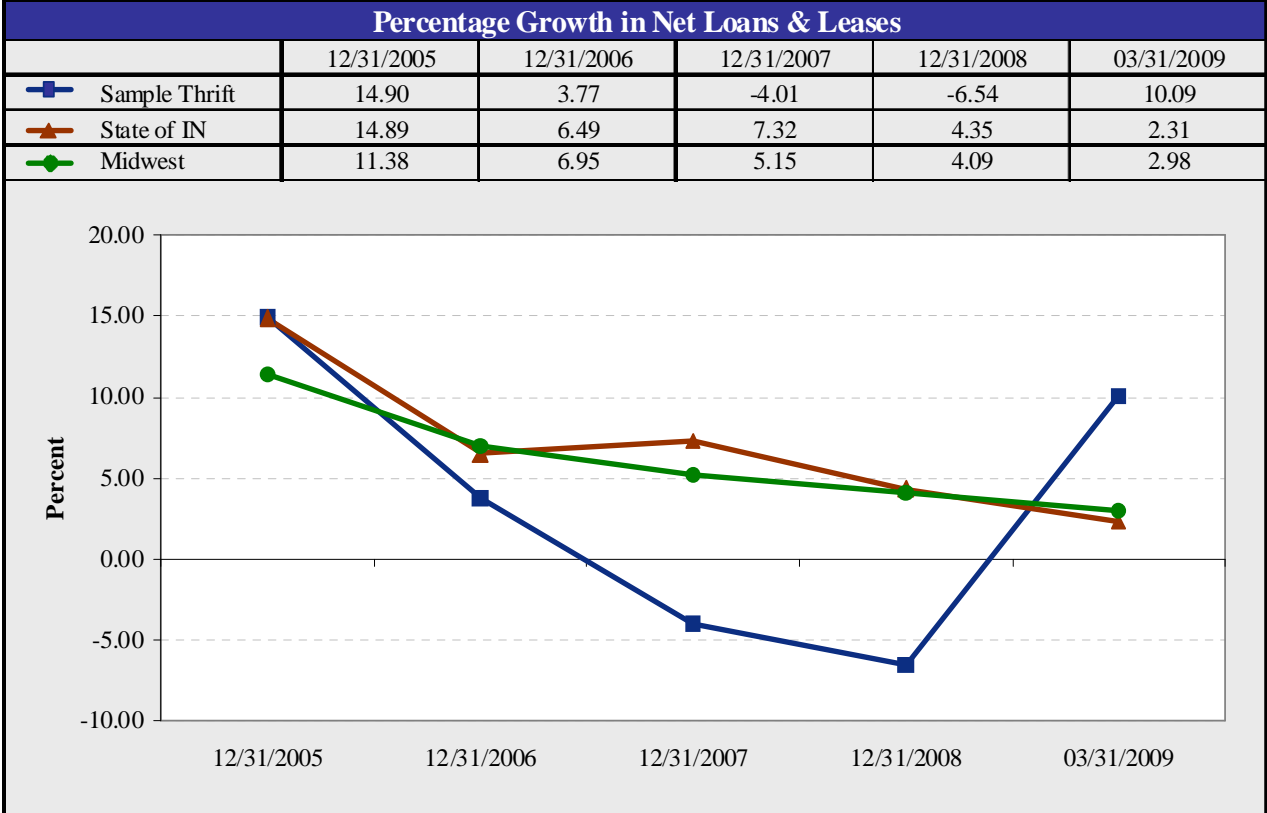
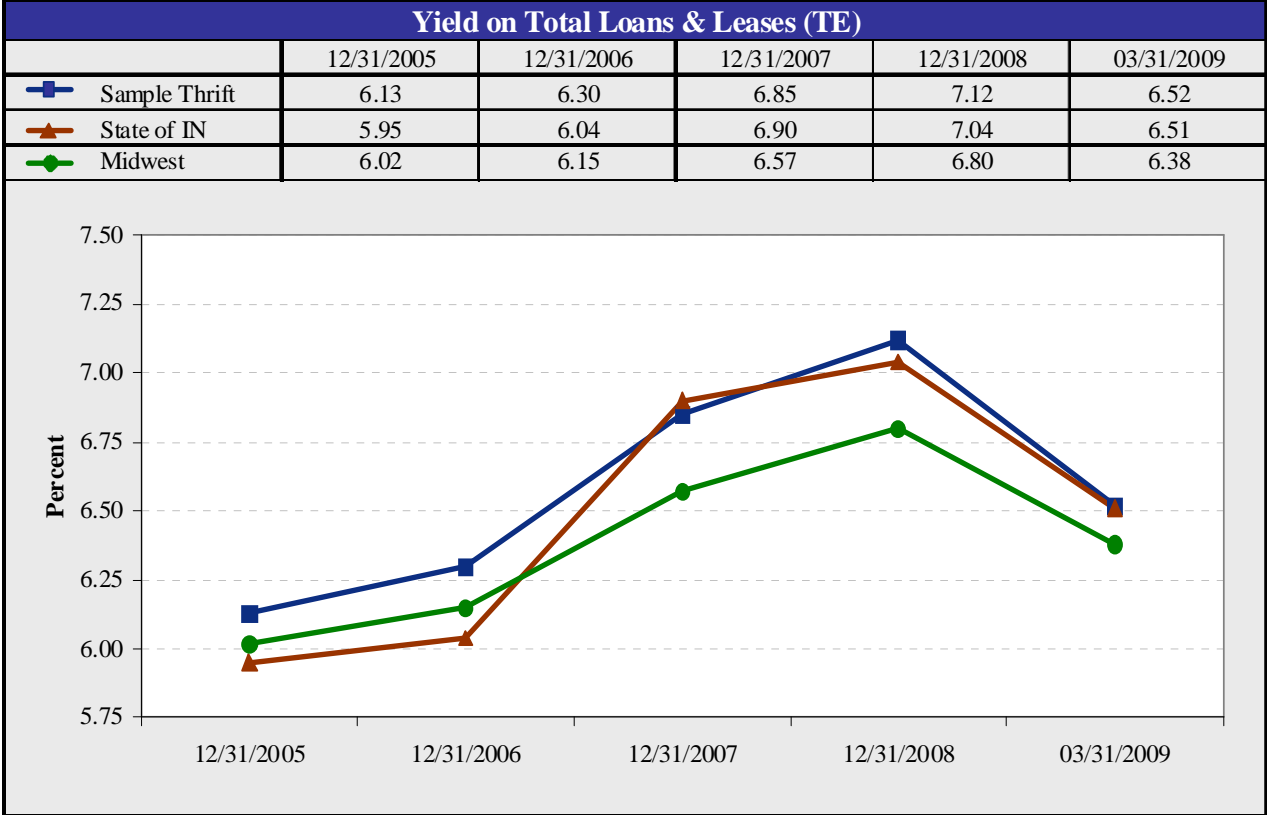
Note: To calculate the impact, the peer ratios are applied to the bank's existing asset, liability, and equity levels as reported in the UBPR. The resulting income statement and the balance sheet items are then compared with the bank's actual figures.

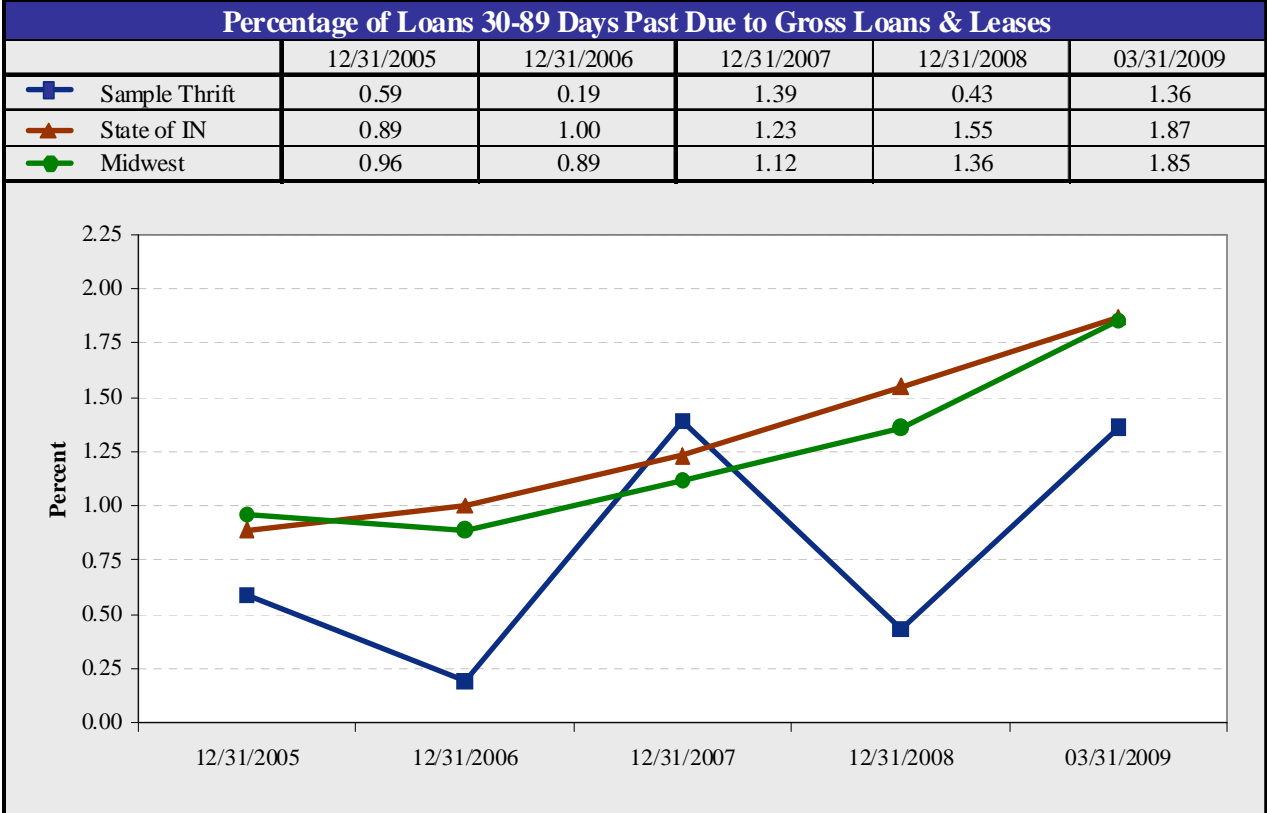
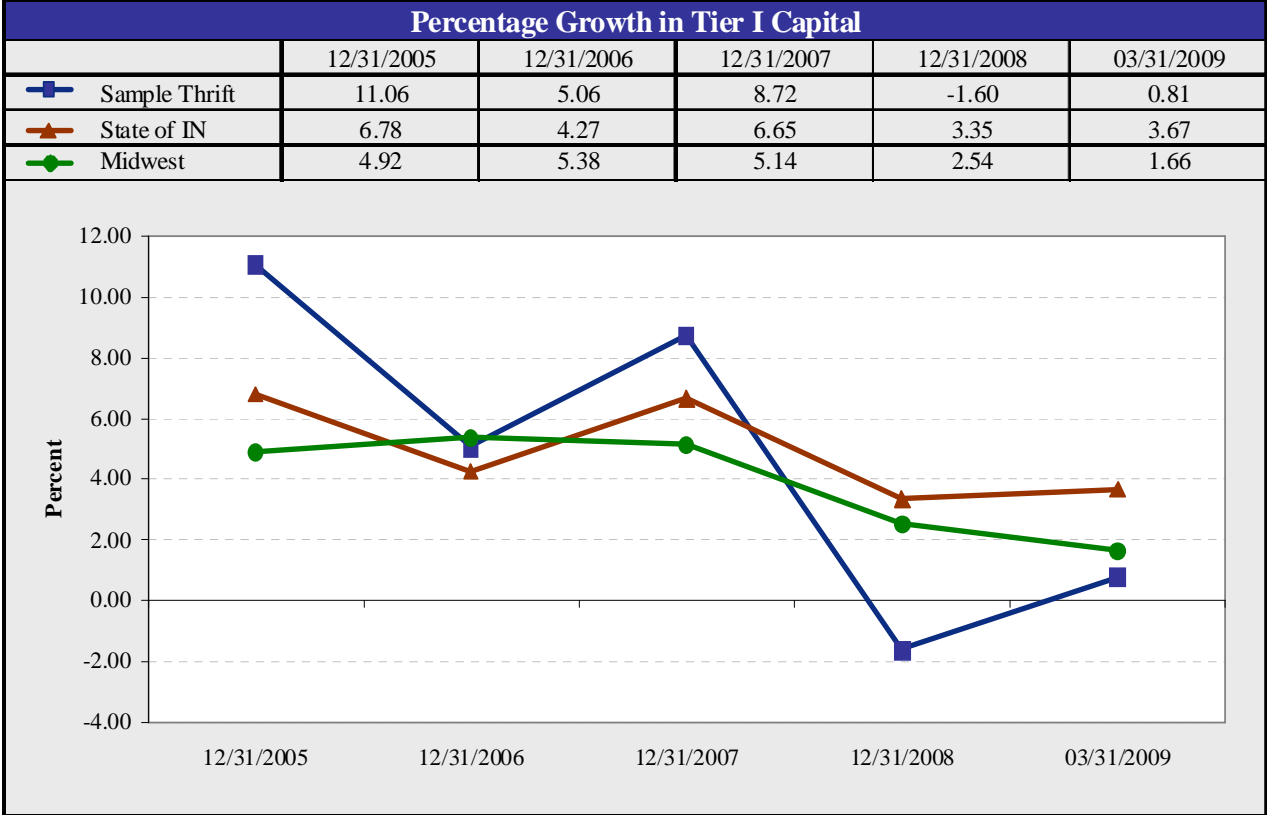
Computing Peer Group Averages: The peer average for a given ratio is trimmed to eliminate the effect of outliers or financial institutions above the 90th or below the 10th percentile. The resulting peer group averages in most cases are very close to the mid-point value for a given group of banks and tend to be stable over time. Please note that averages for separate ratios cannot be added or otherwise combined.

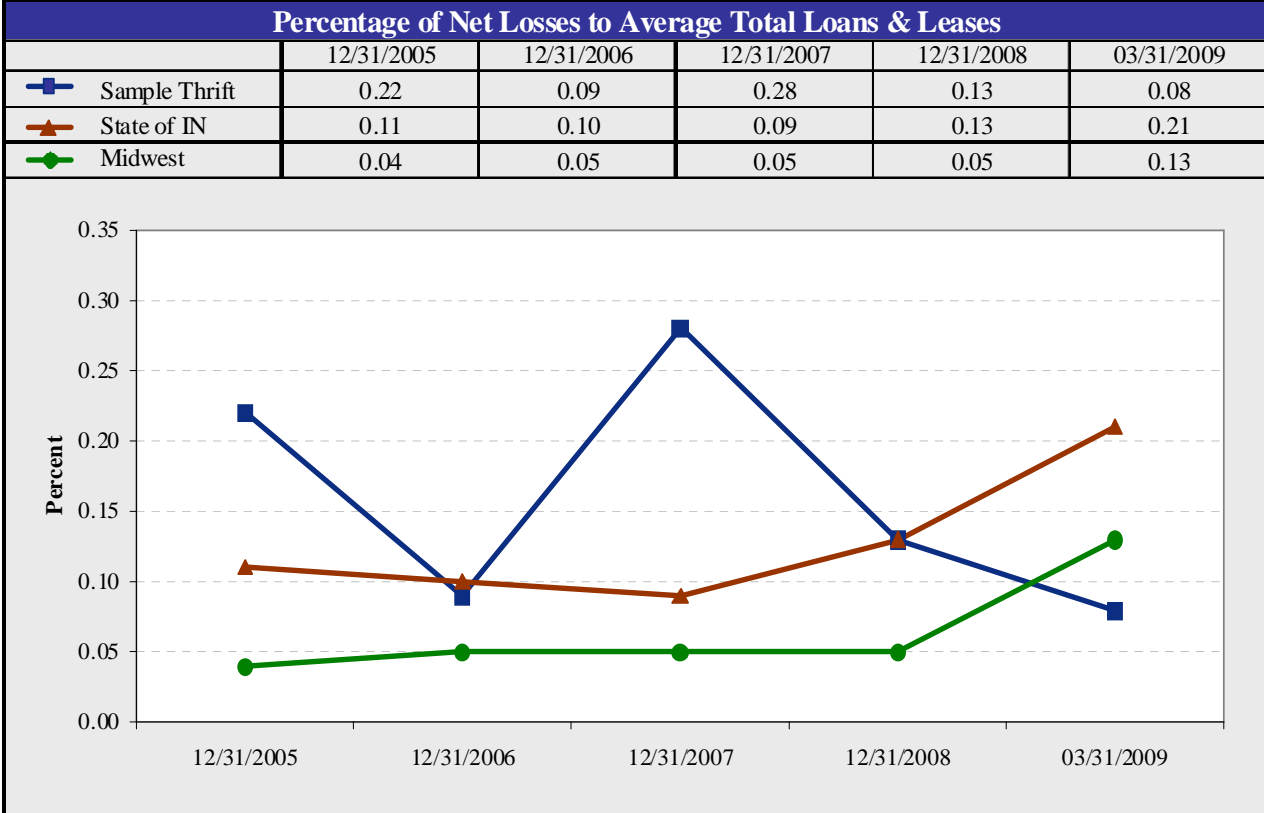
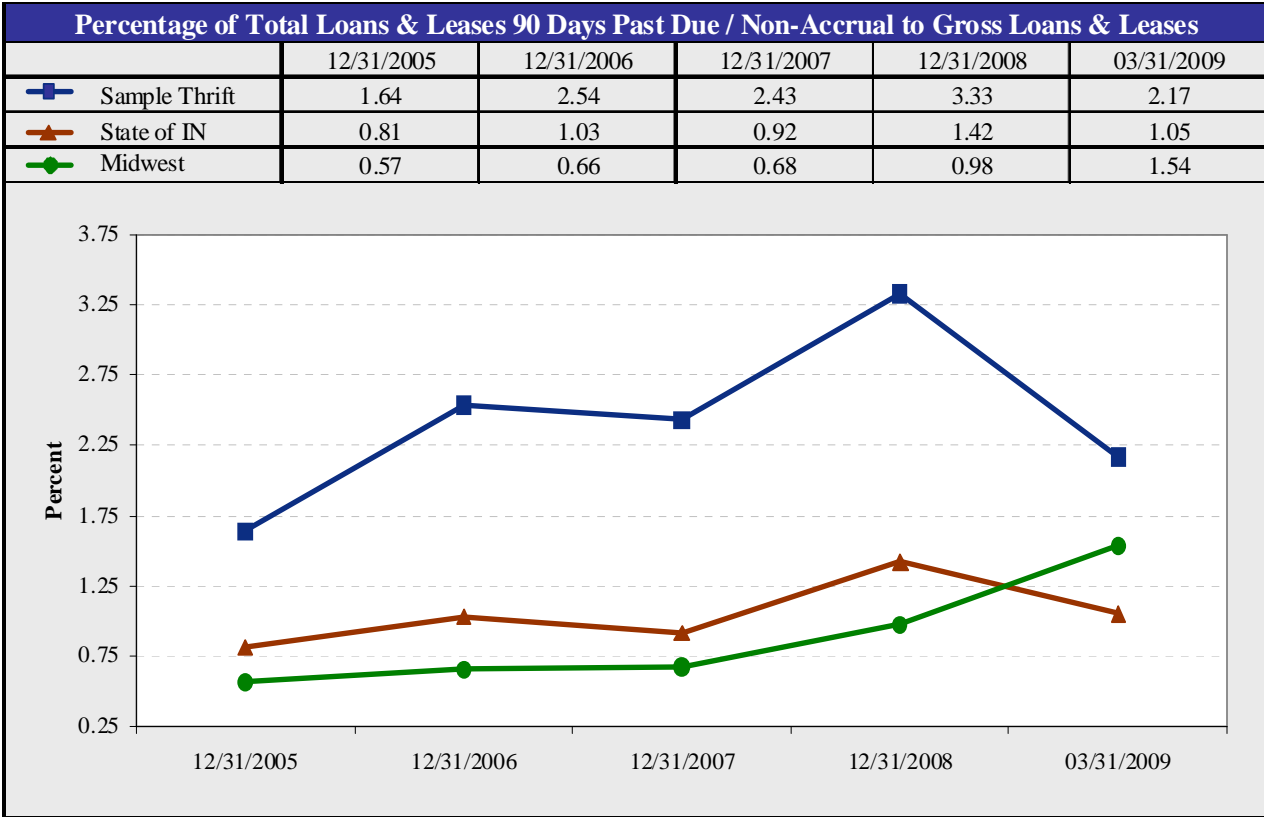
# Aggregate Portfolio Analysis

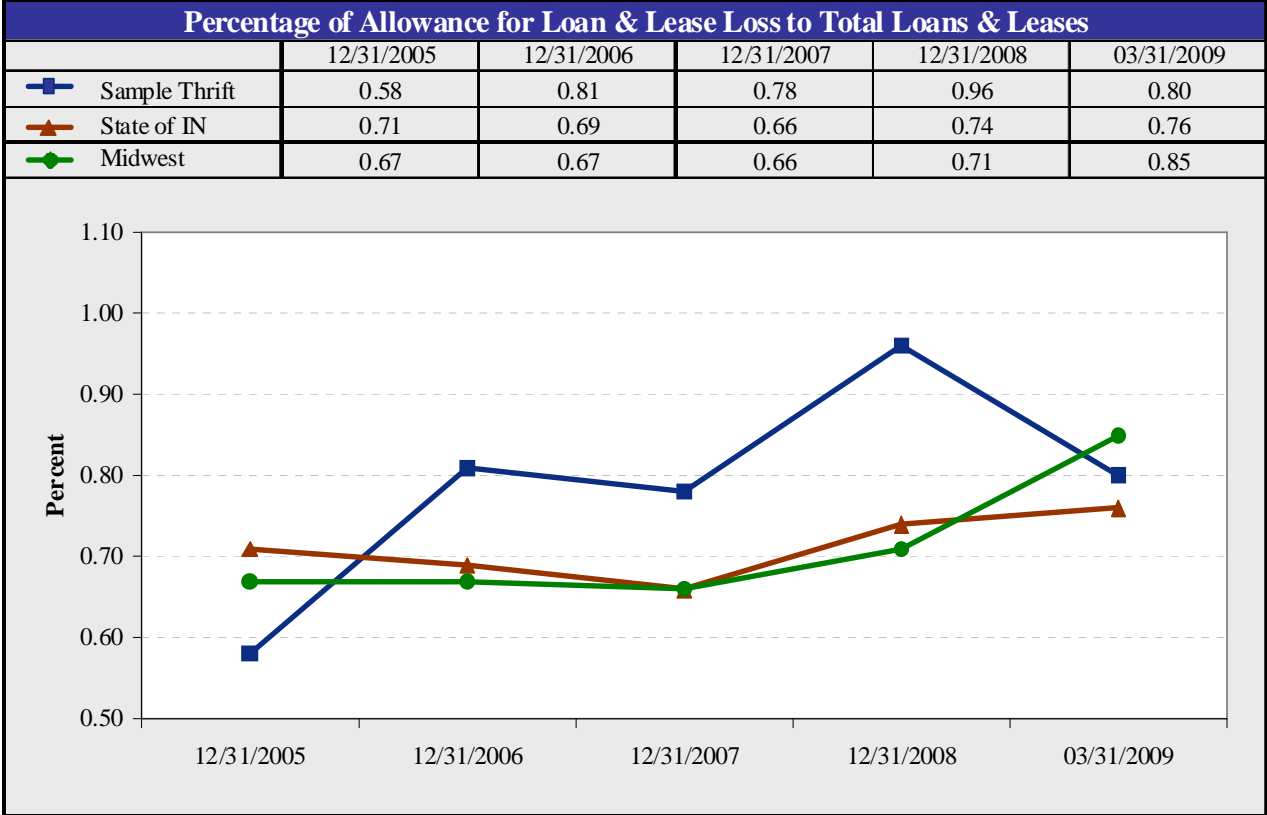
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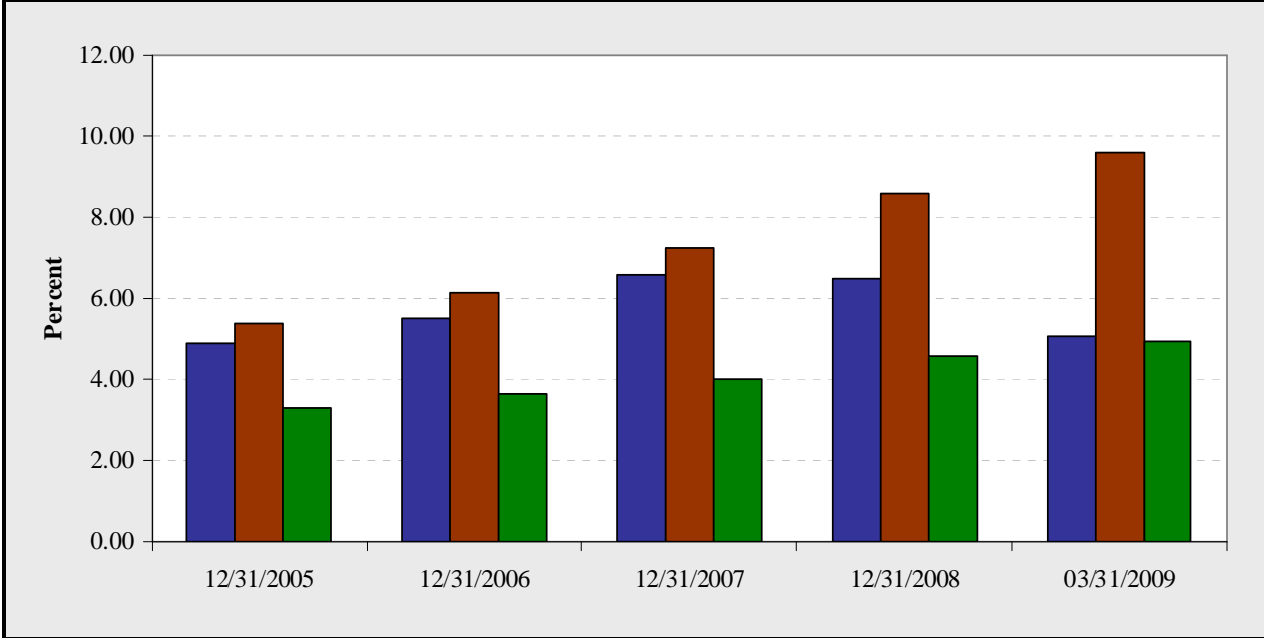




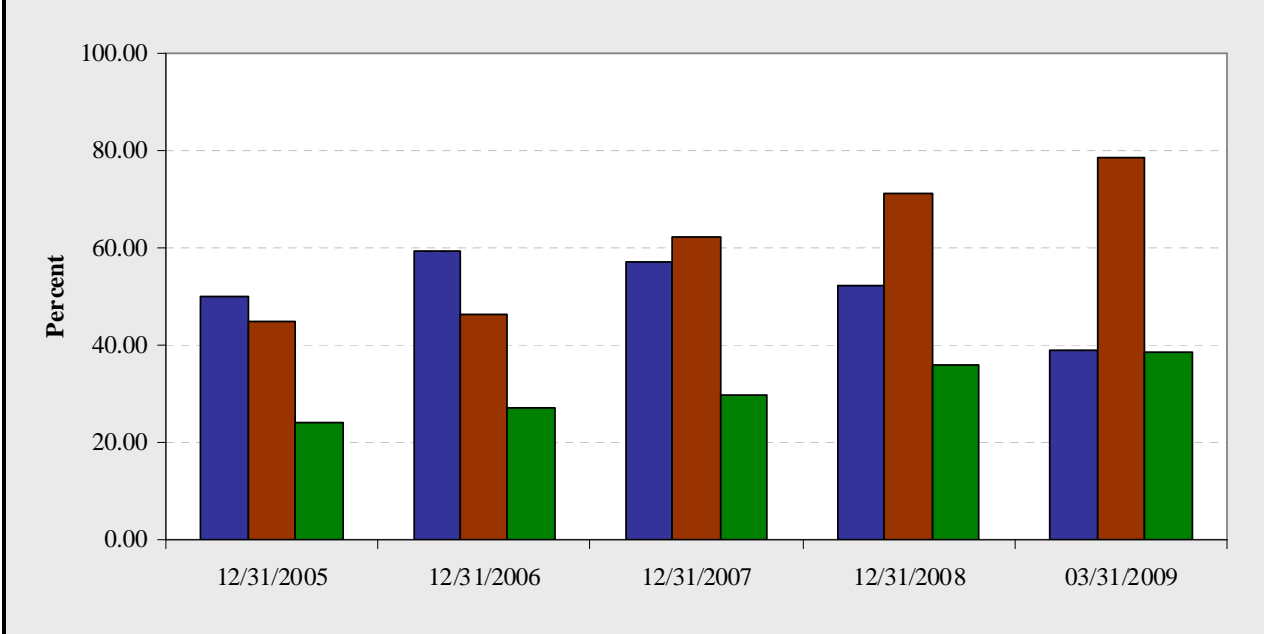
## **Commercial Loans**

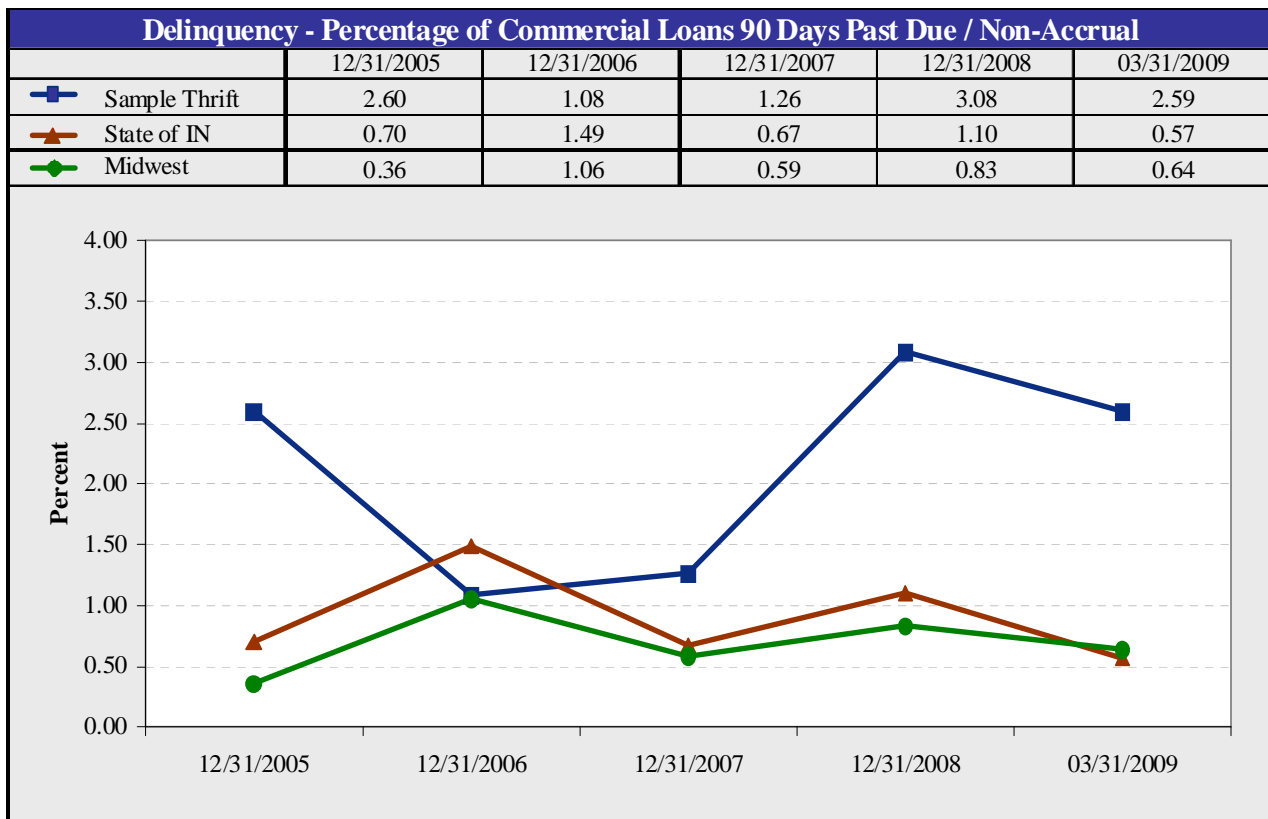
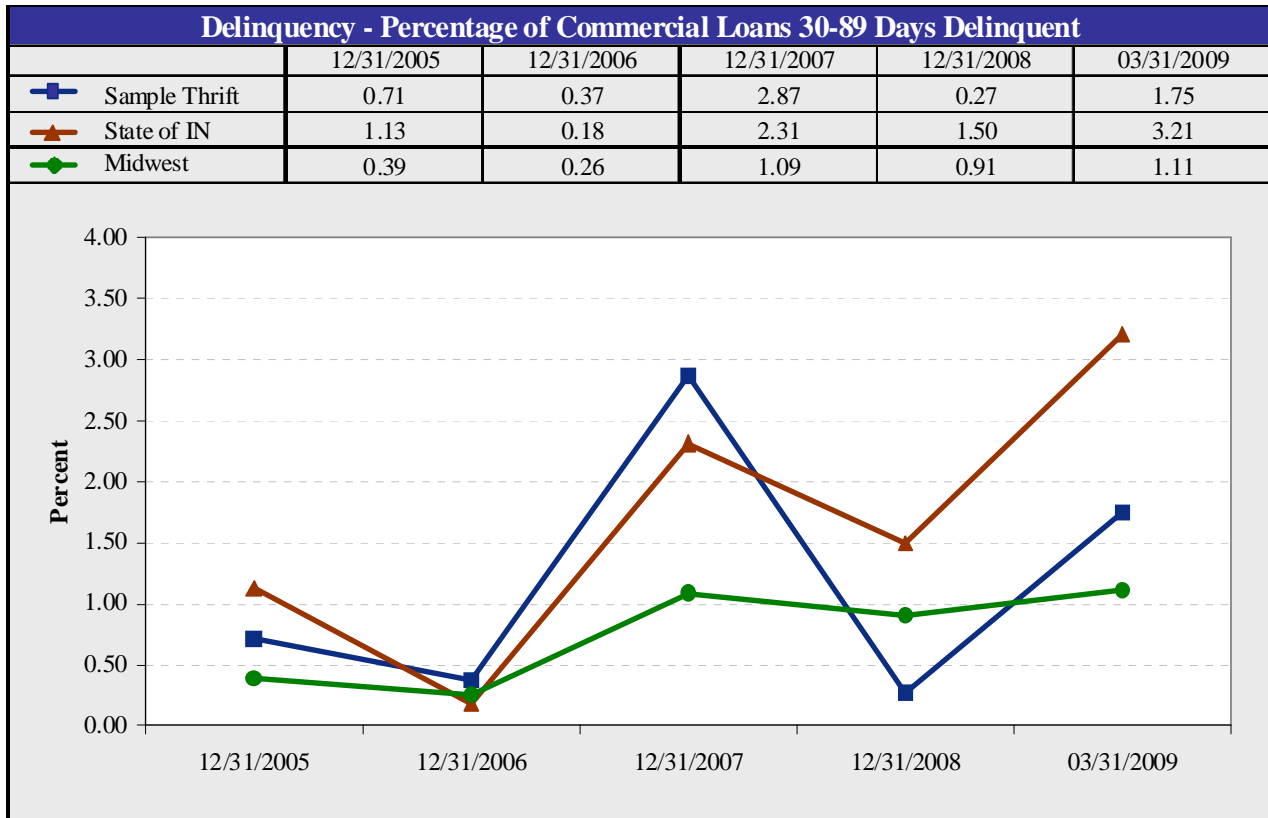
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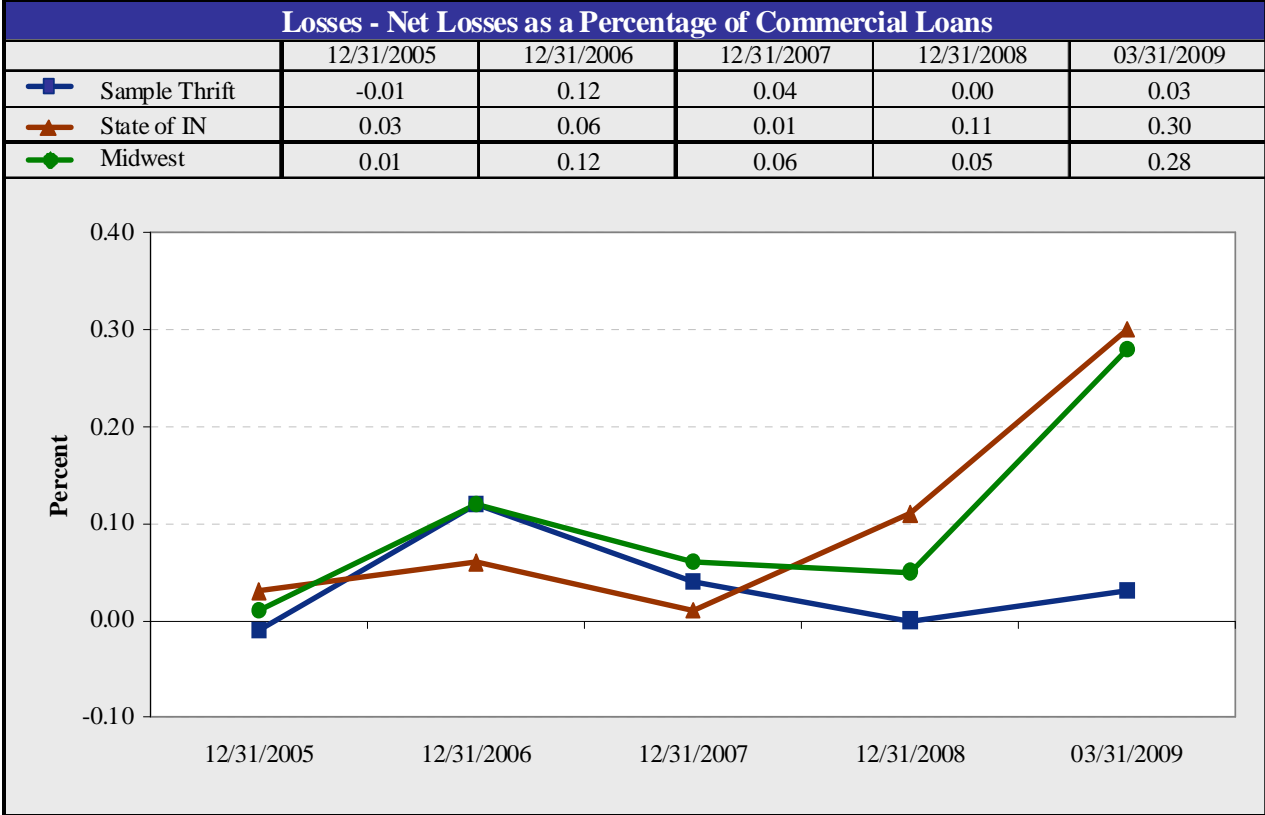
Loan Mix - Percentage of Commercial Loans to Average Gross Loans & Leases					
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	03/31/2009
Sample Thrift	4.88	5.54	6.61	6.50	5.08
State of IN	5.37	6.16	7.24	8.58	9.60
Midwest	3.32	3.64	4.03	4.59	4.93



Concentration Level - Concentration of Commercial Loans as a Percentage of Total Capital					
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	03/31/2009
Sample Thrift	49.98	59.35	57.31	52.16	38.86
State of IN	45.06	46.37	62.48	71.32	78.56
Midwest	24.26	27.05	29.85	36.19	38.75



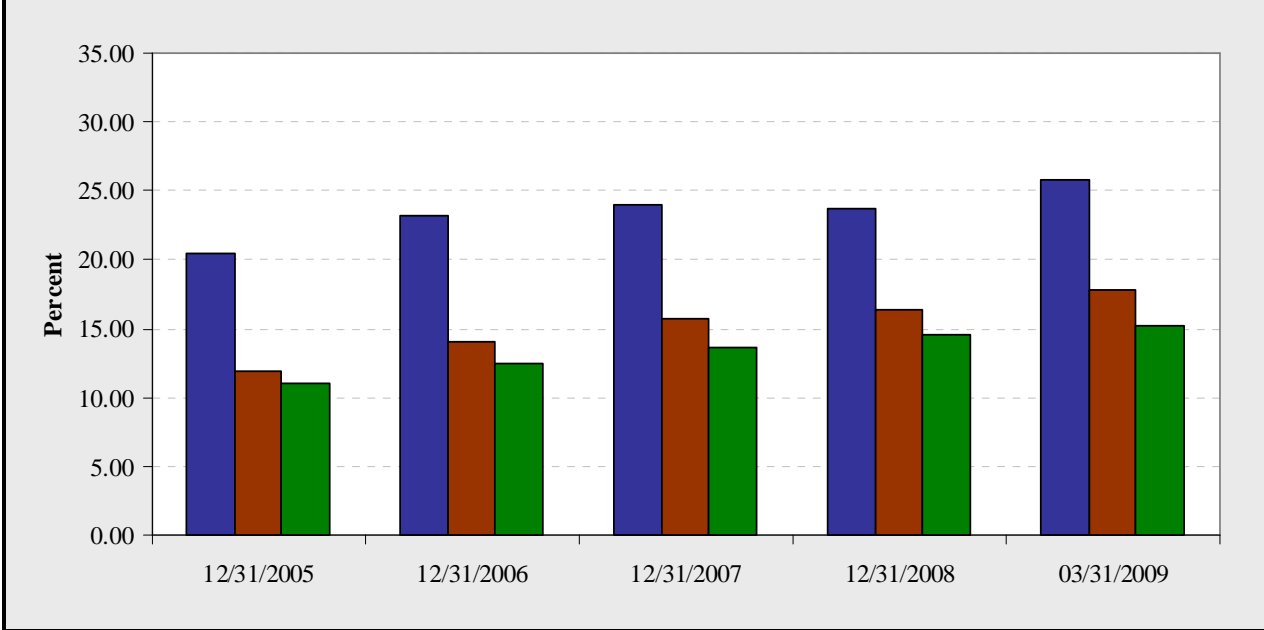




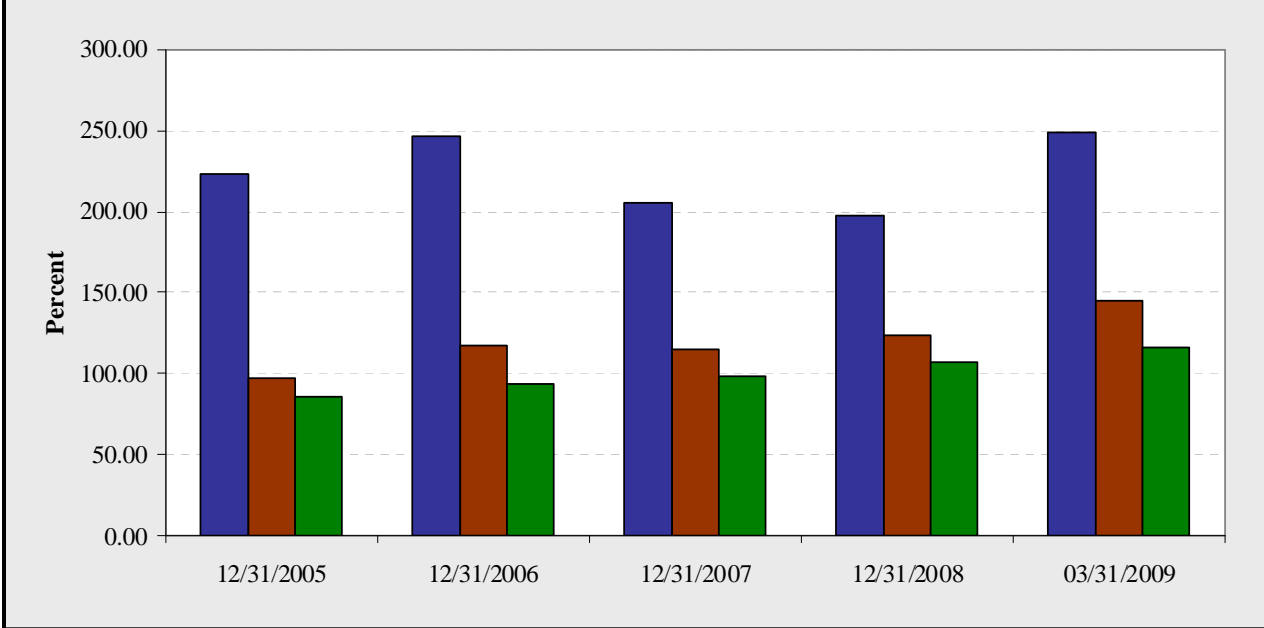
## **Non-Residential Property Loans**

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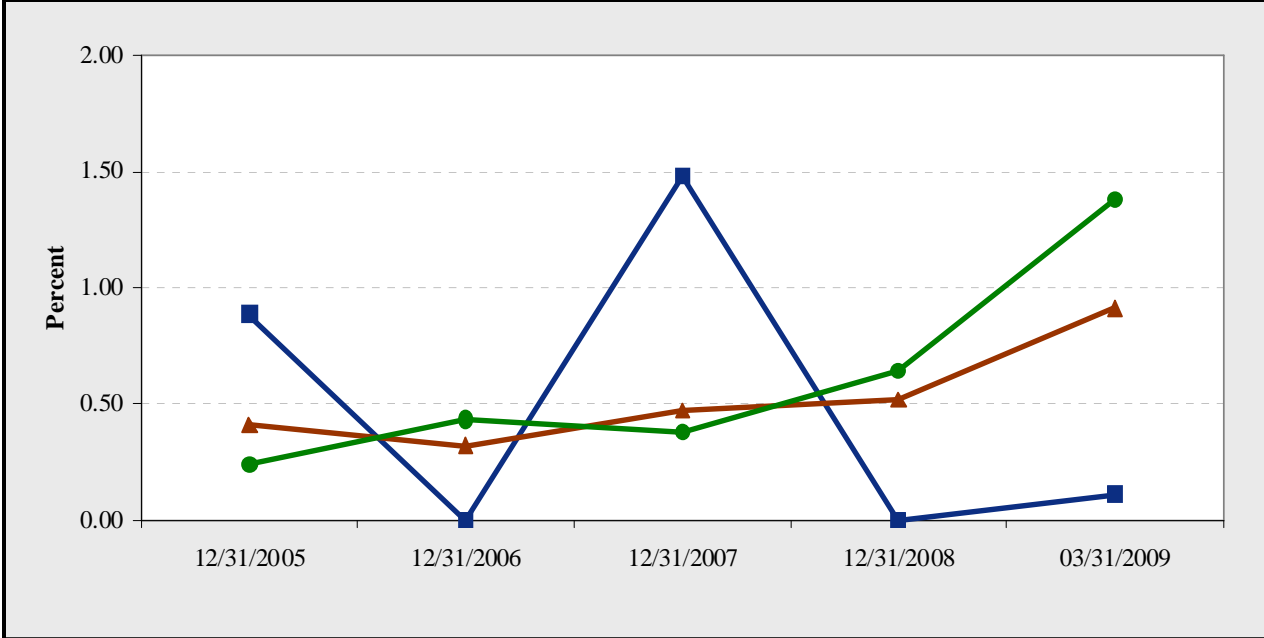
Loan Mix - Percentage of Non-Residential Property Loans to Average Gross Loans & Leases					
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	03/31/2009
Sample Thrift	20.42	23.18	24.02	23.74	25.84
State of IN	11.92	14.08	15.75	16.46	17.86
Midwest	11.02	12.49	13.63	14.58	15.26



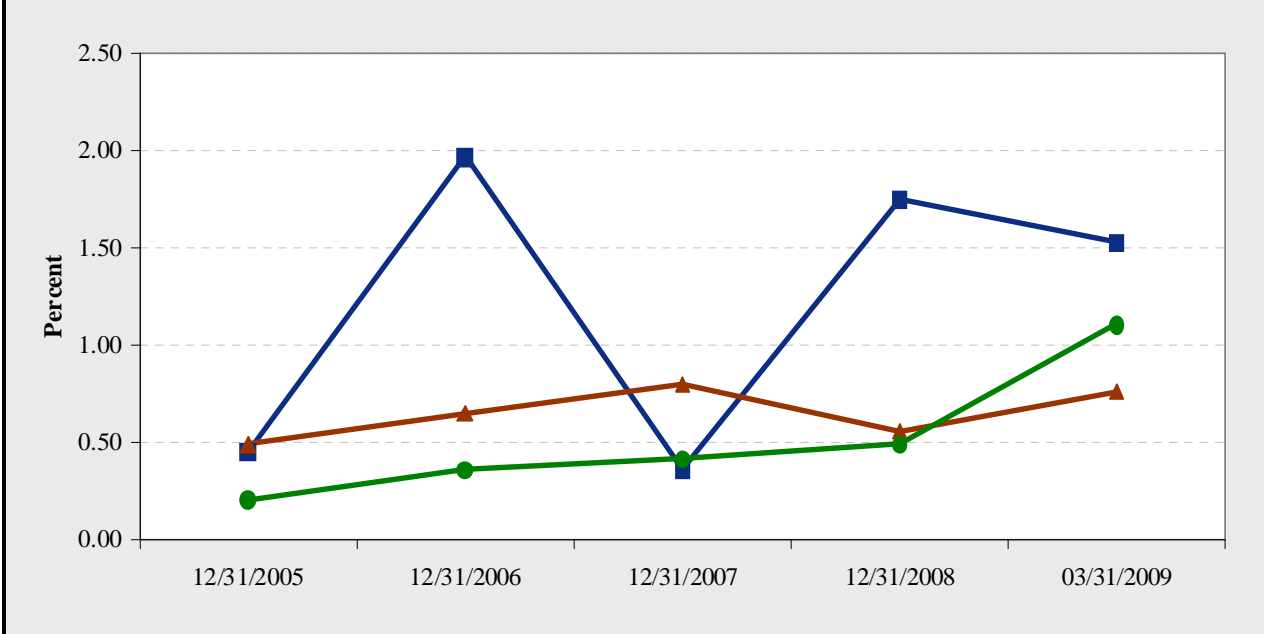
Concentration Level - Concentration of Non-Residential Property Loans as a Percentage of Total Capital					
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	03/31/2009
Sample Thrift	223.15	246.56	204.52	196.88	248.70
State of IN	97.19	116.67	114.53	123.48	144.39
Midwest	85.63	94.21	98.28	106.95	116.33

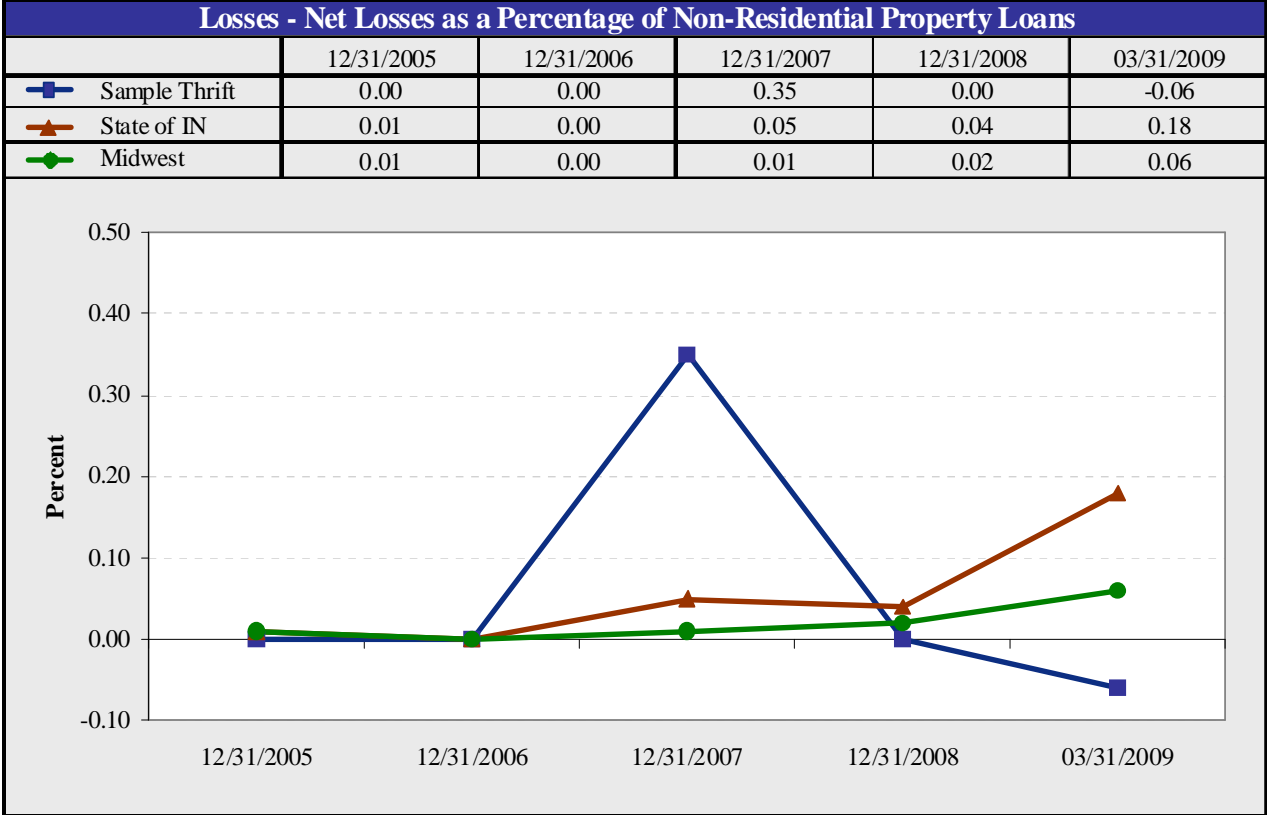


Delinquency - Percentage of Non-Residential Property Loans 30-89 Days Delinquent					
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	03/31/2009
■ Sample Thrift	0.88	0.00	1.48	0.00	0.11
▲ State of IN	0.41	0.32	0.47	0.52	0.91
◆ Midwest	0.24	0.43	0.38	0.64	1.38



Delinquency - Percentage of Non-Residential Property Loans 90 Days Past Due / Non-Accrual					
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	03/31/2009
■ Sample Thrift	0.46	1.97	0.36	1.75	1.53
▲ State of IN	0.49	0.65	0.80	0.56	0.76
◆ Midwest	0.21	0.36	0.42	0.49	1.11

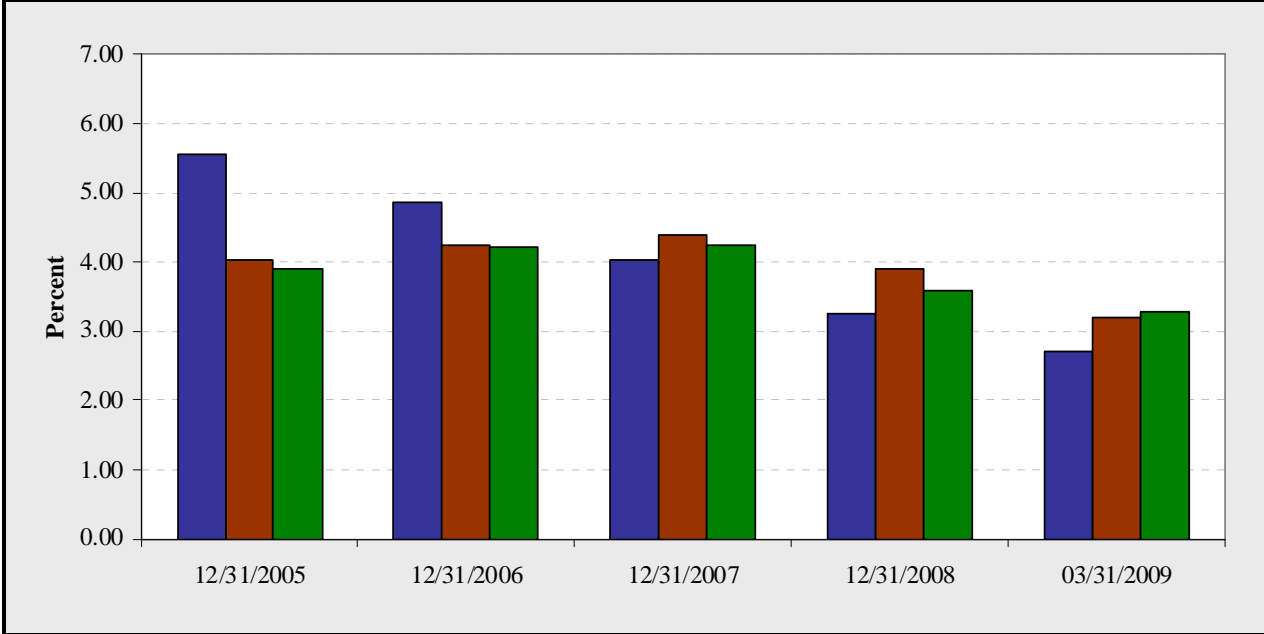




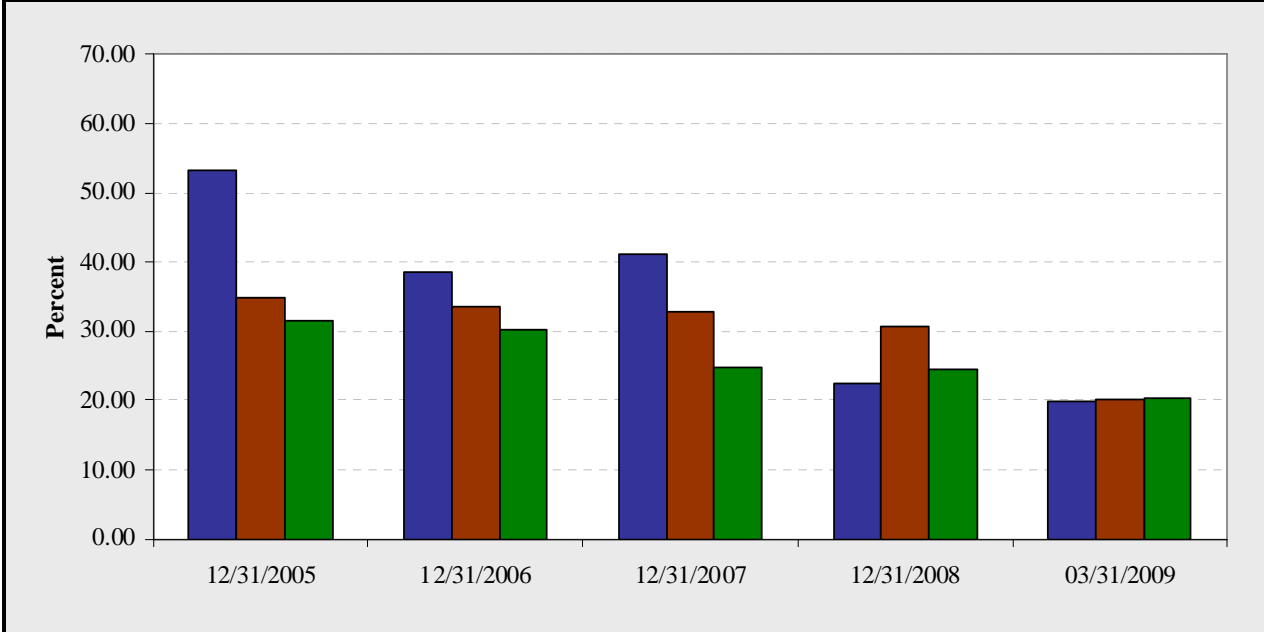
## **All Construction Loans**

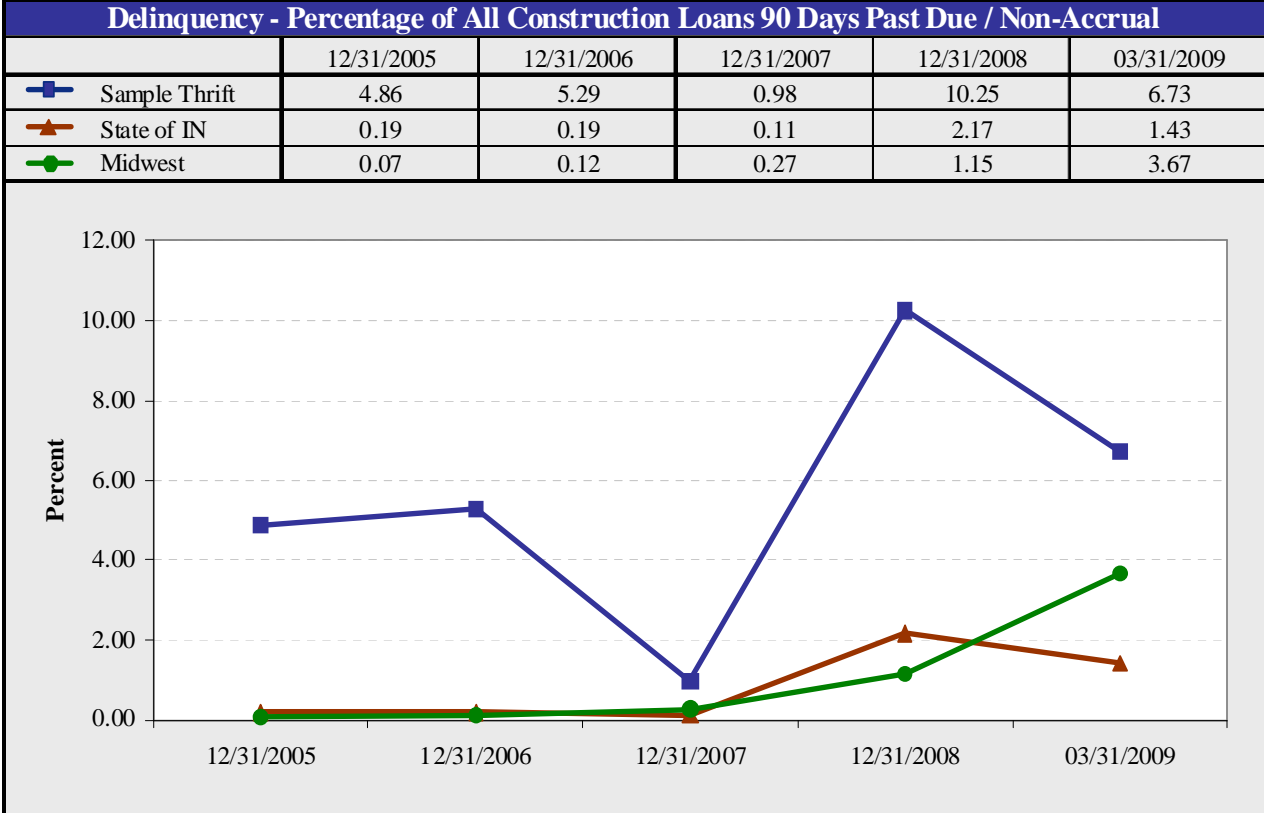
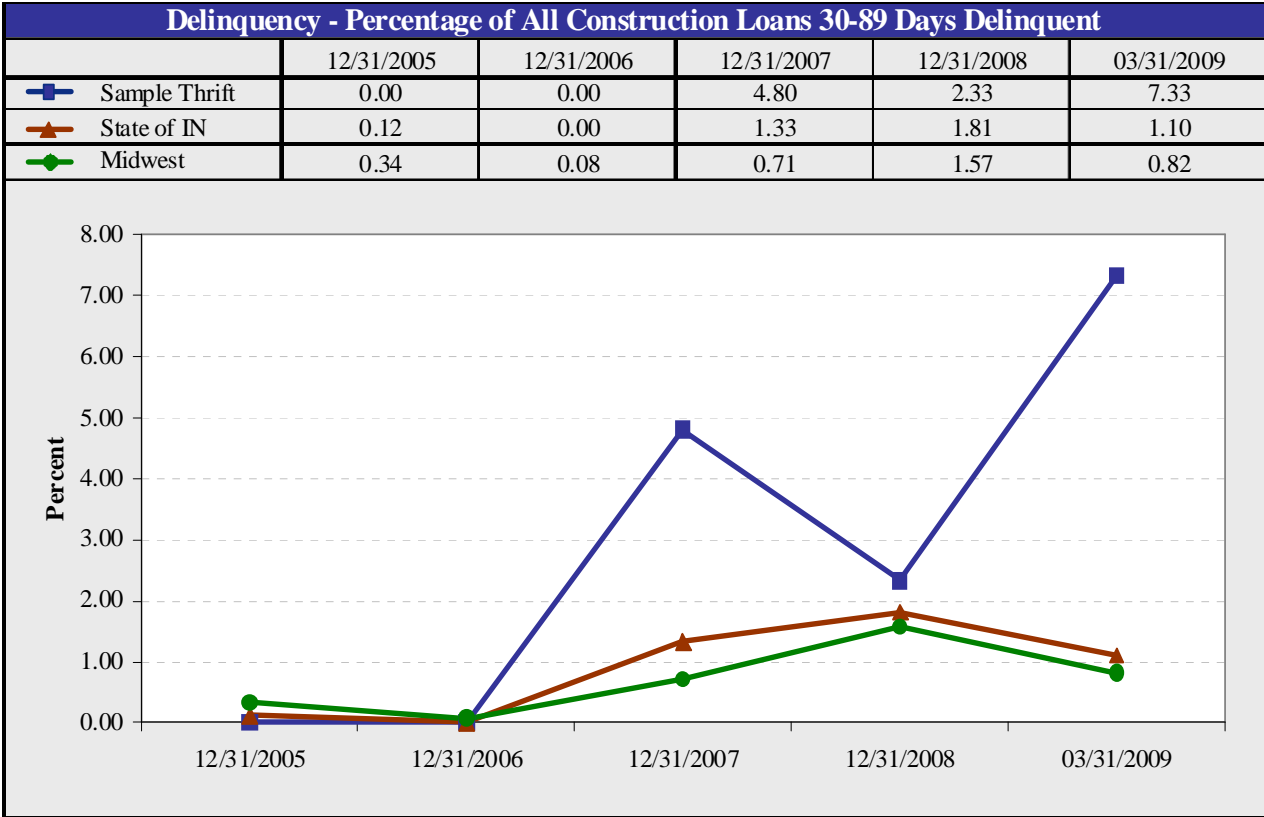
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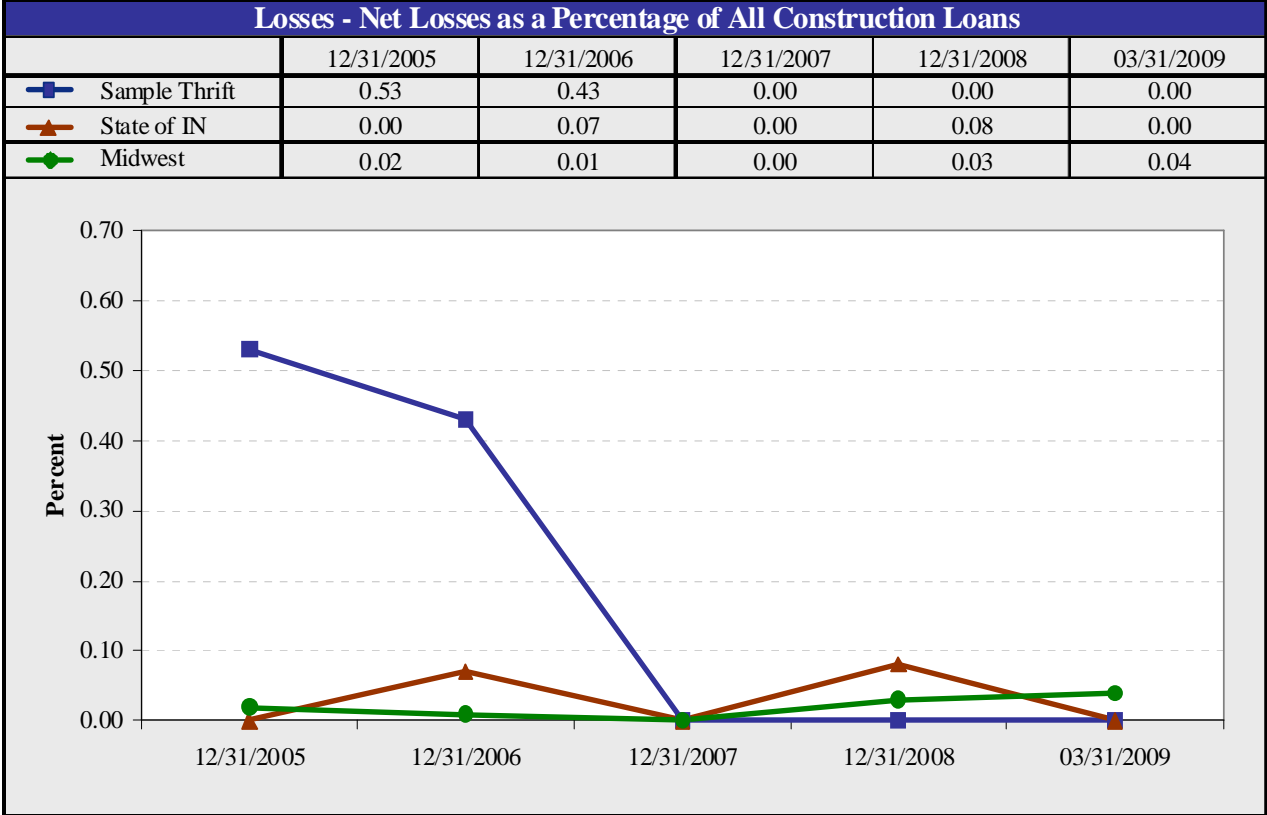
Loan Mix - Percentage of All Construction Loans to Average Gross Loans & Leases					
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	03/31/2009
Sample Thrift	5.55	4.85	4.03	3.25	2.72
State of IN	4.03	4.24	4.40	3.90	3.21
Midwest	3.91	4.22	4.23	3.59	3.27



Concentration Level - Concentration of All Construction Loans as a Percentage of Total Capital					
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	03/31/2009
Sample Thrift	53.33	38.49	41.23	22.33	19.89
State of IN	34.90	33.62	32.71	30.69	20.03
Midwest	31.46	30.22	24.67	24.64	20.45

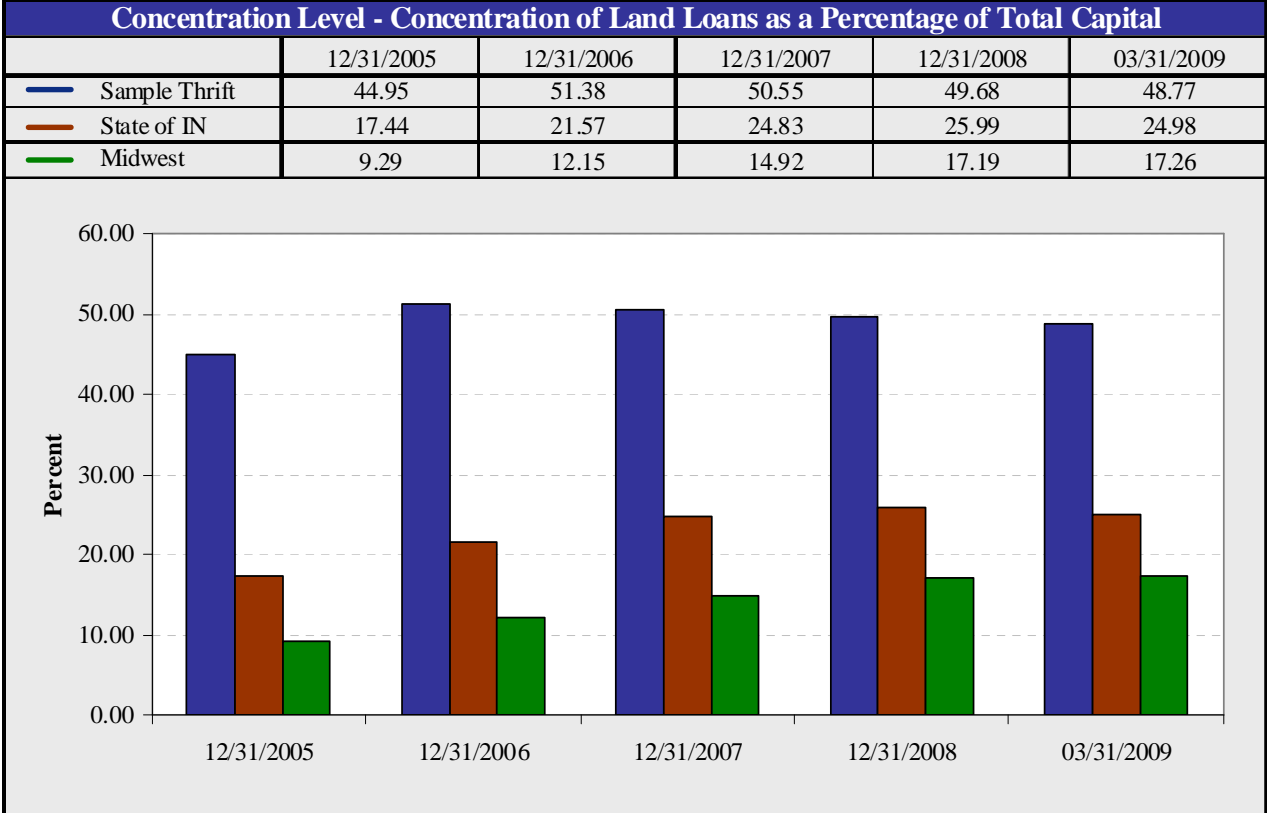
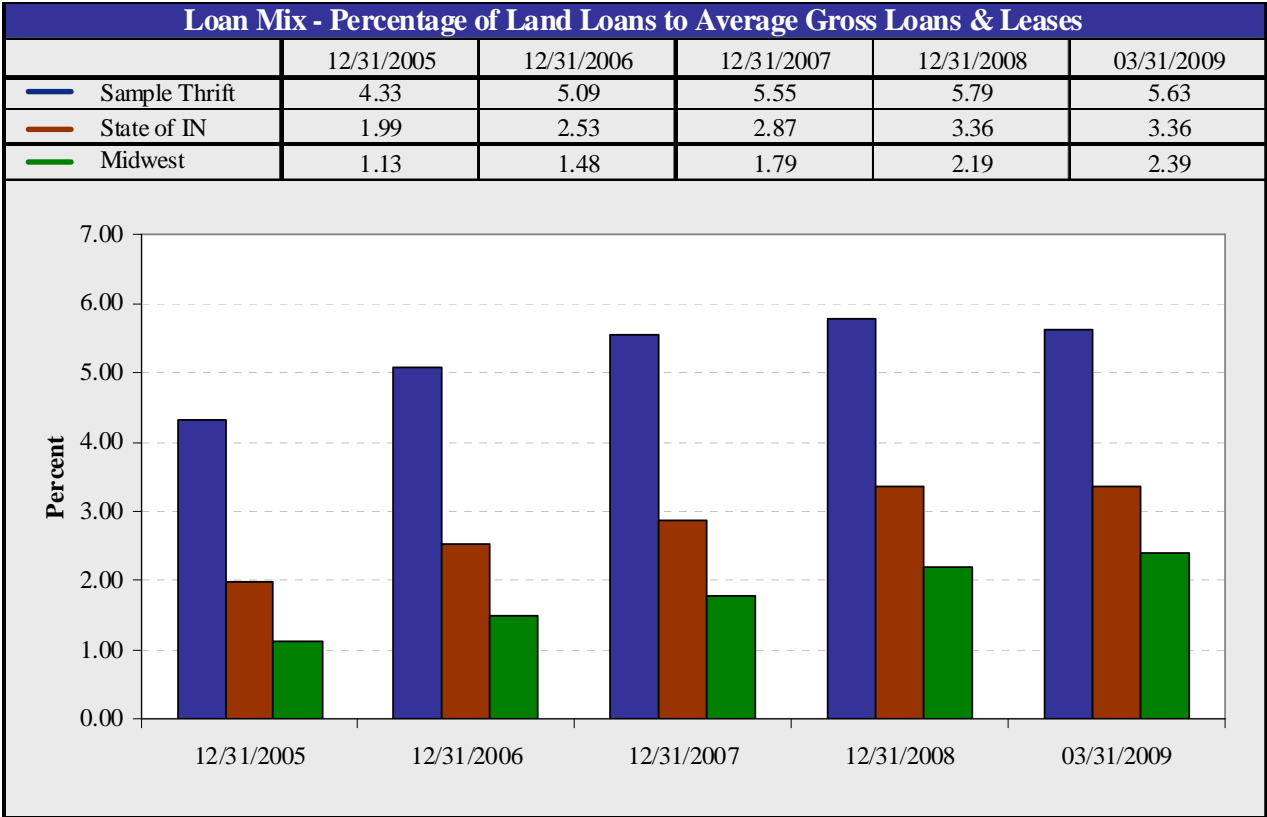


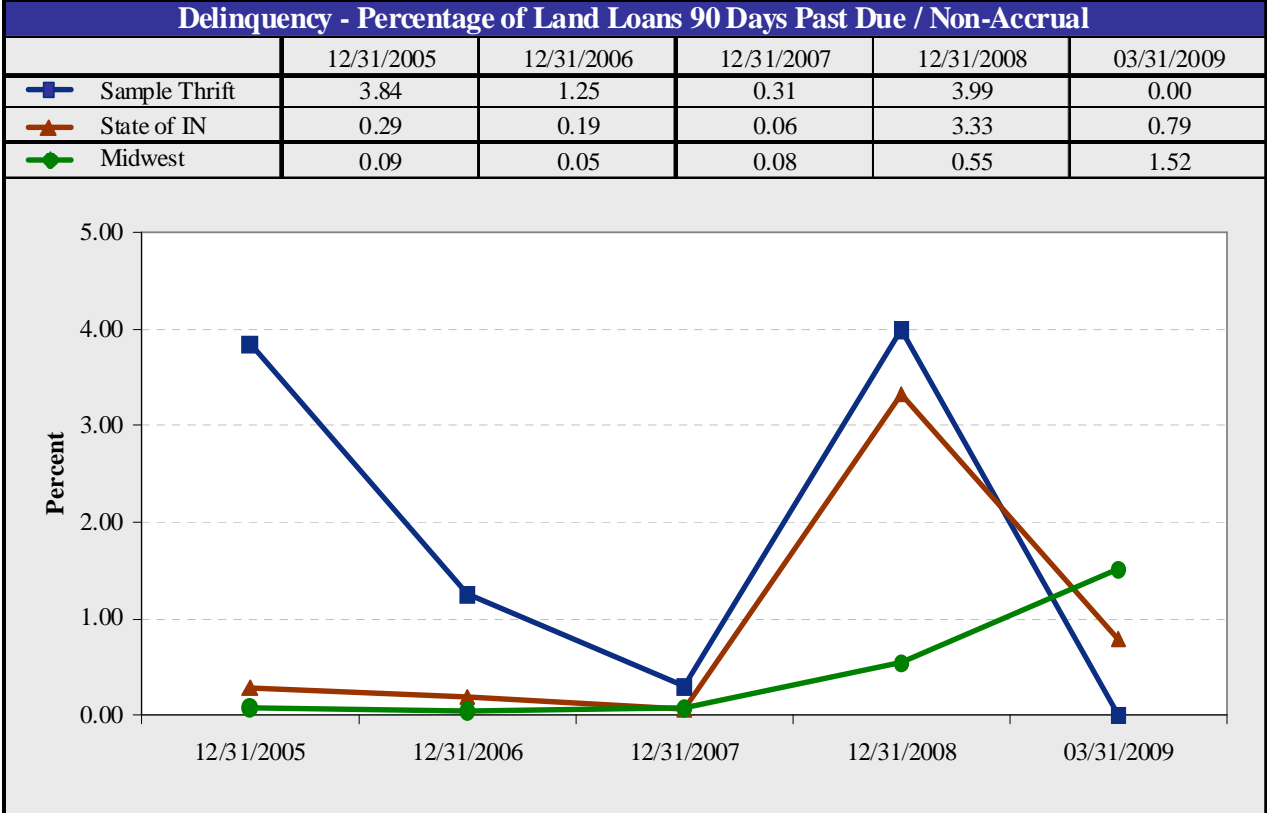
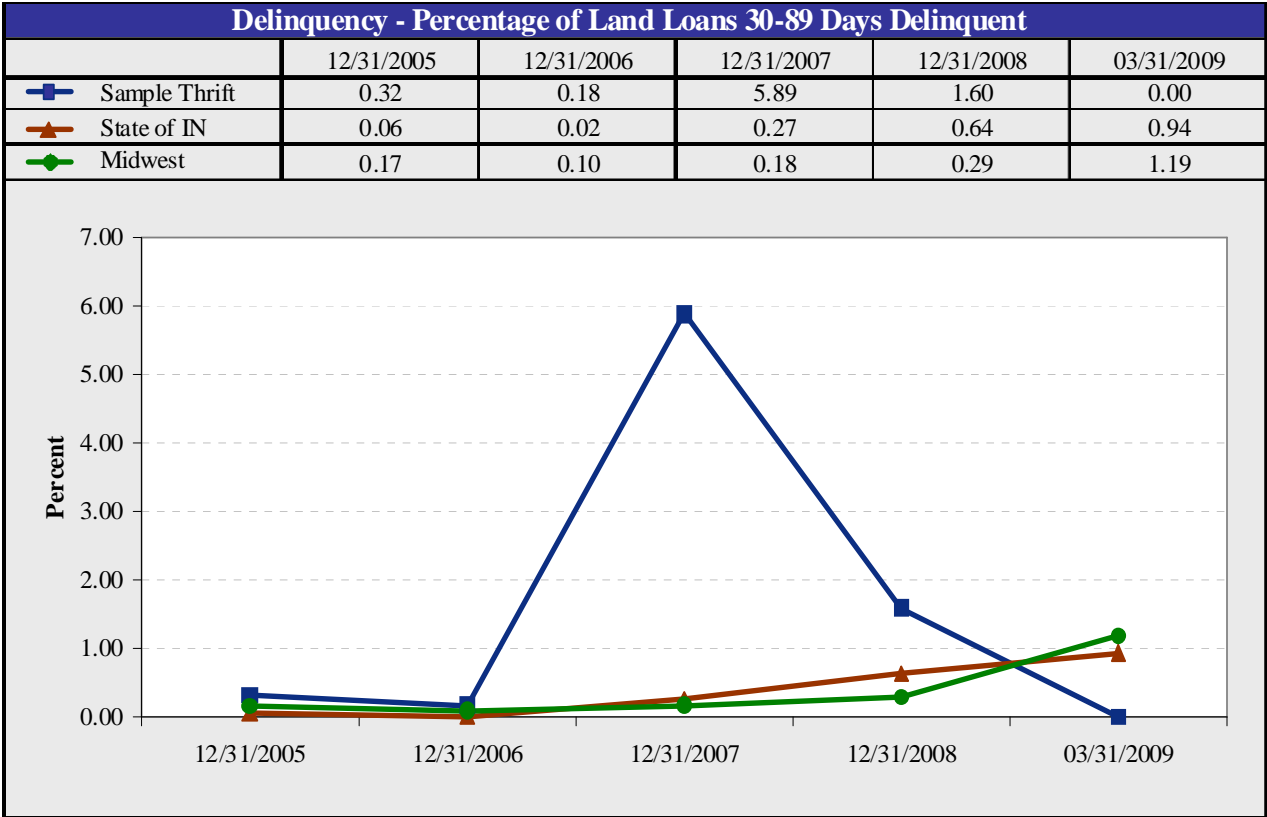


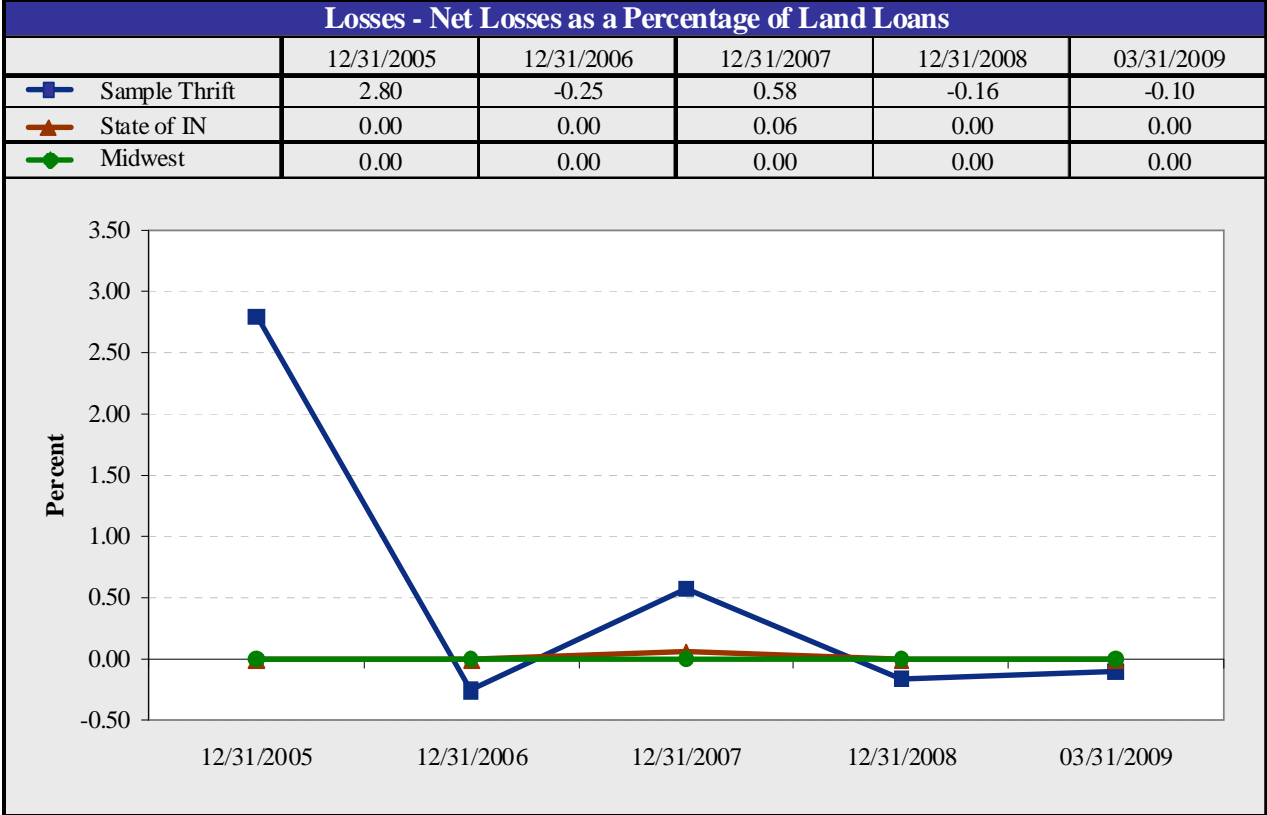


## **Land Loans**

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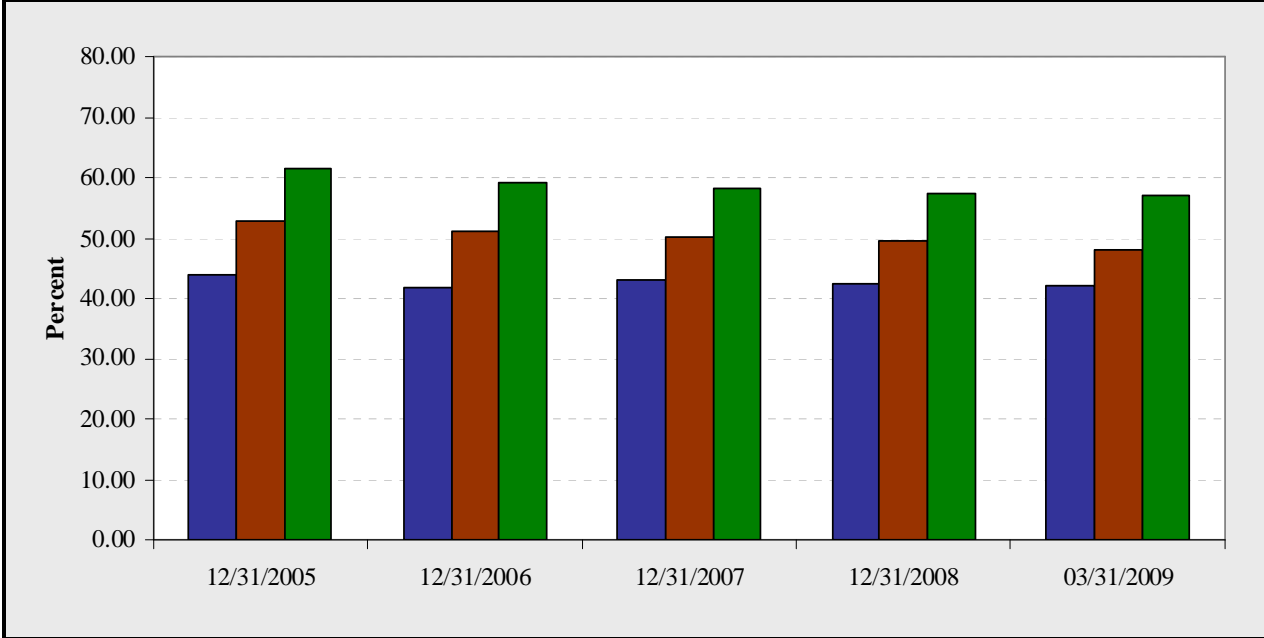




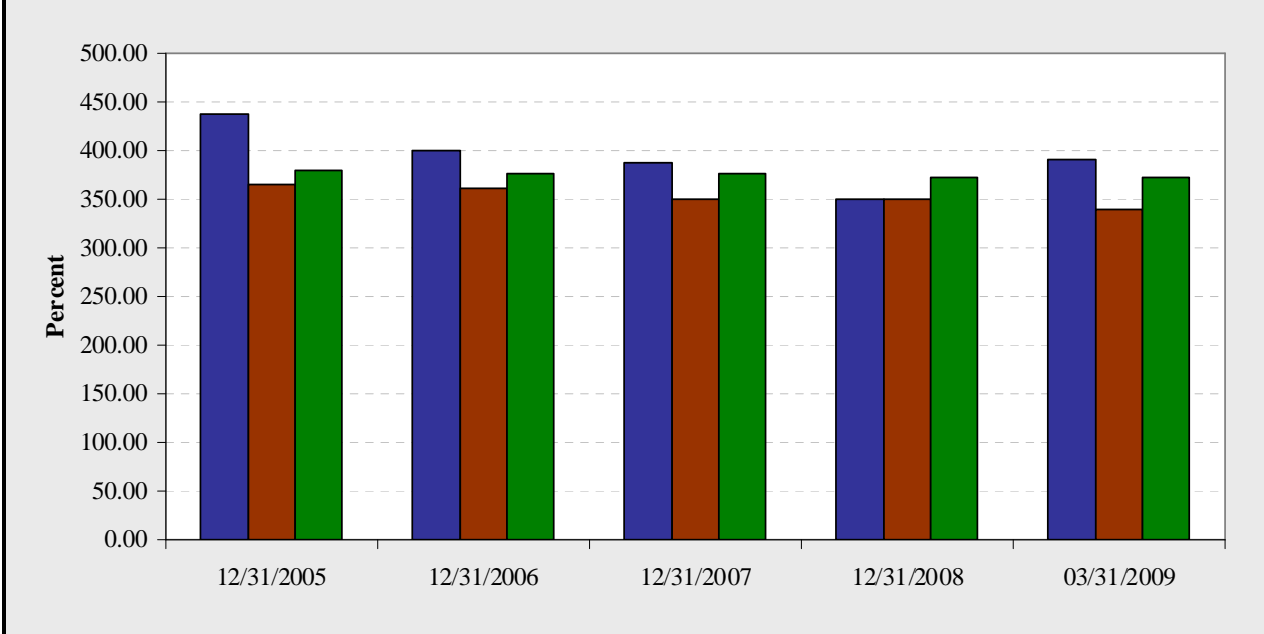
## **1-4 Family Closed End Mortgages**

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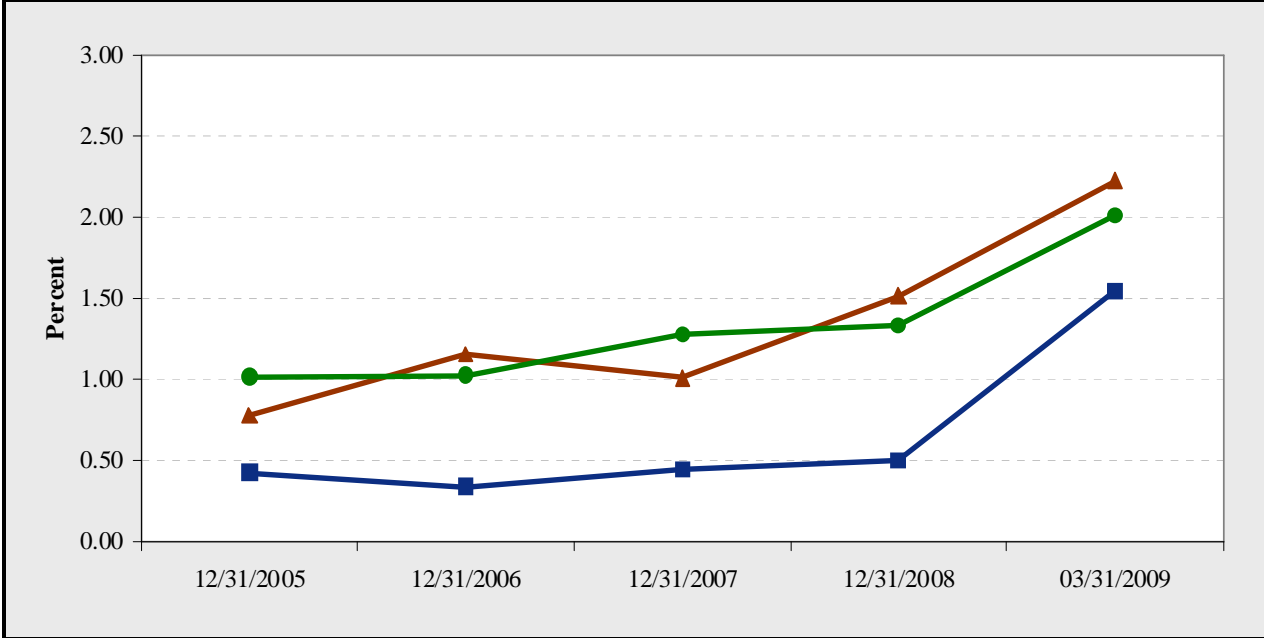
Loan Mix - Percentage of 1-4 Family Closed End Mtgs to Average Gross Loans & Leases					
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	03/31/2009
Sample Thrift	44.14	41.94	43.15	42.40	42.30
State of IN	53.00	50.98	50.41	49.52	48.05
Midwest	61.57	59.13	58.32	57.51	57.05



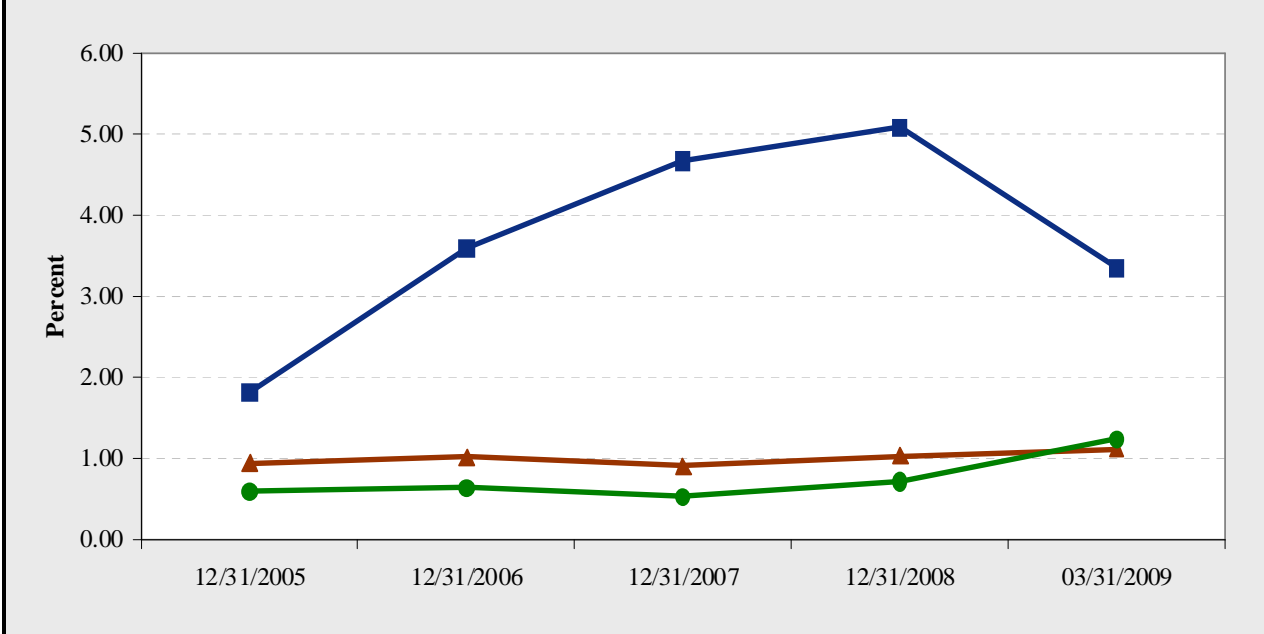
Concentration Level - Concentration of 1-4 Family Closed End Mtgs as a Percentage of Total Capital					
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	03/31/2009
Sample Thrift	438.18	401.10	386.88	351.36	391.20
State of IN	365.53	361.94	350.64	350.73	339.45
Midwest	380.61	376.23	375.51	373.47	372.05

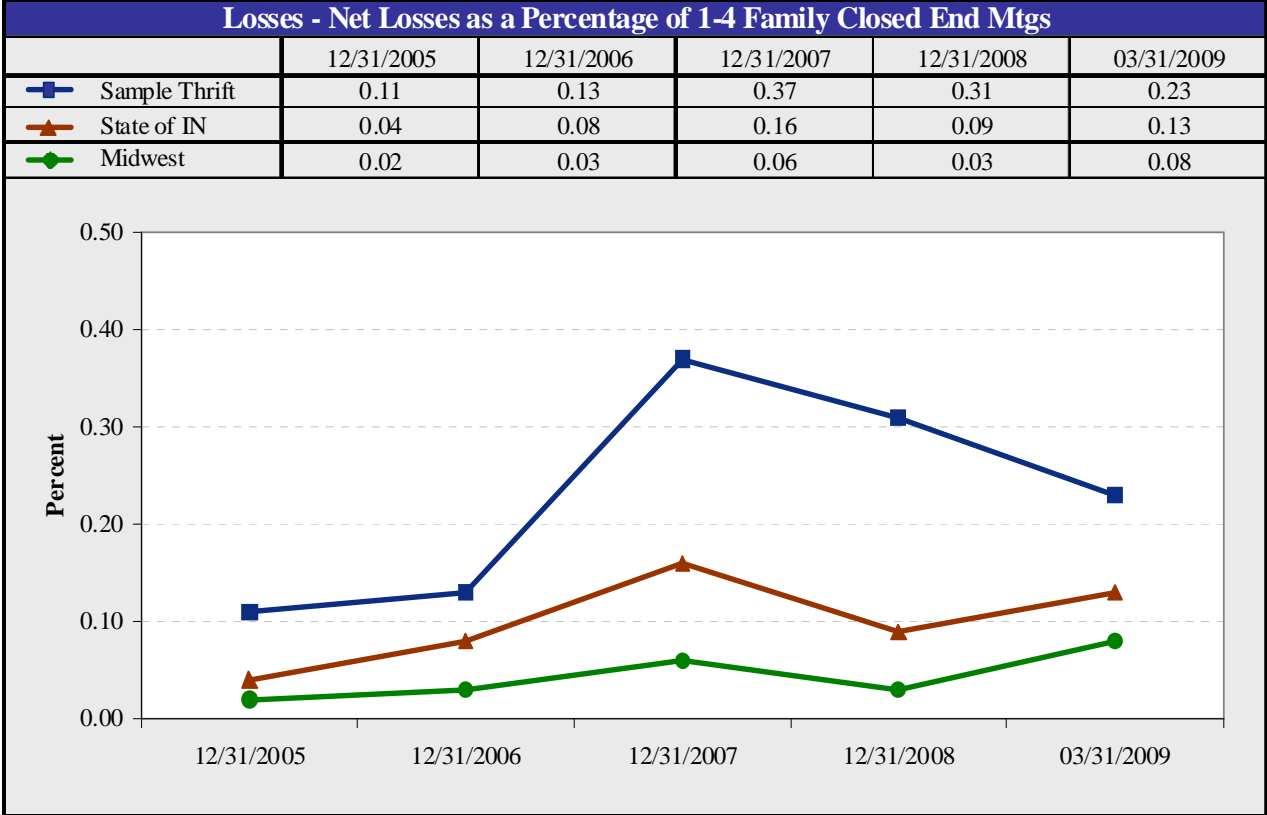


Delinquency - Percentage of 1-4 Family Closed End Mtgs 30-89 Days Delinquent					
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	03/31/2009
Sample Thrift	0.43	0.34	0.45	0.50	1.55
State of IN	0.78	1.16	1.01	1.52	2.23
Midwest	1.02	1.03	1.28	1.34	2.01



Delinquency - Percentage of 1-4 Family Closed End Mtgs 90 Days Past Due / Non-Accrual					
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	03/31/2009
Sample Thrift	1.82	3.60	4.68	5.09	3.36
State of IN	0.95	1.02	0.91	1.04	1.13
Midwest	0.61	0.66	0.54	0.73	1.25

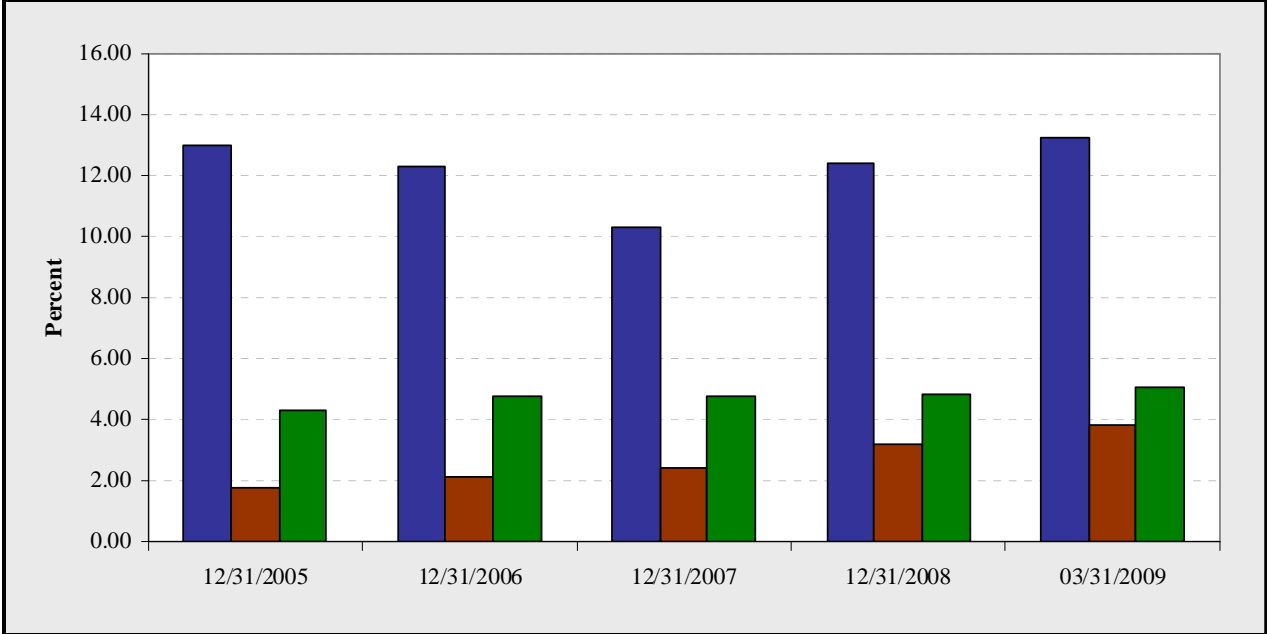




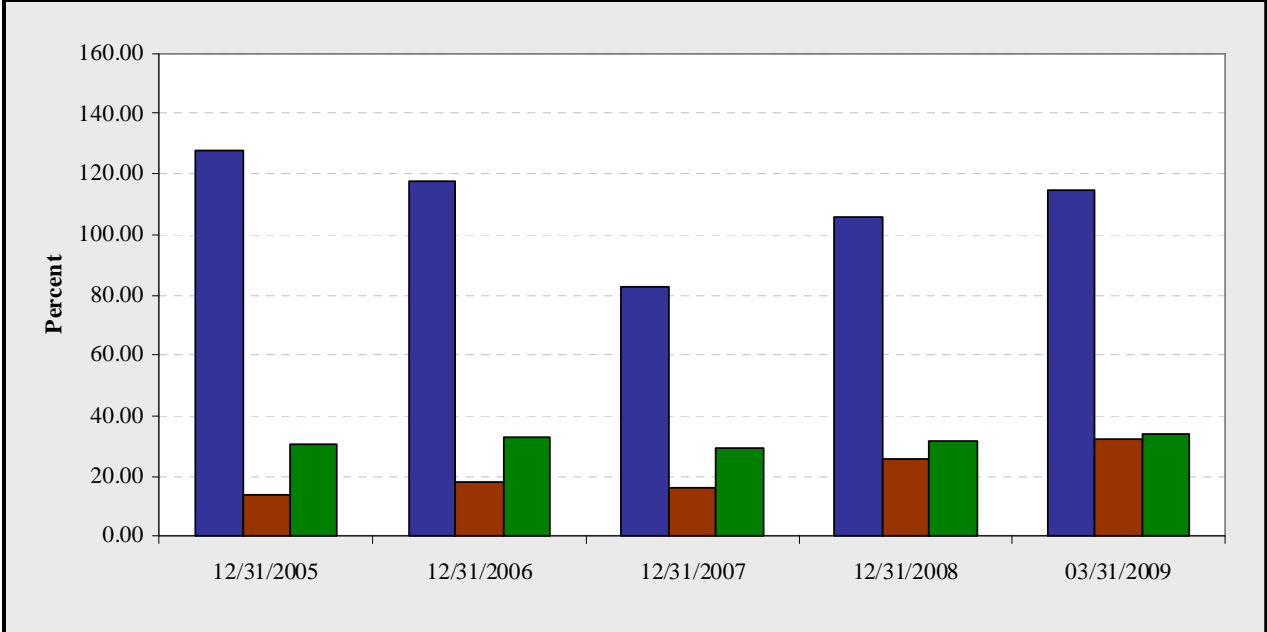
## **Multi-Family Loans**

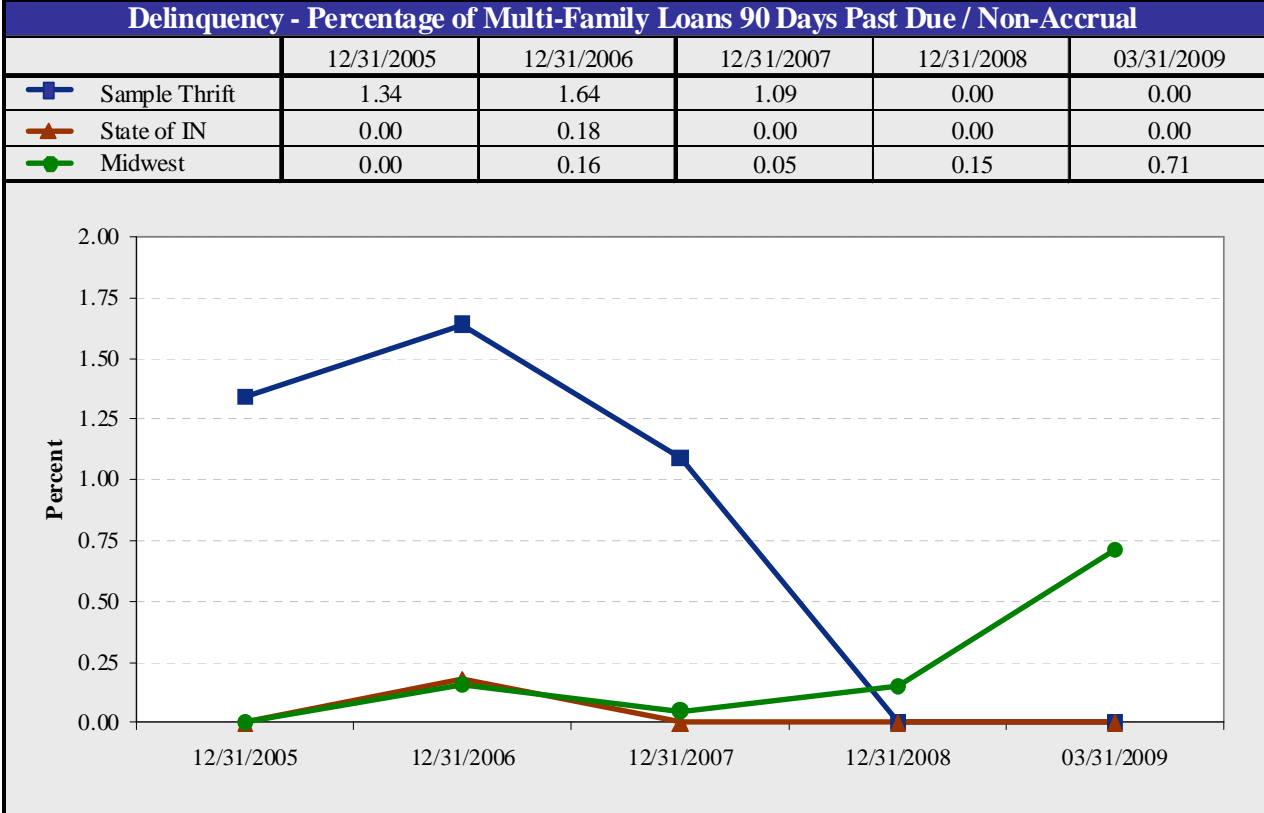
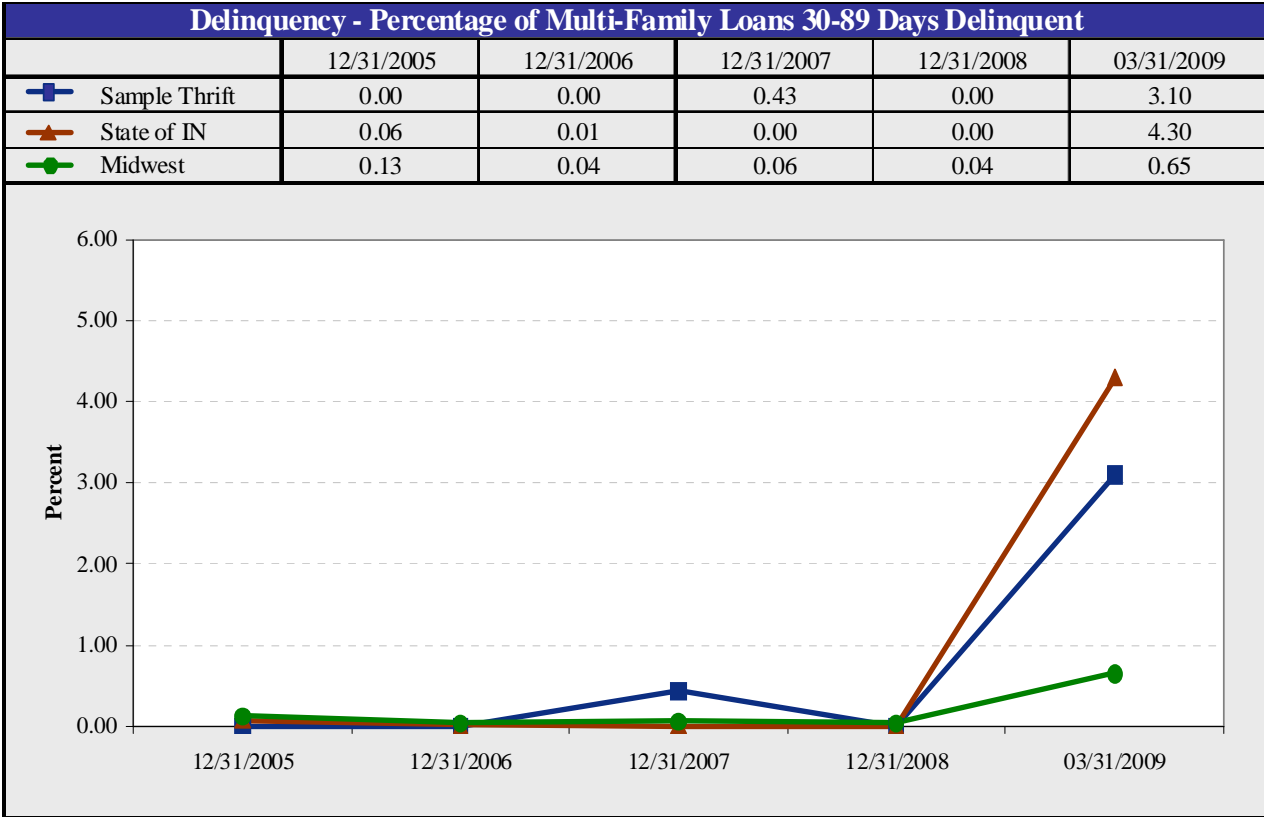
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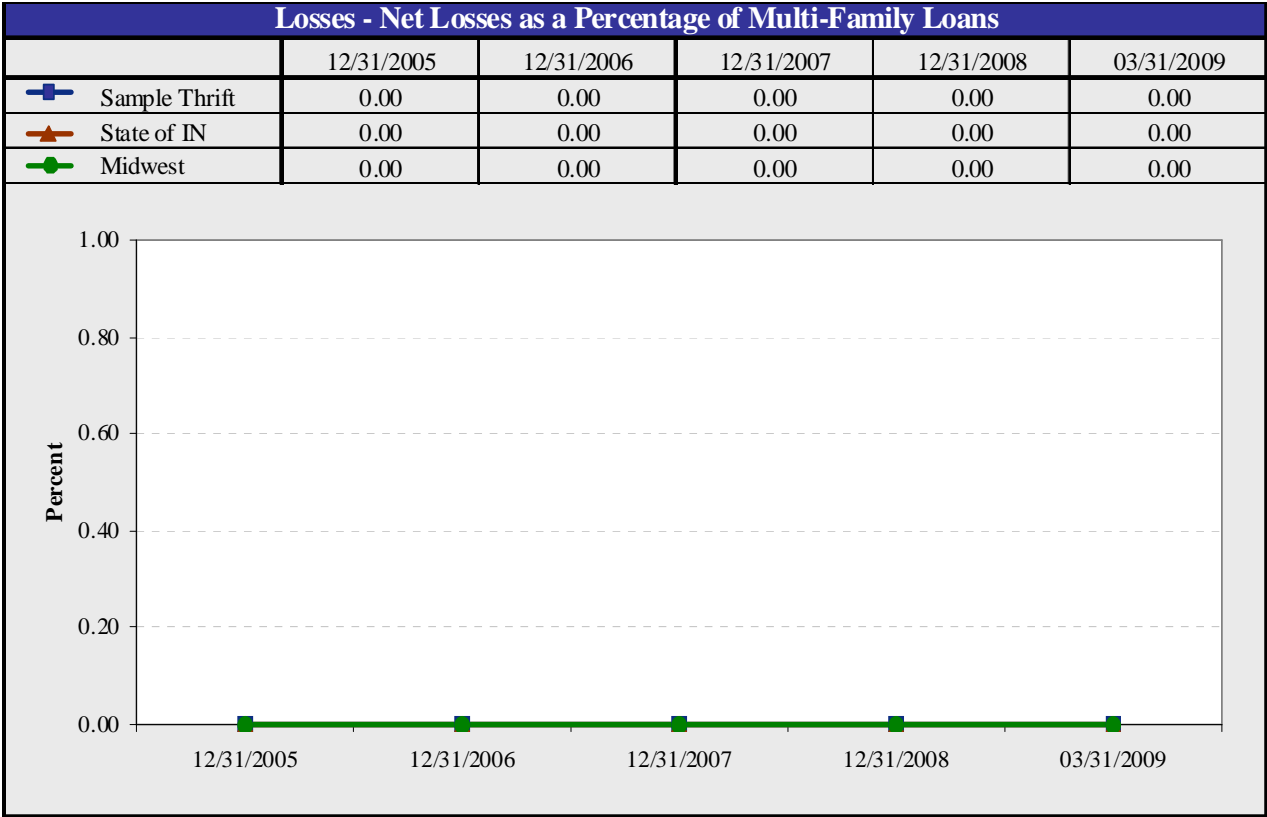
Loan Mix - Percentage of Multi-Family Loans to Average Gross Loans & Leases					
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	03/31/2009
Sample Thrift	13.01	12.30	10.27	12.41	13.23
State of IN	1.76	2.13	2.43	3.19	3.84
Midwest	4.29	4.77	4.75	4.84	5.09



Concentration Level - Concentration of Multi-Family Loans as a Percentage of Total Capital					
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	03/31/2009
Sample Thrift	127.68	117.92	82.56	105.82	114.69
State of IN	14.07	18.29	16.28	25.57	32.38
Midwest	30.61	32.83	29.31	31.72	34.24



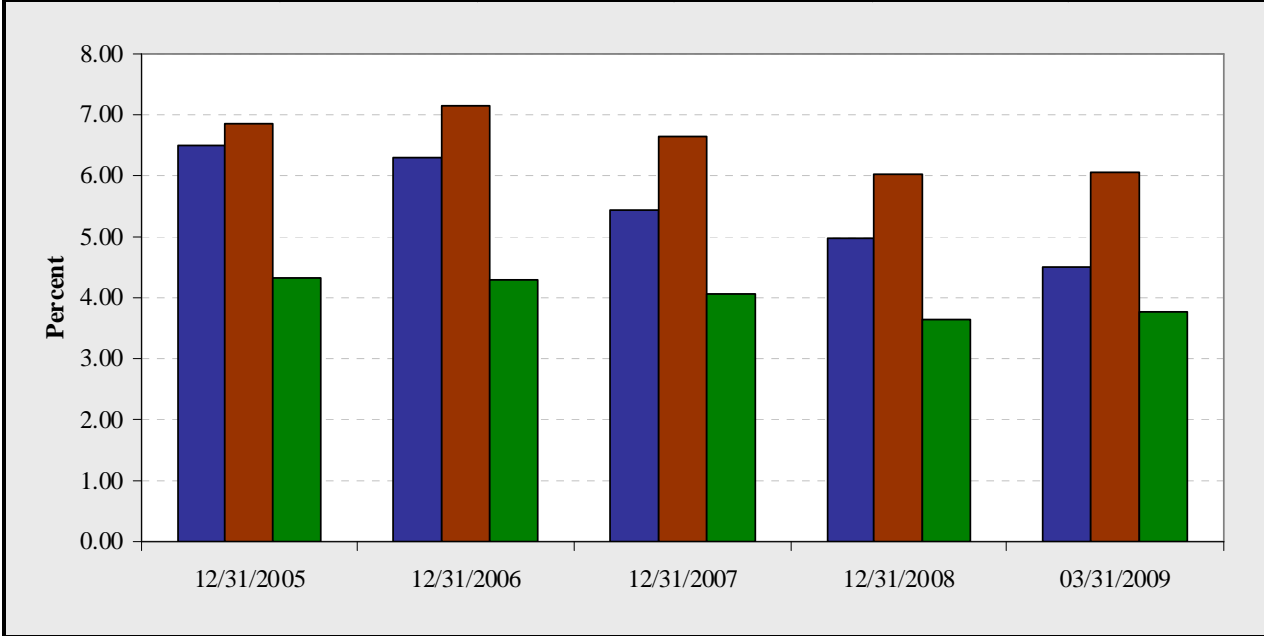




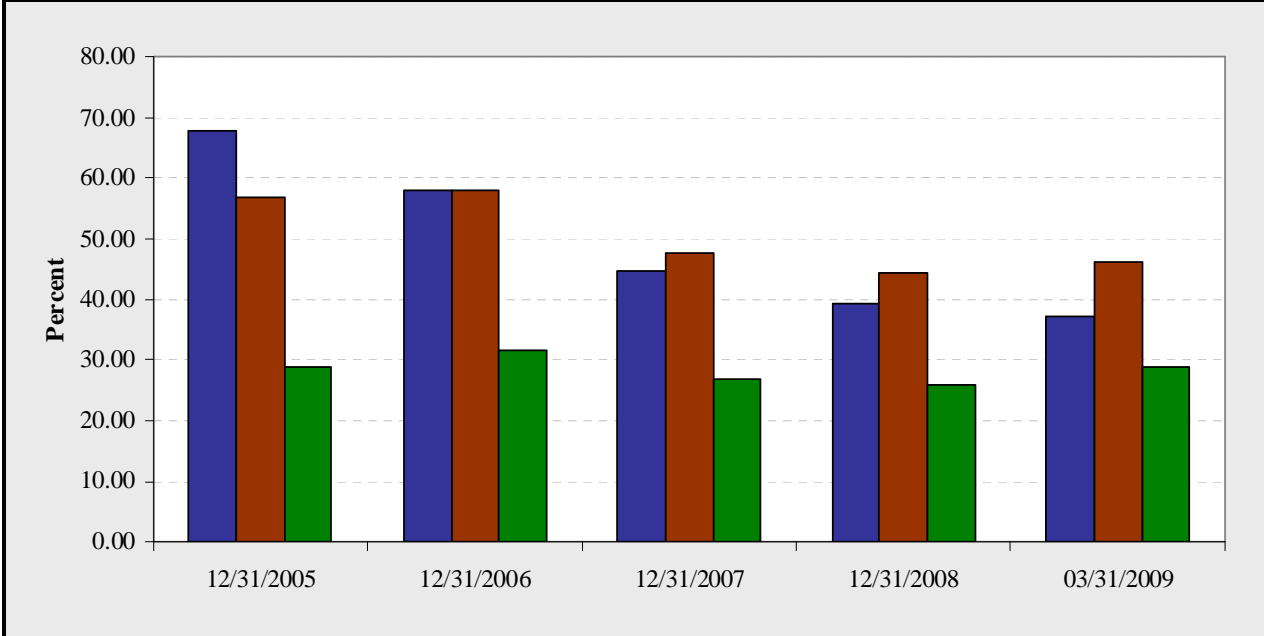
## **Home Equity Lines of Credit**

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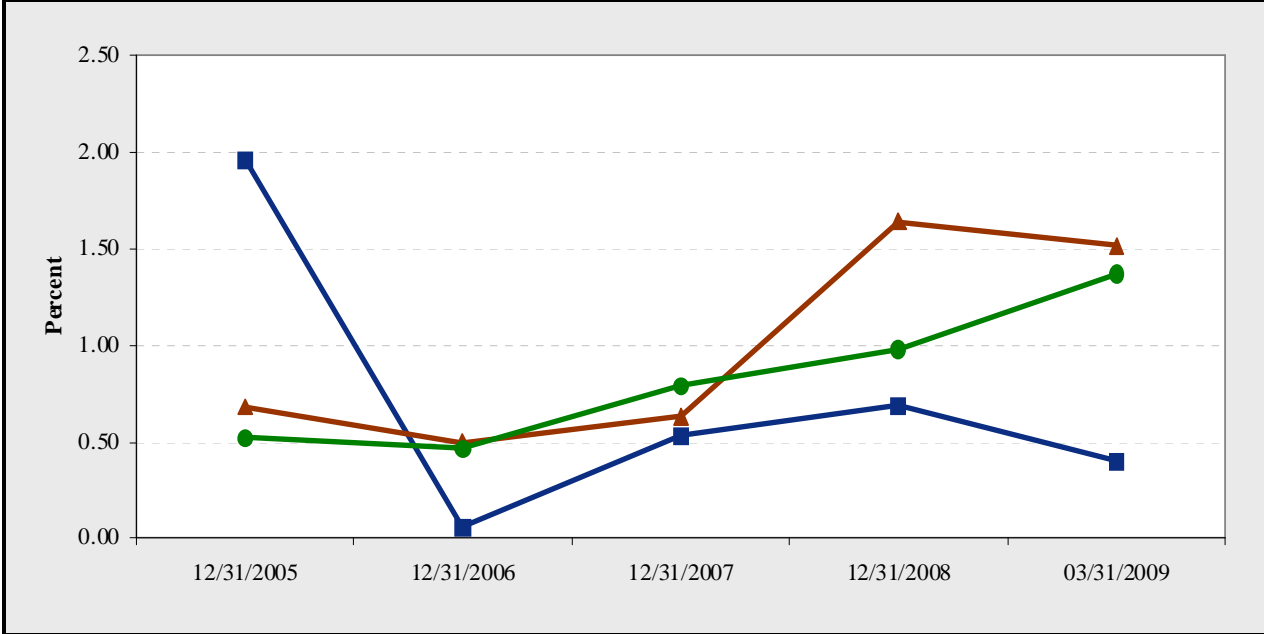
Loan Mix - Percentage of Home Equity Lines of Credit to Average Gross Loans & Leases					
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	03/31/2009
Sample Thrift	6.52	6.29	5.45	4.99	4.52
State of IN	6.86	7.15	6.64	6.03	6.07
Midwest	4.32	4.31	4.08	3.65	3.78



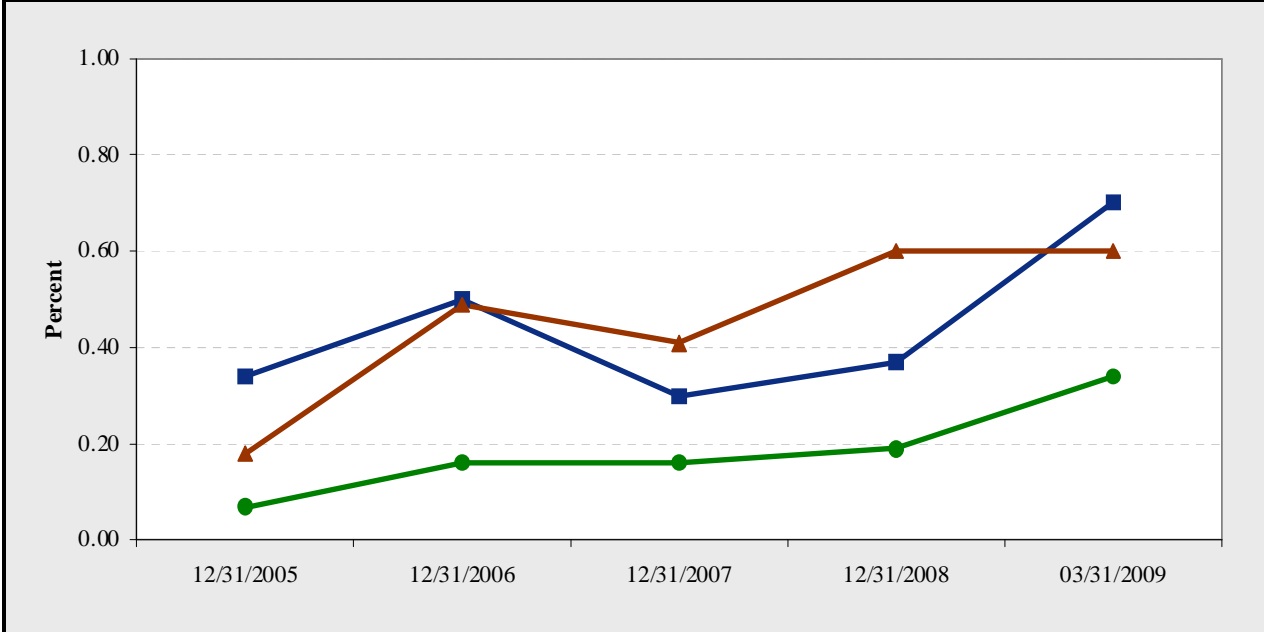
Concentration Level - Concentration of Home Equity Lines of Credit as a Percentage of Total Capital					
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	03/31/2009
Sample Thrift	67.81	58.19	44.56	39.39	37.27
State of IN	56.91	57.93	47.63	44.42	46.34
Midwest	28.94	31.74	26.92	26.10	28.97

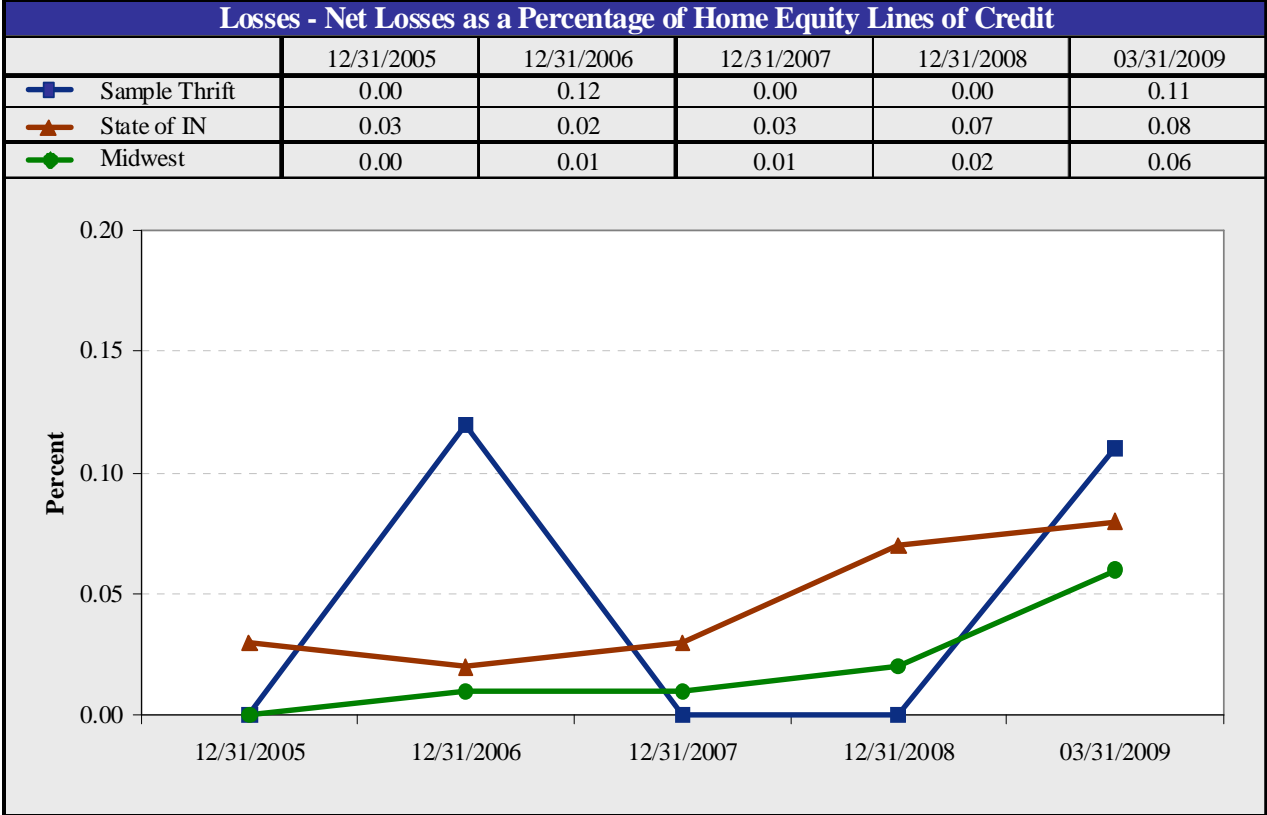


Delinquency - Percentage of Home Equity Lines of Credit 30-89 Days Delinquent					
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	03/31/2009
Sample Thrift	1.96	0.06	0.53	0.69	0.40
State of IN	0.68	0.50	0.63	1.64	1.51
Midwest	0.52	0.47	0.79	0.98	1.37



Delinquency - Percentage of Home Equity Lines of Credit 90 Days Past Due / Non-Accrual					
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	03/31/2009
Sample Thrift	0.34	0.50	0.30	0.37	0.70
State of IN	0.18	0.49	0.41	0.60	0.60
Midwest	0.07	0.16	0.16	0.19	0.34

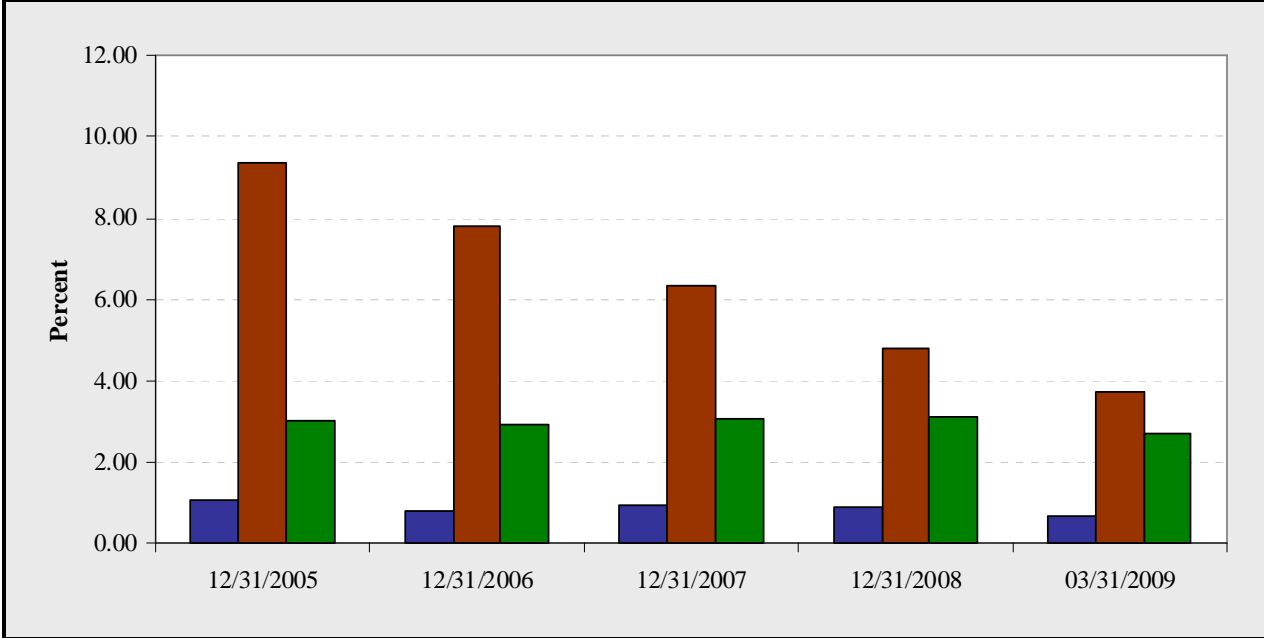




## **Consumer Loans**

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Loan Mix - Percentage of Consumer Loans to Average Gross Loans & Leases					
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	03/31/2009
Sample Thrift	1.08	0.81	0.93	0.92	0.68
State of IN	9.34	7.81	6.36	4.81	3.74
Midwest	3.02	2.94	3.06	3.10	2.73



Concentration Level - Concentration of Consumer Loans as a Percentage of Total Capital					
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	03/31/2009
Sample Thrift	8.26	8.34	8.90	6.70	5.62
State of IN	62.30	54.80	40.46	34.57	25.08
Midwest	20.67	21.08	22.80	21.61	18.94

