Steve H. Powell Newsletter

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Word Format Version

Pg 2 – Interest Rate Disruptions

Pg. 8 – Construction Lending

Pg. 11 – Basel III Final Rule

Pg 15 - Acquiring Failing Financial Institutions

Interest Rate Disruption

By: Steve H. Powell, CPA, CFE, CEM

The Tuesday April 14, 2015 Wall Street Journal contained an article by Patricia Kowsmann and Jeannette Neumann entitled "In Odd European Twist, Banks Owe Borrowers." The article describes an unlikely phenomenon in which banks are paying borrower(s) interest on their loans. Due to the sluggish Eurozone economy, European Central Banks have tried different stimulus measures including cutting deposit rates as well as driving down yields on Eurozone debt through a bond buying program. As a result of this stimulus package a key borrowing rate index utilized in Spain, Portugal and Italy known as the Euribor [euro interbank offered rate] has fallen into negative territory. Since banks in these countries base interest rates charged to customers on this common index plus a small percentage, the net result has in some instances been a combined negative interest rate for the customer.

The article goes on to say "at least one Spanish Bank, Bankinter the country's seventh largest lender by market value, has been paying some customers interest on mortgages by deducting that amount from the principal the borrower owes."

It appears that central banks were little help in this unusual situation with Portugal's central bank ruling that "banks would have to pay interest on existing loans if Euribor plus any additional spread falls below zero. The central bank, however, said lenders are free to take precautionary measures in future contracts."

"Bankers in Italy said they are awaiting guidance from their local banking association, because loan contracts don't include any clause on what happens if benchmark rates go below zero. About half of the mortgages outstanding in Italy have variable rates, most of them linked to Euribor."

Can this happen in the United States? Yes. Why?

- Many loans in the U.S. banking system are tied to indexes such as LIBOR [London Interbank Offered Rate] or some select maturity of a U.S. Treasury bond.
- Loan contracts [like in Italy] do not contain language to prevent an index from continuing into negative territory.
- Our current negative political environment for banking.

The Euribor EBF organization website Euribor-rates.eu shows the most recent rates in the graphic below. Please note the negative yields in the earlier maturity tranches.

Current Euribor rates

The interest rate table below, shows the latest Euribor interest rates. These Euribor rates are updated on a daily basis. When clicking the rates on the left, you will find an extensive overview of the development of that specific Euribor interest rate.

	04-14-2015	04-13-2015	04-10-2015	04-09-2015	04-08-2015
Euribor - 1 week	-0.081%	-0.075%	-0.072%	-0.069%	-0.064%
Euribor - 2 weeks	-0.070%	-0.064%	-0.062%	-0.060%	-0.056%
Euribor - 1 month	-0.025%	-0.024%	-0.022%	-0.022%	-0.021%
Euribor - 2 months	-0.007%	-0.004%	-0.002%	-0.004%	-0.003%
Euribor - 3 months	0.008%	0.011%	0.012%	0.012%	0.014%
Euribor - 6 months	0.076%	0.078%	0.079%	0.081%	0.081%
Euribor - 9 months	0.124%	0.127%	0.129%	0.130%	0.131%
Euribor - 12 months	0.183%	0.187%	0.188%	0.190%	0.191%

London Interbank Offered Rates can also become negative. The following graphic presents short term LIBOR rates in the major currencies. Please note the Euro Libor Rates are predominantly negative in the short term.

Rates shown are effective 4/14/2015			52-WEEK	
Libor Rates (USD)	Latest	Wk ago	High	Low
Libor Overnight	0.122	0.122	0.123	0.0808
Libor 1 Week	0.14675	0.142	0.147	0.11635
Libor 1 Month	0.1825	0.18015	0.1825	0.14775
Libor 2 Month	0.22675	0.2237	0.2285	0.189
Euro Libor Rates	Latest	Wk ago	High	Low
Euro Libor Overnight	**-0.16714**	**-0.15714**	**0.44786**	**-0.16714**
Euro Libor 1 Week	**-0.11**	**-0.08786**	**0.24857**	**-0.11**
Euro Libor 1 Month	**-0.03786**	**-0.02857**	**0.24857**	**-0.03786**
Euro Libor 2 Month	**-0.01143**	**-0.00429**	**0.28571**	**-0.01143**
Pound Libor Rates	Latest	Wk ago	High	Low
Pound Libor Overnight	0.48063	0.48063	0.48188	0.45313
Pound Libor 1 Week	0.48438	0.48688	0.48688	0.45938
Pound Libor 1 Month	0.50506	0.50756	0.50938	0.485
Pound Libor 2 Month	0.54275	0.54063	0.54425	0.50381
Yen Libor Rates	Latest	Wk ago	High	Low
Yen Libor Spot/Next	0.045	0.03429	0.06071	0.02857
Yen Libor 1 Week	0.05071	0.04571	0.07571	0.03571
Yen Libor 1 Month	0.06786	0.06929	0.10143	0.06786
Yen Libor 2 Month	0.09214	0.08714	0.12357	0.08714
Source: ICE Benchmark Administration Ltd. via SIX Financial Information				

The following graphic was derived from the Wall Street Journal article "Chances for Positive Returns on Eurozone Government Debt Diminish" which was published on April 22, 2015 and authored by Christopher Whittall. Further highlighting potential negative yields, the WSJ article indicates that more than half of eurozone sovereign debt now offers a negative yield:

Point of No Return

Government bonds across Europe increasingly trade at negative yields, indicating buyers who hold the debt to maturity will get back less than they paid.

Yields on benchmark sovereign bonds by maturity, annual percentage*

	Maturity, in months				Maturity, in years								
	ONE	THREE	SIX	NINE	ONE	TWO	THREE	FOUR	FIVE	SIX	SEVEN	10	30
Germany	-0.401%	-0.345%	-0.289%	-0.374%	-0.300%	-0.263%	-0.224%	-0.165%	-0.099%	-0.063%	-0.007%	0.164%	0.553%
Finland						-0.212%	-0.142%	-0.085%	-0.024%	0.010%		0.268%	0.597%
Netherlands	-0.212%	-0.226%	-0.246%			-0.187%	-0.152%	-0.074%	-0.033%	0.034%	0.101%	0.296%	0.680%
Austria					-0.210%	-0.190%	-0.165%	-0.102%	-0.041%	-0.012%	0.044%	0.258%	0.710%
Belgium	-0.166%	-0.191%	-0.190%	-0.203%	-0.195%	-0.186%	-0.148%	-0.079%	-0.011%	0.059%	0.157%	0.401%	0.986%
France	-0.188%	-0.189%	-0.187%	-0.191%	-0.188%	-0.174%	-0.133%	-0.065%	0.029%	0.070%	0.142%	0.404%	1.025%
Ireland					-0.075%	-0.100%	-0.057%		0.207%		0.415%	0.750%	1.413%
Spain	-0.026%	-0.020%	0.019%	0.034%	-0.116%	0.072%	0.162%	0.432%	0.584%	0.819%	0.950%	1.387%	2.278%
Italy	0.000%	-0.003%	0.008%	0.022%	0.032%	0.182%	0.255%	0.417%	0.614%	0.877%	0.995%	1.402%	2.306%
Portugal		0.006%	0.014%		0.027%	0.076%	0.346%	0.684%	0.940%	1.180%		2.006%	2.846%
Greece	8.815%	3.675%	3.450%		26.623%				18.719%			12.539%	9.463%

*Midyields as of April 22; countries don't necessarily have benchmark bonds of every maturity Source: Thomson Reuters

THE WALL STREET JOURNAL.

The following graphic from Bankrate.com shows the 91 day T-bill auction average discount rate as of April 8, 2015. As noted in the graphic it is one of the maturities to which loans are indexed.

	This week	Month ago	Year ago
91-day T-bill auction avg disc rate	0.025	0.040	0.035

What it means: The U.S. government issues short-term debt at a discount at a competitive auction, usually on a weekly basis. At a discount means the note is sold at a discount from face value and then redeemed at maturity at the full face value. The difference between the discounted price and the face value determines the yield. The yield on 91-day Treasury bills is the average discount rate.

How it's used: The rate is used as an index for various variable rate loans , particularly Stafford and PLUS education loans. Lenders use such an index, which varies, to adjust interest rates as economic conditions change. They then add a certain number of percentage points called a margin, which doesn't vary, to the index to establish the interest rate you must pay. When this index goes up, interest rates on any loans tied to it also go up.

The key difference in comparison between the Euribor rate chart and the one published by the United States Treasury is public policy. The following from the UST website explains the public policy surrounding interest rates on bonds sold:

“Negative Yields and Nominal Constant Maturity Treasury Series Rates (CMTs). Current financial market conditions, in conjunction with extraordinary low levels of interest rates, have resulted in negative yields for some Treasury securities trading in the secondary market. Negative yields for Treasury securities most often reflect highly technical factors in Treasury markets related to the cash and repurchase agreement markets, and are at times unrelated to the time value of money. As such, Treasury will restrict the use of negative input yields for securities used in deriving interest rates for the Treasury nominal Constant Maturity Treasury series (CMTs). Any CMT input points with negative yields will be reset to zero percent prior to use as inputs in the CMT derivation. This decision is consistent with Treasury not accepting negative yields in Treasury nominal security auctions.”

An April 24, 2012 posting to Bankrate.com by Constance Gustke is entitled “Treasury weighs negative-yielding bonds” questions how much longer this policy might be in place. The following are excerpts from that posting:

Would you pay more for a Treasury security than it's worth?

The U.S. Treasury Department is betting yes. And it's mulling an odd idea -- whether to begin offering securities on the primary market at negative yields.

Why is the government considering this far-fetched tactic? Treasuries already have sold at negative yields on the secondary market, where investors buy and sell securities with other investors. But currently, the government can't sell its own negative-yielding bonds in primary markets.

The result: The Treasury is leaving money on the table, says Paul Jacobs, a Certified Financial Planner at Palisades Hudson Financial Group in Atlanta.

"Negative yields are a smart way for the Treasury to be borrowing," adds Brian Evans, founder of Everett, Wash.-based Madrona Funds, which offers exchange-traded funds.

Negative-yielding securities are nothing new. On the heels of the financial crisis in 2008, bond yields in the secondary market dipped into negative territory, and they've returned there off and on.

"Negative yields are a sign of the times," says Aaron Smith, a senior economist at Moody's Analytics. "People want to park money in Treasuries and have quick access."

So the end result is that a change in public policy regarding the auction process could return a negative result. While most banks have tied their index to a longer maturity than the T-bill it is possible for those longer maturities to also have a negative rate given the right circumstances. The April 14, 2015 Wall Street Journal has an article by Richard Barley entitled “Heard, European Bond Markets Go Down the Rabbit Hole.” This article notes that Switzerland became the first sovereign nation to issue a 10 year bond with a negative yield. Even French five-year note yields turned negative. German eight year bonds also fell below zero.

Given the level of national debt this could prove to be a tempting means of balancing the budget. Not to mention it provides another means of redistribution using the banking conduit as a means to accomplish a public policy goal.

Negative bond yields in the European markets are mostly due to economic stimulus. Purchasers of these bonds likely believe the currency valuations in the negative yielding countries is low and that positive improvements in currency valuation will more than make up for the negative yield. Or in other words, they are betting the dollar will likely fall from .9253 USD / EUR to something closer to .7201 USD / EUR about a year from now.

All of this is to illustrate that we live in strange times where unprecedented low rates can be manipulated and fall into negative territory because of economic stimulus, public policy, and currency valuation manipulation. So how do we protect our banks from paying our customers interest on their loans due to adverse interest rate movements?

Establish a floor rate for both the total rate as well as the index rate. Many banks [but not all] set floor loan interest rates on variable rate loans determined by an index plus a premium. For example, 3 month LIBOR plus 325 basis points with a 4% floor. Due to competitive pressures or in the event of a borrower financial deterioration, bankers frequently waive the floor rate on the loan. In such an event, the loan is vulnerable to a drop in the index rate.

Include language in loan documents that establishes a zero rate index minimum that prevents negative interest rates from becoming an index.

The note might contain an alternative index in the event the primary index becomes negative. For example it might contain a provision to switch from a LIBOR based index to a Treasury based index of similar maturity so long as it is not negative.

Before putting language in loan documents it is recommended the Bank consult with Counsel to provide the best means of preventing the above situation from becoming a problem. As unlikely as it seems, this type of environment is becoming more likely a reality.

Construction Lending

By: Stephen Rountree

Per the most recent Federal Reserve Beige Book:

Since the last report, District brokers continued to note improvements in existing home sales activity. Many contacts reported that home sales were flat to up slightly compared with the year earlier level, although some brokers found that sales were weaker than expected due to the weather. The majority of brokers indicated that inventory levels had fallen from the prior year's level and noted that buyer traffic was flat to slightly up compared with a year earlier. Brokers continued to cite modest home price appreciation. They also expect home sales to increase over the next three months.

Incoming signals from District homebuilders were somewhat mixed. Most builders characterized construction as flat to down slightly from the year-ago level. New home sales were described as flat to slightly up from a year earlier. However, similar to brokers, some builders reported weak new home sales due to the weather. Most builders indicated that their inventory of unsold homes was flat to slightly up from a year ago and noted that buyer traffic was flat to slightly down compared with the year-earlier level. Despite the mixed report on activity, most builders cited some degree of home price appreciation. The outlook among builders for new home sales and construction over the next three months remained positive, with the majority indicating that they expect activity to increase modestly.

District commercial real estate brokers remarked that demand continued to improve, but cautioned that the rate of improvement varied by metropolitan area, submarket, and property type. Commercial contractors indicated that nonresidential construction had increased from the year-ago level across the District and noted that the strength in apartment construction persisted. Most contacts reported a backlog that was greater than their year earlier level. The outlook among District commercial real estate contacts remains optimistic.

As in the Beige Book, we are noting expansion in acquisition, development, and construction lending. AD&C lending best practices should include several factors.

Establish Standards & Limitation

Policy should establish underwriting and documentation standards. Policy standards should not be waived – especially for the sake of increased loan volume.

Establish loan-to-one borrower limitations…and stick to it. Avoid the practice of loan stacking, both horizontal and vertical. Legal lending limitations must be followed.

Total and sub-sets of AD&C limitations should be formulated. AD&C as a percentage of equity capital should be capped. Sub limits should be established for multifamily, single family residential speculative & presold, as well as land development inventory levels…and do not exceed them.

Trust, But Verify

Inspections

Timely and accurate construction project monitoring is vital. The bank must have a formal draw process. Over-advancing construction projects greatly increases a bank's risk exposure and will likely result in increased Regulatory scrutiny.

Third party monitoring should be utilized for more complex projects – in particular for development, multi-family, and larger commercial projects.

Periodically, the bank should inspect the projects behind the third party inspector.

Financials

It is vital to frequently monitor AD&C borrowers' financials. Year-end 2014 returns are not a valid assessment of current financial wherewithal. Quarterly financials greatly improve underwriting accuracy & borrower assessment. In the underwriting process, do not strictly focus on a debt coverage ratio.

Interest carry ability is key, and liquidity is vital for AD&C borrowers to remain a going concern. Borrowers must maintain positive working capital ratios, or they are over-funded with some lender, somewhere.

Underwriting should assess borrower inventory level & mix. Periodic inventory listings should be included in the underwriting and borrower assessment process, and inventory mix should be assessed. Watch for migration within the inventory report. To mask problems, builders have moved the same completed home(s) back-and-forth from speculative, to presale, to model homes. A borrower's transactions with other lenders will impact your bank's relationship with the borrower.

Underwriting should focus on a borrowing entity's cost of goods sold. Margin compression could signal future problems. Historic industry standards dictate COGS >95% to be excessive. In many client banks, COGS ratios have recently been running in the 85% - 90% range.

In some instances, we have noted interest expense shifted out of cost of goods sold and being expensed rather than capitalized. Expensing rather than capitalizing interest serves to lower COGS. Also, watch for spikes in warranty expenses. Higher warranty expenses could be an indicator of slipping quality of construction.

Basel III Final Rule – Community Bank Implications

By: Kenneth Bennett, CPA

Final Basel III rules for community banks took effect on January 1, 2015. The rule affects capital requirements and Prompt Corrective Action (PCA) thresholds, redefines capital, establishes a capital conservation buffer, changes weighting for some risk-weighted assets including High Volatility Commercial Real Estate (HVCRE), and details the transition periods for changes. Note that many changes for community banks will first be effective as of the filing of this quarter's (Q1 2015) call report. The FDIC[1], the OCC [2], and the FRB (Interagency)[3] have issued guidance to assist community banks.

Non-advanced banks referenced below are essentially banks with less than $250 billion in total consolidated assets with less than $10 billion in on-balance sheet foreign exposure.

Regulatory Capital Calculation

The final rule created an exclusion to the originally proposed rule that required all banking organization to reflect most Accumulated Other Comprehensive Income (AOCI) components in regulatory capital. Under the new rule, non-advanced banks may opt-out according to the FDIC Expanded Guide[1]:

Accumulated Other Comprehensive Income (AOCI) Filter: All banks, other than advanced approaches banks, are given a one-time irrevocable option to continue to treat certain AOCI components as permitted under the current general risk-based capital rules. The AOCI opt-out election must be elected on the first Call Report of FR Y-9C filed after January 1, 2015.

As the AOCI filter is generally irrevocable and is only a one-time option, directors and executives are encouraged to carefully consider the future implications of this decision. Additional information [4] was recently compiled by Bryan Cave.

TARP / TRuPS / Other Items in Tier 1 Capital

The St. Louis Fed [5] notes that "the initial proposal would have required trust preferred securities and cumulative perpetual preferred stock to be phased out of tier 1 capital." Under the final rule the FDIC Expanded Guide[1] notes:

Non-qualifying capital instruments issued prior to May 19, 2009 included in tier 1 capital: For depository institution holding companies with less than $15 billion in total consolidated assets as of December 31, 2009 or organized in mutual form as of May 19, 2010, non-qualifying capital instruments issued prior to May 19, 2010, including trust preferred securities and cumulative perpetual preferred stock, are grandfathered into tier 1 capital (subject to a limit of 25 percent of tier 1 capital).

The FDIC Expanded Guide[1] includes more color on the updated components of regulatory capital.

Risk-Weighted Assets (RWAs) / High Volatility CRE (HVCRE)

In an effort to reflect that assets with certain characteristics may be inherently more risky than others, the final rule adjusted the risk-weighting of various assets. A standardized approach to risk-weighting has been established for non-advanced banks. According to the FDIC Expanded Guide[1] risk weights of 150% are now applied to:

- Past Due Exposures – 90+ days past due, except:
- Residential mortgage exposures; and
- A sovereign exposure where the sovereign has experienced a sovereign default
- High Volatility Commercial Real Estate Loans (HVCRE). An HVCRE exposure is a credit facility that finances or has financed the acquisition, development, or construction (ADC) of real property, unless the facility finances:
- One- to four-family residential properties;
- Certain community development projects;
- The purchase or development of agricultural land; or
- Commercial real estate projects in which:

- The LTV ratio is less than or equal to the applicable maximum supervisory LTV ratio;

- The borrower has contributed capital to the project in the form of cash or unencumbered readily marketable assets (or has paid development expenses out-of-pocket) of at least 15 percent of the real estate's appraised "as completed" value; and

- The borrower contributed the amount of capital required by this definition before the bank advances funds under the credit facility, and the capital contributed by the borrower, or internally generated by the project, is contractually required to remain in the project throughout the life of

the project. The life of a project concludes only when the credit facility is converted to permanent financing or is sold or paid in full. Permanent financing may be provided by the bank that provided the ADC facility as long as the permanent financing conforms to the bank's underwriting criteria for long-term mortgage loans.

The FDIC also published a list of frequently asked questions (FAQ)[6], a couple of which are explained below (from the High Volatility Commercial Real Estate (HVCRE) Exposures section):

• ADC loans made prior to the issuance of the final rule are not 'grandfathered in' and must be tested to see if they should be included (or excluded) from the 150% HVCRE risk-weighting

• Borrower contribution to the project must be in the form of cash, injected prior to bank funding. Additional real estate collateral, subsequent cash injection, funding from another institution, and separate financing of the project from the same institution do not count toward the 15% contributed capital amount.

• Note that cash used to buy land that is subsequently contributed to a new development can count toward the 15% contributed capital amount if documented properly. Funds used for soft costs (classified as development expenses) may also be counted. In all cases the 15% contributed capital amount must be met before the bank advances funds.

Bryan Cave also compiled a paraphrased FAQ list[7] regarding HVCRE. The Interagency Guide[3] shows a chart of the current risk weights in comparison to the new risk weights.

Capital Conservation Buffer (CCB)

The Basel III final rule also introduced a new capital conservation buffer (CCB) that places restrictions on the payment of dividends based on minimum capital requirements. The OCC Guidance[2] details payout limitations while the Interagency Guidance[3] notes the applicable phase-in periods.

The CCB has additional consequences for banks formed as Subchapter S Corporations. A restriction in the ability to distribute income could potentially leave a heavy tax burden on shareholders' portion of pass-through earnings. In the case of a Subchapter C Corporation in the same scenario, taxes would have been paid from earnings without need for any distributions. In regard to concerns, the FDIC issued a FIL[8] on July 21, 2014.

The FIL provides that Subchapter S Corporations can request exception from the CCB in order to provide shareholders with funds for tax payment; however, requests are stated to be considered on a case-by-case basis noting that 'the FDIC generally would expect to approve exception requests by well-rated S-corporation banks that are limited to the payment of dividends to cover shareholders' taxes on their share of an S-corporation's earnings.

The Subchapter S Bank Association, Inc.[9] tracks recent developments[10] regarding this issue. Several members of Congress issued a letter[11], dated October 21, 2014, to the Federal Deposit Insurance Corporation, the Board of the Governors of the Federal Reserve System, and to the Comptroller of the Currency seeking relief for Subchapter S Corporation banks. A response from Janet Yellen[12], dated April 2, 2015, as Chair of the Board of Governors of the Federal Reserve System, notes that "the Federal Reserve Continues to believe that the capital conservation buffer should be applied equally to all banking organizations."

Common Equity Tier 1 (CET1) Risk-Based Capital Ratio

A new minimum capital ratio (4.5%) and PCA threshold (phased-in) was also introduced. The St. Louis Fed[5] notes that "CET1 is broadly defined as the sum of common stock, surplus and retained earnings, adjusted by AOCI, other equity capital and qualifying noncontrolling minorities; with goodwill, net deferred assets (DTA), mortgage servicing assets (MSA) and unconsolidated subsidiaries deductions."

An FDIC Director resource[13] further clarifies the new ratio as well as the other previously mentioned items.

This articles serves as a brief summary of new items and pertinent items rather than an exhaustive list of changes. The resources referenced throughout the article, most of which were published by the regulatory agencies, offer additional insight.

[1]FDIC Guidance: https://www.fdic.gov/regulations/capital/capital/Community_Bank_Guide_Expanded.pdf
[2]OCC Guidance: http://www.occ.gov/news-issuances/news-releases/2013/2013-110c.pdf
[3]Interagency Guidance: http://www.federalreserve.gov/bankinforeg/basel/files/capital_rule_community_bank_guide_20130709.pdf
[4]Bryan Cave AOCI Opt-Out Information: http://www.bankbryancave.com/2015/02/aoci-opt-out-election-process/
[5]St. Louis Fed: https://www.stlouisfed.org/publications/central-banker/summer-2013/final-basel-iii-capital-ruleless-impact-on-community-banks
[6]FDIC Basel III FAQ: http://www.occ.gov/news-issuances/bulletins/2015/bulletin-2015-23a.pdf
[7]Bryan Cave HVCRE FAQ: http://www.bankbryancave.com/2015/04/hvcre-update-new-interagency-faq/
[8]FIL-40-2014: https://www.fdic.gov/news/news/financial/2014/fil14040.pdf
[9]Subchapter S Bank Association, Inc.: htt

Acquiring Failing Financial Institutions

In January 2015 the FDIC issued FIL-4-2015[1] detailing the launch of a webpage[2] that provides more information for the process of acquiring a failing financial institution. Information includes how to become an approved bidder, the process overview, generic and actual transaction terms, the transaction platform (Virtual Data Room), and the due diligence process. Frequently asked questions are also addressed. Additional links detail FDIC loan sales, real estate sales, and financial asset sales.

As of the end of the first quarter, four institutions have been closed in 2015[3]:

Bank Name	City	ST	CERT	Acquiring Institution	Closing Date	Updated Date
Doral Bank En Espanol	San Juan	PR	32102	Banco Popular de Puerto Rico	February 27, 2015	April 8, 2015
Capitol City Bank & Trust Company	Atlanta	GA	33938	First-Citizens Bank & Trust Company	February 13, 2015	April 8, 2015
Highland Community Bank	Chicago	IL	20290	United Fidelity Bank, fsb	January 23, 2015	March 26, 2015
First National Bank of Crestview	Crestview	FL	17557	First NBC Bank	January 16, 2015	March 26, 2015

If your institution or investment group is seeking to acquire a financial institution or loan pool, be sure to do the proper research and due diligence on the assets to be purchased.

Steve H. Powell & Company offers due diligence reviews which focus on providing clients with timely, detailed asset quality analysis to aide in various investment decisions. Our reviews seek to reveal and quantify underlying portfolio risks that are typically not obvious without a full review of the portfolio. Steve H. Powell & Company has extensive experience with FDIC assisted transactions, whole bank mergers & acquisitions, capital investments and individual portfolio purchases.

For more information please visit http://shpco.net/due-diligence.html.

[1] FIL-4-2015: https://www.fdic.gov/news/news/financial/2015/fil15004.pdf

[2] Webpage: https://www.fdic.gov/buying/FranchiseMarketing/index.html

[3] Source: https://www.fdic.gov/bank/individual/failed/banklist.html