Steve H. Powell & Company

Quarterly Newsletter

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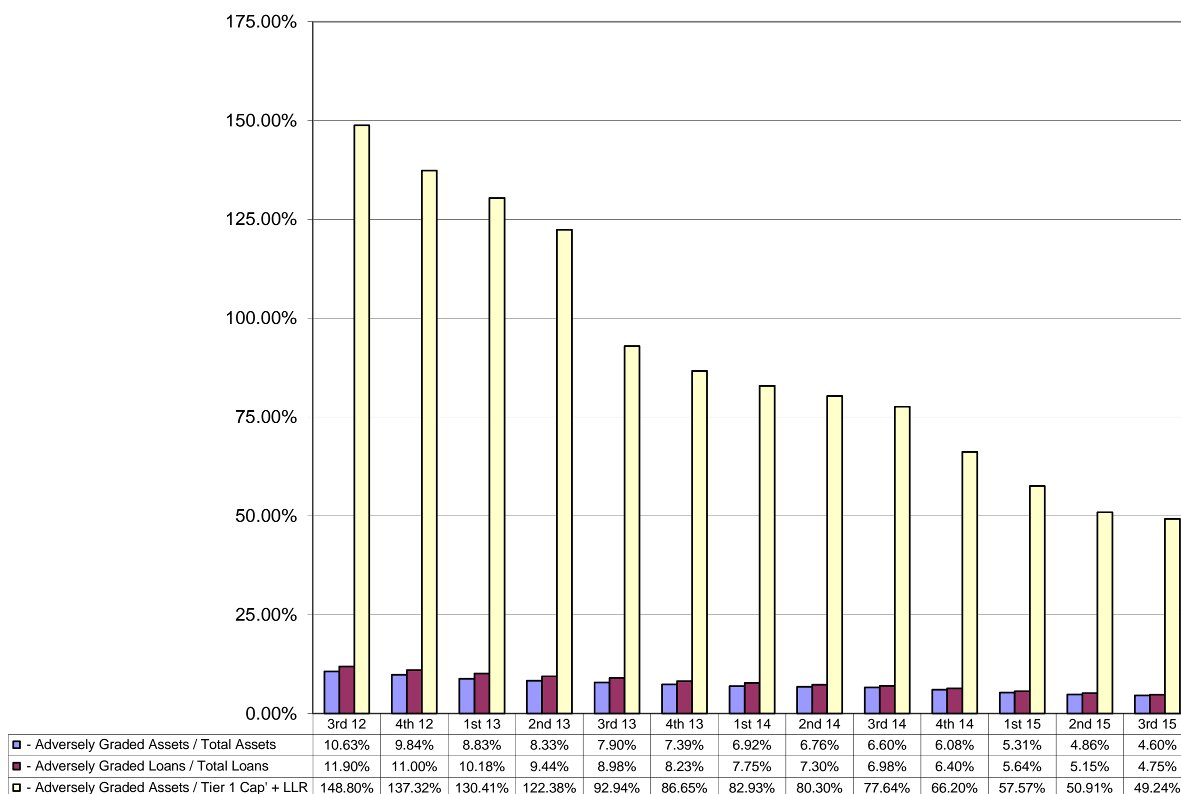
Q3 2015

Trends in Asset Quality

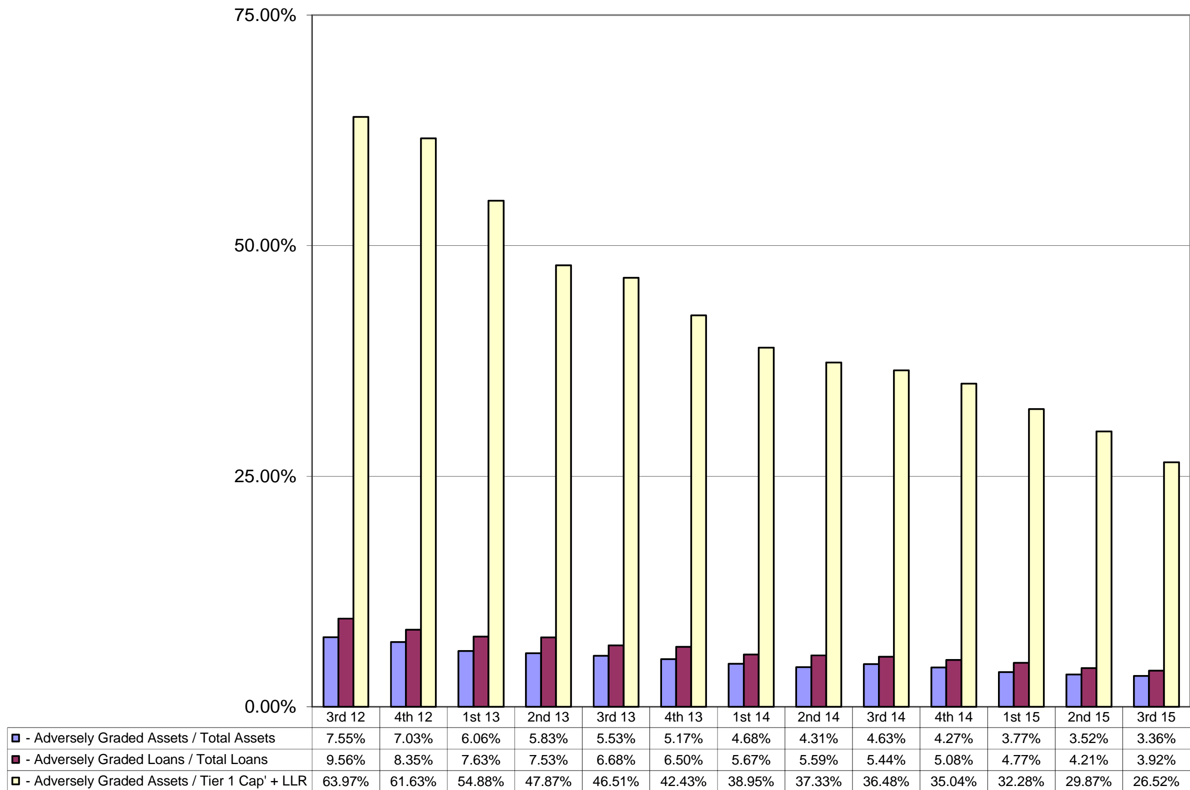


	3rd 12	4th 12	1st 13	2nd 13	3rd 13	4th 13	1st 14	2nd 14	3rd 14	4th 14	1st 15	2nd 15	3rd 15
- Adversely Graded Assets / Total Assets	10.63%	9.84%	8.83%	8.33%	7.90%	7.39%	6.92%	6.76%	6.60%	6.08%	5.31%	4.86%	4.60%
- Adversely Graded Loans / Total Loans	11.90%	11.00%	10.18%	9.44%	8.98%	8.23%	7.75%	7.30%	6.98%	6.40%	5.64%	5.15%	4.75%
- Adversely Graded Assets / Tier 1 Cap' + LLR	148.80%	137.32%	130.41%	122.38%	92.94%	86.65%	82.93%	80.30%	77.64%	66.20%	57.57%	50.91%	49.24%

Based on Steve H. Powell & Company client data, during the Third Quarter 2015, the average level of adversely graded assets decreased as a percentage of total assets and capital. Also, the average level of adversely graded loans decreased as a percentage of total loans. Problem assets averaged 4.60% of total assets and 49.24% of tier-one capital plus loan loss reserve as compared to 4.86% of total assets and 50.91% of tier-one capital plus loan loss reserve while problem loans averaged 4.75% of total loans as compared to 5.15% of total loans during the Second Quarter 2015.

Steve H. Powell & Company was founded in August of 1993 by former banker and regulator, Steve H. Powell. With the goal of providing unparalleled asset quality monitoring and regulatory compliance services, the company's clientele base has grown and now exceeds 100 different financial institutions. We also provide our clients with bank charter consulting, due diligence support, regulatory applications, financial analysis, and strategic planning. The staff of Steve H. Powell & Company is comprised of former bankers & regulators who understand the complexities of today's regulatory environment. The unique skill sets possessed by our specialists are derived from extensive review experience in institutions of various sizes and charter types.

Median Level of Problem Assets



	3rd 12	4th 12	1st 13	2nd 13	3rd 13	4th 13	1st 14	2nd 14	3rd 14	4th 14	1st 15	2nd 15	3rd 15
- Adversely Graded Assets / Total Assets	7.55%	7.03%	6.06%	5.83%	5.53%	5.17%	4.68%	4.31%	4.63%	4.27%	3.77%	3.52%	3.36%
- Adversely Graded Loans / Total Loans	9.56%	8.35%	7.63%	7.53%	6.68%	6.50%	5.67%	5.59%	5.44%	5.08%	4.77%	4.21%	3.92%
- Adversely Graded Assets / Tier 1 Cap' + LLR	63.97%	61.63%	54.88%	47.87%	46.51%	42.43%	38.95%	37.33%	36.48%	35.04%	32.28%	29.87%	26.52%

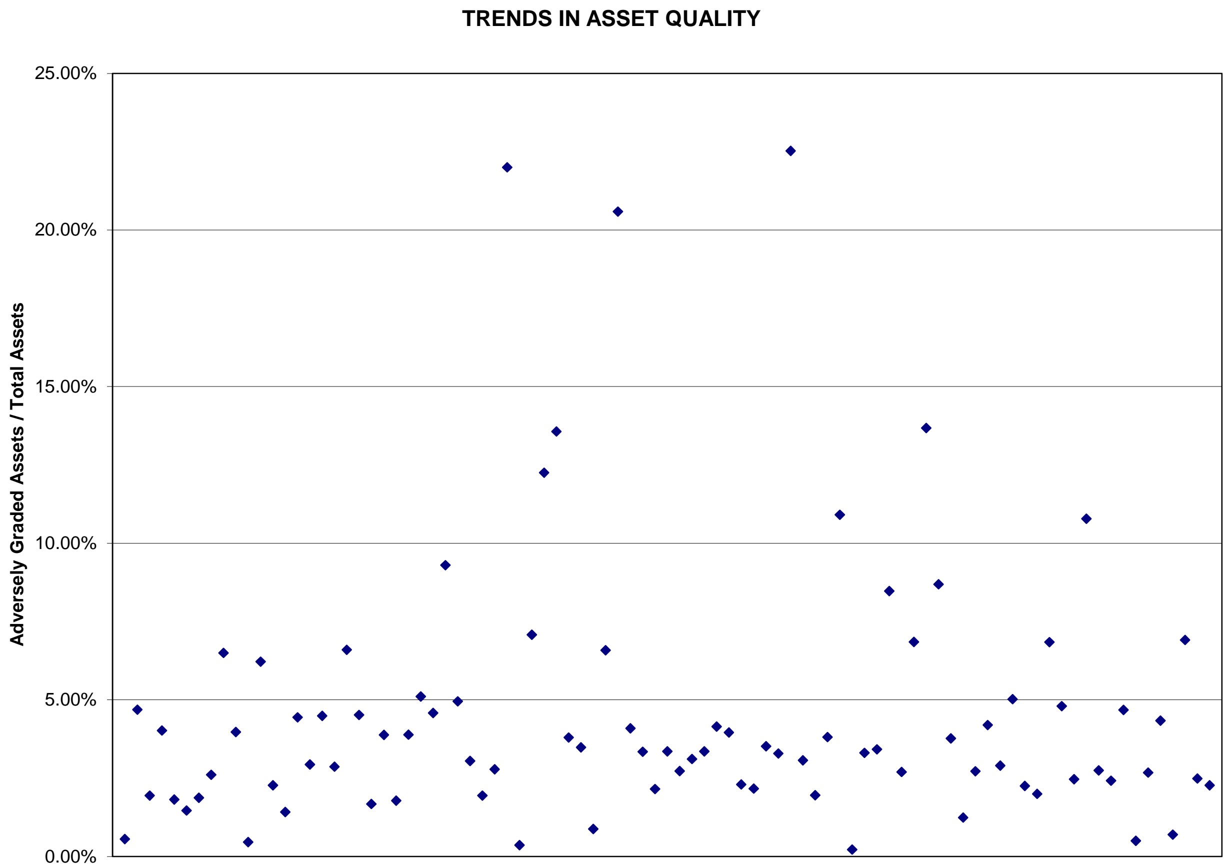
The median level of problem assets as of Q3 2015 decreased to 26.52% of tier-one capital plus loan loss reserve as compared to 29.87% during Q2 2015. Note the downward trend as overall asset quality continues to improve.

Historical Comparisons

During Q3 2015, increases in problem assets, as measured by adversely graded assets divided by tier-one capital plus loan loss reserve, were noted in approximately 8% of our clients. This quarter's increase compares to:

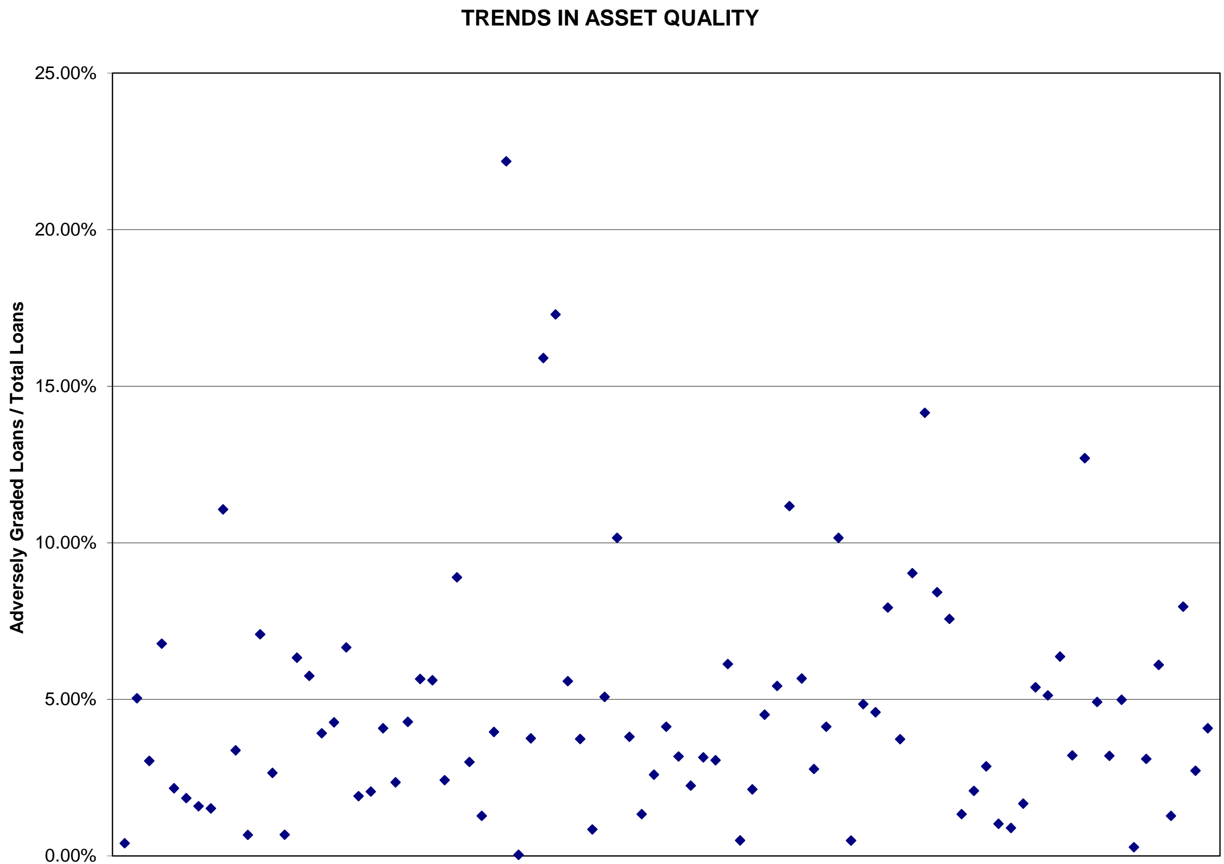
- 11% during the Second Quarter 2015
- 15% during the First Quarter 2015
- 12% during the Fourth Quarter 2014
- 15% during the Third Quarter 2014
- 20% during the Second Quarter 2014, and
- 17% during the First Quarter 2014

Dispersion of Problem Assets as a Percentage of Total Assets



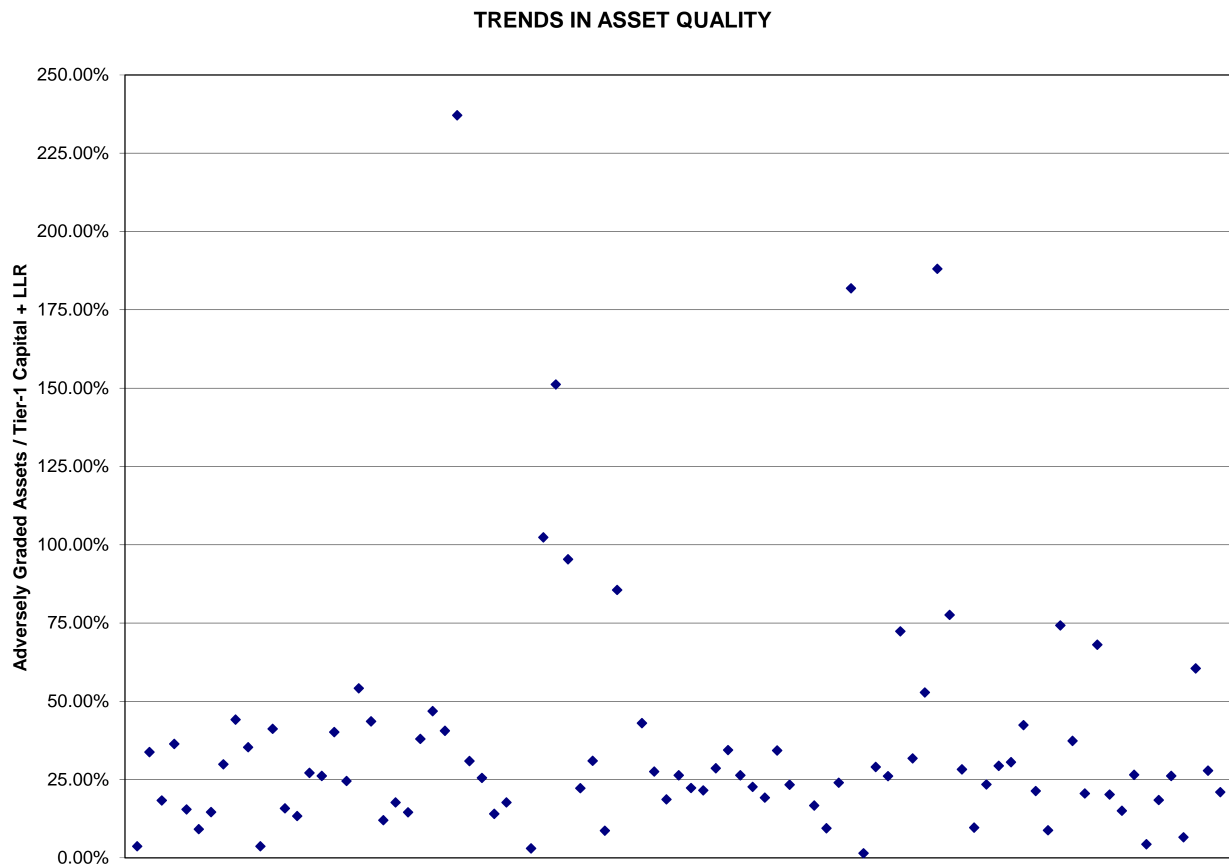
The above graph shows the dispersion of problem assets as a percentage of total assets. Please note the number of institutions with adversely graded assets that exceed 10% of total assets – a benchmark for significant asset quality concern.

Dispersion of Problem Loans as a Percentage of Total Loans



Please note the number of institutions with adversely graded loans that exceed 10% of total loans - a benchmark for significant loan quality concern.

Problem Assets as a Percentage of Tier-One Capital & Reserves



Historical Comparisons

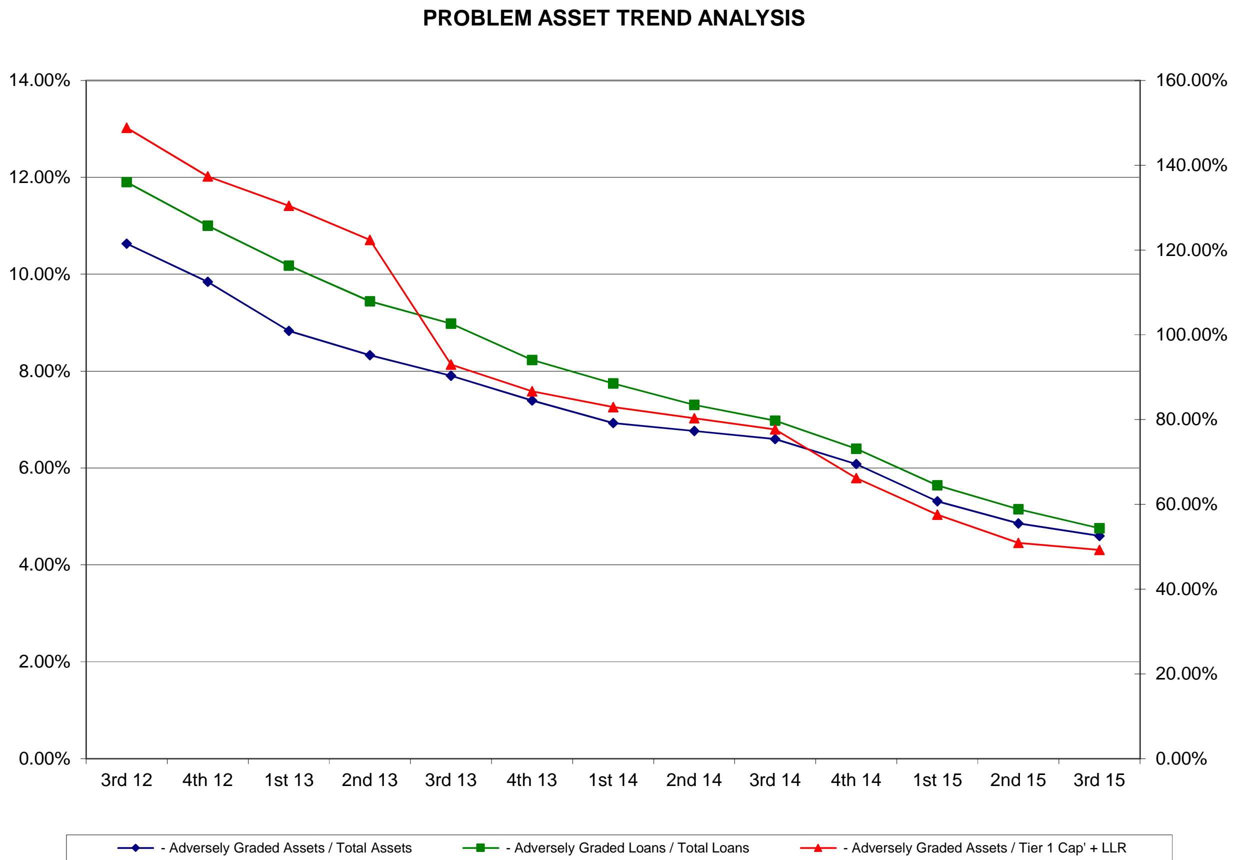
Our sample group includes fifteen (15) banks with problem assets exceeding 60% of tier-one capital plus loan loss reserve. This number compares to:

- Eighteen (18) during the Second Quarter 2015
- Twenty one (21) during the First Quarter 2015
- Twenty four (24) during the Fourth Quarter 2014, and
- Twenty eight (28) during the Third Quarter 2014

Ten (10) banks now exceed 80% of tier-one capital plus loan loss reserve – a level normally associated with some form of formal regulatory action – as compared to:

- Twelve (12) during the Second Quarter 2015
- Fourteen (14) during the First Quarter 2015
- Seventeen (17) during the Fourth Quarter 2014, and
- Twenty one (21) during the Third Quarter 2014

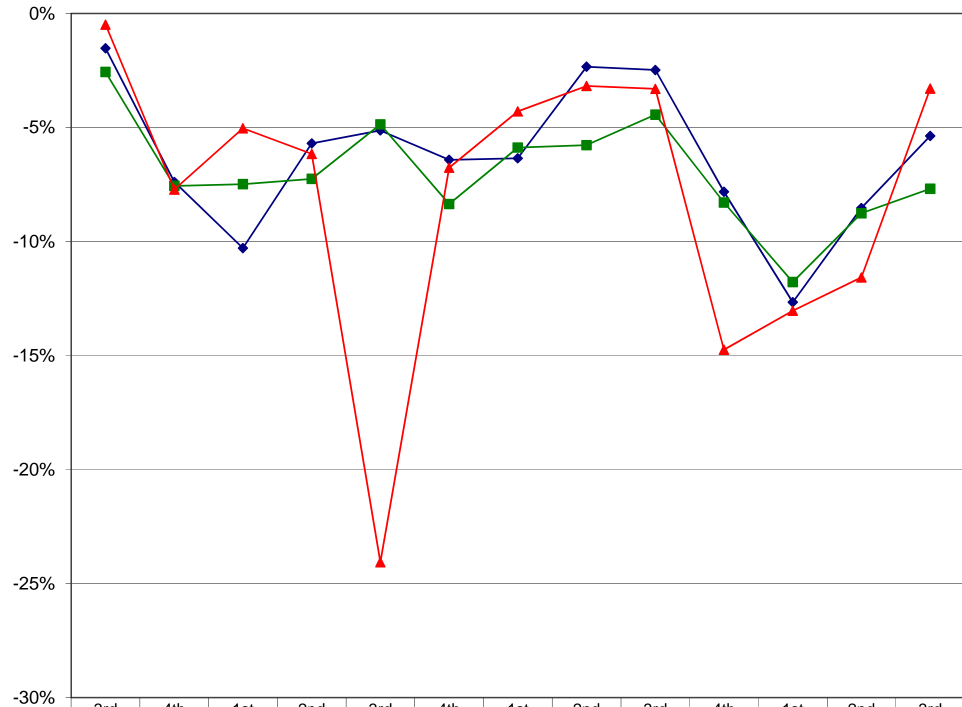
Problem Asset Trend Analysis



The above graph again shows the trend in asset quality over the past three years as measured by adversely graded assets to total assets, adversely graded loans to total loans, and adversely graded assets to tier-one capital plus LLR.

Comparative Percentage Change in Adversely Graded Assets

COMPARATIVE % CHANGE IN ADVERSELY CLASSIFIED ASSETS
Comparative to Assets, Loans and Tier One Capital + LLR



	3rd 12	4th 12	1st 13	2nd 13	3rd 13	4th 13	1st 14	2nd 14	3rd 14	4th 14	1st 15	2nd 15	3rd 15
% Change in ACA/TA	-1.53%	-7.38%	-10.29%	-5.69%	-5.12%	-6.42%	-6.35%	-2.33%	-2.48%	-7.82%	-12.66%	-8.53%	-5.37%
% Change in ACL/TL	-2.57%	-7.55%	-7.48%	-7.25%	-4.86%	-8.35%	-5.88%	-5.77%	-4.44%	-8.29%	-11.77%	-8.76%	-7.68%
% Change in ACA/Tier 1 Cap' + LLR	-0.49%	-7.72%	-5.03%	-6.16%	-24.06%	-6.76%	-4.29%	-3.17%	-3.31%	-14.74%	-13.03%	-11.57%	-3.29%

The above graph shows the pace of asset quality deterioration or improvement. The calculation is based on the percent change of problem asset levels from one quarter to the next. The graph indicates a favorable trend in asset quality ratios. Please note any data points below 0% indicate improvement in asset quality.

Modified Peer Data Analysis

We again performed an analysis in which a total of six outlier data points were excluded – the three lowest and the three highest data points, as based on classifications as a percentage of tier-one capital plus loan loss reserve.

With the outlier data points excluded, problem assets (or loans when compared to total loans) averaged 4.13% of total assets, 4.56% of total loans, and 38.53% of tier-one capital plus loan loss reserve. Third Quarter 2015 modified data compares to the following Second Quarter 2015 modified average data set:

- 4.14% of total assets
- 4.79% of total loans, and
- 35.16% of tier-one capital plus loan loss reserve

Median asset quality ratios within the modified data set were 3.36% of total assets, 3.92% of total loans, and 26.52% of tier-one capital plus loan loss reserve. Third Quarter 2015 modified data compares to the following Second Quarter 2015 modified average data set:

- 3.46% of total assets
- 4.17% of total loans, and
- 27.44% of tier-one capital plus loan loss reserve

The materials included in this newsletter are provided for informational purposes only and do not constitute legal advice. You should not act or rely on any information contained in this publication without first seeking the advice of an attorney.

For more information about Steve H. Powell & Company, please visit our website at www.shpco.net

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Troubled Debt Restructures

By: Ken Bennett, CPA

In September 2015, the Office of the Comptroller of the Currency (OCC) published an updated edition of the Bank Accounting Advisory Series (BAAS),marking the 25th anniversary of the first edition that was published in 1990. Not only does the series provide valuable insight and advice on how to properly account for various banking situations (OREO, ALLL, acquisitions, etc.), the questions and answers included can help clarify when and why loans should be placed on nonaccrual or identified as a Troubled Debt Restructure (TDR). Assignment of these designations is often determined by lenders or the credit department, but the purpose is firmly based in, and determined for, proper accounting in accordance with Generally Accepted Accounting Principles (GAAP). In addition, the situations explained give guidance on methods to improve problem loans, such as note bifurcation.

Due to negative connotation, risk rating considerations, and adverse accounting treatment, TDR designation can often be a point of contention. The BAAS sets out to help clarify the issue (Section 2A – BAAS). Excerpts of questions commonly asked and particularly useful questions from the BAAS are included below. Refer to the full text for complete answers as well as additional questions.

Question 1 – "What is a TDR?"

> Under GAAP, a modification of a loan's terms constitutes a TDR if the creditor for economic or legal reasons related to the debtor's financial difficulties grants a concession to the debtor that it would not otherwise consider. The concession could either stem from an agreement between the creditor and the debtor or be imposed by law or a court. Accounting guidance for TDRs is included in ASC 310-40. Not all modifications of loan terms, however, automatically result in a TDR. For example, if the modified terms are consistent with market conditions and representative of terms the borrower could obtain from other sources, the restructured loan is not a TDR. If, however, a concession (e.g., below-market interest rate, forgiving principal, or forgiving previously accrued interest) is granted based on the borrower's financial difficulty, the TDR designation is appropriate.

Question 2 – "What are some examples of modifications that may represent TDRs?"

The following are some examples of modifications that may represent TDRs:

- Reduction (absolute or contingent) of the stated interest rate for the remaining original life of the debt.
- Extension of the maturity date or dates at a stated interest rate lower than the current market rate for new debt with similar risk.
- Reduction (absolute or contingent) of the face amount or maturity amount of the debt as stated in the instrument or other agreement.
- Reduction (absolute or contingent) of accrued interest.
- Payment deferral

Said another way, the modification is a TDR if the borrower cannot go to another lender and qualify for and obtain a loan with similar modified terms.

Question 3 – "If the modification is a TDR, is the loan impaired?"

Yes. TDR loans are impaired loans. A loan is impaired when, based on current information and events, it is probable that an institution will be unable to collect all amounts due, according to the original contractual terms of the loan agreement. Usually, a commercial loan that underwent a TDR already would have been individually evaluated and identified as impaired, with impairment measured under ASC 310-10-35. Loans whose terms have been modified in TDR transactions should be measured for impairment in accordance with ASC 310-10-35. This includes loans that were originally not subject to that standard before the restructuring, such as individual loans that were included in a large group of smaller-balance, homogeneous loans collectively evaluated for impairment (i.e., retail loans).

Bifurcating notes is also addressed under the TDR section of the BAAS. Bifurcation, in relation to lending, is the practice of dividing existing debt into two parts, generally in an effort to improve payment performance, accounting, and risk rating of the transaction. See the following example included in the BAAS:

Facts – A $10 million loan is secured by income-producing real estate. Cash flows are sufficient to service only a $9 million loan at a current market rate of interest. The loan is on nonaccrual. The bank restructures the loan by splitting it into two separate notes. Note A is for $9 million, is collateral dependent, and carries a current market rate of interest. Note B is for $1 million and carries a below-market rate of interest. The bank charges off all of Note B but does not forgive it.

Question 9 – May the bank return Note A to accrual status?

Yes, but only if all of the following conditions are met:

- The restructuring qualifies as a TDR as defined by ASC 310-40. In this case, the transaction is a TDR, because the bank granted a concession it would not consider normally, a below-market rate of interest on Note B.
- The partial loan charge-off is supported by a good faith credit evaluation of the loan(s). The charge-off should also be recorded before or at the time of the restructuring. A partial charge-off may be recorded only if the bank has performed a credit analysis and determined that a portion of the loan is uncollectible.
- The ultimate collectability of all amounts contractually due on Note A is not in doubt. If such doubt exists, the loan should not be returned to accrual status.
- There is a period of satisfactory payment performance by the borrower (either immediately before or after the restructuring) before the loan (Note A) is returned to accrual status.

If any of these conditions is not met, or the terms of the restructuring lack economic substance, the restructured loan should continue to be accounted for and reported as a nonaccrual loan.

Question 10 – "What constitutes a period of satisfactory performance by the borrower?"

ASC 942-310-35 requires some period of performance for loans to troubled countries. The staff generally believes this guidance should also apply to domestic loans. Accordingly, the bank normally may not return Note A to accrual status until or unless this period of performance is demonstrated, except as described in question 11.

Neither ASC 942-310-35 nor regulatory policy, however, specify a particular period of performance. This will depend on the individual facts and circumstances of each case. Generally, we believe this period would be at least six months for a monthly amortizing loan.

Accordingly, if the borrower was materially delinquent on payments prior to the restructure but shows potential capacity to meet the restructured terms, the loan would likely continue to be recognized as nonaccrual until the borrower has demonstrated a reasonable period of performance; again, generally at least six months (removing doubt as to ultimate collection of principal and interest in full).

Question 11 – "The previous response indicates that performance is required before a formally restructured loan may be returned to accrual status. When may a restructured loan be returned to accrual status without performance?"

The staff continues to believe that evidence of performance under the restructured terms is one of the most important considerations in assessing the likelihood of full collectability of the restructured principal and interest. In rare situations, however, the TDR may coincide with another event that indicates a significant improvement in the borrower's financial condition and ability to repay. These might include substantial new leases in a troubled real estate project, significant new sources of business revenues (i.e., new contracts), and significant new equity contributed from a source not financed from the bank. A preponderance of this type of evidence could obviate the need for performance or lessen the period of performance needed to assure ultimate collectability of the loan.

The full BAAS text goes into much more detail and provides several additional examples regarding treatment of note bifurcation. Interagency FIL-50-2013 (Interagency Supervisory Guidance Addressing Certain Issues Related to Troubled Debt Restructurings) provides additional guidance regarding TDRs. Concurring guidance is found regarding returning loans to accrual status:

> To restore a nonaccrual loan that has been formally restructured in a TDR to accrual status, an institution must perform a current, well-documented credit analysis supporting a return to accrual status based on the borrower's financial condition and prospects for repayment under the revised terms. Otherwise, the TDR must remain in nonaccrual status. The analysis must consider the borrower's sustained historical repayment performance for a reasonable period prior to the return-to-accrual date, but may take into account payments made for a reasonable period prior to the restructuring if the payments are consistent with the modified terms. A sustained period of repayment performance generally would be a minimum of six months and would involve payments in the form of cash or cash equivalents.

Six months appears to be a firm regulatory standard for proven payment performance to return loans to accrual (barring other, adverse information), based on the BAAS advice and FIL-50-2013. In practice, the six month payment performance timeframe is often used to justify upgrading the risk ratings of loans that have previously been criticized or classified. As detailed below, the FIL confirms that, when appropriate, a TDR frequent, but not always, warrants an adverse rating and that risk rating can and should be reconsidered when appropriate:

> …a TDR designation does not automatically mean that a loan should remain adversely credit risk graded or classified for its remaining life if it already was or becomes adversely credit risk graded or classified at the time of the modification. A TDR loan should be adversely credit risk graded or classified if the loan, as modified, is inadequately protected by the current sound worth and paying capacity of the borrower or the collateral pledged, if any. In determining the credit risk grade or classification of a TDR loan at the time of a modification or at a subsequent evaluation date, a well-documented assessment of the cash flows available to service the modified loan and the extent of any collateral protection and guarantor support should be performed to form the basis for determining whether an adverse credit risk grade or classification is warranted.

The OCC provides additional TDR guidance in Bulletin 2012-10 in regard to the duration that a restructured loan must continue be reported as a TDR:

III. Once a TDR, always a TDR?

> Generally, until a loan that is a TDR is paid in full or otherwise settled, sold, or charged off, the loan must be reported as a TDR. However, the reporting (disclosure) of a loan as a TDR is a separate analysis from whether the modification must continue to be evaluated under ASC Subtopic 310-10.
>
> A loan that is a TDR that has an interest rate consistent with market rates at the time of restructuring (for example, the A note in an A/B note split structure) and is in compliance with its modified terms need not continue to be reported (disclosed) as a TDR in calendar years after the year in which the restructuring took place, in accordance with ASC Subtopics 310–10–50–15(a) and 310–10–50–15(c). To be considered in compliance with its modified terms for call report purposes, a loan that is a TDR must be in accrual status and must be current or less than 30 days past due under the modified repayment terms…

In October 2009, the OCC issued ‘Policy Statement on Prudent Commercial Real Estate Loan Workouts’ also offers advice regarding classification, accrual treatment, and TDR treatment with various scenarios given for examples. Scenarios address issues above such as note bifurcation and when loans may no longer be reported as a TDR.

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Concentrations Management

By: Stephen Rountree

As of month-end June 2015, the average non-farm, non-residential concentration for the States (AL,FL, GA,SC) sampled is 199%. For owner occupied non-farm non-residential loans, the average concentration is 102%. Total non-owner occupied CRE averages 160% amongst subject States. South Carolina has the highest concentration in AD&C lending (65% of total capital). Florida has the highest concentrations in multifamily (22%) and non-farm, non-residential loans (253%).

As a bank expands its commercial real estate portfolio, policies and risk management practices should include guidance from the December 2006 interagency CRE guidance *Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices* as well as the FDIC's *Managing Commercial Real Estate Concentrations in a Challenging Environment* (FIL-22-2008).

- As explained in the final Guidance, an institution that has experienced rapid growth in CRE lending, has notable exposure to a specific type of CRE, or is approaching or exceeds the following supervisory criteria may be identified for further supervisory analysis of the level and nature of its CRE concentration risk. The supervisory criteria are:

(1) Total reported loans for construction, land development, and other land represent 100 percent or more of the institution's total capital; or
(2) Total commercial real estate loans as defined in the Guidance represent 300 percent or more of the institution's total capital and the outstanding balance of the institution's CRE loan portfolio has increased 50 percent or more during the prior 36 months.

The Regulatory guidance indicates bank with heightened CRE levels, a bank board should:

- Establish policy guidelines and approve an overall CRE lending strategy regarding the level and nature of CRE exposures acceptable to the institution, including any specific commitments to particular borrowers or property types, such as multifamily housing.
- Ensure that management implements procedures and controls to effectively adhere to and monitor compliance with the institution's lending policies and strategies.
- Review information that identifies and quantifies the nature and level of risk presented by CRE concentrations, including reports that describe changes in CRE market conditions in which the institution lends.
- Periodically review and approve CRE risk exposure limits and appropriate sublimits (for example, by nature of concentration) to conform to any changes in the institution's strategies and to respond to changes in market conditions.

As part of CRE portfolio management, lending policies should include:

- Maximum loan amount by type of property
- Loan terms
- Pricing structures
- Collateral valuation
- Loan-to-Value (LTV) limits by property type
- Requirements for feasibility studies and sensitivity analysis or stress testing
- Minimum requirements for initial investment and maintenance of hard equity by the borrower

Additionally, the Office of Inspector General's *Material Loss Reviews* of various failed institutions, in many instances, indicates concentrations of credit in CRE segments and its oversight contributed to many banks failures. In some instances, OIG reports indicate examination asset quality ratings should have adversely affected due to CRE concentrations.

Alabama

Loan Concentrations (median % of Total Risk-Based Capital)	Q2-15	Q1-15	Q2-14	2014	2013
Commercial and Industrial	56.21	56.04	53.48	54.11	55.60
Commercial Real Estate	163.82	158.15	169.33	166.28	171.06
Construction & Development	30.93	31.69	30.57	30.67	32.67
Multifamily Residential Real Estate	6.48	5.76	6.62	6.43	5.14
Nonresidential Real Estate	118.10	121.52	125.15	122.54	126.37
Residential Real Estate	129.86	131.08	134.84	130.22	134.61
Consumer	25.76	26.63	26.82	27.37	27.76
Agriculture	18.46	18.35	17.22	18.11	16.94

Florida

Loan Concentrations (median % of Total Risk-Based Capital)	Q2-15	Q1-15	Q2-14	2014	2013
Commercial and Industrial	50.19	50.49	50.94	50.03	51.58
Commercial Real Estate	308.09	316.71	336.82	327.52	341.51
Construction & Development	32.50	32.67	31.71	31.91	32.74
Multifamily Residential Real Estate	15.88	16.31	16.78	17.02	16.03
Nonresidential Real Estate	238.11	248.78	256.87	249.90	268.38
Residential Real Estate	159.55	150.16	148.52	150.62	148.74
Consumer	6.57	6.44	7.10	6.96	7.09
Agriculture	0.66	0.60	0.61	0.67	0.43

Georgia

Loan Concentrations (median % of Total Risk-Based Capital)	Q2-15	Q1-15	Q2-14	2014	2013
Commercial and Industrial	49.24	48.97	49.85	48.81	48.94
Commercial Real Estate	248.83	250.35	261.06	262.31	269.22
Construction & Development	46.52	45.57	46.86	48.37	46.69
Multifamily Residential Real Estate	9.51	9.99	10.49	10.39	9.69
Nonresidential Real Estate	184.53	184.93	189.42	187.61	189.86
Residential Real Estate	158.84	152.19	156.93	155.72	158.66
Consumer	21.02	19.47	21.22	21.14	21.82
Agriculture	26.88	24.31	22.45	24.62	20.95

South Carolina

Loan Concentrations (median % of Total Risk-Based Capital)	Q2-15	Q1-15	Q2-14	2014	2013
Commercial and Industrial	44.46	44.23	44.39	46.88	44.51
Commercial Real Estate	280.11	276.90	279.90	276.77	267.39
Construction & Development	49.86	50.72	55.45	48.32	56.06
Multifamily Residential Real Estate	6.63	7.57	7.27	7.07	6.86
Nonresidential Real Estate	182.07	188.53	193.85	191.71	192.47
Residential Real Estate	183.93	172.76	182.73	185.55	175.85
Consumer	17.36	16.26	19.20	17.48	18.52
Agriculture	4.20	3.28	2.93	3.44	2.88

	All Insured Commercial Banks in Alabama				
	6/30/2015	6/30/2014	12/31/2014	12/31/2013	12/31/2012
Loan & Leases as a % of Total Capital					
Construction & Development	35.46	35.42	35.30	35.49	39.70
1-4 Family Construction	9.30	8.39	8.80	8.33	8.82
Other Const & Land Development	23.45	24.34	23.87	24.22	27.86
Multifamily	8.91	9.34	9.13	8.93	9.39
Non-Farm Non-Residential	**123.94**	**128.42**	**125.59**	**128.35**	**131.76**
Owner Occupied Non-Farm Non-Residential	**67.30**	**69.31**	**67.86**	**68.16**	**70.81**
Other Non-Farm Non-Residential	51.17	52.86	51.50	53.83	55.61
Commercial & Industrial Loans	66.60	64.71	66.25	65.96	63.66
Commercial Real Estate Loans as a % of Total Capital:					
Non-owner OCC Commercial Real Estate	***100.62***	***103.36***	***100.72***	***104.32***	***110.61***
Total Commercial Real Estate	173.52	179.65	175.55	178.64	186.68

	All Insured Commercial Banks in Florida				
	6/30/2015	6/30/2014	12/31/2014	12/31/2013	12/31/2012
Loan & Leases as a % of Total Capital					
Construction & Development	39.98	38.14	39.89	38.89	43.62
1-4 Family Construction	9.17	7.09	8.79	5.85	5.14
Other Const & Land Development	28.80	28.16	29.37	29.88	36.73
Multifamily	21.64	23.76	22.09	24.27	23.89
Non-Farm Non-Residential	**253.44**	**263.92**	**259.78**	**270.32**	**284.56**
Owner Occupied Non-Farm Non-Residential	**115.35**	**123.50**	**121.00**	**126.81**	**138.90**
Other Non-Farm Non-Residential	134.51	137.06	135.86	140.97	143.70
Commercial & Industrial Loans	65.62	67.27	67.80	68.42	66.06
Commercial Real Estate Loans as a % of Total Capital:					
Non-owner OCC Commercial Real Estate	***202.90***	***205.44***	***203.77***	***209.04***	***219.56***
Total Commercial Real Estate	320.54	331.30	327.25	339.52	360.83

	All Insured Commercial Banks in Georgia				
	6/30/2015	6/30/2014	12/31/2014	12/31/2013	12/31/2012
Loan & Leases as a % of Total Capital					
Construction & Development	53.73	53.99	53.90	54.03	60.54
1-4 Family Construction	14.66	11.49	12.61	10.85	9.42
Other Const & Land Development	35.55	39.05	37.42	40.18	45.69
Multifamily	11.57	12.02	11.96	11.72	10.93
Non-Farm Non-Residential	**196.77**	**205.45**	**201.86**	**208.04**	**226.31**
Owner Occupied Non-Farm Non-Residential	**96.56**	**101.66**	**100.15**	**102.99**	**111.34**
Other Non-Farm Non-Residential	93.20	96.39	95.09	98.15	105.36
Commercial & Industrial Loans	60.40	58.47	59.50	58.66	63.13
Commercial Real Estate Loans as a % of Total Capital:					
Non-owner OCC Commercial Real Estate	***167.83***	***170.29***	***169.19***	***171.16***	***186.07***
Total Commercial Real Estate	271.28	279.04	276.06	281.23	306.48

	All Insured Commercial Banks in South Carolina				
	6/30/2015	6/30/2014	12/31/2014	12/31/2013	12/31/2012
Loan & Leases as a % of Total Capital					
Construction & Development	64.69	63.81	63.99	60.55	67.38
1-4 Family Construction	11.83	9.72	10.06	8.54	7.26
Other Const & Land Development	51.56	53.03	52.84	51.03	59.45
Multifamily	8.17	8.70	8.34	8.04	8.17
Non-Farm Non-Residential	**220.25**	**228.76**	**225.38**	**221.17**	**230.19**
Owner Occupied Non-Farm Non-Residential	**127.96**	**136.56**	**134.33**	**128.87**	**134.62**
Other Non-Farm Non-Residential	92.73	92.39	91.56	90.66	94.32
Commercial & Industrial Loans	63.63	62.93	64.36	60.84	61.66
Commercial Real Estate Loans as a % of Total Capital:					
Non-owner OCC Commercial Real Estate	***167.10***	***165.82***	***165.06***	***160.72***	***170.99***
Total Commercial Real Estate	297.72	306.55	302.70	293.92	311.04

For more information about our company, please visit our website at www.shpco.net.