



# Peer Data Analytics: Empower Your Strategic Plan

Community Bankers of Michigan  
Directors College

September 13, 2017

# Speaker



## Greg Dingens

EVP & Head of Investment Banking  
Monroe Financial Partners, Inc.



- Leads Monroe – boutique investment banking firm serving community banks
  - 25 years experience - CSFB, Merrill Lynch and Lehman Brothers
  - Partner, Siena Capital Partners I, L.P. - \$300 MM investment fund investing in community banks
  - Director of QwickRate and co-founder of QwickAnalytics

312.506.8752  
[gd@monroefp.com](mailto:gd@monroefp.com)



# Key Questions For Directors



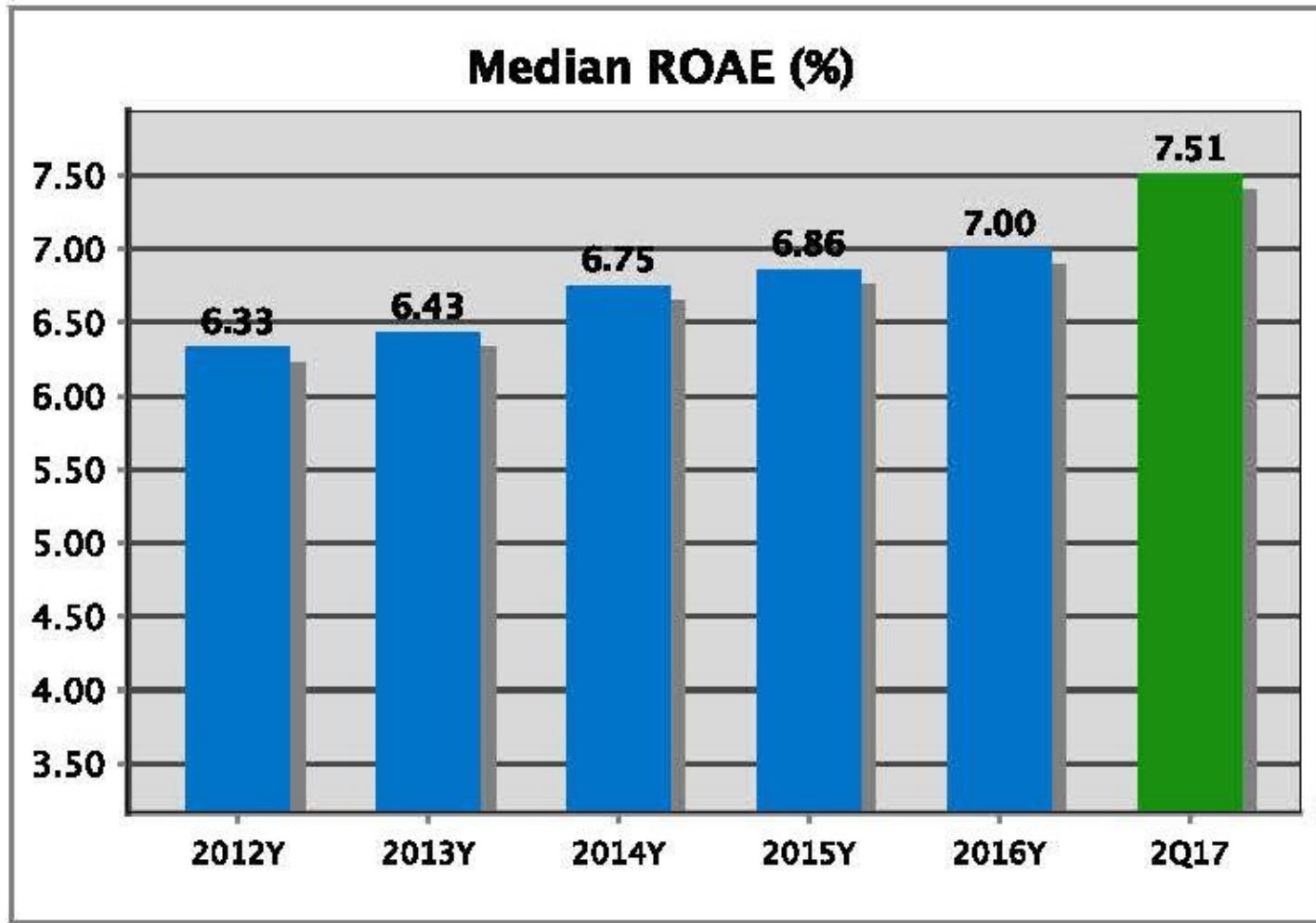
- **Do You Know Your Bank's "Financial Story"?**
- **Do You Know How it Compares to Other Community Banks?**
- **Do You Think It Matters?**



# Some Community Bank Performance Benchmarks



# Pop Quiz: Median U.S. CB ROE?



- All U.S. QCBI banks only
- Tax-affected S-Corps



# Banking Cost of Capital?

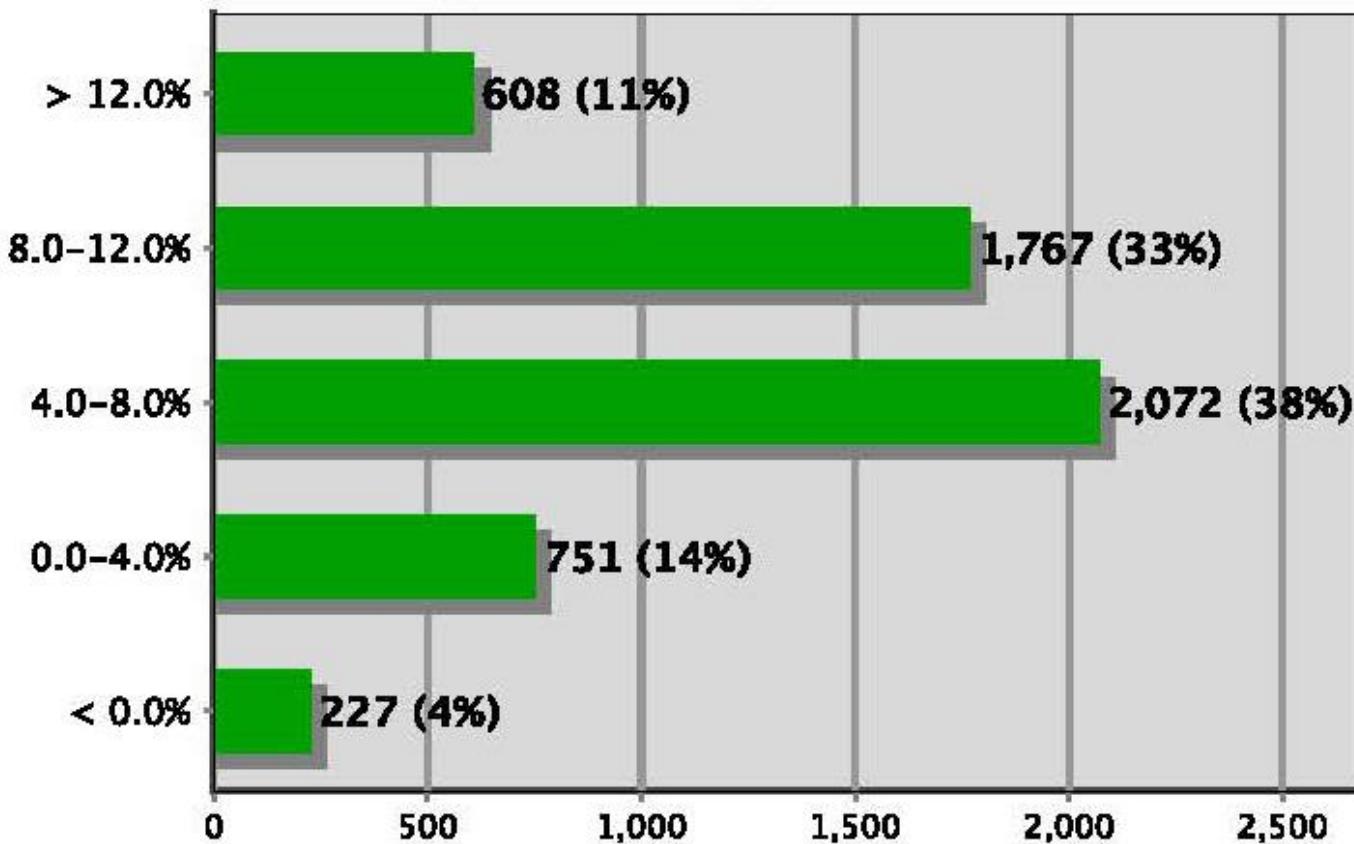


<u>CAPM Model</u>	<u>Current</u>	<u>Normalized</u>
30 Yr T-Bond at 8/28/17	2.48%	4.00%
Equity Risk Premium	<u>5.50%</u>	<u>5.50%</u> <i>Duff &amp; Phelps</i>
Expected Equity Return	7.98%	9.50%
Risk Premium for Size/Liquidity	3.67%	3.67% <i>Duff &amp; Phelps</i>
Banking Industry Risk Factor	<u>2.00%</u>	<u>2.00%</u> <i>Subjective</i>
<b>Equity Cost of Capital</b>	<b>13.65%</b>	<b>15.17%</b>

# ROE Distribution: 2Q 2017



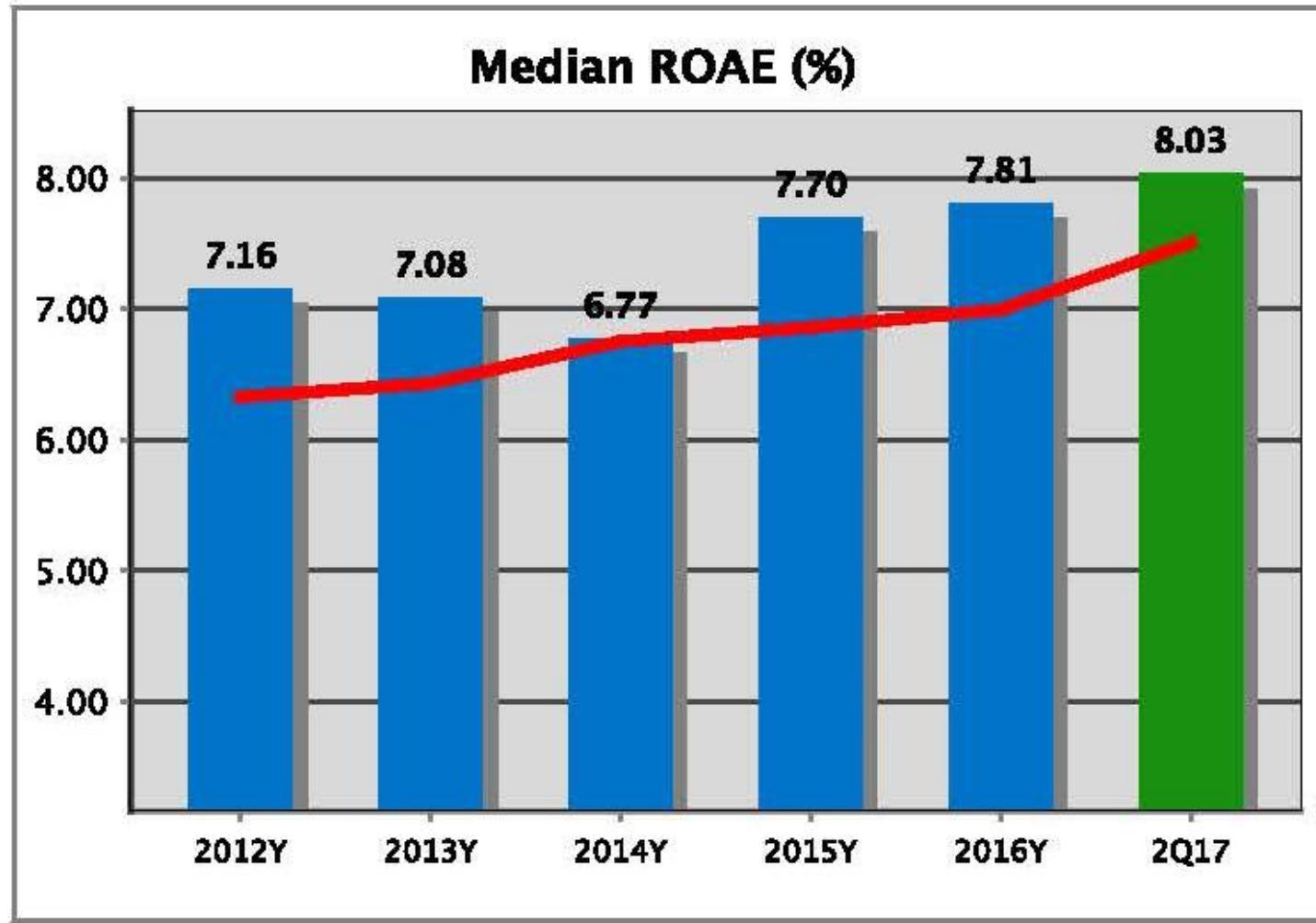
**QCBI Banks by ROAE**



- All U.S QCBI banks only
- Tax-affected S-Corps



# Pop Quiz: Median Michigan CB ROE?

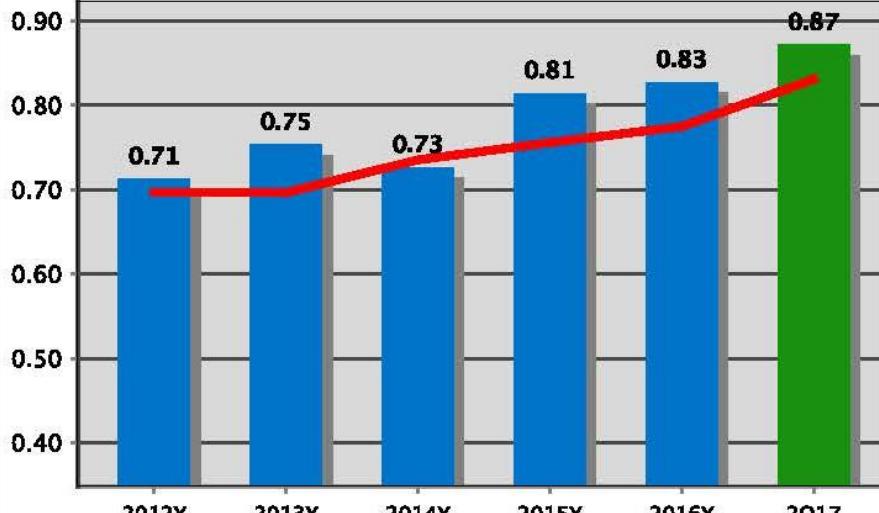


- All Michigan QCBI banks only
- Tax-affected S-Corps

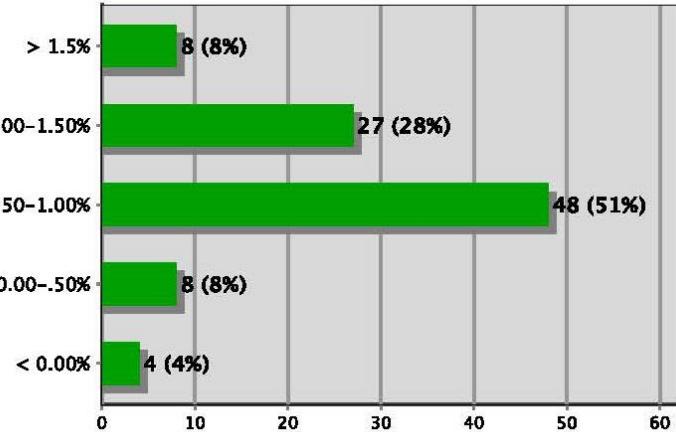


# Michigan CB Performance Ratios

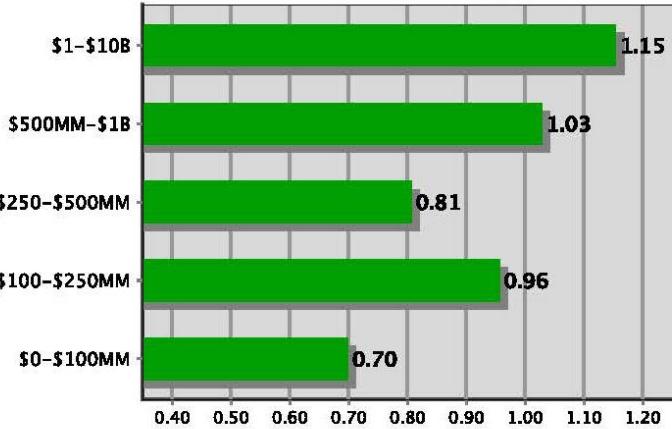
Median ROAA (%)



QCBI Banks by ROAA



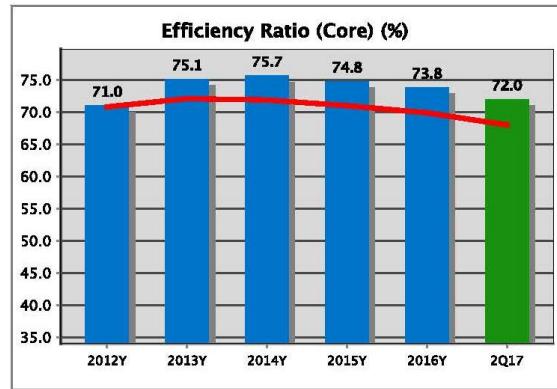
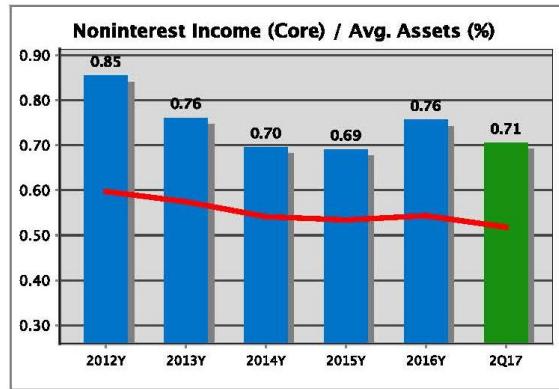
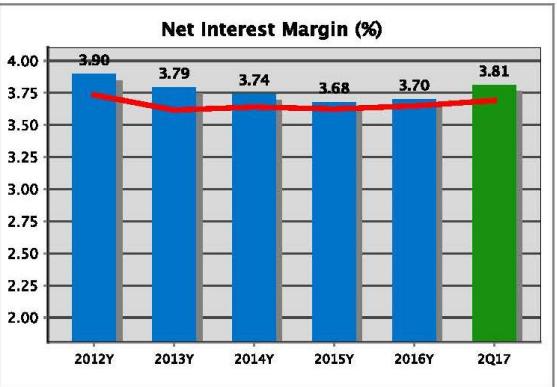
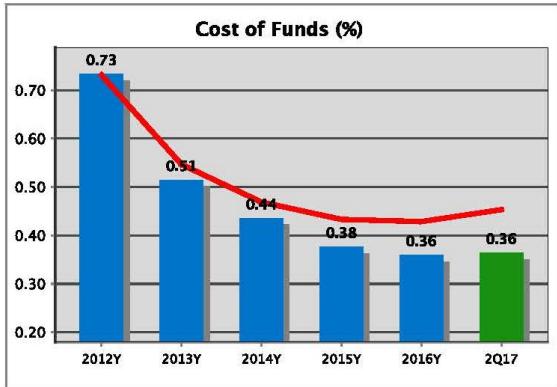
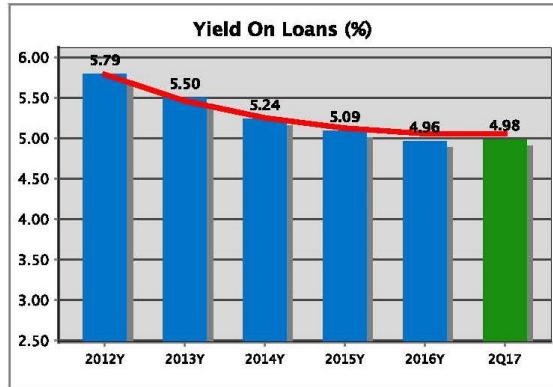
Median ROAA by Asset Size (%)



- Michigan QCBI banks only
- Medians



# Michigan CB Performance Ratios

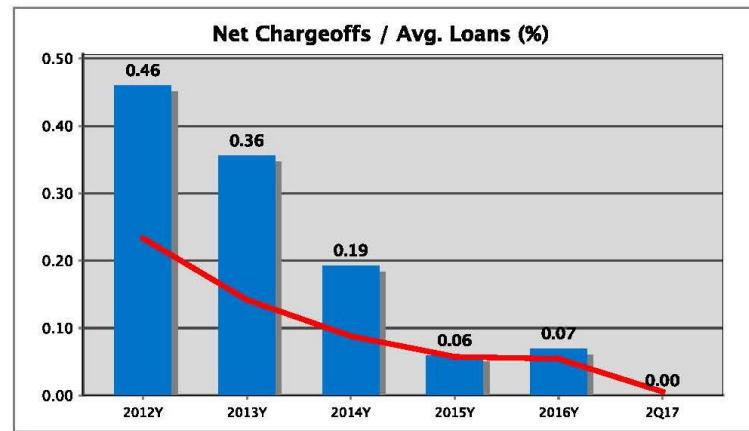
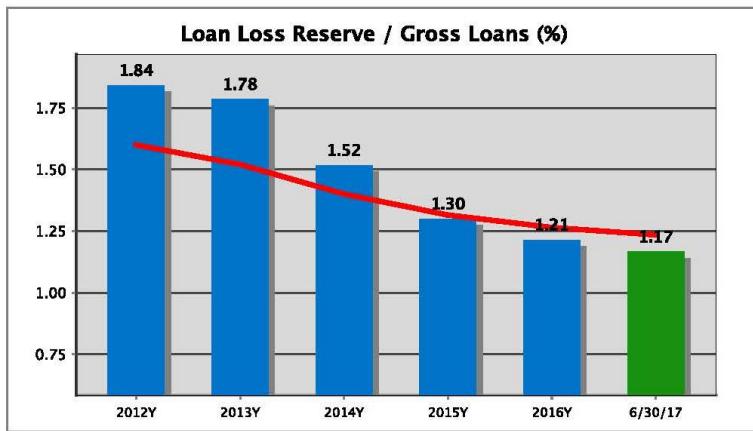
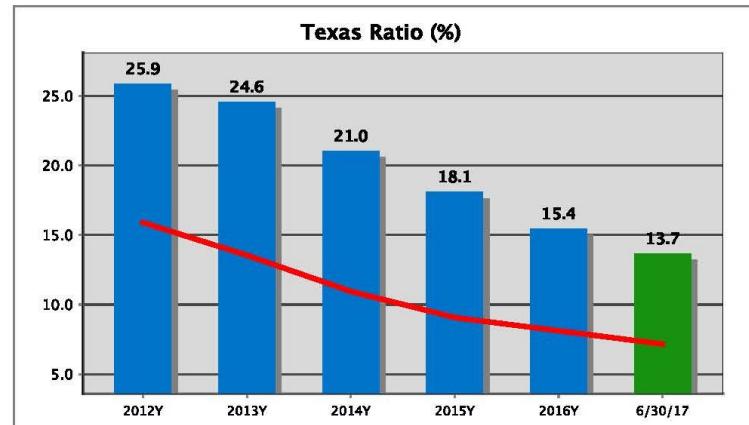
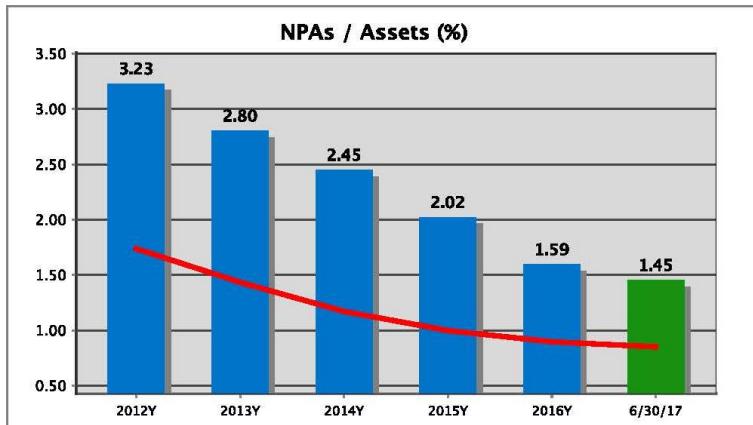


— National Trend

Note: All data points represent median values;  
current period data (green bars) are for the most recent quarter (MRQ); Core items exclude nonrecurring gains/losses



# Michigan CB Performance Ratios



— National Trend

\* All data points represent median values; NPAs = loans 90+ days P.D. + nonaccrual loans + restructured loans + OREO;  
Texas Ratio = NPAs as a percentage of tangible equity + loan loss reserve





# Using Performance & Peer Data



# Everyone Needs Goals!



“Unfortunately, we were a little off-target again this quarter.”



# Strategic Plan?



Budget	Strategic Plan
Short Term Point-Point (M/M)	Long Term / Trends
Perfunctory	Analytical
Internal / Self-focused	External / Comparative
<b>Yardstick: Self created</b>	<b>Yardstick: Competition</b>



**Must Measure  
to Manage!**

# Regulated = GOOD!

1

= Exact # Of Benefits to  
Being Regulated:



Free, Voluminous  
Competitive Data!



# The Good & Bad News...

## Table of Contents

### Cover Page

### Summary Ratios

### Income Statement \$

### Non Int Inc, Exp, Yields

### Balance Sheet \$

### Off Balance Sheet Items

### Derivative Instruments

### Derivative Analysis

### Balance Sheet %

### Allowance & Loan Mix-a

### Allowance & Loan Mix-b

### Concentrations of Credit

### PD, Nonacc & Rest Loans-a

### PD, Nonacc & Rest Loans-b

### Interest Rate Risk

### Liquidity & Funding

### Liquidity & Inv Portfolio

### Capital Analysis-a

### Capital Analysis-b

### Income Statement 1-Qtr-Ann

### Securitization & Asset Sale-a

### Securitization & Asset Sale-b

### Securitization & Asset Sale-c

### Fiduciary Services-a

### Fiduciary Services-b

FDIC Certificate # 16250  
OCC Charter # 0  
Public Report

FRB District/ID\_RSSD 7 / 716833  
County: COOK

Earnings and Profitability  
Percent of Average Assets:  
Interest Income (TE)  
- Interest Expense  
Net Interest Income (TE)  
+ Noninterest Income  
- Noninterest Expense  
- Provision: Loan & Lease Losses  
Pretax Operating Income (TE)  
+ Realized Gains/Losses Sec  
Pretax Net Operating Income (TE)  
Net Operating Income  
Adjusted Net Operating Income  
Net Inc Attrib to Min Ints  
Net Income Adjusted Sub S  
Net Income

	3/31/2014		3/31/2013			
	BANK	PG 2	PCT	BANK	PG 2	PCT
Interest Income (TE)	3.43	3.73	22	3.41	3.82	
- Interest Expense	0.17	0.35	17	0.19	0.44	
Net Interest Income (TE)	3.26	3.37	41	3.23	3.36	
+ Noninterest Income	1.02	0.88	66	1.14	1.00	
- Noninterest Expense	3.59	2.94	82	3.53	3.02	
- Provision: Loan & Lease Losses	0.00	0.08	13	0.38	0.16	
Pretax Operating Income (TE)	0.69	1.31	12	0.46	1.27	
+ Realized Gains/Losses Sec	0.00	0.01	57	0.02	0.03	
Pretax Net Operating Income (TE)	0.69	1.33	11	0.48	1.31	
Net Operating Income	0.46	0.93	11	0.32	0.92	
Adjusted Net Operating Income	0.31	0.91	11	0.44	0.91	
Net Inc Attrib to Min Ints	0.00	0.00	97	0.00	0.00	
Net Income Adjusted Sub S	0.46	0.87	12	0.32	0.86	
Net Income	0.46	0.93	11	0.32	0.92	

### Margin Analysis:

Avg Earning Assets to Avg Assets  
Avg Int-Bearing Funds to Avg Assets  
Int Inc (TE) to Avg Earn Assets  
Int Expense to Avg Earn Assets  
Net Int Inc-TE to Avg Earn Assets

	BANK	PG 2	PCT	BANK	PG 2	PCT
Avg Earning Assets to Avg Assets	88.56	93.39	7	88.29	93.15	
Avg Int-Bearing Funds to Avg Assets	85.57	78.58	78	85.57	79.36	
Int Inc (TE) to Avg Earn Assets	3.87	4.01	35	3.87	4.11	
Int Expense to Avg Earn Assets	0.19	0.38	18	0.21	0.47	
Net Int Inc-TE to Avg Earn Assets	3.68	3.62	54	3.65	3.6	

### Loan & Lease Analysis:

Net Loss to Average Total LN&LS  
Earnings Coverage of Net Losses (X)  
LN&LS Allowance to LN&LS Not HFS  
LN&LS Allowance to Net Losses (X)  
LN&LS Allowance to Total LN&LS  
Total LN&LS-90+ Days Past Due  
-Nonaccrual  
-Total

	BANK	PG 2	PCT	BANK	PG 2	PCT
Net Loss to Average Total LN&LS	0.24	0.13	76	0.42	0.2	
Earnings Coverage of Net Losses (X)	4.22	36.10	16	3.01	21.1	
LN&LS Allowance to LN&LS Not HFS	1.94	1.55	77	2.71	1.1	
LN&LS Allowance to Net Losses (X)	8.00	25.22	43	6.41	15.1	
LN&LS Allowance to Total LN&LS	1.93	1.54	77	2.67	1	
Total LN&LS-90+ Days Past Due	0.12	0.07	78	0.35	0	
-Nonaccrual	2.28	1.12	87	3.85		
-Total	2.39	1.29	83	4.20		

### Liquidity

Net Non Core Fund Dep New \$250M  
Net Loans & Leases to Assets

	BANK	PG 2	PCT	BANK	PG 2	PCT
Net Non Core Fund Dep New \$250M	2.33	6.63	34	2.27		
Net Loans & Leases to Assets	60.20	63.36	37	61.01		

### Capitalization

Tier One Leverage Capital  
Cash Dividends to Net Income  
Retained Earnings to Avg Total Equity  
Rest+Nonac+RE Acq to Eqcap+ALL

	BANK	PG 2	PCT	BANK	PG 2	PCT
Tier One Leverage Capital	9.13	9.71	40	8.99		
Cash Dividends to Net Income	79.50	27.20	87	72.99		
Retained Earnings to Avg Total Equity	0.82	5.68	14	0.74		
Rest+Nonac+RE Acq to Eqcap+ALL	24.34	13.86	81	30.20		

### Growth Rates

Total Assets  
Tier One Capital  
Net Loans & Leases  
Short Term Investments  
Short Term Non Core Funding

	BANK	PG 2	PCT	BANK	PG 2	PCT
Total Assets	0.13	6.98	20	-8.74		
Tier One Capital	0.28	8.06	11	-4.28		
Net Loans & Leases	-1.20	10.32	12	-1.00	5.84	25
Short Term Investments	1.15	0.83	58	-40.04	20.22	18
Short Term Non Core Funding	-0.83	14.36	41	-23.14	0.56	23

### Average Total Assets

Total Equity Capital  
Net Income

	BANK	PG 2	PCT	BANK	PG 2	PCT
Average Total Assets	1,523,786			1,546,686		
Total Equity Capital	177,824			179,282		
Net Income	1,761			1,233		

Number of banks in Peer Group

BANK : CHICAGO , IL  
Schedule RI - Income Statement

Summary Ratios  
5/23/2014 5:31:48 PM

			12/31/2011		
				PG 2	PCT
1. Interest income:		Dollar amounts in thousands			
a. Interest and fee income on loans:					
1. Loans secured by real estate:					
a. Loans secured by 1-4 family residential properties.					
b. All other loans secured by real estate.					
2. Commercial and industrial loans.					
3. Loans to individuals for household, family, and other personal expenditures:					
a. Credit cards.					
b. Other (includes revolving credit plans other than credit cards, automobile loans, and other consumer loans).					
4. Loans to foreign governments and official institutions.					
5. All other loans.					
b. Total interest and fee income on loans (sum of items 1.a.(1) through 1.a.(5)).					
c. Interest income on leases from financing receivables.					
d. Interest and dividend income on securities:					
1. U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities).					
2. Mortgage-backed securities.					
3. All other securities (includes securities issued by states and political subdivisions in the U.S.).					
e. Interest income from trading assets.					
f. Interest income on federal funds sold and securities purchased under agreements to resell.					
g. Other interest income.					
h. Total interest income (sum of items 1.a.(6) through 1.g.).					
2. Interest expense:					
a. Interest on deposits:					
1. Transaction accounts (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and automated teller machine accounts).					
2. Nontransaction accounts:					
a. Savings deposits (includes MMDAs).					
b. Time deposits of \$100,000 or more.					
c. Time deposits of less than \$100,000.					
d. Expense of federal funds purchased and other borrowed money.					
e. Interest on trading liabilities and other borrowed money.					
f. Interest on subordinated notes and debentures.					
g. Total interest expense (sum of items 2.a through 2.d.).					
b. Provision for loan and lease losses.					
c. Noninterest income:					
a. Income from fiduciary activities.					
b. Service charges on deposit accounts.					
c. Trading revenue.					
d. Not available:					
1. Fees and commissions from securities brokerage.					
2. Investment banking, advisory, and underwriting fees and commissions.					
3. Fees and commissions from annuity sales.					
4. Underwriting income from insurance and reinsurance activities.					
5. Income from other insurance activities.					
e. Venture capital revenue.					
f. Net servicing fees.					
g. Net securitization income.					
d. Total noninterest income.					
3. Net interest margin.					
4. Provision for loan and lease losses.					
5. Noninterest expense:					
a. Service charges on deposit accounts.					
b. Salaries and employee benefits.					
c. Occupancy.					
d. Equipment.					
e. Marketing.					
f. Data processing.					
g. Professional services.					
h. Other.					
8. Total noninterest expense.					
9. Net interest margin.					
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# Peer Performance Data: Why?

- **BECAUSE YOU CAN:** The Call Reports require quarterly reporting in excruciating detail – take advantage of it!
- **BECAUSE YOU CAN:** Reams of public data available on **EVERY** competitor
  - Private or public, small or large – **HUGE LUXURY!**
- **BECAUSE YOU CAN :** “Common sizing” the data permits you to compare JP Morgan vs National Bank of St. Anne

	JP Morgan	St. Anne
Assets (\$mm)	\$ 1,914,658	\$ 48
NIM	1.86%	3.74%
Efficiency Ratio	66.4%	67.6%
Cost of Funds	0.23%	0.23%
ROAA	0.85%	0.55%
ROAE	8.86%	4.50%

# Know Your Financial Story

- **Identify Strengths & Weaknesses:** compare your bank against specific local peers (or best performing peers anywhere)
  - **What is your “Financial Story”?**
  - And has that changed over time?
- **Understand Local Market Trends:** are competitors suffering similar loan pricing pressure? Are they growing faster than you? Is the overall market growing?
- **Get Objective Data:** Public peer data, not necessarily filtered by management, is a critical tool to measure performance
- **Stay Ahead of Regulators:** Know how you stack up in the eyes of the regulators, and understand what regulators are likely to criticize ahead of time

# Useful Data: 3 Simple Rules

- 1. Access, analyze and present all the performance data of the bank over a meaningful time period**

*i.e. “absolute” performance over time*
- 2. Do the same for a group of peers that can be used to place the bank’s performance into context**

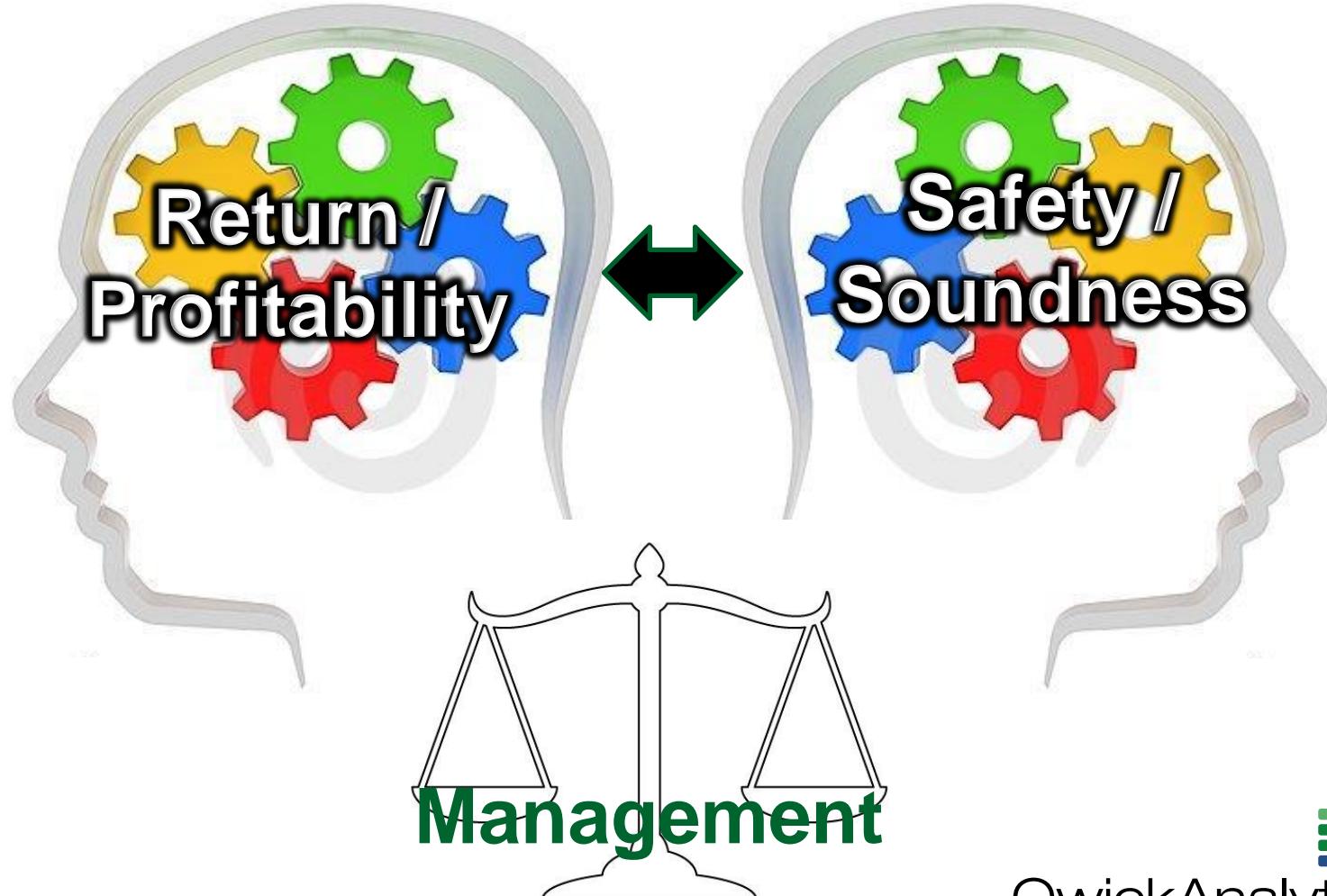
*i.e. “relative” performance over time*
- 3. Present the data in a format that can be easily digested by directors, consistently**
  - including those who are not experienced or formally educated in interpreting financial information*

# Who You Callin' a Peer?

- **Peer Groups Matter:** Determine who you aspire to / compete with
  - Purely local
  - Best performers (regional / national)
  - Best mix of business (loan niches, non-spread business, etc)
  - **UBPR Peer Groups: 20+ large & diverse groups**

UBPR Peer Group	# of Banks	Avg Assets/Bank	# of States
3 Banks \$300 million - \$1 billion	1220	\$527,736	51
4 Banks \$100 million - \$300 million, 3+ branches in MSA	536	\$198,852	45
5 Banks \$100 million - \$300 million, 3+ branches NOT in MSA	687	\$185,994	41

# Return vs Safety: Competing Goals?



# Safety & Soundness: Canaries & Cushions

**Real risk locked in  
during underwriting –  
years ago!**

**Canary Warnings:**  
• Past Dues & NPAs

**Cushions:**  
• Capital  
• Loan Loss Reserve



# Performance Goals

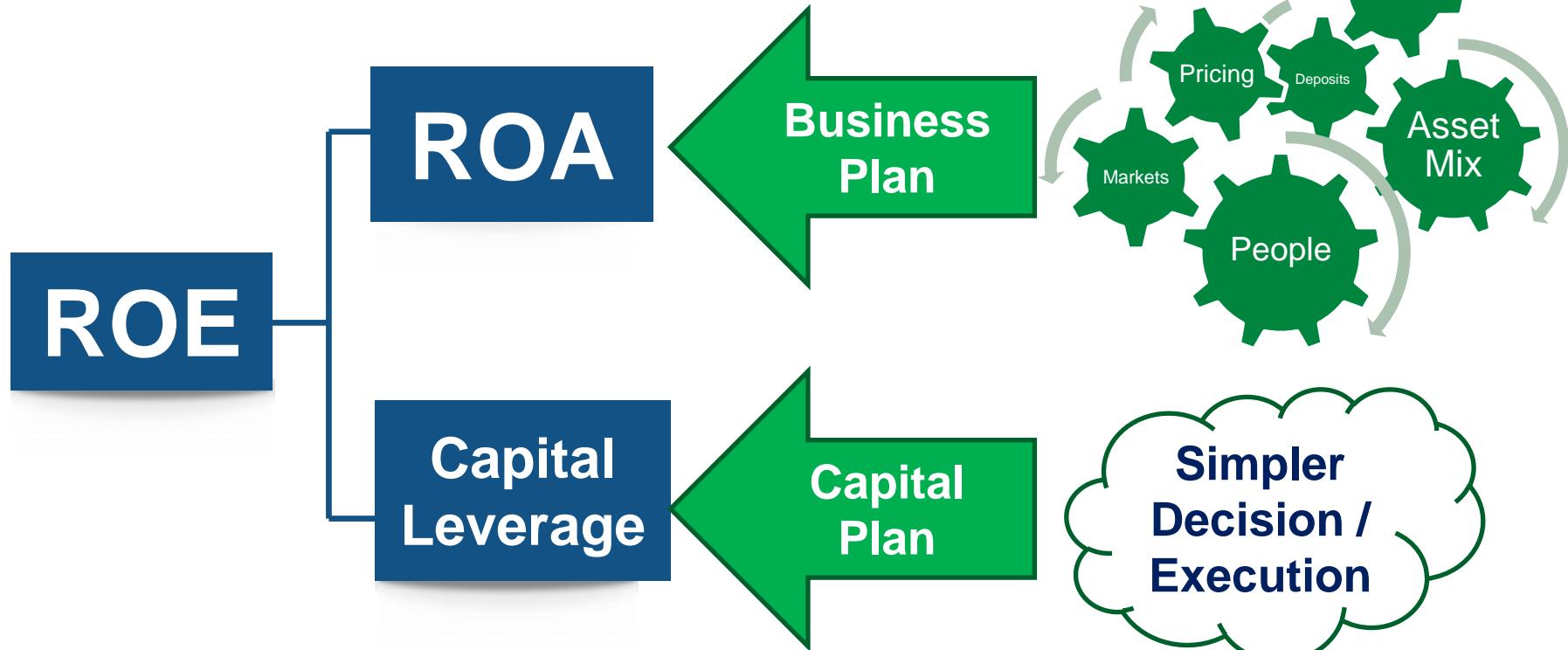


**“Outcome”  
Goals:  
Bottom  
Line**

# Return / Profitability



## Performance Building Blocks



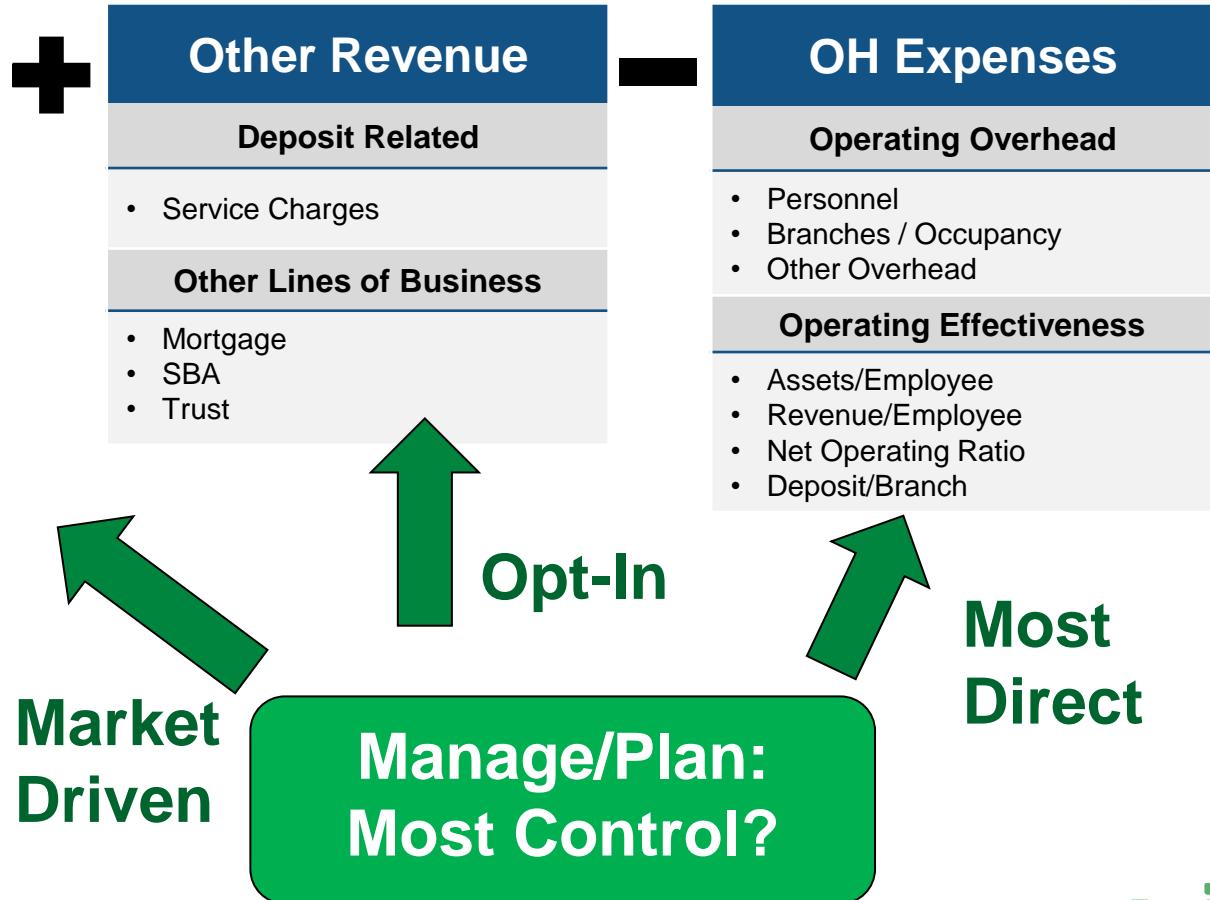
# Performance Goals



**“Process”  
Goals:  
Analyze  
Building  
Blocks**

# Financial Story: Book of Business

Spread Income	
Balance Sheet Utilization	
Asset Mix	Funding Mix
<ul style="list-style-type: none"> <li>• Loans/Deposits</li> <li>• Earning Assets / Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Deposits</li> <li>• Other Funding</li> <li>• Capital</li> </ul>
Yields & Costs	
Asset Yields	Funding Costs
<ul style="list-style-type: none"> <li>• Investments</li> <li>• Loans</li> <li>• Key Types</li> </ul>	<ul style="list-style-type: none"> <li>• Deposits</li> <li>• FHLB</li> <li>• Sub Debt</li> <li>• Preferred</li> </ul>



# Return: Break it down



## Core Operating Earnings (a.k.a. *Pre-Tax Pre-Provision, enhanced*)



The Ultimate  
“Common Size” Tool!



QwickAnalytics®  
from QwickRate



# Your Bank's Financial Story



# Your Financial Story: Facts



**Fast growing, very profitable bank: QED?**

Overview	2011	2012	2013	2014	2015	2016
<b>Total Assets</b>	<b>\$217,844</b>	<b>\$260,547</b>	<b>\$337,614</b>	<b>\$505,535</b>	<b>\$650,730</b>	<b>\$770,227</b>
Asset Growth (annual)	(0.9%)	19.6%	29.6%	49.7%	28.7%	18.4%
<b>Total Gross Loans</b>	<b>\$189,152</b>	<b>\$229,893</b>	<b>\$299,494</b>	<b>\$439,953</b>	<b>\$544,227</b>	<b>\$644,285</b>
Loan Growth (annual)	8.2%	21.5%	30.3%	46.9%	23.7%	18.4%
<b>Total Deposits</b>	<b>\$175,398</b>	<b>\$230,053</b>	<b>\$297,502</b>	<b>\$403,899</b>	<b>\$517,951</b>	<b>\$633,467</b>
Deposit Growth (annual)	3.4%	31.2%	29.3%	35.8%	28.2%	22.3%
Net Loans / Deposits	106%	99%	100%	108%	104%	101%
<b>Total Equity Capital</b>	<b>\$18,100</b>	<b>\$22,963</b>	<b>\$31,589</b>	<b>\$38,815</b>	<b>\$53,269</b>	<b>\$63,521</b>
Total Equity Growth (annual)	15.7%	26.9%	37.6%	22.9%	37.2%	19.2%
Total Equity / Assets	8.31%	8.81%	9.36%	7.68%	8.19%	8.25%
<b>Net Income (1)</b>	<b>\$934</b>	<b>\$4,138</b>	<b>\$4,010</b>	<b>\$5,251</b>	<b>\$7,623</b>	<b>\$9,027</b>
Net Income Growth (annual)	(189%)	343%	(3%)	31%	45%	18%
<b>ROAA (1)</b>	<b>0.41%</b>	<b>1.71%</b>	<b>1.30%</b>	<b>1.30%</b>	<b>1.33%</b>	<b>1.29%</b>
<b>ROAE to Common Shareholders (1)</b>	<b>5.64%</b>	<b>20.40%</b>	<b>14.97%</b>	<b>15.19%</b>	<b>16.58%</b>	<b>15.56%</b>
<b>ROATCE to Common Shareholders (1)</b>	<b>5.64%</b>	<b>20.40%</b>	<b>14.98%</b>	<b>15.19%</b>	<b>16.59%</b>	<b>15.56%</b>
Full Time Equivalent Employees (FTE)	32	37	45	57	64	78

# Your Financial Story: Method

Growth / trends  
Over meaningful  
time period

Recent  
results

(C-Corp)							Peer Group Comparison			
							UBPR Peer Group 3	This Bank	Peer Median	PCT Rank
Overview	2011	2012	2013	2014	2015	2016	MRQ - 06/30/17			
<b>Total Assets</b>	\$217,844	\$260,547	\$337,614	\$505,535	\$650,730	\$770,227	\$813,286			
Asset Growth (annual)	(0.9%)	19.6%	29.6%	49.7%	28.7%	18.4%	10.3%	5.7%	75	
<b>Total Gross Loans</b>	\$189,152	\$229,893	\$299,494	\$439,953	\$544,227	\$644,285	\$681,864			
Loan Growth (annual)	8.2%	21.5%	30.3%	46.9%	23.7%	18.4%	12.4%	7.2%	74	
<b>Total Deposits</b>	\$175,398	\$230,053	\$297,502	\$403,899	\$517,951	\$633,467	\$658,157			
Deposit Growth (annual)	3.4%	31.2%	29.3%	35.8%	28.2%	22.3%	7.7%	6.1%	59	
Net Loans / Deposits	106%	99%	100%	108%	104%	101%	103%	84%	92	
<b>Total Equity Capital</b>	\$18,100	\$22,963	\$31,589	\$38,815	\$53,269	\$63,521	\$68,222			
Total Equity Growth (annual)	15.7%	26.9%	37.6%	22.9%	37.2%	19.2%	17.9%	3.9%	92	
Total Equity / Assets	8.31%	8.81%	9.36%	7.68%	8.19%	8.25%	8.39%	10.44%	7	
<b>Net Income (1)</b>	\$934	\$4,138	\$4,010	\$5,251	\$7,623	\$9,027	\$2,184			
Net Income Growth (annual)	(189%)	343%	(3%)	31%	45%	18%	(11%)	8%	18	
<b>ROAA (1)</b>	0.41%	1.71%	1.30%	1.30%	1.33%	1.29%	1.12%	0.94%	70	
<b>ROAE to Common Shareholders (1)</b>	5.64%	20.40%	14.97%	15.19%	16.58%	15.56%	13.02%	8.74%	88	
<b>ROATCE to Common Shareholders (1)</b>	5.64%	20.40%	14.98%	15.19%	16.59%	15.56%	13.02%	9.19%	86	
Full Time Equivalent Employees (FTE)	32	37	45	57	64	78	80			

Key  
metrics

Peer  
Comparison



# Your Financial Story

## Strengths

Performance Summary	2011	2012	2013	2014	2015	2016	MRQ - 06/30/17	
<b>Profitability:</b>								
Net Interest Margin	3.84%	4.14%	3.91%	4.05%	3.80%	3.71%	3.53%	3.71%
Noninterest Income (core) / Assets	0.28%	0.28%	0.24%	0.24%	0.28%	0.27%	0.26%	0.25%
Noninterest Expense (core) / Assets	1.99%	2.02%	1.97%	1.73%	1.70%	1.70%	1.77%	2.74%
Efficiency Ratio (core)	50.0%	46.7%	48.2%	41.0%	42.7%	43.9%	47.3%	65.2%
<b>Core Operating Earnings / Assets (2)</b>	<b>2.00%</b>	<b>2.31%</b>	<b>2.11%</b>	<b>2.49%</b>	<b>2.28%</b>	<b>2.17%</b>	<b>1.98%</b>	<b>1.48%</b>
Total Credit Costs / Assets (3)	1.40%	0.50%	0.02%	0.39%	0.17%	0.13%	0.18%	0.08%
<b>ROAA (pre-tax)</b>	<b>0.57%</b>	<b>1.81%</b>	<b>2.09%</b>	<b>2.11%</b>	<b>2.11%</b>	<b>2.04%</b>	<b>1.80%</b>	<b>1.38%</b>
<b>Loan / Deposit Mix:</b>								
Total Residential Loans (%)	58.5%	60.0%	65.8%	69.9%	72.8%	71.6%	70.9%	27.9%
Total Nonfarm Nonresidential Loans (%)	33.4%	33.4%	27.8%	22.0%	20.2%	21.1%	20.9%	31.0%
Commercial & Industrial Loans (%)	5.0%	4.4%	4.5%	4.0%	3.2%	2.6%	2.7%	11.8%
Total Noninterest Bearing Deposits (%)	16.5%	17.5%	24.6%	24.1%	26.7%	26.8%	27.7%	21.2%
Total Transaction Accounts (%)	25.5%	25.4%	32.2%	29.8%	31.4%	30.8%	30.8%	26.5%
Total Time Deposits (%)	53.2%	43.6%	33.9%	33.5%	27.9%	27.4%	28.0%	26.6%
<b>Yield / Cost:</b>								
Yield on Total Loans & Leases	5.70%	5.65%	5.35%	5.23%	5.04%	4.88%	4.85%	4.94%
Yield on Earning Assets	4.94%	5.06%	4.65%	4.74%	4.48%	4.42%	4.33%	4.17%
Total Cost of Deposits	1.08%	0.94%	0.80%	0.75%	0.76%	0.75%	0.75%	0.41%
Total Cost of Funds	1.14%	0.95%	0.79%	0.75%	0.73%	0.74%	0.78%	0.46%
Interest Rate Spread	3.62%	3.93%	3.63%	3.75%	3.53%	3.44%	3.28%	3.56%
<b>Asset Quality:</b>								
Nonaccrual Loans / Loans	0.34%	0.28%	0.21%	0.12%	0.08%	0.34%	0.36%	0.52%
NPAs & Restructured Loans / Assets	2.39%	1.75%	0.98%	0.24%	0.17%	0.28%	0.30%	0.88%
Texas Ratio (adjusted) (4)	25%	18%	10%	3%	2%	3%	3%	7%
Net Chargeoff Ratio	1.34%	0.33%	(0.09%)	(0.00%)	(0.01%)	0.00%	(0.00%)	0.02%
Loan Loss Reserve /	1.43%	1.20%	1.04%	1.03%	1.02%	1.03%	1.02%	1.25%
<b>Capital Ratios:</b>								
Tang. Common Equity / Tang. Assets	8.31%	8.81%	9.36%	7.68%	8.19%	8.25%	8.39%	9.99%
Leverage Ratio	7.85%	9.08%	9.40%	8.30%	8.56%	8.41%	8.71%	10.06%
Common Equity Tier 1 Ratio	NA	NA	NA	NA	13.37%	12.85%	12.83%	13.43%
Tier 1 Ratio	11.37%	11.84%	12.97%	11.41%	13.37%	12.85%	12.83%	13.44%
Total Risk-Based Ratio	12.63%	13.10%	14.22%	12.66%	14.62%	14.10%	14.08%	14.57%

## Changes over time

## Red flags

# Your Financial Story: vs Peers

Strengths

## Biscayne Bank vs. UBPR Peer Group 3

Period Type: MRQ	Red Zone	Bottom 20th Percentile	Orange Zone	Yellow Zone Peer Median	Blue Zone 20th Percentile	Top/Best 20th Percentile	LEADER BOARD	Your Nominal PCT Rank		
As of: 06/30/17	0 - 10th	10 - 20th	20-30th	30-40th	40-50th	50-60th	60-70th	70-80th	80-90th	90 - 100th
Peer Group: UBPR Peer Group 3										

### Profitability & Earnings:

Net Interest Margin  
Noninterest Income (core) / Assets  
Efficiency Ratio (core)  
Noninterest Expense (core) / Assets  
Core Operating Earnings / Assets  
ROAA (pre-tax)  
ROAA (stated)  
ROAE Available to Common (tax-affected)  
ROATCE Available to Common (tax-affected)

Net Interest Margin	3.28%	3.59%	3.71%	4.18%	42
Noninterest Income (core) / Assets	0.26%	0.37%	0.65%	1.09%	11
Efficiency Ratio (core)	74.3%	65.2%	54.8%	47.3%	7
Noninterest Expense (core) / Assets	3.31%	2.74%	2.18%	1.77%	7
Core Operating Earnings / Assets	1.05%	1.48%	1.93%	1.98%	82
ROAA (pre-tax)	0.97%	1.38%	1.80%	1.83%	78
ROAA (stated)	0.72%	1.04%	1.12%	1.54%	57
ROAE Available to Common (tax-affected)	6.49%	8.74%	11.65%	13.02%	88
ROATCE Available to Common (tax-affected)	6.71%	9.19%	12.11%	13.02%	86

### Yield & Cost Analysis:

Yield on Total Loans & Leases  
Yield on Total Securities  
Yield on Earning Assets  
Total Cost of Deposits  
Total Cost of Funds  
Interest Rate Spread

Yield on Total Loans & Leases	4.52%	4.85%	4.94%	5.43%	43
Yield on Total Securities	1.32%	1.78%	2.16%	2.57%	4
Yield on Earning Assets	3.71%	4.17%	4.33%	4.69%	62
Total Cost of Deposits	0.75%	0.64%	0.41%	0.24%	89
Total Cost of Funds	0.78%	0.69%	0.46%	0.28%	88
Interest Rate Spread	3.15%	3.28%	3.56%	4.04%	29

### Balance Sheet Utilization:

Net Loans / Deposits  
Total Gross Loans / Assets  
Nondeposit Funding / Total Funding

Net Loans / Deposits	67%	84%	96%	103%	92
Total Gross Loans / Assets	57.2%	71.6%	80.6%	83.8%	89
Nondeposit Funding / Total Funding	11.32%	9.07%	3.53%	0.00%	87

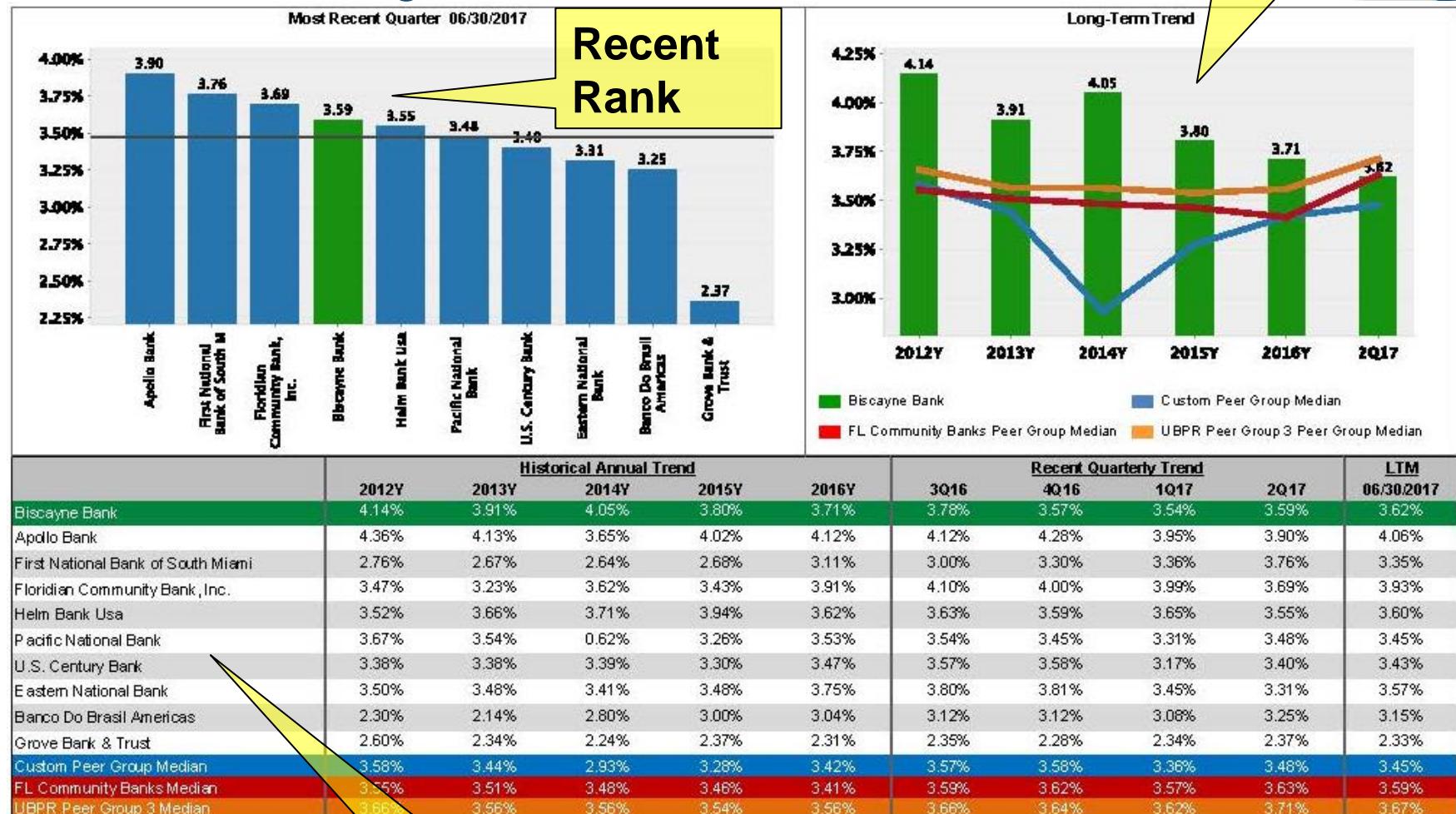
Red flags

Strengths

# Your Financial Story: vs Peers

## Net Interest Margin

Trend vs.  
Peers



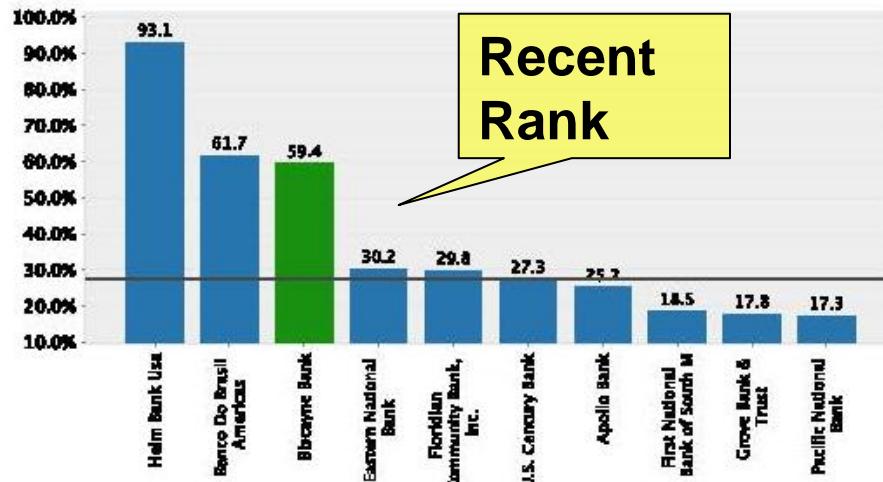
# Your Financial Story: vs Peers

## 1-4 Family Resi Loans Mix

Trend vs.  
Peers



Most Recent Quarter 06/30/2017



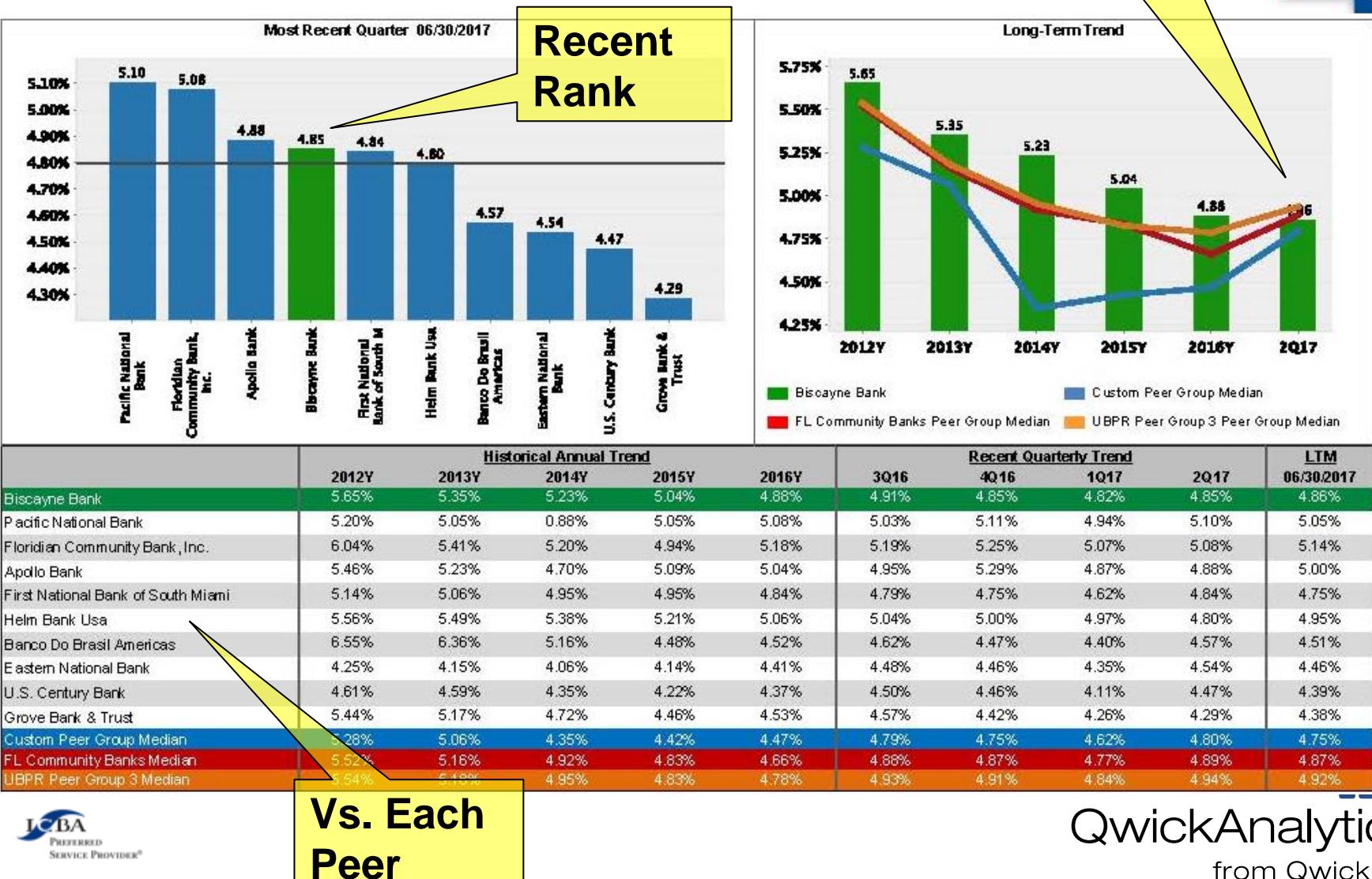
	Historical Annual Trend					Recent Quarterly Trend				LTM 06/30/2017
	2012Y	2013Y	2014Y	2015Y	2016Y	3Q16	4Q16	1Q17	2Q17	
Biscayne Bank	43.4%	48.6%	58.5%	62.8%	60.7%	61.8%	60.7%	59.4%	59.4%	59.4%
Helm Bank Usa	81.3%	85.3%	87.8%	90.5%	92.0%	91.5%	92.0%	92.6%	93.1%	93.1%
Banco Do Brasil Americas	40.3%	53.6%	52.2%	62.4%	62.8%	59.5%	62.8%	63.9%	61.7%	61.7%
Eastern National Bank	20.4%	20.2%	23.2%	26.1%	29.5%	30.5%	29.5%	29.2%	30.2%	30.2%
Floridian Community Bank, Inc.	29.7%	21.3%	26.4%	29.5%	30.8%	29.5%	30.8%	30.2%	29.8%	29.8%
U.S. Century Bank	19.1%	18.2%	19.3%	18.5%	24.4%	20.6%	24.4%	26.3%	27.3%	27.3%
Apollo Bank	12.9%	17.6%	25.5%	30.9%	25.1%	26.7%	25.1%	24.5%	25.2%	25.2%
First National Bank of South Miami	9.0%	6.6%	14.6%	19.2%	18.0%	18.1%	18.0%	18.5%	18.5%	18.5%
Grove Bank & Trust	28.4%	25.2%	24.0%	20.9%	19.8%	20.2%	19.8%	18.8%	17.8%	17.8%
Pacific National Bank	11.5%	10.1%	8.7%	10.8%	14.6%	9.8%	14.6%	17.5%	17.3%	17.3%
Custom Peer Group Median	20.4%	20.2%	24.0%	26.1%	25.1%	26.7%	25.1%	26.3%	27.3%	27.3%
FL Community Banks Median	24.8%	25.1%	25.2%	27.5%	28.7%	28.7%	28.7%	29.4%	29.3%	29.3%
UBPR Peer Group 3 Median	23.6%	23.2%	23.4%	23.7%	23.9%	23.9%	23.9%	23.9%	24.0%	24.0%

Vs. Each Peer

# Your Financial Story: vs Peers

## Yield on Loans

Trend vs.  
Peers



# Your Financial Story: vs Peers

## Cost of Deposits

Trend vs.  
Peers



# Use Peer Data to Set Goals



## Set Outcome Goals

- “Absolute” goals (e.g. 1.0% ROA)
- “Relative” (e.g. top 20% of peer group) performance levels

## Determine Appropriate Process Goals

- Drill down on components of profitability
  - ✓ Common size every key aspect
- Focus on 80/20 rule of what “moves the needle”
- Assess SWOTs vs Peers

## Focus on what you control

- Management decisions vs market forces

## Measure to Manage

- Periodically compare performance to goals and to peers



QwickAnalytics®  
from QwickRate

# Everyone Needs Goals!





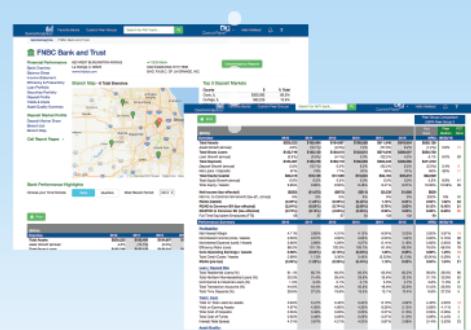
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