



CREDIT REVIEW

Do you know the quality of your loan portfolio?

Do you have sufficient credit monitoring in place?

Should you turn around a problem loan internally?

Financial institutions need to be aware of the quality of their loan portfolio, and they need to identify potentially troubled loans as early as possible. Careful monitoring of asset quality, as well as strong internal controls and administrative procedures, is fundamental to effective credit management. The importance of an independent, qualified loan review process was re-emphasized in the revised Interagency Policy Statement on the Allowance for Loan and Lease Losses, dated December 2006, by the Federal Financial Regulatory Agencies.

Even with the most diligent credit monitoring systems in place, problem loans can and will occur in any lending institution's portfolio. We provide our clients with practical solutions that enhance the effectiveness of their credit supervision and credit underwriting standards. Our credit review process is committed to the following:

- › Addressing our clients requests, questions, and concerns in a responsive and conscientious manner
- › Keeping abreast of regulatory and industry trends, and understanding their impact on our clients so as to be proactive rather than reactive
- › Being adaptable and sensitive to the unique and specific needs of our clients
- › Being detail oriented while not losing sight of the "big picture"

- › Working together with the client to find practical solutions
- › Making recommendations to improve credit practices – not just identifying problems

How Can RMPI Help?

RMPI will help you succeed whether you need credit reviews, allowance for loan and lease loss consulting, FASB 114 impairment testing, risk rating implementation, loan policy development and review, or regulatory guidance. We can help you assess the level of potential credit risk inherent in your Loan Portfolio. And for credit reviews, we verify the assignment of a credit risk rating in accordance with your bank's Credit Policy.

Credit Services

Our experienced team of industry professionals can assess your existing portfolio management program and make recommendations that will help you implement an effective credit management system.

Using criteria suggested by the principal federal banking regulatory agencies, RMPI has developed a "Credit Risk Posture" that reflects the relative effectiveness of the bank's commercial credit risk management program. This review helps clients evaluate and identify reserve needs and assists in the preparation of your future regulatory or external audit reviews.

While your bank retains the final credit decision, supporting information remains independent under outsourced credit reviews. By outsourcing the credit review function, credit risk control improves and your institution gains value as a result of the improved quality of the risk ratings. Our consultants are knowledgeable about industry best practices, not just in credit review but across the entire credit management process. Each loan is risk rated by our staff utilizing the risk rating system currently in use at your bank. All risk ratings are reviewed and finalized by the RMPI partners. And prior to finalizing ratings and RMPI's management letter, the bank is provided with a draft of the individual reviews and given the opportunity to discuss any questions or concerns with the partners.

Credit Review Options

- › **Initial Review** Documentation scrub for missing documents and financial information
- › **Baseline Review** Establish risk rating system for pass, watch, substandard, and doubtful/loss loans
- › **Annual Review** Perform annual review on commercial loans
- › **Continuous Loan Review** Monthly or quarterly review of new and renewed/restructured loans

Targeted Loan Portfolio Reviews

Targeted categories include construction, commercial, sub-prime, residential, consumer and indirect loans

ALLL Analysis

- › Compliance with regulators' interagency agreement
- › Assist management with revisions and clarity
- › Assist with ASC 450 and ASC 310 (formerly FAS 5 and FAS 114) reserve and impairment testing and analysis

Experience the RMPI Difference

Our extensive knowledge and community bank experience make RMPI the right partner to help you implement a successful credit review program.

RMPI Consulting provides process improvement, as well as regulatory, enterprise risk and credit management services to Community Banks across the credit life cycle. We also help clients with interim, outsourced staffing, and our thought leadership has defined industry "best practices" on a broad range of risk management services.

Recognizing there is no "one size fits all" solution for all Community Banks, we work with each client to develop an appropriate, custom solution to solve their specific problem at a reasonable cost in an efficient manner within a scheduled deadline.

For more information, please call us or visit rmpiconsulting.com



Call us today and learn how our experienced team can assist your organization by enhancing the risk management process and creating innovative solutions to all your regulatory challenges.



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